

CONNECT FOR HEALTH COLORADO

FISCAL 2018 BUDGET PRELIMINARY ANALYSIS FINANCE AND OPERATIONS COMMITTEE

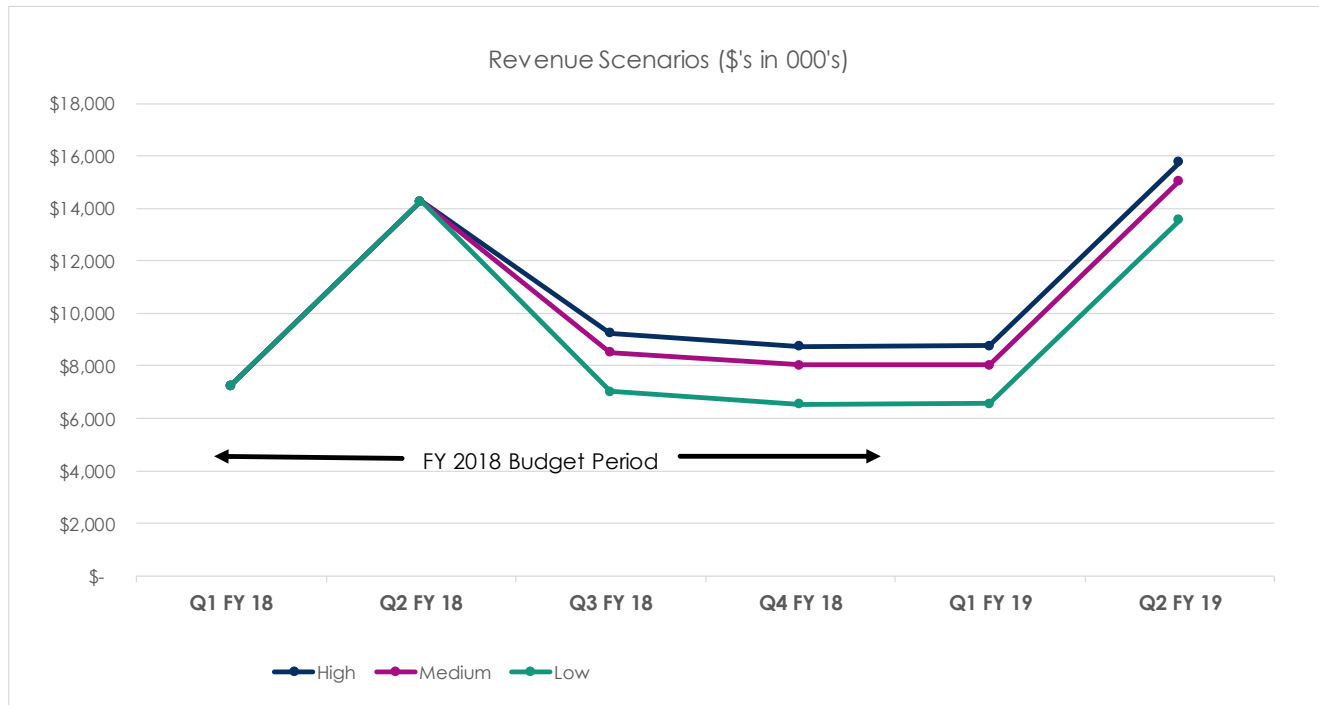
APRIL 24, 2017

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

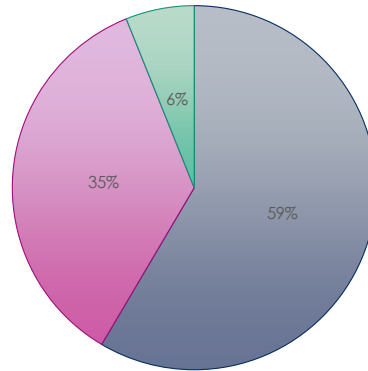


Key Scenario Revenue Assumptions:

- 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%

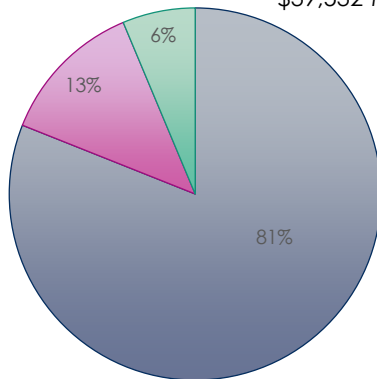
Revenue Comparison – FY 2017 vs FY 2018

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



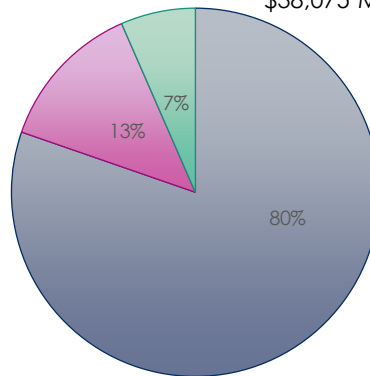
7% Decrease

FY 2018 - High
\$39,532 MM



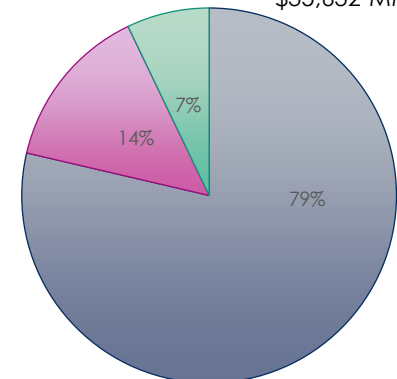
11% Decrease

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

