

Executive and Finance Committee

April 1, 2026

Connect for Health Colorado | 2026



CEO Report

CEO Travel Update

- August 25-27, Dallas, Texas
 - Attending ICHRA Summit Conference
- August 28, Legislative BBQ, Pueblo, CO
- September 15-18, Nashville, Tennessee
 - Attending LEX conference with the Metro Chamber of Commerce
- October 2, 2026, D.C, Washington
 - Meeting with PRM Consulting



Fiscal Year 2026 Draft Financial Audit



1st Quarter Fiscal Year 2027 Financial Report

3 Months Ending September 30, 2026

Financial Results Overview

3 Months Ending September 30, 2026

Earnings for the first quarter of the fiscal year exceeded expectations by \$1.5 million - \$4.7 million compared to \$3.2 million budgeted. This difference is primarily the result of average enrollments exceeding forecasted levels for the 3 months and lower spending on technology and marketing during the period. More details are provided on these variances in the slides that follow.

At this early stage in the fiscal year we are not making any changes in our financial expectations for the year given the uncertainties in the coming months including:

- Open enrollment begins November 1 – by the end of the current quarter (2nd qtr) we will have a better estimate of enrollments for the 2nd half of the fiscal year and financial impacts.
- Technology spending on new initiatives and ability to accelerate spending will be more easily forecasted by the end of the current quarter
- Customer operations costs will be more easily estimated for the remainder of the year once through the crunch of open enrollment

Long-term financial projections will be updated in next quarters report – at this point in the year no significant events have occurred to change our 3 year outlook.

Key Financial Metrics

3 Months Ending September 30, 2026

	Status	Actual	Budget	% of Target
Effectuated Enrollment (average)	●	234,329	226,200	103.6%
Net Operating Margin	●	25.2%	17.8%	
Carrier Fees - PMPM	●	\$23.7	\$23.8	99.7%
Operating Expenses - PMPM	●	\$18.7	\$20.5	91.3%
Months Cash on Hand	●	13.0	11.6	112.9%
Working Capital Ratio	●	8.5	6.3	134.1%

- Average effectuated enrollments for the first 3 months were 3.6% higher than budget expectations.
- Net Operating Margin reflects earnings before depreciation as a percent of total revenue. Does not include spending capitalized on long-term projects.
- PMPM (Per Member Per Month) carrier fees were in line with the budget expectations
- PMPM operating expenses were favorable compared to budgeted targets.
- Months cash on hand exceeded minimum target level of 4 months.
- Working capital ratio is current assets/current liabilities. Minimum target is 2.

Summary of Financial Results

3 Months Ending September 30, 2026

YTD - 3 Months Ending 09.30.26				
	Status	Actual	Budget	% of Budget
Revenues:				
Carrier Fees	●	16,674	16,150	103.2%
Program Revenue	●	710	710	100.0%
Grant/Other Revenue	●	1,138	891	127.7%
Total Revenue	●	18,522	17,751	104.3%
Expenditures:				
Technology	●	7,531	9,231	81.6%
Customer Service	●	2,043	2,238	91.3%
Marketing and Outreach	●	1,873	2,424	77.3%
Support Services	●	3,075	3,388	90.7%
Facilities	●	213	198	107.7%
Total Expenditures	●	14,736	17,480	84.3%
Less Capital Expenditures	●	(887)	(2,882)	30.8%
Earnings Before Depreciation	●	4,673	3,153	148.2%
Earnings After Depreciation	●	3,780	2,045	184.8%
Cash Flows	●	2,882	(3,824)	
Cash	●	58,690	51,984	112.9%
Working Capital	●	62,952	56,137	112.1%

- Explanation of significant variances are provided in following slides.
- Detailed financial statements are available in the appendix.
- Carrier fees include revenues from medical, dental and vision plans enrolled through the exchange
- Program revenue includes Medicaid reimbursements related to work performed on behalf of the Medicaid program.
- Tax credit donations have been transferred to the Health Insurance Affordability Enterprise starting in FY27 per SB 26-178 – estimated amount is \$7.4 million.
- Grant/Other revenue includes fees from management services and earnings on investments.
- Capital expenditures are for costs related to enhancements/new functionality of the exchange platform. Amount capitalized does not represent the full cost of designing and implementing
- Working capital represents current assets (cash&receivables) less current liabilities

Revenue – Significant Variances

3 Months Ending September 30, 2026

Total revenues for the year were \$770,000 better than budgeted expectations. Significant contributors to this variance included:

- The monthly decline in enrollments for the 2026 plan year was less than expected .5% compared to 2.5% that was forecasted for the year based on historical decreases - \$525,000 positive impact
- Earnings from interest on invested cash were higher than budgeted both in levels invested and earnings rate - \$127,000 positive impact

Expenditures – Significant Variances

3 Months Ending September 30, 2026

Overall, expenditures (including capitalized expenses) were \$2.7 million below budget for the quarter . Significant contributors to this variance included:

- Technology expenditures (operating and capitalized expenditures) were \$1.7 million under budget for the quarter:
 - A portion of this (\$500k) was due to position vacancies and delays in hiring of some of the budgeted new positions. Progress has been made in filling these position and expect this variance to be lower in the current quarter.
 - The remaining difference is primarily related to funds set aside in the budget for new projects, spending on these projects had not started in the 1st quarter and will be directed towards the 2nd half of the fiscal year.
- Customer operations costs were \$200,000 lower than budgeted primarily the result of lower initial spending on contractors for open enrollment. Training was restructured this year for new contractors and required less lead time prior to open enrollment than what was anticipated in the budget.

Expenditures – Significant Variances (continued)

3 Months Ending September 30, 2026

- Marketing and outreach expenditures were significantly below budget for the period (\$550,000). Roughly half of this variance was the result of new hires in the budget assumed to start at the beginning of the quarter – instead recruiting and hiring of these positions was in process during the quarter. The rest of the variance is due to timing of media buys and outreach activities and is expected to be made up in future quarters.
- Travel and business expenditures by the CEO for the 1st quarter of \$7,382 were below the budgeted amount of \$13,500. There were no CEO sponsored business meals for the quarter.

