

**D.C. HEALTH BENEFIT EXCHANGE AUTHORITY**  
**FISCAL YEAR 2018 PROGRAMMATIC AUDIT REPORT**

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## TRANSMITTAL LETTER

May 29, 2019

Executive Director  
D.C. Health Benefit Exchange Authority  
Washington, D.C.

This report presents the results of our work conducted to address the programmatic audit objectives relative to the D.C. Health Benefit Exchange Authority (the Exchange) Programmatic audit for fiscal year 2018 (October 1, 2017 to September 30, 2018). Our work was performed during the period of February 7, 2019 through May 29, 2019 and our results are as of May 29, 2019.

### **Report on Compliance with 45 CFR Part 155**

We have audited the D.C. Health Benefit Exchange Authority's compliance with the types of compliance requirements described in 45 CFR Part 155 for the fiscal year ended September 30, 2018.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable under and pursuant to 45 CFR Part 155.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Exchange's compliance with 45 CFR Part 155 subparts C, D, E, F and K. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the program occurred. An audit includes examining, on a test basis, evidence about the Exchange's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with 45 CFR Part 155. However, our audit does not provide a legal determination of the Exchange's compliance with those requirements.

**Opinion on Compliance with 45 CFR Part 155**

In our opinion, except in the instances of noncompliance which are described in the accompanying audit findings and recommendations as items 2018-001 to 2018-004, the Exchange complied in all material respects, with the types of compliance requirements referred to above for the fiscal year ended September 30, 2018.

Sincerely,

*Bert Smith & Co.*

Bert Smith & Co.

# EXECUTIVE SUMMARY

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## I. BACKGROUND

In 2010, the federal Patient Protection and Affordable Care Act (ACA) was enacted to reform the health care system in the United States. A key requirement of the Affordable Care Act is that all Americans obtain public or private health insurance or pay a penalty (42 U.S.C. 18091 and 26 U.S.C. 5000A). To accomplish this requirement, the ACA authorizes federal funding to: (1) establish health insurance exchanges, (2) allow states to expand Medicaid eligibility, and (3) provide federal tax credits to lower-income individuals who are ineligible for minimum essential coverage (such as Medicaid or affordable employer-sponsored coverage).

As one of the key components of the ACA, each state is required to make available a health insurance exchange for individuals and small businesses to compare and select health insurance plans. These exchanges, also known as “marketplaces” were to be established and managed by individual states, by the federal government for a state, or through a federal-state partnership. Pursuant to Section 3 of the Health Benefit Exchange Authority Establishment Act of 2011, the District of Columbia established its own state-based health insurance marketplace to meet the needs of District residents and small businesses.

## II. AUDIT OBJECTIVE

The objectives of this audit were to determine the Exchange’s compliance with the rules, regulations and guidelines under 45 CFR Part 155 governing the programmatic requirements set forth by the Centers for Medicare & Medicaid Services (CMS).

## III. SCOPE

The scope of the programmatic audit covers the Exchange’s compliance with the requirements under 45 CFR Part 155 subparts Subpart C - General Functions of an Exchange, Subpart D - Exchange Functions in the Individual Market: Eligibility Determinations for Exchange Participation and Insurance Affordability Programs, Subpart E - Exchange Functions in the Individual Market: Enrollment in Qualified Health Plans, Subpart F - Appeals of Eligibility Determinations for Exchange Participation and Insurance Affordability Programs and Subpart K - Exchange Functions: Certification of Qualified Health Plans for the period October 1, 2017 through September 30, 2018.

## IV. AUDITING STANDARDS

We conducted this programmatic audit in accordance with *Generally Accepted Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain sufficient appropriate evidence to provide a reasonable basis for our findings and conclusions based upon our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## V. METHODOLOGY

To determine the Exchange's compliance with the programmatic audit requirements we performed specific procedures as follows:

