

Finance & Operations Committee Meeting Minutes

Connect for Health Colorado Meeting Room

East Tower, Suite 1025

3773 Cherry Creek N Dr., Denver, CO 80209

May 22, 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	
Explore the possibility of different grant funding opportunities	Finance Department	

Board Members Present: Adela Flores-Brennen, Denise O’Leary and Nathan Wilkes

Staff Present: Gabriela Aguilar, Brian Braun, Dave Coren, Kate Harris, Judith Jung, Kevin Patterson, Carolyn Pickton, Alan Schmitz and Lisa Sevier.

I. Welcome & Introductions

Adela Flores-Brennan 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 April committee meeting minutes were approved.

II. Budget Review

Brian Braun, Chief Financial Officer, reviewed the fiscal year (FY) 2018 budget with the committee. Some of the key assumptions used to create the budget are:

- Carrier fee of 3.5%
- Effectuated enrollment averages 142,000 for the period January – December 2017 (based on actuals) and remains at 142,000 through June 2018 (no increase resulting from next open enrollment).
- No significant changes to carrier participation on exchange for next enrollment period
- Average medical premiums grow by 10% for next plan year (2018) – 50% of last year’s increase.
- Tax credit donations stay in place at \$5 million
- Grant funding for Assistant Network continues at current levels
- No new revenue sources included in operating income (Medicaid cost allocation not approved by CMS at the time of budget preparation.)

Total revenues decrease by -11%, assumptions include:

- Grants have slight decrease
- Carrier fees increase
- Special assessment fee goes away
- Tax credit donations remain the same
- Other revenues include investment income increase

Total operating expenses decrease by -8%:

- Operations/customer service -9%
- Technology -12%
- Assistance network slight increase of 1%
- Marketing and Outreach -19%
- General and administrative decrease by -3%

This brings the net operating margin in at \$252,000. The organization has uneven revenue streams with a bump in the fall due to the increase in carrier fees and tax credit donations. Expenditures remain mainly the same with an increase in December and January due to customer service center costs. Cash on hand stays within the \$15 MM to \$20 MM range.

The balance sheet assumes receivables will stay at the current level of collections. Property and equipment increases are due to necessary enhancements. Pre-paid expenses are lowering due to maintenance contracts ending and a renegotiated contract.

Significant year-over-year changes include:

- Customer service operating expenses are decreasing
 - Due to working with the vendor on ways to decrease cost without lowering service levels
- Technology expenses are decreasing due to last year's contract renegotiations and efficiency savings.
- General and administrative stays flat, and will continue to be managed to current standings.
 - The current office space is inefficient, with the lease coming up in FY 2018, staff is looking to the possibility of a move with hopes to increase efficiency and cost reductions.

Recent information that has come out of the Centers for Medicare and Medicaid (CMS) may have caused some concern around the continuation of SHOP; however, the organization plans to still provide the SHOP platform while looking to simplify things on the back end. There are no drastic changes assumed for SHOP; though there may be some cost savings on the operational side. It is assumed that more efficiencies can be found and some cost reductions have been found. Historically SHOP has not been profitable so the search is for ways to find savings without impacting the service level.

A 24-month projection was not included, but will be added to give context to how the budget fits in with the long-term financial plan.

The Committee made the decision to bring the entire presentation to the Board for a full discussion and decision.

III. Broker Recertification

Judith Jung, Chief Operations Officer, reviewed the broker recertification process. Certification for new brokers includes:

- Background check
- New broker coursework (12 hours)
- Execution of a Certified Producer Agreement
- Receipt of certificate

Returning brokers are recertified by:

- Coursework containing comprehensive modules and quizzes – 6 Hours of New and Updated Content
- Execution of a Certified Producer Agreement
- Receipt of certificate

Training has been based on returning broker requests; as well as an understanding of the kind of training the brokers will most benefit from, through internal and stakeholder feedback.

Broker training will begin on July 1st this year. The modules will consist of learning content and a quiz, with an 80% pass rate. Each module is less than 30 minutes in length. Updated content will include pre-recorded short Webinars, covering:

- Verifications
- Changes/updates to the SES application
- Life cycle of problem resolution
- How to get a real time eligibility determination
- Processing life change events
- Updates on the small business marketplace
- Renewals
- Elective/optional content to be added in September

Ms. Jung noted that more collaboration between the broker community and the assistance network will be emphasized this year, to help ensure that the customer is getting through the right channel to best fit their needs.

IV. Assistance Network Update

Ms. Jung gave an update on the Assistance Network. For open enrollment 5 (OE5), an application for funding through the Connect for Health Colorado Assistance Network was sent to existing network partners. The deadline for members to return the completed application was

March 31, 2017. The organization has reviewed the submitted applications and is in the process of informing applicants of funding decisions. Ms. Jung noted that the Colorado Health Foundation's decision on grant funding will not be finalized until June. Any funding to the assistance networks is considered hypothetical until the grant funding has been secured.

While the proposed grant from the Colorado Health Foundation will remain the same as the past year, the actual funding for the Assistance Network will decrease by 17%. This is due to some funds being diverted to the Connector Tool and enhancements to the Quick Cost & Plan Finder Tool.

Connect for Health Colorado has been communicating the changes in funding with network partners, encouraging them to review their work and look towards their own sustainability, with the assisting role included in their missions.

The network partners were evaluated for continued funding based on the following criteria:

- Geographic coverage and overlap with other services
- Estimated uninsured population eligible for tax credits
- Evaluation of gaps in enrollment services across Colorado
- Specific community needs/support to target populations
- Local community engagement and collaboration with partner organizations
- Efficient use of grant funds

In order to ensure the best use of funding a tiering strategy has been created. Two tiers will be used:

- Tier 1 will consist of assistors who do education and outreach, in addition to enrollment.
- Tier 2 will consist of assistors who do education and outreach.

It was noted that this new strategy was brought to the assistance network focus groups, where it was met with positive feedback.

Approved organizations will receive a grant award distributed in monthly reimbursements not to exceed the full amount of the total award.

- Tier 1 will be eligible for a grant award not to exceed \$175,000
- Tier 2 will be eligible for a grant award not to exceed \$40,000

This tiering process allows flexibility for Connect for Health Colorado in that updates to federal policy may impact the work of the Health Coverage Guides (HCG)s. The two-tiered system will allow the Marketplace flexibility to adjust the HCGs scope of work given any unforeseeable changes. Despite any deviations, the work of the HCGs will maintain focused on access to health insurance coverage options.

In addition to Health Coverage Guides, the Certified Application Counselor Program, larger than the Assistance Network, with 30 organizations and 300 assistors, has the training and ability to be cross-functional and equal to the navigator program.

V. Public Comment

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

VI. Adjourn

Meeting adjourned at 11:15 a.m.

Respectfully submitted,

Adela Flores-Brennan
Board Chair