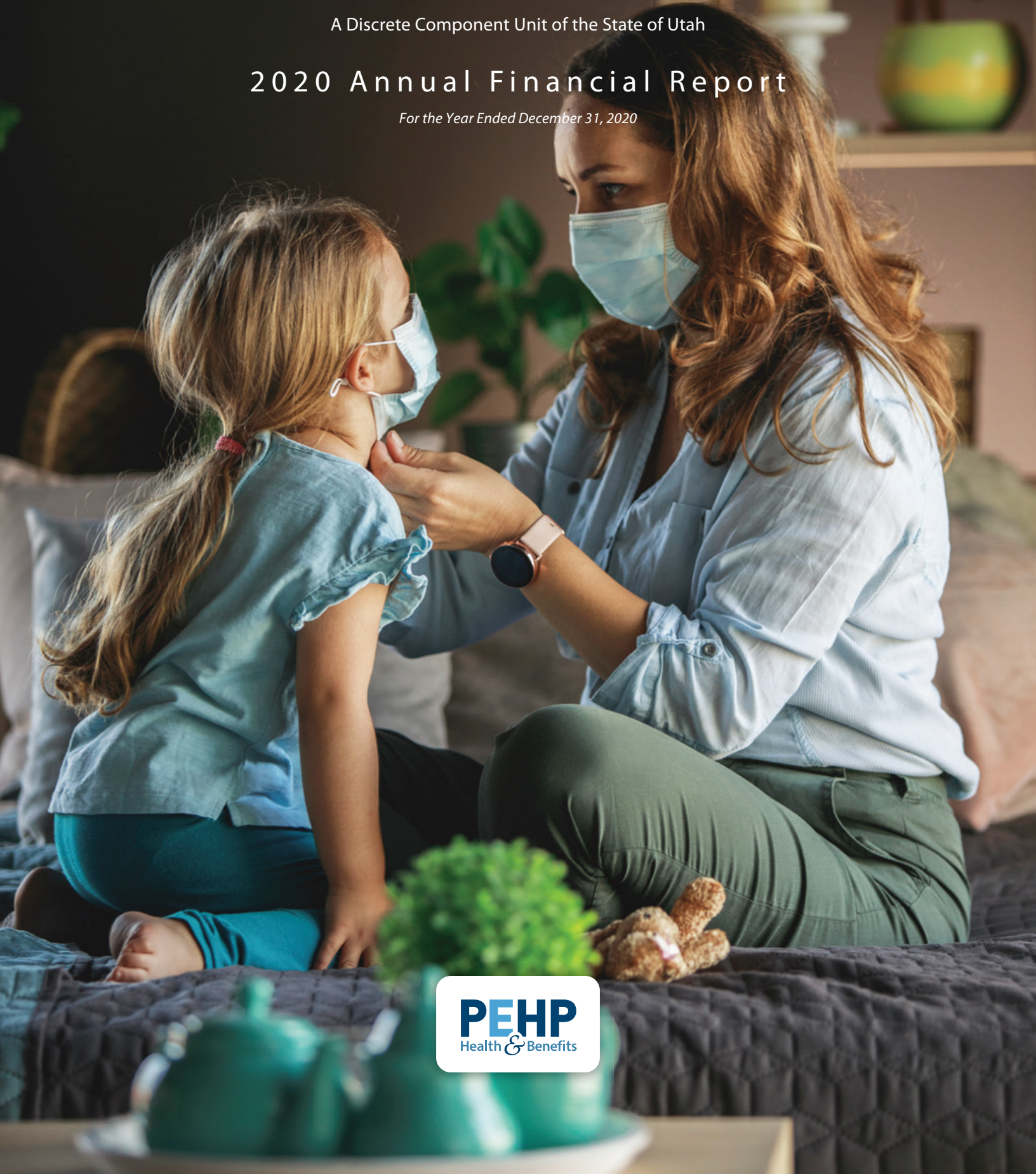


Utah Retirement Systems Public Employees Health Program

A Discrete Component Unit of the State of Utah

2020 Annual Financial Report

For the Year Ended December 31, 2020





P E H P

Utah Retirement Systems
Public Employees Health Program

A Discrete Component Unit of the State of Utah

2020 Annual Financial Report

For the Year Ended December 31, 2020

Prepared by: Finance Department

Utah Retirement Systems | Public Employees Health Program

560 East 200 South • Salt Lake City, Utah 84102-2044

www.pehp.org

Daniel D. Andersen, URS Executive Director

R. Chet Loftis, PEHP Managing Director

Robert D. Dolphin, URS Chief Financial Officer

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**Public Employees
Health Program**
**Additions
by Source**

At December 31



	2015	2016	2017	2018	2019	2020
● Premiums and service fees	\$ 580,477,005	628,475,661	694,255,468	764,289,512	816,803,324	871,935,466
● Federal subsidies	8,728,616	11,580,698	15,381,086	13,603,756	15,862,210	15,981,550
● Net investment income	1,932,282	10,825,858	9,526,337	3,246,461	25,357,732	27,209,692
● Employer contributions	—	28,439,724	7,638,014	9,208,581	9,266,955	8,863,707
Totals	\$ 591,137,903	679,321,941	726,800,905	790,348,310	867,290,221	923,990,415

Public Employees Health Program

Letter of Transmittal

UTAH STATE RETIREMENT BOARD
PUBLIC EMPLOYEES HEALTH PROGRAM
560 East 200 South
Salt Lake City, Utah 84102-2044
801-366-7700
800-365-8772
801-366-7734 FAX

DANIEL D. ANDERSEN
EXECUTIVE DIRECTOR

R. CHET LOFITS
MANAGING DIRECTOR

April 30, 2021

Utah State Retirement Board
560 East 200 South
Salt Lake City, UT 84102-2044

Dear Board Members:

We are pleased to present the 2020 Annual Financial Report of the Public Employees Health Program, also known as PEHP Health & Benefits (PEHP). PEHP is a discrete component unit of the State of Utah, administered by the Utah State Retirement Board (Board) for calendar year 2020.

PEHP administers group medical and other insurance benefits to agencies of the state of Utah, local governments, and other public entities within the state. The financial reporting entity of PEHP includes administration of medical and dental risk pools, reinsurance, long term disability, Medicare Supplement, term life, retiree life, and health reimbursement arrangement (HRA). The program is administered under the Utah State Retirement Board. PEHP medical and dental risk are divided into state and various other employers' risk pools.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of PEHP. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of PEHP.

For financial reporting purposes, PEHP adheres to accounting principles generally accepted in the United States of America. PEHP applies all applicable pronouncements of the Governmental Accounting Standards Board (GASB). Investments of PEHP are presented at fair value and are in accordance with the "prudent person rule."

PEHP provides a mechanism for covered employers to provide covered individuals with group health, dental, medical, disability, life insurance, Medicare supplement, conversion coverage, cafeteria, flex plan and other programs requested by the state, its political subdivisions, or educational institutions in the most efficient and economical manner. There is created the "Public Employees' Trust Fund" for the purpose of paying the benefits and costs of administering the program as indicated in the notes to the basic financial statements on page 30.

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) beginning on page 23 provides an overview and analysis of PEHP. This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it.

Financial Information

Management is responsible for maintaining a system of adequate internal accounting controls designed to provide reasonable assurance transactions are executed in accordance with management's general or specific authorization, and are recorded as necessary to maintain accountability for assets and to permit preparation of financial statements in accordance with generally accepted accounting principles. The concept of reasonable assurance recognizes the cost of a control should not exceed the benefits likely to be derived. This system includes written policies and procedures and an internal audit department that reports to the Board. Discussion and analysis of net position and related additions and deductions are presented in the MD&A beginning on page 23.

Actuarial

PEHP is maintained on an actuarially sound basis thus protecting participants' future benefits. Actuarial valuations are performed annually that meet the qualification standards for performing these valuations in accordance with the American Academy of Actuaries and are consistent with internal management strategies. PEHP is maintained on a financially and actuarially sound basis by payments from covered employers and covered individuals. The reserves in a risk pool are maintained at the level recommended by the actuary and approved by the Board.

Independent Audit

An annual audit of PEHP was conducted by the independent accountant Eide Bailly LLP. The auditor's report on the financial statements is included in this report.

Acknowledgments

This report reflects the combined efforts of the staff under the leadership of the Utah State Retirement Board. The report is intended to provide extensive and reliable information for making management decisions, determining compliance with legal provisions, and determining responsible stewardship for the assets contributed by the members and their employers.

We would like to take this opportunity to express our gratitude to the Board, the staff, the advisors, and the many people who have worked so diligently to assure the successful operation and financial soundness of PEHP.

Sincerely yours,



Robert D. Dolphin
Chief Financial Officer



R. Chet Loftis
Managing Director

Public Employees Health Program

Letter from Managing Director

UTAH STATE RETIREMENT BOARD

PUBLIC EMPLOYEES HEALTH PROGRAM

560 East 200 South
Salt Lake City, Utah 84102-2044
801-366-7700
800-365-8772
801-366-7734 FAX

DANIEL D. ANDERSEN
EXECUTIVE DIRECTOR

R. CHET LOFITS
MANAGING DIRECTOR

April 30, 2021

Utah State Retirement Board
560 East 200 South
Salt Lake City, UT 84102-2044

Dear Board Members:

PEHP Health & Benefits is a discrete component unit of the State of Utah created under the State of Utah Retirement Act that proudly serves Utah's public employees through high quality and competitively priced medical, dental, life, and long-term disability insurance plans. As a government entity, PEHP embraces both a public mission and a commitment to creating customer value, excelling in the market, and improving healthcare.

Over the past year, PEHP has remained financially sound in all respects. Insurance reserves continue to meet or exceed recommended levels for all risk pools and for all product lines, allowing PEHP to return \$51.2 million in excess reserves to various plan sponsors over the past year.

Membership growth also remains steady, reaching 173,802 for the medical plan as of December 31, 2020.

COVID-19 brought unique challenges to PEHP, our groups, and members. Gratefully, PEHP didn't skip a beat. PEHP seamlessly transitioned to remote work, responded proactively to COVID, and maintained critical relationships.

In fact, over the past year, PEHP has strengthened its position with higher reserve balances, new capabilities arising from remote work, and initiatives to strengthen each product line.

Major progress was also made in transitioning to a new core IT administration system, which should serve as the IT backbone of the organization for the next 20 years.

Retirements brought changes to the management structure of PEHP, resulting in a consolidation of reporting relationships and opportunities for greater responsibility.

Healthcare is a complex, ever evolving, and increasingly expensive part of the economy. The most significant ongoing challenge facing PEHP and the rest of the industry is to mitigate the annual rate of increase in medical costs. Absent this, plan sponsors are likely to reduce benefits to employees, seek coverage from other plan administrators, or cease to offer insurance benefits to employees.

Managing costs while providing excellent coverage is our primary focus. This past year saw reasonable renewals for our risk pools, including a 4.3% renewal for the state of Utah along with a \$39.9 million medical refund. Other areas of focus include reducing the risk of adverse coverage events and providing tools, advice, and support for healthcare decisions.

Utah State Retirement Board



Pictured Left to Right

The cumulative impact of these efforts was again demonstrated in our survey results of participating employer groups with an overall satisfaction rate of 97% and comments such as:

"I just feel like they offer quality tools, quality products, and I'm very happy with the services I receive."

"Their flexibility makes it easy and pleasurable to work with PEHP. It provides us with confidence in their partnership with us."

"The benefits and costs are a great selling point when recruiting new employees."

"We have managed to keep premiums from increasing a lot because of the cost tools and PEHP's general approach to cost savings policies."

"We feel at home with PEHP."

At its essence, PEHP is a reflection of the talented and committed people who choose to work here. Together we put mission and members first, we provide excellent products at cost, and we proudly serve the public sector with distinction.

Sincerely yours,

R. Chet Loftis
Managing Director

President

Ryan G. Hessenthaler
Appointed August 19, 2015
Term Expires July 1, 2023
Represents Investment Community

Vice President

Larry W. Evans
Appointed August 21, 2019
Term Expires July 1, 2024
Represents Public Employees

Laura O. Houston

Appointed July 2, 2014
Term Expires July 1, 2022
Represents Investment Community

Roger G. Donohoe

Appointed December 17, 2014
Term Expires July 1, 2024
Represents Education Employees

Richard K Ellis

Appointed February 2, 2020
Term Expires July 1, 2024
Represents Investment Community

President

David C. Damschen

State Treasurer
Member Since December 10, 2015
Ex-officio Member

William W. Wallace

Appointed September 18, 2013
Term Expires July 1, 2021
Represents Investment Community

Utah Retirement Systems Executive Director



Daniel D. Andersen

PEHP Managing Director



R. Chet Loftis

Organization Chart





Administrative Staff

Daniel D. Andersen
Executive Director

Steven M. West, CPA, CFE
Director, Internal Audit

W. Kendall Rima
Chief Information Officer

**Jayne R. Knecht, MSHR,
PHR, SHRM-CP, HRPD**
Human Resource Director

R. Chet Loftis
PEHP Managing Director

Robert D. Dolphin, CPA
Chief Financial Officer

Dee S. Larsen, J.D.
General Counsel

David Hansen, J.D.
PEHP Legal Counsel

Joel Sheppard
Marketing Director

Travis Tolley, PharmD, BCPS
*Clinical Management
Director*

Mark Brown, FSA, MAAA
*Business Operations
Director*

Angie Benson
Member Claims Director

Josie Hall
Member Services Director

Joan Chu, RN, CCM
*Care Management
Director*

Tom Davies
Pharmacy Director

**Cindy Jones Prather,
MD, FACOG**
Chief Medical Officer

Toan Lam, MD
Medical Director

Paul Anderton, FSA, MAAA
Chief Actuary

Lance Toms, PMP
*Administrative Systems
Project Management
Director*

**Cortney Larsen,
MBA, MHSA, CPC**
*Director of
Network Strategy /
Provider Relations*

Professional Service Providers

ACTUARY

Milliman
515 East 100 South
Suite 600
Salt Lake City, UT 84102

AUDITOR

Eide Bailly LLP
Certified Public Accountants
5 Triad Center
Suite 600
Salt Lake City, UT 84180

Medical Program Highlights

PEHP offers group health insurance and Medicare supplement coverage for the state, its political subdivisions, and educational institutions. PEHP acts as a self-insurer and administers separate risk pools for the state of Utah and other covered employers who have chosen to participate with PEHP. PEHP is maintained on a financially and actuarially sound basis for covered employers and covered individuals. A medical network is a group of doctors, hospitals, and other providers that have agreed to accept a specific price for their services. PEHP has three networks – Summit, Advantage, and Preferred.



Summit Network —

The Summit Network is based on the University of Utah, Mountain Star and Steward Healthcare hospitals. Members who typically choose this network want a broad choice of hospitals, surgical centers, and imaging centers throughout the Wasatch Front. Hospitals on the Summit Network within Salt Lake County include Salt Lake Regional Hospital, University of Utah Hospital, Huntsman Cancer Institute, Primary Children's Hospital, St. Mark's Hospital, Lone Peak Hospital and Jordan Valley Hospital.

Advantage Network —

The Advantage Network is based on the Intermountain Healthcare facilities and providers. It also contains many non-facility providers who are not affiliated with IHC. Members who choose this network typically want to go to IHC facilities.

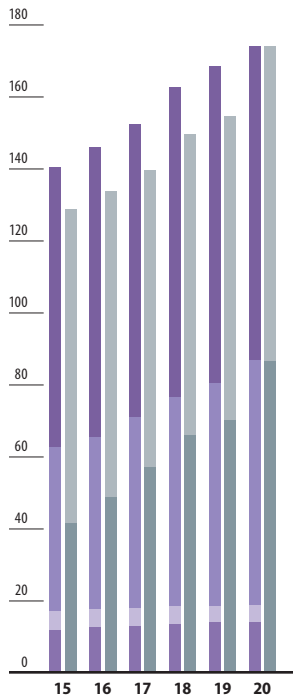
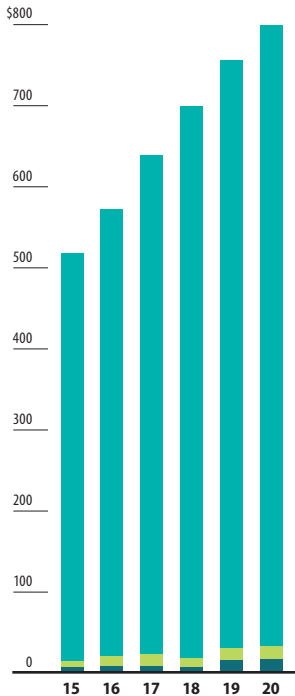
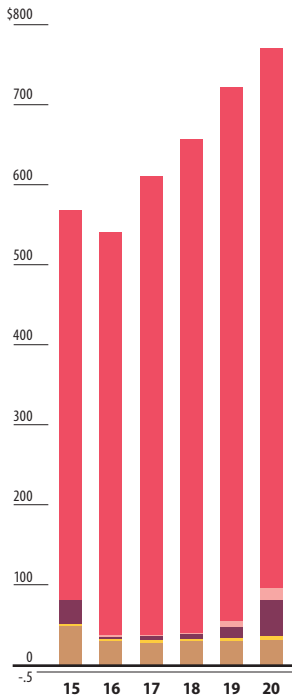
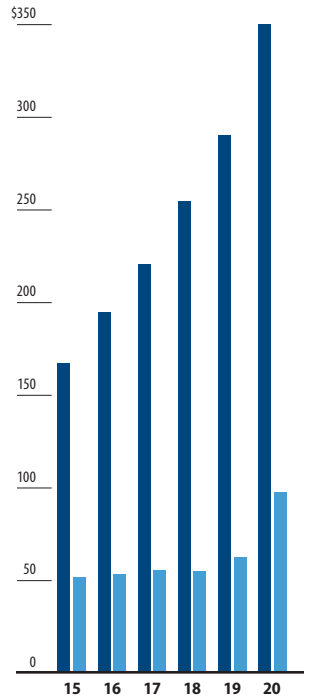
Preferred Network —

The Preferred network consists of all providers and facilities in both the Summit and Advantage networks. It includes all major hospitals in Utah.

Plan Choices

PEHP offers both traditional healthcare plans and STAR HSA-eligible healthcare plans. Traditional plans offer co-pays, lower deductibles, higher employee premiums, and individual-level maximum out-of-pockets; whereas, STAR HSA plans offer higher deductibles, lower employee premiums, and employer contributions to a health savings account that an employee can add to on a tax-free basis and use to pay for healthcare expenses.

