

Washington State Health Insurance Pool
Year-to-Year Comparisons

| Administrative Costs (Dollars) | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2014/2013 | 2015/2014 | 2016/2015 | 2017/2016 | 2018/2017 |
|---|----------------------|----------------------|--------------------|--------------------|--------------------|--------------------|----------------|----------------|---------------|------------------|------------------|
| | Actual | Actual | Actual | Actual | Projected | Budget | Actual Change | Actual Change | Actual Change | Projected Change | Estimated Change |
| Member Months (1) | 46,358 | 22,657 | 19,199 | 17,609 | 17,489 | 17,049 | -51.13% | -15.26% | -8.28% | -0.68% | -2.51% |
| PMPM Administrative Expense (2) | \$1,805,418 | \$1,142,304 | \$984,462 | \$1,062,706 | \$941,556 | \$925,130 | -36.73% | -13.82% | 7.95% | -11.40% | -1.74% |
| Variable Administrative Expense (3) | 512,081 | 373,335 | 180,125 | 183,982 | 152,970 | 180,599 | -27.09% | -51.75% | 2.14% | -16.86% | 18.06% |
| Salary and Benefits Expense (4) | 236,059 | 353,944 | 490,865 | 351,512 | 363,332 | 408,080 | 49.94% | 38.68% | -28.39% | 3.36% | 12.32% |
| RX Benefit Management Fees | 86,915 | 50,636 | 25,120 | 26,083 | 24,437 | 22,104 | -41.74% | -50.39% | 3.83% | -6.31% | -9.55% |
| Miscellaneous Expense (5) | 113,259 | 131,324 | 108,031 | 108,065 | 119,585 | 138,822 | 15.95% | -17.74% | 0.03% | 10.66% | 16.09% |
| Professional Fees (6) | 290,958 | 221,450 | 181,973 | 174,604 | 199,592 | 261,400 | -23.89% | -17.83% | -4.05% | 14.31% | 30.97% |
| Total Administrative Costs (Dollars) | \$3,044,690 * | \$2,272,993 * | \$1,970,576 | \$1,906,952 | \$1,801,472 | \$1,936,135 | -25.35% | -16.10% | -8.58% | -5.53% | 7.48% |
| Administrative Costs (% of Expenses) | 2.9% * | 2.7% * | 4.0% | 4.1% | 4.3% | 4.2% | | | | | |

| Administrative Costs (PMPM) | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2014/2013 | 2015/2014 | 2016/2015 | 2017/2016 | 2018/2017 |
|--|------------------|-------------------|-----------------|-----------------|-----------------|-----------------|---------------|---------------|---------------|------------------|------------------|
| | Actual | Actual | Actual | Actual | Projected | Budget | Actual Change | Actual Change | Actual Change | Projected Change | Estimated Change |
| Member Months (1) | 46,358 | 22,657 | 19,199 | 17,609 | 17,489 | 17,049 | -51.13% | -15.26% | -8.28% | -0.68% | -2.51% |
| PMPM Administrative Expense (2) | \$38.95 | \$50.42 | \$51.28 | \$60.35 | \$53.84 | \$54.26 | 29.46% | 1.70% | 17.70% | -10.79% | 0.79% |
| Variable Administrative Expense (3) | 11.05 | 16.48 | 9.38 | 10.45 | 8.75 | 10.59 | 49.17% | -43.06% | 11.36% | -16.29% | 21.11% |
| Salary and Benefits Expense (4) | 5.09 | 15.62 | 25.57 | 19.96 | 20.77 | 23.94 | 206.79% | 63.66% | -21.92% | 4.07% | 15.21% |
| RX Benefit Management Fees | 1.87 | 2.23 | 1.31 | 1.48 | 1.40 | 1.30 | 19.20% | -41.46% | 13.21% | -5.67% | -7.21% |
| Miscellaneous Expense (5) | 2.44 | 5.80 | 5.63 | 6.14 | 6.84 | 8.14 | 137.24% | -2.92% | 9.06% | 11.42% | 19.08% |
| Professional Fees (6) | 6.28 | 9.77 | 9.48 | 9.92 | 11.41 | 15.33 | 55.73% | -3.03% | 4.61% | 15.10% | 34.34% |
| Total Administrative Costs (PMPM) | \$65.68 * | \$100.32 * | \$102.64 | \$108.29 | \$103.01 | \$113.56 | 52.75% | 7.95% | 0.36% | -4.88% | 10.25% |

Notes:

- (1) Assumes the Non-medicare membership decreases by 2 member per month. Assumes Medicare Basic membership increases by 3 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:
 - \$37,000 of insurance expenses (D&O, E&O and general liability).
 - \$47,800 for WSHIP Board meeting expenses and travel costs.
 - \$32,600 for bank fees.
 - \$21,300 for phone, conference lines and other office expenses.
- (6) Professional fees includes:
 - \$100,000 of actuarial expenses which covers IBNR calculations, premium rate development, forecast updates and actuarial studies.
 - \$70,000 of legal expenses.
 - \$70,000 of consulting expenses (including IRO).
 - \$22,000 of auditing expenses.

* 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.