



# Health Plan

University of Colorado Health and Welfare Trust

## ***FY18 –2<sup>nd</sup> QUARTER FINANCIAL REPORTS***

*March 6th, 2018*



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 December 31, 2017**

(Updated 2/15/18)

<b><u>Assets</u></b>	<i>Current Q2 <u>12/31/2017</u></i>	<i>FY17 Q4/Year End <u>6/30/2017</u></i>
Cash:		
Medical	\$ -	\$ 1,245
Flexible Spending Account	452,861	1,058,420
Investments	42,526,412	32,035,143
Receivables:		
Premiums	27,622,659	22,145,981
Pharmacy Rebates	8,034,015	6,771,817
Premium Assessment Due from Member	2,280,193	2,280,193
Interest	40,628	13,843
Miscellaneous Receivables	-	759,786
Prepaid Expenses	144,116	74,316
<b>Total Assets</b>	<b>\$ 81,100,884</b>	<b>\$ 65,140,744</b>
<b><u>Liabilities and Net Position</u></b>		
Accounts Payable - Medical	\$ 3,672,945	\$ 5,676,236
Contracts Payable	790,383	1,058,585
Benefit Claims Payable - Medical	7,334,269	8,497,831
Incurred But Not Reported Claims Estimate	23,317,455	23,317,455
Flexible Spending	77,791	636,173
Total Liabilities	35,192,843	39,186,280
Plan Net Position - Unrestricted	45,908,041	25,954,464
<b>Total Liabilities and Plan Net Position</b>	<b>\$ 81,100,884</b>	<b>\$ 65,140,744</b>

**UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST**  
**FY18 - STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN PLAN NET POSITION (unaudited)**  
**For the six months ended December 31, 2017**  
 (Updated 2/15/18)

	<i>Current</i> <b>Q2</b> <b>12/31/2017</b>	<i>FY17</i> <b>Q4/Year End</b> <b>6/30/2017</b>
<b><u>Operating Revenues</u></b>		
Contributions	\$ 228,702,916	\$ 402,886,233
Flexible Spending Recapture	-	139,673
<b>Total Operating Revenues</b>	<b>228,702,916</b>	<b>403,025,906</b>
<b><u>Operating Expenses</u></b>		
Medical Claims	193,459,262	366,876,424
Medical Claims Administration	12,821,750	24,841,671
General and Administrative	1,417,778	3,554,620
Total Administrative	14,239,528	28,396,291
<b>Total Operating Expenses</b>	<b>207,698,790</b>	<b>395,272,715</b>
Operating Income	21,004,126	7,753,191
<b><u>Nonoperating Revenues (Expenses)</u></b>		
Investment Earnings	123,845	104,084
Wellness Initiative	(1,174,394)	(1,957,958)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(1,050,549)</b>	<b>(1,853,874)</b>
<b>Change in Plan Net Position</b>	<b>19,953,577</b>	<b>5,899,317</b>
Plan Net Position Beginning of Year	25,954,464	20,055,147
Plan Net Position End of Period	<b>\$ 45,908,041</b>	<b>\$ 25,954,464</b>