Medical Program Highlights *(Concluded)*

Total Membership Enrollment
(In thousands)

Additions by Source
(\$ in millions)

Deductions by Type
(\$ in millions)

Contingency Reserves
(\$ in millions)


2015

2016

2017

2018

2019

2020

Count of Membership

● Advantage Network	77,765	80,321	81,570	86,127	87,873	87,466
● Summit Network	45,565	47,918	53,069	58,196	61,827	67,895
● Preferred Network	5,272	5,051	4,773	4,825	4,697	4,621
● Medicare	11,478	12,222	12,725	13,208	13,618	13,820
Totals	140,080	145,512	152,137	162,356	168,015	173,802
● Traditional Plan	87,425	84,816	82,737	83,449	84,543	86,367
● Star HSA Plan	41,177	48,474	56,675	65,699	69,854	87,435
Totals	128,602	133,290	139,412	149,148	154,397	173,802

Medical Program Additions by Source

● Premiums and service fees	\$ 504,343,732	552,242,433	616,327,475	680,826,597	725,225,526	767,094,257
● Federal subsidies	8,728,616	11,580,698	15,381,086	13,603,756	15,862,210	15,981,550
● Net investment income	1,285,142	6,210,176	5,505,254	1,421,106	13,007,263	14,450,922
Totals	\$ 514,357,490	570,033,307	637,213,815	695,851,459	754,094,999	797,526,729

Medical Program Deductions by Type

● Claims	\$ 487,185,223	502,370,841	572,192,267	616,825,742	664,828,723	672,515,577
● Provisions for unpaid claims	(292,284)	3,405,834	893,049	613,688	7,975,697	14,706,077
● Experienced dividends	29,658,041	2,224,206	5,701,630	5,703,602	13,268,290	45,636,364
● Commissions	1,996,956	2,409,626	2,907,487	3,126,425	3,477,564	4,607,858
● Administrative expense and other	29,280,677	30,176,635	28,169,556	30,133,223	30,877,872	31,692,050
Totals	\$ 547,828,613	540,587,142	609,863,989	656,402,680	720,428,146	769,157,926

Medical Program Contingency Reserves

● Total assets available to pay benefits	\$ 190,515,584	221,619,622	251,306,224	290,169,252	332,562,951	401,243,973
● Total liabilities and reserves	58,296,382	59,954,259	62,290,944	61,705,192	70,432,038	110,744,257
Ending plan contingency reserve	\$ 132,219,202	161,665,363	189,015,280	228,464,060	262,130,913	290,499,716

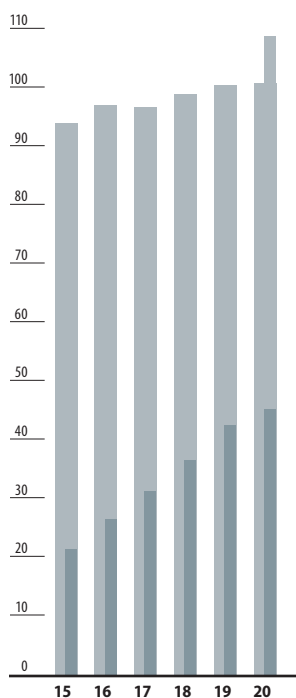
Dental Program Highlights

PEHP offers group dental insurance for the state, its political subdivisions, and educational institutions. PEHP acts as a self-insurer and administers separate risk pools for the state of Utah and other covered employers who have chosen to participate with PEHP. PEHP is maintained on a financially and actuarially sound basis for covered employers and covered individuals.

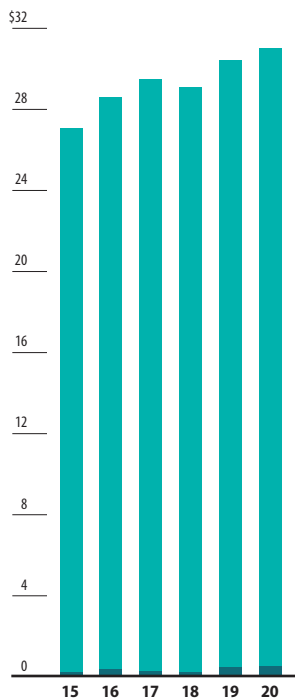


Dental Program Highlights *(Concluded)*

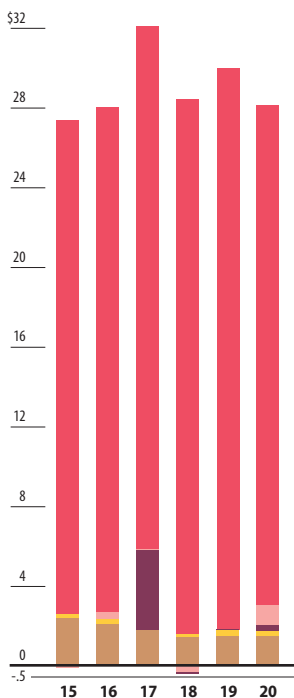
Total Membership Enrollment
(In thousands)



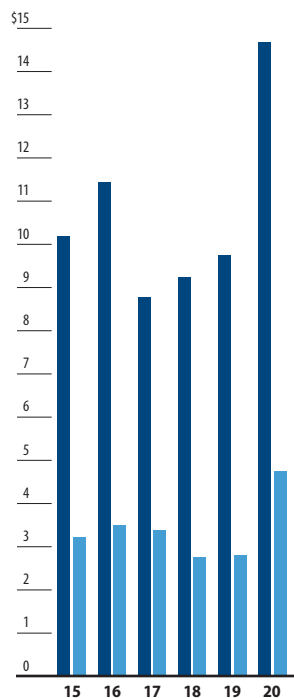
Additions by Source
(\$ in millions)



Deductions by Type
(\$ in millions)



Contingency Reserves
(\$ in millions)



Count of Membership

● Dental Enrollment	93,949	96,903	96,620	98,781	100,345	100,632
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Dental Program Additions by Source

● Premiums and service fees	\$ 27,036,944	28,301,855	29,268,441	29,046,866	30,003,604	30,560,203
● Net investment income	53,351	302,559	221,236	52,350	429,111	478,029
Totals	\$ 27,090,295	28,604,414	29,489,677	29,099,216	30,432,715	31,038,232

Dental Program Deductions by Type

● Claims	\$ 24,762,886	25,018,002	26,248,159	26,797,638	28,188,373	25,020,752
● Provision for unpaid claims	(64,144)	354,283	15,887	(350,051)	9,373	1,041,874
● Experienced dividends	—	2,527	4,002,253	(2,165)	133	287,932
● Commissions	186,744	212,526	—	149,284	304,045	235,923
● Administrative expense and other	2,372,723	2,076,423	1,762,041	1,427,824	1,455,592	1,476,038
Totals	\$ 27,258,209	27,663,761	32,028,340	28,022,530	29,957,516	28,062,519

Dental Program Contingency Reserves

● Total assets available to pay benefits	\$ 10,187,488	11,426,864	8,778,082	9,233,503	9,746,071	14,676,580
● Total liabilities and reserves	3,197,020	3,495,745	3,369,737	2,748,473	2,785,842	4,740,638
Ending plan contingency reserve	\$ 6,990,468	7,931,119	5,408,345	6,485,030	6,960,229	9,935,942

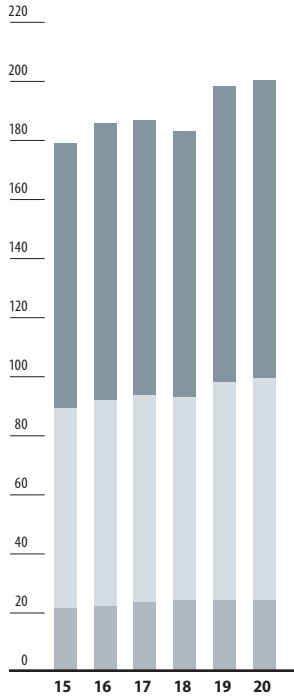
Group Term, Accidental Death and Dismemberment (AD&D), and Retiree Life Insurance Highlights

PEHP offers group term, AD&D and retiree life insurance for the state, its political subdivisions, and educational institutions. PEHP term life insurance provides up to \$500,000 of voluntary coverage. The Group AD&D plan provides benefit for death due to an accident on or off the job, for permanent loss of speech, hearing, eyesight, or limb function due to an accident, to supplement lost wages and to cover out-of-pocket expenses the medical plan may not pay.

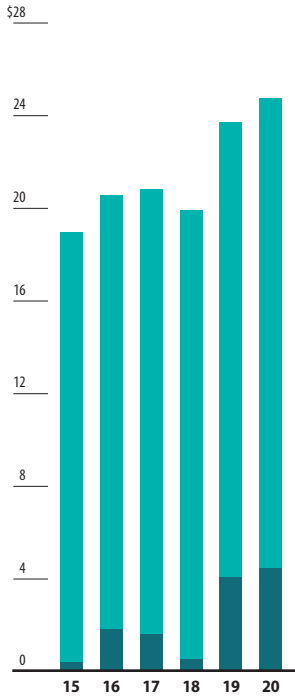


Group Term, Accidental Death and Dismemberment (AD&D) and Retiree Life Insurance Highlights *(Concluded)*

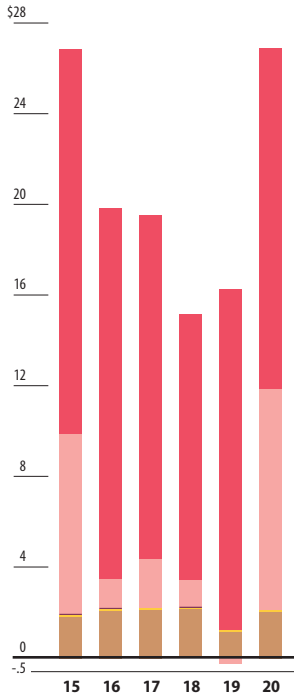
Total Membership Enrollment
(In thousands)



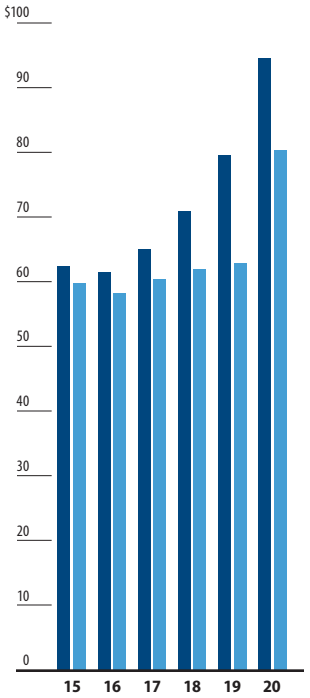
Additions by Source
(\$ in millions)



Deductions by Type
(\$ in millions)



Contingency Reserves
(\$ in millions)



2015 2016 2017 2018 2019 2020

Count of Membership

● Term life	90,121	93,973	93,289	90,178	100,467	101,373
● AD&D	67,974	69,828	70,313	69,132	74,351	75,239
● Retiree life	20,802	21,672	22,939	23,545	23,507	23,684
Totals	178,897	185,473	186,541	182,855	198,325	200,296

Life Program Additions by Source

● Premiums and service fees	\$ 18,603,078	18,780,213	19,225,114	19,429,129	19,663,834	20,335,998
● Net investment income	331,770	1,743,464	1,545,973	442,114	4,019,456	4,370,395
Totals	\$ 18,934,848	20,523,677	20,771,087	19,871,243	23,683,290	24,706,393

Life Program Deductions by Type

● Claims	\$ 16,967,851	16,359,411	15,130,492	11,707,159	15,002,689	15,044,818
● Provision for unpaid claims	7,939,128	1,283,884	2,201,455	1,230,026	(189,373)	9,693,267
● Experienced dividends	86	52	—	50	—	—
● Commissions	36,623	39,575	9,190	32,236	65,818	55,425
● Administrative expense and other	1,832,430	2,091,150	2,129,120	2,149,254	1,138,242	2,047,418
Totals	\$ 26,776,118	19,774,072	19,470,257	15,118,725	16,017,376	26,840,928

Life Program Contingency Reserves

● Total assets available to pay benefits	\$ 62,323,701	61,449,902	64,974,603	70,908,251	79,524,200	94,462,705
● Total liabilities and reserves	59,775,288	58,151,888	60,375,759	61,869,873	62,819,909	80,246,787
Ending plan contingency reserve	\$ 2,548,413	3,298,014	4,598,844	9,038,378	16,704,291	14,215,918

Long-Term Disability Insurance (LTD) Highlights

PEHP offers group Long Term Disability insurance for the state, its political subdivisions, and educational institutions. PEHP LTD is maintained on a financially and actuarially sound basis for covered employers and covered individuals. LTD is a safety net should an employee become disabled and unable to work. The LTD benefit is paid by the participating employer and provides two-thirds of regular monthly salary for accidental bodily injury, disease, or illness.

Summary Benefits

Benefit Amount: Two-thirds of salary.

Waiting Period: Three months; closest to the first of the month.

First 24 months of LTD: Must be unable to perform regular job.

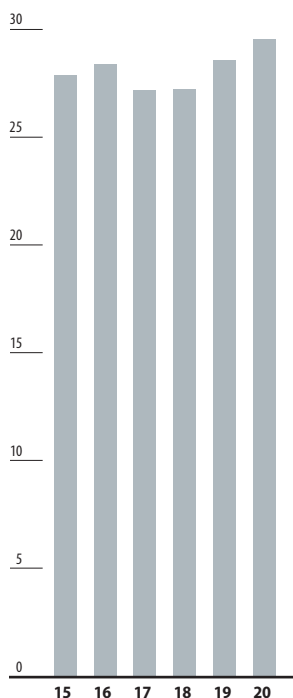
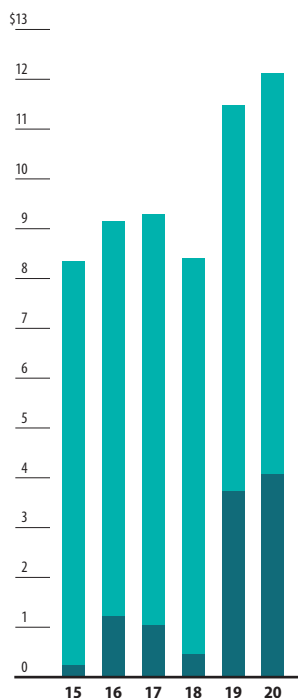
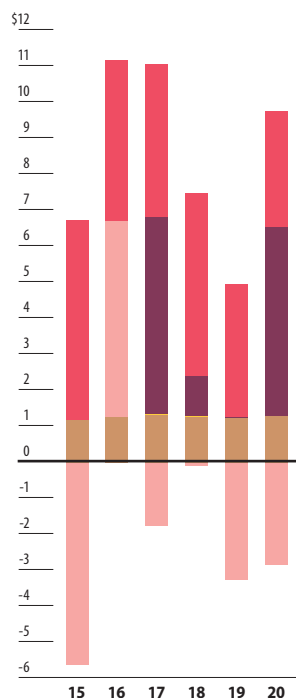
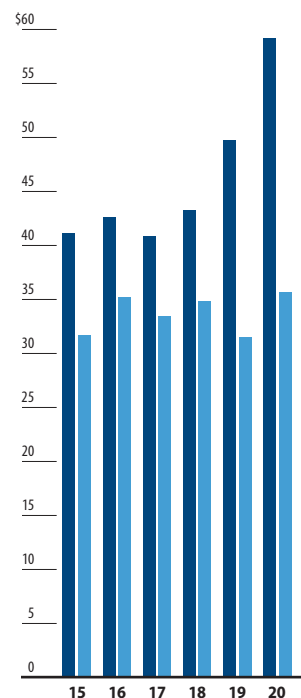
After 24 months of LTD: Must be unable to perform any gainful employment due to physical disability (includes sedentary work).

Maximum Benefit: Age 65 or retirement with Utah Retirement Systems.

Line of Duty Benefit: (*External Force/Violence*) 100% of regular salary.



