



Health Plan

University of Colorado Health and Welfare Trust

FY18 –4th QUARTER FINANCIAL REPORTS

September 4th, 2018



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

uhealth



Medicine

TABLE OF CONTENTS

Financial Reports:	3
• FY18 Statement of Net Position	4
• FY18 Statement of Revenues, Expenses, and Changes in Plan Net Position	5
Treasury:	6
• Quarterly Report on Investments	7
• Bank and Investment Balances by Day – FY17 and FY18 YTD	8
• Monthly Minimum Resources	9
• Monthly Maximum Resources	10
Budget Performance:	11
• FY18 – Budget to Actual Report	12
Plan Performance:	13
• FY18 – Q4 Financial Performance Highlights	14

Financial Reports



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

As of June 30, 2018

(Updated 8/15/18)

<u>Assets</u>	<i>Current Q4 <u>6/30/2018</u></i>	<i>FY17 Q4/Year End <u>6/30/2017</u></i>
Cash:		
Medical	\$ 1,390	\$ 1,245
Flexible Spending Account	1,024,846	1,058,420
Investments	51,934,076	32,035,143
Receivables:		
Premiums	19,716,037	22,145,981
Pharmacy Rebates	7,553,692	6,771,817
Premium Assessment Due from Member	-	2,280,193
Interest	64,889	13,843
Miscellaneous Receivables	-	759,786
Prepaid Expenses	139,326	74,316
Total Assets	\$ 80,434,256	\$ 65,140,744
<u>Liabilities and Net Position</u>		
Accounts Payable - Medical	\$ 3,959,118	\$ 5,676,236
Contracts Payable	653,330	1,058,585
Benefit Claims Payable - Medical	7,735,444	8,497,831
Incurred But Not Reported Claims Estimate	31,424,313	23,317,455
Flexible Spending	698,896	636,173
Total Liabilities	44,471,101	39,186,280
Plan Net Position - Unrestricted	35,963,155	25,954,464
Total Liabilities and Plan Net Position	\$ 80,434,256	\$ 65,140,744

UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST

FY18 - STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN PLAN NET POSITION (unaudited)

For the year ended June 30, 2018

(Updated 8/15/18)

	<i>Current Q4 6/30/2018</i>	<i>FY17 Q4/Year End 6/30/2017</i>
<u>Operating Revenues</u>		
Contributions	\$ 466,462,500	\$ 402,886,233
Flexible Spending Recapture	-	139,673
Total Operating Revenues	466,462,500	403,025,906
<u>Operating Expenses</u>		
Medical Claims	425,424,570	366,876,424
Medical Claims Administration	26,038,072	24,841,671
General and Administrative	2,749,724	3,554,620
Total Administrative	28,787,796	28,396,291
Total Operating Expenses	454,212,366	395,272,715
Operating Income	12,250,134	7,753,191
<u>Nonoperating Revenues (Expenses)</u>		
Investment Earnings	378,405	104,084
Wellness Initiative	(2,619,848)	(1,957,958)
Total Nonoperating Revenues (Expenses)	(2,241,443)	(1,853,874)
Change in Plan Net Position	10,008,691	5,899,317
Plan Net Position Beginning of Year	25,954,464	20,055,147
Plan Net Position End of Year	\$ 35,963,155	\$ 25,954,464

