

**MINUTES OF THE HEALTH AND WELFARE TRUST COMMITTEE MEETING**  
**December 15, 2011**

**University of Colorado System Offices**  
**1800 Grant Street, Denver, 8th floor**  
**Astronauts Conference Room**

Trust Committee Chair E. Jill Pollock called the meeting to order on Thursday, December 15, 2011 at 4:40 p.m. Other trustees attending were Anthony DeFurio (with Darryl Varnado's proxy), Elizabeth Kissick, and Kelly Fox.

Other attendees were:

- Cindy Birley, Trust counsel, Davis Graham and Stubbs
- Jeremy Hueth, Trust counsel and System Managing Associate Counsel, CU
- Mark Stanker, Trust Plan Administrator and Assistant Vice President, Payroll & Benefit Services, CU
- Kathy McCreary, Director of Managed Care and Contract Administration, UCH
- Don Eldhart, Treasurer, CU
- Pat Mackin, Mercer Consulting
- Robert Kuehler, Controller, CU
- Kristine McNamara, Associate Director of Accounting Services, CU
- Gena Trujillo, Plan Administrator
- Liz Jennings, Manager of Employee Benefits, UCH
- Bruce Neumann, member of the public

**I. Call to Order – Introductions - Approval of minutes, August 22, 2011 meeting**

*Liz Kissick moved to approve the minutes. Kelly Fox seconded the motion. The minutes were adopted unanimously.*

**II. Business**

Administrative Services Organization RFP Resolution

*Chair Pollock reported that the Plan Administrator would not move forward with a recommendation regarding an ASO at this time. Kelly Fox moved to table the resolution. Liz Kissick seconded the motion. Motion was adopted unanimously.*

Data Warehouse RFP Resolution

Chair Pollock distributed the resolution and **attachment**, Report of Evaluation Committee. **Attached**. Chair Pollock reported that a competitive request for proposal was conducted. Gena Trujillo reported that an evaluation committee

unanimously recommended vendor Thompson-Reuters. *Anthony DeFurio moved to adopt the resolution. Liz Kissick seconded the motion. Jeremy Hueth made a point of information that the vendor proposal was not-to-exceed \$260,000, the amount approved in the annual budget. Motion was adopted unanimously.*

**III. FY 2011 Close – Financial Summary, Audit, Year-end Report**

Brad Cornish, Mercer. ***Attachment.***

**IV. Reports for the first quarter of FY 2012:**

Mark Stanker distributed First Quarter reports, ***attached***, discussed in order:

Financial	Robert Kuehler, University Controller
Treasury	Don Eldhart, University Treasurer
Budget Performance	Mark Stanker, Assistant Vice President, Payroll & Benefit Services, CU, and Trust's Plan Administrator
Plan Utilization	Brad Cornish, Mercer

**V. Public Comment Period**

Bruce Neumann asked questions, made 2 points: (1) Faculty are interested in a dependent tuition benefit; (2) faculty would like to have representation on the Trust Committee

**VI. Meeting Schedule**

The next trust committee meeting will be February 20, 2011 at 4:30 p.m. in the Astronauts Conference Room, 8th floor, University of Colorado System Offices, 1800 Grant Street, Denver, Colorado.

**VII. Adjournment**

*Moved by Kelly Fox; seconded by Elizabeth Kissick; approved unanimously. The meeting was adjourned at 5:06 p.m.*



University of Colorado Health and Welfare Trust

1800 Grant Street, Suite 800  
Denver, CO 80203  
(303) 860-5600

December 15, 2011

**TO:** University of Colorado Health and Welfare Trust Committee

**FROM:** E. Jill Pollock, Chair

**RE:** Data Warehouse and Other Services

I recommend the following resolution for consideration by the University of Colorado Health and Welfare Trust:

**WHEREAS**, the Trust Committee, together with the University as the Plan Sponsor of the University of Colorado Health and Welfare Plan (the "Plan"), desire to engage a vendor to perform data warehouse services related to the management of the medical, wellness and flexible spending programs within the Plan.

