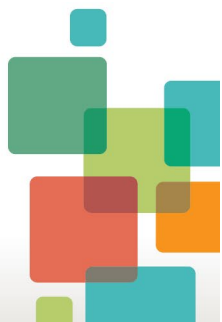




Cover Page

# FY2022 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](mailto:AEO@MNsurance.org).





**INDEPENDENT EXTERNAL AUDIT:  
2022 AUDIT FINDINGS REPORT  
MINNESOTA  
MINNESOTA HEALTH INSURANCE EXCHANGE  
(MNSURE)**

## INDEPENDENT EXTERNAL AUDIT: 2022 FINDINGS REPORT

TO: CCIIO STATE EXCHANGE GROUP

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

DATE: MAY 24, 2023

SUBJECT: AUDIT FINDINGS REPORT FOR MINNESOTA

AUDIT PERIOD: JULY 1, 2021 – JUNE 30, 2022

### I. EXECUTIVE SUMMARY

#### PURPOSE

The purpose of this independent external audit is to assist the State of Minnesota in determining whether Minnesota Health Insurance Exchange (MNSure, or 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 assertion that it operated in 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 assertion that it operated in compliance with the programmatic requirements under 45 CFR 155, Subparts C, D, E, K, and M. 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 May 24, 2023.

We reviewed processes and procedures, read pertinent documents, and performed inquiries, observations, testing, and staff interviews to obtain reasonable assurance regarding whether MNSure's assertion that it operated in compliance with 45 CFR 155, Subparts C, D, E, K, and M is fairly stated, in all material respects. We also selected a sample of customers 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 49-year history. Today, BerryDunn employs 850+ personnel with headquarters in Portland, Maine—and office locations in Arizona, Connecticut, Massachusetts, New Hampshire, Puerto Rico 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.

### **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, 2022, and have issued a report thereon dated May 24, 2023.

### **Summary of Programmatic Audit Procedures:**

Our audit consisted of specific procedures and objectives to evaluate instances of noncompliance and weakness, 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.

We reviewed the finding 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:

- Authorized Representative Form
- Carrier Business Agreement
- Compliance Program Strategic Plan
- Consumer Assistance Contracts, Guidelines, and Training
  - CAC and Navigator Training and Certification Plan
  - CAC Online Application
  - Certified Application Counselor Agreement
  - Contact Center Employee Training Manual
  - Contact Center Training Agenda
  - In-Person Assister Sample Contract
  - List of Certified Assisters (FY 2022 Navigators and CACs)
  - Navigator and Assister Training Updates in 2022
  - Navigator and CAC Recertification Policy
  - Navigator Contract Amendment
  - State Language Line Contract
- Eligibility and Enrollment:
  - 2022 Second Lowest Cost Silver Plans
  - Cost sharing reduction guide
  - Household composition & Income Tip sheet
  - Individual Market Eligibility and Enrollment Risk Assessment Matrix
  - Individual Market Policy Manual
  - MNsure Special Enrollment Period Information
  - MNsure Verifications Manual
- Exchange Notices
  - APTC and CSR Approval Notice
  - APTC and QHP Denial Notice
  - APTC Denial Notice
  - Change in APTC and/or CSR Amount Notice
  - QLE Event Notice
  - Request for Information
  - SEP Denial Notice
  - SEP Verification Still Needed Notice
  - Unassisted QHP Approval Notice
- FTI Authorization to Renew Coverage

- Privacy and Security:
  - Access Control Policy
  - 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 FY22
  - IRS Safeguard Security Report
  - METS and CMS Computer Matching Agreement
  - METS Security Assessment, System Security Plan, and Terms of Use
  - MNsure and DHS Data Sharing Agreement
  - MNsure and QHP Data Sharing Agreement for Access to SERFF Data Source
  - Policy on Privacy Incident or Breach Reporting
  - Privacy Impact Assessment
  - Privacy Notice
  - Privacy Program Strategic Plan
  - SBE Plan of Action and Milestone
  - User Access Attestation
- Qualified Health Plan Approval and Submission Standards:
  - Carrier Business Agreement
  - Provider Network Adequacy Submission Instructions
  - QDP Certification Guidance
  - QHP Certification Overview
- Update on Prior Year Findings

