

# *Finance Committee Meeting*

*November 3, 2016*



# Agenda

## Access Health CT Finance Subcommittee

### NOTICE OF SPECIAL MEETING AND AGENDA

Date: Thursday, November 3, 2016  
Time: 2:00 PM to 4:00 PM  
Location: Room 1B, Legislative Office Building, Hartford CT 06106  
Conference: None

	<b>AGENDA ITEM</b>	<b>REQUESTED ACTION</b>
I.	Call to Order and Introductions	
II.	Meeting Minutes May 4, 2016	Discussion and Vote
III.	2017 Fiscal Year First Quarter Expense Reforecast	Discussion and Vote
IV.	Meeting Adjournment	

Documentation pertinent to discussion:

1. May 4, 2016, Meeting Minutes
2. 2017 Fiscal Year First Quarter Expense Reforecast Presentation

# *Votes*

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- May 4, 2016 Special Meeting Minutes
- 2017 Fiscal Year First Quarter Expense Reforecast

# *2017 Fiscal Year First Quarter Expense Reforecast*



# 2017 Fiscal Year Q1 Reforecast Overview

- Compared to the Budget, the AHCT Q1 Reforecast of \$35.9M is \$1.3M or 3.6% more than the Budget of \$34.6M. On a gross expense basis, the Q1 Reforecast is \$64.1M , which is \$2.3M or 3.5% less than the Budget of \$66.4M.
- The increase in the AHCT budget relates to increase in projected M&O expenses of \$0.7M and Paper Application Processing expenses of \$0.5M.
- AHCT has reallocated resources to absorb the unanticipated costs of Faneuil's broker commission solution (\$0.8M to \$1M). Also during final contract pricing negotiations for the call center, the timing of start-up cost payments were accelerated. AHCT has also offered to absorb the total fiscal year cost increase (\$1.5M) pending consideration by the Department of Social Services (DSS) of the options offered by AHCT for how to address their share of the cost increase.
- The decrease in gross expense relates to a reduction in Design, Development and Implementation (DDI) activity overall and directly billing DDI to both AHCT and DSS for their specific activity. Previously, AHCT was billed and then shared costs with DSS.

# 2017 Fiscal Year Q1 Reforecast vs. Budget

Fiscal Year 2017 Budget

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	\$ 34,865,708	\$ 18,082,305	\$ -	\$ 16,783,403
Equipment and Maintenance	\$ 17,803,144	\$ 10,064,566	\$ 2,054,556	\$ 5,684,022
Supplies	\$ 31,550	\$ -	\$ -	\$ 31,550
Travel	\$ 118,500	\$ -	\$ -	\$ 118,500
Other Administrative	\$ 1,061,813	\$ -	\$ -	\$ 1,061,813
<b>Total Expense</b>	<b>\$ 66,387,627</b>	<b>\$ 29,731,950</b>	<b>\$ 2,054,556</b>	<b>\$ 34,601,121</b>

Fiscal Year 2017 Q1 Reforecast

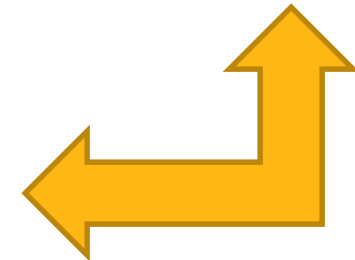
Access Health CT	Forecast	DSS Reimb	Grant	AHCT
Salaries	\$ 8,065,818	\$ -	\$ -	\$ 8,065,818
Fringe Benefits	\$ 2,419,745	\$ -	\$ -	\$ 2,419,745
Temporary Staffing	\$ 2,380,144	\$ 1,691,420	\$ 1,248	\$ 687,476
Contractual	\$ 39,849,950	\$ 22,266,567	\$ 170,896	\$ 17,412,487
Equipment and Maintenance	\$ 10,150,549	\$ 2,707,869	\$ 1,394,637	\$ 6,048,043
Supplies	\$ 25,750	\$ -	\$ -	\$ 25,750
Travel	\$ 124,988	\$ -	\$ -	\$ 124,988
Other Administrative	\$ 1,067,230	\$ -	\$ -	\$ 1,067,230
<b>Total Expense</b>	<b>\$ 64,084,174</b>	<b>\$ 26,665,856</b>	<b>\$ 1,566,781</b>	<b>\$ 35,851,537</b>

