# CONNECT FOR HEALTH COLORADO

## 2015-2016 STRATEGIC PLAN & BUDGET

JUNE 1, 2015

3773 Cherry Creek North Drive, Suite 1025

Denver, CO 80209

CONNECT for HEALTH COLORADO®

## CONTENTS


**EXECUTIVE SUMMARY ..... 1**

**PLANNING PROCESS ..... 2**

**MISSION AND OBJECTIVES ..... 3**

Mission Statement ..... 3

Core Values ..... 3

Inspirational Goal ..... 3

Background ..... 3

**INPUT AND FEEDBACK ..... 6**

Sales Channels – February/March 2015 ..... 7

Carrier Survey (Individual) – February/March ..... 8

Assistance Network – March Survey ..... 9

Advisory Group Meetings – March ..... 10

**SALES & MARKETING ..... 12**

Enrollment Forecasts ..... 12

Marketing ..... 13

2016 Overarching Strategy ..... 13

Communications ..... 14

Grassroots Outreach ..... 14

Marketing and Advertising ..... 15

Public Policy and External Affairs ..... 15

Sales Channels ..... 16

Assistance Network ..... 16

Brokers ..... 17

Carriers ..... 18

**CUSTOMER SERVICE & OPERATIONS OVERVIEW ..... 19**

Service Center Plan ..... 20

Decision Support ..... 21

Medical Assistance Site ..... 21

**TECHNOLOGY** ..... **22**
Release 3.0 ..... 25
SES ..... 26
Hosting ..... 28
Carrier EDI ..... 28
**ADMINISTRATIVE STRATEGY** ..... **30**
Compliance and Audit ..... 30
Human Resources ..... 30
Staffing Plan ..... 30
Compensation and Benefits ..... 31
**REVENUE** ..... **32**
Fee Level Recommendations ..... 32
Medicaid Cost Reimbursement Strategy ..... 33
Other Revenue ..... 33
**OPERATIONAL METRICS** ..... **34**
**FY2016 BUDGET** ..... **35**
Summary ..... 35
Critical Assumptions ..... 35
Budget Detail ..... 36

## EXECUTIVE SUMMARY

All strategies and resources in this 2016 Strategic Plan and Budget are ultimately directed toward improving the customer enrollment experience through Connect for Health Colorado®, and to growing Marketplace sustainability. This Plan presents the strategic directions for the organization, business cases for the next year's key project activity and investments, the FY2016 Budget, and longer-range financial forecasts that may further guide Connect for Health Colorado's path toward sustainability.

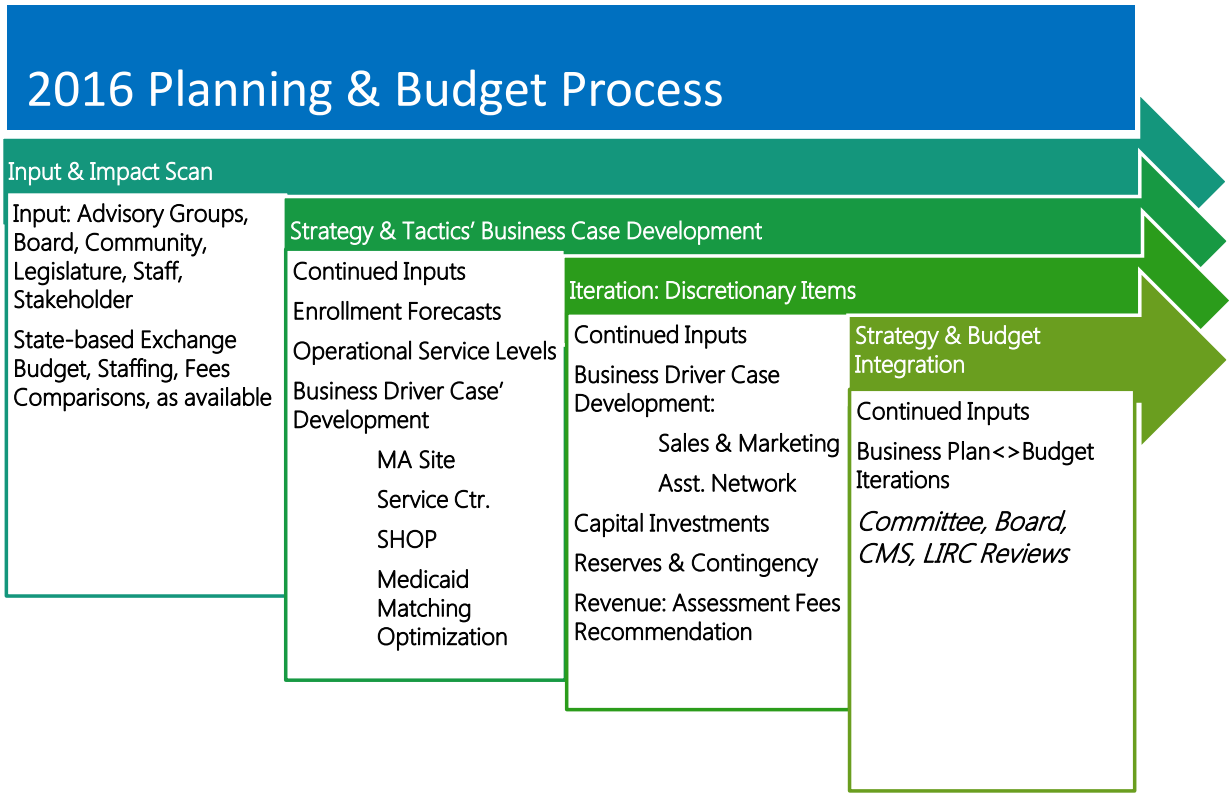
We sought input from Marketplace stakeholders, including our customers, sales channels, carriers, consumer and business groups and legislators to inform prioritization of resources and efforts. The input was wide-ranging and has directly influenced our strategies and outcomes. Staff and Board are very grateful to the hundreds of partners, stakeholders and customers who contributed to helping prioritize our work.

The Connect for Health Colorado Strategic Plan is derivative of the many value propositions the Marketplace provides stakeholders, and ultimately links our strategic goals with tactical goals and objectives. This Plan also uses a Balanced Scorecard-type framework to organize and connect these moving parts and priorities. The Framework categories include Customer, Finance, Systems & Processes and Learning & Growth – which allows the organization, operating in an environment of complex healthcare and insurance industries and State and Federal partnerships, to carve a path toward fulfilling its mission most effectively while using its limited resources most efficiently.

***Return to table of contents***

## PLANNING PROCESS

The 2016 planning process was initiated in December 2014 as input and feedback collection began, system project work needed was identified, and a detailed process outlined. Planning and budgeting work has continued since then as outlined in the graphic below. Management's philosophical belief is that the process undertaken is nearly as important as the result itself. That is, a well-conducted planning and budgeting process is informed by stakeholders, and results in realistic strategy, and alignment of resources and opportunities.



## MISSION AND OBJECTIVES

### MISSION STATEMENT

The mission of Connect for Health Colorado is to increase access, affordability, and choice for individuals and small employers purchasing health insurance in Colorado.

### CORE VALUES

1. Keep the customer at the heart of all we do.
2. Be open, honest and respectful.
3. Act with courage and excellence.

### INSPIRATIONAL GOAL

**Aspirations of Staff and Management:**

- We will be recognized as a national model for helping to 1) inspire a transformation of the health insurance market, 2) reduce health care costs, 3) and make Colorado the healthiest state in the country.
- We will earn the respect and trust of individuals and businesses by helping to drive innovation and ensure superior quality and outcomes.
- We will encourage accountability and transparency from all stakeholders and demand that of ourselves.
- All Coloradans will have access to an efficient, affordable and effective health care system.
- Our employees will be driven by the belief that they are creating a world where all people, no matter where they live or how much they make, have the opportunity to be healthy and secure.

