



# Access Health Connecticut

November 9, 2023, Finance Committee Meeting

# Agenda

- A. Call to Order and Introductions**
- B. Public Comment**
- C. Vote: Review and Approval of Minutes**
- D. FY 2023 Year End Budget Report**
- E. Investment Report**
- F. FY 2024 Q1 Budget Report (Vote)**
- G. Reserves Policy**
- H. Adjournment**

# Public Comment

# Vote:

- **Review and Approval of Minutes**

## Fiscal Year 2023 Budget Report

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Investment Report (FY2023 & FY 2024).....	10-12

## Fiscal Year 2024 Q1 Budget

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# Fiscal Year 2023 Year End Budget Report

# FY 2023 Budget vs. Actuals Summary

	Operating Budget - FY 2023 Actuals		
	Budget	Actuals	Variance
AHCT	\$37,060,028	\$36,204,426	\$ (855,602)
DSS Shared Cost	20,486,273	20,448,351	(37,922)
<b>Total</b>	<b>\$57,546,301</b>	<b>\$56,652,777</b>	<b>\$ (893,524)</b>

# FY 2023 Budget vs. Actuals

OPERATING BUDGET - July 1, 2022 to June 30, 2023						
	Budget	Actuals	Encumbered	Total Actuals	Variance	
<b>Revenues</b>						
Grants	\$ 353,592	\$ 378,592	-	\$ 378,592	\$ 25,000	Additional grants received
Interest Income	803,350	898,226	-	898,226	94,876	Increase in interest rates in last 12 months
Other Income	8,872	12,766	-	12,766	3,894	
Marketplace Assessments	31,392,005	31,392,008	-	31,392,008	3	
<b>Total Revenue</b>	<b>32,557,819</b>	<b>32,681,592</b>	<b>\$ -</b>	<b>\$ 32,681,592</b>	<b>\$ 123,773</b>	
<b>Expenses</b>						
Salaries	\$ 8,215,702	\$ 8,086,709	\$ -	\$ 8,086,709	\$ (128,993)	Vacancy Savings
Fringe Benefits	3,289,813	3,154,838	-	3,154,838	(134,975)	Vacancy Savings & Employee health plan selections
Temporary Staffing	726,493	517,454	313,625	831,079	104,586	Temporary staff to assist with IRS/CMS changes to compliance requirements
Contractual	15,306,713	12,179,337	2,206,063	14,385,400	(921,313)	Fewer notices being sent due to process improvements and continued pandemic measures
Equipment and Maintenance	4,784,597	4,325,627	97,676	4,423,303	(361,294)	Savings on System Maintenance
IT Enhancements	3,453,178	1,845,101	2,459,788	4,304,889	851,711	Additional IT Development projects including Governance Risk and Compliance System (GRC)
Supplies	15,349	10,827	-	10,827	(4,522)	
Travel	74,000	88,550	-	88,550	14,550	Increase in Travel following end of pandemic
Other Administrative	1,194,183	918,832	-	918,832	(275,351)	Savings due to remote work and timing of insurance renewals
<b>Total Operating Expenses</b>	<b>\$ 37,060,028</b>	<b>\$ 31,127,275</b>	<b>\$ 5,077,151</b>	<b>\$ 36,204,426</b>	<b>\$ (855,602)</b>	
Costs Shared with DSS	20,486,273	20,448,351	-	20,448,351	(37,922)	
<b>AHCT and DSS Total Expenses</b>	<b>\$ 57,546,301</b>	<b>\$ 51,575,626</b>	<b>\$ 5,077,151</b>	<b>\$ 56,652,777</b>	<b>\$ (893,524)</b>	



# Projects Funded from Operating Budget\*

## Carry-forward projects from FY 2023 to FY 2024

- Projects were initiated and funded in FY 2023 but not completed by the end of the fiscal year.

FY 2023 On-going Project Plan Update							
Project Name	DSS Allocation	Total Project Budget	FY 2023 Actuals	FY 2023 Carry-forward FY 2024	FY 2024 YTD Actuals	Remaining Balance	Status
Governance Risk and Compliance System	None	\$ 201,980	\$ 19,517	\$ 182,463	\$ 85,706	\$ 96,757	In Progress
Medicaid Unwind	None	2,700,000	493,937	2,206,063	733,465	1,472,598	In Progress
Resources to assist with IRS/CMS changes to compliance requirements	None	423,240	109,615	313,625	131,173	182,452	In Progress
Sytem Enhancements	None	2,375,000	-	2,375,000	979,686	1,395,314	In Progress
		<b>\$ 5,700,220</b>	<b>\$ 623,069</b>	<b>\$5,077,151</b>	<b>\$ 1,930,030</b>	<b>\$3,147,121</b>	