In order to understand management and staff responsibilities and processes as they relate to compliance with certain requirements in 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
- Director of Compliance and Program Integrity – John Nyanjom
- Director of Individual Market Policy – Bob Paulsen
- Manager, Plan Management – Lydia Aryeetey
- Policy Director and Privacy Officer – Emily Cleveland
- Senior Director of Business Operations – Morgan Winters
- Senior Director of Partner Relations – Christina Wessel

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

Minnesota Department of Health:

- Manager, Manage Care Systems, Health Policy Division – Julie Erickson
- Principal Regulatory Analyst, Health Policy Division – Amy Castillo
- Senior Health Care Program Investigator, Health Policy Division – Tricia Hearth

Minnesota Department of Commerce:

- Actuarial Analyst - David Nelson
- Actuarial Consultant – Charles Roadfeldt
- Chief Actuary – Julia Lyng
- Grant Program Manager – Andrew Kleinendorst
- Health Policy Analyst – Candance Gergen
- Health Rate and Form Coordinator – Maybeth Moses

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

- From a listing of 392,828 applicants who had an eligibility determination for a qualified health plan completed between July 1, 2021 and June 30, 2022, we selected 95 cases to test for compliance with eligibility and enrollment rules. This population excluded Medicaid determinations. We also selected 95 cases to test for compliance with 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 Statement of Revenues and Expenditures for the Year Ended June 30, 2022, 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 24, 2023



# Minnesota Health Insurance Exchange d/b/a MNsure

PROGRAMMATIC COMPLIANCE REPORT

Year Ended June 30, 2022

With Independent Accountant's Report



## INDEPENDENT ACCOUNTANT'S REPORT

Board of Directors and Management  
Minnesota Health Insurance Exchange d/b/a MNSure

### Report on Compliance

We have examined MNSure's ("the Exchange"), an Enterprise Fund of the State of Minnesota, assertion that the Exchange operated in compliance 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, 2022. The Exchange's management is responsible for its assertion. Our responsibility is to express an opinion on the Exchange's assertion 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's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about the Exchange's assertion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Exchange's assertion, 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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

In our opinion, the Exchange's assertion that it complied with the requirements of 45 CFR 155, Subparts C, D, E, K, and M described above during the year ended June 30, 2022, is fairly stated, in all material respects.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2023 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 24, 2023



**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 and Management  
Minnesota Health Insurance 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 assertion that the Exchange operated in compliance 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, 2022. We have issued our report on the Exchange's assertion of compliance with the above stated requirements dated May 24, 2023, which contained an unmodified opinion.

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 examination of the Exchange's assertion of compliance, we considered the Exchange'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 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 a 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.

We identified a deficiency in internal control over compliance, described in the accompanying schedule of findings as Finding 2022-001 that we consider to be a material weakness.

MNsure's response to the internal control over compliance finding identified in our examination is described in the accompanying schedule of findings. MNsure's response was not subjected to the procedures applied in the examination of compliance and, accordingly, we express no opinion on the response.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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 24, 2023



## SCHEDULE OF FINDINGS YEAR ENDED JUNE 30, 2022

Board of Directors and Management  
Minnesota Health Benefits Exchange d/b/a MNSure

Finding #2022-001

### 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 §155.305(e), the Exchange must verify an applicant’s attestation that he or she meets the requirements by relying on electronic data sources that are available to the Exchange.

### Condition and Context:

MNSure 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 (FDSH). For two out of 95 cases selected for testing, the self-attested incarceration status had not been verified with the FDSH. During the analysis of this case it was discovered that the Minnesota Eligibility Technology System (METS) is not requesting incarceration status from the FDSH for applicants that attest to being lawfully present. MNSure identified 16,165 applicant households for which incarceration status was not verified.

### Cause:

MNSure confirmed a system defect that caused METS to omit verification of incarceration status for applicants that attest as being lawfully present.

### Effect:

In order to be eligible for any plan offered by the exchange, the CFR requires than an applicant must not be incarcerated. As the incarceration status was not verified with the FDSH, incarcerated applicants could have been incorrectly determined eligible, if their attested to status on not being incarcerated was incorrect.

