



**CONNECT** *for* **HEALTH**  
COLORADO®



2016 Annual Report

The mission of Connect for Health Colorado® is to increase access, affordability and choice for individuals and small employers purchasing health insurance in Colorado.



175,056

Paid enrollments for 2016

\$318 M

Total dollars Coloradans saved off their 2016 premiums with Marketplace tax credits

6.7%

Colorado's uninsured rate in 2016  
(Represents uninsured rate for 2015. New data available in Fall of 2017.)

Governor John Hickenlooper  
State Capitol  
200 East Colfax Avenue  
Denver, CO 80203

The Honorable Kevin Grantham  
President, Colorado State Senate  
200 East Colfax Avenue  
Denver, CO 80203

The Honorable Cristiana Duran  
Speaker, Colorado State House  
200 East Colfax Avenue  
Denver, CO 80203



Dear Governor Hickenlooper, President Grantham and Speaker Duran,

On behalf of my Board colleagues and the staff at the Colorado Health Benefit Exchange (Connect for Health Colorado), I am pleased to provide our 2016 Annual Report in compliance with CRS 10-22-101.

As you know, the mission of our organization is to increase access, affordability and choice for individuals and small businesses buying health insurance in Colorado. Since the Marketplace opened in 2013, Colorado's uninsured rate has been cut in half while thousands of Coloradans have found private health insurance coverage through the Marketplace.

In 2016, **175,056 Coloradans** — from every county in our state — obtained coverage through the Marketplace and **678 small businesses** provided coverage to **5,403** of their employees and family members. We helped **return \$318 million** to Coloradans through Advanced Premium Tax Credits. **Fifty-five percent** of our customers qualified for this valuable financial assistance.

But we know our impact is not always best measured in numbers. A retired shipping office clerk from Delta shared her story with us and I would like to share it with you. During a trip to Greeley to visit her cousin she found herself running a high fever one evening. She went to an urgent care facility and was then rushed to the emergency room where doctors diagnosed her with a life-threatening infection.

It took a month in a Greeley hospital to treat her and then there was follow-up treatment in Grand Junction. She has recovered her health now and the tax-credit subsidy she receives through Connect for Health Colorado enables her to stay covered, protect her health and her financial security.

In 2016, we welcomed a new health insurance company, Bright Health, to our Marketplace, even as market dynamics led others (two in Colorado) to leave the individual health insurance market served by Connect for Health Colorado. Seven insurance companies now compete for business in our Marketplace.

This year we took a large step forward in assisting Coloradans shopping for health insurance by partnering with the Center for Improving Value in Health Care (CIVHC) to provide greater transparency into the total cost (premiums plus out-of-pocket costs) of healthcare coverage. With data from the All Payers Claims Database managed by CIVHC, shoppers in the Marketplace can get an estimate of the total cost of their coverage as they choose their coverage.

Connect for Health Colorado began laying the foundation in 2016 for serving a broader range of our customers' needs through the formation of a public benefits corporation, which is able to sell vision coverage and other products.

With the uncertainty surrounding the direction of national healthcare policy, we recognize that the Legislature charged us with implementing a "Colorado" solution to healthcare reform and we remain committed to ensuring Connect for Health Colorado builds on the successes you will find in this report as we continue serving the healthcare coverage needs of our state

Adela Flores-Brennan  
Chair of the Board  
Connect for Health Colorado

CC: Connect for Health Colorado Board of Directors; Senate Health and Human Services Committee; House Health Insurance and Environment Committee; House Public Health Care and Human Services Committee; Colorado Health Insurance Exchange Oversight Committee; Rep. Dianne Primavera, Chair; Rep. Beth McCann, Vice-Chair; Sen. Irene Aguilar; Sen. John Kefalas; Rep. Lois Landgraf; Sen. Kevin Lundberg; Sen. Beth Martinez Humenik; Rep. Su Ryden; Rep. Lang Sias; and Rep. Jack Tate.

# Executive Summary

The third Open Enrollment for health insurance coverage in 2016 concluded on January 31, 2016, with a Special Enrollment Period available for eligible customers, like those with the Colorado HealthOp, to shop until February 29, 2016. By the end of the Open Enrollment, 169,000 Coloradans were covered, marking it as one of the strongest performances to date with increases in key metrics over the previous period, most notably:

- More Coloradans were covered – a 19% increase over the previous period.
- Customers had a smoother experience both online and with the Customer Service Center.
- Customers found it easier and more convenient to get help from a Broker or an Assister in their communities using online scheduling tools and Enrollment Centers.
- More customers saved money on health insurance through Premium Tax Credits and Cost-Sharing Reductions – available only through the Marketplace.

