

From: Cheryl Gardner [<mailto:Cheryl.Gardner@ARMarketplace.com>]

Sent: Friday, September 16, 2016 4:06 PM

To: Sen. Sanders - Home

Cc: Price, Phil; Magie, Steve; Mike Castleberry (mike.castleberry@healthscopebenefits.com); Angela Lowther; Alicia McCoy

Subject: RE: Sustainability Plan

Senator Sanders,

The two tables below detail our current projection for both expenditures and revenues for the current rolling 5-year period. Table 1 details the information which includes Arkansas Works - ESI. For comparative purposes I have also included Table 2, which does NOT include any costs or revenues for AW-ESI. AHIM's sustainability is not dependent upon AW- ESI. Additionally, please note that this model is built upon the following assumptions:

- Annual Premium Increase of 9%
- Annual Population Increase of 5%
- Baseline assessment of 3.5% beginning in PY2018
- FFM IT fee remains constant at 1.5%

In addition, you may recall that we were required to update our Marketplace Blueprint in order to meet the deadline for transitioning to a SBE-FP model. Section 8.0 of the Blueprint specifically detailed the data on sustainability. A material component of that forecast contained a scope of work associated with Arkansas Works-ESI that DHS had requested AHIM to perform. In June, as the Arkansas Works waiver was still under development, we posted what we speculated would be the cost of performing the work for DHS. The initial cost estimates were based upon a larger expectation of deliverables. That information has since been significantly refined and the current cost estimates in the tables below reflect the new scope.

The Blueprint is scheduled to be updated within a week following the AHIM Board meeting on September 23, 2016.

Please let me know if you have any questions or if we may be of additional assistance.

Best,
Cheryl

Table 1: AHIM SHOP, SBE-FP & AR Works Baseline Five Year Budget

Operating Expenses	2016	2017	2018	2019	2020
Salary and Fringe	\$2,428,400	\$2,525,536	\$2,626,560	\$2,877,851	\$2,992,968
FFM IT Fee	\$0	\$4,902,253	\$5,610,629	\$6,421,365	\$7,349,252
AHIM SHOP Marketing	\$2,431,986	\$345,588	\$320,000	\$320,000	\$320,000
AHIM SHOP M&O	\$1,981,682	\$1,885,458	\$1,000,000	\$1,000,000	\$1,000,000
AR Works ESI Build	\$400,000	\$175,000	\$0	\$0	\$0
AR Works ESI Technical Support	\$250,000	\$100,000	\$100,000	\$100,000	\$100,000
AR Works ESI Program Support	\$212,500	\$637,500	\$450,000	\$450,000	\$450,000
AR Works ESI M&O	\$75,000	\$225,000	\$300,000	\$300,000	\$300,000
AR Works ESI IV&V	\$0	\$0	\$0	\$0	\$0
AR Works ESI Marketing	\$250,000	\$150,000	\$150,000	\$150,000	\$150,000
Premium Aggregator Build	\$0	\$7,000,000	\$0	\$0	\$0
Premium Aggregator M&O	\$0	\$0	\$1,000,000	\$1,000,000	\$1,000,000
SBE-FP Call Center	\$0	\$623,868	\$350,000	\$350,000	\$350,000
SBE-FP Marketing	\$50,000	\$1,000,000	\$250,000	\$250,000	\$250,000
Navigator / Assister	\$150,000	\$600,000	\$500,000	\$500,000	\$500,000
Training for Assisters	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Plan Management	\$50,000	\$400,000	\$500,000	\$500,000	\$500,000
Professional Services	\$2,000,000	\$2,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Equipment	\$77,850	\$97,530	\$34,500	\$35,363	\$36,247
Supplies	\$76,650	\$168,650	\$168,650	\$172,866	\$177,188
Travel	\$85,400	\$180,200	\$151,000	\$154,775	\$158,644
Other	\$221,500	\$291,100	\$306,100	\$313,753	\$321,596
Total Projected Expenses	\$10,840,968	\$23,407,684	\$14,917,439	\$15,995,972	\$17,055,895
Operating Revenue	2016	2017	2018	2019	2020
Grant Funding	\$9,403,468	\$12,581,678	\$0	\$0	\$0
SHOP Assessment Revenue	\$0	\$41,391	\$55,521	\$63,835	\$73,394
AHIM Individual Market Assessment Revenue	\$744,000	\$4,902,253	\$7,480,838	\$8,561,820	\$9,799,002
FFM IT Fee Collections	\$0	\$4,902,253	\$5,610,629	\$6,421,365	\$7,349,252
AW-ESI DHS Funding	\$1,632,900	\$1,728,229	\$1,493,022	\$1,533,191	\$1,552,996
Total Projected Revenue	\$11,780,368	\$24,155,804	\$14,640,010	\$16,580,210	\$18,774,645
Projected Operating Gain / (Loss)	\$ 939,400	\$ 748,121	\$ (277,429)	\$ 584,238	\$ 1,718,750
Fee:		3.00%	3.50%	3.50%	3.50%
Cumulative	\$939,400	\$ 1,687,521	\$ 1,410,091	\$ 1,994,330	\$ 3,713,080

