

**Washington State Health Insurance Pool  
Treasurer's Report  
April 2016 Financial Review**

1. 2016 Interim I Assessment Required

In March 2016, an assessment of \$12.0 M is required to adequately fund the pool until the next scheduled assessment in July 2016. This assessment was approved by the Board of Directors and generated on March 30, 2016 with invoices due April 30, 2016 except for the carriers who have installment payment arrangements, at which point the invoices are due in total by June 30, 2016. Looking ahead as of May 31, 2016, \$10.7 M has been collected leaving \$1.3 left to collect.

2. 2016 Interim II Assessment Required

In July 2016, an assessment of \$12.5 M is required to adequately fund the pool until the next scheduled assessment in November 2016. This assessment was approved by the Board of Directors at the May 11<sup>th</sup>, 2016 meeting with the invoices to be generated and sent in July 2016.

3. Financial Statements – April 2016

Balance Sheet

Cash on hand increased by \$1.9 M or 30.7% from March 2016 to April 2016. The current cash position is \$8.2 M which is well above our current three week expense allowance of \$2.7 M. As of the end of April 2016, the entire \$8.2 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 2016 is \$5.0 M. This is a decrease of \$637 K or 11.3% from the prior month. Medical IBNR decreased \$294 K or 6.1% and pharmacy IBNR decreased \$343 K or 40.7% from March 2016.

As of April 2016, the equity position of WSHIP is a positive \$7.5 M.

Income Statement

Total member months for April 2016 YTD are lower by 612 member months or 9.4% lower than April 2015 YTD. Member months are measured as the cumulative monthly member count (PMPM) over a period of time. The total incurred claim loss for April 2016 YTD is \$1.6 M or 10.4% lower than April 2015 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 2016 YTD, the medical claims portion is \$1.3 M or 13.3% lower than April 2015 YTD, and the pharmacy claims portion is \$269 K or 4.9% lower than April 2015 YTD.

April 2016 YTD administrative expenses are \$134 K or 18.1% lower than the administrative expenses for April 2015 YTD. The ratio of administrative expenses as a percentage of total cost is 4.1% for April 2016 YTD as compared to 4.5% in April YTD of the prior year. Total cost is calculated as total incurred claim loss less pharmacy rebates plus administrative expenses.

#### 4. Budgeted Cash Flow – April 2016

The Budgeted Cash Flow document contains the budget (upper portion) as established in early 2016 and the actual (lower portion) cash flow results year-to-date.

The ending cash balance of \$8.2 M is \$1.6 M lower than the budgeted cash balance of \$9.8 M. Total net cash receipts for April 2016 YTD are \$2.9 M or 22.3% unfavorable to budget. This is primarily due to the timing of assessment receipts. Total YTD expenses are \$1.3 M or 8.0% favorable to budget. The YTD administrative expenses are \$7 K or 1.1% unfavorable to budget. Total YTD medical claims expense is \$1.2 M or 12.1% favorable to budget; while total YTD pharmacy claims expense is \$60 K or 1.1% favorable to budget.

#### 5. Cash Flow Forecast – 2016

The 2016 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 May 2016 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 2016. For May 2016, preliminary figures for the key financial drivers (Premium Receipts, Grant Revenue, Assessment Receipts and Refunds, Medical Claims and Pharmacy Claims Expenses) are reported.

To ensure adequate funding, the current 2016 forecast is projecting an assessment of \$34.5 M which is a \$500 K or 1.5% increase from the 2015 assessment of \$34.0 M.

#### 6. Administrative Expense Budget

For April 2016, YTD administrative expenses are \$7 K or 1.1% unfavorable to budget (cash basis).

## 7. Financial Performance

April 2016 YTD member months are 222 member months or 4% lower than projected in the original budget. Through April 2016, average premium receipt PMPM is 3% higher than anticipated. Average medical claims expense PMPM is 8% lower than anticipated and average pharmacy claims expense PMPM is 3% higher than anticipated.

