



INDEPENDENT EXTERNAL AUDIT:

2017 AUDIT FINDINGS REPORT

CONNECTICUT

CONNECTICUT HEALTH INSURANCE EXCHANGE

DBA ACCESS HEALTH CT (AHCT)



INDEPENDENT EXTERNAL AUDIT: 2017 AUDIT FINDINGS REPORT

TO: CCIIO STATE EXCHANGE GROUP
FROM: WHITTLESEY PC
DATE: JANUARY 18, 2018
SUBJECT: AUDIT FINDINGS REPORT FOR CONNECTICUT

I. EXECUTIVE SUMMARY

PURPOSE

The purpose of this independent external audit is to ensure that the Connecticut Health Insurance Exchange (DBA Access Health CT (AHCT)) in the State of Connecticut is in compliance with the financial and programmatic requirements set forth by the Centers for Medicare & Medicaid Services (CMS).

Name of SBM: Connecticut Health Insurance Exchange (DBA Access Health CT (AHCT))

State of SBM: Connecticut

Name of Auditing Firm: Whittlesey PC Hartford, Connecticut

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

SCOPE

Our responsibility is to express an opinion on compliance for each of AHCT's major federal programs based on our audit of the types of compliance requirements referred to above for the year ended June 30, 2017. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about AHCT's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We completed AHCT's financial statement audit and the audit of AHCT's compliance with the types of compliance requirements described in the Uniform Guidance, and issued unmodified reports thereon dated January 18, 2018.

We performed inquiries, observations, testing and staff interviews to determine whether AHCT is in compliance with 45 CFR Part 155.

We reviewed processes and procedures designed to prevent improper eligibility determinations and enrollment transactions and identification of errors that resulted in incorrect eligibility determinations.

We reviewed oversight monitoring and policies and procedures.

METHODOLOGY

- **Audit Firm Background:**

Whittlesey PC has over 50 years of auditing and compliance experience, specializing in financial audits in accordance with accounting principles generally accepted in the United States of America and compliance audits following the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

- **Audit of the Financial Statements in accordance with GAAP and GAGAS:**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of AHCT, which comprise the statement of net position as of June 30, 2017 and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued a report thereon dated January 18, 2018.

We have audited AHCT's compliance with the types of audit requirements described in Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), that could have a direct and material effect on each of AHCT's major federal programs for the year ended June 30, 2017, and have issued a report thereon dated January 18, 2018.

The full audit report referred to above will accompany this report under separate copy.

- **Programmatic audit in accordance with CMS requirements:**

Report on compliance with 45 CFR Part 155

We have audited AHCT's compliance with the types of compliance requirements described in 45 CFR Part 155 for the year ended June 30, 2017.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions applicable to 45 CFR Part 155.

Auditors' Responsibility

Our responsibility is to express an opinion on AHCT's compliance with 45 CFR Part 155. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*,

issued by the Comptroller General of the United States and CMS. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the program occurred. An audit includes examining, on a test basis, evidence about AHCT's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with 45 CFR Part 155. However, our audit does not provide a legal determination of AHCT's compliance.

Opinion on Compliance with 45 CFR Part 155

In our opinion, AHCT complied in all material respects with the compliance requirements referred to above for the year ended June 30, 2017.

• Summary of Programmatic Procedures

Our audit consisted of specific procedures and objectives to evaluate instances of noncompliance and to perform procedures to test AHCT's compliance and program effectiveness of the subparts of 45 CFR Part 155:

- General Standards (Subpart B)
- General Functions (Subpart C)
- Eligibility Determinations (Subpart D)
- Enrollment Functions (Subpart E)
- Appeals of Eligibility Determinations (Subpart F)
- Exemptions (Subpart G)
- SHOP (Subpart H)
- Certification of Qualified Health Plans (Subpart K)
- Oversight and Program Integrity Standards for State Exchanges (Subpart M)
- State Flexibility (Subpart N)
- Quality Reporting Standards (Subpart O)

We reviewed documentation obtained from AHCT:

- Public Act No.11-53, An Act Establishing a State Health Insurance Exchange
- Privacy Policy
- CT Privacy Impact Assessment
- Privacy Impact Assessment (PIA) Mitigation Plan
- Producer Guide
- Access to The Access Health Learning Center Learning Modules and Certification Exams
- Policy for Establishing Requirements for Certification, Recertification and Decertification of Qualified Health Plans
- Sample Applications
- Ethics Policy
- Accounting Policy and Procedure Manual
- By-Laws
- Policy for Procurement: Contracting for Personal Services
- Whistleblower Policy
- Oversight and Monitoring Plan

- We interviewed the following AHCT staff, performed walkthroughs of data systems and operations to understand management and staff responsibilities and processes as they relate to compliance with 45 CFR Part 155:
 - Director of Finance
 - Director of Legal and Governmental Affairs
 - Director of Marketplace Strategies
 - Sr. Accounting Analyst
 - Small Business Operations Manager
 - Director of Operations
 - Elearning Training Specialist
 - IT Security Compliance Manager
 - Data Reporting Analyst
 - Supervisor Appeals and Exemptions
 - Carrier Product Manager
 - Sr. Associate Tech Operations

- We interviewed the following non-AHCT staff, performed walkthroughs of data systems and operations to understand management and staff responsibilities and processes as they relate to compliance with 45 CFR Part 155:
 - Manager, Call Center, Maximus
 - Contact Center Representative, Maximus
 - Manager, Call Center Faneuil
 - Contact Center Representative, Call Center Faneuil

- We analyzed samples from AHCT's eligibility, enrollment, SHOP, terminations, exemptions and carrier universes and performed on-site walkthroughs of operations and data examination to evaluate compliance with 45 CFR Part 155:
 - A listing of 67,706 applications at June 30, 2017 was provided to us from AHCT Technical Operations. A random sample of 45 applications were selected to test the compliance of 45 CFR 155 Subpart D, Eligibility Determinations, and 45 CFR 155 Subpart E, Enrollment Functions.
 - A listing of 1,003 applications at June 30, 2017 was provided to us from AHCT Technical Operations. A random sample of 25 applications were selected to test the compliance of 45 CFR 155 Subpart E, Enrollment Functions, Section 155.430, Termination of Coverage.
 - A listing of 622 exemption applications at June 30, 2017 was provided to us from AHCT Legal Affairs and Policy. A random sample of 25 exemption applications was selected to test the compliance of 45 CFR 155 Subpart G, Exemptions.
 - A listing of 2 health insurance carriers used by AHCT was provided to us from AHCT Plan Management. A sample of 1 provider was selected to test compliance with 45 CFR 155 Subpart K, Certification of Qualified Health Plans.
 - A listing of 220 employers who are enrolled in AHCT's Small Business Health Options Program (SHOP) was provided to us from AHCT SHOP Operations. A sample of 10 employers was selected to test compliance with 45 CFR 155 Subpart H, Small Business Health Options Program (SHOP).

- We performed site-visits and walkthroughs of one of AHCT's storefront facilities and two of AHCT's contracted call centers. We interviewed staff at those locations to understand operational functions and the application process as it applies to 45 CFR Part 155.

CONFIDENTIAL INFORMATION OMITTED

N/A

II. AUDIT FINDINGS

NONE

AUDITOR'S OPINION

Based on the Key Findings above, it is Whittlesey PC's opinion that the accounting practices and financial statements reviewed during the year ended June 30, 2017 independent external audit are:

MODIFIED

UNMODIFIED

ADVERSE

DISCLAIMER

III. RECOMMENDATIONS

NONE

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:

COMPLETION DATE OF AUDIT FINDINGS REPORT: January 18, 2018