

**2017 Fiscal Year Budget
&
2017 Financial
Sustainability
May 2016**

2017 Fiscal Year Budget Overview

- Compared to 2016, the 2017 AHCT budget of \$34.6M is \$2.0M or 6.1% more than the 2016 forecast of \$32.6M. On a gross expense basis, 2017 is \$66.4M, which is \$12M or 15.3% less than the 2016 forecast of \$78.4M.
- The increase in the AHCT budget relates to the culmination of Federal grant funding and start-up for the new call center. Offsetting the increase is the continued maturation of the Integrated Eligibility System (IES) resulting in less design, development and implementation (DDI) activity.
- The AHCT budget includes costs for the All Payer Claim Database (APCD) for both operations and DDI. A delay and shift in the DDI schedule results in 2017 AHCT expenses that otherwise would have been funded by Federal grants that have now culminated.
- The decrease in gross expense relates to a reduction in DDI activity overall and directly billing DDI to both AHCT and the Department of Social Services (DSS) for their specific DDI activity. Previously, AHCT was billed and then shared costs with DSS.

Access Health CT Budget Cycle

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 with federal funding by Level 2 Supplemental, 2013 Level I and 2014 Level I Grants.

Expense Structure:

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

FY 2017

Funding:

Primarily Marketplace Assessment revenue with federal funding by 2014 Level I Grant.

Expense Structure:

Operational costs with limited DDI that is primarily enhancements.

2017 Fiscal Year Budget 2017 vs. 2016 Fiscal Year Forecast

Fiscal Year 2017

Access Health CT	Budget	DSS Reimb	Grant	AHCT
Salaries	\$ 8,065,818	\$ -	\$ -	\$ 8,065,818
Fringe Benefits	\$ 2,419,745	\$ -	\$ -	\$ 2,419,745
Temporary Staffing	\$ 2,021,349	\$ 1,585,079	\$ -	\$ 436,270
Contractual	\$ 38,865,708	\$ 18,082,305	\$ 2,054,556	\$ 18,728,847
Equipment and Maintenance	\$ 13,803,144	\$ 10,064,566	\$ -	\$ 3,738,578
Supplies	\$ 31,550	\$ -	\$ -	\$ 31,550
Travel	\$ 118,500	\$ -	\$ -	\$ 118,500
Other Administrative	\$ 1,061,813	\$ -	\$ -	\$ 1,061,813
Total Expense	\$ 66,387,627	\$ 29,731,950	\$ 2,054,556	\$ 34,601,121

Fiscal Year 2016

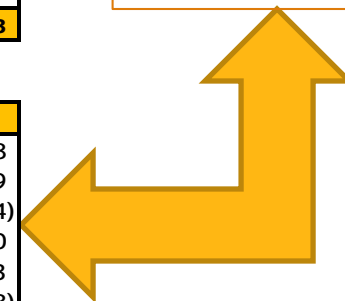
Access Health CT	Forecast	DSS Reimb	Grant	AHCT
Salaries	\$ 7,180,710	\$ -	\$ (168,050)	\$ 7,348,760
Fringe Benefits	\$ 2,154,213	\$ -	\$ 24,526	\$ 2,129,687
Temporary Staffing	\$ 3,246,287	\$ 1,783,286	\$ 320,617	\$ 1,142,384
Contractual	\$ 52,814,746	\$ 26,717,644	\$ 8,661,585	\$ 17,435,517
Equipment and Maintenance	\$ 11,550,356	\$ 8,535,570	\$ (83,120)	\$ 3,097,905
Supplies	\$ 38,252	\$ -	\$ (6)	\$ 38,258
Travel	\$ 252,715	\$ -	\$ (5,590)	\$ 258,304
Other Administrative	\$ 1,202,628	\$ -	\$ 29,400	\$ 1,173,227
Total Expense	\$ 78,439,906	\$ 37,036,500	\$ 8,779,364	\$ 32,624,043

