



Advance Payments of the Premium Tax Credit (APTC) & Federally-facilitated Exchange (FFE) User Fee (UF) Program Assessment Report

for

Humana Health Plan (Humana)

October 24th, 2023

Table of Contents

I. EXECUTIVE SUMMARY	3
II. BACKGROUND, OBJECTIVES, SCOPE, AND METHODOLOGY.....	5
III.RESULTS OF REVIEW	8
IV.FINDINGS.....	10
V. OBSERVATIONS.....	21
VI.MANAGEMENT RESPONSES.....	22
Appendix 1 – Issuer Management Response to Net Financial Adjustment	24
Appendix 2 – Applicable Regulations	25
Appendix 3 – Glossary of Terms and Acronyms	27

I. EXECUTIVE SUMMARY

Background

Humana Health Plan (Humana) is a health insurance issuer that offered qualified health plans (QHPs) in the individual market Federally-facilitated Exchange (FFE) in Texas during the 2015 benefit year. Humana submitted its final restated 2015 benefit year data in the July 2016 Enrollment and Payment Data Workbook (EPDW). The issuer received a total of \$183,862,147.70 in advance payments of the premium tax credit (APTC) from CMS and paid a total of \$9,603,269.67 in FFE user fees (UF) to CMS for its 2015 benefit year individual market plans.

This report is an assessment of Humana's compliance with the APTC, and FFE user fee programs established in sections 1311 and 1401 of the Patient Protection and Affordable Care Act (Pub. L. 111–148) enacted on March 23, 2010 and further amended and revised by the Health Care and Education Reconciliation Act of 2010 (Pub. L. 111–152) enacted on March 30, 2010 (collectively referred to throughout as PPACA) and implementing regulations.

Audits to Determine Compliance with the Administration of APTC and FFE User Fee Programs

Under title 45 of the Code of Federal Regulations (CFR), sections [156.480](#) and [156.705](#), the Department of Health and Human Services (HHS) may audit¹ issuers that offer a QHP in the individual market through an Exchange to assess the degree of compliance with the APTC and FFE user fee program requirements. HHS designates the Centers for Medicare & Medicaid Services (CMS) to conduct these audits and to achieve the following:

- Safeguard Federal funds;
- Instill confidence amongst regulated entities of data quality, soundness, and robustness;
- Evaluate health insurance issuer compliance with program rules and regulations; and
- Develop a successful and coordinated risk-based, multi-year audit program that maximizes resources.

This audit is part of CMS's program to validate the enrollment and payment data reported on the final 2015 EPDW, and to analyze controls and policies of selected issuers pursuant to the authority defined in 45 CFR §§ 155.480 and 156.705.

The findings and observations are documented below. If CMS found an instance of issuer non-compliance with APTC and FFE user fee program requirements that requires correction to

¹ To provide the flexibility needed when standing up a new oversight program and to ensure that issuers are able to provide CMS with their most accurate data, audit protocols allow for dialogue between auditor and issuer to identify and correct errors in data submission that differ somewhat from some independence and reporting standards laid out under Generally Accepted Government Auditing Standards (GAGAS). These procedures were defined and executed consistent with the competence, integrity, and analytical discipline required for performance audits as defined by GAGAS.

payment, then CMS classified it as a *finding*. If CMS found a deviation from APTC and FFE user fee program requirements that we are calling to the attention of management for purposes of improving compliance in future program years, but that does not require correction to payment, then CMS categorized it as an *observation*.

Results of Review

CMS identified nine (9) findings and no observations for Humana. The net financial impact of the nine (9) findings is a payment due to CMS of \$1,300,021.72 consisting of \$204,391.43 in FFE user fees to be returned to Humana and \$1,504,413.15 in APTC to be returned to CMS. The findings include the following:

1. Differences in premium/FFE user fee and APTC amounts identified in the comparison of the issuer's data included in the EPDW to a Payment Desk Audit File containing subscriber level data from Humana's systems;
2. Inclusion of enrollment and payment data for forty-four (44) subscribers with coverage that was not effectuated in the issuer's systems;
3. Inclusion of full month enrollment and payment data for fifty-nine (59) duplicate subscribers in the Payment Desk Audit File.
4. Inclusion of incorrectly prorated enrollment and payment data for three thousand, two hundred and ninety-nine (3,299) duplicate subscribers in the Payment Desk Audit File;
5. Inclusion of premium amounts that were less than the APTC amounts for two thousand, eight hundred and twenty-four (2,824) subscribers in the Payment Desk Audit File;
6. Inclusion of enrollment and payment data for one (1) subscriber with a coverage period of five (5) days or fewer that was not effectuated in the Payment Desk Audit File;
7. Inclusion of incorrectly prorated premium and APTC amounts for five thousand, nine hundred and sixty-nine (5,969) subscribers in the Payment Desk Audit File;
8. Inclusion of incorrect premium and APTC amounts for three (3) subscribers in the Payment Desk Audit File and
9. Inclusion of incorrect premium amount for one (1) of the fifteen (15) selected subscribers in the Payment Desk Audit File.

