

**2019 Proposed Fiscal Year Operating Budget
&
Capital Improvements**

May 2018



Budget Summaries

FY19 Proposed Operating Budget				
	FY18 Q2 Budget	FY19 Budget	Variance	%
AHCT	\$ 32,281,868	\$ 32,102,189	\$ (179,679)	-0.6%
DSS Shared Cost	\$ 21,449,548	\$ 22,089,203	\$ 639,655	3.0%
Gross Expenses	\$ 53,731,415	\$ 54,191,392	\$ 459,977	0.9%

FY19 Proposed Capital Improvement Plan				
	FY18 Q2 Budget	FY19 Budget	Variance	%
AHCT	\$ -	\$ 2,342,503	\$ 2,342,503	100.0%
DSS Shared Cost	\$ -	\$ 4,370,012	\$ 4,370,012	100.0%
Gross Expenses	\$ -	\$ 6,712,515	\$ 6,712,515	100.0%

In addition:

- Going through Request For Proposal (RFP) for Audit Services. New Audit Firm to be selected by June 18, 2018.

2019 Proposed Fiscal Year Budget

FY18 Budget vs. FY19 Budget

	FY18 Q2 FINAL BUDGET	PROPOSED CHANGES	FY19 PROPOSED BUDGET
Revenue			
Marketplace Assessments	\$ 30,909,440	\$ 1,023,774	\$ 31,933,214
Interest Income	\$ 107,418	\$ 61,557	\$ 168,975
Total Revenue	\$ 31,016,858	\$ 1,085,331	\$ 32,102,189
Budgeted Expenses			
Salaries	\$ 7,212,836	\$ 296,476	\$ 7,509,312
Fringe Benefits	\$ 2,528,057	\$ 119,357	\$ 2,647,414
Temporary Staffing	\$ 628,677	\$ 933	\$ 629,610
Contractual	\$ 16,047,362	\$ 606,429	\$ 16,653,791
Equipment and Maintenance	\$ 3,661,169	\$ (1,126,285)	\$ 2,534,885
IT Development	\$ 809,900	\$ 37,470	\$ 847,370
Supplies	\$ 25,472	\$ (7,554)	\$ 17,918
Travel	\$ 128,689	\$ (27,949)	\$ 100,740
Other Administrative	\$ 1,239,707	\$ (78,557)	\$ 1,161,150
Total Operating Expenses	\$ 32,281,868	\$ (179,679)	\$ 32,102,189
Costs Shared with DSS	\$ 21,449,548	\$ 639,655	\$ 22,089,203
AHCT and DSS Total Expenses	\$ 53,731,416	\$ 459,976	\$ 54,191,392

Variations

- Salaries: 3% proposed increase
- Fringe Benefits: increase in health and dental cost insurance
- Contractual: Increase in contractual to fund CIP Projects
- Equipment and Maintenance: \$1M APCD transfers to Office of Health Strategy
- Supplies: Reduction in supplies/paper purchases
- Travel: Less travel due to outsourcing of outreach
- Other Admin: Printing and copying moved to contractual

