

TO: CONNECT FOR HEALTH COLORADO EXECUTIVE AND FINANCE COMMITTEE

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FROM: BRIAN BRAUN, CHIEF FINANCIAL OFFICER

SUBJECT: QUARTERLY FINANCIAL REPORT 3RD QUARTER FISCAL YEAR 2024

DATE: 4/19/2024

Key Performance Indicators	Status	YTD - 9 Months Ending 03.31.24		
		Actual	Budget	% of Target
Effectuated Enrollment (average)		196,118	187,705	104.5%
Net Operating Margin	(1)	22.2%	14.7%	
Per Member Per Month (PMPM) - Carrier Fees		\$18.5	\$18.0	103.3%
Per Member Per Month (PMPM) - Operating Expenses	(2)	\$18.6	\$20.0	93.3%
Months Cash on Hand	(3)	4.2	4.0	105.6%
Working Capital Ratio	(3)	4.6	2.6	174.7%

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

(2) Net of Medicaid reimbursed expenses

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

Key measures for the 9 months ending March 31, 2024 exceeded expectations due to favorable revenue and expenditure budget variances.

Financial Results (in 000's)	Status	YTD - 9 Months Ending 03.31.24		
		Actual	Budget	% of Budget
Revenues				
Program Revenue		9,386	9,761	96.2%
Carrier Fees		32,719	30,325	107.9%
Grant/Other Revenue		3,447	2,917	118.2%
Total Revenue		45,552	43,003	105.9%
Expenditures				
Technology		19,628	18,436	106.5%
Customer Service		8,212	8,789	93.4%
Marketing and Outreach		5,726	6,368	89.9%
Support Services		7,484	8,020	93.3%
Facilities		486	525	92.6%
Total Expenditures		41,536	42,138	98.6%
Less Capital Expenditures		(6,078)	(5,452)	111.5%
Earnings Before Depreciation		10,094	6,317	159.8%
Earnings After Depreciation		6,812	3,200	212.8%
Cash Flows		(496)	(2,157)	23.0%
Cash		14,458	13,686	105.6%
Working Capital		23,459	14,116	166.2%

Overall earnings were \$3.6 million better than budget (\$6.8 million compared to \$3.2 million budgeted). The following are high level explanations of the budget to actual variances that drove the higher earnings for the period. Detailed financial statements are attached to this memo.

Revenue

Resulting from the significant increase in enrollments for plan year 2024, revenues increased substantially in the 3rd quarter contributing to a positive \$2.5 million year to date variance in revenues from issuer fees. Other contributors to higher revenues were 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 and higher enrollments to support.

Expenditures

Total expenditures for the 9 months were \$600,000 below budget. Customer service, marketing/outreach and support service areas all contributed to being under budget. Customer service saw a reduced utilization of contractors during open enrollment. The marketing/outreach savings are due in part to the timing of assistance network expenditures. Lower support service expenses resulted from timing of privacy and consulting services along with lower salary expenses. Offsetting the savings in these areas were increased technology costs caused by higher contractor expenditures incurred to accelerate enhancements to the issuer EDI services prior to open enrollment along with unbudgeted enhancements to the new service center CRM. Both of these efforts will reduce ongoing operating costs and provide a better customer/issuer experience.

Cash

Cash is \$780,000 higher than expected for the end of the quarter. The settlement of the Friday Health Plan \$2.8 million receivable is still in process, we are still anticipating resolution by the end of the fiscal year. This receivable is still expected to ultimately be paid but will be revaluated at the end of the fiscal year. Working capital is \$23.5 million resulting in a healthy working capital ratio of 4.6 (current assets/current liabilities).

Cash during the quarter was in a combination of liquid bank accounts (\$4.3 million) and the CSIP liquid investment account (\$10.2 million). The current interest rate for the CSIP investment account is 5.4%.

PROJECTIONS

3 year projections are contained in the fiscal year 2025 preliminary budget package provided separate from this quarterly report.

