



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

for

Blue Cross & Blue Shield of Rhode Island (Rhode Island)

June 8, 2022

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I. EXECUTIVE SUMMARY

Background

Blue Cross & Blue Shield of Rhode Island (BCBS of RI) is a health insurance issuer that offered qualified health plans (QHPs) in the individual market State-Based Exchange (SBE) in Rhode Island during the 2016 benefit year. The state of Rhode Island submitted BCBS of RI's final restated 2016 benefit year data in the November 2017 Enrollment and Payment Data Workbook (EPDW). The issuer received a total of \$37,094,937.10 in advance payments of the premium tax credit (APTC) from the Centers for Medicare & Medicaid Services (CMS) and the SBE reported a total of \$77,508,732.89 in premiums for the issuer's 2016 benefit year individual market plans.

This report is an assessment, conducted in coordination with the SBE, of BCBS of RI'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 audit¹ 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 SBE, and to analyze controls and policies of selected issuers pursuant to the authority defined in 45 CFR §§ 155.1210 and 156.480.

¹ 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 five (5) observations for BCBS of RI. The observations include the following:

1. Differences in premium and APTC amounts identified in the comparison of the issuer's data included in the November 2017 EPDW submitted by the SBE to a Payment Desk Audit File containing subscriber level data from BCBS of RI's systems;
2. Inclusion of full month enrollment and premium data for two (2) duplicate subscribers in the Payment Desk Audit File;
3. Inclusion of incorrectly prorated payment data for twenty-three (23) subscribers in the Payment Desk Audit File;
4. Inclusion of premium amounts that were less than the APTC amounts for eight (8) subscribers in the Payment Desk Audit File; and
5. Inclusion of incorrect premium amounts for one (1) of the fifteen (15) selected subscribers in the Payment Desk Audit File.

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

II. BACKGROUND, OBJECTIVES, SCOPE, AND METHODOLOGY

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 submitters, including the state of Rhode Island, to submit enrollment and payment data on behalf of its issuers 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 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 a 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 SBE-generated EPDW data reported for premiums and the APTC program;
- (2) Identify potential CMS APTC payment errors resulting from issuer or SBE 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 BCBS of RI for an audit to assess the issuer's compliance with 45 CFR §§ 155.1210, 156.460 and 156.480. CMS evaluated BCBS of RI'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 November 2017 by the SBE to CMS to support APTC payments and premium amounts.

CMS sent BCBS of RI 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 BCBS of RI on December 20, 2019 that identified data requirements required to conduct the audit. CMS's audit contractor reviewed the audit data file submitted by BCBS of RI, as well as the final 2016 EPDW submitted by the SBE 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.

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 procedures²:

- Validations of the Payment Desk Audit File data submitted to CMS:
 - EPDW Validations: Review and comparison of the SBE'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.

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

III. RESULTS OF REVIEW

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

No findings and one (1) observation resulted from the comparison of the final 2016 EPDW submitted by the SBE to BCBS of RI's Payment Desk Audit File. Please refer to Observation No. 1 included in section IV for details on the observation.

Unreconciled Subscribers Review

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

Duplicate Exchange-assigned Subscriber IDs Check

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

Proration Check

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

Premium Less than APTC Validation

No findings and one (1) observation resulted from the review of BCBS of RI'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 Observation No. 4 included in section IV for details on the observation.

Coverage Days Validation

No findings or observations resulted from the review of BCBS of RI'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 or observations resulted from the review and comparison of the data from BCBS of RI'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.

Fifteen (15) Subscribers Sample Review

No findings and one (1) observation resulted from the review of the data and documentation from BCBS of RI's systems to verify effectuation and the appropriate application of premium and APTC amounts to policies for a selected sample of fifteen (15) subscribers. Please refer to Observation No. 5 included in section IV for details on the observation.

Policy and Procedure Review

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

IV. FINDINGS AND OBSERVATIONS

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 no findings, which resulted in a change to the APTC amounts reported in BCBS of RI's EPDW submitted by the SBE 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 five (5) observations that did not result in a change to the APTC or premium amounts reported in BCBS of RI's EPDW but that are noted for purposes of improving compliance in future program years.