Long-Term Disability Insurance (LTD) Highlights *(Concluded)*

Total Membership Enrollment
(In thousands)

Additions by Source
(\$ in millions)

Deductions by Type
(\$ in millions)

Contingency Reserves
(\$ in millions)


2015 2016 2017 2018 2019 2020

Count of Membership

● Total LTD Enrollment	27,896	28,404	27,192	27,224	28,584	29,562
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LTD Program Additions by Source

● Premiums and service fees	\$ 8,116,499	7,916,397	8,266,192	7,953,824	7,760,090	8,052,257
● Net investment income	229,253	1,222,460	1,027,606	457,317	3,720,820	4,072,448
Totals	\$ 8,345,752	9,138,857	9,293,798	8,411,141	11,480,910	12,124,705

LTD Program Deductions by Type

● Claims	\$ 5,532,011	4,487,455	4,277,983	5,084,603	3,698,907	3,212,218
● Provision for unpaid claims	(5,615,649)	5,432,887	(1,772,089)	(102,695)	(3,260,449)	(2,836,762)
● Experienced dividends	—	—	5,495,730	1,118,283	2,612	5,241,000
● Commissions	—	—	4,412	3,274	—	—
● Administrative expense and other	1,184,016	1,261,687	1,313,708	1,264,128	1,233,855	1,296,905
Totals	\$ 1,100,378	11,182,029	9,319,744	7,367,593	1,674,925	6,913,361

LTD Program Contingency Reserves

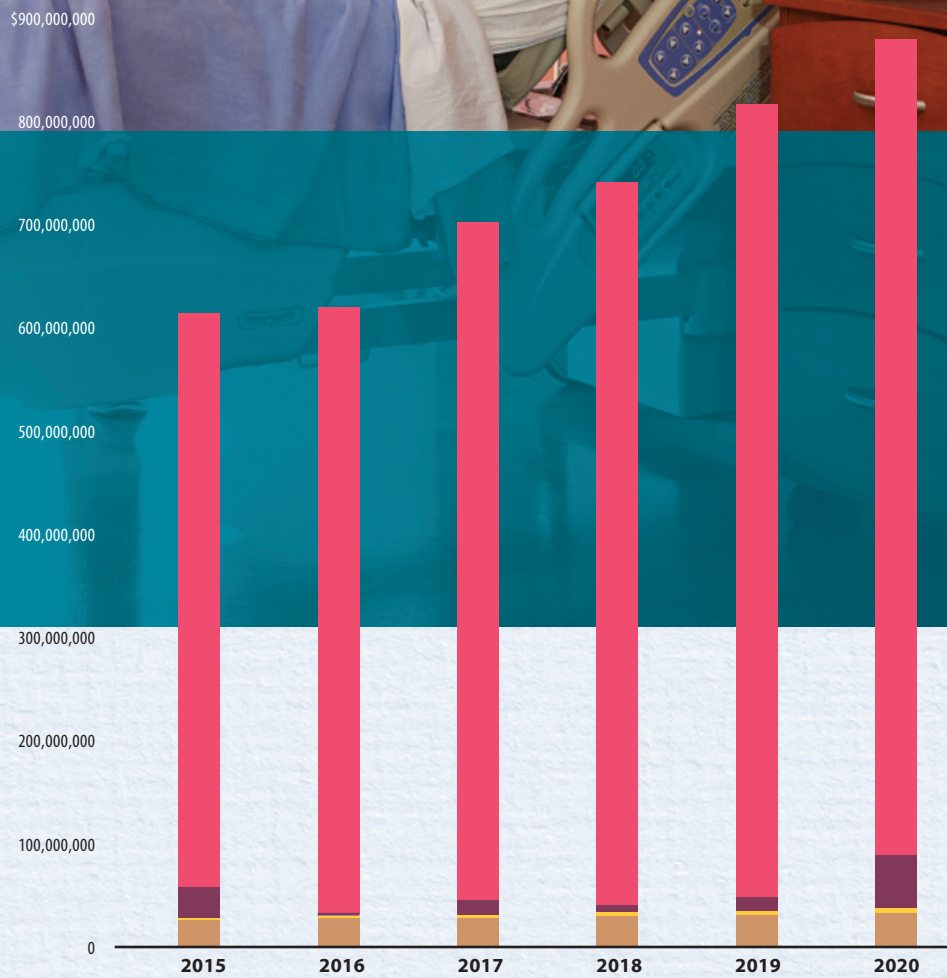
● Total assets available to pay benefits	\$ 41,170,436	42,614,444	40,832,526	43,314,076	49,779,564	59,204,290
● Total liabilities and reserves	31,676,785	35,163,963	33,407,991	34,845,993	31,505,496	35,718,878
Ending plan contingency reserve	\$ 9,493,651	7,450,481	7,424,535	8,468,083	18,274,068	23,485,412



**Public Employees
Health Program**

Deductions by Type

*Calendar Year Ending
December 31*



● Claims	\$ 554,729,246	585,782,709	654,802,251	698,917,378	766,084,911	787,867,601
● Experienced dividends	29,658,127	2,226,785	15,199,613	6,819,770	13,271,035	51,165,296
● Commissions	2,220,322	2,671,325	2,953,215	3,333,229	3,918,671	4,977,756
● Administrative expense and other	30,436,353	32,481,528	32,422,114	34,839,792	35,522,995	37,601,305
Totals	\$ 617,044,048	623,162,347	705,377,193	743,910,169	818,797,612	881,611,958

Public Employees Health Program

Auditor's Report



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Utah State Retirement Board
Public Employees Health Program
Salt Lake City, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of the Public Employee Health Program, a discrete component unit of the State of Utah, as of and for the year ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Public Employee Health Program's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards

generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Public Employee Health Program, a discrete component unit of the State of Utah, as of

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Auditor's Report *(Continued)*

December 31, 2020 and 2019, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 22-26, the 10-year loss development schedule on pages 58-59, and the schedule of the proportionate share of the net pension liability and schedule of contributions on pages 60-61, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, as listed in the table of contents, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information, except for that portion marked "Unaudited," was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information

directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated in all material respects in relation to the financial statements as a whole. The information throughout this report packet marked "Unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

The financial statements include summarized comparative information as of and for the fiscal year ended June 30, 2020 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2021 on our consideration of Public Employee Health Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Public Employee Health Program's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Public Employee Health Program's internal control over financial reporting and compliance.



Salt Lake City, Utah
April 30, 2021

Auditor's Report *(Concluded)*



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Utah Retirement Board
Public Employees Health Program
Salt Lake City, Utah

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Public Employee Health Program as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Public Employee Health Program's basic financial statements, and have issued our report thereon dated April 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Public Employee Health Program's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Public Employee Health Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Public Employee Health Program's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less

severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Public Employee Health Program's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Salt Lake City, Utah
April 30, 2021

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The medical line of business, including Medicare supplement, encompasses 87.35% of PEHP's benefit expenses. Dental accounted for 3.14% leaving 9.51% for all of the other lines of business in total.



Public Employees Health Program

Management Discussion and Analysis

F O R T H E Y E A R E N D E D D E C E M B E R 3 1 , 2 0 2 0

The management of Public Employees Health Program (PEHP) presents the following discussion and analysis of the financial statements for the year ended December 31, 2020. PEHP is authorized and created under Title 49, Chapters 20 and 21, of the Utah Code to organize and administer self insurance risk pools for employee benefits for the state, its educational institutions, and political subdivisions.

PEHP is a trust whose custody and management is governed by the Utah State Retirement Systems Board. The Program has certain assets, expenses and administrative support allocated from URS. The Program generates revenue and liabilities from its insurance products offered to customers and administrative fees earned from third party administration. All accounting transactions, including PEHP expenses, are recorded or allocated to the various risk pools and lines of business. This is consistent with the statute that created PEHP, to organize and administer funded self-insurance risk pools. PEHP does not report the various risk pools as separate funds. Therefore, the risk pool reporting is provided as schedules in the supplemental information.

The long-term disability, term life, retiree life, and health reimbursement arrangement plan (HRA) lines of business, and the Medicare Supplement and reinsurance risk pools are singular risk pools in which all participating employers share the risk. The medical and the dental lines of business are divided into various risk pools of single or multiple employer pools. The medical line of business, including Medicare supplement, encompasses 88.03% of PEHP's benefit expenses. Dental accounted for 3.62% leaving 8.35% for all of the other lines of business in total.

PEHP is a "public entity risk pool" as defined by GASB Statement No. 10, encompassing three of the four types of pools identified. Risk is shared in the long-term disability, term life, retiree life, and health reimbursement arrangement lines of business, the Medicare supplement program and in the medical and dental risk pools for the Utah School Board Association and the Local Government Risk Pool. Catastrophic reinsurance is purchased from private insurance companies through the "Reinsurance" risk pool and the term life program. PEHP acts as a third-party administrator and provides administrative services only and holds no significant contingency reserves for Jordan School District, Canyons School District, Salt Lake School District, Salt Lake County, and inmates for the Utah Department of Corrections.

GASB Statement No. 10 provides guidelines for recording and reporting of revenues, expenses, liabilities, assets, and specified supplementary information. PEHP records transactions according to these guidelines. Given the short-term nature of PEHP's lines of business, the required supplementary information presented is deemed sufficient to meet the principles of GASB Statement No. 10. PEHP has also adopted the financial reporting provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 amends certain portions of the financial reporting provisions of GASB Statement No. 10. GASB Statement No. 63 establishes the standards for reporting deferred outflows of resources, deferred inflows of resources, and net position. PEHP has prepared the financial statements in accordance with GASB Statement No. 63.

Management Discussion & Analysis (Continued)**Summary of Net Position at December 31 is as Follows:**

	2020	2019	2018	2020 Increase (Decrease)	2019 Increase (Decrease)	2020 Percentage Change	2019 Percentage Change
Assets and Outflows:							
Cash, cash equivalents, and investments	\$ 599,387,732	486,094,573	422,427,352	113,293,159	63,667,221	23.3%	15.1%
Receivables	86,609,567	69,719,324	78,634,095	16,890,243	(8,914,771)	24.2	(11.3)
Capital assets	23,651	44,276	67,445	(20,625)	(23,169)	(46.6)	(34.4)
Net OPEB asset	812,923	680,551	84,549	132,372	596,002	19.5	704.9
Deferred outflows relating to pensions and other post employment benefits	4,784,195	8,732,691	6,911,463	(3,948,496)	1,821,228	(45.2)	26.4
Total assets and deferred outflows	691,618,068	565,271,415	508,124,904	126,346,653	57,146,511	22.4	11.4
Liabilities and Inflows:							
Claims and other	189,296,525	110,514,170	102,142,945	78,782,355	8,371,225	71.3	8.2
Life and long-term disability	82,961,462	74,932,398	77,708,006	8,029,064	(2,775,608)	10.7	(3.6)
Net pension liability	10,717,635	16,895,778	11,139,396	(6,178,143)	5,756,382	(36.6)	51.7
Deferred inflows relating to pensions and other post employment benefits	4,243,402	908,482	3,606,579	3,334,920	(2,698,097)	367.1	(74.8)
Total liabilities and deferred inflows	287,219,024	203,250,828	194,596,926	83,968,196	8,653,902	41.3	4.4
Net Position:							
Restricted for claim contingency reserves	362,510,604	323,096,920	277,833,446	39,413,684	45,263,474	12.2	16.3
Restricted for benefits	41,888,440	38,923,667	35,694,532	2,964,773	3,229,135	7.6	9.0
Total net position	\$ 404,399,044	362,020,587	313,527,978	42,378,457	48,492,609	11.7%	15.5%

Summary of Changes in New Position for Years Ended December 31, 2020, 2019, and 2018:

	2020	2019	2018	2020 Increase (Decrease)	2019 Increase (Decrease)	2020 Percentage Change	2019 Percentage Change
Revenues:							
Premiums and fees	\$ 896,780,723	841,932,489	787,101,849	54,848,234	54,830,640	6.5%	7.0%
Investment income	27,209,692	25,357,732	3,246,461	1,851,960	22,111,271	7.3	681.1
Total revenues	923,990,415	867,290,221	790,348,310	56,700,194	76,941,911	6.5	9.7
Expenses:							
Insurance benefits	839,032,897	779,355,946	705,737,148	59,676,951	73,618,798	7.7	10.4
Administrative and other expenses	42,579,061	39,441,666	38,173,021	3,137,395	1,268,645	8.0	3.3
Total benefits and expenses	881,611,958	818,797,612	743,910,169	119,514,540	151,829,354	14.6	20.4
Revenues over (under) benefits and expenses	42,378,457	48,492,609	46,438,141	(6,114,152)	2,054,468	(12.6)	4.4
Net Position:							
Beginning of year, restricted for claim contingency reserves	323,096,920	277,833,446	236,099,926	45,263,474	41,733,520	16.3	17.7
Beginning of year, restricted for benefits	38,923,667	35,694,532	30,989,911	3,229,135	4,704,621	9.0	15.2
Ending of year, restricted for claim contingency reserves	362,510,604	323,096,920	277,833,446	39,413,684	45,263,474	12.2	16.3
Ending of year, restricted for benefits	41,888,440	38,923,667	35,694,532	2,964,773	3,229,135	7.6	9.0
Ending net position, restricted	\$ 404,399,044	362,020,587	313,527,978	42,378,457	48,492,609	11.7%	15.5%

Management Discussion & Analysis *(Continued)*

Financial Condition

PEHP works with the employers and actuaries to set medical and dental premium rates that will maintain appropriate reserve levels for each risk pool. The criteria vary depending on the type of risk pool. New risk pools provide an initial deposit or establish reserves over time.

Total contingency reserves increased by \$42.4 million as follows:

- » The medical program contingency reserves increased by \$28.4 million due to lower overall medical claim expense from patients not seeking routine and elective care during the COVID-19 pandemic.
- » Contingency reserves increased by \$3.0 million due to dental claim expense decreasing by \$3.2 million for calendar year 2020. In March and April of 2020 the dental economy was virtually non-existent because of the COVID-19 pandemic.
- » The long-term disability program realized an increase of \$5.2 million in contingency reserves due to favorable claim experience and decline in the number of disables at year end.
- » Term life contingency reserve increased by \$3.7 million primarily from favorable claim experience and positive investment income of \$1.8 million.

- » The retiree life program had a contingency reserve decrease of \$6.1 million. The decrease was due to lowering the discount rate assumption from 3.50% to 2.75%.
- » The reinsurance program had a contingency reserve increase of \$6.3 million due to favorable claim experience and net investment income of \$3.7 million.
- » The HRA Program reserves restricted for benefits increased by \$3.0 million due to employer contributions exceeding benefit payments.
- » Net pension and OPEB reserves decreased by \$1.0 million due to differences between actual and assumed rates.

Financial Statements

The financial statements for PEHP are prepared on the accrual basis of accounting in accordance with the generally accepted accounting principles in the United States, as promulgated by the Governmental Accounting Standards Board (GASB). PEHP is reported as a discrete component unit of the State of Utah. Revenues are recognized when earned and expenses are recognized in the period in which they are incurred. See the footnotes for more information.



Management Discussion & Analysis *(Continued)*

Financial Analysis

- » The total of cash, investments, and security lending collateral increased by \$113.3 million due to favorable claim experience and positive investment returns.
- » Total receivables increased by \$1.7 million or 2.5% due to increase in membership in the medical program.
- » Capital assets include computers and office equipment. The net capital assets decreased by \$21 thousand due to depreciation expense.
- » The net pension liability decreased by \$6.2 million due to the pension fund earning 14.5% return in 2019.
- » The total liabilities increased by \$65.5 million due primarily from the increase security lending non-cash collateral liability and higher claim reserves due to reduced patients not seeking routine elective medical procedures during the COVID-19 pandemic.

The Summary for the Statement of Changes in Net Position for the years ended December 31, 2020, and 2019 is as follows:

- » Premium and fee income increased by \$55.1 million, due primarily to increases in medical rates and additions of new business.
- » Investment income increased by \$1.9 million due to the increase in the bond yield. The market value of investments for the year increased by \$74.2 million compared to a increase of \$63 million in the prior year.

The total net investment income (investment yield plus or minus adjustments to the market value less investment expenses) for the year ended December 31, 2020, was \$27.2 million for an overall return of 7.52%. The benchmark used to measure the Dodge and Cox performance is Bloomberg Barclays U.S. Intermediate Aggregate Bond Index. For the calendar year, this index had a rate of return of 5.60%, whereas the return net of fees for the Dodge and Cox managed portfolio for the year was 7.41%.

- » Insurance benefits expense increased by \$59.7 million. This was due primarily to an increase reserve estimates of \$18.1 and the increase in the experience dividends of \$37.9 million.

Budgets

Since the risk pools belong to the current participating employers, PEHP does not budget revenues and insurance benefit expenses. Budgets are prepared on administrative expenses. For the budget years ended June 30, 2020, and June 30, 2019, the administrative expenses were \$1,799,837 and \$2,442,199, under budget respectively as outlined in the table below.

	Fiscal Year Ending June 30, 2020	Fiscal Year Ending June 30, 2019
Board approved budget	\$38,985,857	35,911,319
Actual expenditures	38,186,020	33,469,120
Variance (over) / under budget	\$ 1,799,837	2,442,199



Public Employees Health Program

Statements of Net Position

As of December 31, 2020

With comparative totals for December 31, 2019

	2020	2019
Assets:		
Cash and cash equivalents	\$ 148,222,778	133,345,964
Investments	417,142,243	342,914,536
Invested securities lending collateral	34,022,711	9,834,073
Receivables:		
Premium and service fees	43,254,372	43,276,434
Securities and interest receivable	17,064,540	2,001,860
Misc. receivables/prepaid expenses	26,290,655	24,441,030
Total receivables	86,609,567	69,719,324
Capital assets net of accumulated depreciation	23,651	44,276
Net OPEB asset	812,923	680,551
Total assets	686,833,873	556,538,724
Deferred Outflows of Resources:		
OPEB related amounts	154,778	132,845
Pension related amounts	4,629,417	8,599,846
Total deferred outflows	4,784,195	8,732,691
Liabilities:		
Claims payable	34,349,616	26,727,288
Estimated liability for claims incurred but not reported	56,842,020	49,888,955
Life insurance reserves	67,002,897	58,566,637
Long-term disability claims reserves	15,216,066	15,269,766
Long-term disability medical premium reserves	742,499	1,095,995
Premiums payable	371,059	259,201
Unearned premiums	3,073,677	3,304,678
Investment accounts payable	37,976,486	—
PPCA and other accrued expenses payable	7,462,350	2,420,656
Taxes payable	398	102
Experience dividend payable	203,765	250,533
Due to other agencies and other liabilities	14,994,443	17,828,683
Security lending liability	34,022,711	9,834,074
Net pension liability	10,717,635	16,895,778
Total liabilities	282,975,622	202,342,346
Deferred Inflows of Resources:		
OPEB related amounts	566,506	521,825
Pension related amounts	3,676,896	386,657
Total deferred inflows	4,243,402	908,482
Net Position:		
Restricted for claims contingency reserves	362,510,604	323,096,920
Restricted for benefits	41,888,440	38,923,667
Total net position	\$ 404,399,044	362,020,587

The accompanying notes to the financial statements are an integral part of these statements.

Public Employees Health Program

Statements of Changes in Net Position

Year Ended December 31, 2020

With Comparative Totals for December 31, 2019

	2020	2019
Revenues:		
Premiums earned, service fees, and other revenue, net of refunds	\$ 871,935,466	816,803,324
Federal subsidy	15,981,550	15,862,210
Employer contributions	8,863,707	9,266,955
Net investment income	27,209,692	25,357,732
Miscellaneous income	—	—
Total revenues	923,990,415	867,290,221
Expenses:		
Insurance benefits:		
Claims	765,263,145	761,549,663
Change in unpaid claims and claims incurred but not reported	22,604,456	4,535,248
Experience dividends	51,165,296	13,271,035
Total insurance benefits	839,032,897	779,355,946
Administrative and other expenses:		
Administrative expenses	36,403,327	34,678,281
Commissions	4,977,756	3,918,671
PPACA fees	225,077	203,659
Other expenses	972,901	641,055
Total expenses	881,611,958	818,797,612
Revenue over benefits and expenses	\$42,378,457	\$48,492,609
Net Position:		
Beginning of year, restricted for claim contingency and benefits	362,020,587	313,527,978
End of year, restricted for claims contingency and benefits	\$ 404,399,044	362,020,587

The accompanying notes to the financial statements are an integral part of these statements.

