



Washington Health Benefit Exchange

Financial Report

Exchange Board Meeting

March 22, 2018
Carole Holland, CFO

Financial Update

Finance update

- Legislative budget approved, pending Governor's signature
- Expenditures remain on track for SFY 2018, end of year ending balance increased to \$946k or 1.6%
 - Imaging costs lower
 - Printing costs during open enrollment lower
- Carrier premium tax reports submitted to OIC, reconciliation underway
- Final quarterly report to Legislature due April 2018



Expenditure report by fund source

February 2018

Fund	Budget	Expenditures	Variance under/(over)	Variance %
GF-State	\$ 465,782	\$ 404,164	\$ 61,618	13.2%
GF-Federal	\$ 1,752,843	\$ 1,526,669	\$ 226,174	12.9%
17T	\$ 2,441,056	\$ 1,839,797	\$ 601,260	24.6%
Total	\$ 4,659,681	\$ 3,770,630	\$ 889,051	19.1%

Year to Date

Budget	Expenditures	Variance under/(over)	Variance %
\$ 4,356,743	\$ 4,203,929	\$ 152,815	3.5%
\$ 15,763,631	\$ 14,773,436	\$ 990,196	6.3%
\$ 18,375,460	\$ 16,604,548	\$ 1,770,911	9.6%
\$ 38,495,834	\$ 35,581,913	\$ 2,913,922	7.6%

End of Year Projection- Total Funds

Fund	Budget	Expenditures	Variance under/(over)	Variance %
GF-State	\$ 5,181,091	\$ 5,173,277	\$ 7,815	0.2%
GF-Federal	\$ 24,329,978	\$ 24,103,082	\$ 226,896	0.9%
17T	\$ 28,963,092	\$ 28,250,880	\$ 712,211	2.5%
Total	\$ 58,474,161	\$ 57,527,239	\$ 946,922	1.6%



Expenditure report by object

February 2018

Object	Budget	Expenditures	Variance under/(over)	Variance %
Salaries	\$ 871,088	\$ 832,903	\$ 38,186	4.4%
Benefits	\$ 336,209	\$ 303,645	\$ 32,564	9.7%
Contracts	\$ 3,005,443	\$ 2,338,518	\$ 666,926	22.2%
Goods and Services	\$ 429,832	\$ 291,515	\$ 138,316	32.2%
Travel	\$ 17,108	\$ 4,049	\$ 13,059	76.3%
Total	\$ 4,659,681	\$ 3,770,630	\$ 889,051	19.1%

Year to Date

Object	Budget	Expenditures	Variance under/(over)	Variance %
Salaries	\$ 6,917,664	\$ 6,596,298	\$ 321,366	4.6%
Benefits	\$ 2,504,363	\$ 2,302,836	\$ 201,527	8.0%
Contracts	\$ 25,206,444	\$ 23,860,672	\$ 1,345,772	5.3%
Goods and Services	\$ 3,740,497	\$ 2,727,231	\$ 1,013,265	27.1%
Travel	\$ 126,867	\$ 94,875	\$ 31,991	25.2%
Total	\$ 38,495,834	\$ 35,581,913	\$ 2,913,922	7.6%

End of Year Projection- Enacted Budget

Object	Budget	Expenditures	Variance under/(over)	Variance %
Salaries	\$ 10,577,017	\$ 10,345,651	\$ 231,366	2.2%
Benefits	\$ 3,849,201	\$ 3,691,674	\$ 157,527	4.1%
Contracts	\$ 38,501,795	\$ 38,171,023	\$ 330,772	0.9%
Goods and Services	\$ 5,366,848	\$ 5,155,583	\$ 211,265	3.9%
Travel	\$ 179,300	\$ 163,309	\$ 15,991	8.9%
Total	\$ 58,474,161	\$ 57,527,239	\$ 946,922	1.6%

Note: Year to date total variance due in part to timing of deliverables for release 5.2



