



Health Plan

University of Colorado Health and Welfare Trust

FY19 2nd QUARTER FINANCIAL REPORTS

March 5th, 2019



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

uchealth



Medicine

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Financial Reports



UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST
FY19 - STATEMENT OF NET POSITION (unaudited)
As of December 31, 2018
 (Updated 02/27/2019)

<u>Assets</u>	<i>Current Q2 <u>12/31/2018</u></i>	<i>FY18 Q4/Year End <u>6/30/2018</u></i>
Cash:		
Medical	1,572	\$ 1,385
Flexible Spending Account	531,459	1,024,846
Investments	36,545,543	51,934,076
Receivables:		
Premiums	41,679,859	18,656,475
Pharmacy Rebates	10,553,015	7,553,692
Premium Assessment Due from Member	5,817,110	6,014,519
Interest	82,131	64,889
Miscellaneous Receivables	532,805	1,500
Prepaid Expenses	148,667	139,326
Total Assets	\$ 95,892,161	\$ 85,390,708
<u>Liabilities and Net Position</u>		
Accounts Payable - Medical	\$ 3,769,000	\$ 3,467,668
Contracts Payable	629,903	1,144,780
Benefit Claims Payable - Medical	13,480,789	7,735,444
Incurred But Not Reported Claims Estimate	36,275,268	35,860,206
Flexible Spending	94,615	550,251
Total Liabilities	54,249,575	48,758,349
Plan Net Position - Unrestricted	41,642,586	36,632,359
Total Liabilities and Plan Net Position	\$ 95,892,161	\$ 85,390,708

UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST
FY19 - STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN PLAN NET POSITION (unaudited)
For the six months ended December 31, 2018
 (Updated 02/27/2019)

	<i>Current Q2 <u>12/31/2018</u></i>	<i>FY18 Q4/Year End <u>6/30/2018</u></i>
<u>Operating Revenues</u>		
Contributions	\$ 248,933,549	\$ 471,417,456
Flexible Spending Recapture	-	148,645
Total Operating Revenues	<u>248,933,549</u>	<u>471,566,101</u>
<u>Operating Expenses</u>		
Medical Claims	229,019,021	429,860,463
Medical Claims Administration	13,377,928	26,036,571
General and Administrative	1,321,657	2,749,726
Total Administrative	<u>14,699,585</u>	<u>28,786,297</u>
Total Operating Expenses	<u>243,718,606</u>	<u>458,646,760</u>
Operating Income	5,214,943	12,919,341
<u>Nonoperating Revenues (Expenses)</u>		
Investment Earnings	480,730	378,404
Wellness Initiative	(685,446)	(2,619,848)
Total Nonoperating Revenues (Expenses)	<u>(204,716)</u>	<u>(2,241,444)</u>
Change in Plan Net Position	5,010,227	10,677,897
Plan Net Position Beginning of Year	36,632,359	25,954,462
Plan Net Position End of Period	<u>\$ 41,642,586</u>	<u>\$ 36,632,359</u>

