



# Health Plan

University of Colorado Health and Welfare Trust

## ***FY19 – 1<sup>st</sup> QUARTER FINANCIAL REPORTS***

*December 4th, 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**  
**FY19 - STATEMENT OF NET POSITION (unaudited)**  
**As of September 30, 2018**  
 (Updated 11/27/18)

<b><u>Assets</u></b>	<i>Current Q1 <u>9/30/2018</u></i>	<i>FY18 Q4/Year End <u>6/30/2018</u></i>
Cash:		
Medical	\$ 8,055,893	\$ 1,385
Flexible Spending Account	651,175	1,024,846
Investments	29,902,637	51,934,076
Receivables:		
Premiums	40,786,654	18,656,475
Pharmacy Rebates	7,315,603	7,553,692
Premium Assessment Due from Member	6,014,519	6,014,519
Interest	63,844	64,889
Miscellaneous Receivables	1,500	1,500
Prepaid Expenses	208,164	139,326
<b>Total Assets</b>	<b>\$ 92,999,989</b>	<b>\$ 85,390,708</b>
<b><u>Liabilities and Net Position</u></b>		
Accounts Payable - Medical	\$ 5,032,007	\$ 3,467,668
Contracts Payable	793,925	1,144,780
Benefit Claims Payable - Medical	9,074,089	7,735,444
Incurred But Not Reported Claims Estimate	32,716,480	35,860,206
Flexible Spending	199,231	550,251
Total Liabilities	47,815,732	48,758,349
Plan Net Position - Unrestricted	45,184,257	36,632,359
<b>Total Liabilities and Plan Net Position</b>	<b>\$ 92,999,989</b>	<b>\$ 85,390,708</b>

**UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST**

FY19 - STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN PLAN NET POSITION (unaudited)

For the three months ended September 30, 2018

(Updated 11/27/18)

	<i>Current Q1 9/30/2018</i>	<i>FY18 Q4/Year End 6/30/2018</i>
<b><u>Operating Revenues</u></b>		
Contributions	\$ 122,053,368	\$ 471,417,456
Flexible Spending Recapture	-	148,645
<b>Total Operating Revenues</b>	<b>122,053,368</b>	<b>471,566,101</b>
<b><u>Operating Expenses</u></b>		
Medical Claims	106,005,308	429,860,463
Medical Claims Administration	6,681,205	26,036,571
General and Administrative	665,569	2,749,726
Total Administrative	7,346,774	28,786,297
<b>Total Operating Expenses</b>	<b>113,352,082</b>	<b>458,646,760</b>
Operating Income	8,701,286	12,919,341
<b><u>Nonoperating Revenues (Expenses)</u></b>		
Investment Earnings	203,156	378,404
Wellness Initiative	(352,544)	(2,619,848)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(149,388)</b>	<b>(2,241,444)</b>
<b>Change in Plan Net Position</b>	<b>8,551,898</b>	<b>10,677,897</b>
Plan Net Position Beginning of Year	36,632,359	25,954,462
Plan Net Position End of Period	<b>\$ 45,184,257</b>	<b>\$ 36,632,359</b>

