

Board of Directors

- Finance Subcommittee -

Operating & Capital Improvements Budgets

Fiscal Year 2019

(as of March 31, 2019)

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Fiscal Year 2020 Proposed

April 11, 2019

Fiscal Year 2019

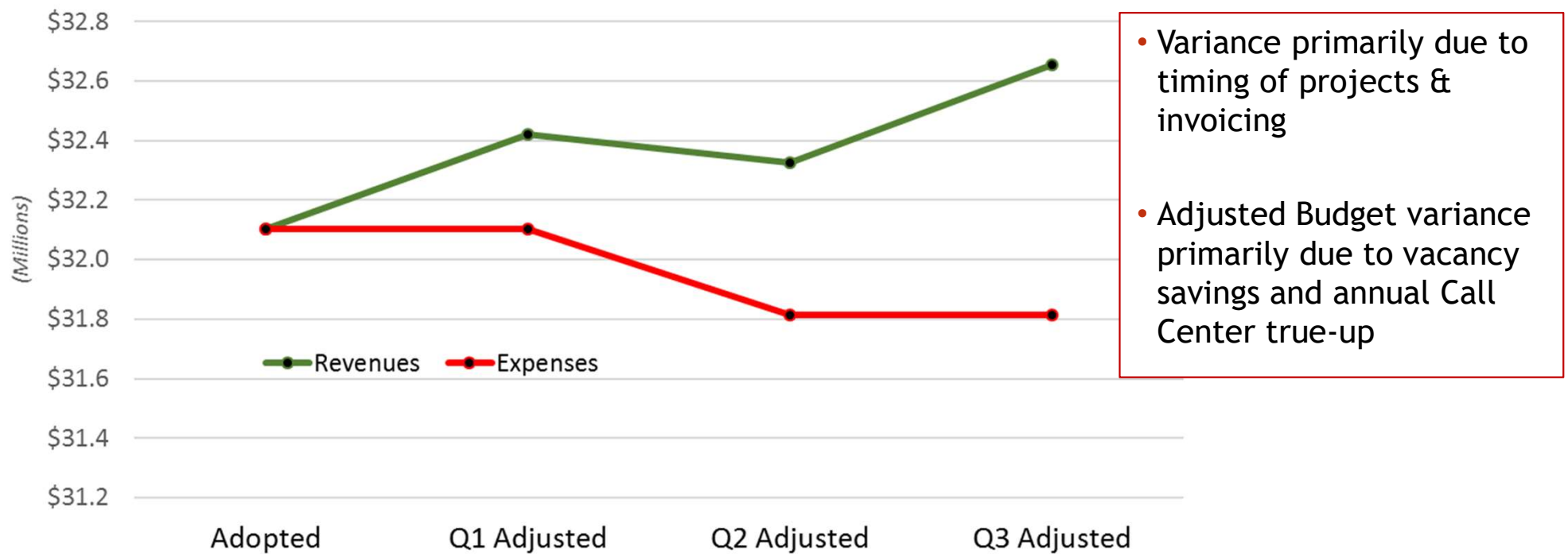
(as of March 31, 2019)

OPERATING

3rd Quarter Budget Report

FY 2019 Operating Budget Overview

(3rd Quarter Budget Report)



FY 2019 Budget vs Actuals

(3rd Quarter Budget Report)

OPERATING BUDGET			
July 1, 2018 through March 31, 2019			
	Budget	Actuals	Variance
Revenues			
Marketplace Assessments	\$23,805,353	\$23,954,713	\$149,360
Interest Income	261,273	294,752	33,479
Total Revenue	\$24,066,625	\$24,249,464	\$182,839
Expenses			
Salaries	\$5,250,937	\$5,126,812	(\$124,125)
Fringe Benefits	1,848,014	1,791,023	(56,990)
Temporary Staffing	469,462	476,129	6,667
Contractual	11,610,884	9,257,651	(2,353,233)
Equipment and Maintenance	2,414,863	2,192,613	(222,249)
IT Enhancements	968,997	978,684	9,687
Supplies	14,524	16,946	2,422
Travel	79,573	45,423	(34,151)
Other Administrative	727,683	686,500	(41,182)
Total Operating Expenses	\$23,384,935	\$20,571,781	(\$2,813,155)
Costs Shared with DSS	15,655,608	13,866,477	(1,789,131)
AHCT and DSS Total Expenses	\$39,040,543	\$34,438,257	(\$4,602,286)

