



Health Connector Administrative Finance Update (VOTE)

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Board of Directors Meeting, July 12, 2018

Overview

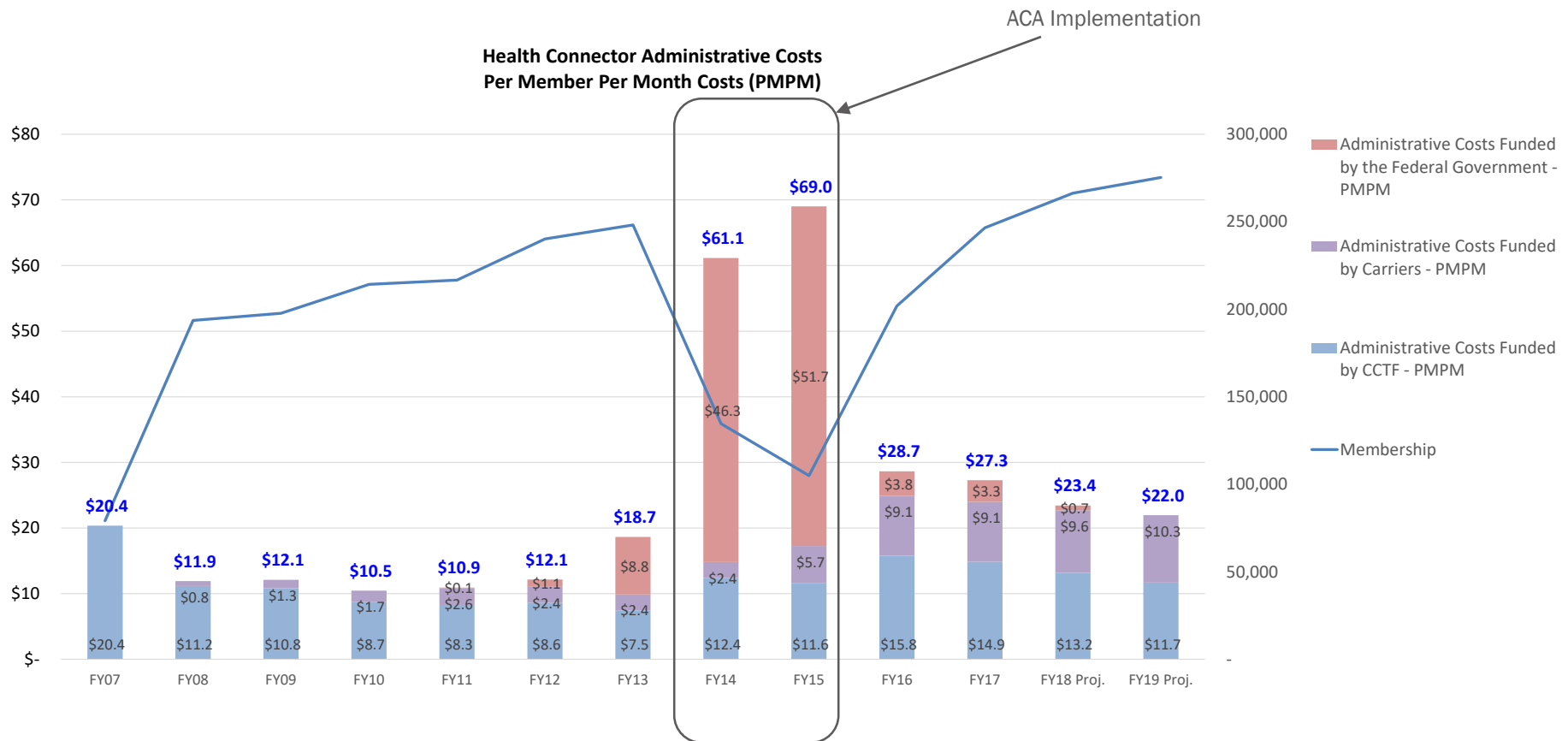


- The purpose of this presentation is to review the Health Connector's Fiscal Year (FY) 2018 administrative budget year-end projection and to present the FY 2019 administrative budget recommendation for a vote
- Health Connector administrative per member per month (PMPM) costs reflect continuing efficiencies with a six percent decrease projected for FY 2019 compared to FY 2018
- We anticipate significant improvement to our FY 2018 net position relative to the board-approved budget
- The FY 2019 budget recommendation is favorable and incorporates potential costs related to the procurement for non-group customer service, enrollment and premium billing services

Health Connector Per Member Per Month Administrative Costs



Monthly per member administrative costs are projected to decrease 6% from FY 2018 to FY 2019.



