



Health Plan

University of Colorado Health and Welfare Trust

FY19 3rd QUARTER FINANCIAL REPORTS

June 11th, 2019



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

uhealth



Medicine

TABLE OF CONTENTS

Financial Reports:	3
• FY19 Statement of Net Position	4
• FY19 Statement of Revenues, Expenses, and Changes in Plan Net Position	5
Treasury:	6
• Quarterly Report on Investments	7
• Bank and Investment Balances by Day – FY18 and FY19 YTD	8
• Monthly Minimum Resources	9
• Monthly Maximum Resources	10
Budget Performance:	11
• FY19 – Budget to Actual Report	12
Plan Performance:	13
• FY19 – Q3 Financial Performance Highlights	14,15

Financial Reports



**UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST
FY19 - STATEMENT OF NET POSITION (unaudited)**

As of March 31, 2019

(Updated 05/28/2019)

<u>Assets</u>	<i>Current Q3 <u>3/31/2019</u></i>	<i>FY18 Q4/Year End <u>6/30/2018</u></i>
Cash:		
Medical	1,433	\$ 1,385
Flexible Spending Account	754,350	1,024,846
Investments	36,148,526	51,934,076
Receivables:		
Premiums	42,846,122	18,656,475
Pharmacy Rebates	10,336,576	7,553,692
Premium Assessment Due from Member	-	6,014,519
Interest	88,870	64,889
Miscellaneous Receivables	532,805	1,500
Prepaid Expenses	380,654	139,326
Total Assets	\$ 91,089,336	\$ 85,390,708
<u>Liabilities and Net Position</u>		
Accounts Payable - Medical	\$ 3,852,279	\$ 3,467,668
Contracts Payable	637,595	1,144,780
Benefit Claims Payable - Medical	9,593,442	7,735,444
Incurred But Not Reported Claims Estimate	38,445,183	35,860,206
Flexible Spending	348,568	550,251
Total Liabilities	52,877,067	48,758,349
Plan Net Position - Unrestricted	38,212,269	36,632,359
Total Liabilities and Plan Net Position	\$ 91,089,336	\$ 85,390,708

UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST
FY19 - STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN PLAN NET POSITION (unaudited)
For the nine months ended March 31, 2019

(Updated 05/28/2019)

	<i>Current Q3 3/31/2019</i>	<i>FY18 Q4/Year End 6/30/2018</i>
<u>Operating Revenues</u>		
Contributions	\$ 376,002,182	\$ 471,417,456
Flexible Spending Recapture	-	148,645
Total Operating Revenues	<u>376,002,182</u>	<u>471,566,101</u>
<u>Operating Expenses</u>		
Medical Claims	351,848,367	429,860,463
Medical Claims Administration	20,221,274	26,036,571
General and Administrative	2,003,817	2,749,726
Total Administrative	<u>22,225,091</u>	<u>28,786,297</u>
Total Operating Expenses	<u>374,073,458</u>	<u>458,646,760</u>
Operating Income	1,928,724	12,919,341
<u>Nonoperating Revenues (Expenses)</u>		
Investment Earnings	878,930	378,404
Wellness Initiative	(1,227,744)	(2,619,848)
Total Nonoperating Revenues (Expenses)	<u>(348,814)</u>	<u>(2,241,444)</u>
Change in Plan Net Position	1,579,910	10,677,897
Plan Net Position Beginning of Year	36,632,359	25,954,462
Plan Net Position End of Period	<u>\$ 38,212,269</u>	<u>\$ 36,632,359</u>

