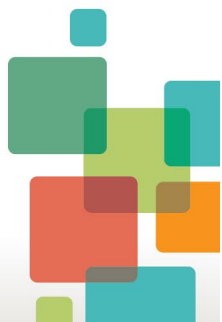




Cover Page

FY2020 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:
2020 AUDIT FINDINGS REPORT
MINNESOTA
MINNESOTA HEALTH INSURANCE EXCHANGE
(MNSURE)**

INDEPENDENT EXTERNAL AUDIT: 2020 FINDINGS REPORT

TO: CCIIO STATE EXCHANGE GROUP

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

DATE: MAY 21, 2021

SUBJECT: AUDIT FINDINGS REPORT FOR MINNESOTA

AUDIT PERIOD: JULY 1, 2019 – JUNE 30, 2020

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 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, 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 21, 2021.

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 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 600+ 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.

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, 2020, and have issued a report thereon dated May 21, 2021.

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.

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:

- 2020 Benchmark Plans
- 2019 IMEE Programmatic Risk Assessment
- Authorized Representative Form
- Carrier Business Agreement
- Consumer Assistance Personnel Guidelines:
 - Assister Legal Compliance Assessment
 - Broker Participation Agreement
 - CAC and Navigator Training and Certification Plan
 - Certified Application Counselor Agreement
 - Contact Center Employee Training Manual
 - In-Person Assister Sample Contract
 - List of Certified Assisters
 - 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 data discrepancies in applications)
- FY 2020-2021 Compliance Program Strategic Plan
- FY 2020 MNsure Grants
- Income information Authorization to Renew Coverage
- List of QHPs offered in 2020
- Network Adequacy Submission Instructions
- Organizational Chart
- Producer Participation Agreement
- 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 2019-2020
- IRS Safeguard Security Report
- METS Security Assessment, System Security Plan, and Terms of Use
- MNsure and DHS Data Sharing Agreement
- Policy on Privacy Incident or Breach Reporting
- Privacy Impact Assessment
- Privacy Program Strategic Plan
- SBE Plan of Action and Milestone
- User Access Attestation
- 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
- 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
- Legal Director and Privacy Officer – Emily Cleveland
- Manager of Health Plan and 1095A 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 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 887,281 applicants who had an eligibility determination completed between July 1, 2019 and June 30, 2020, we selected 60 cases to test for compliance with eligibility rules, and 95 cases to test for compliance with enrollment rules. Note that 11 of the cases were used for both eligibility and enrollment testing, so a total of 144 cases were used for testing compliance with enrollment and eligibility rules.

CONFIDENTIAL INFORMATION OMITTED

N/A

FINDING #2020-001***Criteria***

Pursuant to 26 CFR 1.36B-3(f)(3), if one or more silver-level qualified health plans offered through an Exchange do not cover pediatric dental benefits, the premium for the applicable benchmark plan is determined based on the second lowest-cost option among:

- (i) The silver-level qualified health plans that are offered by the Exchange to the members of the coverage family and that provide pediatric dental benefits; and
- (ii) The silver-level qualified health plans that are offered by the Exchange to the members of the coverage family that do not provide pediatric dental benefits in conjunction with the second lowest-cost portion of the premium for a stand-alone dental plan

Condition and Context

BerryDunn observed that one case out of 95 sample selections tested was determined eligible for an incorrect amount of Advance Premium Tax Credit (APTC) because MNsure included the pediatric dental premium cost for a 21 years old in the household's premium calculation.

Pediatric dental benefits are available to children under 19 years old.

Cause

MNsure identified a system defect where MNsure's shopping and enrollment application, GetInsured (GI), considered people under 21 years old eligible for pediatric dental premium, where only children under 19 years old should have been considered eligible. This caused incorrect calculation of the second lowest cost option for some families.

Effect

This defect resulted in incorrect premium calculation for the families with children between 19 and 21 years old that enrolled in a health plan in the areas where the second lowest silver plan did not offer pediatric dental plan. Consequently, by calculating premiums incorrectly, this defect may have also resulted in incorrect APTC calculation for affected families. This system defect likely affected all households that had the same characteristics, which may be a significant number.

