



Board of Directors  
- Finance Committee -

# Fiscal Year 2019 – Year-End Budget Report

*(as of June 30, 2019)*

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# Fiscal Year 2020 – 1<sup>st</sup> Quarter (Q1) Budget Report

*(as of September 30, 2019)*

*November 14, 2019*

# Fiscal Year 2019

*(as of June 30, 2019)*

## OPERATING BUDGET

*Year-End Budget Report*

# FY 2019 Budget vs Actuals

(Year-End Budget Report - Unaudited)

OPERATING BUDGET			
July 1, 2018 through June 30, 2019			
	Budget	Actuals	Variance
<b>Revenues</b>			
Investment Income	\$ 367,861	\$ 407,614	\$ 39,753
Other Income	12,000	32,300	20,300
Marketplace Assessments	32,275,712	32,287,139	11,427
<b>Total Revenue</b>	<b>\$ 32,655,573</b>	<b>\$ 32,727,053</b>	<b>\$ 71,480</b>
<b>Expenses</b>			
Salaries	\$ 6,994,602	\$ 6,935,673	\$ (58,929)
Fringe Benefits	2,444,462	2,440,310	(4,152)
Temporary Staffing	704,947	658,269	(46,678)
Contractual	13,634,111	11,615,187	(2,018,924)
Equipment and Maintenance	3,331,434	3,108,581	(222,853)
IT Enhancements	3,365,731	1,827,409	(1,538,322)
Supplies	26,928	24,064	(2,864)
Travel	112,729	62,750	(49,979)
Other Administrative	1,199,827	1,117,653	(82,174)
<b>Total Operating Expenses</b>	<b>\$ 31,814,771</b>	<b>\$ 27,789,896</b>	<b>\$ (4,024,875)</b>
Net position designated for FY2019 ongoing projects	\$ -	\$ 2,719,098	\$ (2,719,098)
<b>Total Expenses</b>	<b>\$ 31,814,771</b>	<b>\$ 30,508,994</b>	<b>\$ (1,305,777)</b>
Costs Shared with DSS	\$ 20,178,310	\$ 18,409,011	\$ (1,769,299)
<b>AHCT and DSS Total Expenses</b>	<b>\$ 51,993,081</b>	<b>\$ 48,918,005</b>	<b>\$ (3,075,076)</b>

- **Revenues:** actuals slightly above budget.
- **Expenses:** variance due to timing of projects, sequencing of enhancements and improved budget management.
- **FY2019 Carry-Forward Projects:** represents on-going projects with purchase orders encumbered but not liquidated at June 30, 2019.

<u>NAME</u>	<u>AMOUNT</u>
System Enhancements	\$2,107,860
Redesign and Improvements (EDI, Portals, CDS)	529,904
SHOP and Subsidiary Research	<u>81,334</u>
Total	<u>\$2,719,098</u>

# Unrestricted Net Position – Fiscal Year 2019

(GAAP basis - Unaudited)

## As of June 30, 2018

Unrestricted:

## Amount

\$20,481,998

## As of June 30, 2019

Unrestricted:

24,332,143

FY2019 Financial Statements Increase:

\$3,850,145

*Less: FY2019 Carry-forward:*

(2,719,098)

**Net Estimated Increase**

**\$1,131,047**

*Projected  
at June 30, 2020*

\$21,613,046

# Fiscal Year 2020

*(as of September 30, 2019)*

## 1<sup>st</sup> QUARTER (Q1) BUDGET REPORT

*Operating & Capital Improvements*

# FY 2019 On-going (Carry-forward) Projects

(1<sup>st</sup> Quarter Budget Report)

- Projects were initiated and funded in FY 2019 and are on-going.
- Carry-forward amounts represent purchase orders encumbered during FY 2019 but not liquidated at June 30, 2019.
- FY 2019 carry-forward to FY 2020 will not exceed aggregate remaining purchase order value of \$2.719 million.

FY 2019 On-going Project Plan Update					
Project Name	Project Budget	FY 2019 Actuals	FY 2019 Carry-forward FY 2020	FY 2020 1 <sup>st</sup> Quarter Actuals	Status
Sytem Enhancements	\$2,784,601	\$ 676,741	\$ 2,107,860	\$ 962,178	In Progress
Redisgn and Improvements (EDI, Portal, CDS)	606,335	76,431	529,904	31,409	In Progress
SHOP and Subsidiary Research	185,000	103,666	81,334	-	In Progress
	<b>\$3,575,936</b>	<b>\$ 856,838</b>	<b>\$ 2,719,098</b>	<b>\$ 993,587</b>	

