CONNECT for HEALTH COLORADO

# Executive and Finance Committee

April 23, 2026

# Welcome & Introductions

# May Board Agenda

# Quarterly Financial Review

# Budget Review Fiscal Year 27

# Current State of Finances

- Plan year 2026 enrollment levels exceeded expectations resulting in a projected positive revenue impact for the current fiscal year – projected revenues are $78 million compared to $65 million budgeted.
- Expenditures are below budgeted levels for the current fiscal year as the result of deferring expenses due to uncertainty of the impact of expiring enhanced tax credits – projected expenditures are $54 million compared to $57 million budgeted
- Overall earnings for current fiscal year are projected to be considerably higher than budget due to the higher than expected revenues and lower expenditures – projected earnings are $20 million compared to $3 million budgeted
- As a result, cash levels are projected to exceed targeted reserves of $30 million at the end of the current fiscal year

# Organization Focus Areas

**Individual Market Growth**

Make C4 the platform of choice for individual plan shopping and enrollment.

Product Priorities: Build the easiest and most adaptable platform to shop, enroll and manage coverage.

**Customer Retention**

Reduce customer obstacles in qualifying for financial help and maintaining coverage.

Product Priorities: modernize manual verifications and ensure customers clearly understand renewal options and required actions.

**Operational Efficiency**

Improve internal productivity and effectiveness.

Product Priorities: Implement federal and state changes efficiently to reduce back-end work and prevent additional burden on customers, brokers, assisters and C4 staff.

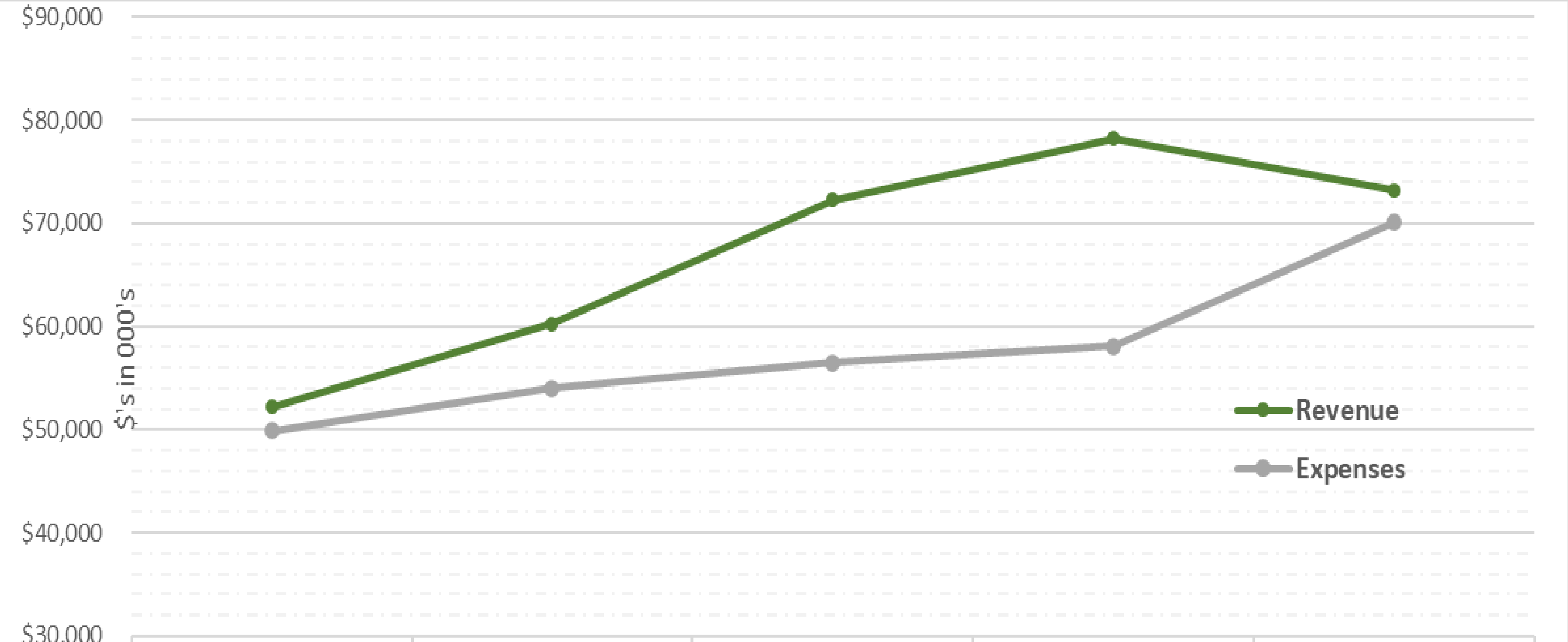
# Challenges Ahead

- Increased expenses in next fiscal year due in part to deferral of current year expenses
- Pressure on enrollments for plan year 2027:
  - Revert to pre COVID pattern of declining effectuations during the plan year
  - Shortened enrollment period for plan year 2027
  - Reductions due to changes in immigration related eligibility
  - Estimating impact from these forces to result in an 8-12% decrease in average enrollment levels for plan year 2027
- Expecting decrease in SB81 and HIAE technology funding
- Competition in the individual market – continued trend of other channels available for customers, brokers and issuers for individual market enrollment

# Financial Goals

- Maintain operational profitability (revenues less operating expenses).
- Maintain sufficient cash reserves – current reserve target is $30 million which represents 4 months of operating expenses and $10 million in capital reserves.
- Invest excess reserves in strategic areas to better serve customers, expand enrollments and operate more efficiently:
    - Drive internal operational efficiency and scalability
    - Invest in Broker and Assister tools
    - Increase outreach in rural
    - Partner with issuers on joint efficiency opportunities
    - Website redesign
    - Expand year-round marketing
    - Explore/support employer-based solutions

# Fiscal Year 2027 Budget Overview




| | FY23 | FY24 | FY25 | FY26 Projected | FY27 Budget |
|---|---|---|---|---|---|
| Revenue | $52,225 | $60,286 | $72,274 | $78,262 | $73,216 |
| Expenses | $49,898 | $53,991 | $56,518 | $58,055 | $70,126 |
| Earnings | $2,328 | $6,295 | $15,755 | $20,207 | $3,089 |

