



## Finance Committee

Regular Meeting

Legislative Office Building, Room 1B

300 Capitol Avenue, Hartford

January 10

2:00 p.m.

Draft Meeting Minutes

**Members Present:** Anne Foley (Chair) on behalf of Melissa McCaw, Office of Policy & Management (OPM) Secretary; Demian Fontanella on behalf of Victoria Veltri; Thomas McNeill; Michael Gilbert on behalf of Commissioner Deidre Gifford, Department of Social Services (DSS); Thomas Okafor on behalf of Commissioner Renee Coleman-Mitchell, Department of Public Health (DPH)

**Access Health CT (AHCT) Staff:** James Michel; Edith Lortie; Sinisa Crnkovic; Ireneusz Swiecki

### I. Call to Order and Introductions

The Regular Meeting of the Connecticut Health Insurance Exchange Finance Committee was called to order at 2:00 p.m.

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

Chair Anne Foley requested a motion to approve the November 14, 2019 Finance Committee Regular Meeting Minutes. Motion was made by Thomas McNeill and seconded by Michael Gilbert. **Motion passed unanimously.**

### D. FY 2020 Q2 Budget Report

Anne Foley informed the Committee that Darrell Hill, Director of Finance has left AHCT and James Michel, Chief Executive Officer, will serve as the Interim Director of Finance.

Mr. Michel presented the Fiscal Year (FY) Quarter 2 Budget Report. Mr. Michel stated that three capital improvement projects were originally funded in 2019. At this point, all of them are still in progress. Mr. Michel pointed out that system enhancements accounted for \$1.6 million spent and added that the other two projects include Redesign and Improvements as well as SHOP and Subsidiary Research. Mr. Michel informed the Committee that over \$2.1 million has been spent

to date while close to a \$1.5 million balances remains for those projects. Mr. Michel pointed out that carry-forward amounts represent purchase orders encumbered during FY 2019 but not liquidated at June 30, 2019.

Mr. Michel went on to describe the FY 2020 Budget vs. Actuals through December 31, 2019. Mr. Michel noted that total operating expenses that were budgeted were \$16,112,354; the actuals were \$15,080,487 which presented a positive variance \$1,031,867. Budgeted cost share with the Department of Social Services (DSS) was \$10,067,703 and the actual was \$8,531,957. Revenues were related to carrier assessments and a favorable interest rate environment while on the expenses side, variance was due to the timing of invoices, and improved budget management. The FY 2020 Operating Budget, including cost share with DSS, is \$53,988,194.

Mr. Michel provided remarks on the operating budget. One of the biggest variances exists in both salaries and temporary staffing. While the salaries decreased due to existing vacancies, temporary staffing has increased. In terms of the fringe benefits, a positive variance exists due to a higher medical insurance increase than anticipated. Mr. Michel provided an analysis of the shared costs with DSS.

Chair Anne Foley requested a motion to approve the FY 2020 Q2 Budget Report as presented. Motion was made by Demian Fontanella and seconded by Thomas McNeill. **Motion passed unanimously.**

#### **E. Capital Improvement Plan Update**

Mr. Michel summarized FY 2019 on-going carry forward projects. Mr. Michel stated that two projects that were initially approved, after discussions with DSS, have been placed on hold temporarily. Mr. Michel stressed that the federal government came up with some changes that need to be in place by AHCT in order to for these projects to continue. Mr. Michel indicated that at the time when they had been approved, these additional requirements to update the servers were not known. Edith Lortie, Interim Information Technology Director, emphasized that all of those projects' estimated completion date is by mid-March.

Mr. Michel summarized the 1332 Waiver application study that was authorized by the Board of Directors in November 2019 in the amount of \$100,000. The study will be completed in February 2020 in case the Connecticut General Assembly (CGA) decides that Connecticut will apply for the waiver to the Centers for Medicare and Medicaid Services (CMS). Mr. Michel reported that before Connecticut can apply for the waiver, it would need to be enacted by the Connecticut General Assembly and approved by the Governor.

Mr. Michel commented that AHCT budgetary reserves at the end of the last Fiscal Year amounted to \$21,613,06. Mr. Michel went on to explain that the updated projection for the unrestricted net position at the end of the current FY on June 30, 2020 is \$21,811,510.

Mr. Michel stated that a fully detailed comparison of reserves of the state-run exchanges may not be possible due to the fact that some exchanges are operating as quasi-public entities, such as AHCT, while others are part of their states' social service agencies and funded by the state. Mr. Michel provided the example of Covered California which is a part of the state's agency but is also able to raise its funds through assessments. Mr. Michel mentioned a few other examples of state-run exchanges and elaborated on the differences in their financing structures. Discussion ensued around funding the reserve fund and how it is structured, as well as the unrestricted net positions of AHCT as compared with other state-run Exchanges. Mr. Michel added that this subject area will be monitored and information will be provided to the Committee on an annual basis. Ms. Foley suggested that staff provide a slide that would describe the governance structure of each of the exchanges, whether they are a part of the state agency, a quasi-public agency or a non-profit organization.

#### **F. Adjournment**

Chairwoman Anne Foley requested a motion to adjourn. Motion was made by Thomas McNeill and seconded by Thomas Okafor. Motion passed unanimously. **Meeting adjourned at 2:27 p.m.**