



Connecticut's Official Health Insurance Marketplace

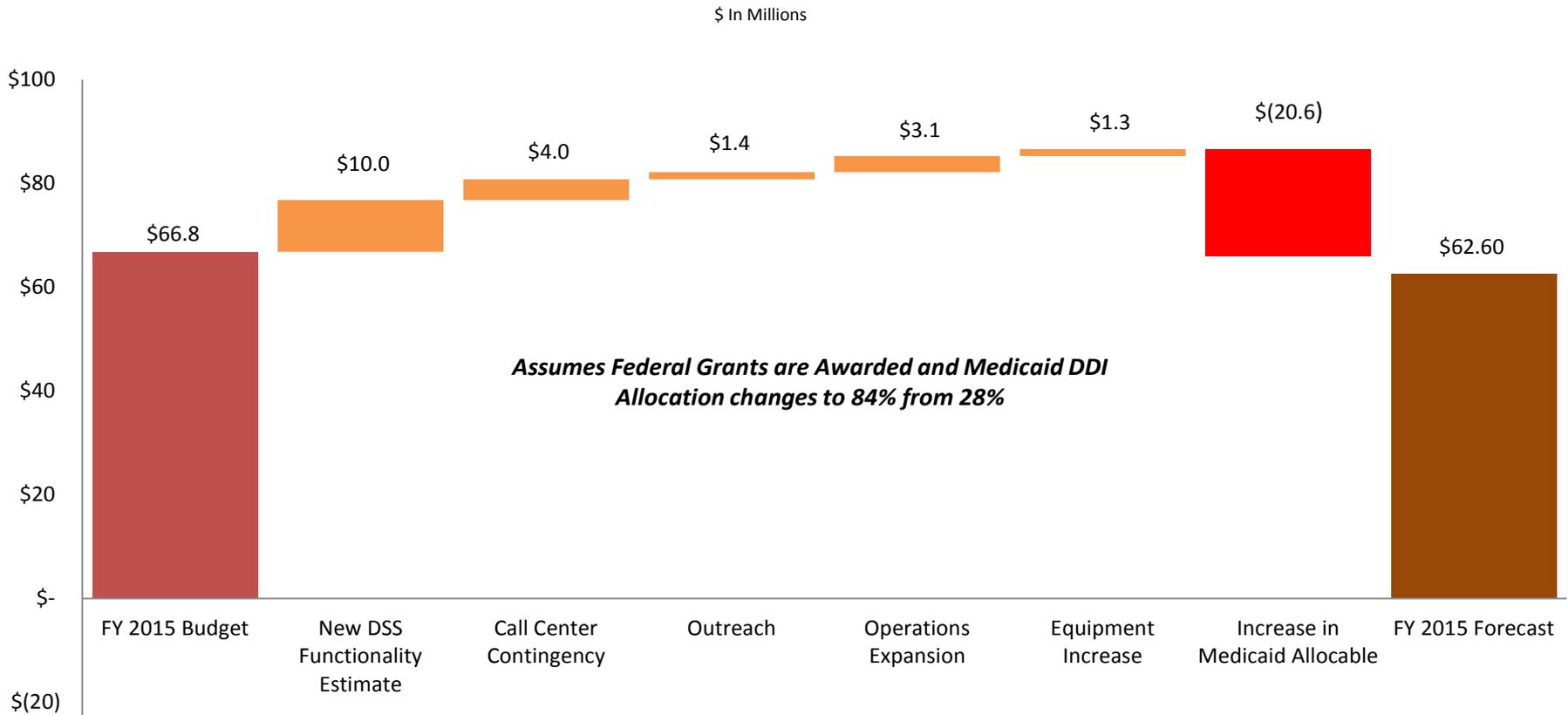
**2015 First Quarter Full Year
Reforecast
December 4, 2015**