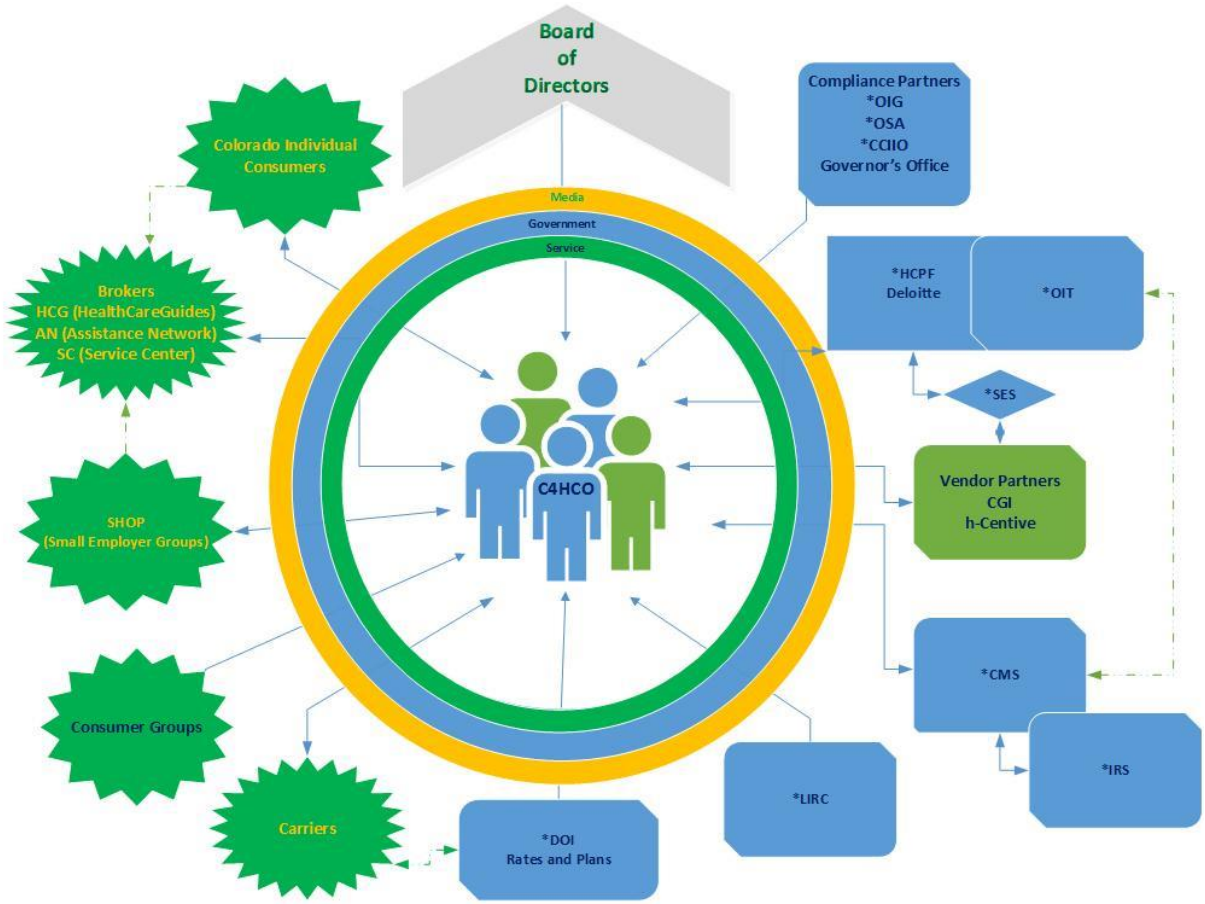
### BACKGROUND

The Strategic Plan is written to align with the legislative intent as articulated in Senate Bill 11-200 and the Marketplace's Mission*: to increase access, affordability, and choice for individuals and small employers purchasing health insurance in Colorado*.

In September 2013, Connect for Health Colorado presented its first Financial Plan to the Legislative Health Benefit Exchange Implementation Review Committee. Eighteen months later, Connect for Health Colorado has completed two open enrollment periods, has identified the size and breadth of its market,

forged multiple key partnerships with State, federal and private entities, served over 200,000 individuals in their pursuit of private insurance, and tens of thousands more by providing access and support for Medicaid and Child Health Plan insurance. As the newest part of Colorado's 'enrollment system,' we now have a good idea of what a Marketplace of this structure costs to run while serving 150,000+ customers in a single business cycle, with seventeen carriers providing nearly 250 plans across individual and small business markets, $250m in subsidies transacted, and within a highly regulated transactional and technical environment.

## STAKEHOLDER ENVIRONMENT OF CONNECT FOR HEALTH COLORADO




* Legend
HCPF (Healthcare Policy and Finance)
CMS (Centers for Medicaid and Medicare)
DOI (Department of Insurance)
CIIO (Center for Consumer Information & Insurance Oversight
LIRC (Labor and Industry Review Commission)
SES (Shared Eligibility System)
IRS (Internal Revenue Service)
SHOP (Small Business Health Options Program)
OIG (Office of Inspector General)
OIT (Office of Information Technology)
OSA (Office of the State Auditor)

At this important juncture, the Marketplace has now moved off of Federal grant funding and is funded primarily by earned revenue generated through a percentage administrative fee and a limited-term broad market carrier assessment (modeled on the assessment that supported CoverColorado during the prior 13 years.) This shift in funding source adequacy is directly dependent on how carriers price their plan premiums; the corresponding advanced premium tax credit levels as calculated under IRS code; and consumer volumes—all highly variable in the first two rounds of open enrollment, while materially impacting Marketplace systems, customer service costs, revenue and, ultimately, enrollment experience quality.

Operational complexities have largely been identified though, and remaining gaps in functionality are expected to be completed over the coming two years. Most notably, the Marketplace and State's Shared Eligibility System (SES) running on the State's IT benefits management system (CBMS) is undergoing a significant overhaul now, which should reduce technical incidents and improve eligibility accuracy in the next Open Enrollment Period.

Additionally, numerous process improvement efforts, technology refinements and training tools will improve the sign-up process for customers. The Marketplace continues to strive for creating ever-greater value for the consumer by implementing decision support tools, supporting the Assistance Network for improving health literacy and enrollment effectiveness, and improving participating carrier interfaces.

**Above all, we have kept the following three goals in front of us as we prioritized the efforts and resources embodied in this Plan:**

1. **Optimize the customer experience**
2. **Stabilize & right-size staffing, systems, processes**
3. **Put the Marketplace on the path to financial sustainability**

We believe the following Plan moves us toward these goals – and we thank all those who have contributed to the evolving path Connect for Health Colorado is travelling on. As with all plans, they are just that — plans. What we have learned is that Connect for Health Colorado is subject to many forces and decisions external to its operation, from changes in health plans and pricing to the flow of customer populations to ever-changing Federal regulations. That said, the Plan and Budget are expected to result in an improved customer experience, reduced costs, and an advancement of our primary mission to improve access, affordability and choice in providing private insurance to Colorado's citizens.

***Return To table of contents***

## INPUT AND FEEDBACK

**Customer and Stakeholder Feedback on Second Open Enrollment Period**

Connect for Health Colorado regularly seeks input from customers, assistance channels and stakeholders to inform our policies and identify areas for improvement in our technology, processes and operations.

Within a year of opening the Marketplace, the organization had to plan and initiate a number of first-ever programs for 2014-15, including launch of the Shared Eligibility System (SES), a single financial application in collaboration with the state Department of Health Care Policy and Financing; the first Marketplace plan renewals program; and the inaugural 1095-A tax forms to all customers.

Given the short window between enrollment periods (seven months) and complexity of these programs, obtaining continuous, ample and honest feedback is essential to identifying and prioritizing the most critical improvements to better our customer experience and establish long-term stability. Connect for Health Colorado has implemented a number of efforts to ensure constructive feedback before, during and after enrollment periods from key audiences.

**Audiences**

- *Customers* – ongoing feedback from all Sales Channels and directly from customers; customer call surveys; social media; email
- *Staff* – bi-monthly meetings; strategic planning exercises; team meetings
- *Advisory Groups (AG)* – Rural AG, Individual Experience AG, Outreach & Communications AG – feedback meetings conducted in summer 2014, winter 2014 and March 2015
- *Brokers* – Monthly focus groups; state/regional meetings; emails; one-on-ones; special projects
- *Assistance Network* – daily HCG support calls; twice-monthly HUB meetings; feedback surveys; regional gatherings; site visits; emails; one-on-ones
- *Service Center* – Daily director meetings; daily report feedback; staff huddles; surveys
- *Carriers* – Monthly meetings; survey; focus groups
- *Community organizations and thought-leaders* – One-on-one meetings; participation in Advisory Groups; 2016 IT Systems input sessions
- *Division of Insurance* – as the consumer protection agency for Colorado, the DOI and the Marketplace meet weekly on process, consumer and Carrier topics

## Findings Summary

Our customers, sales channels, stakeholders and staff want a Marketplace that works and can succeed – but the experience of the most recent open enrollment period fell far short of meeting expectations. A difficult and complicated financial application process; technology glitches; an inability to fix problems quickly and inadequate communications have hindered our customers.

However, the number of individuals who have taken time to provide feedback and make recommendations suggest there is continued support of the Marketplace and confidence that efforts will be made to improve it.

Key learnings include: the need to simplify the technology and improve functionality before the next enrollment period; make the entire process more consumer-friendly; improve training and communications; and give our Brokers, Health Coverage Guides, Certified Application Counselors and Service Center Representatives the tools they need to more effectively help Coloradans obtain coverage. Following is a summary of feedback related to the second enrollment period, which is helping staff prioritize and plan for the November 1 start of the next Open Enrollment.

