

**Connecticut Health Insurance Exchange  
D/B/A Access Health CT**

**Financial and Programmatic Audit**

**Request for Proposal (RFP)**

**(May 15, 2015)**

## 1.0 Summary

In June 2011, the Connecticut General Assembly enacted Public Act 11-53 (codified at Conn. Gen. Stat. §§ 38a-1080 -1091, the “Act”) to create the Connecticut Health Insurance Exchange currently doing business as Access Health CT (“AHCT” or the “Exchange”). Established as a quasi-public agency, AHCT has the legal authority to establish and operate a state-based health insurance exchange in Connecticut, including a Small Business Health Options (SHOP) exchange that complies with all federal requirements. The goals of the Exchange, as set out in Conn. Gen. Stat. § 38a-1083, Powers of the Exchange, subsection (b) mirror the goals of the Patient Protection and Affordable Care Act (ACA). AHCT is directed to reduce the number of individuals without health insurance and assist individuals and small employers in the procurement of health insurance by, among other services, offering easily comparable and understandable information about health insurance options.

The Act establishes AHCT as a quasi-public entity governed by a 14-member Board of Directors. In addition to establishing the Exchange authority, additional legislation was enacted by Connecticut’s General Assembly in June 2011 to support state efforts to implement federal health care reform. In June 2012, the legislature enacted Public Act 12-1 amending Conn. Gen. Stat. § 38a-1081, the section of the enabling statute that established the Connecticut Health Insurance Exchange and set out its governance structure. The amendments contained in Section 217 and 218 of Public Act 12-1, bring AHCT’s enabling statute into even closer alignment with Section 1311(d) of the Affordable Care Act and with 45 CFR 155.110 (1.2a), 1.2(c), and (1.2(d)). Under CGS 38a-1084, Duties of the Exchange, AHCT is specifically directed to establish and operate a SHOP Exchange (subsections 13 and 14) through which qualified employers may access coverage for their employees. The All-Payer Claims Database (APCD) was originally established by Public Act 12-166 as part of the Office of Health Reform and Innovation (OHRI). In April 2013, AHCT entered into a Memorandum of Agreement (MOA) with the Lieutenant Governor’s Office and the Office of Health Reform (OHRI), to assume the day to day management for the APCD, pending further legislative action. The APCD, and the entity which manages it, will collect, store, analyze, and release health insurance claims data from public and private payers of health claims within the state of Connecticut.

The Board of Directors also includes subcommittees, including one for Finance and one for Audit.

Since 2012, AHCT secured nine exchange establishment grant and supplemental awards from the Department of Health and Human Services Centers for Medicare & Medicaid Services totaling nearly \$175 million.

The Comptroller General of the United States and the Office of Management and Budget have both released financial standards to be followed by any recipient of federal grant funding, as well as audit requirements of recipients. Additionally, the ACA, in 45 CFR §155.1200 in the Program Integrity Rule, requires a programmatic audit. This RFP serves to satisfy all the various reporting and auditing requirements.

## 2.0 Scope of Services

The objectives of the audit are to determine whether (a) AHCT's financial statements are fairly presented in all material respects in accordance with the required basis of accounting, (b) the schedule of expenditures of federal awards is presented fairly in all material respects in relation to the financial statements taken as a whole, (c) AHCT has internal controls over material compliance requirements of each major federal program, and (d) AHCT has complied with material compliance requirements of each major federal program.

The audits shall be conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. In addition, the scope must include audit procedures on the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Finally, a programmatic audit component is required and should address topics included in 45 CFR §155 Subparts C, D & E.

