A close-up, low-angle shot of a swimmer in a pool. The swimmer is wearing a white swim cap and yellow-tinted goggles. They are in the middle of a stroke, with their head above water and one arm extended back. The water is bright blue and splashing around the swimmer, creating a bokeh effect in the background.

Utah Retirement Systems

Public Employees Health Program

A Discrete Component Unit of the State of Utah

PEHP
Health & Benefits

2023 Annual Comprehensive Financial Report

For the Year Ended December 31, 2023

Utah Retirement Systems
Public Employees Health Program

A Discrete Component Unit of the State of Utah

2023 Annual Comprehensive Financial Report

For the Year Ended December 31, 2023



Prepared by: Finance Department
Utah Retirement Systems • Public Employees Health Program

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

www.pehp.org

Daniel D. Anderson, URS Executive Director

R. Chet Loftis, PEHP Managing Director

Robert D. Dolphin, URS Chief Financial Officer

**Public Employees Health Program
2023 Annual Comprehensive Financial Report**

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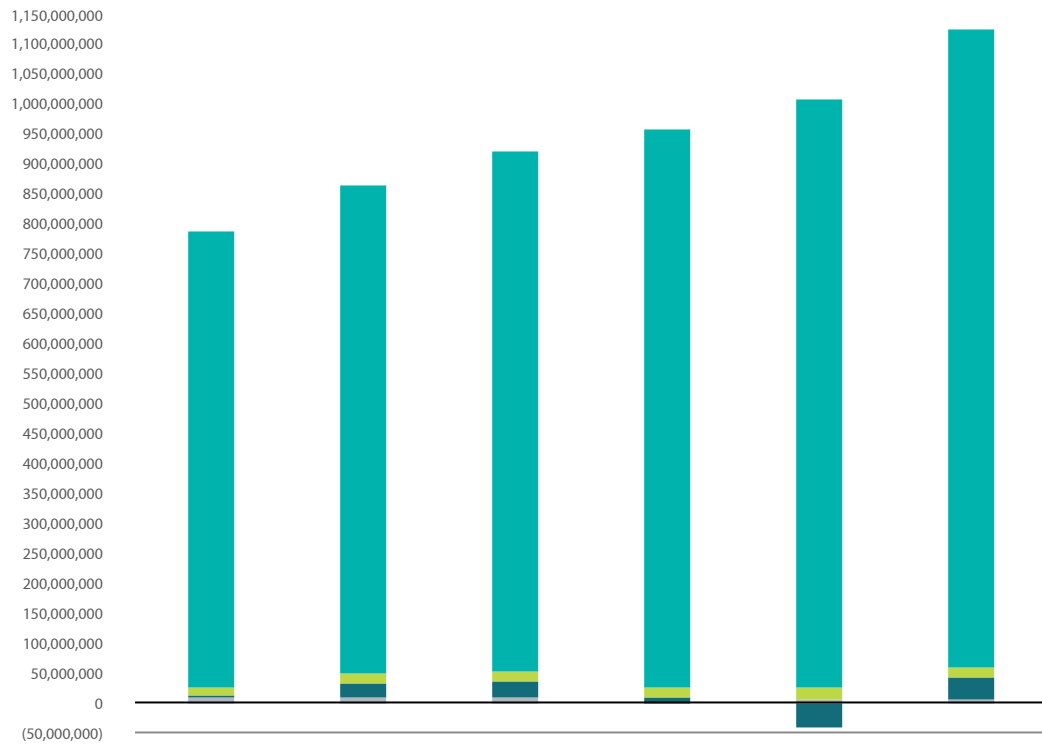
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Public Employees Health Program Additions by Source

At December 31



	2018	2019	2020	2021	2022	2023
● Premiums and service fees	\$ 764,289,512	816,803,324	871,935,466	931,475,293	982,024,567	1,068,646,562
● Federal subsidies	13,603,756	15,862,210	15,981,550	18,265,420	18,369,701	14,963,087
● Net investment income	3,246,461	25,357,732	27,209,692	(1,233,719)	(39,214,872)	37,179,288
● Employer contributions	9,208,581	9,266,955	8,863,707	8,874,490	7,691,580	6,981,139
Totals	\$ 790,348,310	867,290,221	923,990,415	957,381,484	968,870,976	1,127,770,076

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

September 27, 2024

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

Dear Board Members:

We are pleased to present the 2023 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 2023.

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 [24](#) 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 [24](#).

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

September 27, 2024

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 \$8.2 million in excess reserves to various plan sponsors over the past year. Membership also remains strong at 176.7 thousand for the medical plan as of December 31, 2023.

Our primary focus continues to be on serving our members and groups to the very best of our collective ability while implementing a new core IT system. This isn't easy for any sized organization, but it has posed unique challenges for an organization of our size.

It has entailed operating two systems while fixing a myriad of issues, dealing with the fallout of those issues, stabilizing the system, preparing the system for the rest of our membership--and managing our normal day-to-day workload.

Currently, 30% of our membership is on the new system. In July and September of 2025, we will put on the rest of our membership. It is imperative that we do so, with all that requires between then and now.

In the end, PEHP is unique in its mission and significant in its impact. The work and sacrifice that has gone into securing a viable and bright future for the organization, our groups, and members is a cause and legacy that we all can take great pride in.

Sincerely yours,



R. Chet Loftis
Managing Director

Letter from Managing Director *(Concluded)*

Public Employees Health Program
Utah State Retirement Board



Pictured Left to Right

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

Vice-President
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

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

Utah Retirement Systems
Executive Director



Daniel D. Andersen

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

Laura C. Warnock
Appointed July 2, 2023
Term Expires July 1, 2027
Represents Investment Community

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

PEHP
Managing Director



R. Chet Loftis

Public Employees Health Program Organization Chart





Administrative Staff

Daniel D. Andersen
Executive Director

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

W. Kendall Rima
Chief Information Officer

**Jayne R. Knecht, MSHR,
PHR, SHRM-CP, 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

Todd Sprouse
Provider Contracting Director

Quinten Christensen, ASA, MAAA
Chief Actuary & Director of Analytics

Lance Toms, PMP
Operations Management Director

Ramsey Major
Administrative Systems Director

Professional Service Providers

ACTUARY

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

AUDITOR

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



Public Employees Health Program

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,

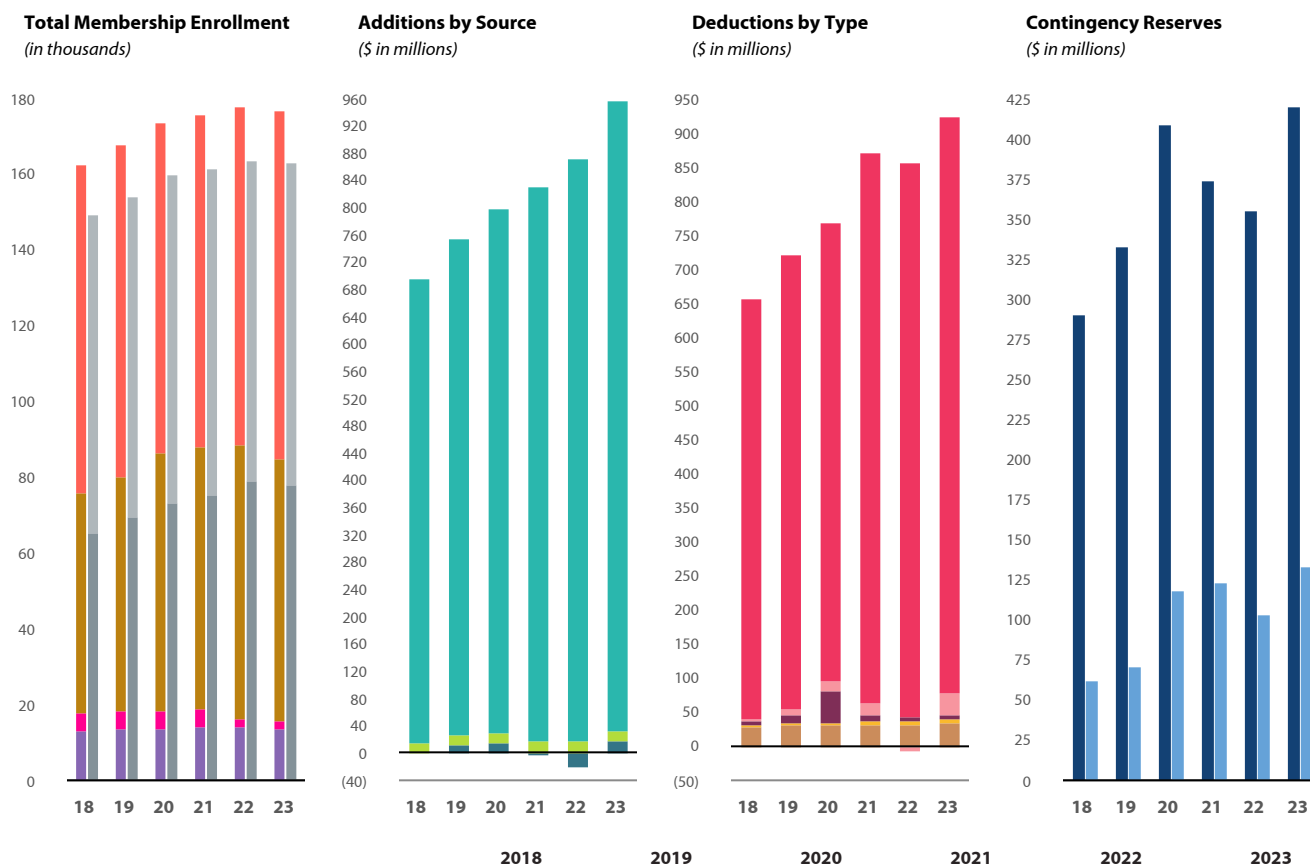
and imaging centers throughout the Wasatch Front. Hospitals on the Summit Network within Salt Lake County include Salt Lake Regional Hospital, University of Utah Hospital, Huntsman Cancer Institute, Primary Children's Hospital, St. Mark's Hospital, Lone Peak Hospital and Jordan Valley Hospital.

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)*



	2018	2019	2020	2021	2022	2023
Count of Membership						
● Advantage Network	86,127	87,873	87,466	87,402	89,188	91,852
● Summit Network	58,196	61,827	67,895	69,409	72,078	68,997
● Preferred Network	4,825	4,697	4,621	4,801	2,416	2,015
● Medicare	13,208	13,618	13,820	14,069	13,997	13,839
Totals	162,356	168,015	173,802	175,681	177,679	176,703
● Traditional Plan	83,449	84,543	86,367	86,365	84,626	78,102
● Star HSA Plan	65,699	69,854	73,615	75,247	79,056	84,762
Totals	149,148	154,397	159,982	161,612	163,682	162,864

	2018	2019	2020	2021	2022	2023
Medical Program Additions by						
● Premiums and service fees	\$ 680,826,597	725,225,526	767,094,257	813,528,805	854,368,087	925,005,864
● Federal subsidies	13,603,756	15,862,210	15,981,550	18,265,420	18,369,701	14,963,087
● Net investment income	1,421,106	13,007,263	14,450,922	(2,072,408)	(19,753,937)	17,267,972
Totals	\$ 695,851,459	754,094,999	797,526,729	829,721,817	852,983,851	957,236,923

	2018	2019	2020	2021	2022	2023
Medical Program Deductions by						
● Claims	\$ 616,825,742	664,828,723	672,515,577	804,162,806	813,687,096	844,662,167
● Provision for unpaid claims	613,688	7,975,697	14,706,077	18,718,639	(5,357,952)	31,938,497
● Experienced dividends	5,703,602	13,268,290	45,636,364	10,185,453	4,825,181	8,232,045
● Commissions	3,126,425	3,477,564	4,607,858	4,497,010	4,579,015	5,177,115
● Administrative expense and other	30,133,223	30,877,872	31,692,050	32,175,708	33,180,093	35,952,308
Totals	\$ 656,402,680	720,428,146	769,157,926	869,739,616	850,913,433	925,962,132

	2018	2019	2020	2021	2022	2023
Medical Program Contingency						
● Total assets available to pay benefits	\$ 290,169,252	332,562,951	409,359,805	374,273,350	355,522,051	418,410,842
● Total liabilities and reserves	61,705,192	70,432,038	118,860,089	123,791,433	102,969,713	134,583,712
Ending plan contingency reserve	\$ 228,464,060	262,130,913	290,499,716	250,481,917	252,552,338	283,827,130



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)**Count of Membership**

● Dental Enrollment	98,781	100,345	100,632	102,819	103,358	105,392
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Dental Program Additions by Source

● Premiums and service fees	\$ 29,046,866	30,003,604	30,560,203	31,061,050	31,595,726	31,813,014
● Net investment income	52,350	429,111	478,029	(66,524)	(662,726)	579,323
Totals	\$ 29,099,216	30,432,715	31,038,232	30,994,526	30,933,000	32,392,337

Dental Program Deductions by Type

● Claims	\$ 26,797,638	28,188,373	25,020,752	28,406,461	28,716,522	31,740,432
● Provision for unpaid claims	(350,051)	9,373	1,041,874	898,608	2,388,485	(836,216)
● Experienced dividends	(2,165)	133	287,932	—	—	—
● Commissions	149,284	304,045	235,923	294,542	399,432	436,713
● Administrative expense and other	1,427,824	1,455,592	1,476,038	1,500,377	1,543,322	1,643,787
Totals	\$ 28,022,530	29,957,516	28,062,519	31,099,988	33,047,761	32,984,716

Dental Program Contingency Reserves

● Total assets available to pay benefits	\$ 9,233,503	9,746,071	14,944,965	15,070,154	14,815,058	13,072,473
● Total liabilities and reserves	2,748,473	2,785,842	5,009,023	5,239,674	7,099,341	5,949,135
Ending plan contingency reserve	\$ 6,485,030	6,960,229	9,935,942	9,830,480	7,715,717	7,123,338



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

	2018	2019	2020	2021	2022	2023
Term life	90,178	100,467	101,373	102,925	103,137	111,174
AD&D	69,132	74,351	75,239	76,646	77,765	82,713
Retiree life	23,545	23,507	23,684	23,626	23,521	23,127
Totals	182,855	198,325	200,296	203,197	204,423	217,014

Life Program Additions by Source

	2018	2019	2020	2021	2022	2023
Premiums and service fees	\$ 19,429,129	19,663,834	20,335,998	19,969,388	19,179,765	20,157,953
Net investment income	442,114	4,019,456	4,370,395	1,985,791	(8,604,496)	7,555,147
Totals	\$ 19,871,243	23,683,290	24,706,393	21,955,179	10,575,269	27,713,100

Life Program Deductions by Type

	2018	2019	2020	2021	2022	2023
Claims	\$ 11,707,159	15,002,689	15,044,818	19,548,501	18,181,328	16,946,842
Provision for unpaid claims	1,230,026	(189,373)	9,693,267	(12,233,890)	636,311	(364,625)
Experienced dividends	50	—	—	—	—	—
Commissions	32,236	65,818	55,425	113,303	257,541	257,541
Administrative expense and other	2,149,254	1,138,242	2,047,418	1,997,279	2,336,019	2,141,211
Totals	\$ 15,118,725	16,017,376	26,840,928	9,425,193	21,411,199	18,980,969

Life Program Contingency Reserves

	2018	2019	2020	2021	2022	2023
Total assets available to pay benefits	\$ 70,908,251	79,524,200	96,909,968	87,864,899	75,286,327	82,739,453
Total liabilities and reserves	61,869,873	62,819,909	82,694,050	61,429,654	59,687,012	58,781,590
Ending plan contingency reserve	\$ 9,038,378	16,704,291	14,215,918	26,435,245	15,599,315	23,957,863



Public Employees Health Program

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).