- **Assessments:** increase due to timing of budgeting and payments
- **Interest Income:** Investment interest rate increase provides for additional income
- **Expenses:** variance due to timing of projects and invoicing

FY 2019 Adjusted Operating Budget

(3rd Quarter Budget Report)

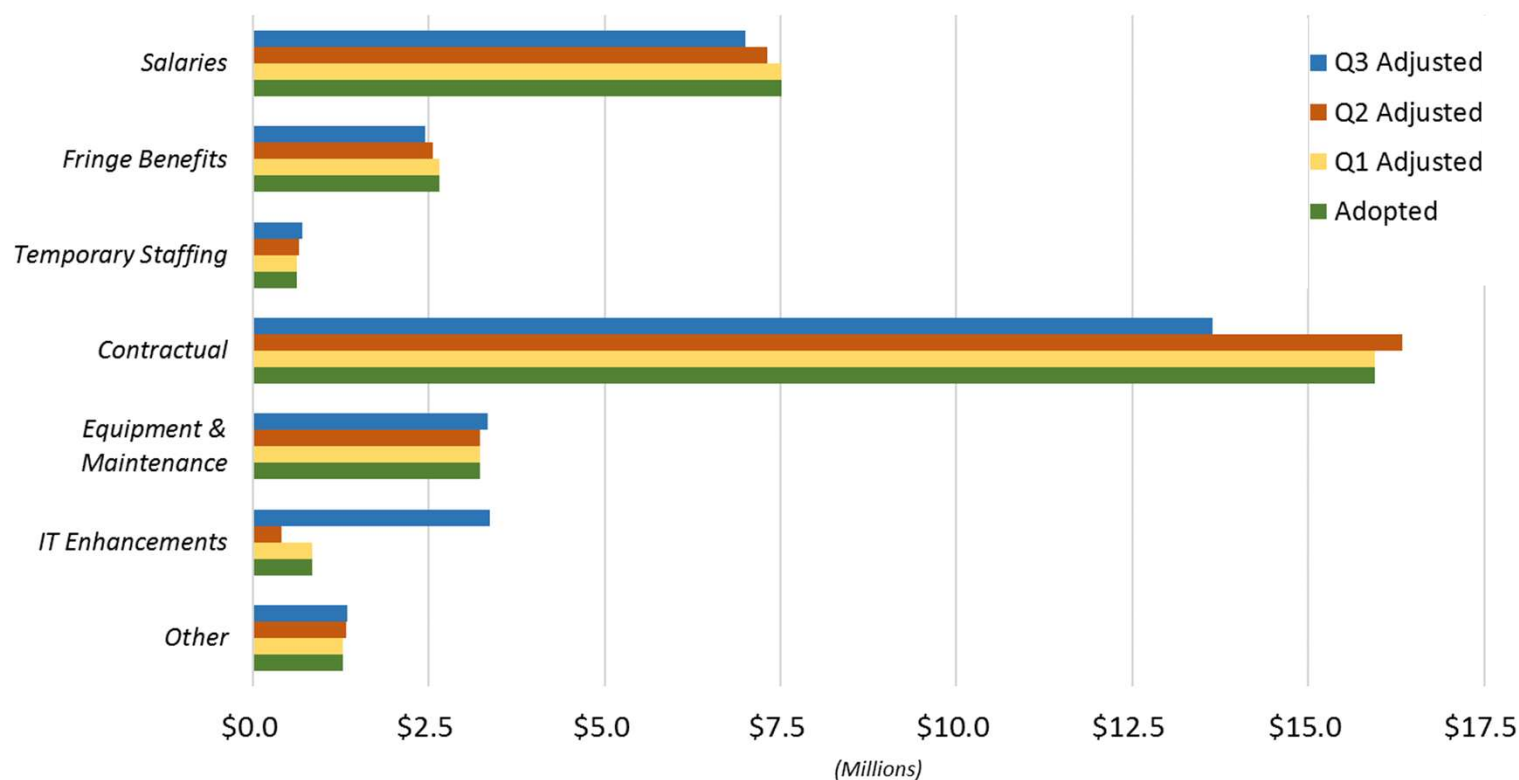
<u>Full Fiscal Year</u>	Prior Year (FY 2018) Actuals	FY2019 Adopted	FY 2019 Q3 Changes	Cummulative Changes	FY 2019 Adjusted (Q3)Budget
Revenues					
Investment Income	\$29,200	\$168,975	\$34,689	\$198,886	\$367,861
Other Income		0	6,700	12,000	12,000
Marketplace Assessments	31,229,615	31,933,214	286,860	342,499	32,275,713
Total Revenue	\$31,258,815	\$32,102,189	\$328,249	\$553,385	\$32,655,573
Expenses					
Salaries	\$6,909,678	\$7,509,312	(\$321,012)	(\$514,710)	\$6,994,602
Fringe Benefits	2,343,400	2,647,414	(109,232)	(202,952)	2,444,462
Temporary Staffing	554,048	629,610	52,209	75,337	704,947
Contractual	15,675,119	15,953,791	(2,698,409)	(2,319,680)	13,634,112
Equipment and Maintenance	3,387,679	3,234,885	108,965	96,549	3,331,434
IT Enhancements	363,820	847,370	2,956,723	2,518,361	3,365,731
Supplies	14,179	17,918	8,516	9,010	26,928
Travel	100,773	100,740	(364)	11,989	112,729
Other Administrative	1,099,960	1,161,150	2,605	38,677	1,199,827
Total Operating Expenses	\$30,448,656	\$32,102,189	(\$0)	(\$287,417)	\$31,814,771
Costs Shared with DSS	18,228,584	22,089,203	(1,378,433)	(1,910,893)	20,178,310
AHCT and DSS Total Expenses	\$48,677,240	\$54,191,392	(\$1,378,433)	(\$2,198,311)	\$51,993,081

