



**CONNECT for HEALTH**  
COLORADO®

4600 South Ulster Street | Suite 300  
Denver, CO 80237

**TO:** CONNECT FOR HEALTH COLORADO FINANCE AND OPERATIONS COMMITTEE  
**FROM:** BRIAN BRAUN, CHIEF FINANCIAL OFFICER  
**SUBJECT:** QUARTERLY FINANCIAL REPORT 3RD QUARTER FISCAL YEAR 2022  
**DATE:** 4/27/2022

Key Performance Indicators	Status	YTD - 9 Months Ending 3.31.22		
		Actual	Target	% of Target
Effectuated Enrollment (average)		165,830	169,862	97.6%
Net Operating Margin	(1)	11.6%	8.5%	
Per Member Per Month (PMPM) - Carrier Fees		\$16.7	\$16.3	102.8%
Per Member Per Month (PMPM) - Operating Expenses	(2)	\$19.0	\$19.2	99.0%
Days Cash on Hand		115.3	120.0	96.1%
Working Capital Ratio	(3)	4.2	3.6	116.6%

(1) Net income before depreciation as a % of revenue

(2) Net of Medicaid reimbursed expenses

(3) Current assets divided by current liabilities (target reflects budget - overall target is to exceed 2.0)

Key metrics through the 3rd quarter were within expectations with the days cash on hand metric being slightly less than anticipated due to delays in collections on receivables with the state.

Financial Results (in 000's)	Status	YTD - 9 Months Ending 3.31.22		
		Actual	Budget	% of Budget
<b>Revenues</b>				
Program Revenue		7,537	7,708	97.8%
Carrier Fees		24,975	24,875	100.4%
Grant/Other Revenue		2,483	2,501	99.3%
<b>Total Revenue</b>		<b>34,995</b>	<b>35,085</b>	<b>99.7%</b>
<b>Expenditures</b>				
Technology		7,595	7,876	96.4%
Customer Service		7,327	8,090	90.6%
Personnel		9,695	9,522	101.8%
Marketing and Outreach		4,568	4,885	93.5%
Facilities		629	669	94.1%
Support Services		939	821	114.3%
Other		194	236	82.4%
<b>Total Expenditures</b>		<b>30,948</b>	<b>32,098</b>	<b>96.4%</b>
<b>Earnings Before Depreciation</b>		<b>4,048</b>	<b>2,986</b>	<b>135.5%</b>
<b>Earnings After Depreciation</b>		<b>791</b>	<b>322</b>	<b>245.7%</b>
Capital Expenditures		4,645	6,049	76.8%
Cash Flows		(842)	(662)	127.2%
Cash		11,534	12,601	91.5%
Working Capital		17,969	15,133	118.7%

Financial results through the first 9 months of the fiscal year exceeded the budgeted expectations with overall earnings coming in \$469,000 better than budget (\$791,000 compared to \$322,000 budgeted). These higher earnings were primarily the result of lower expenditures for the period – further discussed below.

Detailed financial statements are attached to this memo. The following are high level explanations of budget to actual variances.

### **Revenue**

Revenues were \$90,000 below expectations for the 9 month period driven primarily by lower than expected Medicaid expense reimbursements from the state.

### **Expenditures**

Overall, total expenditures (operating and capital) were \$2.6 million under budget for the 9 months. The primary drivers behind these lower expenses were lower technology and service center expenses than what was anticipated in the budget.

Technology costs made up \$1.7 million of the budget variance. Technology expenses incurred in the 3<sup>rd</sup> quarter came in close to budget reflecting recent successes in hiring and the use of contractors to fill some key positions during the quarter. Service center costs were under budget for the period (\$760,000) primarily the result of lower open enrollment call volumes and associated staffing costs and lower medical assistance site expenses. While relatively small, the support services expenses were over budget by 14%. These higher expenses are attributed to the much higher use of recruiters for technology hires.

### **Cash**

Cash balances of \$11.5 million were lower than budget targets by \$1.1 million at March 31 due to higher receivable balances than anticipated with the state related to the Health Insurance Affordability Enterprise program and medical assistance site reimbursements. Taking higher receivables into consideration, working capital is running \$2.8 million higher than expected levels. As the result of recent changes in banking relationships and changing short-term investment market, cash balances are currently being held in depository accounts as investment options and investment consulting services are being evaluated.

### **PROJECTIONS**

Currently there are a number of significant uncertainties impacting our longer range projections – they include:

- American Rescue Plan (ARP) enrollment and expenditure impacts – with extension beyond plan year 2022 uncertain
- Health Insurance Affordability Fee Enterprise enrollment and expenditure impacts - Significant costs associated with the technology development, operations and outreach for the program
- Easy E Enrollment Impact – Expect most enrollments to come through in April and May.
- Impact of State public option program starting in plan year 2023
- Impact of end of Public Health Emergency – timing and enrollment impacts uncertain
- 2022 legislation impacts still to be determined

3 year projections are being developed as part of the fiscal year 23 budgeting process with a proposed budget to be presented to the Finance and Operations Committee in May and to the Board for approval at the June meeting. It is anticipated some of the uncertainties above may be resolved by the time of budget approval.