In preparation for the fourth Open Enrollment (beginning November 1, 2016) and with stable systems, the Marketplace focused on technology and operational enhancements that would directly improve the customer experience.



## Technology

In 2016, Connect for Health Colorado technology activities were guided by three priorities:

- Improve operational efficiency and the customer experience,
- Drive long-term value from IT investments, and
- Continue complying with regulatory requirements outlined by the law and federal partners.

Prior to the start of the fourth Open Enrollment, improvements included enhanced password reset function for customers, and enhanced data transfer between Connect for Health Colorado and health insurance company systems. Internally, strong progress was made on implementing a Business Intelligence improvement plan which aims to equip the Marketplace's business units with on-demand, web-based enrollment data to inform future plans and efforts.

The organization re-structured contracts with key IT vendors to provide more manageable and predictable technology capacity at a lower cost.

Internally, the IT team was reorganized to strengthen vendor management processes, improve efficiencies and support a more agile technology development approach for future enhancements.

In complying with federal regulation, the organization modified the process for verifying income, identity and tax-filing status for customers applying for financial assistance. These checks are critical for ensuring customers are eligible for financial assistance and receive the appropriate amount.

In an effort to provide greater transparency into the total cost of healthcare coverage, the Marketplace launched the Quick Cost and Plan Finder tool arming customers with estimates, based on their healthcare usage, of their total healthcare costs using Colorado-specific claims data.

## Operations, Budget and Oversight

In 2016, Connect for Health Colorado closed out all funding from the federal grant and migrated toward a fee-supported, sustainable model. This was achieved by reducing overall operational costs through the Customer Service Center, a reduction in Assistance Network scope, lower and focused marketing spend and a renegotiation of technology costs. The Board of Directors approved the 2017 fiscal budget of \$40.1 million, a 16% reduction from the prior year. With overall lower budgets, the organization focused efforts on areas that could achieve greater operational efficiency, improve customer experience, and identify new customers who were eligible for savings but did not yet have health insurance.

## Fourth Open Enrollment

Open Enrollment began on November 1, 2016, and plan selections in that first month were 23% over that same time period in 2015. The December 15 deadline for January 1 coverage was a record-breaking day with more than 12,000 plan selections in one day! By the close of that important deadline, Coloradans selected 144,692 medical and/or dental insurance plans with 80% from renewing customers and 20% coming from new customers. At the halfway point, every metric pointed to achieving our most successful Open Enrollment by the close of January 31, 2017.



**Board Chair**  
Adela Flores-Brennan

Executive Director  
Colorado Consumer Health Initiative



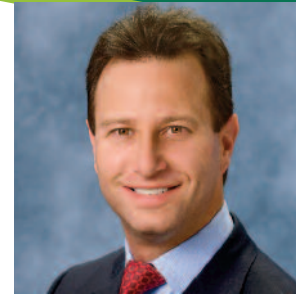
**Board Vice-Chair**  
Steve Erkenbrack

President  
Rocky Mountain Health Plans



**Board Secretary**  
Davis Fansler

Managing Director  
Castling Partners, LLC



Eric Grossman  
President and CEO  
NextHealth Technologies



Jay Norris

Broker & Owner  
Colorado Health Insurance Insider



Sharon Lee O'Hara

Executive Vice President  
National Multiple Sclerosis Society  
CO/WY Chapter



Denise O'Leary

Private Venture Capital Investor



Marc Reece

Senior Director, State Government  
Affairs, Western Region, Aetna



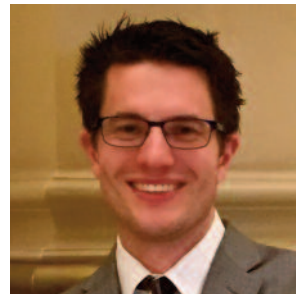
Nathan Wilkes

Founder and Principal Consultant  
Headstorms, Inc.



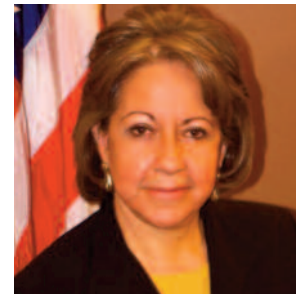
Susan Birch, RN, MBA

Ex-officio, Executive Director  
Colorado Department of Healthcare  
Policy and Financing



Kyle Brown

Ex-officio, Sr. Health Policy Advisor  
Office of Colorado Gov. Hickenlooper



Marguerite Salazar

Ex-officio, Commissioner of  
Insurance, Colorado Department of  
Regulatory Agencies

## 2016 Board of Directors

Per [CRS 10-22-101](#), the Colorado Health Benefit Exchange Board of Directors consists of nine voting members who bring specific experience and backgrounds and three non-voting ex-officio members. Five are appointed by the Governor and the other four are appointed by the majority and minority leaders of each house of the General Assembly. Appointed members serve for four years and can be appointed twice.

