

**DEPARTMENT OF COMMERCE –
STATE INSURANCE DEPARTMENT –
ARKANSAS HEALTH INSURANCE MARKETPLACE**

Performance Audit Report

June 30, 2025



Arkansas



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Independent Auditor's Report

Department of Commerce – State Insurance Department – Arkansas Health Insurance Marketplace
Legislative Joint Auditing Committee

Report on Compliance

We have conducted a performance audit of the Department of Commerce – State Insurance Department – Arkansas Health Insurance Marketplace (AHIM) for the year ended June 30, 2025. Management of the Department of Commerce – State Insurance Department (“the Agency”) is responsible for AHIM’s compliance with the specified requirements. Our responsibility is to determine AHIM’s compliance with the specified requirements based on our audit objectives.

Introduction

Act 1500 of 2013 created a nonprofit legal entity to be known as the AHIM to manage and implement a state-based health exchange in Arkansas in accordance with state and federal law. The Act established a nine-member Board of Directors consisting of three members each appointed by the Governor, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives.

In September 2014, the Board voted to operate a state-run Small Business Health Options Program (SHOP) in 2015 for coverage to begin January 1, 2016. AHIM’s sole insurance provider for SHOP no longer accepted enrollments for coverage beginning January 1, 2018. The Board also voted to operate a state-run individual market health insurance exchange in 2016 for coverage beginning January 1, 2017.

Act 107 of 2019 abolished the AHIM Board and transferred all its powers, duties, functions, records, contracts, property, unexpended balances of appropriations, allocations, and other funds to the State Insurance Department (SID).

Act 910 of 2019 became effective on July 1, 2019, and placed the SID within the newly created cabinet-level Department of Commerce. The Secretary of the Department of Commerce shall delegate the authority to hire and provide consultation to the Commissioner of the State Insurance Department.

AHIM’s current agreement with the U.S. Centers for Medicare and Medicaid Services (CMS) is effective January 1, 2023 through January 1, 2028, and allows it to operate a State-based Exchange on the Federal Platform (SBE-FP). AHIM is one of only three state-based exchanges that operate under this model. Under the terms of the SBE-FP agreement, AHIM is responsible for educating consumers, working with agents and community partners providing consumer assistance, certifying qualified health plans, and maintaining the integrity of data and the security of personal information.

Audit Objective and Scope

We conducted a performance audit of AHIM in accordance with Generally Accepted Government Auditing Standards (GAGAS) for the state fiscal year ended June 30, 2025.

The primary objectives of this engagement were to:

- Verify AHIM’s compliance with programmatic requirements set forth by 45 CFR part 155.
- Report on compliance as directed by the Centers for Medicare & Medicaid Services (CMS).

Because AHIM utilizes the federal platform for enrollment and eligibility (referred to as an SBE-FP), our scope is limited to verifying compliance with those sections of 45 CFR part 155 applicable to the structure of AHIM as an SBE-FP as follows:

Subpart C – General Functions of an Exchange

- .205 Consumer assistance tools and programs of an Exchange
- .210 Navigator program standards
- .220 Ability of States to permit agents and brokers and web-brokers to assist qualified individuals, qualified employers, or qualified employees enrolling in QHPs
- .225 Certified application counselors
- .260 Privacy and security of personally identifiable information

Subpart K – Exchange Functions: Certification of Qualified Health Plans (QHP)

- .1000 Certification standards for QHPs
- .1010 Certification process for QHPs
- .1020 QHP issuer rate and benefit information
- .1030 QHP certification standards related to advance payments of the premium tax credit and cost-sharing reductions
- .1040 Transparency in coverage
- .1050 Establishment of Exchange network adequacy standards
- .1055 Service area of a QHP
- .1065 Stand-alone dental plans
- .1075 Recertification of QHPs
- .1080 Decertification of QHPs

Methodology

Our procedures included a comparison of actual operations, practices, and results against the stated requirements of 45 CFR part 155, subparts C and K, and the federal platform agreement with CMS, identifying the specific exchange functions for which Arkansas is responsible. We interviewed AHIM personnel and reviewed customer and community partner resources on AHIM's website. We performed a review and analysis of AHIM's documentation, including contracts, agreements, and policies and procedures applicable to the compliance objectives.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Planning

Prior to conducting the performance audit, we determined mutual expectations in performing the engagement and meeting deadlines. We discussed policies and procedures, methodologies, and other relevant aspects of AHIM's operations with appropriate staff. We requested various documentation from AHIM's staff and discussed with them the date the fieldwork was expected to begin.

Risk Assessment

Our audit approach is risk-based, whereby we assess risk for each identified objective. Depending on the risk assessment, we performed substantive procedures to test the objective. These assessments were made during the planning process and throughout the engagement.

Understanding the Control Environment

We gained an understanding of AHIM's internal controls related to the SBE-FP, focusing on programmatic compliance requirements.

Preparation of a Tailored Audit Program

Based upon our planning, risk assessment, and control documentation procedures, audit programs were designed in order for conclusions to be reached for each criteria of the audit objective.

Audit Results

Based on the results of our audit, we concluded that AHIM is operating in compliance with all applicable programmatic requirements included in 45 CFR Part 155, Subparts C and K. The following are the specific results of our audit.

Subpart C – General Functions of an Exchange

Criteria #1: Determine if AHIM established a toll-free telephone hotline, an up-to-date website, accessibility for individuals with disabilities and those with limited English proficiency, consumer assistance performed by trained assisters, and outreach and education, as required by 45 CFR Part 155.205.

