

COVERED CALIFORNIA AUDIT COMMITTEE MINUTES
Wednesday, November 15, 2023
1601 Exposition Blvd.
Sacramento, CA 95815

Agenda Item I: Call to Order, Roll Call, and Welcome

Kevin Cathy, Certified Internal Auditor/Certified Fraud Examiner, Branch Chief, Office of Audit Services at Covered California called the meeting to order at 4:03 PM.

Audit Committee Members Present During Roll Call:

Jerry Fleming
Mayra Alvarez

Conflict Disclosure:

A conflict disclosure was performed and there were no conflicts from the Committee members that needed to be disclosed.

Agenda Item II: August 17, 2023 - Audit Committee Meeting Minutes

Discussion: None

Motion/Action: Jerry Fleming moved to approve the Audit Committee Meeting Minutes for August 17, 2023. Mayra Alvarez seconded the motion.

Public Comment: None

Vote: The motion was approved by unanimous vote.

Agenda Item III: Charters

Mr. Cathy presented this agenda item.

A. Audit Committee Charter

This Charter outlines the responsibilities of the Audit Committee. It requires annual review/approval by the governing Audit Committee members and was last approved by the Board at the April 2022 Board Meeting.

Mr. Cathy reviewed the major elements of the charter including the mandate, authority, and significant responsibilities under the purview of the Audit Committee.

Committee Members' Comments:

Mr. Fleming asked the Office of Audit Services to provide more information on the preferred procedure for the Audit Committee's (Committee's) reporting of Committee activities to the Covered California Board.

Mr. Cathy responded that the Office of Audit Services communicates their activities to the Committee. The Committee has the purview to provide any information discussed at these meetings to the Board for their input. Mr. Cathy said the Office of Audit Services would work with the Committee to develop a proposal for the formal reporting of Committee activities for presentation by the Committee to the Board. Until a formal process is developed, Mr. Cathy advised the Committee to report to the Board on an as-needed basis. The Committee decides if/when items should be reported to the Board.

Jessica Altman, Executive Director of Covered California, stated that the turnover in members over the past year affected this issue. Moving forward with regular quarterly Audit Committee meetings will allow for more regular, perhaps annual, reporting to the Board by the Audit Committee members.

Ms. Alvarez suggested identifying recurring agenda item discussion/action during quarterly Audit Committee meetings.

Mr. Cathy said that changes to the meeting agenda topics selection process could be discussed.

Motion/Action: Ms. Alvarez moved to approve the Audit Committee Charter. Mr. Fleming seconded the motion.

Public Comment: None

Vote: The motion was approved by unanimous vote.

B. Internal Audit Charter

This Charter outlines the responsibilities of the Office of Audit Services. It requires annual review/approval by the governing Audit Committee. It was last approved by the Audit Committee at the November 2022 Audit Committee Meeting.

Mr. Cathy reviewed the major elements of the charter including the purpose/mission, core principles for the professional practice of internal auditing, authority, standards for the professional practice of internal auditing, code of ethics, definition of internal auditing, scop of internal auditing activities, and the responsibilities of the Office of Audit Services.

Committee Members' Comments: None

Motion/Action: Mr. Fleming moved to approve the Audit Committee Charter. Ms. Alvarez seconded the motion.

Public Comment: None

Vote: The motion was approved by unanimous vote.

Agenda Item IV: External Audit Results

Thien Lam, Director of the Program Integrity Division of Covered California presented this agenda item.

A. 2022 Programmatic Audit Report

This is an annual audit required by the Center for Medicare and Medicaid Services (CMS). Covered California contracted with Sjoberg Evashenk Consulting (SEC), an independent audit firm, to conduct this audit for benefit year 2022. The report was submitted to CMS in August 2023.

Ms. Lam presented items documented within the audit including the scope, the auditor's acknowledgment of Covered California's accomplishments, findings, and the auditor's recommendations. Ms. Lam presented summaries of Covered California's corrective action plans and identified the auditor's findings/recommendations with which Covered California did not agree.

Committee Members' Comments:

Finding 1:

Regarding the auditor's 95-day reasonable opportunity period recommendation, Mr. Fleming asked if there will be a re-audit.

Ms. Lam responded that yes, eligibility aspects are revisited every year. The 95-day reasonable opportunity period is reviewed on a regular basis.

Ms. Altman stated that, as benefit year 2022 was at the height of the pandemic, there were special flexibilities in place. Normal practices have since been reinstated.

Ms. Alvarez asked, given the flexibilities across the country during the pandemic, if any 95-day reasonable opportunity period findings/recommendations have been seen in other state-based marketplaces.

Ms. Lam stated that it is an area of audit that is required by CMS for state-based exchanges. Due to the pandemic and public health emergency, Ms. Lam stated it would not be surprising to find the same finding in other state-based exchanges.

Ms. Altman stated that Covered California could research audit findings of other state-based exchanges to determine if they had similar 95-day reasonable opportunity period findings during this audit period. Ms. Altman also noted that there are frequent policy changes to the verification process and reasonable opportunity requirements due to

federal flexibility. While it is a critical piece of the audit every year, it looks different every year as policy changes are implemented.

The Audit Committee did not have any other comments or questions for Findings 2 through Findings 8.

Public Comment: None

Agenda Item V: Wrap-Up and Next Steps

Future Meeting Dates:

- March 21, 2024
- June 20, 2024
- September 19, 2024
- November 21, 2024

Ms. Altman recognized the significant amount of work completed by the presenters, the audit teams within the Office of Audit Services, and the programmatic teams in supporting the auditors and the audit. Ms. Altman thanked the Audit Committee members for their time and attention.

Mr. Fleming complimented Ms. Altman and the Covered California staff on their work and stated that it was amazing the amount of work that was completed, despite the global pandemic. Mr. Fleming stated he would watch for updates on the status of the corrective action plans.

Ms. Alvarez echoed Mr. Fleming's appreciation for the incredible work and the efforts required to facilitate the presentation to the Audit Committee.

The meeting adjourned at 4:58 PM.