



Health Plan

University of Colorado Health and Welfare Trust

FY20 4th QUARTER FINANCIAL REPORTS

October 15th, 2020



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 – Q4 Financial Performance Highlights	14,15

Financial Reports



UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST
FY20 - STATEMENT OF NET POSITION (unaudited)
As of June 30, 2020
 (Updated 09/28/2020)

<u>Assets</u>	<i>Current Q4 <u>6/30/2020</u></i>	<i>FY19 Q4/Year End <u>6/30/2019</u></i>
Cash:		
Medical	\$ 1,494	\$ 1,677
Flexible Spending Account	1,197,135	1,034,013
Investments	58,911,191	46,265,818
Receivables:		
Premiums	36,232,117	20,944,174
Pharmacy Rebates	14,667,246	11,169,866
Premium Assessment Due from Member	13,000,000	18,416,528
Interest	29,176	56,240
Miscellaneous Receivables	-	78,647
Prepaid Expenses	272,148	256,083
Total Assets	\$ 124,310,507	\$ 98,223,046
<u>Liabilities and Net Position</u>		
Accounts Payable - Medical	\$ 4,137,988	\$ 4,110,189
Contracts Payable	539,599	593,857
Benefit Claims Payable - Medical	1,155,576	2,035,794
Incurred But Not Reported Claims Estimate	62,304,944	54,992,913
Flexible Spending	808,221	547,978
Total Liabilities	68,946,328	62,280,731
Plan Net Position - Unrestricted	55,364,179	35,942,315
Total Liabilities and Plan Net Position	\$ 124,310,507	\$ 98,223,046

UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST
FY20 - STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN PLAN NET POSITION (unaudited)
For the year ended June 30, 2020
 (Updated 09/28/2020)

	<i>Current Q4 6/30/2020</i>	<i>FY19 Q4/Year End 6/30/2019</i>
<u>Operating Revenues</u>		
Contributions	\$ 562,187,255	\$ 522,943,466
Flexible Spending Recapture	10,981	104,066
Total Operating Revenues	<u>562,198,236</u>	<u>523,047,532</u>
<u>Operating Expenses</u>		
Medical Claims	512,288,605	493,247,950
Medical Claims Administration	26,978,283	27,151,307
General and Administrative	3,014,274	2,722,113
Total Administrative	<u>29,992,557</u>	<u>29,873,420</u>
Total Operating Expenses	<u>542,281,162</u>	<u>523,121,370</u>
Operating Income	19,917,074	(73,838)
<u>Nonoperating Revenues (Expenses)</u>		
Investment Earnings	1,194,294	1,272,055
Wellness Initiative	(1,689,504)	(1,888,261)
Total Nonoperating Revenues (Expenses)	<u>(495,210)</u>	<u>(616,206)</u>
Change in Plan Net Position	19,421,864	(690,044)
Plan Net Position Beginning of Year	35,942,315	36,632,359
Plan Net Position End of Period	<u>\$ 55,364,179</u>	<u>\$ 35,942,315</u>