Treasury



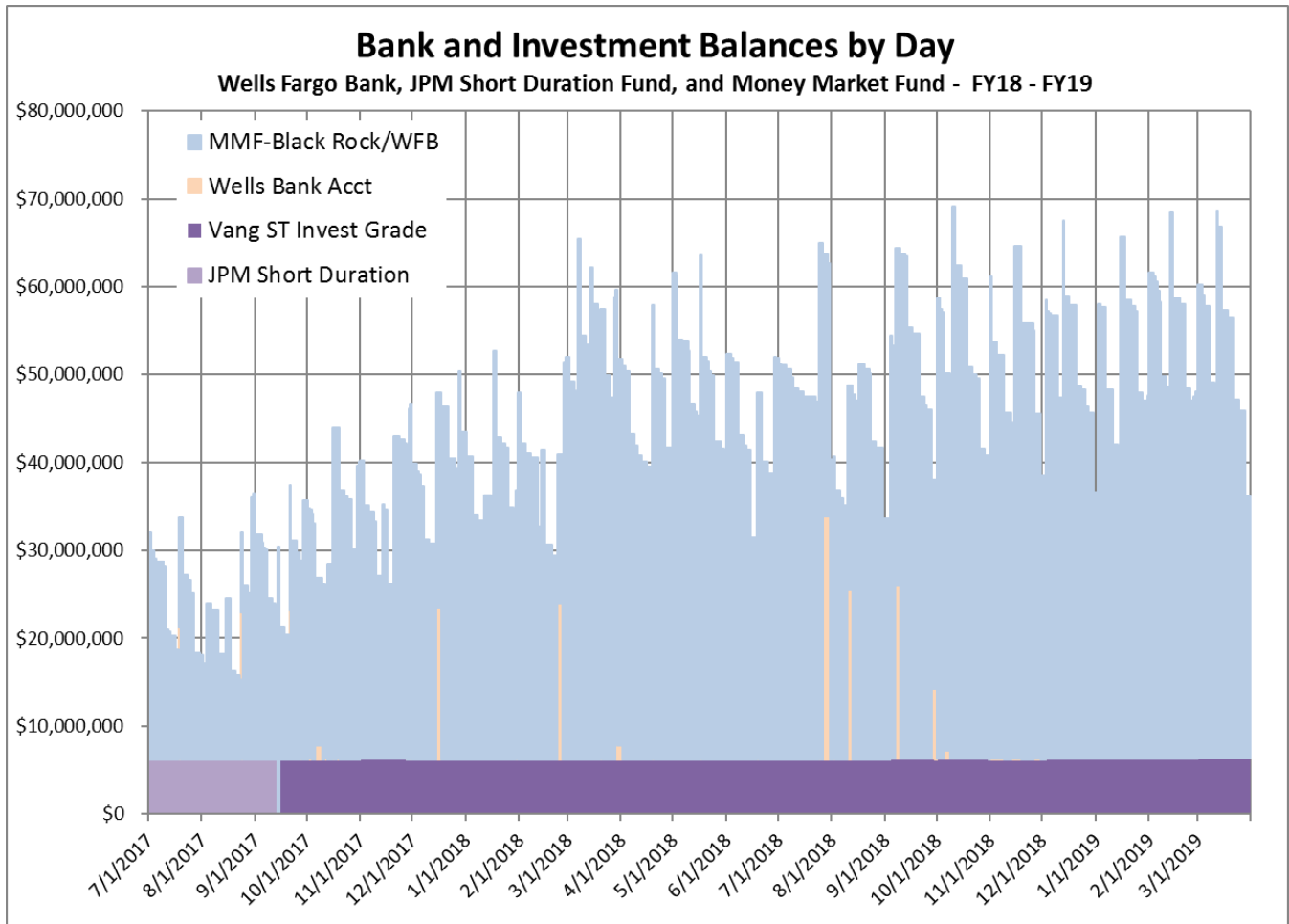
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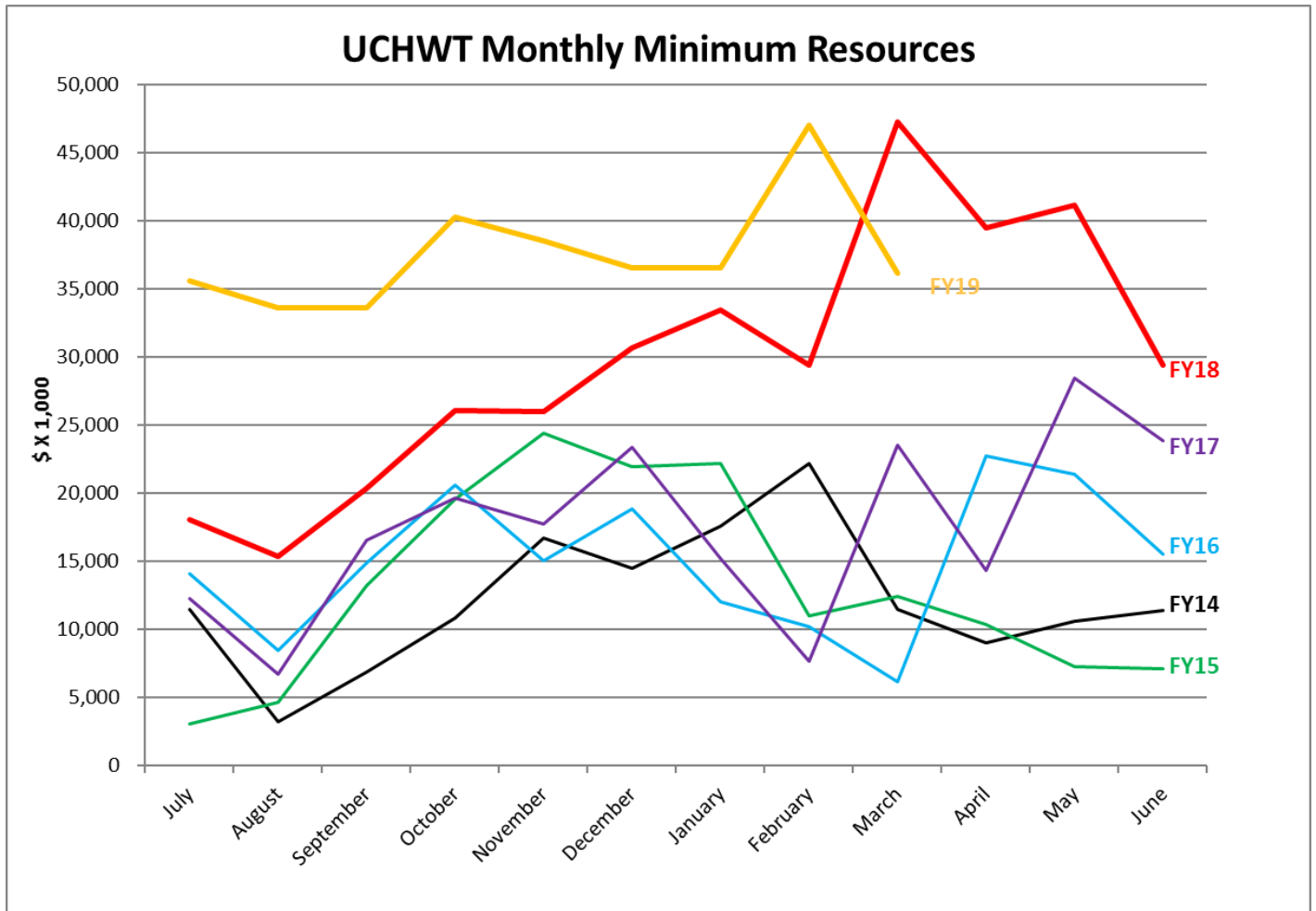
To: Members of the University of Colorado Health and Welfare Trust Board
From: Dan J. Wilson, Treasurer
Date: May 29, 2019
Re: Quarterly Report on Investments

