

Transmittal of External Audit Report

Instructions: Per Department of Finance & Management Policy #7.0: **External Audit Reports**, departments are required to complete and submit this **coversheet** with a copy of the external audit report to the Commissioner of Finance & Management within 30 days of issuance of the final audit report. This coversheet must be submitted by the department's business office to ensure their awareness and acknowledgment of any potential financial impact. Official department responses to the audit report, including corrective action plans (*if required*), must also be submitted to Commissioner of Finance & Management upon completion.

Department	DVHA
Business Office Contact	Anne Petrow
Program/Activity Audited	VHC Program, CMS 45 CFR §155.1200
Audit Agency	Berry Dunn
Audit Report Date	May 13, 2022

1. Does the audit report contain any findings or recommendations?

YES NO

➤ If YES continue to question #2; otherwise coversheet is complete.

2. Does the report contain any repeat audit findings?

YES NO

3. Please rate the findings and/or recommendations contained in the audit report using the following scale; for reports with multiple findings, this overall rating should be based on the most critical finding:

Insignificant: Nominal violation of policies, procedures, rules, or regulations. Corrective action suggested but not required.

Notable: Minor violation of policies, procedures, rules, or regulations and/or weak internal controls; and/or opportunity to improve effectiveness and efficiency. Corrective action may be required.

Significant: Significant violation of policies, procedures, rules, regulations or laws; and/or poor internal controls; and/or significant opportunity to improve effectiveness and efficiency. Corrective action required.

Major: Major violation of policies, procedures, rules, regulations or laws; and/or unacceptable internal controls; and/or high risk for fraud, waste or abuse; and/or major opportunity to improve effectiveness and efficiency. Immediate corrective action required.

4. Is the department required to develop a corrective action plan (or similar) to address the audit findings and/or recommendations?

YES NO

➤ If YES continue to next question; otherwise skip to question #8.

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5. Has the corrective action plan been developed?

YES NO [provide status below]

❖ Status of corrective action plan:

6. Does the department anticipate any inability or delay in implementing its corrective action plan?

YES NO,

➤ If YES continue to next question; otherwise skip to question #8.

7. What fiscal and programmatic impact is this inability or delay likely to have?

8. Does the report contain any disallowed costs¹?

YES NO

➤ If YES list the amount(s) and page reference(s) below; otherwise skip to question #11.

Disallowed Amount \$	Audit Report Page #

Disallowed Amount \$	Audit Report Page #

9. Has the method and timing of repayment for all disallowed costs been agreed upon with the applicable organization?

YES NO

10. Assess the impact this disallowance will have on the:

- a. Program/Activity: Major Significant Minimal None
 b. Dept Overall Budget: Major Significant Minimal None

11. Does the report contain any questioned costs²?

YES NO

➤ If YES list the amount(s) and page reference(s) below; otherwise form is complete.

Questioned Amount \$	Audit Report Page #

Questioned Amount \$	Audit Report Page #

12. Assess the likelihood that the questioned costs will result in disallowances and/or reductions in future revenues:

Very Likely Likely Somewhat Likely Not Likely

¹ Costs determined as unallowable under the applicable program/activity and not eligible for financial assistance; generally disallowed costs must be reimbursed to the awarding organization.

² Costs identified as potentially unallowable for financial assistance under the applicable program/activity.



Vermont Health Connect

PROGRAMMATIC COMPLIANCE REPORT

Year Ended June 30, 2021

With Independent Accountant's Report



Independent Accountant's Report

To: Management of Vermont Health Benefit Exchange
d/b/a Vermont Health Connect

Report on Compliance

We have examined the compliance of Vermont Health Benefit Exchange d/b/a Vermont Health Connect (the Exchange or VHC), a function within the general fund of the State of Vermont, with the requirements in Title 45, Code of Federal Regulations, Part 155 (45 CFR 155), Subparts C, D, E, K, and M during the year ended June 30, 2021. Management is responsible for the Exchange's compliance with the specified requirements. Our responsibility is to express an opinion on the Exchange's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Exchange complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Exchange complied with the specific requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Exchange's compliance with specified requirements.

In our opinion, VHC complied in all material respects with the requirements of 45 CFR 155, Subparts C, D, E, K, and M during the year ended June 30, 2021.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2022 on our consideration of the Exchange's internal control over compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is solely to describe the scope of our testing of internal control over compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Exchange's internal control over compliance. That report is an integral part of an examination performed in accordance with *Government Auditing Standards* in considering the Exchange's internal control over compliance.

