

Independent External Audit:
State of Minnesota
July 1, 2024 to June 30, 2025
Audit Findings Report

Independent External Audit: 2025 Findings Report

TO: CCIIO STATE EXCHANGE GROUP

FROM: BDMP Assurance, LLP (BerryDunn)

DATE: June 1, 2026

SUBJECT: Audit Findings Report for Minnesota

AUDIT PERIOD: July 1, 2024 – June 30, 2025

I. Executive Summary

PURPOSE:

The purpose of this independent external audit is to assist the State of Minnesota in determining whether MNsure, the Minnesota State-Based Marketplace (SBM), was in compliance with the programmatic requirements set forth by the Centers for Medicare & Medicaid Services (CMS) during the audit period.

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 U.S. generally accepted governmental auditing standards to perform an annual independent external 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 examination of MNsure's compliance with the programmatic requirements under 45 CFR 155, Subparts C, D, E, K, and M for the 12-month period July 1, 2024, through June 30, 2025. We conducted our examination in accordance with U.S. generally accepted government auditing standards issued by the Comptroller General of the United States. We completed an examination of MNsure's compliance with the applicable programmatic requirements under 45 CFR 155 and issued our reports dated June 1, 2026.

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METHODOLOGY:

Audit Firm Background:

BerryDunn is a national consulting and certified public accounting firm with multiple practice groups dedicated to serving state and local government agencies. BerryDunn was formed in 1974 and has experienced sustained growth throughout its 52-year history. Today, BerryDunn employs 900+ personnel with headquarters in Portland, Maine—and office locations in Arizona, Connecticut, Hawaii, Massachusetts, New Hampshire, West Virginia, and Puerto Rico. The firm employs 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 large 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:

We have examined MNSure's compliance with the programmatic requirements described in 45 CFR 155 for the year ended June 30, 2025, and have issued a report thereon dated June 1, 2026.

Summary of Programmatic Audit Procedures:

Our audit consisted of specific procedures and objectives to evaluate instances of noncompliance and to test 's compliance with certain subparts of 45 CFR 155. BerryDunn examined compliance with the requirements under 45 CFR 155, in the following programmatic areas:

- General Functions (Subpart C)
- Eligibility Determinations (Subpart D)
- Enrollment Functions (Subpart E)
- Certification of Qualified Health Plans (QHP) (Subpart K)
- Oversight and Program Integrity Standards (Subpart M)

We reviewed the processes and procedures under 45 CFR 155, in the following programmatic areas in order to determine whether they were in compliance with the requirements of the Affordable Care Act:

- Assistors, Navigators, Certified Application Counselors, and Brokers
- Compliance and Program Integrity
- Contact Center
- Eligibility and Enrollment Processes and Procedures

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- Privacy and Security
- QHP Certification

We reviewed the following documentation, which was obtained directly from MNsure, or located on either the MNsure website or the CMS website:

- Brokers:
 - MNsure Broker Manual
- Contact Center:
 - Contact Center Training Materials
- Contracts and Amendments:
 - Language Line Contract
- Eligibility and Enrollment:
 - Application for Health Coverage
 - Eligibility Notice
 - Individual Market Policy Manual
 - MNsure Verifications Manual
- General Exchange Policies and Procedures:
 - Authorized Representative Form
 - MNsure Annual Report
 - Outreach Grant
 - Participant Training Guide
- Navigators:
 - Certified Application Counselor Agreement
 - Certified Application Counselor Agreement Application
 - Certified Application Counselor Contract Template
 - Navigator Contract
 - Navigator Contract Template
 - Navigator In-Person Contract Template
 - Navigator IPA Contract
 - Navigator Tribal Nation Contract
 - Navigators and Certified Application Counselors Lists
 - Organization Chart
- Privacy and Security:
 - Computer Matching Agreement
 - Data Sharing and Business Associate Agreement
 - Data Use Agreement
 - Privacy Impact Assessment (PIA)
 - Record Retention Policy
 - Safeguard Security Report (SSR)
 - System Security Plan (SSP)
 - Third Party Security Assessment
 - Terms and Conditions Qualified Health Plan (QHP)

