



# Health Plan

University of Colorado Health and Welfare Trust

## ***FY21 3<sup>rd</sup> QUARTER FINANCIAL REPORTS***

*June 15<sup>th</sup>, 2021*



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 March 31, 2021**

(Updated 05/14/2021)

<b><u>Assets</u></b>	<i>Current</i> <b><u>Q3</u></b> <b><u>3/31/2021</u></b>	<i>Current</i> <b><u>Q4</u></b> <b><u>6/30/2020</u></b>
Cash:		
Medical	\$ 1,587	\$ 1,497
Flexible Spending Account	873,851	1,197,136
Investments	47,614,260	58,911,191
Receivables:		
Premiums	23,504,938	36,066,956
Pharmacy Rebates	7,054,116	14,939,454
Premium Assessment Due from Member	2,720,579	11,466,028
Interest	19,352	29,176
Miscellaneous Receivables	9,046	713,866
Prepaid Expenses	317,401	272,148
<b>Total Assets</b>	<b><u>\$ 82,115,130</u></b>	<b><u>\$ 123,597,452</u></b>
 <b><u>Liabilities and Net Position</u></b>		
Accounts Payable - Medical Claims Administration	\$ 3,119,646	\$ 3,773,963
Contracts Payable	1,077,561	903,624
Benefit Claims Payable - Medical	423,187	375,505
Incurred But Not Reported Claims Estimate	31,195,930	58,815,112
Flexible Spending	524,971	787,029
Total Liabilities	<u>36,341,295</u>	<u>64,655,233</u>
 Plan Net Position - Unrestricted	 <u>45,773,835</u>	 <u>58,942,219</u>
 <b>Total Liabilities and Plan Net Position</b>	 <b><u>\$ 82,115,130</u></b>	 <b><u>\$ 123,597,452</u></b>



**UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST**  
**FY21 - STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN PLAN NET POSITION (unaudited)**  
**For the nine months ended March 31, 2021**  
 (Updated 05/14/2021)

	<i>Current</i> Q3 <u>3/31/2021</u>	<i>FY20</i> Q4 <u>6/30/2020</u>
<b><u>Operating Revenues</u></b>		
Contributions	\$ 214,584,258	\$ 560,468,281
Flexible Spending Recapture	-	52,014
<b>Total Operating Revenues</b>	<u>214,584,258</u>	<u>560,520,295</u>
<b><u>Operating Expenses</u></b>		
Medical Claims	210,071,347	507,032,627
Medical Claims Administration	14,546,092	26,978,282
General and Administrative	<u>2,142,777</u>	<u>3,014,274</u>
Total Administrative	16,688,869	29,992,556
<b>Total Operating Expenses</b>	<u>226,760,216</u>	<u>537,025,183</u>
Operating Income	(12,175,958)	23,495,112
<b><u>Nonoperating Revenues (Expenses)</u></b>		
Investment Earnings	196,103	1,194,294
Wellness Initiative	<u>(1,188,529)</u>	<u>(1,689,502)</u>
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(992,426)</u>	<u>(495,208)</u>
<b>Change in Plan Net Position</b>	(13,168,384)	22,999,904
Plan Net Position Beginning of Year	<u>58,942,219</u>	<u>35,942,315</u>
Plan Net Position End of Period	<u>\$ 45,773,835</u>	<u>\$ 58,942,219</u>

# Treasury



# Memo

To: Members of the University of Colorado Health and Welfare Trust Board  
From: Tony Vu, Treasurer  
Date: June 3, 2021  
Re: Quarterly Report on Investments

