



Health Plan

University of Colorado Health and Welfare Trust

FY21 4th QUARTER FINANCIAL REPORTS

September 14th, 2021



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



Medicine

TABLE OF CONTENTS

Financial Reports:	3
• FY21 Statement of Net Position	4
• FY21 Statement of Revenues, Expenses, and Changes in Plan Net Position	5
Treasury:	6
• Quarterly Report on Investments	7
• Bank and Investment Balances by Day – FY20 and FY21 YTD	8
• Monthly Minimum Resources	9
• Monthly Maximum Resources	10
Budget Performance:	11
• FY21 – Budget to Actual Report	12
Plan Performance:	13
• FY21 – Q4 Financial Performance Highlights	14,15

Financial Reports



UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST
FY21 - STATEMENT OF NET POSITION (unaudited)
As of June 30, 2021
 (Updated 08/30/2021)

<u>Assets</u>	<i>Current</i> <i>Q4</i> <u>6/30/2021</u>	<i>Q4</i> <u>6/30/2020</u>
Cash:		
Medical	\$ 1,494	\$ 1,497
Flexible Spending Account	1,160,646	1,197,136
Investments	58,416,464	58,911,191
Receivables:		
Premiums	75,220	36,066,956
Pharmacy Rebates	6,517,205	14,939,454
Premium Assessment Due from Member	983,718	11,466,028
Interest	42,205	29,176
Miscellaneous Receivables	50,546	713,866
Prepaid Expenses	228,081	272,148
Total Assets	<u>\$ 67,475,579</u>	<u>\$ 123,597,452</u>
<u>Liabilities and Net Position</u>		
Accounts Payable - Medical Claims Administration	\$ 3,189,088	\$ 3,773,963
Contracts Payable	910,796	903,624
Benefit Claims Payable - Medical	-	375,505
Incurred But Not Reported Claims Estimate	30,454,523	58,815,112
Flexible Spending	827,238	787,029
Total Liabilities	<u>35,381,645</u>	<u>64,655,233</u>
Plan Net Position - Unrestricted	<u>32,093,934</u>	<u>58,942,219</u>
Total Liabilities and Plan Net Position	<u>\$ 67,475,579</u>	<u>\$ 123,597,452</u>



UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST
FY21 - STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN PLAN NET POSITION (unaudited)
For the year ended June 30, 2021
 (Updated 08/30/2021)

	<i>Current</i> <i>Q4</i> <u>6/30/2021</u>	<i>FY20</i> <i>Q4</i> <u>6/30/2020</u>
<u>Operating Revenues</u>		
Contributions	\$ 284,639,003	560,468,281
Flexible Spending Recapture	-	52,014
Total Operating Revenues	<u>284,639,003</u>	<u>560,520,295</u>
<u>Operating Expenses</u>		
Medical Claims	287,911,555	507,032,627
Medical Claims Administration	19,472,928	26,978,282
General and Administrative	2,836,769	3,014,274
Total Administrative	<u>22,309,697</u>	<u>29,992,556</u>
Total Operating Expenses	<u>310,221,252</u>	<u>537,025,183</u>
Operating Income	(25,582,249)	23,495,112
<u>Nonoperating Revenues (Expenses)</u>		
Investment Earnings	296,638	1,194,294
Wellness Initiative	(1,562,674)	(1,689,502)
Total Nonoperating Revenues (Expenses)	<u>(1,266,036)</u>	<u>(495,208)</u>
Change in Plan Net Position	(26,848,285)	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>\$ 32,093,934</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: August 30, 2021
Re: Quarterly Report on Investments

