



Washington State Health Benefit Exchange

Report to the Legislature

July 31, 2016

Report to the Legislature

This report includes:

- A report of all expenses;
- Beginning and ending fund balances by fund source;
- Any contracts or contract amendments signed by the Exchange; and
- An accounting of staff required to operate the Exchange broken out by full time equivalent positions, contracted employees, temporary staff, and any other relevant designation that indicates the staffing level of the Exchange.

The monthly report reflects all changes to staffing and contracts as of June 2016. The financial information provides the June expenditure data and the initial state fiscal year close information. Additional adjustments made be made as part of the close adjustment process.

The ending balance indicates a positive total fund variance of \$2.6 million or 4.7%. During the spring, the Exchange took several steps to reduce expenditures to close the fiscal year with a positive variance. While the overall funds were positive, the Health Benefit Exchange Account was overspent by \$557,000. This variance is due to a discrepancy in the cost allocation match rate for FY 16, which assumed a 90% Medicaid match. Only some of the costs are recoverable at this rate. The HBE account overspend will be corrected in state fiscal year 2017 as part of the cost allocation update in the 2017 supplemental.

REVENUE



Revenue

SFY 2016 Budget *														SFY 2016	SFY 2017	2015-17
Revenue Source	Beginning Balance	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Total	Total	Total
State 17T		2,224,917	2,224,917	2,224,917	2,224,917	2,224,917	2,224,917	2,224,917	2,224,917	2,224,917	2,224,917	2,224,917	2,224,917	26,699,000	31,628,000	58,327,000
General Fund-Federal (Medicaid)	-	2,008,250	2,008,250	2,008,250	2,008,250	2,008,250	2,008,250	2,008,250	2,008,250	2,008,250	2,008,250	2,008,250	2,008,250	24,099,000	17,735,000	41,834,000
General Fund-State	-	495,167	495,167	495,167	495,167	495,167	495,167	495,167	495,167	495,167	495,167	495,167	495,167	5,942,000	5,146,000	11,088,000
Sub-total	-	4,728,333	4,728,333	4,728,333	4,728,333	4,728,333	4,728,333	4,728,333	4,728,333	4,728,333	4,728,333	4,728,333	4,728,333	56,740,000	54,509,000	111,249,000
Level II		350,000	350,000	350,000	350,000	350,000	350,000							2,100,000	-	2,100,000
Level I-B		820,140.33	820,140.33	820,140.33	820,140.33	820,140.33	820,140.33							4,920,842	-	4,920,842
Level I-C		1,875,167	1,875,167	1,875,167	1,875,167	1,875,167	1,875,167	1,875,167	1,875,167	1,875,167	1,875,167	1,875,167	1,875,167	22,502,000	-	22,502,000
Federal Grants Sub-total		3,045,307	3,045,307	3,045,307	3,045,307	3,045,307	3,045,307	1,875,167	1,875,167	1,875,167	1,875,167	1,875,167	1,875,167	29,522,842	-	29,522,842
Total Revenue	29,522,842	7,773,640	7,773,640	7,773,640	7,773,640	7,773,640	7,773,640	6,603,500	6,603,500	6,603,500	6,603,500	6,603,500	6,603,500	86,262,842	54,509,000	140,771,842

SFY 2016 YTD Actuals and Projections														SFY 2016	SFY 2017	2015-17
Revenue Source	Beginning Balance	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Total	Total	Total
State 17T	6,854,933	2,049,467	-	2,509,685	1,877,249	-	2,485,700	1,799,137	48	3,773,655	3,121,720	1,265,410	4,005,265	29,742,269	31,628,000	61,370,269
2% Premium	-	23,985	-	2,509,685	-	-	2,485,700	0	-	3,750,060	-	927,070	3,970,199			
Assessment Fee-Actuals as of 4/20/16	-	2,025,482	-	-	1,877,249	-	-	1,799,137	48	23,595	3,121,720	338,340	35,066			
General Fund-Federal (Medicaid)	-	1,442,767	217,130.25	1,350,775	2,226,377	1,839,232	1,558,779	1,963,343	1,954,739	1,785,308	1,377,081	2,311,559	984,191	20,965,457	17,735,000	38,700,457
General Fund-State	-	476,532	644,807.04	609,308	806,469	714,491	687,140	1,174,778	778,115	50,359	-	-	-	5,942,000	5,146,000	11,088,000
Sub-total	6,854,933	3,968,766	2,816,114	4,469,769	4,910,095	2,553,723	4,731,619	4,937,258	2,732,902	5,609,322	4,498,801	3,576,969	4,989,456	56,649,726	54,509,000	111,158,726
Level II		199,527	122,147.8	175	297,135	(283,247)	43,441	(129,716)	-	(17,442)	-	237	(55)	1,331,579	-	1,331,579
Level I-B		2,874,973	125,434.14	1,062,782	1,667,130	1,276,776	1,125,258	(2,285,545)	-	-	-	-	(0)	6,975,722	-	6,975,722
Level I-C		840,645	403,625.1	105,646	(2,034,976)	747,815	112,918	504,158	1,171,557	3,065,991	288,823	1,130,208	145,514	10,114,552	-	10,114,552
Federal Grants Sub-total	-	3,915,145	6,512,069	1,168,603	(70,711)	1,741,343	1,281,616	(1,911,108)	1,171,557	3,048,549	288,823	1,130,445	145,459	18,421,852	-	18,421,852
Total Revenue	6,854,933	7,883,912	9,328,183	5,638,372	4,839,384	4,295,066	6,013,235	3,026,155	3,904,459	8,657,870	4,787,624	4,707,414	5,134,915	75,071,578	54,509,000	129,580,578

