

Utah Retirement Systems

# Public Employees Health Program

A Discrete Component Unit of the State of Utah

## 2022 Annual Comprehensive Financial Report

*For the Year Ended December 31, 2022*

**PEHP**  
Health & Benefits







Utah Retirement Systems  
**Public Employees Health Program**

A Discrete Component Unit of the State of Utah

**2022 Annual Comprehensive Financial Report**

*For the Year Ended December 31, 2022*



Prepared by: Finance Department  
Utah Retirement Systems • Public Employees Health Program  
560 East 200 South • Salt Lake City, Utah 84102-2044

[www.pehp.org](http://www.pehp.org)

Daniel D. Anderson, URS Executive Director

R. Chet Loftis, PEHP Managing Director

Robert D. Dolphin, URS Chief Financial Officer



**Public Employees Health Program  
2022 Annual Comprehensive Financial Report**

# Table of Contents



## Introduction

<a href="#">Additions by Source</a>	3
<a href="#">Letter of Transmittal</a>	4
<a href="#">Letter from Managing Director</a>	6
<a href="#">Utah State Retirement Board</a>	7
<a href="#">Organization Chart, Administrative Staff and Professional Service Providers</a>	8
<a href="#">Program Highlights</a>	10
<a href="#">Deductions by Type</a>	18
<a href="#">Independent Auditor's Report</a>	19
<a href="#">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</a>	21
<a href="#">Management's Discussion and Analysis</a>	23

## Financial Statements

<a href="#">For the Years Ended December 31, 2022 and 2021</a>	
<a href="#">Statements of Net Position</a>	27
<a href="#">Statements of Changes in Net Position</a>	28
<a href="#">Statements of Cash Flow</a>	29
<a href="#">Notes to the Financial Statements</a>	31

## Required Supplementary Information

<a href="#">For the Year Ended December 31, 2022</a>	
<a href="#">10-Year Loss Development</a>	58
<a href="#">Schedule of Proportionate Share of the Net Pension Liability</a>	60
<a href="#">Schedule of Contributions</a>	62
<a href="#">Schedule of Changes in Net OPEB Liability</a>	63
<a href="#">Notes to Required Supplementary Information</a>	64

## Investments

<a href="#">Report on Investment Activity</a>	65
<a href="#">Outline of Investment Results</a>	69
<a href="#">List of Largest Assets Held</a>	71
<a href="#">Investment Consultants</a>	71

## Statistical Information

<a href="#">Schedule of Changes in Net Position – PEHP Programs</a>	72
<a href="#">Schedule of Changes in Net Position – PEHP Plans</a>	76

## Supplementary Information

<a href="#">For the Year Ended December 31, 2022</a>	
<a href="#">Statement of Net Position by Program</a>	78
<a href="#">Statement of Changes in Net Position by Program</a>	80
<a href="#">Medical Program Risk Pools – Statement of Net Position</a>	82
<a href="#">Medical Program Risk Pools – Statement of Changes in Net Position</a>	84
<a href="#">Dental Program Risk Pools – Statement of Net Position</a>	86
<a href="#">Dental Program Risk Pools – Statement of Changes in Net Position</a>	87

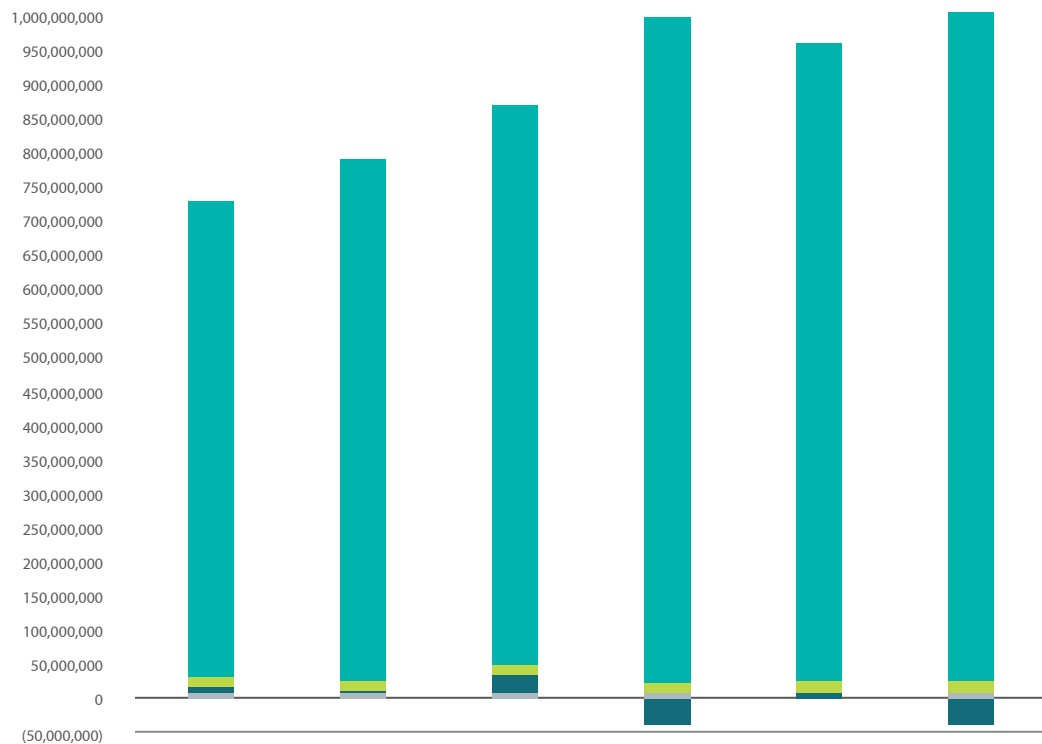
## Unaudited Supplementary Information

<a href="#">Statements of Net Position</a>	
<a href="#">As of Fiscal Year July 1, 2021 - June 30, 2022</a>	89
<a href="#">Statements of Changes in Net Position</a>	
<a href="#">Fiscal Year July 1, 2021 - June 30, 2022</a>	90
<a href="#">Statements of Cash Flows</a>	
<a href="#">For the Fiscal Year Ended June 30, 2022</a>	91
<a href="#">Statement of Net Position by Program</a>	
<a href="#">As of June 30, 2022</a>	92
<a href="#">Statement of Changes in Net Position by Program –</a>	
<a href="#">Fiscal Year July 1, 2021 - June 30, 2022</a>	94
<a href="#">Medical Program Risk Pools –</a>	
<a href="#">Statement of Net Position</a>	
<a href="#">As of June 30, 2022</a>	96
<a href="#">Medical Program Risk Pools –</a>	
<a href="#">Statement of Changes in Net Position</a>	
<a href="#">Fiscal Year July 1, 2021 - June 30, 2022</a>	98
<a href="#">Dental Program Risk Pools –</a>	
<a href="#">Statement of Net Position</a>	
<a href="#">As of June 30, 2022</a>	100
<a href="#">Dental Program Risk Pools –</a>	
<a href="#">Statement of Changes in Net Position</a>	
<a href="#">Fiscal Year July 1, 2021 - June 30, 2022</a>	101



## Public Employees Health Program Additions by Source

At December 31



	2017	2018	2019	2020	2021	2022
● Premiums and service fees	\$ 694,255,468	764,289,512	816,803,324	871,935,466	931,475,293	982,012,071
● Federal subsidies	15,381,086	13,603,756	15,862,210	15,981,550	18,265,420	18,369,701
● Net investment income	9,526,337	3,246,461	25,357,732	8,863,707	8,874,490	(39,214,872)
● Employer contributions	7,638,014	9,208,581	9,266,955	27,209,692	(1,233,719)	7,691,580
<b>Totals</b>	<b>\$ 726,800,905</b>	<b>790,348,310</b>	<b>867,290,221</b>	<b>923,990,415</b>	<b>957,381,484</b>	<b>968,858,480</b>

## 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

May 10, 2023

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

Dear Board Members:

We are pleased to present the 2022 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 2022.

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 arrangements (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 investor 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. The "Public Employees' Trust Fund" was created 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 [31](#).

**Letter of Transmittal** *(Concluded)*

**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

May 10, 2023

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

Dear Board Members:

PEHP Health & Benefits is a division of the Utah Retirement Systems 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 \$4.8 million in excess reserves to various plan sponsors over the past year. Membership growth also remains steady, reaching 177.7 thousand for the medical plan as of December 31, 2022.

Over the last year, virtually all of our organizational focus has been on standing up and transitioning our membership onto a new core IT system. Our first groups made the move in September 2022 and our last groups will make the move in July 2024. The culmination of this multi-year project has been anything but easy.

It has been the equivalent of starting from scratch in replicating a system that has been 40 years in the making. It has also required operating two systems simultaneously.

I am incredibly proud and grateful for the efforts of the entire PEHP Team. For those have been with us for years and others who are new. For the amazing level of work, ingenuity, and dedication. For adapting in a fluid environment that has not only involved a new system but new ways of organizing and performing our work. While there is plenty yet to do, progress has been real and our focus remains the same in serving groups in partnership of trust with a commitment to excellence, value, and innovation.

Sincerely yours,



R. Chet Loftis  
Managing Director



**Letter from Managing Director** *(Concluded)*

**Public Employees Health Program**  
**Utah State Retirement Board**



*Pictured Left to Right*

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

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

**Christie N. Behunin**  
Appointed August 17, 2022  
Term Expires July 1, 2026  
Represents Investment Community

**Roger G. Donohoe**  
Appointed December 17, 2014  
Term Expires July 1, 2024  
Represents Education Employees

*President*  
**Richard K Ellis**  
Appointed February 13, 2020  
Term Expires July 1, 2024  
Represents Investment Community

*Vice-President*  
**Karl W. Wilson**  
Appointed July 2, 2021  
Term Expires July 1, 2025  
Represents Investment Community

**Marlo M. Oaks**  
State Treasurer  
Member Since June 29, 2021  
Ex-officio Member

**Utah Retirement Systems**  
**Executive Director**



**Daniel D. Andersen**

**PEHP**  
**Managing Director**



**R. Chet Loftis**

# Public Employees Health Program Organization Chart





## Administrative Staff

**Daniel D. Andersen**

*Executive Director*

**Steven M. West, CPA, CPE**

*Director, Internal Audit*

**W. Kendell Rima**

*Chief Information Officer*

**Jayne R. Knecht, MSHR,**

**PHR, SHRM-CP, HRPM**  
*Human Resources 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**

*Service Center Director*

**Joan Chu, RN, CCM**

*Care Management Director*

**Kate Walter**

*Pharmacy Director*

**Quinten Christensen, ASA, MAAA**

*Chief Actuary & Director of Analytics*

**Lance Toms, PMP**

*Operations Management Director*

**Todd Sprouse**

*Provider Contracting Director*



## Professional Service Providers

**ACTUARY**

**Millman**  
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 act 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.

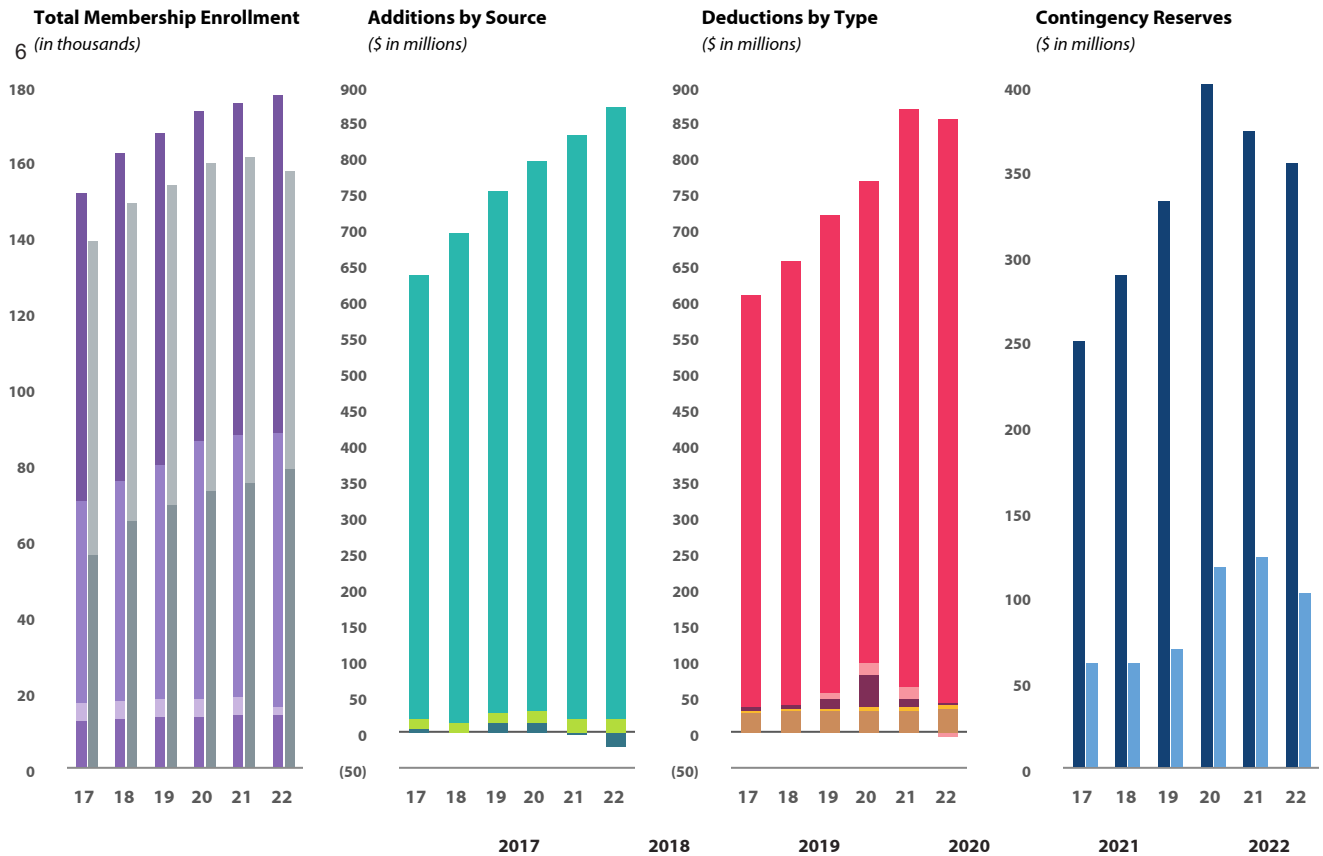
**Advantage Network** — The Advantage Network is based on the Intermountain Healthcare facilities and providers. It also contains many non-facility providers who are not affiliated with IHC. Members who choose this network typically want to go to IHC facilities.

**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)



	2017	2018	2019	2020	2021	2022
<b>Count of Membership</b>						
● Advantage Network	81,570	86,127	87,873	87,466	87,402	89,188
● Summit Network	53,069	58,196	61,827	67,895	69,409	72,078
● Preferred Network	4,773	4,825	4,697	4,621	4,801	2,416
● Medicare	12,725	13,208	13,618	13,820	14,069	13,997
Totals	152,137	162,356	168,015	173,802	175,681	177,679
● Traditional Plan	82,737	83,449	84,543	86,367	86,365	84,626
● Star HSA Plan	56,675	65,699	69,854	73,615	75,247	79,056
Totals	139,412	149,148	154,397	159,982	161,612	163,682

	2017	2018	2019	2020	2021	2022
<b>Medical Program Additions by</b>						
● Premiums and service fees	\$ 616,327,475	680,826,597	725,225,526	767,094,257	813,528,805	854,368,087
● Federal subsidies	15,381,086	13,603,756	15,862,210	15,981,550	18,265,420	18,369,701
● Net investment income	5,505,254	1,421,106	13,007,263	14,450,922	(2,072,408)	(19,753,937)
Totals	\$ 637,213,815	695,851,459	754,094,999	797,526,729	829,721,817	852,983,851

	2017	2018	2019	2020	2021	2022
<b>Medical Program Deductions by</b>						
● Claims	\$ 572,192,267	616,825,742	664,828,723	672,515,577	804,162,806	813,687,096
● Provision for unpaid claims	893,049	613,688	7,975,697	14,706,077	18,718,639	(5,357,952)
● Experienced dividends	5,701,630	5,703,602	13,268,290	45,636,364	10,185,453	4,825,181
● Commissions	2,907,487	3,126,425	3,477,564	4,607,858	4,497,010	4,579,015
● Administrative expense and other	28,169,556	30,133,223	30,877,872	31,692,050	32,175,708	33,180,093
Totals	\$ 609,863,989	656,402,680	720,428,146	769,157,926	869,739,616	850,913,433

	2017	2018	2019	2020	2021	2022
<b>Medical Program Contingency</b>						
● Total assets available to pay benefits	\$ 251,306,224	290,169,252	332,562,951	409,359,805	374,273,350	355,522,051
● Total liabilities and reserves	62,290,944	61,705,192	70,432,038	118,860,089	123,791,433	102,969,713
Ending plan contingency reserve	\$ 189,015,280	228,464,060	262,130,913	290,499,716	250,481,917	252,552,338



Public Employees Health Program

## Dental Program Highlights

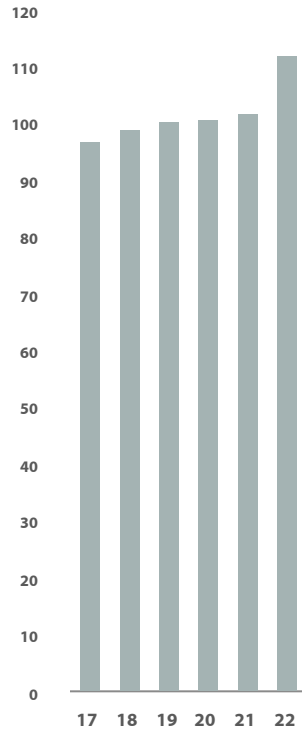
PEHP offers group dental insurance for the state, its political subdivisions, and educational institutions. PEHP acts as a self-insurer and administers separate risk pools for the state of Utah and other covered employers who have chosen to participate with PEHP. PEHP is maintained on a financially and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





## Dental Program Highlights *(Concluded)*

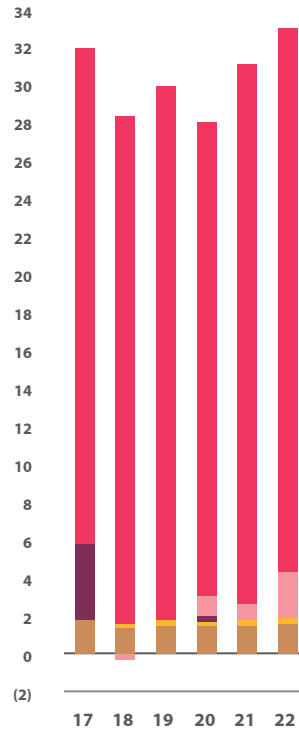
**Total Membership Enrollment**  
*(in thousands)*



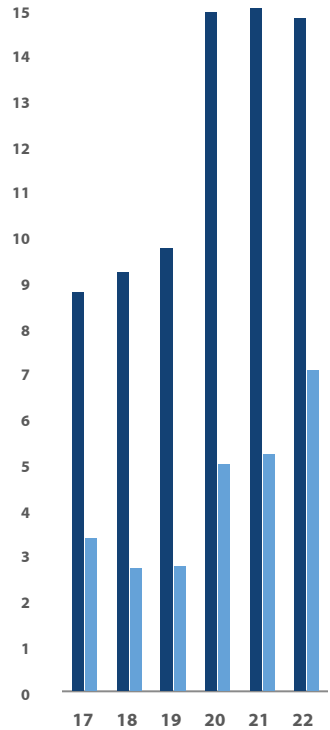
**Additions by Source**  
*(\$ in millions)*



**Deductions by Type**  
*(\$ in millions)*



**Contingency Reserves**  
*(\$ in millions)*



### Count of Membership

● Dental Enrollment	96,620	98,781	100,345	100,632	102,819	111,816
---------------------	--------	--------	---------	---------	---------	---------

