



Health Plan

University of Colorado Health and Welfare Trust

FY17 – 3rd QUARTER FINANCIAL REPORTS

June 6th, 2017



University of Colorado
Boulder | Colorado Springs | Denver | Anschutz Medical Campus

uchealth



Medicine

TABLE OF CONTENTS

Financial Reports:	3
• FY17 Statement of Net Position	4
• FY17 Statement of Revenues, Expenses, and Changes in Plan Net Position	5
Treasury:	6
• Quarterly Report on Investments	7
• Bank and Investment Balances by Day – FY16 and FY17	8
• Monthly Minimum Resources	9
• Monthly Maximum Resources	10
Budget Performance:	11
• FY17 – Budget to Actual Report	12
Plan Performance:	13
• FY17 – Q3 Financial Performance Highlights	14

Financial Reports



UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST COMMITTEE
FY17 - BALANCE SHEET (unaudited)
As of March 31, 2017

(Updated 5/24/17)

	Current Q3 <u>3/31/2017</u>	FY16 Q4/Year End <u>6/30/2016</u>	FY16 Q3 <u>3/31/2016</u>
<u>Assets</u>			
Cash:			
Medical	\$ 2,534	\$ 212	\$ 290,093
Flexible Spending Account	696,926	1,050,106	666,204
Investments	37,913,350	32,384,078	35,848,176
Receivables:			
Premiums	25,098,724	13,781,979	22,004,337
Pharmacy Rebates	5,708,883	5,713,155	-
Premium Assessment Due from Member	-	2,258,061	1,236,860
Interest	11,035	6,064	3,528
Miscellaneous Receivables	212,892	218,097	19
Prepaid Expenses	109,643	41,079	94,675
Total Assets	\$ 69,753,987	\$ 55,452,831	\$ 60,143,892
<u>Liabilities and Net Position</u>			
Accounts Payable - Medical	\$ 4,116,472	\$ 2,234,225	\$ 3,507,746
Contracts Payable	1,096,538	1,039,358	2,620,631
Benefit Claims Payable - Medical	13,206,529	8,942,957	10,475,951
Incurred But Not Reported Claims Estimate	22,529,598	22,529,598	17,979,608
Flexible Spending	389,344	651,546	546,665
Total Liabilities	41,338,481	35,397,684	35,130,601
Plan Net Position - Unrestricted	28,415,506	20,055,147	25,013,291
Total Liabilities and Plan Net Position	\$ 69,753,987	\$ 55,452,831	\$ 60,143,892

UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST COMMITTEE
FY17 - STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN PLAN NET POSITION (unaudited)
For the nine months ended March 31, 2017
(Updated 5/24/17)

	<i>Current Q3 <u>3/31/2017</u></i>	<i>FY16 Q4/Year End <u>6/30/2016</u></i>	<i>FY16 Q3 <u>3/31/2016</u></i>
<u>Operating Revenues</u>			
Contributions	\$ 300,944,918	\$ 365,423,569	\$ 273,341,167
Flexible Spending Recapture	-	295,560	-
Total Operating Revenues	<u>300,944,918</u>	<u>365,719,129</u>	<u>273,341,167</u>
<u>Operating Expenses</u>			
Medical Claims	269,311,667	329,955,298	241,020,839
Medical Claims Administration	18,945,843	24,082,643	17,395,760
General and Administrative	2,896,862	4,606,963	3,515,152
Total Administrative	<u>21,842,705</u>	<u>28,689,606</u>	<u>20,910,912</u>
Total Operating Expenses	<u>291,154,372</u>	<u>358,644,904</u>	<u>261,931,751</u>
Operating Income	9,790,546	7,074,225	11,409,416
<u>Nonoperating Revenues (Expenses)</u>			
Investment Earnings	46,266	122,793	64,354
Wellness Initiative	(1,476,453)	(2,051,761)	(1,370,369)
Total Nonoperating Revenues (Expenses)	<u>(1,430,187)</u>	<u>(1,928,968)</u>	<u>(1,306,015)</u>
Change in Plan Net Position	8,360,359	5,145,257	10,103,401
Plan Net Position Beginning of Year	20,055,147	14,909,890	14,909,890
Plan Net Position End of Period	<u>\$ 28,415,506</u>	<u>\$ 20,055,147</u>	<u>\$ 25,013,291</u>

