



Washington Health Benefit Exchange

Financial Report and Legislative Update

Carole Holland, CFO

Financial Report

End of year report by funds

End of Year - Total Funds

Fund	Budget	Expenditures	Variance under/(over)	Variance %
GF-State	\$ 5,184,000	\$ 5,184,000	\$ 0	0.0%
a) GF-Federal	\$ 23,472,000	\$ 23,799,032	\$ (327,032)	-1.4%
a) 17T	\$ 26,037,000	\$ 24,170,830	\$ 1,866,169	7.2%
Grants	\$ 8,679,777	\$ 9,030,988	\$ (351,211)	-4.0%
Total	\$ 63,372,777	\$ 62,184,851	\$ 1,187,927	1.9%

- a) Sufficient biennial federal authority offset GF-Federal deficit in SFY 2017. Additional grant dollars available but not included in the original budget numbers.



End of year report by object

End of Year - Enacted Budget

Object	Budget	Expenditures	Variance under/(over)	Variance %
Salaries	\$ 9,849,525	\$ 9,458,417	\$ 391,108	4.0%
a) Benefits	\$ 3,151,631	\$ 3,057,496	\$ 94,135	3.0%
b) Contracts	\$ 42,396,229	\$ 44,255,362	\$ (1,859,133)	-4.4%
c) Goods and Services	\$ 7,802,868	\$ 5,310,989	\$ 2,491,880	31.9%
Travel	\$ 172,524	\$ 102,587	\$ 69,936	40.5%
d) Total	\$ 63,372,777	\$ 62,184,851	\$ 1,187,927	1.9%

- a) The enacted legislative budget added \$86,000 for increased benefit costs
- b) Contracts is overspent due to Release 5.0 design work delivered and paid for in SFY 2017
- c) Goods and services include agency unalotted funds to offset contract expenditures
- d) Variance does not reflect 2016 overexpenditure in 17T of ~\$618,000



End of year report by department

End of Year - Enacted Budget

Department	Budget	Expenditures	Variance under/(over)	Variance %
Communications	\$ 7,281,331	\$ 6,190,912	\$ 1,090,419	15.0%
Executive	\$ 1,825,388	\$ 1,228,952	\$ 596,436	32.7%
Finance	\$ 4,907,616	\$ 3,657,072	\$ 1,250,545	25.5%
a) IT	\$ 26,790,593	\$ 30,598,842	\$ (3,808,249)	-14.2%
Legal	\$ 1,374,018	\$ 1,290,099	\$ 83,919	6.1%
Operations	\$ 18,768,022	\$ 18,229,387	\$ 538,635	2.9%
Policy	\$ 1,019,988	\$ 989,587	\$ 30,401	3.0%
Unallotted	\$ 1,405,822	\$ -	\$ 1,405,822	100.0%
Total	\$ 63,372,777	\$ 62,184,851	\$ 1,187,927	1.9%

- a) Overexpenditures due to additional funding by non-appropriated federal L1C grants and design costs related to Release 5.0



FTEs by department

Year to Date

Budgeted FTEs	Actual FTEs	Variance under/(over)	Variance %
16.7	16.4	0.3	2.0%
8.0	8.0	0.0	0.0%
16.5	16.3	0.2	1.3%
31.5	27.2	4.3	13.6%
13.5	11.6	1.9	13.9%
36.0	33.5	2.5	7.1%
8.0	7.7	0.3	4.2%
130.1	120.5	9.6	7.4%



