

California Health Insurance Exchange (dba Covered California)

PROGRAMMATIC COMPLIANCE REPORT

Year Ended December 31, 2024

With Independent Accountant's Report

Independent Accountant's Report

Board of Directors and Management
California Health Insurance Exchange d/b/a Covered California

Report on Compliance

We have examined the California Health Insurance Exchange's d/b/a Covered California (the Exchange), an independent public entity within state government, assertion that the Exchange operated in compliance with the requirements in Title 45, Code of Federal Regulations, Part 155 (45 CFR 155), Subparts C, D, E, and K during the plan year January 1, 2024, to December 31, 2024. The Exchange's management is responsible for its assertion. Our responsibility is to express an opinion on the Exchange's assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Exchange's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about the Exchange's assertion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Exchange's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Exchange's compliance with specified requirements.

Our examination disclosed material noncompliance with 45 CFR Part 155, Subparts C, D, E, and K applicable to the Exchange during the year ended December 31, 2024, as disclosed in the accompanying schedule of findings as Findings 2024-001, 2024-002, 2024-003, 2024-004, 2024-005, and 2024-006.

In our opinion, except for the material noncompliance described in the accompanying schedule of findings, the Exchange complied with the requirements of 45 CFR 155, Subparts C, D, E, and K during the year ended December 31, 2024, in all material respects.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2025, on our consideration of the Exchange's internal control over compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is solely to describe the scope of our testing of internal control over compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Exchange's internal control over compliance. That report is an integral part of an examination performed in accordance with *Government Auditing Standards* in considering the Exchange's internal control over compliance.

Intended Use

This report is intended to describe the scope of our examination of compliance and the results of the examination based on attestation standards established by the AICPA and *Government Auditing Standards* and is not suitable for any other purpose.

BMP Assurance, LLP

Portland, Maine
May 13, 2025

Independent Accountant's Report on Internal Control Over Compliance With Requirements of Title 45, Part 155, Subparts C, D, E, and K of The Code of Federal Regulations

Board of Directors and Management
California Health Insurance Exchange d/b/a Covered California

We have examined, in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the assertion that the Exchange operated in compliance with the requirements in Title 45, Code of Federal Regulations, Part 155 (45 CFR 155), Subparts C, D, E, and K during the plan year January 1, 2024, to December 31, 2024. We have issued our report on the Exchange's assertion of compliance with the above stated requirements dated May 13, 2025, which contained a qualified opinion due to material noncompliance with the specified requirements.

Management of the Exchange is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements described in 45 CFR 155, Subparts C, D, E, and K. In planning and performing our examination of the Exchange's assertion of compliance, we considered the Exchange's internal control over compliance with the requirements described above as a basis for designing examination procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those requirements, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Exchange's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the second paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We identified certain deficiencies in internal control over compliance, described in the accompanying schedule of findings as Findings 2024-001, 2024-002, 2024-003, 2024-004, 2024-005, and 2024-006 that we consider to be material weaknesses.

The Exchange's responses to the internal control over compliance findings identified in our examination are described in the accompanying schedule of findings. The Exchange's responses were not subjected to the procedures applied in the examination of compliance and, accordingly, we express no opinion on the responses.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

Board of Directors and Management
California Health Insurance Exchange d/b/a Covered California

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *Government Auditing Standards*. Accordingly, this report is not suitable for any other purpose.

BSP Assurance, LLP

Portland, Maine
May 13, 2025

Schedule of Findings, Year Ended December 31, 2024

Finding 2024-001

Criteria:

45 CFR § 155.305 (f) Eligibility for advance payments of the premium tax credit —

- (1) In general. The Exchange must determine a tax filer eligible for advance payments of the premium tax credit if the Exchange determines that—
 - (ii) One or more applicants for whom the tax filer expects to claim a personal exemption deduction on his or her tax return for the benefit year, including the tax filer and his or her spouse—
 - (A) Meets the requirements for eligibility for enrollment in a QHP through the Exchange, as specified in paragraph (a) of this section; and
 - (B) Is not eligible for minimum essential coverage for the full calendar month for which advance payments of the premium tax credit would be paid, with the exception of coverage in the individual market, in accordance with 26 CFR 1.36B-2(a)(2) and (c).

And

45 CFR § 155.345 Coordination with Medicaid, CHIP, the Basic Health Program, and the Pre-existing Condition Insurance Plan.

