



**INDEPENDENT EXTERNAL AUDIT:
2020 AUDIT FINDINGS REPORT
RHODE ISLAND
RHODE ISLAND HEALTH INSURANCE EXCHANGE
DBA HSRI (HEALTHSOURCE RHODE ISLAND)**



INDEPENDENT EXTERNAL AUDIT: 2020 FINDINGS REPORT

TO: CCIIO STATE EXCHANGE GROUP

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

DATE: MAY 24, 2021

SUBJECT: AUDIT FINDINGS REPORT FOR RHODE ISLAND

AUDIT PERIOD: JULY 1, 2019 – JUNE 30, 2020

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 Title 45, Code of Federal Regulations Part 155 (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, K and M for the 12-month period July 1, 2019 through June 30, 2020. 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 May 24, 2021. We also performed an audit of its financial statements for the twelve months ended June 30, 2020 and issued our report dated December 8, 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 45 CFR 155 for eligibility determination, verification of data, and enrollment with a Qualified Health Plan (QHP).

METHODOLOGY

Audit Firm Background:

BerryDunn is a national consulting and certified public accounting firm with a Government Consulting Group dedicated to serving state and local government agencies. BerryDunn was formed in 1974 and has experienced sustained growth throughout its 46-year history. Today, BerryDunn employs 600+ personnel with headquarters in Portland, Maine—and office locations in Arizona, Connecticut, Massachusetts, New Hampshire, and West Virginia. The firm has experienced professionals who provide a full range of services, including information technology (IT) consulting; management consulting; and audit, accounting, and tax services.

Those services include conducting Financial and/or Programmatic audits of multiple State Based Exchanges. We also 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, 2020, and related notes to the statements, and have issued a report thereon dated December 8, 2020.

Programmatic Audit:

We have examined HSRI's compliance with the programmatic requirements described in 45 CFR 155 for the year ended June 30, 2020, and have issued a report thereon dated May 24, 2021.

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 45 CFR 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)
- Oversight and Program Integrity Standards (Subpart M)

We reviewed the processes and procedures under 45 CFR 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
- Qualified Health Plan (QHP) Certification
- Compliance and Program Integrity
- Contact Center

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, 2019 – June 30, 2020
 - Meeting Minutes July 1, 2020 – February 18, 2021
- Consumer Resources
 - Cost Sharing Reduction Plans for Eligible Individuals and Families (for 2020)
 - Health Plan Quality Rate Information (for 2019)
 - HealthSource RI Assister Programs Webpage
 - HealthSource RI Get Help In Your Community Webpage
 - HealthSource RI Get Help With Enrolling Webpage
 - HealthSource RI Interpreter Tagline (Multi-Language)
 - HealthSource RI Resources (for Individuals & Families) Webpage
 - HealthSource RI Surveys and Reports Webpage

- Individual Market Plans and Benefits
 - Individual Market Plan Premiums by Age
 - Medical Loss Ratio Information
 - Navigator Directory
 - Navigator Search Tool
 - Policy Manual
 - Provider Directories
 - Quote Calculator (Plan Comparison and Savings Tool)
- Contact Center Policies and Procedures
- Contact Center Training Materials
- Contracts
 - AHS Contract Amendment
 - Rhode Island Health Center (RIHCA) Contract
 - RIHCA Subcontractor Amendment
- HSRI Policy Manual
- Interview Notes
 - 2020 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
 - Navigator Conflict of Interest Attestation
 - Navigator Privacy and Confidentiality Affidavit
 - RIHCA CAC Agency Letter of Agreement
- Navigator and CAC Program
 - Navigator Entity Request for Proposal (RFP)
 - Outreach and Enrollment Support Program Solicitation Request
- Notices
 - Notice Examples 2020
 - Notice Examples 2019
 - Notice Examples 2017
 - Notice Examples 2015
- Online Application

- 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
 - Plan of Action and Milestones Standards Training Module
 - Records Retention Schedule
 - Sharing of Data Policies
 - Security Assessment Plan (SAP) and Security Assessment Report (SAR) Training Module
 - 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
 - IPA Training and Re-Certification Information Sheet
 - Navigator Certification Assessment
 - 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 (Contractor)
- Eligibility Testing – Matt Goupil (Contractor), Param Boddu (Contractor)
- Legal Oversight, Compliance – Ben Gagliardi (General Counsel)
- Privacy & Security Updates – Ben Gagliardi (General Counsel), Deb Morrill (Information Processing Officer), Matt Goupil (Contractor)

- QHP Certification – Betsy Tavaras (Carrier Operations and Contract Manager), Cory King (Director of Policy), John Garrett (Director of Regulatory Compliance)

We interviewed the following staff at the Call Center:

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

We interviewed the following staff from RIHCA:

- Outreach & Enrollment Update – Jane Hayward (President and Chief Executive Officer RIHCA), Mary Evans (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 375,472 applicants who had an eligibility determination completed on or before June 30, 2020. We selected 60 cases to test for compliance with eligibility rules, and 95 cases to test for compliance with enrollment rules. Note that 20 cases were used for both eligibility and enrollment testing, so a total of 135 discreet cases were used for testing compliance with enrollment and eligibility rules.

CONFIDENTIAL INFORMATION OMITTED

N/A

II. AUDIT FINDINGS

FINDING #2020-001

Criteria:

45 CFR §155.305 provides that an Exchange must determine a tax filer eligible for advance payments of the premium tax credit (APTC) if the Exchange determines that one or more applicants is not eligible for minimum essential coverage, in accordance with section 26 CFR 1.36B-(a)(2) and (c).

Condition and Context:

One case out of 95 (1%) sample selections tested was determined eligible for an incorrect amount of APTC because the system included a Medicaid eligible household member in the benchmark premium calculation.

Cause:

HSRI confirmed that a defect in its RI Bridges system caused the system to retrieve case information from Medicaid eligible individuals in the household, resulting in the determination of an incorrect age curve factor used to calculate the benchmark premium.

Effect:

This defect resulted in an incorrect APTC calculation for some customers, and may have subsequently affected an APTC award amount. HSRI has not identified how many households have been affected by this defect. Since this was a system defect and the cause is unknown, it may have affected a significant number of applicant's eligibility.

AUDITOR'S OPINION

We have issued an Independent Auditor's Report on the financial statements for the year ended June 30, 2020, reflecting the following type of opinion:

QUALIFIED

UNQUALIFIED

ADVERSE

DISCLAIMER

ADDITIONAL COMMENTS

N/A

III. RECOMMENDATIONS

FINDING #2020-001

BerryDunn recommends that HSRI work with its Systems Integrator to identify the code fix that addressed the system defect, and test and verify that the code fix is effective.

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:**May 24, 2021