



Health Plan

University of Colorado Health and Welfare Trust

FY23 3rd QUARTER FINANCIAL REPORTS

June 20th, 2023



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



Medicine

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Financial Reports



UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST
FY23 - STATEMENT OF NET POSITION (unaudited)
As of March 31, 2023

(Updated 06/06/2023)

<u>Assets</u>	<i>Current Q3 <u>3/31/2023</u></i>	<i>Adjusted Balance <u>6/30/2022</u></i>
Cash:		
Medical	\$ 4,414	\$ 1,289
Flexible Spending Account	547,327	834,522
Investments	70,800,697	59,562,646
Receivables:		
Premiums	33,165,409	28,499,792
Pharmacy Rebates	5,710,970	5,742,815
Premium Assessment Due from Member	114,413	404,076
Interest	191,969	30,356
Miscellaneous Receivables	191,827	377,402
Prepaid Expenses	219,029	146,871
IT Subscription	150,325	202,361
Total Assets	\$ 111,096,380	\$ 95,802,130
 <u>Liabilities and Net Position</u>		
Accounts Payable - Medical	\$ 3,187,258	\$ 3,921,878
Contracts Payable	167,634	585,622
Benefit Claims Payable - Medical	560,139	390,223
Incurred But Not Reported Claims Estimate	36,542,653	37,836,506
Flexible Spending	225,931	443,907
Subscription Liability	142,517	193,217
Total Liabilities	40,826,132	43,371,353
 Plan Net Position - Unrestricted	 70,270,248	 52,430,777
Total Liabilities and Plan Net Position	\$ 111,096,380	\$ 95,802,130

UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST
FY23 - STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN PLAN NET POSITION (unaudited)
For the nine months ended March 31, 2023
 (Updated 06/06/2023)

	<i>Current Q3 3/31/2023</i>	<i>Adjusted Balance 6/30/2022</i>
<u>Operating Revenues</u>		
Contributions	\$ 298,674,046	\$ 375,109,766
Flexible Spending Recapture	-	164,210
Total Operating Revenues	<u>298,674,046</u>	<u>375,273,976</u>
<u>Operating Expenses</u>		
Medical Claims	263,066,355	329,847,960
Medical Claims Administration	15,814,404	18,737,211
General and Administrative	2,602,655	3,188,653
Total Administrative	<u>18,417,059</u>	<u>21,925,864</u>
Total Operating Expenses	<u>281,483,414</u>	<u>351,773,824</u>
Operating Income	17,190,632	23,500,152
<u>Nonoperating Revenues (Expenses)</u>		
Investment Earnings (Loss)	1,745,393	(1,696,322)
Wellness Initiative	(1,096,554)	(1,466,799)
Total Nonoperating Revenues (Expenses)	<u>648,839</u>	<u>(3,163,121)</u>
Change in Plan Net Position	17,839,471	20,337,031
Plan Net Position Beginning of Year	52,430,777	32,093,746
Plan Net Position End of Period	<u>\$ 70,270,248</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: June 6, 2023
Re: Quarterly Report on Investments

The Trust's cash equivalents and investments on March 31, 2023 totaled **\$70.8 million** compared to \$63.6 million on March 31, 2022. \$38.5 million was invested in a AAA-rated government money market fund and \$32.3 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 1.06% and annual return of 2.54%. 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 54% of the fund has weekly liquidity.

