



**INDEPENDENT EXTERNAL AUDIT:
2019 AUDIT FINDINGS REPORT
RHODE ISLAND
RHODE ISLAND HEALTH INSURANCE EXCHANGE
DBA HSRI (HEALTHSOURCE RHODE ISLAND)**



INDEPENDENT EXTERNAL AUDIT: 2019 FINDINGS REPORT

TO: CCIIO STATE EXCHANGE GROUP

FROM: BERRY DUNN MCNEIL & PARKER, LLC (BERRYDUNN)

DATE: JUNE 16, 2020

SUBJECT: AUDIT FINDINGS REPORT FOR RHODE ISLAND

AUDIT PERIOD: JULY 1, 2018 – JUNE 30, 2019

I. EXECUTIVE SUMMARY

PURPOSE

The purpose of this independent external audit is to assist the State of Rhode Island in determining whether HealthSource Rhode Island (HSRI or the Exchange), the Rhode Island State-Based Marketplace (SBM), is in compliance with the financial and programmatic requirements set forth by the Centers for Medicare & Medicaid Services (CMS). Rhode Island (HSRI)

Name of SBM: HSRI

State of SBM: Rhode Island

Name of Auditing Firm: BerryDunn

Our responsibility was to perform a financial and programmatic audit to report on HSRI's compliance with 45 CFR 155 as described in the CMS memo dated June 18, 2014, Frequently Asked Questions about the Annual Independent External Audit of SBMs. The Program Integrity Rule Part II ("PI, Reg."), 45 CFR 155.1200 (c), states, "The State Exchange must engage an independent qualified auditing entity which follows U.S. generally accepted governmental auditing standards (GAGAS) to perform an annual independent external programmatic audit and must make such information available to the United States (U.S.) Department of Health and Human Services for review."

SCOPE

The scope of this engagement included an audit of the statement of revenues and expenditures of HSRI, as well as an examination of HSRI's compliance with the programmatic requirements under 45 CFR 155, Subparts C, D, E, and K for the 12-month period July 1, 2018 through June 30, 2019. Our examination for Subparts C and K was limited to a review of HSRI's policies and procedures to test whether those policies and procedures are in compliance with the

programmatic requirements under those Subparts. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We completed an examination of HSRI's compliance with the programmatic requirements under 45 CFR 155 and issued our reports, dated June 16, 2020. We also performed an audit of its financial statements for the twelve months ended June 30, 2019 and issued our report dated February 28, 2020.

We reviewed processes and procedures, read pertinent documents, and performed inquiries, observations, and staff interviews to obtain reasonable assurance regarding whether HSRI is in compliance with 45 CFR 155 in all material respects. We also selected a sample of clients and tested for compliance with requirements under Title 45, Part 155 for eligibility determination, verification of data, and enrollment with a Qualified Health Plan (QHP).

METHODOLOGY

Audit Firm Background:

BerryDunn is the largest certified public accounting and consulting firm headquartered in New England, with more than 500 professionals. BerryDunn has, for more than 40 years, provided comprehensive audit and tax services for a broad range of healthcare, not-for profit, and governmental entities. Those services include conducting Financial and Programmatic audits of four State Based Marketplaces which operate Health Benefit Exchanges. We have completed audits in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance, previously referred to as OMB Circular A-133), for several sizable healthcare organizations, many of which receive U.S. Department of Health and Human Services federal grants or funding. In addition, we provide audit services for higher education, social service, and economic development organizations, as well as other entities that receive federal grants and are subject to the Uniform Guidance.

Financial Statement Audit:

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the statement of revenues and expenditures of HSRI, for the year ended June 30, 2019, and related notes to the statements, and have issued a report thereon dated February 28, 2020.

Programmatic Audit:

We have examined HSRI's compliance with the programmatic requirements described in 45 CFR 155 for the year ended June 30, 2019, and have issued a report thereon dated June 16, 2020.