Please refer to section IV for details on the findings listed above, including the condition, cause, effect, corrective actions, and the issuer's responses.

II. BACKGROUND, OBJECTIVES, SCOPE, AND METHODOLOGY

A. Background

Sections 1401 and 1412 of the PPACA established the APTC program to support the provision of affordable health care coverage to individuals. Additionally, section 1311 of the PPACA allows the FFEs to charge participating issuers user fees to support FFE operations.

CMS has the responsibility to confirm successful implementation of, and adherence to, the PPACA provisions and implementing regulations governing the APTC and FFE user fee programs. As such, CMS established this audit program.

Interim Payment Process

Since automated payment systems were not yet developed during the first years of FFE implementation, CMS implemented an interim payment process to calculate and make monthly payments of APTC and advance Cost-sharing Reduction (CSR) amounts, and to collect FFE user fees. The interim payment process required issuers to self-report enrollment and payment data on a monthly basis, including any adjustments to previous months' requests, via manual submission of an EPDW, and to attest to the accuracy of the data.

For the 2015 benefit year, CMS used this interim payment process to calculate and make monthly payments based on QHP data submitted in the EPDW. While using this interim process, CMS designed and implemented a robust set of internal controls within a larger program integrity framework to ensure payment accuracy. CMS required submitters to send the following QHP plan information at the variant level via the password-protected template:

1. State
2. Tax Identification Number (TIN)
3. Health Insurance Oversight System (HIOS) ID
4. QHP ID
5. Total premium amount for all enrollments
6. Total APTC amount
7. Total advance CSR amount
8. Total FFE User Fee amount
9. Total effectuated enrollment groups
10. Total effectuated enrollment groups with APTC
11. Total effectuated enrollment groups with advance CSR
12. Total effectuated members
13. Total effectuated members with APTC
14. Total effectuated members with advance CSR

FFE issuers were required to calculate the QHP enrollment and payment amounts and submit that information on the EPDW template using their internal source data.

B. Regulations Governing APTC and FFE User Fee Programs

CMS established an audit protocol to assess health insurance issuers' compliance with the following regulations governing APTC and FFE user fee programs:

- 45 CFR § [156.50](#): Financial Support;
- 45 CFR § [156.460](#): Reduction of enrollee's share of premium to account for advance payments of the premium tax credit;
- 45 CFR § [156.480](#): Oversight of the administration of the cost-sharing reductions and advance payments of the premium tax credit programs;
- 45 CFR § [156.705](#): Maintenance of records for Federally-facilitated Exchanges.

Please refer to Appendix 2 for the specific requirements established under the authorities listed above.

C. Objectives

The objectives of this audit are to:

- (1) Evaluate the accuracy and integrity of issuer-generated EPDW data reported for the APTC and FFE user fee programs;
- (2) Identify potential CMS APTC payment and FFE user fee collection errors resulting from issuer data reporting errors; and
- (3) Test accuracy and integrity of issuer processes for reducing an enrollee's share of premium to account for APTCs.

D. Scope and Methodology

CMS selected Humana for an audit on issuer compliance with the 45 CFR §§ 156.50, 156.460, 156.480 and 156.705. CMS evaluated Humana's activities related to the 2015 benefit year (January 1, 2015 through December 31, 2015) individual market data reported on the final EPDW submitted in October 2017 by the issuer to CMS to support APTC and FFE user fee collections.

CMS sent Humana an electronic letter on May 11, 2018 to notify them of the scope of this audit. CMS's audit contractor sent a follow-up letter to Humana on May 15, 2018 that identified data requirements required to conduct the audit. CMS's audit contractor reviewed the audit data file submitted by Humana and used CMS's audit procedures to assess compliance with APTC and FFE user fee program rules and regulations.

CMS's audit contractor applied CMS's audit protocol to identify the findings and observations listed in sections IV and V of this report. CMS's audit contractor performed the following procedures:

- Validations of the Payment Desk Audit File² data submitted to CMS:
 - EPDW Validations: Review and comparison of the issuer's final submitted 2015 EPDW to the Payment Desk Audit File from the issuer's systems.
 - Unreconciled Subscribers Review: Review and comparison of the subscribers reported on the Payment Desk Audit File to the subscribers included in CMS's systems to determine if the subscribers existed and their coverage was effectuated in the issuer's system (i.e., the amount the subscriber is responsible to pay toward the first month's total premium amount has been paid in full by the subscriber).
 - Duplicate Exchange-assigned Subscriber IDs Check: Review of the Payment Desk Audit File containing subscriber level data from the issuer's systems to verify that duplicate Exchange-assigned subscriber IDs (i.e., Exchange-assigned subscriber IDs that were reported on the file twice in the same month with full month or incorrectly prorated payment data) were not reported on the file.
 - Premium Less than APTC Validation: Review of the Payment Desk Audit File to verify that the subscribers' premium amounts reported on the file were not less than the APTC amounts reported on the file.
 - Coverage Days Validation: Review of the Payment Desk Audit File to verify that enrollments of five (5) days or fewer reported on the file were effectuated and had active coverage in the issuer's systems.
- Validations on samples of issuer's systems data:
 - Forty-five (45) Subscribers Sample Review: Review and comparison of the coverage periods, premium and APTC amounts from the issuer's systems to the corresponding data included in CMS's systems for a selected sample of forty-five (45) subscribers.
 - Fifteen (15) Subscribers Sample Review: Analysis and review of data and documentation from the issuer's systems to verify effectuation and the appropriate application of premium and APTC amounts to policies for a selected sample of fifteen (15) subscribers.
- Policy and Procedure Review: Review of issuer APTC policies and procedures for completeness and clarity.

