



Health Plan

University of Colorado Health and Welfare Trust

FY24 1st QUARTER FINANCIAL REPORTS

December 15th, 2023



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



Medicine

TABLE OF CONTENTS

Financial Reports:	3
• FY24 Statement of Net Position	4
• FY24 Statement of Revenues, Expenses, and Changes in Plan Net Position	5
Treasury:	6
• Quarterly Report on Investments	7
• Bank and Investment Balances by Day – FY23 and FY24 YTD	8
• Monthly Minimum Resources	9
• Monthly Maximum Resources	10
Budget Performance:	11
• FY24 – Budget to Actual Report	12
Plan Performance:	13
• FY24 – Q1 Financial Performance Highlights	14-16

Financial Reports



UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST
FY24 - STATEMENT OF NET POSITION (unaudited)
As of September 30, 2023
 (Updated 11/30/2023)

<u>Assets</u>	<i>Current Q1 <u>9/30/2023</u></i>	<i>Adjusted Balance <u>6/30/2023</u></i>
Cash:		
Medical	\$ 1,652	\$ 1,499
Flexible Spending Account	453,353	1,279,225
Investments	80,090,033	70,272,359
Receivables:		
Premiums	34,921,943	32,948,585
Pharmacy Rebates	8,741,671	5,985,467
Premium Assessment Due from Member	30,000	30,000
Interest	245,379	207,814
Miscellaneous Receivables	479,230	-
Prepaid Expenses	229,721	164,491
IT Subscription	115,635	132,980
Total Assets	\$ 125,308,617	\$ 111,022,420
 <u>Liabilities and Net Position</u>		
Accounts Payable - Medical	\$ 2,834,838	\$ 3,082,313
Contracts Payable	701,199	746,627
Benefit Claims Payable - Medical	906,401	947,615
Incurred But Not Reported Claims Estimate	35,020,359	36,641,192
Flexible Spending	82,043	885,614
Subscription Liability	108,609	125,573
Total Liabilities	39,653,449	42,428,934
Plan Net Position - Unrestricted	85,655,168	68,593,486
Total Liabilities and Plan Net Position	\$ 125,308,617	\$ 111,022,420

UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST
FY24 - STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN PLAN NET POSITION (unaudited)
For the three months ended September 30, 2023
 (Updated 11/30/2023)

	<i>Current Q1 9/30/2023</i>	<i>Adjusted Balance 6/30/2023</i>
<u>Operating Revenues</u>		
Contributions	\$ 106,003,048	\$ 399,099,266
Flexible Spending Recapture	-	96,858
Total Operating Revenues	<u>106,003,048</u>	<u>399,196,124</u>
<u>Operating Expenses</u>		
Medical Claims	83,298,819	359,059,624
Medical Claims Administration	5,212,984	21,298,914
General and Administrative	819,190	3,512,738
Total Administrative	<u>6,032,174</u>	<u>24,811,652</u>
Total Operating Expenses	<u>89,330,993</u>	<u>383,871,276</u>
Operating Income	16,672,055	15,324,848
<u>Nonoperating Revenues (Expenses)</u>		
Investment Earnings	819,162	2,333,811
Wellness Initiative	(429,535)	(1,495,949)
Total Nonoperating Revenues (Expenses)	<u>389,627</u>	<u>837,862</u>
Change in Plan Net Position	17,061,682	16,162,710
Plan Net Position Beginning of Year	68,593,486	52,430,776
Plan Net Position End of Period	<u>\$ 85,655,168</u>	<u>\$ 68,593,486</u>

Treasury



Memo

To: Members of the University of Colorado Health and Welfare Trust Board
From: Usha Sharma, Treasurer
Date: November 30, 2023
Re: Quarterly Report on Investments

The Trust's cash equivalents and investments on September 30, 2023 totaled **\$80.1 million** compared to \$60.5 million on September 30, 2022. \$47.7 million was invested in a AAA-rated government money market fund and \$32.4 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 Allspring Government Money Market Fund (GVIXX) had annual return of 4.69% for prior 12 months. The annual investment return for the money market fund continued to increase from the previous quarter. These returns are comparable to other government money markets, which have also been increasing. About 60% of the fund has weekly liquidity.

