



# Health Plan

University of Colorado Health and Welfare Trust

## ***FY23 1<sup>st</sup> QUARTER FINANCIAL REPORTS***

*December 13<sup>th</sup>, 2022*



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



Medicine

## TABLE OF CONTENTS

<b>Financial Reports:</b>	<b>3</b>
• FY23 Statement of Net Position	4
• FY23 Statement of Revenues, Expenses, and Changes in Plan Net Position	5
<b>Treasury:</b>	<b>6</b>
• Quarterly Report on Investments	7
• Bank and Investment Balances by Day – FY22 and FY23 YTD	8
• Monthly Minimum Resources	9
• Monthly Maximum Resources	10
<b>Budget Performance:</b>	<b>11</b>
• FY23 – Budget to Actual Report	12
<b>Plan Performance:</b>	<b>13</b>
• FY23 – Q1 Financial Performance Highlights	14-16

# Financial Reports



**UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST**  
**FY23 - STATEMENT OF NET POSITION (unaudited)**  
**As of September 30, 2022**  
 (Updated 12/07/2022)

<b><u>Assets</u></b>	<i>Current Q1 <u>9/30/2022</u></i>	<i>Adjusted Balance <u>6/30/2022</u></i>
Cash:		
Medical	\$ 1,399	\$ 1,289
Flexible Spending Account	387,756	834,522
Investments	60,467,145	59,562,646
Receivables:		
Premiums	32,399,933	28,499,792
Pharmacy Rebates	5,630,566	5,742,815
Premium Assessment Due from Member	404,076	404,076
Interest	82,612	30,356
Miscellaneous Receivables	227,402	377,402
Prepaid Expenses	234,992	146,871
IT Subscription	185,016	\$ 202,361
<b>Total Assets</b>	<b>\$ 100,020,897</b>	<b>\$ 95,802,130</b>
 <b><u>Liabilities and Net Position</u></b>		
Accounts Payable - Medical	\$ 2,588,705	3,921,878
Contracts Payable	867,257	585,622
Benefit Claims Payable - Medical	786,460	390,223
Incurred But Not Reported Claims Estimate	36,548,385	37,836,506
Flexible Spending	19,823	443,907
Subscription Liability	176,339	193,217
Total Liabilities	40,986,969	43,371,353
Plan Net Position - Unrestricted	59,033,928	\$ 52,430,777
<b>Total Liabilities and Plan Net Position</b>	<b>\$ 100,020,897</b>	<b>\$ 95,802,130</b>

**UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST**  
**FY23 - STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN PLAN NET POSITION (unaudited)**  
**For the three months ended September 30, 2022**  
 (Updated 12/06/2022)

	<i>Current Q1 9/30/2022</i>	<i>Adjusted Balance 6/30/2022</i>
<b><u>Operating Revenues</u></b>		
Contributions	\$ 98,454,834	\$ 375,109,766
Flexible Spending Recapture	-	164,210
<b>Total Operating Revenues</b>	<u>98,454,834</u>	<u>375,273,976</u>
<b><u>Operating Expenses</u></b>		
Medical Claims	84,807,610	329,847,960
Medical Claims Administration	5,542,848	18,737,211
General and Administrative	844,471	3,188,653
Total Administrative	<u>6,387,319</u>	<u>21,925,864</u>
<b>Total Operating Expenses</b>	<u>91,194,929</u>	<u>351,773,824</u>
Operating Income	7,259,905	23,500,152
<b><u>Nonoperating Revenues (Expenses)</u></b>		
Investment Earnings	(294,680)	(1,696,322)
Wellness Initiative	(362,074)	(1,466,799)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(656,754)</u>	<u>(3,163,121)</u>
<b>Change in Plan Net Position</b>	6,603,151	20,337,031
Plan Net Position Beginning of Year	52,430,777	32,093,746
Plan Net Position End of Period	<u>\$ 59,033,928</u>	<u>\$ 52,430,777</u>

# Treasury



## Memo

To: Members of the University of Colorado Health and Welfare Trust Board  
From: Chad Marturano, Interim Treasurer  
Date: December 13, 2022  
Re: Quarterly Report on Investments

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The Trust's cash equivalents and investments on September 30, 2022, totaled **\$60.5 million** compared to \$34.5 million on September 30, 2021. \$34.2 million was invested in a AAA-rated government money market fund and \$26.3 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 0.47% and annual return of 0.62%. The annual investment return for the money market fund increased slightly from the previous quarter. These returns are comparable to other government money markets, which have also been low but increasing. About 57% of the fund has weekly liquidity.

