



**INDEPENDENT EXTERNAL AUDIT:
2023 AUDIT FINDINGS REPORT**

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



INDEPENDENT EXTERNAL AUDIT: 2023 FINDINGS REPORT

TO: CCIIO STATE EXCHANGE GROUP

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

DATE: MAY 20, 2024

SUBJECT: AUDIT FINDINGS REPORT FOR VERMONT

AUDIT PERIOD: JULY 1, 2022 – JUNE 30, 2023

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 (VHC)

State of SBM: Vermont

Name of Auditing Firm: BerryDunn

Our responsibility was to perform a financial and programmatic audit to report on Vermont Health Connect'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 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

The scope of this engagement included an audit of the financial statements of the Exchange, as well as an examination of the Exchange's compliance with the programmatic requirements under 45 CFR 155, Subparts C, D, E, K, and M for the 12-month period July 1, 2022 through June 30, 2023. 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 Vermont Health Connect's compliance with the applicable programmatic requirements under 45 CFR 155 and issued our reports dated May 20, 2024. We also performed an audit of its financial statements for the year ended June 30, 2023 and issued our report dated December 11, 2023.

We reviewed processes and procedures, read pertinent documents, and performed inquiries, observations, and staff interviews to obtain reasonable assurance regarding whether Vermont Health Connect is in compliance with 45 CFR 155 in all material respects. We also selected a sample of Vermont Health Connect's and tested for compliance with requirements under 45 CFR 155 for eligibility determination 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 49-year history. Today, BerryDunn employs 800+ personnel with headquarters in Portland, Maine and office locations in Arizona, Connecticut, Massachusetts, New Hampshire, West Virginia, and Puerto Rico. 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 (U.S. GAAS) 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 Vermont Health Connect for the year ended June 30, 2023, and related notes to the statements, and have issued a report thereon dated December 11, 2023.

Programmatic Audit:

We have examined Vermont Health Connect's compliance with the programmatic requirements described in 45 CFR 155 for the year ended June 30, 2023, and have issued a report thereon dated May 20, 2024.

Summary of Programmatic Audit Procedures:

Our audit consisted of specific procedures and objectives to evaluate instances of noncompliance and to test the Exchange's compliance with certain subparts of 45 CFR 155. BerryDunn examined compliance with the requirements under 45 CFR 155, in the following programmatic areas:

- 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 processes and procedures under 45 CFR 155, in the following programmatic areas in order to determine whether they were in compliance with the requirements of the ACA:

- Assisters, Navigators, Certified Application Counselors, and Brokers
- Privacy and Security
- Eligibility and Enrollment Processes and Procedures
- Qualified Health Plan (QHP) Certification
- Compliance and Program Integrity
- Contact Center

We reviewed the following documentation, which was obtained directly from Vermont Health Connect, or located on either the Vermont Health Connect website or the CMS website:

- Assister:
 - Assister Training FY2023
 - Broker Compensation Schedule
 - Consumer Assistance Center Registration Agreement
 - Participant Training Guide
 - Navigator Contract Template
- Eligibility and Enrollment:
 - APTC Work Sheet
 - Calculating the Advance Premium Tax Credit Document
 - Electronically Stored Information Documents
 - Eligibility and Enrollment Policy Manual
 - Federal Poverty Levels for Advanced Payments of Premium Tax Credit 2023 Benefit Year
 - Invoice Processing Procedures
 - Notification of Eligibility and Enrollment Information to QHP issuers and HHS
 - Policies and procedures to reconcile enrollment information with QHP issuers and CMS
 - Policies and Procedures related to termination of Coverage
 - QHP Enrollment Guide

- General Exchange Functions:
 - Application for Health Care Coverage
 - FY 23 Contracts and Amendments
- Notices:
 - Additional Verification Notices
 - Annual Redetermination Notice
 - Authorization to Obtain Tax Data
 - Authorized Representative Form
 - Eligibility Decision Notices
 - Incomplete Application Notices
 - Employer Notice of Coverage
 - Notice of Renewal sent to the Consumer
 - Notice of Termination of Coverage and Special Enrollment Period (SEP) Triggering Event Notice
- Organization Chart:
 - Vermont Health Connect Organization Chart
- Privacy and Security:
 - Access Control Policy
 - Computer Matching Agreement
 - Health Insurance Marketplace State Incident Reports
 - Information Exchange Agreement
 - Internally Performed Security Assessment Report
 - Personnel Security Policy
 - Plan of Action and Milestones
 - Privacy Impact Assessment (PIA)
 - Record Retention Policies
 - Safeguard Security Report
 - System Interconnection Agreement
 - System Security Plan and Workbook
 - Vermont Health Connect Privacy Policy
- Qualified Health Plan: (QHP)
 - Certification Notification Letter
 - QHP Certification Requirements
 - QHP Certification Standard Operating Procedures
 - QHP Certification Timeline
 - QHP Complaints

To understand management and staff responsibilities and processes as they relate to compliance with 45 CFR 155, we interviewed the following Vermont Health Connect staff:

- Oversight and Monitoring Director
- Healthcare Deputy Director of Operations

- Medicaid Compliance Officer
- Director of Enrollment Policy & Plan Management – DVHA
- Health Care Appeals Director
- Vice President of Marketing and Community Health Improvement
- AHS Information Security Director
- AHS Privacy Officer
- VHC Business Process Coordinator
- Administrative Services Manager II (Assistant Program Manager)
- Project Manager at Maximus

We interviewed the following staff from agencies other than Vermont Health Connect that are involved in functions related to the exchange:

- Director of Rates, Forms, Life, and Health – DFR
- Deputy Commissioner, Insurance – DFR
- Rates and Forms Analyst – DFR
- Staff Attorney - Green Mountain Care Board
- General Counsel – Green Mountain Care Board

We analyzed the following information to assess Vermont Health Connect's compliance with the requirements of 45 CFR 155:

- A listing of 164,319 eligibility determination transactions completed between July 1, 2022 and June 30, 2023. We selected 60 cases to test for compliance with eligibility and enrollment rules.

CONFIDENTIAL INFORMATION OMITTED

N/A

II. AUDIT FINDINGS

No audit findings for FY'23

AUDITOR'S OPINION

QUALIFIED

UNQUALIFIED

ADVERSE

DISCLAIMER

ADDITIONAL COMMENTS

III. RECOMMENDATIONS

Recommendation:

IV. FINANCIAL STATEMENT AUDITOR'S OPINION

We have issued an Independent Auditor's Report on the financial statements for the year ended June 30, 2023, reflecting the following type of opinion:

QUALIFIED

UNQUALIFIED

ADVERSE

DISCLAIMER

V. CONCLUSION

Based on a thorough review of the documentation required for this report, in our opinion, VHC complied with the requirements of 45 CFR 155, Subparts C, D, E, K, and M during the year ended June 30, 2023, in all material respects.

SIGNATURE OF AUDIT FIRM:Berry Dunn McNeil & Parker, LLC**COMPLETION DATE OF AUDIT
FINDINGS REPORT:**May 20, 2024