Budget v. Q1 Reforecast Variance

Access Health CT	Variance	DSS Reimb	Grant	AHCT
Salaries	\$ -	\$ -	\$ -	\$ -
Fringe Benefits	\$ -	\$ -	\$ -	\$ -
Temporary Staffing	\$ (358,796)	\$ (106,341)	\$ (1,248)	\$ (251,206)
Contractual	\$ (4,984,242)	\$ (4,184,262)	\$ (170,896)	\$ (629,084)
Equipment and Maintenance	\$ 7,652,595	\$ 7,356,697	\$ 659,918	\$ (364,020)
Supplies	\$ 5,800	\$ -	\$ -	\$ 5,800
Travel	\$ (6,488)	\$ -	\$ -	\$ (6,488)
Other Administrative	\$ (5,417)	\$ -	\$ -	\$ (5,417)
<b>Total Expense</b>	<b>\$ 2,303,453</b>	<b>\$ 3,066,094</b>	<b>\$ 487,775</b>	<b>\$ (1,250,416)</b>

## Variations

- The primary unfavorable variances are due to paper application processing (\$.5M) and M&O renewals (\$.7M), both of which are estimated to exceed amounts included in the budget.
- For an Analysis of Shared Costs with DSS for Temporary Staffing, Contractual, and Equipment and Maintenance – See page 4 for detail



# 2017 Fiscal Year Q1 Reforecast Analysis of Shared Costs with DSS

DSS Allocable Breakout	FY17 Budget	Q1, FY17 RFCST	Variance	Allocation %	FY17 Budget	Q1, FY17 RFCST	Variance
<b>IT Allocable</b>	<b>\$ 706,072</b>	<b>\$ 3,860,570</b>	<b>\$ (3,154,498)</b>		<b>\$ 593,100</b>	<b>\$ 3,168,900</b>	<b>\$ (2,575,799)</b>
Development (New)	\$ 200,000	\$ 1,004,500	\$ (804,500)	84.00%	\$ 168,000	\$ 843,780	\$ (675,780)
Hosting (M&O)	\$ -	\$ 1,143,025	\$ (1,143,025)	80.00%	\$ -	\$ 914,420	\$ (914,420)
Security (M&O)	\$ -	\$ 706,445	\$ (706,445)	80.00%	\$ -	\$ 565,156	\$ (565,156)
Testing	\$ 506,072	\$ 1,006,600	\$ (500,528)	84.00%	\$ 425,100	\$ 845,544	\$ (420,443)
DSS Only Projects	\$ -	\$ -	\$ -	100.00%	\$ -	\$ -	\$ -
<b>Non- Allocable</b>	<b>\$ 12,298,130</b>	<b>\$ 10,247,301</b>	<b>\$ 2,050,829</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Accounting	\$ 80,000	\$ 80,000	\$ -	0.00%	\$ -	\$ -	\$ -
APCD	\$ 1,409,330	\$ 1,405,813	\$ 3,517	0.00%	\$ -	\$ -	\$ -
Legal	\$ 635,800	\$ 635,800	\$ -	0.00%	\$ -	\$ -	\$ -
Marketing	\$ 4,686,700	\$ 4,952,245	\$ (265,545)	0.00%	\$ -	\$ -	\$ -
SHOP	\$ 543,000	\$ 558,000	\$ (15,000)	0.00%	\$ -	\$ -	\$ -
Plan Management	\$ 340,000	\$ 340,000	\$ 0	0.00%	\$ -	\$ -	\$ -
Verifications (Xerox)	\$ 1,500,000	\$ 2,032,976	\$ (532,976)	0.00%	\$ -	\$ -	\$ -
IT Development <sup>1</sup>	\$ 3,000,000	\$ -	\$ 3,000,000	0.00%	\$ -	\$ -	\$ -
1095 Projects	\$ 75,000	\$ 73,382	\$ 1,618	0.00%	\$ -	\$ -	\$ -
Other	\$ 28,300	\$ 169,085	\$ (140,785)	0.00%	\$ -	\$ -	\$ -
<b>Non- IT Allocable</b>	<b>\$ 21,861,506</b>	<b>\$ 23,872,084</b>	<b>\$ (2,010,578)</b>		<b>\$ 17,489,205</b>	<b>\$ 19,097,667</b>	<b>\$ (1,608,462)</b>
Call Center	\$ 18,761,506	\$ 21,037,815	\$ (2,276,309)	80.00%	\$ 15,009,205	\$ 16,830,252	\$ (1,821,047)
Operations	\$ 3,100,000	\$ 2,834,269	\$ 265,731	80.00%	\$ 2,480,000	\$ 2,267,415	\$ 212,585
<b>Contractual</b>	<b>\$ 34,865,708</b>	<b>\$ 37,979,954</b>	<b>\$ (3,114,246)</b>		<b>\$ 18,082,305</b>	<b>\$ 22,266,567</b>	<b>\$ (4,184,262)</b>
BEST Staffing (DDI New)	\$ -	\$ 796,545	\$ (796,545)	84.00%	\$ -	\$ 669,098	\$ (669,098)
BEST Staffing (M&O)	\$ 1,682,002	\$ 1,053,436	\$ 628,566	80.00%	\$ 1,345,602	\$ 842,749	\$ 502,853
BEST Staffing via DSS(M&O)	\$ -	\$ 40,000	\$ (40,000)	0.00%	\$ -	\$ -	\$ -
AHCT Staffing (M&O)	\$ 299,347	\$ 224,467	\$ 74,880	80.00%	\$ 239,477	\$ 179,573	\$ 59,904
AHCT Staffing	\$ 40,000	\$ 265,696	\$ (225,696)	0.00%	\$ -	\$ -	\$ -
<b>Temporary Staffing</b>	<b>\$ 2,021,349</b>	<b>\$ 2,380,144</b>	<b>\$ (358,796)</b>		<b>\$ 1,585,079</b>	<b>\$ 1,691,420</b>	<b>\$ (106,341)</b>
M&O (New)	\$ 5,143,207	\$ 3,384,836	\$ 1,758,371	80.00%	\$ 4,114,566	\$ 2,707,869	\$ 1,406,697
M&O (New FY17) <sup>2</sup>	\$ 7,000,000	\$ -	\$ 7,000,000	85.00%	\$ 5,950,000	\$ -	\$ 5,950,000
DDI (Release 20, 1095 etc.) <sup>1</sup>	\$ 4,000,000	\$ -	\$ 4,000,000	0.00%	\$ -	\$ -	\$ -
M&O (APCD, EOM etc.)	\$ 1,659,937	\$ 3,192,884	\$ (1,532,947)	0.00%	\$ -	\$ -	\$ -
<b>Equipment &amp; Maintenance</b>	<b>\$ 17,803,144</b>	<b>\$ 6,577,720</b>	<b>\$ 11,225,424</b>		<b>\$ 10,064,566</b>	<b>\$ 2,707,869</b>	<b>\$ 7,356,697</b>
<b>GRAND TOTAL</b>	<b>\$ 54,690,201</b>	<b>\$ 46,937,818</b>	<b>\$ 7,752,383</b>		<b>\$ 29,731,950</b>	<b>\$ 26,665,856</b>	<b>\$ 3,066,094</b>

