



**INDEPENDENT EXTERNAL AUDIT:  
2020 AUDIT FINDINGS REPORT  
SILVER STATE HEALTH INSURANCE EXCHANGE  
(SSHIE)**

# INDEPENDENT EXTERNAL AUDIT: 2020 FINDINGS REPORT

TO: CCIIO STATE EXCHANGE GROUP

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

DATE: JUNE 1, 2021

SUBJECT: AUDIT FINDINGS REPORT FOR NEVADA

AUDIT PERIOD: JULY 1, 2019 – JUNE 30, 2020

## I. EXECUTIVE SUMMARY

### PURPOSE

The Purpose of this independent external audit is to assist the State of Nevada in determining whether the Silver State Health Insurance Exchange (SSHIE, or the Exchange), which is the Nevada state-based marketplace (SBM), is in compliance with the programmatic requirements set forth by the Centers for Medicare & Medicaid Services (CMS).

Name of SBM: Silver State Health Insurance Exchange

State of SBM: Nevada

Name of Auditing Firm: BerryDunn

Our responsibility was to perform a programmatic audit to report on SSHIE'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 generally accepted governmental auditing standards of the United States (U.S. GAGAS) to perform an annual independent external financial and 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 was limited to an examination of SSHIE's compliance with the programmatic requirements under 45 CFR 155, Subparts C, D, E, F, K, M, and O. The engagement did not include an audit of the Statement of Appropriations and Expenditures of SSHIE, nor did it include an examination of SSHIE's financial controls and compliance with the financial accounting and reporting requirements of 45 CFR 155.

We conducted our audit in accordance with U.S. GAGAS contained in Government Auditing Standards, issued by the Comptroller General of the United States. We completed an examination of SSHIE's compliance with the programmatic requirements under 45 CFR 155 and issued our reports, dated June 1, 2021.

We reviewed processes and procedures, read pertinent documents, and performed inquiries, observations, testing, and staff interviews to obtain reasonable assurance regarding whether SSHIE was in compliance with 45 CFR 155, Subparts C, D, E, F, K, M, and O in all material respects.

We also selected different samples and tested for compliance with requirements under 45 CFR 155:

- Appeals testing
- Eligibility testing
- Enrollment testing
- Verification data testing

## **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 46-year history. Today, BerryDunn employs 600+ personnel with headquarters in Portland, Maine—and office locations in Arizona, Connecticut, Massachusetts, New Hampshire, and West Virginia. 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.

### **Programmatic Audit:**

As described below, we have examined SSHIE's compliance with certain programmatic requirements in 45 CFR 155 for the year ended June 30, 2020, and have issued a report thereon dated June 1, 2021.

### **Summary of Programmatic Audit Procedures**

Our audit consisted of specific procedures and objectives to evaluate instances of noncompliance and to perform procedures to test SSHIE's compliance with and program effectiveness of certain requirements in M, and O.

We reviewed the policies and procedures under 45 CFR 155 in the following programmatic areas in order to determine whether they had significantly changed from what was identified and tested during the prior year's audit:

- General Functions (Subpart C)
- Eligibility Determinations (Subpart D)
- Enrollment Functions (Subpart E)
- Appeals of Eligibility Determinations (Subpart F)
- Certification of Qualified Health Plans (Subpart K)
- Oversight and Program Integrity Standards (Subpart M)
- Quality Reporting Standards for Exchanges (Subpart O)

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

- 42 CFR Parts 431, 435, and 457, Medicaid Program Eligibility Changes Under the Affordable Care Act of 2010
- 2020 Contracts, including Amendments and Updates to ongoing contracts.
- Board Meeting Minutes
  - Meeting Minutes July 1, 2019 – June 30, 2020
  - Meeting Minutes July 1, 2020 – April 14, 2021
- Appeals
  - Appeals Tracker
  - Appeal Acceptance Notice
  - Action Required Notice
  - Dismissal of Appeal Notice
  - Informal Resolution Notice
  - Invalid Appeal Notice
  - Voluntary Dismissal Notice
- Exchange Operations Guidelines, Policies, and Procedures:
  - APTC initial enrollment guide
  - Authorized Representative Form
  - CAC Application Form Sample
  - CAC Example Exchange Report
  - Calculating the advance premium tax credit (APTC) document
  - Conflict of Interest Form
  - Contact Center Information
  - Desk Guide for Household Composition & Income
  - Enrollment and Premium Payment Processing Guide
  - FPL Information
  - Income Information Authorization to renew coverage (FTI)
  - Member Portal Specifications
  - Navigator Assister CAC Program
  - Navigator Assister Requirements
  - Navigator List
  - Notice of Grant Award
  - NV HealthLink Outreach Marketing Materials
  - NV HealthLink Outreach Program PY2020
  - NVHL Policy Manual
  - Spanish Authorized Rep Form
  - SSAP and Eligibility Specifications Manual
  - User Guide
- Interview Notes:
  - 2020 Interview Notes
- Notices:
  - Additional Verification Notices
  - Automatic Renewal Notice