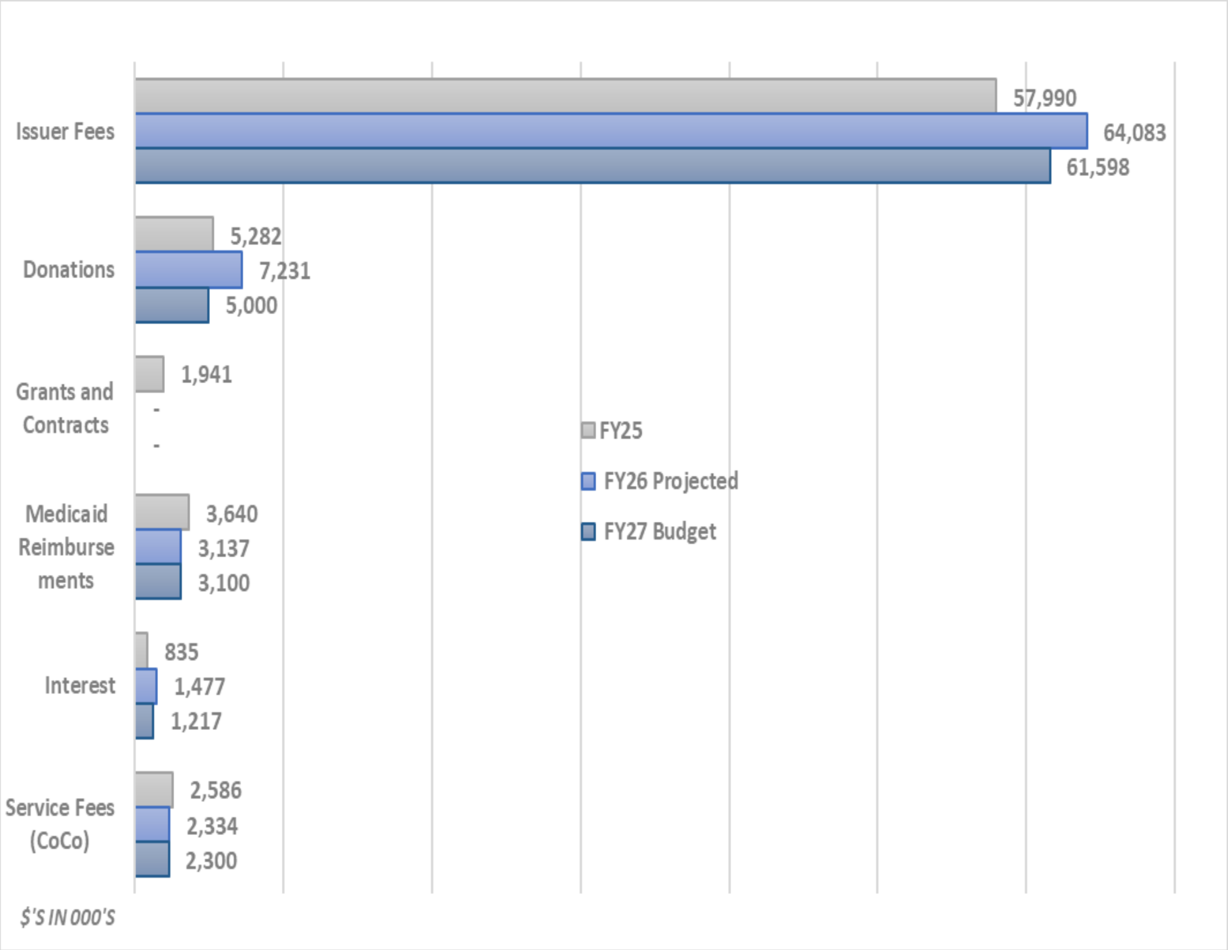
Budget Highlights

- Maintain positive earnings in FY27 ($3.1 million) in light of 6% decrease in revenues (see Revenues slide for more detail)
- Total spending increases by 22% over projected FY26 levels due to increased investing in technology, expansion of marketing efforts and operational impacts of shorter enrollment period (see expenditure slides for more details)
- Exceed targeted cash reserves of $30 million by $14 million at the end of the year, allowing for continuation of investments started in FY27 (see 3 year projection slides)

# Fiscal Year 2027 Budget Detail
# Historical Comparison

| *$'s in 000's* | Fiscal Year 2023 | Fiscal Year 2024 | Fiscal Year 2025 | Fiscal Year 2026 | Budget Fiscal Year 2027 | % Change FY26 vs FY27 |
|---|---|---|---|---|---|---|
| **Revenues** | | | | | | |
| Issuer Fees | 37,200 | 45,792 | 57,990 | 64,083 | 61,598 | -4% |
| Tax Credit Donations | 6,890 | 6,785 | 5,282 | 7,231 | 5,000 | -31% |
| Grants/Contracts | 3,541 | 1,300 | 1,941 | - | - | |
| Cost Reimbursements | 3,264 | 3,372 | 3,640 | 3,137 | 3,100 | -1% |
| Service Fees (CoCo) | 935 | 2,270 | 2,586 | 2,334 | 2,300 | -1% |
| Interest/Other | 396 | 767 | 835 | 1,477 | 1,217 | -18% |
| **Total Revenue** | **52,225** | **60,286** | **72,274** | **78,262** | **73,216** | **-6%** |
| **Operating Expenses** | | | | | | |
| Technology & Operations | 17,858 | 20,901 | 21,955 | 22,890 | 28,356 | 24% |
| Customer Operations | 9,787 | 9,145 | 9,860 | 9,599 | 12,127 | 26% |
| Marketing and Outreach | 6,962 | 7,557 | 7,628 | 8,084 | 10,728 | 33% |
| Support Services | 10,558 | 12,106 | 12,431 | 13,495 | 14,261 | 6% |
| **Total Operating Expenses** | **45,166** | **49,708** | **51,874** | **54,068** | **65,472** | **21%** |
| **Net Income Before Depreciation** | **7,060** | **10,578** | **20,400** | **24,193** | **7,743** | **-68%** |
| Depreciation | 4,732 | 4,283 | 4,644 | 3,986 | 4,654 | 17% |
| **Net Profit/Loss** | **2,328** | **6,295** | **15,755** | **20,207** | **3,089** | **-85%** |
| **Capital Expenditures** | **5,590** | **4,106** | **5,051** | **5,311** | **10,786** | **103%** |
| **Average Cash Balance** | **15,014** | **15,701** | **27,164** | **45,586** | **46,042** | **1%** |

# Revenues Summary
# FY25 – FY27




| Revenues ($'s in 000's) | FY25 | FY26 Projected | FY27 Budget | % Change FY26 vs FY27 |
|---|---|---|---|---|
| Issuer Fees | 57,990 | 64,083 | 61,598 | -4% |
| Donations | 5,282 | 7,231 | 5,000 | -31% |
| Grants and Contracts | 1,941 | - | - | |
| Medicaid Reimbursements | 3,640 | 3,137 | 3,100 | -1% |
| Interest | 835 | 1,477 | 1,217 | -18% |
| Service Fees (CoCo) | 2,586 | 2,334 | 2,300 | -1% |
| **Total** | 72,274 | 78,262 | 73,216 | -6% |

- **Issuer fee revenue for remainder of plan year 2026 (July-Dec) based on current enrollment levels with an assumption of a 1% monthly decrease based on historical patterns. (see enrollment slide)**
- **Issuer fee revenue for plan year 2027 assumes decrease in enrollment of 10% (see enrollment slide)**
- **Average premiums assumed to stay at current level ($675 PMPM) for the fiscal year.**
- **No SB 81 related donations or HIAE technology funding expected in fiscal year 2027.**
- **Earnings rate on investments assumed to be 3%, a slight drop from current levels.**