Annually, specific reports required include:

1. Auditor's opinion on the financial statements and on the schedule of expenditures of federal awards. The financial statements include:
  - Statement of net position
  - Statement of revenue, expenses and change in net position
  - Statement of cash flows
2. Schedule of expenditures of federal awards, as required by OMB Circular A-133
3. Report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards
4. Single audit report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with OMB Circular A-133
5. Schedule of findings and questioned costs, in accordance with OMB Circular A-133, including the status of uncorrected findings from prior audits
6. A summary of the auditor's results, in accordance with OMB Circular A-133
7. A management letter containing internal control and compliance deficiencies that are not significant deficiencies must be described in a written management letter, which must be referenced in the auditor's report(s) on internal control and compliance. This management letter must be submitted to AHCT with the other reports noted in this section.
8. With respect to significant deficiencies, the reports shall contain all significant deficiencies, with those significant deficiencies that are considered material weaknesses being appropriately segregated and identified. Any other matters conveyed to management shall be in writing in the

management letter and shall be discussed during the exit conference. Significant deficiencies shall be well developed and should consist of the following components to the extent practicable:

- a. A statement of deficiency
- b. The criteria for the significant deficiency
- c. The cause of the deficiency
- d. The effect of the deficiency
- e. A recommendation for correction
- f. Management's response and corrective action plan

9. An Audit Findings Report in compliance with the financial and programmatic requirements set forth by Centers for Medicare & Medicaid Services (CMS).

The final report(s) for each fiscal year shall be delivered to the Audit Subcommittee of the Board of Directors, the Board of Directors, and the AHCT Chief Financial Officer no later than April 1 of each year.

If applicable, the firm shall report on any uncorrected comments reported in the preceding audit. Also, if applicable, a firm shall report on the status of prior-year questioned costs, whether resolved with the federal grantor or unresolved. The questioned costs to be reported on shall include all questioned costs from the preceding audit plus any unresolved questioned costs from prior years.

The firm shall immediately report, in writing, any fraud, irregularity, or illegal act or indication thereof that comes to its attention during the term of the contract. The report shall be made to the Audit Subcommittee of the Board of Directors.

### **3.0 Background and Qualifications**

Any independent certified public accounting firm responding to this RFP must be licensed and qualified to do business in the State of Connecticut. Registration with the State of Connecticut Department of Administrative Services is preferred, but not required. The firm **must** be a corporation or other legal entity; be in compliance with the provisions of Government Auditing Standards: 2007 Revision, issued by the U.S. General Accounting Office, concerning continuing education requirements, independence, and external quality control review (peer review); be in compliance with the Code of Professional Conduct of the American Institute of Certified Public Accountants, in particular ET sections 55 and 101 regarding objectivity and independence; and not been the subject of any disciplinary action. A copy of the firm's most recent peer review report must be submitted along with an indication whether the firm's most recent peer review included a review of any quasi-public agency or other governmental engagements. The firm must disclose information involving relationships with any major vendors of AHCT. Major vendors can be found on the AHCT website at <http://www.ct.gov/hix/cwp/view.asp?a=4296&q=506834>.

Provide a summary of the firm background and experience. The details of the firm background and experience should include the following:

- (1) Date the firm was established
- (2) Location of the firm's clientele (local, regional, national, or international)
- (3) Total number of professional staff

(4) Provide a listing and description of all firm-wide experience during the last three consecutive calendar years in working on the following types of audits:

- (a) OMB Circular A-133 audits of other state agencies
- (b) Other OMB Circular A-133 audits
- (c) Other audits involving health care facilities
- (d) Other governmental audits

For each audit listed, provide the year, engagement partner, total hours, and name and telephone number of the principal client contact. Prior clients may be contacted by AHCT during the evaluation phase.

(5) Provide a minimum of three references for audits included above. The reference should include the individual's name, title, organization audited, email address, and telephone number.

Provide a brief biographical sketch describing the qualifications of each auditor, including IT auditors, who may be assigned to the engagement. Include the auditor's current office location.

Describe each auditor's audit experience in the following categories:

- (1) OMB Circular A-133 audits of other state agencies.
- (2) Other OMB Circular A-133 audits.
- (3) Other audits involving health care facilities.
- (4) Other governmental audits.

The firm must also present a description of the work plan that would be used in providing the audit services required in this RFP, including the audit approach.