Expenditure report by department

February 2018

Department	Budget	Expenditures	Variance under/(over)	Variance %
Communications	\$ 810,552	\$ 400,631	\$ 409,921	50.6%
Executive	\$ 178,292	\$ 119,556	\$ 58,736	32.9%
Finance	\$ 312,151	\$ 231,532	\$ 80,618	25.8%
IT	\$ 1,649,210	\$ 1,552,454	\$ 96,757	5.9%
Legal	\$ 110,951	\$ 114,375	\$ (3,424)	-3.1%
Operations	\$ 1,499,452	\$ 1,273,192	\$ 226,259	15.1%
Policy	\$ 99,073	\$ 78,890	\$ 20,184	20.4%
Unallotted	\$ -	\$ -	\$ -	0.0%
Total	\$ 4,659,681	\$ 3,770,630	\$ 889,051	19.1%

Year to Date

Budget	Expenditures	Variance under/(over)	Variance %
\$ 5,338,447	\$ 4,971,260	\$ 367,188	6.9%
\$ 1,302,018	\$ 1,096,020	\$ 205,998	15.8%
\$ 2,716,631	\$ 2,022,379	\$ 694,252	25.6%
\$ 14,355,837	\$ 13,661,207	\$ 694,630	4.8%
\$ 862,499	\$ 773,280	\$ 89,220	10.3%
\$ 13,168,692	\$ 12,410,505	\$ 758,187	5.8%
\$ 751,710	\$ 647,262	\$ 104,448	13.9%
\$ -	\$ -	\$ -	0.0%
\$ 38,495,834	\$ 35,581,913	\$ 2,913,922	7.6%

End of Year Projection- Enacted Budget

Department	Budget	Expenditures	Variance under/(over)	Variance %
Communications	\$ 7,020,943	\$ 6,853,755	\$ 167,188	2.4%
Executive	\$ 1,960,187	\$ 1,894,189	\$ 65,998	3.4%
Finance	\$ 4,198,900	\$ 3,869,648	\$ 329,252	7.8%
IT	\$ 21,946,209	\$ 21,934,579	\$ 11,630	0.1%
Legal	\$ 1,306,302	\$ 1,259,082	\$ 47,220	3.6%
Operations	\$ 18,500,951	\$ 18,229,764	\$ 271,187	1.5%
Policy	\$ 1,129,669	\$ 1,075,222	\$ 54,448	4.8%
Unallotted	\$ 2,411,000	\$ 2,411,000	\$ -	0.0%
Total	\$ 58,474,161	\$ 57,527,239	\$ 946,922	1.6%



FTE's by Department

February 2018

	Contractor FTEs	Budgeted FTEs	Actual FTEs	Variance under/(over)	Variance %
Communications	0.0	16.5	16.5	0.0	0.0%
Executive	0.0	9.5	8.5	1.0	10.5%
Finance	0.0	15.5	14.5	1.0	6.5%
IT	10.0	33.5	32.5	1.0	3.0%
Legal	0.0	11.5	10.5	1.0	8.7%
Operations	0.0	35.0	34.0	1.0	2.9%
Policy	0.0	8.0	7.0	1.0	12.5%
Total	10.0	129.5	123.5	6.0	4.6%

Year to Date

	Contractor FTEs	Budgeted FTEs	Actual FTEs	Variance under/(over)	Variance %
Communications	0.0	16.5	16.5	0.0	0.0%
Executive	0.0	10.3	10.0	0.3	2.4%
Finance	0.0	15.8	14.5	1.3	7.9%
IT	10.0	32.8	31.1	1.6	5.0%
Legal	0.0	11.5	10.8	0.8	6.5%
Operations	0.0	34.8	32.7	2.1	5.9%
Policy	0.0	8.0	7.4	0.6	7.8%
Total	10.0	129.5	122.9	6.6	5.1%



Expenditures for major contracts

February 2018

Contractor	Current Month Budget	Current Month Expenditures	Annual Budget	YTD Expenditures	Projected End of Year	End of Year \$ Variance	End of Year % Variance
Faneuil	\$ 877,651	\$ 884,387	\$ 11,189,001	\$ 7,984,781	\$ 11,164,068	\$ 24,932	0.2%
Deloitte- M&O	\$ 413,170	\$ 413,763	\$ 5,384,025	\$ 3,727,871	\$ 5,380,806	\$ 3,219	0.1%
Deloitte- DDI	\$ 292,800	\$ 293,798	\$ 4,098,373	\$ 3,176,908	\$ 4,095,308	\$ 3,065	0.1%
KP	\$ 284,509	\$ 100,388	\$ 3,306,386	\$ 2,189,576	\$ 3,109,383	\$ 197,003	6.0%
Navigators	\$ 505,500	\$ 193,319	\$ 2,691,686	\$ 1,932,526	\$ 2,744,526	\$ (52,839)	-2.0%
GMMB	\$ 51,810	\$ 46,956	\$ 1,550,000	\$ 1,550,000	\$ 1,550,000	\$ 0	0.0%
Total	\$ 2,425,440	\$ 1,932,611	\$ 28,219,471	\$ 20,561,661	\$ 28,044,090	\$ 175,380	0.6%