- **Salaries and Fringe:**
positive variance due to timing of filling vacancies
- **Contractual:**
reclassification of IT development project to contractual & Call Center true-up

FY 2019 Budget vs Actuals

(3rd Quarter Budget Report)

FY 2019 BUDGET - EXPENSES (Full Year)



- **Expenses:** variance due to timing of projects and invoicing
- **Salaries and Fringe:** positive variance due to timing of filling vacancies
- **Contractual:** reclassification of IT development project to contractual & Call Center true-up

FY 2019 Analysis of Shared Costs with DSS

(3rd Quarter Budget Report)

	Gross Expense	DSS Allocable FY 2019 Budget		
	Adjusted Budget	Original Budget	Changes	Adjusted Budget
BEST Staffing (86%)	\$974,056	\$1,001,074	(\$163,386)	\$837,688
Temporary Staffing	\$974,056	\$1,001,074	(\$163,386)	\$837,688
IT Maintenance (86%)	\$3,835,749	\$3,551,816	(\$253,072)	\$3,298,744
Security (86%)	817,319	931,233	(228,334)	702,898
Testing (86%)	396,429	843,598	(502,669)	340,929
Development	\$5,049,497	\$5,326,647	(\$984,076)	\$4,342,571
Call Center (70%)	\$16,482,837	\$11,540,134	(\$2,148)	\$11,537,986
Call Center (80%)	156,786	359,020	(292,910)	66,110
Operations (86%)	2,579,708	2,451,774	(233,225)	2,218,549
Operations	\$19,219,330	\$14,350,928	(\$528,284)	\$13,822,644
Total - State General Fund	\$25,242,883	\$20,678,649	(\$1,675,746)	\$19,002,903
DSS Only Projects (100%)	\$550,316	\$800,000	(\$249,684)	\$550,316
IT Development (86%)	726,850	610,554	14,537	625,091
Total - Federally Funded	\$1,277,166	\$1,410,554	(\$235,147)	\$1,175,407
Capital Improvements (84%)	\$6,712,515	\$4,370,012	\$218,501	\$4,588,513

Fiscal Year 2019

(as of March 31, 2019)

CAPITAL IMPROVEMENTS

3rd Quarter Budget Report

Capital Improvements Program – Funding Sources

Reserves Funded (*CIP-R*)

Capital Projects that are financed from accumulated equity (Reserves) authorized by project name and amount for expenditure by the Board of Directors.

