




Silver State Health Insurance Exchange

FINANCIAL STATEMENTS

June 30, 2024

With Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

Management
Silver State Health Insurance Exchange

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Silver State Health Insurance Exchange (the Exchange), a function within the State of Nevada, which comprise the balance sheet (cash basis) as of June 30, 2024, and the related statement of revenues and expenditures and changes in net position (cash basis) for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Exchange as of June 30, 2024 and the results of its operations for the year then ended in accordance with the cash basis of accounting described in Note 3.

Basis for Opinion

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Exchange and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to Note 3 to the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 3, and for determining that the cash basis of accounting is an acceptable basis for the preparation of these financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Exchange's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Exchange's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Exchange's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2025 on our consideration of the Exchange's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Exchange's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Exchange's internal control over financial reporting and compliance.

Purpose of this Report

This report is intended solely for the information and use of management, the Medicaid and Exchange Advisory Board, and the Centers for Medicare & Medicaid Services, and is not intended to be, and should not be, used by anyone other than these specified parties.

BMP Assurance, LLP

Manchester, New Hampshire
January 9, 2025

SILVER STATE HEALTH INSURANCE EXCHANGE

Balance Sheet (Cash Basis)

June 30, 2024

Assets	
Cash	\$ <u>13,947,252</u>
Total assets	\$ <u><u>13,947,252</u></u>
Net position	
Unrestricted	\$ <u>13,947,252</u>
Total net position	\$ <u><u>13,947,252</u></u>

The accompanying notes are an integral part of the financial statements.

SILVER STATE HEALTH INSURANCE EXCHANGE

Statement of Revenues and Expenditures and Changes in Net Position (Cash Basis)

Year Ended June 30, 2024

Revenues	
Fees from qualified health plans	\$ 16,656,760
Other federal revenue	<u>196,900</u>
Total revenues	<u>16,853,660</u>
Expenditures	
Personnel services	2,441,419
Marketing	2,827,855
Exchange platform	7,108,902
General operations	272,136
Travel	28,166
Information services	42,661
Attorney General cost allocation	48,425
Navigators	1,390,141
Purchasing assessment	3,237
Department of Human Resources management cost allocation	7,859
Transfer to Welfare Division	124,800
Statewide cost allocation	<u>24,873</u>
Total expenditures	<u>14,320,474</u>
Excess of revenues over expenditures	2,533,186
Net position, beginning of year	<u>11,414,066</u>
Net position, end of year	<u><u>\$ 13,947,252</u></u>

The accompanying notes are an integral part of the financial statements.

SILVER STATE HEALTH INSURANCE EXCHANGE

Notes to the Financial Statements

Year Ended June 30, 2024

1. Purpose of Organization

The Patient Protection and Affordable Care Act (Public Law 111-148) and the Health Care and Education Reconciliation Act (Public Law 111-152) (together, the "ACA") provide for the establishment of a Health Benefits Exchange by each State. The Silver State Health Insurance Exchange ("SSHIE") was established during the 2011 Legislative Session by Senate Bill 440.

SSHIE serves two primary purposes: first, to negotiate for high quality, affordable health insurance options on behalf of small businesses and individuals; and second, to be a robust resource to learn about and compare the quality and affordability of their health insurance options, enroll in coverage and, if eligible, access Medicaid or federal tax subsidies for coverage.

SSHIE is the state agency that operates the online marketplace, Nevada Health Link, where Nevada consumers can purchase quality and affordable health insurance. SSHIE is an organized State-based Marketplace ("SBM") established to help consumers and businesses buy health insurance in a way that permits easy comparison of available plan options based on price, benefits, and quality through a web portal. SSHIE provides access to Qualified Health Plans ("QHP") to individuals, families, employers and their employees. As a SBM, SSHIE is subject to regulations established by the Centers for Medicare & Medicaid Services.

As an operation within the State of Nevada (the "State"), financial and administrative processes are performed at the State level including payroll, purchasing, accounts payable, cash management and general ledger accounting.

2. Basis of Presentation

The accompanying financial statements of SSHIE have been prepared to meet the Federal requirement in 45 CFR §155.1200 that states:

- (b) (1) "Reporting. The State Exchange must, at least annually, provide to HHS...a financial statement..., and,
- (c) "External audits. The State Exchange must engage an independent qualified auditing entity which follows generally accepted governmental auditing standards (GAGAS) to perform an annual independent external financial...audit...."

