

2018 Access Health CT Audit RFP Questions and Responses

1. What is the reason(s) for requesting bid proposals? How long has Access Health worked with their current independent audit firm, and is the current provider able to propose on the engagement?

RESPONSE: Whittlesey & Hadley has been the audit firm used by Access Health CT since FY 2012. Access Health CT is a quasi-public agency created by the State of Connecticut pursuant to Public Act 11-53. Access Health CT is subject to the restriction on entities conducting financial audits set forth in Conn. Gen. Stat. § 1-127, which provides in part that a quasi-public agency cannot contract with the same firm to conduct audits for more than six (6) consecutive fiscal years.

2. What were the fees for services for the June 30, 2017, June 30, 2016 and June 30, 2015?

RESPONSE: The contracted fees for the fiscal year financial and programmatic (federal single) audits were as follows:

- i. 2015 = \$55,492.50
- ii. 2016 = \$56,950.00
- iii. 2017 = \$59,200.00

3. Any other services the current CPA firm provides? Were there any additional billings from the auditor for the 2017, 2016 and 2015 audits and, if so, what was the amount?

RESPONSE: Additional services requested of the auditor will be determined on an ad-hoc and as-needed basis. In recent years, Access Health CT has requested work on transitional reinsurance audits (2015 = \$11,875.00; 2016 = \$11,875.00; and 2017 = \$1,980.00), as well as a call center vendor audit (2016 = \$20,407.50).

4. How many hours did your current auditors budget (or spend) auditing the 2017 financial statements?

RESPONSE: The current auditors budgeted approximately 256 hours and spent 322 hours. Ultimately, the auditors wrote off the 66-hour difference.

5. Does Access Health anticipate any significant changes in operations within the period covered by the RFP? Are there any anticipated significant or unusual transactions anticipated that could impact the scope of work in 2018?

RESPONSE: While Access Health CT does not anticipate any significant changes in its operations in the immediate future, changes in federal and/or state law, regulations, or policies affecting the Affordable Care Act (ACA) could affect Access Health CT's operation. Access Health CT does not anticipate any significant or unusual transactions that could affect the scope of work in 2018. The selected auditor, however, should have the flexibility and expertise necessary to handle any unforeseen changes in the scope that may become necessary.

6. Was a management letter issued to management and/or the Audit Committee in the past 3 years and would you be able to provide a copy? Did the auditor prepare a SAS 114 letter and a management letter for Access Health for the year ended June 30, 2017? If so, did management agree with any management letter comments, internal control deficiencies and/or formal recommendations and were audit adjustments/changes made to address any such recommendations? Has there been a history of audit adjustments? If so, please provide quantity and dollar amounts. What was the approximate number of audit adjustments/entries made/proposed by the auditor?

RESPONSE: No management letters have been issued and no audit adjustments were made or proposed by the auditors for the past 3 years.

7. Are any of the accounting functions outsourced by another accounting firm? If so, what functions and which firm?

RESPONSE: No outsourcing for accounting functions has been done nor are any planned.

8. Does management prepare the draft financial statements and footnote disclosures or do the auditors prepare them?

RESPONSE: The auditors assist in preparing the financial statements and footnote disclosures.

9. What accounting software is utilized for G/L, billing and any other financially significant systems? Are there any anticipated IT system changes or conversions to a new system in the near future?

RESPONSE: Access Health CT uses NetSuite for its general ledger, billing, and financial reporting system. Adaptive Planning is used for budgeting and planning/forecasting. Access Health is working with NetSuite to capitalize on the functionality of the system. No major changes or conversions are anticipated in the near future.

10. How many auditors were on-site for fieldwork and for how long?

RESPONSE: Two (2) auditors were on site for the FY 2017 audit for less than 40 hours each.

11. Does Access Health have an internal audit department and if so, do they provide support to the auditors? What is the staffing of the Finance Department? Are there any significant changes in the finance department from the prior year?

RESPONSE: Access Health CT does not have an Internal Audit Department. As of November 2017, the Finance Department is comprised of the Director of Finance, 2 senior staff and 2 additional staff. In July 2017, the CFO role was changed to the Director of Finance. In addition, over the past 9 months, the Finance Department staff decreased from 7 members to 5 members.

12. The 2017 audited financial statement noted all grants closed as of December 2016. Any new grants awarded for FY 2018? Does the Exchange anticipate any significant changes (upward or downward) in its Federal grant expenditures in the near future as compared to Fiscal year 2017?

RESPONSE: Access Health CT closed its last federal grant on 12/15/16 and does not anticipate any significant changes to this position in the near future.

13. The 2017 audit opinion is dated January 18, 2018, is this the timeframe for future reports? Is there a presentation of the audit to the board or audit committee?

RESPONSE: Access Health CT is requesting a deadline of January 31 for each annual audit report so that they may be presented at the February meetings of the Audit Committee and Board of Directors.

