



Health Connector Administrative Finance Update (VOTE)

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Board of Directors Meeting, July 13, 2023

Overview

The purpose of this presentation is to share the Health Connector's updated FY23 financial projections and present the FY24 budget recommendation for a vote.

- The Health Connector's (CCA's) FY23 current projection reflects a net gain of \$11M, which is favorable by \$7.7M compared to the July 2022 approved budget. The July 2022 budget assumed the Public Health Emergency (PHE) would end in October 2022; this was extended to April 2023
 - The favorable variance is primarily due to lower expenses for vendors, HIX operations and maintenance, and IT/Facility/Administrative costs, coupled with an increase in revenue to offset one-time costs for activities associated with the redetermination period
 - The Health Connector received a one-time \$5M payment from the Commonwealth Care Trust Fund (CCTF) this spring to support Massachusetts residents during the redetermination period
 - Given the favorable budget conditions, the Health Connector reduced our recurring CCTF draw (\$45M in FY23) to \$41.3M (CCA did not request the June payment of \$3.75M)
- The FY24 recommendation reflects expected enrollment growth in ConnectorCare due to the Medicaid redetermination period and investments in member support and outreach and education to assist eligible Massachusetts residents migrating to Health Connector coverage as the redetermination period progresses
 - FY24 is projected to result in a net loss of \$6.6M, but this is offset by the favorable variance in FY23 (~\$4M over two years)

One-time Administrative Budget Costs Associated with the Medicaid Redetermination Period

Given the historic nature of the Medicaid redetermination process (2.3 million MassHealth members will proceed through a renewal process), CCA's administrative budget reflects critical one-time investments to support Massachusetts residents during the transition and maintain health insurance.

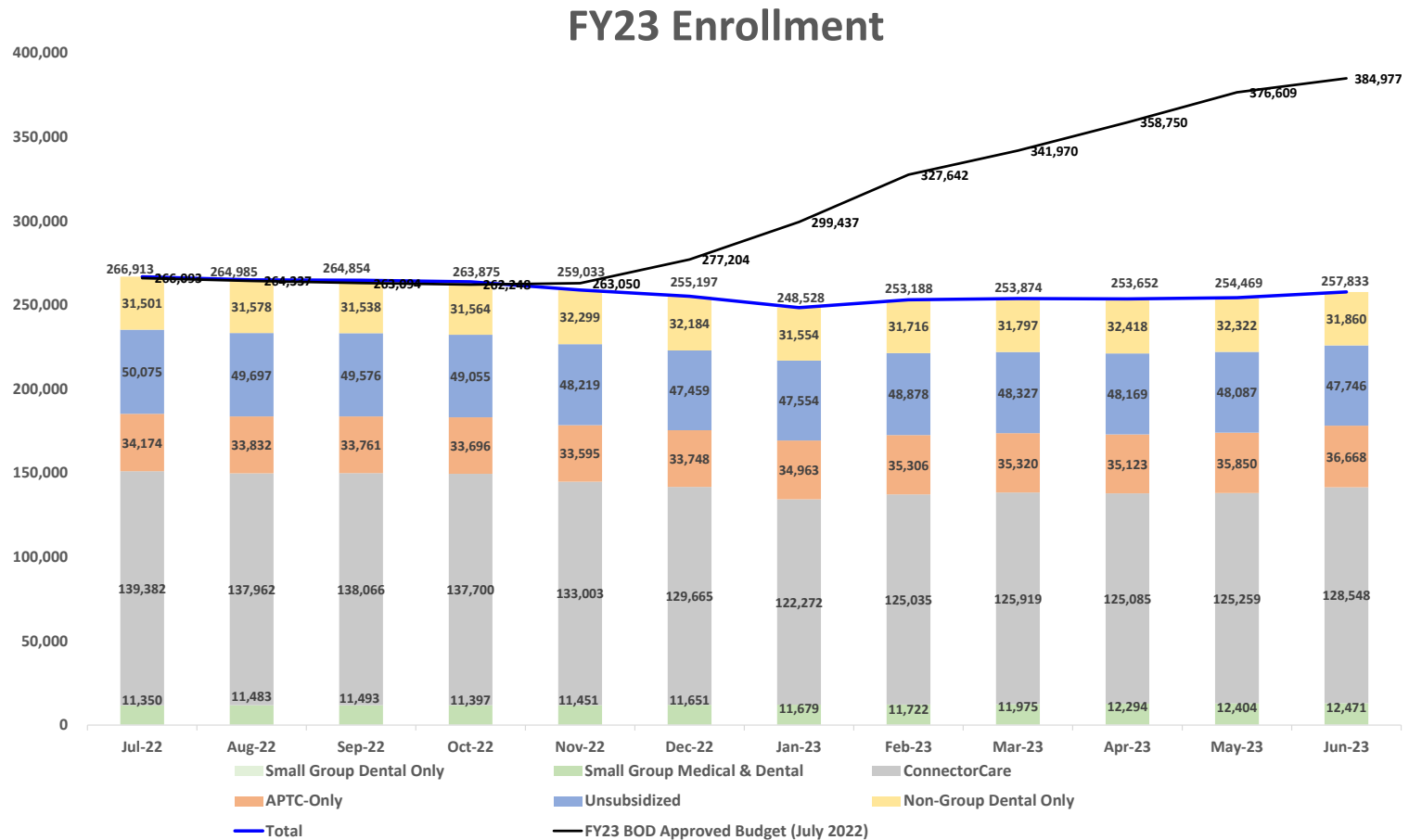
	FY2023	FY2024	Total
Contact Center & Premium Billing	\$2.0M	\$14.0M	\$16.0M
Outreach & Education	\$0.5M	\$3.5M	\$4.0M
Navigators	\$0.6M	\$0.9M	\$1.5M
Mobile Outreach Team		\$1.0M	\$1.0M
Total	\$3.1M	\$19.4M	\$22.5M



