

## Summary of Independent Accountant's Report Maryland Health Benefit Exchange Plan Year 2023

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 2023, which ran from January 1, 2023 to December 31, 2023.

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 except for the material noncompliance described below.

Based on the testing of Plan Year 2023, Hamilton identified a material noncompliance in our programmatic audit testing where the data provided by the MHBE for 1 of 60 samples tested indicated that an applicant is not a U.S. citizen, and the green card demonstrating the individual's lawful presence in the United States expired on October 12, 2018. Consequently, MHBE was noncompliant with 45 CFR 155, Subpart D eligibility determination requirements.

This occurred because there is a material weakness in MHBE's internal controls over compliance in that MHBE does not re-verify that non-citizens with conditional resident status (2-year green card holders) are still lawfully present in the United States during the re-enrollment process.

MHBE agrees that for green card holders, MHBE does not currently *reverify* lawful presence at redetermination, pursuant to the reasoning that green card holders are lawful permanent residents, and a green card expiration does not change the underlying legal status of the individual as a lawful permanent resident. However, MHBE acknowledges that there is a distinction between conditional resident status visas (2 year green cards) and permanent resident status visas (10 year green cards), in that once a 2 year visa is expired that person is no longer a legal resident of the United States. Consequently, MHBE will update its application to distinguish between the two types of green cards, and for those with 2-year green cards, will verify lawful presence at redetermination, consistent with the approach for all other non-citizens. The projected implementation date will be February 2025.

Based on the testing of Fiscal Year 2023 (July 1, 2022 to June 30, 2023), Hamilton did not identify any exceptions during our examination of financial activity.

<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.