### Dental Program Additions by Source

● Premiums and service fees	\$ 29,268,441	29,046,866	30,003,604	30,560,203	31,061,050	31,595,726
● Net investment income	221,236	52,350	429,111	478,029	(66,524)	(662,726)
<b>Totals</b>	<b>\$ 29,489,677</b>	<b>29,099,216</b>	<b>30,432,715</b>	<b>31,038,232</b>	<b>30,994,526</b>	<b>30,933,000</b>

### Dental Program Deductions by Type

● Claims	\$ 26,248,159	26,797,638	28,188,373	25,020,752	28,406,461	28,716,522
● Provision for unpaid claims	15,887	(350,051)	9,373	1,041,874	898,608	2,388,485
● Experienced dividends	4,002,253	(2,165)	133	287,932	—	—
● Commissions	—	149,284	304,045	235,923	294,542	399,432
● Administrative expense and other	1,762,041	1,427,824	1,455,592	1,476,038	1,500,377	1,543,322
<b>Totals</b>	<b>\$ 32,028,340</b>	<b>28,022,530</b>	<b>29,957,516</b>	<b>28,062,519</b>	<b>31,099,988</b>	<b>33,047,761</b>

### Dental Program Contingency Reserves

● Total assets available to pay benefits	\$ 8,778,082	9,233,503	9,746,071	14,944,965	15,070,154	14,815,058
● Total liabilities and reserves	3,369,737	2,748,473	2,785,842	5,009,023	5,239,674	7,099,341
<b>Ending plan contingency reserve</b>	<b>\$ 5,408,345</b>	<b>6,485,030</b>	<b>6,960,229</b>	<b>9,935,942</b>	<b>9,830,480</b>	<b>7,715,717</b>

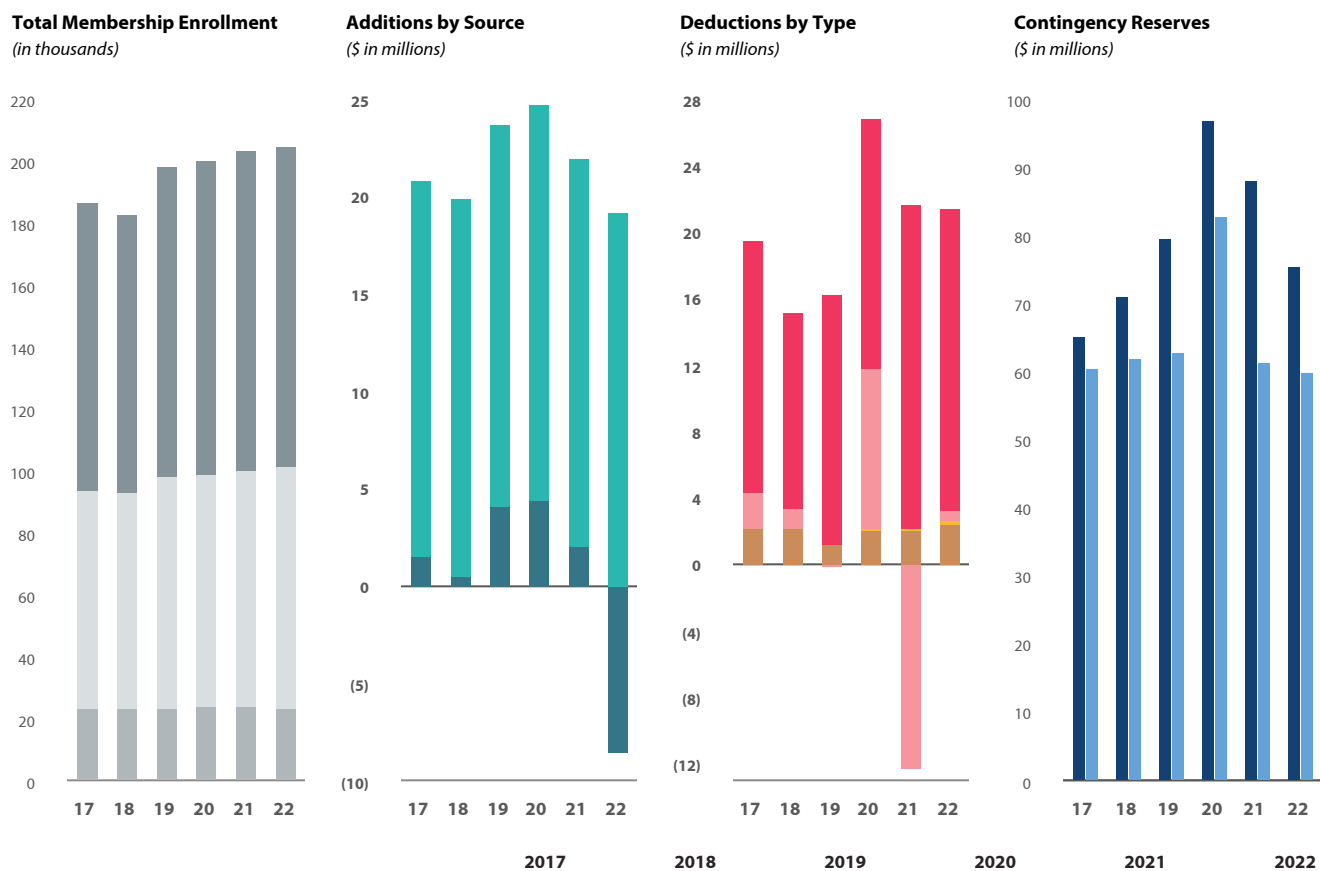
Public Employees Health Program

## Group Term, Accidental Death & 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 benefits 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)*



### Count of Membership

	2017	2018	2019	2020	2021	2022
Term life	93,289	90,178	100,467	101,373	102,925	103,137
AD&D	70,313	69,132	74,351	75,239	76,646	77,765
Retiree life	22,939	23,545	23,507	23,684	23,626	23,521
<b>Totals</b>	<b>186,541</b>	<b>182,855</b>	<b>198,325</b>	<b>200,296</b>	<b>203,197</b>	<b>204,423</b>

### Life Program Additions by Source

	2017	2018	2019	2020	2021	2022
Premiums and service fees	\$ 19,225,114	19,429,129	19,663,834	20,335,998	19,969,388	19,179,765
Net investment income	1,545,973	442,114	4,019,456	4,370,395	1,985,791	(8,604,496)
<b>Totals</b>	<b>\$ 20,771,087</b>	<b>19,871,243</b>	<b>23,683,290</b>	<b>24,706,393</b>	<b>21,955,179</b>	<b>10,575,269</b>

### Life Program Deductions by Type

	2017	2018	2019	2020	2021	2022
Claims	\$ 15,130,492	11,707,159	15,002,689	15,044,818	19,548,501	18,181,328
Provision for unpaid claims	2,201,455	1,230,026	(189,373)	9,693,267	(12,233,890)	636,311
Experienced dividends	—	50	—	—	—	—
Commissions	9,190	32,236	65,818	55,425	113,303	257,541
Administrative expense and other	2,129,120	2,149,254	1,138,242	2,047,418	1,997,279	2,336,019
<b>Totals</b>	<b>\$ 19,470,257</b>	<b>15,118,725</b>	<b>16,017,376</b>	<b>26,840,928</b>	<b>9,425,193</b>	<b>21,411,199</b>

### Life Program Contingency Reserves

	2017	2018	2019	2020	2021	2022
Total assets available to pay benefits	\$ 64,974,603	70,908,251	79,524,200	96,909,968	87,864,899	75,286,327
Total liabilities and reserves	60,375,759	61,869,873	62,819,909	82,694,050	61,429,654	59,687,012
<b>Ending plan contingency reserve</b>	<b>\$ 4,598,844</b>	<b>9,038,378</b>	<b>16,704,291</b>	<b>14,215,918</b>	<b>26,435,245</b>	<b>15,599,315</b>



## 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)**Count of Membership**

● Total LTD Enrollment	27,192	27,224	28,584	29,562	29,925	30,674
------------------------	--------	--------	--------	--------	--------	--------

**LTD Program Additions by Source**

● Premiums and service fees	\$ 8,266,192	7,953,824	7,760,090	8,052,257	8,431,983	9,309,980
● Net investment income	1,027,606	457,317	3,720,820	4,072,448	(610,534)	(5,816,511)
Totals	\$ 9,293,798	8,411,141	11,480,910	12,124,705	7,821,449	3,493,469

**LTD Program Deductions by Type**

● Claims	\$ 4,277,983	5,084,603	3,698,907	3,212,218	3,684,070	2,817,550
● Provision for unpaid claims	(1,772,089)	(102,695)	(3,260,449)	(2,836,762)	(680,563)	(1,363,735)
● Experienced dividends	5,495,730	1,118,283	2,612	5,241,000	—	—
● Commissions	4,412	3,274	—	—	—	—
● Administrative expense and other	1,313,708	1,264,128	1,233,855	1,296,905	1,470,690	1,553,985
Totals	\$ 9,319,744	7,367,593	1,674,925	6,913,361	4,474,197	3,007,800

**LTD Program Contingency Reserves**

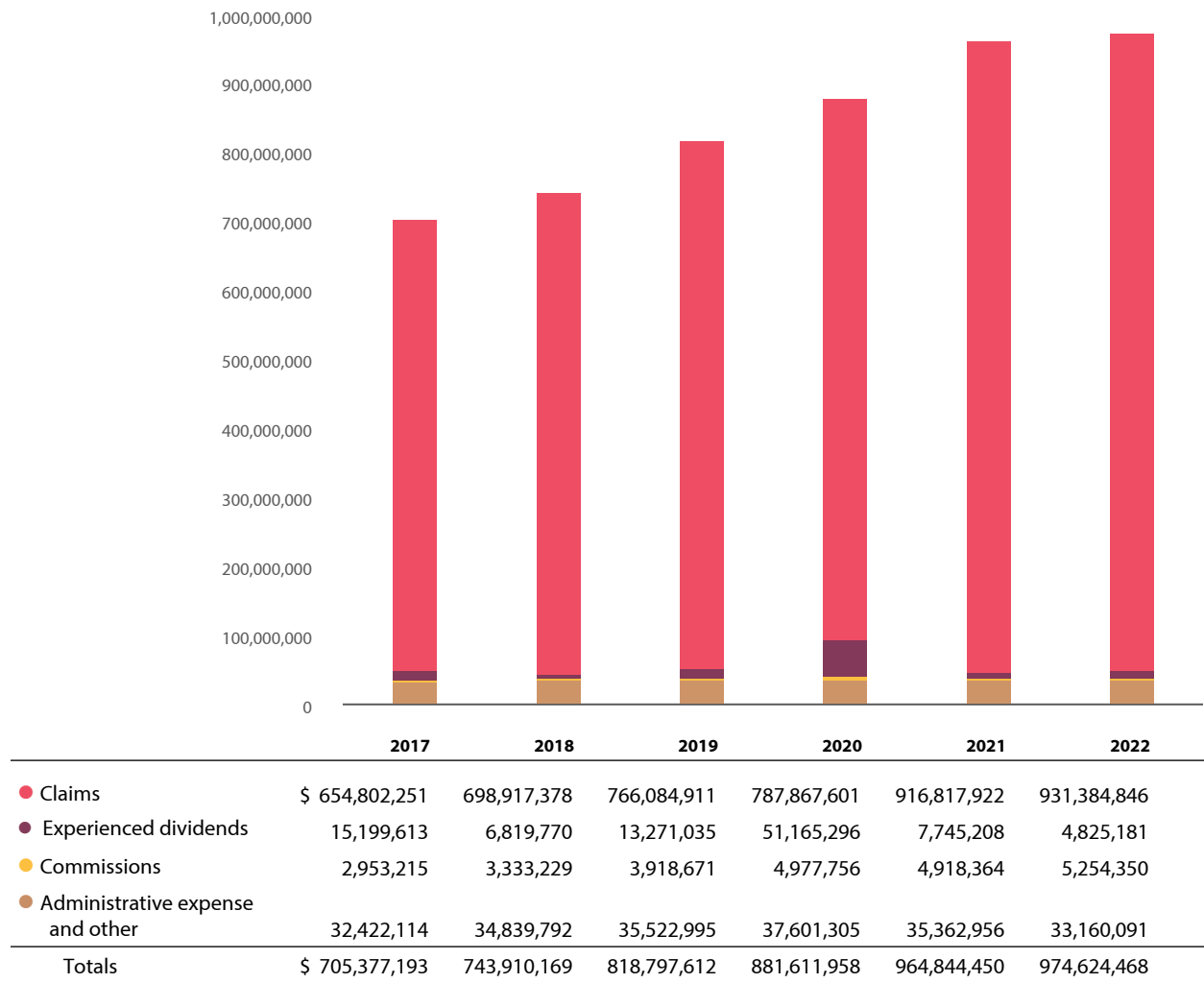
● Total assets available to pay benefits	\$ 40,832,526	43,314,076	49,779,564	61,478,745	59,052,579	53,105,911
● Total liabilities and reserves	33,407,991	34,845,993	31,505,496	37,993,333	32,219,915	25,787,581
Ending plan contingency reserve	\$ 7,424,535	8,468,083	18,274,068	23,485,412	26,832,664	27,318,330





## Public Employees Health Program Deductions by Type

Calendar Year Ending December 31



# Auditor's Report



CPAs & BUSINESS ADVISORS

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of the Public Employees Health Program, a discrete component unit of the State of Utah, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Public Employees Health Program's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Public Employees Health Program, a discrete component unit of the State of Utah, as of December 31, 2022 and 2021, and the changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Public Employees Health Program and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Public Employees Health Program's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- » Exercise professional judgment and maintain professional skepticism throughout the audit.
- » Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error,

What inspires you, inspires us. | [eidebailly.com](http://eidebailly.com)

5 Triad Center, Ste. 600 | Salt Lake City, UT 84180-1106 | T 801.532.2200 | F 801.532.7944 | EOE



## Auditor's Report *(Continued)*

and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- » Obtain an understanding of internal control relevant to the audit 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 Public Employees Health Program's internal control. Accordingly, no such opinion is expressed.
- » Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- » Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Public Employees Health Program's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis as noted in the table of contents on page 2, the 10-year loss development schedule as noted in the table of contents on page 2, and the schedule of the proportionate share of the net pension liability and schedule of contributions as noted in the table of contents on page 2, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 audits 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.

### Supplementary Information

Our audit was conducted for the purpose of forming an opinion on Public Employees Health Program's basic financial statements. The Supplementary information as noted in the table of contents on page 2 (supplemental financial information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental financial information as of and for the year ended December 31, 2022, statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the introductory and statistical sections as listed in the table of contents, and the summarized comparative information as of and for the fiscal year ended June 30, 2022 but does not include the basic financial statement and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### Other Information Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2023 on our consideration of the Public Employees Health Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. 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 Public Employees 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 Public Employees Health Program's internal control over financial reporting and compliance.



Salt Lake City, Utah  
May 10, 2023

**Auditors 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 a discrete component unit of the State of Utah, as of and for the year ended December 31, 2022, 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 May 10, 2023.

**Report on 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

**Report on 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.

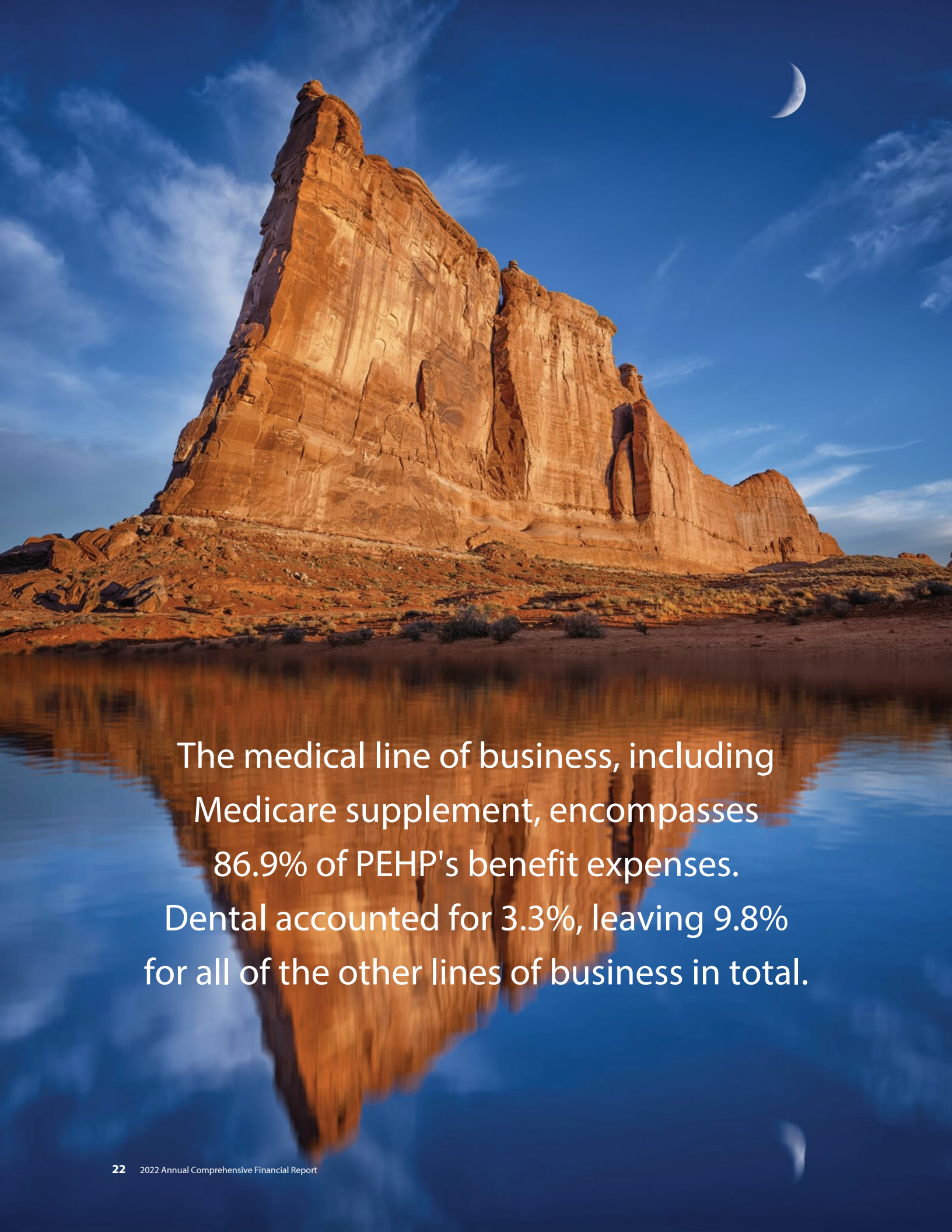
A handwritten signature in black ink that reads "Eide Bailly LLP".

Salt Lake City, Utah  
May 10, 2023

What inspires you, inspires us. | [eidebailly.com](http://eidebailly.com)

5 Triad Center, Ste. 600 | Salt Lake City, UT 84180-1106 | T 801.532.2200 | F 801.532.7944 | EOE





The medical line of business, including Medicare supplement, encompasses 86.9% of PEHP's benefit expenses. Dental accounted for 3.3%, leaving 9.8% for all of the other lines of business in total.

## Public Employees Health Program

# Management Discussion and Analysis

*For the Year Ended December 31, 2022*



The management of Public Employees Health Program (PEHP) presents the following discussion and analysis of the financial statements for the year ended December 31, 2022. 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 86.90% of PEHP's benefit expenses. Dental accounted for 3.30% leaving 9.80% 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, City of West Jordan, Park City School District and inmates for the Utah Department of Corrections.