FINDING #2020-002***Criteria***

When a change in circumstance (CIC) event is reported by an existing customer who has been enrolled in a plan, the Exchange is supposed to use the existing coverage effective date to calculate the benchmark premium and APTC in accordance with 45 CFR § 147.102.

Condition and Context

One case out of 95 sample selections tested was determined eligible with an incorrect amount of APTC because the ages of the household members were calculated as of the date a CIC was reported instead of the coverage effective date.

Cause

MNsured confirmed that the Minnesota Eligibility Technology System (METS) had a defect where it incorrectly used the date a CIC was reported as the coverage effective date instead of the existing coverage effective date to calculate the premium. This defect was addressed in a code fix deployment in September 2020.

Effect

This defect resulted in an incorrect benchmark premium calculation for the household member(s) in the identified Qualified Health Plan (QHP) household. This defect may have impacted other customers who reported a CIC, and might have subsequently affected their APTC eligibility as well, if all the criteria was met. Mnsured has not identified how many households may have been affected by this defect.

FINDING #2020-003***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

Mnsured 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 Mnsured's data verification process. Of the 95 cases reviewed, we observed one case (1% of 95) that did not receive a notification requesting

additional information to resolve an inconsistency between the self-attested data and the data returned from the Federal Data Services Hub.

Cause

The technical root cause for this issue was not determined within the timeframe for this audit. MNsure management indicated they will continue to work with its IT partners to review this scenario.

Effect

Because a data inconsistency notification was not sent, the applicant was not aware of the discrepancy and was 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. Since this was a system defect and the cause is unknown, it may have affected a significant number of applicant's eligibility.

FINDING #2020-004

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 MNsure's data verification process. Of the 95 cases tested, 63 cases initially had a verification flag indicating that the self-attested data could not be e-verified when the application was submitted. Of the 63 cases, 45 were subsequently resolved or did not enroll for coverage. One case did not receive the verification notification and remained unverified as further described in Finding 003. Seventeen cases (18% 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. All 17 cases had a verification notification due date before MNsure's verification procedures were modified by the state of emergency. All 17 cases had outstanding income verifications and one also included an outstanding Social Security number verification. BerryDunn notes this condition was also observed during the previous examination for the year ended June 30, 2019.

Cause

MNsure 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, MNsure'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.

MNsure 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. MNsure 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. The Phase 1 review was not performed in the summer of 2020 because of the state of emergency.

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, 17 (18% 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.

AUDITOR'S OPINION

We have issued an Independent Auditor's Report on the Statement of Revenues and Expenditures for the Year Ended June 30, 2020, reflecting the following type of opinion: **N/A**

QUALIFIED

UNQUALIFIED

ADVERSE

DISCLAIMER

ADDITIONAL COMMENTS

N/A.

II. RECOMMENDATIONS

FINDING #2020-001

Recommendation

We recommend that MNsure test and verify that the code fix is effective.

FINDING #2020-002

Recommendation

We recommend that MNsure test and verify that the code fix is effective.

FINDING #2020-003

Recommendation

BerryDunn recommends MNsure continue to identify the cause of the issue and work to correct the system defect that caused the notification to not be sent.

FINDING #2020-004

Recommendation

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

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 21, 2021



Minnesota Health Insurance Exchange d/b/a MNsure

PROGRAMMATIC COMPLIANCE REPORT

Year Ended June 30, 2020

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 Insurance Exchange d/b/a MNSure (the Exchange or MNSure), an agency within an enterprise fund of the State of Minnesota, with the requirements in Subparts C, D, E, K, and M of Title 45, Code of Federal Regulations, Part 155 (45 CFR 155) during the year ended June 30, 2020. MNSure's Management is responsible for its compliance with the specified requirements. Our responsibility is to express an opinion on the MNSure'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 MNSure's compliance with specified requirements.

Our examination disclosed material noncompliance with 45 CFR 155, Subparts D and E applicable to the Exchange during the year ended June 30, 2020, as described in the accompanying schedule of findings as Findings 2020-001, 2020-002, 2020-003, and 2020-004.

