



Health Plan

University of Colorado Health and Welfare Trust

FY20 2nd QUARTER FINANCIAL REPORTS

March 3rd, 2020



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
FY20 - STATEMENT OF NET POSITION (unaudited)
As of December 31, 2019
 (Updated 02/25/2020)

<u>Assets</u>	<i>Current Q2 <u>12/31/2019</u></i>	<i>FY19 Q4/Year End <u>6/30/2019</u></i>
Cash:		
Medical	1,039	1,676
Flexible Spending Account	558,810	1,034,013
Investments	48,261,631	46,265,818
Receivables:		
Premiums	47,091,819	20,944,174
Pharmacy Rebates	13,015,202	11,169,866
Premium Assessment Due from Member	5,094,961	18,416,528
Interest	64,119	56,240
Miscellaneous Receivables	-	78,647
Prepaid Expenses	179,200	256,083
Total Assets	<u>\$ 114,266,781</u>	<u>\$ 98,223,045</u>
<u>Liabilities and Net Position</u>		
Accounts Payable - Medical	\$ 3,926,259	4,110,189
Contracts Payable	540,549	593,857
Benefit Claims Payable - Medical	1,129,944	2,035,794
Incurred But Not Reported Claims Estimate	53,261,891	54,992,913
Flexible Spending	104,487	547,978
Total Liabilities	<u>58,963,130</u>	<u>62,280,731</u>
Plan Net Position - Unrestricted	55,303,651	<u>35,942,314</u>
Total Liabilities and Plan Net Position	<u>\$ 114,266,781</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 year ended December 31, 2019
 (Updated 02/25/2020)

	<i>Current Q2 12/31/2019</i>	<i>FY19 Q4/Year End 6/30/2019</i>
<u>Operating Revenues</u>		
Contributions	\$ 275,757,393	\$ 522,943,466
Flexible Spending Recapture	10,981	104,066
Total Operating Revenues	<u>275,768,374</u>	<u>523,047,532</u>
<u>Operating Expenses</u>		
Medical Claims	242,832,758	493,247,950
Medical Claims Administration	11,858,332	27,151,307
General and Administrative	1,426,379	2,722,113
Total Administrative	<u>13,284,711</u>	<u>29,873,420</u>
Total Operating Expenses	<u>256,117,469</u>	<u>523,121,370</u>
Operating Income	19,650,905	(73,841)
<u>Nonoperating Revenues (Expenses)</u>		
Investment Earnings	542,700	1,272,055
Wellness Initiative	(832,269)	(1,888,261)
Total Nonoperating Revenues (Expenses)	<u>(289,569)</u>	<u>(616,206)</u>
Change in Plan Net Position	19,361,336	(690,044)
Plan Net Position Beginning of Year	35,942,315	36,632,359
Plan Net Position End of Period	<u>\$ 55,303,651</u>	<u>35,942,315</u>