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

	2022	2021	2020	2022 Increase (Decrease)	2021 Increase (Decrease)	2022 Percentage Change	2021 Percentage Change
<b>Assets and Outflows:</b>							
Cash, cash equivalents, and investments	\$ 516,786,473	542,678,708	599,387,732	(25,892,235)	(56,709,024)	(4.8)%	(9.5)%
Receivables	71,902,507	90,699,278	86,609,567	(18,796,771)	4,089,711	(20.7)	4.7
Capital assets	6,259,698	7,305	23,651	6,252,393	(16,346)	85590.6	(69.1)
Net pension and other post employment benefit plan assets	3,213,179	317,071	812,923	2,896,108	(495,852)	913.4	(61.0)
Deferred outflows relating to pensions and other post employment benefits	7,570,295	5,886,623	4,784,195	1,683,672	1,102,428	28.6	23.0
Total assets and deferred outflows	605,732,152	639,588,985	691,618,068	(33,856,833)	(52,029,083)	(5.3)	(7.5)
<b>Liabilities and Inflows:</b>							
Claims and other	144,275,736	169,229,351	189,296,525	(24,953,615)	(20,067,174)	(14.7)	(10.6)
Life and long-term disability	68,047,289	70,555,257	82,961,462	(2,507,968)	(12,406,205)	(3.6)	(15.0)
Net pension and other post employment benefit plan liabilities	47,594	6,384,317	10,717,635	(6,336,723)	(4,333,318)	(99.3)	(40.4)
Deferred outflows relating to pensions and other post employment benefits	13,097,070	7,402,102	4,243,402	5,694,968	3,158,700	76.9	74.4
Total liabilities and deferred inflows	225,467,689	253,571,027	287,219,024	(28,103,338)	(33,647,997)	(11.1)	(11.7)
<b>Net Position:</b>							
Restricted for claim contingency reserves	335,109,444	341,872,878	362,510,604	(6,763,434)	(20,637,726)	(2.0)	(5.7)
Restricted for benefits	45,155,019	44,145,080	41,888,440	1,009,939	2,256,640	2.3	5.4
Total net position	\$ 380,264,463	386,017,958	404,399,044	(5,753,495)	(18,381,086)	(1.5)%	(4.5)%

**Summary of Changes in Net Position for Years Ended December 31, 2022, 2021, and 2020:**

	2022	2021	2020	2022 Increase (Decrease)	2021 Increase (Decrease)	2022 Percentage Change	2021 Percentage Change
<b>Revenues:</b>							
Premiums and fees	\$1,008,085,848	958,615,203	896,780,723	49,470,645	61,834,480	5.2%	6.9%
Investment income	(39,214,872)	(1,233,719)	27,209,692	(37,981,153)	(28,443,411)	3078.6	(104.5)
Total revenues	968,870,976	957,381,484	923,990,415	11,489,492	33,391,069	1.2	3.6
<b>Expenses:</b>							
Insurance benefits	936,210,027	935,481,250	839,032,897	728,777	96,448,353	0.1	11.5
Administrative and other expenses	38,414,441	40,281,320	42,579,061	(1,866,879)	(2,297,741)	(4.6)	(5.4)
Total benefits and expenses	974,624,468	975,762,570	881,611,958	(1,138,102)	94,150,612	(0.1)	10.7
Revenues over (under) benefits and expenses	(5,753,492)	(18,381,086)	42,378,457	12,627,594	(60,759,543)	(68.7)	(143.4)
<b>Net Position:</b>							
Beginning of year, restricted for claim contingency reserves	341,872,876	362,510,604	323,096,920	(20,637,728)	39,413,684	(5.7)	12.2
Beginning of year, restricted for benefits	44,145,079	41,888,440	38,923,667	2,256,639	2,964,773	5.4	7.6
Ending of year, restricted for claim contingency reserves	335,109,444	341,872,878	362,510,604	(6,763,434)	(20,637,726)	(2.0)	(5.7)
Ending of year, restricted for benefits	45,155,019	44,145,080	41,888,440	1,009,939	2,256,640	2.3	5.4
Ending net position, restricted	\$380,264,463	386,017,958	404,399,044	(5,753,495)	(18,381,086)	(1.5)%	(4.5)%

## Management Discussion & Analysis *(Continued)*



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.

### 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 decreased by \$5.8 million as follows:

- » The medical program contingency reserves increased by \$2.1 million due to premium increases offsetting higher overall medical claim expense from patients seeking some care deferred during the COVID-19 pandemic and overall worsening population health.

- » Dental contingency reserves decreased by \$2.1 million due to claims costs increases from delays in routine dental care during the COVID-19 pandemic which lead to more expensive procedures when patients returned to the dentist. Administrative and commission expense of \$33.0 million exceeding total revenues of \$30.9 million and the plan earned a net investment loss of \$662.7 thousand.
- » The long-term disability program realized a decrease of \$0.5 million in contingency reserves due to premiums exceeding paid and estimated claims but was offset by the large allocated net investment loss of \$5.8 million.
- » Term life contingency reserve decreased by \$2.9 million primarily from a significant net investment loss of \$2.6 million.
- » The retiree life program had a contingency reserve decrease of \$7.9 million. The decrease was primarily from the net investment loss of \$6.0 million and a liability increase of \$1.3 million for active retirees based upon the current valuation.
- » The reinsurance program had a contingency reserve decrease of \$1.6 million due to favorable claim experience but was offset by the net investment loss of \$4.8 million
- » The HRA Program reserves restricted for benefits increased by \$1.0 million due to employer contributions exceeding benefit payments and net investment income of \$0.5 million.
- » Net pension and OPEB reserves increased by \$5.2 million due to actuarial gains from net pension investment return performance 17.5% and 13.0% in 2021 and 2020 above the actuarial assumed earning rate of 6.95% and 6.85% respectively.

**Management Discussion & Analysis** *(Concluded)***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.

**Financial Analysis**

- » The total of cash, investments, and security lending collateral decreased by \$25.9 million due primarily from a net decrease investment portfolio fair value of \$35.0 million. Calendar year 2022 was the worst year on record for bonds due to the federal reserve raising interest rates aggressively to combat inflation. Cash increased by \$7.6 million from premiums and revenues exceeding claims, administrative expenses and other investing and capital financing activities.
- » Total receivables decreased by \$18.8 million or 20.7% primarily from a decrease in investment pending trade receivables in 2022 compared to 2021.
- » Capital assets include computers, software construction in progress, and office equipment. The net capital assets increased by \$6.3 million due to the purchase of a new core administrative software processing system. See Note 9 to the financial statements starting on page 54 for further information.
- » The net pension liability decreased by \$1.5 million due to the pension fund earning (5.2)% return in 2021.
- » The total liabilities decreased by \$33.8 million primarily from the decrease in investment accounts payable of \$30.8 million. Pending investment purchases at 2022 year end decreased significantly compared to the prior year due to the timing of investment trades by investment professionals. Plan reserve liabilities for all programs experienced a slight decrease of \$3.7 million or 2% compared to the prior year. Health care claim liabilities decreased by \$1.2 million due higher reserves in the prior year for patients that began seeking routine elective medical procedures that were put on hold during the COVID-19 pandemic.

The Summary for the Statement of Changes in Net Position for the years ended December 31, 2022, and 2021 is as follows:

- » Premium and fee income increased by \$50.5 million or 5.4%, due primarily to increases in medical rates and additions of new business.
- » Investment income decreased by \$38.0 million due to the change in fair value of investment portfolio holdings. Cash earned positive returns but was offset by unrealized losses of -9.1% in the fixed income portfolio and -12.34% in the diversified fund for the retiree life insurance program. These fair value losses were attributable the change in the federal reserve monetary policy to increase borrowing costs and slow economic growth to rein in inflation.
- » Total insurance benefits expense increased by \$0.7 million or 0.1% due primarily to an increase in paid claims of \$16.5 million, a decrease in reserve estimates of \$10.4 million since patients received higher routine medical services in 2022 compared to 2021 from services put on hold during the COVID-19 pandemic. Experience dividends decreased \$5.4 million due to higher expenses in 2022 leaving less excess reserves available for refund.

**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, 2022, and June 30, 2021, the administrative expenses were \$3.2 million and \$3.6 million under budget respectively as outlined in the table below.

	Fiscal Year Ending June 30, 2022	Fiscal Year Ending June 30, 2021
Board approved budget	\$42,685,189	42,431,671
Actual expenditures	39,516,316	38,823,296
Variance (over)/under budget	\$3,168,873	3,608,375



## Public Employees Health Program

# Statements of Net Position

As of December 31, 2022

With Comparative Totals for December 31, 2021

	2022	2021
<b>Assets:</b>		
Cash and cash equivalents	\$ 115,962,423	\$ 108,376,020
Investments	398,569,955	433,553,197
Invested securities lending collateral	2,254,095	749,491
Receivables:		
Premiums and service fees	47,720,336	48,414,399
Securities and interest receivable	2,491,566	18,349,589
Misc. receivables/prepaid expenses	21,690,605	23,935,290
Total receivables	71,902,507	90,699,278
Capital assets net of accumulated depreciation	6,259,698	7,305
Net pension asset	3,213,179	—
Net OPEB asset	—	317,071
Total assets	598,161,857	633,702,362
<b>Deferred Outflows of Resources:</b>		
OPEB related amounts	535,706	700,567
Pension related amounts	7,034,589	5,186,056
Total deferred outflows	7,570,295	5,886,623
<b>Liabilities:</b>		
Claims payable	66,664,952	75,009,257
Estimated liability for claims incurred but not reported	42,446,759	35,291,377
Life insurance reserves	55,490,563	54,917,602
Long-term disability claims reserves	12,116,073	15,105,418
Long-term disability medical premium reserves	440,653	532,237
Premiums payable	406,437	270,410
Unearned premiums	3,187,518	3,003,034
Investment accounts payable	2,835,627	33,635,827
PPCA and other accrued expenses payable	3,539,176	4,054,656
Taxes payable	324	2,424
Experience dividend payable	1,999,047	2,682,916
Due to other agencies and other liabilities	20,941,800	14,529,959
Security lending liability	2,254,095	749,491
Net pension liability	—	6,384,317
Net OPEB liability	47,594	—
Total liabilities	212,370,618	246,168,925
<b>Deferred Inflows of Resources:</b>		
OPEB related amounts	173,641	611,282
Pension related amounts	12,923,429	6,790,820
Total deferred inflows	13,097,070	7,402,102
<b>Net Position:</b>		
Restricted for claims contingency reserves	335,109,445	341,872,878
Restricted for benefits	45,155,019	44,145,080
Total net position	\$ 380,264,464	\$ 386,017,958

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

## Public Employees Health Program

# Statements of Changes in Net Position

For the year ended December 31, 2022

With Comparative Totals for December 31, 2021

	2022	2021
<b>Revenues:</b>		
Premiums earned, service fees, and other revenue, net of refunds	\$ 982,012,071	\$ 931,475,293
Federal subsidy	18,369,701	18,265,420
Employer contributions	7,691,580	8,874,490
Net investment income	(39,214,872)	(1,233,719)
Miscellaneous income	12,496	—
<b>Total revenues</b>	<b>968,870,976</b>	<b>957,381,484</b>
<b>Expenses:</b>		
Insurance Benefits		
Claims	935,081,739	918,593,003
Change in unpaid claims and claims incurred but not reported	(3,696,891)	6,702,794
Experience dividends	4,825,181	10,185,453
<b>Total insurance benefits</b>	<b>936,210,029</b>	<b>935,481,250</b>
Administrative and other expenses:		
Administrative expenses	38,137,713	36,888,094
Commissions	5,254,350	4,918,364
PPACA fees	243,913	256,056
Other expenses	(5,221,535)	(1,781,194)
<b>Total expenses</b>	<b>974,624,470</b>	<b>975,762,570</b>
<b>Revenues (under) expenses</b>	<b>\$ (5,753,494)</b>	<b>\$ (18,381,086)</b>
<b>Net position:</b>		
Beginning of year, restricted for claim contingency and benefits	386,017,958	404,399,044
End of year, restricted for claims contingency and benefits	\$ 380,264,464	\$ 386,017,958

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, 2022

With Comparative Totals for December 31, 2021

	2022	2021
Cash flows from operating activities:		
Cash received from premiums earned, service fees, and other revenue, net of refunds	\$ 1,008,964,392	\$ 953,384,685
Cash paid for insurance benefits	(934,945,705)	(918,693,657)
Cash paid for administrative and other expenses	(35,489,731)	(43,561,101)
Policyholder experience dividends paid	(5,509,050)	(7,706,302)
Net cash provided (used) by operating activities	33,019,906	(16,576,375)
Cash flows from investing activities:		
Investment income	4,815,115	10,726,406
Proceeds from maturities of sales of fixed income securities	302,253,998	378,654,367
Purchases of fixed income securities	(326,242,918)	(412,651,156)
Net cash (used) by investing activities	(19,173,805)	(23,270,383)
Cash flows from capital and related financing activities		
Purchases of capital assets	(6,259,698)	—
Net Cash (used) by financing activities	(6,259,698)	—
Net increase (decrease) in cash and cash equivalents	7,586,403	(39,846,758)
Cash and cash equivalents at beginning of year	108,376,020	148,222,778
Cash and cash equivalents at end of year	115,962,423	108,376,020
Reconciliation of revenue over benefits and expenses to net cash provided by operating activities:		
Revenue over benefits and expenses	(5,753,494)	(18,381,086)
Adjustments to reconcile revenue over benefits and expenses to net cash provided by operating activities:		
Depreciation	7,305	16,346
Net investment income	39,214,871	1,233,719
OPEB related items	91,885	(5,161)
Pension related items	(5,313,420)	(1,776,033)
Change in assets and liabilities:		
Premiums and service fees	694,065	(5,160,024)
Employer contributions	—	148
Prepaid expenses and other current assets	2,244,686	2,355,216
Claims payable	(8,344,303)	40,659,642
Liability for claims incurred but not reported	7,155,382	(21,550,643)
Life insurance reserves	572,961	(12,085,295)
Long term disability claim reserves	(2,989,345)	(110,648)
Long term disability medical premium reserves	(91,584)	(210,262)
Experience dividend payable	(683,869)	2,479,151
Due to other agencies and other liabilities	6,411,840	(464,485)
Premium payables	136,026	(100,650)
Unearned premiums	184,482	(70,643)
Accrued expense payable	(515,483)	(3,407,692)
Taxes payable	(2,099)	2,025
Net cash provided (used) by operating activities	\$ 33,019,906	\$ (16,576,375)

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





PEHP provides insurance services to employees of 396 municipalities, school districts, and other public entities within the State of Utah.



## Public Employees Health Program

# Notes to Financial Statements

For the Years Ended December 31, 2022 and 2021



## 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 396 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 \$350,000 during the fiscal years ended December 31, 2022 and 2021. During the years ended December 31, 2022, and 2021, PEHP collected medical reinsurance premiums of \$67,558,487 and \$58,609,529 respectively.

## Notes to Financial Statements *(Continued)*

December 31, 2022 and 2021



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 \$3,000,000, 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, 2022 and 2021, PEHP paid \$370,626 and \$310,659 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 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 and commingled funds 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, agency notes and mortgage-backed securities, corporate notes, asset-backed securities, and commingled funds. The fair value of investments is based on published market prices and quotations from major investment brokers at current exchange rates, as available. Many factors are considered in arriving at that value. Corporate debt securities are valued based on yields currently available on comparable securities of issuers with similar



## Notes to Financial Statements *(Continued)*

December 31, 2022 and 2021



credit ratings. Changes in the fair value of investments are recognized as investment income in the Statements of Changes in Net Position.

### Investment Leveling

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.

### Capital Assets

Capital assets are defined by PEHP as both tangible and intangible right-to-use assets with an initial cost of more than \$5,000 and \$1,000,000 respectively. 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. Starting in year 2019, PEHP no longer purchased tangible capital assets directly but rather pays for the allocated use of those assets through the administrative expense allocation from the Utah Retirement Systems. PEHP is capitalizing its software construction in progress as part of its total capital assets.

### 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 rate of -9.0% in year one due to unfavorable investment returns and reverting to 1.5% in 2023 and thereafter to calculate the present value of estimated future cash payments as of December 31, 2022 and 2021. Income benefits are assumed to increase 2.5% per year, and medical premiums are assumed to increase 7.5% per year. 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, 2022 and 2021, was \$45,155,019 and \$44,145,080, respectively.

## Notes to Financial Statements *(Continued)*

December 31, 2022 and 2021



### 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, 2022, the restricted claims contingency reserve is expected higher than at June 30, 2023, due to the majority of plans having a June 30th fiscal year end as deductibles are reached and more payment responsibility shifts to the insurance plan.

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.

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, 2022 and 2021.

## Notes to Financial Statements *(Continued)*

December 31, 2022 and 2021

### 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 28 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.

### 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.

### Method of Accounting

The Program maintains records and accounts and prepares financial statements using fund accounting principles and the accrual basis of accounting, under which benefits and expenses are recognized when due and payable and revenues are recorded in the accounting period in which they are earned and become measurable.



**Notes to Financial Statements** (Continued)

December 31, 2022 and 2021



## Note 2

### Cash and Investments

Listed below is a summary of the deposit and investment portfolios as of December 31, 2022 and 2021. Investing is governed by the prudent investor 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 (\$8,076,264), and (\$7,915,486) as of December 31, 2022 and 2021, respectively. The corresponding bank balance was \$664,600 and \$585,169 as of as of December 31, 2022 and 2021, 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, 2022 and 2021 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, 2022 and 2021:

	2022	2021
Overnight repurchase agreements	\$ 87,035,240	\$ 59,941,240
Cash on deposit with operating bank	(8,076,264)	(7,915,486)
Cash on deposit with custodial bank	37,003,447	56,350,266
<b>Total</b>	<b>\$ 115,962,423</b>	<b>\$ 108,376,020</b>

#### 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, 2022 and 2021, the overnight repurchase agreements of \$87,035,240 and \$59,941,240, 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 custodial bank and fund manager as of December 31, 2022 and 2021 were \$37,003,447 and \$56,350,266, respectively, and 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, 2022, and 2021 as shown below.

	2022	2021
Cash and cash equivalents	\$ 115,962,423	\$ 108,376,020
Investments	355,899,107	384,877,799
Diversified funds measured at NAV	42,670,848	48,675,398
Invested securities lending collateral	2,254,095	749,491
<b>Total</b>	<b>\$ 516,786,473</b>	<b>\$ 542,678,708</b>

**Notes to Financial Statements** (Continued)

December 31, 2022 and 2021

**Investments**

The schedules below provide information about the credit risk, interest rate risk, and concentration of credit risk associated with PEHP's fixed income investments as of December 31, 2022 and 2021, respectively.

Investment Type As of December 31, 2022	Fair Value (In thousands)	Investment Maturities (in Years)				
		Less Than 1	1-5	6-10	11-20	More Than 20
Asset-Backed Securities	\$ 26,009	—	31	—	25,978	—
Corporate Bonds	146,119	8,313	77,228	57,790	2,788	—
U.S. Government Agencies	2,735	—	330	2,405	—	—
U.S. Treasuries	47,376	499	40,537	6,340	—	—
Government-Backed Mortgage Securities	126,268	—	186	2,690	8,070	115,322
Municipal Bonds	4,906	—	—	792	4,114	—
Non-Government Backed CMO's	143	—	—	—	—	143
Other Fixed Income	600	600	—	—	—	—
<b>Total Investments</b>	<b>\$ 354,156</b>	<b>9,412</b>	<b>118,312</b>	<b>70,017</b>	<b>40,950</b>	<b>115,465</b>

Investment Type As of December 31, 2021	Fair Value (In thousands)	Investment Maturities (in Years)				
		Less Than 1	1-5	6-10	11-20	More Than 20
Asset-Backed Securities	\$ 17,321	—	46	—	17,275	—
Corporate Bonds	131,231	3,202	55,460	68,349	4,220	—
U.S. Government Agencies	3,416	11	17	3,388	—	—
U.S. Treasuries	102,731	—	95,577	7,154	—	—
Government-Backed Mortgage Securities	127,176	5	369	2,351	6,916	117,535
Municipal Bonds	1,098	—	1,098	—	—	—
Non-Government Backed CMO's	192	—	—	—	—	192
Securities Lending Collateral	—	—	—	—	—	—
<b>Total Investments</b>	<b>\$ 383,165</b>	<b>\$ 3,218</b>	<b>\$ 152,567</b>	<b>\$ 81,242</b>	<b>\$ 28,411</b>	<b>117,727</b>

**Interest Rate Risk**

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

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 the fixed income portfolio's effective duration against the Bloomberg U.S. Intermediate Aggregate Bond Index.

