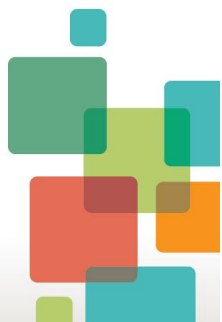




Cover Page

FY2021 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:
2021 AUDIT FINDINGS REPORT
MINNESOTA
MINNESOTA HEALTH INSURANCE EXCHANGE
(MNSURE)**

INDEPENDENT EXTERNAL AUDIT: 2021 FINDINGS REPORT

TO: CCIIO STATE EXCHANGE GROUP

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

DATE: MAY 27, 2022

SUBJECT: AUDIT FINDINGS REPORT FOR MINNESOTA

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 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 27, 2022.

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 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 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, 2021, and have issued a report thereon dated May 27, 2022.

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 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:

- 2021 Benchmark Plans
- Authorized Representative Form
- Carrier Business Agreement
- Compliance Program Strategic Plan
- Consumer Assistance Contracts and Guidelines
 - 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
 - Navigator Contract Amendment
 - Contact Center Training Agenda
 - Navigator and Assister Training Updates in 2021
- 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)
 - American Rescue Plan Implementation Phase II
 - American Rescue Plan Implementation Phase III
- Exchange Notices
 - Request for Information
 - APTC and CSR Approval Notice
 - Change in APTC and/or CSR Amount Notice
 - UQHP Approval Notice
 - APTC Denial Notice
 - SEP Denial Notice
 - QLE Event Notice

- FTI Authorization to Renew Coverage
- Privacy and Security:
 - 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 2020-2021
 - 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
 - METS and CMS Computer Matching Agreement
 - Privacy Notice
 - Access Control Policy
- Producer Participation Agreement
- 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
- Compliance Coordinator – Xee Yang
- Director of Compliance and Program Integrity – John Nyanjom
- Director of Individual Market Policy, Eligibility and Enrollment – Bob Paulsen
- Manager of Health Plan and 1095-A Data Services – 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 of Managed Care Systems – Julie Erickson
 - Research Analyst Specialist, managed Care Systems – Tom Major
- Minnesota Department of Commerce
 - Health Rate and Form Coordinator – Maybeth Moses
 - Chief Actuary – Julia Lyng

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

- From a listing of 879,597 applicants who had an eligibility determination completed between July 1, 2020 and June 30, 2021, we selected 125 cases to test for compliance with eligibility and enrollment 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, 2021, 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 27, 2022



Minnesota Health Insurance Exchange d/b/a MNsure

PROGRAMMATIC COMPLIANCE REPORT

Year Ended June 30, 2021

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 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, 2021. 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.

In our opinion, MNsure complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2021.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2022 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 27, 2022



**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 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, 2021. We have issued our report on MNsure's compliance with the above stated requirements dated May 27, 2022, which contained an unmodified opinion.

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 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 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 identified deficiencies in internal control over compliance, described in the accompanying schedule of findings as Finding 2021-001 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.

Board of Directors
Minnesota Health Insurance Exchange d/b/a MNsure
Page 2

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 27, 2022



SCHEDULE OF FINDINGS YEAR ENDED JUNE 30, 2021

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

Finding #2021-001

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. For one out of 95 cases that were selected for testing, we identified that the self-attested incarceration status was not verified with the federal hub. During the analysis of this case it was discovered that METS is not requesting incarceration status from the fed hub for applicants that attest to being lawfully present. MNsure confirmed there are 2,733 current enrollees that did not have incarceration status e-verified.

Cause:

MNsure confirmed there was a system defect that caused METS to not verify the incarceration status when the applicant has attested as being lawfully present.

Effect:

In order to be eligible for any plan offered by the exchange, the applicant must not be incarcerated. As the incarceration status was not verified with the federal hub, applicants could have been incorrectly determined eligible if they were actually incarcerated.

Recommendation:

BerryDunn recommends MNsure continue to work with MNIT Services to ensure all applicants are included in the incarceration verification with the Federal Data Services Hub.

MNsure Response:

MNsure agrees with this finding. A system defect resulted in this system behavior. At the time of the audit, MNsure estimated there were 2,733 current enrollees whose attested to incarceration status was not checked against federal hub records.

Corrective Action Plan:

MNsure business has completed extensive analysis on this issue and is working with MNIT Services to determine a fix schedule. Anticipated resolution date is to be determined.

Responsible MNsure Official:

Morgan Winters, Deputy Director/Chief Operating Officer

Scheduled Completion Date:

To be determined.



May 25, 2022

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

Dear Mr. Fitzpatrick,

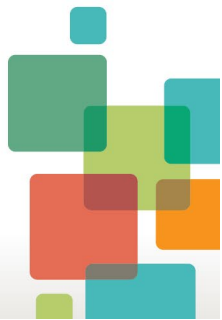
Enclosed are the *Independent External Audit: 2021 Audit Findings Report, Minnesota*, and the *Independent Accountant's Report on Internal Control Over Compliance with Requirements of Title 45, Part 155, Subparts C, D, E, K and M of the Code of Federal Regulations*, which were completed by the auditing 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 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 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.

The COVID-19 pandemic remained the central health care issue of 2021. The pandemic spurred efforts at the federal level to expand access to coverage, including an ongoing national public health emergency, the opening of an extended special enrollment period in the beginning of 2021, and a significant expansion of the Affordable Care Act (ACA) to reduce the cost of coverage in the individual market. This expansion was accompanied by a rapid implementation of enhanced premium tax credits that have made health insurance premiums in Minnesota more affordable than ever before.

In February 2021, the federal government opened a multi-month special enrollment period on the federal health insurance exchange and launched a nationwide marketing effort to reach more uninsured Americans in light of the continued public health threat of COVID-19. MNSure responded by establishing a similar special enrollment period in Minnesota. From February 16 to July 16, 2021, all Minnesotans who were uninsured or





insured outside of MNSure could apply and enroll into 2021 coverage. Demand was strong, with over 14,000 Minnesotans signing up.

In 2021, 58.6% of private plan enrollees received tax credits averaging more than \$4,734 per year per family. Minnesotans are poised to save approximately \$250,707,927 in tax credits in 2021. Of the more than 348,846 Minnesotans who found coverage through MNSure, approximately 84.1% qualified for tax credits, MinnesotaCare or Medical Assistance.

The 2021 federal [American Rescue Plan Act \(ARPA\)](#) relief package expanded access to subsidies to those who were ineligible previously and lowered costs for tens of thousands of Minnesotans who purchase health insurance through MNSure. The cost savings drove a record number of sign-ups for MNSure as over 134,000 Minnesotans signed up for 2022 health coverage – a 10% increase from last year.

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 2022 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 that reads "Nathan Clark".

Nathan Clark
Chief Executive Officer



Detailed Response to the Finding

Finding #2021-001

MNsire Reponse: Mnasure agrees with this finding. A system defect resulted in this system behavior. At the time of the audit, Mnasure estimated there were 2,733 current enrollees whose attested to incarceration status was not checked against federal hub records.

Corrective Action Plan: Mnasure business has completed extensive analysis on this issue and is working with MNIT Services to determine a fix schedule. Anticipated resolution date is to be determined.

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

Scheduled Completion Date: To be determined.