To understand management and staff responsibilities and processes as they relate to compliance with 45 CFR 155, we interviewed the following MNsure staff:

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- 1095 and Plan Data Specialist
- Business Operations and Contact Center Director
- Compliance Coordinator
- Director of Compliance and Program Integrity
- Director of Individual Market Policy, Eligibility, and Enrollment
- Plan Management and Carrier Relations Director
- Policy Director and Privacy Officer
- Senior Director of Partner Relations
- Senior Internal Auditor

We interviewed the following staff from agencies other than MNsure that are involved in functions related to the Exchange:

Minnesota Department of Commerce:

- Actuarial Analyst
- Actuarial Consultant
- Actuary
- Analyst
- Chief Health Actuary
- Health Insurance Supervisor

Minnesota Department of Health:

- Health Care Program Investigator, Senior – Health Policy Division
- Manager, Managed Care Systems – Health Policy Division
- Network Adequacy Analyst – Health Policy Division
- Regulatory Compliance Analyst, Principal – Health Policy Division

Confidential Information Omitted

N/A

II. Programmatic Audit Findings

MATERIAL NONCOMPLIANCE

Finding 2025-001 - Repeat of 2024-001

Criteria

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

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

Pursuant to 45 CFR §155.315(f)(3), the Exchange can extend the period if an applicant demonstrates a good-faith effort to provide sufficient documentation to resolve the inconsistency. During this reasonable opportunity period (ROP), 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 time frame (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

BDMP Assurance, LLP (BerryDunn) selected a sample of 125 cases to test MNsure's data verification process. Of the 125 cases tested, applicants in 25 cases (20% of 125) did not respond to the verification notice sent by the Exchange within the ROP provided within the notice. Upon expiration of the ROP, the Exchange failed to discontinue or recalculate financial assistance for these applicants. The requirement referenced above stipulates that the Exchange must determine an applicant's eligibility based on the information available from data sources unless such applicant qualifies for an exception upon expiration of the ROP.

Cause

MNsure did not take action on cases in which the income ROP expired during the examination period, due to staffing constraints and competing priorities.

Effect

Applicants were conditionally eligible for a longer period than stipulated by state and federal requirements. Applicants could have received an incorrect amount of financial assistance

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because MNsure did not take action to remove or update financial assistance for applicants who did not provide supporting documentation in a timely manner.

Finding 2025-003

Criteria

In accordance with 45 CFR 155.315(f)(1)-(2)(i)(ii) Inconsistencies. Except as otherwise specified in this subpart, for an applicant for whom the Exchange cannot verify information required to determine eligibility for enrollment in a QHP through the Exchange, advance payments of the premium tax credit, and cost-sharing reductions, including when electronic data is required in accordance with this subpart but data for individuals relevant to the eligibility determination are not included in such data sources or when electronic data from IRS, DHS, or SSA is required but it is not reasonably expected that data sources will be available within one day of the initial request to the data source, the Exchange:

(1) Must make a reasonable effort to identify and address the causes of such inconsistency, including through typographical or other clerical errors, by contacting the application filer to confirm the accuracy of the information submitted by the application filer;

(2) If unable to resolve the inconsistency through the process described in paragraph (f)(1) of this section, 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

BerryDunn identified four out of 125 cases tested for verification where the Exchange did not provide a proper notice to an applicant regarding an income inconsistency. The Exchange informed BerryDunn that a notice was sent to the applicant, however, the request for income documentation was not included in the notice.

Cause

A system defect caused the failure to include the verification request in the notice. MNsure informed BerryDunn that this issue has been logged with the technical team.

Effect

Applicants may be denied eligibility for financial assistance for which they could otherwise be eligible if they had the opportunity to resolve an inconsistency.

