



FY 2015 Budget

The Connect for Health Colorado FY 2015 budget is the final budget that will incorporate federal grant funding under the Exchange Implementation Level 2 grant. The following narrative explains the full 12-month budget from July 1, 2014 through June 30, 2015. Separate documents will outline quarterly expenses and the 2014 over 2015 FY budget comparison.

While reviewing these documents, it is important to note:

- Technology implementations and enhancements will be funded by federal grants throughout the full fiscal year, July 1, 2014 through June 30, 2015.
- Operations of the organization will be funded through federal grants for only the first 6 months of the fiscal year ending December 31, 2014. The second six months of the fiscal year, January 1, 2015-June 30, 2015, the Marketplace will be financially self-sustaining.

Customer Service Center:

FY 2014 budget for this budget category was \$22.5M; the FY 2015 budget request is \$13.6M. This line item includes service support for calls, chats and emails as well as the back office processing of paper applications, manual transactions and project resolution.

Call volume, average handle time and the expectation that 80% of the calls will be answered in 90 seconds will drive the overall headcount (FTE) requirements for the service center. This past year staffing assumed 80% of calls would be answered in 20 seconds. Call center analysts found a balance between appropriate staffing levels and cost containment, and the service level agreement was lengthened. The projections include 210 service representatives during open enrollment. There will be a decrease to 136 service representatives during non-open enrollment.

The Customer Service Center answered more than 335,000 calls, chats and emails and supported the enrollment of over 100,000 covered lives for FY 2014. Call volume is expected to increase in the fall due to the renewal process, outbound campaigns and increased marketing efforts. The assumption is that there will be a 10% efficiency gained by technology enhancements and experience of returning service center representatives. Details regarding the modeling for the call center are attached.

Fixed labor costs are driven by the management, leadership and support staff (training, QA, supervision) required to run the center, regardless of the number of staff representatives. Variable labor costs are driven by the number of representatives staffed based on desired Service Level outcomes.

The technology fixed and variable costs are license costs. Technology variable costs are driven by the need for staffed representatives to support the technology.



Marketing, Communications and Outreach

The FY 2015 is projected at \$4.8M, less than half of what was budgeted for FY 2014. Objectives for the marketing, communications and outreach team for FY 2015 are to increase brand awareness statewide, increase targeted outreach to eligible customers, implement a strong customer retention campaign and support accurate understanding of the Marketplace through earned media and outreach efforts.

Market Research

Statewide surveying is necessary to measure awareness of Connect for Health Colorado and track year-over-year trends. We will compare results to the baseline survey that was conducted in April 2013 and the post-awareness campaign survey conducted in December 2013. The annual survey is expected to be fielded in early December 2014 so that results can be used to inform any campaign adjustments for January and February before open enrollment ends. Research cost is expected to be similar to the previous surveys because of the need to measure rural and target populations. Additional small focus group or other research may also be employed to glean insight to enrollment barriers or messaging. (Estimated cost: \$50,000)

Paid Media

The strategy is to build on the accomplishments of the last year while spending about half of what was previously spent to support new enrollment and retention goals. Awareness data show that C4HCO will continue to need to invest in statewide mass media to increase awareness of the marketplace, especially among the uninsured and in non-Front Range communities. The significant decrease will be somewhat offset by anticipated marketing campaigns conducted by the carriers as well. The brand awareness campaign will resume in summer 2014 and intensify during open enrollment, augmented by targeted paid media to reach young adults, Latinos and other eligible customers. The strategy will include paying for some longer-term agreements to save money on fees and media buy rates and to ensure continued mass media presence. This budget will include production costs for new messaging to reach new customers and retain current customers. A portion of funds will be used for targeted direct mail campaigns, using predictive modeling services based on current customers, as well as behavioral data and partner data. (Estimated cost: \$4.15M, of which up to \$1.75M would be dedicated to long-term agreements)

Outreach and Enrollment Events

C4HCO plans to deploy effective tactics from the previous open enrollment period, including the use of grassroots street teams to have personalized conversations with target customers, opening walk-in sites and temporary enrollment events in December and February to coincide with deadlines (we learned customers wait to the last minute), and establishing sponsorships of events and organizations that reach target audiences. We will coordinate with Assistance Sites and certified agents/brokers and the Customer Service Center. We expect to spend about 50% less than FY2014. (Estimated cost: \$296,000)

