



***Advance Payments of the Premium Tax Credit (APTC) Program Assessment Report***

***for***

***BridgeSpan Health Co. (Idaho)***

***May 10, 2022***

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## I. EXECUTIVE SUMMARY

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### Background

BridgeSpan Health Co. (BridgeSpan) is a health insurance issuer that offered qualified health plans (QHPs) in the individual market State-Based Exchange (SBE) in Idaho during the 2016 benefit year. BridgeSpan submitted its final restated 2016 benefit year data in the October 2018 Enrollment and Payment Data Workbook (EPDW). The issuer received a total of \$18,568,625.96 in advance payments of the premium tax credit (APTC) from the Centers for Medicare & Medicaid Services (CMS) and reported a total of \$26,955,430.39 in premiums for its 2016 benefit year individual market plans.

This report is an assessment, conducted in coordination with the SBE, of BridgeSpan's compliance with the APTC program established in sections 1401 and 1412 of the Patient Protection and Affordable Care Act (Pub. L. 111–148) enacted on March 23, 2010 and further amended and revised by the Health Care and Education Reconciliation Act of 2010 (Pub. L. 111–152) enacted on March 30, 2010 (collectively referred to throughout as PPACA), and implementing regulations. This report also details the results of the assessment of premiums for information purposes only as CMS did not charge user fees to issuers offering QHPs through SBEs during the 2016 benefit year.

### Audits to Determine Compliance with the Administration of APTC Program

Under title 45 of the Code of Federal Regulations (CFR) sections §§ [155.1210](#) and [156.480](#), the Department of Health and Human Services (HHS) may audit<sup>1</sup> issuers that offer a QHP in the individual market through an Exchange to assess the degree of compliance with the APTC program requirements. HHS designates CMS to conduct these audits and to achieve the following objectives:

- Safeguard Federal funds;
- Instill confidence amongst regulated entities of data quality, soundness, and robustness;
- Evaluate health insurance issuer compliance with program rules and regulations; and
- Develop a successful and coordinated risk-based, multi-year audit program that maximizes resources.

This audit is part of CMS's program to validate the enrollment and payment data reported in the final 2016 EPDW submitted by the issuer, and to analyze controls and policies of selected issuers pursuant to the authority defined in 45 CFR §§ 155.1210 and 156.480.

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<sup>1</sup> To provide the flexibility needed when standing up a new oversight program and to ensure that issuers are able to provide CMS with their most accurate data, audit protocols allow for dialog between auditor and issuer to identify and correct errors in data submission that differ somewhat from some independence and reporting standards laid out under Generally Accepted Government Auditing Standards (GAGAS). These procedures were defined and executed consistent with the competence, integrity, and analytical discipline required for performance audits as defined by GAGAS.

The findings and observations are documented below. If CMS found an instance of issuer non-compliance with APTC program requirements that requires correction to the APTC reported in the final EPDW, then CMS classified it as a *finding*. If CMS found a deviation from CMS or Exchange requirements that we are calling to the attention of management for purposes of improving compliance in future program years, but that does not require correction to payment, then CMS categorized it as an *observation*.

## **Results of Review**

CMS identified four (4) findings and six (6) observations for BridgeSpan. The net APTC financial impact of the four (4) findings is an understatement of \$21,528.62 in APTC in the final EPDW and therefore a payment to BridgeSpan of \$21,528.62 in APTC. The net premium impact of the six (6) observations is an understatement of \$30,304.42 in premiums in the final EPDW. The findings and observations include the following:

### **Findings:**

1. Differences in APTC amounts identified in the comparison of the issuer's data included in the October 2018 EPDW submitted by BridgeSpan to a Payment Desk Audit File containing subscriber level data from BridgeSpan's systems;
2. Inclusion of incorrectly prorated APTC payment data for seven (7) subscribers with mid-month terminations and re-enrollments in the same month in the Payment Desk Audit File;
3. Inclusion of incorrectly prorated APTC payment data for seventeen (17) subscribers in the Payment Desk Audit File; and
4. Inclusion of premium amounts that were less than the APTC amounts and therefore incorrect APTC amounts for one (1) subscriber in the Payment Desk Audit File.

### **Observations:**

1. Differences in premium amounts identified in the comparison of the issuer's data included in the October 2018 EPDW submitted by BridgeSpan to a Payment Desk Audit File containing subscriber level data from BridgeSpan's systems;
2. Inclusion of incorrectly prorated premium data for seven (7) duplicate subscribers with mid-month terminations and re-enrollments in the same month in the Payment Desk Audit File;
3. Inclusion of incorrectly prorated premium data for eighteen (18) subscribers in the Payment Desk Audit File;
4. Inclusion of premium amounts that were less than the APTC amounts and therefore incorrect premium amounts for six (6) subscribers in the Payment Desk Audit File;
5. Inclusion of incorrectly adjusted premium amounts for three hundred and twenty-five (325) subscribers, including four (4) of the forty-five (45) selected subscribers, in the Payment Desk Audit File; and
6. Billing and reporting of the incorrect APTC amount for one (1) of the forty-five (45) selected subscribers in the Payment Desk Audit File as the amounts were not updated following a change transaction received from the SBE.