Treasury



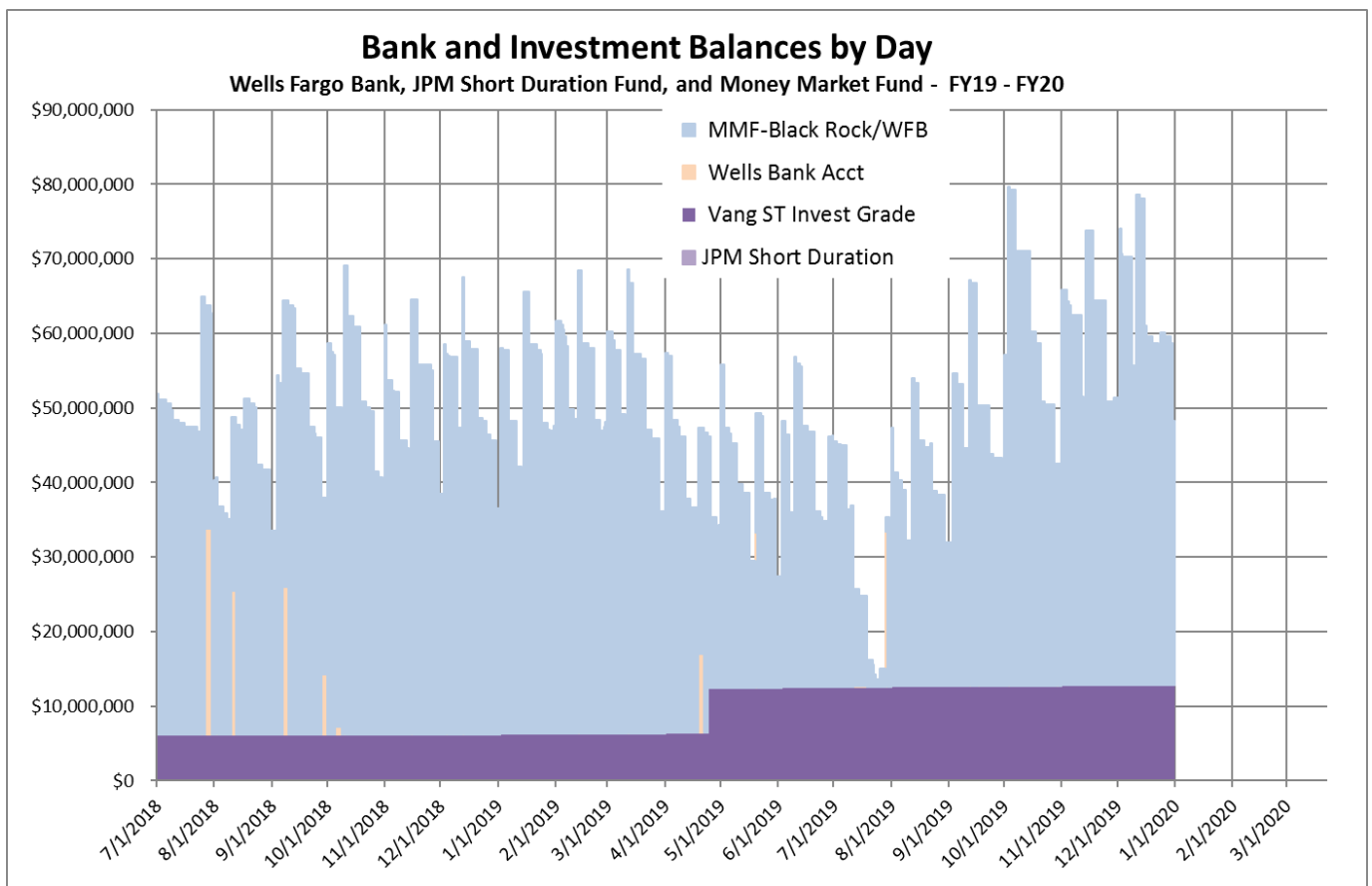
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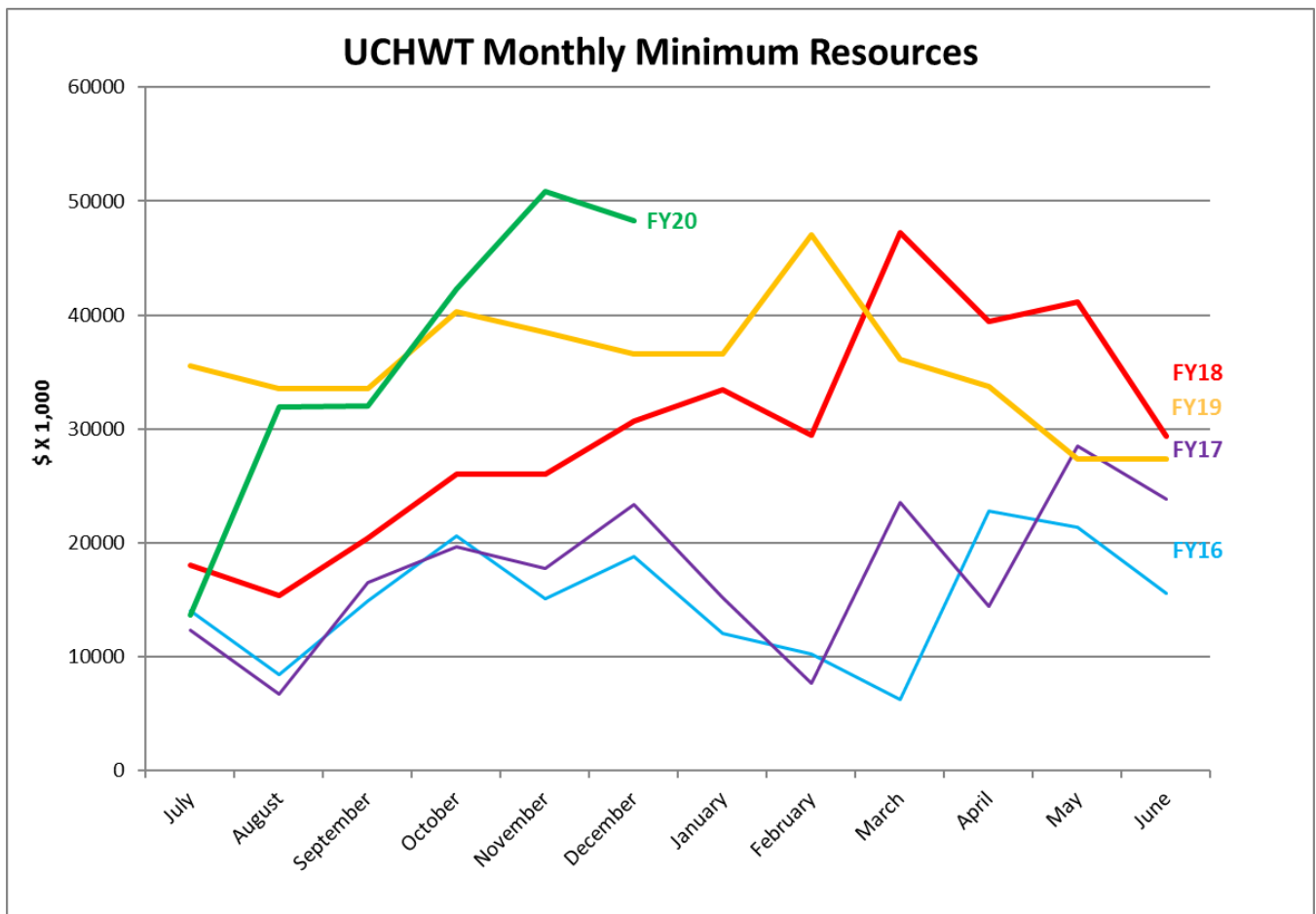
To: Members of the University of Colorado Health and Welfare Trust Board
From: Dan J. Wilson, Treasurer
Date: February 25, 2020
Re: Quarterly Report on Investments

