



To: Management
Washington Health Benefit Exchange

We have examined the assertion of compliance of the Washington Health Benefit Exchange (WAHBE), a component unit of the State of Washington, with the requirements in Title 45, Code of Federal Regulations Part 155 (45 CFR 155), Subparts C, D, E, K, and M for the year ended June 30, 2023. We noted the matters below for your consideration.

1. Notices paused due to print vendor ransomware attack

On April 14, 2023, WAHBE was notified that their print vendor, KP, had experienced a ransomware attack. In order to protect customer information, the exchange management immediately ceased all correspondence with customers, including the issuance of eligibility determination and conditional eligibility notices. The exchange is required under 45 CFR 155 to send notices to customers alerting them of their eligibility determination and requesting further action if necessary. During the two-week period following the ransomware attack, customers were not provided timely correspondence.

According to 45 CFR § 155.310:

(g) Notification of eligibility determination. The Exchange must provide timely written notice to an applicant of any eligibility determination made in accordance with this subpart.

According to 45 CFR § 155.315(f)(2):

(i) Provide notice to the applicant regarding the inconsistency; and (ii) Provide the applicant with a period of 90 days from the date on which the notice described in paragraph (f)(2)(i) of this section is sent to the applicant to either present satisfactory documentary evidence via the channels available for the submission of an application

On April 28, 2023, an interim solution was implemented by the exchange and the issuance of all critical correspondence, including notices, was resumed. BerryDunn recommends that the exchange implement disaster recovery procedures that include a backup print vendor.

Management's Response

In addition to sending all critical correspondences, the Exchange extended due dates/deadlines for customers based on the delay in receiving correspondences to ensure compliance with 45 CFR § 155.310 and 155.315. The Exchange plans to review and assess all disaster recovery procedures, including for print and mail.

2. Incorrect procedures for coverage terminations

BerryDunn performed verification testing procedures to assess compliance with relevant provisions of 45 CFR Part 155. One of our sample selections included an applicant who received an initial conditional eligibility notice which provided the applicant 95 days to submit documentation resolving an income inconsistency. The applicant did not respond to the notice within 95 days, and therefore financial assistance should have been terminated. However, an account worker incorrectly provided this applicant with an additional 95 days to submit documentation instead of correctly proceeding with a manual termination of financial assistance.

BerryDunn subsequently inquired with the Exchange regarding the prevalence of this deficiency, and we were informed that there was one additional application impacted.

According to 45 CFR § 155.315(f)(2):

If unable to resolve the inconsistency through the process described in paragraph (f)(1) of this section, must— (i) Provide notice to the applicant regarding the inconsistency; and (ii) Provide the applicant with a period of 90 days from the date on which the notice described in paragraph (f)(2)(i) of this section is sent to the applicant to either present satisfactory documentary evidence via the channels available for the submission of an application, as described in § 155.405(c), except for by telephone through a call center, or otherwise resolve the inconsistency.

The Exchange stated that the account worker was provided coaching on the correct procedures for notices and manual terminations. BerryDunn recommends that the Exchange implement periodic trainings on the policies and procedures for handling conditionally eligible applicants

Management's Response

From March of 2020 to mid-April of 2023 the Exchange adopted procedures consistent with CMS flexibilities allowable in response to the Covid-19 public health emergency (PHE). These flexibilities permitted pausing terminations of QHP and/or APTC due to a customer's failure to provide verifying documentation within 90 days of receiving notice of a data matching inconsistency.

The Exchange restarted data matching inconsistency processes described under 45 CFR 155.315 in mid-April of 2023. However, two applications were incorrectly given additional time after these processes restarted. This error resulted from a processing gap that occurred as staff transitioned back into normal processing after almost 3 years of non-standard operations related to the PHE; as a result, we do not expect this error to be an issue moving forward. To ensure full remediation, the Exchange will review content and cadence of related policies and procedures trainings.

3. Notices displaying incorrect primary denial reasons

BerryDunn performed eligibility and enrollment testing to assess compliance with relevant provisions of 45 CFR Part 155. When an applicant's eligibility is denied, WAHBE's process is to maintain a hierarchy of denial reasons and list the most relevant denial reason as the primary reason in the eligibility notice.

One of our sample selections included an applicant who was properly denied Advance Premium Tax Credit (APTC) eligibility due to attesting that they did not plan to file federal income taxes; however, the notice sent to the applicant noted that the denial reason was because the applicant did not provide a valid Social Security Number, which was not the most relevant denial reason.

BerryDunn subsequently inquired with the Exchange regarding the prevalence of this deficiency and was informed that 247 applicants were impacted.

Management's Response

The Exchange is pursuing a system change to ensure that customers are receiving appropriate eligibility notices and is determining any additional remediation needed for these customers (e.g. updated notices, special enrollment periods etc.

We sincerely appreciate the cooperation and courtesy provided to our personnel by management and the employees of the Washington Health Benefit Exchange during the engagement. We have previously discussed the comments and suggestions contained herein with management, and we will be pleased to discuss them further at your request.

This report is intended solely for the information and use of management and is not intended to be, and should not be, used by anyone other than this specified party.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
April 5, 2024