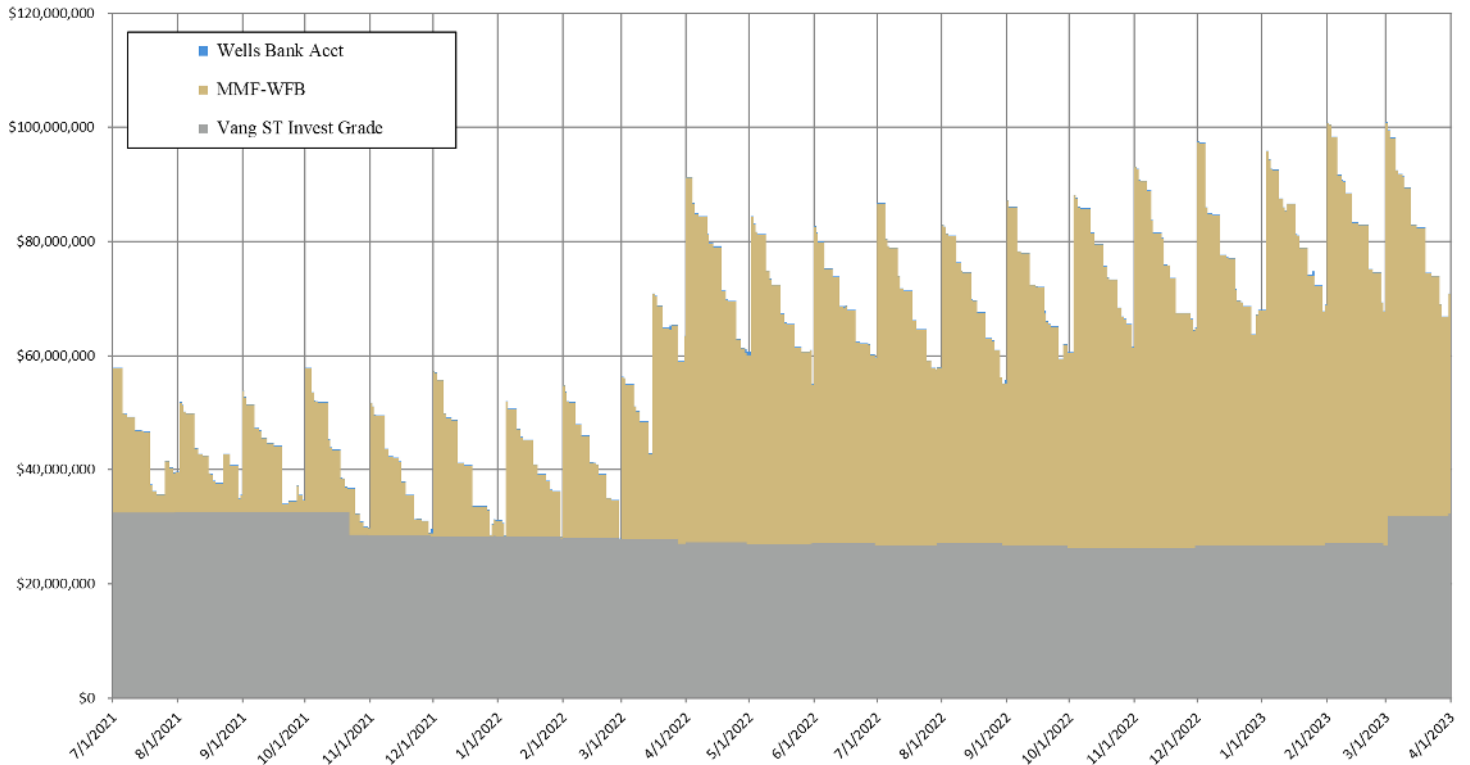
Short duration bond funds have less liquidity but higher return expectations when the feds are not raising rates in an accelerated manner. The Vanguard Short-Term Investment Grade Fund Admiral Shares (VFSUX) quarterly return was 1.88% and the annual return was -0.19%, lower than the annual return of benchmark US 1-3Y Gov & Corp TR USD of 0.26%.

