

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

Board of Directors
Rhode Island Health Benefits Exchange
d/b/a HealthSource RI

We have examined, in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the compliance of Rhode Island Health Benefits Exchange d/b/a HealthSource RI, a function within the State of Rhode Island, with the requirements in Title 45, Part 155, Subparts C, D, E, and K of the Code of Federal Regulations during the year ended June 30, 2018. Our examination for Subparts C and K was limited to a review of HealthSource RI's policies and procedures to test whether those policies and procedures are in compliance with the programmatic requirements under those Subparts. We have issued our report on HealthSource RI's compliance with the above stated requirements dated May 17, 2019 which contained a qualified opinion due to material noncompliance with the functional requirements. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our qualified opinion.

Management of HealthSource RI is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements described in Title 45, Part 155, Subparts C, D, E, and K of the Code of Federal Regulations. In planning and performing our examination of compliance, we considered HealthSource RI's internal control over compliance with the requirements described above to determine the auditing 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 HealthSource RI'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 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control over compliance described in the accompanying schedule of findings as Findings 2018-001, 2018-002, and 2018-003 to be material weaknesses in internal control over compliance.

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

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 17, 2019