

TO: CONNECT FOR HEALTH COLORADO EXECUTIVE AND FINANCE COMMITTEE

4600 South Ulster Street | Suite 300
Denver, CO 80237

FROM: BRIAN BRAUN, CHIEF FINANCIAL OFFICER

SUBJECT: QUARTERLY FINANCIAL REPORT 1ST QUARTER FISCAL YEAR 2024

DATE: 10/23/2023

Key Performance Indicators	Status	YTD - 3 Months Ending 9.30.23		
		Actual	Budget	% of Target
Effectuated Enrollment (average)		184,880	183,824	100.6%
Net Operating Margin	(1)	34.4%	31.3%	
Per Member Per Month (PMPM) - Carrier Fees		\$18.0	\$18.0	100.0%
Per Member Per Month (PMPM) - Operating Expenses	(2)	\$18.0	\$18.7	96.5%
Months Cash on Hand	(3)	3.9	4.4	88.3%
Working Capital Ratio	(3)	4.1	4.5	92.1%

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

(2) Net of Medicaid reimbursed expenses

(3) Targets - Months Cash on Hand exceed 3, Working Capital Ratio (current assets/current liabilities) exceed 2

Average enrollment levels for the quarter were slightly above targeted levels. All other KPI's were in line with targets. Cash measure was slightly below budget due to higher receivables but still within target.

Financial Results (in 000's)	Status	YTD - 3 Months Ending 9.30.23		
		Actual	Budget	% of Budget
Revenues				
Program Revenue		5,870	5,872	100.0%
Carrier Fees		9,958	9,900	100.6%
Grant/Other Revenue		711	467	152.2%
Total Revenue		16,539	16,240	101.8%
Expenditures				
Technology		6,785	6,372	106.5%
Customer Service		1,748	2,133	81.9%
Marketing and Outreach		1,603	1,710	93.8%
Support Services		2,476	2,745	90.2%
Facilities		145	175	82.8%
Total Expenditures		12,756	13,135	97.1%
Less Capital Expenditures		(1,900)	(1,972)	96.4%
Earnings Before Depreciation		5,683	5,077	111.9%
Earnings After Depreciation		4,546	4,100	110.9%
Cash Flows		(1,614)	(733)	220.4%
Cash		13,339	15,111	88.3%
Working Capital		22,815	21,337	106.9%

The 1st quarter of the fiscal year is usually the most profitable quarter given the influx of tax credit donations along with lower operating expenses during the quarter compared to open enrollment quarters. The actual results for the quarter exceeded the budgeted expectations with overall earnings coming in approximately 11% better than budget (\$4.5 million compared to \$4.1 million budgeted). These higher earnings were the result of the combination of slightly higher revenues and lower expenditures for the quarter – 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 slightly (\$300,000) better than expectations for the 1st quarter. The higher revenues were primarily driven by higher interest income due to favorable rates in the CSIP investment pool and higher service fees earned from Colorado Connect. The higher Colorado Connect fees are the result of the budget figures being estimated prior to the finalization of the fee structure between C4HCO and Colorado Connect.

Expenditures

Overall, expenditures came in under budget for the quarter by \$379,000. The primary drivers behind these lower expenses included savings on support services resulting from staffing vacancies and the timing of consulting services. It is expected the consulting services difference will reverse in the next quarter. In addition, customer service operations expenses were lower due to lower fulfillment costs, salary costs and equipment costs for the quarter. The equipment costs are anticipated to be reflected in next quarters report. Staffing costs were lower due to open positions that were ultimately filled at the end of the quarter by the use of contractors in preparation for open enrollment. The savings were partially offset by higher technology expenditures (\$400k) due to additional contracted resources brought on to prepare for open enrollment.

Cash

Cash came in lower than forecasted levels for the quarter by nearly \$2 million at \$13.3 million. This is attributable to delays in receivable collections primarily from the discontinuance of Friday Health Plans during the quarter. These receivables are expected to ultimately be paid but are delayed due to the liquidation process.