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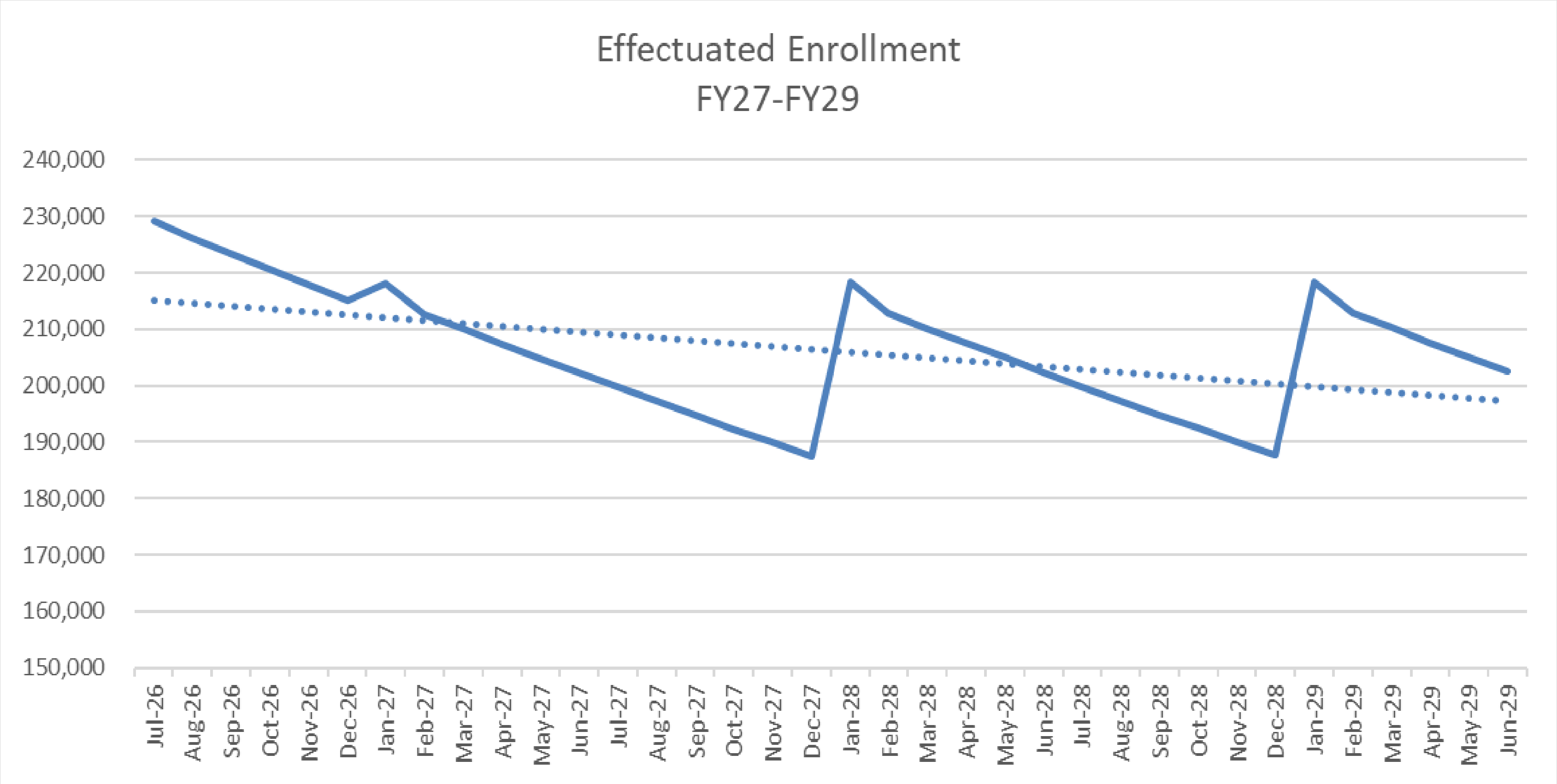
# Effectuated Enrollment Projection
# FY 2027 – FY 2029



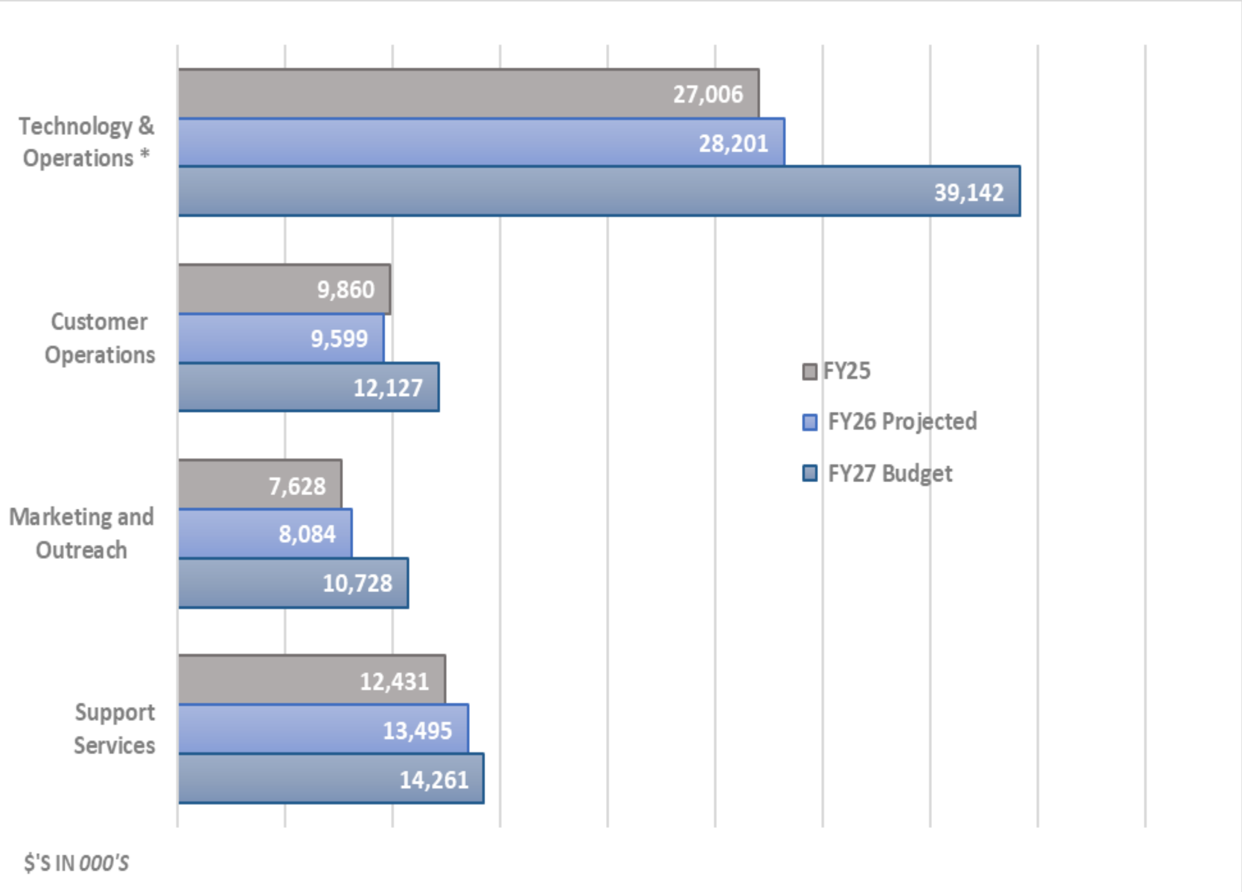

- **Enrollment projected to decrease by 10% for plan year 2027 open enrollment due to expected impacts of shortened enrollment period and changes in immigration related eligibility**
- **Monthly decline in enrollments during plan year based on pre COVID historical pattern**
- **Colorado Premium Assistance program assumed to continue at current plan year 2026 level**

