



Health Plan

University of Colorado Health and Welfare Trust

FY20 1st QUARTER FINANCIAL REPORTS

December 10th, 2019



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

uhealth



Medicine

TABLE OF CONTENTS

Financial Reports:	3
• FY20 Statement of Net Position	4
• FY20 Statement of Revenues, Expenses, and Changes in Plan Net Position	5
Treasury:	6
• Quarterly Report on Investments	7
• Bank and Investment Balances by Day – FY19 and FY20 YTD	8
• Monthly Minimum Resources	9
• Monthly Maximum Resources	10
Budget Performance:	11
• FY20 – Budget to Actual Report	12
Plan Performance:	13
• FY20 – Q1 Financial Performance Highlights	14,15

Financial Reports



UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST
FY20 - STATEMENT OF NET POSITION (unaudited)
As of September 30, 2019
 (Updated 12/03/2019)

	<i>Current Q1 <u>9/30/2019</u></i>	<i>FY19 Q4/Year End <u>6/30/2019</u></i>
<u>Assets</u>		
Cash:		
Medical	1,136	\$ 1,675
Flexible Spending Account	373,929	1,034,014
Investments	34,381,704	46,265,818
Receivables:		
Premiums	46,376,338	20,944,174
Pharmacy Rebates	11,596,869	11,169,866
Premium Assessment Due from Member	18,416,528	18,416,528
Interest	58,429	56,240
Miscellaneous Receivables	54,348	78,647
Prepaid Expenses	293,299	256,083
Total Assets	<u>\$ 111,552,580</u>	<u>\$ 98,223,045</u>
<u>Liabilities and Net Position</u>		
Accounts Payable - Medical	\$ 5,124,215	\$ 3,786,389
Contracts Payable	811,653	917,657
Benefit Claims Payable - Medical	1,134,670	2,035,793
Incurred But Not Reported Claims Estimate	56,093,241	54,992,913
Flexible Spending	7,418	547,978
Total Liabilities	<u>63,171,197</u>	<u>62,280,730</u>
Plan Net Position - Unrestricted	<u>48,381,383</u>	<u>35,942,315</u>
Total Liabilities and Plan Net Position	<u>\$ 111,552,580</u>	<u>\$ 98,223,045</u>

UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST
FY20 - STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN PLAN NET POSITION (unaudited)
For the three months ended September 30, 2019
 (Updated 12/03/2019)

	<i>Current Q1 9/30/2019</i>	<i>FY19 Q4/Year End 6/30/2019</i>
<u>Operating Revenues</u>		
Contributions	\$ 138,199,018	\$ 522,943,466
Flexible Spending Recapture	10,981	104,066
Total Operating Revenues	138,209,999	523,047,532
<u>Operating Expenses</u>		
Medical Claims	119,935,223	493,247,950
Medical Claims Administration	4,944,615	27,151,307
General and Administrative	739,182	2,722,113
Total Administrative	5,683,797	29,873,420
Total Operating Expenses	125,619,020	523,121,370
Operating Income	12,590,979	(73,838)
<u>Nonoperating Revenues (Expenses)</u>		
Investment Earnings	269,039	1,272,055
Wellness Initiative	(420,950)	(1,888,261)
Total Nonoperating Revenues (Expenses)	(151,911)	(616,206)
Change in Plan Net Position	12,439,068	(690,044)
Plan Net Position Beginning of Year	35,942,315	36,632,359
Plan Net Position End of Period	\$ 48,381,383	\$ 35,942,315

