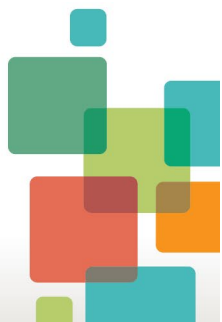




Cover Page

FY2019 MNsure Programmatic Audit Report and Agency Response Letter

MNsurance's Accessibility & Equal Opportunity (AEO) office can provide this information in accessible formats for individuals with disabilities. Additionally, the AEO office can provide information on disability rights and protections to access MNsure programs. The AEO office can be reached via 855-366-7873 or AEO@MNsurance.org.





**INDEPENDENT EXTERNAL AUDIT:
2019 AUDIT FINDINGS REPORT**
MINNESOTA
MINNESOTA HEALTH INSURANCE EXCHANGE
(MNSURE)

INDEPENDENT EXTERNAL AUDIT: 2019 FINDINGS REPORT

TO: CCIIO STATE EXCHANGE GROUP

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

DATE: April 15, 2020

SUBJECT: AUDIT FINDINGS REPORT FOR MINNESOTA

I. EXECUTIVE SUMMARY

PURPOSE

The Purpose of this independent external audit is to assist the State of Minnesota in determining whether Minnesota Health Benefits Exchange (the Exchange) d/b/a MNsure, which is the Minnesota state-based marketplace (SBM), is in compliance with the programmatic requirements set forth by the Centers for Medicare & Medicaid Services (CMS).

Name of SBM: MNsure

State of SBM: Minnesota

Name of Auditing Firm: BerryDunn

Our responsibility was to perform a programmatic audit to report on MNsure'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 MNsure's compliance with the programmatic requirements under 45 CFR 155. The engagement did not include an audit of the Statement of Appropriations and Expenditures of MNsure, nor did it include an examination of MNsure'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 MNsure's compliance with the programmatic requirements under 45 CFR 155 and issued our reports, dated April 15, 2020.

We reviewed processes and procedures, read pertinent documents, and performed inquiries, observations, testing, and staff interviews to obtain reasonable assurance regarding whether MNSure is 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:

- Eligibility determination
- Enrollment testing
- Verification data testing

METHODOLOGY

Audit Firm Background:

BerryDunn is the largest certified public accounting and consulting firm headquartered in New England, with 500 professionals. BerryDunn has provided comprehensive audit and tax services for a broad range of healthcare, not-for profit, and governmental entities for more than 40 years. Those services include conducting Financial and Programmatic audits of four Health Benefit Exchanges, including MNSure, as well as Office of Management and Budget Circular Uniform Guidance (UG) audits 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 compliance requirements of UG.

Programmatic Audit:

As described below, we have examined MNSure's compliance with certain programmatic requirements in 45 CFR 155 for the year ended June 30, 2019, and have issued a report thereon dated April 15, 2020.

Summary of Programmatic Audit Procedures

Our audit consisted of specific procedures and objectives to evaluate instances of noncompliance and to perform procedures to test MNSure's compliance with and program effectiveness of certain requirements in 45 CFR 155, Subparts C, D, E, K, and M. Our examination for Subpart C and K was limited to whether the Exchange's policies and procedures were in compliance with the programmatic requirements under that Subpart.

We reviewed the open issues from the previous year's audit to identify whether any of those 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 MNsure, or located on the MNsure or CMS website:

- 2019 Benchmark Plans
- 2019 IMEE Programmatic Risk Assessment
- Authorized Representative Form
- Carrier Business Agreement
- Consumer Assistance Personnel Guidelines:
 - Broker Participation Agreement
 - Certified Application Counselor Agreement
 - Contact Center Employee Training Manual
 - In-Person Assister Sample Contract
 - List of Certified Assisters
 - Navigator Sample Contract
 - State Language Line Contract
- Eligibility and Enrollment:
 - IMEE Risk Matrix
 - Advance Premium Tax Credit (APTC) initial enrollment guide
 - Calculating the APTC document
 - Cost sharing reduction guide
 - Household composition & Income Tip sheet
 - Verifications Manual (Policies, Procedures and Guidance for Processing Verifications)
- FY 2020-2021 Compliance Program Strategic Plan
- FY 2019 MNsure Grants
- Income information Authorization to Renew Coverage
- List of QHPs offered in 2019
- Network Adequacy Submission Instructions
- Organizational Chart
- Privacy and Security:
 - 2019 SBE IEA Renewal
 - Administrative Policy on Information Protection
 - CMS and State of MN Interconnection Security Agreement
 - Data Retention Schedule
 - Enterprise Personnel Security Policy
 - Enterprise Security Policies
 - General Information Protection Procedures
 - Incidents Reported to CMS in FY2019
 - IRS Safeguard Security Report
 - METS Security Assessment
 - METS System Security Plan
 - METS Terms of Use
 - MNsure and DHS Data Sharing Agreement
 - Policy on Privacy Incident or Breach Reporting
 - Privacy Impact Assessment
 - Privacy Program Strategic Plan
 - User Access Attestation
- SBM Plan of Action and Milestone