Treasury



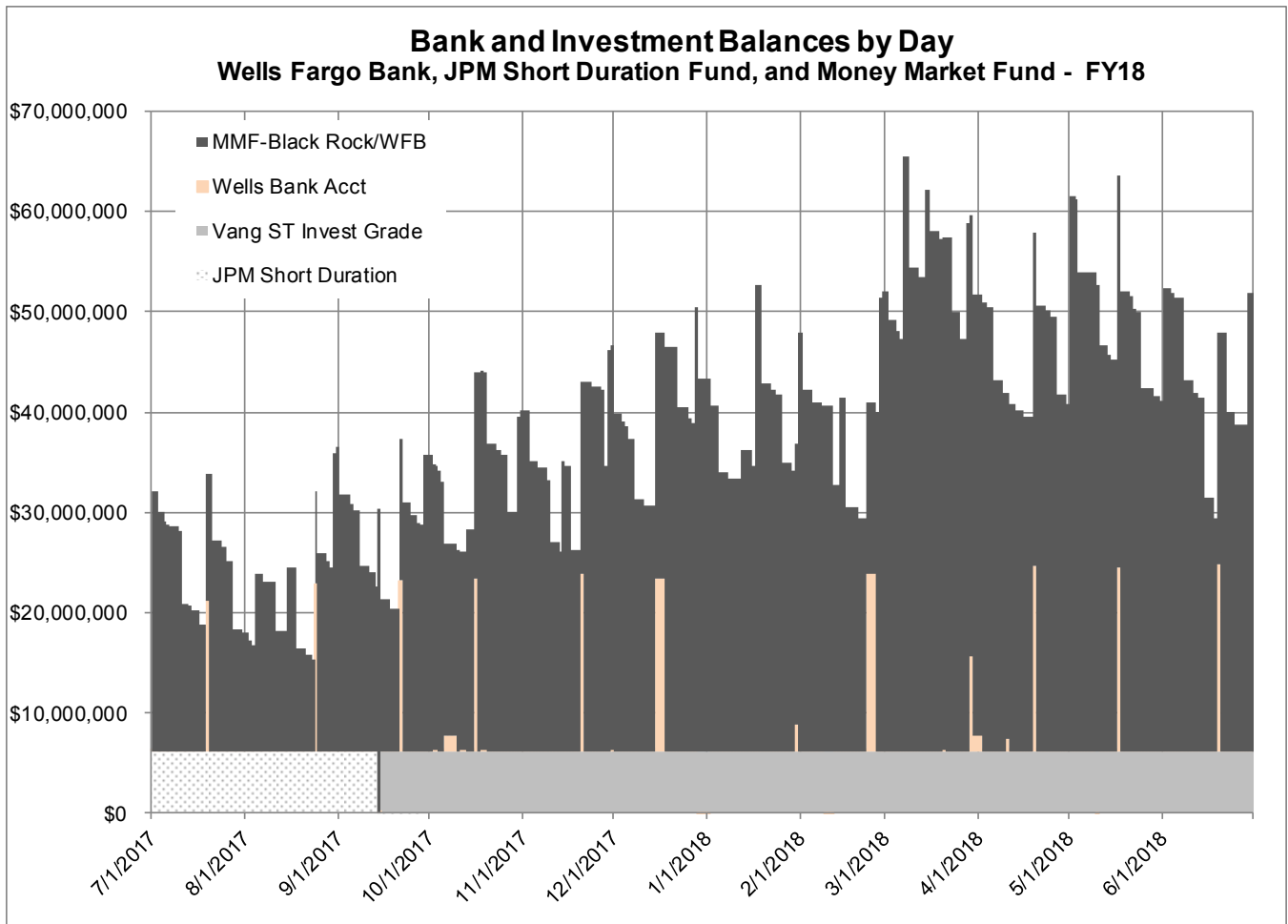
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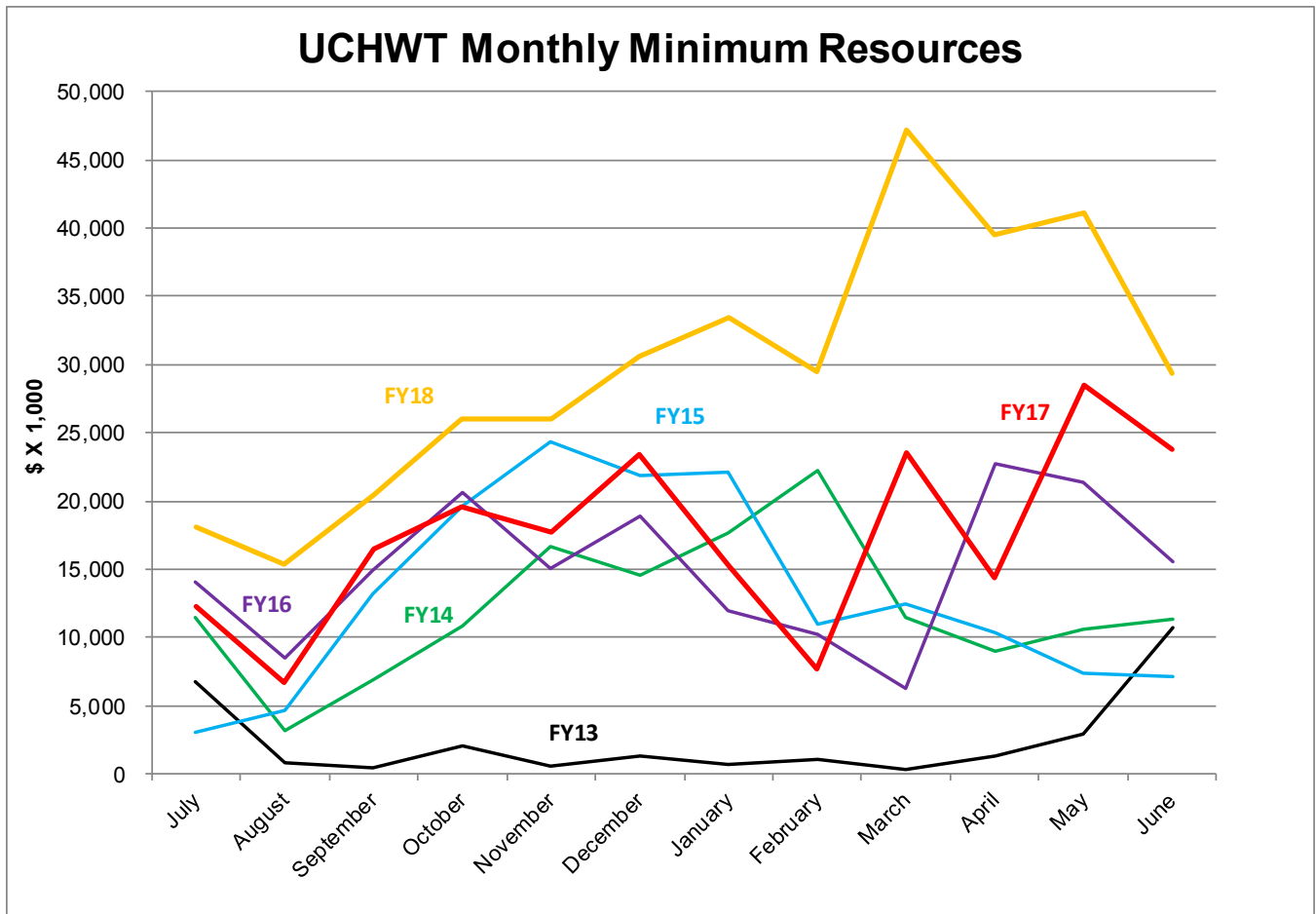
To: Members of the University of Colorado Health and Welfare Trust Board
From: Dan J. Wilson, Treasurer
Date: August 20, 2018
Re: Quarterly Report on Investments