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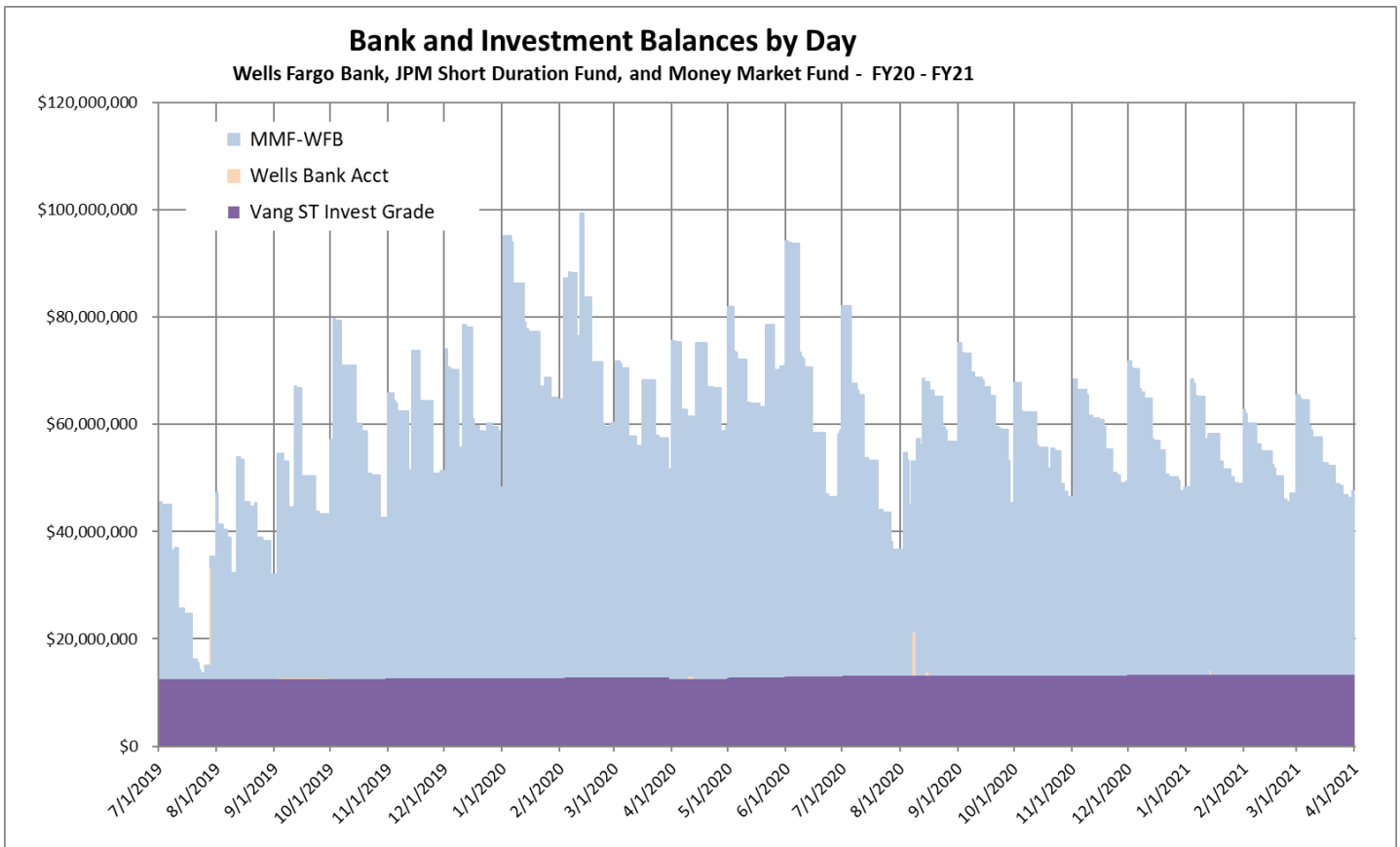
The Trust's cash equivalents and investments at March 31, 2021 totaled **\$47.6 million** compared to \$51.6 million at March 31, 2020. \$34.2 million was invested in a triple-A rated government money market fund and \$13.4 million was invested in a high-quality, short-duration bond fund. Both these 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 Wells Fargo fund, GVIXX, had current quarter-end yield of 0.00% and annual return was **0.03%**. The annual investment return for the money market fund continued to be positive though at a smaller rate than the previous quarter. About 72% of the fund has weekly liquidity.