2015 First Quarter Full Year Reforecast

Forecast Overview

- The 2015 First Quarter full year reforecast is estimated to be \$62.6M vs the 2015 Budget of \$66.8M, a favorable variance of \$4.2M
- Assumes both the Supplemental Level One Grant application for \$3.3M and the new Level One Grant application for \$13.3M (net) are awarded, as well as the allocation change for Medicaid Design, Development, and Implementation (DDI), included in the new Level One application (84% vs 28.53%)
- All risk mitigation actions are included in the reforecast:
 - Issue Resolution Department to handle Tier 2 and 3 call related issues
 - Development hosting transition
 - Brand outreach refresh
- All enrollment staff assistance is included in the reforecast:
 - AHCT store fronts in New Britain and New Haven
 - Operation of twelve (12) satellite enrollment support locations in selected libraries, health centers, and Department of Labor locations
- The risk of unfavorable outcomes to the assumptions included in the forecast range from \$12M to almost \$30M
 - A prospective maintenance and operations (M&O) cost allocation change currently being discussed with DSS, as well as the availability of expert information technology resources, would serve to mitigate this risk

2015 First Quarter Full Year Reforecast



Risk Categories	Risks	Impact of Risk
Allocation Change Risk	\$ (12.95)	\$ 75.6
Grant Funding Reduction	\$ (16.50)	\$ 79.1
Total Risk	\$ (29.45)	\$ 92.1
Months of Surplus at Risk		(7.85)

2015 First Quarter Full Year Reforecast

Budget vs Forecast

Expense Category	FY 2015 Budget (1)	FY 2015 Q1 Fcst	FY 2015 Variance B (W)	FY 2015 Comments
Salary & Fringe	\$ 8,424,461	\$ 11,591,636	\$ (3,167,175)	** Staffing- Operations
Consultants	\$ 55,839,267	\$ 66,469,245	\$ (10,629,978)	** CallCenter Contingency \$4M; **Outreach Durational \$1.4M; Gross DSS Functionality ~\$10M (before Depreciation)
Equipment	\$ 250,000	\$ 1,587,697	\$ (1,337,697)	At Trend
Supplies	\$ 42,673	\$ 42,673	\$ -	
Travel	\$ 65,383	\$ 65,383	\$ -	
Medicaid Recovery	\$ (9,282,457)	\$ (29,907,580)	\$ 20,625,123	Call Center Increase, Allocation change to 84%
Other	\$ 11,479,694	\$ 12,779,694	\$ (1,300,000)	Depreciation change
				** Variance is Contemplated in Recent Grant Request
Total	\$ 66,819,021	\$ 62,628,748	\$ 4,190,273	
FTE	86	130	(44)	** (44)

(1) Reclassified for comparative purposes

2015 First Quarter Full Year Reforecast

Illustration of M&O Allocation Impact

\$45.2M vs \$62.6M

Expense Category	FY 2015 Q1 Fcst
Salary & Fringe	\$ 11,591,636
Consultants	\$ 66,469,245
Equipment	\$ 1,587,697
Supplies	\$ 42,673
Travel	\$ 65,383
Medicaid Recovery M&O	\$ (30,916,822)
Medicaid Recovery DDI	\$ (16,449,169)
Other	\$ 12,779,694
Total	\$ 45,170,337

- Weighted Average M&O allocation of 70%
- Comprehensive allocation of activity mix and shared services

2015 First Quarter Full Year Reforecast

Budget vs Actual thru October 2014

Expense Category	Budget	Actual	Variance B (W)
Salaries & Fringe	\$ 3,802,833	\$ 3,539,355	\$ 263,478
Consulting	\$ 31,276,789	\$ 11,990,156	\$ 19,286,633
Equipment	\$ 529,232	\$ 196,730	\$ 332,502
Supplies	\$ 14,224	\$ 9,048	\$ 5,176
Travel	\$ 27,607	\$ 99,075	\$ (71,468)
Medicaid Recovery	\$ (16,183,839)	\$ (7,346,022)	\$ (8,837,817)
Other	\$ 5,950,325	\$ 4,398,347	\$ 1,551,978
Total	\$ 25,417,171	\$ 12,886,689	\$ 12,530,482