# Treasury



## Memo

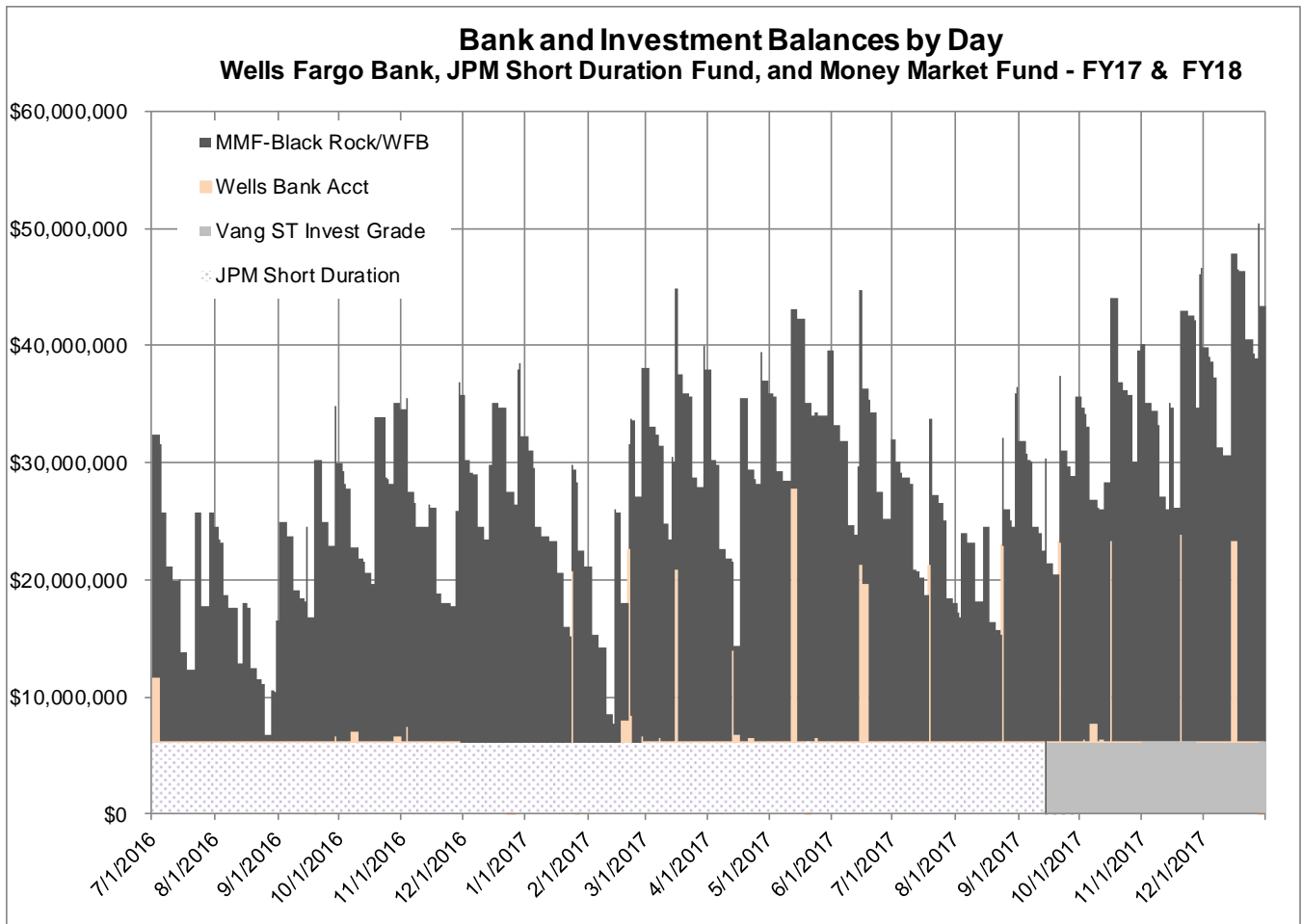
To: Members of the University of Colorado Health and Welfare Trust Board  
From: Dan J. Wilson, Treasurer  
Date: February 20, 2018  
Re: Quarterly Report on Investments