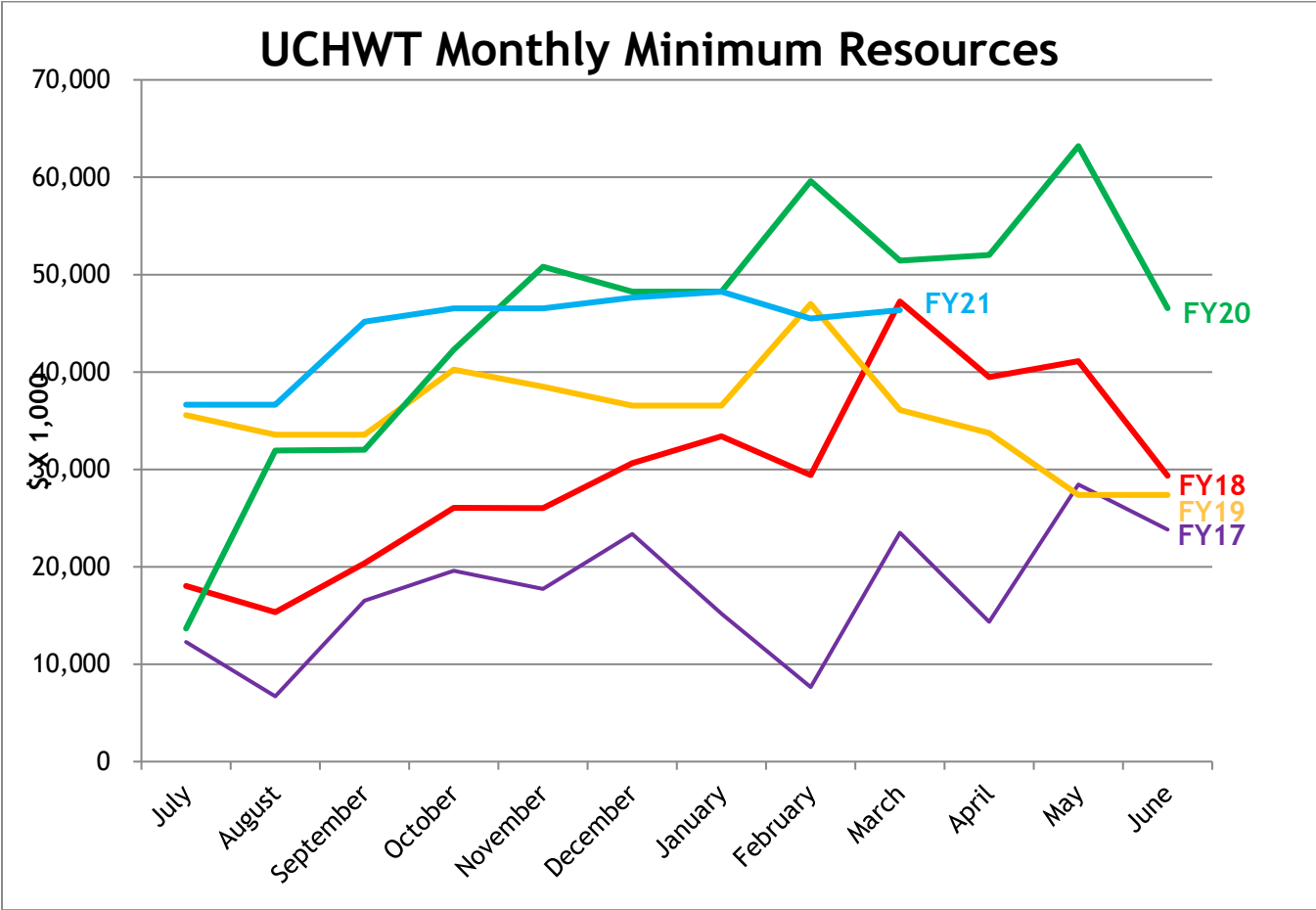
Short duration bond funds have less liquidity but higher return expectations. The Vanguard Short-Term Investment Grade Fund Admiral Shares (VFSUX) quarterly return was -0.47% and the annual return was **6.36%** versus to the benchmark Bloomberg Barclays U.S. 1-5 Year Credit Index of 4.78%.

Maximum resources trended slightly downward in the third quarter of FY21 but appeared to stabilize in March. The balance ended just under the balance from quarter end March 31, 2019. Meanwhile, the minimum resources stayed stable throughout the quarter and ended at a similar balance as quarter end March 31, 2018, which was the second highest minimum resources amount in a third quarter. The bank balance for the third quarter of fiscal year 2021 remained consistent.