FY17 v FY16 Variance

Access Health CT	Variance	DSS Reimb	Grant	AHCT
Salaries	\$ 885,107	\$ -	\$ 168,050	\$ 717,058
Fringe Benefits	\$ 265,532	\$ -	\$ (24,526)	\$ 290,059
Temporary Staffing	\$ (1,224,938)	\$ (198,207)	\$ (320,617)	\$ (706,114)
Contractual	\$ (13,949,038)	\$ (8,635,339)	\$ (6,607,030)	\$ 1,293,330
Equipment and Maintenance	\$ 2,252,788	\$ 1,528,996	\$ 83,120	\$ 640,673
Supplies	\$ (6,702)	\$ -	\$ 6	\$ (6,708)
Travel	\$ (134,215)	\$ -	\$ 5,590	\$ (139,804)
Other Administrative	\$ (140,815)	\$ -	\$ (29,400)	\$ (111,415)
Total Expense	\$ (12,052,280)	\$ (7,304,550)	\$ (6,724,808)	\$ 1,977,078

Variations

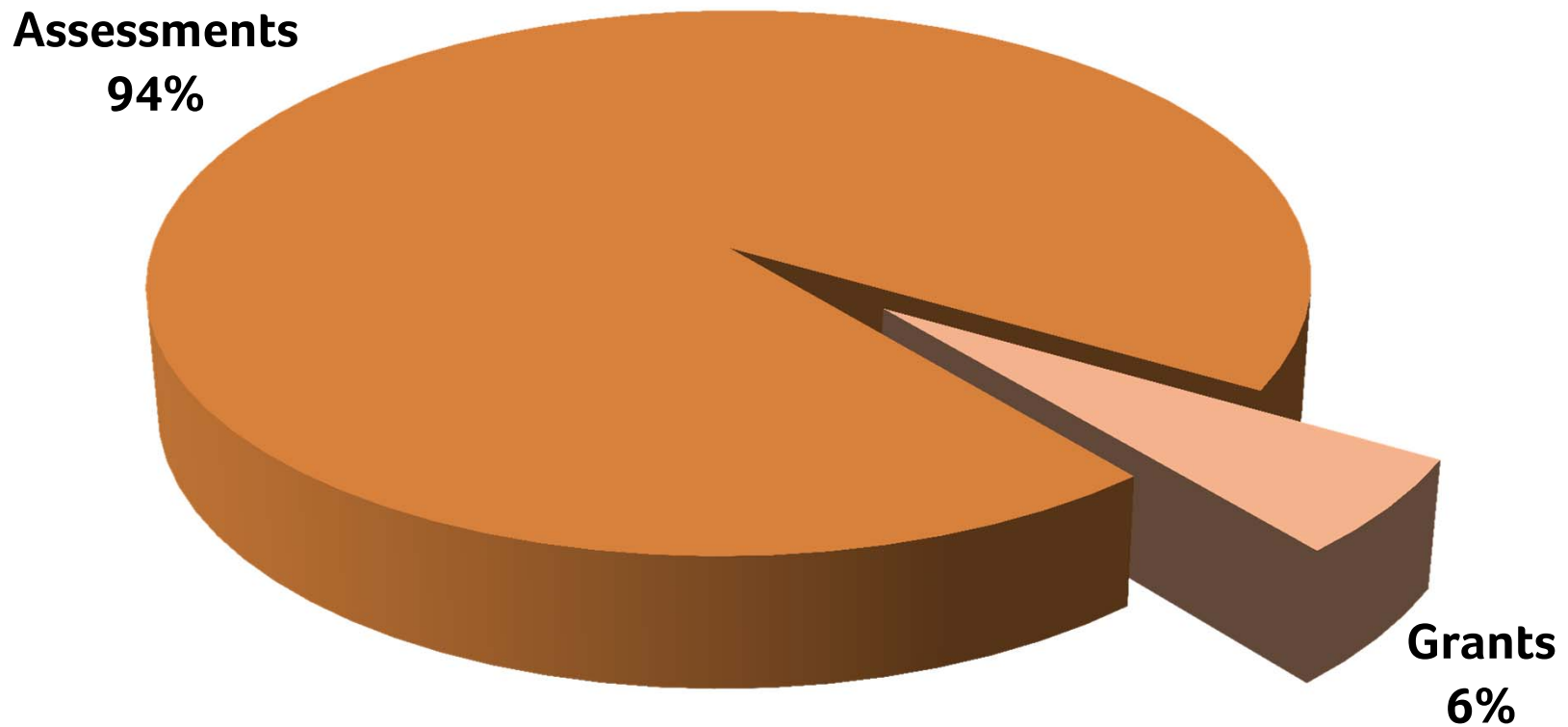
- Salary & Fringe costs increases due to conversion of Temp Staff to permanent and timing of hiring FY16 positions.
- Temporary Staffing, Contractual, and Equipment and Maintenance – See page 5 for detail



