



CONNECT for HEALTH COLORADO®

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TO: CONNECT FOR HEALTH COLORADO EXECUTIVE AND FINANCE COMMITTEE
FROM: BRIAN BRAUN, CHIEF FINANCIAL OFFICER
SUBJECT: QUARTERLY FINANCIAL REPORT 3RD QUARTER FISCAL YEAR 2023
DATE: 4/21/2023

Key Performance Indicators	Status	YTD - 9 Months Ending 3.31.23		
		Actual	Target	% of Target
Effectuated Enrollment (average)		176,767	178,765	98.9%
Net Operating Margin	(1)	22.1%	12.4%	
Per Member Per Month (PMPM) - Carrier Fees		\$16.9	\$16.6	102.0%
Per Member Per Month (PMPM) - Operating Expenses	(2)	\$18.2	\$19.5	93.2%
Days Cash on Hand		139.3	120.0	116.1%
Working Capital Ratio	(3)	4.6	3.5	133.0%

(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 t

Financial Results (in 000's)	Status	YTD - 9 Months Ending 3.31.23		
		Actual	Budget	% of Budget
Revenues				
Program Revenue		9,998	8,725	114.6%
Carrier Fees		26,927	26,686	100.9%
Grant/Other Revenue		4,225	3,659	115.5%
Total Revenue		41,150	39,071	105.3%
Expenditures				
Technology		11,712	11,296	103.7%
Customer Service		7,557	8,312	90.9%
Personnel		13,254	14,466	91.6%
Marketing and Outreach		4,175	4,505	92.7%
Facilities		747	762	98.0%
Support Services		1,020	1,191	85.7%
Other		223	288	77.3%
Total Expenditures		38,688	40,820	94.8%
Capital Expenditures		(6,652)	(6,609)	100.6%
Earnings Before Depreciation		9,114	4,860	187.5%
Earnings After Depreciation		5,783	1,656	349.3%
Cash Flows		2,108	563	374.4%
Cash		16,021	13,359	119.9%

Financial results through the first 9 months of the fiscal year exceeded the budgeted expectations with overall earnings coming in \$4.1 million better than budget (\$5.8 million compared to \$1.7 million budgeted). These higher earnings were primarily the result of the continued trend of lower expenditures for the year along with significant revenue impacts in the 3rd quarter – further discussed below.

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

Revenue

While revenues generated from issuer fees tracked closely to budgeted levels other unexpected revenues were received during the quarter resulting in a positive revenue variance for the year of \$2.1 million. This variance was primarily the result of an additional \$1 million of tax credit donations related to SB81 that were not budgeted. Additionally, thanks to higher interest rates, investment revenues were \$200k higher than budget. Other contributors to the higher revenues were higher Medicaid reimbursements and fee revenue generated from services provided to Colorado Connect. The Colorado Connect revenue is tied to the enrollment services C4HCO provides Colorado Connect. C4HCO anticipated supporting 3,000 enrollments but the program generated close to 10,000 enrollments.

Expenditures

Overall, total expenditures (operating and capital) were \$2.2 million under budget for the 9 months. The primary driver behind these lower expenses were staffing levels running below budget expectations (\$1.2 million), particularly for the technology area. This was partially offset by the use of contractors. Contractor expenses related to the service center were also below budget due to unplanned reduced staffing levels by the contractor.