In order to understand management and staff responsibilities and processes as they relate to compliance with 45 CFR 155, we interviewed or received written responses from the following MNsure staff:

- 1095 & Plan Data Specialist – Jerry Mathew
- Business Operations and Contact Center Director – Jolene Wright
- Compliance Coordinator – Xee Yang
- Director of Compliance and Program Integrity – John Nyanjom
- Director of Individual Market Policy, Eligibility and Enrollment – Bob Paulsen
- Legal Director – Lindsey Millard
- Manager of Health Plan and 1095-A Data Services – Lydia Aryeetey
- Senior Director of Business Operations – Morgan Winters
- Senior Director of Partner and Board Relations – Christina Wessel

We also received written responses from the following non-MNsure staff:

- Minnesota Department of Commerce:
 - Director of Health Insurance programs – Melinda Domzalski-Hansen
 - Health Actuary – Kristi Bohn
- Minnesota Department of Health
 - Management Analyst 4, Managed Care Systems – Lisa Taft
 - Research Analyst Specialist, Managed Care Systems – Tom Major

We analyzed samples as described below to assess MNsure's compliance with the requirements of 45 CFR 155:

- From a listing of 504,796 applicants who had an eligibility determination completed between July 1, 2018 and June 30, 2019, we selected 60 cases to test for compliance with eligibility rules, and 95 cases to test for compliance with enrollment rules. Note that 14 of the cases were used for both eligibility and enrollment testing, so a total of 141 cases were used for testing compliance with enrollment and eligibility rules.

CONFIDENTIAL INFORMATION OMITTED

N/A

FINDING #2019-001***Criteria***

Subpart D – Eligibility, 45 CFR §155.315 requires that a SBM make a determination based upon the data provided by an applicant in the application, and data received from automated data sources. Under 45 CFR §155.315(f), the Exchange must make a reasonable effort to identify and address any inconsistency between the self-attested data in the application and the information obtained from outside sources by contacting the applicant and requesting him or her to provide additional information to resolve the inconsistency.

Pursuant to 45 CFR §155.315, when the Exchange is unable to verify an applicant's self-attested data related to the applicant's income, Social Security number, citizenship, status as a national, or lawful presence, through applicable outside sources, the Exchange must provide the applicant with a period of 90 days from the date on which the notice regarding the inconsistency is received to provide satisfactory documentary evidence or resolve the inconsistency.

Pursuant to 45 CFR §155.315(f)(3), the Exchange can extend the period if an applicant demonstrates a good-faith effort to provide sufficient documentation to resolve the inconsistency. During this reasonable opportunity period, an applicant (who is otherwise qualified) is eligible to enroll in a Qualified Health Plan (QHP) and remains eligible for insurance affordability programs (45 CFR §155.315(f)(4)). If, after the 90-day timeframe (or applicable extensions), the Exchange is unable to resolve the discrepancy between the self-attested information and the outside sources with customer-provided information, then it must re-perform the eligibility calculations and notify the applicant of the new eligibility determination.

Condition and Context

BerryDunn's testing identified cases in which self-attested data were not properly verified within the required 90-day timeframe. We selected a sample of 95 cases to test the Exchange's data verification process. Of the 95 cases tested, 40 cases initially had a verification flag indicating that the self-attested data could not be e-verified when the application was submitted. Of the 40 cases, 17 were subsequently resolved or terminated, or did not enroll for coverage. Twenty-three cases (24% of 95) did not respond to the original verification notification, were left with the verification flag open beyond the 90-day timeframe, and did not receive follow-up after the 90-day period. BerryDunn notes this condition was also observed during the previous examination for the year ended June 30, 2018.