Treasury



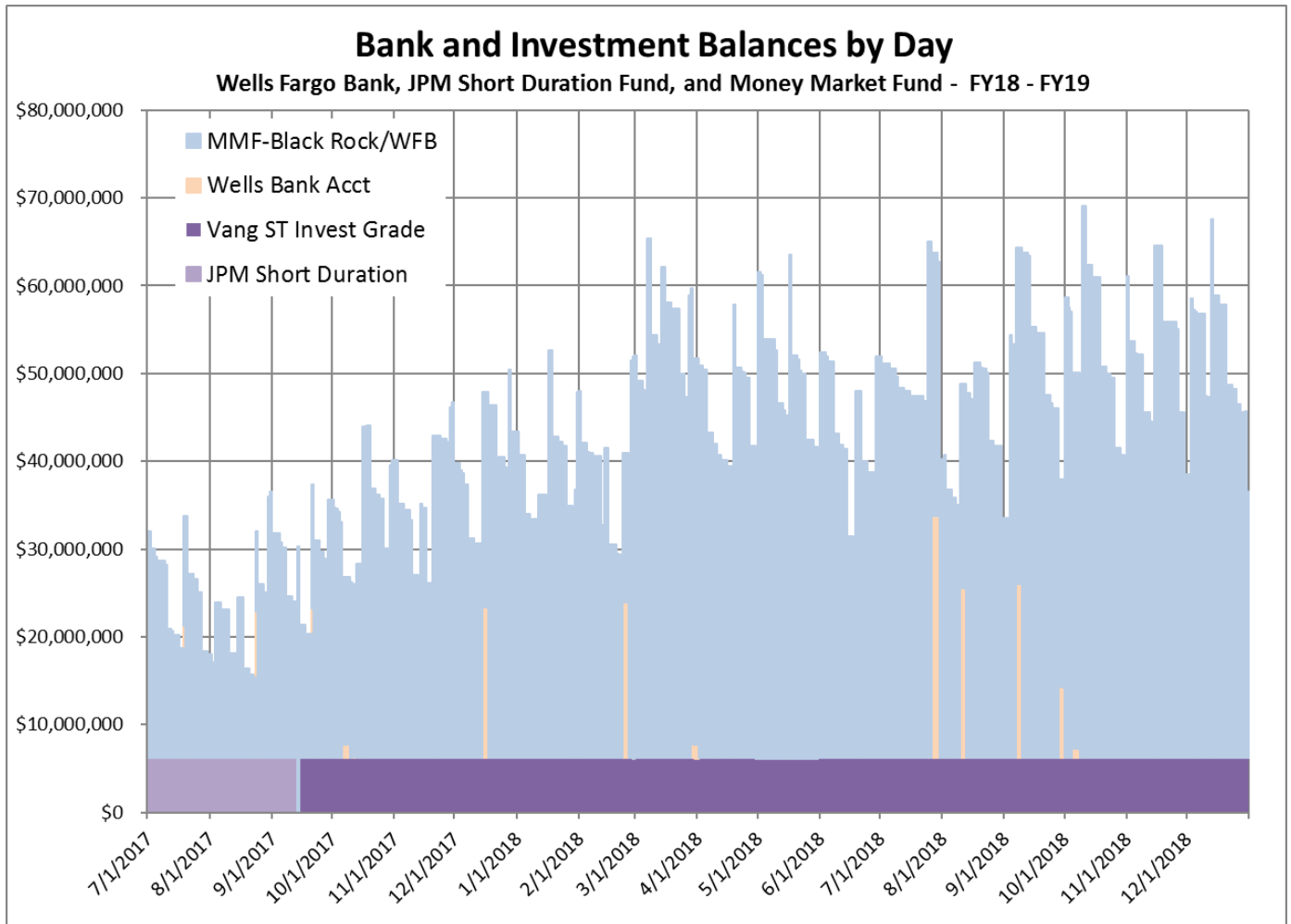
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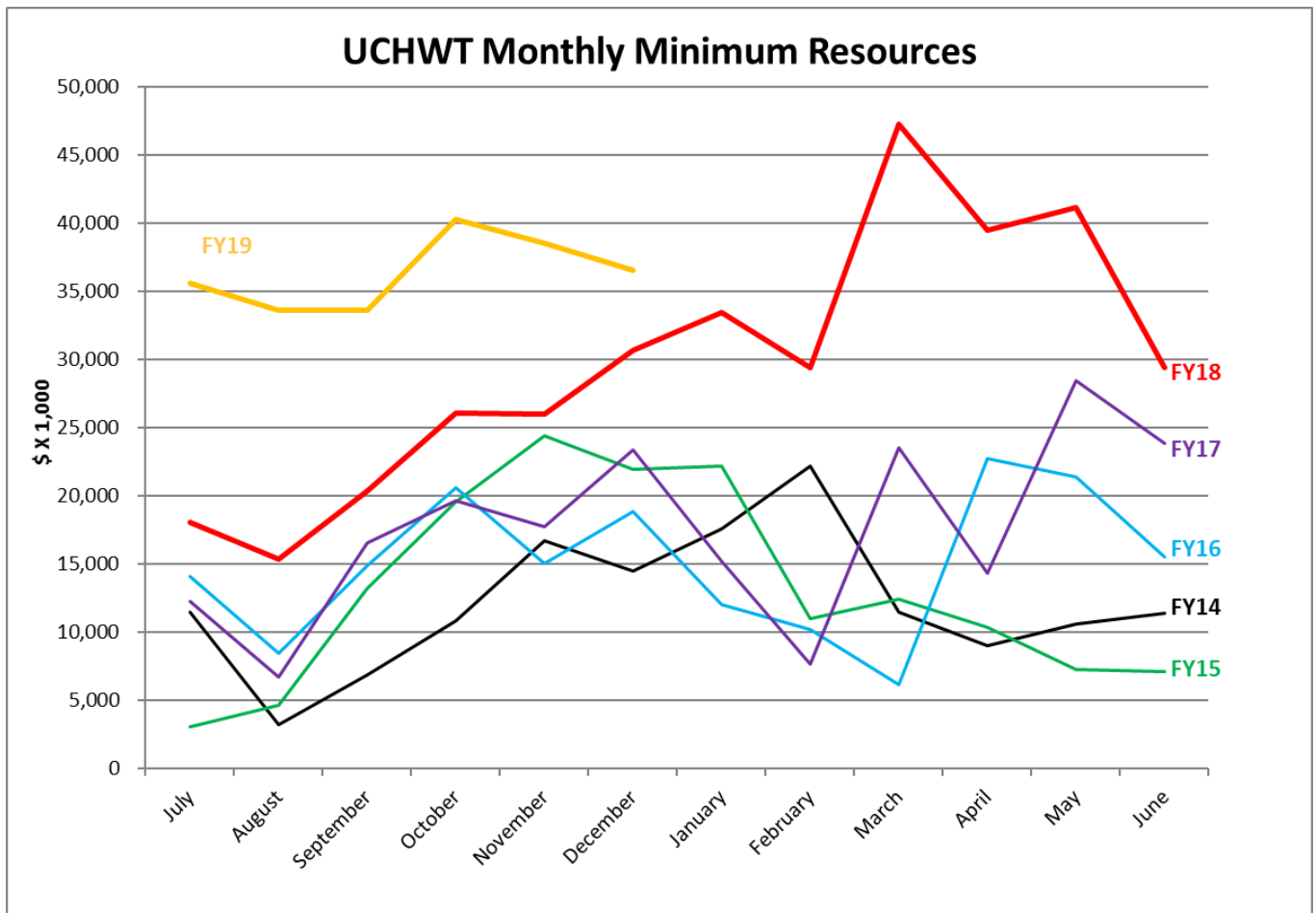
To: Members of the University of Colorado Health and Welfare Trust Board
From: Dan J. Wilson, Treasurer
Date: March 1, 2019
Re: Quarterly Report on Investments

