



## Finance Committee

**April 8, 2021**

**Regular Meeting**

**2:00 p.m.**

**Meeting Minutes**

**Members Present:** Gregory Messner (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 2:00 p.m.** Roll call for attendance was taken.

### **B. Vote: Review and Approval of Minutes**

Chair Gregory Messner requested a motion to approve the November 12, 2020 Finance Committee Special Meeting Minutes. Motion was made by Thomas McNeill and seconded by Victoria Veltri. Roll call was ordered. **Motion passed unanimously.**

### **C. Fiscal Year 2021 – 3<sup>rd</sup> Quarter Budget Report (Operating)**

Daryl Jones, Director of Finance, presented the Fiscal Year 2021 3<sup>rd</sup> Quarter Budget Report. Mr. Jones stated that the Fiscal Year 2021 Adjusted Budget, Fiscal Year 2022 Proposed Budget as well the use of the Exchange's Reserves to fund initiatives for the American Rescue Plan Act (ARP) are being presented to the Finance Committee and ultimately by the Board of Directors for approval.

Mr. Jones stated that in order to implement the required changes for ARP, additional funding is needed for marketing, operations, and technology for the rest of this fiscal year, and the first quarter of FY 2022. Mr. Jones added that the costs are not to exceed \$2.51 million and technology costs are anticipated to be reimbursed through a grant from the Centers for Medicare and Medicaid Services (CMS) as part of ARP and any reimbursements will be deposited in AHCT's

reserves. Mr. Jones provided additional information pertaining to the efforts that will be undertaken in the marketing and outreach, operations as well as technology to implement the ARP initiatives.

James Michel, Chief Executive Officer, provided the Committee with information about the amount of work that AHCT would need to undertake to implement these initiatives. Mr. Michel added that additional brokers will be hired to work at the call center.

#### **IV. FY 2021-3<sup>rd</sup> Quarter Capital Improvement Plan**

Mr. Jones provided information on the FY2019 Projects that are currently pending with Department of Social Services (DSS), with the AHCT portion funded from its reserves with a DSS cost allocation of 86 percent. Mr. Jones went on to provide information on the carry-forward projects from FY2020 to FY2021. Mr. Jones emphasized that AHCT tracks COVID-19 related expenses and currently they are not having an impact on the budget.

#### **V. FY2021, FY 2022 – American Rescue Plan Use of Reserve Funds**

Mr. Jones presented the FY 2021 Projected Reserve Fund Balance. Mr. Jones noted that the net reserve as of June 30, 2020 was \$22,747,069 which amounted to 7.8 months of operating funding. Mr. Jones added that after subtracting reserve funded projects which were approved in FY2019 and ARP costs, the projected reserve on June 30, 2021 is \$19,728,904 which constitutes 6.7 months of operating funding.

Mr. Jones provided an update on Calendar Year 2021 Assessments. Mr. Jones stated that carrier assessments fund AHCT's operations and are collected on a Calendar Year (CY) basis at the rate of 1.65 percent and pointed out that in CY 2021 Assessment revenue decreased by \$3.7 million compared to CY2020 which impacted half of FY2021 by \$1.85 million. It will impact the first 6 months of FY2022 by the same amount. Mr. Jones added that the decrease in assessment revenue is due to lower premiums assessed in both the individual and small group markets in 2019. Mr. Jones added that AHCT adjusted its fiscal 2021 budget and developed the Fiscal Year 2022 Budget using the expected lower assessment revenues.

Mr. Jones went on to provide the FY2021 Budget Summary Update. Mr. Jones summarized the Operating Budget – 3<sup>rd</sup> Fiscal Quarter Year-to-Date. Mr. Jones indicated that the actuals for AHCT were \$22,570,508 with a variance of \$1,820,103 and DSS shared cost actuals were \$13,749,177 with a variance of \$396,694. Mr. Jones emphasized that the total actuals were \$36,319,685 versus the adopted Budget of \$38,536,481 which showed a variance of \$2,216,797.

Mr. Jones described the FY2021 Adopted and FY2021 Adjusted Budget. Mr. Jones indicated that the total FY Adjusted Budget is \$53,266,486 which includes \$19,990,688 of the DSS shared costs, showing a variance of \$1,866,190, while the FY2021 Adopted Budget was \$55,132,676. Mr. Jones continued with an in-depth summary of the 3<sup>rd</sup> Quarter Budget Report which provided the line-by-line budget, actuals, and variances.

## **VI. FY 2022 Proposed Budget - Operating**

Mr. Jones provided an analysis of the FY2022 Proposed Budget. Mr. Jones stated that the FY2022 Proposed Budget is \$53,119,241 and within that amount, \$21,174,273 are the costs shared with DSS. Total operating expenses will be \$31,944,968. The total operating expenses are decreased when compared to FY2021 by \$3,197,020 which is a result of lower assessments. Mr. Michel noted that because of the lower assessment revenue, AHCT will not undertake any new IT-enhancements but will continue upgrades to its system to meet CMS and Internal Revenue Service (IRS) requirements.

Mr. Jones stated that reductions have been introduced in contractual, equipment and maintenance among others. Mr. Jones added that the DSS shared costs increased by \$1,183,585 due to call center costs resulting from increased Medicaid enrollment. Mr. Jones noted that total reduction in expenses when compared to FY2021 is \$2,013,435. Mr. Michel added that the major part of the reductions is in temporary staffing, contractual and equipment maintenance. Chair Messner inquired whether the \$2.5 million dedicated for the ARP is not part of the regular budget. Mr. Michel confirmed that it is not part of the regular budget. Mr. Jones went on to provide details by line item of the DSS shared costs. Mr. Jones noted that due to the increase in the call center costs, the total DSS Shared Budget is \$21,174,273, which is a variance of \$1,183,585. Mr. Michel added that it is due to the increased volume of inquiries to the call center for the Medicaid program. Mr. Michel stated that AHCT asked its vendors to reduce costs.

Chair Gregory Messner requested a motion to approve the FY 2021 Q3 Operating Budget Report as presented by Exchange staff. Motion was made by Victoria Veltri and seconded by Thomas McNeill. Roll call vote was ordered. **Motion passed unanimously.**

Chair Messner requested a motion to approve the use of reserve funds in an amount not to exceed \$2,514,165 for FY 2021 and FY 2022 to implement the American Rescue Plan Act changes as presented by Exchange staff. Motion was made by Victoria Veltri and seconded by Thomas McNeill. Roll call vote was ordered. **Motion passed unanimously.**

Chair Messner requested a motion to approve the FY 2022 Proposed Budget as presented by Exchange staff. Motion was made by Victoria Veltri and seconded by Thomas McNeill. Roll call vote was ordered. **Motion passed unanimously.**

Mr. Messner expressed his words of appreciation for adjusting the budget without affecting the services being provided by the Exchange.

## **VII. Adjournment**

Chair Gregory Messner requested a motion to adjourn. Motion was made by Victoria Veltri and seconded by Thomas McNeill. Roll call vote was ordered. **Motion passed unanimously.** Meeting adjourned at 2:28 p.m.