



Health Plan

University of Colorado Health and Welfare Trust

FY20 3rd QUARTER FINANCIAL REPORTS

June 9th, 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 March 31, 2020
 (Updated 06/05/2020)

	<i>Current Q3 <u>3/31/2020</u></i>	<i>FY19 Q4/Year End <u>6/30/2019</u></i>
<u>Assets</u>		
Cash:		
Medical	\$ 1,877	\$ 1,677
Flexible Spending Account	810,016	1,034,013
Investments	51,598,831	46,265,818
Receivables:		
Premiums	47,529,573	20,944,174
Pharmacy Rebates	14,644,840	11,169,866
Premium Assessment Due from Member	-	18,416,528
Interest	60,854	56,240
Miscellaneous Receivables	-	78,647
Prepaid Expenses	373,251	256,083
Total Assets	\$ 115,019,242	\$ 98,223,046
<u>Liabilities and Net Position</u>		
Accounts Payable - Medical	\$ 4,846,389	\$ 4,110,189
Contracts Payable	595,785	593,857
Benefit Claims Payable - Medical	960,173	2,035,794
Incurred But Not Reported Claims Estimate	58,110,319	54,992,913
Flexible Spending	395,823	547,978
Total Liabilities	64,908,489	62,280,731
Plan Net Position - Unrestricted	50,110,753	35,942,315
Total Liabilities and Plan Net Position	\$ 115,019,242	\$ 98,223,046

UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST
FY20 - STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN PLAN NET POSITION (unaudited)
For the nine months ended March 31, 2020
 (Updated 06/05/2020)

	<i>Current Q3 3/31/2020</i>	<i>FY19 Q4/Year End 6/30/2019</i>
<u>Operating Revenues</u>		
Contributions	\$ 417,474,227	\$ 522,943,466
Flexible Spending Recapture	10,981	104,066
Total Operating Revenues	<u>417,485,208</u>	<u>523,047,532</u>
<u>Operating Expenses</u>		
Medical Claims	380,889,195	493,247,950
Medical Claims Administration	19,594,599	27,151,307
General and Administrative	2,145,144	2,722,113
Total Administrative	<u>21,739,743</u>	<u>29,873,420</u>
Total Operating Expenses	<u>402,628,938</u>	<u>523,121,370</u>
Operating Income	14,856,270	(73,838)
<u>Nonoperating Revenues (Expenses)</u>		
Investment Earnings	567,616	1,272,055
Wellness Initiative	(1,255,448)	(1,888,261)
Total Nonoperating Revenues (Expenses)	<u>(687,832)</u>	<u>(616,206)</u>
Change in Plan Net Position	14,168,438	(690,044)
Plan Net Position Beginning of Year	35,942,315	36,632,359
Plan Net Position End of Period	<u>\$ 50,110,753</u>	<u>\$ 35,942,315</u>

