



Connecticut's Official Health Insurance Marketplace

**2016 Fiscal Year Budget  
&  
2016 Financial  
Sustainability  
May 2015**

# 2016 Fiscal Year Budget Overview

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- Compared to 2015, the 2016 AHCT budget of \$29.7M is \$5.3M or 15.1% less than the 2015 forecast of \$35.0M. On a gross expense basis, 2016 is \$81.7M , which is \$26.9M or 24.8% less than the 2015 forecast of \$108.6M.
- The decreases result from changes geared toward moving AHCT to maturity from a “start up”, which it has been for two and a half years. Including:
  - Eliminating jobs through the use of technology
  - Reorganizing roles to have more appropriate responsibilities
  - Converting selective outside consultants to full time employees
  - More aggressive contract renewals through effective vendor management
  - The Integrated Eligibility System (IES) design, development and implementation (DDI) evolving to enhancements and problem resolution from major system DDI
- The format of the budget is new and now depicts total gross expenses, expenses funded from remaining grants, Department of Social Services (DSS) reimbursements for shared services and Medicaid DDI, arriving at AHCT expenses. The latter representing operating expenses for the year.
- AHCT expenses include \$1.0M, net for the All Payer Claim Database (APCD). No other State Based Marketplace includes its State’s APCD

# Access Health CT Budget Cycle

**FY 2014**

**Funding:**

Primarily federally funded by Level 2, Level 2 Supplemental and 2013 Level I Grants.

**Expense Structure:**

Design, Development and Implementation as well as Start Up costs.

**FY 2015**

**Funding:**

Primarily federally funding by Level 2 Supplemental, 2013 Level I and 2014 Level I Grants. Partial Marketplace Assessment revenue.

**Expense Structure:**

Design, Development and Implementation (DDI) as well as Operational costs.

**FY 2016**

**Funding:**

Primarily Marketplace Assessment revenue.

**Expense Structure:**

Operational costs with some continuing DDI that is primarily for enhancements and resolving issues.

# 2016 Fiscal Year Budget

## 2015 vs. 2016 Fiscal Year Forecast

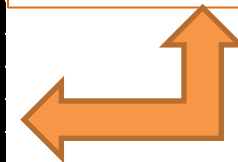
Fiscal Year 2016				
Access Health CT	Budget	Grants	DSS Reimb	AHCT
Salaries	\$ 8,256,804	\$ 259,230	\$ -	\$ 7,997,574
Fringe Benefits	\$ 2,477,041	\$ 77,769	\$ -	\$ 2,399,272
Temporary Staffing	\$ 2,974,244	\$ 713,794	\$ 1,425,253	\$ 835,198
Contractual	\$ 66,545,301	\$ 7,685,692	\$ 41,696,135	\$ 17,163,474
Equipment	\$ 33,703	\$ 14,831	\$ 4,108	\$ 14,764
Supplies	\$ 30,000	\$ -	\$ -	\$ 30,000
Travel	\$ 297,600	\$ 4,500	\$ -	\$ 293,100
Other Administrative	\$ 1,043,033	\$ 38,894	\$ 22,967	\$ 981,173
<b>Total Expense</b>	<b>\$ 81,657,727</b>	<b>\$ 8,794,709</b>	<b>\$ 43,148,463</b>	<b>\$ 29,714,555</b>

Fiscal Year 2015				
Access Health CT	Forecast	Grants	DSS Allocable	AHCT
Salaries	\$ 7,602,141	\$ 1,070,679	\$ -	\$ 6,531,462
Fringe Benefits	\$ 2,112,874	\$ 185,772	\$ -	\$ 1,927,101
Temporary Staffing	\$ 2,447,632	\$ 1,497,281	\$ 571,731	\$ 378,621
Contractual	\$ 93,835,368	\$ 13,717,098	\$ 55,051,116	\$ 25,067,154
Equipment	\$ 606,436	\$ 316,056	\$ 208,727	\$ 81,652
Supplies	\$ 31,782	\$ 3,209	\$ -	\$ 28,572
Travel	\$ 317,508	\$ 50,612	\$ 2,624	\$ 264,272
Other Administrative	\$ 1,695,042	\$ 337,632	\$ 611,413	\$ 745,997
<b>Total Expense</b>	<b>\$ 108,648,782</b>	<b>\$ 17,178,339</b>	<b>\$ 56,445,610</b>	<b>\$ 35,024,832</b>

