



# *Market Assessment for 2014*

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*Board Meeting – June 10, 2013*

# HB13-1245

(2) (a) ON AND AFTER JANUARY 1, 2014, THROUGH DECEMBER 31, 2016, THE BOARD SHALL ASSESS SPECIAL FEES AGAINST INSURERS IN AN AMOUNT NECESSARY TO PROVIDE FUNDING FOR THE EXCHANGE.

THE BOARD SHALL DETERMINE THE AMOUNT OF THE SPECIAL FEES BASED ON THE BOARD-APPROVED FINANCIAL PLAN AND ANTICIPATED BUDGETARY NEEDS FOR THE UPCOMING YEAR TO COMPLY WITH THIS ARTICLE AND ASSOCIATED FEDERAL REQUIREMENTS.

# HB13-1245 Continued

THE SPECIAL FEES MUST NOT EXCEED ONE DOLLAR AND EIGHTY CENTS PER NUMBER OF LIVES INSURED PER MONTH; EXCEPT THAT THE SPECIAL FEES ASSESSED FOR LIVES INSURED UNDER DENTAL PLANS MUST NOT EXCEED EIGHTEEN CENTS PER NUMBER OF LIVES INSURED PER MONTH.

THE BOARD SHALL USE SPECIAL FEES ASSESSED PURSUANT TO THIS SECTION FOR THE OPERATING EXPENSES OF THE EXCHANGE, THE RESERVES OF THE EXCHANGE, AND RELATED AGREEMENTS.

# Revised Modeling

## Model Assumptions

Successful Legislation for Assessment - Years 2015 & 2016 (875,000 covered lives x \$1 pmpm)

Successful Legislation for Tax Credit Donations (maximum of \$5 million annually)

Premiums trend the same as they are in the market today (10% individual, 5% SHOP - annually)

COHBE's portion of CoverColorado 2015 reserve is \$8.5 million

Annual operating budget of \$26 million

	2nd half 2013	2014	2015	2016	2017
<u>Enrollment &amp; Premium Assumptions</u>					
Estimated Exchange Enrollment	0	136300	220000	250000	300000
Estimated Premium PMPM	\$0	\$283	\$297	\$312	\$328
Administrative Fee	0.00%	1.40%	1.40%	1.40%	1.90%
<u>Revenue Assumptions</u>					
Exchange Revenue from Admin Fees	\$0	\$6,480,247	\$10,982,664	\$13,104,315	\$22,408,379
Estimated portion of Federal Grant Funding (2013-2016)	\$58,443,282	\$44,954,181	\$21,597,889	\$0	\$0
Revenue from Unclaimed Property Fund	\$15,000,000	\$0	\$0	\$0	\$0
Revenue from CoverColorado Reserve Balance			\$8,500,000		
Revenue from Health Insurer Assessment			\$10,500,000	\$10,500,000	
Revenue from Premium Tax Credit Donations		\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000
Potential Foundation Grants	\$2,134,000				
<b>Total Income</b>	<b>\$75,577,282</b>	<b>\$56,434,429</b>	<b>\$56,580,553</b>	<b>\$28,604,315</b>	<b>\$27,408,379</b>
Expected Operating/Technology Budget	\$58,443,282	\$26,000,000	\$26,000,000	\$26,000,000	\$26,000,000
Remaining Implementation Costs estimated for 2014 & 2015		\$18,954,181	\$29,079,721		
Operating Budget (not Federally grant funded)	\$2,134,000	\$6,480,247			
<b>Total Expenditures</b>	<b>\$60,577,282</b>	<b>\$51,434,428</b>	<b>\$55,079,721</b>	<b>\$26,000,000</b>	<b>\$26,000,000</b>
<b>Net Income/Expense by year</b>	<b>\$15,000,000</b>	<b>\$5,000,000</b>	<b>\$1,500,832</b>	<b>\$2,604,315</b>	<b>\$1,408,379</b>

# Recommendation

- Through HB13-1245, Connect for Health CO is to receive \$15M of the CoverColorado portion of Unclaimed Property Funds in 2013.

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- HB13-1245 states that any funds received from CoverColorado reserves or the Unclaimed Property Trust Fund must be used to offset the fees assessed to insurers under the legislation (with an exception for fees assessed to Dental Plans).

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- The Bill's sponsors specifically asked for an offset of the 2014 market assessment.

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- Based on the receipt of Unclaimed Property Funds and the amount of other funding, Connect for Health staff recommends that the Board sets the 2014 Market Assessment at \$0 for both medical and dental plans.

# *Benefits of Staff Recommendation*

- Complies with the wishes of HB 13-1245 sponsors
- Eliminates a fee in the first year of market disruption
- Meets goals and objectives of the C4HCO marketplace to minimize fees
- \$15M in July 2013 is enough to seed the reserves and provide operational support