Public Employees Health Program

Statements of Cash Flow

For the Year Ended December 31, 2020

With Comparative Totals for December 31, 2019

	2020	2019
Cash flows from operating activities:		
Cash received from premiums earned, service fees, and other revenue, net of refunds	\$ 896,572,033	854,260,606
Cash paid for insurance benefits	(765,151,284)	(761,791,592)
Cash paid for administrative and other expenses	(41,227,661)	(43,964,317)
Policyholder experience dividends paid	(51,212,064)	(17,224,947)
Net cash provided by operating activities	38,981,024	31,279,750
Cash flows from investing activities:		
Investment income	16,825,846	13,750,979
Proceeds from maturities of sales of fixed income securities	232,333,415	209,419,330
Purchases of fixed income securities	(273,263,471)	(266,144,564)
Net cash (used) by investing activities	(24,104,210)	(42,974,255)
Cash flows from capital and related financing activities:		
Proceeds from sale of assets	—	—
Purchases of equipment	—	(21,676)
Net cash (used) by financing activities	—	(21,676)
Net increase (decrease) in cash and cash equivalents	14,876,814	(11,716,181)
Cash and cash equivalents at beginning of year	133,345,964	145,062,145
Cash and cash equivalents at end of year	148,222,778	133,345,964
Reconciliation of revenue over benefits and expenses to net cash provided by operating activities:		
Revenue over benefits and expenses	42,378,457	48,492,609
Adjustments to reconcile revenue over benefits and expenses to net cash provided (used) by operating activities:		
Depreciation	20,625	44,845
Net investment income	(27,209,692)	(25,357,732)
OPEB related items	(109,624)	(291,571)
Pension related items	1,082,525	932,626
Change in assets and liabilities:		
Premiums and service fees	22,061	12,198,347
Employer contributions	250	217,157
Prepaid expenses and other current assets	(1,849,875)	(3,640,691)
Claims payable	7,622,330	3,453,208
Liability for claims incurred but not reported	6,953,063	3,857,648
Life insurance reserves	8,436,260	(415,016)
Long-term disability claim reserves	(53,700)	(2,099,048)
Long-term disability medical premium reserves	(353,496)	(261,544)
Experience dividend payable	(46,768)	(3,953,912)
Due to other agencies and other liabilities	(2,834,240)	692,862
Premium payables	111,858	(241,929)
Unearned premiums	(231,000)	(87,386)
Accrued expense payable	5,041,695	(2,250,418)
Taxes payable	295	(10,305)
Net cash provided by operating activities	\$ 38,981,024	31,279,750

The accompanying notes to the financial statements are an integral part of these statements.



PEHP also provides insurance services to employees of 380 municipalities, school districts, and other public entities within the State of Utah.

Public Employees Health Program

Notes to Financial Statements

F O R T H E Y E A R S E N D E D D E C E M B E R 3 1 , 2 0 2 0 A N D 2 0 1 9

Note 1

Summary of Significant Accounting Policies

Organization and Nature of Business

Public Employees Health Program (the "Program") is a discrete component unit of the State of Utah created under the State of Utah Retirement Act to provide insurance services to public employees of the State of Utah. All "Program" employees are employed by URS with all non-program costs, assets, and liabilities allocated to PEHP.

PEHP also provides insurance services to employees of 380 municipalities, school districts, and other public entities within the State of Utah. Under authority granted by the Retirement Act, PEHP is administered by the Utah State Retirement Board (the "Board").

PEHP provides insurance services predominately for agencies of the State of Utah. Effective with the year ended June 30, 2003, the State of Utah changed its accounting for PEHP from an internal service fund to a discrete component unit of the State of Utah, in accordance with the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 10, *Accounting for Financial Reporting for Risk Financing and Related Insurance Issues* as defined in that statement.

Insurance products offered by PEHP include medical, dental, long-term disability, and life insurance. Public entities participating in the medical and dental programs are grouped into various risk pools for purposes of establishing rates, providing policyholder experience dividends, and retaining risk of loss from such insurance products. Under the Board's current policy,

commercial medical risk pools can elect to participate in the PEHP sponsored reinsurance pool. This fund provides specific stop-loss insurance for individual claimants who incur aggregate claims in excess of amounts between \$100,000 and \$250,000 during the fiscal years ended December 31, 2020 and 2019. During the years ended December 31, 2020, and 2019, PEHP collected medical reinsurance premiums of \$45,892,751 and \$34,150,647 respectively.

The fund also provides aggregate stop-loss coverage at various levels. Management believes that it has recorded claims payable and benefit reserves adequate to meet all actuarially determined losses. PEHP does not enter into any external medical reinsurance agreements.

PEHP has reinsurance coverage for a life catastrophic occurrence in excess of \$3,500,000, not to exceed \$80,000,000 per year with a one-time reinstatement with additional premium. The limit is dependent on the participating group's lifetime maximum. The retention per person will be reapplied to PEHP each calendar year. During the years ended December 31, 2020 and 2019, PEHP paid \$990,214 and \$171,484 respectively, in premiums under all life reinsurance agreements. PEHP also collects and passes through premiums for certain independent insurers.

The accounting policies of PEHP conform to accounting principles generally accepted in the United States of America in all material respects.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents reported on the Statements of Net Position and the Statements of Cash Flows include a demand account at a commercial financial institution and funds held on deposit with Utah Retirement Systems. The

Notes to Financial Statements *(Continued)*

December 31, 2020 and 2019

demand account is covered by an overnight repurchase agreement with the financial institution. PEHP considers all highly liquid debt instruments with a maturity of less than three months to be cash equivalents.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates which are particularly susceptible to change relate to the actuarial valuation of the claims incurred but not reported and benefit reserves. Actual results could differ from those estimates.

PEHP invests in various investment securities which, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that those changes could materially affect the amounts reported in the Statements of Net Position.

Investments

Investments are comprised of U.S. government securities and money market funds invested in U.S. government securities, agency notes and mortgage-backed securities, corporate notes and asset-backed securities. These investments are carried at fair value determined on quoted market prices. Changes in the fair value of investments are recognized as investment income in the Statements of Changes in Net Position.

Investment Valuation

PEHP categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Allowance for Doubtful Accounts

PEHP considers all receivables collectible and writes off any bad debt in the period in which it was determined to be uncollectible.



Notes to Financial Statements *(Continued)*

December 31, 2020 and 2019

Capital Assets

Capital assets are defined by PEHP as assets with an initial cost of more than \$5,000. Capital assets are stated at cost less accumulated depreciation. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives for capital assets range from three to ten years.

Claim Liabilities and Benefit Reserves

PEHP establishes claim liabilities and benefit reserves based on actuarial and other estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. Long-term disability benefit reserves are reported using discount rates between 1.75% and 3.50% to calculate the present value of estimated future cash payments as of December 31, 2020 and 2019. Because actual claim costs depend on such complex factors as inflation and changes in insurance benefits, the process used in computing claims liabilities does not necessarily result in an exact amount. Claims liabilities are recomputed periodically by an actuary to produce current estimates that reflect recent settlements, claims frequency, and other economic and social factors. Inflation is implicit in the calculation because reliance is based on historical data that reflects past inflation and other appropriate modifiers. Adjustments to claims liabilities and benefit reserves for changes in estimates are recorded in the Statements of Changes in Net Position in the period in which changes are made.

Health Reimbursement Arrangement

The Health Reimbursement Arrangement (HRA) is a tax-advantaged health savings plan for State employees funded by employer contributions to pay for qualified healthcare expenses incurred after retirement. No employee contributions are permitted. The plan net position as of December 31, 2020 and 2019, was \$41,888,440 and \$38,923,667, respectively.

Claims Contingency Reserves

In order for PEHP to manage risks which are not accounted for when premiums were set to fund the costs of insurance benefits, PEHP maintains claims contingency reserves. The claims contingency reserves also manage risks which were accounted for in the premiums for a given coverage period, but where the potential impact of these risks could be higher than what was accounted for in the funding of insurance benefits. The claims contingency reserve is shown as restricted net position on the Statement of Net Position. In order to ensure that PEHP maintains adequate levels of claims contingency reserves, an independent external actuary was hired to evaluate the claims contingency reserves at June 30 and provide recommendations on appropriate claims contingency reserves levels.

The independent actuary's recommendation included an estimate of claims contingency reserves to cover the various risks faced by groups' benefit plans. Specifically, the claims contingency reserves estimates includes amounts to offset the following risks: (1) an underestimate of unpaid claim liabilities or IBNR estimates, which would impact funding for a future coverage period; (2) a trend fluctuation margin to cover the 95th percentile of trend estimate over the trend assumption used for setting the budget premium amounts for the employee benefit plan; (3) a claim fluctuation reserve to cover 95th percentile of the claim level variation over the average expected claim levels, when other actuarial assumptions used for funding the employee benefit plans are held constant; and (4) a reserve to cover variation in claim costs due to other unexpected or unknown contingent events such as data errors, unexpected litigation, natural disasters, a catastrophic epidemic, etc.

At December 31, 2020 the restricted claims contingency reserve is significantly higher than it would be at June 30, 2021.

The estimate of each of the claims contingency reserves evaluated are presented in terms of days of average premium. The actuary performed an evaluation for each pool and provided to PEHP the appropriate level of the claims contingency reserve, in terms of days, for each of the pools evaluated.

Notes to Financial Statements *(Continued)*

December 31, 2020 and 2019

To ensure that the claims contingency reserves are maintained at the recommended funding levels, PEHP evaluates the days of average premium at the end of each budget year. The budget year for PEHP is July 1 through June 30. PEHP performs this evaluation at the end of the budget year because PEHP's budget more closely matches the policy period for PEHP's insured groups and presents a more accurate financial picture of the benefits paid for that policy period. If the claims contingency reserves are underfunded, a pool may potentially see an increase in premiums until claims contingency reserves are returned to the recommended levels. If the pool is overfunded, PEHP, will either:

- (1) refund a portion of the claims contingency reserves (in the form of policyholder experience dividends),
- (2) provide the pool a premium holiday, and/or
- (3) hold premiums constant for the next renewal period.

Please refer to Note 4 for the current year Policyholder Experience Dividends paid for the years ended December 31, 2020 and 2019.

Premium Revenue, Unearned Premiums

Premium revenue is recorded in the month in which coverage is provided. Premiums received in advance are recorded as unearned premiums. PEHP receives Medicare part D prescription drug subsidy settlements, which are calculated by the Center for Medicare Services (CMS).

These settlements are significant estimates and gain contingencies, which are not recognized until adequate information is available to recognize the settlement.

PEHP acts as the administrator for several self-funded groups. The claims reimbursements received for these self-funded plans are recorded as other revenue in the financial statements.

Federal Income Taxes

PEHP is exempt from the payment of Federal income taxes under Section 115 of the Internal Revenue Code.

PPACA Fees

The Patient Protection and Affordable Care Act (PPACA) fees are fees that are charged to all applicable insureds, as a result of the PPACA. This line item from the Statements of Changes in Net Position and Reserve Balances on page 11 represents the amount charged to PEHP during the year directly related to the PPACA. On January 22, 2018, H.R.195 was enacted, suspending the collection of the fees for calendar year 2019 for certain health-related taxes. On December 20, 2019, the Further Consolidated Appropriations Act, 2020 was signed into law, in effect repealing H.R.195's suspension of the collection of fees for 2019, and extending the imposition of the fees imposed by certain health-related taxes through 2029.



Notes to Financial Statements (Continued)

December 31, 2020 and 2019

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Subrogation Recoverable

The Company evaluates the value of potential subrogation recoverable in determining the reserve for unpaid claims and claims adjustment expenses. The nature of the recoverable is such that the length of collections, coverage of the member, and other parties with bona fide claim vary greatly from case to case. For this reason, the Company feels that although collections are probable, they are not reasonable estimates and therefore are not accrued for within the financial statements.

Deferred Outflows/Inflows of Resources

In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statement will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue until that time).

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on net income or net position.

Note 2**Cash and Investments**

Listed below is a summary of the deposit and investment portfolios as of December 31, 2020 and 2019. Investing is governed by the prudent man rule in accordance with statutes of the State of Utah. All investments of PEHP are considered to have been made in accordance with these governing statutes.

Deposits

Deposits of PEHP are carried at cost plus accrued interest. The carrying amount of the deposits, net of outstanding checks, is accounted for in "Cash and Cash Equivalents" on the Statements of Net Position, and is (\$6,281,401), and (\$4,687,917) as of December 31, 2020 and 2019, respectively. The corresponding bank balance of the deposits was \$925,375 and \$2,726,922 as of December 31, 2020 and 2019, respectively. PEHP maintains non-interest bearing bank accounts at financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

As of December 31, 2020 and 2019 PEHP's cash deposit balances exceeded FDIC limits, management does not believe this is a material risk to PEHP. Cash and cash equivalents consisted of the following at December 31, 2020 and 2019:

	2020	2019
Overnight repurchase agreements	\$ 80,686,281	82,680,104
Cash on deposit with Zions Bank	(6,281,401)	(4,687,917)
Cash on deposit with Northern Trust	73,817,898	55,353,777
Total	\$ 148,222,778	133,345,964

Notes to Financial Statements (Continued)

December 31, 2020 and 2019

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of December 31, 2020 and 2019, the overnight repurchase agreements of \$80,686,281 and \$82,680,104, respectively are uninsured and are collateralized with securities held by the pledging financial institution's trust department or agent but not in PEHP's name. The deposits with Northern Trust and Dodge & Cox as of December 31, 2020 and 2019 of \$73,817,898 and \$55,353,777, respectively, are uninsured and uncollateralized.

The carrying values of deposits and investments are reconciled to the amounts recorded in the Statements of Net Position as of December 31, 2020, and 2019 as shown above right.

	2020	2019
Cash and cash equivalents	\$ 148,222,778	133,345,964
Investments	417,142,243	342,914,536
Invested securities lending collateral	34,022,711	9,834,073
Total	\$ 599,387,732	486,094,573

Investments

The schedules below provide information about the credit risk, interest rate risk, and concentration of credit risk associated with PEHP's investments as of December 31, 2020 and 2019, respectively.

Interest Rate Risk

PEHP manages its exposure to fair value loss arising from increasing interest rates by complying with the following policy:

Investment Type As of December 31, 2020	(In thousands)	Fair Value	Investment Maturities (in Years)				More Than 20
			Less Than 1	1-5	6-10	11-20	
Asset-Backed Securities		\$ 18,765	7	65	—	18,693	—
Corporate Bonds		160,741	701	76,379	73,450	10,211	—
U.S. Government Agencies		7,110	146	2,811	4,153	—	—
U.S. Treasuries		74,875	—	74,875	—	—	—
Government-Backed Mortgage Securities		153,513	6,746	689	3,940	14,989	127,149
Municipal Bonds		157	—	157	—	—	—
Non-Government Backed CMO's		231	—	—	—	—	231
Securities Lending Collateral		34,023	—	—	—	—	—
Total Investments		\$ 449,415	7,600	154,976	81,543	43,893	127,380

Investment Type As of December 31, 2019	(In thousands)	Fair Value	Investment Maturities (in Years)				More Than 20
			Less Than 1	1-5	6-10	11-20	
Asset-Backed Securities		\$ 65,425	—	44,186	21,239	—	—
Corporate Bonds		5,814	—	260	5,554	—	—
U.S. Government Agencies		116,953	3,383	72,784	38,831	1,955	—
U.S. Treasuries		117,506	—	210	3,566	19,389	94,341
Government-Backed Mortgage Securities		35,085	—	2,704	33	13,008	19,340
Municipal Bonds		161	—	161	—	—	—
Non-Government Backed CMO's		264	—	—	—	264	—
Securities Lending Collateral		9,834	9,834	—	—	—	—
Total investments		\$ 351,042	13,217	120,305	69,223	34,616	113,681

Notes to Financial Statements *(Continued)*

December 31, 2020 and 2019

For the PEHP fixed income portfolio, the investment manager's portfolio will have an effective duration between 75-125% of the effective duration of the appropriate index.

Duration is a measure of a debt investment's exposure to fair value changes arising from changes in interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price.

PEHP compares an investment's effective duration against the Bloomberg Barclays U.S. Intermediate Aggregate Bond Index.

The allowable duration range was 2.66 to 4.44 and 2.78 to 4.64 as of December 31, 2020 and 2019, respectively. As of December 31, 2020 and 2019, the portfolio was within the policy guidelines.

Credit Risk Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. It is PEHP's policy to limit its investments to the top ratings issued by nationally recognized statistical rating organizations (NRSROs) so the total investment portfolio maintains an "A" or equivalent minimum rating. The ratings for PEHP's debt instruments as of December 31, 2020 and 2019 are presented on page 38.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. PEHP limits the amount that can be invested in any one issuer. The following limits apply to an Investment Manager's portfolio:

- » U.S. Government and Agency Securities – no restriction
- » AAA/Aaa Securities – no more than 5% of an Investment Manager's assets at market with a single issuer
- » AA-/Aa3 Securities or higher – no more than 4% of an Investment Manager's assets at market with a single issuer
- » A-/A3 Securities or higher – no more than 3% of an Investment Manager's assets at market with a single issuer
- » BBB-/Baa3 Securities or higher – no more than 2% of an Investment Manager's assets at market with a single issuer

If a security is downgraded within the investment grade categories listed above, the manager has 30 days to sell enough of the security to comply with the single issuer guideline applicable to the new rating.



Notes to Financial Statements (Continued)

December 31, 2020 and 2019

Investment Type

As of December 31, 2020

(In thousands)

	Fair Value	Quality Ratings (000's)														
		AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB-	B	CCC	NR
U.S. Treasuries	\$ 74,875	74,875	—	—	—	—	—	—	—	—	—	—	—	—	—	—
U.S. Government																
Agencies	7,110	—	146	—	—	—	—	—	—	6,912	—	—	—	—	—	52
Corporate Bonds	160,741	—	838	4,287	990	7,251	4,561	19,299	44,296	38,769	24,429	12,160	3,861	—	—	—
Government Mortgage-																
Backed Securities	153,513	134,464	—	—	—	—	—	—	—	—	—	—	—	—	—	19,049
Asset-Backed Securities	18,765	1,165	17,535	—	—	—	—	—	—	—	—	—	—	—	—	65
Municipal Bonds	157	—	—	—	157	—	—	—	—	—	—	—	—	—	—	—
Non-Government																
Backed CMO's	231	—	—	—	—	—	—	—	—	—	—	—	—	—	231	—
Securities Lending																
Cash Collateral	34,023	—	—	—	—	—	—	—	—	—	—	—	—	—	—	34,023
Total investments	\$449,415	210,504	18,519	4,287	1,147	7,251	4,561	19,299	44,296	45,681	24,429	12,160	3,861	—	231	53,189

Investment Type

As of December 31, 2019

(In thousands)

	Fair Value	Quality Ratings (000's)														
		AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB-	B	CCC	NR
U.S. Treasuries	\$ 65,425	65,425	—	—	—	—	—	—	—	—	—	—	—	—	—	—
U.S. Government																
Agencies	5,814	—	213	—	—	—	—	—	5,554	—	—	—	—	—	—	47
Corporate Bonds	116,953	—	939	—	1,312	4,862	4,971	12,261	25,803	39,680	18,707	6,625	1,793	—	—	—
Government Mortgage-																
Backed Securities	117,506	104,948	—	—	—	—	—	—	—	—	—	—	—	—	—	12,558
Asset-Backed Securities	35,085	3,705	28,671	—	—	—	—	—	—	—	—	—	—	2,591	—	118
Municipal Bonds	161	—	—	—	161	—	—	—	—	—	—	—	—	—	—	—
Non-Government																
Backed CMO's	264	—	—	—	—	—	—	—	—	—	—	—	—	—	264	—
Securities Lending																
Cash Collateral	9,834	—	—	—	—	—	—	—	—	—	—	—	—	—	—	9,834
Total investments	\$ 351,042	174,078	29,823	—	1,473	4,862	4,971	12,261	31,357	39,680	18,707	6,625	1,793	2,591	264	22,557

No individual holding shall constitute more than 10% of the market value of the issuer with the exception of the U.S. government or its agencies, or collateralized mortgage obligations.

