

## 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 aspects of the Exchange's 2015 State-based Marketplace Annual Reporting Tool (SMART) submission. The Exchange is responsible for the accurate processing and accounting of the beWellnm for Small Business 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 and standards established in *Governmental Auditing Standards (GAGAS)* issued by the Comptroller General of the United States. 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. When using sampling, there is the risk that we may have reached a different conclusion if the procedures had been applied to all receipts and disbursements transactions.

### Our procedures and findings are as follows:

- 1) *BeWellnm for Small Business Receipts and Disbursements Procedures:* We selected a statistical sample of 22 premium bills, based on a 90% confidence level and 10% tolerable deviation, issued between January and December 2015. 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 if 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 the amount agreed 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 in 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 from 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 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 January through December 2015. 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 instances where the Exchange’s website did not have required disclosures including:

- a. Quality ratings assigned in accordance with Section 1311(c)(3) of the Affordable Care Act (b)(1)(v).
- b. Medical loss ratio information as reported to Health and Human Services (HHS) in accordance with 45 CFR part 158 (b)(1)(vi).
- c. Transparency of coverage measures reported to the Exchange during certification in accordance with 45 CFR 155.1040 5(b)(1)(vii).
- d. Monies lost to waste, fraud, and abuse (b)(2)(v).

CMS will be providing additional clarification on the specific information required to be disclosed on the Exchange’s website in the latter half of 2016. Subsequently, the Exchange will be required to become compliant with these disclosures.

*Management Response:* Management agrees with this finding and has committed to coming into compliance with the required disclosures upon receipt of CMS guidance.

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 20 employer groups selected for testing in #1 above, we viewed documentation to determine that eligibility and enrollment for the 2015 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 physical and/or 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 beWellnm for Small Business website.

*Findings:* For all groups tested, the group consisted of more than one employee but less than 50 employees, with the exception of three groups. For these three groups, we could not verify the group size as of the date of our testing due to the ongoing open enrollment process. We were subsequently able to verify these groups did have the required group size at the time of initial enrollment/renewal, which meets the eligibility requirements. Additionally, for all groups tested, the employer was subsidizing at least 50% of the employee health insurance premium, the employer was covering insurance for at least 50% of eligible employees, and the group had a valid EIN and either physical or principal address located in New Mexico.

- 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 beWellnm for Small Business 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 January and December 2015. However, the Exchange’s beWellnm for Small Business 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 in their 2015 SMART submission to CMS.

REDW LLC

Albuquerque, New Mexico  
March 16, 2016

## Appendix A

CFR Section	Title of Section	Procedures Performed by REDW
<i>Subpart C – General Functions of an Exchange</i>		
155.200	Functions of an Exchange	<ul style="list-style-type: none"> <li>• Discussed the federal requirement with the Exchange’s CFO and Sr. Director of Operations of beWellnm for Small Business to gain an understanding of the Exchange’s operations and the applicability of the requirements.</li> <li>• To determine if the Exchange was not operating on behalf of a Qualified Health Plan (QHP), we viewed the GetInsured/beWellnm for Small Business website which supported the fact that the Exchange operates as a virtual marketplace where employers can shop various QHP’s across numerous insurance carriers.</li> </ul>
155.205	Consumer Assistance Tools and Programs of an Exchange	<ul style="list-style-type: none"> <li>• Discussed selected federal requirements with the CFO and Sr. Director of Operations of beWellnm for Small Business to assess their understanding of the related requirements and where required information was available to consumers.</li> <li>• Viewed the executed 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.</li> <li>• Viewed the website <a href="http://www.bewellnm.com">www.bewellnm.com</a> 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.</li> <li>• Viewed the Plan Comparison tool and the Anonymous Shopping tools on the website and gained an understanding of their functionality.</li> <li>• Viewed the functionality of the toggle feature on the website allowing for different languages.</li> <li>• Observed the beWellnm for Small Business Liaisons working the phone lines and informing</li> </ul>

CFR Section	Title of Section	Procedures Performed by REDW
<i>Subpart C – General Functions of an Exchange</i>		
		enrollees/members of the various services available.
155.210	Navigator Program Standards	<ul style="list-style-type: none"> <li>• Discussed the federal requirements with the CFO and Sr. Director of Operations of beWellnm for Small Business to assess their knowledge of the requirements and the use of Navigators.</li> <li>• Viewed contracts with Navigator entities to assess the nature and scope of their activities in comparison with the regulations, including conflicts of interest and adherence to privacy and security requirements.</li> <li>• Verified that contracted entities assigned as Navigators were eligible to serve in such capacity.</li> <li>• Assessed whether Navigator entities were being paid through federal grant funds.</li> </ul>
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"> <li>• Discussed the federal requirements with the CFO and Sr. Director of Operations of beWellnm for Small Business to assess their knowledge of the requirements and to determine the applicability of the regulations.</li> <li>• 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.</li> <li>• 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.</li> <li>• Viewed the New Mexico Office of Superintendent of Insurance (NM OSI) certification, and the related passing scores, for the New Mexico Primary Care Association (NMPCA) and the training certifications</li> </ul>

