



# Health Plan

University of Colorado Health and Welfare Trust

## ***FY23 2<sup>nd</sup> QUARTER FINANCIAL REPORTS***

*March 7<sup>th</sup>, 2023*



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 – Q2 Financial Performance Highlights	14-16

# Financial Reports



**UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST**  
**FY23 - STATEMENT OF NET POSITION (unaudited)**

**As of December 31, 2022**

(Updated 02/28/2023)

<b><u>Assets</u></b>	<i>Current Q2 <u>12/31/2022</u></i>	<i>Adjusted Balance <u>6/30/2022</u></i>
Cash:		
Medical	\$ 1,541	\$ 1,289
Flexible Spending Account	310,269	834,522
Investments	67,864,703	59,562,646
Receivables:		
Premiums	32,827,468	28,499,792
Pharmacy Rebates	6,428,959	5,742,815
Premium Assessment Due from Member	114,413	404,076
Interest	164,532	30,356
Miscellaneous Receivables	1,092,823	377,402
Prepaid Expenses	151,297	146,871
IT Subscription	167,671	\$ 202,361
<b>Total Assets</b>	<b>\$ 109,123,676</b>	<b>\$ 95,802,130</b>
<b><u>Liabilities and Net Position</u></b>		
Accounts Payable - Medical	\$ 4,037,000	3,921,878
Contracts Payable	660,573	585,622
Benefit Claims Payable - Medical	896,437	390,223
Incurred But Not Reported Claims Estimate	35,746,736	37,836,506
Flexible Spending	-	443,907
Subscription Liability	159,439	193,217
Total Liabilities	41,500,185	43,371,353
Plan Net Position - Unrestricted	67,623,491	\$ 52,430,777
<b>Total Liabilities and Plan Net Position</b>	<b>\$ 109,123,676</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 six months ended December 31, 2022**  
 (Updated 02/28/2023)

	<i>Current Q2 <u>12/31/2022</u></i>	<i>Adjusted Balance <u>6/30/2022</u></i>
<b><u>Operating Revenues</u></b>		
Contributions	\$ 198,004,301	\$ 375,109,766
Flexible Spending Recapture	-	164,210
<b>Total Operating Revenues</b>	<u>198,004,301</u>	<u>375,273,976</u>
<b><u>Operating Expenses</u></b>		
Medical Claims	170,864,855	329,847,960
Medical Claims Administration	10,203,398	18,737,211
General and Administrative	1,615,612	3,188,653
Total Administrative	<u>11,819,010</u>	<u>21,925,864</u>
<b>Total Operating Expenses</b>	<u>182,683,865</u>	<u>351,773,824</u>
Operating Income	15,320,436	23,500,152
<b><u>Nonoperating Revenues (Expenses)</u></b>		
Investment Earnings (Loss)	584,924	(1,696,322)
Wellness Initiative	(712,646)	(1,466,799)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(127,722)</u>	<u>(3,163,121)</u>
<b>Change in Plan Net Position</b>	15,192,714	20,337,031
Plan Net Position Beginning of Year	52,430,777	32,093,746
Plan Net Position End of Period	<u>\$ 67,623,491</u>	<u>\$ 52,430,777</u>

# Treasury



# Memo

To: Members of the University of Colorado Health and Welfare Trust Board  
From: Dan Wilson, Interim Treasurer  
Date: February 28, 2023  
Re: Quarterly Report on Investments

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The Trust's cash equivalents and investments on December 31, 2022, totaled \$67.9 million compared to \$31.1 million on December 31, 2021. \$41.1 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 0.85% and annual return of 1.47%. 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 increasing. About 61% of the fund has weekly liquidity.

