



Health Plan

University of Colorado Health and Welfare Trust

FY18 –1st QUARTER FINANCIAL REPORTS

December 5th, 2017



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

uhealth



Medicine

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Financial Reports



**UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST
FY18 - STATEMENT OF NET POSITION (unaudited)**

As of September 30, 2017

(Updated 11/20/17)

<u>Assets</u>	<i>Current Q1 <u>9/30/2017</u></i>	<i>FY17 Q4/Year End <u>6/30/2017</u></i>
Cash:		
Medical	\$ 1,159	\$ 1,244
Flexible Spending Account	343,139	1,058,420
Investments	35,662,085	32,035,143
Receivables:		
Premiums	30,870,467	25,580,483
Pharmacy Rebates	4,996,823	6,757,253
Premium Assessment Due from Member	-	-
Interest	15,124	13,843
Miscellaneous Receivables	55,000	212,892
Prepaid Expenses	178,828	74,316
Total Assets	\$ 72,122,625	\$ 65,733,594
<u>Liabilities and Net Position</u>		
Accounts Payable - Medical	\$ 4,388,721	\$ 6,157,841
Contracts Payable	782,833	1,058,585
Benefit Claims Payable - Medical	6,887,366	8,497,831
Incurred But Not Reported Claims Estimate	26,057,395	26,057,395
Flexible Spending	84,088	775,846
Total Liabilities	38,200,403	42,547,498
Plan Net Position - Unrestricted	33,922,222	23,199,034
Total Liabilities and Plan Net Position	\$ 72,122,625	\$ 65,746,532

UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST
FY18 - STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN PLAN NET POSITION (unaudited)
For the three months ended September 30, 2017
 (Updated 11/20/17)

	<i>Current</i> Q1 <u>9/30/2017</u>	<i>FY17</i> Q4/Year End <u>6/30/2017</u>
<u>Operating Revenues</u>		
Contributions	\$ 113,394,965	\$ 403,567,776
Flexible Spending Recapture	-	-
Total Operating Revenues	113,394,965	403,567,776
<u>Operating Expenses</u>		
Medical Claims	95,233,070	369,639,687
Medical Claims Administration	6,347,184	25,361,146
General and Administrative	630,843	3,541,682
Total Administrative	6,978,027	28,902,828
Total Operating Expenses	102,211,097	398,542,515
Operating Income	11,183,868	5,025,261
<u>Nonoperating Revenues (Expenses)</u>		
Investment Earnings	51,118	104,084
Wellness Initiative	(511,798)	(1,985,458)
Total Nonoperating Revenues (Expenses)	(460,680)	(1,881,374)
Change in Plan Net Position	10,723,188	3,143,887
Plan Net Position Beginning of Year	23,199,034	20,055,147
Plan Net Position End of Period	\$ 33,922,222	\$ 23,199,034

