

ANNUAL REPORT 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 CRISANTA DURAN
Speaker, Colorado State House
200 East Colfax Avenue
Denver, CO 80203

Dear Governor Hickenlooper, President Grantham and Speaker Duran,

On behalf of my colleagues on the Board of Directors and the staff at the Colorado Health Benefit Exchange (Connect for Health Colorado¹), I am pleased to provide our 2017 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 by more than half, to 6.5 percent, while thousands of Coloradans have found private health insurance coverage through the Marketplace. Personal bankruptcies tied to healthcare debt have plummeted more than 60 percent, from 104,000 in 2013, to fewer than 40,000 this year.¹

I am happy to report that our Board this year adopted a strategic plan to carry our mission forward through 2020, underpinned by these four goals:

- Advocate to improve access to coverage in rural areas of Colorado.
- Maximize the number of consumers and employers who shop and enroll through the health insurance marketplace, and apply for financial assistance.
- Improve the ability of customers to attain and retain the right coverage for their needs.
- Ensure that Connect for Health Colorado is a healthy and thriving organization.

Uncertainties in national policy and in the nation's health insurance markets presented Connect for Health Colorado an historic opportunity to fulfill its mandate to provide a Colorado solution to healthcare coverage.

Through collaboration with the state Division of Insurance, our health insurance company partners and other stakeholders, we managed a strategy to keep all seven health insurance companies in our Marketplace. Health insurance companies were able to file two sets of plans and rates for the coming year with the DOI so that when they lost Cost-Sharing Reduction payments less than three weeks ahead of the start of Open Enrollment, we were ready to help them adjust immediately without a delay to the start of Open Enrollment. They continue to offer coverage in every county of the state.

Supporting Our Customers

In February, the Clear Choices Campaign, a third-party, non-partisan healthcare group ranked our Quick Cost & Plan Finder tool second in the nation for enabling customers to evaluate key health plan details and estimate their costs. This same tool was later awarded a Bronze medal by Digital Health Awards in the category of Web-based Resource Tools. The Quick Cost and Plan Finder is a customer-decision support tool that incorporates Colorado-specific claims data from the Center for Improving Value in Health Care (CIVHC) to provide yearly cost estimates, including premiums and out-of-pocket expenses, tailored to each plan under consideration.

Leading up to this year's Open Enrollment, we streamlined the design of the tool and added new functionality including prescription cost estimates to give customers an even better snap shot of what they might expect to spend with a specific plan. By regionalizing the claims data, we provide cost estimates that better reflect variations by location.

Facing continued uncertainty around the direction of national healthcare policy, we remain fully committed to building on the successes you will find in this report as we continue serving the healthcare coverage needs of the people of Colorado.



ADELA FLORES-BRENNAN
Chair of the Board
Connect for Health Colorado

¹Colorado Health Access Survey, September 2017, Colorado Health Institute;
https://www.coloradohealthinstitute.org/sites/default/files/file_attachments/2017%20CHAS%20DESIGN%20FINAL%20for%20Web.pdf

EXECUTIVE SUMMARY

Overview

With 2017 officially in the history books, now is the time to pause and take stock of Connect for Health Colorado's progress over the last calendar year — Jan. 1 through Dec. 31, 2017.

While 2017 was just getting started on Jan. 1st, we were well into our fourth Open Enrollment Period – the window of time when Coloradans were enrolling in 2017 health insurance coverage. Concluding on March 1, 2017, our fourth Open Enrollment was 121 days long and included a Special Enrollment Period for certain eligible customers extending beyond the close of the regular enrollment period. This Open Enrollment was the primary contributor to our 12-month total of 180,219 Coloradans enrolled in 2017, marking it as our strongest performance year-to-date. Other notable key metrics of our fourth Open Enrollment Period included:

- Customers selected more plans with fewer calls to our Customer Service Center, cutting the average wait time in half.
- Nearly one in three customers completed their enrollment unassisted.
- Our Quick Cost & Plan Finder tool was ranked second nationally by the Clear Choices Campaign, a third-party, non-partisan healthcare group.

Technology

Prior to the start of the fifth Open Enrollment (November 1, 2017), and in addition to planned operational enhancements, Connect for Health Colorado worked to improve the customer experience while matching previous volumes during a shorter enrollment period. Discontinued funding of Cost-sharing Reductions (CSRs) announced two weeks before the start of Open Enrollment, which forced health insurance companies to adjust their plan and rate offerings, added to the last-minute technology challenges. As a result of continual coordination with the state Division of Insurance and the seven health insurance companies offering Marketplace coverage for 2017, the Marketplace was positioned to open on time, despite the late-hour changes.

