



## Executive Director Report

September 2018

By Sharon Becker, Executive Director, September 19, 2018

### **Administration**

OIC Filing – WSHIP's 2019 contracts and forms were SERFF (System for Electronic Rate and Form Filing) filed in August for approval by the Office of Insurance Commissioner (OIC). 2019 WSHIP rates will be filed upon approval by the Board at today's Board meeting.

PMPM Report to OIC – The pmpm cost of WSHIP assessments for 2017 has been reported to Commissioner Kreidler as required by statute. It was \$0.66 pmpm on an incurred basis, down from \$0.76 in 2016. *Attached is the report.*

OIC Financial Audit – The OIC's 5 year financial audit of WSHIP is nearing completion. A draft examination report is anticipated in late September or early October. After its receipt and response, the OIC will send a copy of the report to each WSHIP Board member per its usual protocol.

Benefit Management, LLC (BML) – BML has named Derek Bridges as their new President, replacing Denise Wilkens who recently left in good standing to pursue a new opportunity. Derek previously served as CEO of Next Level HealthCare, where he advised large health plans and health systems on value-based care solutions. He has held senior executive positions at several companies including Anthem, WellCare, Delta Dental, and Aetna. BML has also promoted Shannon Wolf to serve as WSHIP's Account Manager. Shannon has worked on the WSHIP Account team for over a year and has a strong background in customer service, claims processing, and benefits.

### **Board**

HMO Representative – Bill Ely, Vice President Actuarial Services for Kaiser Permanente Washington, Kaiser Permanente Northwest (Oregon) and Kaiser Permanente Hawaii, was elected on June 1, 2018 as WSHIP's new board member representing HMOs.

OIC Representative – Molly Nollette, Deputy Insurance Commissioner for Rates and Forms, was appointed by Commissioner Kreidler on June 29, 2018 as WSHIP's new ex-officio board member representing the Insurance Commissioner.

### **Washington State Government – Interim Session**

Informal visits have been held with several legislators and legislative staff to the health care committees during the interim session to learn about their priorities and needs for the 2019 session and provide updates related to WSHIP. Additionally, I have met with Washington State Hospital Association (WSHA) CEO Cassie Sauer, Association of Washington Healthcare Plans (AWHP) Executive Director Meg Jones, Health Benefit Exchange (HBE) CEO Pam MacEwan and Director of Policy Molly Voris, Office of Insurance Commissioner (OIC) Deputy Insurance Commissioner Molly Nollette, OIC Senior Health Policy Advisor Jane Beyer, and OIC Legislative Director Lonnie Johns-Brown. Additional visits are planned for fall.

### **Washington Health Benefit Exchange (HBE)**

2019 QHP Certification – The HBE Board has certified 40 Qualified Health Plans (QHPs) and six Qualified Dental Plans (QDPs) to be offered for 2019 through Washington Healthplanfinder during the upcoming open enrollment period taking place Nov. 1 through Dec. 15.

The OIC approved an average rate increase of 13.8 percent for 2019 health insurance plans, down six percent from the initially filed rate increase of 19.8 percent.

Plans will be offered in every county, and 92 percent of customers may select plans offered by two or more carriers.