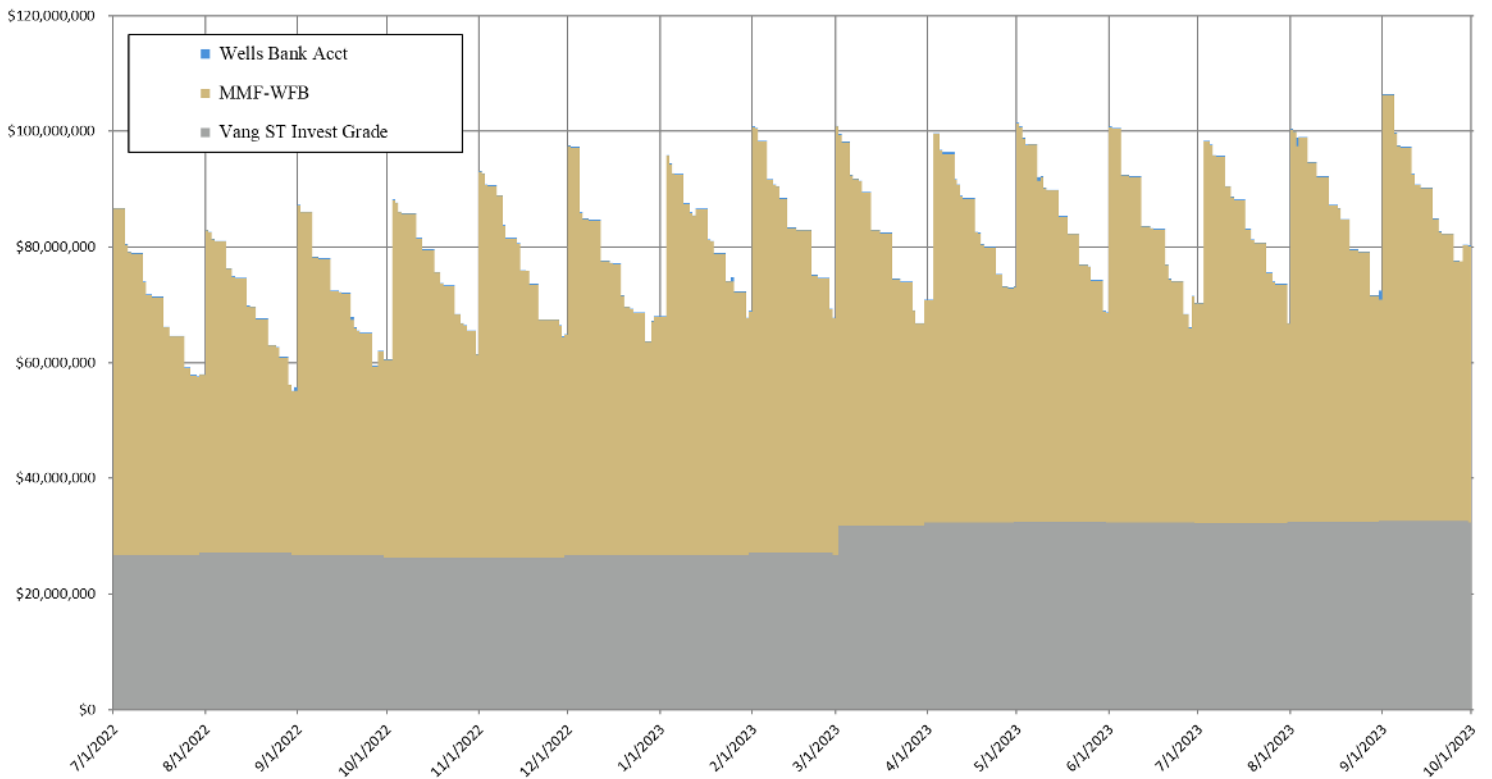
Short duration bond funds have less liquidity but higher return expectations when the feds are not raising rates in an accelerated manner. The Vanguard Short-Term Investment Grade Fund Admiral Shares (VFSUX) quarterly return was 0.36% and the annual return was 3.89%, higher than the annual return of benchmark Bloomberg US 1-5 Year Credit Bond Index of 3.72%.