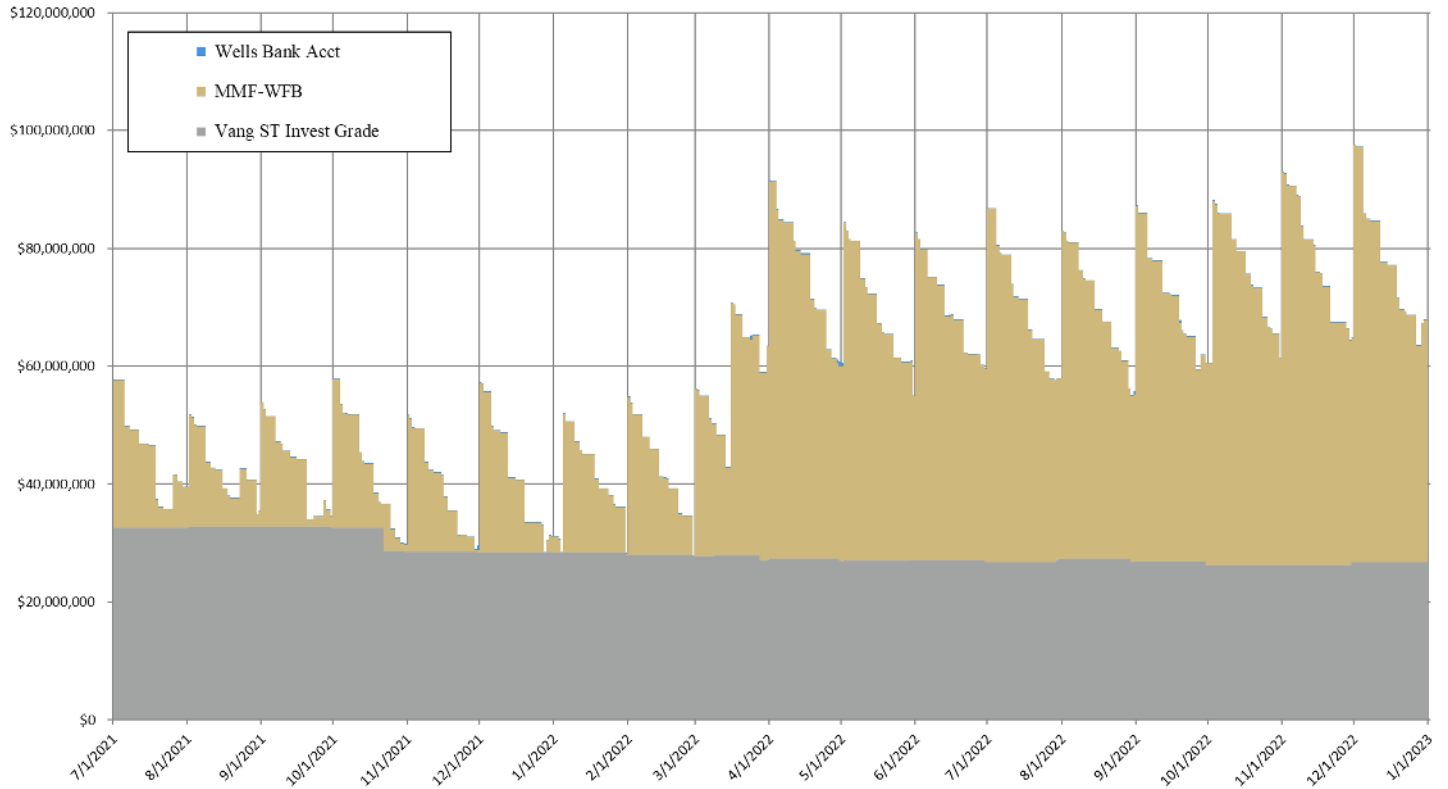
Short duration bond funds have less liquidity but higher return expectations when the feds are not raising rates in an accelerated manner. The Vanguard Short-Term Investment Grade Fund Admiral Shares (VFSUX) quarterly return was 1.72% and the annual return was -5.75%, lower than the annual return of benchmark US 1-3Y Gov & Corp TR USD of -3.92%.

Maximum resources during the second quarter of FY23 continued to increase from the previous quarter and ended higher than any prior Q2. Minimum resources remained consistent and higher than any other Q2. The bank balance for the second quarter of FY23 remained consistent.