Finding 2025-004

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Criteria

45 CFR 155.305 (a) Eligibility for enrollment in a QHP through the Exchange. The Exchange must determine an applicant eligible for enrollment in a QHP through the Exchange if he or she meets the following requirements:

(1) Citizenship, status as a national, or lawful presence. Is a citizen or national of the United States, or is a non-citizen who is lawfully present in the United States, and is reasonably expected to be a citizen, national, or a non-citizen who is lawfully present for the entire period for which enrollment is sought;

45 CFR 155.315 (a) General requirement. Unless a request for modification is granted in accordance with paragraph (h) of this section, the Exchange must verify or obtain information as provided in this section in order to determine that an applicant is eligible for enrollment in a QHP through the Exchange.

45 CFR 155.315 (c) (3) Inconsistencies and inability to verify information. For an applicant who attests to citizenship, status as a national, or lawful presence, and for whom the Exchange cannot verify such attestation through the Social Security Administration or the Department of Homeland Security, the Exchange must follow the procedures specified in paragraph (f) of this section, except that the Exchange must 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 received for the applicant to provide satisfactory documentary evidence or resolve the inconsistency with the Social Security Administration or the Department of Homeland Security, as applicable. The date on which the notice is received means 5 days after the date on the notice, unless the applicant demonstrates that he or she did not receive the notice within the 5 day period.

Condition and Context

BerryDunn identified 1 out of 125 cases tested where the applicant remained eligible for a QHP without verification of citizenship or lawful presence status. The Exchange identified data inconsistency related to lawful presence status of the applicant and sent a notice on 11/1/2024 with a due date of 2/4/2025 to respond with verifying documentation. The applicant did not respond to the request for documentation and the Exchange did not take action to update the applicant's eligibility. The applicant in this case did not enroll in a QHP.

Cause

MNsure reported that the applicant's eligibility was not updated because of insufficient operational bandwidth.

Effect

This applicant remained eligible for a program that requires citizenship or lawful presence status. It is unclear how many applicants were impacted by the relevant resource limitations.

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MATERIAL WEAKNESS IN INTERNAL CONTROL OVER COMPLIANCE

We identified certain deficiencies in internal control over compliance, described in Findings 2025-001, 2025-002, 2025-003, and 2025-004 that we consider to be material weaknesses in internal control over compliance.

We do not consider finding 2025-002, below, to be material noncompliance.

Finding 2025-002 - Repeat of 2024-002

Criteria

Verification of Incarceration Status.

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/or data received from automated data sources.

45 CFR 155.315(e) **Verification of incarceration status.** The Exchange must verify an applicant's attestation that the applicant meets the requirements of § 155.305(a)(2) by—

- (1) Accepting an applicant's attestation that they are not currently incarcerated; or
- (2) Verifying an applicant's attestation of incarceration status using any electronic data source that is available to the Exchange and which has been approved by HHS for this purpose. HHS will approve an electronic data source for incarceration verification if it provides data that are current and accurate, and if its use minimizes administrative costs and burdens.

Condition and Context

During the examination period, MNsure did not utilize available electronic data sources to verify applicants' incarceration status. MNsure initially determines eligibility based upon the applicant's self-attested data in his or her application and subsequently verifies that data through a match with the Federal Data Services Hub (FDSH). For one out of 125 cases that were selected for testing, the self-attested incarceration status had not been verified with the FDSH. Additionally, MNsure's policy required the Exchange to use the FDSH as an electronic source to check federal incarceration records. MNsure policy also stated that if a consumer does not submit their proof of non-incarceration status, they should be determined ineligible for a Qualified Health Plan (QHP), Advanced Premium Tax Credit (APTC), and Cost Sharing Reductions (CSR). Applicants failing to submit the aforementioned proof were not determined ineligible for these programs. During the analysis of this case, it was discovered that the Minnesota Eligibility Technology System (METS) was not confirming incarceration status with the FDSH for applicants that attest to being lawfully present.

On June 4, 2024 the U.S. Department of Health and Human Services finalized the HHS Notice of Benefit and Payment Parameters for 2025 that allows state-based marketplaces to accept attestation of incarceration status.

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Cause

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

Effect

The incarceration status was not verified with the FDSH as intended due to the system defect. The Exchange was permitted by federal regulations to accept attestation of incarceration status during the audit period.

SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL OVER COMPLIANCE

N/A

Programmatic Auditor's Opinion

QUALIFIED

ADDITIONAL COMMENTS:

N/A

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III. Recommendations

Finding 2025-001

Recommendation

BerryDunn recommends that MNSure consistently redetermine financial assistance for applicants that do not provide supporting evidence to resolve an income inconsistency within the ROP.

Finding 2025-002

Recommendation

BerryDunn recommends MNSure finalize the approach that will be utilized for acceptance of incarceration attestation or electronic verification to bring consistency to compliance with 45 CFR § 155.315(e).

Finding 2025-003

Recommendation

BerryDunn recommends the Exchange work with MNIT to identify and resolve the system issue to avoid future occurrences.

Finding 2025-004

Recommendation

We recommend MNSure evaluate the operational resources and determine if additional resources are necessary to meet expected levels of demand.

IV. Financial Statement Auditor's Opinion

BerryDunn does not perform the financial audit for MNsure.

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V. CONCLUSION

SIGNATURE OF AUDIT FIRM:

BSP Assurance, LLP

COMPLETION DATE OF AUDIT:

FINDINGS REPORT: June 1, 2026

Minnesota Health Insurance Marketplace (MNsure)

PROGRAMMATIC COMPLIANCE REPORT

Year Ended June 30, 2025

With Independent Accountant's Report

berrydunn.com

Independent Accountant's Report

Board of Directors and Management
MNsure

Report on Compliance

We have examined MNsure's (the Exchange), an enterprise fund of the state of Minnesota, assertion that the Exchange operated in compliance with the requirements in Title 45, Code of Federal Regulations, Part 155 (45 CFR 155), Subparts C, D, E, K, and M during the fiscal year July 1, 2024 to June 30, 2025. The Exchange's management is responsible for its assertion. Our responsibility is to express an opinion on the Exchange's assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Exchange's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about the Exchange's assertion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Exchange's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

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

Our examination disclosed material noncompliance with 45 CFR Part 155, Subparts C, D, E, K, and M applicable to the Exchange during the year ended June 30, 2025, as disclosed in the accompanying schedule of findings as Findings 2025-001, 2025-003, and 2025-004.

In our opinion, except for the material noncompliance described in the accompanying schedule of findings, the Exchange complied with the requirements of 45 CFR 155, Subparts C, D, E, K, and M during the year ended June 30, 2025, in all material respects.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2026, 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.

BDMP Assurance, LLP

Portland, Maine

June 1, 2026

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
MNsure

We have examined, 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, the assertion that the Exchange operated in compliance with the requirements in Title 45, Code of Federal Regulations, Part 155 (45 CFR 155), Subparts C, D, E, K, and M during the fiscal year July 1, 2024 to June 30, 2025. We have issued our report on the Exchange's assertion of compliance with the above stated requirements dated June 1, 2026, which contained a qualified opinion due to material noncompliance with the specified requirements.

Management of the Exchange is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements described in 45 CFR 155, Subparts C, D, E, K, and M. In planning and performing our examination of the Exchange's assertion of compliance, we considered the Exchange's internal control over compliance with the requirements described above as a basis for designing examination procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those requirements, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Exchange's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the second paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We identified certain deficiencies in internal control over compliance, described in the accompanying schedule of findings as Findings 2025-001, 2025-002, 2025-003, and 2025-004, that we consider to be material weaknesses.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *Government Auditing Standards*. Accordingly, this report is not suitable for any other purpose.

BSP Assurance, LLP

Portland, Maine

June 1, 2026

Schedule of Findings Year Ended June 30, 2025

Finding 2025-001

Criteria:

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

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

Pursuant to 45 CFR §155.315(f)(3), the Exchange can extend the period if an applicant demonstrates a good-faith effort to provide sufficient documentation to resolve the inconsistency. During this reasonable opportunity period (ROP), 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:

BDMP Assurance, LLP (BerryDunn) selected a sample of 125 cases to test MNsure's data verification process. Of the 125 cases tested, applicants in 25 cases (20% of 125) did not respond to the verification notice sent by the Exchange within the ROP provided within the notice. Upon expiration of the ROP, the Exchange failed to discontinue or recalculate financial assistance for these applicants. The requirement referenced above stipulates that the Exchange must determine an applicant's eligibility based on the information available from data sources unless such applicant qualifies for an exception upon expiration of the ROP.

