



Health Plan

University of Colorado Health and Welfare Trust

FY22 4th QUARTER FINANCIAL REPORTS

September 20th, 2022



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



Medicine

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Financial Reports



**UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST
FY22 - STATEMENT OF NET POSITION (unaudited)**

As of June 30, 2022
(Updated 09/09/2022)

<u>Assets</u>	<i>Current Q4 <u>6/30/2022</u></i>	<i>Current Q4 <u>6/30/2021</u></i>
Cash:		
Medical	\$ 1,289	\$ 1,493
Flexible Spending Account	834,522	1,160,645
Investments	59,562,646	58,416,464
Receivables:		
Premiums	28,499,792	75,222
Pharmacy Rebates	5,742,815	6,517,205
Premium Assessment Due from Member	404,076	983,718
Interest	30,356	42,205
Miscellaneous Receivables	377,402	50,546
Prepaid Expenses	158,288	228,081
Total Assets	\$ 95,611,186	\$ 67,475,579
 <u>Liabilities and Net Position</u>		
Accounts Payable - Medical	\$ 3,921,878	\$ 3,189,088
Contracts Payable	585,622	910,796
Benefit Claims Payable - Medical	390,223	-
Incurred But Not Reported Claims Estimate	37,836,506	30,454,523
Flexible Spending	443,907	827,238
Total Liabilities	43,178,136	35,381,645
Plan Net Position - Unrestricted	52,433,050	32,093,934
Total Liabilities and Plan Net Position	\$ 95,611,186	\$ 67,475,579

UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST
FY22 - STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN PLAN NET POSITION (unaudited)
For the year ended June 30, 2022
 (Updated 09/09/2022)

	<i>Current</i> <i>Q4</i> <u>6/30/2022</u>	<i>Current</i> <i>Q4</i> <u>6/30/2021</u>
<u>Operating Revenues</u>		
Contributions	\$ 375,109,766	\$ 284,639,002
Flexible Spending Recapture	164,210	-
Total Operating Revenues	<u>375,273,976</u>	<u>284,639,002</u>
<u>Operating Expenses</u>		
Medical Claims	329,847,960	287,911,554
Medical Claims Administration	18,737,211	19,472,929
General and Administrative	3,186,568	2,836,768
Total Administrative	<u>21,923,779</u>	<u>22,309,697</u>
Total Operating Expenses	<u>351,771,739</u>	<u>310,221,251</u>
Operating Income	23,502,237	(25,582,249)
<u>Nonoperating Revenues (Expenses)</u>		
Investment Earnings	(1,696,322)	296,638
Wellness Initiative	(1,466,799)	(1,562,674)
Total Nonoperating Revenues (Expenses)	<u>(3,163,121)</u>	<u>(1,266,036)</u>
Change in Plan Net Position	20,339,116	(26,848,285)
Plan Net Position Beginning of Year	32,093,934	58,942,219
Plan Net Position End of Period	<u>\$ 52,433,050</u>	<u>\$ 32,093,934</u>

Treasury



Memo

To: Members of the University of Colorado Health and Welfare Trust Board
From: Tony Vu, Treasurer
Date: September 8, 2022
Re: Quarterly Report on Investments

Q3 Update:

The Trust's cash equivalents and investments on March 31, 2022, totaled \$63.6 million compared to \$47.6 million on March 31, 2021. \$36.3 million was invested in a AAA-rated government money market fund and \$27.3 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 0.01% and annual return of 0.01%. The annual investment return for the money market fund continued to remain stable at the same rate as the previous quarter. These returns are comparable to other government money markets, which have also been very low, if not zero. About 57% 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 -3.80% and the annual return was -3.67%, higher than the annual return of benchmark Bloomberg Barclays U.S. Gov 1-5Y Core Bd TR of -4.12%.

Maximum resources during the third quarter of FY22 increased from the previous quarter. Maximum resources ended above levels from FY21 Q3. Minimum resources trended upward throughout the third fiscal quarter and ended just below levels from FY21 Q3. The bank balance for the third quarter of FY22 remained consistent.

Total investment interest earnings for the third quarter of FY22 including unrealized gains/(losses) total **(\$1,076,537)**. YTD investment interest earnings including unrealized gains/(losses) total **(\$1,208,419)**.

Q4 Update:

The Trust's cash equivalents and investments on June 30, 2022, totaled **\$59.6 million** compared to \$58.4 million on June 30, 2021. \$32.8 million was invested in a AAA-rated government money market fund and \$26.8 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 0.13% and annual return of 0.15%. 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. About 55% of the fund has weekly liquidity.

