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May 15, 2018

Dianne E. Ray, CPA
State Auditor
Colorado Office of the State Auditor
1525 Sherman St., 7th Floor
Denver, CO 80203

Dear Auditor Ray:

In response to your request, we have prepared a status report regarding the implementation of audit recommendations contained in the *Colorado Health Insurance Benefits Exchange: Connect for Health Colorado* (July 2017). The attached report provides a brief explanation of the actions Connect for Health Colorado has taken to implement each recommendation.

If you have any questions, please do not hesitate to contact me at 303-518-2151 or by email at KPatterson@C4HCO.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin Patterson".

Kevin Patterson
CEO

AUDIT RECOMMENDATION STATUS REPORT

AUDIT NAME: Colorado Health Insurance Benefits Exchange: Connect for Health Colorado, Performance Audit

AUDIT NUMBER: 1675P

DATE OF STATUS REPORT: May 15, 2018

SUMMARY INFORMATION

Rec. Number	Organization's Response	Original Implementation Date	Implementation Status	Revised Implementation Date (If applicable)
1A	Agree	July 2017	Implemented and Ongoing	October 2017
1B	Agree	September 2017	Implemented and Ongoing	December 2017
1C	Agree	August 2017	Implemented	October 2017
1D	Agree	August 2017	Implemented and Ongoing	October 2017
1E	Agree	September 2017	Implemented and Ongoing	October 2017
2A	Agree	August 2017	Implemented and Ongoing	January 2018
2B	Agree	October 2017	Implemented and Ongoing	March 2018
2C	Agree	September 2017	Implemented	
2D	Agree	September 2017	Implemented	December 2017
2E	Agree	September 2017	Implemented	December 2017

DETAIL OF IMPLEMENTATION STATUS

Recommendation No. 1:

Connect for Health Colorado should improve its controls over procurement, spending, contracting, and grants management by:

- A. Implementing a process to update written policies and procedures so that they consistently and accurately reflect the processes that management and staff are expected to follow.

Current Implementation Status for Rec. 1, part A: Implemented and Ongoing

Connect for Health's Update:

Connect for Health implemented a quarterly review process of the finance related policies and procedures. As part of the review, an inventory of all relevant policies and procedures was initially completed. Based on this inventory, a checklist was created for tracking the quarterly

review of the policy and procedures and identifying changes to those documents that may require additional training. The initial review was conducted following the end of the 3rd quarter of 2017 (September 30, 2017) and documented using the checklist. The review process will be conducted in the month following each quarter-end going forward. A review was conducted following the 4th quarter of 2017 and is in process for the 1st quarter of 2018. The delay in the implementation date was due in part to the quarterly nature of the process.

- B. Implementing a process to revise contracts to ensure that they accurately reflect current vendor and grantee performance expectations and documentation requirements for payment requests.

Current Implementation Status for Rec. 1, part B: Implemented and Ongoing

Connect for Health's Update:

As part of the 3rd quarter 2017 policy and procedure review process, the contract management procedure underwent a significant update to address the need for monitoring contract compliance by vendors. The updated contract management procedure involved the development of a contract checklist for active contracts. The checklists are completed and maintained by the designated contract manager. The procedure requires ongoing review by the manager to assure compliance with the contract requirements. The contract manager is also in the approval workflow for all invoices related to the contract. The procedure also identifies the process for addressing non-compliance issues. Monitoring the completion of the checklists and reconciliation with the accounting system is conducted by the finance department. Completion of the revision to the contracting procedure was in November 2017 and the kickoff of the new process started with a training session on December 1, 2017. The initial checklists were completed by contract managers in January 2018. The delay in the implementation date was due in part to the quarterly nature of the process.

- C. Developing and implementing a corrective action plan to address all audit findings.

Current Implementation Status for Rec. 1, part C: Implemented

Connect for Health's Update:

Connect for Health reviewed the prior audit findings that were found to be partially implemented and documented the action steps necessary to fully implement the recommendations. The development of the action plan included the crosswalking of the prior 2014 audit findings with current 2017 audit findings. The crosswalk and resulting action steps were documented in a summary matrix of audit findings. The implementation of the action steps were conducted in accordance with the crosswalk. The action plan was completed in October 2017 and implementation was completed in line with the completion of the other 2017 audit findings. Implementation of many of corrective action steps is tied to the implementation of processes of the other recommendations.

- D. Conducting ongoing follow-up reviews to ensure current policies are enforced and all external and internal audit recommendations have been implemented.

Current Implementation Status for Rec. 1, part D: Implemented and Ongoing

Connect for Health's Update:

The organization instituted compliance reviews conducted by internal audit and quarterly internal audit reporting to the Board on the status of all audit findings and plans for reviewing policies and procedures. Reporting to the Board is summarized in a dashboard style report. The initial focus for review by internal audit has been the review of the implementation of the appeals and complaint audit recommendations. The primary criteria used for scheduling reviews includes Board requests, follow-ups from previous audit findings and significant changes in policies and procedures. Reviews conducted as the result of changes in policies and procedures are scheduled approximately six months out from the implementation of the new/revised policies and/or procedures to allow for a sufficient test period. The testing in the reviews includes an evaluation of compliance with the relevant policies and procedures. In the situation where there are significant findings resulting from the review a follow-up review will be conducted to assure compliance. Since most of the audit recommendations generally resulted in policy and procedure changes, the implementation of other new/revised policies (besides those related to appeals and complaints), are currently scheduled to be reviewed over the next three months.

