



Health Plan

University of Colorado Health and Welfare Trust

FY19 4th QUARTER FINANCIAL REPORTS

September 3rd, 2019



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 June 30, 2019
 (Updated 08/23/2019)

	<i>Current</i> <i>Q4</i> <u>6/30/2019</u>	<i>FY18</i> <i>Q4/Year End</i> <u>6/30/2018</u>
<u>Assets</u>		
Cash:		
Medical	1,670	\$ 1,385
Flexible Spending Account	1,034,014	1,024,846
Investments	46,265,818	51,934,076
Receivables:		
Premiums	20,993,896	18,656,475
Pharmacy Rebates	8,772,406	7,553,692
Premium Assessment Due from Member	-	6,014,519
Interest	56,240	64,889
Miscellaneous Receivables	611,451	1,500
Prepaid Expenses	256,083	139,326
Total Assets	<u>\$ 77,991,578</u>	<u>\$ 85,390,708</u>
<u>Liabilities and Net Position</u>		
Accounts Payable - Medical	\$ 3,879,394	\$ 3,467,668
Contracts Payable	593,857	1,144,780
Benefit Claims Payable - Medical	8,978,936	7,735,444
Incurred But Not Reported Claims Estimate	42,130,000	35,860,206
Flexible Spending	652,044	550,251
Total Liabilities	<u>56,234,231</u>	<u>48,758,349</u>
Plan Net Position - Unrestricted	21,757,347	36,632,359
Total Liabilities and Plan Net Position	<u>\$ 77,991,578</u>	<u>\$ 85,390,708</u>

UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST
FY19 - STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN PLAN NET POSITION (unaudited)
For the year ended June 30, 2019
 (Updated 08/23/2019)

	<i>Current Q4 6/30/2019</i>	<i>FY18 Q4/Year End 6/30/2018</i>
<u>Operating Revenues</u>		
Contributions	\$ 504,576,657	\$ 471,417,456
Flexible Spending Recapture	-	148,645
Total Operating Revenues	<u>504,576,657</u>	<u>471,566,101</u>
<u>Operating Expenses</u>		
Medical Claims	489,192,835	429,860,463
Medical Claims Administration	26,920,515	26,036,571
General and Administrative	2,722,113	2,749,726
Total Administrative	<u>29,642,628</u>	<u>28,786,297</u>
Total Operating Expenses	<u>518,835,463</u>	<u>458,646,760</u>
Operating Income	(14,258,806)	12,919,341
<u>Nonoperating Revenues (Expenses)</u>		
Investment Earnings	1,272,055	378,404
Wellness Initiative	(1,888,261)	(2,619,848)
Total Nonoperating Revenues (Expenses)	<u>(616,206)</u>	<u>(2,241,444)</u>
Change in Plan Net Position	(14,875,012)	10,677,897
Plan Net Position Beginning of Year	36,632,359	25,954,462
Plan Net Position End of Period	<u>\$ 21,757,347</u>	<u>\$ 36,632,359</u>