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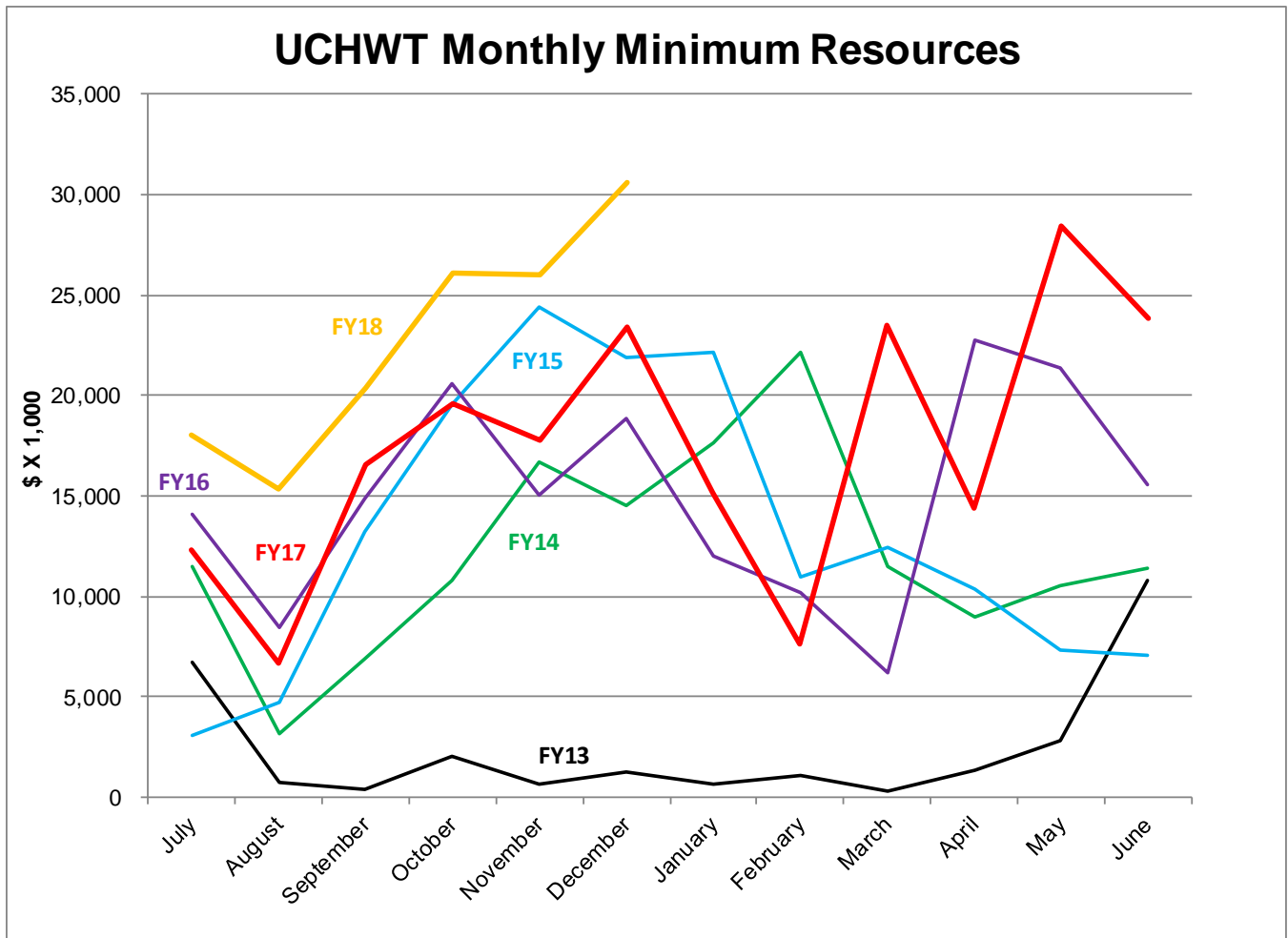
The Trust's cash equivalents and investments at December 31, 2017, totaled \$43.4 million compared to \$32.3 million at December 31, 2016. Of this amount, \$37.2 million was invested in a triple-A rated Wells Fargo government money market fund (GVIXX). An additional \$6.2 million was invested in a high-quality, 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 .24% and annual return was .73%. Vanguard Short-Term Investment Grade Fund Admiral Shares (VFSUX) was purchased on September 15th after the JP Morgan short-duration bond fund was sold. Annualized return for a one year period as of 12/31/17 was 2.12%, however, the 4th quarter return with unrealized losses for share price depreciation was negative .05%.

