

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

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020



WEALTH ADVISORY | OUTSOURCING
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**CONNECTICUT HEALTH INSURANCE EXCHANGE
(DBA ACCESS HEALTH CT)**

TABLE OF CONTENTS

Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-11
Basic Financial Statements:	
Statements of Net Position	12
Statements of Revenues, Expenses and Changes in Net Position	13
Statements of Cash Flows	14
Notes to Financial Statements	15-23
Supplementary Information:	
Schedule of Expenses - Budget and Actual (Non-GAAP Budgetary Basis)	24
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	25-26

**Independent
Auditors' Report**



INDEPENDENT AUDITORS' REPORT

Board of Directors
Connecticut Health Insurance Exchange
(dba Access Health CT)
Hartford, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the Connecticut Health Insurance Exchange (dba Access Health CT), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Connecticut Health Insurance Exchange (dba Access Health CT) as of June 30, 2021, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The financial statements as of June 30, 2020, were audited by Blum, Shapiro & Company, P.C., whose partners and professional staff joined CliftonLarsonAllen LLP as of January 1, 2021 and has subsequently ceased operations. Blum, Shapiro & Company, P.C.'s report dated October 22, 2020, expressed an unmodified opinion on those statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The supplementary schedule of expenses on budgetary basis is presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary schedule of expenses on budgetary basis is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedule of expenses on budgetary basis is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Directors
Connecticut Health Insurance Exchange
(dba Access Health CT)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 3, 2021 on our consideration of the Connecticut Health Insurance Exchange's (dba Access Health CT) 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 the Connecticut Health Insurance Exchange's (dba Access Health CT) 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 the Connecticut Health Insurance Exchange's (dba Access Health CT) internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

West Hartford, Connecticut
November 3, 2021

**Basic
Financial
Statements**

access health CT

Connecticut's Health Insurance Marketplace

Management's Discussion and Analysis (unaudited)

1.0 Introduction:

Tracking and profiling the financial activity of the state-based insurance marketplace is an essential task to ensure efficient operations and optimal allocation of resources. The following document contains a discussion and analysis of the Connecticut Health Insurance Exchange's (hereafter referred to as Access Health CT ("AHCT" or "Exchange")) financial performance and net position for the fiscal years ended June 30, 2021, 2020 and 2019. The management of AHCT has prepared this document to provide an overview and analysis of the basic financial statements of AHCT, and it should be read in conjunction with the statements, tables, exhibits and notes that follow this section.

2.0 Table of Contents:

1.0 Introduction.....	4
2.0 Table of Contents.....	4
3.0 Background of Access Health CT	5
4.0 Access Health CT Business Model	6 - 7
5.0 Summarized Financial Information	7
6.0 Revenues, Expenses and Changes in Net Position.....	8 - 9
7.0 Access Health CT Net Position	9 - 10
8.0 Capital Assets.....	10
9.0 Currently Known Facts, Decisions or Conditions	10 - 11
10.0 Contacting Access Health CT's Management.....	11

3.0 Background of Access Health CT:

AHCT, which is the brand name under which the Connecticut Health Insurance Exchange does business, was created pursuant to Connecticut enabling legislation Public Act (PA) 11-53, effective July 1, 2011 "as a body politic and corporate, constituting a public instrumentality and political subdivision of the state, that shall not be construed to be a department, institution or agency of the state." PA 11-53 is codified in Connecticut General Statutes (CGS) §38a-1080 through 1093. AHCT was established as a Quasi-Public Agency, subject to the requirements of the Quasi-Public Agency Act, CGS §1-120 et seq.

The goals of AHCT as outlined in CGS §38a-1083(b) mirror the goals of the Federal Patient Protection and Affordable Care Act (ACA) "to reduce the number of individuals without health insurance in this state and assist individuals and small employers in the procurement of health insurance by, among other services, offering easily comparable and understandable information about health insurance options."

AHCT is governed by a 14-member Board of Directors. Members include *ex officio* state government officials and members appointed by both the legislative and executive branches of state government. AHCT staff has worked closely with its Board to ensure that its governance structure remains in compliance with the ACA and any and all relevant State and Federal regulations. The Board meets primarily monthly and has focused on Exchange strategy and policy development, and the operations of the Exchange's Qualified Health Plan (QHP) requirements. Future updates and changes to the ACA, or any other applicable Federal and/or State laws, regulations, and guidance continue to be monitored and changes are made by the Board to the Exchange's Bylaws and Policies and Procedures as required.

Section 1311 of the ACA provides funding assistance to the states to help them plan and establish their marketplaces. AHCT received establishment and various Federal assistance awards pursuant to the ACA between 2010 and 2016. All of these grants were closed as of December 31, 2016.

AHCT successfully launched its State-based Integrated Eligibility System (IES) and Health Insurance Marketplace on October 1, 2013, for the plan year beginning January 1, 2014. According to the ACA, marketplaces were required to be self-sustaining by January 1, 2015. The operational sustainability of AHCT is achieved by issuing annual Health and Dental Marketplace Assessments to carriers that are capable of offering a qualified health plan through the Exchange. Connecticut PA 11-53 and 13-247 initially gave AHCT the authority to charge assessments to fund the Exchange's operations and to charge interest and penalties to carriers failing to pay the assessments and fees required. This is now codified in CGS §38a-1083 (c)(7).