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		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"> <li>• Discussed the federal requirement with the Exchange's Sr. Director of Operations of beWellnm for Small Business and the Director of Life and Health Division at NM OSI to gain an understanding of the use of Agents and Brokers and to assess the overall knowledge of the related requirements.</li> <li>• Viewed various training materials over privacy, security, and compliance as well as the Compliance Participant's Guide.</li> </ul>
155.225	Certified Application Counselors	<ul style="list-style-type: none"> <li>• Discussed the federal requirement with the CFO and Sr. Director of Operations of beWellnm for Small Business 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.</li> <li>• 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.</li> <li>• Viewed training manuals and selected certifications provided by an enrollment entity.</li> </ul>
155.230	General Standards for Exchange Notices	<ul style="list-style-type: none"> <li>• Discussed the federal requirements with the CFO and Sr. Director of Operations of beWellnm for Small Business to gain an understanding of their knowledge of the requirements and the types of notices and that are generated by beWellnm for Small Business and methods in which notices are sent.</li> <li>• Obtained beWellnm for Small Business's current system of notices and assessed them for the required notice language.</li> <li>• Viewed the beWellnm for Small Business website where notices are sent and received through employer group "in-boxes".</li> </ul>
155.240	Payment of Premium	<ul style="list-style-type: none"> <li>• Discussed the federal requirements with the CFO and Accountant to gain an understanding of their</li> </ul>

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		<p>knowledge of this requirement and the premium billing and premium remittance process.</p> <ul style="list-style-type: none"> <li>• Performed a walk-through of the premium billing and carrier remittance transaction cycle.</li> <li>• Performed detailed testing on a sample of 22 premium bills (see full Agreed-Upon Procedures Report).</li> <li>• Viewed the Plan Comparison Tool on the beWellnm for Small Business website.</li> </ul>
155.260	Privacy and Security of Personally Identifiable Information (PII)	<ul style="list-style-type: none"> <li>• Discussed the federal requirements with the Sr. Director of Operations of beWellnm for Small Business to gain an understanding of the types of PII created/obtained/maintained by the Exchange and the Exchange’s processes and controls for ensuring privacy and security.</li> <li>• Gained an understanding for those employees with access to PII and assessed the access levels for reasonableness.</li> <li>• Viewed the Exchange’s Privacy Policy and the link to this policy on the website.</li> <li>• Observed the CFO, Sr. Director of Operations of beWellnm for Small Business, beWellnm for Small Business Liaison, and the Accountant logging into the system using unique usernames and passwords.</li> <li>• Observed shred bins onsite at the Exchange which are utilized for accumulating sensitive documents for shredding.</li> <li>• Viewed a vendor contract and identified that specific language concerning confidentiality, privacy and security was included.</li> <li>• Observed compliance notices/signs onsite at the Exchange, including a hotline to report noncompliance and fraud.</li> <li>• Observed one Exchange employment agreement to determine if it contained requirements for complying with applicable security, confidentiality, and other federal and state regulations.</li> </ul>

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		<ul style="list-style-type: none"> <li>• Read policies and procedures related to the creation, collection, use, and disclosure of PII.</li> </ul>
155.270	Use of Standards and Protocols for Electronic Transactions	<ul style="list-style-type: none"> <li>• Discussed the federal requirement with the Sr. Director of Operations of beWellnm for Small Business to gain an understanding of the applicability of these requirements and their knowledge in the area.</li> <li>• Communicated with the Information Security Department at GetInsured regarding their encryption controls and data transfer process.</li> <li>• Viewed the Health Insurance Portability and Accountability Act (HIPAA) and Privacy Breach and Migration training documents.</li> <li>• Determined that GetInsured did not have a security audit performed over the beWellnm for Small Business website during 2015. However, we were able to view a security audit conducted over the website in 2014.</li> </ul>
155.206, 155.227, 155.280 and 155.285	Various Sections	<ul style="list-style-type: none"> <li>• For these additional sections, we inquired with the CFO and Sr. Director of Operations of beWellnm for Small Business, 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, 2015.</li> </ul>



