



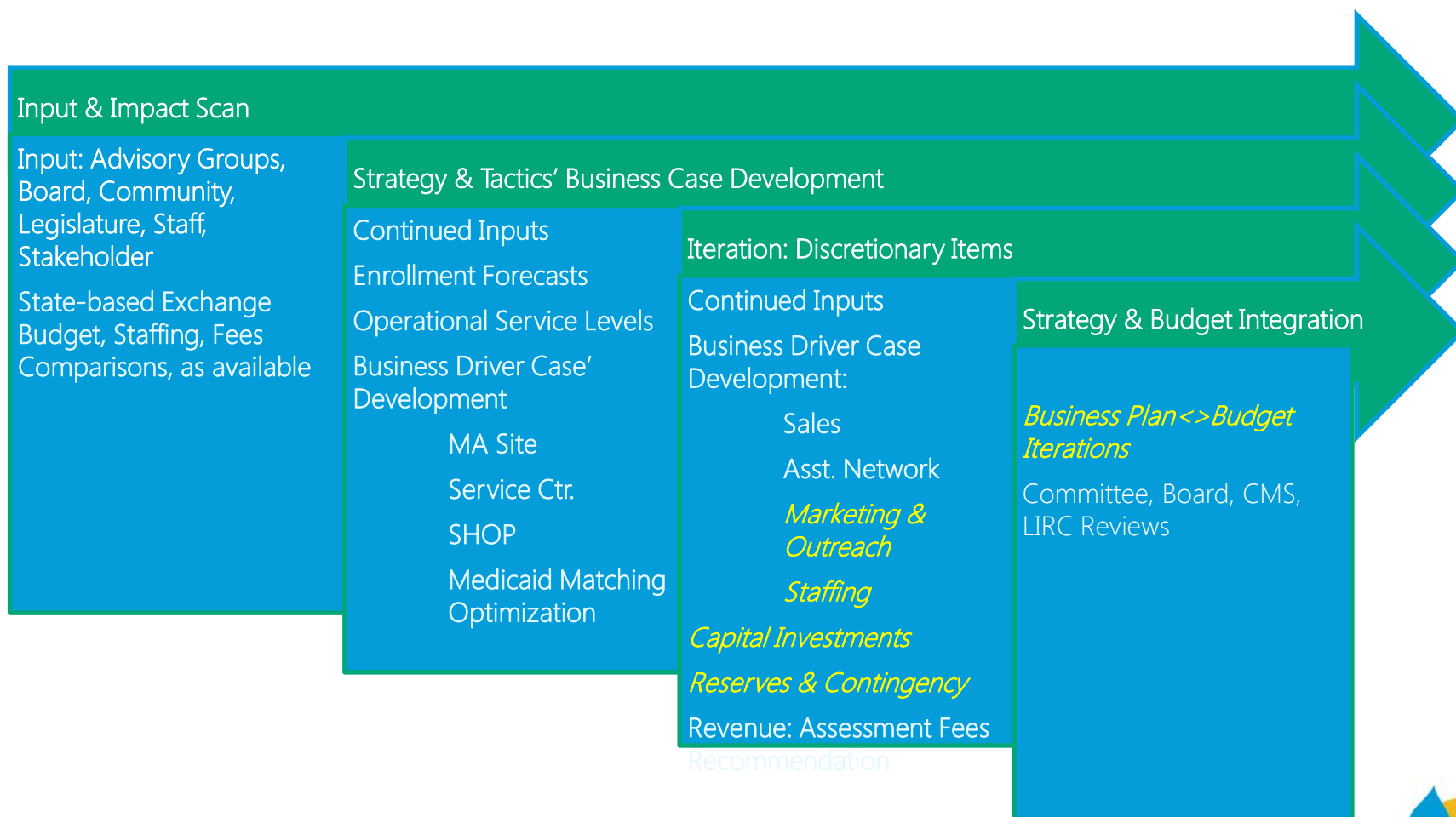
2016 STRATEGIC & FINANCIAL PLAN

Prepared for the Connect for Health Colorado
Operations & Finance Committees
May 20, 2015

Executive summary

- 1) Connect for Health Colorado is nearing the completion of its 2016 planning and budgeting process. We continue to strive for plans that:
 1. Optimize the **customer experience**
 2. **Stabilize & right-size** staffing, systems, processes
 3. Put Marketplace on the path to **financial sustainability**
- 2) Board approved CY 2016 Fee Assessment Rates, a minimum commitment of \$500k for the Assistance Network, and direction on **several critical business cases**, including:
 - Enrollment projections, SHOP, MA Site contract, Service Center structure, IT planning, Assistance Network planning, Sales Channel planning, and initial financial forecasts
- 3) **Today:**
 - 1) Update on the planning and budgeting process
 - 2) Marketing & Outreach planning assumptions
 - 3) Staffing Plan Assumptions
 - 4) Determine Budget Targets

2016 Budget Process



Business Cases in Development

Description	Top Decision Components	Direction
Enrollment Targets & Sales Business Case	<ol style="list-style-type: none"> 1. Enhancements to SHOP product offering 2. Development of strategy around transition plans 3. SES functionality, effectuation rate 	<ol style="list-style-type: none"> 1. Moderately aggressive 3-year targets presented with enrollment drivers reviewed internally and with the Joint Committee 2. The Committee recommended proceeding as presented
Service Center Structure/Re-negotiation	<ol style="list-style-type: none"> 1. Expectations regarding service levels 2. Physical location of primary and overflow service centers 3. Strategies for non-Marketplace calls (re-direct or support) 	<ol style="list-style-type: none"> 1. RFP responses reviewed, including service levels, strategy, locations, costs, systems, contract structure, and management 2. Negotiation strategy will be discussed in Committee
SHOP	<ol style="list-style-type: none"> 1. Completion of market due diligence and the RFP process 2. Financial ROI's of sustaining structure vs. outsourcing 3. Expansion of Small Group Market to 100 or less 	<ol style="list-style-type: none"> 1. Two options presented, with potential ROI and service levels, capacity, functionality, and timelines debated 2. The Committee recommended proceeding with outsourcing exploration, RFP distribution, and evaluation of responses
Sales Channels	<ol style="list-style-type: none"> 1. Distribution of appropriate level of sales targets across channels 2. Initiatives that will support and drive sales and engage key channels 3. Development of Broker lead tool 	<ol style="list-style-type: none"> 1. Reviewed sales channel strategies, plans, estimated enrollment projections by channel, Board support 2. No Committee recommendation sought; input collected
Assistance Network (AN)	<ol style="list-style-type: none"> 1. Development of alignment strategy 2. Refocusing enrollment best practices 3. Significant partnering with Marketing and Outreach teams and community based champions 	<ol style="list-style-type: none"> 1. Reviewed Statement of Need, ACA requirements, current status, KPI's, market segmentation and strategy, timeline, Board support, rec. minimum funding commitment (\$500k) 2. Committee supported general direction recognizing TCHF grant is pending approval 3. Board Approved minimum \$500k Budget Commitment
IT, Decision Support, Broker Portal, V.3.0	<ol style="list-style-type: none"> 1. ROI, Funding Prioritization 2. Functionality improvement, regulatory requirements 3. Evaluation of enhancements in new version of code and relative impact on sales & costs 4. Stay on most current versions of code to stay under warranty and receive product fixes 5. Decision Support tools' effectiveness assessment 	<ol style="list-style-type: none"> 1. Reviewed High-level 3 year IT roadmap, current stabilization phase components, Key projects, prelim cost projections 2. No Committee recommendation sought; input collected

Business Cases in Development

Description	Top Decision Components	Direction
Marketing Branding Health Literacy	<ol style="list-style-type: none"> 1. Educating and raising awareness of financial assistance & Marketplace w/out advertising \$ 2. Better support Navigators/Brokers w/limited resources 3. Still meet enrollment goals w/resource limitations 	1. Discussion @ Committee May 20
Staffing Plan	<ol style="list-style-type: none"> 1. Balancing replacement consulting staff with FTEs and prioritization of same 2. Staffing plan for remainder of 2015 that supports growth and sustainability. 3. Staffing plan to support FY2016 	1. Discussion @ Committee May 20
Fees	<ol style="list-style-type: none"> 1. Preliminary operating and capital expenditure models & associated cash flow expectations 2. Develop revenue budgets and recommendations for fees 3. Timing requirements (Carriers, DOI, Marketplace) 	1. Completed: Rates set at 3.5% of Premiums, and \$1.80 pmpm

