

*Update for Legislative Health Benefit  
Exchange Implementation Review Committee*

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*September 5, 2013*

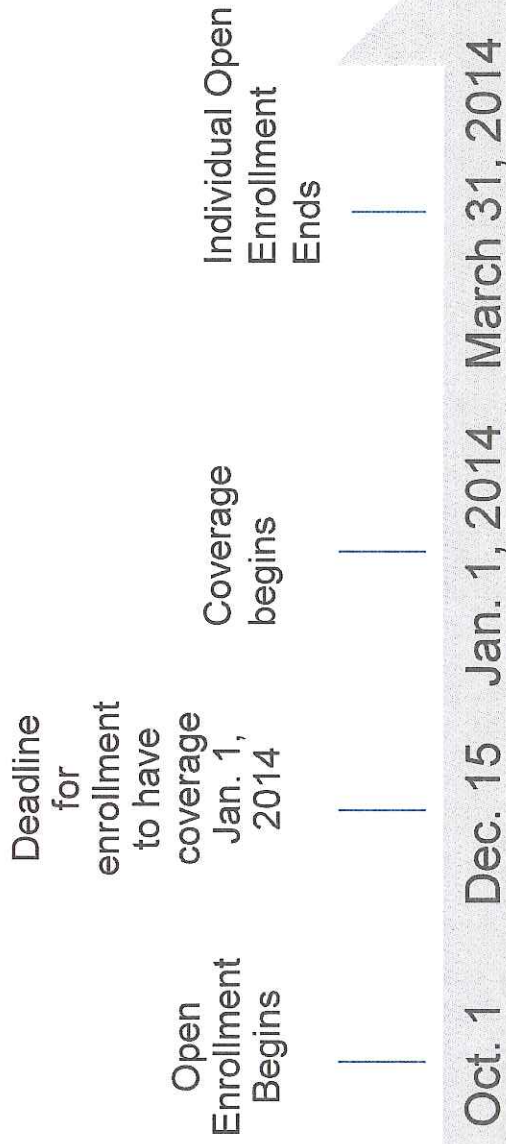
## *Status Update*

- Board
- Individual/Family Marketplace
- Small Business Marketplace
- Customer Service
- Technology
- Education and Outreach
- Financial Approach

## Board

- 2 new Board members
  - Ellen Daehnick
  - Sharon O'Hara
- Re-organized committees
  - Executive
  - Finance
  - Operations
  - Policy and Regulations

# Timeline



**Six Month Open Enrollment Coverage Begins January 1, 2014**

## *Individual/Family Marketplace*

- Customers will have 150 health plan choices from 10 carriers
- Prices vary by age, 11 rating areas, size of family, tobacco use
- Medical and dental plans, standalone dental, link to vision
- New CYA (Cover Your Assets) Plans for young adults (high deductible, lower premiums)
- Financial assistance application will refer to HCPF to get Medicaid/CHP+ determination before new tax credits and cost-sharing reductions are calculated
- Service Center, Brokers/Agents and Health Coverage guides available for one-on-one support

## *Small Business Marketplace*

- Employers will have 92 health plan choices from six carriers
- Prices vary by age, 11 rating areas, size of family and tobacco use
- Medical and dental plans, standalone dental, link to vision
- Choice model – allows employer to provide dozens of health plans to employees
- No requirement to provide insurance for employers with up to 50 employees
- Service Center, Brokers/Agents and Health Coverage guides available for one-on-one support

## *Customer Service*

- Customer Service Center opening Sept. 3 in Colorado Springs
- Toll-free number operating since July: 1-855-PLANS4YOU
- Over 1,300 agents/brokers taking certification training
- 56 Assistance Sites to provide in-person support throughout state at over 75 locations
  - 23 Assistance Sites will serve small businesses
- Unpaid Certified Application Counselors program for additional customer support

# Technology

- System testing is 75% complete for most go-live functions
- Health Plan data loading complete
- Carrier acceptance testing in progress
- Federal data hub testing in progress
- All notices for customers in testing
- Post go-live system enhancements in progress



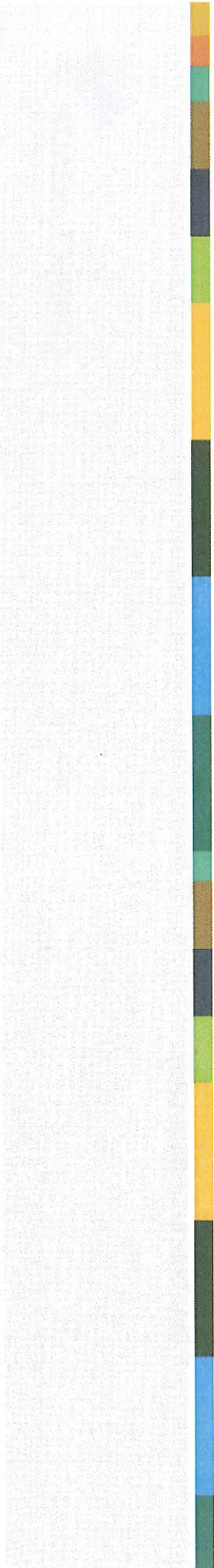
## *Education, Outreach and Communications*

- Website unique visitors topped 114,000 since May
- TV ads created 11 million impressions statewide in summer
- Over 20,000 Coloradans reached in 350 presentations
- Partnerships with more than 100 organizations, state partners
- Hundreds of stakeholders participated in over 80 advisory group meetings
- Statewide enrollment campaign starting in October

## *Financial Update*

### Grant Funding and Expenditures:

The following document outlines the grants received by Connect for Health Colorado and details the expenditures by category through June 30, 2013.