Treasury



Memo

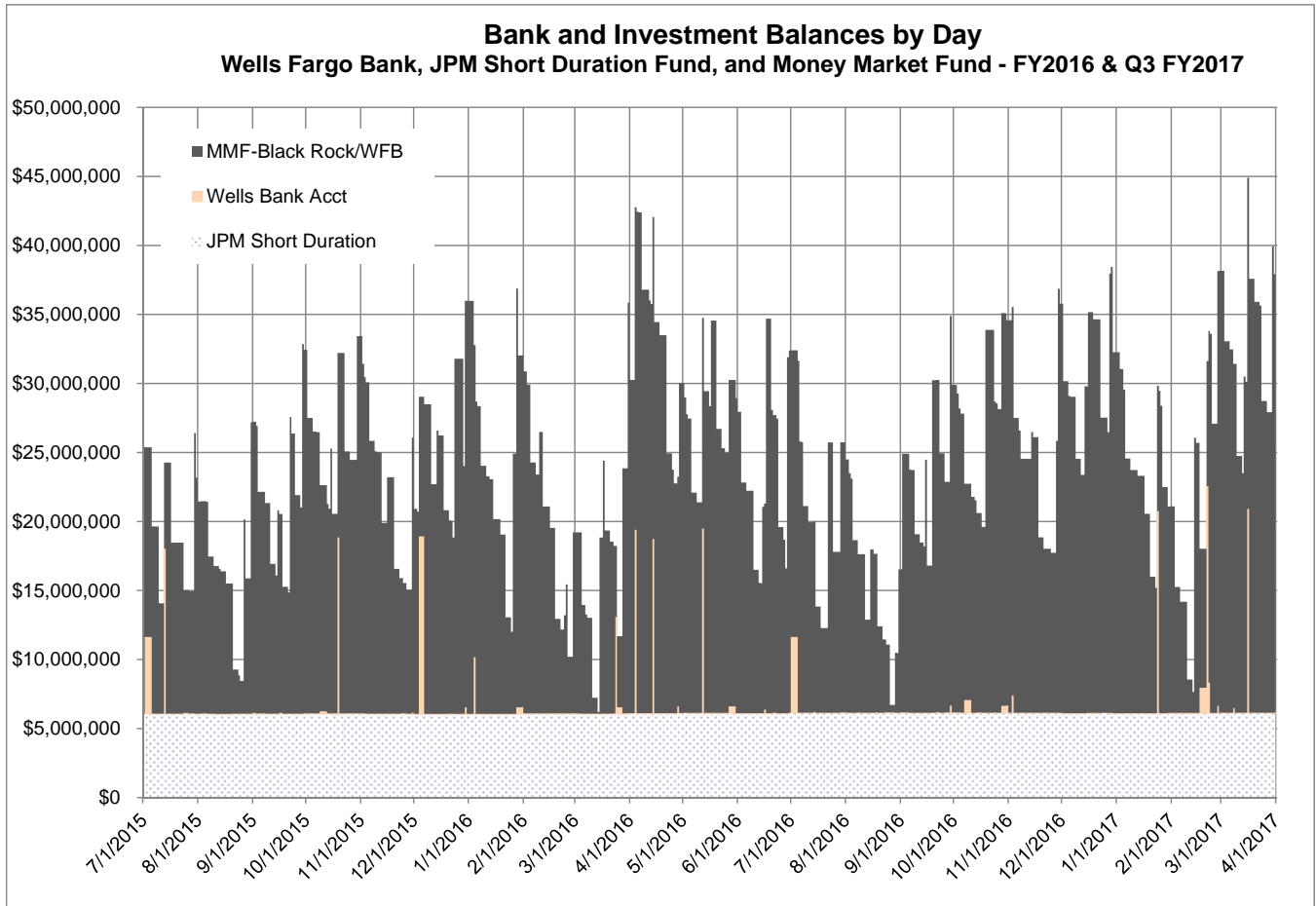
To: Members of the University of Colorado Health and Welfare Trust Board
From: Dan J. Wilson, Treasurer
Date: May 26, 2017
Re: Quarterly Report on Investments