At the time of purchase, all issues shall be rated investment grade. If a security is downgraded to below investment grade, the Investment Manager shall place the securities in a "basket" of securities downgraded below investment grade. The downgraded securities

shall remain in the "basket" until the Investment Manager decides to sell them or until the securities are upgraded to investment grade. At no time shall downgraded securities placed in the basket exceed 5% of total portfolio value unless the basket is full when a security is downgraded. If the basket is full when a security is downgraded, the Investment Manager has 30 days to sell securities from the basket in order to bring it back to the 5% threshold. At no time should more than 1% of an

Notes to Financial Statements *(Continued)*

December 31, 2020 and 2019

Investment Manager's assets at market be with a single below investment grade issuer.

All investments are within Program limits except for the 1% limit that applies to assets held with a single below investment grade issuer. Due to the global pandemic two issuers held in the portfolio were downgraded to below investment grade. Securities held from these two issuers constitute 1.39% and 1.65% of the total portfolio value, respectively.

Securities Lending

PEHP participates in a securities lending program as authorized by Board policy, whereby securities are transferred to an independent broker or dealer in exchange for collateral in the form of cash, government securities, and irrevocable bank letters of credit equal to 102% of the market value of the domestic securities on loan with a simultaneous agreement to return the collateral for the same securities in the future.

PEHP's custodial agent is the agent for its securities lending program. Securities under loan are maintained in PEHP's financial records and are classified in the preceding summary of investments. A corresponding liability is recorded for the market value of the collateral received. Under provision of GASB statement No. 28, collateral which cannot be pledged or sold is not recorded

as investments nor is the related liability recorded in the financial statements. At December 31, 2020, and 2019, PEHP had pledged non-cash collateral of \$33,923,811 and \$2,025,785, respectively.

As of December 31, 2020 and 2019, PEHP had no credit risk exposure to borrowers because the collateral exceeded the amount borrowed. The securities on loan as of December 31, 2020 and 2019 were \$31,354,118 and \$9,199,017 respectively, and the cash and non-cash collateral received for those securities on loan was \$34,022,711 and \$9,834,074, respectively. Under the terms of the lending agreement, PEHP is indemnified against loss should the lending agent be unable to recover borrowed securities and distributions, due to borrower insolvency or failure of the lending agent to properly evaluate the creditworthiness of the borrower. In addition, PEHP is indemnified against loss should the lending agent fail to demand adequate and appropriate collateral on a timely basis.

All securities loaned can be terminated on demand by either PEHP or the borrower. Cash collateral is invested in the lending agent's short-term investment pool. The short-term investment pool guidelines specify that a minimum of 20% of the invested cash collateral be available each business day, and the dollar weighted average maturity of holding should not exceed 60 days.



Notes to Financial Statements (Continued)

December 31, 2020 and 2019

The relationship between the maturities of the short-term investment pool and PEHP's loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which PEHP cannot determine. Since the securities lending collateral is in a pool maintained by the custodial bank, it was not necessary to report the total income and expenses of the security lending.

Fair Value of Financial Instruments

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments' fair value measurements are as shown below at December 31, 2020 (in thousands).

Debt and equity securities categorized as Level 1 are valued based on prices quoted in active markets for those securities. Debt securities categorized as Level 2 are valued using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices. Mortgage-backed securities categorized as Level 3 are valued using discounted cash flow techniques. Collateralized debt obligations categorized as Level 3 are valued using consensus pricing. Venture capital investments categorized as Level 3 are valued using either a discounted cash flow or market comparable companies technique. Investment derivative instruments categorized as Level 2 are valued using market approaches that consider, as applicable, benchmark interest rates or foreign exchange rates.

Investments Measured at Fair Value

As of December 31, 2020

(In thousands)

Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Input	Level 2 Inputs	Level 3 Inputs
Asset-Backed Securities	\$ 18,765	—	18,765	—
Corporate Bonds	160,741	—	160,741	—
U.S. Government Agencies	7,110	—	7,110	—
U.S. Treasuries	74,875	—	74,875	—
Government Backed Mortgage Securities	153,513	—	132,436	21,077
Municipal Bonds	157	—	157	—
Non-Government Backed CMO's	231	—	231	—
Preferred Stock	1,749	1,749	—	—
Securities Lending Collateral	34,023	—	34,023	—
Total investments	\$ 451,164	1,749	428,338	21,077

Notes to Financial Statements (Continued)

December 31, 2020 and 2019

Note 3

Claims Payable and Benefit Reserves

Claims payable represent claims which have been reported to PEHP as of the valuation date. A liability for the estimate of claims incurred but not reported to PEHP as of the valuation date has also been recorded.

The following schedule reflects changes in the total claims payable and benefit reserves for the years ended December 31:

	2020	2019
Total claims liabilities at beginning of year	\$ 151,548,641	147,013,393
Claims incurred (including change in benefit reserve)	787,867,602	766,084,910
Claims paid	(765,263,145)	(761,549,662)
Total claim liabilities at end of year	\$ 174,153,098	151,548,641

Note 4

Policyholder Experience Dividends

During the years ended December 31, 2020 and 2019 the Board authorized experience dividends to participating agencies and members of \$51,165,296 and \$13,271,035 from claims contingency reserves accumulated by PEHP through the end of the prior fiscal period. Of these \$203,765 and \$250,533 were payable as of December 31, 2020 and 2019, respectively.

For medical and dental plans, the board relies on actuarially determined ranges to determine the amount of claims contingency reserves available for experience dividends. For life and long-term disability plans, the Board considers claims contingency reserves of more than twelve months premiums to be available for experience dividends. Such dividends are granted at the discretion of the Board and are made in accordance with Title 49 of the Utah Code. The federal government is refunded its allocated share of the reserves for state agency risk pools in excess of 60 days of allowable



Notes to Financial Statements (Continued)

December 31, 2020 and 2019

expenditures. The state of Utah submits a calculated allocation amount to the federal cost allocation service, who accepts the federal refund amount. At December 31, 2020, and 2019, claims contingency reserves accumulated by PEHP included Federal excess reserve amounts of \$0 and \$0 respectively.

The following table summarizes the experience dividends expense for December 31, 2020 and 2019 by plan.

	2020	2019
Medical	\$ 45,636,364	13,268,290
Dental	287,932	133
Long-term disability	5,241,000	2,612
Total experience dividends	\$ 51,165,296	13,271,035

Note 5

Retirement Plans

Organization and Nature of Business

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS’s fiduciary net position have been determined on the same basis as they are reported by URS.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred outflows/inflows of resources: In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statements will



Notes to Financial Statements *(Continued)*

December 31, 2020 and 2019

sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

General Information About the Pension Plan

Plan description: Eligible plan participants are provided with pensions through the Utah Retirement Systems. Utah Retirement Systems are comprised of the following Pension Trust Funds:

Defined Benefit Plans

- » Public Employees Noncontributory Retirement System (Noncontributory System); is a multiple employer, cost sharing, public employee retirement system.
- » Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer cost sharing public employee retirement system;

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S., Salt Lake City, Utah 84102 or visiting the website: www.urs.org/general/publications.

Summary Benefits by System

Benefits provided: URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

System	Final Average Salary	Years of Service Required and or Age Eligible for Benefit	Benefit Percent per Year of Service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Tier 2 Public Employee System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

*With actuarial reductions.

**All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

Notes to Financial Statements (Continued)

December 31, 2020 and 2019

Contribution Rate Summary

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of December 31, 2019 are as follows:

System	Fund	Employee	Employer	Employer 401(k)
Contributory System	112- State and School Division Tier 2	N/A	19.13%	0.69%
Noncontributory System	16- State and School Division Tier 1	N/A	22.19%	1.50%
Tier 2 DC Only	212- State and School	N/A	10.02%	10.00%

Tier 2 rates include a statutory required contribution to finance the unfunded actuarial liability of the Tier 1 plans.

For the fiscal year ended December 31, 2020, the employer and employee contribution to the System were as shown at right.

Contributions reported are the URS Board-approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 2,481,225	N/A
Tier 2 Public Employees System	830,873	\$ —
Tier 2 DC Only System	292,541	N/A
Total Contributions	\$ 3,604,639	\$ —

Combined Pension Assets, Liabilities, Expense, and Deferred Outflows and Inflows of Resources Relating to Pensions

At December 31, 2020, we reported a net pension asset of \$ 0 and a net pension liability of \$ 10,717,635.

	(Measurement Date): December 31, 2019				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2018	Change (Decrease)
Noncontributory System	\$ —	\$ 10,652,651	0.9034024%	0.8494347%	0.0539677%
Tier 2 Public Employees System	—	64,984	0.5443950%	0.5378870%	0.0065080%
Total net pension asset/liability	\$ —	\$ 10,717,635			

The net pension asset and liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2019, and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended December 31, 2020, we recognized pension expense of \$ 4,686,898.

Notes to Financial Statements (Continued)

December 31, 2020 and 2019

At December 31, 2020, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 183,789	87,654
Changes in assumptions	645,242	1,868
Net difference between projected and actual earnings on pension plan investments	—	3,347,955
Changes in proportion and differences between contributions and proportionate share of contributions	195,747	239,419
Contributions subsequent to the measurement date	3,604,639	—
Total	\$ 4,629,417	3,676,896

\$ 3,604,639 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as shown at right:

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2020	\$ (471,278)
2021	(975,391)
2022	27,046
2023	(1,275,156)
2024	6,456
Thereafter	\$ 36,205



Notes to Financial Statements (Continued)

December 31, 2020 and 2019

**Noncontributory System Pension Expense,
and Deferred Outflows and Inflows of Resources**

For the year ended December 31, 2020, we recognized pension expense of \$ 4,321,650.

At December 31, 2020, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 165,610	65,351
Changes in assumptions	617,494	—
Net difference between projected and actual earnings on pension plan investments	—	3,298,002
Changes in proportion and differences between contributions and proportionate share of contributions	149,020	239,419
Contributions subsequent to the measurement date	2,481,225	—
Total	\$ 3,413,349	3,602,772

\$2,481,225 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as shown at right:

	Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2020		\$ (464,251)
2021		(969,337)
2022		24,566
2023		(1,261,626)
2024		—
Thereafter		\$ —

**Tier 2 Public Employees System Pension Expense,
and Deferred Outflows and Inflows of Resources**

For the year ended December 31, 2020, we recognized pension expense of \$ 365,248.

At December 31, 2020, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 18,179	22,303
Changes in assumptions	27,748	1,868
Net difference between projected and actual earnings on pension plan investments	—	49,953
Changes in proportion and differences between contributions and proportionate share of contributions	46,727	—
Contributions subsequent to the measurement date	1,123,414	—
Total	\$ 1,216,068	74,124

\$1,123,414 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as shown at right:

	Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2020		\$ (7,027)
2021		(6,054)
2022		2,480
2023		(13,530)
2024		6,456
Thereafter		\$ 36,205

Notes to Financial Statements (Continued)

December 31, 2020 and 2019

Actuarial Assumptions

The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	3.25 - 9.75 percent, average, including inflation
Investment Rate of Return	6.95 percent, net of pension plan investment expense, including inflation

Mortality rates were developed from actual experience and mortality tables based on gender, occupation and age as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2019, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2016.

The long-term expected rate of return on pension plan investments was determined using a building-block method, in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class and is applied consistently to each defined benefit pension plan. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity securities	40.00%	6.15%	2.46%
Debt securities	20.00	0.40	0.08
Real assets	15.00	5.75	0.86
Private equity	9.00	9.95	0.89
Absolute return	16.00	2.85	0.46
Cash and cash equivalents	—	—	—
Totals	100.00%		4.75%
Inflation			2.50%
Expected arithmetic nominal return			7.25%

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50%, and a real return of 4.45% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate, and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current, active, and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments, to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate remained unchanged at 6.95 percent.

Notes to Financial Statements (Continued)

December 31, 2020 and 2019

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.95 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.95 percent) or 1 percentage point higher (7.95 percent) than the current rate:

Changes in Discount Rate

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 24,031,143	10,652,651	(561,909)
Tier 2 Public Employees System	\$560,388	64,984	(317,872)
Total	\$ 24,591,531	10,717,635	(879,781)

Pension plan fiduciary net position: Detailed information about the pension plans fiduciary net position is available in the separately issued URS financial report.

Defined Contribution Savings Plans

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue Code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

PEHP participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

- » 401(k) Plan
- » 457(b) Plan
- » Roth IRA Plan
- » Traditional IRA Plan

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended December 31 were as follows:

	2020	2019	2018
401(k) Plan			
Employer contributions	\$1,052,840	932,500	918,131
Employee contributions	974,579	671,007	815,273
457(b) Plan			
Employer contributions	\$ —	—	—
Employee contributions	430,799	413,840	394,018
Roth IRA Plan			
Employer contributions	\$ N/A	N/A	N/A
Employee contributions	205,154	188,998	156,960
Traditional IRA Plan			
Employer contributions	\$ N/A	N/A	N/A
Employee contributions	8,104	7,753	5,513

Notes to Financial Statements *(Continued)*

December 31, 2020 and 2019

Note 6

Post-Employment Healthcare Plan

PEHP contributes to a noncontributory defined benefit post-employment healthcare plan to provide post-employment insurance benefits for retired employees of the Utah Retirement Office. This plan was established in 2005. The Utah Retirement Employees Post-Employment Healthcare Plan, (UREPEHP), is an agent multiple-employer post-employment healthcare plan administered by the Utah Retirement Office.

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources and expenses, information about the fiduciary net positions of the Other Postemployment Benefit Plan and additions to/ deductions from the Plans' fiduciary net positions have been determined on the same basis as they are reported by the Plans. For this purpose, the Plans recognize benefit payments when due and payable in accordance with the benefit terms. OPEB investments for the Plans are reported at fair value.

Assets and liabilities of the plan are identified separately for each employer. Plan assets may be used only for the payment of benefits to the members of that system, in accordance with the terms of the plan. UREPEHP issues a publicly available financial report that includes financial statements and required supplementary information for UREPEHP. A copy of the report may be obtained by writing the Utah Retirement Office, 560 East 200 South, Salt Lake City, UT 84102-2044 or by calling 1-800-365-8772.

Membership

(as of January 1, 2019, the last actuarial valuation date)

Number of retirees	19
Inactive, nonretired	0
Active members	44
Total membership	63

Net OPEB Liability/(Asset)

The net OPEB liability was measured as of December 31, 2020. Plan membership as of the most recent actuarial valuation is shown in the table above. The total OPEB liability, used to calculate the net OPEB liability, was determined by an actuarial valuation as of January 1, 2019, and rolled-forward using generally



Notes to Financial Statements (Continued)

December 31, 2020 and 2019

Summary of Actuarial Assumptions

Actuarial Cost Method	Individual Entry Age Normal
Discount Rate	6.95%, net of OPEB plan investment expense, including inflation
Inflation	2.50%
Salary Increases	3.25% to 8.25%, including inflation
Demographic Assumptions	The demographic assumptions were based on the experience study covering experience through December 31, 2019, as conducted for the Utah Retirement Systems (URS).
Mortality Assumptions	Male retirees: 110% of 2020 PR UTAH Retiree Mortality Table for males, projected with 80% of the ultimate rates from the MP-2019 mortality. Female retirees: 110% of 2020 PR UTAH Retiree Mortality Table for females, projected with 80% of the ultimate rates for the MP-2019 mortality.
Participation Rates	All eligible members are assumed to convert all unused sick leave into health coverage at retirement.
Healthcare Trend Rates	Pre-65: Initial trend rate of 6.80%, decreasing to an ultimate of 4.50% over 12 years. Post-65: Initial trend rate of 6.30% in 2019, decreasing to an ultimate of 4.25% over 13 years.

Schedule of Changes in Net OPEB Liability/(Asset) and Related Ratio Multiyear*

Fiscal Year Ending December 31

	2020	2019	2018	2017
Total OPEB Liability				
Service Cost	\$ 17,453	18,741	19,025	20,368
Interest on the total OPEB liability	137,409	170,621	168,468	163,821
Changes of benefit terms	—	—	—	—
Difference between expected and actual experience	77,448	(448,274)	18,998	9,425
Changes of assumptions	(40,890)	—	—	—
Benefit payments	(223,566)	(213,062)	(137,673)	(114,488)
Net change in total OPEB liability	(32,146)	(471,974)	68,818	79,126
Total OPEB liability – beginning	2,080,170	2,552,144	2,483,326	2,404,200
Total OPEB liability – ending (a)	\$ 2,048,024	2,080,170	2,552,144	2,483,326
Plan Fiduciary Net Position				
Employer contributions	—	—	—	—
Employee contributions	—	—	—	—
OPEB plan net investment income	337,622	361,102	(10,079)	335,699
Benefit payments	(223,566)	(213,062)	(137,673)	(114,488)
OPEB plan administrative expense	(13,830)	(24,012)	(1,080)	—
Other	—	—	—	—
Net change in plan fiduciary net position	100,226	124,028	(148,832)	221,211
Plan fiduciary net position – beginning	2,760,721	2,636,693	2,785,525	2,564,314
Plan fiduciary net position – ending (b)	2,860,947	2,760,721	2,636,693	2,785,525
Net OPEB liability/(asset) – ending (a) - (b)	\$ (812,923)	(680,551)	(84,549)	(302,199)
Plan fiduciary net position as a percentage of total OPEB liability	139.69%	132.72%	103.31%	112.17%
Covered-employee payroll	\$ 2,704,431	2,704,431	3,165,708	3,165,708
Net OPEB liability as a percentage of covered-employee payroll	(30.06)%	(25.16)%	(2.67)%	(9.55)%

*Additional years will be displayed as they become available.