**WHEREAS**, the University of Colorado System Administration as the Plan Administrator (the "Plan Administrator") issued a widely-publicized request for proposal for such data warehouse services on October 7, 2011 and established a panel comprised of employees and Plan participants representing all three employers participating in the Trust, as well as University of Colorado faculty members with subject matter expertise to evaluate responsive proposals;

**WHEREAS**, the proposal review panel together with the Plan Administrator have recommended that the Trust Committee approves the selection of Thompson Reuters, to perform data warehouse services, as described in Exhibit A hereto.;

**NOW THEREFORE BE IT RESOLVED**, the selection of Thompson-Reuters to perform data warehouse services in accordance with the request as described in Exhibit A hereto is approved;

**PASSED AND ADOPTED**, at a Trust Committee meeting held on December 15, 2011 at which 6 Trustees were present or represented by proxy, in Denver, Colorado or participated in such meeting by telephone by a vote as follows: 6-0

  
E. Jill Pollock  
Trust Chair and Secretary

**University of Colorado Health and Welfare Trust Plan  
Request for Proposals  
Data Warehouse Selection**

**Report of the Evaluation Committee**

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***Proposal Evaluation and Selection Committee Scoring – Technical/Cost Proposals***

On November 15, 2011 the RFP Evaluation Committee, along with representatives from PBS met to score the proposals. PBS reviewed all proposals to ensure minimum required criteria were met and presented within the proposals. The Evaluation Committee scored four (4) proposals. Below are the main subject areas identified for scoring as included in the RFP and used by the Selection Committee:

- Cost
- Ability to show documented customer results
- High Level Customer Service
- Corporate capabilities/experience
- Commitment to performance/quality standards
- Compliance
- Reporting
- Agree to standard terms/conditions
- Technical approach

The Evaluation Committee reviewed each area above. The Evaluation Committee allocated maximum points to each proposal subject area, along with scoring of each proposal in these areas.

***Selection of Finalists***

Two (2) vendors were selected for finalist interviews based on maximum technical and cost points. On November 16, 2011, PBS notified finalists asking them to meet with the Evaluation Committee and as part of their presentation, to submit their Best and Final Offer (BAFO) and to respond to select issues/questions in writing. Finalist interviews were held on December 13, 2011 with the following vendors:

1. Milliman
2. Thomson Reuters

The Selection Committee concluded that:

- Thomson Reuters provided for the lowest and within budget cost. And security and data integration exceeded that of Milliman's presentation.
- While both Milliman and Thomson Reuters provided information regarding data integration for EMR, Thomson Reuters actually has a client on the preferred system integration with EPIC.

After consideration of additional information gleaned from finalist interviews, the Evaluation Committee's scoring for maximum points for the technical and cost components, BAFO and interview points, are attached.

**UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST COMMITTEE**

**FY12 - FIRST QUARTER REPORTS**

**December 15, 2011**

**Financial Reports:** *Robert Kuehler, University Controller*

FY12 - Balance Sheet

FY12 - Statement of Revenues, Expenses, and Changes in Plan Net Assets

**Treasury:** *Don Eldhart, University Treasurer*

Quarterly Report on Investments

Bank and Investment Balances by Day -- FY11

Bank and Investment Balances by Day -- FY12

Monthly Minimum Resources

Monthly Maximum Resources

**Budget Performance:** *Mark Stanker, as Trust Plan Administrator*

FY12 - Budget to Actual + Projected Expense Report

**Plan Utilization:** *Brad Cornish, Mercer*

Fiscal Year 2012 Q1 Financial Highlights



**UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST COMMITTEE**

**FY12 - FIRST QUARTER REPORTS**

**December 15, 2011**

**Financial Reports:** *Robert Kuehler, University Controller*

FY12 - Balance Sheet

FY12 - Statement of Revenues, Expenses, and Changes in Plan Net Assets

**UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST COMMITTEE**  
**FY12 - BALANCE SHEET (unaudited), As of: 9/30/2011**  
**December 15, 2011**

**Assets**

**Cash:**

Medical	\$ 332,231
University of Colorado Flexible Spending Account	396,390
University Hospital Flexible Spending Account	121,416
University Physician's Inc. Flexible Spending Account	13,263
Investments	2,133,406
Premiums Receivable - Medical	13,115,682
Pharmacy Rebate Receivable	2,564,633
Receivable from Member	2,670,000
Miscellaneous Receivables	323,851

<b>Total Assets</b>	<b><u>\$ 21,670,872</u></b>
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**Liabilities and Net Assets**

Accounts Payable - Medical	1,318,175
Benefit Claims Payable - Medical	727,213
Global Payment Fees Payable	989,937
Incurred But Not Reported Claims Estimate	5,618,631
Flexible Spending Account	692,961