FY15 vs. FY16 Variance				
Access Health CT	Variance	Grants	DSS Allocable	AHCT
Salaries	\$ 654,663	\$ (811,449)	\$ -	\$ 1,466,112
Fringe Benefits	\$ 364,168	\$ (108,003)	\$ -	\$ 472,171
Temporary Staffing	\$ 526,612	\$ (783,487)	\$ 853,522	\$ 456,577
Contractual	\$ (27,290,067)	\$ (6,031,407)	\$ (13,354,981)	\$ (7,903,680)
Equipment	\$ (572,732)	\$ (301,225)	\$ (204,619)	\$ (66,888)
Supplies	\$ (1,782)	\$ (3,209)	\$ -	\$ 1,428
Travel	\$ (19,908)	\$ (46,112)	\$ (2,624)	\$ 28,828
Other Administrative	\$ (652,008)	\$ (298,738)	\$ (588,446)	\$ 235,176
<b>Total Expense</b>	<b>\$ (26,991,055)</b>	<b>\$ (8,383,631)</b>	<b>\$ (13,297,147)</b>	<b>\$ (5,310,277)</b>

### Variations

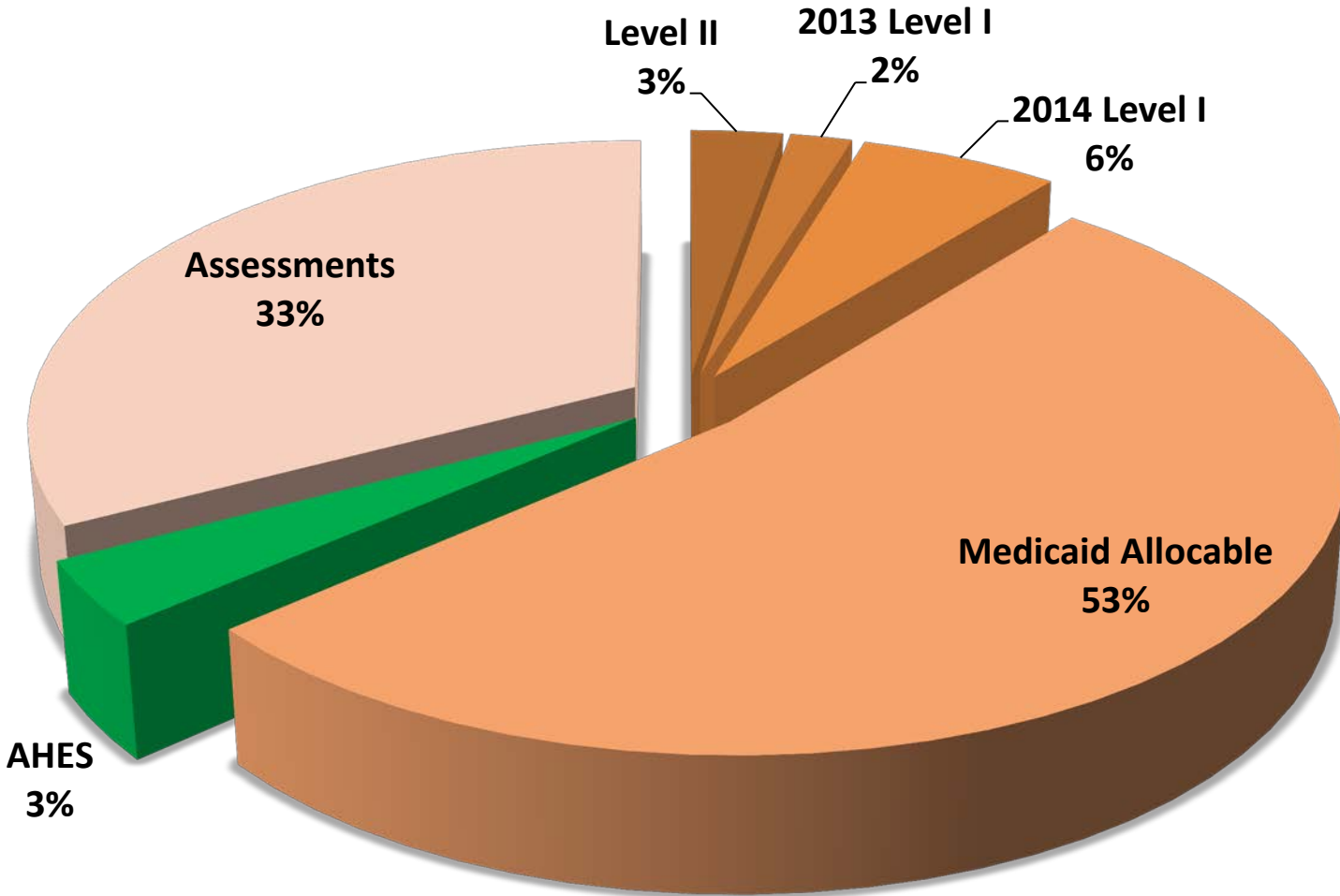
- Salary & Fringe costs increases due to workforce composition changes noted
- Temporary Staffing increases in anticipation of DDI and consultant changes
- Contractual – See page 5 for detail