The allowable duration range was 3.38 to 5.63 and 3.27 to 5.45 as of December 31, 2022 and 2021, respectively. As of December 31, 2022 and 2021, 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 fixed income investment portfolio maintains an "A" or equivalent minimum rating. The ratings for PEHP's debt instruments as of December 31, 2022 and 2021 are presented on page 38.

**Notes to Financial Statements** (Continued)

December 31, 2022 and 2021

**Investment Type**

as of December 31, 2022 (In thousands)

	Fair Value	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	NR
U.S. Treasuries	\$ 47,377	—	—	—	—	—	—	—	—	—	—	—	—	—	47,377
U.S. Government Agencies	2,735	—	—	—	—	—	—	—	—	2,725	—	—	—	—	10
Corporate Bonds	146,118	—	2,879	757	5,501	3,596	3,973	13,860	39,923	48,610	16,906	7,945	—	722	1,446
Government Mortgage-Backed Securities	126,268	—	—	—	—	—	—	—	—	—	—	—	—	—	126,268
Asset-Backed Securities	26,009	591	25,387	—	—	—	—	—	—	—	—	—	—	—	31
Municipal Bonds	4,906	—	—	—	2,151	1,147	—	—	1,608	—	—	—	—	—	—
Non-Government Backed CMO's	143	—	—	—	—	—	—	—	—	—	—	—	—	—	143
Other Fixed Income	600	—	—	—	—	—	—	—	—	—	—	—	—	—	600
<b>Total investments</b>	<b>\$ 354,156</b>	<b>591</b>	<b>28,266</b>	<b>757</b>	<b>7,652</b>	<b>4,743</b>	<b>3,973</b>	<b>13,860</b>	<b>41,531</b>	<b>51,335</b>	<b>16,906</b>	<b>7,945</b>	<b>—</b>	<b>722</b>	<b>175,875</b>

**Investment Type**

as of December 31, 2021 (In thousands)

	Fair Value	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	NR
U.S. Treasuries	\$ 102,732	—	—	—	—	—	—	—	—	—	—	—	—	—	102,732
U.S. Government Agencies	3,416	—	—	—	—	—	—	—	—	3,388	—	—	—	—	28
Corporate Bonds	131,230	—	1,941	380	6,909	2,444	2,739	13,883	34,289	41,903	12,787	8,727	2,561	1,141	1,526
Government Mortgage-Backed Securities	127,176	—	—	—	—	—	—	—	—	—	—	—	—	—	127,176
Asset-Backed Securities	17,321	866	16,409	—	—	—	—	—	—	—	—	—	—	—	46
Municipal Bonds	1,098	—	—	—	—	—	—	—	—	1,098	—	—	—	—	—
Non-Government Backed CMO's	192	—	—	—	—	—	—	—	—	—	—	—	—	—	192
<b>Total investments</b>	<b>\$ 383,165</b>	<b>866</b>	<b>18,350</b>	<b>380</b>	<b>6,909</b>	<b>2,444</b>	<b>2,739</b>	<b>13,883</b>	<b>34,289</b>	<b>46,389</b>	<b>12,787</b>	<b>8,727</b>	<b>2,561</b>	<b>1,141</b>	<b>231,700</b>



## Notes to Financial Statements *(Continued)*

December 31, 2022 and 2021

### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a portfolio's investment in a single issuer. PEHP limits the amount that can be invested in any one issuer. The following limits apply to the fixed income 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/Aa Securities – no more than 4% of an Investment Manager's assets at market with a single issuer
- » A/A Securities – no more than 3% of an Investment Manager's assets at market with a single issuer
- » BBB/Baa Securities – 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.

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

All investments are within Program limits.

### 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, 2022, and 2021, PEHP had pledged non-cash collateral of \$2,254,095 and \$749,491, respectively.

As of December 31, 2022 and 2021, PEHP had no credit risk exposure to borrowers because the collateral exceeded the amount borrowed. The securities on loan as of December 31, 2022 and 2021 were \$2,210,170 and \$734,586 respectively, and the cash and noncash collateral received for those securities on loan was \$2,254,095 and \$749,491, 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.

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.

**Notes to Financial Statements** (Continued)

December 31, 2022 and 2021

**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, 2022 (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.

**Diversified Funds**

The fair value of the investments in this type have been determined using the NAV per share of the investments. The diversified funds are commingled funds of institutional quality across a broad range of asset types. There are no unfunded commitments and there are no restrictions on redemption frequency.

**Investments Measured at Fair Value**

As of December 31, 2022

Investments	(in thousands)	Fair Value Measurements Using			
		Fair Value	Level 1 Input	Level 2 Inputs	Level 3 Inputs
Asset-Backed Securities	\$	26,009	—	26,009	—
Corporate Bonds		146,118	—	146,118	—
U.S. Government Agencies		2,735	—	2,735	—
U.S. Treasuries		47,377	—	47,377	—
Government Backed Mortgage Securities		126,268	—	112,167	14,101
Municipal Bonds		4,905	—	4,905	—
Non-Government Backed CMO's		143	—	—	143
Other Fixed Income		600	—	—	600
Equities		1,744	1,744	—	—
Total investments	\$	355,899	1,744	339,311	14,844

Investments Measured at NAV (in thousands)	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Diversified funds	\$ 42,672	—	Daily	None

The fair value of this fund investment has been determined using the net asset value per share. The fund is comprised of a diversified mix of investment securities.

**Notes to Financial Statements** (Continued)

December 31, 2022 and 2021

### 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:

	2022	2021
IBNR balance January 1st	\$ 180,855,891	\$ 174,153,098
Incurred claims related to:		
Current Year	940,448,530	916,189,968
Prior Year	(5,366,791)	2,403,035
Total incurred claims	935,081,739	918,593,003
Total paid claims related to:		
Current Year	843,984,693	814,816,787
Prior Year	94,793,937	97,073,423
Total paid claims	938,778,630	911,890,210
Net IBNR balance at December 31st	\$ 177,159,000	\$ 180,855,891

**Components of IBNR as Reported Above**

Claims Payable	\$ 66,664,952	\$ 75,009,257
Estimated liability for claims incurred but not reported	42,446,759	35,291,377
Life insurance reserves	55,490,563	54,917,602
Long-term disability claims reserves	12,116,073	15,105,418
Long-term disability medical premium reserves	440,653	532,237
	\$ 177,159,000	\$ 180,855,891

### Note 4

## Policyholder Experience Dividends

During the years ended December 31, 2022 and 2021 the Board authorized experience dividends to participating agencies and members of \$4,825,181 and \$10,185,453 from claims contingency reserves accumulated by PEHP through the end of the prior fiscal period. Of these \$1,999,047 and \$2,682,916 were payable as of December 31, 2022 and 2021, 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 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, 2022, and 2021, 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, 2022 and 2021 by plan.

	2022	2021
Medical	\$ 4,825,181	\$ 10,185,453
Dental	—	—
Long-term disability	—	—
Total experience dividends	\$ 4,825,181	\$ 10,187,474



## Notes to Financial Statements *(Continued)*

December 31, 2022 and 2021



## Note 5 Retirement Plans

### Organization and Nature of Business

**Pensions:** For purposes of measuring the net pension (asset)/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 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](http://www.urs.org/general/publications).

**Notes to Financial Statements** (Continued)

December 31, 2022 and 2021

**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.

**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, 2022 are as follows:

System	Fund	Employee	Employer	Employer 401(k)
Contributory System	112- State and School Division Tier 2	N/A	19.84%	0.18%
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, 2022, 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	\$ 2,364,566	N/A
Tier 2 Public Employees System	980,743	N/A
Tier 2 DC Only System	334,087	N/A
<b>Total contributions</b>	<b>\$ 3,679,396</b>	

**Notes to Financial Statements** (Continued)

December 31, 2022 and 2021



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

At December 31, 2022, we reported a net pension asset of \$3,213,179 and a net pension liability of \$0.

	(Measurement Date): December 31, 2021			Proportionate Share December 31, 2021	Change (Decrease)
	Net Pension Asset	Net Pension Liability	Proportionate Share		
Noncontributory System	\$ 3,112,050	\$ —	0.4554813%	0.4671688%	(0.0116875%)
Tier 2 Public Employees System	101,129	—	0.2389410%	0.2669437%	(0.0280027%)
Total net pension asset/liability	\$ 3,213,179	\$ —			

The net pension asset and liability was measured as of December 31, 2021 and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2021 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, 2022, we recognized pension expense of (\$1,137,207).

At December 31, 2022, 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	\$ 1,915,866	13,030
Changes in assumptions	1,307,779	956
Net difference between projected and actual earnings on pension plan investments	—	12,801,094
Changes in proportion and differences between contributions and proportionate share of contributions	131,548	108,349
Contributions subsequent to the measurement date	3,679,396	—
Total	\$ 7,034,589	12,923,429



**Notes to Financial Statements** (Continued)

December 31, 2022 and 2021



\$3,679,396 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, 2021.

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
2022	\$ (1,556,096)
2023	(3,098,289)
2024	(2,909,041)
2025	(2,111,733)
2026	19,459
Thereafter	\$ 87,464

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

For the year ended December 31, 2022, we recognized pension expense of (\$1,488,310).

At December 31, 2022, 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	\$ 1,866,736	—
Changes in assumptions	1,213,484	—
Net difference between projected and actual earnings on pension plan investments	—	12,551,218
Changes in proportion and differences between contributions and proportionate share of contributions	80,357	108,349
Contributions subsequent to the measurement date	2,364,566	—
<b>Total</b>	<b>\$ 5,525,143</b>	<b>12,659,567</b>

\$2,364,566 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, 2021.

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
2022	\$ (1,509,089)
2023	(3,038,042)
2024	(2,865,322)
2025	(2,086,537)
2026	—
Thereafter	\$ —

**Notes to Financial Statements** (Continued)

December 31, 2022 and 2021



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

For the year ended December 31, 2022, we recognized pension expense of \$351,103.

At December 31, 2022, 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	\$ 49,130	13,030
Changes in assumptions	94,295	956
Net difference between projected and actual earnings on pension plan investments	—	249,876
Changes in proportion and differences between contributions and proportionate share of contributions	51,191	—
Contributions subsequent to the measurement date	1,314,830	—
<b>Total</b>	<b>\$ 1,509,446</b>	<b>263,862</b>

\$1,314,830 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, 2021.

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
2022	\$ (47,007)
2023	(60,247)
2024	(43,719)
2025	(25,196)
2026	19,459
Thereafter	\$ 87,464

**Notes to Financial Statements** (Continued)

December 31, 2022 and 2021

**Actuarial Assumptions**

The total pension liability in the December 31, 2022, 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 - 9.25 percent, average, including inflation

**Investment Rate of Return:** 6.85 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, 2021, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2019.

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		Long-Term Expected Portfolio Real Rate of Return
	Target Asset Allocation	Real Return Arithmetic Basis	
Equity securities	37%	6.58%	2.43%
Debt securities	20	(0.28)	(0.06)
Real assets	15	5.77	0.87
Private equity	12	9.85	1.18
Absolute return	16	2.91	0.47
Cash and cash equivalents	—	(1.01)	—
<b>Totals</b>	<b>100%</b>		<b>4.89%</b>
Inflation			2.50%
Expected arithmetic nominal return			7.39%

The 6.85% assumed investment rate of return is comprised of an inflation rate of 2.50%, and a real return of 4.35% that is net of investment expense.

**Discount rate:** The discount rate used to measure the total pension liability was 6.85 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 was reduced from 6.95% to 6.85% from the prior measurement date.

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 6.85 percent, as well as what the proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.85 percent) or 1 percentage point higher (7.85 percent) than the current rate:

**Changes in Discount Rate**

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 11,176,447	(3,112,050)	(15,057,336)
Tier 2 Public Employees System	602,547	(101,129)	(641,406)
<b>Total</b>	<b>\$ 11,778,994</b>	<b>(3,213,179)</b>	<b>(15,698,742)</b>

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



**Notes to Financial Statements** (Continued)

December 31, 2022 and 2021

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:

	2022	2021	2020
<b>401(k) Plan</b>			
Employer contributions	\$1,043,091	1,104,391	1,052,840
Employee contributions	1,004,493	1,067,590	974,579
<b>457(b) Plan</b>			
Employer contributions	\$ —	—	—
Employee contributions	431,554	434,877	430,799
<b>Roth IRA Plan</b>			
Employer contributions	N/A	N/A	N/A
Employee contributions	\$ 209,737	235,499	205,154
<b>Traditional IRA Plan</b>			
Employer contributions	N/A	N/A	N/A
Employee contributions	\$ 12,774	10,641	8,104

## Note 6

### Post-Employment Healthcare Plan

#### Defined Contribution Savings Plans

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. The following is presented for additional comparability to other reporting units representing the employees who service the PEHP administration, who are employed by URS. URS is ultimately liable for the pension and OPEB liabilities, however, their cost is intend to be allocated proportionate to the employment support.

For purposes of measuring the net OPEB liability (asset), 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.

#### Membership

(As of January 1, 2021, the Last Actuarial Valuation Date)

Number of retirees	23
Inactive, nonretired	—
Active members	33
Total membership	56

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.

**Notes to Financial Statements** (Continued)

December 31, 2022 and 2021

**Summary of Actuarial Assumptions**

Actuarial Cost Method	Individual Entry Age Normal
Discount Rate	6.85%, net of OPEB plan investment expense, including inflation
Inflation	2.50%
Salary Increase	3.25% to 8.50%, 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 improvement scale using base year 2020 Female retirees: 110% of 2020 PR UTAH Retiree Mortality Table for females, projected with 80% of the ultimate rates for the MP-2020 improvement scale using base year 2020.
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% in 2022, decreasing to an ultimate of 4.00% over 13 years. Post-65: Initial trend rate of 6.30% in 2021, decreasing to an ultimate of 4.00% over 14 years. Note: Since July 1, 2021, pre-65 premiums were known at the time of the valuation, no trend was assumed in 2021 for pre-65 premiums.

**Net OPEB Liability/(Asset)**

The net OPEB liability was measured as of December 31, 2022. 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, 2022, and rolled-forward using generally accepted actuarial procedures. The combined total net OPEB liability/(asset) is \$47,594. 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	\$	2,697,865
Plan fiduciary net position		2,650,271
Net OPEB liability/(asset)	\$	47,594
Plan fiduciary net position as a percentage of total OPEB liability		98.2 %
Net OPEB liability/(asset) as a percentage of covered payroll		2.1 %

**Schedule of OPEB Expense Under GASB Statement No. 75**

Fiscal Year Ending December 31, 2022

Service cost	\$	18,533
Interest on the total OPEB liability		181,689
Current-period benefit changes		—
Employee contributions		—
Projected earnings on plan investments		(202,294)
OPEB plan administrative expense		13,998
Other changes in plan fiduciary net position		—
Recognition of outflow (inflow) of resources due to liabilities		94,754
Recognition of outflow (inflow) of resources due to assets		(14,795)
Total OPEB expense	\$	91,885

**Deferred Outflows and Deferred Inflows Related to OPEB**

Fiscal Year Ending December 31, 2022

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience, liability	\$ 507,621	(153,364)
Changes in assumption	14,409	(20,277)
Difference between expected and actual experience, assets	13,676	—
Total	\$ 535,706	\$(173,641)

**Notes to Financial Statements** (Continued)

December 31, 2022 and 2021

**Schedule of Changes in Net OPEB Liability/(Asset) and Related Ratio Multiyear\*  
Fiscal Year Ending December 31**

	2022	2021	2020	2019
<b>Total OPEB Liability</b>				
Service Cost	\$ 18,533	16,834	17,453	18,741
Interest on the total OPEB liability	181,689	135,165	137,409	170,621
Difference between expected and actual experience	(7,965)	779,648	77,448	(448,274)
Changes of assumptions	—	24,219	(40,890)	—
Benefit payments	(275,046)	(223,236)	(223,566)	(213,062)
Net change in total OPEB liability	(82,789)	732,630	(32,146)	(471,974)
Total OPEB liability- beginning	2,780,654	2,048,024	2,080,170	2,552,144
Total OPEB liability- ending (a)	2,697,865	2,780,654	2,048,024	2,080,170
<b>Plan Fiduciary Net Position</b>				
OPEB plan net investment income	(158,410)	481,054	337,622	361,102
Benefit payments	(275,046)	(223,236)	(223,566)	(213,062)
OPEB plan administrative expense	(13,998)	(21,040)	(13,830)	(24,012)
Net change in plan fiduciary net position	(447,454)	236,778	100,226	124,028
Plan fiduciary net position - beginning	3,097,725	2,860,947	2,760,721	2,636,693
Plan fiduciary net position - ending (b)	2,650,271	3,097,725	2,860,947	2,760,721
Net OPEB liability/(asset) - ending (a)- (b)	\$ 47,594	(317,071)	(812,923)	(680,551)
Plan fiduciary net position as a percentage of total OPEB liability	98.24 %	111.40 %	139.69 %	132.72 %
Covered-employee payroll	\$ 2,239,013	2,239,013	2,704,431	2,704,431
Net OPEB liability as a percentage of covered-employee payroll	2.13 %	14.16 %	(30.06)%	(25.16)%

**Deferred Outflows and Inflows  
to be Recognized in Future  
OPEB Expense**

Year Ending December 31,	Net Deferred Outflows (Inflows)
2023	\$ 40,188
2024	80,931
2025	170,407
2026	70,549
2027	(10)
Total	\$ 362,065

The actuarial valuation was performed as of January 1, 2021. Update procedures were used to roll forward the total OPEB liability to December 31, 2022. All assumptions and methods used to develop the December 31, 2022 total OPEB liability are identical to those used in the January 1, 2021, actuarial valuation.

**Single Discount Rate**

A Single Discount Rate of 6.85% 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 6.85%. 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.



**Notes to Financial Statements** (Continued)

December 31, 2022 and 2021

2018	2017
19,025	20,368
168,468	163,821
18,998	9,425
—	—
(137,673)	(114,488)
68,818	79,126
2,483,326	2,404,200
2,552,144	2,483,326
(10,079)	335,699
(137,673)	(114,488)
(1,080)	—
(148,832)	221,211
2,785,525	2,564,314
2,636,693	2,785,525
(84,549)	(302,199)
103.31 %	112.17 %
3,165,708	3,165,708
(2.67)%	(9.55)%

**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 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, 2022 are summarized in the table below.

Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Expected Return Arithmetic Basis
			Long-term Expected Portfolio Real Rate of Return*
Equity securities	35%	6.58%	2.30%
Debt securities	20	1.08	0.22
Real assets	18	5.72	1.03
Private equity	12	9.80	1.18
Absolute return	15	2.91	0.44
Cash and cash equivalents	—	(0.11)	—
Totals	100%		5.17%
Inflation			2.50%
Expected arithmetic nominal return			7.67%

\*The total URS Defined Benefit long-term expected rate of return is 6.85%, which is comprised of a 2.50% inflation assumption and a 4.35% net real rate of return.

**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.

**Notes to Financial Statements** (Continued)

December 31, 2022 and 2021

**Required Contributions**

For the year ended December 31, 2022, the annual cost (expense) of \$0 for and was equal to the ARC. The net Other Post-Employment Benefits (OPEB) obligation for 2022 is shown on page [63](#).

**Schedule of Contributions Multiyear Last 10 Fiscal Years**

Fiscal Year Ending December 31	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency/ (Excess)	Covered Payroll	Actual Contribution as a Percent of Covered Payroll
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
2021	—	—	—	2,239,013	0.0
2022	—	—	—	2,239,013	0.0

**Notes to the Schedule of Contributions**

Valuation Date: January 1, 2021

**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	6.85%, 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 improvement scale using a base year of 2020. Female retirees: 110% of 2020 PR UTAH Retiree Mortality Table for females, projected with 80% of the ultimate rates from the MP-2019 mortality improvement scale using a base year of 2020.
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% in 2022, decreasing to an ultimate of 4.00% over 13 years. Post-65: Initial trend rate of 6.30% in 2021, decreasing to an ultimate of 4.00% over 14 years.

**Notes to Financial Statements** *(Continued)*

December 31, 2022 and 2021



**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, 2021 and a measurement date of December 31, 2022.*

**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 6.85%; 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 6.85%.