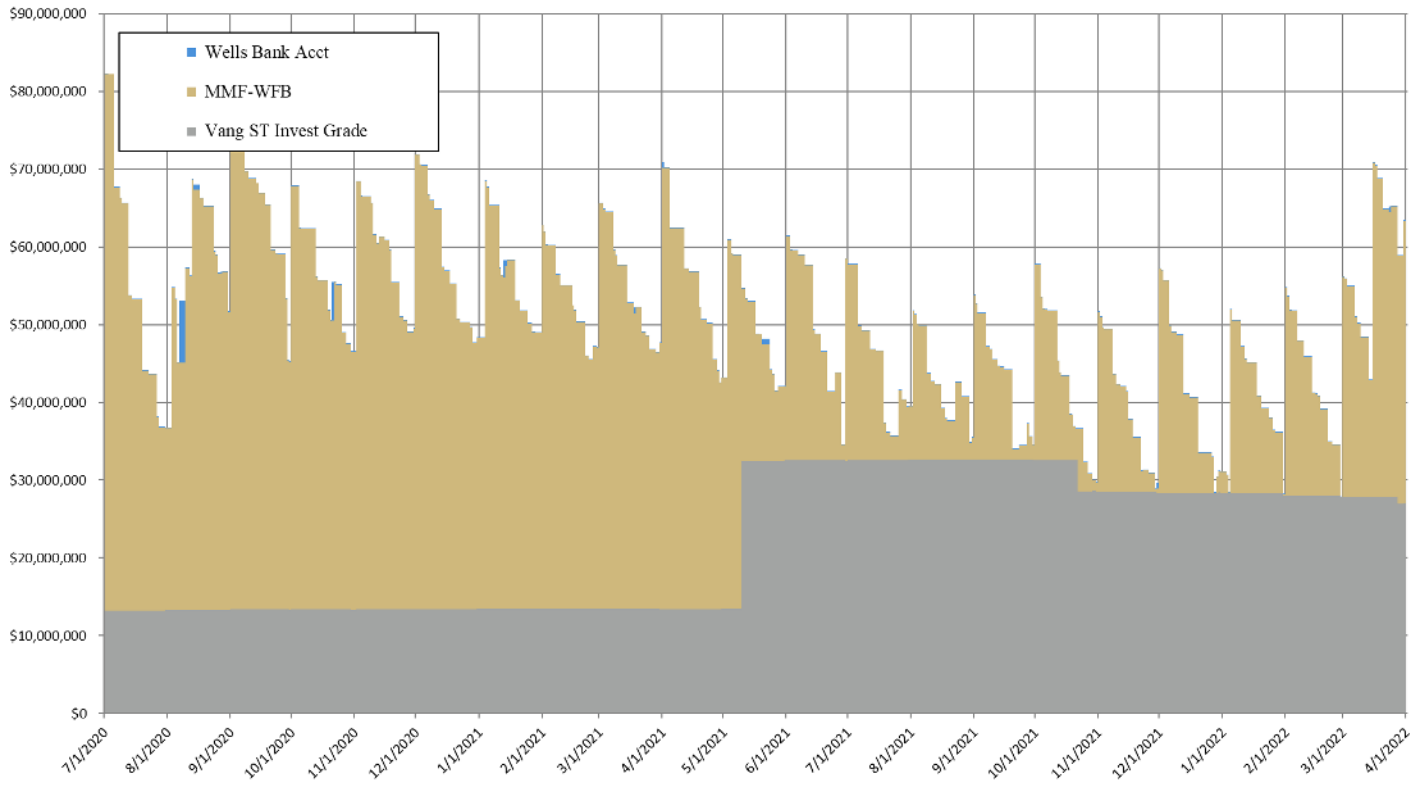
Short duration bond funds have less liquidity but higher return expectations. The Vanguard Short-Term Investment Grade Fund Admiral Shares (VFSUX) quarterly return was -1.86% and the annual return was -6.10%, lower than the annual return of benchmark Bloomberg Barclays U.S. Gov 1-5Y Core Bd TR of -3.76%.

Maximum resources during the fourth quarter of FY22 decreased slightly from the previous quarter but ended significantly above levels from FY21 Q4. Minimum resources declined slightly during the fourth quarter but ended at the highest minimum resources level yet in Q4. The bank balance for the fourth quarter of FY22 remained consistent.

Total investment interest earnings for the fourth quarter of FY22 including unrealized gains/(losses) total **(\$0.5 million)**. YTD investment interest earnings including unrealized gains/(losses) total **(\$1.7 million)**.

