

Board of Directors

Finance Subcommittee

Fiscal Year 2021 Adjusted Budget

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Fiscal Year 2022 Proposed Budget

Operating & Capital Improvements Budget

April 8, 2021

Fiscal Year 2021 Adjusted Budget as of Q3

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American Rescue Plan use of Reserve Funds

- In order to implement the required changes for the American Rescue Plan Act, additional funding is needed for marketing, operations and technology for the remaining of this fiscal year and 1st quarter of FY 2022
- The costs are not to exceed \$2.51 million. The technology costs are anticipated to be reimbursed through a grant from Centers for Medicare & Medicaid Services (CMS) as part of the American Rescue Plan Act. Any reimbursement from CMS will go back into the AHCT reserves

American Rescue Plan - Proposed Costs		
Project Name	Funding Source	Total Project Budget
Marketing and Outreach	Reserve	\$ 1,250,000
Operations	Reserve	632,000
Technology	Reserve	632,165
		\$ 2,514,165

American Rescue Plan use of Reserve Funds

- **Marketing and Outreach**
 - Additional funding will allow Access Health to raise awareness in mass media (tv, radio, print, web, out of home). It will also support direct to consumer efforts (direct mail, sms) as well as support community outreach tactics
- **Operations**
 - Hiring additional brokers to assist in enrollment in the individual market. Also hiring temporary staff for customer relations team to assist with enrollment issues
- **Technology**
 - System Implementation of new ARP requirements, this includes updates to premium tax credits calculations, new unemployment provisions and automated application of additional premium tax credits

FY2021 Projected Reserve Fund Balance

AHCT projected fiscal 2021 year-end reserve is expected to be \$19.7 million

	<u>Amount</u>	Months of Operating Funding
Fund Reserve As of June 30, 2020 (Audited)	\$ 25,942,635	
Subtract: FY2020 Carryover	(3,195,566)	
<u>Net Reserve As of June 30, 2020</u>	<u>22,747,069</u>	7.8
Subtract: Reserve Funded Projects (approved in FY2019)	(504,000)	
Subtract: American Rescue Plan Costs	(2,514,165)	
Projection at June 30, 2021	<u><u>\$ 19,728,904</u></u>	6.7

Calendar Year 2021 Assessment Update

- Carrier Assessments which fund our operations are collected on a Calendar Year (CY)* at an assessment rate of 1.65%
- In CY 2021 Assessment revenue decreased by \$3.7M compared to CY2020 which impacted the second half of FY2021 Budget by \$1.85M and will impact the first 6 months of FY2022 by \$1.85M
- The decrease in assessment revenue is due to lower premiums assessed in both individual and small group market in 2019*
- AHCT Adjusted its fiscal 2021 budget and developed the fiscal year 2022 budget using the expected lower assessment revenues

*Assessment Revenues are calculated based on actual premiums earned 2 years prior to the assessment year

FY 2021 Budget Summary Update

(as of March 31, 2021)

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

	Budget	Actuals	Variance
AHCT	\$ 24,390,611	\$ 22,570,508	\$(1,820,103)
DSS Shared Cost	14,145,870	13,749,177	(396,694)
Total	\$ 38,536,481	\$ 36,319,685	\$(2,216,797)

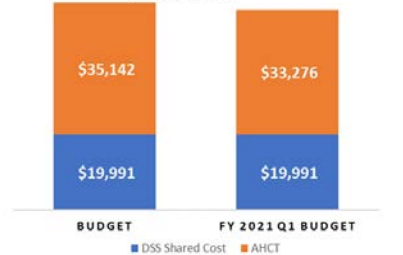
FY2021 3RD QUARTER YEAR-TO-DATE



Operating Budget - FY 2021 Adjusted Budget

	FY 2021 Adopted Budget	FY 2021 Adjusted Budget	Variance
AHCT	\$ 35,141,988	\$ 33,275,798	\$(1,866,190)
DSS Shared Cost	19,990,688	19,990,688	-
Total	\$ 55,132,676	\$ 53,266,486	\$(1,866,190)

OPERATING BUDGET - FY2021 ADJUSTED



FY 2021 Budget vs Actuals - Through March 31, 2021

(3rd Quarter Budget Report)

OPERATING BUDGET - July 1, 2020 to March 31, 2021			
	Budget	Actuals	Variance
Revenues			
Interest Income	\$ 40,243	\$ 22,945	\$ (17,298)
Marketplace Assessments	26,309,478	25,409,905	(899,573)
Total Revenue	\$ 26,349,721	\$ 25,432,850	\$ (916,871)
Expenses			
Salaries	\$ 5,890,011	\$ 5,672,441	\$ (217,570)
Fringe Benefits	2,516,060	2,226,255	(289,805)
Temporary Staffing	261,673	324,176	62,503
Contractual	11,293,525	10,111,427	(1,182,098)
Equipment and Maintenance	2,509,552	1,954,607	(554,945)
IT Enhancements	1,233,862	1,707,685	473,823
Supplies	15,888	5,434	(10,454)
Travel	59,847	5,940	(53,907)
Other Administrative	610,193	562,543	(47,650)
Total Operating Expenses	\$ 24,390,611	\$ 22,570,508	\$ (1,820,103)
Costs Shared with DSS	14,145,870	13,749,177	(396,693)
AHCT and DSS Total Expenses	\$ 38,536,481	\$ 36,319,685	\$ (2,216,796)