Operating Funded (*CIP-O*)

Capital Projects that are funded from a fiscal year operating budget (*July 1st through and expiring on June 30th*) that is adopted by the Board of Directors.

FY 2019 Capital Improvement Plan Summary: *CIP-R*

(3rd Quarter Budget Report)

- Updated DSS CIP allocation from 80% to 84% per Memorandum of Agreement
- 100% AHCT CIP-R projects completed for less than original estimates

FY 2019 Capital Improvement Plan				
	Original Budget	Adjusted Budget	Variance	%
AHCT	\$ 2,342,503	\$ 1,791,343	\$ (551,160)	-23.5%
DSS Shared Cost	4,370,012	4,588,513	218,501	5.0%
Total Expenses	\$ 6,712,515	\$ 6,379,856	\$ (332,659)	-5.0%

FY 2019 Capital Improvement Plan Update: *CIP-R*

(3rd Quarter Budget Report)

- Updated DSS CIP allocation from 80% to 84% per Memorandum of Agreement
- 100% AHCT CIP-R projects completed for less than original estimates

Project Number	Project Name	Funding Source	DSS Allocation	Original Budget	FY19 Q3 Changes	Cummulative Changes	Adjusted Budget	YTD Estimated Spend	Status	Comments
2019.001	Technology refresh, move to open source from IBM products (WAS and DB2)	Reserves	DDI (84%)	\$1,600,000	\$0	\$0	\$1,600,000	\$0	Not Started	Pending DSS Funding Approval(s)
2019.002	Technology Refresh move to user friendly Notices Engine and convert existing Notices to new technology	Reserves	DDI (84%)	2,000,000	0	0	2,000,000	0	Not Started	Pending DSS Funding Approval(s)
2019.003	Verify Lawful Presence (VLP) Steps 2 and 3	Reserves	DDI (84%)	1,862,515	0	0	1,862,515	233,617	In Progress	Progressing through development
2019.004	Deliver new Policy Based Payment (PBP) and reconciliation solution	Reserves	None	750,000	(307,174)	(557,174)	192,826	192,826	Completed	In closeout
2019.005	Implement general improvements to existing EDI process	Reserves	None	500,000	(25,485)	224,515	724,515	724,515	Completed	In closeout
Total				\$6,712,515	(\$332,659)	(\$332,659)	\$6,379,856	\$1,150,958		

FY 2019 Capital Improvement Plan Update : *CIP-O*

(3rd Quarter Budget Report)