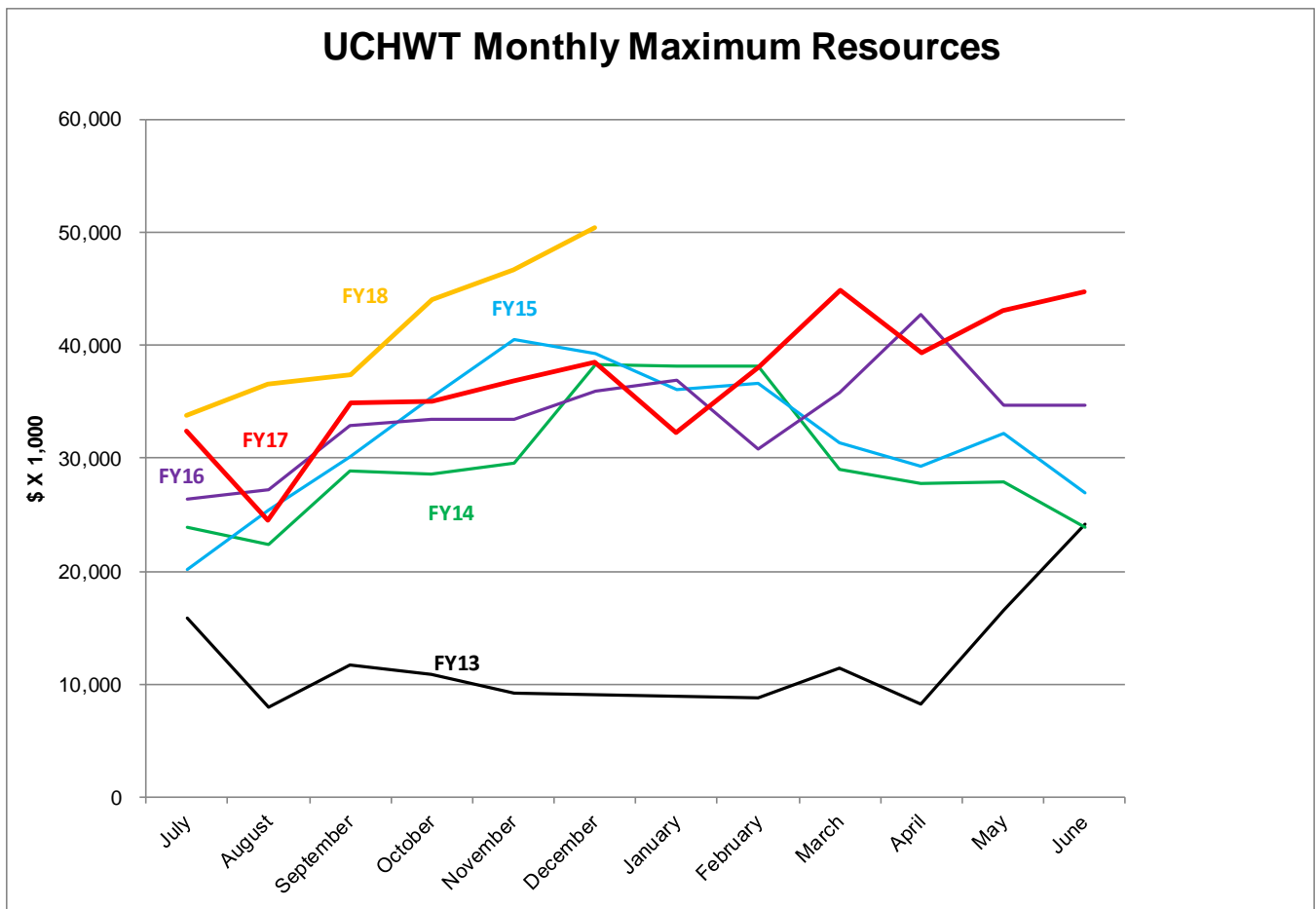
The bank and investment balances for the second quarter of fiscal year 2018 shows higher balances than the prior fiscal year. Both minimum and maximum resources are higher than all prior fiscal years in the first quarter.

Total investment interest earnings FYTD including unrealized gains/(losses) total \$123,846.