Treasury



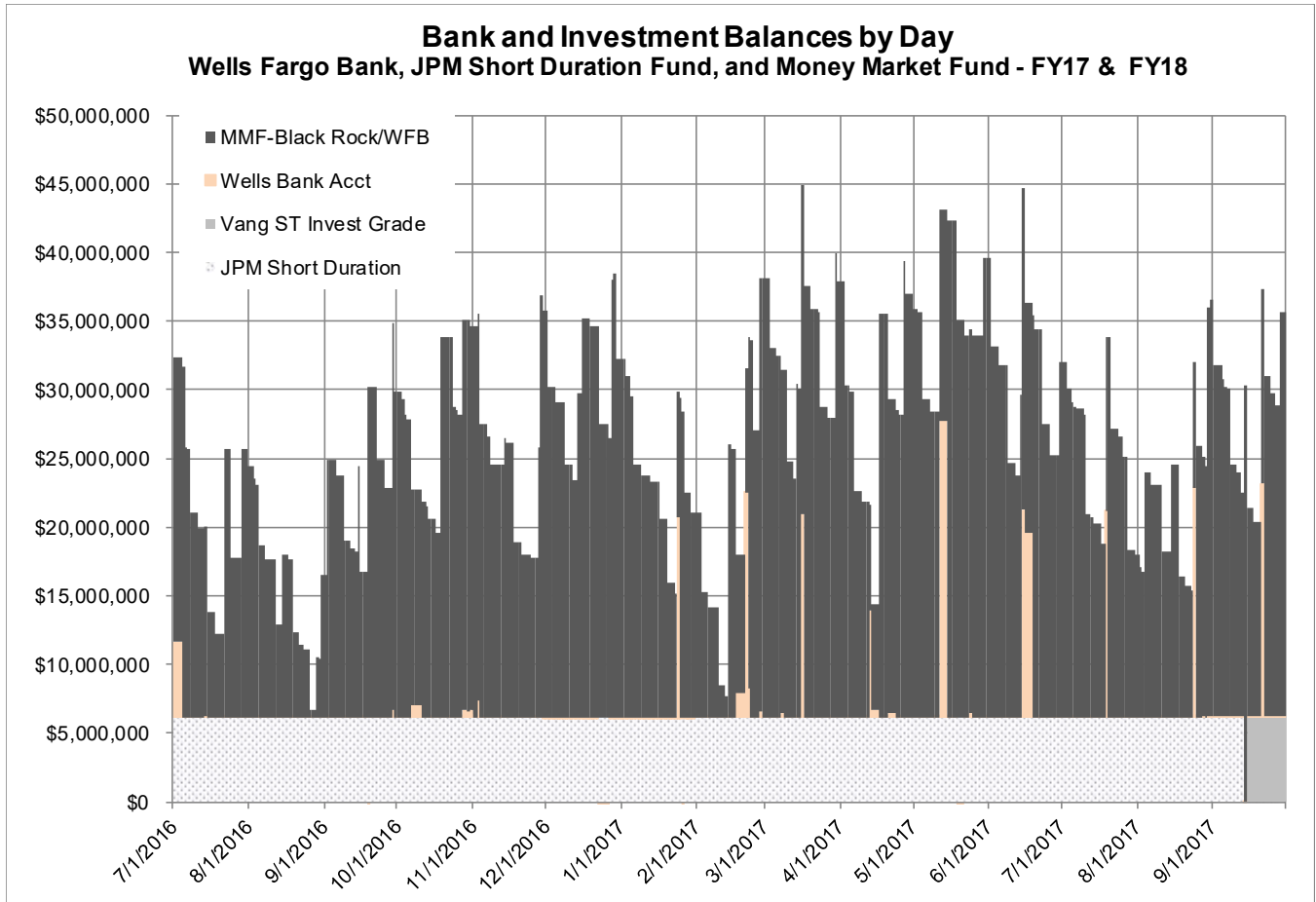
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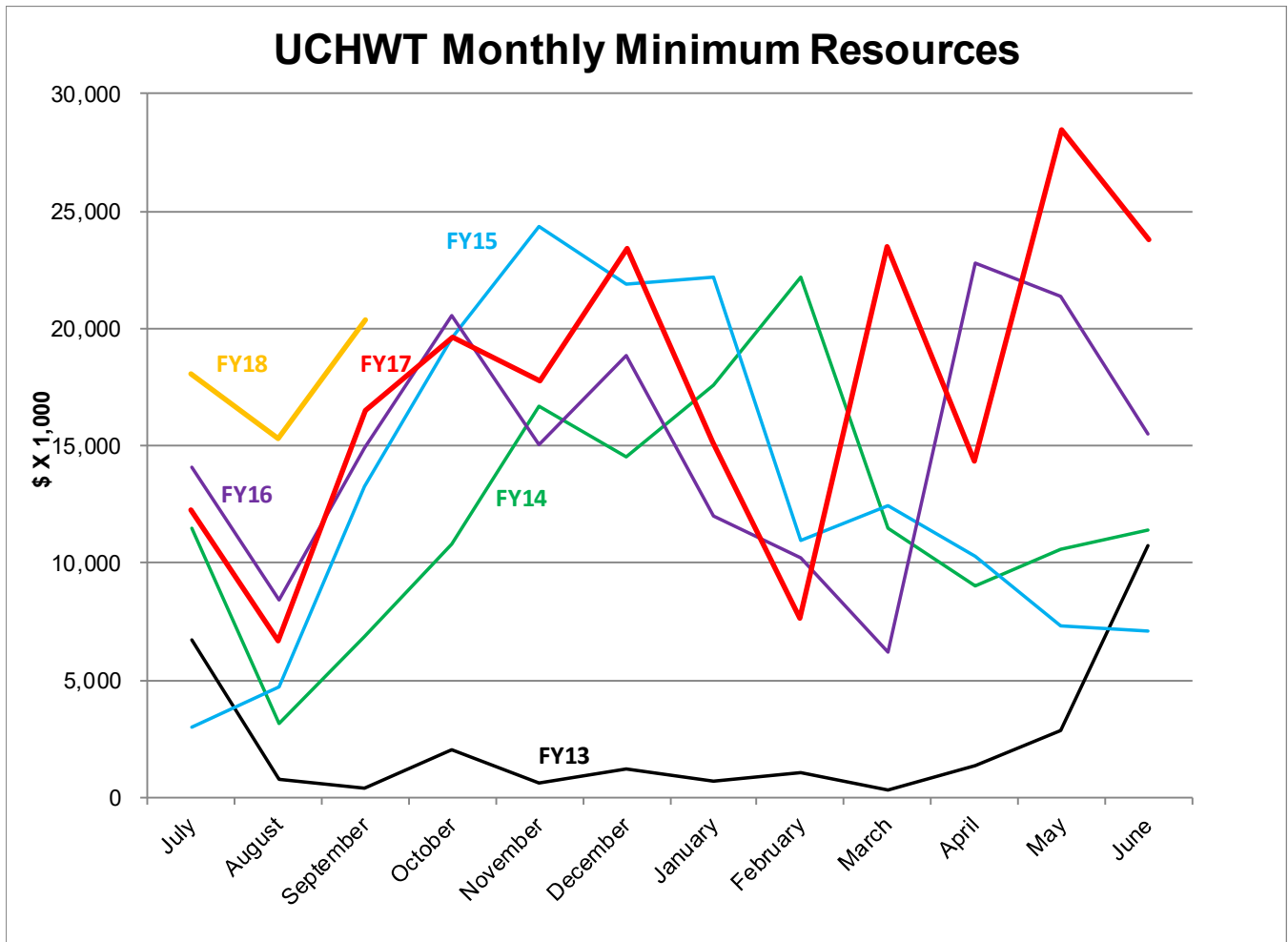
To: Members of the University of Colorado Health and Welfare Trust Board
From: Dan J. Wilson, Treasurer
Date: November 28, 2017
Re: Quarterly Report on Investments