<b>Total Liabilities</b>	<b><u>9,346,917</u></b>
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<b>Plan Net Assets</b>	<b><u>12,323,955</u></b>
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<b>Total Liabilities and Plan Net Assets</b>	<b><u>\$ 21,670,872</u></b>
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**UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST COMMITTEE**  
**FY12 - STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN PLAN NET ASSETS (unaudited)**  
**For the Three Month Period Ended September 30, 2011**

<b><u>Operating Revenues</u></b>	<b><u>Actual</u></b>
Employer Contributions	\$ 30,773,133
Employee Contributions	<u>6,387,826</u>
<b>Total Operating Revenues</b>	<b>37,160,959</b>
<b><u>Operating Expenses</u></b>	
Medical Claims	24,754,606
Medical Claims Administration	2,693,334
Flexible Spending Accounts	
Claims Administration	35,139
General and Administrative	<u>91,967</u>
Total Administrative	<u>2,820,440</u>
Wellness Initiative	7,375
<b>Total Operating Expenses</b>	<b><u>27,582,421</u></b>
Income From Operations	9,578,538
Investment Earnings	<u>1,644</u>
<b>Change in Plan Net Assets</b>	<b><u>9,580,182</u></b>
<b>Plan Net Assets Beginning of Period</b>	<b><u>2,743,773</u></b>
<b>Plan Net Assets End of Period</b>	<b><u>\$ 12,323,955</u></b>



**UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST COMMITTEE**

**FY12 - FIRST QUARTER REPORTS**

**December 15, 2011**

**Treasury:** *Don Eldhart, University Treasurer*

Quarterly Report on Investments

Bank and Investment Balances by Day – FY11

Bank and Investment Balances by Day – FY12

Monthly Minimum Resources

Monthly Maximum Resources



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

Office of the Treasurer

## Memo

To: Members of the University of Colorado Health and Welfare Trust Board  
From: Donald A. Eldhart, Treasurer  
Date: December 8, 2011  
Re: Quarterly Report on Investments

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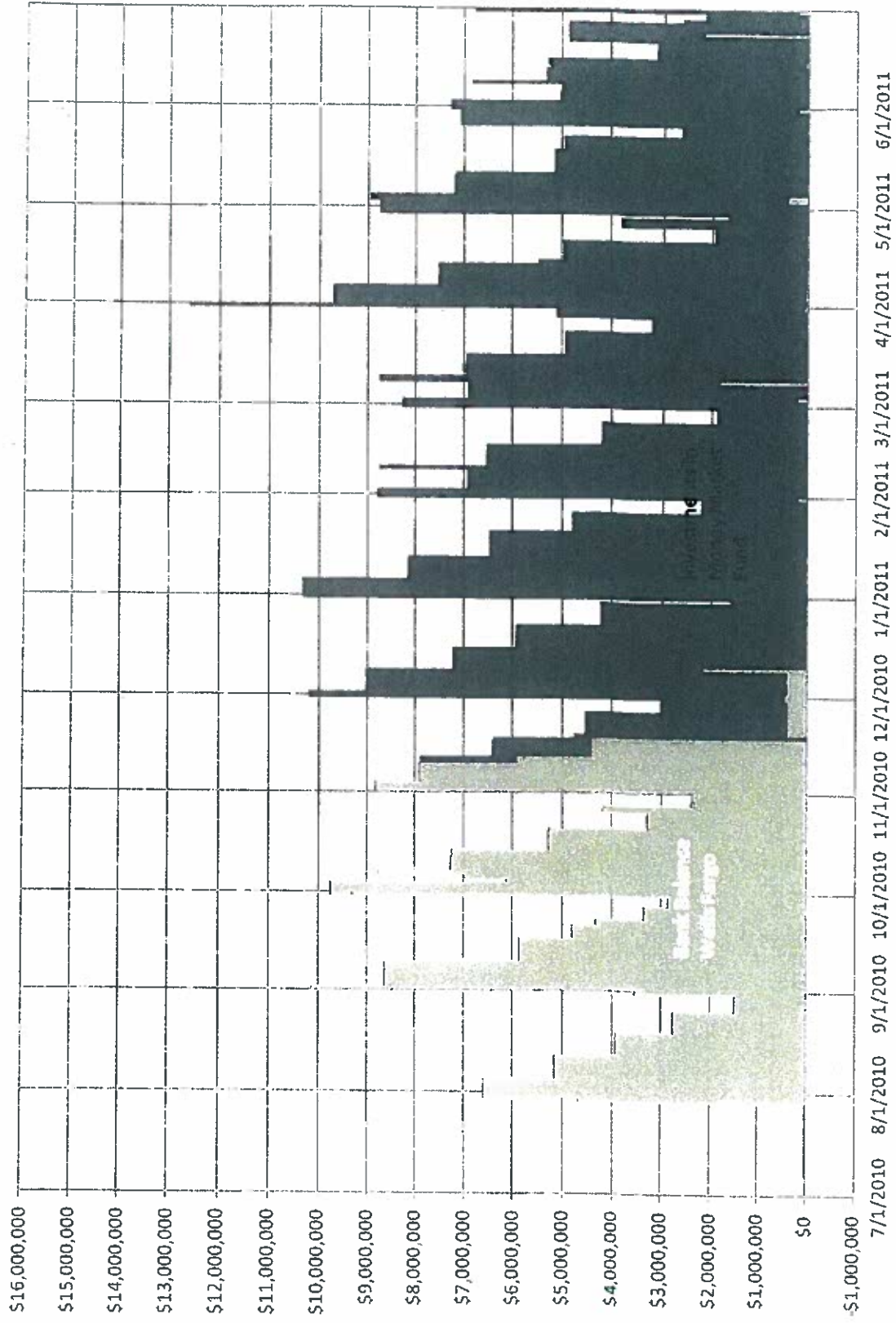
The Trust's investments at September 30, 2011, totaled \$2.13 million. This amount was invested in the BlackRock TempFund, a money market mutual fund rated AAAM and Aaa by Standard & Poor and Moody's, respectively. Money market mutual funds are permitted by the Trust's investment policy. While the BlackRock TempFund has reduced its exposure to highly rated European banks, I will continue to monitor that situation.