2019 Proposed Fiscal Year Budget Analysis of Shared Costs with DSS

	GROSS EXPENSE			DSS ALLOCABLE		
	FY18 Q2 Final BUDGET	CHANGES	FY19 BUDGET	FY18 Q2 Final BUDGET	CHANGES	FY19 BUDGET
BEST Staffing	\$ 1,485,871	\$ 251,910	\$ 1,737,781	\$ 1,188,697	\$ 201,528	\$ 1,390,224
Temporary Staffing	\$ 1,485,871	\$ 251,910	\$ 1,737,781	\$ 1,188,697	\$ 201,528	\$ 1,390,224
IT Development (84%)	\$ 769,963	\$ (43,113)	\$ 726,850	\$ 646,769	\$ (36,215)	\$ 610,554
Hosting & Enhancements	\$ 397,013	\$ (397,013)	\$ -	\$ 317,610	\$ (317,610)	\$ -
Security	\$ 854,366	\$ 309,674	\$ 1,164,041	\$ 683,493	\$ 247,740	\$ 931,233
Testing	\$ 1,068,800	\$ (14,302)	\$ 1,054,498	\$ 855,040	\$ (11,442)	\$ 843,598
DSS Only Projects (100%)	\$ 781,217	\$ 18,783	\$ 800,000	\$ 781,217	\$ 18,783	\$ 800,000
IT Maintenance	\$ 3,768,558	\$ 184,775	\$ 3,953,333	\$ 3,014,846	\$ 147,820	\$ 3,162,666
Development	\$ 7,639,916	\$ (125,970)	\$ 3,745,388	\$ 6,298,975	\$ 49,076	\$ 6,348,051
Call Center (70%)	\$ 16,238,366	\$ 247,540	\$ 16,485,906	\$ 11,366,856	\$ 173,278	\$ 11,540,134
Call Center (80%)	\$ 448,775	\$ 0	\$ 448,775	\$ 359,020	\$ 0	\$ 359,020
Operations	\$ 2,795,000	\$ 269,718	\$ 3,064,718	\$ 2,236,000	\$ 215,774	\$ 2,451,774
Maintenance & Operations	\$ 19,482,141	\$ 517,257	\$ 19,999,398	\$ 13,961,876	\$ 389,052	\$ 14,350,928
GRAND TOTAL	\$ 28,607,928	\$ 643,196	\$ 25,482,567	\$ 21,449,548	\$ 639,655	\$ 22,089,203
CIP Projects (80%)	\$ -	\$ -	\$ 5,462,515	\$ -	\$ 4,370,012	\$ 4,370,012

2019 Proposed Capital Improvement Budget - Reserves

Capital Improvement Plan Budget - Reserves						
Project Number	Project Name	Funding Source	DSS Allocation	AHCT FY19	DSS FY19	TOTAL
2019.001	Technology refresh, move to open source from IBM products (WAS AND DB2)	Reserves	M&O New (80%)	\$ 320,000	\$ 1,280,000	\$ 1,600,000
2019.002	Technology Refresh move to user friendly Notices Engine and convert existing Notices to new technology	Reserves	M&O New (80%)	\$ 400,000	\$ 1,600,000	\$ 2,000,000
2019.003	Verify Lawful Presence (VLP) Step 1,2 and 3	Reserves	M&O New (80%)	\$ 372,503	\$ 1,490,012	\$ 1,862,515
2019.004	Deliver new Policy Based Payment (PBP) and reconciliation solution	Reserves	None	\$ 750,000	\$ -	\$ 750,000
2019.005	Implement general improvements to existing EDI process	Reserves	None	\$ 500,000	\$ -	\$ 500,000
Total Reserves Used				\$ 2,342,503	\$ 4,370,012	\$ 6,712,515

Notes

- \$2.3M of Capital Improvements will be funded using reserves.

2019 Proposed Capital Improvement Budget - Operating Budget

Capital Improvement Plan Budget - Operating Fund					
Project Number	Project Name	Funding Source	DSS Allocation	AHCT FY19	DSS FY19
2019.006	Streamline Consumer Decision Support (CDS) Tools	Operating Budget	None	\$ 150,000	\$ -
2019.007	Greater system intergration between AHCT & Carriers - Carrier Issue Resolution	Operating Budget	None	\$ 100,000	\$ -
2019.008	VCL Process Redesign + Improve Interface with FDSH to mitigate failures and errors.	Operating Budget	None	\$ 50,000	\$ -
2019.009	VCL/FDSH process/validation, review and cleanup	Operating Budget	None	\$ 350,000	\$ -
2019.010	100% Self Service	Operating Budget	None	\$ 50,000	\$ -
2019.011	Establish customer product satisfaction baseline	Operating Budget	None	\$ 30,000	\$ -
2019.012	Engineer Level 2 API Data Transactions between CRM and HIX	Operating Budget	None	\$ 75,000	\$ -
2019.013	Revamp entire monthly reconciliation process with carriers to facilitate more automated comparisons and alerts.	Operating Budget	None	\$ 30,000	\$ -
2019.014	Include provider directory integration into plan selection	Operating Budget	None	\$ 300,000	\$ -
2019.015	Develop and implement an AHCT Appeals Unit to hear eligibility appeals for QHP consumers. Currently handled through joint unit at DSS.	Operating Budget	None	\$ 75,000	\$ -
2019.016	Measuring Marketing Efforts	Operating Budget	None	\$ 65,000	\$ -
2019.017	SHOP Phase II Re-Branding	Operating Budget	None	\$ 500,000	\$ -
2019.018	Plan Management Portal (Platform Enhacemetns)	Operating Budget	None	\$ 160,000	\$ -
2019.019	Subsidiary Start-Up	Operating Budget	None	\$ 200,000	\$ -
Total				\$ 2,135,000	\$ -