² The Payment Desk Audit File is CMS's standard document for issuers to provide information in support of this audit.

III. RESULTS OF REVIEW

CMS assessed issuer compliance with regulations using the following procedures: EPDW Validations, Unreconciled Subscribers Review, Duplicate Exchange-assigned Subscriber IDs Check, Premium Less than APTC Validation, Coverage Days Validation, Forty-five (45) Subscribers Sample Review, Fifteen (15) Subscribers Sample Review, and Policy and Procedure Review. Below are the results of this review.

EPDW Validations

One (1) finding and no observations resulted from the comparison of the final 2015 EPDW to Humana's Payment Desk Audit File. Please refer to Finding No. 1 included in section IV for details on the finding.

Unreconciled Subscribers Review

One (1) finding and no observations resulted from the review of Humana's Payment Desk Audit File to determine if the subscribers reported on the file existed and their coverage was effectuated in the issuer's systems. Please refer to Finding No. 2 included in section IV for details on the finding.

Duplicate Exchange-assigned Subscriber IDs Check

Two (2) findings and no observations resulted from the review of Humana's Payment Desk Audit File to verify that duplicate Exchange-assigned subscriber IDs were not reported on the file. Please refer to Findings No. 3 and No. 4 included in section IV for details on the findings.

Premium Less than APTC Validation

One (1) finding and no observations resulted from the review of Humana's Payment Desk Audit File to verify that subscribers were not reported on the file with premium amounts that were less than the APTC amounts. Please refer to Finding No. 5 included in section IV for details on the finding.

Coverage Days Validation

One (1) finding and no observations resulted from the review of Humana's Payment Desk Audit File to verify that enrollments of five (5) days or fewer reported on the file were effectuated and had active coverage in the issuer's systems. Please refer to Finding No. 6 included in section IV for details on the finding.

Forty-five (45) Subscribers Sample Review

Two (2) findings and no observations resulted from the review and comparison of the data from Humana's systems to the corresponding data included in CMS's systems to determine accuracy of the reported enrollment months and the application of premium and APTC for a selected sample of forty-five (45) subscribers. Please refer to Finding No. 7 and No. 8 included in section IV for details on the finding.

Fifteen (15) Subscribers Sample Review

One (1) finding and no observations resulted from the review of the data and documentation

from Humana's systems to verify effectuation and the appropriate application of premium and APTC amounts to policies for a selected sample of fifteen (15) subscribers. Please refer to Finding No. 9 included in section IV for details on the finding.

Policy and Procedure Review

No findings or observations resulted from the review of Humana's APTC policies and procedures.

IV. FINDINGS

A finding is an identification of an instance of issuer non-compliance with APTC and FFE user fee program requirements that requires correction to payment. CMS's audit procedures identified nine (9) findings that resulted in a change to Humana's reported EPDW for individual market plans for the 2015 benefit year. In light of the nine (9) findings, the adjusted 2015 benefit year EPDW APTC and FFE user fee amounts for individual market plans are shown in the following table.

Recalculated EPDW for the 2015 Benefit Year

	FFE User Fees	APTC
EPDW as Filed in July 2016	\$(9,603,269.67)	\$183,862,147.70
Finding No. 1 – EPDW Validations Adjustment	\$113,627.50	\$(37,800.68)
Finding No. 2 – Unreconciled Subscribers Review Adjustment	\$2,188.11	\$(47,680.35)
Finding No. 3 – Duplicate Exchange Assigned Subscriber IDs Check (Full Month Payment Data) Adjustment	\$(2,378.50)	\$24,796.60
Findings No. 4 – Duplicate Exchange-assigned Subscriber IDs Check (Incorrectly Prorated Payment Data) Adjustment	\$58,930.81	\$(1,040,360.01)
Finding No. 5 – Premium Less than APTC Validation Adjustment	\$(10,159.76)	\$(180,538.92)

	FFE User Fees	APTC
Finding No. 6 – Coverage Days Validation Adjustment	\$6.84	\$0.00
Finding No. 7 – Forty-five (45) Subscribers Sample Review (Incorrectly Prorated Payment Data) Adjustment	\$42,186.99	\$(222,887.03)
Finding No. 8 – Forty-five (45) Subscribers Sample Review (Incorrect Amounts) Adjustment	\$(21.97)	\$57.24
Finding No. 9 – Fifteen (15) Subscribers Sample Review Adjustment	\$11.41	\$0.00
EPDW As Recalculated	\$(9,398,878.24)	\$182,357,734.55
Total Financial Impact	\$204,391.43	\$(1,504,413.15)

Note: Positive values indicate funds owed to the issuer.