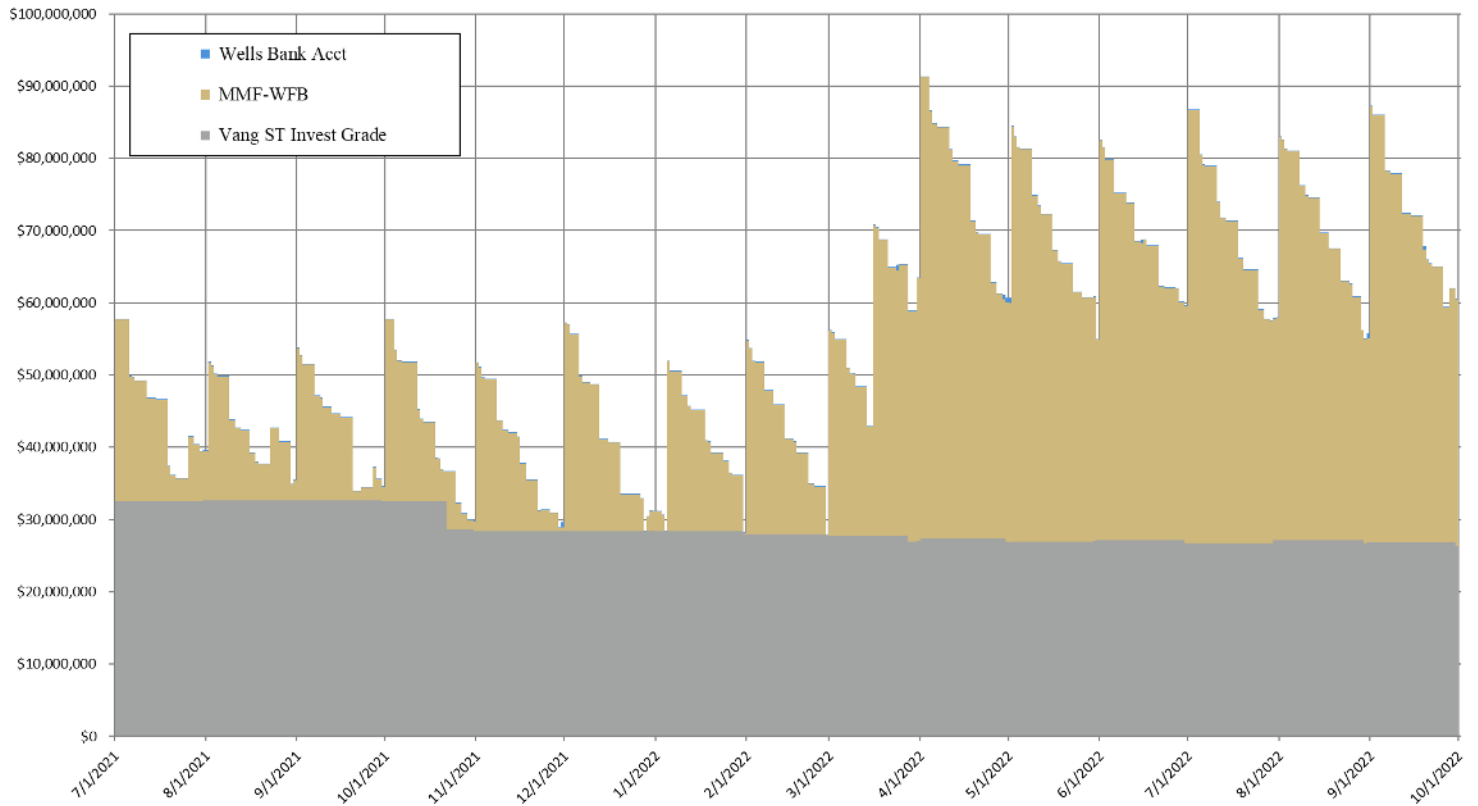
Short duration bond funds have less liquidity but higher return expectations when the feds are not raising rates in an accelerated manner. The Vanguard Short-Term Investment Grade Fund Admiral Shares (VFSUX) quarterly return was -1.87% and the annual return was -7.98%, lower than the annual return of benchmark US 1-3Y Gov & Corp TR USD of -5.29%.