Cash during the quarter was in a combination of bank accounts (\$3.4 million) and the CSIP liquid investment account (\$9.9 million). The current interest rate for the CSIP investment account is 5.5%.

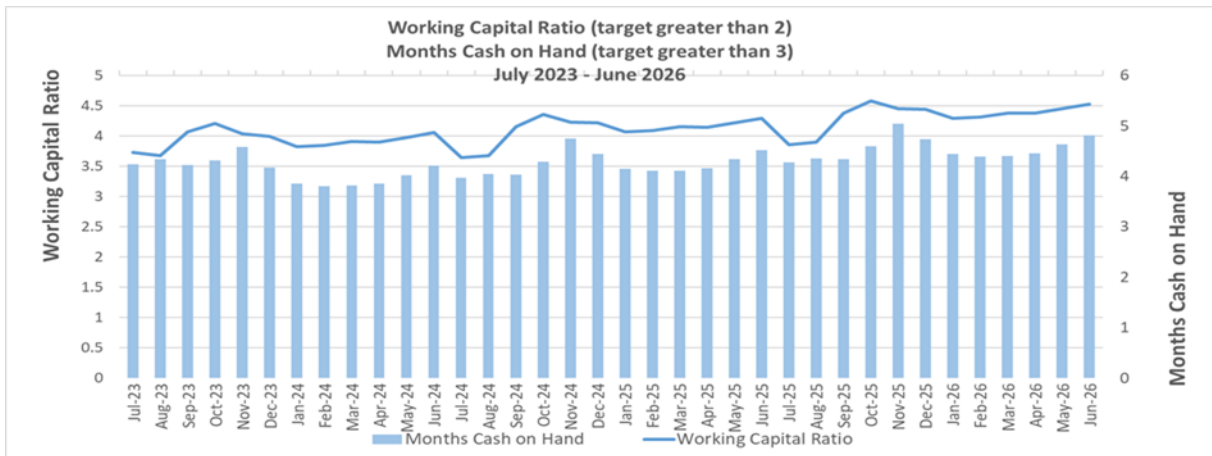
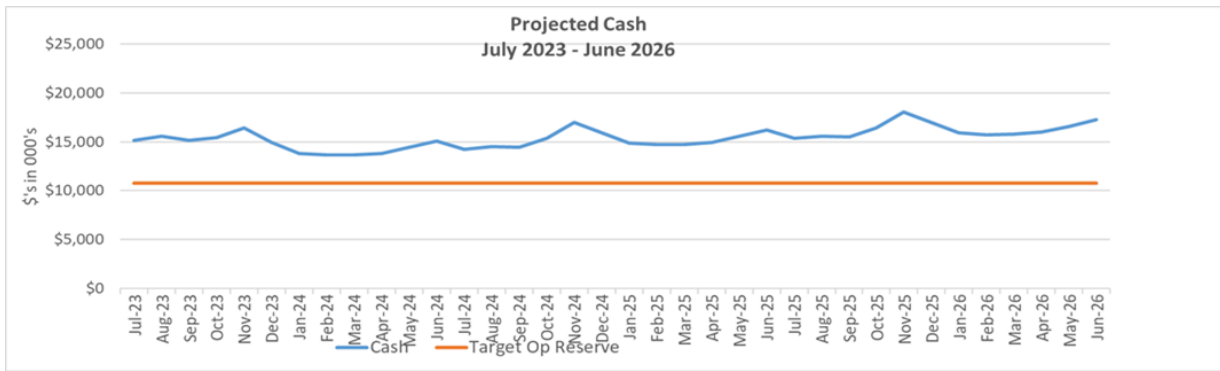
PROJECTIONS