The Board meets in full session at least once a month and members participate in committees including the Executive Committee; the Finance and Operations Committee; and the Policy and Regulations Committee.

# Colorado Health Insurance Exchange Oversight Committee

**Senate Bill 10-256 (CRS-10-22-101)** established a committee of 10 state legislators to guide the implementation of Colorado's health insurance exchange and make recommendations to the General Assembly. Senate Bill 15-256 (CRS-22-103) changed the name of the committee to the Colorado Health Insurance Exchange Oversight Committee (Oversight Committee), increased the number of times the Oversight Committee can meet, the number of bills the

Oversight Committee can refer to the General Assembly and made an appropriation for legislative costs. In 2016, the Oversight Committee met four times to review operations, finances and sustainability plans of the health insurance exchange. The Oversight Committee also received testimony from stakeholder groups, state agencies and partner organizations on topics related to the access and affordability of health-care in Colorado.



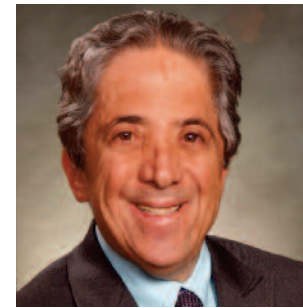
Representative  
Dianne Primavera, Chair<sup>1</sup>



Representative  
Beth McCann, Vice-Chair



Senator  
Irene Aguilar



Senator  
John Kefalas



Representative  
Lois Landgraf



Senator  
Kevin Lundberg



Senator  
Beth Martinez Humenik



Representative  
Su Ryden



Representative  
Lang Sias

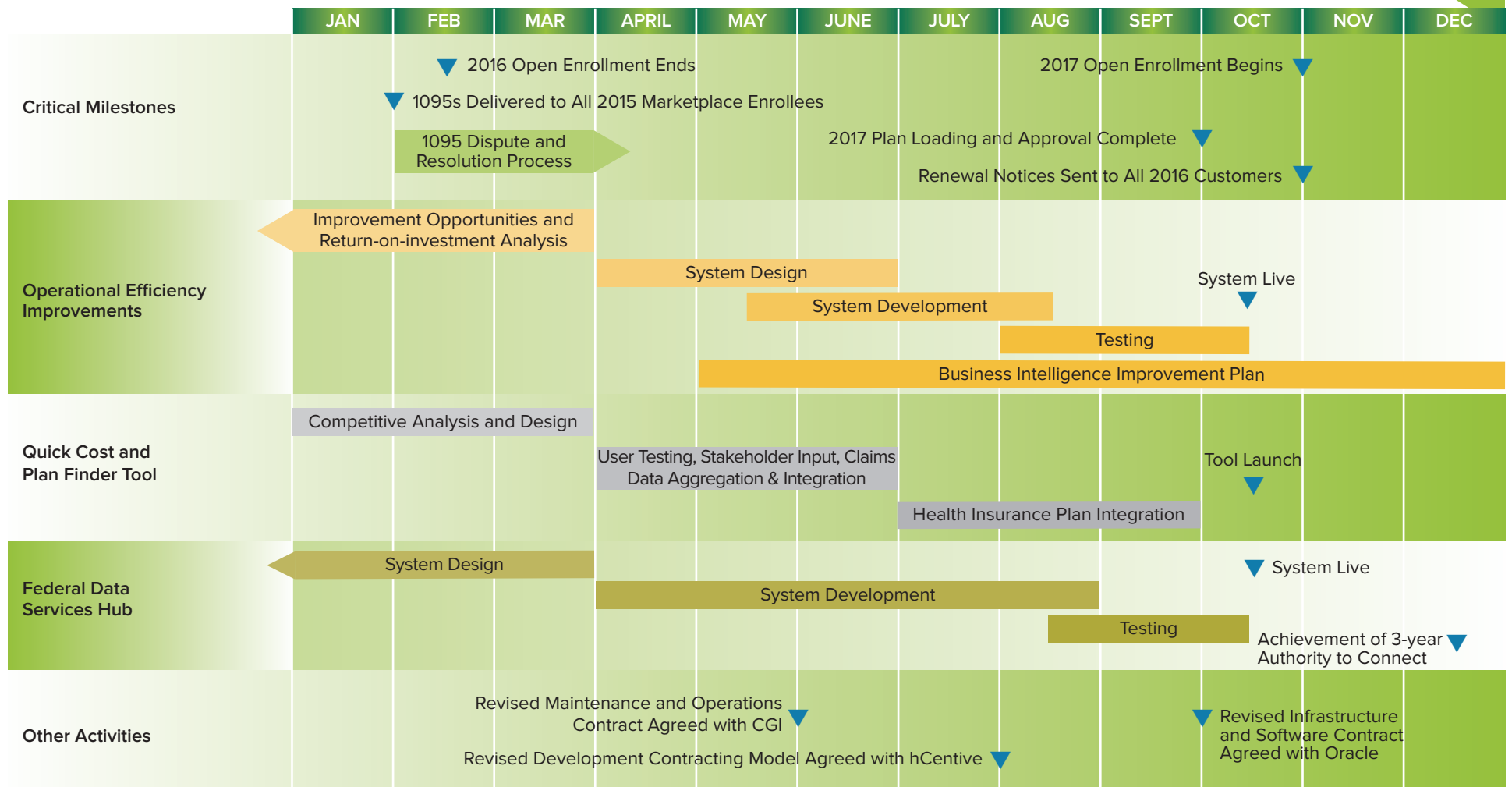


Representative  
Jack Tate<sup>2</sup>

<sup>1</sup> Rep. Dianne Primavera replaced Sen. Ellen Roberts as Chair in July 2016  
<sup>2</sup> Rep. Jack Tate joined in July 2016

