

**Washington State Health Insurance Pool  
Treasurer's Report  
April 2015 Financial Review**

1. 2015 Interim I Assessment Required

In March 2015, an assessment of \$9.5 M is required to adequately fund the pool until the next scheduled assessment in July 2015. This assessment was approved by the Board of Directors and generated on March 30, 2015 with invoices due April 30, 2015 except for the carriers who have installment payment arrangements, at which point the invoices are due in total by June 30, 2015. Looking ahead as of May 31, 2015, \$9.1 M has been collected leaving \$406 K to collect.

2. Financial Statements – April 2015

Balance Sheet

Cash on hand increased by \$2.6 M or 40.2% from March 2015 to April 2015. The current cash position is \$8.9 M which is well above our current three week expense allowance of \$2.9 M. As of the end of April 2015, the entire \$8.9 M of cash is fully secured either through the FDIC insurance or by collateralized securities pledged by KeyBank. Cash position is discussed further in the Budgeted Cash Flow section below.

Total IBNR as of April 2015 is \$6.1 M. This represents an increase of \$343 K or 5.9% as compared to the prior month. Medical IBNR increased \$78 K or 1.6% and pharmacy IBNR increased \$265 K or 33.0% from March 2015.

As of April 2015, the equity position of WSHIP is a positive \$5.5 M.

Income Statement

Total member months for April 2015 YTD are lower by 1,874 member months or 22.3% lower than April 2014 YTD. Member months are measured as the cumulative monthly member count (PMPM) over a period of time. The total incurred claim loss for April 2015 YTD is \$1.1 M or 6.4% lower than April 2014 YTD. Incurred claim loss represents the total medical and pharmacy claims expense as well as the change in unpaid losses (IBNR) and accrued loss adjustment for the period. For April 2015 YTD, the medical claims portion is \$1.9 M or 15.6% lower than April 2014 YTD, and the pharmacy claims portion is \$792 K or 16.8% higher than April 2014 YTD.

April 2015 YTD administrative expenses are \$130 K or 15.0% lower than the administrative expenses in April 2014 YTD. The ratio of administrative expenses as a percentage of total cost is 4.5% for April 2015 YTD as compared to 5.0% in April of the prior year. Total cost is calculated as total incurred claim loss less pharmacy rebates plus administrative expenses.

### 3. Budgeted Cash Flow – April 2014

The Budgeted Cash Flow document contains the budget (upper portion) as established in early 2015 and the actual (lower portion) cash flow results year-to-date.

The ending cash balance of \$8.9 M is \$2.0 M lower than the budgeted cash balance of \$10.9 M. Total net cash receipts for April 2015 are \$1.5 K or 20.3% unfavorable to budget. This is primarily due to the timing of assessment receipts. Total expenses are \$520 K or 3.3% unfavorable to budget. The administrative expenses are \$103 K or 12.5% favorable to budget. Total medical claims expense is \$1.1 M or 11.7% unfavorable to budget, while total pharmacy claims expense is \$513 K or 9.5% favorable to budget.

### 4. Cash Flow Forecast – 2015

The 2015 cash flow forecast was developed using the assumptions developed by Leif & Associates for membership, premium receipts, pharmacy and medical claim cost projections. The key drivers (membership, premiums, medical claims and pharmacy claims) in the budget portion were updated in April 2015 to reflect new projections from Liz Leif. All other projections were trended from previous years with the best information available as of current.

The cash flow re-forecast is a dynamic document and changes are made as better financial information is obtained. Actual results are illustrated through April 2015. For May 2015, preliminary figures for the key financial drivers (Premium Receipts, Grant Revenue, Assessment Receipts and Refunds, Medical Claims and Pharmacy Claims Expenses) are reported.

Assumptions are noted on this schedule as well as the 2015 assessment projection. To ensure adequate funding, the current 2015 forecast is projecting an assessment of \$35.5 M which is a \$10.0 M or 22.0% decrease from the 2014 assessment of \$45.5 M.

### 5. Administrative Expense Budget

For April 2015, administrative expenses are \$103 K or 12.5% favorable to budget (cash basis). This is primarily seen in variable admin and professional fees.