On an incurred basis, the average medical claims expense PMPM is \$1,630 as compared to \$1,515 on a cash basis. Also on an incurred basis, the average pharmacy claims expense PMPM is \$975 as compared to \$891 on a cash basis.

# WASHINGTON STATE HEALTH INSURANCE POOL

## Unaudited Balance Sheet as of April 30

Total Enrollment: 1,473

	<u>2016</u>	<u>2015</u>
<b>Assets:</b>		
Cash	\$ 8,217,724	\$ 8,916,254
Premiums Receivable	137,704	354,429
Assessments Receivable	6,215,364	4,173,359
Grants Receivable	-	383,946
Prepaid Expense	-	-
<b>Total Assets</b>	<u>\$ 14,570,792</u>	<u>\$ 13,827,988</u>
 <b>Liabilities and Unassigned Surplus:</b>		
Reserve for Unpaid Losses - Medical	\$ 4,519,000	\$ 5,063,000
Reserve for Unpaid Losses - Pharmacy	500,000	1,069,000
Accrued Loss Adjustment	344,000	300,000
Premiums Received in Advance	1,482,678	1,711,104
Assessments Payable	-	-
Accrued Expenses	142,255	156,777
Abandoned Claim Reserve	68,201	29,948
<b>Total Liabilities</b>	<u>\$ 7,056,133</u>	<u>\$ 8,329,828</u>
<b>Unassigned Surplus</b>	7,514,659	5,498,160
<b>Total Liabilities and Unassigned Surplus</b>	<u>\$ 14,570,792</u>	<u>\$ 13,827,988</u>

# WASHINGTON STATE HEALTH INSURANCE POOL

## Unaudited Statement of Operations January 1 to April 30

	<u>2016</u>	<u>2015</u>
Total Member Months	5,922	6,534
<b>Premium Income Earned</b>	\$ 3,746,016	\$ 4,049,849
<b>Pharmacy Rebate Income</b>	169,882	89,099
<b>Grant Income</b>	-	-
<b>Incurred Claim Loss - Medical</b>	8,756,592	10,104,678
<b>Incurred Claim Loss - Pharmacy</b>	5,242,954	5,512,406
<b>Total Incurred Claim Loss</b>	<u>13,999,546</u>	<u>15,617,083</u>
<b>Operating Expenses:</b>		
Fixed (PMPM) Administrative Expense	\$ 332,222	\$ 310,057
Variable Administrative Expense	70,299	72,346
Salary and Benefit Expense	119,436	254,171
Prescription Administrative Expense	7,068	8,561
Miscellaneous Expense	23,457	26,897
Professional Fee Expense	53,070	67,354
<b>Total Operating Expenses</b>	<u>\$ 605,552</u>	<u>\$ 739,387</u>
<b>Underwriting Gain (Loss)</b>	(10,689,200)	(12,217,522)
<b>Investment Income</b>	5,912	400
<b>Other Income</b>	10,024	846
<b>Changes to Unassigned Surplus</b>	<u>\$ (10,673,263)</u>	<u>\$ (12,216,276)</u>

# WASHINGTON STATE HEALTH INSURANCE POOL

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

	<u>2016</u>	<u>2015</u>
Unassigned Surplus at Beginning of Year	\$ 6,187,922	\$ 8,214,435
Changes to Unassigned Surplus	(10,673,263)	(12,216,276)
Member Assessments	12,000,000	9,500,000
<b>Unassigned Surplus</b>	<u><u>\$ 7,514,659</u></u>	<u><u>\$ 5,498,160</u></u>