Treasury



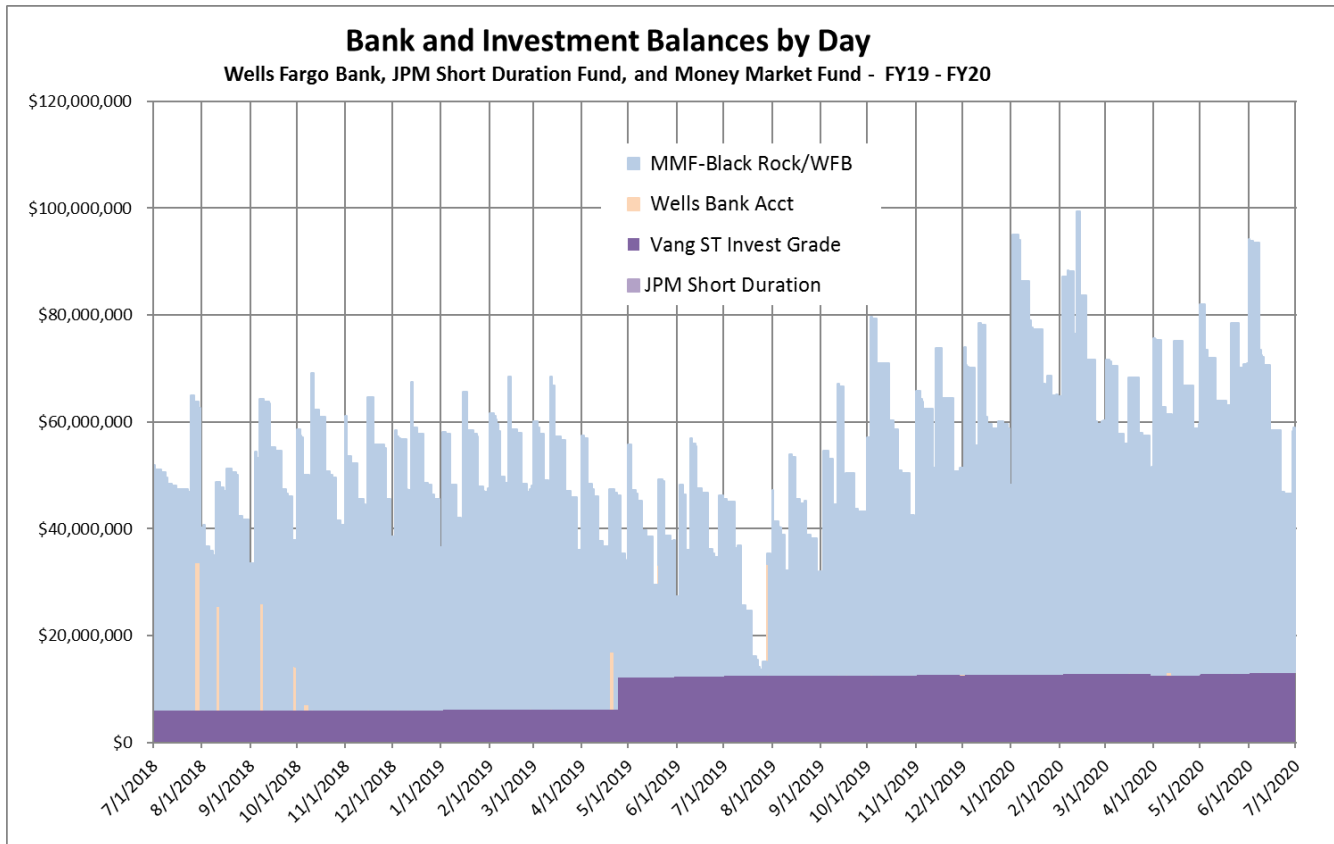
Memo

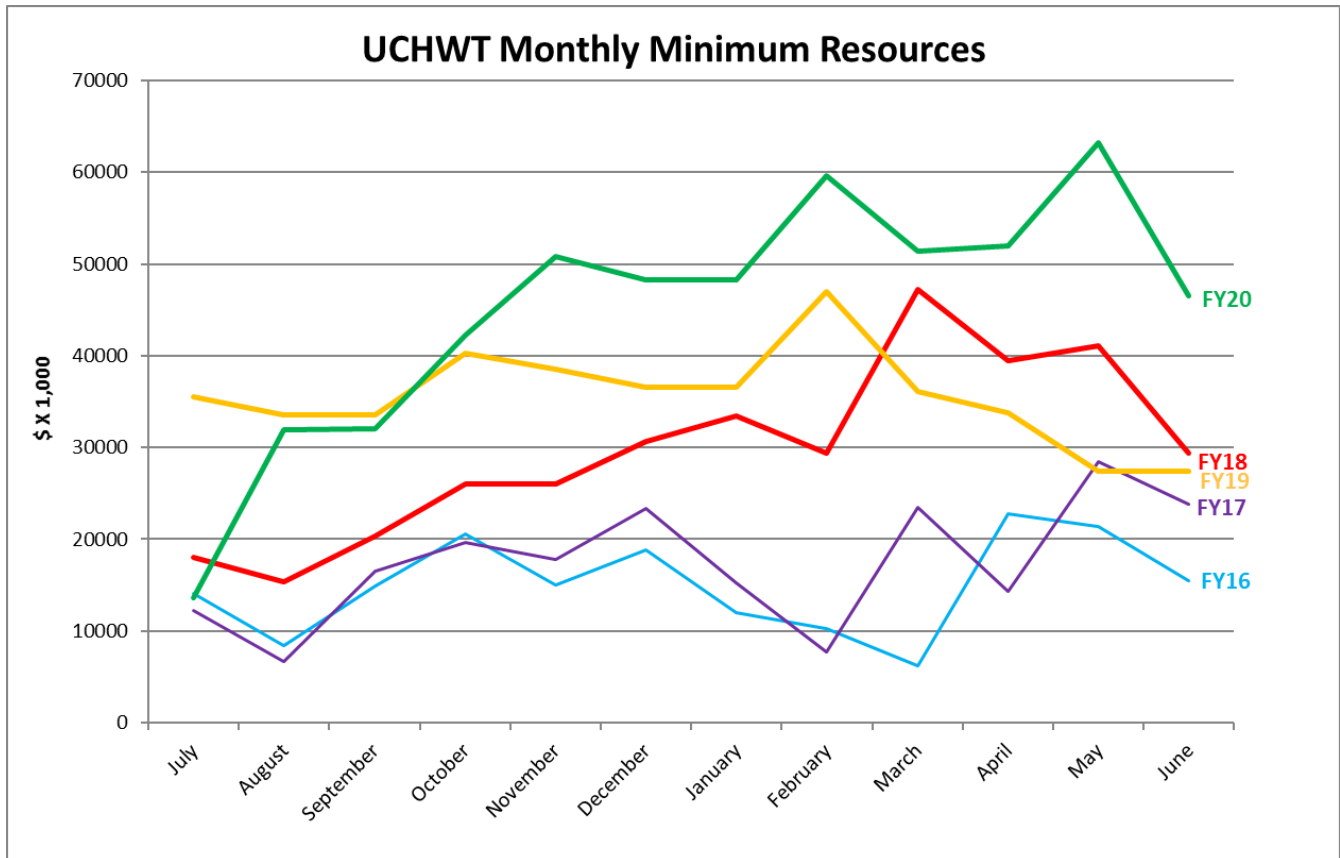
To: Members of the University of Colorado Health and Welfare Trust Board
From: Dan J. Wilson, Treasurer
Date: September 27, 2020
Re: Quarterly Report on Investments