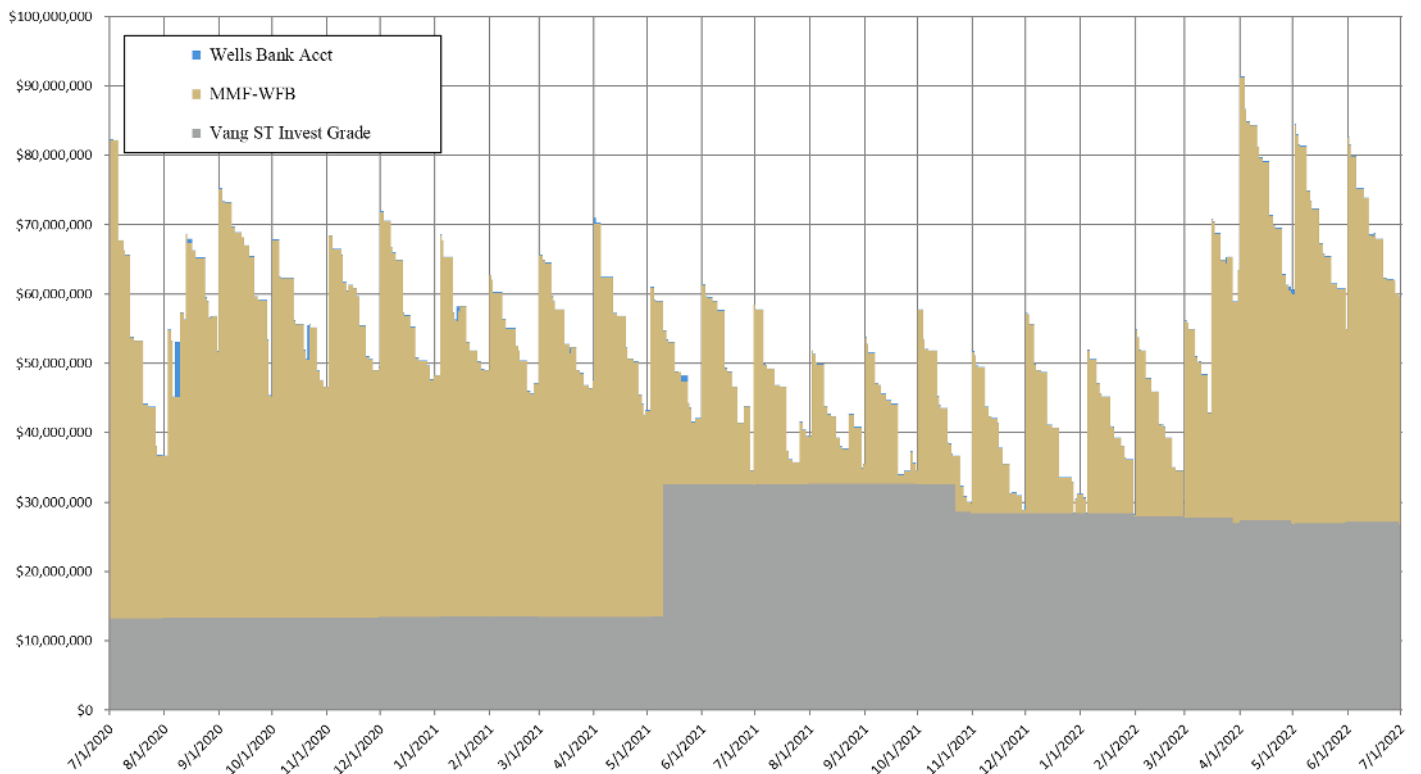
Bank and Investment Balances by Day

Wells Fargo Bank, JPM Short Duration Fund, and Money Market Fund - FY21 - FY22 to date



