



Washington Health Benefit Exchange

Operations Committee

April 26, 2016
Carole Holland, CFO

FINANCE ISSUES – STATUS UPDATE

ITEM	UPDATE	NEXT STEPS
Reduce financial system issues	<ul style="list-style-type: none"> • Implementing new financial system • PMO managing the overall project • IT providing support for conversion, system definition, security, etc. • Both IT and Finance will upload data in templates for build phase • IT also providing staff for User Acceptance Testing 	<ul style="list-style-type: none"> • Continue implementation • Post go-live tasks
Improve accuracy of financial information	<ul style="list-style-type: none"> • Continued adjustments for fiscal period and fund source • Recast January through June 2015 expenditures in preparation for grant closure 	<ul style="list-style-type: none"> • Close Level 1B and Level 2 grants
Performance audit	<ul style="list-style-type: none"> • SAO report will be released by July 2016 	<ul style="list-style-type: none"> • HBE will be provided with draft report to develop official response



FINANCE ISSUES – STATUS UPDATE (CONT.)

ITEM	UPDATE	NEXT STEPS
Revenue cycle, cash flow and operating cash reserves	<ul style="list-style-type: none"> • Provided carriers with proposed carrier assessment rates for feedback and questions • Maintain current carrier assessment rates 	<ul style="list-style-type: none"> • HCA/HBE working out details of documentation for 17T payments • Continue to invoice Medicaid weekly • HCA/HBE/OFM initiated discussion of APD process for 2016 • Monthly meetings convened by OFM with HCA/HBE/OIC and legislative fiscal staff to monitor QHP enrollments and 17T revenues
Staffing	<ul style="list-style-type: none"> • DSHS provided introductory Lean training to Finance staff 	





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Budget Update
April 26, 2016

CONTRACTS UPDATE

Contract #	Company	Type	start	end	Contract Owner	Description	Additional value	Total contract value	Changes Through March 2016
HBE-217	The Resource Group	Financial	3/11/16	12/31/17	Carole Holland	Financial System Replacement		\$337,915	New contract, including two technical amendments
HBE-218	eHealth	IT	4/1/16	3/31/17	Vincent Barrailler	HPF provider file directory		1,200,00	New contract replacing previous contract HBE-102
HBE-069	Optistor	IT	5/22/16	5/31/16	Vincent Barrailler	Consulting Services		450,000	Terminated contract
HBE-171	TEK Systems	IT	1/1/15	12/31/16	Vincent Barrailler	Optional use contract for technical staffing	\$0	\$4,000,000	Two work orders for IT infrastructure support
HBE-216	CHPD/NASHP	Exec	3/1/16	2/28/17	Pam MacEwan	State-based marketplace policy support		\$22,300	New agreement replacing previous contract HBE-182
HBE-098	Mary Reis	Financial	4/1/16	9/30/16	Carole Holland	Engagement extension	\$0	\$592,444	Extended engagement but no additional contract value



MARCH STAFFING

Department	February 2016			March 2016		
	FTE (bodies)	Contractor	TOTAL	FTE (bodies)	Contractor	TOTAL
Regular Employees						
Executive/PMO	6	2	8	6	1.5	7.5
Policy	10	0	10	9	0	9
Legal	8	0	8	8	0	8
Communications	17	0	17	17	0	17
Finance & Administration	18	2	20	17	1.5	18.5
Operations	28	6	34	28	6	34
IT	27	20	47	23	28	51
SUBTOTAL	114	30	144	108	37	145
Temporary & Project Employees						
Finance	1			4		
Invoices						
Eligibility	3					
Outreach						
Enrollment						
Reconciliation						
Level 2 Triage						
Carrier Support	9					
Post Validation/Data Analyst	3					
SUBTOTAL	16			4		
TOTAL	130	30	160	112	37	149

*Finance temporary staff include three positions for financial system implementation.



Budget Status

- Revenues
 - Based on most recent (Wakely April 2016 Forecast), the projected SFY 2016 17T revenue will be \$2.4 million less than the original budget projection
 - This is a conservative estimate revenue estimate
- Appropriated Operational Expenses
 - Includes charges that were originally funded with grant dollars that were found to be not allowable
 - 2015 accruals which are included in the 2016 expenditures
 - Medicaid and State matching funds for federal grants were only partially identified in the 2016 budget



Budget Status

- Appropriated Administrative Expenses
 - FTEs remain under – in part due to holding vacancies as long as feasible and the use of contractors to maximize grant revenues
 - General and administration under expenditures partially due to closure of 521 building, elimination of security guards, reduction in rented parking spaces and fiscal conservatism of HBE staff and managers
- Appropriated Professional Service Expenses
 - Reduction in use of contractors
 - Temporary contracted staff offset by vacancy savings
 - Expenditures include costs of software licenses for new financial system



BUDGET STATUS – WITH APPROPRIATED REVENUE

Fund Source	FY 16 Supp. Budget	Actual YTD through March	Projected FY 16 Year End	Variance	GF-S variance moves to HBE account
GF-S	\$5,942	\$6,585	\$8,615	(\$2,673)	
HBE Account	\$26,699	\$20,879	\$23,547	\$3,151	\$479
Medicaid	\$24,099	\$16,487	\$25,270	(\$1,171)	(\$1,171)
Total	\$56,740	\$43,952	\$57,433	(\$693)	

*Budget in Thousands



BUDGET STATUS – WITH ACTUAL REVENUE

Fund Source	FY 16 Supp. Budget	Actual YTD through March	Projected FY 16 Year End	Variance	GF-S variance moves to HBE account
GF-S	\$5,942	\$6,585	\$8,615	(\$2,673)	
HBE Account	\$24,515	\$20,879	\$23,547	968	(\$1,705)
Medicaid	\$24,099	\$16,487	\$25,270	(\$1,171)	(\$1,171)
Total	\$54,556	\$43,952	\$57,433	(\$2,876)	

*Budget in Thousands



YEAR END BUDGET ADJUSTMENTS

	Medicaid	HBE Account
Year end balance by fund before adjustments	(\$1,171)	(\$1,705)
FY 15 Accrual	\$4,456	\$791
Grant Expenditures-Medicaid & HBE match	(\$2,537)	(\$306)
<i>Potential FY 15 GF-S Veto Offset</i>		<i>\$1,547</i>
Total Year End Balance	\$748	(\$1,220)
<i>Total with Veto Offset</i>	<i>\$748</i>	<i>\$327</i>

*Budget in Thousands – Actual Revenue



Temporary Budget Reduction Strategies

- Reduce call center coverage
- Reduce marketing and outreach costs
- Keep staff vacancies open as long as feasible
- Recover IT costs from ESA for charges for services not requested by HBE
- Recover costs for IT changes requested by HCA
- Review/recover printing and postage charges (e.g. specialized mailings)





Washington Health Benefit Exchange

Budget Process
April 26, 2016

Proposed Budget Process

- Biennial 2017-19 process
 - April/May
 - Meet with ELT to identify core processes and current funding for each
 - Develop criteria for prioritizing asks
 - Draft concept papers for budget requests, including estimated costs/savings
 - Bring concept papers to Board for consideration in late May
 - June
 - Board votes on strategic funding priorities
 - Revenue forecast update
 - Close state fiscal year 2016
 - July
 - Draft decision packages, including costing out new items identified in Board strategic planning
 - August
 - Obtain Board approval
 - September
 - Submit budgets to OFM

