



Executive Director Report

September 2017

By Sharon Becker, Executive Director, September 20, 2017

Administration

Report Enhancement Project – I have engaged consultant Sydney Zvara to work on a collaborative project with Debbie McCormick and her staff at Benefit Management, LLC (BML) to enhance the value and design of WSHIP’s operational reports to the Board and policymakers. Sydney and Debbie will present a template at the Board meeting for a new monthly “WSHIP Dashboard” as phase I of this project.

OIC Filing – WSHIP’s 2018 contracts and forms were SERFF (System for Electronic Rate and Form Filing) filed on August 1, 2017 for approval by the Office of Insurance Commissioner (OIC).

PMPM Report to OIC – The pmpm cost of WSHIP assessments for 2016 has been reported to Commissioner Kreidler as required by statute. It was \$0.76 pmpm on an incurred basis, down from \$0.88 in 2015. *Attached is the report.*

PBM Audit – Claims Technology Inc. (CTI) completed its audit of WSHIP’s pharmacy benefit manager, Express Scripts. A summary of findings was presented to the Executive Committee in July.

Leadership Change at Benefit Management, LLC (BML) – Benefit Management, LLC (BML) has named Denise Wilkens as their new President. Ms. Wilkens joined the Benefit Management team in June 2008 and previously served the organization as Senior Vice President of Accounting and Human Resources. Denise has 20 years of health care experience, and will continue to bring expansive experience to BML.

Board

Governor Appointments – The Governor appointment for WSHIP’s small business Board position is still pending. The Association of Washington Business (AWB) and National Federation of Independent Business (NFIB) have both been notified of this opening which requires nomination from a state-wide organization per the WSHIP statute. We are hopeful that a nomination will be made soon; Andi Bailey will remain on the Board until the Governor appoints a new representative for small businesses.

Office of Insurance Commissioner (OIC)

Market Stability Initiative – I attended a stakeholder meeting on July 27, 2017 regarding the Individual Market Stability Options currently being explored by the OIC for 2019. The goals for market stability efforts in our state are to: 1) maintain a stable individual health insurance market in Washington State, 2) sustain or improve the affordability of premiums and out-of-pocket cost-sharing for both subsidized and unsubsidized individual market enrollees, 3) provide access to coverage in rural areas of Washington State, and 4) where applicable and feasible, maximize federal funding to support individual market stability. AnnaLisa Gellermann will present an overview of this initiative at the Board meeting.

Federal Transition – Repeal and Replace

Congress is rapidly approaching the September 30th deadline to pass a repeal and replace bill under the budget reconciliation rules. The latest effort is the Graham-Cassidy bill. Among other things, this bill redistributes the money currently funding ACA subsidies and Medicare expansion into state block

grants, and repeals the individual and employer mandates. It includes a short-term market stabilization program for 2018 and 2019. The bill is gaining steam but may still not have the votes to pass. Bipartisan approaches are also being discussed in the Senate Health, Education, Labor and Pensions Committee led by Senator Lamar Alexander (R-Tennessee) and Senator Patty Murry (D-Washington State).

**WSHIP
MPPM Calculations**

INCURRED BASIS

Financial Information	Year ended 12/31/2016	Year ended 12/31/2015	Year ended 12/31/2014	Year ended 12/31/2013	Year ended 12/31/2012	Year ended 12/31/2011	Year ended 12/31/2010	Year ended 12/31/2009	Year ended 12/31/2008	Year ended 12/31/2007	Source
Revenue											
Earned premium	\$11,080,165	\$11,602,968	\$13,806,921	\$36,594,592	\$31,629,551	\$31,036,298	\$29,398,559	\$24,408,153	\$19,604,248	\$18,617,550	Audited financials
Excess loss ratio receipts	\$0	\$0	\$0	\$0	\$0	\$503,720	\$479,733	\$301,419	\$52,808	\$47,253	Audited financials
Federal grant awards	\$0	\$0	\$1,110,440	\$1,300,715	\$1,346,790	\$1,643,773	\$1,630,823	\$2,294,096	\$1,617,258	\$0	Audited financials
Investment income/other	\$48,087	\$2,150	\$3,023	\$94,733	\$168,342	\$2,130	\$13,188	\$136,003	\$229,254	\$456,626	Audited financials
Total revenue	\$11,128,252	\$11,605,118	\$14,920,384	\$37,990,040	\$33,144,683	\$33,185,921	\$31,522,303	\$27,139,671	\$21,503,568	\$19,121,429	
Expenses											
Medical claims incurred	\$25,592,381	\$30,010,201	\$32,667,194	\$57,929,981	\$55,841,910	\$47,468,065	\$42,987,745	\$36,354,148	\$36,044,052	\$32,094,414	BMI data
Medical IBNR 7/31/17	\$270,257	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	Leif Associates
Pharmacy claims incurred	\$15,496,171	\$15,620,248	\$19,853,062	\$53,738,997	\$44,364,978	\$43,919,674	\$37,237,056	\$29,361,766	\$24,009,726	\$24,255,508	BMI data
Pharmacy IBNR 7/31/17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	Leif Associates
Administrative costs	\$2,214,247	\$2,457,350	\$2,748,616	\$3,045,337	\$3,018,110	\$2,766,577	\$2,938,775	\$3,468,600	\$3,567,380	\$3,566,386	Audited financials
Total expenses	\$43,573,056	\$48,087,799	\$55,268,872	\$114,714,315	\$103,224,998	\$94,154,316	\$83,163,576	\$69,184,514	\$63,621,158	\$59,916,308	
Net Loss (1)	(\$32,444,804)	(\$36,482,681)	(\$40,348,488)	(\$76,724,275)	(\$70,080,315)	(\$60,968,395)	(\$51,641,273)	(\$42,044,843)	(\$42,117,590)	(\$40,794,879)	Revenue - expenses
Assessments (2)	\$31,353,672	\$33,999,828	\$45,500,000	\$84,543,448	\$74,031,979	\$64,053,527	\$53,087,591	\$44,558,900	\$40,700,000	\$37,868,709	Audited financials
Assessed members											
Health plan (3)	40,105,505	37,663,496	36,418,058	31,879,463	33,658,747	35,879,379	32,584,817	34,680,628	36,139,995	35,424,035	BMI survey
Stop loss (4)	10,944,714	10,150,977	9,847,337	9,588,961	8,961,859	7,561,825	7,216,423	7,412,108	8,546,224	7,925,811	BMI survey
Total (5)	51,050,219	47,814,473	46,265,395	41,468,424	42,620,606	43,441,204	39,801,240	42,092,736	44,686,219	43,349,846	

