



Health Connector Administrative Finance Update (VOTE)

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Overview

The purpose of this presentation is to share with the Board of Directors updated Fiscal Year (FY) 2024 administrative budget projections and present the FY25 recommendation for a vote.

- Current FY24 administrative budget projections are favorable compared to the budget approved by the Board in July 2023
- The FY25 administrative budget recommendation reflects a balanced budget and reserve levels of over \$53M, which is consistent with our auditor's recommendation
 - The FY25 recommendation reflects (1) the end of redetermination activities and (2) planning for the contact center and technology services procurements

Strategic Plan and Equity Orientation re: Administrative Budget

2024-2028 Strategic Plan Alignment

The FY25 administrative budget supports the following of the strategic plan's key pillars:

- Improve and modernize the applicant and enrollee experience
- Deliver high-value coverage options to residents of the Commonwealth
- Improve equitable access to affordable health insurance coverage
- Maintain and strengthen organizational structure and system reliability

Maintaining and strengthening organizational structure is advanced by:

- Maintaining appropriate reserve levels consistent with our auditors' recommendation
- Allowing us to sustain financial operations if faced with unexpected situations

Combating Inequity

The FY25 administrative budget supports the centering of equity in the following ways:

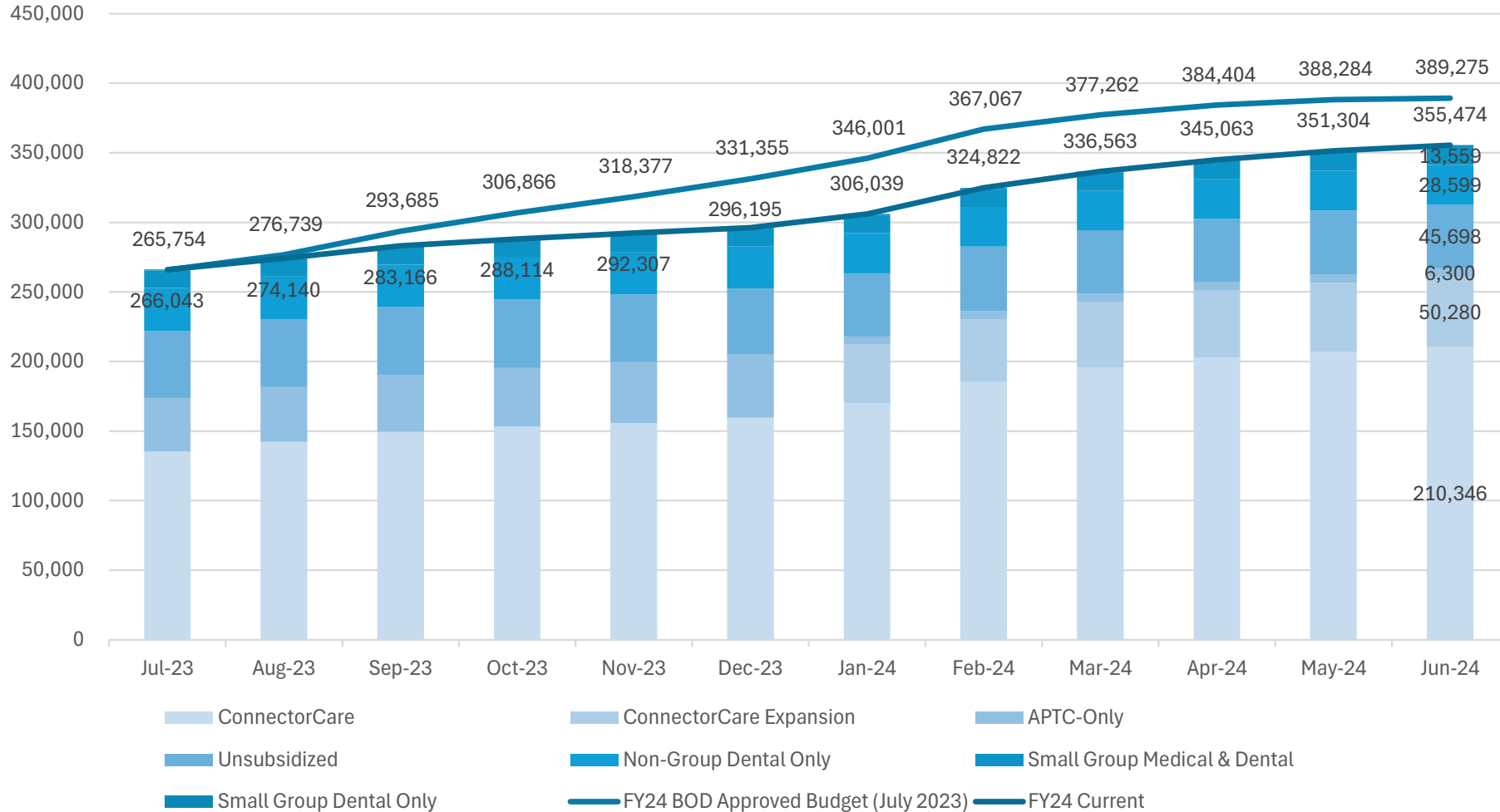
- ✓ The administrative budget funds services and supports to members and who are in greater need of assistance and access to coverage
- ✓ Funding for Navigators, Community Specialists, and the contact center language line helps to address language barriers and access to care issues by providing members support close to home and in their preferred language



