



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

for

Allways Health Partners (Massachusetts)

August 8, 2022

Table of Contents

I. EXECUTIVE SUMMARY	3
II. BACKGROUND, OBJECTIVES, SCOPE, AND METHODOLOGY	5
III. RESULTS OF REVIEW	8
IV. FINDINGS AND OBSERVATIONS.....	10
V. MANAGEMENT RESPONSES	21
Appendix 1 – Issuer Management Response to Net Financial Adjustment	22
Appendix 2 – Applicable Regulations	23
Appendix 3 – Glossary of Terms and Acronyms	26

I. EXECUTIVE SUMMARY

Background

Allways Health Partners (Allways) is a health insurance issuer that offered qualified health plans (QHPs) in the individual market State-Based Exchange (SBE) in Massachusetts during the 2016 benefit year. The state of Massachusetts submitted Allways' final restated 2016 benefit year data in the November 2017 Enrollment and Payment Data Workbook (EPDW). The issuer received a total of \$101,099,828.00 in advance payments of the premium tax credit (APTC) from the Centers for Medicare & Medicaid Services (CMS) and the SBE reported a total of \$230,295,494.77 in premiums for the issuer's 2016 benefit year individual market plans.

This report is an assessment, conducted in coordination with the SBE, of Allways' 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.

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.

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

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 dialogue 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.

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 one (1) finding and six (6) observations for Allways. The net APTC financial impact of the one (1) finding is an overstatement of \$1,077,934.01 in APTC in the final EPDW submitted by the SBE and therefore a payment due to CMS of \$1,077,934.01, consisting of APTC owed to CMS. The net premium impact of the six (6) observations is an overstatement of \$1,381,367.84 in premiums in the final EPDW submitted by the SBE. The finding and observations include the following:

Finding:

1. Differences in APTC amounts identified in the comparison of the issuer's data included in the November 2017 EPDW submitted by the SBE to the updated amounts provided by the SBE. The SBE performs enrollment and billing on behalf of the issuers and submitted the EPDW on behalf of the issuers; therefore, CMS concluded that an adjustment will be made based on the comparison of the SBE provided updated amounts and the November 2017 EPDW.

Observations:

1. Differences in premium amounts identified in the comparison of the issuer's data included in the November 2017 EPDW submitted by the SBE to the updated amounts provided by the SBE. The SBE performs enrollment and billing on behalf of the issuers and submitted the EPDW on behalf of the issuers; therefore, CMS concluded that an adjustment will be made based on the comparison of the SBE provided updated amounts and the November 2017 EPDW;
2. Inclusion of enrollment and premium and APTC payment data in the Payment Desk Audit File for seventy-five (75) subscribers with coverage that was not effectuated in the issuer's systems, which included seventy (70) subscribers identified with one (1) day of coverage;
3. Inclusion of premium amounts that were less than the APTC amounts for two hundred and ninety-three (293) subscribers in the Payment Desk Audit File;
4. Provision of coverage and reporting of enrollment and premium and APTC payment data for two hundred and seventy-two (272) subscribers with a coverage period of five (5) days or fewer in the Payment Desk Audit File that does not exist in the SBE's systems;
5. Inclusion of incorrect premium data and/or APTC payment data for four (4) of the forty-five (45) selected subscribers, including one (1) of the fifteen (15) selected subscribers, in the Payment Desk Audit File; and
6. Inclusion of an extra month of enrollment for one (1) of the forty-five (45) selected subscribers, which was also one (1) of the fifteen (15) selected subscribers, in the Payment Desk Audit File.

Please refer to section IV for details on the finding and 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 Massachusetts, 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; and
- (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 Allways for an audit to assess the issuer's compliance with 45 CFR §§ 155.1210, 156.460 and 156.480. CMS evaluated Allways' 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 Allways 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 Allways on December 20, 2019 that identified data requirements required to conduct the audit. CMS's audit contractor reviewed the audit data file submitted by Allways, 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

One (1) finding and one (1) observation resulted from the comparison of the final 2016 EPDW submitted by the SBE to Allways' 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 and one (1) observation resulted from the review of Allways' 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. The observation was also identified as a result of the Coverage Days Validation. Please refer to Observation No. 2 included in section IV for details on the observation.

Duplicate Exchange-assigned Subscriber IDs Check

No findings or observations resulted from the review of Allways' Payment Desk Audit File to verify that duplicate Exchange-assigned subscriber IDs were not reported in the file.