# Treasury



## Memo

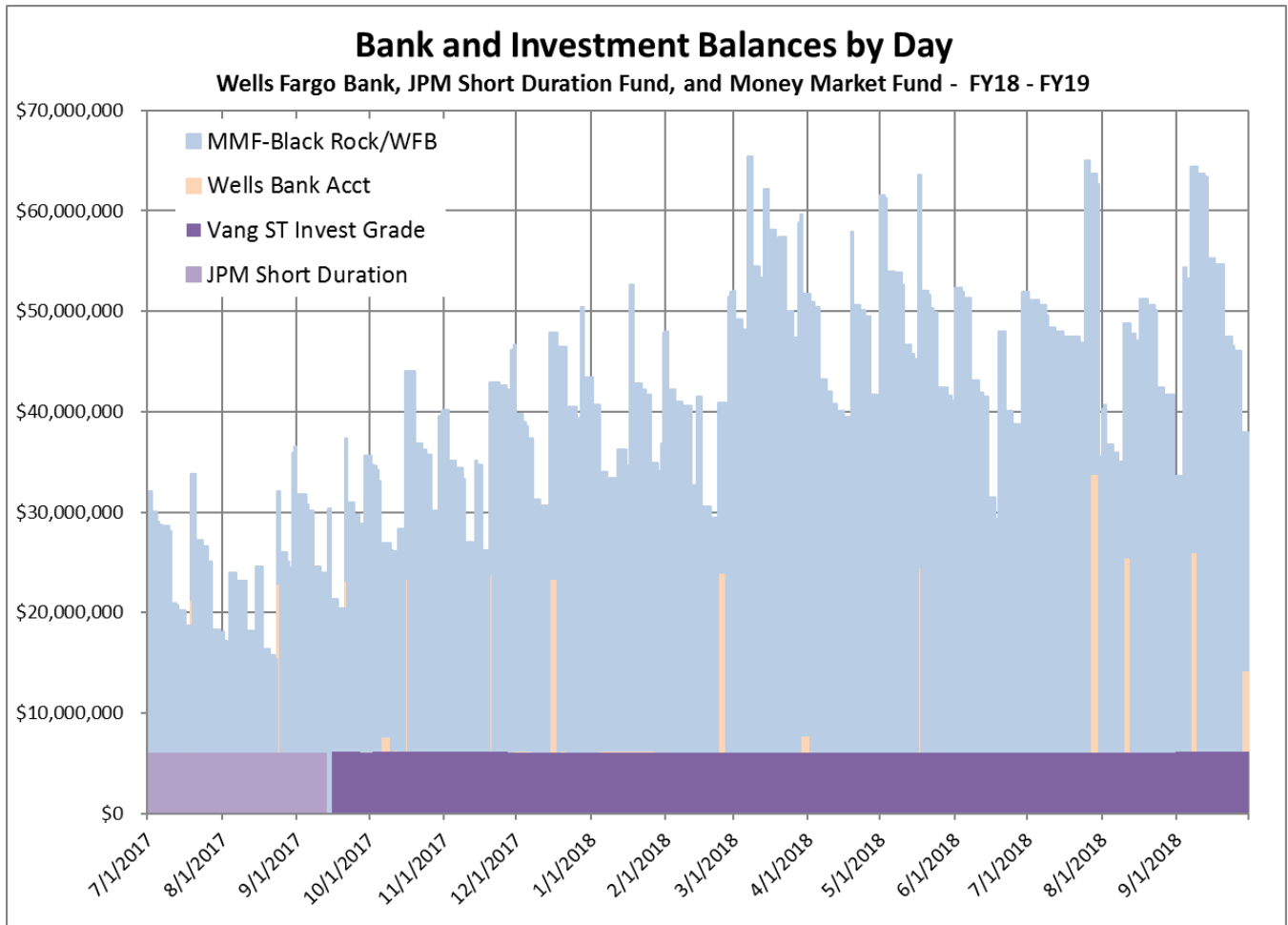
To: Members of the University of Colorado Health and Welfare Trust Board  
From: Dan J. Wilson, Treasurer  
Date: November 28, 2018  
Re: Quarterly Report on Investments