During its 2014 legislative session, the Connecticut General Assembly passed PA 14-217, which included provisions providing additional enforcement authority for the Exchange's assessment. Specifically, the Legislature added Subsection (d) to CGS §38a-1083 directing the Commissioner of Insurance to see that all laws respecting the authority of the Exchange are faithfully executed. In enforcing the assessment, the Commissioner "has all the powers specifically granted under Title 38a and all further powers that are reasonable and necessary."

AHCT issued its first annual Health and Dental Marketplace Assessment in January 2014 to carriers that were capable of offering a qualified health plan through the Exchange. Assessments are billed and collected on a calendar year basis, with \$33.3M and \$35.1M collected for 2019 and 2020 assessments, respectively. Collections for 2021 calendar year assessments were \$16.1M as of June 30, 2021.

4.0 Access Health CT Business Model:

During the fiscal years ended June 30, 2014 - 2017, grant funds and health and dental marketplace assessments were the two revenue sources for AHCT, with the fiscal year ended June 30, 2018 being the first year of self-sustainment solely from the health and dental marketplace assessments. The investment for the development of the State Exchange was entirely funded from the Federal grant dollars awarded. This Federal investment was expected to cover all development, start-up, and operating expenses during the first year of operations and approved extension periods. The ongoing operational charges for AHCT were not funded by Federal grant funds after December 31, 2014. Ongoing operations are funded with health and dental marketplace assessments and cost reimbursements from the Connecticut Department of Social Services (DSS) related to operational functions and maintaining and operating the Integrated Eligibility System (IES).

AHCT's commitment to transitioning to a self-sustaining entity has focused on building a sustainable operating model. Continued efforts in technology, plan management and consumer engagement by AHCT have been fundamental to the success and progress of AHCT to date. AHCT continues to work diligently on technology, focusing on three essential areas: improving operational processes, growing sustainability across the technology footprint and enhancing the customer experience through innovation. AHCT continues to ensure the necessary financial processes and procedures are developed and implemented.

The Connecticut General Assembly passed PA 15-5 granting AHCT the authority to create legal subsidiaries during its 2015 legislative session. This authority will support the Exchange's sustainability efforts to generate additional revenue by offering additional products or services. Sections 503 and 504 of PA 15-5 amended CGS §38a-1083 to provide, in part, that "(a) The Exchange may establish one or more subsidiaries for such purposes as prescribed by resolution of the Board of Directors of the Exchange, which purposes shall be consistent with the purposes of the exchange, provided no subsidiary shall be established for the purpose of providing insurance broker services, except dental or vision services, as necessary." No legal subsidiaries have yet been established.

AHCT has continued its partnerships with multiple state agencies through the execution of Memorandums of Understanding (MOU) and/or Memorandums of Agreement (MOA) in order to leverage state resources and expertise to operate the Exchange:

- AHCT maintains an MOA with DSS to document the specific roles and responsibilities of each agency. As a result, certain costs are shared by DSS and AHCT and the parties have paid varying allocation rates since 2013. New IES design, development, and implementation costs are paid 84% by DSS. Additionally, the allocation of costs to DSS for Call Center operations is based on utilization and is approximately 70% with some other operational costs shared at a rate of 86%, paid by DSS starting in 2018. DSS also operates a joint hearings unit on behalf of AHCT with AHCT paying its allocated costs based on actual utilization starting in 2018.
- AHCT leveraged an existing DSS Contract with Conduent for operational support services. This arrangement did not require AHCT to contract directly with Conduent. AHCT is cost-sharing certain operational services with DSS based on the volume of use applicable to AHCT. The MOA with DSS states that costs will be split with DSS covering 86% of costs and AHCT covering 14% starting in 2018.
- AHCT has an MOU with the Connecticut Department of Administrative Services' (DAS) Bureau of Enterprise Systems and Technology (BEST) for technology hosting and support roles that BEST provides to AHCT for the IES shared by AHCT and DSS. The allocation of costs for certain operational costs are shared, 86% paid by DSS starting in 2018.
- AHCT has an MOA with the Connecticut Department of Public Health (DPH) for COVID-19 vaccination call center services as well as community outreach efforts which is 100% paid by DPH in 2021.

4.0 Access Health CT Business Model: (Continued)

In addition, AHCT has partnered with several strategic vendors to address key requirements of marketplace development and operations:

- AHCT utilizes a call center vendor for customer support and services. In August 2016, AHCT executed a contract with Faneuil, Inc. to provide customer care and other business processing support, following an extensive open bid process. In August 2019, this contract was extended for two 1-year extensions. On August 31, 2021 it was extended for a renewing 3 month period.
- Technology development and maintenance services firms such as Deloitte and New Fields Technologies continue to assist AHCT in the introduction of new functionality and enhancement of systems, and improvement of our customer experience and service.
- Various marketing and communications firms have supported AHCT's creative development, community outreach, media buying and the execution of AHCT's campaigns to reach and engage Connecticut consumers.
- Operational support in printing and mailing notices and forms is performed by Printmark Services (formerly dba Kool Inc., LLC).
- AHCT leverages a State of Connecticut contract, which supports operations specific to paper application and document scans.