Proration Check

No findings or observations resulted from the review of Allways' Payment Desk Audit File to verify that correctly prorated payment data, if applicable, was reported in the file.

Premium Less than APTC Validation

No findings and one (1) observation resulted from the review of Allways' 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. 3 included in section IV for details on the observation.

Coverage Days Validation

No findings and two (2) observations resulted from the review of Allways' 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. One (1) of the two (2) observations was also identified as a result of the Unreconciled Subscribers Review. Please refer to Observation No. 2

and Observation No. 4 included in section IV for details observations.

Forty-five (45) Subscribers Sample Review

No findings and two (2) observations resulted from the review and comparison of the data from Allways' 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. The two (2) observations were also identified as a result of the Fifteen (15) Subscribers Sample Review. 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 and two (2) observations resulted from the review of the data and documentation from Allways' systems to verify effectuation and the appropriate application of premium and APTC amounts to policies for a selected sample of fifteen (15) subscribers. The two (2) observations were also identified as a result of the Forty-five (45) Subscribers Sample Review. Please refer to Observation No. 5 and Observation No. 6 included in section IV for details on the observations.

Policy and Procedure Review

No findings or observations resulted from the review of Allways' 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 one (1) finding, which resulted in a change to the APTC amounts reported in Allways' 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 six (6) observations, consisting of one (1) observation that resulted in a change to the premium amounts reported in Allways' EPDW submitted by the SBE for individual market plans for the 2016 benefit year and five (5) observations that did not result in a change to the premium amounts reported in Allways' EPDW but that are noted for purposes of improving compliance in future program years.

In light of the one (1) finding 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 by the SBE in November 2017	\$101,099,828.00	\$230,295,494.77
Finding No. 1 and Observation No. 1 – EPDW Validations Adjustment	\$(1,077,934.01)	\$(1,381,367.84)
Observation No. 2 – Unreconciled Subscribers Review and Coverage Days Validation Adjustment	\$0.00	\$0.00
Observation No. 3 – Premium Less Than APTC Validation Adjustment	\$0.00	\$0.00
Observation No. 4 – Coverage Days Validation Adjustment	\$0.00	\$0.00
Observation No. 5 – Forty-five (45) Subscribers	\$0.00	\$0.00

	APTC	Premium (Observations)
Sample Review and Fifteen (15) Subscribers Sample Review (Incorrect Amounts) Adjustment		
Observation No. 6 – Forty-five (45) Subscribers Sample Review and Fifteen (15) Subscribers Sample Review (Extra Month of Enrollment) Adjustment	\$0.00	\$0.00
EPDW As Recalculated	\$100,021,893.99	\$228,914,126.93
Total Impact	\$(1,077,934.01)	\$(1,381,367.84)*

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

The net financial impact of the one (1) finding is a payment of \$1,077,934.01, consisting of APTC to be returned to CMS.

*Note: The premium impact of the six (6) observations is an overstatement of \$1,381,367.84 in premiums. The premium impact is noted for purposes of improving compliance in future program years.

For the one (1) finding and six (6) observations, CMS documented the criteria, cause, effect, corrective actions, and Allways' responses as seen in the charts below.

Finding No. 1 and Observation No. 1 – EPDW Validations	
Condition:	<p>APTC Differences (Finding) – The net “Total APTC Amount by QHP ID for effectuated enrollments” included in Allways’ final 2016 benefit year EPDW submitted by the SBE was greater than the total APTC amount included in Allways’ Payment Desk Audit File, resulting in an overstatement of \$1,706,012.52 in APTC. The net “Total APTC Amount by QHP ID for effectuated enrollments” included in Allways’ final 2016 benefit year EPDW submitted by the SBE was greater than the total APTC amount included in the updated 2016 benefit year data from the SBE’s systems based on the PLR submissions, resulting in an overstatement of \$1,077,934.01 in APTC. The SBE performs enrollment and billing on behalf of the issuers and submitted the EPDW on behalf of the issuers; therefore, CMS concluded that an adjustment of \$1,077,934.01 will be made based on the comparison of the SBE provided updated amounts and the EPDW.</p>