In light of the five (5) 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 by the SBE in November 2017	\$37,094,937.10	\$77,508,732.89
Observation No. 1 – EPDW Validations Adjustment	\$0.00	\$0.00
Observation No. 2 – Duplicate Exchange-assigned Subscriber IDs Check Adjustment	\$0.00	\$0.00
Observation No. 3 – Proration Check Adjustment	\$0.00	\$0.00
Observation No. 4 – Premium Less Than APTC Validation Adjustment	\$0.00	\$0.00
Observation No. 5 – Fifteen (15) Subscribers Sample Review Adjustment	\$0.00	\$0.00

	APTC	Premium (Observations)
EPDW As Recalculated	\$37,094,937.10	\$77,508,732.89
Total Impact	\$0.00	\$0.00

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

The net financial impact of the audit is \$0.00. For the five (5) observations, CMS documented the criteria, cause, effect, corrective actions, and BCBS of RI's responses as seen in the charts below.

Observation No. 1 – EPDW Validations	
Condition:	<p>APTC Differences – For one (1) or more months of 2016 benefit year enrollment in twenty-one (21) QHPs, the net "Total APTC Amount by QHP ID for effectuated enrollments" included in BCBS of RI's EPDW submitted by the SBE was less than the total APTC amount included in BCBS of RI's Payment Desk Audit File, resulting in an understatement of \$132,074.10 in APTC. For the one (1) or more months of 2016 benefit year enrollment in twenty-one (21) QHPs, the total net enrollment in the EPDW was understated by six hundred and sixty-two (662) APTC enrollment groups and nine hundred and seventeen (917) APTC members.</p> <p>Premium Differences – For one (1) or more months of 2016 benefit year enrollment in twenty-nine (29) QHPs, the net "Total Premium Amount by QHP ID for effectuated enrollments" included in BCBS of RI's EPDW submitted by the SBE was greater than the total premium amount included in BCBS of RI's Payment Desk Audit File, resulting in an overstatement of \$61,642.78 in premiums. For the one (1) or more months of 2016 benefit year enrollment in twenty-nine (29) QHPs, the total net enrollment in the EPDW was overstated by three hundred and thirty-one (331) enrollment groups and five hundred and forty-three (543) members.</p>
Criteria:	<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>

Observation No. 1 – EPDW Validations	
Cause:	<p>The issuer indicated, "HealthSource RI (HSRI) is the system of record for premium billing, collection and APTC calculation. Blue Cross & Blue Shield of Rhode Island (BCBSRI) believes most of the discrepancies are the result of retroactive changes which may not have updated our billing system. While HSRI is the system of record for premium calculations, our system does calculate a rate in our system which is what is reflected in the data and may result in de minimis discrepancies."</p> <p>The SBE indicated "HSRI agrees with BCBS' response above; discrepancies are minimal."</p> <p>The SBE performed enrollment and billing on behalf of the issuer. Neither the issuer nor the SBE provided additional information or documentation to support the additional APTC amounts that were reported on the issuer submitted Payment Desk Audit File.</p>
Effect:	<p>The APTC and premium differences identified did not result in a change to BCBS of RI's final, restated 2016 benefit year EPDW data submitted by the SBE. Pursuant to CMS audit procedures for SBEs that submitted workbooks to CMS, CMS will not make additional APTC payments to SBE issuers based on the issuer's and SBE's audit responses, unless the SBE or issuer also provide additional documentation to support those payments. Therefore, CMS will continue to use the SBE-submitted EPDW as the final source of truth for payment and will not make adjustments based on the issuer's Payment Desk Audit File that includes additional enrollments and APTC that did not exist in the SBE-submitted EPDW.</p>
Corrective Action Required:	<p>CMS notes this observation for purposes of improving compliance and issuer and SBE reconciliation in future program years.</p>
Management Response:	<p>BCBSRI will continue to work on the enrollment and APTC reconciliation process with HealthSource RI.</p>

Observation No. 2 – Duplicate Exchange-assigned Subscriber IDs Check	
Condition:	<p>BCBS of RI overstated the 2016 benefit year premium amounts for two (2) subscribers in the Payment Desk Audit File by reporting enrollment and full month premium data for the subscribers more than once in the same month.</p>