The net financial impact of the nine (9) findings is a payment due to CMS of \$1,300,021.72 consisting of \$204,391.43 in FFE user fees to be returned to Humana and \$1,504,413.15 in APTC to be returned to CMS.

For the nine (9) findings, CMS documented the criteria, cause, effect, corrective actions, and Humana's responses as seen in the charts below.

Finding No. 1 – EPDW Validations	Condition:	Premium and FFE User Fee Differences – For one (1) or more months of 2015 benefit year enrollment in eighty-three (83) QHPs, the net “Total Premium Amount by QHP ID for effectuated enrollments” included in Humana’s EPDW was greater than the total premium amount included in Humana’s Payment Desk Audit File, resulting in an overstatement of \$3,246,500.05 in premiums and therefore an overpayment of \$113,627.50 in FFE user fees. For the one (1) or more months of 2015
---	-------------------	--

		<p>benefit year enrollment in eighty-three (83) QHPs, the total net enrollment in the EPDW was overstated by eight hundred and fifty-six (856) enrollment groups and understated by four thousand, one hundred and twenty-seven (4,127) members.</p> <p>APTC Differences – For one (1) or more months of 2015 benefit year enrollment in eighty (80) QHPs, the net “Total APTC Amount by QHP ID for effectuated enrollments” included in Humana’s EPDW was greater than the total APTC amount included in Humana’s Payment Desk Audit File, resulting in an overstatement of \$37,800.68 in APTC. For the one (1) or more months of 2015 benefit year enrollment in eighty (80) QHPs, the total net enrollment in the EPDW was understated by three thousand, eight hundred and sixty-five (3,865) APTC enrollment groups and nine thousand, six hundred and seventeen (9,617) APTC members.</p>
	Criteria:	<p>Pursuant to CMS guidance and EPDW submission requirements:</p> <p>The “Total premium amount by QHP ID for effectuated enrollments” submitted on the EPDW is the “total premium amount for the health coverage for all effectuated enrollments within that plan” and the Total User Fee Amount by QHP ID is “the total FFE user fee amount the issuer can expect to incur for participation in the Federally-facilitated Exchange.”</p> <p>The “Total APTC amount by QHP ID for effectuated enrollments” submitted on the EPDW is the “total APTC toward the total premium amount for effectuated enrollments within a 16-digit QHP ID.”</p> <p>Additionally, the premium and APTC amounts reported in the EPDW and in the enrollment group enrollment records of the Payment Desk Audit File must be prorated using the proration formulas set forth in the 2015 payment notice and outlined in 45 CFR § 155.240.</p>

	Cause:	The issuer indicated that “the Payment Desk Audit File is a current snapshot of Humana's enrollment and billing system for the subscriber's information. Additional changes could have been made after the final restated 2015 benefit year EPDW was submitted.”
	Effect:	The premium/FFE user fee and APTC differences resulted in a change to Humana’s final, restated 2015 benefit year EPDW data.
	Corrective Action Required:	The net financial impact of this finding is a payment due to Humana of \$75,826.82 consisting of \$113,627.50 in FFE user fees to be returned to Humana and \$37,800.68 in APTC to be returned to CMS. Humana should confirm the financial impact by filling out Appendix 1.
	Management Response:	The Company agrees.

Finding No. 2 – Unreconciled Subscribers Review	Condition:	Humana overstated the 2015 benefit year premium amounts for forty-four (44) subscribers, and overstated the 2015 benefit year APTC amounts for forty (40) of those subscribers, in the Payment Desk Audit File by reporting enrollment and payment data for subscribers with coverage that was not effectuated.
	Criteria:	Pursuant to CMS guidance and EPDW submission requirements, the EPDW should include data for effectuated enrollments where an effectuated enrollment is defined as “any enrollment in which the amount the enrollment group is responsible to pay toward the total premium amount has been paid in full by the enrollment group.”
	Cause:	<p>The issuer indicated one (1) of the following explanations for the forty-four (44) subscribers:</p> <ul style="list-style-type: none"> • “Subscriber did not submit payment to become effectuated.” (Thirty-nine (39) subscribers)

		<ul style="list-style-type: none"> No payment was received from the subscriber (Five (5) subscribers)
	Effect:	The inclusion of the forty-four (44) non-effectuated enrollments resulted in a change to Humana's final, restated 2015 benefit year EPDW data.
	Corrective Action Required:	The net financial impact of this finding is a payment due to CMS of \$45,492.24, consisting of \$2,188.11 in FFE user fees to be returned to Humana and \$47,680.35 in APTC to be returned to CMS. Humana should confirm the financial impact by filling out Appendix 1.
	Management Response:	The Company agrees.