The Trust's cash equivalents and investments at June 30, 2018 totaled \$51.9 million compared to \$32.0 million at June 30, 2017. Of this amount, \$45.8 million was invested in a triple-A rated Wells Fargo government money market fund (GVIXX). Total assets managed by the WF fund total \$72B. 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 rising given the increase in the fed rate. It is also 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 .42% and annual return was 1.28%. About 60% of the fund has weekly liquidity. Vanguard Short-Term Investment Grade Fund Admiral Shares (VFSUX) was purchased on September 15, 2017 after the JP Morgan short-duration bond fund was sold. The quarterly return was .20% and the annualized return for a one year period as of 6/30/18 was .22%.

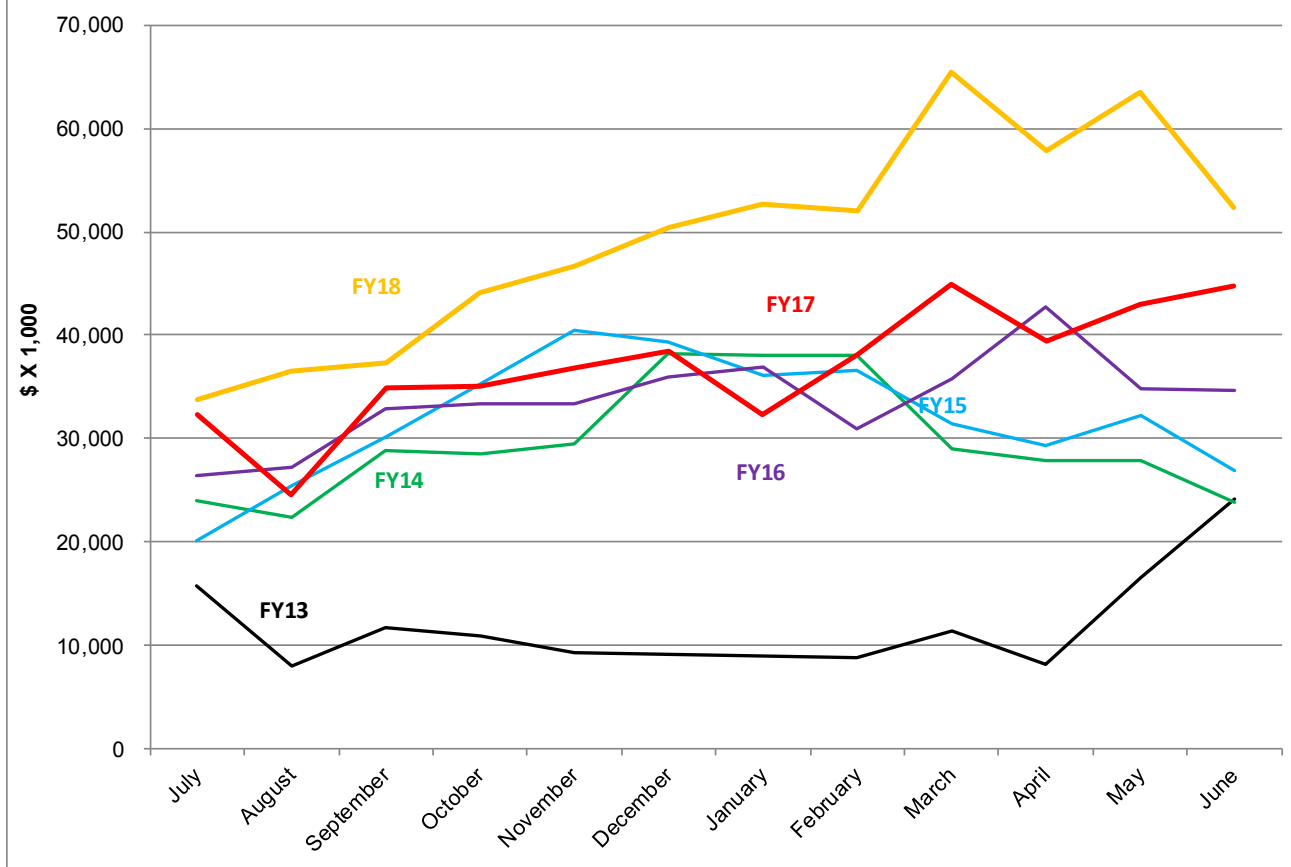
The bank and investment balances for the fourth quarter of fiscal year 2018 shows higher balances than the prior fiscal years. Both minimum and maximum resources are higher than all prior fiscal years in the fourth quarter, although the fund balance decreased significantly in the later part of June.

Total investment interest earnings for FY18 including unrealized gains/(losses) total \$378,405.