Treasury



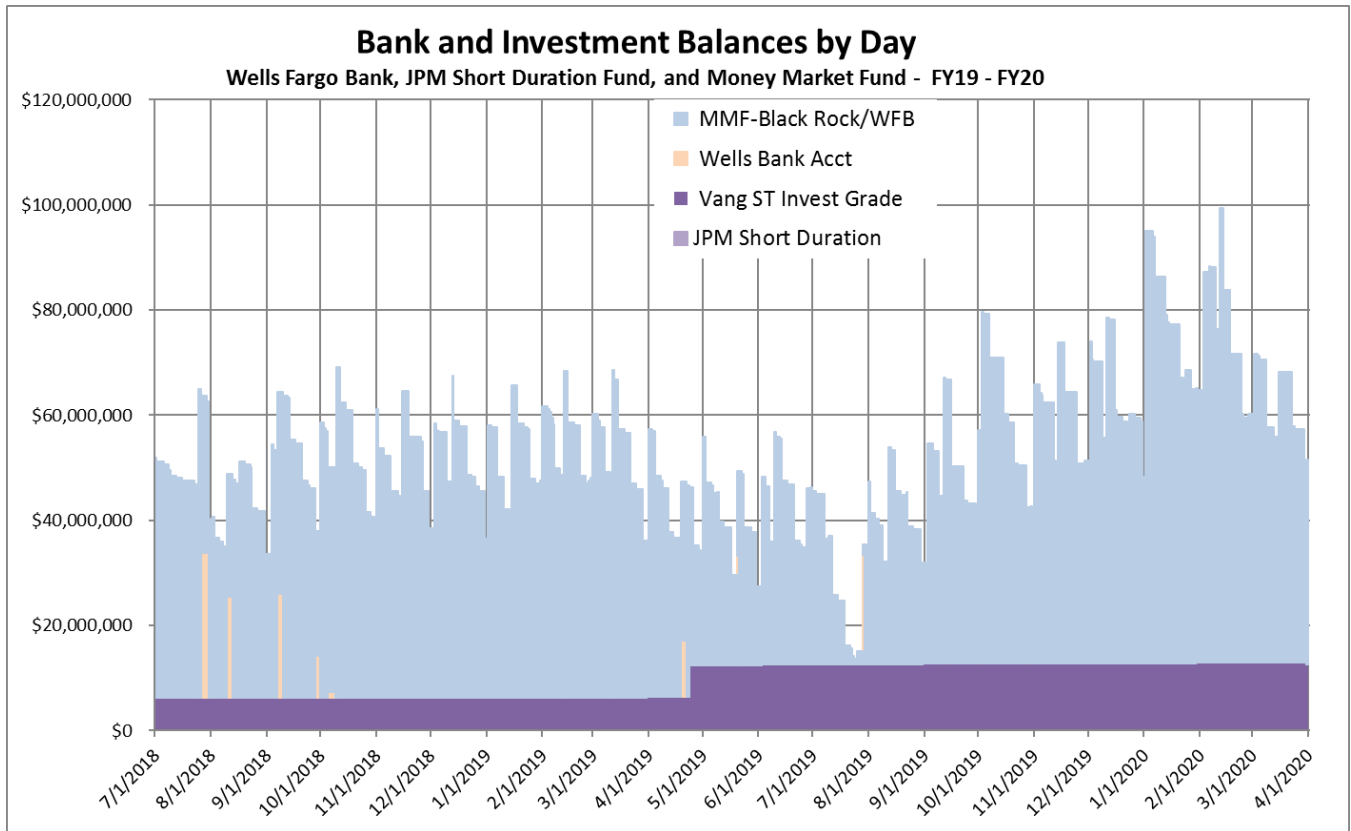
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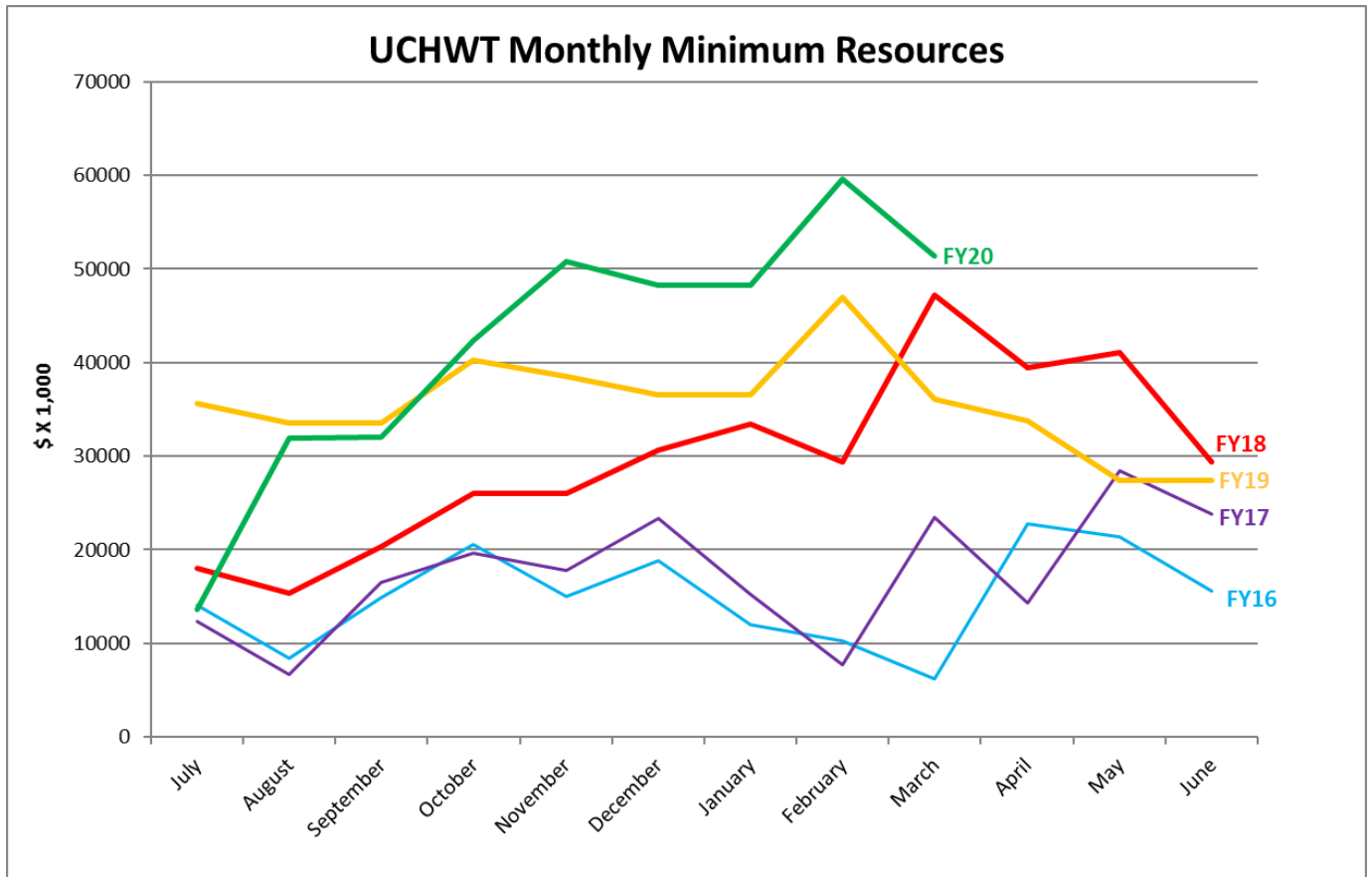
To: Members of the University of Colorado Health and Welfare Trust Board
From: Dan J. Wilson, Treasurer
Date: May 29, 2020
Re: Quarterly Report on Investments

