## FINANCE OPERATIONAL UPDATE

<table>
<thead>
<tr>
<th>ITEM</th>
<th>UPDATE</th>
<th>NEXT STEPS</th>
</tr>
</thead>
</table>
| Financial system implementation    | • Negotiated contract with the Resources Group to implement the Intact financial system  
                                       • Completed re-coding of expenditures to accurately reflect fund source and Medicaid reimbursement | • Design phase underway  
                                       • Go-live planned for 7/1/2016 |
| Improve accuracy of financial information | • Re-coding of expenditures resulted in a significant shift from grant budget to appropriated budget, primarily for cost allocated items  
                                           • Updated allotments to redistribute salary increase funding and to adjust benefits | • Continue to accurately code at time invoice is paid  
                                           • Assess need for additional data clean up for system transition |
| Update accounting policies & procedures | • No changes                                                                                                                           | • Continue to review and revise accounting policies and procedures in conjunction with financial system implementation  
                                           • Train managers and staff on contracts policy by 4/30/2016 |
<table>
<thead>
<tr>
<th>ITEM</th>
<th>UPDATE</th>
<th>NEXT STEPS</th>
</tr>
</thead>
</table>
| Revenue cycle, cash flow and no operating cash reserves | • Continued improvement in cycle time of reimbursement processing with HCA  
• OAPD and IAPD applications pending CMS approval  
• Received 1 month extension to close Level IB and Level 2 grants to accommodate IAPD approval  
• Carriers billed for 2015 SHOP assessment | • Establish updated cash flow projections  
• Develop revenue projection model linked with effectuation data  
• Bill carriers for Q1 2016 plan year  
• Develop carrier assessment rates for 2017 |
| Audit findings                           | • SAO field work essentially complete                                  | • Continue to respond to SAO requests as needed                           |
| Staffing                                 | • Hired 2 temporary staff to assist with implementation of financial system (to backfill Subject Matter Expert resources)  
• Extend contract for financial system consultant to assist with HPF clean-up | • Recruiting for budget analyst and accountant positions                  |
Washington Health Benefit Exchange

FINANCE UPDATE

▪ The Exchange has begun the first stage of fund source reconciliation, as part of the work being completed to implement the new financial system.

▪ The fund source reconciliation identified $7.7 million in expenditures from July through February that were categorized as non-appropriated funds.

▪ Total expenditure amount has not changed, only the color of money.
CHANGE IN APPROPRIATED FUNDS FOLLOWING RECONCILIATION

Total **appropriated expenditures** before the coding correction was: 
$23,229,000

Total **appropriated expenditures** after the correction is: 
$30,088,000

Total amount shifted to **appropriated funds** is: 
$6,859,000
WHAT DOES THIS MEAN?

▪ The Exchange has never tracked spending by specific fund source (GF-S, Medicaid, Premium Tax, Grant) until December, 2015. This adjustment is needed but will cause changes in the budget data we have reported to date.

▪ The fund source reconciliation work means that some items in the HBE budget that were showing an under expenditure in the appropriated budget are now at or above the expenditure limit.

▪ Vendor Deloitte was identified as the major cost driver in this fund shift. Further research is being performed in order to confirm the totals.
WHAT COMES NEXT?

▪ In April, the Exchange will be closing two grants, leaving only one active grant.

▪ Further reconciliation work will be completed as part of the data transfer to the new financial system.

▪ Chart of accounts that align with statewide accounting will be implemented by July so that budgets can better track activities across departments, provide accurate budget reporting, and fund source accounting.
# CONTRACTS UPDATE

<table>
<thead>
<tr>
<th>Contract #</th>
<th>Company</th>
<th>Type</th>
<th>start</th>
<th>end</th>
<th>Contract Owner</th>
<th>Description</th>
<th>Additional Monies</th>
<th>Total contract value</th>
<th>Changes Through February 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>HBE-163</td>
<td>Altriva</td>
<td>IT</td>
<td>8/7/14</td>
<td>12/31/16</td>
<td>Vincent Barrailler</td>
<td>CRM development and support</td>
<td>$14,060</td>
<td>$70,750</td>
<td>New SOW and additional $14,060</td>
</tr>
<tr>
<td>HBE-167</td>
<td>Atmosera</td>
<td>IT</td>
<td>12/29/14</td>
<td>2/29/16</td>
<td>Vincent Barrailler</td>
<td>1st level response/triage services in support of Oracle environment</td>
<td>$0</td>
<td>$145,000</td>
<td>Terminate contract</td>
</tr>
<tr>
<td>HBE-171</td>
<td>TEK Systems</td>
<td>IT</td>
<td>1/1/15</td>
<td>12/31/16</td>
<td>Vincent Barrailler</td>
<td>Optional use contract for technical staffing</td>
<td>$0</td>
<td>$4,000,000</td>
<td>Three work orders for IT infrastructure support (2 extensions and 2 new additions)</td>
</tr>
<tr>
<td>HBE-180</td>
<td>Integrated Solutions Group, LLC (ISG)</td>
<td>Consulting</td>
<td>9/24/15</td>
<td>5/31/16</td>
<td>Pam MacEwan</td>
<td>Consulting services</td>
<td>$0</td>
<td>$625,360</td>
<td>Amendment to change name from IRM to ISG and to add add</td>
</tr>
<tr>
<td>HBE-195</td>
<td>Pierce County Security</td>
<td>Service Agreement</td>
<td>12/12/13</td>
<td></td>
<td>Carole Holland</td>
<td>Building security staff</td>
<td>$0</td>
<td>~ $7200/ Month</td>
<td>Terminate contract</td>
</tr>
<tr>
<td>HBE-214</td>
<td>Oracle</td>
<td>IT</td>
<td></td>
<td></td>
<td>Vincent Barrailler</td>
<td>Support for servers and software license updates</td>
<td>$12,579</td>
<td></td>
<td>New Oracle Linix MLA and Associated order</td>
</tr>
</tbody>
</table>
Washington Health Benefit Exchange

Legislative Budget Update
LEGISLATIVE BUDGET UPDATE

- Dental bill fully funded - $605k (H/S)
- CSO funding included in budget – approach to receiving funds different between House and Senate – bottom line - we will be able to get paid - $376k
- Cost allocation funded - $11.6 m (H); $11.1 m (S)
- Finance system funded – $500k (H), $422k (S)