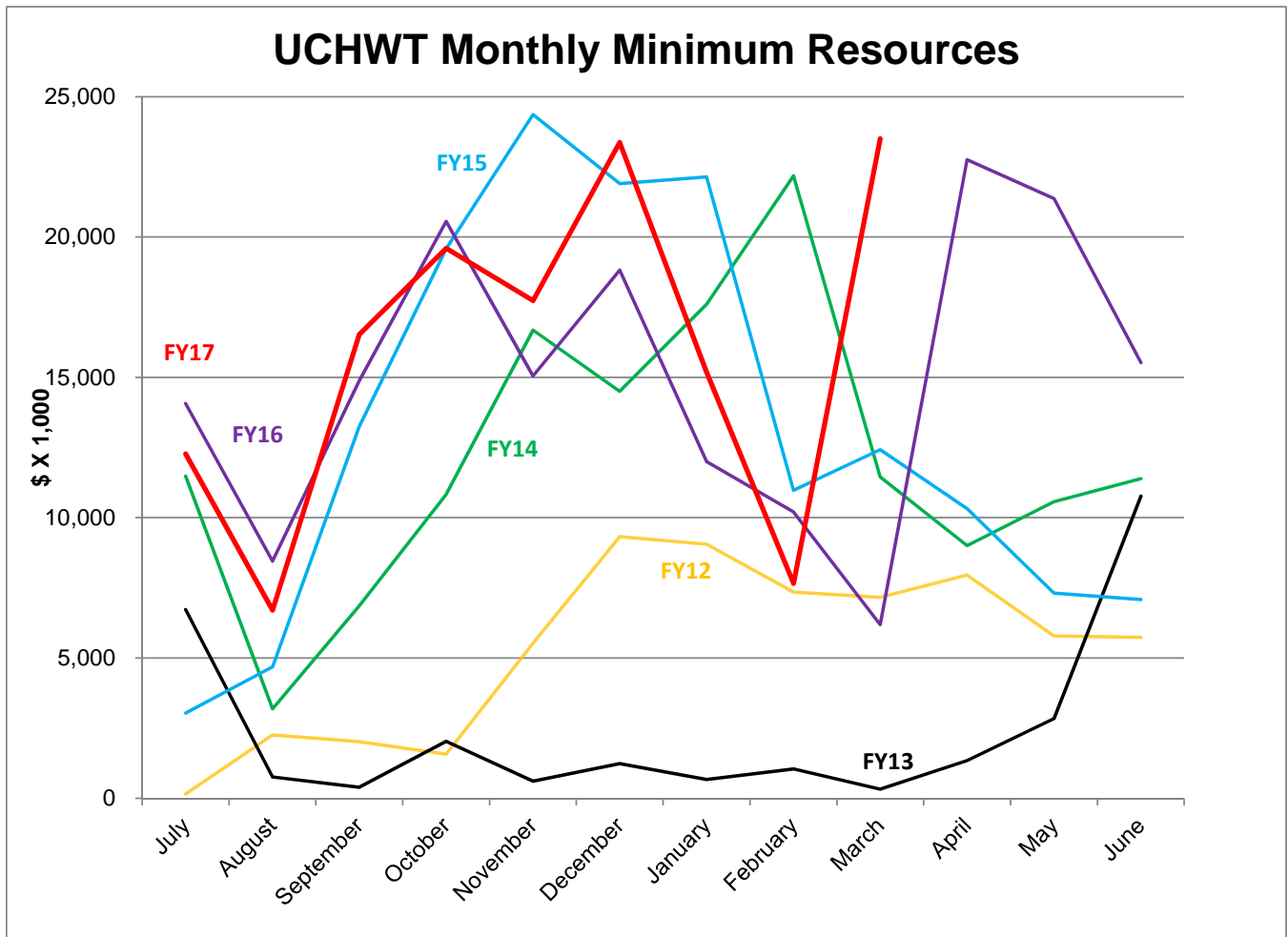
The Trust's cash equivalents and investments at March 31, 2017, totaled \$37.9 million, an increase from the \$32.2 million as of December 31, 2016. Of this amount, \$31.8 million was invested in a triple-A rated government money market fund. An additional \$6.1 million was invested in a high-quality, short-duration bond fund. Both these investment vehicles are permitted by the Trust's investment policy. The quarterly investment return for the money market fund continued to be positive and slightly higher than prior quarters. Government money market funds normally focus on safety and liquidity first and have investment returns as a secondary goal. The JP Morgan short-duration bond fund (HLLVX) returned .85% for the last 12 months.

