

Arkansas Health Insurance Marketplace

Independent Accountant's Report on
Applying Agreed-Upon Procedures

May 24, 2018



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Board of Directors
Arkansas Health Insurance Marketplace
Little Rock, Arkansas

We have performed the procedures enumerated in the attachment to this report, which were agreed to by Arkansas Health Insurance Marketplace (Exchange), related to the processes and internal controls over the compliance with specified financial and programmatic requirements of the Centers for Medicare & Medicaid Services (CMS) of the Marketplace for the year ended June 30, 2017, solely to assist the Marketplace in meeting the financial and programmatic requirements as specified by CMS for completion of certain aspects of the Exchange's 2017 State-based Marketplace Annual Reporting Tool (SMART) submission. The management of Arkansas Health Insurance Marketplace is responsible for its compliance with these requirements. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described in the attachment to this report either for the purpose for which this report has been requested or for any other purpose.

The findings obtained are described in the attachment to this report.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or a review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the specified requirements. 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.

BKD was not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records and compliance with 45 CFR 155, Subparts C and K. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have to our attention that would have been reported to you.

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The purpose of this report is solely to assist the Exchange in meeting the financial and programmatic requirements as specified by CMS for completion of certain aspects of the Exchange's 2017 SMART submission. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Little Rock, Arkansas
May 24, 2018

Arkansas Health Insurance Marketplace
Engagement Findings
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No findings or exceptions were identified related to the procedures performed.

Arkansas Health Insurance Marketplace
Engagement Scope and Procedures
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CFR Section	Title of Section	Procedures Performed by BKD
<i>Subpart K – Exchange Functions; Certification of Qualified Health Plans (QHPs)</i>		
155.1000	Certification Standards for QHPs	<ul style="list-style-type: none"> • Discuss the federal requirements with process owners of key roles and document their understanding of the certification standards and responsibilities for ensuring compliance. • View the Memorandum of Understanding (MOU) in place between the Exchange and Arkansas Insurance Department (AID). • Obtain and read the <i>Arkansas Health Insurance Marketplace Act</i> to determine that it provides for the implementation of procedures and criteria for the certification of health benefit plans.
155.1010	Certification Process for QHPs	<ul style="list-style-type: none"> • Discuss the federal requirements with process owners of key roles to determine that they have an understanding of the certification process and responsibilities for ensuring compliance. • View the Health Insurance Rate Review (HIRR) website for certified QHPs and the AID website.
155.1020	QHP Issuer Rate and Benefit Information	<ul style="list-style-type: none"> • Discuss the federal requirements with process owners of key roles to determine that they have an understanding of the process for handling and updating rate and benefit information. • Select one rate increase processed for BlueCross BlueShield (BCBS) in May 2017 posted on the website and view documentation that evidences review and approval by AID of the requested increase. • Obtain and read the Rating Filing Summary and Summary of Benefits and Coverage to determine that they included rates, covered benefits, and cost-sharing requirements (co-pays or co-insurance).

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CFR Section	Title of Section	Procedures Performed by BKD
<i>Subpart K – Exchange Functions; Certification of Qualified Health Plans (QHPs)</i>		
155.1030	QHP Certification Standards Related to Advance Payments of the Premium Tax	<ul style="list-style-type: none"> • Discuss the federal requirements with process owners of key roles to determine that they have an understanding of the processes in place to achieve compliance with the related requirements. • View the System for Electronic Rate and Form Filing (SERFF) website for exchange of rate allocation information between AID and CMS/Health and Human Services (HHS) to determine that the exchange process in place to administer advance payments of the premium tax credit and cost-sharing reductions.
155.1040	Transparency in Coverage	<ul style="list-style-type: none"> • Inquire of the process owners of key roles and document AID’s process for collecting information from QHP issuers. • Read the Arkansas version of the Individual Form Review QHP Checklist. Determine 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. • View a Rate Filing Summary and Summary of Benefits and Coverage for one QHP on the HIRR website to determine that the QHP issuer has made cost-sharing information available.
155.1050	Establishment of Exchange Network Adequacy Standards	<ul style="list-style-type: none"> • Discuss the federal requirements with process owners of key roles to determine that they have an understanding of the review process in place to ensure that QHP network adequacy standards are met. • View the Arkansas version of the Individual Form Review QHP Checklist to determine that the Exchange has a process in place to monitor whether the provider network of each QHP meets the standards specified in § 156.230.

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CFR Section	Title of Section	Procedures Performed by BKD
<i>Subpart K – Exchange Functions; Certification of Qualified Health Plans (QHPs)</i>		
155.1055	Service Area of a QHP	<ul style="list-style-type: none"> • Discuss the federal requirements with process owners of key roles and document AID’s processes for evaluating service area adequacy. • Obtain and read the Arkansas version of the Individual Form Review QHP Checklist and determine it addresses service areas.
155.1065	Stand-Alone Dental Plans	<ul style="list-style-type: none"> • Please refer to Section 155.1000 as the Certification processes for SADP products is the same as that for QHPs. • Inquire of the process owners of key roles and document the dental plans offered through the Exchange. • Assess whether dental plans offered through the Exchange were allowable under the federal regulations by comparing the plan designs to the general requirements in Section 155.1065 (a). • Using the Anonymous Shopping tool, view the Summary of Benefits and Coverage for QHPs on the exchange website to determine if dental plans were offered and were consistent with our documentation of stand-alone dental plans offered through the exchange.
155.1075	Recertification of QHPs	<ul style="list-style-type: none"> • Inquire of the process owners of key roles and document the recertification process. • View the Arkansas version of the Individual Form Review QHP Checklist used for the certification/recertification process to determine that the exchange has established a process for recertification of QHPs. • For one recertification selected haphazardly, view a QHP recertification processed in May 2017 on the HIRR website. • View the Excel-based plan certification template available to carriers on the SERFF website to determine that the exchange has established a process for recertification of QHPs. • Observe whether the recertification selected above was approved and processed prior to the September 15 deadline.

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CFR Section	Title of Section	Procedures Performed by BKD
<i>Subpart K – Exchange Functions; Certification of Qualified Health Plans (QHPs)</i>		
155.1080	Decertification of QHPs	<ul style="list-style-type: none"> • Inquire of the process owners of key roles and document the decertification and appeals process and required notices. • Inquire with a representative of AID to determine that there were no decertifications of QHPs by AID during 2017.
<i>Subpart C – Exchange Functions; Certification of Qualified Health Plans (QHPs)</i>		
155.200	Functions of an Exchange	<ul style="list-style-type: none"> • Discuss the federal requirements in 45 CFR 155 with the Exchange’s CFO in order to gain an understanding of the Exchange’s operations and the applicability of the requirements.
155.205	Consumer Assistance Tools	<ul style="list-style-type: none"> • Discuss the federal requirements of 45 CFR 155.205 with the process owners of key roles to and programs of and determine that they have adequate understanding of the related requirements and where Exchange-required information was available to consumers. • View the MyARInsurance website maintained by the Exchange and observe the following information is displayed: the toll-free hotline number. • Observe the personnel working the toll-free hotline line and review call center script which conveys how consumers are directed to the appropriate support entities for enrollment.
155.220	Ability of States to Permit Agents and Brokers to Assist Qualified Individuals, Enrolling in QHPs	<ul style="list-style-type: none"> • Discuss the federal requirement in 45 CFR 155.220 with the process owners of key roles to agents and brokers to determine the individual poses adequate overall knowledge of the related requirements. • Obtain and observe various training materials over privacy, security and compliance as well as the Compliance Participant’s Guide to determine the Exchange has training materials enrolling in QHPs available to train and register agents or brokers.