Intended Use

This report is intended to describe the scope of our examination of compliance and the results of the examination based on attestation standards established by the AICPA and *Government Auditing Standards* and it is not suitable for any other purpose.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
May 13, 2022



**INDEPENDENT ACCOUNTANT'S REPORT ON INTERNAL CONTROL
OVER COMPLIANCE WITH REQUIREMENTS OF TITLE 45, PART 155,
SUBPARTS C, D, E, K, AND M OF THE CODE OF FEDERAL REGULATIONS**

Management of the Vermont Health Benefit Exchange
d/b/a Vermont Health Connect

We have examined, in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the compliance of Vermont Health Benefit Exchange d/b/a Vermont Health Connect (VHC), a function within the general fund of the State of Vermont, with the requirements in Title 45, Code of Federal Regulations, Part 155, (45 CFR 155), Subparts C, D, E, K, and M during the year ended June 30, 2021. We have issued our report on VHC's compliance with the above stated requirements dated May 13, 2022 which contained an unmodified opinion.

Management of VHC is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements described in 45 CFR 155, Subparts C, D, E, K, and M. In planning and performing our examination of compliance, we considered VHC's internal control over compliance with the requirements described above as a basis for designing examination procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those requirements, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of VHC's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *Government Auditing Standards*. Accordingly, this report is not suitable for any other purpose.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
May 13, 2022



**INDEPENDENT EXTERNAL AUDIT:
2021 AUDIT FINDINGS REPORT**

**VERMONT HEALTH BENEFIT EXCHANGE
DBA VERMONT HEALTH CONNECT (VHC)**



INDEPENDENT EXTERNAL AUDIT: 2021 FINDINGS REPORT

TO: CCIIO STATE EXCHANGE GROUP

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

DATE: MAY 13, 2022

SUBJECT: AUDIT FINDINGS REPORT FOR VERMONT

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 Vermont in determining whether Vermont Health Benefit Exchange (the Exchange) d/b/a Vermont Health Connect (VHC), the Vermont state-based marketplace (SBM), is in compliance with the programmatic requirements set forth by the Centers for Medicare and Medicaid Services (CMS) during the audit period.

Name of SBM: Vermont Health Connect

State of SBM: Vermont

Name of Auditing Firm: BerryDunn

Our responsibility was to perform a financial and programmatic audit to report on VHC'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 (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 included an audit of the Statement of Appropriations and Expenditures of VHC as well as an examination of VHC's compliance with the requirements of 45 CFR 155, Subparts C, D, E, K, and M for the 12 -month period July 1, 2020 through June 30, 2021. We conducted our audit 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. We completed an examination of VHC's compliance with the programmatic requirements under 45 CFR 155 155 and issued our reports dated May 13, 2022, 2022. We also completed an audit of its financial statement and issued our reports dated May 13, 2022.

We reviewed processes and procedures, read pertinent documents, and performed inquiries, observations, and staff interviews to obtain reasonable assurance regarding whether VHC is in compliance with 45 CFR 155 Subparts C, D, E, K, and M in all material respects. We also selected a sample of clients and tested for compliance with requirements under 45 CFR 155 for eligibility determination, verification of data, and enrollment with a Qualified Health Plan (QHP).

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 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.

Financial Statement Audit:

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 statement of appropriations and expenditures of VHC for the year ended June 30, 2021, and related notes to the statement, and have issued a report thereon dated May 13, 2022.

Programmatic Audit:

As described below, we have examined VHC's compliance with the programmatic requirements described in 45 CFR 155 for the year ended June 30, 2021, and have issued a report thereon dated May 13, 2022.

Summary of Programmatic Audit Procedures

Our audit consisted of specific procedures and objectives to evaluate instances of non-compliance and to perform procedures to test VHC's compliance and program effectiveness of certain requirements in 45 CFR 155, Subparts C, D, E, K, and M.

We reviewed the open issues from the previous year's audit to identify whether any issues remained open during the current year audit.