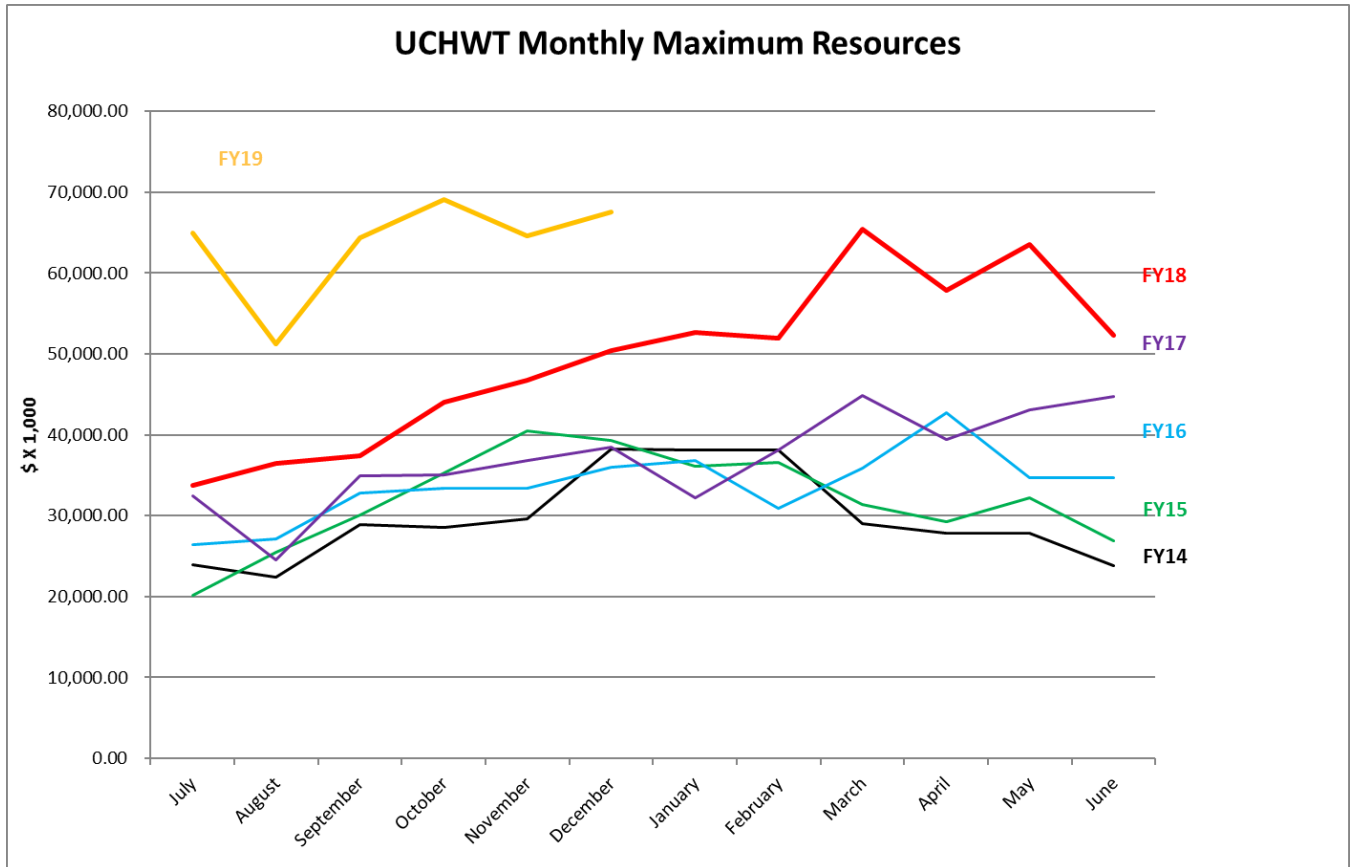
The Trust's cash equivalents and investments at December 31, 2018 totaled \$36.5 million compared to \$43.4 million at December 31, 2017. Of this amount, \$30.3 million was invested in a triple-A rated Wells Fargo government money market fund (GVIXX). An additional \$6.2 million was invested in a high-quality, short-duration bond fund managed by Vanguard. Both these investment vehicles are permitted by the Trust's investment policy. Government money market funds normally focus on safety and liquidity first and have investment returns as a secondary goal. As of December 31, 2018, the quarter-end yield on this fund was .52% and annual return was 1.69%. And about 72% 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. As of December 31, 2018 the quarterly return was .67% and the annualized return for a one year period was .96% compared to the Bloomberg Barclays US Aggregate Bond USD of 0.01%.