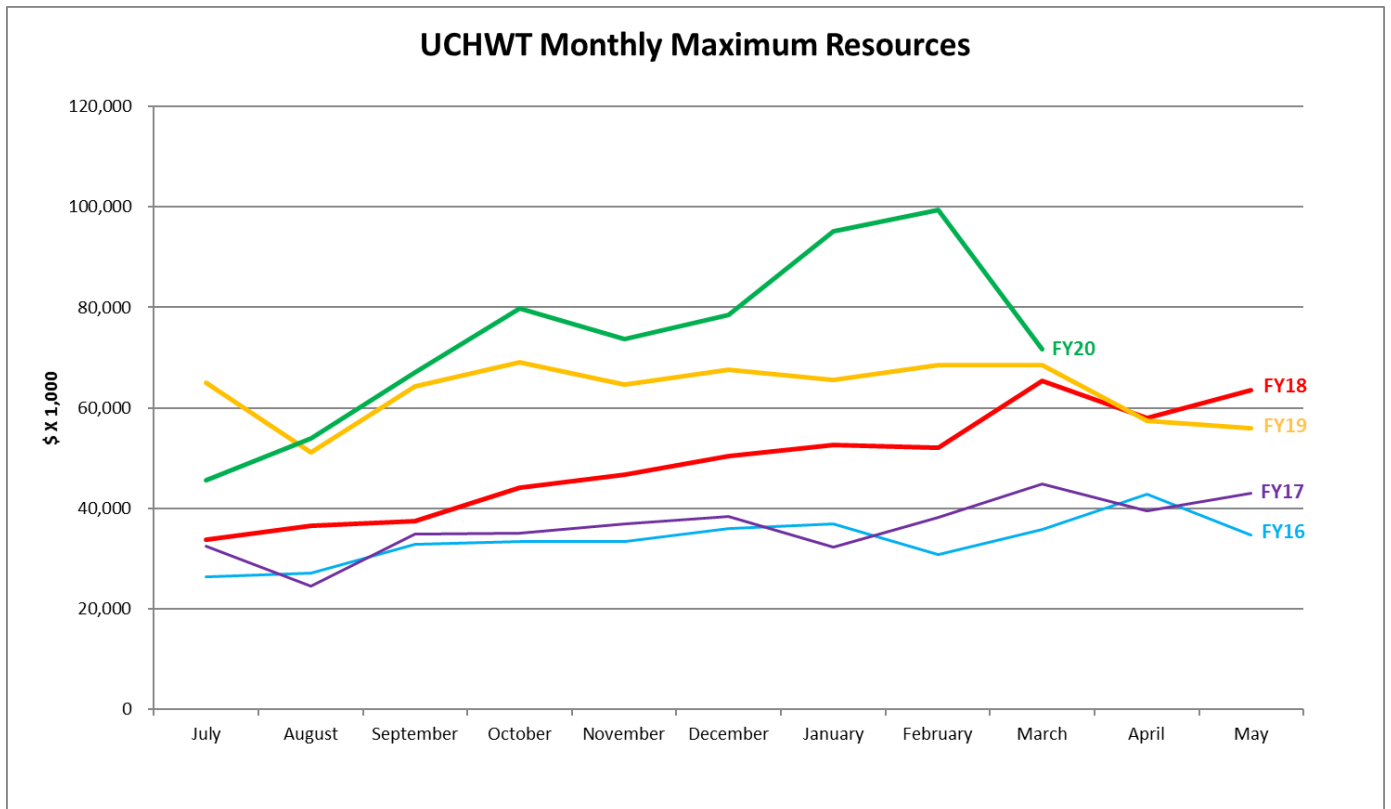
The Trust's cash equivalents and investments at March 31, 2020 totaled \$51.6 million compared to \$36.1 million at March 31, 2019. Of this amount, \$39 million was invested in a triple-A rated Wells Fargo government money market fund (GVIXX). An additional \$12.6 million was invested in a high-quality, 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. The current quarter-end yield on this fund was .30% and annual return was 1.80%. The quarterly investment return for the money market fund continued to be positive though stabilizing at a rate a little under that of the previous quarter. About 76% 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 .18% and the annualized return for a one-year period as of 3/31/2020 was 4.15% compared to the Bloomberg Barclays Gov/Credit 1-3 yr. of 2.84%.