**WSHIP 2016  
Budgeted Cashflow**

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	Apr YTD	TOTAL
<b>Enrollment Count</b>	1,544	1,539	1,533	1,528	1,522	1,517	1,512	1,506	1,501	1,496	1,491	1,486	6,144	18,175
<b>Cash Balance</b>														
<b>BEGINNING OF MONTH</b>	13,186,859	13,457,582	6,603,630	4,533,298	9,826,305	7,559,915	6,425,504	2,741,850	10,315,350	9,189,533	6,784,587	2,677,287		
<b>Receipts</b>														
Premium Receipts	1,142,298	417,717	1,877,329	591,249	400,603	1,780,999	657,373	399,022	1,767,244	645,804	369,192	1,853,795	4,028,593	11,902,625
Grant Revenue	96,347	-	45,294	-	-	-	-	-	-	-	-	-	141,641	141,641
Pharmacy Rebate Income	-	-	50,000	-	-	50,000	-	-	50,000	-	-	50,000	50,000	200,000
Claim Refunds Receipts	41,157	52,376	51,193	50,588	51,537	54,797	55,053	58,883	57,572	59,175	58,753	57,440	195,314	648,524
Assessment Receipts	3,208,332	13,247	-	10,400,000	1,300,000	1,300,000	-	11,600,000	1,450,000	1,450,000	-	10,000,000	13,621,579	40,721,579
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	400	1,200
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Receipts</b>	<b>4,488,234</b>	<b>483,440</b>	<b>2,023,916</b>	<b>11,041,937</b>	<b>1,752,240</b>	<b>3,185,896</b>	<b>712,526</b>	<b>12,058,005</b>	<b>3,324,916</b>	<b>2,155,079</b>	<b>428,045</b>	<b>11,961,335</b>	<b>18,037,527</b>	<b>53,615,569</b>
<b>Refunds</b>														
Assessment Refunds	-	3,255,852	-	1,700,000	-	-	-	-	-	-	-	-	4,955,852	4,955,852
Premium Refunds	28,557	10,132	45,537	14,342	9,717	43,201	15,946	9,679	42,867	15,665	8,955	44,967	98,568	289,565
<b>Total Refunds</b>	<b>28,557</b>	<b>3,265,984</b>	<b>45,537</b>	<b>1,714,342</b>	<b>9,717</b>	<b>43,201</b>	<b>15,946</b>	<b>9,679</b>	<b>42,867</b>	<b>15,665</b>	<b>8,955</b>	<b>44,967</b>	<b>5,054,420</b>	<b>5,245,417</b>
<b>Expenses</b>														
Medical Claims	2,610,585	2,618,778	2,559,665	2,529,406	2,576,826	2,739,842	2,752,670	2,944,149	2,878,588	2,958,728	2,937,664	2,872,014	10,318,434	32,978,914
Pharmacy Claims	1,395,891	1,278,962	1,310,018	1,349,821	1,266,946	1,386,091	1,450,850	1,356,363	1,374,101	1,426,563	1,379,366	1,382,344	5,334,692	16,357,317
Fixed (PMPM) Admin	81,399	81,043	80,747	80,392	80,096	79,741	79,445	79,149	78,793	78,497	78,201	77,905	323,581	955,408
Variable Admin	33,006	17,352	17,288	17,234	17,170	17,116	19,562	16,998	16,944	16,891	24,837	16,782	84,880	231,180
Salary and Benefits	42,856	32,916	32,196	32,196	32,196	32,196	32,196	32,196	32,196	32,196	32,196	32,378	140,165	397,916
Prescription Admin	2,416	2,407	2,397	2,389	2,378	2,370	2,361	2,351	2,343	2,334	2,326	2,317	9,609	28,390
Miscellaneous	8,300	5,650	14,900	5,650	8,300	6,250	5,650	26,620	8,900	5,650	8,300	23,214	34,500	127,383
Professional Fees	14,500	34,300	31,500	17,500	25,000	13,500	37,500	17,000	16,000	23,500	63,500	19,500	97,800	313,300
<b>Total Expense</b>	<b>4,188,954</b>	<b>4,071,408</b>	<b>4,048,711</b>	<b>4,034,588</b>	<b>4,008,912</b>	<b>4,277,105</b>	<b>4,380,235</b>	<b>4,474,826</b>	<b>4,407,865</b>	<b>4,544,360</b>	<b>4,526,390</b>	<b>4,426,453</b>	<b>16,343,661</b>	<b>51,389,808</b>
<b>Month Ending Cash Balance</b>	<b>\$ 13,457,582</b>	<b>\$ 6,603,630</b>	<b>\$ 4,533,298</b>	<b>\$ 9,826,305</b>	<b>\$ 7,559,915</b>	<b>\$ 6,425,504</b>	<b>\$ 2,741,850</b>	<b>\$ 10,315,350</b>	<b>\$ 9,189,533</b>	<b>\$ 6,784,587</b>	<b>\$ 2,677,287</b>	<b>\$ 10,167,202</b>		