The bank and investment balances for the second 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 second quarter.

Total investment interest earnings for the first half of FY19 is \$494.7k







Budget Performance



FY19 – BUDGET TO ACTUAL REPORT AS OF: 12/31/2018

	FY19 TOTAL BUDGET	FY19 BUDGET DETAIL	FY19 ACTUALS AS OF 12/31/18	FY19 AVAILABLE AMOUNT	2Q FY19 % BUDGET TO ACTUALS	2Q FY18 % BUDGET TO ACTUALS
REVENUES/INFLOWS						
SELF-FUNDED CLAIMS & RESERVES	\$ 479,190,847					
ANTHEM		\$ 400,562,149	\$ 213,571,103	\$ 186,991,046	53.32%	53.75%
KAISER		61,795,521	26,514,357	35,281,164	42.91%	45.81%
VISION		1,034,227	696,328	337,899	67.33%	59.35%
DENTAL		15,798,950	8,151,761	7,647,189	51.60%	53.07%
HEALTH CARE FLEX SPENDING PLANS *	4,305,000	4,305,000	1,784,393	2,520,607	41.45%	49.98%
INVESTMENT INCOME	150,000	150,000	480,730	(330,730)	320.49%	199.75%
TOTAL REVENUE/INFLOWS	483,645,847	483,645,847	251,198,672	232,447,175	51.94%	52.61%
EXPENSES/OUTFLOWS						
INCURRED SELF-FUNDED CLAIMS	445,010,530					
ANTHEM		380,562,258	199,351,344	181,210,914	52.38%	48.04%
KAISER		48,286,045	20,755,605	27,530,440	42.98%	45.34%
VISION		917,803	564,666	353,137	61.52%	43.41%
DENTAL		15,244,424	8,347,406	6,897,018	54.76%	54.71%
GLOBAL PAYMENTS	-	-	-	-		51.48%
ADMINISTRATIVE FEES, MISC CHARGES	28,376,797					
ASO FEES						
ANTHEM		14,870,316	7,712,965	7,157,351	51.87%	50.71%
KAISER		12,835,531	5,320,670	7,514,861	41.45%	42.77%
VISION		116,424	58,667	57,757	50.39%	58.77%
DENTAL		554,526	285,626	268,900	51.51%	51.37%
BANK CHARGES	6,000	6,000	2,022	3,978	33.70%	14.93%
MISC CHARGES	5,000	5,000	-	5,000	0.00%	0.00%
FSA CLAIMS ADMINISTRATION	96,000	96,000	44,850	51,150	46.72%	49.31%
HEALTH SAVINGS ACCOUNT ADMINISTRATION	113,000	113,000	59,241	53,759	52.43%	69.96%
FLEX SPENDING CLAIMS PAYMENTS *	4,305,000	4,305,000	2,240,586	2,064,414	52.05%	47.74%
WELLNESS	2,283,500					
WELLNESS ASSESSMENT (HRA)		45,000	-	45,000	0.00%	0.00%
BE COLORADO - MOVE		1,900,000	548,515	1,351,485	28.87%	62.56%
WEIGHT MANAGEMENT		-	-	-		58.42%
NUTRITION		135,000	54,075	80,925	40.06%	
BRUSSELS + MUSCLES		3,500	-	3,500	0.00%	10.49%
WELLNESS PLATFORM		150,000	1,723	148,277	1.15%	0.00%
MARKETING		50,000	133	49,867	0.27%	34.95%
MENTAL HEALTH		-	81,000	(81,000)		
PREVENTION	407,000					
BIOMETRIC SCREENINGS		382,000	-	382,000	0.00%	44.90%
HEALTH FAIRS/5K		25,000	-	25,000	0.00%	119.86%
PILOTS, STUDIES AND OTHER EXPENSES	50,000	50,000	-	50,000	0.00%	4.37%
DATA WAREHOUSE	325,000	325,000	164,292	160,708	50.55%	42.96%
TRUST FEES						
CONSULTING	393,500					
ACTUARY		120,000	68,564	51,436	57.14%	0.00%
LEGAL		25,000	2,355	22,645	9.42%	90.60%
MANAGEMENT		60,000	903	59,097	1.51%	100.00%
AUDIT		188,500	43,500	145,000	23.08%	123.66%
INSURANCE	147,900					
FIDUCIARY LIABILITY		55,000	27,185	27,815	49.43%	48.63%
ERRORS AND OMISSIONS		91,000	40,546	50,454	44.56%	49.38%
CRIME		1,900	940	960	49.47%	45.10%
CU HEALTH PLAN ADMINISTRATION	2,126,620	2,126,620	867,259	1,259,361	40.78%	47.93%
TOTAL EXPENSES/OUTFLOWS	483,645,847	483,645,847	246,644,638	237,001,209	51.00%	48.03%
NET ACTIVITY FOR PERIOD	\$ -	\$ -	\$ 4,554,034	\$ (4,554,034)		