Variances due to timing



FY 2021 Adjusted Budget

	FY 2021 Adopted Budget	FY2021 Adjusted Budget	Variance
Revenue			
Investment Income	\$ 62,685	\$ 27,295	\$ (35,390)
Marketplace Assessments	35,079,303	33,248,503	(1,830,800)
Total Revenue	\$ 35,141,988	\$ 33,275,798	\$ (1,866,190)
Budgeted Expenses			
Salaries	\$ 8,120,513	\$ 7,794,198	\$ (326,315)
Fringe Benefits	3,416,751	3,028,300	(388,451)
Temporary Staffing	682,672	546,445	(136,227)
Contractual	14,429,493	13,424,280	(1,005,213)
Equipment and Maintenance	3,745,577	2,916,553	(829,024)
IT Enhancements	3,440,271	4,421,824	981,553
Supplies	22,720	10,924	(11,796)
Travel	125,216	14,078	(111,138)
Other Administrative	1,158,775	1,119,196	(39,579)
Total Operating Expenses	\$ 35,141,988	\$ 33,275,798	\$ (1,866,190)
Costs Shared with DSS	\$ 19,990,688	\$ 19,990,688	\$ -
AHCT and DSS Total Expenses	\$ 55,132,676	\$ 53,266,486	\$ (1,866,190)

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

Budget Category	DSS SHARED COST BUDGET		
	FY2021 Adopted Budget	FY 2021 Adjusted Budget	Variance
Temporary Staffing	\$775,247	\$774,081	(\$1,166)
IT Maintenance & Development	4,590,777	4,655,843	65,066
Operations	13,436,664	13,872,764	436,100
Total - State General Fund	\$18,802,688	\$19,302,688	\$ 500,000
Total - Federally Funded	\$1,188,000	\$688,000	\$ (500,000)
Total - DSS Shared Budget	\$19,990,688	\$19,990,688	\$ -
Capital Improvements (86%)	\$3,096,000	\$3,096,000	\$ -

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

- FY2019 Projects are currently pending with DSS.

FY 2019 Capital Improvement Projects Update - Reserves							
Project Number	Project Name	Funding Source	DSS Allocation	DSS Amount	AHCT Amount	Total Budget	Status
2019.001	Technology refresh, move to open source from IBM products (WAS AND DB2)	Reserves	DDI (86%)	\$ 1,376,000	\$ 224,000	\$1,600,000	Pending
2019.002	Technology Refresh move to user friendly Notices Engine and convert existing Notices to new technology	Reserves	DDI (86%)	1,720,000	280,000	2,000,000	Pending
Total				\$ 3,096,000	\$ 504,000	\$3,600,000	

Projects Funded from Operating Budget

Carry-forward Projects from FY2020 to FY2021

Update

- Projects were initiated and funded in FY 2020 but not completed by the end of the fiscal year and are still on going in fiscal year 2021
- The \$3.196 million carry-forward to FY 2021 remains on budget and all of the projects are expected to be completed by end of FY2021

FY 2020 On-going Project Plan Update				
Project Name	FY 2020 Carry-forward FY 2021	FY 2021 YTD Actuals	Remaining Balance	Status
System Enhancements & Infrastructure Upgrade	\$ 2,543,731	\$ 2,534,753	8,978	In Progress
Website Redesign	119,970	119,878	92	In Progress
EPMO System	57,150	57,150	-	Completed
Health Disparities	474,715	341,825	132,890	In Progress
	\$ 3,195,566	\$ 3,053,606	\$ 141,960	

Covid-19 Impact on FY2021 Budget

- AHCT is tracking Covid-19 related expenses
- Currently Covid-19 expenses are not having an impact on the budget

Fiscal Year 2022 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 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 2022 Proposed Budget

Operating Budget

-FY 2022 Proposed Budget

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FY 2022 Proposed Budget

FY 2021 Adopted Budget	FY 2022 Proposed Budget	Variance
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Revenue

Investment Income	\$ 62,685	\$ 37,772	\$ (24,913)	Interest rates remain low
Marketplace Assessments	35,079,303	31,907,196	(3,172,107)	Decrease in Assessment in CY2021 and CY2022
Total Revenue	\$ 35,141,988	\$ 31,944,968	\$ (3,197,020)	

Budgeted Expenses

Salaries	\$ 8,120,513	\$ 8,000,934	\$ (119,579)	All open positions have been put on hold
Fringe Benefits	3,416,751	3,352,974	(63,777)	
Temporary Staffing	682,672	286,000	(396,672)	
Contractual	14,429,493	13,146,652	(1,282,841)	
Equipment and Maintenance	3,745,577	3,415,271	(330,306)	
IT Enhancements	3,440,271	2,500,255	(940,016)	
Supplies	22,720	18,653	(4,067)	
Travel	125,216	87,000	(38,216)	
Other Administrative	1,158,775	1,137,229	(21,546)	
Total Operating Expenses	\$ 35,141,988	\$ 31,944,968	\$ (3,197,020)	
Costs Shared with DSS	\$ 19,990,688	\$ 21,174,273	\$ 1,183,585	Increased call center costs resulting from increased medicaid enrollment
AHCT and DSS Total Expenses	\$ 55,132,676	\$ 53,119,241	\$ (2,013,435)	

FY 2022 Proposed Shared Cost with Department of Social Services (DSS)

Budget Category	DSS SHARED COST BUDGET		
	FY 2021 Adjusted Budget	FY2022 Proposed Budget	Variance
Temporary Staffing	\$774,081	\$765,680	(\$8,401)
IT Maintenance & Development	5,091,943	4,664,244	(427,699)
Operations	13,436,664	15,056,349	1,619,685
Total - State General Fund	\$19,302,688	\$20,486,273	\$ 1,183,585
Total - Federally Funded	\$688,000	\$688,000	\$ -
Total - DSS Shared Budget	\$19,990,688	\$21,174,273	\$ 1,183,585
Capital Improvements (86%)	\$3,096,000	\$3,096,000	\$ -

Adjournment