

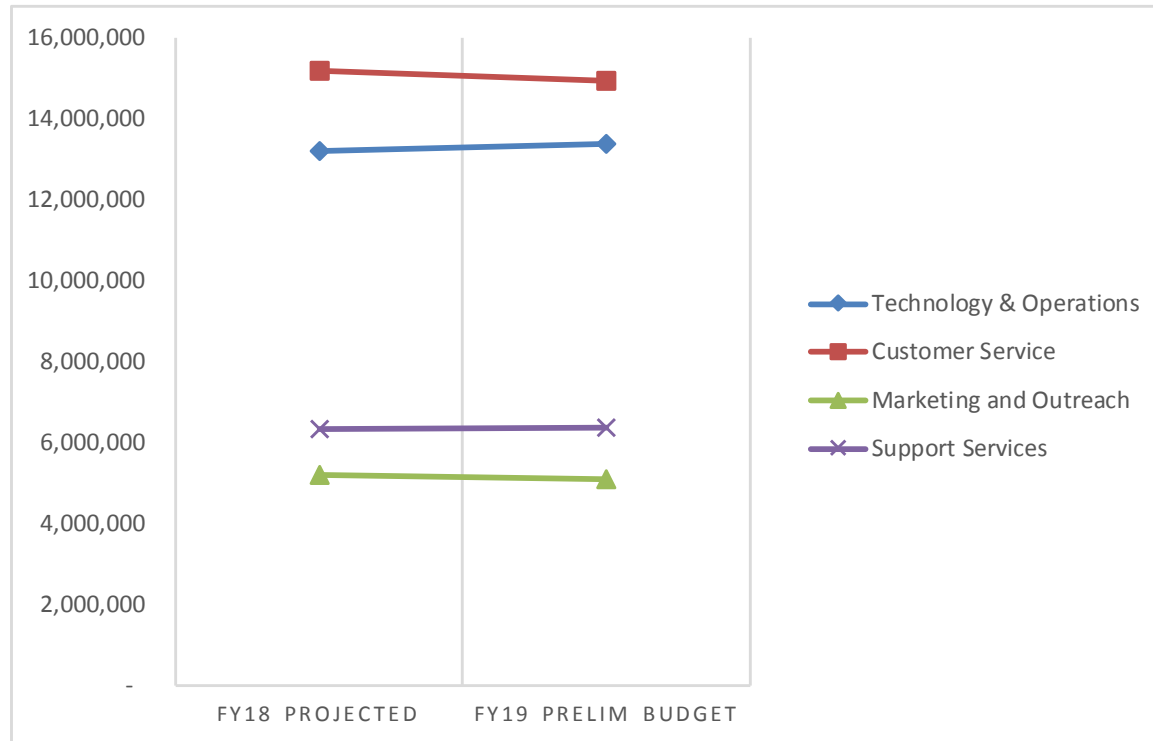


FISCAL YEAR 2019 PRELIMINARY BUDGET REVIEW

March 26, 2018

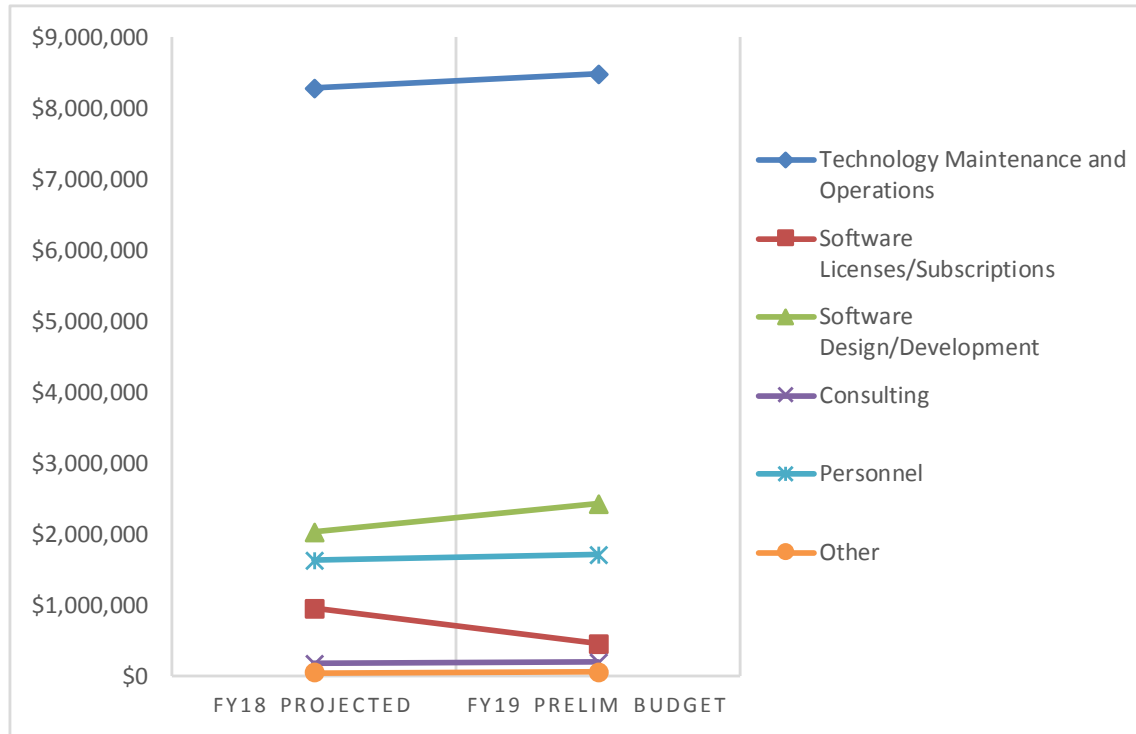
Expense Comparison

FY 18 Projected vs FY 19 Preliminary Budget



Operating Expenses	FY18 Projected	FY19 Prelim Budget	% Change
Technology & Operations	13,194,313	13,377,959	1.4%
Customer Service	15,185,762	14,946,253	-1.6%
Marketing and Outreach	5,214,562	5,092,635	-2.3%
Support Services	6,324,140	6,365,737	0.7%
Other	39,918,777	39,782,584	-0.3%

Technology & Operations Expense Comparison FY 18 Projected vs FY 19 Preliminary Budget



Technology and Operations	FY18 Projected	FY19 Prelim Budget	% Change
Technology Maintenance and Operations	\$8,296,864	\$8,496,864	2.4%
Software Licenses/Subscriptions	\$969,544	\$469,544	-51.6%
Software Design/Development	\$2,032,022	\$2,432,022	19.7%
Consulting	\$184,322	\$204,322	10.9%
Personnel	\$1,646,520	\$1,709,876	3.8%
Other	\$65,041	\$65,331	0.4%
Total	\$13,194,313	\$13,377,959	1.4%