Cause

The Exchange utilizes the Federal Data Services Hub as the electronic source to verify applicant's self-attested data by checking records against various data sources, including:

- Federal tax return information
- Wage income reported by employers (the Employment Verification System, known as TALX)
- Social Security income and citizenship (Social Security Administration, known as SSA)
- Wages or unemployment income (Department of Employment and Economic Development, known as DEED)

- Alimony income (Department of Human Services Child Support System, known as PRISM)
- Status as a national (the Systematic Alien Verification for Entitlements Program, known as SAVE)
- Incarceration status (federal incarceration records)

When the electronic source data differs from the applicant's attested data, the applicant's account is flagged for verification, and a notice is generated and sent to the applicant, providing him or her 90 days from the date the notice is issued to resolve the inconsistency. If the applicant fails to resolve the data inconsistency within the given timeframe, the Exchange's verification manual instructs the caseworker to take the appropriate eligibility action, clear the verification flag, and enter a case note into the Curam system.

The Exchange did not allocate adequate resources to monitor the status of verification flags and enforce the performance of steps required when the data inconsistency was not resolved within the 90-day period. A critical factor contributing to the lack of adequate resources was the absence of system functionality to support the automated processing of cases where verifications were not received after the end of the reasonable opportunity period. The Exchange implemented an annual Phase 1 review starting in the summer of 2018 to identify and address citizenship, lawful presence, and incarceration cases that were not resolved within the 90 days; however, it does not include income verification cases at this time.

Effect

The absence of adequate resources to resolve discrepancies between self-attested data and electronic sources of verification within the 90-day timeframe resulted in some cases retaining the eligibility status determined using the original self-attested data, without the completion of the verification process.

In our sample of the 95 reviewed cases, 23 (24% of 95) cases received a verification letter but did not submit required verification documents within 90 days, and the process described in the verification manual was not followed at the end of the 90-day timeframe. Had the verification process been completed, some of those cases might have been assigned a different eligibility status. If an applicant was enrolled in a QHP and received APTC eligibility inappropriately beyond the 90-day timeframe, the applicant would reconcile actual premium tax credit eligibility through the tax filing process. However, there is no recoupment of benefits if an applicant was enrolled in a QHP and incorrectly received Cost-Sharing Reduction (CSR) benefits. Therefore, it is possible that, had the Exchange completed the verification process for all cases as required, some of the cases that received APTC or CSR would ultimately have been determined ineligible for such benefits. It is also possible that some of the cases that did not receive APTC or CSR could have been determined eligible if the verification process was completed.

FINDING #2019-002***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.”

26 CFR §1.36B-3. (d)(1)(ii) states that the premium assistance amount for a coverage month is “the excess of the adjusted monthly premium for the applicable benchmark plan (benchmark plan premium) over 1/12 of the product of a taxpayer's household income and the applicable percentage for the taxable year (the taxpayer's contribution amount).

Condition and Context

BerryDunn selected a sample of 95 cases to test the Exchange's eligibility determinations for QHP applicants. One of the samples was a household of seven, with two parents and five children under 21 years old. Based on the household's annual income level, they were not eligible for Medicaid or Children's Health Insurance Program (CHIP). The benchmark plan premium for this household should have only included the oldest three children; however, MNsure's benchmark plan premium amount indicated that the fourth child was included in the calculation.

Cause

MNsure reported that there was a known system defect in the Connecture module (shopping and enrollment) of the Minnesota Eligibility Technology System (METS) that caused it to miscalculate the premium amount for a household with more than three children under 21 years old.

Effect

The benchmark plan premium amount calculated by the Exchange affects calculation of the maximum eligible APTC amount. Although this particular household would not have been eligible for APTC even if the fourth child was not included in the benchmark premium calculation, inclusion of a fourth child could have affected calculation of eligible APTC amount for other households with more than three children under 21 years old.

FINDING #2019-003***Criteria***

Subpart D – Eligibility, 45 CFR §155.315 requires that an SBM make a determination based upon the data provided by an applicant in the application, and data received from automated data sources. Under 45 CFR §155.315(f), the Exchange must make a reasonable effort to identify and address any inconsistency between the self-attested data in the application and the information obtained from outside sources by contacting the applicant and requesting him or her to provide additional information to resolve the inconsistency.

The subpart further states that if the Exchange is unable to resolve the inconsistency through the process described in paragraph (f)(1) of this section, it must (i) provide notice to the applicant regarding the inconsistency; and (ii) provide the applicant with a period of 90 days from the date on which the notice described in paragraph (f)(2)(i) of this section is sent to the applicant to either present satisfactory documentary evidence via the channels available for the submission of an application, as described in §155.405(c), except for by telephone through a call center, or otherwise resolve the inconsistency.