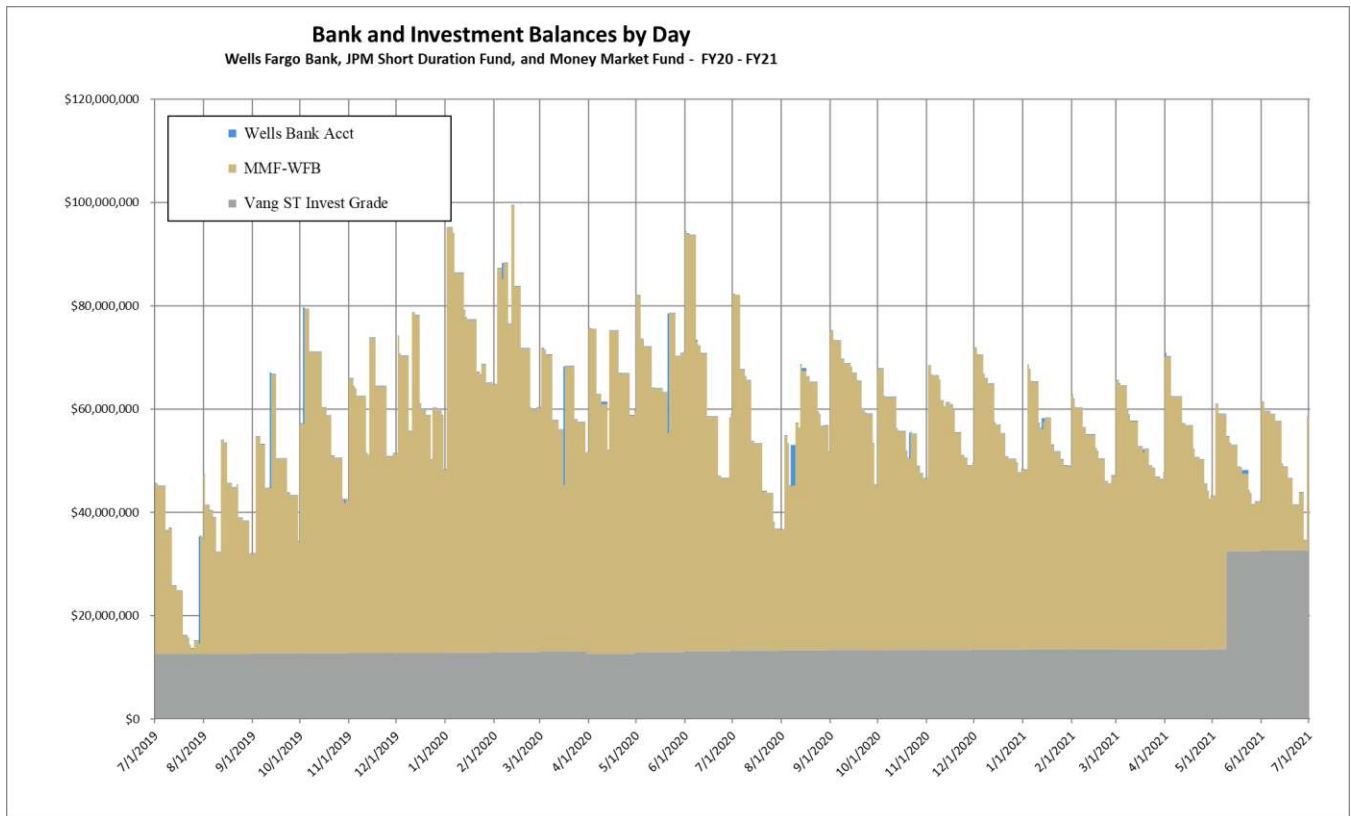
The Trust's cash equivalents and investments on June 30, 2021 totaled **\$58.4 million** compared to \$58.9 million at June 30, 2020. \$25.9 million was invested in a triple-A rated government money market fund and \$32.5 million was invested in a high-quality, short-duration bond fund. Both these investment vehicles are permitted by the Trust's investment policy.

