

Board of Directors

Finance Subcommittee

Fiscal Year 2020 Projected Year-End

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Fiscal Year 2021 Proposed

Operating & Capital Improvements Budget

April 9, 2020

Fiscal Year 2020 Projected Year-End

As of 3rd Quarter (March 31, 2020)

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FY 2020 Budget Summary

3rd Quarter Budget Report (as March 31, 2020)

Operating Budget - 3rd Quarter Fiscal Year-to-Date

	Budget	Actuals	Variance
AHCT	\$ 24,544,884	\$ 21,713,279	\$ (2,831,605)
DSS Shared Cost	14,946,433	13,593,495	(1,352,937)
Total	39,491,317	35,306,774	(4,184,542)

Operating Budget - FY 2020 Projected Year-End

	FY 2020 Adopted Budget	FY 2020 Projected Year End Budget	Variance
AHCT	\$ 33,643,924	\$ 33,643,924	\$ 0
DSS Shared Cost	20,344,270	19,990,688	(353,583)
Total	53,988,194	53,634,612	(353,582)

Capital Improvement Plan Update (Ongoing Reserves Funded)

	FY 2020 Adopted Budget	FY2020 Proposed Budget	Variance
AHCT	\$ 576,000	\$ 604,000	\$ 28,000
DSS Shared Cost	3,024,000.00	3,096,000.00	72,000.00
Total	3,600,000.00	3,700,000.00	100,000.00

FY 2020 Budget vs Actuals - Through March 31, 2020

(3rd Quarter Budget Report)

OPERATING BUDGET - 3rd Quarter Fiscal Year-to-Date

	Budget	Actuals	Variance	
Revenues				
Marketplace Assessments	25,325,578	\$ 25,432,904	\$ 107,326	Adjustment in Carrier Premiums
Interest Income	355,710	347,692	(8,018)	Lowered Interest Rates
Total Revenue	\$ 25,681,288	\$ 25,780,596	\$ 99,308	
Expenses				
Salaries	\$ 5,545,405	\$ 5,447,242	\$ (98,163)	Vacancy Savings
Fringe Benefits	2,171,054	2,134,093	(36,961)	Vacancy Savings
Temporary Staffing	602,512	453,392	(149,120)	
Contractual	11,040,083	10,061,184	(978,899)	Timing of Projects and invoicing
Equipment and Maintenance	2,031,450	1,622,025	(409,425)	Timing of invoicing
IT Enhancements	2,377,699	1,345,436	(1,032,263)	Timing of Projects
Supplies	18,025	14,713	(3,312)	
Travel	82,462	33,995	(48,467)	Lower travel expenses due to Covid-19
Other Administrative	676,194	601,199	(74,995)	Lower staff development and timing
Total Operating Expenses	\$ 24,544,884	\$ 21,713,279	\$ (2,831,605)	
Costs Shared with DSS	14,946,433	13,593,495	(1,352,937)	
AHCT and DSS Total Expenses	\$ 39,491,317	\$ 35,306,774	\$ (4,184,542)	

FY 2020 Projected Year-End Budget

	FY 2020 Adopted Budget	FY 2020 Projected Year End Budget	Variance	
Revenue				
Investment Income	\$ 359,924	\$ 369,538	\$ 9,614	Lower interest rate
Marketplace Assessments	33,284,000	34,202,729	918,729	Adjustments in Carrier Premiums
Total Revenue	\$ 33,643,924	\$ 34,572,267	\$ 928,343	
Budgeted Expenses				
Salaries	\$7,829,218	\$ 7,431,135	\$ (398,083)	Variance due to timing of filling vacancies
Fringe Benefits	2,866,843	2,867,840	997	
Temporary Staffing	540,211	629,356	89,145	Temporary staff to augment vacant positions
Contractual	13,163,128	14,088,102	924,974	Reclassification of expenses to support SHOP Marketing
Equipment and Maintenance	2,934,268	2,582,716	(351,552)	Improved Software Maintenance Contract Management
IT Enhancements	5,133,941	4,920,763	(213,178)	Reduction to support SHOP Marketing Initiative
Supplies	21,482	21,031	(451)	
Travel	124,383	62,966	(61,417)	Reduction in Travel due to COVID-19
Other Administrative	1,030,450	1,040,015	9,565	Consumer Breach & Covid-19 Cleaning Costs
Total Operating Expenses	\$ 33,643,924	\$ 33,643,924	\$ 0	
Costs Shared with DSS	\$ 20,344,270	\$ 19,990,688	(353,583)	
AHCT and DSS Total Expenses	\$ 53,988,194	\$ 19,990,688	\$ 0	

