

# CONNECT FOR HEALTH COLORADO

## FISCAL 2018 BUDGET PRELIMINARY ANALYSIS FINANCE AND OPERATIONS COMMITTEE

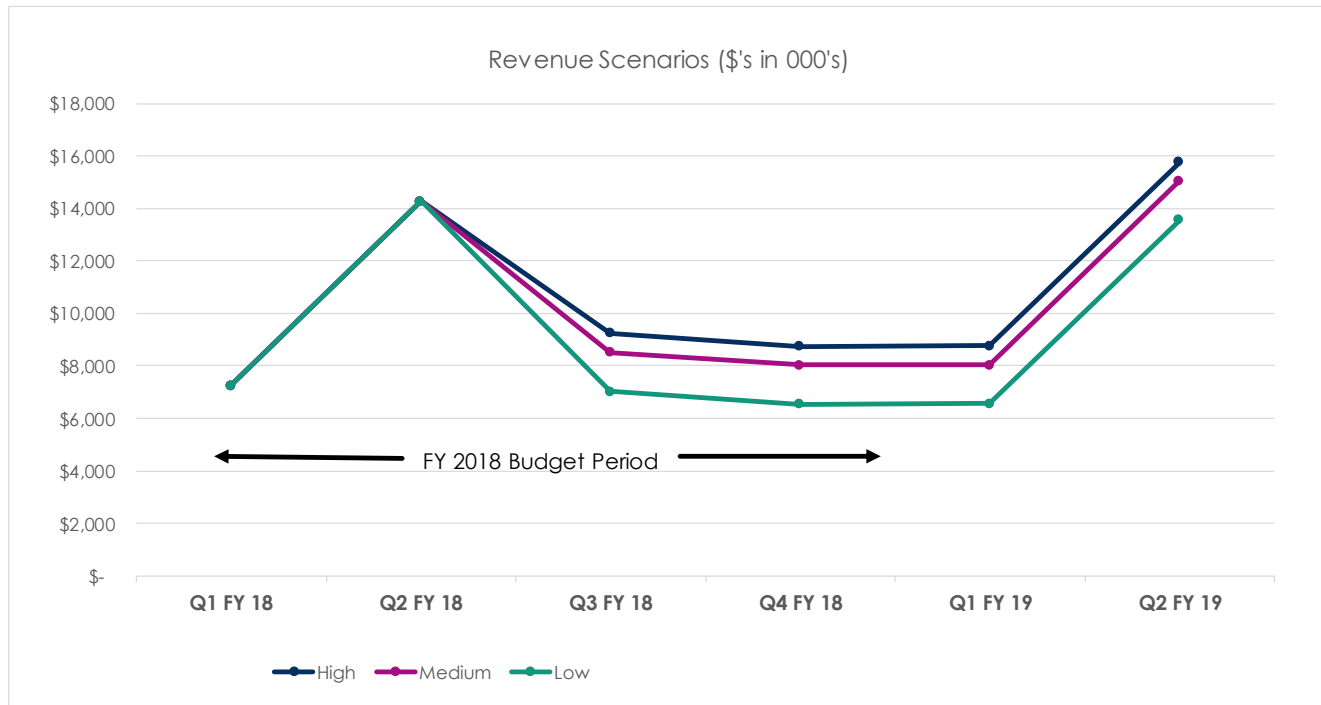
APRIL 24, 2017

# Fiscal Year 2018

## General Assumptions

- Carrier fee of 3.5% of exchange generated premiums for entire period,
- Effectuated enrollment averages 142,000 for plan year 2017 based on March actual effectuations,
- **No** Medicaid cost allocation reimbursement (estimated \$3MM),
- Tax credit donation - \$5 MM,
- Grant funding for Assistant Network continues at current levels,
- No other new revenue sources,
- Maintenance of capital expenditure reserve,
- Expenditure levels adjusted to not exceed revenues

# Fiscal Year 2018 Revenue Scenarios

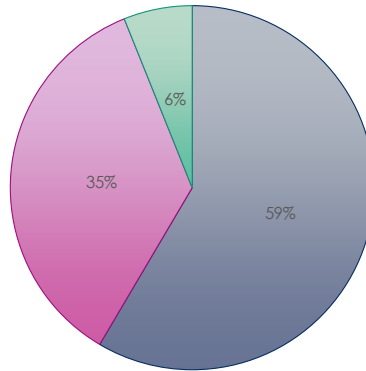


## Key Scenario Revenue Assumptions:

- High – No growth in enrollment, average premium increases for plan year 2018 same as 2017 (20%)
- Medium – No growth in enrollment, average premium increase 10% (50% of 2017 increase)
- Low – Enrollment decreases 15% between 2017 and 2018 plan years, average premium increases 5%

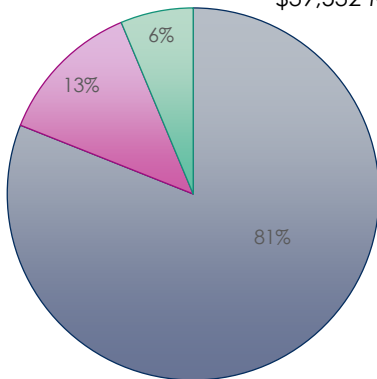
# Revenue Comparison – FY 2017 vs FY 2018

FY 2017  
 Carrier Fees  
 Program Revenue  
 Grants/Tax Credit Donations/Other  
 \$42,713 MM



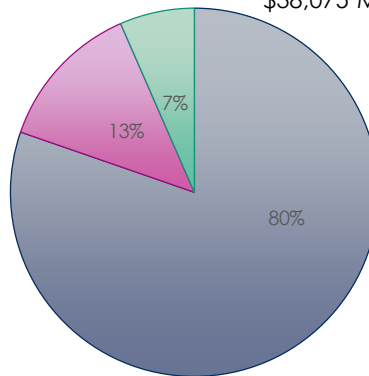
7% Decrease

FY 2018 - High  
 \$39,532 MM



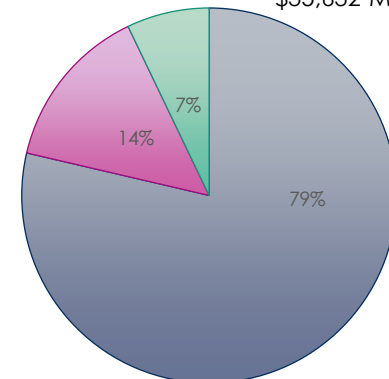
11% Decrease

FY 2018 - Medium  
 \$38,075 MM



18% Decrease

FY 2018 - Low  
 \$35,632 MM



# FY 2018 Expense Level Target

FY 2018 Expenses Based on Medium Revenue Scenario –  
YOY Expense Decrease = \$2,750 MM ( 7%)



OE5 (Dec. 2017) - Evaluate enrollment and average premium levels



Adjust second half of FY 2018 expenses using expense levers if OE5 is below  
Medium Scenario targets

# FY 2018 Potential Expense Reductions

Description of Savings	Savings Level
Improve staff and contractor cross functionality and processes to reduce overall labor hours	\$\$
Streamline/Reengineer SHOP backoffice process	\$\$\$
Implement high ROI technology projects to reduce operating costs	\$\$
Marketing costs - utilize more earned media	\$\$\$
Service Center Call Volume Reductions	\$\$\$
Consolidate/Streamline Notices requiring US postage	\$
Drive efficiency in operating technology with system improvements	\$
Deliver capital technology projects with mix of onshore and nearshore staff	\$\$
Build Carrier Viewer to reduce cost of CRT team	\$\$
Fewer Back Office Support	\$\$

# Cash Projection