# 2016 Fiscal Year Budget - Contractual

Contractual	FY15	FY16	Allocation %	DSS FY15	DSS FY16
<b>IT Allocable</b>	<b>\$ 54,392,868</b>	<b>\$ 34,844,713</b>		<b>\$ 38,357,611</b>	<b>\$ 27,519,973</b>
Consumer/Worker Portal (Old)	\$ 26,394,441	\$ 1,968,499	28.53%	\$ 7,530,334	\$ 561,613
Consumer/Worker Portal (New)	\$ 5,730,361	\$ 6,525,735	84.00%	\$ 4,813,503	\$ 5,481,617
Regulatory Compliance	\$ 5,515,708	\$ 6,281,288	84.00%	\$ 4,633,194	\$ 5,276,282
System Integration with DSS	\$ 1,134,810	\$ 1,292,322	84.00%	\$ 953,240	\$ 1,085,550
Technology Infrastructure	\$ 2,974,869	\$ 3,387,781	84.00%	\$ 2,498,890	\$ 2,845,736
Disaster Recovery	\$ -	\$ 524,325	28.53%	\$ -	\$ 149,590
BEST Staffing	\$ -	\$ 827,960	84.00%	\$ -	\$ 695,486
M&O	\$ 6,137,083	\$ 11,564,234	80.00%	\$ 4,909,667	\$ 9,251,387
Security (New)	\$ -	\$ 727,545	84.00%	\$ -	\$ 611,138
Security (Old)	\$ 437,379	\$ -	28.53%	\$ 124,784	\$ -
Testing (New)	\$ 1,233,600	\$ 462,956	84.00%	\$ 1,036,224	\$ 388,883
Testing (Old)	\$ 1,423,637	\$ -	28.53%	\$ 406,164	\$ -
Learning Mgt System	\$ -	\$ 683,616	84.00%	\$ -	\$ 574,237
Deloitte Holdback Warranty /Accrual	\$ -	\$ -	28.53%	\$ 8,040,630	\$ -
DSS Only Projects	\$ 3,410,980	\$ 598,453	100.00%	\$ 3,410,980	\$ 598,453
<b>Non-Allocable</b>	<b>\$ 18,124,822</b>	<b>\$ 13,980,385</b>		<b>\$ -</b>	<b>\$ -</b>
Accounting	\$ 80,310	\$ 75,000	0.00%	\$ -	\$ -
APCD	\$ 1,505,814	\$ 1,928,270	0.00%	\$ -	\$ -
Capital Initiatives	\$ -	\$ 3,000,000	0.00%	\$ -	\$ -
Legal	\$ 891,128	\$ 1,347,870	0.00%	\$ -	\$ -
Marketing	\$ 7,199,337	\$ 4,111,118	0.00%	\$ -	\$ -
SHOP	\$ 856,404	\$ 899,032	0.00%	\$ -	\$ -
Plan Management	\$ 848,141	\$ 1,434,744	0.00%	\$ -	\$ -
Verifications (Xerox)	\$ 4,289,883	\$ 1,000,000	0.00%	\$ -	\$ -
1095 Projects	\$ 2,013,731	\$ -	0.00%	\$ -	\$ -
Other	\$ 440,074	\$ 184,350	0.00%	\$ -	\$ -
<b>Non-IT Allocable</b>	<b>\$ 21,317,678</b>	<b>\$ 17,720,203</b>		<b>\$ 16,693,504</b>	<b>\$ 14,176,162</b>
Call Center (Old)	\$ 1,188,506	\$ -	56.00%	\$ 665,563	\$ -
Operations (Old)	\$ 314,152	\$ -	56.00%	\$ 175,925	\$ -
Call Center (New)	\$ 17,751,512	\$ 15,000,000	80.00%	\$ 14,201,210	\$ 12,000,000
Operations (New)	\$ 2,063,508	\$ 2,720,203	80.00%	\$ 1,650,806	\$ 2,176,162
<b>Grand Total</b>	<b>\$ 93,835,368</b>	<b>\$ 66,545,301</b>		<b>\$ 55,051,116</b>	<b>\$ 41,696,135</b>

