



# 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) 2022 administrative budget year-end projection and to present the FY2023 administrative budget recommendation for a vote.**

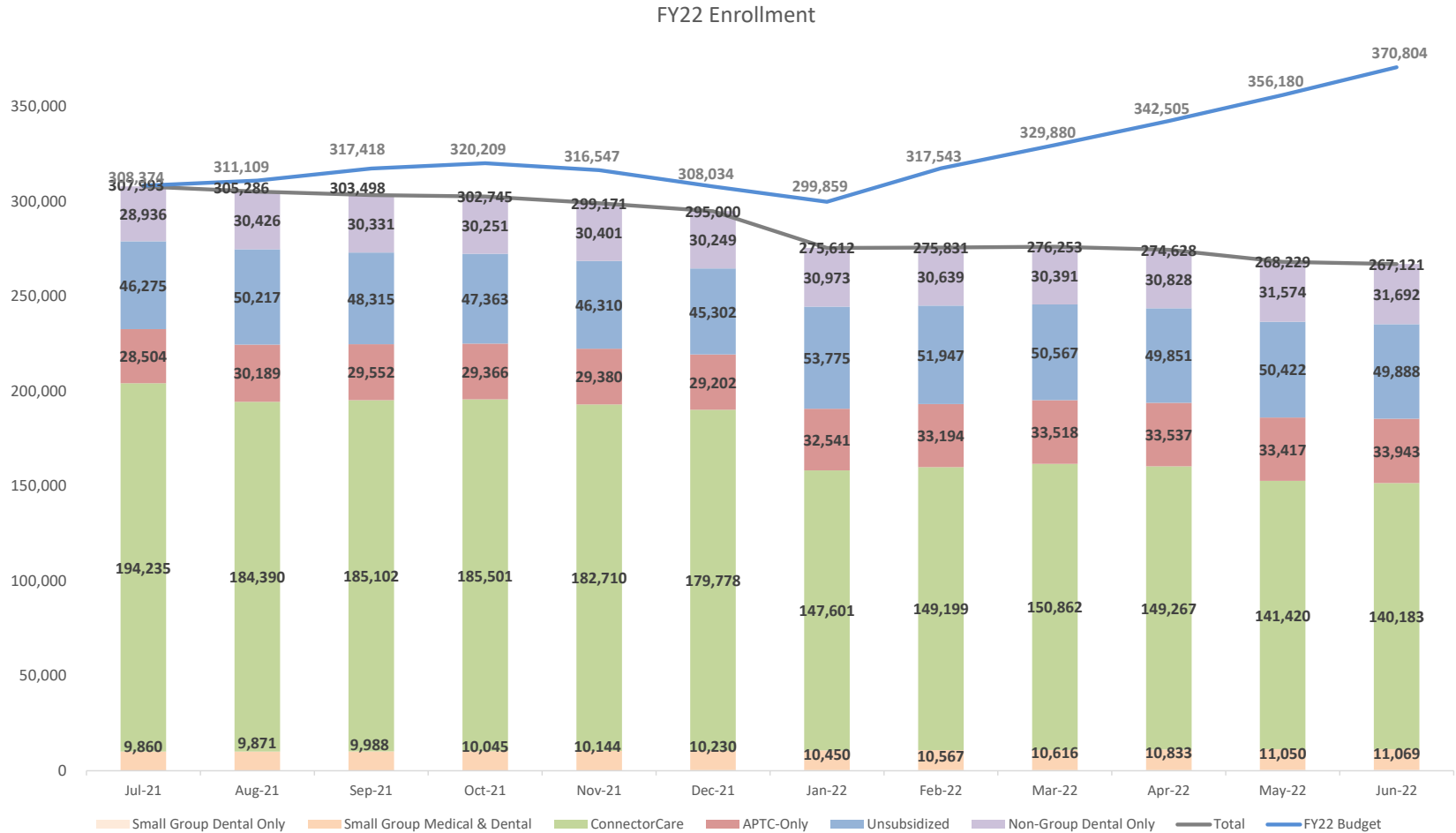
- Both the FY2022 and FY2023 budget are heavily influenced by the Public Health Emergency (PHE), which was extended from January 15<sup>th</sup> to October 15<sup>th</sup>
  - FY22 projects a net loss of \$11.4M, which is favorable to the Board-approved budget by \$3.3M. The favorable variance is due to savings on key items and timing, which offset the unfavorable impact of PHE extensions on the administrative budget
  - FY23 projects a net gain of \$3.2M and reflects the Commonwealth Care Trust Fund (CCTF) support consistent with prior years and pending Board approval
    - The CCTF transfer assumes utilizing a portion of program budget savings to offset the unfavorable impact on the administrative budget
- Please note that each extension of the PHE has an unfavorable impact on the administrative budget net position. Assuming the \$45M CCTF request and an additional PHE extension to January 2023, FY23 is projected to be break-even