14. When does interim and year-end fieldwork typically run?

RESPONSE: Fieldwork typically starts in the beginning of September.

15. Balance Sheet- What types of costs are being included in the Accrued Liabilities?

RESPONSE: This line item is made up of payroll and related taxes, employee benefits and PTO, deferred revenue, as well as regular vendor invoices and monthly operating costs due.

16. Income statement – What types of costs are included in the Consultants Expense?

RESPONSE: This line item is primarily made up of IT, marketing, legal and call center vendor expenses.

17. Can you please provide a copy of the 2017 audited financial statement for Access Health CT? Is there much variability to the marketplace assessment from year to year?

RESPONSE: The Exchange's market assessment applies to all carriers capable of offering qualified individual and small group plans in Connecticut, regardless of whether they actually offer plans on the Exchange. The marketplace assessment revenue has increased slightly over the past 3 years, by approximately 13% in 2016 and an additional 5% in 2017, (please refer to all audited financial statements on the Access Health CT website at: <http://agency.accesshealthct.com/reports-audits#two>).

18. Please provide approximately how many Insurers are in the exchange.

RESPONSE: Two carriers, Anthem and ConnectiCare, offer health plans in the individual market and one carrier, Anthem, offers plans for Small Business (SHOP).

19. Cash flow – what is the 'Reimbursement of operating costs' and who provides reimbursement?

RESPONSE: Access Health CT has an agreement to share certain operating costs with the CT Department of Social Services (DSS), most notably the Call Center vendor's services as well as certain IT costs. Generally, Access Health CT pays these vendor invoices directly and then charges DSS for reimbursement.

20. Any disagreements with the auditors on presentation or GAAP?

RESPONSE: There have been no disagreements with the auditors on presentation or GAAP.

21. Could you state the reason for wanting a listing of all audits involving health care facilities?

RESPONSE: Access Health CT would like to better understand each respondents' healthcare insurance industry experience as well as identify any perceived conflicts of interest.

22. What are the three key decision factors you are considering?

RESPONSE: The Proposals will be evaluated based on each respondent's qualifications/experience, audit approach/methodology and pricing.

23. Are there any specific improvements the Exchange would like to see in the audit process?

RESPONSE: Not specifically, however Access Health CT will consider any innovative approaches to improving the efficiency of the audit process.

24. Does your current audit firm utilize an Information Technology *specialist* (i.e. professionally certified in IT) to perform inquiries and tests specific to the Exchange's IT networks, servers and accounting information software programs? If yes, please provide any written recommendations your audit firm has provided in the last 3 years that relates to suggested improvements to Information Technology (example – any Management Letter comments, etc.).

RESPONSE: The current audit firm does not utilize IT specialists for the Access Health CT audits.

25. Is the Exchange, or has the Exchange, been subjected to the State of Connecticut's "Single Audit" requirements for State Grants? If so, please provide the Exchange's most recent State Single Audit report.

RESPONSE: No, Access Health CT has not received any State of Connecticut grants.

26. Page 5 of the RFP states that the FY18 programmatic audit should address topics included in 45 CFR 155 Subparts C, D, and E. However, the previous year's CMS audit report (2017 Audit Findings Report) indicates that the audit covered the entire subparts included in 45 CFR 155, including B, C, D, E, F, G, H, K, M, N, and O. Could you please clarify the scope of the programmatic audit?

RESPONSE: The scope of the programmatic audit includes all CMS ACA requirements that are current at the time of the audits including all applicable requirements under 45 CFR 155. (Please refer to all CMS audits on the Access Health CT website at <http://agency.accesshealthct.com/reports-audits#two>).

27. RFP Section 4.III.4. refers to an electronic copy of the proposal and Word and Excel files. Generally, our firm prepares an electronic PDF of the entire proposal with the ability to search the entire document. Can the electronic copy simply be one PDF file that includes everything, mirrors the paper copy and is searchable?

RESPONSE: Yes, this is an acceptable format.

28. There are several forms in the RFP for which clarification is needed as to whether they need to be included in the proposal submission. Please confirm if any of the following must be included with the proposal submission: Appendix B – Ethics Form 1, Appendix E – Nondiscrimination Form A, and Appendix E - Nondiscrimination Form C.

RESPONSE: The three (3) forms listed in this question are due at the time of contract signing. They are provided for informational purposes in the RFP so respondents can be best prepared for these State of CT requirements should they be awarded the contract.

29. Do employees participate in any State pension plans?

RESPONSE: Access Health CT employees do not participate in any State of CT pension or retirement plans. Employees participate in Access Health CT 401(a) and 457(b) retirement savings plans.

30. Does the Exchange participate in any OPEB (other post-employment benefit) plans?

RESPONSE: Access Health CT does not participate in any OPEB plans.