Maximum resources during the first quarter of FY24 remained consistent from the previous quarter and ended higher than any prior Q1. Minimum resources remained consistent and higher than any prior Q1. The bank balance for the first quarter of FY24 remained consistent.

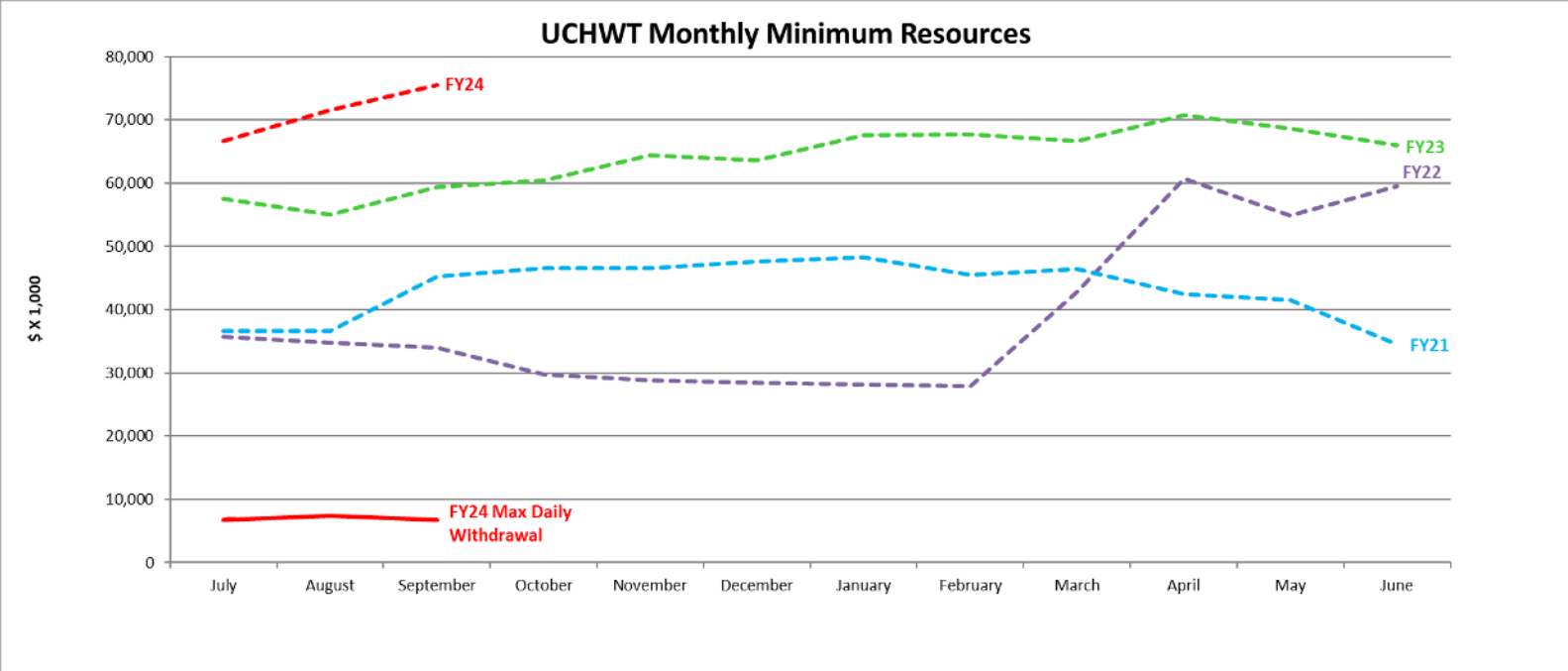
Total investment earnings for the first quarter of FY24 and fiscal YTD including unrealized gains/(losses) total **\$819,161.55**.