- Conducted meetings and interviews with Exchange personnel, contractors and personnel from other District agencies to gain an insight and understanding of the policies, procedures and types of supporting documents required for our testing. Personnel interviewed included:
  - General Counsel and Chief Policy Advisor, Health Benefit Exchange (HBX)
  - Associate General Counsel and Policy Advisor, Health Benefit Exchange (HBX)
  - Assistant Director for the Individual Market, Marketplace Innovation, Policy, and Operations, Health Benefit Exchange (HBX)
  - Assistant Director for Plan Management, Marketplace Innovation, Policy, and Operations, Health Benefit Exchange (HBX)
  - Attorney/Advisor, Health Benefit Exchange (HBX)
  - Chief Information Officer (CIO), Health Benefit Exchange (HBX)
  - Identity and Access Management Engineer, Department of Health Care Finance (DHCF)
  - Senior Security Analyst, Health Benefit Exchange (HBX)
  - Health Care Reform (HCR) App Dev Lead, Department of Health Care Finance (DHCF)
  - Business Intelligence Manager, Health Benefit Exchange Authority (HBX)
  - Acting Assistant Deputy Administrator, Economic Security Administration, Department of Human Services
  - IT Project Manager, Department of Human Services (DHS)
  - Technical Project Manager, Department of Human Services (DHS)
  - Program Analysis Officer, Marketplace Innovation, Policy, and Operations
  - Deputy Assistant Director, Marketplace Innovation, Policy, and Operations
  - DC Access System (DCAS) Security Manager, Department of Health Care Finance (DHCF)
  
- We reviewed the following key documents, regulations and requirements, and policies and procedures:
  - 45 CFR Part 155
  - D.C. Health Link Assister's Resource Guide
  - D.C. HBX Uniform Carrier Agreement
  - D.C. HBX Benefit Enrollment (834) Companion Guide
  - D.C. Transaction Error Handling Guide
  - Memorandum of Agreement between the Health Benefit Exchange Authority and the Department of Health Care Finance
  - Memorandum of Agreement between the Health Benefit Exchange Authority and the Department of Human Services Economic Security Administration for Eligibility Determination Services
  - Memorandum of Agreement between the Health Benefit Exchange Authority and the D.C. Office of Administrative Hearing for Eligibility Appeal Hearings
  - D.C. Conflicts of Interest Restrictions D.C. Official Code § 31-3171-10
  - D.C. Ethics Act – D.C. Official Code § 1-1162.03
  - Privacy and Securities Policies for Exchange Operations
  - D.C. Primary Care Association – Conflict of Interest Plan and Disclosures
  - Navigator Grant Agreement
  - Training Modules and Examinations

- Reviewed governance documents.
- Reviewed legislation relating to the Exchange.
- Reviewed oversight monitoring policies and procedures.
- Reviewed processes and procedures designed to prevent improper enrollment.
- Tested the compliance and effectiveness of internal controls over the subpart requirements.
- Reviewed policies and procedures for certification of qualified health plans.
- Reviewed policies and procedures over the appeals process.
- Reviewed standards designed to prevent and mitigate conflicts of interests, financial or otherwise.
- Reviewed policies and procedures over navigator program standards.
- Reviewed evidence for the existence of consumer assistance tools.
- Tested oversight and program integrity standards.
- Tested privacy and security standards.
- Tested training standards.
- Tested user access to enrollment applications and databases.
- Tested enrollment data backup procedures.

We analyzed the following information to assess HBX's compliance with the requirements of 45 CFR Part 155:

- The complete record of Navigators and Certified Application Counselor organizations was reviewed to verify compliance with Subpart C - General Functions of an Exchange. Contracts established between HBX and the non-Exchange entities and Privacy and Security training attestations were reviewed to verify compliance.
- From a record of 61 employees who were hired or rehired during FY 2018, we selected a sample of 15 employees to verify compliance with Subpart C - General Functions of an Exchange. Training rosters were reviewed to verify the appropriate Privacy and Security training was completed.
- HBX's communication materials and HBX employee foreign language skillset was reviewed to verify HBX provides information in a manner that is culturally and linguistically appropriate to the needs of the population in compliance with Subpart C - General Functions of an Exchange.
- The complete record of all user accounts which were assigned access to the eligibility and enrollment applications and databases were reviewed to ensure compliance with Subpart C - General Functions of an Exchange, Subpart D - Eligibility Determinations for Exchange Participation and Insurance Affordability Programs and Subpart E - Enrollment in Qualified Health Plans.
- From a record of 57,169 applications which were submitted in FY 2018, we selected a sample of 50 (25 EnrollApp and 25 Curam) applications to test the compliance with 45 CFR 155 Subpart D - Eligibility Determinations for Exchange Participation and Insurance Affordability Programs. Applications were tested to verify eligibility approval or denial determinations were accurately assessed.
- From a record of 57,169 applications which were submitted in FY 2018, we reviewed all applicants (52 instances) who attested to being 'not lawfully present' and enrolled in a QHP to verify compliance with 45 CFR 155 Subpart D - Eligibility Determinations for Exchange Participation and Subpart E - Enrollment in Qualified Health Plans.