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 VHC, or located on either the VHC website or the CMS website:

- Authorized Representative Designation Form
- Consumer Assistance Functions:
 - Assister Training FY2021
 - Broker Compensation Schedule
 - Broker Registration Agreement 2021
 - CAC Registration Agreement 2021
 - DVHA VHC Rules of Behavior
 - Navigator Financial Reports
 - Assister Certification Record
 - State of VT IRS Safeguards Training Certification
- Eligibility and Enrollment:
 - FPLs for APTC 2021 Benefit Year
 - 2021 APTC Workbook
 - Disenrollment in VHC Policy
 - DVHA SWI AR-AP Invoice Procedure
 - Eligibility and Enrollment Manual
 - Perform Internal Auto Change
 - Processing Employer Forms
 - QHP Enrollment Standard Operating Procedures
 - Reconciliation Data Remediation Process
- General Functions:
 - Application for Health Coverage
 - FY21 VHC Contract Commitments

- Notices:
 - Additional Verification Notice
 - Annual Redetermination Notice
 - Authorization to Obtain Tax Data Notice
 - Authorized Representative Form
 - Eligibility Determination Notice
 - Incomplete Application Notice
 - Medicaid Closure MNT Sample Notice
 - Notice of Renewal
 - Notice to Employer
 - QHP Renewal Notice Sample
- Organizational Charts:
 - DVHA Commissioner Organizational Chart
 - DVHA Data Auditing Quality Organizational Chart
 - DVHA Executive Organizational Chart
 - DVHA HAEEU Organizational Chart
 - DVHA Health Services Managed Care Organizational Chart
 - DVHA MASTER Organizational Chart
 - DVHA Operations Organizational Chart
 - DVHA Payment Reform Organizational Chart
- Oversight and Monitoring Plan Signed
- Privacy and Security
 - CMS CMA Matching Agreement
 - Exchange Data Safeguards
 - HIM State Incident Reports
 - IEA CMS and State Based Exchanges
 - Information Security Access Control Policy
 - Information Security Personnel Policy
 - Records Management DVHA Procedure Manual Standard Operating Procedures
 - Records Retention Policy
 - Vermont Verification and Inconsistency Resolution Mitigation Plan
 - VHC Access Control Policy
 - VHC Privacy Policy

- VT Plan of Action and Milestones
- VT Privacy Impact Assessment
- VT Safeguard Security Report
- VT SBM SAR
- VT SBM System Security Plan
- VT Signed ATC Memo
- VT Signed ISA
- Silver Plan Data
 - 2021 Silver Brochure
 - 2021 Enhanced Silver 73
 - 2021 Enhanced Silver 77
 - 2021 Enhanced Silver 87
 - 2021 Enhanced Silver 94
- QHP Documents:
 - MVP QHP Certification Notification 2021
 - QHP Certification Timeline for Posting
 - QHP Complaints
 - VHC QHP Certification SOP
- Verification Procedures:
 - Acceptable Verification Documents
 - FTI Redetermination for Nonresponse
 - MCA Income Verification Processing
 - MCA SSN Citizenship Immigration Indian Status Verification Processing
 - QHP Verification-Documents Processing

In order to understand management and staff responsibilities and processes as they relate to compliance with 45 CFR 155, we performed walkthroughs of data systems and operations and interviewed the following staff from the Department of Vermont Health Access (DVHA) and VHC:

- Anne Petrow – Oversight and Monitoring Director
- Bill Clark – Medicaid Compliance Officer
- Dana Houlihan – Director, Enrollment Policy & Plan Management
- Danielle Delong – Health Care Appeals Manager
- Emily Wivell – AHS Information Security Director
- Erica Beer – Community Health Outreach Worker and Navigation

- Greg Needle – AHS Privacy Officer
- Josette Luarte – Administrative Services Manager
- Molly Sweeney – Director of Eligibility and Enrollment
- Sarah Peterson – Project Manager at Maximus
- Victoria Jarvis – Assister Program Manager
- Zachary Goss – Training and Communication Manager

Interviews of personnel from other State of Vermont agencies and contractors were conducted. Staff included were from DFR, and the Green Mountain Care Board (GMCB):

- Anna VanFleet – Assistance Director of Rates, Forms, Life, and Health – DFR
- Emily Brown – Rates and Forms Director – DFR
- Jamie Gile – Rates and Forms Analyst – DFR
- Laura Beliveau – Staff Attorney - GMCB
- Michael Barber – General Counsel – GMCB
- Thomas Crompton – Health Systems Finance Associate Director – GMCB

We selected samples of applications and tested for compliance with requirements under 45 CFR 155 Subparts D and E for eligibility determination, verification of data, and enrollment with a QHP:

- From a listing of 24,507 eligibility determination transactions completed between July 1, 2020 and June 30, 2021, we selected 95 cases to test for compliance with eligibility and QHP enrollment rules, and 60 cases to test for compliance with data verification rules.

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 June 30, 2021, reflecting the following type of opinion:

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 13, 2022
