

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

April 2018

access health CT 

# 2019 Fiscal Year Operating Budget & Capital Improvement Plan Agenda

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- Fiscal Year 2018
  - FY18 Operating Budget vs Actuals Through 9 Months
  - FY18 Final Budget
  - FY18 Final DSS Shared Cost Breakout
  - FY18 Cash Flow Budget Statement
  
- Fiscal Year 2019
  - FY19 Proposed Budget
  - FY19 Budget DSS Shared Cost Breakout
  - FY19 Capital Improvement Plan
  - FY19 Cash Flow
  - Proposed Five Year Plan

## Budget Summaries

FY18 Year to Date Results (through Mar 31, 2018)				
	FY18 Q2 Budget	Actuals	Variance	%
AHCT	\$ 24,668,070	\$ 21,948,544	\$ (2,719,527)	-11.0%
DSS Shared Cost	\$ 15,661,642	\$ 13,374,519	\$ (2,287,123)	-14.6%
<b>Gross Expenses</b>	<b>\$ 40,329,712</b>	<b>\$ 35,323,063</b>	<b>\$ (5,006,650)</b>	<b>-12.4%</b>

Q3 FY18 Budget				
	FY18 Q2 Budget	Final Budget	Variance	%
AHCT	\$ 32,281,868	\$ 32,281,868	\$ -	0.0%
DSS Shared Cost	\$ 21,449,548	\$ 21,449,548	\$ -	0.0%
<b>Gross Expenses</b>	<b>\$ 53,731,415</b>	<b>\$ 53,731,415</b>	<b>\$ -</b>	<b>0.0%</b>

FY19 Proposed Budget				
	FY18 Q2 Budget	FY19 Budget	Variance	%
AHCT	\$ 32,281,868	\$ 32,102,189	\$ (179,679)	-0.6%
DSS Shared Cost	\$ 21,449,548	\$ 22,131,835	\$ 682,287	3.2%
<b>Gross Expenses</b>	<b>\$ 53,731,415</b>	<b>\$ 54,234,024</b>	<b>\$ 502,608</b>	<b>0.9%</b>

In addition:

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

## 2018 Fiscal Year Operating Budget vs Actuals



# 2018 Fiscal Year Q2 Budget vs Actuals - AHCT

Through 9 months

	FY18 Q2 BUDGET	ACTUALS	VARIANCE
<b>Revenue</b>			
Marketplace Assessments	\$ 23,257,833	\$ 22,787,295	\$ (470,539)
Miscellaneous Revenue		\$ 12,296	\$ 12,296
Interest Income	\$ 97,076	\$ 130,153	\$ 33,077
<b>Total Revenue</b>	<b>\$ 23,354,910</b>	<b>\$ 22,929,744</b>	<b>\$ (425,166)</b>
<b>Budgeted Expenses</b>			
Salaries	\$ 5,212,136	\$ 5,116,142	\$ (95,994)
Fringe Benefits	\$ 1,868,541	\$ 1,791,640	\$ (76,901)
Temporary Staffing	\$ 488,940	\$ 376,433	\$ (112,507)
Contractual	\$ 13,027,205	\$ 11,290,761	\$ (1,736,444)
Equipment and Maintenance	\$ 2,708,731	\$ 2,329,189	\$ (379,542)
IT Development	\$ 439,200	\$ 196,500	\$ (242,700)
Supplies	\$ 19,222	\$ 10,764	\$ (8,459)
Travel	\$ 97,174	\$ 79,860	\$ (17,314)
Other Administrative	\$ 806,921	\$ 757,255	\$ (49,666)
<b>Total Budgeted Expenses</b>	<b>\$ 24,668,070</b>	<b>\$ 21,948,544</b>	<b>\$ (2,719,527)</b>
Costs Shared with DSS	\$ 15,661,642	\$ 13,374,519	\$ (2,287,123)
<b>AHCT and DSS Total Expenses</b>	<b>\$ 40,329,712</b>	<b>\$ 35,323,063</b>	<b>\$ (5,006,650)</b>