# Fiscal Year 2027 Budget – Expenditure Focus Areas

Overall focus on expenditures for fiscal year 2027 is on improving the customer experience (including brokers and issuers), setting the foundation for expanding individual market presence and investing in efficiency measures that reduce costs and improve customer experience. Areas of increased expenditures include:

- Accelerating projects that will provide a better customer experience and less manual intervention
- Investing in tools/data infrastructure that will reduce current high level of manual processes and provide more accurate and timely information
- Incorporation of AI in processes to improve efficiencies and productivity
- Expansion of marketing and outreach resources/research for year-round market presence and support growth from new enrollment channels.
- Assure maintenance of high customer service levels in the face of shortened open enrollment period

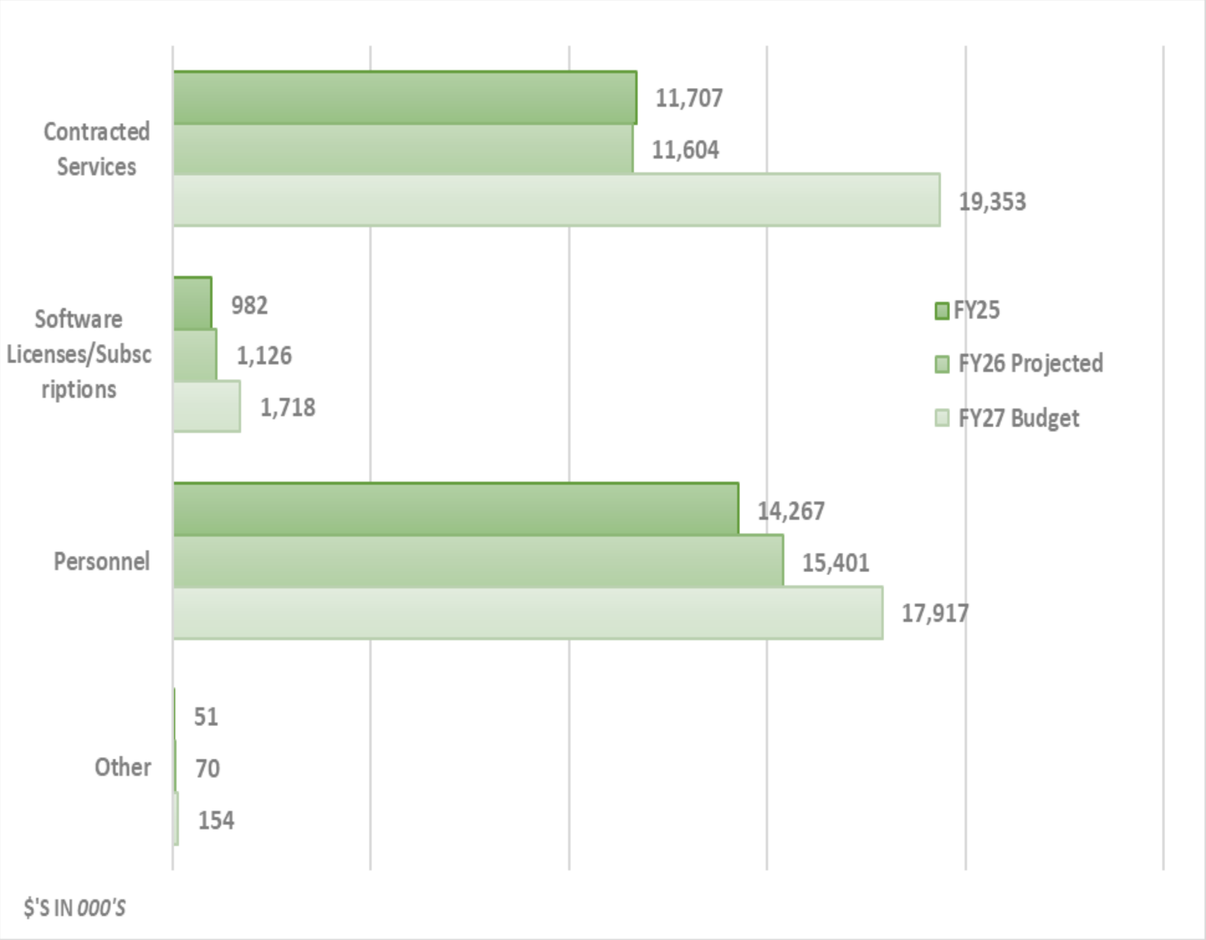
# Expenditures Summary
# FY25 – FY27




| ɔenditures ($'s in 000's) | FY25 | FY26 Projected | FY27 Budget | % Change FY26 vs FY27 |
|---|---|---|---|---|
| Technology & Operations * | 27,006 | 28,201 | 39,142 | 39% |
| Customer Operations | 9,860 | 9,599 | 12,127 | 26% |
| Marketing and Outreach | 7,628 | 8,084 | 10,728 | 33% |
| Support Services | 12,431 | 13,495 | 14,261 | 6% |
| **Total Expenditures** | **56,925** | **59,379** | **76,258** | 28% |
| Without Capex | 51,874 | 54,068 | 65,472 | 21% |

- Technology and operations expenses include both operational costs and development costs (capital investments), along with health plan issuer operations
- Customer operations include both the service center and medical assistance site operations
- Marketing and outreach includes the assistance network program
- Support services are services provided across the organization and include HR, training, Finance, Legal, Facilities, Administration, Policy and Research, Internal IT, Privacy and Security and data analytics services.
- See following slides for more detail explanation of budgeted expenditures

# Technology and Operations Expense Comparison FY25 – FY27




| Technology and Operations ($'s in 000's) | FY25 | FY26 Projected | FY27 Budget | % Change FY26 vs FY27 |
|---|---|---|---|---|
| Contracted Services | 11,707 | 11,604 | 19,353 | 67% |
| Software Licenses/Subscriptions | 982 | 1,126 | 1,718 | 53% |
| Personnel | 14,267 | 15,401 | 17,917 | 16% |
| Other | 51 | 70 | 154 | 121% |
| **Total With Capex** | 27,006 | 28,201 | 39,142 | 39% |
| CapEx | 5,051 | 5,311 | 10,786 | 103% |
| **Total Without Capex** | 21,955 | 22,890 | 28,356 | 24% |

- Contracted services increase is due to use of temporary development/product build resources to support increased level of investment in technology platform/new products. (see slide on investment initiatives)
- Software increase reflects investments in tools to help further automate customer verifications and expand use of AI. Both will result in long-term efficiencies/savings.
- Increase in personnel costs is primarily due to delayed hiring in FY 26 for AI and further internalization of key technology and data functions.
- Increase in other expenses due to expanded emphasis on training/staff development given the pace of change in technology.