- (a) Agreements. The Exchange must enter into agreements with agencies administering Medicaid, CHIP, and the BHP, if a BHP is operating in the service area of the Exchange, as are necessary to fulfill the requirements of this subpart and provide copies of any such agreements to HHS upon request. Such agreements must include a clear delineation of the responsibilities of each agency to—
45 CFR § 155.345

- (1) Minimize burden on individuals; 45 CFR § 155.345
- (2) Ensure prompt determinations of eligibility and enrollment in the appropriate program without undue delay, based on the date the application is submitted to or redetermination is initiated by the Exchange or the agency administering Medicaid, CHIP, or the BHP;

Additionally, the related provisions from 26 CFR covering the eligibility for premium tax credits:

26 CFR § 1.36B-2 Eligibility for premium tax credit.

- (a) In general. An applicable taxpayer (within the meaning of paragraph (b) of this section) is allowed a premium assistance amount only for any month that one or more members of the applicable taxpayer's family (the applicable taxpayer or the applicable taxpayer's spouse or dependent)—
 - (1) Is enrolled in one or more qualified health plans through an Exchange; and
 - (2) Is not eligible for minimum essential coverage (within the meaning of paragraph (c) of this section) other than coverage described in section 5000A(f)(1)(C) (relating to coverage in the individual market).

Condition and Context:

Covered California disclosed defects in the California Healthcare Eligibility, Enrollment and Retention System (CalHEERS) during examination interviews. The defects impacted eligibility determinations during the examination period, where the system determined redundant eligibility for a QHP with APTC, and Medi-Cal, in certain scenarios. A determination of eligibility for both Medi-Cal, which is minimum essential coverage, and a Qualified Health Plan with APTC, is not compliant with the regulations noted above.

As part of the examination procedures, BerryDunn conducted reperformance testing for a sample of 95 eligibility determinations and identified one eligibility determination where the applicant was determined eligible for APTC during the same period for which they had been determined eligible for Medi-Cal, California's Medicaid program.

In this case, the applicant received an eligibility determination of November 5, 2023 for Plan Year (calendar year) 2024 coverage, and the notice provided to the applicant noted the applicant as eligible for both a QHP with APTC, and Medi-Cal. The applicant enrolled in a QHP with APTC effective January 1, 2024, and voluntarily discontinued coverage in April 2024.

45 CFR § 155.305(f)(1)(ii)(B) stipulates that an applicant is not eligible for a QHP with APTC if the applicant is eligible for minimum essential coverage.

As part of the reperformance testing, BerryDunn identified one additional eligibility determination scenario of the 95 tested where the applicant was held in "carry forward" transition since 2021. In this scenario the applicant is potentially eligible for MAGI Medi-Cal, but maintains their QHP and APTC eligibility until the Medi-Cal eligibility is fully determined. The applicant in this sample had income that was 85% of the federal poverty level, under the 138% threshold for Medi-Cal, but was determined eligible for a QHP with APTC instead of MAGI Medi-Cal. This eligibility scenario appears to have persisted since 2021.

45 CFR § 155.345(a) stipulates that an exchange must enter into an agreement with agencies administering Medicaid to ensure prompt determinations of eligibility and enrollment. In this case, the applicant did not receive a prompt determination for either Medi-Cal or QHP but rather received a determination of eligibility for both programs. According to CalHEERS, the applicant was in the carry forward status since 2021, which cannot be reasonably considered a prompt determination of eligibility.

Cause:

Covered California identified and tracked defects during the examination period that impacted the eligibility of applicants, where an applicant may be determined eligible for both Modified Adjusted Gross Income (MAGI) Medi-Cal, and a QHP with APTC. The defects were tracked as follows; 277035, 265688, and 277041.

CalHEERS did not properly identify the conflicting MAGI Medi-Cal minimum essential coverage in this scenario where the state's electronic data source, MEDS, returned a value showing the applicant as eligible for Medi-Cal.

In the second scenario noted, the applicant was placed in carry forward transition and therefore their eligibility for Medi-Cal was not processed to properly remove the applicant from carry forward transition and provide a definitive determination of eligibility for Medi-Cal or a QHP.

Effect:

In both scenarios, the applicants enrolled in a QHP instead of utilizing Medi-Cal coverage for which they may have been eligible. The applicant in the first scenario may have improperly incurred a cost to purchase health insurance through the marketplace and may have received APTC for which they may be ineligible for under the Internal Revenue Code. The applicant in the second scenario may have incurred cost associated with the use of a private health plan that would not have been incurred under a Medi-Cal plan.