SFY 2016 Variance														SFY 2016	SFY 2017	2015-17
Revenue Source	Beginning Balance	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Total	Total	Total
State 17T	6,854,933	(175,450)	(2,224,917)	284,768	(347,668)	(2,224,917)	260,783	(425,780)	(2,224,869)	1,548,738	896,803	(959,507)	1,780,348	3,043,269	-	3,043,269
General Fund-Federal (Medicaid)	-	(565,483)	163,057	(657,475)	218,127	(169,018)	(449,471)	(44,907)	(53,511)	(222,942)	(631,169)	303,309	(1,024,059)	(3,133,543)	-	(3,133,543)
General Fund-State	-	(18,635)	149,640	114,142	311,302	219,324	191,973	679,611	282,949	(444,808)	(495,167)	(495,167)	(495,167)	(0)	-	(0)
Sub-total	6,854,933	(759,567)	(1,912,219)	(258,564)	181,762	(2,174,611)	3,285	208,925	(1,995,431)	880,988	(229,533)	(1,151,365)	261,123	(90,274)	-	(90,274)
Level II		(150,473)	871,471	(349,825)	(52,866)	(633,247)	(306,559)	(129,716)	-	(17,442)	-	237	(55)	(768,477)	-	(768,477)
Level I-B		2,054,833	434,207	242,642	846,990	456,635	305,117	(2,285,545)	-	-	-	-	(0)	2,054,880	-	2,054,880
Level I-C		(1,034,522)	2,161,084	(1,769,521)	(3,910,143)	(1,127,352)	(1,762,249)	(1,371,009)	(703,609)	1,190,825	(1,586,343)	(744,959)	(1,729,652)	(12,387,448)	-	(12,387,448)
Federal Grants Sub-total		869,838	3,466,762	(1,876,704)	(3,116,018)	(1,303,964)	(1,763,691)	(3,786,270)	(703,609)	1,173,382	(1,586,343)	(744,722)	(1,729,708)	(11,101,045)	-	(11,101,045)
Total Revenue	6,854,933	110,271	1,554,543	(2,135,268)	(2,934,257)	(3,478,574)	(1,760,405)	(3,577,345)	(2,699,041)	2,054,370	(1,815,876)	(1,896,086)	(1,468,585)	(11,191,319)	-	(11,191,319)

The revenue is based on the appropriation reflecting more Medicaid grants that could be collected and insufficient 17T funds. The 2017 supplemental will propose an adjustment to these funding sources to appropriately reflect the proposed Medicaid cost allocation plan. The primary variance related to grants reflects higher than anticipated grant carryforward amounts and the extension of the Level I-C grant allowing the Exchange to spend additional grant dollars in SFY 2017.