# **FY2022 Year-End Projection Update**

# FY2022 Current Enrollment

FY2022 current enrollment is 12 percent lower than budget, as the PHE was extended from January 2022 to October 2022.



# FY2022 Administrative Budget Summary

FY22 Health Connector Administrative Budget	FY2022 BOD Approved Budget (July 2021)	FY2022 Current	Variance (BOD vs. Current)	
Total Member Months	3,898,462	3,451,367	(447,096)	-11.5%
<b>Revenue:</b>				
Carriers	\$45,342,946	\$41,108,619	-\$4,234,326	-9%
CCTF	\$35,000,000	\$35,000,000	\$0	0%
Student Health Insurance Program	\$90,000	\$40,000	-\$50,000	-56%
GASB 68 (Pension Liability) Revenue	\$3,057,632	\$3,057,632	\$0	0%
American Rescue Plan (ARP) Implementation	\$3,728,098	\$2,765,536	-\$962,562	-26%
Investment & Miscellaneous Revenue	\$404,246	\$556,808	\$152,562	38%
<b>Total Revenue</b>	<b>\$87,622,921</b>	<b>\$82,528,595</b>	<b>-\$5,094,325</b>	<b>-6%</b>
<b>Expense:</b>				
Call Center, Enrollment and Premium Processing	\$55,174,695	\$50,334,350	-\$4,840,345	-9%
Customer Experience Implementation	\$8,786,183	\$8,629,478	-\$156,705	-2%
HIX Operations and Maintenance	\$8,500,000	\$8,500,000	\$0	0%
Appeals Program	\$413,044	\$324,919	-\$88,125	-21%
Navigators, Outreach and Education	\$5,580,142	\$5,178,142	-\$402,000	-7%
Personnel and Fringe	\$10,115,028	\$9,453,496	-\$661,532	-7%
GASB 75 (OPEB Obligation)	\$570,941	\$772,019	\$201,077	35%
GASB 68 (Pension Liability)	\$3,057,632	\$3,057,632	\$0	0%
IT (non-HIX)/Facility/Administrative	\$3,722,737	\$3,563,214	-\$159,522	-4%
Consulting and Professional Support	\$2,091,888	\$1,319,245	-\$772,643	-37%
HIX Noticing and OE Improvements	\$300,000	\$0	-\$300,000	-100%
Strategic Plan Investments	\$275,000	\$0	-\$275,000	-100%
American Rescue Plan (ARP) Implementation	\$3,728,098	\$2,765,536	-\$962,562	-26%
<b>Total Expense</b>	<b>\$102,315,388</b>	<b>\$93,898,031</b>	<b>-\$8,417,357</b>	<b>-8%</b>
<b>Net Position</b>	<b>-\$14,692,467</b>	<b>-\$11,369,436</b>	<b>\$3,323,032</b>	<b>-23%</b>
<b>Reserves</b>	<b>\$29,254,651</b>	<b>\$36,174,693</b>	<b>\$6,920,042</b>	<b>24%</b>
NA				
GASB 51 Adjustment	\$952,843	-\$4,359,525	-\$5,312,369	-558%
Total Expense Inclusive of GASB 51 Adjustment	\$103,268,231	\$89,538,506	-\$13,729,725	-13%
NA				
<b>Net Position with GASB 51 Adjustment</b>	<b>-\$15,645,310</b>	<b>-\$7,009,910</b>	<b>\$8,635,400</b>	<b>-55%</b>
<b>Reserves with GASB 51 Adjustment</b>	<b>\$45,341,034</b>	<b>\$57,609,230</b>	<b>\$12,268,196</b>	<b>27%</b>

The FY2022 projection reflects a loss of \$11.4M, favorable to budget by \$3.3M. The primary drivers are timing and savings on key projects.