5.0 Summarized Financial Information:

AHCT's financial report includes three financial statements:

1. The Statements of Net Position (Balance Sheet)
2. The Statements of Revenues, Expenses and Changes in Net Position
3. The Statements of Cash Flows

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). Under this method of accounting, an economic resources measurement focus and an accrual basis of accounting is used, similar to private industry. Income is recorded when earned, and expenses are recorded when incurred.

The Statement of Net Position presents information on AHCT assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of AHCT is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position reports income and expenses of AHCT for the fiscal year. The difference - increase or decrease in net assets - is presented as the change in net assets for the fiscal year. The cumulative differences from inception forward are presented as the net assets of AHCT, reconciling to total net assets on the Statement of Net Position.

The Statement of Cash Flows presents information showing how AHCT cash and cash equivalent positions changed during the fiscal year. The Statement of Cash Flows classifies cash receipts and cash payments as resulting from cash provided by operating activities and cash used for capital assets and related financing activities. The net result of those activities is reconciled to the cash balances reported at the end of the fiscal year. This statement is prepared using the direct method, which allows the reader to easily understand the amount of cash received and how much cash was disbursed.

6.0 Revenues, Expenses and Changes in Net Position: (Continued)

Salaries and benefits are aligned with staffing in administration and operations. Wages in 2021 increased due to the efficient filling of vacant positions and performance-based increases. Administration expenses including rent, insurance and operating expenses associated with business operations are relatively stable year-over-year. As a result of the cost reimbursement from DSS for shared costs, total operating expenses were reduced by \$19.5M, \$17.8M and \$18.5M in 2021, 2020 and 2019 respectively.

7.0 Access Health CT Net Position:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 27,483,157	\$ 31,436,272	\$ 28,774,149
Accounts receivable	873,786	71,082	37,083
Prepaid expenses	253,085	250,191	189,512
Total current assets	<u>28,610,028</u>	<u>31,757,545</u>	<u>29,000,744</u>
Noncurrent assets:			
Security deposit	1,197	1,197	1,197
Capital assets not being depreciated	4,391,962	2,766,114	466,009
Capital assets, net of accumulated depreciation	7,651,305	4,243,130	4,717,643
Total noncurrent assets	<u>12,044,464</u>	<u>7,010,441</u>	<u>5,184,849</u>
Total assets	<u>40,654,492</u>	<u>38,767,986</u>	<u>34,185,593</u>
Liabilities:			
Current liabilities:			
Accounts payable	155,429	43,920	119,910
Accrued liabilities	5,555,221	5,408,128	4,026,989
Unearned revenue	398,272	364,059	522,899
Total current liabilities	<u>6,108,922</u>	<u>5,816,107</u>	<u>4,669,798</u>
Net position:			
Net investment in capital assets	10,598,580	6,376,011	5,183,652
Unrestricted	<u>23,946,990</u>	<u>26,575,868</u>	<u>24,332,143</u>
Total Net Position	<u>\$ 34,545,570</u>	<u>\$ 32,951,879</u>	<u>\$ 29,515,795</u>

Cash and cash equivalents primarily include funds received from DSS for reimbursement of costs incurred by AHCT and marketplace assessments received, net of expenditures.

Accounts receivable at June 30, 2021 includes amounts owed from DSS and DPH as well as from carriers for Marketplace Assessments. The accounts receivables from DSS and DPH represent the DSS and DPH reimbursable portions of amounts paid and accrued by AHCT. This results from timing of AHCT payments and DSS and DPH reimbursements.

7.0 Access Health CT Net Position: (Continued)

The Exchange maintains separate accounts for its operating and reserve funds: operating funds are in an account with a commercial bank, and the remaining reserve funds are in an account with the State of Connecticut Treasurer's Short-Term Investment Fund (STIF). The STIF is an investment pool of high-quality, short-term money market instruments for state and local governments. The STIF provides a safe, liquid, and effective investment vehicle for the operating cash of the State Treasury, state agencies and authorities, municipalities, and other political subdivisions of the state, pursuant to CGS §3-27a and 3-27b. The STIF is required to maintain a designated surplus reserve to provide an added layer of security. The Exchange has implemented a Zero-Balance Account utilizing a Treasury Repurchase Investment Account that has eliminated the overnight custodial credit risk for its commercial bank operating account. In addition, the Exchange is more actively managing the balances held in STIF and its commercial bank operating account with the goal of ensuring that funds are available to meet all disbursements.

Accounts Payable represents accrued expenses for consulting services, administrative services and amounts due to DSS for shared services incurred on behalf of AHCT.

8.0 Capital Assets:

At June 30, 2021, AHCT had \$55.2M invested in capital assets, \$12.0M net of accumulated depreciation. This consists primarily of the capitalization of software development costs as well as equipment.