Recommendation:

Covered California informed BerryDunn that defect 277035 was addressed in release 24.7 in July 2024, and defects 265688 and 277041 were addressed in release 24.9 in September 2024.

BerryDunn recommends that Covered California coordinate with CalHEERS to verify the cause of the applicant determination as eligible for both programs within the same calendar month and assess whether additional resolution is needed to help ensure that minimum essential coverage eligibility properly results in a determination of ineligibility for APTC, thereby preventing redundant eligibility scenarios that are noncompliant with the aforementioned regulations.

BerryDunn recognizes that the applicant in carry forward transition since 2021 was awaiting resolution of their Medi-Cal application by DHCS, however, 45 CFR § 155.345 stipulates that a state-based exchange must enter into an agreement with the state Medicaid agency to “Ensure prompt determinations of eligibility and enrollment in the appropriate program without undue delay...”. While the procedures that exist between Covered California and DHCS may require action to be taken by DHCS, as an integrated state-based exchange the regulations require the state-based exchange ensure compliance with the requirements of 45 CFR Part 155. We recommend that Covered California coordinate with DHCS to help ensure that both the Exchange and the state Medicaid agency process applications and determine eligibility in a manner that meet timeliness standards of 45 CFR (Affordable Care Act) and 42 CFR (Medicaid).

Exchange Response:

Covered California agrees with the finding.

Corrective Action Plan:

Covered California will take under advisement and review this process with DHCS to determine what the appropriate next steps will be.

Targeted Completion Date: 12/31/2026

Responsible Exchange Official:

Linda Ly
Eligibility & Enrollment Compliance Senior Manager
Policy, Eligibility & Research Division

Finding 2024-002

Criteria:

45 CFR § 155.320(c)(3)(iii)(F) stipulates: If, at the conclusion of the period specified in § 155.315(f)(2)(ii), the Exchange remains unable to verify the applicant's attestation and the information described in paragraph (c)(3)(ii)(A) of this section is unavailable, the Exchange must determine the tax filer ineligible for advance payments of the premium tax credit and cost-sharing reductions, notify the applicant of such determination in accordance with the notice requirements specified in § 155.310(g), and discontinue any advance payments of the premium tax credit and cost-sharing reductions in accordance with the effective dates specified in § 155.330(f).

Condition and Context:

During the examination period, Covered California did not discontinue financial assistance for applicants who failed to respond to a conditional eligibility notice for income within the 95-day reasonable opportunity period (ROP). Per Covered California policy, applicants are provided a 5-day processing time in addition to the 90 days required by federal regulations, for a total of 95 days. When income cannot be verified, Covered California's policy is to send a notice and provide the consumer with 95 days to clear the inconsistency. Covered California noted during the eligibility and enrollment inquiry:

"If, at the conclusion of the 95-day Reasonable Opportunity Period, Covered California remains unable to verify the applicant's attestation, Covered California will:

- a. Determine the applicant's eligibility based on the tax filer's tax return data.
- b. Notify the applicant of the determination
- c. Implement such determination in accordance with the effective dates specified in Effective Dates of Coverage."

BerryDunn identified that financial assistance was not redetermined after expiration of the applicable ROP, as required by Covered California policy, for 6 cases from a sample selection of 125.

Cause:

Covered California decided not to take action on cases in which the income ROP had expired during the examination period.

Effect:

Applicants were conditionally eligible for a longer period than stipulated by state and federal requirements. Applicants could have received an incorrect amount of financial assistance because Covered California did not take action to remove or update financial assistance for applicants who did not provide supporting documentation in a timely manner.

Recommendation:

BerryDunn recommends that Covered California utilize the system functionality to consistently redetermine financial assistance for applicants that do not provide supporting evidence to resolve an income inconsistency within the ROP.

Exchange Response:

Covered California agrees with the finding.

Corrective Action Plan:

CCA has successfully implemented updates with release 24.2, which include improvements to the reasonable compatibility test and increased flexibility in accepting attested income in the absence of IRS data. While we have made these enhancements, we continue to identify areas for process refinement. In 2024, we implemented a targeted process for the income inconsistencies through which we were able to clear inconsistencies for approximately 112,000 individuals. To support the ongoing effort, in 2025, we are conducting a pilot for the income ROP auto discontinuance batch process. This initiative will be instrumental in further refining our income verification process, enabling us to make more informed and efficient decisions moving forward.