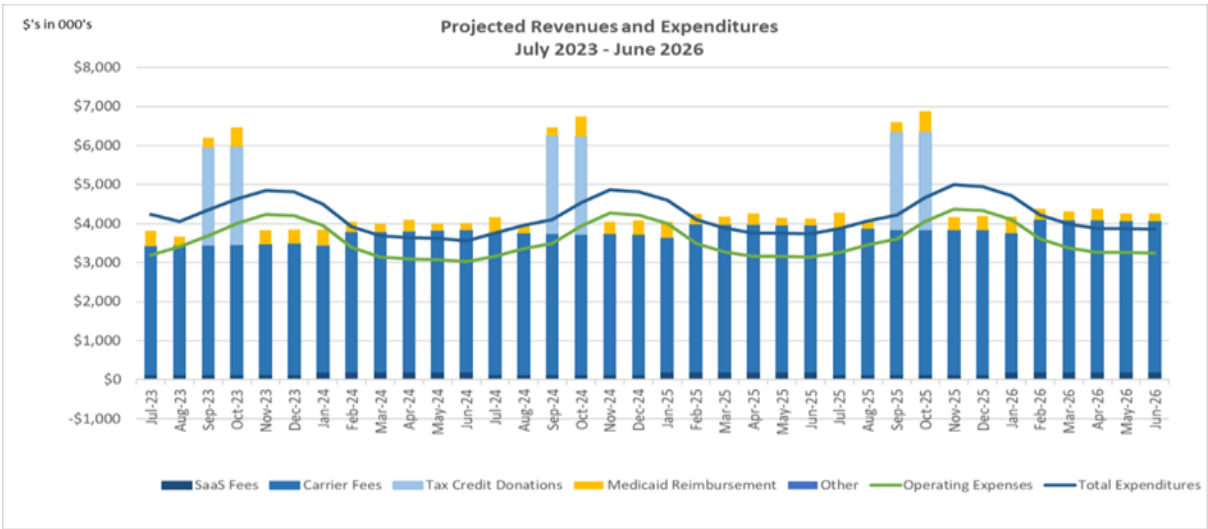
As part of our ongoing monitoring of long-term financial sustainability we regularly revise our long- range financial projections. Enrollments so far have not fluctuated enough to adjust our projections from the budget established in June. We will have a better picture of 2024 plan year enrollments after the 2nd quarter and will revise revenue projections accordingly. We will also have more information during the quarter regarding the impact of changes in gross premiums levels in the individual market for 2024 which may impact our revenue projects for the 2nd half of the fiscal year.

Additionally, over the next 30-60 days we will be evaluating the level of technology spending in the budget to determine adequacy to meet the needs of the technology roadmap over the next 3 years. This evaluation will include Board input on the 3 year technology/product roadmap.

Finally, we will be finalizing the amount of SB-81 contributions we expect to receive from issuers during the 2nd quarter and will be presenting to the Board any budget amendments needed for the use of these additional funds not included in the original budget.

For your reference, the following are the 3 year projections included as part of the 2024 budget. Aside from cash being lower than originally forecasted due to delays in receivable collections (this should be resolved during the fiscal year) all other projections are deemed to still be our best estimates for the next 3 years. These will be updated in the next quarterly report based on the input from the above evaluations.