### 6. Financial Performance

April 2015 YTD member months are 137 member months or 2% lower than projected in the original budget. Through April 2015, average premium receipt PMPM is 14% higher than anticipated. Average medical claims expense PMPM is

16% higher than anticipated and average pharmacy claims expense PMPM is 8% lower than anticipated.

On an incurred basis, the average medical claims expense PMPM is \$1,658 as compared to \$1,612 on a cash basis. Also on an incurred basis, the average pharmacy claims expense PMPM is \$786 as compared to \$752 on a cash basis.

# WASHINGTON STATE HEALTH INSURANCE POOL

## Unaudited Balance Sheet as of April 30

Total Enrollment: 1,636

	<u>2015</u>	<u>2014</u>
<b>Assets:</b>		
Cash	\$ 8,916,254	\$ 25,052,384
Premiums Receivable	354,429	460,684
Assessments Receivable	4,173,359	2,392,453
Grants Receivable	383,946	-
Prepaid Expense	-	-
<b>Total Assets</b>	<u>\$ 13,827,988</u>	<u>\$ 27,905,522</u>
 <b>Liabilities and Unassigned Surplus:</b>		
Reserve for Unpaid Losses - Medical	\$ 5,063,000	\$ 6,089,000
Reserve for Unpaid Losses - Pharmacy	1,069,000	949,000
Accrued Loss Adjustment	300,000	332,000
Premiums Received in Advance	1,711,104	1,887,452
Assessments Payable	-	-
Accrued Expenses	156,777	227,749
Abandoned Claim Reserve	29,948	71,222
<b>Total Liabilities</b>	<u>\$ 8,329,828</u>	<u>\$ 9,556,424</u>
<b>Unassigned Surplus</b>	5,498,160	18,349,098
<b>Total Liabilities and Unassigned Surplus</b>	<u>\$ 13,827,988</u>	<u>\$ 27,905,522</u>

# WASHINGTON STATE HEALTH INSURANCE POOL

## Unaudited Statement of Operations January 1 to April 30

	<u>2015</u>	<u>2014</u>
Total Member Months	6,534	8,408
<b>Premium Income Earned</b>	\$ 4,049,849	\$ 5,367,628
<b>Pharmacy Rebate Income</b>	89,099	211,139
<b>Grant Income</b>	-	-
<b>Incurred Claim Loss - Medical</b>	10,104,678	11,970,183
<b>Incurred Claim Loss - Pharmacy</b>	5,512,406	4,720,398
<b>Total Incurred Claim Loss</b>	<u>15,617,083</u>	<u>16,690,581</u>
<b>Operating Expenses:</b>		
Fixed (PMPM) Administrative Expense	\$ 310,057	\$ 419,004
Variable Administrative Expense	72,346	163,917
Salary and Benefit Expense	254,171	138,374
Prescription Administrative Expense	8,561	16,040
Miscellaneous Expense	26,897	43,382
Professional Fee Expense	67,354	89,044
<b>Total Operating Expenses</b>	<u>\$ 739,387</u>	<u>\$ 869,761</u>
<b>Underwriting Gain (Loss)</b>	(12,217,522)	(11,981,576)
<b>Investment Income</b>	400	911
<b>Other Income</b>	846	-
<b>Changes to Unassigned Surplus</b>	<u>\$ (12,216,276)</u>	<u>\$ (11,980,665)</u>

# WASHINGTON STATE HEALTH INSURANCE POOL

## Unaudited Statement of Changes in Unassigned Surplus January 1 to April 30

	<u>2015</u>	<u>2014</u>
Unassigned Surplus at Beginning of Year	\$ 8,214,435	\$ 20,329,763
Changes to Unassigned Surplus	(12,216,276)	(11,980,665)
Member Assessments	9,500,000	10,000,000
<b>Unassigned Surplus</b>	<u>\$ 5,498,160</u>	<u>\$ 18,349,098</u>