# 2016 Fiscal Year Budget – Funding Sources

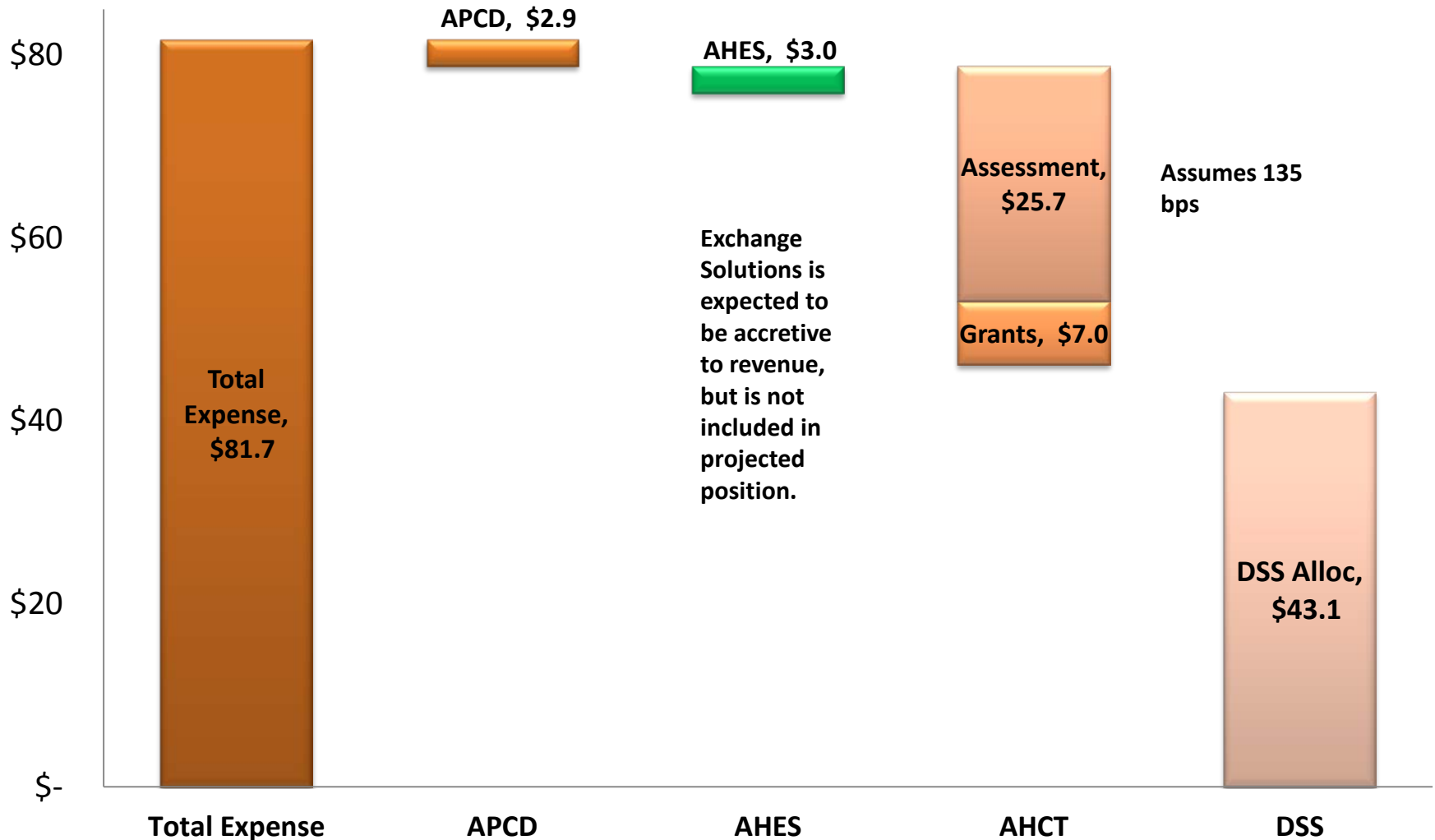


Exchange Solutions is expected to be accretive to revenue, but is not included in projected position.