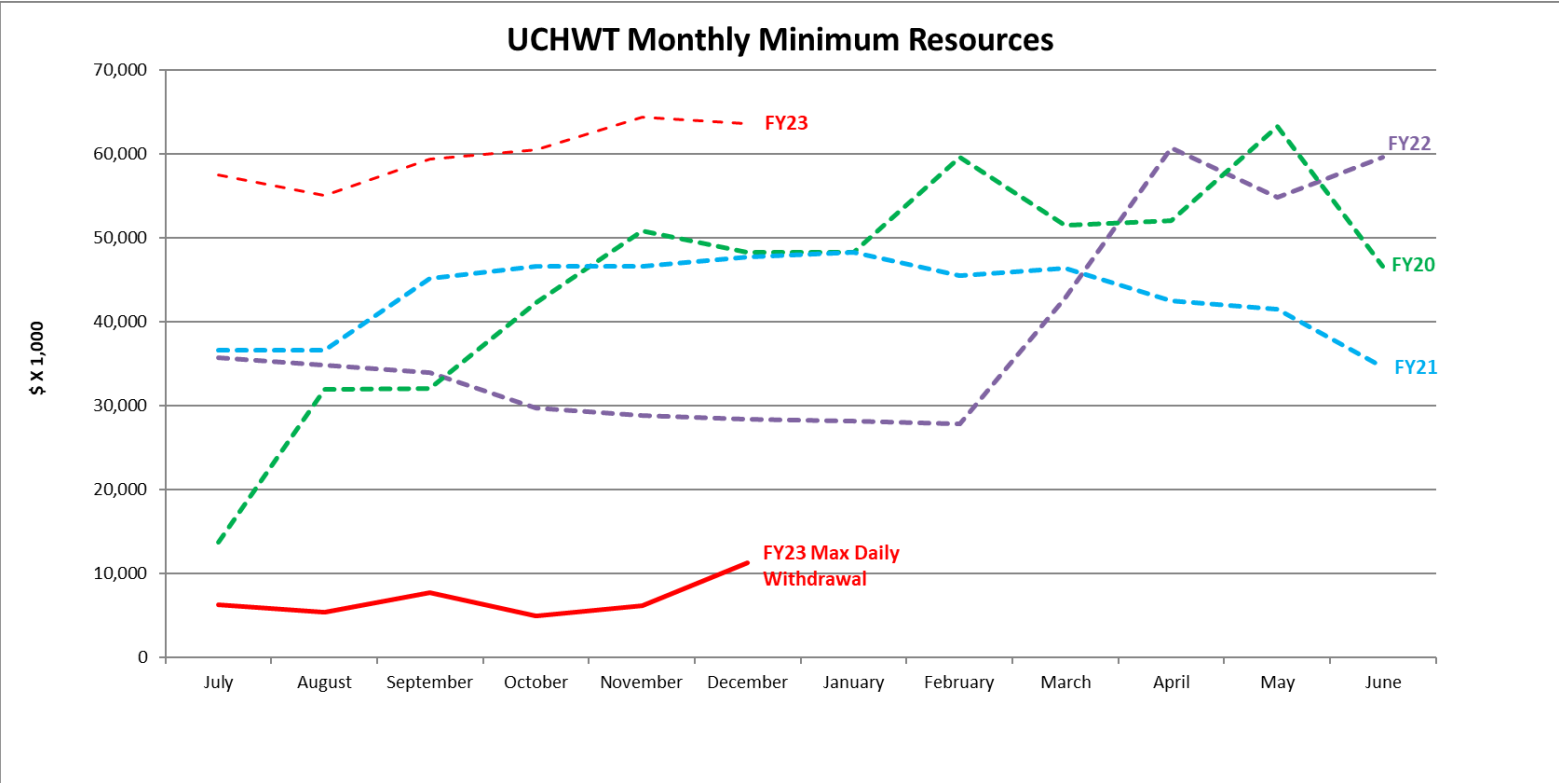
Total investment interest earnings for the second quarter of FY23 including unrealized gains/(losses) total \$879,603. FYTD investment interest earnings including unrealized gains/(losses) total \$584,924.

