



Harris & Co. PLLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT EXTERNAL AUDIT

2016 AUDIT FINDINGS REPORT

IDAHO

IDAHO HEALTH INSURANCE EXCHANGE  
dba YOUR HEALTH IDAHO



**INDEPENDENT EXTERNAL AUDIT:****2016 FINDINGS REPORT**

TO: CCIIO STATE EXCHANGE GROUP  
FROM: HARRIS & CO., PLLC  
DATE: SEPTEMBER 1, 2016  
SUBJECT: AUDIT FINDINGS REPORT FOR IDAHO

**I. EXECUTIVE SUMMARY****PURPOSE**

The purpose of this independent external audit is to ensure that the Idaho Health Insurance Exchange dba Your Health Idaho is in compliance with the financial and programmatic requirements set forth by the Centers for Medicare & Medicaid Services (CMS).

Name of SBM: Idaho Health Insurance Exchange dba Your Health Idaho (YHI)

State of SBM: Idaho

Name of Auditing Firm: Harris & Co., PLLC, Meridian, Idaho

Our responsibility is to perform a programmatic audit to report on Idaho Health Insurance Exchange's compliance with 45 CFR Part 155 as described in the Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS) memo dated June 18, 2014, Frequently Asked Questions about the Annual Independent External Audit of State-based Marketplaces (SBMs). The Program Integrity Rule Part II ("PI Reg."), 45 CFR § 155.1200 (c), states, "The State Marketplace must engage an independent qualified auditing entity which follows generally accepted governmental auditing standards (GAGAS) to perform an annual independent external financial and programmatic audit and must make such information available to the U.S. Department of Health and Human Services for review."

**SCOPE**

The scope of this engagement includes an audit of financial statements of Idaho Health Insurance Exchange dba Your Health Idaho (hereafter referred to as YHI), which comprise the statement of net position as of June 30, 2016, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We completed YHI's financial statement audit and the audit of YHI's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and issued unmodified reports thereon dated September 1, 2016.



We performed inquiries, observations, testing and staff interviews to determine whether YHI is in compliance with 45 CFR Part 155.

We reviewed processes and procedures designed to prevent improper eligibility determinations and enrollment transactions and identification of errors that resulted in incorrect eligibility determinations.

We reviewed oversight monitoring and policies and procedures.

## **METHODOLOGY**

### ***Audit Firm Background:***

Harris & Co. PLLC was founded in 1996 and has extensive experience providing audit and compliance services. The firm specializes in financial audits in accordance with accounting principles generally accepted in the United States of America and compliance audits following the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and The Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*.

### ***Audit of the Financial Statements in accordance with GAAP and GAGAS:***

We have audited, in accordance with auditing standards generally accepted in the United States of America 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 YHI, which comprise the statement of net position as of June 30, 2016 and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued a report thereon dated September 1, 2016.

We have audited YHI's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of YHI's major federal programs for the year ended June 30, 2016, and have issued a report thereon dated September 1, 2016.

The full audit report referred to above will accompany this report under separate copy.

**Programmatic audit in accordance with CMS requirements:*****Report on compliance with 45 CFR Part 155***

We have audited YHI's compliance with the types of compliance requirements described in 45 CFR Part 155 for the year ended June 30, 2016.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to 45 CFR Part 155.

***Auditors' Responsibility***

Our responsibility is to express an opinion on YHI's compliance 45 CFR Part 155 . We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and CMS. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the program occurred. An audit includes examining, on a test basis, evidence about YHI's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with 45 CFR Part 155. However, our audit does not provide a legal determination of YHI's compliance.

***Opinion on Compliance with 45 CFR Part 155***

In our opinion, YHI complied in all material respects with the compliance requirements referred to above for the year ended June 30, 2016.

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with CMS requirements and which are described in the accompanying audit findings report, finding #2016-001, finding #2016-002. Our opinion on YHI's compliance with the requirements described in 45 CFR Part 155 is not modified with respect to these matters.

YHI's response to the noncompliance findings is identified in the accompanying intended corrective action plan.