While the per member administrative cost is declining, it will likely not return to pre-ACA levels at this time, as ACA administration is inherently more complex than chapter 58

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Administrative Finance Update

FY 2018 Administrative Budget Year-End
Projection

FY 2018 Administrative Budget Summary



The FY 2018 year-end projection results in a \$4.4M net position, reflective of a \$3.6M improvement compared to budget.

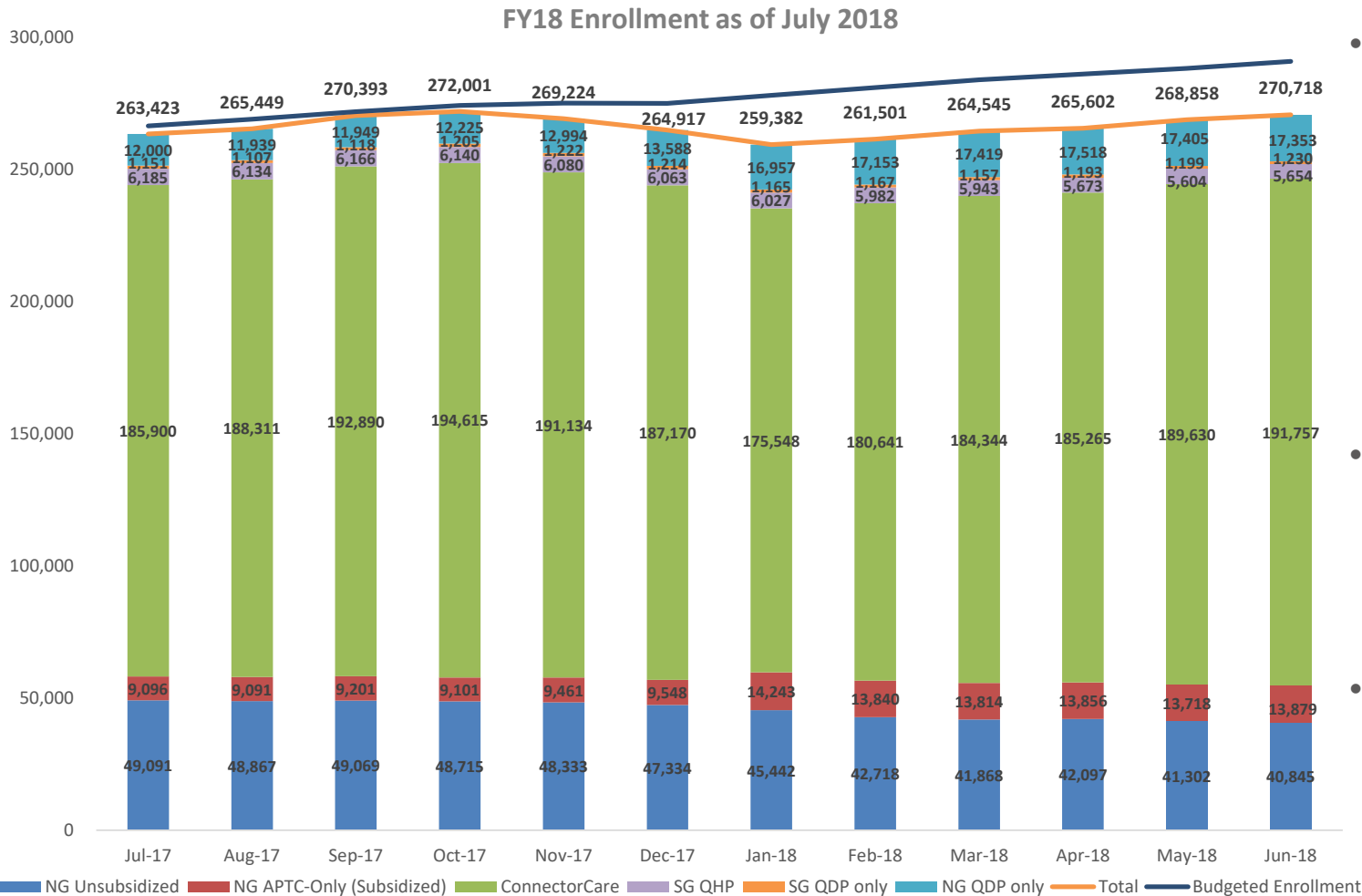
Health Connector Administrative Budget	FY2018 Budget (Jul 2017)	FY2018 Current	Variance	
Total Member Months	3,340,180	3,196,013	(144,167)	-4%
Revenue:				
Carriers	\$28,985,778	\$30,533,179	\$1,547,401	5%
Federal Grants	\$1,780,224	\$2,271,465	\$491,241	22%
CCTF	\$45,000,000	\$45,000,000	\$0	0%
Risk Adjustment Audit User Fee	\$729,986	\$667,131	-\$62,855	-10%
Student Health	\$175,000	\$226,612	\$51,612	23%
Miscellaneous/Investment	\$352,244	\$537,986	\$185,742	35%
Total Revenue	\$77,023,232	\$79,236,373	\$2,213,141	3%
Expense:				
Call Center, Enrollment and Premium Processing	\$46,092,503	\$45,461,515	-\$630,987	-1%
HIX Operations and Maintenance	\$8,574,903	\$8,824,693	\$249,790	2%
Appeals Program	\$266,530	\$216,286	-\$50,244	-22%
Navigator Program	\$1,649,995	\$1,584,300	-\$65,695	-4%
Small Business Wellness Subsidies	\$250,000	\$150,245	-\$99,755	-44%
Outreach and Education	\$2,582,642	\$2,669,539	\$86,897	4%
Personnel and Fringe	\$8,311,286	\$7,719,047	-\$592,240	-8%
OPEB Obligation	\$840,321	\$840,516	\$195	0%
IT (non-HIX)/Facility/Administrative	\$2,703,153	\$2,766,456	\$63,304	2%
Consulting and Professional Support	\$3,701,764	\$2,963,839	-\$737,925	-24%
Consulting and Professional Support - CCA (FED)	\$1,300,224	\$1,688,136	\$387,912	20%
Total Expense	\$76,273,321	\$74,884,572	-\$1,388,748	-2%
Net Position	\$749,911	\$4,351,800	\$3,601,889	190%
Reserves	\$16,162,930	\$21,938,672	\$5,775,742	30%

