



Board of Directors
Kentucky Health Benefit Exchange

We have audited the financial statements of Kentucky Health Benefit Exchange (the Exchange) as of and for the year ended June 30, 2022, and have issued our report thereon dated May 31, 2023. Professional standards require that we communicate to you the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 17, 2023, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles (U.S. GAAP). Our audit of the financial statements does not relieve you or management of your responsibilities.

U.S. GAAP provides for certain required supplemental information (RSI) to supplement the basic financial statements. Our responsibility with respect to management's discussion and analysis on pages 4 through 7 and the required supplemental information on pages 25 through 29, which supplement the basic financial statements, is to apply certain limited procedures in accordance with U.S. generally accepted auditing standards. However, the RSI was not audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we do not express an opinion or provide any assurance on the RSI.

Significant Risks

In our engagement letter, we identified the risks we expected would meet the definition of "significant risks" pursuant to U.S. generally accepted auditing standards, which are risks toward the upper end of the risk spectrum based on their likelihood and potential magnitude. Through conclusion of our audit of the financial statements, we have not identified any additional significant risks.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Exchange are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2022. We noted no transactions entered into by the Exchange during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosures relating to employee pension plan in Note 8 to the financial statements
- The disclosures relating to other post employment benefits (OPEB) in Note 9 to the financial statements

The financial statement disclosures are neutral, consistent, and clear.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- The estimated useful lives of capital assets used in the calculation of depreciation expense, which are based on the perceived life of the related capital assets.
- The estimates used in the calculation of the OPEB liability and related amounts, which is based on actuarially determined amounts and the Exchange's allocable portion of the OPEB plan's audited liability; and
- The estimates used in the calculation of the net pension liability and related amounts, which is based on actuarially determined amounts and the Exchange's allocable portion of the pension plan's audited liability.

We evaluated the key factors and assumptions used to develop the above estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such unrecorded misstatements are immaterial to the financial statements under audit. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated as of the date of this letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Exchange’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Exchange’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We sincerely appreciate the cooperation, courtesy, and working environment provided to our personnel by management and the employees of the Exchange during our engagement.

This communication is intended solely for the information and use of the Board of Directors and management and others within the Exchange and is not intended to be, and should not be, used by anyone other than these specified parties.

Berry Dunn McNeil & Parker, LLC

Manchester, New Hampshire
May 31, 2023

Kentucky Health Benefit Exchange

Year End: June 30, 2022

Passed Adjusting Journal Entries

Date: 7/1/2020 To 6/30/2022

Number	Date	Name	Account No	Reference	Debit	Credit	Proposed Net Income (Loss)	Proposed Amount Chg	Recurrence	Misstatement
Net Income (Loss)							(1,560,953.61)			
PAJE01	6/30/2022	Accounts Payable	2100	902		166,034.98				
PAJE01	6/30/2022	Personnel & Contracted Services	5010	902	166,034.98					
To increase the liability and expenses resulting from invoices identified in the search for unrecorded liabilities.					166,034.98	166,034.98	(1,726,988.59)	(166,034.98)		
PAJE02	6/30/2021	Fund Balance	3000	902	84,938.61					
PAJE02	6/30/2021	Personnel & Contracted Services	5010	902		84,938.61				
To decrease expenses and net assets due to additional unrecorded liabilities from the PY found in the search for unrecorded liabilities this year.					84,938.61	84,938.61	(1,642,049.98)	84,938.61		
					250,973.59	250,973.59	(1,642,049.98)	(81,096.37)		