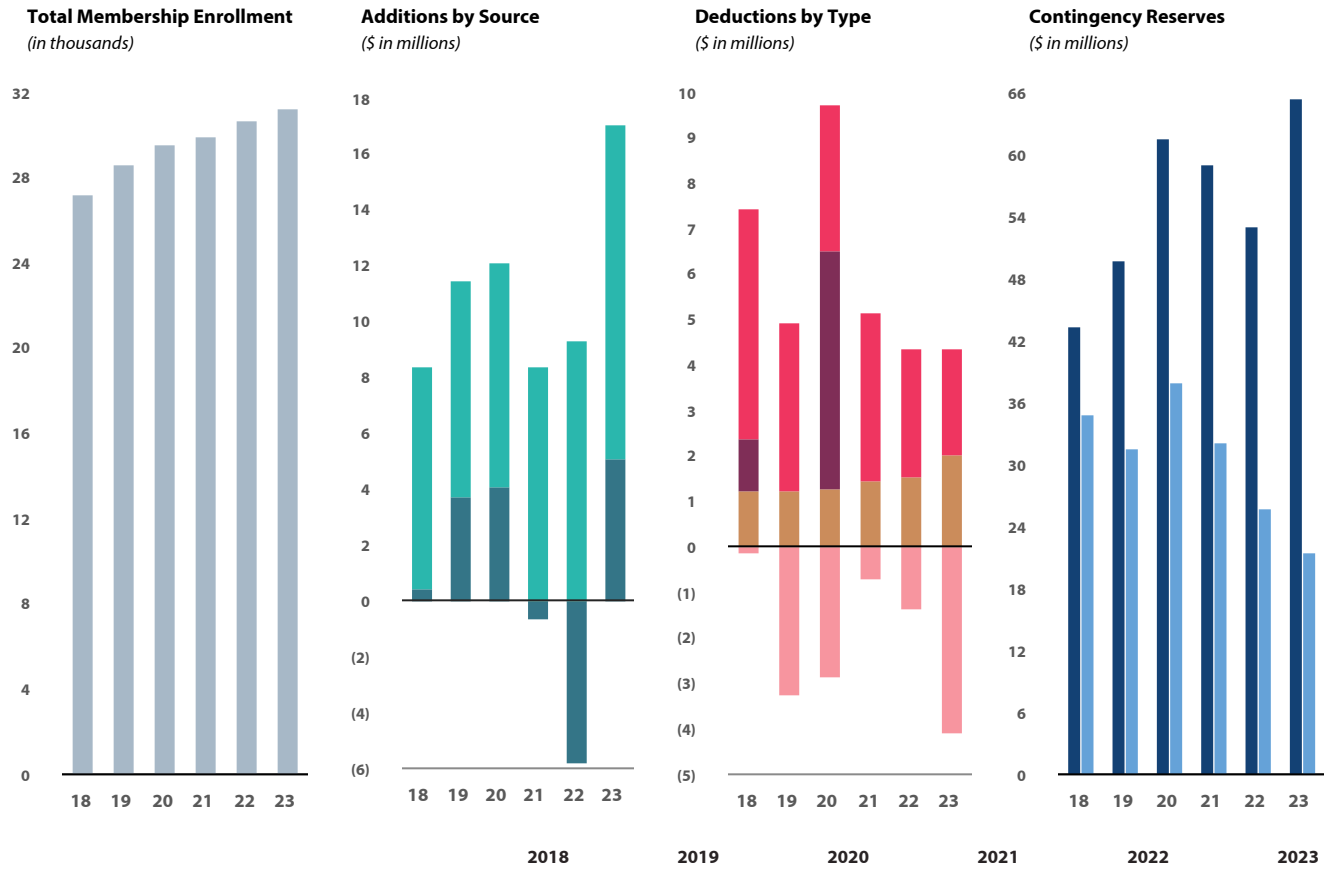
Maximum Benefit:

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	27,224	28,584	29,562	29,925	30,674	31,278
------------------------	--------	--------	--------	--------	--------	--------

LTD Program Additions by Source

● Premiums and service fees	\$ 7,953,824	7,760,090	8,052,257	8,431,983	9,309,980	12,018,097
● Net investment income	457,317	3,720,820	4,072,448	(610,534)	(5,816,511)	5,084,523
Totals	\$ 8,411,141	11,480,910	12,124,705	7,821,449	3,493,469	17,102,620

LTD Program Deductions by Type

● Claims	\$ 5,084,603	3,698,907	3,212,218	3,684,070	2,817,550	2,329,641
● Provision for unpaid claims	(102,695)	(3,260,449)	(2,836,762)	(680,563)	(1,363,735)	(4,054,601)
● Experienced dividends	1,118,283	2,612	5,241,000	—	—	—
● Commissions	3,274	—	—	—	—	—
● Administrative expense and other	1,264,128	1,233,855	1,296,905	1,470,690	1,553,985	2,101,909
Totals	\$ 7,367,593	1,674,925	6,913,361	4,474,197	3,007,800	376,949

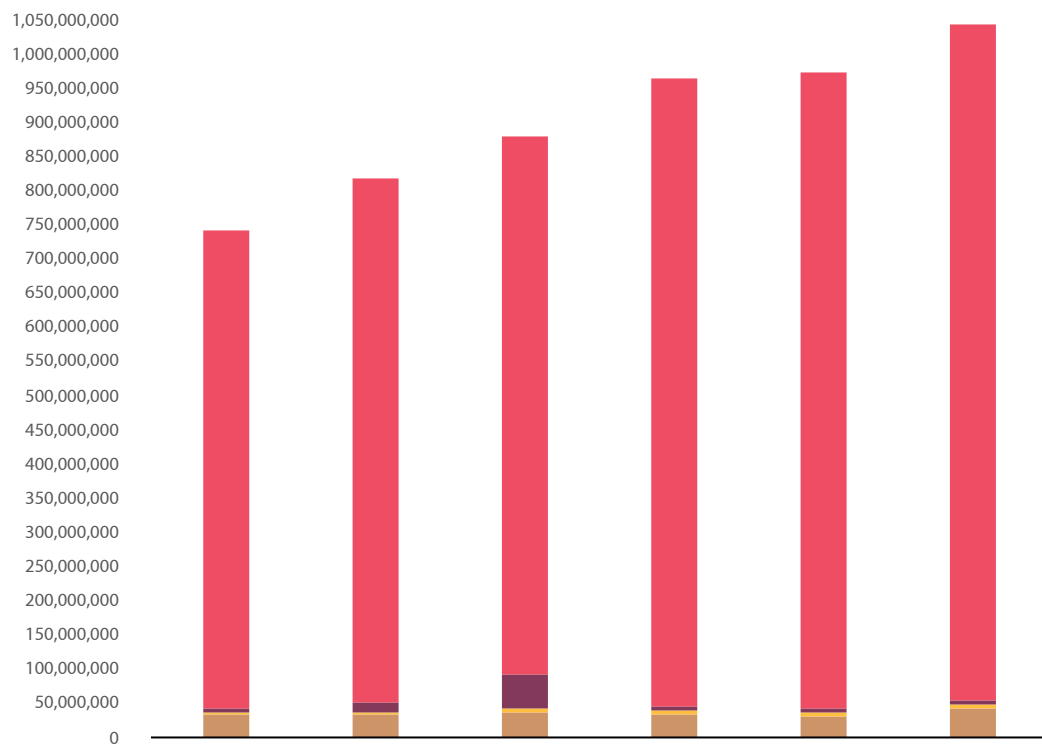
LTD Program Contingency Reserves

● Total assets available to pay benefits	\$ 43,314,076	49,779,564	61,478,745	59,052,579	53,105,911	65,467,412
● Total liabilities and reserves	34,845,993	31,505,496	37,993,333	32,219,915	25,787,581	21,423,411
Ending plan contingency reserve	\$ 8,468,083	18,274,068	23,485,412	26,832,664	27,318,330	44,044,001



Public Employees Health Program Deductions by Type

Calendar Year Ending December 31



	2018	2019	2020	2021	2022	2023
● Claims	\$ 698,917,378	766,084,911	787,867,601	916,817,922	931,384,846	988,067,193
● Experienced dividends	6,819,770	13,271,035	51,165,296	7,745,208	4,825,181	8,232,045
● Commissions	3,333,229	3,918,671	4,977,756	4,918,364	5,254,350	5,942,877
● Admin expense and other	34,839,792	35,522,995	37,601,305	35,362,956	33,160,091	43,864,731
Totals	\$ 743,910,169	818,797,612	881,611,958	964,844,450	974,624,468	1,046,106,846

Public Employees Health Program

Auditor's Report



INDEPENDENT AUDITOR'S REPORT

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

Report on the 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, 2023 and 2022, 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, 2023 and 2022, and the respective 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.

Change in Accounting Principle

As discussed in Notes 1 to the financial statements, PEHP has adopted the provisions of GASB Statement No. 96, Subscription-Based Information Technology Arrangements, as of January 1, 2023. In accordance with GASB Statement No. 96, the 2022 financial statements have not been restated to reflect

this change. Our opinion is not modified with respect to this matter.

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, 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.

Auditor's Report *(Continued)*

- » 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, the schedule of the proportionate share of the net pension liability as noted in the table of contents on page 2, the schedule of contributions as noted in the table of contents on page 2, the schedule of changes in net OPEB Liability as noted in the table of contents on page 2, and the notes to required supplementary information 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 the financial statements that comprise the 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, 2023, 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, 2023 but does not include the basic financial statement and our auditor's report thereon. Our opinion 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2024 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
September 27, 2024

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Auditors Report (Concluded)



CPAs & BUSINESS ADVISORS

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 (*Government Auditing Standards*), 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, 2023, 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 September 27, 2024.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2023-01 that we consider to be significant deficiencies.

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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Public Employee Health Program's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on The Public Employee Health Program's response to the finding identified in our audit and described in the accompanying schedule of finding and response. The Public Employee Health Program's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

The logo for Eide Bailly LLP, featuring the company name in a cursive script.

Salt Lake City, Utah

September 27, 2024

Public Employees Health Program

Schedule of Findings and Responses

December 31, 2023

2023-01

Noncompliance - Working Capital Reserves in Excess of Federal Guidelines

Criteria – CFR part 200, Appendix V, paragraph G.2, generally allows a working capital reserve as part of retained earnings of up to 60 days cash expenses for normal operating purposes.

Condition – The Public Employees Health Program holds capital reserve in excess of 60 days cash expense as stated in CFR part 200, Appendix V, paragraph G.2.

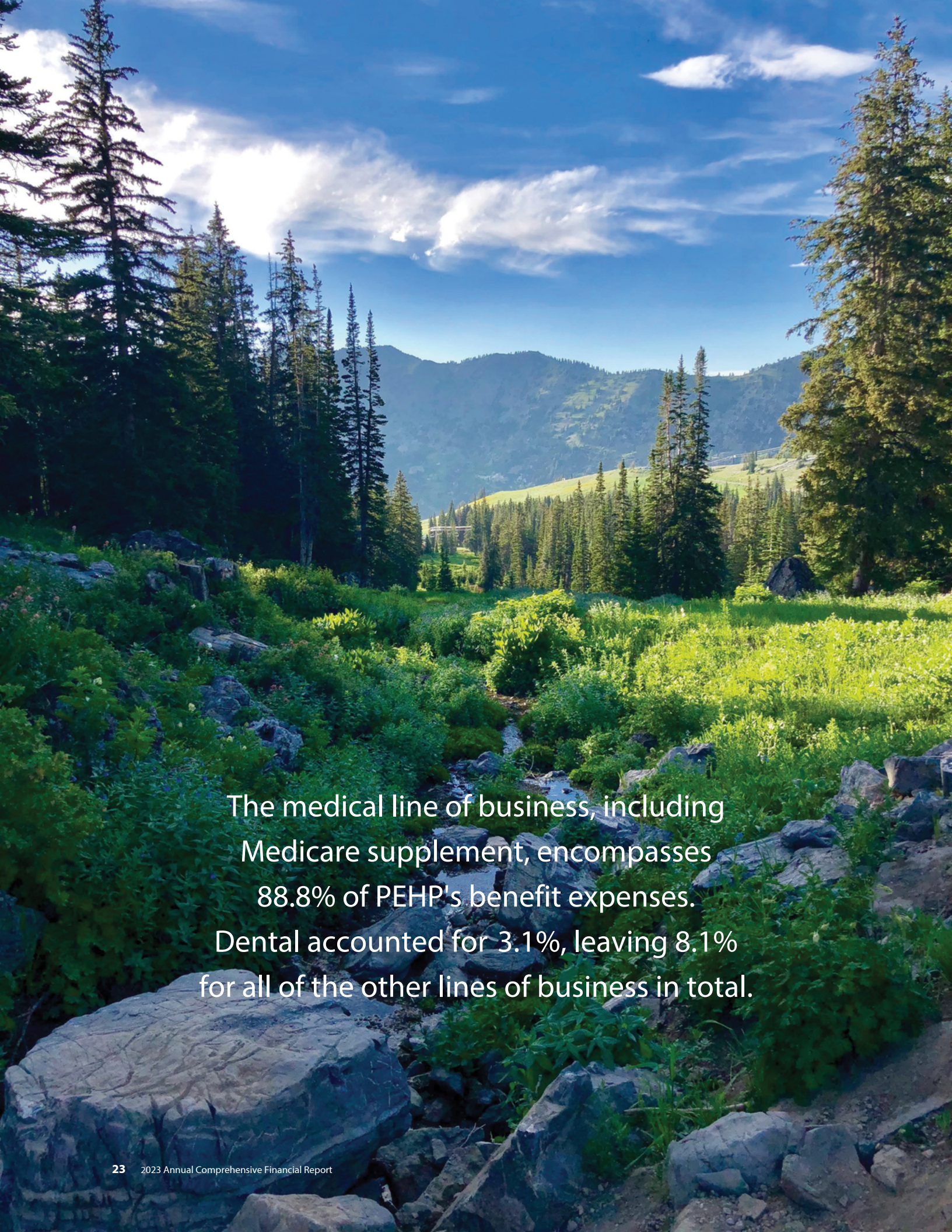
Cause – The Public Employees Health Program maintains capital reserves as part of retained earnings over 60 days cash expense based on the actuarial recommended reserve.

Recommendation – It is the responsibility of management and those charged with governance to reduce excess working capital reserves to a level allowed by federal regulations.

View of Responsible Officials – Management agrees that Long Term Disability, State Dental, and Medicare Supplement programs all hold working capital reserves more than the federal guidelines. Management has concluded that it will work with the State Finance to determine the federal portion of excess reserves on June 30, 2024 for each program and refund it by June 30, 2025.

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The medical line of business, including Medicare supplement, encompasses 88.8% of PEHP's benefit expenses. Dental accounted for 3.1%, leaving 8.1% for all of the other lines of business in total.

Public Employees Health Program

Management Discussion and Analysis

For the Year Ended December 31, 2023



The management of Public Employees Health Program (PEHP) presents the following discussion and analysis of the financial statements for the year ended December 31, 2023. PEHP is authorized and created under Title 49, Chapters 20 and 21, of the Utah Code to organize and administer self insurance risk pools for employee benefits for the state, its educational institutions, and political subdivisions.

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

The long-term disability, term life, retiree life, and health reimbursement arrangement plan (HRA) lines of business, and the Medicare Supplement and reinsurance risk pools are singular risk pools in which all participating employers share the risk. The medical and the dental lines of business are divided into various risk pools of single or

multiple employer pools. The medical line of business, including Medicare supplement, encompasses 88.80% of PEHP's benefit expenses. Dental accounted for 3.10% leaving 8.10% 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:**

	2023	2022	2023 Increase (Decrease)	2023 Percentage Change
Assets and Outflows:				
Cash, cash equivalents, and investments	\$ 621,017,584	516,786,473	104,231,111	20.2%
Receivables	76,697,503	71,902,507	4,794,996	6.7
Capital assets, net of accumulated depreciation	32,500,137	6,259,698	26,240,439	419.2
Net pension and other post employment benefit plan assets	412,436	3,213,179	(2,800,743)	(87.2)
Deferred outflows relating to pensions and other post employment benefits	8,550,826	7,570,295	980,531	13.0
Total assets and deferred outflows	739,178,486	605,732,152	133,446,334	22.0
Liabilities and Inflows:				
Claims and other	202,994,024	144,275,736	58,718,288	40.7
Life and long-term disability	63,921,312	68,047,289	(4,125,977)	(6.1)
Net pension and other post employment benefit plan liabilities	9,674,938	47,594	9,627,344	20228.1
Deferred outflows relating to pensions and other post employment benefits	660,518	13,097,070	(12,436,552)	(95.0)
Total liabilities and deferred inflows	277,250,792	225,467,689	51,783,103	23.0
Net Position:				
Restricted for claim contingency reserves	414,513,633	335,109,444	79,404,189	23.7
Restricted for benefits	47,414,061	45,155,019	2,259,042	5.0
Total net position	\$ 461,927,694	380,264,463	81,663,231	21.5%

Summary of Changes in Net Position for Years Ended December 31, 2023, and 2022:

	2023	2022	2023 Increase (Decrease)	2023 Percentage Change
Revenues:				
Premiums and fees	\$ 1,090,590,788	1,008,085,848	82,504,940	8.2%
Investment income	37,179,288	(39,214,872)	76,394,160	(194.8)
Total revenues	1,127,770,076	968,870,976	158,899,100	16.4
Expenses:				
Insurance benefits	996,299,238	936,210,027	60,089,211	6.4
Administrative and other expenses	49,807,608	38,414,441	11,393,167	29.7
Total benefits and expenses	1,046,106,846	974,624,468	71,482,378	7.3
Revenues over (under) benefits and expenses	81,663,230	(5,753,492)	87,416,722	(1519.4)
Net Position:				
Beginning of year, restricted for claim contingency reserves	335,109,444	341,872,876	(6,763,432)	(2.0)
Beginning of year, restricted for benefits	45,155,020	44,145,079	1,009,941	2.3
Ending of year, restricted for claim contingency reserves	414,513,633	335,109,444	79,404,189	23.7
Ending of year, restricted for benefits	47,414,061	45,155,019	2,259,042	5.0
Ending net position, restricted	\$ 461,927,694	380,264,463	81,663,231	21.5%

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 increased by \$81.7 million as follows:

- » The medical program contingency reserves increased by \$31.3 million due to premium increases exceeding overall medical program expenses and favorable investment income of \$17.3 million
- » Dental contingency reserves decreased by \$592.4 thousand due to higher utilization claims costs. Administrative and commission expense of \$33.0 million exceeding total revenues of \$32.4 million and the plan earned a net investment gain of \$579.3 thousand.

