



Access Health Connecticut

June 15, 2023, Finance Committee Meeting

Finance Committee Meeting Agenda

- A. Call to Order and Introductions
- B. Public Comment
- C. Vote: Review and Approval of Minutes
- D. FY 2024 Proposed Operating Budget (Vote)
- E. Assessment (Vote)
- F. Adjournment

Mission: To decrease the number of uninsured residents, improve the quality of healthcare and reduce health disparities through an innovative, competitive marketplace that empowers consumers to choose the health coverage that give them the best value.

Vision: Provide Connecticut residents with access to the most equitable, simple and affordable health insurance products to foster healthier communities.

Public Comment

Vote:

Review and Approval of Minutes

- **April 13, 2023**

Fiscal Year 2024 Proposed Operating 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 2024 Proposed Operating Budget

- **FY 2024 Proposed Budget Summary** **Page 7**
- **FY 2024 Proposed Budget** **Page 8**
- **FY 2024 Shared Costs with DSS** **Page 9**

FY 2024 Proposed Budget Summary

	FY2023 Adopted Budget	FY2024 Proposed Budget	YoY Change
AHCT	\$ 34,360,028	\$ 33,625,702	\$ (734,326)
DSS Shared Cost	20,486,273	20,486,273	-
Total	\$ 54,846,301	\$ 54,111,975	\$ (734,326)

FY 2024 Proposed Budget

	FY2023 Adopted Budget	FY2023 Projected Year-End Actuals	FY2024 Proposed Budget	Variance (FY2024 vs FY2023 Adopted)	
Revenue					
Grants	\$ 266,000	\$ 363,592	\$ 100,000	\$ (166,000)	We continue applying for grants
Reserve Funding	1,200,000	\$ 3,900,000	-	(1,200,000)	Not using reserves in FY2024
Interest Income	24,892	803,350	759,445	734,553	
Other Revenue	1,404,347	601,081	26,400	(1,377,947)	In FY2023 amount comprised of reserves & rebate revenue
Marketplace Assessments	31,464,789	31,392,005	30,887,736	(577,053)	Decrease due to Small Businesses moving to self funding
Proposed Assessment Increase	-		1,852,121	1,852,121	Represents 0.2% assessment increase
Total Revenue	\$ 34,360,028	\$ 37,060,028	\$ 33,625,702	\$ (734,326)	
Budgeted Expenses					
Salaries	\$ 8,366,342	\$ 8,215,702	\$ 8,796,244	\$ 429,902	Hired employees instead of contracting & budgeted salary increases
Fringe Benefits	3,469,582	3,309,813	3,935,030	465,448	7.5% increase in medical insurance, retirement plans & other benefit increases
Temporary Staffing	397,855	726,493	453,145	55,290	Increased cost in hiring temporary staff
Contractual	13,028,643	12,606,713	12,639,086	(389,557)	Contractual work converted to staff
Contractual (Medicaid Unwind)		2,700,000		-	
Equipment and Maintenance	4,009,318	4,764,597	4,573,600	564,282	EOM(Enterprise Operating Model) Vendor transition costs & increased maintenance cost
IT Enhancements	3,835,174	3,453,178	1,937,644	(1,897,530)	No large IT Development Projects
Supplies	15,349	15,349	15,163	(186)	
Travel	74,000	74,000	74,000	-	
Other Administrative	1,163,765	1,194,183	1,201,790	38,025	Rent, Insurance and Staff training & development
Total Operating Expenses	\$ 34,360,028	\$ 37,060,028	\$ 33,625,702	\$ (734,326)	
Costs Shared with DSS	\$ 20,486,273	\$ 20,486,273	\$ 20,486,273	-	
AHCT and DSS Total Expenses	\$ 54,846,301	\$ 57,546,301	\$ 54,111,975	\$ (734,326)	

FY 2024 Proposed Budget – Shared Cost with Department of Social Services (DSS)