FY24 Update

FY24 Projected Enrollment

FY24 projected enrollment reflects an eight percent decrease compared to June 2023 projections.



FY24 Administrative Budget

Current FY24 projections are favorable compared to the July 2023 approved budget.

	Fiscal Year 2024		Variance	
	July 2023	Current	\$	%
Total Member Months	4,045,068	3,719,231	(325,838)	-8%
Revenue:				
Carriers	\$53,721,862	\$48,362,677	-\$5,359,184	-10%
CCTF (Ongoing Operations)	\$35,000,000	\$35,000,000	\$0	0%
CCTF (One-time Redetermination Activities)	\$9,090,909	\$5,400,000	-\$3,690,909	-41%
Other Revenue	\$4,094,169	\$5,038,521	\$944,353	23%
Total Revenue	\$101,906,939	\$93,801,199	-\$8,105,741	-8%
Non-GAAP Expenditures	\$107,142,701	\$93,816,097	-\$13,326,604	-12%
Net Position (Non-GAAP)	-\$5,235,762	-\$14,898	\$5,220,864	-100%
Add: Adjustments to GAAP	\$5,753,659	\$6,045,356	\$291,698	5%
Total Expenses (GAAP)	\$112,896,360	\$99,861,454	-\$13,034,906	-12%
Net Position (GAAP)	-\$10,989,421	-\$6,060,255	\$4,929,166	-45%
Reserves (GAAP)	\$52,140,202	\$57,044,463	\$4,904,261	9%

FY24 Administrative Budget - Expenses

FY24 current expenditures are favorable compared to the July 2023 approved budget.