- » The long-term disability program realized an increase of \$16.7 million in contingency reserves due to premiums of \$12.0 million and investment income of \$5.1 million exceeding paid and estimated claims and expenses of \$376.9 thousand. The plan has experienced improving loss ratios in recent years and therefore there is a smaller contingency reserve needed. The reserve was reduced by \$4.1 million due to favorable experience over the last several years.
- » Term life contingency reserve increased by \$1.6 million primarily from favorable net investment income of \$2.3 million.
- » The retiree life program had a contingency reserve increase of \$6.8 million. The increase was primarily from the net investment gain of \$5.3 million and a liability decrease of \$1.2 million for active retirees based upon the current valuation.
- » The reinsurance program had a contingency reserve increase of \$22.6 million due to favorable claim experience from lower large claim costs and further improved by a investment income of \$4.2 million
- » The HRA Program reserves restricted for benefits increased by \$2.3 million due to employer contributions exceeding benefit payments and expenses and further improved by investment income of \$2.5 million.
- » Net pension and OPEB reserves increased by \$1.0 million due to actuarial gains from the net OPEB asset in 2023 and offset by an increase in the net pension liability as of December 31, 2022. The URS pension plan earned a -5.04% in 2022 below the actuarial assumed earning rate of 6.85%.

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 increased by \$104.2 million due primarily from a net positive increase from operating activities of \$80.4 million by effective managing working capital and by a net increase investment portfolio fair value of \$25.3 million. Calendar year 2023 was a favorable year in the market with cash deposits experiencing notable increases due to rising interest rates.
- » Total receivables increased by \$4.8 million or 6.7% primarily from the timing of collection of group premiums in 2023 compared to 2022.
- » Capital assets include computers, software construction in progress, and office equipment. The net capital assets increased by \$26.2 million due to the purchase of a new core administrative software processing system. See Note 9 to the financial statements starting on page [56](#) for further information.
- » The net pension liability increased by \$1.4 million due to the pension fund earning (5.2)% return in 2022.
- » The total liabilities increased by \$64.2 million primarily from the increase in claims payable and estimated liabilities for claims incurred by not reported. Plan reserve liabilities for all programs experienced an increase of \$26.7 million or 13% compared to the prior year. Health care claim liabilities increased by \$30.8 million due increases in outpatient facility, pharmacy, and professional services in calendar year 2023.

The Summary for the Statement of Changes in Net Position for the years ended December 31, 2023, and 2022 is as follows:

- » Premium and fee income increased by \$86.6 million or 8.8%, due primarily to increases in medical rates and additions of new business.
- » Investment income increased by \$76.4 million due to the change in fair value of investment portfolio holdings. Fixed income securities returned a 6.82%; and the diversified fund returned 12.49% driven by strong corporate earnings, continued economic recovery post-pandemic, and favorable monetary policies.
- » Total insurance benefits expense increased by \$60.1 million or 6.4% due primarily to an increase in paid claims of \$26.3 million, and an increase in reserve estimates of \$30.4 million since patients received higher medical services in 2023 compared to 2022. Experience dividends decreased \$3.4 million due to higher expenses in 2023 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, 2023, and June 30, 2022, the administrative expenses were \$2.8 million and \$3.2 million under budget respectively as outlined in the table below.

	Fiscal Year ending June 30, 2023	Fiscal Year ending June 30, 2022
Board approved budget	\$43,592,714	42,685,189
Actual expenditures	40,770,797	39,516,316
Variance (over)/under budget	\$2,821,917	3,168,873

Public Employees Health Program

Statements of Net Position

As of December 31, 2023, and 2022

	2023	2022
Assets:		
Cash and cash equivalents	\$ 196,254,838	115,962,423
Investments	423,873,542	398,569,955
Invested securities lending collateral	889,204	2,254,095
Receivables:		
Premiums and service fees	53,475,630	47,720,336
Securities and interest receivable	3,482,947	2,491,566
Other receivables	19,738,926	21,690,605
Total receivables	76,697,503	71,902,507
Capital assets net of accumulated depreciation	32,500,137	6,259,698
Net pension asset	—	3,213,179
Net OPEB asset	412,436	—
Total assets	730,627,660	598,161,857
Deferred Outflows of Resources:		
OPEB related amounts	403,007	535,706
Pension related amounts	8,147,819	7,034,589
Total deferred outflows	8,550,826	7,570,295
Liabilities:		
Claims payable	85,507,409	66,664,952
Estimated liability for claims incurred but not reported	54,413,334	42,446,759
Life insurance reserves	54,143,563	55,490,563
Long-term disability claims reserves	9,507,609	12,116,073
Long-term disability medical premium reserves	270,140	440,653
Premiums payable	149,065	406,437
Unearned premiums	2,368,982	3,187,518
Investment accounts payable	799,192	2,835,627
PPCA and other accrued expenses payable	8,975,848	3,539,176
Taxes payable	26,550	324
Experience dividend payable	3,022,249	1,999,047
Due to other agencies and other liabilities	46,842,191	20,941,800
Security lending liability	889,204	2,254,095
Net pension liability	9,674,938	—
Net OPEB liability	—	47,594
Total liabilities	276,590,274	212,370,618
Deferred Inflows of Resources:		
OPEB related amounts	464,526	173,641
Pension related amounts	195,992	12,923,429
Total deferred inflows	660,518	13,097,070
Net Position:		
Restricted for claims contingency reserves	414,513,633	335,109,445
Restricted for benefits	47,414,061	45,155,019
Total net position	\$ 461,927,694	380,264,464

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 years ended, December 31, 2023, and 2022

	2023	2022
Revenues:		
Premiums earned, service fees, and other revenue, net of refunds	\$ 1,068,645,291	982,012,071
Federal subsidy	14,963,087	18,369,701
Employer contributions	6,981,139	7,691,580
Net investment income	37,179,288	(39,214,872)
Miscellaneous income	1,271	12,496
Total Revenues	1,127,770,076	968,870,976
Expenses:		
Insurance Benefits		
Claims	961,384,138	935,081,739
Change in unpaid claims and claims incurred but not reported	26,683,055	(3,696,891)
Experience dividends	8,232,045	4,825,181
Total Insurance Benefits	996,299,238	936,210,029
Administrative and other expenses:		
Administrative expenses	41,707,009	38,137,713
Commissions	5,942,877	5,254,350
PPACA fees	278,839	243,913
Other expenses	1,878,883	(5,221,535)
Total expenses	1,046,106,846	974,624,470
Revenues over (under) expenses	81,663,230	(5,753,494)
Net position:		
Beginning of year, restricted for claim contingency and benefits	380,264,464	386,017,958
End of year, restricted for claims contingency and benefits	\$ 461,927,694	380,264,464

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


Public Employees Health Program

Statements of Cash Flow

For the years ended, December 31, 2023, and 2022

	2023	2022
Cash flows from operating activities:		
Cash received from premiums earned, service fees, and other revenue, net of refunds	\$ 1,084,016,954	1,008,964,392
Cash paid for insurance benefits	(961,641,511)	(934,945,705)
Cash paid for administrative and other expenses	(38,457,659)	(35,489,731)
Policyholder experience dividends paid	(7,208,843)	(5,509,050)
Interest paid	(1,055,116)	—
Net cash provided by operating activities	75,653,825	33,019,906
Cash flows from investing activities:		
Investment income	14,217,081	4,815,115
Proceeds from maturities of sales of fixed income securities	103,714,881	302,253,998
Purchases of fixed income securities	(109,084,079)	(326,242,918)
Net cash (used) by investing activities	8,847,883	(19,173,805)
Funds used in payment of right to use assets liability	(1,104,676)	—
Acquisition of capital assets	(3,104,617)	(6,259,698)
Net cash (used) by financing activities	(4,209,293)	(6,259,698)
Net increase (decrease) in cash and cash equivalents	80,292,415	7,586,403
Cash and cash equivalents at beginning of year	115,962,423	108,376,020
Cash and cash equivalents at end of year	196,254,838	115,962,423
Reconciliation of revenue over benefits and expenses to net cash provided by operating activities:		
Revenue over benefits and expenses	81,663,230	(5,753,494)
Adjustments to reconcile revenue over benefits and expenses to net cash provided by operating activities:		
Depreciation	—	7,305
Amortization	1,812,763	—
Net investment income	(37,179,288)	39,214,871
OPEB related items	(36,446)	91,885
Pension related items	(952,550)	(5,313,420)
Change in assets and liabilities:		
Premiums and service fees	(5,755,294)	694,065
Prepaid expenses and other current assets	481,932	2,244,686
Claims payable	18,842,457	(8,344,303)
Liability for claims incurred but not reported	11,966,575	7,155,382
Life insurance reserves	(1,347,000)	572,961
Long term disability claim reserves	(2,608,464)	(2,989,345)
Long term disability medical premium reserves	(170,513)	(91,584)
Experience dividend payable	1,023,202	(683,869)
Due to other agencies and other liabilities	3,526,231	6,411,840
Premium payables	(257,372)	136,026
Unearned premiums	(818,536)	184,482
Accrued expense payable	5,436,672	(515,483)
Taxes payable	26,226	(2,099)
Net cash provided by operating activities	\$ 75,653,825	33,019,906

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

An aerial photograph of a suburban town, likely in Utah, showing a dense residential area with many houses and trees. In the background, there are large, rugged mountains under a clear blue sky. The text is overlaid on the upper portion of the image.

PEHP provides insurance services
to employees of 407 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, 2023 and 2022



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, 2023 and 2022. During the years ended December 31, 2023, and 2022, PEHP collected medical reinsurance premiums of \$79,649,858 and \$67,558,487 respectively.

Notes to Financial Statements *(Continued)*

December 31, 2023 and 2022



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, 2023 and 2022, PEHP paid \$322,371 and \$370,626 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, 2023 and 2022



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.

Accounts Receivable

Accounts receivable are recognized when PEHP has a legal right to payment for insurance premiums due. They are measured at the amount expected to be collected, net of any allowance for doubtful accounts. Receivables are recorded when the premium is billed or becomes due according to the policy terms. Other receivables consist of amounts due to PEHP for rebates, overpaid claims, Medicare subsidies, and other various amounts due where a legal right to receive payment exists. PEHP considers all receivables collectible and writes off any bad debt when it is 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. PEHP has entered into subscription-based information technology agreements for software and IT services that grant the right-to-use intangible assets for a specified term. Right-to-use assets are measured at the present value of subscription payments over the subscription term. Right-to-use assets are amortized over the lesser of the subscription term or useful life of the underlying asset, on a straight-line basis.

Implementation of GASB Statement No. 96

As of January 1, 2024, PEHP adopted GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA). The implementation of this standard establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The effect of the implementation of this standard did not require a restatement of net position since PEHP capitalized implementation costs under the internally developed software standard. Additional disclosures required by this standard is included in Note 9, Capital Assets and Lease Commitments, Note 13.

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 2.75% in 2023 and thereafter to calculate the present value of estimated future cash payments as of December 31, 2023 and 2022. Income benefits are assumed to increase 2.5% per year and medical premiums

Notes to Financial Statements *(Continued)*

December 31, 2023 and 2022

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, 2023 and 2022, was \$47,414,061 and \$45,155,020, respectively.

Claims Contingency Reserves

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

The independent actuary's recommendation included an estimate of claims contingency reserves to cover the various risks faced by groups' benefit plans. Specifically, the claims contingency reserves estimates includes amounts to offset the following risks: (1) an underestimate of unpaid claim liabilities or IBNR estimates, which would impact funding for a future coverage period; (2) a trend

fluctuation margin to cover the 95th percentile of trend estimate over the trend assumption used for setting the budget premium amounts for the employee benefit plan; (3) a claim fluctuation reserve to cover 95th percentile of the claim level variation over the average expected claim levels, when other actuarial assumptions used for funding the employee benefit plans are held constant; and (4) a reserve to cover variation in claim costs due to other unexpected or unknown contingent events such as data errors, unexpected litigation, natural disasters, a catastrophic epidemic, etc.

At December 31, 2023, the restricted claims contingency reserve is expected higher than at June 30, 2024, 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.

Notes to Financial Statements *(Continued)*

December 31, 2023 and 2022

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, 2023 and 2022.

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 29 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.

Notes to Financial Statements (Continued)

December 31, 2023 and 2022

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.



Note 2
Cash and Investments

Listed below is a summary of the deposit and investment portfolios as of December 31, 2023 and 2022. 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

(\$9,043,098), and (\$8,076,264) as of December 31, 2023 and 2022, respectively. The corresponding bank balance of the deposits was \$598,502 and \$664,400 as of as of December 31, 2023 and 2022, respectively. PEHP maintains non-interest bearing bank accounts at financial institutions. The standard FDIC insurance limit for each account is \$250,000 per depositor, per insured bank. To mitigate the risk of exceeding the FDIC insurance limit, PEHP participates in the IntraFi Network, which allows deposits to be distributed across multiple FDIC-insured banks, ensuring each deposit is within the FDIC insurance limit. Through IntraFi Network’s IntraFi Certificate of Deposit Registry Services and the IntraFi Insured Cash Sweep (ICS), deposits are fully insured by the FDIC. As of December 31, 2023, \$250,000 of the deposits are insured by the FDIC standard coverage, and the remaining \$131,612,203 is covered by the IntraFi Network, ensuring full FDIC insurance for cash balances. The IntraFi Network

Notes to Financial Statements *(Continued)*

December 31, 2023 and 2022

operates by splitting large deposits into small amounts and placing these amounts in deposit accounts at multiple banks within the network, ensuring that each deposit is below the FDIC insurance limit, thereby providing full coverage for the PEHP deposits.

PEHP's cash and cash equivalents consisted of the following: December 31, 2023, and 2022.

	2023	2022
Overnight repurchase agreements	\$ 134,122,685	\$ 87,035,240
Cash on deposit with operating bank	(9,043,100)	(8,076,264)
Cash on deposit with custodial bank	71,175,253	37,003,447
Total	\$ 196,254,838	\$ 115,962,423

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, 2023 and 2022, the overnight repurchase agreements of \$134,122,685 and \$87,035,240, 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, 2023 and 2022 were \$71,175,253 and \$37,003,447, 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, 2023, and 2022 as shown to the right.

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, 2023 and 2022, respectively.

	2023	2022
Cash and cash equivalents	\$ 196,254,838	\$ 115,962,423
Investments	375,873,165	355,899,107
Diversified funds measured at NAV	48,000,377	42,670,848
Invested securities lending collateral	889,204	2,254,095
Total	\$ 621,017,584	\$ 516,786,473

Investment Type

As of December 31, 2023

	Fair Value	Investment Maturities (in Years)					More Than 20
		Less Than 1	1-5	6-10	11-20		
Asset-Backed Securities	\$ 27,751	—	1,259	—	22,012	4,480	
Corporate Bonds	147,788	21,463	8,280	58,331	59,714	—	
U.S. Government Agencies	3,185	—	661	2,524	—	—	
U.S. Treasuries	50,761	—	7,316	40,213	3,232	—	
Government-Backed Mortgage Securities	139,199	—	86	2,647	12,604	123,862	
Municipal Bonds	5,312	—	1,973	3,339	—	—	
Non-Government Backed CMO's	125	—	—	—	125	—	
Other Fixed Income	—	—	—	—	—	—	
Total Investments	\$ 374,121	21,463	19,575	107,054	97,687	128,342	

Notes to Financial Statements (Continued)

December 31, 2023 and 2022

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	—	—	—	—
Total Investments	\$ 354,156	9,412	118,312	70,017	40,950	115,465

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 3.35 to 5.59 and 3.38 to 5.63 as of December 31, 2023 and 2022, respectively. As of December 31, 2023 and 2022, 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, 2023 and 2022 are presented on page 40.



Notes to Financial Statements (Continued)

December 31, 2023 and 2022

Investment Type

As of December 31, 2023 (In thousands)

	Fair Value	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	NR
U.S. Treasuries	\$ 50,761	—	—	—	—	—	—	—	—	—	—	—	—	—	50,761
U.S. Government Agencies	3,185	328	—	—	—	—	—	—	—	2,850	—	—	—	—	7
Corporate Bonds	147,788	—	2,698	775	1,912	3,074	6,033	17,030	43,478	48,918	19,166	2,845	—	—	1,859
Government Mortgage-Backed Securities	139,199	—	—	—	—	—	—	—	—	—	—	—	—	—	139,199
Asset-Backed Securities	27,751	1,606	21,648	—	—	—	—	—	—	—	—	—	—	—	4,497
Municipal Bonds	5,311	316	—	—	3,338	—	—	1,657	—	—	—	—	—	—	—
Non-Government Backed CMO's	126	—	—	—	—	—	—	—	—	—	—	—	—	—	126
Other Fixed Income	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total investments	\$374,121	2,250	24,346	775	5,250	3,074	6,033	18,687	43,478	51,768	19,166	2,845	—	—	196,449

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
Total investments	\$354,156	591	28,266	757	7,652	4,743	3,973	13,860	41,531	51,335	16,906	7,945	—	722	175,875

Notes to Financial Statements *(Continued)*

December 31, 2023 and 2022

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 bank (Northern Trust) serves as the securities lending agent. 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, 2023, and 2022, PEHP had pledged non-cash collateral of \$889,204 and \$2,254,095, respectively.