- Revenue increased by \$2.2M
 - The primary driver is a \$1.5M increase in carrier revenue primarily due to higher average premiums as a result of the discontinuation of federal funding for cost-sharing reduction subsidies (CSRs)
 - Additional revenue increases include \$0.5M due to the timing of federal grant revenue and \$0.2M in investment income
- Expenses decreased by \$1.4M. Key variances include:
 - \$0.7M decrease in consulting due to the exhaustion of state risk adjustment activities
 - \$0.6M decrease in personnel due to vacancies and delays in backfilling open positions
 - \$0.6M decrease in call center, enrollment and premium processing corresponds to enrollment variance offset by IT system integration
 - HIX operations and maintenance estimates relayed by EOHHS & EOTSS
 - Increases to federally-funded consulting expenditures due to timing only

FY 2018 Current Enrollment



FY 2018 current member months are 4% lower than budget overall.



- Eligibility redeterminations for 2018 Open Enrollment are the primary driver for the 4% decrease in ConnectorCare enrollment
 - Redeterminations from ConnectorCare and higher premiums due to the loss of federal CSRs contribute to the 17% increase in APTC-only
- Unsubsidized member months decreased by 12% primarily as a result of the October 2017 discontinuation of federal CSRs
- Small group projections reflect 2018 experience and conservative projections

Administrative Finance Update

FY 2019 Administrative Budget
Recommendation

FY 2019 Administrative Budget Recommendation



The FY 2019 administrative budget recommendation is reflective of a \$3.1M net position inclusive of a recommended \$4M reserve for potential transition and implementation costs due to the customer service re-procurement.