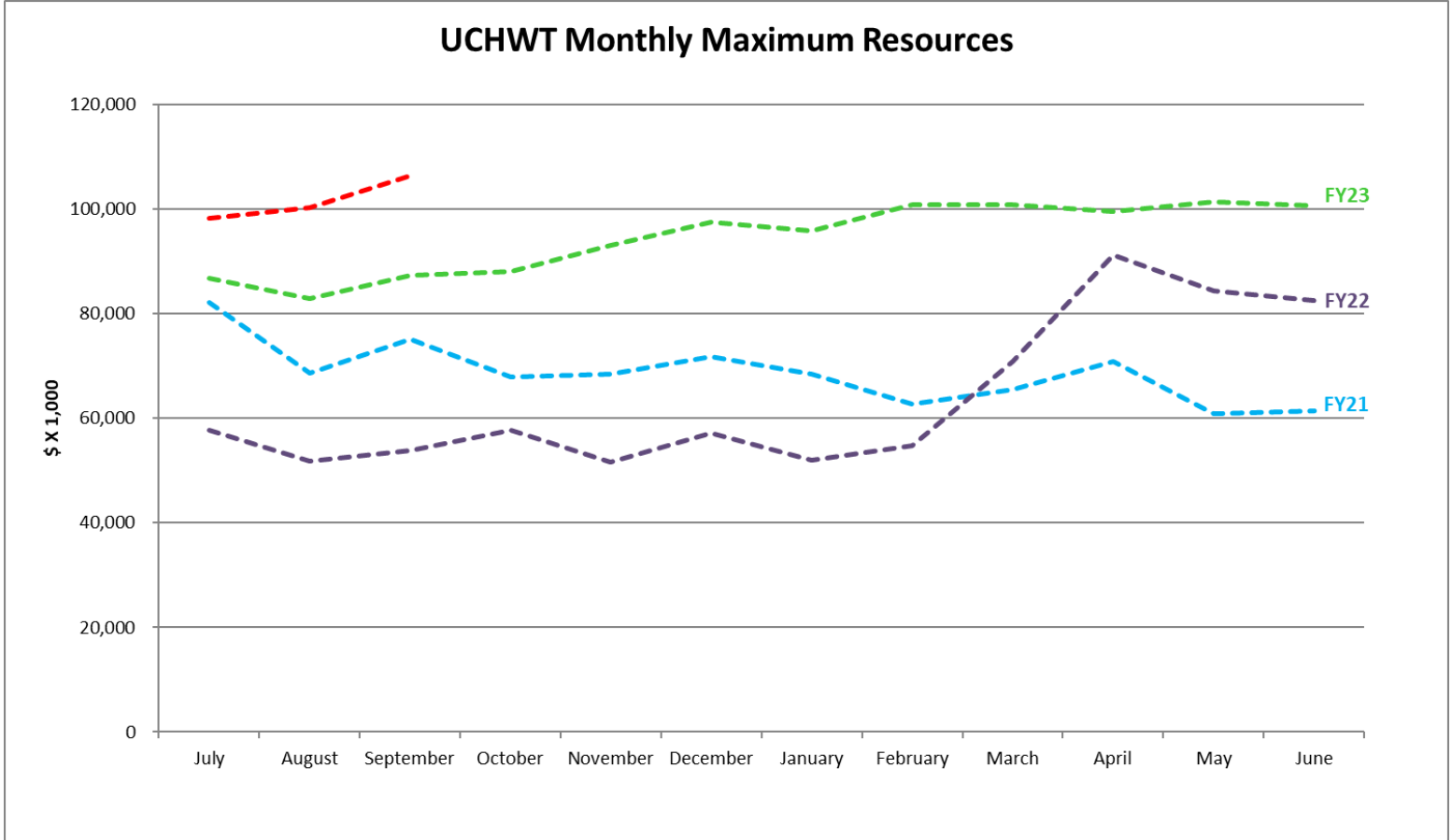
Bank and Investment Balances by Day

Wells Fargo Bank, JPM Short Duration Fund, and Money Market Fund - FY23 - FY24 to date



UCHWT Monthly Minimum Resources





Budget Performance



FY23 – BUDGET TO ACTUAL REPORT AS OF: 9/30/2023

	FY24 TOTAL BUDGET	FY24 BUDGET DETAIL	FY24 ACTUALS AS OF 9/30/2023	FY24 AVAILABLE AMOUNT	1Q FY24 % BUDGET TO ACTUALS	1Q FY23 % BUDGET TO ACTUALS
REVENUES/INFLOWS						
SELF-FUNDED CLAIMS & RESERVES	\$ 414,746,000					
ANTHEM AND CVS		\$ 337,358,000	\$ 88,042,391	\$ 249,315,609	26.10%	25.62%
KAISER		54,390,000	12,172,271	42,217,729	22.38%	24.05%
VISION		1,910,000	498,926	1,411,074	26.12%	26.10%
DENTAL		21,088,000	5,289,462	15,798,538	25.08%	23.94%
HEALTH CARE FLEX SPENDING PLANS *	4,347,000	4,347,000	672,554	3,674,446	15.47%	23.63%
INVESTMENT INCOME	-	-	819,162	-	N/A	N/A
TOTAL REVENUE/INFLOWS	419,093,000	419,093,000	107,494,766	311,598,234	25.65%	25.24%
EXPENSES/OUTFLOWS						
INCURRED SELF-FUNDED CLAIMS	387,753,000					
ANTHEM AND CVS		321,438,000	68,001,361	253,436,639	21.16%	22.74%
KAISER		44,244,000	9,310,511	34,933,489	21.04%	27.66%
VISION		1,732,000	572,025	1,159,975	33.03%	24.75%
DENTAL		20,339,000	5,414,922	14,924,078	26.62%	24.14%
ADMINISTRATIVE FEES, MISC CHARGES						
ASO FEES	21,559,000					
ANTHEM AND CVS		11,060,000	2,957,810	8,102,190	26.74%	28.19%
