

Independent Accountant's Report On Applying Agreed-Upon Procedures

New Mexico Health Insurance Exchange

We have performed the procedures enumerated below, which were agreed to by the New Mexico Health Insurance Exchange (the Exchange or NMHIX), solely to assist the Exchange in meeting the financial and programmatic requirements as specified by the Centers for Medicare and Medicaid Services (CMS) for completion of certain aspect of the Exchange's 2014 Blueprint. The Exchange is responsible for the accurate processing and accounting of all Marketplace (SHOP) receipts and expenditures in accordance with generally accepted accounting principles (GAAP). The Exchange is responsible for ensuring compliance with 45 CFR (Code of Federal Regulations) Part 155 as well as for ensuring that adequate processes and procedures are in place to prevent improper eligibility determinations and enrollment transactions and for the timely identification of errors that result from incorrect eligibility determinations.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

- 1) *Marketplace (SHOP) Receipts and Disbursements Procedures:* We selected a statistical sample of 22 premium bills related to 19 employer groups, based on a 90% confidence level and 10% tolerable deviation, issued between December 2013 and December 2014. For each premium bill selected, we performed the following:
 - a) Determined if the premium payment was included on the Invoice/Bill Summary generated by the GetInsured System and of the premium payment agreed to the applicable amount due and coverage for the period being tested.
 - b) Determined if the premium payment was included in the Transaction Aggregation Report from Cybersource and agreed amount to the Deposit Detail Report from Chase Paymentech.
 - c) Determined if the processing fees were appropriately recognized by the Exchange.

- d) Assessed whether the premium payment was contained in the aggregate deposit shown on the First National Bank of Santa Fe Premium Disbursement account (the “bank account”) and was included in the Transaction Report from Cybersource showing the aggregate amount to be withdrawn from the Exchange’s account.
- e) Determined if the premium payment agreed to the Issuer Remittance Report from GetInsured showing the amount being remitted to the appropriate insurance carrier(s). Agreed that amount to the remittance payment on the Deposit Activity Report from Chase Paymentech and the withdrawal on the bank account.
- f) Assessed the journal entries recorded for the premium billing, bank processing fees, and carrier remittance payment to determine if they were posted in accordance with GAAP.

Findings: All premium bills, premium payments, premium payor disbursements and bank processing charges tested were properly recorded in accordance with GAAP. All premium bill amounts tested tied between the premium bill, the general ledger, bank statements, and carrier remittance documents.

- 2) *45 CFR Part 155 Compliance Procedures:* We performed inquiries, observations, walkthroughs, and other testing, where appropriate, to determine if the Exchange had processes and controls in place to meet the selected compliance requirements set forth in 45 CFR Part 155, Subparts C and K. In those areas that required sample testing, the time period covered was September 2013 through December 2014. We coordinated with the New Mexico Office of the Superintendent of Insurance (OSI) to perform related testing over Subpart K. Refer to Appendix A for a detailed listing of the specific procedures performed.

Findings: During our analysis of 45 CFR 155.205, we identified several instances where the Exchange’s website did not have required disclosures including:

- a. The results of the enrollee satisfaction survey, as described in section 1311(c)(4) of the Affordable Care Act (b)(1)(iv).
- b. Quality ratings assigned in accordance with Section 1311(c)(3) of the Affordable Care Act (b)(1)(v).
- c. Medical loss ratio information as reported to Health and Human Services (HHS) in accordance with 45 CFR part 158 (b)(1)(vi).
- d. Transparency of coverage measures reported to the Exchange during certification in accordance with 45 CFR 155.1040 5(b)(1)(vii).
- e. The average cost of licensing required by the Exchange (b)(2)(i).
- f. Any payments required by the Exchange in addition to fees under paragraph (b)(2)(i) and (ii) of 45 CFR 155.205 (b)(2)(iii).
- g. Monies lost to waste, fraud, and abuse (b)(2)(v).