#### **4.0 Insurance and Indemnification Requirements**

Any Contract resulting from this RFP will require that the Contractor obtain and maintain at its own cost and expense for the duration of the Contract, the following insurance:

- i. Commercial General Liability: \$1,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage. Coverage shall include Premises and Operations, Independent Contractors, Contractual Liability and Broad Form Property Damage coverage. If a general aggregate is used, the general aggregate limit shall apply separately to the work covered by this Agreement or the general aggregate limit shall be twice the occurrence limit.
- ii. Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury. Coverage extends to owned, hired and non-owned automobiles. If the Contractor does not own an automobile, but one is used in the performance of the Services, then only hired and non-owned coverage is required. If a vehicle is not used in the performance of this Agreement, then automobile coverage is not required.
- iii. Workers' Compensation and Employer's Liability: coverage in compliance with applicable worker's compensation laws. Coverage shall include Employer's Liability with minimum limits of \$100,000 each accident, \$500,000 Disease – Policy limit, \$100,000 each employee.
- iv. Professional Liability: minimum limit of liability of not less than \$2,000,000 per claim and an annual aggregate of \$2,000,000. The Professional Liability Insurance shall include a

\$500,000 per claim and in the aggregate endorsement for Network Liability with cyber coverages for defense and damages for security and privacy, regulatory action, loss mitigation and forensics. If an endorsement is not made, a separate Network policy must be obtained by the Contractor.

The Contract will include the following indemnification from Contractor for the benefit of AHCT and the State of Connecticut:

The Contractor shall indemnify, defend and hold harmless the Connecticut Health Insurance Exchange d/b/a Access Health CT, the State of Connecticut and their respective officers, directors, representatives, agents, servants, employees, successors and assigns from and against any and all (a) Claims (as defined below) arising, directly or indirectly, in connection with the Contractor's performance of this Agreement, including any acts of commission and/or any omissions (collectively the "Acts"), of the Contractor or Contractor Agents (as defined below); and (b) liabilities, damages, losses, costs and expenses, including, but not limited to, fines/penalties, attorneys' fees and other professionals' fees, arising, directly or indirectly, in connection with the Claims, Acts or Agreement. The term "Claims" means all actions, suits, claims, demands, investigations and proceedings of any kind, pending or threatened, whether mature, unmaturing, contingent, known or unknown, at law or in equity, in any form. The term "Contractor Agents" means the Contractor's members, directors, officers, shareholders, partners, managers, representatives, agents, servants, consultants, employees, or any other person or entity whom the Contractor retains to perform under this Agreement in any capacity.

## **5.0 Records/Intellectual Property Requirements**

The Contract will include the following provisions regarding records and intellectual property, to the extent there is intellectual property:

- a) The term "Records" means all working papers and such other information and materials as may have been accumulated or generated by the Contractor or Contractor Agents in performing under this Agreement, including, but not limited to, documents, data, plans, books, computations, drawings, specifications, notes, reports, records, estimates, summaries and correspondence, kept or stored in any form, including by magnetic or electronic means.
- b) The parties, upon written request from the other party, shall provide to the other within a reasonable time, all original Records, or, in the sole discretion of the requesting party, copies thereof. The parties shall otherwise maintain all original Records, or copies thereof, for a period of five (5) years after the termination of this Agreement. Unless the parties agree otherwise in writing, all intellectual property rights existing prior to the Effective Date, will belong to the party that owned such rights prior to. Neither party will gain by virtue of this Agreement any rights of ownership of copyrights, patents, trade secrets, trademarks or any other intellectual property rights owned by the other.
- c) The Exchange shall own all work product, and the copyright therein, resulting from the Services rendered by Contractor under this Agreement. The Contractor represents that the Services and any products of the Services (except the accurate reproduction of information or materials supplied by the Exchange) shall not infringe any third-party copyright, patent,

trademark, trade secret or other proprietary right, including the rights of publicity and privacy.