YHI's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

### Summary of Programmatic Procedures

Our audit consisted of specific procedures and objectives to evaluate instances of noncompliance and to perform procedures to test YHI's compliance and program effectiveness of the subparts of 45 CFR Part 155:

- General Standards (Subpart B)
- 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)
- State Flexibility (Subpart N)
- Quality Reporting Standards (Subpart O)

We reviewed documentation obtained from YHI and the Idaho Department of Health & Welfare:

- House Bill No. 248, the Idaho Health Insurance Exchange Act
- YHI Policy Manual
- YHI Plan of Operations
- YHI Privacy Policy
- YHI Roles and Responsibilities Policy
- YHI Public Retention Policy
- YHI Public Records Policy
- YHI's Training Modules and Exams
- YHI's Conflicts of Interest Policy
- YHI's Certification and Accreditation, and Security Assessment Policy
- YHI's Sample Notices to Consumers
- YHI's Navigator and In-person Assister Training and Certification Program
- YHI's Accounting Policy and Procedure Manual
- YHI's Employee Manual
- YHI's By-Laws
- YHI's Policy for Procurement: Contracting for Personal Services
- The State Department of Health & Welfare Training/Policies Modules
- The State Department of Insurance QHP Standards for YHI

### Summary of Programmatic Procedures (Continued)

- YHI Appeals Policy
- YHI Governance and Policy Documents
- YHI Eligibility Shared Service Flowchart

We interviewed the following YHI staff, performed walkthroughs of data systems and operations to understand management and staff responsibilities and processes as they relate to compliance with 45 CFR Part 155:

- YHI Controller
- YHI Executive Director
- YHI Privacy and Security Manager
- YHI Director of Information Technology
- YHI Program Specialist
- YHI Communication Director
- YHI Consumer Specialist
- YHI Process Improvement Director

We interviewed the following non-YHI staff, performed walkthroughs of data systems and operations to understand management and staff responsibilities and processes as they relate to compliance with 45 CFR Part 155:

- State Department of Health and Welfare IT personnel
- State Department of Health and Welfare Deputy Administrator

We analyzed samples from YHI's eligibility, enrollment and qualified healthcare providers and performed on-site walkthroughs of operations and data examination to evaluate compliance with 45 CFR Part 155:

A listing of 95,522 enrolled participants at June 30, 2016 was provided to us from YHI operations. A random sample of 40 enrolled participants was selected to test the compliance of 45 CFR 155 Subpart D, Eligibility Functions, and 45 CFR 155 Subpart E, Enrollment Functions.

A listing of 7 Quality Healthcare Providers used by YHI was provided to us from YHI Management. A sample of 1 provider was selected to test compliance with 45 CFR 155 Subpart K, Certification of Qualified Health Plans.



We performed site-visits and walkthroughs at YHI's facilities and The Idaho Department of Health & Welfare who is the contracted eligibility determination center. We interviewed staff at those locations to understand operational functions and the application process as it applies to 45 CFR Part 155.

CONFIDENTIAL INFORMATION OMITTED  
N/A

## II. AUDIT FINDINGS

### Finding #2016-001

**Condition:**

During the monthly reconciliation of enrollment data management discovered that due to a software issue related to technical conversion of applications from financial to nonfinancial a total of 4 consumers received an extra month of Cost Share Reduction benefits. In addition, one consumer who was deemed ineligible received 6 months of APTC.

**Criteria:**

Under Subpart D - Exchange Functions in the Individual Market: Eligibility Determinations for Exchange Participation and Insurance Affordability Programs, §155.340 (a)(2) Administration of advance payments of the premium tax credit and cost-sharing reductions, the Exchange must notify and transmit information necessary to enable the issuer of the QHP to implement, discontinue the implementation, or modify the level of advance payments of the premium tax credit or cost-sharing reductions, as applicable.

**Cause:**

Due to software issues QHP issuers were not provided with information necessary to enable them to discontinue the level of APTC and cost sharing reductions.

**Effect:**

If the condition is not addressed QHP issuers might provide APTC and cost sharing reductions to ineligible consumers.

### Finding #2016-002

**Condition:**

During our testing of eligibility determinations it was noted that there was no adequate documentation of the lawful presence of an individual on a student F1 visa. The individual was deemed eligible and verified through the SAVE program. We noted that the consumer's I-94 was reviewed but the documentation was not retained by the Department of Health and Welfare.

**Criteria:**

Under Subpart D – Oversight and Program Integrity Standards for State Exchanges, §155.1210 (b)(4) Maintenance of records. The Exchange must maintain for 10 years, data and records relating to the State Exchange's eligibility verifications and determinations. Even though the consumer was deemed eligible at a point in time there was no documentation the expiration of the student visa.

**Cause:**

Policies and procedures were not followed to ensure that adequate documentation was retained in accordance with 45 CFR 155 Subpart M.

**Effect:**

The lack of adequate documentation of lawful presence might lead to ineligible consumers receiving benefits with expired documents.