# Budget Performance



**FY18 – BUDGET TO ACTUAL REPORT AS OF: 12/31/2017**

	FY18 TOTAL BUDGET	FY18 BUDGET DETAIL	FY18 ACTUALS AS OF 12/31/17	FY18 AVAILABLE AMOUNT	2Q FY18 % BUDGET TO ACTUALS	2Q FY17 % BUDGET TO ACTUALS
<b>REVENUES/INFLOWS</b>						
SELF-FUNDED MEDICAL PLANS & RESERVES	\$ (434,687,000)					
ANTHEM		\$ (357,858,000)	(192,353,646)	\$ (165,504,354)	53.75%	52.89%
KAISER		(61,862,000)	(28,338,792)	(33,523,208)	45.81%	50.17%
VISION		(1,072,000)	(636,244)	(435,756)	59.35%	43.89%
DENTAL		(13,895,000)	(7,374,233)	(6,520,767)	53.07%	52.27%
HEALTH CARE FLEX SPENDING PLANS	(4,200,000)	(4,200,000)	(2,099,165)	(2,100,835)	49.98%	57.77%
INVESTMENT INCOME	(62,000)	(62,000)	(123,846)	61,846	199.75%	-5.30%
<b>TOTAL REVENUE/INFLOWS</b>	<b>(438,949,000)</b>	<b>(438,949,000)</b>	<b>(230,925,926)</b>	<b>(208,023,074)</b>	<b>52.61%</b>	<b>52.48%</b>
<b>EXPENSES/OUTFLOWS</b>						
INCURED SELF-FUNDED CLAIMS	381,725,000					
ANTHEM		319,218,000	153,338,263	165,879,737	48.04%	48.78%
KAISER		48,163,000	21,838,936	26,324,064	45.34%	57.96%
VISION		981,000	425,875	555,125	43.41%	37.90%
DENTAL		13,363,000	7,310,296	6,052,704	54.71%	48.18%
GLOBAL PAYMENTS	20,485,000	20,485,000	10,545,891	9,939,109	51.48%	51.74%
ADMINISTRATIVE FEES, MISC CHARGES						
ASO FEES	27,292,000					
ANTHEM		13,715,000	6,954,196	6,760,804	50.71%	53.49%
KAISER		12,953,000	5,540,253	7,412,747	42.77%	53.35%
VISION		91,000	53,480	37,520	58.77%	42.75%
DENTAL		533,000	273,821	259,179	51.37%	52.37%
BANK CHARGES	6,000	6,000	896	5,104	14.93%	21.86%
MISC CHARGES	5,000	5,000	0	5,000	0.00%	0.00%
FSA CLAIMS ADMINISTRATION	95,000	95,000	46,842	48,158	49.31%	47.69%
HEALTH SAVINGS ACCOUNT ADMINISTRATION	80,000	80,000	55,969	24,031	69.96%	66.40%
FLEX SPENDING CLAIMS PAYMENTS	4,100,000	4,100,000	1,957,158	2,142,842	47.74%	79.14%
WELLNESS	1,940,500					
WELLNESS ASSESSMENT (HRA)		48,000	0	48,000	0.00%	0.00%
BE COLORADO - MOVE		1,479,000	925,257	553,743	62.56%	82.98%
WEIGHT MANAGEMENT		60,000	35,050	24,950	58.42%	34.14%
BRUSSELS + MUSCLES		3,500	367	3,133	10.49%	0.70%
WELLNESS PLATFORM		300,000	0	300,000	0.00%	18.47%
MARKETING		50,000	17,475	32,525	34.95%	2.35%
PREVENTION	399,000					
BIOMETRIC SCREENINGS		382,000	171,503	210,497	44.90%	0.00%
HEALTH FAIRS/5K		17,000	20,377	(3,377)	119.86%	4.64%
PILOTS, STUDIES AND OTHER EXPENSES	100,000	100,000	4,365	95,635	4.37%	3.32%
DATA WAREHOUSE	360,000	360,000	154,652	205,348	42.96%	37.59%
TRUST FEES						
CONSULTING	318,500					
ACTUARY		160,000	0	160,000	0.00%	46.06%
LEGAL		10,000	9,060	940	90.60%	8.92%
MANAGEMENT		60,000	60,000	0	100.00%	11.04%
AUDIT		88,500	109,440	(20,940)	123.66%	81.50%
INSURANCE	146,000					
FIDUCIARY LIABILITY		55,000	26,747	28,253	48.63%	54.99%
ERRORS AND OMISSIONS		89,000	43,948	45,052	49.38%	39.10%
CRIME		2,000	902	1,098	45.10%	17.28%
CU HEALTH PLAN ADMINISTRATION	1,897,000	1,897,000	909,322	987,678	47.93%	41.90%
<b>TOTAL EXPENSES/OUTFLOWS</b>	<b>438,949,000</b>	<b>438,949,000</b>	<b>210,830,341</b>	<b>228,118,659</b>	<b>48.03%</b>	<b>50.29%</b>
<b>NET ACTIVITY FOR PERIOD</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (20,095,585)</b>	<b>\$ 20,095,585</b>		