Cause:

MNsure did not take action on cases in which the income ROP expired during the examination period, due to staffing constraints and competing priorities.

Effect:

Applicants were conditionally eligible for a longer period than stipulated by state and federal requirements. Applicants could have received an incorrect amount of financial assistance because MNsure did not take action to remove or update financial assistance for applicants who did not provide supporting documentation in a timely manner.

Recommendation:

BerryDunn recommends that MNsure consistently redetermine financial assistance for applicants that do not provide supporting evidence to resolve an income inconsistency within the ROP.

Exchange Response:

MNsure agrees with this finding. MNsure has procured a new eligibility platform. We expect the issue to be addressed when we have fully migrated to the new eligibility system. The system is scheduled to go live on June 26, 2026.

Corrective Action Plan:

MNsure expects the issue to be addressed when we have fully migrated to the new eligibility system.

Responsible Exchange Official:

Jessica Eguia, Chief Operating Officer.

Finding 2025-002

Criteria:

Verification of Incarceration Status.

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/or data received from automated data sources.

45 CFR 155.315(e) **Verification of incarceration status.** The Exchange must verify an applicant's attestation that the applicant meets the requirements of § 155.305(a)(2) by—

- (1) Accepting an applicant's attestation that they are not currently incarcerated; or
- (2) Verifying an applicant's attestation of incarceration status using any electronic data source that is available to the Exchange and which has been approved by HHS for this purpose. HHS will approve an electronic data source for incarceration verification if it provides data that are current and accurate, and if its use minimizes administrative costs and burdens.

Condition and Context:

During the examination period, MNsure did not utilize available electronic data sources to verify applicants' incarceration status. MNsure initially determines eligibility based upon the applicant's self-attested data in his or her application and subsequently verifies that data through a match with the Federal Data Services Hub (FDSH). For one out of 125 cases that were selected for testing, the self-attested incarceration status had not been verified with the FDSH. Additionally, MNsure's policy required the Exchange to use the FDSH as an electronic source to check federal incarceration records. MNsure policy also stated that if a consumer does not submit their proof of non-incarceration status, they should be determined ineligible for a Qualified Health Plan (QHP), Advanced Premium Tax Credit (APTC), and Cost Sharing Reductions (CSR). Applicants failing to submit the aforementioned proof were not determined ineligible for these programs. During the analysis of this case, it was discovered that the Minnesota Eligibility Technology System (METS) was not confirming incarceration status with the FDSH for applicants that attest to being lawfully present.

On June 4, 2024 the U.S. Department of Health and Human Services finalized the HHS Notice of Benefit and Payment Parameters for 2025 that allows state-based marketplaces to accept attestation of incarceration status.

Cause:

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

Effect:

The incarceration status was not verified with the FDSH as intended due to the system defect. The Exchange was permitted by federal regulations to accept attestation of incarceration status during the audit period.

Recommendation:

BerryDunn recommends MNsure finalize the approach that will be utilized for acceptance of incarceration attestation or electronic verification to bring consistency to compliance with 45 CFR § 155.315(e).

Exchange Response:

MNsure agrees that there is a technical defect with the METS system. However, because a change in federal regulations effective June 4, 2024, allows exchanges to accept applicant attestations, the defect has no impact on the specific eligibility determination underlying this finding.

Corrective Action Plan:

MNsure expects the issue to be addressed when we have fully migrated to the new eligibility system.

Responsible Exchange Official:

Jessica Eguia, Chief Operating Officer.

