



## **PUBLIC BENEFIT CORPORATION (PBC)**

Board Meeting – October 14<sup>th</sup> 2019

# Implementation – Why Now?

- Respond to the emerging “asks” from the State across a range of opportunities
- Operate a subsidiary with programs that compliment C4HCO’s mission beyond administration of the tax credit
- Help fulfill the vision of the 208 Commission of a true “connector” in concert with other existing organizations’ goals and purposes

# Historical Timeline

- Board discusses the need for a legal structure to provide ancillary products & services (2013)
- Public Benefit Corporation Act/B Corp passed by General Assembly (2014)
- Statutory Change to C4HCO's Legislation: "Board may create a separate program that shares resources & infrastructure with C4HCO to offer ancillary products and services" (2015)
- Board determines to proceed with establishing a PBC (2015)
- C4HCO contracts for outside report: *Third-Party Public Benefit Standard for Connect for Health Colorado Company, PBC: Recommendations* (2016)
- C4HCO prepared to address multiple possible scenarios in a rapidly evolving environment (2019)

# Implementation Milestones

- October 2019:
  - Establishment of Board Structure
  - Completion of organizational documents
  
- November 2019:
  - Selection of Board Members
  - Financial system/accounting records established
  - Year One operating plan and funding needs finalized
  - C4HCO business agreements and funding model finalized
  
- December 2019:
  - PBC Branding
  - Website go-live

# Board and Officer Structure

## Board Member Composition:

1. C4HCO's CEO
2. Provider/Producer Representative
3. Business Representative
4. Health Consumer Advocate
5. Rural Representative

## PBC Officers (internal to C4HCO):

1. President/Operating Officer (startup/operations focus)
2. Secretary/Treasurer (accounting/books & records focus)

# Financial Structure

- Estimated Capitalization Needs – implementation and Year One operations (to be updated upon completion of Year One operating plan)
  - Startup cost estimate - \$25,000
  - Ongoing operations (year 1) estimate - \$75,000
  - Total estimated needs - \$100,000
  
- Funding structure:
  - PBC issues stock to C4HCO in exchange for funding
  - Drawdown borrowing agreement with C4HCO with cap

# Structural Needs

- Formal separation of legal entities
  - Arms length shared resources agreement
  - License provisions for IP
  - Revenue and cost sharing provisions
  - Data sharing and consumer privacy provisions
  
- Maintain C4HCO's 501(c)(3) operating status & manage UBIT
  
- Clear segregation and use of federally related funds (e.g. Medicaid reimbursement monies)