

**CONNECTICUT HEALTH INSURANCE EXCHANGE  
(DBA: ACCESS HEALTH CT)**

Financial Statements and Supplementary Information

Years Ended June 30, 2024 and 2023



ASSURANCE | ADVISORY | TAX | TECHNOLOGY

**CONNECTICUT HEALTH INSURANCE EXCHANGE**  
**(DBA: ACCESS HEALTH CT)**

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Years Ended June 30, 2024 and 2023

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Connecticut Health Insurance Exchange (dba: Access Health CT)  
Hartford, Connecticut

### **Report on the Audits of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the Connecticut Health Insurance Exchange (dba: Access Health CT), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Connecticut Health Insurance Exchange (dba: Access Health CT)'s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Connecticut Health Insurance Exchange (dba: Access Health CT) as of June 30, 2024, and the respective changes in financial position, and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Connecticut Health Insurance Exchange and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Prior Period Financial Statements***

The financial statements of Access Health CT as of June 30, 2023 were audited by other auditors whose report dated October 30, 2023 on those statements expressed an unmodified opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Connecticut Health Insurance Exchange's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Connecticut Health Insurance Exchange's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Connecticut Health Insurance Exchange's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Connecticut Health Insurance Exchange's basic financial statements. The supplementary schedule of expenses - budget and actual (non-GAAP budgetary basis) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary schedule of expenses - budget and actual (non-GAAP budgetary basis) is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated XX, 2024, on our consideration of the Connecticut Health Insurance Exchange's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Connecticut Health Insurance Exchange's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Connecticut Health Insurance Exchange's internal control over financial reporting and compliance.



Hartford, Connecticut  
November 14, 2024

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

**CONNECTICUT HEALTH INSURANCE EXCHANGE  
(DBA: ACCESS HEALTH CT)**

Management’s Discussion and Analysis (Unaudited)

June 30, 2024, 2023, and 2022

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**1.0 INTRODUCTION:**

Tracking and profiling the financial activity of the state based insurance marketplace is an essential task to ensure efficient operations and optimal allocation of resources. The following document contains a discussion and analysis of the Connecticut Health Insurance Exchange's (hereafter referred to as Access Health CT ("AHCT" or "Exchange")) financial performance and net position for the fiscal years ended June 30, 2024, 2023 and 2022. The management of AHCT has prepared this document to provide an overview and analysis of the basic financial statements of AHCT, and it should be read in conjunction with the statements, tables, exhibits and notes that follow this section.

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**3.0 BACKGROUND OF ACCESS HEALTH CT:**

AHCT, which is the brand name under which the Connecticut Health Insurance Exchange does business, was created pursuant to Connecticut enabling legislation Public Act (PA) 11-53, effective July 1, 2011 "as a body politic and corporate, constituting a public instrumentality and political subdivision of the state, that shall not be construed to be a department, institution or agency of the state." PA 11-53 is codified in Connecticut General Statutes (CGS) §38a-1080 through 1093. AHCT was established as a quasi-public agency, subject to the requirements of the Quasi-Public Agency Act, CGS §1-120 et seq.

The goals of AHCT as outlined in CGS §38a-1083(b) mirror the goals of the Patient Protection and Affordable Care Act (ACA) "to reduce the number of individuals without health insurance in this state and assist individuals and small employers in the procurement of health insurance by, among other services, offering easily comparable and understandable information about health insurance options."

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## **3.0 BACKGROUND OF ACCESS HEALTH CT**(*CONTINUED*)

AHCT is governed by a 14-member Board of Directors. Members include ex officio state government officials and members appointed by both the legislative and executive branches of state government. AHCT staff has worked closely with its Board to ensure that its governance structure remains in compliance with the ACA and any and all relevant State and Federal regulations. The Board meets primarily monthly and has focused on Exchange strategy and policy development, and the operations of the Exchange's Qualified Health Plan (QHP) requirements. Future updates and changes to the ACA, or any other applicable Federal and/or State laws, regulations, and guidance continue to be monitored and changes are made by the Board to the Exchange's Bylaws and Policies and Procedures as required.

Section 1311 of the ACA provides funding assistance to the states to help them plan and establish their marketplaces. AHCT received establishment and various Federal assistance awards pursuant to the ACA between 2010 and 2016. All of these grants were closed as of December 31, 2016.

AHCT successfully launched its State based Integrated Eligibility System (IES) and Health Insurance Marketplace on October 1, 2013, for the plan year beginning January 1, 2014. According to the ACA, marketplaces were required to be self-sustaining by January 1, 2015. The operational sustainability of AHCT is achieved by issuing annual Health and Dental Marketplace Assessments to carriers that are capable of offering a qualified health plan through the Exchange. Connecticut PA 11-53 and 13-247 initially gave AHCT the authority to charge assessments to fund the Exchange's operations and to charge interest and penalties to carriers failing to pay the assessments and fees required. This is now codified in CGS §38a-1083 (c)(7).

During its 2014 legislative session, the Connecticut General Assembly passed PA 14-217, which included provisions providing additional enforcement authority for the Exchange's assessment. Specifically, the Legislature added Subsection (d) to CGS §38a-1083 directing the Commissioner of Insurance to see that all laws respecting the authority of the Exchange are faithfully executed. In enforcing the assessment, the Commissioner "has all the powers specifically granted under Title 38a and all further powers that are reasonable and necessary."

AHCT issued its first annual Health and Dental Marketplace Assessment in January 2014 to carriers that were capable of offering a qualified health plan through the Exchange. Assessments are billed and collected on a calendar year basis, with \$31.6M and \$31.2M collected for 2022 and 2023 assessments, respectively. Collections for 2024 calendar year assessments were \$19.1M as of June 30, 2024.

## **4.0 ACCESS HEALTH CT BUSINESS MODEL:**

During the fiscal years ended June 30, 2014-2017, grant funds and health and dental marketplace assessments were the two revenue sources for AHCT, with the fiscal year ended June 30, 2018 being the first year of self-sustainment solely from the health and dental marketplace assessments. The investment for the development of the State Exchange was entirely funded from the Federal grant dollars awarded. This Federal investment was expected to cover all development, start up, and operating expenses during the first year of operations and approved extension periods. The ongoing operational charges for AHCT were not funded by Federal grant funds after December 31, 2014.