- From a record of 18,773 applicants who had enrolled in a Qualified Health Plan on or after October 1, 2017, we selected a sample of 45 cases to test their compliance with 45 CFR 155 Subpart E – Enrollment in Qualified Health Plans. Enrollment records were reviewed to verify timely and accurate communication of applicant details and Advance Premium Tax Credit (APTC) determinations to insurance carriers.
- A sample of four (4) monthly backup procedures which were conducted during the period of review was selected to ensure compliance with Subpart D - Eligibility Determinations for Exchange Participation and Insurance Affordability Programs and Subpart E - Enrollment in Qualified Health Plans. Backup logs and database backup configurations were reviewed to test data and records maintenance procedures related to eligibility and enrollment.
- From a record of 76 applicants who submitted an appeal to the HBX from October 1, 2017 to September 30, 2018, we reviewed a sample of 25 cases to ensure compliance Subpart F - Appeals of Eligibility Determinations for Exchange Participation and Insurance Affordability Programs.
- Six (6) Issuers whose Qualified Health Plans and Qualified Dental Plans were available for applicant enrollment were reviewed to ensure Issuer and HBX compliance with Subpart K - Exchange Functions Certification of Qualified Health Plans.

#### **VI. NATURE OF CONFIDENTIAL OR SENSITIVE INFORMATION OMITTED**

We have deemed that the contents of this report are not considered confidential or sensitive and as such, the report is presented in its entirety.



# AUDIT FINDINGS AND RECOMMENDATIONS

## I. SUMMARY OF RESULTS AND FINDINGS

The results and findings are as follows:

45 CFR Part 155	Compliance/Internal Control	Results
<b>Subpart C – General Functions of an Exchange</b>	1. Privacy and security of navigators.	The Exchange is in compliance with this requirement.
	2. Training standards.	The Exchange is not in compliance with this requirement.  <b>Finding # 2018-001:</b> Inadequate Monitoring of Privacy and Security Training.
	3. Processes and procedures for addressing complaints.	The Exchange is in compliance with this requirement.
	4. Processes and procedures for providing assistance in culturally and linguistically appropriate manner.	The Exchange is in compliance with this requirement.
	5. Standards designed to prevent and mitigate any conflicts of interest, financial or otherwise.	The Exchange is in compliance with this requirement.
	6. Confirmation that assures funding for navigator grants does not come from Federal funds.	The Exchange is in compliance with this requirement.
	7. Privacy and security safeguards.	The Exchange is in compliance with this requirement.
	8. Call center information provided in plain language and in a manner that is accessible to individuals with disabilities and individuals with limited English proficiency.	The Exchange is in compliance with this requirement.
<b>Subpart D – Eligibility Determinations for Exchange Participation and Insurance Affordability Programs</b>	1. Process and procedures for conducting eligibility determinations.	The Exchange is not in compliance with this requirement.  <b>Finding # 2018-002:</b> Inadequate APTC Verification Procedures.  <b>Finding # 2018-003:</b> Inadequate Citizenship or Lawful Presence Verification Procedures.
	2. Verification of eligibility for enrollment in a Qualified Health Plan (QHP) and/or insurance affordability programs.	The Exchange is not in compliance with this requirement.  <b>Finding # 2018-004:</b> Lack of QHP Determination for Submitted Applications (Repeat Finding)
	3. Redeterminations, both during the benefit year and the annual open enrollment period.	The Exchange is not in compliance with this requirement.  <b>Finding # 2018-003:</b> Inadequate Citizenship or Lawful Presence Verification Procedures.
	4. Process for the administration of payments of advance premium tax credits (APTCs).	The Exchange is not in compliance with this requirement.