Treasury



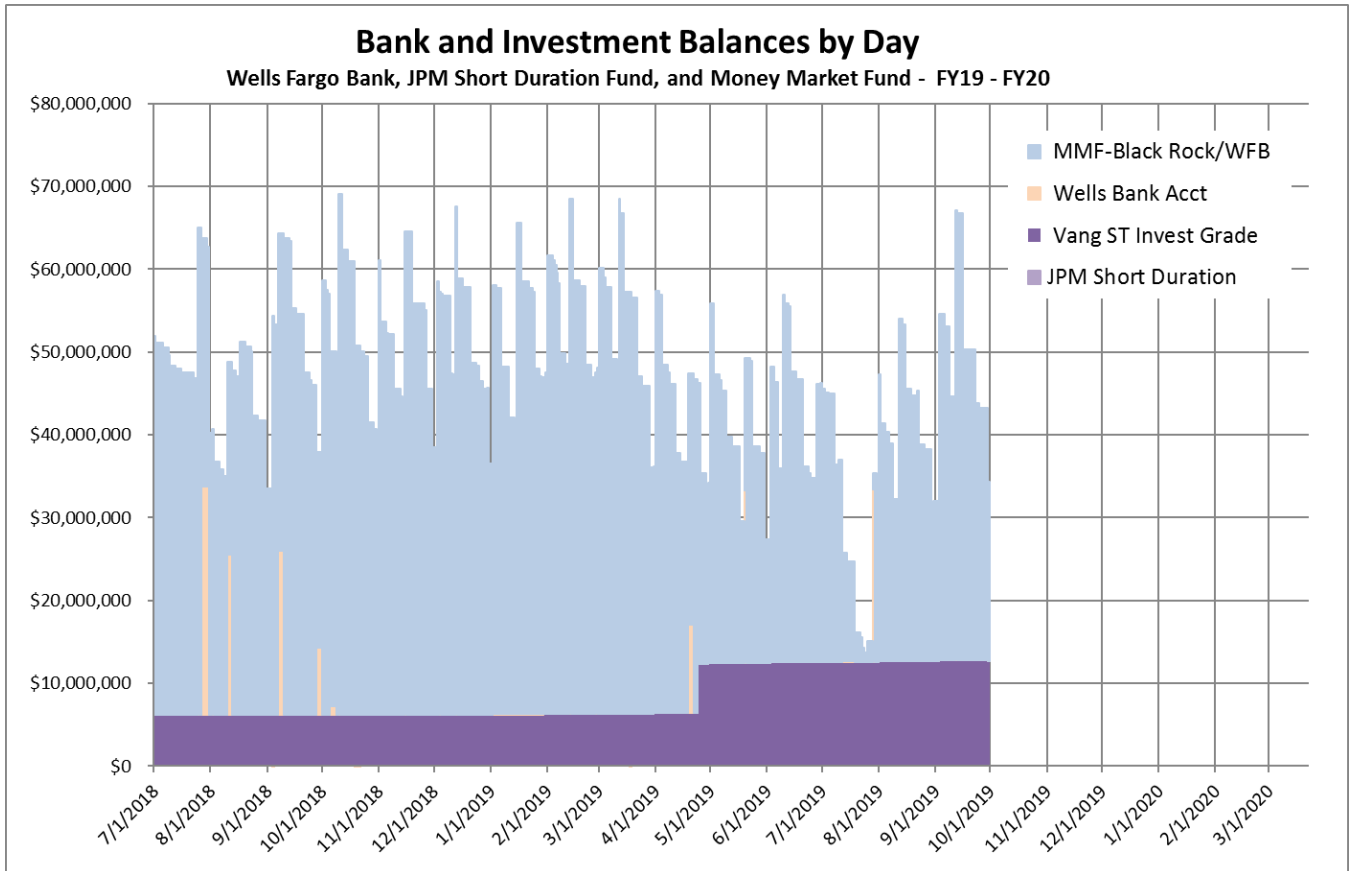
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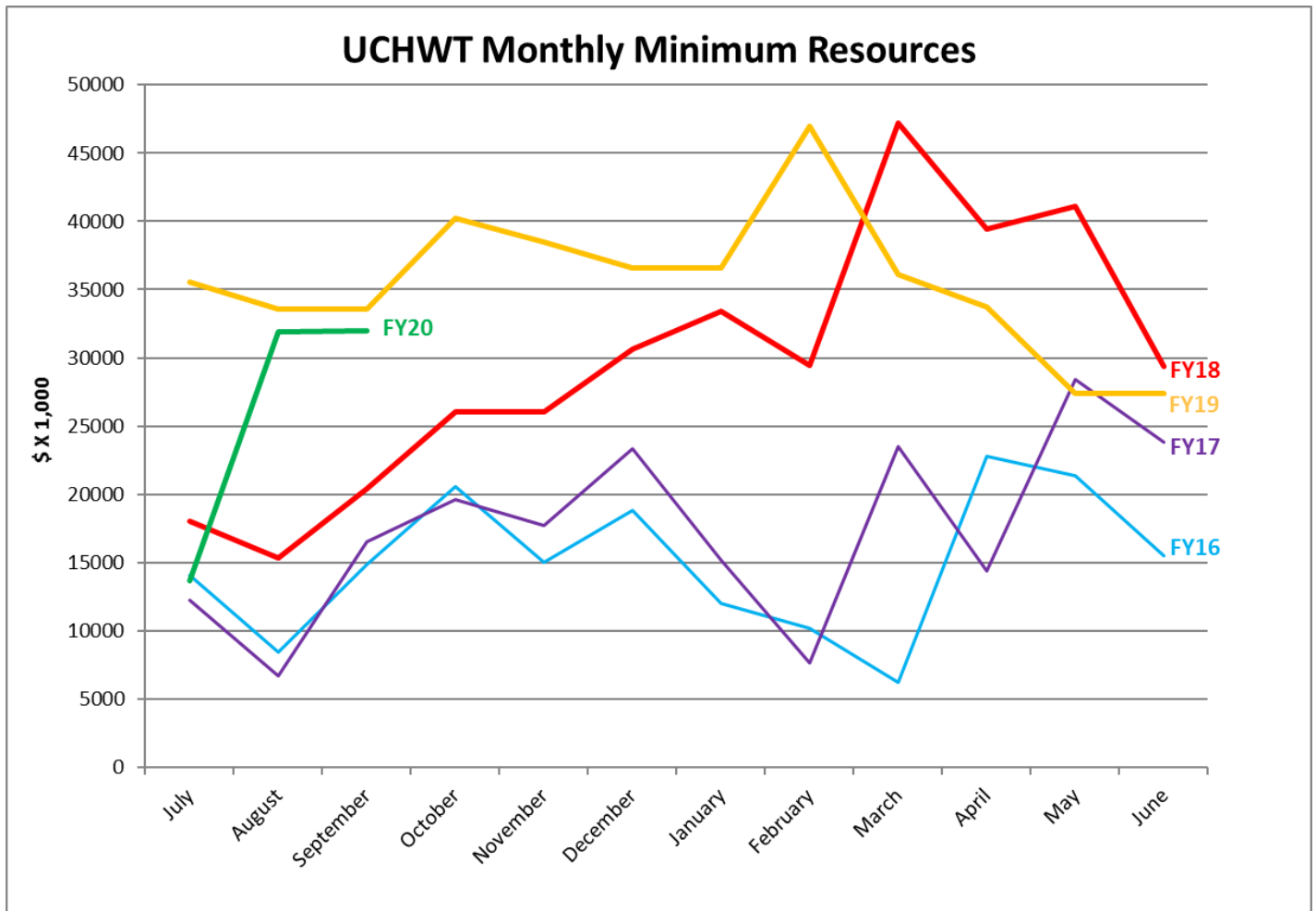
To: Members of the University of Colorado Health and Welfare Trust Board
From: Dan J. Wilson, Treasurer
Date: December 2, 2019
Re: Quarterly Report on Investments