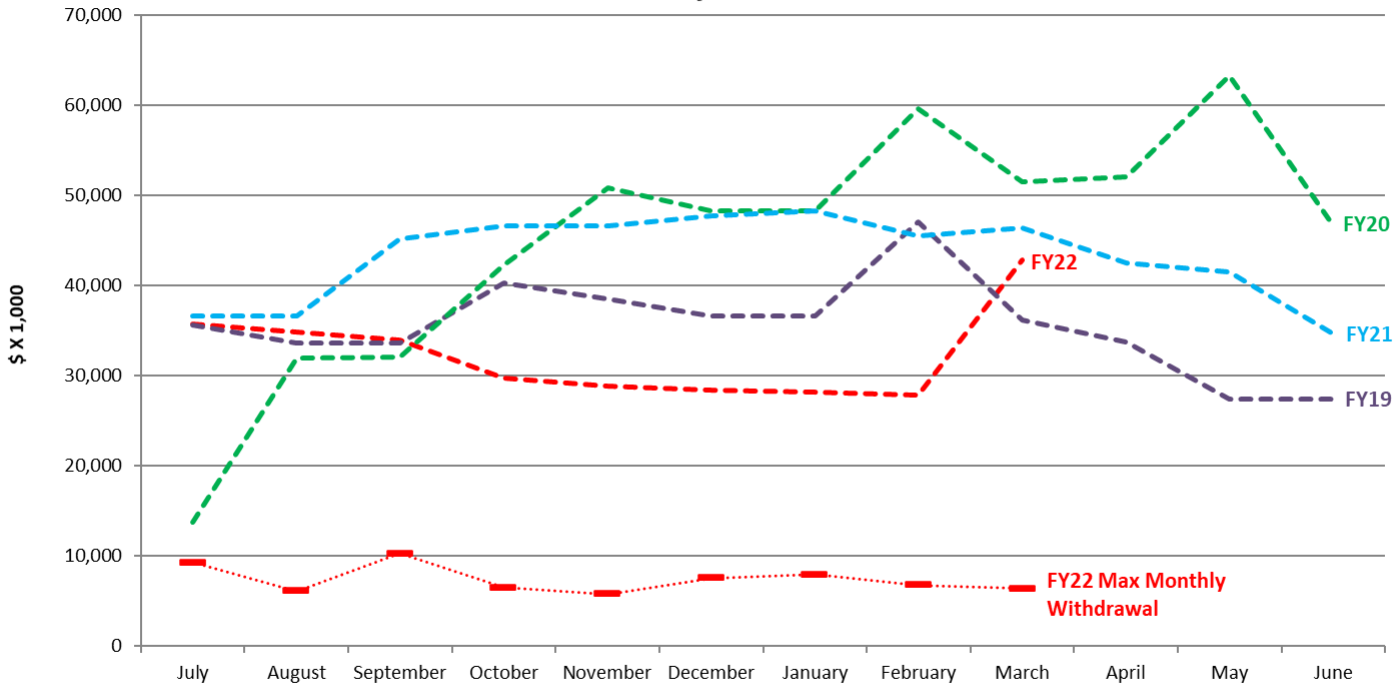
Bank and Investment Balances by Day

Wells Fargo Bank, JPM Short Duration Fund, and Money Market Fund - FY21 - FY22 to date

