

TO: CONNECT FOR HEALTH COLORADO EXECUTIVE AND FINANCE COMMITTEE

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FROM: BRIAN BRAUN, CHIEF FINANCIAL OFFICER

SUBJECT: QUARTERLY FINANCIAL REPORT 1ST QUARTER FISCAL YEAR 2025

DATE: 10/18/24

Key Performance Indicators	Status	YTD - 3 Months Ending 09.30.24		
		Actual	Budget	% of Target
Effectuated Enrollment (average)		233,886	224,800	104.0%
Net Operating Margin	(1)	22.8%	13.0%	
Per Member Per Month (PMPM) - Carrier Fees		\$19.7	\$19.6	100.1%
Per Member Per Month (PMPM) - Operating Expenses	(2)	\$15.8	\$17.9	88.1%
Months Cash on Hand	(3)	4.9	4.2	116.8%
Working Capital Ratio	(3)	4.3	3.9	111.9%

(1) Net income before depreciation as a % of revenue

(2) Net of Medicaid reimbursed expenses

(3) Minimum Targets - Months Cash on Hand exceed 3, Working Capital Ratio (current assets/current liabilities) exceed 2

Average enrollment levels for the quarter were above targeted levels thanks to continued higher than expected enrollments post open enrollment. All other KPI's were in line or exceeded targets.

Financial Results (in 000's)	Status	YTD - 3 Months Ending 09.30.24		
		Actual	Budget	% of Budget
Revenues				
Program Revenue		780	666	117.2%
Carrier Fees		13,791	13,236	104.2%
Grant/Other Revenue		770	724	106.3%
Total Revenue		15,341	14,625	104.9%
Expenditures				
Technology		6,768	7,682	88.1%
Customer Service		1,791	2,132	84.0%
Marketing and Outreach		1,831	2,055	89.1%
Support Services		2,737	3,143	87.1%
Facilities		147	212	69.4%
Total Expenditures		13,274	15,224	87.2%
Less Capital Expenditures		(1,435)	(2,500)	57.4%
Earnings Before Depreciation		3,502	1,901	184.2%
Earnings After Depreciation		2,398	745	321.8%
Cash Flows		3,806	652	583.6%
Cash		21,876	18,722	116.8%
Working Capital		27,859	24,316	114.6%

The actual results for the quarter exceeded the budgeted expectations with overall earnings coming in \$1.6 million better than budget (\$2.4 million compared to \$745,000 million budgeted). These higher earnings were the result of the combination of higher revenues and lower expenditures for the quarter – further discussed below.

Detailed financial statements are attached to this memo. The following are high level explanations of budget to actual variances.

Revenue

Revenues were better than expected for the 1st quarter by \$715,000. The higher revenues were primarily driven by higher-than-expected enrollments for the first three months of the year. The budget had anticipated a slow reduction in enrollment levels in the second half of 2024 due to the end of the Medicaid unwind and our normal pattern of terminations during the year.

Expenditures

Overall, expenditures came in significantly (13%) under budget for the quarter. The primary driver behind these lower expenses was lower than budgeted technology spending for the first 3 months of the year. While we budgeted additional funds for FY25 to help expedite development projects and cover unforeseen projects, we are now expecting the use of those funds in the 2nd half of the fiscal year.

Other contributions to expense savings included customer service savings related to later staffing up for open enrollment than anticipated. No worries, on track for trained staffing levels for open enrollment. Marketing expenses were below budget thanks to timing of media buy activities – also on track for open enrollment. Finally, support services were under budget primarily due to some staffing turnover.

Cash

Attributable in part to the positive earnings results for the quarter, cash came in higher than forecasted levels by \$3.1 million. With some of the timing variances described in the expenditures above we do expect this surplus cash will be utilized in future quarters and we currently believe our forecasted cash balances at the end of the year are reasonable.

Cash during the quarter was in a combination of bank accounts (\$8.4 million) and the CSIP liquid investment account (\$13.5 million). The current interest rate for the CSIP investment account is 5.0%.