**Connect for Health Colorado**  
**Statement of Revenues, Expenses, and Changes in Net Position**

	FY 2022		
	9 months ending 3/31/22		
	Actual	Budget	Actual vs Budget
<b>REVENUE</b>			
Carrier Fee - Individual	24,940,787	24,857,202	83,585
Carrier Fee Vision	34,165	18,000	16,165
ARP Grant	444,332	444,332	-
HIAE Grant - Technology	900,000	900,000	-
HIAE Grant - Outreach	1,130,000	1,130,000	-
Tax Credit Donations	5,000,000	5,000,000	-
Medicaid Cost Reimbursement	2,537,141	2,708,344	(171,203)
Interest Income	251	27,000	(26,749)
Other revenue	8,612	-	8,612
<b>Total Revenue</b>	<b>34,995,287</b>	<b>35,084,878</b>	<b>(89,591)</b>
<b>EXPENSES</b>			
Technology			
Maintenance & Operation	1,755,075	1,973,992	(218,917)
Software/Licenses/Subscriptions (Tech)	1,218,159	1,252,151	(33,992)
Hosting	1,106,731	1,027,467	79,264
DDI (Design, Dev., Implementation)	7,547,786	7,703,342	(155,556)
Capitalized DDI	(4,032,984)	(4,080,659)	47,675
<b>Total Technology</b>	<b>7,594,766</b>	<b>7,876,293</b>	<b>(281,527)</b>
Customer Service			
Customer Service Support	3,418,118	4,128,615	(710,497)
Member Services	2,924,097	2,773,308	150,789
Medical Assistance	985,146	1,187,637	(202,491)
<b>Total Customer Service</b>	<b>7,327,362</b>	<b>8,089,560</b>	<b>(762,198)</b>
Personnel			
Salaries & Wages - Other	7,594,692	8,695,972	(1,101,280)
Taxes and Benefits	2,707,254	3,190,089	(482,835)
Capitalized Salaries	(606,691)	(2,364,244)	1,757,553
<b>Total Personnel</b>	<b>9,695,255</b>	<b>9,521,817</b>	<b>173,438</b>
Marketing and Outreach			
Media Buys - Radio/TV/Web	2,274,076	2,090,000	184,076
Outreach Services-Events, Sponsorships	178,424	148,753	29,671
Marketing Services	44,033	120,007	(75,974)
Assistance Network	2,071,599	2,526,129	(454,530)
<b>Total Marketing and Outreach</b>	<b>4,568,132</b>	<b>4,884,889</b>	<b>(316,757)</b>
Facilities			
Occupancy	374,199	422,285	(48,086)
Supplies & Materials	17,861	13,361	4,500
Postage/Shipping	1,688	6,677	(4,989)
Printing/Copying/Shred	10,146	10,986	(840)
Phone/Internet	91,455	90,333	1,122
Equipment/Furniture and Fixture	133,703	125,105	8,598
<b>Total Facilities</b>	<b>629,051</b>	<b>668,747</b>	<b>(39,696)</b>
Support services			
Public Affairs Services	72,000	69,997	2,003
Professional Services	389,804	463,986	(74,182)
Training and Development	15,222	168,416	(153,194)
H/R Services	429,894	58,255	371,639
Legal Services	212	18,675	(18,464)
Audit Services	31,565	42,000	(10,435)
<b>Total Support Services</b>	<b>938,696</b>	<b>821,329</b>	<b>117,367</b>
Other			
Insurance	85,364	84,375	989
Conferences/Meetings	13,689	32,348	(18,659)
Memberships/Dues/Subscriptions (Non-Tech)	74,133	88,130	(13,997)
Travel/Meals/Lodging	14,963	27,297	(12,334)
Other - G&A	6,212	3,600	2,612
<b>Total Other</b>	<b>194,360</b>	<b>235,750</b>	<b>(41,390)</b>
<b>Total Expenses</b>	<b>30,947,622</b>	<b>32,098,385</b>	<b>(1,150,763)</b>
<b>Net Income Before Depreciation</b>	<b>4,047,665</b>	<b>2,986,493</b>	<b>1,061,172</b>
Depreciation	3,256,485	2,664,427	592,058
<b>Net Income</b>	<b>791,180</b>	<b>322,065</b>	<b>469,115</b>

## Connect for Health Colorado Statement of Financial Position

	FY 2022 3/31/2022	
	Actual	Budget
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	11,534,239	12,600,834
Accounts receivable (net)	12,039,723	8,134,250
Prepaid expenses	1,858,977	1,404,640
Security deposits	43,787	43,787
Total Current assets:	<u>25,476,725</u>	<u>22,183,511</u>
Noncurrent assets:		
Investment in Subsidiary	(13,518)	25,000
Capital assets:		
Web portal development	63,541,940	64,951,456
Software	19,154,275	19,154,275
Leasehold improvements	2,013,305	2,013,305
Office equipment	1,163,977	1,163,977
Furniture and fixtures	1,241,043	1,235,663
Less accumulated depreciation	<u>(70,832,010)</u>	<u>(70,241,930)</u>
Total Capital assets	<u>16,282,531</u>	<u>18,276,746</u>
Total Noncurrent assets:	<u>16,269,013</u>	<u>18,301,746</u>
<b>Total Assets:</b>	<b><u>41,745,738</u></b>	<b><u>40,485,258</u></b>
<b>Liabilities and net position:</b>		
Liabilities:		
Current liabilities:		
Accounts payable	2,158,155	2,406,461
Accrued liabilities	2,072,008	1,942,509
Payroll liabilities	1,375,031	1,453,391
Total Current liabilities:	<u>5,605,193</u>	<u>5,802,361</u>
Long-term liabilities:		
Deferred rent long term	93,542	134,108
Total Long-term liabilities:	<u>93,542</u>	<u>134,108</u>
Total Liabilities:	<u>5,698,735</u>	<u>5,936,469</u>
Net position:		
Unrestricted	<u>36,047,003</u>	<u>34,548,789</u>
Total Net position:	<u>36,047,003</u>	<u>34,548,789</u>
<b>Total liabilities and net position:</b>	<b><u>41,745,738</u></b>	<b><u>40,485,258</u></b>