**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 6.85%, 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 5.85%	Current Single Discount Rate Assumption 6.85%	1% Increase 7.85%
\$ 208,015	\$ 47,594	\$ (100,965)

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
\$ (153,960)	\$ 47,594	\$ 269,880



## Notes to Financial Statements *(Continued)*

December 31, 2022 and 2021



### Note 7 Related Party Transactions

PEHP makes payments to the Systems for administrative expenses. Such payments and expenses totaled \$39,362,761 and \$37,469,134 during the years ended December 31, 2022, and 2021, respectively. At December 31, 2022, and 2021, the cash due to the Systems for PEHP is \$1,336,425 and \$754,862, 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.

### Note 9 Capital Assets

PEHP is working to replace its current claims and policy software system. This program replaces core business applications in order to improve customer service, enhance system maintainability, provide enhanced reporting and accessibility to information, and enable PEHP to remain current with technology. This program is being completed in phases by plan year renewal and is identified as the software construction in progress in capital asset table below. The software program will be fully implemented by July 2024.

### 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, 2022 and 2021 was \$1,914,405 and \$1,793,888, respectively.

**Notes to Financial Statements** (Continued)

December 31, 2022 and 2021

**Capital Assets**

	December 31, 2022			
	Beginning Balance	Additions	Deletions	Equipment Ending Balance
Furniture and equipment	\$ 46,927	\$ —	\$ —	\$ 46,927
Computer equipment	22,560	—	(5,200)	17,360
Software construction in progress	—	6,259,698	—	6,259,698
Vehicles	382,238	—	—	382,238
<b>Total</b>	<b>\$ 451,725</b>	<b>\$6,259,698</b>	<b>(\$5,200)</b>	<b>\$ 6,706,223</b>

	Accumulated Depreciation			
	Beginning Balance	Additions	Deletions	Ending Balance
Furniture and equipment	\$ 46,927	\$ —	\$ —	\$ 46,927
Computer equipment	22,560	—	(5,200)	17,360
Software construction in progress	—	—	—	—
Vehicles	374,934	7,304	—	382,238
<b>Total</b>	<b>\$ 444,421</b>	<b>7,304</b>	<b>(\$5,200)</b>	<b>446,525</b>
<b>Net capital assets</b>				<b>\$ 6,259,698</b>

	December 31, 2021			
	Beginning Balance	Additions	Deletions	Equipment Ending Balance
Furniture and equipment	\$ 46,926	—	—	46,926
Computer equipment	22,560	—	—	22,560
Vehicles	360,562	—	—	360,562
<b>Total</b>	<b>\$ 430,048</b>	<b>—</b>	<b>—</b>	<b>430,048</b>

	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
<b>Total</b>	<b>\$ 362,603</b>	<b>44,845</b>	<b>—</b>	<b>407,448</b>
<b>Net capital assets</b>				<b>\$ 22,600</b>

**Notes to Financial Statements** *(Continued)*

December 31, 2022 and 2021

## Note 11

### Net Investment Income

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

	2022	2021
Interest dividends, and other income	\$ 11,413,332	8,612,171
Net appreciation (depreciation) in fair value of investments	(50,237,843)	(9,408,540)
Total income from investment activity	(38,824,511)	(796,369)
Less: investment expenses	390,041	437,350
Net investment income	\$ (39,214,552)	(1,233,719)

## 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 May 10, 2023 which is the date the financial statements were available to be issued.

All disclosures or adjustments required are disclosed in the notes to the financial statements.



A large, natural rock arch made of reddish-brown sandstone stands prominently in a snowy, mountainous landscape. The arch frames a view of snow-covered hills and a clear blue sky with light clouds. The foreground is a smooth, reddish-brown rock surface.

# PEHP

SUPPORTING IT'S MEMBERS BY:

- » Doing the Right Thing
- » Providing Helpful Tools
- » Being Fair and Consistent
- » Helping Members Make Decisions
  - » Going the Extra Mile
- » Improving Health and Wellness
- » Keeping Members Out of the Middle



# Required Supplementary Information

For Fiscal Year Ended December 31, 2022

## 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.

	2013	2014
1) Required premiums, investment revenue, and interest income:		
Premiums earned	\$ 239,648	505,622
2) Unallocated expenses	11,470	31,836
3) Estimated incurred losses	—	—
Incurred	214,766	467,419
Ceded	—	—
Net Incurred	214,766	467,419
4) Paid (cumulative) as of:	—	—
End of policy year	176,249	424,825
One year later	214,508	466,292
Two years later	214,439	465,950
Three years later	214,299	465,798
Four years later	—	—
Five years later	—	—
Six years later	—	—
Seven years later	—	—
Eight years later	—	—
Nine years later	—	—
5) Reestimated ceded losses and expense	214,587	467,419
6) Reestimated incurred losses and expenses	—	—
End of policy year	214,766	467,419
One year later	214,587	466,329
Two years later	214,313	466,935
Three years later	214,174	465,798
Four years later	—	—
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	\$ (591)	(1,622)

See Independent Auditor's Report.





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

For the year ended  
Last Ten Fiscal Years\*

<b>Noncontributory System</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Proportion of the net pension liability/(asset)	0.4554813%	0.4759655%	0.4794816%
Proportionate share of the net pension liability/(asset)	\$ (3,112,050)	\$ 6,345,200	\$ 10,652,651
Covered employee payroll	\$ 10,963,945	\$ 11,275,389	\$ 11,399,694
Proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	(28.4)%	56.3%	93.5%
Plan fiduciary net position as a percentage of the total pension liability	102.7%	94.3%	90.1%
<b>Tier 2 Public Employees System</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Proportion of the net pension liability/(asset)	0.2389410%	0.2719702%	0.2889381%
Proportionate share of the net pension liability/(asset)	\$ (101,129)	\$ 39,117	\$ 64,984
Covered employee payroll	\$ 4,432,506	\$ 4,349,894	\$ 4,015,501
Proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	(2.3)%	0.9%	1.6%
Plan fiduciary net position as a percentage of the total pension liability	103.8%	98.3%	96.5%

\* In accordance with paragraph 81.a 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.

Public Employees Health Program

2019	2018	2017	2016
0.4508382%	0.4544553%	0.4283833%	0.4142337%
\$ 16,773,512	\$ 11,113,078	\$ 13,883,546	\$ 13,012,267
\$ 11,623,196	\$ 11,674,107	\$ 11,217,836	\$ 8,867,342
144.3%	95.2%	123.8%	146.7%
84.1%	89.2%	84.9%	84.5%

2019	2018	2017	2016
0.2889381%	0.2854840%	0.2985041%	0.2985967%
\$ 64,984	\$ 122,266	\$ 26,318	\$ (652)
\$ 4,015,501	\$ 3,332,718	\$ 2,923,350	\$ 1,879,519
1.6%	3.7%	0.9%	—%
96.5%	90.8%	97.4%	100.2%

**Required Supplementary Information** (Continued)

## Public Employees Health Program

# Schedule of Contributions

For the Years Ended December 31, 2022 through 2016

		As of fiscal Year Ended December 31,	Actuarial Determined Contributions	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
<b>Noncontributory System</b>	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
	2021		2,516,663	2,516,663	—	11,379,863	22.12
	2022		2,364,566	2,364,566	—	10,679,067	22.14
<b>Tier 2 Public Employees System</b>	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
	2021		887,332	887,332	—	4,602,997	19.28
	2022		980,743	980,743	—	4,991,684	19.65
<b>Tier 2 Public Employees DC Only System</b>	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	9.00
	2020		292,541	292,541	—	2,930,466	9.98
	2021		347,526	347,526	—	3,468,329	10.02
	2022		334,087	334,087	—	3,333,621	10.02

\*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.



**Required Supplementary Information** (Concluded)**Public Employees Health Program****Schedule of Changes in Net OPEB Liability/(Asset)  
and Related Ratio Multiyear\***

Fiscal Year Ending December 31

	2022	2021	2020	2019
<b>Total OPEB Liability</b>				
Service Cost	\$ 18,533	16,834	17,453	18,741
Interest on the total OPEB liability	181,689	135,165	137,409	170,621
Changes of benefit terms	—	—	—	—
Difference between expected and actual experience	(7,965)	779,648	77,448	(448,274)
Changes of assumptions	—	24,219	(40,890)	—
Benefit payments	(275,046)	(223,236)	(223,566)	(213,062)
Net change in total OPEB liability	(82,789)	732,630	(32,146)	(471,974)
Total OPEB liability- beginning	2,780,654	2,048,024	2,080,170	2,552,144
Total OPEB liability- ending (a)	\$ 2,697,865	2,780,654	2,048,024	2,080,170
<b>Plan Fiduciary Net Position</b>				
Employer contributions	\$ —	—	—	—
Employee contributions	—	—	—	—
OPEB plan net investment income	(158,410)	481,054	337,622	361,102
Benefit payments	(275,046)	(223,236)	(223,566)	(213,062)
OPEB plan administrative expense	(13,998)	(21,040)	(13,830)	(24,012)
Other	—	—	—	—
Net change in plan fiduciary net position	(447,454)	236,778	100,226	124,028
Plan fiduciary net position - beginning	3,097,725	2,860,947	2,760,721	2,636,693
Plan fiduciary net position - ending (b)	2,650,271	3,097,725	2,860,947	2,760,721
Net OPEB liability/(asset) - ending (a)- (b)	\$ 47,594	(317,071)	(812,923)	(680,551)
Plan fiduciary net position as a percentage of total OPEB Covered-employee payroll	98.2%	111.4%	139.7%	132.7%
Net OPEB liability as a percentage of covered-employee payroll	2.13 %	14.16 %	(30.06)%	(25.16)%

**Net OPEB Liability/(Asset)**

The net OPEB liability was measured as of December 31, 2022. 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, 2022, and rolled-forward using generally accepted actuarial procedures. The combined total net OPEB liability/(asset) is \$47,594. To the right 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	\$ 2,697,865
Plan fiduciary net position	2,650,271
Net OPEB liability/(asset)	\$ 47,594
Plan fiduciary net position as a percentage of total OPEB liability	98.24%
Net OPEB liability/(asset) as a percentage of covered payroll	2.13 %



Public Employees Health Program

# Notes to Required Supplementary Information

*For the Fiscal Year Ended December 31, 2022*

## Note 1

### Changes in Assumptions

The investment returns assumption was decreased by 0.10% to 6.85% for use in the January 1, 2021 actuarial valuation. This assumption change was based on analysis performed by the actuary and adopted by the Utah State Retirement Board. In aggregate, the assumption change resulted in a \$509 million increase in the Total Pension Liability, which is about 1.3% of the Total Pension Liability as of December 31, 2022 for all systems combined. The demographic assumptions were reviewed and updated in the January 1, 2020, actuarial valuation and are currently scheduled to be reviewed in the year 2023.





# Investments

## Report on Investment Activity

UTAH STATE RETIREMENT BOARD  
**UTAH RETIREMENT SYSTEMS**  
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

May 10, 2023

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

Dear Members of Utah Retirement Systems:

Turbulent financial markets and destabilizing geopolitical events provided a challenging backdrop for my first full year as URS Chief Investment Officer. Specifically, the U.S. Federal Reserve's most aggressive monetary policy tightening in 40 years triggered sharp declines across global stock and bond markets while Russia's brutal invasion of neighboring Ukraine exacerbated both economic uncertainties and inflationary pressures. Nonetheless, the deliberate "defense wins Super Bowls" positioning of the URS investment program proved resilient and limited the Defined Benefit fund's losses relative to other peer funds and market averages.

### Year in Review

Financial assets (e.g., stocks and bonds) realized widespread losses in 2022 as the Fed's unrelenting series of rate hikes undercut previously rosy projections of corporate earnings and fixed income cash flows. After over a decade of low-to-zero interest rates, the "easy money" era that had prevailed almost uninterrupted since the 2008-2009 Great Financial Crisis came to an abrupt and definitive end last year when the Fed initiated what would

become seven successive rate hikes. This campaign resulted in a 4.25% cumulative increase in short-term interest rates by year-end and continued in 2023's first quarter with two, additional 0.25% rate increases at the Fed's January and March meetings, respectively.

Of course, the target in the Fed's gunsight was and remains domestic price inflation, which jumped last year to levels not seen since the early 1980s. Low unemployment, still robust consumer demand, and surging energy prices combined to push the year over year change in the U.S. consumer price index to 9.1% last June, a level last recorded in November 1981. While inflation has since retreated, current readings remain uncomfortably elevated relative to the Fed's 2% long-term policy objective. Moreover, a remarkably strong labor market has kept the Fed on high alert for fear that a 1970s style wage-price spiral could result in "unanchored" inflation expectations among business and consumers.

Against these powerful interest rate and inflation headwinds, the U.S. economy faltered, recording marginally negative growth in 2022's first half. Following a much welcomed late summer drop in energy prices, economic activity improved, but geopolitical uncertainties associated with the Russia-Ukraine conflict and an undeterred Federal Reserve kept investors on edge. Stock markets tumbled across the globe with most suffering double-digit losses by year end 2022. Simultaneously, many developed market bond indices recorded their biggest annual losses in history. For example, the Bloomberg Aggregate Bond Index, a bellwether benchmark including investment-grade corporate bonds and U.S. Treasury securities fell 13.01% in 2022, its second consecutive annual decline and more than four times its previous worst annual loss (-2.92% in 1994). As a result of these selloffs, the classic 60/40 stock-bond portfolio was down 16.86% last year, its worst performance since 2008 and a rare example that stock and bond prices are not always inversely correlated. In fact, 2022 was only the third calendar year in U.S. history during which both stocks and bonds generated negative results. Last year reminded many industry veterans of the late 1970s when former Fed Chairman Paul Volker used aggressive rate hikes to combat soaring inflation at the expense of financial market returns.



## Investments *(Continued)*



### Investment Results

At the total fund level, the URS Defined Benefit (DB) plan declined 5.20% last year and its funded status (as determined on a fair market value basis) fell from 105.3% on December 31, 2021, to 94.0% at December 31, 2022. Despite these unfavorable results, the fund's 2022 investment performance ranked in the top 16% of U.S. public pension plans, and its current funded status remains among that same peer group's very best.

The DB plan's public equity portfolio, which comprised 32% of fund assets last year, declined 16.16% in 2022, meaningfully better than the 18.27% loss registered by that portfolio's FTSE Global All Cap benchmark. Bonds and other fixed income securities comprised 15.3% of DB plan assets in 2022 and recorded losses of 13.33%, beating the Fixed Income benchmark's 13.73% decline. The fund's private equity portfolio was marked at 13.0% of total fund assets on December 31, 2022 and contributed a -6.28% return to total fund results last year, 10.26% above its Russell 3000 + 2.5% benchmark which ended 2022 at -16.54%.

Real assets, which include real estate, timber, and agriculture as well as investments in energy, mining, and infrastructure, ended 2022 comprising 20.1% of DB plan asset value and produced a combined return of 14.83% last year. This performance included a 21.19% boost from the fund's dedicated energy investments, which benefitted from strong demand and rising prices. Other diversifying investments include the DB plan's Absolute Return portfolio, which while positive in 2022, slightly underperformed its benchmark but provided an important offset to the larger losses incurred in the fund's public equity portfolio. Absolute Return comprised 17.2% of plan assets on December 31, 2022, and registered

a 5.58% gain last year, though a bit under the 6.46% objective that stipulates a 5% premium on top of the return to 90-day T-bills.

### Looking Ahead

To the chagrin of many pundits, the most anticipated recession in U.S. history has, at the time of this writing, not yet materialized. Persistent strength in jobs and consumer spending have defied consensus expectations of a pending economic downturn. Monthly inflation readings so far in 2023 are lower, but price pressures are not abating fast enough to comport with the Fed's stated policy goals.

At the beginning of March, market participants priced in at least three additional rate hikes for a projected 5.50% cycle peak in the Fed Funds rate. A week later, the shocking collapse of Silicon Valley Bank (SVB) and emergency interventions on behalf of other depository institutions immediately soured market sentiment and sent interest rates plummeting. On Monday, March 13, the yield on the 2-year U.S. Treasury note fell from 4.58% to 3.98%, its largest one-day drop since 1982. The Fed is now closely monitoring fallout from the SVB and Signature Bank failures, concerned that a growth-constraining credit crunch may emerge as the primary "risk off" consequence.

The optimistic case is that all other depository institutions are stabilized, but damage to investor and consumer psyches (and related disinflationary impulses) is sufficient to preclude additional rate hikes. Conversely, should stabilization efforts prove ineffective in stemming bank run contagion, this so far isolated banking crisis could become the catalyst for the long-predicted U.S. recession. Recent events, including additional details regarding U.S. Treasury and Federal Reserve policy support, suggest a constructive resolution is the higher probability outcome.

## Investments *(Continued)*



### Conclusion

Last year marked an unfortunate interruption in the URS DB fund's 3-year consecutive win streak. However, the silver lining from this dark cloud experience was superior investment performance relative to most institutional investment peers and market benchmarks. In fact, our 2022 investment results represent a successful proof statement for the unique strategy URS staff and the Retirement Board have developed and carefully implemented. That strategy is best summarized as an intentionally "risk aware" or defensive approach to asset allocation, portfolio construction, and manager selection. More specifically, we endeavor to keep pace with peers and market averages during bull markets but materially outperform (i.e., lose less money) during the occasional but inevitable bear markets.

By tracking the performance of peers and market averages on the upside but more aggressively limiting losses on the downside, the overall rate at which DB fund returns compound increases. And while the annual performance derby is always the source of disproportional scrutiny and entertainment, successfully compounding incrementally higher returns over decades is the key ingredient to securing fully funded status for the URS DB plan.

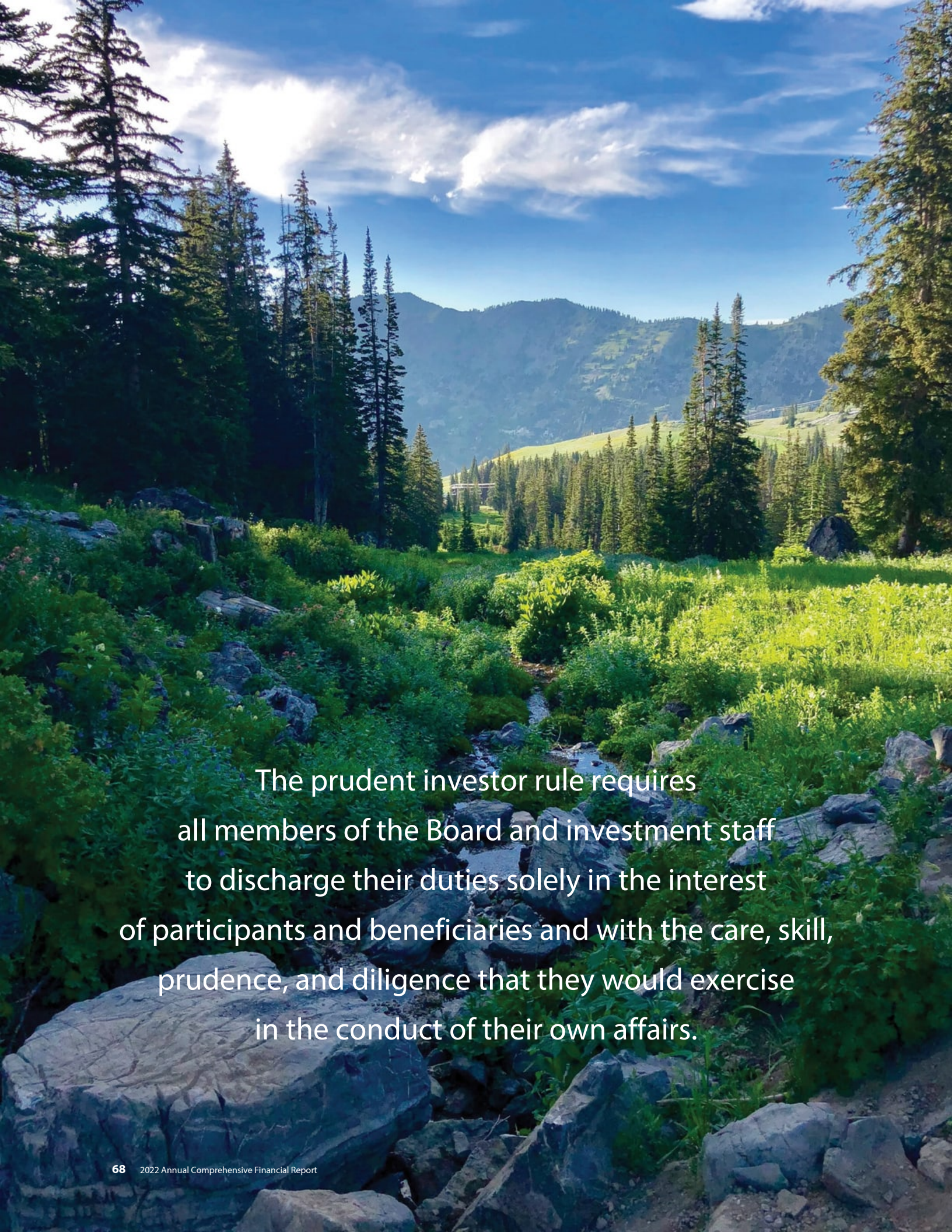
On behalf of URS members and beneficiaries, our "risk aware" strategy, as manifest in defensive asset allocation, portfolio construction, and manager selection decisions, is tantamount to following the path of the tortoise, not the hare. Last year was a good reminder of why we chose the terrapin way as the large losses and capital impairments many investors suffered in 2022 will take years from which to recover. The current environment remains cloudy and somewhat treacherous for investors, but the "triple hull" design of the URS DB fund tanker should continue to well support our slow but steady voyage to the distant shores of retirement security.

