




BerryDunn Presentation to the Audit Committee



May 2, 2024



Agenda

-  **1** FY2023 Programmatic Audit
-  **2** FY2024 Planning
-  **3** Cascade Care Saving Performance Audit



▲ 1 – FY2023 Programmatic Audit

Programmatic Audit Overview

Audit Requirement

- State Based Marketplaces (SBMs) are required to engage an independent external or independent state-government auditing entity to conduct an external financial and programmatic audit.

Audit Standards

- The annual financial and programmatic independent external audit should follow generally accepted governmental auditing standards (GAGAS).

Deadlines

- By June 1, 2024, SBMs are required to submit documents or attest to the submission of documents for the following components of the State-Based Marketplace Annual Reporting Tool (SMART) :
 - Eligibility and Enrollment
 - Financial and Programmatic Audit
 - Program Integrity
 - Attestation of Completion



Suggested Audit Procedures by CMS

The independent external auditor can define its own methodology, as long as guidelines set forth in GAGAS are followed.



Document Review

- Training materials
- Policies and procedures
- Contracts
- Notices to consumers
- Website contents



Interviews

Randomly select and interview Marketplace staff members to determine understanding of Marketplace requirements



Testing

- Select a sample of verification files to validate proper processing
- Select a sample of eligibility and enrollment files to validate proper processing

Eligibility, Enrollment, and Verification Testing Highlights

A listing of 2,761,181 eligibility determination transactions completed between July 1, 2022, and June 30, 2023. This population included Medicaid determinations due to the Exchange maintaining an integrated eligibility system.

Verification Testing

- We selected 60 cases to test for compliance with verification rules which included QHP applicants only.

Eligibility and Enrollment Testing

- We selected 60 cases to test compliance with eligibility rules, which included including Medicaid.
- We selected 60 cases to test compliance with enrollment rules, which included QHP applicants only.

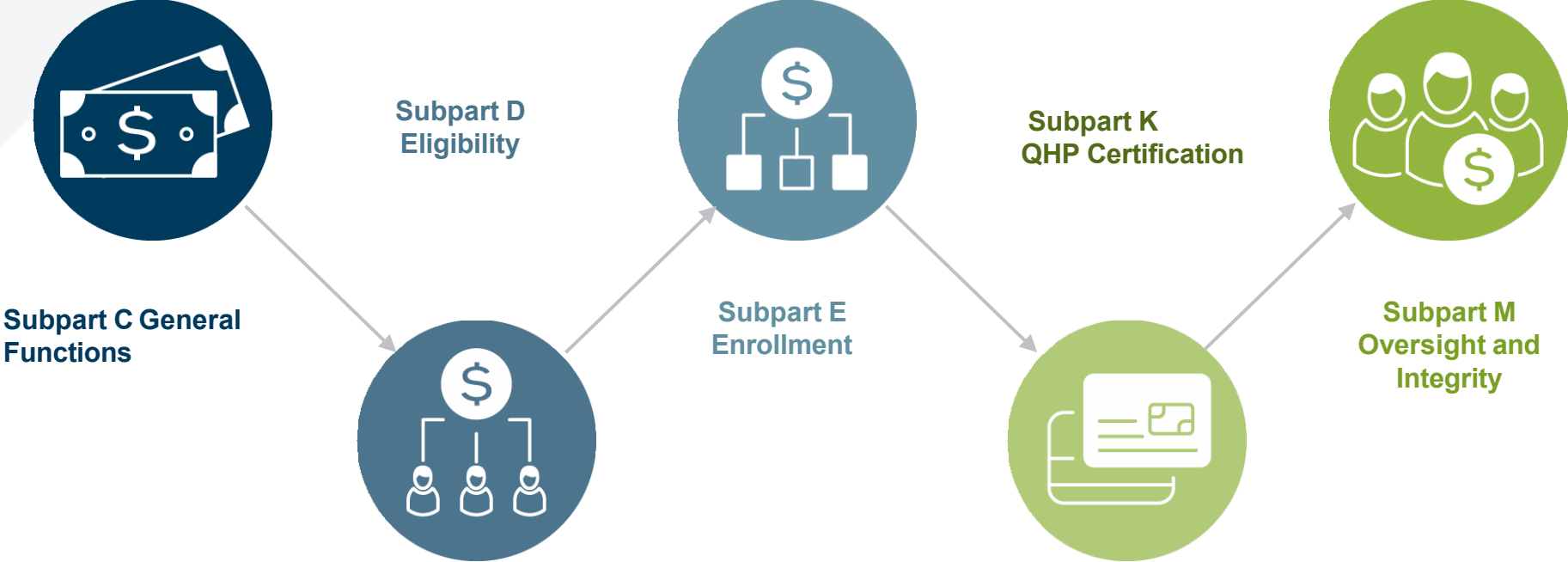
Outcome

- We did not identify any findings.
- Our Independent Accountant's Report reflects an "unmodified" opinion.