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# Technology Related Initiatives/Investments

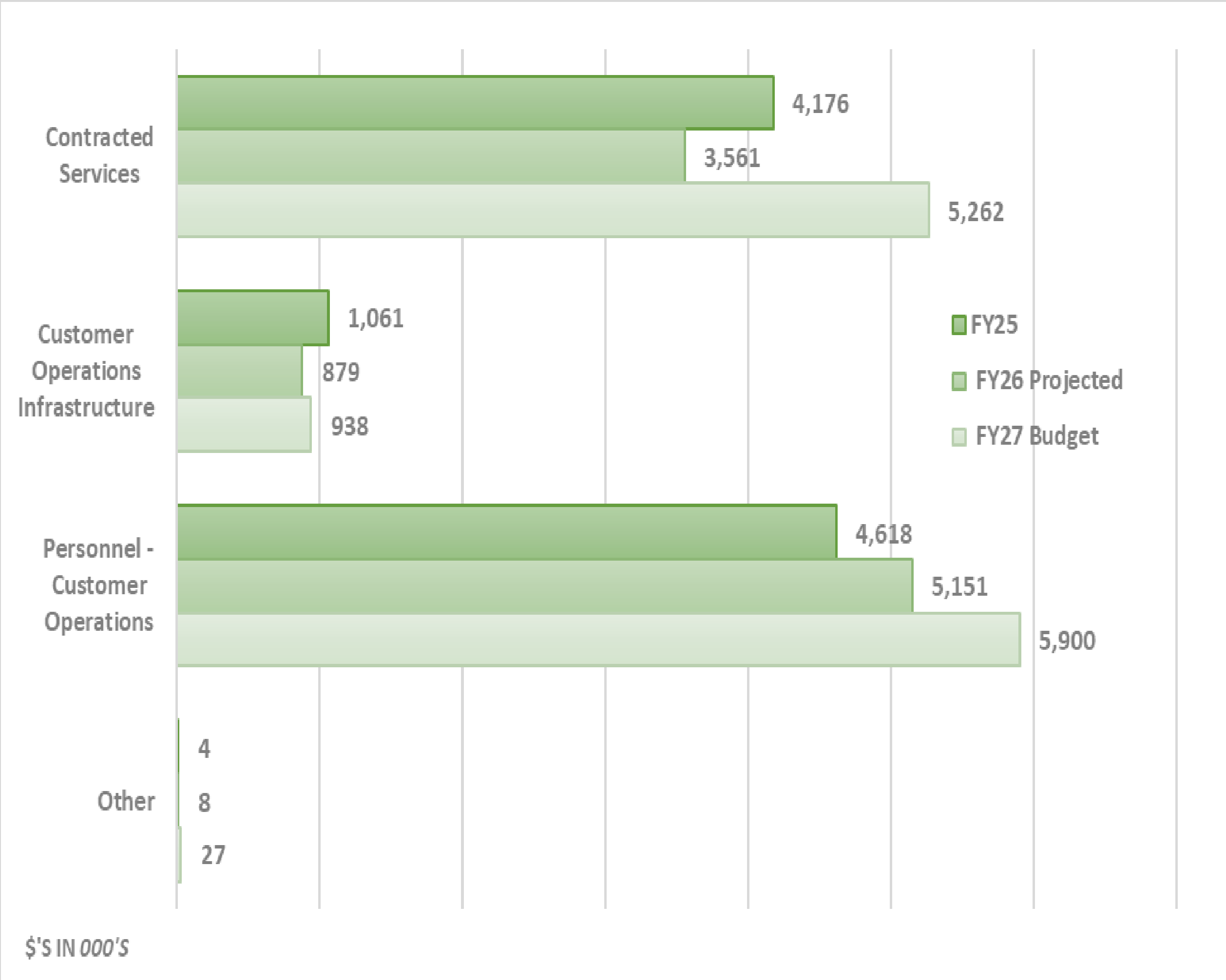
**Focused investments for open enrollment:**

- Deliver program and federal compliance changes for PY27 predictably and with minimal disruption
- Transform Manual Verification Requests (MVR) into a primarily self-service, near real-time verification experience
- Improve the renewal experience and underlying data confidence so that returning customers and brokers can easily understand, trust, and adjust their coverage for the upcoming year without losing the benefit of being a returning customer

**Foundational areas of investments starting in fiscal year 2027:**

- Drive internal operational efficiency and scalability
- Invest in Broker and Assister tools
- Partner with issuers on joint efficiency opportunities
- Website redesign
- Explore/support employer-based solutions to provide coverage through the individual market

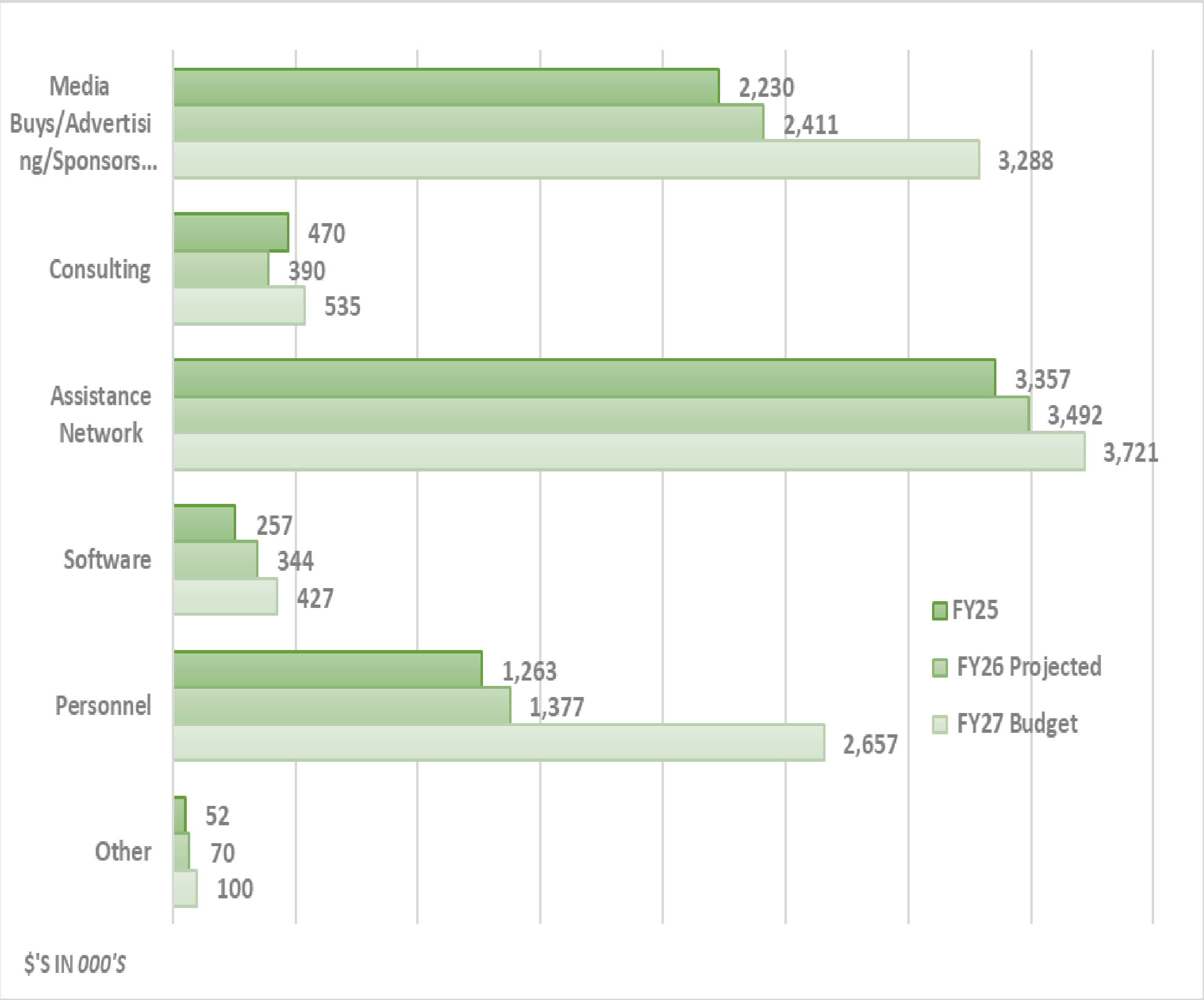
# Customer Operations Expense Comparison
# FY25 – FY27




