



# Health Connector Administrative Finance Update (VOTE)

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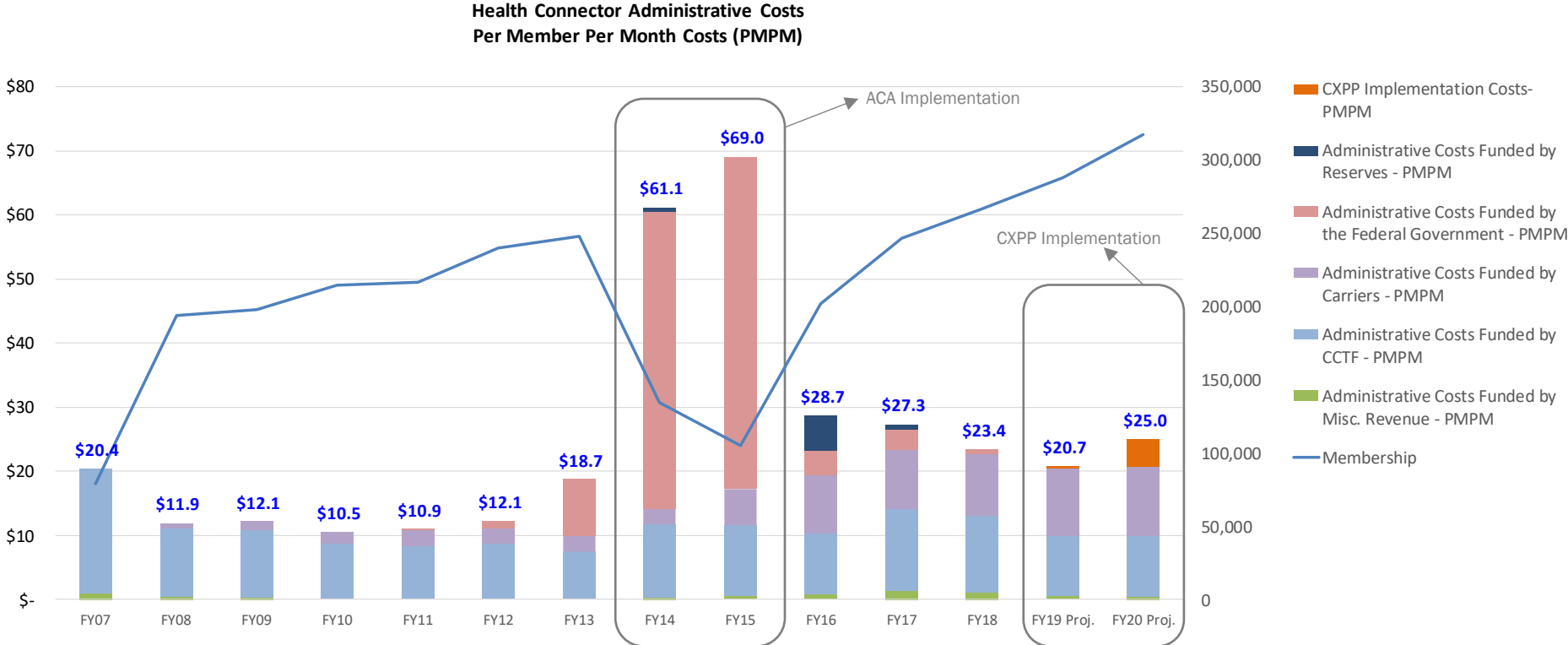
# Overview

**The purpose of this presentation is to review the Health Connector's Fiscal Year (FY) 2019 administrative budget year-end projection and to present the FY2020 administrative budget recommendation for a vote.**

- The administrative budget is heavily influenced by the Customer Experience Procurement Project (CXPP), which encompasses the replacement of our current enrollment and premium billing system that services our nongroup population (and potentially the contact center)
  - FY2019 indicates a positive variance primarily due to updated estimates and timelines related to CXPP implementation and lower expenses for HIX operations and maintenance
  - FY2020 reflects significant CXPP implementation activities and initial ongoing costs (beginning in June 2020) for enrollment and billing and contact center contracts
  - Administrative per member per month (PMPM) costs show a positive trend for FY2019 and are stable in FY2020, exclusive of one-time CXPP expenses

# Health Connector Per Member Per Month Administrative Costs

Exclusive of CXPP one-time expenses, we are projecting a **13% decrease** in administrative PMPM costs in FY2019 and a **1% increase** in PMPM costs in FY2020 (\$20.4 and \$20.7 PMPM respectively).