MARKETING & OUTREACH

THE C.O.M.P. TEAM

Luke Clarke, Communications Director

Gabriela Aguilar, Outreach Manager (Special Populations)

Linda Gann, Outreach Manager (Western Slope)

Taylor Roddy, Marketing and Communications Manager

Kyla Hoskins, Manager of Policy & External Affairs

2nd Open Enrollment Period – What Really Worked

- Statewide multi-channel mass media ad campaign targeted to Marketplace-eligible customers
- Drive awareness of in-person assisters and enrollment centers
- Engage Latino and other minority media and community groups
- Harness Social Media to advance consumer-relevant content, health insurance literacy
- Strengthen relations with stakeholders
- Proactive communications to explain drop in benchmark premium/APTC, importance of shopping for renewing and new customers ahead of OEP2
- Frequent media briefings on APCTC, enrollment deadlines, renewals and tax penalty for OEP2 in key markets
 - OEP2: 49% media coverage positive, 30% negative and 21% neutral

2nd OEP – What Really Worked



- Advertising
 - Regional radio, print and online ads backed by statewide branded TV
 - Messaging – streamlined, intentional call-to-action to local assisters (not Service Center)
 - Culturally diverse
- Outreach
 - Data-driven: target zips with higher estimated uninsured @138%+ FPL
 - Enrollment-focused
 - Empowering assisters with data and strategy
 - Strong collaboration with Brokers, Assistance Network

“We all need health insurance”



We all need health insurance.

Connect for Health Colorado® makes it easier than ever to find health insurance so you're protected from life's little surprises. It's time to renew or choose your coverage for 2015. Less expensive plans are available.

Free, in-person help available!

Call Now for an Appointment: 719-845-4251

Don't delay! Enroll by Dec. 15 for Jan. 1 coverage.



ConnectforHealthCO.com



Don't Delay! Final Deadline to Enroll is Feb. 15

ConnectforHealthCO.com

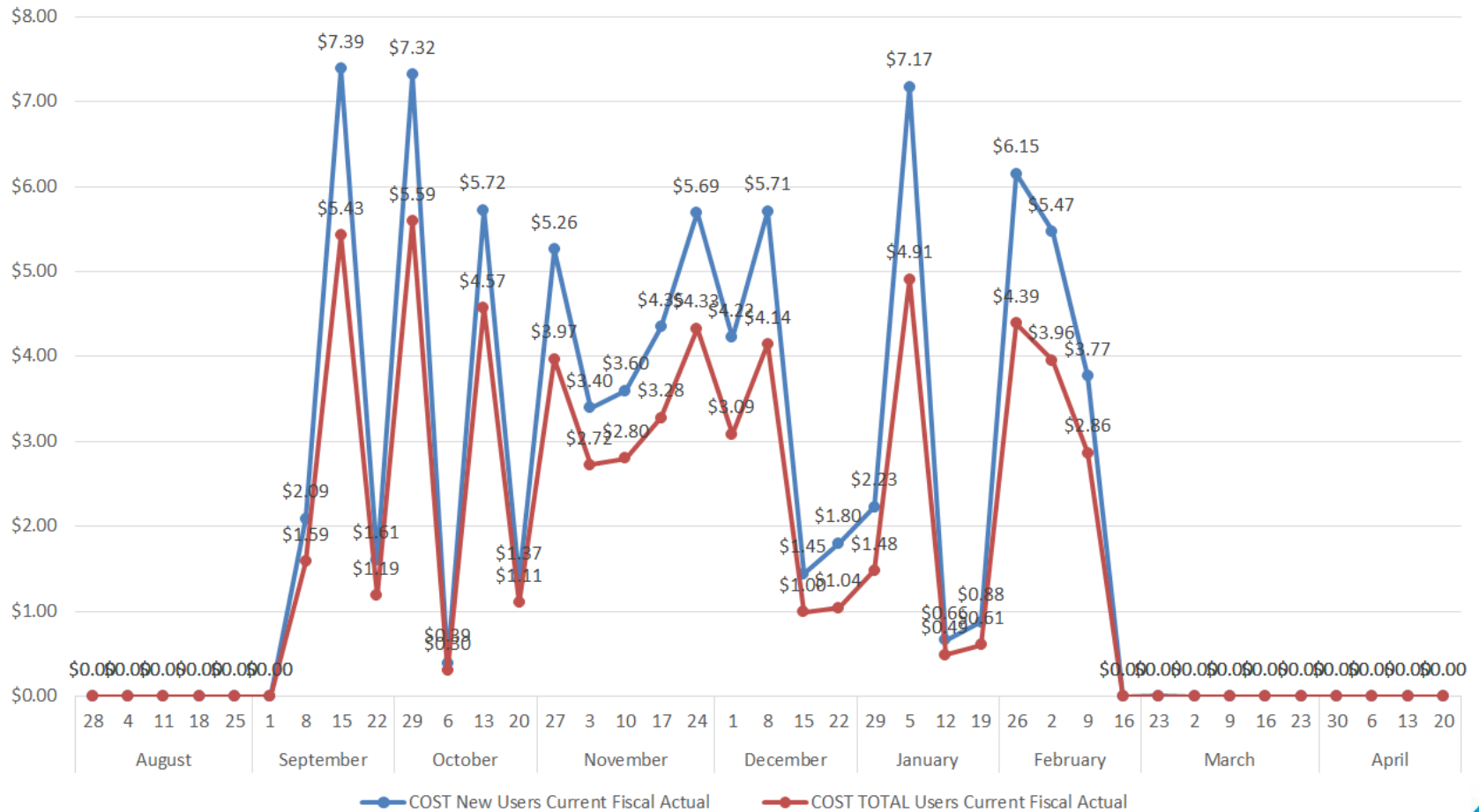
855-752-6749



Marketing ROI

- Overall marketing Cost per Acquisition (*\$100-\$200 considered efficient*)
- \$4.8 M total FY15 budget
 - 141,000 enrolled lives = \$34 CPA
- \$3.2 M advertising spend
 - 141,000 enrolled lives = \$22.70 CPA
- Traditional Media generated over 383,909,346 ad impressions
- Total Spend in Traditional Media: \$2,763,598
- CPM of \$7.20 (cost per thousand advertising impressions)
 - 51% below industry standard costs (SQAD)

Advertising Cost per New and Total Website Users



2nd OEP – What Really Worked

- Focused effort on streamlining content
 - Feedback from partners indicated less copy, more visuals
- Targeted messaging of in-person assistance increased enrollments
 - 118% increase in Denver county enrollments (80202)
 - 279% increase in Boulder county enrollments (80026)
 - 270% increase in Jefferson county enrollments (80228)
 - 216% increase in Arapahoe county enrollments (80231)
 - 367% increase in Weld county enrollments (80634)
- Emphasis on how to shop – see if you qualify, view plans, get in-person help
 - Large increase in traffic on tax credit estimator and plan finder pages from OE1

Targeted Outreach using Social Media

Example: Young Invincibles



Target & Placement	Age 18 - 35
Investment	\$100
Reach	46,244
Frequency	1.32
Impressions	61,259
Clicks	150
Unique Clicks	134
Click through Rate	.245%
Post Engagements	71
Cost per post engagement	\$1.41

Driving Enrollment using Social Media

Daily count-down campaign with deadlines



Only 7 days

to renew or enroll for
January 1 coverage



FACT:

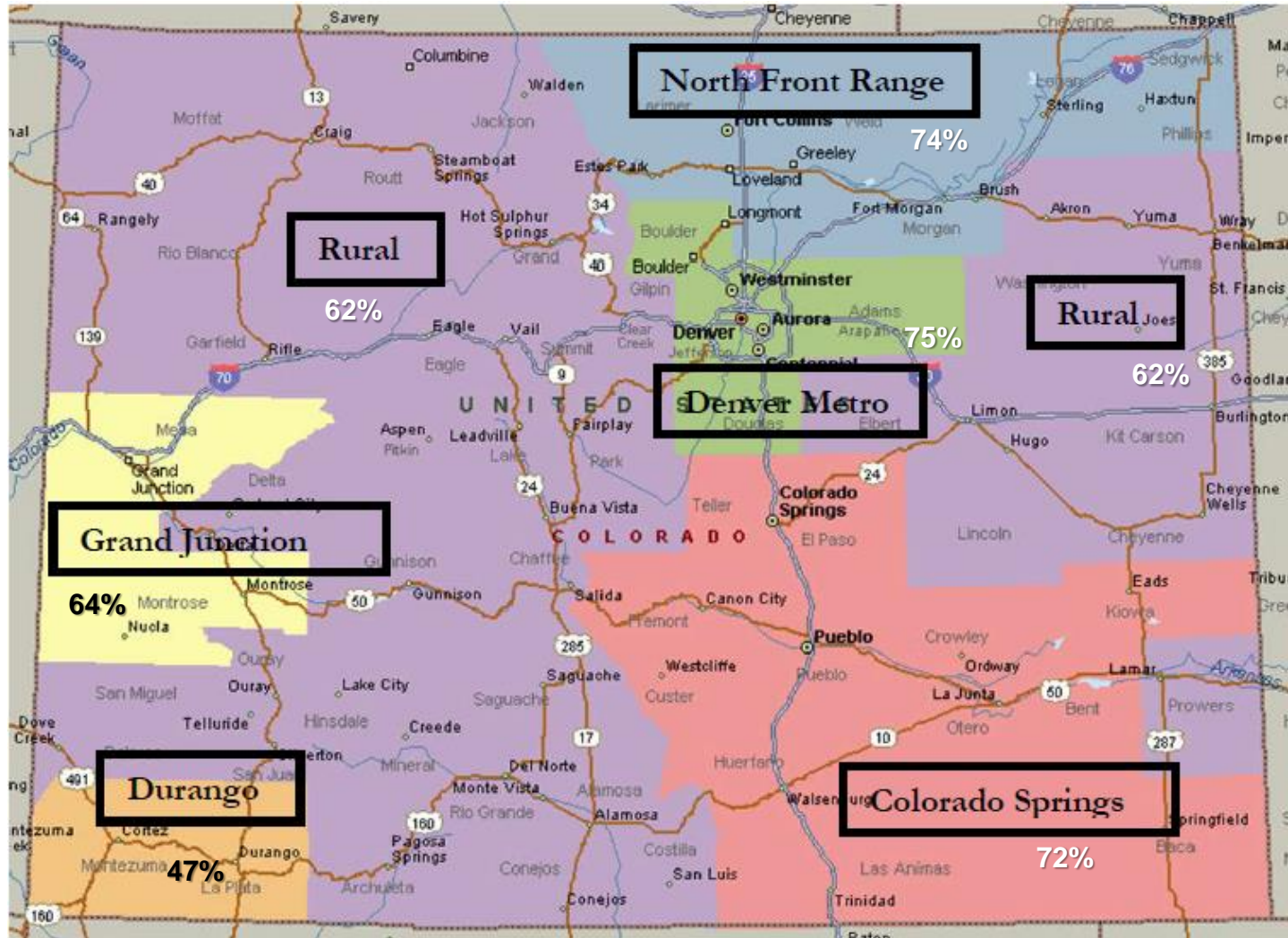
Over 87,000 Coloradans received financial assistance for their 2014 health plans. Review 2015 plans and check your eligibility for financial assistance today. FREE, in-person assistance is available in your community. Find a broker or health coverage guide on our web site: connectforhealthco.com



Market Research: Uninsured down, Awareness Up, Perception Positive

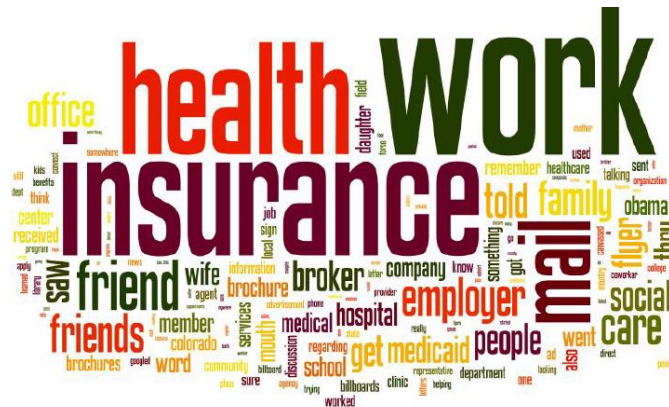
- Number of uninsured has dropped significantly since 2013 to 11%
 - 17% of 18-34-year-olds are uninsured
 - Higher rates of uninsured include: smaller population areas (rural, Durango); people with household incomes < \$50,000; and men
- Awareness of Connect for Health Colorado has increased significantly, up 13% since 1st Open Enrollment Period (OEP) – from 60% to 73% statewide after 2nd OEP
 - Exceeded FY15 Marketing goal of 10% increased awareness!
- Awareness rose in every region of state
 - Awareness strongest in Front Range regions
 - Rural and Grand Junction regions increased by 10%
 - Durango region (lowest rate) increased 9% (*New Mexico TV)
 - Awareness trails in uninsured & youngest adults, compared with insured & over-35
- More than half of those who have heard of Connect for Health Colorado believe it has had a positive impact on Coloradans; relatively few believe it has had a negative impact
 - Among those who purchase their own insurance, 70% say it has a positive impact

Awareness by Regions



Research: Marketing Effectiveness

- About half of those who have heard of Connect for Health Colorado heard of it from TV
- Radio, online and social media drove awareness more than in 1st OEP
- Percentage of Coloradans who reported seeing an ad increased
 - ~ 2/3 who saw an ad believed the message
- Word-of-Mouth is very important too: Many reported hearing about Connect for Health Colorado via work, friends, family, health or insurance sources or a mailing



Research: ... We still have work to do

- Cost is the primary barrier to getting coverage (78%)
- Even though they think coverage is valuable, 41% of uninsured said they “don’t need it”
- There is still confusion regarding what is Connect for Health Colorado
 - Most know it is an online resource to compare and buy health insurance (73%)
 - But half believe it is a government-backed insurance plan (55%)
- Understanding of relationship with Medicaid is murky:
 - ~20% believe it is Medicaid, and another 25% are unsure
- Coloradans are confused about eligibility for financial assistance
 - Vast majority (87%) believe income and household size are used to determine eligibility – BUT many also believe factors such as veterans status (58%) and health conditions (48%) may be used as well
 - Only one-third understood that qualifying for Medicaid makes you ineligible for tax credits
- Awareness of a penalty is high (84%) – but fewer know details or that it is increasing yearly

2016 Overarching Strategy

Situation


- *More aggressive enrollment targets*
 - *Lower budgets*
 - *Harder-to-reach populations*
 - *Success contingent on systems and processes working for consumers*
- Grow Awareness, Positive Perception and Loyalty to Brand
 - Raise awareness 5%, measure through market research
 - Drive enrollments in targeted regions with population-specific messaging
- 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

Communications

- Inform and educate
 - Briefings to discuss renewals, OEP3 in key media markets
 - State tour to update business, stakeholders
- Ensure consistency & accuracy
 - Review all noticing for language/consistency
 - 'Audit' 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

Retention

Conduct ongoing outreach to current customers



CONNECT for HEALTH COLORADO

APRIL 2015
A Newsletter for Our Customers

Connect to Coverage

Need to call us?

Avoid wait times!
No need to wait—after 3 minutes on hold you'll be prompted to select 'Virtual Hold.' You can hang up without losing your place in line! A rep will call you back when your original call is queued up.
877-752-6749

Health Insurance Companies

Connect for Health Colorado partners with 15 health and dental insurance companies. To learn more about these insurers and their products, click [here](#).

Your role in medication safety

Do you take a long list of prescribed drugs to manage health problems? Or do you simply reach for an over-the-counter medication from time to time? Either way, there's a lot you can do to make sure you get the most benefit from the medication -- and stay safe in the process. All medicines have risks. You and your medical provider make up your healthcare team. To reduce the risks related to using medicines and to get the maximum benefit, you need to play an active role on the team. Consumers can become more active in the following ways:

Speak Up! The more information your healthcare team members know about you, the better. Discuss the following with your health care providers:

- Your medical history
- Allergies and sensitivities
- Prescription medicines and over-the-counter medicines you take routinely and occasionally
- Dietary supplements, including vitamins and herbals

Health Literacy – Using Social Media

#jargonbuster



Learning the Language of Health Insurance

What is a **Co-pay**?

A fixed amount (for example, \$15) you pay for a medical visit or for medication that is covered under your health plan, usually when you receive the service. This is considered part of your out-of-pocket costs, separate from premiums and deductibles.

www.ConnectforHealthCO.com • 855-PLANS-4-YOU



Learning the Language of Health Insurance

What is a **Formulary**?