Please refer to section IV for details on the findings and observations listed above, including the condition, cause, effect, corrective actions, and the issuer's responses.

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## **II. BACKGROUND, OBJECTIVES, SCOPE, AND METHODOLOGY**

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### **A. Background**

Sections 1401 and 1412 of the PPACA established the APTC program to support the provision of affordable health care coverage to individuals.

CMS has the responsibility to confirm successful implementation of, and adherence to, the PPACA provisions and implementing regulations governing the APTC program. As such, CMS established this audit program.

#### **Interim Payment Process**

In 2014, CMS implemented a temporary process (“interim payment process”) to calculate and make monthly payments of APTC and advance cost-sharing reduction (CSR) amounts. CMS used this interim payment process to calculate payments for all SBE issuers for the 2014-2017 benefit years. CMS transitioned most SBE issuers to policy-based payments (PBP) in 2018, and transitioned the last SBE to PBP in 2020.

For the 2016 benefit year, the interim payment process required SBE issuer submitters, including issuers in Idaho, to self-report enrollment and payment data on a monthly basis, including any adjustments to previous months’ requests, via manual submission of an EPDW, and to attest to the accuracy of the data. SBE issuer submitters were required to calculate the QHP enrollment and payment amounts and to submit that information in the EPDW using their internal source data.

CMS calculated and made monthly payments based on the QHP data submitted in the EPDW. While using this interim process, CMS designed and implemented a robust set of internal controls within a larger program integrity framework to ensure payment accuracy. CMS required submitters to send the following QHP plan information at the variant level via the password-protected template:

1. State
2. Tax Identification Number (TIN)
3. Health Insurance Oversight System (HIOS) ID
4. QHP ID
5. Total premium amount for all enrollments
6. Total APTC amount
7. Total advance CSR amount
8. Total effectuated enrollment groups
9. Total effectuated enrollment groups with APTC
10. Total effectuated enrollment groups with advance CSR
11. Total effectuated members
12. Total effectuated members with APTC
13. Total effectuated members with advance CSR

CMS conducted an SBE payment close-out process for the 2016 benefit year in which CMS compared the EPDW data against the policy-level reporting (PLR) data submitted by the SBE. The PLR data was based on the monthly submissions that SBEs sent to the Internal Revenue Service (IRS) for reporting purposes and contained cumulative individual market enrollment APTC data. CMS requested that SBEs append an additional field for the QHP ID for each policy and separately submit the data to CMS for this purpose. CMS asked SBEs or SBE issuers to explain any outlier discrepancies between EPDW and PLR data and to re-submit the EPDW, if necessary, or to verify that payment data was accurate despite discrepancies with PLR data.

## **B. Regulations Governing APTC Program**

CMS established an audit protocol to assess health insurance issuers' compliance with the following regulations governing APTC program:

- [45 CFR § 155.1210](#): Maintenance of Records;
- [45 CFR § 156.460](#): Reduction of enrollee's share of premium to account for advance payments of the premium tax credit; and
- [45 CFR § 156.480](#): Oversight of the administration of the cost-sharing reductions and advance payments of the premium tax credit programs.

Please refer to Appendix 2 for the specific requirements established under the authorities listed above.

## **C. Objectives**

The objectives of this audit are to:

- (1) Evaluate the accuracy and integrity of issuer-generated EPDW data reported for premiums and the APTC program;
- (2) Identify potential CMS APTC payment errors resulting from issuer data reporting errors;
- (3) Test accuracy and integrity of issuer processes for reducing an enrollee's share of premium to account for APTCs.

## **D. Scope and Methodology**

CMS selected Idaho for an audit to assess the issuer's compliance with 45 CFR §§ 155.1210, 156.460 and 156.480. CMS evaluated BridgeSpan's activities related to the 2016 benefit year (January 1, 2016 through December 31, 2016) individual market data reported in the final EPDW submitted in October 2018 by the issuer to CMS to support APTC payments and premium amounts.

CMS sent BridgeSpan an electronic letter on December 19, 2019 to notify them of the scope of this audit. CMS's audit contractor sent a follow-up letter to BridgeSpan on December 20, 2019 that identified data requirements required to conduct the audit. CMS's audit contractor reviewed the audit data file submitted by BridgeSpan, as well as the final 2016 EPDW submitted by the issuer to CMS and the PLR data submitted by the SBE to CMS, and used CMS's audit procedures to assess compliance with APTC program rules and regulations<sup>2</sup>.