Treasury



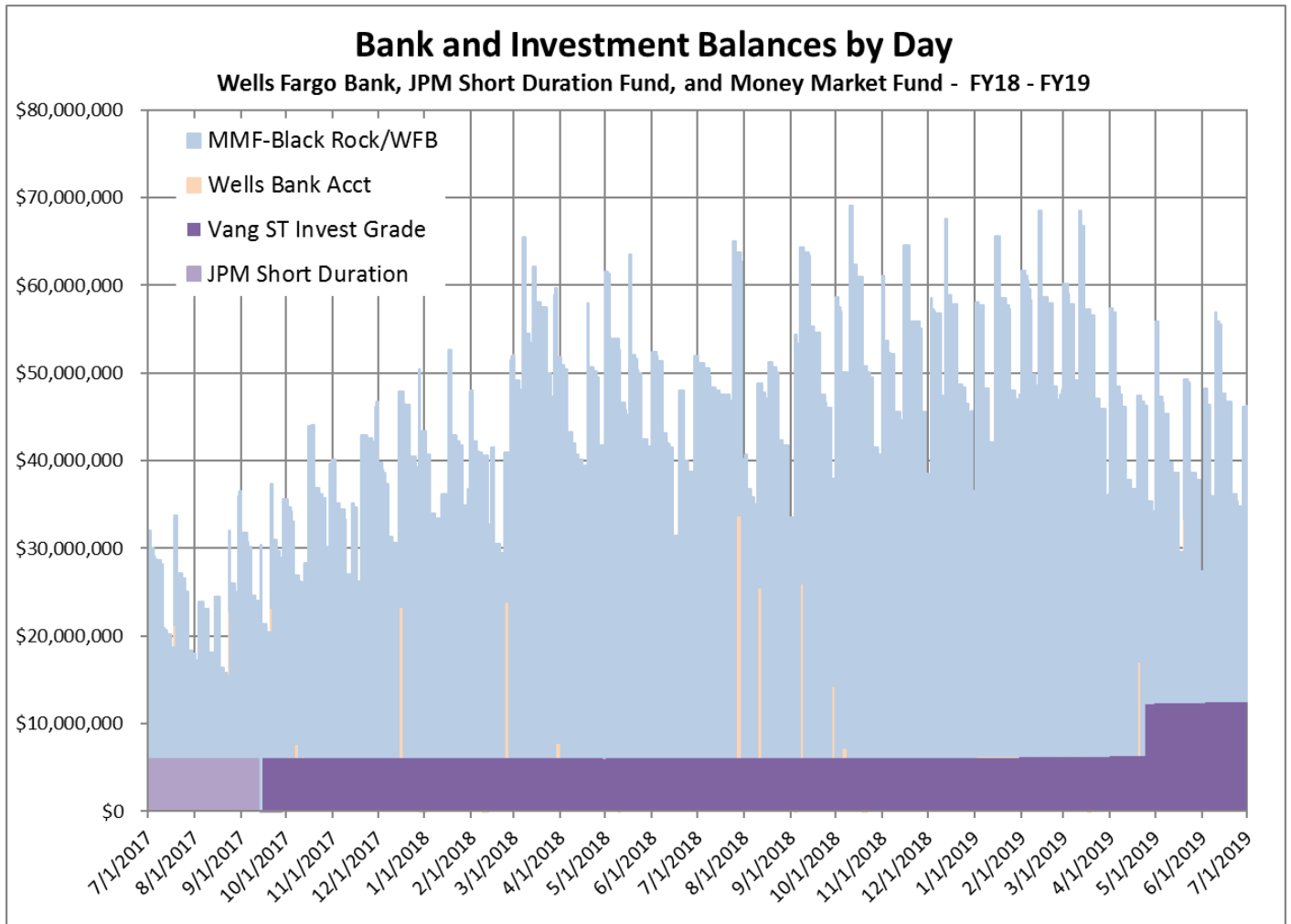
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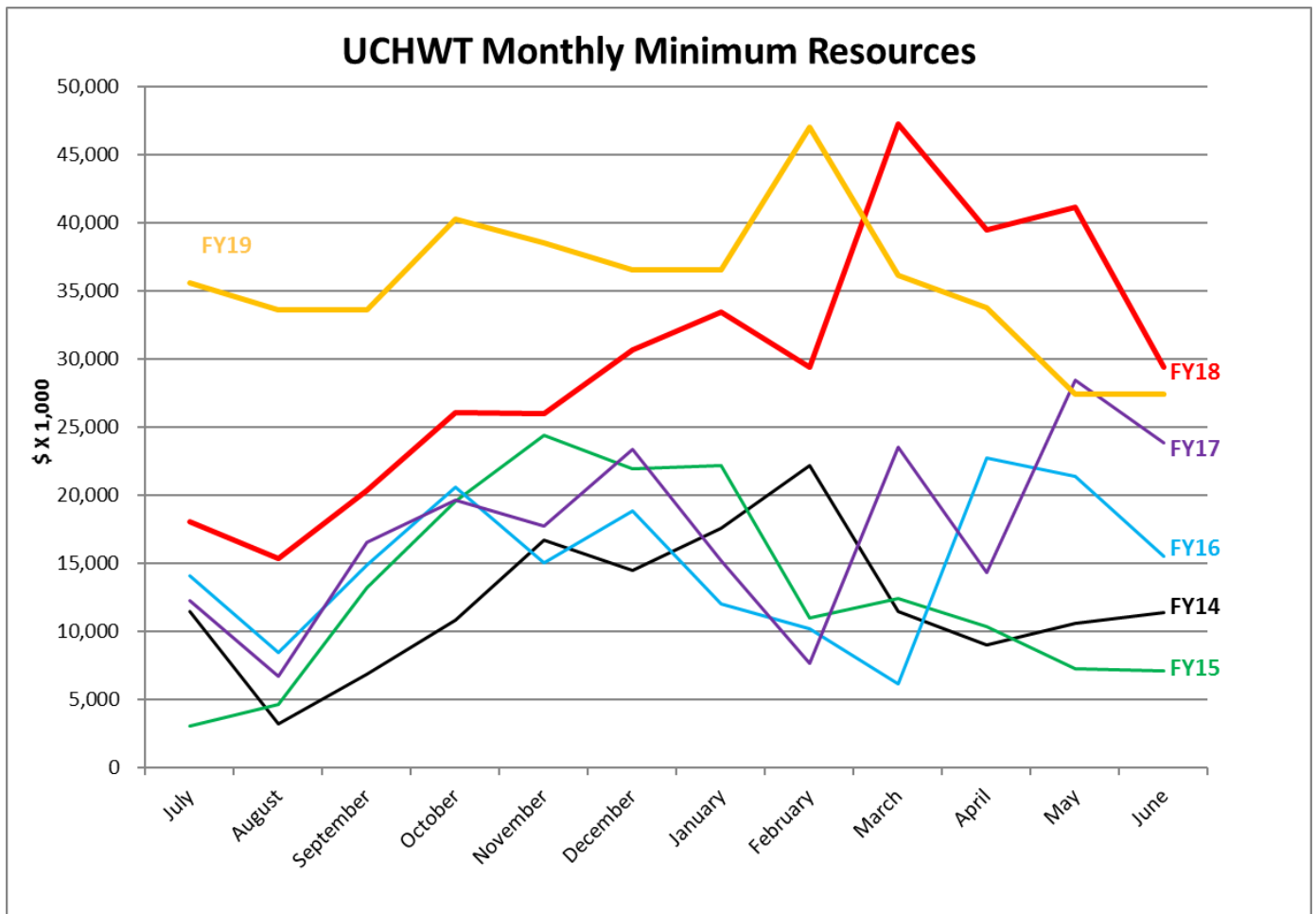
To: Members of the University of Colorado Health and Welfare Trust Board
From: Dan J. Wilson, Treasurer
Date: August 26, 2019
Re: Quarterly Report on Investments

