



Finance Committee

Thursday, April 9, 2020

Regular Meeting

10:00 a.m.

Meeting Minutes

Members Present: Anne Foley (Chair) on behalf of Melissa McCaw, Office of Policy & Management (OPM) Secretary; Victoria Veltri; Thomas McNeill; Michael Gilbert on behalf of Commissioner Deidre Gifford, Department of Social Services (DSS);

Access Health CT (AHCT) Staff: James Michel; Daryl Jones; Susan Rich-Bye

A. Call to Order and Introductions

The Regular Meeting of the Connecticut Health Insurance Exchange Finance Committee was called to order at 10:00 a.m.

B. Vote: Review and Approval of Minutes

Chair Anne Foley requested a motion to approve the January 10, 2020 Finance Committee Regular Meeting Minutes. Motion was made by Michael Gilbert and seconded by Victoria Veltri. Roll call was ordered. **Motion passed unanimously.**

C. and D.: FY 2020 Q3 Budget Report (Operating) and Capital Improvement Plan

James Michel, Chief Executive Officer, introduced Daryl Jones, the new Director of Finance. Mr. Michel indicated that Mr. Jones is a former Comptroller for the City of New Haven and has an extensive experience in the municipal government finance and has joined the AHCT Finance team in early March.

Thomas McNeill joined at 10:05 a.m.

Mr. Jones presented the FY 2021 3rd Quarter Budget Report – Operating. Mr. Jones provided an overview of the 3rd Quarter Fiscal Year-to-Date information. Mr. Jones also provided FY 2020 Budget vs. Actuals from July 1st 2019 through March 31, 2020. Mr. Jones noted that total revenue is slightly above budget mainly due to adjustments in carrier premiums, and interest income that has lowered due to the declining interest rates. Mr. Jones pointed out that total operating

expenses are lowered by over \$2.8 million which was the result of the timing of projects, vacancy savings as well as travel expenses due to the COVID-19 crisis. In addition, the variance in cost-share with the Department of Social Services (DSS) is lower by \$1.3 million mainly due to the timing of the projects. Mr. Jones went on to explain the FY 2020 Projected Year-End Budget and described that the anticipated surplus would result in more than \$928,000 due to adjustments in the carrier premiums. AHCT is expected to be on budget pertaining to the operating expenses. The contractual line item shows expenditures over budget which was a result of the investment in the SHOP marketing and other supportive actions. Mr. Jones explained the FY 2020 Projected Year-End Shared Cost with DSS. The cost-share with DSS is slightly under budget with the variance of \$353 thousand due to achieving efficiencies with temporary staff, improved Software Management Contract Management and budget adjustment of printing and scanning. Mr. Jones provided information on the COVID-19 impact on FY 202 Year-End Budget. AHCT is tracking the potential unspent FY 2020 Operating Budget at the end of this Fiscal Year and added that the primary driver is the timing of projects and related invoices. Mr. Jones outlined that the current projected range of potentially unspent FY 2020 Operating Budget is \$1,500,000 to \$2,500,000 and stressed that 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. Mr. Jones went on to provide information about carry-forward projects from FY 2019 to FY 2020. They include system enhancements, redesign and development as well as SHOP and subsidiary research with the last one being completed and the remaining in continuing to be in progress. Mr. Jones enumerated one-time projects funded from the AHCT's reserves. Two of those projects are currently on-hold pending assessments from DSS, while the third one, the Economic Waiver for State Reinsurance Program is in progress and added that the Projected End-Year Reserves are \$22,541,389, which is an increase of over \$900,000. It constitutes 7.7 months of operating funding.

Chairwoman Anne Foley requested a motion to approve the FY 2020 Q3 Operating Budget Report as presented by Exchange staff. Motion was made by Victoria Veltri and seconded by Thomas McNeill. Roll call was ordered. **Motion passed unanimously.**

E. Fiscal Year 2021 Proposed Budget

Mr. Michel stated that the focus of the organization for the foreseeable future will be on three distinct areas which include IT-system enhancements, cybersecurity as well health disparities which is a core to the organization's mission. Mr. Michel added that \$350,000 is allocated to supporting the All Payer Claims Database (APCD). The proposed legislation is currently considered at the Connecticut General Assembly allow AHCT to raise assessment funds to support this initiative.

Mr. Jones noted that in terms of the revenue, marketplace assessments have increased by close to \$1.8 million as compared with the prior year. It was a result of the increased premium costs while the rate remained unchanged. The expected income on reserves is lower by close to

\$300,000 due to the decrease in interest rates. Mr. Jones pointed out that the Projected Proposed FY 2021 Budget is \$55,132,676 with the DSS shared cost of \$19,990,688. Mr. Jones provided an in-depth analysis of the proposed budget which included costs associated with budgeted expenses such as salaries, contractual and other elements. Mr. Jones went on to explain the investment details of the FY 2021 Capital Improvements funded from the Operating Budget. They total \$4.73 million.

Chairwoman Anne Foley requested a motion to approve the FY 2021 Proposed Budget as presented. Motion was made by Victoria Veltri and seconded by Thomas McNeill. Roll call was ordered. Motion passed unanimously.

F. Adjournment

Chairwoman Anne Foley requested a motion to adjourn. Motion was made by Victoria Veltri and seconded by Thomas McNeill. Roll call was ordered. Motion passed unanimously. **Meeting adjourned at 10:32 p.m.**