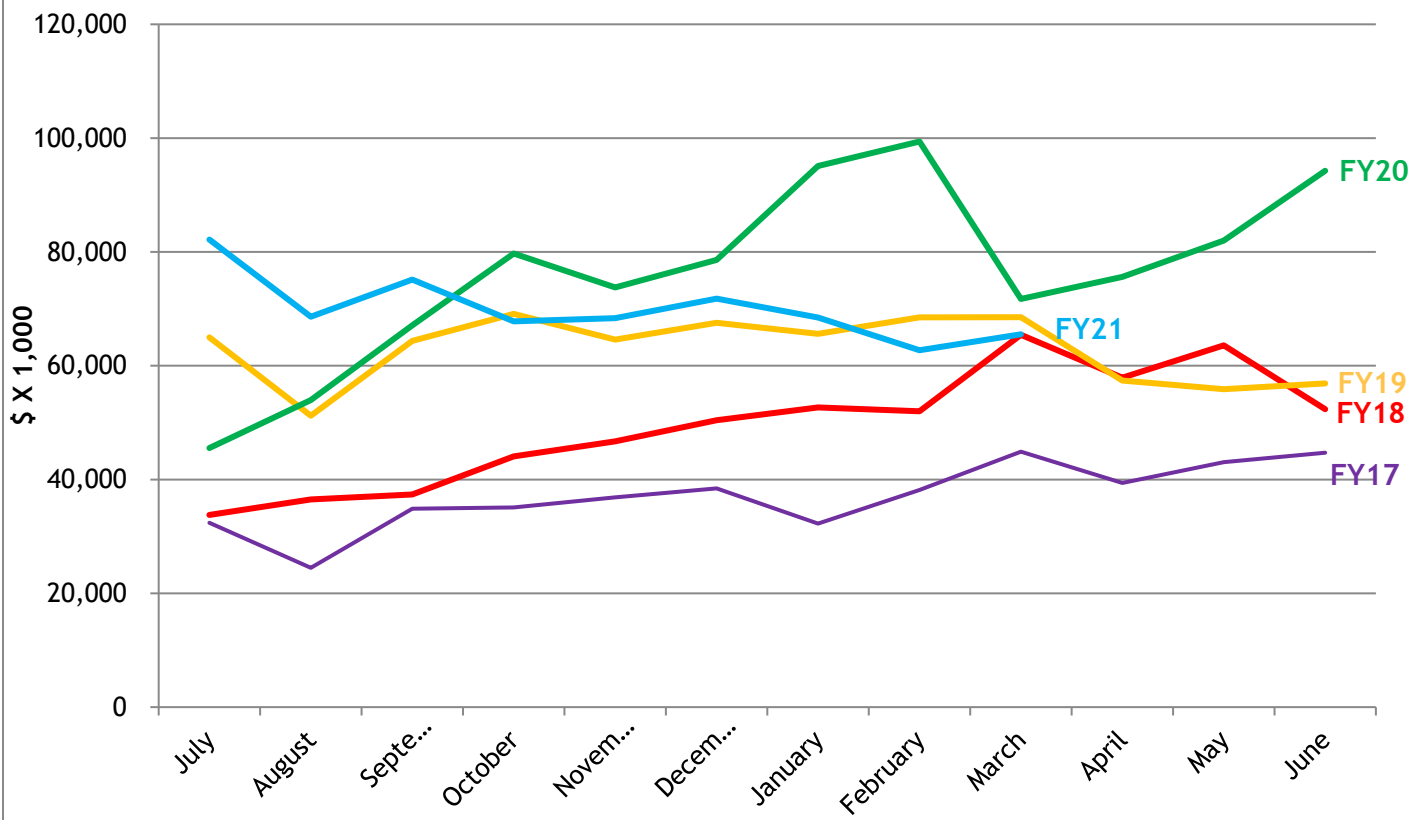
Total investment interest earnings for the third quarter of FY21 including unrealized gains/(losses) total **\$196,103**.