Capital Assets at Year End, Net of Depreciation

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Capital assets not being depreciated	\$ 4,391,962	\$ 2,766,114	\$ 466,009
Capital assets, net of accumulated depreciation	<u>7,651,305</u>	<u>4,243,130</u>	<u>4,717,643</u>
	<u>\$ 12,043,267</u>	<u>\$ 7,009,244</u>	<u>\$ 5,183,652</u>

Major Additions

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Capital assets not being depreciated	\$ 6,298,624	\$ 2,807,501	\$ 1,761,950
Capital assets, net of accumulated depreciation	<u>4,665,816</u>	<u>461,091</u>	<u>1,266,223</u>
	<u>\$ 10,964,440</u>	<u>\$ 3,268,592</u>	<u>\$ 3,028,173</u>

9.0 Currently Known Facts, Decisions or Conditions:

James Michel was selected as the Interim Chief Executive Officer by the Board of Directors effective June 14, 2018 and was appointed as CEO on September 20, 2018. Mr. Michel joined AHCT in March 2013 as its first Operations Manager; promoted to Director of Operations in June 2014; and to Director of Finance in June 2017.

Anthony Crowe was appointed as Chief Operating Officer in July 2018. He joined AHCT in 2013 holding several roles leading enterprise initiatives focused on growing community partnerships, improving the customer experience and strengthening operations systems.

In March of 2021, Charles Klippel was appointed by Governor Lamont as the Chair of the AHCT Board of Directors. Mr. Klippel is the former Senior Vice-President and Deputy General Counsel of Aetna, Inc.

9.0 Currently Known Facts, Decisions or Conditions: *(Continued)*

Since the last annual financial statements for AHCT, AHCT has made over 200 system changes which improved the content delivery for its home page and ancillary pages, transitioned to a new knowledge base system to improve self-service, implemented legislative/regulatory compliance with state and federal policy updates, significantly improved its federal payment reconciliation accuracy and tools, and focused on improving known customer friction points. New information systems' features to be released for 2022 will focus on further improved customer experience and self-service, compliance with changing federal/state policy, and improved efficiencies in communications. There are currently four major releases completed or planned for fiscal year 2022.

In 2013, responsibility for the planning and implementation of the All Payer Claims Database (APCD) was transferred to AHCT by the Connecticut General Assembly. In 2017, the APCD was transferred to the Health Information Technology Officer (HITO) at the Office of the Healthcare Advocate, and eventually to the Office of Health Strategy. AHCT operated the APCD for the HITO and the Office of Health Strategy through a Memorandum of Agreement until June 30, 2019 when its operation transferred to the Office of Health Strategy and AHCT assigned its interests in the contract with Onpoint Health Data as the data management vendor for the APCD to the Office of Health Strategy.

In 2018, AHCT began focusing on creating six core organizational values: authenticity, integrity, excellence, ownership, one team and passion. The implementation of these organizational values provides guidance in terms of how the organization operates, and how employees work with each other and customers. These values incorporate the mission and vision of the organization and define behaviors.

The AHCT Board of Directors voted to approve for calendar years 2021 and 2020, the Exchange's Marketplace Assessment Rate of 165 basis points (1.65%) as part of the approval of each year's annual Operating Budget. This marketplace assessment rate has remained unchanged since calendar year 2016.

10.0 Contacting AHCT's Management:

This financial report is designed to provide residents, taxpayers, and grantors with a general view of AHCT's finances and to show the Exchange's accountability for the money it receives. If you have any questions about this report or need additional information, contact Mr. James Michel, Chief Executive Officer.

**CONNECTICUT HEALTH INSURANCE EXCHANGE
(DBA ACCESS HEALTH CT)
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$ 27,483,157	\$ 31,436,272
Accounts receivable	873,786	71,082
Prepaid expenses	253,085	250,191
Total current assets	<u>28,610,028</u>	<u>31,757,545</u>
Noncurrent assets:		
Security deposit	1,197	1,197
Capital assets not being depreciated	4,391,962	2,766,114
Capital assets, net of accumulated depreciation	7,651,305	4,243,130
Total noncurrent assets	<u>12,044,464</u>	<u>7,010,441</u>
 Total Assets	 <u>40,654,492</u>	 <u>38,767,986</u>
Liabilities:		
Current liabilities:		
Accounts payable	155,429	43,920
Accrued liabilities	5,555,221	5,408,128
Unearned revenue	398,272	364,059
Total current liabilities	<u>6,108,922</u>	<u>5,816,107</u>
Net Position:		
Net investment in capital assets	10,598,580	6,376,011
Unrestricted	<u>23,946,990</u>	<u>26,575,868</u>
Total Net Position	<u>\$ 34,545,570</u>	<u>\$ 32,951,879</u>

The accompanying notes are an integral part of the financial statements.

