



# Health Plan

University of Colorado Health and Welfare Trust

## ***FY21 2<sup>nd</sup> QUARTER FINANCIAL REPORTS***

*March 2<sup>nd</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 December 31, 2020**  
 (Updated 02/19/2021)

<b><u>Assets</u></b>	<i>Current</i> <i>Q2</i> <b><u>12/31/2020</u></b>	<i>Current</i> <i>Q4</i> <b><u>6/30/2020</u></b>
Cash:		
Medical	\$ 1,731	\$ 1,497
Flexible Spending Account	687,760	1,197,136
Investments	48,248,775	58,911,191
Receivables:		
Premiums	23,556,544	36,066,956
Pharmacy Rebates	13,244,716	14,939,454
Premium Assessment Due from Member	5,863,954	11,466,028
Interest	24,377	29,176
Miscellaneous Receivables	722,366	713,866
Prepaid Expenses	180,541	272,148
<b>Total Assets</b>	<b><u>\$ 92,530,764</u></b>	<b><u>\$ 123,597,452</u></b>
<b><u>Liabilities and Net Position</u></b>		
Accounts Payable - Medical Claims Administration	\$ 4,025,350	\$ 3,773,963
Contracts Payable	985,069	903,624
Benefit Claims Payable - Medical	416,095	375,505
Incurred But Not Reported Claims Estimate	31,879,493	58,815,112
Flexible Spending	323,585	787,029
Total Liabilities	<u>37,629,592</u>	<u>64,655,233</u>
Plan Net Position - Unrestricted	<u>54,901,172</u>	<u>58,942,219</u>
<b>Total Liabilities and Plan Net Position</b>	<b><u>\$ 92,530,764</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 six months ended December 31, 2020**  
 (Updated 02/19/2021)

	<i>Current</i> <i>Q2</i> <b><u>12/31/2020</u></b>	<i>FY20</i> <i>Q4</i> <b><u>6/30/2020</u></b>
<b><u>Operating Revenues</u></b>		
Contributions	\$ 142,940,623	560,468,281
Flexible Spending Recapture	-	52,014
<b>Total Operating Revenues</b>	<u>142,940,623</u>	<u>560,520,295</u>
<b><u>Operating Expenses</u></b>		
Medical Claims	135,193,301	507,032,627
Medical Claims Administration	9,915,582	26,978,282
General and Administrative	1,339,776	3,014,274
Total Administrative	<u>11,255,358</u>	<u>29,992,556</u>
<b>Total Operating Expenses</b>	<u>146,448,659</u>	<u>537,025,183</u>
Operating Income	(3,508,036)	23,495,112
<b><u>Nonoperating Revenues (Expenses)</u></b>		
Investment Earnings	258,334	1,194,294
Wellness Initiative	(791,345)	(1,689,502)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(533,011)</u>	<u>(495,208)</u>
<b>Change in Plan Net Position</b>	(4,041,047)	22,999,904
Plan Net Position Beginning of Year	58,942,219	35,942,315
Plan Net Position End of Period	<u>\$ 54,901,172</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: February 23, 2021  
Re: Quarterly Report on Investments