### Bank and Investment Balances by Day

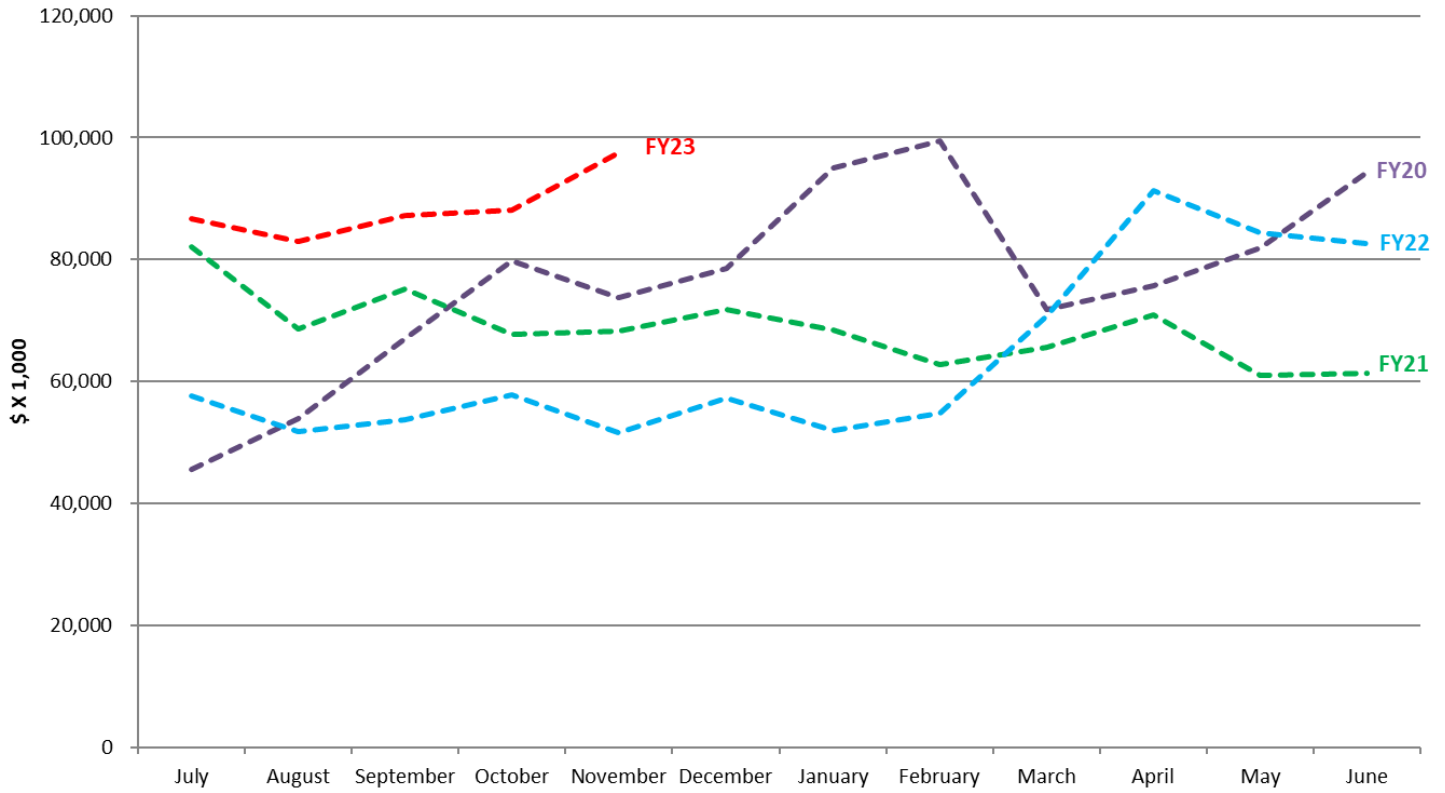
Wells Fargo Bank, JPM Short Duration Fund, and Money Market Fund - FY22 - FY23 to date