**AHES**  
**3%**

# 2016 Fiscal Year Budget – Funding Sources

In \$ Millions



# 2016 Fiscal Year Budget

## FY16 Salaries & Fringe Benefits

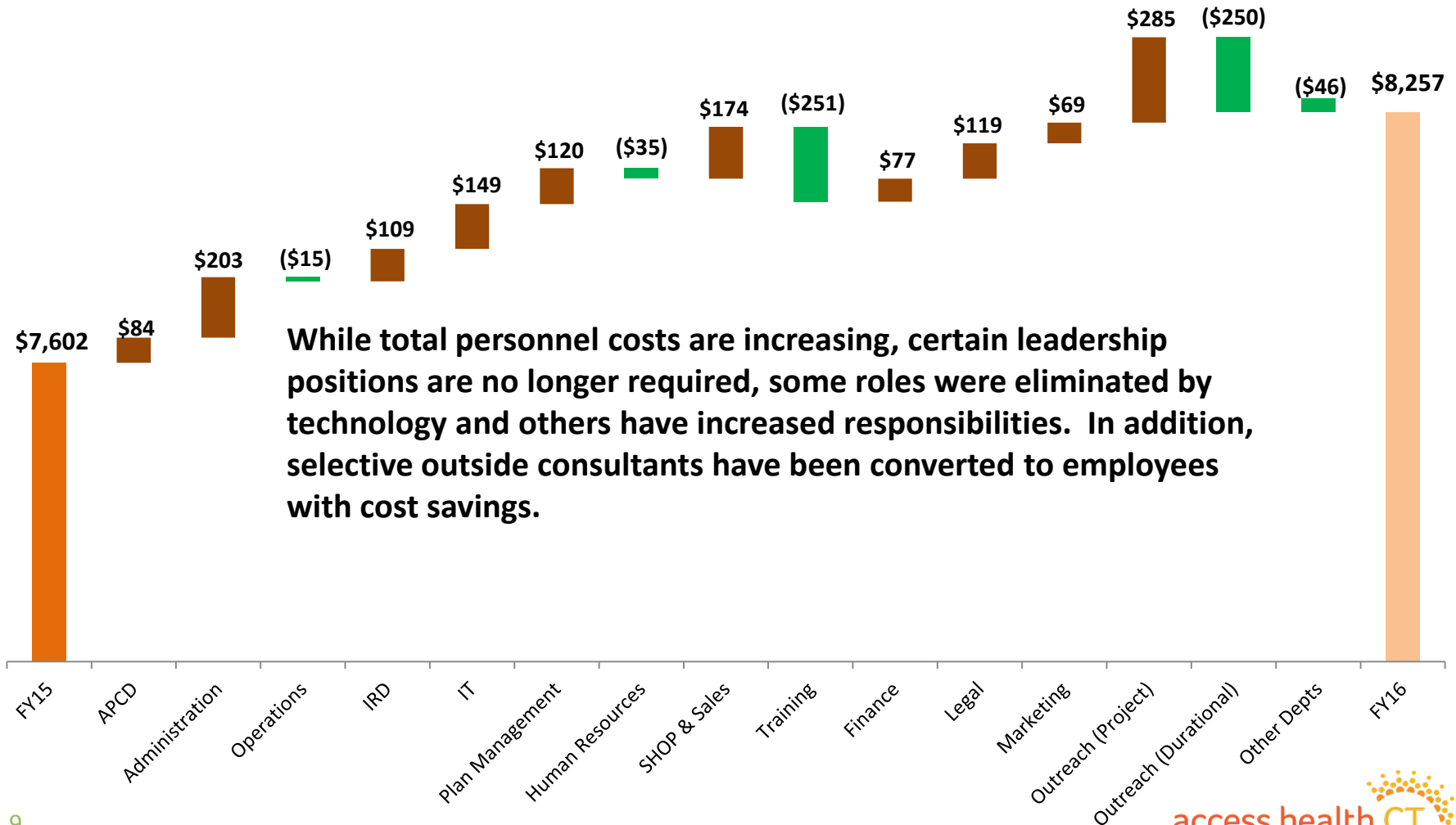
Department	FY16 Salaries	FTE
APCD	\$ 438,563	4
Administration	\$ 573,633	4
Operations	\$ 386,897	4
IRD	\$ 875,347	15
IT	\$ 697,826	7
Plan Management	\$ 656,536	7
Human Resources	\$ 307,577	4
SHOP & Sales	\$ 425,037	4
Training	\$ 332,298	4
Finance	\$ 809,401	7
Legal	\$ 742,766	7
Marketing	\$ 409,428	4
Outreach (Project)	\$ 484,740	15
Outreach (Durational)	\$ 685,000	12
Other Depts	\$ 431,756	3
<b>Grand Total</b>	<b>\$ 8,256,804</b>	<b>101</b>