FY23 Update

FY23 Projected Enrollment

FY23 projected enrollment reflects a 16 percent decrease in Health Connector enrollment compared to the prior projection due to the extension of the Public Health Emergency.



FY23 Administrative Budget

FY23 projection reflects a net gain of \$11M (\$7.7M favorable compared to July). This is due to a \$6.1M decrease in expenses, coupled with \$1.6M in additional revenue.

FY23 Health Connector Administrative Budget	FY2023 Budget (July 2022)	FY2023 Current	Variance (Jul vs. Current)	
Total Member Months	3,685,410	3,096,401	(589,009)	-16%
Revenue:				
Carriers	\$46,354,485	\$38,888,273	-\$7,466,212	-16%
CCTF	\$45,000,000	\$51,654,460	\$6,654,460	15%
Student Health Insurance Program	\$40,000	\$0	-\$40,000	-100%
GASB 68 (Pension Liability) Revenue	\$3,149,361	\$3,149,361	\$0	0%
Investment/Misc/Wellness	\$581,406	\$3,048,935	\$2,467,529	424%
Total Revenue	\$95,125,252	\$96,741,029	\$1,615,778	2%
Expense:				
Call Center, Enrollment and Premium Processing	\$54,568,017	\$49,155,287	-\$5,412,730	-10%
HIX Operations and Maintenance	\$8,500,000	\$7,470,851	-\$1,029,149	-12%
Appeals Program	\$414,044	\$251,969	-\$162,076	-39%
Navigators, Outreach and Education	\$7,667,224	\$10,019,932	\$2,352,708	31%
Personnel and Fringe	\$10,616,745	\$9,298,252	-\$1,318,493	-12%
GASB 75 (OPEB Obligation)	\$795,179	\$1,186,361	\$391,181	49%
GASB 68 (Pension Liability)	\$3,149,361	\$3,149,361	\$0	0%
GASB 87 (Leases)	\$0	\$937,080	\$937,080	NA
IT/Facility/Administrative/Wellness	\$3,995,749	\$2,234,079	-\$1,761,670	-44%
Consulting and Professional Support	\$1,763,667	\$2,065,912	\$302,245	17%
HIX Noticing and OE Improvements	\$300,000	\$0	-\$300,000	-100%
Strategic Plan Investments	\$125,000	\$0	-\$125,000	-100%
Total Expense	\$91,894,986	\$85,769,083	-\$6,125,904	-7%
Net Position	\$3,230,265	\$10,971,946	\$7,741,681	240%
Reserves	\$39,404,958	\$50,848,788	\$11,443,829	29%
<i>GASB 51 Adjustment</i>	<i>\$4,391,806</i>	<i>\$4,350,256</i>	<i>-\$41,550</i>	<i>-1%</i>
Total Expense Inclusive of GASB 51 Adjustment	\$96,286,792	\$90,119,338	-\$6,167,454	-6%
Net Position with GASB 51 Adjustment	-\$1,161,540	\$6,621,691	\$7,783,231	-670%
Reserves with GASB 51 Adjustment	\$56,447,689	\$63,129,623	\$6,681,934	12%