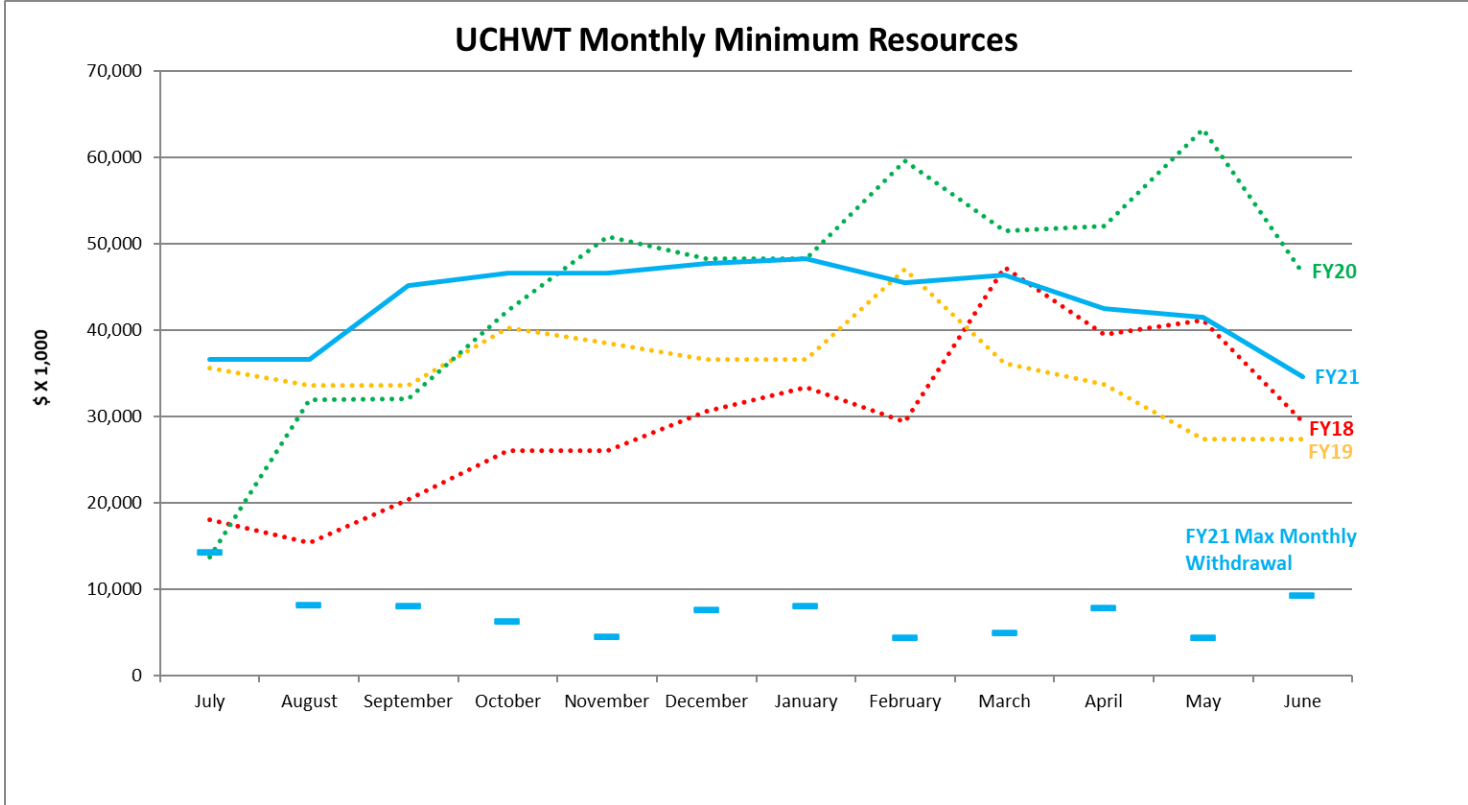
Government money market funds focus on safety and liquidity first and have investment returns as a secondary goal. The Wells Fargo fund, GVIXX, had current quarter-end yield of 0.00% and annual return was **0.01%**. The annual investment return for the money market fund continued to be positive though at a smaller rate than the previous quarter. About 44% of the fund has weekly liquidity.

