



**INDEPENDENT EXTERNAL AUDIT:
2020 AUDIT FINDINGS REPORT
WASHINGTON
WASHINGTON HEALTH BENEFIT EXCHANGE (WAHBE)**



INDEPENDENT EXTERNAL AUDIT: 2020 FINDINGS REPORT

TO: CCIIO STATE EXCHANGE GROUP

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

DATE: MAY 3, 2021

SUBJECT: AUDIT FINDINGS REPORT FOR WASHINGTON

AUDIT PERIOD: JULY 1, 2019 – JUNE 30, 2020

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), was in compliance with the financial and programmatic requirements set forth by the Centers for Medicare & Medicaid Services (CMS) during the audit period.

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 Title 45, Code of Federal Regulations, Part 155 (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, K, and M for the 12 -month period July 1, 2019 through June 30, 2020. 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 applicable programmatic requirements under 45 CFR 155 and issued our reports dated May 3, 2021. We also performed an audit of its financial statements for the year ended June 30, 2020 and issued our report dated October 26, 2020.

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 45 CFR 155 for eligibility determination, verification of data, and enrollment with a Qualified Health Plan (QHP).

METHODOLOGY

Audit Firm Background:

BerryDunn is a national consulting and certified public accounting firm with a Government Consulting Group dedicated to serving state and local government agencies. BerryDunn was formed in 1974 and has experienced sustained growth throughout its 46-year history. Today, BerryDunn employs 600+ personnel with headquarters in Portland, Maine—and office locations in Arizona, Connecticut, Massachusetts, New Hampshire, and West Virginia. The firm has experienced professionals who provide a full range of services, including information technology (IT) consulting; management consulting; and audit, accounting, and tax services.

Those services include conducting Financial and/or Programmatic audits of multiple State Based Exchanges. We also 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, 2020, and related notes to the statements, and have issued a report thereon dated October 26, 2020.

Programmatic Audit:

We have examined WAHBE's compliance with the programmatic requirements described in 45 CFR 155 for the year ended June 30, 2020, and have issued a report thereon dated May 3, 2021.

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 155. BerryDunn examined compliance with the requirements under 45 CFR 155, in the following programmatic areas:

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

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

- Assistors, Navigators, Certified Application Counselors, and Brokers
- Privacy and Security
- Eligibility Processes and Procedures
- 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
- 2020 Contracts, including Amendments and Updates to ongoing contracts.
- 2020 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
 - Broker Assister Troubleshooting Guide
 - 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, Policies, and Procedures
- 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
 - Renewal Notices
- Privacy and Security:
 - Access Control Policy - Healthplanfinder
 - Authority to Connect
 - Compliance Program Strategic Plan – Oversight and Monitoring Plan
 - Computer Matching Agreement – DHHS, CMS, and WAHBE
 - Data Sharing Agreement – WA DSHS
 - Data Sharing Agreement – WA OIC and Healthplanfinder
 - Data Use, Exchange, Interconnection Agreement
 - Incident Reports
 - Information Exchange Agreement – CMS and WAHBE
 - Interconnection Security Agreement – CMS and WAHBE
 - IRS Safeguard Security Report
 - Language Line Contract
 - Memorandum of Understanding – CMS

- 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 and Workbook
- Third-Party Independent Security Risk Assessment
- User Access Agreement
- QHP:
 - 2020 QHP and QDP Guidance for Participation
 - List of QHPs offered in 2020 by the exchange
 - QHP Certification Guidance
 - Rate Summaries
- WAHBE Organization Chart

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

- Associate Director of Outreach – Mary McHale
- Associate Director of Operations for the Call Center – Randi Schaff
- Chief Information Security Officer – Mark Riley
- Chief Operating Officer – Carla Reyes
- Compliance Officer – Joanna Donbeck
- Conditional Eligibility Verification Supervisor – Missy Deinlein
- Deputy Director of Eligibility, Appeals & Training – Stacey Scott
- Deputy Insurance Commissioner – Molly Nollette
- Enrollment Manager – Angelica Santos
- Policy Director – Christine Gilbert
- Senior Health Policy Advisor – Jane Dyer
- Senior Policy Analyst – Kara Nester

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

- A listing of 1,915,350 eligibility determination transactions completed between July 1, 2019 and June 30, 2020. We selected 60 cases to test for compliance with eligibility rules, and 60 cases to test for compliance with enrollment rules. Note that eight cases were used for both eligibility and enrollment testing, so a total of 112 discreet 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, 2020, 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:

May 3, 2021