### Recommendation:

BerryDunn recommends MNSure continue to work with Minnesota IT Services (MNIT) to ensure all applicants are included in the incarceration verification with the FDSH.

### MNSure Response:

MNSure agrees with this finding. A system defect resulted in this system behavior.

Corrective Action Plan:

MNsure business will continue to examine our process and will continue to work with MNIT Services to determine a fix schedule.

Responsible MNsure Official:

Morgan Winters, Deputy Director/Chief Operating Officer Operations

Scheduled Completion Date:

TBD





May 24, 2023

Lindsey Hoffman  
State Exchange Group  
Division of State Operations  
Center for Consumer Information and Insurance Oversight ("CCIIO")  
Centers for Medicare & Medicaid Services ("CMS")

Dear Ms. Hoffman,

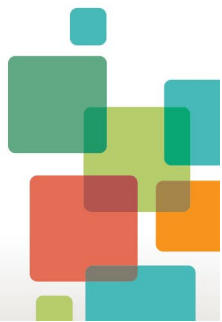
Enclosed are the *Independent External Audit: 2022 Audit Findings Report, Minnesota*, and the *Independent Accountant's Report on Internal Control Over Compliance with Requirements of Title 45, Part 155, Subparts C, D, E, K and M of the Code of Federal Regulations*, which were completed by the auditing firm of BerryDunn McNeil & Parker, LLC ("BerryDunn"). We welcome this annual review and view it as part of MNSure's continuous improvement efforts.

MNSure agrees with and supports the observation and finding in these reports, and we have continued implementing their recommendation. MNSure's response and corrective action plan for the finding are attached.

Minnesota's uninsured rate continues to be lower than at the beginning of MNSure's first open enrollment on October 1, 2013. Now, 96% of Minnesotans have health insurance coverage. MNSure is the only pathway for Minnesotans to receive financial help that provides significant savings on health coverage, including federal tax credits and cost-sharing reductions.

MNSure started plan year 2022 with a record 134,257 qualified health plan sign-ups, as more Minnesotans than ever before were able to access the enhanced advanced premium tax credits first made available in 2021 through the American Rescue Plan Act. This year, 60% of households enrolled in qualified health plans received advanced premium tax credits averaging more than \$6,100 per year. Collectively, Minnesotans saved over \$267 million on their health insurance through MNSure in 2022 alone. These unprecedented savings and other collaborative efforts across the whole of government helped drive Minnesota's uninsured rate to a record low of 4%.

Over several months in 2022, MNSure worked closely with other state health insurance exchanges and conducted outreach to build support and urge policymakers to extend these critical benefits beyond December of 2022. With the passage of the Inflation Reduction Act, Congress reauthorized the expanded credits for three more years, giving Minnesotans continued premium stability and ensuring access to the more generous





federal premium tax credits through 2025. In addition to expanding tax credits for eligible Minnesotans, the American Rescue Plan Act (ARPA) also provided funding for technology investments to help exchanges implement the provisions of the Act. MNSure advocated for and secured \$1.8 million in ARPA and state fiscal recovery funds to successfully deliver these expanded benefits to Minnesotans.

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 BerryDunn's review and consider it an important tool we can use to help guide our improvements. Looking ahead to 2023 and beyond, MNSure will continue to prioritize its mission of promoting informed consumer choice, simplifying health plan comparison, and helping every Minnesotan obtain affordable, quality health insurance. MNSure is committed to reducing the rate of uninsured in Minnesota so that all Minnesotans, regardless of health status, have the security of comprehensive, affordable health insurance.

Sincerely,

A handwritten signature in black ink, appearing to read "Libby Caulum".

Libby Caulum  
Chief Executive Officer



## **Detailed Response to the Finding**

### **Finding #2022-001**

**MNsire Response:** MNsure agrees with this finding. A system defect resulted in this system behavior.

**Corrective Action Plan:** MNsure business has completed extensive analysis on this issue and is working with Minnesota IT Services to determine a fix schedule.

**Responsible MNsure Official:** Morgan Winters, Deputy Director/Chief Operating Officer

**Scheduled Completion Date:** To be determined