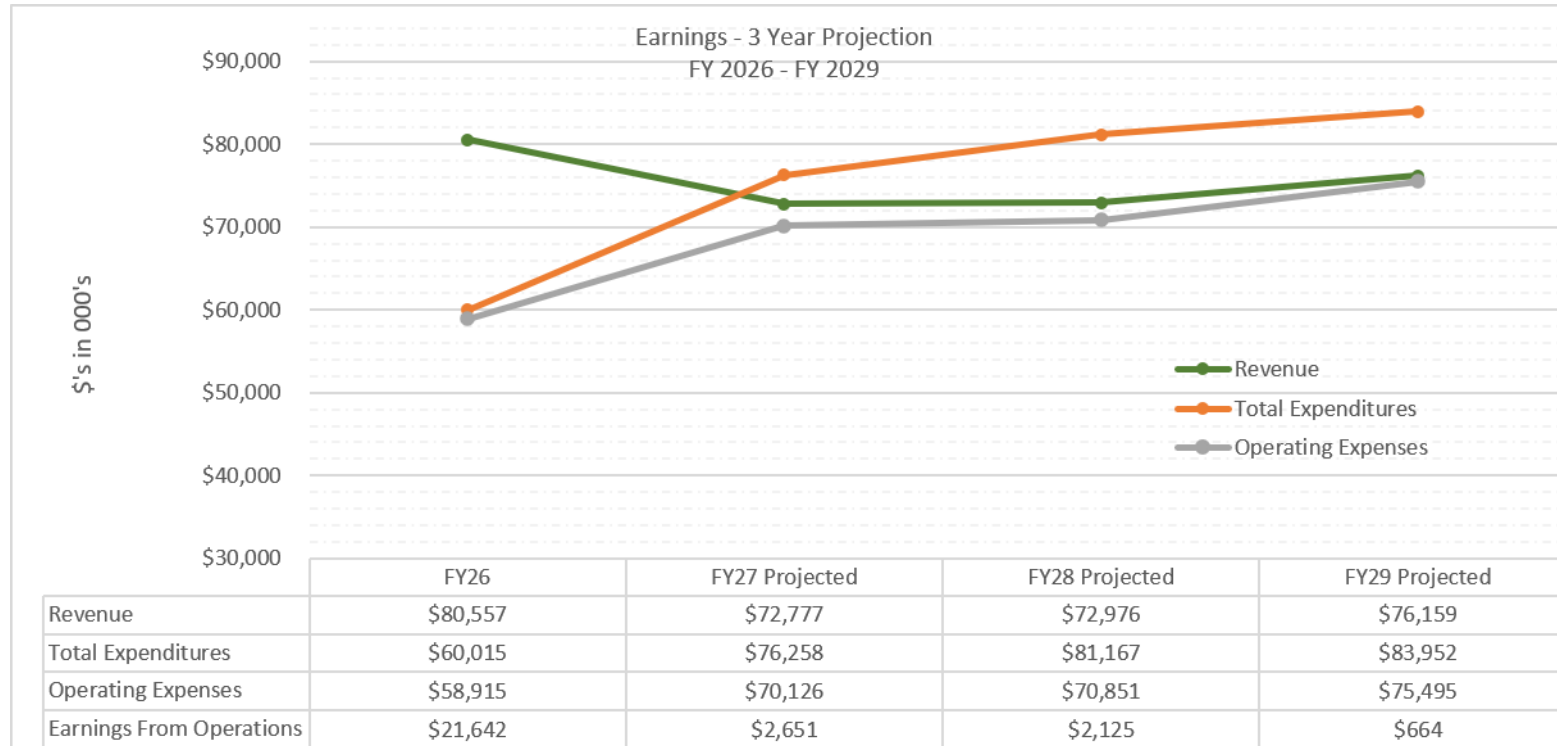
Cash Reserves and Liquidity

3 Months Ending September 30, 2026

- Attributable to the previously described revenue and expenditures positive variances along with faster than expected collections on carrier fee receivables and timing of media buy deposits, cash and investment balances were \$6.7 million higher than budgeted at the end of the 1st quarter.
- Cash during the quarter was in a combination of liquid bank accounts (\$6.2 million) and investments through the Colorado Statewide Investment Program (CSIP) (\$52.5 million) with earnings rates ranging from 3.8% to 4.9% depending upon maturity ladder.

