



Audit Subcommittee Meeting Draft MEETING MINUTES

Location: Remote Meeting
Date: Tuesday, June 9, 2020
Time: 10:00 a.m.

Members Present:

Grant Ritter; Yvonne Addo on behalf of Commissioner Miriam Delphin-Rittmon, Department of Mental and Health Addiction Services (DHMAS); Cecelia Woods

Other Participants:

Access Health CT (AHCT) Staff: James Michel, Susan Rich-Bye, Daryl Jones; Marcin Olechowski
Blum Shapiro: Nikoleta McTigue

Members Absent:

Anne Foley

A. Call to Order and Introductions

The Regular Meeting of the Audit Committee was called to order at 10:05 a.m.

B. Voting-In Presiding Officer

Motion was requested to appoint Grant Ritter as the Presiding Officer at the June 9, 2020 Meeting in the absence of a Chair. Motion was made by Cecelia Woods and seconded by Yvonne Addo. Roll call vote was ordered. **Motion passed unanimously.**

C. Review and Approval of Minutes

Presiding Officer Grant Ritter requested a motion to approve the November 12, 2019 Regular Meeting Minutes. Motion was made by Cecelia Woods and seconded by Yvonne Addo. Roll call vote was ordered. **Motion passed unanimously.**

D. FY2020-Financial and Programmatic Audits-Blum Shapiro

Nikoleta McTigue from Blum Shapiro presented the FY2020 Financial and Programmatic Audits. Ms. McTigue noted that the Committee has received a Communication Memorandum from the auditors. Ms. McTigue reviewed the step-by-step audit conclusion communications.

Ms. McTigue indicated that AHCT's auditors are required to submit an audit plan. After the audit work is completed, the results need to be provided to the Audit Subcommittee and the Board. Ms. McTigue noted that Blum Shapiro will be giving its opinion on the financial statements under auditing standards generally accepted in the United States of America, and standards applicable to financial audits from the Government Auditing Standards issued by the Comptroller General of the United States. Ms. McTigue stated that the Programmatic Audit is the audit of the Exchange's compliance with 45 CFR Part 155, as prescribed by the Department of Health and Human Services, Centers for Medicare and Medicaid Services. Ms. McTigue noted that the scope of the audit is the same as last year. The responsibilities of the management as well as the auditors were reviewed. Ms. McTigue emphasized that the auditors work independently of the Exchange and pointed out that another communication to the members of the Committee will take place at the conclusion of the Audit. This communication will include several key areas, which include management judgments and sensitive accounting estimates, significant accounting policies, material weaknesses, significant deficiencies and control deficiencies and many others. Ms. McTigue provided a summary of engagement timing. Cecelia Woods expressed her words of appreciation to the auditors for their professionalism and providing the Committee with pertinent material.

E. State of Connecticut Audit – FY 2016, 2017

Susan Rich-Bye, Director of Legal and Governmental Affairs, provided an update on the State of Connecticut Audit for Fiscal Years (FY) 2016 and 2017. Ms. Rich-Bye stated that pursuant to the Connecticut Statutes, the Connecticut Auditors of Public Accounts are required to perform a periodic audit of AHCT. Ms. Rich-Bye added that the Auditors are also responsible for auditing the financial statements of the State of Connecticut as well as the Federal financial assistance under the law. Ms. Rich-Bye added that the Auditors of Public Accounts are starting their periodic audit of AHCT for FY2016 and FY2017. Ms. Rich-Bye reviewed the scope of the audit, and stated that the Auditors will evaluate internal controls over significant management financial functions, AHCT's compliance with internal policies and procedures, those from other state agencies and other laws and regulations for affirmative action, personnel practices, purchase of goods and services, use of surplus funds and distribution of loans, grants and other financial assistance. Ms. Rich-Bye indicated that the Auditors will also examine the economy and efficiency for certain management practices and operations. Ms. Rich-Bye noted that the Auditors will include an inquiry of the considerations of the risks for fraud and whether proper controls are in place to address them.

F. State-based Marketplace Annual Reporting Tool - 2019

Ms. Rich-Bye provided an update on the State-Based Marketplace Annual Reporting Tool (SMART). Ms. Rich-Bye indicated that the Affordable Care Act (ACA) requires exchanges to keep

accurate accounting of all activities and expenditures. The ACA also requires exchanges to monitor and report to the Department of Health and Human Services on exchange-related activities, complete an annual report, and engage an independent auditor to perform annual independent financial and programmatic audits to ensure compliance with regulations and standards.

Ms. Rich-Bye noted that the Centers for Medicare and Medicaid Services (CMS) developed an online annual reporting tool for exchanges with all the State-Based Marketplaces (SBM) requirements. The SMART was created in 2015, and it includes four specific sections: eligibility and enrollment, financial and programmatic audits, program integrity, and an attestation of completion. Ms. Rich-Bye provided a timeline for all of the aforementioned activities. Ms. Rich-Bye noted that the filing of the Independent Financial and Programmatic Audits for 2019 were due to CMS by April 1, 2020. Ms. Rich-Bye added that AHCT has fulfilled this requirement on March 12, 2020. Ms. Rich-Bye stated that AHCT is working on other components of the SMART audit and they will be filed by August 1, 2020.

Ms. Rich-Bye noted that AHCT, as well as some other State-Based Marketplaces (SBM) had a finding in a previous SMART regarding conducting random sampling of employer-sponsored insurance information when consumers attest that they are offered employer-sponsored coverage to validate whether the coverage offered meets the minimum requirements which impacts the employee's eligibility for advanced payments of the Premium Tax Credits (APTCs). Ms. Rich-Bye noted that the federal regulations require exchanges to check with the electronic data sources or perform random sampling, and also check SHOP records. Ms. Rich-Bye remarked that both actions were undertaken by AHCT for 2019 and the response rate was low for AHCT, as well were those for other SBMs. This process is very costly and labor intensive and resulted in very low response rates. The Centers for Medicaid and Medicare Services (CMS) in the Notice of Benefit Payment Parameters for 2021 removed the requirement for random sampling for plan years 2020 and 2021. Ms. Rich-Bye noted that CMS will be conducting a study to try and determine why employees may choose marketplace coverage over employer-sponsored healthcare coverage.

Grant Ritter inquired about the time lag between the audit period and the time period that the audit is conducted, and whether the auditors would consider selecting the audit time period randomly to be closer in time rather than by each year. Ms. Rich-Bye answered that auditors perform their audits systematically. James Michel, Chief Executive Officer, noted that the timing for and the agency being audited is based on the available resources and other issues and noted that audits focusing on more recent time periods may be more appropriate and useful for AHCT

and the Board of Directors. Yvonne Addo added that audits for state agencies can also be approximately four years behind.

G. Adjournment

Presiding Officer Grant Ritter requested a motion to adjourn. Motion was made by Cecelia Woods and seconded by Yvonne Addo. Roll call vote was ordered. **Motion passed unanimously.** Meeting adjourned at 10:24 a.m.