

**INDEPENDENT EXTERNAL AUDIT:
2017 AUDIT FINDINGS REPORT
VERMONT HEALTH CONNECT:
AUDIT RESPONSE AND CORRECTIVE ACTION PLAN**

TO: CCIIO STATE EXCHANGES GROUP
FROM: VERMONT HEALTH CONNECT
DATE: JUNE 1ST, 2018
SUBJECT: CORRECTIVE ACTION PLAN FOR VERMONT
AUDIT PERIOD: JULY 1, 2016 – JUNE 30, 2017

I. RESPONSE TO THE AUDIT REPORT FINDINGS

Vermont is in agreement with the key findings. We are engaged in regular communication with CCIIO and we will provide updates to CCIIO as issues become resolved.

II. CORRECTIVE ACTION PLAN

FINDING #2017-001

Criteria:

Pursuant to 45 CFR §155.305(f), Federal poverty level or FPL means the most recently published Federal poverty level, updated periodically in the Federal Register by the Secretary of Health and Human Services under the authority of 42 U.S.C. 9902(2), as of the first day of the annual open enrollment period for coverage in a QHP through the Exchange, as specified in §155.410.

Condition and Context:

We sampled 95 cases to test the eligibility determination for QHP and verify that the appropriate amount of APTC was awarded. In the 95 cases, we identified two cases where the APTC for the 2017 plan year was calculated using 2015 FPL.

Cause:

VHC does not have adequate internal controls in place to prevent the use of an incorrect FPL in eligibility determinations for all cases.

Effect:

The applicants were not awarded the APTC amount to which they were entitled based upon their information submitted on their applications. Since the FPL is adjusted for inflation annually, the APTC award at a given level of income increases, as well. Therefore, the effect is to improperly deny eligible applicants APTC, rather than to award it to ineligible applicants.

Management Response:

The State will perform research to determine the cause of the apparent incorrect use of the 2015 FPL.

Corrective Action:

The system defect has been queued for review with Maintenance and Operations for potential resolution.

Point of contact: *Anne Petrow, Oversight and Monitoring Director*

Athanasia Boskailo, Director of Health Care Eligibility and Enrollment

FINDING #2017-002***Criteria:***

Pursuant to 42 CFR 435.110 and the Vermont Health Benefits Eligibility and Enrollment Rule (HBEE) §7.03(a)(5)(ii), Medicaid should be provided to a parent or caretaker relative of a dependent child and their spouse, if living within the same household as the parent or caretaker relative, with a modified adjusted gross income-based household income that is at or below a specified dollar amount that is set based on the parent or caretaker relative's family size.

Condition:

We selected a sample of 95 cases to verify eligibility determinations. In one case we tested, a parent/caretaker in a three member household with income less than the Vermont basic needs standard for a parent/caretaker relative was incorrectly determined ineligible for Medicaid due to the child not applying for health care coverage. The other parent and the child in this same household were not seeking coverage because they had access to other Minimum Essential Coverage (MEC). The incorrect eligibility determination resulted from an improper application of HBEE §7.03(a)(5)(ii), which governs the eligibility of adults in new adult groups. This rule states that, in order for an adult in a new adult group to be eligible for Medicaid, any child living in the household, who is not also applying for Medicaid coverage, must be enrolled in Medicaid, Dr. Dynasaur or other MEC. Since the household income in the test case was below the parent/caretaker threshold for their household size, this rule should not have applied to the applicant. This rule only applies to a parent/caretaker who falls into the new adult group because they are over the income threshold for the parent/caretaker coverage group.

Condition and Context:

The system improperly applies the eligibility requirements specific to the new adult group to a parent/caretaker who is under the parent/caretaker income threshold.

Effect:

Medicaid eligible adult applicants with children were improperly determined ineligible for Medicaid, by incorrectly applying the rule for new adult group.

Management Response:

The finding resulted from the over-application of a specific Medicaid eligibility rule requiring a child to have coverage in order for the parent/caretaker to receive it (42 CFR 435.119(c)). This is a known system defect.

Corrective Action:

The system defect has been queued for review with Maintenance and Operations for potential resolution. VHC has instituted a manual workaround to properly screen applicants under this Medicaid rule which results in the denial of APTC when the applicants are Medicaid eligible.

Point of contact: *Anne Petrow, Oversight and Monitoring Director*
Athanasia Boskailo, Director of Health Care Eligibility and Enrollment

III. CONCLUSION

We confirm to the best of our knowledge that the information included in this Corrective Action Plan is accurate and based on a thorough review of the Key Findings and Recommendations stated in the Audit Findings Report, which is in compliance with the Marketplace's procedures.

Anne Petrow, Oversight & Monitoring Director
Athanasia Boskailo, Director of Health Care Eligibility and Enrollment
Cassandra Madison, DVHA Deputy Commissioner