Notes to Financial Statements (Continued)

December 31, 2020 and 2019

accepted actuarial procedures. The combined total net OPEB liability/(asset) is \$(812,923). Below are the changes in the net OPEB liability/(asset) and related ratios of the net OPEB liability/(asset):

Net OPEB Liability/(Asset)

Total OPEB liability	\$ 2,048,024
Plan fiduciary net position	2,860,947
Net OPEB liability/(asset)	\$ (812,923)
Plan fiduciary net position as a percentage of total OPEB liability	139.69%
Net OPEB liability/(asset) as a percentage of covered payroll	(30.06)%

Schedule of OPEB Expense Under GASB Statement No. 75

Fiscal Year Ending December 31, 2020

Service cost	\$ 17,453
Interest on the total OPEB liability	137,409
Current-period benefit changes	—
Employee contributions	—
Projected earnings on plan investments	(183,621)
OPEB plan administrative expense	13,830
Other changes in plan fiduciary net position	—
Recognition of outflow (inflow) of resources due to liabilities	(66,447)
Recognition of outflow (inflow) of resources due to assets	(28,248)
Total OPEB expense	\$ (109,624)

Deferred Outflows and Deferred Inflows Related to OPEB

Fiscal Year Ending December 31, 2020

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience, liability	\$ 75,237	(297,632)
Changes in assumption	—	(34,019)
Difference between expected and actual experience, assets	79,541	(234,855)
Total	\$ 154,778	(566,506)

Deferred Outflows and Inflows to be Recognized in Future OPEB Expense

Year Ending December 31,	Net Deferred Outflows (Inflows)
2021	\$(94,695)
2022	(94,694)
2023	(134,465)
2024	(93,722)
2025	5,848
Total	\$ (411,728)

The actuarial valuation was performed as of January 1, 2019. Update procedures were used to roll forward the total OPEB liability to December 31, 2020. All assumptions and methods used to develop the December 31, 2020 total OPEB liability are identical to those used in the January 1, 2019, actuarial valuation.

Single Discount Rate

A Single Discount Rate of 6.95% was used to measure the total OPEB liability. This Single Discount Rate was based on the expected rate of return on OPEB plan investments of 6.95%. The funding policy is to pay the recommended actuarially determined contribution, which is based on a maximum 20-year amortization period. The Fiduciary Net Position currently exceeds the total OPEB liability. As a result, the OPEB plan's fiduciary net position is expected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Target Allocations

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of

Notes to Financial Statements *(Continued)*

December 31, 2020 and 2019

Asset Class	Target Asset Allocation	Expected Return Arithmetic Basis	
		Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return*
Equity securities	37%	6.30%	2.33%
Debt securities	20	0.00	0.00
Real assets	15	6.19	0.93
Private equity	12	9.50	1.14
Absolute return	16	2.75	0.44
Cash and cash equivalents	—	—	—
Totals	100%		4.84%
Inflation			2.50
Expected arithmetic nominal return			7.34%

*The total URS Defined Benefit long-term expected rate of return is 6.95%, which is comprised of a 2.50% inflation assumption and a 4.45% net real rate of return.

return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of December 31, 2020, are summarized in the table above.

Funding Policy

The contribution requirements of Utah Retirement Employees Post-Employment Healthcare Plan are determined by the Plan and approved by the Board. Utah Retirement Office is required to contribute the annual required contribution (ARC), an actuarially determined rate. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over an open 20-year period using the level dollar amount. The current dollar amount is \$0. Since the funded ratio exceeds 100% and the plan is closed to new entrants, there are no actuarial required contributions.

Required Contributions

For the year ended December 31, 2020, the annual cost (expense) of \$0 for UREPEHP was equal to the ARC. The net Other Post-Employment Benefits (OPEB) obligation for 2020 are shown on page 53.



Notes to Financial Statements (Continued)

December 31, 2020 and 2019

Schedule of Contributions Multiyear Last 10 Fiscal Years

FY Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percent of Covered Payroll
2011	\$ 198,402	\$ 198,402	—	\$ 5,332,084	3.7%
2012	198,402	198,402	—	5,251,506	3.8
2013	198,402	198,402	—	5,016,712	4.0
2014	198,402	198,402	—	4,835,836	4.1
2015	—	—	—	3,556,251	0.0
2016	—	—	—	2,593,658	0.0
2017	—	—	—	3,165,708	0.0
2018	—	—	—	3,165,708	0.0
2019	—	—	—	2,704,431	0.0
2020	—	—	—	2,704,431	0.0

Notes to the Schedule of Contributions**Valuation Date:** January 1, 2019**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Dollar Contributions
Remaining Amortization Period	20 years, maximum
Asset Valuation Method	5-year smoothed
Investment Rate of Return	6.95%, net of OPEB plan investment expense, including inflation
Inflation	2.50%
Salary Increases	3.25% to 8.25%, including inflation
Demographic Assumptions	The demographic assumptions were based on the experience as conducted for the Utah Retirement Systems (URS).
Mortality Assumptions	Male retirees: 110% of 2020 PR UTAH Retiree Mortality Table for males, projected with 80% of the ultimate rates from the MP-2019 mortality. Female retirees: 110% of 2020 PR UTAH Retiree Mortality Table for females, projected with 80% of the ultimate rates for the MP-2019 mortality.
Participation Rates	All eligible members are assumed to convert all unused sick leave into health coverage at retirement.
Healthcare Trend Rates	Pre-65: Initial trend rate of 6.80%, decreasing to an ultimate of 4.50% over 12 years. Post-65: Initial trend rate of 6.30% in 2019, decreasing to an ultimate of 4.25% over 13 years.

Notes to Financial Statements (Continued)

December 31, 2020 and 2019

Frequency and Timing of the Actuarial Valuation

An actuarial valuation to determine the total OPEB liability is required to be performed at least every two years. If the actuarial valuation is not calculated as of the plan's fiscal year end, the total OPEB liability is required to be rolled forward from the actuarial valuation date to the OPEB plan's fiscal year end. If update procedures are used to roll forward the total OPEB liability, the date of the actuarial valuation must be no more than 24 months earlier than the OPEB plan's most recent fiscal year-end.

The total OPEB liability shown in this report is based on an actuarial valuation performed as of January 1, 2019 and a measurement date of December 31, 2020.

Single Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on OPEB plan investments is 6.95%; the municipal bond rate is 2.00% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"); and the resulting Single Discount Rate is 6.95%.

Sensitivity of Net OPEB Liability – PEHP

Regarding the sensitivity of the net OPEB liability to changes in the Single Discount Rate, the following presents the plan's net OPEB liability, calculated using a Single Discount Rate of 6.95%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

Sensitivity of Net OPEB Liability/(Asset) to a Single Discount Rate Assumption – PEHP

1% Decrease 5.95%	Current Single Discount Rate Assumption 6.95%	1% Increase 7.95%
\$ (672,404)	\$ (812,923)	\$ (941,885)

Regarding the sensitivity of the net OPEB liability to changes in the healthcare cost trend rates, the following presents the plan's net OPEB liability, calculated using the assumed trend rates as well as what the plan's net OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

Sensitivity of Net OPEB Liability/(Asset) to the Healthcare Cost Trend Rate Assumption – PEHP

1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
\$ (985,781)	\$ (812,923)	\$ (619,811)

Note 7**Related Party Transactions**

PEHP makes payments to the Systems for administrative expenses. Such payments and expenses totaled \$37,469,134 and \$33,289,320 during the years ended December 31, 2020, and 2019, respectively. At December 31, 2020, and 2019, the cash due to the Systems for PEHP is \$5,023,867 and \$650,296, respectively.

Note 8**Commitments and Contingencies**

PEHP has been or may be named as a defendant in certain lawsuits. While PEHP cannot predict the results of such actions, management believes that the liability, if any, resulting from such claims will not have a material effect on PEHP's operations or financial position. Losses from the actual settlement of such unknown claims are taken into consideration in the computation of the estimated claims liabilities.

Notes to Financial Statements (Continued)

December 31, 2020 and 2019

Note 9**Capital Assets**

The capital assets of PEHP are: Depreciation expense for the years ended December 31, 2020 and 2019, amounted to \$20,625 and \$44,845, respectively.

	December 31, 2020			
	Beginning Balance	Additions	Deletions	Equipment Ending Balance
Furniture and equipment	\$ 46,926	—	—	46,926
Computer equipment	22,560	—	—	22,560
Vehicles	382,238	—	—	382,238
Total	\$ 451,724	—	—	451,724
	Accumulated Depreciation			
	Beginning Balance	Additions	Deletions	Ending Balance
Furniture and equipment	\$ 46,927	(1)	—	46,926
Computer equipment	17,352	3,472	—	20,824
Vehicles	343,169	17,154	—	360,323
Total	\$ 407,448	20,625	—	428,073
Net capital assets				\$ 23,651
	December 31, 2019			
	Beginning Balance	Additions	Deletions	Equipment Ending Balance
Furniture and equipment	\$ 46,926	—	—	46,926
Computer equipment	22,560	—	—	22,560
Vehicles	360,562	21,676	—	382,238
Total	\$ 430,048	21,676	—	451,724
	Accumulated Depreciation			
	Beginning Balance	Additions	Deletions	Ending Balance
Furniture and equipment	\$ 46,927	—	—	46,927
Computer equipment	13,880	3,472	—	17,352
Vehicles	301,796	41,373	—	343,169
Total	\$ 362,603	44,845	—	407,448
Net capital assets				\$ 44,276



PEHP: Supporting it's members by
Doing the Right Thing • Providing Helpful Tools
Being Fair & Consistent
Helping Members Make Decisions
Going the Extra Mile • Improving Health and Wellness
Keeping Members Out of the Middle



Notes to Financial Statements (Concluded)

December 31, 2020 and 2019

Note 10**Compensated Absences**

The compensated absences liability represents the amount of unused leave to be paid to employees upon termination.

Program employees are granted leave in varying amounts, based on length of service. Some earned benefits may be forfeited if not taken within varying time periods. Consistent with GASB Statement No. 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the accompanying financial statements. The compensated absences liability is calculated based on the pay rates in effect at period end. The compensated absences liability as of December 31, 2020 and 2019 was \$1,913,763 and \$1,528,426, respectively.

Note 11**Net Investment Income**

Net investment income consisted of the items shown at right for the years ended December 31:

	2020	2019
Interest dividends, and other income	\$ 11,352,403	14,355,669
Net appreciation in fair value of investments	16,255,078	11,331,931
Total income from investment activity	27,607,481	25,687,600
Less: investment expenses	397,789	329,868
Net investment income	\$ 27,209,692	25,357,732

Note 12**Risks and Uncertainties**

PEHP has been impacted by the effects and continuation of the world-wide coronavirus pandemic. PEHP is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of the issuance of these financial statements, the full impact to PEHP's financial position is not known.

Note 13**Review of
Subsequent Events**

Management has evaluated subsequent events through April 2021, which is the date the financial statements were available to be issued.

No events have occurred subsequent to December 31, 2020 requiring recording or disclosure in these financial statements.

Public Employees Health Program

Required Supplementary Information

For Fiscal Year Ended December 31, 2020

10-Year Loss Development (Unaudited)

(In thousands)

The following table compares the medical Program's earned revenues net of reinsurance and investment income to related costs of losses and loss adjustment expenses, net of reinsurance, assumed by PEHP.

The table is defined as follows: (1) shows each year's net earned premium, other operating revenues and interest income, (2) shows each year's other operating expenses including overhead and loss adjustment expenses not allocable to specific claims, (3) shows incurred losses and allocated loss adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred, (4) shows the cumulative amounts paid as of the end of successive years for each accident year, (5) shows the re-estimated amount for loss assumed by excess insurers or reinsurers as of the end of the current year for each of the accident years, (6) shows how each coverage year's incurred losses increased or decreased as of the end of the successive years. This annual re-estimation results from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims, (7) compares the latest re-estimated incurred loss amounts to the amounts originally established. Information for PEHP is only available in the format shown on pages 58-59 for the years presented.

	2010-2011	2011-2012
1) Required premiums, investment revenue, and interest income:		
Premiums earned	524,615	505,998
2) Unallocated expenses	16,519	19,864
3) Estimated incurred losses and expenses, end of policy year:		
Incurred	472,218	478,176
Ceded	—	—
Net incurred	472,218	478,176
4) Paid (cumulative) as of:		
End of policy year	431,651	428,394
One year later	470,169	474,314
Two years later	469,956	474,260
Three years later	469,915	474,221
Four years later	469,716	—
Five years later	—	—
Six years later	—	—
Seven years later	—	—
Eight years later	—	—
Nine years later	—	—
5) Reestimated ceded losses and expense	469,716	474,221
6) Reestimated incurred losses and expenses:		
End of policy year	472,218	478,176
One year later	470,218	474,369
Two years later	469,956	474,260
Three years later	469,915	474,221
Four years later	469,716	—
Five years later	—	—
Six years later	—	—
Seven years later	—	—
Eight years later	—	—
Nine years later	—	—
7) Increase (decrease) in estimated incurred losses and expenses from end of accident year	(2,502)	(3,955)

See Independent Auditor's Report.

2012-2013	2013	2014	2015	2016	2017	2018	2019	2020
472,671	239,648	505,622	514,357	570,033	637,214	695,851	754,095	797,527
24,557	11,470	31,836	28,013	29,180	31,077	33,260	34,355	36,300
443,285	214,766	467,419	498,908	539,617	598,659	650,304	712,884	763,720
—	—	—	—	—	—	—	—	—
443,285	214,766	467,419	498,908	539,617	598,659	650,304	712,884	763,720
403,708	176,249	424,825	452,298	489,747	547,899	598,239	652,539	639,492
442,687	214,508	466,292	497,795	539,600	598,435	652,378	711,613	
444,028	214,439	465,950	496,845	539,214	597,726	652,332		
443,505	214,299	465,798	496,435	538,631	597,539			
—	—	—	—					
—	—	—						
—	—							
—								
444,028	214,587	467,419	498,908	539,617	598,659	650,304	712,884	763,720
443,285	214,766	467,419	498,908	539,617	598,659	650,304	712,884	763,720
443,799	214,587	466,329	497,686	539,523	598,415	652,672	739,690	
444,028	214,313	465,935	496,790	539,159	597,726	679,094		
443,505	214,174	465,798	496,435	538,631	597,566			
—	—	—	—					
—	—	—						
—	—							
—								
220	(591)	(1,622)	(2,473)	(986)	(1,093)	28,790	26,806	—

Required Supplementary Information (Continued)**Public Employees Health Program****Schedule of the Proportionate Share of the Net Pension Liability**

For the Year Ended December 31, 2020

Last Ten Fiscal Years *

Noncontributory System	2020	2019	2018	2017	2016
Proportion of the net pension liability/(asset)	0.4794816%	0.4508382%	0.4544553%	0.4283833%	0.4142337%
Proportionate share of the net pension liability/(asset)	\$ 10,652,651	\$ 16,773,512	\$ 11,113,078	\$ 13,883,546	\$ 13,012,267
Covered employee payroll	\$ 11,399,694	\$ 11,623,196	\$ 11,674,107	\$ 11,217,836	\$ 8,867,342
Proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll*	93.5%	144.3%	95.2%	123.8%	146.7%
Plan fiduciary net position as a percentage of the total pension liability	90.1%	84.1%	89.2%	84.9%	84.5%
Tier 2 Public Employees System	2020	2019	2018	2017	2016
Proportion of the net pension liability/(asset)	0.2889381%	0.2854840%	0.2985041%	0.2999276%	0.2985967%
Proportionate share of the net pension liability/(asset)	\$ 64,984	\$ 122,266	\$ 26,318	\$ 33,456	\$ (652)
Covered employee payroll	\$ 4,015,501	\$ 3,332,718	\$ 2,923,350	\$ 2,459,647	\$ 1,879,519
Proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll*	1.6%	3.7%	0.9%	1.4%	(0.0)%
Plan fiduciary net position as a percentage of the total pension liability	96.5%	90.8%	97.4%	95.1%	100.2%

*In accordance with paragraph 81a of GASB No. 68, PEHP will need to disclose a 10-year history of their proportionate share of the Net Pension Liability/(Asset) in their RSI. The 10-year schedule will need to be built prospectively. Additional information will be added as it becomes available.

See Independent Auditor's Report.

Required Supplementary Information (Concluded)**Public Employees Health Program****Schedule of Contributions**

For the Years Ended December 31, 2020, 2019, 2018, 2017, 2016 and 2015

	As of fiscal Year Ended December 31,	Actuarial Determined Contributions	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Noncontributory System	2015	\$ 1,784,278	1,784,278	—	8,538,319	20.90%
	2016	1,743,307	1,743,307	—	8,867,342	19.66
	2017	2,553,457	2,553,457	—	11,586,198	22.04
	2018	2,549,487	2,549,487	—	11,575,311	22.03
	2019	2,508,939	2,508,939	—	11,405,852	22.00
	2020	2,481,225	2,481,225	—	11,275,389	22.01
Tier 2 Public Employees System*	2015	\$ 258,145	258,145	—	1,235,304	20.90%
	2016	369,511	369,511	—	1,879,519	19.66
	2017	535,310	535,310	—	2,920,596	18.33
	2018	619,650	619,650	—	3,320,156	18.66
	2019	760,558	760,558	—	4,026,870	18.89
	2020	830,873	830,873	—	4,362,036	19.05
Tier 2 Public Employees DC Only System*	2015	\$ 47,247	47,247	—	472,098	10.01%
	2016	91,424	91,424	—	913,517	10.01
	2017	138,302	138,302	—	1,381,920	10.01
	2018	174,193	174,193	—	1,739,480	10.01
	2019	213,072	213,072	—	2,143,669	9.94
	2020	292,541	292,541	—	2,930,466	9.98

*Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems.

Tier 2 system was created effective July 1, 2011.

Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative issues.

See Independent Auditor's Report.

Public Employees Health Program**Notes to Required Supplementary Information**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

Note 1**Changes in Assumptions**

As a result of the passage of SB 129, the retirement rates for members in the Tier 2 Public Safety and Firefighter Hybrid System have been modified to be the same as the assumption used to model the retirement pattern in the Tier 1 Public Safety and Firefighter Systems, except for a 10% load at first eligibility for unreduced retirement prior to age 65.