2017 Fiscal Year Budget Analysis of Shared Costs with DSS

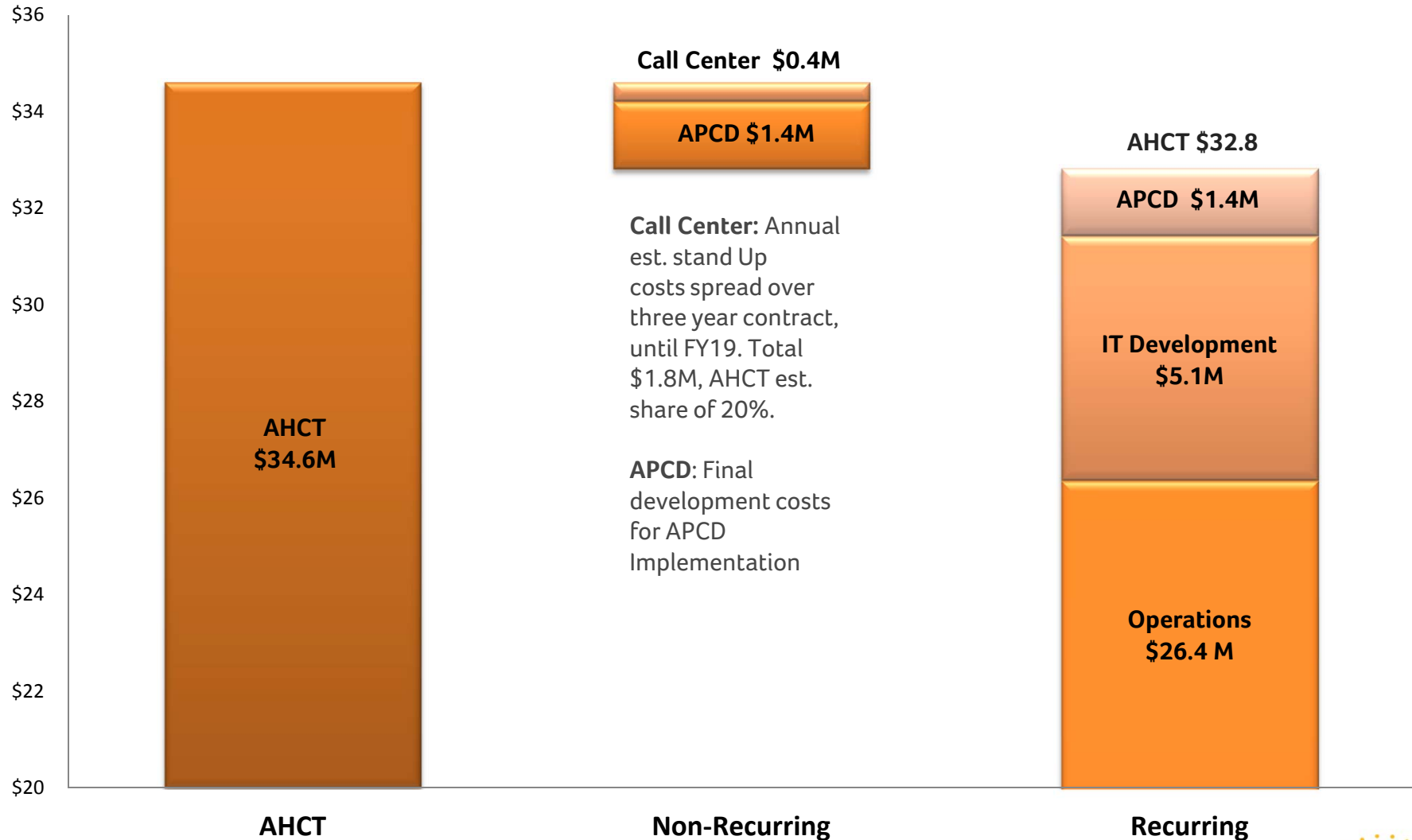
DSS Allocable Breakout	Q3, FY16 RFCST	FY17 Budget	Variance	Allocation %	Q3, FY16 RFCST	FY17 Budget	Variance
IT Allocable	\$ 8,459,815	\$ 706,072	\$ 7,753,743		\$ 4,586,091	\$ 593,100	\$ 3,992,990
Development (Old)	\$ 4,621,429	\$ -	\$ 4,621,429	28.53%	\$ 1,318,494	\$ -	\$ 1,318,494
Development (New)	\$ 539,538	\$ 200,000	\$ 339,538	84.00%	\$ 453,212	\$ 168,000	\$ 285,212
Security (Old)	\$ 175,000	\$ -	\$ 175,000	28.53%	\$ 49,928	\$ -	\$ 49,928
Security (M&O)	\$ 481,853	\$ -	\$ 481,853	80.00%	\$ 385,482	\$ -	\$ 385,482
Testing	\$ 1,643,872	\$ 506,072	\$ 1,137,800	84.00%	\$ 1,380,852	\$ 425,100	\$ 955,752
DSS Only Projects	\$ 998,123	\$ -	\$ 998,123	100.00%	\$ 998,123	\$ -	\$ 998,123
Non-Allocable	\$ 16,690,490	\$ 16,299,130	\$ 391,360		\$ -	\$ -	\$ -
Accounting	\$ 132,000	\$ 80,000	\$ 52,000	0.00%	\$ -	\$ -	\$ -
APCD	\$ 1,325,272	\$ 1,410,330	\$ (85,058)	0.00%	\$ -	\$ -	\$ -
Legal	\$ 1,066,343	\$ 635,800	\$ 430,543	0.00%	\$ -	\$ -	\$ -
Marketing	\$ 4,432,993	\$ 4,686,700	\$ (253,707)	0.00%	\$ -	\$ -	\$ -
SHOP	\$ 643,774	\$ 543,000	\$ 100,774	0.00%	\$ -	\$ -	\$ -
Plan Management	\$ 422,992	\$ 340,000	\$ 82,992	0.00%	\$ -	\$ -	\$ -
Verifications (Xerox)	\$ 2,500,000	\$ 1,500,000	\$ 1,000,000	0.00%	\$ -	\$ -	\$ -
IT Development	\$ 5,847,960	\$ 7,000,000	\$ (1,152,040)	0.00%	\$ -	\$ -	\$ -
1095 Projects	\$ 67,010	\$ 75,000	\$ (7,990)	0.00%	\$ -	\$ -	\$ -
Other	\$ 252,146	\$ 28,300	\$ 223,846	0.00%	\$ -	\$ -	\$ -
Non-IT Allocable	\$ 27,664,442	\$ 21,861,506	\$ 5,802,936		\$ 22,131,553	\$ 17,489,205	\$ 4,642,348