Sincerely,

A handwritten signature in blue ink, appearing to read "John D. Skjervem".

John D. Skjervem  
Chief Investment Officer  
Utah Retirement Systems





The prudent investor rule requires all members of the Board and investment staff to discharge their duties solely in the interest of participants and beneficiaries and with the care, skill, prudence, and diligence that they would exercise in the conduct of their own affairs.



**Investments** (Continued)

## Outline of Investment Policies

The governing body of the PEHP is the seven member Utah State Retirement Board (Board). The Board is composed of the Utah State Treasurer, who serves as an ex-officio member, and six trustees who are appointed by the Governor. Four board members are appointed for their investment expertise, and two members are appointed to represent employee and employer interests.

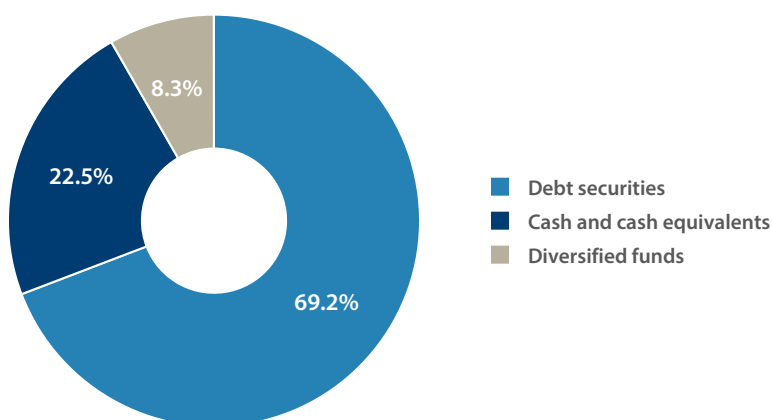
Statutes also establish that this Fund will be invested in accordance with the “prudent investor rule.” The prudent investor rule requires all members of the Board and investment staff to discharge their duties solely in the interest of participants and beneficiaries and with the care, skill, prudence, and diligence that they would exercise in the conduct of their own affairs. To this end, a Statement of Investment Policy and Performance Objectives has been created PEHP and adopted by the Board. The investment objectives are as follows:

- » Preserve capital
- » Maintain a risk level commensurate with the expected returns

- » Insure the funds are invested in a timely manner
- » Determine appropriate investment periods to insure funds are available for future liabilities
- » Maximize returns based on the time periods the funds are available for investment

Investment return calculations are prepared using a time-weighted rate of return.

The allocation of assets as reported to the board are as follows: Cash and cash equivalents 22.5%, Debt securities 69.2%, Diversified funds of 8.3%.



### Investments at Fair Value

December 31,	2015	2016	2017	2018	2019	2020	2021	2022
Cash and cash equivalents	20.4%	25.7	24.8	34.3	28.0	27.1	20.0	22.5
Debt securities	79.6	74.3	75.2	65.7	72.0	72.9	71.0	69.2
Diversified funds	—	—	—	—	—	—	9.0	8.3
	100.0%	100.0	100.0	100.0	100.0	100.0	100.0	100.0



Public Employees Health Program

## Comparative Investment Results

Year Ending December 31, 2022

### Investment Option

Comparative Index	1-year	3-year	5-year
<b>Cash and cash equivalents</b>	<b>1.06%</b>	<b>(0.04)%</b>	<b>0.50%</b>
<i>Custom cash benchmark *</i>	1.06	0.54	1.14
<b>Fixed Income</b>	<b>(9.08)</b>	<b>(1.05)</b>	<b>0.96</b>
<i>Bloomberg US Intermediate Aggregate Index</i>	(9.51)	(1.93)	0.31
<b>Diversified funds **</b>	<b>(12.34)</b>	<b>NA</b>	<b>NA</b>
<i>Custom diversified benchmark</i>	(10.39)	NA	NA
<b>Total Fund ***</b>	<b>(8.43)</b>	<b>(0.90)</b>	<b>0.83</b>
<i>Fund custom benchmark</i>	(11.42)	(2.17)	0.16

\* Custom cash benchmark - 70% ICE BoA 0-1 Year AAA-A US Corporate Index (C01A) / 30% ICE BofA 0-1 Year US Treasury Index (GOQA)

\*\* Custom diversified benchmark = URS IPS Benchmark = 31% Russell 1000 Index, 20.4% Blmbg Aggregate, 13.2% MSCI Ex US, 13% NCREIF NFI-ODCE Eq Wt Net, 6.8% Russell 2000 Index, 6.2% Blmbg TIPS 1-10 Yr., 2.4% 3-month Treasury Bill, 2.4% 1-3 Yr Govt/Cr Bd Idx, 1.8% S&P/LSTA Lev Loan, 1.8% Blmbg HY Corp Cash Pay and 1% MSCI US REIT Index (Net)

\*\*\* Fund custom benchmark: 10.33% custom cash benchmark, 79.6% BBG US Intermediate Aggregate, 10.07% Diversified benchmark

**Investments** *(Concluded)*



## List of Largest Assets Held

December 31, 2022

### Largest Debt Security Holdings

Description	Par Value	Fair Value
United States Treasury Note .75% 4-30-2026	\$ 21,186,642	19,030,385
SLM Student Loans CL A-7A 1-25-2041	15,148,309	14,331,316
United States Treasury Note .50% 4-30-2027	10,484,124	9,833,774
FHLMC Pool RA7194 3.5% 4-1-2052	10,240,501	9,691,249
FNMA Pool CB3594 3.5% 5-1-2052	9,240,970	8,687,554
FNMA Pool FM7599 3.5% 1-1-2051	8,333,456	7,805,076
FHLMC Pool RA7128 3.5% 4-1-2052	7,061,981	7,209,872
FNMA 2.0% 2-1-2051	8,935,590	7,055,364

### Schedule of Investment Fees

Investment advisor fees:*	
Cash and cash equivalents	\$ 2,410
Debt securities	352,402
Diversified funds	35,548
<b>Total investment advisor fees</b>	<b>\$ 390,360</b>

*\*Represents fees that are invoiced and paid directly by URS. These numbers do not represent all management, performance, or other fees charged directly by investment advisors. These and other investment related fees are netted from returns.*

## PEHP Investment Consultants

Dodge & Cox  
555 California Street  
San Francisco, CA 94104

Callan Associates, Inc.  
101 California Street  
Suite 3500  
San Francisco, CA 94111

Blackrock Financial  
Management  
5 East 52nd Street  
New York, New York 10055

Northern Trust Company  
50 South LaSalle Street  
Chicago, IL 60675



Public Employees Health Program

## Statistical Information

### Public Employees Health Program

## Schedule of Changes in Net Position — PEHP Programs

Year Ended December 31

Plan	Year	Beginning Net Position	Premiums Earned and Service Fees, Net of Refunds, Misc Income	Federal Subsidy	Employer Contributions	Net Investment Income	Total Revenues	Claims
<b>Medical Program</b>	2016	\$ 132,219,207	552,242,433	11,580,698	—	6,210,176	570,033,307	506,386,428
	2017	161,665,364	616,327,475	15,381,086	—	5,505,254	637,213,815	572,192,268
	2018	189,015,281	680,826,597	13,603,756	—	1,421,106	695,851,459	616,825,742
	2019	228,464,060	725,225,526	15,862,210	—	13,007,263	754,094,999	664,828,723
	2020	262,130,913	767,094,257	15,981,550	—	14,450,922	797,526,729	672,515,577
	2021	290,499,716	813,528,805	18,265,420	—	(2,072,408)	829,721,817	804,162,806
	2022	250,481,917	854,368,087	18,369,701	—	(19,753,937)	852,983,851	813,687,095
<b>Dental Program</b>	2016	\$ 6,990,466	28,301,857	—	—	302,559	28,604,416	25,018,001
	2017	7,931,122	29,268,440	—	—	221,236	29,489,676	26,232,272
	2018	5,408,345	29,046,865	—	—	52,350	29,099,215	26,797,638
	2019	6,485,030	30,003,604	—	—	429,111	30,432,715	28,188,373
	2020	6,960,229	30,560,203	—	—	478,029	31,038,232	25,020,752
	2021	9,935,942	31,061,050	—	—	(66,524)	30,994,526	28,406,461
	2022	9,830,480	31,595,726	—	—	(662,726)	30,933,000	28,716,522
<b>Long Term Disability Program</b>	2016	\$ 9,493,653	7,916,398	—	—	1,222,460	9,138,858	4,487,455
	2017	7,450,481	8,266,192	—	—	1,027,606	9,293,798	4,277,983
	2018	7,424,535	7,953,824	—	—	457,317	8,411,141	5,084,603
	2019	8,468,083	7,760,090	—	—	3,720,820	11,480,910	3,698,907
	2020	18,274,068	8,052,257	—	—	4,072,448	12,124,705	3,212,218
	2021	23,485,412	8,431,983	—	—	(610,534)	7,821,449	3,684,070
	2022	26,832,661	9,309,980	—	—	(5,816,511)	3,493,469	2,817,550

**Statistical Information** (Continued)

Change in Unpaid Claims and Claimed Incurred but Not Reported	Experience Dividends	Total Insurance Benefits	Administrative Expenses and Other	Commissions	Total Expenses	Change in Net Position	Ending Net Position
3,405,834	2,224,206	512,016,467	26,161,058	2,409,625	540,587,150	29,446,157	161,665,364
893,049	5,701,630	578,786,947	28,169,464	2,907,487	609,863,898	27,349,917	189,015,281
613,688	5,703,602	623,143,032	30,133,224	3,126,425	656,402,680	39,448,779	228,464,060
7,975,697	13,268,290	686,072,710	30,877,872	3,477,564	720,428,146	33,666,853	262,130,913
14,706,077	45,636,364	732,858,018	31,692,050	4,607,858	769,157,926	28,368,803	290,499,716
18,718,639	10,185,453	833,066,898	32,175,708	4,497,010	869,739,616	(40,017,799)	250,481,917
(5,357,952)	4,825,181	813,154,324	33,180,093	4,579,015	850,913,432	2,070,419	252,552,336
354,283	2,527	25,374,811	2,076,424	212,526	27,663,761	940,655	7,931,122
15,887	4,002,253	30,250,411	1,762,040	—	32,012,451	(2,522,776)	5,408,346
(350,051)	(2,165)	26,445,422	1,427,824	149,284	28,022,530	1,076,685	6,485,030
9,373	133	28,197,879	1,455,592	304,045	29,957,516	475,199	6,960,229
1,041,874	287,932	26,350,558	1,476,038	235,923	28,062,519	2,975,713	9,935,942
898,608	—	29,305,069	1,500,377	294,542	31,099,988	(105,462)	9,830,480
2,388,485	—	31,105,009	1,543,322	399,432	33,047,763	(2,114,763)	7,715,717
5,432,887	—	9,920,342	1,261,687	—	11,182,030	(2,043,172)	7,450,481
(1,772,089)	5,495,730	8,001,624	1,313,708	4,412	9,319,744	(25,946)	7,424,535
(102,695)	1,118,283	6,100,191	1,264,128	3,274	7,367,593	1,043,548	8,468,083
(3,260,449)	2,612	441,070	1,233,855	—	1,674,925	9,805,985	18,274,068
(2,836,762)	5,241,000	5,616,456	1,296,905	—	6,913,361	5,211,344	23,485,412
(680,563)	—	3,003,507	1,470,690	—	4,474,197	3,347,252	26,832,661
(1,363,735)	—	1,453,815	1,553,985	—	3,007,800	485,669	27,318,330

**Statistical Information** (Continued)**Schedules of Changes in Net Position —  
PEHP Programs** (Concluded)

Year Ended December 31

Plan	Year	Beginning Net Position	Premiums Earned and Service Fees, Net of Refunds, Misc Income	Federal Subsidy	Employer Contributions	Net Investment Income	Total Revenues	Claims
<b>Term Life Program</b>	2016	\$ 15,634,285	14,223,835	—	—	665,971	14,889,805	12,196,077
	2017	18,021,072	14,305,804	—	—	605,952	14,911,756	10,434,492
	2018	20,158,718	14,295,597	—	—	203,222	14,498,819	7,429,989
	2019	26,326,998	14,339,987	—	—	1,655,048	15,995,035	10,165,940
	2020	30,091,657	14,826,169	—	—	1,848,757	16,674,926	10,121,906
	2021	33,742,542	14,320,814	—	—	(270,386)	14,050,428	14,129,784
	2022	32,131,017	13,439,381	—	—	(2,576,893)	10,862,488	12,511,496
<b>Retiree Life Program</b>	2016	\$ (13,085,876)	4,556,378	—	—	1,077,493	5,633,871	4,163,333
	2017	(14,723,058)	4,919,310	—	—	940,021	5,859,331	4,696,000
	2018	(15,559,874)	5,133,532	—	—	238,892	5,372,424	4,590,153
	2019	(17,288,621)	5,323,847	—	—	2,364,408	7,688,255	4,836,749
	2020	(13,387,366)	5,509,829	—	—	2,521,638	8,031,467	5,276,750
	2021	(19,526,624)	5,648,574	—	—	2,256,177	7,904,751	5,729,376
	2022	(5,695,772)	5,752,880	—	—	(6,040,099)	(287,219)	6,040,458
<b>Reinsurance Program</b>	2016	\$ 47,032,022	21,226,420	—	—	1,345,664	22,572,084	22,689,467
	2017	46,905,040	21,120,237	—	—	1,039,072	22,159,309	31,316,249
	2018	37,539,831	27,006,506	—	—	288,732	27,295,238	31,684,984
	2019	33,127,859	34,150,647	—	—	3,427,059	37,577,706	43,212,050
	2020	27,418,437	45,892,751	—	—	3,664,917	49,557,668	43,159,901
	2021	33,737,535	58,609,529	—	—	(494,212)	58,115,317	55,963,950
	2022	35,875,297	67,558,487	—	—	(4,830,833)	62,727,654	64,297,014



**Statistical Information** (Continued)

Change in Unpaid Claims and Claimed Incurred but Not Reported	Experience Dividends	Total Insurance Benefits	Administrative Expenses and Other	Commissions	Total Expenses	Change in Net Position	Ending Net Position
(1,454,668)	52	10,741,462	1,721,982	39,575	12,503,019	2,386,787	18,021,072
599,772	—	11,034,264	1,730,656	9,190	12,774,110	2,137,646	20,158,718
(864,215)	50	6,565,824	1,732,478	32,236	8,330,538	6,168,280	26,326,998
262,466	—	10,428,406	1,736,152	65,818	12,230,376	3,764,659	30,091,657
1,052,744	—	11,174,650	1,793,966	55,425	13,024,041	3,650,885	33,742,542
(318,580)	—	13,811,204	1,737,445	113,303	15,661,952	(1,611,524)	32,131,017
(710,397)	—	11,801,099	1,695,547	257,541	13,754,187	(2,891,699)	29,239,318
2,738,552	—	6,901,885	369,168	—	7,271,053	(1,637,182)	(14,723,058)
1,601,683	—	6,297,683	398,464	—	6,696,147	(836,816)	(15,559,874)
2,094,241	—	6,684,394	416,776	—	7,101,171	(1,728,747)	(17,288,621)
(451,839)	—	4,384,910	(597,910)	—	3,787,000	3,901,255	(13,387,366)
8,640,523	—	13,917,273	253,452	—	14,170,725	(6,139,258)	(19,526,624)
(11,915,310)	—	(6,185,934)	259,834	—	(5,926,100)	13,830,851	(5,695,772)
1,346,708	—	7,387,166	269,846	—	7,657,012	(7,944,231)	(13,640,003)
—	—	22,689,467	—	9,598	22,699,065	(126,982)	46,905,040
—	—	31,316,249	176,144	32,126	31,524,519	(9,365,210)	37,539,831
—	—	31,684,984	217	22,010	31,707,210	(4,411,972)	33,127,859
—	—	43,212,050	3,834	71,244	43,287,128	(5,709,422)	27,418,437
—	—	43,159,901	119	78,550	43,238,570	6,319,098	33,737,535
—	—	55,963,950	96	13,509	55,977,555	2,137,762	35,875,297
—	—	64,297,014	2,642	18,362	64,318,018	(1,590,364)	34,284,933

**Statistical Information** (Continued)

## Public Employees Health Program

# Schedule of Changes in Net Position — PEHP Plans

Year Ended December 31

Plan	Year		Premiums Earned and Service Fees, Net of Refunds, Misc Income	Federal Subsidy	Employer Contributions	Net Investment Income	Total Revenues	Claims	
<b>HRA Plan</b>	2016	\$	—	8,344	—	28,439,724	1,535	28,449,602	974,811
	2017		27,462,309	48,010	—	7,638,014	187,198	7,873,222	4,314,686
	2018		30,989,911	26,591	—	9,208,581	584,841	9,820,013	5,113,301
	2019		35,694,532	(377)	—	9,266,955	754,023	10,020,601	6,618,921
	2020		38,923,667	—	—	8,863,707	172,981	9,036,688	5,956,041
	2021		41,888,440	(125,462)	—	8,874,490	24,168	8,773,196	6,516,556
	2022		44,145,079	26	—	7,691,580	466,127	8,157,733	7,011,602
<b>OPEB and Pension Plan</b>	2016	\$	(8,777,229)	—	—	—	—	—	—
	2017		(9,046,203)	—	—	—	—	—	—
	2018		(7,886,909)	—	—	—	—	—	—
	2019		(7,749,963)	—	—	—	—	—	—
	2020		(8,391,018)	—	—	—	—	—	—
	2021		(9,363,919)	—	—	—	—	—	—
	2022		(7,582,725)	—	—	—	—	—	—
<b>All PEHP Plans</b>	2016	\$	189,506,528	628,475,665	11,580,698	28,439,724	10,825,857	679,321,945	575,915,573
	2017		245,666,127	694,255,468	15,381,086	7,638,014	9,526,337	726,800,905	653,463,950
	2018		267,089,839	764,289,512	13,603,756	9,208,581	3,246,461	790,348,310	697,526,412
	2019		313,527,978	816,803,324	15,862,210	9,266,955	25,357,732	867,290,221	761,549,663
	2020		362,020,587	871,935,466	15,981,550	8,863,707	27,209,692	923,990,415	765,263,145
	2021		404,399,044	931,475,293	18,265,420	8,874,490	(1,233,719)	957,381,484	918,593,003
	2022		386,017,952	982,024,567	18,369,701	7,691,580	(39,214,872)	968,870,976	935,081,737

