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SHARON BECKER
WASHINGTON STATE HEALTH INSURANCE POOL

RE: WSHIP Assessments

WSHIP recently received communications from two separate carriers relating to the 2015 Final assessment. As a result of the communications recapped below, WSHIP will be collecting an additional \$1.1 million of assessments. Since both assessments relate to 2015, WSHIP has two options to true-up the other WSHIP member plans:

- 1) Deposit the additional assessments which will reduce the next assessment amount that will be spread among the member plans based on market share.
- 2) Calculate an adjusted 2015 True-up and refund the \$1.1 million to the other member plans based on their market share.

In early 2016, WSHIP used option 1 above when accounting for the last assessment appeal and would be the preferred method to stay consistent with what has been done in the past.

Case 1

Columbia United Providers (CUP) entered into an agreement with Community Health Plan of Washington (CPHW) where CHPW took over the CUP enrollment in 2013. This meant that all the CUP enrollment was reported by CHPW who was then assessed on that additional enrollment over the last couple of years. The agreement with CHPW was temporary meaning CUP took back over their enrollment in 2015.

PeaceHealth, one of CUP's shareholders, contacted WSHIP through the WA OIC to inform us that CUP had not reported enrollment for the 2015 year. PeaceHealth is helping close down the CUP business, process all outstanding liabilities, turn over their license to the OIC and distribute all remaining funds to the shareholders. As part of that review, PeaceHealth identified that CUP had not reported the 2015 enrollment and contacted WSHIP so they could pay the outstanding liability before distributing the shareholder funds.

After conferring with the Executive Director, WSHIP invoiced CUP \$561,063 based on the 2015 enrollment information provided by PeaceHealth. The invoice included the standard 1% penalty for reporting errors.

Case 2

In early 2016, the WSHIP Board granted a \$1.6 million refund based on UnitedHealthCare's (UHC) appeal. That appeal and refund was related to reporting errors spanning the 2014 and 2015 years. A portion of the \$1.6 million was a refund of excess assessments paid by UHC for Interim I and Interim II of 2015. Since the \$1.6 million refund was outside the normal process for calculating the True-up Assessment invoices, we had not accounted for the refund portion relating to 2015 Interim I and II. The result is that UHC owes an additional \$576,290. Since this was a calculation oversight and not a reporting error, WSHIP will not apply a 1% penalty to UHC.

Thank you,
Bernie Jamieson
Benefit Management LLC