A list of drugs your insurance plan covers. A formulary may include how much you pay for each drug. If the plan uses “tiers,” the formulary may list which drugs are in which tiers. Formularies may include both generic drugs and brand-name drugs.

#jargonbuster

www.ConnectforHealthCO.com • 855-PLANS-4-YOU

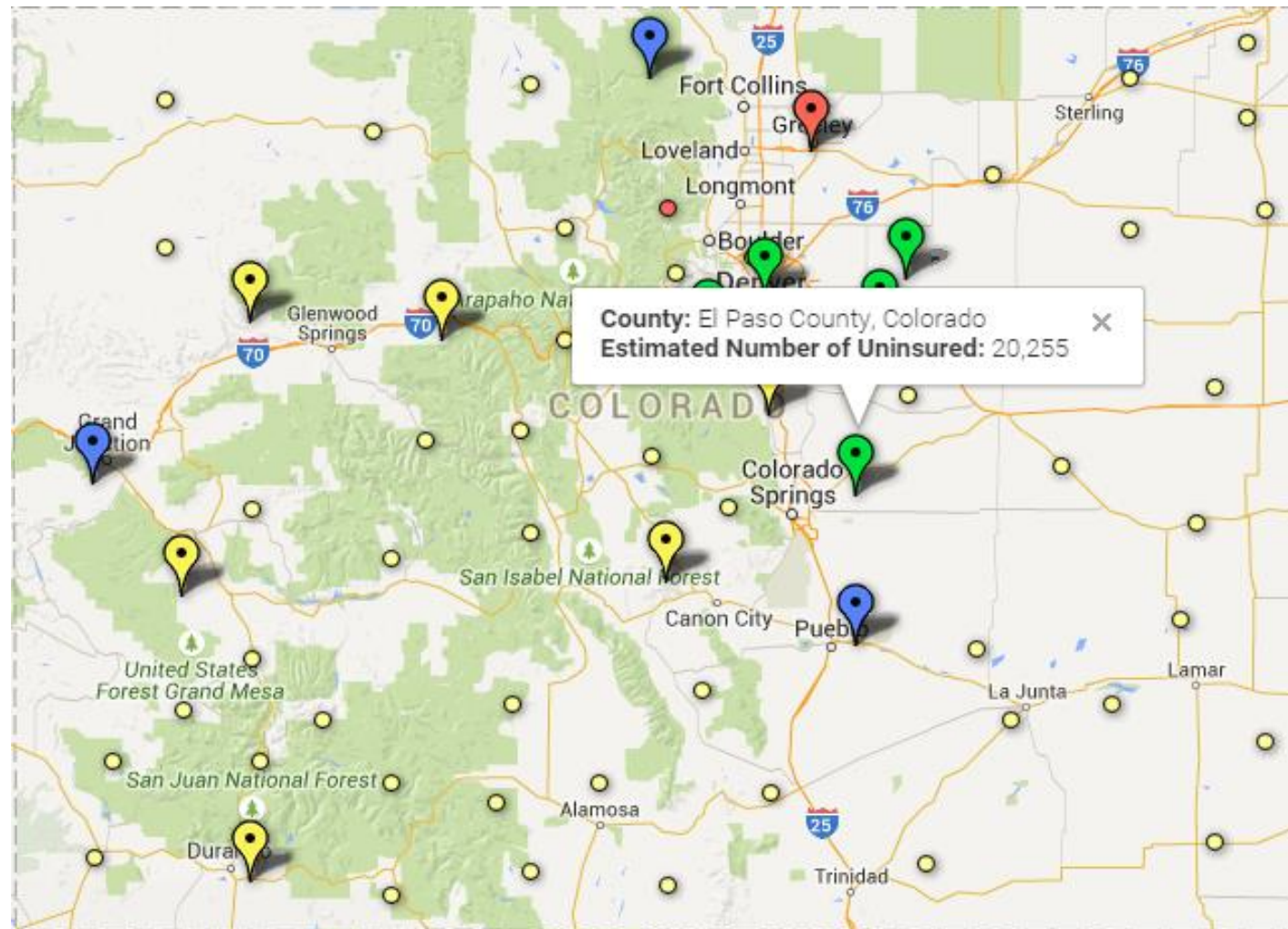


Grassroots Outreach

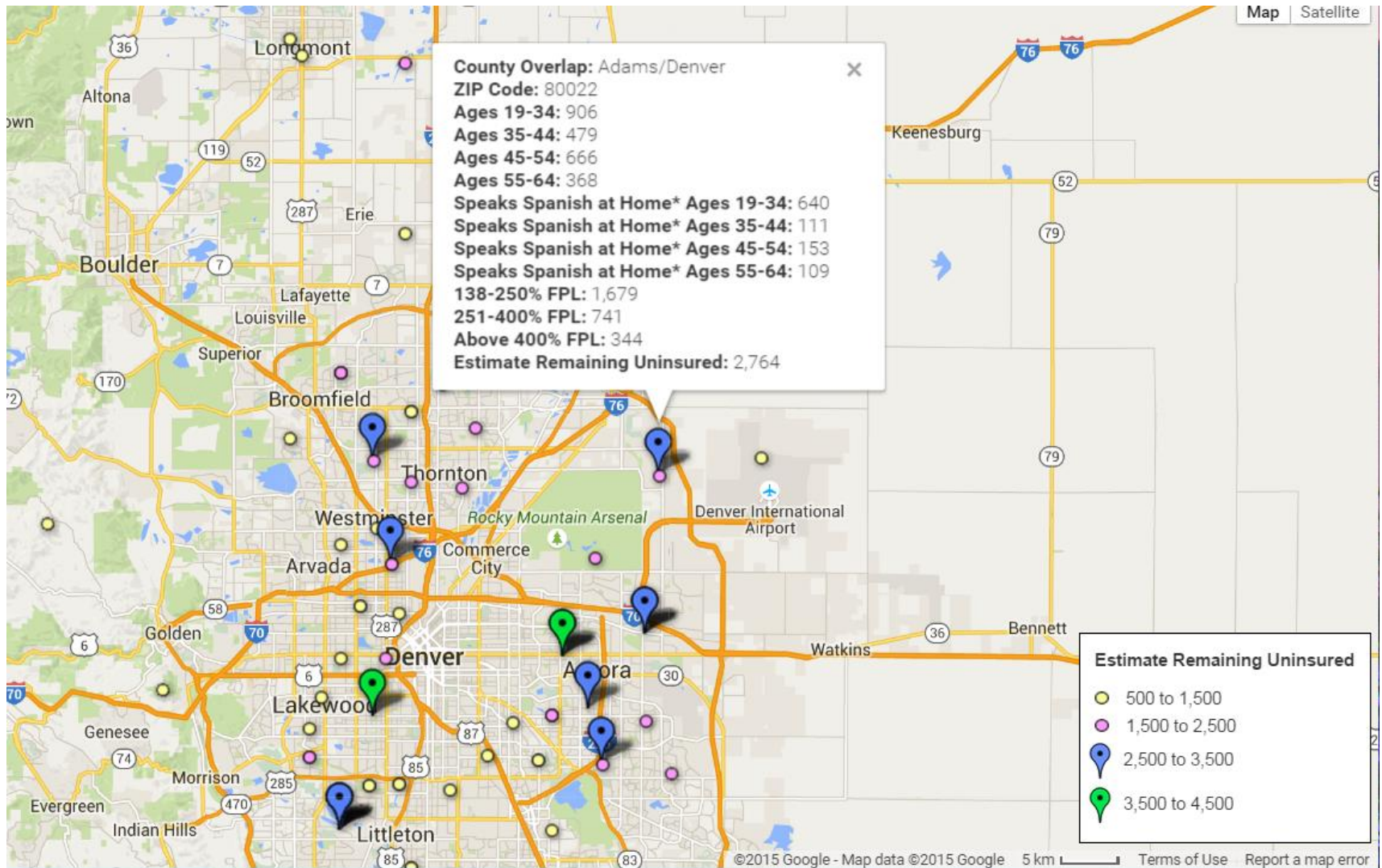
- **Increase awareness and enrollment among hard-to-reach and eligible but not insured (for tax credits/private insurance) populations across Colorado**
 - Data-driven focus on high concentrations of eligible-but-not-insured in key areas across state
 - Organize, promote community engagement and enrollment 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 community based Certified Enrollment Assistors to help educate & begin the enrollment process**
 - Warm hand-offs/referrals to Brokers and Health Coverage Guides