Summary of Programmatic Audit Procedures:

Our audit consisted of specific procedures and objectives to evaluate instances of noncompliance and to test HSRI's compliance with certain subparts of 45 CFR Part 155. BerryDunn examined compliance with the requirements under Title 45, Part 155, in the following programmatic areas:

- General Functions (Subpart C)
- Eligibility Determinations (Subpart D)
- Enrollment Functions (Subpart E)
- Certification of Qualified Health Plans (Subpart K)

We reviewed the processes and procedures under Title 45, Part 155, in the following programmatic areas in order to determine whether they are in compliance with the requirements of the Affordable Care Act (ACA)

- Navigators, Certified Application Counselors (CAC), and Brokers
- Privacy and Security
- Eligibility Processes and Procedures
- QHP Certification
- Compliance and Program Integrity

We reviewed the following documentation, which was obtained directly from HSRI, or located on either the HSRI website or the CMS website:

- 45 CFR Parts 200, 240, and 260, General Exchange Standards, Payment of Premiums, and Privacy and Security Standards under the ACA of 2010
- Application for HealthCare Coverage
- Board Meeting Minutes
 - Meeting Minutes July 1, 2018 – June 30, 2019
 - Meeting Minutes July 1, 2019 – October 15, 2019
- Consumer Resources
 - Cost Sharing Reduction Plans for Eligible Individuals and Families (for 2019)
 - Health Plan Quality Rate Information (for 2019)
 - HealthSource RI Assister Programs Webpage
 - HealthSource RI Broker Partnerships Webpage
 - HealthSource RI Find a Provider Webpage
 - HealthSource RI Get Help Webpage
 - HealthSource RI Resources (for Individuals & Families) Webpage
 - HealthSource RI Interpreter Tagline (Multi-Language)
 - Individual Market Plans and Benefits
 - Individual Market Plan Premiums by Age
 - Medical Loss Ratio Information

- Navigator Search Tool
 - Policy Manual
 - Provider Directory
 - Quote Calculator
- Consumer Satisfaction Survey/Data
- Contact Center Policies and Procedures
- Contracts
 - AHS Contract Amendment
 - Rhode Island Health Center (RIHCA) Contract
 - RIHCA Subcontractor Amendment
- HSRI Policy Manual
- Interview Notes
 - 2019 Interview Notes
 - 2018 Interview Notes
 - 2017 Interview Notes
 - 2016 Interview Notes
 - 2015 Interview Notes
- Navigator CAC and In-Person Assistor (IPA) Forms
 - IPA Conflict of Interest Attestation
 - IPA Privacy and Confidentiality Affidavit
 - RIHCA CAC Agency Letter of Agreement
- Navigator and CAC Program
 - Navigator Entity Request for Proposal (RFP)
 - Role of a Navigator Module
 - IPA Training and Re-Certification Information
 - Outreach and Enrollment Support Program Solicitation Request
- Notices
 - Notice Examples 2019
 - Notice Examples 2017
 - Notice Examples 2015
- Online Application
- Policies and Procedures for Privacy and Security
 - Access Control Policy
 - Security Awareness and Training Policy
 - UHIP Security/Privacy Incident Process

- Second Lowest Cost Silver Plan Data
- Security Documents
 - Access Control Policy
 - Applicant Rights and Responsibilities
 - Consent for Identity Proofing
 - Consent for Payment
 - Consent for Use of Income Data
 - E-Signature
 - Personnel Security Policy
 - Records Retention Schedule
 - Sharing of Data Policies
 - User Acceptance Agreement
- Training Materials for Contact Center Staff
 - AHS How Insurance Works Training Module
 - Day 1 HIPAA Training Module
 - FTI Training Module
 - HSRI Overview Training Module
 - Mandatory Compliance Trainings List
 - Medicaid and Its Policies Training Module
 - QHP and Its Policies Training Module
- Training Materials for Navigators and CACs
 - Certified Navigator Training Manual
 - Navigator Onboarding and Training Modules

In order to understand management and staff responsibilities and processes as they relate to compliance with 45 CFR, Part 155, we performed walkthroughs of data systems and operations and interviewed the following HSRI staff:

- Eligibility & Enrollment, 834 Premium Reporting & Reconciliation Updates – Matt Goupil (Project Manager)
- Eligibility Testing – Matt Goupil (Project Manager), Param Boddu (Contractor)
- Legal Oversight, Compliance, Exemptions, Privacy & Security Updates – Ben Gagliardi (Senior Legal Counsel), Ken Green (Contractor), Deb Morrill (Information Processing Officer)
- QHP Certification – Betsy Tavaras (Value Based Purchasing Analyst), Cory King (Principal Policy Analyst, Office of Health Insurance Commissioner), John Garrett (Health Reform Specialist, Office of Health Insurance Commissioner)

