

## Summary of Independent Accountant's Report Maryland Health Benefit Exchange Plan Year 2022

The Affordable Care Act requires state-based exchanges to have an annual external independent examination of financial and program activities in accordance with 45 CFR 155.1200-1210, Subpart M – Oversight and Program Integrity Standards for State Exchanges. Accordingly, the Maryland Health Benefit Exchange (MHBE) contracted Hamilton Enterprises LLC (Hamilton) to perform the required examination. The auditors reviewed processes in place during MHBE's Plan Year 2022, which ran from January 1, 2022 to December 31, 2022.

The examination included a review of MHBE's accounting of expenditures<sup>1</sup> and regulatory standards for general functions of State-based Exchanges. Specific areas of examination included, but were not limited to, certification of Qualified Health Plans (QHPs), enrollment in QHPs, Medicaid, data reporting, information disclosures, and quality improvement strategies.

Hamilton followed *Governmental Auditing Standards* and made its report available to the U.S. Department of Health and Human Services for review. In our opinion, MHBE was compliant with 45 CFR Part 155, Subparts C, D, E, K, and M.

Based on the testing of Plan Year 2022, Hamilton identified a significant deficiency in our programmatic audit testing where the data provided by the HBX system indicated that an applicant had not requested coverage, when in fact they had requested coverage and is correctly shown to be enrolled in a Qualified Health Plan.

An individual must request coverage within the system in order to have the option of purchasing a Qualified Health Plan. This is evident in the business rules and system processes. However, HBX appears to have incorrectly associated a designation of not requesting coverage when in fact coverage was sought.

MHBE has their own internal audit process to identify errors in the HBX system. However, this process did not identify the discrepancy.

MHBE agrees with the finding and recommendations and has developed a corrective action plan to address the finding noted above.

Based on the testing of Fiscal Year 2022 (July 1, 2021 to June 30, 2022), Hamilton did not identify any exceptions during our examination of financial activity.

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<sup>1</sup> Financial statements are not prepared at the agency level as MHBE is included in the Maryland State Comprehensive Annual Financial Report. As such, the Comprehensive Annual Financial Report for the State of Maryland is separately submitted to serve as confirmation that receipts are recorded in accordance with Generally Accepted Accounting Principles.

