



TO: CONNECT FOR HEALTH COLORADO EXECUTIVE AND FINANCE COMMITTEE

FROM: BRIAN BRAUN, CHIEF FINANCIAL OFFICER

SUBJECT: QUARTERLY FINANCIAL REPORT 4TH QUARTER FISCAL YEAR 2025

DATE: 7/18/2025

Key Performance Indicators	Status	YTD - 12 Months Ending 06.30.25		
		Actual	Budget	% of Target
Effectuated Enrollment (average)	●	243,434	229,400	106.1%
Net Operating Margin	●	28.3%	21.0%	
Per Member Per Month (PMPM) - Carrier Fees	●	\$19.8	\$19.6	101.1%
Per Member Per Month (PMPM) - Operating Expenses	●	\$16.5	\$18.4	89.4%
Months Cash on Hand	●	7.2	4.1	175.0%
Working Capital Ratio	●	5.2	4.2	123.8%
Net Promoter Score (NPS)	●	65		

The organization exceeded all financial KPI's for the year thanks in large part to significantly higher enrollments than planned - further explanations below. NPS measure was added for this report – NPS increased by 12 points over the previous measurement period.

Financial Results (in 000's)	Status	YTD - 12 Months Ending 06.30.25		
		Actual	Budget	% of Budget
Revenues:				
Program Revenue	●	8,642	9,460	91.4%
Carrier Fees	●	57,974	54,015	107.3%
Grant/Other Revenue	●	5,183	4,526	114.5%
Total Revenue	●	71,799	68,000	105.6%
Expenditures:				
Technology	●	27,277	30,956	88.1%
Customer Service	●	10,671	10,949	97.5%
Marketing and Outreach	●	6,916	8,536	81.0%
Support Services	●	11,604	12,392	93.6%
Facilities	●	736	854	86.2%
Total Expenditures	●	57,204	63,688	89.8%
Less Capital Expenditures	●	(5,710)	(10,000)	57.1%
Earnings Before Depreciation	●	20,305	14,313	141.9%
Earnings After Depreciation	●	15,677	9,086	172.5%
Cash Flows	●	14,455	516	
Cash	●	32,525	18,586	175.0%
Working Capital	●	40,119	26,506	151.4%

Connect for Health Colorado finished the year exceeding its overall financial goals. For the fiscal year, earnings from operations before depreciation exceeded budget by \$6 million driven by higher than expected issuer fee revenues and lower marketing and support service costs. Explained in further detail below.

Detailed financial statements are attached to this memo. Since this is year-end, additional pre-audit reconciliations will be performed on the accounting records which may result in some movement in the preliminary financial results being reported at this time. Specific areas that may result in adjustments to these preliminary year-end results include (possible significant impacts on earnings are highlighted):

- **Determination of collectability of receivable from Friday Health Plans (\$2.8 million)**
- Reconciliations with issuers regarding premiums and resulting fee revenue
- Recording of assets under noncancelable leases /amortization
- Recording of assets under long-term subscriptions/amortization
- Adjust 4th quarter fixed assets to actual and related depreciation
- Accrued payroll - wage increase adjustments
- True-up year-end Colorado Connect fee calculation based on actual costs and respective volumes
- Finalization of software development capitalization entries – currently estimated for recent months
- Capturing of any late payables/liabilities that may arise
- Medicaid Cost reimbursements – 3rd quarter calculation in process (prelims based on estimate of both 3rd and 4th quarter

The following are high level explanations of budget to actual variances.

Revenue

Revenues generated from issuer fees ended the year \$3.9 million higher than budgeted. Enrollment levels being higher than budgeted expectations (6.1% higher) and slightly higher average premium levels contributed to the higher issuer fee revenue. Higher interest income due to favorable rates in the CSIP investment pool and higher Medicaid reimbursements also contributed to higher revenues for the year. Offsetting these higher revenues were lower donations received related to the SB81 program (\$1.2 million lower).

Expenditures

Overall, total expenditures (operating and capitalized technology expenditures) were \$6.5 million under budget for the year. A significant driver was lower technology project expenditures. The fiscal year budget provided for additional capital funding to assist in expediting projects. These additional funds were not utilized to complete the road mapped projects.

Marketing and outreach expenditures were also significantly below budget for the period (\$1.6 million). Staff vacancies and reduced outreach spending as the result of significantly lower SB-81 funding received earlier in the fiscal year contributed to the reduced level of spending.

Support and facilities costs were \$900,000 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.

Travel and business expenditures by the CEO of \$46,000 were slightly over the budgeted amount of \$44,000. The higher spend was due to increased travel expenses resulting from the high level of federal legislative activity in the 2nd half of the year. CEO business meal expenditures were below budgeted levels for the year.

Cash and Receivables

Attributable to the positive revenue and expenditure variances described above. The cash balance of \$32.5 million was considerably higher than the budget target for the year of \$18.6 million. Cash at the end of the year was in a combination of liquid bank accounts (\$11.4 million) and the CSIP liquid investment account (\$21.1 million). The current interest rate for the CSIP investment account is 4.4%. We will continue our focus on managing cash to maximize interest earnings.

The determination of the collectability of the Friday Health Plan \$2.8 million receivable is under review. If deemed uncollectable it will be reflected in the final financials for the fiscal year as a reduction of earnings. Overall, working capital is \$40 million, resulting in a healthy working capital ratio of 5.2 (current assets/current liabilities). The combination of an adequate cash reserve and strong working capital position will be helpful in absorbing potential enrollment decreases in 2026.