### UCHWT Monthly Maximum Resources



# Budget Performance



**FY23 – BUDGET TO ACTUAL REPORT AS OF: 12/31/2022**

	<b>FY23 TOTAL BUDGET</b>	<b>FY23 BUDGET DETAIL</b>	<b>FY23 ACTUALS AS OF 12/31/2022</b>	<b>FY23 AVAILABLE AMOUNT</b>	<b>2Q FY23 % BUDGET TO ACTUALS</b>	<b>2Q FY22 % BUDGET TO ACTUALS</b>
<b>REVENUES/INFLOWS</b>						
SELF-FUNDED CLAIMS & RESERVES	\$388,641,000					
ANTHEM AND CVS		\$317,163,000	\$ 162,938,017	\$ 154,224,983	51.37%	50.65%
KAISER		49,684,000	23,886,792	25,797,208	48.08%	47.41%
VISION		1,793,000	943,226	849,774	52.61%	51.79%
DENTAL		20,001,000	10,236,267	9,764,733	51.18%	50.28%
HEALTH CARE FLEX SPENDING PLANS *	4,028,000	4,028,000	1,494,557	2,533,443	37.10%	35.62%
INVESTMENT INCOME	-	-	584,924	(584,924)	N/A	-49.03%
<b>TOTAL REVENUE/INFLOWS</b>	<b>392,669,000</b>	<b>392,669,000</b>	<b>200,083,783</b>	<b>192,585,217</b>	<b>50.95%</b>	<b>49.94%</b>
<b>EXPENSES/OUTFLOWS</b>						
INCURRED SELF-FUNDED CLAIMS	362,911,000					
ANTHEM AND CVS		301,755,000	139,600,960	162,154,040	46.26%	52.20%
KAISER		40,157,000	21,160,262	18,996,738	52.69%	46.35%
VISION		1,660,000	764,324	895,676	46.04%	48.83%
DENTAL		19,339,000	9,339,309	9,999,691	48.29%	46.67%
ADMINISTRATIVE FEES, MISC CHARGES						
ASO FEES	20,303,000					
ANTHEM AND CVS		10,260,000	5,915,216	4,344,784	57.65%	47.25%
KAISER		9,217,000	3,839,331	5,377,669	41.65%	45.83%
VISION		164,000	84,366	79,634	51.44%	49.75%
DENTAL		662,000	364,486	297,514	55.06%	50.10%
BANK CHARGES	4,000	4,000	2,292	1,708	57.30%	39.38%
FSA CLAIMS ADMINISTRATION	92,000	92,000	45,726	46,274	49.70%	45.44%
HEALTH SAVINGS ACCOUNT ADMINISTRATION	57,000	57,000	32,132	24,868	56.37%	53.22%
FLEX SPENDING CLAIMS PAYMENTS *	4,028,000	4,028,000	2,230,899	1,797,101	55.38%	53.17%
WELLNESS	1,700,000					
BE COLORADO - MOVE		1,221,000	608,635	612,365	49.85%	47.36%
NUTRITION		-	-	-	N/A	47.45%
MARKETING		10,000	1,881	8,119	18.81%	21.00%
MENTAL HEALTH		167,000	32,169	134,831	19.26%	23.11%
PREGNANCY EDUCATION		302,000	69,960	232,040	23.17%	31.09%
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	156,412	175,588	47.11%	47.16%
TRUST FEES						
CONSULTING	669,000					
ACTUARY		99,000	35,000	64,000	35.35%	27.78%
LEGAL		20,000	462	19,538	2.31%	6.88%
MANAGEMENT		400,000	168,000	232,000	42.00%	184.81%
AUDIT		150,000	65,450	84,550	43.63%	69.79%
INSURANCE	153,000					
FIDUCIARY LIABILITY		59,000	27,855	31,145	47.21%	48.89%
ERRORS AND OMISSIONS		92,000	48,294	43,706	52.49%	53.95%
CRIME		2,000	1,113	887	55.65%	53.05%
CU HEALTH PLAN ADMINISTRATION	2,370,000	2,370,000	1,032,876	1,337,124	43.58%	53.21%
<b>TOTAL EXPENSES/OUTFLOWS</b>	<b>392,669,000</b>	<b>392,669,000</b>	<b>185,627,410</b>	<b>207,041,590</b>	<b>47.27%</b>	<b>50.88%</b>
<b>NET ACTIVITY FOR PERIOD</b>	<b>\$</b>	<b>- \$</b>	<b>- \$</b>	<b>14,456,373</b>	<b>\$</b>	<b>(14,456,373)</b>