▲ 2 – FY2024 Planning

Planned Programmatic Audit Areas



FY24 Programmatic Audit Timing



Kick off and Planning

- Submit document request list and identify members to interview
- August 2024



Testing and Document Review

- Conduct interviews
- Review documents
- Conduct Eligibility and Enrollment Testing
- September 2023 through February 2024



Draft Reports

- Draft Programmatic Audit Reports
- No later than March 10, 2025



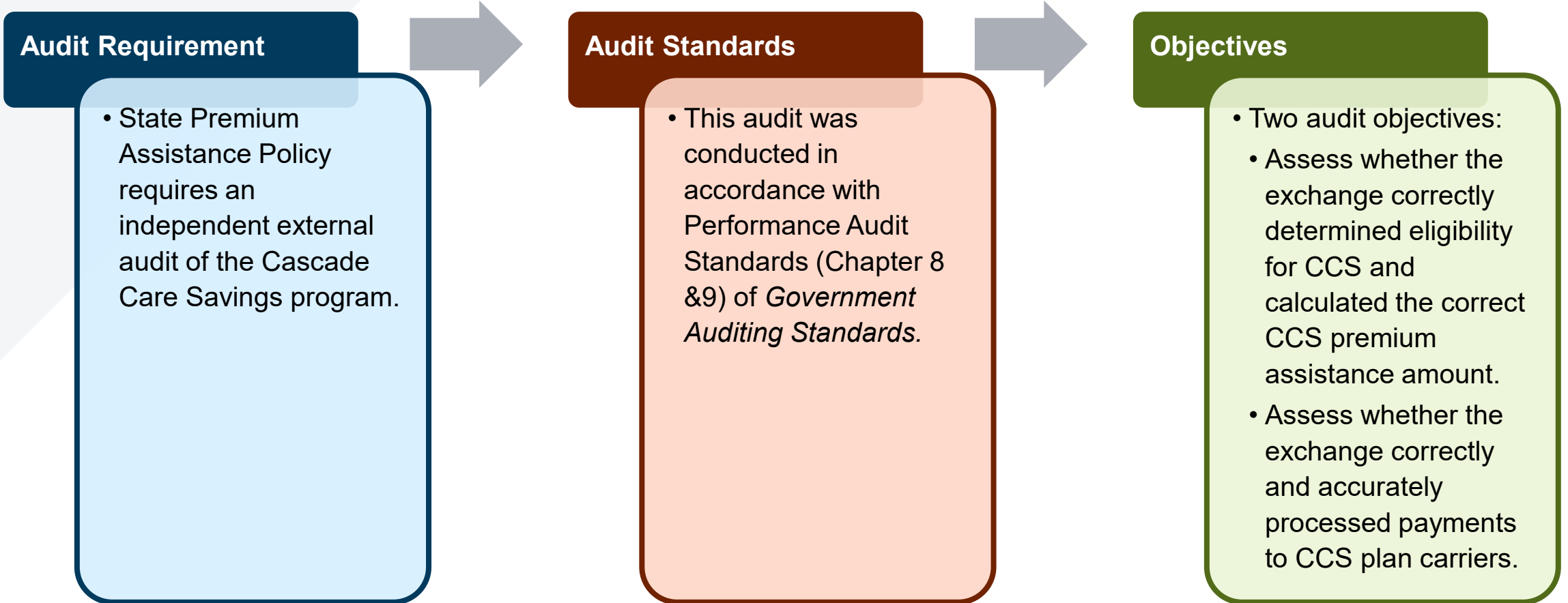
Final Report

- Final Programmatic Audit Reports
- No later than March 24, 2025

▲ 3 – Cascade Care Savings Performance Audit Results

Performance Audit Overview

Cascade Care Savings



Performance Audit Procedures

Selected a sample of 95 applicants from a population of 67,007 eligibility determination transactions completed between March 22, 2023 and June 30, 2023. This population consisted of applicants determined eligible for Cascade Care Savings

Sample	Tests	Outcome
Objective 1 Sample: We selected a sample of 95 applicants determined eligible for Cascade Care Savings.	We assessed whether the CCS eligibility requirements were met, and reperformed the calculation of the CCS premium assistance	<ul style="list-style-type: none">• We identified one finding.• Our performance audit report reflects that the deficiency that led to the finding has been resolved.
Objective 2 Sample: We used the sample of 95 applicants determined eligible for Cascade Care Savings.	We assessed whether the Exchange correctly remitted CCS premium assistance payments to carriers for enrolled consumers	We did not identify any deficiencies



Objective 1 – Finding 1

Criteria:

The Adopted State Premium Assistance Policy permits the premium assistance to be applied toward the coverage of non-essential health benefits as provided for in Section 5, paragraph 2:

Coverage of non-Essential Health Benefits. The household premium assistance amount can be applied to the entire net premium including portions that are not attributable to essential health benefits (e.g., adult vision benefits, voluntary termination of pregnancy).

Condition:

A system defect caused an incorrect calculation of CCS premium assistance. Management of the Exchange disclosed to BerryDunn the existence of a system defect related to the application of the CCS premium assistance for applicants who attested to being tobacco users. Our testing identified this condition in 4 of 95 sample selections tested.

The Affordable Care Act does not permit APTC to cover the portion of a premium attributable to the usage of tobacco. The CCS program permits the CCS premium assistance to be applied toward the full cost of the premium, including the increased premium applicable to tobacco users.

Applicants who meet the CCS program requirements and attest to being tobacco users are eligible for CCS premium assistance that is greater than an identical applicant who is not a tobacco user.



Objective 1 – Finding 1

Cause:

The HPF system was incorrectly configured and not properly using the tobacco benchmark premiums that included the tobacco rating factor when performing the calculation of the CCS premium assistance amount.

Effect:

Applicants that applied for coverage and were determined eligible for the CCS program were awarded less CCS premium assistance than provided for in the Adopted State Premium Assistance Policy.

Recommendation:

We recommend the Exchange continue to monitor the processing of applications for tobacco users to help ensure the system fix has addressed the defect.



Contact Information

Bill Brown, CPA, CFE, MAFF

Principal

bbrown@berrydunn.com

207.541.2208

Vanessa Maybury, PMP, CFE

Manager

vmaybury@berrydunn.com

207.541.8024

Elliott Simpson

Senior

esimpson@berrydunn.com

207.842.8117



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