As of December 31, 2023 and 2022, PEHP had no credit risk exposure to borrowers because the collateral exceeded the amount borrowed. The securities on loan as of December 31, 2023 and 2022 were \$872,939.82 and \$2,210,170 respectively, and the cash and noncash collateral received for those securities on loan was \$889,204 and \$2,254,095, 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, 2023 and 2022

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, 2023 (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. Level 3 valuation techniques use significant inputs that are unobservable. Level 3 debt securities use proprietary information or single source pricing.

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, 2023

Investments	(in thousands)	Fair Value Measurements Using			
		Fair Value	Level 1 Input	Level 2 Inputs	Level 3 Inputs
Asset-Backed Securities	\$	27,751	—	15,504	12,247
Corporate Bonds		147,788	—	146,947	841
U.S. Government Agencies		3,185	—	3,185	—
U.S. Treasuries		50,761	—	50,761	—
Government Backed Mortgage Securities		139,199	—	123,613	15,586
Municipal Bonds		5,312	—	5,312	—
Non-Government Backed CMO's		125	—	—	125
Other Fixed Income		676	571	3	102
Equities		1,752	1,752	—	—
Total investments	\$	376,549	2,323	345,325	28,901

Investments Measured at NAV (in thousands)	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Diversified funds	\$ 48,000	—	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, 2023 and 2022

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:

	2023	2022
IBNR Balance January 1st	\$ 177,159,000	\$ 180,855,891
Incurred claims related to:		
Current Year	990,797,196	940,448,530
Prior Year	(2,730,003)	(5,366,791)
Total incurred claims	988,067,193	935,081,739
Paid claims related to:		
Current Year	862,885,897	843,984,693
Prior Year	98,498,241	94,793,937
Total paid claims	961,384,138	938,778,630
IBNR Balance Dec 31st	\$ 203,842,055	\$ 177,159,000
Components of IBNR as reported above:		
Claims Payable	\$ 85,507,409	\$ 66,664,952
Estimated liability for claims incurred but not reported	54,413,334	42,446,759
Life insurance reserves	54,143,563	55,490,563
Long-term disability claims reserves	9,507,609	12,116,073
Long-term disability medical premium reserves	\$ 270,140	\$ 440,653
Total	\$ 203,842,055	\$ 177,159,000

Note 4

Policyholder Experience Dividends

During the years ended December 31, 2023 and 2022 the Board authorized experience dividends to participating agencies and members of \$8,232,045 and \$4,825,181 from claims contingency reserves accumulated by PEHP through the end of the prior fiscal period. Of these \$3,022,249 and \$1,999,047 were payable as of December 31, 2023 and 2022, 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, 2023, and 2022, 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, 2023 and 2022 by plan.

	2023	2022
Medical	\$ 8,232,045	\$ 4,825,181
Dental	—	—
Long-term disability	—	—
Total experience dividends	\$ 8,232,045	\$ 4,825,181

Notes to Financial Statements *(Continued)*

December 31, 2023 and 2022



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.

Notes to Financial Statements (Continued)

December 31, 2023 and 2022

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, 2023 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 2 401(k) option	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, 2023, 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	\$ 2,445,750	N/A
Tier 2 Public Employees System	1,157,918	N/A
Tier 2 401(k) option	390,028	N/A
Total contributions	\$ 3,993,696	

Notes to Financial Statements (Continued)

December 31, 2023 and 2022



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

At December 31, 2023, we reported a net pension asset of \$0 and a net pension liability of \$9,674,938.

	(Measurement Date): December 31, 2022				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2021	Change (Decrease)
Noncontributory System	\$ —	\$ 9,425,741	0.4365234%	0.4726850%	(0.0361616%)
Tier 2 Public Employees System	—	249,197	0.2288537%	0.2479659%	(0.0191122%)
Total net pension asset/liability	\$ —	\$ 9,674,938			

The net pension asset and liability was measured as of December 31, 2022 and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2022 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, 2023, we recognized pension expense of \$3,035,768.

At December 31, 2023, 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	\$ 1,724,940	9,887
Changes in assumptions	620,249	634
Net difference between projected and actual earnings on pension plan investments	1,720,284	—
Changes in proportion and differences between contributions and proportionate share of contributions	88,650	185,471
Contributions subsequent to the measurement date	3,993,696	—
Total	\$ 8,147,819	195,992

Notes to Financial Statements (Continued)

December 31, 2023 and 2022



\$3,993,696 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, 2022.

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
2023	\$ 91,546
2024	269,032
2025	726,180
2026	2,768,631
2027	21,535
Thereafter	\$ 81,207

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

For the year ended December 31, 2023, we recognized pension expense of \$2,557,729.

At December 31, 2023, 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	\$ 1,640,770	—
Changes in assumptions	539,347	—
Net difference between projected and actual earnings on pension plan investments	1,619,816	—
Changes in proportion and differences between contributions and proportionate share of contributions	43,980	172,665
Contributions subsequent to the measurement date	2,445,750	—
Total	\$ 6,289,663	172,665

\$2,445,750 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, 2022.

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
2023	\$ 76,943
2024	238,600
2025	678,007
2026	2,677,698
2027	—
Thereafter	\$ —

Notes to Financial Statements (Continued)

December 31, 2023 and 2022



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

For the year ended December 31, 2023, we recognized pension expense of \$478,039.

At December 31, 2023, 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	\$ 84,170	9,887
Changes in assumptions	80,902	634
Net difference between projected and actual earnings on pension plan investments	100,468	—
Changes in proportion and differences between contributions and proportionate share of contributions	44,670	12,806
Contributions subsequent to the measurement date	1,547,946	—
Total	\$ 1,858,156	23,327

\$1,547,946 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, 2022.

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
2023	\$ 14,603
2024	30,432
2025	48,173
2026	90,933
2027	21,535
Thereafter	\$ 81,207

Notes to Financial Statements (Continued)

December 31, 2023 and 2022

Actuarial Assumptions

The total pension liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.50 percent

Salary Increases: 3.50 - 9.25 percent, average, including inflation

Investment Rate of Return: 6.85 percent, net of pension plan investment expense, including inflation

Mortality rates were adopted from an actuarial experience study dated January 1, 2020. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using 80% of the ultimate rates from the MP-2019 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2022, valuation were based on an experience study of the demographic assumptions as of December 31, 2022.

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	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 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.

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 (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 23,558,680	9,425,741	(2,400,356)
Tier 2 Public Employees System	1,088,856	249,197	(397,653)
Total	\$ 24,647,536	9,674,938	(2,798,009)

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, 2023 and 2022

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:

	2023	2022	2021
401(k) Plan			
Employer contributions	\$1,143,258	1,043,091	1,104,391
Employee contributions	1,067,743	1,004,493	1,067,590
457(b) Plan			
Employer contributions	\$ —	—	—
Employee contributions	482,804	431,554	434,877
Roth IRA Plan			
Employer contributions	N/A	N/A	N/A
Employee contributions	\$ 206,745	209,737	235,499
Traditional IRA Plan			
Employer contributions	N/A	N/A	N/A
Employee contributions	\$ 17,445	12,774	10,641

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, 2023, the Last Actuarial Valuation Date)

Number of retirees	22
Inactive, nonretired	—
Active members	29
Total membership	51

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, 2023 and 2022

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	3.50% to 8.50%, including inflation
Demographic Assumptions	The demographic assumptions were based on the experience study covering experience through December 31, 2022, as conducted for the Utah Retirement Systems (URS).
Mortality Assumptions	Male retirees: 110% of 2020 PR UTAH Retiree Mortality Table for males, projected with ultimate rates from the MP-2020 mortality improvement scale using base year 2020. Female retirees: 110% of 2020 PR UTAH Retiree Mortality Table for females, projected with 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 7.00% in 2024, decreasing to an ultimate of 4.25% over 14 years. Post-65: Initial trend rate of 6.10% in 2023, decreasing to an ultimate of 4.25% over 11 years. Note: Since July 1, 2023, pre-65 premiums were known at the time of the valuation, no trend was assumed in 2023 for pre-65 premiums.

Net OPEB Liability/(Asset)

The net OPEB liability was measured as of December 31, 2023. 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, 2023, and rolled-forward using generally accepted actuarial procedures. The combined total net OPEB liability/(asset) is \$(412,436). 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	\$	2,216,419
Plan fiduciary net position	\$	2,628,855
Net OPEB liability/(asset)	\$	(412,436)
Plan fiduciary net position as a percentage of total OPEB liability		118.6%
Net OPEB liability/(asset) as a percentage of covered payroll		(18.6)%

Schedule of OPEB Expense Under GASB Statement No. 75

Fiscal Year Ending December 31, 2023

Service cost	\$	18,731
Interest on the total OPEB liability		177,099
Current-period benefit changes		—
Employee contributions		—
Projected earnings on plan investments		(172,711)
OPEB plan administrative expense		14,198
Other changes in plan fiduciary net position		—
Recognition of outflow (inflow) of resources due to liabilities		(6,445)
Recognition of outflow (inflow) of resources due to assets		(67,318)
Total OPEB expense	\$	(36,446)

Deferred Outflows and Deferred Inflows Related to OPEB

Fiscal Year Ending December 31, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience, liability	\$ 333,989	(451,120)
Changes in assumption	51,785	(13,406)
Difference between expected and actual experience, assets	17,233	—
Total	\$ 403,007	(464,526)

Notes to Financial Statements (Continued)

December 31, 2023 and 2022

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

Fiscal Year Ending December 31

	2023	2022	2021	2020
Total OPEB Liability				
Service cost	\$ 18,731	18,533	16,834	17,453
Interest on the total OPEB liability	177,099	181,689	135,165	137,409
Difference between expected and actual experience	(488,740)	(7,965)	779,648	77,448
Changes of assumptions	55,154	—	24,219	(40,890)
Benefit payments	(243,690)	(275,046)	(223,236)	(223,566)
Net change in total OPEB liability	(481,446)	(82,789)	732,630	(32,146)
Total OPEB liability - beginning	2,697,865	2,780,654	2,048,024	2,080,170
Total OPEB liability - ending (a)	2,216,419	2,697,865	2,780,654	2,048,024
Plan Fiduciary Net Position				
OPEB plan net investment income	236,472	(158,410)	481,054	337,622
Benefit payments	(243,690)	(275,046)	(223,236)	(223,566)
OPEB plan administrative expense	(14,198)	(13,998)	(21,040)	(13,830)
Net change in plan fiduciary net position	(21,416)	(447,454)	236,778	100,226
Plan fiduciary net position - beginning	2,650,271	3,097,725	2,860,947	2,760,721
Plan fiduciary net position - ending (b)	2,628,855	2,650,271	3,097,725	2,860,947
Net OPEB liability/(asset) - ending (a) - (b)	\$ (412,436)	47,594	(317,071)	(812,923)
Plan fiduciary net position as a percentage of total OPEB liability	118.60%	98.24%	111.40%	139.69%
Covered-employee payroll	\$ 2,214,090	2,239,013	2,239,013	2,704,431
Net OPEB liability as a percentage of covered-employee payroll	(18.63)%	2.13%	14.16%	(30.06)%

Deferred Outflows and Inflows to be Recognized in Future OPEB Expense

Year Ending December 31,	Net Deferred Outflows (Inflows)
2024	\$ (33,020)
2025	56,456
2026	(43,402)
2027	(41,553)
2028	—
Total	\$ (61,519)

The actuarial valuation was performed as of January 1, 2023. Update procedures were used to roll forward the total OPEB liability to December 31, 2023. All assumptions and methods used to develop the December 31, 2023 total OPEB liability are identical to those used in the January 1, 2022, 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, 2023 and 2022

2019	2018	2017
18,741	19,025	20,368
170,621	168,468	163,821
(448,274)	18,998	9,425
—	—	—
(213,062)	(137,673)	(114,488)
(471,974)	68,818	79,126
2,552,144	2,483,326	2,404,200
2,080,170	2,552,144	2,483,326
361,102	(10,079)	335,699
(213,062)	(137,673)	(114,488)
(24,012)	(1,080)	—
124,028	(148,832)	221,211
2,636,693	2,785,525	2,564,314
2,760,721	2,636,693	2,785,525
(680,551)	(84,549)	(302,199)
132.72%	103.31%	112.17%
2,704,431	3,165,708	3,165,708
(25.16)%	(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, 2023 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%	6.87%	2.40%
Debt securities	20	1.54	0.31
Real assets	18	5.43	0.98
Private equity	12	9.80	1.18
Absolute return	15	3.86	0.58
Cash and cash equivalents	—	0.24	—
Totals	100%		5.45%
Inflation			2.50
Expected arithmetic nominal return			7.95%

*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, 2023 and 2022

Required Contributions

For the year ended December 31, 2023, the annual cost (expense) of \$0 for and was equal to the ARC. The net Other Post-Employment Benefits (OPEB) obligation for 2023 is shown on page 65.

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
2014	\$ 198,402	198,402	—	4,835,836	4.1%
2015	—	—	—	3,556,251	—
2016	—	—	—	2,593,658	—
2017	—	—	—	3,165,708	—
2018	—	—	—	3,165,708	—
2019	—	—	—	2,704,431	—
2020	—	—	—	2,704,431	—
2021	—	—	—	2,239,013	—
2022	—	—	—	2,239,013	—
2023	—	—	—	2,214,090	—

Notes to the Schedule of Contributions

Valuation Date: January 1, 2023

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	3.50% to 8.50%, 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 ultimate rates from the MP-2020 mortality improvement scale using a base year of 2020. Female retirees: 110% of 2020 PR UTAH Retiree Mortality Table for females, projected with ultimate rates from the MP-2020 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 7.00% in 2024, decreasing to an ultimate of 4.25% over 14 years. Post-65: Initial trend rate of 6.10% in 2023, decreasing to an ultimate of 4.25% over 11 years. Note: Since July 1, 2023, pre-65 premiums were known at the time of the valuation, no trend was assumed in 2023 for pre-65 premiums.

Notes to Financial Statements (Continued)

December 31, 2023 and 2022



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, 2023 and a measurement date of December 31, 2023.

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 3.77% (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%
\$ (287,084)	\$ (412,436)	\$ (529,269)

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
\$ (552,929)	\$ (412,436)	\$ (258,685)

Notes to Financial Statements *(Continued)*

December 31, 2023 and 2022



Note 7 Related Party Transactions

PEHP makes payments to the Systems for administrative expenses. Such payments and expenses totaled \$43,067,650 and \$39,362,761 during the years ended December 31, 2023, and 2022, respectively. At December 31, 2023, and 2022, the cash due to the Systems for PEHP is \$4,688,982 and \$1,336,425, 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 2025 and will be amortized over 10 years. Right-to-use intangible assets are amortized over the contract term from 2 to 16 years.

Note 10 Compensated Absences

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.

The compensated absences liability for PEHP employees calculated on the pay rates in effect at period end, which has been included in the accompanying financial statements, as of December 31, 2023, amounted to \$2,484,846, a net increase of \$570,441 from the December 31, 2022, amount of \$1,914,405. This represents unused leave expected to be paid to employees. The amount estimated to be due within one year is \$1,161,346.