Data-Driven Marketing and Outreach

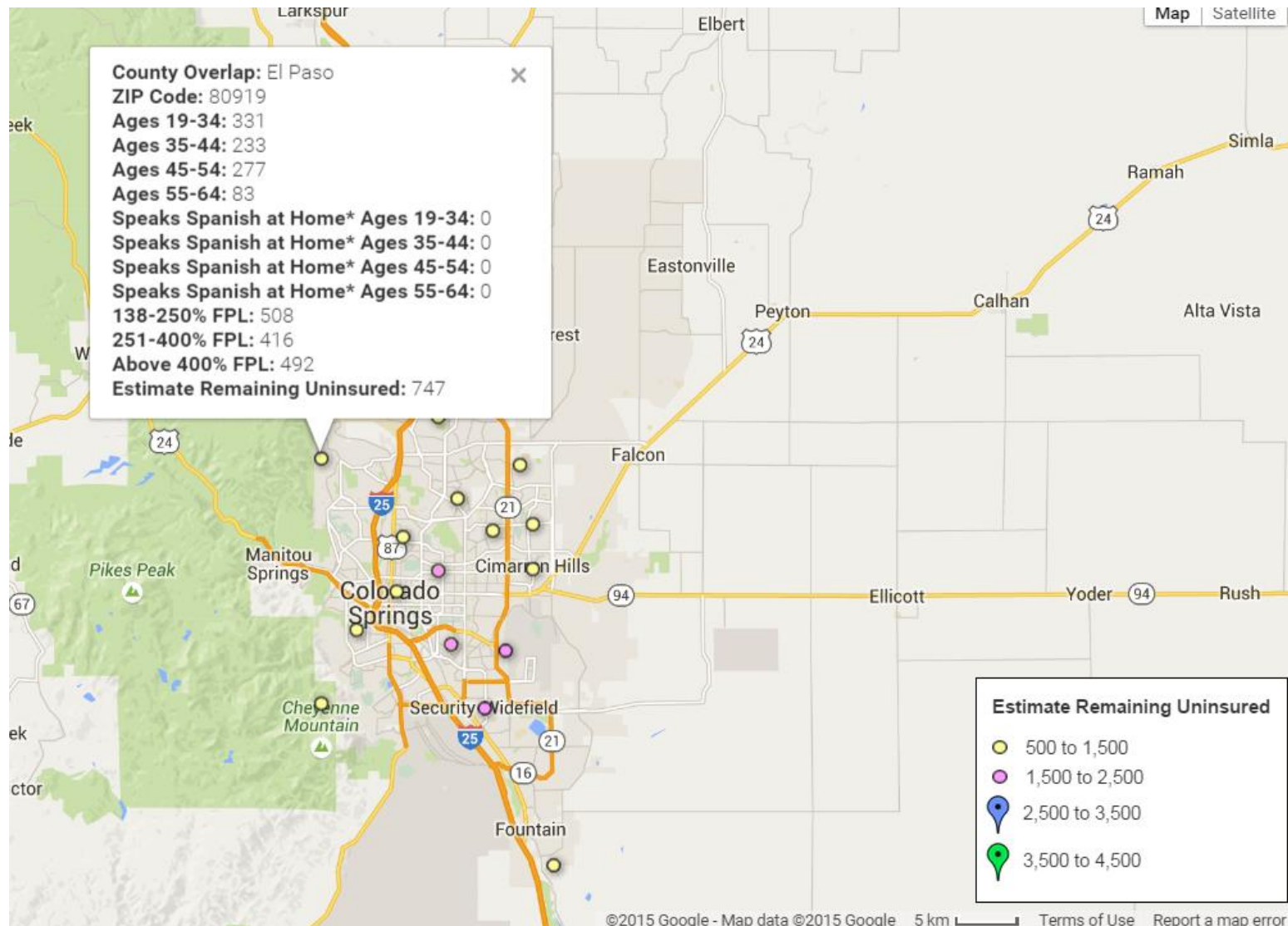
Estimate of Uninsured Coloradoans by County (138%-400% FPL, and over 400% FPL) in 2015



Region 6 – Denver Metro Area



Region 6 – El Paso County



Western Slope & Eastern Plains Rural Outreach

- Trusted community collaborations are key
- Broker partnerships contributed to our enrollment success
- Smaller populations = targeted outreach



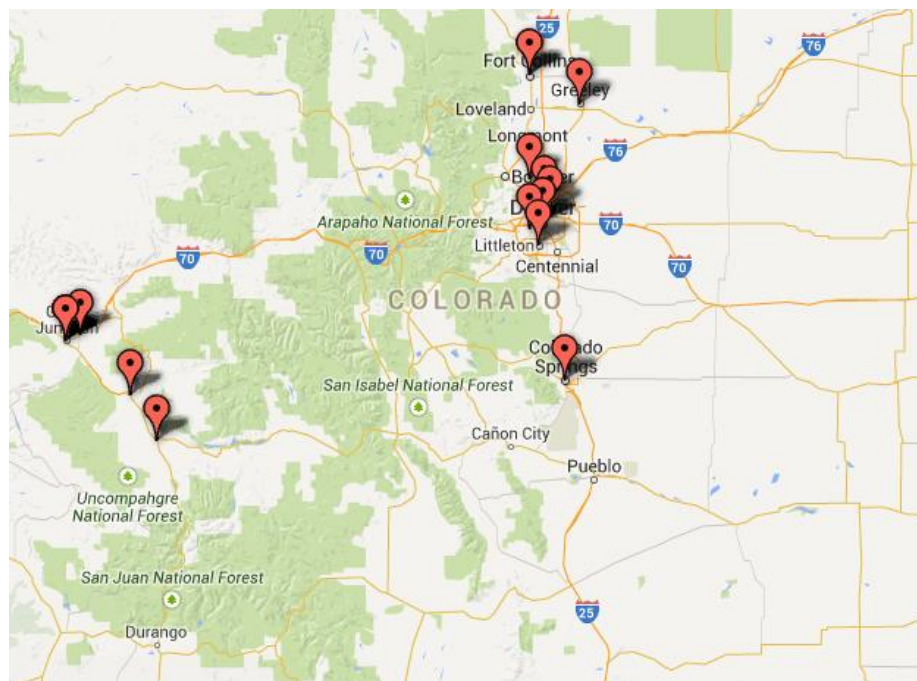
Marketing & Advertising

- Strengthen brand loyalty among consumers, sales channels and stakeholder organizations
 - Identify and empower ‘brand ambassadors’
 - Optimize tools & materials available to channels
 - Partner with Carriers
- Promote enhanced Small Business Marketplace, its benefits & expanded criteria (2-100 employees)
- Use lessons of OEP2
 - Constantly evaluate data to measure and regroup
 - **Consider value of enrollment centers based on timing, location**
 - Integrate aspects of WordPress and shopping portals to help consumers’ decision-making
 - Leverage existing community events & 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

Geographically targeted enrollment centers

- OEP2 - Selected based on geographic areas with high uninsured rates
- Partnered with Brokers and HCGs
- 1 site fully directed by us, 17 others operated by certified assisters, supported by us
- Sites received training, advertising/promotion, some operational support, signage, collateral, listing on the website, and reporting tools
- **Recommendation:** Create enrollment centers for OEP3; use Brokers, Assistance Network to house; limit timing; reduce costs