The pattern of investible balances has shown some predictability although it continues to have considerable intra-month volatility (see attached charts, in particular, the July 2011 data point). Once the monthly low point for the investment balances increases and becomes much more predictable, I will be comfortable taking slightly more duration risk in the portfolio.

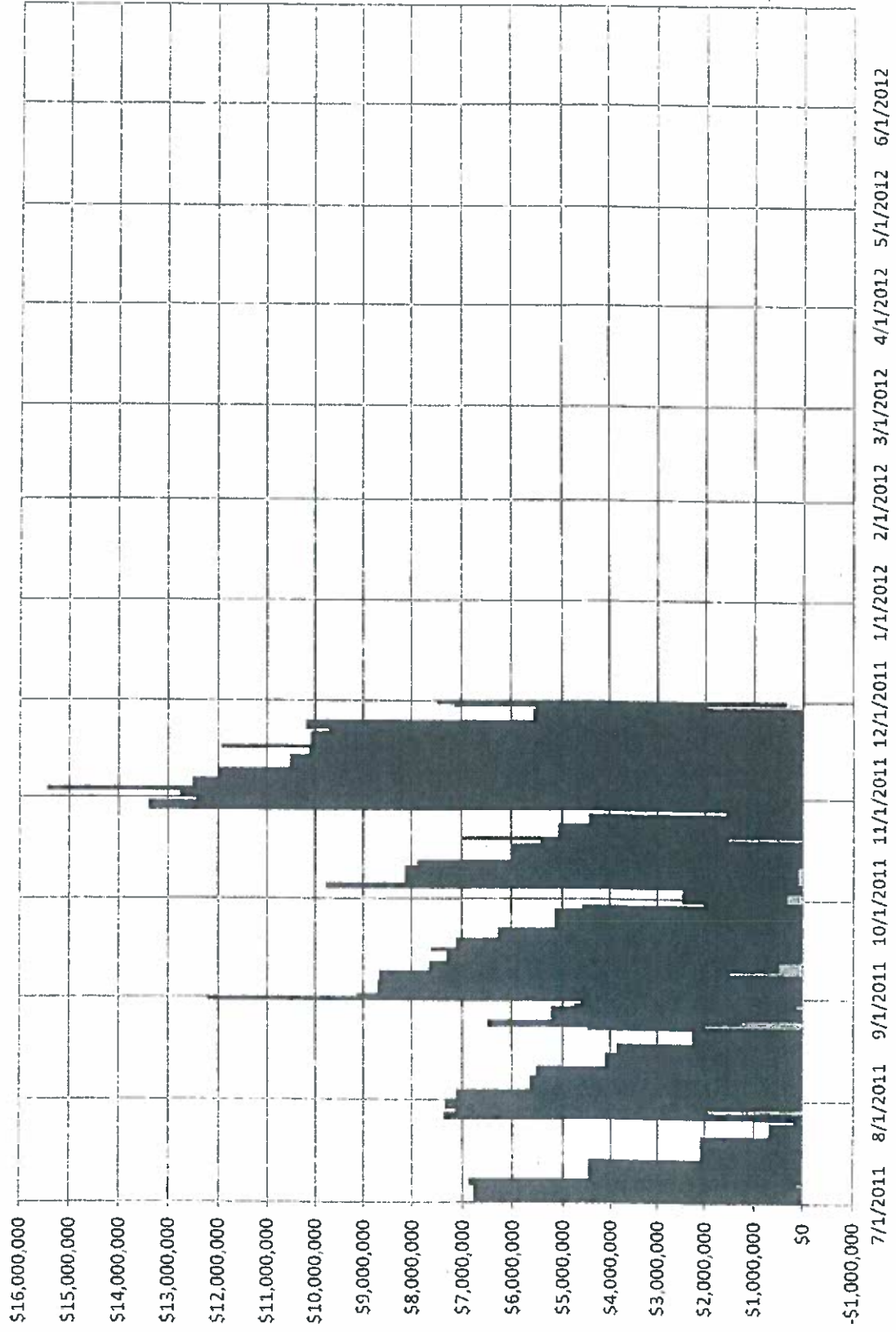
The first two attached charts show the bank and investment balances, by day, for the first 17 months. The charts show the value of the resources available for investment, starting on July 29, 2010. The second two charts depict just the minimum and maximum investible resources for each of the first five months of fiscal year 2012.

