



**INDEPENDENT EXTERNAL AUDIT:  
2023 AUDIT FINDINGS REPORT  
WASHINGTON HEALTH BENEFIT EXCHANGE**



# INDEPENDENT EXTERNAL AUDIT: 2023 FINDINGS REPORT

TO: WASHINGTON HEALTH BENEFIT EXCHANGE

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

DATE: APRIL 5, 2024

SUBJECT: AUDIT FINDINGS REPORT FOR WASHINGTON

AUDIT PERIOD: JULY 1, 2022 – JUNE 30, 2023

## 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, 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

State of SBM: Washington

Name of Auditing Firm: BerryDunn

Our responsibility was to perform a financial and programmatic audit to report on the Exchange'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 examination of the Exchange's compliance with the programmatic requirements under 45 CFR 155, Subparts C, D, E, K, and M for the 12-month period July 1, 2022 through June 30, 2023. We conducted our examination in accordance with the standards applicable to attestation engagements 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 April 5, 2024.

We also performed an audit of its financial statements for the year ended June 30, 2023 and issued our report dated October 27, 2023. 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 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 eligibility and enrollment transactions and tested for compliance with requirements under 45 CFR 155 for eligibility determination, verification of data, and enrollment with a Qualified Health Plan (QHP). Included in this sample were eligibility transactions for Medicaid, due to WAHBE maintaining an integrated eligible system.

## **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 49-year history. Today, BerryDunn employs 800+ personnel with headquarters in Portland, Maine—and office locations in Arizona, Connecticut, Massachusetts, New Hampshire, West Virginia, and Puerto Rico. 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 (U.S. GAAS) 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, 2023, and related notes to the statements, and have issued a report thereon dated October 27, 2023.

### **Programmatic Audit:**

We have examined the Washington Health Benefit Exchange's compliance with the programmatic requirements described in 45 CFR 155 for the year ended June 30, 2023, and have issued a report thereon dated April 5, 2024.

**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 and Enrollment 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 WAHBE's website or the CMS website:

- 42 CFR Parts 431, 435, and 457, Medicaid Program Eligibility Changes Under the
- Affordable Care Act of 2010
- 2023 Contracts, including Amendments and Updates to ongoing contracts.
- 2023 Second Lowest Cost Silver Plan Data
- Eligibility and Enrollment:
  - 2023 Second Lowest Cost Silver Plan Data
  - Calculating the advance premium tax credit (APTC) document
  - Cost Sharing Reduction Guide
  - Enrollment and Payment Processing Guide
  - List of Eligibility and Enrollment Management Reports
  - Verifications Manual (Policies, Procedures and Guidance for Processing Verifications)

- General Exchange Policies and Procedures:
  - Application for Healthcare Coverage
  - DSHS 14-012 Form
  - Employee Training Manual
  - FY 2023 Contracts, including amendments and updates to ongoing contracts
  - List of QHPs offered in plan year 2023 by the Exchange
  - 2023 Exchange Notices
- Navigators:
  - Active Brokers List
  - Assister, CAC, Navigator Attestations of Confidentiality/Conflict of Interest/Privacy and Security
  - List of Assistors and their certification dates
  - List of Navigators, IPAs and CACs that operated during the audit period and certification records
  - Navigator/CAC/Assister Training Materials (QHP Training, PII Training, Metal Level Training, Eligibility Standards Training, etc...)
  - Navigator Code of Ethics
  - Policy/Procedure Manual and Guides for Navigator/CAC/Assister
- Organization Chart
- Privacy and Security:
  - Access Control Policy – Healthplanfinder System
  - All incident reports submitted to CMS during audit period
  - Authority to Connect
  - CMS MOU (Memorandum of Understanding)
  - Compliance Program Strategic Plan (Oversight and Monitoring Plan)
  - Computer Matching (CMA) Agreement – DHHS, CMS & WAHBE
  - Data Use, Exchange, Interconnection (DEX) Agreement
  - Data Sharing Agreement
  - Data Sharing Agreement – Washington Office of the Insurance Commissioner & Healthplanfinder
  - Information Exchange Agreement (IEA) – CMS & WAHBE
  - Interconnection Security Agreement (ISA), Master & Associate – CMS Data Services Hub
  - IRS Safeguard Security Report
  - Personnel Action Request – Healthplanfinder System
  - Personnel Security Policy – Healthplanfinder System
  - Plan of Action & Milestones (POA&M)
  - Privacy Impact Assessment
  - Privacy Policy – Healthplanfinder System
  - Producer Participation Agreement – Healthplanfinder System
  - System Interconnection Agreement
  - System Security Plan (SSP) and Workbook
  - Third-Party Independent Security Assessment Report (SAR) [Cross-Reference Control Family SSP]
  - Record Retention Policies
  - User Access Attestations – Healthplanfinder System

- Qualified Health Plan (QHP)
  - Carrier Business Agreement
  - Health Insurance Rate Summary
  - Network Adequacy Requirements
  - QDP Certification Summary
  - QHP Certification Requirements
  - QHP Guidance for Participation Manual

To understand management and staff responsibilities and processes as they relate to compliance with 45 CFR 155, we interviewed the following WAHBE staff:

- Associate Director of Operations for the Call Center – Randi Schaff
- Associate Director of Operations, Eligibility and Enrollment – Christy Bezanson
- Associate Director of Outreach – Genevieve Arredondo
- Chief Information Security Officer – Ruchi Shewaramani
- Chief Operating Officer – Carla Reyes
- Compliance Manager – James Brackett
- Compliance Officer – Joanna Donbeck
- Conditional Eligibility Manager – Missy Deinlein
- Enrollment Manager – Erin Fluegal
- General Counsel and Chief Strategist – Leah Hole-Marshall
- Navigator Support Manager – Kelly Aaron
- Privacy Manager – Clifford Magness
- Policy Director – Christine Gilbert
- Kristin Villas – Senior Policy Analyst

We interviewed the following staff from agencies other than WAHBE that are involved in functions related to the exchange:

- Deputy Insurance Commissioner, Washington State Office of the Insurance Commissioner – Ned Gaines

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

- 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 maintain an integrated eligibility system. We selected 60 cases to test for compliance with eligibility rules, 60 cases to test compliance with enrollment rules, and 60 cases to test for compliance with verification rules.

#### **CONFIDENTIAL INFORMATION OMITTED**

N/A

**II. PROGRAMMATIC AUDIT FINDINGS****MATERIAL NONCOMPLIANCE**

None

**MATERIAL WEAKNESS IN INTERNAL CONTROL OVER COMPLIANCE**

None

**SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL OVER COMPLIANCE**

None

**ADDITIONAL COMMENTS**

N/A

**III. RECOMMENDATIONS**

None

**IV. FINANCIAL STATEMENT AUDITOR'S OPINION**

We have issued an Independent Auditor's Report on the financial statements for the year ended June 30, 2023, reflecting the following type of opinion:

QUALIFIED

UNQUALIFIED

ADVERSE

DISCLAIMER

**V. 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 5, 2024