**AUDIT FINDINGS AND RECOMMENDATIONS (CONTINUED)**

45 CFR Part 155	Compliance/Internal Control	Results
		<b>Finding # 2018-002:</b> Inadequate APTC Verification Procedures
	5. Processes and procedures for addressing appeals.	The Exchange is in compliance with this requirement.
	6. Data and records maintenance related to eligibility.	The Exchange is in compliance with this requirement.
<b>Subpart E – Enrollment in Qualified Health Plans</b>	1. Management review/internal controls associated with the prevention of improper enrollment transactions, including processes to ensure that enrollees are receiving accurate advance premium tax credits (APTC's), cost sharing reductions (CSR's), and premiums (and for correction of any discrepancies).	The Exchange is not in compliance with this requirement.  <b>Finding # 2018-002:</b> Inadequate APTC Verification Procedures.
	2. Compliance with Centers for Medicaid and Medicare Services (CMS) - issued Standard Companion Guides (e.g. ASC X12 820 and 834).	The Exchange is in compliance with this requirement.
	3. Processes to reconcile enrollment information with qualified health plan (QHP) issuers and CMS no less than on a monthly basis.	The Exchange is in compliance with this requirement.
	4. Data and records maintenance related to enrollments.	The Exchange is in compliance with this requirement.
<b>Subpart F – Appeals of Eligibility Determinations for Exchange Participation and Affordability Programs</b>	1. The Exchange must allow an applicant or enrollee to request an appeal 90 days of the date of the notice of eligibility determination.	The Exchange is in compliance with this requirement.
	2. The Exchange must send timely acknowledgment to the appellant of the receipt of his or her valid appeal request.	The Exchange is in compliance with this requirement.
	3. The Exchange must promptly and without undue delay, send written notice to the applicant or enrollee informing the appellant of the appeal determination.	The Exchange is in compliance with this requirement.
<b>Subpart K – Certification of Qualified Health Plans</b>	1. Policies and procedures for certification of qualified health plans.	The Exchange is in compliance with this requirement.
	2. The Exchange established contracts with carriers that offer Qualified Health Plans (QHPs) through the DC Health Link.	The Exchange is in compliance with this requirement
	3. Policies and procedures for the recertification of Qualified Health Plans (QHPs).	The Exchange is in compliance with this requirement.
	4. Policies and procedures for the decertification of QHPs.	The Exchange is in compliance with this requirement.

## II. FINDINGS AND RECOMMENDATIONS

Based upon the results of our testing, we have outlined the findings below:

**2018-001:** *Inadequate Monitoring of Privacy and Security Training*

**Condition:** HBX's Privacy and Security training was not completed in a timely manner for one (1) contractor of the 15 employees and contractors sampled.

Educating employees and contractors is critical for privacy and security awareness. It ensures that personally identifiable information is properly used and protected by the entities this information is entrusted to.

**Criteria:** 45 CFR §155.260 (c) Privacy and security of personally identifiable information - Workforce compliance. The Exchange must ensure its workforce complies with the policies and procedures developed and implemented by the Exchange to comply with 45 CFR §155.260 - Privacy and security of personally identifiable information.

45 CFR §155.260 (a) Creation, collection, use and disclosure. (3) The Exchange must establish and implement privacy and security standards that are consistent with the following principles: (viii) Accountability. These principles should be implemented, and adherence assured, through appropriate monitoring and other means and methods should be in place to report and mitigate non-adherence and breaches.

**Cause:** Management is not effectively monitoring its privacy and security training to ensure that it is conducted for all employees and contractors.

**Effect:** Inadequate monitoring increases the risk of data breaches occurring and inappropriate access to and disclosure of confidential information.

**Recommendation:** Management should periodically review its privacy, security and training rosters to verify compliance by all employees and contractors.

**Corrective Action:** The Exchange concurs with the finding with the following explanation.

HBX has a robust training and oversight process for monitoring privacy and security training. Annual privacy and security training is part of our overarching commitment to protect the privacy and security of our customers, protect personally identifiable information (PII) and to comply with federal and local laws. Of the nearly 300 HBX employees and contractors during FY2018, this audit finds that HBX did not have documentation verifying privacy and security training for one (1) contractor who transitioned from one vendor to another. Notably, this contractor was appropriately trained in FY2017 and FY2019. In response to this finding, HBX will implement a periodic data check between those that receive training and regularized reports of employees and contractors to verify no employee or contractor misses their annual training. This will further enhance HBX's oversight.

