

E. Fiscal Year 2024 Financial and Programmatic Audits

Susan Rich-Bye, Director of Legal and Governmental Affairs, provided a brief explanation pertaining to the reasons why the Financial and Programmatic Audits are performed.

Thomas Goldfuss from Whittlesey introduced members of the Engagement Team, briefly touched upon the recent history of the company and later provided additional information on both the Financial and Programmatic Audits. Objectives and impact of the audits as well as the expectations of management and Audit Committee have been presented.

Mr. Goldfuss provided the Committee with information about the audit timing as well as the audit scope, which includes the top down and risk-based approach, materiality, use of the work of others, analytical review procedures as well as substantive testing. Fraud risk considerations were also presented. Brief discussion ensued around the issue of the Information Technology audit aspects.

F. 2023 State-Based Marketplace Annual Reporting Tool (SMART)

Susan Rich-Bye, Director of Legal and Governmental Affairs, presented information on the 2023 State-Based Marketplace Annual Reporting Tool. Ms. Rich-Bye stated that under the Affordable Care Act (ACA), State-Based Marketplaces (SBMs) are required to keep accurate accounting of all activities, receipts and expenditures; monitor and report to Health and Human Services (HHS) on Exchange-related activities as well as to complete an annual report; and engage an independent auditor to perform annual financial and programmatic audits.

The SMART has four components: eligibility and enrollment, the financial and programmatic audits, program integrity and attestation of completion. AHCT filed its SMART for 2023 on May 31, 2024. She noted that the organization anticipates obtaining a response from CMS within a few months. No issues were reported when responses to the SMART were prepared and AHCT does not anticipate any recommendations from CMS.

G. State Audit Report FY 2020 and 2021, and New Audit for FY 2022 and 2023

Ms. Rich-Bye informed the Audit Committee on the State Audit Report for Fiscal Year (FY) 2020 and 2021 as well as the New Audit for FY 2022 and 2023.

Ms. Rich-Bye noted that the State Auditors Report issued for FY 2020 and 2021 had six findings. Lack of compliance with data protection and statutory breach reporting was the first issue mentioned by the Auditors. AHCT recognizes the importance of strong information security controls and numerous policies and procedures are in place to prevent disclosure of consumer information. Annual Privacy and Security Training for all employees is essential. Other data security safeguards that AHCT has in place were detailed. The report noted that there were 51 breaches; none of which were large breaches of the system and most of them involved one consumer and one household.

During the COVID-19 pandemic, many consumers moved and did not report those changes to AHCT which resulted in notices being sent to wrong addresses. In the case that a person who received the notice but was not a recipient of the correspondence – it was treated as a breach; none of the notices include social security numbers and dates of birth.

Ms. Rich-Bye explained that in this situation, all the agencies involved are notified and credit monitoring and identity theft protection services are offered to the affected consumer. AHCT is required to report to multiple entities. There had been an earlier period that AHCT was not aware that in addition to reporting to the Centers for Medicare and Medicaid Services (CMS) and the Connecticut Attorney General, AHCT was also required to send copies of the reporting to the Auditors of Public Accounts and the Comptroller's Office which was only 3 of the 51 breaches.

Another finding was a lack of controls over eligibility and coverage overrides. One of the three documentation issues noted did not involve an actual override and the other two were completed by DSS workers.

A finding of weakness in purchasing processes was related to policies and processes. Internal policies have been adjusted; AHCT will make sure that all if properly documented.

The next issue was inadequate documentation regarding criminal background checks for the Navigator program. Pursuant to the ACA, AHCT is required to have a Navigator Program following federal requirements and the Exchange created additional rules for the program. Navigators are meant to provide additional in-person assistance for consumers. Every year AHCT issues an RFP and Navigator organizations are selected; AHCT then signs contracts with them and issues Navigator grants. One of the requirements included in the contracts is to make sure that the personnel have passed a criminal background check. For all of the people that worked as Navigator personnel at the organizations, there was just one instance for FY 21 where the employee in question had passed a background check, but the organization was unable to provide AHCT with the documentation to certify that they had passed it.

Going forward for FY 22 and 23 and beyond, AHCT has worked with the Navigators to make sure that all of the required documentation is provided. AHCT wants to make sure that everything is done to make sure that consumers' information is protected.

Next the inadequate monitoring of overtime was noted. Due to the nature of the work performed by AHCT staff which included Open Enrollment (OE) or implementing additional programs such as Covered Connecticut, AHCT periodically requires its internal customer resolution team to work overtime in order to avoid having backlogs for the resolution of consumer issues in a timely manner. In-person assistance also accounts for some of the employees' overtime as many of them work at AHCT enrollment fairs.

Over the past year, due to the Medicaid Unwinding, those fairs were held every month including some weekends. AHCT has a process in place for overtime to be pre-approved - which involves electronic communication. For a very minor number of hours noted,

electronic communication could not be located. Since this matter pertained to a situation from few years ago, some people have left the agency which also made it more difficult to locate this correspondence.

The issue noted involved three employees with 12 hours of overtime not being properly documented. AHCT had a difference of opinion with the State Auditors who claimed that it involved 17 hours of overtime work. Ms. Rich-Bye pointed out that those 12 hours of overtime accounted for one percent of all of the overtime that was worked by AHCT employees.

The last finding from the State Auditors involved lack of compliance with statutory reporting. Ms. Rich-Bye pointed out that in addition to various audits, AHCT also has requirements under the enabling legislation and also the Quasi-Public Act for reports required to be filed annually as well as quarterly. AHCT provides regular financial reports to the Finance Committee, the Audit Committee as well as the Board of Directors. Ms. Rich-Bye added that there was a period when AHCT has been backlogged with filing of some of those reports - it was a timing issue.

AHCT's investment policy requires semi-annual and annual reporting on its investment funds. When the policy was written in 2012, it anticipated that AHCT may be actively trading a portfolio with its investment funds. AHCT decided early on not to pursue that strategy with the Exchange's reserve funds. Therefore, all of the reserve funds have been maintained in an account with the State of Connecticut Treasurer Short-Term Investment Fund, which is much less risky. Ms. Rich-Bye added that AHCT always reports information on that account quarterly to the Committees as well as the Board of Directors.

Mr. Michel emphasized that AHCT takes the State Auditors' findings very seriously and the Exchange responds accordingly. Ms. Rich-Bye added that AHCT has engaged an independent IT-security auditor for its vendors; AHCT has added additional reporting requirements and penalties in contracts with the vendors to minimize any potential security risks.

Chair Claudio Gualtieri expressed his words of appreciation to Ms. Rich-Bye and AHCT management for keeping the Audit Committee informed with details about the specific findings in the State Auditors Report. Matthew Brokman noted that due to the nature of work that AHCT performs and how many people it involves, the State Auditors findings are rather minor. Brief discussion ensued around those findings, communication with the State Auditors and remediation efforts.

H. Adjournment

Chair Claudio Gualtieri requested a motion to adjourn. Motion was made by Thomas McNeill and was seconded by Carleen Zambetti. Roll call vote was ordered. **Motion passed unanimously.** Meeting adjourned at 10:59 a.m.