



Governor Jared Polis

State Capitol
200 East Colfax Avenue
Denver, CO 80203

The Honorable Leroy Garcia

President, Colorado State Senate
200 East Colfax Avenue
Denver, CO 80203

The Honorable KC Becker

Speaker, Colorado State House
200 East Colfax Avenue
Denver, CO 80203

Dear Governor Polis, President Garcia and Speaker Becker,

On behalf of my colleagues on the Board of Directors and the staff at the Colorado Health Benefit Exchange (Connect for Health Colorado®), it is my pleasure to present our 2018 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, as many thousands of Coloradans have found private health insurance coverage through our Marketplace.¹

In 2018, 176,542 Coloradans — coming from all the 64 counties — obtained coverage through the Marketplace. Seven of every 10 qualified for financial help to reduce their monthly premium.

This year, Connect for Health Colorado customers saw the lowest increase in premium costs in many years and all seven of our health insurance company partners returned to offer coverage in 2019. Both are clear signs that our state's individual health insurance market is moving toward stability.

We moved forward this year on significant technology initiatives that are providing our customers and the people who assist them a much better experience selecting health insurance coverage and qualifying for financial help. Our biggest initiative was development of our own eligibility system to make it easier for customers, Brokers or Assisters to complete the application to qualify for financial help.

We met with our Brokers, Assisters and other stakeholders in more than 30 in-person and online webinar sessions to get their input and to train them on the new system. In October, we launched an application that is short and intuitive to use. We hear anecdotally from our Brokers and Assisters that they can help a customer through the process in about half the time it used to take, enabling them to assist more enrollments over the course of a day. Launching our own system also puts us in a better position to continually deploy enhancements our customers and business partners ask for and to remain compliant with federal regulations.

Improvements this year to our award-winning Quick Cost and Plan Finder Tool gave shoppers greater accuracy in reviewing provider networks and prescription drug benefits and added state of the art algorithms to deliver more accurate estimates of out-of-pocket costs. The tool uses scale-to-fit cloud technology, meaning we realize a savings by tying our costs to the volume of customer demand.

Looking forward

With the progress we have made this year, we recognize there remains work to be done. We continue to invest in technology that makes it easier for Coloradans to enroll and to obtain the benefits they are qualified to receive, while at the same time reducing ongoing operating costs. We remain fully committed to building on the success detailed in this report and look forward to working with each of you 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 2018, Colorado Health Institute;

https://www.coloradohealthinstitute.org/sites/default/files/file_attachments/2017%20CHAS%20DESIGN%20FINAL%20for%20Web.pdf

EXECUTIVE SUMMARY



Fifth Open Enrollment

Connect for Health Colorado's fifth Open Enrollment Period for health insurance coverage in 2018, ran from November 1, 2017, through January 12, 2018. It was 73 days long. By the conclusion of Open Enrollment Five, more than 165,000 Coloradans had chosen Marketplace coverage. That number continued to grow after the Open Enrollment Period, and eventually more than 191,000 individuals chose their health insurance through Connect for Health Colorado by the end of 2018.

The most notable increases in key metrics for customers over the previous period included:

- Shorter wait times to speak with customer service
- More real-time tax credit eligibility determinations
- Easier self-service options
- Enhanced decision-support tools

Technology

Toward the goal of improving the customer experience, Connect for Health Colorado took on a significant technology initiative by financing and designing a new application in 2018 to jointly determine eligibility for Qualified Health Plans (QHPs) and Advance Premium Tax Credits (APTCs). This application provided a faster, more streamlined enrollment experience with a shorter and easier application for customers. The application also continued to support the "No Wrong Door" approach that enables customers to get the same eligibility and financial help information, regardless of which system they go through. The enhanced technology allowed for better control of IT costs, quick problem resolution and rapid upgrades that will help the organization be flexible and responsive to future changes.

Operations, Budget and Oversight

In 2018, Connect for Health Colorado met its operational financial sustainability goals and initiated investing in the modernization of its technology infrastructure. Financial sustainability was maintained through a focus on cost control combined with a stabilization of enrollment levels. Through the investment in the new eligibility system and other technology enhancements, the organization was able to improve the customer experience and reduce ongoing operating expenses.