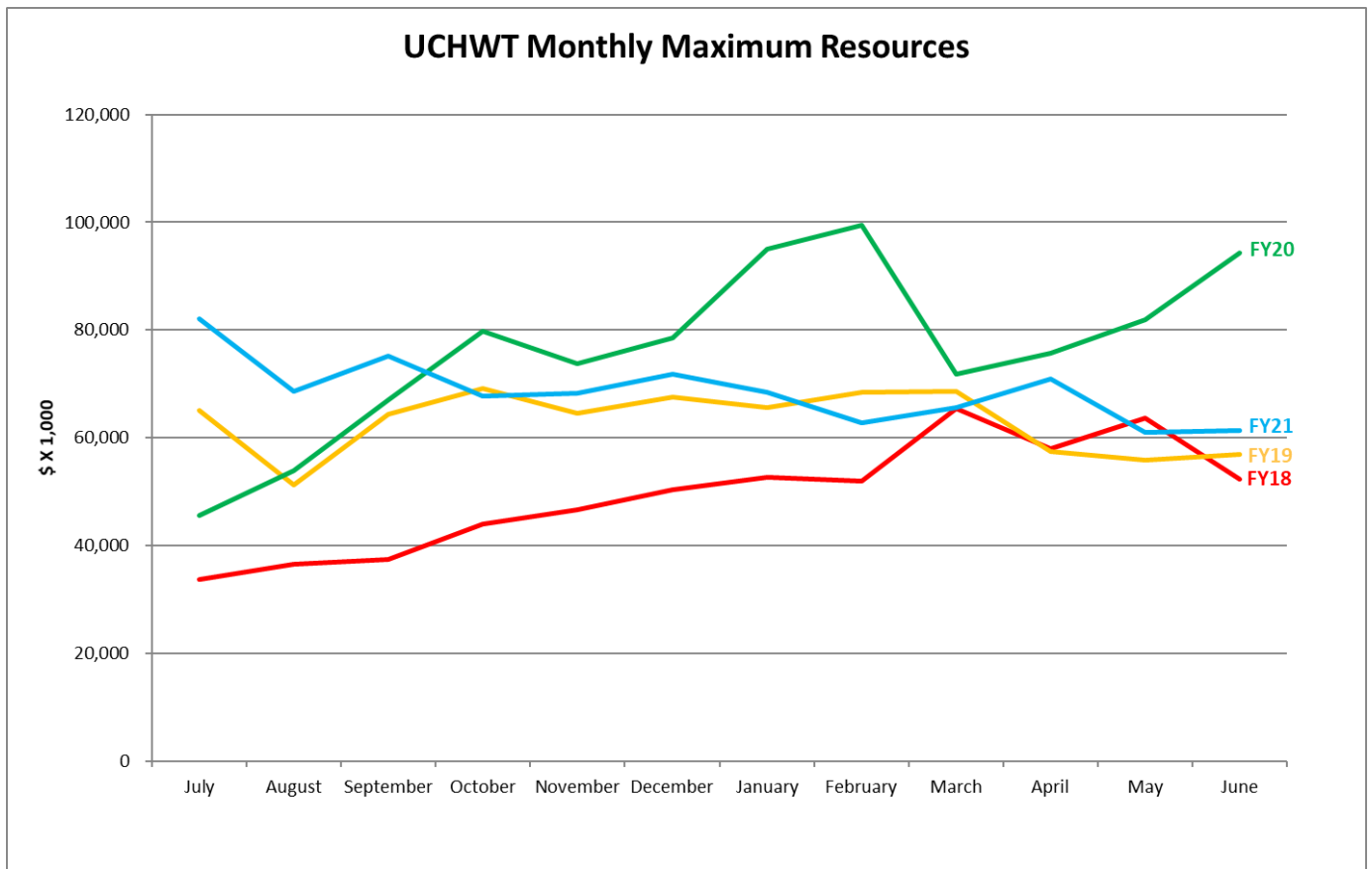
Short duration bond funds have less liquidity but higher return expectations. The Vanguard Short-Term Investment Grade Fund Admiral Shares (VFSUX) quarterly return was 0.68% and the annual return was **2.13%** versus the annual return of benchmark Bloomberg Barclays U.S. Gov 1-3 Year Credit Index of 0.44%.