Call Center Operations	\$ 23,978,360	\$ 18,761,506	\$ 5,216,854	80.00%	\$ 19,182,688	\$ 15,009,205	\$ 4,173,483
	\$ 3,686,082	\$ 3,100,000	\$ 586,082	80.00%	\$ 2,948,866	\$ 2,480,000	\$ 468,866
Contractual	\$ 52,814,746	\$ 38,866,708	\$ 13,948,038		\$ 26,717,644	\$ 18,082,305	\$ 8,635,339
BEST Staffing (DDI Old)	\$ 196,072	\$ -	\$ 196,072	28.53%	\$ 55,939	\$ -	\$ 55,939
BEST Staffing (DDI New)	\$ 749,598	\$ -	\$ 749,598	84.00%	\$ 629,662	\$ -	\$ 629,662
BEST Staffing (M&O)	\$ 1,108,967	\$ 1,682,002	\$ (573,035)	80.00%	\$ 887,174	\$ 1,345,602	\$ (458,428)
AHCT Staffing (DDI New)	\$ 106,600	\$ -	\$ 106,600	84.00%	\$ 89,544	\$ -	\$ 89,544
AHCT Staffing (M&O)	\$ 151,208	\$ 299,347	\$ (148,139)	80.00%	\$ 120,966	\$ 239,477	\$ (118,511)
AHCT Staffing	\$ 933,842	\$ 40,000	\$ 893,842	0.00%	\$ -	\$ -	\$ -
Temporary Staffing	\$ 3,246,287	\$ 2,021,349	\$ 1,224,938		\$ 1,783,286	\$ 1,585,079	\$ 198,207
Dev (LMS, Contact Center etc.)	\$ 147,440	\$ -	\$ 147,440	84.00%	\$ 123,849	\$ -	\$ 123,849
M&O (Old)	\$ (361,690)	\$ -	\$ (361,690)	56.00%	\$ (202,546)	\$ -	\$ (202,546)
M&O (New)	\$ 10,767,834	\$ 5,143,207	\$ 5,624,627	80.00%	\$ 8,614,267	\$ 4,114,566	\$ 4,499,701
M&O (New FY17)	\$ -	\$ 7,000,000	\$ (7,000,000)	85.00%	\$ -	\$ 5,950,000	\$ (5,950,000)
M&O (APCD, Equipment etc.)	\$ 996,772	\$ 1,658,937	\$ (662,165)		\$ -	\$ -	\$ -
Equipment & Maintenance	\$ 11,550,356	\$ 13,802,144	\$ (2,251,788)		\$ 8,535,570	\$ 10,064,566	\$ (1,528,996)
GRAND TOTAL	\$ 67,611,389	\$ 54,690,201	\$ 12,921,188		\$ 37,036,500	\$ 29,731,950	\$ 7,304,550