Toward our goal of improving the customer experience, the following technology upgrades were made:

- System response times were shortened to handle higher volumes.
- Enrollment steps were reduced by creating pre-calculated Suggested Plans for 2018 eligibility.
- Processes to ensure accurate plans and premiums were put into place.
- Enhancements to Payment Web Services simplified online payment and reduced errors.

Internally, the IT and Operations Teams were combined to create more efficiencies and cohesive management of day-to-day operations and more fully align technology initiatives with business needs.

Operations, Budget and Oversight

In 2017, Connect for Health Colorado continued its cost reduction initiatives to maintain long-term financial sustainability for the organization. As anticipated, funding from the special fee assessment expired during the year. Due to previous cost reduction initiatives, along with a 6 percent reduction in operating expenses in 2017, the organization maintained a financial surplus for the year.

For 2018, the Board of Directors-approved fiscal year budget of \$377 million will bring an additional 6 percent reduction in operating costs. With the transition to enrollment-based health insurance company fees as the primary funding source for the organization, additional emphasis continues on creating greater operational efficiency. Focus will be given to improving the customer experience, providing more flexible technology contractor relationships and identifying new customers who are eligible for savings and do not yet have health insurance.

Fifth Open Enrollment

Connect for Health Colorado's fifth Open Enrollment began on November 1, 2017, with all seven health insurance companies who participated in the Marketplace the previous year returning to offer coverage in 2018. Despite many challenges in the political environment, all signs point to achieving another successful Open Enrollment, which ends January 12, 2018. A complete report on our fifth Open Enrollment will be released in early March.

2017 Annual Enrollment Highlights

180,219
paid enrollments

6.5%
Colorado's
uninsured rate

63%
of customers qualified for
financial assistance

\$374
per month average
Premium Tax Credit savings

2017 BOARD OF DIRECTORS

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.



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



CLAIRE BROCKBANK
Principal
Segue Consulting



JAY NORRIS
Broker & Owner
Colorado Health Insurance Insider



SHARON O'HARA
Director
Chronic Care Collaborative



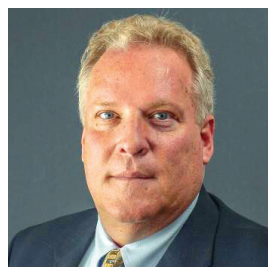
DENISE O'LEARY
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Affairs, Western Region, Aetna



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Headstorms, Inc.



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Department of Health Care Policy
& Financing



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Policy Director, Health &
Human Services
Office of Colorado Gov. Hickenlooper



MIKE CONWAY
Ex-officio
Interim Colorado Insurance
Commissioner

2017 OVERSIGHT COMMITTEE

Senate Bill 11-200 (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 10-22-107) 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 2017, the Oversight Committee met twice 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 healthcare in Colorado.



Senator
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Senator
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HUMENIK**



Representative
LANG SIAS



Senator
JACK TATE

2017-2020 STRATEGIC PLAN

In July, the Connect for Health Colorado Board of Directors adopted a strategic plan for 2017-2020. The Strategic Plan set four goals for the organization, even as the national healthcare policy debate continues with a measure of uncertainty. The Plan focuses on what Connect for Health Colorado knows today and is within its control. The Board and staff believe that acting now, while maintaining flexibility should the situation change, will put the Marketplace in the best position to continue to meet the needs of Colorado residents and small businesses while fulfilling its commitment to a “Colorado” solution to accessing healthcare.

Goals



1 Advocate to improve access to coverage in rural areas of Colorado.

Increasing the number of participating health insurance companies in rural areas would have a significant impact on access and affordability. To achieve this, Connect for Health Colorado will focus on activities that encourage the participation of health insurance companies in rural areas, increase awareness among rural Coloradans on the benefits available through the Marketplace and work with stakeholders to address the high cost of health coverage and improve provider access in rural areas.

2 Maximize the number of consumers and employers who shop and enroll through the health insurance marketplace and apply for available financial assistance.

Continued enrollment growth is critical to the long-term success of the Marketplace and is at the heart of its mission. To achieve this goal, Connect for Health Colorado will focus on activities that positively impact enrollment growth in all customer segments. This includes using available data to improve retention and target new customers; refining education and outreach mechanisms; exploring alternate product/benefit solutions; identifying new types of customers; exploring partnerships with organizations; and increasing customer, partner and stakeholder satisfaction.