Finding No. 1 and Observation No. 1 – EPDW Validations	
	<p>Premium Differences (Observation) – The net “Total Premium Amount by QHP ID for effectuated enrollments” included in Allways’ EPDW submitted by the SBE was greater than the total premium amount included in Allways’ Payment Desk Audit File, resulting in an overstatement of \$1,356,335.43 in premiums. The net “Total Premium Amount by QHP ID for effectuated enrollments” included in Allways’ final 2016 benefit year EPDW submitted by the SBE was greater than the total premium amount included in the updated benefit year 2016 data from the SBE’s systems based on the PLR submissions, resulting in an overstatement of \$1,381,367.84 in premiums.</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>
Cause:	<p>As a result of the comparison of the Payment Desk Audit File provided by Allways and the EPDW submitted by the SBE in November 2017, it was noted that the EPDW was overstated by \$1,706,012.52 in APTC and \$1,356,335.43 in premiums. Based on the additional audit procedures performed, additional adjustments were applied to Allways’ Payment Desk Audit File (Please refer to Observations No. 2 – 6 for additional details on the adjustments). Therefore, it was noted that the EPDW was overstated by \$1,749,839.51 in APTC and \$1,112,502.98 in premiums as a result of the comparison of the adjusted Payment Desk Audit File and the EPDW submitted by the SBE in November 2017.</p> <p>The issuer indicated, “AllWays Health Partners acknowledges that to the best of our ability that the information we provided was accurate. We are unable to verify the accuracy for the premium and APTC differences.”</p> <p>During the audit, CMS coordinated with the SBE to obtain an explanation for the identified differences and/or a current snapshot of effectuated 2016 benefit year individual market enrollments from the SBE's systems. The SBE provided updated QHP level premium and APTC amounts that reflect a current snapshot of data that exists in their systems based on their latest PLR submission. As a result of the comparison of the updated amounts provided by the SBE and the EPDW submitted by the SBE in November 2017, it was noted that the</p>

Finding No. 1 and Observation No. 1 – EPDW Validations	
	<p>EPDW was overstated by \$1,077,934.01 in APTC and \$1,381,367.84 in premiums (Note: The updated premium amounts provided by the SBE were based on PLR data and therefore may be understated as the data includes essential health benefits (EHB) only premium amounts).</p> <p>The SBE performs enrollment and billing on behalf of the issuers and submitted the EPDW on behalf of the issuers; therefore, CMS concluded that an APTC payment adjustment of \$1,077,934.01 will be made based on the comparison of the SBE provided updated amounts and the EPDW. The remaining unreconciled APTC amount difference between the issuer's adjusted Payment Desk Audit File and SBE updated amounts of \$671,905.50 (the difference between \$1,749,839.51 based on issuer's data and \$1,077,934.01 based on SBE's updated data) is noted for informational purposes to improve compliance in future program years.</p>
Effect:	<p>The APTC and premium differences resulted in a change to Allways' final, restated 2016 benefit year EPDW data submitted by the SBE. Pursuant to CMS audit procedures for SBEs that submitted workbooks to CMS, in the event that the issuer's Payment Desk Audit File and audit response and the SBE's audit response do not fully reconcile and the SBE performs enrollment and billing on behalf of the issuer, CMS will adjust payment by pulling back the APTC overpayment that was derived based on the SBE provided updated amounts and note the remaining unreconciled difference between the issuer's data and SBE's data for purposes of improving compliance in future program years.</p>
Corrective Action Required:	<p>The net financial impact of this finding is a payment of \$1,077,934.01, consisting of APTC to be returned to CMS. Allways should confirm the financial impact by filling out Appendix 1. Additionally, CMS notes the remaining unreconciled APTC difference of \$671,905.50 between the SBE and issuer for purposes of improving compliance and issuer and SBE reconciliation in future program years.</p> <p>The premium impact of this observation is an overstatement of \$1,381,367.84 in premiums. CMS notes this observation for purposes of improving compliance in future program years.</p>
Management Response:	<p>AllWays Health Partners acknowledges the Finding #1 and Observation #1, criteria, cause, effect, and corrective action required. AllWays Health Partners has reviewed our Enrollment, Premium, and APTC reconciliation processes and are making process changes based on that review. AllWays Health Partners has implemented a manual process to properly reconcile enrollments and payments and is</p>

Finding No. 1 and Observation No. 1 – EPDW Validations	
	designing and implementing an automated process to improve compliance.