In our opinion, except for the material noncompliance described in the preceding paragraph, MNSure complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2020.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2021 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

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

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 21, 2021

**MINNESOTA HEALTH INSURANCE EXCHANGE
D/B/A MNSURE**

Schedule of Findings

Year Ended June 30, 2020

Finding #2020-001

Criteria:

Pursuant to 26 CFR 1.36B-3(f)(3), if one or more silver-level qualified health plans offered through an Exchange do not cover pediatric dental benefits, the premium for the applicable benchmark plan is determined based on the second lowest-cost option among:

- (i) The silver-level qualified health plans that are offered by the Exchange to the members of the coverage family and that provide pediatric dental benefits; and
- (ii) The silver-level qualified health plans that are offered by the Exchange to the members of the coverage family that do not provide pediatric dental benefits in conjunction with the second lowest-cost portion of the premium for a stand-alone dental plan.

Condition and Context:

BerryDunn observed that one case out of 95 sample selections tested was determined eligible for an incorrect amount of Advance Premium Tax Credit (APTC) because MNSure included the pediatric dental premium cost for a 21 years old in the household's premium calculation. Pediatric dental benefits are available to children under 19 years old.

Cause:

MNSure identified a system defect where MNSure's shopping and enrollment application, GetInsured (GI), considered people under 21 years old eligible for pediatric dental premium, where only children under 19 years old should have been considered eligible. This caused incorrect calculation of the second lowest cost option for some families.

Effect:

This defect resulted in incorrect premium calculation for the families with children between 19 and 21 years old that enrolled in a health plan in the areas where the second lowest silver plan did not offer pediatric dental plan. Consequently, by calculating premiums incorrectly, this defect may have also resulted in incorrect APTC calculation for affected families. This system defect likely affected all households that had the same characteristics, which may be a significant number.

Recommendation:

We recommend that MNSure test and verify that the code fix is effective.

MINNESOTA HEALTH INSURANCE EXCHANGE
D/B/A MNSURE

Schedule of Findings (Continued)

Year Ended June 30, 2020

MNsure Response:

1. Does MNsure agree or disagree with the finding?

Agree.

2. If MNsure agrees with the finding,

- a. Indicate the root cause or other explanation for the finding.

Root cause is as described by auditor in the "Cause" section above.

- b. If possible, state the extent or scope of the issue. For example, does MNsure have an estimate for the number of eligibility determinations or enrollments impacted?

We do not have an estimate.

Corrective Action Plan: Describe the plan to resolve the issue raised in the finding. If a date is not available, the SME should indicate TBD.

Corrective action was executed through the system fixes described by auditor under "Cause" section above.

Responsible MNsure Official:

Morgan Winters, Senior Director of Operations

Scheduled Completion Date

Issue was resolved through system fixes deployed in September 2020, and on January 6, 2021.

Finding #2020-002

Criteria:

When a change in circumstance (CIC) event is reported by an existing customer who has been enrolled in a plan, the Exchange is required to use the existing coverage effective date to calculate the benchmark premium and APTC in accordance with 45 CFR § 147.102.

Condition and Context:

One case out of 95 sample selections tested was determined eligible with an incorrect amount of APTC because the ages of the household members were calculated as of the date a CIC was reported instead of the coverage effective date.

**MINNESOTA HEALTH INSURANCE EXCHANGE
D/B/A MNSURE**

Schedule of Findings (Continued)

Year Ended June 30, 2020

Cause:

MNsure confirmed that the Minnesota Eligibility Technology System (METS) had a defect where it incorrectly used the date a CIC was reported as the coverage effective date instead of the existing coverage effective date to calculate the premium. This defect was addressed in a code fix deployment in September 2020.

Effect:

This defect resulted in an incorrect benchmark premium calculation for the household member(s) in the identified Qualified Health Plan (QHP) household. This defect may have impacted other customers who reported a CIC, and might have subsequently affected their APTC eligibility as well, if all the criteria was met. MNsure has not identified how many households may have been affected by this defect.

Recommendation:

We recommend that MNsure test and verify that the code fix is effective.