### Variations

- **Contractual: \$1.3M timing of system enhancements**
- **Maintenance: consolidation of software maintenance contracts and reduction in APCD Maintenance**

## FY18 Q2 Operating Budget vs. FY18 Final Operating Budget

	FY18 Q2 BUDGET	CHANGES	FY18 FINAL BUDGET
<b>Revenue</b>			
Marketplace Assessments	\$ 30,909,440	\$ (311,074)	\$ 30,598,366
Miscellaneous Revenue	\$ -	\$ 12,296	\$ 12,296
Interest Income	\$ 107,418	\$ 33,077	\$ 140,495
<b>Total Revenue</b>	<b>\$ 31,016,858</b>	<b>\$ (265,701)</b>	<b>\$ 30,751,157</b>
<b>Budgeted Expenses</b>			
Salaries	\$ 7,212,836	\$ (265,750)	\$ 6,947,086
Fringe Benefits	\$ 2,528,057	\$ (120,865)	\$ 2,407,192
Temporary Staffing	\$ 606,544	\$ 231,716	\$ 838,260
Contractual	\$ 16,060,728	\$ 494,513	\$ 16,555,241
Equipment and Maintenance	\$ 3,670,994	\$ (310,094)	\$ 3,360,900
IT Development	\$ 809,900	\$ 21,721	\$ 831,620
Supplies	\$ 25,472	\$ (7,605)	\$ 17,868
Travel	\$ 128,729	\$ (11,899)	\$ 116,829
Other Administrative	\$ 1,238,607	\$ (31,736)	\$ 1,206,871
<b>Total Budgeted Expenses</b>	<b>\$ 32,281,868</b>	<b>\$ (0)</b>	<b>\$ 32,281,868</b>
Costs Shared with DSS	\$ 21,449,548	\$ -	\$ 21,449,548
<b>AHCT and DSS Total Expenses</b>	<b>\$ 53,731,415</b>	<b>\$ (0)</b>	<b>\$ 53,731,415</b>

### Variations

- Contractual: increase due to timing of release 24
- Salaries decrease due to timing of hiring replacements offset by temporary staffing

# 2018 Final Fiscal Year Budget Analysis of Shared Costs with DSS

	GROSS EXPENSE			DSS ALLOCABLE		
	FY18 Q2 BUDGET	CHANGES	FY18 Final BUDGET	FY18 Q2 BUDGET	CHANGES	FY18 Final BUDGET
BEST Staffing (80%)	\$ 1,485,871	\$ (164,483)	\$ 1,321,388	\$ 1,188,697	\$ (131,586)	\$ 1,057,111
<b>Temporary Staffing</b>	<b>\$ 1,485,871</b>	<b>\$ (164,483)</b>	<b>\$ 1,321,388</b>	<b>\$ 1,188,697</b>	<b>\$ (131,586)</b>	<b>\$ 1,057,111</b>
IT Development (84%)	\$ 769,963	\$ 30,038	\$ 800,000	\$ 646,769	\$ 25,232	\$ 672,000
Hosting & Enhancements (80%)	\$ 397,013	\$ 1,035	\$ 398,048	\$ 317,610	\$ 828	\$ 318,438
Security (80%)	\$ 854,366	\$ (56,440)	\$ 797,926	\$ 683,493	\$ (45,152)	\$ 638,341
Testing (80%)	\$ 1,068,800	\$ 0	\$ 1,068,800	\$ 855,040	\$ 0	\$ 855,040
DSS Only Projects (100%)	\$ 781,217	\$ (640)	\$ 780,577	\$ 781,217	\$ (640)	\$ 780,577
<b>Development</b>	<b>\$ 3,871,358</b>	<b>\$ (26,007)</b>	<b>\$ 3,845,351</b>	<b>\$ 3,284,129</b>	<b>\$ (19,732)</b>	<b>\$ 3,264,396</b>
Call Center (70%)	\$ 16,238,366	\$ -	\$ 16,238,366	\$ 11,366,856	\$ -	\$ 11,366,856
Call Center (80%)	\$ 448,775	\$ -	\$ 448,775	\$ 359,020	\$ -	\$ 359,020
Operations (80%)	\$ 2,795,000	\$ -	\$ 2,795,000	\$ 2,236,000	\$ -	\$ 2,236,000
Maintenance (80%)	\$ 3,768,558	\$ 189,148	\$ 3,957,706	\$ 3,014,846	\$ 151,319	\$ 3,166,165
<b>Maintenance &amp; Operations</b>	<b>\$ 23,250,699</b>	<b>\$ 189,148</b>	<b>\$ 23,439,847</b>	<b>\$ 16,976,722</b>	<b>\$ 151,319</b>	<b>\$ 17,128,041</b>
<b>GRAND TOTAL</b>	<b>\$ 28,607,928</b>	<b>\$ (1,342)</b>	<b>\$ 28,606,586</b>	<b>\$ 21,449,548</b>	<b>\$ 0</b>	<b>\$ 21,449,548</b>