**WSHIP 2015  
Budgeted Cashflow**

**Budget - Updated Jan 2015**

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	APR YTD	TOTAL
<b>Enrollment Count</b>	1,675	1,670	1,665	1,661	1,656	1,652	1,648	1,644	1,640	1,636	1,632	1,629	6,671	19,808
<b>Cash Balance</b>														
<b>BEGINNING OF MONTH</b>	19,667,071	12,240,340	8,779,189	6,821,237	10,895,656	8,273,266	6,819,152	3,320,830	10,708,922	9,607,719	7,427,985	3,429,494		
<b>Receipts</b>														
Premium Receipts	1,926,768	470,802	1,977,159	622,690	421,906	1,875,707	692,329	420,241	1,861,220	680,146	388,824	1,952,373	4,997,419	13,290,165
Grant Revenue	124,489	-	-	154,326	-	-	154,325	-	-	154,325	-	-	278,815	587,465
Pharmacy Rebate Income	-	-	30,000	-	-	30,000	-	-	30,000	-	-	30,000	30,000	120,000
Claim Refunds Receipts	114,540	107,777	98,752	100,108	101,909	108,334	114,841	114,008	116,245	118,831	119,350	117,946	421,178	1,332,643
Assessment Receipts	706,247	-	-	7,200,000	900,000	900,000	-	11,200,000	1,400,000	1,400,000	-	9,200,000	7,906,247	32,906,247
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	400	1,200
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Receipts</b>	<b>2,872,144</b>	<b>578,679</b>	<b>2,106,011</b>	<b>8,077,224</b>	<b>1,423,915</b>	<b>2,914,141</b>	<b>961,596</b>	<b>11,734,349</b>	<b>3,407,565</b>	<b>2,353,402</b>	<b>508,274</b>	<b>11,300,420</b>	<b>13,634,059</b>	<b>48,237,721</b>
<b>Refunds</b>														
Assessment Refunds	5,882,015	-	-	-	-	-	-	-	-	-	-	-	5,882,015	5,882,015
Premium Refunds	226,685	44,776	220,441	69,426	47,040	209,130	77,190	46,854	207,515	75,832	43,351	217,678	561,328	1,485,918
<b>Total Refunds</b>	<b>6,108,700</b>	<b>44,776</b>	<b>220,441</b>	<b>69,426</b>	<b>47,040</b>	<b>209,130</b>	<b>77,190</b>	<b>46,854</b>	<b>207,515</b>	<b>75,832</b>	<b>43,351</b>	<b>217,678</b>	<b>6,443,343</b>	<b>7,367,933</b>
<b>Expenses</b>														
Medical Claims	2,582,871	2,421,202	2,335,767	2,367,831	2,410,422	2,562,405	2,716,308	2,696,611	2,749,516	2,810,678	2,822,960	2,789,755	9,707,670	31,266,326
Pharmacy Claims	1,328,583	1,394,192	1,330,074	1,375,282	1,388,316	1,410,633	1,457,687	1,384,748	1,361,651	1,446,118	1,401,169	1,402,947	5,428,131	16,681,399
Fixed (PMPM) Admin	74,738	74,429	74,169	90,143	89,836	89,529	89,222	88,858	88,608	88,359	88,052	87,802	313,479	1,023,745
Variable Admin	27,953	27,281	27,194	27,122	27,050	26,978	26,891	26,833	26,775	29,203	34,645	26,572	109,550	334,497
Salary and Benefits	143,885	33,965	33,395	33,536	33,536	33,536	33,536	33,536	33,536	33,536	33,536	33,769	244,781	513,302
Prescription Admin	3,375	3,366	3,354	3,345	3,335	3,325	3,314	3,306	3,299	3,289	3,281	3,272	13,440	39,861
Miscellaneous	9,800	7,150	17,400	7,150	9,800	7,750	9,800	29,040	10,400	7,150	9,800	30,399	41,500	155,639
Professional Fees	18,970	33,470	22,170	28,970	36,970	24,970	45,970	36,470	27,470	38,970	69,970	14,970	103,580	399,340
<b>Total Expense</b>	<b>4,190,175</b>	<b>3,995,055</b>	<b>3,843,522</b>	<b>3,933,379</b>	<b>3,999,264</b>	<b>4,159,126</b>	<b>4,382,728</b>	<b>4,299,402</b>	<b>4,301,255</b>	<b>4,457,303</b>	<b>4,463,413</b>	<b>4,389,487</b>	<b>15,962,131</b>	<b>50,414,109</b>
<b>Month Ending Cash Balance</b>	<b>\$ 12,240,340</b>	<b>\$ 8,779,189</b>	<b>\$ 6,821,237</b>	<b>\$ 10,895,656</b>	<b>\$ 8,273,266</b>	<b>\$ 6,819,152</b>	<b>\$ 3,320,830</b>	<b>\$ 10,708,922</b>	<b>\$ 9,607,719</b>	<b>\$ 7,427,985</b>	<b>\$ 3,429,494</b>	<b>\$ 10,122,750</b>		