Supplementary Information

Public Employees Health Program

Statement of Net Position by Program

As of December 31, 2020

	Medical	Dental	Long-Term Disability
Assets:			
Cash and cash equivalents	\$ 92,805,335	5,022,708	(9,625,023)
Investments	223,380,369	7,417,858	62,610,024
Invested securities lending collateral	18,170,970	597,994	5,092,584
Receivables:			
Premiums and service fees	39,912,627	1,560,148	490,271
Securities and interest receivable	9,137,174	309,424	2,628,244
Employer contributions	—	—	—
Misc. receivable/prepaid expense	25,929,679	36,833	282,645
Total receivables	74,979,480	1,906,405	3,401,160
Capital assets net of accumulated depreciation	23,651	—	—
Net OPEB asset	—	—	—
Total assets	409,359,805	14,944,965	61,478,745
Deferred Outflows of Resources:			
OPEB related amounts	—	—	—
Pension related amounts	—	—	—
Total deferred outflows	—	—	—
Liabilities:			
Claims payable	29,597,394	1,346,826	—
Estimated liability for claims incurred but not reported	43,627,231	1,985,252	11,229,537
Life insurance reserves	—	—	—
Long-term disability claims reserves	—	—	15,216,066
Long-term disability medical premium reserves	—	—	742,499
Premiums payable	143,972	216,529	4,228
Unearned premiums	2,388,367	188,872	7
Investment accounts payable	20,311,458	671,688	5,692,269
PPCA and other accrued expenses payable	202,806	1,862	15,797
Taxes payable	371	—	—
Experienced dividend payable	203,765	—	—
Due to other agencies and other liabilities	4,213,755	—	346
Securities lending liability	18,170,970	597,994	5,092,584
Net pension liability	—	—	—
Total liabilities	118,860,089	5,009,023	37,993,333
Deferred Inflow of Resources:			
OPEB related amounts	—	—	—
Pension related amounts	—	—	—
Total deferred amounts	—	—	—
Net Position:			
Restricted for claims contingency reserves	290,499,716	9,935,942	23,485,412
Restricted for benefits	—	—	—
Total net position	\$ 290,499,716	9,935,942	23,485,412

See Independent Auditor's Report.

Term Life	Retiree Life	Reinsurance	Health Reimbursement Arrangement Plan (HRA)	OPEB and Pensions	Totals
12,191,917	8,571,972	(4,025,210)	43,281,079	—	148,222,778
28,613,017	38,512,758	56,608,217	—	—	417,142,243
2,312,050	3,183,766	4,665,347	—	—	34,022,711
725,475	—	565,851	—	—	43,254,372
1,194,828	1,565,418	2,229,452	—	—	17,064,540
—	—	—	414	—	414
38,767	—	2,317	—	—	26,290,241
1,959,070	1,565,418	2,797,620	414	—	86,609,567
—	—	—	—	—	23,651
—	—	—	—	812,923	812,923
45,076,054	51,833,914	60,045,974	43,281,493	812,923	686,833,873
—	—	—	—	154,778	154,778
—	—	—	—	4,629,417	4,629,417
—	—	—	—	4,784,195	4,784,195
3,405,396	—	—	—	—	34,349,616
—	—	—	—	—	56,842,020
2,837,660	64,165,237	—	—	—	67,002,897
—	—	—	—	—	15,216,066
—	—	—	—	—	742,499
60	—	6,270	—	—	371,059
29,694	466,737	—	—	—	3,073,677
2,589,671	3,535,084	5,176,316	—	—	37,976,486
158,981	9,714	6,951,593	121,597	—	7,462,350
—	—	27	—	—	398
—	—	—	—	—	203,765
—	—	9,508,886	1,271,456	—	14,994,443
2,312,050	3,183,766	4,665,347	—	—	34,022,711
—	—	—	—	10,717,635	10,717,635
11,333,512	71,360,538	26,308,439	1,393,053	10,717,635	282,975,622
—	—	—	—	566,506	566,506
—	—	—	—	3,676,896	3,676,896
—	—	—	—	4,243,402	4,243,402
33,742,542	(19,526,624)	33,737,535	—	(9,363,919)	362,510,604
—	—	—	41,888,440	—	41,888,440
33,742,542	(19,526,624)	33,737,535	41,888,440	(9,363,919)	404,399,044

Supplementary Information *(Continued)***Public Employees Health Program****Statement of Changes in Net Position by Program***For the Year Ended December 31, 2020*

	Medical	Dental	Long-Term Disability
Revenues:			
Premiums earned, service fees, and other revenue net of refunds	\$ 767,094,257	30,560,203	8,052,257
Federal subsidy	15,981,550	—	—
Employer contributions	—	—	—
Investment income	14,450,922	478,029	4,072,448
Miscellaneous income	—	—	—
Total revenues	797,526,729	31,038,232	12,124,705
Expenses:			
Insurance benefits:			
Health/pharmacy claims paid	673,624,719	—	—
Dental claims paid	—	25,020,752	—
Disability claims paid	—	—	3,212,218
Life claims paid	—	—	—
Reinsurance premiums	41,088,000	—	—
Provision for unpaid claims and claims incurred but not reported	14,706,077	1,041,874	(2,836,762)
Reinsurance claims paid	(42,197,142)	—	—
Experience dividends	45,636,364	287,932	5,241,000
Total insurance benefits	732,858,018	26,350,558	5,616,456
Administrative and other expenses:			
Administrative expenses	31,466,973	1,476,038	1,296,905
Commissions	4,607,858	235,923	—
PPACA fees	225,077	—	—
Other expenses	—	—	—
Total expenses	769,157,926	28,062,519	6,913,361
Revenues over (under) benefits and expenses	28,368,803	2,975,713	5,211,344
Net Position:			
Beginning of year, restricted for claim contingency and benefits	262,130,913	6,960,229	18,274,068
End of year, restricted for claims contingency and benefits	\$ 290,499,716	9,935,942	23,485,412

See Independent Auditor's Report.

Term Life	Retiree Life	Reinsurance	Health Reimbursement Arrangement Plan (HRA)	OPEB and Pensions	Totals
14,826,169	5,509,829	45,892,751	—	—	871,935,466
—	—	—	—	—	15,981,550
—	—	—	8,863,707	—	8,863,707
1,848,757	2,521,638	3,664,917	172,981	—	27,209,692
—	—	—	—	—	—
16,674,926	8,031,467	49,557,668	9,036,688	-	923,990,415
—	—	—	5,956,041	—	679,580,760
—	—	—	—	—	25,020,752
—	—	—	—	—	3,212,218
9,768,068	5,276,750	—	—	—	15,044,818
353,838	—	—	—	—	41,441,838
1,052,744	8,640,523	—	—	—	22,604,456
—	—	43,159,901	—	—	962,759
—	—	—	—	—	51,165,296
11,174,650	13,917,273	43,159,901	5,956,041	—	839,032,897
1,793,966	253,452	119	115,874	—	36,403,327
55,425	—	78,550	—	—	4,977,756
—	—	—	—	—	225,077
—	—	—	—	972,901	972,901
13,024,041	14,170,725	43,238,570	6,071,915	972,901	881,611,958
3,650,885	(6,139,258)	6,319,098	2,964,773	(972,901)	42,378,457
30,091,657	(13,387,366)	27,418,437	38,923,667	(8,391,018)	362,020,587
33,742,542	(19,526,624)	33,737,535	41,888,440	(9,363,919)	404,399,044

Supplementary Information *(Continued)***Public Employees Health Program****Medical Program Risk Pools
Statement of Net Position**

December 31, 2020

	State of Utah	Salt Lake City	Local Government Risk Pool (LGRP)
Assets:			
Cash and cash equivalents	\$ 12,767,900	6,270,341	53,537,614
Investments	130,666,107	13,971,995	57,602,763
Invested securities lending collateral	10,639,645	1,125,366	4,714,553
Receivables:			
Premiums and service fees	18,666,351	8,237	10,970,934
Securities and interest receivable	5,313,172	595,411	2,271,473
Misc. receivable/prepaid expense	8,927,102	480,492	4,225,883
Total receivables	32,906,625	1,084,140	17,468,290
Capital assets net of accumulated depreciation	23,651	—	—
Total assets	187,003,928	22,451,842	133,323,220
Liabilities:			
Claims payable	17,061,775	1,203,940	8,052,719
Estimated liability for claims incurred but not reported	25,149,445	1,774,634	11,869,891
Premiums payable (pass through dental and vision)	22,579	—	104,932
Unearned premiums	197,515	100,632	17,590
Investment accounts payable	11,888,684	1,261,368	5,253,270
PPCA and other accrued expenses payable	118,565	10,638	48,337
Taxes payable	(61,891)	1,042	37,525
Experienced dividend payable	—	—	203,765
Due to other agencies and other liabilities	(376,919)	465,880	303,555
Securities lending liability	10,639,645	1,125,366	4,714,553
Total liabilities	64,639,398	5,943,500	30,606,137
Net Position:			
Restricted for claims contingency reserves	\$ 122,364,530	16,508,342	102,717,083

See Independent Auditor's Report.

Utah School Boards Association (USBA)	Self Funded Health Care Groups	Medicare Supplement	Totals
699,049	1,579,418	17,951,013	92,805,335
16,128,113	—	5,011,391	223,380,369
1,359,254	—	332,152	18,170,970
6,638,435	3,180,115	448,555	39,912,627
629,386	5,582	322,150	9,137,174
394,921	1,363,759	10,537,522	25,929,679
7,662,742	4,549,456	11,308,227	74,979,480
—	—	—	23,651
25,849,158	6,128,874	34,602,783	409,359,805
1,728,644	—	1,550,316	29,597,394
2,548,061	—	2,285,200	43,627,231
(49)	2,242	14,268	143,972
3,359	16,987	2,052,284	2,388,367
1,495,901	—	412,235	20,311,458
11,033	12,960	1,273	202,806
19,043	4,652	—	371
—	—	—	203,765
—	3,821,239	—	4,213,755
1,359,254	—	332,152	18,170,970
7,165,246	3,858,080	6,647,728	118,860,089
18,683,912	2,270,794	27,955,055	290,499,716

Supplementary Information *(Continued)***Public Employees Health Program****Medical Program Risk Pools
Statement of Changes in Net Position***For the Year Ended December 31, 2020*

	State of Utah	Salt Lake City	Local Government Risk Pool (LGRP)
Revenues:			
Premiums earned, service fees, and other revenue net of refunds	\$ 362,525,571	34,376,279	207,107,385
Federal subsidy	—	—	—
Investment income	8,451,306	904,272	3,716,441
Total revenues	370,976,877	35,280,551	210,823,826
Expenses:			
Insurance benefits:			
Health/pharmacy claims paid	313,510,440	26,116,473	167,375,334
Reinsurance premiums	13,600,293	1,936,312	22,784,230
Provision for unpaid claims and claims incurred but not reported	10,155,350	17,214	3,146,393
Reinsurance claims paid	(13,172,618)	(1,758,374)	(22,302,423)
Experience dividends	39,919,821	—	5,716,543
Total insurance benefits	364,013,286	26,311,625	176,720,077
Administrative and other expenses:			
Administrative expenses	13,480,751	1,751,799	8,326,576
PPACA fees	128,278	14,554	68,073
Commissions	—	—	4,572,551
Total expenses	377,622,315	28,077,978	189,687,277
Revenues over (under) expenses	(6,645,438)	7,202,573	21,136,549
Net Position:			
Beginning of year, restricted for claim contingency	129,009,968	9,305,769	81,580,534
End of year, restricted for claim contingency reserve	\$ 122,364,530	16,508,342	102,717,083

See Independent Auditor's Report.

Utah School Boards Association (USBA)	Self Funded Health Care Groups	Medicare Supplement	Totals
40,520,040	83,887,448	38,677,534	767,094,257
—	—	15,981,550	15,981,550
1,064,080	—	314,823	14,450,922
41,584,120	83,887,448	54,973,907	797,526,729
34,955,342	81,018,553	50,648,577	673,624,719
2,767,165	—	—	41,088,000
687,836	—	699,284	14,706,077
(2,614,257)	(2,349,470)	—	(42,197,142)
—	—	—	45,636,364
35,796,086	78,669,083	51,347,861	732,858,018
1,625,417	3,883,456	2,398,974	31,466,973
14,172	—	—	225,077
—	35,307	—	4,607,858
37,435,675	82,587,846	53,746,835	769,157,926
4,148,445	1,299,602	1,227,072	28,368,803
14,535,467	971,192	26,727,983	262,130,913
18,683,912	2,270,794	27,955,055	290,499,716

Supplementary Information (Continued)**Public Employees Health Program****Dental Program Risk Pools
Statement of Net Position**

December 31, 2020

	State of Utah	Salt Lake City	Local Government Risk Pool (LGRP)	Retiree Dental	Totals
Assets:					
Cash and cash equivalents	\$ 2,168,636	502,130	1,484,435	867,507	5,022,708
Investments	4,474,258	679,131	2,260,990	3,479	7,417,858
Invested securities lending collateral	363,562	54,123	180,272	37	597,994
Receivables:					
Premiums and service fees	1,061,262	1,645	497,888	(647)	1,560,148
Securities and interest receivables	182,959	28,626	97,622	217	309,424
Misc. receivable/prepaid expense	19,048	4,707	11,663	1,415	36,833
Total receivables	1,263,269	34,978	607,173	985	1,906,405
Total assets	8,269,725	1,270,362	4,532,870	872,008	14,944,965
Liabilities:					
Claims payable	\$815,281	117,173	342,780	71,592	1,346,826
Estimated liability for claims incurred but not reported	1,201,743	172,715	505,266	105,528	1,985,252
Premiums payable (pass through dental and vision)	216,514	—	15	—	216,529
Unearned premiums	49,500	21,889	1,629	115,854	188,872
Investment accounts payable	406,348	60,762	204,578	—	671,688
PPCA and other accrued expenses payable	1,126	168	568	—	1,862
Securities lending liability	363,562	54,123	180,272	37	597,994
Total liabilities	3,054,074	426,830	1,235,108	293,011	5,009,023
Net Position:					
Restricted for claims contingency reserves	\$ 5,215,651	843,532	3,297,762	578,997	9,935,942

See Independent Auditor's Report.

Supplementary Information (Concluded)**Public Employees Health Program****Dental Program Risk Pools
Statement of Changes in Net Position**

For the Year Ended December 31, 2020

	State of Utah	Salt Lake City	Local Government Risk Pool (LGRP)	Retiree Dental	Totals
Revenues:					
Premiums and service fees	\$ 17,545,233	2,695,964	8,742,771	1,576,235	30,560,203
Investment income	289,097	43,471	145,379	82	478,029
Total revenues	17,834,330	2,739,435	8,888,150	1,576,317	31,038,232
Expenses:					
Insurance benefits:					
Health/pharmacy claims paid	14,881,094	2,098,556	6,956,164	1,084,938	25,020,752
Provision for unpaid claims and claims incurred but not reported	635,976	123,219	216,750	65,929	1,041,874
Experience dividends	—	287,932	—	—	287,932
Total insurance benefits	15,517,070	2,509,707	7,172,914	1,150,867	26,350,558
Administrative and other expenses:					
Administrative expenses	844,331	109,412	392,809	129,486	1,476,038
Commission	—	—	235,923	—	235,923
Total expenses	16,361,401	2,619,119	7,801,646	1,280,353	28,062,519
Revenues over (under) expenses	1,472,929	120,316	1,086,504	295,964	2,975,713
Net Position:					
Beginning of year, restricted for claims contingency reserves	3,742,722	723,216	2,211,258	283,033	6,960,229
End of year, restricted for claims contingency reserves	\$ 5,215,651	843,532	3,297,762	578,997	9,935,942

See Independent Auditor's Report.

Public Employees Health Program

Unaudited Supplementary Information

As of 6/30/20



PEHP Core Principles

Solving problems, not just processing claims.

Providing advice, not just cold facts.

Customizing information for the one.

Focusing on the greatest opportunities.

Using data wisely to address cost and quality.

Remembering everyone wins when health outcomes improve and costs are reduced.

Preserving benefits to avoid shifting costs.

Not letting the size of a problem deter us.

Adding value without increasing costs.

Going the extra mile to keep members out of the middle.

Providing excellent products at cost.

