

3 Year Financial Projections

July 2025 – June 2028

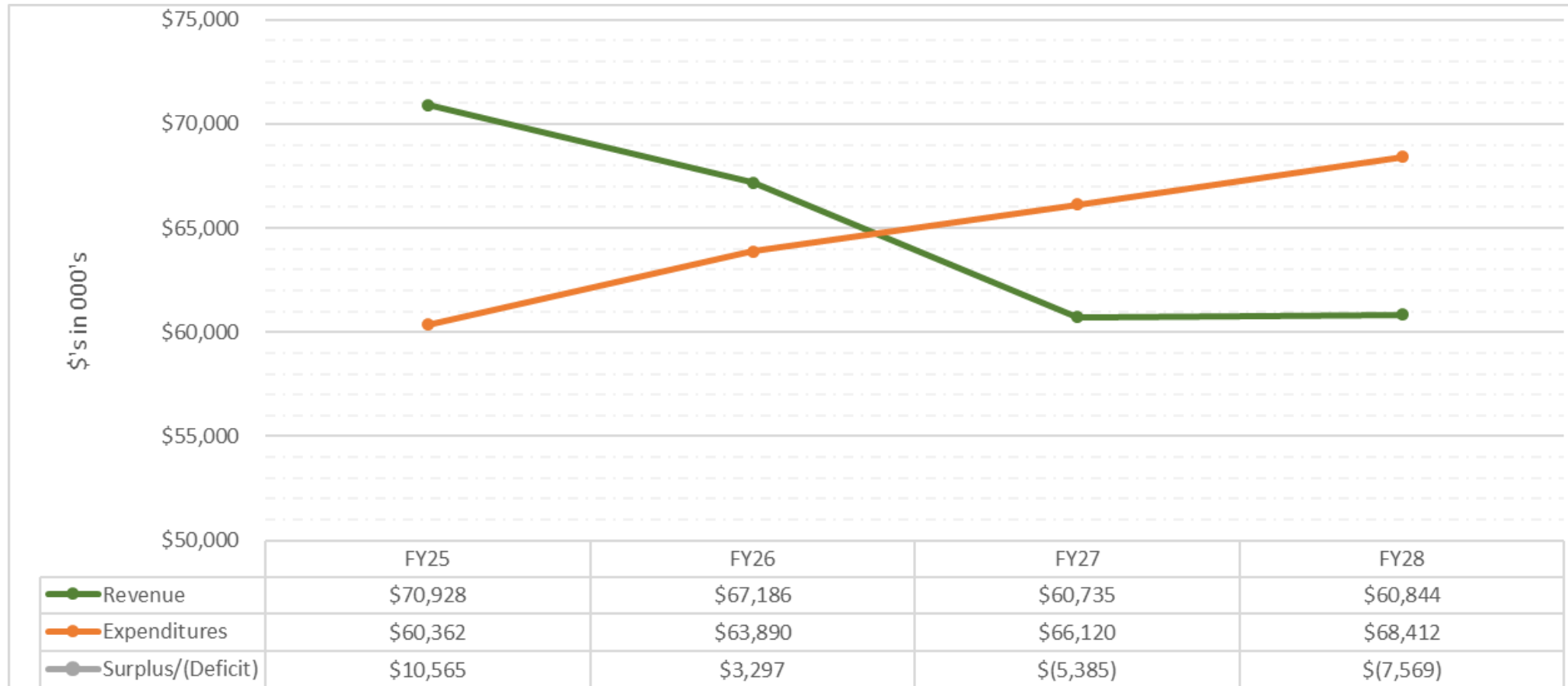
Executive and Finance Committee
January 23, 2025



Projection Assumptions

- Enhanced tax credits expire at end of 2025 plan year
- 17% reduction in enrollments in plan year 2026 based on estimates by Congressional Budget Office on impact of enhance tax credits expiring
- Average premium levels drop by 5% in 2026 due to movement to lower metal level plans
- SB81 related donations continue at reduced level of \$300k per year
- No additional HIAE funding beyond FY25
- Slight reduction in service center costs in FY26 – FY25 was budgeted higher to address expected one-time verification processing resource needs
- No reductions in staffing/contractors supporting technology development and operations
- Increased enterprise data management costs starting in FY26
- Support services costs increase in FY26 over FY25 levels – due mostly to lower than expected staffing levels in FY25
- Modest increase in marketing/outreach costs in projected years over FY25 levels