Maximum resources trended downward throughout the third quarter after peaking in February. However, the balance of maximum resources ended higher than all prior fiscal years on March 31, 2020. The minimum resources also decreased throughout the quarter after peaking in February but ended at a minimum balance higher than all prior fiscal years at March 31, 2020. The bank balance for the third quarter of fiscal year 2020 remained relatively consistent.

Total investment interest earnings for the third quarter of FY20 including unrealized gains/(losses) total \$567,616.







Budget Performance



FY20 – BUDGET TO ACTUAL REPORT AS OF: 3/31/2020

	FY20 TOTAL BUDGET	FY20 BUDGET DETAIL	FY20 ACTUALS AS OF 3/31/2020	FY20 AVAILABLE AMOUNT	3Q FY20 % BUDGET TO ACTUALS	3Q FY19 % BUDGET TO ACTUALS
REVENUES/INFLOWS						
SELF-FUNDED CLAIMS & RESERVES	\$ 542,925,150					
ANTHEM		\$ 464,695,395	\$ 364,275,751	\$ 100,419,644	78.39%	80.66%
KAISER		58,843,085	38,106,839	20,736,246	64.76%	63.97%
VISION		1,415,687	1,148,727	266,960	81.14%	101.91%
DENTAL		17,970,983	13,942,912	4,028,071	77.59%	77.94%
HEALTH CARE FLEX SPENDING PLANS *	3,721,000	3,721,000	2,952,322	768,678	79.34%	66.21%
INVESTMENT INCOME	150,000	150,000	567,616	(417,616)	378.41%	585.95%
TOTAL REVENUE/INFLOWS	546,796,150	546,796,150	420,994,167	125,801,983	76.99%	78.51%
EXPENSES/OUTFLOWS						
INCURRED SELF-FUNDED CLAIMS	509,100,073					
ANTHEM		443,074,293	338,320,244	104,754,049	76.36%	80.68%
KAISER		47,344,652	28,882,906	18,461,746	61.01%	65.54%
VISION		1,287,432	976,255	311,177	75.83%	88.46%
DENTAL		17,393,696	12,709,790	4,683,906	73.07%	80.95%
ADMINISTRATIVE FEES, MISC CHARGES						
ASO FEES	28,698,057					
ANTHEM		17,054,827	11,587,207	5,467,620	67.94%	79.01%
KAISER		10,937,688	7,453,448	3,484,240	68.14%	61.95%
VISION		128,255	103,413	24,842	80.63%	76.22%
DENTAL		577,287	450,531	126,756	78.04%	77.79%
BANK CHARGES	6,000	6,000	2,805	3,195	46.75%	49.98%
MISC CHARGES	5,000	5,000	-	5,000	0.00%	0.00%
FSA CLAIMS ADMINISTRATION	92,000	92,000	72,225	19,775	78.51%	71.27%
HEALTH SAVINGS ACCOUNT ADMINISTRATION	121,000	121,000	105,824	15,176	87.46%	80.10%
FLEX SPENDING CLAIMS PAYMENTS *	3,721,000	3,721,000	3,093,496	627,504	83.14%	70.90%
WELLNESS	1,555,500					
BE COLORADO - MOVE		1,228,000	882,745	345,255	71.88%	43.61%
NUTRITION		139,000	81,113	57,887	58.35%	60.08%
BRUSSELS + MUSCLES		3,500	-	3,500	0.00%	0.00%
WELLNESS PLATFORM		-	-	-	0.00%	1.15%
MARKETING		10,000	8,742	1,258	87.42%	33.68%
MENTAL HEALTH		175,000	121,601	53,399	69.49%	
PREGNANCY EDUCATION		-	159,000	(159,000)		
PREVENTION	407,000					
BIOMETRIC SCREENINGS		382,000	2,247	379,753	0.59%	42.23%
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	246,105	94,895	72.17%	75.06%
TRUST FEES						
CONSULTING	450,000					
ACTUARY		100,000	75,126	24,874	75.13%	83.64%
LEGAL		25,000	16,584	8,416	66.34%	9.42%
MANAGEMENT		175,000	88,873	86,127	50.78%	41.82%
AUDIT		150,000	60,250	89,750	40.17%	28.13%
INSURANCE	147,900					
FIDUCIARY LIABILITY		55,000	42,318	12,682	76.94%	73.52%
ERRORS AND OMISSIONS		91,000	67,107	23,893	73.74%	65.16%
CRIME		1,900	1,414	486	74.42%	73.68%
CU HEALTH PLAN ADMINISTRATION	2,126,620	2,126,620	1,366,513	760,107	64.26%	61.88%
TOTAL EXPENSES/OUTFLOWS	546,796,150	546,796,150	406,977,882	139,818,268	74.43%	78.23%
NET ACTIVITY FOR PERIOD	\$ -	\$ -	\$ 14,016,285	\$ (14,016,285)		

*FSA Activity is excluded from financial reports on page 5

Plan Performance



May 22, 2020

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

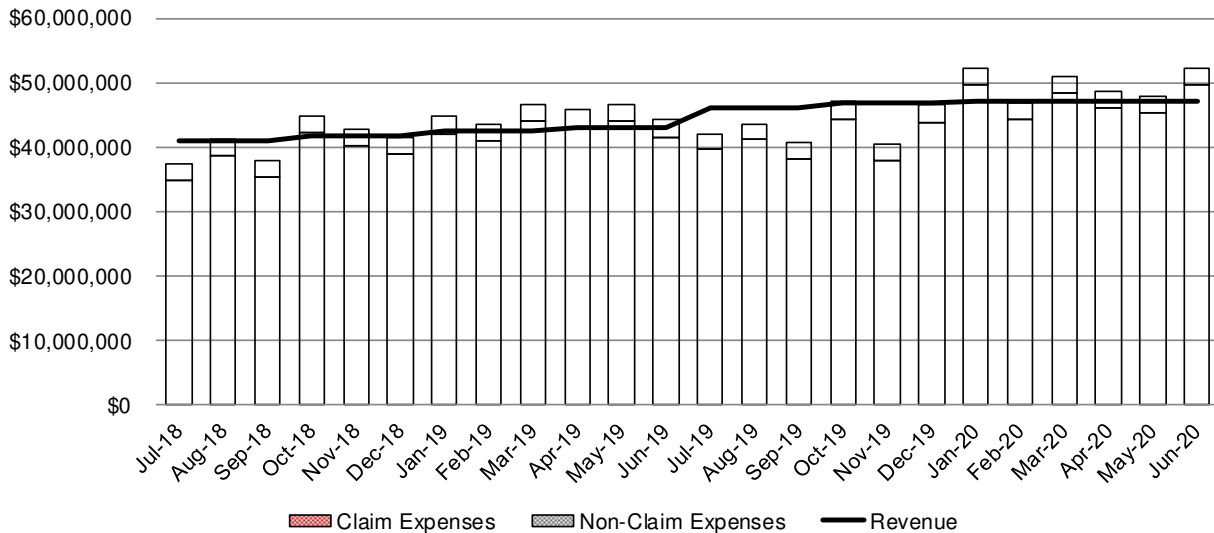
- As of March 31, 2020, the aggregate experience of all plans is showing total remitted premiums have exceeded plans costs (claims plus expenses) by \$9.8 million. The table below shows the full fiscal year 2019, fiscal year 2020 through March, and projected fiscal year 2020 (in millions).