3 Year Projection - Earnings

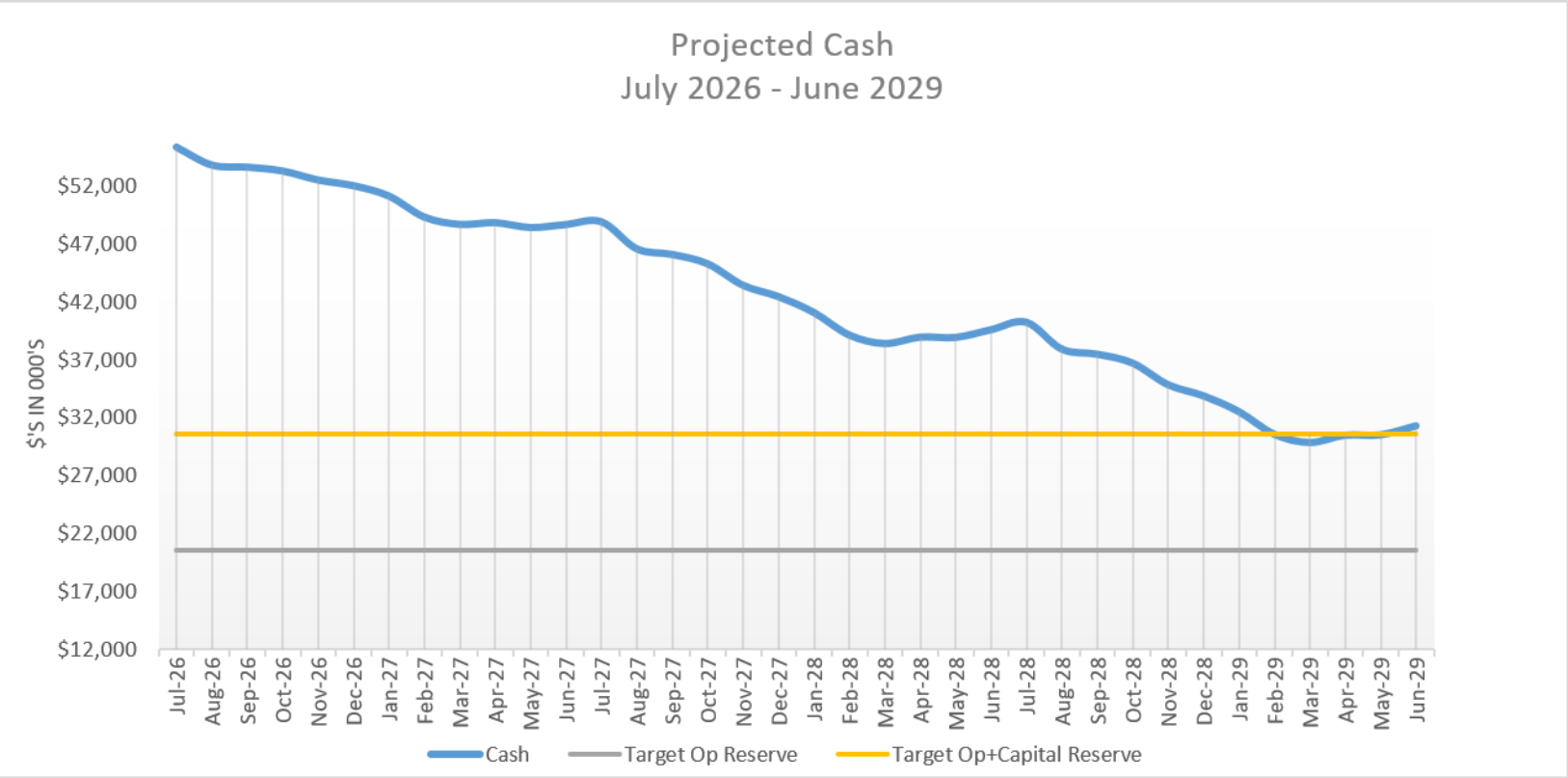
July 2026 – June 2029



- The 3 year projections have been updated to reflect newer information in regards to current enrollments and expected plan year 2027 premium levels.
- Overall, the updated 3 year projections show positive earnings from operations over the 3 years and a continued focus on capital investments over the 3 years.
- Total expenditures (red line) includes capital expenditures in addition to operating expenses.
- The new projections still assume a decrease in enrollments of 10% in plan year 2027. This assumption will be reassessed due to recent litigation and the magnitude of premium increases for plan year 2027.

3 Year Projection – Cash Reserves

July 2026 – June 2029



- Due to higher increased spending on capital projects, the overall cash balance decreases over the 3 year projection period
- Cash levels by the end of the projection period are in line with desired cash reserve levels to address operating and capital project needs.



Procurement Request – Employee Benefits

EXECUTIVE AND FINANCE COMMITTEE MEETING DATE : 10/22/2026

SUBJECT: PROCUREMENT APPROVAL – 2027 EMPLOYEE BENEFITS

PREPARED BY: BRIAN BRAUN, CFO

Proposed Action:

Seeking a recommendation from the Committee for Board approval of our existing contract with The Guardian to provide employer sponsored non-medical employee benefits for an estimated amount of \$590,000 for plan year 2027. The actual cost is subject to variations in employee counts.

Summary:

With the assistance of our employee benefit broker (USI), the employee sponsored benefit package provided by Guardian includes:

- Dental
- Vision
- Long-term and short-term disability
- Life and Accidental Death and Dismemberment (AD&D)
- Paid Family and Medical Leave

Upon review, analysis and consultation with USI, we determined renewing with The Guardian offered the best package of benefits at a competitive price and the least amount of staff impact.

The Guardian is not providing medical benefits. C4HCO utilizes an Individual Coverage Health Reimbursement Account (ICHRA) to provide medical benefits for our staff. Through the ICHRA model, staff select plans offered through the individual health insurance market, providing staff choice among multiple issuers and plan metal levels. Unlike a traditional group plan, the medical policy is issued in each employees name.

Staff Recommendation:

Staff recommends the approval to renew with The Guardian for non-medical employee benefits for plan year 2027.

Procurement Compliance:

Procurement Exceeds \$350,000 threshold: Yes, the total estimated expense is \$590,000.

Procurement/Business Initiative is necessary or advisable: Yes – these are benefits C4HCO has committed (and in some cases required) to provide for staff.

Type of procurement vehicle: These services will be contracted through an existing contract with The Guardian.

Need for RFP,RFI,RFS or similar: Our benefits broker (USI) conducted a proposal process in seeking competitive bids for these services for 2025 and conducted a market survey of benefit providers for the 2027 renewal.

Funding Source:

Funding will be provided directly by Connect for Health Colorado and was included in the approved budget for fiscal year 2027. The plan year for these benefits will cross into our next fiscal year and these contracted costs will also be included in our next fiscal year budget.

