



HealthSource RI

PROGRAMMATIC COMPLIANCE REPORT

Year Ended June 30, 2020

With Independent Accountant's Report



Independent Accountant's Report

Report on Compliance

We have examined the compliance of Rhode Island Health Benefits Exchange d/b/a HealthSource RI (the Exchange or HSRI), a function within the State of Rhode Island, with the requirements in Title 45, Code of Federal Regulations Part 155 (45 CFR 155), Subparts C, D, E, K and M during the year ended June 30, 2020. Management of the Exchange is responsible for its compliance with the specified requirements. Our responsibility is to express an opinion on the Exchange's compliance with the specified requirements 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 complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Exchange complied with the specific requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion.

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

Our examination disclosed material noncompliance with 45 CFR 155, Subpart D, applicable to the Exchange during the year ended June 30, 2020, as described in the accompanying schedule of findings as Finding 2020-001. This condition was considered in determining the nature, timing, and extent of audit tests applied in our audit of the Exchange's 2020 financial statements, and this report does not affect our report dated December 8, 2020 on those financial statements.

In our opinion, except for the material noncompliance described in the preceding paragraph, HSRI complied in all material respects with the requirements of 45 CFR 155 Subparts C, D, E, K and M during the year ended June 30, 2020.

The Exchange's response to the finding identified in our examination of compliance is 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2021 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.

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 24, 2021

RHODE ISLAND HEALTH BENEFITS EXCHANGE
D/B/A HEALTHSOURCE RI

Schedule of Findings
Year Ended June 30, 2020

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 applicants' eligibility.

Recommendation:

We recommend 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.

HSRI Response:

HSRI agrees with this finding. While this appears to be a relatively isolated incident, HSRI recognizes that absent a readily identifiable impacted population, further mitigation steps are necessary. When the account was tested on the current code base in an environment replicating the 2020 eligibility run which led to the incorrect APTC calculation, the correct APTC calculation was returned. The issue leading to an incorrect Age Curve Factor being used to calculate APTC no longer appears to be a problem in the current production code base.

RHODE ISLAND HEALTH BENEFITS EXCHANGE
D/B/A HEALTHSOURCE RI

Schedule of Findings
Year Ended June 30, 2020

Corrective Action Plan:

In 2020, HSRI increased the number of monthly cases audited as part of our Key Performance Indicator testing from 100 to 150. Enhanced proactive testing of APTC calculations should help to better identify and swiftly correct any problems causing incorrect APTC calculations. Further, we will work with our Systems Integrator to build a proactive data quality script to periodically check that only the Age Curve Factors for all QHP eligible members on a case are being used in the APTC calculation. This script will help to validate the testing we performed on this case confirming the issue is no longer present in the system.

Responsible HSRI Official:

Meg Ivatts, Chief Operating Officer