Point of Contact: Purvee Kempf, General Counsel and Chief Policy Advisor, [Purvee.Kempf@dc.gov](mailto:Purvee.Kempf@dc.gov), (202) 741-0900.

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**AUDIT FINDINGS AND RECOMMENDATIONS (CONTINUED)**

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**2018-002:** *Inadequate APTC Verification Procedures (Repeat Finding)*

**Condition:** Eligibility applications submitted through DC Health Link were not fully verified in five (5) of the 25 sample cases reviewed for income verification requirements. In the five (5) instances, the applicants' attested to not having income and an income verification flag was not raised in the system for HBX to verify the attestation. Additionally, these applicants received APTC allowances without income verification.

**Criteria:** 45 CFR §155.320(c)(1)(i)(A): For all individuals whose income is counted in calculating a tax filer's household income, as defined in 26 CFR 1.36B-1(e), or an applicant's household income, calculated in accordance with 42 CFR 435.603(d), and for whom the Exchange has a Social Security number, the Exchange must request tax return data regarding MAGI and family size from the Secretary of the Treasury and data regarding Social security benefits described in 26 CFR 1.36B-1(e)(2)(iii) from the Commissioner of Social Security by transmitting identifying information specified by HHS to HHS.

**Cause:** When an applicant attests to not having income, the DC Health Link system does not trigger automatic verification to the federal hub or create an outstanding verification.

**Effect:** HBX permitted applicants to receive APTC without verification of their income attestations.

**Recommendation:** HBX should further evaluate and rectify the known system error on the CURAM/HCR platform to ensure income verification procedures are adequately performed.

**Corrective Action:** The Exchange concurs with the finding with the following explanation.

While HBX concurs that this finding demonstrates a verification problem stemming from a design flaw within the off-the-shelf CURAM/HCR software, it is a limited problem. The five cases identified are out of 26,146 customers enrolled in coverage during FY18. Only 5.9% of those customers received APTC at any point during the year and less than 0.2% attested to not having income.

The FY17 programmatic audit revealed that when a consumer attested to not having any income, no income "evidence" is created. The CURAM/HCR system can only place outstanding verifications on pieces of "evidence" within a customer's record. As such, CURAM/HCR erroneously accepted the attestations of no income without requesting verification.

Consistent with our manager's response to the FY17 finding, dated 6/1/2018, HBX began working with DHCF to identify how to make changes to the CURAM/HCR platform. DHCF (the Medicaid agency) is responsible for CURAM/HCR system design changes. On 10/16/18, approximately 4 months after the FY17 audit report was issued, a code

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**AUDIT FINDINGS AND RECOMMENDATIONS (CONTINUED)**

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fix effecting new applications was deployed to CURAM/HCR in time for the plan year 2019 Open Enrollment Period. However, the five cases in this finding are prior to that date.

Over the course of FY19, the HBX eligibility team has been manually reviewing cases for enrollees receiving APTC who have attestations of no income to determine the effectiveness of the code fix.

Point of Contact: Eliza Bangit, Director of Marketplace Innovation, Policy, and Operations, [Eliza.Bangit@dc.gov](mailto:Eliza.Bangit@dc.gov), (202) 741-7640.

**2018-003:** *Inadequate Citizenship or Lawful Presence Verification Procedures*

**Condition:** Five (5) out of the 52 enrollees who attested to an ineligible immigration status did not have their citizenship or lawfully present attestation verified and were permitted to enroll or maintain a prior enrollment in a QHP.

The five (5) exceptions are described below:

In one (1) instance, the applicant attested to being “not lawfully present”. However, due to processing errors, lawful presence was not verified and an outstanding verification trigger was not automatically created. As a result, the applicant successfully enrolled in a dental QHP during FY18.

In four (4) instances, the individuals updated their prior lawful presence status to an attestation of being “not lawfully present” and the change did not result in a termination or non-renewal of their QHP enrollment.

**Criteria:** 45 CFR §55.330(a): Eligibility redetermination during a benefit year - General requirement. The Exchange must redetermine the eligibility of an enrollee in a QHP through the Exchange during the benefit year if it receives and verifies new information reported by an enrollee.

45 CFR §155.330(c)(1): Verification of reported changes. The Exchange must verify any information reported by an enrollee in accordance with the processes specified in 45 CFR Part 155.315 and 155.320 prior to using such information in an eligibility redetermination.

