



HealthSource RI

PROGRAMMATIC COMPLIANCE REPORT
Year Ended June 30, 2023
With Independent Accountant's Report



INDEPENDENT ACCOUNTANT'S REPORT

HealthSource RI
Board of Directors and Management

Report on Compliance

We have examined the HealthSource RI's (the Exchange), a function within the State of Rhode Island, assertion that the Exchange operated in compliance with the requirements in Title 45, Code of Federal Regulations, Part 155 (45 CFR 155), Subparts C, D, E, K, and M during the fiscal year July 1, 2022 to June 30, 2023. The Exchange's management is responsible for its assertion. Our responsibility is to express an opinion on the Exchange's assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Exchange's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about the Exchange's assertion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Exchange's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Exchange's compliance with specified requirements.

In our opinion, the Exchange's assertion that it complied with the requirements of 45 CFR 155, Subparts C, D, E, K, and M described above during the year ended June 30, 2023, is fairly stated, in all material respects.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2024, on our consideration of the Exchange's internal control over compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is solely to describe the scope of our testing of internal control over compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Exchange's internal control over compliance. That report is an integral part of an examination performed in accordance with *Government Auditing Standards* in considering the Exchange's internal control over compliance.

HealthSource RI
Board of Directors and Management

Intended Use

This report is intended to describe the scope of our examination of compliance and the results of the examination based on attestation standards established by the AICPA and *Government Auditing Standards* and it is not suitable for any other purpose.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
May 6, 2024



**INDEPENDENT ACCOUNTANT'S REPORT ON INTERNAL CONTROL
OVER COMPLIANCE WITH REQUIREMENTS OF TITLE 45, PART 155,
SUBPARTS C, D, E, K, AND M OF THE CODE OF FEDERAL REGULATIONS**

HealthSource RI
Board of Directors and Management

We have examined, in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the assertion that the Rhode Island Office of the Health Insurance Marketplace's (the Exchange) operated in compliance with the requirements in Title 45, Code of Federal Regulations, Part 155 (45 CFR 155), Subparts C, D, E, K, and M during the fiscal year July 1, 2022 to June 30, 2023. We have issued our report on the Exchange's assertion of compliance with the above stated requirements dated May 6, 2024, which contained an unmodified opinion.

Management of the Exchange is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements described in 45 CFR 155, Subparts C, D, E, K, and M. In planning and performing our examination of the Exchange's assertion of compliance, we considered the Exchange's internal control over compliance with the requirements described above as a basis for designing examination procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those requirements, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Exchange's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the second paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We identified a deficiency in internal control over compliance, described in the accompanying schedule of findings as Finding 2023-001, that we consider to be a material weakness.

The Exchange's response to the internal control over compliance finding identified in our examination are described in the accompanying schedule of findings. The Exchange's response was not subjected to the procedures applied in the examination of compliance and, accordingly, we express no opinion on the response.

HealthSource RI
Board of Directors and Management

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *Government Auditing Standards*. Accordingly, this report is not suitable for any other purpose.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
May 6, 2024

SCHEDULE OF FINDINGS YEAR ENDED JUNE 30, 2023**Finding #2023-001****Criteria:**

45 CFR § 155.110 (b) stipulates: To the extent that an Exchange establishes such agreements, the Exchange remains responsible for ensuring that all Federal requirements related to contracted functions are met.

Additionally, 45 CFR § 155.315(f)(2) states: If unable to resolve the inconsistency through the process described in paragraph (f)(1) of this section, must (i) provide notice to the applicant regarding the inconsistency; and (ii) provide the applicant with a period of 90 days from the date on which the notice described in paragraph (f)(2)(i) of this section is sent to the applicant to either present satisfactory documentary evidence via the channels available for the submission of an application, as described in § 155.405(c), except for by telephone through a call center, or otherwise resolve the inconsistency.

