



FISCAL YEAR 2019 BUDGET REVIEW

April 18, 2018

General Budget/Projection Assumptions

- FY 19 and 20 carrier fee revenue based on current (plan year 2018) enrollment and average premium levels (no increases assume in average premiums for plan year 2019).
- Medicaid cost reimbursements continue throughout the period
- Reduction in grant funding from \$2.5MM in FY 18 to \$500k in FY 20
- Continuation of tax credit donations
- Assumes operating expenses remain flat for both FY 19 and FY 20. Efforts are underway to look for additional cost savings, particularly regarding technology and customer service costs
- Estimating capital expenditures over 3 year period of \$15 million for refresh of exchange and customer service technology
- Depreciation is based on estimated depreciation resulting from new capital expenditures and represents needed replenishment of capital reserve for future technology refresh and enhancements, current high levels of depreciation are due to initial large investment in technology. Most of these assets will be fully depreciated over the next 12 months.

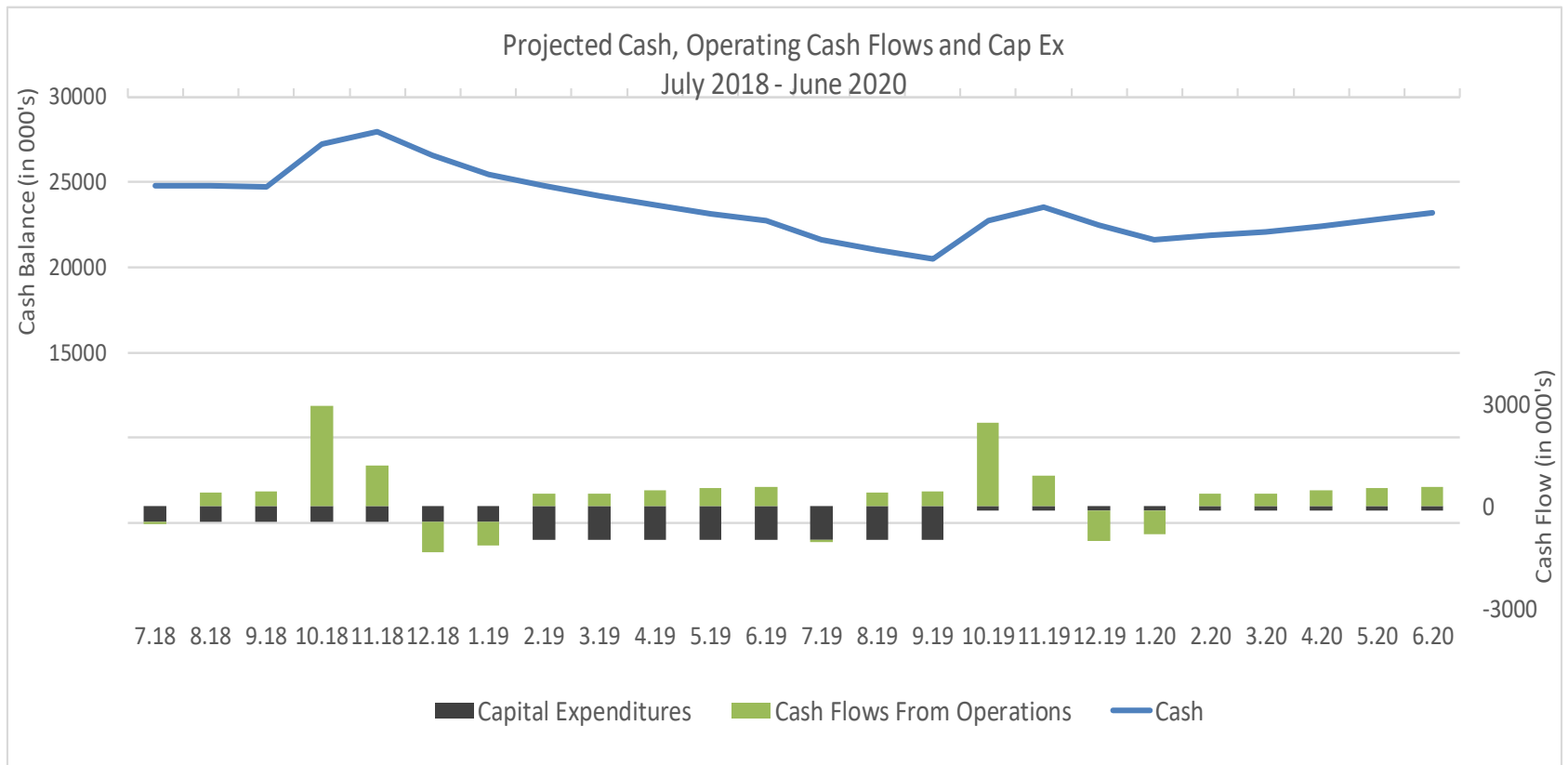
Net Income Comparisons

FY18, FY19 and FY20

	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
	Projected	Proposed Budget	Projection
Revenues	<i>\$'s in 000's</i>		
Carrier Fees	31,781	35,737	35,708
Tax Credit Donations	5,000	5,000	5,000
Grants	2,500	1,300	500
Cost Reimbursements	3,000	2,700	2,700
Total Revenue	42,281	44,737	43,908
Operating Expenses			
Technology & Operations	12,838	12,944	12,944
Customer Service	15,018	14,866	14,866
Marketing and Outreach	5,255	4,963	4,963
Support Services	6,397	6,573	6,573
Total Operating Expenses	39,508	39,346	39,346
Net Income Before Depreciation	2,773	5,391	4,561
Stabilized Depreciation *	3,000	3,000	3,000
Net Income	(227)	2,391	1,561
Capital Expenditures	2,500	8,220	4,260

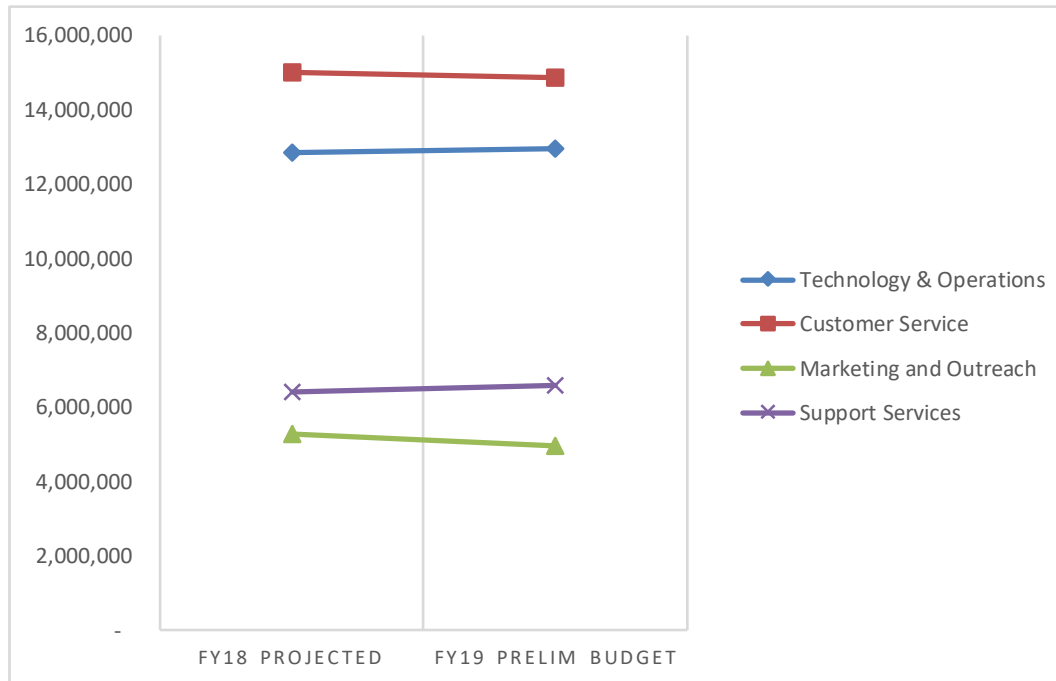
* Stabilized depreciation reflects projected annual depreciation upon refresh of technology