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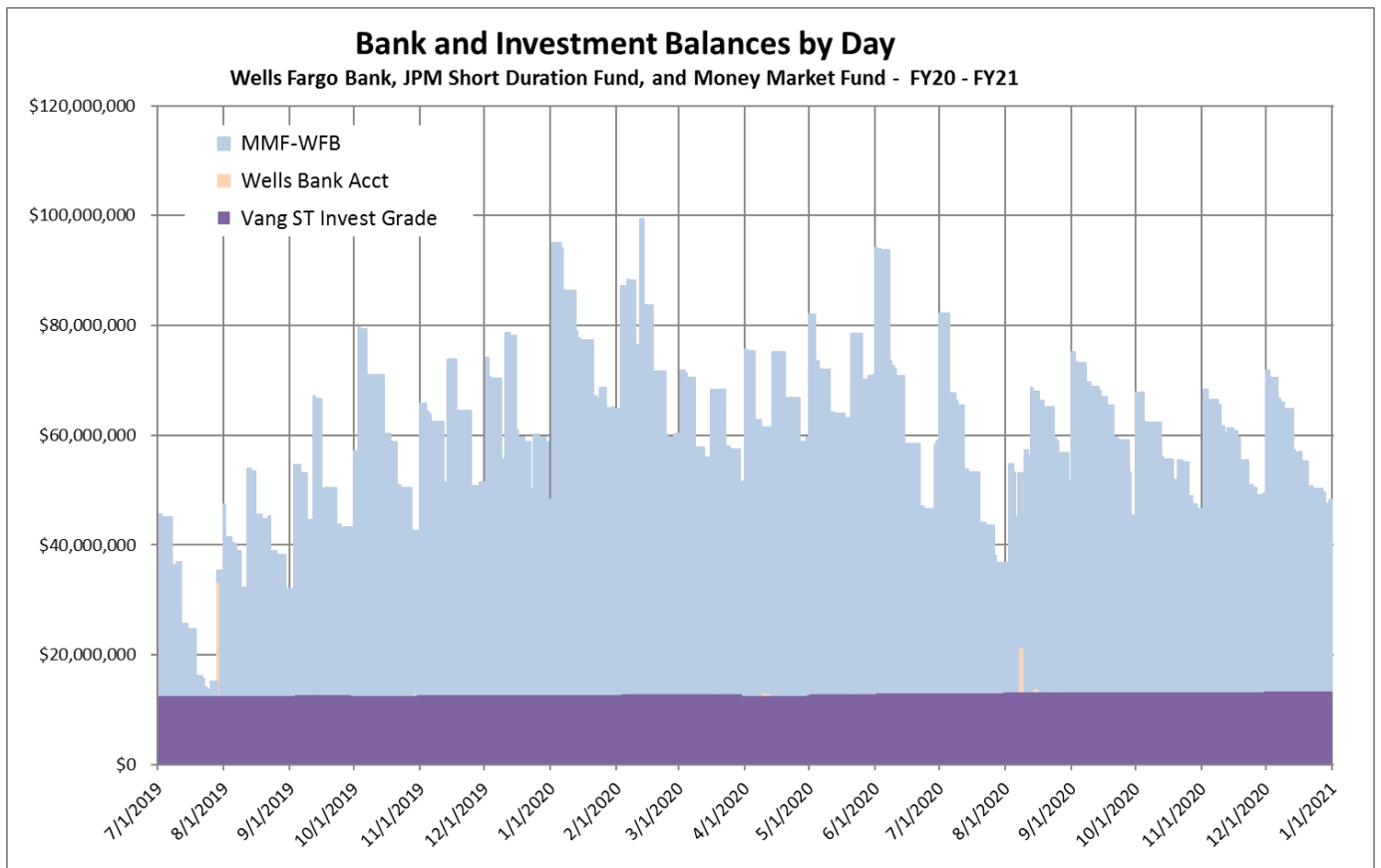
The Trust's cash equivalents and investments at December 31, 2020 totaled \$48.2 million compared to \$48.3 million at December 31, 2019. \$34.8 million was invested in a triple-A rated Wells Fargo government money market fund (GVIXX) and \$13.4 million was invested in a high-quality, short-duration bond fund managed by Vanguard (VFSUX). 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 0.34%. The quarterly investment return for the money market fund continued to be positive at the same rate as the previous quarter. About 72% of the fund has weekly liquidity.