**Statistical Information** (Concluded)

Change in Unpaid Claims and Claimed Incurred but Not Reported	Experience Dividends	Total Insurance Benefits	Administrative Expenses and Other	Commissions	Total Expenses	Change in Net Position	Ending Net Position
—	—	—	974,811	12,483	—	987,294	27,462,309
—	—	—	4,314,686	30,933	—	4,345,620	3,527,602
—	—	—	5,113,301	2,092	—	5,115,393	4,704,621
—	—	—	6,618,921	172,545	—	6,791,466	3,229,135
—	—	—	5,956,041	115,874	—	6,071,915	2,964,773
—	—	—	6,516,556	—	—	6,516,556	2,256,640
—	—	—	7,011,602	136,191	—	7,147,793	1,009,940
—	—	—	—	268,974	—	268,974	(268,974)
—	—	—	—	(1,159,294)	—	(1,159,294)	1,159,294
—	—	—	—	(136,946)	—	(136,946)	136,946
—	—	—	—	641,055	—	641,055	(641,055)
—	—	—	—	972,901	—	972,901	(972,901)
—	—	—	—	(1,781,194)	—	(1,781,194)	1,781,194
—	—	—	—	(5,221,535)	—	(5,221,535)	5,221,535
10,476,888	10,476,888	2,226,785	588,619,246	31,871,776	2,671,324	623,162,346	56,159,598
1,338,302	1,338,302	15,199,613	670,001,864	32,422,114	2,953,215	705,377,193	21,423,712
1,390,968	1,390,968	6,819,770	705,737,150	34,839,793	3,333,229	743,910,172	46,438,139
4,535,248	4,535,248	13,271,035	779,355,946	35,522,995	3,918,671	818,797,612	48,492,609
22,604,456	22,604,456	51,165,296	839,032,897	37,601,305	4,977,756	881,611,958	42,378,457
6,702,794	6,702,794	10,185,453	935,481,250	35,362,956	4,918,364	975,762,570	(18,381,086)
(3,696,891)	(3,696,891)	4,825,181	936,210,027	33,160,091	5,254,350	974,624,468	(5,753,492)



## Supplementary Information

## Public Employees Health Program

## Statement of Net Position by Program

As of December 31, 2022

	Medical	Dental	Long-Term Disability
<b>Assets:</b>			
Cash and cash equivalents	\$ 86,235,880	6,285,186	(4,543,437)
Investments	201,554,967	6,692,149	56,181,224
Invested securities lending collateral	1,323,605	44,405	389,733
Receivables:			
Premiums and service fees	43,960,127	1,719,499	534,026
Securities and interest receivable	1,416,773	47,051	363,633
Employer contributions	—	—	—
Misc. receivables/prepaid expenses	20,016,519	26,768	180,732
Total receivables	65,393,419	1,793,318	1,078,391
Capital assets net of accumulated depreciation	—	—	—
Net pension asset	—	—	—
Net OPEB asset:	—	—	—
Total assets	354,507,871	14,815,058	53,105,911
<b>Deferred Outflows of Resources:</b>			
OPEB related amounts	—	—	—
Pension related amounts	—	—	—
Total deferred outflows	—	—	—
<b>Liabilities:</b>			
Claims payable	58,919,541	4,425,260	—
Estimated liability for claims incurred but not reported	27,665,771	2,193,910	12,587,078
Life insurance reserves	—	—	—
Long-term disability claims reserves	—	—	12,116,073
Long-term disability medical premium reserves	—	—	440,653
Premiums payable	192,027	200,922	4,228
Unearned premiums	2,478,732	194,708	144
Investment accounts payable	1,727,635	38,392	236,232
PPCA and other accrued expenses payable	330,216	1,744	15,316
Taxes payable	956	—	(2,222)
Experience dividend payable	1,999,047	—	—
Due to other agencies and other liabilities	7,318,002	—	346
Security lending liability	1,323,605	44,405	389,733
Net pension liability	—	—	—
Net OPEB liability	—	—	—
Total liabilities	101,955,532	7,099,341	25,787,581
<b>Deferred Inflow of Resources:</b>			
OPEB related amounts	—	—	—
Pension related amounts	—	—	—
Total deferred inflows	—	—	—
<b>Net Position:</b>			
Restricted for claims contingency reserves	252,552,339	7,715,717	27,318,330
Restricted for benefits	—	—	—
Total net position	\$ 252,552,339	7,715,717	27,318,330

Public Employees Health Program

Term Life	Retiree Life	Reinsurance	Health Reimbursement Arrangement Plan (HRA)	OPEB and Pensions	Totals
7,956,827	(2,211,983)	(9,473,338)	31,713,288	—	115,962,423
25,765,995	42,670,848	51,294,027	14,410,745	—	398,569,955
172,664	—	323,688	—	—	2,254,095
731,194	—	775,490	—	—	47,720,336
188,318	—	317,753	158,038	—	2,491,566
—	—	—	267	—	267
12,464	—	1,453,855	—	—	21,690,338
931,976	—	2,547,098	158,305	—	71,902,507
—	—	6,259,698	—	—	6,259,698
—	—	—	—	3,213,179	3,213,179
—	—	—	—	—	—
34,827,462	40,458,865	50,951,173	46,282,338	3,213,179	598,161,857
—	—	—	—	535,706	535,706
—	—	—	—	7,034,589	7,034,589
—	—	—	—	7,570,295	7,570,295
3,320,151	—	—	—	—	66,664,952
—	—	—	—	—	42,446,759
1,893,928	53,596,635	—	—	—	55,490,563
—	—	—	—	—	12,116,073
—	—	—	—	—	440,653
60	—	9,200	—	—	406,437
28,877	485,057	—	—	—	3,187,518
165,677	—	667,691	—	—	2,835,627
6,786	17,176	3,167,938	—	—	3,539,176
—	—	1,590	—	—	324
—	—	—	—	—	1,999,047
—	—	12,496,133	1,127,319	—	20,941,800
172,664	—	323,688	—	—	2,254,095
—	—	—	—	—	—
—	—	—	—	47,594	47,594
5,588,143	54,098,868	16,666,240	1,127,319	47,594	212,370,618
—	—	—	—	173,641	173,641
—	—	—	—	12,923,429	12,923,429
—	—	—	—	13,097,070	13,097,070
29,239,319	(13,640,003)	34,284,933	—	(2,361,190)	335,109,445
—	—	—	45,155,019	—	45,155,019
29,239,319	(13,640,003)	34,284,933	45,155,019	(2,361,190)	380,264,464

**Supplementary Information** (Continued)**Public Employees Health Program****Statement of Changes in Net Position by Program**

For Year Ended December 31, 2022

	Medical	Dental	Long-Term Disability
<b>Revenues:</b>			
Premiums earned, service fees, and other revenue net of funds	\$ 854,368,087	31,595,726	9,309,980
Federal subsidy	18,369,701	—	—
Employer contributions	—	—	—
Investment income	(19,753,937)	(662,726)	(5,816,511)
Miscellaneous income	—	—	—
<b>Total revenues</b>	<b>852,983,851</b>	<b>30,933,000</b>	<b>3,493,469</b>
<b>Expenses:</b>			
Insurance benefits:			
Health/pharmacy claims paid	810,063,420	—	—
Dental claims paid	—	28,716,522	—
Disability claims paid	—	—	2,817,550
Life claims paid	—	—	—
Reinsurance premiums	60,906,063	—	—
Provision for unpaid claims and claims incurred but not	(5,357,952)	2,388,485	(1,363,735)
Reinsurance claims paid	(57,282,388)	—	—
Experience dividends	4,825,181	—	—
<b>Total insurance benefits</b>	<b>813,154,324</b>	<b>31,105,007</b>	<b>1,453,815</b>
Administrative and other expenses:			
Administrative expenses	32,936,180	1,543,322	1,553,985
Commissions	4,579,015	399,432	—
PPACA fees	243,913	—	—
Other expenses	—	—	—
<b>Total expenses</b>	<b>850,913,432</b>	<b>33,047,761</b>	<b>3,007,800</b>
<b>Revenues over (under) benefits and expenses</b>	<b>\$ 2,070,419</b>	<b>(2,114,761)</b>	<b>485,669</b>
<b>Net Position:</b>			
Beginning of year, restricted for claim contingency and benefits	\$ 250,481,920	9,830,478	26,832,661
End of year, restricted for claims contingency and benefits	\$ 252,552,339	7,715,717	27,318,330

See Independent Auditor's Report.



Public Employees Health Program

Term Life	Retiree Life	Reinsurance	Health Reimbursement Arrangement Plan	OPEB and Pensions	Totals
13,426,885	5,752,880	67,558,487	26	—	982,012,071
—	—	—	—	—	18,369,701
—	—	—	7,691,580	—	7,691,580
(2,576,893)	(6,040,099)	(4,830,833)	466,127	—	(39,214,872)
12,496	—	—	—	—	12,496
10,862,488	(287,219)	62,727,654	8,157,733	—	968,870,976
—	—	—	7,011,602	—	817,075,022
—	—	—	—	—	28,716,522
—	—	—	—	—	2,817,550
12,140,870	6,040,458	—	—	—	18,181,328
370,626	—	—	—	—	61,276,689
(710,397)	1,346,708	—	—	—	(3,696,891)
—	—	64,297,014	—	—	7,014,626
—	—	—	—	—	4,825,181
11,801,099	7,387,166	64,297,014	7,011,602	—	936,210,027
1,695,547	269,846	2,642	136,191	—	38,137,713
257,541	—	18,362	—	—	5,254,350
—	—	—	—	—	243,913
—	—	—	—	(5,221,535)	(5,221,535)
13,754,187	7,657,012	64,318,018	7,147,793	(5,221,535)	974,624,468
(2,891,699)	(7,944,231)	(1,590,364)	1,009,940	5,221,535	(5,753,492)
32,131,017	(5,695,772)	35,875,297	44,145,080	(7,582,725)	386,017,956
29,239,318	(13,640,003)	34,284,933	45,155,020	(2,361,190)	380,264,464

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

December 31, 2022

	State of Utah	Salt Lake City	Local Government Risk Pool (LGRP)
<b>Assets:</b>			
Cash and cash equivalents	\$ (9,976,096)	6,512,004	64,975,197
Investments	117,950,997	12,535,996	52,251,894
Invested securities lending collateral	769,999	87,008	324,825
Receivables:			
Premiums and service fees	21,294,741	115,849	14,428,826
Securities and interest receivable	827,056	91,308	364,923
Misc. receivables/prepaid expenses	5,988,126	290,160	2,349,085
Total receivables	28,109,923	497,317	17,142,834
Capital assets net of accumulated depreciation	—	—	—
Total assets	136,854,823	19,632,325	134,694,750
<b>Liabilities:</b>			
Claims payable	32,918,360	2,434,317	17,324,763
Estimated liability for claims incurred but not reported	16,026,539	908,513	7,634,536
Premiums payable (pass through dental and vision)	(32,333)	—	167,527
Unearned premiums	146,515	5,548	74,573
Investment accounts payable	1,075,598	47,349	674,458
PPACA and other accrued expenses payable	187,172	17,559	68,534
Taxes payable	943	—	13
Experience dividend payable	—	—	1,999,047
Due to other agencies and other liabilities	1,330	672,389	426,069
Security lending liability	769,999	87,008	324,825
Total liabilities	51,094,123	4,172,683	28,694,345
<b>Net Position:</b>			
Restricted for claims contingency reserves	\$ 85,760,700	15,459,642	106,000,405

See Independent Auditor's Report.

Public Employees Health Program

Utah School Boards Association (USBA)	Self Funded Health Care Groups	Medicare Supplement	Totals
(3,885,182)	3,111,888	25,498,069	86,235,880
14,519,650	—	4,296,430	201,554,967
98,279	—	43,494	1,323,605
4,112,435	3,369,750	638,526	43,960,127
56,092	5,582	71,812	1,416,773
922,600	50,012	10,416,536	20,016,519
5,091,127	3,425,344	11,126,874	65,393,419
—	—	—	—
15,823,874	6,537,232	40,964,867	354,507,871
3,485,544	—	2,756,557	58,919,541
2,009,745	—	1,086,438	27,665,771
358	2,423	54,052	192,027
3,326	12,915	2,235,855	2,478,732
124,559	—	(194,329)	1,727,635
13,632	12,574	30,745	330,216
—	—	—	956
—	—	—	1,999,047
—	6,218,214	—	7,318,002
98,279	—	43,494	1,323,605
5,735,443	6,246,126	6,012,812	101,955,532
10,088,431	291,106	34,952,055	252,552,339



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

For the Year Ended December 31, 2022

	State of Utah	Salt Lake City	Local Government Risk Pool (LGRP)
<b>Revenues:</b>			
Premiums and service fees	\$ 386,778,764	37,627,335	233,086,881
Federal subsidy	—	—	—
Investment income	(11,492,344)	(1,298,539)	(4,847,896)
Total revenues	375,286,420	36,328,796	228,238,985
<b>Expenses:</b>			
Insurance benefits:			
Health/pharmacy claims paid	373,707,808	31,684,967	198,514,037
Reinsurance premiums	20,634,362	3,107,816	33,376,802
Provisions for unpaid claims and claims incurred but not	(375,315)	(853,901)	(2,232,806)
Reinsurance claims paid	(19,306,625)	(2,195,010)	(29,226,934)
Experience dividends	(339)	1,326,627	3,498,893
Total insurance benefits	374,659,891	33,070,499	203,929,992
Administrative and other expenses:			
Administrative expenses	13,722,571	1,814,277	8,770,497
PPACA fees	136,204	15,915	75,769
Commissions	—	—	4,541,780
Total expenses	388,518,666	34,900,691	217,318,038
Revenues over (under) expenses	\$ (13,232,246)	1,428,105	10,920,947
<b>Net Position:</b>			
Beginning of year, restricted for claim contingency	\$ 98,992,946	14,031,537	95,079,458
End of year, restricted for claim contingency reserve	\$ 85,760,700	15,459,642	106,000,405

See Independent Auditor's Report.

Public Employees Health Program

Utah School Boards Association (USBA)	Self Funded Health Care Groups	Medicare Supplement	Totals
43,331,878	112,105,818	41,437,411	854,368,087
—	—	18,369,701	18,369,701
(1,466,743)	—	(648,415)	(19,753,937)
41,865,135	112,105,818	59,158,697	852,983,851
45,424,207	107,727,209	53,005,189	810,063,417
3,787,083	—	—	60,906,063
(1,792,270)	—	(103,660)	(5,357,952)
(6,305,571)	(248,248)	—	(57,282,388)
—	—	—	4,825,181
41,113,449	107,478,961	52,901,529	813,154,321
1,744,395	4,391,088	2,493,352	32,936,180
15,762	263	—	243,913
—	37,235	—	4,579,015
42,873,606	111,907,547	55,394,881	850,913,429
(1,008,471)	198,271	3,763,816	2,070,422
11,096,902	92,835	31,188,239	250,481,917
10,088,431	291,106	34,952,055	252,552,339

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

December 31, 2022

	State of Utah	Salt Lake City	Local Government Risk Pool (LGRP)	Retiree Dental	Totals
<b>Assets:</b>					
Cash and cash equivalents	\$ 1,493,310	729,096	2,591,991	1,470,789	6,285,186
Investments	4,042,393	613,142	2,033,135	3,479	6,692,149
Invested securities lending collateral	26,373	4,057	13,975	—	44,405
Receivables:					
Premiums and service fees	1,107,785	9,282	604,397	(1,965)	1,719,499
Securities and interest receivable	27,357	5,111	14,366	217	47,051
Misc. receivables/prepaid expenses	18,939	1,716	4,595	1,518	26,768
Total receivables	1,154,081	16,109	623,358	(230)	1,793,318
Total assets	6,716,157	1,362,404	5,262,459	1,474,038	14,815,058
<b>Liabilities:</b>					
Claims payable	2,522,885	396,878	1,219,757	285,740	4,425,260
Estimated liability for claims incurred but not reported	1,284,880	168,360	576,506	164,164	2,193,910
Premiums payable (pass through dental and vision)	200,273	—	649	—	200,922
Unearned premiums	37,558	14,134	1,934	141,082	194,708
Investment accounts payable	32,536	2,409	3,447	—	38,392
PPCA and other accrued expenses	1,036	159	549	—	1,744
Security lending liability	26,373	4,057	13,975	—	44,405
Total liabilities	4,105,541	585,997	1,816,817	590,986	7,099,341
<b>Net Position:</b>					
Restricted for claims contingency reserves	\$ 2,610,616	776,407	3,445,642	883,052	7,715,717

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, 2022

	State of Utah	Salt Lake City	Local Government Risk Pool (LGRP)	Retiree Dental	Totals
<b>Revenues:</b>					
Premiums and service fees	\$ 17,215,911	2,670,504	9,590,129	2,119,182	31,595,726
Investment income	(393,598)	(60,554)	(208,574)	—	(662,726)
Total revenues	16,822,313	2,609,950	9,381,555	2,119,182	30,933,000
<b>Expenses:</b>					
Insurance benefits:					
Health/pharmacy claims paid	16,546,183	2,391,125	8,086,444	1,692,772	28,716,524
Reinsurance premiums					—
Provision for unpaid claims and claims incurred but not reported	1,416,102	178,548	626,217	167,618	2,388,485
Total insurance benefits	17,962,285	2,569,673	8,712,661	1,860,390	31,105,009
Administrative and other expenses:					
Administrative expenses	861,863	114,133	429,250	138,076	1,543,322
Commissions	—	—	399,432	—	399,432
Total expenses	18,824,148	2,683,806	9,541,343	1,998,466	33,047,763
Revenues over (under) expenses	\$ (2,001,835)	(73,856)	(159,788)	120,716	(2,114,763)
<b>Net Position:</b>					
Beginning of year, restricted for claim contingency	\$ 4,612,451	850,263	3,605,430	762,336	9,830,480
End of year, restricted for claim contingency reserve	\$ 2,610,616	776,407	3,445,642	883,052	7,715,717

See Independent Auditor's Report.