| :ustomer Operations ($'s in 000's) | FY25 | FY26 Projected | FY27 Budget | % Change FY26 vs FY27 |
|---|---|---|---|---|
| Contracted Services | 4,176 | 3,561 | 5,262 | 48% |
| Customer Operations Infrastructure | 1,061 | 879 | 938 | 7% |
| Personnel - Customer Operations | 4,618 | 5,151 | 5,900 | 15% |
| Other | 4 | 8 | 27 | 234% |
| **Total** | 9,860 | 9,599 | 12,127 | 26% |

- Increase in contracted services costs is for additional temporary service center reps to support condensed open enrollment period for plan year 2027.
- Higher personnel costs due to higher wages/increases and staff vacancies in FY 26.  FY 27 assumes full staffing levels.

# Marketing and Outreach Expense Comparison
# FY25 – FY27



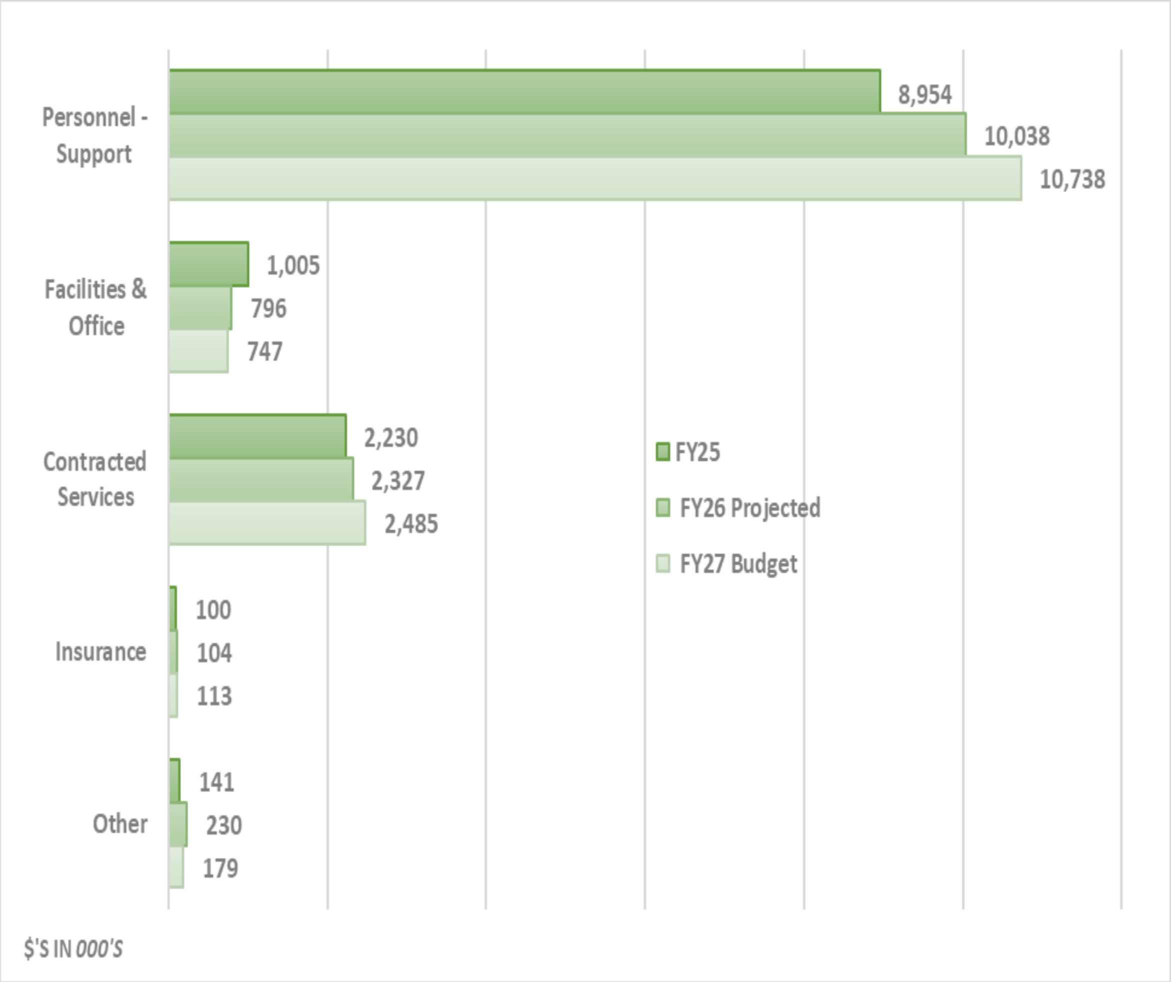

| rketing and Outreach ($'s in 000's) | FY25 | FY26 Projected | FY27 Budget | % Change FY26 vs FY27 |
|---|---|---|---|---|
| Media Buys/Advertising/Sponsorships | 2,230 | 2,411 | 3,288 | 36% |
| Consulting | 470 | 390 | 535 | 37% |
| Assistance Network | 3,357 | 3,492 | 3,721 | 7% |
| Software | 257 | 344 | 427 | 24% |
| Personnel | 1,263 | 1,377 | 2,657 | 93% |
| Other | 52 | 70 | 100 | 43% |
| **Total** | 7,628 | 8,084 | 10,728 | 33% |

- Core strategic areas include increasing outreach to rural communities and expanding year-round marketing (reflected in higher advertising and sponsorships costs)
- Consulting services increased to support market research and grow the individual market (see marketing initiatives slide)
- Personnel increase reflects deferred hiring of vacant/new positions in FY26 along with the internalization of marketing expertise with new positions to support increased marketing and outreach efforts.
- Continued additional SB-81 funding of the assistance network is included in FY 27 budget.