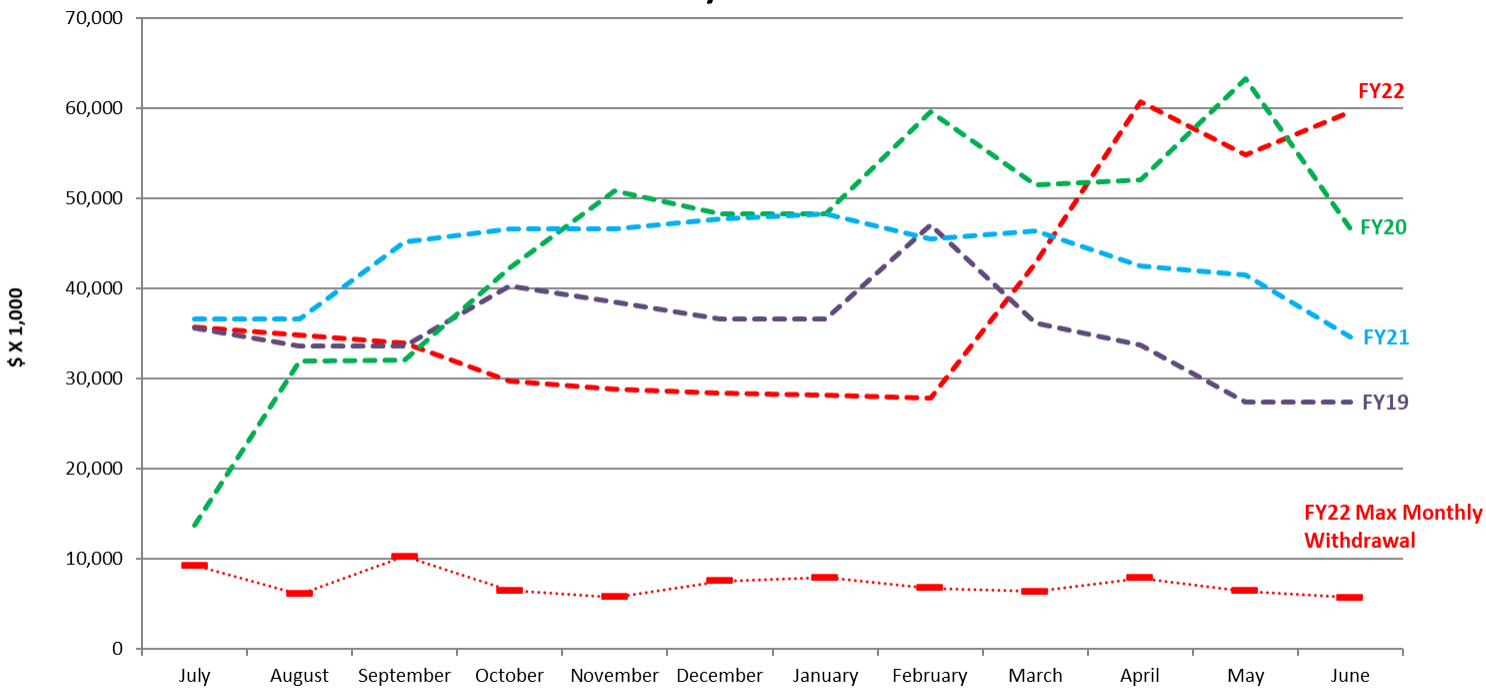




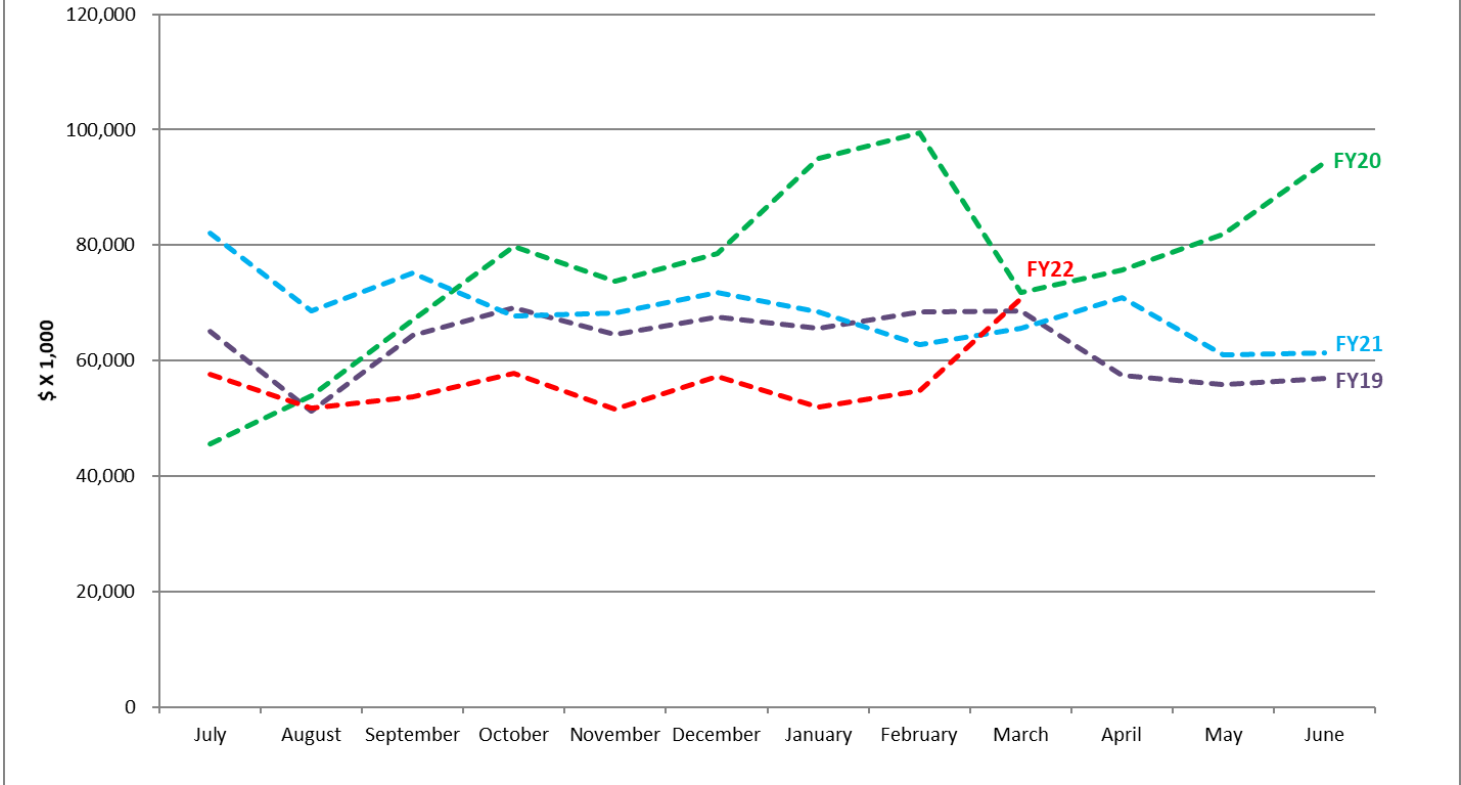
UCHWT Monthly Minimum Resources



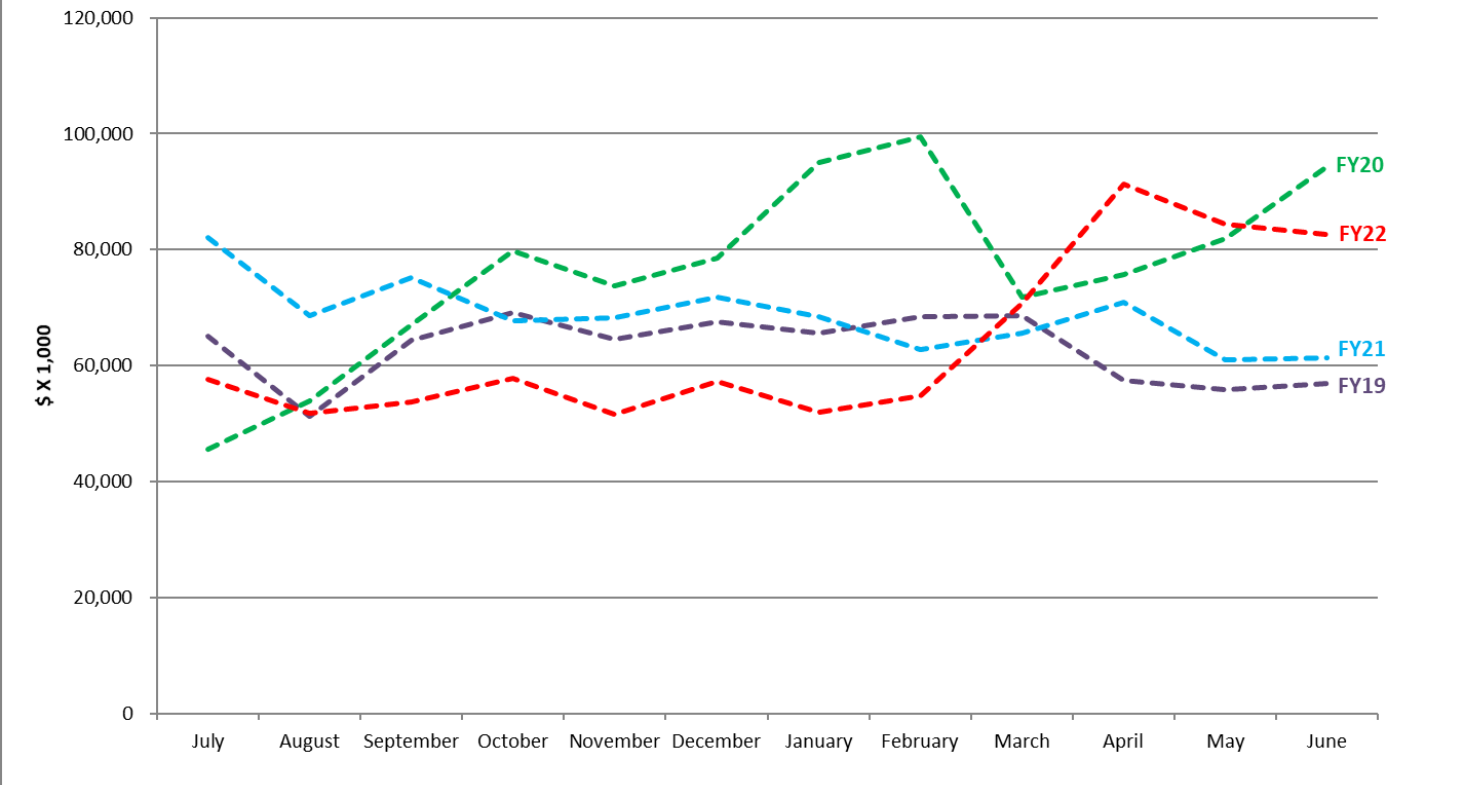
UCHWT Monthly Minimum Resources



UCHWT Monthly Maximum Resources



UCHWT Monthly Maximum Resources



Budget Performance



FY22 – BUDGET TO ACTUAL REPORT AS OF: 6/30/2022

	FY22 TOTAL BUDGET	FY22 BUDGET DETAIL	FY22 ACTUALS AS OF 6/30/2022	FY22 AVAILABLE AMOUNT	4Q FY22 % BUDGET TO ACTUALS	4Q FY21 % BUDGET TO ACTUALS
REVENUES/INFLOWS						
SELF-FUNDED CLAIMS & RESERVES	\$344,680,605					
ANTHEM AND CVS		\$276,478,363	\$ 309,736,852	\$ (33,258,489)	112.03%	100.23%
KAISER		46,824,582	43,885,222	2,939,360	93.72%	92.17%
VISION		1,702,700	1,772,030	(69,330)	104.07%	104.74%
DENTAL		19,674,960	19,879,874	(204,914)	101.04%	100.49%
HEALTH CARE FLEX SPENDING PLANS *	4,196,000	4,196,000	3,350,426	845,574	79.85%	91.85%
INVESTMENT INCOME	269,000	269,000	(1,696,322)	1,965,322	-630.60%	29.66%
TOTAL REVENUE/INFLOWS	349,145,605	349,145,605	376,928,082	(27,782,477)	107.96%	98.69%
EXPENSES/OUTFLOWS						
INCURRED SELF-FUNDED CLAIMS	318,084,479					
