

STATE OF CONNECTICUT



*AUDITORS' REPORT
CONNECTICUT HEALTH INSURANCE EXCHANGE
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2017*

AUDITORS OF PUBLIC ACCOUNTS
JOHN C. GERAGOSIAN ❖ ROBERT J. KANE

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May 4, 2021

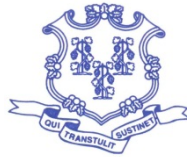
EXECUTIVE SUMMARY

In accordance with the provisions of Section 2-90 of the Connecticut General Statutes, we have audited certain operations of the Connecticut Health Insurance Exchange. The objectives of this review were to evaluate the department's internal controls; compliance with policies and procedures, as well as certain legal provisions; and management practices and operations for the fiscal years ended June 30, 2016 and 2017.

The key findings and recommendations are presented below:

Page 8	The Exchange's procurement policy is extremely broad and lacks details for considering appropriate reasons for awarding sole source contracts. The Connecticut Health Insurance Exchange should revise its procurement policy for contracting personal services to include more specific requirements for awarding sole source contracts. (Recommendation 1.)
Page 9	The Connecticut Health Insurance Exchange did not submit the required reports in accordance with Section 1-123(a) for the 2017 fiscal year to the Governor and the Auditors of Public Accounts. The Connecticut Health Insurance Exchange should comply with Section 1-123(a) of the General Statutes. (Recommendation 2.)
Page 10	The Connecticut Health Insurance Exchange did not maintain personnel records in accordance with the Exchange's written policies. The Connecticut Health Insurance Exchange should follow all written employment policies. (Recommendation 3.)
Page 11	The Exchange does not have a records retention schedule, and maintains it was not aware of the requirement to comply with the State Library records retention schedules. The Exchange should create a records retention schedule and submit it to the Connecticut State Library in accordance with State Library records retention schedule requirements. (Recommendation 4.)

STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

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May 4, 2021

INTRODUCTION

AUDITORS' REPORT CONNECTICUT HEALTH INSURANCE EXCHANGE FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2017

We have audited certain operations of the Connecticut Health Insurance Exchange (Exchange) in fulfillment of our duties under Sections 1-122 and 2-90 of the Connecticut General Statutes. The scope of our audit included, but was not necessarily limited to, the years ended June 30, 2016 and 2017. The objectives of our audit were to:

1. Evaluate the internal controls of the Exchange over significant management and financial functions;
2. Evaluate the Exchange's compliance with policies and procedures internal to the Exchange or promulgated by other state agencies, as well as certain legal provisions, including but not limited to whether the Connecticut Health Insurance Exchange has complied with its regulations concerning affirmative action, personnel practices, the purchase of goods and services, the use of surplus funds, and the distribution of loans, grants and other financial assistance, as applicable; and
3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing written policies and procedures, financial records, minutes of meetings, and other pertinent documents; interviewing various personnel of the Exchange, and testing selected transactions. We obtained an understanding of internal controls that we deemed significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud and violations of contracts, grant agreements, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provided such a basis.

The accompanying *Résumé of Operations* is presented for informational purposes. This information was obtained from the management of the Exchange and was not subjected to the procedures applied in our audit of the Exchange. For the areas audited, we identified:

1. Deficiencies in internal controls;
2. Apparent noncompliance with legal provisions; and
3. Need for improvement in management practices and procedures that we deemed to be reportable.

The State Auditors' Findings and Recommendations in the accompanying report presents any findings arising from our audit of the Connecticut Health Insurance Exchange.

COMMENTS

FOREWORD

The Connecticut Health Insurance Exchange, which does business as Access Health CT (AHCT), operates under the provisions of Title 38a, Chapter 706c, of the General Statutes. The Exchange is a public instrumentality and political subdivision of the state, created to develop and implement a state-based health insurance marketplace in accordance with the federal Patient Protection and Affordable Care Act. Pursuant to Chapter 12 of the General Statutes, the Exchange is classified as a quasi-public agency.

The goal of the Exchange is to reduce the number of individuals in Connecticut without health insurance and to assist individuals and small employers in the procurement of health insurance by offering easily comparable and understandable information about health insurance options. The Exchange does this by operating an online marketplace where individuals, families, and small employers can compare and purchase health insurance from a choice of qualified health plans. The Exchange's website also operates as a portal for low income adults and families to apply for coverage under Medicaid and the Children's Health Insurance Program.