# Marketing Initiatives

| Strategic Initiatives to Grow the Individual Market | | |
|---|---|---|
| **Initiative** | **Timing** | **Why It Matters** |
| Audience research and analysis | Spring-Fall 2026 | Audience understanding will underpin marketing and communications efforts, as well as influencing decisions around products/offerings, experience and positioning. |
| Website revamp | FY27-28 | The website will remain one of our most important conversion mechanisms and needs a lot of work to get to the experience we should be providing customers and prospects. |
| New paid media partner | Q4 2026 | The value of a true partner in paid will be felt both in cost savings and enrollment increases. |
| Holistic year-round marcomm strategy/plan | Q4 2026 | Shifting the focus from OE-only to OE as a critical component of how we show up and communicate throughout the year. |
| Brand architecture and positioning review | Post Audience Research | Any change in organizational focus requires work on repositioning and adjustments in how we present who we are and what we do. |
| Tech roadmap and requirements gathering | TBD | Project consolidating the necessary improvements to the different elements of the marketing and tech stack to avoid silos. |
| Year-round brand awareness campaign | TBD | Create and launch an always-on brand awareness campaign for C4HCO. |
| Redesigned GTM strategy | TBD | Craft a plan that allows the team to be more proactive than reactive and that's repeatable and measurable. |
| Change leadership plan – staff, brokers, assisters, board, partners, | TBD | Every strategic initiative will include some level of change for staff and stakeholders, and this must be managed strategically. |

# Support Services Expense Comparison
# FY25 – FY27




| upport Services ($'s in 000's) | FY25 | FY26 Projected | FY27 Budget | % Change FY26 vs FY27 |
|---|---|---|---|---|
| Personnel - Support | 8,954 | 10,038 | 10,738 | 7% |
| Facilities & Office | 1,005 | 796 | 747 | -6% |
| Contracted Services | 2,230 | 2,327 | 2,485 | 7% |
| Insurance | 100 | 104 | 113 | 8% |
| Other | 141 | 230 | 179 | -22% |
| **Total** | 12,431 | 13,495 | 14,261 | 6% |

- Personnel cost increase primarily due to wage increases and addition of policy and data analysis positions.
- Contracted services increase primarily due to inflationary pressures.
- Insurance increase due to increased coverage level for D&O/employment practices.

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# Three Year Financial Outlook
# Fiscal Years 2027-2029

# 3 Year Projections

# FY 2028 and FY 2029 Assumptions

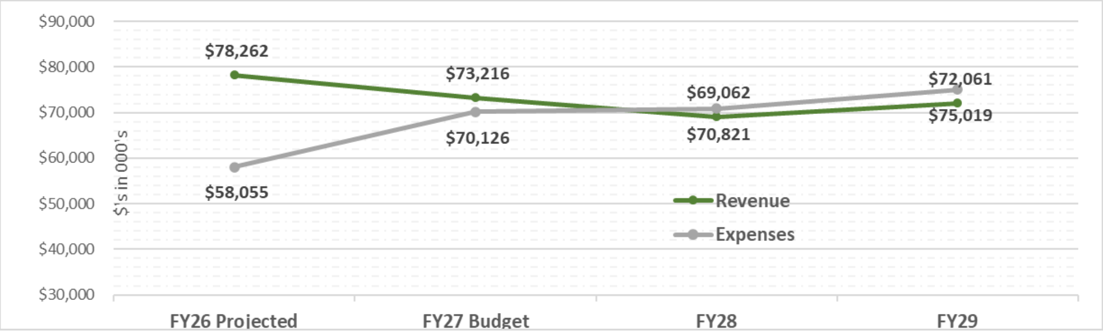
- Enrollments stay flat with 2027 levels for plan year 2028 and 2029
- Average monthly premiums increase 5% in fiscal year 2029
- No SB81 donations or HIAE funding for technology
- CoCo service fees continue at FY 27 level in FY 28 with 5% increase in FY29
- Investments earn 3%.
- Expenditures increased for inflation.
- Continued high level of investment in FY 28 in technology initiatives to grow individual market, support broker/issuers and improve operational efficiencies/reduce costs.
- Impact of investments on increasing enrollments and reducing costs are not reflected in FY28 and FY29 projections but are expected to offset losses currently reflected in projections for those years.

# 3 Year Projection Summary
# Fiscal Year FY26-FY29

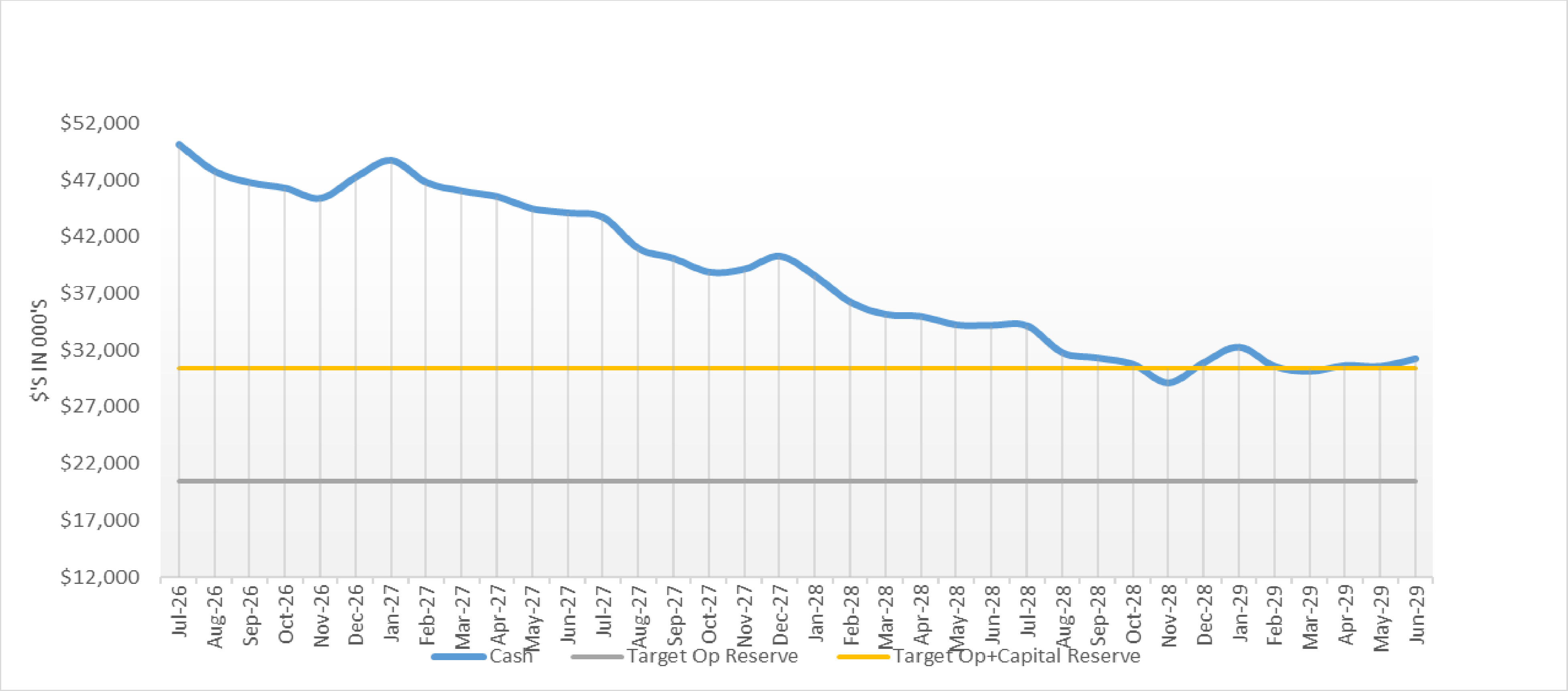
## Projection Highlights

- Losses are projected for FY28 and FY29 of $1.7 and $3 million. Positive earnings from operations (excluding depreciation) are maintained for the projection period.
- Due to continuation of FY27 investment initiatives, FY28 expenditures (including capex) continue at FY27 levels. FY29 expenditures return to normal operating levels.
- Cash levels decline during the projection period due to high level of investments. Reserves are at target at the end of the 3 years (see cash and reserves slide).
- Increased enrollment and expense reduction impacts of investment efforts in FY27 and FY28 are not quantified in the projections

