



Health Plan

University of Colorado Health and Welfare Trust

FY21 1st QUARTER FINANCIAL REPORTS

December 1st, 2020



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



Medicine

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Financial Reports



UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST
FY21 - STATEMENT OF NET POSITION (unaudited)
As of September 30, 2020
 (Updated 11/20/2020)

<u>Assets</u>	<i>Current Q1 9/30/2020</i>	<i>Current Q4 6/30/2020</i>
Cash:		
Medical	\$ 1,509	\$ 1,494
Flexible Spending Account	527,815	1,197,135
Investments	45,176,128	58,911,191
Receivables:		
Premiums	23,821,586	36,232,117
Pharmacy Rebates	15,315,267	14,667,246
Premium Assessment Due from Member	13,000,000	13,000,000
Interest	24,022	29,176
Miscellaneous Receivables	8,500	-
Prepaid Expenses	289,962	272,148
Total Assets	\$ 98,164,789	\$ 124,310,507
<u>Liabilities and Net Position</u>		
Accounts Payable - Medical	\$ 3,527,793	\$ 4,137,988
Contracts Payable	617,696	539,599
Benefit Claims Payable - Medical	1,250,308	1,155,576
Incurred But Not Reported Claims Estimate	32,533,935	62,304,944
Flexible Spending	162,014	808,221
Total Liabilities	38,091,746	68,946,328
Plan Net Position - Unrestricted	60,073,043	55,364,179
Total Liabilities and Plan Net Position	\$ 98,164,789	\$ 124,310,507

UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST
FY21 - STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN PLAN NET POSITION (unaudited)
For the three months ended September 30, 2020
 (Updated 11/20/2020)

	Current Q1 <u>9/30/2020</u>	Current Q4 <u>6/30/2020</u>
<u>Operating Revenues</u>		
Contributions	\$ 71,789,998	\$ 562,187,255
Flexible Spending Recapture	-	10,981
Total Operating Revenues	<u>71,789,998</u>	<u>562,198,236</u>
<u>Operating Expenses</u>		
Medical Claims	61,188,911	512,288,605
Medical Claims Administration	4,983,583	26,978,283
General and Administrative	635,034	3,014,274
Total Administrative	<u>5,618,617</u>	<u>29,992,557</u>
Total Operating Expenses	<u>66,807,528</u>	<u>542,281,162</u>
Operating Income	4,982,470	19,917,074
<u>Nonoperating Revenues (Expenses)</u>		
Investment Earnings	126,354	1,194,294
Wellness Initiative	(399,960)	(1,689,504)
Total Nonoperating Revenues (Expenses)	<u>(273,606)</u>	<u>(495,210)</u>
Change in Plan Net Position	4,708,864	19,421,864
Plan Net Position Beginning of Year	55,364,179	35,942,315
Plan Net Position End of Period	<u>\$ 60,073,043</u>	<u>\$ 55,364,179</u>