# QUESTIONS?

# FINANCIAL APPROACH

## Sustainability Objective

- Connect for Health Colorado is committed to fulfilling its purpose to increase access, affordability and choice for individuals and small businesses purchasing health insurance in Colorado.
- Key to this objective is achieving financial sustainability.

## *Financial Approach: Guiding Principles for Sustainability*

Bring about long-term financial balance

- Focus on providing value to consumers and communities
- Derive revenue from a range of sources
- Set the Marketplace up for success
- Focus on maintaining affordability

## Financial Approach: Revenue Overview

### Early Revenue

- Federal Grants
- High Risk Pool Reserves
- Broad Market Assessment (2015 & 2016 only) \$1.80 per policy per month maximum

### Enrollment Based Revenue

- Administrative Fees: 1.4% in 2014 (federal states are 3.5%)

### "Other"/Future Opportunities

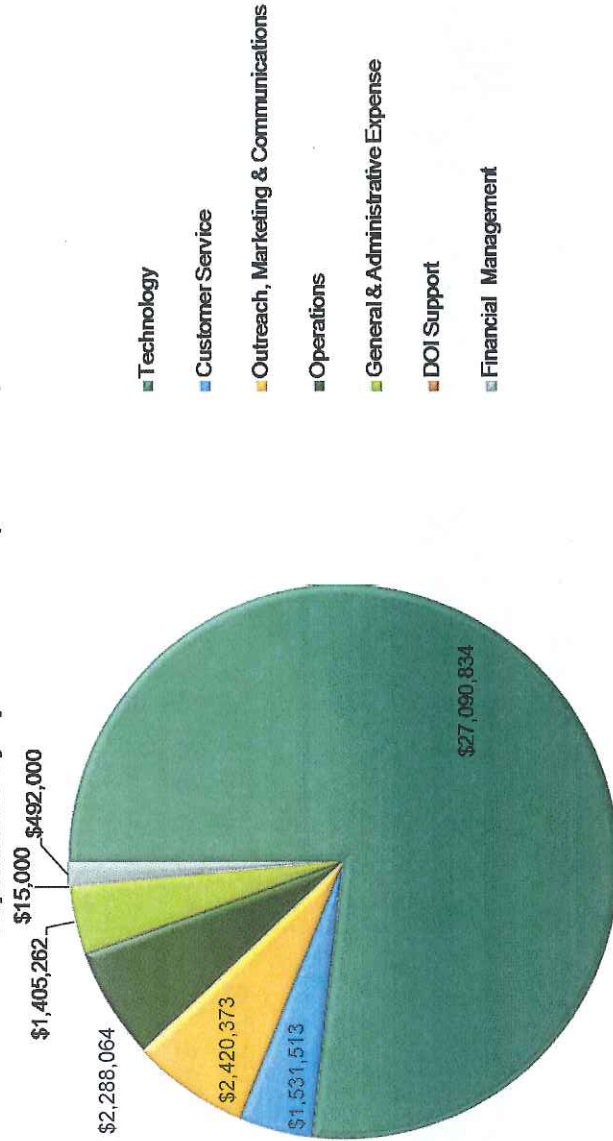
- Supplemental Products
- Carrier Tax Credit Donations
- Website Advertising
- Cost Sharing with Other States
- Foundation Grants

Connect for Health Colorado  
Funding & Expenditures at 6/30/2013

Funding Source	Funding Requests as Approved	Funding Awarded	Technology	Customer Service	Outreach, Marketing & Communications	Operations	General & Administrative Expense	DOI Support	Financial Management	Unspent Budget
1st Level 1 Grant	\$17,951,000	\$17,951,000	\$15,947,600	\$0	\$44,282	\$1,053,737	\$606,589	\$0	\$298,792	\$0
2nd Level 1 Grant	\$43,486,747	\$43,486,747	\$10,893,380	\$1,531,513	\$2,370,597	\$1,147,635	\$798,673	\$15,000	\$193,208	\$26,536,741
Level 2 Grant	\$124,995,352	\$116,245,677	\$249,854	\$0	\$5,494	\$86,693	\$0	\$0	\$0	\$115,903,637
<b>Total</b>	<b>\$186,433,099</b>	<b>\$177,683,424</b>	<b>\$27,090,834</b>	<b>\$1,531,513</b>	<b>\$2,420,373</b>	<b>\$2,288,064</b>	<b>\$1,405,262</b>	<b>\$15,000</b>	<b>\$492,000</b>	<b>\$142,440,378</b>