Board of Directors and Administrative Officials

Pursuant to Section 38a-1081 of the General Statutes, the Exchange operates under a 14-member board of directors. The board of directors consists of 11 voting members and 3 nonvoting members. Members of the board as of June 30, 2017, were as follows:

Appointed Members:

Nancy Wyman, Lieutenant Governor, Chair
Victoria Veltri
Maura Carley
Paul Philpott
Grant A. Ritter
Robert E. Scalettar
Robert F. Tessier, Vice-Chair
Cecilia J. Woods

Ex Officio, Voting Members:

Roderick L. Bremby, Commissioner, Department of Social Services
Theodore Doolittle, State Healthcare Advocate, Office of the Healthcare Advocate
Benjamin Barnes, Secretary, Office of Policy and Management

Ex Officio, Non-Voting Members:

Katharine Wade, Commissioner, Connecticut Insurance Department
Raul Pino, Commissioner, Department of Public Health
Miriam Delphin-Rittmon, Ph.D., Commissioner, Department of Mental Health and Addiction Services

Dr. Jewel Mullen, former Commissioner of the Department of Public Health served on the board during the audited period.

The chief executive officer is appointed by the board of directors. James Wadleigh was appointed chief executive officer on February 19, 2015. Mr. Wadleigh served as the chief executive officer until April 2018. On June 14, 2018, the board named James Michel interim chief executive officer, and on September 20, 2018 he was appointed chief executive officer.

Significant Legislation

The following notable legislative changes affecting the Exchange took effect during the audited period:

- Public Act 15-146 (Sections 1, 16, 22), effective October 1, 2015, required the Exchange to establish and maintain a consumer health information website starting July 1, 2016 within available resources. It required that the website be designed to help consumers and institutional purchasers make informed decisions about health care and health care providers, and allow comparisons of health carrier reimbursement amounts to providers. The act required that the Exchange encourage health carriers to offer plans with tiered

networks. The act also established a statewide Health Information Exchange to empower consumers to make effective health care decisions; promote patient-centered care; improve the quality, safety and value of health care; reduce waste and duplication of services; support clinical decision-making; keep confidential health information secure; and make progress toward the state's public health goals.

- Public Act 15-242 (Section 58), effective October 1, 2015, modified some of the Exchange's website requirements and the established timeframe.
- Public Act 16-129 (Section 1), effective October 1, 2016, modified the Exchange's surety bond requirement and added the option to procure an equivalent insurance product covering each board member, the chief executive officer and employees of the exchange. The act also eliminated a requirement that the bonds be approved by the attorney general and filed with the secretary of the state.

Other Examinations

Independent public accountants audited the Exchange's financial statements for the years under review. The audits provided opinions that the financial statements present fairly, in all material respects, the financial position of the Connecticut Health Insurance Exchange in accordance with accounting principles generally accepted in the United States of America. The independent public accountants also audited the Exchange's compliance with the types of requirements described in the Office of Management and Budget Circular A-133 Compliance Supplement that could have a direct and material effect on each of the major federal programs administered by the Exchange. The audits provided opinions that the Exchange complied, in all material respects, with the compliance requirements that could have a direct and material effect on each of its major federal programs. In addition, an independent external audit was performed to ensure that the Connecticut Health Insurance Exchange was in compliance with the financial and programmatic requirements set forth by the Centers for Medicare & Medicaid Services.

RÉSUMÉ OF OPERATIONS

Statement of Revenues, Expenses, and Changes in Net Position

Based on the Exchange's audited financial statements, a summary of revenues, expenses, and changes in net position for the audited period and the preceding fiscal year follows:

	Fiscal Year Ended June 30,		
	2017	2016	2015
Operating Revenues:			
Government Grants and Contracts	\$ 1,465,829	\$ 9,482,162	\$ 41,921,051
Grants	41,000	41,000	-
Marketplace Assessment	32,139,640	30,455,332	26,861,723
Interest Income	73,919	15,995	43,611
Total Revenues	33,720,388	39,994,489	68,826,385
Operating Expenses:			
Wages	7,758,067	7,025,627	7,856,531
Fringe Benefits	2,674,823	2,244,497	2,008,861
Consultants	18,685,426	24,312,816	40,271,647
Equipment	408,033	361,999	248,022
Supplies	11,302	34,437	36,293
Travel	90,323	128,347	239,640
Maintenance	3,523,209	2,621,610	597,622
Administration	1,255,895	1,145,493	1,516,387
Depreciation and Amortization	2,057,924	11,969,729	12,067,967
Total Operating Expenses	36,465,002	49,844,555	64,842,970
Change in Net Position	(2,744,614)	(9,850,066)	3,983,415
Net Position, Beginning of Year	31,327,668	41,177,734	37,194,319
Net Position, End of Year	\$ 28,583,054	\$ 31,327,668	\$ 41,177,734

The main sources of revenue for the Exchange is marketplace assessments and government grants. The initial development of the state health insurance exchange was funded by federal grants. These grants covered all development, start-up, and operating expenses during the Exchange's first years of operation. Revenue from grant awards has tapered off as the Exchange has become self-sufficient from marketplace assessments to all health and dental carriers.

Total operating expenses decreased by \$14,998,415 during the fiscal year ended June 30, 2016. The decrease in operating expenses was primarily due to a decrease in expenses for consultants. The depreciation and amortization expense is related to the capitalization of the

integrated eligibility system, which was developed by the Exchange to determine program eligibility and facilitate enrollment.

Total operating expenses decreased by \$13,379,553 during the fiscal year ended June 30, 2017, primarily due to reductions in consultant expenses, and depreciation and amortization expenses. This amount was offset by an increase in wages and fringe benefits, and maintenance expenses.

Statement of Net Position

Based on the Exchange's audited financial statements, a summary of assets, liabilities, and net position for the audited period and the preceding fiscal year follows:

	Fiscal Year Ended June 30,		
	2017	2016	2015
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 23,349,254	\$ 24,586,547	\$ 22,144,345
Accounts and Grants Receivable	7,094,741	16,924,057	34,227,705
Prepaid Expenses	184,038	187,022	185,410
Total Current Assets	30,628,033	41,697,626	56,557,460
Noncurrent Assets			
Security Deposit	8,653	8,653	8,653
Software Development in Progress	-	1,848,035	179,735
Equipment and Software, Net	7,161,568	4,451,391	15,571,488
Total Noncurrent Assets	7,170,221	6,308,079	15,759,876
Total Assets	37,798,254	48,005,705	72,317,336
Liabilities and Net Position			
Current Liabilities			
Accounts Payable	\$ 391,646	\$ 1,669,600	\$ 1,973,945
Accrued Liabilities	8,823,554	15,008,437	29,165,657
Total Current Liabilities	9,215,200	16,678,037	31,139,602
Net Position			
Net Position Invested in Capital	7,161,568	6,299,426	15,751,223
Net Position	21,421,486	25,028,242	25,426,511
Total Net Position	28,583,054	31,327,668	41,177,734
Total Liabilities and Net Position	\$ 37,798,254	\$ 48,005,705	\$ 72,317,336

Cash and Cash Equivalents primarily consisted of funds received by the Department of Social Services (DSS) for the reimbursement of development costs as well as marketplace assessments received.

Accounts receivable as of June 30, 2016 included \$13.8 million from DSS, \$2.1 million from grants, and \$1 million from carriers for marketplace assessments. Accounts receivable as of June 30, 2017 included \$4.2 million from DSS and \$2.9 million from carriers for marketplace assessments. The amount due from DSS reflects DSS' portion of accrued expenses. DSS is not billed for its portion of the costs until the expenses have been paid by the Exchange.

As of June 30, 2016 and 2017, the Exchange had \$ 41.3 million and \$44.2 million invested in software and equipment, respectively. These amounts primarily consist of the capitalization of software development costs associated with the Exchange's integrated eligibility system.

Accounts Payable represented amounts due for consulting services and administrative services. Accrued expenses represent technology and hosting services from the Department of Administrative Services, call center services, and amounts due to DSS for shared services incurred on behalf of AHCT.

STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

The following reportable matters resulted from our review of the records of the Connecticut Health Insurance Exchange:

Weakness in Broad Purchasing Policies

Criteria: The Exchange's operating policy allows for the acquisition of goods and services by bid, negotiation, open-market basis, and by sole source procurement, if the Chief Executive Officer determines the method to be appropriate and in the best interests of the Exchange.

