

**INDEPENDENT EXTERNAL AUDIT:
2020 AUDIT FINDINGS REPORT
PENNSYLVANIA
PENNSYLVANIA HEALTH INSURANCE EXCHANGE AUTHORITY (PHIEA)**



INDEPENDENT EXTERNAL AUDIT: 2020 FINDINGS REPORT

TO: CCIIO STATE EXCHANGE GROUP

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

DATE: MAY 5, 2021

SUBJECT: AUDIT FINDINGS REPORT FOR PENNSYLVANIA

AUDIT PERIOD: OCTOBER 1, 2019 – SEPTEMBER 30, 2020

I. EXECUTIVE SUMMARY

PURPOSE

The purpose of this independent external audit is to assist the Commonwealth of Pennsylvania in determining whether the Pennsylvania Health Insurance Exchange Authority (PHIEA), a state-based exchange on the federal platform (SBE-FP), was in compliance with the programmatic requirements set forth by the Centers for Medicare & Medicaid Services (CMS) during the audit period.

Name of SBE: Pennsylvania Health Insurance Exchange Authority (PHIEA)

State of SBE: Pennsylvania

Name of Auditing Firm: BerryDunn

Our responsibility was to perform a programmatic audit to report on PHIEA's compliance with Title 45 Part 155 of the Code of Federal Regulations (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

Management advised us that PHIEA became a SBE-FP in the fall of 2019, and transitioned to a fully operational SBE starting with the plan year 2021 open enrollment which started November 1, 2020. Since PHIEA was a SBE-FP during our audit period, the scope of this engagement was limited to an examination of PHIEA's compliance with the programmatic requirements under 45 CFR 155, Subparts C and K. This engagement did not include an audit of the Statement of

Appropriations and Expenditures of PHIEA, nor did it include an examination of PHIEA's financial controls and compliance with the financial accounting and reporting requirements of 45 CFR 155.

Our examination for the two subparts was limited to interviews and review of documents. 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 reviewed processes and procedures, read pertinent documents, and performed inquiries, observations, and staff interviews to obtain reasonable assurance regarding whether PHIEA was in compliance with 45 CFR 155, Subparts C and K, in all material respects during the 12-month period ended September 30, 2020, and have issued a report thereon dated May 5, 2021.

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.

Summary of Programmatic Audit Procedures:

Our audit consisted of specific procedures and objectives to evaluate instances of noncompliance and to test PHIEA's compliance with the following subparts of 45 CFR Part 155:

- General Functions (Subpart C)
- Certification of Qualified Health Plans (Subpart K)

We reviewed the following documentation, which was obtained directly from PHIEA, or located on either the PHIEA website or the 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.
- Application for Health Care Coverage
- Board Meeting Minutes
 - Meeting Minutes October 1, 2019 – September 30, 2020
 - Meeting Minutes October 1, 2020 – March 25, 2021
- Exchange Operations Guidelines, Policies, and Procedures:
 - Assister Application Requirements
 - Assister Attestation Form
 - Assister Requirements FAQ
 - Assister Training Materials
 - Authorized Representative Form
 - Conflict of Interest Standards
 - Contact Center Manual
 - Eligibility and Enrollment Policy Manual
 - Navigator Code of Ethics
 - Navigator Contract
- Interview Notes:
 - 2020 Interview Notes
- Notices:
 - Additional Verification Notices
 - DMI Reminder Notice
 - Eligibility Decision Notices
 - Notice of Renewal sent to the Consumer
- Privacy and Security:
 - Acceptable Use Agreements
 - Access Control Policy
 - Computer Matching Agreement
 - Employee Handbook – PHIEA
 - Insurer Agreement
 - IRS Safeguard Security Report
 - IT Policy – PHIEA
 - Multi-Factor Authentication Standards
 - Plan of Action and Milestones
 - Privacy Impact Assessment
 - Privacy Policy
 - Security Monitoring Report – GetInsured
 - System Health Dashboard – GetInsured
 - System Security Plan (SSP)
 - Third-Party Independent Security Risk Assessment
- QHP:
 - Companion Guide and Supplemental Information – GetInsured
 - Insurer Agreement Form

- Insurer Guide to Enrollment Reconciliation Process
- QHP Certification Requirements
- Standard Operating Procedures for Insurer Ticketing

In order to understand management and staff responsibilities and processes as they relate to compliance with 45 CFR 155 Subparts C and K, we performed walkthroughs of data systems and operations and interviewed the following PHIEA staff:

- Associate Counsel, Brett Flower
- Call Center Lead, Ken Hetzel
- Chief Counsel, Jonathan Koltash
- Chief Information Officer, Duane Mckee
- Chief of Staff, Kyrie Perry
- Director of Policy, David Thomsen
- Information Security Officer, Walt Petrosky
- Life/Health Insurance Policy Examiner, Lars Thorne
- Marketplace & Insurer Operations Specialist, Hannah Turner
- Operations Specialist, Caitie Davies Pescatello
- Outreach Manager, Scott Yeager
- PACHC Contract Director - Tia Whitaker
- Project Manager/Compliance Officer, Jennifer Lloyd
- Stakeholder Resolution Liaison, Erik Huet

CONFIDENTIAL INFORMATION OMITTED

N/A

II. AUDIT FINDINGS

N/A

AUDITOR'S OPINION

We have issued an Independent Auditor's Report on the financial statements for the year ended September 30, 2020, reflecting the following type of opinion: **N/A**

QUALIFIED

UNQUALIFIED

ADVERSE

DISCLAIMER

ADDITIONAL COMMENTS

N/A

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 5, 2021