# **FY2019 Year-End Projection Update**

# FY2019 Administrative Budget Summary

Health Connector Administrative Budget	FY2019 BOD- Approved Budget (Jul 2018)	FY2019 ANF Subcommittee (May 2019)	FY2019 Current (Jul 2019)	Variance (May 2019 vs. Current)	
Total Member Months	3,304,089	3,453,194	3,454,182	988	0%
<b>Revenue:</b>					
Carriers	\$33,897,994	\$36,157,846	\$36,265,324	\$107,478	0%
CCTF	\$45,000,000	\$45,000,000	\$45,000,000	\$0	0%
Student Health Insurance Program	\$225,000	\$328,891	\$328,891	\$0	0%
Investment & Miscellaneous Revenue	\$525,000	\$1,390,422	\$1,429,004	\$38,582	3%
Total Revenue	\$79,647,994	\$82,877,159	\$83,023,220	\$146,060	0%
<b>Expense:</b>					
Call Center, Enrollment and Premium Processing	\$42,913,917	\$45,887,651	\$46,019,279	\$131,627	0%
HIX Operations and Maintenance	\$10,105,663	\$7,361,634	\$6,282,912	-\$1,078,722	-15%
Appeals Program	\$312,325	\$261,236	\$252,170	-\$9,066	-3%
Navigator Program	\$1,654,310	\$1,659,379	\$1,659,379	\$0	0%
Small Business Wellness Subsidies	\$252,000	\$252,000	\$189,920	-\$62,080	-25%
Outreach and Education	\$3,315,268	\$3,213,809	\$3,214,830	\$1,021	0%
Personnel and Fringe	\$8,717,586	\$8,188,034	\$8,191,107	\$3,073	0%
OPEB Obligation	\$865,531	\$1,200,000	\$1,199,194	-\$806	0%
IT (non-HIX)/Facility/Administrative	\$2,994,951	\$2,505,491	\$2,230,644	-\$274,847	-11%
Consulting and Professional Support	\$1,419,398	\$1,447,797	\$1,386,558	-\$61,238	-4%
Total Expense	\$72,550,948	\$71,977,031	\$70,625,993	-\$1,351,038	-2%
Customer Experience Implementation	\$4,000,000	\$965,179	\$903,595	-\$61,584	-6%
Total Expense Inclusive of Customer Experience Implementation	\$76,550,948	\$72,942,210	\$71,529,588	-\$1,412,622	-8%
<b>Net Position</b>	<b>\$3,097,046</b>	<b>\$9,934,949</b>	<b>\$11,493,631</b>	<b>\$1,558,682</b>	<b>16%</b>
<b>Reserves</b>	<b>\$25,035,718</b>	<b>\$34,360,928</b>	<b>\$35,561,282</b>	<b>\$1,200,353</b>	<b>3%</b>

The \$1.6M improvement in the FY2019 net position compared to the May 2019 estimate reviewed with the ANF Subcommittee is primarily due to HIX operations and maintenance estimates.

- HIX operations and maintenance updates are relayed by EOHHS and EOTSS and reflective of prior year credits
- Non-HIX IT driven by timing of the decision support tool project as the total cost calculator will be available for OE2020
- Estimates reflect enrollment as of July and actual costs through May

# FY2019 Current Enrollment

FY2019 projected enrollment is 5% higher compared to budget.