## UCHWT Monthly Maximum Resources



# Budget Performance



**FY21 – BUDGET TO ACTUAL REPORT AS OF: 3/31/2020**

	FY21 TOTAL BUDGET	FY21 BUDGET DETAIL	FY21 ACTUALS AS OF 3/31/2021	FY21 AVAILABLE AMOUNT	3Q FY21 % BUDGET TO ACTUALS	3Q FY20 % BUDGET TO ACTUALS
<b>REVENUES/INFLOWS</b>						
SELF-FUNDED CLAIMS & RESERVES	\$ 287,452,531					
ANTHEM AND CVS		\$ 222,868,233	\$ 168,512,231	\$ 54,356,002	75.61%	78.39%
KAISER		44,597,905	30,964,001	13,633,904	69.43%	64.76%
VISION		1,542,642	1,209,953	332,689	78.43%	81.14%
DENTAL		18,443,751	13,898,073	4,545,678	75.35%	77.59%
HEALTH CARE FLEX SPENDING PLANS *	3,989,000	3,989,000	2,735,409	1,253,591	68.57%	79.34%
INVESTMENT INCOME	1,000,000	1,000,000	196,103	803,897	19.61%	378.41%
<b>TOTAL REVENUE/INFLOWS</b>	<b>292,441,531</b>	<b>292,441,531</b>	<b>217,515,770</b>	<b>74,925,761</b>	<b>74.38%</b>	<b>76.99%</b>
<b>EXPENSES/OUTFLOWS</b>						
INCURRED SELF-FUNDED CLAIMS	275,207,936					
ANTHEM AND CVS		217,765,887	171,329,380	46,436,507	78.68%	76.36%
KAISER		37,684,874	25,787,614	11,897,260	68.43%	61.01%
VISION		1,402,899	907,218	495,681	64.67%	75.83%
DENTAL		18,354,276	12,047,135	6,307,141	65.64%	73.07%
ADMINISTRATIVE FEES, MISC CHARGES						
ASO FEES	21,747,650					
ANTHEM AND CVS		11,180,063	7,592,979	3,587,084	67.92%	67.94%
KAISER		9,822,288	6,440,526	3,381,762	65.57%	68.14%
VISION		139,743	107,952	31,791	77.25%	80.63%
DENTAL		605,556	404,635	200,921	66.82%	78.04%
BANK CHARGES	4,000	4,000	3,325	675	83.13%	46.75%
MISC CHARGES	5,000	5,000	-	5,000	0.00%	0.00%
FSA CLAIMS ADMINISTRATION	97,000	97,000	68,232	28,768	70.34%	78.51%
HEALTH SAVINGS ACCOUNT ADMINISTRATION	48,000	48,000	36,999	11,001	77.08%	87.46%
FLEX SPENDING CLAIMS PAYMENTS *	3,989,000	3,989,000	2,997,467	991,533	75.14%	83.14%
WELLNESS	1,708,500					
BE COLORADO - MOVE		1,192,000	902,534	289,466	75.72%	71.88%
NUTRITION		111,000	85,433	25,567	76.97%	58.35%
JUVENILE		3,500	-	3,500	0.00%	0.00%
WELLNESS PLATFORM		-	-	-	0.00%	0.00%
MARKETING		10,000	3,313	6,687	33.13%	87.42%
MENTAL HEALTH		167,000	48,262	118,738	28.90%	69.49%
PREGNANCY EDUCATION		225,000	148,987	76,013	66.22%	
PREVENTION	25,000					
BIOMETRIC SCREENINGS		15,000	-	15,000	0.00%	0.59%
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	256,658	81,342	75.93%	72.17%
TRUST FEES						
CONSULTING	345,000					
ACTUARY		100,000	153,726	(53,726)	153.73%	75.13%
LEGAL		20,000	3,634	16,366	18.17%	66.34%
MANAGEMENT		75,000	-	75,000	0.00%	50.78%
AUDIT		150,000	136,823	13,177	91.22%	40.17%
INSURANCE	153,000					
FIDUCIARY LIABILITY		59,000	42,671	16,329	72.32%	76.94%
ERRORS AND OMISSIONS		92,000	59,439	32,561	64.61%	73.74%
CRIME		2,000	1,411	589	70.55%	74.42%
CU HEALTH PLAN ADMINISTRATION	1,691,800	1,691,800	1,379,859	311,941	81.56%	64.26%
<b>TOTAL EXPENSES/OUTFLOWS</b>	<b>305,384,886</b>	<b>305,384,886</b>	<b>230,946,212</b>	<b>74,438,674</b>	<b>75.62%</b>	<b>74.43%</b>
<b>NET ACTIVITY FOR PERIOD</b>	<b>\$ (12,943,355)</b>	<b>\$ (12,943,355)</b>	<b>\$ (13,430,442)</b>	<b>\$ 487,087</b>	<b>103.76%</b>	