MNsure Response:

1. Does MNsure agree or disagree with the finding?

We agree. We are requesting consideration of clarification in the description under "Cause" above. Per the auditor finding this issue was only identified for one case in the sample size. Thus, we request consideration to revising the language to state,

"This defect resulted in incorrect benchmark premium calculation for the household member(s) in the identified QHP household. This defect may have impacted other customers who reported a CIC, and might have subsequently affected their APTC eligibility as well, if all the criteria was met. MNsure has not identified how many households may have been affected by this defect."

2. If MNsure agrees with the finding,

- a. Indicate the root cause or other explanation for the finding.

This was a system issue in calculation of effective date passed to the enrollment system from the eligibility system.

**MINNESOTA HEALTH INSURANCE EXCHANGE
D/B/A MNSURE**

Schedule of Findings (Continued)

Year Ended June 30, 2020

- b. If possible, state the extent or scope of the issue. For example, does MNSure have an estimate for the number of eligibility determinations or enrollments impacted?

No.

Corrective Action Plan: The issue for this case was resolved with the September 2020 code deploy.

Responsible MNSure Official:

Morgan Winters, Senior Director of Operations

Scheduled Completion Date:

Issue was resolved through system fixes deployed in September 2020, and on January 6, 2021.

Finding #2020-003

Criteria:

Subpart D – Eligibility, 45 CFR §155.315 requires that an 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.

The subpart further states that if the Exchange is unable to resolve the inconsistency through the process described in paragraph (f)(1) of that 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:

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. BerryDunn selected a sample of 95 cases to test MNSure's data verification process. Of the 95 cases reviewed, we observed one case (1% of 95) that did not receive a notification

MINNESOTA HEALTH INSURANCE EXCHANGE
D/B/A MNSURE

Schedule of Findings (Continued)

Year Ended June 30, 2020

requesting additional information to resolve an inconsistency between the self-attested data and the data returned from the Federal Data Services Hub.

Cause:

The technical root cause for this issue was not determined within the timeframe for this audit. MNSure management indicated they will continue to work with its IT partners to review this scenario.

Effect:

Because a data inconsistency notification was not sent, the applicant was not aware of the discrepancy and was 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. Since this was a system defect and the cause is unknown, it may have affected a significant number of applicant's eligibility.

Recommendation:

BerryDunn recommends MNSure continue to identify the cause of the issue and work to correct the system defect that caused the notification to not be sent.

MNSure Response:

1. Does MNSure agree or disagree with the finding?

Agree.

2. If MNSure agrees with the finding,

- a. Indicate the root cause or other explanation for the finding.

At this time the analysis for root cause is continuing.

- b. If possible, state the extent or scope of the issue. For example, does MNSure have an estimate for the number of eligibility determinations or enrollments impacted?

MNSure believes this was an isolated incident.

Corrective Action Plan: TBD

**MINNESOTA HEALTH INSURANCE EXCHANGE
D/B/A MNSURE**

Schedule of Findings (Continued)

Year Ended June 30, 2020

Responsible MNSure Official:

Morgan Winters, Senior Director of Operations

Scheduled Completion Date: TBD

Finding #2020-004

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 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 MNSure's data verification process. Of the 95 cases tested, 63 cases initially had a verification flag indicating that the self-attested data could not be e-verified when the application was submitted. Of the 63 cases, 45 were subsequently resolved or did not enroll for coverage. One case did not receive the verification notification and remained unverified as further described in Finding 003.

Seventeen cases (18% 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. All 17 cases had a verification notification due date before MNSure's verification procedures were modified by the state of emergency. All 17 cases had outstanding

**MINNESOTA HEALTH INSURANCE EXCHANGE
D/B/A MNSURE**

Schedule of Findings (Continued)

Year Ended June 30, 2020

income verifications and one also included an outstanding Social Security number verification. BerryDunn notes this condition was also observed during the previous examination for the year ended June 30, 2019.

Cause:

MNsure 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, MNsure'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.

MNsure 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. MNsure 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. The Phase 1 review was not performed in the summer of 2020 because of the state of emergency.