Observation No. 2 – Unreconciled Subscribers Review and Coverage Days Validation	
Condition:	Allways overstated the 2016 benefit year premium amounts for seventy-five (75) subscribers, and overstated the 2016 benefit year APTC amounts for fifty-four (54) of those subscribers, in the Payment Desk Audit File by reporting enrollment and payment data for subscribers with coverage that was not effectuated in the issuer’s systems.
Criteria:	<p>Pursuant to CMS guidance and EPDW submission requirements, the EPDW should include data for effectuated enrollments where an effectuated enrollment is described as “any enrollment in which the amount the enrollment group is responsible to pay toward the total premium amount has been paid in full by the enrollment group.”</p> <p>The SBE performs enrollment and billing on behalf of the issuers and, per the SBE’s policies and procedures, it was noted, “During the period 2014 – 2017 the below process was applicable to new enrollments and enrollment changes where member changed to a different issuer whether in Closed Enrollment as a result of an SEP or in Open Enrollment:</p> <ul style="list-style-type: none"> • Upon plan selection by the enrollee, the Health Connector generates the initial bill and sends to the enrollee. • Payment from the enrollee, to the Health Connector, is required to effectuate enrollment. • Once payment in full is received, the Health Connector effectuates enrollment and transmits member enrollment information to the issuer. <p>The issuer processes enrollment, membership materials are mailed to member subsequent to enrollment processing. Enrollments where a payment in full is not received by the 23rd of the month prior to the selected enrollment effective date are canceled. Member can plan select again if still within SEP or Open Enrollment period.”</p>
Cause:	For the seventy-five subscribers (75), which included seventy (70) subscribers with one (1) day of coverage, the SBE indicated, “Not Enrolled” or “1 Day coverage does not exist”. The issuer indicated the following explanations for the subscribers:

Observation No. 2 – Unreconciled Subscribers Review and Coverage Days Validation	
	<ul style="list-style-type: none"> • “No discrepancy, record is voided.” (Twenty-six (26) subscribers) • “No discrepancy, records match.” (Forty-two (42) subscribers) • “AllWays Health Partners acknowledges the SBE data is accurate.” (One (1) subscriber) • “No 834” or no coverage provided (Three (3) subscribers) • “Received trans on 834/voided in qnxt.” (Two (2) subscribers) • “Voided.” (One (1) subscriber) <p>Therefore, CMS concluded that the enrollments for the seventy-five (75) subscribers did not exist with effectuated coverage in the issuer’s and SBE’s systems and therefore should not be included in the Payment Desk Audit File.</p>
Effect:	The inclusion of the seventy-five (75) non-effectuated enrollments resulted in an overstatement of \$26,042.90 in APTC and \$48,822.84 in premiums in Allways’ Payment Desk Audit File.
Corrective Action Required:	CMS notes this observation for purposes of improving compliance and issuer and SBE reconciliation in future program years as CMS will adjust payment based on the SBE provided updated amounts noted in Finding No. 1 and Observation No. 1.
Management Response:	AllWays Health Partners acknowledges Observation #2, criteria, cause, effect, and corrective action required. AllWays Health Partners has reviewed our Enrollment reconciliation process with the State Based Exchange. AllWays Health Partners has implemented a manual process to properly reconcile enrollments and payments and is designing and implementing an automated process to improve compliance.

Observation No. 3 – Premium Less than APTC Validation	
Condition:	Allways reported 2016 benefit year premium amounts that were less than the APTC amounts for two hundred and ninety-three (293) subscribers in the Payment Desk Audit File, resulting from Allways understating the premium amounts for two hundred and seventy-seven (277) of the two-hundred and ninety-three (293) subscribers, and overstating the APTC amounts for twelve (12) of those subscribers, and resulting from Allways overstating the APTC amounts for sixteen (16) of the two hundred and ninety-three (293) subscribers.

Observation No. 3 – Premium Less than APTC Validation	
Criteria:	Issuers cannot report an APTC amount that exceeds the premium amount for a policy.
Cause:	<p>The issuer deferred to the SBE to provide explanations for the policies identified with APTC amounts that exceeded the premium amounts in the Payment Desk Audit File. The SBE performs enrollment and billing on behalf of the issuers and submitted the EPDW on behalf of the issuers.</p> <p>For the two hundred and ninety-three (293) subscribers, the SBE provided the correct premium and APTC amounts.</p>
Effect:	The inclusion of the incorrect APTC and/or premium amounts for two hundred and ninety-three (293) subscribers resulted in an overstatement of \$18,182.09 in APTC and an understatement of \$292,391.75 in premiums in Allways' Payment Desk Audit File.
Corrective Action Required:	CMS notes this observation for purposes of improving compliance and issuer and SBE reconciliation in future program years as CMS will adjust payment based on the SBE provided updated amounts noted in Finding No. 1 and Observation No. 1.
Management Response:	AllWays Health Partners acknowledges Observation #3, criteria, cause, effect, and corrective action required. AllWays Health Partners has reviewed our Enrollment reconciliation process with the State Based Exchange. AllWays Health Partners has implemented a manual process to properly reconcile enrollments and payments and is designing and implementing an automated process to improve compliance.