Notes to Financial Statements (Continued)

December 31, 2023 and 2022

**Capital Assets**

December 31, 2023

	December 31, 2023			
	Beginning Balance	Additions	Deletions	Equipment Ending Balance
Furniture and equipment	\$ 46,927	—	—	46,927
Computer equipment	17,360	—	—	17,360
Software construction in progress	6,259,698	3,104,618	—	9,364,316
Right to use assets	—	24,948,584	—	24,948,584
Vehicles	382,238	—	—	382,238
Total	\$ 6,706,223	28,053,202	—	34,759,425
	Accumulated Depreciation			
	Beginning Balance	Additions	Deletions	Ending Balance
Furniture and equipment	\$ 46,927	—	—	46,927
Computer equipment	17,360	—	—	17,360
Software construction in progress	—	—	—	—
Right-to-use assets	—	1,812,763	—	1,812,763
Vehicles	382,238	—	—	382,238
Total	\$ 446,525	1,812,763	—	2,259,288
Net capital assets				\$ 32,500,137

December 31, 2022

	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
Computer software	—	6,259,698	—	6,259,698
Right-to-use assets	—	—	—	—
Vehicles	382,238	—	—	382,238
Total	\$ 451,725	6,259,698	(5,200)	6,706,223
	Accumulated Depreciation			
	Beginning Balance	Additions	Deletions	Ending Balance
Furniture and equipment	\$ 46,927	—	—	46,927
Computer equipment	22,560	—	(5,200)	17,360
Computer software	—	—	—	—
Right-to-use assets	—	—	—	—
Vehicles	374,934	7,304	—	382,238
Total	\$ 444,421	7,304	(5,200)	446,525
Net capital assets				\$ 6,259,698

Notes to Financial Statements (Continued)

December 31, 2023 and 2022

Note 11

Net Investment Income

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

	2023	2022
Interest dividends, and other income	\$ 15,630,563	11,413,332
Net appreciation (depreciation) in fair value of investments	21,970,825	(50,237,843)
Total income from investment activity	37,601,388	(38,824,511)
Less: investment expenses	422,100	390,041
Net investment income	\$ 37,179,288	(39,214,552)

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

Lease Commitments

PEHP participates in Subscription-Based IT Arrangements (SBITAs). Although the terms vary, most leases and SBITAs are subject to annual appropriations to continue the SBITA obligations. If an appropriation is reasonably assured, leases and SBITAs are considered noncancellable for financial reporting purposes. Lease and SBITA terms also include any options to extend that are reasonably certain will be exercised. In the Statements of Net Position, software subscription assets is included with the capital assets, net of accumulated depreciation, and a corresponding liability are recorded at the inception of the lease or SBITA at the present value of the future minimum payments. The principal portion of the SBITA payment reduces the liability, and the interest portion is expensed. In the Statements of Net Position, the principal and interest portions of the SBITA payments are recorded as expenditures. PEHP subscription liability payments were \$1,104,676 in principal and \$1,055,116 in interest for fiscal year 2023. See Note 9 for additional information on software subscription assets, including accumulated amortization. Principal and interest required payments for software subscriptions are as follows:

Right-to-Use Assets

Year	Total Interest Required	Total Principal Required	Total Amount Required
2024	\$ 1,002,000	1,222,000	2,224,000
2025	945,000	1,279,000	2,224,000
2026	886,000	1,088,000	1,974,000
2027	837,000	1,026,000	1,863,000
2028	789,000	1,074,000	1,863,000
2029-2033	3,166,000	6,115,000	9,281,000
2034-2038	1,475,000	8,931,000	10,406,000
2039-2043	31,000	1,639,000	1,670,000
Total	\$ 9,131,000	22,374,000	31,505,000

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, 2023

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.

	2014	2015
1) Required premiums, investment revenue, and interest income:		
Premiums earned	\$ 505,622	514,357
2) Unallocated expenses	31,836	28,013
3) Estimated incurred losses	—	—
Incurred	467,419	498,908
Ceded	—	—
Net Incurred	467,419	498,908
4) Paid (cumulative) as of:	—	—
End of policy year	424,825	452,298
One year later	466,292	497,795
Two years later	465,950	496,845
Three years later	465,798	496,435
Four years later	—	—
Five years later	—	—
Six years later	—	—
Seven years later	—	—
Eight years later	—	—
Nine years later	—	—
5) Reestimated ceded losses and expense	467,419	498,908
6) Reestimated incurred losses and expenses	—	—
End of policy year	467,419	498,908
One year later	466,329	497,686
Two years later	466,935	496,790
Three years later	465,798	496,435
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	\$ (1,622)	(2,473)

See Independent Auditor's Report.

	2016	2017	2018	2019	2020	2021	2022	2023
	570,033	637,214	695,851	754,095	797,527	821,244	852,984	958,441
	29,180	31,077	33,260	34,355	36,300	36,673	37,759	41,129
	—	—	—	—	—	—	—	—
	539,617	598,659	650,304	712,884	763,720	831,099	843,276	907,210
	—	—	—	—	—	—	—	—
	539,617	598,659	650,304	712,884	763,720	831,099	843,276	907,210
	—	—	—	—	—	—	—	—
	489,747	547,899	598,239	652,539	639,492	733,566	748,229	762,626
	539,600	598,435	652,378	711,613	739,114	828,072	846,782	—
	597,726	597,726	652,332	711,189	741,975	828,346	—	—
	597,539	597,539	652,210	710,740	741,647	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	539,617	598,659	650,304	712,884	763,720	831,099	843,276	907,210
	—	—	—	—	—	—	—	—
	539,617	598,659	650,304	712,884	763,720	831,099	843,276	907,210
	539,523	598,415	652,672	739,690	742,400	828,614	848,748	—
	539,159	597,726	679,094	711,053	741,838	828,407	—	—
	538,631	597,566	652,193	710,721	733,843	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	(986)	(1,093)	1,889	(2,163)	4,463	(2,692)	5,472	—

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*

Noncontributory System	2023	2022	2021
Proportion of the net pension liability/(asset)	0.4365234%	0.4554813%	0.4759655%
Proportionate share of the net pension liability/(asset)	\$ 9,425,741	\$ (3,112,050)	\$ 6,345,200
Covered employee payroll	\$ 10,678,940	\$ 10,963,945	\$ 11,275,389
Proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	88.3 %	(28.4%)	56.3%
Plan fiduciary net position as a percentage of the total pension liability	91.6%	102.7%	94.3%
Tier 2 Public Employees System	2023	2022	2021
Proportion of the net pension liability/(asset)	0.2288537%	0.2389410%	0.2719702%
Proportionate share of the net pension liability/(asset)	\$ 249,197	\$ (101,129)	\$ 39,117
Covered employee payroll	\$ 4,986,412	\$ 4,432,506	\$ 4,349,894
Proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	5.0%	(2.3)%	0.9%
Plan fiduciary net position as a percentage of the total pension liability	92.3%	103.8%	98.3%

* 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

2020	2019	2018	2017	2016
0.4794816%	0.4508382%	0.4544553%	0.4283833%	0.4142337%
\$ 10,652,651	\$ 16,773,512	\$ 11,113,078	\$ 13,883,546	\$ 13,012,267
\$ 11,399,694	\$ 11,623,196	\$ 11,674,107	\$ 11,217,836	\$ 8,867,342
93.5%	144.3%	95.2%	123.8%	146.7%
90.1%	84.1%	89.2%	84.9%	84.5%

2020	2019	2018	2017	2016
0.2889381%	0.2889381%	0.2854840%	0.2985041%	0.2985967%
\$ 64,984	\$ 64,984	\$ 122,266	\$ 26,318	\$ (652)
\$ 4,015,501	\$ 4,015,501	\$ 3,332,718	\$ 2,923,350	\$ 1,879,519
1.6%	1.6%	3.7%	0.9%	—%
96.5%	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, 2023 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
Noncontributory System	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
	2023	2,445,750	2,445,750	—	11,047,567	22.14
Tier 2 Public Employees System	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
	2023	1,157,918	1,157,918	—	5,839,121	19.83
Tier 2 Public Employees DC Only System	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
	2023	390,028	390,028	—	3,895,266	10.01

*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)**

Fiscal Year Ending December 31

	2023	2022	2021	2020
Total OPEB Liability				
Service Cost	\$ 18,731	18,533	16,834	17,453
Interest on the total OPEB liability	177,099	181,689	135,165	137,409
Difference between expected and actual experience	(488,740)	(7,965)	779,648	77,448
Changes of assumptions	55,154	—	24,219	(40,890)
Benefit payments	(243,690)	(275,046)	(223,236)	(223,566)
Net change in total OPEB liability	(481,446)	(82,789)	732,630	(32,146)
Total OPEB liability- beginning	2,697,865	2,780,654	2,048,024	2,080,170
Total OPEB liability- ending (a)	\$ 2,216,419	2,697,865	2,780,654	2,048,024
Plan Fiduciary Net Position				
Employee contributions	—	—	—	—
OPEB plan net investment income	236,472	(158,410)	481,054	337,622
Benefit payments	(243,690)	(275,046)	(223,236)	(223,566)
OPEB plan administrative expense	(14,198)	(13,998)	(21,040)	(13,830)
Net change in plan fiduciary net position	(21,416)	(447,454)	236,778	100,226
Plan fiduciary net position – beginning	2,650,271	3,097,725	2,860,947	2,760,721
Plan fiduciary net position – ending (b)	2,628,855	2,650,271	3,097,725	2,860,947
Net OPEB liability/(asset) – ending (a)-(b)	\$ (412,436)	47,594	(317,071)	(812,923)
Plan fiduciary net position as a percentage of total OPEB Covered-employee payroll	118.6%	98.2%	111.4%	139.7%
Net OPEB liability as a percentage of covered-employee payroll	(18.63)%	2.13%	14.16%	(30.06)%

Net OPEB Liability/(Asset)

The net OPEB liability was measured as of December 31, 2023. 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, 2023, and rolled-forward using generally accepted actuarial procedures. The combined total net OPEB liability/(asset) is \$(412,436). 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	\$ 2,216,419
Plan fiduciary net position	2,628,855
Net OPEB liability/(asset)	\$ (412,436)
Plan fiduciary net position as a percentage of total OPEB liability	118.61%
Net OPEB liability/(asset) as a percentage of covered payroll	(18.63)%



Public Employees Health Program

Notes to Required Supplementary Information

For the Fiscal Year Ended December 31, 2023

Note 1

Changes in Assumptions

No changes were made in actuarial assumptions from the prior year's valuation in determining the net pension liability.

Changes in calculating the net OPEB liability include updates to the mortality improvement assumption, salary increase assumption, disability incidence assumption, assumed retirement rates, and assumed termination rates, as recommended with the January 1, 2023, actuarial experience study.



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

September 27, 2024

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

Dear Members of Utah Retirement Systems:

The destabilizing geopolitical events I described in last year's annual letter intensified significantly in 2023, but financial conditions improved as the most aggressive tightening of U.S. monetary policy in 40 years reached its conclusion last fall. Specifically, after 11 increases in short-term interest rates, the U.S. Federal Reserve paused its rate-hike campaign in September after making considerable headway in its battle against the acute inflationary pressures that have plagued the U.S. economy during its post-Covid recovery. Indeed, the Fed's third quarter pause ignited powerful rallies in both global stock and bond markets that turned investment results in 2023 from red to black in a matter of weeks! With broad and diverse exposure to global equities and fixed-rate bonds, the URS Defined Benefit fund realized corresponding gains and ended last year with a return that exceeded its actuarial assumption.

Year in Review

After the excruciating bear market most financial asset categories suffered the previous year, relief was not on offer early in 2023. Despite peaking on a month-over-month basis in June 2022, consumer price inflation (CPI) and other price pressure barometers remained well above Fed targets as 2023 unfolded. Measures of elevated service sector inflation proved particularly persistent, which undoubtedly informed the Fed's four additional rate hikes in 2023, and which by July had culminated in a 5.5% funds rate, the highest level in 22 years.

However, by September, CPI had finally receded to an annual run rate of approximately 3%, while specific components (e.g., goods and energy) recorded negative month-over-month trends (i.e., price decreases). This progress, particularly the deflation in certain goods markets, enabled the Fed to pause the rate hike campaign it began in March 2022. Market participants quickly interpreted this pause as the long-awaited and much welcomed "all clear" signal from the planet's supreme monetary authority, and financial asset prices moved up immediately and, in some cases, sharply.

For example, the S&P 500, a broad index of large U.S. company shares, advanced 26.3% in 2023, of which 11.7% was realized in the year's final quarter. Similarly, the Bloomberg Aggregate Bond Index (the "Bloomberg Ag"), a bellwether bond benchmark comprised of investment-grade corporate and U.S. Treasury securities, was headed for a "never before in history" third consecutive year of negative returns. After the Fed's September pause, bonds rallied, and the Bloomberg Ag recovered to end the year 5.5% ahead.

Investments *(Continued)*



These results are testament to the power of monetary policy, as neither the collapse of super regional banks SVB and First Republic last Spring nor the horrific October 7 invasion of Israel by Hamas could derail financial markets once the Fed's pivot to a more accommodative stance became clear. In fact, 2023 ended with a euphoric stock market burst as investors began to broadly extrapolate the vast potential of artificial intelligence (AI) and its many commercial, industrial and scientific applications. AI-related investment enthusiasm continued into 2024 and by many accounts has now eclipsed the internet stock craze that ended in the notorious "Tech Wreck" bear market of 2000 to 2002. Today, a mere handful of technology stocks comprise over 25% of the S&P 500 market capitalization (including AI-darling Nvidia, Inc.), and are currently trading at price/earnings ratios equal to or above the "dot.com" bubble valuations that prevailed at the turn of the 21st century. So, while 2024 is certainly off to a good start in terms of financial market performance, warning signs from bear markets past are starting to appear.

Investment Results

At the total fund level, the URS Defined Benefit (DB) fund advanced 9.4% last year, comfortably above its 6.85% actuarial assumption. Its funded status, as determined on a fair market value basis, recovered to 94.4% on December 31, 2023, up slightly from 94.0% at December 31, 2022. The fund's 2023 investment performance ranked in the 82nd percentile of U.S. public pension plans, an outcome consistent with its deliberately defensive positioning, while its current funded status remains near the very top of its public plan peer group.

The DB fund's public equity portfolio, which comprised 34% of fund assets last year, advanced 21.7% in 2023, a tad better than the 21.6% gain registered by that portfolio's FTSE Global All Cap benchmark. Bonds and other fixed income securities comprised 16% of DB fund assets in 2023 and recorded gains of 6.1%, beating the Fixed Income benchmark's 5.5% advance by over a half percentage point. The fund's private equity portfolio was marked at 12% of total fund assets on December 31, 2023, and contributed a modest 3.2% return to total fund results last year, significantly behind its Russell 3000 + 2.5% benchmark, which ended 2023 up 28.51%.

Real assets, which include real estate, timber, and agriculture as well as investments in energy, mining, and infrastructure, comprised 19% of DB fund value last year and ended 2023 essentially flat in terms of combined return. This performance included a 6.4% contribution from the fund's dedicated energy investments, which benefited from continued U.S. economic strength and global supply concerns associated with renewed Middle East hostilities. Other diversifying investments include the DB fund's Absolute Return Portfolio (ARP), which comprised approximately 16% of DB fund value last year and generated a 6.2% return, well behind its benchmark's 10.0% result. As described in last year's letter, the ARP is among the DB fund's more defensive elements, so its underperformance in a strong bull market for stocks is a predictable and expected outcome.

Looking Ahead

The U.S. economy remains the world's strongest and made fools of most forecasters last year. Predictions of imminent recession or even the milder "soft landing" scenario were unequivocally dispatched by 2023's "Goldilocks" combination of falling inflation and continued growth in both employment and consumer spending.

Investments *(Continued)*



Favorable trends for inflation and jobs remain intact so far in 2024, while industrial activity has also recently turned up as both corporate executives and entrepreneurs appear to have regained confidence in the near-term outlook.

On the negative side of the ledger, the U.S. consumer looks tapped out as evidenced by rising credit card balances and an uptick in auto loan delinquencies. Concerns about regional bank balance sheets have also reemerged given continued weakness in commercial real estate values. For example, many office properties now trade or appraise at discounts to pre-Covid prices of 50% or more! Finally, last year's expansion of geopolitical turmoil shows no signs of abating and may instead become further amplified as elections in over 75 countries are held this year. The U.S. will of course occupy political center stage as a rematch between Presidents Trump and Biden now appears all but certain, and the battle for House and Senate majorities will be close.

However, any and perhaps all of the above may prove moot as investors' primary focus for the remainder of 2024 will be when and to what degree the Federal Reserve cuts short-term interest rates. At the time of this writing, the Fed has signaled a willingness to begin cutting rates provided its progress on inflation, although somewhat uneven, continues toward the hallowed 2% annual CPI target. A major economic dislocation or sharp escalation of geopolitical turmoil could certainly (and adversely) affect financial markets, but absent an event well outside current consensus, the direction and amplitude of stock and bond prices in 2024 will most likely be determined by the continued effectiveness of Fed policy.