KAISER		9,573,000	2,021,630	7,551,370	21.12%	26.36%
VISION		177,000	44,721	132,279	25.27%	25.46%
DENTAL		749,000	188,823	560,177	25.21%	26.95%
BANK CHARGES	5,000	5,000	1,217	3,783	24.34%	29.18%
FSA CLAIMS ADMINISTRATION	96,000	96,000	13,964	82,036	14.55%	24.19%
HEALTH SAVINGS ACCOUNT ADMINISTRATION	67,000	67,000	18,601	48,399	27.76%	27.14%
FLEX SPENDING CLAIMS PAYMENTS *	4,347,000	4,347,000	1,476,126	2,870,874	33.96%	34.15%
WELLNESS	1,612,000			-		
BE COLORADO - MOVE		1,274,000	377,422	896,578	29.62%	25.40%
MARKETING		10,000	1,050	8,950	10.50%	8.98%
MENTAL HEALTH		167,000	16,083	150,917	9.63%	9.63%
PREGNANCY/PARENTING		161,000	34,980	126,020	21.73%	11.58%
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	80,455	251,545	24.23%	23.56%
TRUST FEES						
CONSULTING	745,000					
ACTUARY		175,000	27,974	147,026	15.99%	35.35%
LEGAL		20,000	2,575	17,425	12.88%	0.00%
MANAGEMENT		400,000	56,000	344,000	14.00%	21.00%
AUDIT		150,000	37,000	113,000	24.67%	34.17%
INSURANCE	157,000					
FIDUCIARY LIABILITY		56,000	14,356	41,644	25.64%	24.86%
ERRORS AND OMISSIONS		99,000	26,413	72,587	26.68%	26.97%
CRIME		2,000	578	1,422	28.90%	28.85%
CU HEALTH PLAN ADMINISTRATION	2,370,000	2,370,000	540,057	1,829,943	22.79%	21.82%
TOTAL EXPENSES/OUTFLOWS	419,093,000	419,093,000	91,236,654	327,856,346	21.77%	23.67%
NET ACTIVITY FOR PERIOD	\$ -	\$ -	\$ 16,258,112	\$ (16,258,112)		