\*Update

# Investment Report

# Investment Report – Summary

- Objective for AHCT exchange funds is obtaining the maximum rate of return while preserving the principal and providing immediate liquidity.
- AHCT invests in the State of Connecticut Treasurer's Short-Term Investment Fund (STIF).
- The STIF is available for use by the State's funds and agencies, public authorities and municipalities and other political subdivisions of the State.
- State statutes authorized these pooled investment funds to be invested in United States Government and agency obligations, United States Postal Service obligations, certificates of deposit, commercial paper, corporate bonds, savings accounts, banker acceptances, student loans, and repurchase agreements.
- These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board and are regulated under the State statutes and subject to annual audit by the Auditors of Public Accounts.

# Investment Report\*

## Investment of Exchange Funds

- In FY2022 and FY2023 Funds were invested in STIF (Short-Term Investment Fund)
- See attached Report

State Exchange Funds	FY2022 Actuals	FY2023 Actuals
STIF (Short-Term Investment Fund)		
interest earned	\$ 64,671	\$ 898,226

## 401a Management

- Employer contributions of 401a retirement plan is provided through MissionSquare.
- A report from MissionSquare is attached that provides a list of investment options for employees for their 401a retirement accounts.

- Access Health CT investment portfolio is in compliance with our Investment Policy.
- Access Health CT is able to meet its expenditure requirements for the next 9 months.

# Fiscal Year 2024 Quarter 1 Budget Report

# **FY 2024 Q1 Budget**

## **Focused on 3 Strategic Initiatives**

IT Investment | Cybersecurity | Health Disparities

## **To Support our 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 gives them the best value.

# FY 2024 Budget vs. Actuals Summary

Operating Budget - FY 2024 Q1 Fiscal Year-to-Date				
	FY20224 Budget	Actuals	Variance	
AHCT	\$ 6,947,285	\$ 7,007,808	\$	60,523
DSS Shared Cost	4,684,145	5,298,067		613,922
<b>Total</b>	<b>\$11,631,430</b>	<b>\$12,305,875</b>	<b>\$</b>	<b>674,445</b>

# FY 2024 Budget vs. Actuals

OPERATING BUDGET - July 1, 2023 to Sep 30, 2023		
Budget	Actuals	Variance

## Revenues

Interest Income	189,861	311,648	121,787	Interest Rate increased
Other Revenue	6,600	9,044	2,444	
Marketplace Assessments	7,803,868	7,803,869	1	
<b>Total Revenue</b>	<b>\$ 8,000,329</b>	<b>\$ 8,124,561</b>	<b>\$ 124,232</b>	

## Expenses

Salaries	\$ 2,112,312	\$ 1,968,894	\$ (143,418)	Variances due to timing
Fringe Benefits	988,412	890,512	(97,900)	
Temporary Staffing	99,598	116,560	16,962	
Contractual	2,481,621	2,596,160	114,539	
Equipment and Maintenance	970,660	1,084,579	113,919	
IT Enhancements	152,676	59,285	(93,391)	
Supplies	2,160	4,097	1,937	
Travel	1,100	17,868	16,768	
Other Administrative	138,746	269,853	131,107	
<b>Total Operating Expenses</b>	<b>\$ 6,947,285</b>	<b>\$ 7,007,808</b>	<b>\$ 60,523</b>	
Costs Shared with DSS	4,684,145	5,298,067	613,922	
<b>AHCT and DSS Total Expenses</b>	<b>\$ 11,631,430</b>	<b>\$ 12,305,875</b>	<b>\$ 674,445</b>	





# Full Year 2024 Budget after 1<sup>st</sup> Quarter - Summary

	Operating Budget - FY 2024 Q1 Budget			
	FY2024 Adopted Budget	FY2024 Q1 Budget	Variance	
AHCT	\$ 33,625,702	\$ 33,625,702	\$	-
DSS Shared Cost	20,486,273	20,486,273		-
<b>Total</b>	<b>\$ 54,111,975</b>	<b>\$ 54,111,975</b>	<b>\$</b>	<b>-</b>