Maximum resources during the first quarter of FY23 increased slightly from the previous quarter and ended significantly above levels from FY22 Q1. Minimum resources remained consistent at levels from FY22 Q4, which are higher than any other Q1. The bank balance for the first quarter of FY23 remained consistent.

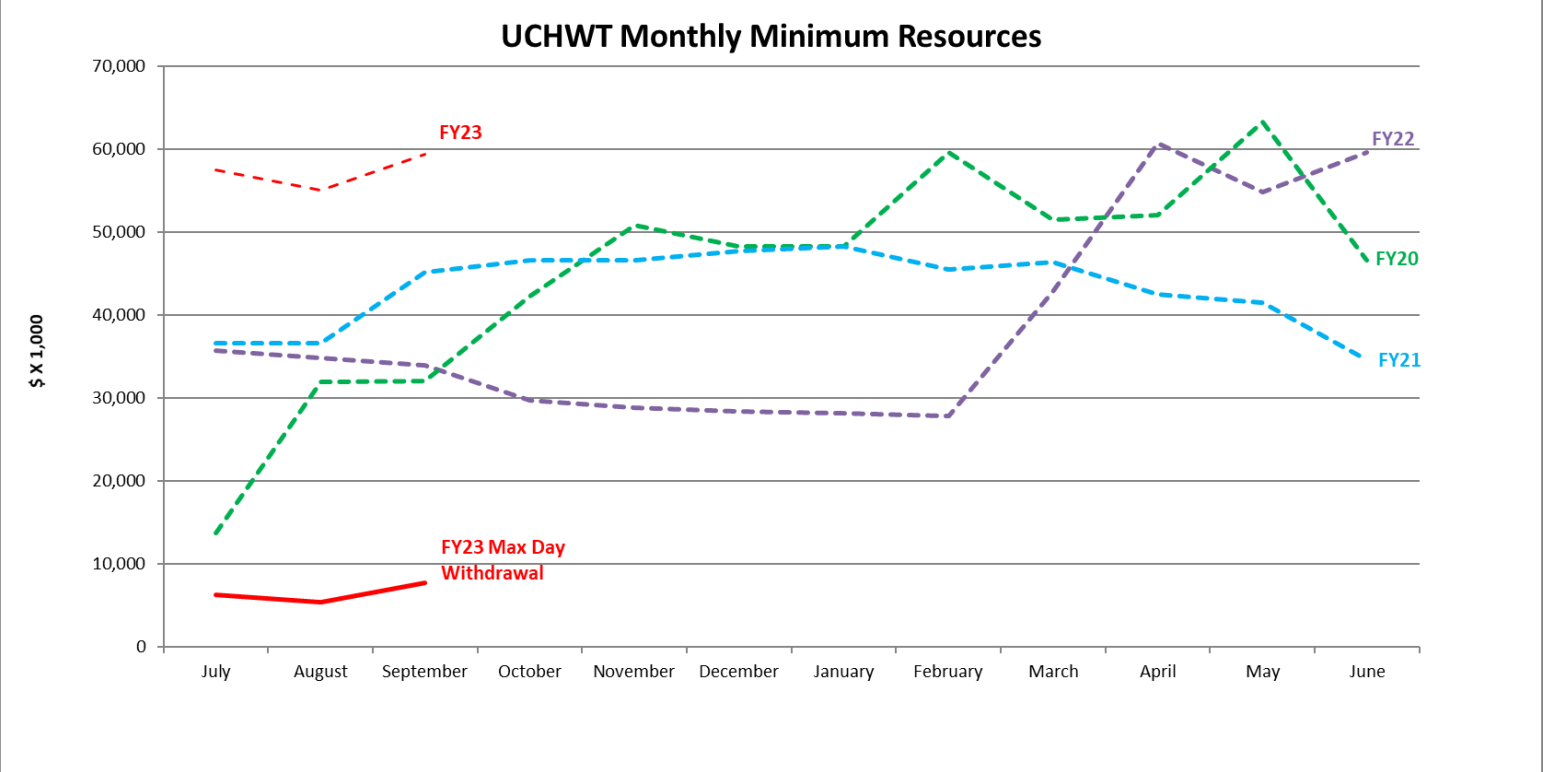
Total investment interest earnings for the first quarter of FY23 and YTD including unrealized losses total **(\$0.3 million)**.