EXPENSES



Appropriated Budget

Expenditures	Current Month: June 2016			Year-to-Date			SFY2016	SFY2017	2015-17
	Actual	Budget	Variance	Actual	Budget	Variance	Budget	Budget	Budget
FTE - Appropriated	111.0	125.0	14.0	111.0	125.0	14.0	125.0	125.0	125.0
Staffing	\$ 990,676	\$ 1,101,738	\$ 111,061	\$ 12,131,753	\$ 13,363,575	\$ 1,231,822	\$ 13,363,575	\$ 13,181,616	\$ 26,545,191
Salaries	\$ 750,034	\$ 840,691	\$ 90,657	\$ 9,220,384	\$ 10,255,721	\$ 1,035,337	\$ 10,255,721	\$ 10,073,762	\$ 20,329,482
Benefits	\$ 240,643	\$ 261,047	\$ 20,404	\$ 2,911,369	\$ 3,107,854	\$ 196,485	\$ 3,107,854	\$ 3,107,854	\$ 6,215,708
Administrative	\$ 120,953	\$ 332,804	\$ 211,850	\$ 2,088,018	\$ 3,334,830	\$ 1,246,812	\$ 3,334,830	\$ 3,216,796	\$ 6,551,627
General & Administrative	\$ 78,543	\$ 225,016	\$ 146,472	\$ 1,072,549	\$ 2,041,367	\$ 968,818	\$ 2,041,367	\$ 1,938,343	\$ 3,979,711
Facility & Related	\$ 42,410	\$ 107,788	\$ 65,378	\$ 1,015,469	\$ 1,293,463	\$ 277,994	\$ 1,293,463	\$ 1,278,453	\$ 2,571,916
Operational	\$ 1,621,295	\$ 2,417,307	\$ 796,012	\$ 38,906,517	\$ 35,545,047	\$ (3,361,470)	\$ 35,545,047	\$ 35,901,827	\$ 71,446,874
Call Center	\$ 455,317	\$ 760,357	\$ 305,040	\$ 11,859,806	\$ 11,411,873	\$ (447,933)	\$ 11,411,873	\$ 11,393,853	\$ 22,805,726
Printing & Postage	\$ 137,150	\$ 153,510	\$ 16,360	\$ 3,402,717	\$ 1,784,088	\$ (1,618,630)	\$ 1,784,088	\$ 2,563,306	\$ 4,347,394
Translation	\$ 2,367	\$ 2,857	\$ 490	\$ 32,549	\$ 80,000	\$ 47,451	\$ 80,000	\$ 115,896	\$ 195,896
Marketing & Outreach	\$ 13,941	\$ 51,000	\$ 37,059	\$ 918,891	\$ 1,607,230	\$ 688,338	\$ 1,607,230	\$ 1,500,000	\$ 3,107,230
Document Imaging	\$ (2,601)	\$ 39,455	\$ 42,056	\$ 529,421	\$ 590,494	\$ 61,073	\$ 590,494	\$ 590,494	\$ 1,180,988
IPA/Navigators	\$ 243,272	\$ 239,500	\$ (3,772)	\$ 3,122,965	\$ 3,103,000	\$ (19,965)	\$ 3,103,000	\$ 3,280,000	\$ 6,383,000
HealthPlanFinder M&O - Deloitte	\$ 536,393	\$ 594,522	\$ 58,129	\$ 8,099,741	\$ 7,134,264	\$ (965,478)	\$ 7,134,264	\$ 7,134,264	\$ 14,268,528
Licenses Fees and Software	\$ 243,074	\$ 122,693	\$ (120,381)	\$ 2,832,328	\$ 2,693,570	\$ (138,758)	\$ 2,693,570	\$ 2,693,570	\$ 5,387,141
Eligibility System - DSHS	\$ 41,300	\$ -	\$ (41,300)	\$ 287,803	\$ 1,300,000	\$ 1,012,197	\$ 1,300,000	\$ 1,300,000	\$ 2,600,000
Health Plan Management - eHealth	\$ -	\$ -	\$ -	\$ 177,247	\$ 836,160	\$ 658,913	\$ 836,160	\$ 836,160	\$ 1,672,320
DDI Deloitte	\$ (241,857)	\$ 453,413	\$ 695,270	\$ 5,654,657	\$ 4,829,000	\$ (825,657)	\$ 4,829,000	\$ 4,494,284	\$ 9,323,284
Contractors and Consultants-Staffing	\$ 192,938	\$ -	\$ (192,938)	\$ 1,988,390	\$ 175,369	\$ (1,813,021)	\$ 175,369	\$ -	\$ 175,369
Professional Services	\$ 107,695	\$ 279,716	\$ 172,021	\$ 974,968	\$ 3,674,665	\$ 2,699,697	\$ 3,674,665	\$ 1,016,929	\$ 4,691,594
Actuarial	\$ 6,871	\$ -	\$ (6,871)	\$ 16,999	\$ 110,000	\$ 93,001	\$ 110,000	\$ 110,000	\$ 220,000
Financial Consulting & Audits	\$ 54,035	\$ 135,121	\$ 81,086	\$ 561,145	\$ 1,797,927	\$ 1,236,783	\$ 1,797,927	\$ 481,451	\$ 2,279,378
Legal/Administrative Hearings	\$ 7,828	\$ 9,470	\$ 1,642	\$ 70,310	\$ 145,238	\$ 74,928	\$ 145,238	\$ 145,238	\$ 290,476
Other Consulting	\$ 18,805	\$ 135,125	\$ 116,320	\$ 206,343	\$ 1,621,500	\$ 1,415,157	\$ 1,621,500	\$ 280,240	\$ 1,901,740
Temporary Contracted Staff	\$ 20,155	\$ -	\$ (20,155)	\$ 120,171	\$ -	\$ (120,171)	\$ -	\$ -	\$ -
Total Expenditures	\$ 2,840,619	\$ 4,131,564	\$ 1,290,945	\$ 54,101,256	\$ 56,740,000	\$ 2,638,744	\$ 56,740,000	\$ 54,299,000	\$ 111,039,000