Finding No. 3 – Duplicate Exchange-assigned Subscriber IDs Check (Full Month Payment Data)	Condition:	<p>Humana overstated the 2015 benefit year premium amounts for twenty-seven (27) subscribers and understated the 2015 benefit year premium amounts for thirty-one (31) subscribers in the Payment Desk Audit File by reporting enrollment and full month payment data for the subscribers more than once in the same month.</p> <p>Humana overstated the 2015 benefit year APTC amounts for twenty-seven (27) of those subscribers and understated the 2015 benefit year APTC amounts for twenty-eight (28) of those subscribers, in the Payment Desk Audit File by reporting enrollment and full month payment data for the subscribers more than once in the same month.</p>
	Criteria:	Issuers cannot request full month payment from CMS for the same subscriber twice within a month.
	Cause:	The issuer indicated that the record was a duplicate line of coverage for each of the fifty-nine (59) subscribers. The issuer further indicated which of the two (2) duplicate records was to be considered the true enrollment record.

	Effect:	The inclusion of the fifty-nine (59) duplicate subscribers resulted in a change to Humana's final, restated 2015 benefit year EPDW data.
	Corrective Action Required:	The net financial impact of this finding is a payment due to Humana of \$22,418.09, consisting of \$2,378.50 in FFE user fees to be paid to CMS and \$24,796.60 in APTC to be paid to Humana. Humana should confirm the financial impact by filling out Appendix 1.
	Management Response:	The Company agrees.

Finding No. 4 – Duplicate Exchange-assigned Subscriber IDs Check (Incorrectly Prorated Payment Data)	Condition:	Humana reported the incorrect 2015 benefit year premium amounts for three thousand, two hundred and ninety-nine (3,299) subscribers, and reported the incorrect 2015 benefit year APTC amounts for two thousand, eight hundred and sixty-three (2,863) of those subscribers, in the Payment Desk Audit File by reporting enrollment and incorrectly prorated payment data for mid-month enrollments or terminations.
	Criteria:	Pursuant to the HHS Notice of Benefit and Payment Parameters for 2015 and 45 CFR § 155.240, in a Federally-facilitated Exchange, the premium for coverage lasting less than one month must equal the product of (i) The premium for one month of coverage divided by the number of days in the month; and (ii) The number of days for which coverage is being provided in the month.
	Cause:	The issuer indicated that the enrollment should not be considered a duplicate as it is an indication of a re-enrollment that occurred mid-month. Additionally, the issuer indicated: "Majority of the Subscribers on this tab do not have duplicate coverage. When an enrollment was received on the FFM file, the enrollment was keyed based on what was received on the file, even if there was no change to the Subscriber's Premium and/or APTC or caused the Subscriber to have a gap in coverage."

		The issuer provided an update to prorate “..the premium and APTC to reflect what it would have been for that time period during the month that the enrollment was rekeyed.” The issuer “...also found that there were some of the Premium and APTC amounts that was reported on the desk audit file is the Subscriber's information for 2014 and not 2015 as it should have been.”
	Effect:	The inclusion of the incorrect premium and/or APTC amounts for the three thousand, two hundred and ninety-nine (3,299) duplicate subscribers resulted in a change to Humana’s final, restated 2015 benefit year EPDW data.
	Corrective Action Required:	The net financial impact of this finding is a payment due to CMS of \$981,429.20, consisting of \$58,930.81 in FFE user fees to be returned to Humana and \$1,040,360.01 in APTC to be returned to CMS. Humana should confirm the financial impact by filling out Appendix 1.
	Management Response:	The Company agrees.

Finding No. 5 – Premium Less than APTC Validation	Condition:	Humana reported 2015 benefit year premium amounts that were less than the APTC amounts for two thousand, eight hundred and twenty-four (2,824) subscribers in the Payment Desk Audit File, resulting from Humana understating the 2015 benefit year premium amounts for two thousand, four hundred and thirty-six (2,436) subscribers and understating the 2015 benefit year APTC amounts for fifteen (15) of those subscribers in the Payment Desk Audit File. Additionally, Humana overstated the 2015 benefit year premium amounts for eighteen (18) subscribers and overstated the 2015 benefit year APTC amounts for the same subscribers and three hundred and eighty (380) other subscribers in the Payment Desk Audit File.
	Criteria:	Issuers cannot report an APTC amount that exceeds the premium amount for a policy.

	Cause:	The issuer indicated the premium and APTC amounts were pulled incorrectly from the subscriber's 2014 coverage. Additionally, the issuer indicated that the premium and/or APTC amounts were prorated incorrectly for the subscribers with mid-month terminations.
	Effect:	The inclusion of the incorrect premium and/or APTC amounts for the two thousand, eight hundred and twenty-four (2,824) subscribers resulted in a change to Humana's final, restated 2015 benefit year EPDW data.
	Corrective Action Required:	The net financial impact of this finding is a payment due to CMS of \$190,698.68, consisting of \$10,159.76, in FFE user fees to be paid to CMS and \$180,538.92 in APTC to be returned to CMS. Humana should confirm the financial impact by filling out Appendix 1.
	Management Response:	The Company agrees.