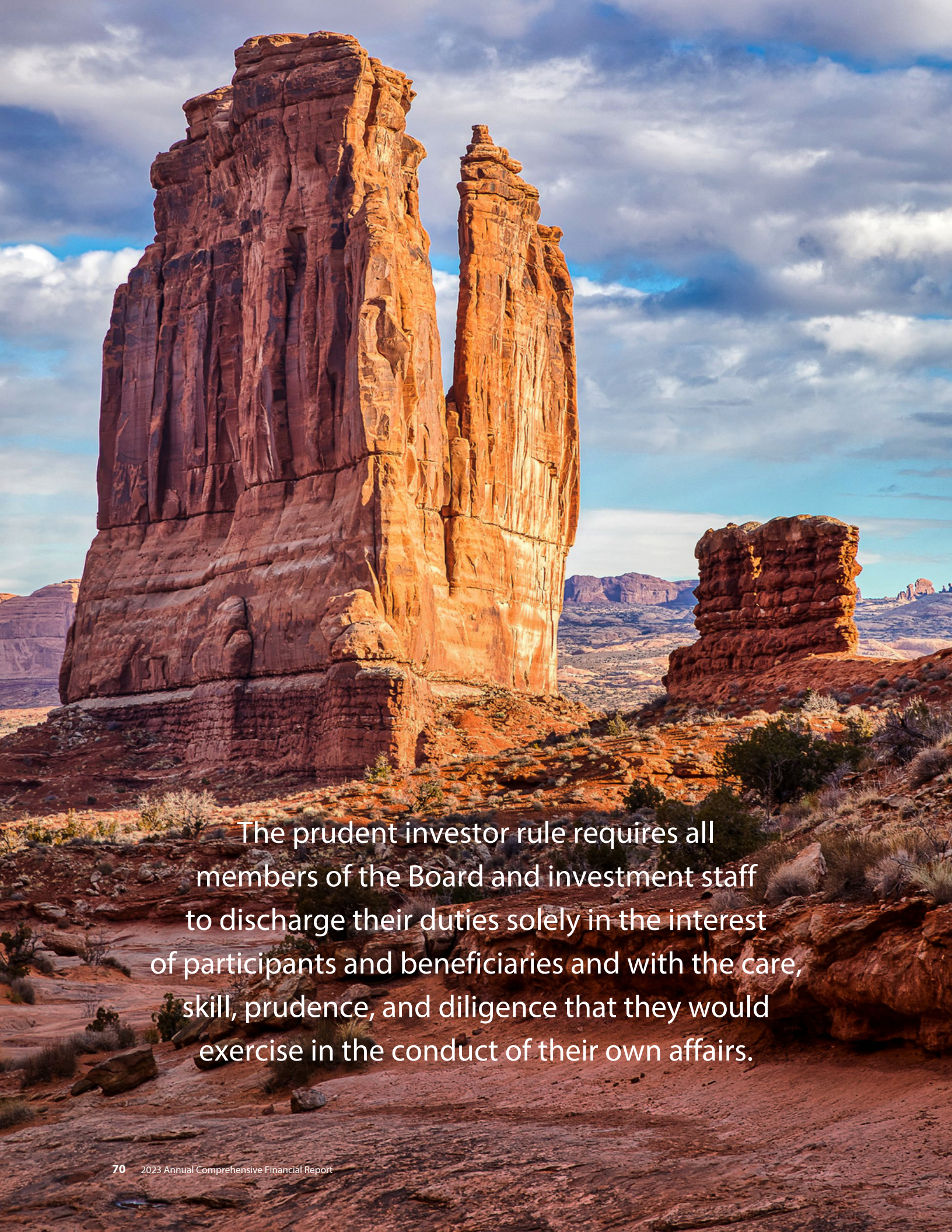
Conclusion

After the 2022 setback, last year's URS DB fund investment performance recovered nicely in absolute terms and met expectations in relative terms. As previously described, our intentionally "risk aware" approach to asset allocation, portfolio construction, and manager selection is designed to keep fund performance consistent with peers and market averages during bull markets but hold up better (i.e., lose less money) when those same markets head south. This asymmetric return profile (average upside results, better than average downside results) will generate a higher overall return at which DB fund capital compounds. More simply put, and as ratified by the URS Retirement Board, our approach prioritizes long-term fund solvency over performance results in any one year.

My staff and I feel privileged to represent Utah while competing at the top of the investment management food chain, and securing employers' retirement promises to URS members and their beneficiaries remains our sole and exclusive focus. While our crystal ball is probably a little clearer than a winter's day inversion in Salt Lake City, uncertainty and risk are perennial hallmarks of the environment in which we operate. Fortunately, the outstanding URS governance structure fortifies our program with the resources and guidance necessary to enable successful navigation through financial market fog.

Sincerely,

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.

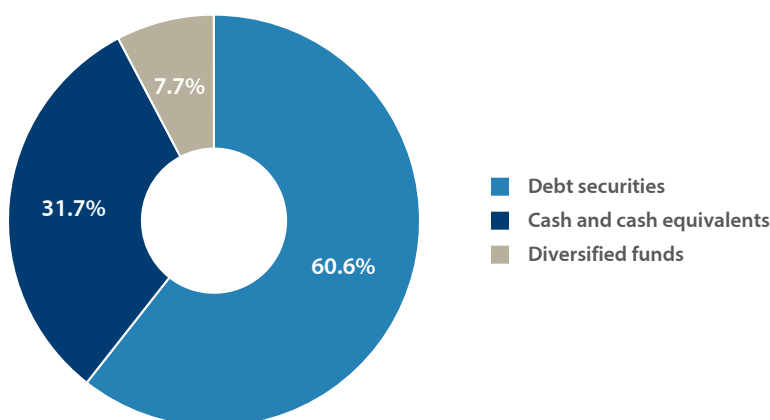
Statutes establish that this Fund will be invested in accordance with the “prudent investor rule.” The prudent investor rule requires all members of the Board and investment staff to discharge their duties solely in the interest of participants and beneficiaries and with the care, skill, prudence, and 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 for PEHP and adopted by the Board. The investment objectives are as follows:

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

- » Insure that 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 31.7%, Debt securities 60.6%, Diversified funds of 7.7%.



Investments at Fair Value

December 31,	2015	2016	2017	2018	2019	2020	2021	2022	2023
Cash and cash equivalents	20.4%	25.7	24.8	34.3	28.0	27.1	20.0	22.5	31.7
Debt securities	79.6	74.3	75.2	65.7	72.0	72.9	71.0	69.2	60.6
Diversified funds	—	—	—	—	—	—	9.0	8.3	7.7
	100.0%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Investments (Continued)



Public Employees Health Program

Comparative Investment Results

Year Ending December 31, 2023

Investment Option

Comparative Index	1-year	3-year	5-year
Cash and cash equivalents	5.35%	(1.24)%	2.21%
<i>Custom cash benchmark *</i>	5.34	(2.06)	1.14
Fixed Income	6.82	(1.24)	2.20
<i>Bloomberg US Intermediate Aggregate Index</i>	5.18	(2.06)	1.14
Diversified funds **	12.49	N/A	N/A
<i>Custom diversified benchmark</i>	11.69	NA	NA
Total Fund ***	7.18	(0.71)	2.10
<i>Fund custom benchmark</i>	6.14	(2.34)	1.29

* 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 (Continued)



List of Largest Assets Held

December 31, 2023

Largest Debt Security Holdings

Description	Par Value	Fair Value
United States Treasury Note 3.75% 6-30-2030	\$ 17,690,000	17,555,252
SLM Student Loans CL A-7A 1-25-2041	12,533,752	12,247,296
MFB Northern Institutional Funds Government Portfolio Class A	9,500,933	9,500,933
United States Treasury Note 4.0% 7-31-2030	9,355,000	9,419,316
FHLMC Pool RA7194 3.5% 4-1-2052	9,904,247	9,144,314
FNMA Pool CB3594 3.5% 5-1-2052	8,921,996	8,238,888
FNMA Pool FM7599 3.5% 1-1-2051	7,659,174	7,113,170
FHLMC Pool RA7128 3.5% 4-1-2052	7,323,489	6,761,578
FNMA 2.0% 2-1-2051	7,987,278	6,645,141
FNMA Pool CB6902 2.0% 9-1-2050	7,869,905	6,514,206

Schedule of Investment Fees

Investment advisor fees:*	
Cash and cash equivalents	\$ 4,014
Debt securities	364,837
Diversified funds	44,159
Total investment advisor fees	\$ 413,010

*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
Medical Program	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	228,464,059	725,225,526	15,862,210	—	13,007,263	754,094,999	664,828,723
	2020	262,130,912	767,094,257	15,981,550	—	14,450,922	797,526,729	672,515,577
	2021	290,499,715	813,528,805	18,265,420	—	(2,072,408)	829,721,817	804,162,806
	2022	250,481,916	854,368,087	18,369,701	—	(19,753,937)	852,983,851	813,687,091
	2023	252,552,339	925,005,864	14,963,087	—	17,267,972	957,236,923	844,662,167
Dental Program	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	5,408,346	29,046,865	—	—	52,350	29,099,215	26,797,638
	2019	6,485,031	30,003,604	—	—	429,111	30,432,715	28,188,373
	2020	6,960,230	30,560,203	—	—	478,029	31,038,232	25,020,752
	2021	9,935,943	31,061,050	—	—	(66,524)	30,994,526	28,406,461
	2022	9,830,481	31,595,726	—	—	(662,726)	30,933,000	28,716,522
	2023	7,715,717	31,813,014	—	—	579,323	32,392,337	31,740,432
Long Term Disability Program	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	26,832,664	9,309,980	—	—	(5,816,511)	3,493,469	2,817,550
	2023	27,318,330	12,018,097	—	—	5,084,523	17,102,620	2,329,641

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	512,016,468	26,161,058	2,409,625	540,587,151	29,446,156	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	656,402,681	39,448,778	228,464,059
7,975,697	13,268,290	686,072,710	30,877,872	3,477,564	720,428,146	33,666,853	262,130,912
14,706,077	45,636,364	732,858,018	31,692,050	4,607,858	769,157,926	28,368,803	290,499,715
18,718,639	10,185,453	833,066,898	32,175,708	4,497,010	869,739,616	(40,017,799)	250,481,916
(5,357,952)	4,825,181	813,154,320	33,180,093	4,579,015	850,913,428	2,070,423	252,552,339
31,938,497	8,232,045	884,832,709	35,952,308	5,177,115	925,962,132	31,274,791	283,827,130
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	30,250,412	1,762,040	—	32,012,452	(2,522,776)	5,408,346
(350,051)	(2,165)	26,445,422	1,427,824	149,284	28,022,530	1,076,685	6,485,031
9,373	133	28,197,879	1,455,592	304,045	29,957,516	475,199	6,960,230
1,041,874	287,932	26,350,558	1,476,038	235,923	28,062,519	2,975,713	9,935,943
898,608	—	29,305,069	1,500,377	294,542	31,099,988	(105,462)	9,830,481
2,388,488	—	31,105,010	1,543,322	399,432	33,047,764	(2,114,764)	7,715,717
(836,216)	—	30,904,216	1,643,787	436,713	32,984,716	(592,379)	7,123,338
5,432,887	—	9,920,342	1,261,687	—	11,182,029	(2,043,171)	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	26,832,664
(1,363,732)	—	1,453,818	1,553,985	—	3,007,803	485,666	27,318,330
(4,054,601)	—	(1,724,960)	2,101,909	—	376,949	16,725,671	44,044,001

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
Term Life Program	2016	\$ 15,634,285	14,223,834	—	—	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	26,326,999	14,339,987	—	—	1,655,048	15,995,035	10,165,940
	2020	30,091,658	14,826,169	—	—	1,848,757	16,674,926	10,121,906
	2021	33,742,543	14,320,814	—	—	(270,386)	14,050,428	14,129,784
	2022	32,131,019	13,439,381	—	—	(2,576,893)	10,862,488	12,511,498
	2023	29,239,318	13,816,410	—	—	2,252,600	16,069,010	11,515,631
Retiree Life Program	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	(17,288,620)	5,323,847	—	—	2,364,408	7,688,255	4,836,749
	2020	(13,387,365)	5,509,829	—	—	2,521,638	8,031,467	5,276,750
	2021	(19,526,623)	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
	2023	(13,640,003)	6,342,814	—	—	5,302,547	11,645,361	5,753,582
Reinsurance Program	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	37,539,830	27,006,506	—	—	288,732	27,295,238	31,684,984
	2019	33,127,857	34,150,647	—	—	3,427,059	37,577,706	43,212,050
	2020	27,418,435	45,892,751	—	—	3,664,917	49,557,668	43,159,901
	2021	33,737,533	58,609,529	—	—	(494,212)	58,115,317	55,963,950
	2022	35,875,295	67,558,487	—	—	(4,830,833)	62,727,654	64,297,012
	2023	34,284,933	79,649,858	—	—	4,222,889	83,872,747	58,337,281

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	10,741,461	1,721,982	39,575	12,503,018	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	6,168,281	26,326,999
262,466	—	10,428,406	1,736,152	65,818	12,230,376	3,764,659	30,091,658
1,052,744	—	11,174,650	1,793,966	55,425	13,024,041	3,650,885	33,742,543
(318,580)	—	13,811,204	1,737,445	113,303	15,661,952	(1,611,524)	32,131,019
(710,397)	—	11,801,101	1,695,547	257,541	13,754,189	(2,891,701)	29,239,318
855,779	—	12,371,410	1,829,115	310,024	14,510,549	1,558,461	30,797,779
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	—	7,101,170	(1,728,746)	(17,288,620)
(451,839)	—	4,384,910	(597,910)	—	3,787,000	3,901,255	(13,387,365)
8,640,523	—	13,917,273	253,452	—	14,170,725	(6,139,258)	(19,526,623)
(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)
(1,220,404)	—	4,533,178	312,096	—	4,845,274	6,800,087	(6,839,916)
—	—	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)	37,539,830
—	—	31,684,984	217	22,010	31,707,211	(4,411,973)	33,127,857
—	—	43,212,050	3,834	71,244	43,287,128	(5,709,422)	27,418,435
—	—	43,159,901	119	78,550	43,238,570	6,319,098	33,737,533
—	—	55,963,950	96	13,509	55,977,555	2,137,762	35,875,295
—	—	64,297,012	2,642	18,362	64,318,016	(1,590,362)	34,284,933
—	—	58,337,281	2,867,879	19,025	61,224,185	22,648,562	56,933,495

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	
HRA Plan	2016	\$	—	8,343	—	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		30,989,912	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		44,145,080	26	—	7,691,580	466,127	8,157,733	7,011,602
	2023		45,155,020	505	—	6,981,139	2,469,434	9,451,078	7,045,404
OPEB and Pension Plan	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)	—	—	—	—	—	—
	2023		5,221,535	—	—	—	—	—	—
All PEHP Plans	2016	\$	189,506,528	628,475,663	11,580,698	28,439,724	10,825,858	679,321,943	575,915,572
	2017		245,666,127	694,255,468	15,381,086	7,638,014	9,526,339	726,800,907	653,463,950
	2018		267,089,839	764,289,512	13,603,756	9,208,581	3,246,460	790,348,309	697,526,410
	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		386,017,958	982,024,567	18,369,701	7,691,580	(39,214,872)	968,870,976	935,081,733
	2023		380,264,464	1,068,646,562	14,963,087	6,981,139	37,179,288	1,127,770,076	961,384,138

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	27,462,308	27,462,309
—	—	4,314,686	30,933	—	4,345,619	3,527,603	30,989,912
—	—	5,113,301	2,092	—	5,115,393	4,704,620	35,694,532
—	—	6,618,921	172,545	—	6,791,466	3,229,135	38,923,667
—	—	5,956,041	115,874	—	6,071,915	2,964,773	41,888,440
—	—	6,516,556	—	—	6,516,556	2,256,640	44,145,080
—	—	7,011,602	136,191	—	7,147,793	1,009,940	45,155,020
—	—	7,045,404	146,633	—	7,192,037	2,259,041	47,414,061
—	—	—	—	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
—	—	—	(988,996)	—	(988,996)	988,996	6,210,531
10,476,888	2,226,785	588,619,245	31,602,802	2,671,324	622,893,371	56,159,597	245,666,127
1,338,302	15,199,613	670,001,865	32,422,115	2,953,215	705,377,195	21,423,712	267,089,839
1,390,968	6,819,770	705,737,148	34,839,793	3,333,229	743,910,170	46,438,139	313,527,978
4,535,248	13,271,035	779,355,946	35,522,995	3,918,671	818,797,612	48,492,609	362,020,587
22,604,456	51,165,296	839,032,897	37,601,305	4,977,756	881,611,958	42,378,457	404,399,044
6,702,794	10,185,453	935,481,250	35,362,956	4,918,364	975,762,570	(18,381,086)	386,017,958
(3,696,885)	4,825,181	936,210,029	33,160,091	5,254,350	974,624,470	(5,753,494)	380,264,464
26,683,055	8,232,045	996,299,238	43,864,731	5,942,877	1,046,106,846	81,663,230	461,927,694

Public Employees Health Program

Supplementary Information

Public Employees Health Program

Statement of Net Position by Program

As of December 31, 2023

	Medical	Dental	Long-Term Disability
Assets:			
Cash and cash equivalents	\$ 136,849,680	2,517,563	4,446,008
Investments	212,126,517	7,046,813	59,293,998
Invested securities lending collateral	522,140	17,518	153,743
Receivables:			
Premiums and service fees	47,399,335	3,401,701	871,790
Securities and interest receivable	1,959,147	65,247	523,334
Employer contributions	—	—	—
Other receivables	19,554,023	23,631	178,539
Total receivables	68,912,505	3,490,579	1,573,663
Capital assets net of accumulated depreciation	—	—	—
Net pension asset	—	—	—
Net OPEB asset:	—	—	—
Total assets	418,410,842	13,072,473	65,467,412
Deferred Outflows of Resources:			
OPEB related amounts	—	—	—
Pension related amounts	—	—	—
Total deferred outflows	—	—	—
Liabilities:			
Claims payable	78,007,130	3,197,753	—
Estimated liability for claims incurred but not reported	40,516,679	2,585,201	11,311,454
Life insurance reserves	—	—	—
Long-term disability claims reserves	—	—	9,507,609
Long-term disability medical premium reserves	—	—	270,140
Premiums payable	179,517	(43,080)	4,228
Unearned premiums	2,168,098	170,706	1,723
Investment accounts payable	469,285	15,745	138,179
PPCA and other accrued expenses payable	1,585,884	3,165	31,518
Taxes payable	26,609	2,127	(2,072)
Experience dividend payable	3,022,249	—	—
Due to other agencies and other liabilities	8,086,121	—	6,889
Security lending liability	522,140	17,518	153,743
Net pension liability	—	—	—
Total liabilities	134,583,712	5,949,135	21,423,411
Deferred Inflow of Resources:			
OPEB related amounts	—	—	—
Pension related amounts	—	—	—
Total deferred inflows	—	—	—
Net Position:			
Restricted for claims contingency reserves	283,827,130	7,123,338	44,044,001
Restricted for benefits	—	—	—
Total net position	\$ 283,827,130	7,123,338	44,044,001