- d) Federal Requirements. In addition to the foregoing subsections of this Section, and without limiting any rights granted to the Exchange thereunder, the Contractor explicitly agrees to the following: This Agreement is in support of Connecticut's implementation of the Patient Protection and Affordable Care Act of 2010, and is subject to the certain property rights provisions of the Code of Federal Regulations and a Grant from the Department of Health and Human Services, Centers for Medicare and Medicaid Services. This Agreement is subject to, and incorporates by reference, 45 CFR 74.36 and 45 CFR 92.34 governing rights to intangible property. Intangible property includes but is not limited to: computer software; patents, inventions, formulae, processes, designs, patterns, trade secrets, or know-how; copyrights and literary, musical, or artistic compositions; trademarks, trade names, or brand names; franchises, licenses, or contracts; methods, programs, systems, procedures, campaigns, surveys, studies, forecasts, estimates, customer lists, or technical data; and other similar items. The Exchange shall own the copyright in any work product that is subject to copyright and was developed, or for which ownership was purchased, under this Agreement. The Contractor must deliver all intangible property, including but not limited to, intellectual property, to the Exchange in a manner that ensures the Centers for Medicare & Medicaid Services, an agency of the Department of Health and Human Services, obtains a royalty-free, nonexclusive and irrevocable right to reproduce, publish, or otherwise use the Work Product for Federal purposes, and to authorize others to do so. Federal purposes include the purpose of administering Connecticut's Exchange under the Affordable Care Act of 2010. The Contractor is further subject to applicable regulations governing patents and inventions, including those issued by the Department of Commerce at 37 CFR Part 401. To the extent that the rights granted to the Exchange pursuant to this paragraph are greater than the rights granted to the Exchange elsewhere in this Agreement, the provisions of this paragraph shall control. No other provision of this Agreement shall limit the rights granted under this provision, and in the event of such a conflict, this provision shall control.

## **6.0 Notice of Special Compliance Requirements**

The selected vendor will be required to comply with the requirements below, which will be included in any contract entered as a result of this RFP.

### A. Nondiscrimination and Affirmative Action

- a) For purposes of this Section A, the following terms are defined as follows:
- i. "Commission" means the Commission on Human Rights and Opportunities;
  - ii. "Contract" and "contract" include any extension or modification of this Agreement;
  - iii. "Contractor" and "contractor" include any successors or assigns of the Contractor or contractor;
  - iv. "Gender identity or expression" means a person's gender-related identity, appearance or behavior, whether or not that gender-related identity, appearance or behavior is different from that traditionally associated with the person's physiology or assigned sex at birth, which gender-related identity can be shown by providing evidence including, but not limited to, medical history, care or treatment of the gender-related identity, consistent and uniform assertion of the gender-related

- identity or any other evidence that the gender-related identity is sincerely held, part of a person's core identity or not being asserted for an improper purpose;
- v. "good faith" means that degree of diligence which a reasonable person would exercise in the performance of legal duties and obligations;
  - vi. "good faith efforts" shall include, but not be limited to, those reasonable initial efforts necessary to comply with statutory or regulatory requirements and additional or substituted efforts when it is determined that such initial efforts will not be sufficient to comply with such requirements;
  - vii. "marital status" means being single, married, widowed, separated or divorced as recognized by the State of Connecticut,;
  - viii. "mental disability" means one or more mental disorders, as defined in the most recent edition of the American Psychiatric Association's "Diagnostic and Statistical Manual of Mental Disorders," or a record of or regarding a person as having one or more such disorders;
  - ix. "minority business enterprise" means any small contractor or supplier of materials fifty-one percent or more of the capital stock, if any, or assets of which are owned by a person or persons: (1) who are active in the daily affairs of the enterprise, (2) who have the power to direct the management and policies of the enterprise, and (3) who are members of a minority, as such term is defined in subsection (a) of Connecticut General Statutes § 32-9n; and
  - x. "public works contract" means any agreement between any individual, firm or corporation and the State or any political subdivision of the State other than a municipality for construction, rehabilitation, conversion, extension, demolition or repair of a public building, highway or other changes or improvements in real property, or which is financed in whole or in part by the State, including, but not limited to, matching expenditures, grants, loans, insurance or guarantees.

For purposes of this Section A, the terms "Contract" and "contract" do not include an agreement where each contractor is (1) a political subdivision of the state, including, but not limited to, a municipality, (2) a quasi-public agency, as defined in Connecticut General Statutes § 1-120, (3) any other state, including but not limited to, any federally recognized Indian tribal governments, as defined in Connecticut General Statutes § 1-267, (4) the federal government, (5) a foreign government, or (6) an agency of a subdivision, agency, state or government described in the immediately preceding enumerated items (1), (2), (3), (4) or (5).