Contracts update

Contract #	Company	Type	start	end	Contract Owner	Description	Additional value	Total contract value	Changes Through June 2017
HBE-170	Ciber	Contract	9/21/05	6/30/18	Vincent Barrailler	Optional use contract for technical staffing	\$0	\$4,000,000	Work Orders to extend three contractors
HBE-171	TEKSystem	Contract	9/21/05	6/30/18	Vincent Barrailler	Optional use contract for technical staffing	\$0	\$4,000,000	Work Order to extend contractor
HBE-173	Cognizant	Contract	1/15/15	6/30/18	Vincent Barrailler	Functional and system analysis and project management	\$0	\$4,000,000	Work Order to extend contractor
HBE-197	Sitecrafting	Contract	7/26/15	6/30/18	Michael Marchand	Corporate website development	\$15,750	\$129,950	Amendment to extend end date
HBE-217	Resource Group	Contract	3/11/16	6/30/18	Carole Holland	Financial System	\$40,000	\$427,044	Amendment for additional services and support hours
HBE-220	BerryDun	Contract	5/2/16	6/30/18	Carole Holland	Audit services	\$0	\$227,500	Update FY17 audit plan
HBE-225	American Indian Health Commission	Contract	9/21/16	9/30/17	Molly Voris	Outreach and enrollment efforts to tribal members	\$0	\$3,000	Amendment to extend end date
SLA-226	ZenDesk	Service Level Agreement	7/26/16	7/25/18	Vincent Barrailler	Support ticketing software	\$154,440	\$336,216	Amendment to extend end date
MLA-334	Microsoft	Master Level Agreement	2/1/17	1/31/18	Vincent Barrailler	Premier support services	\$13,578	\$199,961	Addition of training and support for SharePoint activities



June staff update

Department	May 2017			June 2017		
	FTE (bodies)	Contractor	TOTAL	FTE (bodies)	Contractor	TOTAL
Executive/PMO	8.5	0.1	8.6	8.5	0.1	8.6
Policy	8	0	8	8	0	8
Legal	12.5	0	12.5	12.5	0	12.5
Communications	16.5	2	18.5	16.5	2	18.5
Finance & Administration	14.5	0	14.5	15	0	15
Operations	34	3	37	33.5	0	33.5
IT	26.5	14	40.5	25.5	14	39.5
SUBTOTAL	120.5	19.1	139.6	119.5	16.1	135.6