3 Improve the ability of customers to attain and retain the right coverage for their needs.

Understanding how health insurance coverage works is critical to making the right decisions during enrollment and beyond. To achieve this goal, Connect for Health Colorado will focus on activities that assist consumers in better understanding their coverage and how to use it; improve the customer eligibility and enrollment experience; and ensure that customers continue to have choice in selection of health insurance companies and Qualified Health Plans by improving the value proposition that the Marketplace offers to health insurance companies.

4 Ensure that Connect for Health Colorado is a healthy and thriving organization.

Connect for Health Colorado is a young organization, created by Colorado State Law in 2011. The organization has 78 full-time employees and an annual budget of \$377 million. It strives to efficiently and effectively deliver on its mission at the lowest possible cost and to be an ‘employer of choice.’ To achieve this goal, Connect for Health Colorado will focus on activities that continue to improve upon the fiscal stability of the Marketplace, and further develop human capital and engagement.

2017 FINANCIALS

Over the last fiscal year, Connect for Health Colorado continued to migrate towards a fee-supported organization. In 2017, the organization's operations were 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 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 2017). As anticipated in the 2017 budget, the broad market assessment ended after the first 6 months of the fiscal year. The loss in this revenue source was buffered by the increase in enrollments and premiums generated by the Marketplace resulting in higher fee revenue. Other funding sources included grants from the Colorado Health Foundation to pay for Assistance Network costs and other special initiatives, along with donations.

Expenditures

The decreases in revenue sources required a concerted effort in fiscal year 2017 to further reduce operating expenses to maintain long-term sustainability. These reductions resulted from the emphasis on continuous process improvement throughout the organization that resulted in a better customer experience and cost savings due to lower customer service call volumes. Additionally, a more focused approach to marketing and outreach resulted in more efficient spending in relation to enrollment. These cost-reduction measures continued into the current fiscal year through approval of the 2018 budget. Operating expenditures for the current fiscal year 2018 are budgeted to total \$37.7 million, which is a reduction of 6 percent from the prior year budget. Of the total budgeted for 2018, the largest expenditures relate to customer support (39 percent) and technology (28 percent) followed by general operating costs (23 percent) and marketing and outreach, including the Assistant Network (10 percent).

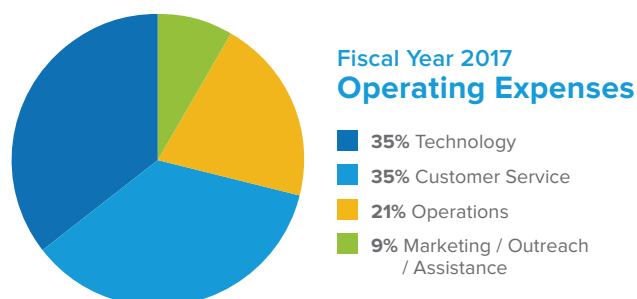
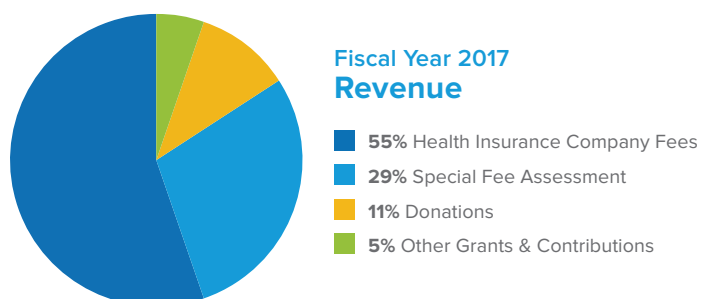
Sustainability Approach

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 continue to be operationally sustainable into the future. Going forward, the organization will focus on building and maintaining adequate reserves to provide funding for capital investments along with a prudent level of cash reserves for unforeseen events. Recent positive performance during the fifth Open Enrollment supports the continued path to sustainability.

Connect for Health Colorado - Operating Income FY 2017 & 2018

	Fiscal Year 2017 Actual	Fiscal Year 2018 Budget	Total Two Years
Revenues			
Fees for Service	26,232	30,325	56,557
Grants and Program Revenue	21,264	7,644	28,908
Operating Expenses			
Customer Service	15,368	14,836	30,204
Technology	15,445	10,493	25,938
Marketing and General Operations	12,678	12,388	25,066
Operating Surplus	4,005	252	4,257

\$'s in 000's



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