CMS's audit contractor applied CMS's audit protocol to identify the findings and observations listed in section IV of this report. CMS's audit contractor performed the following procedures:

- Validations of the Payment Desk Audit File<sup>2</sup> data submitted to CMS:
  - EPDW Validations: Review and comparison of the issuer's final submitted 2016 EPDW to the Payment Desk Audit File from the issuer's systems.
  - Unreconciled Subscribers Review: Review and comparison of the subscribers reported in the Payment Desk Audit File to the subscribers included in the SBE's PLR data to determine if the subscribers existed and their coverage was effectuated in the issuer's system (i.e., the amount the subscriber is responsible to pay toward the first month's total premium amount has been paid in full by the subscriber).
  - Duplicate Exchange-assigned Subscriber IDs Check: Review of the Payment Desk Audit File containing subscriber level data from the issuer's systems to verify that duplicate Exchange-assigned subscriber IDs (i.e., Exchange-assigned subscriber IDs that were reported in the file twice in the same month with full month or incorrectly prorated payment data) were not reported in the file.
  - Proration Check: Review of the Payment Desk Audit File to verify that the subscribers' premium and APTC amounts reported in the file for partial months of enrollment were appropriately prorated, if applicable (i.e., if the issuer applied proration for the 2016 benefit year).
  - Premium Less than APTC Validation: Review of the Payment Desk Audit File to verify that the subscribers' premium amounts reported in the file were not less than the APTC amounts reported in the file.
  - Coverage Days Validation: Review of the Payment Desk Audit File to verify that enrollments of five (5) days or fewer reported in the file were effectuated and had active coverage in the issuer's systems.
- Validations on samples of issuer's systems data:
  - Forty-five (45) Subscribers Sample Review: Review and comparison of the coverage periods, premium and APTC amounts from the issuer's systems to the corresponding data included in the SBE's PLR data for a selected sample of forty-five (45) subscribers.
  - Fifteen (15) Subscribers Sample Review: Analysis and review of data and documentation from the issuer's systems to verify effectuation and the appropriate application of premium and APTC amounts to policies for a selected sample of fifteen (15) subscribers.
- Policy and Procedure Review: Review of issuer APTC policies and procedures for completeness and clarity.

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<sup>2</sup> The Payment Desk Audit File is CMS's standard document for issuers to provide information in support of this audit.

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### **III. RESULTS OF REVIEW**

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CMS assessed issuer compliance with regulations using the following procedures: EPDW Validations, Unreconciled Subscribers Review, Duplicate Exchange-assigned Subscriber IDs Check, Proration Check, Premium Less than APTC Validation, Coverage Days Validation, Forty-five (45) Subscribers Sample Review, Fifteen (15) Subscribers Sample Review, and Policy and Procedure Review.

To build collaborative relationships and identify process improvements that support program integrity goals, CMS conducted a discrepancy phase following the review of the initial audit data submission to work with the issuer to resolve or reduce audit findings, thereby improving compliance. Additional follow-up with the SBE was performed as necessary to confirm or resolve the identified audit findings. Below are the results of this review following the discrepancy phase.

#### **EPDW Validations**

One (1) finding and one (1) observation resulted from the comparison of the final 2016 EPDW submitted by the issuer to BridgeSpan's Payment Desk Audit File. Please refer to Finding No. 1 and Observation No. 1 included in section IV for details on the finding and observation.

#### **Unreconciled Subscribers Review**

No findings or observations resulted from the review of BridgeSpan's Payment Desk Audit File to determine if the subscribers reported in the file existed and their coverage was effectuated in the issuer's systems.

#### **Duplicate Exchange-assigned Subscriber IDs Check**

One (1) finding and one (1) observation resulted from the review of BridgeSpan's Payment Desk Audit File to verify that duplicate Exchange-assigned subscriber IDs were not reported in the file. Please refer to Finding No. 2 and Observation No. 2 included in section IV for details on the finding and observation.

#### **Proration Check**

One (1) finding and one (1) observation resulted from the review of BridgeSpan's Payment Desk Audit File to verify that correctly prorated payment data, if applicable, was reported in the file. Please refer to Finding No. 3 and Observation No. 3 included in section IV for details on the finding and observation.

#### **Premium Less than APTC Validation**

One (1) finding and one (1) observation resulted from the review of BridgeSpan's Payment Desk Audit File to verify that subscribers were not reported in the file with premium amounts that were less than the APTC amounts. Please refer to Finding No. 4 and Observation No. 4 included in section IV for details on the finding and observation.

#### **Coverage Days Validation**

No findings or observations resulted from the review of BridgeSpan's Payment Desk Audit File



to verify that enrollments of five (5) days or fewer reported in the file were effectuated and had active coverage in the issuer's systems.

#### **Forty-five (45) Subscribers Sample Review**

No findings and two (2) observations resulted from the review and comparison of the data from BridgeSpan's systems to the corresponding data included in the SBE's PLR data to determine accuracy of the reported enrollment months and the application of premium and APTC for a selected sample of forty-five (45) subscribers. Please refer to Observation No. 5 and Observation No. 6 included in section IV for details on the observations.

#### **Fifteen (15) Subscribers Sample Review**

No findings or observations resulted from the review of the data and documentation from BridgeSpan's systems to verify effectuation and the appropriate application of premium and APTC amounts to policies for a selected sample of fifteen (15) subscribers.

#### **Policy and Procedure Review**

No findings or observations resulted from the review of BridgeSpan's APTC policies and procedures.