Finding No. 6 – Coverage Days Validation Adjustment	Condition:	Humana overstated the 2015 benefit year premium amount for one (1) subscriber in the Payment Desk Audit File by incorrectly reporting an enrollment that was not effectuated.
	Criteria:	Pursuant to CMS guidance, the issuer must create a single Inbound Payment Desk Audit File consisting of detailed enrollment group effectuated enrollment records (one per enrollment group, per month) with the corresponding payment data.
	Cause:	The issuer indicated that the enrollment was not effectuated.
	Effect:	The inclusion of the enrollment and payment data for the one (1) subscriber resulted in a change to Humana's final, restated 2015 benefit year EPDW data.

	Corrective Action Required:	The net financial impact of this finding is payment due to Humana of \$6.84, consisting of \$6.84 in FFE user fees to be returned to Humana. Humana should confirm the financial impact by filling out Appendix 1.
	Management Response:	The Company agrees.

Finding No. 7 – Forty-five (45) Subscribers Sample Review (Incorrectly Prorated Payment Data)	Condition:	Humana overstated the 2015 benefit year premium amounts for five (5) of the forty-five (45) selected subscribers, and additional five thousand, nine hundred and sixty-four (5,964) subscribers, and overstated the 2015 benefit year APTC amounts for one (1) of the forty-five (45) selected subscribers, and additional one thousand, one hundred and forty-eight (1,148) subscribers in the Payment Desk Audit File by reporting incorrect prorated amounts for a partial month of enrollment.
	Criteria:	The premium and APTC amounts reported in the enrollment group enrollment records of the Payment Desk Audit File must be prorated using the proration formulas set forth in the 2015 payment notice and outlined in 45 CFR 155.240.
	Cause:	<p>For each of the five thousand, nine hundred and sixty-nine (5,969) subscribers, the issuer confirmed that the subscribers were incorrectly prorated and indicated “the prorations are due to receiving term files from CMS to term coverage or when a change file is received from CMS causing plan to term or have a change before the end of the month. The issuer confirmed the subscriber’s mid-month termination date in the Payment Desk Audit File and provided the correct prorated amounts for these partial months of enrollment.”</p> <p>The issuer further indicated that “the absence of proration is not a systematic or claim processing issue; it’s a reporting issue. Humana's enrollment system (CI) does not report prorated Premium and APTC amounts; they are accounted for within the</p>

		Premium Billing System (PBS) and adjustments are made to the subscribers account anytime there is a change in begin and end date of the subscribers' enrollment. The data team produced the Payment Desk Audit file from the enrollment system (CI) which is why proration was not reported."
	Effect:	The inclusion of the incorrectly prorated premium and/or APTC amounts for the five thousand, nine hundred and sixty-nine (5,969) subscribers resulted in a change to Humana's final, restated 2015 benefit year EPDW data.
	Corrective Action Required:	The net financial impact of this finding is a payment due to CMS of \$180,700.04, consisting of \$42,186.99 in FFE user fees to be returned to Humana and \$222,887.03 in APTC to be returned to CMS. Humana should confirm the financial impact by filling out Appendix 1.
	Management Response:	The Company agrees.

Finding No. 8 – Forty-five (45) Subscribers Sample Review (Incorrect Amounts)	Condition:	Humana understated the 2015 benefit year premium amounts for three (3) of the forty-five (45) selected subscribers, and understated the 2015 benefit year APTC amounts for one (1) of those subscribers, in the Payment Desk Audit File.
	Criteria:	<p>Pursuant to 45 CFR § 156.460, a QHP issuer that receives notice from the Exchange that an individual enrolled in the issuer's QHP is eligible for an advance payment of the premium tax credit must reduce the portion of the premium charged to or for the individual for the applicable months by the amount of the advance payment of the premium tax credit and notify the Exchange of the reduction in the portion of the premium charged to the individual.</p> <p>Pursuant to CMS guidance, the premium amount reported on the EPDW and the Payment Desk Audit File is the premium amount by 16 digit QHP ID for</p>

		the effectuated enrollment within a qualified health plan
	Cause:	<p>The issuer indicated the following responses:</p> <ul style="list-style-type: none"> • For the subscriber with a premium amount of \$389.69 and APTC amount of \$389.69 in the Payment Desk Audit File for August through November, and a premium amount of \$407.69 and APTC amount of \$404.00 in the CMS data, the issuer indicated “The difference in premium and APTC amounts is due to associate keying error.” • For the subscriber with a premium amount of \$613.53 and \$599.54 for January and February, and a premium amount of \$682.22 and \$697.60 in the CMS data, the issuer indicated “The correct premium amount for the Subscriber's plan for months 1 and 2 was \$697.60. CMS quoted the incorrect premium amount of \$682.22. • For the subscriber with a premium amount of \$403.12 in the Payment Desk Audit File for September, and a premium amount of \$776.77 in the CMS data, the issuer indicated “Subscriber's premium amount for month 9 was \$776.77 and APTC amount was \$658.78.”
	Effect:	The inclusion of the incorrect premium and/or APTC amounts for the three (3) subscribers resulted in a change to Humana’s final, restated 2015 benefit year EPDW data.
	Corrective Action Required:	The net financial impact of this finding is a payment due to Humana of \$35.27, consisting of \$21.97 in FFE user fees to be paid to CMS and \$57.24 in APTC to be paid to Humana. Humana should confirm the financial impact by filling out Appendix 1.
	Management Response:	The Company agrees.