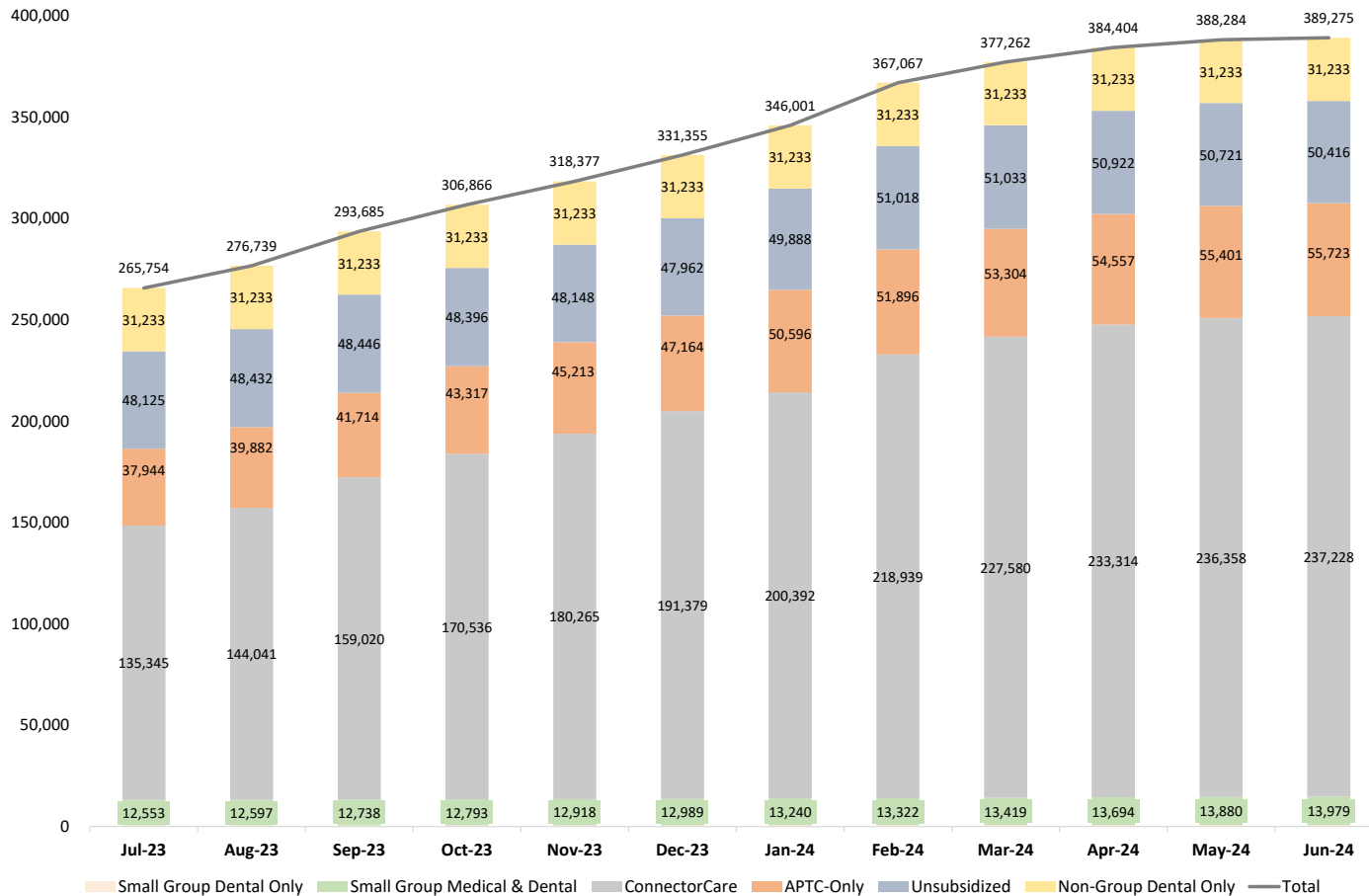


FY24 Update

FY24 Projected Enrollment

Projected enrollment for FY24 is 31 percent higher than FY23 primarily due to expected growth in ConnectorCare as a result of the MassHealth redetermination period.

FY24 Enrollment



FY24 Administrative Budget Recommendation

The FY24 recommendation reflects both (1) expected enrollment growth due to the MassHealth redetermination period, and (2) increased investments in customer service and outreach and education to support eligible Massachusetts residents migrating to Health Connector coverage as they lose MassHealth eligibility via the redetermination period.

FY24 Health Connector Administrative Budget	FY2023 Current	FY2024 Current	Variance (FY23 vs. FY24)	
Total Member Months	3,096,401	4,045,068	948,667	31%
Revenue:				
Carriers	\$38,888,273	\$53,721,862	\$14,833,589	38%
CCTF	\$51,654,460	\$44,090,909	-\$7,563,551	-15%
GASB 68 (Pension Liability) Revenue	\$3,149,361	\$3,243,842	\$94,481	3%
Mobile Outreach Team/Investment/Misc/Wellness	\$3,048,935	\$4,594,169	\$1,545,234	51%
Total Revenue	\$96,741,029	\$105,650,781	\$8,909,752	9%
Expense:				
Call Center, Enrollment and Premium Processing	\$49,155,287	\$69,229,708	\$20,074,422	41%