*FSA Activity is excluded from financial reports on page 5

Plan Performance





November 29, 2023

As of September 30, 2023, the projected FY2024 loss ratio is 96.2% representing a gain of \$16.3M. Table 1 contains the results for the full fiscal year 2023 and fiscal year 2024 (in millions).

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Table 1: Financial Summary

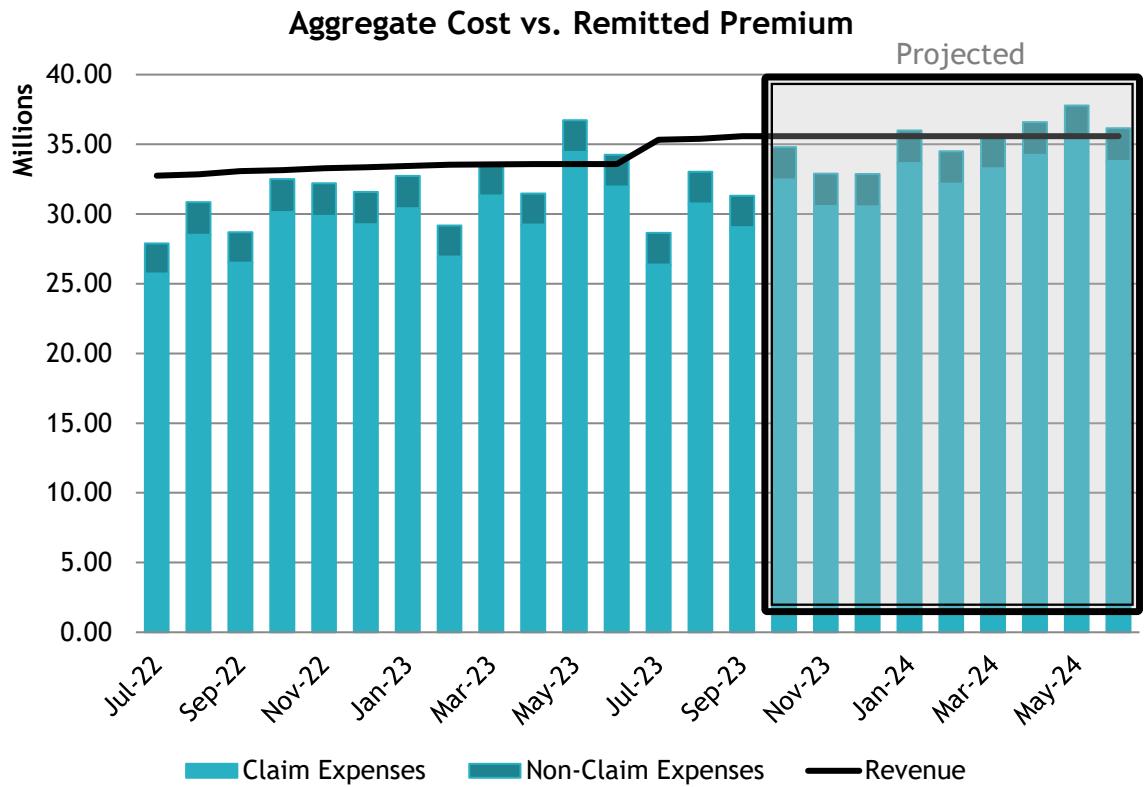
(\$000,000)s	FY2023	FY2024 YTD	FY2024 Proj.
Premium			
Funding	399.7	106.3	426.5
Invoiced Premium	399.7	106.3	426.5
Expense			
Claims	354.4	86.2	382.4
Admin	27.3	6.8	27.8
Total Expense	381.7	93.0	410.2
Gain/Loss	18.1	13.3	16.3
Loss Ratio	95.5%	87.5%	96.2%