| *$'s in 000's* | Fiscal Year 2026 Projected | Fiscal Year 2027 Budget | Fiscal Year 2028 Forecast | Fiscal Year 2029 Forecast |
|---|---|---|---|---|
| **Revenues** | | | | |
| Carrier Fees | 64,083 | 61,598 | 57,585 | 60,579 |
| Tax Credit Donations | 7,231 | 5,000 | 5,000 | 5,000 |
| Grants/Contracts | - | - | - | - |
| Cost Reimbursements | 3,137 | 3,100 | 3,215 | 3,325 |
| Service Fees (CoCo) | 2,334 | 2,300 | 2,300 | 2,400 |
| Interest/Other | 1,477 | 1,217 | 962 | 757 |
| **Total Revenue** | **78,262** | **73,216** | **69,062** | **72,061** |
| **Operating Expenses** | | | | |
| Technology & Operations | 22,890 | 28,356 | 25,948 | 27,070 |
| Customer Operations | 9,599 | 12,127 | 12,544 | 12,969 |
| Marketing and Outreach | 8,084 | 10,728 | 10,979 | 11,246 |
| Support Services | 13,495 | 14,261 | 14,942 | 15,560 |
| **Total Operating Expenses** | **54,068** | **65,472** | **64,414** | **66,846** |
| **Net Income Before Depreciation** | **24,193** | **7,743** | **4,648** | **5,215** |
| Depreciation | 3,986 | 4,654 | 6,407 | 8,173 |
| **Net Profit/Loss** | **20,207** | **3,089** | **(1,759)** | **(2,958)** |
| **Capital Expenditures** | **5,311** | **10,786** | **14,253** | **7,106** |
| **Average Cash Balance** | **45,586** | **46,042** | **37,209** | **30,908** |

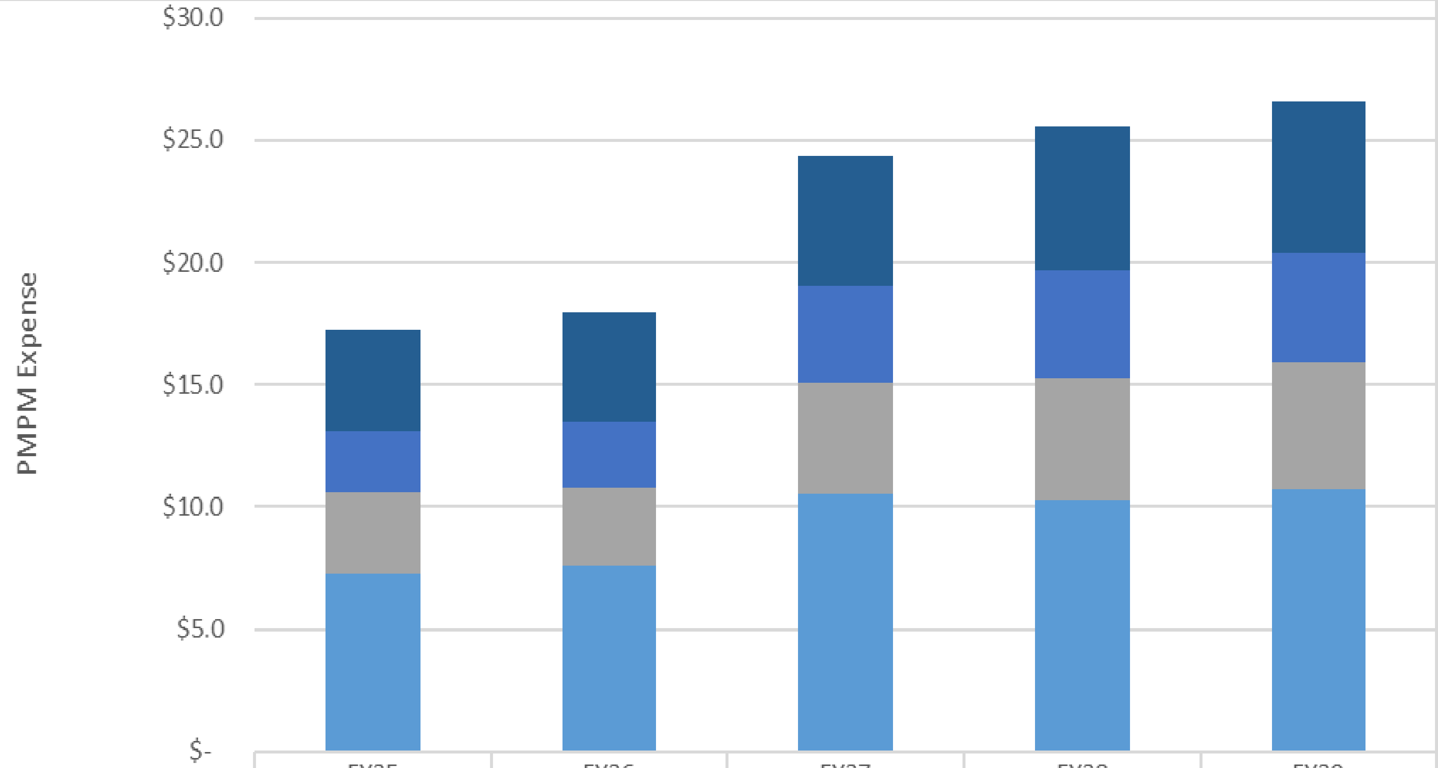


# Cash and Reserves
# 3 Year Projection (FY27-FY29)



# Per Member Per Month Expenses FY25 – FY29

- Due to lower enrollments projected for FY27-FY29 and higher expenditures/investments in these year, PMPM expenses increase from FY26 level of $18 to over $25 in FY29.
- Projections do not include impacts of investments in cost reduction initiatives nor increases in enrollment due to market expansion efforts
- Target is to be below $20 as the result of these investments
- Based on FY25/26 experience, enrollment levels of 225,000 are the inflection point for covering fixed costs resulting in positive economies of scale beyond that enrollment level




| | FY25 | FY26 | FY27 | FY28 | FY29 |
|---|---|---|---|---|---|
| Support Services | $4.1 | $4.5 | $5.3 | $5.9 | $6.2 |
| Marketing and Outreach | $2.5 | $2.7 | $4.0 | $4.4 | $4.5 |
| Customer Operations | $3.3 | $3.2 | $4.5 | $5.0 | $5.2 |
| Technology & Operations | $7.3 | $7.6 | $10.6 | $10.3 | $10.8 |