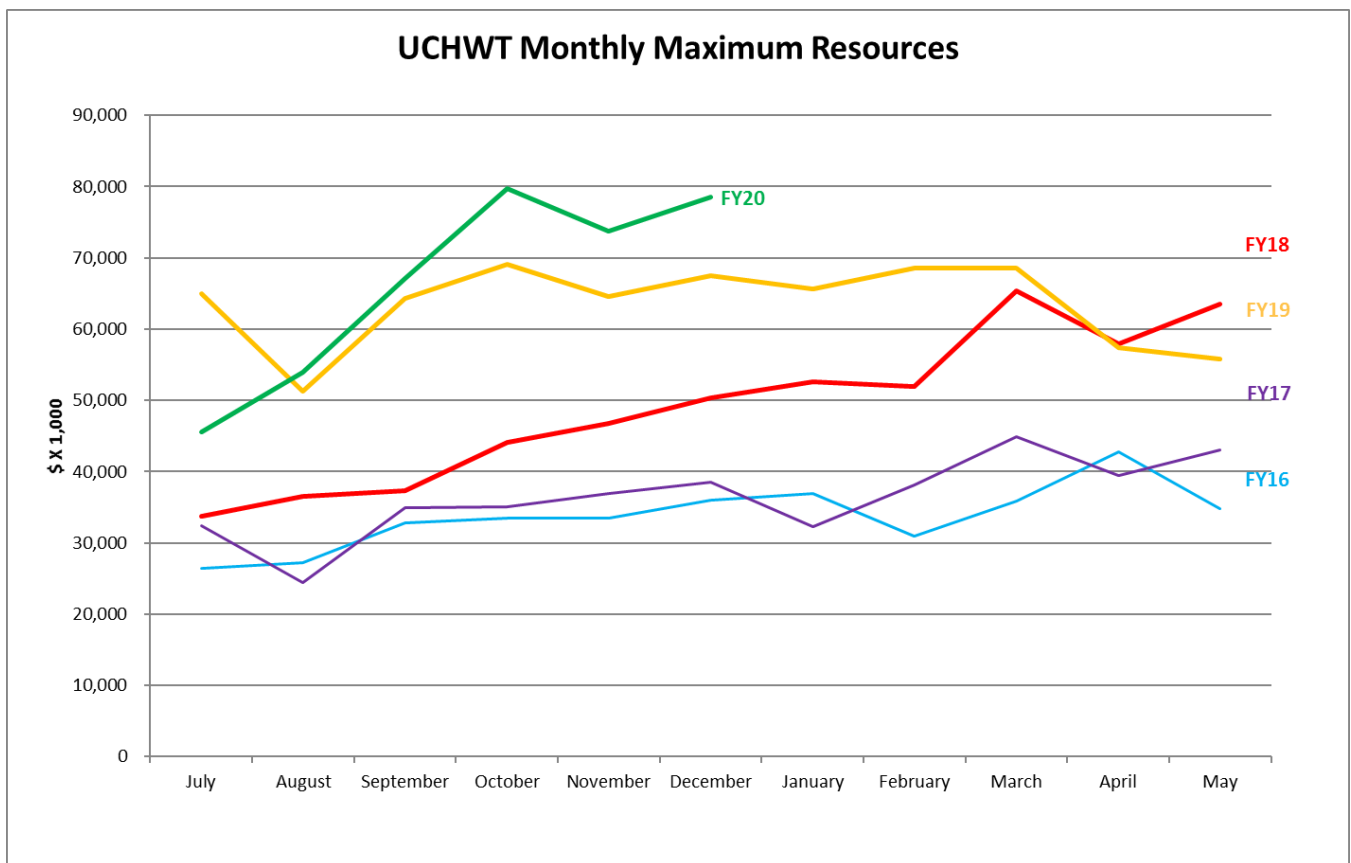
The Trust's cash equivalents and investments at December 31, 2019 totaled \$48.3 million compared to \$36.5 million at December 31, 2018. Of this amount, \$35.5 million was invested in a triple-A rated Wells Fargo government money market fund (GVIXX). An additional \$12.8 million was invested in a high-quality, 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 .40% and annual return was 2.04%. The quarterly investment return for the money market fund continued to be positive though stabilizing at a rate close to that in the last quarter in FY 2019. About 73% 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 .83% and the annualized return for a one-year period as of 12/31/19 was 5.95% compared to the Bloomberg Barclays Gov/Credit 1-3 yr. of 4.03%.