Condition and Context

The Exchange initially determines eligibility based upon the applicant's self-attested data in his or her application and subsequently verifies that data through a match with the Federal Data Services Hub. BerryDunn selected a sample of 95 cases to test the Exchange's data verification process. Of the 95 cases reviewed, we observed one case (1% of 95) that received a notification with a 45-day due date regarding the need for additional information to resolve an inconsistency between the self-attested data and the data returned from the Federal Data Services Hub. The applicant was not provided with the required 90 days to resolve the inconsistency.

Cause

MNsure reported that a defect in METS created this notice with an incorrect due date. MNsure is unsure of how many notices were affected by this defect because they are unable to recreate it, and have not found other instances of this issue in production.

Effect

Because data inconsistency notifications contained incorrect due dates, the applicants were not provided the required 90 days to resolve inconsistencies between the self-attested income and the income data from the Federal Data Services Hub. The case we identified as impacted by the system defect retained the eligibility status determined using the self-attested data. Had the verification process been completed, the case may have been assigned a different eligibility status. BerryDunn did not determine whether the applicant provided the requested verification.

AUDITOR'S OPINION

We have issued an Independent Auditor's Report on the Statement of Revenues and Expenditures for the Year Ended June 30, 2019, reflecting the following type of opinion: **N/A**

QUALIFIED

UNQUALIFIED

ADVERSE

DISCLAIMER

ADDITIONAL COMMENTS

N/A.

II. RECOMMENDATIONS

FINDING #2019-001

Recommendation

BerryDunn recommends the Exchange continue to implement the corrective action plan submitted in response to the previous year's examination findings to address the data inconsistencies as soon as possible.

FINDING #2019-002

Recommendation

BerryDunn recommends MNsure determine which other applicants might have been affected by the system error during the audit period. MNsure reported that the new shopping and enrollment application (GetInsured) it implemented on November 1, 2019 does not have the same issue with calculation of premium for households with more than three children. BerryDunn recommends MNsure test and verify this.

FINDING #2019-003

Recommendation

BerryDunn recommends the Exchange continue to work with its information technology partner (MN.IT Services) to correct the system defect that caused METS to generate a 45-day due date, and address the identified issues accordingly.

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:**

APRIL 15, 2020



Minnesota Health Insurance Exchange d/b/a MNsure

PROGRAMMATIC COMPLIANCE REPORT

For the Year Ended June 30, 2019

With Independent Accountant's Report





INDEPENDENT ACCOUNTANT'S REPORT

To Management of Minnesota Health Insurance Exchange
d/b/a MNsure:

Report on Compliance

We have examined the compliance of Minnesota Health Benefits Exchange d/b/a MNsure (the Exchange), an agency within an enterprise fund of the State of Minnesota, with the requirements in Title 45, Part 155, Subparts C, D, E, K, and M of the Code of Federal Regulations (CFR) during the year ended June 30, 2019. Our examination for Subparts C and K was limited to whether the Exchange's documented policies and procedures were in compliance with the programmatic requirements under these Subparts. Management of the Exchange is responsible for its 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 its opinion.

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

Our examination disclosed material noncompliance with Title 45, Part 155, Subpart D of the CFR applicable to the Exchange during the year ended June 30, 2019, as described in the accompanying schedule of findings as Findings 2019-001, 2019-002, and 2019-003.

In our opinion, except for the material noncompliance described in the preceding paragraph, the Exchange complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2019.

The Exchange's responses to the findings identified in the examination of compliance are described in the accompanying schedule of findings. The Exchange's responses were not subjected to the procedures applied in the examination of compliance and, accordingly, we express no opinion on the responses.

To Management of Minnesota Health Insurance Exchange
d/b/a MNSure:

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2020 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 solely 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
April 15, 2020

MINNESOTA HEALTH INSURANCE EXCHANGE D/B/A MNSURE

Schedule of Findings

Year Ended June 30, 2019

FINDING #2019-001

Criteria

Subpart D – Eligibility, 45 CFR §155.315 requires that a State-Based Marketplace (SBM) make a determination based upon the data provided by an applicant in the application, and data received from automated data sources. Under 45 CFR §155.315(f), the Exchange must make a reasonable effort to identify and address any inconsistency between the self-attested data in the application and the information obtained from outside sources by contacting the applicant and requesting him or her to provide additional information to resolve the inconsistency.

