BerryDunn | BDMP Assurance, LLP

California Health Insurance Exchange (dba Covered California)

PROGRAMMATIC COMPLIANCE REPORT

Year Ended 12/31/2025

With Independent Accountant's Report

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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 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 fiscal year January 1, 2025, to December 31, 2025. 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, 2025, as disclosed in the accompanying schedule of findings as Findings 2025-001, 2025-002, 2025-003, 2025-004, 2025-005, and 2025-006.

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, 2025, in all material respects.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2026, 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; it is 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 it is not suitable for any other purpose.

BBMP Assurance, LLP

Portland, Maine

June 29, 2026

BerryDunn | BDMP Assurance, LLP

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 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 fiscal year January 1, 2025, to December 31, 2025. We have issued our report on the Exchange's assertion of compliance with the above stated requirements dated June 29, 2026, 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, 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 2025-001, 2025-002, 2025-003, 2025-004, 2025-005, and 2025-006, 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.

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.

BSMP Assurance, LLP

Portland, Maine

June 29, 2026

Schedule of Findings Year Ended December 31, 2025

Finding 2025-001 – Issuance of Erroneous Notices to Applicants

Criteria

According to 45 CFR § 155.315 – Verification process related to eligibility for enrollment in a QHP through the Exchange:

45 CFR 155.315(f)(1)&(2)(i)-(ii) Inconsistencies. Except as otherwise specified in this subpart, for an applicant for whom the Exchange cannot verify information required to determine eligibility for enrollment in a QHP through the Exchange, advance payments of the premium tax credit, and cost-sharing reductions, including when electronic data is required in accordance with this subpart but data for individuals relevant to the eligibility determination are not included in such data sources or when electronic data from IRS, DHS, or SSA is required but it is not reasonably expected that data sources will be available within 1 day of the initial request to the data source, the Exchange:

> (1) Must make a reasonable effort to identify and address the causes of such inconsistency, including through typographical or other clerical errors, by contacting the application filer to confirm the accuracy of the information submitted by the application filer;
>
> (2) If unable to resolve the inconsistency through the process described in paragraph (f)(1) of this section, must—
>
> > (i) Provide notice to the applicant regarding the inconsistency; and
> >
> > (ii) Provide the applicant with a period of 90 days from the date on which the notice described in paragraph (f)(2)(i) of this section is sent to the applicant to either present satisfactory documentary evidence via the channels available for the submission of an application, as described in § 155.405(c), except for by telephone through a call center, or otherwise resolve the inconsistency.

Condition and Context

BDMP Assurance, LLP (BerryDunn) tested a sample of 95 cases for verification and identified five cases where individuals had been erroneously issued household income verification notices during the manual eligibility run. The notices that were provided to these households included due dates from a previous income inconsistency notice. Since these notices were not meant to be sent, the information included in the notice was pulling from the previous verification. For example, one notice that was sent on September 4, 2025, had a due date of April 7, 2025, 150 days before the notice sent date. Each notice's due date ranged from 150 days before the notice sent date to 63 days before the notice sent date.

Cause

A process gap in the manual eligibility workflow allowed cases with unverified income to be included in the manual eligibility run. This resulted in the generation and mailing of unnecessary notices to applicants with past-due reasonable opportunity period (ROP) dates.

Effect

This process gap may cause applicant confusion due to the appearance of past-due ROP dates. In addition, these applicants remained conditionally eligible for financial assistance past their due date.

Recommendation

Covered California implemented their corrective action plan related to this finding in December 2025. BerryDunn recommends that the Exchange perform validation and ongoing monitoring of the updated procedures to ensure that exclusion criteria are consistently applied during the Manual Eligibility (MNE) run.

Exchange Response

Covered California agrees with the finding.

Corrective Action Plan

Covered California (CCA) has worked with CalHEERS to update the Standard Operating Procedure (SOP) so that the exclusion criteria for pending income verifications are now mirrored from the Simulation (SIM) run to the MNE run. This completed change aligns SIM and MNE results and prevents inconsistent outcomes and unnecessary reprocessing of pending-verification cases, thereby reducing unnecessary Reasonable Opportunity Period (ROP) notices to consumers.

Completion Date: Implemented 12/31/2025

Responsible Exchange Official

Linda Ly

Eligibility & Enrollment Compliance Senior Manager

Policy, Eligibility & Research Division

Finding 2025-002 – Application Data Unable to be Viewed

Criteria

45 CFR § 155.1200 (d) General program integrity and oversight requirements states:

(d) ***External audit standard.*** The State Exchange must ensure that independent audits of State Exchange financial statements and program activities in paragraph (c) of this section address:

(1) Compliance with paragraph (a)(1) of this section;

(2) Compliance with subparts D and E of this part 155, or other requirements under this part 155 as specified by HHS;

(3) Processes and procedures designed to prevent improper eligibility determinations and enrollment transactions, as applicable;

(4) Compliance with eligibility and enrollment standards through sampling, testing, or other equivalent auditing procedures that demonstrate the accuracy of eligibility determinations and enrollment transactions; and

(5) Identification of errors that have resulted in incorrect eligibility determinations, as applicable.

45 CFR § 155.1210 Maintenance of Records states:

(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:

(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.

(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:

(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.

(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.

