



State of Rhode Island  
Department of Administration / Division of Purchases  
One Capitol Hill, Providence, Rhode Island 02908-5855  
Tel: (401) 574-8100 Fax: (401) 574-8387

February 18, 2015

**ADDENDUM # 1**

**RFP#: 7549326**

**Title: Health Benefits Exchange Financial and Programmatic Audit**

**Bid Closing Date & Time: Friday, February 27, 2015 at 1:30 PM (Eastern Time)**

---

**Notice to Vendors: Attention All Bidders**

**ATTACHED ARE VENDOR QUESTIONS WITH STATE RESPONSES.**

**NO ADDITIONAL QUESTIONS WILL BE ANSWERED.**

---

**David J. Francis**  
**Interdepartmental Project Manager**

*Interested parties should monitor this website, on a regular basis, for any additional information that may be posted.*

**Vendor Questions for RFP #7549326 Health Benefits Exchange Financial and Programmatic Audit**

**Question 1:** 1. Page 16 of the RFP states that to perform the contemplated services related to the RI Health Benefits Exchange, the vendor certifies that it is an “eligible entity” as defined by 45 CFR Section 155.10. An eligible entity under Section 155.10 is an entity that, among other requirements, has demonstrated experience on a State or regional basis in the individual and small group health insurance markets and in benefits coverage.

For this engagement, what is contemplated for a firm to demonstrate experience on a State or regional basis in the individual and small group health insurance markets and in benefits coverage?

Does this requirement extend beyond the qualifications outlined in Question 5 within CMS’ Frequently Asked Questions included as Appendix B to this RFP?

**Answer to question 1:**

It is anticipated that the firm have knowledge of health care insurance policies, practices, systems and processes, as well as the rules and regulations issued by the Centers for Medicare and Medicaid (CMS).

It is expected that the firm bring a broad range of experience to the engagement as well as demonstrate the ability to apply good business practices to HSRI processes and the application of the laws, regulations and applicable standards of the Affordable Care Act.

**Question 2:** Although the transactions of HSRI are accounted for in the State’s general ledger, will either HSRI or the State provide a detailed trial balance as of and for the period ended June 30, 2014 (and for each subsequent reporting period) that contains all, and only, the accounts and transactions of HSRI?

**Answer to question 2:**

As stated in the RFP, “HSRI does not support its own general ledger but is accounted for by the State’s general ledger. The activities of HSRI, with the exception of premium collection and premium distribution, are accounted for as part of the State’s general fund.” As such, the appropriations and expenditures of HSRI can be produced from the State’s general ledger at the transactional level. It is expected that under this RFP the format of the statement(s) audited, for example, a Statement of Appropriations and Expenditures, including and any notes and supplementary schedules, will be discussed with and agreed upon by HSRI, the firm selected and CMS, and is not expected to include balance sheet accounts.

**Question 3:** Will HSRI prepare the financial statements, including the notes and any supplementary information thereto?

**Answer to question 3:**

HSRI will prepare the agreed upon statements. See Answer to question 2.

**Question 4:** Will HSRI and/or the State prepare all schedules and analyses requested by the auditor to perform and complete the audit?

**Answer to question 4:**

HSRI will prepare all schedules and analyses requested.

**Question 5:** Will the SOC I Type II reports that will be made available cover the entire period being audited? If not, what period will be covered by the SOC I Type II reports?

**Answer to question 5:**

A SOC 1 Type I dated August 13, 2014 over the service organization that processes the premium billing financial transactions is available for the firm's use. Since HSRI is a new entity, the engagements for SOC 1 Type II reports are currently being finalized.

Additionally as stated in the RFP, "the Exchange created the HealthSource RI Trust (Trust) to collect health and dental insurance premium payments from qualified employers and individuals and to pay such premiums to issuers of qualified health and dental plans offered through HSRI. This Trust is an agency fund of the State and receives a stand-alone financial statement audit on a state fiscal year basis". The Trust financial statements issued for the fiscal year ended June 30, 2014 are available.

**Question 6:** For years subsequent to the fiscal year ended June 30, 2014, when will HSRI and the State be fully ready for the firm to perform its audit of HSRI in order to meet the March 15th deadline?

**Answer to question 6:**

For audits of years subsequent to June 30, 2014, HSRI and the selected firm will mutually agree to a schedule to ensure the audit report is issued no later than March 15 of the subsequent year.

**Question 7:** Will HSRI provide written documentation of each element of 45 CFR 155, Subparts C, D, E and K that is required to be reviewed by the auditor (as detailed within Question 9 within CMS' Frequently Asked Questions included as Appendix B to this RFP)?

**Answer to question 7:**

HSRI expects that in collaboration with the audit firm selected, HSRI will delineate the elements required to be reviewed.

**Question 8:** Does HSRI have an internal audit function that audits eligibility and enrollment processes?

**Answer to question 8:**

The Office of the Auditor General (OAG) serves as the State of RI's external auditors and performs the annual audit of the State of Rhode Island's financial statements and the State's Single Audit covering compliance with federal program compliance requirements. The scope of the OAG's Single Audit for fiscal 2014 includes the federal program - State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges – CFDA 93.525. This federal program funded the operations of HSRI during fiscal 2014, and will be tested by the OAG as a major federal program. Total Fiscal 2014 program expenditures are approximately \$48.5 million. The scope of testing for CFDA 93.525 is outlined in OMB 2014 Compliance Supplement but does not generally extend to the eligibility and enrollment processes of HSRI, except that the cost of those functions is eligible for reimbursement. The State's fiscal 2014 Single Audit Report is expected to be completed by March 31, 2015.

The Office of the Auditor General is available to meet with the selected firm to explain the scope of their audits.

**Question 9:** Does HSRI have a written System Security Plan that documents controls related to technology, privacy, and security?

**Answer to question 9:**

As stated in the RFP, an “interagency team developed an integrated vision for serving individuals and families through a single technology solution (termed “UHIP”) that supports eligibility, enrollment and, in the case of HSRI, premium payment. The technology includes eligibility, a web portal, plan browsing, selection and enrollment billing and payment, financial management and customer service.” Accordingly, the responses to Questions 9 and 10 relate to the single technology solution.

Yes, a System Security Plan related to technology, privacy and security is documented and available.

**Question 10:** Has HSRI engaged an independent assessor to review its Security Assessment Plan, and if so, is a security assessment report available? What period is covered by the security assessment report?

**Answer to question 10:**

The IV&V vendor for UHIP completed a Security Assessment Report in September 2013 before go-live.

Additionally, the security aspects of the UHIP system were reviewed by information sharing federal agencies (e.g. IRS, SSA) prior to implementation of the system to ensure UHIP met their security requirements.