Pursuant to 45 CFR §155.315, when the Exchange is unable to verify an applicant's self-attested data related to the applicant's income, Social Security number, citizenship, status as a national, or lawful presence, through applicable outside sources, the Exchange must provide the applicant with a period of 90 days from the date on which the notice regarding the inconsistency is received to provide satisfactory documentary evidence or resolve the inconsistency.

Pursuant to 45 CFR §155.315(f)(3), the Exchange can extend the period if an applicant demonstrates a good-faith effort to provide sufficient documentation to resolve the inconsistency. During this reasonable opportunity period, an applicant (who is otherwise qualified) is eligible to enroll in a Qualified Health Plan (QHP) and remains eligible for insurance affordability programs (45 CFR §155.315(f)(4)). If, after the 90-day timeframe (or applicable extensions), the Exchange is unable to resolve the discrepancy between the self-attested information and the outside sources with customer-provided information, then it must re-perform the eligibility calculations and notify the applicant of the new eligibility determination.

Condition and Context

BerryDunn's testing identified cases in which self-attested data were not properly verified within the required 90-day timeframe. We selected a sample of 95 cases to test the Exchange's data verification process. Of the 95 cases tested, 40 cases initially had a verification flag indicating that the self-attested data could not be e-verified when the application was submitted. Of the 40 cases, 17 were subsequently resolved or terminated, or did not enroll for coverage. Twenty-three cases (24% of 95) did not respond to the original verification notification, were left with the verification flag open beyond the 90-day timeframe, and did not receive follow-up after the 90-day period. BerryDunn notes this condition was also observed during the previous examination for the year ended June 30, 2018.

Cause

The Exchange utilizes the Federal Data Services Hub as the electronic source to verify applicant's self-attested data by checking records against various data sources, including:

- Federal tax return information
- Wage income reported by employers (the Employment Verification System, known as TALX)
- Social Security income and citizenship (Social Security Administration, known as SSA)

MINNESOTA HEALTH INSURANCE EXCHANGE D/B/A MNSURE

Schedule of Findings (Continued)

Year Ended June 30, 2019

- Wages or unemployment income (Department of Employment and Economic Development, known as DEED)
- Alimony income (Department of Human Services Child Support System, known as PRISM)
- Status as a national (the Systematic Alien Verification for Entitlements Program, known as SAVE)
- Incarceration status (federal incarceration records)

When the electronic source data differs from the applicant's attested data, the applicant's account is flagged for verification, and a notice is generated and sent to the applicant, providing him or her 90 days from the date the notice is issued to resolve the inconsistency. If the applicant fails to resolve the data inconsistency within the given timeframe, the Exchange's verification manual instructs the caseworker to take the appropriate eligibility action, clear the verification flag, and enter a case note into the Curam system.

The Exchange did not allocate adequate resources to monitor the status of verification flags and enforce the performance of steps required when the data inconsistency was not resolved within the 90-day period. A critical factor contributing to the lack of adequate resources was the absence of system functionality to support the automated processing of cases where verifications were not received after the end of the reasonable opportunity period. The Exchange implemented an annual Phase 1 review starting in the summer of 2018 to identify and address citizenship, lawful presence, and incarceration cases that were not resolved within the 90 days; however, it does not include income verification cases at this time.

Effect

The absence of adequate resources to resolve discrepancies between self-attested data and electronic sources of verification within the 90-day timeframe resulted in some cases retaining the eligibility status determined using the original self-attested data, without the completion of the verification process.

In our sample of the 95 reviewed cases, 23 (24% of 95) cases received a verification letter but did not submit required verification documents within 90 days, and the process described in the verification manual was not followed at the end of the 90-day timeframe. Had the verification process been completed, some of those cases might have been assigned a different eligibility status. If an applicant was enrolled in a QHP and received Advanced Premium Tax Credit (APTC) eligibility inappropriately beyond the 90-day timeframe, the applicant would reconcile actual premium tax credit eligibility through the tax filing process. However, there is no recoupment of benefits if an applicant was enrolled in a QHP and incorrectly received Cost-Sharing Reduction (CSR) benefits. Therefore, it is possible that, had the Exchange completed the verification process for all cases as required, some of the cases that received APTC or CSR would ultimately have been determined ineligible for such benefits. It is also possible that some of the cases that did not receive APTC or CSR could have been determined eligible if the verification process was completed.

MINNESOTA HEALTH INSURANCE EXCHANGE D/B/A MNSURE

Schedule of Findings (Continued)

Year Ended June 30, 2019

Recommendation

BerryDunn recommends the Exchange continue to implement the corrective action plan submitted in response to the previous year's examination findings to address the data inconsistencies as soon as possible.