ANTHEM AND CVS		260,003,114	274,710,060	(14,706,946)	105.66%	107.79%
KAISER		37,488,528	35,864,482	1,624,046	95.67%	95.91%
VISION		1,543,413	1,455,153	88,260	94.28%	85.92%
DENTAL		19,049,424	17,818,266	1,231,158	93.54%	86.22%
ADMINISTRATIVE FEES, MISC CHARGES						
ASO FEES	22,065,126					
ANTHEM AND CVS		11,235,963	10,244,056	991,907	91.17%	89.82%
KAISER		10,031,916	7,726,663	2,305,253	77.02%	89.39%
VISION		159,075	159,314	(239)	100.15%	103.11%
DENTAL		638,172	607,178	30,994	95.14%	83.62%
BANK CHARGES	5,000	5,000	4,455	545	89.10%	109.45%
FSA CLAIMS ADMINISTRATION	96,000	96,000	91,164	4,836	94.96%	94.27%
HEALTH SAVINGS ACCOUNT ADMINISTRATION	51,000	51,000	55,864	(4,864)	109.54%	102.82%
FLEX SPENDING CLAIMS PAYMENTS *	4,196,000	4,196,000	3,569,546	626,454	85.07%	90.85%
WELLNESS	1,783,000					
BE COLORADO - MOVE		1,264,000	1,187,073	76,927	93.91%	100.48%
NUTRITION		117,000	64,768	52,232	55.36%	N/A
MARKETING		10,000	4,200	5,800	42.00%	33.13%
MENTAL HEALTH		167,000	70,838	96,162	42.42%	38.58%
PREGNANCY EDUCATION		225,000	139,920	85,080	62.19%	81.76%
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	352,000	352,000	321,935	30,065	91.46%	100.05%