UCHWT Monthly Maximum Resources



Budget Performance



FY18 – BUDGET TO ACTUAL REPORT AS OF: 6/30/2018

	FY18 TOTAL BUDGET	FY18 BUDGET DETAIL	FY18 ACTUALS AS OF 6/30/18	FY18 AVAILABLE AMOUNT	4Q FY18 % BUDGET TO ACTUALS	4Q FY17 % BUDGET TO ACTUALS
REVENUES/INFLOWS						
SELF-FUNDED MEDICAL PLANS & RESERVES	\$ (434,687,000)					
ANTHEM		\$ (357,858,000)	(394,116,135)	\$ 36,258,135	110.13%	107.48%
KAISER		(61,862,000)	(56,190,893)	(5,671,107)	90.83%	99.90%
VISION		(1,072,000)	(1,290,813)	218,813	120.41%	89.64%
DENTAL		(13,895,000)	(14,864,660)	969,660	106.98%	105.13%
HEALTH CARE FLEX SPENDING PLANS	(4,200,000)	(4,200,000)	(3,758,529)	(441,471)	89.49%	109.25%
INVESTMENT INCOME	(62,000)	(62,000)	(378,405)	316,405	610.33%	173.47%
TOTAL REVENUE/INFLOWS	(438,949,000)	(438,949,000)	(470,599,435)	31,650,435	107.21%	106.26%
EXPENSES/OUTFLOWS						
INCURRED SELF-FUNDED CLAIMS	381,725,000					
ANTHEM		319,218,000	342,605,417	(23,387,417)	107.33%	105.02%
KAISER		48,163,000	45,161,410	3,001,590	93.77%	116.22%
VISION		981,000	818,399	162,601	83.42%	70.15%
DENTAL		13,363,000	15,115,762	(1,752,762)	113.12%	97.00%
GLOBAL PAYMENTS	20,485,000	20,485,000	21,723,582	(1,238,582)	106.05%	104.27%
ADMINISTRATIVE FEES, MISC CHARGES						
ASO FEES	27,292,000					
ANTHEM		13,715,000	14,285,911	(570,911)	104.16%	108.92%
KAISER		12,953,000	11,090,198	1,862,802	85.62%	105.31%
VISION		91,000	108,604	(17,604)	119.35%	87.34%
DENTAL		533,000	553,359	(20,359)	103.82%	105.58%
BANK CHARGES	6,000	6,000	10,296	(4,296)	171.60%	44.31%
MISC CHARGES	5,000	5,000	0	5,000	0.00%	0.00%
FSA CLAIMS ADMINISTRATION	95,000	95,000	96,203	(1,203)	101.27%	98.00%
HEALTH SAVINGS ACCOUNT ADMINISTRATION	80,000	80,000	109,796	(29,796)	137.25%	135.32%
FLEX SPENDING CLAIMS PAYMENTS	4,100,000	4,100,000	3,695,807	404,193	90.14%	113.05%
WELLNESS	1,940,500					
WELLNESS ASSESSMENT (HRA)		48,000	0	48,000	0.00%	0.00%
BE COLORADO - MOVE		1,479,000	1,923,279	(444,279)	130.04%	183.78%
NUTRITION + MENTAL HEALTH		0	58,563	(58,563)	N/A	N/A
WEIGHT MANAGEMENT		60,000	35,055	24,945	58.43%	72.05%
BRUSSELS + MUSCLES		3,500	3,700	(200)	105.71%	3.42%
WELLNESS PLATFORM		300,000	7,195	292,805	2.40%	20.82%
MARKETING		50,000	21,631	28,369	43.26%	8.74%
PREVENTION	399,000					
BIOMETRIC SCREENINGS		382,000	545,048	(163,048)	142.68%	25.44%
HEALTH FAIRS/5K		17,000	25,377	(8,377)	149.28%	4.86%
PILOTS, STUDIES AND OTHER EXPENSES	100,000	100,000	0	100,000	0.00%	14.13%
DATA WAREHOUSE	360,000	360,000	310,077	49,923	86.13%	72.57%
TRUST FEES						
CONSULTING	318,500					
ACTUARY		160,000	58,449	101,551	36.53%	160.41%
LEGAL		10,000	30,254	(20,254)	302.54%	27.77%
MANAGEMENT		60,000	62,709	(2,709)	104.52%	13.43%
AUDIT		88,500	117,940	(29,440)	133.27%	121.50%
INSURANCE	146,000					
FIDUCIARY LIABILITY		55,000	52,547	2,453	95.54%	108.74%
ERRORS AND OMISSIONS		89,000	86,692	2,308	97.41%	77.31%
CRIME		2,000	1,782	218	89.10%	34.28%
CU HEALTH PLAN ADMINISTRATION	1,897,000	1,897,000	1,812,979	84,021	95.57%	88.97%
TOTAL EXPENSES/OUTFLOWS	438,949,000	438,949,000	460,528,021	(21,579,021)	104.92%	105.45%
NET ACTIVITY FOR PERIOD	\$ -	\$ -	\$ (10,071,414)	\$ 10,071,414		