Public Employees Health Program

Term Life	Retiree Life	Reinsurance	Health Reimbursement Arrangement Plan (HRA)	OPEB and Pensions	Totals
8,988,093	(2,464,063)	13,336,904	32,580,653	—	196,254,838
27,145,049	48,000,378	53,879,303	16,381,484	—	423,873,542
68,113	—	127,690	—	—	889,204
732,349	—	1,070,455	—	—	53,475,630
259,070	—	450,391	225,758	—	3,482,947
—	—	—	267	—	267
10,464	—	(27,998)	—	—	19,738,659
1,001,883	—	1,492,848	226,025	—	76,697,503
—	—	32,500,137	—	—	32,500,137
—	—	—	—	—	—
—	—	—	—	412,436	412,436
37,203,138	45,536,315	101,336,882	49,188,162	412,436	730,627,660
—	—	—	—	403,007	403,007
—	—	—	—	8,147,819	8,147,819
—	—	—	—	8,550,826	8,550,826
4,302,526	—	—	—	—	85,507,409
—	—	—	—	—	54,413,334
1,767,332	52,376,231	—	—	—	54,143,563
—	—	—	—	—	9,507,609
—	—	—	—	—	270,140
2,061	—	6,339	—	—	149,065
28,455	—	—	—	—	2,368,982
61,218	—	114,765	—	—	799,192
175,654	—	7,149,348	30,279	—	8,975,848
—	—	(114)	—	—	26,550
—	—	—	—	—	3,022,249
—	—	37,005,359	1,743,822	—	46,842,191
68,113	—	127,690	—	—	889,204
—	—	—	—	9,674,938	9,674,938
—	—	—	—	—	—
6,405,359	52,376,231	44,403,387	1,774,101	9,674,938	276,590,274
—	—	—	—	464,526	464,526
—	—	—	—	195,992	195,992
—	—	—	—	660,518	660,518
30,797,779	(6,839,916)	56,933,495	—	(1,372,194)	414,513,633
—	—	—	47,414,061	—	47,414,061
30,797,779	(6,839,916)	56,933,495	47,414,061	(1,372,194)	461,927,694

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

For Year Ended December 31, 2023

	Medical	Dental	Long-Term Disability
Revenues:			
Premiums earned, service fees, and other revenue net of funds	\$ 925,005,864	31,813,014	12,018,097
Federal subsidy	14,963,087	—	—
Employer contributions	—	—	—
Net Investment income	17,267,972	579,323	5,084,523
Miscellaneous income	—	—	—
Total revenues	957,236,923	32,392,337	17,102,620
Expenses:			
Insurance benefits:			
Health/pharmacy claims paid	822,179,833	—	—
Dental claims paid	—	31,740,432	—
Disability claims paid	—	—	2,329,641
Life claims paid	—	—	—
Reinsurance premiums	71,151,460	—	—
Provision for unpaid claims and claims incurred but not	31,938,497	(836,216)	(4,054,601)
Reinsurance claims paid	(48,669,126)	—	—
Experience dividends	8,232,045	—	—
Total insurance benefits	884,832,709	30,904,216	(1,724,960)
Administrative and other expenses:			
Administrative expenses	35,673,469	1,643,787	2,101,909
Commissions	5,177,115	436,713	—
PPACA fees	278,839	—	—
Other expenses	—	—	—
Total expenses	925,962,132	32,984,716	376,949
Revenues over (under) benefits and expenses	31,274,791	(592,379)	16,725,671
Net Position:			
Beginning of year, restricted for claim contingency and benefits	252,552,339	7,715,717	27,318,330
End of year, restricted for claims contingency and benefits	\$ 283,827,130	7,123,338	44,044,001

See Independent Auditor's Report.

Public Employees Health Program

Term Life	Retiree Life	Reinsurance	Health Reimbursement Arrangement Plan	OPEB and Pensions	Totals
13,815,139	6,342,814	79,649,858	505	—	1,068,645,291
—	—	—	—	—	14,963,087
—	—	—	6,981,139	—	6,981,139
2,252,600	5,302,547	4,222,889	2,469,434	—	37,179,288
1,271	—	—	—	—	1,271
16,069,010	11,645,361	83,872,747	9,451,078	—	1,127,770,076
—	—	—	7,045,404	—	829,225,237
—	—	—	—	—	31,740,432
—	—	—	—	—	2,329,641
11,193,260	5,753,582	—	—	—	16,946,842
322,371	—	—	—	—	71,473,831
855,779	(1,220,404)	—	—	—	26,683,055
—	—	58,337,281	—	—	9,668,155
—	—	—	—	—	8,232,045
12,371,410	4,533,178	58,337,281	7,045,404	—	996,299,238
1,829,115	312,096	—	146,633	—	41,707,009
310,024	—	19,025	—	—	5,942,877
—	—	—	—	—	278,839
—	—	2,867,879	—	(988,996)	1,878,883
14,510,549	4,845,274	61,224,185	7,192,037	(988,996)	1,046,106,846
1,558,461	6,800,087	22,648,562	2,259,041	988,996	81,663,230
29,239,318	(13,640,003)	34,284,933	45,155,020	(2,361,190)	380,264,464
30,797,779	(6,839,916)	56,933,495	47,414,061	(1,372,194)	461,927,694

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

December 31, 2023

	State of Utah	Salt Lake City	Local Government Risk Pool (LGRP)
Assets:			
Cash and cash equivalents	\$ 548,601	7,120,405	97,486,914
Investments	124,101,568	13,230,924	54,846,173
Invested securities lending collateral	303,872	34,323	128,145
Receivables:			
Premiums and service fees	25,714,149	128,905	10,299,588
Securities and interest receivable	1,142,560	126,962	498,022
Other receivables	6,416,444	321,320	2,622,334
Total receivables	33,273,153	577,187	13,419,944
Total assets	158,227,194	20,962,839	165,881,176
Liabilities:			
Claims payable	36,274,837	4,228,237	27,952,614
Estimated liability for claims incurred but not reported	15,930,643	1,705,755	17,790,384
Premiums payable (pass through dental and vision)	(79,240)	—	180,521
Unearned premiums	124,142	1,962	1,564
Investment accounts payable	273,004	30,849	115,164
PPACA and other accrued expenses payable	245,566	18,541	68,466
Taxes payable	(14,640)	245	9,818
Experience dividend payable	—	—	3,022,249
Due to other agencies and other liabilities	145,483	731,478	530,433
Security lending liability	303,872	34,323	128,145
Total liabilities	53,203,667	6,751,390	49,799,358
Net Position:			
Restricted for claims contingency reserves	\$ 105,023,527	14,211,449	116,081,818

See Independent Auditor's Report.

Public Employees Health Program

Utah School Boards Association (USBA)	Self Funded Health Care Groups	Medicare Supplement	Totals
989,749	3,581,962	27,122,049	136,849,680
15,304,595	—	4,643,257	212,126,517
38,769	—	17,031	522,140
5,012,917	4,126,037	2,117,739	47,399,335
96,363	5,582	89,658	1,959,147
1,440,543	751,565	8,001,817	19,554,023
6,549,823	4,883,184	10,209,214	68,912,505
—	—	—	—
22,882,936	8,465,146	41,991,551	418,410,842
5,483,048	—	4,068,394	78,007,130
2,810,920	—	2,278,977	40,516,679
(49)	4,105	74,180	179,517
2,276	4,657	2,033,497	2,168,098
34,845	—	15,423	469,285
16,500	1,233,284	3,527	1,585,884
7,323	7,970	15,893	26,609
—	—	—	3,022,249
149	6,678,578	—	8,086,121
38,769	—	17,031	522,140
8,393,781	7,928,594	8,506,922	134,583,712
14,489,155	536,552	33,484,629	283,827,130

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

For the Year Ended December 31, 2023

	State of Utah	Salt Lake City	Local Government Risk Pool (LGRP)
Revenues:			
Premiums and service fees	\$ 418,726,605	40,243,199	251,640,863
Federal subsidy	—	—	—
Net Investment income	10,046,057	1,135,122	4,237,593
Total revenues	428,772,662	41,378,321	255,878,456
Expenses:			
Insurance benefits:			
Health/pharmacy claims paid	383,617,687	36,066,061	189,841,077
Reinsurance premiums	24,855,722	3,598,221	38,506,223
Provisions for unpaid claims and claims incurred but not	3,260,581	2,591,162	20,783,699
Reinsurance claims paid	(16,835,085)	(3,701,761)	(24,298,695)
Experience dividends	—	2,112,558	6,119,487
Total insurance benefits	394,898,905	40,666,241	230,951,791
Administrative and other expenses:			
Administrative expenses	14,458,996	1,942,450	9,619,175
PPACA fees	151,934	17,823	87,506
Commissions	—	—	5,138,571
Total expenses	409,509,835	42,626,514	245,797,043
Revenues over (under) expenses	19,262,827	(1,248,193)	10,081,413
Net Position:			
Beginning of year, restricted for claim contingency	85,760,700	15,459,642	106,000,405
End of year, restricted for claim contingency reserve	\$ 105,023,527	14,211,449	116,081,818

See Independent Auditor's Report.

Public Employees Health Program

Utah School Boards Association (USBA)	Self Funded Health Care Groups	Medicare Supplement	Totals
49,942,827	122,843,129	41,609,241	925,005,864
—	—	14,963,087	14,963,087
1,282,159	—	567,041	17,267,972
51,224,986	122,843,129	57,139,369	957,236,923
41,565,245	117,556,141	53,533,622	822,179,833
4,191,294	—	—	71,151,460
2,798,679	—	2,504,376	31,938,497
(3,585,304)	(248,281)	—	(48,669,126)
—	—	—	8,232,045
44,969,914	117,307,860	56,037,998	884,832,709
1,836,502	5,247,549	2,568,797	35,673,469
17,846	3,730	—	278,839
—	38,544	—	5,177,115
46,824,262	122,597,683	58,606,795	925,962,132
4,400,724	245,446	(1,467,426)	31,274,791
10,088,431	291,106	34,952,055	252,552,339
14,489,155	536,552	33,484,629	283,827,130

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

December 31, 2023

	State of Utah	Salt Lake City	Local Government Risk Pool (LGRP)	Retiree Dental	Totals
Assets:					
Cash and cash equivalents	\$ (202,021)	440,056	1,952,663	326,865	2,517,563
Investments	4,253,032	645,547	2,144,755	3,479	7,046,813
Invested securities lending collateral	10,404	1,601	5,513	—	17,518
Receivables:					
Premiums and service fees	1,238,780	9,878	1,232,263	920,780	3,401,701
Securities and interest receivable	38,164	6,773	20,093	217	65,247
Other receivables	14,264	2,647	6,720	—	23,631
Total receivables	1,291,208	19,298	1,259,076	920,997	3,490,579
Total assets	5,352,623	1,106,502	5,362,007	1,251,341	13,072,473
Liabilities:					
Claims payable	1,802,025	247,899	852,182	295,647	3,197,753
Estimated liability for claims incurred but not reported	1,466,181	170,056	751,632	197,332	2,585,201
Premiums payable (pass through dental and vision)	(43,459)	—	379	—	(43,080)
Unearned premiums	30,047	12,524	59	128,076	170,706
Investment accounts payable	9,351	1,439	4,955	—	15,745
PPCA and other accrued expenses	1,707	328	1,130	—	3,165
Taxes payable	—	—	1,083	1,044	2,127
Security lending liability	10,404	1,601	5,513	—	17,518
Total liabilities	3,276,256	433,847	1,616,933	622,099	5,949,135
Net Position:					
Restricted for claims contingency reserves	\$ 2,076,367	672,655	3,745,074	629,242	7,123,338

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, 2023

	State of Utah	Salt Lake City	Local Government Risk Pool (LGRP)	Retiree Dental	Totals
Revenues:					
Premiums and service fees	\$ 18,150,613	2,543,644	9,492,592	1,626,165	31,813,014
Investment income	344,065	52,933	182,325	—	579,323
Total revenues	18,494,678	2,596,577	9,674,917	1,626,165	32,392,337
Expenses:					
Insurance benefits:					
Health/pharmacy claims paid	18,623,199	2,724,992	8,689,255	1,702,986	31,740,432
Provision for unpaid claims and claims incurred but not reported	(539,559)	(147,283)	(192,449)	43,075	(836,216)
Total insurance benefits	18,083,640	2,577,709	8,496,806	1,746,061	30,904,216
Administrative and other expenses:					
Administrative expenses	945,286	122,620	441,968	133,913	1,643,787
Commissions	—	—	436,713	—	436,713
Total expenses	19,028,926	2,700,329	9,375,487	1,879,974	32,984,716
Revenues over (under) expenses	(534,248)	(103,752)	299,430	(253,809)	(592,379)
Net Position:					
Beginning of year, restricted for claim contingency	2,610,615	776,407	3,445,644	883,051	7,715,717
End of year, restricted for claim contingency reserve	\$ 2,076,367	672,655	3,745,074	629,242	7,123,338

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, 2023



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

As of Fiscal Year July 1, 2022 - June 30, 2023

With Comparative Totals for June 30, 2022

	June 30, 2023	June 30, 2022
Assets:		
Cash and cash equivalents	\$ 148,135,796	108,478,504
Investments	407,740,755	401,942,923
Invested securities lending collateral	1,432,110	—
Receivables:		
Premiums and service fees	46,454,297	40,669,388
Investments	2,762,134	30,672,860
Other receivables	25,368,766	23,688,370
Total receivables	74,585,197	95,030,618
Capital assets net of accumulated depreciation	33,097,256	4,274,300
Net OPEB asset	3,213,179	317,071
Total assets	668,204,293	610,043,416
Deferred Outflow of Resources:		
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
Liabilities:		
Claims payable	26,949,931	28,413,862
Estimated liability for claims incurred but not reported	89,937,815	96,970,344
Life insurance reserves	55,490,563	54,917,602
Long-term disability claims reserves	9,013,498	13,303,146
Long-term disability medical premium reserves	264,104	407,848
Premiums payable	456,943	372,333
Unearned premiums	4,490,801	3,144,376
Investment accounts payable	294,999	58,754,958
PPCA and other accrued expenses payable	4,411,254	1,973,839
Taxes payable	(363)	2,255
Experience dividend payable	169,306	72,208
Due to other agencies and other liabilities	48,984,707	23,806,806
Security lending liability	1,432,110	—
Net pension liability	—	6,384,317
Net OPEB liability	47,594	—
Total liabilities	241,943,262	288,523,894
Deferred Inflows of Resources:		
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
Net Position:		
Restricted for claims contingency reserves	373,390,300	274,301,471
Restricted for benefits	47,343,956	45,702,572
Total net position	\$ 420,734,256	320,004,043

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

Fiscal Year July 1, 2022 - June 30, 2023

With Comparative Totals for June 30, 2022

	June 30, 2023	June 30, 2022
Revenues:		
Premiums earned and service fees, net of refunds	\$ 1,025,477,350	955,423,480
Federal subsidy	18,291,226	18,777,906
Employer contributions	7,173,769	8,223,736
Net investment income	13,663,330	(36,858,796)
Miscellaneous income	1,271	12,496
Total revenues	1,064,606,946	945,578,822
Expenses:		
Insurance benefits:		
Claims	930,125,184	959,050,938
Change in unpaid claims and claimed incurred but not reported	(12,356,891)	(15,951,662)
Experience dividends	6,031,950	6,471,161
Total insurance benefits	923,800,243	949,570,437
Administrative and other expenses:		
Administrative expenses	39,313,525	37,238,922
Commissions	5,744,929	5,168,779
PPACA fees	239,571	269,084
Other	(5,221,535)	(1,781,194)
Total expenses	963,876,733	990,466,028
Revenues over (under) expenses	100,730,213	(44,887,206)
Net Position:		
Beginning of year, restricted for claim contingency and benefits	320,004,043	364,891,249
End of year, restricted for claims contingency and benefits	\$ 420,734,256	320,004,043