In terms of performance, the Trust's investments in the BlackRock TempFund outperformed all but 4% of ninety-nine money market funds within the Money Market Funds database, and investment returns for the quarter matched that of the benchmark. However, returns on the fund remain meager. Performance trailed the Consumer Price Index which was 0.52% for the quarter.

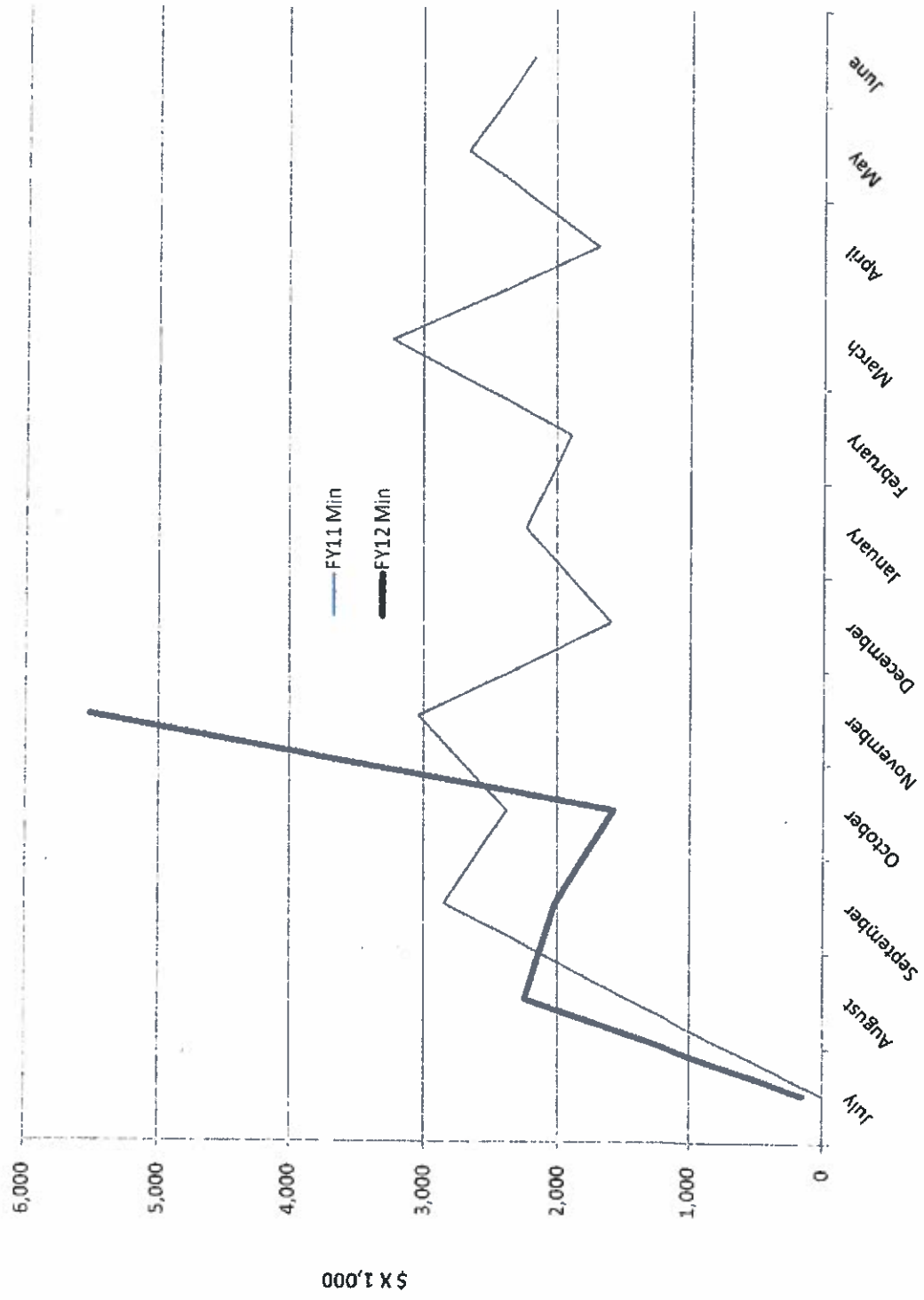
# Bank and Investment Balances by Day Wells Fargo and Money Market Fund - FY2011