**Cause:** Inadequate controls over citizenship verification during applicants’ eligibility redetermination process. Applicants’ prior “lawfully present” status verification would be accepted without verifying subsequent updated attestations to being “not lawfully present”.

**Effect:** HBX provided inaccurate eligibility determinations to applicants as defined in 45 CFR §155.305(a)(1).

**Recommendation:** Management should strengthen its procedures for secondary reviews of lawful presence attestations during the eligibility determination and redetermination processes and ensure all electronic verifications are successfully completed.

**Corrective Action:** The Exchange concurs with the finding with the following explanation.

HBX appreciates the work that has gone into identifying this specific issue.

The five (5) cases identified as being improperly handled are out of the 18,773 unique primary enrollees that enrolled in FY18, thus representing less than 0.03% of all primary enrollees during the fiscal year. The auditors created the targeted list of 52 cases from the overall population of 18,773 by selecting all cases for review where the primary subscriber attested to being not lawfully present at any point during the fiscal year – this was not a sample.

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## AUDIT FINDINGS AND RECOMMENDATIONS (CONTINUED)

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Forty-seven (47) of all 52 cases selected were found to be properly handled because the customer was prohibited enrollment until they updated their attestation and proceeded to the verification process. Of the 5 cases identified by the auditors, none involve customers receiving APTC in FY18. In addition, in all 5 cases, the customers were not enrolled as of 1/1/2019.

HBX will work with its partners at DHCF to develop solutions to the circumstances that permitted these outcomes. Specifically, four (4) of the five (5) cases involve applications where the customers changed their answers post-enrollment from being lawfully present to not being lawfully present, but the systems did not properly process that information in relation to their existing enrollment. HBX will work with DHCF so that reported changes to lawful/not lawful presence status by a customer trigger appropriate action in enrollments.

Point of Contact: Eliza Bangit, Director of Marketplace Innovation, Policy, and Operations, [Eliza.Bangit@dc.gov](mailto:Eliza.Bangit@dc.gov), (202) 741-7640.

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**AUDIT FINDINGS AND RECOMMENDATIONS (CONTINUED)**

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**2018-004:**                    *Lack of OHP Determination for Submitted Applications (Repeat Finding)*

**Condition:**                    An eligibility determination for submitted applications was not always provided to consumers seeking a QHP. The D.C. Health Link website did not provide a timely eligibility determination in 490 instances which represents 2% of eligible submitted Insurance Affordability Program (IAP) applications. The software which is utilized to process eligibility determinations for IAP applications via the DC Health Link website, Curam, continues to experience various processing errors.

**Criteria:**                    45 CFR §155.310(c) states that the Exchange must “make an eligibility determination for an applicant seeking an eligibility determination at any point in time during the year.”

45 CFR §155.310(d) states that the Exchange must “determine an applicant’s eligibility, in accordance with the standard specified in 45 CFR §155.305.”

Memorandum of Agreement (MOA) between the Health Benefit Exchange Authority and the Department of Health Care Finance (Medicaid) Section C.4 states that “The parties agree to ensure the implementation of a streamlined system for eligibility determinations that minimizes the burden on individuals, provides prompt determination of eligibility and enrollment into Medicaid, other IAPs, and QHPs, and provides timely notifications of eligibility decisions to applicants and enrollees.”

**Cause:**                    Processing errors on the D.C. Health Link website led to “stuck” IAP application cases and the lack of eligibility determinations.

**Effect:**                    IAP applicants were unable to receive timely eligibility determinations and therefore could not enroll in a QHP.

**Recommendation:**                    Management must continue to strengthen compensating controls to identify and address ‘stuck’ application in a timely manner in order to ensure compliance with 45 CFR §155.310(c), 45 CFR §155.310(d) and the MOA.

**Corrective Action:**                    The Exchange concurs with the finding with the following explanation.

DC Health Link includes CURAM/HCR which is for eligibility determinations for those applying for insurance affordability programs (IAPs), and EnrollApp which is for eligibility determinations for those applying for private insurance and not IAPs.

As described below, the eligibility system for IAP applications is CURAM/HCR and is managed by DHCF. This finding demonstrates that:

- 100% of the applications through EnrollApp successfully received a timely eligibility determination; and
- 98% of the applications through CURAM/HCR successfully received an eligibility determination while 2% did not receive a timely determination.