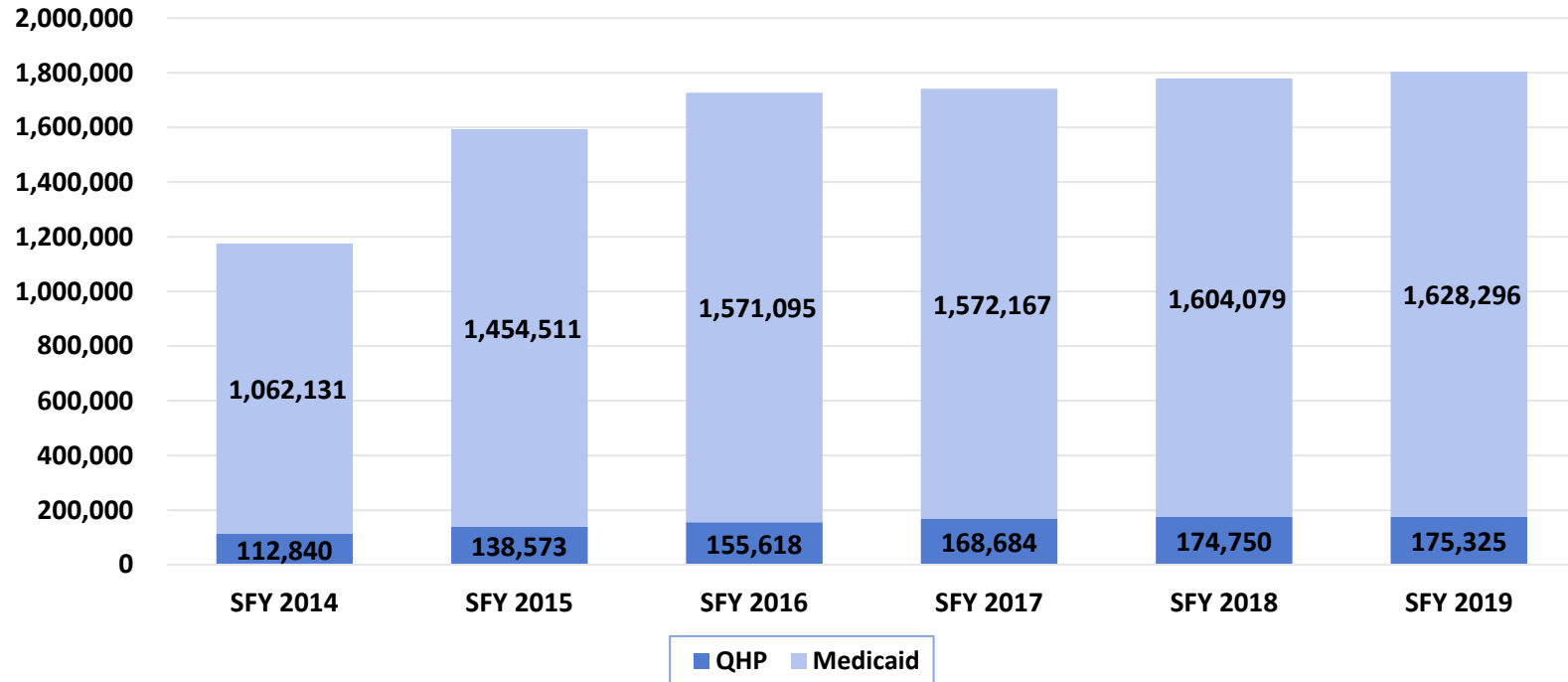


Health Benefit Exchange Financial Overview

Healthplanfinder enrollment

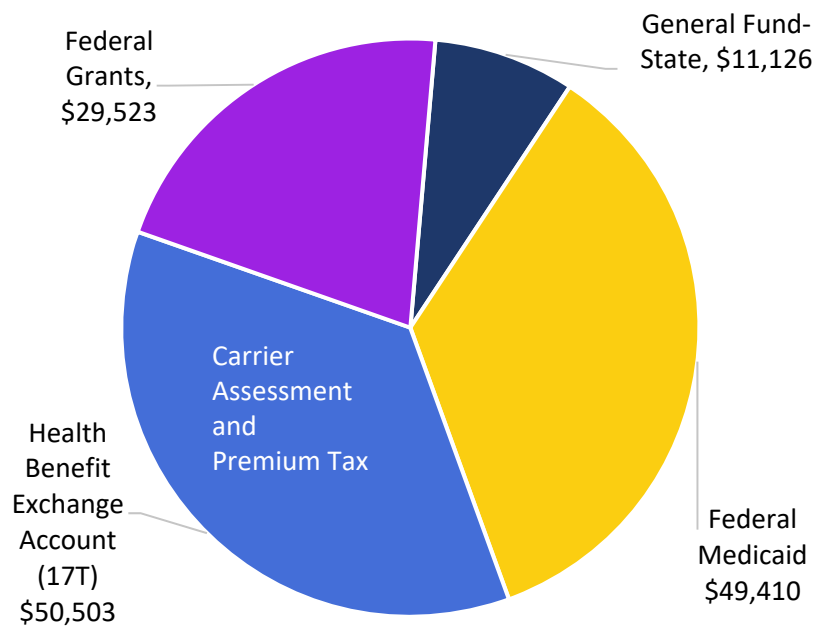
In 2014, the total enrollment using the Healthplanfinder was 1,174,972. In state fiscal year (SFY) 2014, the caseload grew by 35.6% to 1,593,084. Projections for state fiscal years 2018 and 2019 reflect the June 2017 QHP and Medicaid forecasts, which will be updated in September and November 2017.

