

**Washington State Health Insurance Pool  
Year-to-Year Comparisons**

Administrative Costs (Dollars)	2012	2013	2014	2015	2016	2017	2013/2012	2014/2013	2015/2014	2016/2015	2017/2016
	Actual	Actual	Actual	Actual	Projected	Budget	Actual Change	Actual Change	Projected Change	Projected Change	Estimated Change
Member Months (1)	44,100	46,358	22,657	19,199	17,620	17,502	5.12%	-51.13%	-15.26%	-8.22%	-0.67%
PMPM Administrative Expense (2)	\$1,711,484	\$1,805,418	\$1,142,304	\$984,462	\$975,092	\$907,610	5.49%	-36.73%	-13.82%	-0.95%	-6.92%
Variable Administrative Expense (3)	505,393	512,081	373,335	180,125	192,187	195,579	1.32%	-27.09%	-51.75%	6.70%	1.76%
Salary and Benefits Expense (4)	179,396	236,059	353,944	490,865	356,477	394,130	31.59%	49.94%	38.68%	-27.38%	10.56%
RX Benefit Management Fees	91,288	86,915	50,636	25,120	26,649	27,182	-4.79%	-41.74%	-50.39%	6.09%	2.00%
Miscellaneous Expense (5)	124,284	113,259	131,324	108,031	108,344	126,914	-8.87%	15.95%	-17.74%	0.29%	17.14%
Professional Fees (6)	331,700	290,958	221,450	181,973	169,214	259,567	-12.28%	-23.89%	-17.83%	-7.01%	53.40%
<b>Total Administrative Costs (Dollars)</b>	<b>\$2,943,545 *</b>	<b>\$3,044,690 *</b>	<b>\$2,272,993 *</b>	<b>\$1,970,576</b>	<b>\$1,827,963</b>	<b>\$1,910,981</b>	<b>3.44%</b>	<b>-25.35%</b>	<b>-19.58%</b>	<b>-3.02%</b>	<b>4.54%</b>
<i>Administrative Costs (% of Expenses)</i>	<i>2.9% *</i>	<i>2.9% *</i>	<i>2.7% *</i>	<i>4.0%</i>	<i>4.0%</i>	<i>4.2%</i>					
	<small>PCIP Reductions</small>	<small>PCIP Reductions</small>	<small>PCIP Reductions</small>								
Administrative Costs (PMPM)	2012	2013	2014	2015	2016	2017	2013/2012	2014/2013	2015/2014	2016/2015	2017/2016
	Actual	Actual	Actual	Actual	Projected	Budget	Actual Change	Actual Change	Projected Change	Projected Change	Estimated Change
Member Months (1)	44,100	46,358	22,657	19,199	17,620	17,502	5.12%	-51.13%	-15.26%	-8.22%	-0.67%
PMPM Administrative Expense (2)	\$38.81	\$38.95	\$50.42	\$51.28	\$55.34	\$51.86	0.35%	29.46%	1.70%	7.92%	-6.29%
Variable Administrative Expense (3)	11.46	11.05	16.48	9.38	10.91	11.17	-3.61%	49.17%	-43.06%	16.26%	2.45%
Salary and Benefits Expense (4)	4.07	5.09	15.62	25.57	20.23	22.52	25.18%	206.79%	63.66%	-20.87%	11.31%
RX Benefit Management Fees	2.07	1.87	2.23	1.31	1.51	1.55	-9.43%	19.20%	-41.46%	15.59%	2.69%
Miscellaneous Expense (5)	2.82	2.44	5.80	5.63	6.15	7.25	-13.31%	137.24%	-2.92%	9.28%	17.93%
Professional Fees (6)	7.52	6.28	9.77	9.48	9.60	14.83	-16.56%	55.73%	-3.03%	1.32%	54.43%
<b>Total Administrative Costs (PMPM)</b>	<b>\$66.75 *</b>	<b>\$65.68 *</b>	<b>\$100.32 *</b>	<b>\$102.64</b>	<b>\$103.74</b>	<b>\$109.19</b>	<b>-1.60%</b>	<b>52.75%</b>	<b>3.41%</b>	<b>6.38%</b>	<b>5.25%</b>
	<small>PCIP Reductions</small>	<small>PCIP Reductions</small>	<small>PCIP Reductions</small>								

**Notes:**

- (1) Assumes the Non-medicare membership decreases by 2 members per month. Assumes Medicare Basic membership increases by 5 members per month while Medicare Basic Plus decreases by 2 members per month.
- (2) PMPM Administrative Expense includes the combined expenses for Third Party Administration services (including finance and accounting), Provider Network services, and Utilization Management services.
- (3) Variable Administrative Expense includes Case Management & Care Coaching, and miscellaneous administrative expenses such as special mailings.
- (4) Salary and Benefits Expense includes the combined expenses for the Executive Director and staff positions. Expenses in this line item reflect a reimbursement from PCIP-WA for 50% of salary/benefits in years 2010-2013 and 25% in 2014.
- (5) Miscellaneous expense includes:
  - \$38,400 of insurance expenses (D&O, E&O and general liability).
  - \$46,700 for WSHIP Board meeting expenses and travel costs.
  - \$20,000 for bank fees
  - \$21,800 for phone, conference lines and other expenses
- (6) Professional fees includes:
  - \$123,000 of actuarial expenses which covers IBNR calculations, Premium Rate development, Forecast updates and actuarial studies.
  - \$10,000 contingency for actuary expenses for potential legislative study follow up.
  - \$40,000 of legal expenses.
  - \$51,000 of consulting expenses (IRO, Review of PBM Contract, and other consulting expenses).
  - \$35,600 of auditing expenses (Financial audits and PBM audit).

\* Denotes years in which WSHIP received reimbursements from PCIP-WA which helped offset certain expenses such as Salary and Miscellaneous expenses. This help reduce the Total Administrative costs (Dollars), Administrative Costs (% of Expenses) and Total Administrative Costs (PMPM) for those years.