- b) (1) The Contractor agrees and warrants that in the performance of the Contract such Contractor will not discriminate or permit discrimination against any person or group of persons on the grounds of race, color, religious creed, age, marital status, national origin, ancestry, sex, sexual orientation, gender identity or expression, genetic information, mental retardation, mental disability or physical disability, including, but not limited to, blindness, unless it is shown by such Contractor that such disability prevents performance of the work involved, in any manner prohibited by the laws of the United States or of the State of Connecticut; and the Contractor further agrees to take affirmative action to insure that applicants with job-related qualifications are employed and that employees are employed without regard to their race, color, religious creed, age, marital status, national origin, ancestry, sex, sexual orientation, gender identity or expression, genetic information, mental retardation, mental disability or physical disability, including, but not limited to, blindness, unless it is shown by the Contractor that such disability prevents performance of the work involved; (2) the Contractor agrees, in all solicitations or

advertisements for employees placed by or on behalf of the Contractor, to state that it is an “affirmative action-equal opportunity employer” in accordance with regulations adopted by the Commission; (3) the Contractor agrees to provide each labor union or representative of workers with which the Contractor has a collective bargaining agreement or other contract or understanding and each vendor with which the Contractor has a contract or understanding, a notice to be provided by the Commission, advising the labor union or workers’ representative of the Contractor’s commitments under this Section and to post copies of the notice in conspicuous places available to employees and applicants for employment; (4) the Contractor agrees to comply with each provision of this Section and Connecticut General Statutes §§ 46a-56, 46a-68e and 46a-68f; and (5) the Contractor agrees to provide the Commission with such information requested by the Commission, and permit access to pertinent books, records and accounts, concerning the employment practices and procedures of the Contractor as relate to the provisions of this Section and Connecticut General Statutes § 46a-56. If the contract is a public works contract, the Contractor agrees and warrants that it will make good faith efforts to employ minority business enterprises as subcontractors and suppliers of materials on such public works projects.

- c) Determination of the Contractor’s good faith efforts shall include, but shall not be limited to, the following factors: The Contractor’s employment and subcontracting policies, patterns and practices; affirmative advertising, recruitment and training; technical assistance activities and such other reasonable activities or efforts as the Commission may prescribe that are designed to ensure the participation of minority business enterprises in public works projects.
- d) The Contractor shall develop and maintain adequate documentation, in a manner prescribed by the Commission, of its good faith efforts.
- e) The Contractor shall include the provisions of subsection (b) of this Section in every subcontract or purchase order entered into in order to fulfill any obligation of a contract with the State and/or the Exchange and such provisions shall be binding on a subcontractor, vendor or manufacturer unless exempted by regulations or orders of the Commission. The Contractor shall take such action with respect to any such subcontract or purchase order the Commission may direct as a means of enforcing such provisions including sanctions for noncompliance in accordance with Connecticut General Statutes § 46a-56; provided if such Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the Commission, the Contractor may request the State of Connecticut to enter into any such litigation or negotiation prior thereto to protect the interests of the State and the State may so enter.
- f) The Contractor agrees to comply with the regulations referred to in this Section as they exist on the date of this Contract and as they may be adopted or amended from time to time during the term of this Contract and any amendments thereto.

#### B. Certain State Ethics Requirements.

- a) For all State contracts as defined in P.A. 07-01 having a value in a calendar year of \$50,000 or more or a combination or series of such agreements or contracts having a value of \$100,000 or more, the authorized signatory to this Agreement expressly acknowledges receipt of the State Elections Enforcement Commission’s notice advising state contractors of state campaign

contributions and solicitation prohibitions and will inform its principals of the contents of the notice.

