



**INDEPENDENT EXTERNAL AUDIT:
2019 AUDIT FINDINGS REPORT
WASHINGTON
WASHINGTON HEALTH BENEFIT EXCHANGE (WAHBE)**



INDEPENDENT EXTERNAL AUDIT: 2019 FINDINGS REPORT

TO: CCIIO STATE EXCHANGE GROUP

FROM: BERRY DUNN MCNEIL & PARKER, LLC (BERRYDUNN)

DATE: April 15, 2020

SUBJECT: AUDIT FINDINGS REPORT FOR WASHINGTON

AUDIT PERIOD: JULY 1, 2018 – JUNE 30, 2019

I. EXECUTIVE SUMMARY

PURPOSE

The purpose of this independent external audit is to assist the State of Washington in determining whether the Washington Health Benefit Exchange (WAHBE), the Washington State-Based Marketplace (SBM), is in compliance with the financial and programmatic requirements set forth by the Centers for Medicare & Medicaid Services (CMS).

Name of SBM: Washington Health Benefit Exchange (WAHBE)

State of SBM: Washington

Name of Auditing Firm: BerryDunn

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

SCOPE

The scope of this engagement included an audit of the financial statements of WAHBE, as well as an examination of WAHBE's compliance with the programmatic requirements under 45 CFR 155, Subparts C, D, E, F, K, and M for the 12-month period July 1, 2018 through June 30, 2019. Our examination for Subparts C and K was limited to interviews and review of documents. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by

the Comptroller General of the United States. We completed an examination of WAHBE's compliance with the programmatic requirements under 45 CFR 155 and issued our reports dated April 15, 2020. We also performed an audit of its financial statements for the year ended June 30, 2019 and issued our report dated October 9, 2019.

We reviewed processes and procedures, read pertinent documents, and performed inquiries, observations, and staff interviews to obtain reasonable assurance regarding whether WAHBE is in compliance with 45 CFR 155 in all material respects. We also selected a sample of clients and tested for compliance with requirements under Title 45, Part 155 for eligibility determination, verification of data, and enrollment with a Qualified Health Plan (QHP).

METHODOLOGY

Audit Firm Background:

BerryDunn is the largest certified public accounting and consulting firm headquartered in New England, with more than 400 professionals. BerryDunn has, for more than 40 years, provided comprehensive audit and tax services for a broad range of healthcare, not-for profit, and governmental entities. Those services include conducting Financial and/or Programmatic audits of four State Based Marketplaces which operate Health Benefit Exchanges. In addition, we have completed audits in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance, previously referred to as OMB Circular A-133) for several sizable healthcare organizations, many of which receive U.S. Department of Health and Human Services federal grants or funding. In addition, we provide audit services for higher education, social service, and economic development organizations, as well as other entities that receive federal grants and are subject to the Uniform Guidance.

Financial Statement Audit:

We have audited, in accordance with U.S. generally accepted auditing standards 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 WAHBE, for the year ended June 30, 2019, and related notes to the statements, and have issued a report thereon dated October 9, 2019.

Programmatic Audit:

We have examined WAHBE's compliance with the programmatic requirements described in 45 CFR 155 for the year ended June 30, 2019, and have issued a report thereon dated April 15, 2020.

Summary of Programmatic Audit Procedures:

Our audit consisted of specific procedures and objectives to evaluate instances of noncompliance and to test WAHBE's compliance with certain subparts of 45 CFR Part 155. BerryDunn examined compliance with the requirements under Title 45, Part 155, in the following programmatic areas:

- General Functions (Subpart C)
- Eligibility Determinations (Subpart D)
- Enrollment Functions (Subpart E)
- Appeals of Eligibility Determinations (Subpart F)
- Certification of Qualified Health Plans (Subpart K)
- Oversight and Program Integrity Standards (Subpart M)

We reviewed the processes and procedures under Title 45, Part 155, in the following programmatic areas in order to determine whether they are in compliance with the requirements of the ACA:

- Assistants, Navigators, Certified Application Counselors, and Brokers
- Privacy and Security
- Eligibility Processes and Procedures
- Appeals
- Qualified Health Plan (QHP) Certification
- Compliance and Program Integrity
- Contact Center

We reviewed the following documentation, which was obtained directly from WAHBE, or located on either the WAHBE website or the CMS website:

- 42 CFR Parts 431, 435, and 457, Medicaid Program Eligibility Changes Under the Affordable Care Act of 2010
- Affordable Care Act (ACA) # 22—Conversion of Net Income Standards to MAGI Equivalent Income Standards
- 2019 Contracts, including Amendments and Updates to ongoing contracts.
- 2019 Second Lowest Cost Silver Plan Data
- Application for Health Care Coverage
- Appeals Procedures and Notices:
 - Employer Appeal Decision Notice
 - Procedural Rules for Appeals
 - FTI Safeguard Policy
 - Employer/Employee Appeals Notice
- Assister and Navigator Forms and Guidelines:

- Assister Attestation Forms
- Navigator Contract Template
- Navigator Tools and Resources
- Onboarding Policies and Guides
- Training Materials
- Consumer Assistance Personnel:
 - List of Assisters
 - List of Navigators, IPAs and CACs
- Eligibility and Enrollment:
 - APTC Initial Enrollment Guide
 - Calculating the APTC Policy
 - Consent Form
 - Cost Sharing Reduction Guide
 - Eligibility Policy Manual
 - Enrollment and Payment Processing Guide
 - Household Composition & Income Tipsheet
 - List of Eligibility & Enrollment Management Reports
 - Verifications Manual
- Equity Diversity and Inclusion Manager Position Description
- Exchange Operations Guidelines:
 - Authorized Representative Form
 - Employee Training Manual
 - Exchange Handbook
 - Income Information Authorization to Renew Coverage
 - Outreach Enrollment Support Program Documentation
- Notices:
 - Additional Verification Notices
 - Eligibility Decision Notices
 - Incomplete Application Notices
 - Notice of Renewal sent to the Consumer
 - Notice
- Privacy and Security:
 - Access Control Policy - Healthplanfinder
 - Compliance Program Strategic Plan - Oversight and Monitoring Plan
 - Data Sharing Agreement - WA DSHS
 - Data Sharing Agreement - WA OIC and Healthplanfinder
 - Incident Reports
 - Interconnection Agreement CMS and WAHBE
 - IRS Safeguard Security Report

- Language Line Contract
- Personnel Action Request - Healthplanfinder
- Personnel Security Policy - Healthplanfinder
- Plan of Action and Milestones
- Privacy Impact Assessment
- Privacy Policy – Healthplanfinder
- Producer Participation Agreement
- System Interconnection Agreement
- System Security Plan (SSP) and Workbook
- Third-Party Independent Security Risk Assessment
- User Access Agreement
- QHP:
 - 2019 QHP and QDP Guidance for Participation
 - List of QHPs offered in 2019 by the exchange
 - QDP Certification Guidance
 - QHP Certification Guidance
 - Rate Summaries
- Summary of Broker Incident
- WAHBE 2018-2019 Strategic Plan
- WAHBE Organization Chart

In order to understand management and staff responsibilities and processes as they relate to compliance with 45 CFR, Part 155, we performed walkthroughs of data systems and operations and interviewed the following WAHBE staff:

- Associate Director for the Communications Department – Kelly Boston
- Associate Director of Eligibility, Appeals & Review – Stacey Scott
- Associate Director of Operations for the Call Center – Randi Schaff
- Association Director of Policy – Christine Gilbert
- Chief Information Security Officer – Mark Riley
- Chief Operating Officer – Beth Walter
- Chief Policy Officer – Molly Voris
- Conditional Eligibility Verification Supervisor – Melissa Zuniga-Espinoza
- Deputy Director of Operations – Joanna Donbeck
- Deputy Insurance Commissioner – Molly Nollette
- Enrollment Manager – Angelica Santos
- General Council and Chief Strategist – Lia Hole-Marshall
- Senior Health Policy Advisor – Jane Dyer
- Training and Certification Manager for the Navigator Program – Chris Brown

We analyzed the following information to assess WAHBE's compliance with the requirements of 45 CFR 155:

- A listing of 1,305,154 applicants who had an eligibility determination completed between July 1, 2018 and June 30, 2019. We selected 60 cases to test for compliance with

eligibility rules, and 60 cases to test for compliance with enrollment rules. Note that 1 case was used for both eligibility and enrollment testing, so a total of 119 cases were used for testing compliance with enrollment and eligibility rules.

CONFIDENTIAL INFORMATION OMITTED

N/A

II. AUDIT FINDINGS

N/A

AUDITOR'S OPINION

We have issued an Independent Auditor's Report on the financial statements for the year ended June 30, 2019, reflecting the following type of opinion:

QUALIFIED

UNQUALIFIED

ADVERSE

DISCLAIMER

ADDITIONAL COMMENTS

N/A

III. 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:

Berry Dunn McNeil & Parker, LLC

COMPLETION DATE OF AUDIT FINDINGS
REPORT:

April 15, 2020