**MINNESOTA HEALTH INSURANCE EXCHANGE
D/B/A MNSURE**

Schedule of Findings (Continued)

Year Ended June 30, 2020

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, 17 (18% 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.

Recommendation:

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

MNSure Response:

1. Does MNSure agree or disagree with the finding?
 - a. Yes
2. If MNSure agrees with the finding,
 - a. Indicate the root cause or other explanation for the finding.
 - i. Lack of system support and human resources; federal public health emergency due to COVID-19
 - b. If possible, state the extent or scope of the issue. For example, does MNSure have an estimate for the number of eligibility determinations or enrollments impacted.
 - i. The processing of outstanding verifications is currently on hold due to the federal PHE.

**MINNESOTA HEALTH INSURANCE EXCHANGE
D/B/A MNSURE**

Schedule of Findings (Concluded)

Year Ended June 30, 2020

Corrective Action Plan: TBD

Responsible MNSure Official: Morgan Winters, Senior Director of Operations

Scheduled Completion Date: TBD



**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 Insurance Exchange (MNsure), an agency within an enterprise fund of the State of Minnesota, 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, 2020. We have issued our report on MNsure's compliance with the above stated requirements dated May 21, 2021, which contained a qualified opinion due to material noncompliance with the specified requirements.

Management of MNsure is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements described in 45 CFR 155, Subparts C, D, E, K, and M. In planning and performing our examination of compliance, we considered MNsure's internal control over compliance with the requirements described above to determine the 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 MNsure'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 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 2020-001, 2020-002, 2020-003, and 2020-004, that we consider to be material weaknesses.

MNsure's responses to the internal control over compliance findings identified in our examination are described in the accompanying schedule of findings. MNsure'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
May 21, 2021



May 20, 2021

Joesph 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: 2020 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 continuous improvement efforts.

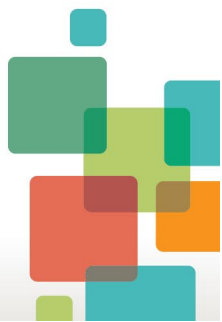
MNSure agrees with and supports the observations and findings in this report, and we have continued implementing its recommendations. MNSure's response and corrective action plan for each finding is attached.

Minnesota's uninsured rate continues to be lower than at the beginning of MNSure's first open enrollment on October 1, 2013. Now, over 95% of Minnesotans have health insurance coverage.

MNSure is the only pathway for Minnesotans to receive financial help, including federal tax credits and cost-sharing reductions, that provides significant financial savings. In 2020, 53% of private plan enrollees received tax credits averaging more than \$5,100 per year per family. Minnesotans are poised to have saved approximately \$199 million in tax credits in 2020. Of the more than 550,000 Minnesotans who found coverage through MNSure, approximately 86% qualified for tax credits, MinnesotaCare or Medical Assistance.

As the COVID-19 pandemic began to present challenges, MNSure adjusted to meet the needs of Minnesotans and to ensure the health and safety of our work force. In March of 2020, MNSure established a COVID-19 special enrollment period (SEP) to assist uninsured Minnesotans in accessing health insurance. Over 9,400 Minnesotans enrolled in coverage during the SEP, which ran from March 23 through April 21, 2020.

Following the Minnesota Department of Health's COVID-19 safety guidelines, the MNSure Contact Center and Business Operations teams transitioned to be fully remote, while continuing to add new and enhanced systems and processes to streamline the





consumer experience. For example, MNSure enhanced the “Contact Me” web form so consumers can request the status of six new options online rather than calling the Contact Center. The open enrollment staffing plan allowed MNSure to answer consumers’ calls more quickly with timely completion of operational tasks, so enrollments were not delayed. Despite spikes in call volumes, call wait times remained low except during the COVID-19 SEP and around deadline dates.

Due to the COVID-19 pandemic, MNSure’s assister partners found innovative ways to serve Minnesotans looking to enroll in insurance by offering over-the-phone, online, or in-person meetings that follow the health and safety guidelines. During the past fiscal year, MNSure’s navigator grantees exceeded their goals by screening or assisting 240,000 Minnesotans, helping more than 53,000 consumers with applications and renewals, and conducting nearly 6,000 outreach and education activities that reached over 230,000 Minnesotans.