Finding No. 9 – Fifteen (15) Subscribers Sample Review	Condition:	Humana overstated the 2015 benefit year premium amount for one (1) of the fifteen (15) selected subscribers in the Payment Desk Audit File by reporting full month data for a partial month of enrollment.
	Criteria:	The premium and APTC amounts reported in the enrollment group enrollment records of the Payment Desk Audit File must be prorated using the proration formulas set forth in the 2015 payment notice and outlined in 45 CFR 155.240.
	Cause:	For the subscriber included in the Payment Desk Audit File with a premium amount of \$425.28 and an APTC amount of \$84.90, the issuer indicated that “Month 07 Premium was prorated to \$99.23 & APTC \$84.90.”
	Effect:	The inclusion of the incorrect premium amount for the one subscriber resulted in a change to Humana’s final, restated 2015 benefit year EPDW data.
	Corrective Action Required:	The net financial impact of this finding is a payment due to Humana of \$11.41, consisting of \$11.41 in FFE user fees to be returned to Humana. Humana should confirm the financial impact by filling out Appendix 1.
	Management Response:	The Company agrees.

V. OBSERVATIONS

An observation is a deviation from APTC and FFE user fee program requirements that we are calling to the attention of management for purposes of improving compliance in future program years but that does not require correction to payment. CMS's audit procedures identified no observations.

VI. MANAGEMENT RESPONSES

Please provide management's response to the nine (9) findings identified in the draft audit report and complete the attached Appendix 1 - Issuer Management Response to Net Financial Adjustment (Appendix 1), within thirty (30) calendar days from the draft audit report date. Management's response should indicate agreement or disagreement.

Agreement

If management agrees with the nine (9) findings, complete the "Management Response" field of the findings in the draft audit report, and initial "Agree" and sign the attached Appendix 1. Return the draft audit report including Appendix 1 within thirty (30) calendar days from the draft audit report date. Upon receipt of the signed Appendix 1, CMS will finalize and publish the report. CMS will process the final adjustment amount in the next available monthly payment cycle.

Disagreement

If management disagrees with any of the nine (9) findings and corrective actions, complete the "Management Response" field of the findings in the draft audit report, and initial "Disagree" and sign the attached Appendix 1. Return the draft audit report including Appendix 1 and any supporting documentation that substantiates management's response within thirty (30) calendar days from the draft audit report date. This will be the final opportunity to provide information or supporting documentation to correct any inaccuracies in the report before it is finalized.

CMS will review the written explanations in the "Management Response" field of the findings and any supporting documentation to determine if the report can be amended in a mutually acceptable manner. If you and CMS are unable to come to a mutually acceptable result, your response to this report will be included in the final published audit report.

CMS will provide an updated audit report, including the stated final adjustment amount along with an updated Appendix 1, following receipt and review of management's response. Please return the updated audit report with management responses and signed Appendix 1 within fifteen (15) calendar days. Upon receipt of the signed Appendix 1, CMS will finalize and publish the report and process the final adjustment amount in the next available monthly payment cycle.

Appendix 1 – Issuer Management Response to Net Financial Adjustment

Issuer HIOS ID: 32673

Issuer Name: Humana Health Plan (Humana)

The undersigned Chief Executive Officer (CEO), Chief Financial Officer (CFO) or other individual who can legally and financially bind this issuer has reviewed the information included in the audit report of the issuer's 2015 benefit year APTC and FFE UF program participation, resulting in a payment due to CMS of \$1,300,021.72 consisting of \$204,391.43 in FFE user fees to be returned to Humana and \$1,504,413.15 in APTC to be returned to CMS, and:

(INITIAL) SJO Agrees with the audit net adjustment amount above, confirming the audit finding(s) and observation(s), if applicable, and as such this report will be considered final and published.

Or

(INITIAL) _____ Disagrees and requests a review of additional information that may impact the audit net adjustment amount resulting from the 2015 benefit year audit. If review is requested, CMS will consider this draft only a preliminary audit report. If the review option is selected, you must provide a written explanation with any additional documentation when you return this response within thirty (30) calendar days of the date of this draft audit report. CMS will review the written explanation and any supporting documentation to determine if the report can be amended in a mutually acceptable manner. If you and CMS are unable to come to a mutually acceptable result, your response to this report will be included in the final published audit report.

Signed: _____
(Signature of authorized person acting on behalf of the issuer.)

Printed Name: Sean J. O'Reilly
(Print name of signature)

Title: Chief Compliance Officer
(Title of authorized person acting on behalf of the Issuer)

Telephone Number: 502-580-8791
(Direct Telephone Number)

Date: November 7, 2023 _____

Appendix 2 – Applicable Regulations

The following table identifies the specific regulatory requirements around which CMS has organized its audits.