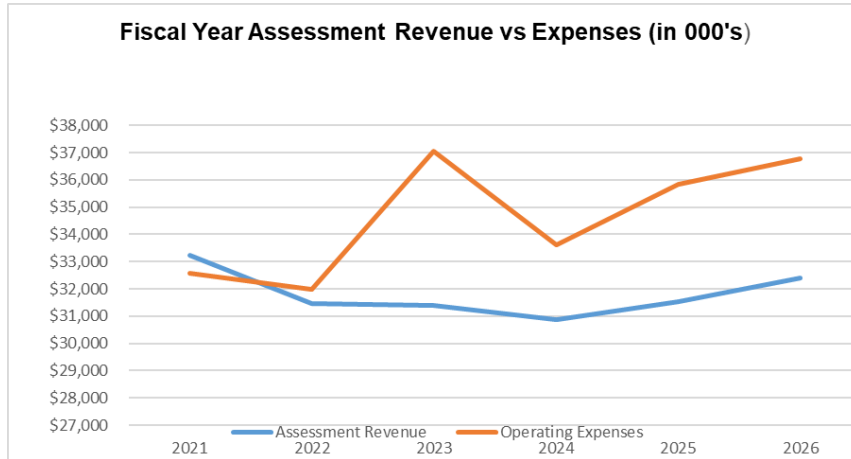
Budget Category	DSS SHARED COST BUDGET		
	FY 2023 Adopted Budget	FY 2024 Proposed Budget	Variance
Temporary Staffing	\$862,645	\$687,974	(174,671)
IT Maintenance & Development	4,297,187	4,471,859	174,671
Operations	15,056,349	15,056,349	-
DSS (100%)	270,091	270,091	-
Total - DSS Shared Budget	\$20,486,273	\$20,486,273	\$ (0)

Assessment

- **Assessment Revenue and Operating Cost Outlook** **Page 11**
- **Addressing Projected Assessment Revenue Shortfall** **Page 12**
- **Why Revenues Are Declining & Operating Costs Are Increasing** **Page 13**
- **How AHCT Has Addressed the Challenges** **Page 14**
- **Proposed Assessment Recommendation** **Page 15**
- **How AHCT Compares to other State-Based Exchanges** **Page 16**
- **Assessment Impact on Premiums** **Page 17**
- **Projected Reserve Fund Balance** **Page 18**
- **Reserve Research and Recommendation** **Page 19**

Assessment Revenue and Operating Cost Outlook

Assessment revenues have declined over the last 4 fiscal years, while operating expenses have increased and are projected to outpace revenues by \$4.3 million in fiscal year 2026.



	Actuals			Projections		
	2021	2022	2023	2024	2025	2026
Assessment Revenue	\$ 33,249	\$ 31,477	\$ 31,392	\$ 30,888	\$ 31,530	\$ 32,405
Operating Expenses	\$ 32,560	\$ 31,975	\$ 37,060	\$ 33,626	\$ 35,838	\$ 36,787
Variance	\$ 689	\$ (498)	\$ (5,668)	\$ (2,622)	\$ (4,308)	\$ (4,382)

Note: Chart and table do not include proposed assessment increase amount.

Addressing Projected Assessment Revenue Shortfall

- For FY 2024 there is a gap of \$2.6M between Assessment Revenue and Expenses.
- This gap will be covered by a combination of projected Grants, Interest Income, Rebate Revenue and proposed Assessment Rate increase of 0.20%.
- Proposed Assessment Rate increase starting on January 1, 2024 will yield \$3.7M additional assessment revenue in Calendar Year 2024 and \$1.85M in Fiscal Year 2024.

Budget Line Description	FY2024	FY2025	FY2026
Assessment Revenue (prior to increase)	\$ 30,887,736	\$ 31,530,000	\$ 32,405,000
Grants	\$ 100,000	\$ 100,000	\$ 100,000
Interest Income	\$ 759,445	\$ 359,445	\$ 327,249
Rebate Revenue	\$ 26,400	\$ 26,400	\$ 26,400
Proposed Assessment Increase (0.20%)	\$ 1,852,121	\$ 3,821,818	\$ 3,927,879
Total Revenues	\$ 33,625,702	\$ 35,837,663	\$ 36,786,528
Total Expenses	\$ 33,625,702	\$ 35,837,663	\$ 36,786,528

Note: In FY25 and FY26 AHCT will invest into our technology to make it easier and faster for consumers to enroll.

