

Finance & Operations Committee Meeting Minutes

Connect for Health Colorado Meeting Room

East Tower, Suite 1025

3773 Cherry Creek N Dr., Denver, CO 80209

April 24, 2017

9:30 AM – 11:30 AM

Action	Who By	Due
Expense benchmarking with other Exchanges.	Finance Department	Further research in process for IT specific expenditures.
Explore adding a satisfaction survey for customers who use the customer service center.	Operations Department	

Board Members Present: Sue Birch, Davis Fansler, Adela Flores-Brennen and Nathan Wilkes

Staff Present: Brian Braun, Kelly Davies, Luke Clarke, Kate Harris, Judith Jung, Kevin Patterson, Carolyn Pickton, Alan Schmitz, Lisa Sevier and James Turner.

I. Welcome & Introductions

Kevin Patterson chaired the Finance & Operations Committee meeting and called the meeting to order at 9:30 a.m., welcoming everyone in attendance, both in-person and on the phone. The March 27th and April 6th meeting minutes were approved.

II. Quarterly Financials

Brian Braun, Chief Financial Officer, reviewed the quarterly financials for the third quarter of fiscal year 2017 (FY). Key indicators include:

- Effectuated enrollment is over 8% of the target
- Net operating income margin is just over target at 28.7% vs. 20.1%
- Per member per month (PMPM) carrier fees are at 96.7% of the target
- PMPM operating expense is below target at 91.3%
- Days of cash on hand is over 67% of target

Revenue has come in slightly ahead of budget. The program revenue, which is primarily the broad market assessment fee, which ended December 31st, came in a little under budget.

For expenditures, customer service and marketing and outreach are running a little high due to special programs, primarily the eligible but not enrolled (EBNE) project. Technology currently has a positive variance due in part to timing, and modification of contracts.

As of March 31, 2017, the cash balance was \$2.7M higher than budgeted projections. This is due to higher earnings for the quarter; as well as the accelerated accounts receivable collection period over the past nine months.

Based on the results of the first 9 months of the year, and more clarity regarding enrollment for the 2017 plan year, the financial projections were revised for the 36 months ending June 30, 2019.

The ending cash level has been decreased from the previous projection by \$300,000 due to the refining of effectuated enrollment data to more accurately reflect the results of the last open enrollment. With a reduction in expenditures of 5% per year for the next two years, the organization will continue to keep the ending cash level at around \$20M.

III. Preliminary Budget Overview

Mr. Braun presented a high-level preliminary overview of the FY 2018 budget. The main driver for the budget for FY2018 will be the revenues. General Assumptions include:

- Carrier fee of 3.5%
- Effectuated enrollment averages 142,000 for the first 6 months of the budgeted year
- No Medicaid cost allocation reimbursement
- Tax credit donation of \$5M
- Grant funding for Assistant Network continues at current levels
- No other new revenue sources
- Maintenance of capital expenditure reserve
- Expenditure levels adjusted to not exceed revenues

Three different revenue scenarios were reviewed:

- High scenario - no growth in enrollment, average premium increase of 20%
- Medium scenario – no growth in enrollment, average premium increase of 10%
- Low scenario – Enrollment decreases by 15% between 2017 and 2018 plan years, average premium increase of 5%

The expense level target is based on the medium revenue scenario with a year over year decrease of 7%. Halfway through the year, in December 2017, enrollment and average premium levels will be evaluated, with an adjustment for the second half of FY 2018 if open enrollment 5 (OE5) is below the medium scenario target.

Potential expense reductions include:

- Improve staff and contractor cross functionality and processes to reduce overall labor hours
- Streamline/Reengineer SHOP back office process
- Implement high ROI technology projects to reduce operating costs
- Marketing costs - utilize more earned media
- Service Center Call Volume Reductions
- Streamline internally

IV. HB 1235 Update

Kelly Davies, Director of Product Development, gave a status update on the implementation of HB-17-1235.

- The project is on schedule.
- The design sessions have been completed.
- The first delivery to the test environment has been completed.
- The contract with CGI has been completed, with a termination clause if the bill fails.

V. Strategic Plan Update

Ross Weiler with Day Health Strategies, gave an overview of the ongoing procedure for the strategic plan. The 2017 – 2020 goals for the organization are:

- Advocate to improve access to coverage in rural areas of Colorado.
- Maximize the number of consumers and employers who shop and enroll through the health insurance marketplace, and apply for available financial assistance.
- Improve the ability of customers to attain and retain the right coverage for their needs.
- Ensure that C4HCO is a healthy and thriving organization.

Currently Connect for Health Colorado staff are working on finalizing objectives for each goal, developing success measures for and aligning strategies with each objective. The expected result of this is to create alignment and clarity of goals, objectives and strategies. Each objective will include success measures to ensure the objectives are being met.

Once the strategies have been determined, tactical plans and metrics will be added for strategy execution. Next steps for the planning process include:

- Update the Board Advisory Group, April 16th
- Finalize draft objectives, success measures and strategies by April 30th
- Leadership team review
- Proposed objectives, success measures and strategies reviewed with the Board on May 8th
- Written strategic plan shared with the Board on June 12th
- Strategic plan open for public comment through June.
- Final Board vote during the July Board meeting
- The organization develops a tactical plan tied to the budget, and a management dashboard to ensure timely and effective execution.

VI. Public Comment

Public comment given by Bethany Prey, Health Care Attorney with Colorado Center on Law & Policy.

VII. Adjourn

Meeting adjourned at 10:25 a.m.

Respectfully submitted,

Kevin Patterson