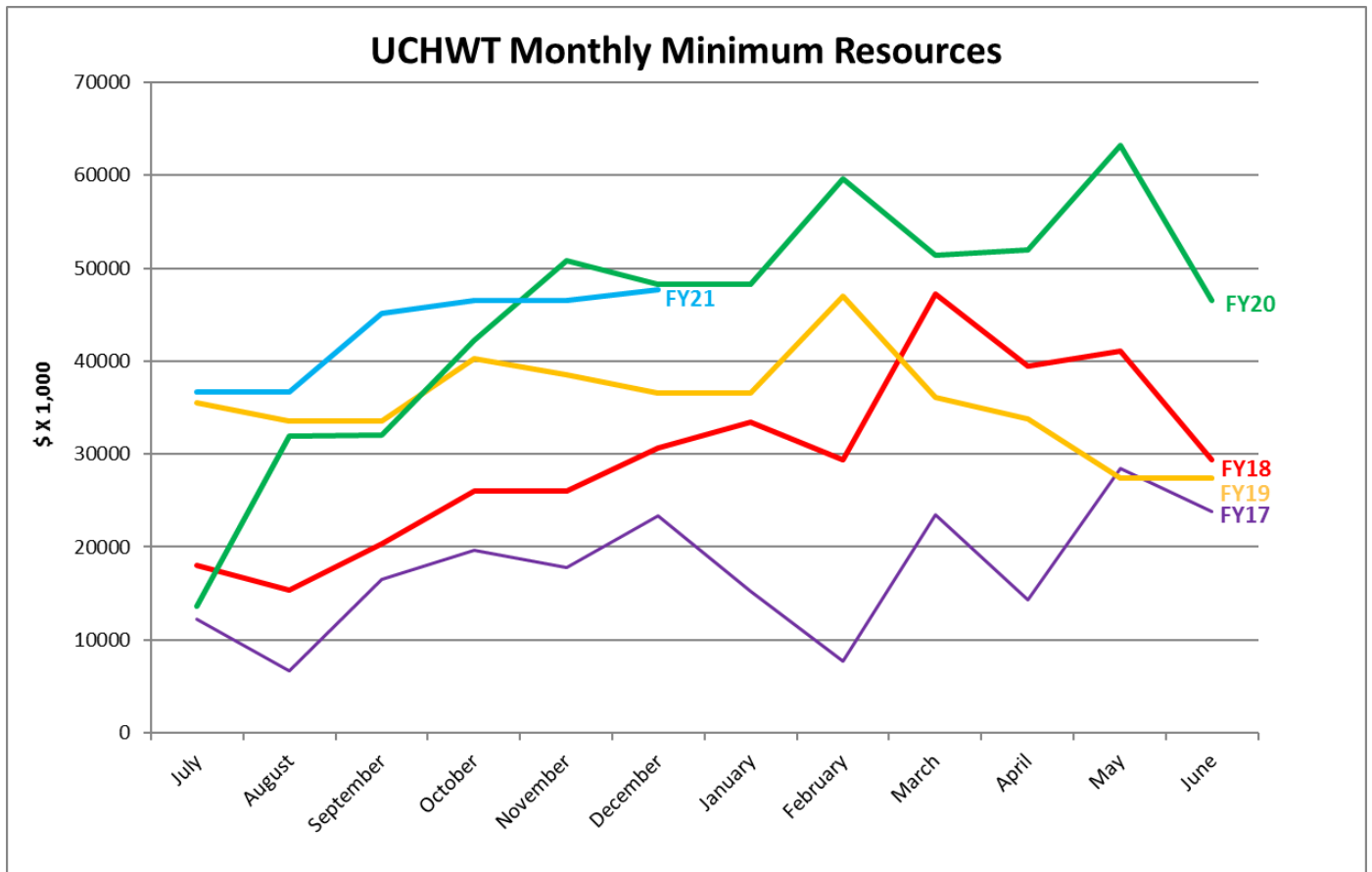
Vanguard Short-Term Investment Grade Fund Admiral Shares was purchased on September 15, 2017 to replace the JP Morgan short-duration bond fund. The quarterly return was 0.98% and the annualized return for a one-year period as of December 31, 2020 was 5.25% compared to the benchmark Bloomberg Barclays US 1-5 Year Credit Index of 5.19%.

