



**INDEPENDENT EXTERNAL AUDIT:
2023 AUDIT FINDINGS REPORT
MAINE
THE OFFICE OF THE HEALTH INSURANCE MARKETPLACE (OHIM)**



INDEPENDENT EXTERNAL AUDIT: 2023 FINDINGS REPORT

TO: CCIIO STATE EXCHANGE GROUP

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

DATE: MAY 23, 2024

SUBJECT: AUDIT FINDINGS REPORT FOR MAINE

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 Maine in determining whether the Maine Office of the Health Insurance Marketplace (OHIM) the Maine 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: The Office of the Health Insurance Marketplace (OHIM)

State of SBM: Maine

Name of Auditing Firm: BerryDunn

Our responsibility was to perform a financial and programmatic audit to report on OHIM'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 OHIM, as well as an examination of OHIM'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 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 OHIM's

compliance with the applicable programmatic requirements under 45 CFR 155 and issued our reports dated May 23, 2024. We also performed an audit of its financial statements for the year ended June 30, 2023 and issued our report dated May 17, 2024.

We reviewed processes and procedures, read pertinent documents, and performed inquiries, observations, and staff interviews to obtain reasonable assurance regarding whether OHIM is in compliance with 45 CFR 155 in all material respects. We also selected a sample of OHIM's 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).

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 50-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 OHIM, for the year ended June 30, 2023, and related notes to the statements, and have issued a report thereon dated May 17, 2024.

Programmatic Audit:

We have examined OHIM'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 May 23, 2024.

Summary of Programmatic Audit Procedures:

Our audit consisted of specific procedures and objectives to evaluate instances of noncompliance and to test OHIM'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
- Compliance and Program Integrity
- Contact Center
- Eligibility and Enrollment Processes and Procedures
- Privacy and Security
- Qualified Health Plan (QHP) Certification

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

- Brokers:
 - OHIM Broker Agreement
- Contact Center:
 - Contact Center Onboarding and Training Manuals
- Contracts and Amendments:
 - IdeaCrew, Inc
 - Maine DHHS-CDO Agreement
 - Maximus US Services Inc
 - Western Maine Community Action Inc
- Eligibility and Enrollment:
 - Application for Health Coverage & Help Paying Costs Form for Individual/Family
 - Documents Needed for Verification of Data Guide
 - Eligibility Determination Notice
 - Eligibility and Enrollment Processing Guide
 - Ineligible for Coverage Notice

- Maine Second Lowest Cost Silver Plans
- Marketplace Overview
- Market Eligibility Guide
- Non-Discrimination Insert
- Plan Enrollment Notice
- Request for Information Notice
- Special Enrollment Period Update 2023
- User Reference Manual
- General Exchange Policies and Procedures:
 - Additional Verification Notices
 - Automatic Renewal Policy and Process Documentation
 - Broker, Navigator, and Assister Training Guides
 - Maine State-Based Marketplace Procedure Manual
 - State of Maine Employee Handbook
 - Technology Platform Implementation Manual
- Navigators:
 - Authorized Representative Form
 - List of Navigator Organizations and Individuals
 - Navigator Contracts and Amendments
 - Navigator Training Guides
- Organization Chart
- Privacy and Security:
 - Access Control Policy and Procedures
 - Audit and Accountability Procedures
 - CoverME.gov PIA
 - Information Security Policy
 - Oversight and Monitoring Plan
- Qualified Health Plan (QHP)
 - Individual Plans 2023
 - Internal Plan Certification Process
 - QHP Certification Agreement and Privacy and Security Agreement
 - Rate Filing Checklist

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

- Chief Operating Officer
- Consumer Experience Manager

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

- Life and Health Actuary
- Senior Insurance Analyst (3)

We interviewed the following staff from contractors of OHIM that are involved in function related to the exchange:

- Health Navigator Program Coordinator
- Senior Project Manager

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

- A listing of 103,527 eligibility determination transactions completed between July 1, 2022, and June 30, 2023. We selected 60 cases to test for compliance with eligibility and enrollment rules. We selected 125 cases to test for compliance with verification rules.

CONFIDENTIAL INFORMATION OMITTED

N/A

II. PROGRAMMATIC AUDIT FINDINGS

MATERIAL NONCOMPLIANCE

Finding #2023-001

Criteria:

In accordance with 45 C.F.R. § 155.320 (c)(3)(ii)(D) and 45 C.F.R. § 155.320 (c)(3)(iii)(C), the Exchange must require an applicant to attest to the tax filer's projected household income for the benefit year. The Exchange must verify the attestation by utilizing data available to the Exchange in accordance with paragraph (c)(1)(ii) of 45 C.F.R. § 155.320.

Condition and Context:

During the examination period, document request (DR) notices for income were not generated for applicants that submitted a redetermination application. CoverME.gov performs an RRV batch process after open enrollment to generate and send DR notices for redetermination applications. During the 2022 RRV batch process, that took place in February 2023, files were sent to the IRS for verification of income, however the responses were not ingested into the CoverME.gov system properly. Management of the Office of the Health Insurance Marketplace (OHIM) made the decision not to have the responses ingested into the system due to the issues it would create for consumers, such as incorrect notices and incorrect verification types being created. As a result of the responses not being ingested, CoverME.gov was unable to determine whether a DR notice should have been generated. All applicants who submitted a redetermination application were affected by this issue; however, CoverME.gov was not able to assess the number of impacted individuals.