# FY 2020 Budget vs Actuals - Through Sept. 30, 2019

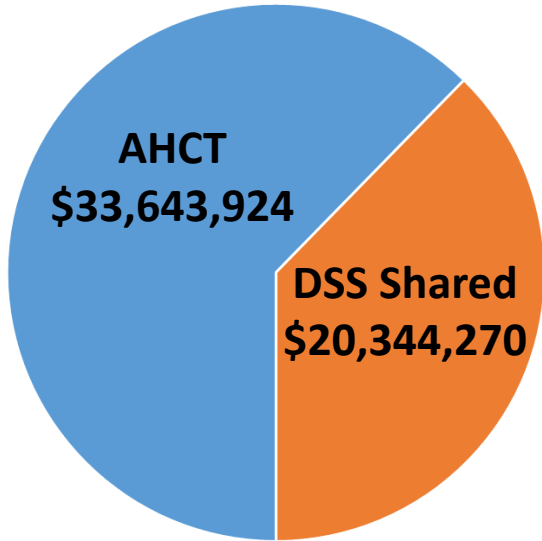
(1<sup>st</sup> Quarter Budget Report)

OPERATING BUDGET - 1 <sup>st</sup> Quarter			
July 1, 2019 through September 30, 2019			
	Budget	Actuals	Variance
<b>Revenues</b>			
Marketplace Assessments	\$ 8,386,710	\$ 8,331,539	\$ (55,170)
Interest Income	100,723	139,175	38,452
<b>Total Revenue</b>	<b>\$ 8,487,433</b>	<b>\$ 8,470,714</b>	<b>\$ (16,718)</b>
<b>Expenses</b>			
Salaries	\$ 1,866,664	\$ 1,783,686	\$ (82,978)
Fringe Benefits	713,896	709,620	(4,276)
Temporary Staffing	128,192	131,750	3,558
Contractual	2,470,547	2,151,105	(319,442)
Equipment and Maintenance	619,789	535,759	(84,030)
IT Enhancements	160,529	161,619	1,090
Supplies	5,196	4,106	(1,090)
Travel	30,908	6,885	(24,023)
Other Administrative	179,812	233,564	53,752
<b>Total Operating Expenses</b>	<b>\$ 6,175,533</b>	<b>\$ 5,718,094</b>	<b>\$ (457,439)</b>
Costs Shared with DSS	4,651,017	4,214,370	(436,647)
<b>AHCT and DSS Total Expenses</b>	<b>\$ 10,826,550</b>	<b>\$ 9,932,464</b>	<b>\$ (894,086)</b>

- **Revenues:** carrier amendments to marketplace assessments and favorable interest rate environment.
- **Expenses:** variance due to timing of invoices, and improved budget management.

# FY 2020 1<sup>st</sup> Quarter (Q1) Budget Overview

## FY 2020 Operating Budget



	FY 2020 Operating Budget			
	FY 2019 Actuals	FY 2020 Adopted Budget	FY2020 Q1 Changes	FY 2020 Adjusted Budget
AHCT	\$ 30,508,994	\$ 33,643,924	\$ -	\$ 33,643,924
DSS Shared Cost	18,409,011	20,344,270	-	20,344,270
<b>Gross Expenses</b>	<b>\$ 48,918,005</b>	<b>\$ 53,988,194</b>	<b>\$ -</b>	<b>\$ 53,988,194</b>



# FY 2020 Operating Budget

## (1<sup>st</sup> Quarter Budget Report)

	FY 2019 Actuals	FY 2020 Adopted Budget	FY2020 Q1 Changes	FY 2020 (Q1) Budget
<b>Revenue</b>				
Investment Income	\$ 407,614	\$ 359,924	\$ -	\$ 359,924
Other Income	32,300	-	-	-
Marketplace Assessments	32,287,139	33,284,000	-	33,284,000
<b>Total Revenue</b>	<b>\$ 32,727,053</b>	<b>\$ 33,643,924</b>		<b>\$33,643,924</b>
<b>Budgeted Expenses</b>				
Salaries	\$ 6,935,673	\$7,829,218	\$ -	\$ 7,829,218
Fringe Benefits	2,440,310	2,866,843	-	2,866,843
Temporary Staffing	658,269	540,211	-	540,211
Contractual	11,615,187	13,163,128	-	13,163,128
Equipment and Maintenance	3,108,581	2,934,268	-	2,934,268
IT Enhancements	1,827,409	5,133,941	-	5,133,941
Supplies	24,064	21,482	-	21,482
Travel	62,750	124,383	-	124,383
Other Administrative	1,117,653	1,030,450	-	1,030,450
<b>Total Operating Expenses</b>	<b>\$ 27,789,896</b>	<b>\$ 33,643,924</b>	<b>\$ -</b>	<b>\$33,643,924</b>
Net position designated for FY2019 ongoing projects	\$ 2,719,098	\$ -	\$ -	\$ -
<b>Total Expenses</b>	<b>\$ 30,508,994</b>	<b>\$ 33,643,924</b>	<b>\$ -</b>	<b>\$33,643,924</b>
Costs Shared with DSS	\$ 18,409,011	\$ 20,344,270	\$ -	\$ 20,344,270
<b>AHCT and DSS Total Expenses</b>	<b>\$ 48,918,005</b>	<b>\$ 53,988,194</b>	<b>\$ -</b>	<b>\$53,988,194</b>

- **1<sup>st</sup> Quarter:** there are no proposed changes to the Adopted FY 2020 Budget.
- **2<sup>nd</sup> Quarter:** there may be adjustments once we review actuals for the first half of FY 2020.

