

Finance Committee Meeting Minutes
Connect for Health Colorado Meeting Room
East Tower, Suite 1025
3773 Cherry Creek N Dr., Denver, CO 80209
February 5, 2015
9:00 AM – 11:00 AM

Board Members Present: Arnold Salazar

Board Members Joining via Phone: Mike Fallon

Staff Present: Marcia Benshoof, Luke Clarke, Gary Drews, Roxanne Johnson, Karen Phillips, Alan Schmitz, Lisa Sevier and Adele Work.

I. Introductions

- Chair Arnold Salazar called the meeting to order at 9:00 am and welcomed those in attendance, both in-person and on the phone.
- The minutes from the January Finance Committee Meeting were voted on and approved.
- The agenda was reviewed and there were no changes made.

II. CFO Report

Interim CEO Gary Drews gave the CFO Report as follows:

- As of February 4th, there are 129,306 covered lives.
- 107,000 1095's have gone out. This is a major milestone and enormous effort between Connect for Health Colorado and CGI.
- The Marketplace is at an effectuation rate of 50% or higher. This is a significant increase from this point last year.
- Work continues on setting up Electronic Data Interchange (EDI) between the Marketplace and the carriers.
- Additionally the Marketplace has heard from over 400 carriers on the Broad Market Assessment.
- Regarding audits and reviews:
 - Connect for Health Colorado is continuing to work on the State audit implementations.
 - The Office of the Inspector General audit is ongoing
 - The Centers for Medicare and Medicaid Services (CMS) site review is in process.
 - A new CMS Financial and Programmatic audit will be completed by an external audit firm.
 - The Financial and A133 audits be brought to the Finance Committee next month.
- The Marketplace is submitting a grant application to the Colorado Health Foundation for Assistance Network Support. The grant is due on February 15th and the request is for \$2.5 mil. To date Health Coverage Guides have assisted over 5000 enrollments and it is projected to top 9000 by the end of the calendar year. The grant will cover up to 470 Health Coverage Guides, 30 Certified Application Organizations and 170 Certified Application Counselors. This is a huge

network of people supporting and reaching all corners of the state to help Coloradans through the enrollment process.

Roxanne Johnson, Director for Community Based Assistance Programs, explained that the Assistance Network is a part of Connect for Health Colorado's brand. Every day the network is helping to provide credibility as well as trust for the Marketplace.

- Cost drivers that started in September with the Call Center continue. This, combined with the challenges of the Shared Eligibility System is resulting in an additional funding request which will be introduced to the Finance Committee today – then brought to the Operations Committee for recommendation before being brought back this Committee.

Call Center Budget Update

Adele Work, Director of Product Implementation, updated the Committee on the Service Center Costs. Ms. Work explained that throughout the fall, connect for Health Colorado kept the Board informed that costs in the service center were trending beyond the original forecast. This was primarily due to unforeseen circumstances such as the 2nd lowest cost silver plan pricing impact on the Advanced Premium Tax Credits (APTC), eligibility determination issues and life change events. This resulted in a need for incremental funding increases while the staff worked for ways to reduce costs. As Open Enrollment nears its end date the Marketplace is looking at a more complete picture and is presenting options for the fiscal year-end forecast.

At this point it is no longer prudent to believe the budget for the service center will be able to stay within the \$14.9 mil mark. So, options will be brought to the Operations Committee for a recommendation, come back to this Committee, and then to the Board for a vote. Additionally the Marketplace is working with its partners to look for alternatives to reduce costs immediately and in the next year.

III. Financial Reporting

Karen Phillips, Controller, updated the Committee on the November Financials.

IV. Board Expense Reimbursement Policy

Mr. Drews explained that due to some Board members significant expenses incurred for traveling to Board meetings, including short-notice Board Meetings, two Board Expense Policy options were being introduced. Alan Schmitz, General Counsel, explained that the first policy is for more standard expenses, while the second policy focuses only on extraordinary expenses.

Marcia Benshoof, Chief Strategy and Sales Officer, suggested the expenses be determined by averaging the cost of expenses for all Board members and cost beyond that be reimbursable. Noting that there are Board members who live throughout the state and therefore need to travel to the Board meetings.

Mr. Salazar noted that he and other outlying Board members are required to be in Denver often for other commitments, so he doesn't feel he needs to be reimbursed. However, there is a Board member that does travel to Denver specifically for the Board Meetings and there may be future Board members

who do the same. Mr. Salazar suggested a policy for extraordinary costs, asking Mr. Schmitz to come back with parameters around what would be considered extraordinary, such as calling a Board Meeting with a 72 to 24 hour notice. Additionally Mr. Salazar suggested having the Board Chair approve the expense reimbursements.

V. Oversight and Monitoring Plan

Mr. Schmitz gave an overview of the Procurement Policy Draft asking for advice and input. The purpose of the policy is to establish prudent policies and procedures for the procurement of supplies, expendable properties and professional services.

Mr. Schmitz then went over the Oversight & Compliance Program draft. The purpose of this document is to ensure Connect for Health Colorado is complying with internal policy, and State and Federal regulations.

Mr. Drews pointed out that the effect of the multiple audits the Marketplace has been dealing with, and will continue to deal with, goes beyond the direct staff members who support them. The requests and requirements impact all areas of the organization including the vendors. The hope is to get ahead of the audits in resource support as well as the planning cycle.

Mr. Salazar suggested the audit planning and preparation be something the organization needs to build a budget towards in the financial forecast.

VI. Public Comment

There were no public comments.

Meeting adjourned at 10:05 am

Respectfully submitted,

Arnold Salazar
Finance Committee Chair