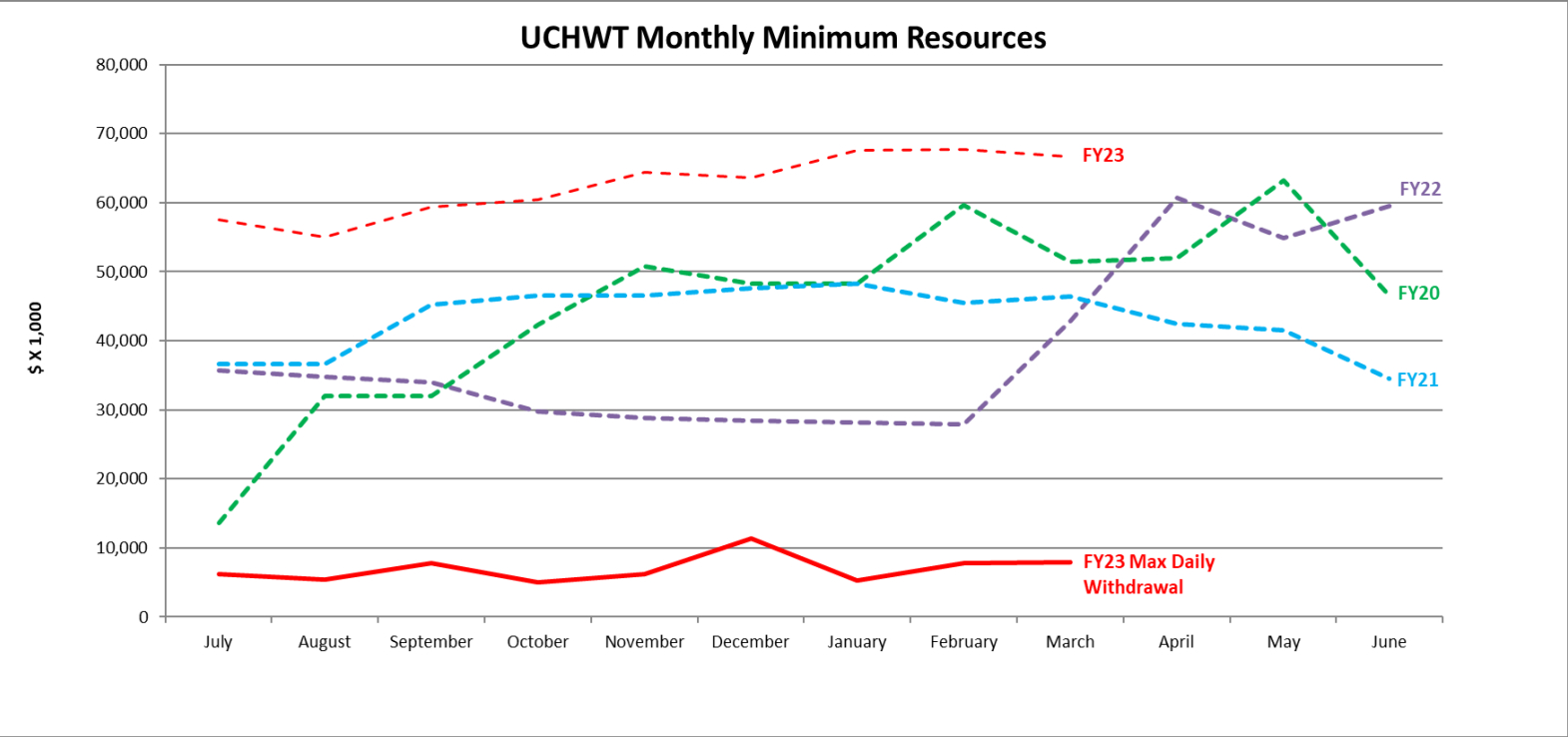
Maximum resources during the third quarter of FY23 remained consistent from the previous quarter and ended higher than any prior Q3. Minimum resources remained consistent and higher than any other Q3. The bank balance for the third quarter of FY23 remained consistent.

Total investment earnings for the third quarter of FY23 including unrealized gains/(losses) total **\$1,160,468**. FYTD investment interest earnings including unrealized gains/(losses) total **\$1,745,392**.