# FY 2020 Adjusted Budget

## Analysis of Shared Costs with DSS (1<sup>st</sup> Quarter Budget Report)

	TOTAL EXPENSE			DSS ALLOCATION		
	FY2020 Adopted	Changes	FY 2020 (Q1) Budget	FY2020 Adopted	Changes	FY 2020 (Q1) Budget
BEST Staffing (86%)	\$974,380	\$ -	\$974,380	\$837,967	\$ -	\$837,967
<b>Temporary Staffing</b>	<b>\$974,380</b>	<b>\$ -</b>	<b>\$974,380</b>	<b>\$837,967</b>	<b>\$ -</b>	<b>\$837,967</b>
IT Maintenance (86%)	\$4,344,930	\$ -	\$4,344,930	\$3,736,640	\$ -	\$3,736,640
Security (86%)	884,964	-	884,964	761,069	-	761,069
Testing (86%)	555,000	-	555,000	477,300	-	477,300
<b>Development</b>	<b>\$5,784,894</b>	<b>\$ -</b>	<b>\$5,784,894</b>	<b>\$4,975,009</b>	<b>\$ -</b>	<b>\$4,975,009</b>
Call Center (70%)	\$16,490,000	\$ -	\$16,490,000	\$11,543,000	\$ -	\$11,543,000
Call Center (80%)	112,194	-	112,194	89,755	-	89,755
Operations (86%)	1,989,000	-	1,989,000	1,710,540	-	1,710,540
<b>Operations</b>	<b>\$18,591,194</b>	<b>\$ -</b>	<b>\$18,591,194</b>	<b>\$13,343,295</b>	<b>\$ -</b>	<b>\$13,343,295</b>
<b>Total - DSS State Funding</b>	<b>\$25,350,468</b>	<b>\$ -</b>	<b>\$25,350,468</b>	<b>\$19,156,271</b>	<b>\$ -</b>	<b>\$19,156,271</b>
DSS Only Projects (100%)	\$500,000	\$ -	\$500,000	\$500,000	\$ -	\$500,000
IT Development (86%)	800,000	-	800,000	688,000	-	688,000
<b>Total - DSS Federal Funding</b>	<b>\$1,300,000</b>	<b>\$ -</b>	<b>\$1,300,000</b>	<b>\$1,188,000</b>	<b>\$ -</b>	<b>\$1,188,000</b>
<b>Capital Improvements (84%) CIP-R</b>	<b>\$3,600,000</b>	<b>\$ -</b>	<b>\$3,600,000</b>	<b>\$3,024,000</b>	<b>\$ -</b>	<b>\$3,024,000</b>

# FY 2019 Capital Improvement Projects Summary: *CIP-R*

(1<sup>st</sup> Quarter Budget Report)

- CIP-R projects are financed from accumulated equity (Reserves) authorized by project name and amount for expenditure by the Board of Directors (FY 2019 Adopted Budget).

FY 2019 Capital Improvement Plan Update - Reserves							
Project Number	Project Name	Funding Source	DSS Allocation	Original Budget	Adjusted Budget	Status	Comments
2019.001	Technology refresh, move to open source from IBM products (WAS AND DB2)	Reserves	DDI (84%)	\$1,600,000	\$1,600,000	Not Started	Pending DSS Funding Approval(s)
2019.002	Technology Refresh move to user friendly Notices Engine and convert exisiting Notices to new technology	Reserves	DDI (84%)	2,000,000	2,000,000	Not Started	Pending DSS Funding Approval(s)
<b>Total</b>				<b>\$3,600,000</b>	<b>\$3,600,000</b>		

# FY 2020 Capital Improvement Project Summary: *CIP-R*

(PROPOSED)

- Engage contractor to perform actuarial and economic modeling to inform a potential State of Connecticut Section 1332 Waiver Application to U.S. Department of Health & Human Services for a potential State Reinsurance Program.

FY 2020 Capital Improvement Project - Reserves						
Project Number	Project Name	Funding Source	DSS Allocation	Proposed Budget	Status	Comments
2020.001	Economic Waiver Modeling for Potential State Reinsurance Program	Reserves	None	\$ 100,000	Pending Board Approval	Planning Stage
<b>Total</b>				<b>\$ 100,000</b>		