# Plan Performance



May 21, 2021

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

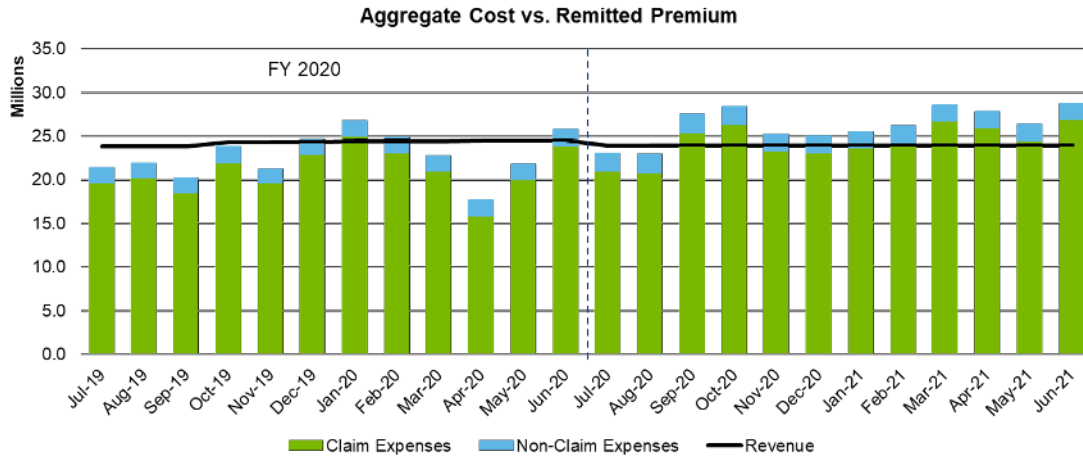
- As of March 31, 2021, the aggregate experience of all plans is showing total plan costs (claims plus expenses) have exceeded remitted premiums by \$16.7 million. The table below shows results for the full fiscal year 2020, fiscal year 2021 through March, and projected fiscal year 2021 (in millions).

	FY2020	FY2021 YTD	FY2021 Proj.
<b>Enrollment (Months)</b>			
<i>Medical</i>	487,643	200,395	267,130
<i>Vol. Vision</i>	153,205	119,535	159,441
<i>Dental</i>	268,169	202,431	269,754
<b>Expense</b>			
Claims	510.9	214.1	291.2
Admin	32.0	18.1	23.8
Total	542.9	232.1	315.0
<b>Premium</b>			
Funding		225.5	300.6
Discount		(10.1)	(13.4)
Invoice	560.2	215.4	287.2
<b>Gain/Loss</b>	<b>17.3</b>	<b>(16.7)</b>	<b>(27.9)</b>
<b>Loss Ratio</b>	<b>96.9%</b>	<b>107.8%</b>	<b>109.7%</b>

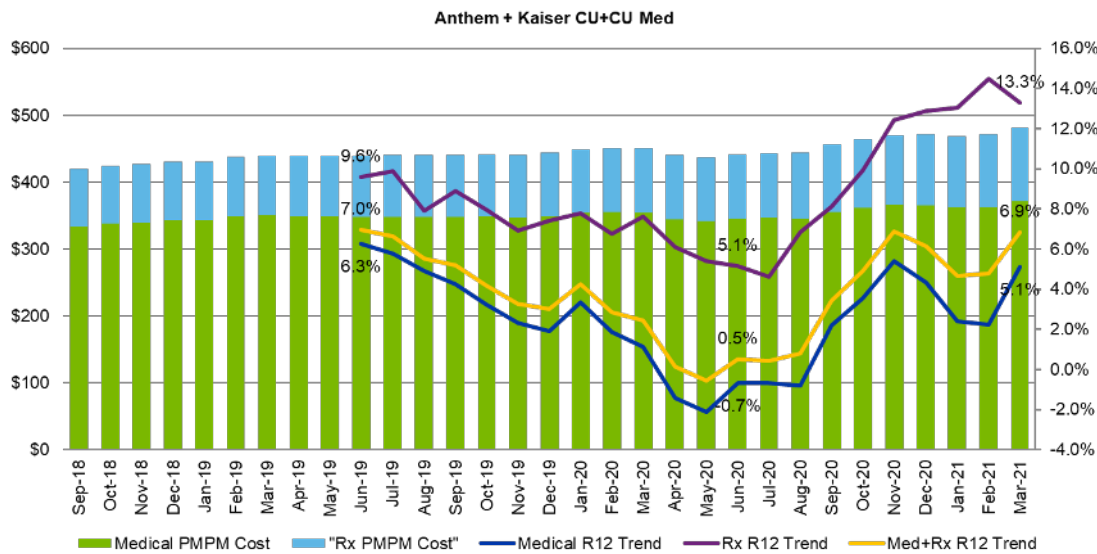
The projected medical, pharmacy and dental incurred claim estimates included in this report are based on historical claims adjusted for trend and plan seasonality consistent with historical projection methodology. We also included adjustments for the impact of COVID-19 on medical, pharmacy, and dental claims.