Projected Cash Flows FY19 and FY20



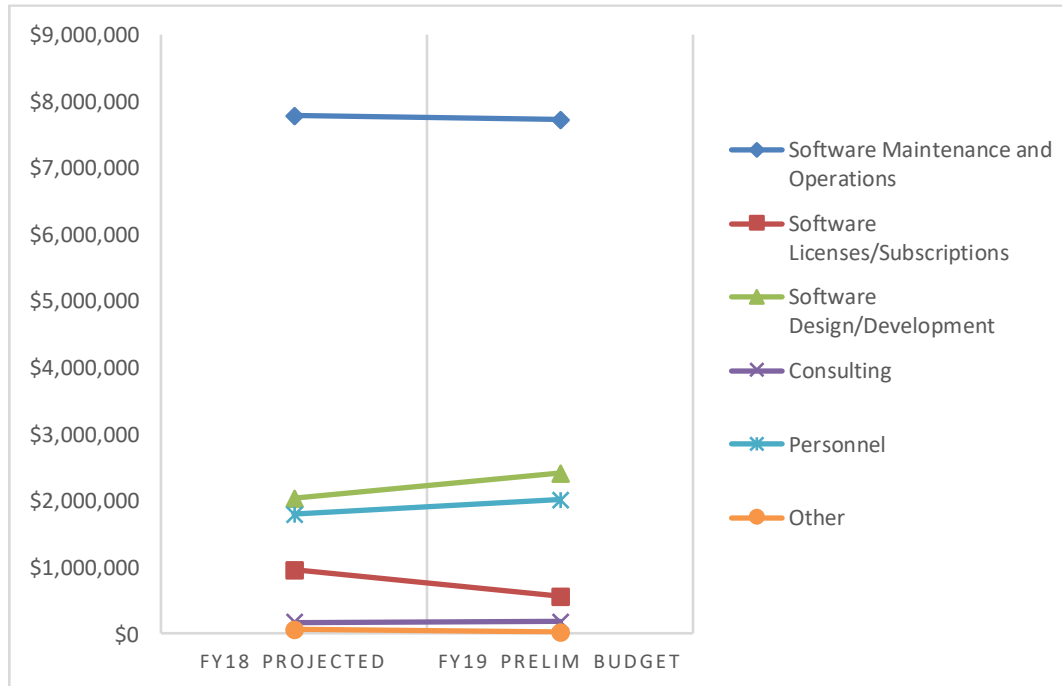
Expense Comparison

FY 18 Projected vs FY 19 Proposed Budget



Operating Expenses	FY18 Projected	FY19 Prelim Budget	% Change
Technology & Operations	12,838,024	12,944,037	0.8%
Customer Service	15,018,262	14,866,140	-1.0%
Marketing and Outreach	5,254,762	4,962,816	-5.6%
Support Services	6,397,082	6,573,427	2.8%
Other	39,508,130	39,346,420	-0.4%

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



Technology and Operations	FY18 Projected	FY19 Prelim Budget	% Change
Software Maintenance and Operations	\$7,796,864	\$7,727,772	-0.9%
Software Licenses/Subscriptions	\$969,544	\$559,423	-42.3%
Software Design/Development	\$2,032,022	\$2,424,186	19.3%
Consulting	\$184,322	\$189,855	3.0%
Personnel	\$1,790,231	\$2,013,301	12.5%
Other	\$65,041	\$29,500	-54.6%
Total	\$12,838,024	\$12,944,037	0.8%

Technology & Operations Expenses

FY 19 Initiatives

- NES Project
 - Rule Engine for Eligibility Determination
- C4 Future Application, Architecture and Platform
 - Evaluation of SaaS Model, In-Source Model and Hybrid Model
 - DC Exchange Code Review
- C4 Vendor Evaluation
 - Current Contracts Coming Due
- Call/Service Center
 - Optimization Assessment and Call Center Reengineering
- Human Centric Design Project
 - Application Look and Feel
 - Customer Experience

