



OFFICE OF THE STATE AUDITOR



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DESPITE IMPROVEMENTS AT CONNECT FOR HEALTH COLORADO, SOME PROBLEMS PERSIST

DENVER—The Colorado Office of the State Auditor (OSA) has released its performance audit of Connect for Health Colorado, the State's health insurance benefits exchange, in response to a legislative request, and has found improvements have been made since the OSA's 2014 limited performance audit. However, auditors found that Connect for Health struggles to consistently follow its own financial policies and procedures, and needs to improve its customer service related to consumer appeals and complaints.

Connect for Health was established in 2011 to run the exchange where individuals can compare and purchase the private plans offered by health insurance carriers. About 178,000 Coloradans enrolled in 2017 private health insurance plans through the exchange.

Since the OSA's 2014 audit, Connect for Health has transitioned from a start-up primarily funded with federal grants to an organization that receives no government funding. Auditors found that over the past 2 years, Connect for Health cut about \$18 million in costs by renegotiating contracts and reducing administrative expenses. Connect for Health's projections indicate it will be financially self-sustaining for the next 3 years, provided there are no significant changes to the Affordable Care Act.

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However, when auditors reviewed a sample of payments and contracts, they found that management and staff did not comply with financial policies, procedures, and/or contract provisions for \$50,700 (11 percent) of sampled payments and almost \$4 million in contract costs. For example, while some payments lacked documentation to support what was paid, one contract was paid more than the contracted amount, and in some cases grantees performed work before contracts were executed.

Separately, auditors found that despite improved customer service and website functionality (call center wait times were reduced from 11 minutes in 2014 to less than 3 minutes in 2016 for example), Connect for Health did not always resolve appeals expeditiously or maintain good data on appeals and complaints. For example, in 2016, one-third of appeals were not resolved within the 90-day federal timeline and data were incomplete or inaccurate for 42 out of the 153 appeals. In addition, auditors found that Connect for Health's customer complaint filing process is confusing and challenging.

The audit makes 2 recommendations.

The full report is available @ www.colorado.gov/auditor.

Under the direction of the state auditor, the OSA is the state's nonpartisan, independent external auditor with broad authority to audit state agencies, departments, institutions of higher education, and the Judicial and Legislative Branches. The OSA's professional staff serve the people of Colorado by addressing relevant public issues through high-quality, objective audits and reviews that promote accountability and positive change in government. Performance audits address whether programs operate in compliance with laws and regulations and in a manner that accomplishes intended program goals. Financial audits include annual audits of the state's basic financial statements and federal grants on a statewide level. IT audits review procedures and technology to ensure the confidentiality, integrity and availability of the state's critical computer systems and taxpayer data. The OSA also tracks about 4,000 Colorado local governments for compliance with the Local Government Audit Law.