Statement of Revenues, Expenses, and Changes in Net Position

	FY 2024		
	3 months ending 9/30/23		
	Actual	Budget	Actual vs Budget
REVENUE			
Carrier Fee - Individual	9,948,746	9,887,865	60,881
Carrier Fee Vision	9,307	12,600	(3,293)
HIAE Grant - Technology	-	-	-
Tax Credit Donations	5,000,000	5,000,000	-
Tax Credit Donations - SB81	-	-	-
Medicaid Cost Reimbursement	870,000	872,425	(2,425)
Interest Income	148,690	67,310	81,380
Other revenue (CoCo Service Fees)	562,393	400,000	162,393
Total Revenue	16,539,135	16,240,200	298,936
EXPENSES			
Technology			
Personnel	2,975,199	3,185,720	(210,521)
Maintenance & Operation	295,663	301,870	(6,207)
Software/Licenses/Subscriptions (Tech)	444,188	507,360	(63,172)
Hosting	567,710	412,500	155,210
DDI (Design, Dev., Implementation)	2,502,205	1,964,814	537,391
Capitalized DDI	(900,000)	(900,657)	657
Capitalized Salaries	(1,000,000)	(1,071,271)	71,271
Total Technology	4,884,965	4,400,335	484,630
Customer Service			
Personnel	1,079,325	1,348,214	(268,889)
Contracted Staffing	468,469	457,324	11,145
Operations Support	200,106	327,418	(127,312)
Total Customer Service	1,747,900	2,132,956	(385,056)
Marketing and Outreach			
Personnel	328,483	344,987	(16,505)
Media Buys - Radio/TV/Web	131,129	131,500	(371)
Outreach Services-Events, Sponsorships	138,756	112,500	26,256
Marketing Services	20,529	33,907	(13,377)
Assistance Network	984,099	1,086,667	(102,567)
Total Marketing and Outreach	1,602,996	1,709,561	(106,565)
Support services			
Personnel	2,040,905	2,153,291	(112,386)
Public Affairs Services	10,000	12,500	(2,500)
Professional Services	150,108	287,120	(137,013)
Training and Development	19,994	70,005	(50,010)
H/R Services	104,350	79,216	25,135
Legal Services	4,682	3,750	932
Audit Services	33,625	34,700	(1,075)
Insurance	25,476	23,333	2,142
Conferences/Meetings	4,436	14,274	(9,838)
Memberships/Dues/Subscriptions (Non-Tech)	34,409	32,741	1,667
Travel/Meals/Lodging	46,410	33,625	12,786
Other - G&A	1,106	750	356
Total Support Services	2,475,501	2,745,305	(269,804)
Facilities			
Occupancy	65,178	83,364	(18,186)
Supplies & Materials	4,319	6,501	(2,182)
Postage/Shipping	1,818	825	993
Printing/Copying/Shred	968	2,300	(1,332)
Phone/Internet	19,742	17,399	2,343
Equipment/Furniture and Fixture	52,789	64,500	(11,711)
Total Facilities	144,814	174,889	(30,075)
Total Operating Expenses	10,856,175	11,163,046	(306,871)
Net Income Before Depreciation	5,682,960	5,077,153	605,807
Depreciation	1,137,146	977,232	159,914
Net Income	4,545,814	4,099,921	445,892

Connect for Health Colorado Statement of Financial Position

	FY 2024 9/30/2023	
	Actual	Budget
Assets:		
Current assets:		
Cash and cash equivalents	13,339,317	15,110,697
Accounts receivable (net)	16,798,605	12,376,864
Prepaid expenses	1,481,893	1,346,487
Security deposits	43,787	16,000
Total Current assets:	31,663,602	28,850,048
Noncurrent asseets:		
Investment in Subsidiary	(200,420)	(32,958)
Capital assets:		
Web portal development	73,389,693	43,062,104
Software	19,154,275	51,140,440
Leasehold improvements	2,023,855	2,013,305
Office equipment	1,306,327	1,178,703
Furniture and fixtures	1,241,043	1,241,043
Less accumulated depreciation	(77,663,236)	(77,503,321)
Total Capital assets	19,451,958	21,132,274
Assets under lease - net	2,071,275	
SBITA - net	1,596,258	
Total Noncurrent assets:	22,919,072	21,099,316
Total Assets:	54,582,673	49,949,364
Liabilities and net position:		
Liabilities:		
Current liabilities:		
Accounts payable	3,097,761	2,524,234
Accrued liabilities	2,788,690	2,295,412
Payroll liabilities	1,436,756	1,330,974
Total Current liabilities:	7,323,207	6,150,620
Long-term liabilities:		
Lease Payable	2,164,736	962,323
SBITA Payable	1,812,421	
Total Long-term liabilities:	3,977,157	962,323
Total Liabilities:	11,300,364	7,112,943
Net position:		
Unrestricted	43,282,310	42,836,421
Total Net position:	43,282,310	42,836,421
Total liabilities and net position:	54,582,673	49,949,364