



**INDEPENDENT EXTERNAL AUDIT:
2021 AUDIT FINDINGS REPORT
SILVER STATE HEALTH INSURANCE EXCHANGE
(SSHIE)**

INDEPENDENT EXTERNAL AUDIT: 2021 FINDINGS REPORT

TO: CCIIO STATE EXCHANGE GROUP

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

DATE: MAY 26, 2022

SUBJECT: AUDIT FINDINGS REPORT FOR NEVADA

AUDIT PERIOD: JULY 1, 2020 – JUNE 30, 2021

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, K, and M. 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 May 26, 2022.

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, K, and M 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 long history. Today, BerryDunn employs 700+ 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, 2021, and have issued a report thereon dated May 26, 2022.

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 45 CFR 155, Subparts C, D, E, K, and M.

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)
- Certification of Qualified Health Plans (Subpart K)
- Oversight and Program Integrity Standards (Subpart M)

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
- 2021 Contracts, including Amendments and Updates to ongoing contracts.
- Board Meeting Minutes
 - Meeting Minutes July 1, 2020 – June 30, 2021
 - Meeting Minutes July 1, 2021 – May 27, 2022
- 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
 - Call Center User Guide
 - 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 PY2021
 - NVHL Policy Manual
 - Spanish Authorized Rep Form
 - SSAP and Eligibility Specifications Manual
 - User Guide
- Interview Notes:
 - 2021 Interview Notes
- Notices:
 - Additional Verification Notices
 - ARPA Notice
 - Automatic Renewal Notice

- Eligibility Determination Notice
- Renewal Notice
- Verification 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:

- Appeals Coordinator, K. Brooke Mills
- Broker Liason Manager, Rebecca Lomazzo
- Executive Director, Heather Korbolic
- Information Systems Manager, Russell Cook
- Navigator Program Manager/Benefit Manager, Rosa Alejandre
- Plan Certification Manager, Meagan Werth Ranson
- Policy and Compliance Manager, Georgina Castaneda
- Policy and Compliance Analyst – Justin Prazak
- 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
- Actuarial Analyst, Jeremy Christensen
- 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 15,198 applicants who had an eligibility determination completed between July 1, 2020 and June 30, 2021, we selected 125 cases to test for compliance with eligibility and enrollment rules.

CONFIDENTIAL INFORMATION OMITTED

N/A

FINDING #2021-001

Criteria

45 CFR §147.102 (c) (1) states that “the total premium for family coverage must be determined by summing the premiums for each individual family member. With respect to family members under the age of 21, the premiums for no more than the three oldest covered children must be taken into account in determining the total family premium.”

Condition and Context

BerryDunn selected a sample of 125 cases to test the Exchange’s eligibility determinations for QHP applicants. One of the sample elections was a household of seven, with two adults and five children. Of the five children, one was 22 years old and the rest were under 21 years old, including twins. The household was not eligible for Medicaid or CHIP. The benchmark plan premium for this household should have included the two adults, the 22 years old child, and the oldest three children under 21 years old; however, SSHIE’s benchmark plan premium amount indicated that only two children under 21 years old were included in the calculation, instead of three.

Cause

SSHIE reported that there was a defect in the Second Lowest Cost Silver Plan (SLCSP) calculation logic which caused the SLCSP to be calculated with the wrong number of applicable children for SLCSP. This issue was originally identified in code by another State with shared code in May of 2021. The issue appears to have been applicable to multi-children households that have twins for determining the SLCSP premium.

SSHIE also reported that this error in code was corrected in September, 2021.

Effect

The benchmark plan premium amount calculated by the Exchange affects calculation of the maximum eligible Advance Premium Tax Credit (APTC) amount. By not including the correct number of household members in the benchmark plan premium calculation, the affected households could have received incorrect amount of APTC.

FINDING #2021-002

Criteria

Nevada Health Link Policy Manual Version 3.0, updated on October 1, 2021, section 2.9 states that SSHIE will calculate APTC using the ages of the family members as of their coverage start date.

Condition and Context

BerryDunn selected a sample of 125 cases to test the Exchange’s eligibility determinations for QHP applicants. One of the sample selections was a household of four, and two of them were seeking coverage. Their eligibility determination was performed on May 19, 2021 as part of eligibility redetermination batches to incorporate changes necessitated by American Rescue Plan Act of 2021 (ARPA). Since the redetermination was performed on May 19, 2021, the eligible household members’ ages should have been calculated as of the new coverage start date of June 1, 2021. However, the two eligible members’ ages were calculated as of the original coverage start date of January 1, 2021. Since the birth dates of the two eligible members fell between January 1 and May 31, the members’ benchmark premium amounts were calculated using incorrect age factors, which resulted in incorrect APTC amount.

Cause

SSHIE reported that an error in code prevented the system from using applicants' age as of the new coverage start date during ARPA batch redetermination for some cases. SSHIE did not report what conditions triggered this error, therefore it is not clear how many households might have been affected by this error.

SSHIE also reported that this error was detected and corrected in September 2021.

Effect

Multiple households could have been awarded incorrect amount of APTC during ARPA batch redetermination.

AUDITOR'S OPINION

We have issued an Independent Auditor's Report on the Statement of Revenues and Expenditures for the Year Ended June 30, 2021, reflecting the following type of opinion: **N/A**

QUALIFIED

UNQUALIFIED

ADVERSE

DISCLAIMER

ADDITIONAL COMMENTS

N/A.

II. RECOMMENDATIONS

FINDING #2021-001

Recommendation

BerryDunn recommends that SSHIE verify the code fix is working.

FINDING #2021-002

Recommendation

BerryDunn recommends that SSHIE verify the code fix is working.

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

COMPLETION DATE OF AUDIT FINDINGS REPORT:

May 26, 2022