Observation No. 2 – Duplicate Exchange-assigned Subscriber IDs Check	
Criteria:	Issuers cannot report full month enrollment data for the same subscriber twice within a month.
Cause:	For the two (2) subscribers, two (2) duplicate records were included in the Payment Desk Audit File with full month premium data in the same month. For the two (2) subscribers, the issuer indicated, “DOB and SSN are identical, member appears to have 2 member IDs for this period. Difference is mailing address. Duplicate record.” The issuer further indicated, “We recognize that this was due to a manual error and we reminded staff of the process to avoid this in the future.”
Effect:	The inclusion of the two (2) duplicate subscribers resulted in an overstatement of \$53.13 in premiums in BCBS of RI’s Payment Desk Audit File. As noted in Observation 1, CMS will not make additional APTC payments to SBE issuers based on the issuer’s and SBE’s audit responses, unless the SBE or issuer also provide additional documentation to support those payments. CMS will therefore continue to use the SBE-submitted EPDW as the final source of truth for payment and will not make any adjustments based on the higher total payment amount in BCBS RI’s Payment Desk Audit File discussed in Observation 1
Corrective Action Required:	CMS notes this observation for purposes of improving compliance and issuer and SBE reconciliation in future program years.
Management Response:	BCBSRI will continue to work on the enrollment and APTC reconciliation process with HealthSource RI.

Observation No. 3 – Proration Check	
Condition:	BCBS of RI reported incorrectly prorated 2016 benefit year premium amounts for twenty (20) subscribers, and incorrectly prorated 2016 benefit year APTC amounts for nine (9) of those subscribers in the Payment Desk Audit File. Additionally, BCBS of RI reported incorrectly prorated 2016 benefit year APTC amounts only for three (3) additional subscribers in the Payment Desk Audit File.
Criteria:	Pursuant to 45 CFR §155.240, Exchanges may establish one or more standard processes for premium calculation. Additionally, per the issuer’s policies and procedures, “BCBSRI prorates premium and tax credits by the number of days in the month.”

Observation No. 3 – Proration Check	
Cause:	The issuer indicated there were plan changes, dependents that were added or dropped, or terminations that occurred. The issuer provided the correct prorated premium and APTC amounts for the enrollments.
Effect:	The inclusion of the incorrectly prorated payment data for the twenty-three (23) subscribers resulted in an understatement of \$1,020.50 in APTC and \$1,169.23 in premiums in BCBS of RI's Payment Desk Audit File. As noted in Observation 1, CMS will not make additional APTC payments to SBE issuers based on the issuer's and SBE's audit responses, unless the SBE or issuer also provide additional documentation to support those payments. CMS will therefore continue to use the SBE-submitted EPDW as the final source of truth for payment and will not make any adjustments based on the higher total payment amount in BCBS RI's Payment Desk Audit File discussed in Observation 1
Corrective Action Required:	CMS notes this observation for purposes of improving compliance and issuer and SBE reconciliation in future program years.
Management Response:	BCBSRI will continue to work on the enrollment and APTC reconciliation process with HealthSource RI.

Observation No. 4 – Premium Less than APTC Validation	
Condition:	BCBS of RI reported 2016 benefit year premium amounts that were less than the APTC amounts for eight (8) subscribers in the Payment Desk Audit File, resulting from BCBS of RI understating the 2016 benefit year premium amounts for four (4) subscribers and overstating the 2016 benefit year APTC amounts for four (4) subscribers in the Payment Desk Audit File.
Criteria:	Issuers cannot report an APTC amount that exceeds the premium amount for a policy.
Cause:	The issuer indicated there was a change or termination that occurred mid-year. The issuer and SBE provided the correct premium and APTC amounts that should be reported for the applicable months of enrollment for the eight (8) subscribers.
Effect:	The inclusion of the incorrect premium and APTC amounts for the eight (8) subscribers resulted in an overstatement of \$12,334.51 in APTC and an understatement of \$8,814.33 in premiums in BCBS of

Observation No. 4 – Premium Less than APTC Validation	
	RI's Payment Desk Audit File. As noted in Observation 1, CMS will not make additional APTC payments to SBE issuers based on the issuer's and SBE's audit responses, unless the SBE or issuer also provide additional documentation to support those payments. CMS will therefore continue to use the SBE-submitted EPDW as the final source of truth for payment and will not make any adjustments based on the higher total payment amount in BCBS RI's Payment Desk Audit File discussed in Observation 1
Corrective Action Required:	CMS notes this observation for purposes of improving compliance and issuer and SBE reconciliation in future program years.
Management Response:	BCBSRI will continue to work on the enrollment and APTC reconciliation process with HealthSource RI.