# FY18 Cash Flow Statement as of March 2018

FY18 CASH FLOW STATEMENT	
CASH FLOW ACTUALS THROUGH MARCH 2018	
Beginning Cash Balance	\$ 23,020,727
Assessment	\$ 23,663,125
DSS Shared Cost Recovery	\$ 8,501,974
Other	\$ 171,968
<b>Total Cash Receipts</b>	<b>\$ 32,337,067</b>
Total Cash Payments	\$ 36,729,516
<b>Cash Flow Surplus/Deficit (-)</b>	<b>\$ (4,392,449)</b>
<b>Ending Cash Balance</b>	<b>\$ 18,628,278</b>

PROJECTED THROUGH JUNE 2018	
Beginning Cash Balance	\$ 18,628,278
Assessment	\$ 7,142,300
DSS Shared Cost Recovery	\$ 12,324,377
Other	\$ 38,500
<b>Total Cash Receipts</b>	<b>\$ 19,505,178</b>
Total Cash Payments	\$ 17,630,265
<b>Cash Flow Surplus/Deficit (-)</b>	<b>\$ 1,874,912</b>
<b>Ending Cash Balance</b>	<b>\$ 20,503,190</b>



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



# 2019 Proposed Fiscal Year Budget

## FY18 Budget vs. FY19 Budget

	FY18 Q2 FINAL BUDGET	PROPOSED CHANGES	FY19 PROPOSED BUDGET
<b>Revenue</b>			
Marketplace Assessments	\$ 30,909,440	\$ 1,023,774	\$ 31,933,214
Interest Income	\$ 107,418	\$ 61,557	\$ 168,975
<b>Total Revenue</b>	<b>\$ 31,016,858</b>	<b>\$ 1,085,331</b>	<b>\$ 32,102,189</b>
<b>Budgeted Expenses</b>			
Salaries	\$ 7,212,836	\$ 296,476	\$ 7,509,312
Fringe Benefits	\$ 2,528,057	\$ 119,357	\$ 2,647,414
Temporary Staffing	\$ 628,677	\$ 57,967	\$ 686,644
Contractual	\$ 16,047,362	\$ 275,198	\$ 16,322,560
Equipment and Maintenance	\$ 3,661,169	\$ (852,087)	\$ 2,809,082
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
<b>Total Operating Expenses</b>	<b>\$ 32,281,868</b>	<b>\$ (179,679)</b>	<b>\$ 32,102,189</b>
Costs Shared with DSS	\$ 21,449,548	\$ 682,287	\$ 22,131,835
<b>AHCT and DSS Total Expenses</b>	<b>\$ 53,731,416</b>	<b>\$ 502,608</b>	<b>\$ 54,234,024</b>

