

Secretary of State Audit Report

Dennis Richardson, Secretary of State

Mary Wenger, Interim Director, Audits Division



Oregon Health Insurance Marketplace: Fiscal Year 2016 Compliance Audit

Purpose

The purpose of this independent audit is to (1) verify the State of Oregon's Health Insurance Marketplace (OHIM) is in compliance with programmatic requirements set forth by 45 CFR part 155, (2) report on compliance as directed by the Centers for Medicare & Medicaid Services (CMS), and (3) meet requirements of a performance audit as directed in Oregon Revised Statute 741.220.

OHIM began operations as a division of the Oregon Department of Consumer and Business Services (DCBS) on July 1, 2015. This audit covers the first 12 months of marketplace activity within DCBS. Prior to OHIM, the program was the responsibility of Cover Oregon, a public corporation exercising governmental powers.

Results

Based on the results of our review of operations during fiscal year ended June 30, 2016, OHIM complied with requirements applicable to state-based marketplaces using a federal platform under 45 CFR part 155, Subsections C and K.

Introduction

Background

Cover Oregon was established by the Oregon Legislature through enactment of Senate Bill 99 in July 2011 to establish a health insurance exchange - an online marketplace that enables individuals and employers to shop, compare plans, and access financial assistance to help pay for insurance coverage. Cover Oregon operated as a fully state-run exchange.

In March 2015, Senate Bill 1 abolished Cover Oregon and transferred its powers, rights, obligations, and liabilities, functions and duties to the Department of Consumer and Business Services as of July 1, 2015.

OHIM currently operates as a state-based marketplace that uses the federal marketplace platform for eligibility and enrollment. Complying with the Code of Federal Regulations (CFR) is important to ensure state health exchanges are functioning to allow eligible citizens to enroll in qualified health plans. The responsibilities of a state exchange include providing information to consumers, working with agents and community partners providing consumer assistance, certifying qualified health plans, and maintaining the integrity of data and the security of personal information.

Scope

We performed our audit of state fiscal year ended June 30, 2016 in accordance with the requirements of 45 CFR part 155 as directed by CMS. Because Oregon is not a full state-based exchange, our scope was limited to verifying compliance with those sections of 45 CFR part 155 applicable to the structure of OHIM as follows:

Subsection C - General Functions of an Exchange

- .205 Consumer assistance tools and programs of an Exchange
- .210 Navigator program standards
- .220 Ability of State to permit agents and brokers to assist qualified individuals, qualified employers, or qualified employees enrolling in QHPs
- .225 Certified application counselors
- .260 Privacy and security of personally identifiable information

Subsection K - Exchange Functions: Certification of Qualified Health Plans

- .1000 Certification standards for QHPs
- .1010 Certification process for QHPs
- .1020 QHP issuer rate and benefit information
- .1030 QHP certification standards related to advance payments of the premium tax credit and cost-sharing reductions

- .1040 Transparency in coverage
- .1045 Accreditation timeline
- .1050 Establishment of Exchange network adequacy standards
- .1055 Service area of a QHP
- .1065 Stand-alone dental plans
- .1075 Recertification of QHPs
- .1080 Decertification of QHPs

Methodology

We performed our audit of OHIM's performance by comparing actual operations, practices, and results against the stated requirements of 45 CFR part 155, subsections C and K. We interviewed OHIM personnel and reviewed customer and community partner resources on OHIM's website. We performed a review and analysis of the following OHIM documentation: contracts, agreements, and policies and procedures applicable to the compliance objectives.

We conducted our 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 on our audit objective. We believe that the evidence obtained and reviewed provides a reasonable basis to achieve our audit objective.

Auditors from our office, who were not involved with the audit, reviewed our report for accuracy, checking facts and conclusions against our supporting evidence.

Audit Results

Based on the results of our review of operations, during the fiscal year ended June 30, 2016, OHIM complied with the following requirements applicable to state-based marketplaces using a federal platform under 45 CFR part 155, Subsections C and K.

General Functions of an Exchange (Subpart C)

1. *Consumer Assistance Programs*

Criteria: OHIM is required under 45 CFR part 155.205 to establish the following functions: toll-free call center, up-to-date internet website, accessibility for individuals with disabilities and those with limited English proficiency, consumer assistance, and outreach and education.