# 2016 Technology Activities

The most significant system change this year was modifying the process for verifying income, identity and tax filing status for customers applying for financial assistance. This marks a major milestone in complying with federal regulation. We also implemented a Quick Cost & Plan Finder tool using Colorado-specific claims data to support customers in selecting the most cost-effective plan for their personal circumstances. Additionally, we selected seven projects in the areas of password reset, health insurance company integration and Broker functionality that had the greatest impact on operational efficiency, which were implemented prior to Open Enrollment.



# 2016: Making a Difference for Coloradans

## How many Coloradans enrolled?

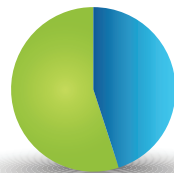


## Who helped with enrollment?



## How many customers received financial assistance?

- 55% Financial Assistance
- 45% Non-Financial Assistance



## How much did our customers pay?



- \$209** Average Non-Financial Assistance Premium
- \$237** Average Tax Credit/Month
- \$107** Average Premium after Tax Credit

## Who enrolled by age?

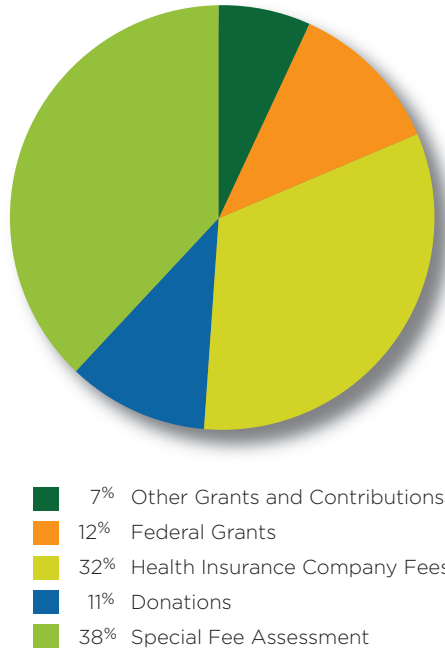




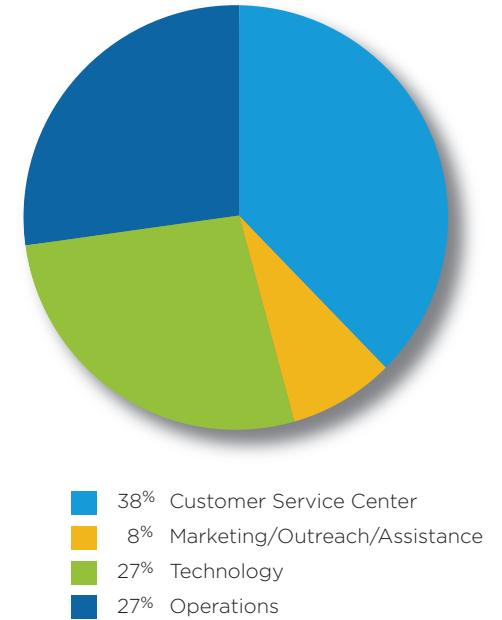
# Financials

Over the last fiscal year, Connect for Health Colorado continued to migrate towards a fee-supported organization. All funding from the federal grant was closed out during the year. The organization's operations are now primarily funded through a combination of a health insurance company fee charged on plans placed through the Marketplace (set at 3.5 percent by the Board for 2016 and 2017) and a broad market assessment on health insurance companies operating in Colorado (set at \$1.80 per policy per month by the Board and approved by the Legislative Oversight Committee for 2016). The broad market assessment ended in 2016. The loss in this revenue source, along with federal funding was buffered by the healthy increase in enrollments and its positive impact on health insurance company fee revenue. Other funding sources include grants from the Colorado Health Foundation to pay for Assistance Network costs and other special initiatives along with donations.