Collateral/Materials

C4HCO will update posters and brochures with new information and distribute these items to partners, Assistance Sites and certified agents/brokers through our online store for outreach efforts. Existing giveaway items will continue to be used at events and to support walk-in sites. Large banners will be provided for additional visibility of our Customer Support network and enrollment events. We will use graphic design and video production services for social media campaigns and the website. Translation services and website maintenance fees are also included in this category. (Estimated cost: \$160,000)



Outreach and Media Relations Services

C4HCO strives to maintain conservative staff levels and plans to continue using contractor services for certain key functions that enhance and expand our ability to develop and maintain partnerships and conduct outreach with minority communities; respond to large volumes of media inquiries; and conduct proactive media education efforts statewide. Effective earned media and outreach efforts are necessary to ensure an accurate understanding of the Marketplace among stakeholders and customers.

(Estimated cost: \$142,000)

Total Technology

This budget category is largely grant funded and represents an increase from \$18.6M to \$28.6M. This represents a significant investment in our technology infrastructure that includes both the original implementation plan as well as new functionality to better serve our customers.

Planning and System Enhancements

We are implementing new systems and enhancing existing systems to improve the end to end marketplace customer experience. This will make it easier to apply and enroll and make our operations more efficient. Release 2 of our marketplace systems will deliver a series of improvements to the individual, service portal, agent and small business portals. (Estimated cost: \$9.8M)

Shared Eligibility System

A shared eligibility system is being developed with the Department of Health Care Policy and Financing to provide a single streamlined medical assistance eligibility system for Medicaid and Advanced Premium Tax Credit. (Estimated cost \$5.58 M)

New Functionality

Two new modules will be implemented within our core marketplace platform: plan management and financial management. The plan management module will make it easier for our 17 carriers to verify the 240+ plans that will be loaded into our systems, reducing manual processing. The financial management module will improve integration between our individual marketplace and the systems that are used to perform carrier billing, making it easier for us to bill. In addition, we will implement the API module that will enable brokers and MGAs to use our systems to enroll their customers in exchange plans while retaining the customer experience within their own systems. This will drive volume and make it easier for these entities to do business with us. Finally, there are a number of smaller investments needed, including tighter automatic call distribution, cloud-based Human Resources software, address validation and outreach effectiveness reporting. (Estimated cost: \$3.09 million)

Contingency

A contingency has been set aside for unplanned urgent changes such as those resulting from regulatory changes. (Estimated cost: \$1.84M)

Security

Maintaining the privacy and security of our customers' data and our IT assets is critical. We will continue to contract with a vendor to perform bi-annual penetration tests on all our systems and a full end-to-end annual risk assessment. In addition we will be investing in extra infrastructure to support secure VPN and Multi-Factor Authentication for all our employees and strategic partners. Costs for FY2015 are consistent with the last fiscal year. (Estimated cost: \$175,000)



Licensing

There are ongoing licensing fees associated with the software packages that we have deployed and software services that we utilize. We license a cloud-based Document Management System on an annual basis. This is used to securely share files and documents internally and externally with our partners. The new plan management and financial management modules that are described above will incur an annual license fee, as do the existing provider directory, Out of Pocket Calculator and accounting systems. Licensing for the existing marketplace solutions, database software and the Customer Relationship Management application have no additional fees through 2017. (Cost: \$1M)

Maintenance & Support

There is a monthly maintenance and support fee that is paid to provide M&O operations for our core marketplace systems. This includes licensing for a number of packages that are used to support us: Fax server, Document Management Systems, business intelligence packages and a noticing system. Additionally, the M&O fee includes licensing for the existing financial management system. The monthly support contract also includes all costs for CGI support of our core marketplace solutions and supporting technology, people and processes. This includes all the people, process and technology costs for managing our marketplace solutions such as incident and problem management, availability management, change management, release /test management, project management, support and security management. The CGI M&O fee is currently \$5.1M per year but is reducing to \$3,276,636 per year in FY 2015. Additional M&O fees will be paid starting in FY 2015 for maintenance of the shared eligibility system as well as to the accounting system and mobile solution for browsing plans, as well as the new plan management and financial management modules that are being deployed. (Estimated cost: \$5.06M)

Hosting

We currently pay \$1,956,516 for the hosting of our marketplace solution within a fully-managed data center. This includes the provisioning of server, network and security hardware and a virtualized multi-tenanted cloud environment that is shared with other Health Insurance Exchange clients. The hosting fee includes all the people, process and technology costs for managing the cloud environment such as incident and problem management, availability management, change management, release management, support and security management. In addition we pay an annual fee to host our broker proposal tool. (Estimated cost: \$1.96M)

Operations

This budget category will decrease from \$5.16M to \$1.56M in FY2015. The savings is realized as we move away from consultants and target efficiencies in training through the increase of online delivery.