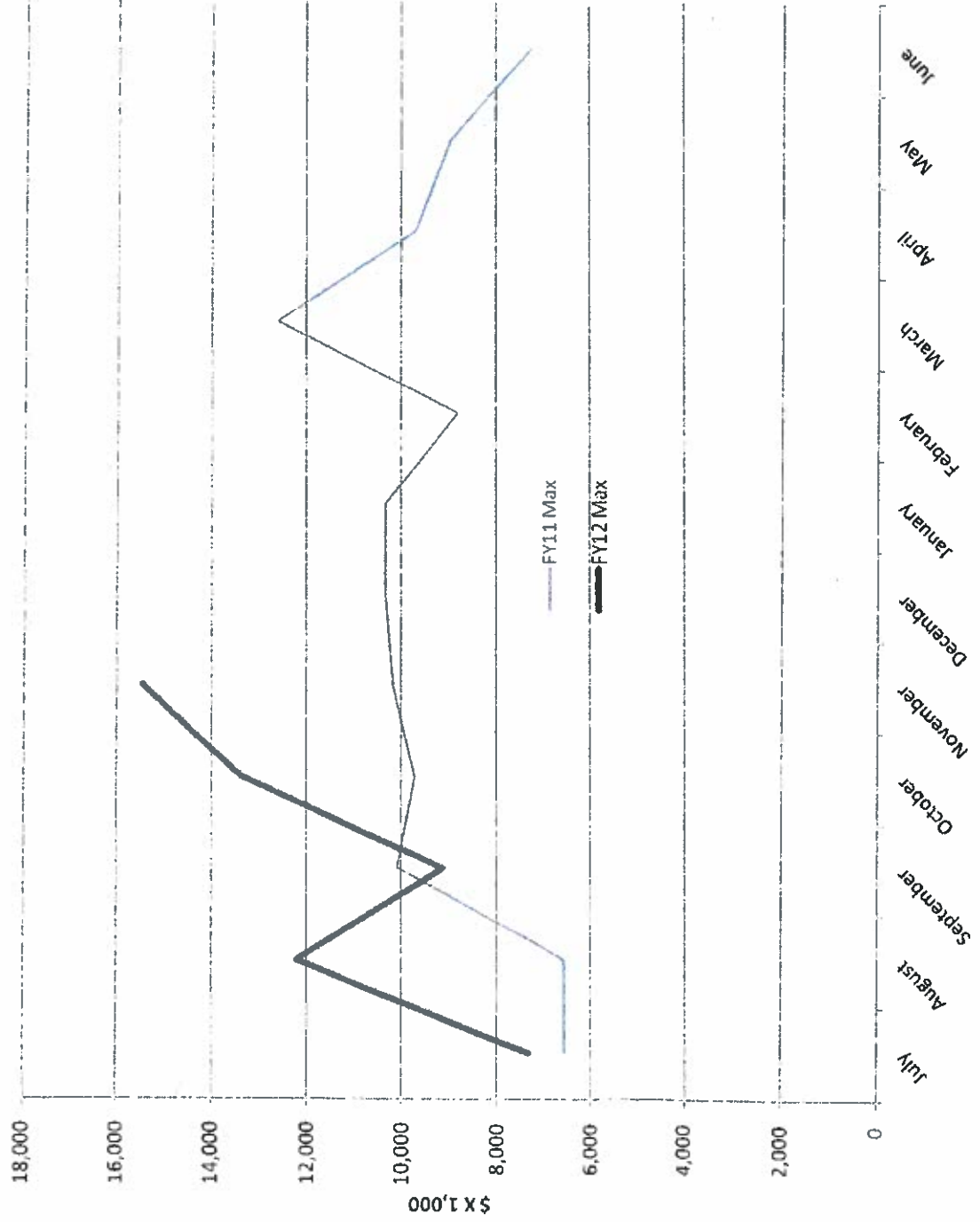
# Bank and Investment Balances by Day Wells Fargo and Money Market Fund - FY2012