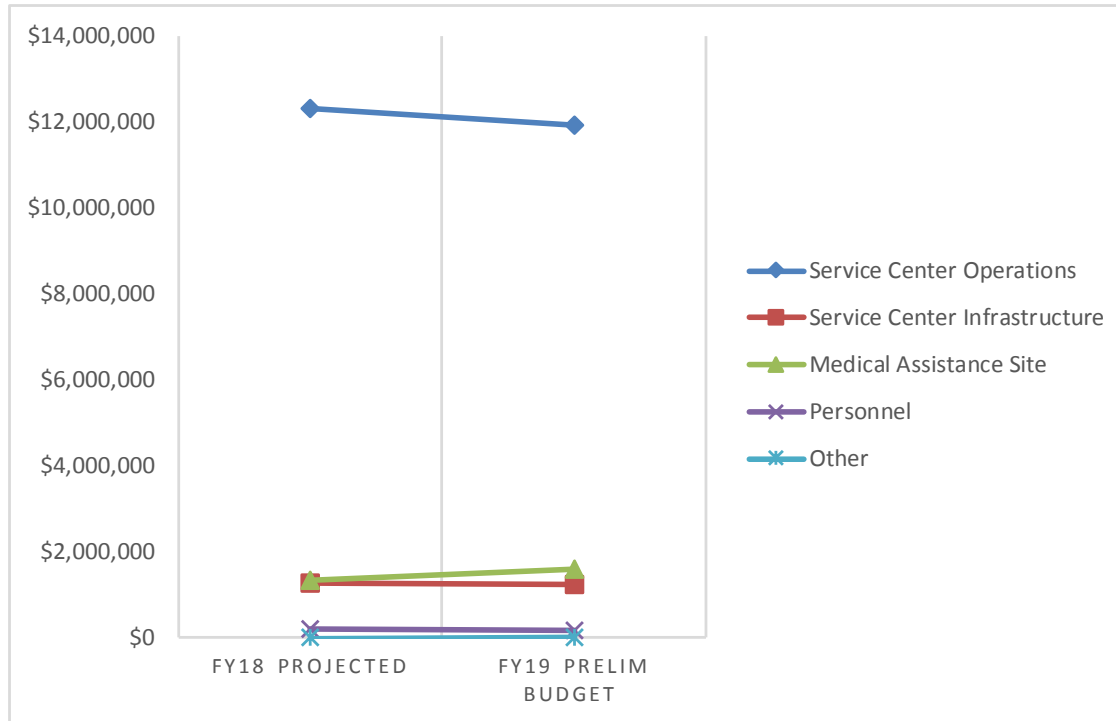
Technology & Operations Expenses

FY 18 Budget Narrative

- **Technology Maintenance and Operations** – assumes continuation of existing vendor contracts, slight increase due to added eligibility work
- **Software Licenses/Subscriptions** – decrease resulting from contracted reduction in database license
- **Software Design and Development** – ongoing enhancements and updates to existing platform, eligibility project design and non-capitalizable development expense
- **Consulting** – project management support and testing support
- **Personnel** – includes both technology and operations staff – product development & operations directors, project/program managers, business analysts, testers, health plan ops
- **Other** – travel, conferences, training, memberships, supplies

Customer Service Expense Comparison

FY 18 Projected vs FY 19 Preliminary Budget



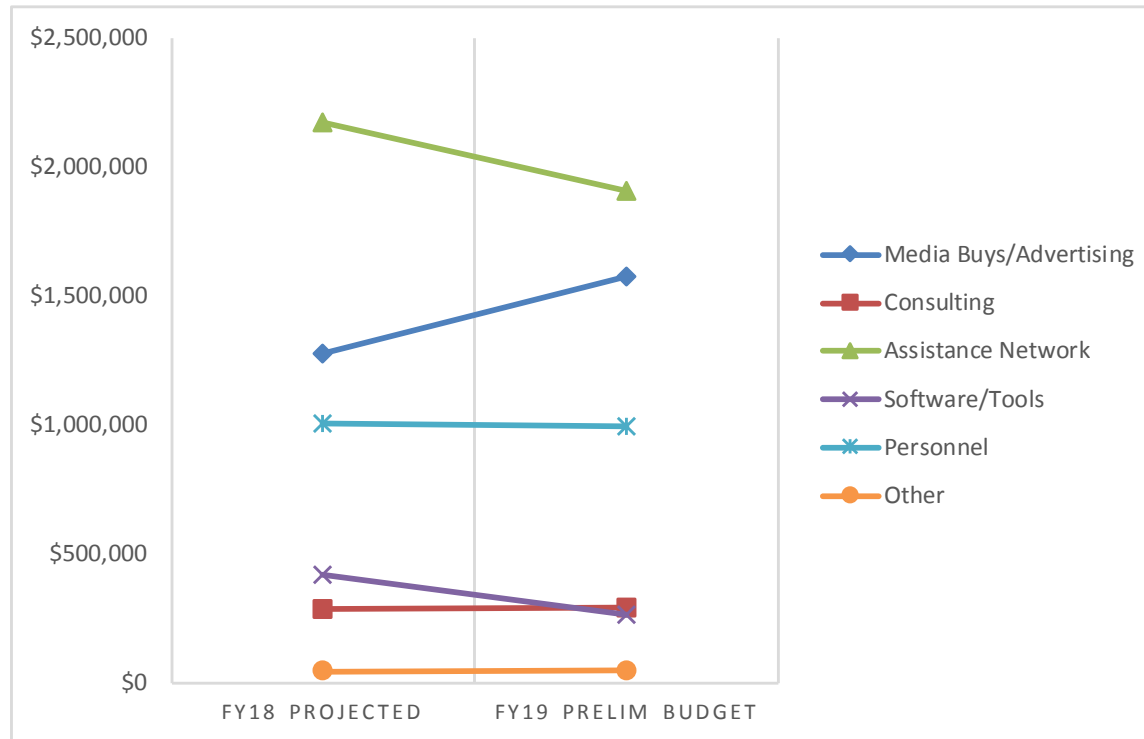
Customer Service	FY18 Projected	FY19 Prelim Budget	% Change
Service Center Operations	\$12,329,421	\$11,929,421	-3.2%
Service Center Infrastructure	\$1,283,428	\$1,244,428	-3.0%
Medical Assistance Site	\$1,339,305	\$1,584,178	18.3%
Personnel	\$214,732	\$168,350	-21.6%
Other	\$18,876	\$19,876	5.3%
Total	\$15,185,762	\$14,946,253	-1.6%