Expenditures by Operational Area through June 30, 2013

Expenditures by Operational Area (at 6/30/2013)



August 26, 2013



# Financial Approach: Expenditures

Budgeted Expenses		
<b>Technology</b> <ul style="list-style-type: none"> <li>• Technology Licenses</li> <li>• Technology Maintenance</li> <li>• Technology Upgrades</li> <li>• Technology Hosting</li> <li>• Data Warehousing</li> <li>• Security</li> <li>• Testing</li> <li>• QA</li> <li>• Eligibility</li> </ul>	<b>Operations</b> <ul style="list-style-type: none"> <li>• Staff</li> <li>• Occupancy</li> <li>• General &amp; Administrative</li> <li>• Marketing &amp; Advertising</li> <li>• Audit</li> </ul>	<b>Services</b> <ul style="list-style-type: none"> <li>• Customer Service Center</li> <li>• Scanning &amp; Imaging</li> <li>• Training</li> <li>• Systems Reconciliations</li> <li>• Enrollment Assistance (Navigators)</li> </ul>
<p>Projected annual budget \$26 million</p>		



## *Financial Approach*

### Budget Projections and Full Funding Model:

The following document models the current and anticipated budget and funding for Connect for Health Colorado through 2017.

Connect for Health Colorado  
Current and Anticipated Budget and Funding

Model Assumptions

Successful Legislation for Assessment - Years 2015 & 2016 (875,000 covered lives x \$1 per member per month)  
Successful Legislation for Tax Credit Donations (maximum of \$5 million annually)  
Premiums trend the same as they are in the market today  
COHBE's portion of CoverColorado 2015 reserve is \$8.5 million  
Annual operating budget of \$26 million

Enrollment & Premium Assumptions

	2nd half 2013	2014	2015	2016	2017
Average Estimated Sales Projections	0	1,650,000	2,000,000	2,500,000	3,000,000
Average Estimated Premium per member per month	\$0	\$283	\$297	\$312	\$328
Administrative Fee	0.00%	1.40%	1.40%	1.40%	1.40%

Revenue Assumptions

	2nd half 2013	2014	2015	2016	2017
Exchange Revenue from Admin Fees	\$0	\$6,480,247	\$10,982,664	\$13,104,315	\$22,408,379
Estimated portion of Federal Grant Funding (2013-2016)	\$58,443,282	\$44,115,501	\$21,597,889	\$0	\$0

Revenue from CoverColorado/Unclaimed Property Fund

Revenue from CoverColorado/Reserve Balance

Revenue from General Market Health Insurer Assessment

Revenue from Premium Tax Credit Donations

Potential Foundation Grants

Revenue from CoverColorado/Unclaimed Property Fund	\$15,000,000	\$0	\$0	\$0	\$0
Revenue from CoverColorado/Reserve Balance	\$0	\$0	\$8,500,000	\$0	\$0
Revenue from General Market Health Insurer Assessment	\$0	\$0	\$10,500,000	\$10,500,000	\$0
Revenue from Premium Tax Credit Donations	\$0	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000
Potential Foundation Grants	\$2,184,000	\$0	\$0	\$0	\$0
<b>Total Income</b>	<b>\$75,577,282</b>	<b>\$55,595,749</b>	<b>\$56,580,553</b>	<b>\$28,604,315</b>	<b>\$27,408,379</b>

Expected Operating/Technology Budget

Remaining Implementation Costs estimated for 2014 & 2015

Operating Expense (not Federally grant funded)

Total Expenditures

Expected Operating/Technology Budget	\$58,443,282	\$35,000,000	\$36,000,000	\$36,000,000	\$26,000,000
Remaining Implementation Costs estimated for 2014 & 2015	\$0	\$18,954,181	\$29,079,721	\$0	\$0
Operating Expense (not Federally grant funded)	\$2,184,000	\$6,480,247	\$55,079,721	\$26,000,000	\$26,000,000
<b>Total Expenditures</b>	<b>\$60,577,282</b>	<b>\$51,434,428</b>	<b>\$55,079,721</b>	<b>\$26,000,000</b>	<b>\$26,000,000</b>

Net Income/Expense by year

Net Income/Expense by year	\$15,000,000	\$4,161,320	\$1,500,832	\$2,604,315	\$1,408,379
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Technology Obsolescence Solution begins after Operational Reserve reaches 50% of annual budget

Cumulative Operational Reserve/(Shortfall) at approximately 50% of annual budget

Technology Obsolescence Solution begins after Operational Reserve reaches 50% of annual budget	\$2,000,000	\$6,161,320	\$7,662,152	\$10,266,467	\$11,674,846
Cumulative Operational Reserve/(Shortfall) at approximately 50% of annual budget	\$13,000,000	\$13,000,000	\$13,000,000	\$13,000,000	\$13,000,000