BerryDunn identified 5 cases out of the sample of 125 that were affected by the RRV batch failure. These applicants did not have income verified and did not receive a DR notice.

CoverME.gov planned to ingest responses in late 2023 but issues persisted and the RRV batch process was not successfully conducted during the examination period and the applicants did not have income verified for eligibility redetermination.

Cause:

System errors during the RRV batch process caused responses from external sources not to be properly ingested and saved in the CoverME.gov system.

Effect:

A population of applicants were not e-verified for income and could have received financial assistance they were not determined eligible for.

MATERIAL WEAKNESS IN INTERNAL CONTROL OVER COMPLIANCE

Finding #2023-002

Criteria

In accordance with 45 C.F.R. § 155.315 (f) if the Exchange cannot verify applicant information required to determine eligibility for enrollment in a Qualified Health Plan through external data sources, the Exchange must provide notice to the applicant regarding the inconsistency and provide the applicant with a period of 90 days to provide supporting documentation.

Condition and Context

During the examination period, a population of applicants were not provided document request (DR) notices alerting them of an income inconsistency. A defect in the system prevented data matching inconsistencies from being stored properly. This system failure also caused income DR notices to have the incorrect due dates. The issue was triggered when new enrollments were generated in sequence with an income call to the Federal Data Services Hub (FDSH). The system defect produced an incorrect DR notice date resulting in applicants not being provided 90 days to respond to the income inconsistency. The issue was identified April 19th, 2023, and a solution was deployed into production on May 10, 2023.

BerryDunn identified 1 out of 125 sampled cases that was impacted by this issue. The applicant was provided a DR notice and was given 45 days to submit documentation. CoverME.gov was not able to provide the impacted population.

Cause

A system defect prevented the correct DR notice generation when a new enrollment was created in sequence with a call to the FDSH.

Effect

A population of applicants were not given 90 days to provide supporting documentation to resolve data inconsistencies. Consistent with Public Health Emergency (PHE) flexibilities prescribed by the Centers for Medicare and Medicaid Services (CMS), CoverME.gov did not perform income terminations during the examination period, therefore no action would have been taken to remove financial assistance if applicants did not respond to the DR notice. Accordingly, this discrepancy is not considered a finding of material noncompliance.

Finding #2023-003

Criteria

In accordance with 45 C.F.R. § 155.315 (f) if the Exchange cannot verify applicant information required to determine eligibility for enrollment in a Qualified Health Plan through external data sources, the Exchange must provide notice to the applicant regarding the inconsistency and provide the applicant with a period of 90 days to provide supporting documentation.

Condition and Context

During the examination period, a population of applicants were not provided the required notification alerting them of an income inconsistency. A system defect prevented data from being saved in the correct format to support DR notice generation. The issue arose when enrollment for the prospective year (2023) was submitted during the current calendar year (2022). The issue was identified in December 2022 and a fix was implemented in late December 2022, however, applicants that were impacted prior to the resolution never received the proper DR notice.

BerryDunn identified 12 cases out of 125 sample selections that were affected by this issue. These applicants had an income inconsistency but were not provided a DR notice.

Cause

A defect existed that prevented the correct system communication, resulting in data not being in the correct format to generate DR notices.

Effect

A population of applicants were not provided the required notification regarding data inconsistencies and were not given 90 days to provide supporting documentation. Consistent with PHE flexibilities prescribed by CMS, CoverME.gov did not perform income terminations during the examination period, therefore no action would have been taken to remove financial assistance if applicants did not respond to the DR notice. Accordingly, this discrepancy is not considered a finding of material noncompliance.

SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL OVER COMPLIANCE

None

PROGRAMMATIC AUDITOR'S OPINION

QUALIFIED

UNQUALIFIED

ADVERSE

DISCLAIMER

ADDITIONAL COMMENTS

N/A

III. RECOMMENDATIONS

MATERIAL NONCOMPLIANCE

Finding #2023-001

Recommendation:

BerryDunn recommends CoverME.gov implement a solution to ensure the RRV batch process is effective, and applicants have the required verification completed.

MATERIAL WEAKNESS IN INTERNAL CONTROL OVER COMPLIANCE

Finding #2023-002

Recommendation:

BerryDunn recommends that CoverME.gov continue to monitor the process for generating DR notices to ensure that applicants are provided the required amount of time to respond to data inconsistencies.

Finding #2023-003

Recommendation:

BerryDunn recommends that CoverME.gov continue to monitor the process for DR notice generation to ensure applicants are provided the required communication regarding data inconsistencies.

SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL OVER COMPLIANCE

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

Based on a review of the documentation required for this report, in our opinion, except for the material noncompliance described in the Audit Findings section of this report, OHIM complied with the requirements of 45 CFR 155, Subparts C, D, E, K, and M during the year ended June 30, 2023, in all material respects.

SIGNATURE OF AUDIT FIRM:Berry Dunn McNeil & Parker, LLC**COMPLETION DATE OF AUDIT
FINDINGS REPORT:**May 23, 2024