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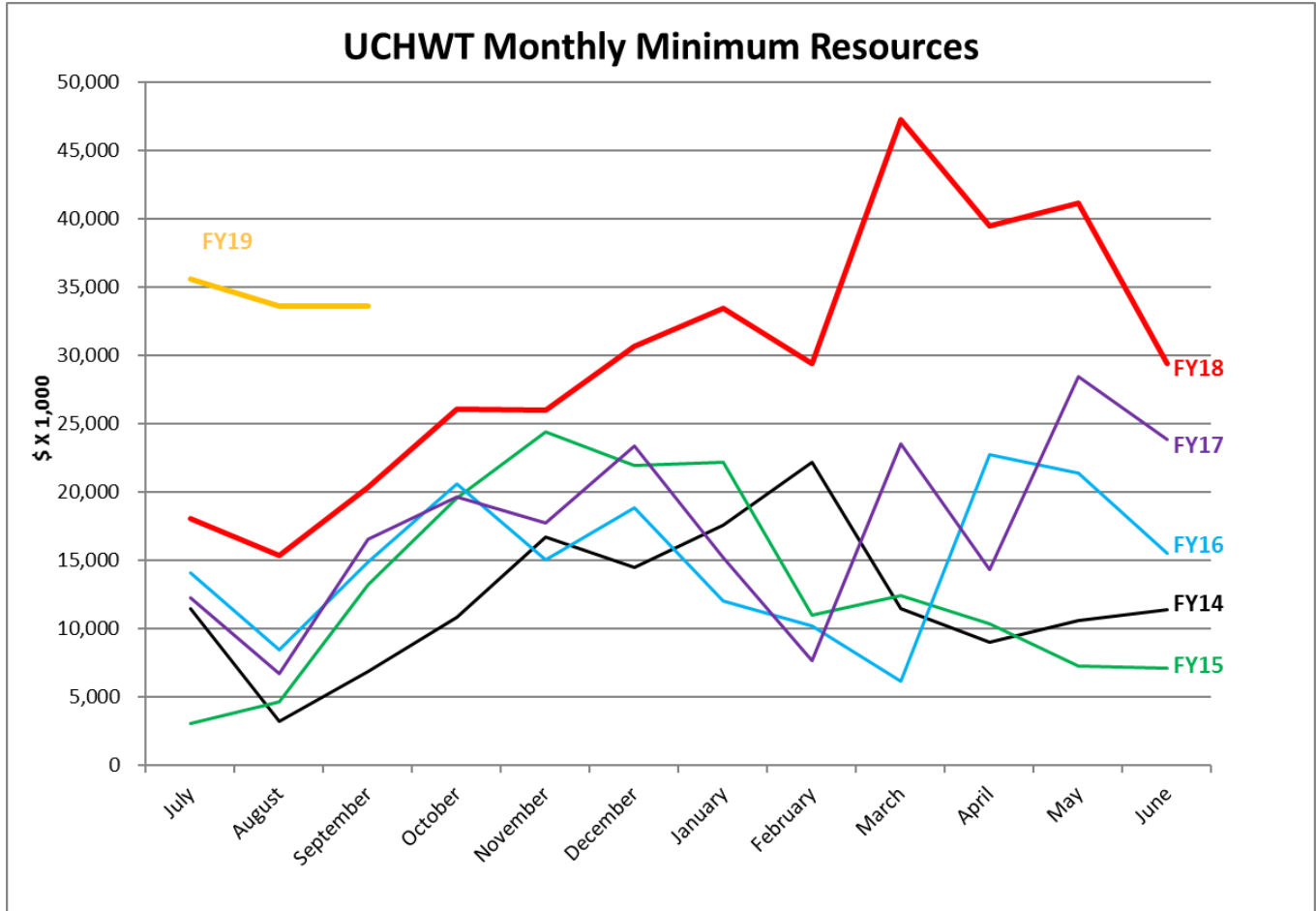
The Trust's cash equivalents and investments at September 30, 2018 totaled \$38.6 million compared to \$35.7 million at September 30, 2017. Of this amount, \$23.7 million was invested in a triple-A rated Wells Fargo government money market fund (GVIXX) and \$8.1 million was held in cash. Total assets managed by the WF fund total \$66.5 Billion. 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 .46% and annual return was 1.41%. 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 .61% and the annualized return for a one year period as of 9/30/18 was .25% compared to the Bloomberg Barclays US Aggregate Bond USD of -1.60%.