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

	FY 2024		
	9 months ending 03/31/2024		
	Actual	Budget	Actual vs Budget
REVENUE			
Carrier Fee - Individual	32,687,580	30,287,112	2,400,467
Carrier Fee Vision	31,643	37,800	(6,157)
HIAE Grant - Technology	1,300,000	1,300,000	-
Tax Credit Donations	5,004,598	5,000,000	4,598
Tax Credit Donations - SB81	1,780,768	1,780,768	-
Medicaid Cost Reimbursement	2,600,586	2,980,465	(379,878)
Interest Income	425,333	216,660	208,673
Other revenue (CoCo Service Fees)	1,721,871	1,400,000	321,872
Total Revenue	45,552,379	43,002,805	2,549,574
EXPENSES			
Technology			
Personnel	8,851,561	9,557,159	(705,598)
Maintenance & Operation	925,644	1,030,610	(104,966)
Software/Licenses/Subscriptions (Tech)	1,253,267	1,519,651	(266,384)
Hosting	1,534,405	1,237,500	296,905
DDI (Design, Dev., Implementation)	7,063,349	5,091,003	1,972,346
Capitalized DDI	(3,140,808)	(2,238,255)	(902,553)
Capitalized Salaries	(2,936,953)	(3,213,814)	276,861
Total Technology	13,550,464	12,983,854	566,610
Customer Service			
Personnel	3,986,791	4,044,642	(57,851)
Contracted Staffing	2,974,797	3,369,484	(394,687)
Operations Support	1,250,533	1,374,675	(124,142)
Total Customer Service	8,212,121	8,788,801	(576,680)
Marketing and Outreach			
Personnel	973,009	1,034,962	(61,954)
Media Buys - Radio/TV/Web	1,690,255	2,001,823	(311,568)
Outreach Services-Events, Sponsorships	351,915	237,500	114,415
Marketing Services	88,328	101,720	(13,393)
Assistance Network	2,622,043	2,992,375	(370,332)
Total Marketing and Outreach	5,725,549	6,368,381	(642,831)
Support services			
Personnel	6,309,652	6,459,873	(150,221)
Public Affairs Services	46,668	37,500	9,168
Professional Services	553,589	717,361	(163,772)
Training and Development	67,782	210,014	(142,232)
H/R Services	202,188	231,907	(29,719)
Legal Services	6,956	11,250	(4,294)
Audit Services	53,703	56,700	(2,997)
Insurance	69,178	70,000	(822)
Conferences/Meetings	5,121	23,624	(18,503)
Memberships/Dues/Subscriptions (Non-Tech)	88,970	98,224	(9,255)
Travel/Meals/Lodging	78,000	101,075	(23,075)
Other - G&A	2,515	2,250	265
Total Support Services	7,484,321	8,019,777	(535,456)
Facilities			
Occupancy	240,340	250,092	(9,752)
Supplies & Materials	17,469	19,503	(2,034)
Postage/Shipping	2,654	2,475	179
Printing/Copying/Shred	5,859	6,900	(1,041)
Phone/Internet	68,213	52,197	16,016
Equipment/Furniture and Fixture	151,329	193,500	(42,171)
Total Facilities	485,864	524,667	(38,803)
Total Operating Expenses	35,458,320	36,685,480	(1,227,160)
Net Income Before Depreciation	10,094,059	6,317,325	3,776,734
Depreciation	3,282,525	3,116,958	165,567
Net Income	6,811,534	3,200,367	3,611,167

Connect for Health Colorado Statement of Financial Position

	FY 2024 3/31/2024	
	Actual	Budget
Assets:		
Current assets:		
Cash and cash equivalents	14,457,779	13,686,437
Accounts receivable (net)	15,572,214	9,163,330
Prepaid expenses	1,068,857	842,761
Security deposits	27,381	16,000
Total Current assets:	31,126,232	23,708,528
Noncurrent assets:		
Investment in Subsidiary	(200,420)	(32,958)
Capital assets:		
Web portal development	77,567,454	48,350,663
Software	19,154,275	51,140,440
Leasehold improvements	2,023,855	2,013,305
Office equipment	1,325,302	1,178,703
Furniture and fixtures	1,241,043	1,241,043
Less accumulated depreciation	(79,808,615)	(78,573,184)
Total Capital assets	21,503,316	25,350,970
Assets under lease - net	2,071,275	
SBITA - net	1,596,258	
Total Noncurrent assets:	24,970,429	25,318,012
Total Assets:	56,096,661	49,026,540
Liabilities and net position:		
Liabilities:		
Current liabilities:		
Accounts payable	2,219,423	5,106,983
Accrued liabilities	2,711,803	2,295,412
Payroll liabilities	1,640,248	1,330,974
Total Current liabilities:	6,571,474	8,733,369
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:	10,548,631	9,695,692
Net position:		
Unrestricted	45,548,030	39,330,849
Total Net position:	45,548,030	39,330,849
Total liabilities and net position:	56,096,661	49,026,541