Condition and Context

BerryDunn identified one eligibility determination scenario of the 95 tested where the applicant was held in carry-forward status for multiple years, and their application data was inaccessible within the system. The case was placed in inactive status for the coverage year, with a termination date of November 1, 2025; consequently, it did not receive the data fix that was deployed to the system.

Cause

California Healthcare Eligibility, Enrollment and Retention System (CalHEERS) performed a root cause analysis and determined this case was caused by a system defect that returned an error when a case in carry-forward status did not include an application for the current year.

Effect

The application for the selected determination date could not be viewed within the system, preventing BerryDunn from observing the information used in the determination. As such, we were unable to determine accuracy of the eligibility determination for this case.

Recommendation

BerryDunn recommends the Exchange work with its vendor to monitor the system fix to allow applications to be visible in these scenarios.

Exchange Response

Covered California agrees with the finding.

Corrective Action Plan

This case required additional investigation to find the root cause as it relates to Portal viewability. This case was affected by a defect tagged to SIR 328673 and is targeted for the fix release in R26.6.

Targeted Completion Date: July 2026

Responsible Exchange Official

Megan Paquin

Chief, Enterprise Analysis & Test Office

Information Technology Division

Finding 2025-003 – Prior Year 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 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.

BerryDunn identified two eligibility determination scenarios of the 95 tested where the applicant was held in carry-forward transition for over one year. In this scenario, the applicant is potentially eligible for modified adjusted gross income (MAGI) Medi-Cal but maintains their QHP and APTC eligibility until the Medi-Cal eligibility is fully determined. The applicants in this sample reported income that was 123% and 129% of the federal poverty level, both of which were under the 138% threshold for Medi-Cal but were determined eligible for a QHP with APTC instead of MAGI Medi-Cal. The system defects have been reported since 2022.

Additionally, BerryDunn conducted verification testing for a sample of 95 eligibility determinations and identified one eligibility determination where the applicant was held in carry-forward status since November of 2023 in an attempt to assess Medicaid eligibility. The applicant was also determined conditionally eligible for a Qualified Health Plan with APTC, pending verification of lawful presence. A notice regarding this requirement was sent to the applicant on November 19, 2022, with a due date of December 31, 2023. In this instance, one of the household members was placed in carry-forward status to protect the household's current coverage while the county verified their eligibility for Medi-Cal.

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 has been assigned carry-forward status since 2023, which does not meet the criteria for a prompt determination of eligibility.

Cause

The applicants were placed in carry-forward status and did not receive timely Medi-Cal determinations through the eligibility processes managed by DHCS. The lack of resolution of the Medicaid eligibility caused the applicants to remain in carry-forward status with QHP eligibility for extended periods of time.

Effect

The applicants in the first scenario may have unnecessarily incurred a cost to purchase health insurance through the marketplace and may have improperly received APTC for which they were ineligible 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

BerryDunn recognizes that the applicant in carry-forward status 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 to ensure compliance with the requirements of 45 CFR Part 155. We recommend that Covered California coordinate with DHCS to 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 is coordinating with DHCS to support timely review and resolution of applications for individuals in carry-forward protections and to develop a process for monitoring and identifying cases that remain in carry-forward status beyond an agreed upon timeline.

Targeted Completion Date: 12/31/2026

Responsible Exchange Official

Linda Ly

Eligibility & Enrollment Compliance Senior Manager

Policy, Eligibility & Research Division

Finding 2025-004 – Prior Year 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

BerryDunn reviewed prior year examination findings and assessed whether the conditions still existed during the plan year January 1, 2025, to December 31, 2025. During the Plan Year 2024 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 ROP. Per Covered California policy, applicants are provided a five-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 six cases from a sample selection of 125 during the Plan Year 2024 audit. BerryDunn also identified the same situation occurred for four cases from a sample selection of 95 during the Plan Year 2025 audit.

The prior year finding was identified as 2024-002. Covered California noted that this finding had not been remediated as of December 31, 2025.

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

The system fix to address this gap has been delayed until implementation in 27.2 (March 2027). Covered California will conduct another round of piloting the income ROP discontinuance batch process in Q2 2027, along with additional validations after the system fix is implemented, to confirm the income verification issues are fully resolved.

Targeted completion date: September 2027

Responsible Exchange Official

Linda Ly

Eligibility & Enrollment Compliance Senior Manager

Policy, Eligibility & Research Division

Finding 2025-005 – Prior Year Finding 2024-004

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, 2025, to December 31, 2025. 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 2024-004. Covered California noted that this finding had not been remediated as of December 31, 2025. 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 prior examination finding was identified as 2024-004. Covered California indicated it is on track to implement its corrective action plan by July 2026 as outlined in the FY2024 Programmatic Audit Report.

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 acknowledgments 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.

Targeted Completion Date: 7/31/2026

Responsible Exchange Official

Tina Mitchell

Chief Information Security Officer

Covered California Information Technology Division

Finding 2025-006 – Prior Year Finding 2024-005

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, 2025, to December 31, 2025. 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 2024-005. Covered California indicated it is on track to implement its corrective action plan by July 2026 as outlined in the FY2024 Programmatic Audit Report.

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

PII 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: 7/31/2026

Responsible Exchange Official

Tina Mitchell

Chief Information Security Officer

Covered California Information Technology Division