FY19 Enrollment





# **FY2020 Administrative Budget Recommendation**

# FY2020 Administrative Budget Summary

Health Connector Administrative Budget	FY2019 Current (Jul 2019)	FY2020 ANF Subcommittee (May 2019)	FY2020 Current (Jul 2019)	Variance (May 2019 vs. Current)	
Total Member Months	3,454,182	3,791,955	3,807,891	15,936	0%
<b>Revenue:</b>					
Carriers	\$36,265,324	\$41,094,054	\$41,337,846	\$243,792	1%
CCTF	\$45,000,000	\$45,000,000	\$45,000,000	\$0	0%
Student Health Insurance Program	\$328,891	\$245,410	\$245,410	\$0	0%
Investment & Miscellaneous Revenue	\$1,429,004	\$900,000	\$1,138,112	\$238,112	26%
<b>Total Revenue</b>	<b>\$83,023,220</b>	<b>\$87,239,464</b>	<b>\$87,721,369</b>	<b>\$481,904</b>	<b>1%</b>
<b>Expense:</b>					
Call Center, Enrollment and Premium Processing	\$46,019,279	\$48,582,570	\$48,717,716	\$135,145	0%
Customer Experience Operating Costs	\$0	\$3,150,070	\$2,635,580	-\$514,490	-16%
HIX Operations and Maintenance	\$6,282,912	\$7,379,379	\$7,500,196	\$120,817	2%
Appeals Program	\$252,170	\$351,360	\$351,360	\$0	0%
Navigator Program	\$1,659,379	\$1,659,379	\$1,659,379	\$0	0%
Small Business Wellness Subsidies	\$189,920	\$0	\$0	\$0	NA
Outreach and Education	\$3,214,830	\$3,011,899	\$3,013,940	\$2,042	0%
Personnel and Fringe	\$8,191,107	\$9,110,019	\$9,385,390	\$275,371	3%
OPEB Obligation	\$1,199,194	\$1,236,000	\$1,236,000	\$0	0%
IT (non-HIX)/Facility/Administrative	\$2,230,644	\$3,017,523	\$2,470,511	-\$547,011	-18%
Consulting and Professional Support	\$1,386,558	\$1,579,533	\$1,761,922	\$182,389	12%
<b>Total Expense</b>	<b>\$70,625,993</b>	<b>\$79,077,732</b>	<b>\$78,731,993</b>	<b>-\$345,738</b>	<b>0%</b>
<i>Customer Experience Implementation</i>	<i>\$903,595</i>	<i>\$17,541,393</i>	<i>\$16,454,413</i>	<i>-\$1,086,980</i>	<i>-6%</i>
<b>Total Expense Inclusive of Customer Experience Implementation</b>	<b>\$71,529,588</b>	<b>\$96,619,125</b>	<b>\$95,186,406</b>	<b>-\$1,432,719</b>	<b>-1%</b>
<b>Net Position</b>	<b>\$11,493,631</b>	<b>-\$9,379,660</b>	<b>-\$7,465,038</b>	<b>\$1,914,623</b>	<b>-20%</b>
<b>Reserves</b>	<b>\$35,561,282</b>	<b>\$24,981,268</b>	<b>\$28,096,244</b>	<b>\$3,114,976</b>	<b>12%</b>

