

TO: CONNECT FOR HEALTH COLORADO FINANCE AND OPERATIONS COMMITTEE
FROM: BRIAN BRAUN, CHIEF FINANCIAL OFFICER
SUBJECT: INTERIM FINANCIAL REPORT – NOVEMBER 30, 2015
DATE: 12/22/2015

The net change in assets before depreciation for the 5 months ending November 30, 2015 exceeded budget expectations by \$1.2 million (\$1.07 MM compared to a budgeted \$150,000 loss).

Detailed financial statements are attached to this memo. Some of the more significant revenue and expense variances for the 5 months were:

Revenue

Revenues for the period came in below budget by \$1.6 MM. The primary cause of the negative variance was due to lower special fee assessment revenue (\$1.4MM). As previously noted, the budgeted special fee assessment revenue is overstated due to the original budget estimates of covered lives including non-eligible lives. This negative variance is expected to continue for the fiscal year. Carrier fee revenue was slightly below plan by \$188,000. This was primarily the result of effectuated enrollment for the first 5 months coming in lower on average than the enrollment assumed in the budget (114,000 vs 124,000).

Not included in the variances is \$4.7 MM of Federal Grant revenue recognized during the period due to prior year adjustments for unallowable costs. The budget was grossed up by this amount to net out the impact on variances.

Expenditures

Operating expenses were \$2.8 million lower than budgeted expenses for the period. The operating expense variance consists of the following significant variances:

- Customer Service Center (\$1.47 MM) – under budget – original budget was prepared prior to finalization of new contract and was estimated based on prior year expenses. The new contract includes a fixed cost as a base with some variable costing based on volume.
- Assistance Network (\$-700,000) – under budget resulting from timing – budget assumed higher level of assistance network spending during the period. Actual expenditures were low in the first quarter as the program was ramping up for open enrollment. Variance is temporary.
- G&A Salary and Benefit Expenses (-\$508,000) – expenses lower than budget due to postponing some hiring along with budget not accounting for staff attrition. Most positions have been filled - don't expect this positive variance to continue to grow at current staff levels.

Connect for Health Colorado
Statement of Activities - Consolidated
FY 2015 Budget to Actual
5 Months Ending November 30, 2015
Accrual Basis

	Year To Date		
	11/30/2015		
	Actual	Budget	Budget Diff
Revenue			
Grant Revenue			
Federal Grants	4,734,524	4,734,524	0
Health Foundation Grant	2,500,000	2,500,000	0
Total Grant Revenue	7,234,524	7,234,524	0
Program Revenue			
Individual Fees	2,773,935	2,962,400	(188,465)
SHOP Fees	59,930	72,961	(13,031)
Market Assessment Fees	6,106,391	7,500,000	(1,393,609)
Tax Credit Donations	5,000,000	5,000,000	0
Total Program Revenue	13,940,256	15,535,361	(1,595,105)
Investment Income	10,214	15,000	(4,786)
Revenue - Other	12,280	0	12,280
Total Revenue	21,197,274	22,784,885	(1,587,611)
Expenditures			
Direct			
Customer Service			
Customer Service Center	6,720,776	8,190,516	(1,469,740)
Assistance Network	580,776	1,274,336	(693,560)
Total Customer Service	7,301,552	9,464,852	(2,163,300)
Marketing			
Media & Customer Interactions	612,825	522,000	90,825
Total Marketing & Outreach	612,825	522,000	90,825
Technology			
Technology Consulting			
PMO	64,380	175,000	(110,620)
Security - Marketplace	30	0	30
Total Technology Consulting	64,410	175,000	(110,590)
Tech Implementation - CGI	508,665	634,117	(125,452)
Tech Implementation - Other	122,886	53,292	69,594
CGI Hosting	770,126	815,215	(45,089)
CGI Maint & Support	1,215,265	1,213,598	1,667
Oracle CX Licensing	258,428	258,428	(0)
Oracle Platform Maint & Support	771,085	771,085	(0)
hCentive Developer License	606,927	535,356	71,571
Healthation Support (CGI)	26,578	26,578	1
Non-CGI Hosting & Support	96,789	133,201	(36,412)
Shared Eligibility System	2,434,468	2,414,767	19,701
Carrier Support	755,136	807,483	(52,347)
Total Technology	7,630,763	7,838,120	(207,357)
Ops, Financial Management & Misc. Direct			
Procurement and Financial Analysis	240	7,500	(7,260)
Operations Consulting	685,943	590,000	95,943
Training	106,915	59,600	47,315
Total Ops, Financial Management & Misc. Direct	793,098	657,100	135,998
Total Direct	16,338,238	18,482,071	(2,143,833)
General and Administrative Expenses			
Salary and Wages	2,221,421	2,729,258	(507,837)
PR Benefits	741,522	872,856	(131,334)
Conferences, Conventions, and Meetings	34,645	18,000	16,645
Copying and Printing	12,435	11,000	1,435
Due and Subscriptions	12,622	1,000	11,622
Insurance	41,258	41,000	258
Miscellaneous Expense	599	167	432
Occupancy	205,796	212,083	(6,287)
Office Supplies	47,025	56,333	(9,308)
Professional Fees	317,848	379,231	(61,383)
Telecommunication	124,075	92,000	32,075
Travel Expenses	29,465	39,333	(9,868)
Total General and Administrative Expenses	3,788,711	4,452,262	(663,551)
Depreciation	4,640,041	4,750,000	(109,959)
Total Expenditures	24,766,990	27,684,334	(2,917,344)
Change In Net Assets	(3,569,716)	(4,899,449)	1,329,733
+ Net Assets - Beginning	67,926,163	67,926,163	67,926,163
Net Assets - Ending	64,356,447	63,026,714	69,255,896