For 2019, the Board of Directors approved the fiscal year budget of \$39.3 million which reflects a 3 percent reduction in operating costs from the prior year. The budgeted cost decrease for 2019 is in addition to a 13 percent decrease over the prior two years. The financial focus for the year is on the implementation of the technology and Customer Service Center roadmaps. Funding for these initiatives will be through a combination of the expected in-year operational surplus along with the use of reserves set aside for capital expenditures. These investments will provide a more cost efficient and flexible operation, while improving the customer experience.

Sixth Open Enrollment Outlook

Connect for Health Colorado's sixth Open Enrollment began on November 1, 2018, with all seven health insurance companies who participated in the Marketplace the previous year returning to offer coverage in 2019. By the December 15 deadline for January 2019 coverage, 161,500 Coloradans had selected medical insurance plans, a 5 percent increase over the same period a year earlier. As of the close of 2018, all signs point to achieving another successful Open Enrollment by the January 15, 2019, close.

BOARD OF DIRECTORS

The Board of Directors of Connect for Health Colorado was appointed in compliance with Senate Bill 11-200, passed by the General Assembly in 2011. The Board meets monthly to discuss and vote on a range of issues related to the establishment and operation of the marketplace. Board members also participate in three Board Committees. Board meetings are held in open session.



Board Chair
Adela Flores-Brennan

Executive Director
Colorado Consumer Health Initiative



Board Vice-Chair
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Senior Director, State Government
Affairs, Western Region, Aetna



Board Secretary
Claire Brockbank

Principal
Segue Consulting



Steve ErkenBrack

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Rocky Mountain Health Plans



Annie Lee

Executive Director
Community Health and Medicaid
Strategies, Children's Hospital



Lorez Meinhold

Senior Policy Director
Keystone Policy Center



Jay Norris

Broker & Owner
Colorado Health Insurance Insider



Sharon Lee O'Hara

Chronic Care
Collaborative



Nathan Wilkes

Founder and Principal Consultant
Headstorms, Inc.



Kim Bimestefer

Ex-officio, Executive Director
Department of Health Care Policy and
Financing



Kyle Brown

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



Mike Conway

Commissioner of Insurance (Interim)
Colorado Department of
Regulatory Agencies

2018 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, increased the number of bills the Oversight Committee can refer to the General Assembly and made an appropriation for legislative costs. In 2018, the Oversight Committee met twice to review operations, finances and sustainability plans of the health insurance exchange.



Representative
Susan Lontine
Chair



Senator
Kevin Lundberg
Vice-Chair



Senator
Irene Aguilar



Representative
Joann Ginal



Senator
John Kefalas



Representative
Chris Kennedy



Representative
Lois Landgraf



Senator
Beth Martinez Humenik



Representative
Lang Sias



Senator
Jack Tate

2017-2020 STRATEGIC PLAN



Summary

In July 2017, the Connect for Health Colorado Board of Directors adopted a strategic plan for 2017-2020. The Strategic Plan set four goals for the organization that 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 healthcare. Work in each goal area progressed as follows:

Goals

- 1 Advocate to improve access to coverage in rural areas of Colorado.** In 2018, Connect for Health Colorado expanded the number of rural enrollment centers from 7 to 11, received more earned media coverage with high-impact stories and conducted more trainings in rural areas where there are high numbers of customers who are eligible for financial help but are not yet enrolled.
- 2 Maximize the number of consumers and employers who shop and enroll through the health insurance marketplace and apply for available financial assistance.** Working toward this goal, Connect for Health Colorado made great strides by funding, designing and creating an online eligibility system to simplify the process of applying for a Qualified Health Plan (QHP) and Advance Premium Tax Credits (APTCs); enhancing communications and trainings to help make the process even easier to understand; and developing solutions for small businesses to help their employees get access to health insurance coverage.
- 3 Improve the ability of customers to attain and retain the right coverage for their needs.** In 2018, Connect for Health Colorado made it easier for customers to access information and answers. That access included an easier look at providers, prescription drug benefits and out-of-pocket costs through updates to the Quick Cost and Plan Finder Tool, as well as more options for communication through additional live calls, advanced chat, call routing, call back and text notifications.
- 4 Ensure that Connect for Health Colorado is a healthy and thriving organization.** Created by state law in 2011, Connect for Health Colorado has 78 full-time employees and an annual budget of \$39.3 million. The organization is moving toward stability as an individual health insurance market. This is evident in that all seven health insurance company partners returned to offer coverage in 2019 and customers are seeing the lowest increases in premium costs in many years. Focus in 2018 was on long-term operational cost reductions through new technology that is easily scalable, cost savings on vendor contracts, and integrating staff goals and strategic plans for future leadership roles.