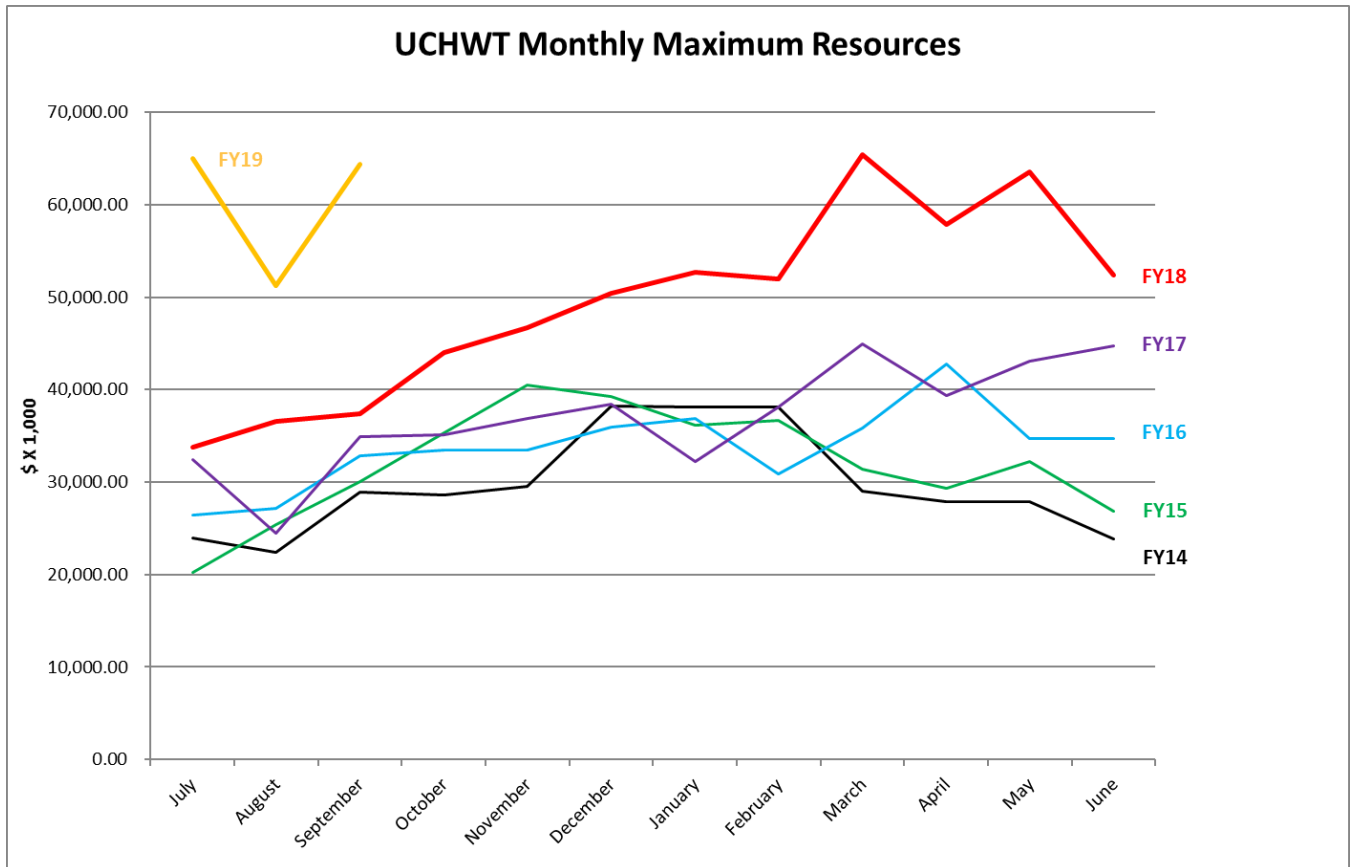
The bank and investment balances for the first quarter of fiscal year 2019 shows higher balances than the prior fiscal years. Both minimum and maximum resources are higher than all prior fiscal years in the first quarter, although the fund balance decreased significantly in mid-August and early September.

Total investment interest earnings for the first quarter of FY19 including unrealized gains/(losses) total \$203,156.