AHCT 2017 Fiscal Year Budget – Funding Sources



AHCT has one remaining grant that culminates on December 15, 2016.

AHCT 2017 Fiscal Year Budget – Total vs Recurring



2017 Fiscal Year Budget

FY17 Salaries

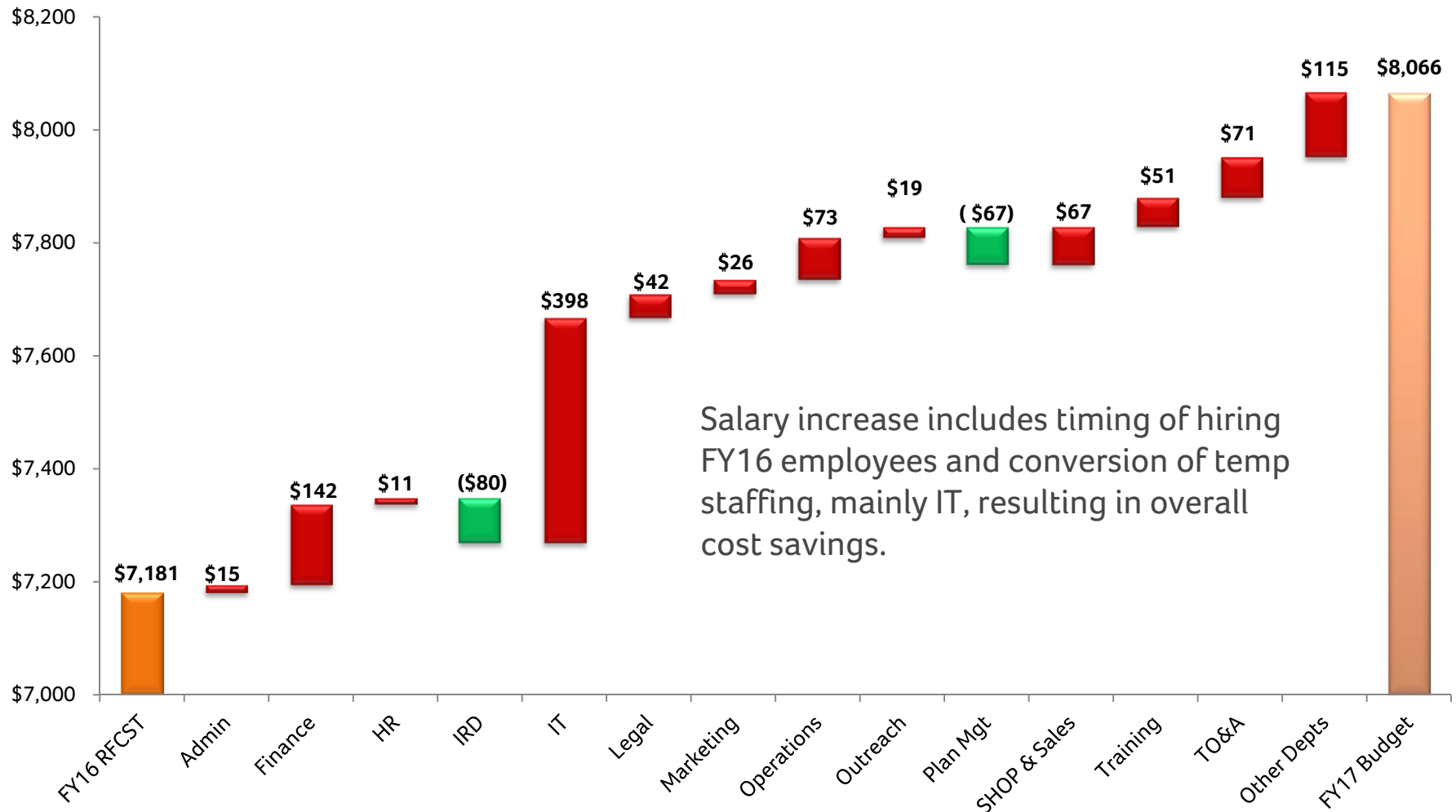
Department	Salaries	FTE
Administration	\$ 542,813	4
Finance	\$ 957,735	10
HR	\$ 310,307	4
IRD	\$ 920,547	16
IT	\$ 993,574	10
Legal	\$ 641,039	8
Marketing	\$ 380,287	4
Operations	\$ 673,651	10
Outreach	\$ 443,103	9
Plan Management	\$ 392,937	4
SHOP & Sales	\$ 464,836	5
Training	\$ 379,783	5
TO&A	\$ 313,245	4
Other Depts	\$ 651,961	5
Grand Total	\$ 8,065,818	100