2018 FINANCIALS

Connect for Health Colorado continued to generate positive income from operations in 2018. In past years, funding for the operation of the exchange was primarily derived from the fees charged to health insurance companies for enrollment services. 2018 is the first year that the organization did not receive any broad market fees from insurance companies. This change resulted in revenues being tied more directly with the services provided by the exchange. New in this fiscal year of July 1, 2018-June 30, 2019, the organization started to receive reimbursement for certain Medicaid-related expenditures. We worked with Colorado Department of Health Care Policy and Financing (HCPF) to develop a reimbursement plan that identified Medicaid-related expenses incurred by Connect for Health Colorado.

Expenditures

In response to the discontinuance of the broad market fee and the resulting decrease in revenues, the Exchange continued its efforts in reducing operating costs during the fiscal year, resulting in a 7 percent decrease in operating expenses. A significant portion of the cost reductions resulted from the renegotiation of contracted technology operating costs and the stabilization of the Exchange infrastructure. Cost reductions

Connect for Health Colorado > Financial Summary

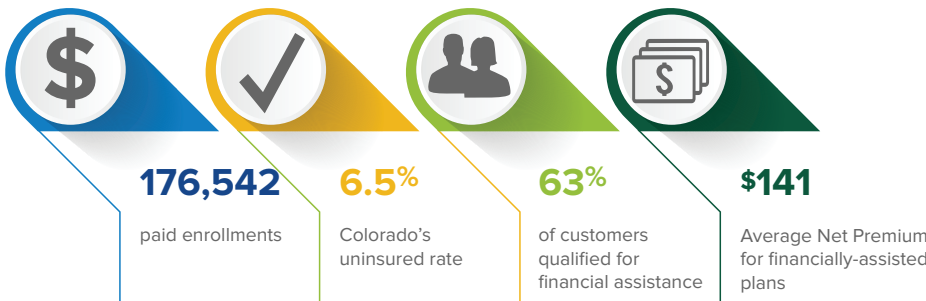
	Fiscal Year 2018 Actual	Fiscal Year 2019 Budget
Revenues:		
Fees for Service	\$32,083	\$35,673
Grants and Program Revenue	11,123	9,000
Total Revenue	\$43,206	\$44,673
Operating Costs:		
Customer Service	\$14,923	\$14,958
Technology	12,502	12,944
Marketing and General Operations	12,939	11,445
Total Operating Costs	\$40,364	\$39,347
Income from Operations	\$2,842	\$5,326
Capital Expenditures	\$3,580	\$8,220

\$'s in 000's

were made with an emphasis on continuous process improvements throughout the organization, ultimately resulting in a better customer experience at a lower cost. These cost-reduction measures have continued into the current fiscal year through approval of the 2019 budget. Operating expenditures for fiscal year 2019 are budgeted at \$39.3 million, which is a reduction of 3 percent from the prior year expenses. With the organization's focus on customer service, this area continues to be our largest category of expenses — 38 percent of total operating expenses. Technology operations also make up a significant portion of our expenses, at 33 percent of total 2019 budgeted expenses.

Sustainability Approach

Connect for Health Colorado is operationally sustainable, based on its current revenue and cost structure. As the organization has matured, there is a developing need to modernize the technology platform. By setting aside capital reserves in the preceding years and from here forward, the organization has the financial resources to make the necessary improvements to its technology infrastructure. These improvements will result in a better customer experience and also provide the organization more flexibility in its cost structure. This flexibility will allow the exchange to adapt more quickly to the changing needs of the industry. Some of these improvements were started in 2018 and included the development of a new eligibility system. Early experience with this new system in the recent open enrollment period has been positive. Over the coming years, the organization will continue to strive for ongoing sustainability through leveraging its technology investments, growing enrollment to increase revenue and reconfiguring contracted services to provide a lower and more flexible cost structure.



ConnectforHealthCO.com

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