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#### IV. FINDINGS AND OBSERVATIONS

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A finding is an identification of an instance of issuer non-compliance with APTC program requirements that requires correction to payment. CMS's audit procedures identified four (4) findings, which resulted in a change to the APTC amounts reported in BridgeSpan's EPDW for individual market plans for the 2016 benefit year.

An observation is a deviation from CMS or Exchange requirements that we are calling to the attention of management for purposes of improving compliance in future program years but that does not require correction to payment. CMS's audit procedures identified six (6) observations, consisting of five (5) observations that resulted in a change to the premium amounts reported in BridgeSpan's EPDW for individual market plans for the 2016 benefit year and one (1) observation that did not result in a change to the premium amounts reported in BridgeSpan's EPDW but that is noted for purposes of improving compliance in future program years.

In light of the four (4) findings and six (6) observations, the adjusted 2016 benefit year EPDW APTC and premium amounts for individual market plans are shown in the following table.

##### Recalculated EPDW for the 2016 Benefit Year

	APTC	Premium (Observations)
EPDW as Filed in October 2018	\$18,568,625.96	\$26,955,430.28
Finding No. 1 and Observation No. 1 – EPDW Validations Adjustment	\$24,517.48	\$27,697.56
Finding No. 2 and Observation No. 2 – Duplicate Exchange- assigned Subscriber IDs Check Adjustment	\$681.73	\$681.73
Finding No. 3 and Observation No. 3 – Proration Check	\$(3,158.59)	\$(3,154.61)
Finding No. 4 and Observation No. 4 – Premium Less Than APTC Validation Adjustment	\$(512.00)	\$1,206.01

	APTC	Premium (Observations)
Observation No. 5 – Forty-five (45) Subscribers Sample Review Adjustment	\$0.00	\$3,873.73
Observation No. 6 – Forty-five (45) Subscribers Sample Review Adjustment	\$0.00	\$0.00
EPDW As Recalculated	\$18,590,154.58	\$26,985,734.70
<b>Total Impact</b>	<b>\$21,528.62</b>	<b>\$30,304.42*</b>

**Note:** Positive APTC values indicate funds owed to the issuer.

The net financial impact of the four (4) findings is a payment of \$21,528.62, consisting of APTC paid to BridgeSpan.

\*Note: The premium impact of the six (6) observations is an understatement of \$30,304.42 in premiums. The premium impact is noted for purposes of improving compliance in future program years.

For the four (4) findings and six (6) observations, CMS documented the criteria, cause, effect, corrective actions, and BridgeSpan's responses as seen in the charts below.

<b>Finding No. 1 and Observation No. 1 – EPDW Validations</b>	
<b>Condition:</b>	<p><b>APTC Differences (Finding)</b> – For one (1) or more months of 2016 benefit year enrollment in nineteen (19) QHPs, the net "Total APTC Amount by QHP ID for effectuated enrollments" included in BridgeSpan's EPDW was less than the total APTC amount included in BridgeSpan's Payment Desk Audit File, resulting in an underpayment of \$24,517.48 in APTC. For the one (1) or more months of 2016 benefit year enrollment in nineteen (19) QHPs, the total net enrollment in the EPDW was understated by one hundred and twenty-six (126) APTC enrollment groups and two hundred and twenty-seven (227) APTC members.</p> <p><b>Premium Differences (Observation)</b> – For one (1) or more months of 2016 benefit year enrollment in eighteen (18) QHPs, the net "Total Premium Amount by QHP ID for effectuated enrollments" included in BridgeSpan's EPDW was less than the total premium amount included in BridgeSpan's Payment Desk Audit File, resulting in an understatement of \$27,697.56 in premiums. For the one (1) or more months of 2016 benefit year enrollment in eighteen (18) QHPs, the</p>

<b>Finding No. 1 and Observation No. 1 – EPDW Validations</b>	
	total net enrollment in the EPDW was understated by one hundred and sixty-four (164) enrollment groups and three hundred and ninety-five (395) members.
<b>Criteria:</b>	<p>Pursuant to CMS guidance and EPDW submission requirements:</p> <p>The “Total APTC amount by QHP ID for effectuated enrollments” submitted on the EPDW is the "total APTC toward the total premium amount for effectuated enrollments within a 16-digit QHP ID."</p> <p>The “Total premium amount by QHP ID for effectuated enrollments” submitted on the EPDW is the "total premium amount for the health coverage for all effectuated enrollments within that plan.”</p>
<b>Cause:</b>	<p>The issuer noted, “There are several factors that will cause the noted differences between the final EPDWs submitted to CMS and the amounts reported in the desk audit file. One difference is simply due to timing, as eligibility changes continued to be processed subsequent to the final EPDW submission. There are also nuances in regards to the way the data was extracted for the desk audit file and the EPDW. For example, a condition was present in the IT jobs that any member showing an amount outstanding on their monthly bill in our internal billing system would not be reported in the EPDW. Additionally, the desk audit file requires a level of granularity that was not required for the EPDW which also results in minor differences with how enrollment or retroactive premium adjustments get reported. Overall, we believe the differences at the QHP level and in aggregate are insignificant.”</p> <p>Therefore, it was noted the EPDW was understated as a result of retroactivity following the EPDW submission in October 2018 and exclusion of potential coverage months, including the first month of exhausted grace periods, in the EPDW.</p>
<b>Effect:</b>	The APTC and premium differences resulted in a change to BridgeSpan’s final, restated 2016 benefit year EPDW data.
<b>Corrective Action Required:</b>	<p>The net financial impact of this finding is a payment of \$24,517.48, consisting of APTC paid to BridgeSpan. BridgeSpan should confirm the financial impact by filling out Appendix 1.</p> <p>The premium impact of this observation is an understatement] of \$27,697.56 in premiums. CMS notes this observation for purposes of improving compliance in future program years.</p>