# Full Year 2024 Budget after 1<sup>st</sup> Quarter

	FY2024 Adopted Budget	FY2024 Q1 Budget	Variance (Q1 vs Adopted)
<b>Revenue</b>			
Grants	\$ 100,000	\$ 100,000	\$ -
Interest Income	759,445	759,445	-
Other Revenue	26,400	26,400	-
Marketplace Assessments	32,739,857	32,739,857	-
<b>Total Revenue</b>	<b>\$ 33,625,702</b>	<b>\$ 33,625,702</b>	<b>\$ -</b>
<b>Budgeted Expenses</b>			
Salaries	\$ 8,796,244	\$ 8,796,244	\$ -
Fringe Benefits	3,935,030	3,935,030	-
Temporary Staffing	453,145	453,145	-
Contractual	12,639,086	12,639,086	-
Equipment and Maintenance	4,573,600	4,573,600	-
IT Enhancements	1,937,644	1,937,644	-
Supplies	15,163	15,163	-
Travel	74,000	74,000	-
Other Administrative	1,201,790	1,201,790	-
<b>Total Operating Expenses</b>	<b>\$ 33,625,702</b>	<b>\$ 33,625,702</b>	<b>\$ -</b>
Costs Shared with DSS	\$ 20,486,273	\$ 20,486,273	-
<b>AHCT and DSS Total Expenses</b>	<b>\$ 54,111,975</b>	<b>\$ 54,111,975</b>	<b>\$ -</b>

# FY 2024 Q1 Budget — Shared Cost with Department of Social Services (DSS)

Budget Category	DSS SHARED COST BUDGET		
	FY 2024 Adopted Budget	FY 2024 Q1 Budget	Variance
Temporary Staffing	\$687,974	\$687,974	-
IT Maintenance & Development	4,471,859	4,471,859	-
Operations	15,056,349	15,056,349	-
DSS (100%)	270,091	270,091	-
<b>Total - DSS Shared Budget</b>	<b>\$20,486,273</b>	<b>\$20,486,273</b>	<b>\$ -</b>

# FY 2024 Projected Reserve Fund Balance

AHCT Fiscal 2024 year-end Reserve balance is projected at \$18.5 million.

<b><u>Reserve As of June 30, 2023 (Unaudited)</u></b>	\$ 23,598,910
Subtract: FY2023 Carryover	(5,077,151)

<b>Projection at June 30, 2024 (Unaudited)</b>	<b><u>\$ 18,521,759</u></b>
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**Months of  
Operating  
Funding**

8.4

6.6

# Vote

# Reserve Policy

# Reserve Funding Research

- Some state-based exchanges get part of their funding from the state (i.e. Building lease and property insurance paid by the state).
- Some exchanges might not have a reserve policy because of their operating model.

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

# Reserve Funding Research

- We reviewed all Connecticut Quasi-Public Agencies and only one had an unrestricted reserve.

Connecticut Quasi-Public 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



# Reserve Funding Research

- **We reviewed Connecticut Non-Profits with similar-sized budgets.**
  - None of the Non-Profits researched had a significant amount of unrestricted reserves.

Connecticut Non-Profits Reviewed	Reserve Months
Connecticut Public Broadcasting, Inc.	N/A
Fairfield County's Community Foundation	N/A
Hartford Foundation for Public Giving	N/A
Multiple Myeloma Research Foundation	N/A
Save the Children US	0.01
Steven and Alexandra Cohen Foundation	N/A
The Community Foundation for Greater New Haven	N/A
The Tow Foundation, Inc.	N/A

# Proposed Reserve Policy

- **Formalize a Reserve Fund Policy**
  - Determine target reserve amount
  - Determine intended uses of reserves

Access Health CT Reserve Funding Actuals				
Fiscal Year	Gross Reserve	Committed Project \$	Net Reserve	# Months of Operating Funding
2016	\$25M	-	\$25M	8.7
2017	\$21.4M	-	\$21.4M	8.0
2018	\$20.5M	-	\$20.5M	7.7
2019	\$24.3M	\$2.7M	\$21.6M	7.7
2020	\$25.9M	\$3.7M	\$22.2M	7.6
2021	\$24.5M	\$4.4M	\$20.1M	7.3
2022	\$23.5M	\$1.7M	\$21.8M	7.6
2023	\$23.6M	\$5.1M	\$18.5M	6.6

# Proposed Reserve Policy

- Designated funds set aside by the action of the Exchange's Board of Directors
- Target amounts: 9 – 12 months of operating funding (\$25.2M - \$33.6M)
- Funded using unspent Budget (surplus)
- Will be used when there is a unanticipated loss of funding, for one-time unbudgeted expenses, sudden increase in expense
- A request to use reserve funds will need to be approved by the AHCT Board of Directors

# Adjournment