Healthplanfinder Enrollment

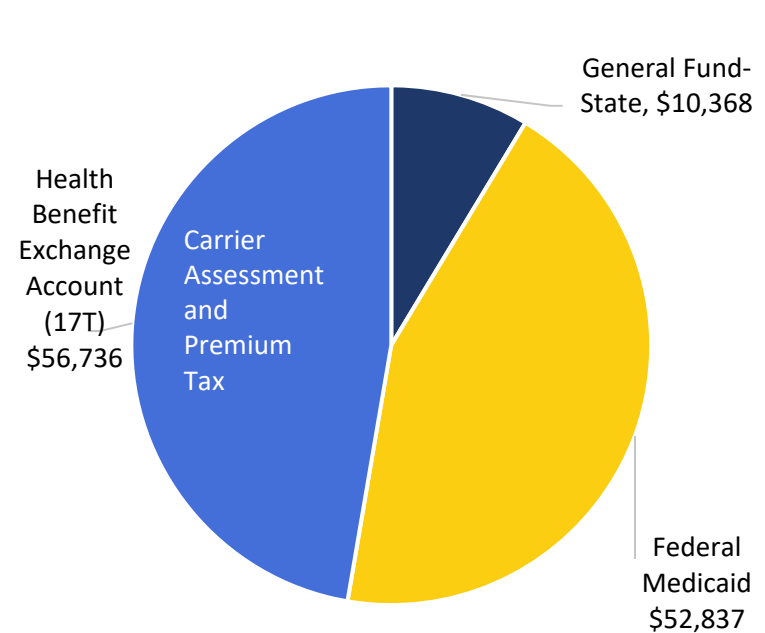


2015-17 to 2017-19 Enacted budgets – by fund source (in thousands)

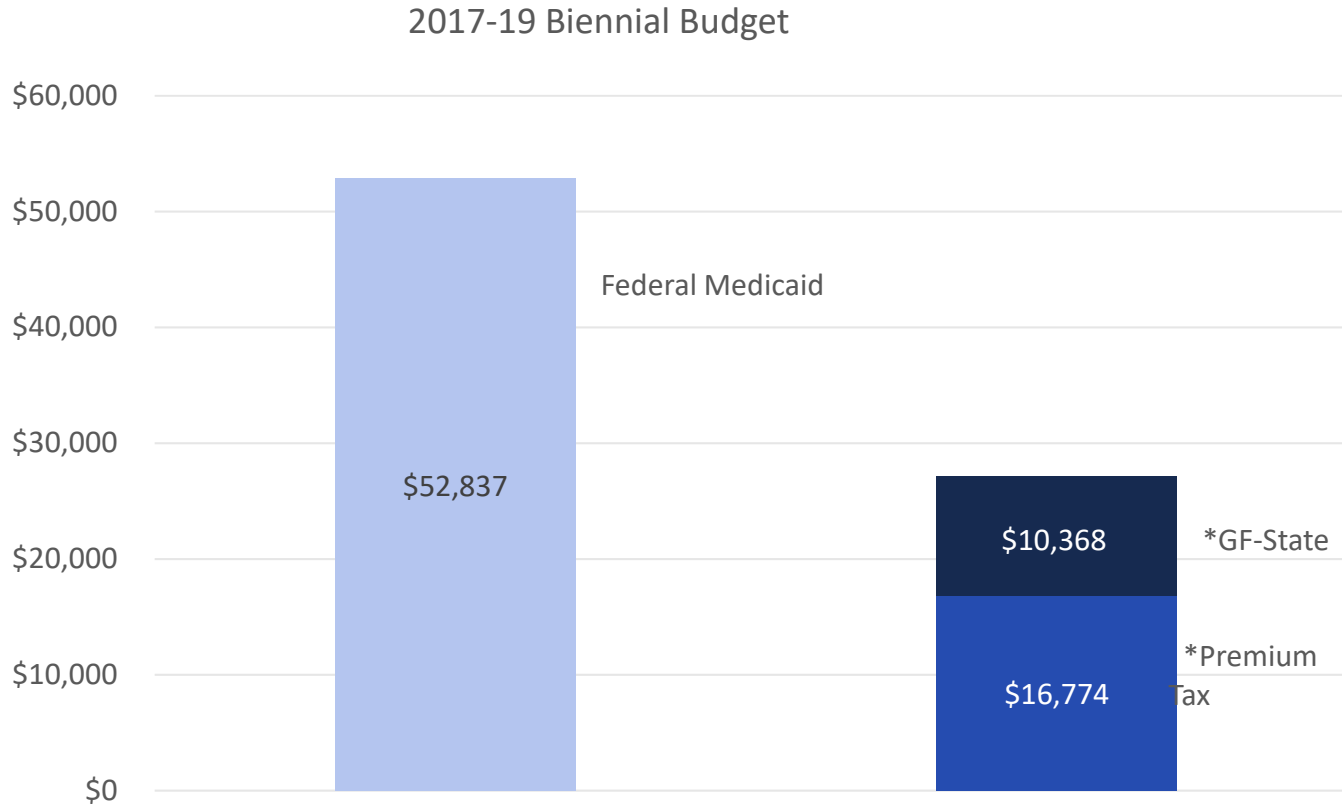
2015-17 Total Funding
\$140.6 million



2017-19 Total Funding
\$119.8 million



Federal Medicaid and state match (in thousands)