<b>Finding No. 1 and Observation No. 1 – EPDW Validations</b>	
<b>Management Response:</b>	We have reviewed this finding and observation and are evaluating appropriate steps to correct, to the extent items have not already been resolved.

<b>Finding No. 2 and Observation No. 2 – Duplicate Exchange-assigned Subscriber IDs Check</b>	
<b>Condition:</b>	BridgeSpan understated the 2016 benefit year premium and APTC amounts for six (6) subscribers and overstated the 2016 benefit year premium and APTC amounts for one (1) subscriber in the Payment Desk Audit File by reporting enrollment and incorrectly prorated payment data for the subscribers with mid-month terminations and re-enrollments.
<b>Criteria:</b>	Pursuant to the issuer provided policies and procedures, the premium and APTC amounts for mid-month enrollments and terminations are calculated by multiplying the monthly rate by the number of days covered and divided by the number of days in the month.
<b>Cause:</b>	For each of the seven (7) subscribers with a mid-month termination and re-enrollment in the same month, the issuer indicated, “Subscriber had mid-month eligibility change. In this case, a new member became effective.” However, it was noted that the issuer reported the incorrect premium and APTC amounts for the month based on the issuer provided policies and procedures surrounding proration for mid-month changes. During the audit, the issuer provided the correct premium and APTC amounts for the subscribers.
<b>Effect:</b>	The inclusion of the incorrect premium and APTC amounts for the seven (7) subscribers resulted in a change to BridgeSpan’s final, restated 2016 benefit year EPDW data.
<b>Corrective Action Required:</b>	<p>The net financial impact of this finding is a payment of \$681.73, consisting of APTC paid to BridgeSpan. BridgeSpan should confirm the financial impact by filling out Appendix 1.</p> <p>The premium impact of this observation is an understatement of \$681.73 in premiums. CMS notes this observation for purposes of improving compliance in future program years.</p>

<b>Finding No. 2 and Observation No. 2 – Duplicate Exchange-assigned Subscriber IDs Check</b>	
<b>Management Response:</b>	We have reviewed this finding and observation and are evaluating appropriate steps to correct, to the extent items have not already been resolved.

<b>Finding No. 3 and Observation No. 3 – Proration Check</b>	
<b>Condition:</b>	BridgeSpan reported incorrectly prorated 2016 benefit year premium amounts for eighteen (18) subscribers, and incorrectly prorated 2016 benefit year APTC amounts for seventeen (17) of those subscribers, in the Payment Desk Audit File.
<b>Criteria:</b>	Pursuant to the issuer provided policies and procedures, the premium and APTC amounts for mid-month enrollments and terminations are calculated by multiplying the monthly rate by the number of days covered and divided by the number of days in the month.
<b>Cause:</b>	The issuer indicated that the benefit start and end dates included in the Payment Desk Audit File for the eighteen (18) subscribers were correct; however, the premium and APTC amounts were not correctly prorated based on the number of days of coverage provided in the month. During the audit, the issuer provided the correct prorated premium and APTC amounts for the subscribers.
<b>Effect:</b>	The inclusion of the incorrectly prorated payment data for the eighteen (18) subscribers resulted in a change to BridgeSpan's final, restated 2016 benefit year EPDW data.
<b>Corrective Action Required:</b>	<p>The net financial impact of this finding is a payment of \$3,158.59, consisting of APTC owed to CMS. BridgeSpan should confirm the financial impact by filling out Appendix 1.</p> <p>The premium impact of this observation is an overstatement of \$3,154.61 in premiums. CMS notes this observation for purposes of improving compliance in future program years.</p>
<b>Management Response:</b>	We have reviewed this finding and observation and are evaluating appropriate steps to correct, to the extent items have not already been resolved.