### Bank and Investment Balances by Day

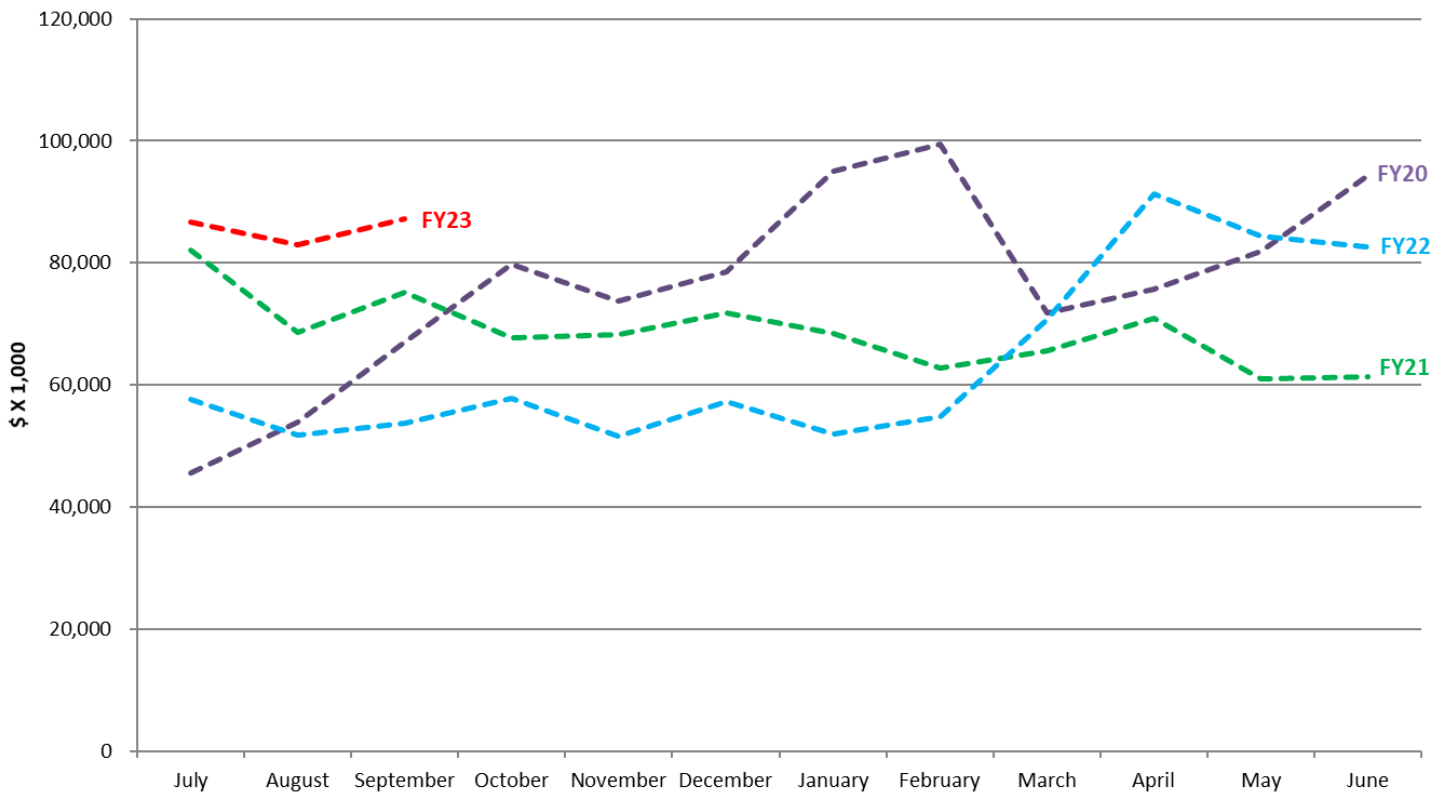
Wells Fargo Bank, JPM Short Duration Fund, and Money Market Fund - FY22 - FY23 to date