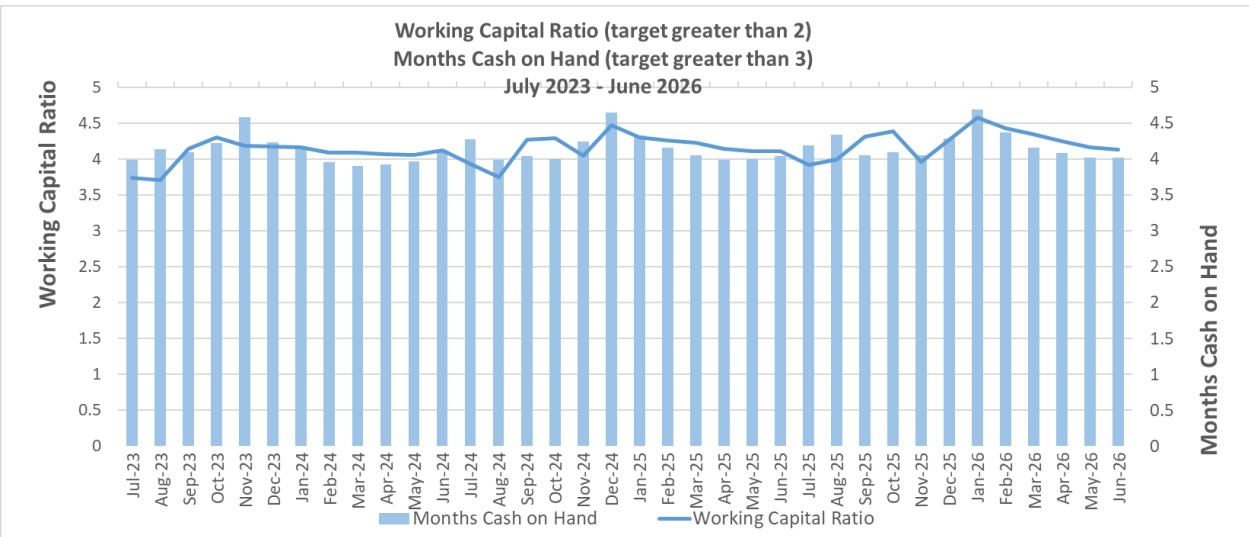
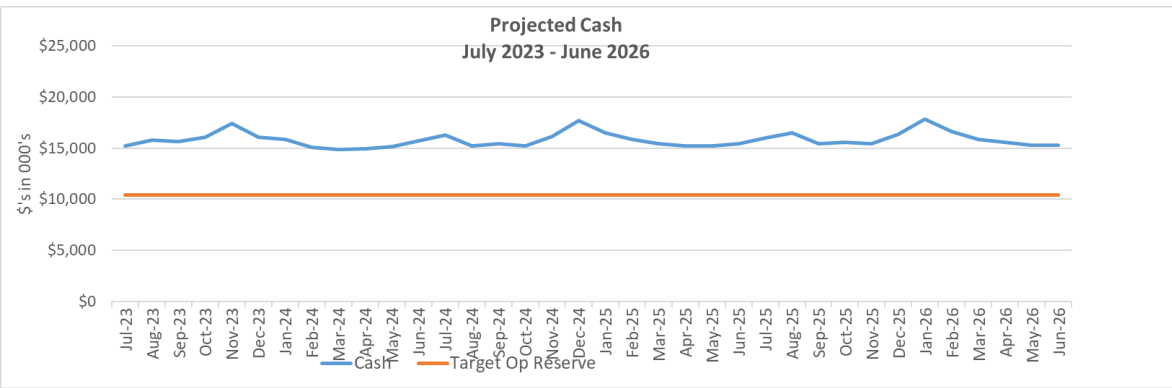
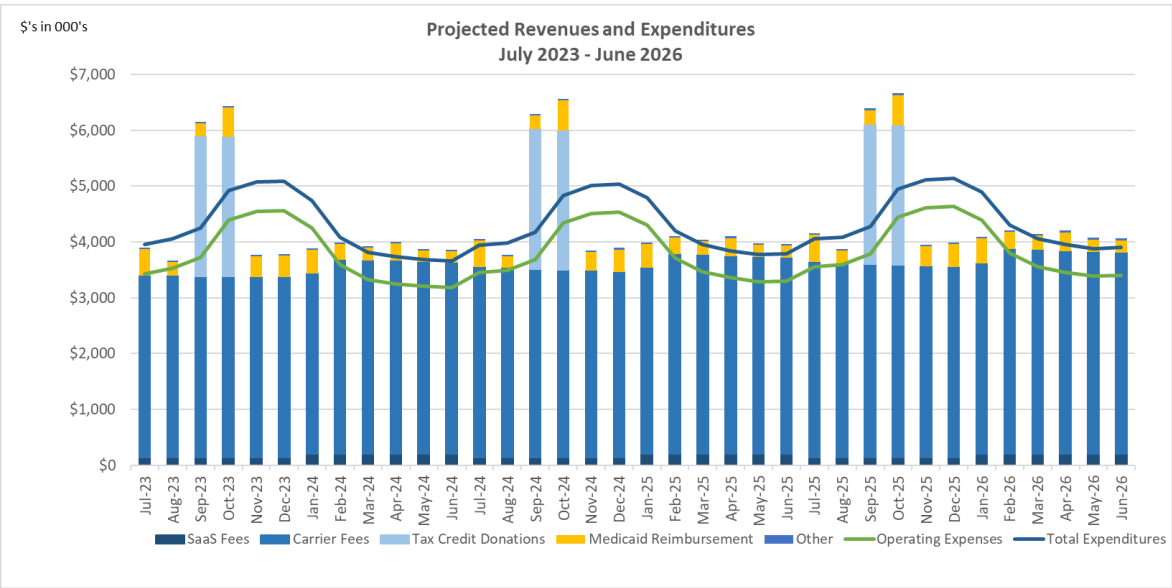
Cash

Cash balances of \$16 million were higher than budget targets by \$2.7 million at March 31 due to reduced expenditures and higher revenues. Approximately \$1.3 million of the cash balance is related to SB81 donations and is restricted to outreach efforts. These funds will not be fully expended in the current fiscal year.

The benefit of moving investments to the CSIP liquid investment pool is reflected in higher investment earnings during the quarter. Current earnings rate for the pool is slightly over 4%. The finance teams is maximizing the investment of cash given the exceptional short-term rates at this time.

PROJECTIONS

As part of the FY 2024 budgeting process underway we have updated our 3 year projections depicted below and further discussed in the budget presentation.