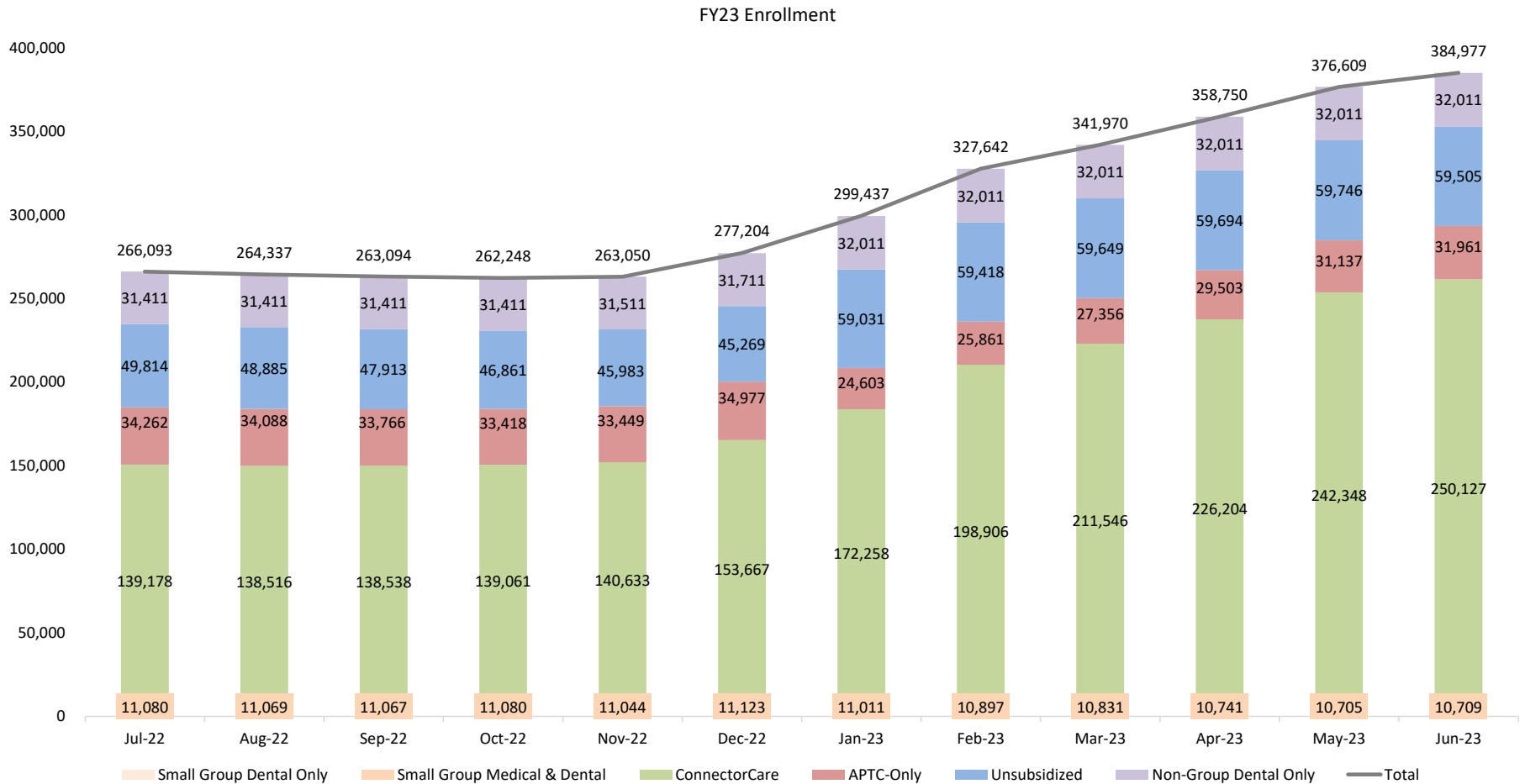
- Carrier revenue and Call Center, Enrollment and Premium Processing variances, are due to the PHE extension
- ARP implementation is funded by the CCTF and federal grant funds (neutral to the net position)
- Outreach, non-HIX IT, and Consulting expenses reflect savings relative to budget
- Personnel reflects delays in hiring and updated COLA assumptions
- HIX Noticing & OE Improvements and Strategic Plan Investments projects are expected to be completed in FY23



# **FY2023 Administrative Budget Recommendation**

# FY2023 Projected Enrollment

ConnectorCare drives the 7 percent projected enrollment growth relative to FY22, assuming the PHE ends in October 2022.