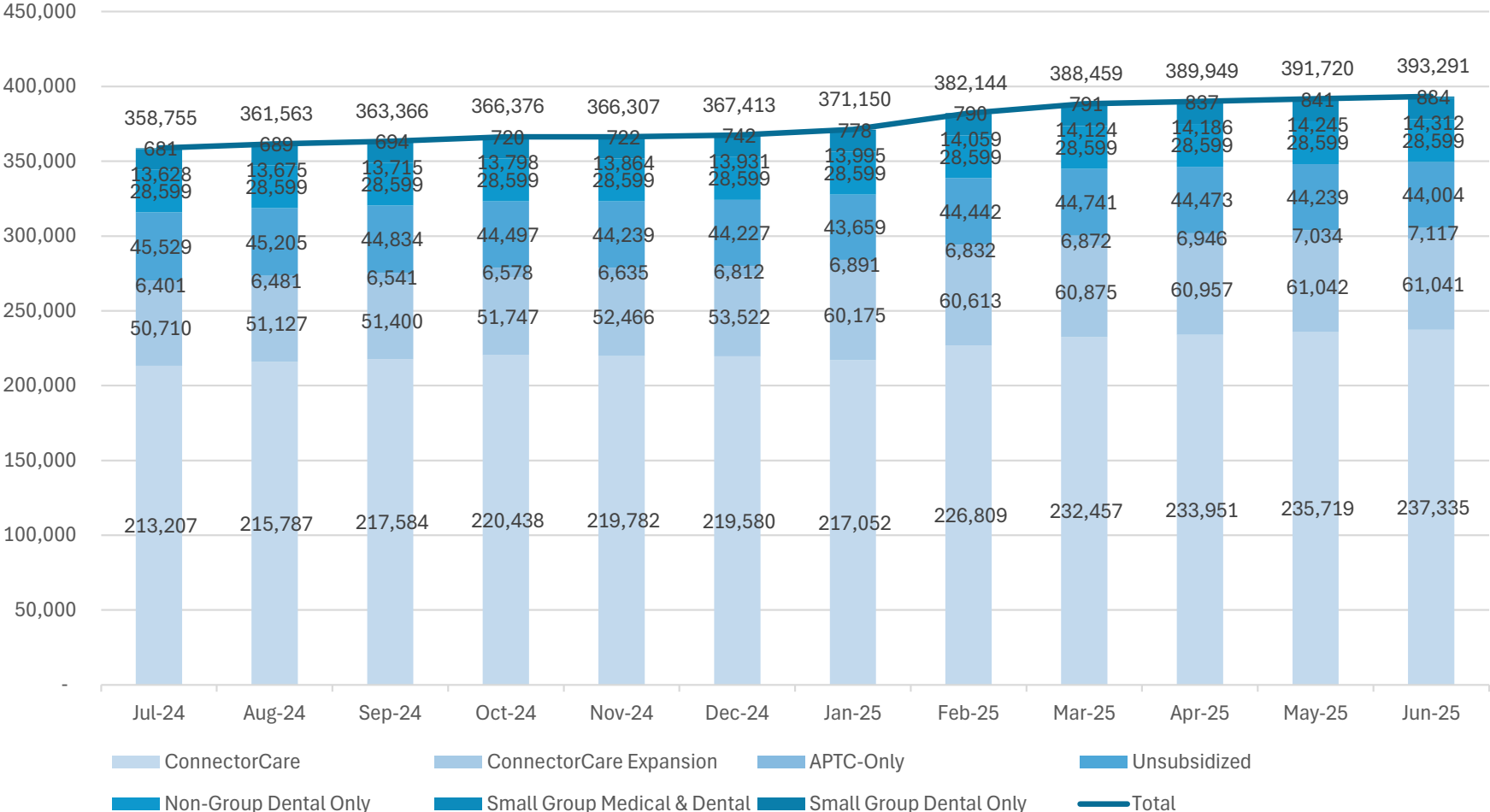
	Fiscal Year 2024		Variance	
	July 2023	Current	\$	%
Non-GAAP Expenditures				
Contact Center, Enrollment and Premium Processing	\$69,229,708	\$60,765,736	-\$8,463,973	-12%
HIX Operations and Maintenance	\$8,500,000	\$6,000,000	-\$2,500,000	-29%
Appeals Program	\$339,360	\$340,477	\$1,117	0%
Navigators, Outreach and Education	\$11,855,581	\$10,272,978	-\$1,582,603	-13%
Personnel and Fringe	\$12,238,868	\$11,371,973	-\$866,894	-7%
IT/Facility/Lease Payment/Administrative	\$3,167,411	\$3,263,741	\$96,330	3%
Consulting and Professional Support	\$1,811,774	\$1,776,193	-\$35,581	-2%
Strategic Plan Investments	\$0	\$25,000	\$25,000	-
Total Non-GAAP Expenditures	\$107,142,701	\$93,816,097	-\$13,326,604	-12%
Add: Adjustments to GAAP:				
GASB 87 (Leases NonCash Portion)	\$51,820	-\$7,915	-\$59,735	-115%
Depreciation	\$162,562	\$162,562	-	-
GASB 75 (OPEB Obligation)	\$1,189,022	\$1,540,454	\$351,433	30%
GASB 51 Adjustment	\$4,350,256	\$4,350,256	-	-
Total Adjustments to GAAP	\$5,753,659	\$6,045,356	\$291,698	5%
Total Expenses (GAAP)	\$112,896,360	\$99,861,454	-\$13,034,906	-12%