5 Year Proposed Capital Improvement Budget

Capital Improvement 5 Year Plan Budget						
Project Number	Project Name	FY19	FY20	FY21	FY22	FY23
2019.001	Technology refresh, move to open source from IBM products (WAS AND DB2)	\$ 1,600,000		\$ -	\$ -	\$ -
2019.002	Technology Refresh move to user friendly Notices Engine and convert existing Notices to new technology	\$ 2,000,000		\$ -	\$ -	\$ -
2019.003	Verify Lawful Presence (VLP) Step 1,2 and 3	\$ 1,862,515		\$ -	\$ -	\$ -
2019.004	Deliver new Policy Based Payment (PBP) and reconciliation solution	\$ 750,000	\$ -	\$ -	\$ -	\$ -
2019.005	Implement general improvements to existing EDI process	\$ 500,000	\$ -	\$ -	\$ -	\$ -
2020.001	Improve awareness of plan benefits and perceived value		\$ 330,000	\$ 330,000	\$ 330,000	\$ 330,000
2020.002	Brand awareness and loyalty: promote new product offerings.		\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
2021.001	System enhancements/technology upgrades		\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
2021.002	Expansion of year round in-person help			\$ 200,000	\$ 250,000	\$ 300,000
2021.003	Provide certified tax advisors to consumers			\$ 100,000	\$ 100,000	\$ 100,000
2022.002	Provide concierge service such as making appointments and transportation arrangements for appointments				\$ 100,000	\$ 100,000
Total		\$ 6,712,515	\$ 1,830,000	\$ 2,130,000	\$ 2,280,000	\$ 2,330,000

2019 Fiscal Year Projected Cash Flow

PROJECTED FY19 CASH FLOWS STATEMENT	
PROJECTED THROUGH JUNE 2019	
Beginning Cash Balance	\$ 20,503,190
Assessment	\$ 31,933,214
DSS Shared Cost Recovery	\$ 22,076,810
Other	\$ 174,962
Total Cash Receipts	\$ 54,184,986
Total Cash Payments	\$ 56,302,333
Cash Flow Surplus/Deficit (-)	\$ (2,117,347)
Ending Cash Balance	\$ 18,385,843

Variations

- \$2.3M of cash reserves utilized for capital improvements

Cash Reserves Trend

Cash Reserves Breakout								
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018 Projected	FY 2019 Projected
Grants	\$1,534,341	\$ 4,993,826	\$ 27,076,905	\$ -	\$ 3,585,831	\$ -	\$ -	
Miscellaneous Income	\$ -	\$ 513	\$ 205,000	\$ 42,923	\$ 56,996	\$ 73,919	\$ 210,468	\$ 174,962
Marketplace Assessments	\$ -	\$ -	\$ 12,500,601	\$ 22,101,422	\$ 20,943,720	\$ 23,275,335	\$ 20,292,722	\$ 18,210,881
Cash Reserves	\$1,534,341	\$ 4,994,339	\$ 39,782,505	\$ 22,144,345	\$ 24,586,547	\$ 23,349,254	\$ 20,503,190	\$ 18,385,843

Notes

- FY18 - \$1.8M and \$1.6M of reserves used to pay for FY17 and FY18 Call Center reallocation, respectively.
- FY19 - \$1.9M used to Capital Improvement Plan

Five Year Assessment Forecast

	FY18 Final Budget	FY19 Proposed	FY20	FY21	FY22
Marketplace Assessments	\$ 30,909,440	\$ 31,933,214	\$31,985,000	\$31,945,000	\$35,090,000

Variations

- 2021 Assessment decrease due to expectation of OE2018 individual mandate repeal
- 2022 Assessment increase due to a 7% growth in premiums in individual market starting OE2019

New Budget Report Format

PRIOR YEAR ACTUALS	FY19 ORIGINAL BUDGET	FY 19 Q1 CHANGES	CUMMULATIVE CHANGES	FY19 FINAL ADJUSTED BUDGET
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