Condition and Context:

Throughout the Public Health Emergency (PHE), HealthSource Rhode Island (HSRI) provided their system vendor with specific scenario-based guidance regarding Additional Document Request (ADR) notices due to flexibilities provided to State Based Marketplaces. Three scenarios were designed to suppress ADR notices because income could be verified. The fourth scenario was designed to generate and send a subsequent ADR notice to applicants who had already received an initial ADR notice but remained conditionally eligible for a prolonged period, because of the flexibilities provided to State Based Marketplaces. Scenario four included applicants whose self-attested income remained unverified for the current plan year coverage, as well as for the next plan year auto renewal.

BerryDunn identified 4 selections from a sample of 60 cases that required action be taken according to scenario four. HSRI intended to send these applicants a second ADR notice to notify them of their continued conditional eligibility status, but the ADR notice was incorrectly suppressed, and the applicants were not notified. HSRI stated that the system vendor did not implement the scenario-based process correctly, and HSRI did not detect the mistake because it did not adequately monitor its vendor. HSRI has confirmed that the issue was corrected for the 2023-2024 open enrollment period and all ADR notices are being generated and sent as designed. HSRI also confirmed that all cases identified during BerryDunn's testing have received the appropriate ADR notice as part of the October 2023 Auto-Renewal batch.

Cause:

The eligibility and enrollment system vendor incorrectly implemented HSRI's guidance for sending ADR notices to applicants.

Effect:

HSRI did not properly monitor its vendor to ensure policies and procedures were being implemented as designed. Applicants with income discrepancies that fell into scenario four were not provided the intended notification alerting them of the inconsistency. Consistent with PHE flexibilities prescribed by the Centers for Medicare and Medicaid Services, HSRI did not perform terminations during the examination period;

therefore, no action would have been taken to remove financial assistance if applicants did not respond to the ADR notice. Accordingly, this discrepancy is not considered a finding of material noncompliance.

Recommendation:

BerryDunn recommends that HSRI implement a periodic review process to help ensure that the vendor is following HSRI's procedures for verification of eligibility properly.

Exchange Response:

HSRI acknowledges and accepts the finding. For the duration of the public health emergency (PHE) and Medicaid unwinding period, to minimize administrative burdens on enrollees for the purpose of maintaining health coverage, Rhode Island suspended its QHP Verification Batch (QVB) process which acts on cases who fail to respond to ADR notices. During the yearly auto renewal process, we endeavored to resend ADR notices to enrollees who remained conditionally eligible to remind them of potentially aging verification tasks due to our PHE mitigation strategy pausing the running of our QVB. We established scenario-based guidance to have our system's integrator run a data script to resend the ADR notice in the scenario described. The data script was run incorrectly by our systems integrator, and new ADR notices were not sent.

Corrective Action Plan:

HSRI has a robust validation process whereby data scripts are validated before deployment from both a technical and functional perspective. HSRI's business analysts review that the script being run is doing what the exchange intends it to do and our data analysts evaluate the code to ensure it will accomplish what the business analysts say it should. This process generally ensures that incorrect data scripts are the exception, not the rule.

Though the issue was not discovered until this audit, our technology operations team had already taken steps to mitigate this issue. As part of Plan Year 2024 Open Enrollment preparation activities, the HSRI technology operations team noticed that instructions on various data scripts were sometimes vague and imprecise. One additional area for control we identified is that data scripts should no longer be 'cloned' from year to year. Cloning data script requests year over year results in vague and sometimes unclear instructions that leave room for misinterpretation by the systems integration vendor. Going forward, data scripts that are run year after year will be created from scratch to capture the precise requirements for any given policy year. As such, we did not experience the issue cited in this finding during auto renewal for plan year 2024. Coupled with our previously mentioned robust governance process for approving and validating data scripts, we do not anticipate a reoccurrence of this issue in the future.

Responsible Exchange Official:

Matt Goupil – Exchange Chief Operating Officer