



Health Plan

University of Colorado Health and Welfare Trust

FY24 2nd QUARTER FINANCIAL REPORTS

March 5th, 2024



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 – Q2 Financial Performance Highlights	14-16

Financial Reports



UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST
FY24 - STATEMENT OF NET POSITION (unaudited)
As of December 31, 2023
 (Updated 02/26/2024)

<u>Assets</u>	<i>Current Q2 <u>12/31/2023</u></i>	<i>Adjusted Balance <u>6/30/2023</u></i>
Cash:		
Medical	\$ 1,699	\$ 1,499
Flexible Spending Account	261,397	1,279,225
Investments	94,550,670	70,272,359
Receivables:		
Premiums	35,438,659	32,948,585
Pharmacy Rebates	8,678,334	5,985,467
Premium Assessment Due from Member	-	30,000
Interest	295,758	207,814
Miscellaneous Receivables	87,976	-
Prepaid Expenses	156,255	164,491
IT Subscription	98,289	132,980
Total Assets	\$ 139,569,037	\$ 111,022,420
<u>Liabilities and Net Position</u>		
Accounts Payable - Medical	\$ 4,982,209	\$ 3,082,313
Contracts Payable	664,186	746,627
Benefit Claims Payable - Medical	441,918	947,615
Incurred But Not Reported Claims Estimate	34,693,027	36,641,192
Flexible Spending	-	885,614
Subscription Liability	91,622	125,573
Total Liabilities	40,872,962	42,428,934
Plan Net Position - Unrestricted	98,696,075	68,593,486
Total Liabilities and Plan Net Position	\$ 139,569,037	\$ 111,022,420

UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST
FY24 - STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN PLAN NET POSITION (unaudited)
For the six months ended December 31, 2023
 (Updated 02/26/2024)

	<i>Current Q2 12/31/2023</i>	<i>Adjusted Balance 6/30/2023</i>
<u>Operating Revenues</u>		
Contributions	\$ 213,757,605	\$ 399,099,266
Flexible Spending Recapture	-	96,858
Total Operating Revenues	<u>213,757,605</u>	<u>399,196,124</u>
<u>Operating Expenses</u>		
Medical Claims	173,578,743	359,059,624
Medical Claims Administration	10,632,377	21,298,914
General and Administrative	1,557,311	3,512,738
Total Administrative	<u>12,189,688</u>	<u>24,811,652</u>
Total Operating Expenses	<u>185,768,431</u>	<u>383,871,276</u>
Operating Income	27,989,174	15,324,848
<u>Nonoperating Revenues (Expenses)</u>		
Investment Earnings	2,959,632	2,333,811
Wellness Initiative	(846,217)	(1,495,949)
Total Nonoperating Revenues (Expenses)	<u>2,113,415</u>	<u>837,862</u>
Change in Plan Net Position	30,102,589	16,162,710
Plan Net Position Beginning of Year	68,593,486	52,430,776
Plan Net Position End of Period	<u>\$ 98,696,075</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: March 4, 2023
Re: Quarterly Report on Investments

The Trust's cash equivalents and investments on December 31, 2023 totaled **\$94.6 million** compared to \$67.9 million on December 31, 2022. \$60.9 million was invested in a AAA-rated government money market fund and \$33.7 million was invested in a high-quality, short-duration bond fund. Both 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 an annual return of 4.98% for the 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 64% of the fund has weekly liquidity.