<b>Actual</b>	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
<b>Enrollment Count</b>	1,518	1,468	1,463	1,473									5,922
<b>Cash Balance</b>													
<b>BEGINNING OF MONTH</b>	13,186,859	14,216,707	8,224,318	6,288,149									
<b>Receipts</b>													
Premium Receipts	1,142,274	405,402	1,804,194	644,606									3,996,476
Grant Revenue	96,347	45,294	-	-									141,641
Pharmacy Rebate Income	-	169,882	-	-									169,882
Claim Refunds Receipts	37,298	23,469	14,128	22,193									97,089
Assessment Receipts	3,208,332	13,247	-	5,784,636									9,006,215
Investment Income	1,819	1,695	1,265	1,134									5,912
Other Income	24	-	-	10,000									10,024
<b>Total Receipts</b>	<b>4,486,094</b>	<b>658,989</b>	<b>1,819,587</b>	<b>6,462,569</b>									<b>13,427,239</b>
<b>Refunds</b>													
Assessment Refunds	-	3,255,852	-	-									3,255,852
Premium Refunds	25,734	22,852	15,493	19,077									83,156
<b>Total Refunds</b>	<b>25,734</b>	<b>3,278,704</b>	<b>15,493</b>	<b>19,077</b>									<b>3,339,008</b>
<b>Expenses</b>													
Medical Claims	2,057,865	2,117,545	2,421,785	2,472,985									9,070,180
Pharmacy Claims	1,136,882	1,095,730	1,173,497	1,868,346									5,274,455
Fixed (PMPM) Admin	162,313	81,491	83,015	84,621									411,440
Variable Admin	21,981	13,442	15,054	27,781									78,257
Salary and Benefits	28,691	34,762	28,655	28,649									120,757
Prescription Admin	3,775	1,898	1,909	1,392									8,973
Miscellaneous	5,002	6,414	6,099	5,528									23,043
Professional Fees	14,004	21,392	9,851	10,135									55,381
<b>Total Expense</b>	<b>3,430,513</b>	<b>3,372,674</b>	<b>3,739,863</b>	<b>4,499,436</b>									<b>15,042,486</b>
<b>Available Cash Balance</b>	<b>14,216,707</b>	<b>8,224,318</b>	<b>6,288,549</b>	<b>8,232,205</b>									
<b>Inc(Dec) in Abandoned Property Reserve</b>			(399)	(14,481)									
<b>Month Ending Cash Balance</b>	<b>\$ 14,216,707</b>	<b>\$ 8,224,318</b>	<b>\$ 6,288,149</b>	<b>\$ 8,217,724</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**WSHIP 2016  
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>	(26)	(71)	(70)	(55)									(222)
<b>Receipts</b>													
Premium Receipts	(24)	(12,315)	(73,135)	53,357									(32,117)
Grant Revenue	-	45,294	(45,294)	-									-
Pharmacy Rebate Income	-	169,882	(50,000)	-									119,882
Claim Refunds Receipts	(3,859)	(28,907)	(37,065)	(28,395)									(98,225)
Assessment Receipts	-	-	-	(4,615,364)									(4,615,364)
Investment Income	1,719	1,595	1,165	1,034									5,512
Other Income	24	-	-	10,000									10,024
<b>Total Receipts</b>	(2,140)	175,549	(204,329)	(4,579,368)									<b>(4,610,288)</b>
<b>Refunds</b>													
Assessment Refunds	-	-	-	1,700,000									1,700,000
Premium Refunds	2,823	(12,720)	30,044	(4,735)									15,412
<b>Total Refunds</b>	2,823	(12,720)	30,044	1,695,265									<b>1,715,412</b>
<b>Expenses</b>													
Medical Claims	552,721	501,233	137,880	56,421									1,248,254
Pharmacy Claims	259,010	183,232	136,521	(518,525)									60,238
Fixed (PMPM) Admin	(80,914)	(448)	(2,268)	(4,229)									(87,859)
Variable Admin	11,025	3,910	2,234	(10,547)									6,623
Salary and Benefits	14,166	(1,846)	3,541	3,547									19,408
Prescription Admin	(1,359)	510	488	997									636
Miscellaneous	3,298	(764)	8,801	122									11,457
Professional Fees	496	12,908	21,650	7,365									42,419
<b>Total Expense</b>	758,441	698,734	308,848	(464,848)									<b>1,301,175</b>
<b>Available Cash Balance</b>	759,125	1,620,688	1,755,251	(1,594,100)									
<b>Inc(Dec) in Abandoned</b>													
<b>Property Reserve</b>	-	-	(399)	(14,481)									
<b>Month Ending Cash Balance</b>	759,125	1,620,688	1,754,852	(1,608,581)									

