

**Finance & Operations Committee Meeting Minutes**

Connect for Health Colorado Meeting Room

East Tower, Suite 1025

3773 Cherry Creek N Dr., Denver, CO 80209

**December 19, 2016**

**9:30 AM – 10:30 AM**

<b>Action</b>	<b>Who By</b>	<b>Due</b>
Create a schedule of revenue opportunities.	Finance Department	Developed in conjunction with Strategic Planning efforts, to be provided upon completion of the Strategic Plan.
Provide accounts receivable metrics monthly.	Finance Department	Ongoing updates to be provided.
Medicaid Cost Allocation plan for FY17.	Finance Department	Ongoing updates to be provided.
Expense benchmarking with other Exchanges.	Finance Department	Further research in process for IT specific expenditures.
PMPM report.	Finance Department	Ongoing. Included in Financial report.
Historical performance & aspirational performance modeling for comparison for OE4 enrollment & strategic plan.	Business Intelligence & Finance Departments	Predictive model to be developed and included as part of revised projections to be reviewed at January 23, 2017 meeting.
Committee quarterly metrics.	Finance Department	Tie metrics to Strategic Plan goals – in development in conjunction with strategic plan.
6m, 9m and 12m graphs for comparison for 36 month financial projections.	Finance Department	To be included in quarterly updates.
Metrics regarding speed of problem ticket resolution.	Operations Department	Present at January 23, 2017 committee meeting, monthly through open enrollment & quarterly thereafter.
EBNE Metrics	Operations Department	Present at January 23, 2017 committee meeting, monthly through open enrollment & quarterly thereafter.
Metrics on premiums for non-assisted customers	Operations Department	Present at January 23, 2017 committee meeting, monthly

		through open enrollment & quarterly thereafter.
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**Board Members Present:** Nathan Wilkes

**Staff Present:** Abe Barela, Brian Braun, Luke Clarke, Christine Gavin, Kate Harris, Judith Jung, Kevin Patterson, Alan Schmitz, Lisa Sevier and James Turner.

**I. Welcome & Introductions**

Nathan Wilkes 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. There was no quorum; therefore all official committee actions including approval of the November minutes will take place at the next committee meeting.

**II. Financial**

**a. FY2016 Audit Overview**

Brian Braun, Chief Financial Officer presented the Audit Report Draft to the committee. Tiffany Knight, Auditor with Kunding, Corder & Engel issued a clean opinion on Connect for Health Colorado’s Financial Statement audit.

**Statements of net position**

- Cash and cash equivalents are \$12.7M
- Accounts receivable are \$12.7M
- Capital assets are \$30.8M
- Depreciation expense is \$12.6M
- Liabilities are \$4.3M

**Income Statement**

- Federal grants are \$5.3M
- Fees for service are \$14.6M (Carrier fee revenue)
- Program revenue is \$22M
- Operating expenses are \$58.7M
- Decrease in expenses are \$9M
- Net position at the end of the year is \$56.2M

**Findings and Questioned Costs – Major Federal Award Programs Audit**

- OBM Circular A-110 audit requires that records are maintained sufficiently detailing the procurement process. Significant deficiency was found in procurement, suspension and debarment. During fiscal 2016, expenditures totaling \$3,095,896 were applied to the federal grant, under three separate contracts related to improvements made to the Shared Eligibility System (SES). Management believed that procurement was permitted by noncompetitive proposals for the three contracts as the services were only available from the sources used. However, the Exchange was unable to provide supporting records that detailed the history.

Also, as part of the procurement process, the Exchange requires Board approval for contracts over \$150,000. Board approval was noted for the entire shared eligibility system project, with a maximum placed on projects expenses by the Board. However, board approval was not obtained for each individual contract. This is a carryover from last year.

#### **Current Year Comment**

- During 2016, a corporate credit card was issued to the Executive Director. It was noted that early on, in the use of the credit card, proper documentation supporting all charges was not used. Additionally, at times, board review and approval was obtained several months after purchases were made. The recommendation is that proper documentation supporting all charges should be attached to each credit card statement. Additionally, business purpose for each expense should be briefly described. Also, board review and approval can be performed after the fact rather than prior to payment, but should be done so in a timely manner.

It was noted that this is the first year that there have been no adjustments for the financial audit. This audit will be presented to the Board at the January 9, 2017 meeting.

#### **b. Financial Report**

Mr. Braun reported on financials through November 2016. The report shows \$'s in 000's.

- Revenue is slightly ahead of budget at 24,119.
- Operating expenses are 16,697.
- Operating margin is 7,422.
- Effectuated enrollment is 139,318.
- Cash balance is 23,621.
- Accounts receivable is 9,537.
- Payables are 5,067.
- Working capital is 28,091.

### **III. OE4 Metrics Update**

Judith Jung, Chief Operating Officer reported on Open Enrollment Four (OE4) metrics.

- Enrollment shows 144,692 plan selections, which is 18% above OE3 at the same time last year.
- Premium amounts were higher than predicted in the budget.
- There was a decision not to extend open enrollment in Colorado. Everyone that was in process will receive a January 1, 2017 effective date.
- There was a brief system outage on Thursday, December 15 due to volume. There weren't any enrollments in process during the outage.

- The service center is at a 56% service level compared to 40% last enrollment period.
- Auto renewals are completed.

**IV. Public Comment**

There was no public comment.

**V. Adjourn**

Meeting adjourned at 10:07 a.m.

Respectfully submitted,

Nathan Wilkes  
Committee Member