Methodology: We reviewed information posted on OHIM's website, its customer referral process, and its outreach activities.

Conclusion: Based on our review, OHIM complied with this requirement during the audit period.

2. *Navigator Program*

Criteria: OHIM is required, under 45 CFR part 155.210 to establish a navigator program through which it awards grants to eligible entities or individuals. Functions of this requirement include publically disseminating conflict-of-interest standards and training standards, ensuring navigators meet any certification requirements and that they comply with rules of conduct. OHIM must refrain from using federal funds for navigator grants. (Note: Navigators are certified and trained by the Federal Exchange.)

Methodology: We reviewed requests for grant proposals and community partner contracts with navigator awards for inclusion of required standards. We reviewed expenditure queries for use of federal funds to provide grants to Navigators.

Conclusion: Based on our review, OHIM complied with this requirement during the audit period.

3. *Agents and Brokers*

Criteria: In accordance with 45 CFR part 155.220, OHIM must limit information provided on its website regarding licensed agents and brokers to those that have completed registration and training. (Note: Agents and Brokers are trained and certified at the federal level.)

Methodology: We reviewed OHIM’s webpage for a list of licensed Agents and Brokers and determined only those certified at the federal level were listed.

Conclusion: Based on our review, OHIM complied with this requirement during the audit period.

4. *Certified Application Counselor Program*

Criteria: OHIM must have a certified application counselor program that complies with 45 CFR part 155.225, and may designate an organization to certify its staff members or volunteers to act as certified application counselors.

Methodology: We reviewed the interagency agreement between OHIM and Oregon Health Authority for inclusion of federal requirements regarding certification of Certified Application Counselors. Because OHIM operates as a state-based exchange using the federal platform, only certain aspects of this requirement are applicable. The federal exchange ensures compliance with several aspects such as training and certification for certified application counselors regarding qualified health plans.

Conclusion: Based on our review, OHIM complied with the applicable aspects of these requirements during the audit period.

5. *Privacy and Security Safeguards*

Criteria: OHIM must establish and implement privacy and security standards and safeguards for personally identifiable information that are consistent with the principles listed in 45 CFR part 155.260.

Methodology: We reviewed the types of personal identifiable information (PII) OHIM receives, reviewed OHIM policies and procedures, data sharing agreements with partner agencies, contract agreements, and security measures put in place to safeguard unauthorized access to PII.

Conclusion: Based on our review, OHIM complied with this requirement during the audit period.

Exchange Functions: Certification of Qualified Health Plans (Subpart K)

1. *Certification of Health Plans*

Criteria: OHIM must establish procedures for the certification and recertification of Qualified Health Plans (QHPs) consistent with 155.1000-1075.

Methodology: We reviewed OHIM’s documentation and statutes related to certifying Health Plans, including applications, contracts,

submission timelines, and associated templates. The Oregon's Division of Financial Regulation (DFR) is responsible for ensuring plans meet all state and federal regulations. We also reviewed DFR's website for posted requirements related to submissions.

Conclusion: Based on our review, OHIM complied with this requirement during the audit period.

2. Decertification of Qualified Health Plans

Criteria: OHIM must establish a process for decertification of qualified health plans in accordance with 45 CFR part 155.1080.

Methodology: OHIM has not had to decertify a QHP, nor does it have a written process in place. OHIM relies on the policy that was written for the entity when it was Cover Oregon.

Conclusion: OHIM is in compliance with this requirement. We reviewed the policy OHIM relies on and we confirmed they have not decertified a QHP, although we recommend DCBS incorporate its own written policy.

About the Secretary of State Audits Division

The Oregon Constitution provides that the Secretary of State shall be, by virtue of his office, Auditor of Public Accounts. The Audits Division exists to carry out this duty. The division reports to the elected Secretary of State and is independent of other agencies within the Executive, Legislative, and Judicial branches of Oregon government. The division is authorized to audit all state officers, agencies, boards, and commissions and oversees audits and financial reporting for local governments.

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The courtesies and cooperation extended by officials and employees of the Oregon Department of Consumer and Business Services during the course of this audit were commendable and sincerely appreciated.