Project Number	Project Name	Funding Source	DSS Allocation	Original Budget	FY19 Q3 Changes	Cummulative Changes	Adjusted Budget	YTD Estimated Spend	Status
2019.006	Streamline Consumer Decision Support (CDS) Tools	Operating	None	\$ 150,000	\$ -	225,000	\$ 375,000	\$ 302,865	Completed
2019.007	Greater system intergration between AHCT & Carriers - Carrier Issue Resolution	Operating	None	100,000	-	-	100,000	-	Not Started
2019.008	VCL Process Redesign + Improve Interface with FDSH to mitigate failures and errors.	Operating	None	50,000	-	-	50,000	27,057	In Progress
2019.009	VCL/FDSH process/validation, review and cleanup	Operating	None	350,000	-	-	350,000	760	In Progress
2019.010	100% Self Service	Operating	None	50,000	-	-	50,000	-	Not Started
2019.011	Establish customer product satisfaction baseline	Operating	None	30,000	-	-	30,000	-	In Progress
2019.012	Engineer Level 2 API Data Transactions between CRM and HIX	Operating	None	75,000	-	-	75,000	18,532	Completed
2019.013	Revamp entire monthly reconciliation process with carriers to facilitate more automated comparisons and alerts.	Operating	None	30,000	-	-	30,000	16,108	Completed
2019.014	Include provider directory integration into plan selection	Operating	None	75,000	-	-	75,000	243,441	Completed
2019.016	Measuring Marketing Efforts	Operating	None	65,000	-	-	65,000	36,000	In Progress
2019.017	SHOP Phase II Re-Branding	Operating	None	500,000	-	(250,000)	250,000	27,118	In Progress
2019.018	Plan Management Portal (Platform Enhacements)	Operating	None	160,000	-	-	160,000	72,066	Completed
2019.019	Subsidiary Start-Up	Operating	None	200,000	(100,000)	(100,000)	100,000	-	In Progress
2019.020	Market Research - Marketing/Health Cost	Operating	None	-	100,000	100,000	100,000	-	In Progress
2019.021	Uninsured Study	Operating	None	-	90,000	90,000	90,000	-	In Progress
2019.022	Portal Re-Design and Simplification	Operating	None	-	200,000	200,000	200,000	14,271	In Progress
2019.023	Enhance Marketing Outreach	Operating	None	-	250,000	250,000	250,000	-	In Progress
2019.024	Website Technology Update	Operating	None	-	300,000	300,000	300,000	-	In Progress
2019.025	Additional System Release	Operating	None	-	500,000	500,000	500,000	-	In Progress
2019.026	CDS / EYO - Phase 2 Improvements	Operating	None	-	125,000	125,000	125,000	-	In Progress
2019.027	VCL Streamline Initiative	Operating	None	-	225,000	225,000	225,000	-	In Progress
2019.028	EDI Redesign and Dedicated Release	Operating	None	-	150,000	150,000	150,000	-	In Progress
Total				\$1,835,000	\$1,840,000	\$ 1,815,000	\$3,650,000	\$ 758,218	

Net Position – Fiscal Year Projection

<u>As of June 30, 2018</u>	<u>Amount</u>	<u>Months of Working Capital</u>
Unrestricted:	\$20,481,998	7.3
Less: Authorized CIP Use (FY 2019):	<u>(2,124,002)</u>	
	\$18,357,996	6.5
<u>Projected FY 2019 End</u>		
Completed CIP Projects (Savings):	\$332,000	
Net Operating Surplus:	<u>840,000</u>	
Plus: FY 2019 Increase	\$1,172,000	
Projected at June 30, 2019:	\$19,529,996	7.0

Fiscal Year 2020 Proposed Budget

Operating & Capital Improvements

Budget Development Overview

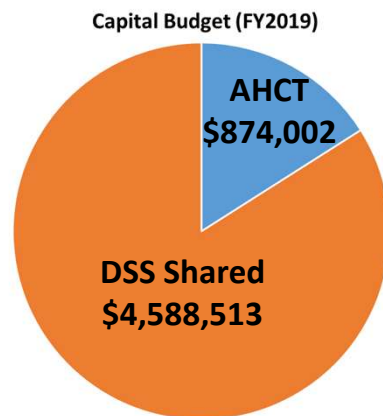
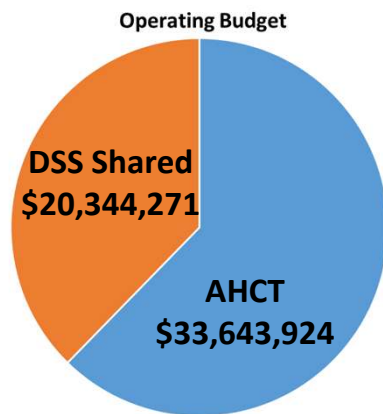
Revenues

- Market Assessments based on calendar year.
- Fiscal Year (July 1st – June 30th) budget based on six (6) months of Market Assessments from current calendar year (i.e., known) and six (6) months from the next calendar year (i.e., estimated).

Expenses

- Personnel and benefits based on review of current staffing levels, skillsets, and ability to meet organization-wide goals and objectives.
- Contractual obligations are managed and evaluated to further Mission through efficient deployment of resources, improve operational effectiveness, and enhancement to systems.
- Continued maintenance and evolution to technology infrastructure, architecture, and interface is largest expense driver.