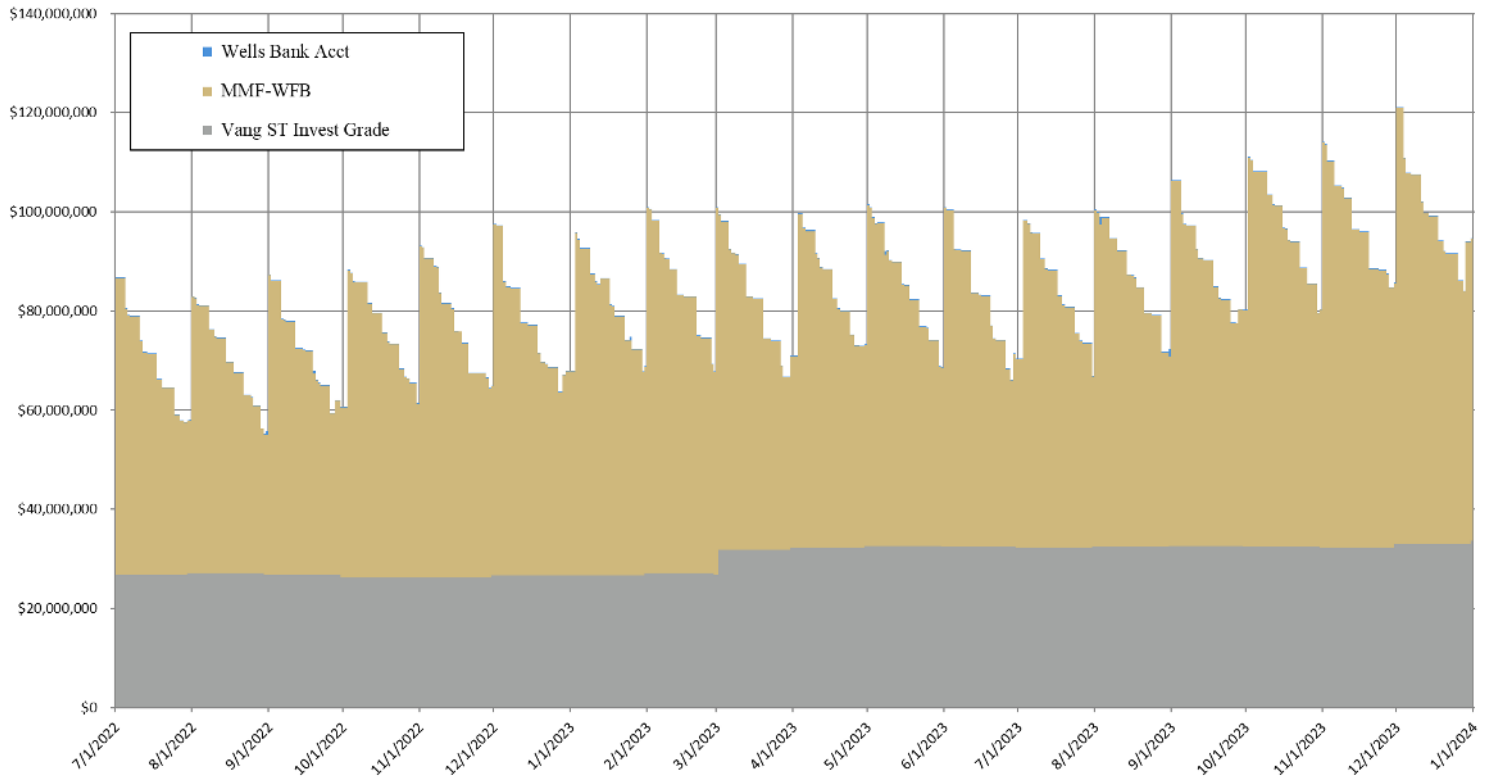
Short duration bond funds have less liquidity but higher return expectations when the feds are not raising rates in an accelerated manner. The Vanguard Short-Term Investment Grade Fund Admiral Shares (VFSUX) quarterly return was 3.95% and the annual return was 6.17%, higher than the annual return of benchmark Bloomberg US 1-5 Year Credit Bond Index of 5.94%.

Maximum resources during the second quarter of FY24 increased from the previous quarter and ended higher than any prior Q2. Minimum resources remained consistent and higher than any prior Q2. The bank balance for the second quarter of FY24 remained consistent.

Total investment earnings for the second quarter of FY24 including unrealized gains/(losses) total **\$2,140,471**. FYTD investment interest earnings including unrealized gains/(losses) total **\$2,959,633**.