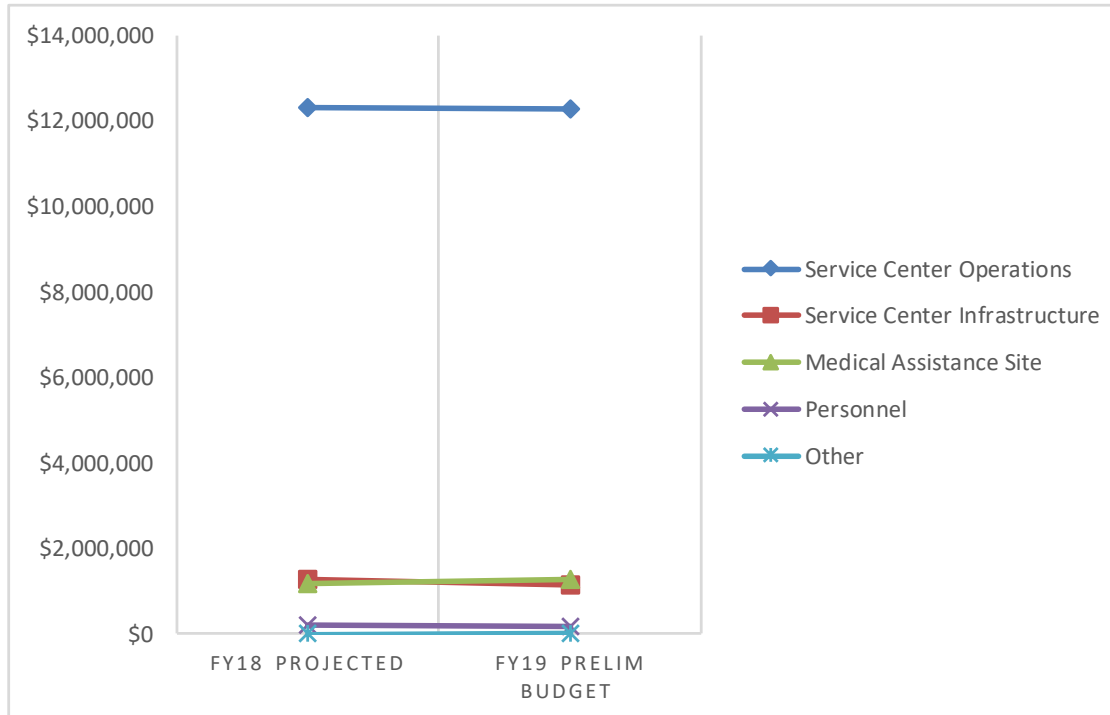
Technology & Operations Expenses

FY 19 Budget Narrative

- **Technology Maintenance and Operations** – assumes continuation of existing vendor contracts
- **Software Licenses/Subscriptions** – decrease resulting from contracted reduction in database license support
- **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 Proposed Budget



Customer Service	FY18 Projected	FY19 Prelim Budget	% Change
Service Center Operations	\$12,329,421	\$12,287,510	-0.3%
Service Center Infrastructure	\$1,283,428	\$1,127,508	-12.1%
Medical Assistance Site	\$1,171,805	\$1,262,547	7.7%
Personnel	\$214,732	\$169,575	-21.0%
Other	\$18,876	\$19,000	0.7%
Total	\$15,018,262	\$14,866,140	-1.0%

