

***Finance & Operations Committee Meeting Minutes***  
***April 22, 2019***  
***9:30 AM – 11:30 AM***

**Board Members Present:** Adela Flores-Brennan, Lorez Meinhold and Nathan Wilkes

**Staff Present:** Brian Braun, Kelly Davies, Kelly Guthner, David Hague, Carolyn Pickton, Alan Schmitz, Lisa Sevier and Ezra Watland

**I. Welcome & Introductions**

Nathan Wilkes called the meeting to order at 9:30 a.m., welcoming everyone in attendance.

The February and March committee meeting minutes were approved.

The Committee discussed rescheduling the next Committee Meeting and made the decision to schedule the meeting for Monday, June 3 at 9:30 am.

**II. FY 2020 Budget**

Staff presented the fiscal year (FY) 2020 budget for review. This will be a transitional year for the organization with increased in-house customer service and the strategic initiatives. The budget has been forecasted for two years to give a view of how the planned initiatives will positively impact the budget in future years. Some key assumptions include:

- Carrier fee revenue is based on the current (plan year 2019) enrollment and average premium levels.
- Medicaid cost reimbursements to continue throughout the period.
- Reduction in grant funding from \$1.3MM in FY 2019 to \$500k in FY 20 and \$0 thereafter.
- Continuation of tax credit donations.
- In order to successfully deliver on the strategic initiatives, an increase in operating and capital expenditures is required in Fiscal Year 2020.
- The increased spending in fiscal year 2020 will provide long-term cost savings and enhance the sustainability of the organization, initial projections for FY 2021 indicate an expected significant decrease in operating costs as the result of the 2020 initiatives.

The FY 2020 strategic initiatives include

- Modernization
- Internalization of the customer service center
- Decentralization of customer service operations
- Micro-business solutions

- Streamlining eligibility and enrollment
- Expanding channel/services for enrollment
- Exploring ancillary services
- Implement action plan developed from the results of the employee survey

Total expenditures include both the operating expenses and the additional investments in technology.

#### **Action Items**

Staff to provide a high-level view of possible upcoming factors that could affect the organization.

Provide historical Financial information from the past few years.

The Finance and Operations Committee recommended the FY 2020 budget go to the full board at the May Board Meeting for discussion and approval.

### **III. 3<sup>rd</sup> Quarter FY 2019 Financials**

The Committee reviewed FY 2019 third quarter financials. The organization continued to exceed its financial goals through the third quarter of the fiscal year. With nine months completed in the fiscal year, Connect for Health Colorado is tracking \$1.4 million ahead of budgeted net income before depreciation. This positive variance is primarily the result of lower than expected technology expenses for the year.

Key measures include:

- Effectuated enrollment is running slightly below target
- Net operating income margin is better than expected
- Days cash on hand is higher than targeted
- Operating expenses came in under budget

Based on the current Fiscal Year 2020 budgeting process projections have been revised based on expected levels of enrollment, average expected premium levels, and expenditures.

Included in the cash projections are assumptions for capital investments over the projection period. The investments are related to modernization efforts for the shopping and enrollment platform and underlying infrastructure along with changes to the customer service operations and technology. These investments are expected to result in significant expense reductions in future years.

### **IV. Public Comment**

Public comment given by Bethany Pray, Colorado Center on Law and Policy.

**V. Adjourn**

Meeting adjourned at 10:56 a.m.

Respectfully submitted,

Nathan Wilkes  
Committee Chair