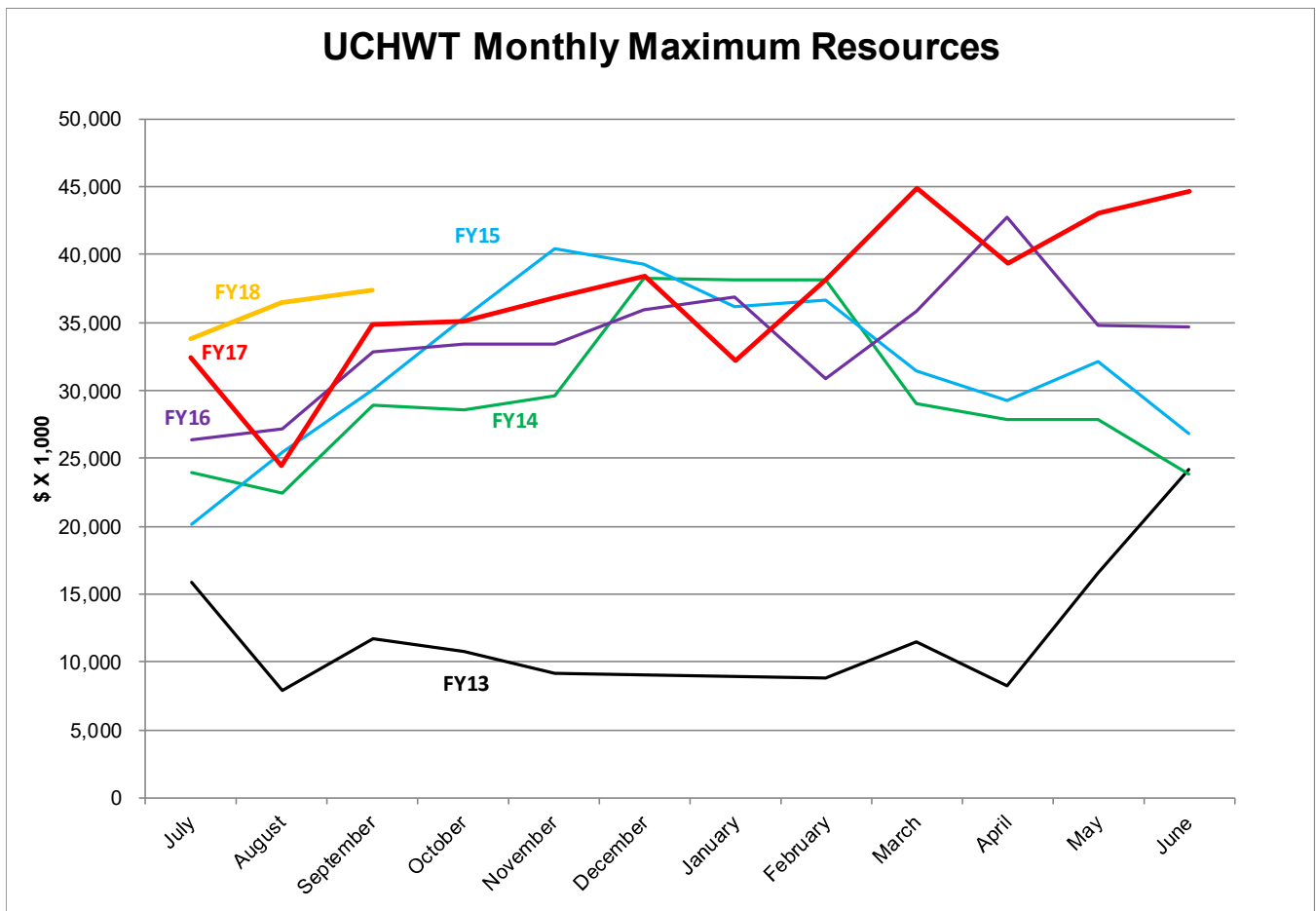
The Trust's cash equivalents and investments at September 30, 2017, totaled \$35.6 million compared to \$29.9 at September 30, 2016. Of this amount, \$29.5 million was invested in a triple-A rated government money market fund. An additional \$6.2 million was invested in a high-quality, short-duration bond fund managed by Vanguard. 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 current quarter-end yield on this fund was .87%. Vanguard Short-Term Investment Grade Fund Admiral Shares (VFSUX) was purchased on September 15th after the JP Morgan short-duration bond fund was sold. Historical annualized yield on this fund at 9/30/17 was 3.53%

