







OPERATIONAL SCENARIOS
PROS AND CONS

Option 1 - Stay the Course

Continue Connect for Health Colorado (C4HCO) with no major changes or new revenue sources and operations continue at current expenditure level.

Pros

Continues existing program

No transition-related costs or risks

Maintains ability to fully customize to State-specific needs

Offers greatest flexibility for future changes (e.g., 1332 options)

Provides autonomy in setting exchange goals to support State priorities

Flexibility in fee structure

Not sustainable without increased revenue either through higher than anticipated enrollment, extension of special fee assessment or new revenue sources

C4HCO and State at risk for changes in federal or state health reform environment



Financial Implications: Assuming starting enrollment of 135,000 with 10% annual increase and current expenditure levels, financial resources are depleted by April, 2018.



Option 2 - Streamlined SBM

Continue full Connect for Health Colorado operations with expenditure reductions to stabilize budget under current revenue projections.

Maintains most of existing May require C4HCO/State to programs and Option 1 pros postpone or eliminate some platform improvements Retains C4HCO/State control over where reductions occur Cuts in technology and customer service may lead to Preserves flexibility for future less enrollment, lower revenue Pros changes (e.g., 1332 options) and increased customer Forces movement to more frustration nimble organization with a focus on strategic initiatives and ROI Can be implemented relatively quickly

Financial Implications: Assuming starting enrollment of 135,000 with average 10% annual increase and 15% reduction in annual expenditures by year 2, a \$10 million cash balance is maintained over the next 2 years and financial sustainability beyond.



Option 3 - SBM with Medicaid Eligibility Platform

Exchange relies on Health Care Policy and Financing (HCPF) for eligibility services and retains control over enrollment and other functions.

Pros

"One Door" for all applicants

Leverages Medicaid functionality, reduces redundancy and improves coordination between C4HCO and HCPF

Allows C4HCO to focus on enrollment & other functions

Enables State to reach goal of integrating public program eligibility

More vendor options available for enrollment as stand alone service than for E&E (Idaho model)

Requires higher degree of coordination between C4HCO and HCPF

C4HCO consumer experience dependent on functionality of HCPF eligibility system and coordination between C4HCO and Medicaid agency on customer service



Financial Implications: Costs savings resulting from operational efficiencies and expected transition costs are under evaluation with C4HCO and HCPF vendors. Findings will be reported to Board at future meetings.



Option 4 - SBM with Federal E&E Platform

Federal Facilitated Marketplace (FFM) provides eligibility and enrollment services for C4HCO, State maintains an E&E system for Medicaid and accepts hand-offs from FFM, HCPF transfers QHP cases to FFM for tax credit eligibility, C4HCO responsible for plan management and consumer outreach.

State retains control of traditional state functions (insurer regulation and consumer services)

FFM offers E&E solution for consumers with an improving consumer experience

Reduced political and technology risks once transition done

Limited flexibility for statespecific initiatives and 1332 options

Fee increases are uncertain but likely as early as 2018

Requires account transfers between FFM and HCPF

Customers lose ability to auto renew (impact ~ 25k customers this year)

Customer service operations managed by FFM

Financial Implications – FFM fee structure originally proposed at 3% of exchange premiums subsequently reduced to 1.5% for first year with annual reset, future increases uncertain. Transition costs based on state circumstances – TBD. Cannot implement prior to 2018 open enrollment period.



Option 5 – Full Service Federally Facilitated Marketplace

FFM provides all exchange services, State maintains an E&E system for Medicaid and accepts hand-offs from FFM, HCPF transfers QHP cases to FFM for tax credit eligibility.

Pros

State retains control of traditional state functions (insurer regulation and consumer services)

FFM offers E&E solution for consumers with an improving consumer experience

Reduced political and technology risks once transition done

Limited flexibility for statespecific initiatives and 1332 options

Fee (3.5% of exchange premiums) paid to FFM, funds do not stay in state

Requires account transfers between FFM and HCPF

Customers lose ability to auto renew (impact ~ 25k customers this year)

State cedes management and budgeting for customer service operations, plan management and outreach in addition to E&E

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Financial Implications – current C4HCO fee of 3.5% matches cost of full FFM. Uncertain transition costs – KY example.