3. Accounting Policies

The accompanying financial statements have been prepared on the cash basis of accounting which is a basis of accounting other than U.S. generally accepted accounting principles. On this basis, revenues are recognized when cash is received rather than when earned, and expenditures are recognized when cash is paid rather than when expenditures are incurred.

The financial statements do not include insurance premiums collected from consumers as part of SSHIE carrying out its responsibilities under the ACA of 2010.

SILVER STATE HEALTH INSURANCE EXCHANGE

Notes to the Financial Statements

Year Ended June 30, 2024

The State mandates a policy of recording accruals for expenses incurred during the fiscal year and paid in the subsequent July and August. A reconciliation of balances presented on the financial statements to those reported to the State is shown below.

Expenditures as presented on the State's records for the year ended June 30, 2024	\$ 14,463,576
Additional invoices paid after June 30, 2023 through August 31, 2023	499,686
Less invoices paid after June 30, 2024 through August 31, 2024	<u>(642,788)</u>
Expenditures paid for the year ended June 30, 2024	<u>\$ 14,320,474</u>
Fees from qualified health plans as presented on the State's records for the year ended June 30, 2024	\$ 16,801,963
Additional fees received after June 30, 2023 through August 31, 2023	632,242
Less fees received after June 30, 2024 through August 31, 2024	<u>(777,445)</u>
Fees received from qualified health plans for the year ended June 30, 2024	<u>\$ 16,656,760</u>

Net Position

Net position represents the difference between assets and liabilities in SSHIE's financial statements. Restricted net position encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through grantors, contributors, laws or regulations, as well as restrictions imposed by law through constitutional provisions or enabling legislation. Unrestricted net position includes all remaining net position that does not meet the definition of "restricted." SSHIE did not have restricted net position as of June 30, 2024.

Custodial Credit Risk

SSHIE maintains its cash in various deposit accounts, the balances of which are periodically in excess of federally insured limits. SSHIE has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk with respect to these accounts.

4. Commitments and Contingencies

With respect to litigation, SSHIE officials are of the opinion that there are no lawsuits likely to result, either individually or in the aggregate, in final judgments against SSHIE that would materially affect the financial statements.

SILVER STATE HEALTH INSURANCE EXCHANGE

Notes to the Financial Statements

Year Ended June 30, 2024

SSHIE has entered into a number of contracts with vendors to support the creation and operation of SSHIE. These contracts extend through November of 2027; some contain renewal options. At June 30, 2024, minimum payments under SSHIE's contractual commitments were as follows for each of the years ending June 30:

2025	\$7,904,000
2026	967,000
2027	73,000
2028	400

5. **Employee Retirement Plan**

Employees of SSHIE participate in the Public Employees' Retirement System ("PERS") of the State of Nevada, under either the Employer Pay Contribution Plan or the Employee/Employer Contribution Plan, at their discretion. Membership in the plan is mandatory for all covered state employees. Required contributions for the Employer Pay Contribution Plan and the Employee/Employer Contribution Plan were 33.50% and 17.5%, respectively, of eligible compensation for the PERS for the year ended June 30, 2024. Retirement contribution expense for the year was approximately \$334,000 and is included in personnel services in the statement of revenues and expenditures and changes in net position (cash basis).

6. **Related Party Transactions**

As a function within the State of Nevada, any additional State funds would be subject to appropriation, if necessitated by an excess of expenditures over revenues. There were no additional State funds needed for the year ended June 30, 2024.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Management
Silver State Health Insurance Exchange

We have audited, 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, the financial statements of Silver State Health Insurance Exchange (the Exchange), a function within the State of Nevada, which comprise the balance sheet (cash basis) as of June 30, 2024, and the related statement of revenues and expenditures and changes in net position (cash basis) for the year then ended, and the related notes to the financial statements, which collectively comprise the Exchange's basic financial statements, and have issued our report thereon dated January 9, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Exchange's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Exchange's internal control. Accordingly, we do not express an opinion on the effectiveness of the Exchange's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Exchange's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Exchange's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Exchange's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDM Assurance, LLP

Manchester, New Hampshire
January 9, 2025