

TO: CONNECT FOR HEALTH COLORADO EXECUTIVE AND FINANCE COMMITTEE

FROM: BRIAN BRAUN, CHIEF FINANCIAL OFFICER

SUBJECT: QUARTERLY FINANCIAL REPORT 3RD QUARTER FISCAL YEAR 2025

DATE: 4/24/2025

Key Performance Indicators	Status	YTD - 9 Months Ending 03.31.25		
		Actual	Budget	% of Target
Effectuated Enrollment (average)	●	238,724	229,400	104.1%
Net Operating Margin	●	27.3%	21.1%	
Per Member Per Month (PMPM) - Carrier Fees	●	\$19.6	\$19.4	100.8%
Per Member Per Month (PMPM) - Operating Expenses	●	\$17.1	\$19.0	89.9%
Months Cash on Hand	●	5.8	3.8	151.8%
Working Capital Ratio	●	5.3	3.1	170.0%

Key measures for the 9 months ending March 31, 2025 exceeded expectations due to favorable revenue and expenditure budget variances further explained below.

Financial Results (in 000's)	Status	YTD - 9 Months Ending 03.31.25		
		Actual	Budget	% of Budget
Revenues:				
Program Revenue	●	7,788	8,857	87.9%
Carrier Fees	●	42,039	40,068	104.9%
Grant/Other Revenue	●	4,079	3,790	107.6%
Total Revenue	●	53,906	52,714	102.3%
Expenditures:				
Technology	●	20,307	23,220	87.5%
Customer Service	●	8,584	8,901	96.4%
Marketing and Outreach	●	5,711	7,063	80.9%
Support Services	●	8,355	9,281	90.0%
Facilities	●	533	639	83.4%
Total Expenditures	●	43,490	49,104	88.6%
Less Capital Expenditures	●	(4,285)	(7,500)	57.1%
Earnings Before Depreciation	●	14,701	11,110	132.3%
Earnings After Depreciation	●	11,258	6,905	163.0%
Cash Flows	●	8,205	(762)	
Cash	●	26,275	17,308	151.8%
Working Capital	●	35,897	22,907	156.7%

Overall earnings were \$4.3 million better than budget (\$11.3 million compared to \$6.9 million budgeted). The following are high level explanations of the budget to actual variances that drove the higher earnings for the period. Detailed financial statements are attached to this memo.

Revenue

Total revenues for the 9 months were \$1.2 better than budget expectations. Enrollments continued the trend of running higher in the new plan year resulting in revenues from issuer fees through the 3rd quarter exceeding the budget by \$2 million. Offsetting this by \$1.2 million were lower donations through the SB-81 program. We continued to benefit from higher interest rates earned on our investments, exceeding our budget by nearly \$350,000.

Expenditures

Total expenditures (including capitalized technology costs) for the 9 months were \$5.6 million below budget. A significant driver was lower technology project expenditures. The budget provided for additional funding to assist in expediting projects. To date, the planned projects for the upcoming open enrollment have been completed without requiring additional funding.

Marketing and outreach expenditures were also significantly below budget for the period (\$1.4 million). Staff vacancies and the deferral of limited SB-81 funds were due to lower-than expected SB-81 revenues early in the fiscal year.

Support and facilities costs were about \$1 million lower than budget due in part to staff vacancies during the period, lower training/staff event costs and facility costs due to rent TI refunds.

Cash

Cash is \$9 million higher than expected at March 31. The settlement of the Friday Health Plan \$2.8 million receivable is still in process, we will be further evaluating the collectability of this amount as we get closer to the end of the fiscal year. Working capital is \$25.9 million resulting in a healthy working capital ratio of 5.3 (current assets/current liabilities). With some uncertainty about 2026 enrollments, we have adequate reserves to mitigate potential decreases.

Cash during the quarter was in a combination of liquid bank accounts (\$5.4 million) and the CSIP liquid investment account (\$20.9 million). The current interest rate for the CSIP investment account is 4.4%.

PROJECTIONS

3-year projections are contained in the fiscal year 2026 preliminary budget package provided separate from this quarterly report.