FY 2020 Projected Year-End Shared Cost with Department of Social Services (DSS)

	DSS SHARED COST BUDGET		
	FY2020 Adopted Budget	FY 2020 Projected Year End Budget	Variance
Temporary Staffing	\$837,967	\$736,547	(\$101,420)
IT Maintenance & Development	4,975,009	4,450,822	(\$524,187)
Operations	13,343,295	13,615,319	\$272,024
Total - State General Fund	\$19,156,271	\$18,802,688	(\$353,583)
Total - Federally Funded	\$1,188,000	\$ 1,188,000	\$ (0)
Total - DSS Shared Budget	\$20,344,271	\$19,990,688	(\$353,583)
Capital Improvements (86%)	\$3,024,000	\$ 3,096,000	\$ 72,000

Efficiency achieved in Temporary Staff
Improved Software Maintenance Contract Management
Budget adjustment for Printing and Scanning

Adjustment in allocation per discussion with DSS

Covid-19 Impact on FY2020 Year-End Budget

- AHCT is tracking the potential for unspent FY 2020 Operating Budget at the end of this Fiscal Year (i.e., June 30, 2020).
- The primary driver is the timing of projects and related invoices.
- The current projected range of potentially unspent FY 2020 Operating Budget is \$1,500,000 to \$2,500,000.
- AHCT is planning to spend up to the budgeted amount, however all projects may not be completed but they will be started and encumbered before the end of Fiscal Year.

Projects Funded from Operating Budget

Carry-forward Projects from FY2019 to FY2020

Update

- Projects were initiated and funded in FY 2019 but not completed by the end of the fiscal year are still on going in fiscal year 2020.
- The \$2.719 million carry-forward to FY 2020 remains on budget and majority of the projects are expected to be completed by end of FY2020.

FY 2019 On-going Project Plan Update				
Project Name	FY 2019 Carry-forward FY 2020	FY 2020 YTD Actuals	Remaining Balance	Status
Sytem Enhancements	\$ 2,107,860	\$ 1,957,188	\$ 150,672	In Progress
Redesign and Improvements (EDI, Portal, CDS)	529,904	283,955	245,949	In Progress
SHOP and Subsidiary Research	81,334	77,834	3,500	Completed
	\$ 2,719,098	\$ 2,318,977	\$ 400,121	

Capital Improvement Projects (*CIP-R*) Funded by Reserve

Update

- FY2019 Projects are currently on hold pending Assessment with DSS.
- FY2020 Project - a draft Report has been produced on February 28, 2020 and shared with Board of Directors, Legislature and Stakeholders.

FY 2019 Capital Improvement Projects Update - Reserves						
Project Number	Project Name	Funding Source	DSS Allocation	Total Budget	YTD Estimated Spend	Status
2019.001	Technology refresh, move to open source from IBM products (WAS AND DB2)	Reserves	DDI (86%)	\$1,600,000	\$ -	On-Hold
2019.002	Technology Refresh move to user friendly Notices Engine and convert existing Notices to new technology	Reserves	DDI (86%)	2,000,000	-	On-Hold
2020.001	Economic Waiver Report for State Reinsurance Program	Reserves	None	\$ 100,000	\$ 35,194	In Progress
Total				\$3,700,000	\$ 35,194	

FY2020 Projected Year-End Reserve Fund Balance

AHCT projected fiscal 2020 year-end reserve is expected to be \$22.5 million, an increase of \$900k from prior year as a result of higher than expected assessment collections.

<u>Projected Year-End Reserves as of March 31, 2020</u>	<u>Amount</u>	Months of Operating Funding
Unrestricted:	21,613,046	7.4
Add: Projected FY2020 increase in Revenue:	928,343	
Projection at June 30, 2020	<u>\$ 22,541,389</u>	7.7

Fiscal Year 2021 Proposed Budget

Focused on 3 Strategic Initiatives
IT Investment ♦ Cybersecurity ♦ Health Disparities

To Support Our Mission

To increase the number of insured residents, improve health care re quality, lower costs and reduce health disparities through an innovative, competitive marketplace that empowers consumers to choose the health plan and provider that give them the best value.

