



Administrative Fee for 2015

Board Meeting - March 10, 2014

Review of Sustainability Plan

- Marketplace established diverse revenue approach for the early years in order to keep Administrative Fees down
- Revenue sources 2015
 - Administrative Fee for plans sold on the Marketplace
 - Broad Market Assessment (\$0-\$1.80 PMPM) only in 2015 and 2016
 - Carrier Tax Premium Credit (\$5M Maximum)
 - 25% of CoverColorado Reserves (Estimated \$8.5M) only in 2015
 - Grant Funding (Technology enhancements only)
 - Potential Foundation Grants
- Costs estimated at \$26M

2015 Calendar Year Budget

- Budget is still in development, particularly service center costs due to technology implementations in 2014 and their impacts
- General Budget of \$26M
- Budget needs to be approved later this Spring
- Other revenue sources will need to be established to balance revenue/cost

Modeling Scenarios

- Assumed 100,000 enrollments at 3/31/2014 with 20% attrition
- Assumed 85,000 new enrollments at 1/15/2015 with 15% attrition
- Total enrolled for fee assumption 2015 = **152,250****
- Recognize the following:
 - Optimum reserve levels have not been set for 2015
 - There will be unforeseen costs – how do we address budget contingency
 - What flexibility is there in fixed/committed costs
 - Additional foundation grants have not been identified
 - Amount of CoverColorado reserves in 2015 have not been confirmed

****CMS March 5th guidance will affect total enrolled assumptions. Modeling will be updated**

Considerations

- The Finance Committee & Board will have a more detailed budget and updated enrollment information to set Market Assessment mid-year
- Of the 40-45 States using enrollments fees in their revenue plans, Colorado is among the lowest at either 1.4% or 1.7% (other states reporting: 2% - 4.4% range, 3.5% avg.)
- Our goal is to keep enrollment fee low and use other revenue sources for market stabilization in these early years
- Our goal is to have among the lowest fees in the country and below the Federally Facilitated Marketplace

Recommendation

- The Finance Committee recommended keeping the 2015 Administrative Fee at 1.4%.
- The staff had recommended a modest .3% to accommodate unforeseen market changes and to build reserves