<b>Actual</b>	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
<b>Enrollment Count</b>	1,673	1,613	1,612	1,636									6,534
<b>Cash Balance</b>													
<b>BEGINNING OF MONTH</b>	19,667,071	12,484,611	8,988,214	6,358,557									
<b>Receipts</b>													
Premium Receipts	2,033,165	401,598	1,705,236	922,139									5,062,137
Grant Revenue	124,489	-	-	79,030									203,519
Pharmacy Rebate Income	-	-	89,099	-									89,099
Claim Refunds Receipts	144,512	30,746	21,343	115,586									312,187
Assessment Receipts	703,762	2,485	-	5,326,641									6,032,888
Investment Income	168	104	70	58									400
Other Income	-	-	846	-									846
<b>Total Receipts</b>	<b>3,006,095</b>	<b>434,933</b>	<b>1,816,594</b>	<b>6,443,453</b>									<b>11,701,076</b>
<b>Refunds</b>													
Assessment Refunds	5,882,015	-	-	-									5,882,015
Premium Refunds	25,776	32,158	19,054	10,707									87,695
<b>Total Refunds</b>	<b>5,907,791</b>	<b>32,158</b>	<b>19,054</b>	<b>10,707</b>									<b>5,969,710</b>
<b>Expenses</b>													
Medical Claims	2,709,187	2,549,228	3,085,023	2,500,880									10,844,319
Pharmacy Claims	1,328,583	1,173,035	1,197,059	1,216,275									4,914,952
Fixed (PMPM) Admin	77,147	75,702	74,439	73,735									301,022
Variable Admin	16,771	25,312	15,110	16,559									73,752
Salary and Benefits	141,590	43,066	31,909	31,842									248,407
Prescription Admin	2,051	2,029	2,094	2,387									8,561
Miscellaneous	3,115	5,687	4,211	10,385									23,398
Professional Fees	2,321	25,112	17,354	22,984									67,771
<b>Total Expense</b>	<b>4,280,764</b>	<b>3,899,171</b>	<b>4,427,198</b>	<b>3,875,049</b>									<b>16,482,182</b>
<b>Available Cash Balance</b>	<b>12,484,611</b>	<b>8,988,214</b>	<b>6,358,557</b>	<b>8,916,254</b>									
<b>Inc(Dec) in Abandoned Property Reserve</b>													
<b>Month Ending Cash Balance</b>	<b>\$ 12,484,611</b>	<b>\$ 8,988,214</b>	<b>\$ 6,358,557</b>	<b>\$ 8,916,254</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	