The bank and investment balances for the first quarter of fiscal year 2018 shows higher balances than the prior fiscal year. Both minimum and maximum resources are higher than all prior fiscal years in the first quarter.

Total investment interest earnings FYTD including unrealized gains/(losses) total \$51,118.







Budget Performance



FY18 – BUDGET TO ACTUAL REPORT AS OF: 9/30/2017

	FY18 TOTAL BUDGET	FY18 BUDGET DETAIL	FY18 ACTUALS AS OF 9/30/17	FY18 AVAILABLE AMOUNT	1Q FY18 % BUDGET TO ACTUALS	1Q FY17 % BUDGET TO ACTUALS
REVENUES/INFLOWS						
SELF-FUNDED MEDICAL PLANS & RESERVES	\$ (434,687,000)					
ANTHEM		\$ (357,858,000)	(95,200,788)	\$ (262,657,212)	26.60%	26.32%
KAISER		(61,862,000)	(14,223,581)	(47,638,419)	22.99%	25.17%
VISION		(1,072,000)	(311,841)	(760,159)	29.09%	21.32%
DENTAL		(13,895,000)	(3,658,755)	(10,236,245)	26.33%	26.02%
HEALTH CARE FLEX SPENDING PLANS	(4,200,000)	(4,200,000)	(878,584)	(3,321,416)	20.92%	24.48%
INVESTMENT INCOME	(62,000)	(62,000)	(51,119)	(10,881)	82.45%	27.36%
TOTAL REVENUE/INFLOWS	(438,949,000)	(438,949,000)	(114,324,668)	(324,624,332)	26.05%	26.11%
EXPENSES/OUTFLOWS						
INCURED SELF-FUNDED CLAIMS	381,725,000					
ANTHEM		319,218,000	75,069,439	244,148,561	23.52%	24.20%
KAISER		48,163,000	11,018,759	37,144,241	22.88%	30.56%
VISION		981,000	198,015	782,985	20.19%	21.84%
DENTAL		13,363,000	3,697,141	9,665,859	27.67%	24.26%
TRANSITIONAL REINSURANCE FEE	0	0	0	0	0%	51.16%
GLOBAL PAYMENTS	20,485,000	20,485,000	5,249,716	15,235,284	25.63%	25.79%
ADMINISTRATIVE FEES, MISC CHARGES						
ASO FEES	27,292,000					
ANTHEM		13,715,000	3,423,763	10,291,237	24.96%	26.37%
KAISER		12,953,000	2,761,534	10,191,466	21.32%	27.51%
VISION		91,000	26,202	64,798	28.79%	20.66%
DENTAL		533,000	135,686	397,314	25.46%	26.00%
BANK CHARGES	6,000	6,000	896	5,104	14.93%	9.04%
MISC CHARGES	5,000	5,000	0	5,000	0.00%	0.00%
FSA CLAIMS ADMINISTRATION	95,000	95,000	22,959	72,041	24.17%	22.33%
HEALTH SAVINGS ACCOUNT ADMINISTRATION	80,000	80,000	26,318	53,682	32.90%	31.79%
FLEX SPENDING CLAIMS PAYMENTS	4,100,000	4,100,000	869,953	3,230,047	21.22%	37.97%
WELLNESS	1,940,500					
WELLNESS ASSESSMENT (HRA)		48,000	0	48,000	0.00%	0.00%
BE COLORADO - MOVE		1,479,000	463,797	1,015,203	31.36%	41.08%
WEIGHT MANAGEMENT		60,000	19,176	40,824	31.96%	17.36%
BRUSSELS + MUSCLES		3,500	117	3,383	3.34%	0.35%
WELLNESS PLATFORM		300,000	0	300,000	0.00%	1.06%
MARKETING		50,000	5,475	44,525	10.95%	2.35%
PREVENTION	399,000					
BIOMETRIC SCREENINGS AND FLU SHOTS		382,000	0	382,000	0.00%	0.00%
HEALTH FAIRS/5K		17,000	21,687	(4,687)	127.57%	4.54%
SMOKING CESSATION		0	0	0	0%	0.00%
PILOTS, STUDIES AND OTHER EXPENSES	100,000	100,000	1,546	98,454	1.55%	3.11%
DATA WAREHOUSE	360,000	360,000	77,326	282,674	21.48%	19.64%
TRUST FEES						
CONSULTING	318,500					
ACTUARY		160,000	0	160,000	0.00%	17.65%
LEGAL		10,000	6,394	3,606	63.94%	2.90%
MANAGEMENT		60,000	0	60,000	0.00%	2.17%
AUDIT		88,500	4,000	84,500	4.52%	30.25%
INSURANCE	146,000					
FIDUCIARY LIABILITY		55,000	13,847	41,153	25.18%	28.11%
ERRORS AND OMISSIONS		89,000	22,576	66,424	25.37%	19.99%
CRIME		2,000	462	1,538	23.10%	8.78%
CU HEALTH PLAN ADMINISTRATION	1,897,000	1,897,000	456,065	1,440,935	24.04%	20.49%
TOTAL EXPENSES/OUTFLOWS	438,949,000	438,949,000	103,592,849	335,356,151	23.60%	25.19%
NET ACTIVITY FOR PERIOD	\$ -	\$ -	\$ (10,731,819)	\$ 10,731,819		

*FSA Activity is excluded from financial reports on page 5

Plan Performance



**University of Colorado Health and Welfare Trust
Fiscal Year 2018 – Financial Results YTD**

- As of September 30, 2017, the aggregate experience of all plans is showing remitted premiums have exceeded costs (claims plus expenses) by \$9.7M. The table below shows the past two fiscal years results, the current fiscal year YTD, and a preliminary projection of the full fiscal year 2018.

