

***Joint Policy and Finance & Operations  
Committee Meeting Minutes***  
*Connect for Health Colorado Meeting Room  
East Tower, Suite 1025  
3773 Cherry Creek N Dr., Denver, CO 80209  
November 23, 2015  
9:30 AM – 11:30 AM*

**Board Members Present:** Adela Flores–Brennan, Marc Reece and Nathan Wilkes.

**Board Members Joining via Phone:** Sue Birch, Eric Grossman, Jay Norris and Denise O’Leary.

**Staff Present:** Marcia Benshoof, Brian Braun, Luke Clarke, Christine Gavin, Kevin Patterson, Alan Schmitz, Lisa Sevier and Adele Work.

**I. Welcome and Introductions**

- Adela Flores-Brennan chaired the Joint Policy and Finance & Operations Committee meeting and called the meeting to order at 9:30 am, welcoming those in attendance, both in-person and on the phone.
- Minutes for both the October Policy Committee and Finance & Operations Committee meetings were voted on and approved.

**II. Open Enrollment Update**

Adele Work, Chief Information Officer, updated the joint committee members on open enrollment.

- As of November 22, 2015 - 22,078 non-Medicaid customers have enrolled.
- The Service Center has received approximately 48,000 calls.
- Service level agreements (SLA) are at 82%.
- The average answering time is 2 minutes and 40 seconds.
- The average call time is 22 minutes.
- Call drivers continue to be enrollment questions, resetting passwords and user ID questions.

Denise O’Leary stated that Medicaid has seemed to level off, while Connect for Health Colorado has experienced an enrollment growth.

Marcia Benshoof, Chief Strategy & Sales Officer, noted that a new tool for Health Coverage Guides and Certified Application Counselors, called the Get Covered Connector, has been a success and used by over 2,500 customers so far. Additionally the new broker tool has produced over 2,000 leads to date.

Ms. Benshoof also noted that outreach to customers of the Colorado HealthOp continue.

**III. Audit Update**

Brian Braun, Chief Financial Officer gave an update on the status of audits currently in process with Connect for Health Colorado.

- Progress continues with findings from the State audit. The Finance Department is working collaboratively with the state auditors ensuring all concerns are addressed. The Colorado Legislative Audit Hearing will take place in the afternoon of Monday, December 7<sup>th</sup>.
- Kunding, Corder & Engle has begun the annual A133/financial audit. This audit will be ongoing for the next two months.
- The final report from The Office of the Inspector General audit should be received shortly. Findings are expected to be in line with the State Audit's findings. Mr. Braun noted that much of the findings are a result of processes and documentation from the early days of the organization.

#### IV. Finance Modeling Scenario

Mr. Braun presented the following financial modeling scenarios on enrollment and cost assumptions.

- Scenario one: Keep the current fee structure of a 3.5% carrier administration fee and a special assessment fee of \$1.80 through CY2016.
  - In this scenario without cost reductions or other additional revenues, even at a 25% enrollment growth rate, cash flows are negative. Additionally, once the \$1.80 special assessment fee goes away, the carrier fee will have to increase.
- Scenario two: Keep the current fee structure of a 3.5% carrier administration fee and extend the special assessment fee beyond CY2016.
  - In this scenario the special assessment fee would be extended through CY2017 and CY2018. Positive cash flows are generated under most of the enrollment and cost reduction assumptions. It was noted that an extension of the special assessment fee would take an act of legislation.

Assuming the second scenario, Connect for Health Colorado will break even over the next three years with minimal cost savings. However, any changes in the special assessment fee will need to be determined as soon as possible. Next steps will be presented at the next Board meeting.

Mr. Patterson commented that key assumptions are around growing enrollment, managing cost, and adapting & adjusting accordingly.

Ms. O'Leary expressed concerns on the ongoing expense structure over the next three to five years. Mr. Patterson assured the committee members that utilizing the Marketplace's, as well as Healthcare Policy and Finance's (HCPF) structures will save money for both organizations; however, costs will also need to be contained for Connect for Health Colorado.

#### Action item

- *The Finance Department will create a monthly cash flow statement by scenario to determine impact on cash flow and when triggers will occur and what can be done. This will be brought to the December Finance & Operations Committee meeting.*
- *Mr. Patterson will discuss the special assessment fee with the Board to determine next action.*

## V. Reserve Policy

Mr. Braun discussed the cash reserves policy. Currently there are three reserve levels:

1. The Operating Reserve
2. Capital Reserve
3. Opportunity Reserve

At the moment the goal is to ensure that operating costs stay above what is needed for the next three to six months. After that, the capital reserve and opportunity reserve will be the next focus.

### Action item

- *The Finance Department will determine what the reserve levels should be.*

## VI. Refresh on Non QHP Products

Ms. Benshoof discussed the Non-Qualified Health Plan (QHP) products in regards to sustainability and revenue growth for the Marketplace. While decreasing dependability on other fees, the use of non-QHP products also provides additional revenue streams, allowing the franchise value to go up, as well as helps create retention. Customers would be presented various options throughout the enrollment process. Revenue streams for non-QHP products are:

- commissions
- co-marketing fees
- web hosting fees
- subscription fees

Non-QHP products include:

- Consolidated Omnibus Budget Reconciliation Act (COBRA) administrator
- Group vision
- Critical illness
- Identity protection
- Individual life insurance
- Pet insurance
- Critical illness and Accident insurance.
- Medicare supplement

Ms. Benshoof noted that the products will be offered through the Marketplace, not by the Marketplace. They will be offered through the carriers and will be available both during open enrollment as well as outside of open enrollment.

## VII. Introduction of Governance Options for Public Benefit Corporation

In 2013 the Legislature ratified SB-1245 giving the Connect for Health Colorado Board the authority to create a separate program and a separate legal structure to house non-QHP products as a for profit entity.

Ms. Benshoof indicated that the next steps are for the Board to designate a task force to service as sponsor, create a governance structure on the by-laws and submit the application to the Secretary of State; as well as for the executives to model the revenue and expense projections for the impact of adding non-QHP products.

**Action item**

- *Ms. Flores-Brennan will present the non-QHP idea to the Executive Committee*
- *Ms. Benshoof will poll the Board of Directors for volunteers, as she would like the committee to start meeting before the first of the year.*

**VIII. Potential Letter to Federal Government Regarding Risk Corridor**

The committee believes that there is value in writing a letter regarding risk corridor to the Centers for Medicare and Medicaid Services (CMS). The letter is to express Connect for Health Colorado's concerns as to the impact the recent decision has had on customers, competition, choice and sustainability. The tenure of the letter is to be more educational than anything else. Ms. Flores-Brennan and Kyla Hoskins, Manager of Policy and External Affairs, will write the letter. Sue Birch would also like to include the rural frontier perspective and limited choices.

**Action item**

- *Ms. Flores-Brennan and Kyla Hoskins will draft a letter to CMS.*

**IX. Public Comment**

There was no public comment.

Meeting adjourned at 11:30 am.

Respectfully submitted,

Adela Flores-Brennan  
Policy Committee Chair