## 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.



Public Employees Health Program

# Unaudited Supplementary Information

*As of June 30, 2022*



**Unaudited Supplementary Information** (Continued)**Public Employees Health Program****Statements of Net Position (Unaudited)**

As of Fiscal Year July 1, 2021 - June 30, 2022

With Comparative Totals for June 30, 2021

	June 30, 2022	June 30, 2021
<b>Assets:</b>		
Cash and cash equivalents	\$ 108,478,504	122,847,223
Investments	401,942,923	432,497,576
Invested securities lending collateral	—	34,022,711
Receivables:		
Premiums and service fees	40,669,388	40,865,532
Investments	30,672,860	22,806,514
Misc. receivables/prepaid expenses	23,688,370	21,634,465
Total receivables	95,030,618	85,306,511
Capital assets net of accumulated depreciation	4,274,300	14,610
Net OPEB asset	317,071	812,923
Total assets	610,043,416	675,501,554
<b>Deferred Outflow of Resources:</b>		
OPEB related amounts	700,567	154,778
Pension related amounts	5,186,056	4,629,417
Total deferred outflows	5,886,623	4,784,195
<b>Liabilities:</b>		
Claims payable	28,413,862	48,538,720
Estimated liability for claims incurred but not reported	96,970,344	78,285,084
Life insurance reserves	54,917,602	67,002,897
Long-term disability claims reserves	13,303,146	15,556,605
Long-term disability medical premium reserves	407,848	581,158
Premiums payable	372,333	278,057
Unearned premiums	3,144,376	3,173,790
Investment accounts payable	58,754,958	29,991,994
PPCA and other accrued expenses payable	1,973,839	1,796,056
Taxes payable	2,255	2,354
Experience dividend payable	72,208	320,624
Due to other agencies and other liabilities	23,806,806	20,883,413
Security lending liability	—	34,022,711
Net pension liability	6,384,317	10,717,635
Total liabilities	288,523,894	311,151,098
<b>Deferred Inflows of Resources:</b>		
OPEB related amounts	611,282	566,506
Pension related amounts	6,790,820	3,676,896
Total deferred inflows	7,402,102	4,243,402
<b>Net Position:</b>		
Restricted for claims contingency reserves	274,301,471	320,219,594
Restricted for benefits	45,702,572	44,671,655
Total net position	\$ 320,004,043	364,891,249

**Unaudited Supplementary Information** (Continued)**Public Employees Health Program****Statements of Changes in Net Position (Unaudited)**

Fiscal Year July 1, 2021 - June 30, 2022  
With Comparative Totals for June 30, 2021

	June 30, 2022	June 30, 2021
<b>Revenues:</b>		
Premiums earned and service fees, net of refunds	\$ 955,423,480	902,943,427
Federal subsidy	18,777,906	16,632,360
Employer contributions	8,223,736	9,479,556
Net investment income	(36,858,796)	8,752,463
Miscellaneous income	12,496	—
Total revenues	945,578,822	937,807,806
<b>Expenses:</b>		
Insurance benefits:		
Claims	959,050,938	822,361,047
Change in unpaid claims and claimed incurred but not reported	(15,951,662)	64,227,297
Experience dividends	6,471,161	7,923,301
Total insurance benefits	949,570,437	894,511,645
Administrative and other expenses:		
Administrative expenses	37,238,922	36,492,628
Commissions	5,168,779	4,837,028
PPACA fees	269,084	452,684
Other	(1,781,194)	972,901
Total expenses	990,466,028	937,266,886
Revenues over (under) expenses	\$ (44,887,206)	540,920
<b>Net Position:</b>		
Beginning of year, restricted for claim contingency and benefits	\$ 364,891,249	364,350,329
End of year, restricted for claims contingency and benefits	\$ 320,004,043	364,891,249



**Unaudited Supplementary Information** (Continued)**Public Employees Health Program****Statements of Cash Flow (Unaudited)**

For the Fiscal Year Ended June 30, 2022

With Comparative Totals for June 30, 2021

	June 30, 2022	June 30, 2021
Cash flows from operating activities:		
Cash received from premiums and service fees, and other revenue net of refunds	\$ 982,537,142	928,791,472
Cash paid for insurance benefits	(958,956,660)	(822,534,782)
Cash paid for administrative and other expenses	(41,547,797)	(48,478,754)
Policyholder experience dividends paid	(6,719,577)	(8,652,669)
Net cash provided (used) by operating activities	(24,686,892)	49,125,267
Cash flows from investing activities:		
Investment income	(1,477,875)	(40,825,903)
Proceeds from maturities of sales of fixed income securities	205,894,695	198,511,275
Purchases of fixed income securities	(189,824,347)	(220,659,929)
Net cash provided (used) by investing activities	14,592,473	(62,974,557)
Cash flows from capital and related financing activities:		
Proceeds from sale of assets	—	—
Purchases of equipment	(4,274,300)	—
Net cash provided (used) by financing activities	(4,274,300)	—
Net increase in cash and cash equivalents	(14,368,719)	(13,849,290)
Cash and cash equivalents at beginning of year	122,847,223	136,696,513
Cash and cash equivalents at end of year	108,478,504	122,847,223
Reconciliation of revenue over benefits and expenses to net cash provided by operating activities:		
Revenue over benefits and expenses	(44,887,206)	540,920
Adjustments to reconcile revenue over (under) benefits and expenses to net cash provided (used) by operating activities:		
Depreciation	14,610	18,082
Net investment income	36,858,796	(8,752,463)
OPEB related items	(5,161)	(109,624)
Pension related items	(1,776,033)	1,082,525
Change in assets and liabilities:		
Premiums and service fees	188,185	(171,135)
Employer contributions	7,429	(81)
Prepaid expenses and other current assets	(2,053,377)	127,431
Claims payable	(19,223,135)	23,101,351
Liability for claims incurred but not reported	18,685,260	31,686,494
Life insurance reserves	(12,085,295)	8,436,260
Long-term disability claim reserves	(3,155,182)	1,422,058
Long-term disability medical premium reserves	(173,310)	(418,866)
Experience dividend payable	(248,416)	(729,368)
Due to other agencies and other liabilities	2,923,392	(1,966,573)
Premium payables	94,277	(173,738)
Unearned premiums	(29,413)	(92,654)
Accrued expense payable	177,784	(4,870,634)
Taxes payable	(97)	(4,718)
Net cash provided by operating activities	\$ (24,686,892)	49,125,267

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

**Unaudited Supplementary Information** (Continued)**Public Employees Health Program****Statements of Net Position by Program (Unaudited)**

As of June 30, 2022

	Medical	Dental	Long-Term Disability
<b>Assets:</b>			
Cash and cash equivalents	\$ 76,301,615	4,886,535	(2,475,810)
Investments	203,137,753	6,745,248	56,647,273
Invested securities lending collateral	—	—	—
Receivables:			
Premiums and service fees	37,574,428	1,481,671	515,808
Investments receivable	17,871,158	599,080	5,208,596
Employer contributions	—	—	—
Misc. receivables/prepaid expenses	23,425,331	35,896	211,323
Total receivables	78,870,917	2,116,647	5,935,727
Capital assets net of accumulated depreciation	—	—	—
Net OPEB asset	—	—	—
Total assets	358,310,285	13,748,430	60,107,190
<b>Deferred Outflow of Resources:</b>			
OPEB related amounts	—	—	—
Pension related amounts	—	—	—
Total deferred outflows	—	—	—
<b>Liabilities:</b>			
Claims payable	24,043,395	1,113,666	—
Estimated liability for claims incurred but not reported	81,537,149	3,951,311	11,481,884
Life insurance reserves	—	—	—
Long-term disability claims reserves	—	—	13,303,146
Long-term disability medical premium reserves	—	—	407,848
Premiums payable	176,164	182,916	4,228
Unearned premiums	2,434,821	200,119	235
Investment accounts payable	34,328,666	1,132,125	9,835,548
PPCA and other accrued expenses payable	491,870	1,764	15,489
Taxes payable	2,561	—	(2,222)
Experience dividend payable	72,208	—	—
Due to other agencies and other liabilities	10,781,464	—	346
Security lending liability	—	—	—
Net pension liability	—	—	—
Total liabilities	153,868,298	6,581,901	35,046,502
<b>Deferred Inflows of Resources:</b>			
OPEB related amounts	—	—	—
Pension related amounts	—	—	—
Total deferred inflows	—	—	—
<b>Net Position:</b>			
Restricted for claims contingency reserves	204,441,987	7,166,529	25,060,688
Restricted for benefits	—	—	—
Total net position	\$ 204,441,987	7,166,529	25,060,688

Public Employees Health Program

Term Life	Retiree Life	Reinsurance	Health Reimbursement Arrangement Plan (HRA)	OPEB and Pensions	Totals
10,532,569	(2,234,492)	(10,607,921)	32,076,008	—	108,478,504
25,972,469	42,477,484	51,681,097	15,281,599	—	401,942,923
—	—	—	—	—	—
621,009	—	476,472	—	—	40,669,388
2,334,785	—	4,341,679	317,562	—	30,672,860
—	—	—	944	—	944
14,714	—	162	—	—	23,687,426
2,970,508	—	4,818,313	318,506	—	95,030,618
—	—	4,274,300	—	—	4,274,300
—	—	—	—	317,071	317,071
39,475,546	40,242,992	50,165,789	47,676,113	317,071	610,043,416
—	—	—	—	700,567	700,567
—	—	—	—	5,186,056	5,186,056
—	—	—	—	5,886,623	5,886,623
3,256,801	—	—	—	—	28,413,862
—	—	—	—	—	96,970,344
2,667,675	52,249,927	—	—	—	54,917,602
—	—	—	—	—	13,303,146
—	—	—	—	—	407,848
60	—	8,965	—	—	372,333
30,196	478,941	64	—	—	3,144,376
4,418,469	—	8,640,286	399,864	—	58,754,958
6,862	—	1,455,444	2,410	—	1,973,839
—	—	1,916	—	—	2,255
—	—	—	—	—	72,208
—	—	11,453,729	1,571,267	—	23,806,806
—	—	—	—	—	—
—	—	—	—	6,384,317	6,384,317
10,380,063	52,728,868	21,560,404	1,973,541	6,384,317	288,523,894
—	—	—	—	611,282	611,282
—	—	—	—	6,790,820	6,790,820
—	—	—	—	7,402,102	7,402,102
29,095,483	(12,485,876)	28,605,385	—	(7,582,725)	274,301,471
—	—	—	45,702,572	—	45,702,572
29,095,483	(12,485,876)	28,605,385	45,702,572	(7,582,725)	320,004,043

**Unaudited Supplementary Information** (Continued)**Public Employees Health Program****Statements of Changes in  
Net Position by Program (Unaudited)**

Fiscal Year July 1, 2021 - June 30, 2022

	Medical	Dental	Long-Term Disability
<b>Revenues:</b>			
Premiums and service fees	\$ 832,050,690	31,288,930	8,861,365
Federal subsidy	18,777,906	—	—
Employer contributions	—	—	—
Investment income	(19,215,278)	(641,884)	(5,661,181)
Miscellaneous income	—	—	—
Total revenues	831,613,318	30,647,046	3,200,184
<b>Expenses:</b>			
Insurance benefits:			
Health/pharmacy claims paid	833,853,341	—	—
Dental claims paid	—	29,031,910	—
Disability paid claims	—	—	3,293,323
Life claims paid	—	—	—
Reinsurance premiums	58,482,708	—	—
Provision for unpaid claims and claims incurred but not reported	(1,344,451)	329,101	(2,702,422)
Reinsurance claims paid	(55,378,407)	—	—
Experience dividends	6,471,161	—	—
Total insurance benefits	842,084,352	29,361,011	590,901
Administrative and other expenses:			
Administrative expenses	32,274,129	1,518,804	1,449,603
Commissions	4,569,648	364,632	—
PPACA fees	269,084	—	—
Other	—	—	—
Total expenses	879,197,213	31,244,447	2,040,504
Revenues over (under) expenses	(47,583,895)	(597,401)	1,159,680
<b>Net Position:</b>			
Beginning of year, restricted for claim contingency and benefits	252,025,882	7,763,930	23,901,008
End of year, restricted for claims contingency and benefits	\$ 204,441,987	7,166,529	25,060,688



Public Employees Health Program

Term Life	Retiree Life	Reinsurance	Health Reimbursement Arrangement Plan (HRA)	OPEB and Pensions	Totals
13,467,560	5,703,503	64,114,842	(63,410)	—	955,423,480
—	—	—	—	—	18,777,906
—	—	—	8,223,736	—	8,223,736
(2,507,075)	(3,977,515)	(4,699,901)	(155,962)	—	(36,858,796)
12,496	—	—	—	—	12,496
10,972,981	1,725,988	59,414,941	8,004,364	—	945,578,822
—	—	—	6,906,771	—	840,760,112
—	—	—	—	—	29,031,910
—	—	—	—	—	3,293,323
13,076,206	6,141,918	—	—	—	19,218,124
346,554	—	—	—	—	58,829,262
(318,580)	(11,915,310)	—	—	—	(15,951,662)
—	—	63,296,614	—	—	7,918,207
—	—	—	—	—	6,471,161
13,104,180	(5,773,392)	63,296,614	6,906,771	—	949,570,437
1,667,284	262,361	66	66,675	—	37,238,922
216,342	—	18,157	—	—	5,168,779
—	—	—	—	—	269,084
—	—	—	—	(1,781,194)	(1,781,194)
14,987,806	(5,511,031)	63,314,837	6,973,446	(1,781,194)	990,466,028
(4,014,825)	7,237,019	(3,899,896)	1,030,918	1,781,194	(44,887,206)
33,110,308	(19,722,895)	32,505,281	44,671,654	(9,363,919)	364,891,249
29,095,483	(12,485,876)	28,605,385	45,702,572	(7,582,725)	320,004,043

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

As of June 30, 2022

	State of Utah	Salt Lake City	Local Government Risk Pool (LGRP)
<b>Assets:</b>			
Cash and cash equivalents	\$ (12,769,278)	6,725,337	59,934,103
Investments	118,871,773	12,640,041	52,640,706
Invested securities lending collateral	—	—	—
Receivables:			
Premiums and service fees	18,564,015	8,554	12,703,944
Investments	10,399,292	1,172,949	4,402,898
Misc. receivables/prepaid expenses	9,981,888	506,115	3,740,451
Total receivables	38,945,195	1,687,618	20,847,293
Capital assets net of accumulated depreciation	—	—	—
Total assets	145,047,690	21,052,996	133,422,102
<b>Liabilities:</b>			
Claims payable	13,356,496	905,364	6,667,414
Estimated liability for claims incurred but not reported	40,983,598	4,348,244	26,164,659
Premiums payable (pass through dental and vision)	(26,152)	—	156,810
Unearned premiums	171,788	104,871	15,537
Investment accounts payable	20,041,047	2,190,401	8,673,957
PPACA and other accrued expenses payable	248,456	98,958	96,084
Taxes payable	(87,152)	1,643	52,354
Experience dividend payable	—	—	72,208
Due to other agencies and other liabilities	1,965,182	3,941,041	425,962
Security lending liability	—	—	—
Total liabilities	76,653,263	11,590,522	42,324,985
<b>Net Position:</b>			
Restricted for claims contingency reserves	\$ 68,394,427	9,462,474	91,097,117

Public Employees Health Program

Utah School Board Associations (USBA)	Self Funded Healthcare Groups	Medicare Supplement	Totals
(3,298,858)	1,624,848	24,085,463	76,301,615
14,637,173	—	4,348,060	203,137,753
—	—	—	—
3,352,052	2,646,116	299,747	37,574,428
1,277,841	5,582	612,596	17,871,158
633,810	883,481	7,679,586	23,425,331
5,263,703	3,535,179	8,591,929	78,870,917
—	—	—	—
16,602,018	5,160,027	37,025,452	358,310,285
1,518,100	—	1,596,021	24,043,395
6,861,900	—	3,178,748	81,537,149
(14)	1,446	44,074	176,164
2,468	4,081	2,136,076	2,434,821
2,545,207	—	878,054	34,328,666
21,495	25,148	1,729	491,870
27,875	7,588	253	2,561
—	—	—	72,208
—	4,449,279	—	10,781,464
—	—	—	—
10,977,031	4,487,542	7,834,955	153,868,298
5,624,987	672,485	29,190,497	204,441,987

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

Fiscal Year July 1, 2021 - June 30, 2022

	State of Utah	Salt Lake City	Local Government Risk Pool (LGRP)
<b>Revenues:</b>			
Premiums and service fees	\$ 377,588,476	36,382,602	224,852,024
Federal subsidy	—	—	—
Investment income	(11,186,018)	(1,264,335)	(4,712,698)
Miscellaneous income	—	—	—
Total revenues	366,402,458	35,118,267	220,139,326
<b>Expenses:</b>			
Insurance benefits:			
Health/pharmacy claims paid	386,157,997	32,480,364	204,664,319
Reinsurance premiums	19,786,650	2,965,716	32,066,853
Provision for unpaid claims and claims incurred but not reported	(6,436,747)	(56,837)	3,607,120
Reinsurance claims paid	(19,560,644)	(1,703,769)	(29,725,113)
Experience dividends	(217)	1,350,438	5,120,940
Total insurance benefits	379,947,039	35,035,912	215,734,119
Administrative and other expenses:			
Administrative expenses	13,562,566	1,783,069	8,602,044
PPACA fees	137,044	15,820	75,451
Commissions	—	—	4,532,859
Total expenses	393,646,649	36,834,801	228,944,473
Revenues over (under) expenses	\$ (27,244,191)	(1,716,534)	(8,805,147)
<b>Net Position:</b>			
Beginning of year, restricted for claim contingency	\$ 95,638,618	11,179,008	99,902,264
End of year, restricted for claim contingency reserve 06-30-2021	\$ 68,394,427	9,462,474	91,097,117



Public Employees Health Program

Utah School Board Associations (USBA)	Self Funded Healthcare Groups	Medicare Supplement	Totals
40,223,695	111,900,734	41,103,159	832,050,690
—	—	18,777,906	18,777,906
(1,420,234)	—	(631,993)	(19,215,278)
—	—	—	—
38,803,461	111,900,734	59,249,072	831,613,318
48,294,513	107,535,091	54,721,057	833,853,341
3,663,489	—	—	58,482,708
894,080	—	647,933	(1,344,451)
(6,361,609)	1,972,728	—	(55,378,407)
—	—	—	6,471,161
46,490,473	109,507,819	55,368,990	842,084,352
1,695,402	4,162,426	2,468,622	32,274,129
15,621	25,148	—	269,084
—	36,789	—	4,569,648
48,201,496	113,732,182	57,837,612	879,197,213
(9,398,035)	(1,831,448)	1,411,460	(47,583,895)
15,023,022	2,503,933	27,779,037	252,025,882
5,624,987	672,485	29,190,497	204,441,987

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

As of June 30, 2022

	State of Utah	Salt Lake City	Local Government Risk Pool (LGRP)	Retiree Dental	Totals
<b>Assets:</b>					
Cash and cash equivalents	\$ 1,140,030	573,408	1,977,078	1,196,019	4,886,535
Investments	4,073,930	617,993	2,049,846	3,479	6,745,248
Invested securities lending collateral	—	—	—	—	—
Receivables:					
Premiums and service fees	986,802	1,927	492,885	57	1,481,671
Investments	355,212	55,550	188,101	217	599,080
Misc. receivables/prepaid expenses	23,676	2,442	7,833	1,945	35,896
Total receivables	1,365,690	59,919	688,819	2,219	2,116,647
Total assets	6,579,650	1,251,320	4,715,743	1,201,717	13,748,430
<b>Liabilities:</b>					
Claims payable	645,767	93,265	312,119	62,515	1,113,666
Estimated liability for claims incurred but not reported	2,120,398	315,463	1,190,886	324,564	3,951,311
Premiums payable (pass through dental and vision)	182,982	—	(66)	—	182,916
Unearned premiums	41,232	20,778	1,290	136,819	200,119
Investment accounts payable	682,114	102,344	347,667	—	
PPCA and other accrued expenses payable	1,048	161	555	—	1,764
Security lending liability	—	—	—	—	—
Total liabilities	3,673,541	532,011	1,852,451	523,898	5,449,776
<b>Net Position:</b>					
Restricted for claims contingency reserves	\$ 2,906,109	719,309	2,863,292	677,819	7,166,529

**Unaudited Supplementary Information** *(Concluded)***Public Employees Health Program****Dental Program Risk Pools  
Statement of Changes in Net Position (Unaudited)***Fiscal Year July 1, 2021 - June 30, 2022*

	State of Utah	Salt Lake City	Local Government Risk Pool (LGRP)	Retiree Dental	Totals
<b>Revenues:</b>					
Premiums and service fees	\$ 17,258,750	2,653,309	9,366,444	2,010,427	31,288,930
Investment income	(381,594)	(58,395)	(201,895)	—	(641,884)
Total Revenues	16,877,156	2,594,914	9,164,549	2,010,427	30,647,046
<b>Expenses:</b>					
Insurance Benefits					
Health/pharmacy claims paid	16,852,802	2,431,046	8,133,287	1,614,775	29,031,910
Provision for unpaid claims and claims incurred but not reported	59,199	(39,875)	251,526	58,251	329,101
Experience dividends	—	—	—	—	—
Total Insurance Benefits	16,912,001	2,391,171	8,384,813	1,673,026	29,361,011
Administrative and other expenses:					
Administrative expenses	851,376	111,652	418,058	137,718	1,518,804
Commissions	—	—	364,632	—	364,632
Total expenses	17,763,377	2,502,823	9,167,503	1,810,744	31,244,447
Revenues over (under) expenses	\$ (886,221)	92,091	(2,954)	199,683	(597,401)
<b>Net position:</b>					
Beginning of year, restricted for claim contingency	\$ 3,792,330	627,218	2,866,246	478,136	7,763,930
End of year, restricted for claim contingency reserve	\$ 2,906,109	719,309	2,863,292	677,819	7,166,529





560 East 200 South  
Salt Lake City  
Utah 84102-2044  
801.366.7555  
[www.pehp.org](http://www.pehp.org)