### UCHWT Monthly Maximum Resources



# Budget Performance



**FY22 – BUDGET TO ACTUAL REPORT AS OF: 9/30/2022**

	FY23 TOTAL BUDGET	FY23 BUDGET DETAIL	FY23 ACTUALS AS OF 9/30/2022	FY23 AVAILABLE AMOUNT	1Q FY23 % BUDGET TO ACTUALS	1Q FY22 % BUDGET TO ACTUALS
<b>REVENUES/INFLOWS</b>						
SELF-FUNDED CLAIMS & RESERVES	\$388,641,000					
ANTHEM AND CVS		\$317,163,000	\$ 81,250,263	\$ 235,912,737	25.62%	25.09%
KAISER		49,684,000	11,948,886	37,735,114	24.05%	23.87%
VISION		1,793,000	468,057	1,324,943	26.10%	25.73%
DENTAL		20,001,000	4,787,631	15,213,369	23.94%	24.98%
HEALTH CARE FLEX SPENDING PLANS *	4,028,000	4,028,000	951,667	3,076,333	23.63%	21.15%
INVESTMENT INCOME	-	-	(294,680)	-	N/A	17.45%
<b>TOTAL REVENUE/INFLOWS</b>	<b>392,669,000</b>	<b>392,669,000</b>	<b>99,111,824</b>	<b>293,557,176</b>	<b>25.24%</b>	<b>24.87%</b>
<b>EXPENSES/OUTFLOWS</b>						
INCURRED SELF-FUNDED CLAIMS	362,911,000					
ANTHEM AND CVS		301,755,000	68,619,796	233,135,204	22.74%	26.68%
KAISER		40,157,000	11,107,909	29,049,091	27.66%	24.51%
VISION		1,660,000	410,911	1,249,089	24.75%	27.18%
DENTAL		19,339,000	4,668,994	14,670,006	24.14%	21.09%
ADMINISTRATIVE FEES, MISC CHARGES						
ASO FEES	20,303,000					
ANTHEM AND CVS		10,260,000	2,892,802	7,367,198	28.19%	23.40%
KAISER		9,217,000	2,429,895	6,787,105	26.36%	22.52%
VISION		164,000	41,758	122,242	25.46%	24.63%
DENTAL		662,000	178,393	483,607	26.95%	24.91%
BANK CHARGES	4,000	4,000	1,167	2,833	29.18%	21.22%
FSA CLAIMS ADMINISTRATION	92,000	92,000	22,256	69,744	24.19%	22.47%
HEALTH SAVINGS ACCOUNT ADMINISTRATION	57,000	57,000	15,470	41,530	27.14%	25.70%
FLEX SPENDING CLAIMS PAYMENTS *	4,028,000	4,028,000	1,375,751	2,652,249	34.15%	29.90%
WELLNESS	1,700,000					
BE COLORADO - MOVE		1,221,000	310,110	910,890	25.40%	23.64%
NUTRITION		-	-	-	N/A	23.72%
MARKETING		10,000	898	9,102	8.98%	21.00%
MENTAL HEALTH		167,000	16,086	150,914	9.63%	6.43%
PREGNANCY EDUCATION		302,000	34,980	267,020	11.58%	15.55%
PREVENTION	25,000					
BIOMETRIC SCREENINGS		15,000	-	15,000	0.00%	0.00%
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	332,000	332,000	78,216	253,784	23.56%	25.71%
TRUST FEES						
CONSULTING	669,000					
ACTUARY		99,000	35,000	64,000	35.35%	14.24%
LEGAL		20,000	-	20,000	0.00%	0.00%
MANAGEMENT		400,000	84,000	316,000	21.00%	2.14%
AUDIT		150,000	51,250	98,750	34.17%	46.21%
INSURANCE	153,000					
FIDUCIARY LIABILITY		59,000	14,669	44,331	24.86%	25.31%
ERRORS AND OMISSIONS		92,000	24,809	67,191	26.97%	26.14%
CRIME		2,000	577	1,423	28.85%	26.25%
CU HEALTH PLAN ADMINISTRATION	2,370,000	2,370,000	517,057	1,852,943	21.82%	27.08%
<b>TOTAL EXPENSES/OUTFLOWS</b>	<b>392,669,000</b>	<b>392,669,000</b>	<b>92,932,754</b>	<b>299,736,246</b>	<b>23.67%</b>	<b>25.91%</b>
<b>NET ACTIVITY FOR PERIOD</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,179,070</b>	<b>\$ (6,179,070)</b>		