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## **4.0 ACCESS HEALTH CT BUSINESS MODEL: (CONTINUED)**

Ongoing operations are funded with health and dental marketplace assessments and cost reimbursements from the Connecticut Department of Social Services (DSS) related to operational functions and maintaining and operating the Integrated Eligibility System (IES). In fiscal year 2022, AHCT received a federal grant in connection with the American Rescue Plan Act.

AHCT's commitment to transitioning to a self-sustaining entity has focused on building a sustainable operating model. Continued efforts in technology, plan management and consumer engagement by AHCT have been fundamental to the success and progress of AHCT to date. AHCT continues to work diligently on technology, focusing on three essential areas: improving operational processes, growing sustainability across the technology footprint, and enhancing the customer experience through innovation. AHCT continues to ensure the necessary financial processes and procedures are developed and implemented.

The Connecticut General Assembly passed PA 15-5 granting AHCT the authority to create legal subsidiaries during its 2015 legislative session. This authority will support the Exchange's sustainability efforts to generate additional revenue by offering additional products or services. Sections 503 and 504 of PA 15-5 amended CGS §38a-1083 to provide, in part, that "(a) The Exchange may establish one or more subsidiaries for such purposes as prescribed by resolution of the Board of Directors of the Exchange, which purposes shall be consistent with the purposes of the exchange, provided no subsidiary shall be established for the purpose of providing insurance broker services, except dental or vision services, as necessary." No legal subsidiaries have yet been established.

AHCT has continued its partnerships with multiple state agencies through the execution of Memorandums of Understanding (MOU) and/or Memorandums of Agreement (MOA) in order to leverage state resources and expertise to operate the Exchange:

- AHCT maintains an MOA with DSS to document the specific roles and responsibilities of each agency. As a result, certain costs are shared by DSS and AHCT and the parties have paid varying allocation rates since 2013. DSS pays 84% of new IES design, development and implementation costs. Additionally, the allocation of costs to DSS for Call Center operations is based on utilization and is approximately 70% with some other operational costs shared at a rate of 86%, paid by DSS starting in 2018. DSS also operates a joint hearings unit on behalf of AHCT with AHCT paying its allocated costs based on actual utilization starting in 2018.

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## 4.0 ACCESS HEALTH CT BUSINESS MODEL (*CONTINUED*)

- AHCT leveraged an existing DSS Contract with Conduent for operational support services. This arrangement did not require AHCT to contract directly with Conduent. AHCT is cost-sharing certain operational services with DSS based on the volume of use applicable to AHCT. The MOA with DSS states that costs will be split with DSS covering 86% of costs and AHCT covering 14% starting in 2018.
- AHCT has an MOU with the Connecticut Department of Administrative Services' (DAS) Bureau of Enterprise Systems and Technology (BEST), now known as the Bureau of Information Technology Solutions (BITS), for technology hosting and support roles that BEST provides to AHCT for the IES shared by AHCT and DSS. The allocation of costs for certain operational costs are shared, 86% paid by DSS starting in 2018.

In addition, AHCT has partnered with several strategic vendors to address key requirements of marketplace development and operations:

- AHCT utilizes a call center vendor for customer support and services. In August 2016, AHCT executed a contract with Faneuil, Inc. to provide customer care and other business processing support, following an extensive open bid process. In August 2019, this contract was extended for two one-year extensions. On August 31, 2021, it was extended for a renewing three-month period. In February 2022, TTEC Government Solutions, LLC purchased a portion of Faneuil's assets including the August 2016 contract with AHCT which is in effect until November 30, 2024. A Request for Proposals (RFP) process is currently underway for these services.
- Technology development and maintenance services firms such as Deloitte Consulting, LLP, Infosys Public Services, Inc., and New Fields Technologies, continue to assist AHCT in the introduction of new functionality and enhancement of systems, and improvement of our customer experience and service.
- Various marketing and communications firms have supported AHCT's creative development, community outreach, media buying and the execution of AHCT's campaigns to reach and engage Connecticut consumers.
- Operational support in printing and mailing notices and forms is performed by Printmark Services (formerly dba Sir Speedy Printing).
- AHCT leverages a State of Connecticut contract, which supports operations specific to paper application and document scans.

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**5.0 SUMMARIZED FINANCIAL INFORMATION:**

AHCT's financial report includes three financial statements:

1. The Statements of Net Position (Balance Sheet)
2. The Statements of Revenues, Expenses and Changes in Net Position
3. The Statements of Cash Flows

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). Under this method of accounting, an economic resources measurement focus and an accrual basis of accounting is used, similar to private industry. Income is recorded when earned, and expenses are recorded when incurred.

The Statement of Net Position presents information on AHCT assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of AHCT is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position reports income and expenses of AHCT for the fiscal year. The difference - increase or decrease in net assets - is presented as the change in net assets for the fiscal year. The cumulative differences from inception forward are presented as the net assets of AHCT, reconciling to total net assets on the Statement of Net Position.

The Statement of Cash Flows presents information showing how AHCT cash and cash equivalent positions changed during the fiscal year. The Statement of Cash Flows classifies cash receipts and cash payments as resulting from cash provided by operating activities and cash used for capital assets and related financing activities. The net result of those activities is reconciled to the cash balances reported at the end of the fiscal year. This statement is prepared using the direct method, which allows the reader to easily understand the amount of cash received and how much cash was disbursed.

