



Access Health Connecticut

November 14, 2024, Finance Committee Meeting

Agenda

- A. Call to Order and Introductions**
- B. Public Comment**
- C. Vote: Review and Approval of Minutes**
- D. FY 2024 Year End Budget Report**
- E. Investment Report FY 2024 and FY 2025 Quarter 1**
- F. FY 2025 Q1 Budget Report (Vote)**
- G. Reserves Policy (Vote)**
- H. Adjournment**

Public Comment

Vote:

- **Review and Approval of Minutes**

Agenda

Fiscal Year 2024 Budget Report

FY 2024 Budget vs. Actuals	6-7
FY 2024 FY 2025 Carry-Forward Projects.....	8
Investment Report (FY 2024-25).....	9-10

Fiscal Year 2025 Q1 Budget

FY 2025 Budget vs. Actuals.....	11-13
FY 2025 Full Year Budget after 1 st Quarter.....	14-15
FY 2025 Shared Costs with DSS.....	16
FY 2025 Projected Reserve Fund Balance.....	17

Proposed Reserve Policy

Reserve Policy Updates.....	19-22
-----------------------------	-------

FY 2024 Budget vs. Actuals Summary

Operating Budget - FY 2024 Actuals				
	Budget	Actuals		Variance
AHCT	\$33,625,702	\$33,459,963	\$	(165,739)
DSS Shared Cost	20,486,273	22,794,434		2,308,161
Total	\$54,111,975	\$56,254,397	\$	2,142,422

FY 2024 Budget vs. Actuals

OPERATING BUDGET - July 1, 2023 to June 30, 2024						
	Budget	Actuals	Encumbered	Total Actuals	Variance	
Revenues						
Grants	\$ 100,000	\$ 40,000	-	\$ 40,000	\$ (60,000)	Fewer grants received than projected
Interest Income	957,934	1,136,824	-	1,136,824	178,890	Increase in interest rates in last 12 months
Other Income	31,784	32,970	-	32,970	1,186	
Marketplace Assessments	33,332,336	33,356,883	-	33,356,883	24,547	
Total Revenue	34,422,054	34,566,677	\$ -	\$ 34,566,677	\$ 144,623	
Expenses						
Salaries	\$ 8,570,063	\$ 8,603,559	\$ -	\$ 8,603,559	\$ 33,496	Contractor(s) converted to staff
Fringe Benefits	3,719,058	3,670,611	-	3,670,611	(48,447)	Employee health plan selections
Temporary Staffing	465,236	493,284	215,093	708,377	243,141	Temporary staff to assist with network support and IRS/CMS changes to compliance requirements
Contractual	12,790,329	11,937,417	231,211	12,168,628	(621,701)	Lower Call Volume proportion of QHP vs Medicaid due to Medicaid Unwind
Equipment and Maintenance	4,765,089	4,303,331	-	4,303,331	(461,758)	Savings on System Maintenance including Small Group Vendor
IT Enhancements	2,006,491	783,983	2,000,938	2,784,921	778,430	Additional IT System Updates/Enhancements projects
Supplies	13,995	13,133	-	13,133	(862)	
Travel	74,538	97,027	-	97,027	22,489	Increase in Travel costs
Other Administrative	1,220,903	1,110,376	-	1,110,376	(110,527)	Savings due to continuous hybrid work schedule including post pandemic office cleaning & Staff development
Total Operating Expenses	\$ 33,625,702	\$ 31,012,721	\$ 2,447,242	\$ 33,459,963	\$ (165,739)	
Costs Shared with DSS	20,486,273	22,794,434	-	22,794,434	2,308,161	
AHCT and DSS Total Expenses	\$ 54,111,975	\$ 53,807,155	\$ 2,447,242	\$ 56,254,397	\$ 2,142,422	

Projects Funded from Operating Budget*

Carry-forward projects from FY 2024 to FY 2025

- Projects were initiated and funded in FY 2024 but not completed by the end of the fiscal year.

FY 2024 On-going Project Plan Update							
Project Name	DSS Allocation	Total Project Budget	FY 2024 Actuals	FY 2024 Carry-forward FY 2025	FY 2025 YTD Actuals	Remaining Balance	Status
Resources to assist with IRS/CMS changes to compliance requirements	None	\$ 273,760	\$ 58,667	\$ 215,093	\$ 89,500	\$ 125,593	In Progress
Sytem Enhancements	None	2,375,000	374,063	2,000,938	686,490	1,314,448	In Progress
Special Audience Marketing	None	156,903	-	156,903	350	156,553	In Progress
Individual Health Coverage Reimbursement Arrangement (ICHRA)	None	250,000	175,692	74,308	-	74,308	In Progress
		\$ 3,055,663	\$ 608,421	\$2,447,242	\$ 776,339	\$1,670,903	

*Update

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 FY2025 Funds were invested in STIF (Short-Term Investment Fund)
- See attached Report

State Exchange Funds	FY2024 Actuals	FY2025 Sept YTD Actuals
STIF (Short-Term Investment Fund) interest earned	\$ 1,136,824	\$ 335,595

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.