**Salaries / Fringe Benefits**  
 – Salary and Fringe Benefits cost totals \$8,256,804, including \$2,477,041, a 30% benefit load. Permanent full time employees = 89.



# 2016 Fiscal Year Budget

## FY16 vs. FY15 Salary and Fringe Cost Changes



**While total personnel costs are increasing, certain leadership positions are no longer required, some roles were eliminated by technology and others have increased responsibilities. In addition, selective outside consultants have been converted to employees with cost savings.**

# 2015 Fiscal Year Forecast vs. Actuals

Through 9 months

CATEGORY	BUDGET	ACTUALS	VARIANCE	Explanations
Salaries	\$ 5,746,901	\$ 5,761,473	\$ (14,572)	Extended Outreach staff
Fringe Benefits	\$ 1,556,302	\$ 1,551,841	\$ 4,461	
Temporary Staffing	\$ 1,835,024	\$ 1,769,048	\$ 65,975	Timing of expenses
Consultants	\$ 61,208,091	\$ 60,184,978	\$ 1,023,113	Timing of expenses
Equipment	\$ 340,316	\$ 331,847	\$ 8,470	
Supplies	\$ 26,532	\$ 25,884	\$ 647	
Travel	\$ 233,058	\$ 246,742	\$ (13,684)	
Other Administrative	\$ 787,766	\$ 762,798	\$ 24,968	
<b>TOTAL EXPENSE</b>	<b>\$ 71,733,990</b>	<b>\$ 70,634,610</b>	<b>\$ 1,099,380</b>	