Management Response:

- a. Management agrees that the enrollee satisfaction survey results need to be posted on the NMHIX website. The Exchange will engage the website vendor to post the results.
- b. Management agrees with this observation; however, CMS updated this requirement in a bulletin dated February 2015. The bulletin extended the start date for this requirement to January 1, 2016. We are working with our vendor to be in compliance with this requirement.
- c. Management agrees that the Medical loss ratio needs to be posted on the website. The Exchange is currently working with our partner, Office of the Superintendent of Insurance (OSI), to get this information posted on the website.
- d. Management agrees that the transparency of coverage measures need to be posted on the website. The Exchange is currently working with our partner, OSI, to get this information posted on the website.
- e. This observation is not applicable to NMHIX. There are no licensure fees, collected by the Exchange nor OSI, to sell insurance on the Exchange.
- f. This observation is not applicable to NMHIX. There are no additional payments required to NMHIX.
- g. Management felt that they had complied with this observation in that the NMHIX has a waste, fraud and abuse hotline in place. To date, there have been no reports made to the hotline.

During our analysis of 45 CFR 155.230, we identified instances where certain required information was not disclosed on SHOP notices or the means of delivery did not appear to meet the requirements of the regulation. Specifically, we identified the following:

- a. Contact information for available customer service resources was not included on SHOP notices tested (a)(1).
- b. An explanation of appeal rights, if applicable, was not included on SHOP notices tested (a)(2).
- c. A citation to, or identification of, the specific regulation supporting the action, including the reason for the intended action was not included on SHOP notices tested (a)(3).
- d. The SHOP must provide required notices either through standard mail, or if an employer or employee elects, electronically, provided that the requirements for electronic notices in 42 CFR 435.918(b)(2) through (5) are met for the employer and employee. From our procedures performed, the SHOP allows for notices to be delivered by electronic means only (d)(2).

Management Response:

- a. Management agrees that this observation was correct for samples tested during the audit. However, corrective action was taken during late 2014, and NMHIX is now compliant with this requirement.

- b. Management agrees that this observation is correct. NMHIX had already taken steps, during 2014, to be compliant with this requirement.
- c. Management agrees with this observation and is working to correct the issue.
- d. Management believes that they are compliant with this requirement. To ensure maximum Personally Identifiable Information (PII) protection, NMHIX sends all notices to employers and employees electronically to a secured e-mail box within the portal. Employers and employees may request paper notifications at any time.

All other areas tested, as presented in Appendix A, did not result in the identification of findings to report.

- 3) *Eligibility and Enrollment Procedures:* For each of the 19 employer groups selected for testing in #1 above, we viewed documentation to determine that eligibility and enrollment for the 2014 coverage year was performed and documented in compliance with policies and procedures and related regulations. Specifically, we tested for the following:
- a. The employer group consisted of more than one employee but less than 50 employees;
 - b. The employer group was covering insurance for more than 50% of eligible employees;
 - c. The employer was subsidizing at least 50% of the employee health insurance premium;
 - d. The employer group had a valid Employer Identification Number (EIN) and a principal address located in New Mexico; and,
 - e. For each employer group selected for testing in procedure #1 above, we determined if the employer group went through the enrollment process, as confirmed through our observation of the employer set-up within the SHOP website.

Findings: For all groups tested, the group consisted of less than 50 employees, the employer was subsidizing at least 50% of the employee health insurance premium, and the system showed the group had a valid EIN and a principal address located in New Mexico. We identified 19 instances in which the Exchange did not have documentation on file to support that selected employer groups met the 50% employee participation eligibility requirement. However, this does not imply that these 19 groups did not meet the 50% employee participation requirement, it only means that the Exchange did not have adequate supporting documentation on file to show that the requirement was met. In addition, we identified four instances in which employer groups tested had only one employee participating, which would mean the group was not eligible for coverage under the SHOP.

Management Response: Management understands this finding and is working with our technology partner to ensure that this process is compliant with the regulations.