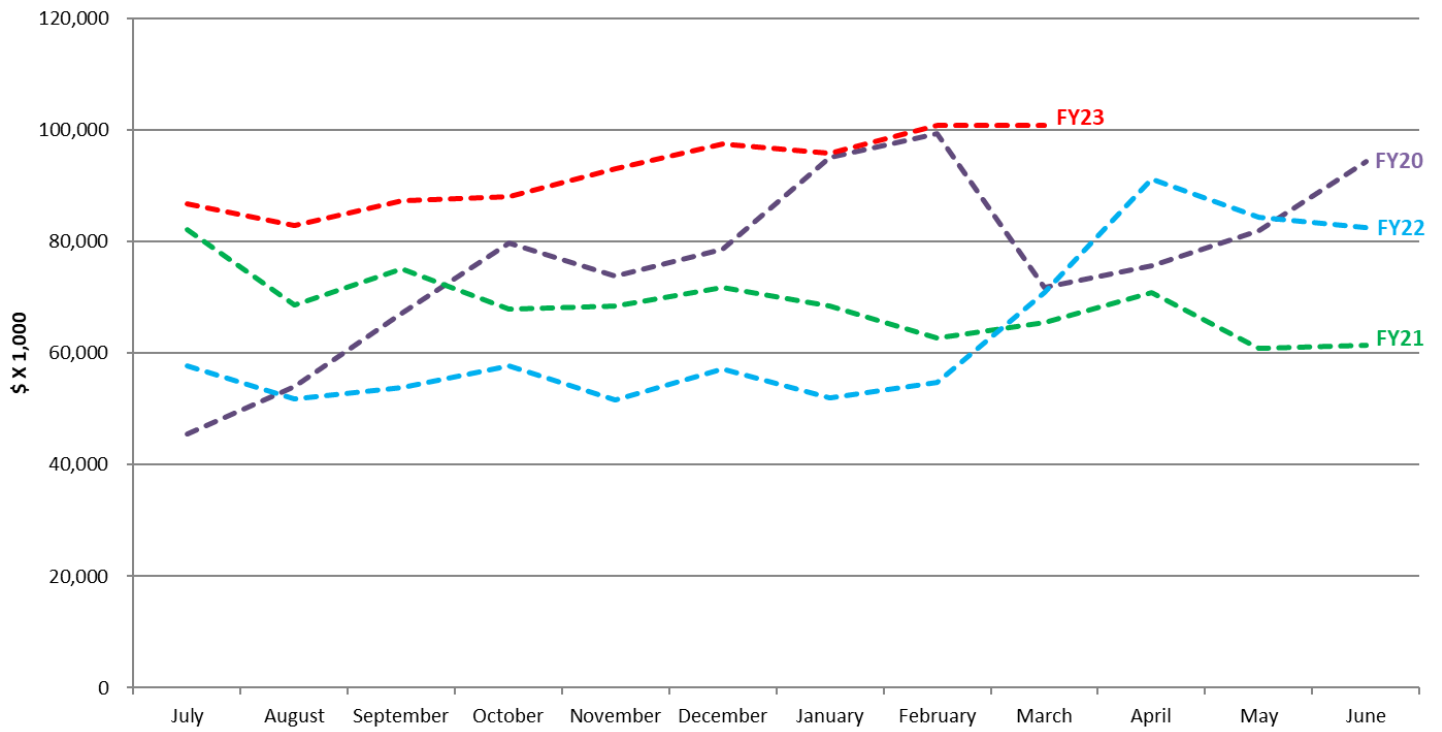
Bank and Investment Balances by Day

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: 3/31/2022

	FY23 TOTAL BUDGET	FY23 BUDGET DETAIL	FY23 ACTUALS AS OF 3/31/2022	FY23 AVAILABLE AMOUNT	3Q FY23 % BUDGET TO ACTUALS	3Q FY22 % BUDGET TO ACTUALS
REVENUES/INFLOWS						
SELF-FUNDED CLAIMS & RESERVES	\$ 388,641,000					
ANTHEM AND CVS		\$ 317,163,000	\$ 245,938,925	\$ 71,224,075	77.54%	86.42%
KAISER		49,684,000	35,872,791	13,811,209	72.20%	70.57%
VISION		1,793,000	1,424,307	368,693	79.44%	77.92%
DENTAL		20,001,000	15,438,025	4,562,975	77.19%	75.62%
HEALTH CARE FLEX SPENDING PLANS *	4,028,000	4,028,000	2,947,641	1,080,359	73.18%	50.68%
INVESTMENT INCOME	-	-	1,745,393	(1,745,393)	N/A	-449.23%
TOTAL REVENUE/INFLOWS	392,669,000	392,669,000	303,367,082	89,301,918	77.26%	82.81%
EXPENSES/OUTFLOWS						
INCURRED SELF-FUNDED CLAIMS	362,911,000					
ANTHEM AND CVS		301,755,000	214,846,839	86,908,161	71.20%	76.35%
KAISER		40,157,000	32,733,528	7,423,472	81.51%	68.72%
VISION		1,660,000	1,124,150	535,850	67.72%	68.98%
DENTAL		19,339,000	14,361,839	4,977,161	74.26%	69.25%
ADMINISTRATIVE FEES, MISC CHARGES						
ASO FEES	20,303,000					
ANTHEM AND CVS		10,260,000	8,906,110	1,353,890	86.80%	66.63%
KAISER		9,217,000	6,228,449	2,988,551	67.58%	52.97%
VISION		164,000	127,609	36,391	77.81%	74.92%
DENTAL		662,000	552,236	109,764	83.42%	74.90%
BANK CHARGES	4,000	4,000	3,497	503	87.43%	59.96%
FSA CLAIMS ADMINISTRATION	92,000	92,000	70,067	21,933	76.16%	69.96%
HEALTH SAVINGS ACCOUNT ADMINISTRATION	57,000	57,000	49,016	7,984	85.99%	81.28%
FLEX SPENDING CLAIMS PAYMENTS *	4,028,000	4,028,000	3,165,617	862,383	78.59%	69.90%
WELLNESS	1,700,000					
BE COLORADO - MOVE		1,221,000	927,382	293,618	75.95%	70.34%
NUTRITION		-	-	-	N/A	55.36%
MARKETING		10,000	3,981	6,019	39.81%	21.00%
MENTAL HEALTH		167,000	48,251	118,749	28.89%	32.76%
PREGNANCY EDUCATION		302,000	116,940	185,060	38.72%	46.64%
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	234,585	97,415	70.66%	68.60%
TRUST FEES						
CONSULTING	669,000					
ACTUARY		99,000	163,053	(64,053)	164.70%	40.10%
LEGAL		20,000	462	19,538	2.31%	11.06%
MANAGEMENT		400,000	252,000	148,000	63.00%	296.81%
AUDIT		150,000	125,450	24,550	83.63%	83.95%
INSURANCE	153,000					
FIDUCIARY LIABILITY		59,000	41,042	17,958	69.56%	72.47%
ERRORS AND OMISSIONS		92,000	71,779	20,221	78.02%	81.76%
CRIME		2,000	1,649	351	82.45%	79.85%
CU HEALTH PLAN ADMINISTRATION	2,370,000	2,370,000	1,590,055	779,945	67.09%	81.26%
TOTAL EXPENSES/OUTFLOWS	392,669,000	392,669,000	285,745,586	106,923,414	72.77%	74.01%
	\$ -	\$ -	\$ 17,621,496	\$ (17,621,496)		
NET ACTIVITY FOR PERIOD						