We performed walkthroughs and interviewed the following staff at the Call Center:

- Contact Center Update – Kathie Mazza (HSRI Contract Manager), Christine Difrancesco (AHS Relationship Manager)

We interviewed the following staff from RIHCA:

- Outreach & Enrollment Update – Mary Evans (Chief Operating Officer RIHCA), Jane Hayward (President and Chief Operating Officer RIHCA), Jill Becker (RIHCA Outreach & Enrollment Support Manager), Kathie Mazza (HSRI Contract Manager)

We analyzed the following information to assess HSRI's compliance with the requirements of 45 CFR 155:

- A listing of 648,286 applicants who had an eligibility determination completed on or before June 30, 2019. We selected a sample of 184 cases to test the compliance with 45 CFR 155 Subpart D Eligibility and Subpart E Enrollment. We tested 184 cases for compliance with eligibility rules, and 144 of those cases were enrolled with QHPs and we tested those cases for compliance with enrollment and APTC rules.

CONFIDENTIAL INFORMATION OMITTED

N/A

II. AUDIT FINDINGS

FINDING #2019-001

Criteria:

45 CFR §155.305 provides that an Exchange must determine an applicant's eligibility for enrollment in a QHP or Medicaid through the Exchange if he or she meets the requirements stated within 45 CFR §155.305. The Exchange's RI Bridges system calculates eligibility for QHP or Medicaid for applicants based on those requirements. 45 CFR §155.305(f) provides that if an applicant is expected to have a household income, as defined in 26 CFR 1.36B-1(e), of greater than or equal to 100%, but not more than 400%, of the Federal Poverty Level (FPL), he or she will be eligible for Advanced Premium Tax Credit (APTC). The Second Lowest Cost Silver Plan is used along with age, income and family size to calculate a household's APTC. RI Bridges calculates the APTC for the benefit year for which coverage is requested.

Condition and Context:

We performed eligibility testing on 184 cases. For two of the cases within the sample, we calculated a different APTC than the one calculated by the Exchange. HSRI states that its systems integrator determined that they can no longer access the relevant APTC data tables for these two cases in RI bridges, and are unable to verify the accuracy of the APTC amounts. HSRI has not provided documentation demonstrating the propriety of these APTC calculations.

- **Case One** involved a family of three, including individuals of the following ages: 41, 38, and 4. The family's income was \$3,749.50 per month, or 216.53% of the FPL. We calculated an APTC of \$401.75, and HSRI calculated an APTC amount of \$434.15 for the family. The family initially received \$399.11 APTC based on one income value, but subsequently updated their income information and the APTC was recalculated. We have not been provided with income information from HSRI demonstrating the propriety of the APTC calculation.
- **Case Two** involved a family of three, including individuals of the following ages: 41, 42, and 11. The family's income was \$5,816.30 per month, or 335.88% of the FPL. We calculated an APTC of \$0.00, and HSRI calculated an APTC of \$46.94 for the family. The family initially received \$253.21 APTC based on the tax household size, but subsequently updated their household size information and the APTC was recalculated. We have not been provided with information from HSRI demonstrating the propriety of the APTC calculation.

Cause:

RI Bridges did not have controls in place to ensure storage of data related to household changes that took place during the audit period.

Effect:

Propriety of eligibility determinations cannot be verified.

AUDITOR'S OPINION

We have issued an Independent Auditor's Report on the financial statements for the year ended June 30, 2019, reflecting the following type of opinion:

QUALIFIED

UNQUALIFIED

ADVERSE

DISCLAIMER

ADDITIONAL COMMENTS

N/A

III. RECOMMENDATIONS

FINDING #2019-001

We recommend that the Exchange work with its Systems Integrator to identify ways to better retain documentation supporting eligibility determinations, enrollment transactions, and related calculations.

IV. CONCLUSION

We confirm to the best of our knowledge that the information included in this Audit Findings Report is accurate and based on a thorough review of the documentation required for this report.

SIGNATURE OF AUDIT FIRM:

Berry Dunn McNeil & Parker, LLC

COMPLETION DATE OF AUDIT FINDINGS
REPORT:

June 16, 2020