

The background of the top half of the page is a large, light blue seal of the State of Oregon. The seal features an eagle with wings spread, perched on a shield. The shield contains a ship on the left, a sun in the center, and a plow on the right. The words "THE UNION" are written on a banner below the shield. The seal is surrounded by a circular border with the words "STATE OF OREGON" at the top and "1859" at the bottom, separated by stars.

State of Oregon

**Oregon Health Insurance
Marketplace: Fiscal Year 2017
Compliance Audit**

January 2018

Secretary of State
Dennis Richardson

Audits Division, Director
Kip Memmott

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Oregon Health Insurance Marketplace: Fiscal Year 2017 Compliance Audit

Report Highlights

Based on the results of our review of operations for the fiscal year ended June 30, 2017, the Marketplace generally complied with requirements applicable to state-based marketplaces using a federal platform under 45 CFR part 155, Subparts C and K. We noted one instance of non-compliance.

Background

The Marketplace began operations as a division of the Oregon Department of Consumer and Business Services (DCBS) on July 1, 2015. This audit covers the second year of Marketplace activity within DCBS, from July 1, 2016 to June 30, 2017.

Audit Purpose

To fulfill state and federal audit requirements for a compliance audit of the State of Oregon's Health Insurance Marketplace.

Key Finding

In accordance with 45 CFR part 155.220, the Marketplace must limit information provided on its website to licensed agents and brokers that are trained and certified by the federal Center for Medicare and Medicaid Services (CMS).

During our testing, we found one instance of noncompliance where an individual on the Marketplace's website was not listed by CMS as certified. When notified, the Marketplace promptly removed this individual from their website listing.

Key Recommendations

We recommend the Marketplace follow established procedures and ensure care is taken when distinguishing between partner agencies and individuals listed on their website as federally certified.



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 performs 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 has constitutional authority to audit all state officers, agencies, boards, and commissions and oversees audits and financial reporting for local governments.

Audit Team

Mary Wenger, CPA, Deputy Director

Amy Dale, CPA, Audit Manager

Tracey Gates, CPA, Senior Auditor

This report is intended to promote the best possible management of public resources. Copies may be obtained from:

website: sos.oregon.gov/audits

phone: 503-986-2255

mail: Oregon Audits Division
255 Capitol Street NE, Suite 500
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We sincerely appreciate the courtesies and cooperation extended by officials and employees of the Oregon Department of Consumer and Business Services.



Oregon Health Insurance Marketplace: Fiscal Year 2017 Compliance Audit

Introduction

Background

Cover Oregon was established by the Oregon Legislature through enactment of Senate Bill 99 in 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 the powers, rights, obligations, liabilities, functions, and duties to the Department of Consumer and Business Services as of July 1, 2015.

The Marketplace is one of only five state-based exchanges that use the federal marketplace platform for eligibility and enrollment (referred to as an SBE-FP). 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. Whether or not the state exchange is operating as an SBE-FP, the Marketplace is responsible for 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.

Audit Objective, Scope, and Methodology

Objectives

The objectives of this audit were to conduct the following for the fiscal year ended June 30, 2017:

- (1) verify the State of Oregon's Health Insurance Marketplace's 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) fulfill requirements of a performance audit as directed in Oregon Revised Statute 741.220.

Scope

We performed this audit of the state fiscal year ended June 30, 2017 in accordance with the requirements of 45 CFR part 155 as directed by CMS and further clarified by the SBE-FP agreement. Because Oregon utilizes the federal platform, our scope was limited to verifying compliance with those sections of 45 CFR part 155 applicable to the structure of the Marketplace as an SBE-FP as follows:

Subpart C - General Functions of an Exchange

- .205 Consumer assistance tools and programs of an Exchange
- .210 Navigator program standards
- .220 Ability of States 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

Subpart 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 the Marketplace's performance by comparing actual operations, practices, and results against the stated requirements of 45 CFR part 155, subparts C and K. We interviewed Marketplace personnel and reviewed customer and community partner resources on the Marketplace's website. We performed a review and analysis of Marketplace documentation including 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, during the fiscal year ended June 30, 2017, the Marketplace complied with the following requirements applicable to state-based marketplaces using a federal platform under 45 CFR part 155, subparts C and K, except as noted.

General Functions of an Exchange (Subpart C)

1. *Consumer Assistance Programs*

Criteria: The Marketplace 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, outreach, and education.