The pattern on the first bar chart for fiscal year 2017 shows that investable resources varied from a low of \$6.7 million in August to a peak of \$44.9 million in March. The seasonal and monthly patterns of expenditures remained consistent with the prior year.

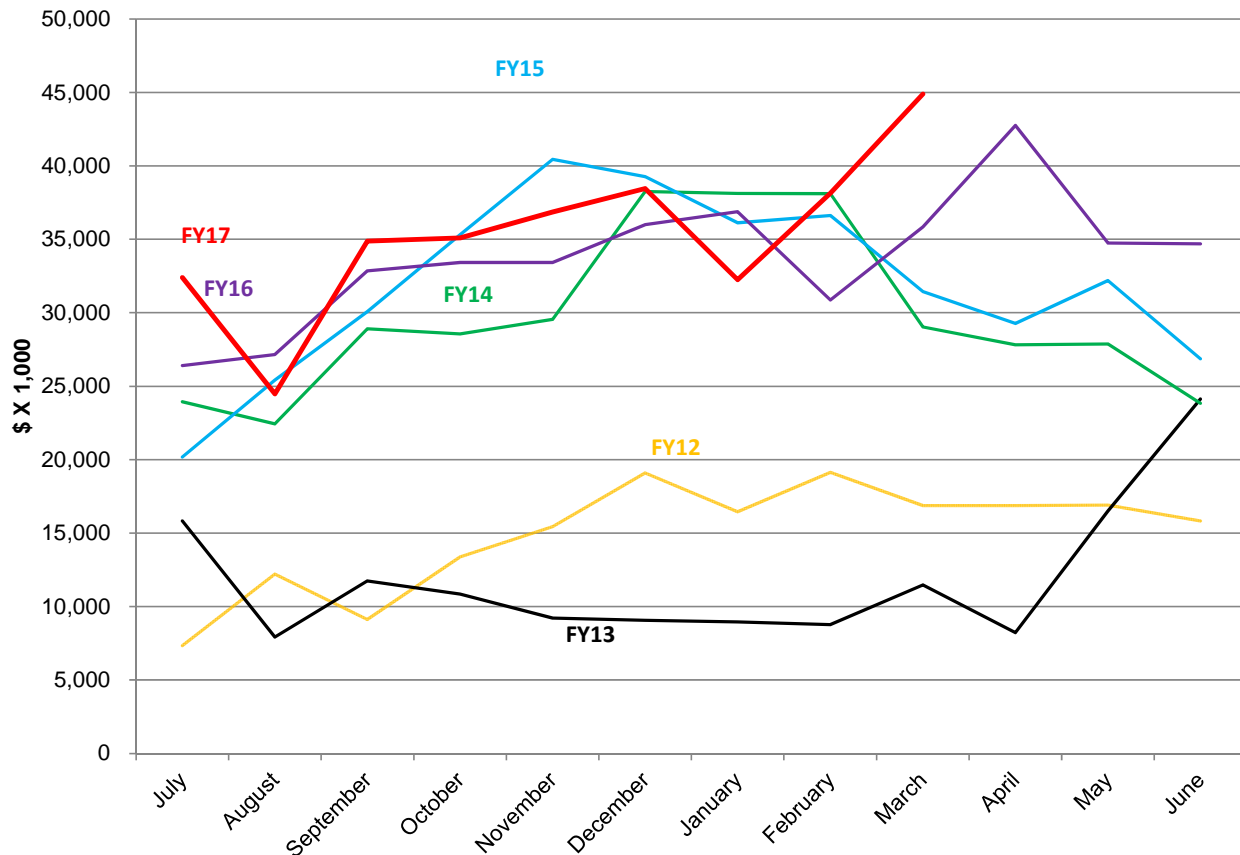
For informational purposes, two charts, one depicting the minimum and the other the maximum monthly investable resources for fiscal year 2012 to 2017 are attached. The pattern on the first chart of monthly minimum resources for fiscal year 2017 shows that investable resources varied in a similar pattern to FY16. The low thus far for FY17 of \$6.7 million is two million lower than FY16 low in August. The chart of monthly maximum resources depicts slightly higher maximums for Fiscal Years 2017 to date vs. prior years.