MNsure Response:

MNsure agrees with this finding. MNsure continues working the backlog of outstanding verifications through process improvements and other efficiencies. None of the cases identified in this finding had outstanding citizenship, lawful presence or incarceration verifications. This reflects MNsure's implementation of phase one of the two-phase process described in prior years' audit responses. Phase one involves a manual, annual processing of outstanding verifications for citizenship, lawful presence and incarceration. Phase two, which targets verifications related to income and household composition, likely requires an IT solution because of the significant number of transactions involved.

Corrective Action Plan:

MNsure is continuing with the two-phase plan as described above. As noted, phase one is in place. MNsure continues to explore a technology solution to address phase two verification processing.

Responsible MNsure Official: Morgan Winters, Senior Director of Business Operations

Scheduled Completion Date: Phase 1 (citizenship, lawful presence, Social Security numbers and incarceration verifications): complete. Phase 2 (income and household composition): To be determined.

MINNESOTA HEALTH INSURANCE EXCHANGE D/B/A MNSURE

Schedule of Findings (Continued)

Year Ended June 30, 2019

FINDING #2019-002

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.”

26 CFR §1.36B-3. (d)(1)(ii) states that the premium assistance amount for a coverage month is “the excess of the adjusted monthly premium for the applicable benchmark plan (benchmark plan premium) over 1/12 of the product of a taxpayer's household income and the applicable percentage for the taxable year (the taxpayer's contribution amount).”

Condition and Context

BerryDunn selected a sample of 95 cases to test the Exchange's eligibility determinations for QHP applicants. One of the samples was a household of seven, with two parents and five children under 21 years old. Based on the household's annual income level, they were not eligible for Medicaid or Children's Health Insurance Program (CHIP). The benchmark plan premium for this household should have only included the oldest three children; however, MNSure's benchmark plan premium amount indicated that the fourth child was included in the calculation.

Cause

MNSure reported that there was a known system defect in the Connecture module (shopping and enrollment) of the Minnesota Eligibility Technology System (METS) that caused it to miscalculate the premium amount for a household with more than three children under 21 years old.

Effect

The benchmark plan premium amount calculated by the Exchange affects calculation of the maximum eligible APTC amount. Although this particular household would not have been eligible for APTC even if the fourth child was not included in the benchmark premium calculation, inclusion of a fourth child could have affected calculation of eligible APTC amount for other households with more than three children under 21 years old.

Recommendation

BerryDunn recommends MNSure determine which other applicants might have been affected by the system error during the audit period. MNSure reported that the new shopping and enrollment application (GetInsured) it implemented on November 1, 2019 does not have the same issue with calculation of premium for households with more than three children. BerryDunn recommends MNSure test and verify this.

MINNESOTA HEALTH INSURANCE EXCHANGE D/B/A MNSURE

Schedule of Findings (Continued)

Year Ended June 30, 2019

MNsure Reponses:

MNsure agrees with this finding. The error resulted from the use of a software application that was decommissioned in October 2019 and was limited to child-only households with four or more members. In plan year 2019, five households met this criteria. However, only one of these households was affected by the incorrect premium calculation. MNsure is proactively sending corrections as cases are identified. The new enrollment system is functioning correctly with regard to this issue.

Corrective Action Plan:

This issue was resolved with the deployment of a new enrollment software application in November 2019.

Responsible MNsure Official: Morgan Winters, Senior Director of Business Operations

Scheduled Completion Date: Not applicable.

MINNESOTA HEALTH INSURANCE EXCHANGE D/B/A MNSURE

Schedule of Findings (Continued)

Year Ended June 30, 2019

FINDING #2019-003

Criteria

Subpart D – Eligibility, 45 CFR §155.315 requires that an SBM make a determination based upon the data provided by an applicant in the application, and data received from automated data sources. Under 45 CFR §155.315(f), the Exchange must make a reasonable effort to identify and address any inconsistency between the self-attested data in the application and the information obtained from outside sources by contacting the applicant and requesting him or her to provide additional information to resolve the inconsistency.

The subpart further states that if the Exchange is unable to resolve the inconsistency through the process described in paragraph (f)(1) of this section, it must (i) provide notice to the applicant regarding the inconsistency; and (ii) provide the applicant with a period of 90 days from the date on which the notice described in paragraph (f)(2)(i) of this section is sent to the applicant to either present satisfactory documentary evidence via the channels available for the submission of an application, as described in §155.405(c), except for by telephone through a call center, or otherwise resolve the inconsistency.