Finding 2025-003

Criteria:

In accordance with 45 CFR 155.315(f)(1)-(2)(i)(ii) Inconsistencies. Except as otherwise specified in this subpart, for an applicant for whom the Exchange cannot verify information required to determine eligibility for enrollment in a QHP through the Exchange, advance payments of the premium tax credit, and cost-sharing reductions, including when electronic data is required in accordance with this subpart but data for individuals relevant to the eligibility determination are not included in such data sources or when electronic data from IRS, DHS, or SSA is required but it is not reasonably expected that data sources will be available within 1 day of the initial request to the data source, the Exchange:

- (1) Must make a reasonable effort to identify and address the causes of such inconsistency, including through typographical or other clerical errors, by contacting the application filer to confirm the accuracy of the information submitted by the application filer;
- (2) If unable to resolve the inconsistency through the process described in paragraph (f)(1) of this section, 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:

BerryDunn identified four out of 125 cases tested for verification where the Exchange did not provide a proper notice to an applicant regarding an income inconsistency. The Exchange informed BerryDunn that a notice was sent to the applicant, however, the request for income documentation was not included in the notice.

Cause:

A system defect caused the failure which excluded the verification request from the notice. MNsure informed BerryDunn that this issue has been logged with the technical team.

Effect:

Applicants may be denied eligibility for financial assistance for which they could otherwise be eligible if they had the opportunity to resolve an inconsistency.

Recommendation:

BerryDunn recommends the Exchange work with MNIT to identify and resolve the system issue to avoid future occurrences.

Exchange Response:

MNsure agrees with this finding. MNsure has procured a new eligibility platform. We expect the issue to be addressed when we have fully migrated to the new eligibility system. The system is scheduled to go live on June 26, 2026.

Corrective Action Plan:

MNsure expects the issue to be addressed when we have fully migrated to the new eligibility system.

Responsible Exchange Official:

Jessica Eguia, Chief Operating Officer.

Finding 2025-004

Criteria:

45 CFR 155.305 (a) Eligibility for enrollment in a QHP through the Exchange. The Exchange must determine an applicant eligible for enrollment in a QHP through the Exchange if he or she meets the following requirements:

- (1) Citizenship, status as a national, or lawful presence. Is a citizen or national of the United States, or is a non-citizen who is lawfully present in the United States, and is reasonably expected to be a

citizen, national, or a non-citizen who is lawfully present for the entire period for which enrollment is sought;

45 CFR 155.315(a) General requirement. Unless a request for modification is granted in accordance with paragraph (h) of this section, the Exchange must verify or obtain information as provided in this section in order to determine that an applicant is eligible for enrollment in a QHP through the Exchange.

45 CFR 155.315(c)(3) Inconsistencies and inability to verify information. For an applicant who attests to citizenship, status as a national, or lawful presence, and for whom the Exchange cannot verify such attestation through the Social Security Administration or the Department of Homeland Security, the Exchange must follow the procedures specified in paragraph (f) of this section, except that the Exchange must 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 received for the applicant to provide satisfactory documentary evidence or resolve the inconsistency with the Social Security Administration or the Department of Homeland Security, as applicable. The date on which the notice is received means 5 days after the date on the notice, unless the applicant demonstrates that he or she did not receive the notice within the 5 day period.

Condition and Context:

BerryDunn identified 1 out of 125 cases tested where the applicant remained eligible for a QHP without verification of citizenship or lawful presence status. The Exchange identified data inconsistency related to lawful presence status of the applicant and sent a notice on 11/1/2024 with a due date of 2/4/2025 to respond with verifying documentation. The applicant did not respond to the request for documentation and the Exchange did not take action to update the applicant's eligibility. The applicant in this case did not enroll in a QHP.

Cause:

MNsure reported that the applicant's eligibility was not updated because of insufficient operational bandwidth.

Effect:

This applicant remained eligible for a program that requires citizenship or lawful presence status. It is unclear how many applicants were impacted by the relevant resource limitations.

Recommendation:

We recommend MNsure evaluate the operational resources and determine if additional resources are necessary to meet expected levels of demand.

Exchange Response:

MNsure agrees with the finding. MNsure performs an annual verification effort on outstanding verifications for consumers with enrollments. That effort includes outstanding immigration status verifications. In this case, because the consumer never enrolled in a plan, no follow up of the verification was performed.

Corrective Action Plan:

MNsure expects the issue to be addressed when we have fully migrated to the new eligibility system.

Responsible Exchange Official:

Jessica Eguia, Chief Operating Officer.