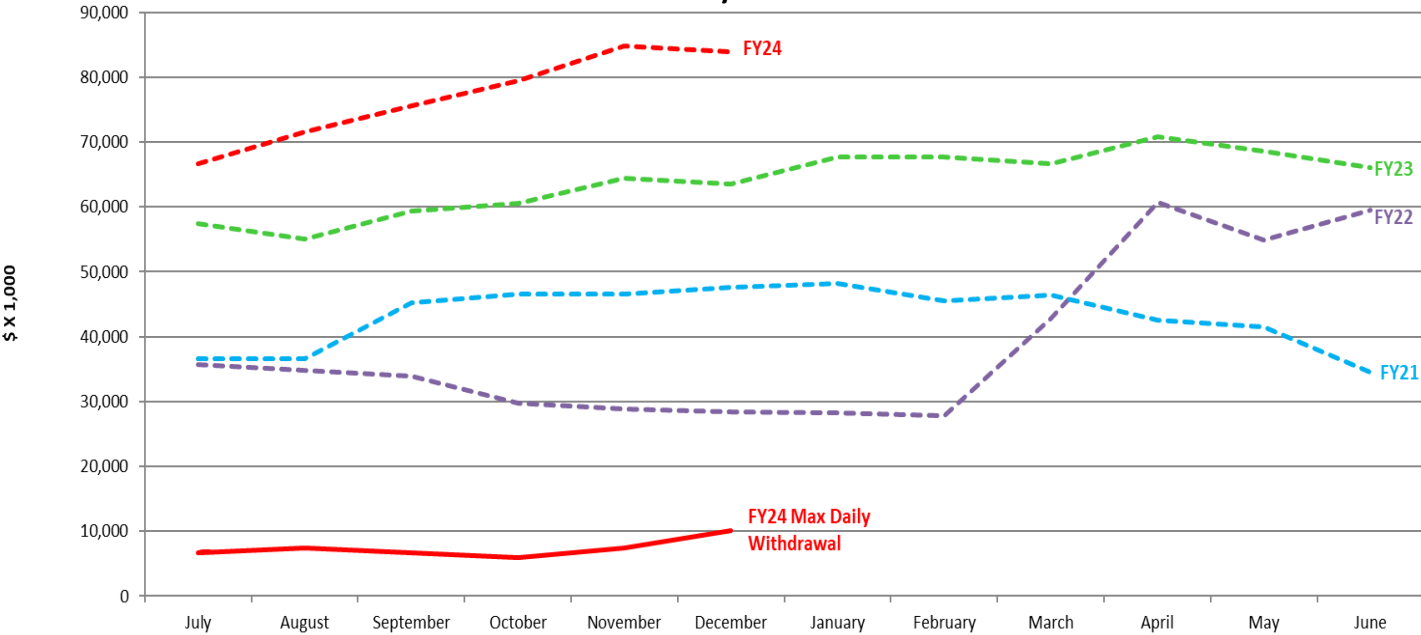
Bank and Investment Balances by Day

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

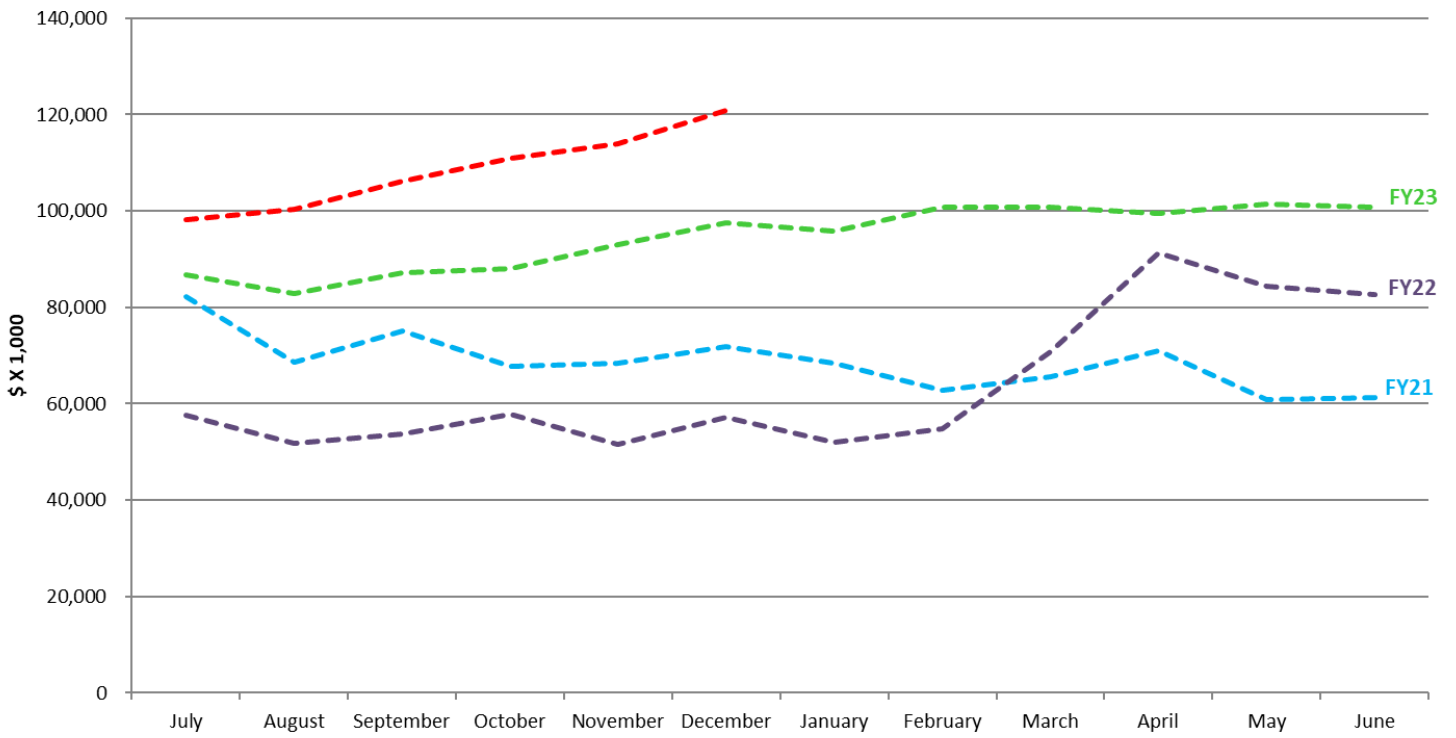




UCHWT Monthly Minimum Resources



UCHWT Monthly Maximum Resources



Budget Performance



FY24 – BUDGET TO ACTUAL REPORT AS OF: 12/31/2023

	FY24 TOTAL BUDGET	FY24 BUDGET DETAIL	FY24 ACTUALS AS OF 12/31/2023	FY24 AVAILABLE AMOUNT	2Q FY24 % BUDGET TO ACTUALS	2Q FY23 % BUDGET TO ACTUALS
REVENUES/INFLOWS						
SELF-FUNDED CLAIMS & RESERVES	\$ 414,746,000					
ANTHEM AND CVS		\$ 337,358,000	\$ 177,854,493	\$ 159,503,507	52.72%	51.37%
KAISER		54,390,000	24,217,274	30,172,726	44.53%	48.08%
VISION		1,910,000	1,008,226	901,774	52.79%	52.61%
DENTAL		21,088,000	10,677,614	10,410,386	50.63%	51.18%
HEALTH CARE FLEX SPENDING PLANS *	4,347,000	4,347,000	1,678,287	2,668,713	38.61%	37.10%
INVESTMENT INCOME	-	-	2,959,632	-	N/A	N/A
TOTAL REVENUE/INFLOWS	419,093,000	419,093,000	218,395,526	200,697,474	52.11%	50.95%
EXPENSES/OUTFLOWS						
INCURRED SELF-FUNDED CLAIMS	387,753,000					
ANTHEM AND CVS		321,438,000	141,912,987	179,525,013	44.15%	46.26%
KAISER		44,244,000	19,996,086	24,247,914	45.20%	52.69%
VISION		1,732,000	1,070,133	661,867	61.79%	46.04%
DENTAL		20,339,000	10,599,537	9,739,463	52.11%	48.29%
ADMINISTRATIVE FEES, MISC CHARGES						
ASO FEES	21,559,000					
ANTHEM AND CVS		11,060,000	5,510,710	5,549,290	49.83%	57.65%