<b>Finding No. 4 and Observation No. 4 – Premium Less than APTC Validation</b>	
<b>Condition:</b>	BridgeSpan reported 2016 benefit year premium amounts that were less than the APTC amounts for five (5) subscribers in the Payment Desk Audit File, resulting from BridgeSpan understating the 2016 benefit year premium amounts. Additionally, BridgeSpan reported 2016 benefit year premium amounts that were less than the APTC amounts for one (1) subscriber for one (1) month of enrollment that was included in the Payment Desk Audit File in error as the enrollment was terminated due to non-payment of premium.
<b>Criteria:</b>	Issuers cannot report an APTC amount that exceeds the premium amount for a policy.
<b>Cause:</b>	<p>The issuer provided the correct premium amounts and indicated the following explanations for the five (5) subscribers with APTC amounts that exceeded the premium amounts:</p> <ul style="list-style-type: none"> <li>• “QHP and APTC change eff 7/1/16; adjusted on October billing.”</li> <li>• “QHP and APTC change eff 10/1/16, adjusted on 1/1/17 billing.”</li> <li>• “Oct and Nov bill incorrect due to incorrect transactions sent by Your Health Idaho (YHI). APTC change eff 10/1, adjusted on Dec bill.”</li> <li>• “Due to an age rating issue at YHI, we had to add a \$11.50 billing adjustment to each month so member was billed \$2.09.”</li> <li>• “YHI made quite a few errors on this enrollment, so we had many billing adjustments, but we did bill the correct amount. Corrected on June billing.”</li> </ul> <p>For the one (1) subscriber reported in the Payment Desk Audit File with enrollment from 1/1/2016 through 11/30/2016 and 12/1/2016 through 12/31/2016, it was noted that the enrollment for month 12 included an APTC amount that exceeded the premium amount. The issuer indicated, “Member termed 11/30 for nonpayment of premium.” Therefore, it was noted the premium and APTC amounts were overstated in the Payment Desk Audit File for month 12.</p>
<b>Effect:</b>	The inclusion of the incorrect premium and APTC amounts for the six (6) subscribers resulted in a change to BridgeSpan’s final, restated 2016 benefit year EPDW data.

<b>Finding No. 4 and Observation No. 4 – Premium Less than APTC Validation</b>	
<b>Corrective Action Required:</b>	<p>The net financial impact of this finding is a payment of \$512.00, consisting of APTC owed to CMS. BridgeSpan should confirm the financial impact by filling out Appendix 1.</p> <p>The premium impact of this observation is an understatement of \$1,206.01 in premiums. CMS notes this observation for purposes of improving compliance in future program years.</p>
<b>Management Response:</b>	We have reviewed this finding and observation and are evaluating appropriate steps to correct, to the extent items have not already been resolved.

<b>Observation No. 5 – Forty-five (45) Subscribers Sample Review</b>	
<b>Condition:</b>	BridgeSpan correctly billed but incorrectly reported 2016 benefit year premium amounts for three hundred and twenty-five (325) subscribers, including four (4) of the forty-five (45) selected subscribers, in the Payment Desk Audit File by including adjusted premium amounts in months in which there was an enrollment change.
<b>Criteria:</b>	Pursuant to CMS guidance, the premium amount reported in the EPDW and the Payment Desk Audit File is the premium amount by 16 digit QHP ID for the effectuated enrollment within a qualified health plan.
<b>Cause:</b>	<p>The Payment Desk Audit File, which supported the EPDW, included a premium amount that did not match the premium amount reported in the SBE's PLR data for one (1) month of enrollment for four (4) of the forty-five (45) selected subscribers. The issuer noted that the premium amount in the Payment Desk Audit File and therefore EPDW was incorrectly adjusted in the month in which there was an APTC change.</p> <p>During the audit, CMS coordinated with the issuer to determine whether the issue impacted other enrollments reported in the Payment Desk Audit File, which supported the EPDW. Upon review of the Payment Desk Audit File, it was noted that incorrect premium amounts were reported for three hundred and twenty-five (325) subscribers, including four (4) of the forty-five (45) selected subscribers, resulting in a net understatement of \$3,873.73 in premium amounts in the Payment Desk Audit File and therefore EPDW. The issuer indicated, "We would like to reiterate that this is an issue with how data was extracted in the desk audit file and that the actual billing</p>



<b>Observation No. 5 – Forty-five (45) Subscribers Sample Review</b>	
	statements sent to members did reflect the correct total rated premium, as was demonstrated as part of the 15 subscriber selections support provided previously in the audit.”
<b>Effect:</b>	The inclusion of the incorrect premium amounts for the three hundred and twenty-five (325) subscribers resulted in a change to BridgeSpan’s final, restated 2016 benefit year EPDW data.
<b>Corrective Action Required:</b>	The premium impact of this observation is an understatement of \$3,873.73 in premiums. CMS notes this observation for purposes of improving compliance in future program years.
<b>Management Response:</b>	We have reviewed this observation and are evaluating appropriate steps to correct, to the extent items have not already been resolved.

<b>Observation No. 6 – Forty-five (45) Subscribers Sample Review</b>	
<b>Condition:</b>	BridgeSpan billed and reported the incorrect APTC amount for one (1) of the forty-five (45) selected subscribers in the Payment Desk Audit File as the APTC amount was not updated based on change transaction received from the SBE.
<b>Criteria:</b>	Pursuant to 45 CFR § 156.460, a QHP issuer that receives notice from the Exchange that an individual enrolled in the issuer's QHP is eligible for an advance payment of the premium tax credit must reduce the portion of the premium charged to or for the individual for the applicable months by the amount of the advance payment of the premium tax credit and notify the Exchange of the reduction in the portion of the premium charged to the individual.
<b>Cause:</b>	For the subscriber with an APTC amount of \$636.00 in the Payment Desk Audit File and an APTC amount of \$0.00 in the SBE’s PLR data for January, the issuer indicated, “This appears to be a processing error on our part. A file was recd to remove the APTC but it didn't process correctly.”
<b>Effect:</b>	The issuer did not follow the CMS enrollment guidance and requirements as the issuer did not adjust the subscriber’s account to include the correct APTC amount resulting from the enrollment transaction received from the SBE.