Condition: Our review of 5 contracts, totaling \$23,163,950, effective during the fiscal years ended June 30, 2016 and 2017, identified that 3 of the contracts were awarded as sole source. We noted that the procurement policy for the Exchange is extremely broad and lacks details for considering appropriate reasons for awarding sole source contracts.

Context: The Exchange had 65 contracts during the audited period, totaling \$36,118,929. Eighteen of these contracts (28%), totaling \$11,882,148, were awarded as sole source.

Effect: It is possible that the acquired services could have been obtained at a lower price if an open, competitive procurement process had been followed. In addition, other potential vendors were denied the opportunity to bid on the contracts.

Cause: We could not determine the reason for the ineffective operating policy.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The Connecticut Health Insurance Exchange should revise the procurement policy for contracting personal services to include more specific requirements for awarding sole source contracts. (See Recommendation 1.)

Agency Response: "The Exchange Board of Directors adopted a procurement policy for contracting for personal services pursuant to the requirement in Connecticut General Statutes §1082, and the Exchange complies with these procurement policies."

Auditors' Concluding Comment: Although the Exchange ultimately complied with its policy, the extremely broad nature of the policy allowed the Exchange to contract with vendors using sole source contracts for 28% of its contracts.

Lack of Compliance with Statutory Reporting Requirement

- Criteria:* Section 1-123(a) of the General Statutes requires the board of directors of each quasi-public agency to annually submit a comprehensive report on agency operations to the Governor and the Auditors of Public Accounts. Section 1-123(a) sets forth specific information that must be presented in such report.
- Condition:* The Connecticut Health Insurance Exchange did not submit the annual report required by Section 1-123(a) for the 2017 fiscal year to the Governor and the Auditors of Public Accounts.
- In addition, we found the Exchange changed the format of its publicly posted 2017 annual report and excluded information that previously was included and complied with Section 1-123 (a) of the General Statutes.
- Context:* The Exchange did not submit its annual report for one of the two fiscal years.
- Effect:* Intended recipients of the reports may not have current information required to make informed decisions regarding the organization's operations.
- Cause:* The lack of compliance appears to be the result of management oversight.
- Prior Audit Finding:* This finding was not previously reported.
- Recommendation:* The Connecticut Health Insurance Exchange should comply with the annual reporting requirement per Section 1-123(a) of the General Statutes. (See Recommendation 2.)
- Agency Response:* "The Exchange experienced a change in staffing during the audit period and due to oversight resulting from this change, the required annual report pursuant to Connecticut General Statutes § 1-123 (a) for Fiscal Year 2017 was not filed in a timely manner. The Exchange has filed this report with the Governor and with the State Auditors pursuant to Connecticut General Statutes § 1-123 (a) and will continue to comply with this reporting requirement. The Exchange files copies of its audited financial statements with the State Auditors and other State elected officials and filed them for Fiscal Year 2017."

Non-compliance with Employee Handbook Policies

Criteria: The Employee Handbook outlines employee benefits and the required documentation that the Exchange must maintain. It is a best practice to ensure all employment information is well documented and retained for a specified period.

Condition: We reviewed a total of 30 employee personnel files to determine whether they were well documented and maintained in accordance with the Exchange’s written policies. We found that 9 documents were missing from personnel files, which included termination documentation, performance evaluations, overtime approvals, employment changes, timesheet approvals, and pay rate authorizations.

Effect: Non-compliance with policies can lead to erroneous payments, lack of employee monitoring, and inefficient management oversight.

Cause: The lack of compliance appears to be the result of management oversight.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The Connecticut Health Insurance Exchange should follow all written employment policies. (See Recommendation 3.)

Agency Response: “The Exchange follows all written employment policies and maintains records for all employees including records of terminations, performance evaluations, overtime approvals, employment changes, timesheet approvals and pay rate changes. Some of this documentation is kept in electronic systems used for payroll and performance reviews, while some of it is kept in each employee’s personnel file but all documentation is maintained for all employees. This audit for FY 2016 and FY 2017 was conducted during a Public Health Emergency and pandemic that has resulted in the Exchange’s staff all working remotely at this time. The Exchange’s staff made multiple visits to its offices to pull requested documentation for the State Auditors, and to meet with the State Auditors for review of the documentation. Of the 275 documents requested by the State Auditors for 30 employees, a total of 3 documents were missing. One of these documents is missing due to an error in the performance evaluation software program previously used by the Exchange.