Customer Service Expenses

FY 19 Initiatives

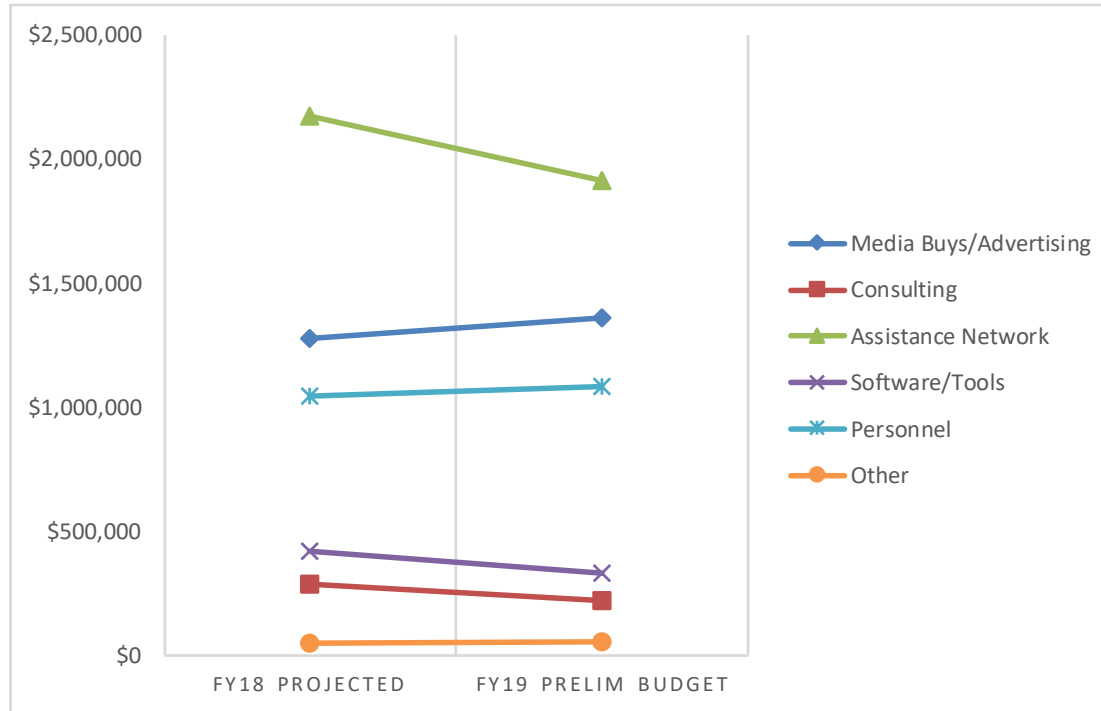
- Password Reset Clarification and Process within the C4 Application
 - Reduction of 7% of all Service Center Calls
- Customer Service Initiatives
 - Interactive Voice Response (IVR) Granular Routing
 - Instant Messaging (IM) with Service Center Agent
 - Enable Call Center Agent Screen Sharing
- Medical Assistances (MA) Call Back Enablement
 - Targeting a Reduction on Call Center Call Backs
 - 30% Of Calls require MA Action. 80% Of those require a call back to the customer.
- Alignment of Quick Cost Plan Finder Tool with C4 Enrollment/Plan Selection
 - Correct discrepancies that show both APTC and Recommended Plans results being different

Customer Service Expenses

FY 19 Budget Narrative

- **Service Center Operations** – assumes no change in current service center contract, reduction due to scaling back of SHOP operations compared to FY18
- **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 Proposed Budget



Marketing and Outreach	FY18 Projected	FY19 Prelim Budget	% Change
Media Buys/Advertising	\$1,276,071	\$1,357,524	6.4%
Consulting	\$287,572	\$221,640	-22.9%
Assistance Network	\$2,175,159	\$1,915,500	-11.9%
Software/Tools	\$420,375	\$330,200	-21.5%
Personnel	\$1,046,635	\$1,086,162	3.8%
Other	\$48,950	\$51,790	5.8%
Total	\$5,254,762	\$4,962,816	-5.6%

Marketing and Outreach Expenses

FY 19 Initiatives - Marketing

To help disassociate the organization from the confusing messages at the federal level, start positioning Connect for Health Colorado as an independent, non-partisan trusted resource for Coloradans.*

- Continue focus on EBNE (Eligible but not Enrolled) but with reduced levels in paid media
- New focus on Eligible but Enrolled Elsewhere for paid media
- Expanded focus on rural with print, radio and local sponsorships to leverage local, trusted sources of information
- New focus on co-marketing with enrollment centers
- New creative to support above messaging