## SALES CHANNELS – FEBRUARY/MARCH 2015

**Consistent Themes** (350 responses)

1. The second OEP experience was worse than the first OEP
2. More than 90% reported negative experiences with the financial application and determination process in the new SES
    a. Most common suggestion was to separate APTC and Medicaid determination processes
    b. Application is too long and hard to understand
    c. Technical interplay/data transfer between SES and Marketplace systems is poor
    d. Fixing eligibility issues took too long – and communications with customers poor
    e. Wide perception that testing of SES and interface with Marketplace was inadequate prior to launch
    f. Training on new SES was too late/inadequate
    g. Assistors (brokers, HCGs) need to be able to see applications from end-to-end so they can identify and correct problems within an application and update them

h. Rental and self-employment income caused many barriers to quick eligibility completion

i. Legal Permanent Resident conflicts must be fixed so they can get coverage

3. Wait/hold/response times for Customer Service (both Marketplace and Medicaid) were too long
4. Follow-up on reported issues is not happening well or in acceptable timeframe
5. Inability to make changes to accounts and within financial applications is a big problem
6. Customer Service Representatives are providing inconsistent answers
7. Small Business Marketplace needs significant improvements to ease small group enrollments
8. The technology and process worked best for those without financial assistance
9. Marketplace enrollment data is not going to carriers accurately or in adequate time period and customers are not getting enrollment packets/bills/cards timely
10. Assistors should be able to track their customer enrollments –specifically status of application; incident resolution; when confirmation is sent to carriers.
11. Improvements are needed to the renewal processes and communications to customers to avoid confusion (Split opinion on auto-renew program)
12. Marketplace site experienced multiple 'slowness' and 'freezing up' events
13. Broker portal did not work as expected
14. Brokers want more ability to make changes to applications
15. It is too difficult to cancel plans
16. Data transfer to carriers to ensure broker payments must be improved

## CARRIER SURVEY (INDIVIDUAL) – FEBRUARY/MARCH

*Sent to approximately 80 Carrier contacts with a 25% response.*

1. 16% said enrollments with Marketplace met expectations "extremely" or "quite" well; 26% said "moderately" well

2. 89% said their product portfolio has met customer needs
3. Enhance renewal processes: move up timing; do not cancel passive renewals; better communication to customers; improve service center training on products
4. Manage simultaneous enrollment process
5. Prioritize enrollment data process improvement
6. Automate reconciliation
7. Separate/expedite SES financial assistance determination process
8. Allow direct links from Marketplace site to carrier products

## ASSISTANCE NETWORK – MARCH SURVEY

*All Health Coverage Guides and Certified Application Counselors*

What element of the Assistance Network you do you think is most important to your customer?

1. Assistance available to meet needs of vulnerable populations (e.g. limited English, limited literacy, and limited technical skills)
2. Organizations located in geographically convenient locations
3. Assistance available outside traditional hours
4. Assistance available on a walk-in basis
5. Organizations traveling to out stationed locations to meet customers

Which supports for your job are crucial?

1. Being provided resources for enrollment (65%)
2. Forums to provide user experience feedback and getting updates on issues (54%)
3. Meetings with peers to share best practices and strategies (41%)
4. Being provided resources for outreach (41%)

In your opinion, what made the difference between customers who chose to buy insurance and those who did not?

1. Affordability/premium price
2. Value/total cost
3. Available budget

What three things would improve the customer experience with AN?

1. Don't go live with eligibility problems
2. Better trained SR on eligibility/IRS rules (not system results) and plan distinction
3. Less wait time for Service Center
4. More realistic messaging/transparency about errors/issues/work-arounds

## ADVISORY GROUP MEETINGS – MARCH

*Individual Experience and Outreach & Communications Advisory Groups*

What worked well this Open Enrollment?

1. Release of new technology and processes occurred too close to start of Open Enrollment
2. Spanish outreach and media were improved
3. There was better cooperation between Health Coverage Guides and Brokers
4. The process of applying for coverage without financial assistance was smooth
5. The knowledge base of assistors is stronger

What can be improved for future Open Enrollment Periods?

1. Training must be improved
2. We should analyze data of who did and did not enroll to better understand how to increase enrollments
3. Must ensure correct determinations and subsidy calculations
4. Must correct enrollment process for legal permanent residents of our state
5. There is ineffective and untimely response to reports of issues/tickets
6. Must make financial application easier to understand (more consumer-friendly)
7. The Marketplace and HCPF need to understand that policy differences impact customers
8. The renewal process was confusing and auto-renewals not handled well
9. Assistors need to understand the timelines for system/program enhancements

*Rural Regions Advisory Group*

What worked well this Open Enrollment?

1. Having in person enrollment events in local communities
2. Advertising in local newspapers
3. Local community organizations and agencies were a great referral base
4. In-person assisters had more experience and knowledge
5. More people were spreading word of mouth to get covered
6. Brokers and Health Coverage Guides were able to partner to help customers apply and enroll
7. The application process for those not seeking financial assistance

What can be improved for future Open Enrollment Periods?

1. More in-person enrollment events
2. More frequent and robust training, especially on how to calculate income
3. The eligibility application for customers only seeking APTC/CSR
4. Simplify language in eligibility notices
5. Education to customers on health insurance basics
6. Improve side by side comparison screens
7. Easier access to the Summary of Benefits and Coverage on the shopping site

***Return To table of contents***

## SALES & MARKETING

As the Marketplace enters its second complete business cycle, we are drawing upon the invaluable feedback of our Sales Channels and customers to set both targets for enrollments, as well as the initiatives to support these goals for customers. While enrollment targets for FY2016 are moderately aggressive, factors such as one-time market events (cessation of transition plans and the expansion of the definition of the small group market size) added to the aggressive levels. Likewise, the opportunity to improve the performance of the SES and "recapture" customers who opted out of using the Marketplace in 2014/2015 was considered in upping the goals.

All in all, Connect for Health Colorado continues to rank among the highest-performing State-Based Marketplaces in its decision support, technology performance and enrollment numbers. Colorado also is considered a leader in the area of driving sales and particularly Broker engagement. Despite the continued high ranking, several factors influenced our forecasts:

- Carrier pricing will not be final until late summer
- Expectations for Carriers increasing rates in light of 18 months of claims experience was a minor downward factor
- The challenges of enrolling "hard to reach" populations moderated our targets. This third cycle will require more analytical and focused approaches.

## ENROLLMENT FORECASTS

The target for Individual enrollments by the end of fiscal year 2016 is 217,306. The target for the Small Employer line of business by the end of fiscal year 2016 is 6,878. Key elements, policies, and assumptions are driving enrollment forecasts, including:

- Effectuation rate (current 86%; used 78% for forecasts)
- Retention rate (used 66%)
- New business: General
- New business: Eligibility process improved thru-put and recapture
- New business: Non-ACA Transition plan expiration
- Life Change Event volume
- SHOP 51-100 size group increase
- SHOP system functionality
- APTC Index
- Carrier Pricing

# Enrollment Projections

| Enrollment Type | Covered Lives 6/30/15 | Mid-Level Projection: Covered Lives 6/30/16 | Low Projection % Inc. 2016 v 2015 | Low Projection | % of Mid | High Projection | % of Mid | Mid-Level Projection: Covered Lives 6/30/17 | % Inc. 2017 v 2016 | Mid-Level Projection: Covered Lives 6/30/18 | % Inc. 2018 v 2017 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Individual- Gross | 142,896 | 217,306 | 52% | 195,237 | 90% | 227,619 | 105% | 256,242 | 18% | 295,178 | 15% |
| **Individual- Effect.** | **123,462** | **169,499** | **37%** | **152,285** | **90%** | **177,542** | **105%** | **204,994** | **21%** | **236,142** | **15%** |
| SHOP Groups | 336 | 763 | 127% | 686 | 90% | 839 | 110% | 1,220 | 60% | 1,867 | 53% |
| **Covered Lives** | **2,688** | **6,881** | **156%** | **6,193** | **90%** | **7,569** | **110%** | **12,249** | **78%** | **15,923** | **30%** |

## MARKETING

The Marketplace has set aggressive enrollment targets for the next two years. Achieving these will require retaining our current customers and reaching and capturing under-served and hard-to-reach populations, who need more individualized outreach and multiple touch-points. The organization faces much tighter, constricted budgets – and success hinges on systems and processes working far better for consumers than they have in the first two open enrollment periods. Marketing and Outreach must draw on experiences of prior Open Enrollments and use the best available data analytics to be targeted, efficient and effective in helping meet the organization's goals.

### 2016 OVERARCHING STRATEGY

**Situation**

- More aggressive enrollment targets
- Lower budgets
- Harder-to-reach populations
- Success contingent on systems and processes working for consumers

**Plan**

- Grow Awareness, Positive Perception and Loyalty to Brand
    - Raise awareness 5%, measure through market research
    - Drive enrollments in targeted regions with population-specific messaging

- Improve health insurance literacy
- Use a data-driven approach to optimize education, outreach, advertising, communications and other marketing
- Emphasize grassroots tactics and enrollment opportunities to reach new customers and retain current customers
- Educate about which "door" can best help people for their needs
- Engage stakeholders and partners in enrolling customers
- Support sales channels and stakeholders with tools

**Financial Impact**

- $1.4m Budgeted (2015 Budget $4.7m)

## COMMUNICATIONS

- Inform and Educate
  - Briefings to discuss renewals, OEP3 in key media markets
  - State tour to update business, stakeholders
- Ensure consistency and accuracy
  - Review all noticing for language/consistency
  - Review materials across channels
- Support retention activities
- Optimize content, tools and channel partnerships to drive higher engagement
- Continue to drive awareness of in-person assisters and enrollment centers with qualified marketplace customers
- Collaborate with partners on health literacy campaigns

## GRASSROOTS OUTREACH

- Increase awareness and enrollment among hard-to-reach and eligible but not insured (for tax credits/private insurance) populations across Colorado
  - Data-driven focus on high concentrations of eligible-but-not-insured in key areas across state

- Organize, promote community engagement and enrollment events in key zip codes across all geographies
- Create collateral for non-English-speaking and immigrant populations

- Maximize sales channels' and stakeholders' resources to increase coverage
  - Include school-based, faith-based, clinic-based
- Educate about health insurance and value of coverage (literacy)
- Enlist a diverse coalition of organizations willing to be trained as community based Volunteer Enrollment Assisters to help educate & begin the enrollment process
  - Warm hand-offs/referrals to Brokers and Health Coverage Guides