*FSA Activity is excluded from financial reports on page 5

Plan Performance

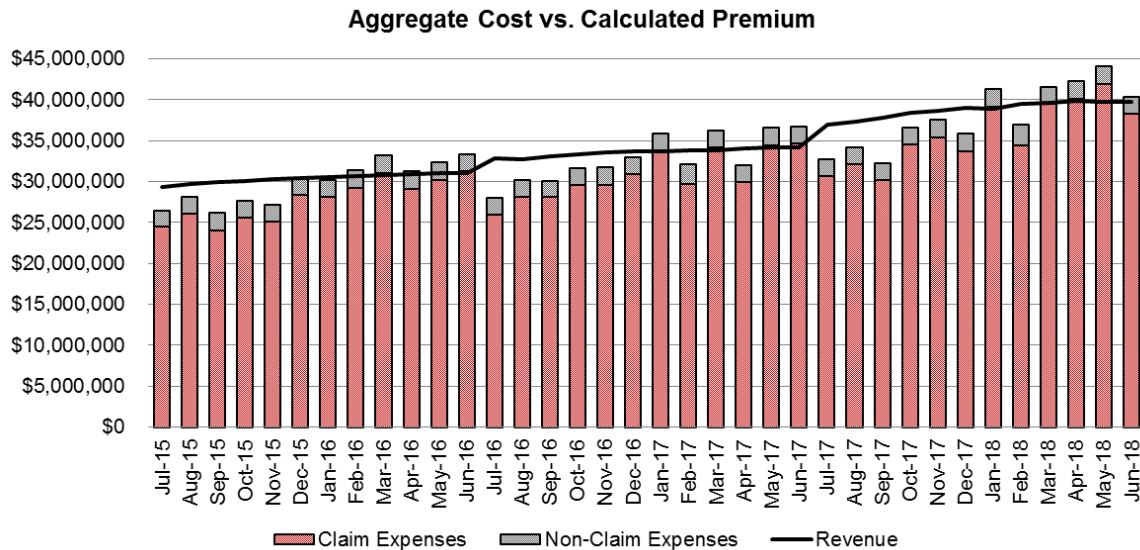


**University of Colorado Health and Welfare Trust
Fiscal Year 2018 – Financial Results**

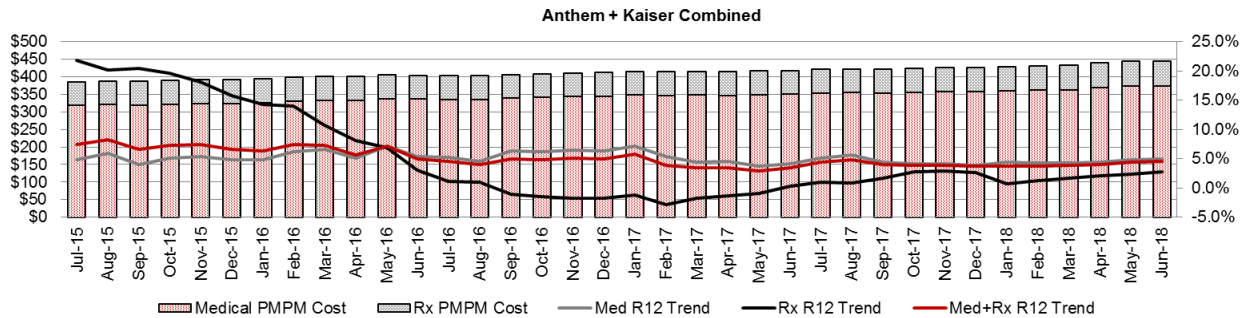
- As of June 30, 2018, the aggregate experience of all plans is showing remitted premiums have exceeded costs (claims plus expenses) by \$9.0 million. The table below shows the past two fiscal years results and the full fiscal year 2018.

Year	Medical/Rx Enrolled	Vol. Vision Enrolled	Dental Enrolled	Claims Expense (\$Ms)	Non-Claims Expense (\$Ms)	Total Cost (\$Ms)	Remitted Premiums (\$Ms)	LR	Gain / (Loss) (\$Ms)
FY2016	370,989	120,957	224,782	\$333.2	\$25.3	\$358.5	\$364.7	98.3%	\$6.2
FY2017	396,146	106,673	237,047	\$369.6	\$25.2	\$394.8	\$402.8	98.0%	\$8.0
FY2018	430,699	129,178	246,352	\$430.6	\$25.8	\$456.3	\$465.4	98.1%	\$9.0

- 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 \$40M per month and total monthly costs for FY2018 are between \$32 million and \$44 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 June 30, 2018, we estimate the total outstanding claims liability (i.e. incurred but not paid claims liability) as of quarter ending June 30, 2018 is \$31.9M. 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 \$25M and \$32M. Fluctuations of this magnitude are not uncommon.

Valuation Date	IBNP Liability (\$Ms)
6/30/2017	\$26.1
9/30/2017	\$25.8
12/31/2017	\$25.3
3/31/2018	\$29.3
6/30/2018	\$31.9

- All claims are on an incurred basis using data through June 30, 2018 and therefore include an estimate of incurred but not paid claims.