- b) Pursuant to Governor M. Jodi Rell’s Executive Order No. 1, paragraph 8, the Contractor must submit a contract certification annually to update previously-submitted certification forms for state contracts. Contractors must use the Gift and Campaign Contribution Certification (OPM Ethics Form 1) for this purpose. The first of these OPM Ethics Form 1 certifications is due on the first annual anniversary date of the execution of this Agreement and subsequent certifications are due on every succeeding annual anniversary date during the time that this Agreement is in effect, including the first anniversary date following the termination or expiration of this Agreement or conclusion of the Services. This provision shall survive the termination or expiration of this Agreement in order for the Contractor to satisfy its obligation to submit the last certification.

C. Applicable Executive Orders of the Governor.

The Contractor shall comply, to the extent applicable, with the provisions of Executive Order No. Three of Governor Thomas J. Meskill, promulgated June 16, 1971, concerning labor employment practices, Executive Order No. Seventeen of Governor Thomas J. Meskill, promulgated February 15, 1973, concerning the listing of employment openings, and Executive Order No. Sixteen of Governor John G. Rowland promulgated August 4, 1999, concerning violence in the workplace. These Executive Orders are incorporated into and are made a part of this Agreement as if they had been fully set forth in it. At the Contractor’s request, the Exchange shall provide a copy of these orders to the Contractor.

**7.0 Contract Period**

AHCT intends to enter a three-year contract with the selected firm. Below are the dates to be audited during the contract years:

Contract Year	Dates to be Audited	Final Audit Report Due No Later Than
Contract Year 1	July 1 – June 30, 2015	April 1, 2016
Contract Year 2	July 1 – June 30, 2016	April 1, 2017
Contract Year 3	July 1 – June 30, 2017	April 1, 2018

**8.0 Cost Proposal**



Revision, issued by the Comptroller General of the United States, U.S. General Accounting Office, concerning continuing education requirements, independence, and external quality control review (peer review).The representation letter shall include the following language relating to independence:

As auditors of AHCT, for the year ended June 30, 2015, we are independent in accordance with the objectivity and independence standards of AU Sections 220 and 543 of the AICPA Professional Standards and Professional Ethics Committee Interpretation 101.10 (except, if applicable, for the impairment described below.) [The firm shall include with the required language relating to independence any impairment the firm may have.]

- j) 3 References
  - k) Completed CT HIX Ethics Form 5 (Consulting Agreement Affidavit), attached as Appendix A. (The selected firm will be required to submit an updated Ethics Form 5 dated contemporaneously with Contract execution.)
2. The proposal should be formatted as follows:
- Paper size: 8.5 x 11 inches
  - Minimum font size: 11 point (except for footnotes, headers, or footers)
  - Ready for printing: All electronic files submitted will be pre-formatted for printing
  - Software: All electronic files submitted should be created (or fully compatible) with any of the following software suites or packages: Microsoft Office 2010, Adobe PDF.
3. The Responder must submit:
- One (1) digital copy of the proposal
  - Ten (10) printed color copies of the proposal

## **10.0 Rights of Access Health CT in Evaluating Proposals**

Issuance of this RFP does not guarantee that Access Health CT will award a Contract to any Responder. Access Health CT reserves the right to withdraw, re-bid, extend or otherwise modify the RFP or the related schedule and process, in any manner, solely at its discretion.

Access Health CT also reserves the right to:

- Consider any source of information in evaluating Proposals;
- Omit any planned evaluation step if, in Access Health CT's view, the step is not needed;
- At its sole discretion, reject any and all Proposals at any time; and

- Open Contract discussions with the second highest scoring Responder, if Access Health CT is unable to reach an agreement on Contract terms with the highest scoring Responder.

### **11.0 Disqualification**

Any attempt by a Responder to influence a member of the evaluation committee during the Proposal review and evaluation process will result in the elimination of that Responder's Proposal from consideration.

### **12.0 RFP Contact**

The contact person for the purposes of this request is:

Linda Phillips  
The Connecticut Health Insurance Exchange D/B/A Access Health CT  
280 Trumbull Street, 15<sup>th</sup> floor  
Hartford, CT 06103  
860-757-5343 (Phone)  
[linda.phillips@ct.gov](mailto:linda.phillips@ct.gov) (Email)

All proposals must be received by the contact above no later than 4:00 pm on June 1, 2015, to be considered

## **APPENDIX A**

Ethics Form 5: Consulting Agreement Affidavit

