

Finance & Operations Committee Meeting Minutes

*Connect for Health Colorado
4600 S. Ulster Street, Suite 300
Denver, CO 80237*

April 23, 2018

9:30 AM – 11:30 AM

Board Members Present: Adela Flores-Brennan, Tom Massey, Denise O’Leary and Nathan Wilkes

Staff Present: Brian Braun, Luke Clarke, Kelly Davies, Kelly Guthner, Kate Harris, Kevin Patterson, Alaina Ramirez, Alan Schmitz, Lisa Sevier and Ezra Watland

I. Welcome & Introductions

Nathan Wilkes started the meeting and called the meeting to order at 9:30 a.m., welcoming everyone in attendance, both in-person and on the phone. The March committee meeting minutes were approved.

The committee discussed rescheduling the May committee meeting, to be determined at a later date based on whether there are contracts to be reviewed.

II. FY 2019 Quarterly Financials

Brian Braun, Chief Financial Officer, reviewed the quarterly financials for the third quarter of fiscal year (FY) 2018. Enrollments are slightly lower than projections, margins are better than expected with cash on hand higher than budgeted.

Expenditures are running slightly over budget, primarily tied to the new eligibility system (NES). The customer service expense is higher than expected due to call volumes exceeding expectations during open enrollment.

Cash metric of days cash on hand exceeds the target (240 days vs 120 days) and allows for sufficient reserves for future expected capital expenditures.

III. Proposed FY 2019 Budget

A net income of approximately \$5.4 MM before appreciation is projected for the proposed FY 2019 budget. Assumptions for this include:

- No increase in average premiums for plan year 2019
- Enrollment stays the same as current enrollment
- Medicaid cost reimbursements continue throughout the FY year
- Reductions in grant funding
- Continuation of tax credit donations
- Operating expenses remain flat
- Capital expenditures over a three-year period of \$15 million for a refresh of both exchange and customer service technology

- Depreciation is based on new capital expenditures and represents needed replenishment of capital reserve for future technology refresh and enhancements. Most of assets will be fully depreciated over the next 12 months.

Proposed technology and operations expenses include an increase by .8% for technology and decrease by 1% for operations, this includes the NES project; as well as an optimization assessment of the service center and reengineering.

Marketing and outreach will decrease 5.6%. The organization is starting to position Connect for Health Colorado as an independent, non-partisan trusted resource for Coloradans through its marketing and outreach. The focus will be on community engagement and education, enrollment and post-enrollment assistance and targeted outreach.

Support services expenses are projected to increase by 2.8%. There is a 22% drop in facilities, due primarily to the corporate office move.

The committee made a recommendation to bring the FY 2019 budget to the May Board meeting for full board approval.

IV. OIG Audit Report Regarding Shared Eligibility System Costs

The Office of Inspector General released its report on the audit of the Shared Eligibility System (SES). The audit was based on the early years of the organization and shared costs between Connect for Health Colorado and the state of Colorado.

Recommendations include improvements on the cost allocation process, and processes and procedures. The organization and Colorado Health Care Policy and Financing (HCPF) have put in a lot of time and effort over the past two years to improve and address the concerns of the OIG.

V. Form 990 and Single Audit Report

The 2017 Single Audit Report has been released with no findings.

The draft Form 990 will be filed in May. A request was made for any questions or comments from the committee and board members.

VI. Public Comment

None

VII. Adjourn

Meeting adjourned at 11:10 a.m.

Respectfully submitted,
Nathan Wilkes
Committee Chair