### Variations

- **Equipment and Maintenance: \$1M**  
APCD transfers to Office of Health Strategy

# 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 (80%)	\$ 1,485,871	\$ 130,669	\$ 1,616,540	\$ 1,188,697	\$ 104,535	\$ 1,293,232
<b>Temporary Staffing</b>	<b>\$ 1,485,871</b>	<b>\$ 130,669</b>	<b>\$ 1,616,540</b>	<b>\$ 1,188,697</b>	<b>\$ 104,535</b>	<b>\$ 1,293,232</b>
IT Development (84%)	\$ 769,963	\$ (43,113)	\$ 726,850	\$ 646,769	\$ (36,215)	\$ 610,554
Hosting & Enhancements (80%)	\$ 397,013	\$ (247,013)	\$ 150,000	\$ 317,610	\$ (197,610)	\$ 120,000
Security (80%)	\$ 854,366	\$ 78,462	\$ 932,829	\$ 683,493	\$ 62,770	\$ 746,263
Testing (80%)	\$ 1,068,800	\$ 15,992	\$ 1,084,792	\$ 855,040	\$ 12,794	\$ 867,834
DSS Only Projects (100%)	\$ 781,217	\$ 18,783	\$ 800,000	\$ 781,217	\$ 18,783	\$ 800,000
<b>Development</b>	<b>\$ 3,871,358</b>	<b>\$ (176,888)</b>	<b>\$ 3,694,470</b>	<b>\$ 3,284,129</b>	<b>\$ (139,478)</b>	<b>\$ 3,144,650</b>
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 (80%)	\$ 2,795,000	\$ 55,900	\$ 2,850,900	\$ 2,236,000	\$ 44,720	\$ 2,280,720
Maintenance (80%)	\$ 3,768,558	\$ 624,040	\$ 4,392,598	\$ 3,014,846	\$ 499,232	\$ 3,514,078
<b>Maintenance &amp; Operations</b>	<b>\$ 23,250,699</b>	<b>\$ 927,480</b>	<b>\$ 24,178,179</b>	<b>\$ 16,976,722</b>	<b>\$ 717,230</b>	<b>\$ 17,693,952</b>
<b>GRAND TOTAL</b>	<b>\$ 28,607,928</b>	<b>\$ 881,261</b>	<b>\$ 29,489,189</b>	<b>\$ 21,449,548</b>	<b>\$ 682,287</b>	<b>\$ 22,131,835</b>

# 2019 Fiscal Year Projected Cash Flow

<b>PROJECTED FY19 CASH FLOWS STATEMENT</b>	
<b>PROJECTED THROUGH JUNE 2019</b>	
Beginning Cash Balance	\$ 20,503,190
Assessment	\$ 31,933,214
DSS Shared Cost Recovery	\$ 22,076,810
Other	\$ 168,976
<b>Total Cash Receipts</b>	<b>\$ 54,179,000</b>
Total Cash Payments	\$ 57,479,830
<b>Cash Flow Surplus/Deficit (-)</b>	<b>\$ (3,300,830)</b>
<b>Ending Cash Balance</b>	<b>\$ 17,202,361</b>

Variations

- \$3.5M of cash reserves utilized for capital improvements

## 2019 Proposed Capital Improvement Budget

Capital Improvement Plan Budget		
Project Number	Project Name	FY19
2019.001	Technology refresh, move to open source from IBM products Web Application Service and Database (WAS AND DB2)	\$ 800,000
2019.002	Consumer Notices Engine Transition	\$ 950,000
2019.003	Verification Check List and Federal Data Service Hub (VCL&FDSH) improvements	\$ 350,000
2019.004	Streamline Consumer Decision Support (CDS) Tools	\$ 150,000
2019.005	Implement general improvements to Electronic Data Interchange (EDI) process	\$ 500,000
2019.006	Deliver new Policy Based Payment (PBP) and reconciliation solution	\$ 750,000
<b>Total Reserves Used</b>		<b>\$ 3,500,000</b>

- Notes
- Capital Improvement Plan will be funded using reserves.