CFR Section	Title of Section	Procedures Performed by REDW
<b><i>Subpart K – Exchange Functions; Certification of Qualified Health Plans (QHP’s)</i></b>		
155.1000	Certification Standards for QHP’s	<ul style="list-style-type: none"> <li>• Discussed the federal requirements with the Director of Life and Health Division at NM OSI and gained an understanding of the certification process and responsibilities for ensuring compliance.</li> <li>• Observed various certified QHP’s offered through the beWellnm for Small Business website.</li> <li>• Viewed the Memorandum of Understanding (MOU) in place between the Exchange and NM OSI.</li> <li>• Read the New Mexico Health Insurance Exchange Act.</li> </ul>
155.1010	Certification Process for QHP’s	<ul style="list-style-type: none"> <li>• Discussed the federal requirements with the Director of Life and Health Division at NM OSI and gained an understanding of the certification process and responsibilities for ensuring compliance.</li> <li>• Viewed the Health Insurance Rate Review (HIRR) website for certified QHP’s and the NM OSI website.</li> </ul>
155.1020	QHP Issuer Rate and Benefit Information	<ul style="list-style-type: none"> <li>• Discussed the federal requirements with the Director of Life and Health Division at NM OSI and gained an understanding of the process for handling and updating rate and benefit information.</li> <li>• Selected one rate increase processed for BlueCross BlueShield (BCBS) in April 2015 posted on the HIRR website and determined that the requested increase was reviewed and approved by NM OSI.</li> <li>• Viewed the Rating Filing Summary and Summary of Benefits and Coverage and determined that they included rates, covered benefits, and cost-sharing requirements (co-pays or co-insurance).</li> </ul>
155.1030	QHP Certification Standards Related to Advance Payments of the Premium Tax Credit and Cost-Sharing Reductions	<ul style="list-style-type: none"> <li>• Discussed the federal requirements with the Director of Life and Health at NM OSI and gained an understanding of the processes in place to achieve compliance with the related requirements.</li> </ul>

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<b><i>Subpart K – Exchange Functions; Certification of Qualified Health Plans (QHP’s)</i></b>		
		<ul style="list-style-type: none"> <li>• Viewed the beWellnm for Small Business website to determine if plan variations were available within each QHP offered.</li> <li>• Viewed the System for Electronic Rate and Form Filing (SERFF) website for exchange of information between NM OSI and CMS/HHS.</li> </ul>
155.1040	Transparency in Coverage	<ul style="list-style-type: none"> <li>• Discussed the federal requirements with the Director of Life and Health Division at NM OSI and gained an understanding of OSI’s process for collecting information from QHP issuers.</li> <li>• 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.</li> <li>• Viewed a Rate Filing Summary and Summary of Benefits and Coverage for one QHP on the HIRR website.</li> <li>• Verified that links to provider directories were available through the beWellnm for Small Business website.</li> </ul>
155.1045	Accreditation Timeline	<ul style="list-style-type: none"> <li>• Discussed the federal requirements with the Director of Life and Health at NM OSI and gained an understanding for the accreditation timeline used by NM OSI.</li> </ul>
155.1050	Establishment of Exchange Network Adequacy Standards	<ul style="list-style-type: none"> <li>• Discussed the federal requirements with the Director of Life and Health at NM OSI and gained an understanding of the review process in place to ensure that QHP network adequacy standards are met.</li> <li>• Viewed the New Mexico version of the Individual Form Review QHP Checklist.</li> </ul>
155.1055	Service Area of a QHP	<ul style="list-style-type: none"> <li>• Discussed the federal requirements with the Director of Life and Health Division at NM OSI and gained an understanding of NM OSI’s processes for evaluating service area adequacy.</li> <li>• Viewed the New Mexico version of the Individual</li> </ul>

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<b><i>Subpart K – Exchange Functions; Certification of Qualified Health Plans (QHP’s)</i></b>		
		Form Review QHP Checklist and determined if it addressed service areas.
155.1065	Stand-Alone Dental Plans	<ul style="list-style-type: none"> <li>• Discussed the federal requirements with the Director of Life and Health Division at NM OSI and gained an understanding of the Dental Plans offered through the Exchange.</li> <li>• Assessed whether dental plans offered through the Exchange were allowable under the federal regulations.</li> <li>• Using the Anonymous Shopping tool, viewed the Summary of Benefits and Coverage for QHP’s on the beWellnm for Small Business website to determine if dental plans were offered and were consistent with our understanding of stand-alone dental plans.</li> </ul>
155.1075	Recertification of QHP’s	<ul style="list-style-type: none"> <li>• Discussed the federal requirements with the Director of Life and Health Division at NM OSI and gained an understanding of the recertification process.</li> <li>• Viewed the New Mexico version of the Individual Form Review QHP Checklist used for the certification/recertification process.</li> <li>• Viewed a QHP recertification processed in April 2015 on the HIRR website.</li> <li>• Viewed the Excel-based plan certification template available to carriers on the SERFF website.</li> <li>• Assessed whether the recertification selected above was approved and processed prior to the September 15<sup>th</sup> deadline.</li> </ul>
155.1080	Decertification of QHP’s	<ul style="list-style-type: none"> <li>• Discussed the federal requirements with the Director of Life and Health Division at NM OSI and gained an understanding of the decertification and appeals process and required notices.</li> <li>• Determined that there were no decertification’s of QHP’s by NM OSI during 2015.</li> </ul>