**CONNECTICUT HEALTH INSURANCE EXCHANGE**  
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Management's Discussion and Analysis (Unaudited)

June 30, 2024, 2023, and 2022

**6.0 REVENUES, EXPENSES AND CHANGES IN NET POSITION:**

Summarized financial information as of and for the years ended June 30, 2024, 2023 and 2022 is as follows:

	2024	2023	2022
Operating revenues:			
Marketplace assessment	\$ 33,356,883	\$ 31,392,008	\$ 31,464,792
Intergovernmental revenue	-	241,137	866,255
Private grants	40,000	137,455	25,000
Miscellaneous revenue	32,969	12,766	-
Total operating revenues	<u>33,429,852</u>	<u>31,783,366</u>	<u>32,356,047</u>
Operating expenses:			
Wages	8,603,559	8,086,709	7,891,066
Fringe benefits	3,670,611	3,154,838	3,074,934
Consultants	14,761,188	12,838,877	13,246,217
Maintenance	2,972,862	3,345,976	2,720,880
Administration	712,397	556,979	417,419
Equipment	1,068,801	614,900	910,784
Travel	97,026	88,550	42,218
Supplies	13,133	10,829	5,598
Depreciation and amortization	5,516,865	4,193,552	3,310,612
Total operating expenses	<u>37,416,442</u>	<u>32,891,210</u>	<u>31,619,728</u>
Net operating (loss) gain	(3,986,590)	(1,107,844)	736,319
Nonoperating revenues:			
Interest income	1,136,824	898,226	64,671
Total nonoperating revenues	<u>1,136,824</u>	<u>898,226</u>	<u>64,671</u>
Change in net position	(2,849,766)	(209,618)	800,990
Net position - beginning of year	<u>35,136,942</u>	<u>35,346,560</u>	<u>34,545,570</u>
Net position - end of year	<u>\$ 32,287,176</u>	<u>\$ 35,136,942</u>	<u>\$ 35,346,560</u>

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## **6.0 REVENUES, EXPENSES AND CHANGES IN NET POSITION: (CONTINUED)**

Total 2024 operating revenues have increased due to the increase in the Marketplace Assessment rate. Marketplace Assessments are charged to all health and dental carriers that are capable of offering a qualified health plan through the Exchange to generate the funding necessary to support the operations of AHCT. The Marketplace Assessment revenue increased in 2024 compared to 2023, due to a change in the assessment rate from 1.65% to 1.85% on health and dental premiums earned. The change from 2023 compared to 2022 is due to fluctuations in the underlying carrier premiums used in the calculation of assessments. Marketplace Assessments are billed and collected on a calendar year basis.

Operating expenses consist primarily of consultant expenses that are related to technology; the Individual and SHOP marketplaces; marketing AHCT's brand; as well as operating costs for the Call Center. Depreciation and amortization are related to the capitalization of various enterprise information systems, the lease for office space and the subscription-based information technology arrangements. Total operating expenses increased in 2024 compared to 2023 due to increased media buy, printing and mailing volumes resulting from Medicaid Unwind, additional security software from consulting services, additional testing resources needed to meet system update schedules, and higher costs to reach out to consumers through e-mails and marketing.

Salaries and benefits are aligned with staffing in administration and operations. Wages in 2024 increased due to the efficient filling of vacant positions and performance-based increases. Administration expenses, including operating expenses associated with business operations and insurance, are relatively stable year-over-year. However, due to additional excess coverage in cyber security and additional maintenance for common areas in the building space, expenses in 2024 compared to 2023 were higher. As a result of the cost reimbursement from DSS for shared costs, total operating expenses were reduced by \$23.0M, \$20.2M, \$18.9M in 2024, 2023 and 2022 respectively.

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**7.0 ACCESS HEALTH CT NET POSITION:**

	2024	2023	2022
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 28,387,878	\$ 29,474,055	\$ 28,085,400
Accounts receivable	280,122	179,441	154,997
Prepaid expenses	236,333	195,564	210,991
Total current assets	<u>28,904,333</u>	<u>29,849,060</u>	<u>28,451,388</u>
Noncurrent assets:			
Security deposit	-	-	1,197
Capital assets not being depreciated	2,293,400	4,804,978	3,736,757
Capital assets, net of accumulated depreciation	11,162,167	11,118,920	10,825,526
Total noncurrent assets	<u>13,455,567</u>	<u>15,923,898</u>	<u>14,563,480</u>
Total assets	<u>42,359,900</u>	<u>45,772,958</u>	<u>43,014,868</u>
<b>Liabilities</b>			
Current liabilities			
Accounts payable	173,880	141,361	123,718
Accrued liabilities	5,424,120	6,289,900	5,860,311
Unearned revenue	1,371,326	425,537	400,929
Lease liability - current portion	321,524	418,383	612,911
Subscription liability - current portion	153,105	143,271	189,310
Total current liabilities	<u>7,443,955</u>	<u>7,418,452</u>	<u>7,187,179</u>
Noncurrent liabilities			
Lease liability	2,609,395	3,033,563	333,551
Subscription liability	19,374	184,001	147,578
Total noncurrent liabilities	<u>2,628,769</u>	<u>3,217,564</u>	<u>481,129</u>
<b>Net position</b>			
Net investment in capital assets	11,309,312	11,538,032	11,838,057
Unrestricted	20,977,864	23,598,910	23,508,503
Total net position	<u>\$ 32,287,176</u>	<u>\$ 35,136,942</u>	<u>\$ 35,346,560</u>

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**7.0 ACCESS HEALTH CT NET POSITION: (CONTINUED)**

Cash and cash equivalents primarily include funds received from DSS for reimbursement of costs incurred by AHCT and Marketplace Assessments received, net of expenditures.

Accounts receivable at June 30, 2024 primarily includes amounts owed from DSS. The accounts receivable from DSS represent the DSS reimbursable portion of amounts paid and accrued by AHCT. This results from timing of AHCT payments and DSS reimbursements.

The Exchange maintains separate accounts for its operating and reserve funds: Operating funds are in an account with a commercial bank, and the remaining reserve funds are in an account with the State of Connecticut Treasurer's Short-Term Investment Fund (STIF). The STIF is an investment pool of high-quality, short-term money market instruments for state and local governments. The STIF provides a safe, liquid, and effective investment vehicle for the operating cash of the State Treasury, state agencies and authorities, municipalities, and other political subdivisions of the state, pursuant to CGS §3-27a and 3-27b. The STIF is required to maintain a designated surplus reserve to provide an added layer of security. The Exchange actively manages the balances held in STIF and its commercial bank operating account with the goal of ensuring that funds are available to meet all disbursements.

Accrued liabilities represent accrued expenses for consulting services, administrative services and amounts due to DSS for shared services incurred on behalf of AHCT.