PMPM Calculations - Stop Loss @ 1/10

											Formula
Net Loss PMPM	(\$0.79)	(\$0.94)	(\$1.08)	(\$2.34)	(\$2.03)	(\$1.66)	(\$1.55)	(\$1.19)	(\$1.14)	(\$1.13)	(1) / ((3)+.10 x (4))
Assessment PMPM	\$0.76	\$0.88	\$1.22	\$2.57	\$2.14	\$1.75	\$1.59	\$1.26	\$1.10	\$1.05	(2) / ((3)+.10 x (4))

PAID BASIS

Financial Information	Year ended 12/31/2016	Year ended 12/31/2015	Year ended 12/31/2014	Year ended 12/31/2013	Year ended 12/31/2012	Year ended 12/31/2011	Year ended 12/31/2010	Year ended 12/31/2009	Year ended 12/31/2008	Year ended 12/31/2007	Source
Revenue											
Premium	\$10,319,292	\$12,345,832	\$13,735,113	\$32,683,121	\$31,801,243	\$34,631,440	\$29,786,390	\$24,119,568	\$20,028,510	\$18,466,676	Audited financials
Excess loss ratio receipts	\$0	\$0	\$0	\$0	\$0	\$503,720	\$479,733	\$301,419	\$52,808	\$47,253	Audited financials
Federal grant awards	\$141,641	\$445,824	\$594,222	\$1,698,722	\$1,152,300	\$1,936,976	\$1,580,315	\$2,180,598	\$1,213,297	\$2,432,464	Audited financials
Investment income/other	\$48,087	\$2,150	\$3,023	\$340,235	\$18,342	\$2,130	\$13,188	\$136,006	\$229,254	\$456,626	Audited financials
Total revenue	\$10,509,020	\$12,793,806	\$14,332,358	\$34,722,078	\$32,971,885	\$37,074,266	\$31,859,626	\$26,737,591	\$21,523,869	\$21,403,019	
Expenses											
Medical/Rx claims paid	\$41,143,628	\$46,296,066	\$57,561,181	\$111,850,514	\$100,256,291	\$92,003,313	\$76,827,709	\$65,982,326	\$56,893,934	\$53,431,816	Audited financials
Administrative costs	\$1,969,101	\$1,836,285	\$2,314,866	\$3,042,454	\$2,984,722	\$2,813,552	\$2,950,549	\$3,561,519	\$3,750,186	\$3,193,723	Audited financials
Total expenses	\$43,112,729	\$48,132,351	\$59,876,047	\$114,892,968	\$103,241,013	\$94,816,865	\$79,778,258	\$69,543,845	\$60,644,120	\$56,625,539	
Net Loss (1)	(\$32,603,709)	(\$35,338,545)	(\$45,543,689)	(\$80,170,890)	(\$70,269,128)	(\$57,742,599)	(\$47,918,632)	(\$42,806,254)	(\$39,120,251)	(\$35,222,520)	Revenue - expenses
Assessments (2)	\$32,046,192	\$28,858,333	\$53,930,290	\$85,521,061	\$74,499,537	\$61,163,450	\$51,438,028	\$45,737,695	\$41,409,297	\$37,898,623	Audited financials (less exc lr rcpts)
Assessed members											
Health plan (3)	40,105,505	37,663,496	36,418,058	31,879,463	33,658,747	35,879,379	32,584,817	34,680,628	36,139,995	35,424,035	BMI survey
Stop loss (4)	10,944,714	10,150,977	9,847,337	9,588,961	8,961,859	7,561,825	7,216,423	7,412,108	8,546,224	7,925,811	BMI survey
Total (5)	51,050,219	47,814,473	46,265,395	41,468,424	42,620,606	43,441,204	39,801,240	42,092,736	44,686,219	43,349,846	

PMPM Calculations - Stop Loss @ 1/10

											Formula
Net Loss PMPM	(\$0.79)	(\$0.91)	(\$1.22)	(\$2.44)	(\$2.03)	(\$1.58)	(\$1.44)	(\$1.21)	(\$1.06)	(\$0.97)	(1) / ((3)+.10 x (4))
Assessment PMPM	\$0.78	\$0.75	\$1.44	\$2.60	\$2.16	\$1.67	\$1.54	\$1.29	\$1.12	\$1.05	(2) / ((3)+.10 x (4))