Maximum resources trended slightly downward in the first half of the fourth quarter of FY21 but appeared to stabilize in May and June. The balance ended just above the balance from quarter end June 30, 2019. Meanwhile, the minimum resources also trended downward throughout the fourth quarter but ended as the second highest minimum resources amount in a fourth quarter. The bank balance for the fourth quarter of fiscal year 2021 remained consistent.

Total investment interest earnings for the fourth quarter of FY21 including unrealized gains/(losses) total **\$100,535**. Total investment interest earnings including unrealized gains/(losses) for the entire fiscal year total **\$296,638**.







Budget Performance



FY21 – BUDGET TO ACTUAL REPORT AS OF: 6/30/2021

	FY21 TOTAL BUDGET	FY21 BUDGET DETAIL	FY21 ACTUALS AS OF 6/30/2021	FY21 AVAILABLE AMOUNT	4Q FY21 % BUDGET TO ACTUALS	4Q FY20 % BUDGET TO ACTUALS
REVENUES/INFLOWS						
SELF-FUNDED CLAIMS & RESERVES	\$ 287,452,531					
ANTHEM AND CVS		\$ 222,868,233	\$ 223,384,948	\$ (516,715)	100.23%	105.75%
KAISER		44,597,905	41,104,613	3,493,292	92.17%	86.01%
VISION		1,542,642	1,615,806	(73,164)	104.74%	108.62%
DENTAL		18,443,751	18,533,634	(89,883)	100.49%	103.68%
HEALTH CARE FLEX SPENDING PLANS *	3,989,000	3,989,000	3,664,033	324,967	91.85%	106.41%
INVESTMENT INCOME	1,000,000	1,000,000	296,638	703,362	29.66%	796.20%
TOTAL REVENUE/INFLOWS	292,441,531	292,441,531	288,599,672	3,841,859	98.69%	103.76%
EXPENSES/OUTFLOWS						
INCURRED SELF-FUNDED CLAIMS	275,207,936					
ANTHEM AND CVS		217,765,887	234,739,572	(16,973,685)	107.79%	103.27%
KAISER		37,684,874	36,141,957	1,542,917	95.91%	81.99%
VISION		1,402,899	1,205,341	197,558	85.92%	89.12%
DENTAL		18,354,276	15,824,685	2,529,591	86.22%	84.80%
ADMINISTRATIVE FEES, MISC CHARGES						
ASO FEES	21,747,650					
ANTHEM AND CVS		11,180,063	10,041,874	1,138,189	89.82%	94.81%
KAISER		9,822,288	8,780,592	1,041,696	89.39%	92.51%
VISION		139,743	144,091	(4,348)	103.11%	107.95%
DENTAL		605,556	506,371	99,185	83.62%	95.58%
BANK CHARGES	4,000	4,000	4,378	(378)	109.45%	74.20%
MISC CHARGES	5,000	5,000	-	5,000	0.00%	0.00%
FSA CLAIMS ADMINISTRATION	97,000	97,000	91,440	5,560	94.27%	106.03%
HEALTH SAVINGS ACCOUNT ADMINISTRATION	48,000	48,000	49,352	(1,352)	102.82%	132.54%
FLEX SPENDING CLAIMS PAYMENTS *	3,989,000	3,989,000	3,623,825	365,175	90.85%	99.12%
WELLNESS	1,708,500					
BE COLORADO - MOVE		1,192,000	1,197,778	(5,778)	100.48%	97.18%
NUTRITION		111,000	113,190	(2,190)	101.97%	77.81%
JUVENILE		3,500	-	3,500	0.00%	0.00%
WELLNESS PLATFORM		-	-	-	0.00%	0.00%
MARKETING		10,000	3,313	6,687	33.13%	97.67%
MENTAL HEALTH		167,000	64,426	102,574	38.58%	92.67%
PREGNANCY EDUCATION		225,000	183,967	41,033	81.76%	
PREVENTION	25,000					
BIOMETRIC SCREENINGS		15,000	-	15,000	0.00%	1.05%
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	338,154	(154)	100.05%	96.47%
TRUST FEES						
CONSULTING	345,000					
ACTUARY		100,000	188,809	(88,809)	188.81%	206.56%
LEGAL		20,000	11,249	8,751	56.25%	108.70%
MANAGEMENT		75,000	-	75,000	0.00%	71.67%
AUDIT		150,000	158,627	(8,627)	105.75%	52.21%
INSURANCE	153,000					
FIDUCIARY LIABILITY		59,000	56,584	2,416	95.91%	102.24%
ERRORS AND OMISSIONS		92,000	77,673	14,327	84.43%	98.68%
CRIME		2,000	1,871	129	93.55%	98.63%
CU HEALTH PLAN ADMINISTRATION	1,691,800	1,691,800	1,858,632	(166,832)	109.86%	86.41%
TOTAL EXPENSES/OUTFLOWS	305,384,886	305,384,886	315,407,751	(10,022,865)	103.28%	100.16%
NET ACTIVITY FOR PERIOD	\$ (12,943,355)	\$ (12,943,355)	\$ (26,808,079)	\$ 13,864,724	207.12%	