From November 1 to December 22, 2020, more than 155,000 Minnesotans found health insurance coverage during MNSure’s eighth open enrollment period. A total of 122,269 Minnesotans signed up for private health plans through the exchange, over 4,700 more than in the previous year’s open enrollment period.

In plan year 2021, 80 counties have three or more health insurance companies offering plans on the exchange, compared to just 31 counties with three or more in 2020. 97% of Minnesotans have an average of 30 different qualified health plans and three or more insurance companies to choose from when shopping through MNSure. Five health insurance companies are partnering with MNSure for the 2021 plan year: Blue Plus, HealthPartners, Medica, UCare, and newly added Quartz. Delta Dental and Dentegra are again offering dental plans on the exchange. Individual market consumers have more choices in 2021. Every county has at least 22 separate health insurance plan options available in the individual market.

MNSure has adopted continuous improvement practices across the organization, with the aim of continuing to support exchange operations while simultaneously identifying and adopting improvements that improve operating efficiencies and MNSure’s sustainability. MNSure has invested in technology components which has significantly improved the consumer shopping experience for MNSure customers and created many efficiencies for MNSure operations, allowing staff to better serve Minnesotans.

MNSure continues to provide dedicated customer service support to MNSure-certified navigators and certified application counselors through the Assister Resource Center and to MNSure-certified brokers through the Broker Service Line. On a peak day during open enrollment, these teams will handle 600 to 700 calls from certified assisters. Data shows that the call volume was as high as 64,763. MNSure recorded over 1.2 million visits on MNSure.org and more than 286,000 used the plan comparison tool.



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 2021 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 blue ink, appearing to read "Nathan Clark".

Nathan Clark
Chief Executive Officer



Detailed Response to Findings

Finding #2020-001

MNsire Response: MNsure agrees with this finding. This defect resulted in incorrect premium calculations for the families with children between the ages of 19 and 21 years old that enrolled in health plans in areas where the second lowest cost silver plan did not offer a pediatric dental plan. This may have also resulted in incorrect advanced premium tax credit (APTC) calculations for the affected families.

Corrective Action Plan: MNsure implemented a code fix in September 2020 as part of GetInsured (GI) release 20.6 to change the business rule to consider only children under 19 years old for the pediatric dental premium portion from this date forward. On January 6, 2021, MNsure implemented another code fix, GI release 21.1, to retroactively correct the benchmark value calculations.

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

Scheduled Completion Date: Issue was resolved through system fixes deployed in September 2020 and January 6, 2021.

Finding #2020-002

MNsire Responses: MNsure agrees with this finding. This was a system issue when the calculation of effective date passed from the eligibility system to the enrollment system, which resulted in incorrect benchmark premium calculations for the household member(s) in the identified qualified health plan household. This defect may have affected other customers who reported a change in circumstance, and might have subsequently affected their APTC eligibility as well, if all the criteria was met. MNsure has not identified how many households may have been affected by this defect.

Corrective Action Plan: The issue for this case was resolved with the September 2020 code deploy.

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

Scheduled Completion Date: The issue impacting this case was resolved in the September 2020 code deploy.

Finding #2020-003

MNsire Responses: MNsure agrees with this finding. This defect resulted in one case not receiving a notification requesting additional information to resolve an inconsistency between the self-attested data and the data returned from the Federal Data Services Hub. The technical root cause for this issue was not determined within the time frame for



this audit. However, MNSure will continue to work with IT partners to review this scenario. MNSure believes this was an isolated incident.

Corrective Action Plan: MNSure will continue to work with IT partners to review this scenario.

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

Scheduled Completion Date: TBD

Finding #2020-004

MNSure Reponses: MNSure agrees with this finding. There is a gap in system functionality for automating a resolution to this issue, and a lack of human resources for mitigating the functional gap.

Corrective Action Plan: The processing of outstanding verifications is currently on hold due to the federal public health emergency (PHE). The date for resolution has yet to be established due to the uncertainty around the end of the federal PHE and lack of development resources for system support.

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

Scheduled Completion Date: TBD