- Eligibility Determination Notice
- Incomplete Application Notices
- Renewal Notice sent to the Consumer
- Privacy and Security:
  - Acceptable Use Agreements
  - Acceptable Use Policy
  - Data Sharing Agreements
  - IT Policy
  - Plan of Action and Milestones
  - Privacy Impact Assessment
  - Privacy Policy
  - Security and Privacy Awareness and Training Plan
  - System Security Plan (SSP)
  - Third-Party Independent Security Risk Assessment
- QHP:
  - QHP Guidance for Participation Manual
  - SADP Participation Checklist

In order to understand management and staff responsibilities and processes as they relate to compliance with certain requirements in 45 CFR 155, we interviewed or received written responses from the following SSHIE staff:

- Broker Manager, Rebecca Lomazzo
- Executive Director, Heather Korbolic
- Information Systems Manager, Russell Cook
- Navigator Program Manager/Benefit Manager, Rosa Alejandre
- Plan Certification Coordinator, Danielle Andersen
- Policy and Compliance Manager, Jamie Sawyer
- Program Resource Coordinator, Nataly Diaz
- Quality Assurance Officer, Athena Cox

We also received written responses from the following non-SSHIE staff:

- Actuarial Analyst, Zhuang Zhang
- Assistant Chief Examiner, Jeremey Gladstone

We analyzed samples as described below to assess SSHIE's compliance with the requirements of 45 CFR 155:

- From a listing of 120,763 applicants who had an eligibility determination completed between July 1, 2019 and June 30, 2020, we selected 60 cases to test for compliance with eligibility rules, and 60 cases to test for compliance with enrollment rules. Note that 30 cases were used for both eligibility and enrollment testing, so a total of 90 cases were used for testing compliance with enrollment and eligibility rules.

**CONFIDENTIAL INFORMATION OMITTED**

N/A

## **FINDING #2020-001**

### **Criteria**

#### **155.230(a)(5)**

(a) General requirement. Any notice required to be sent by the Exchange to individuals or employers must be written and include:

- (5) An explanation of appeal rights, if applicable.

#### **155.515(a)**

Notice of appeals procedures

(a) Requirement to provide notice of appeal procedures. The Exchange must provide notice of appeal procedures at the time that the—

- (1) Applicant submits an application; and
- (2) Notice of eligibility determination is sent under §§155.310(g), 155.330(e)(1)(ii), 155.335(h)(1)(ii), and 155.610(i).

(b) General content on right to appeal and appeal procedures. Notices described in paragraph (a) of this section must contain—

- (1) An explanation of the applicant or enrollee's appeal rights under this subpart;
- (2) A description of the procedures by which the applicant or enrollee may request an appeal;
- (3) Information on the applicant or enrollee's right to represent himself or herself, or to be represented by legal counsel or another representative;
- (4) An explanation of the circumstances under which the appellant's eligibility may be maintained or reinstated pending an appeal decision, as described in §155.525; and
- (5) An explanation that an appeal decision for one household member may result in a change in eligibility for other household members and that such a change will be handled as a redetermination of eligibility for all household members in accordance with the standards specified in §155.305.

#### ***Condition and Context***

SSHIE does not provide written appeal rights and procedures in notices in conformance with the applicable regulations. SSHIE provides a link to an appeals webpage in notices rather than including the language itself; therefore, the applicants who do not have access to internet might not be able to access their appeal rights. Furthermore, SSHIE does not provide an explanation of appeal rights at the time of application.