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

	FY 2025		
	9 months ending 03/31/2025		
	Actual	Budget	Actual vs Budget
REVENUE			
Carrier Fee - Individual	41,987,913	40,029,738	1,958,174
Carrier Fee Vision	51,192	37,800	13,392
HIAE Grant - Technology	1,600,000	1,600,000	-
Tax Credit Donations	5,000,000	5,000,000	-
Tax Credit Donations - SB81	281,579	1,500,000	(1,218,421)
Medicaid Cost Reimbursement	2,506,335	2,356,810	149,524
Interest Income	586,553	239,928	346,625
Other revenue (CoCo Service Fees)	1,892,890	1,950,000	(57,110)
Total Revenue	53,906,461	52,714,277	1,192,184
EXPENSES			
Technology			
Personnel	9,580,570	10,993,897	(1,413,327)
Maintenance & Operation	973,312	1,089,544	(116,233)
Software/Licenses/Subscriptions (Tech)	1,365,186	1,740,345	(375,159)
Hosting	1,450,747	1,500,000	(49,253)
DDI (Design, Dev., Implementation)	6,937,400	7,895,999	(958,598)
Capitalized DDI	(1,824,999)	(4,500,000)	2,675,001
Capitalized Salaries	(2,459,835)	(3,000,000)	540,165
Total Technology	16,022,381	15,719,785	302,596
Customer Service			
Personnel	3,881,507	3,930,498	(48,991)
Contracted Staffing	3,327,457	3,726,933	(399,476)
Operations Support	1,375,349	1,243,561	131,788
Total Customer Service	8,584,313	8,900,992	(316,679)
Marketing and Outreach			
Personnel	913,922	1,399,946	(486,024)
Media Buys - Radio/TV/Web	1,715,613	2,293,711	(578,099)
Outreach Services-Events, Sponsorships	277,381	411,000	(133,619)
Marketing Services	123,620	123,375	245
Assistance Network	2,680,040	2,834,793	(154,753)
Total Marketing and Outreach	5,710,575	7,062,825	(1,352,250)
Support services			
Personnel	7,100,108	7,711,882	(611,775)
Public Affairs Services	60,003	60,003	-
Professional Services	664,901	672,193	(7,291)
Training and Development	67,269	195,439	(128,170)
H/R Services	117,940	229,063	(111,123)
Legal Services	10,889	11,250	(361)
Audit Services	51,054	62,450	(11,396)
Insurance	74,837	74,378	460
Conferences/Meetings	24,750	36,375	(11,625)
Memberships/Dues/Subscriptions (Non-Tech)	112,604	88,940	23,664
Travel/Meals/Lodging	70,186	134,879	(64,693)
Other - G&A	152	4,500	(4,348)
Total Support Services	8,354,693	9,281,351	(926,658)
Facilities			
Occupancy	205,713	278,194	(72,481)
Supplies & Materials	53,881	74,019	(20,138)
Postage/Shipping	7,986	11,017	(3,031)
Printing/Copying/Shred	6,028	6,210	(182)
Phone/Internet	70,752	67,965	2,787
Equipment/Furniture and Fixture	188,648	201,491	(12,843)
Total Facilities	533,007	638,896	(105,889)
Total Operating Expenses	39,204,969	41,603,849	(2,398,880)
Net Income Before Depreciation	14,701,492	11,110,428	3,591,064
Depreciation	3,443,107	4,205,507	(762,399)
Net Income	11,258,384	6,904,921	4,353,463

Connect for Health Colorado Statement of Financial Position

	FY 2025 3/31/2025	
	Actual	Budget
Assets:		
Current assets:		
Cash and cash equivalents	26,275,334	17,307,903
Accounts receivable (net)	18,052,193	16,541,227
Prepaid expenses	1,354,005	1,141,523
Security deposits	27,381	27,381
Total Current assets:	45,708,913	35,018,034
Noncurrent assets:		
Investment in Subsidiary	(172,762)	(200,420)
Capital assets:		
Web portal development	18,938,949	18,938,949
Software	46,172,698	53,314,143
Leasehold improvements	205,649	205,520
Office equipment	1,332,297	1,325,303
Furniture and fixtures	501,662	501,663
Less accumulated depreciation	(47,773,317)	(48,587,759)
Total Capital assets	19,377,938	25,697,819
Assets under lease - net	2,012,921	3,330,675
SBITA - net	336,859	336,859
Total Noncurrent assets:	21,554,955	29,164,933
Total Assets:	67,263,868	64,182,967
Liabilities and net position:		
Liabilities:		
Current liabilities:		
Accounts payable	3,154,362	6,745,948
Accrued liabilities	3,460,216	2,555,852
Payroll liabilities	1,815,822	1,640,248
Total Current liabilities:	8,430,399	10,942,048
Long-term liabilities:		
Lease Payable	2,171,643	3,605,317
SBITA Payable	371,840	371,840
Total Long-term liabilities:	2,543,484	3,977,157
Total Liabilities:	10,973,883	14,919,205
Net position:		
Unrestricted	56,289,986	49,263,762
Total Net position:	56,289,986	49,263,762
Total liabilities and net position:	67,263,869	64,182,967