

Finance & Operations Committee Meeting Minutes

Connect for Health Colorado Meeting Room

East Tower, Suite 1025

3773 Cherry Creek N Dr., Denver, CO 80209

April 25, 2016

9:30 AM – 11:30 PM

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
Provide a 2 nd scenario budget for new sources of revenue from strategic planning session.	Finance Department	Finance & Operations Meeting 5/23/16
Provide carrier fee revenue assumptions.	Finance Department	Finance & Operations Meeting 5/23/16
Provide monthly statement of cash flow.	Finance Department	Ongoing
Compare customer service center costs with industry benchmarks.	Finance Department & Customer Service Department	Finance & Operations Meeting 5/23/16
Document the increase in cash flow from revenue.	Finance Department	Finance & Operations Meeting 5/23/16
Provide metrics compared to other exchange.	Finance Department	Finance & Operations Meeting 5/23/16
Provide decision document structure for capital budget projects.	Finance Department	Finance & Operations Meeting 5/23/16
Provide estimated impact of capital budget projects for fiscal year 2017.	Finance Department	Finance & Operations Meeting 5/23/16
Provide a monthly high level status for current audit findings.	Finance Department	Ongoing

Market assessment fee variance. Be prepared for explanation.	Finance Department	Finance & Operations Meeting 5/23/16
Create a schedule of possible revenue opportunities.	Finance Department	After completion and approval of fiscal year 2017 budget

Board Members Joining via Phone: Sue Birch, Eric Grossman, Denise O’Leary and Nathan Wilkes

Staff Present: Gabriela Aguilar, Nyle Boyd, Brian Braun, Luke Clark, Christine Gavin, Kate Harris, Patti Meyer, Kevin Patterson, Alan Schmitz, Lisa Sevier, James Turner 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 March Finance and Operations Committee minutes were voted on and approved.

II. Initial FY 2017 Budget Review

Brian Braun, Chief Financial Officer, reported on the fiscal year (FY) 2017 budget which will be presented to the Board in June for final approval. The draft of the budget reflects streamlining operations and vendors for cost reductions, with major assumptions being:

- Carrier fee continues at 3.5%
- The special assessment fee will end December 31, 2016
- Enrollment for calendar year 2016 is estimated at 120,000 with an increase in 2017 to 135,000 covered lives
- Assisted Network grant funds expected to continue
- Modest growth in SHOP
- Not assuming any new revenue sources
- Not assuming Medicaid funds/cost allocation plan
- Capital expenditure reserve establishment

It was noted that Medicaid cost recovery was not included in the budget revenue assumptions due to the timing and variances that could occur, it was determined that it would be better for these funds to be included in the reserves.

The FY 2017 budget reflects a ten percent reduction, primarily in the technology, customer service center and general & administrative cost categories. Based on the assumptions, the FY 2017 draft budget puts the Marketplace in the position to go beyond breaking even. This is with cost savings and additional revenue sources.

III. Financial Results through March

Mr. Braun reported on the key metrics for the 3rd quarter Financials

- 179,000 covered lives
- Effectuated enrollments by channel:
 - Brokers, health coverage guides & customer service center are 48.5%
 - Self-service enrollments are 51%

- Percentage of calls answered in 300 seconds or less is 84%
- Net operating ratio is -15%
- Average monthly operating expenses per effectuated enrollee is \$37.23

While revenues are coming in lower than expected, expenditures continue to be under budget, therefore, budget to actual is running close to bottom-line. Based on the initial draft budget for FY 2017, along with modest revenue assumptions and continued cost structure streamlining over the next 24 months, cash flow from operations are projected to be sufficient to maintain a positive cash balance during the period and result in the building of a capital expenditure reserve during the period.

IV. Audit Findings Action Status

The organization is addressing all audit findings resulting from the financial and state audits. Connect for Health Colorado has an internal audit manager who will provide a monthly update on any open findings as needed.

V. Accounts Receivable Aging & Strategy

Carriers on the Marketplace are moving to electronic reporting. This should shorten the turnaround for actual payment to the Marketplace from the carriers. The hope is to move the turnaround from the current 90-120 days to approximately 60 days.

VI. FY2017 Capital Budget

The staff has proposed a list of technology projects for open enrollment four. As the procurement process requires, the Committee agreed to recommend that the proposed projects be presented to the full Board for approval.

VII. Heat Map

The Committee reviewed an intensity map which displays the percentage of change in enrollments by county from 2015-2016. According to the map, there was an overall increase from 10-40% across the state.

VIII. Public Comment

The following people commented:

- Bethany Pray – Health Care Attorney with Colorado Center for Law and Policy
- Deb Judy – Policy Director with Colorado Consumer Health Initiative

Meeting adjourned at 11:24 a.m.

Respectfully submitted,

Eric Grossman
Committee Chair