- 4) *Error Identification – Appeal Procedures:* Through discussions with Exchange personnel, we gained an understanding of the reasons the Exchange would have an appeal. We viewed the Exchange’s SHOP Policies and Procedures Manual to determine if it addressed the appeals process and appeared to comply with selected CFR regulations.

Findings: The Exchange did not have any eligibility-based appeals submitted between December 2013 and December 2014. However, the Exchange's SHOP Policies and Procedures Manual did cover the appeals process, including the various types of appeals that could be filed and the process for handling each of them in accordance with CFR requirements.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report, including Appendix A, is intended solely for the information and use of the Exchange and is not intended to be and should not be used by anyone other than the specified party. However, the Exchange may submit this report along with their 2014 Blueprint to CMS.

REDW LLC

Albuquerque, New Mexico
March 16, 2015

Appendix A

CFR Section	Title of Section	Procedures Performed by REDW
<i>Subpart C</i>		
155.200	Functions of an Exchange	<ul style="list-style-type: none"> • Discussed the federal requirement with the Exchange’s Chief Financial Officer (CFO), Compliance Officer and Director of the SHOP to gain an understanding of the Exchange’s operations and the applicability of the requirements. • To determine if the Exchange was not operating on behalf of a Qualified Health Plan (QHP), we viewed the GetInsured/SHOP website (SHOP Website) which supported the fact that the Exchange operates as a virtual marketplace where employers can shop various QHP’s across numerous insurance carriers.
155.205	Consumer Assistance Tools and Programs of an Exchange	<ul style="list-style-type: none"> • Discussed selected federal requirements with the CFO, Compliance Officer and Director of the SHOP to assess their understanding of the related requirements and where required information was available to consumers. • Viewed the call center vendor contract and gained an understanding, through inquiry, of the resources the vendor provides including assistance with sign language services, assistance for deaf individuals, and translation services for over 200 different types of languages. • Viewed the website www.bewellnm.com noting the following information was displayed: the call center number 1-855-99NMHIX, premium and cost-sharing information, the summary of benefits and coverage, the identification of level of each QHP, and the provider directory. We also noted that there was accessibility for those living with disabilities. • Viewed the Plan Comparison tool and the Anonymous Shopping tools on the website and gained an understanding of their functionality. • Viewed the functionality of the toggle feature on the website allowing for different languages. • Observed the SHOP Liasons working the phone lines and informing enrollees/members of the various services available.

CFR Section	Title of Section	Procedures Performed by REDW
155.215	Standards Applicable to Navigators and Non-Navigator Assistance Personnel Carrying Out Consumer Assistance Functions under §§155.205(d) and (e) and 155.210 in a Federally-Facilitated Exchange and to Non-Navigator Assistance Personnel Funded Through an Exchange Establishment Grant	<ul style="list-style-type: none"> • Discussed the federal requirements with the CFO and Compliance Director to assess their knowledge of the requirements and to determine the applicability of the regulations. • Viewed an enrollment entity (non-navigator entity) contract to assess for specific required elements such as a conflict of interest component, requirements to obtain a release for personally identifiable information (PII), regular reporting requirements, attestation statements stating that the entity meets certain requirements, a statement that the required/mandatory trainings would be completed, and overall non-navigator responsibilities. • Viewed various training manuals for non-navigator entities. Analyzed the training materials to determine if they covered tax credits, the enrollment process, eligibility, privacy and security, which are required by the regulations. • Viewed the New Mexico OSI (OSI) certification, and the related passing scores, for the New Mexico Primary Care Association (NMPCA) and the training certifications submitted for NMPCA and the Native American Professional Parent Resources, Inc. (NAPPR).
155.220	Ability of States to Permit Agents and Brokers to Assist Qualified Individuals, Qualified Employers, or Qualified Employees Enrolling in QHP's	<ul style="list-style-type: none"> • Discussed the federal requirement with the Exchange's Compliance Director and the Director of Life and Science at OSI to gain an understanding of the use of Agents and Brokers and to assess the overall knowledge of the related requirements. • Viewed various training materials over privacy, security, and compliance as well as the Compliance Participant's Guide.
155.225	Certified Application Counselors	<ul style="list-style-type: none"> • Discussed the federal requirement with the CFO and Compliance Director to gain an understanding of the use of Application Counselors and their understanding of the related requirements as well as what the Exchange is doing to achieve compliance. • Viewed language in an enrollment entity contract noting that it covered duties relating to serving as an enrollment entity, coordinating enrollment counselors and providing reports to the Exchange.