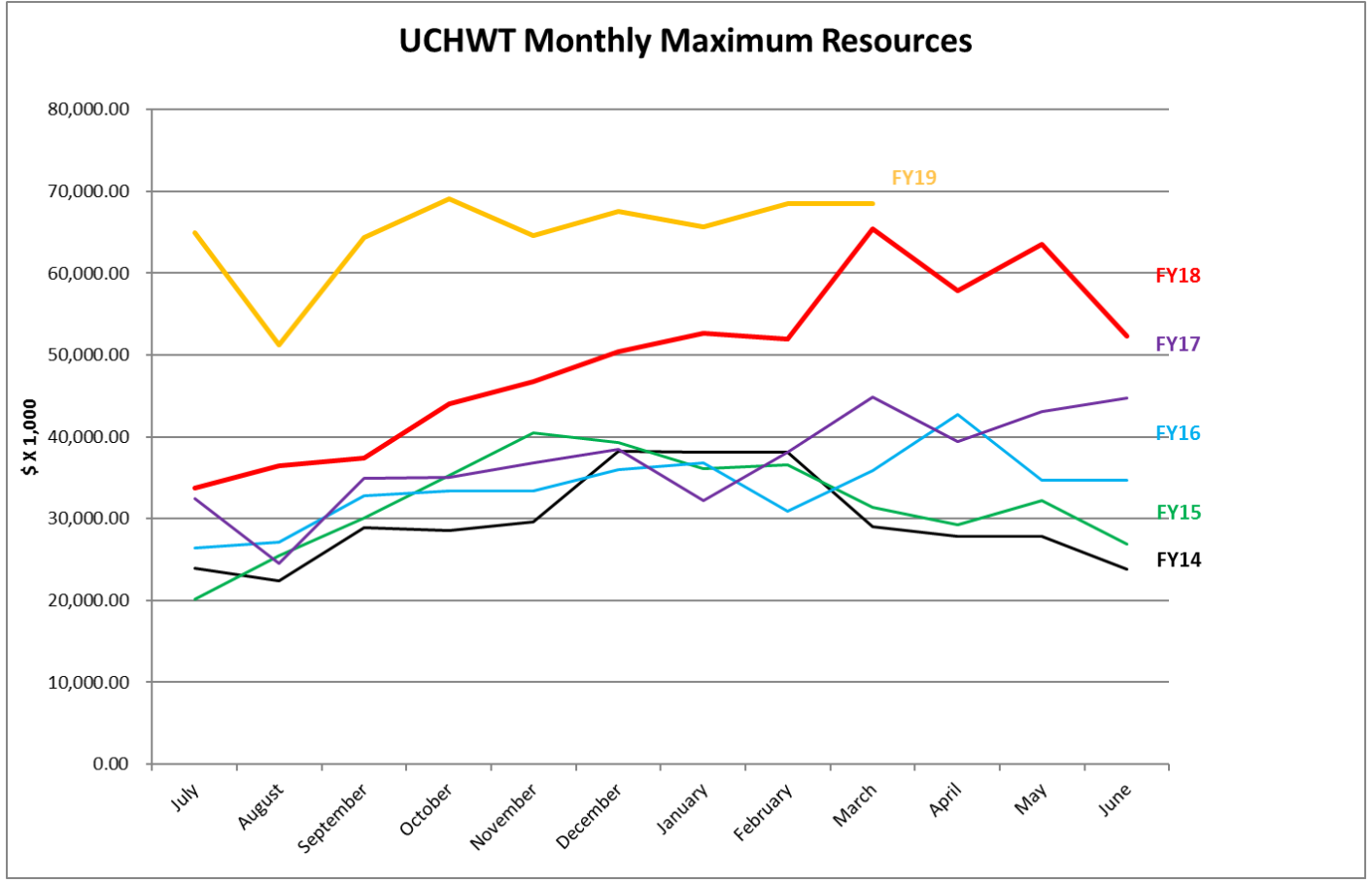
The Trust's cash equivalents and investments at March 31, 2019 totaled \$36.1 million compared to \$50.1 million at March 31, 2018. Of this amount, \$29.8 million was invested in a triple-A rated Wells Fargo government money market fund (GVIXX). An additional \$6.4 million was invested in a high-quality, 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 March 31, 2019, the quarter-end yield on this fund was .56% and annual return was 1.95%. 65% of the portfolio has AAA credit, 28% has AA credit, and 5% has A credit. 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 March 31, 2019 the quarterly return was 2.18% and the annualized return for a one year period was 3.70% compared to the Bloomberg Barclays US Aggregate Bond USD of 4.48%.