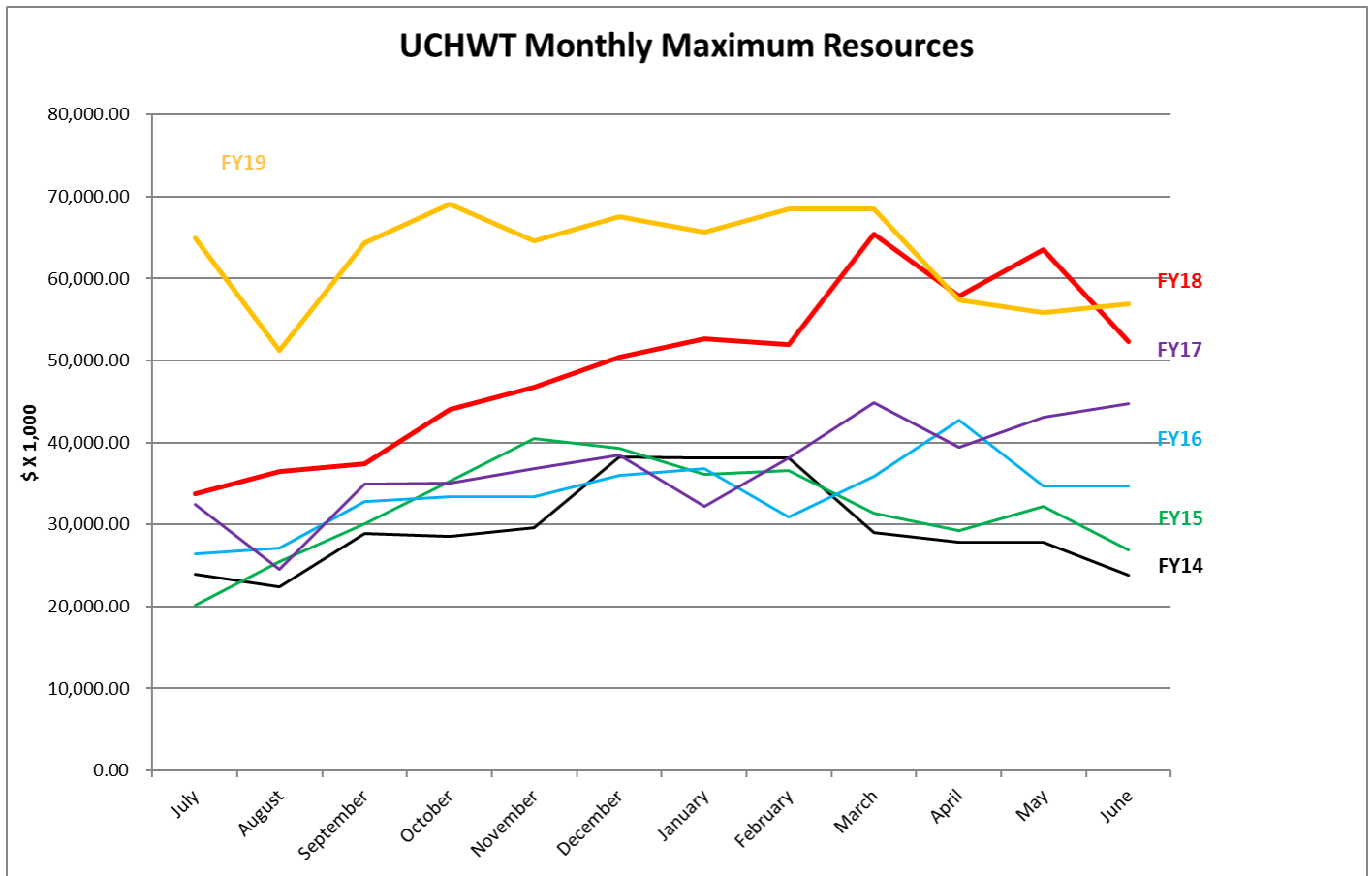
The Trust's cash equivalents and investments at June 30, 2019 totaled \$46.3 million compared to \$51.9 million at June 30, 2018. Of this amount, \$33.7 million was invested in a triple-A rated Wells Fargo government money market fund (GVIXX). An additional \$12.6 million was invested in a high-quality, 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 June 30, 2019, the quarter-end yield on this fund was .58% and annual return was 2.12%. 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 June 30, 2019 the quarterly return was 2.02% and the annualized return for a one year period was 5.48% compared to the Bloomberg Barclays US Aggregate Bond USD of 6.13%.

