



**HEALTH NET ACCESS, INC. d/b/a  
ARIZONA COMPLETE HEALTH – COMPLETE CARE PLAN**

Uniform Guidance Reports

Year Ended December 31, 2019

**HEALTH NET ACCESS, INC. d/b/a  
ARIZONA COMPLETE HEALTH – COMPLETE CARE PLAN**

Uniform Guidance Reports  
Year ended December 31, 2019

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**HEALTH NET ACCESS, INC. d/b/a  
ARIZONA COMPLETE HEALTH – COMPLETE CARE PLAN**

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2019

Federal Grantor / Pass-Through Grantor / Program Cluster or Title	Federal CFDA Number	Contract #	Number	Passed Through To Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services:					
Passed through Arizona Health Care Cost Containment System:					
Substance Abuse and Mental Health Services – Projects of Regional and National Significance (93.243):					
Medication Assisted Treatment – Prescription Drug and Opioid Addiction (MAT-PDOA)	93.243	YH17-0003	11356415170214	\$ 289,898	310,673
Strategic Prevention Framework, Partnerships for Success Project (SPF-PFS)	93.243	YH17-0003	11356415170214	69,073	75,079
Total Substance Abuse and Mental Health Services (93.243)				<u>358,971</u>	<u>385,752</u>
State Opioid Response Grants (93.788) :					
State Opioid Targeted Response Grant (STR)	93.788	YH17-0003	11356415170214	1,693,383	1,986,813
State Opioid Response Grants (SOR)	93.788	YH17-0003	11356415170214	1,819,553	2,244,852
Total State Opioid Response Grants (93.788)				<u>3,512,936</u>	<u>4,231,665</u>
Block Grants for Community Mental Health Services (93.958):					
SMI – Non Title XIX (MHBG SMI)	93.958	YH17-0003	11356415170214	1,081,864	1,397,336
Children – Non Title XIX (MHBG SED)	93.958	YH17-0003	11356415170214	1,572,162	1,814,655
SMI FEP – Non Title XIX (MHBG SMI)	93.958	YH17-0003	11356415170214	510,898	539,197
Total Block Grants for Community Health Services (93.958)				<u>3,164,924</u>	<u>3,751,188</u>
Block Grants for Prevention and Treatment of Substance Abuse (93.959):					
Substance Abuse/General Mental Health (SABG)	93.959	YH17-0003	11356415170214	7,299,854	9,045,384
Prevention and HIV	93.959	YH17-0003	11356415170214	1,488,704	1,499,024
Total Block Grants for Prevention and Treatment of Substance Abuse (93.959)				<u>8,788,558</u>	<u>10,544,408</u>
Total U.S. Department of Health and Human Services				<u>15,825,389</u>	<u>18,913,013</u>
Total Expenditures of Federal Awards				<u>\$ 15,825,389</u>	<u>18,913,013</u>

See accompanying independent auditors' report and notes to schedule of expenditures of federal awards.

**HEALTH NET ACCESS, INC. d/b/a  
ARIZONA COMPLETE HEALTH – COMPLETE CARE PLAN**

Notes to Schedule of Expenditures of Federal Awards

Year ended December 31, 2019

**(1) Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of **Health Net Access, Inc. d/b/a Arizona Complete Health – Complete Care Plan (the Company)** under programs of the federal government for the year ended December 31, 2019. The Company is a for-profit company, however, due to requirements under contracts with the state of Arizona, is required to comply with the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the Company, it is not intended and does not present the financial position, changes in stockholder's equity or cash flows of the Company.

**(2) Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Company has not elected to use the ten percent de minimus indirect cost rate allowable under the Uniform Guidance.



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**Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards**

The Board of Directors and Stockholder  
Health Net Access, Inc. d/b/a Arizona Complete Health – Complete Care Plan:

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 Health Net Access, Inc. d/b/a Arizona Complete Health – Complete Care Plan (Health Net Access, Inc.), which comprise the balance sheet as of December 31, 2019, and the related statements of operations, comprehensive income (loss), stockholder's equity, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 21, 2020.

*Internal Control Over Financial Reporting*

In planning and performing our audit of the financial statements, we considered Health Net Access, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Health Net Access, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Health Net Access, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

*Compliance and Other Matters*

As part of obtaining reasonable assurance about whether Health Net Access, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



*Purpose of this Report*

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Health Net Access, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Health Net Access, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

St. Louis, Missouri  
August 21, 2020



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## **Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

The Board of Directors and Stockholder  
Health Net Access, Inc. d/b/a Arizona Complete Health – Complete Care Plan:

### *Report on Compliance for Each Major Federal Program*

We have audited Health Net Access, Inc. d/b/a Arizona Complete Health – Complete Care Plan's (Health Net Access, Inc.) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Health Net Access, Inc.'s major federal programs for the year ended December 31, 2019. Health Net Access, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### *Management's Responsibility*

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on compliance for each of Health Net Access, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 a major federal program occurred. An audit includes examining, on a test basis, evidence about Health Net Access, Inc.'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 for each major federal program. However, our audit does not provide a legal determination of Health Net Access, Inc.'s compliance.

### *Opinion on Each Major Federal Program*

In our opinion, Health Net Access, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

### *Report on Internal Control Over Compliance*

Management of Health Net Access, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Health Net Access, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of



internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Health Net Access, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

#### Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Health Net Access, Inc. as of and for the year ended December 31, 2019, and have issued our report thereon dated August 21, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*KPMG LLP*

St. Louis, Missouri  
August 21, 2020



**HEALTH NET ACCESS, INC. D/B/A  
ARIZONA COMPLETE HEALTH - COMPLETE CARE PLAN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2019**

**(1) Summary of Auditors' Results**

- a. Type of report issued on whether the financial statements were prepared in accordance with generally accepted accounting principles: **Unmodified**
- b. Internal control deficiencies over financial reporting disclosed by the audit of the financial statements:
  - Material weaknesses: **No**
  - Significant deficiencies: **None Reported**
- c. Noncompliance material to the financial statements: **No**
- d. Internal control deficiencies over major programs disclosed by the audit:
  - Material weaknesses: **No**
  - Significant deficiencies: **None reported**
- e. Type of report issued on compliance for major programs: **Unmodified**
- f. Audit findings that are required to be reported in accordance with 2 CFR 200.516(a): **No**
- g. Major programs:
  - Block Grants for Community Mental Health Services – CFDA 93.958
  - Block Grants for Prevention and Treatment of Substance Abuse – CFDA 93.959
- h. Dollar threshold used to distinguish between Type A and Type B programs: **\$750,000**
- i. Auditee qualified as a low-risk auditee: **Yes**

**(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards***

None

**(3) Findings and Questioned Costs Relating to Federal Awards**

None