1 – IT Development, previously \$7M. Broken out between defined projects and future projects not finalized yet.

2 – EOM, previously expected to be allocated. Now non-allocable due to split billing.



# 2017 Fiscal Year Q1 Reforecast Risks and Opportunities

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- Risks and opportunities to the AHCT 2017 budget include
  - Risks
    - System maintenance & operations (M&O)
    - Expanding mobile app to Medicaid
    - Cost sharing with DSS
    - Insurance renewal costs
    - Call Center
  - Opportunities
    - Cost sharing with DSS
    - Business Process Outsourcing (BPO)
    - Call Center



# 2017 Fiscal Year Budget vs. Actuals

Through 3 Months

Category	Budget September YTD	Actuals September YTD	Variance September YTD
Salaries	\$1,875,492	\$1,822,809	\$52,683
Fringe Benefits	\$675,736	\$581,427	\$94,309
Temporary Staffing	\$103,350	\$157,826	(\$54,476)
Contractual	\$4,619,374	\$4,065,357	\$554,017
Equipment and Maintenance*	\$1,302,920	\$1,603,774	(\$300,854)
Supplies	\$7,387	\$1,996	\$5,391
Travel	\$29,625	\$24,397	\$5,228
Other Administrative	\$192,810	\$185,092	\$7,718
<b>Total Expense</b>	<b>\$8,806,694</b>	<b>\$8,442,678</b>	<b>\$364,016</b>

\* Equipment and Maintenance includes IES development costs for Release 20 and 1095 Development

# *Adjournment*