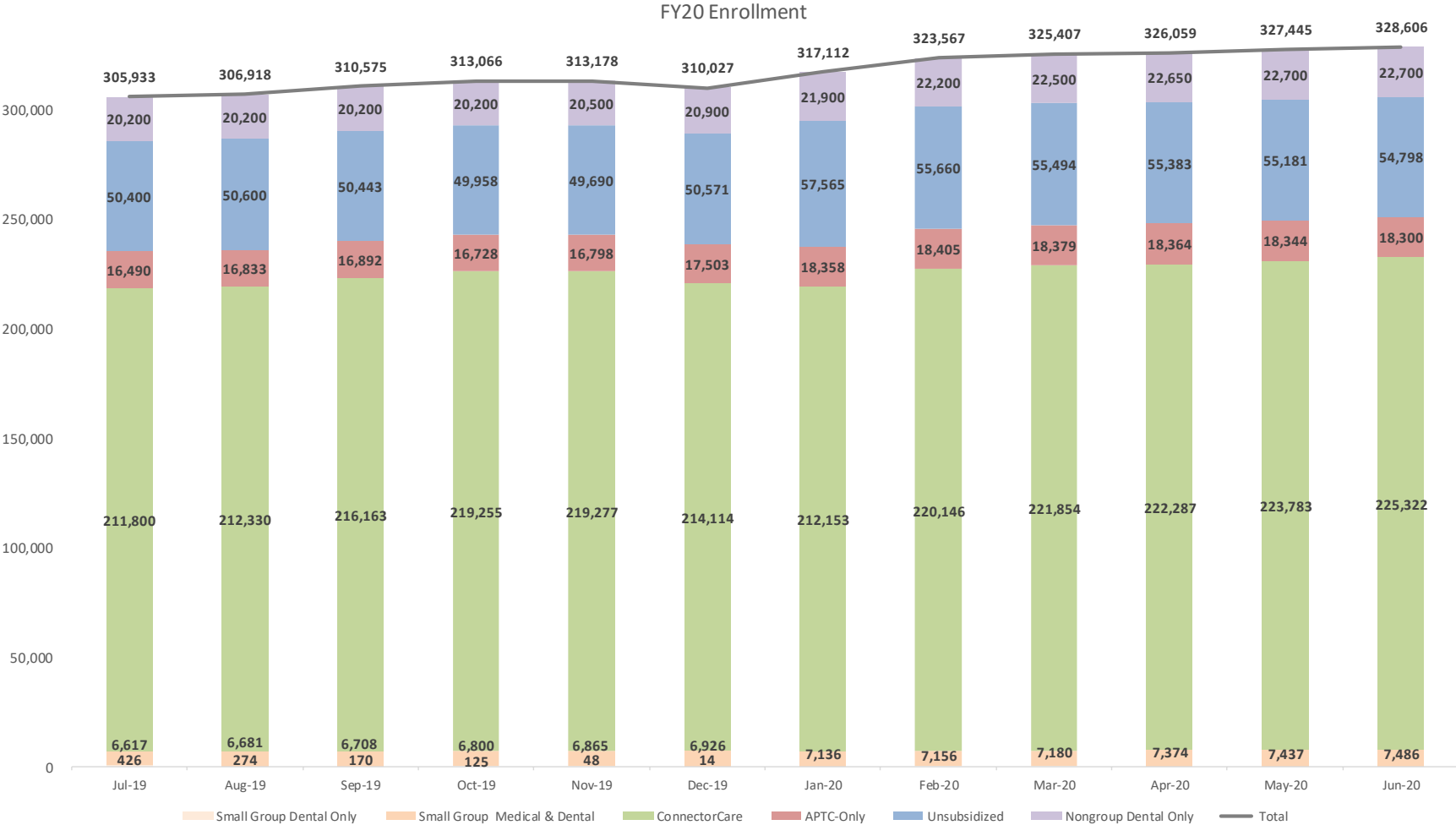
The FY2020 projection is driven in large part by CXPP implementation and one month of ongoing expenses for enrollment and billing and contact center contracts.

- CXPP implementation costs reflect contractual amounts or estimates based on bidder responses
- CXPP operating costs conservatively reflect one month of overlap between ongoing costs for NTT and the enrollment and billing and contact center contracts; savings due to cancellation of the technology vendor RFR
- Projected enrollment increase informs carrier revenue and call center, enrollment and premium processing costs
- HIX operations and maintenance estimates are relayed by EOHHS and EOTSS



# FY2020 Projected Enrollment

ConnectorCare drives projected enrollment growth in FY2020.





**VOTE**

# VOTE

**Health Connector staff requests that the Health Connector Board of Directors approve the proposed FY2020 administrative budget recommendation.**