Year	Medical/Rx Enrolled	Vol. Vision Enrolled	Dental Enrolled	Claims Expense	Non-Claims Expense	Total Cost	Remitted Premium	Loss Ratio	Gain / (Loss)
FY2019	461,129	140,909	257,412	\$485.8	\$31.1	\$516.9	\$504.6	102.4%	-\$12.3
FY2020 YTD	363,974	114,399	200,605	\$387.3	\$23.2	\$410.5	\$420.4	97.7%	\$9.8
FY2020 Proj.	487,190	153,069	268,351	\$528.3	\$30.8	\$559.1	\$561.9	99.5%	\$2.8

The actual impact of COVID-19 on 2020 health care costs is unknown at this point. The projected medical and pharmacy incurred claim estimates for April - June 2020 included in this report are based on historical claims adjusted for trend and plan seasonality consistent with historical projection methodology. We did not include any adjustments for the potential impact of COVID-19 on medical and pharmacy claims. The only adjustment to projected claims we included in this report is to dental incurred claim estimates for April - June 2020 based on more credible complete dental data available to us at the time of producing this report.

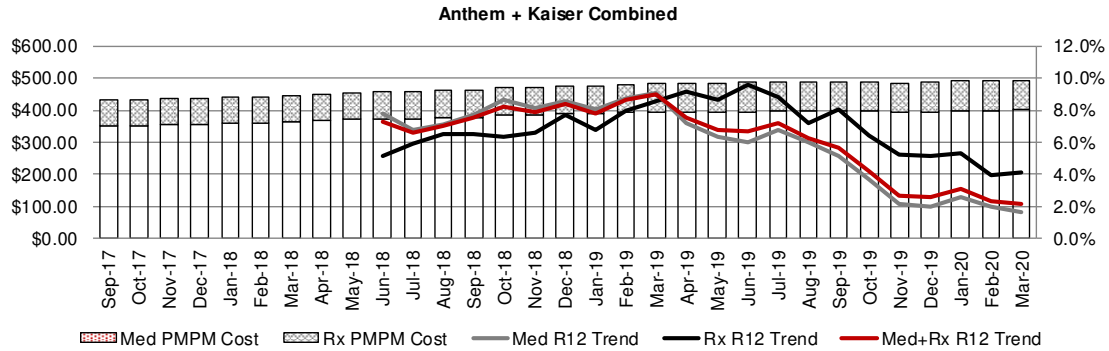
- The chart below shows a comparison of total cost (split between claim and non-claim costs) vs. remitted premiums for the prior fiscal year (FY2019) as well as the current fiscal year (FY2020). Current premiums are about \$47M per month and total monthly costs for FY2020 are projected to be between \$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.

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, 2020, we estimate the total outstanding claims liability (i.e. incurred but not paid claims liability) as of quarter ending March 31, 2020 is \$58.5M. The table below shows the outstanding claims liability as of the prior five quarter end valuation dates.

IBNP Liability	
Valuation Date	(M's)
3/31/2019	\$38.9
6/30/2019	\$42.5
9/30/2019	\$56.4
12/31/2019	\$53.6
3/31/2020	\$58.5

- All claims are on an incurred basis using data through March 31, 2020 and therefore include an estimate of incurred but not paid claims.