Table 2: AHIM SHOP & SBE-FP Baseline Five Year Budget

Operating Expenses	2016	2017	2018	2019	2020
Salary and Fringe	\$2,428,400	\$2,525,536	\$2,626,560	\$2,877,851	\$2,992,968
FFM IT Fee	\$0	\$4,902,253	\$5,610,629	\$6,421,365	\$7,349,252
AHIM SHOP Marketing	\$2,431,986	\$345,588	\$320,000	\$320,000	\$320,000
AHIM SHOP M&O	\$1,981,682	\$1,885,458	\$1,000,000	\$1,000,000	\$1,000,000
AR Works ESI Build					
AR Works ESI Technical Support					
AR Works ESI Program Support					
AR Works ESI M&O					
AR Works ESI IV&V					
AR Works ESI Marketing					
Premium Aggregator Build	\$0	\$7,000,000	\$0	\$0	\$0
Premium Aggregator M&O	\$0	\$0	\$1,000,000	\$1,000,000	\$1,000,000
SBE-FP Call Center	\$0	\$623,868	\$350,000	\$350,000	\$350,000
SBE-FP Marketing	\$50,000	\$1,000,000	\$250,000	\$250,000	\$250,000
Navigator / Assister	\$150,000	\$600,000	\$500,000	\$500,000	\$500,000
Training for Assisters	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Plan Management	\$50,000	\$400,000	\$500,000	\$500,000	\$500,000
Professional Services	\$2,000,000	\$2,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Equipment	\$77,850	\$97,530	\$34,500	\$35,363	\$36,247
Supplies	\$76,650	\$168,650	\$168,650	\$172,866	\$177,188
Travel	\$85,400	\$180,200	\$151,000	\$154,775	\$158,644
Other	\$221,500	\$291,100	\$306,100	\$313,753	\$321,596
Total Projected Expenses	\$9,653,468	\$22,120,184	\$13,917,439	\$14,995,972	\$16,055,895
Operating Revenue	2016	2017	2018	2019	2020
Grant Funding	\$9,403,468	\$12,581,678	\$0	\$0	\$0
SHOP Assessment Revenue	\$0	\$41,391	\$55,521	\$63,835	\$73,394
AHIM Individual Market Assessment Revenue	\$744,000	\$4,902,253	\$7,480,838	\$8,561,820	\$9,799,002
FFM IT Fee Collections	\$0	\$4,902,253	\$5,610,629	\$6,421,365	\$7,349,252
AW-ESI DHS Funding					
Total Projected Revenue	\$10,147,468	\$22,427,575	\$13,146,988	\$15,047,019	\$17,221,649
Projected Operating Gain / (Loss)	\$ 494,000	\$ 307,391	\$ (770,451)	\$ 51,047	\$ 1,165,754
Cumulative	\$494,000	\$ 801,391	\$ 30,941	\$ 81,988	\$ 1,247,742