*FSA Activity is excluded from financial reports on page 5

Plan Performance



February 15, 2019

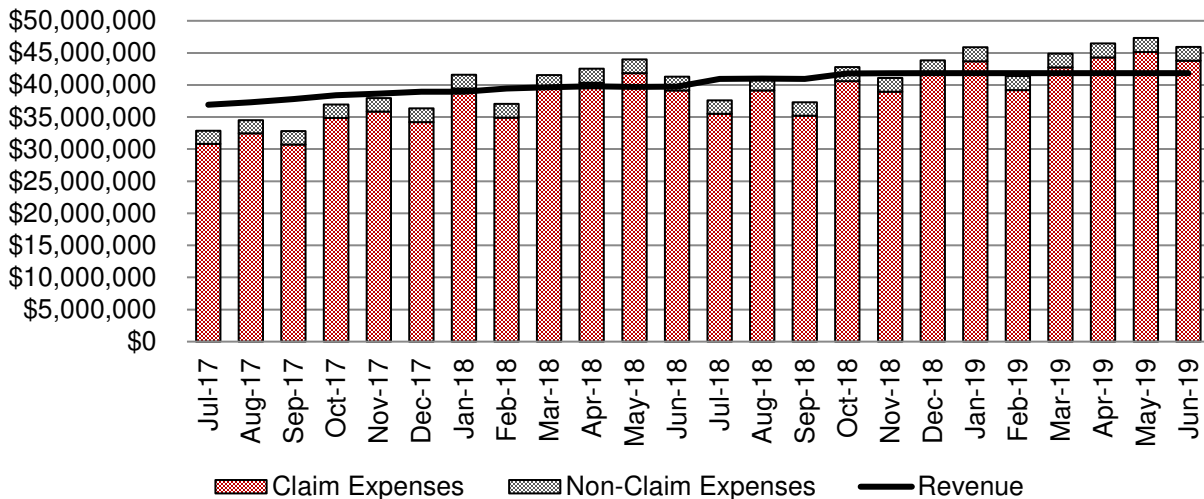
**University of Colorado Health and Welfare Trust
Fiscal Year 2019 – Financial Results YTD**

- As of December 31, 2018, the aggregate experience of all plans is showing remitted premiums exceeding costs (claims plus expenses) by \$4.5 million. Assuming current cost trends continue and historical seasonality factors, we are estimating the 2019 fiscal year to end with a deficit of \$16.4M. The table below shows results for completed fiscal year 2018, fiscal year 2019 through December, and the projected full fiscal year 2019.

Year	Medical/Rx Enrolled	Vol. Vision Enrolled	Dental Enrolled	Claims Expense	Non-Claims Expense	Total Cost	Remitted Premium	LR	Gain / (Loss)
FY2018	430,732	129,200	246,450	\$434.1	\$25.3	\$459.4	\$465.4	98.7%	\$5.9
FY2019 YTD	227,160	69,671	127,124	\$231.0	\$12.8	\$243.8	\$248.3	98.2%	\$4.5
FY2019 Proj.	456,810	140,141	255,410	\$489.9	\$25.8	\$515.7	\$499.3	103.3%	-\$16.4

- 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 \$42M per month and total monthly costs for FY2019 are projected to be between \$37 million and \$47 million. This chart demonstrates the monthly volatility experienced by the plan as well as the seasonal pattern of costs throughout the fiscal year.