**Fiscal Year 2016 Revenue**  
[July 1, 2015 - June 30, 2016]



**Fiscal Year 2016 Operating Expenses**  
[July 1, 2015 - June 30, 2016]



## Expenditures

The decreases in revenue sources required a concerted effort in fiscal year 2016 to further reduce operating expenses in order to maintain sustainability. These reductions resulted from placing the Customer Service Center under a single vendor with tighter controls on cost fluctuations, a reduction in the scope of the Assistance Network, reducing and focusing marketing spending, and the renegotiation of technology maintenance and operations costs. These cost-reduction measures continued into the current fiscal year through approval of the 2017 budget. Operating expenditures for the current fiscal year 2017 are budgeted to total \$40.1 million, which is a reduction of 16 percent from the prior year. Of the total budgeted for 2017, the largest expenditures relate to customer support (38 percent) and technology (30 percent) followed by general operating costs (23 percent) and marketing and outreach including the Assistant Network (10 percent).

## Sustainability Approach

Connect for Health Colorado strives to have an efficient and effective operation to deliver on its mission at the lowest possible cost. The organization continues on the path to sustainability through its leveraging of technology investments; increasing revenues through growing enrollment; renegotiating vendor contracts to provide lower and more predictable expenditures; and tight management of administrative controls. Through these measures the organization expects to be operationally sustainable over the next two years. Due, in part, to prudent spending over the last two years, the organization has been able to maintain a cash reserve that will provide support during this transitional period. Recent positive performance during the fourth Open Enrollment supports the continued path to sustainability.

## Operating Income FY 2016 & 2017

\$'s in 000's	Fiscal Year 2016 Actual	Fiscal Year 2017 Budget	Total Two Years
<b>Revenues:</b>			
Federal Revenue	5,348	-	5,348
Non-Federal Revenue	40,038	40,790	80,828
<b>Operating Costs:</b>			
Customer Service	17,437	15,062	32,499
Technology	12,355	11,829	24,184
Marketing and General Operations	16,349	13,202	29,551
Operating Surplus (Deficit)	(755)	697	(58)



## Metrics

### Active Enrollments/Lives Covered (as of December 31, 2016)

Uninsured*	6.7%
By Age Groups (%):	
Ages 0 - 17	13%
Ages 18 - 25	9%
Ages 26 - 34	19%
Ages 35 - 44	16%
Ages 45 - 54	18%
Ages 55 - 64	25%
Ages 65 and older	0%
By family size (avg. number of individuals per application for 2016)	2.2
1095A Forms sent	100,730
1095A Forms corrected	3,676

### Access

Effectuated enrollment (Individual-Health)	175,056
Effectuated enrollment (SHOP-Health)	5,403
Number of small businesses participating	678
Effectuated enrollment (Individual-Dental)	1,768
Effectuated enrollment (SHOP-Dental)	949
New enrollment vs. returning enrollment	53% vs. 47%

### Affordability

Total tax credit Coloradans received	\$318,479,489
Customers receiving financial assistance	55%
Customers receiving non-financial assistance	45%
Average non-financial assistance premium	\$209
Average tax credit/month	\$237
Average financial assistance premium gross	\$372
Average financial assistance premium after tax credits	\$107



## Choice

Individual health plans-----	131
Individual dental plans-----	12
SHOP health plans-----	71
SHOP dental plans-----	8
Individual health insurance companies-----	8
SHOP health insurance companies-----	4

## Sales and Service Channels

Customer Service Center representatives (full time and seasonal)-----	280
Calls received-----	489,847
Average speed of answer-----	2 min. 55 sec
Average handle time-----	17 min. 22 sec
Customer Service Center performance level-----	82%
Chats accepted-----	56,815
Certified Brokers-----	952

Broker enrollments-----	49%
Leads generated through Lead Tool-----	21,286
Assistance Sites-----	25
Health Coverage Guides-----	110
Certified Application Counselors-----	290
Statewide Enrollment Centers-----	18

## Outreach and Marketing

Enrollment events-----	121
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