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

Total investment interest earnings for FY19 is \$1.3 million.







Budget Performance



FY19 – BUDGET TO ACTUAL REPORT AS OF: 6/30/2019

	FY19 TOTAL BUDGET	FY19 BUDGET DETAIL	FY19 ACTUALS AS OF 6/30/2019	FY19 AVAILABLE AMOUNT	4Q FY19 % BUDGET TO ACTUALS	4Q FY18 % BUDGET TO ACTUALS
REVENUES/INFLOWS						
SELF-FUNDED CLAIMS & RESERVES	\$ 479,190,847					
ANTHEM		\$ 400,562,149	\$ 434,668,775	\$ (34,106,626)	108.51%	111.52%
KAISER		61,795,521	52,000,526	9,794,995	84.15%	90.83%
VISION		1,034,227	1,412,171	(377,944)	136.54%	120.41%
DENTAL		15,798,950	16,495,186	(696,236)	104.41%	106.98%
HEALTH CARE FLEX SPENDING PLANS *	4,305,000	4,305,000	3,827,941	477,059	88.92%	89.49%
INVESTMENT INCOME	150,000	150,000	1,272,055	(1,122,055)	848.04%	610.33%
TOTAL REVENUE/INFLOWS	483,645,847	483,645,847	509,676,654	(26,030,807)	105.38%	108.37%
EXPENSES/OUTFLOWS						
INCURRED SELF-FUNDED CLAIMS	445,010,530					
ANTHEM		380,562,258	429,868,836	(49,306,578)	112.96%	108.72%
KAISER		48,286,045	41,700,752	6,585,293	86.36%	93.77%
VISION		917,803	1,054,421	(136,618)	114.89%	83.42%
DENTAL		15,244,424	16,568,826	(1,324,402)	108.69%	113.12%
GLOBAL PAYMENTS	-	-	-	-	-	106.05%
ADMINISTRATIVE FEES, MISC CHARGES ASO FEES	28,376,797					
ANTHEM		14,870,316	15,710,339	(840,023)	105.65%	104.16%
KAISER		12,835,531	10,513,121	2,322,410	81.91%	85.62%
VISION		116,424	118,958	(2,534)	102.18%	119.35%
DENTAL		554,526	578,097	(23,571)	104.25%	103.54%
BANK CHARGES	6,000	6,000	3,861	2,139	64.35%	171.60%
MISC CHARGES	5,000	5,000	-	5,000	0.00%	0.00%
FSA CLAIMS ADMINISTRATION	96,000	96,000	92,349	3,651	96.20%	101.27%
HEALTH SAVINGS ACCOUNT ADMINISTRATION	113,000	113,000	122,752	(9,752)	108.63%	137.25%
FLEX SPENDING CLAIMS PAYMENTS *	4,305,000	4,305,000	3,726,705	578,295	86.57%	90.14%
WELLNESS	2,283,500					
WELLNESS ASSESSMENT (HRA)		45,000	-	45,000	0.00%	0.00%
BE COLORADO - MOVE		1,900,000	1,130,610	769,390	59.51%	130.04%
WEIGHT MANAGEMENT		-	-	-	-	58.43%
NUTRITION		135,000	113,190	21,810	83.84%	
BRUSSELS + MUSCLES		3,500	-	3,500	0.00%	114.29%
WELLNESS PLATFORM		150,000	1,723	148,277	1.15%	2.40%
MARKETING		50,000	16,838	33,162	33.68%	42.66%
MENTAL HEALTH		-	162,063	(162,063)		
PREGNANCY EDUCATION		-	86,333	(86,333)		
PREVENTION	407,000					
BIOMETRIC SCREENINGS		382,000	377,504	4,496	98.82%	142.68%
HEALTH FAIRS/5K		25,000	-	25,000	0.00%	149.28%
PILOTS, STUDIES AND OTHER EXPENSES	50,000	50,000	-	50,000	0.00%	0.00%
DATA WAREHOUSE	325,000	325,000	324,379	621	99.81%	86.13%
TRUST FEES						
CONSULTING	393,500					
ACTUARY		120,000	211,493	(91,493)	176.24%	36.53%
LEGAL		25,000	5,970	19,030	23.88%	302.54%
MANAGEMENT		60,000	25,500	34,500	42.50%	104.52%
AUDIT		188,500	53,025	135,475	28.13%	133.27%
INSURANCE	147,900					
FIDUCIARY LIABILITY		55,000	53,685	1,315	97.61%	95.54%
ERRORS AND OMISSIONS		91,000	78,044	12,956	85.76%	97.41%
CRIME		1,900	1,860	40	97.89%	89.10%
CU HEALTH PLAN ADMINISTRATION	2,126,620	2,126,620	1,749,195	377,425	82.25%	95.57%
TOTAL EXPENSES/OUTFLOWS	483,645,847	483,645,847	524,450,429	(40,804,582)	108.44%	105.93%
NET ACTIVITY FOR PERIOD	\$ -	\$ -	\$ (14,773,775)	\$ 14,773,775		