\*FSA Activity is excluded from financial reports on page 5

# Plan Performance





December 13, 2022

As of September 30, 2022, the projected FY2023 loss ratio is 95.1% representing a gain of \$19.3M. Table 1 contains the results for the full fiscal year 2022 and fiscal year 2023 (in millions).

**Table 1: Financial Summary**

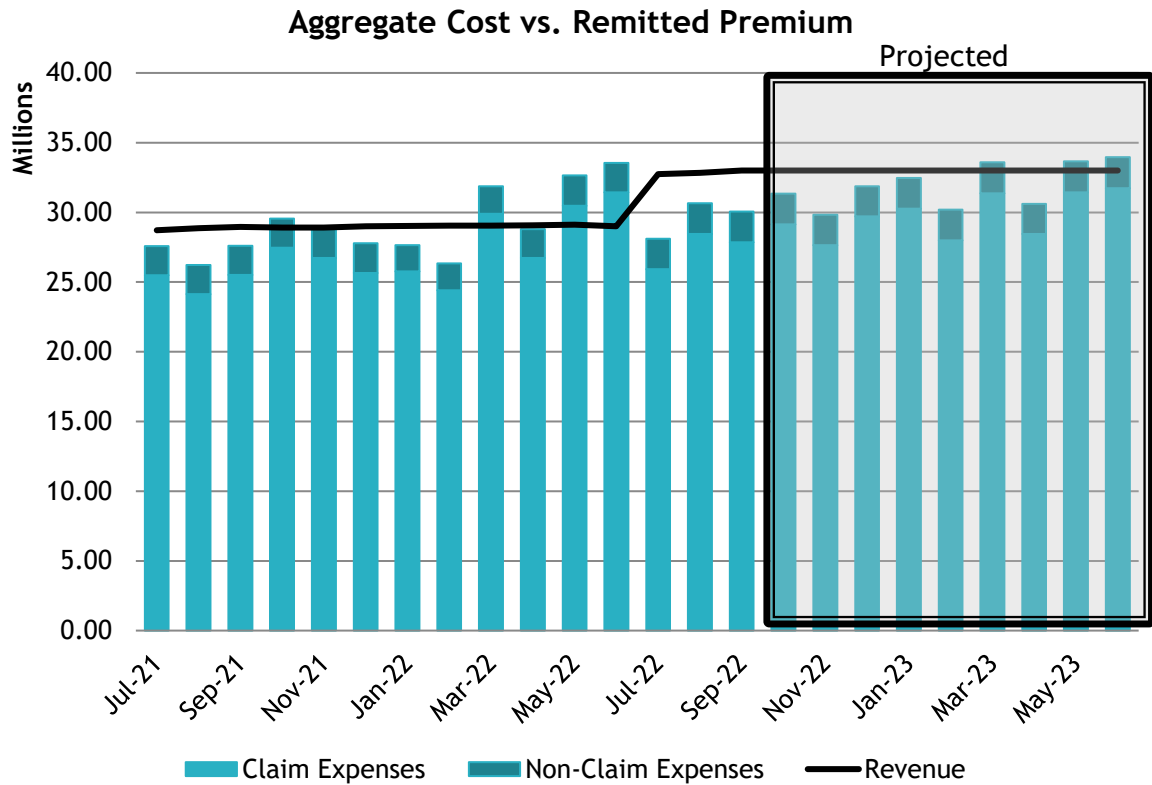
(\$000,000)s	FY2022	FY2023 YTD	FY2023 Proj.
<b>Premium</b>			
Funding	347.6	98.6	395.6
<b>Invoiced Premium</b>	<b>347.6</b>	<b>98.6</b>	<b>395.6</b>
<b>Expense</b>			
Claims	323.7	82.2	349.9
Admin	24.8	6.6	26.4
<b>Total Expense</b>	<b>348.5</b>	<b>88.8</b>	<b>376.3</b>
Gain/Loss	(0.8)	9.8	19.3
Loss Ratio	100.2%	90.1%	95.1%

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. Enrollment for the periods above are found in Table 2 below.