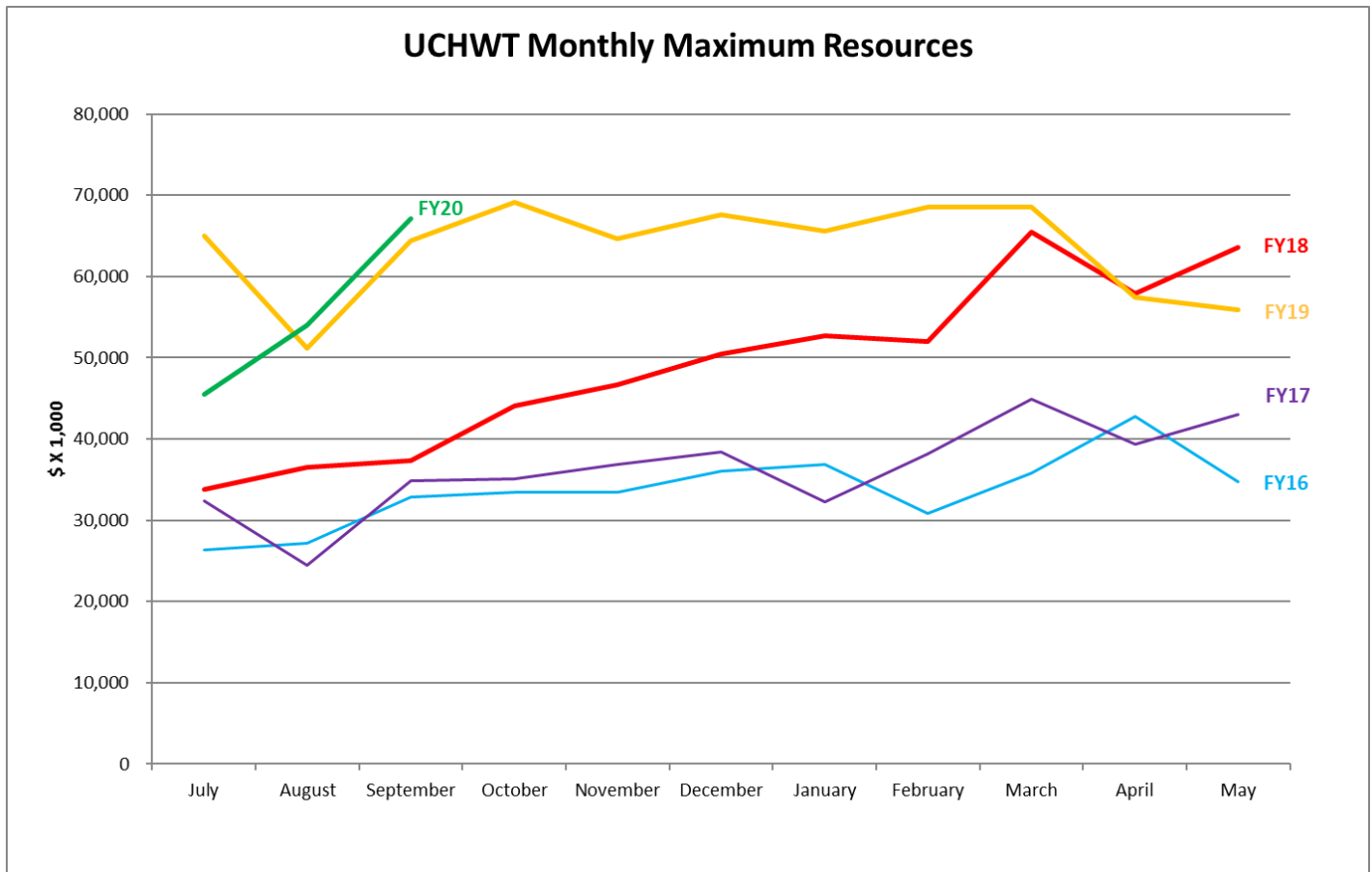
The Trust's cash equivalents and investments at September 30, 2019 totaled \$34.4 million compared to \$38.6 million at September 30, 2018. Of this amount, \$21.7 million was invested in a triple-A rated Wells Fargo government money market fund (GVIXX). An additional \$12.7 million was invested in a 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. The current quarter-end yield on this fund was .52% and annual return was 2.19%. The quarterly investment return for the money market fund continued to be positive though stabilizing at a rate close to previous quarters in FY 2019. About 67% 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 .99% and the annualized return for a one year period as of 9/30/19 was 6.07% compared to the Bloomberg Barclays US Aggregate Bond USD of 6.08%.

