INDEPENDENT EXTERNAL AUDIT:
2025 AUDIT FINDINGS REPORT

VIRGINIA

VIRGINIA HEALTH BENEFIT EXCHANGE

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INDEPENDENT EXTERNAL AUDIT:
2025 FINDINGS REPORT

To: CCIIO State Exchange Group
From: CliftonLarsonAllen LLP
Date: April 15, 2026
Subject: Audit Findings Report for Virginia
Audit Period: Year Ended June 30, 2025

I. EXECUTIVE SUMMARY

PURPOSE

The purpose of this independent external audit is to ensure that the Virginia Health Benefit Exchange (the Exchange) in the Commonwealth of Virginia is in compliance with the financial and programmatic requirements set forth by the Centers for Medicare & Medicaid Services (CMS).

We conducted this programmatic audit in accordance with generally accepted auditing standards established by the Government Accountability Office's (GAO) 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 the audit objectives.

Name of SBM: Virginia Health Benefit Exchange
State of SBM: Virginia
Name of Auditing Firm: CliftonLarsonAllen LLP

SCOPE

Our responsibility is to perform a programmatic audit on the Exchange's compliance with 45 CFR Part 155 which are:

- General Functions (Subpart C)
- Eligibility Determinations (Subpart D)
- Enrollment Functions (Subpart E)
- Certification of Qualified Health Plans (Subpart K)
- Oversight and Program Integrity Standards (Subpart M)

Our audit consisted of specific procedures and objectives to test the Exchange's compliance and program effectiveness with all subparts of 45 CFR Part 155 listed above and we are reporting on the following key subparts comprising the core functions of Marketplace operations under 45 CFR Part 155 as defined by CMS in "State-based Marketplace Independent External Audit Technical Assistance" dated March 15, 2016:

- General Functions (Subpart C)
- Eligibility Determinations (Subpart D)
- Enrollment Functions (Subpart E)
- Certification of Qualified Health Plans (Subpart K)

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METHODOLOGY

Audit Firm Background

CliftonLarsonAllen LLP (CLA) is one of the nation's leading professional services firms, and one of the largest firms who specialize in the public sector. CLA performs single audits for hundreds of organizations annually, ranking top in the nation for the number of single audits performed by any CPA firm. The single audit requires a specific set of skills in order to properly perform the procedures. As such, we have developed a group of professionals who specialize in providing single audit services. Our State and Local Government Group is dedicated to serving municipalities and other government entities and committed to their specialized needs. CLA has extensive audit experience in providing services to government clients and other recipients of state and federal financial assistance. We possess significant knowledge of and experience with Uniform Guidance, state and local financial assistance programs, including grant compliance auditing. As a result, we are thoroughly familiar with the complexities and concerns that result from the requirements of compliance with financial assistance programs.

Audit of the Financial Statements

We have audited, in accordance with the 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, the financial statements of the Virginia Health Benefit Exchange, which comprise the balance sheet as of June 30, 2025 and the related statements of revenues, expenditures, and changes in fund balance and budgetary comparison for the year then ended, and the related notes to the financial statements, which collectively comprise the Exchange's basic financial statements, and have issued our report thereon dated April 15, 2026

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated April 15, 2026, on our consideration of Virginia Health Benefit Exchange's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Virginia Health Benefit Exchange's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Virginia Health Benefit Exchange's internal control over financial reporting and compliance.

Programmatic Audit in Accordance with CMS Requirements:

Report on Compliance with 45 CFR Part 155

We have audited the Exchange's compliance with the compliance requirements described in the above scope in accordance with 45 CFR Part 155 for the year ended June 30, 2025.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions applicable to 45 CFR Part 155.

Auditors' Responsibility

Our responsibility is to express an opinion on the Exchange's compliance with 45 CFR Part 155. We conducted our audit of compliance 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, and CMS. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the program occurred. An audit includes examining, on a test basis, evidence about Exchange's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with 45 CFR Part 155. However, our audit does not provide a legal determination of the Exchange's compliance.

