Connecticut's Health Insurance Marketplace

2014 Fiscal Year Budget

June 2013

Agenda

- Budget Cycle & Funding
- Budget Approach
  - Process
  - Financial Oversight & Controls
  - Cost Allocation
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- Proposed 2014 Fiscal Year Budget
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- Sustainability Comparison

Access Health CT Budget Cycle

Entirely Federal Grant oriented and based on Board approval of spending plans reflected in the Level 1, Level 1 Supplemental and Level 2 Federal Grants

Funded primarily by the Level 2 Federal Grant and Level 2 Supplemental Federal Grant. Driven by specific business needs that reflect changes from the original Grant allocation to this period/Seeking Board approval in June

Partially funded by the Level 2 Federal Grant, combined with the first complete year of Market Assessment revenue. Self-Sustainability Plan presented to Board in May 2014

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Budget Approach

Key Drivers:

- **Process**
- **Financial Oversight & Control**
- **Cost Allocation**

Process

- Quantification of remaining infrastructure work needed to satisfy requirements of the ACA.
- Quantification of supplemental spend required to support a successful launch of the Connecticut Health Insurance Marketplace.
- Maintain a conservative underlying operational budget build with sufficient flexibility to meet year three sustainability targets.

Financial Oversight and Controls

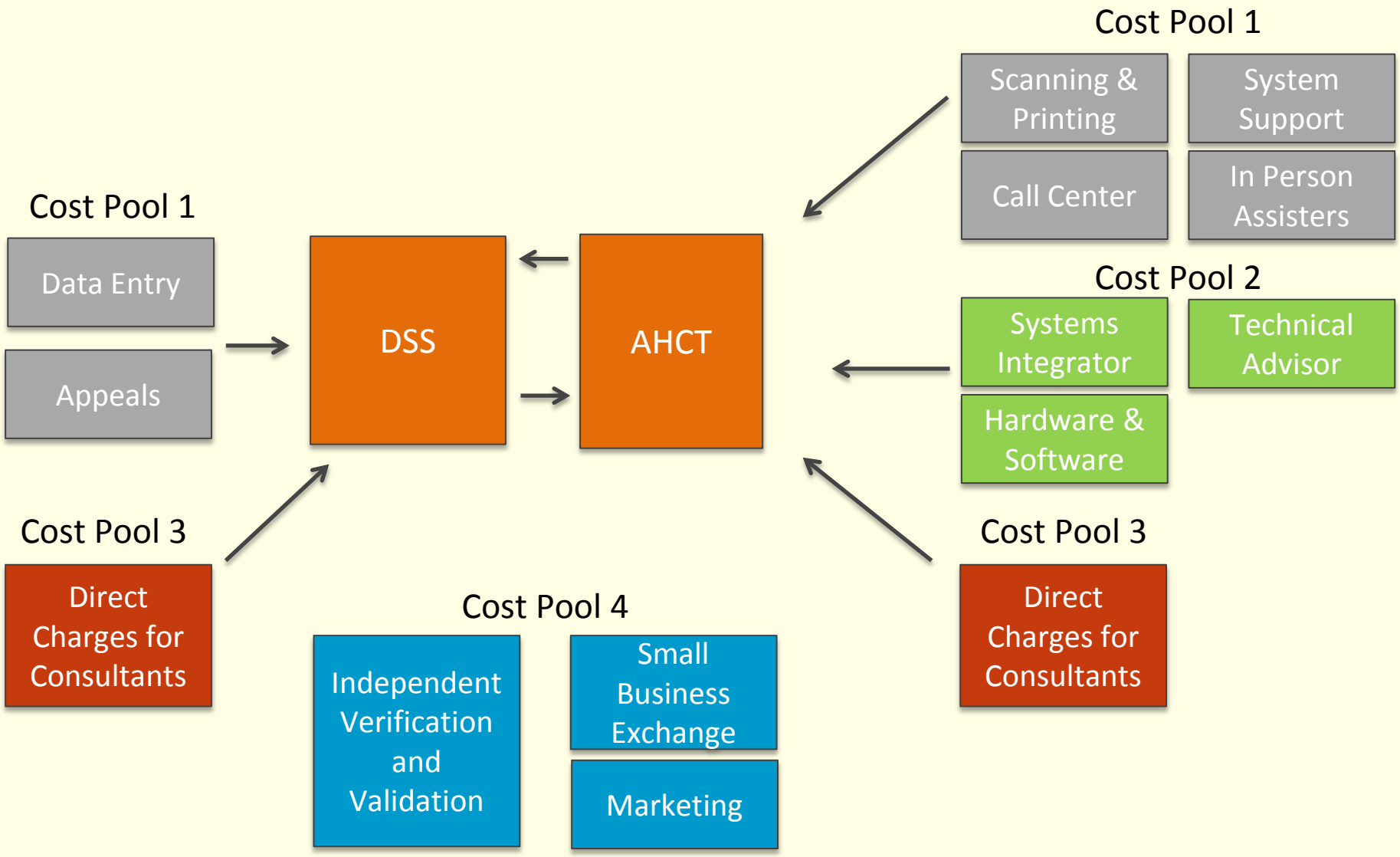
- Utilize private and public sector expenditure monitoring techniques that promote accountability at the lowest level of the organization.
- Monthly Budget meetings with each organizational unit.
- Internal Vendor Management process for funding prioritization and compliance review of new initiatives.