In terms of performance, investment returns on the Trust's money market fund of 33 basis points for the last 12 months, exceeded the returns of the three month US Treasury benchmark at 29 basis points. Total investment interest earnings YTD including unrealized gains/(losses) total \$59,504.





UCHWT Monthly Maximum Resources



Budget Performance



FY17 – BUDGET TO ACTUAL REPORT AS OF: 3/31/2017

	FY17 TOTAL BUDGET	FY17 BUDGET DETAIL	FY17 ACTUALS AS OF 3/31/17	FY17 AVAILABLE AMOUNT	FY17 % BUDGET TO ACTUALS	FY16 % BUDGET TO ACTUALS
REVENUES/INFLOWS						
SELF-FUNDED MEDICAL PLANS & RESERVES	\$ (379,931,308)					
ANTHEM		\$ (309,501,051)	\$ (247,682,029)	\$ (61,819,022)	80.03%	80.50%
KAISER		(56,469,843)	(42,420,345)	(14,049,498)	75.12%	73.00%
VISION		(1,193,488)	(796,774)	(396,714)	66.76%	86.06%
DENTAL		(12,766,926)	(10,045,776)	(2,721,150)	78.69%	78.27%
HEALTH CARE FLEX SPENDING PLANS	(3,800,000)	(3,800,000)	(3,178,488)	(621,512)	83.64%	77.52%
INVESTMENT INCOME	(60,000)	(60,000)	(46,266)	(13,734)	77.11%	107.26%
TOTAL REVENUE/INFLOWS	(383,791,308)	(383,791,308)	(304,169,678)	(79,621,630)	79.25%	0.00%
EXPENSES/OUTFLOWS						
INCURED SELF-FUNDED CLAIMS	329,562,610					
ANTHEM		273,584,730	208,703,197	64,881,533	76.28%	78.67%
KAISER		42,720,091	36,272,940	6,447,151	84.91%	73.48%
VISION		1,070,354	563,686	506,668	52.66%	55.11%
DENTAL		12,187,435	8,745,317	3,442,118	71.76%	73.49%
TRANSITIONAL REINSURANCE FEE	899,056	899,056	901,233	(2,177)	100.24%	81.33%
GLOBAL PAYMENTS	19,275,084	19,275,084	15,026,528	4,248,556	77.96%	66.15%
ADMINISTRATIVE FEES, MISC CHARGES						
ASO FEES	23,696,508					
ANTHEM		11,738,894	9,511,840	2,227,054	81.03%	80.44%
KAISER		11,275,924	8,910,068	2,365,856	79.02%	72.01%
VISION		103,326	67,216	36,110	65.05%	74.86%
DENTAL		578,364	456,719	121,645	78.97%	77.18%
BANK CHARGES	10,000	10,000	3,469	6,531	34.69%	26.13%
MISC CHARGES	20,000	20,000	0	20,000	0.00%	0.00%
FSA CLAIMS ADMINISTRATION	100,000	100,000	72,920	27,080	72.92%	65.49%
HEALTH SAVINGS ACCOUNT ADMINISTRATION	60,000	60,000	60,975	(975)	101.63%	72.69%
FLEX SPENDING CLAIMS PAYMENTS	3,700,000	3,700,000	3,596,403	103,597	97.20%	77.90%
WELLNESS	2,100,000					
WELLNESS ASSESSMENT (HRA)		200,000	0	200,000	0.00%	29.89%
BE COLORADO - MOVE		850,000	1,116,783	(266,783)	131.39%	89.52%
WEIGHT MANAGEMENT		100,000	52,533	47,467	52.53%	41.72%
BRUSSELS + MUSCLES		300,000	2,879	297,121	0.96%	0.53%
WELLNESS PLATFORM		300,000	56,850	243,150	18.95%	31.14%
MARKETING		350,000	14,711	335,289	4.20%	11.99%
PREVENTION	990,000					
BIOMETRIC SCREENINGS AND FLU SHOTS		630,000	158,306	471,694	25.13%	35.61%
HEALTH FAIRS/5K		350,000	16,558	333,442	4.73%	14.47%
SMOKING CESSATION		10,000	0	10,000	0.00%	0.00%
ENR PILOTS, STUDIES AND OTHER EXPENSES	500,000	500,000	66,833	433,167	13.37%	11.62%
DATA WAREHOUSE	460,000	460,000	256,503	203,497	55.76%	51.29%
TRUST FEES						
CONSULTING	415,000					
ACTUARY		175,000	235,704	(60,704)	134.69%	74.62%
LEGAL		25,000	2,229	22,771	8.92%	1.55%
MANAGEMENT		175,000	19,326	155,674	11.04%	2.81%
AUDIT		40,000	48,600	(8,600)	121.50%	72.75%
INSURANCE	162,000					
FIDUCIARY LIABILITY		48,000	39,293	8,707	81.86%	77.63%
ERRORS AND OMISSIONS		109,000	63,440	45,560	58.20%	58.47%
CRIME		5,000	1,289	3,711	25.78%	24.25%
CU HEALTH PLAN ADMINISTRATION	1,841,050	1,841,050	1,191,881	649,169	64.74%	73.91%
TOTAL EXPENSES/OUTFLOWS	383,791,308	383,791,308	296,236,229	87,555,079	77.19%	75.40%
NET ACTIVITY FOR PERIOD	\$ -	\$ -	\$ (7,933,449)	\$ 7,933,449		