Projected Revenues and Expenditures – 3 years FY25 – FY 28



Revenue Impact of Expiration of Enhanced Subsidies FY25 – FY 28



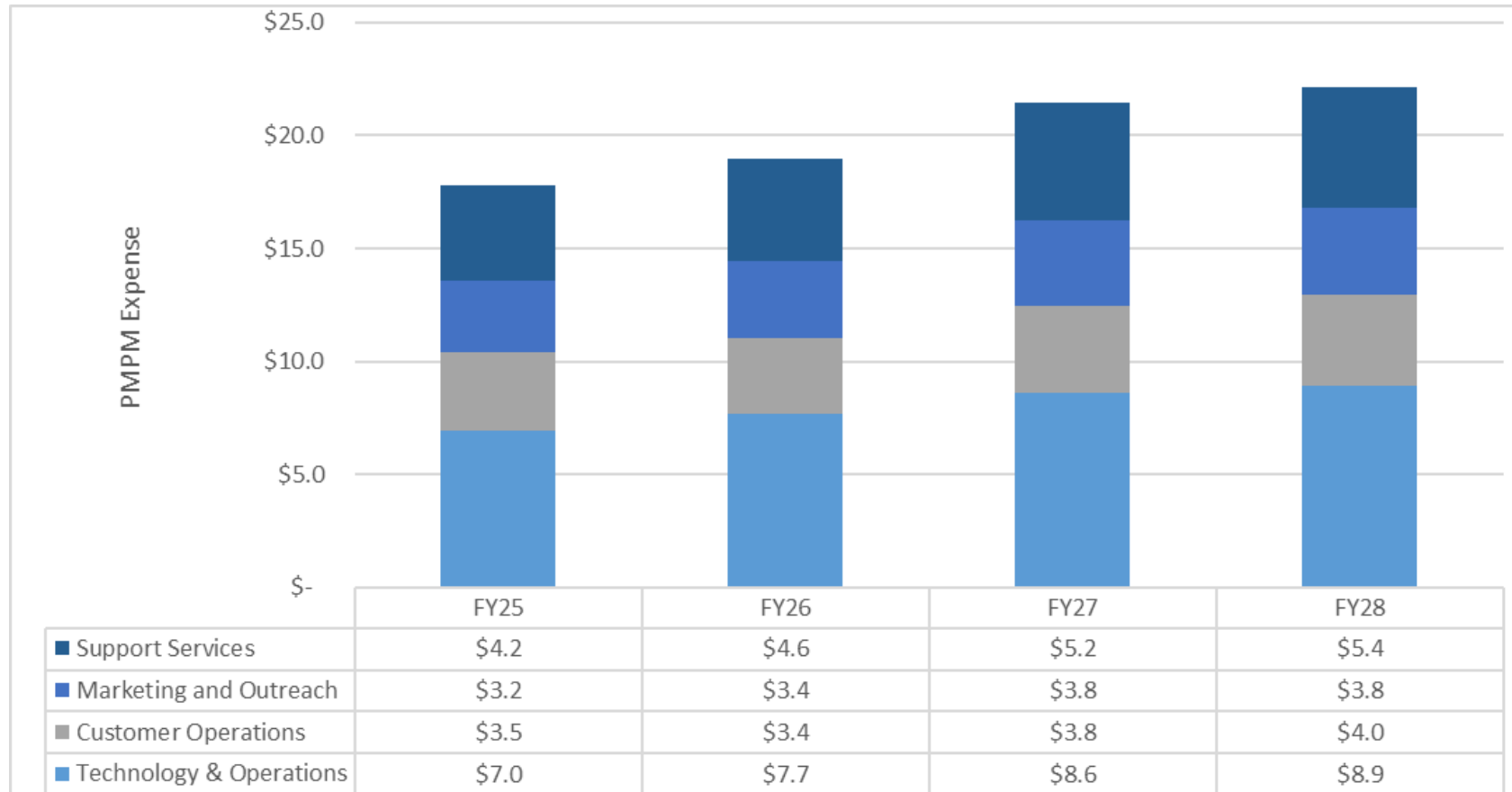
- Enhanced subsidies are scheduled to expire in plan year 2026
- Comparison assumes extension of enhanced subsidies will result in 5% annual growth throughout the projection period
- Extension of enhanced subsidies assumes no drop in average premium levels from plan year 2025

3 Year Projections Details

Fiscal Year FY25 – FY27

| | Fiscal Year 2025 Projected | Fiscal Year 2026 Forecast | Fiscal Year 2027 Forecast | Fiscal Year 2028 Forecast |
|---------------------------------------|----------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | <i>\$'s in 000's</i> | | | |
| Revenues | | | | |
| Carrier Fees | 58,078 | 56,045 | 49,459 | 49,459 |
| Tax Credit Donations | 5,282 | 5,300 | 5,300 | 5,300 |
| Grants/Contracts | 1,600 | - | - | - |
| Cost Reimbursements | 2,919 | 2,876 | 2,982 | 3,092 |
| Service Fees (CoCo) | 2,521 | 2,600 | 2,600 | 2,600 |
| Interest/Other | 527 | 366 | 393 | 393 |
| Total Revenue | 70,928 | 67,186 | 60,735 | 60,844 |
| Operating Expenses | | | | |
| Technology & Operations | 20,546 | 22,635 | 23,325 | 24,143 |
| Customer Operations | 10,201 | 10,043 | 10,400 | 10,837 |
| Marketing and Outreach | 9,430 | 9,910 | 10,186 | 10,391 |
| Support Services | 12,325 | 13,502 | 14,049 | 14,521 |
| Total Operating Expenses | 52,503 | 56,090 | 57,960 | 59,892 |
| Net Income Before Depreciation | 18,425 | 11,097 | 2,775 | 951 |
| Depreciation | 4,812 | 4,678 | 5,646 | 6,520 |
| Net Profit/Loss | 13,614 | 6,419 | (2,871) | (5,569) |
| Capital Expenditures | 7,860 | 7,800 | 8,160 | 8,520 |

Per Member Per Month Expenses – 3 Year Projection FY26 – FY28



- Increase in PMPM costs due to decrease in enrollment levels starting in plan year 2026 and inflation impacts on expenditures