

Finance & Operations Committee Meeting Minutes

Connect for Health Colorado; East Tower, Suite 1025

3773 Cherry Creek N Dr.

Denver, CO209

March 28, 2016

9:30 AM – 11:30 AM

Summary of Action Items

Action	Who By	Due
Create a monthly cash flow statement by scenario to determine impact on cash flow, when triggers will occur and what can be done.	Finance Department	Ongoing
Provide enrollment based cost metrics.	Finance Department	Ongoing
Provide metrics on the use of technology & the customer service center.	Finance Department	Ongoing
Summary of audit findings and what is being done to address the findings.	Finance Department	Finance & Operations Committee Meeting, April 25, 2016
Present audit report at May Board meeting	Finance Department	Board Meeting, May 9, 2016
Quarter end financial report for March	Finance Department	Board Meeting. May 9, 2016
Heat Map Comparing Enrollment Density in Counties Last Year to This Year	IT Department	Ongoing

Board Members Joining via Phone: Eric Grossman, Marc Reece and Nathan Wilkes

Board Members Present: Denise O’Leary

Staff Present: Abe Barela, Brian Braun, Christine Gavin, Kevin Patterson, Alan Schmitz, Lisa Sevier and Adele Work

I. Welcome & Introductions

Kevin Patterson, Chief Executive Officer, chaired the Joint Committee meeting and called the meeting to order at 9:30 am welcoming those in attendance, both in-person and on the phone. The February Finance and Operations Committee minutes were voted on and approved.

II. FY 2015 Annual Audit Review

Steve Corder & Tiffany Knight from Kunding, Corder & Engle provided a report on Connect for Health Colorado's 2015 annual audit. Noting that there was a prior period adjustment of \$2.3 million dollars that was made to reclassify 2014 expenses to capital assets, based on information that came available and supporting the determination that these expenses met the criteria to be capitalized. This adjustment increased beginning net assets and capital assets.

Ms. Knight reviewed the audit findings:

- Audit adjustments -
 - Prior period adjustment of \$2.2 million dollars to reclassify 2014 expenses to capital assets.
 - An adjustment of \$2.7 million dollars was made to remove costs from the current year activity for work that was scheduled to be completed in FY 2016.
 - An adjustment of \$610,200 was made to properly expense technology support costs which had been capitalized. Additionally \$114,413 in recognized depreciation on the costs was reversed.
 - An adjustment of \$651,254.00 was made to reduce the carrier fees receivable and the premiums payable to carriers. The adjustment had no effect on net income.
- Allowable costs, cash management and reporting - The auditors concluded controls were not in place to identify unallowable costs in a timely manner.
- Sub recipient monitoring - controls have improved in this area since FY 2014. However, there were two areas that needed improvement. The recommendation is that the Marketplace should establish internal control procedures that ensure sub recipient audits are properly reviewed to ensure compliance with OMB Circular A-133.
- Under the Federal Funding Accountability and Transparency Act (FFATA) you are required to file a FFATA sub-award report by the end of the month following the month in which the direct recipient awards and sub-grant are greater than or equal to \$25,000.
- Procurement, suspension and debarment - Recommendation is that the Marketplace should implement proper procedures that allow for thorough documentation of the procurement process, in accordance with OMB Circular A-110.

It was recognized that current leadership was not in place during FY 2015 and it is known that leadership has taken measures to alleviate many of the issues. Brian Braun, Chief Financial Officer, expressed confidence that most of the findings will be addressed and cleaned up by the next audit. He noted that the audit results are very late in the year and it is challenging to work on the improvements in a timely manner given that most of the next fiscal year is gone.

The audit is due to be submitted to the Federal Government no later than March 31, 2015. The Committee will recommend approval to the full board subsequently, and Mr. Corder and Ms. Knight will present the audit findings to the Board at the May 9, 2016 board meeting.

III. Financial Update

Mr. Braun reviewed the February financials for FY 2016:

- The Marketplace continues to be slightly ahead of budget on the bottom line with variances on the revenue side and positive variances on the expenditures side, equaling them out to be on target.
- Revenue continues to run below expectations due to special fee assessments. The carrier fee and administration fee assessment is also running below budget.
- Positives for expenditures are that the Customer Service Center continues to run ahead of budget.
- General and administrative continues to be positive primarily related to staffing.
- Connect for Health Colorado has a positive working capital, short term liabilities & receivables.

The finance department is currently looking into ways to expedite receivables from carriers for fees that they are billed on.

IV. Budget Planning

Mr. Braun gave an update on the current status of the FY 2017. The organization will be looking at ways to streamline expenditures so as to get to the profitability needed for sustainability. A full draft budget will be brought to the April Committee meeting. Once the Committee gives input on the draft budget in April, the finance department will make any refinements, and present the budget to the Board in May. Final draft of the budget will be completed by the end of May and given to the legislative oversight committee in June prior to Board approval.

V. Technology Update

Chief Information Officer, Adele Work updated the Committee on the open enrollment 4 planning and project list. Ms. Work indicated that there were over 200 ideas presented from stakeholder input, which has been narrowed down to approximately 30 projects that are being considered because they are compliance related or have the potential of having a large return on investment. The technology department expects to have business requirements related to these projects done by the next Finance and Operations Committee meeting. The goal is to stay under one million dollars for all projects.

VI. Heat Map Comparing Enrollment Density in Counties Last Year to This Year

Mr. Patterson stated that all necessary information is not available at the moment. The heat map will be brought to the committee as soon as the information has been compiled.

VII. Public Comment

There was no public comment.

Meeting adjourned at 10:24 a.m.

Respectfully submitted,

Eric Grossman
Committee Chair