<b>Observation No. 6 – Forty-five (45) Subscribers Sample Review</b>	
<b>Corrective Action Required:</b>	CMS notes this observation for purposes of improving compliance in future program years.
<b>Management Response:</b>	We have reviewed this observation and are evaluating appropriate steps to correct, to the extent items have not already been resolved.

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## **V. MANAGEMENT RESPONSES**

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Please provide management's response to the four (4) findings and six (6) observations identified in the draft audit report and complete the attached Appendix 1 - Issuer Management Response to Net Financial Adjustment (Appendix 1), within thirty (30) calendar days from the draft audit report date. Management's response should indicate agreement or disagreement.

### **Agreement**

If management agrees with the four (4) findings and six (6) observations, complete the "Management Response" field of the findings and observations in the draft audit report, and initial "Agree" and sign the attached Appendix 1. Return the draft audit report including Appendix 1 within thirty (30) calendar days from the draft audit report date. Upon receipt of the signed Appendix 1, CMS will finalize and publish the report on the CCIIO webpage. CMS will process the final payment adjustment amount in the next available monthly payment cycle.

### **Disagreement**

If management disagrees with any of the four (4) findings and corrective actions or any of the six (6) observations, complete the "Management Response" field of the findings and observations in the draft audit report, and initial "Disagree" and sign the attached Appendix 1. Return the draft audit report including Appendix 1 and any supporting documentation that substantiates management's response within thirty (30) calendar days from the draft audit report date. This will be the final opportunity to provide information or supporting documentation to correct any inaccuracies in the report before it is finalized.

CMS will review the written explanations in the "Management Response" field of the findings and observations and any supporting documentation to determine if the report can be amended in a mutually acceptable manner. If you and CMS are unable to come to a mutually acceptable result, your response to this report will be included in the final published audit report.

Please return the updated Appendix 1 within fifteen (15) calendar days. Upon receipt of the signed Appendix 1, CMS will finalize and publish the report on the CCIIO webpage. CMS will process the final payment adjustment amount in the next available monthly payment cycle.

## Appendix 1 – Issuer Management Response to Net Financial Adjustment

Issuer HIOS ID: 59765

Issuer Name: BridgeSpan Health Co. (BridgeSpan)

The undersigned Chief Executive Officer (CEO), Chief Financial Officer (CFO) or other individual who can legally and financially bind this issuer has reviewed the information included in the audit report of the issuer's 2016 benefit year APTC program participation, resulting in a payment of \$21,528.62 to BridgeSpan and:

(INITIAL) CGB Agrees with the audit net adjustment amount above, confirming the audit finding(s) and observation(s), if applicable, and as such this report will be considered final and published.

**OR**

(INITIAL) \_\_\_\_\_ Disagrees and requests a review of additional information that may impact the audit net adjustment amount resulting from the 2016 benefit year audit. If review is requested, CMS will consider this draft only a preliminary audit report. If the review option is selected, you must provide a written explanation with any additional documentation when you return this response within thirty (30) calendar days of the date of this draft audit report. CMS will review the written explanation and any supporting documentation to determine if the report can be amended in a mutually acceptable manner. If you and CMS are unable to come to a mutually acceptable result, your response to this report will be included in the final published audit report.

Signed: \_\_\_\_\_

(Signature of authorized person acting on behalf of the issuer)

Printed Name: Christopher G. Blanton

(Print name of signature)

Title: SVP Commerical & Ancillary Markets

(Title of authorized person acting on behalf of the Issuer)

Telephone Number: (206) 332-5150

(Direct Telephone Number)

Date: 06/09/22

## Appendix 2 – Applicable Regulations

The following table identifies the specific regulatory requirements around which CMS has organized its audits.

Regulation	Rules
<b>45 CFR § 155.1210 – Maintenance of Records</b>	<p><b>(a) General.</b> The State Exchange must maintain and must ensure its contractors, subcontractors, and agents maintain for 10 years, documents and records (whether paper, electronic, or other media) and other evidence of accounting procedures and practices, which are sufficient to do the following:</p> <ul style="list-style-type: none"><li>(1) Accommodate periodic auditing of the State Exchange's financial records; and</li><li>(2) Enable HHS or its designee(s) to inspect facilities, or otherwise evaluate the State- Exchange's compliance with Federal standards.</li></ul> <p><b>(b) Records.</b> The State Exchange and its contractors, subcontractors, and agents must ensure that the records specified in paragraph (a) of this section include, at a minimum, the following:</p> <ul style="list-style-type: none"><li>(1) Information concerning management and operation of the State Exchange's financial and other record keeping systems;</li><li>(2) Financial statements, including cash flow statements, and accounts receivable and matters pertaining to the costs of operations;</li><li>(3) Any financial reports filed with other Federal programs or State authorities;</li><li>(4) Data and records relating to the State Exchange's eligibility verifications and determinations, enrollment transactions, appeals, and plan variation certifications; and</li><li>(5) Qualified health plan contracting (including benefit review) data and consumer outreach and Navigator grant oversight information.</li></ul> <p><b>(c) Availability.</b> A State Exchange must make all records and must ensure its contractors, subcontractors, and agents must make all records in paragraph (a) of this section available to HHS, the OIG, the Comptroller General, or their designees, upon request.</p>