- E. Implementing methods to ensure that the Board, management, and staff are trained on new policies, procedures, and contract terms.

Current Implementation Status for Rec. 1, part E: Implemented and Ongoing

Connect for Health's Update:

Connect for the Health has implemented training of staff on recently implemented policies and procedures along with specific training for significant changes identified through the quarterly policy and procedure review process. Development of the training plan and associated schedule was completed in October 2017. This training was provided through the use of group training sessions, Connect for Health's learning management system (LMS), and one-on-one training for policies that impact limited staff. The training programs have focused on the new contract management process and involved group training sessions along with individual training of contract managers, which occurred in December 2017 and have been ongoing. Significant training has also been provided to staff on the use of the new purchasing system through both group and personal training sessions. This training was provided in November 2017 and again in January 2018. In addition, through the review of the financial policies and authorization matrix (the matrix designates the parties authorized for approving expenditures, contracting and disbursements) in November 2017, the Board was informed of its responsibilities in managing the financial operations of the organization. This is an ongoing process where

training is provided as new processes are implemented or changes are identified. The change in the implementation date is tied to the implementation of the new/revised procedures developed as the result of the audit or identified in the policy and procedure review process.

Recommendation No. 2:

Connect for Health Colorado should improve its processes for tracking and analyzing appeals and complaints, and resolving them in a timely manner by:

- A. Ensuring staff follow the procedures for entering appeals information into its database and submitting cases to the Office of Administrative Courts, as appropriate, by implementing supervisory review of data.

Current Implementation Status for Rec. 2, part A: Implemented and Ongoing

Connect for Health's Update:

In January 2018, to coincide with the end of Open Enrollment, Connect for Health's Appeals Attorneys reassessed and reworked the appeals intake process and delivered an improved tracking and recording system. The process is documented, and follow-up training for Appeals Analysts took place on April 19, 2018. The Internal Audit and Compliance Manager provides review of the appeals data separate from the appeals staff – this is a data quality assessment. Additionally, an Appeals Attorney has been appointed to take on the role of Supervising Attorney for the Office of Appeals while continuing to receive data quality input from the Internal Audit and Compliance Manager. The Supervising Attorney is tasked with ensuring that appeals staff follow the procedures for determining appeals validity, entering complete appeals information, meeting timeliness goals, closing resolved matters and submitting cases to the Office of Administrative Courts as necessary.

- B. Establishing and implementing processes for reporting timeliness of appeals to the Board.

Current Implementation Status for Rec. 2, part B: Implemented and Ongoing

Connect for Health's Update:

Connect for Health is providing quarterly reporting to the Board on appeals metrics beginning in 2018. We are using 2018 quarterly information moving forward as a baseline for Board Reporting. Using data from prior to 2018 does not allow for a meaningful comparison as data fields were created in new system of record for appeals metrics. The new system is called ATLAS, which is a customer service software platform and database management system. On March 12, 2018, General Counsel presented appeals metrics for the first quarter of 2018 to the Board. In May, timeliness information will be presented to the Board – to be able to compare information from January 1, 2018 moving forward. The appeals metrics presented to the Board are pulled from the new data system that Appeals Attorneys devised while performing an

assessment of the efficacy of the appeals intake process. As the data matures, the Board will receive more useful data, including timeliness of processing information, compared quarter-over-quarter to assist the Board in their oversight and monitoring functions.

- C. Establishing and implementing methods to prioritize appeals to meet timeliness standards and filling open appeals staff positions.

Current Implementation Status for Rec. 2, part C: Implemented

Connect for Health's Update:

Appeals are now being prioritized according to a process that is outlined in our Appeals Process Document. The procedure dictates that **(i) Medicaid** appeals are forwarded to the State with top priority. Next, **(ii) Expedited** appeals are addressed internally and processed. Then, **(iii) Valid** appeals are worked according to the circumstances of each case and the responsiveness of each Appellant. Appeals Attorneys assessed and performed the intake function to gain insight into how appeals were being recorded and categorized. They then developed and implemented a new recording and numbering system for appeals. Going forward, this system will ensure that appeals are categorized and assigned correctly to ensure processing is timely and the proper documentation is memorialized in the customer service management system ATLAS.

- D. Implementing a written policy and procedure for complaint processing.

Current Implementation Status for Rec. 2, part D: Implemented

Connect for Health's Update:

Connect for Health has implemented a written Complaints Processing Procedure based on our existing Complaint Management Policy adopted by the Board prior to the first open enrollment. The Procedure includes provisions for logging, tracking, monitoring and reporting of customer complaints. Complaints are logged and tracked in our customer service management software, ATLAS. The complaints are processed by our customer service center representatives in accordance with written job aid materials. Complaints are monitored (per the Procedure) monthly by Connect for Health Legal and Compliance staff. We have established quarterly reporting of complaints to the Board (parallel to the appeals metrics reporting). The Procedure document was completed September 2017 and processing by the service center started December 2017.

- E. Updating its website to make complaint filing information easier to find and provide accurate instructions on how customers may file complaints.

Current Implementation Status for Rec. 2, part E: Implemented

Connect for Health's Update:

Connect for Health implemented changes to its consumer-facing website to make complaint filing easier for customers. We have a dedicated complaints page accessible from our homepage, with instructions on how to file a complaint by phone, email, fax, web submission and hard mail. The implementation of the website was completed December 2017. The delay was caused by coordination efforts with the service center vendor, to establish a workable process and modify our customer service management system ATLAS. Additionally, open enrollment seasonal staffing activities by our service center vendor contributed to the delay.