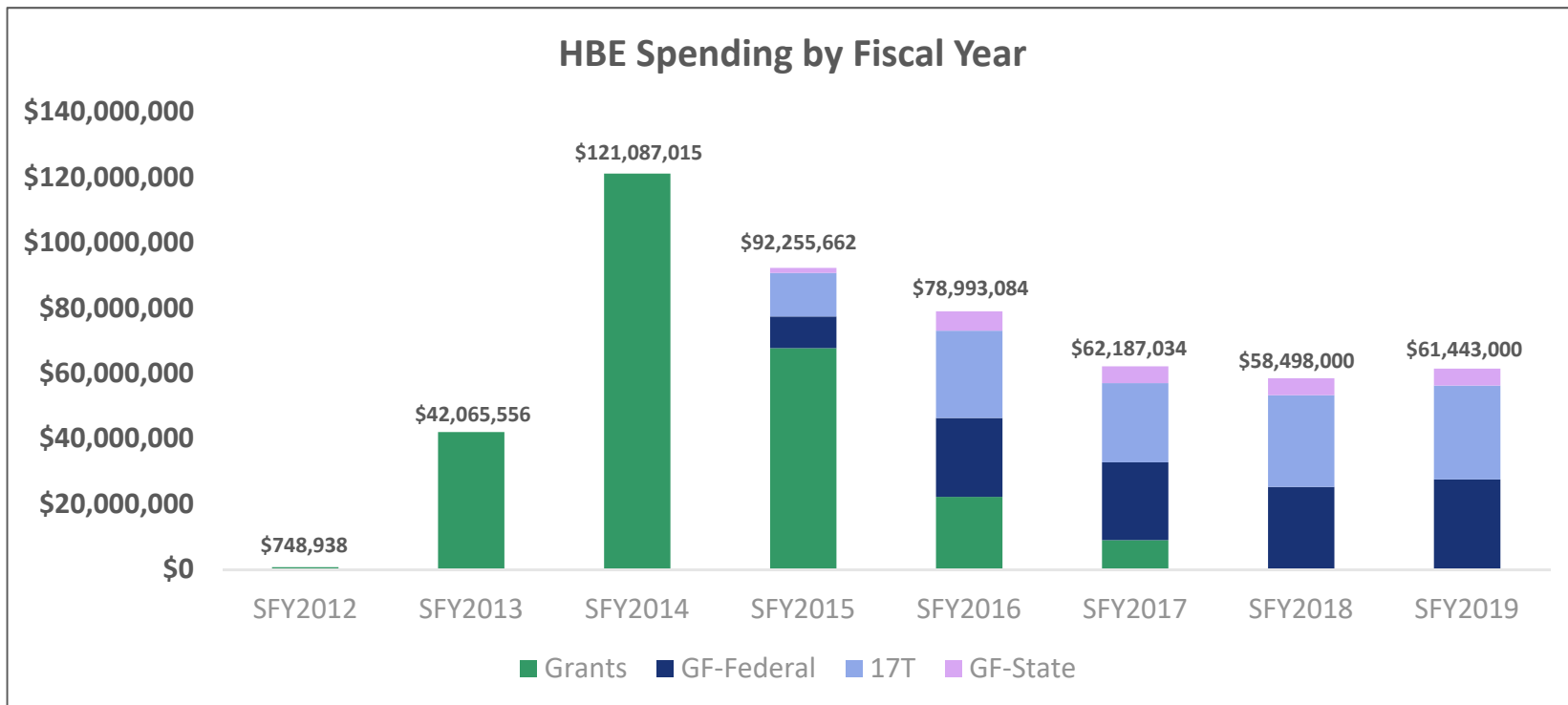


*These numbers reflect only the funds used to match Medicaid



Exchange expenditures by fund source

- Includes both appropriated and non-appropriated funds
- Prior to January 2015, the Exchange was fully funded with federal grants
- Beginning January 1, 2015, the Legislature appropriated funds to the Exchange (Health Benefit Exchange account (17T) and Medicaid)
- As of July 1, 2017 the Exchange no longer has federal grants and all funding will be appropriated by the Legislature