Consulting

Consultants are used as subject matter experts for part-time engagements, including 508 compliance, translation services, security consulting, actuarial services, carrier support, business development and data analytics (among others). As the organization moves away from heavy reliance on consultants, this line item decreases 70% from the FY2014 budget of \$3.8M. (Estimated cost: \$1.12M)

Training

We are moving toward a much more online approach to training. The assumption is that C4HCO will re-train nearly 5000 service representatives, brokers/agents, health coverage guides, carrier representatives and other in-person assistors. Training will include re-certification, new system



functionality, procedural changes etc. Costs will be reduced from last year's \$1.36M by more than 50% due to streamlining, new training tools and increased internet training. Our main focus will be to drive the performance for all of our assistors to enable customers to be engaged with C4HCO, to be educated about the benefits and opportunities offered through C4HCO and, ultimately, to enroll. (Estimated cost: \$435,500)

DOI/HCPF

These are expenses for services and maintenance/operations for systems that are performed by the state to directly benefit Connect for Health Colorado.

HCPF:

This line item of \$872,000 includes maintenance and operations expenses for the shared rules engine that will be implemented this open enrollment period, and additional services performed on behalf of Connect for Health Colorado.

General and Administrative Expenses

There is a \$464,000 reduction in this broad category from FY 2014 to FY 2015. Savings will be gained as the organization moves away from the use of consultants and reduces travel, supplies and miscellaneous expenses. Increases are anticipated in the insurance and telecommunication areas.

Total Salaries/ PR taxes, insurance and benefits

This budget category represents a staff of 49 FTE. This line item is relatively consistent with FY 2014. However, there is a strategy to move away from consultant support as the organization moves from a start-up organization to more of an ongoing operation – so savings will be realized in other segments of the budget. (Estimated cost: \$5.8M)

Rent – This includes the rent for the Connect for Health Colorado offices. (Estimated cost: \$413,386)

Legal, Accounting and other Professional Fees

This budget category includes outside counsel (e.g. technology procurement attorney), accounting support (transition to new accounting system, audit support), and other professional fees. There will be a significant reduction of more than 50% in this line item from FY2014 to FY 2015 as the organization moves away from start-up expenditures. (Estimated cost: \$173,698)

Insurance

The insurance budget covers E&O, technology, workers comp, general liability, professional liability etc. This category will be slightly higher in FY 2015. (Estimated cost: \$256,375)

Office Supplies, Equipment, & Copying

The office supplies budget is consistent with expenditures during FY2014. (Estimated cost: \$115,218)

Office IT/Telecommunication

This budget line item is consistent with FY2014. (Estimated cost: \$124,658)



Travel

The majority of travel is within the state to meet with key stakeholders and provide outreach through meetings and presentations. A 30% reduction is projected over FY 2014. (Estimated cost: \$98,545)

Other Miscellaneous /Conferences, Conventions, Meetings & Memberships

A 20% reduction is planned for these budget lines as the organization moves to more of a steady state. (Estimated cost: \$116,000)

Assistance Network:

We expect to scale the Assistance Network from \$10.1M in FY 2014 to \$6.05M in FY 2015. We anticipate there will be a continued, statewide need for in-person, community-based assistance to support ongoing education and outreach, new enrollments, renewals and life changes in order to meet our mission under SB11-200.

In Fiscal Year 2015 Connect for Health Colorado will be funding the completion of the first cycle of Assistance Network funding and the award of new grants for the second cycle of grant funding for the 2016 Open Enrollment Period. In FY 2014, the assistance network supported the enrollment of approximately 46,000 covered lives in private insurance through Connect for Health Colorado as well as Medicaid. In addition, the network reached 111,241 Coloradans through extensive outreach efforts across the state. We expect to scale the Assistance Network down in FY2015, taking into consideration factors such as the loss of federal grant dollars, the increased awareness of the Marketplace in Colorado, and fewer numbers of uninsured Coloradans.

Colorado Springs Building

The Level 2 Implementation Grant had an approved line item to purchase the Colorado Springs building. An analysis of the pros and cons of purchasing the building as well as a ROI will be done later in the year.