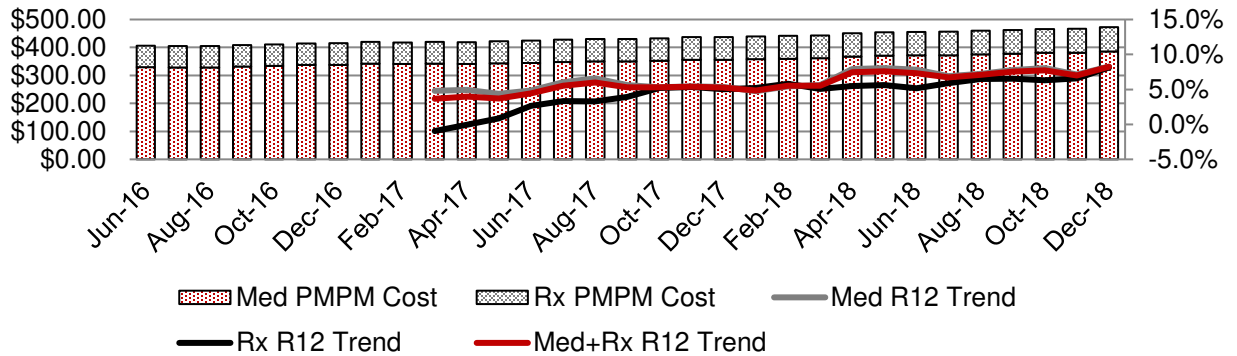
Aggregate Cost vs. Calculated Premium



- 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.
- The graph has been updated to include incurred claims plus global capitation costs on the Anthem Exclusive plan to better reflect the long-term cost trends as a result of the transition away from global capitation effective July 1, 2018.



Anthem + Kaiser Combined



- With data through December 31, 2018, we estimate the total outstanding claims liability (i.e. incurred but not paid claims liability) as of quarter ending December 31, 2018 is \$36.7M. 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 Dat	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
12/31/2018	\$36.7

- All claims are on an incurred basis using data through December 31, 2018 and therefore include an estimate of incurred but not paid claims.

FY20 Proposed Budget



FY20 – PROPOSED BUDGET

	FY20 BUDGET		FY19 BUDGET	
	TOTAL	DETAIL	TOTAL	DETAIL
REVENUES/INFLOWS				
SELF-FUNDED CLAIMS & RESERVES	\$ 542,925,150		\$ 479,190,847	
Anthem		\$ 464,695,395		\$ 400,562,149
Kaiser		58,843,085		61,795,521
Vision		1,415,687		1,034,227
Delta		17,970,983		15,798,950
HEALTH CARE FLEX SPENDING PLANS	3,721,000	3,721,000	4,305,000	4,305,000
INVESTMENT INCOME	150,000	150,000	150,000	150,000
TOTAL REVENUE/INFLOWS	\$ 546,796,150	\$ 546,796,150	\$ 483,645,847	\$ 483,645,847
EXPENSES/OUTFLOWS				
INCURRED SELF-FUNDED CLAIMS	\$ 514,224,073		\$ 445,010,530	
Anthem		\$ 443,074,293		\$ 380,562,258
Kaiser		52,468,652		48,286,045
Vision		1,287,432		917,803
Delta		17,393,696		15,244,424
ADMINISTRATIVE FEES, MISC CHARGES				
ASO Fees	23,574,057		28,376,797	
Anthem		17,054,827		14,870,316
Kaiser		5,813,688		12,835,531
Vision		128,255		116,424
Delta		577,287		554,526
Bank Charges	6,000	6,000	6,000	6,000
Misc Charges	5,000	5,000	5,000	5,000
FSA Claims Administration	92,000	92,000	96,000	96,000
Health Savings Account Administration	121,000	121,000	113,000	113,000
FLEX SPENDING CLAIMS PAYMENTS	3,721,000	3,721,000	4,305,000	4,305,000
WELLNESS	1,555,500		2,283,500	
Wellness Assessment		-		45,000
Be Colorado - Move		1,228,000		1,900,000
Zipongo		139,000		135,000
Brussels + Muscles		3,500		3,500
Wellness Platform		-		150,000
Marketing		10,000		50,000
Mental Health		175,000		-
PREVENTION	407,000		407,000	
Biometric Screenings		382,000		382,000
5k and Health Fairs		25,000		25,000
PILOTS, STUDIES AND OTHER EXPENSES	25,000	25,000	50,000	50,000
DATA WAREHOUSE	341,000	341,000	325,000	325,000
TRUST FEES				
CONSULTING	450,000		393,500	
Actuary		100,000		120,000
Legal		25,000		25,000
Management		175,000		60,000
Audit		150,000		188,500
INSURANCE	147,900		147,900	
Fiduciary Liability		55,000		55,000
Errors and Omissions		91,000		91,000
Crime		1,900		1,900
ADMINISTRATIVE	2,126,620	2,126,620	2,126,620	2,126,620
TOTAL EXPENSES/OUTFLOWS	\$ 546,796,150	\$ 546,796,150	\$ 483,645,847	\$ 483,645,847
CHANGE IN NET PLAN ASSETS	\$ -	\$ -	\$ -	\$ -