Maximum resources overall trended upward throughout the second quarter, peaking in October and ending higher than all prior fiscal years on December 31, 2019. The minimum resources also increased throughout the quarter to end at the highest minimum balance than all prior fiscal years at December 31, 2019. The bank balance for the second quarter of fiscal year 2020 remained relatively consistent, only dropping slightly at quarter end.

Total investment interest earnings for the second quarter of FY20 including unrealized gains/(losses) total \$542,700.







Budget Performance



FY20 – BUDGET TO ACTUAL REPORT AS OF: 12/31/2019

	FY20 TOTAL BUDGET	FY20 BUDGET DETAIL	FY20 ACTUALS AS OF 12/31/2019	FY20 AVAILABLE AMOUNT	2Q FY20 % BUDGET TO ACTUALS	2Q FY19 % BUDGET TO ACTUALS
REVENUES/INFLOWS						
SELF-FUNDED CLAIMS & RESERVES	\$ 542,925,150					
ANTHEM		\$ 464,695,395	\$ 240,232,877	\$ 224,462,518	51.70%	53.32%
KAISER		58,843,085	25,500,258	33,342,827	43.34%	42.91%
VISION		1,415,687	760,475	655,212	53.72%	67.33%
DENTAL		17,970,983	9,263,783	8,707,200	51.55%	51.60%
HEALTH CARE FLEX SPENDING PLANS *	3,721,000	3,721,000	1,936,354	1,784,646	52.04%	41.45%
INVESTMENT INCOME	150,000	150,000	542,700	(392,700)	361.80%	320.49%
TOTAL REVENUE/INFLOWS	546,796,150	546,796,150	278,236,447	268,559,703	50.88%	51.94%
EXPENSES/OUTFLOWS						
INCURRED SELF-FUNDED CLAIMS	509,100,073					
ANTHEM		443,074,293	215,000,106	228,074,187	48.52%	52.38%
KAISER		47,344,652	18,475,836	28,868,816	39.02%	42.98%
VISION		1,287,432	669,681	617,751	52.02%	61.52%
DENTAL		17,393,696	8,687,135	8,706,561	49.94%	54.76%
ADMINISTRATIVE FEES, MISC CHARGES						
ASO FEES	28,698,057					
ANTHEM		17,054,827	6,625,628	10,429,199	38.85%	51.87%
KAISER		10,937,688	4,865,270	6,072,418	44.48%	41.45%
VISION		128,255	68,434	59,821	53.36%	50.39%
DENTAL		577,287	299,000	278,287	51.79%	51.51%
BANK CHARGES	6,000	6,000	1,822	4,178	30.37%	33.70%
MISC CHARGES	5,000	5,000	-	5,000	0.00%	0.00%
FSA CLAIMS ADMINISTRATION	92,000	92,000	47,237	44,763	51.34%	46.72%
HEALTH SAVINGS ACCOUNT ADMINISTRATION	121,000	121,000	78,656	42,344	65.00%	52.43%
FLEX SPENDING CLAIMS PAYMENTS *	3,721,000	3,721,000	2,368,864	1,352,136	63.66%	52.05%
WELLNESS	1,555,500					
BE COLORADO - MOVE		1,228,000	578,552	649,448	47.11%	28.87%
NUTRITION		139,000	54,075	84,925	38.90%	40.06%
BRUSSELS + MUSCLES		3,500	-	3,500	0.00%	0.00%
WELLNESS PLATFORM		-	-	-	0.00%	1.15%
MARKETING		10,000	7,336	2,664	73.36%	0.27%
MENTAL HEALTH		175,000	81,075	93,925	46.33%	N/A
PREGNANCY EDUCATION		-	109,000	(109,000)	N/A	N/A
PREVENTION	407,000					
BIOMETRIC SCREENINGS		382,000	2,231	379,769	0.58%	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	164,070	176,930	48.11%	50.55%
TRUST FEES						
CONSULTING	450,000					
ACTUARY		100,000	11,954	88,046	11.95%	57.14%
LEGAL		25,000	17,634	7,366	70.54%	9.42%
MANAGEMENT		175,000	75,875	99,125	43.36%	1.51%
AUDIT		150,000	60,250	89,750	40.17%	23.08%
INSURANCE	147,900					
FIDUCIARY LIABILITY		55,000	28,405	26,595	51.65%	49.43%
ERRORS AND OMISSIONS		91,000	44,418	46,582	48.81%	44.56%
CRIME		1,900	954	946	50.21%	49.47%
CU HEALTH PLAN ADMINISTRATION	2,126,620	2,126,620	895,104	1,231,516	42.09%	40.78%
TOTAL EXPENSES/OUTFLOWS	546,796,150	546,796,150	259,318,602	287,477,548	49.47%	51.00%
NET ACTIVITY FOR PERIOD	\$ -	\$ -	\$ 18,917,845	\$ (18,917,845)		