**CONNECTICUT HEALTH INSURANCE EXCHANGE
(DBA ACCESS HEALTH CT)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Operating Revenues:		
Marketplace assessment	\$ 33,248,504	\$ 34,202,731
Operating Expenses:		
Wages	7,780,126	7,365,537
Fringe benefits	3,001,740	2,844,256
Consultants	15,621,005	16,626,189
Maintenance	2,219,368	1,555,495
Administration	1,040,892	979,231
Equipment	748,221	792,460
Travel	6,311	35,008
Supplies	6,337	16,039
Depreciation and amortization	1,257,641	935,604
Total operating expenses	<u>31,681,641</u>	<u>31,149,819</u>
Operating Gain	1,566,863	3,052,912
Nonoperating Revenues:		
Interest income	<u>26,828</u>	<u>383,172</u>
Change in Net Position	1,593,691	3,436,084
Net Position at Beginning of Year	<u>32,951,879</u>	<u>29,515,795</u>
Net Position at End of Year	<u>\$ 34,545,570</u>	<u>\$ 32,951,879</u>

The accompanying notes are an integral part of the financial statements.

**CONNECTICUT HEALTH INSURANCE EXCHANGE
(DBA ACCESS HEALTH CT)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Receipts from marketplace assessment	\$ 32,412,272	\$ 34,077,633
Reimbursement of operating costs	19,460,718	17,820,187
Payments to employees	(10,977,093)	(10,093,871)
Payments to vendors	<u>(38,584,176)</u>	<u>(36,763,802)</u>
Net cash provided by operating activities	<u>2,311,721</u>	<u>5,040,147</u>
Cash Flows from Capital and Related Financing Activities:		
Payments for software development in progress	(1,625,848)	(2,300,105)
Purchase of equipment and software	<u>(4,665,816)</u>	<u>(461,091)</u>
Net cash used in capital and related financing activities	<u>(6,291,664)</u>	<u>(2,761,196)</u>
Cash Flows from Investing Activities:		
Interest and dividend income	<u>26,828</u>	<u>383,172</u>
Net Change in Cash and Cash Equivalents	(3,953,115)	2,662,123
Cash and Cash Equivalents at Beginning of Year	<u>31,436,272</u>	<u>28,774,149</u>
Cash and Cash Equivalents at End of Year	<u>\$ 27,483,157</u>	<u>\$ 31,436,272</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Operating income (loss)	\$ <u>1,566,863</u>	\$ <u>3,052,912</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	1,257,641	935,604
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(802,704)	(33,999)
(Increase) decrease in prepaid expenses	(2,894)	(60,679)
Increase (decrease) in accounts payable	111,509	(75,990)
Increase (decrease) in accrued liabilities	147,093	1,381,139
Increase (decrease) in unearned revenue	<u>34,213</u>	<u>(158,840)</u>
Total adjustments	<u>744,858</u>	<u>1,987,235</u>
Net Cash Provided by Operating Activities	<u>\$ 2,311,721</u>	<u>\$ 5,040,147</u>

The accompanying notes are an integral part of the financial statements.

**CONNECTICUT HEALTH INSURANCE EXCHANGE
(DBA ACCESS HEALTH CT)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Connecticut Health Insurance Exchange (dba Access Health CT, hereafter referred to as Access Health CT (AHCT) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the AHCT are described below.

A. Reporting Entity

AHCT is a body politic and corporate, and constituting a public instrumentality and political subdivision of the State of Connecticut. Access Health CT was established pursuant to Public Act No. 11-53 and is codified at Connecticut General Statute (CGS) § 38a-1080 through 1093. The goals of AHCT are to reduce the number of individuals without health insurance in the State of Connecticut and to assist individuals and small employers in the procurement of health insurance by, among other services, offering easily comparable and understandable information about health insurance options. Access Health CT was established as a quasi-public agency.

AHCT is governed by a 14-member Board of Directors. Members include ex-officio state government officials and private sector members appointed by both the legislative and executive branches of state government. The mission of AHCT, and by extension the mission of the Board, is to increase the number of insured residents, improve health care quality, lower costs and reduce health disparities through an innovative, competitive marketplace that empowers consumers to choose the health plan and health care providers that best meet their needs.

The investment for the development of the State Marketplace was entirely funded from federal grant awards. This federal investment covered all development, start-up and ongoing operating expenses. In 2014, pursuant to policies and procedures and statutory authority, AHCT began charging a market assessment to fund its operations.

Beginning in 2014, Americans had access to health coverage through newly established exchanges in each state. In Connecticut, individuals and small businesses use AHCT to purchase affordable health insurance from a choice of qualified health plans offered by various insurers. AHCT ensures that participating health plans meet certain standards and uses ratings from the National Committee on Quality Assurance (NCQA) and converts it to a star system to facilitate choices. Individuals and families purchasing health insurance through AHCT may qualify for premium tax credits if their household income is between 138% and 400% of the Federal Poverty Level (FPL) and between 100% and 138% of the FPL for certain individuals and families that may not meet the residency requirements for Medicaid, and reduce cost-sharing if their household income is between 138% and 250% of the FPL. AHCT coordinates eligibility and enrollment with State Medicaid and Children's Health Insurance Programs to ensure all Connecticut residents have access to affordable health coverage.

