



Date: March 24, 2015

To: Senator Ellen Roberts, Chair, Legislative Health Benefit Exchange Implementation Review Committee

CC: Amanda King, Colorado Legislative Council, Research and Committee Staff

From: Dianne E. Ray, State Auditor

Re: Responses to Committee Members' Questions from 3/18/15

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During the Legislative Health Benefit Exchange Implementation Review Committee's hearing on March 18, 2015, members asked the Office of the State Auditor (OSA) questions about its limited performance audit of Connect for Health Colorado. Below are the OSA's responses.

1. Has the OSA ever audited a new organization; Connect for Health Colorado is a start-up that has been operating for 3 years? (Asked by Senator Aguilar)

*Yes. Below are examples of performance audits/reviews that the OSA has conducted of new publically-funded organizations or programs within 3 years of their implementation:*

- *Child Protection Ombudsman Program (implemented June 2011), Performance Audit completed June 2014*
- *Colorado's Medicaid Marijuana Regulatory System/Division (implemented July 2010), Performance Audit completed March 2013*
- *Hospital Provider Fee Program (implemented March 2010), Performance Audit completed September 2012*
- *American Recovery & Reinvestment Act Programs (implemented February 2009), Performance Audit completed November 2009*
- *Colorado Venture Capital Program (implemented March 2004), Performance Audit completed February 2007*
- *Certified Capital Company (CAPCO) Program (implemented 2002), Implementation Review completed October 2003*
- *Workforce Development Programs (implemented July 2000), Performance Audit completed June 2003*
- *Colorado's Children's Health Insurance Program (implemented 1998), Performance Audit completed July 2000*



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2. Did the OSA benchmark or compare the audit results to other states? (Asked by Senator Aguilar)

*No. The limited performance audit reviewed whether Connect for Health complied with federal laws, regulations, its grant requirements, and its internal policies and procedures when managing public funds. Due to the limited nature of the audit, we did not review other states' practices for complying with federal requirements or internal procedures.*

3. What are the results of other audits conducted of other states' health exchanges? (Asked by Senator Aguilar)

*This was not part of the OSA's audit work. It was outside the limited scope of the audit.*

*We are aware that Hawaii issued an audit of its Health Exchange in January 2015 and found that its Exchange had similar issues with procurement, contract administration, and monitoring of costs.*

4. What has been the federal agency response to the limited performance audit? (Asked by Senator Aguilar)

*The HHS Office of Inspector General (OIG) and the US Government Accountability Office (GAO) contacted the OSA and requested copies of the limited performance audit report. The OSA provided the report to these federal oversight agencies.*

5. Does Connect for Health Colorado have someone to help it comply with federal regulations (e.g., internal staff or a contractor)? (Asked by Senator Aguilar)

*During its first 2½ years operating, Connect for Health did not have a specific staff member or contractor responsible for helping the organization comply with federal laws, regulations, and requirements. The limited performance audit recommended that Connect for Health train its Board members, management, and staff to ensure they are aware of federal requirements, and establish monitoring processes to ensure compliance.*

6. Please provide a list of the organizations that received consumer assistance grant funds from Connect for Health Colorado, and a list of all vendors that Connect for Health has paid. (Requested by Representative Sias)

*The OSA's audit work papers (i.e., the evidence reviewed during the audit) are confidential under Section 2-3-103(3), C.R.S., and the OSA cannot release its confidential work papers. The OSA has attached the list of grantees and grant amounts, which Connect for Health provided to the Legislative Audit Committee in December 2014. Connect for Health would need to provide a current list of its vendors.*

7. What was the total percentage and total dollar amount of problems identified by the limited performance audit? (Asked by Senator Aguilar and Representative Landgraf)

*The audit identified a total of \$32.67 million in problems related to Connect for Health's use, management, and recording of federal funds. Specifically, the audit identified \$32.61 million in problems with 35 out of 92 (38 percent) sampled payments to vendors, contractors, and grantees, and contracts (see audit findings 1 through 3). The audit identified an additional \$62,200 in problems with accounting transactions and administrative costs (see audit finding 4).*

8. Did the audit find that Connect for Health paid for services that it did not receive, or alternatively, were funds "misappropriated"? (Requested by Representative McCann)

*Connect for Health did overpay some vendors, contractors, and grantees in error, and did not receive services for the excess funds it paid. In addition, for many of the sampled payments that the auditors reviewed, Connect for Health did not have supporting documentation or evidence of the services that it received, as required by federal regulations. For example, for some sampled payments the vendors'/contractors' invoices did not specify the services they provided, their contracts did not specify the services to be provided, the general ledger did not track the services provided, and Connect for Health did not have documentation or data to support that it received services. Due to the lack of support, the OSA and Connect for Health could not always tell if Connect for Health received the services that it paid for. Instances of Connect for Health overpaying in error and instances where there was no support for the services it paid for can be found in the audit report on: the bottom page 30 through page 31, middle of page 48, page 49, bottom of page 66 through page 69, and middle of page 83.*