**Messaging could change as political landscape shifts over the coming months.*

Marketing and Outreach Expenses

FY 19 Initiatives – Assistance Network

Three major objectives

- Community Engagement and Education
- Enrollment and post-enrollment assistance
- Targeted Outreach

Changes to Scope of Work

- No Tier Status
- Community Education concept folded in
- Maintaining network referral pathways

Adjustments to Disbursement of Funds

- Performance-based awards
- Quarterly Block disbursement
- 2 year funding opportunity (pending review and Board Approval after yr 1)
- Total budget projected to decline from \$2,071,000 in FY18 to \$1,750,000 in FY19 (15% decrease)
- Budget projected to decline from \$1,750,000 in FY19 to \$1,500,000 in FY20 (15% decrease)

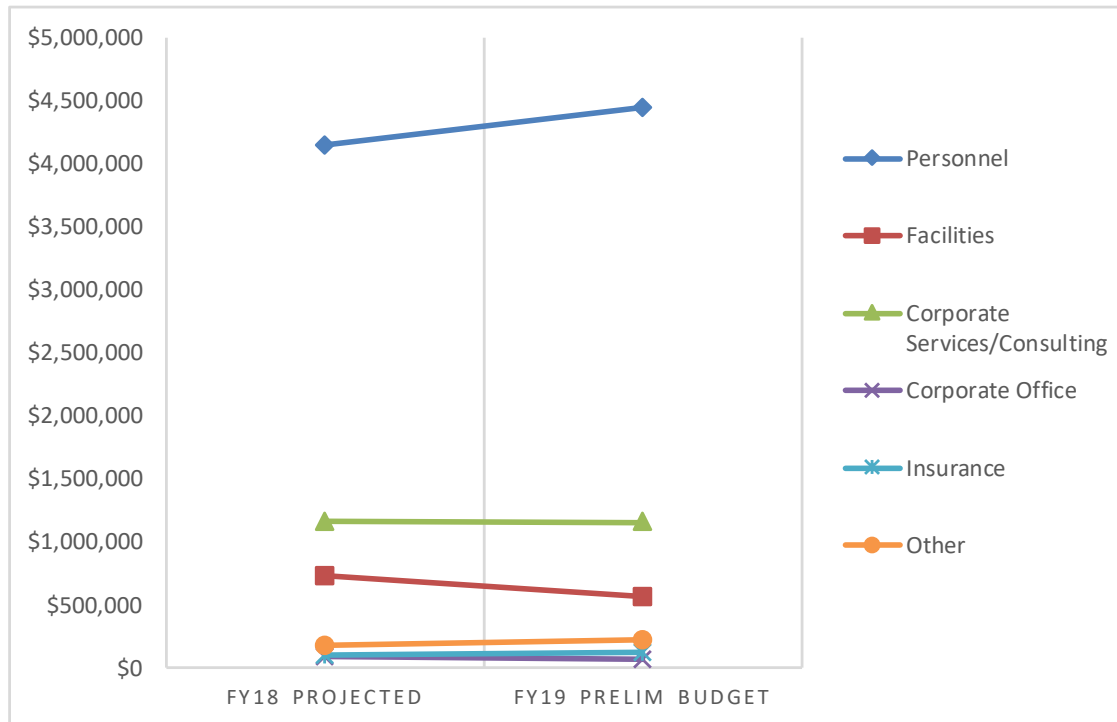
Marketing and Outreach Expenses

FY 19 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, working on streamlining administrative costs to make more effective use of funds
- **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 Proposed Budget



Support Services	FY18 Projected	FY19 Prelim Budget	% Change
Personnel	\$4,144,567	\$4,444,939	7.2%
Facilities	\$729,142	\$567,000	-22.2%
Corporate Services/Consulting	\$1,163,129	\$1,155,038	-0.7%
Corporate Office	\$81,959	\$59,000	-28.0%
Insurance	\$100,699	\$125,000	24.1%
Other	\$177,586	\$222,450	25.3%
Total	\$6,397,082	\$6,573,427	2.8%

Support Services Expenses

FY 19 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