Fiscal Year 2021 Proposed

Operating & Capital Improvements Budget

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FY 2021 Proposed Budget Summary

Operating Budget - FY2021 Projected

	FY 2020 Adopted Budget	FY2021 Proposed Budget	Variance
AHCT	\$ 33,643,924	\$ 35,141,988	\$ 1,498,064
DSS Shared Cost	20,344,270	19,990,688	(353,583)
Total	\$ 53,988,194	\$ 55,132,676	\$ 1,144,482

FY 2021 Proposed Operating Budget

FY 2020 Adopted Budget	FY 2021 Proposed Budget	Variance
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Revenue

Investment Income	\$ 359,924	\$ 62,685	\$ (297,239)	Expected earnings on reserve funds
Marketplace Assessments	33,284,000	35,079,303	1,795,303	Marketplace Assessment rate unchanged, but premium cost increased
Total Revenue	\$ 33,643,924	\$ 35,141,988	\$ 1,498,064	

Budgeted Expenses

Salaries	\$7,829,218	\$ 8,120,513	\$ 291,295	2 additional staff for IT Security & 3% merit increase
Fringe Benefits	2,866,843	3,416,751	549,908	9% increase in employee medical cost
Temporary Staffing	540,211	682,672	142,461	2 IT temp staff for IT security
Contractual	13,163,128	14,429,493	1,266,365	\$460k Enterprise Project Management Office & \$800k SHOP
Equipment and Maintenance	2,934,268	3,745,577	811,309	\$350k for All Payers Claims Database (APCD) & IT maintenance contracts
IT Enhancements	5,133,941	3,440,271	(1,693,670)	(\$1.7) million to support Contractual initiatives & APCD
Supplies	21,482	22,720	1,238	
Travel	124,383	125,216	833	
Other Administrative	1,030,450	1,158,775	128,325	Wellness Program & Staff Development
Total Operating Expenses	\$ 33,643,924	\$ 35,141,988	\$ 1,498,064	
Costs Shared with DSS	\$ 20,344,270	\$ 19,990,688	\$ (353,583)	Improved software maintenance contract management
AHCT and DSS Total Expenses	\$ 53,988,194	\$ 55,132,676	\$ 1,144,482	

FY 2021 Proposed Shared Cost with Department of Social Services (DSS)

	DSS SHARED COST BUDGET		
	FY2020 Adopted Budget	FY 2021 Proposed Budget	Variance
Temporary Staffing	\$837,967	\$736,547	(\$101,420)
IT Maintenance & Development	4,975,009	4,629,477	(345,532)
Operations	13,343,295	13,436,664	93,369
Total - State General Fund	\$19,156,271	\$18,802,688	\$ (353,583)
Total - Federally Funded	\$1,188,000	\$1,188,000	\$ 0
Total - DSS Shared Budget	\$20,344,271	\$19,990,688	\$ (353,583)
Capital Improvements (86%)	\$3,024,000	\$3,096,000	\$ 72,000

Efficiency achieved in Temporary Staff
Improved Software Maintenance Contract Management
Budget adjustment for Printing and Scanning

Adjustment in allocation per discussion with DSS

FY 2021 Proposed Capital Improvements (One-Time Projects) Funded from Operating Budget

- AHCT proposed 2021 CIP projects total \$4.73 million.
- Major CIP 2021 Projects Include the following:
 - IT Investment \$3.6 million
 - Cybersecurity Investment 0.33 million
 - IT Enhancements 0.8 million

FY 2021 Proposed Capital Improvements Budget funded from Operating Budget – *Detailed Listing*

FY 2021 Proposed Capital Improvement Plan - Operating Funded				
Project Number	Project Name	Funding Source	DSS Allocation	Proposed Budget
2021.001	Security Information Event Manager	Operating Funded	None	250,000
2021.002	Governance Risk & Compliance Regulatory System	Operating Funded	None	185,000
2021.003	Release 29, with Contracted Resources	Operating Funded	M&O (86%)	1,800,000*
2021.004	Release 30, with Contracted Resources	Operating Funded	M&O (86%)	1,800,000*
2021.005	PMP Enhancements	Operating Funded	None	100,000
2021.006	Web simplification efforts for 10 highest opportunity screens	Operating Funded	None	100,000
2021.007	1095 Enhancements	Operating Funded	None	100,000
2021.008	CTHIX Re-architecture	Operating Funded	None	400,000
Total				\$4,735,000

*Funding for Joint projects with DSS and AHCT are subject to change during FY 2021 based on DSS federal funding approvals.