KAISER		9,573,000	4,648,239	4,924,761	48.56%	41.65%
VISION		177,000	90,488	86,512	51.12%	51.44%
DENTAL		749,000	382,940	366,060	51.13%	55.06%
BANK CHARGES	5,000	5,000	2,537	2,463	50.74%	57.30%
FSA CLAIMS ADMINISTRATION	96,000	96,000	43,359	52,641	45.17%	49.70%
HEALTH SAVINGS ACCOUNT ADMINISTRATION	67,000	67,000	38,616	28,384	57.64%	56.37%
FLEX SPENDING CLAIMS PAYMENTS *	4,347,000	4,347,000	2,651,878	1,695,122	61.00%	55.38%
WELLNESS	1,612,000			-		
BE COLORADO - MOVE		1,274,000	741,691	532,309	58.22%	49.85%
MARKETING		10,000	2,400	7,600	24.00%	18.81%
MENTAL HEALTH		167,000	32,166	134,834	19.26%	19.26%
PREGNANCY/PARENTING		161,000	69,960	91,040	43.45%	23.17%
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	161,890	170,110	48.76%	47.11%
TRUST FEES						
CONSULTING	745,000					
ACTUARY		175,000	39,005	135,995	22.29%	35.35%
LEGAL		20,000	8,084	11,916	40.42%	2.31%
MANAGEMENT		400,000	56,000	344,000	14.00%	42.00%
AUDIT		150,000	49,875	100,125	33.25%	43.63%
INSURANCE	157,000					
FIDUCIARY LIABILITY		56,000	27,542	28,458	49.18%	47.21%
ERRORS AND OMISSIONS		99,000	51,176	47,824	51.69%	52.49%
CRIME		2,000	1,114	886	55.70%	55.65%
CU HEALTH PLAN ADMINISTRATION	2,370,000	2,370,000	1,078,113	1,291,887	45.49%	43.58%
TOTAL EXPENSES/OUTFLOWS	419,093,000	419,093,000	189,266,526	229,826,474	45.16%	47.27%
NET ACTIVITY FOR PERIOD	\$ -	\$ -	\$ 29,129,000	\$ (29,129,000)		