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	FY2023	FY2024 YTD	FY2024 Proj.
Medical	298,266	76,122	305,829
Vol. Vision	185,957	49,509	199,044
Dental	298,516	76,449	307,596

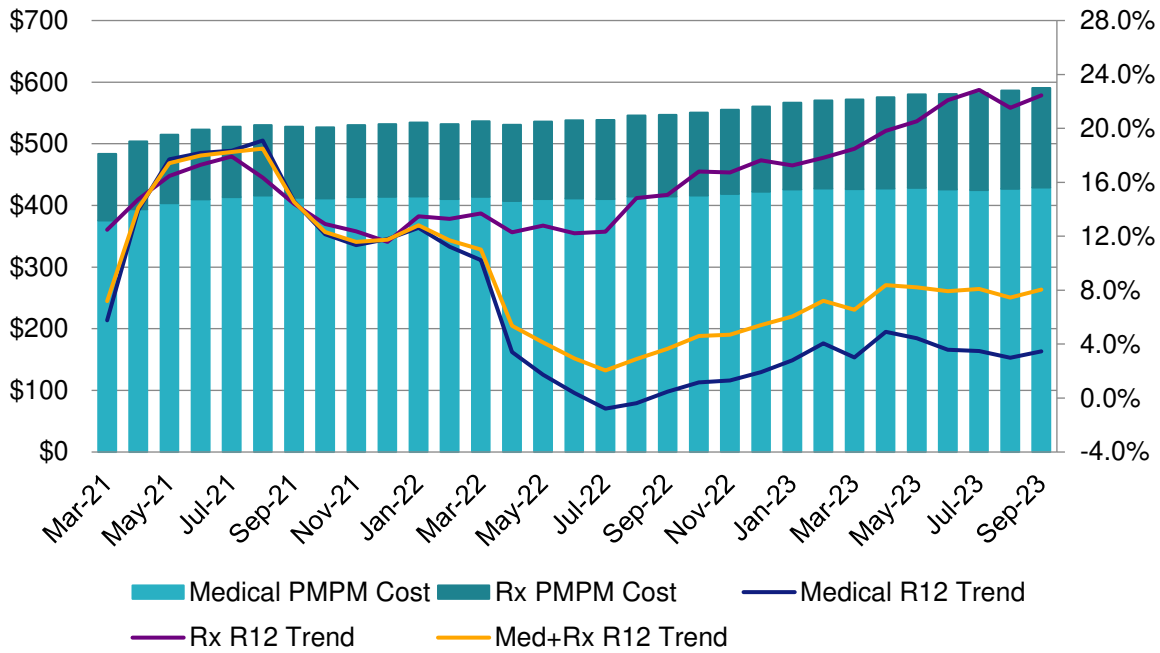
The chart below shows a comparison of total cost (split between claim and non-claim costs) vs. remitted premiums for the prior fiscal year (FY2023) as well as the current fiscal year (FY2024). Current premiums are about \$35M per month and total monthly costs for FY2024 are between \$28 million and \$38 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, 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 September 30, 2023
- Excludes: ASO fees, Trust Expenses, ICM, and Rx Rebates