**8.0 CAPITAL ASSETS**

At June 30, 2024, AHCT had \$68.7M invested in capital assets, \$13.5M net of accumulated depreciation. This consists primarily of the capitalization of software development costs as well as equipment and leases. Capital assets for fiscal year ending June 30, 2022 were restated due to implementation of GASB Statement No. 96 *Subscription-Based Information Technology Arrangements*. See Note 1 and Note 4 for more information.

Capital assets at year-end, net of depreciation

	2024	2023	2022
Capital assets not being depreciated/amortized	2,293,400	4,804,978	3,736,757
Capital assets, net of accumulated depreciation/amortization	11,162,167	11,118,920	10,825,526
Total	13,455,567	15,923,898	14,562,283

Major additions

	2024	2023	2022
Capital assets not being depreciated	3,634,416	2,119,253	4,019,897
Capital assets, being depreciated/amortized	4,278,650	4,486,946	5,625,844
Total	7,913,066	6,606,199	9,645,741

# CONNECTICUT HEALTH INSURANCE EXCHANGE (DBA: ACCESS HEALTH CT)

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## **9.0 CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS:**

James Michel was selected as the Interim Chief Executive Officer by the Board of Directors effective June 14, 2018 and was appointed as CEO on September 20, 2018. Mr. Michel joined AHCT in March 2013 as its first Operations Manager; promoted to Director of Operations in June 2014; and to Director of Finance in June 2017.

In March of 2021, Charles Klippel was appointed by Governor Lamont as the Chair of the AHCT Board of Directors. Mr. Klippel is the former SVP and Deputy General Counsel of Aetna, Inc.

Over the past fiscal year, AHCT worked closely with Deloitte Consulting, LLP and DSS to prioritize and implement over 40 enhancements focused on: legislative/regulatory compliance with state and federal policy updates, automatic enrollment of eligible households into the Covered CT Program with consumer consent, improved clarity and readability of various notices, improved integration with the DSS ImpaCT system to reduce reliance on manual processes, and a continued focus on improving known customer friction points. In the upcoming year, AHCT will be focusing on continued improvements to the overall consumer experience, integration with the new Individual Coverage Health Reimbursement Arrangement (ICHRA) platform, and additional security of the system. There are currently four major releases completed or planned for fiscal year 2025. In addition to the functional improvements to the system, AHCT worked closely with DSS and Infosys to support and maintain our infrastructure and production systems which included triaging and resolving nearly 800 issues.

In 2013, responsibility for the planning and implementation of the All Payer Claims Database (APCD) was transferred to AHCT by the Connecticut General Assembly. In 2017, the APCD was transferred to the Health Information Technology Officer (HITO) at the Office of the Healthcare Advocate, and eventually to the Office of Health Strategy. AHCT operated the APCD for the HITO and the Office of Health Strategy through a Memorandum of Agreement until June 30, 2019 when its operation transferred to the Office of Health Strategy, and AHCT assigned its interests in the contract with Onpoint Health Data as the data management vendor for the APCD to the Office of Health Strategy (OHS). AHCT no longer has any responsibility for the operation of the APCD, but legislation was passed in 2021 requiring AHCT to assess insurance companies to fund the operation of the APCD and transfer said funds to OHS each year.

In 2018, AHCT began focusing on creating six core organizational values: authenticity, integrity, excellence, ownership, one team and passion. The implementation of these organizational values provides guidance in terms of how the organization operates, and how employees work with each other and customers. These values incorporate the mission and vision of the organization and define behaviors.

The AHCT Board of Directors voted to approve for calendar years 2023 and 2022, the Exchange's Marketplace Assessment Rate of 165 basis points (1.65%) as part of the approval of each year's annual Operating Budget. This marketplace assessment rate has remained unchanged since calendar year 2016. In 2023, the AHCT Board of Directors voted to approve for calendar year 2024, the Exchange's Marketplace Assessment Rate of 185 basis points (1.85%).



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June 30, 2024, 2023, and 2022

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## **9.0 CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS:** *(CONTINUED)*

In 2023 the Connecticut General Assembly created a Work Group to study various health coverage affordability options as part of legislation passed to increase affordability for paraeducators working in Connecticut public schools, pursuant to Public Act 23-204. Access Health CT was a member of the Work Group and had responsibility to convene the group and report to the Appropriations, Education, Insurance and Real Estate, and Labor and Public Employees committees on its findings and any recommendations by July 1, 2024. The report was filed with the above committees on June 28, 2024.

In addition to the sections of Public Act 23-204 regarding Paraeducators Affordability for health coverage, the legislation also included a section allowing information sharing between Access Health CT and the Department of Revenue Services (DRS) for consumers to give permission for Access Health CT to contact them and provide them with information on coverage options available through Access Health CT. Access Health CT has been working with DRS as well as consulting with the Department of Social Services, and the changes will be in place when the Connecticut Income Tax Return for 2024 is released to Connecticut taxpayers. This will allow Access Health CT to have a new channel to reach uninsured consumers and help them enroll in coverage.

## **10.0 CONTACTING AHCT'S MANAGEMENT**

This financial report is designed to provide residents, taxpayers, and grantors with a general view of AHCT's finances and to show the Exchange's accountability for the money it receives. If you have any questions about this report or need additional information, contact Mr. James Michel, Chief Executive Officer, 280 Trumbull Street, Hartford, CT 06103, [James.Michel@ct.gov](mailto:James.Michel@ct.gov).