## MARKETING AND ADVERTISING

- Strengthen brand loyalty among consumers, sales channels and stakeholder organizations
  - Identify and empower 'brand ambassadors' to advocate for coverage through Marketplace
  - Optimize tools and materials available to channels
  - Partner with Carriers
- Promote enhanced Small Business Marketplace, its benefits and expanded criteria (2-100 employees)
- Use lessons of OEP2
  - Constantly evaluate data to measure and regroup messages, mediums and geography
  - Consider value of enrollment centers based on more targeted timing, location
  - Integrate aspects of WordPress and shopping portals to help consumers' decision-making
  - Leverage existing community events and opportunities
- Re-purpose advertising materials and use data, new technology to 'hyper-target' eligible consumers to enroll or renew
- Maximize social media channels to reach targeted and broad populations

## PUBLIC POLICY AND EXTERNAL AFFAIRS

- Define and develop public policy and advocacy strategies for organization
- Define external communication process for organization

- Identify new partners for collaboration (local, state, national) and continue targeted stakeholder engagement
- Increase education and awareness with state legislature, business groups, other organizations (see examples)
- Policy Maintenance
  - Identify policy levers that can support the business' strategic plan
  - Consider appropriate pursuit of policy or statutory changes
  - Update approved Board policies as needed
- Improve constituent escalation process

## SALES CHANNELS

Connect for Health Colorado has been very purposeful in developing and continuously refining the approach, partnerships and performance of its Sales Channels. Year Three of achieving enrollments and impacting retention focuses on several significant themes: Stability of technology and service center performance, ease of doing business and hyper-facilitating the channels sales efficacy, innovation and distinction of contribution.

Specific initiatives that apply across all channels are: Enhance SES and create an expedited income option, launch a revised Customer Relationship Management tool that enables channels to submit, track and resolve customer issues, monthly focus groups with Marketplace business partners to discuss and drive sales strategies and increased partnership among channels.

## ASSISTANCE NETWORK

The Assistance Network and its related workforce of Health Coverage Guides (HCGs) will be consolidated through a strategic project to align and engage the top performers and high potential partners in outreaching to and enrolling individuals and families across their communities. This consolidation will reduce the Assistance Network by approximately 60%, with funding set at $3.0Mil in 2016, vs $8.0Mil in 2015. Sales targets for this cohort are very aggressive, given the trends of the past two enrollment periods and the reduction in the number of sites. Supporting the Assistance Network, as described below, is critical for them to achieve their enrollment goal of 19,558. This represents a contribution level of 9% of the total expected enrollments for FY 2016.

We will leverage the incredible talent among the Sites we fund by providing them with population-based analysis of potential geo-zips where the uninsured reside. We will also be developing a more dynamic, enrollment-focused set of performance measures for them; along with support and tools to allow them to rapidly discern if a potential client is Marketplace eligible or Medicaid eligible and to have the ability to assist through the entire financial assistance process. Also important to the strategic shift are the elimination of the Regional Hubs, which was a layer removed for closer and tighter accountability to the Marketplace, and addition of a community based referral strategy that encompasses Counties, HCGs, Brokers, etc. to assist individuals with the "right" Door. It is imperative to de-duplicate funds, effort and assistance to better serve Coloradans, avoid cost allocations issues and achieve enrollment targets.

## BROKERS

Connect for Health Colorado is pleased to proceed toward the 3rd Open Enrollment Period in the Individual Marketplace with approximately 1,200 certified Brokers who contributed 40% of the enrollments. Our highest contributing Broker currently represents 700 accounts with the Marketplace. Similarly, the percent of Broker representation among our Small Group Marketplace line of business is strong at 74%. Sales targets for our Broker partners are to contribute 50% of the total enrollments for FY 2016, representing 108,653 covered lives against the total target of 217,306 by June 2016.

Connect for Health Colorado will be adding several Broker Representatives to increase support to the Broker community. We have implemented two Broker Focus Groups and we have begun planning for a Master level of certification and other differentiators for the top performers and the high potentials among this group. Additionally, we have supported several Broker-based, year-round enrollment centers that are Broker-centric and managed, providing them with increased visibility and connectedness with the Marketplace. We will commence "Road Shows" across the State in late May and continuing throughout the summer. We are partnering with the Managing General Agencies and the professional associations that aggregate the interests, needs and education of Brokers. We are planning to invest in, develop and implement a Broker Lead tool to promote the Top and High Potential Performers.

The success of this channel rests with the above support, as well as the functionality of the SES and Marketplace. To that end, the Broker Focus Groups have been central and will be instrumental in vetting early views of the enhanced functionality and in testing the system(s) prior to Go Live.

On the Small Employer side, we are currently seeking a more comprehensive partner and expect to launch a much more streamlined enrollment system by October 1, 2016. Again, Brokers have been engaged in providing specifications. In addition, due to high demand, the Marketplace is currently adding more sessions of a SHOP Broker training conducted by one of our top producers as a peer-to-peer training.

## CARRIERS

Retention will be the focus of partnering with Carriers and their Direct Sales staff. Although the Marketplace struggled with SES issues of complexity in 2014/2015, this channel performed solidly to simply maintain membership. Direct Sales staffs within Carrier organizations conduct sales out of their call centers. As such, the eligibility and application process must be easy and efficient. It is a positive accomplishment that our Carriers – and as a result, the Marketplace - had a retention rate above 70%, despite the technology issues. Our initiatives with Carriers for OEP3 are directed at co-marketing and "recruiting" the Direct Sales staffs into presenting the value of tax credits to their customer base. Connect for Health Colorado's sales and training teams will be engaging these sales teams at their call centers in September and October to drive retention and new business-especially given the influx of customers from non-compliant ACA plans in 2016.

***Return To table of contents***

## CUSTOMER SERVICE & OPERATIONS OVERVIEW

Connect for Health Colorado recognizes that there are elements of customer service and operations on which to focus improvement efforts:

- Simplify the Marketplace technology and ensure it works before the next enrollment period.
- Provide all customers with the ability to make changes to their account, eligibility or enrollment information without the need to call the service center.
- Streamline and improve call center technology to support:
    - Improvements to wait/hold/response times for Customer Service (both Marketplace and Medicaid)
    - More timely follow-up on reported issues
    - 'Case management functions' to allow multiple representatives to assist a customer in resolving complex issues that cannot be resolved in one call
    - Improved call balancing to reduce overall wait times
    - Improved IVR capabilities
    - Customer and broker online access to the ticketing system so they can monitor progress of their incidents, and provide additional information as needed without needing to call in to the service center.
    - Access to CBMS data to assist in issue resolution
- Revisit critical service center processes
- Make the entire process more consumer-friendly and carrier-friendly; improve training and communications
- Give our Brokers, Health Coverage Guides, Certified Application Counselors and Service Center Representatives the tools they need to more effectively help Coloradans obtain coverage.

## SERVICE CENTER PLAN

For the first and second open enrollment periods, Connect for Health Colorado used three primary vendors for service center activities – meaning no single vendor could be held accountable for service center performance. Current vendors are:

- CGI provided call center agents, supervisors and management for both front- and back-office functions in the service center, overflow resources were provided under a contract to a service center company called C3 under a contract managed by Eventus.
- Eventus built the service center and is responsible for:
    - Managing C3 for overflow calls and some outbound campaigns
    - Maintenance and support of the CRM tool (Oracle CX)
    - Maintenance and support of the service center technology
    - Manual balancing of calls between CGI and C3 service centers
- 3T provides help desk services to service center agents in Colorado Springs (e.g., desktop and phone issues, setup of new agents, etc.)

Connect for Health Colorado is actively pursuing migrating to a single-vendor call center contract for improved efficiencies and management ability. As a part of this activity, we are also expecting the vendor to improve the call center technologies, integrate with the HCPF service center tools, tighten our SLAs, and provide not-to-exceed pricing with incentives for reducing costs while improving service levels. In addition to providing a framework for significant improvements to the level of service experienced by our customers, we believe that this will save us at least $4M in FY2016 (compared to $22M in FY2015) and even more in FY2017 and beyond.

Critical elements of the revised contract are:

- Single vendor accountable for all aspects of the service center
- New or significantly improved customer relationship management (CRM) system
- Access to CBMS data for all service representatives
- Strict adherence to agreed-upon SLAs with penalties for missing agreed service levels and incentives for implementing improvements that result in consistently exceeding them
- Ability to implement these improvements before the next open enrollment period.

## DECISION SUPPORT

Colorado was among first Marketplaces to add tools to help customer make more informed decisions when choosing their health plans. In the first enrollment period, it included a financial assistance estimator; anonymous plan comparison tool; and a provider directory to find plans that include the customers' physicians and facilities. For the second enrollment period, we added a prescription look-up tool, mixed household calculator to help estimate eligibility and financial assistance for complex families, and an educational avatar eKyla.

For the next enrollment period, we will stabilize these tools to ensure they provide timelier, accurate information for customers, and also make enhancements recommended by stakeholders such as enhancing the avatar on the Marketplace site and incorporating eKyla into the Shared Eligibility System to help customers complete the financial application. These are included within technology and SES in the financial plan.