CFR Section	Title of Section	Procedures Performed by REDW
		<ul style="list-style-type: none"> • Viewed training manuals and selected certifications provided by an enrollment entity.
155.230	General Standards for Exchange Notices	<ul style="list-style-type: none"> • Discussed the federal requirements with the CFO, the Compliance Officer and Director of the SHOP to gain an understanding of the types of notices sent out by the Exchange and their knowledge of the requirements. • Obtained the SHOP’s current system of notices and assessed them for the required notice language. • Viewed the SHOP website where notices are sent and received through employer group “in-boxes”.
155.240	Payment of Premium	<ul style="list-style-type: none"> • Discussed the federal requirements with the CFO and Accountant to gain an understanding of the premium billing and payment process and their knowledge of the requirements. • Performed a walk-through of the premium billing and carrier remittance transaction cycle. • Performed detailed testing on a sample of 22 premium bills (see full Agreed-Upon Procedures report). • Viewed the Plan Comparison Tool on the SHOP website.
155.260	Privacy and Security of Personally Identifiable Information (PII)	<ul style="list-style-type: none"> • Discussed the federal requirements with the Compliance Director and the Information Technology (IT) Director to gain an understanding of the types of PII obtained/maintained by the Exchange and the Exchange’s processes and controls for ensuring privacy and security. • Gained an understanding for those employees with access to PII and assessed the access levels for reasonableness. • Viewed the Exchange’s Privacy Policy and the link to this policy on the website. • Observed the CFO, Director of the SHOP, Compliance Officer, SHOP Liaison, and the Accountant logging into the system using a unique username and password. • Observed shred bins onsite at the Exchange which are utilized for accumulating sensitive documents for shredding.

CFR Section	Title of Section	Procedures Performed by REDW
		<ul style="list-style-type: none"> • Viewed a vendor contract and noted that specific language concerning confidentiality, privacy and security was included. • Observed compliance notices/signs onsite at the Exchange. • Observed one Exchange employment agreement to determine if it contained requirements for complying with applicable security, confidentiality, and other federal and state regulations. • Read policies and procedures related to the creation, collection, use, and disclosure of PII.
155.270	Use of Standards and Protocols for Electronic Transactions	<ul style="list-style-type: none"> • Discussed the federal requirement with the Compliance Director, Director of the Shop and IT Director to gain an understanding of the applicability of these requirements and their knowledge in the area. • Communicated with the Information Security Department at GetInsured regarding their encryption controls. • Viewed the Health Insurance Portability and Accountability Act (HIPAA) and Privacy Breach and Migration training documents. • Viewed the Health and Human Services (HHS) Office of the Inspector General (OIG) security audit report. The audit was performed in September 2014 on the SHOP website.
155.206, 155.210, 155.227, 155.280 and 155.285	Various Sections	<ul style="list-style-type: none"> • For these additional sections, we inquired with the CFO and, along with our knowledge of the Exchange's operations, determined that these sections of the CFR were not applicable to the Exchange and their activities as of December 31, 2014.
Subpart K		
155.1000	Certification Standards for QHP's	<ul style="list-style-type: none"> • Discussed the federal requirements with the Director of Life and Science at OSI and gained an understanding of the certification process and responsibilities for ensuring compliance. • Observed certified QHP's on the SHOP website. • Viewed the Memorandum of Understanding (MOU) in place between the Exchange and OSI.