**Legislative Health Benefit Exchange Implementation  
Review Committee**

**April 1, 2015**

**INFORMATION ONLY**

**Items Provided at Committee's Request (Unaudited)**

- I. Connect for Health Colorado – Colorado Health Insurance Benefit Exchange
  - a. List of the Organizations that Received Federal or Private Grant Funds to Provide Consumer Assistance (as of January 13, 2015)

Green rows indicate Regional Hubs

Organization	As of June 30, 2014		Grant Spending	
	Total Grant Awarded	Total Grant Spent	Federal Grants	Foundation Grants
Advanced Patient Advocacy	293,947.01	63,656.21	63,656.21	
Aurora Mental Health Comp	500,000.00	263,830.37	263,830.37	-
Baca County	26,924.77	9,039.44	9,039.44	-
Boomers Leading Change in Health	349,608.73	106,920.02	106,920.02	-
Boulder County Housing and Human	750,000.00	383,920.76	-	383,920.76
Broomfield Health and Human Services	100,012.00	25,925.12	25,925.12	-
Center for African American Health	198,748.82	126,224.17	126,224.17	-
Central Presbyterian	100,000.00	75,429.50	75,429.50	-
Centura Health LINKS	400,000.54	184,029.66	184,029.66	-
Chaffee County Health and Human Services	247,355.78	128,473.81	128,473.81	-
Colorado Alliance For Health Equity & Practice	200,004.00	103,382.86	103,382.86	-
Colorado Health Care Association	224,948.00	113,743.53	113,743.53	-
Colorado Motor Carriers Association	240,499.94	73,419.16	73,419.16	-
Colorado Small Business Development Center	300,000.00	23,141.36	-	23,141.36
Commerce City CHS - Kids First Health Care	100,000.00	50,062.88	50,062.88	-
Community Partnership Family Resource Center	101,387.00	45,045.36	45,045.36	-
Denver Health and Hospital	500,000.00	202,094.14	202,094.14	-
Denver Human Services	499,999.00	244,913.98	244,913.98	-
Denver Indian Health & Family Services	100,000.00	56,776.26	56,776.26	-
Doctors Care	150,126.00	80,660.65	80,660.65	-
Eagle County Health & Human Services	750,000.00	328,649.89	328,649.89	-
Family Resource Center Association	816,108.55	331,332.01	331,332.01	-
Family Voices	150,000.00	91,746.64	91,746.64	-
GLBT Center	244,460.00	120,107.62	120,107.62	-
Health District of Northern Larimer	649,951.52	261,904.11	261,904.11	-
High Plains Community Health Center	210,749.00	152,303.97	152,303.97	-
Hilltop Community Resources	757,600.00	406,708.55	-	406,708.55
Jefferson County	600,290.00	258,363.64	258,363.64	-
Kit Carson County	251,299.00	74,936.18	74,936.18	-

Lutheran Family Services	-	4,027.15	4,027.15	-
Mt San Rafael	225,000.00	100,165.19	100,165.19	-
Mountain Resource Center	342,394.60	138,624.14	-	138,624.14
North Colorado Health Alliance	685,700.00	290,906.39	-	290,906.39
Northeast Colorado Health Department	59,000.00	13,016.19	13,016.19	-
NW Colorado Visiting Nurses Association	542,994.96	287,966.50	287,966.50	-
Northwest Colorado Council of Governments	150,000.00	70,557.64	-	70,557.64
Otero County	150,000.00	60,959.42	60,959.42	-
Peak Vista Community Health Centers	500,000.00	207,377.45	207,377.45	-
Pikes Peak Area Council of Government	500,000.00	138,086.97	138,086.97	-
Pueblo Senior Resource Development Agency	79,297.00	37,432.55	37,432.55	-
Rio Grande	89,000.00	14,006.88	14,006.88	-
Salud Family Health Clinics	309,500.00	-	-	-
San Juan Basin Health	167,900.00	96,641.92	96,641.92	-
SLV Regional Medical Center (Lutheran)	329,402.00	161,099.95	-	161,099.95
Servicios de La Raza	600,000.00	372,683.52	372,683.52	-
Small Business Majority Foundation	382,750.49	212,523.98	212,523.98	-
SouthWest Health Systems	114,204.79	10,709.77	10,709.77	-
Stapleton Foundation	125,006.00	79,712.09	79,712.09	-
Tri-County Health	250,000.00	117,999.15	117,999.15	-
Tri-Lakes Cares	25,130.00	8,560.54	8,560.54	-
Valley-Wide	250,000.00	135,857.42	135,857.42	-
Volunteers of America	200,842.00	117,313.89	117,313.89	-
Women's Resource Center	125,000.34	37,645.31	37,645.31	-

<b>Grand Total</b>	<b>16,017,141.84</b>	<b>7,100,615.86</b>	<b>5,625,657.07</b>	<b>1,474,958.79</b>
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