\*FSA Activity is excluded from financial reports on page 5

# Plan Performance



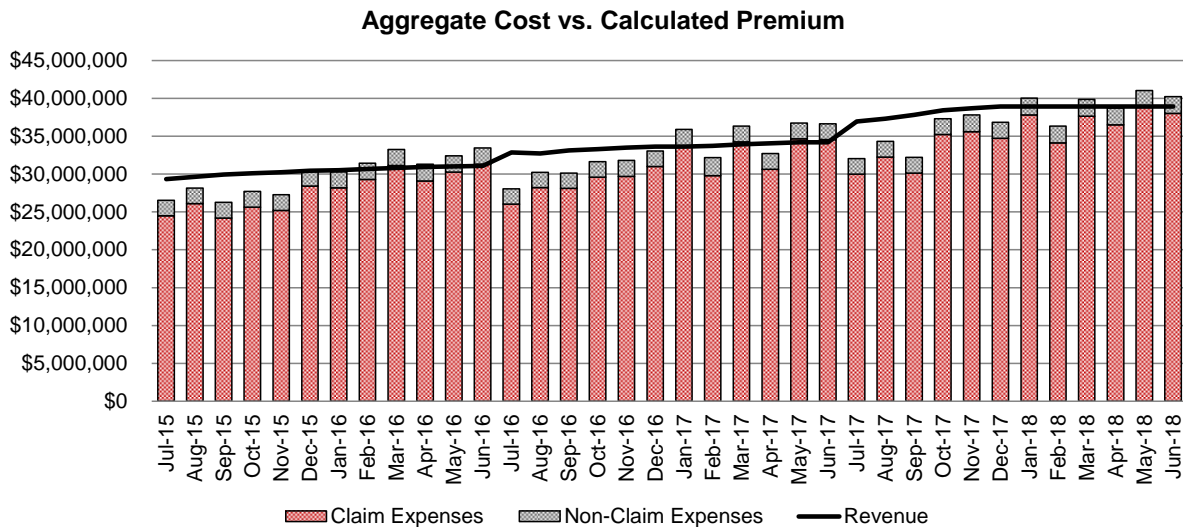
**University of Colorado Health and Welfare Trust  
Fiscal Year 2018 – Financial Results YTD**

- As of December 31, 2017, the aggregate experience of all plans is showing remitted premiums have exceeded costs (claims plus expenses) by \$17.6 million. The table below shows the past two fiscal years results, the current fiscal year YTD, and a preliminary projection of a the full fiscal year 2018.

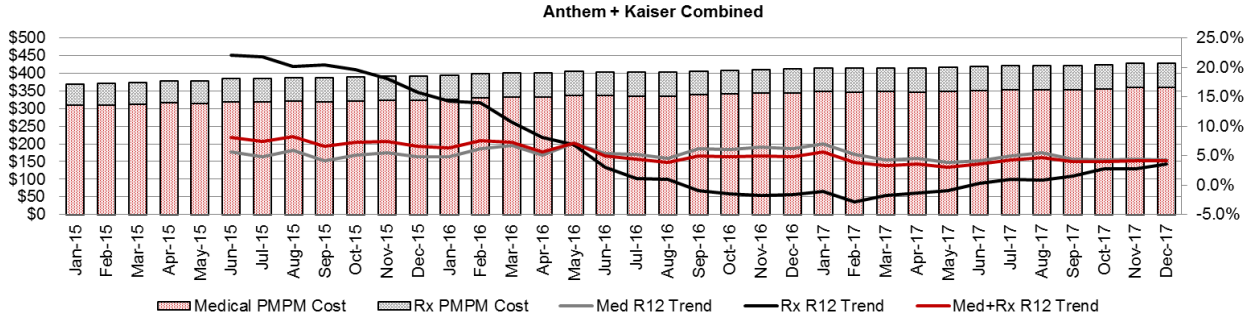
Year	Medical/Rx Enrolled	Vol. Vision Enrolled	Dental Enrolled	Claims Expense (\$Ms)	Non-Claims Expense (\$Ms)	Total Cost (\$Ms)	Remitted Premiums (\$Ms)	Loss Ratio	Gain / (Loss) (\$Ms)
FY2016	370,989	120,991	224,783	\$333.2	\$25.3	\$358.5	\$364.7	98.3%	\$6.2
FY2017	396,235	106,741	237,047	\$370.0	\$25.3	\$395.2	\$402.8	98.1%	\$7.6
FY2018 YTD	210,514	63,435	121,931	\$197.9	\$12.6	\$210.5	\$228.1	92.3%	\$17.6
FY2018 Proj.	426,436	128,115	245,159	\$420.7	\$25.8	\$446.6	\$461.6	96.7%	\$15.1

Initial YTD results for fiscal year 2018 is 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).

