



## Finance Committee

### Special Meeting

Legislative Office Building, Room 1B

Hartford, CT

November 8, 2018

1:00 p.m. – 2:30 p.m.

Meeting Minutes

**Members Present:** Anne Foley on behalf of Benjamin Barnes, OPM Secretary; Robert Tessier; Michael Gilbert on behalf of Commissioner Roderick Bremby, Department of Social Services (DSS); Robert Scalettar, MD.; Victoria Veltri

**Access Health CT (AHCT) Staff:** James Michel; Sinisa Crnkovic

**The Special Meeting of the Connecticut Health Insurance Exchange Finance Committee was called to order at 1:00 p.m.**

### I. Call to Order and Introductions

Anne Foley called the meeting to order at 1:00 p.m.

### II. Vote: Review and Approval of Minutes

Anne Foley requested a motion to approve the May 10, 2018 Finance Committee Special Meeting Minutes. Motion was made by Robert Tessier and seconded by Victoria Veltri. Anne Foley abstained. ***Motion passed.***

### III. FY18 Year End Budget Report

James Michel, Chief Executive Officer, presented the FY18 Year End Budget Report. Mr. Michel remarked that this Committee and the Board approved the use of some of the capital reserve funds to finance the IT-related projects to enhance operational capabilities. Five projects have been identified and are underway using these funds. Mr. Michel pointed out that the new auditors, Blum Shapiro, have completed their audit of the FY18 Fiscal Year. The Audit Committee and the Board of Directors will be voting on the approval of the audit. Mr. Michel outlined that AHCT benefited from marketplace assessment payments, which is mostly due to timing. The variance in the interest income is due to the increase in interest rates in the STIF account. AHCT

and DSS agreed to new allocations for operational costs, which resulted in savings for the Exchange. Some of the IT savings are also due to timing.

#### **IV. FY19 Q1 Budget Report**

Mr. Michel outlined that any variances in this report are due to timing. AHCT started some projects in September, but bills have not come in yet for them. As a result, the contractual expenditures are lower than budgeted. Some of the expenditures began in September, but the invoices were not received until late October and early November. The actual cost reflects what was paid. In the marketplace assessment, more funds were received than were anticipated. The small carriers tend to pay their assessment share in one payment. Robert Scalettar, M.D., inquired whether the contractual side is strictly a timing issue, and the organization can count on the full amount to catch up eventually. Mr. Michel confirmed that it is the case.

Anne Foley requested a motion to approve the FY19 Q1 Budget Report as presented. Motion was made by Robert Tessier and seconded by Robert Scalettar. ***Motion passed unanimously.***

#### **V. FY19 Capital Improvement Plan Update**

Mr. Michel summarized the Fiscal Year 2019 Capital Improvement Plan Update. Mr. Michel reminded the Committee that AHCT made a conscious effort to invest in its system to become more efficient and cost-effective. It is a collaboration between AHCT and DSS. Five capital projects were approved by both the Finance Committee and the Board of Directors. Three of these undertakings have not started yet, which are a joint effort of AHCT and DSS. One project is in progress and another one is substantially completed. These projects are being financed through the utilization of AHCT's reserves. Mr. Michel reiterated that it is a one time-investment using the organization's reserves. Mr. Michel briefly outlined the importance of these projects.

Victoria Veltri inquired whether the new technology would allow for an easier conversion of notices. Mr. Michel confirmed that the aim is to simplify the process. Susan Rich-Bye, Director of Legal and Governmental Affairs, indicated that it would allow AHCT to have more flexibility when regulatory or language changes are necessary.

Michael Gilbert indicated that DSS has to submit advanced planning documents to the Federal Government to authorize the Department's share of those projects. It has been done in the case of the joint projects with AHCT, but approval still has not been issued.

Dr. Scalettar inquired about the status of AHCT's reserves. Mr. Michel remarked that \$22 million in reserves are in the AHCT account, which represents approximately 8 months in operating costs for the organization.

Robert Tessier inquired about the anticipated wait time before DSS obtains an answer from the Federal Government to authorize the Department's cost-share with AHCT for the projects discussed. Mr. Michel pointed out that one project was started already using AHCT's funds,

because it is critical to have it in place. Other projects will provide operational savings for the Exchange. Ms. Foley inquired about the length of time these projects need to be completed. Mr. Michel pointed out that projects numbered 2019.001 and 2019.002 would take longer to be completed.

Dr. Scalettar asked whether a plan exists to replenish the reserves. Mr. Michel declared that savings achieved from the capital improvement projects should be reflected in the reserve funds between six and twelve months. Mr. Michel emphasized that efficiencies are part of the strategy. Mr. Michel commented that the current call center vendor's savings as compared to the previous vendor resulted in annual savings of approximately \$8 million. Mr. Tessier commented that during the May Finance Committee Meeting, Secretary Benjamin Barnes expressed concern about spending down reserves. The intent was that the separate capital improvement budget using reserves was going to be a one-time expenditure. In the future, every effort would be made to include the expenses, as much as possible in the operating budget. Mr. Michel reiterated that using reserves for these five projects was a one-time occurrence. Mr. Michel pointed out that some smaller capital improvement projects are found within the operating budget. Ms. Veltri inquired whether AHCT budgets for the reserve fund. Mr. Michel explained that the Exchange does not budget for the reserves, but all of the savings achieved are deposited into the reserve fund.

Anne Foley requested a motion to approve the FY19 Capital Improvement Plan Update as presented. Motion was made by Robert Scalettar and seconded by Robert Tessier. ***Motion passed unanimously.***

## **VI. Adjournment**

Anne Foley requested a motion to adjourn. Motion was made by Robert Tessier and seconded by Victoria Veltri. ***Motion passed unanimously.*** Meeting adjourned at 1:32 p.m.