*FSA Activity is excluded from financial reports on page 5

Plan Performance





June 20, 2023

As of March 31, 2023, the projected FY2023 loss ratio is 96.4% representing a gain of \$14.4M. Table 1 contains the results for the full fiscal year 2022 and fiscal year 2023 (in millions).

Table 1: Financial Summary

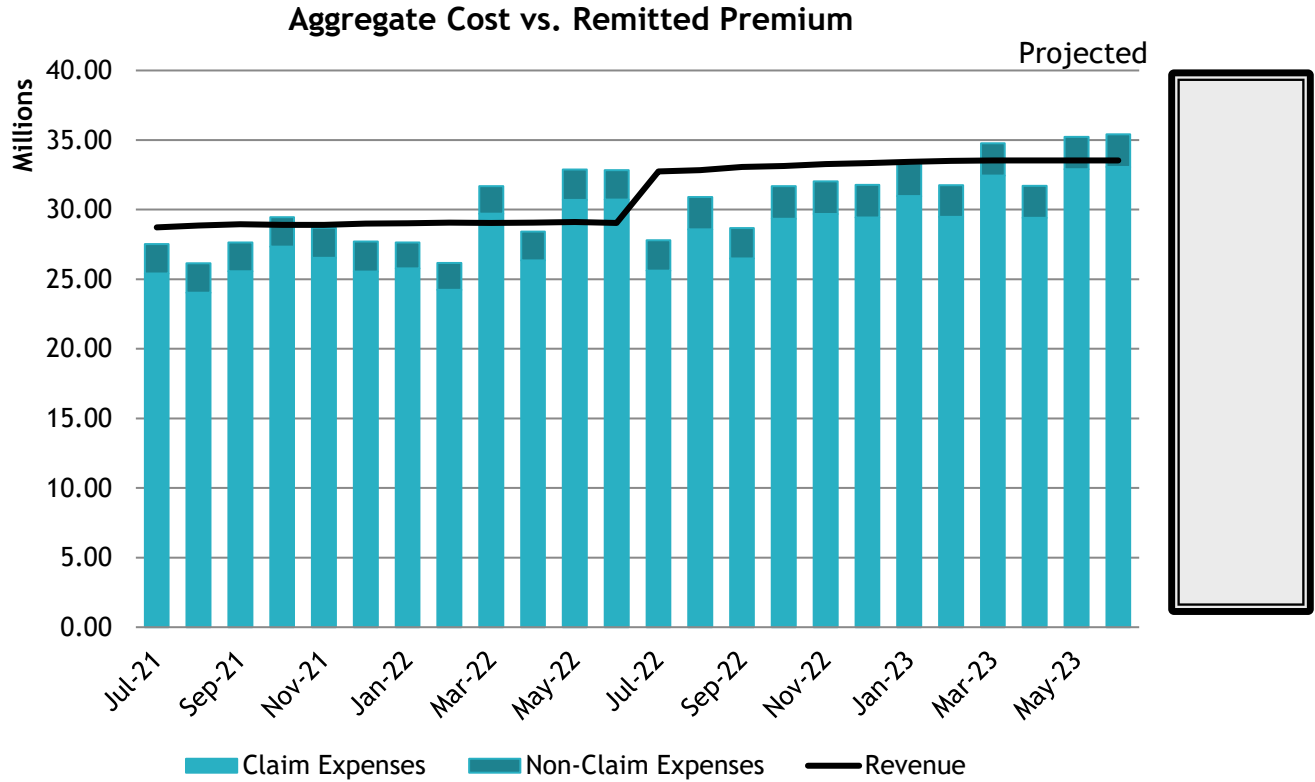
(\$000,000)s	FY2022	FY2023 YTD	FY2023 Proj.
Premium			
Funding	347.7	298.9	399.5
Invoiced Premium	347.7	298.9	399.5
Expense			
Claims	321.9	262.1	357.5
Admin	24.9	20.7	27.6
Total Expense	346.8	282.7	385.1
Gain/Loss	(0.9)	16.2	14.4
Loss Ratio	99.7%	94.6%	96.4%