Opinion on Compliance with 45 CFR Part 155

In our opinion, the Exchange complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2025.

Summary of Programmatic Procedures:

We reviewed the following documentation obtained from the Exchange:

- Chapter 65 of Title 38.2 of the Code of Virginia to create the Health Benefit Exchange
- SCC Strategic Plan
- SCC Technology Organization Chart
- SCC Operations Organization Chart
- SCC Information Technology Security Policy
- SCC Data Classification Standard
- SCC Information Technology Strategic Plan
- SCC Employees Handbook
- SCC Procurement Policy
- SCC website
- SCC Accounts Receivable Policy
- SCC General Revenue Policy
- CMS Information Disclosure Agreement
- Navigator Contracts
- Privacy and Security Agreements
- Implementation of Performance and Plan Management Functions
- Rate Request Summary Documents – Individual and Small Group ACA Market Plan Year 2024
- Master Binder Filings
- Carriers and Health Plan Binders
- Human Resources Manual
- CAPP Manual Topic 20355 – Purchasing Card Policy
- Accessibility Notice
- Language Translation Document
- Language Translation Contract
- Accounting Policy and Procedure Manual

- 3rd Party SSAE 18 Reports and Documentation
- Privacy & Security Assessments and Configurations
- Financial Systems Hardware and OS Inventory Reports
- SCC Information Technology Policies and Standards (Change Management, Backup & Recovery, Business Continuity, Disaster Recovery)
- Listing of Terminations
- Applications for Enrollment

We interviewed the following SCC staff and performed walkthroughs of data systems and operations to understand management and staff responsibilities and processes as they relate to compliance with 45 CFR Part 155:

- SCC Chair
- HBE Director
- HBE Deputy Director Finance and Compliance
- SCC Chief Financial Officer
- HBE Chief, Security and Privacy
- SCC Revenue Specialist
- SCC Chief of Automated Systems
- BOI Policy Analyst
- SCC Payroll Specialist
- BOI Plan Management & ACA Forms
- BOI, Chief, Agent Regulation
- BOI Market Examiner
- BOI Rate Filings, Principal Insurance Market Examiner
- SCC IT Deputy Director of Operations
- SCC IT Deputy Director of Applications
- SCC Database Manager
- SCC Information Security Engineer
- SCC Network Manager

We analyzed the following samples obtained from the Exchange's carrier populations to evaluate compliance with key subparts of 45 CFR Part 155:

- A listing of 18 health insurance carriers used by the Exchange was provided to us from Exchange Plan Management. A sample of 6 providers was selected to test compliance with 45 CFR 155 Subpart K, Certification of Qualified Health Plans.

- Compliance with 45 CFR 155 Subpart C, General Functions, was determined through interviews and review of documentation.

- A listing of all submitted applications (764,100 in total) were provided to CLA and 25 were sampled and tested for eligibility determinations in accordance with 45 CFR 155 Subpart D.

- A listing of all terminated enrollments (80,079 in total) were provided and 25 were sampled and testing for proper terminations in accordance with 45 CFR 155 Subpart E.

CONFIDENTIAL INFORMATION OMITTED

N/A

II. AUDIT FINDINGS

KEY FINDINGS

None

AUDITOR'S OPINION

Based on the Key Findings above, it is CliftonLarsonAllen LLP's opinion that the accounting practices and financial statements reviewed during the 2025 independent external audit are:

	MODIFIED	X	UNMODIFIED		ADVERSE		DISCLAIMER

III. RECOMMENDATIONS

None

IV. CONCLUSION

We confirm to the best of our knowledge that the information included in this Audit Findings Report is accurate and based on a thorough review of the documentation required for this report.

SIGNATURE OF AUDIT FIRM: CliftonLarsonAllen LLP

COMPLETION DATE OF AUDIT FINDINGS REPORT: April 15, 2026

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