Observation No. 4 – Coverage Days Validation	
Condition:	Allways provided coverage and reported enrollment and payment data for two hundred and seventy-two (272) subscribers in the Payment Desk Audit File with one (1) day of coverage that do not exist in the SBE's system.
Criteria:	Pursuant to CMS guidance and EPDW submission requirements, the EPDW should include data for effectuated enrollments where an effectuated enrollment is described as "any enrollment in which the amount the enrollment group is responsible to pay toward the total premium amount has been paid in full by the enrollment group."

Observation No. 4 – Coverage Days Validation	
	<p>The SBE performs enrollment and billing on behalf of the issuers and, per the SBE’s policies and procedures, it was noted, “During the period 2014 – 2017 the below process was applicable to new enrollments and enrollment changes where member changed to a different issuer whether in Closed Enrollment as a result of an SEP or in Open Enrollment:</p> <ul style="list-style-type: none"> • Upon plan selection by the enrollee, the Health Connector generates the initial bill and sends to the enrollee. • Payment from the enrollee, to the Health Connector, is required to effectuate enrollment. • Once payment in full is received, the Health Connector effectuates enrollment and transmits member enrollment information to the issuer. <p>The issuer processes enrollment, membership materials are mailed to member subsequent to enrollment processing. Enrollments where a payment in full is not received by the 23rd of the month prior to the selected enrollment effective date are canceled. Member can plan select again if still within SEP or Open Enrollment period.”</p>
Cause:	<p>The issuer indicated, “Yes-1 day coverage” for each of the two hundred and seventy-two (272) subscribers. The SBE indicated, “1 day coverage does not exist” for each of the two hundred and seventy-two (272) subscribers.</p> <p>The issuer further indicated, “AllWays Health Partners received both an add transaction and a disenrollment transaction with the same date resulting in one day of coverage. This is a known issue that AllWays Health Partners is working directly with the Health Connector to modify the way transaction are sent so they are appropriately voided rather than providing one day of coverage.”</p>
Effect:	<p>The issuer did not follow SBE enrollment guidance and requirements as the issuer effectuated the enrollments and provided one (1) day of coverage when a disenrollment transaction was received for each of the two hundred and seventy-two (272) subscribers.</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>AllWays Health Partners acknowledges Observation #4, criteria, cause, effect, and corrective action required. AllWays Health Partners has reviewed our Enrollment, Premium, and APTC reconciliation processes and are making process changes based on that review. AllWays Health Partners has implemented a manual process to</p>

Observation No. 4 – Coverage Days Validation	
	properly reconcile enrollments and payments and is designing and implementing an automated process to improve compliance.

Observation No. 5 – Forty-five (45) Subscribers Sample Review and Fifteen (15) Subscribers Sample Review (Incorrect Amounts)	
Condition:	For three (3) of the forty-five (45) selected subscribers, which included one (1) of the (15) selected subscribers, Allways reported the incorrect 2016 benefit year APTC amounts, and reported the incorrect 2016 benefit year premium amount for one (1) of those subscribers, in the Payment Desk Audit File. Additionally, Allways reported the incorrect 2016 benefit year premium amounts for one (1) of the forty-five (45) selected subscribers in the Payment Desk Audit File.
Criteria:	<p>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.</p> <p>Pursuant to CMS guidance, the APTC amount reported in the EPDW and Payment Desk Audit File is the APTC amount toward the total premium amount for effectuated enrollments.</p>
Cause:	<p>The SBE performs enrollment and billing on behalf of the issuers. Therefore, for the four (4) subscribers identified, the SBE provided the correct premium and APTC amounts applied to the subscriber's bill.</p> <p>Upon review of the SBE's explanation, the issuer indicated, "AllWays Health Partners acknowledges that to the best of our ability that the information we provided was accurate. We are unable to verify the accuracy of Premium or APTC amounts."</p> <p>Therefore, CMS concluded that the premium and/or APTC amounts in the issuer's Payment Desk Audit File differed from the premium and/or APTC amounts billed by the SBE and reported in the PLR data. CMS noted that this issue may impact additional enrollments reported in the issuer's Payment Desk Audit File.</p>
Effect:	The inclusion of the incorrect premium and/or APTC amounts for the four (4) subscribers resulted in an understatement of \$398.00 in APTC and \$748.64 in premiums in Allways' Payment Desk Audit File.
Corrective Action Required:	CMS notes this observation for purposes of improving compliance and issuer and SBE reconciliation in future program years as CMS