## Project Name: Technology Refresh - Move to open source from IBM products

**Project Name**  
Technology Refresh -  
Move to open source  
from IBM products

**Project Number**  
2019-001

### Project Description

Project Description including project deliverables
Evaluate and transition from commercial off-the-shelf software licenses for WAS AND DB2 used within AHCT's technology stack to open source products which can offer similar/better functionality.

### Benefits/Improvement the project will yield

Project Benefits Description
A transition to open source alternatives will primarily provide savings via reduced costs on software licensing and maintenance.

## Project Name: Consumer Notices Engine Transition

Project Name

Consumer Notices  
Engine Transition

Project Number  
2019-002

### Project Description

Project Description including project deliverables

In an effort to continue to improve customer experience, AHCT requires more functionality from its current notices engine to improve notice content, frequency, and format. Acquisition of a new notice engine to support the additional functionality is required.

### Benefits/Improvement the project will yield

Project Benefits Description

Benefits of a transition to a new engine would include significant reduction in resources needed to implement notice edits, and improved customer experience from improvements to notice content.

# Project Name: Verification Check List (VCL) and Federal Data Services Hub (FDSH) Improvements

## Project Name

VCL Engine and Data Services Hub Improvements

**Project Number**  
2019-003

## Project Description

### Project Description including project deliverables

Verification Check List (VCL) processing is the largest source of customer service escalations. This project would seek to minimize the impact VCLs on consumers by optimizing the utilization of the federal data services hub and by updating business rules to facilitate VCL closure.

## Benefits/Improvement the project will yield

### Project Benefits Description

Reduction in verifications volume. Any reductions in verification volume will result in lowered processing costs and fewer customer service requests during the enrollment process.



## Project Name: Streamline Consumer Decision Support Tools

Project Name

Streamline Consumer  
Decision Support Tools

Project Number  
2019-004

### Project Description

#### Project Description including project deliverables

Current application consumer decision support functionality includes medical expense estimators, provider network search, and formulary search. These services are provided through an application tool which resides outside the primary application work flow. This requires customers to re-enter data at a later point during the application and significantly impacts the customer experience.

### Benefits/Improvement the project will yield

#### Project Benefits Description

Increased utilization of the consumer decision support tools, and improved customer experience through tighter application integration.

## Project Name: Implement general improvements to existing Electronic Data Interchange (EDI) process

### Project Name

Implement general improvements to existing Electronic Data Interchange (EDI) process

**Project Number**  
2019-005

### Project Description

#### Project Description including project deliverables

Electronic Data Interchange (EDI) refers to the electronic communication of customer enrollment data between the systems of AHCT and participating carriers. Any defects that occur in this process typically manifest at a later point in time as customer service incidents. This project seeks to correct a series of defects documented over the past year.

### Benefits/Improvement the project will yield

#### Project Benefits Description

Benefits include improvements in data integrity which should decrease customer service issues and operational costs.

## Project Name: Deliver new Policy Based Payment (PBP) and reconciliation solution

### Project Name

Deliver new Policy Based Payment (PBP) and reconciliation solution

**Project Number**  
2019-006

### Project Description

Project Description including project deliverables
CMS requires the exchange to transition to a policy based payment method in which AHCT will provide APTC payment requests to CMS on behalf of participating carriers. Carrier disputes to CMS payments will require intervention from AHCT in many situations. This project will complete development of the PBP capability and provide a new interface to support reconciliation between AHCT and carrier partners.

### Benefits/Improvement the project will yield

Project Benefits Description
Project benefits include compliance with CMS mandates and improvements in synchronization between AHCT and carrier systems.