HIX Operations and Maintenance	\$7,470,851	\$8,500,000	\$1,029,149	14%
Appeals Program	\$251,969	\$339,360	\$87,392	35%
Navigators, Outreach and Education	\$10,019,932	\$11,855,581	\$1,835,649	18%
Personnel and Fringe	\$9,298,252	\$12,238,868	\$2,940,615	32%
GASB 75 (OPEB Obligation)	\$1,186,361	\$1,189,022	\$2,661	0%
GASB 68 (Pension Liability)	\$3,149,361	\$3,243,842	\$94,481	3%
GASB 87 (Leases)	\$937,080	\$924,435	-\$12,645	-1%
IT/Facility/Administrative/Wellness	\$2,234,079	\$2,957,357	\$723,278	32%
Consulting and Professional Support	\$2,065,912	\$1,811,774	-\$254,138	-12%
Total Expense	\$85,769,083	\$112,289,946	\$26,520,864	31%
Net Position	\$10,971,946	-\$6,639,165	-\$17,611,111	-161%
Reserves	\$50,848,788	\$44,209,623	-\$6,639,165	-13%
<i>GASB 51 Adjustment</i>	\$4,350,256	\$4,350,256	\$0	0%
Total Expense Inclusive of GASB 51 Adjustment	\$90,119,338	\$116,640,202	\$26,520,864	29%
Net Position with GASB 51 Adjustment	\$6,621,691	-\$10,989,421	-\$17,611,111	-266%
Reserves with GASB 51 Adjustment	\$63,129,623	\$52,140,202	-\$10,989,421	-17%



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The Health Connector staff recommend that the Health Connector Board of Directors approve the proposed FY2024 administrative budget recommendation.