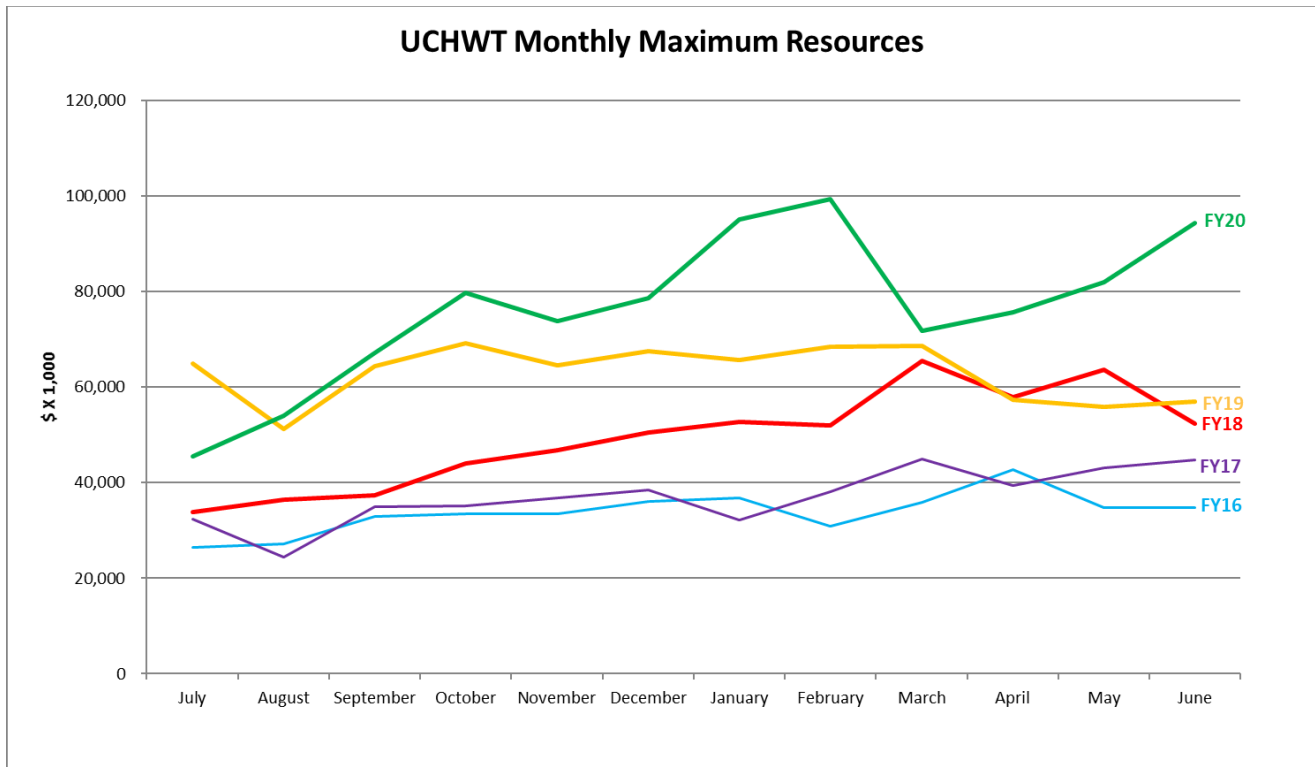
The Trust's cash equivalents and investments at June 30, 2020 totaled \$58.9 million compared to \$46.3 million at June 30, 2019. Of this amount, \$45.7 million was invested in a triple-A rated Wells Fargo government money market fund (GVIXX). An additional \$13.2 million was invested in a high-quality, 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 .03% and annual return was 1.26%. The quarterly investment return for the money market fund continued to be positive though at a rate lower than the previous quarter. About 78% 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 4.84% and the annualized return for a one-year period as of 6/30/2020 was 4.95% compared to the benchmark Bloomberg Barclays US 1-5 Year Credit Index of 5.41%.

Maximum resources trended upward throughout the fourth quarter after hitting a low in March. The June maximum was close to recovering to the same level as the peak in February. Also, the balance of maximum resources ended higher than all prior fiscal year ends on June 30, 2020. Meanwhile, the minimum resources peaked in May and decreased throughout the remainder of the quarter but ended at a minimum balance higher than all prior fiscal year ends at June 30, 2020. The bank balance for the fourth quarter of fiscal year 2020 remained relatively consistent.

Total investment interest earnings for the fourth quarter of FY20 including unrealized gains/(losses) total \$1,194,294.