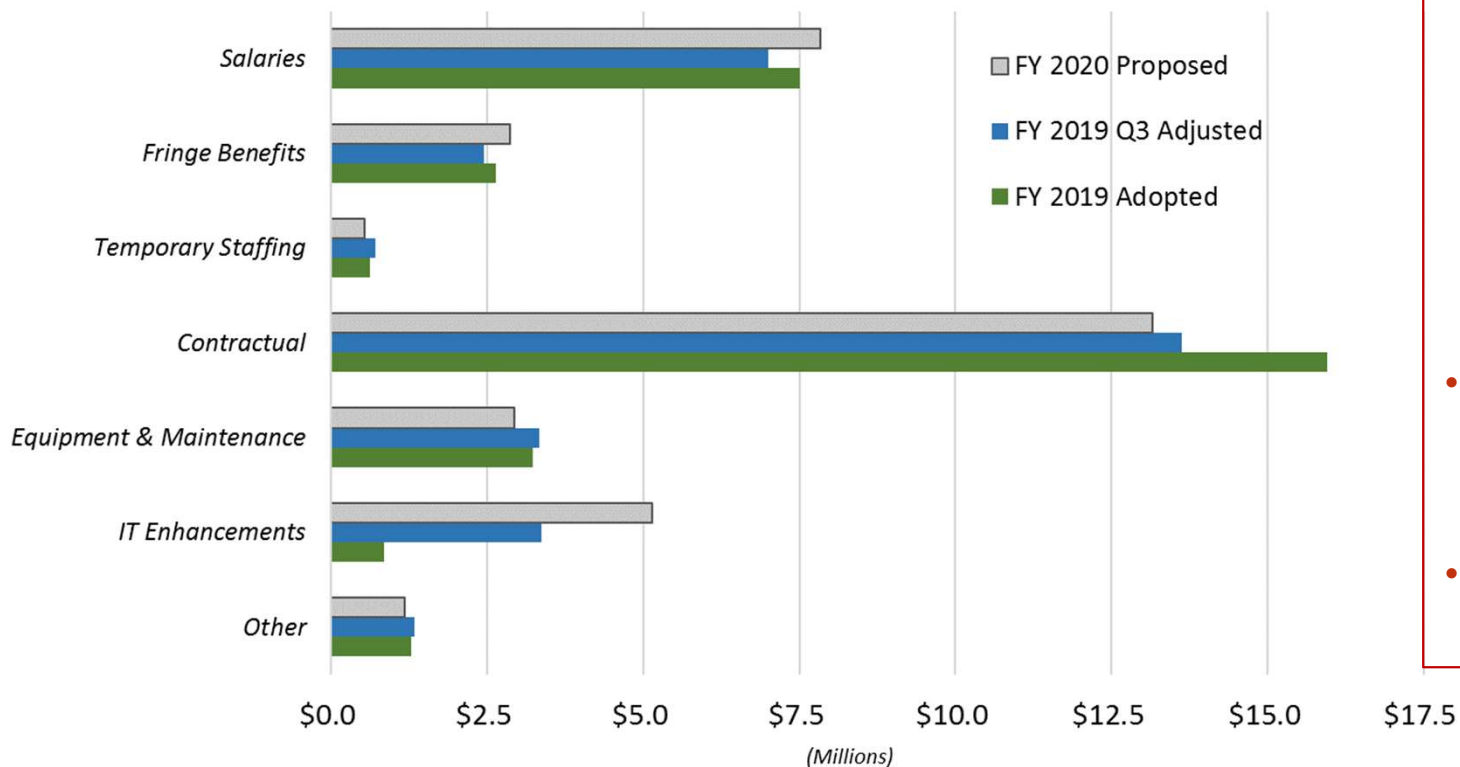
Budget Variance Overview



	FY 2020 Operating Budget				
	FY2019 Adopted Budget	FY2019 Adjusted (Q3) Budget	FY2020 Proposed Budget	Variance (FY2020 vs FY2019 Adopted)	Variance (FY2020 vs FY2019 Q3)
AHCT	\$ 32,102,189	\$ 31,814,771	\$ 33,643,924	\$ 1,541,735	\$ 1,829,152
DSS Shared Cost	22,131,835	20,178,310	20,344,271	(1,787,564)	\$ 165,961
Gross Expenses	\$ 54,234,024	\$ 51,993,081	\$ 53,988,194	\$ (245,830)	\$ 1,995,113