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

# Plan Performance





March 7, 2023

As of December 31, 2022, the projected FY2023 loss ratio is 94.4% representing a gain of \$22.4M. Table 1 contains the results for the full fiscal year 2022 and fiscal year 2023 (in millions).

Table 1: Financial Summary

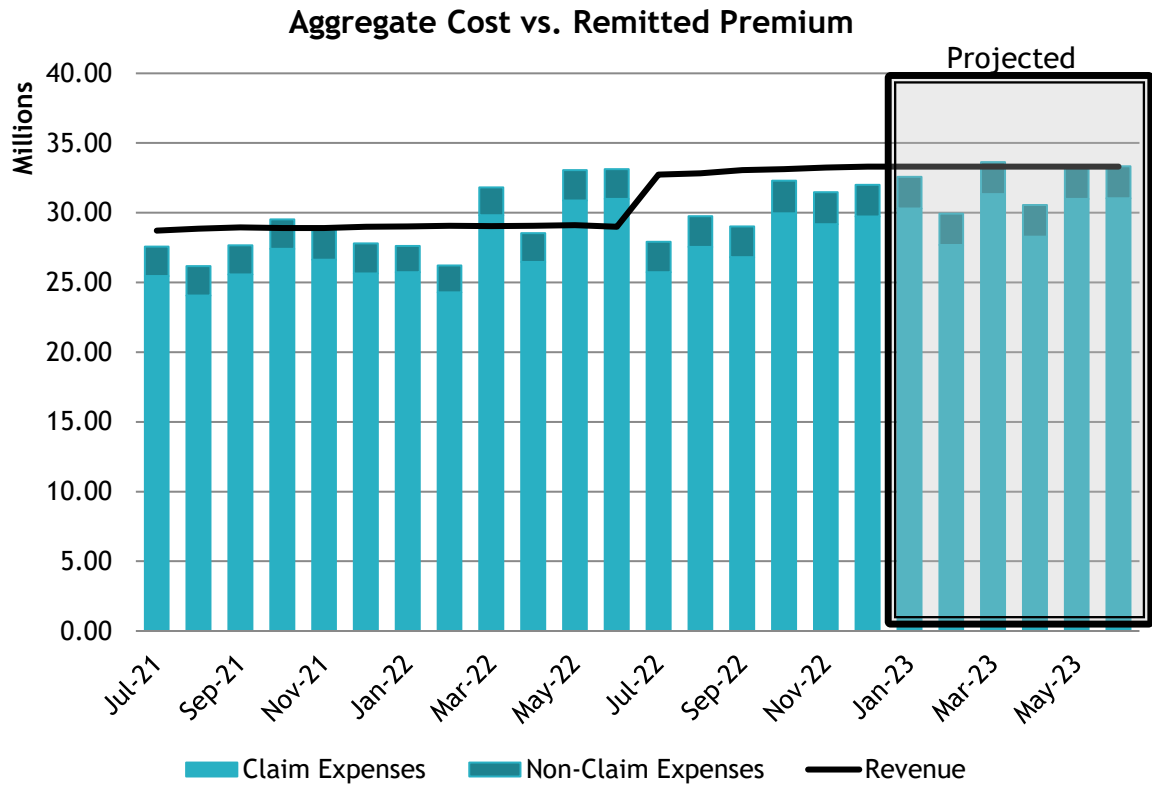
(\$000,000)s	FY2022	FY2023 YTD	FY2023 Proj.
<b>Premium</b>			
Funding	347.6	198.3	398.2
<b>Invoiced Premium</b>	<b>347.6</b>	<b>198.3</b>	<b>398.2</b>
<b>Expense</b>			
Claims	323.0	168.9	348.6
Admin	24.9	13.5	27.1
<b>Total Expense</b>	<b>347.9</b>	<b>182.4</b>	<b>375.7</b>
Gain/Loss	(0.3)	15.9	22.4
Loss Ratio	100.1%	92.0%	94.4%