Treasury



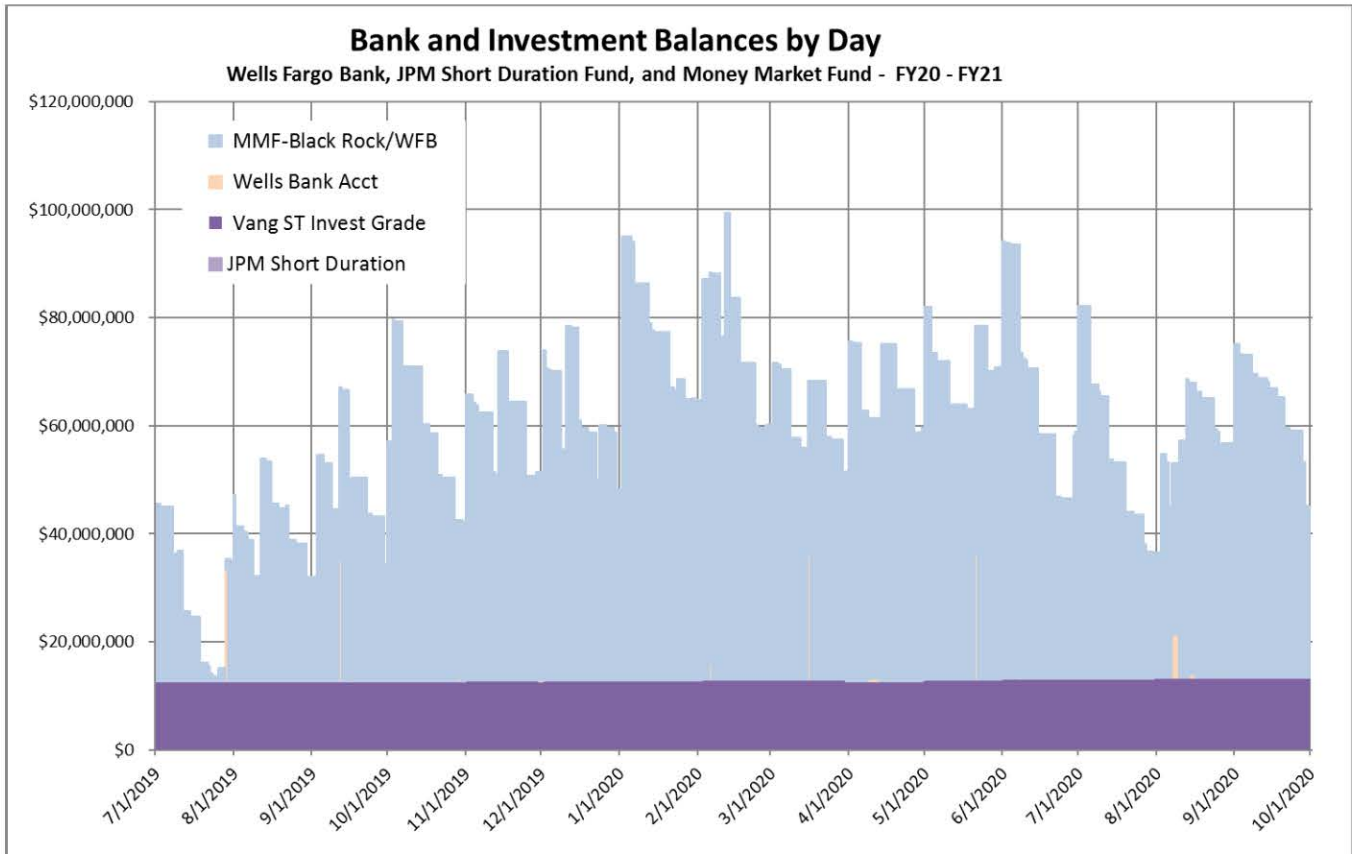
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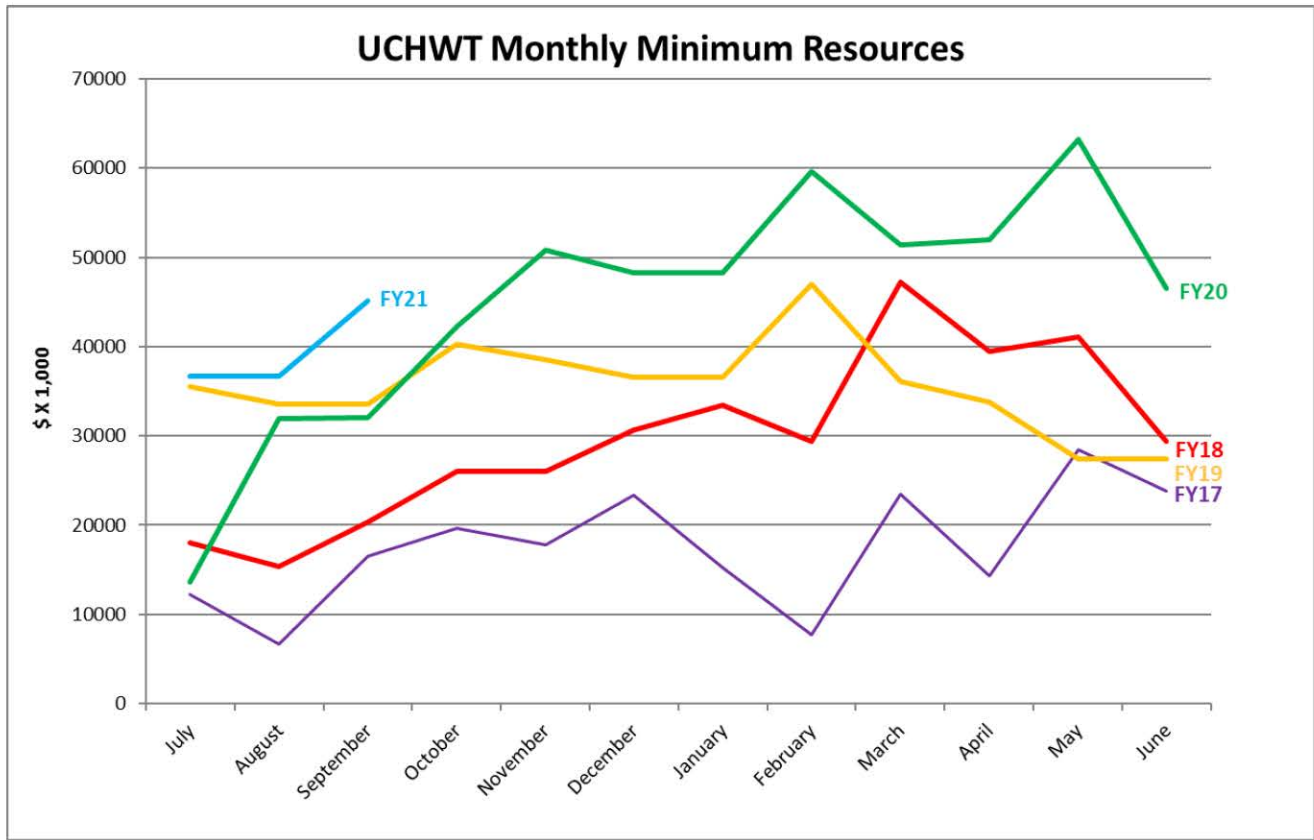
To: Members of the University of Colorado Health and Welfare Trust Board
From: Dan J. Wilson, Treasurer
Date: November 20, 2020
Re: Quarterly Report on Investments

