

**Modeling Scenario Requested for Discussion Purposes Only by Finance Committee**  
(this is not a revised projection)

Connect for Health Colorado  
Current and Anticipated Budget and Funding

Model Assumptions

General Market Health Insurer Assessment - Years 2015 & 2016 (875,000 covered lives x \$1.25 per member per month)

Tax Credit Donations maximized at \$5 million annually

Premiums trend at 5% annually

C4's portion of CoverColorado 2015 reserve is \$8.5 million

Technology enhancements are funded with Technology Obsolescence reserve (offset to depreciation)

Annual operating budget of \$26 million

|  | 2nd half 2013       | 2014                | 2015                | 2016                | 2017                |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| <u>Enrollment &amp; Premium Assumptions</u>  |                     |                     |                     |                     |                     |
| Total Covered Lives  | 0                   | 121,805             | 152,250             | 175,000             | 196,677             |
| Net Churn and Partial Year Effect  |                     | 85,589              | 116,363             | 137,530             | 157,342             |
| Average Estimated Premium per member per month   | \$0                 | \$337               | \$354               | \$372               | \$390               |
| Admin Fee Range  |                     |                     | 1.4%                | 1.7%-2.3%           | 2%-3%               |
| <u>Revenue Assumptions</u>   |                     |                     |                     |                     |                     |
| Exchange Revenue from Admin Fees   | \$0                 | \$4,845,679         | \$6,917,426         | \$11,037,220        | \$21,360,952        |
| Estimated portion of Federal Grant Funding (2013-2016)   | \$66,069,622        | \$60,984,119        | \$15,386,639        | \$0                 | \$0                 |
| Revenue from CoverColorado/Unclaimed Property Fund   | \$15,000,000        | \$0                 | \$0                 | \$0                 | \$0                 |
| Revenue from CoverColorado/Reserve Balance   |                     |                     | \$8,500,000         |                     |                     |
| Revenue from General Market Health Insurer Assessment  |                     |                     | \$13,125,000        | \$13,125,000        |                     |
| Revenue from Premium Tax Credit Donations  | \$5,000,000         | \$5,000,000         | \$5,000,000         | \$5,000,000         | \$5,000,000         |
| Revenue from Ancillary Products  |                     |                     |                     |                     |                     |
| Potential Foundation Grants  | \$2,010,000         | \$2,500,000         |                     |                     |                     |
| <b>Total Income</b>  | <b>\$88,079,622</b> | <b>\$73,329,797</b> | <b>\$48,929,065</b> | <b>\$29,162,220</b> | <b>\$26,360,952</b> |
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| Expected Operating/Technology Budget   | \$75,239,971        | \$26,000,000        | \$26,000,000        | \$26,000,000        | \$26,000,000        |
| Remaining Implementation/Enhancement Costs estimated for 2014 & 2015                           |                     | \$37,057,020        | \$15,725,785        |                     |                     |
| Additional Implementation Expense (not Federally grant funded)                                 | \$2,010,000         | \$2,000,000         |                     |                     |                     |
| <b>Total Expenditures</b>  | <b>\$77,249,971</b> | <b>\$65,057,020</b> | <b>\$41,725,785</b> | <b>\$26,000,000</b> | <b>\$26,000,000</b> |
| <hr/>  |                     |                     |                     |                     |                     |
| <b>Net Income/Expense by year</b>  | <b>\$10,829,651</b> | <b>\$8,272,777</b>  | <b>\$7,203,280</b>  | <b>\$3,162,220</b>  | <b>\$360,952</b>    |
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| Technology Obsolescence Solution begins after Operational Reserve reaches 50% of annual budget | \$0                 | \$6,102,428         | \$13,305,708        | \$16,467,928        | \$16,828,880        |
| Cumulative Operational Reserve/(Shortfall) at approximately 50% of annual budget               | \$10,829,651        | \$13,000,000        | \$13,000,000        | \$13,000,000        | \$13,000,000        |