Fiscal year close indicates that, while the overall budget is under its appropriation, the Health Benefit Exchange account is overspent by \$557,000 and Medicaid is underspent by \$2,931,000, due to a discrepancy in the cost allocation match rate for FY 16 which incorrectly assumed a 90% FFP Medicaid match. The HBE account overspend will be corrected in FY17 as part of the cost allocation update in the 2017 supplemental budget request. The assumption for cost allocation is also incorrect for SFY 2017.

CONTRACTS

Contract #	Company	Type	start	end	Contract Owner	Description	Additional value	Total contract value	Changes Through April 2016
HBE-027	Deloitte	Contract	4/19/12	6/30/20	Vincent Barrailler	Integration contractor	\$20,904,030	\$171,383,486	Amendment for additional funding to extend Maintenance & Operations term for 42 months
HBE-028	Faneuil	Contract	2/23/13	12/31/16	Beth Walter	Call center operations	\$11,607,840	\$61,819,630	Amendment to increase contract value
HBE-039	GMMB	Contract	3/12/13	6/30/17	Michael Marchand	Advertising activities	\$1,000,000	\$16,562,077	Amendment to extend term for one year and add funds
HBE-048	KP LLC	Contract	4/12/13	6/30/16	Beth Walter	Printing services	\$4,000,000	\$8,000,000	Amendment to increase contract value
HBE-086	Milestone	Contract	2/20/13	12/31/16	Vincent Barrailler	Information technology services	\$0	2,200,000	Extended term, reduced rates and amended work order SOW's
HBE-098	Mary Benckert Reis, LLC	Contract	7/2/13	9/30/16	Carole Holland	Abila and financial consultant	\$0	\$622,444	Amendment to extend contract end date
HBE-116	Akamai	Contract	8/22/13	9/30/16	Vincent Barrailler	Solution to address evolving complexities of application acceleration in the cloud	\$0	\$672,990	Amendment to add ongoing tech support from previous agreement
HBE-119	Gail Maurer	Contract	10/18/13	12/31/16	Brian Peyton	Presiding officer services	\$15,000	\$35,000	Increased contact value
HBE-173	Cognizant	Contract	1/1/15	12/31/16	Vincent Barrailler	HPF architecture CheckMarx report validation	\$0	\$4,000,000	Amendment to include Federally required contract language around IT and PII data
HBE-187	Wakely	Contract	5/20/16	6/30/17	Carole Holland	Enrollment projection services	\$110,000	\$220,000	Amendment to add funds and extend term for one year
HBE-197	Sitecrafting	Contract	7/6/15	7/31/16	Michael Marchand	Corporate website development	\$14,200	\$114,200	New SOW – corporate web redesign
HBE-217	Resource Group	Contract	3/11/16	12/31/17	Carole Holland	Implementation of new financial system	\$37,400	\$387,954	Amendment to change SOW and add funds for extended implementation services

STAFFING

HBE Staffing

Department	May 2016			June 2016		
	FTE (bodies)	Contractor	TOTAL	FTE (bodies)	Contractor	TOTAL
Regular Employees						
Executive/PMO	6	3	9	6	3	9
Policy	6	0	6	6	0	6
Legal	8	0	8	8	0	8
Communications	17	0	17	17	0	17
Finance & Administration	18	1	19	18	1	19
Operations	31	2	33	32	2	34
IT	25	18	43	26	18	44
SUBTOTAL	111	24	135	113	24	137
Temporary & Project Employees						
Finance - Financial System Implementation	3		3	3		3
TOTAL	114	24	138	116	24	140