## UCHWT Monthly Minimum Resources



# UCHWT Monthly Maximum Resources





**UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST COMMITTEE**

**FY12 - FIRST QUARTER REPORTS**

**December 15, 2011**

**Budget Performance:** *Mark Stanker, as Trust Plan Administrator*

**FY12 - Budget to Actual + Projected Expense Report**

**UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST COMMITTEE**  
**FY12 - BUDGET TO ACTUAL + PROJECTED EXPENSE REPORT - As of 9/30/2011**  
**December 15, 2011**

	FY12 CURRENT BUDGET	FY12 TOTAL BUDGET	FY12 ACTUALS AS OF 9/30/11	FY12 ENCUMBRANCES	FY12 AVAILABLE AMOUNT	FY12 % BUDGET TO ACTUALS	* FY11 % BUDGET TO ACTUALS
<b>REVENUES/INFLOWS</b>							
SELF-INSURED MEDICAL PLANS (NON-COBRA AND COBRA)							
ANTHEM							
KAISER							
COLORADO ACCESS							
HEALTH CARE FSA PLANS							
ASI							
PAYFLEX							
UCH Rx REVENUE							
TOTAL REVENUE/INFLOWS							
<b>EXPENSES/OUTFLOWS</b>							
INCURRED SELF-INSURED CLAIMS AND RESERVES							
ANTHEM							
KAISER							
COLORADO ACCESS							
GLOBAL PAYMENTS							
ADMINISTRATIVE FEES, MISC CHARGES							
ASO FEES							
ANTHEM							
KAISER							
COLORADO ACCESS							
BANK CHARGES							
MISC CHARGES							
FSA CLAIMS ADMINISTRATION							
ASI							
PAYFLEX							
FSA CLAIM PAYMENTS							
ASI							
PAYFLEX							
WELLNESS & PREVENTION							
HEALTH RISK ASSESSMENT							
SOM POPULATION MANAGEMENT							
AMERICA ON THE MOVE							
COLORADO WEIGH							
PILOTS AND STUDIES							
DATA WAREHOUSE							

\* FY11 Total Budget: \$113,542,954 (Anthem as only ASO)

UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST COMMITTEE  
FY12 - BUDGET TO ACTUAL + PROJECTED EXPENSE REPORT - As of 9/30/2011  
December 15, 2011