*FSA Activity is excluded from financial reports on page 5

Plan Performance



February 26, 2023

As of December 31, 2023, the projected FY2024 loss ratio is 94.3% representing a gain of \$24.7M. Table 1 contains the results for the full fiscal year 2023 and fiscal year 2024 (in millions).

Table 1: Financial Summary

(\$000,000)s	FY2023	FY2024 YTD	FY2024 Proj.
Premium			
Funding	399.7	213.9	429.5
Invoiced Premium	399.7	213.9	429.5
Expense			
Claims	353.2	177.4	377.4
Admin	26.7	13.7	27.5
Total Expense	379.9	191.1	404.9
Gain/Loss	19.9	22.8	24.7
Loss Ratio	95.0%	89.3%	94.3%

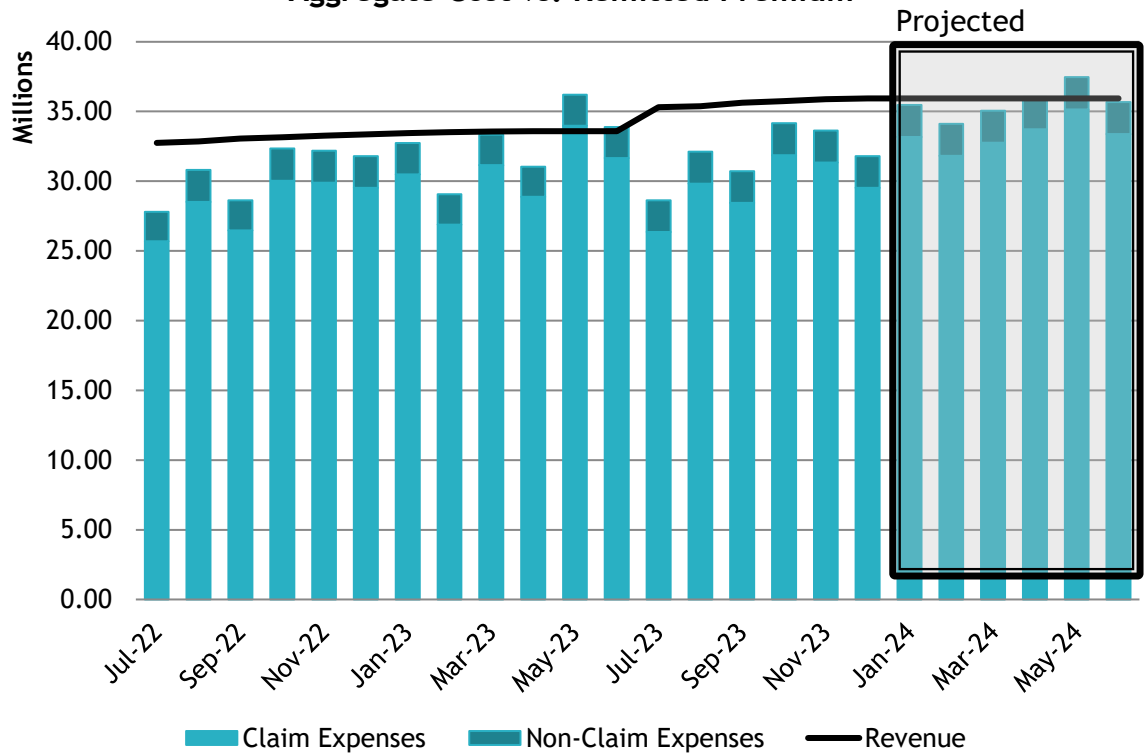
The projected medical, pharmacy and dental incurred claim estimates included in this report are based on historical claims adjusted for trend and plan seasonality consistent with historical projection methodology. Enrollment for the periods above are found in Table 2 below.