FY25 Budget Recommendation

FY25 Projected Enrollment

FY25 projected enrollment reflects a twenty-one percent increase compared to FY24.



FY25 Administrative Budget Recommendation

The FY25 recommendation reflects a balanced budget with estimated year-end reserves of over \$53 million.

	FY2024	FY2025 Rec.	Variance	
			\$	%
Total Member Months	3,719,231	4,500,494	781,264	21%
Revenue:				
Carriers	\$48,362,677	\$63,330,103	\$14,967,425	31%
CCTF (Ongoing Operations)	\$35,000,000	\$50,000,000	\$15,000,000	43%
CCTF (One-time Redetermination Activities)	\$5,400,000	\$0	-\$5,400,000	-100%
Other Revenue	\$5,038,521	\$3,777,019	-\$1,261,502	-25%
Total Revenue	\$93,801,199	\$117,107,122	\$23,305,923	25%
Non-GAAP Expenditures	\$93,816,097	\$113,101,991	\$19,285,893	21%
Net Position (Non-GAAP)	-\$14,898	\$4,005,131	\$4,020,029	-26983%
Add: Adjustments to GAAP	\$6,045,356	\$7,209,374	\$1,164,017	19%
Total Expenses (GAAP)	\$99,861,454	\$120,311,365	\$20,449,911	20%
Net Position (GAAP)	-\$6,060,255	-\$3,204,243	\$2,856,012	-47%
Reserves (GAAP)	\$57,044,463	\$53,840,220	-\$3,204,243	-6%

FY25 Administrative Budget – Expenses

The FY25 recommendation accounts for the end of redetermination activities and planning for the contact center and technology procurements.

	FY2024	FY2025 Rec.	Variance	
			\$	%
Non-GAAP Expenditures				
Contact Center, Enrollment and Premium Processing	\$60,765,736	\$77,196,049	\$16,430,313	27%
HIX Operations and Maintenance	\$6,000,000	\$7,000,000	\$1,000,000	17%
Appeals Program	\$340,477	\$411,048	\$70,572	21%
Navigators, Outreach and Education	\$10,272,978	\$6,942,768	-\$3,330,210	-32%
Personnel and Fringe	\$11,371,973	\$13,887,552	\$2,515,579	22%
IT/Facility/Lease Payment/Administrative	\$3,263,741	\$3,890,583	\$626,842	19%
Consulting and Professional Support	\$1,776,193	\$3,273,991	\$1,497,798	84%
Strategic Plan Investments	\$25,000	\$500,000	\$475,000	1900%
Total Non-GAAP Expenditures	\$93,816,097	\$113,101,991	\$19,285,893	21%
Add: Adjustments to GAAP:				
GASB 87 (Leases NonCash Portion)	-\$7,915	-\$39,624	-\$31,709	401%
Depreciation	\$162,562	\$98,743	-\$63,819	-39%
GASB 75 (OPEB Obligation)	\$1,540,454	\$1,800,000	\$259,546	17%
GASB 51 Adjustment	\$4,350,256	\$5,350,256	\$1,000,000	23%
Total Adjustments to GAAP	\$6,045,356	\$7,209,374	\$1,164,017	19%
Total Expenses (GAAP)	\$99,861,454	\$120,311,365	\$20,449,911	20%

Vote

Health Connector staff recommend that the Board of Directors approve the proposed FY25 administrative budget recommendation.