Legislative Budget

2018 Supplemental Legislative Budget

- Funding increased by \$4.2 million to a total of \$124.1 million in the 2019-21 biennium
- The Exchange's two decision packages were funded as requested
 - Cost allocation to align fund sources
 - Call center and system integrator procurement - \$3.7 million
 - One time-time funding for the potential costs of transitioning to a new customer service center vendor
 - Technical assistance to develop RFP to re-procure system integrator
- Includes funding for legislation that the Exchange must implement
 - SB 5683 - Health Care for Pacific Islanders (COFA) - \$196,000 GF-State
 - HB 2595 - Automatic Voter Registration - \$271,000 GF-State



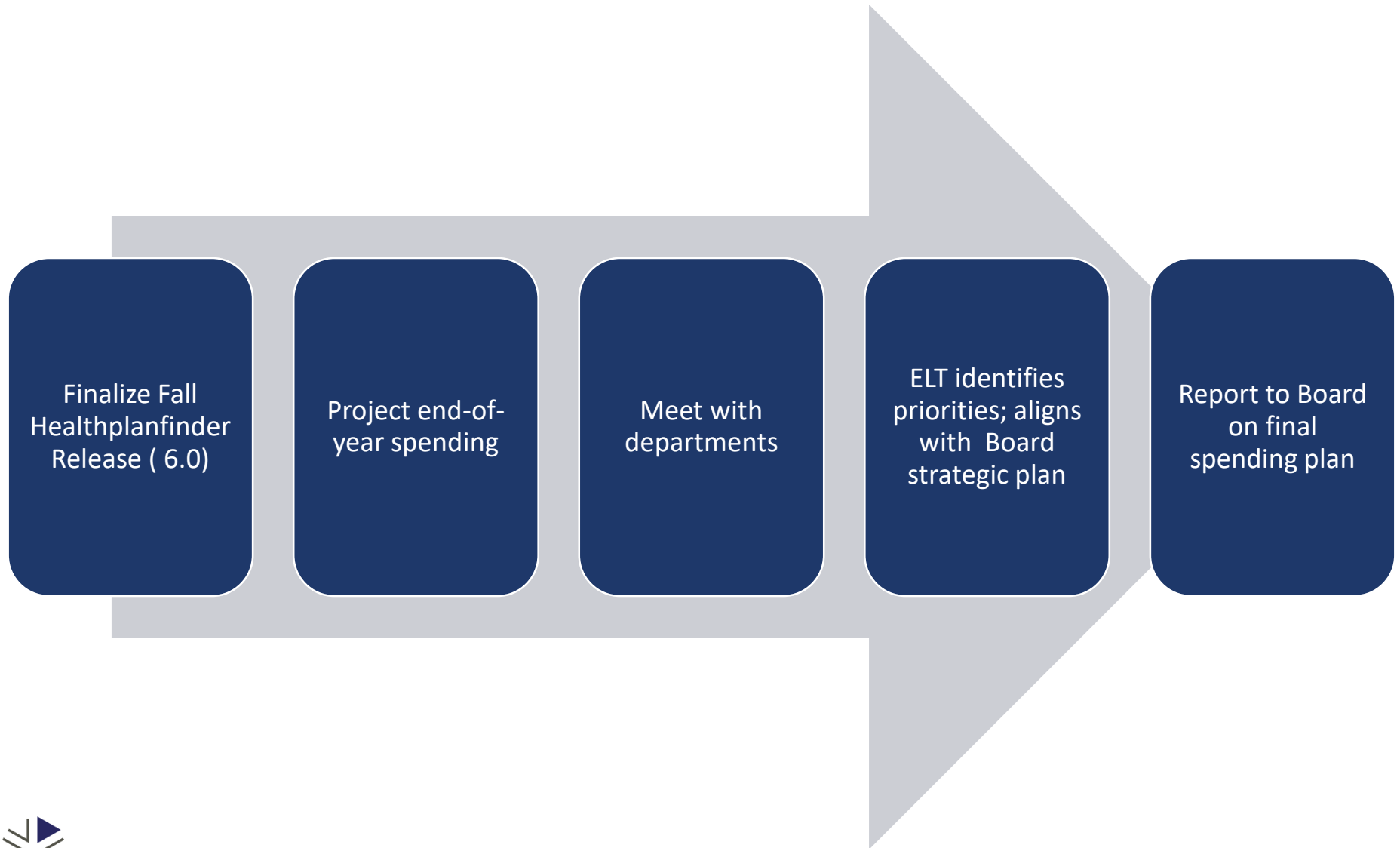
2018 Supplemental Legislative Budget

Fund Source	Conference Budget	
	FY2018	FY2019
Enacted Budget		
GF-State	\$ 5,184,000	\$ 5,184,000
17T	\$ 28,040,000	\$ 28,696,000
GF-Federal	\$ 25,274,000	\$ 27,563,000
Total	\$ 58,498,000	\$ 61,443,000
2017-19 Enacted Biennial Budget	\$119,941,000	
Incremental Budget Change		
GF-State	\$ -	\$ 467,000
17T	\$ 931,000	\$ 1,718,000
GF-Federal	\$ (386,000)	\$ 1,441,000
Total	\$ 545,000	\$ 3,626,000
Final Proposed Budget		
GF-State	\$ 5,184,000	\$ 5,651,000
17T	\$ 28,971,000	\$ 30,414,000
GF-Federal	\$ 24,888,000	\$ 29,004,000
Total	\$ 59,043,000	\$ 65,069,000
2017-19 Proposed Biennial Budget	\$124,112,000	



2019 Budget Development

FY 2019 Budget Process



2019-21 Board Budget Process

May

- Discuss concepts with Board

June

- Board strategic planning

July

- Board review of decision packages (DP)

August

- Board approves budget, staff submittal to HCA

September- December

- Board engagement with key stakeholders



Carrier Assessment

Establishing 2019 Carrier Assessment

Methodology for setting the carrier assessment:

Enacted budget

- projected premium tax revenue

- Medicaid funding

-General Fund-State

+ three-month operating reserve