Targeted Completion Date: 12/31/2025

Responsible Exchange Official:

Linda Ly

Eligibility & Enrollment Compliance Senior Manager

Policy, Eligibility & Research Division

Finding 2024-003

Criteria:

45 CFR 155.305(f)(5) *Calculation of advance payments of the premium tax credit.* The Exchange must calculate advance payments of the premium tax credit in accordance with 26 CFR 1.36B-3 and § 155.340(i) of this subpart.

And

45 CFR 155.330(g) *Recalculation of advance payments of the premium tax credit and cost-sharing reductions.*

(1) When an eligibility redetermination in accordance with this section results in a change in the amount of advance payments of the premium tax credit for the benefit year, the Exchange must:

(i) Recalculate the amount of advance payments of the premium tax credit in such a manner as to account for any advance payments already made on behalf of the tax filer for the benefit year for which information is available to the Exchange, such that the recalculated advance payment amount is projected to result in total advance payments for the benefit year that correspond to the tax filer's total projected premium tax credit for the benefit year, calculated in accordance with 26 CFR 1.36B-3 (or, if less than zero, be set at zero); or

Condition and Context:

In scenarios where an applicant and/or a member of their tax household was previously enrolled in a Qualified Health Plan, and received APTC during the tax-year, the current APTC calculation must account for APTC already paid on behalf of the applicant(s), so that the total APTC paid on behalf of the applicant(s) in the tax-year corresponds to the total projected premium tax credit that the applicant would be eligible for in the tax-year. This calculation is referred to as rebalancing and can occur numerous times throughout the tax and plan year, which means the tax household's eligible and awarded APTC can change multiple times during the year.

BerryDunn identified one enrollment determination from a sample selection of 60 for which values within the determination did not match the calculation manually reperformed by BerryDunn or CalHEERS. The determination made on May 6, 2024 resulted in an APTC of \$578.50, while BerryDunn and CalHEERS calculated that the correct amount should be approximately \$628.81. The CalHEERS manual calculator and BerryDunn's calculation considered the APTC used prior to the May 6, 2024 determination and the benchmark plan premium of the tax household over the course of the year to arrive at \$628.81.

In this sample selection, the applicant received three eligibility determinations on May 6, 2024, and the awarded annual APTC amount was updated on two of the determinations. However, the change in awarded annual APTC amount was not reflected in the awarded monthly APTC amount which was shown in the portal as \$578.50.

Cause:

CalHEERS is designed to determine eligibility at the time an application is submitted. Each application submission results in a distinct eligibility determination for the applicant in CalHEERS. Each determination results in a coverage start date which notes when the results of the new determination can

become effective for the applicant if they take the required actions. In the case of the sample selection, the system did not appear to be properly incorporate all relevant data in the recalculation of the APTC on May 6, 2024.

Effect:

The applicant's tax household may not have been awarded the correct amount of APTC for the tax and plan year due to CalHEERS not properly considering information in the system regarding the household's income, benchmark plan premium, and APTC used previously in the year. If the applicant's household received an incorrect amount of monthly APTC, or annual APTC, it could cause the household to pay a larger share of the health insurance premiums, or an unexpected reconciliation of APTC on the household's required 2024 Tax Return filing.

Recommendation:

BerryDunn recommends that Covered California work with CalHEERS to determine the cause of the potentially incorrect APTC amount, and whether there is a systemic defect or the case had a specific factor that caused the potentially incorrect APTC amount.

Exchange Response:

Covered California disagrees with the finding.

Corrective Action Plan:

Covered CA and CalHEERS' assessment indicates that there is no system issue and that it is functioning as designed. We acknowledge that this case involved several BRE runs on the date in question, along with multiple Admin Overrides, which contributed to the complexity of understanding the APTC calculations. Despite this complexity, the consumer did receive the correct monthly and annual APTC amounts.

Responsible Exchange Official:

Linda Ly

Eligibility & Enrollment Compliance Senior Manager

Policy, Eligibility & Research Division

Finding 2024-004 (Uncorrected Prior Year Finding 2023-004)

Criteria:

45 CFR § 155.260(a)(3)(vii) stipulates: Personally identifiable information should be protected with reasonable operational, administrative, technical, and physical safeguards to ensure its confidentiality, integrity, and availability and to prevent unauthorized or inappropriate access, use, or disclosure.