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

	FY 2023		
	9 months ending 3/31/23		
	Actual	Budget	Actual vs Budget
REVENUE			
Carrier Fee - Individual	26,889,013	26,648,425	240,588
Carrier Fee Vision	37,962	37,800	162
Tax Credit Donations	5,000,000	5,000,000	-
Tax Credit Donations - SB81	1,889,743	889,743	1,000,000
Medicaid Cost Reimbursement	3,108,624	2,835,696	272,928
Interest Income	224,777	18,000	206,777
Other revenue	499,969	141,000	358,969
Total Revenue	41,150,087	39,070,663	2,079,424
EXPENSES			
Technology			
Maintenance & Operation	1,925,798	4,402,044	(2,476,246)
Software/Licenses/Subscriptions (Tech)	1,135,869	1,302,869	(167,000)
Hosting	1,202,182	1,340,217	(138,035)
DDI (Design, Dev., Implementation)	7,447,780	4,251,017	3,196,763
Capitalized DDI	(6,073,499)	(3,561,384)	(2,512,115)
Total Technology	5,638,129	7,734,763	(2,096,634)
Customer Service			
Customer Operations - external	3,077,965	3,822,312	(744,347)
Customer Operations - internal	4,479,230	4,489,266	(10,036)
Total Customer Service	7,557,195	8,311,578	(754,383)
Personnel			
Salaries & Wages - Other	9,910,117	10,684,231	(774,114)
Taxes and Benefits	3,343,725	3,781,977	(438,252)
Capitalized Salaries	(578,077)	(3,047,422)	2,469,345
Total Personnel	12,675,764	11,418,786	1,256,979
Marketing and Outreach			
Media Buys - Radio/TV/Web	1,595,038	1,640,948	(45,910)
Outreach Services-Events, Sponsorships	180,847	246,050	(65,203)
Marketing Services	84,518	117,831	(33,313)
Assistance Network	2,314,346	2,500,000	(185,654)
Total Marketing and Outreach	4,174,749	4,504,829	(330,080)
Facilities			
Occupancy	483,748	529,089	(45,341)
Supplies & Materials	10,898	16,659	(5,760)
Postage/Shipping	1,870	2,813	(942)
Printing/Copying/Shred	9,686	9,779	(93)
Phone/Internet	48,627	54,794	(6,167)
Equipment/Furniture and Fixture	192,036	148,621	43,414
Total Facilities	746,865	761,754	(14,889)
Support services			
Public Affairs Services	80,000	56,997	23,003
Professional Services	565,953	674,049	(108,096)
Training and Development	26,206	194,014	(167,809)
H/R Services	314,098	210,397	103,701
Legal Services	687	7,500	(6,813)
Audit Services	33,535	48,000	(14,465)
Total Support Services	1,020,478	1,190,957	(170,479)
Other			
Insurance	87,683	91,500	(3,817)
Conferences/Meetings	12,226	28,036	(15,810)
Memberships/Dues/Subscriptions (Non-Tech)	78,987	104,084	(25,097)
Travel/Meals/Lodging	43,873	58,810	(14,936)
Other - G&A	312	6,003	(5,691)
Total Other	223,082	288,433	(65,351)
Total Operating Expenses	32,036,263	34,211,100	(2,174,837)
Net Income Before Depreciation	9,113,824	4,859,563	4,254,260
Depreciation	3,330,584	3,203,761	126,822
Net Income	5,783,240	1,655,802	4,127,438

Connect for Health Colorado Statement of Financial Position

	FY 2023 3/31/2023	
	Actual	Budget
Assets:		
Current assets:		
Cash and cash equivalents	16,021,141	13,358,615
Accounts receivable (net)	10,265,479	7,299,827
Prepaid expenses	876,403	855,576
Security deposits	43,787	43,787
Total Current assets:	<u>27,206,810</u>	<u>21,557,805</u>
Noncurrent assets:		
Investment in Subsidiary	(32,958)	(13,518)
Capital assets:		
Web portal development	72,551,698	72,747,414
Software	19,154,275	19,154,275
Leasehold improvements	2,013,305	2,013,305
Office equipment	2,068,909	1,163,977
Furniture and fixtures	1,241,043	1,241,043
Less accumulated depreciation	<u>(75,124,795)</u>	<u>(75,131,817)</u>
Total Capital assets	<u>21,904,436</u>	<u>21,188,198</u>
Total Noncurrent assets:	<u>21,871,478</u>	<u>21,174,680</u>
Total Assets:	<u>49,078,288</u>	<u>42,732,485</u>
Liabilities and net position:		
Liabilities:		
Current liabilities:		
Accounts payable	1,727,539	2,401,691
Accrued liabilities	2,660,848	2,574,894
Payroll liabilities	1,330,974	1,000,000
Total Current liabilities:	<u>5,719,361</u>	<u>5,976,585</u>
Long-term liabilities:		
Lease Payable	962,322	79,453
Total Long-term liabilities:	<u>962,322</u>	<u>79,453</u>
Total Liabilities:	<u>6,681,683</u>	<u>6,056,038</u>
Net position:		
Unrestricted	<u>42,396,605</u>	<u>36,676,446</u>
Total Net position:	<u>42,396,605</u>	<u>36,676,446</u>
Total liabilities and net position:	<u>49,078,288</u>	<u>42,732,484</u>