Budget Performance



FY20 – BUDGET TO ACTUAL REPORT AS OF: 6/30/2020

	FY20 TOTAL BUDGET	FY20 BUDGET DETAIL	FY20 ACTUALS AS OF 6/30/2020	FY20 AVAILABLE AMOUNT	4Q FY20 % BUDGET TO ACTUALS	4Q FY19 % BUDGET TO ACTUALS
REVENUES/INFLOWS						
SELF-FUNDED CLAIMS & RESERVES	\$ 542,925,150					
ANTHEM		\$ 464,695,395	\$ 491,408,222	\$ (26,712,827)	105.75%	108.51%
KAISER		58,843,085	50,609,501	8,233,584	86.01%	84.15%
VISION		1,415,687	1,537,667	(121,980)	108.62%	136.54%
DENTAL		17,970,983	18,631,865	(660,882)	103.68%	104.41%
HEALTH CARE FLEX SPENDING PLANS *	3,721,000	3,721,000	3,959,646	(238,646)	106.41%	88.92%
INVESTMENT INCOME	150,000	150,000	1,194,294	(1,044,294)	796.20%	848.04%
TOTAL REVENUE/INFLOWS	546,796,150	546,796,150	567,341,195	(20,545,045)	103.76%	105.38%
EXPENSES/OUTFLOWS						
INCURRED SELF-FUNDED CLAIMS	509,100,073					
ANTHEM		443,074,293	457,573,028	(14,498,735)	103.27%	112.96%
KAISER		47,344,652	38,818,503	8,526,149	81.99%	86.36%
VISION		1,287,432	1,147,402	140,030	89.12%	114.89%
DENTAL		17,393,696	14,749,671	2,644,025	84.80%	108.69%
ADMINISTRATIVE FEES, MISC CHARGES						
ASO FEES	28,698,057					
ANTHEM		17,054,827	16,169,149	885,678	94.81%	105.65%
KAISER		10,937,688	10,118,901	818,787	92.51%	81.91%
VISION		128,255	138,445	(10,190)	107.95%	102.18%
DENTAL		577,287	551,788	25,499	95.58%	104.25%
BANK CHARGES	6,000	6,000	4,452	1,548	74.20%	64.35%
MISC CHARGES	5,000	5,000	-	5,000	0.00%	0.00%
FSA CLAIMS ADMINISTRATION	92,000	92,000	97,548	(5,548)	106.03%	96.20%
HEALTH SAVINGS ACCOUNT ADMINISTRATION	121,000	121,000	160,375	(39,375)	132.54%	108.63%
FLEX SPENDING CLAIMS PAYMENTS *	3,721,000	3,721,000	3,688,422	32,578	99.12%	86.57%
WELLNESS	1,555,500					
BE COLORADO - MOVE		1,228,000	1,193,424	34,576	97.18%	59.51%
NUTRITION		139,000	108,150	30,850	77.81%	83.84%
BRUSSELS + MUSCLES		3,500	-	3,500	0.00%	0.00%
WELLNESS PLATFORM		-	-	-	0.00%	1.15%
MARKETING		10,000	9,767	233	97.67%	33.68%
MENTAL HEALTH		175,000	162,166	12,834	92.67%	
PREGNANCY EDUCATION		-	212,000	(212,000)		
PREVENTION	407,000					
BIOMETRIC SCREENINGS		382,000	3,997	378,003	1.05%	98.82%
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	328,960	12,040	96.47%	99.81%
TRUST FEES						
CONSULTING	450,000					
ACTUARY		100,000	206,564	(106,564)	206.56%	176.24%
LEGAL		25,000	27,174	(2,174)	108.70%	23.88%
MANAGEMENT		175,000	125,420	49,580	71.67%	42.50%
AUDIT		150,000	78,315	71,685	52.21%	28.13%
INSURANCE	147,900					
FIDUCIARY LIABILITY		55,000	56,230	(1,230)	102.24%	97.61%
ERRORS AND OMISSIONS		91,000	89,796	1,204	98.68%	85.76%
CRIME		1,900	1,874	26	98.63%	97.89%
CU HEALTH PLAN ADMINISTRATION	2,126,620	2,126,620	1,837,566	289,054	86.41%	82.25%
TOTAL EXPENSES/OUTFLOWS	546,796,150	546,796,150	547,659,087	(862,937)	100.16%	108.44%
NET ACTIVITY FOR PERIOD	\$ -	\$ -	\$ 19,682,108	\$ (19,682,108)		