## MEDICAL ASSISTANCE SITE

Connect for Health Colorado will formalize the essential functions of having Medical Assistance Site capabilities and will outsource this function to a contracted partnership with an existing and successful statewide Medical Assistance Site by mid-June 2015. We anticipate this will be a two-year agreement, with the option to "in-house" this function in 2017. With a strong commitment to improved customer experience, this unit will work hand-in-glove with the Connect for Health Colorado Service Center staff to resolve any issues in the eligibility process that results in a non-real-time-evaluation for Advanced Premium Tax Credits and Cost Sharing Reductions. Access to and expertise in CBMS, the State's claims benefits and management system, is tantamount to vastly improving the case management approach needed for these customers. This unit will also be responsible for managing the required verifications documentation from customers, mostly in the area of income validation and legally present status.

The Medical Assistance Site will be an integral part of the strategic referral process mentioned above to expedite consumers obtaining help from the most skilled assistor for their specific need (Medicaid, CHP+, Marketplace).

***Return To table of contents***

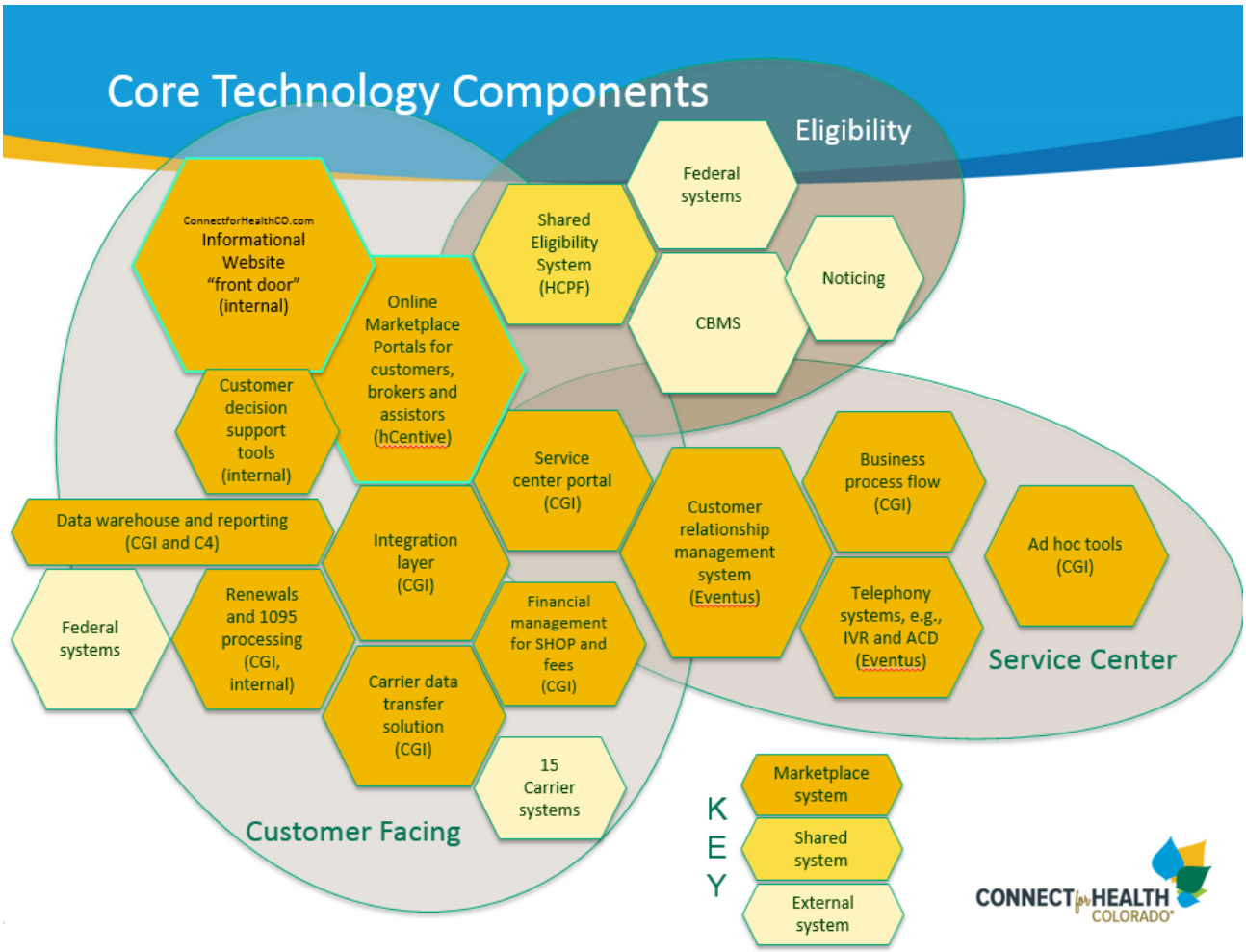
## TECHNOLOGY

In general, Connect for Health Colorado technology supports one or more of the following four key business needs:

- Direct customer-facing systems – collectively referred to as "The Marketplace" – that provide the following functions:
  - Access to general information about Connect for Health Colorado and the services we provide
  - The ability to create and maintain an account, apply for financial assistance, select and enroll in a plan, and update the enrollment
  - The seamless transfer of information from the Marketplace to carriers, CMS and the IRS
  - Renewals processing
  - 1095-A processing
  - Accurate and timely bills for Small Employer customers
- Eligibility systems that determine if an applicant is eligible for any financial assistance either during the initial application process or as the result of a change in circumstance. These systems interface directly with State and Federal systems to make the determinations and are responsible for providing official 'Notice of Action' (NOA) documentation to applicants.
- Customer Service Center systems that provide
  - Call routing, distribution and balancing functions
  - Customer relationship management and incident tracking tools
  - Access to 'super user' functions in the Marketplace applications to override certain system-derived values or to correct data entry errors
  - Access to CBMS to view applicant's information there and identify issues that need to be resolved by CBMS 'super users'
  - Automatic routing and tracking of activities that need to be processed by multiple departments (e.g., routing of scanned documents received at the service center to the appropriate back office team for resolution)
- Home office tools and technologies such as email, secure e-document storage and access, desktop/laptop tools, general ledger/accounts receivable software, and others. (not shown on the diagram below)

The applications that provide the first three functions are shown on the diagram below. Applications that share data or interface to create a seamless user experience are adjoining. For example, the informational website seamlessly transfers customers (but not data) to the decision support tools and the online portals. The online portals transfer customers and data to a variety of systems shown as

bordering the portal polygon. The vendor who provided the application is identified for all Marketplace-specific applications (e.g., hCentive).




For the last two open enrollment periods, Marketplace technology has been very stable – with a 99.9% uptime and sub-second response time for most screens. We have had no major security incidents and no significant outages.

Other positive aspects of the current Marketplace technology include:

- Decision support features such as provider directory and prescription drug look up tools, Colorado was one of a very small number of States that provided these tools during the first open enrollment period and continues to be a leader with our prescription drug lookup tool

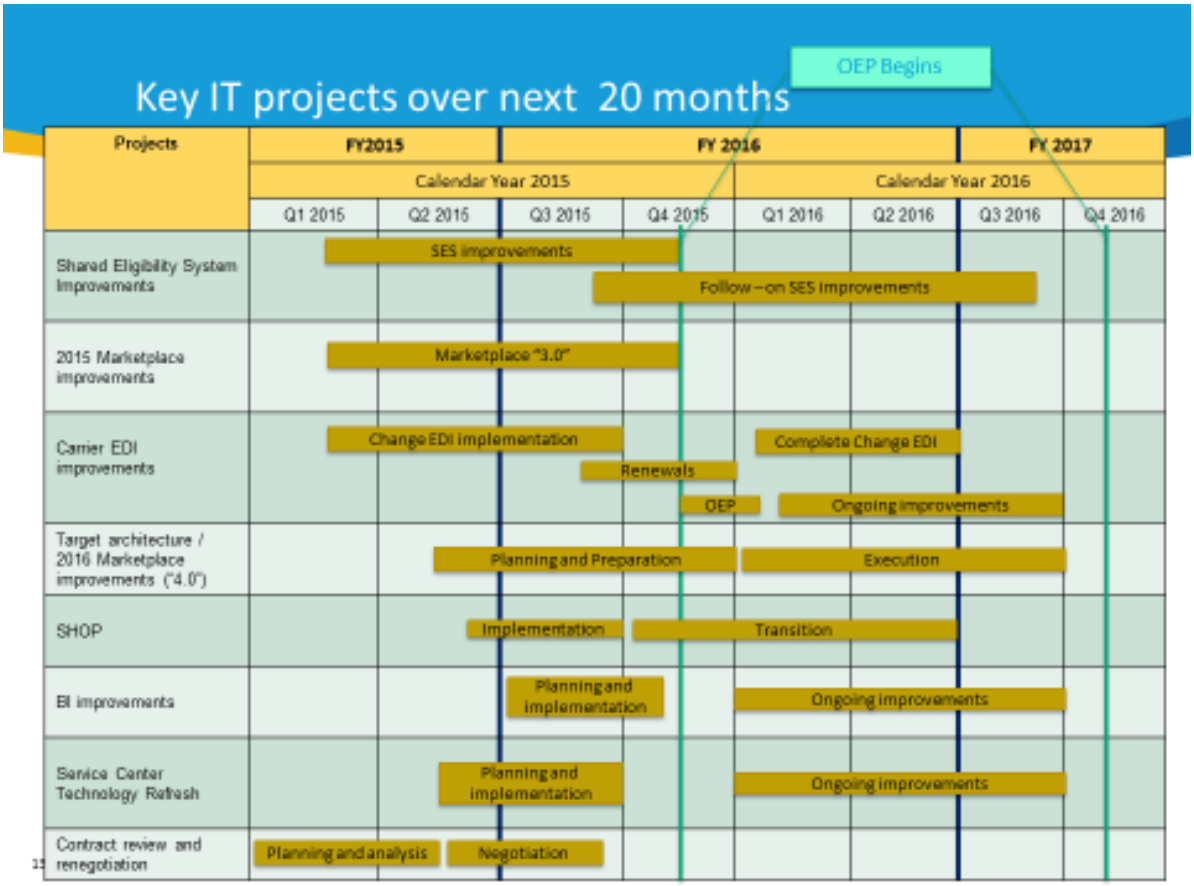
- Reconciliation and data cleanup tools and processes with Medicaid, carriers and CMS, Colorado was one of the first States to identify the need for intensive reconciliation with Medicaid to address simultaneous enrollment concerns and, according to our national carriers, is leading most other States in addressing enrollment reconciliation.