Health Connector Administrative Budget	FY2018 Current (Year-End)	FY2019 ANF Subcommittee (May 2018)	FY2019 Current	FY2019 Variance (May 2018 to Current)	
Total Member Months	3,196,013	3,310,974	3,304,089	(6,886)	0%
Revenue:					
Carriers	\$30,533,179	\$33,901,539	\$33,897,994	-\$3,545	0%
Federal Grants	\$2,271,465	\$0	\$0	\$0	NA
CCTF	\$45,000,000	\$45,000,000	\$45,000,000	\$0	0%
Risk Adjustment Audit User Fee	\$667,131	\$0	\$0	\$0	NA
Student Health	\$226,612	\$225,000	\$225,000	\$0	0%
Miscellaneous/Investment	\$537,986	\$525,000	\$525,000	\$0	0%
Total Revenue	\$79,236,373	\$79,651,539	\$79,647,994	-\$3,545	0%
Expense:					
Call Center, Enrollment and Premium Processing	\$45,461,515	\$43,468,917	\$42,913,917	-\$555,000	-1%
HIX Operations and Maintenance	\$8,824,693	\$11,058,313	\$10,105,663	-\$952,650	-9%
Appeals Program	\$216,286	\$315,325	\$312,325	-\$3,001	-1%
Navigator Program	\$1,584,300	\$1,654,310	\$1,789,310	\$135,000	8%
Small Business Wellness Subsidies	\$150,245	\$325,000	\$252,000	-\$73,000	-22%
Outreach and Education	\$2,669,539	\$2,673,268	\$3,180,268	\$507,000	19%
Personnel and Fringe	\$7,719,047	\$8,485,673	\$8,717,586	\$231,913	3%
OPEB Obligation	\$840,516	\$865,531	\$865,531	\$0	0%
IT (non-HIX)/Facility/Administrative	\$2,766,456	\$2,905,965	\$2,994,951	\$88,986	3%
Consulting and Professional Support	\$2,963,839	\$1,421,438	\$1,419,398	-\$2,041	0%
Consulting and Professional Support - CCA (FED)	\$1,688,136	\$0	\$0	\$0	NA
Total Expense	\$74,884,572	\$73,173,741	\$72,550,948	-\$622,793	-1%
Customer Experience Implementation Reserve	\$0	\$4,000,000	\$4,000,000	\$0	
Total Expense Inclusive of Customer Experience Implementation	\$74,884,572	\$77,173,741	\$76,550,948	-\$622,793	-1%
Net Position	\$4,351,800	\$2,477,798	\$3,097,046	\$619,248	25%
Reserves	\$21,938,672	\$21,963,982	\$25,035,718	\$3,071,736	14%