# Budget Performance



**FY19 – BUDGET TO ACTUAL REPORT AS OF: 9/30/2018**

	FY19 TOTAL BUDGET	FY19 BUDGET DETAIL	FY19 ACTUALS AS OF 9/30/18	FY19 AVAILABLE AMOUNT	1Q FY19 % BUDGET TO ACTUALS	1Q FY18 % BUDGET TO ACTUALS
<b>REVENUES/INFLOWS</b>						
SELF-FUNDED CLAIMS & RESERVES	\$ 479,190,847					
ANTHEM		\$ 400,562,149	\$ 104,951,444	\$ 295,610,705	26.20%	26.60%
KAISER		61,795,521	12,724,609	49,070,912	20.59%	22.99%
VISION		1,034,227	344,550	689,677	33.31%	29.09%
DENTAL		15,798,950	4,032,765	11,766,185	25.53%	26.33%
HEALTH CARE FLEX SPENDING PLANS *	4,305,000	4,305,000	885,512	3,419,488	20.57%	20.92%
INVESTMENT INCOME	150,000	150,000	203,156	(53,156)	135.44%	82.45%
<b>TOTAL REVENUE/INFLOWS</b>	<b>483,645,847</b>	<b>483,645,847</b>	<b>123,142,036</b>	<b>360,503,811</b>	<b>25.46%</b>	<b>26.05%</b>
<b>EXPENSES/OUTFLOWS</b>						
INCURRED SELF-FUNDED CLAIMS	445,010,530					
ANTHEM		380,562,258	90,086,983	290,475,275	23.67%	23.52%
KAISER		48,286,045	10,575,735	37,710,310	21.90%	22.88%
VISION		917,803	324,150	593,653	35.32%	20.19%
DENTAL		15,244,424	5,018,440	10,225,984	32.92%	27.67%
GLOBAL PAYMENTS	-	-	-	-		25.63%
ADMINISTRATIVE FEES, MISC CHARGES	28,376,797					
ASO FEES						
ANTHEM		14,870,316	3,807,115	11,063,201	25.60%	24.96%
KAISER		12,835,531	2,703,430	10,132,101	21.06%	21.32%
VISION		116,424	28,960	87,464	24.87%	28.79%
DENTAL		554,526	141,700	412,826	25.55%	25.46%
BANK CHARGES	6,000	6,000	1,140	4,860	19.00%	14.93%
MISC CHARGES	5,000	5,000	-	5,000	0.00%	0.00%
FSA CLAIMS ADMINISTRATION	96,000	96,000	21,861	74,139	22.77%	24.17%
HEALTH SAVINGS ACCOUNT ADMINISTRATION	113,000	113,000	28,933	84,067	25.60%	32.90%
FLEX SPENDING CLAIMS PAYMENTS *	4,305,000	4,305,000	1,236,532	3,068,468	28.72%	21.22%
WELLNESS	2,283,500					
WELLNESS ASSESSMENT (HRA)		45,000	-	45,000	0.00%	0.00%
BE COLORADO - MOVE		1,900,000	283,500	1,616,500	14.92%	31.36%
WEIGHT MANAGEMENT		-	-	-		31.96%
NUTRITION		135,000	27,038	107,962	20.03%	0.00%
BRUSSELS + MUSCLES		3,500	-	3,500	0.00%	3.34%
WELLNESS PLATFORM		150,000	1,373	148,627	0.92%	0.00%
MARKETING		50,000	133	49,867	0.27%	10.95%
MENTAL HEALTH		-	40,500	(40,500)		0.00%
PREVENTION	407,000					
BIOMETRIC SCREENINGS		382,000	-	382,000	0.00%	0.00%
HEALTH FAIRS/5K		25,000	-	25,000	0.00%	127.57%
PILOTS, STUDIES AND OTHER EXPENSES	50,000	50,000	-	50,000	0.00%	1.55%
DATA WAREHOUSE	325,000	325,000	79,646	245,354	24.51%	21.48%
TRUST FEES						
CONSULTING	393,500					
ACTUARY		120,000	32,008	87,992	26.67%	0.00%
LEGAL		25,000	936	24,064	3.74%	63.94%
MANAGEMENT		60,000	258	59,742	0.43%	0.00%
AUDIT		188,500	6,500	182,000	3.45%	4.52%
INSURANCE	147,900					
FIDUCIARY LIABILITY		55,000	13,935	41,065	25.34%	25.18%
ERRORS AND OMISSIONS		91,000	21,796	69,204	23.95%	25.37%
CRIME		1,900	480	1,420	25.26%	23.10%
CU HEALTH PLAN ADMINISTRATION	2,126,620	2,126,620	458,076	1,668,544	21.54%	24.04%
<b>TOTAL EXPENSES/OUTFLOWS</b>	<b>483,645,847</b>	<b>483,645,847</b>	<b>114,941,158</b>	<b>368,704,689</b>	<b>23.77%</b>	<b>23.60%</b>
<b>NET ACTIVITY FOR PERIOD</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,200,878</b>	<b>\$ (8,200,878)</b>		

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

# Plan Performance



November 13, 2018

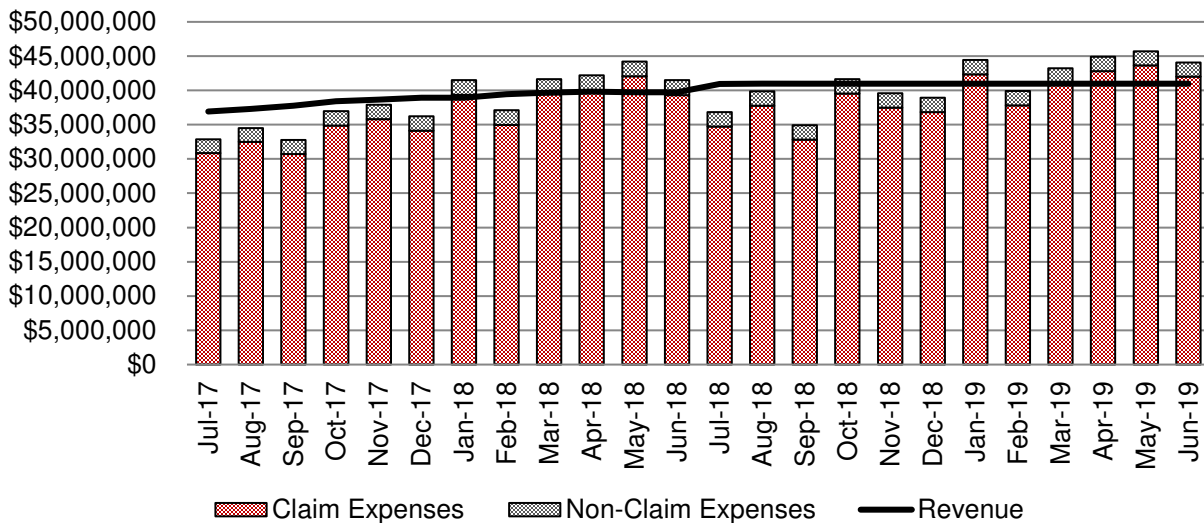
**University of Colorado Health and Welfare Trust  
Fiscal Year 2019 – Financial Results YTD**