The bank and investment minimum balances for the third quarter of fiscal year 2019 shows lower balances than FY18. The maximum resources are higher than all prior fiscal years in the third quarter.

Total investment interest earnings for the first three quarters of FY19 is \$892.9k







Budget Performance



FY19 – BUDGET TO ACTUAL REPORT AS OF: 3/31/2019

	FY19 TOTAL BUDGET	FY19 BUDGET DETAIL	FY19 ACTUALS AS OF 3/31/2019	FY19 AVAILABLE AMOUNT	3Q FY19 % BUDGET TO ACTUALS	3Q FY18 % BUDGET TO ACTUALS
REVENUES/INFLOWS						
SELF-FUNDED CLAIMS & RESERVES	\$ 479,190,847					
ANTHEM		\$ 400,562,149	\$ 323,103,201	\$ 77,458,948	80.66%	81.64%
KAISER		61,795,521	39,531,824	22,263,697	63.97%	68.45%
VISION		1,034,227	1,054,023	(19,796)	101.91%	89.67%
DENTAL		15,798,950	12,313,135	3,485,815	77.94%	80.01%
HEALTH CARE FLEX SPENDING PLANS *	4,305,000	4,305,000	2,850,163	1,454,837	66.21%	72.97%
INVESTMENT INCOME	150,000	150,000	878,930	(728,930)	585.95%	337.93%
TOTAL REVENUE/INFLOWS	483,645,847	483,645,847	379,731,276	103,914,571	78.51%	79.70%
EXPENSES/OUTFLOWS						
INCURRED SELF-FUNDED CLAIMS	445,010,530					
ANTHEM		380,562,258	307,048,173	73,514,085	80.68%	76.51%
KAISER		48,286,045	31,648,291	16,637,754	65.54%	68.89%
VISION		917,803	811,882	105,921	88.46%	62.11%
DENTAL		15,244,424	12,340,021	2,904,403	80.95%	83.39%
GLOBAL PAYMENTS	-	-	-	-	-	78.58%
ADMINISTRATIVE FEES, MISC CHARGES ASO FEES	28,376,797					
ANTHEM		14,870,316	11,749,343	3,120,973	79.01%	77.06%
KAISER		12,835,531	7,951,822	4,883,709	61.95%	63.82%
VISION		116,424	88,744	27,680	76.22%	88.80%
DENTAL		554,526	431,365	123,161	77.79%	77.53%
BANK CHARGES	6,000	6,000	2,999	3,001	49.98%	153.27%
MISC CHARGES	5,000	5,000	-	5,000	0.00%	0.00%
FSA CLAIMS ADMINISTRATION	96,000	96,000	68,423	27,577	71.27%	83.74%
HEALTH SAVINGS ACCOUNT ADMINISTRATION	113,000	113,000	90,512	22,488	80.10%	105.96%
FLEX SPENDING CLAIMS PAYMENTS *	4,305,000	4,305,000	3,052,402	1,252,598	70.90%	64.69%
WELLNESS	2,283,500					
WELLNESS ASSESSMENT (HRA)		45,000	-	45,000	0.00%	0.00%
BE COLORADO - MOVE		1,900,000	828,573	1,071,427	43.61%	96.69%
WEIGHT MANAGEMENT		-	-	-	-	58.42%
NUTRITION		135,000	81,113	53,887	60.08%	N/A
BRUSSELS + MUSCLES		3,500	-	3,500	0.00%	210.49%
WELLNESS PLATFORM		150,000	1,723	148,277	1.15%	0.00%
MARKETING		50,000	16,838	33,162	33.68%	35.07%
MENTAL HEALTH		-	121,530	(121,530)	-	-
PREGNANCY EDUCATION		-	16,667	(16,667)	-	-
PREVENTION	407,000					
BIOMETRIC SCREENINGS		382,000	161,300	220,700	42.23%	87.15%
HEALTH FAIRS/5K		25,000	-	25,000	0.00%	149.28%
PILOTS, STUDIES AND OTHER EXPENSES	50,000	50,000	-	50,000	0.00%	5.94%
DATA WAREHOUSE	325,000	325,000	243,937	81,063	75.06%	64.44%
TRUST FEES						
CONSULTING	393,500					
ACTUARY		120,000	100,368	19,632	83.64%	50.00%
LEGAL		25,000	2,355	22,645	9.42%	124.19%
MANAGEMENT		60,000	25,092	34,908	41.82%	103.23%
AUDIT		188,500	53,025	135,475	28.13%	123.66%
INSURANCE	147,900					
FIDUCIARY LIABILITY		55,000	40,435	14,565	73.52%	72.09%
ERRORS AND OMISSIONS		91,000	59,295	31,705	65.16%	73.39%
CRIME		1,900	1,400	500	73.68%	67.10%
CU HEALTH PLAN ADMINISTRATION	2,126,620	2,126,620	1,315,976	810,644	61.88%	71.71%
TOTAL EXPENSES/OUTFLOWS	483,645,847	483,645,847	378,353,604	105,292,243	78.23%	75.47%
NET ACTIVITY FOR PERIOD	\$ -	\$ -	\$ 1,377,672	\$ (1,377,672)		