## **BASIC FINANCIAL STATEMENTS**

**CONNECTICUT HEALTH INSURANCE EXCHANGE**  
**DBA: ACCESS HEALTH CT**

**STATEMENTS OF NET POSITION**

**June 30, 2024 and 2023**

	2024	2023
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 28,387,878	\$ 29,474,055
Accounts receivable	280,122	179,441
Prepaid expenses	236,333	195,564
Total current assets	<u>28,904,333</u>	<u>29,849,060</u>
Noncurrent assets		
Capital assets not being depreciated/amortized	2,293,400	4,804,978
Capital assets, net of accumulated depreciation/amortization	11,162,167	11,118,920
Total noncurrent assets	<u>13,455,567</u>	<u>15,923,898</u>
Total assets	<u>42,359,900</u>	<u>45,772,958</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	173,880	141,361
Accrued liabilities	5,424,120	6,289,900
Unearned revenue	1,371,326	425,537
Lease liability - current portion	321,524	418,383
Subscription liability - current portion	153,105	143,271
Total current liabilities	<u>7,443,955</u>	<u>7,418,452</u>
Noncurrent liabilities		
Lease liability	2,609,395	3,033,563
Subscription liability	19,374	184,001
Total noncurrent liabilities	<u>2,628,769</u>	<u>3,217,564</u>
Total liabilities	10,072,724	10,636,016
<b>Net position</b>		
Net investment in capital assets	11,309,312	11,538,032
Unrestricted	20,977,864	23,598,910
Total net position	<u>\$ 32,287,176</u>	<u>\$ 35,136,942</u>

The footnotes are an integral part of the financial statements.

**CONNECTICUT HEALTH INSURANCE EXCHANGE**  
**DBA: ACCESS HEALTH CT**

**Statements of Revenues, Expenses, And Changes in Net Position**

**June 30, 2024 and 2023**

	2024	2023
Operating revenues		
Marketplace assessment	\$ 33,356,883	\$ 31,392,008
Intergovernmental revenue	-	241,137
Private grants	40,000	137,455
Miscellaneous revenue	32,969	12,766
Total operating revenues	<u>33,429,852</u>	<u>31,783,366</u>
Operating expenses		
Wages	8,603,559	8,086,709
Fringe benefits	3,670,611	3,154,838
Consultants	14,761,188	12,838,877
Maintenance	2,972,862	3,345,976
Administration	712,397	556,979
Equipment	1,068,801	614,900
Travel	97,026	88,550
Supplies	13,133	10,829
Depreciation and amortization	5,516,865	4,193,552
Total operating expenses	<u>37,416,442</u>	<u>32,891,210</u>
Net Operating Loss	(3,986,590)	(1,107,844)
Nonoperating revenues		
Interest income	<u>1,136,824</u>	<u>898,226</u>
Change in net position	(2,849,766)	(209,618)
Net position - beginning of year	<u>35,136,942</u>	<u>35,346,560</u>
Net position - end of year	<u>\$ 32,287,176</u>	<u>\$ 35,136,942</u>

The footnotes are an integral part of the financial statements.

**CONNECTICUT HEALTH INSURANCE EXCHANGE**  
**DBA: ACCESS HEALTH CT**

**Statements Of Cash Flows**

**Years Ended June 30, 2024 and 2023**

	2024	2023
<b>Cash flows from operating activities</b>		
Receipts from marketplace assessment	\$ 34,368,910	\$ 31,328,642
Reimbursement of operating costs	22,974,777	20,170,887
Receipts from intergovernmental revenue	-	304,667
Receipts from other sources	72,969	150,221
Payments to employees	(12,277,747)	(11,213,334)
Payments to vendors	(43,603,113)	(37,191,355)
Net cash provided by operating activities	<u>1,535,796</u>	<u>3,549,728</u>
<b>Cash flows from capital and related financing activities</b>		
Payments for software development in progress	(3,062,210)	(2,119,253)
Purchase of equipment and software	(681)	(11,458)
Subscription payments	(174,818)	(226,887)
Lease payments	(521,088)	(701,701)
Net cash used by capital and related financial activities	<u>(3,758,797)</u>	<u>(3,059,299)</u>
<b>Cash flows from investing activities</b>		
Interest and dividend income	<u>1,136,824</u>	<u>898,226</u>
<b>Net change in cash and cash equivalents</b>	(1,086,177)	1,388,655
Cash and cash equivalents - beginning of year	<u>29,474,055</u>	<u>28,085,400</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 28,387,878</u>	<u>\$ 29,474,055</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>		
Operating loss	(3,986,590)	(1,107,844)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation and amortization	5,516,865	4,193,552
Change in assets and liabilities		
(Increase) decrease in accounts receivable	(66,238)	(24,444)
(Increase) decrease in prepaid expenses	(40,769)	15,427
(Increase) decrease in security deposit	-	1,197
Increase (decrease) in accounts payable	32,519	17,643
Increase (decrease) in accrued liabilities	(865,780)	429,589
Increase (decrease) in unearned revenue	945,789	24,608
Net cash provided by operating activities	<u>\$ 1,535,796</u>	<u>\$ 3,549,728</u>

The footnotes are an integral part of the financial statements.

# CONNECTICUT HEALTH INSURANCE EXCHANGE

## DBA: ACCESS HEALTH CT

### Notes To Basic Financial Statements

June 30, 2024 And 2023

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#### NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Connecticut Health Insurance Exchange dba: Access Health CT, hereafter referred to as Access Health CT (AHCT) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the AHCT are described below.

##### A. Reporting Entity

AHCT is a body politic and corporate, and constituting a public instrumentality and political subdivision of the state of Connecticut. Access Health CT was established pursuant to Public Act 11-53 and is codified at Connecticut General Statute (CGS)§ 38a-1080 through 1093. The goals of AHCT are to reduce the number of individuals without health insurance in the state of Connecticut and to assist individuals and small employers in the procurement of health insurance by, among other services, offering easily comparable and understandable information about health insurance options. Access Health CT was established as a quasi-public agency.

AHCT is governed by a 14-member board of directors (the Board). Members include ex-officio state government officials and private sector members appointed by both the legislative and executive branches of state government. The mission of AHCT, and by extension the mission of the board, is 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 health care providers that best meet their needs.

The investment for the development of the State Marketplace was entirely funded from federal grant awards. This federal investment covered all development, start-up and ongoing operating expenses. In 2014, pursuant to policies and procedures and statutory authority, AHCT began charging a market assessment to fund its operations.