Table 2: Enrollment by Plan

Employee Months	FY2023	FY2024 YTD	FY2024 Proj.
Medical	298,264	153,513	308,505
Vol. Vision	185,957	99,867	200,931
Dental	298,519	154,158	310,068

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.

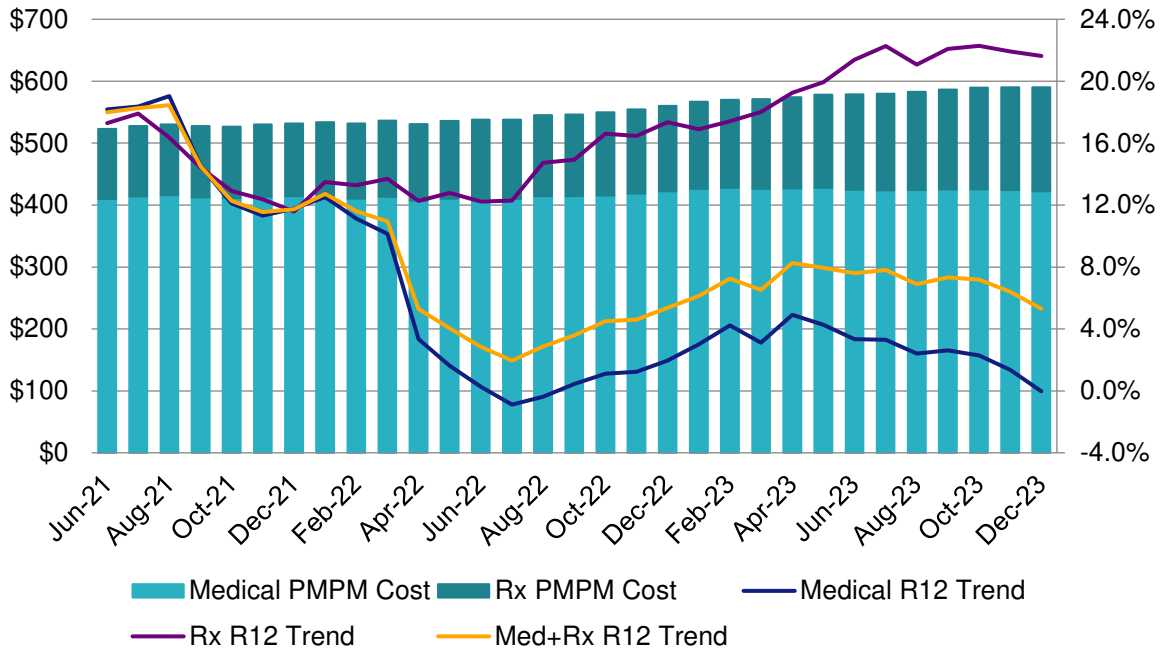
Aggregate Cost vs. Remitted Premium



- 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, 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 December 31, 2023
- Excludes: ASO fees, Trust Expenses, ICM, and Rx Rebates