# FY2023 Administrative Budget Summary

FY23 Health Connector Administrative Budget	FY2022 Current	FY2023 Current	Variance (FY23 vs. FY22)	
Total Member Months	3,451,367	3,685,410	234,044	6.8%
<b>Revenue:</b>				
Carriers	\$41,108,619	\$46,354,485	\$5,245,865	13%
CCTF	\$35,000,000	\$45,000,000	\$10,000,000	29%
Student Health Insurance Program	\$40,000	\$40,000	\$0	0%
GASB 68 (Pension Liability) Revenue	\$3,057,632	\$3,149,361	\$91,729	3%
American Rescue Plan (ARP) Implementation	\$2,765,536	\$0	-\$2,765,536	-100%
Investment & Miscellaneous Revenue	\$556,808	\$581,406	\$24,598	4%
<b>Total Revenue</b>	<b>\$82,528,595</b>	<b>\$95,125,252</b>	<b>\$12,596,656</b>	<b>15%</b>
<b>Expense:</b>				
Call Center, Enrollment and Premium Processing	\$50,334,350	\$54,568,017	\$4,233,667	8%
Customer Experience Implementation	\$8,629,478	\$0	-\$8,629,478	-100%
HIX Operations and Maintenance	\$8,500,000	\$8,500,000	\$0	0%
Appeals Program	\$324,919	\$414,044	\$89,125	27%
Navigators, Outreach and Education	\$5,178,142	\$7,667,224	\$2,489,082	48%
Personnel and Fringe	\$9,453,496	\$10,616,745	\$1,163,249	12%
GASB 75 (OPEB Obligation)	\$772,019	\$795,179	\$23,161	3%
GASB 68 (Pension Liability)	\$3,057,632	\$3,149,361	\$91,729	3%
IT (non-HIX)/Facility/Administrative	\$3,563,214	\$3,995,749	\$432,535	12%
Consulting and Professional Support	\$1,319,245	\$1,763,667	\$444,422	34%
HIX Noticing and OE Improvements	\$0	\$300,000	\$300,000	NA
Strategic Plan Investments	\$0	\$125,000	\$125,000	NA
American Rescue Plan (ARP) Implementation	\$2,765,536	\$0	-\$2,765,536	-100%
<b>Total Expense</b>	<b>\$93,898,031</b>	<b>\$91,894,986</b>	<b>-\$2,003,045</b>	<b>-2%</b>
<b>Net Position</b>	<b>-\$11,369,436</b>	<b>\$3,230,265</b>	<b>\$14,599,701</b>	<b>-128%</b>
<b>Reserves</b>	<b>\$36,174,693</b>	<b>\$39,404,958</b>	<b>\$3,230,265</b>	<b>9%</b>
<i>GASB 51 Adjustment</i>	<i>-\$4,359,525</i>	<i>\$4,391,806</i>	<i>\$8,751,331</i>	<i>-201%</i>
Total Expense Inclusive of GASB 51 Adjustment	\$89,538,506	\$96,286,792	\$6,748,286	8%
<b>Net Position with GASB 51 Adjustment</b>	<b>-\$7,009,910</b>	<b>-\$1,161,540</b>	<b>\$5,848,370</b>	<b>-83%</b>
<b>Reserves with GASB 51 Adjustment</b>	<b>\$57,609,230</b>	<b>\$56,447,689</b>	<b>-\$1,161,540</b>	<b>-2%</b>

**FY2023 reflects the extension of the Public Health Emergency (PHE) through October 2022.**

- The PHE extension informs Carrier Fee revenues and Call Center, Enrollment, and Premium Processing expenses
- The CCTF request reflects a transfer of \$45M, consistent with FY18-FY21
- FY23 reflects the completion of Customer Experience (CXP) and American Rescue Plan (ARP) implementation activities
- Navigators, Outreach, and Education reflect additional outreach projects following the end of the PHE, as well as enhanced Navigator support and the Simple Sign-Up program
- Personnel reflects the annualized impact of FY22 filled positions and adjustments
- Non-HIX IT, Consulting, HIX Noticing & OE Improvements, and Strategic Plan Investment expenses were shifted to FY23





**VOTE**

# VOTE

**Health Connector staff recommend that the Health Connector Board of Directors approve the proposed FY2023 administrative budget recommendation.**