Plan Performance



September 1, 2021

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

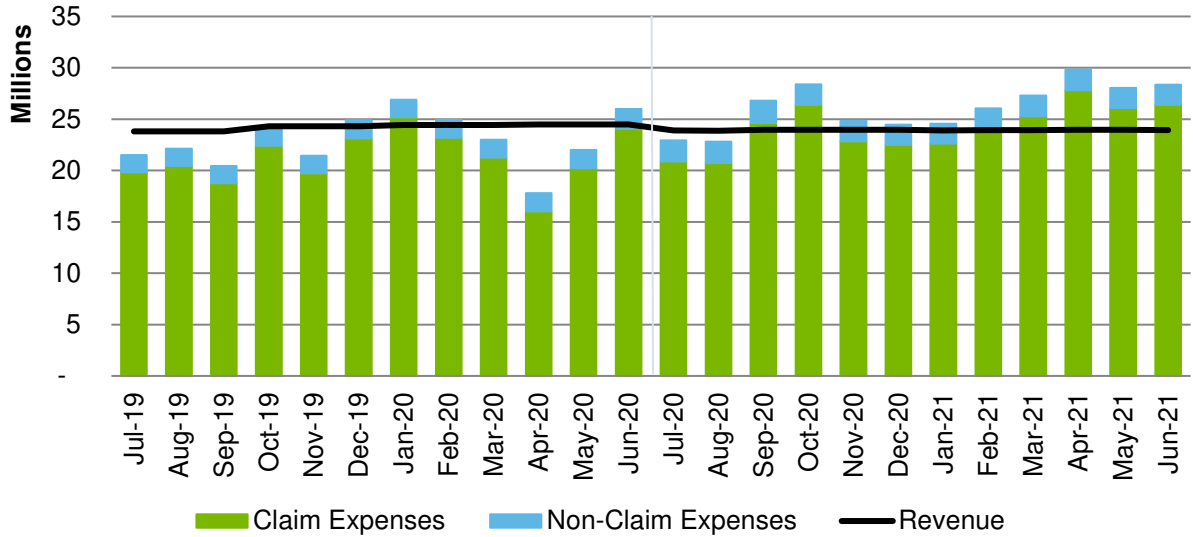
- As of June 30, 2021, total plan costs (claims plus expenses) of the aggregated experience of all plans have exceeded remitted premiums by \$27.1 million. The table below shows results for the full fiscal year 2020 and fiscal year 2021 (in millions).