	FY12 CURRENT BUDGET	FY12 TOTAL BUDGET	FY12 ACTUALS AS OF 9/30/11	FY12 ENCUMBRANCES	FY12 AVAILABLE AMOUNT	FY12 % BUDGET TO ACTUALS	* FY11 % BUDGET TO ACTUALS
TRUST FEES							
CONSULTING	\$445,000						
ACTUARY		\$150,000	\$25,809		\$124,191	17.21%	0.00%
LEGAL		\$150,000	\$112,590		\$37,410	75.06%	0.00%
MANAGEMENT		\$65,000	\$25,033		\$39,967	38.51%	0.00%
BENEFITS/CONTRACTING		\$50,000			\$50,000	0.00%	0.00%
AUDIT		\$30,000	\$29,500		\$500	98.33%	0.00%
INSURANCE	\$65,700						
FIDUCIARY LIABILITY		\$27,100			\$27,100	0.00%	99.91%
ERRORS AND OMISSIONS		\$36,100			\$36,100	0.00%	180.28%
CRIME		\$2,500			\$2,500	0.00%	14.62%
ADMINISTRATIVE	\$563,500						
PAYROLL & BENEFIT SERVICES		\$270,000			\$270,000	0.00%	0.00%
CONTROLLER'S OFFICE		\$10,000			\$10,000	0.00%	0.00%
TREASURY		\$6,000			\$6,000	0.00%	0.00%
MEDICATION THERAPY MANAGEMENT		\$225,500			\$225,500	0.00%	0.00%
FORMULARY REVIEW		\$52,000			\$52,000	0.00%	0.00%
TOTAL EXPENSES/OUTFLOWS	\$156,404,000	\$156,404,000	\$30,414,002	\$0.00	\$125,989,998	19.45%	12.93%
CHANGE IN NET PLAN ASSETS	(\$22,000)	(\$22,000)	\$4,768,933	\$0.00	\$125,989,998		

\* FY11 Total Budget: \$113,542,954 (Anthem as only ASO)



**UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST COMMITTEE**

**FY12 - FIRST QUARTER REPORTS**

**December 15, 2011**

**Plan Utilization:** Brad Cornish, *Mercer*

Fiscal Year 2012 Q1 Financial Highlights

# MERCER

November 14, 2011

## University of Colorado Health and Welfare Trust Fiscal Year 2012 Q1 Financial Highlights

- Year to date, through the first quarter, the trust results for *Anthem-administered plans* are 11.0% below budgeted accrual rates.
  - Budget: \$28.50M
  - Actual: \$25.36M
- Actual to budget results are shown assuming a straight line budget; after accounting for trend and seasonality, projected results point to an annual budget surplus (including funding for reserves) of 4%
- Caution is advised, though, in assuming that one quarter's results will be indicative of a full year, even when adjusted for trend and seasonality
- The first quarter results are overall favourable versus the first quarter of fiscal year 2011
  - Medical claims PEPM is 1.5% lower
  - Rx claims PEPM is 22% higher
  - Overall PEPM is 1.6% higher
- All claims are measured on an incurred basis, and so estimates have been made for those claims which have been incurred but not yet reported.
- A reserve of \$7.2M has been calculated as necessary to provide for both incurred but not reported claims (\$5.5M) as well as claims reported as paid by Anthem but not yet reimbursed to Anthem by the trust (\$1.7M). The reserve has been incorporated into the comparison of actual costs to budgeted rates discussed above.
- There are 12 claimants with more than \$250,000 in claims that have been both incurred since self funded plan inception and paid in the last 12 months. The expected number of claims in excess of \$250,000 for the full year on a paid basis is 22.
- Reporting on self-funded plans administered by Kaiser and Access Health will begin with second quarter data.

December 15, 2011

## University of Colorado Health and Welfare Trust Fiscal Year 2011 Financial Highlights

- For fiscal year 2011, the final trust results are 2.3% above budgeted accrual rates.
  - Budget: \$106.92M
  - Actual: \$109.34M
- The third and fourth quarter results showed deterioration in experience. This is not surprising, given trend expectations, but the magnitude of the slippage is higher than expected.
- Quarterly summary:
  - Quarter 1: 5.3% below budget
  - Quarter 2: 0.0% above budget
  - Quarter 3: 6.3% above budget
  - Quarter 4: 7.7% above budget
  - Year to Date: 2.3% above budget
- All claims are measured on an incurred basis, and so estimates have been made for those claims which have been incurred but not yet reported.
- A reserve of \$7.81M has been calculated as necessary to provide for both incurred but not reported claims (\$5.62M) as well as claims reported as paid by Anthem but not yet reimbursed to Anthem by the trust (\$2.19M). The reserve has been incorporated into the comparison of actual costs to budgeted rates discussed above.
- There are 12 claimants with more than \$250,000 in claims that have been both incurred and paid since the beginning of the fiscal year. The expected number of claims in excess of \$250,000 for the full year on a paid basis is 22.
- The fact that large claims are not abnormally high suggests that the deficit versus the budget is due to higher than expected general utilization patterns.
- Given that the plan costs at year end are 2.3% above budget, the estimated savings from self funding the plan rather than operating on a fully insured basis is approximately \$1.1M.