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

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

2. *Navigator Program*

Criteria: The Marketplace 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 ensuring they comply with rules of conduct. The Marketplace must refrain from providing navigator grants using federal funds received to establish the exchange. (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, the Marketplace complied with this requirement during the audit period.

3. *Agents and Brokers*

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

Methodology: We tested a random sample of 20 individuals listed on the Marketplace’s “Find Local Help” website. We found one individual that was not included on CMS’ list of those trained and certified. When notified, the Marketplace promptly removed this individual from their website listing.

Conclusion: Based on our review, the Marketplace did not fully comply with this requirement during the audit period.

The Marketplace receives a list of certified agents from CMS on an annual basis. This list is compared to those listed on the “Find Local Help” portion of the Marketplace website to ensure all are appropriately certified.

The individual listed was the owner of an insurance agency, but not an agent or broker. The agency is considered an outstanding partner agency with the Marketplace and has other agents on staff who are licensed and federally certified.

We recommend the Marketplace continue to follow the procedures established when DCBS took over management, and ensure care is taken when distinguishing between partner agencies and individuals listed on the website as federally certified.

4. *Certified Application Counselor Program*

Criteria: The Marketplace 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. Because the Marketplace operates as a state-based exchange using the federal platform, only certain aspects of this requirement are applicable.

Methodology: We reviewed the interagency agreement between the Marketplace and Oregon Health Authority for inclusion of federal requirements regarding certification of Certified Application Counselors.

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

5. *Privacy and Security Safeguards*

Criteria: the Marketplace 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) the Marketplace receives, reviewed Marketplace 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, the Marketplace complied with this requirement during the audit period.

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

1. Certification of Qualified Health Plans

Criteria: The Marketplace must establish procedures for the certification and recertification of qualified health plans consistent with 155.1000-1075.

Methodology: We reviewed Oregon Revised Statutes and the Marketplace's documentation related to certifying Health Plans. Documentation included applications, contracts, submission timelines, and associated templates. DCBS' Division of Financial Regulation (DFR) is responsible for regulating insurance carriers and approving plans for sale in Oregon. We also reviewed DFR's website for posted requirements related to submissions.

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

2. Decertification of Qualified Health Plans

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

Methodology: We reviewed the Marketplace's written decertification process and the process for carriers to appeal decertification decisions. We verified whether those processes were followed when two carriers were identified as insolvent during the fiscal year.

Conclusion: Based on our review, the Marketplace complied with this requirement during the audit period. We found the Marketplace followed its process and effectively decertified two plans during the year.



Oregon

Kate Brown, Governor

Department of Consumer and Business Services
Oregon Health Insurance Marketplace

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January 25, 2018

Kip Memmott, Director
Secretary of State, Audits Division
255 Capitol St. NE, Suite 500
Salem, OR 97310

Dear Mr. Memmott,

This letter provides a written response to the Audits Division's final draft audit report titled "Oregon Health Insurance Marketplace: Fiscal Year 2017 Compliance Audit".

The Department of Consumer and Business Services (DCBS) appreciates the opportunity to respond to the Secretary of State's audit of DCBS' Oregon Health Insurance Marketplace program. We appreciate the professionalism and responsiveness of the Secretary of State's team. DCBS generally agrees with the report's recommendations. Please see below for specific recommendations and our discussion of the corrective action.

Below is our detailed response to each recommendation in the audit.

RECOMMENDATION 1		
We recommend the Marketplace continue to follow the procedures they established when DCBS took over management, and ensure care is taken when distinguishing between partner agencies and individuals listed on the website as federally certified.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 6 months)	Name and phone number of specific point of contact for implementation
Agree	Complete. Please see narrative below.	Michael Morter 503-428-4418

Narrative for Recommendation 1

Agency agrees. Name was removed from listing as soon as the Oregon Health Insurance Marketplace team was informed. The named person is an "agency owner" and not a licensee. She had multiple licensed agents working for her at the time.

Aside from this erroneous listing, the division has re-verified that all the insurance agents are current licensees in good standing. The division will continue to monitor the list on a regular basis and will make sure to only include the licensees listed in the Federal data set provided and not the owners who enlist licensees' services.

Please contact Michael Morter at (503) 428-4418 with any questions.

Sincerely,



Chiqui Flowers
Administrator
Oregon Health Insurance Marketplace
Department of Consumer and Business Services

cc: Cameron Smith, Acting Director
Nancy Boysen, Deputy Director
Jason Robinson, Internal Auditor
Michael Morter, OHIM Agent and Small Business Liaison
Micheil Wallace, OHIM Agent and Small Business Liaison