**AUDITOR'S OPINION**

Based on the findings above, it is Harris & Co. PLLC's opinion that the accounting practices and financial statements reviewed during the year ended June 30, 2016 independent external audit are:

MODIFIED  UNMODIFIED  ADVERSE  DISCLAIMER

**III. RECOMMENDATIONS****Finding #2016-001**

YHI should consult with their contractors for a software update that will ensure that there are no errors during the conversion of financial to nonfinancial cases.

**Finding #2016-002**

YHI should implement policies and procedures to ensure that adequate documentation is retained for individuals seeking coverage who attest to lawful presence.



**IV. 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: Harris & Co. PLLC

COMPLETION DATE OF AUDIT FINDINGS REPORT: SEPTEMBER 20, 2016  
Meridian, Idaho:

September 20, 2016

## INTENDED CORRECTIVE ACTION PLAN

TO: CCIIO STATE EXCHANGE GROUP  
FROM: IDAHO HEALTH INSURANCE EXCHANGE, DBA YOUR HEALTH IDAHO (YHI)  
DATE: SEPTEMBER 1, 2016  
SUBJECT: INTENDED CORRECTIVE ACTION PLAN FOR IDAHO

### **I. RESPONSE TO THE AUDIT REPORT FINDINGS**

Your Health Idaho (YHI) engaged Harris & Co. PLLC, for the purpose of this independent external audit to ensure compliance with the financial and programmatic requirements set forth by the Centers for Medicare & Medicaid Services (CMS). During the course of this audit, YHI management disclosed information that has been included in the Audit Findings section of this report. YHI management agrees with the overall score and Audit Findings and recommendations. The YHI intended corrective action plan is included below.

### **II. INTENDED CORRECTIVE ACTION PLAN**

#### **KEY FINDING/RECOMMENDATION ADDRESSED**

#### **Finding #2016-001.**

#### **Condition:**

Management is aware of the software issue and are going to implement a software update in September to address the problem.

#### **Criteria:**

Under Subpart D - Exchange Functions in the Individual Market: Eligibility Determinations for Exchange Participation and Insurance Affordability Programs, §155.340 (a)(2) Administration of advance payments of the premium tax credit and cost-sharing reductions, the Exchange must notify and transmit information necessary to enable the issuer of the QHP to implement, discontinue the implementation, or modify the level of advance payments of the premium tax credit or cost-sharing reductions, as applicable.



**Cause:**

The HIX software inadvertently kept financial applications and those were used instead of subsequent nonfinancial applications.

**Effect:**

4 Consumers received one month of additional cost reductions and 1 consumer received 6 months of APTC due to the system error.

**CORRECTIVE ACTIONS**

Your Health Idaho, is working with Get Insured, their software developer to fix the issue in September.

**Finding #2016-002****Condition:**

During our testing of eligibility determinations it was noted that there was no adequate documentation of the lawful presence of an individual on a student F1 visa. The individual was deemed eligible and verified through the SAVE program. We noted that the consumer's I-94 was reviewed but the documentation was not retained by the Department of Health and Welfare.

**Criteria:**

Under Subpart D – Oversight and Program Integrity Standards for State Exchanges, §155.1210 (b)(4) Maintenance of records. The Exchange must maintain for 10 years, data and records relating to the State Exchange's eligibility verifications and determinations. Even though the consumer was deemed eligible at a point in time there was no documentation the expiration of the student visa.

**Cause:**

Policies and procedures were not followed to ensure that adequate documentation was retained in accordance with 45 CFR 155 Subpart M.

**Effect:**

The lack of adequate documentation of lawful presence might lead to ineligible consumers receiving benefits with expired documents.

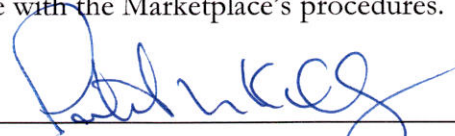
**CORRECTIVE ACTIONS**

Your Health Idaho is working with the Department of Health and Welfare to improve training on document retention and documentation of eligibility determinations.

**III. Conclusion**

We confirm to the best of our knowledge that the information included in this Intended Corrective Action Plan is accurate and based on a thorough review of the Key Findings and Recommendations stated in the Audit Findings Report, which is in compliance with the Marketplace's procedures.

SIGNATURE OF SBM EXECUTIVE DIRECTOR: \_\_\_\_\_

COMPLETION DATE OF CORRECTIVE ACTION PLAN: SEPTEMBER 20, 2016