**Table 2: Enrollment by Plan**

Employee Months	FY2022	FY2023 YTD	FY2023 Proj.
Medical	286,546	73,255	294,421
Vol. Vision	176,332	46,235	185,924
Dental	285,869	73,389	295,302

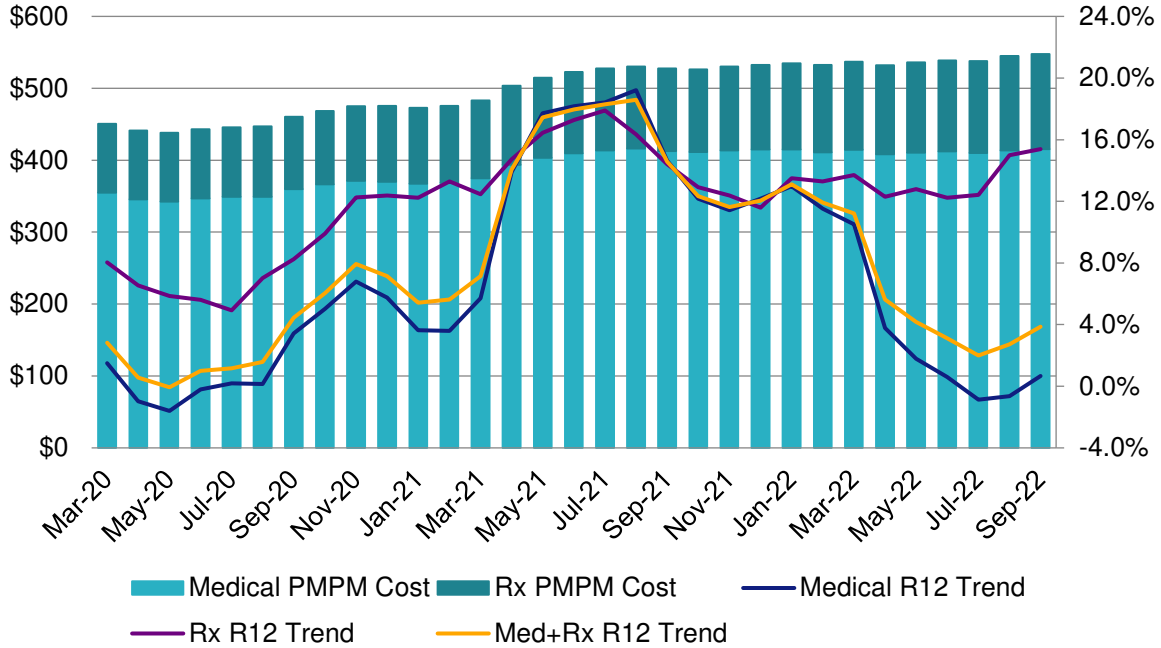
The chart below shows a comparison of total cost (split between claim and non-claim costs) vs. remitted premiums for the prior fiscal year (FY2022) as well as the current fiscal year (FY2023). Current premiums are about \$33M per month and total monthly costs for FY2023 are between \$28 million and \$34 million. This chart demonstrates the monthly volatility experienced by the plan as well as the seasonal pattern of costs throughout the fiscal year.



- Claim Expenses: Medical claims, Rx claims, Rx rebates, Dental, Vision, Exclusive Vision claims, Away from Home claims, Global Capitation fees, EPHC fees, and OMS
- Non-Claim Expenses: ASO fees, Trust Expenses, ICM, and Remitted Premium
- All claims are on an incurred basis using data paid through September 30, 2022 and therefore include an estimate of incurred but not paid claims.

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 (Anthem & Kaiser).

### Aggregate Medical & Pharmacy Claims



- Combined Anthem & Kaiser Medical & Pharmacy Trend
- Claims include: Incurred Medical, Rx, and Exclusive Vision paid through September 30, 2022
- Excludes: ASO fees, Trust Expenses, ICM, and Rx Rebates