Appendix

Appendix: Table of Contents

01	Statement of Revenues, Expenses, and Changes in Net Position
02	Statement of Financial Position

Statement of Revenues, Expenses, and Changes in Net Position

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

	FY 2027		
	3 months ending 09/30/26		
	Actual	Budget	Actual vs Budget
REVENUE			
Carrier Fee - Individual	16,636,625	16,127,016	509,609
Carrier Fee Vision	37,636	22,500	15,136
HIAE Grant - Technology	-	-	-
Tax Credit Donations	-	-	-
Tax Credit Donations - SB81	-	-	-
Medicaid Cost Reimbursement	710,000	709,998	2
Interest Income	443,398	316,439	126,959
Other revenue (CoCo Service Fees)	694,538	575,000	119,538
Total Revenue	18,522,197	17,750,953	771,244
EXPENSES			
Technology			
Personnel	3,658,527	4,157,026	(498,498)
Maintenance & Operation	252,602	282,229	(29,627)
Software/Licenses/Subscriptions (Tech)	558,254	747,192	(188,938)
Hosting	540,317	586,500	(46,183)
DDI (Design, Dev., Implementation)	2,521,412	3,458,266	(936,854)
Capitalized DDI	(374,540)	(1,759,896)	1,385,356
Capitalized Salaries	(512,076)	(1,122,396)	610,320
Total Technology	6,644,497	6,348,920	295,577
Customer Service			
Personnel	1,428,381	1,432,952	(4,572)
Contracted Staffing	371,421	565,182	(193,761)
Operations Support	243,568	239,735	3,833
Total Customer Service	2,043,370	2,237,869	(194,500)
Marketing and Outreach			
Personnel	397,111	664,315	(267,205)
Media Buys - Radio/TV/Web	270,294	410,157	(139,863)
Outreach Services-Events, Sponsorships	68,294	159,500	(91,206)
Marketing Services	98,066	74,300	23,766
Assistance Network	1,039,619	1,116,047	(76,428)
Total Marketing and Outreach	1,873,384	2,424,319	(550,935)
Support services			
Personnel	2,655,969	2,939,851	(283,881)
Public Affairs Services	20,000	20,000	(0)
Professional Services	121,314	157,875	(36,561)
Training and Development	20,112	61,828	(41,717)
H/R Services	82,487	49,563	32,924
Legal Services	10,798	3,750	7,048
Audit Services	60,042	35,000	25,042
Insurance	27,123	28,250	(1,127)
Conferences/Meetings	6,726	13,126	(6,400)
Memberships/Dues/Subscriptions (Non-Tech)	37,263	40,469	(3,206)
Travel/Meals/Lodging	32,937	38,413	(5,475)
Other - G&A	20	100	(80)
Total Support Services	3,074,790	3,388,224	(313,434)
Facilities			
Occupancy	97,194	97,154	41
Supplies & Materials	13,405	16,113	(2,708)
Postage/Shipping	1,194	1,634	(440)
Printing/Copying/Shred	949	1,043	(93)
Phone/Internet	17,969	18,937	(968)
Equipment/Furniture and Fixture	82,682	63,250	19,432
Total Facilities	213,393	198,130	15,263
Total Operating Expenses	13,849,433	14,597,462	(748,028)
Net Income Before Depreciation	4,672,763	3,153,491	1,519,272
Depreciation	892,292	1,108,168	(215,876)
Net Income	3,780,472	2,045,323	1,735,148



Statement of Financial Position

Connect for Health Colorado
Statement of Financial Position

	FY 2027 9/30/2026	
	Actual	Budget
Assets:		
Current assets:		
Cash and cash equivalents	58,689,956	51,983,880
Accounts receivable (net)	12,698,331	14,727,944
Prepaid expenses	1,445,102	4,321,023
Security deposits	27,381	27,381
Total Current assets:	72,860,769	71,060,229
Noncurrent assets:		
Capital assets:		
Web portal development	18,938,949	18,938,949
Software	52,437,308	54,418,991
Leasehold improvements	205,649	205,520
Office equipment	1,400,846	1,325,303
Furniture and fixtures	501,662	501,663
Less accumulated depreciation	(53,740,000)	(53,955,876)
Total Capital assets	19,744,415	21,434,550
Investment in Subsidiary	270,919	0
Assets under lease - net	1,202,490	1,202,490
SBITA - net	2,083,863	2,083,063
Total Noncurrent assets:	23,301,687	24,720,103
Total Assets:	96,162,457	95,780,332
Liabilities and net position:		
Liabilities:		
Current liabilities:		
Accounts payable	3,529,006	4,821,422
Accrued liabilities	2,976,495	2,544,674
Payroll liabilities	1,931,132	3,209,225
Total Current liabilities:	8,436,634	10,575,321
Long-term liabilities:		
Lease Payable	1,464,474	1,464,474
SBITA Payable	2,163,164	2,163,164
Total Long-term liabilities:	3,627,638	3,627,638
Total Liabilities:	12,064,272	14,202,959
Net position:		
Unrestricted	84,098,185	81,577,372
Total Net position:	84,098,185	81,577,372
Total liabilities and net position:	96,162,457	95,780,331