- As of September 30, 2018, the aggregate experience of all plans is showing remitted premiums have surpassed costs (claims plus expenses) by \$11.3 million. The table below shows the full fiscal year 2018, fiscal year 2019 through September, and the projected fiscal year 2019.

Year	Medical/Rx Enrolled	Vol. Vision Enrolled	Dental Enrolled	Claims Expense (\$Ms)	Non-Claims Expense (\$Ms)	Total Cost (\$Ms)	Remitted Premium (\$Ms)	Loss Ratio	Gain / (Loss) (\$Ms)
FY2018	430,736	129,195	246,457	\$434.1	\$25.3	\$459.4	\$465.4	98.7%	\$5.9
FY2019 YTD	112,718	34,508	63,071	\$105.3	\$6.3	\$111.6	\$122.9	90.8%	\$11.3
FY2019 Proj.	451,685	138,719	253,322	\$468.9	\$25.1	\$494.0	\$491.7	100.5%	-\$2.3

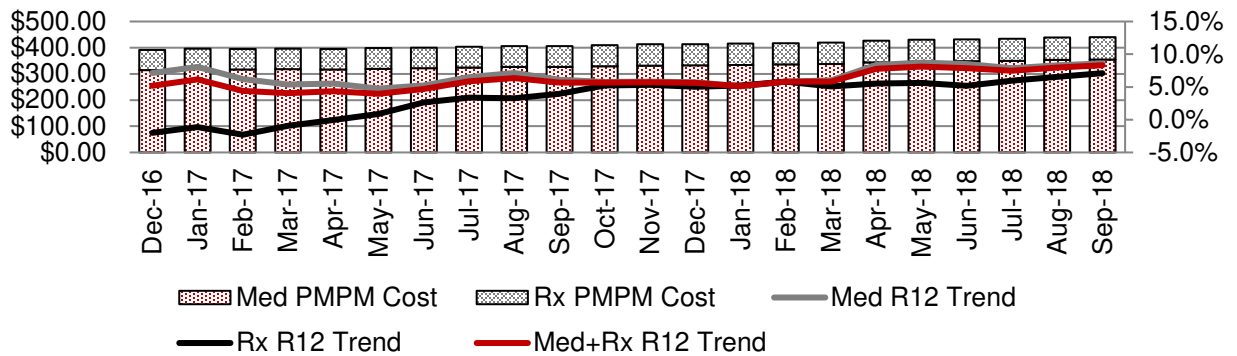
- The chart below shows a comparison of total cost (split between claim and non-claim costs) vs. remitted premiums for the prior full fiscal year (FY2018) as well as the projected current plan year (FY2019). Current premiums are about \$41M per month and total monthly costs for FY2019 are projected to be between \$37 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.

**Aggregate Cost vs. Calculated Premium**



- 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. Recent medical and pharmacy costs have trended in line with the broader market increases.

### Anthem + Kaiser Combined



- With data through September 30, 2018, we estimate the total outstanding claims liability (i.e. incurred but not paid claims liability) as of quarter ending September 30, 2018 is \$33.1M. 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 increased due to the growth in the plan, underlying claims trend, and a slowing in Anthem’s claim payment cycle.

Valuation Date	IBNP Liability (\$Ms)
9/30/2017	\$25.8
12/30/2017	\$25.3
3/30/2018	\$29.3
6/30/2018	\$31.9
9/30/2018	\$33.1

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