PROJECTIONS

At this point no significant changes have occurred for us to adjust our long-range financial projections that were provided as part of the recently passed FY 2026 budget. The approved budget assumed a decrease in enrollments of 64,000 in 2026. The impacts on cash over 3 years due to the lower level of enrollments is reflected in the chart below. To maintain appropriate reserve levels and attain positive earnings in the face of lower enrollments we will target cost savings and/or new revenues of \$9.5 million over the next 3 years. The impact of these targeted efforts on cash/reserve balances is reflected in the green line in the chart. Management is actively analyzing additional cost saving measures along with revenue generation ideas to react to the possibility of enrollment losses greater than what is anticipated in the current budget.



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

	FY 2025		
	12 months ending 06/30/2025		
	Actual	Budget	Actual vs Budget
REVENUE			
Carrier Fee - Individual	57,908,937	53,964,424	3,944,513
Carrier Fee Vision	65,207	50,400	14,807
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	3,360,413	2,959,915	400,498
Interest Income	814,801	325,636	489,165
Other revenue (CoCo Service Fees)	2,768,263	2,600,000	168,263
Total Revenue	71,799,201	68,000,375	3,798,826
EXPENSES			
Technology			
Personnel	12,938,295	14,666,086	(1,727,791)
Maintenance & Operation	1,318,680	1,441,451	(122,771)
Software/Licenses/Subscriptions (Tech)	1,847,687	2,320,641	(472,954)
Hosting	1,897,981	2,000,000	(102,019)
DDI (Design, Dev., Implementation)	9,274,497	10,527,998	(1,253,501)
Capitalized DDI	(2,424,999)	(6,000,000)	3,575,001
Capitalized Salaries	(3,284,835)	(4,000,000)	715,165
Total Technology	21,567,306	20,956,176	611,130
Customer Service			
Personnel	5,249,541	5,249,476	66
Contracted Staffing	3,737,716	4,257,850	(520,134)
Operations Support	1,683,641	1,441,374	242,267
Total Customer Service	10,670,898	10,948,699	(277,801)
Marketing and Outreach			
Personnel	1,222,679	1,875,944	(653,264)
Media Buys - Radio/TV/Web	1,792,224	2,403,948	(611,724)
Outreach Services-Events, Sponsorships	334,616	542,000	(207,384)
Marketing Services	165,187	164,500	687
Assistance Network	3,400,933	3,550,000	(149,067)
Total Marketing and Outreach	6,915,639	8,536,392	(1,620,752)
Support services			
Personnel	9,898,927	10,282,510	(383,583)
Public Affairs Services	80,004	80,004	-
Professional Services	849,790	907,657	(57,867)
Training and Development	100,667	260,620	(159,953)
H/R Services	186,685	305,230	(118,545)
Legal Services	20,894	15,000	5,894
Audit Services	88,579	82,450	6,129
Insurance	99,973	99,170	803
Conferences/Meetings	30,259	55,000	(24,741)
Memberships/Dues/Subscriptions (Non-Tech)	143,323	118,587	24,736
Travel/Meals/Lodging	105,018	179,772	(74,754)
Other - G&A	184	6,000	(5,816)
Total Support Services	11,604,303	12,391,999	(787,696)
Facilities			
Occupancy	284,030	372,797	(88,767)
Supplies & Materials	80,492	98,692	(18,200)
Postage/Shipping	11,583	15,238	(3,655)
Printing/Copying/Shred	8,236	8,280	(44)
Phone/Internet	95,377	90,620	4,757
Equipment/Furniture and Fixture	256,685	268,655	(11,970)
Total Facilities	736,402	854,282	(117,880)
Total Operating Expenses	51,494,549	53,687,548	(2,192,999)
Net Income Before Depreciation	20,304,652	14,312,826	5,991,826
Depreciation	4,627,671	5,226,373	(598,702)
Net Income	15,676,981	9,086,453	6,590,528

Connect for Health Colorado

Statement of Financial Position

	FY 2025 6/30/2025	
	Actual	Budget
Assets:		
Current assets:		
Cash and cash equivalents	32,524,806	18,585,752
Accounts receivable (net)	17,131,567	16,189,431
Prepaid expenses	1,275,816	917,868
Security deposits	27,381	27,381
Total Current assets:	<u>50,959,570</u>	<u>35,720,432</u>
Noncurrent assets:		
Investment in Subsidiary	(172,762)	(200,420)
Capital assets:		
Web portal development	18,938,949	18,938,949
Software	47,597,698	55,814,144
Leasehold improvements	205,649	205,520
Office equipment	1,366,572	1,325,303
Furniture and fixtures	501,662	501,663
Less accumulated depreciation	<u>(48,957,881)</u>	<u>(49,608,626)</u>
Total Capital assets	19,652,649	27,176,953
Assets under lease - net	2,012,921	3,330,675
SBITA - net	<u>336,859</u>	<u>336,859</u>
Total Noncurrent assets:	<u>21,829,666</u>	<u>30,644,067</u>
Total Assets:	<u>72,789,236</u>	<u>66,364,499</u>
Liabilities and net position:		
Liabilities:		
Current liabilities:		
Accounts payable	3,543,500	4,073,188
Accrued liabilities	3,674,079	2,555,852
Payroll liabilities	2,319,591	1,640,248
Total Current liabilities:	<u>9,537,170</u>	<u>8,269,288</u>
Long-term liabilities:		
Lease Payable	2,171,643	3,605,317
SBITA Payable	<u>371,840</u>	<u>371,840</u>
Total Long-term liabilities:	<u>2,543,484</u>	<u>3,977,157</u>
Total Liabilities:	<u>12,080,654</u>	<u>12,246,445</u>
Net position:		
Unrestricted	<u>60,708,582</u>	<u>54,118,054</u>
Total Net position:	<u>60,708,582</u>	<u>54,118,054</u>
Total liabilities and net position:	<u>72,789,236</u>	<u>66,364,499</u>