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	286,539	222,808	297,922
Vol. Vision	176,332	140,862	188,469
Dental	285,867	223,070	298,358

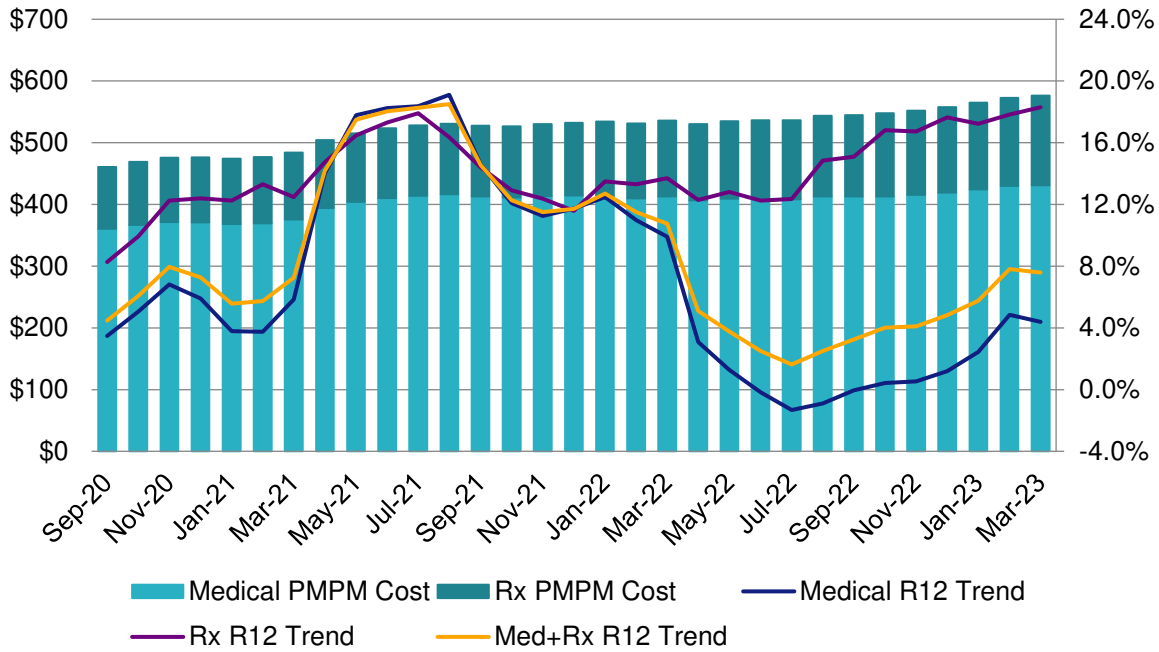
The chart below shows a comparison of total cost (split between claim and non-claim costs) vs. remitted premiums for the prior fiscal year (FY2022) as well as the current fiscal year (FY2023). Current premiums are about \$33M per month and total monthly costs for FY2023 are between \$28 million and \$36 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 March 31, 2023 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 March 31, 2023
- Excludes: ASO fees, Trust Expenses, ICM, and Rx Rebates