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

Table 2: Enrollment by Plan

Employee Months	FY2022	FY2023 YTD	FY2023 Proj.
Medical	286,528	147,711	296,847
Vol. Vision	176,335	93,258	187,662
Dental	285,855	147,912	297,642

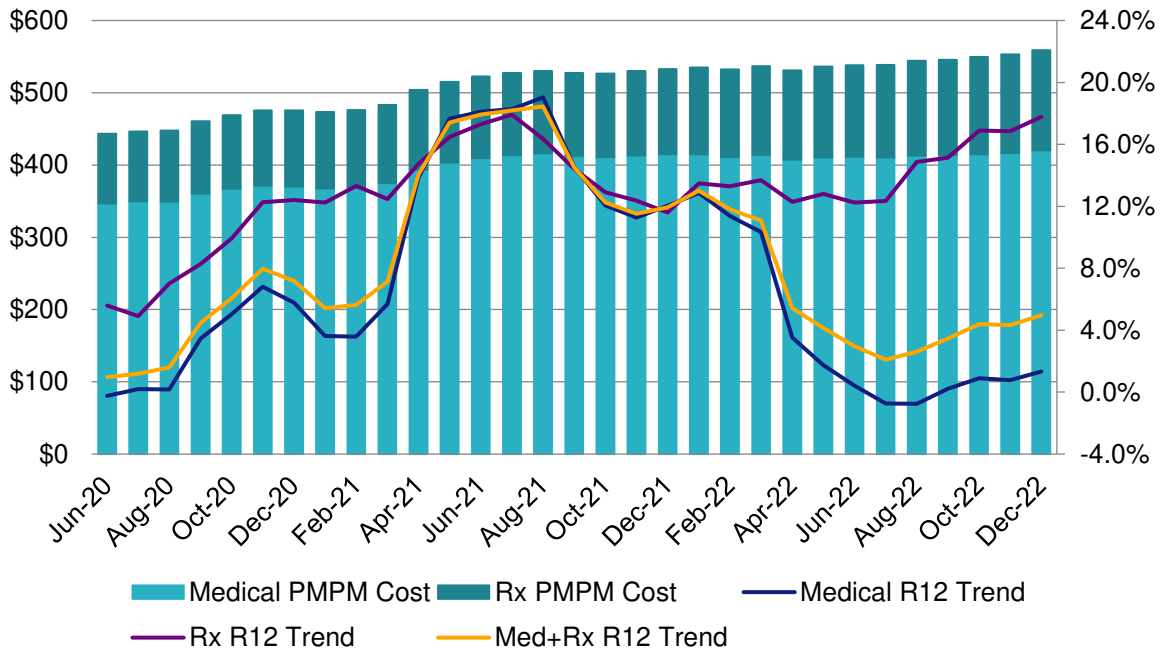
The chart below shows a comparison of total cost (split between claim and non-claim costs) vs. remitted premiums for the prior fiscal year (FY2022) as well as the current fiscal year (FY2023). Current premiums are about \$33M per month and total monthly costs for FY2023 are between \$28 million and \$34 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 December 31, 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 December 31, 2022
- Excludes: ASO fees, Trust Expenses, ICM, and Rx Rebates