Procedures:

- a) We reviewed the operation of AHIM's toll-free telephone hotline and verified that it included the capability to provide information to consumers about eligibility and enrollment processes and appropriately directed consumers to the applicable AHIM website and other applicable resources.
- b) We reviewed AHIM's website and verified that it included the capability to direct consumers to the federal platform services to apply for, and enroll in, AHIM coverage.
- c) We reviewed AHIM's website, toll-free hotline, training and outreach/education materials, and policies and procedures to verify that information was provided to individuals living with disabilities and individuals who have limited English proficiency in an accessible and timely manner.
- d) We reviewed policies and procedures implemented to ensure that individuals providing consumer assistance are trained regarding QHP options, insurance affordability programs, eligibility, and benefits rules and regulations governing all insurance affordability programs operated in the State, prior to providing assistance.
- e) We reviewed policies and procedures implemented to ensure that outreach and education activities were conducted to educate consumers about AHIM and insurance affordability programs to encourage participation and individuals conducting outreach and education activities were trained appropriately.

Results: We found no exceptions as a result of these procedures.

Criteria #2: Determine if AHIM has established a Navigator program, as required by 45 CFR Part 155.210.

Procedures:

- a) We reviewed AHIM's Navigator standards to determine if standards were publicly disseminated and met appropriate requirements.
- b) We reviewed AHIM's contract with the Arkansas Foundation for Medical Care (AFMC) and performed procedures to determine if AFMC has established a Navigator program. We reviewed job descriptions and role definitions, verified completion of CMS Navigator training (or equivalent), verified completion of conflict of interest disclosures, verified compensation does not include commissions or incentives tied to enrollment, verified AFMC has policies and procedures related to privacy and security, verified AFMC has policies and procedures addressing language access services and assistance to underserved or vulnerable populations, and verified AFMC has reports, metrics, or evaluations to monitor and oversee Navigator performance.

Results: We found no exceptions as a result of these procedures.

Criteria #3: Determine if AHIM limited the information on its website regarding licensed agents and brokers to those who have completed appropriate registration and training, as required by 45 CFR Part 155.220.

Procedure: We reviewed AHIM's website to identify the population of licensed agents, brokers, and web-brokers reflected and selected a sample of the agents, brokers, and web-brokers to ensure that they were licensed and completed required registration and training.

Results: We found no exceptions as a result of this procedure.

Criteria #4: Determine if AHIM established a certified application counselor program that complies with certain requirements reflected in 45 CFR Part 155.225.

Procedure: We tested a sample of certified application counselors licensed in the State of Arkansas to ensure that they are certified by AHIM.

Results: We found no exceptions as a result of this procedure.

Criteria #5: Determine if AHIM established specific procedures to ensure the privacy and security of personally identifiable information, as required by 45 CFR Part 155.260.

Procedures:

- a.) We reviewed AHIM's policies associated with privacy and security of personally identifiable information and verified all requirements were met.
- b.) We tested a sample of agreements/contracts with non-Exchange entities to ensure that the agreements/contracts contained appropriate privacy and security clauses.

Results: We found no exceptions as a result of these procedures.

Subpart K – Exchange Functions: Certification of Qualified Health Plans

Criteria #6: Determine if AHIM established procedures for the certification and monitoring of QHPs consistent with federal regulations reflected in 45 CFR Part 155.1000, 1010, 1020, 1030, 1040, 1050, and 1055.

Procedures:

- a) We reviewed AHIM's policies and procedures for certification and monitoring of QHPs to determine if the policies and procedures met appropriate requirements.
- b) We selected one QHP rate increase to ensure it was reviewed and approved by AHIM.

Results: We found no exceptions as a result of these procedures.

Criteria #7: Determine if AHIM's offering of a limited scope dental benefits plan met requirements reflected in 45 CFR Part 155.1065.

Procedures: We compared the dental plan designs to the general requirements to determine if the plans offered through AHIM were allowable.

Results: We found no exceptions as a result of this procedure.

Criteria #8: Determine if AHIM established a process for recertification of QHPs that meets federally prescribed standards reflected in 45 CFR Part 155.1075.

Procedures:

- a) We reviewed AHIM's policies and procedures for recertification of QHPs to determine if the policies and procedures met appropriate requirements.
- b) We tested a sample of one QHP that was recertified to ensure it was approved and processed prior to the deadline established by CMS.

Results: We found no exceptions as a result of these procedures.

Criteria #9: Determine if AHIM established a process for decertification of QHPs that meets federally prescribed standards reflected in 45 CFR Part 155.1080.

Procedures:

- a) We reviewed AHIM's policies and procedures for decertification of QHPs to determine if the policies and procedures met appropriate requirements.
- b) We requested a listing of QHPs that were decertified and determined that no plans were decertified for plan year 2025.

Results: We found no exceptions as a result of these procedures

Conclusion

Based on our review of operations during the fiscal year ended June 30, 2025, AHIM complied with requirements applicable to state-based marketplaces using a federal platform under 45 CFR part 155. We did not identify any findings or recommendations during this audit.

Views of Responsible Officials

We provided a draft of this report to Agency management for review. Officials indicated that they had no comments.

Purpose of this Report

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, Agency management, the Department of Commerce – State Insurance Department – Arkansas Health Insurance Marketplace, and other parties as required by Arkansas Code and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record, and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT



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