Beginning in 2014, Americans had access to health coverage through newly established exchanges in each state. In Connecticut, individuals and small businesses use AHCT to purchase affordable health insurance from a choice of qualified health plans offered by various insurers. AHCT ensures that participating health plans meet certain standards and uses ratings from the National Committee on Quality Assurance (NCQA) and converts it to a star system to facilitate choices. Individuals and families purchasing health insurance through AHCT may qualify for Premium Tax Credits if their household income is between 138% and 400% of the Federal Poverty Level (FPL) and between 100% and 138% of the FPL for certain individuals and families that may not meet the residency requirements for Medicaid and reduce cost-sharing if their household income is between 138% and 250% of the FPL. AHCT coordinates eligibility and enrollment with State Medicaid and Children's Health Insurance Programs to ensure all Connecticut residents have access to affordable health coverage.

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Accounting and Financial Statement Presentation**

AHCT is a quasi-public agency accounted for as an enterprise fund and categorized as a business-type activity. Operations are financed on a continuing basis primarily through marketplace assessments.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Operating revenues and expenses are distinguished from nonoperating items. Operating revenues and expenses are those that result from providing and delivering goods and services. Nonoperating revenues and expenses are those related to capital and related financing, noncapital financing, or investing activities.

**C. Cash and Cash Equivalents**

AHCT's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

**D. Accounts Receivable**

All receivables are reported net of estimated uncollectible amounts. No allowance was recorded as of June 30, 2024 and 2023.

**E. Prepaid Expenses**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**F. Capital Assets**

Capital assets are defined by AHCT's policy as individual assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets comprise software development in progress, as well as equipment and other software. Computer equipment is recorded and tracked to ensure accountability. Assets are recorded individually to the extent possible to ensure proper accountability and accurate depreciation, and to allow for specific identification for recording of disposition.

Design, development and implementation costs incurred for the AHCT state-based marketplace application are capitalized as software development in progress in accordance with GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets. The funds for this development project were initially provided from federal funds awarded to AHCT and the Connecticut Department of Social Services (DSS) from each organization's U.S. Department of Health and Human Services (HHS) grant applications. Software development subsequent to the initial grant funding is provided by the operational assessments of AHCT.

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The AHCT state-based marketplace application is an integrated eligibility system (IES) that determines eligibility and facilitates enrollment for both AHCT's and DSS's programs in addition to other functionality. In applying for the awarded funds, a cost allocation methodology was also filed and approved to allocate the accountability for development costs between AHCT and DSS. This allocation was 16% to AHCT and 84% to DSS. Prior to November 2014, the allocation was 71.47% to AHCT and 28.53% to DSS. For several years after the initial development of the IES, both AHCT and DSS jointly designed and developed the system, with AHCT as the procuring entity, initially funding all design, development and implementation costs and then cost reimbursed by DSS for the share allocated to DSS. More recently, AHCT and DSS have each entered into their own separate contracts for IES development and pay for each parties' own development costs separately. AHCT and DSS currently maintain a joint contract with the Office of Early Childhood (OEC) with the vendor providing IES maintenance and operational services for the IES and other state systems for DSS and OEC. The parties agreed to a cost allocation based on the scope of the work and the systems included, and the vendor bills each agency separately. Design, development and implementation costs, including capital assets, are presented net of the DSS reimbursement

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Software	3 Years
Furniture and Equipment	5 Years

Depreciable lives are based upon actual expected use by AHCT, not by tax lives or other general estimates.

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

**G. Net Position**

Net position represents the difference between assets and liabilities. The components of net position are detailed below:

Net Investment in Capital Assets

This component of net position consists of capital assets, net of accumulated depreciation/amortization and related debt.



**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

Restricted

Net position is considered restricted when there are externally imposed restrictions by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted

This component of net position includes anything that does not meet the definition of restricted or net investment in capital assets.

When both restricted and unrestricted resources are available for use, it is AHCT's policy to use restricted resources first, then unrestricted resources as they are needed.

**H. Marketplace Assessments**

Connecticut PA 11-53 authorizes AHCT to “charge assessments or user fees to health carriers that are capable of offering a qualified health plan through the Exchange.” This assessment authority is a critical underpinning for AHCT's operational sustainability. Public Act 13-247 gives AHCT the authority to charge interest and penalties to carriers failing to pay the assessments and fees required to fund Exchange operations. This is codified at CGS § 38a-1083(c)(7).

Marketplace assessment payments received prior to the accounting period they pertain to are recorded as unearned revenue and amortized to revenue over the related term.

As of June 30, 2024 and 2023, unearned revenue is entirely composed of marketplace assessments.

**I. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

AHCT may invest any funds not needed for immediate use or disbursement in obligations of the United States of America or United States government sponsored corporation, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any state or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the state of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service.

AHCT invests in obligations of the United States, including its instrumentalities and agencies, and the state of Connecticut Treasurer's short-term pooled investment fund (STIF). The STIF is available for use by the State's funds and agencies, public authorities and municipalities. 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 yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

The carrying amounts of AHCT's cash and cash equivalents were as follows at June 30:

	2024	2023
Deposits with financial institutions		
Operating	\$ 276,550	\$ 379,076
Small Business Health Options Program (SHOP)	161,295	1,416,770
State Short-Term Investment Fund (STIF)	27,950,034	27,678,209
Total	<u>\$ 28,387,879</u>	<u>\$ 29,474,055</u>

### **Deposits**

#### **Deposit Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, Access Health CT will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are uninsured or uncollateralized. Amounts on deposit at a single financial institution occasionally exceed the federally insured limit. As of June 30, 2024 and 2023, \$161,295 and \$1,166,770, respectively, of Access Health CT's bank balance of \$589,215 and \$1,620,292, respectively, was uninsured and uncollateralized and therefore exposed to custodial credit risk as follows at June 30:

	2024	2023
Uninsured and uncollateralized	\$ 145,166	\$ 1,025,093
Uninsured and collateral held by pledging bank's Trust department, not AHCT's name	16,129	141,677
Total amount subject to custodial credit risk	<u>\$ 161,295</u>	<u>\$ 1,166,770</u>

**NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS, (CONTINUED)**

Cash Equivalents

At June 30, 2024 and 2023, AHCT had deposits in the STIF of \$27,950,034 and \$27,678,209, respectively. STIF is an investment pool of high-quality, short-term money market instruments with an average maturity of less than 60 days. There were no limitations or restrictions on any withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

Credit Risk - Cash Equivalents

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The following chart summarizes year-end ratings for AHCT as rated by Standard & Poor's:

	<u>Standard &amp; Poor's</u>
State Short-Term Investment Fund (STIF)	AAAm

Concentrations of Credit Risk

AHCT places no limits on the amount of cash in any one bank. AHCT actively manages the balances held in STIF and its commercial bank operating account with the goal of ensuring that funds are available to meet all disbursements.