*FSA Activity is excluded from financial reports on page 5

Plan Performance



May 17, 2019

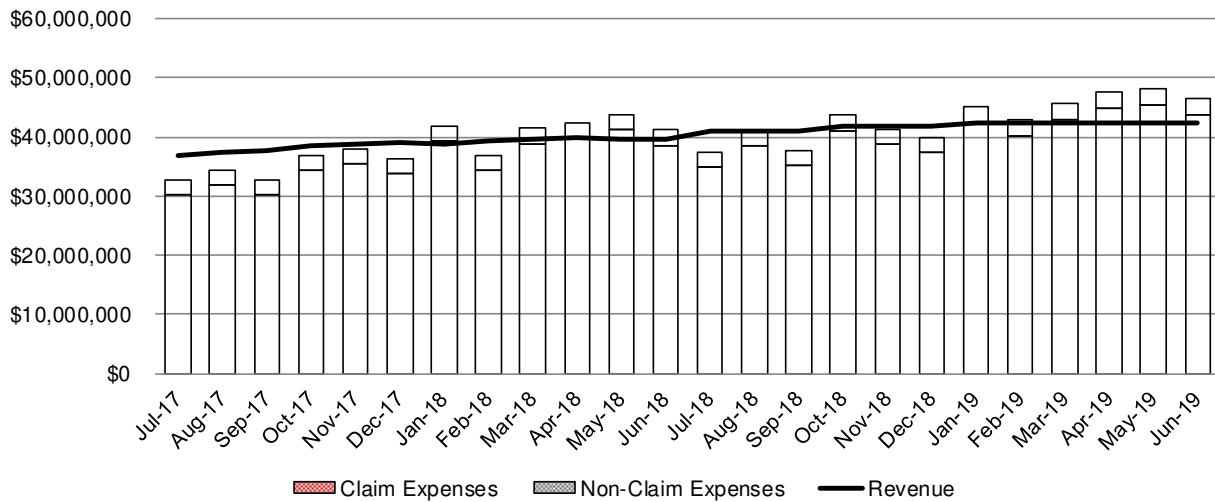
**University of Colorado Health and Welfare Trust
Fiscal Year 2019 – Financial Results YTD**

- As of March 31, 2019, the aggregate experience of all plans is showing remitted premiums exceeding costs (claims plus expenses) by \$1.1 million. Assuming current cost trends continue and historical seasonality factors, we are estimating the 2019 fiscal year to end with a deficit of \$13.7M. The table below shows results for completed fiscal year 2018, fiscal year 2019 through March, and the projected full fiscal year 2019.

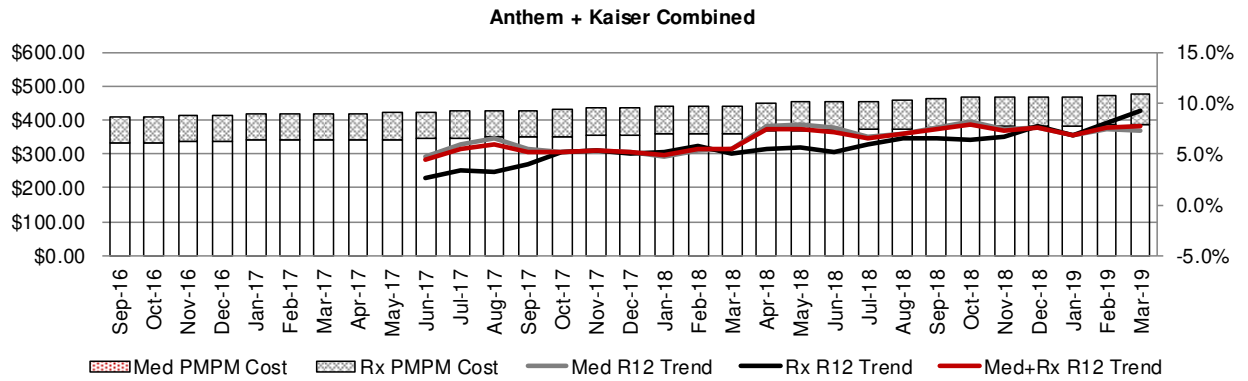
Year	Medical/Rx Enrolled	Vol. Vision Enrolled	Dental Enrolled	Claims Expense	Non-Claims Expense	Total Cost	Remitted Premium	Loss Ratio	Gain / (Loss)
FY2018	430,727	129,201	246,450	\$428.2	\$30.7	\$458.9	\$465.4	98.6%	\$6.4
FY2019 YTD	343,435	105,255	192,025	\$351.3	\$23.3	\$374.6	\$375.8	99.7%	\$1.1
FY2019 Proj.	460,414	140,964	257,023	\$485.7	\$31.3	\$517.0	\$503.3	102.7%	-\$13.7

- 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 \$48 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 due to the transition away from global capitation effective July 1, 2018.



- With data through March 31, 2019, we estimate the total outstanding claims liability (i.e. incurred but not paid claims liability) as of quarter ending March 31, 2019 is \$38.9M. 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 increased due to the growth in the plan, underlying claims trend, and a slowing in Anthem’s claim payment cycle.

IBNP Liability	
Valuation Date	(\$Ms)
3/31/2018	\$29.3
6/30/2018	\$31.9
9/30/2018	\$33.1
12/31/2018	\$36.7
3/31/2019	\$38.9

- All claims are on an incurred basis using data through March 31, 2019 and therefore include an estimate of incurred but not paid claims.