**CONNECTICUT HEALTH INSURANCE EXCHANGE
(DBA ACCESS HEALTH CT)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

B. Basis of Accounting and Financial Statement Presentation

AHCT is a quasi-public agency accounted for as an enterprise fund and categorized as a business-type activity. Operations are financed on a continuing basis primarily through marketplace assessments.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Operating revenues and expenses are distinguished from nonoperating items. Operating revenues and expenses are those that result from providing and delivering goods and services. Nonoperating revenues and expenses are those related to capital and related financing, noncapital financing, or investing activities.

C. Cash and Cash Equivalents

AHCT's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

D. Accounts Receivable

All receivables are reported net of estimated uncollectible amounts. No allowance was recorded as of June 30, 2021 and 2020.

E. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

F. Capital Assets

Capital assets are defined by AHCT's policy as individual assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets comprise software development in progress, as well as equipment and other software. Computer equipment is recorded and tracked to ensure accountability. Assets are recorded individually to the extent possible to ensure proper accountability and accurate depreciation, and to allow for specific identification for recording of disposition.

Design, development and implementation costs incurred for the AHCT state-based marketplace application are capitalized as software development in progress in accordance with GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. The funds for this development project were initially provided from federal funds awarded to AHCT and the Connecticut Department of Social Services (DSS) from each organization's U.S. Department of Health and Human Services (HHS) grant applications. Software development subsequent to the initial grant funding is provided by the operational assessments of AHCT.

**CONNECTICUT HEALTH INSURANCE EXCHANGE
(DBA ACCESS HEALTH CT)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

The AHCT state-based marketplace application is an integrated eligibility system (IES) that determines eligibility and facilitates enrollment for both AHCT's and DSS's programs in addition to other functionality. In applying for the awarded funds, a cost allocation methodology was also filed and approved to allocate the accountability for development costs between AHCT and DSS. This allocation was 16% to AHCT and 84% to DSS. Prior to November 2014, the allocation was 71.47% to AHCT and 28.53% to DSS. While both AHCT and DSS jointly design and develop the system, AHCT is the procuring entity and, therefore, initially funds all design, development and implementation costs and then is cost reimbursed by DSS for the share allocated to DSS. Design, development and implementation costs, including capital assets, are presented net of the DSS reimbursement.

Capital assets will be depreciated using the straight-line method over the following estimated useful lives:

Software	3 years
Furniture and equipment	5 years

Depreciable lives are based upon actual expected use by AHCT, not by tax lives or other general estimates.

G. Net Position

Net position represents the difference between assets and liabilities. The components of net position are detailed below:

Net Investment in Capital Assets

This component of net position consists of capital assets, net of accumulated depreciation.

Restricted

Net position is considered restricted when there are externally imposed restrictions by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted

This component of net position includes anything that does not meet the definition of "restricted" or "net investment in capital assets."

H. Marketplace Assessments

Connecticut PA 11-53 authorizes AHCT to "charge assessments or user fees to health carriers that are capable of offering a qualified health plan through the Exchange." This assessment authority is a critical underpinning for AHCT's operational sustainability. Public Act 13-247 gives AHCT the authority to charge interest and penalties to carriers failing to pay the assessments and fees required to fund Exchange operations. This is codified at CGS § 38a-1083(c)(7).

Marketplace assessment payments received prior to the accounting period they pertain to are recorded as unearned revenue and amortized to revenue over the related term. As of June 30, 2021 and 2020, unearned revenue is entirely composed of marketplace assessments.

**CONNECTICUT HEALTH INSURANCE EXCHANGE
(DBA ACCESS HEALTH CT)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

I. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

J. Reclassifications

Certain amounts on the financial statements as of June 30, 2020 have been reclassified, with no effect on net position, to be consistent with classification adopted for the year ended June 30, 2021.

K. Subsequent Events

In preparing these financial statements, management has evaluated subsequent events through November 3, 2021, which represents the date the financial statements were available to be issued.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

AHCT may invest any funds not needed for immediate use or disbursement in obligations of the United States of America or United States government sponsored corporation, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any state or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service.

AHCT invests in obligations of the United States, including its instrumentalities and agencies, and the State of Connecticut Treasurer's short-term pooled investment fund (STIF). The STIF is available for use by the State's funds and agencies, public authorities and municipalities. State statutes authorized these pooled investment funds to be invested in United States Government and agency obligations, United States Postal Service obligations, certificates of deposit, commercial paper, corporate bonds, savings accounts, banker acceptances, student loans, and repurchase agreements.