Maximum resources trended upward throughout the first quarter and ended higher than all prior fiscal years on September 30, 2019. The minimum resources increased throughout the quarter to end on trend, though slightly lower, with FY19. The bank balance for the first quarter of fiscal year 2020 decreased significantly in mid-to-late July 2019 before returning to normal levels by quarter end.

Total investment interest earnings for the first quarter of FY20 including unrealized gains/(losses) total \$295,402.







Budget Performance



FY20 – BUDGET TO ACTUAL REPORT AS OF: 9/30/2019

	FY20 TOTAL BUDGET	FY20 BUDGET DETAIL	FY20 ACTUALS AS OF 9/30/2019	FY20 AVAILABLE AMOUNT	1Q FY20 % BUDGET TO ACTUALS	1Q FY19 % BUDGET TO ACTUALS
REVENUES/INFLOWS						
SELF-FUNDED CLAIMS & RESERVES	\$ 542,925,150					
ANTHEM		\$ 464,695,395	\$ 120,438,113	\$ 344,257,282	25.92%	26.20%
KAISER		58,843,085	12,790,702	46,052,383	21.74%	20.59%
VISION		1,415,687	375,995	1,039,692	26.56%	33.31%
DENTAL		17,970,983	4,594,210	13,376,773	25.56%	25.53%
HEALTH CARE FLEX SPENDING PLANS *	3,721,000	3,721,000	633,260	3,087,740	17.02%	20.57%
INVESTMENT INCOME	150,000	150,000	280,020	(130,020)	186.68%	135.44%
TOTAL REVENUE/INFLOWS	546,796,150	546,796,150	139,112,300	407,683,850	25.44%	25.46%
EXPENSES/OUTFLOWS						
INCURRED SELF-FUNDED CLAIMS	514,224,073					
ANTHEM		443,074,293	106,635,739	336,438,554	24.07%	23.67%
KAISER		52,468,652	8,486,482	43,982,170	16.17%	21.90%
VISION		1,287,432	322,906	964,526	25.08%	35.32%
DENTAL		17,393,696	4,490,096	12,903,600	25.81%	32.92%
ADMINISTRATIVE FEES, MISC CHARGES						
ASO FEES	23,574,057					
ANTHEM		17,054,827	2,489,772	14,565,055	14.60%	25.60%
KAISER		5,813,688	2,272,495	3,541,193	39.09%	21.06%
VISION		128,255	33,825	94,430	26.37%	24.87%
DENTAL		577,287	148,523	428,764	25.73%	25.55%
BANK CHARGES	6,000	6,000	965	5,035	16.08%	19.00%
MISC CHARGES	5,000	5,000	-	5,000	0.00%	0.00%
FSA CLAIMS ADMINISTRATION	92,000	92,000	22,962	69,038	24.96%	22.77%
HEALTH SAVINGS ACCOUNT ADMINISTRATION	121,000	121,000	38,295	82,705	31.65%	25.60%
FLEX SPENDING CLAIMS PAYMENTS *	3,721,000	3,721,000	1,277,886	2,443,114	34.34%	28.72%
WELLNESS	1,555,500					
BE COLORADO - MOVE		1,228,000	297,877	930,123	24.26%	14.92%
NUTRITION		139,000	27,038	111,962	19.45%	20.03%
BRUSSELS + MUSCLES		3,500	-	3,500	0.00%	0.00%
WELLNESS PLATFORM		-	-	-	0.00%	0.92%
MARKETING		10,000	5,411	4,589	54.11%	0.27%
MENTAL HEALTH		175,000	40,548	134,452	23.17%	0.00%
PREGNANCY EDUCATION		-	50,000	(50,000)		
PREVENTION	407,000					
BIOMETRIC SCREENINGS		382,000	76	381,924	0.02%	0.00%
HEALTH FAIRS/5K		25,000	-	25,000	0.00%	0.00%
PILOTS, STUDIES AND OTHER EXPENSES	25,000	25,000	-	25,000	0.00%	0.00%
DATA WAREHOUSE	341,000	341,000	82,035	258,965	24.06%	24.51%
TRUST FEES						
CONSULTING	450,000					
ACTUARY		100,000	11,954	88,046	11.95%	26.67%
LEGAL		25,000	13,932	11,068	55.73%	3.74%
MANAGEMENT		175,000	54,875	120,125	31.36%	0.43%
AUDIT		150,000	31,000	119,000	20.67%	3.45%
INSURANCE	147,900					
FIDUCIARY LIABILITY		55,000	14,493	40,507	26.35%	25.34%
ERRORS AND OMISSIONS		91,000	21,729	69,271	23.88%	23.95%
CRIME		1,900	494	1,406	26.00%	25.26%
CU HEALTH PLAN ADMINISTRATION	2,126,620	2,126,620	446,448	1,680,172	20.99%	21.54%
TOTAL EXPENSES/OUTFLOWS	546,796,150	546,796,150	127,317,856	419,478,294	23.28%	23.77%
NET ACTIVITY FOR PERIOD	\$ -	\$ -	\$ 11,794,444	\$ (11,794,444)		