*FSA Activity is excluded from financial reports on page 5

Plan Performance



University of Colorado Health and Welfare Trust Fiscal Year 2017 – Financial Results YTD

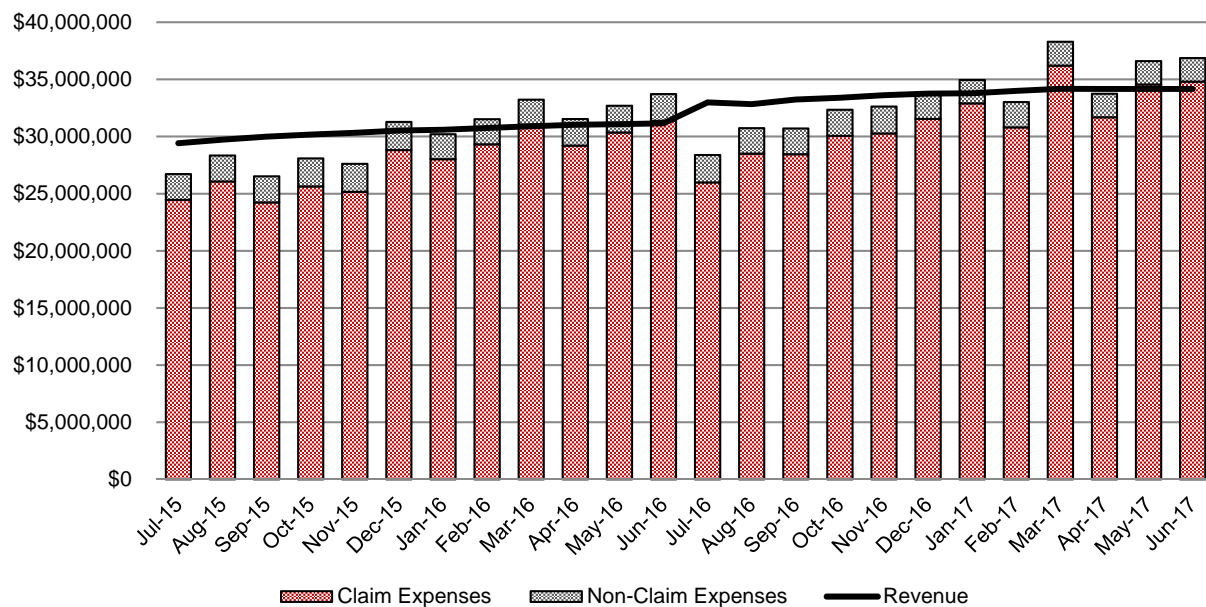
- As of March 31, 2017, the aggregate experience of all plans is showing calculated premiums have exceeded costs (claims plus expenses) by \$6.9M. The table below shows the prior fiscal year results, the current fiscal year results YTD, along with a projection of how fiscal year 2017 is expected to end.