At June 30, 2021 and 2020, the carrying amounts of AHCT's cash and cash equivalents were as follows:

<u>Account</u>	<u>2021</u>	<u>2020</u>
Deposits with financial institutions:		
Operating	\$ 542,626	\$ 528,321
Small Business Health Options Program (SHOP)	494,846	398,327
State Short-Term Investment Fund (STIF)	<u>26,445,685</u>	<u>30,509,624</u>
	<u>\$ 27,483,157</u>	<u>\$ 31,436,272</u>

**CONNECTICUT HEALTH INSURANCE EXCHANGE
(DBA ACCESS HEALTH CT)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Deposits

Deposit Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, Access Health CT will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are uninsured or uncollateralized. Amounts on deposit at a single financial institution occasionally exceed the federally insured limit. To limit custodial credit risk, AHCT has implemented a zero-balance account utilizing a Treasury Repurchase Investment Account that has eliminated the overnight custodial credit risk for its commercial bank operating account. As of June 30, 2021 and 2020, \$244,846 and \$480,361, respectively, of Access Health CT's bank balance of \$576,739 and \$928,698, respectively, was uninsured and uncollateralized and therefore exposed to custodial credit risk as follows:

	<u>2021</u>	<u>2020</u>
Uninsured and uncollateralized	\$ 195,361	\$ 427,324
Uninsured and collateral held by the pledging bank's trust department, not in AHCT's name	<u>49,485</u>	<u>53,037</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 244,846</u>	<u>\$ 480,361</u>

Cash Equivalents

At June 30, 2021 and 2020, AHCT had deposits in the STIF of \$26,445,685 and \$30,509,624, respectively. STIF is an investment pool of high-quality, short-term money market instruments with an average maturity of less than 60 days. There were no limitations or restrictions on any withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

Credit Risk - Cash Equivalents

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The following chart summarizes year-end ratings for AHCT as rated by Standard & Poor's:

	<u>Standard & Poor's</u>
State Short-Term Investment Fund (STIF)	AAAm

Concentrations of Credit Risk

AHCT places no limits on the amount of cash in any one bank. AHCT has implemented a zero-balance account as previously identified above to limit credit risk overnight. In addition, AHCT actively manages the balances held in STIF and its commercial bank operating account with the goal of ensuring that funds are available to meet all disbursements.

**CONNECTICUT HEALTH INSURANCE EXCHANGE
(DBA ACCESS HEALTH CT)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

3. RECEIVABLES

Receivables for the years ended June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Marketplace assessments receivable	\$ 15,579	\$ 3,341
Department of Public Health receivable	858,207	-
DSS reimbursement receivable	<u>-</u>	<u>67,741</u>
	<u>\$ 873,786</u>	<u>\$ 71,082</u>

Due to the lack of historical issues regarding collectability of receivables and short average age of receivable balances, management has not determined an allowance for doubtful accounts necessary for the years ended June 30, 2021 and 2020.

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated or amortized:				
Software development in progress	\$ 2,766,114	\$ 6,298,624	\$ 4,672,776	\$ 4,391,962
Capital assets being depreciated or amortized:				
Equipment and furniture	1,460,404			1,460,404
Leasehold improvements	271,011			271,011
Software	44,419,851	4,665,816		49,085,667
Total capital assets being depreciated	<u>46,151,266</u>	<u>4,665,816</u>	<u>-</u>	<u>50,817,082</u>
Less accumulated depreciation and amortization for:				
Equipment and furniture	1,424,027	13,666		1,437,693
Leasehold improvements	262,677	6,251		268,928
Software	40,221,432	1,237,724		41,459,156
Total accumulated depreciation and amortization	<u>41,908,136</u>	<u>1,257,641</u>	<u>-</u>	<u>43,165,777</u>
Total capital assets being depreciated or amortized, net	<u>4,243,130</u>	<u>3,408,175</u>	<u>-</u>	<u>7,651,305</u>
Capital Assets, Net	<u>\$ 7,009,244</u>	<u>\$ 9,706,799</u>	<u>\$ 4,672,776</u>	<u>\$ 12,043,267</u>

Depreciation and amortization expense related to capital assets was \$1,257,641 for the year ended June 30, 2021.

**CONNECTICUT HEALTH INSURANCE EXCHANGE
(DBA ACCESS HEALTH CT)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Capital asset activity for the year ended June 30, 2020 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated or amortized:				
Software development in progress	\$ 466,009	\$ 2,807,501	\$ 507,396	\$ 2,766,114
Capital assets being depreciated or amortized:				
Equipment and furniture	1,426,785	33,619		1,460,404
Leasehold improvements	271,011			271,011
Software	43,992,379	427,472		44,419,851
Total capital assets being depreciated	<u>45,690,175</u>	<u>461,091</u>	<u>-</u>	<u>46,151,266</u>
Less accumulated depreciation and amortization for:				
Equipment and furniture	1,392,218	31,809		1,424,027
Leasehold improvements	250,886	11,791		262,677
Software	39,329,428	892,004		40,221,432
Total accumulated depreciation and amortization	<u>40,972,532</u>	<u>935,604</u>	<u>-</u>	<u>41,908,136</u>
Total capital assets being depreciated or amortized, net	<u>4,717,643</u>	<u>(474,513)</u>	<u>-</u>	<u>4,243,130</u>
Capital Assets, Net	<u>\$ 5,183,652</u>	<u>\$ 2,332,988</u>	<u>\$ 507,396</u>	<u>\$ 7,009,244</u>

Depreciation and amortization expense related to capital assets was \$935,604 for the year ended June 30, 2020.

5. CONCENTRATIONS

For the years ended June 30, 2021 and 2020, AHCT's authorization to charge marketplace assessments on the health insurance industry in Connecticut, as discussed in Note 1.H., results in a small number of large companies providing the majority of operating income.