Cost Allocation

- Medicaid Allocable percentage for development was set at 28.53%, while AHCT is at 71.47%.
  - Cost allocation between DSS and AHCT will be based on this set percentage for development, however, expenses incurred by either party for Call Center, Scanning, Printing, Appeals and overhead should be based on actual product volumes or a predetermined metric.
  - Robust Cost Allocation process and model is in construction phase which will identify benefits across products and set appropriate transfer cost methodology for each function.
  - Construct of 4 Cost Pools for Allocation:

Volume Based	Development Based	100% to Either Party	No Allocation

Budget Approach: High Level Process Map



Note: Only designated shared costs are subject to allocation between AHCT and DSS.

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Financial Calendar

Activity	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fed Reporting	Bi-Annual Progress QTRLY Grant Report			QTRLY Grant Report			Bi-Annual Progress QTRLY Grant Report			QTRLY Grant Report		
State Report	Annual CEO Report			FY Q3 Financi al Report			FY Q4 Financial Report	FY 2014 External Audit Review	FY 2014 Annual Report	FY Q1 Financial Report		
Finance Process	Dec Expense Dashboard (EDB)	Jan EDB	Feb EDB	Mar EDB	Apr EDB	May EDB Establish 2015 FY Budget Establish 2015 Assessment	Jun EDB	Jul EDB 2014 FY End Review	Aug EDB	Sep EDB	Oct EDB	Nov EDB

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Access Health CT 2014 Fiscal Year Budget is Proposed at $74.9 Million

- Fiscal Year runs from July 1, 2013-June 30, 2014.
- Source of funding is from the Level Two Establishment Grant and a Supplemental request submitted in May for $26.7 Million.
- $34.9 Million of the Fiscal Year Budget is to support ongoing operations, which is consistent with sustainability presentation provided to the Board in May.
- $29.0 Million of the Fiscal Year Budget is to support the continued build of the technical and marketing infrastructure of Access Health CT.
- $5.0 Million represents the build-out of the All Payers Claim Database (APCD).

Proposed 2014 Fiscal Year Budget

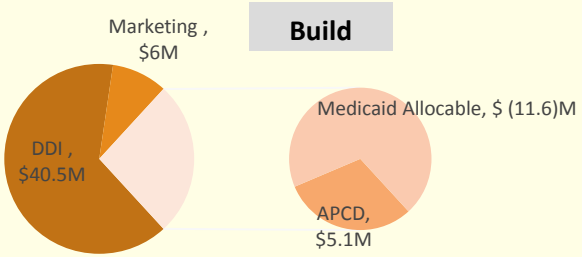
Operational Expense	Fiscal 2014 Budget	Fiscal 2013 Budget	Fiscal 2013 Projection
Salaries	$ 5,857,790	$ 5,774,354	$ 3,632,590
Fringe	$ 1,717,548	$ 1,710,097	$ 696,402
SHOP	$ 4,140,000	$ -	$ 1,800,000
Call Center	$ 6,100,000	$ -	$ -
Marketing	$ 6,000,000	$ -	$ 3,409,067
Capital Investments	$ 3,000,000	$ -	$ -
Maintenance & Operations	$ 3,043,935	$ -	$ -
Other	$ 4,056,180	$ 1,574,634	$ -
Medicaid Allocable	$ (1,045,772)	$ -	$ -
Total Operating	**$ 32,869,681**	**$ 9,059,085**	**$ 9,538,059**