SFY 2018 Allotments

Appropriated budget

(in thousands)

Budget Summary	SFY 2017	SFY 2018	SFY 2019	2017-19 Biennium
001-1 GF-State	\$5,184	\$5,184	\$5,184	\$10,368
17T-1 Health Benefit Exchange	\$23,804	\$28,040	\$28,696	\$56,736
001-C GF-Federal	\$25,311	\$25,274	\$27,563	\$52,837
Enacted Budget	\$54,299	\$58,498	\$61,443	\$119,941



SFY 18 allotments – by department

Category	Salaries	Benefits	Contracts	Goods and Services	Travel	Capitalized Assets	Grand Total
Communications	1,289,180	465,665	5,590,076	52,100	40,000	-	7,437,022
Finance	1,284,405	451,136	480,000	1,812,343	10,000	30,000	4,067,884
Health Benefits Exchange	165,000	-	2,800,000	-	-	-	2,965,000
IT	2,972,436	1,051,107	12,752,319	2,731,093	9,500	1,307,500	20,823,955
Operations	2,449,735	959,508	15,224,240	22,000	77,500	-	18,732,983
Policy	725,916	258,783	88,000	61,400	8,800	-	1,142,898
Executive/PMO/HR	1,033,570	373,869	545,000	78,800	30,000	-	2,061,238
Legal	764,847	278,746	90,000	129,600	3,500	-	1,266,693
Total	10,685,089	3,838,814	37,569,635	4,887,336	179,300	1,337,500	58,497,674