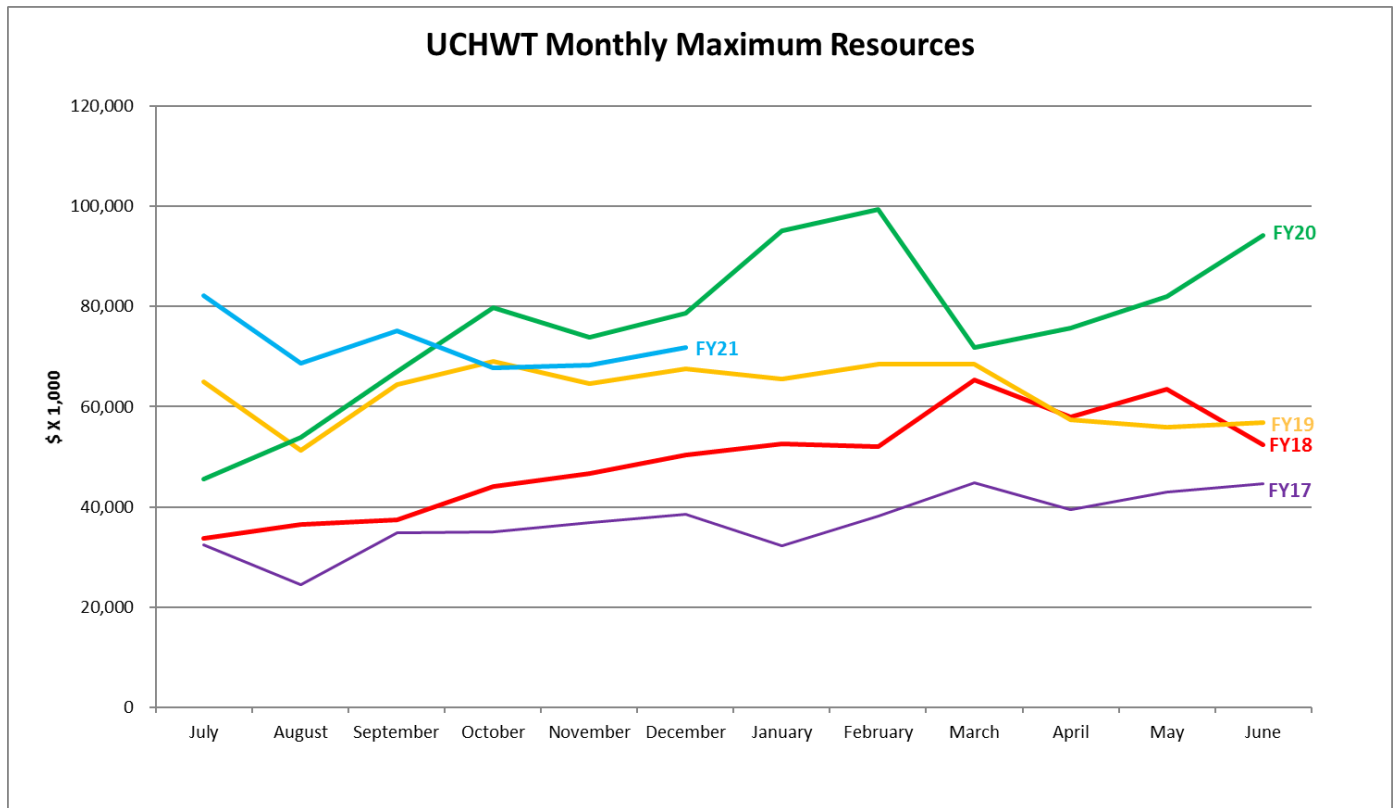
Maximum resources trended slightly upward in the second quarter of FY21. It remained lower than maximum resources from FY20, but was higher than maximum resources from FY19. Meanwhile, the minimum resources trended upward throughout the quarter and ended at a similar balance as quarter end December 31, 2019, which was higher than all other previous second quarter ends. The bank balance for the second quarter of fiscal year 2021 remained consistent.

Total investment interest earnings for the second quarter of FY21 including unrealized gains/(losses) total \$258,333.