Customer Service Expenses

FY 18 Budget Narrative

- **Service Center Operations** – assumes no change in current service center contract, reduction due to scaling back of SHOP operations
- **Service Center Infrastructure** – includes telecom and IT support costs. Slight decrease due to full year under new telecom contract
- **Medical Assistance Site** – includes staffing of site, increase due to new eligibility project transition
- **Personnel** – Service center contract management
- **Other** – travel, conferences, training, memberships, supplies, postage, printing

Marketing and Outreach Expense Comparison FY 18 Projected vs FY 19 Preliminary Budget



Marketing and Outreach	FY18 Projected	FY19 Prelim Budget	% Change
Media Buys/Advertising	\$1,276,071	\$1,576,071	23.5%
Consulting	\$287,572	\$292,572	1.7%
Assistance Network	\$2,175,159	\$1,910,159	-12.2%
Software/Tools	\$420,375	\$265,375	-36.9%
Personnel	\$1,006,435	\$997,508	-0.9%
Other	\$48,950	\$50,950	4.1%
Total	\$5,214,562	\$5,092,635	-2.3%

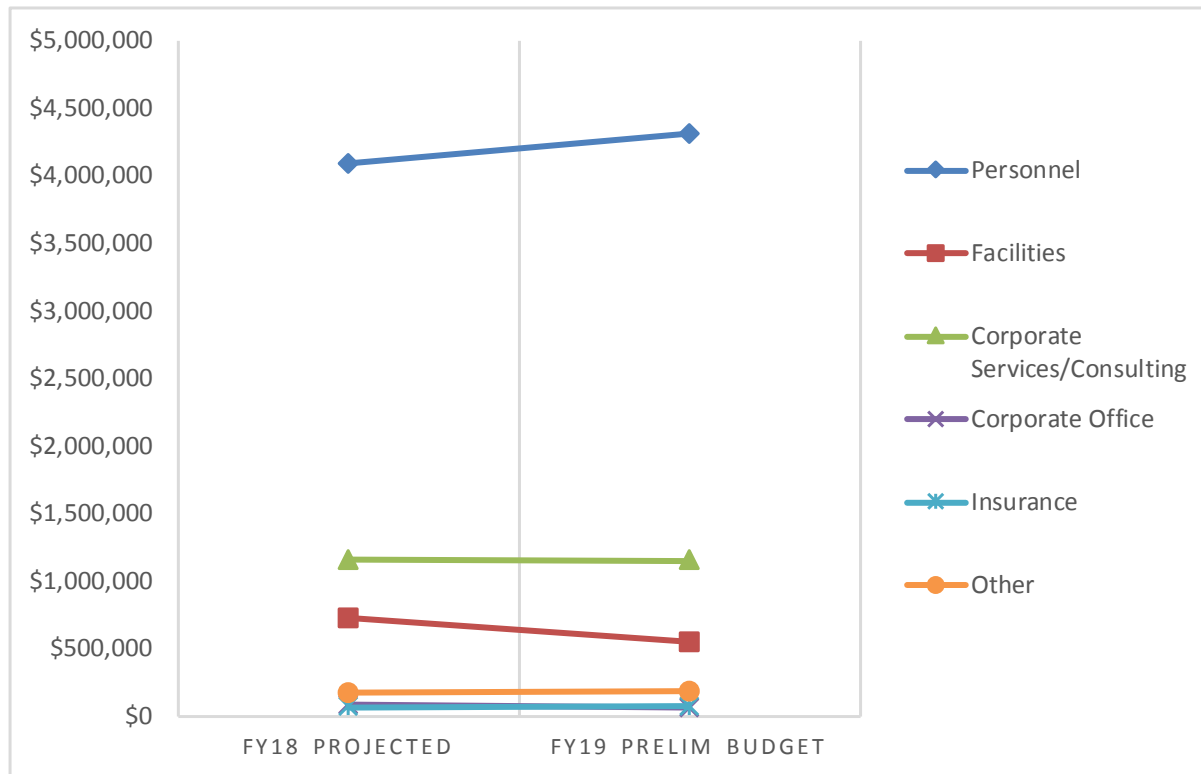
Marketing and Outreach Expenses

FY 18 Budget Narrative

- **Media Buys/Advertising/Events** – increase in media buys and outreach events in anticipation of program changes and possible new legislative impacts
- **Consulting** – agency fees, surveys, graphic design, translation services
- **Assistance Network** – includes assistance network partner payments, connector tool cost and consulting services, decrease due to anticipated funding reductions
- **Software/Tools** - Wordpress website, reduction due to prior year including plan finder enhancements costs
- **Personnel** – Assistance network management, broker team, marketing/outreach oversight and management
- **Other** – travel, conferences, training, memberships, supplies, postage, printing

Support Services Expense Comparison

FY 18 Projected vs FY 19 Preliminary Budget



Support Services	FY18 Projected	FY19 Prelim Budget	% Change
Personnel	\$4,098,025	\$4,319,272	5.4%
Facilities	\$729,142	\$554,142	-24.0%
Corporate Services/Consulting	\$1,163,129	\$1,160,979	-0.2%
Corporate Office	\$81,959	\$66,959	-18.3%
Insurance	\$74,299	\$79,299	6.7%
Other	\$177,586	\$185,086	4.2%
Total	\$6,324,140	\$6,365,737	0.7%

Support Services Expenses

FY 18 Budget Narrative