## **Cause**

SSHIE notices include a link to an appeals webpage instead of the appeal rights and procedures language. SSHIE did not design the online application portal to include appeal procedures information.

## **Effect**

Consumers might not be aware of appeal procedures and rights available to them if they disagree with an eligibility determination. Additionally, consumers who receive mailed paper notices may have difficulty understanding and retrieving appeals information from a printed link.

## **FINDING #2020-002**

### **Criteria**

Subpart D – Eligibility, 45 CFR §155.315 requires that a State-Based Marketplace (SBM) make a determination based upon the data provided by an applicant in the application, and data received from automated data sources. Under 45 CFR §155.315(f), the Exchange must make a reasonable effort to identify and address any inconsistency between the self-attested data in the application and the information obtained from outside sources by contacting the applicant and requesting he or she provide additional information to resolve the inconsistency.

Pursuant to 45 CFR §155.315, when the Exchange is unable to verify an applicant's self-attested data related to the applicant's income, Social Security number, citizenship, status as a national, or lawful presence, through applicable outside sources, the Exchange must provide the applicant with a period of 90 days from the date on which the notice regarding the inconsistency is received to provide satisfactory documentary evidence or resolve the inconsistency.

Pursuant to 45 CFR §155.315(f)(3), the Exchange can extend the period if an applicant demonstrates a good-faith effort to provide sufficient documentation to resolve the inconsistency. During this reasonable opportunity period, an applicant (who is otherwise qualified) is eligible to enroll in a Qualified Health Plan (QHP) and remains eligible for insurance affordability programs (45 CFR §155.315[f][4]). If, after the 90-day time frame (or applicable extensions), the Exchange is unable to resolve the discrepancy between the self-attested information and the outside sources with customer-provided information, then it must re-perform the eligibility calculations and notify the applicant of the new eligibility determination.

SSHIE's eligibility verification notices include information that states if the applicant does not submit documentation to resolve the inconsistency, then the applicant's subsidy will be canceled, and they will be responsible to pay the full premium

### **Condition and Context**

SSHIE's eligibility verification notices include information which state that if the applicant does not verify or correct the inconsistency, then the applicant's subsidy will be canceled, and they will be responsible to pay the full premium. BerryDunn tested a sample of 60 applicants and identified 8 with an income inconsistency which were sent the eligibility notice to resolve the inconsistency in 90 days. No action was taken by SSHIE after the 90-day period.

**Cause**

For the identified eight cases, it is unclear why no action was taken after the applicant's 90-day period.

**Effect**

Of the 60 cases tested, 8 cases received a verification letter but did not submit required verification documents within 90 days, and the process described in the verification manual was not followed at the end of the 90-day time frame. Had the verification process been completed, some of those cases might have been assigned a different eligibility status. If an applicant was enrolled in a QHP and received APTC eligibility inappropriately beyond the 90-day time frame, then the applicant would reconcile actual premium tax credit eligibility through the tax filing process. However, there is no recoupment of benefits if an applicant was enrolled in a QHP and incorrectly received CSR benefits. Therefore, it is possible that, had the Exchange completed the verification process for all cases as required, some of the cases that received APTC or CSR would ultimately have been determined ineligible for such benefits. It is also possible that some of the cases that did not receive APTC or CSR could have been determined eligible if the verification process was completed.



**AUDITOR'S OPINION**

We have issued an Independent Auditor's Report on the Statement of Revenues and Expenditures for the Year Ended June 30, 2020, reflecting the following type of opinion: **N/A**

QUALIFIED

UNQUALIFIED

ADVERSE

DISCLAIMER

**ADDITIONAL COMMENTS**

N/A.

## II. RECOMMENDATIONS

### FINDING #2020-001

#### *Recommendation*

BerryDunn recommends that SSHIE add language regarding the appeal rights and process directly to the notices that are sent to consumers regardless of whether the notices are mailed or sent electronically. We additionally recommend that SSHIE add appeals language to the online application.

### FINDING #2020-002

#### *Recommendation*

BerryDunn recommends SSHIE review outstanding verification flags after the allotted 90 days and take action to re-determine eligibility.

## III. 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*

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**COMPLETION DATE OF AUDIT FINDINGS REPORT:** JUNE 1, 2021