	FY 2020 Capital Improvement Plan Update (<i>Ongoing Reserves Funded</i>)				
	FY2019 Adopted Budget	FY2019 Adjusted (Q3) Budget	FY2020 CIP-R Budget	Variance (FY2020 vs FY2019 Adopted)	Variance (FY2020 vs FY2019 Q3)
AHCT	\$ 2,342,503	\$ 1,791,343	\$ 874,002	\$ (1,468,501)	\$ (917,341)
DSS Shared Cost	4,370,012	4,588,513	4,588,513	218,501	-
Gross Expenses	\$ 6,712,515	\$ 6,379,856	\$ 5,462,515	\$ (1,250,000)	\$ (917,341)

FY 2020 Proposed Operating Budget



- **Salaries and Fringe:** proposed pro-rated 3% salary increases based on individual performance reviews; and health insurance increase
- **Maintenance:** APCD Agreement with OHA expires June 30, 2019
- **Other Admin:** decrease in subscriptions

FY 2020 Proposed Operating Budget

	FY 2019 Adopted Budget	FY2019 Adjusted (Q3) Budget	FY 2020 Proposed Budget	Variance (FY2020 vs FY2019 Adopted)	Variance (FY2020 vs FY2019 Q3)
Revenue					
Investment Income	\$ 168,975	\$ 367,861	\$ 359,924	\$ 190,949	\$ (7,937)
Other Income	-	12,000	-	-	(12,000)
Marketplace Assessments	31,933,214	32,275,713	33,284,000	1,350,786	1,008,287
Total Revenue	\$ 32,102,189	\$ 32,655,573	\$33,643,924	\$ 1,541,735	\$ 988,351
Budgeted Expenses					
Salaries	\$ 7,509,312	\$6,994,602	\$ 7,829,218	\$ 319,906	\$ 834,616
Fringe Benefits	2,647,414	2,444,462	2,866,843	219,430	422,381
Temporary Staffing	629,610	704,947	540,211	(89,399)	(164,736)
Contractual	15,953,791	13,634,112	13,163,128	(2,790,664)	(470,984)
Equipment and Maintenance	3,234,885	3,331,434	2,934,268	(300,616)	(397,166)
IT Enhancements	847,370	3,365,731	5,133,941	4,286,571	1,768,210
Supplies	17,918	26,928	21,482	3,564	(5,446)
Travel	100,740	112,729	124,383	23,643	11,654
Other Administrative	1,161,150	1,199,827	1,030,450	(130,699)	(169,377)
Total Operating Expenses	\$ 32,102,189	\$ 31,814,771	\$33,643,924	\$ 1,541,735	\$ 1,829,152
Costs Shared with DSS	\$ 22,131,835	\$ 20,178,310	\$20,344,271	\$ (1,787,564)	\$ 165,961
AHCT and DSS Total Expenses	\$ 54,234,024	\$ 51,993,081	\$53,988,194	\$ (245,830)	\$ 1,995,113

- **Salaries and Fringe:** proposed pro-rated 3% salary increases based on individual performance reviews; and health insurance increase
- **Maintenance:** APCD Agreement with OHA expires June 30, 2019
- **Other Admin:** decrease in subscriptions

