

REPORT HIGHLIGHTS



COLORADO HEALTH INSURANCE BENEFITS EXCHANGE: CONNECT FOR HEALTH COLORADO PERFORMANCE AUDIT, JUNE 2017

KEY CONCERNS

Connect for Health Colorado (Connect for Health) has strengthened its financial management and internal controls related to procurement, contracting, and grants since 2014 and has taken steps to become financially self-sustaining without public funds. However, we found that financial policies and procedures are not consistently followed, and customer service related to appeals and complaints needs improvement.

KEY FINDINGS

- Connect for Health took steps to control costs, increase revenues, and monitor its financial position after our 2014 Limited Performance Audit. For example, over Fiscal Years 2015 to 2017, it cut \$18.5 million in costs by renegotiating major contracts and reducing administrative expenses. While these steps help ensure the organization will be financially sustainable without federal and state funds, significant changes to the Affordable Care Act could reduce Connect for Health's fee revenue from the sale of health plans, limiting its ability to operate in the future.
- Management and staff did not comply with financial policies, procedures, and/or contract provisions for \$50,700 (11 percent) of sampled payments and \$3.99 million in contract costs we reviewed. For example, some vendor and grantee payments lacked complete documentation to support the payments, one contract was paid more than the contracted amount, and grantees performed work before contracts were executed.
- From Fiscal Year 2014 to Fiscal Year 2016, Connect for Health improved its customer service and website functionality. For example, call center wait times were reduced from 11 minutes in 2014 to less than 3 minutes in 2016, and website tools were added to help consumers evaluate the costs and benefits of health plans and calculate financial assistance.
- Connect for Health did not always resolve appeals in a timely manner or maintain data needed to track appeals and complaints. For example, in 2016, data was incomplete or inaccurate for 42 out of the 153 appeals, and one-third of appeals were not resolved within the 90-day federal timeline. In addition, Connect for Health's customer complaint filing process is confusing and challenging.

BACKGROUND

- Pursuant to the federal Affordable Care Act, Connect for Health was established in 2011 to operate Colorado's health exchange where individuals can purchase private health insurance. The organization is a non-profit overseen by a 12-member Board of Directors and administered by a Chief Executive Officer.
- Connect for Health transitioned from a start-up funded with federal grants in Fiscal Year 2012 to a self-sustaining organization that receives no government funding in Fiscal Year 2017.
- About 178,000 Coloradans enrolled in a 2017 private health plan through the exchange, with 108,600, or 61 percent, receiving federal financial assistance with their health insurance costs.

KEY RECOMMENDATIONS

- Improve controls over procurement, contracting, and grants management by updating written policies and procedures to reflect current processes, revising contracts to reflect vendor performance expectations and payment documentation requirements, training staff, and developing a corrective action plan to address all audit findings.
 - Conduct reviews to ensure that staff comply with written policies and procedures.
 - Report the timeliness of appeals to the Board and prioritize appeals handling to help meet timeliness standards.
 - Implement a written complaint process and update the website to provide clear instructions on complaint filing.
- Connect for Health agreed with these recommendations.