Year	Medical/Rx Enrolled	Dental Enrolled	Vision Enrolled	Claims Expense (\$Ms)	Non-Claims Expense (\$Ms)	Total Cost (\$Ms)	Calculated Premiums (\$Ms)	LR	G / L (\$Ms)
FY2016	370,989	224,783	120,992	\$333.7	\$27.7	\$361.4	\$365.7	98.8%	\$4.2
FY2017 YTD	295,795	117,575	52,379	\$274.7	\$20.1	\$294.9	\$301.8	97.7%	\$6.9
FY2017 Proj.	396,406	237,070	106,901	\$375.8	\$26.3	\$402.1	\$404.3	99.5%	\$2.2

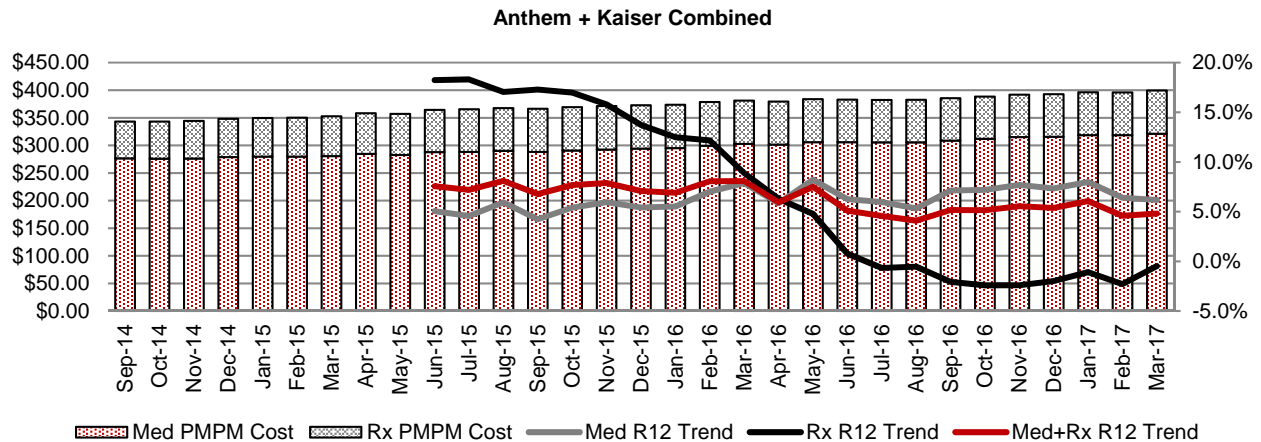
The projected increase in LR from March 31, 2017 through June 30, 2017 is due to the seasonality of claims exhibited in the medical plan offerings (particularly the HDHP). We estimate that fiscal year 2017 will end with calculated premiums exceeding total cost by \$2.2M.

- The chart below shows a comparison of total cost (split between claim and non-claim costs) vs. calculated premiums for the prior full fiscal year (FY2016) as well as the current plan year (FY2017) with projected costs being used for April 2017 – June 2017. Current premiums are about \$34M per month and total monthly costs have varied between \$27M – \$38M. This chart demonstrates the monthly volatility experienced by the plan as well as the seasonal pattern of costs throughout the fiscal year.

Aggregate Cost vs. Calculated Premium



- Since early FY2015, total medical and pharmacy costs on a per-member basis have risen gradually and are expected to continue to rise due to healthcare cost inflation. The graph below displays the Rolling 12 month (R12) medical and pharmacy costs along with the trends the plan has experienced across both medical carriers. Generally speaking, the plan's pharmacy costs have seen very favorable trends recently compared to broader market trends. The medical costs have trended in line with the broader market increases.



- With data through March 31, 2017, we estimate the total outstanding claims liability (i.e. incurred but not paid claims liability) as of quarter ending March 31, 2017 is \$28.3M. The table below shows the outstanding claims liability as of the prior five quarter end valuation dates. Over the past year, the IBNP liability has fluctuated between \$22M and \$29M. Fluctuations of this magnitude are not uncommon.

Valuation Date	IBNP Liability (\$Ms)
3/31/2016	\$28.9
6/30/2016	\$24.4
9/30/2016	\$22.0
12/31/2016	\$24.3
3/31/2017	\$28.3

- All claims are on an incurred basis using data through March 31, 2017 and therefore include an estimate of incurred but not paid claims.