TRUST FEES						
CONSULTING	425,000					
ACTUARY		180,000	72,187	107,813	40.10%	188.81%
LEGAL		20,000	5,458	14,542	27.29%	56.25%
MANAGEMENT		75,000	306,608	(231,608)	408.81%	0.00%
AUDIT		150,000	125,930	24,070	83.95%	105.75%
INSURANCE	143,000					
FIDUCIARY LIABILITY		59,000	56,672	2,328	96.05%	95.91%
ERRORS AND OMISSIONS		82,000	89,843	(7,843)	109.56%	84.43%
CRIME		2,000	2,134	(134)	106.70%	93.55%
CU HEALTH PLAN ADMINISTRATION	1,895,000	1,895,000	2,054,318	(159,318)	108.41%	109.86%
TOTAL EXPENSES/OUTFLOWS	349,145,605	349,145,605	356,808,085	(7,662,480)	102.19%	103.28%

Plan Performance





September 20, 2022

As of June 30, 2022, the projected FY2022 loss ratio is 99.5% representing a gain of \$1.6M. Table 1 contains the results for the full fiscal year 2021 and fiscal year 2022 (in millions).

Table 1: Financial Summary

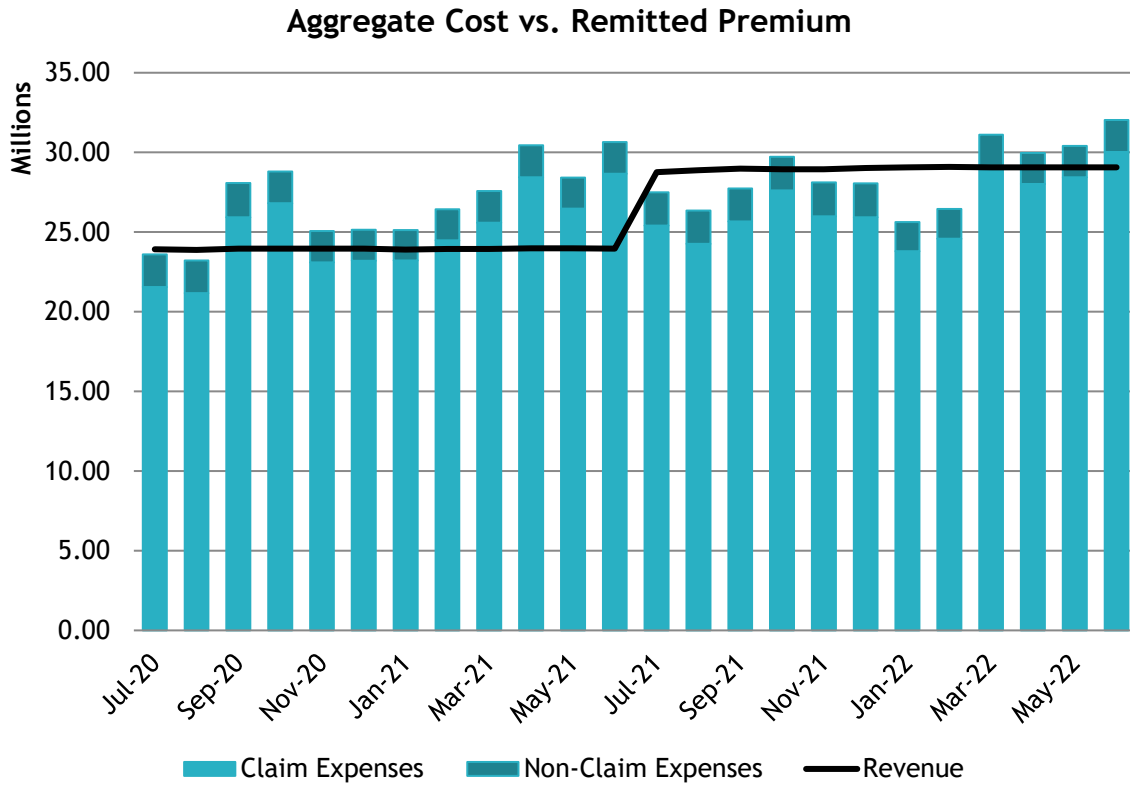
(\$000,000)s	FY2021	FY2022
Premium		
Funding	301.9	348.1
Discount	(14.5)	(0.5)
Invoiced Premium	287.3	347.6
Expense		
Claims	299.0	321.3
Admin	24.0	24.8
Total Expense	323.0	346.0
Gain/Loss	(35.7)	1.6
Loss Ratio	112.4%	99.5%