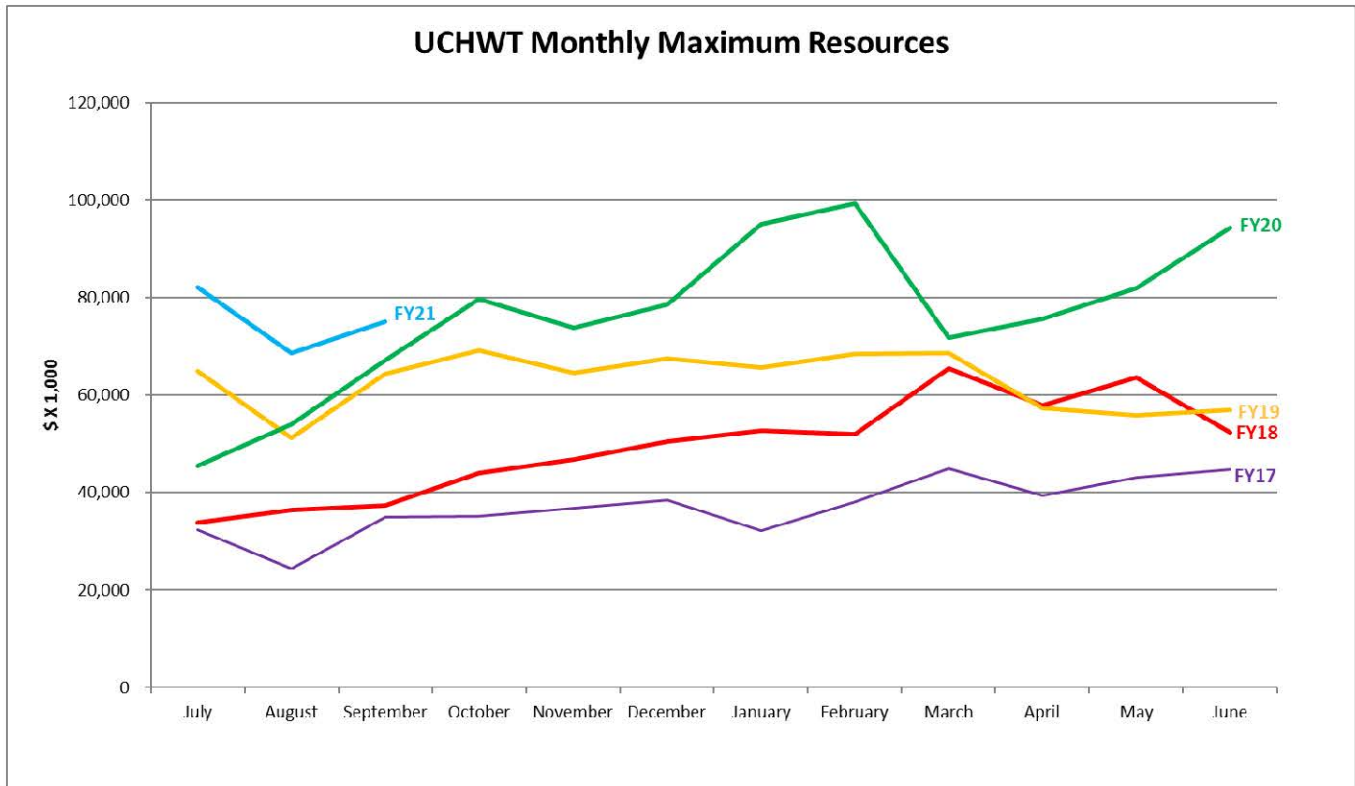
The Trust's cash equivalents and investments at September 30, 2020 totaled \$45.2 million compared to \$34.4 million at September 30, 2019. Of this amount, \$31.8 million was invested in a triple-A rated Wells Fargo government money market fund (GVIXX). An additional \$13.4 million was invested in a 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 .01% and annual return was 0.74%. The quarterly investment return for the money market fund continued to be positive though at a rate much lower than the previous quarter. About 70% 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 0.93% and the annualized return for a one-year period as of 9/30/2020 was 4.23% compared to the benchmark Bloomberg Barclays US 1-5 Year Credit Index of 5.35%.