*FSA Activity is excluded from financial reports on page 5

Plan Performance



August 25, 2020

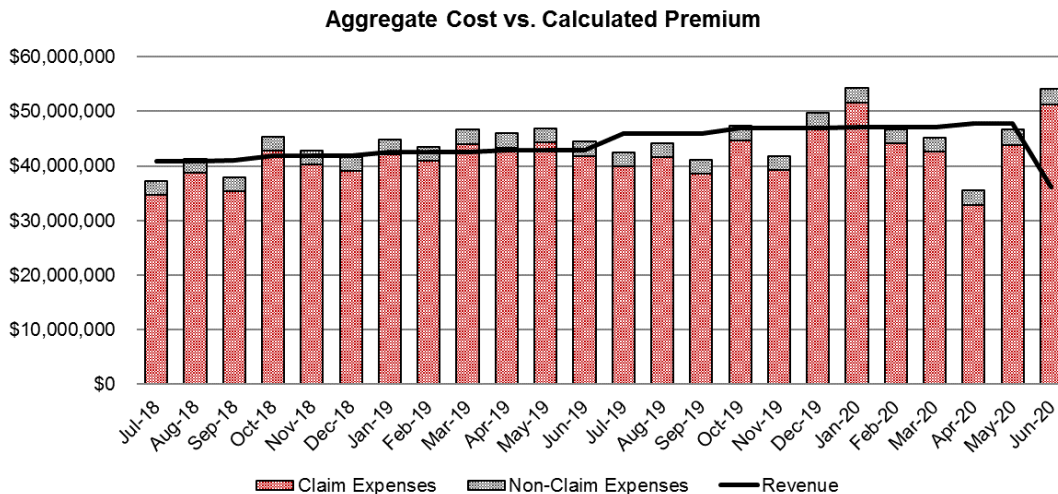
**University of Colorado Health and Welfare Trust
Fiscal Year 2020 – Financial Results**

- As of June 30, 2020, the aggregate experience of all plans is showing total remitted premiums have exceeded plans costs (claims plus expenses) by \$2.5 million. The table below shows results for the past two fiscal years. Note that FY2020 incurred claims are still estimated and results will change as claims incurred prior to June 30 are paid over the next several months.

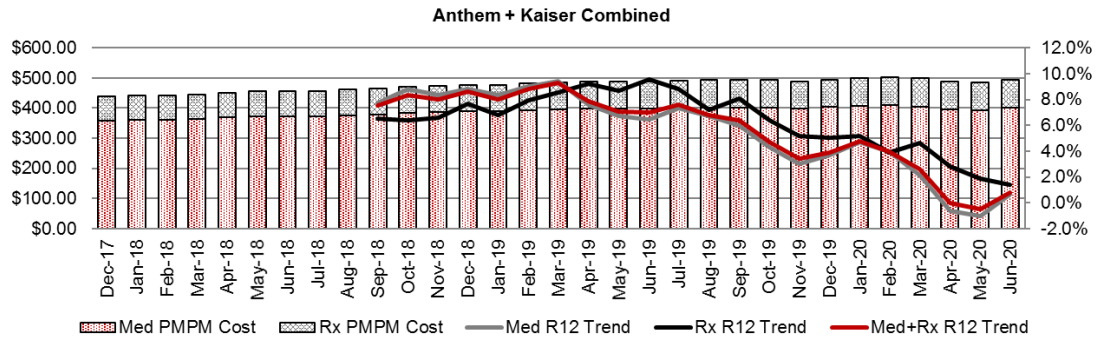
Year	Medical/Rx Enrolled	Vol. Vision Enrolled	Dental Enrolled	Claims Expense	Non-Claims Expense	Total Cost	Remitted Premium	LR	Gain / (Loss)
FY2019	461,123	140,909	257,412	\$487.5	\$31.1	\$518.6	\$504.6	102.8%	-\$14.0
FY2020	487,592	153,184	268,133	\$517.7	\$31.7	\$549.4	\$551.9	99.5%	\$2.5

The actual impact of COVID-19 on 2020 health care costs is unknown at this point. The projected medical, pharmacy and dental 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 also included adjustments for the potential impact of COVID-19.

- 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 between \$36 million and \$54 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 affective July 1, 2018.



- With data through July 31, 2020, we estimate the total outstanding claims liability (i.e. incurred but not paid claims liability) as of quarter ending June 30, 2020 is \$62.6M. 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
6/30/2020	\$62.6

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