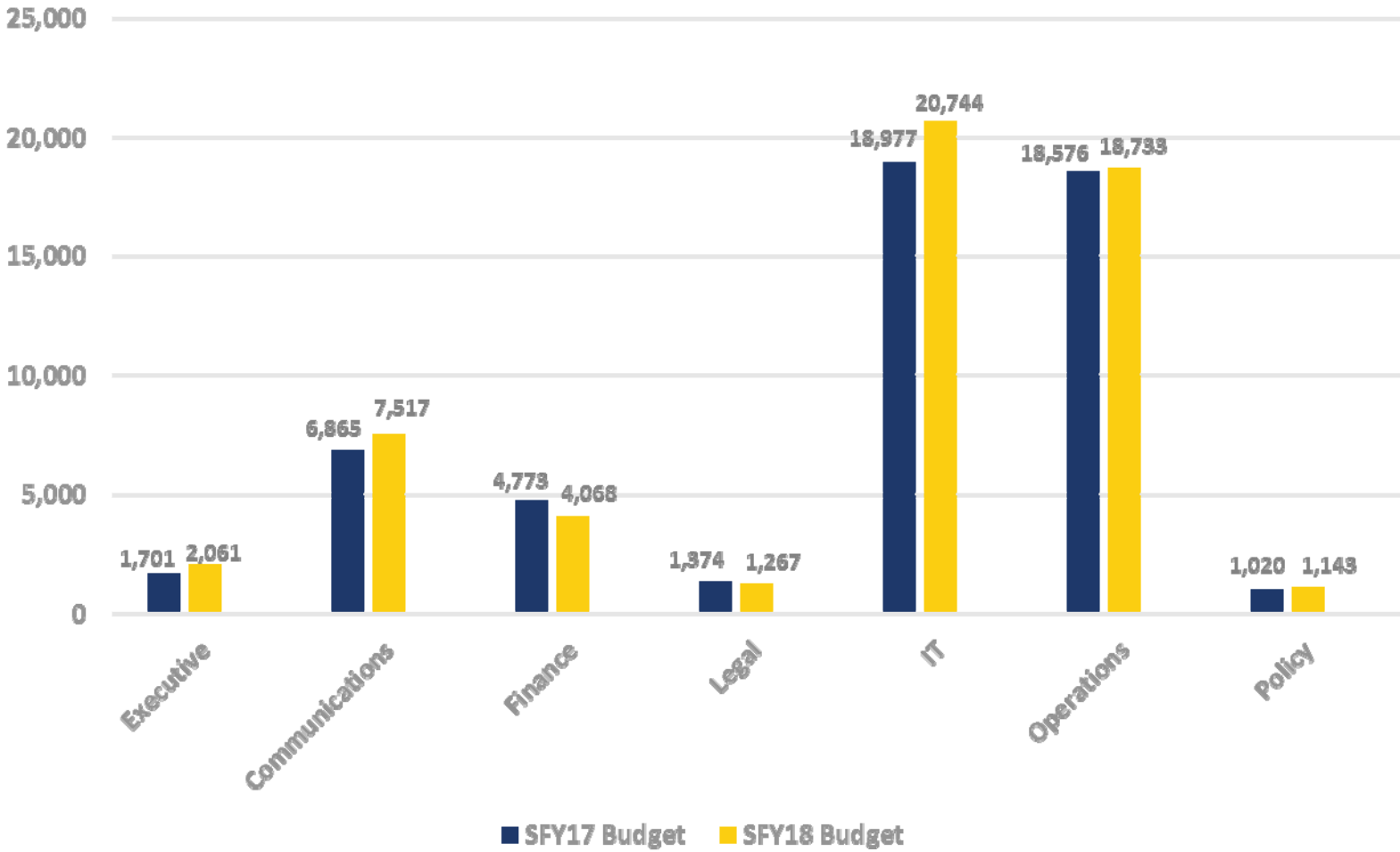


SFY 18 allotments with budget stabilization

Description		Amount
SFY 2018 Appropriation		\$58,498,000
Proposed HBE Allotment		\$55,532,520
Reserved/Unallotted Funds		\$2,865,000
Salary Adjustments	\$ 165,000	
Call Center Transition	\$1,000,000	
Contingency	\$1,800,000	
Balance		\$480



SFY 17 vs. SFY 18 appropriated budget by department (in thousands)



SFY 18 FTEs by department

Department	SFY17 Budget	SFY18 Budget	Delta	Excluding Internal Transfers
IT	30.5	32.5	2.0	2.0
Operations	35.0	34.5	-0.5	-0.5
Finance	18.0	16.0	-2.0	-1.0
Communications	17.0	16.5	-0.5	-0.5
Legal	13.5	11.5	-2.0	0.0
Policy	8.0	8.0	0.0	0.0
Exec/PMO/HR	7.0	10.5	3.5	0.5
Total	129.0	129.5	0.5	0.5



Supplemental Budget Discussion

Goals for supplemental budget

- Continue to build sustainability
- Improve efficiency
- Enhance customer experience
- Continue innovation
- Respond to federal changes
- Keep carrier assessment at current level



Technical decision packages

- These decision packages are considered “Maintenance Level” which means that they are technical in nature.
- Cost Allocation
 - Annual update to funding sources based on the advanced planning document (October 1, 2018) (cost neutral; Health Benefit Exchange Account/Medicaid)
- Expenditure authority to align with state COLA increases (Health Benefit Exchange Account/Medicaid)



Policy decision packages - placeholders

- Comply with federal requirements and optimize efficiency
 - Competitive procurement required per Federal Uniform Guidance requirements
 - One-time funding authority to cover the additional costs of transitioning customer service center vendor (depends on apparently successful vendor)
 - Technical assistance to re-procure system integrator (2019-21 biennium)
 - Health Benefit Exchange Account/Medicaid
- Federal changes to ACA
 - Allows Exchange to respond to significant changes in federal law related to the Affordable Care Act, including Medicaid changes
 - HBE Account/Medicaid/General Fund- State (Amount and fund source depends on scope of changes and populations served)
- Implement cloud solution
 - Exchange given \$4.3 million in 2017-2019 biennium to replace servers
 - Cloud solution may drive a funding increase or decrease
 - Health Benefit Exchange Account/Medicaid



Policy decision packages - placeholders

- Maximize State's investment in the Exchange
 - The Healthplanfinder is the state's single portal for determining financial eligibility for health programs
 - Several Washington programs need to replace aging systems
 - The Healthplanfinder may be a cost-effective solution for verifying eligibility for federal financial assistance and/or facilitating enrollment in health insurance
 - Funding would be needed to provide additional services
 - The funding source will be determined by the product offering option(s) chosen





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