Maximum resources trended downward in the first half of the quarter, but trended upward the second half of the quarter. The balance of maximum resources throughout the quarter remained higher than all prior first quarter ends on September 30, 2020. Meanwhile, the minimum resources trended upward throughout the quarter and ended at a minimum balance higher than all prior first quarter ends at September 30, 2020. The bank balance for the first quarter of fiscal year 2021 remained consistent.

Total investment interest earnings for the first quarter of FY21 including unrealized gains/(losses) total \$126,353.







Budget Performance



FY21 – BUDGET TO ACTUAL REPORT AS OF: 9/30/2020

	FY21 TOTAL BUDGET	FY21 BUDGET DETAIL	FY21 ACTUALS AS OF 9/30/2020	FY21 AVAILABLE AMOUNT	1Q FY21 % BUDGET TO ACTUALS	1Q FY20 % BUDGET TO ACTUALS
REVENUES/INFLOWS						
SELF-FUNDED CLAIMS & RESERVES	\$ 287,452,531					
ANTHEM AND CVS		\$ 222,868,233	\$ 56,318,642	\$ 166,549,591	25.27%	25.92%
KAISER		44,597,905	10,429,925	34,167,980	23.39%	21.74%
VISION		1,542,642	402,437	1,140,205	26.09%	26.56%
DENTAL		18,443,751	4,638,996	13,804,755	25.15%	25.56%
HEALTH CARE FLEX SPENDING PLANS *	3,989,000	3,989,000	609,218	3,379,782	15.27%	17.02%
INVESTMENT INCOME	1,000,000	1,000,000	126,354	873,646	12.64%	186.68%
TOTAL REVENUE/INFLOWS	292,441,531	292,441,531	72,525,572	219,915,959	24.80%	25.44%
EXPENSES/OUTFLOWS						
INCURRED SELF-FUNDED CLAIMS	275,207,936					
ANTHEM AND CVS		217,765,887	47,778,193	169,987,694	21.94%	24.07%
KAISER		37,684,874	8,593,213	29,091,661	22.80%	17.92%
VISION		1,402,899	320,193	1,082,706	22.82%	25.08%
DENTAL		18,354,276	4,497,312	13,856,964	24.50%	25.81%
ADMINISTRATIVE FEES, MISC CHARGES						
ASO FEES	21,747,650					
ANTHEM AND CVS		11,180,063	2,735,661	8,444,402	24.47%	14.60%
KAISER		9,822,288	2,059,505	7,762,783	20.97%	20.78%
VISION		139,743	35,885	103,858	25.68%	26.37%
DENTAL		605,556	152,532	453,024	25.19%	25.73%
BANK CHARGES	4,000	4,000	1,114	2,886	27.85%	16.08%
MISC CHARGES	5,000	5,000	-	5,000	0.00%	0.00%
FSA CLAIMS ADMINISTRATION	97,000	97,000	22,235	74,765	22.92%	24.96%
HEALTH SAVINGS ACCOUNT ADMINISTRATION	48,000	48,000	12,068	35,932	25.14%	31.65%
FLEX SPENDING CLAIMS PAYMENTS *	3,989,000	3,989,000	1,255,425	2,733,575	31.47%	34.34%
WELLNESS	1,708,500					
BE COLORADO - MOVE		1,192,000	306,866	885,134	25.74%	24.26%
NUTRITION		111,000	27,038	83,962	24.36%	19.45%
JUVENILE		3,500	-	3,500	0.00%	0.00%
WELLNESS PLATFORM		-	-	-	0.00%	0.00%
MARKETING		10,000	-	10,000	0.00%	54.11%
MENTAL HEALTH		167,000	16,056	150,944	9.61%	23.17%
PREGNANCY EDUCATION		225,000	50,000	175,000	22.22%	
PREVENTION	25,000					
BIOMETRIC SCREENINGS		15,000	-	15,000	0.00%	0.02%
HEALTH FAIRS/5K		10,000	-	10,000	0.00%	0.00%
PILOTS, STUDIES AND OTHER EXPENSES	25,000	25,000	-	25,000	0.00%	0.00%
DATA WAREHOUSE	338,000	338,000	84,496	253,504	25.00%	24.06%
TRUST FEES						
CONSULTING	345,000					
ACTUARY		100,000	31,807	68,193	31.81%	11.95%
LEGAL		20,000	1,022	18,978	5.11%	55.73%
MANAGEMENT		75,000	-	75,000	0.00%	31.36%
AUDIT		150,000	-	150,000	0.00%	20.67%
INSURANCE	153,000					
FIDUCIARY LIABILITY		59,000	14,846	44,154	25.16%	26.35%
ERRORS AND OMISSIONS		92,000	22,970	69,030	24.97%	23.88%
CRIME		2,000	491	1,509	24.55%	26.00%
CU HEALTH PLAN ADMINISTRATION	1,691,800	1,691,800	443,985	1,247,815	26.24%	20.99%
TOTAL EXPENSES/OUTFLOWS	305,384,886	305,384,886	68,462,913	236,921,973	22.42%	23.28%
NET ACTIVITY FOR PERIOD	\$ (12,943,355)	\$ (12,943,355)	\$ 4,062,659	\$ (17,006,014)		

Plan Performance





November 20, 2020

**University of Colorado Health and Welfare Trust
Fiscal Year 2021 – Financial Results**

- As of September 30, 2020, the aggregate experience of all plans is showing total remitted premiums have exceeded plans costs (claims plus expenses) by \$0.4 million. The table below shows results for the full fiscal year 2020, fiscal year 2021 through September, and projected fiscal year 2021 (in millions).