Connecticut's Health Insurance Marketplace

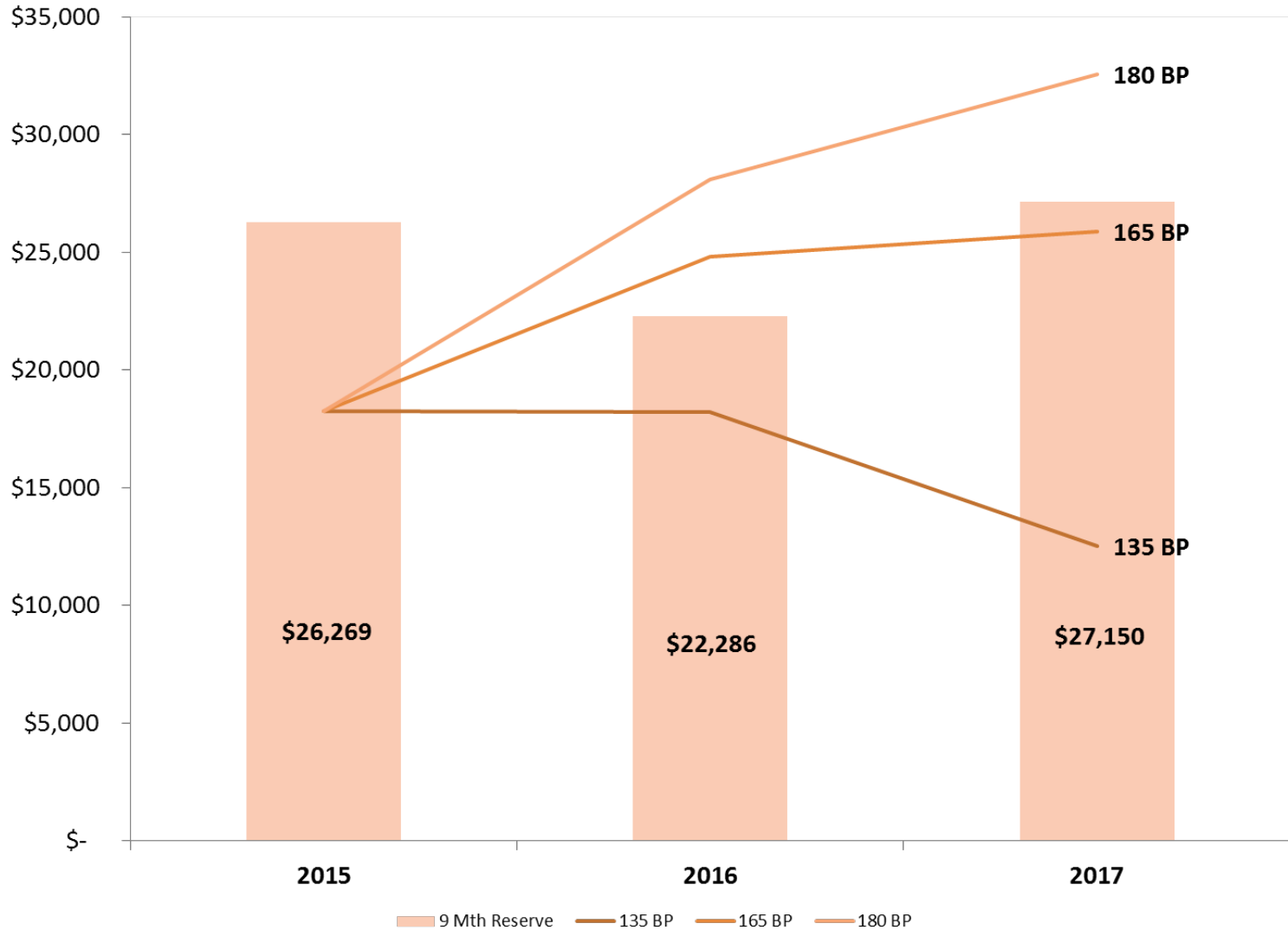
# 2016 Financial Sustainability

# 2016 Fiscal Sustainability Overview

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- The marketplace assessment was approved in 2013 and was charged for the first time in CY 2014 based on Statewide Individual, Small Group and Dental premium from 2012. This timing is used to be able to rely on the most recent officially filed data by licensed carriers in the State.
- The first assessment rate that was approved was 135 bps. This rate was pegged at providing a cash reserve of approximately 75% of AHCT's operating budget. Given that AHCT was in a "start up" mode, operating expenses varied from the assumptions. The actual reserve varies approximately from 5 to 7 months.
- The assessment rate scenarios that follow indicate an increase in the rate will be required at some point in the next two years to provide an appropriate cash reserve of approximately 9 months.

# Fiscal Year Assessment Scenarios



# Fiscal Year Assessment Scenarios (Detail)

Assessment remains at 135bps, which was set at 75% of requirement

Scenario One - 135 BP					
Premium Base Year	Marketplace Premium	Assessment Collection Year	Assessment Rate	Marketplace Assessment	Year End Reserve
2012	\$ 1,837,564	2014	0.0135	\$ 24,807	\$ 24,359
2013	\$ 2,141,986	2015	0.0135	\$ 28,917	\$ 18,251
2014	\$ 2,198,235	2016	0.0135	\$ 29,676	\$ 18,213
2015	\$ 2,259,147	2017	0.0135	\$ 30,498	\$ 12,511

Increase Assessment to 165bps; reserve approaches 9 months

Scenario Two - 165 BP					
Premium Base Year	Marketplace Premium	Assessment Collection Year	Assessment Rate	Marketplace Assessment	Year End Reserve
2012	\$ 1,837,564	2014	0.0135	\$ 24,807	\$ 24,359
2013	\$ 2,141,986	2015	0.0135	\$ 28,917	\$ 18,251
2014	\$ 2,198,235	2016	0.0165	\$ 36,271	\$ 24,807
2015	\$ 2,259,147	2017	0.0165	\$ 37,276	\$ 25,883

Increase Assessment to 180bps; which is 100% of requirement and ensures a 9 month reserve

Scenario Three - 180 BP					
Premium Base Year	Marketplace Premium	Assessment Collection Year	Assessment Rate	Marketplace Assessment	Year End Reserve
2012	\$ 1,837,564	2014	0.0135	\$ 24,807	\$ 24,359
2013	\$ 2,141,986	2015	0.0135	\$ 28,917	\$ 18,251
2014	\$ 2,198,235	2016	0.0180	\$ 39,568	\$ 28,105
2015	\$ 2,259,147	2017	0.0180	\$ 40,665	\$ 32,569