Why Revenues Are Declining & Operating Costs Are Increasing

Revenues are declining due to the shrinking of fully insured small group market caused by employers moving to self-funded products.

New costly requirements by the Centers for Medicare & Medicaid Services (CMS), the State and the Internal Revenue Service (IRS).

Examples:

- Meeting security demands in an ever-changing digital environment.
- State of CT Legislative requirement to assess to fund the All-Payer Claims Database (APCD).
- Implementing system changes, operationalizing new State of CT changes (Covered Connecticut and Medicaid Unwind).

How AHCT is Addressing Fiscal Challenges

To meet the declining revenues and additional demands on the budget

- AHCT has lowered operational costs by 10% and created efficiencies to meet the organizational objectives.
- AHCT utilized \$1.2 million in reserves for IT projects and initiatives and \$2.7 million for Medicaid Unwind.
- AHCT received \$122,455 in grant funding for Broker Academy in FY2023

To sustain the level of support and service our customers need and to support our core mission and vision, AHCT recommends additional funding for FY 2024.

Proposed Assessment Recommendation

AHCT recommends increasing the assessment rate from 1.65% to 1.85%

- This will generate an additional \$3.7 million in revenue (calendar year) which includes \$1.85 million for the FY 2024 budget. This will fund the All-Payer Claims Database state mandate, address declining revenues and rising operational costs.
- The proposed assessment rate would be effective Jan 1, 2024.

How AHCT Assessment Compares to Other Exchanges

AHCT has not raised the assessment rate over the last eight years.

Raising the assessment rate from 1.65% to 1.85% *will still result in the lowest rate in the country.*

State	Current Assessment Fee Structure
CT	1.65%
MD	2.00%
WA	2.00%
ID	2.29%
FFE	2.75%
NV	3.05%
CA	3.25%
CO	3.50%
MN	3.50%
MA	2.5-3%

FFE – Federally Facilitated Exchange

Assessment Impact on Premiums

- The average premium cost (before subsidies) will increase by \$1.44 per month for each individual consumer who buys individual, small group, and dental plans.
- Connecticut consumers receiving Advance Premium Tax Credits (APTC) will see an average reduction of 4 cents per month.
- Currently 86% of QHP enrollees receive APTC to reduce monthly premiums.

FY 2024 Projected Reserve Fund Balance

AHCT fiscal 2024 reserve is projected at \$19.2 million

<u>Reserve As of June 30, 2022 (Audited)</u>	\$ 23,512,285
Subtract: FY2022 Carryover	(426,980)
Subtract: FY2023 CIP	(1,200,000)
Subtract: Marketing & Outreach for Medicaid Unwind	(2,700,000)
Projection at June 30, 2024 (Unaudited)	<u>\$ 19,185,305</u>

**Months of
Operating
Funding**

8.4

6.8

Reserve Research and Recommendation

- Below Research shows that of the organizations that have reserve maintain a minimum of 6 months of operating reserve.
- Based on our experience and research Access Health recommends to maintain an operating reserve of 9-12 months.

State-Based Exchange Reviewed	Reserve Months
California	12 Months
Colorado	6 Months
District of Columbia	12-15 Months
Idaho	N/A
Maryland	N/A
Massachusetts	N/A
Minnesota	N/A
New York	N/A
Rhode Island	N/A
Washington	N/A

Agency Reviewed	Reserve Months
Capital Region Development Authority	N/A
Connecticut Airport Authority	N/A
CT Health and Educational Facilities Authority (CHEFA, CHESLA & CSLF)	25 Months
Connecticut Housing Finance Authority	N/A
Connecticut Innovations, Inc.	N/A
Connecticut Lottery Corporation	N/A
CT Paid Leave Authority	N/A
Connecticut Port Authority	N/A
Connecticut Student Loan Foundation	N/A
Materials Innovation and Recycling Authority	N/A
State Education Resource Center	N/A

Vote:

FY 2024 Operating Budget

Vote:

Marketplace Assessment

Adjournment

Next meeting: November 9, 2023