Salary of \$8M excludes a 30% benefits load.

FTEs include:

- 88 Permanent employees
- 30 Durational employees (12 FTEs)

2017 Fiscal Year Budget FY16 vs. FY17 Salaries



2017 Fiscal Year Budget Risks and Opportunities

- Risks and opportunities to the AHCT 2017 budget include
 - Risks
 - Transition and start-up of new call center vendor
 - System maintenance & operations (M&O) contract in process
 - Expanding mobile app to Medicaid
 - Cost sharing with DSS
 - Insurance renewal costs
 - Opportunities
 - New call center
 - Cost sharing with DSS
 - M&O contract
 - Business Process Outsourcing (BPO)

Under Construction

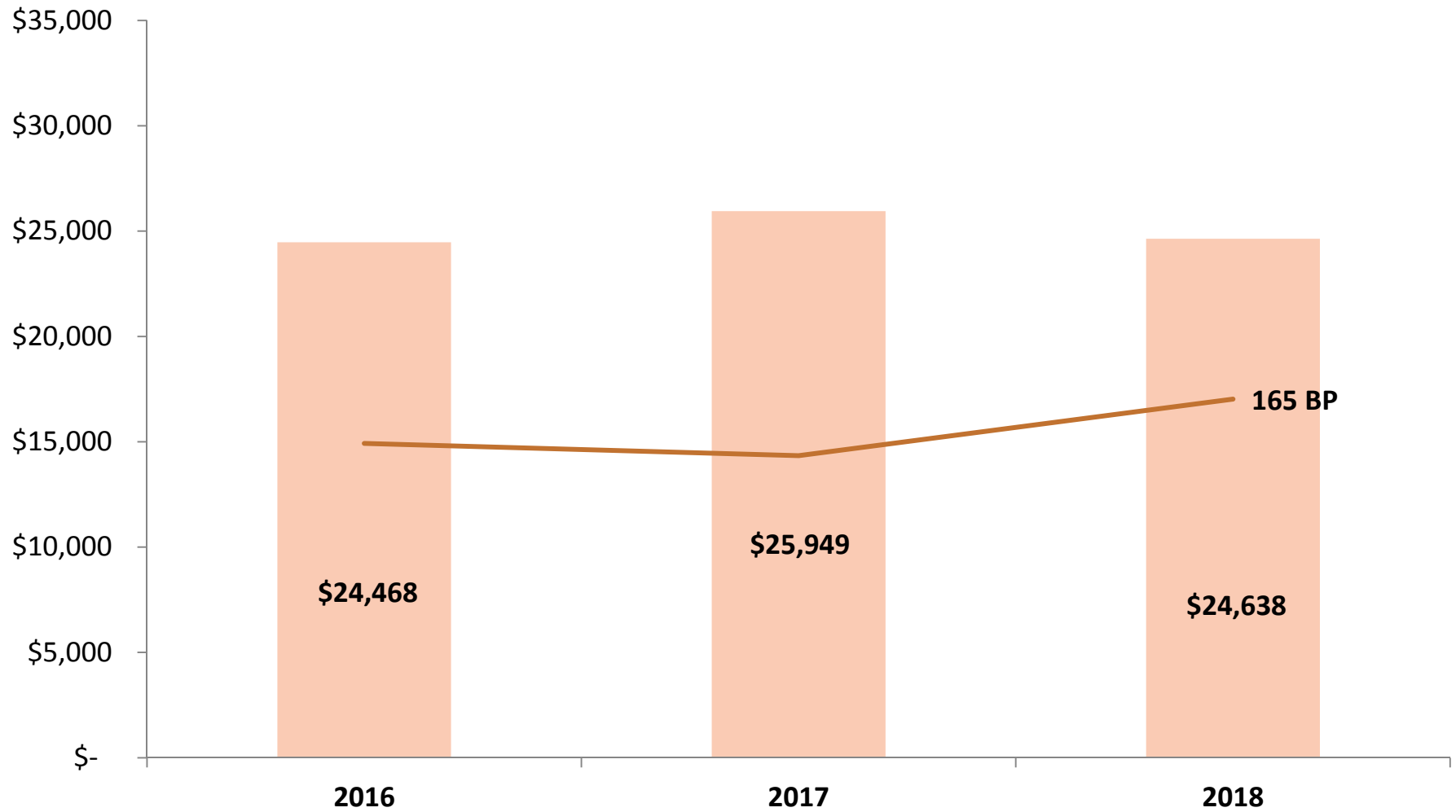
As part of the 2017 budget process, the third quarter reforecast of FY 2016 was completed. The 2016 Q3 forecast of \$32.6M is \$2.3M less than the 2016 Q2 forecast of \$34.9M. The decrease relates to a reduction in design, development and implementation (DDI) activity for the Integrated Eligibility System.

2017 Financial Sustainability

2017 Fiscal Sustainability Overview

- 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.