*FSA Activity is excluded from financial reports on page 5

Plan Performance





November 26, 2019

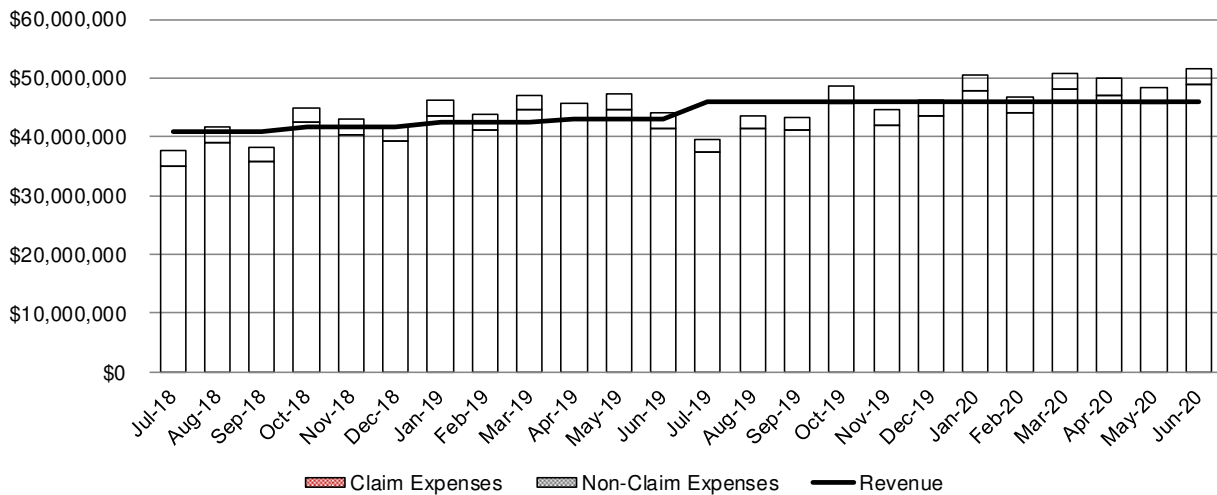
**University of Colorado Health and Welfare Trust
Fiscal Year 2020 – Financial Results YTD**

- As of September 30, 2019, the aggregate experience of all plans is showing total remitted premiums have exceeded plans costs (claims plus expenses) by \$11.6 million. The table below shows the full fiscal year 2019, fiscal year 2020 through September, and projected fiscal year 2020.

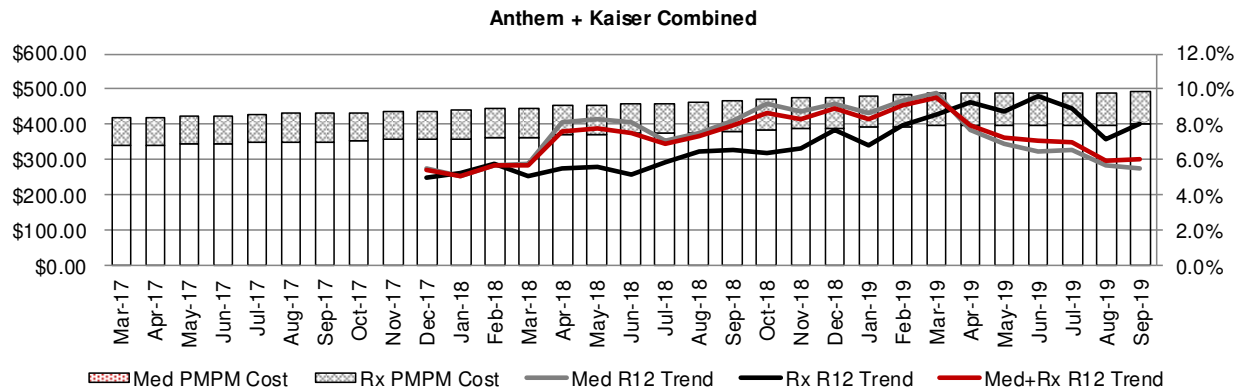
Year	Medical/Rx Enrolled	Vol. Vision Enrolled	Dental Enrolled	Claims Expense	Non-Claims Expense	Total Cost	Remitted Premium	Loss Ratio	Gain / (Loss)
FY2019	461,093	140,908	257,409	\$490.0	\$31.1	\$521.1	\$504.6	103.3%	(\$16.5)
FY2020 YTD	119,351	37,550	66,082	\$120.0	\$6.4	\$126.4	\$138.0	91.6%	\$11.6
FY2020 Proj.	479,666	151,121	265,909	\$533.6	\$30.5	\$564.0	\$552.1	102.2%	(\$12.0)

- The chart below shows a comparison of total cost (split between claim and non-claim costs) vs. remitted premiums for the prior fiscal year (FY2019) as well as the current fiscal year (FY2020). Current premiums are about \$46M per month and total monthly costs for FY2020 are projected to be between \$39 million and \$51 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 affective July 1, 2018.



- With data through September 30, 2019, we estimate the total outstanding claims liability (i.e. incurred but not paid claims liability) as of quarter ending September 30, 2019 is \$56.4M. The table below shows the outstanding claims liability as of the prior five quarter end valuation dates.

Valuation Date	IBNP Liability (M's)
9/30/2018	\$33.1
12/31/2018	\$36.7
3/31/2019	\$38.9
6/30/2019	\$42.5
9/30/2019	\$56.4

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