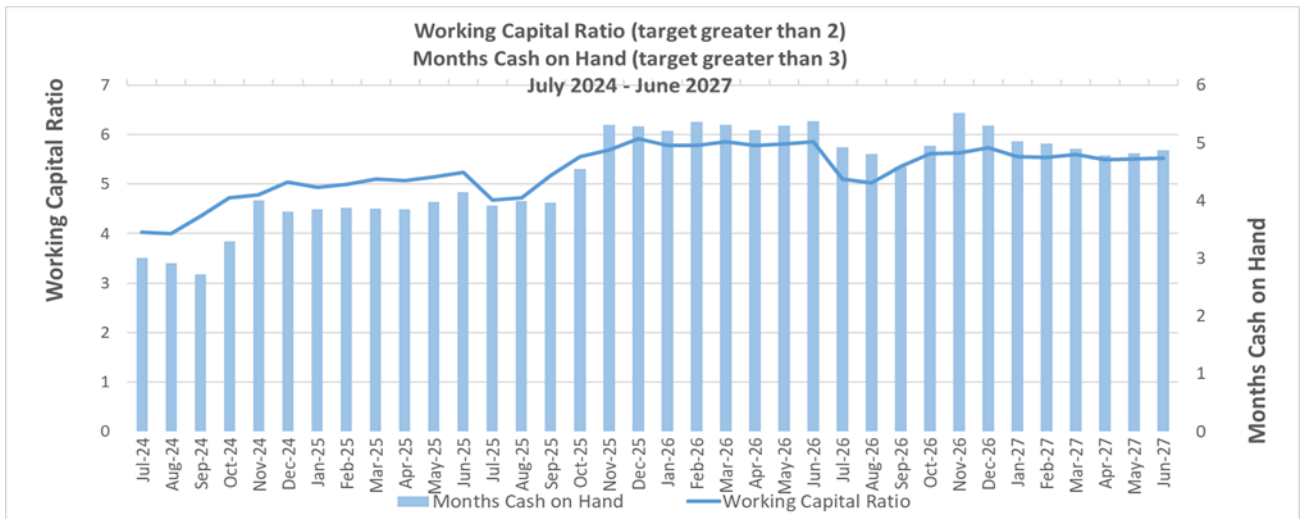
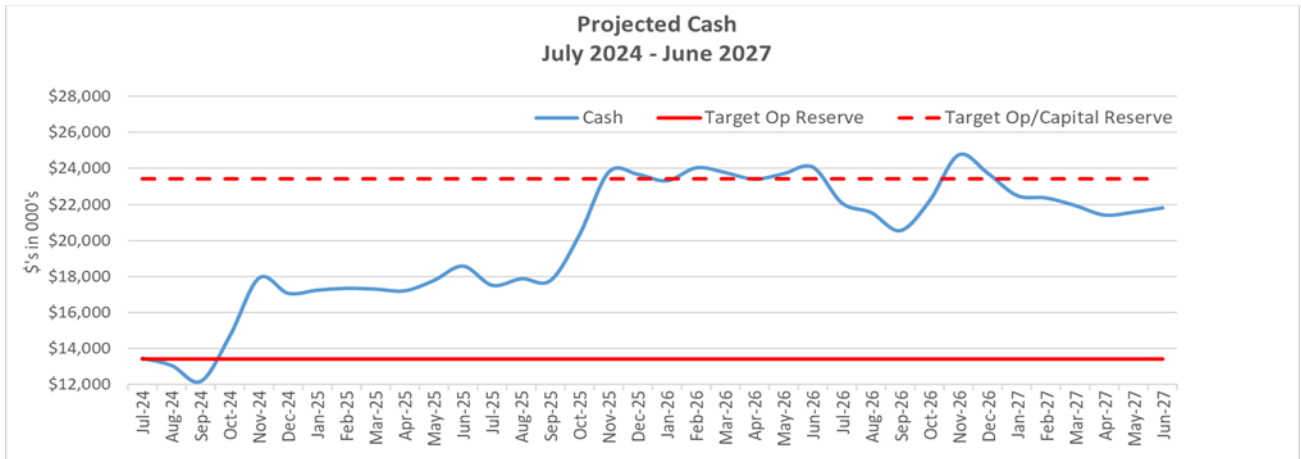
PROJECTIONS

As part of our ongoing monitoring of long-term financial sustainability we regularly revise our long-range financial projections. Enrollments and planned expenditures have not fluctuated enough to adjust our projections from the budget established in June. We will have a better picture of 2025 plan year enrollments after the 2nd quarter and will revise revenue projections accordingly. We will also have more information during the quarter regarding the impact of changes in gross premiums levels in the individual market for 2025 which may impact our revenue projects for the 2nd half of the fiscal year.

Additionally, given uncertainties around the extension of the enhanced tax credit subsidies beyond plan year 2025 and the upcoming elections, we will be revisiting our 3 year projections at the end of the 2nd quarter. We will report any changes in our projected financial condition.

Finally, we will be finalizing the amount of SB-81 contributions we expect to receive from issuers during the 2nd quarter and we will be report any significant changes in those expected amounts to the Board.

For your reference, the following are the three-year projections included as part of the 2025 budget. Aside from cash being higher than originally forecasted due to reasons explained above, all other projections are deemed to still be our best estimates for the next 3 years. These will be updated in the next quarterly report based on the input from the above evaluations.