Connect for Health Colorado
Statement of Financial Position
As of November 30, 2015
Accrual Basis

	Year To Date 11/30/2015	Prior Year To Date 11/30/2014	Net Change
Assets			
Current Assets			
Cash and Cash Equivalents	21,614,566	37,620,137	(16,005,571)
Accounts Receivable, Net	6,802,141	4,737,054	2,065,086
Grants Receivable	0	17,006,594	(17,006,593)
Other Current Assets			
Pre-Paid Expenses			
Prepaid Ins Rent & Misc	178,641	83,457	95,184
Prepaid Software & Support	5,242,829	6,923,624	(1,680,796)
Prepaid Network Grantee Advances	0	82,316	(82,315)
Total Pre-Paid Expenses	5,421,470	7,089,397	(1,667,927)
Total Other Current Assets	5,421,470	7,089,397	(1,667,927)
Total Current Assets	33,838,177	66,453,182	(32,615,005)
Long-term Assets			
Property & Equipment			
Furniture & Fixtures	833,775	778,337	55,437
Equipment	1,130,900	1,080,611	50,290
Software Licenses	13,356,446	13,356,446	0
Marketplace Development	36,045,164	33,096,888	2,948,275
Informational Website	200,267	183,543	16,725
Ptarmigan Tenant Improvements	125,435	106,421	19,014
CSC Tenant Improvements	1,818,207	1,818,206	0
Total Property & Equipment	53,510,194	50,420,452	3,089,741
Accumulated Depreciation			
Accum Depr - Furniture & Fixtures	(258,205)	(139,243)	(118,962)
Accum Depr - Equipment	(463,558)	(246,100)	(217,457)
Accum Amort - Software License	(6,347,165)	(3,730,524)	(2,616,641)
Accum Depr - Marketplace Development	(12,211,396)	(4,691,618)	(7,519,778)
Accum Depr - Informational Website	(75,832)	(33,567)	(42,265)
Accum Depr - Ptarmigan Tenant Improvements	(53,373)	(24,141)	(29,232)
Accum Depr - CSC Tenant Improvements	(581,823)	(321,533)	(260,290)
Total Accumulated Depreciation	(19,991,352)	(9,186,726)	(10,804,625)
Other Long-term Assets	172,624	20,720	151,904
Total Long-term Assets	33,691,466	41,254,446	(7,562,980)
Total Assets	67,529,643	107,707,628	(40,177,985)
Liabilities			
Short-term Liabilities			
Accounts Payable	2,264,367	10,594,603	(8,330,235)
Accrued Liabilities			
Accrued Payroll, PR Tax & Benefits	295,962	205,605	90,356
Accrued Liabilities - Vendor	197,123	5,889,628	(5,692,505)
Accrued CGI Hosting	369,668	436,681	(67,013)
Accrued Retainage Payable	0	440,500	(440,500)
Total Accrued Liabilities	862,753	6,972,414	(6,109,662)
Deferred Revenue	0	3,415,493	(3,415,493)
Other Short-term Liabilities	3,378	2,823	555
Total Short-term Liabilities	3,130,498	20,985,333	(17,854,835)
Long Term Liabilities			
Other Long-term Liabilities	42,698	28,843	13,855
Total Long Term Liabilities	42,698	28,843	13,855
Deferred Long Term Revenue	0	4,007,115	(4,007,115)
Total Liabilities	3,173,196	25,021,291	(21,848,095)
Net Assets			
Unrestricted	64,356,447	82,686,337	(18,329,890)
Total Net Assets	64,356,447	82,686,337	(18,329,890)
Total Liabilities & Net Assets	67,529,643	107,707,628	(40,177,985)