

Independent Accountant's Report On Applying Agreed-Upon Procedures

To the Board and Management of the
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"), solely to assist the Exchange in meeting the financial and programmatic reporting requirements as specified by the Centers for Medicare and Medicaid Services (CMS) for completion of certain aspects of the Exchange's 2018 State-based Marketplace Annual Reporting Tool (SMART) submission. The Exchange's management is responsible for the accurate processing and accounting of the beWellnm for Small Business receipts and disbursements in accordance with generally accepted accounting principles (GAAP). The Exchange's management 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. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. 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. 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) *BeWellnm for Small Business Receipts and Disbursements Procedures:* We selected a statistical sample of 22 premium invoices, based on a 90% confidence level and 10% tolerable deviation, issued between January and December 2018. For each premium invoice 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 selected.
 - 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 PaymentTech.

- c) Determined if the bank processing fees were appropriately accounted for by the Exchange.
- d) Assessed whether the premium payment was contained in the aggregate deposit shown in the Bank of Albuquerque 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 invoicing, bank processing fees, and carrier remittance payment to determine if they were posted in accordance with GAAP.

Findings: All premium invoices, premium payments, premium payer disbursements and bank processing charges selected were properly recorded in accordance with GAAP. All premium bill amounts selected agreed with the premium bill, the general ledger, bank statements, and carrier remittance documents.

2) *45 CFR Part 155 Compliance Procedures:*

Subpart C

We performed inquiries, observations, walkthroughs, and inspection of documents, 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, Subpart C. Refer to Appendix A for a detailed listing of the specific procedures performed.

Findings: During our procedures over 45 CFR 155, Subpart C, the Exchange appeared to be in compliance with the federal requirements set forth in the aforementioned Subpart or received specific approved exemptions from CMS for those requirements which the Exchange does not need to comply with.

The procedures for other areas, as presented in Appendix A, did not result in the identification of findings to report.

Subpart K

In accordance with Section 3, Subsection B of the New Mexico Health Insurance Exchange Act (the “Act”), New Mexico Statutes Annotated 1978, 59A-23F-1 through 23F-8, the Exchange shall not duplicate, impair, enhance, supplant, infringe upon or replace, in whole or in any part, the powers, duties or authority of the Superintendent, including the Superintendent’s authority to review and approve premium rates pursuant to the provisions of the New Mexico Insurance Code. The Exchange does not have the legal authority, either by statute or contract, to perform the federal requirements outlined in Subpart K. As a result, procedures were not performed to determine the Exchanges’ compliance with 45 CFR 155, Subpart K.

- 3) *Eligibility and Enrollment Procedures:* For each of the 22 employer groups selected for the procedures in #1 above, we inspected system documentation to determine that eligibility and enrollment for the 2018 coverage year was performed and documented in compliance with policies and procedures and related regulations at the time of initial enrollment. Specifically, we determined 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 40% of the employee health insurance premium between January 1, 2018 through December 31, 2018; and,
 - d) The employer group had a valid Employer Identification Number (EIN) and a physical and/or principal address located in New Mexico.

Findings: For all employer groups selected, the group consisted of more than one employee but less than 50 employees. Additionally, for all employer groups selected, the employer was covering insurance for at least 50% of eligible employees; the employer was subsidizing at least 40% of the employee health insurance premium between January 1, 2018 through December 31, 2018; 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 applicable CFR regulations.

Findings: The Exchange did not have any eligibility-based appeals submitted between January and December 2018. However, the Exchange’s beWellnm for Small Business Policies and Procedures Manual did cover the appeals adjudication process, including the various types of appeals that could be filed, and the process for handling each of them in accordance with CFR requirements.

This agreed-upon procedures engagement was conducted in accordance with standards contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the accuracy of the accounting records, compliance with 45 CFR 155, Subpart C, and the errors identification and eligibility appeals process. Accordingly, we do not express such an opinion or conclusion. 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 management of the Exchange and is not intended to be and should not be used by anyone other than the specified party. The Exchange, however, may submit this report to CMS in their 2018 SMART submission.