**NOTE 3 – RECEIVABLES**

Receivables are as follows for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Marketplace assessments receivable	\$ -	\$ 2,636
Department of Social Services	260,265	176,805
Intergovernmental receivable	19,857	-
Total receivables	<u>\$ 280,122</u>	<u>\$ 179,441</u>

Due to the lack of historical issues regarding collectability of receivables and short average age of receivable balances, management has not determined an allowance for doubtful accounts necessary at June 30, 2024 and 2023.

## NOTE 4–CAPITAL ASSETS

Capital asset activity consisted of the following for the years ended June 30:

	2024			Ending Balance
	Beginning Balance	Increases	Decreases	
Capital assets not being depreciated or amortized				
Software development in progress	\$ 4,804,978	\$ 3,634,416	\$ 6,145,994	\$ 2,293,400
Capital assets being depreciated or amortized				
Equipment and furniture	1,471,862	681	-	1,472,543
Leasehold improvements	271,011	-	-	271,011
Software	54,811,801	5,539,346	-	60,351,147
Total capital assets being depreciated	<u>56,554,674</u>	<u>5,540,027</u>	<u>-</u>	<u>62,094,701</u>
Less accumulated depreciation and amortization for:				
Equipment and furniture	1,452,381	9,152	-	1,461,533
Leasehold improvements	271,011	-	-	271,011
Software	47,623,609	4,837,947	-	52,461,556
Total accumulated depreciation and amortization	<u>49,347,001</u>	<u>4,847,099</u>	<u>-</u>	<u>54,194,100</u>
Total capital assets being depreciated or amortized, net	<u>7,207,673</u>	<u>692,928</u>	<u>-</u>	<u>7,900,601</u>
Right-to-use lease assets				
Equipment	507,868	-	-	507,868
Building	3,207,185	-	-	3,207,185
Total right-to-use lease assets	<u>3,715,053</u>	<u>-</u>	<u>-</u>	<u>3,715,053</u>
Less accumulated amortization				
Equipment	169,289	169,289	-	338,578
Building	891	320,831	-	321,722
Total accumulated amortization	<u>170,180</u>	<u>490,120</u>	<u>-</u>	<u>660,300</u>
Total right-to-use lease assets, net	<u>3,544,873</u>	<u>(490,120)</u>	<u>-</u>	<u>3,054,753</u>
Subscription based information technology arrangement assets				
Subscription based information technology arrangement	617,538	20,025	72,069	565,494
Less accumulated amortization				
Subscription based information technology arrangements	<u>251,164</u>	<u>107,517</u>	<u>-</u>	<u>358,681</u>
Total subscription based information technology arrangements assets, net	<u>366,374</u>	<u>(87,492)</u>	<u>72,069</u>	<u>206,813</u>
Capital assets, net	<u>\$ 15,923,898</u>	<u>\$ 3,749,732</u>	<u>\$ 6,218,063</u>	<u>\$ 13,455,567</u>

**NOTE 4 – CAPITAL ASSETS (CONTINUED)**

	2023			Ending Balance
	Beginning Balance	Increases	Decreases	
Capital assets not being depreciated or amortized				
Software development in progress	\$ 3,736,757	\$ 2,119,253	\$ 1,051,032	\$ 4,804,978
Capital assets being depreciated or amortized				
Equipment and furniture	1,460,404	11,458	-	1,471,862
Leasehold improvements	271,011	-	-	271,011
Software	53,760,769	1,051,032	-	54,811,801
Total capital assets being depreciated	55,492,184	1,062,490	-	56,554,674
Less accumulated depreciation and amortization for:				
Equipment and furniture	1,445,276	7,105	-	1,452,381
Leasehold improvements	271,011	-	-	271,011
Software	44,221,279	3,402,330	-	47,623,609
Total accumulated depreciation and amortization	45,937,566	3,409,435	-	49,347,001
Total capital assets being depreciated or amortized, net	9,554,618	(2,346,945)	-	7,207,673
Right-to-use lease assets				
Equipment	507,868	-	-	507,868
Building	1,263,650	3,207,185	1,263,650	3,207,185
Total right-to-use lease assets	1,771,518	3,207,185	1,263,650	3,715,053
Less accumulated amortization				
Equipment	-	169,289	-	169,289
Building	834,156	430,385	1,263,650	891
Total accumulated amortization	834,156	599,674	1,263,650	170,180
Total right-to-use lease assets, net	937,362	2,607,511	-	3,544,873
Subscription based information technology arrangement assets				
Subscription based information technology arrangement	442,874	217,271	42,607	617,538
Less accumulated amortization				
Subscription based information technology arrangements	109,328	184,443	42,607	251,164
Total subscription based information technology arrangements assets, net	333,546	32,828	-	366,374
Capital assets, net	\$ 14,562,283	\$ 2,412,647	\$ 1,051,032	\$ 15,923,898

Depreciation and amortization expense related to capital assets was \$5,516,804 and \$4,193,552 for the years ended June 30, 2024 and 2023, respectively.

**NOTE 5 – CONCENTRATIONS**

For the years ended June 30, 2024 and 2023, AHCT's authorization to charge Marketplace Assessments on the health insurance industry in Connecticut, as discussed in Note 1.I., results in a small number of large companies providing the majority of operating income.