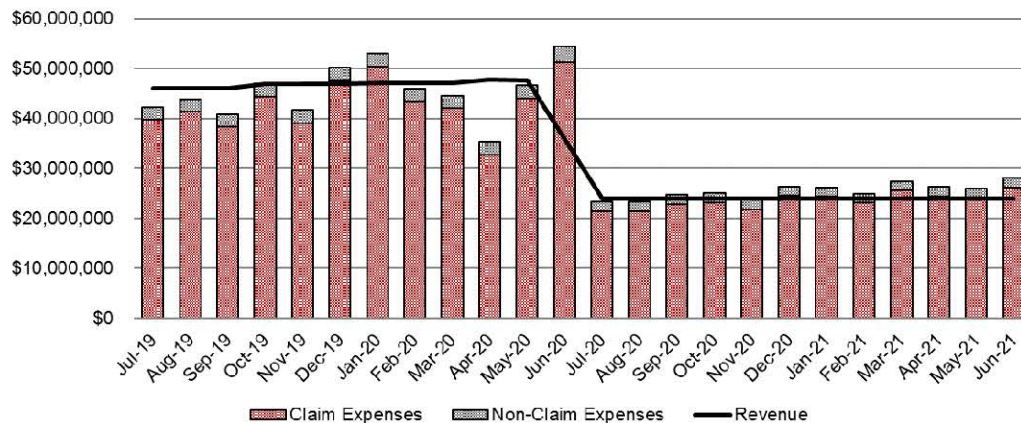
\$(000,000)	FY2020	FY2021 YTD	FY2021 Proj.
Enrollment (Months)			
Medical	487,640	66,787	267,442
Vol. Vision	153,204	39,771	159,417
Dental	268,178	67,924	271,927
Expense			
Claims	\$514.1	\$65.5	\$283.1
Admin	\$32.0	\$5.9	\$22.5
Total	\$546.1	\$71.4	\$305.5
Premium			
Funding		\$75.2	\$301.0
Discount		(\$3.4)	(\$13.7)
Invoice	\$551.9	\$71.8	\$287.3
Gain/Loss	\$5.8	\$0.4	(\$18.2)
Loss Ratio	98.9%	99.5%	106.3%

The projected medical, pharmacy and dental incurred claim estimates for April - September 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 impact of COVID-19 on medical, pharmacy, and dental claims including an assumption for a return of utilization of 2% in the full year projection.

For FY2021, the Funding premiums are discounted to target a deficit and represent a full year decrement of \$13.1M. The discounted invoiced premiums are expected to result in a full year loss of \$18M and a loss ratio of 106%.

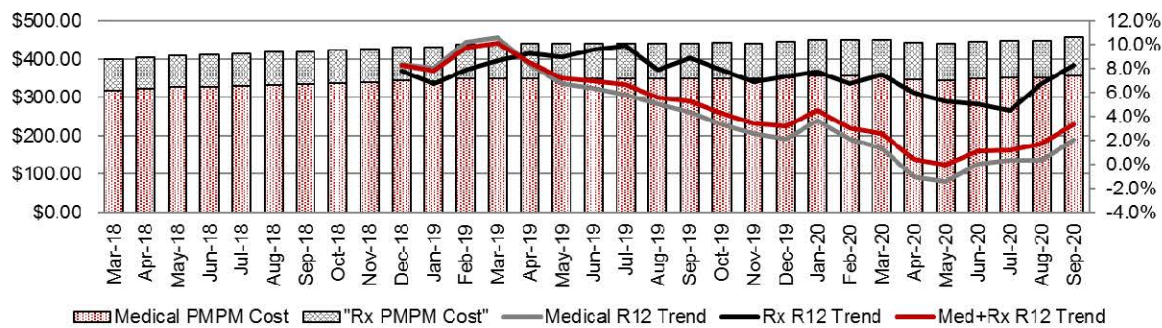
- The chart below shows a comparison of total cost (split between claim and non-claim costs) vs. remitted premiums for the prior fiscal year (FY2020) as well as the current fiscal year (FY2021). Current premiums are about \$24M per month and total monthly costs for FY2021 are between \$23 million and \$26 million. This chart demonstrates the monthly volatility experienced by the plan as well as the seasonal pattern of costs throughout the fiscal year. We also see the impact of reduced utilization in April 2020 due to the COVID-19 pandemic.

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.

Anthem + Kaiser CU+CU Med



- With data through September 30, 2020, we estimate the total outstanding claims liability (i.e. incurred but not paid claims liability) as of quarter ending September 30, 2020 is \$26.4M. The table below shows the outstanding claims liability as of the prior five quarter end valuation dates.

Valuation Date	Original Total Reserve	Recast IBNP as of 09/30/2020	Surplus/Deficit
06/30/19	\$42,525,026	\$52,030,343	(\$9,505,316)
9/30/2019	\$56,388,184	\$52,728,433	\$3,659,751
12/31/2019	\$53,619,813	\$58,184,792	(\$4,564,979)
3/31/2020	\$58,454,520	\$59,264,055	(\$809,535)
6/30/2020	\$62,622,443	\$59,112,015	\$3,510,428
9/30/2020	\$26,376,250	-	

- All claims are on an incurred basis using data paid through September 30, 2020 and therefore include an estimate of incurred but not paid claims.