REDW LLC
Albuquerque, New Mexico
May 28, 2019

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"> • Discussed the federal requirements with the Exchange’s Deputy CEO and CFO to gain an understanding of the Exchange’s operations and the applicability of the federal requirements. • Determined that the Exchange was not operating on behalf of a Qualified Health Plan (QHP) by viewing the GetInsured/beWellnm for Small Business website, which supported the fact that the Exchange operates as a virtual marketplace where employers can shop for various QHP’s offered by carriers, and through discussions with the Exchange’s Deputy CEO and CFO, and scanning financial activity in the general ledger. |
| 155.205 | Consumer Assistance Tools and Programs of an Exchange | <ul style="list-style-type: none"> • Discussed the federal requirements with the Exchange’s Deputy CEO and CFO and Director of Communication and Outreach to discuss their understanding of the related requirements and where required information was available to consumers. • Read the executed contract between the Exchange and its call center vendor and gained an understanding, through inquiry, of the resources the vendor provides including assistance with sign language services, assistance for deaf individuals, and numerous language translation services. This function was brought in house during 2018 and vendor contract was terminated. • Viewed the Exchange’s website, www.bewellnm.com, observing the following information was displayed: the call center number 1-833-ToBeWell, premium and cost-sharing information, the summary of benefits and coverage, the identification of each level of QHP offered, and the provider directory. We also observed 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. |

APPENDIX A — continued

| CFR Section | Title of Section | Procedures Performed by REDW |
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| <i>Subpart C – General Functions of an Exchange</i> | | |
| 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 Operations Specialist of beWellnm for Small Business and personnel at NM OSI's Life and Health Division to gain an understanding of the use of Agents and Brokers and to discuss their 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 Exchange's Deputy CEO and CFO 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 to determine that it covered duties relating to serving as an enrollment entity, coordinating enrollment counselors and providing reports to the Exchange. • 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 Exchange's Deputy CEO and CFO and Operations Specialist to gain an understanding of their knowledge of the requirements and the types of notices that are generated by the GetInsured/beWellnm for Small Business website and methods in which notices are sent to employer groups. • Obtained beWellnm for Small Business's current system of notices and read them for the required notice language. • Viewed the GetInsured/beWellnm for Small Business website where notices are sent and received through employer group "in-boxes." |

APPENDIX A — continued

| CFR Section | Title of Section | Procedures Performed by REDW |
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| <i>Subpart C – General Functions of an Exchange</i> | | |
| 155.240 | Payment of Premium | <ul style="list-style-type: none"> • Discussed the federal requirements with the Exchange’s Deputy CEO and CFO and Senior Accountant to gain an understanding of their knowledge of the federal requirements and the premium billing and premium remittance process. • Performed a walk-through of the Exchange’s premium billing and carrier remittance transaction cycle. • Performed detailed procedures on a sample of 22 premium bills (see full Agreed-Upon Procedures Report). • Viewed the Plan Comparison Tool on the GetInsured/beWellnm for Small Business website to assess calculation of premium. |
| 155.260 | Privacy and Security of Personally Identifiable Information (PII) | <ul style="list-style-type: none"> • Discussed the federal requirements with the Exchange’s Operations Specialist 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. • Obtained a listing of those employees with access to PII and determined that the access levels were appropriate. • Viewed the Exchange’s Privacy Policy and the link to this policy on the website. • Observed the Exchange’s Deputy CEO and CFO and Senior Accountant logging into the GetInsured/beWellnm for small business website using unique usernames and passwords. • Observed shred bins onsite at the Exchange that are utilized for accumulating sensitive documents for disposal. • Viewed a vendor contract and identified that specific language concerning confidentiality, privacy and security was included. • Observed compliance notices/signs onsite at the Exchange, including a hotline to report noncompliance and fraud. • Observed one Exchange employment agreement to verify that it contained requirements for complying with applicable security, confidentiality, and other federal and state regulations. • Read the Exchange’s policies and procedures related to the creation, collection, use, and disclosure of PII. |

APPENDIX A — continued

| CFR Section | Title of Section | Procedures Performed by REDW |
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| <i>Subpart C – General Functions of an Exchange</i> | | |
| 155.270 | Use of Standards and Protocols for Electronic Transactions | <ul style="list-style-type: none"> • Discussed the federal requirement with the Exchange’s Operations Specialist 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 and data transfer process. • Viewed the Health Insurance Portability and Accountability Act (HIPAA) and Privacy Breach and Migration training documents. |
| 155.206, 155.210, 155.215, 155.221, 155.222, 155.227, 155.280 and 155.285 | Various Sections | <ul style="list-style-type: none"> • For these federal requirements, we inquired with the Exchange’s Deputy CEO and CFO, Director of Communications and Outreach, and Operations Specialist, agreed that these sections of the CFR were not applicable to the Exchange and their activities as of December 31, 2018, as the Exchange currently uses the federal healthcare platform for the individual exchange. |