- Individual plan shopping, selection and enrollment online features

- Access to an on-line chat function.

Our goal for the next two open enrollment periods is to address the following technology challenges to improve user experience and streamline operations:

- Eligibility system usability and integration with marketplace system including support for life changes for financial assistance customers
- Seamless integration with carriers for changes, terminations and cancels
- SHOP system usability including online features, billing accuracy and connectivity with carriers
- Lack of 'case management' tools in the service center so that complex issues can be handled more effectively




The total capital investment for these technology improvements planned for the next two years is approximately $15M. As a result of this investment, we expect to see a significant reduction in call center and operational costs as well as a reduction in the maintenance and operations fees. As part of our standard business practices, we intend to develop business cases for each key activity to ensure that we clearly understand the scope and expected return on investment for each item before we start work on the project.

## RELEASE 3.0

As we approach our third open enrollment period, we are not seeking to add significant new functionality to the Marketplace, but to stabilize the current customer platform and address feedback we've received. Critical elements of 'Marketplace Release 3.0' will be as follows:

- Improvements to the renewals processing including changes to the online user experience, tighter coordination with carriers – particularly those that auto-debit customers and are expecting a termination record at the end of the year
- Improved ability to easily correct and resend 1095-A documents and tight coordination with HCPF (since HCPF must send out 1095's for the first time this year!)
- Improvements to the broker portal to support large agencies
- The ability for carriers to bulk-approve and bulk-load plans into the online portals
- Continued improvements to the carrier EDI processing

As we plan for 'Marketplace Release 4.0' in 2016, we expect to look at ways to simplify the underlying architecture to reduce maintenance costs and improve extensibility.

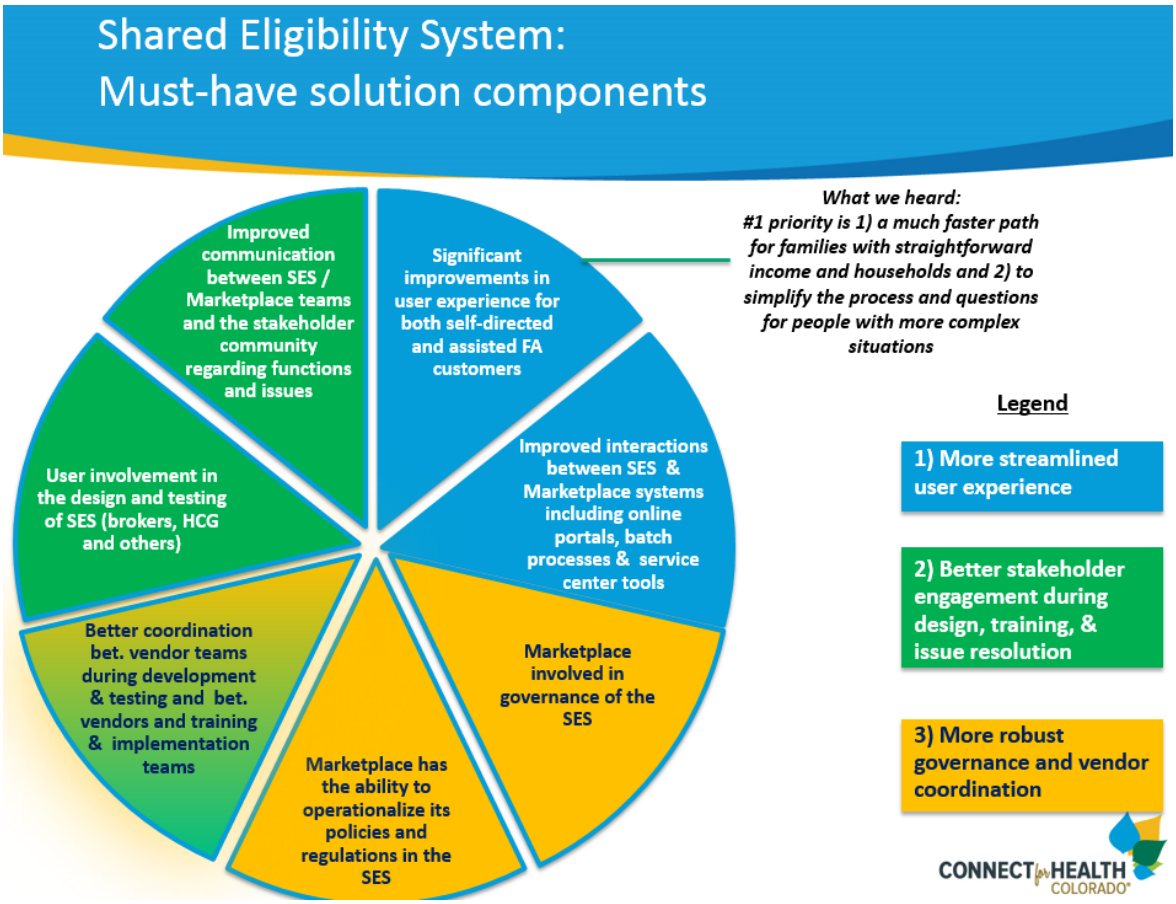
The total expected investment in non-SES improvements for Release 3.0 is around $0.8M. These changes will reduce the number of issues and customer calls related to renewals and 1095s, and provide brokers with tools to better support our customers. We are currently developing the business case for these items.

## SES

As noted in the stakeholder feedback sections of this document, a clear area of focus for the technology teams is improving the Shared Eligibility System (SES). Customers, brokers and assistors all experienced the following issues with the eligibility system:

- Inaccurate determinations due to technical glitches and user error
- Untimely determinations
- Impenetrable user interface and process that was time-consuming and complex
- Inability to handle specific communities such as legally present residents and self-employed
- Inaccurate or conflicting information from the Marketplace and HCPF

As a result, the majority of our technology resources and budget are being directed at ensuring that the critical improvements to the SES are delivered on time for the next open enrollment period. Connect for Health Colorado, HCPF and OIT worked together to define the critical, must-have components of the SES project. These components are:




Specifically, Connect for Health Colorado and our stakeholders identified 77 critical technology improvements that are being evaluated by the SES development team for implementation over the next 6 months. These items include the following (this is not the complete list):

- "A Fast Path" for applicants that reduces the number of questions for Marketplace and, if appropriate, Medicaid customers.
- Creation of a Customer/Customer Service/Broker Wrap Up Summary screen that has editable "correct my application" functions
- Allow Connect for Health Colorado service center representatives to access to CBMS data via a secure web service or a "help desk screen"
- Implement simplified, "smart" "Report My Change" (RMC) functions for Marketplace customers
- Implement educational avatar eKyla within SES to assist customers in answering questions
- Modify notices including explanation of $0 APTC amount for customers who are eligible for APTC
- Modify 'are you seeking Medical Assistance' screen text

- Separate rules for Marketplace customers during customer maintenance activities including limiting Medicaid required periodic redeterminations to non-Marketplace customers and improvements to case management functions for Marketplace customers.
- Provide the ability for a non-financial Marketplace customer to become a financially assisted customer and retain their Marketplace account identity, particularly as the result of a qualifying life event
- Make more intuitive the process for identifying an applicant as an American Indian / Alaska Native.

We believe that successful implementation of these critical items, along with the other critical solution components such as increased stakeholder involvement in the process and improved governance, will result in over $4M in operational savings in FY2016.

## HOSTING

As a result of independent review of our current maintenance contracts, we identified that we are currently paying our vendor above-market rates for system hosting. We intend to renegotiate our hosting contract to achieve savings in our maintenance and operations budgets to see immediate savings in FY2016.