FY 2020 Proposed Budget

Overview of Shared Costs with DSS

	TOTAL EXPENSE					DSS ALLOCATION				
	FY2019 Adopted	FY2019 Q3	FY2020 Proposed	Variance (FY2020 vs FY2019 Adopted)	Variance (FY2020 vs FY2019 Q3)	FY2019 Adopted	FY2019 Q3	FY2020 Proposed	Variance (FY2020 vs FY2019 Adopted)	Variance (FY2020 vs FY2019 Q3)
BEST Staffing (86%)	\$1,164,040	\$974,056	\$974,380	(\$189,660)	\$324	\$1,001,074	\$837,688	\$837,967	(\$163,108)	\$279
Temporary Staffing	\$1,164,040	\$974,056	\$974,380	(\$189,660)	\$324	\$1,001,074	\$837,688	\$837,967	(\$163,108)	\$279
IT Maintenance (86%)	\$4,092,806	\$3,835,749	\$4,344,930	\$252,124	\$509,181	\$3,519,813	\$3,298,744	\$3,736,640	\$216,827	\$437,896
Security (86%)	1,120,041	817,319	884,964	(235,077)	67,645	963,236	702,898	761,069	(202,167)	58,171
Testing (86%)	980,928	396,429	555,000	(425,928)	158,571	843,598	340,929	477,300	(366,298)	136,371
Development	\$6,193,775	\$5,049,497	\$5,784,894	(\$408,881)	\$735,397	\$5,326,647	\$4,342,571	\$4,975,009	(\$351,638)	\$632,438
Call Center (70%)	\$16,485,906	\$16,482,837	\$16,490,000	\$4,094	\$7,163	\$11,540,134	\$11,537,986	\$11,543,000	\$2,866	\$5,014
Call Center (80%)	448,775	156,786	112,194	(336,581)	(44,592)	359,020	66,110	89,755	(269,265)	23,645
Operations (86%)	2,850,900	2,579,708	1,989,000	(861,900)	(590,708)	2,451,774	2,218,549	1,710,540	(741,234)	(508,009)
Operations	\$19,785,581	\$19,219,330	\$18,591,194	(\$1,194,387)	(\$628,136)	\$14,350,928	\$13,822,644	\$13,343,295	(\$1,007,633)	(\$479,349)
Total - State General Fund	\$27,143,396	\$25,242,883	\$25,350,468	(\$1,792,929)	\$107,585	\$20,678,649	\$19,002,903	\$19,156,271	(\$1,522,379)	\$153,367
DSS Only Projects (100%)	\$800,000	\$550,316	\$500,000	(\$300,000)	(\$50,316)	\$800,000	\$550,316	\$500,000	(\$300,000)	(\$50,316)
IT Development (86%)	726,850	726,850	800,000	73,150	73,150	610,554	625,091	688,000	77,446	62,909
Total - Federally Funded	\$1,526,850	\$1,277,166	\$1,300,000	(\$226,850)	\$22,834	\$1,410,554	\$1,175,407	\$1,188,000	(\$222,554)	\$12,593
Capital Improvements (84%)	\$6,712,515	\$6,712,515	\$3,600,000	(\$3,112,515)	(\$3,112,515)	\$4,370,012	\$4,588,513	\$3,024,000	(\$1,346,012)	(\$1,564,513)

FY 2020 Capital Improvements Budget (CIP-O)

FY 2020 Proposed Capital Improvements Budget					
Project Number	Project Name	Project Description	Funding Source	DSS Allocation	Proposed Budget
2020.001	Website Technology Update	Update website to "Responsive Web Design" architecture, reduces maintainanance cost and enhances compatibility with various web browser platforms & eliminates duplication of desktop and mobile website.	Operating Funded	None	\$300,000
2020.002	Additional System Release	Additional scheduled release to support product owner identified backlog.	Operating Funded	None	250,000
2020.003	Periodic Data Match	Regulatory requirement pending - verifies Medicare and other government MEC eligibility of enrolled members more than once in a year.	Operating Funded	DDI (84%)	1,500,000
2020.004	CDS / EYO - Phase 2 Improvements	Phase 2 of the consumer decision support tool includes the integration of formulary network tier, price checking for deductibles that exceeved drug market price, and network breadth composite score, cost scenario simulation, and print/bookmark/compare features.	Operating Funded	None	510,000
2020.005	Data Warehouse Integration	Data stored within filenet is currently not available in the data warehouse used for reporting. This prevents AHCT from running operational reports and performing QC activities.	Operating Funded	None	20,000
2020.006	VCL Streamline Initiative	Provide reccomendations, specifications, and POCs to simplify the verification process for consumers and workers.	Operating Funded	None	825,000
2020.007	EDI Redesign and Dedicated Release	Perform maintainance on EDI code to streamline and remove legacy build-up. Perform a dedicated release focused on correcting over 20 documented issues.	Operating Funded	None	610,000
Total					\$4,015,000