Buid	Fiscal 2014 Budget	Fiscal 2013 Budget	Fiscal 2013 Projection
Design, Development & Imp.	$ 40,536,313	$ 48,262,651	$ 45,000,000
Non-DDI - Marketing	$ 6,001,827	$ 12,159,066	$ 11,000,000
APCD	$ 5,067,366	$ -	$ -
Medicaid Allocable	$ (11,582,441)	$ (9,309,612)	$ (12,857,850)
Total Build	**$ 40,023,065**	**$ 51,112,105**	**$ 43,142,150**

Non-Cash	Fiscal 2014 Budget	Fiscal 2013 Budget	Fiscal 2013 Projection
Depreciation	$ 2,000,000	$ -	$ -
Total Non-Cash	**$ 2,000,000**	**$ -**	**$ -**
AHCT Net	**$ 74,892,746**	**$60,171,190**	**$52,680,209**

Marketing & Capital	
Advertising	$ 1,475,000
Outreach and Education	$ 4,175,000
CRM Marketing Database	$ 1,500,000
Web Design & Social Media	$ 1,500,000

Other	
Accounting Fees	$ 100,000
Legal Fees	$ 200,000
Other Professional Service Fees	$ 2,300,000
Computer Equipment	$ 400,000
Software	$ 100,000
Travel	$ 140,000
Rent	$ 300,000
Supplies	$ 16,000
Misc	$ 500,179



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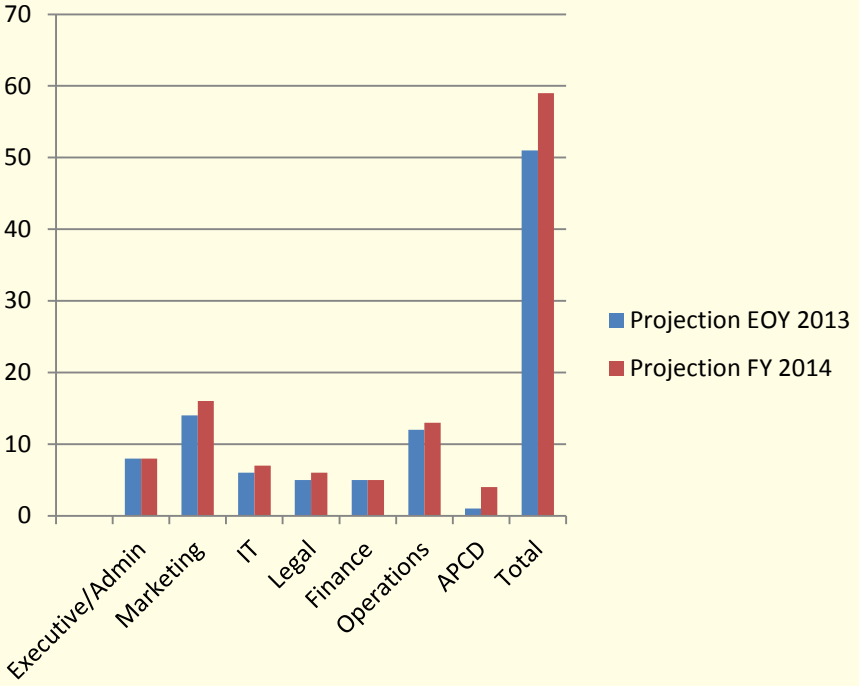
2014 vs 2013 FTEs

Program Area	Projection EOY 2013 FTEs	Projection FY 2014 FTEs
Executive/Admin	8	8
Marketing	14	16
IT	6	7
Legal	5	6
Finance	5	5
Operations	12	13
APCD	1	4
Total	**51**	**59**