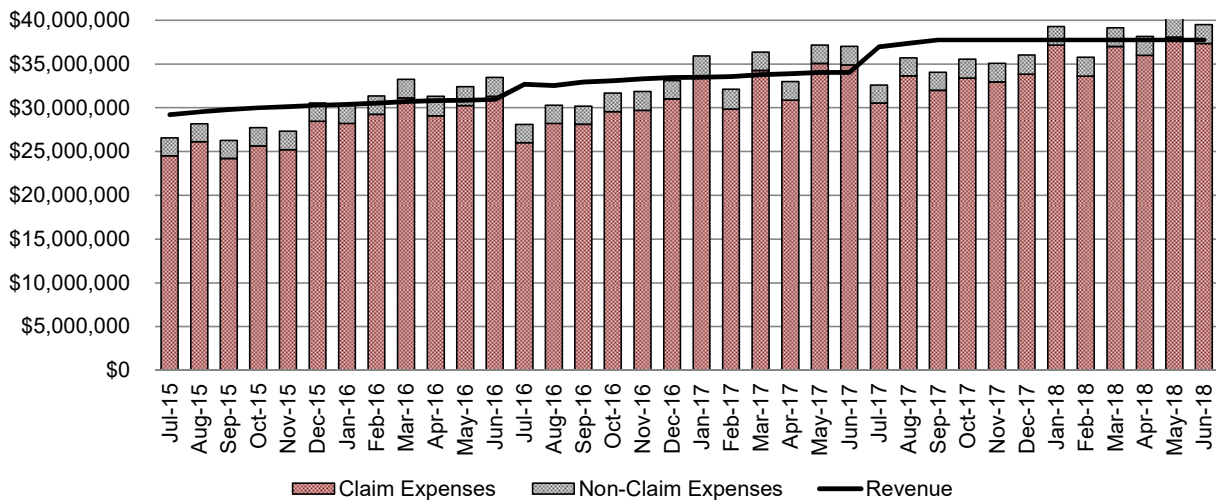
Year	Medical/Rx Enrolled	Vision Enrolled	Dental Enrolled	Claims Expense (\$Ms)	Non-Claims Expense (\$Ms)	Total Cost (\$Ms)	Remitted Premium (\$Ms)	Loss Ratio	Gain / (Loss)
FY2016	370,989	120,991	224,783	\$333.1	\$25.3	\$358.4	\$363.1	98.7%	\$4.6
FY2017	396,484	106,742	237,047	\$370.8	\$25.6	\$396.5	\$400.6	99.0%	\$4.2
FY2018 YTD	104,195	31,263	60,398	\$96.1	\$6.2	\$102.3	\$112.0	91.3%	\$9.7
FY2018 Proj.	420,230	126,249	242,981	\$415.2	\$25.6	\$440.7	\$451.6	97.6%	\$10.8

The initial YTD results for fiscal year 2018 are consistent with prior year results with loss ratios in the low 90%'s. The projected increase in loss ratio for the remainder of the fiscal year is due to the seasonality of claims exhibited in the medical plan offerings (particularly the HDHP).

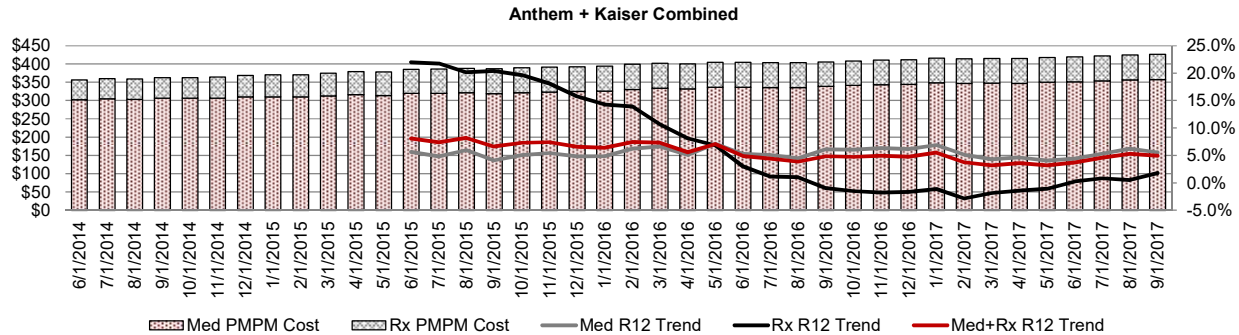
Enrollment in the plan continues to grow. Enrollment increased nearly 7% from FY2016 to FY2017 and is up nearly 6% in Q1 FY2018.

- The chart below shows a comparison of total cost (split between claim and non-claim costs) vs. remitted premiums for the prior full fiscal years (FY2016 and FY2017) as well as the projected current plan year (FY2018). Current premiums are about \$38M per month and total monthly costs for FY2018 are projected to be between \$32M – \$40M. 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. Remitted 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 September 30, 2017, we estimate the total outstanding claims liability (i.e. incurred but not paid claims liability) as of quarter ending September 30, 2017 is \$25.8M. The table below shows the outstanding claims liability as of the prior five quarter end valuation dates. Over the past year, the estimated IBNP liability has fluctuated between \$22M and \$28M. Fluctuations of this magnitude are not uncommon.

Valuation Date	IBNP Liability (\$Ms)
9/30/2016	\$22.0
12/31/2016	\$24.3
3/31/2017	\$28.3
6/30/2017	\$26.1
9/30/2017	\$25.8

- All claims are on an incurred basis using data through September 30, 2017 and therefore include an estimate of incurred but not paid claims.