Additionally, the Covered California Administrative Manual requires that all users “shall agree to, acknowledge and follow the security protocols outlined in the Acceptable Use Statement”.

Condition and Context:

BerryDunn reviewed prior year examination findings, including findings previously identified by Covered California’s prior auditor and assessed whether the conditions still existed during the plan year January 1, 2024 to December 31, 2024. During the plan year 2022 audit, the prior auditor identified instances where employees, contractors, consultants, student aids, and Board members with VPN access had not completed a Telework Agreement or Remote Access Agreement. Additionally, we were not provided with evidence demonstrating that users had completed the required Acceptable Use Statement.

The prior year finding was identified as 2023 #4. Covered California noted that this finding had not been remediated as of December 31, 2024. However, the Covered California Information Technology (CCIT) Division has implemented a verification process to ensure that remote access requests address a legitimate need and have been properly requested by the employee or contractor’s supervisor or manager, prior to establishing new remote access user accounts. The Covered California Human Resources Branch (HRB) has implemented a policy requiring all employees to complete a Telework Agreement that is approved within two business days of the individual’s start date.

The Covered California Information Technology Division originally planned to implement a formal process by April 1, 2024 to ensure that all contractors, consultants and other non-civil service workers have signed a Remote Access Agreement or Telework Agreement no later than two business days after beginning a telework or remote access assignment, and an Acceptable Use Statement by the end of their onboarding. The Exchange reported that the implementation of this process has been delayed to Plan Year 2025.

Cause:

CCIT did not have a formal policy that required employees to complete a Remote Access Agreement before obtaining remote access to Covered California systems. CCIT did not coordinate with HRB to verify that a Telework Agreement was completed prior to granting remote access to employees, and no processes were in place to validate remote access users with the HRB telework database. Vendor contracts did not include consistent language requiring contractor staff to acknowledge and sign an Acceptable Use Statement by the end of their onboarding. Additionally, records were not maintained to verify that the required acknowledgements and forms were completed.

Effect:

The lack of proper remote access policies and procedures could allow inappropriate access to Personally Identifiable Information (PII) of applicants and enrolled members whose information is maintained in Covered California systems.

Recommendation:

BerryDunn recommends that CCIT continue progress on implementation of a formal process to ensure that all contractors, consultants and other non-civil service workers sign a Remote Access Agreement or Telework Agreement no later than two business days after beginning a telework or remote access assignment, and sign an Acceptable Use Statement by the end of their onboarding. BerryDunn recommends that CCIT continue to work with HRB to implement a formal process to ensure that remote access is granted on a timely basis to employees and contractors following the completion of all required forms, agreements, and training. Additionally, BerryDunn recommends that Covered California conduct a detailed review of vendor contracts to ensure that all contracts include consistent language requiring contractor staff to acknowledge and assign an Acceptable Use Statement.

Exchange Response:

Covered California agrees with the finding.

Corrective Action Plan:

Covered California will continue working to implement a formal process to ensure that remote access is granted on a timely basis to employees and contractors following the completion of all required forms and agreements, while also addressing the other aspects of the recommendation.

Target Completion Date: 7/1/2026

Responsible Exchange Official:

Tina Mitchell
Chief Information Security Officer
Covered California Information Technology Division

Finding 2024-005 (Uncorrected Prior Year Finding 2023-005)

Criteria:

45 CFR § 155.260 (3) stipulates: The Exchange must establish and implement privacy and security standards that are consistent with the following principles:

(vii) Safeguards. Personally identifiable information should be protected with reasonable operational, administrative, technical, and physical safeguards to ensure its confidentiality, integrity, and availability and to prevent unauthorized or inappropriate access, use, or disclosure; and,

(viii) Accountability. These principles should be implemented, and adherence assured, through appropriate monitoring and other means and methods should be in place to report and mitigate non-adherence and breaches.

Condition and Context:

BerryDunn reviewed prior year examination findings, including findings previously identified by Covered California's prior auditor and assessed whether the condition still existed during the plan year January 1, 2024 to December 31, 2024. An audit finding from the plan year 2022 audit noted that service center surge contractor staff did not sign Covered California Remote Access Agreements and Acceptable Use Statements, as required by Covered California's privacy and security standards and the executed contract between Covered California and the surge contractor. Further, Covered California did not monitor contractors' compliance with the requirement that all staff must sign a Covered California Remote Access Agreement and Acceptable Use Statement.