- 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 \$39M per month and total monthly costs for FY2018 are projected to be between \$32 million and \$41 million. This chart demonstrates the monthly volatility experienced by the plan as well as the seasonal pattern of costs throughout the fiscal year.



- 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 December 31, 2017, we estimate the total outstanding claims liability (i.e. incurred but not paid claims liability) as of quarter ending December 31, 2017 is \$25.3M. 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 \$24M and \$28M. Fluctuations of this magnitude are not uncommon.

Valuation Date	IBNP Liability (\$Ms)
12/31/2016	\$24.3
3/31/2017	\$28.3
6/30/2017	\$26.1
9/30/2017	\$25.8
12/31/2017	\$25.3

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



# FY19 Proposed Budget





### FY19 Proposed Budget

	FY19 BUDGET		FY18 BUDGET	
	TOTAL	DETAIL	TOTAL	DETAIL
<b>REVENUES/INFLOWS</b>				
SELF-FUNDED CLAIMS & RESERVES	\$ 479,190,847		\$ 434,687,000	
Anthem		\$ 400,562,149		\$ 357,858,000
Kaiser		61,795,521		61,862,000
Vision		1,034,227		1,072,000
Delta		15,798,950		13,895,000
HEALTH CARE FLEX SPENDING PLANS	4,305,000	4,305,000	4,200,000	4,200,000
INVESTMENT INCOME	150,000	150,000	62,000	62,000
<b>TOTAL REVENUE/INFLOWS</b>	<b>\$ 483,645,847</b>	<b>\$ 483,645,847</b>	<b>\$ 438,949,000</b>	<b>\$ 438,949,000</b>
<b>EXPENSES/OUTFLOWS</b>				
INCURRED SELF-FUNDED CLAIMS	\$ 445,010,530		\$ 381,725,000	
Anthem		\$ 380,562,258		\$ 319,218,000
Kaiser		48,286,045		48,163,000
Vision		917,803		981,000
Delta		15,244,424		13,363,000
GLOBAL PAYMENTS	-	-	20,485,000	20,485,000
ADMINISTRATIVE FEES, MISC CHARGES				
ASO Fees	28,376,797		27,292,000	
Anthem		14,870,316		13,715,000
Kaiser		12,835,531		12,953,000
Vision		116,424		91,000
Delta		554,526		533,000
Bank Charges	6,000	6,000	6,000	6,000
Misc Charges	5,000	5,000	5,000	5,000
FSA Claims Administration	96,000	96,000	95,000	95,000
Health Savings Account Administration	113,000	113,000	80,000	80,000
FLEX SPENDING CLAIMS PAYMENTS	4,305,000	4,305,000	4,100,000	4,100,000
WELLNESS	2,283,500		1,940,500	
Wellness Assessment		45,000		48,000
Be Colorado - Move		1,900,000		1,479,000
Zipongo		135,000		
Weight Management		-		60,000
Brussels + Muscles		3,500		3,500
Wellness Platform		150,000		300,000
Marketing		50,000		50,000
PREVENTION	407,000		399,000	
Biometric Screenings		382,000		382,000
5k and Health Fairs		25,000		17,000
PILOTS, STUDIES AND OTHER EXPENSES	50,000	50,000	100,000	100,000
DATA WAREHOUSE	325,000	325,000	360,000	360,000
TRUST FEES				
CONSULTING	393,500		318,500	
Actuary		120,000		160,000
Legal		25,000		10,000
Management		60,000		60,000
Audit		188,500		88,500
INSURANCE	147,900		146,000	
Fiduciary Liability		55,000		55,000
Errors and Omissions		91,000		89,000
Crime		1,900		2,000
ADMINISTRATIVE	2,126,620	2,126,620	1,897,000	1,897,000
<b>TOTAL EXPENSES/OUTFLOWS</b>	<b>\$ 483,645,847</b>	<b>\$ 483,645,847</b>	<b>\$ 438,949,000</b>	<b>\$ 438,949,000</b>
<b>CHANGE IN NET PLAN ASSETS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>