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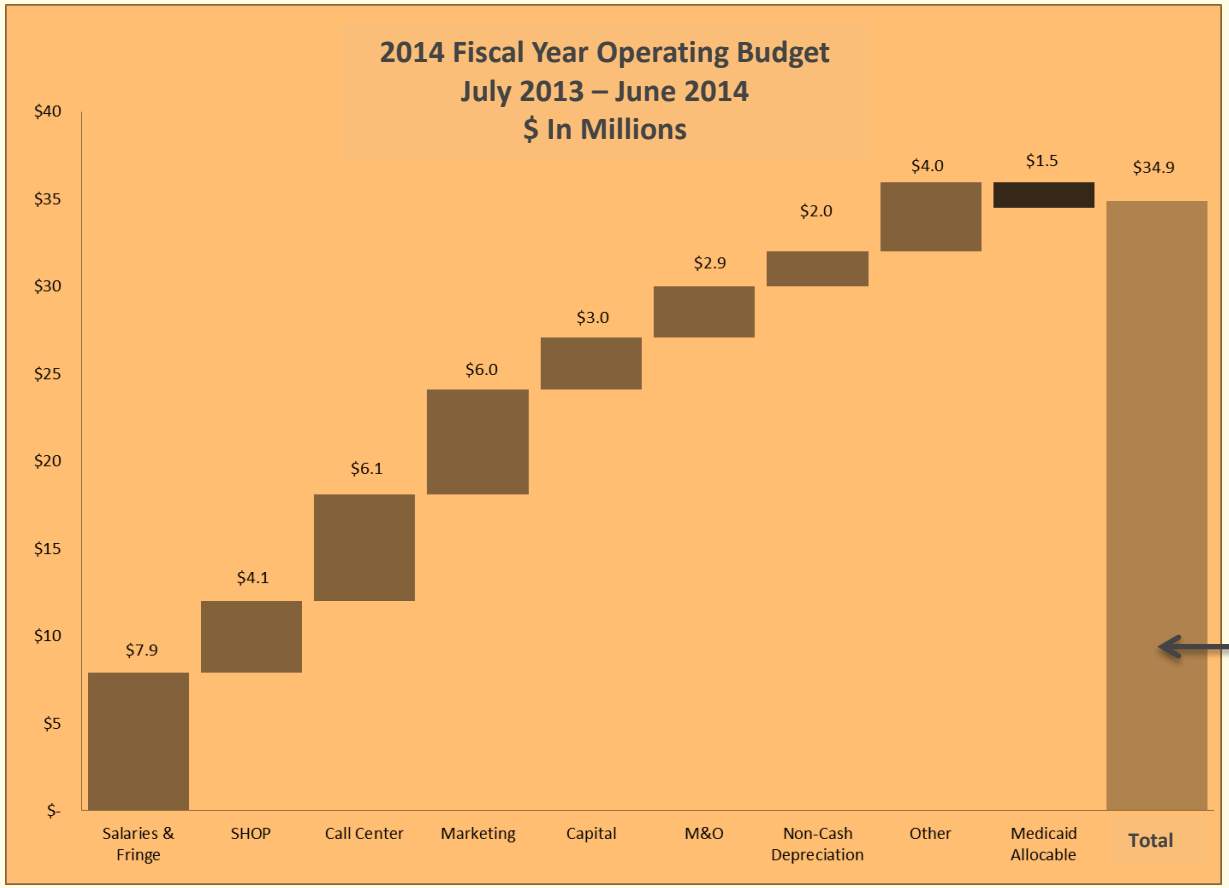
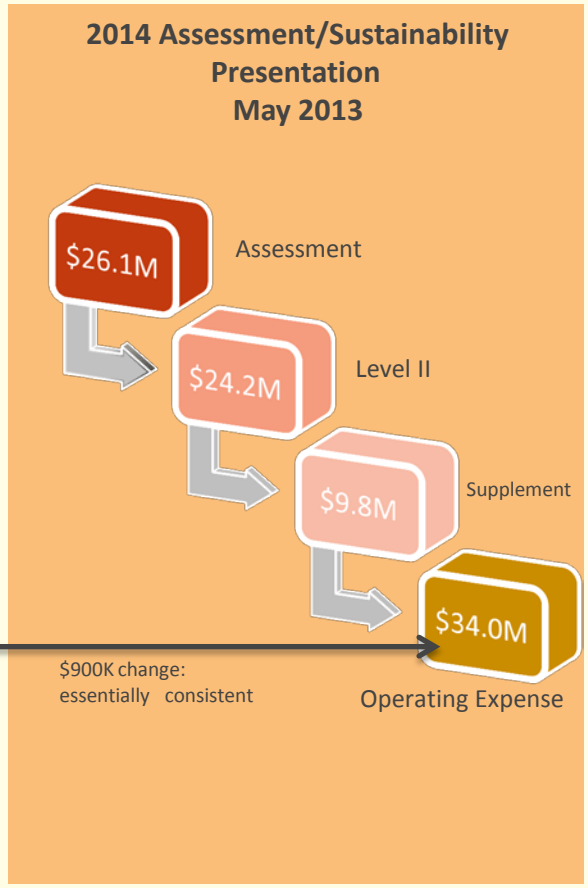
2014 Fiscal Year Budget Operating/Sustainability Comparison





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