



**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*

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**COMPLETION DATE OF AUDIT FINDINGS  
REPORT:**

MAY 13, 2022

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