*FSA Activity is excluded from financial reports on page 5

Plan Performance



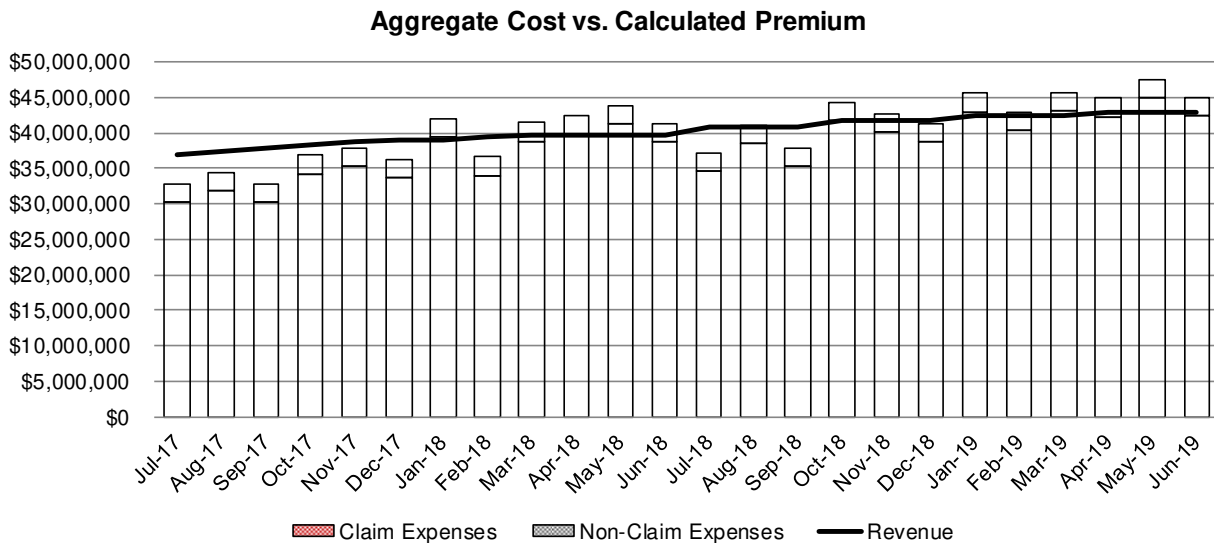
August 22, 2019

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

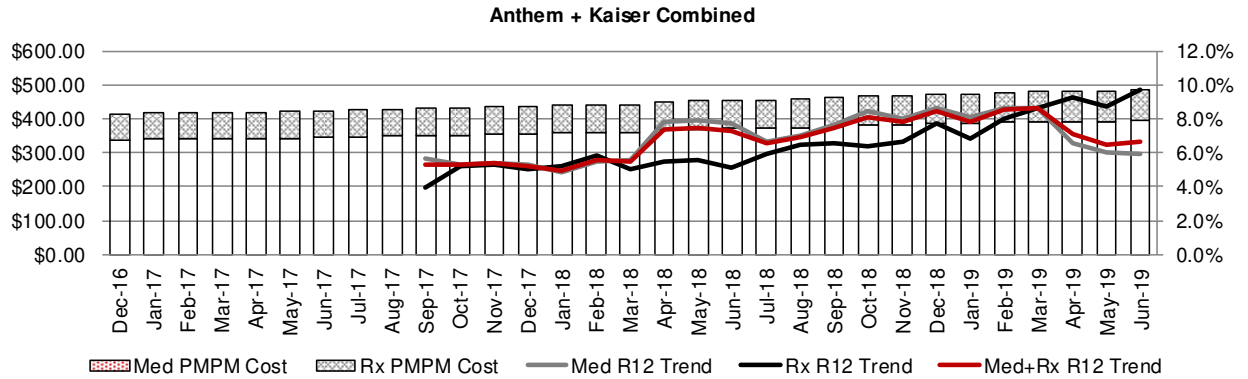
- As of June 30, 2019, the aggregate experience of all plans is showing total costs (claims plus non-claim expenses) have exceeded remitted premiums by \$11.9 million. The table below shows results for the past two fiscal years. Note that FY2019 incurred claims are still estimated and results will change as claims incurred prior to June 30 are paid over the next several months.

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	246,438	\$428.3	\$30.7	\$459.0	\$465.4	98.6%	\$6.4
FY2019	461,074	141,006	257,189	\$485.4	\$31.2	\$516.6	\$504.7	102.4%	(\$11.9)

- The chart below shows a comparison of total cost (split between claim and non-claim costs) vs. remitted premiums for the prior fiscal year (FY2018) as well as the current fiscal year year (FY2019). Current premiums are about \$43M 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.



- 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 June 30, 2019, we estimate the total outstanding claims liability (i.e. incurred but not paid claims liability) as of quarter ending June 30, 2019 is \$42.5M. 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 (M's)
6/30/2018	\$31.9
9/30/2018	\$33.1
12/31/2018	\$36.7
3/31/2019	\$38.9
6/30/2019	\$42.5

- All claims are on an incurred basis using data through June 30, 2019 and therefore include an estimate of incurred but not paid claims.