The prior examination finding was identified as 2023 #5. Covered California noted that this finding had not been fully remediated as of December 31, 2024. The Covered California Information Security Office (ISO) originally planned to implement a formal process by April 1, 2024 to conduct monthly access monitoring reviews of all active contractors, consultants, and other non-civil service workers. The Exchange reported that the implementation of this process has been delayed to Plan Year 2025.

Cause:

Covered California does not have processes in place to monitor contractors' compliance with the requirements that all staff sign a Covered California Remote Access Agreement no later than two business days after beginning a remote access assignment, and an Acceptable Use Statement by the end of their onboarding.

Effect:

Personally identifiable information could be accessed by, or disclosed to, unauthorized individuals.

Recommendation:

BerryDunn recommends that the Covered California ISO continue progress on implementation of a formal process to monitor that all active contractors, consultants, and other non-civil service workers have a signed Remote Access Agreement no later than two business days after beginning a remote access assignment, and a signed Acceptable Use Statement completed by the end of their onboarding.

Exchange Response:

Covered California agrees with the finding.

Corrective Action Plan:

Covered California will continue working to implement a formal process to monitor that all active contractors, consultants, and other non-civil service workers have a signed Remote Access Agreement no later than two business days after beginning a remote access assignment, and a signed Acceptable Use Statement completed by the end of their onboarding.

Targeted Completion Date: 7/1/2026

Responsible Exchange Official:

Tina Mitchell
Chief Information Security Officer
Covered California Information Technology Division

Finding 2024-006 (Uncorrected Prior Year Finding 2023-007)

Criteria:

According to California Code of Regulations (CCR) Title 10, § 6464 - Identity Verification Requirement (CCR § 6464), Certified Representatives are defined as:

- (A) Service Center Representative: an Exchange employee operating in a call center as set forth in 45 C.F.R. section 155.205(a);
- (B) Certified Enrollment Counselor as defined in section 6650;
- (C) Certified Application Counselor as defined in 45 C.F.R. section 155.225;
- (D) Certified Insurance Agent as defined in section 6800;
- (E) Certified Plan-Based Enroller as defined in section 6410.

CCR § 6464 also stipulates:

- 1) An applicant shall mail, present in person, or electronically transmit through CalHEERS to the Exchange or to a Certified Representative acceptable proof of identity [...]
- 2) If submitted in person or by mail, a Certified Representative shall upload a copy of the identity documents to CalHEERS.

Condition and Context:

BerryDunn reviewed prior year examination findings, including findings previously identified by Covered California's prior auditor and assessed whether the condition still existed during the plan year January 1, 2024 to December 31, 2024. During the plan year 2022 audit, the prior auditor tested a sample of 50 households that failed the Remote Identify Proofing (RIDP) process and therefore required verification by an alternative method prior to approval of enrollment into a QHP. The plan year 2022 test included an assessment of whether appropriate documentation had been uploaded into the CalHEERS Portal. Through this testing, the prior auditor identified that for two (2) of 50 sampled households, proof of identity documentation was uploaded by county eligibility workers. CCR § 6464 indicates that only Certified Representatives can verify and upload customer identify verification documents. County eligibility workers are not defined as Certified Representatives according to the CCR.

The prior year finding was identified as 2023 #7. Covered California noted that this finding had not been remediated as of December 31, 2024. However, the Office of Administrative Law approved updates to the Identify Verification Requirement regulations in 10 CCR § 6464 on February 10, 2025 that address this finding.

Cause:

The CCR had not been updated to include county eligibility workers as Certified Representatives who can assist customers with the identify verification process.

Effect:

County eligibility workers that operate as application assisters were not in compliance with California regulations. Counties provide their own identify proofing guidance that may differ from Covered California's guidance. County workers may lack access to the specific guidance and ongoing support

readily available to Exchange-certified representatives. County workers also may not be subject to the same level of direct oversight as Exchange-certified representatives, increasing potential for missed irregularities or errors.

Recommendation:

BerryDunn does not have a recommendation because Covered California remediated this finding after the examination period.

Exchange Response:

Covered California agrees with the finding.

Corrective Action Plan:

Covered California noted that this finding had not been remediated as of December 31, 2024. However, the Office of Administrative Law approved updates to the Identify Verification Requirement regulations in 10 CCR § 6464 on February 10, 2025 that address this finding.

Targeted Completion Date: Implemented

Responsible Exchange Official:

Linda Ly
Eligibility & Enrollment Compliance Senior Manager
Policy, Eligibility & Research Division