	FY2020	FY2021
Enrollment (Months)		
<i>Medical</i>	487,643	267,179
<i>Vol. Vision</i>	153,205	159,491
<i>Dental</i>	268,057	269,931
Premium (\$m)s		
<i>Funding</i>		300.7
<i>Discount</i>		(13.4)
Invoiced Premiums	560.2	287.3
Expense (\$m)s		
<i>Claims</i>	513.1	290.3
<i>Admin</i>	32.0	24.1
Total Expense	545.1	314.4
Gain/Loss	15.1	(27.1)
<i>Loss Ratio</i>	97.3%	109.4%

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.

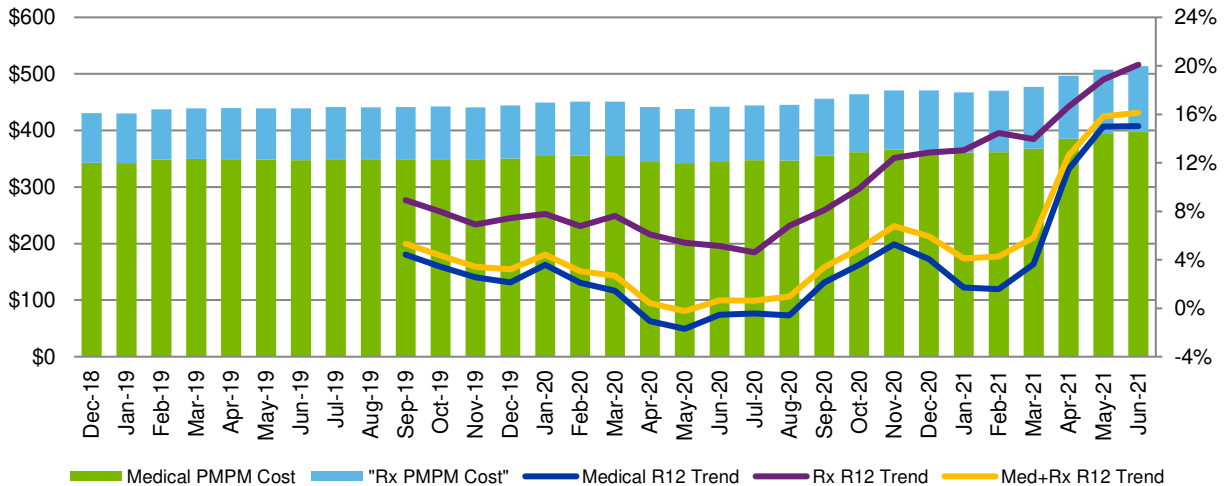
- The chart below shows a comparison of total cost (split between claim and non-claim costs) vs. remitted premiums for the prior fiscal year (FY2020) as well as the current fiscal year (FY2021). Current premiums are about \$24M per month and total monthly costs for FY2021 are between \$23 million and \$30 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.

Aggregate Cost vs. Remitted Premium



- 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.

Total Medical & Rx PMPM Trend



- With data through June 30, 2021, we estimate the total outstanding claims liability (i.e. incurred but not paid claims liability) as of quarter ending June 30, 2021 is \$30.8M (including UCH) and \$30.4M (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.

Total Estimated Outstanding Claim Liability

Valuation Date	Original Total Reserve	Recast IBNP as of 06/30/2021*	Surplus/Deficit
6/30/2020	62,622,443	55,325,316	7,297,127
9/30/2020	32,799,332	30,482,705	2,316,627
12/31/2020	32,152,767	31,849,428	303,338
3/31/2021	31,497,183	29,211,198	2,285,985
6/30/2021	30,779,763	-	

Total Estimated Outstanding Claim Liability (Excluding UC Health)

Valuation Date	Original Total Reserve	Recast IBNP as of 06/30/2021*	Surplus/Deficit
12/31/2020	29,709,213	30,954,981	(1,245,768)
3/31/2021	30,619,648	28,998,002	1,621,646
6/30/2021	30,401,203	-	

- All claims are on an incurred basis using data paid through June 30, 2021 and therefore include an estimate of incurred but not paid claims.