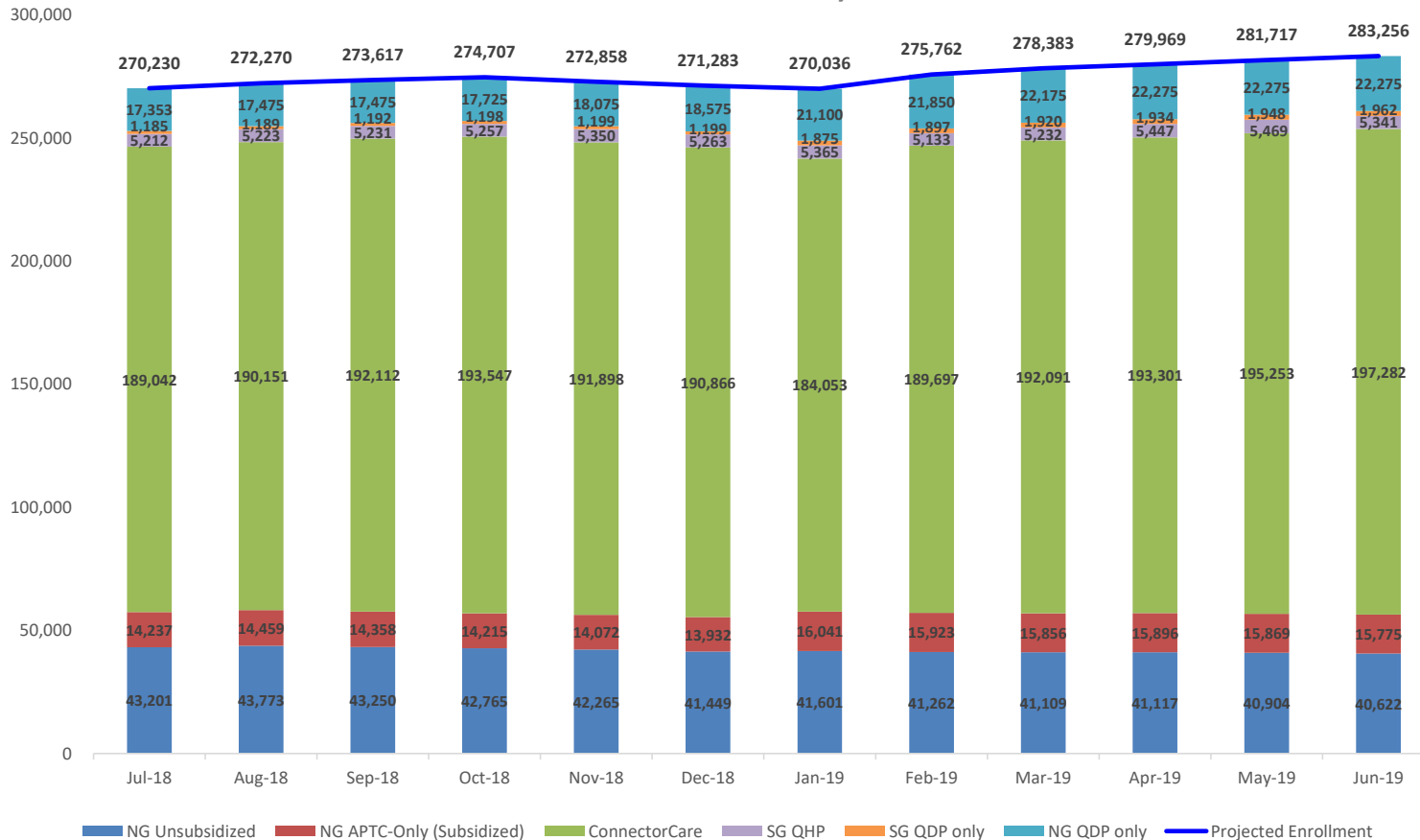
- The FY 2019 budget recommendation reflects negotiated price reductions in the NTT contract
- FY 2019 current expenses decreased by \$0.6M relative to the May 2018 presentation to ANF Subcommittee. Key variances include:
 - \$1.0M decrease for HIX O&M reflects estimates relayed by EOHHS & EOTSS and adjusted for historical trend
 - \$0.6M decrease for Call Center, Enrollment and Premium Processing primarily driven by lower than budgeted contractual costs for IT activities
 - \$0.2M increase for personnel and fringe reflects additional IT support, including transition of key contractor support to full-time staff
- Proposed outreach and education expenditures reflect small group outreach and market stabilization activities
- The Health Connector is proposing to fund a \$4M reserve for customer service, enrollment and premium billing reprocurement activities

FY 2019 Projected Enrollment



Enrollment is projected to increase by 3% overall compared to FY 2018, largely driven by modest growth in ConnectorCare.

FY19 Enrollment as of July 2018



- The FY 2019 projection reflects ~283,000 members by June 2019, an increase of ~13,000 members compared to July 2018, and reflecting an average membership of ~275,000
- ConnectorCare, APTC-only and stand-alone dental are projected to experience moderate growth in line with current trends, primarily driven by 2019 Open Enrollment activities
- Unsubsidized membership reflects modest decreases primarily due to the elimination of non-standard silver plans on the CCA 2019 product shelf in response to continued federal CSR absence, offset by some redeterminations from ConnectorCare

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Vote

VOTE



Health Connector staff requests that the Health Connector Board of Directors vote to approve the proposed FY 2019 administrative budget recommendation.