**WSHIP 2015  
Budgeted Cashflow**

<b>Variance to Budget</b>	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
Favorable/(Unfavorable)													
<b>Enrollment Count</b>	(2)	(57)	(53)	(25)									(137)
<b>Receipts</b>													
Premium Receipts	106,397	(69,204)	(271,923)	299,448									64,718
Grant Revenue	-	-	-	(75,296)									(75,296)
Pharmacy Rebate Income	-	-	59,099	-									59,099
Claim Refunds Receipts	29,972	(77,032)	(77,409)	15,478									(108,991)
Assessment Receipts	(2,485)	2,485	-	(1,873,359)									(1,873,359)
Investment Income	68	4	(30)	(42)									(0)
Other Income	-	-	846	-									846
<b>Total Receipts</b>	<b>133,951</b>	<b>(143,746)</b>	<b>(289,417)</b>	<b>(1,633,771)</b>									<b>(1,932,983)</b>
<b>Refunds</b>													
Assessment Refunds	-	-	-	-									-
Premium Refunds	200,909	12,618	201,387	58,719									473,632
<b>Total Refunds</b>	<b>200,909</b>	<b>12,618</b>	<b>201,387</b>	<b>58,719</b>									<b>473,632</b>
<b>Expenses</b>													
Medical Claims	(126,316)	(128,026)	(749,257)	(133,050)									(1,136,648)
Pharmacy Claims	0	221,157	133,014	159,007									513,179
Fixed (PMPM) Admin	(2,409)	(1,273)	(270)	16,408									12,457
Variable Admin	11,182	1,969	12,085	10,563									35,798
Salary and Benefits	2,295	(9,101)	1,486	1,694									(3,626)
Prescription Admin	1,324	1,337	1,260	958									4,879
Miscellaneous	6,685	1,463	13,189	(3,235)									18,102
Professional Fees	16,649	8,358	4,817	5,986									35,809
<b>Total Expense</b>	<b>(90,589)</b>	<b>95,884</b>	<b>(583,676)</b>	<b>58,331</b>									<b>(520,051)</b>
<b>Available Cash Balance</b>	<b>244,271</b>	<b>209,026</b>	<b>(462,680)</b>	<b>(1,979,401)</b>									
<b>Inc(Dec) in Abandoned</b>													
<b>Property Reserve</b>													
<b>Month Ending Cash Balance</b>	<b>244,271</b>	<b>209,026</b>	<b>(462,680)</b>	<b>(1,979,401)</b>									

- (1) Assumes a Non-medicare medical claim expense trend of 25% until March 2015 and then a 15% trend thereafter. Assumes an annual Medicare medical claim expense trend of 12%
- (2) Assumes a Non-medicare pharmacy claim expense trend of 25% until March 2015 and then a 15% trend thereafter. Assumes an annual Medicare pharmacy claim expense trend of 0% for Basic and 4% for Basic Plus
- (3) Assumes a Non-medicare premium rate trended at a 7.2% increase. Assumes a Medicare premium rate increase of 12% for Basic and 7% for Basic Plus
- (4) Non-medicare enrollment projected to decrease by 7 members per month. All Medicare enrollment projected to increase by 2 members per month.
- (5) Assumes assessments on March (**\$9.0 M**), July (**\$14.0**) and November (**\$11.5 M**) TOTAL **\$34.5 M**.
- (6) 3-Week expense allowance is **\$2.9 M** based upon the actual data for the 12-month period ending in Dec of 2015.
- (7) WSHIP has access to a **\$5 M** line of credit in the event cash on hand is exhausted.

