

**INDEPENDENT EXTERNAL AUDIT:**

**2019 AUDIT FINDINGS REPORT**

**CONNECTICUT**

**CONNECTICUT HEALTH INSURANCE EXCHANGE  
DBA ACCESS HEALTH CT (AHCT)**



# **INDEPENDENT EXTERNAL AUDIT:**

## **2019 FINDINGS REPORT**

TO: CCHIO STATE EXCHANGE GROUP  
FROM: BLUM, SHAPIRO & COMPANY, P.C.  
DATE: OCTOBER 31, 2019  
SUBJECT: AUDIT FINDINGS REPORT FOR CONNECTICUT  
AUDIT PERIOD: YEAR ENDED JUNE 30, 2019

### **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: Blum, Shapiro & Company, P.C.

#### **SCOPE**

Our responsibility is to perform a programmatic audit on AHCT's compliance with 45 CFR Part 155 which are:

- 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 (Subpart M)
- State Flexibility (Subpart N)
- Quality Reporting Standards (Subpart O)

Our audit consisted of specific procedures and objectives to test AHCT's compliance and program effectiveness with all subparts of 45 CFR Part 155 listed above and we are reporting on the following key subparts comprising the core functions of Marketplace operations under 45 CFR Part 155 as defined by CMS in "State-based Marketplace Independent External Audit Technical Assistance" dated March 15, 2016:

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

## METHODOLOGY

### Audit Firm Background

Blum, Shapiro & Company, P.C., is the largest regional accounting, tax and advisory firm based in New England with offices in Connecticut, Massachusetts and Rhode Island. Our Government Services Group is dedicated to serving municipalities and other government entities and committed to their specialized needs. We have extensive audit experience in providing services to government clients and other recipients of state and federal financial assistance. We possess significant knowledge of and experience with Uniform Guidance, the State of Connecticut Single Audit Act and federal, state and local financial assistance programs, including grant compliance auditing. As a result, we are thoroughly familiar with the complexities and concerns that result from the requirements of compliance with financial assistance programs.

### Audit of the Financial Statements

We have audited, in accordance with the 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 the Connecticut Health Insurance Exchange, which comprise the statement of net position as of June 30, 2019 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, which collectively comprise the Connecticut Health Insurance Exchange's basic financial statements, and have issued our report thereon dated October 31, 2019.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated October 31, 2019 on our consideration of Connecticut Health Insurance Exchange's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Connecticut Health Insurance Exchange's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Connecticut Health Insurance Exchange's internal control over financial reporting and compliance.

**Programmatic Audit in Accordance with CMS Requirements:*****Report on Compliance with 45 CFR Part 155***

We have audited AHCT's compliance with the compliance requirements described in the above scope in accordance with 45 CFR Part 155 for the year ended June 30, 2019.

***Managements 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 45CFR Part 155. However, our audit does not provide a legal determination of the AHCT's compliance.

***Opinion on Compliance with 45 CFR Part 155***

In our opinion, AHCT complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2019.

**Summary of Programmatic Procedures:**

We reviewed the following documentation obtained from AHCT:

- Public Act No.11-53, An Act Establishing a State Health Insurance Exchange
- Privacy Policy
- CT Privacy Impact Assessment
- Annual Security and Privacy Attestation
- Privacy Impact Assessment (PIA) Mitigation Plan
- 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
- Policy for Nondiscrimination in Health Programs and Activities
- Policy for Tribal Consultation
- Policy for Acquiring Operations Funding
- Policy for Equal Employment Opportunity and Affirmative Action
- Policy for Procurement: Contracting for Personal Services

- Policy for All-Payer Claim Database
- All-Payer Claims Database Privacy Policy and Procedure
- Small Employers Health Options Program (SHOP) Policy
- Employer Group Application Form
- Employer Application Supplement Form
- Compliance and Disciplinary Policy for Certified Independent Brokers
- Ethics Policy
- Accounting Policy and Procedure Manual
- Policy for Employer Appeals Process
- By-Laws
- Call Center Management Agreement - Faneuil, Inc.
- Access Health CT Website
- Application for Exemption from the Individual Responsibility Requirement form
- Enrollment Form
- Connecticut SMART 2018 Package
- Sample Applications
- MARS-E standards
- Information Exchange Agreement Extension (issued 10/1/2018)
- Matching Agreement (issued 10/3/2018 - expires 4/2/2020) - To Connect with CMS Data Services Hub
- Current POAMs for MARS-E Standards Submitted to CMS
- System Security Plan
- IRS Publication 1075
- Safeguards Security Report Submitted to IRS
- Corrective Action Plan Submitted to IRS
- Access Health CT Network Security Policies and Procedures, with MARS-E and NIST SP 800-53 requirements mapped to specific policy areas (Access Health CT and BEST)

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:

- Chief Executive Officer
- Director of Finance
- Controller
- Director of Legal and Governmental Affairs
- Director of Small Business and Product Development
- Enrollment Support Services Manager
- Regulatory Compliance Manager
- Senior Technical Operations Associate
- Carrier Product Manager
- eLearning Specialist
- Information Systems Security / Compliance Manager
- Manager of Customer Resolution Team

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 Faneuil
- Contact Center Representative, Call Center Faneuil

We analyzed the following samples obtained from AHCT's eligibility, enrollment, terminations, and carrier populations to evaluate compliance with key subparts of 45 CFR Part 155:

- A listing of 595,142 distinct households with an eligibility determination between July 1, 2018 and June 30, 2019 was provided to us from AHCT Technical Operations. A random sample of 40 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 69,067 terminations from quality health plans between July 1, 2018 and June 30, 2019 was provided to us from AHCT Technical Operations. Termination population included both voluntary terminations initiated by participants in addition to circumstantial terminations. A random sample of 40 applications were selected to test the compliance of 45 CFR 155 Subpart E, Enrollment Functions, Section 155.430, Termination of Coverage.
- 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.
- Compliance with 45 CFR 155 Subpart C, General Functions, was determined through interviews and review of documentation.

## CONFIDENTIAL INFORMATION OMITTED

N/A

## II. AUDIT FINDINGS

### KEY FINDINGS

NONE

### AUDITOR'S OPINION

Based on the Key Findings above, it is Blum, Shapiro & Company, P.C.'s opinion that the accounting practices and financial statements reviewed during the 2019 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:

*Blum, Shapiro & Company, P.C.*

COMPLETION DATE OF AUDIT FINDINGS REPORT: October 31, 2019