# Budget Performance



**FY21 – BUDGET TO ACTUAL REPORT AS OF: 12/31/2020**

	FY21 TOTAL BUDGET	FY21 BUDGET DETAIL	FY21 ACTUALS AS OF 12/31/2020	FY21 AVAILABLE AMOUNT	2Q FY21 % BUDGET TO ACTUALS	2Q FY20 % BUDGET TO ACTUALS
<b>REVENUES/INFLOWS</b>						
SELF-FUNDED CLAIMS & RESERVES	\$ 287,452,531					
ANTHEM AND CVS		\$ 222,868,233	\$ 112,077,063	\$ 110,791,170	50.29%	51.70%
KAISER		44,597,905	20,773,933	23,823,972	46.58%	43.34%
VISION		1,542,642	806,373	736,269	52.27%	53.72%
DENTAL		18,443,751	9,283,255	9,160,496	50.33%	51.55%
HEALTH CARE FLEX SPENDING PLANS *	3,989,000	3,989,000	1,803,480	2,185,520	45.21%	52.04%
INVESTMENT INCOME	1,000,000	1,000,000	258,334	741,666	25.83%	361.80%
<b>TOTAL REVENUE/INFLOWS</b>	<b>292,441,531</b>	<b>292,441,531</b>	<b>145,002,438</b>	<b>147,439,093</b>	<b>49.58%</b>	<b>50.88%</b>
<b>EXPENSES/OUTFLOWS</b>						
INCURRED SELF-FUNDED CLAIMS	275,207,936					
ANTHEM AND CVS		217,765,887	109,321,984	108,443,903	50.20%	48.52%
KAISER		37,684,874	16,966,324	20,718,550	45.02%	39.02%
VISION		1,402,899	588,133	814,766	41.92%	52.02%
DENTAL		18,354,276	8,316,360	10,037,916	45.31%	49.94%
ADMINISTRATIVE FEES, MISC CHARGES						
ASO FEES	21,747,650					
ANTHEM AND CVS		11,180,063	5,325,659	5,854,404	47.64%	38.85%
KAISER		9,822,288	4,264,863	5,557,425	43.42%	44.48%
VISION		139,743	71,972	67,771	51.50%	53.36%
DENTAL		605,556	253,588	351,968	41.88%	51.79%
BANK CHARGES	4,000	4,000	2,206	1,794	55.15%	30.37%
MISC CHARGES	5,000	5,000	-	5,000	0.00%	0.00%
FSA CLAIMS ADMINISTRATION	97,000	97,000	45,134	51,866	46.53%	51.34%
HEALTH SAVINGS ACCOUNT ADMINISTRATION	48,000	48,000	24,567	23,433	51.18%	65.00%
FLEX SPENDING CLAIMS PAYMENTS *	3,989,000	3,989,000	2,266,925	1,722,075	56.83%	63.66%
WELLNESS	1,708,500					
BE COLORADO - MOVE		1,192,000	600,670	591,330	50.39%	47.11%
NUTRITION		111,000	57,675	53,325	51.96%	38.90%
JUVENILE		3,500	-	3,500	0.00%	0.00%
WELLNESS PLATFORM		-	-	-	0.00%	0.00%
MARKETING		10,000	863	9,137	8.63%	73.36%
MENTAL HEALTH		167,000	32,137	134,863	19.24%	46.33%
PREGNANCY EDUCATION		225,000	100,000	125,000	44.44%	N/A
PREVENTION	25,000					
BIOMETRIC SCREENINGS		15,000	-	15,000	0.00%	0.58%
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	168,992	169,008	50.00%	48.11%
TRUST FEES						
CONSULTING	345,000					
ACTUARY		100,000	87,235	12,765	87.24%	11.95%
LEGAL		20,000	1,638	18,362	8.19%	70.54%
MANAGEMENT		75,000	-	75,000	0.00%	43.36%
AUDIT		150,000	33,450	116,550	22.30%	40.17%
INSURANCE	153,000					
FIDUCIARY LIABILITY		59,000	28,759	30,241	48.74%	51.65%
ERRORS AND OMISSIONS		92,000	41,204	50,796	44.79%	48.81%
CRIME		2,000	951	1,049	47.55%	50.21%
CU HEALTH PLAN ADMINISTRATION	1,691,800	1,691,800	905,640	786,160	53.53%	42.09%
<b>TOTAL EXPENSES/OUTFLOWS</b>	<b>305,384,886</b>	<b>305,384,886</b>	<b>149,506,929</b>	<b>155,877,957</b>	<b>48.96%</b>	<b>49.47%</b>
<b>NET ACTIVITY FOR PERIOD</b>	<b>\$ (12,943,355)</b>	<b>\$ (12,943,355)</b>	<b>\$ (4,504,491)</b>	<b>\$ (8,438,864)</b>	<b>34.80%</b>	