FY 2025 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 2025 Budget vs. Actuals Summary

Operating Budget - FY 2025 Q1 Fiscal Year-to-Date

	FY2025 Budget	Actuals	Variance
AHCT	\$ 6,578,235	\$ 7,125,175	\$ 546,940
DSS Shared Cost	5,354,881	4,972,403	(382,478)
Total	\$11,933,116	\$12,097,578	\$ 164,462

*1st Quarter Budget Report (as of September 30, 2024)

FY 2025 Budget vs. Actuals

	OPERATING			
	Budget	Actuals	Variance	
Revenues				
Interest Income	216,667	335,595	118,928	Interest Rate increased
Other Revenue	7,446	9,890	2,444	
Marketplace Assessments	8,850,000	8,874,573	24,573	Dental Amendments
Total Revenue	\$ 9,074,113	\$ 9,220,058	\$ 145,945	
Expenses				
Salaries	\$ 2,139,007	\$ 2,116,557	\$ (22,450)	Variances due to timing of expenses ↓
Fringe Benefits	1,001,547	955,381	(46,166)	
Temporary Staffing	133,189	74,228	(58,961)	
Contractual	2,388,948	2,397,380	8,432	
Equipment and Maintenance	678,967	877,099	198,132	
IT Enhancements	18,506	510,909	492,403	
Supplies	3,991	2,000	(1,991)	
Travel	19,400	27,943	8,543	
Other Administrative	194,680	163,678	(31,002)	
Total Operating Expenses	\$ 6,578,235	\$ 7,125,175	\$ 546,940	
Costs Shared with DSS	5,354,881	4,972,403	(382,478)	
AHCT and DSS Total Expenses	\$ 11,933,116	\$ 12,097,578	\$ 164,462	

Full Year 2025 Budget after 1st Quarter - Summary

	Operating Budget - FY 2025 Q1 Budget		
	FY2025 Adopted Budget	FY2025 Q1 Budget	Variance
AHCT	\$ 37,178,117	\$ 37,178,117	\$ -
DSS Shared Cost	20,486,273	20,486,273	-
Total	\$ 57,664,390	\$ 57,664,390	\$ -

Full Year 2025 Budget after 1st Quarter

	FY2025 Adopted Budget	FY2025 Q1 Budget	Variance (Q1 vs Adopted)
Revenue			
Grants	\$ 100,000	\$ 100,000	\$ -
Interest Income	693,333	693,333	-
Other Revenue	29,784	29,784	-
Marketplace Assessments	36,355,000	36,355,000	-
Total Revenue	\$ 37,178,117	\$ 37,178,117	\$ -
Budgeted Expenses			
Salaries	\$ 8,983,833	\$ 8,983,833	\$ -
Fringe Benefits	4,023,200	4,023,200	-
Temporary Staffing	754,524	754,524	-
Contractual	14,443,869	14,443,869	-
Equipment and Maintenance	5,171,326	5,171,326	-
IT Enhancements	2,468,213	2,468,213	-
Supplies	15,944	15,944	-
Travel	100,000	100,000	-
Other Administrative	1,217,208	1,217,208	-
Total Operating Expenses	\$ 37,178,117	\$ 37,178,117	\$ -
Costs Shared with DSS	\$ 20,486,273	\$ 20,486,273	-
AHCT and DSS Total Expenses	\$ 57,664,390	\$ 57,664,390	\$ -

FY 2025 Proposed Budget – Shared Cost with Department of Social Services (DSS)

Budget Category	DSS SHARED COST BUDGET		
	FY 2025 Adopted Budget	FY 2025 Q1 Budget	Variance
Temporary Staffing	\$696,443	\$696,443	-
IT Maintenance & Development	4,463,390	4,463,390	-
Operations	15,056,349	15,056,349	-
DSS (100%)	270,091	270,091	-
Total - DSS Shared Budget	\$20,486,273	\$20,486,273	\$ -

FY 2025 Projected Reserve Fund Balance

AHCT Fiscal 2025 year-end Reserve balance is projected at \$18.5 million.

<u>Reserve As of June 30, 2024 (Unaudited)</u>	\$ 20,977,924
Subtract: FY2024 Carryover	(2,447,242)

Projection at June 30, 2025 (Unaudited)	<u>\$ 18,530,682</u>
--	-----------------------------

Months of Operating Funding
--

6.8

6.0

Vote

Proposed Reserve Policy

Evolution of Reserve Policy

- April 2023 AHCT Board suggested AHCT formalize a reserve fund policy
- June 2023 AHCT presented research into reserve by other State-Based Exchanges and CT Quasi Public Agencies
 - 3 State-Based Exchanges had between 6-15 months of reserve funds
 - Of the CT Quasi-Public Agencies one had a reserve of 25 months
- November 2023 AHCT presented to Finance committee additional research that included research into CT Non-Profits
- April 2024 AHCT presented to Finance Committee DRAFT reserve fund policy
- The reserve fund policy was drafted based on the research evidence and Finance Committee and Board discussions

Proposed Reserve Policy

- Designated funds set aside by the action of the Exchange's Board of Directors.
- Target amounts: 9 months of operating funding (\$27.8M based on FY 2025 Budget)
- Funded using unspent excess revenues and/or operating savings
- Will be used when there is an unanticipated loss of funding, for one-time emergency unbudgeted expenses, sudden increase in expense (e.g., COVID-19, terrorist act).
- A request to use reserve funds will be approved by the AHCT Board of Directors.
- **Revisit Target Amount at least every 3 years**

Vote

Adjournment