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

For the Fiscal Year Ended June 30, 2023

With Comparative Totals for June 30, 2022

	June 30, 2023	June 30, 2022
Cash flows from operating activities:		
Cash received from premiums and service fees, and other revenue net of refunds	\$ 1,046,505,802	982,537,142
Cash paid for insurance benefits	(930,040,570)	(958,956,660)
Cash paid for administrative and other expenses	(42,845,234)	(41,547,797)
Policyholder experience dividends paid	(5,934,852)	(6,719,577)
Net cash provided (used) by operating activities	67,685,146	(24,686,892)
Cash flows from investing activities:		
Investment income	9,831,757	(1,477,875)
Proceeds from maturities of sales of fixed income securities	56,661,026	205,894,695
Purchases of fixed income securities	(89,176,517)	(189,824,347)
Payments for acquisition of capital assets	(3,874,372)	(4,274,300)
Payments for acquisition of right to use assets	(24,948,584)	—
Net cash provided (used) by investing activities	(51,506,690)	10,318,173
Cash flows from capital and related financing activities:		
Proceeds from issuance of debt for right to use assets	24,948,584	—
Payments of debt for right to use assets	(1,469,748)	—
Net cash provided (used) by financing activities	23,478,836	—
Net increase in cash and cash equivalents	39,657,292	(14,368,719)
Cash and cash equivalents at beginning of year	108,478,504	122,847,223
Cash and cash equivalents at end of year	148,135,796	108,478,504
Reconciliation of revenue over benefits and expenses to net cash provided by operating activities:		
Revenue over benefits and expenses	100,730,213	(44,887,207)
Adjustments to reconcile revenue over (under) benefits and expenses to net cash provided (used) by operating activities:		
Depreciation	—	14,610
Net investment income	(13,663,330)	36,858,796
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	(5,784,763)	188,185
Employer contributions	530	7,429
Prepaid expenses and other current assets	(1,681,072)	(2,053,376)
Claims payable	(5,753,578)	(19,223,135)
Liability for claims incurred but not reported	(7,032,529)	18,685,260
Life insurance reserves	572,961	(12,085,295)
Long-term disability claim reserves	—	(3,155,182)
Long-term disability medical premium reserves	(143,744)	(173,310)
Experience dividend payable	97,098	(248,416)
Due to other agencies and other liabilities	1,699,067	2,923,392
Premium payables	84,610	94,277
Unearned premiums	1,346,422	(29,413)
Accrued expense payable	2,437,414	177,784
Taxes payable	(2,618)	(97)
Net cash provided by operating activities	\$ 67,685,146	(24,686,892)

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, 2023

	Medical	Dental	Long-Term Disability
Assets:			
Cash and cash equivalents	\$ 112,932,635	4,480,095	(1,399,879)
Investments	206,561,839	6,860,125	57,655,489
Invested securities lending collateral	840,934	28,213	247,612
Receivables:			
Premiums and service fees	42,383,198	2,526,386	551,851
Investments receivable	1,608,385	53,479	420,053
Employer contributions	—	—	—
Other receivables	24,281,789	27,960	180,732
Total receivables	68,273,372	2,607,825	1,152,636
Capital assets net of accumulated depreciation	—	—	—
Net OPEB asset	—	—	—
Total assets	388,608,780	13,976,258	57,655,858
Deferred Outflow of Resources:			
OPEB related amounts	—	—	—
Pension related amounts	—	—	—
Total deferred outflows	—	—	—
Liabilities:			
Claims payable	—	—	—
Estimated liability for claims incurred but not reported	22,594,652	1,035,128	—
Life insurance reserves	75,112,021	4,057,327	10,768,467
Long-term disability claims reserves	—	—	—
Long-term disability medical premium reserves	—	—	9,013,498
Premiums payable	—	—	264,104
Unearned premiums	330,602	115,793	4,228
Investment accounts payable	3,741,322	48,574	28
PPCA and other accrued expenses payable	41,948	(18,162)	(260,116)
Taxes payable	598,152	3,571	31,346
Experience dividend payable	1,786	16	(2,222)
Due to other agencies and other liabilities	169,306	—	—
Security lending liability	9,170,829	—	3,934
Net pension liability	840,934	28,213	247,612
Total liabilities	112,601,552	5,270,460	20,070,879
Deferred Inflows of Resources:			
OPEB related amounts	—	—	—
Pension related amounts	—	—	—
Total deferred inflows	—	—	—
Net Position:			
Restricted for claims contingency reserves	276,007,228	8,705,798	37,584,979
Restricted for benefits	—	—	—
Total net position	\$ 276,007,228	8,705,798	37,584,979

Public Employees Health Program

Term Life	Retiree Life	Reinsurance	Health Reimbursement Arrangement Plan (HRA)	OPEB and Pensions	Totals
8,847,688	(2,261,130)	(12,504,107)	38,040,494	—	148,135,796
26,419,139	45,843,415	52,518,459	11,882,289	—	407,740,755
109,700	—	205,651	—	—	1,432,110
668,188	—	324,674	—	—	46,454,297
213,314	—	364,612	102,291	—	2,762,134
—	—	—	267	—	267
14,464	—	863,554	—	—	25,368,499
895,966	—	1,552,840	102,558	—	74,585,197
—	—	33,097,256	—	—	33,097,256
—	—	—	—	3,213,179	3,213,179
36,272,493	43,582,285	74,870,099	50,025,341	3,213,179	668,204,293
—	—	—	—	—	—
—	—	—	—	535,706	535,706
—	—	—	—	535,706	535,706
—	—	—	—	—	—
3,320,151	—	—	—	—	26,949,931
—	—	—	—	—	89,937,815
1,893,928	53,596,635	—	—	—	55,490,563
—	—	—	—	—	9,013,498
—	—	—	—	—	264,104
60	—	6,260	—	—	456,943
27,439	486,230	—	187,208	—	4,490,801
(54,220)	—	255,455	330,094	—	294,999
13,887	27,559	3,732,725	4,014	—	4,411,254
—	—	57	—	—	(363)
—	—	—	—	—	169,306
—	—	37,649,875	2,160,069	—	48,984,707
109,700	—	205,651	—	—	1,432,110
5,310,945	54,110,424	41,850,023	2,681,385	—	241,895,668
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
30,961,548	(10,528,139)	33,020,076	—	(2,361,190)	373,390,300
—	—	—	47,343,956	—	47,343,956
30,961,548	(10,528,139)	33,020,076	47,343,956	(2,361,190)	420,734,256

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

Fiscal Year July 1, 2022 - June 30, 2023

	Medical	Dental	Long-Term Disability
Revenues:			
Premiums and service fees	\$ 893,131,076	32,091,558	9,971,761
Federal subsidy	18,291,226	—	—
Employer contributions	—	—	—
Investment income	5,079,962	170,428	1,495,786
Miscellaneous income	—	—	—
Total revenues	916,502,264	32,261,986	11,467,547
Expenses:			
Insurance benefits:			
Health/pharmacy claims paid	799,713,960	—	—
Dental claims paid	—	28,639,420	—
Disability paid claims	—	—	2,598,594
Life claims paid	—	—	—
Reinsurance premiums	63,602,587	—	—
Provision for unpaid claims and claims incurred but not reported	(7,873,871)	27,478	(5,146,809)
Reinsurance claims paid	(55,841,247)	—	—
Experience dividends	6,031,950	—	—
Total insurance benefits	805,633,379	28,666,898	(2,548,215)
Administrative and other expenses:			
Administrative expenses	34,042,848	1,613,065	1,491,471
Commissions	5,021,225	442,754	—
PPACA fees	239,571	—	—
Other	—	—	—
Total expenses	844,937,023	30,722,717	(1,056,744)
Revenues over (under) expenses	71,565,241	1,539,269	12,524,291
Net Position:			
Beginning of year, restricted for claim contingency and benefits	204,441,987	7,166,529	25,060,688
End of year, restricted for claims contingency and benefits	\$ 276,007,228	8,705,798	37,584,979

Public Employees Health Program

Term Life	Retiree Life	Reinsurance	Health Reimbursement Arrangement Plan (HRA)	OPEB and Pensions	Totals
13,412,874	5,803,869	71,066,196	16	—	1,025,477,350
—	—	—	—	—	18,291,226
—	—	—	7,173,769	—	7,173,769
662,679	3,313,758	1,242,307	1,698,410	—	13,663,330
1,271	—	—	—	—	1,271
14,076,824	9,117,627	72,308,503	8,872,195	—	1,064,606,946
—	—	—	7,090,074	—	806,804,034
—	—	—	—	—	28,639,420
—	—	—	—	—	2,598,594
10,539,864	5,565,834	—	—	—	16,105,698
343,645	—	—	—	—	63,946,232
(710,397)	1,346,708	—	—	—	(12,356,891)
—	—	67,872,453	—	—	12,031,206
—	—	—	—	—	6,031,950
10,173,112	6,912,542	67,872,453	7,090,074	—	923,800,243
1,775,414	247,348	2,642	140,737	—	39,313,525
262,233	—	18,717	—	—	5,744,929
—	—	—	—	—	239,571
—	—	—	—	(5,221,535)	(5,221,535)
12,210,759	7,159,890	67,893,812	7,230,811	(5,221,535)	963,876,733
1,866,065	1,957,737	4,414,691	1,641,384	5,221,535	100,730,213
29,095,483	(12,485,876)	28,605,385	45,702,572	(7,582,725)	320,004,043
30,961,548	(10,528,139)	33,020,076	47,343,956	(2,361,190)	420,734,256

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

As of June 30, 2023

	State of Utah	Salt Lake City	Local Government Risk Pool (LGRP)
Assets:			
Cash and cash equivalents	\$ (22,676,414)	7,390,385	84,660,475
Investments	120,863,714	12,865,126	53,480,590
Invested securities lending collateral	489,208	55,279	206,378
Receivables:			
Premiums and service fees	20,932,826	9,103	11,059,448
Investments	938,525	103,904	411,945
Misc. receivables/prepaid expenses	10,931,440	888,474	4,651,302
Total receivables	32,802,791	1,001,481	16,122,695
Capital assets net of accumulated depreciation	—	—	—
Total assets	131,479,299	21,312,271	154,470,138
Liabilities:			
Claims payable	13,176,330	1,269,126	5,862,401
Estimated liability for claims incurred but not reported	33,578,796	2,664,205	24,395,917
Premiums payable (pass through dental and vision)	(37,652)	—	233,681
Unearned premiums	149,284	3,581,426	2,473
Investment accounts payable	94,959	(63,461)	260,788
PPACA and other accrued expenses payable	337,863	34,600	111,778
Taxes payable	(4,285)	111	3,591
Experience dividend payable	—	—	169,306
Due to other agencies and other liabilities	1,343,127	713,218	556,124
Security lending liability	489,208	55,279	206,378
Total liabilities	49,127,630	8,254,504	31,802,437
Net Position:			
Restricted for claims contingency reserves	\$ 82,351,669	13,057,767	122,667,701

Public Employees Health Program

Utah School Board Associations (USBA)	Self Funded Healthcare Groups	Medicare Supplement	Totals
85,111	4,157,949	39,315,129	112,932,635
14,891,414	—	4,460,995	206,561,839
62,440	—	27,629	840,934
4,107,285	3,000,071	3,274,465	42,383,198
70,319	5,582	78,110	1,608,385
986,588	966,480	5,857,505	24,281,789
5,164,192	3,972,133	9,210,080	68,273,372
—	—	—	—
20,203,157	8,130,082	53,013,833	388,608,780
1,354,065	—	932,730	22,594,652
5,513,464	—	8,959,639	75,112,021
28	2,601	131,944	330,602
2,762	3,319	2,058	3,741,322
(605)	—	(249,733)	41,948
25,009	28,066	60,836	598,152
1,234	1,000	135	1,786
—	—	—	169,306
149	6,558,211	—	9,170,829
62,440	—	27,629	840,934
6,958,546	6,593,197	9,865,238	112,601,552
13,244,611	1,536,885	43,148,595	276,007,228

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

Fiscal Year July 1, 2022 - June 30, 2023

	State of Utah	Salt Lake City	Local Government Risk Pool (LGRP)
Revenues:			
Premiums and service fees	\$ 399,335,403	38,865,912	242,641,648
Federal subsidy	—	—	—
Investment income	2,955,236	333,935	1,246,391
Miscellaneous income	—	—	—
Total revenues	402,290,639	39,199,847	243,888,039
Expenses:			
Insurance benefits:			
Health/pharmacy claims paid	381,519,314	33,169,147	189,374,425
Reinsurance premiums	21,596,721	3,265,586	34,916,870
Provision for unpaid claims and claims incurred but not reported	(7,584,968)	(1,320,277)	(2,573,755)
Reinsurance claims paid	(21,327,312)	(3,494,615)	(27,535,282)
Experience dividends	(95)	2,112,558	3,919,487
Total insurance benefits	374,203,660	33,732,399	198,101,745
Administrative and other expenses:			
Administrative expenses	13,982,766	1,855,000	9,148,988
PPACA fees	146,971	17,155	83,488
Commissions	—	—	4,983,234
Total expenses	388,333,397	35,604,554	212,317,455
Revenues over (under) expenses	13,957,242	3,595,293	31,570,584
Net Position:			
Beginning of year, restricted for claim contingency	68,394,427	9,462,474	91,097,117
End of year, restricted for claim contingency reserve 06-30-2021	\$ 82,351,669	13,057,767	122,667,701

Public Employees Health Program

Utah School Board Associations (USBA)	Self Funded Healthcare Groups	Medicare Supplement	Totals
47,881,891	116,927,098	47,479,124	893,131,076
—	—	18,291,226	18,291,226
377,191	—	167,209	5,079,962
—	—	—	—
48,259,082	116,927,098	65,937,559	916,502,264
40,248,073	111,069,834	44,333,167	799,713,960
3,823,410	—	—	63,602,587
(1,512,471)	—	5,117,600	(7,873,871)
(3,728,418)	244,380	—	(55,841,247)
—	—	—	6,031,950
38,830,594	111,314,214	49,450,767	805,633,379
1,791,760	4,735,640	2,528,694	34,042,848
17,104	(25,147)	—	239,571
—	37,991	—	5,021,225
40,639,458	116,062,698	51,979,461	844,937,023
7,619,624	864,400	13,958,098	71,565,241
5,624,987	672,485	29,190,497	204,441,987
13,244,611	1,536,885	43,148,595	276,007,228

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

As of June 30, 2023

	State of Utah	Salt Lake City	Local Government Risk Pool (LGRP)	Retiree Dental	Totals
Assets:					
Cash and cash equivalents	\$ 231,940	478,981	2,401,174	1,368,000	4,480,095
Investments	4,142,156	628,490	2,086,000	3,479	6,860,125
Invested securities lending collateral	16,756	2,578	8,879	—	28,213
Receivables:					
Premiums and service fees	1,062,313	2,148	925,927	535,998	2,526,386
Investments	31,175	5,698	16,389	217	53,479
Other receivables	20,638	2,040	5,003	279	27,960
Total receivables	1,114,126	9,886	947,319	536,494	2,607,825
Total assets	5,504,978	1,119,935	5,443,372	1,907,973	13,976,258
Liabilities:					
Claims payable	607,168	89,310	287,144	51,506	1,035,128
Estimated liability for claims incurred but not reported	1,523,150	300,645	1,572,971	660,561	4,057,327
Premiums payable (pass through dental and vision)	115,177	—	616	—	115,793
Unearned premiums	34,774	12,890	867	43	48,574
Investment accounts payable	(1,051)	(2,759)	(14,352)	—	
PPCA and other accrued expenses payable	2,121	326	1,124	—	3,571
Security lending liability	16,756	2,578	8,879	—	28,213
Total liabilities	2,298,095	402,990	1,857,249	712,110	5,288,606
Net Position:					
Restricted for claims contingency reserves	\$ 3,206,883	716,945	3,586,123	1,195,863	8,705,814

Unaudited Supplementary Information *(Concluded)***Public Employees Health Program****Dental Program Risk Pools
Statement of Changes in Net Position (Unaudited)***Fiscal Year July 1, 2022 - June 30, 2023*

	State of Utah	Salt Lake City	Local Government Risk Pool (LGRP)	Retiree Dental	Totals
Revenues:					
Premiums and service fees	\$ 17,404,685	2,552,808	9,813,772	2,320,293	32,091,558
Investment income	101,219	15,572	53,637	—	170,428
Total Revenues	17,505,904	2,568,380	9,867,409	2,320,293	32,261,986
Expenses:					
Insurance Benefits					
Health/pharmacy claims paid	16,920,257	2,483,696	7,893,014	1,342,453	28,639,420
Provision for unpaid claims and claims incurred but not reported	(635,847)	(18,773)	357,110	324,988	27,478
Experience dividends	—	—	—	—	—
Total Insurance Benefits	16,284,410	2,464,923	8,250,124	1,667,441	28,666,898
Administrative and other expenses:					
Administrative expenses	920,720	105,821	451,716	134,808	1,613,065
Commissions	—	—	442,754	—	442,754
Total expenses	17,205,130	2,570,744	9,144,594	1,802,249	30,722,717
Revenues over (under) expenses	300,774	(2,364)	722,815	518,044	1,539,269
Net position:					
Beginning of year, restricted for claim contingency	2,906,109	719,309	2,863,292	677,819	7,166,529
End of year, restricted for claim contingency reserve	\$ 3,206,883	716,945	3,586,107	1,195,863	8,705,798



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