18 enrollment centers

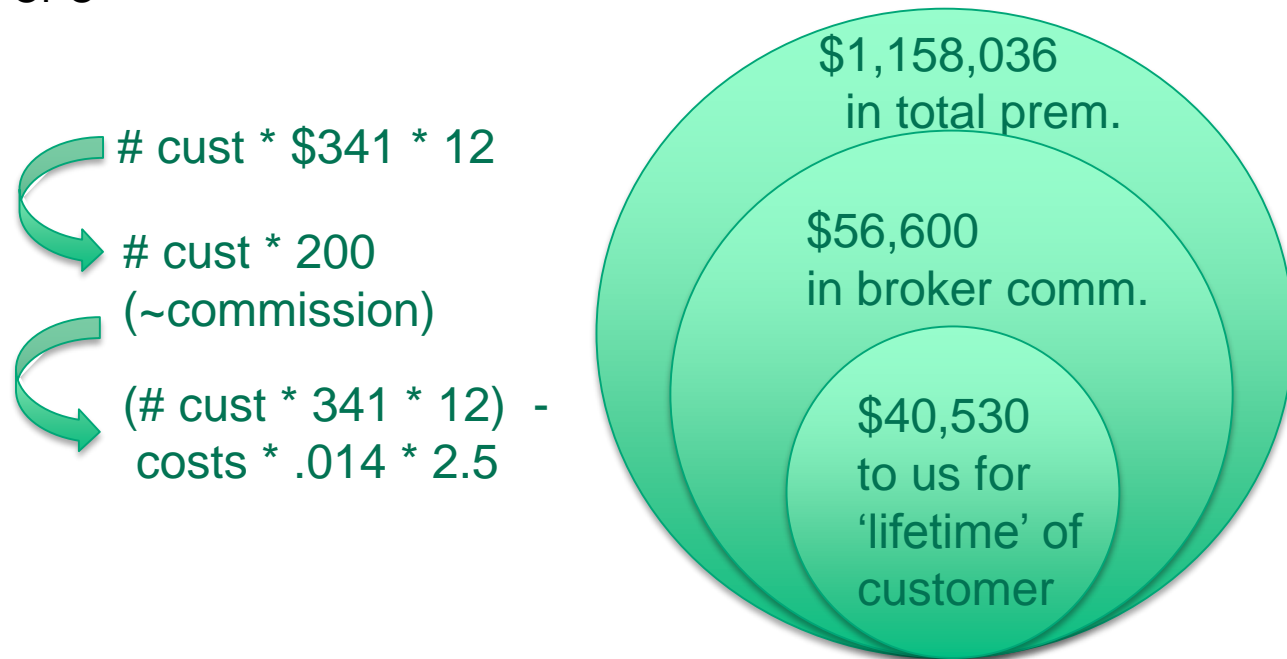


Geographically targeted enrollment centers

The 16th street store metrics

- Open 74 days, M – Sat minus some holidays, 10 – 6pm from Nov 15 – Feb 16
- Helped 1,055 customers
- Generated 696 leads
- Enrolled 283 customers
 - \$206.06 CPC

Revenue generated in the ecosystem



Public Policy & 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
 - Pursuit of policy or statutory changes
 - Review approved Board policies
- Improve constituent escalation process

Public Policy & External Affairs

Examples of Education

CONNECT FOR HEALTH COLORADO® INDIVIDUAL MARKETPLACE THE FACTS



HIGHLIGHTS FOR 2014

10,000



\$251,000,000
Total Individual and Family Savings with Tax Credits

2015 OPEN ENROLLMENT

10,000



176 Health Plans from 10 Different Health Insurance Companies

70%
Customer Retention Rate

16 Dental Plans from 5 Different Carriers

\$228.95
Average Tax Credit
(54% of customers)

\$340.05
Average Premium
Selected (all customers)



Staying Covered in 2015

Connect for Health Colorado® (the Marketplace) is a non-profit entity created by statute as an open, competitive health insurance Marketplace. Our mission is to increase access, affordability and choice to individuals, families, and small businesses in Colorado.

After just one year of Marketplace operations, increased competition in Colorado's health insurance industry and lower plan prices have triggered significant changes for individuals and families buying private insurance. Overall, competition has led to premiums staying steady next year for individuals/family health plans bought on the Marketplace – with a statewide average increase of less than 1% (0.98%) compared to 2014. Moreover, in every county but one, new low-cost plans are available, and financial assistance amounts are shifting. It is important that customers review their options carefully.

Renewing Coverage and Financial Assistance

- Financial Assistance, in the form of a tax credit, is calculated based on a benchmark plan in each region. Law requires this equation to promote competition and responsible use of tax dollars. One way to ensure stable premiums year over year is to enroll in the benchmark plan every year. But, customers may not want to change their plan or insurance company each year because that may impact the availability of their providers; or they like their current plan; or it is easier to stay put.

The Tax Credit is intended to "fill the gap" between the price of the benchmark and how much a family is expected to pay toward their coverage, based on their income.



- Except for Mesa County, the benchmark plan is changing in all areas of the state. Based on a preliminary analysis from Wakeley Consulting Group, 96% of enrollees live in areas where the benchmark price is decreasing – and of those, 83% of will see the price decreasing by more than 15%. When the benchmark price decreases, so does the tax credit amount, because less assistance would be needed to help a person afford that plan. If the benchmark price increases, so will the tax credit. This is true regardless of the type of plan the person ultimately buys.
- The Marketplace is trying to make the renewal process as smooth as possible for customers by facilitating auto-renewals into health plans and estimating the 2015 federal tax credit for customers. Depending on their current plans' premium variation and changes in the benchmark plan in each region, customers may see a large price increase if they stay in their current plan.
- For 2015, customers receiving the tax credit who stay in their current plan – and don't consider other options – may see an average 77% increase in their share of the premium.

EXAMPLE: If the price of the benchmark plan increases or decreases, or a family's income changes, their tax credit will also change. Under Federal law, a family of 3 earning \$49,475/year (250% FPL) is expected to pay a maximum of 8.05% or \$3,982/year toward coverage.



For the same family in 2015, if the benchmark plan decreases, the tax credit will also decrease.



In 2015 the same family has options, since there are less expensive plans available. If they choose to stay in their current plan – with the lower tax credit – they'll pay more.

2014 Plan Price	\$400/month
2014 Tax Credit	\$133.33/month (\$1,600/year)
2014 Plan Price after Credit	\$266.67/month

2015 Plan Price	\$450/month
2015 Tax Credit	\$41.67/month (\$500/year)
2015 Plan Price after Credit	\$408.33/month

Plan prices change every year. As customers age, they will see increases to their base premium.

If this family does not shop other options, they will see a price increase of about \$142.00 per month.

What Coloradans Need to Know

- If your current plan is available to be renewed, and your 2015 premium fits your budget and benefits suit your needs, then renew by December 15 to avoid a gap in coverage. If you do nothing, we will automatically re-enroll you in the same plan.
- Take advantage of free, in-person help from certified Health Coverage Guides, certified Brokers or from a Connect for Health Colorado Customer Service Representative. These are experts trained to help consumers understand the differences in options and walk them through the enrollment process at no cost to the consumer. You can find local help by visiting ConnectforHealthCO.com
- Before renewing, it is important to shop and compare your options. There likely are less expensive choices to meet your health and budget needs – often with the same insurance company.
- Understand out-of-pocket costs; the least-expensive premiums often have high deductibles. People who use medical care could end up paying more up front, before insurance starts paying.
- Many plans are changing their networks of doctors – confirm your healthcare provider is covered under your 2015 plan. Use our Provider Directory or call the insurer or doctor to make sure.