EnrollApp

The EnrollApp platform handles non-IAP eligibility as well as all QHP shopping and enrollment. It was developed by HBX in part to address some of the systemic issues and deficiencies with CURAM/HCR (identified by HBX when HBX managed CURAM/HCR) and was deployed for plan year 2016.

While CURAM/HCR uses commercial off-the-shelf software from an outside software vendor, EnrollApp is built locally by HBX's own system architects and coders using open source coding that is nimble in changes, fixes, and improvements. Thus, HBX is not relying on version upgrades by the vendor. HBX can address code problems when and if they arise. Also because all applications that go through EnrollApp are for an exchange product, HBX does not have competing priorities with Medicaid to resolve issues that arise.

EnrollApp has not had any "stuck cases" for applications submitted since the platform launched. The success of EnrollApp has been verified by every programmatic audit where it was reviewed (FY16, FY17, and FY18).

CURAM/HCR

In the District of Columbia, the Department of Health Care Finance (DHCF), the Department for Human Services (DHS), and HBX coordinate in the operation of DC Health Link. DHCF is the Medicaid agency in the District of Columbia. DHCF has a memorandum of understanding with DHS to conduct Medicaid eligibility determinations. DHCF manages CURAM/HCR, the system used by customers applying for IAPs, specifically Medicaid, Advance Premium Tax Credits, and Cost-Sharing Reductions.

Consistent with federal regulations, all IAP applications submitted through DC Health Link are first reviewed by the Medicaid agency. In FY18, 73.17% of new IAP applications in the District had one or more person determined eligible for Medicaid. DHCF is responsible for the operation and management of CURAM/HCR, as well as for clearing "stuck cases" and for diagnosing and ameliorating the system issues that lead to cases becoming stuck in the first instance. DHS case workers are responsible for working cases to get issues resolved. HBX's relies on CURAM/HCR to make APTC and CSR eligibility determinations. Customers that are not seeking Medicaid, APTC, or CSR eligibility do not apply through CURAM/HCR, but instead through EnrollApp.

In FY2018, as noted in the finding, 2% of CURAM/HCR applications failed to receive a timely eligibility determination. However, these CURAM/HCR corrective action efforts are challenging, with new problems arising as old ones are remedied. The joint DHCF/DHS team continues to identify code fixes and perform data cleanup to reduce the number of applications that can become stuck. That team holds meetings each Monday to review the cases in stuck status by age of case, so that appropriate mitigation actions can be taken. The DHS Division of Program Operations (DPO) continues to monitor volume using workflow management reports created by PathosOS.

Corrective Action

As recommended in this finding, HBX will continue its work with DHCF and DHS “to strengthen compensating controls to identify and address ‘stuck cases’ in a timely manner” within CURAM/HCR. HBX recognizes that DHCF and DHS will prioritize fixes related to Medicaid, impacting the 73.17% of new IAP applications processed in FY18. Despite our efforts and the efforts of DHCF and DHS, the problem of stuck cases in CURAM/HCR continues to persist for the fourth year in a row and remains essentially at the same level.

Due to the lack of progress in correcting this issue within CURAM/HCR, HBX started, in 2016, to develop an open source cloud-based alternative to CURAM/HCR for APTC and CSR determinations. Developmental efforts on this solution have reached the point where integrating with our Medicaid partners would achieve the smoothest interoperability and transitions for consumers. HBX continues to work with DHCF to develop a path forward.

Point of Contact: Eliza Bangit, Director of Marketplace Innovation, Policy, and Operations, [Eliza.Bangit@dc.gov](mailto:Eliza.Bangit@dc.gov), (202) 741-7640.

Point of Contact: Trey Long, Deputy Administrator for Innovation and Change Management, Economic Security Administration, Department of Human Services. [Trey.Long@dc.gov](mailto:Trey.Long@dc.gov), (202) 645-3129.

## CONCLUSION

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We confirm that we have reviewed relevant documentation and determined that the D.C. Health Benefit Exchange Authority is in compliance with CMS requirements and GAGAS.

SIGNATURE OF AUDIT FIRM: Bert Smith & Co.

COMPLETION DATE OF AUDIT FINDINGS REPORT: May 29, 2019