- **Personnel** – staffing for office support, finance, HR, training, legal/compliance, executive, policy and business intelligence teams. Increase due to lower prior year expenses resulting from unfilled positions, expect all positions filled in FY18
- **Facilities** – Decrease due to lower lease/occupancy costs resulting from move
- **Corporate Services/Consulting** – includes audit services, outside legal, HR recruiting, payroll services, corporate software, BI consulting, training consulting/software
- **Corporate Office** – office supplies, printing/copying, postage
- **Insurance** – Liability, property, technology (cyber)
- **Other** – travel, conferences, memberships

Net Income Comparisons

FY18, FY19 and FY20

	Fiscal Year 2018 Projected	Fiscal Year 2019 Prelim Budget	Fiscal Year 2020 Projection
Revenues	<i>\$'s in 000's</i>		
Carrier Fees	31,456	34,805	34,805
Tax Credit Donations	5,000	5,000	5,000
Grants	2,500	1,300	500
Cost Reimbursements	3,000	3,000	3,000
Total Revenue	41,956	44,105	43,305
Operating Expenses			
Technology & Operations	13,194	13,378	13,044
Customer Service	15,186	14,946	14,573
Marketing and Outreach	5,215	5,093	4,965
Support Services	6,324	6,366	6,207
Total Operating Expenses	39,919	39,783	38,788
Net Income Before Depreciation	2,037	4,323	4,517
Stabilized Depreciation *	3,000	3,000	3,000
Net Income	(963)	1,323	1,517
Capital Expenditures	2,500	7,500	5,000

* Stabilized depreciation reflects projected annual depreciation upon refresh of technology

General Assumptions – Projections

FY19 and FY20

- FY 19 and 20 carrier fee revenue based on current (plan year 2018) enrollment and average premium levels
- Medicaid cost reimbursements continue at current levels
- Reduction in grant funding from \$2.5MM in FY 18 to \$500k in FY 20
- Continuation of tax credit donations
- Assumes small reduction (2.5%) in operating expenses in FY 20 as the result of operational efficiencies resulting from new capital investments
- Estimating capital expenditures over 3 year period of \$15 million for refresh of exchange and customer service technology
- Depreciation based on estimated depreciation resulting from new capital expenditures and represents needed replenishment of capital reserve for future technology refresh and enhancements