## CARRIER EDI

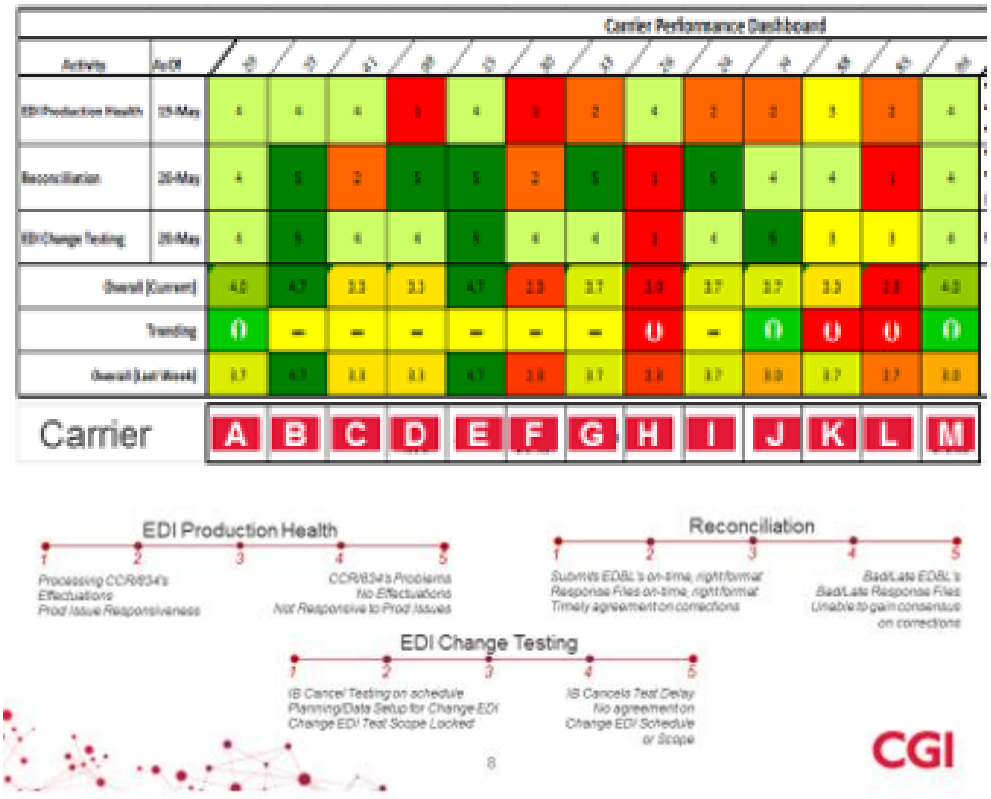
Coloradoans have had the ability to select from plans provided by 17 carriers over two enrollment periods. This abundance of choice requires that our Marketplace systems integrate with 20 different electronic data interchange (EDI) systems to communicate initial individual enrollments, SHOP group initiation, SHOP group enrollment, individual renewals/re-enrollments, both individual and SHOP terminations, cancellations, and changes, and finally enrollment audit and payment records.

Since December 2013, the Marketplace has been successfully sending initial enrollment records to all carriers, but has had mixed results (depending on carrier) with receiving 'effectuated' enrollment records and automating the remaining items. (Since Connect for Health Colorado does not accept payments for individual premiums, we rely on the carriers sending us a special 'effectuated' record after they receive the first payment. Receipt of the first payment generally triggers the carrier to send the customer an ID card and begin to accept claims. For the Marketplace, receipt of the 'effectuated' record triggers payment of tax credits to the carriers and allows the customer to report changes.)

Since mid-2014, Connect for Health Colorado and the carriers have been working together on a plan to phase in automated EDI processing for all record types for all carriers. Together, we have made slow but steady progress and have had some success in transferring change EDI, effectuated initial enrollments, and payment records with some or all carriers. In 2015 and 2016, we will continue to perform carrier validation and on-boarding activities. Our goal is to have all carriers completely on-boarded by the middle of 2016 so that we can move into a steady-state maintenance mode with all carriers by the 2017 open enrollment period.

We developed a scorecard to assist in monitoring the progress of the carrier EDI activities. The most current version of that is attached below. Note that carrier names have been masked.

# Carrier Performance Dashboard
## As of 5/19/2015




***Return To table of contents***

# ADMINISTRATIVE STRATEGY

## COMPLIANCE AND AUDIT

Connect for Health Colorado has undergone close to thirty audits, federal reports and reviews in the past two years, with typically three to five in progress at any point in time. In combination with a slim-staffed start-up period, room for improvement for policies, procedures and accuracy has been well—identified. As such, the Marketplace is in the process of hiring a lead audit staff position, contracted with firms to assist with audit preparation and follow-up, and is increasing its staff across the organization, in part, to improve compliance with policies and regulations.

Additionally, current levels of staffing for Conflict Resolution/Appeals do not meet regulatory requirements and Appeals staff cannot facilitate appropriate conflict resolution for C4HCO customers. Projected appeals volume and current resolution rates demonstrate volume exceeds capacity. Additional appeals-related staff positions and contract assistance are included in the financial plan.

## HUMAN RESOURCES

### STAFFING PLAN

Connect for Health Colorado operates as a hi-tech insurance exchange firm, while also highly matrixed with numerous state and federal operational partners. We serve a population largely previously disengaged from the products we sell, and work intimately with 15 insurance companies and are supported by two thousands brokers, agents, health coverage guides and other partners. We manage several large-scale vendors, and are overseen by numerous government agencies formally along with more than a dozen advocacy groups informally. As such, the business of the Marketplace is extremely complex technically, relationally, politically, and regulatorily and therefore, requires highly-skilled and well-experienced management and staff to orchestrate the organization's business.

Given limited financial resources, a high degree of public scrutiny and political risk, and an organization historically understaffed, attracting and retaining quality staff is a top priority. For the year ahead, management is proposing to partially close the staffing shortage gap in key areas as noted throughout this Plan. The path to improved customer experience and sustainability requires the organization to invest more heavily in the areas of front-facing customer service, technology, sales, and marketing; back

office auditing, appeals, and business intelligence; and in new business development including Medicaid reimbursement support.

The FY 2016 Budget includes several new positions as noted, but also takes the step of converting most past contracted positions to employee status. This initiative has the benefit of lowering costs per position and increasing organizational stability. While specialist contractors will always be needed in the ranks for various activities, significant savings can now be achieved with the basic business model more securely in place. A summary of staffing changes is outlined below.

**Current Staffing Situation**

- 53 FT positions (filled + open), plus 11 individual contractors
- Total: 64 FT positions

**Proposed Staffing Plan**

- 78 positions, plus 0 long-term individual contractors (temporary and/or specialist/project contractors will continue to be utilized on an ongoing needs basis)
- Total: 78 FT positions
    - Net 14 new positions
    - 11 contractor conversions to FTE

**Financial Impact (approx.)**

- Salary and Benefits: Increase $3.5m
- Contractor Budget: Decrease $1.8m
- Net Position Budget Change: $1.7m

## COMPENSATION AND BENEFITS

Compensation changes built into the budget include performance and cost of living adjustments set at an average 3% of salary. Other compensation and benefits provided to staff remain consistent and include contributions to health and dental insurance, a 403b retirement plan, and 3 weeks paid time off allowance.

***Return To table of contents***

## REVENUE

### FEE LEVEL RECOMMENDATIONS

The Connect for Health Colorado Board of Directors annually sets the Calendar Year Marketplace Administration Fee and the Broad Market Carrier Assessment. In May 2015, the Board approved both fee levels for the 2016 calendar year.

**Background**

Marketplace revenue sources may include: Marketplace Administrative Fee; Broad Market Carrier Assessment; Carrier tax-deductible donations; Grants; Other revenues; potential Medicaid reimbursement.

- Marketplace Health Insurance Administrative Fee: CY2015 was set at 1.4% of premiums
- Broad Market Carrier Assessment: Carried over from Cover Colorado, then $3.79 pp/pm, was extended to Connect for Health Colorado through 2016 with a cap of $1.80 pp/pm
  - 2014 Fee was waived
  - 2015 set at $1.25 per member/per month (pmpm)
  - Maximizing the Broad Market fee during its short availability is critical for bridging Federal Grant to earned revenue

**Approved**

In order to build and bridge revenue as volume grows to ensure sustainability; ensure adequate capital, operational reserves and sufficient near-term capacity to gain system and staffing stability, **rates were selected as follows**:

- Marketplace Health Insurance Administrative Fee: 3.5%
- Broad Market Assessment: $1.80 pmpm (Converted to a % of the average Marketplace premium, $1.80 = 0.5%)
- Fee rates selected will generate forecasted revenue of $29.6m in 4$^{th}$ quarter FY2016

## MEDICAID COST REIMBURSEMENT STRATEGY

Connect for Health Colorado is actively involved in a project with staff from Health Care Policy and Financing and a nationally recognized expert in cost allocation methodology to request both a retrospective reimbursement for FY2015 expenses, as well as, to establish an ongoing and prospective methodology for offsetting Marketplace expenses that are allocate-able to Medicaid and eligible for federal draw down of funds. It is understood that this project, resulting in an established business and financial process is critical to: minimize overall ecosystem costs to Coloradans, avoid subsidization of public programs by commercially insured consumers, and contribute to the sustainability of the Marketplace.

Funding for Medicaid reimbursement from CMS is budgeted to be received in FY2016, however, considerable research, planning and implementation of required systems and processes will be needed over the early months in the year.

## OTHER REVENUE

Foundation revenue is critical at this early stage of organizational development in order to develop the Assistance Network, a key element of not only Marketplace enrollment, but for improving the State's health literacy and public insurance enrollment as well. A grant proposal for $2.5m has been submitted to the Colorado Health Foundation (TCHF) and is currently budgeted at that amount. While TCHF funding may continue next year and into the future, additional grant sources are required to increase funding diversity (strengthen financial position) and augment earned revenue in sourcing mission-related initiatives such as decision support tools and enhanced outreach.