6. COMMITMENTS

Leases

AHCT has entered into various leases for office space and equipment. Rent expense for June 30, 2021 and 2020 was \$471,605 and \$429,112, respectively. Estimated future payments for the leases are as follows:

<u>Year Ended June 30,</u>	
2022	\$ 428,246
2023	437,869

**CONNECTICUT HEALTH INSURANCE EXCHANGE
(DBA ACCESS HEALTH CT)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

AHCT also has a multiple-year agreement for licensing fees for software and related services, as well as a commitment under a DSS contract for enterprise services and support. Estimated future payments for the agreements are as follows:

<u>Year Ended June 30,</u>	
2022	\$ 1,125,602
2023	71,101

Components of the contract for enterprise services and support are variable based on usage. The related payments included in the schedule above are based on estimates of the expected services to be provided.

7. RETIREMENT AND PROFIT SHARING

During fiscal year 2013, AHCT joined the State of Connecticut's Deferred Compensation Section 457 Plan covering eligible employees. The purpose of the plan is to enable employees who become covered under the plan to enhance their retirement security by permitting them to enter into agreements with AHCT to defer a portion of their salary. Participation in this plan should not be construed to establish or create an employment contract between any eligible employee and Access Health CT.

In addition, AHCT established a Profit Sharing and Trust 401(a) plan for eligible employees. AHCT contributed a fixed rate of 5% of employee annual earnings and matched 100% of voluntary participant contributions, up to 5%, of annual earnings made by employees to the State of Connecticut's Deferred Compensation Section 457 Plan for the years ended June 30, 2021 and 2020.

In total, AHCT made retirement and profit-sharing payments of \$726,232 and \$657,744 for the years ended June 30, 2021 and 2020, respectively, for both benefit plans.

8. CONTINGENCIES

Some grants require the fulfillment of certain conditions. Failure to fulfill the conditions could result in the return of funds. AHCT does not believe that any funds will need to be returned, because the stipulated conditions have been met.

DSS reimburses AHCT for the funds disbursed by AHCT for development and other costs that relate to the share of development and operational costs attributable to DSS. This share was not awarded to AHCT as part of grant awards.

AHCT is from time to time subject to legal proceedings and claims that arise in the ordinary course of business. In the opinion of management, the ultimate liability with respect to these actions will not materially affect the financial position of AHCT.

**CONNECTICUT HEALTH INSURANCE EXCHANGE
(DBA ACCESS HEALTH CT)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

9. SUBSEQUENT EVENTS

Throughout fiscal year 2021, AHCT monitored updates and changes to the Affordable Care Act (ACA), and any other applicable federal and/or state laws, regulations, and guidance, for any required changes to the legal authority and governance of Connecticut's Health Insurance Marketplace. AHCT is poised to adapt to changes and proactively manage those changes in support of an ACA-compliant Marketplace for the residents of Connecticut.

Supplementary Information

**CONNECTICUT HEALTH INSURANCE EXCHANGE
(DBA ACCESS HEALTH CT)
SCHEDULE OF EXPENSES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Final Approved Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating Expenses:			
Salaries	\$ 7,794,198	\$ 7,780,126	\$ 14,072
Fringe benefits	3,028,300	3,001,740	26,561
Temporary staffing	546,445	435,782	110,663
Contractual	13,424,280	14,696,247	(1,271,967)
Equipment and maintenance	2,916,553	2,967,588	(51,035)
IT enhancements	4,421,824	1,534,160	2,887,665
Supplies	10,924	6,337	4,587
Travel	14,078	6,311	7,767
Other administrative	<u>1,119,196</u>	<u>1,040,895</u>	<u>78,301</u>
Total operating expenses	<u>\$ 33,275,798</u>	31,469,186	<u>\$ 1,806,614</u>

Budgetary expenses are different than GAAP expenses because:

Budgetary expenses are different than GAAP expenses primarily due to encumbrances authorized during the fiscal year and not liquidated by fiscal year-end are recorded as Net Position as required by GAAP. Liquidated FY2021 encumbrances will be shown as a reduction in Net Position in FY2022 reporting. If capitalization criteria are met, these amounts are recorded as capital assets for GAAP financial reporting purposes.

(1,045,186)

Depreciation and amortization represent noncash changes and are not recorded for budgetary purposes. These are reported as an expense in the fiscal year incurred for GAAP financial reporting purposes.

1,257,641

Total Operating Expenses as Reported on the Statement of Revenues,
Expenses and Changes in Net Position

\$ 31,681,641

**Independent
Auditors' Report
on Internal Control**



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Connecticut Health Insurance Exchange
(dba Access Health CT)
Hartford, Connecticut

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 (dba Access Health CT) (AHCT), as of and for the year ended June 30, 2021, 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 November 3, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered AHCT's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of AHCT's internal control. Accordingly, we do not express an opinion on the effectiveness of AHCT's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors
Connecticut Health Insurance Exchange
(dba Access Health CT)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the AHCT's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

West Hartford, Connecticut
November 3, 2021

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