The Exchange will ensure that all employee records are properly retained for the required time periods.”

Lack of a Records Retention Policy

Criteria: Section 11-8a of the General Statutes requires that the State Librarian shall be responsible for developing and directing a records management program for the books, records, papers and documents of all state agencies within the executive department, and the books, records, papers and documents of the several towns, cities, boroughs, districts and other political subdivisions of the state, pursuant to the provisions of section 11-8a. The State Library's Records Management Program instructs state agencies and quasi-public agencies on records retention policies and provides records retention schedules. The policies also state that records can be destroyed only once the records have met minimum retention requirements of an approved records retention schedule.

Section 11-8a of the Connecticut General Statutes states that the State Librarian may require each state agency to inventory all books, records, papers and documents under its jurisdiction, and to submit for approval retention schedules for all such books, records, papers, and documents.

Condition: The Exchange does not have a records retention schedule and was not aware of the requirement to comply with the State Library's records retention requirements.

Effect: The lack of a records retention policy could open the Exchange to future possible litigation.

Cause: The lack of compliance appears to be the result of management oversight.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The Exchange should create a records retention schedule to submit to the Connecticut State Library and comply with State Library records retention schedules. (See Recommendation 4.)

Agency Response: "Connecticut General Statutes §11-8a does not require the Exchange to submit a records retention schedule with the State Library. The Exchange follows a ten (10) year records retention requirement pursuant to the Patient Protection Affordable Care Act (ACA), which is longer than the State of Connecticut records retention requirement for most records. The Exchange shall submit a records retention schedule to the State Library listing its ten (10) year records retention schedule which is a longer period than the State of Connecticut records retention requirement for most records, and will include the records retention periods for any exceptions where the State of Connecticut retention period is longer than the ten (10) years followed by the Exchange under the ACA."

Auditors' Concluding

Comment: The Exchange is required to comply with the State Library records retention policy that provided various retention periods for specific documents. Although having a ten-year records retention policy may exceed the State Library policy for some records, other records required a significantly longer records retention period.

Weakness Over Information Security

Background: The Connecticut Health Insurance Exchange maintains information systems to operate an online marketplace where individuals and small employers can compare and purchase health insurance plans. These information systems process and store personally identifiable information (PII) and federal tax information (FTI).

Criteria: The Centers for Medicare and Medicaid Services Minimum Acceptable Risk Standards for Exchanges (MARS-E) provides security information to protect and ensure the confidentiality, integrity, and availability of PII and FTI. MARS-E includes guidance from the National Institute of Standards and Technology (NIST), which provides minimum requirements for federal information systems.

Condition: The Exchange contracted with a third-party vendor during 2020 to conduct a security and privacy assessment of its information systems and associated physical infrastructures to determine the effectiveness of its information security controls. The third-party assessment noted that the Exchange made substantial progress from previous reviews, but still identified 120 risk findings.

Effect: The Exchange's information security controls weaknesses could put its systems at an increased risk of unauthorized access.

Cause: The Exchange has not implemented all security controls recommendations from prior independent reviews.

Prior Audit Finding: This finding has been previously reported in the last audit report covering the fiscal years ended June 30, 2014 through 2015.

Recommendation: The Connecticut Health Insurance Exchange should implement all information security control recommendations to comply with Medicare and Medicaid Services Minimum Acceptable Risk Standards for Exchanges and the National Institute of Standards and Technology. (See Recommendation 5.)

Agency Response: "The Exchange recognizes the importance of strong information security controls, especially given the sensitive nature of data the Health Insurance

Exchange (HIX) system processes and stores, and continues to make progress in demonstrating full compliance with Medicare and Medicaid Services Minimum Acceptable Risk Standards for Exchanges and the National Institute of Standards and Technology. The Exchange meets on a weekly basis with key staff from the Department of Social Services (DSS) and the State Department of Administrative Services, Bureau of Information Technology (DAS BEST) on mitigation progress and activities in respect to outstanding findings noted during the assessment.