CFR Section	Title of Section	Procedures Performed by REDW
		<ul style="list-style-type: none"> • Read the New Mexico Health Insurance Exchange Act.
155.1010	Certification Process for QHP's	<ul style="list-style-type: none"> • Discussed the federal requirements with the Director of Life and Science at OSI and gained an understanding of the certification process and responsibilities for ensuring compliance. • Viewed the Health Insurance Rate Review website for certified QHP's and the OSI website.
155.1020	QHP Issuer Rate and Benefit Information	<ul style="list-style-type: none"> • Discussed the federal requirements with the Director of Life and Science at OSI and gained an understanding of the process for handling and updating rate and benefit information. • Selected one rate increase processed for United Healthcare in April 2014 and determined if it was reviewed and approved and posted on the Health Insurance Rate Review website. • Viewed OSI website. • Viewed the Summary/Statement of Benefits for Molina Healthcare of New Mexico.
155.1030	QHP Certification Standards Related to Advance Payments of the Premium Tax Credit and Cost-Sharing Reductions	<ul style="list-style-type: none"> • Discussed the federal requirements with the Director of Life and Science at OSI and gained an understanding of the processes in place to achieve compliance with the related requirements. • Viewed the SHOP website to determine if plan variations were available within each QHP offered. • Viewed the System for Electronic Rate and Form Filing (SERFF) website for exchange of information between OSI and CMS/HHS.
155.1040	Transparency in Coverage	<ul style="list-style-type: none"> • Discussed the federal requirements with the Director of Life and Science at OSI and gained an understanding of OSI's process for collecting information from QHP issuers. • Viewed the New Mexico version of the Individual Form Review QHP Checklist. Determined if the checklist covered the following specific items related to the regulations: plan enrollment, rates, coverage of benefits, cost-sharing information, premiums, reporting and transparency requirements. • Viewed the Summary/Statement of Plan Benefits for one QHP.

CFR Section	Title of Section	Procedures Performed by REDW
		<ul style="list-style-type: none"> • Verified that the provider directory was available on the SHOP website.
155.1045	Accreditation Timeline	<ul style="list-style-type: none"> • Discussed the federal requirements with the Director of Life and Science at OSI and gained an understanding for the accreditation timeline used by OSI.
155.1050	Establishment of Exchange Network Adequacy Standards	<ul style="list-style-type: none"> • Discussed the federal requirements with the Director of Life and Science at OSI and gained an understanding of the controls in place at OSI to achieve network adequacy standards are met. • Viewed the New Mexico version of the Individual Form Review QHP Checklist.
155.1055	Service Area of a QHP	<ul style="list-style-type: none"> • Discussed the federal requirements with the Director of Life and Science at OSI and gained an understanding of OSI's processes for evaluating service area adequacy. • Viewed the New Mexico version of the Individual Form Review QHP Checklist and determined if it addressed service areas.
155.1065	Stand-Alone Dental Plans	<ul style="list-style-type: none"> • Discussed the federal requirements with the Director of Life and Science at OSI and gained an understanding of the Dental Plans offered. • Assessed whether the plans offered appeared to be allowable under the regulations. • Using the anonymous shopping tool, viewed the Summary of Benefits and Coverage for QHP's on the SHOP website to determine if dental plans were offered and were consistent with our understanding of stand-alone dental plans.
155.1075	Recertification of QHP's	<ul style="list-style-type: none"> • Discussed the federal requirements with the Director of Life and Science at OSI and gained an understanding of the recertification process. • Viewed a recertification processed in April 2014 on the Health Insurance Rate Review website. • Assessed whether the recertification selected above was approved and processed prior to the September 15th deadline. • Viewed the Excel-based template available to carriers on the SERFF website.

CFR Section	Title of Section	Procedures Performed by REDW
155.1080	Decertification of QHP's	<ul style="list-style-type: none"> • Discussed the federal requirements with the Director of Life and Science at OSI and gained an understanding of the decertification process. • Viewed the Lovelace decertification processed in 2014 on the Health Insurance Rate Review website. • Viewed the decertification on the SERFF website.