Regulation	Rules
45 CFR § 156.50 – Financial Support	<p>(a) Definitions. The following definitions apply for the purposes of this section: Participating issuer means any issuer offering a plan that participates in the specific function that is funded by user fees. This term may include health insurance issuers, QHP issuers, issuers of multi-State plans (as defined in § 155.1000(a) of this subchapter), issuers of stand-alone dental plans (as described in § 155.1065 of this subtitle), or other issuers identified by an Exchange.</p> <p>(b) Requirement for State-based Exchange user fees. A participating issuer must remit user fee payments, or any other payments, charges, or fees, if assessed by a State-based Exchange under § 155.160 of this subchapter.</p> <p>(c) Requirement for Federally-facilitated Exchange user fee. To support the functions of Federally-facilitated Exchanges, a participating issuer offering a plan through a Federally-facilitated Exchange must remit a user fee to HHS each month, in the timeframe and manner established by HHS, equal to the product of the monthly user fee rate specified in the annual HHS notice of benefit and payment parameters for the applicable benefit year and the monthly premium charged by the issuer for each policy under the plan where enrollment is through a Federally-facilitated Exchange.</p>
45 CFR § 156.460 - Reduction of enrollee's share of premium to account for advance payments of the premium tax credit	<p>(a) Reduction of enrollee's share of premium to account for advance payments of the premium tax credit. A QHP issuer that receives notice from the Exchange that an individual enrolled in the issuer's QHP is eligible for an advance payment of the premium tax credit must—</p> <ol style="list-style-type: none"> (1) Reduce the portion of the premium charged to or for the individual for the applicable month(s) by the amount of the advance payment of the premium tax credit; (2) Notify the Exchange of the reduction in the portion of the premium charged to the individual in accordance with § 156.265(g); and (3) Include with each billing statement, as applicable, to or for the individual the amount of the advance payment of the premium tax credit for the applicable month(s), and the remaining premium owed.

Regulation	Rules
<p>45 CFR § 156.480 - Oversight of the administration of the cost-sharing reductions and advance payments of the premium tax credit programs.</p>	<p>(a) Maintenance of records. An issuer that offers a QHP in the individual market through a State Exchange must adhere to and ensure that any relevant delegated entities and downstream entities adhere to, the standards set forth in § 156.705 concerning maintenance of documents and records, whether paper, electronic, or in other media, by issuers offering QHPs in a Federally-facilitated Exchange, in connection with cost-sharing reductions and advance payments of the premium tax credit.</p> <p>(b) Annual reporting requirements. For each benefit year, an issuer that offers a QHP in the individual market through an Exchange must report to HHS, in the manner and timeframe required by HHS, summary statistics specified by HHS with respect to administration of cost-sharing reduction and advance payments of the premium tax credit programs, including any failure to adhere to the standards set forth under § 156.410(a) through (d), § 156.425(a) through (b), and § 156.460(a) through (c) of this Part.</p> <p>(c) Audits. HHS or its designee may audit an issuer that offers a QHP in the individual market through an Exchange to assess compliance with the requirements of this subpart.</p>
<p>45 CFR § 156.705 – Maintenance of records for Federally-facilitated Exchanges</p>	<p>(a) General standard. Issuers offering QHPs in a Federally-facilitated Exchange must maintain all documents and records (whether paper, electronic, or other media) and other evidence of accounting procedures and practices, necessary for HHS to do the following:</p> <p>(1) Periodically audit financial records related to QHP issuers' participation in a Federally-facilitated Exchange, and evaluate the ability of QHP issuers to bear the risk of potential financial losses; and</p> <p>(2) Conduct compliance reviews or otherwise monitor QHP issuers' compliance with all Exchange standards applicable to issuers offering QHPs in a Federally-facilitated Exchange as listed in this part.</p> <p>(b) Records. The records described in paragraph (a) of this section include the sources listed in § 155.1210(b)(2), (3), and (5) of this subchapter.</p> <p>(c) Record retention timeframe. Issuers offering QHPs in a Federally-facilitated Exchange must maintain all records referenced in paragraph (a) of this section for 10 years.</p> <p>(d) Record availability. Issuers offering QHPs in a Federally-facilitated Exchange must make all records in paragraph (a) of this section available to HHS, the OIG, the Comptroller General, or their designees, upon request.</p>

Appendix 3 – Glossary of Terms and Acronyms

Terms & Acronyms	Definition
APTC	Advance Payments of the Premium Tax Credit
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CFR	Code of Federal Regulations
CMS	Centers for Medicare & Medicaid Services
CSR	Cost-sharing Reduction
EPDW	Enrollment and Payment Data Workbook
FFE	Federally-facilitated Exchange
GAGAS	Generally Accepted Government Auditing Standards
HHS	Department of Health and Human Services
HIOS	Health Insurance Oversight System
PPACA	Patient Protection and Affordable Care Act
QHP	Qualified Health Plan
SBE	State-based Exchange
TIN	Tax Identification Number