The Exchange has made a great deal of progress in remediating open issues, and in addition to closing out large numbers of findings from earlier assessments, it has completed remediation for 18 of the 120 open risk findings noted, reducing the open findings to 102 remaining. Of the remaining open findings, over 80% are low or moderate risk findings.

Additionally, the Exchange has contracted with two third-party vendors to assist with developing and building a Risk Management Framework, which includes an implementation of Governance, Risk and Compliance (GRC) and Security Information and Event Management (SIEM) tools that will provide a comprehensive visibility and oversight into compliance with information security controls.”

RECOMMENDATIONS

Our prior audit of the fiscal years ended June 30, 2014 and 2015 contained 7 recommendations. Of those recommendations, 6 have been implemented or resolved and 1 has been modified and repeated. The status of prior recommendations is presented below.

Status of Prior Audit Recommendations

- The board of directors should approve non-budgeted severance payments in excess of \$5,000 in accordance with Section 38-1082(a) of the General Statutes. **This recommendation has been resolved.**
- The Connecticut Health Insurance Exchange should solicit proposals at least once every three years for all professional services, as required under Section 38a-1082(a)(4) of the General Statutes. **This recommendation has been resolved.**
- The Connecticut Health Insurance Exchange should work with DAS BEST to ensure that its information security controls meet relevant federal requirements, such as those of the Centers for Medicare and Medicaid Services Minimum Acceptable Risk Standards for Exchanges and the National Institute of Standards and Technology. **The recommendation is being modified and repeated. (See Recommendation 5.)**
- The Connecticut Health Insurance Exchange should ensure that it has an up-to-date memorandum of agreement with the Department of Social Services specifying the methodology to allocate shared costs. **This recommendation has been resolved.**
- The Connecticut Health Insurance Exchange should maintain sufficient records to document that personnel with access to personally identifiable information have undergone a criminal background check and completed required training. **This recommendation has been resolved.**
- The Connecticut Health Insurance Exchange should reduce custodial credit risk by decreasing the amount of uninsured deposits. **This recommendation has been resolved.**
- The Connecticut Health Insurance Exchange should adhere to established purchasing procedures by ensuring that funds are properly committed prior to purchasing goods and services. In addition, contracts should be fully executed prior to the commencement of services. **This recommendation has been resolved.**

Current Audit Recommendations:

- 1. The Connecticut Health Insurance Exchange should revise its procurement policy for contracting personal services to include more specific requirements for awarding sole source contracts.**

Comment:

The Exchange's procurement policy is extremely broad and lacks details for considering appropriate reasons for awarding sole source contracts.

- 2. The Connecticut Health Insurance Exchange should comply with Section 1-123(a) of the General Statutes.**

Comment:

The Connecticut Health Insurance Exchange did not submit the required report to the Governor and the Auditors of Public Accounts.

- 3. The Connecticut Health Insurance Exchange should follow all written employment policies.**

Comment:

We found that 9 documents were missing from personnel files, which included termination documentation, performance evaluations, overtime approvals, employment changes, timesheet approvals, and pay rates changes.

- 4. The Exchange should create a records retention schedule and submit it to the Connecticut State Library in accordance with State Library records retention schedule requirements.**

Comment:

The Exchange does not have a records retention schedule, and maintains it was not aware of the requirement to comply with the State Library records retention schedules.

- 5. The Connecticut Health Insurance Exchange should implement all information security control recommendations to comply with Medicare and Medicaid Services Minimum Acceptable Risk Standards for Exchanges and the National Institute of Standards and Technology.**

Comment:

A third-party assessment noted that the Exchange made substantial progress from previous reviews, but still identified 120 security risk findings.

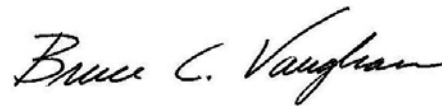
ACKNOWLEDGMENTS

The Auditors of Public Accounts wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of the Connecticut Health Insurance Exchange during the course of our examination.

The Auditors of Public Accounts also would like to acknowledge the auditors who contributed to this report:

Ramiz Mehmedovic
Benjamin Viccari

State Auditor John C. Geragosian recused himself from reviewing and signing the audit report to avoid the possible appearance of a conflict of interest.



Bruce Vaughan
Principal Auditor

Approved:



John A. Rasimas
Deputy State Auditor