Observation No. 5 – Forty-five (45) Subscribers Sample Review and Fifteen (15) Subscribers Sample Review (Incorrect Amounts)	
	will adjust payment based on the SBE provided updated amounts noted in Finding No. 1 and Observation No. 1.
Management Response:	AllWays Health Partners acknowledges Observation #5, criteria, cause, effect, and corrective action required. AllWays Health Partners has reviewed our Enrollment, Premium, and APTC reconciliation processes and are making process changes based on that review. AllWays Health Partners has implemented a manual process to properly reconcile enrollments and payments and is designing and implementing an automated process to improve compliance.

Observation No. 6 – Forty-five (45) Subscribers Sample Review and Fifteen (15) Subscribers Sample Review (Extra Month of Enrollment)	
Condition:	Allways overstated the 2016 benefit year premium amount for one (1) of the forty-five (45) selected subscribers, which was also one (1) of the fifteen (15) selected subscribers, in the Payment Desk Audit File by incorrectly reporting an extra month of enrollment.
Criteria:	Pursuant to CMS guidance and 45 CFR § 156.270, QHP issuers must abide by the termination of coverage or enrollment effective dates described in § 155.430(d) of subchapter B. Pursuant to 45 CFR § 155.430, the Exchange may establish operational instructions as to the form, manner and method for addressing a cancellation which is a specific type of termination action that ends a qualified individual's enrollment through the Exchange on the date such enrollment became effective resulting in enrollment through the Exchange never having been effective, and for addressing a terminations which is an action taken after a coverage effective date that ends an enrollee's enrollment through the Exchange for a date after the original coverage effective date, resulting in a period during which the individual was enrolled in coverage through the Exchange.
Cause:	For the subscriber with enrollment from February through December included in the Payment Desk Audit File and enrollment from February through November in the SBE's PLR data, the SBE indicated, "the member was subsidized and retro terminated back to 11/30/2016. The grace month was unpaid." The issuer indicated, "AllWays Health Partners agrees with the SBE response that this individual was not enrolled in the month of December."

Observation No. 6 – Forty-five (45) Subscribers Sample Review and Fifteen (15) Subscribers Sample Review (Extra Month of Enrollment)	
Effect:	The inclusion of an extra month of enrollment for the one (1) subscriber resulted in an overstatement of \$485.10 in premiums in Allways' Payment Desk Audit File.
Corrective Action Required:	CMS notes this observation for purposes of improving compliance and issuer and SBE reconciliation in future program years as CMS will adjust payment based on the SBE provided updated amounts noted in Finding No. 1 and Observation No. 1.
Management Response:	AllWays Health Partners acknowledges Observation #6, criteria, cause, effect, and corrective action required. AllWays Health Partners has reviewed our Enrollment, Premium, and APTC reconciliation processes and are making process changes based on that review. AllWays Health Partners has implemented a manual process to properly reconcile enrollments and payments and is designing and implementing an automated process to improve compliance.

V. MANAGEMENT RESPONSES

Please provide management's response to the one (1) finding 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 one (1) finding and six (6) observations, complete the "Management Response" field of the finding 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 the one (1) finding and corrective actions and six (6) observations, complete the "Management Response" field of the finding 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 finding 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: 41304

Issuer Name: Allways Health Partners (Allways)

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 \$1,077,934.01 to be returned to CMS and:

(INITIAL) LS 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: Lucy Silva

(Print name of signature)

Title: Chief Financial Officer

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

Telephone Number: 857-282- 6595

(Direct Telephone Number)

Date: 9/7/2022

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
45 CFR § 156.460 - Reduction of enrollee's share of premium to account for advance payments of the premium tax credit	<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>
45 CFR § 156.480 - Oversight of the administration of the cost-sharing reductions and advance payments of the premium tax credit programs.	<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