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

Table 2: Enrollment by Plan

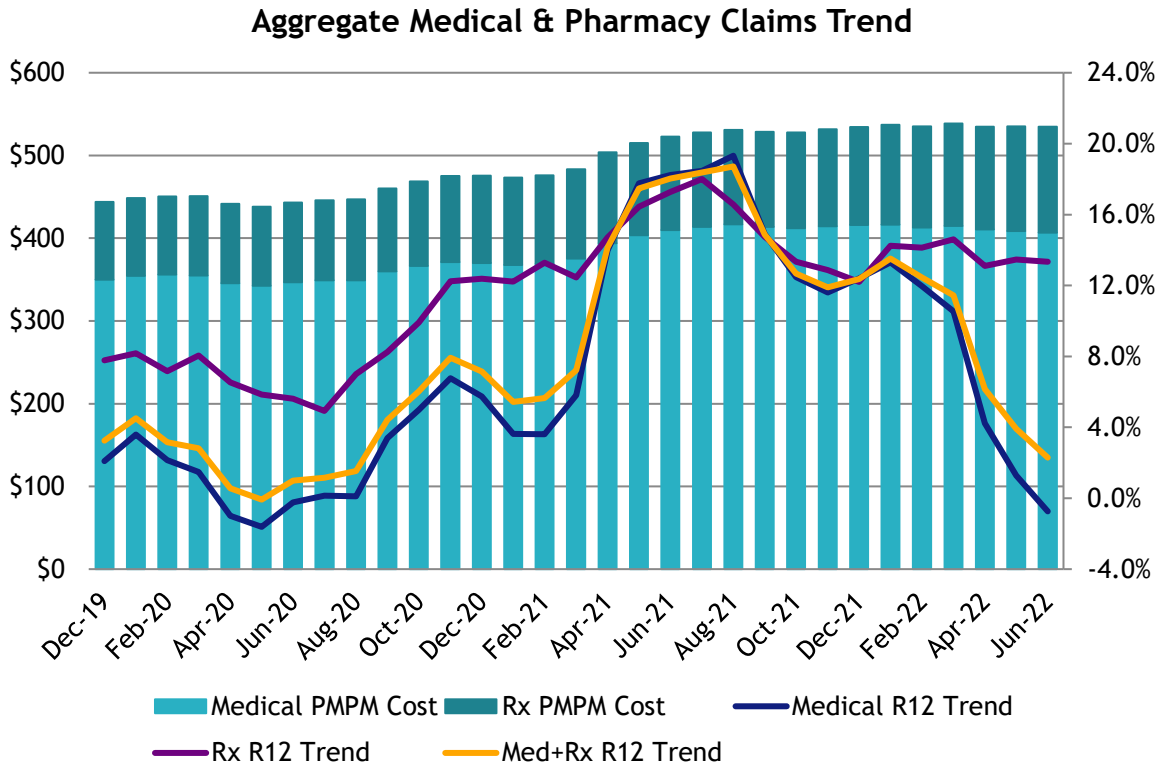
Employee Months	FY2021	FY2022
Medical	267,226	286,465
Vol. Vision	159,517	176,296
Dental	269,911	285,813

The chart below shows a comparison of total cost (split between claim and non-claim costs) vs. remitted premiums for the prior fiscal year (FY2021) as well as the current fiscal year (FY2022). Current premiums are about \$29M per month and total monthly costs for FY2022 are between \$25 million and \$32 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, VICM, and Remitted Premium
- All claims are on an incurred basis using data paid through June 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).



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