Connect for Health Colorado
Statement of Revenues, Expenses, and Changes in Net Position

	FY 2025		
	3 months ending 09/30/2024		
	Actual	Budget	Actual vs Budget
REVENUE			
Carrier Fee - Individual	13,777,425	13,222,923	554,502
Carrier Fee Vision	13,317	12,600	717
HIAE Grant - Technology	-	-	-
Tax Credit Donations	-	-	-
Tax Credit Donations - SB81	-	-	-
Medicaid Cost Reimbursement	780,000	665,696	114,304
Interest Income	146,664	74,038	72,626
Other revenue (CoCo Service Fees)	623,233	650,000	(26,767)
Total Revenue	15,340,639	14,625,257	715,381
EXPENSES			
Technology			
Personnel	3,247,028	3,649,520	(402,492)
Maintenance & Operation	318,935	320,731	(1,796)
Software/Licenses/Subscriptions (Tech)	431,555	579,931	(148,375)
Hosting	454,585	500,000	(45,415)
DDI (Design, Dev., Implementation)	2,315,721	2,632,000	(316,278)
Capitalized DDI	(624,999)	(1,500,000)	875,001
Capitalized Salaries	(809,835)	(1,000,000)	190,165
Total Technology	5,332,991	5,182,182	150,809
Customer Service			
Personnel	1,127,962	1,292,543	(164,581)
Contracted Staffing	401,995	588,740	(186,745)
Operations Support	260,573	250,360	10,212
Total Customer Service	1,790,530	2,131,644	(341,113)
Marketing and Outreach			
Personnel	357,022	447,950	(90,927)
Media Buys - Radio/TV/Web	97,620	305,337	(207,717)
Outreach Services-Events, Sponsorships	119,827	201,000	(81,173)
Marketing Services	24,597	41,125	(16,528)
Assistance Network	1,232,390	1,059,793	172,597
Total Marketing and Outreach	1,831,457	2,055,205	(223,748)
Support services			
Personnel	2,274,919	2,570,627	(295,709)
Public Affairs Services	20,001	20,001	-
Professional Services	213,776	259,064	(45,288)
Training and Development	16,450	65,077	(48,627)
H/R Services	46,306	76,658	(30,352)
Legal Services	1,044	3,750	(2,706)
Audit Services	37,704	34,700	3,004
Insurance	23,774	24,793	(1,019)
Conferences/Meetings	9,850	12,125	(2,275)
Memberships/Dues/Subscriptions (Non-Tech)	43,857	29,647	14,211
Travel/Meals/Lodging	48,898	44,893	4,005
Other - G&A	-	1,500	(1,500)
Total Support Services	2,736,578	3,142,834	(406,256)
Facilities			
Occupancy	27,619	92,497	(64,878)
Supplies & Materials	26,487	24,673	1,814
Postage/Shipping	1,117	3,273	(2,156)
Printing/Copying/Shred	1,995	2,070	(75)
Phone/Internet	23,484	22,655	829
Equipment/Furniture and Fixture	66,611	67,164	(553)
Total Facilities	147,313	212,332	(65,019)
Total Operating Expenses	11,838,868	12,724,196	(885,328)
Net Income Before Depreciation	3,501,771	1,901,061	1,600,710
Depreciation	1,103,632	1,155,804	(52,172)
Net Income	2,398,139	745,257	1,652,882

Connect for Health Colorado Statement of Financial Position

	FY 2025 9/30/2024	
	Actual	Budget
Assets:		
Current assets:		
Cash and cash equivalents	21,876,255	18,722,212
Accounts receivable (net)	14,380,471	14,100,542
Prepaid expenses	1,042,888	1,753,432
Security deposits	27,381	27,381
Total Current assets:	37,326,994	34,603,568
Noncurrent assets:		
Investment in Subsidiary	(172,762)	(172,762)
Capital assets:		
Web portal development	18,938,949	18,938,949
Software	43,322,698	44,387,864
Leasehold improvements	205,649	205,520
Office equipment	1,332,297	1,325,303
Furniture and fixtures	501,662	501,663
Less accumulated depreciation	(45,433,841)	(45,485,885)
Total Capital assets	18,867,414	19,873,414
Assets under lease - net	2,012,921	2,012,920
SBITA - net	336,859	336,859
Total Noncurrent assets:	21,044,431	22,050,431
Total Assets:	58,371,425	56,653,999
Liabilities and net position:		
Liabilities:		
Current liabilities:		
Accounts payable	3,763,754	4,367,540
Accrued liabilities	2,976,965	2,555,852
Payroll liabilities	1,657,482	1,583,026
Total Current liabilities:	8,398,201	8,506,418
Long-term liabilities:		
Lease Payable	2,171,643	2,171,643
SBITA Payable	371,840	371,840
Total Long-term liabilities:	2,543,484	2,543,483
Total Liabilities:	10,941,685	11,049,901
Net position:		
Unrestricted	47,429,741	45,604,099
Total Net position:	47,429,741	45,604,099
Total liabilities and net position:	58,371,425	56,653,999