carrier assessment

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Other Factors in Establishing the Assessment

1. Premiums for the following calendar year (2019) are not known
2. Level of eligible Medicaid reimbursement is not stable
3. Actual enrollment has historically varied from projections
4. Potential changes in federal policy that may affect enrollment
5. Unknown expenditures that may subsequently be approved by the legislature in the period covered by the assessment



Carrier assessment timeline

- Wakely to provide actuarial enrollment update by first week in April
- Finance will develop rates
- Exchange to meet with carriers week of April 9th to review proposed assessment rate and obtain input
- Special board meeting week of April 16th to approve carrier assessment



2019 Assessment

- Exchange plans to reduce carrier assessment
- Rationale for assessment reduction
 - Increased premiums lead to higher premium tax collections
 - Enrollment for 2017 was higher than expected (and 2018 YTD)
 - The 3-month operating reserve was established by:
 - Extension of Level 1B grant funded IT enhancements originally to be paid by 17T (Health Benefit Exchange Account)
 - Cost allocation of administrative activities supporting Medicaid clients



January Contracts Update

February contract updates

Contract #	Company	start	end	Description	Additional value	Total contract value	Changes Through February 2018
SLA-137	Vertical Solutions	2/8/18	12/31/30	Use of Legal Track	\$0.00	N/A	Amended Section 5.1 FEES; Change in fees and notification days
HBE-352	The Athena Group	2/21/18	6/30/18	Lean Consultant	\$20,000	\$110,000	Funding for additional projects and facilitator training
HBE-378	Secure-24	2/23/18	6/30/20	HPF Hosting Services	(\$424,410.32)	\$2,700,000	Remove 6 of the 14 managed virtual machines; introduce new language to simplify change order process





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