**WSHIP**  
**PMPM Calculations**

**INCURRED BASIS**

Financial Information	Year ended 12/31/2017	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	Source
<b>Revenue</b>											
Earned premium	\$11,820,118	\$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	Audited financials
Excess loss ratio receipts	\$0	\$0	\$0	\$0	\$0	\$0	\$503,720	\$479,733	\$301,419	\$52,808	Audited financials
Federal grant awards	\$0	\$0	\$0	\$1,110,440	\$1,300,715	\$1,346,790	\$1,643,773	\$1,630,823	\$2,294,096	\$1,617,258	Audited financials
Investment income/other	\$64,508	\$48,087	\$2,150	\$3,023	\$94,733	\$168,342	\$2,130	\$13,188	\$136,003	\$229,254	Audited financials
Total revenue	\$11,884,626	\$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	
<b>Expenses</b>											
Medical claims incurred	\$24,405,406	\$25,998,957	\$29,990,047	\$32,633,605	\$57,927,383	\$55,841,910	\$47,468,065	\$42,987,745	\$36,354,148	\$36,044,052	BML data
Medical IBNR 12/31/17	\$60,975	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	Leif Associates
Pharmacy claims incurred	\$14,077,003	\$15,496,384	\$15,621,662	\$19,854,167	\$53,738,997	\$44,364,978	\$43,919,674	\$37,237,056	\$29,361,766	\$24,009,726	BML data
Pharmacy IBNR 12/31/17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	Leif Associates
Administrative costs	\$2,118,887	\$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	Audited financials
Total expenses	\$40,662,271	\$43,709,588	\$48,069,059	\$55,236,388	\$114,711,717	\$103,224,998	\$94,154,316	\$83,163,576	\$69,184,514	\$63,621,158	
Net Loss (1)	(\$28,777,645)	(\$32,581,336)	(\$36,463,941)	(\$40,316,004)	(\$76,721,677)	(\$70,080,315)	(\$60,968,395)	(\$51,641,273)	(\$42,044,843)	(\$42,117,590)	Revenue - expenses
Assessments (2)	\$27,137,353	\$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	Audited financials
<b>Assessed members</b>											
Health plan (3)	40,107,721	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	BML survey
Stop loss (4)	10,945,342	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	BML survey
Total (5)	51,053,063	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	

**PMPM Calculations - Stop Loss @ 1/10**

												Formula
Net Loss PMPM	(\$0.70)	(\$0.79)	(\$0.94)	(\$1.08)	(\$2.34)	(\$2.03)	(\$1.66)	(\$1.55)	(\$1.19)	(\$1.14)		(1) / ((3)+.10 x (4) )
Assessment PMPM	\$0.66	\$0.76	\$0.88	\$1.22	\$2.57	\$2.14	\$1.75	\$1.59	\$1.26	\$1.10		(2) / ((3)+.10 x (4) )

**PAID BASIS**

Financial Information	Year ended 12/31/2017	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	Source
<b>Revenue</b>											
Premium	\$11,603,191	\$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	Audited financials
Excess loss ratio receipts	\$0	\$0	\$0	\$0	\$0	\$0	\$503,720	\$479,733	\$301,419	\$52,808	Audited financials
Federal grant awards	\$0	\$141,641	\$445,824	\$594,222	\$1,698,722	\$1,152,300	\$1,936,976	\$1,580,315	\$2,180,598	\$1,213,297	Audited financials
Investment income/other	\$64,508	\$48,087	\$2,150	\$3,023	\$340,235	\$18,342	\$2,130	\$13,188	\$136,006	\$229,254	Audited financials
Total revenue	\$11,667,699	\$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	
<b>Expenses</b>											
Medical/Rx claims paid	\$38,313,151	\$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	Audited financials
Administrative costs	\$1,817,864	\$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	Audited financials
Total expenses	\$40,131,015	\$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	
Net Loss (1)	(\$28,463,316)	(\$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)	Revenue - expenses
Assessments (2)	\$21,517,866	\$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	Audited financials (less exc l'r rpts)
<b>Assessed members</b>											
Health plan (3)	40,107,721	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	BML survey
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Total (5)	51,053,063	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	

**PMPM Calculations - Stop Loss @ 1/10**

												Formula
Net Loss PMPM	(\$0.69)	(\$0.79)	(\$0.91)	(\$1.22)	(\$2.44)	(\$2.03)	(\$1.58)	(\$1.44)	(\$1.21)	(\$1.06)		(1) / ((3)+.10 x (4) )
Assessment PMPM	\$0.52	\$0.78	\$0.75	\$1.44	\$2.60	\$2.16	\$1.67	\$1.54	\$1.29	\$1.12		(2) / ((3)+.10 x (4) )