In 2013, Connect for Health Colorado's Board of Directors approved the establishment of a Public Benefit Corporation, which is a for-profit entity for the eventual purposes of offering non-QHP products and services to customers to drive retention, sales, value and additional revenue. Projects to evaluate potential products and their financial and market impact will begin in summer 2016.

***Return To table of contents***

## OPERATIONAL METRICS

Connect for Health Colorado captures considerable data and dozens of measures through its operations related to various aspects of customer operations, finances, systems/processes, and internal resources. With two open enrollments completed and operations beginning to normalize, management is putting in place the ability to now use the data for informing and improving its business decisions. New business intelligence and data quality staff are planned to better enable us to analyze key data to help the organization reduce costs, and improve process efficiency and service levels.

We plan to target those measures under the Balanced Scorecard Framework that will also serve our governance bodies at a strategic level. Areas and measures under consideration include those highlighted in the DRAFT Strategy Map graphic below:

**2016 STRATEGY MAP**

**The mission of Connect for Health Colorado is to increase access, affordability, and choice for individuals and small employers purchasing health insurance in Colorado.**

| Customers | Value Proposition | Strategy | Metric |
|---|---|---|---|
| | Leverage APTC | Conduct Strategic Direction Planning | APTC Coverage Ratios |
| | System Usability, Shopping comparison, decision support tools | Enhance Health Insurance & Health Literacy | Health Outcomes ROI |
| | Transparent & Competitive Pricing | Provide & Right- ceptional Customer Service | Feedback Loop Utilization |
| | No Wrong Door access to public and private insurance | Improve pping, Modeling | |
| | Customer Aggregation & Support | | |
| Finance Goals | Value Proposition | tegy | Metric |
| | Consumer Cost/Value < FFM + State costs | tions | Financial Ratios |
| | Business Efficiency utilizing State systems | oor' Policy against Support Costs and bursement | Value to Price ratios |
| | Leverage Marketplace Platform | ptimal Fee Structures | Carrier ROI |
| | Medicaid reimbursement pot | duct Vendor & Partner re-bids | |
| | | Reduce Vendor Risk/Tighten Mgt | |
| | | Fund depreciation/capital reinvestment | |
| | | Tighten Compliance Processes | |
| Mission-critical Business Systems | | Strategy | Metric |
| | Functi ustomers | Increase 'Control' Levers | Tickets/Enrollment Ratio |
| | Custome | Improve SLA Management | SLA Achievement |
| | Efficient Ma ies | Develop User-friendly Eligibility Assessment | ComplianceAdherence |
| | High-degree C pliance | Plug & Play Carrier Connections | Total Carrier Cost |
| | | Improve internal decision-making processes | |
| | | Infrastructure assumptions-capacity & function & service | |
| | | Tighten Compliance Processes | |
| Organizational Learning & Growth | Value Proposition | Strategy | Metric |
| | Operational & Strategic Efficiency | Conduct Org Design Process | Staffing Ratios |
| | Continuous Improvement | Improve Board Support | Board Satisfaction |
| | Staff Capacity Maximized | Strengthen strategy culture | Staff Satisfaction |
| | Oversight Efficiency | Improve staff / contractor ratio | Feedback Loop Utilization |
| | Informed Legislation | Up-level director authority | Legislation Outcomes |
| | | Enhance Financial culture | |

Draft Strategy Map with sample metrics to be developed

***Return To table of contents***

## FY2016 BUDGET

### SUMMARY

The FY2016 Budget generates:

| | |
|---|---|
| Revenue: | $40.3m |
| Operating Expense: | $44.9m |
| Operating Deficit: | ($4.6m) |
| Capital investment: | $8.7m |
| Net Deficit | ($13.3m) |

Enrollment projections and the two Marketplace fees charged are the primary drivers of the revenue budget. However, as noted earlier, numerous additional variables directly and indirectly will affect revenue (e.g., plan premium price changes.) Similarly, expenses are largely driven by volume, technical functionality, and infrastructure requirements.

As a start-up, Connect for Health Colorado will continue to refine its business model, and resulting strategies for financial, technical and customer experience success. The budget is built on ever-improving data as the organization moves through its early stage in the lifecycle. Most budget component figures are based on more informed volumes, customer needs, industry shifts, and consumer behavior. Yet, the Budget remains a forecast subject to these and many other variables. Hence, variability from these figures can be expected over the next few years.

For 2016, management believes this budget to reflect designated organizational strategy, Board direction, and ultimately to move the Marketplace toward its three primary goals:

1. Optimize the customer experience
2. Stabilize and right-size staffing, systems, processes
3. Put the Marketplace on the path to financial sustainability

### CRITICAL ASSUMPTIONS

The following critical assumptions apply to the budget presented below:

- Budgets are presented on a **cash basis**; i.e., when funds are received and spent. For reporting purposes, the Budget will be converted to a GAAP accrual basis, which will alter the bottom lines accordingly.

- Budgeted revenue and variable expenses are **based on the proposed enrollment** figures above.
- **Average premiums** per effectuated enrollee are budgeted to increase 2% for plan year 2016 (individual market), and 2.9% thereafter.
- **Broad Market Assessment basis (**policy holders) remains constant through 2016
- Assumes **federal grant is closed out** and all funds spent
- Staffing budget assumes **same benefit rates**
- Work flow and reduction in consulting budgets assumes **new/replacement positions hired in a timely manner**
- Assumes total **foundation grants** are maintained at $2.5m per year in FY16-18.

## BUDGET DETAIL

| Revenue Budget (000's) | | | | | |
|---|---|---|---|---|---|
| **Category** | **2015 Estimate** | | **FY 2016** | **FY 2017** | **FY 2018** |
| | | | | | |
| 2014 Assessment Fees | 5,100 | | 200 | 0 | 0 |
| Marketplace Health Insurance Administrative Fee | 987 | | 9,610 | 24,899 | 30,321 |
| Special Broad Market Assessment | 4,500 | | 19,980 | 19,440 | 0 |
| | | | | | |
| Tax Credit Donations | 5,000 | | 5,000 | 5,000 | 5,000 |
| SHOP (w/ new investment) | 120 | | 293 | 1,223 | 2,056 |
| Vision | 9 | | 18 | 20 | 24 |
| Foundation Grants (*estimates only - no commitments received)* | 2,500 | | 2,500 | 2,500 | 2,500 |
| Interest Income | 46 | | 25 | 3 | 3 |
| New Product Development | | | 0 | 40 | 60 |
| Medicaid Cost Recovery | 0 | | 2,500 | 2,000 | 2,000 |
| | | | | | |
| Level 2 Grant | 60,500 | | 200 | 0 | 0 |
| CoverColorado | 14,034 | | 0 | 0 | 0 |
| | | | | | |
| **Total Revenue** | **92,796** | | **40,325** | **55,126** | **41,964** |

| Expense Category | FY 2015 Forecast (000's) | FY2016 (000's) |
|---|---|---|
| General & Administrative | 7,325 | 10,738 |
| Salaries & Benefits | 5,515 | 9,048 |
| Rent, Tech systems, equip, connectivity | 797 | 780 |
| Other | 1,013 | 910 |
| Marketing & Public Relations | 4,771 | 1,364 |
| Assistance Network | 6,040 | 3,030 |
| Operations | 2,683 | 1,451 |
| Business Development | 673 | 405 |
| Carrier Support & Other Operations | 731 | 348 |
| Training | 324 | 80 |
| Other | 955 | 618 |
| Customer Service Center & MA Site | 21,280 | 18,123 |
| Technology | 10,942 | 9,438 |
| Hosting | 2,108 | 2,053 |
| M&O Costs | 6,653 | 5,588 |
| Maintenance/Enhancements | 986 | 888 |
| Other | 1,195 | 909 |
| Contingency | | 750 |
| **Total Operating Expense** | **53,041** | **44,894** |
| **Technology CapEx and Other Projects** | | |
| Migration to Target Architecture | | 1,500 |
| Marketplace Improvements/Licenses | 15,531 | 750 |
| SES (Excl $160k in Salaries) | 7,060 | 4,640 |
| Shop | | 500 |
| EDI | | 500 |
| Other | | 890 |
| **Total CapEx and Projects** | **22,591** | **8,780** |
| | | |
| **Total Cash Outlays** | **75,632** | **53,674** |

| Budget Summary | | | | | |
|---|---|---|---|---|---|
| Category | FY 2015 Estimate | | FY 2016 | FY 2017 | FY 2018 |
| | | | | | |
| Total Revenue | 92,796 | | 40,325 | 55,126 | 41,964 |
| | | | | | |
| Total Operating Expense | 53,041 | | 44,894 | 45,215 | 45,697 |
| Operating Surplus (Deficit) | 39,755 | | (4,594) | 9,911 | (3,733) |
| | | | | | |
| Total CapEx and Projects | 22,591 | | 8,780 | 5,000 | 5,000 |
| Net Surplus (Deficit) | 17,164 | | (13,349) | 4,911 | (8,733) |

| | Cash Balance Forecast ($000's) | | | | | | |
|---|---|---|---|---|---|---|---|
| | 6/30/15 | 12/31/15 | 6/30/16 | 12/31/16 | 6/30/17 | 12/31/17 | 6/30/18 |
| Cash Available | 28,500 | 16,000 | 14,000 | 21,000 | 19,500 | 16,500 | 10,000 |

***Return To table of contents***