## NOTE 6 – LONG-TERM LIABILITIES

Long-term liabilities activity consisted of the following for the years ended June 30:

	2024				Amount Due Within One Year
	Beginning Balance	Increases	Decreases	Ending Balance	
Leases payable	\$ 3,451,946	\$ -	\$ 521,088	\$ 2,930,858	\$ 321,524
Subscription payable	327,272	21,738	176,531	172,479	153,105
Total long-term liabilities	<u>\$ 3,779,218</u>	<u>\$ 21,738</u>	<u>\$ 697,619</u>	<u>\$ 3,103,337</u>	<u>\$ 474,629</u>

  

	2023				Amount Due Within One Year
	Beginning Balance	Increases	Decreases	Ending Balance	
Leases payable	\$ 946,461	\$ 3,207,185	\$ 701,700	\$ 3,451,946	\$ 418,383
Subscription payable	336,889	182,029	191,646	327,272	143,271
Total long-term liabilities	<u>\$ 1,283,350</u>	<u>\$ 3,389,214</u>	<u>\$ 893,346</u>	<u>\$ 3,779,218</u>	<u>\$ 561,654</u>

### A. Leases

AHCT leases equipment as well as office facilities for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2033.

Principal and interest requirements to maturity under lease agreements are as follows:

Year Ending June 30:	Lease Principal	Lease Interest
2025	\$ 321,524	\$ 111,580
2026	279,932	95,392
2027	291,337	83,987
2028	313,021	71,925
2029	335,633	41,447
2030 - 2033	<u>1,563,790</u>	<u>109,829</u>
Total	<u>\$ 3,105,237</u>	<u>\$ 514,160</u>

**NOTE 6 – LONG-TERM LIABILITIES, (CONTINUED)**

Right-to-use assets acquired through outstanding leases are shown below, by underlying asset class at June 30:

	<u>2024</u>	<u>2023</u>
Equipment	\$ 507,868	\$ 507,868
Buildings	3,207,185	3,207,185
Less: accumulated amortization	(660,300)	(170,180)
Total	<u>\$ 3,054,753</u>	<u>\$ 3,544,873</u>

**B. Subscription-Based Information Technology Arrangements**

AHCT has entered into subscription-based technology arrangements (SBITAs) for software. The SBITA arrangements expire at various dates through 2026 and provide for renewal options:

The future subscription payments under SBITA agreements are as follows:

<u>Year Ending June 30:</u>	<u>Subscription Principal</u>	<u>Subscription Interest</u>
2025	\$ 153,105	\$ 3,289
2026	19,374	8
Total	<u>\$ 172,479</u>	<u>\$ 3,297</u>

As of June 30, 2024, SBITA assets and the related accumulated amortization totaled \$565,494 and \$358,681.

**NOTE 7 – COMMITMENTS**

AHCT has multiple-year agreements for licensing fees for software and related services, as well as a commitment under a DSS contract for enterprise services and support. Estimated future payments for the agreements are as follows:

<u>Year Ending June 30:</u>	<u>Amount</u>
2025	\$ 1,239,063
2026	51,223
Total	<u>\$ 1,290,286</u>

Components of the contract for enterprise services and support are variable based on usage. The related payments included in the schedule above are based on estimates of the expected services to be provided.

## **NOTE 8 – RETIREMENT AND PROFIT SHARING**

During fiscal year 2013, AHCT joined the State of Connecticut’s Deferred Compensation Section 457 Plan covering eligible employees. The purpose of the plan is to enable employees who become covered under the plan to enhance their retirement security by permitting them to enter into agreements with AHCT to defer a portion of their salary. Participation in this plan should not be construed to establish or create an employment contract between any eligible employee and Access Health CT.

In addition, AHCT established a Profit Sharing and Trust 401(a) plan for eligible employees. AHCT contributed a fixed rate of 5% of employee annual earnings and matched 100% of voluntary participant contributions, up to 5%, of annual earnings made by employees to the State of Connecticut’s Deferred Compensation Section 457 Plan for the years ended June 30, 2024 and 2023.

In total, AHCT made retirement and profit-sharing payments of \$738,618 and \$743,008 for the years ended June 30, 2024 and 2023, respectively, for both benefit plans.

## **NOTE 9 - CONTINGENCIES**

Some grants require the fulfillment of certain conditions. Failure to fulfill the conditions could result in the return of funds. AHCT does not believe that any funds will need to be returned, because the stipulated conditions have been met.

DSS reimburses AHCT for the funds disbursed by AHCT for development and other costs that relate to the share of development and operational costs attributable to DSS. This share was not awarded to AHCT as part of grant awards.

AHCT is from time to time subject to legal proceedings and claims that arise in the ordinary course of business. In the opinion of management, the ultimate liability with respect to these actions will not materially affect the financial position of AHCT.



**SUPPLEMENTARY INFORMATION**

**CONNECTICUT HEALTH INSURANCE EXCHANGE  
(DBA: ACCESS HEALTH CT)**

Schedule Of Expenses  
Budget And Actual (Non-GAAP Budgetary Basis)

For The Year Ended June 30, 2024

	Final Approved Budget	Actual	Variance
<b>Operating Expenses</b>			
Salaries	\$ 8,570,063	\$ 8,603,559	\$ (33,496)
Fringe benefits	3,719,058	3,670,612	48,446
Temporary staffing	465,236	1,026,343	(561,107)
Contractual	12,790,329	13,972,454	(1,182,125)
Equipment and maintenance	4,765,089	4,046,892	718,197
IT enhancements	2,006,491	2,209,629	(203,138)
Supplies	13,995	13,133	862
Travel	74,538	97,026	(22,488)
Other administrative	1,220,903	707,174	513,729
<b>Total operating expenses</b>	<b>\$ 33,625,702</b>	<b>\$ 34,346,822</b>	<b>\$ (721,120)</b>

Budgetary expenses are different than GAAP expenses because:

Budgetary expenses are different than GAAP expenses primarily due to encumbrances authorized during the fiscal year and liquidated by fiscal year-end are recorded as Net Position as required by GAAP. Liquidated GY encubrances will be shown as a reduction in Net Position in FY 2024 reporting. If capitalization criteria are not met, these amounts are recorded as capital assets for GAAP financial reporting purposes.

\$ (2,447,245)

Depreciation and amortization represent noncash changes and are not recorded for budgetary purposes. These are reported as an expense in the fiscal year incurred for GAAP financial reporting purposes.

5,516,865

Total operating expenses as reported on the statement of revenues, expenses, and changes in net position.

\$ 37,416,442

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