- 2017 will be the fourth year of the marketplace assessment. The actual assessment will be calculated on CY 2015 premium. This timing is used to be able to rely on the most recent officially filed data by licensed carriers in the State.
- In 2015, the Board of Directors approved a marketplace assessment rate of 165 bps for two calendar years, 2016 and 2017.
- The analysis that follows displays the historical results of the marketplace assessments since inception and an estimated projection of 2017 assessments at 165 bps. Based on this a cash reserve of approximately 5 months is anticipated.

Fiscal Year Assessments



Fiscal Year Assessment – Historical and Projection

165 BP in 2016 and 2017						
Premium Base Year	Marketplace Premium	Assessment Collection Year	Assessment Rate	Calendar Year Marketplace Assessment	Fiscal Year Marketplace Assessment	Year End Reserve
2012	\$ 1,846,453	2014-15	0.0135	\$ 24,927	\$ 12,464	\$ 24,479
2013	\$ 2,141,986	2015-16	0.0135	\$ 28,917	\$ 26,922	\$ 16,376
2014	\$ 2,025,492	2016-17	0.0165	\$ 33,421	\$ 31,169	\$ 14,921
2015	\$ 2,098,035	2017-18	0.0165	\$ 34,618	\$ 34,019	\$ 14,341
2016	\$ 2,208,813	2018-19	0.0165	\$ 36,445	\$ 35,531	\$ 17,022

Assessment is calculated on calendar year basis and remains at 165bps, which was set at 75% of requirement