Condition and Context

The Exchange initially determines eligibility based upon the applicant's self-attested data in his or her application and subsequently verifies that data through a match with the Federal Data Services Hub. BerryDunn selected a sample of 95 cases to test the Exchange's data verification process. Of the 95 cases reviewed, we observed one case (1% of 95) that received a notification with a 45-day due date regarding the need for additional information to resolve an inconsistency between the self-attested data and the data returned from the Federal Data Services Hub. The applicant was not provided with the required 90 days to resolve the inconsistency.

Cause

MNsure reported that a defect in METS created this notice with an incorrect due date. MNsure is unsure of how many notices were affected by this defect because they are unable to recreate it, and have not found other instances of this issue in production.

Effect

Because data inconsistency notifications contained incorrect due dates, the applicants were not provided the required 90 days to resolve inconsistencies between the self-attested income and the income data from the Federal Data Services Hub. The case we identified as impacted by the system defect retained the eligibility status determined using the self-attested data. Had the verification process been completed, the case may have been assigned a different eligibility status. BerryDunn did not determine whether the applicant provided the requested verification.

Recommendation

BerryDunn recommends the Exchange continue to work with its information technology partner (MN.IT Services) to correct the system defect that caused METS to generate a 45-day due date, and address the identified issues accordingly.

MINNESOTA HEALTH INSURANCE EXCHANGE D/B/A MNSURE

Schedule of Findings (Concluded)

Year Ended June 30, 2019

MNsure Responses:

MNsure agrees with this finding. We were unable to replicate the error with the current software and believe that a software deployment subsequent to generation of the notice in question may have resolved the error.

Corrective Action Plan:

Because the error could not be replicated, no further action will be taken at this time. This issue is considered resolved.

Responsible MNsure Official: Morgan Winters, Senior Director of Business Operations

Scheduled Completion Date: Not applicable.

**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**

Board of Directors
Minnesota Health Benefits Exchange
d/b/a MNsure

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 Minnesota Health Benefits Exchange d/b/a MNsure (the Exchange), an agency within an enterprise fund of the State of Minnesota, with the requirements in Title 45, Code of Federal Regulations Part 155 (45 FR 155), Subparts C, D, E, K, and M during the year ended June 30, 2019. Our examination for Subparts C and K was limited to whether the Exchange's documented policies and procedures were in compliance with the programmatic requirements under these Subparts. We have issued our report on the Exchange's compliance with the above stated requirements dated April 15, 2020, which contained a qualified opinion due to material noncompliance with the specified requirements.

Management of the Exchange 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 audit of compliance, we considered the Exchange's internal control over compliance with the requirements described above to determine the 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 the Exchange'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings as Findings 2019-001, 2019-002, and 2019-003, that we consider to be material weaknesses.

The Exchange's responses to the internal control over compliance findings identified in our examination are described in the accompanying schedule of findings. The Exchange's responses were not subjected to the procedures applied in the examination of compliance and, accordingly, we express no opinion on the responses.

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
April 15, 2020



April 15, 2020

Joseph Fitzpatrick
State Exchange Group
Division of State Operations
Center for Consumer Information and Insurance Oversight
Centers for Medicare & Medicaid Services

Dear Mr. Fitzpatrick,

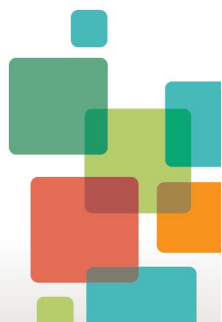
Enclosed is the *Independent External Audit: 2019 Audit Findings Report, Minnesota*, which was completed by the auditing firm of BerryDunn McNeil & Parker, LLC (BerryDunn). We welcome this annual review and view it as part of MNSure's and the Minnesota Eligibility Technology System's (METS) continuous improvement efforts.

MNSure continues to agree with and support the observations and findings in this report, and we have continued implementing its recommendations. MNSure's response and corrective action plan for each finding is attached.