*FSA Activity is excluded from financial reports on page 5

Plan Performance



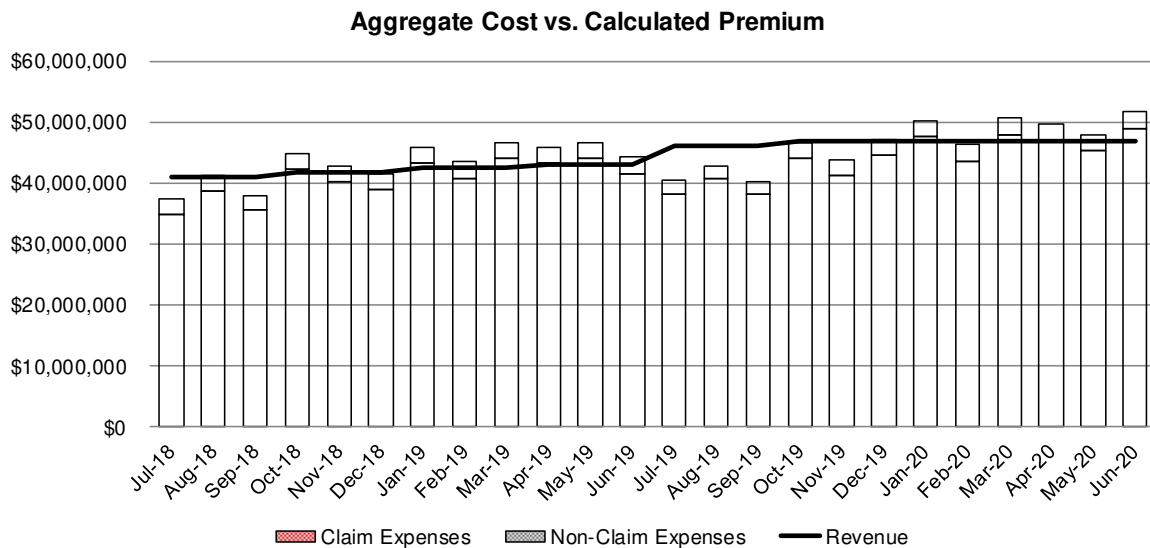
February 20, 2020

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

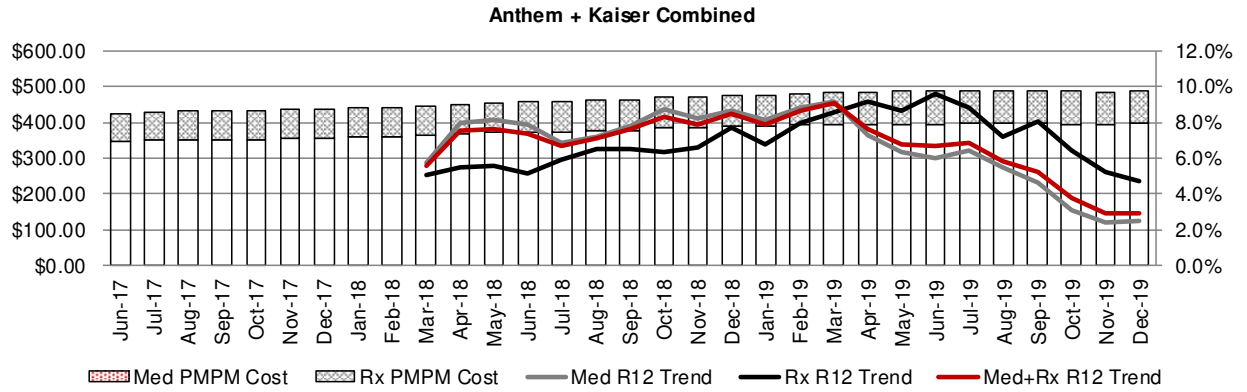
- As of December 30, 2019, the aggregate experience of all plans is showing total remitted premiums have exceeded plans costs (claims plus expenses) by \$17.8 million. The table below shows the full fiscal year 2019, fiscal year 2020 through December, and projected fiscal year 2020.

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	257,411	\$487.3	\$31.1	\$518.5	\$504.6	102.7%	-\$13.9
FY2020 YTD	241,130	75,798	133,136	\$246.6	\$14.3	\$261.0	\$278.8	93.6%	\$17.8
FY2020 Proj.	485,384	152,568	266,912	\$527.0	\$30.2	\$557.3	\$560.4	99.4%	\$3.1

- 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 \$47M per month and total monthly costs for FY2020 are projected to be between \$40 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.



- 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 December 31, 2019, we estimate the total outstanding claims liability (i.e. incurred but not paid claims liability) as of quarter ending December 31, 2019 is \$53.6M. The table below shows the outstanding claims liability as of the prior five quarter end valuation dates.

Valuation Date	IBNP Liability (M's)
12/31/2018	\$36.7
3/31/2019	\$38.9
6/30/2019	\$42.5
9/30/2019	\$56.4
12/31/2019	\$53.6

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