## Washington State Health Insurance Pool 2015 Cash Flow Forecast

Forecast - Updated 04/30/15

	Actual (Bold)				Forecast								TOTAL
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	
<b>Enrollment:</b>													
Non-Medicare Enrollment	615	579	564	561	566	559	552	545	538	531	524	518	6,652
Medicare Enrollment (Basic and Basic+)	1,058	1,034	1,048	1,075	1,039	1,040	1,040	1,041	1,042	1,043	1,044	1,045	12,549
<b>Total Enrollment Count</b>	<b>1,673</b>	<b>1,613</b>	<b>1,612</b>	<b>1,636</b>	1,605	1,599	1,592	1,586	1,580	1,574	1,568	1,563	19,201
<b>Cash Balance</b>													
<b>BEGINNING OF MONTH</b>	<b>19,667,071</b>	<b>12,484,611</b>	<b>8,988,214</b>	<b>6,358,557</b>	8,916,254	9,594,607	7,583,823	4,162,118	11,534,326	10,489,824	8,389,353	4,469,212	
<b>Receipts</b>													
Premium Receipts	2,033,165	401,598	1,705,236	922,139	343,983	1,761,857	666,630	352,371	1,761,857	654,899	352,371	1,761,857	12,717,963
Grant Revenue	124,489	-	-	79,030	-	-	191,973	-	-	191,973	-	-	587,465
Pharmacy Rebate Income	-	-	89,099	-	-	30,000	-	-	30,000	-	-	30,000	179,099
Claim Refunds Receipts	144,512	30,746	21,343	115,586	42,545	51,894	52,834	52,309	53,331	54,564	53,427	52,629	725,722
Assessment Receipts	703,762	2,485	-	5,326,641	3,767,124	406,236	-	11,200,000	1,400,000	1,400,000	-	9,600,000	33,806,247
Investment Income	168	104	70	58	100	100	100	100	100	100	100	100	1,200
Other Income	-	-	846	-	-	-	-	-	-	-	-	-	846
<b>Total Receipts</b>	<b>3,006,095</b>	<b>434,933</b>	<b>1,816,594</b>	<b>6,443,453</b>	4,153,752	2,250,087	911,537	11,604,781	3,245,288	2,301,536	405,898	11,444,586	48,018,541
<b>Refunds</b>													
Assessment Refunds	5,882,015	-	-	-	-	-	-	-	-	-	-	-	5,882,015
Premium Refunds	25,776	32,158	19,054	10,707	13,759	70,474	26,665	14,095	70,474	26,196	14,095	70,474	393,929
<b>Total Refunds</b>	<b>5,907,791</b>	<b>32,158</b>	<b>19,054</b>	<b>10,707</b>	13,759	70,474	26,665	14,095	70,474	26,196	14,095	70,474	6,275,944
<b>Expenses</b>													
Medical Claim Expense	2,709,187	2,549,228	3,085,023	2,500,880	2,127,242	2,594,718	2,641,698	2,615,470	2,666,574	2,728,213	2,671,346	2,631,466	31,521,044
Pharmacy Claim Expense	1,328,583	1,173,035	1,197,059	1,216,275	1,133,872	1,409,590	1,456,147	1,384,965	1,362,655	1,447,092	1,401,315	1,408,894	15,919,482
PMPM Administrative Expense	77,147	75,702	74,439	73,735	89,836	89,529	89,222	88,858	88,608	88,359	88,052	87,802	1,011,288
Variable Administrative Expense	16,771	25,312	15,110	16,559	27,050	26,978	26,891	26,833	26,775	29,203	34,645	26,572	298,699
Salary and Benefits Expense	141,590	43,066	31,909	31,842	33,536	33,536	33,536	33,536	33,536	33,536	33,536	33,769	516,926
Prescription Administrative Expense	2,051	2,029	2,094	2,387	3,335	3,325	3,314	3,306	3,299	3,289	3,281	3,272	34,982
Miscellaneous Expense	3,115	5,687	4,211	10,385	9,800	7,750	9,800	29,040	10,400	7,150	9,800	30,399	137,538
Professional Fees	2,321	25,112	17,354	22,984	36,970	24,970	45,970	36,470	27,470	38,970	69,970	14,970	363,531
<b>Total Expense</b>	<b>4,280,764</b>	<b>3,899,171</b>	<b>4,427,198</b>	<b>3,875,049</b>	3,461,640	4,190,396	4,306,577	4,218,478	4,219,316	4,375,811	4,311,944	4,237,144	49,803,490
<b>Available Cash Balance</b>	<b>12,484,611</b>	<b>8,988,214</b>	<b>6,358,557</b>	<b>8,916,254</b>	9,594,607	7,583,823	4,162,118	11,534,326	10,489,824	8,389,353	4,469,212	11,606,179	
<b>Inc(Dec) in Abandoned Property Reserve</b>	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Month Ending Cash Balance</b>	<b>12,484,611</b>	<b>8,988,214</b>	<b>6,358,557</b>	<b>8,916,254</b>	9,594,607	7,583,823	4,162,118	11,534,326	10,489,824	8,389,353	4,469,212	11,606,179	

- (1) Assumes a Non-medicare medical claim expense trend of 25% until March 2015 and then a 15% trend thereafter. Assumes an annual Medicare medical claim expense trend of 12%.
- (2) Assumes a Non-medicare pharmacy claim expense trend of 25% until March 2015 and then a 15% trend thereafter. Assumes an annual Medicare pharmacy claim expense trend of 0% for Basic and 4% for Basic Plus.
- (3) Assumes a Non-medicare premium rate trended at a 7.2% increase. Assumes a Medicare premium rate increase of 12% for Basic and 7% for Basic Plus.
- (4) Non-medicare enrollment projected to decrease by 5 members per month. All Medicare enrollment projected to decrease by 1 members per month.
- (5) Assumes assessments on March (\$9.5 M), July (\$14.0) and November (\$12.0 M) TOTAL \$35.5 M.
- (6) 3-Week expense allowance is \$2.9 M based upon the actual data for the 12-month period ending in Dec of 2015.
- (7) WSHIP has access to a \$5 M line of credit in the event cash on hand is exhausted.