# Plan Performance





February 19, 2021

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

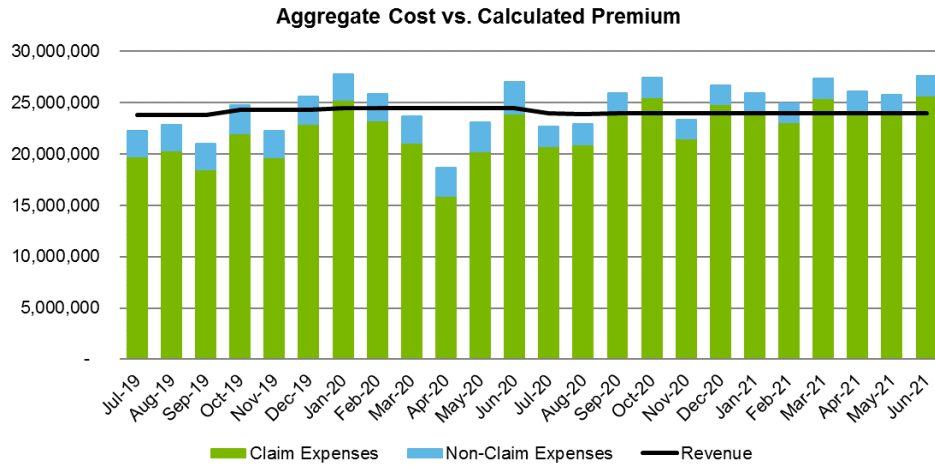
- As of December 31, 2020, the aggregate experience of all plans is showing total plan costs (claims plus expenses) have exceeded remitted premiums by \$5.3 million. The table below shows results for the full fiscal year 2020, fiscal year 2021 through December, and projected fiscal year 2021 (in millions).

\$(000,000)	FY2020	FY2021 YTD	FY2021 Proj.
<b>Enrollment (Months)</b>			
<i>Medical</i>	487,643	133,671	267,291
<i>Vol. Vision</i>	153,205	79,659	159,393
<i>Dental</i>	268,164	135,173	269,285
<b>Expense</b>			
Claims	\$512.7	\$137.3	\$283.5
Admin	\$32.0	\$11.6	\$23.0
<b>Total</b>	<b>\$544.7</b>	<b>\$148.9</b>	<b>\$306.6</b>
<b>Premium</b>			
Funding		\$150.4	\$300.8
Discount		(\$6.8)	(\$13.4)
Invoice	\$551.9	\$143.6	\$287.3
<b>Gain/Loss</b>	<b>\$7.2</b>	<b>(\$5.3)</b>	<b>(\$19.3)</b>
<b>Loss Ratio</b>	<b>98.7%</b>	<b>103.7%</b>	<b>106.7%</b>

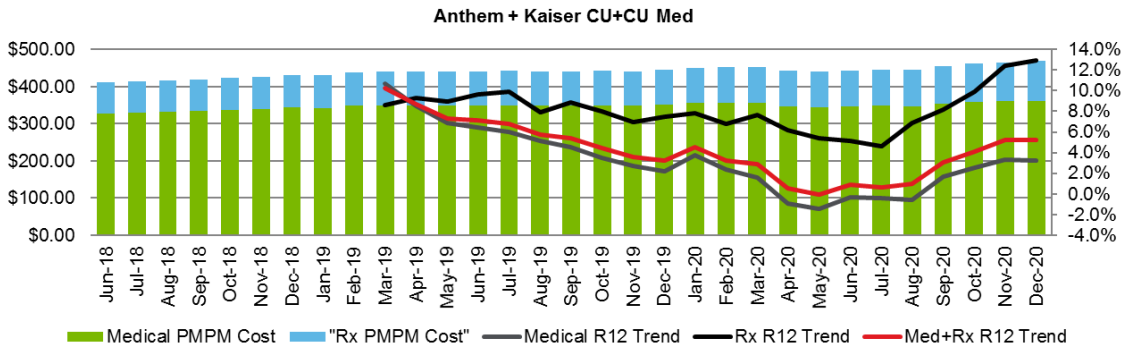
The projected medical, pharmacy and dental incurred claim estimates for April - December 2020 included in this report are based on historical claims adjusted for trend and plan seasonality consistent with historical projection methodology. We also included adjustments for the impact of COVID-19 on medical, 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 \$13.5 M. The discounted invoiced premiums are expected to result in a full year loss of \$19.3M and a loss ratio of 107%.

- 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 \$27 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 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, 2020, we estimate the total outstanding claims liability (i.e. incurred but not paid claims liability) as of quarter ending December 31, 2020 is \$29.7M. 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 12/31/2020*	Surplus/Deficit
09/30/19	\$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	\$25,971,064	\$405,186
12/31/2020	\$29,709,213	-	

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