Regulation	Rules
<p><b>45 CFR § 156.460 - Reduction of enrollee's share of premium to account for advance payments of the premium tax credit</b></p>	<p><b>(a) Reduction of enrollee's share of premium to account for advance payments of the premium tax credit.</b> A QHP issuer that receives notice from the Exchange that an individual enrolled in the issuer's QHP is eligible for an advance payment of the premium tax credit must—</p> <p>(1) Reduce the portion of the premium charged to or for the individual for the applicable month(s) by the amount of the advance payment of the premium tax credit;</p> <p>(2) Notify the Exchange of the reduction in the portion of the premium charged to the individual in accordance with § 156.265(g); and</p> <p>(3) Include with each billing statement, as applicable, to or for the individual the amount of the advance payment of the premium tax credit for the applicable month(s), and the remaining premium owed.</p>
<p><b>45 CFR § 156.480 - Oversight of the administration of the cost-sharing reductions and advance payments of the premium tax credit programs.</b></p>	<p><b>(a) Maintenance of records.</b> An issuer that offers a QHP in the individual market through a State Exchange must adhere to, and ensure that any relevant delegated entities and downstream entities adhere to, the standards set forth in § 156.705 concerning maintenance of documents and records, whether paper, electronic, or in other media, by issuers offering QHPs in a Federally-facilitated Exchange, in connection with cost-sharing reductions and advance payments of the premium tax credit.</p> <p><b>(b) Annual reporting requirements.</b> For each benefit year, an issuer that offers a QHP in the individual market through an Exchange must report to HHS, in the manner and timeframe required by HHS, summary statistics specified by HHS with respect to administration of cost-sharing reduction and advance payments of the premium tax credit programs, including any failure to adhere to the standards set forth under § 156.410(a) through (d), § 156.425(a) through (b), and § 156.460(a) through (c) of this Part.</p> <p><b>(c) Audits.</b> HHS or its designee may audit an issuer that offers a QHP in the individual market through an Exchange to assess compliance with the requirements of this subpart.</p>

Regulation	Rules
<p><b>45 CFR § 156.705 – Maintenance of records for Federally-facilitated Exchanges</b></p>	<p><b>(a) <i>General standard.</i></b> Issuers offering QHPs in a Federally-facilitated Exchange must maintain all documents and records (whether paper, electronic, or other media) and other evidence of accounting procedures and practices, necessary for HHS to do the following:</p> <p><b>(1)</b> Periodically audit financial records related to QHP issuers' participation in a Federally-facilitated Exchange, and evaluate the ability of QHP issuers to bear the risk of potential financial losses; and</p> <p><b>(2)</b> Conduct compliance reviews or otherwise monitor QHP issuers' compliance with all Exchange standards applicable to issuers offering QHPs in a federally-facilitated Exchange as listed in this part.</p> <p><b>(b) <i>Records.</i></b> The records described in paragraph (a) of this section include the sources listed in § 155.1210(b)(2), (3), and (5) of this subchapter.</p> <p><b>(c) <i>Record retention timeframe.</i></b> Issuers offering QHPs in a Federally-facilitated Exchange must maintain all records referenced in paragraph (a) of this section for 10 years.</p> <p><b>(d) <i>Record availability.</i></b> Issuers offering QHPs in a Federally-facilitated Exchange must make all records in paragraph (a) of this section available to HHS, the OIG, the Comptroller General, or their designees, upon request.</p>

### Appendix 3 – Glossary of Terms and Acronyms

<b>Terms &amp; Acronyms</b>	<b>Definition</b>
<b>APTC</b>	Advance Payments of the Premium Tax Credit
<b>CEO</b>	Chief Executive Officer
<b>CFO</b>	Chief Financial Officer
<b>CFR</b>	Code of Federal Regulations
<b>CMS</b>	Centers for Medicare & Medicaid Services
<b>CSR</b>	Cost-sharing Reduction
<b>DHHS</b>	Department of Health and Human Services
<b>EPDW</b>	Enrollment and Payment Data Workbook
<b>GAGAS</b>	Generally Accepted Government Auditing Standards
<b>HIOS</b>	Health Insurance Oversight System
<b>IRS</b>	Internal Revenue Service
<b>PPACA</b>	Patient Protection and Affordable Care Act
<b>PLR</b>	Policy-level Reporting
<b>QHP</b>	Qualified Health Plan
<b>SBE</b>	State-based Exchange
<b>TIN</b>	Tax Identification Number