**Washington State Health Insurance Pool  
2015 Administrative Expense  
Budget Variance Analysis**

<b>Budget</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Total</b>
Membership: (1)													
Non-Medicare	619	612	605	599	592	586	580	574	568	562	556	551	7,004
Medicare Basic	790	795	800	805	810	815	820	825	830	835	840	845	9,810
Medicare Basic Plus	266	263	260	257	254	251	248	245	242	239	236	233	2,994
<b>Total Membership</b>	<b>1,675</b>	<b>1,670</b>	<b>1,665</b>	<b>1,661</b>	<b>1,656</b>	<b>1,652</b>	<b>1,648</b>	<b>1,644</b>	<b>1,640</b>	<b>1,636</b>	<b>1,632</b>	<b>1,629</b>	<b>19,808</b>
PMPM Administrative Expense (2)	74,738	74,429	74,169	90,143	89,836	89,529	89,222	88,858	88,608	88,359	88,052	87,802	1,023,745
Variable Administrative Expense (3)	27,953	27,281	27,194	27,122	27,050	26,978	26,891	26,833	26,775	29,203	34,645	26,572	334,497
Salary and Benefits Expense (4)	143,885	33,965	33,395	33,536	33,536	33,536	33,536	33,536	33,536	33,536	33,536	33,769	513,301
RX Benefit Management Fees	3,375	3,366	3,354	3,345	3,335	3,325	3,314	3,306	3,299	3,289	3,281	3,272	39,861
Miscellaneous Expense (5)	9,800	7,150	17,400	7,150	9,800	7,750	9,800	29,040	10,400	7,150	9,800	30,399	155,639
Professional Fees (6)	18,970	33,470	22,170	28,970	36,970	24,970	45,970	36,470	27,470	38,970	69,970	14,970	399,339
<b>Total Budget Operating Expenses</b>	<b>\$278,722</b>	<b>\$179,661</b>	<b>\$177,682</b>	<b>\$190,265</b>	<b>\$200,527</b>	<b>\$186,088</b>	<b>\$208,733</b>	<b>\$218,043</b>	<b>\$190,087</b>	<b>\$200,507</b>	<b>\$239,284</b>	<b>\$196,784</b>	<b>\$2,466,382</b>

<b>Actual</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>YTD Total</b>
Membership: (1)													
Non-Medicare	615	579	564	561									2,319
Medicare Basic	792	776	789	816									3,173
Medicare Basic Plus	266	259	259	259									1,043
<b>Total Membership</b>	<b>1,673</b>	<b>1,614</b>	<b>1,612</b>	<b>1,636</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,535</b>
PMPM Administrative Expense (2)	77,147	75,702	74,439	73,735									\$301,022
Variable Administrative Expense (3)	16,771	25,312	15,110	16,559									\$73,752
Salary and Benefits Expense (4)	141,590	43,066	31,909	31,842									\$248,407
RX Benefit Management Fees	2,051	2,029	2,094	2,387									\$8,561
Miscellaneous Expense (5)	3,115	5,687	4,211	10,385									\$23,398
Professional Fees (6)	2,321	25,112	17,354	22,984									\$67,771
<b>Total Actual Operating Expenses</b>	<b>\$242,995</b>	<b>\$176,909</b>	<b>\$145,115</b>	<b>\$157,893</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$722,912</b>

<b>Variance</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>YTD Total</b>
Membership: (1)													
Non-Medicare	(4)	(33)	(41)	(38)									(116)
Medicare Basic	2	(19)	(11)	11									(17)
Medicare Basic Plus	-	(4)	(1)	2									(3)
<b>Total Membership</b>	<b>(2)</b>	<b>(56)</b>	<b>(53)</b>	<b>(25)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(136)</b>
PMPM Administrative Expense (2)	(2,409)	(1,273)	(270)	16,408									\$12,457
Variable Administrative Expense (3)	11,182	1,969	12,085	10,563									\$35,798
Salary and Benefits Expense (4)	2,296	(9,100)	1,486	1,693									(\$3,625)
RX Benefit Management Fees	1,324	1,336	1,260	958									\$4,879
Miscellaneous Expense (5)	6,685	1,463	13,189	(3,235)									\$18,102
Professional Fees (6)	16,649	8,358	4,816	5,986									\$35,808
<b>Total Variance Expenses</b>	<b>\$35,727</b>	<b>\$2,753</b>	<b>\$32,567</b>	<b>\$32,372</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$103,418</b>