For FY2021, the Funding premiums are discounted to target a deficit and represent a full year decrement of \$13.5M. The discounted invoiced premiums are expected to result in a full year loss of \$27.9M and a loss ratio of 110%.

- 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 \$29 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. The FY2020 results exclude UCHealth.



- Total medical and pharmacy costs on a per-member basis have risen significantly after the lower cost months of March 2020 through May 2020 due to COVID-19 suppressed utilization. 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.

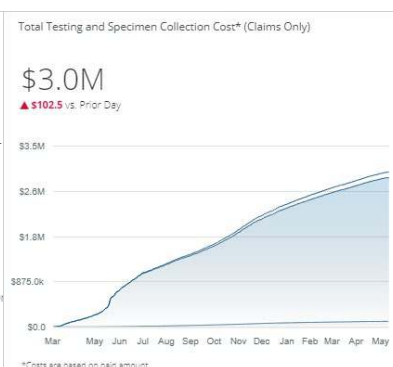
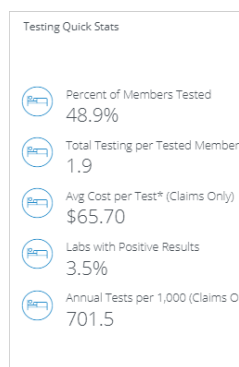


- With data through March 31, 2021, we estimate the total outstanding claims liability (i.e. incurred but not paid claims liability) as of quarter ending March 31, 2021 is \$31.5M (including UCH) and \$30.6M (excluding UCH). The first table below shows the outstanding claims liability as of the prior quarter end valuation date including UCH, while the second table is excluding UCH.

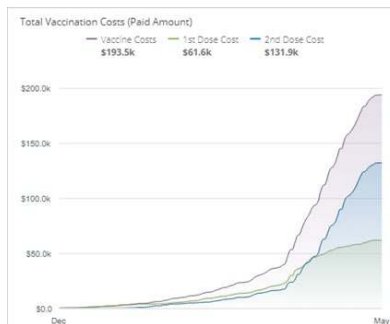
Valuation Date	Original Total Reserve	Recast IBNP as of 03/31/2021	Surplus/Deficit
3/31/2020	58,454,520	57,724,440	730,080
6/30/2020	62,622,443	55,370,460	7,251,982
9/30/2020	32,799,332	30,750,065	2,049,267
12/31/2020	32,152,767	32,386,105	(233,338)
3/31/2021	31,497,183	-	-

Valuation Date	Original Total Reserve	Recast IBNP as of 03/31/2021	Surplus/ Deficit
9/30/2020	26,376,250	26,299,843	76,407
12/31/2020	29,709,213	30,829,369	(1,120,156)
3/31/2021	30,619,648	-	

- All claims are on an incurred basis using data paid through March 31, 2021 and therefore include an estimate of incurred but not paid claims.
- Anthem has provided several key COVID – 19 reports highlighting the impact of COVID-19. Anthem has paid in total \$6.7M related to COVID-19 costs of which \$3.0M is directly related to testing:



- There are 4,634 members fully vaccinated as of 5/18/21 with total vaccine costs of \$193K. There are 3 members that have a confirmed cases after vaccination.





- Telehealth has seen a dramatic uptick in utilization and costs during the pandemic. About 55% of telehealth visits are for behavioral health, which is typically more costly than a medical telehealth visit.