Minnesota's uninsured rate remains lower than at the beginning of MNSure's first open enrollment period on October 1, 2013. Now, almost 94% of Minnesotans have health insurance coverage. In the recently concluded open enrollment period for plan year 2020, close to 176,000 Minnesotans accessed health care coverage through MNSure. Of those, over 117,500 enrolled in private plans, with 54% of these households qualifying for advanced premium tax credits (APTC) that average \$5,244 a year. In plan year 2019, approximately 60% of households qualified for APTC, averaging over \$5,500 a year per household. In total, Minnesotans were poised to save approximately \$224 million in tax credits in 2019. Of the more than 550,000 Minnesotans who found coverage through MNSure in 2019, close to 90% qualified for tax credits, MinnesotaCare or Medicaid.

Minnesota continues to lead efforts to provide consumers with individual market options. For example, the average premium rates for plan year 2020 either remained flat or fell, ranging from a 0.2% increase to a 20% decrease. Each of the 87 counties in Minnesota have at least two insurers offering health insurance plans. BluePlus, HealthPartners, Medica and UCare are offering an additional 39 health plan options, for a total of 122 through MNSure for the 2020 coverage year.

MNSure continues to improve the shopping experience. For instance, MNSure successfully deployed a new shopping and enrollment software that provides consumers with more self-service features, making it easier to compare plans, view their shopping cart and enroll in a plan. In addition, the new system allows for same-day enrollment data transfers to MNSure's health insurance carriers, provides MNSure with more timely data on the payment of initial premiums and the effectuation of coverage, and is expected to eliminate manual enrollment transactions.





These technology investments continue to mature MNSure’s open enrollment renewal process. As a result, over 96% of MNSure’s 2019 enrollees were renewed into 2020 coverage, with their tax credit eligibility updated through an automated process.

MNSure continues to make significant investments in its Contact Center staff to handle more calls and reduce wait times. During the recently completed open enrollment, we answered more than 80,000 calls. MNSure recorded over 1.5 million visits to MNSure.org and more than 299,000 plan comparison tool sessions.

The work to improve MNSure not only includes this organization, but also the dedicated staff at the Minnesota Department of Human Services and Minnesota IT Services. Together, we have a strong, multi-agency project management team and a decision-making process in place. We are grateful for their partnership and look forward to continuing our work together.

We take our responsibility to be an accountable and transparent organization seriously, and we work to proactively identify and make improvements to all areas of the organization, including those documented in various state and federal audit reports completed on MNSure.

We are grateful for the work BerryDunn has done on this review and view it as an important tool we can use to help guide our improvements. In the interest of transparency and accountability, we will continue to make necessary adjustments to the organization, while maintaining our focus on improving the consumer experience.

Sincerely,

DocuSigned by:

60CA7E6941CA4DB...

Nathan Clark
Chief Executive Officer



Detailed Response to Findings

1. Finding #2019-001

MNsire Response: MNsure agrees with this finding. MNsure continues working the backlog of outstanding verifications through process improvements and other efficiencies. None of the cases identified in this finding had outstanding citizenship, lawful presence or incarceration verifications. This reflects MNsure's implementation of phase one of the two-phase process described in prior years' audit responses. Phase one involves a manual, annual processing of outstanding verifications for citizenship, lawful presence and incarceration. Phase two, which targets verifications related to income and household composition, likely requires an IT solution because of the significant number of transactions involved.

Corrective Action Plan: MNsure is continuing with the two-phase plan as described above. As noted, phase one is in place. MNsure continues to explore a technology solution to address phase two verification processing.

Responsible MNsure Official: Morgan Winters, Senior Director of Business Operations.

Scheduled Completion Date: Phase one (citizenship, lawful presence, Social Security numbers and incarceration verifications): complete. Phase two (income and household composition): to be determined.

2. Finding #2019-002

MNsire Responses: MNsure agrees with this finding. The error resulted from the use of a software application that was decommissioned in October 2019 and was limited to child-only households with four or more members. In plan year 2019, five households met this criteria. However, only one of these households was affected by the incorrect premium calculation. MNsure is proactively sending corrections as cases are identified. The new enrollment system is functioning correctly with regard to this issue.

Corrective Action Plan: This issue was resolved with the deployment of a new enrollment software application in November 2019.

Responsible MNsure Official: Morgan Winters, Senior Director of Business Operations.

Scheduled Completion Date: Not applicable.

3. Finding #2019-003

MNsire Responses: MNsure agrees with this finding. We were unable to replicate the error with the current software and believe that a software deployment subsequent to generation of the notice in question may have resolved the error.



Corrective Action Plan: Because the error could not be replicated, no further action will be taken at this time. This issue is considered resolved.

Responsible MnSure Official: Morgan Winters, Senior Director of Business Operations.

Scheduled Completion Date: Not applicable.