**Notes:**

- (1) Non-medicare enrollment projected to decrease by 7 members per month. All Medicare enrollment projected to increase by 2 members per month.
- (2) PMPM Administrative Expense reflects contractual fees and performance bonuses per member for TPA, Utilization Management fees and Network services. It is paid a month in arrears.  
The PMPM rate varies by plan and enrollment levels. For Jan - Mar, the Medicare plan PMPM = \$38.55 and the Non-Medicare PMPM = \$48.20. For Apr - Dec, the Medicare plan, PMPM = \$47.87 and the Non-Medicare PMPM = \$57.52. Please note that when monthly enrollment falls below 1,750 lives, PMPM administrative expenses will increase according to the agreed upon rate schedule.
- (3) Variable Administrative Expense includes Case Management & Care Coaching, special mailings, misc. system programming, and other miscellaneous.
- (4) Salary and Benefits Expense reflect the combined amounts of the Executive Director, Executive Assistant and Program Coordinator, as well as temporary resources.  
PCIP-WA no longer will reimburse WSHIP for any salary and benefit costs as it has over the last few years.
- (5) Miscellaneous expense includes Board expenses, conference travel, insurance, agent commissions, phone/internet charges, and office expenses.  
PCIP-WA no longer will reimburse WSHIP for any miscellaneous costs as it has over the last few years.
- (6) Professional fees include legal fees, auditing fees, actuarial fees, and consulting.

**WSHIP Financial Performance**

CASH BASIS	Month Ending April 30, 2015			
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>% Change</u>
Membership	1,661	1,636	(25)	-2%
Avg Premium Receipt PMPM	\$333	\$557	\$224	67%
Avg Medical Claim Expense PMPM	\$1,365	\$1,458	(\$93)	-7%
Avg Pharmacy Claim Expense PMPM	\$828	\$743	\$85	10%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,860)	(\$1,644)	\$216	12%
Avg Premium Receipt Less Avg Claim Expense Total	(\$3,089,460)	(\$2,689,584)	\$399,876	13%
Variance Due to Changes in Membership			\$41,100	
Variance Due to Changes in Claim Expenses			\$358,776	

CASH BASIS	Year-To-Date April 30, 2015			
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>% Change</u>
Member Months	6,671	6,534	(137)	-2%
Avg Premium Receipt PMPM	\$665	\$761	\$96	14%
Avg Medical Claim Expense PMPM	\$1,392	\$1,612	(\$220)	-16%
Avg Pharmacy Claim Expense PMPM	\$814	\$752	\$62	8%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,541)	(\$1,603)	(\$62)	-4%
Avg Premium Receipt Less Avg Claim Expense Total	(\$10,280,011)	(\$10,474,002)	(\$193,991)	-2%
Variance Due to Changes in Membership			\$219,611	
Variance Due to Changes in Claim Expenses			(\$413,602)	

INCURRED BASIS	Year-To-Date April 30, 2015	Year-To-Date April 30, 2014
	<u>Actual</u>	<u>Actual - Prior Year</u>
Member Months	6,534	8,408
Avg Premium Income PMPM	\$620	\$653
Avg Medical Claim Expense PMPM (1)	\$1,658	\$1,430
Avg Pharmacy Claim Expense PMPM (2)	\$786	\$1,005
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,824)	(\$1,782)
Avg Premium Receipt Less Avg Claim Expense Total	(\$11,918,016)	(\$14,983,056)

(1) Incurred medical claims data totals \$10,831,450 which is derived from \$6,324,450 actual paid claims with dates of service between 1-1-15 and 4-30-15 and \$4,507,000 IBNR reserve.

(2) Incurred pharmacy claims data totals \$5,133,952 which is derived from \$4,064,952 actual paid claims with dates of service between 1-1-15 and 4-30-15 and \$1,069,000 IBNR reserve.