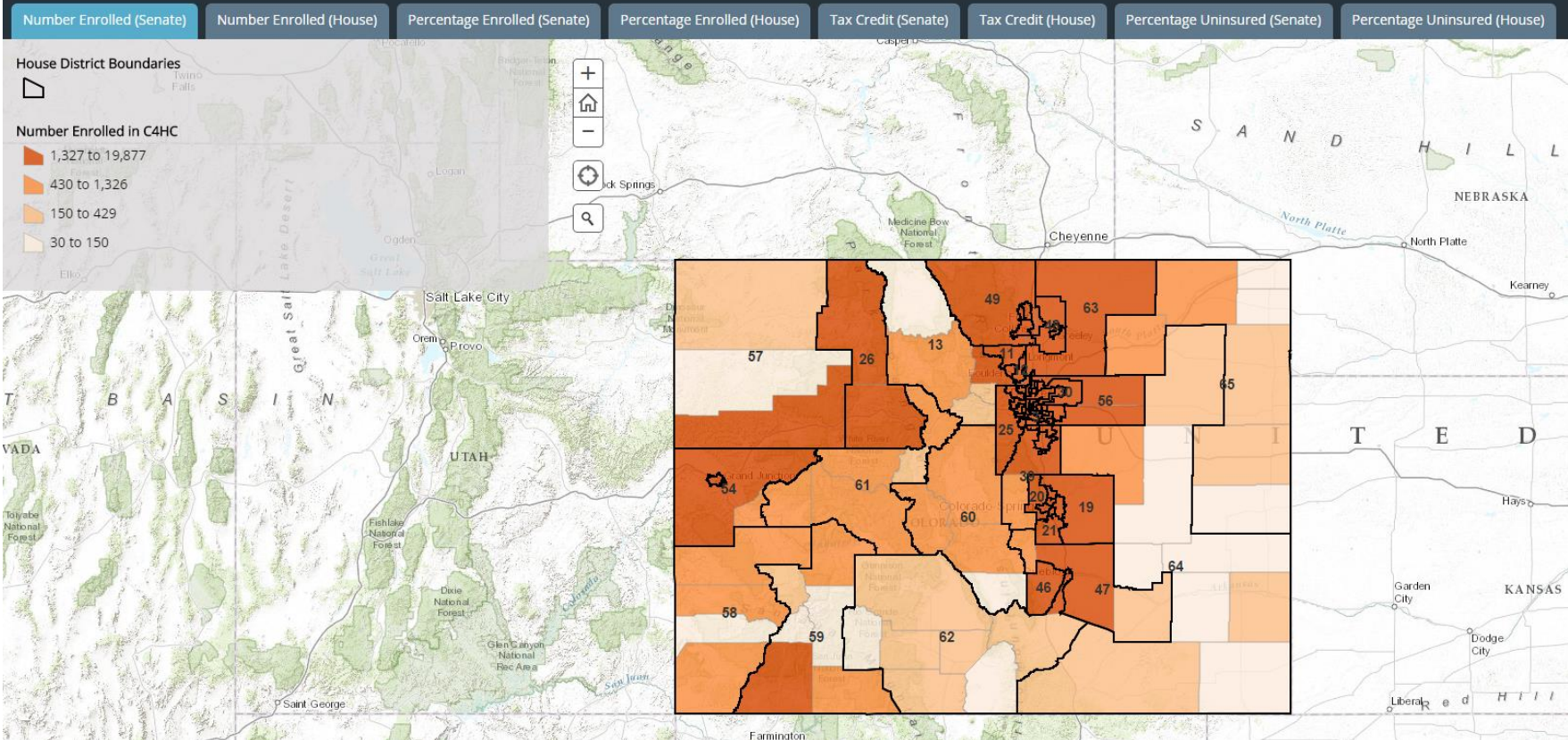


Public Policy & External Affairs

Examples of Education for legislators

Connect for Health Colorado Maps with Senate and House District Boundaries, 2015_copy

Zoom-in and click any map location to view county level data.



Public Policy & External Affairs

Examples of Education for legislators

Colorado Senate District 6

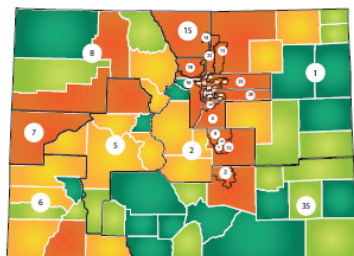
Covering Your District

Connect for Health Colorado's (Colorado Health Benefit Exchange) mission is to increase affordability, access, and choice to individuals, families, and small businesses purchasing health insurance in Colorado. Over our first two Annual Open Enrollment Periods we have served more than 150,000 Coloradans. The 2015 enrollment period puts Connect for Health among the top five state-based marketplaces, according to data released by the federal department of Health and Human Services. This document was developed as a resource to help you better understand how Connect for Health Colorado is impacting your District.

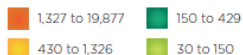
Number of Coloradans Enrolled in Private Insurance through Connect for Health Colorado (as of February 28, 2015)

Statewide numbers:

- > 10%: Number of enrollees from rural counties, which make up 8% of the state's population.
- > 26%: Customers 18-34 years old.
- > 24: Number of languages other than English spoken by customers contacting the Service Center
- > 1,306: Number of Certified and licensed Brokers
- > 417: Number of Health Coverage Guides providing statewide, in person assistance
- > 169: Number of Certified Application Counselors providing in person assistance
- > 2,580: Number of small business employees enrolled
- > 807: Number of Native American/Alaska Native enrollments



Number Enrolled in C4HC



Senate District Boundaries



Access continued

County	Number Enrolled in 2015 Plans in the Marketplace	Percentage Total Population Uninsured (ACS Survey, 2009-2013)*
Archuleta	637	30.6%
Dolores	56	24.3%
La Plata	2,346	20.7%
Montezuma	606	27.3%
Montrose	1,318	26.2%
Ouray	356	20.5%
San Juan	63	30.3%
San Miguel	723	20.3%

*Most current data available on the uninsured. 2014 data is anticipated in the Fall of 2015.

Affordability

Fifty-four percent (54%) of Marketplace customers receive financial assistance (Advance Premium Tax Credits) to help lower the cost of their monthly premiums. The average, statewide tax credit for Coloradans is \$229.00. The table below shows the average tax credit in your District.

County	Average Advance Premium Tax Credit (APTC)
Archuleta	\$429.19
Dolores	\$433.95
La Plata	\$306.84
Montezuma	\$447.17
Montrose	\$424.00
Ouray	\$418.43
San Juan	\$327.64
San Miguel	\$330.92

Choice

The number of plans and the insurance companies offered varies depending on where you live in the state. The table below shows the number of plans offered in your District for the 2015 plan year. Your constituents have plans offered from 5 different carriers: Anthem BCBS HMO, United Healthcare, Colorado HealthOP, AccessHealth, and Rocky Mountain Health Plans.

County	Number of Health Plans Offered
Archuleta	57
Dolores	57
La Plata	68
Montezuma	60
Montrose	57
Ouray	57
San Juan	57
San Miguel	57

About Connect for Health Colorado

Connect for Health Colorado is a public, non-profit entity established by the Colorado General Assembly in 2011 to create a health insurance Marketplace. It opened for business on Oct. 1, 2013, for individuals, families and small employers to compare and buy health insurance and apply for financial assistance in the form of tax credits. Customers can shop online; get help by phone or online chat from expert Customer Service Center representatives; and access in-person assistance from a network of certified Brokers, community-based Health Coverage Guides or Application Counselors. In 2014, the Marketplace enrolled more than 150,000 Coloradans in private insurance and helped nearly 100,000 gain access to tax credits that lowered their monthly costs. For more information: www.connectforhealthco.com or contact Kyla Hoskins at khoskins@connectforhealthco.com.

continues >

Proposed FY16 Budget

FY2016	Q1 Jul-Sep	Q2 Oct-Dec	Q3 Jan-Mar	Q4 Apr-Jun	Total
Market Research	0	0	\$50,000	0	\$50,000
Paid Media	0	\$373,000	\$120,000	\$4,000	\$497,000
Outreach and Enrollment – Centers, Support & Events	\$20,000	\$201,250	\$118,750	\$15,000	\$355,000
Collateral/Materials/ Design	\$116,000	\$140,000	\$80,000	\$17,000	\$353,000
Consultants (PR and Minority Outreach)	\$22,500	\$33,000	\$34,000	\$19,500	\$109,000
TOTAL PROPOSED	\$158,500	\$747,250	\$402,750	\$55,500	\$1,364,000

*Does not include contract lobbyist; CodeBaby

DRAFT II: ENROLLMENT FORECAST

Enrollment Projections (5/20/15)

Enrollment Type	Covered Lives 6/30/15	Mid-Level Projection: Covered Lives 6/30/16	Low Projection % Inc. 2016 v 2015	Low		High		Mid-Level Projection: Covered Lives 6/30/17	% Inc. 2017 v 2016	Mid-Level Projection: Covered Lives 6/30/18	% Inc. 2018 v 2017
				Projection	% of Mid	Projection	% of Mid				
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%

Primary Enrollment Drivers:

- 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

STAFFING

Priority Staffing Additions

Function	Strategy Supported
Broker Relations	-Increase Enrollment
Eligibility	-Improve SES Functionality -Cost Allocation Support
Health Plan IT Operations	-Complete & Improve Carrier Interfaces & Reporting
IT Testing	-Improve System Functionality
Business Intelligence & Data Quality	-Maintain Reporting Requirements (Regs) -Identify/Analyze Strategic Opportunity -Financial Analysis -Improve Data & Operational Reporting Accuracy
Human Resources	-Retention & Recruiting, Org Design
Audit	-Improve Processes/Policy alignment, Audit Support
Appeals	-Meet Appeals Regulations -Support Eligibility & Cost Allocation
Admin Support	-Build Staff Capacity

Contractor Conversion

Function	Strategies Supported
Project Management	-Build internal project management team, project management efficiency, and enhance institutional knowledge
Sales, Training, Carrier Management	-Improve resource alignment -Reduce overall costs
Accounting & Finance	-Create addl. financial analysis capacity -Consolidate accounting & payroll
Human Resources	-Build human resources strategic focus -Build recruiting depth
SES Management	-Improve product control
Operations	-Enhance internal business process improvement
IT Testing	-Staff stability

Staffing Plan

Current Staffing:

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

Proposed Staffing:

- 76 positions
- 0 long-term individual contractors*
- **Total: 76 FT positions**
 - Net 12 New positions
 - 11 Contractor Conversions to FTE

Financial Impact (approx.):

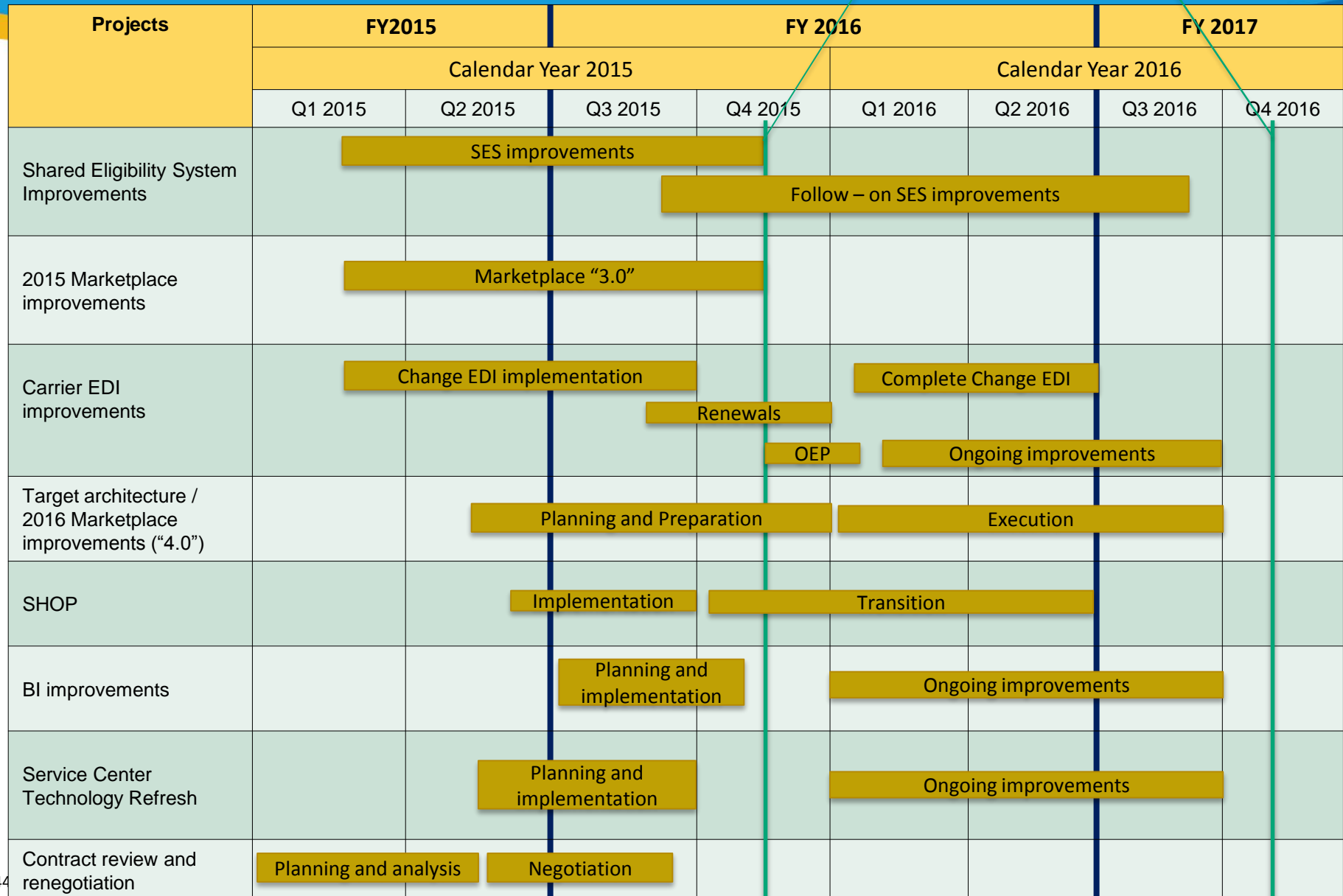
- Salary & Benefits: Increase \$3.1m
- Contractor Budget: Decrease \$1.8m
- Net Position Budget Change: \$1.3m

* Temporary and/or specialist/project contractors will continue to be utilized on an on-going needs basis

DRAFT II: CAPITAL REQUIREMENTS

Key IT projects over next 20 months

OEP Begins



Preliminary IT project cost projections for FY 2016 / 2017

Project	FY 2016 Cost Projections	FY 2017 Cost Projections	Total FY 2016/17 Projections	Comments
SES improvements	\$ 4,800,000	\$ 800,000	\$ 5,600,000	Assumes additional changes are needed after September 2015
2015 Marketplace Improvements	\$ 750,000	\$ -	\$ 750,000	Assumes limited ability to make changes to Marketplace for 2016 OEP other than SES (e.g, defect fixes, renewals processing improvements, some usability improvements)
Carrier EDI improvements	\$ 500,000	\$ 300,000	\$ 800,000	Assume EDI will be completely working with all carriers by end of FY 2016 and ongoing improvements costs are about \$300K/yr
Migration to target architecture/ 2017 OEP changes*	\$ 1,500,000	\$ 2,000,000	\$ 3,500,000	Assumes that we will reduce the number of products in the Marketplace to allow us to realize more fully the benefit of hCentive product enhancements and reduce overall M&O costs
SHOP migration*	\$ 500,000		\$ 500,000	Assume net neutral during FY 2016 due to service center cost reductions, some capital may be required initially
BI improvements	\$ 250,000	\$ 200,000	\$ 450,000	Medicaid & Data Capture, Analysis
Service center technology refresh				Included in service center proposals
Other projects and ongoing costs	\$ 500,000	\$ 800,000	\$ 1,300,000	Includes desktop maintenance and other costs,
Total	\$ 8,800,000	\$ 4,100,000	\$ 12,900,000	

* waiting for proposals from vendors



NOTE: These are preliminary (+/- 20%) cost estimates for new / ongoing project work. Total annual IT costs (not including staff costs) include the above project work *plus* ~\$8M in annual license, maintenance and operations, and hosting fees.

DRAFT II: 2016 BUDGET

DRAFT ii: Revenue

Draft Revenue Scenarios - May 20, 2015 update					
Cash Basis Estimates (\$000's)	2015 Estimate		FY 2016	FY 2017	FY 2018
2014 Assessment Fees	5,100		400	0	0
Health Plan Assessment Fees	987		9,617	24,187	27,993
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		220	1,500	2,000
Vision	9		18	20	24
Foundation Grants (<i>estimates only - no commitments received</i>)	2,500		2,500	1,000	1,000
Interest Income	46		18	3	3
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		40,453	53,150	38,020

Draft ii: Expenses

Expense Category	FY 2015 Forecast	3.5% - Revenue Driven Model
General & Administrative	7,325	10,059
Salaries & Benefits	5,515	8,634
Rent, Tech Infrastructure, equip, connectivity	797	743
Other	1,013	682
Marketing & Public Relations	4,771	1,364
Assistance Network	6,040	3,000
Operations	2,683	1,196
Business Development	673	396
Carrier Support & Other Operations	731	316
Training	324	54
Other	955	430
Customer Service Center	21,280	17,623
Technology	10,942	9,389
Hosting	2,108	2,053
M&O Costs	6,653	5,588
Additional Marketplace		
Maintenance/Enhancements	986	888
Other	1,195	860
Contingency		750
Total Operating Expense	53,041	43,381
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
MA Site		-
EDI		500
Other		750
Total CapEx and Projects	22,591	8,640
Total Cash Outlays	75,632	52,021

DRAFT ii: Net

Draft Financial Scenarios - May 20, 2015 update					
Cash Basis Estimates (\$000's)	FY 2015 Estimate		FY 2016	FY 2017	FY 2018
Total Revenue	92,796		40,453	53,150	38,020
Total Operating Expense	53,041		43,381	45,116	46,921
Operating Surplus (Deficit)	39,755		(2,928)	8,034	(8,901)
Total CapEx and Projects	22,591		8,640	4,100	5,000
Net Surplus (Deficit)	17,164		(11,568)	3,934	(13,901)

Takeaways:

- Revenue set at 3.5% and \$1.80 pmpm for CY 2016, cash received 2nd qtr
- Deficit generated in FY2016; utilize reserves to fund shortfall
- Continuing to pursue additional revenue, reimbursement and expense assumptions and opportunities