Observation No. 5 – Fifteen (15) Subscribers Sample Review	
Condition:	BCBS of RI overstated the 2016 benefit year premium amounts for one (1) of the fifteen (15) selected subscribers in the Payment Desk Audit File.
Criteria:	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.
Cause:	The one (1) subscriber was reported in the Payment Desk Audit File with a premium amount of \$223.43 for months 5-10, but had a premium amount of \$215.42 in the SBE provided policy-level documentation. The SBE performed enrollment and billing on behalf of the issuer and the SBE indicated, "Premium Base is \$215.42 effective 5/1/2016 to 11/30/2016. Previously the Premiums Base was \$223.55 effective 1/1/2016 to 3/31/2016."
Effect:	The inclusion of the incorrect premium amounts for the one (1) subscriber resulted in an overstatement of \$56.07 in premiums in BCBS of RI's Payment Desk Audit File. As noted in Observation 1, CMS will not make additional APTC payments to SBE issuers based on the issuer's and SBE's audit responses, unless the SBE or issuer also provide additional documentation to support those payments. CMS will therefore continue to use the SBE-submitted EPDW as the

Observation No. 5 – Fifteen (15) Subscribers Sample Review	
	final source of truth for payment and will not make any adjustments based on the higher total payment amount in BCBS RI's Payment Desk Audit File discussed in Observation 1
Corrective Action Required:	CMS notes this observation for purposes of improving compliance and issuer and SBE reconciliation in future program years.
Management Response:	BCBSRI will continue to work on the enrollment and APTC reconciliation process with HealthSource RI.

V. MANAGEMENT RESPONSES

Please provide management's response to the five (5) 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 five (5) observations, complete the "Management Response" field of the 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 five (5) observations, complete the "Management Response" field of the 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 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: 15287

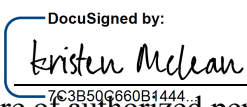
Issuer Name: Blue Cross & Blue Shield of Rhode Island (BCBS of RI)

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 \$0.00 and:

(INITIAL) ^{ksm} _____ 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: Kristen McLean
(Print name of signature)

Title: VP & General Counsel
(Title of authorized person acting on behalf of the Issuer)

Telephone Number: 401-459-1383
(Direct Telephone Number)

Date: 7/7/2022

Appendix 2 – Applicable Regulations

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

Regulation	Rules
45 CFR § 155.1210 – Maintenance of Records	<p>(a) General. 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">(1) Accommodate periodic auditing of the State Exchange's financial records; and(2) Enable HHS or its designee(s) to inspect facilities, or otherwise evaluate the State- Exchange's compliance with Federal standards. <p>(b) Records. 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">(1) Information concerning management and operation of the State Exchange's financial and other record keeping systems;(2) Financial statements, including cash flow statements, and accounts receivable and matters pertaining to the costs of operations;(3) Any financial reports filed with other Federal programs or State authorities;(4) Data and records relating to the State Exchange's eligibility verifications and determinations, enrollment transactions, appeals, and plan variation certifications; and(5) Qualified health plan contracting (including benefit review) data and consumer outreach and Navigator grant oversight information. <p>(c) Availability. 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>45 CFR § 156.460 - Reduction of enrollee's share of premium to account for advance payments of the premium tax credit</p>	<p>(a) Reduction of enrollee's share of premium to account for advance payments of the premium tax credit. 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>45 CFR § 156.480 - Oversight of the administration of the cost-sharing reductions and advance payments of the premium tax credit programs.</p>	<p>(a) Maintenance of records. 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) Annual reporting requirements. 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>(c) Audits. 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>45 CFR § 156.705 – Maintenance of records for Federally-facilitated Exchanges</p>	<p>(a) <i>General standard.</i> 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>(1) 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>(2) 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) <i>Records.</i> 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>(c) <i>Record retention timeframe.</i> Issuers offering QHPs in a Federally-facilitated Exchange must maintain all records referenced in paragraph (a) of this section for 10 years.</p> <p>(d) <i>Record availability.</i> 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

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