Unaudited Supplementary Information as of 6/30/20 *(Continued)***Public Employees Health Program****Statements of Net Position (Unaudited)***As of Fiscal Year July 1, 2019 - June 30, 2020**With comparative totals for June 30, 2019*

	6/30/2020	6/30/2019
Assets:		
Cash and cash equivalents	\$ 136,696,513	171,723,983
Investments	376,085,023	293,320,078
Receivables:		
Premium and service fees	40,694,397	38,763,108
Investments	1,994,346	2,111,983
Misc. receivables/prepaid expenses	21,761,814	20,639,904
Total receivables	64,450,557	61,514,995
Capital assets net of accumulated depreciation	32,692	67,445
Net pension asset	680,551	84,549
Total assets	577,945,336	526,711,050
Deferred Outflows of Resources:		
OPEB related amounts	132,845	—
Pension related amounts	8,599,846	6,911,463
Total deferred outflows	8,732,691	6,911,463
Liabilities:		
Claims payable	25,437,370	26,029,654
Estimated liability for claims incurred but not reported	46,598,590	50,977,091
Life insurance reserves	58,566,637	58,981,653
Long-term disability claims reserves	14,134,547	16,923,606
Long-term disability medical premium reserves	1,000,024	1,138,596
Premiums payable	451,794	369,715
Unearned premiums	3,266,446	1,221,050
PPCA and other accrued expenses payable	14,353,790	12,565,023
Taxes payable	7,071	1,498
Experience dividend payable	1,049,992	5,262,061
Due to other agencies and other liabilities	22,849,984	19,370,145
Security lending liability	16,807,193	2,094,028
Net pension liability	16,895,778	11,139,396
Total liabilities	221,419,216	206,073,516
Deferred Inflow of Resources:		
OPEB related amounts	521,825	—
Pension related amounts	386,657	3,606,579
Total deferred inflows	908,482	3,606,579
Net Position:		
Restricted for claims contingency reserves	322,855,858	286,093,548
Restricted for benefits	41,494,471	37,848,870
Total net position	\$ 364,350,329	323,942,418

Unaudited Supplementary Information as of 6/30/20 *(Continued)***Public Employees Health Program****Statements of Changes in Net Position (Unaudited)***Fiscal Year July 1, 2019 - June 30, 2020**With Comparative Totals for June 30, 2019*

	6/30/2020	6/30/2019
Revenues:		
Premiums earned, service fees, and other revenue net of refunds	\$ 838,513,380	793,668,731
Federal subsidy	14,795,438	14,703,632
Employer contributions	9,335,742	8,743,142
Net investment income	25,462,226	21,489,552
Miscellaneous income	—	144
Total revenues	888,106,786	838,605,201
Expenses:		
Insurance benefits:		
Claims	760,807,002	731,094,707
Change in unpaid claims and claimed incurred but not reported	(8,313,433)	4,143,664
Experience dividends	53,568,136	10,699,684
Total insurance benefits	806,061,705	745,938,055
Administrative and other expenses:		
Administrative expenses	36,191,852	34,178,963
Commissions	4,592,993	3,549,328
PPACA fees	211,270	218,377
Other expenses	641,055	(136,946)
Total expenses	847,698,875	783,747,777
Revenue over (under) benefits and expenses	40,407,911	54,857,424
Net Position:		
Beginning of year, restricted for claim contingency and benefits	323,942,418	269,084,994
End of year, restricted for claims contingency and benefits	\$ 364,350,329	323,942,418

Unaudited Supplementary Information as of 6/30/20 *(Continued)***Public Employees Health Program****Statements of Cash Flow (Unaudited)***For the Fiscal Year Ended June 30, 2020*

	2020	2019
Cash flows from operating activities:		
Cash received from Premiums earned, service fees, and other revenue net of refunds	\$ 862,758,666	831,044,111
Cash paid for insurance benefits	(760,724,921)	(731,359,402)
Cash paid for administrative and other expenses	(36,787,415)	(32,762,854)
Policyholder experience dividends paid	(57,780,205)	(8,526,057)
Net cash provided by operating activities	7,466,125	58,395,798
Cash flows from investing activities:		
Investment income	(32,393,680)	9,396,417
Proceeds from maturities of sales of fixed income securities	123,644,272	76,764,333
Purchases of fixed income securities	(133,722,511)	(83,179,164)
Net cash provided (used) by investing activities	(42,471,919)	2,981,586
Cash flows from capital and related financing activities:		
Proceeds from sale of assets	—	—
Purchases of equipment	(21,676)	—
Net cash (used) by financing activities	(21,676)	—
Net increase (decrease) in cash and cash equivalents	(35,027,470)	61,377,384
Cash and cash equivalents at beginning of year	171,723,983	110,346,599
Cash and cash equivalents at end of year	136,696,513	171,723,983
Reconciliation of revenue over benefits and expenses to net cash provided by operating activities:		
Revenue over benefits and expenses	40,407,913	54,857,424
Adjustments to reconcile revenue over benefits and expenses to net cash provided (used) by operating activities:		
Depreciation	56,429	20,933
Net investment income	(25,462,226)	(21,489,552)
OPEB related items	(291,571)	—
Pension related items	932,626	(136,946)
Change in assets and liabilities:		
Premiums and service fees	(1,931,288)	15,904,092
Employer contributions	—	166,675
Prepaid expenses and other current assets	(1,121,910)	(4,190,290)
Claims payable	(592,285)	82,105
Liability for claims incurred but not reported	(4,378,501)	3,933,110
Life insurance reserves	(415,016)	2,278,259
Long-term disability claim reserves	(2,789,059)	(1,537,189)
Long-term disability medical premium reserves	(138,572)	(612,622)
Experience dividend payable	(4,212,069)	2,173,627
Due to other agencies and other liabilities	3,479,839	678,292
Premium payables	82,079	(264,695)
Unearned premiums	2,045,394	(2,142,304)
Accrued expense payable	1,788,768	8,674,191
Taxes payable	5,574	688
Net cash provided by operating activities	\$ 7,466,125	58,395,798

The accompanying notes to the financial statements are an integral part of these statements.

Unaudited Supplementary Information as of 6/30/20 *(Continued)*

Public Employees Health Program

Statement of Net Position by Program (Unaudited)

As of June 30, 2020

	Medical	Dental	Long-Term Disability
Assets:			
Cash and cash equivalents	\$ 79,992,672	4,399,799	(6,393,088)
Investments	201,386,693	6,686,938	56,433,110
Receivables:			
Premiums and service fees	37,849,842	1,431,526	425,766
Investments	1,069,902	43,020	377,053
Employer contributions	—	—	—
Misc. receivable/prepaid expense	21,559,881	66,987	59,565
Total receivables	60,479,625	1,541,533	862,384
Capital assets net of accumulated depreciation	32,692	—	—
Net OPEB asset	—	—	—
Total assets	341,891,682	12,628,270	50,902,406
Deferred Outflows of Resources:			
OPEB related amounts	—	—	—
Pension related amounts	—	—	—
Total deferred outflows	—	—	—
Liabilities:			
Claims payable	22,502,511	786,470	—
Estimated liability for claims incurred but not reported	33,169,214	1,159,273	12,270,103
Life insurance reserves	—	—	—
Long-term disability claims reserves	—	—	14,134,547
Long-term disability medical premium reserves	—	—	1,000,024
Premiums payable	275,310	200,237	4,228
Unearned premiums	2,574,788	196,905	11
PPCA and other accrued expenses payable	4,369,731	137,463	1,163,936
Taxes payable	6,616	—	—
Experienced dividend payable	1,049,992	—	—
Due to other agencies and other liabilities	9,358,541	—	346
Securities lending liability	8,951,551	293,280	2,508,534
Net pension liability	—	—	—
Total liabilities	82,258,254	2,773,628	31,081,729
Deferred inflow of Resources:			
OPEB related amounts	—	—	—
Pension related amounts	—	—	—
Total deferred inflows	—	—	—
Net Position:			
Restricted for claims contingency reserves	259,633,428	9,854,642	19,820,677
Restricted for benefits	—	—	—
Total net position (deficit)	\$ 259,633,428	9,854,642	19,820,677

Public Employees Health Program

Term Life	Retiree Life	Reinsurance	Health Reimbursement Arrangement Plan (HRA)	OPEB and Pensions	Totals
12,369,555	11,397,911	(7,759,485)	42,689,149	—	136,696,513
25,774,583	34,766,646	51,037,053	—	—	376,085,023
690,472	—	296,791	—	—	40,694,397
167,889	165,860	167,491	3,131	—	1,994,346
—	—	—	333	—	333
44,300	—	30,748	—	—	21,761,481
902,661	165,860	495,030	3,464	—	64,450,557
—	—	—	—	—	32,692
—	—	—	—	680,551	680,551
39,046,799	46,330,417	43,772,598	42,692,613	680,551	577,945,336
—	—	—	—	132,845	132,845
—	—	—	—	8,599,846	8,599,846
—	—	—	—	8,732,691	8,732,691
2,148,389	—	—	—	—	25,437,370
—	—	—	—	—	46,598,590
3,041,923	55,524,714	—	—	—	58,566,637
—	—	—	—	—	14,134,547
—	—	—	—	—	1,000,024
60	—	(28,041)	—	—	451,794
36,564	458,178	—	—	—	3,266,446
524,583	736,342	7,421,735	—	—	14,353,790
—	—	455	—	—	7,071
—	—	—	—	—	1,049,992
—	—	12,292,955	1,198,142	—	22,849,984
1,131,065	1,594,774	2,327,989	—	—	16,807,193
—	—	—	—	16,895,778	16,895,778
6,882,584	58,314,008	22,015,093	1,198,142	16,895,778	221,419,216
—	—	—	—	521,825	521,825
—	—	—	—	386,657	386,657
—	—	—	—	908,482	908,482
32,164,215	(11,983,591)	21,757,505	—	(8,391,018)	322,855,828
—	—	—	41,494,471	—	41,494,471
32,164,215	(11,983,591)	21,757,505	41,494,471	(8,391,018)	364,350,329

Unaudited Supplementary Information as of 6/30/20 *(Continued)***Public Employees Health Program****Statement of Changes in
Net Position by Program (Unaudited)***Fiscal Year July 1, 2019 - June 30, 2020*

	Medical	Dental	Long-Term Disability
Revenues:			
Premiums earned, service fees, and other revenue net of refunds	\$ 742,228,012	30,071,113	8,013,544
Federal subsidy	14,795,438	—	—
Employer contributions	—	—	—
Investment income	13,259,447	439,905	3,763,563
Miscellaneous income	47,145	—	—
Total revenues	770,330,042	30,511,018	11,777,107
Expenses:			
Insurance benefits:			
Health/pharmacy claims paid	674,811,452	—	—
Dental claims paid	—	26,382,384	—
Disability claims paid	—	—	3,140,987
Life claims paid	—	—	—
Reinsurance premiums	34,440,712	—	—
Provision for unpaid claims and claims incurred but not reported	(1,432,293)	(591,279)	(6,100,488)
Reinsurance claims paid	(47,319,659)	—	—
Experience dividends	48,326,927	209	5,241,000
Total insurance benefits	708,827,139	25,791,314	2,281,499
Administrative and other expenses:			
Administrative expenses	31,184,896	1,467,957	1,353,497
Commissions	4,218,004	234,826	—
PPACA fees	211,270	—	—
Other expenses	—	—	—
Total expenses	\$ 744,441,309	27,494,097	3,634,996
Revenues over (under) expenses	25,888,733	3,016,921	8,142,111
Net Position:			
Beginning of year, restricted for claims contingency and benefits	233,744,695	6,837,721	11,678,566
End of year, restricted for claims contingency and benefits	\$ 259,633,428	9,854,642	19,820,677

Term Life	Retiree Life	Reinsurance	Health Reimbursement Arrangement Plan (HRA)	OPEB and Pensions	Totals
14,526,627	5,413,039	38,333,545	(72,500)	—	838,513,380
—	—	—	—	—	14,795,438
—	—	—	9,335,742	—	9,335,742
1,697,644	2,345,626	3,466,617	489,424	—	25,462,226
—	—	(47,145)	—	—	—
16,224,271	7,758,665	41,753,017	9,752,666	—	888,106,786
—	—	(120,760)	5,934,520	—	680,625,212
—	—	—	—	—	26,382,384
—	—	—	—	—	3,140,987
10,652,251	4,866,668	—	—	—	15,518,919
350,837	—	—	—	—	34,791,549
262,466	(451,839)	—	—	—	(8,313,433)
—	—	47,667,610	—	—	347,951
—	—	—	—	—	53,568,136
11,265,554	4,414,829	47,546,850	5,934,520	—	806,061,705
1,762,285	249,000	1,672	172,545	—	36,191,852
51,543	—	88,620	—	—	4,592,993
—	—	—	—	—	211,270
—	—	—	—	641,055	641,055
13,079,382	4,663,829	47,637,142	6,107,065	641,055	847,698,875
3,144,889	3,094,836	(5,884,125)	3,645,601	(641,055)	40,407,911
29,019,326	(15,078,427)	27,641,630	37,848,870	(7,749,963)	323,942,418
32,164,215	(11,983,591)	21,757,505	41,494,471	(8,391,018)	364,350,329

Unaudited Supplementary Information as of 6/30/20 (Continued)**Public Employees Health Program****Medical Program Risk Pools
Statement of Net Position (Unaudited)**

As of June 30, 2020

	State of Utah	Salt Lake City	Local Government Risk Pool (LGRP)
Assets:			
Cash and cash equivalents	\$ 2,753,087	6,712,674	47,836,683
Investments	117,790,718	12,582,183	51,948,376
Receivables:			
Premiums and service fees	15,532,527	12,315	12,777,049
Investments	588,541	96,679	176,840
Misc. receivables/prepaid expense	9,095,077	552,909	4,151,004
Total receivables	25,216,145	661,903	17,104,893
Capital assets net of accumulated depreciation	32,692	—	—
Total assets	145,792,642	19,956,760	116,889,952
Liabilities:			
Claims payable	12,551,782	962,924	6,283,378
Estimated liability for claims incurred but not reported	18,501,613	1,419,373	9,261,842
Premiums payable (pass through dental and vision)	71,807	—	88,033
Unearned premiums	244,450	288,471	26,082
PPACA and other accrued expenses payable	2,457,607	254,212	1,276,309
Taxes payable	(43,902)	898	31,159
Experience dividend payable	715,994	—	333,998
Due to other agencies and other liabilities	994,347	4,071,336	387,999
Security lending liability	5,247,745	548,646	2,337,090
Total liabilities	40,741,443	7,545,860	20,025,890
Net Position:			
Restricted for claims contingency reserves	\$ 105,051,199	12,410,900	96,864,062

Utah School Board Associations (USBA)	Self Funded Healthcare Groups	Medicare Supplement	Totals
593,627	1,956,127	20,140,474	79,992,672
14,589,282	—	4,476,134	201,386,693
6,830,733	2,446,951	250,267	37,849,842
36,349	5,582	165,911	1,069,902
742,287	629,059	6,389,545	21,559,881
7,609,369	3,081,592	6,805,723	60,479,625
—	—	—	32,692
22,792,278	5,037,719	31,422,331	341,891,682
1,376,774	—	1,327,653	22,502,511
2,029,396	—	1,956,990	33,169,214
(197)	1,192	114,475	275,310
3,310	9,929	2,002,546	2,574,788
318,493	—	63,110	4,369,731
14,286	4,175	—	6,616
—	—	—	1,049,992
—	3,904,859	—	9,358,541
694,735	—	123,335	8,951,551
4,436,797	3,920,155	5,588,109	82,258,254
18,355,481	1,117,564	25,834,222	259,633,428

Unaudited Supplementary Information as of 6/30/20 *(Continued)***Public Employees Health Program****Medical Program Risk Pools
Statement of Changes in Net Position (Unaudited)***Fiscal Year July 1, 2019 - June 30, 2020*

	State of Utah	Salt Lake City	Local Government Risk Pool (LGRP)
Revenues:			
Premiums earned, service fees, and other revenue net of refunds	\$ 355,328,530	33,581,787	199,251,764
Federal subsidy	—	—	—
Net investment income	7,752,958	831,981	3,401,536
Miscellaneous income	—	—	—
Total revenues	363,081,488	34,413,768	202,653,300
Expenses:			
Insurance benefits:			
Health/pharmacy claims paid	318,108,935	27,794,012	167,405,041
Reinsurance premiums	10,703,013	1,491,853	19,715,504
Provision for unpaid claims and claims incurred but not reported	2,320,988	(519,066)	(2,666,146)
Reinsurance claims paid	(15,404,561)	(2,490,806)	(23,649,913)
Experience dividends	39,920,483	—	6,690,882
Total insurance benefits	355,648,858	26,275,993	167,495,368
Administrative and other expenses:			
Administrative expenses	13,549,560	1,750,204	8,180,164
PPACA fees	122,101	13,476	62,294
Commission	—	—	4,170,859
Total benefits and expenses	369,320,519	28,039,673	179,908,685
Revenues over (under) expenses	(6,239,031)	6,374,095	22,744,615
Net Position:			
Beginning of year, restricted for claims contingency reserves	111,290,230	6,036,805	74,119,447
End of year, restricted for claims contingency reserves	\$ 105,051,199	12,410,900	96,864,062

Utah School Board Associations (USBA)	Self Funded Healthcare Groups	Medicare Supplement	Totals
40,793,237	77,383,701	35,888,993	742,228,012
	—	14,795,438	14,795,438
996,160	—	276,812	13,259,447
—	47,145	-	47,145
41,789,397	77,430,846	50,961,243	770,330,042
36,631,770	74,855,586	50,016,108	674,811,452
2,530,342	—	—	34,440,712
(157,355)	—	(410,714)	(1,432,293)
(3,693,214)	(2,081,165)	—	(47,319,659)
1,715,562	—	—	48,326,927
37,027,105	72,774,421	49,605,394	708,827,139
1,617,392	3,718,011	2,369,565	31,184,896
13,399	—	—	211,270
—	47,145	—	4,218,004
38,657,896	76,539,577	51,974,959	744,441,309
3,131,501	891,269	(1,013,716)	25,888,733
15,223,980	226,295	226,847,938	233,744,695
18,355,481	1,117,564	25,834,222	259,633,428

Unaudited Supplementary Information as of 6/30/20 (Continued)**Public Employees Health Program****Dental Program Risk Pools
Statement of Net Position (Unaudited)**

As of June 30, 2020

	State of Utah	Salt Lake City	Local Government Risk Pool (LGRP)	Retiree Dental	Totals
Assets:					
Cash and cash equivalents:	\$ 2,143,229	443,083	1,173,043	640,444	4,399,799
Investments	4,034,465	613,127	2,035,830	3,516	6,686,938
Receivables:					
Premiums and service fees	894,604	1,525	536,053	(656)	1,431,526
Investments	21,522	4,550	16,690	258	43,020
Misc. receivables/prepaid expense	39,048	8,021	19,086	832	66,987
Total receivables	955,174	14,096	571,829	434	1,541,533
Total assets	7,132,868	1,070,306	3,780,702	644,394	12,628,270
Liabilities:					
Claims payable	451,675	65,446	218,966	50,383	786,470
Estimated liability for claims incurred but not reported	665,779	96,468	322,760	74,266	1,159,273
Premiums payable (pass through dental and vision)	200,202	—	35	—	200,237
Unearned premiums	53,342	36,176	1,862	105,525	196,905
PPACA and other accrued expenses payable	83,279	12,453	41,731	—	137,463
Security lending liability	179,356	26,579	87,308	37	293,280
Total liabilities	1,633,633	237,122	672,662	230,211	2,773,628
Net Position:					
Restricted for claims contingency reserves	\$ 5,499,235	833,184	3,108,040	414,183	9,854,642

Unaudited Supplementary Information as of 6/30/20 *(Concluded)***Public Employees Health Program****Dental Program Risk Pools
Statement of Changes in Net Position (Unaudited)***Fiscal Year July 1, 2019 - June 30, 2020*

	State of Utah	Salt Lake City	Local Government Risk Pool (LGRP)	Retiree Dental	Totals
Revenues:					
Premiums and service fees	\$ 17,594,563	2,444,506	8,590,610	1,441,434	30,071,113
Investment income	266,208	40,173	133,272	252	439,905
Total revenues	17,860,771	2,484,679	8,723,882	1,441,686	30,511,018
Expenses:					
Insurance benefits:					
Health/pharmacy claims paid	15,755,953	2,210,315	7,338,424	1,077,692	26,382,384
Provision for unpaid claims and claims incurred but not reported	(356,839)	(87,398)	(151,071)	4,029	(591,279)
Experience dividends	209	—	—	—	209
Total insurance benefits	15,399,323	2,122,917	7,187,353	1,081,721	25,791,314
Administrative and other expenses:					
Administrative expenses	846,316	109,211	388,611	123,819	1,467,957
Commissions	—	—	234,826	—	234,826
Total expenses	16,245,639	2,232,128	7,810,790	1,205,540	27,494,097
Revenues over (under) expenses	1,615,132	252,551	913,092	236,146	3,061,921
Net Position:					
Beginning of year, restricted for claims contingency reserves	3,884,103	580,633	2,194,948	178,037	6,837,721
End of year, restricted for claims contingency reserves	\$ 5,499,235	833,184	3,108,040	414,183	9,854,642



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