- (1) Assumes a Non-medicare medical claim expense trend of 25%. Assumes an annual Medicare medical claim expense trend of 7%.
- (2) Assumes a Non-medicare pharmacy claim expense trend of 18%. Assumes an annual Medicare pharmacy claim expense trend of 0% for Basic and 18% for Basic Plus
- (3) Assumes a Non-medicare premium rate trended at a 12% increase. Assumes a Medicare premium rate increase of 2.4% for Basic and 3% for Basic Plus
- (4) Non-medicare enrollment projected to decrease by 1.5% monthly. All Medicare enrollment projected to remain the same over time.
- (5) Assumes assessments on March (**\$13.0 M**), July (**\$14.5**) and November (**\$12.5 M**) TOTAL **\$40.0 M**.
- (6) 3-Week expense allowance is **\$3.0 M** based upon the actual data for the 12-month period ending in Dec of 2016.
- (7) WSHIP has access to a **\$5 M** line of credit in the event cash on hand is exhausted.



**Washington State Health Insurance Pool  
2016 Cash Flow Forecast**

Forecast - Updated 5/1/2016

	Actual (Bold)				Forecast								TOTAL
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	
<b>Enrollment:</b>													
Non-Medicare Enrollment	463	442	440	435	431	427	422	417	413	408	404	399	5,101
Medicare Enrollment (Basic and Basic+)	1,055	1,026	1,023	1,038	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	12,462
<b>Total Enrollment Count</b>	<b>1,518</b>	<b>1,468</b>	<b>1,463</b>	<b>1,473</b>	1,471	1,467	1,462	1,457	1,453	1,448	1,444	1,439	17,563
<b>Cash Balance</b>													
<b>BEGINNING OF MONTH</b>	<b>13,186,859</b>	<b>14,216,707</b>	<b>8,224,318</b>	<b>6,288,149</b>	8,217,724	8,041,775	7,209,162	3,824,990	10,108,738	9,259,962	7,340,351	3,793,947	
<b>Receipts</b>													
Premium Receipts	1,142,274	405,402	1,804,194	644,606	309,189	1,688,182	623,113	378,227	1,675,143	612,147	349,951	1,757,183	11,389,612
Grant Revenue	96,347	45,294	-	-	-	-	-	-	-	-	-	-	141,641
Pharmacy Rebate Income	-	169,882	-	-	-	50,000	-	-	50,000	-	-	50,000	319,882
Claim Refunds Receipts	37,298	23,469	14,128	22,193	47,615	49,239	50,743	54,067	48,515	49,173	51,843	47,791	496,074
Assessment Receipts	3,208,332	13,247	-	5,784,636	4,916,109	1,299,255	-	10,000,000	1,250,000	1,250,000	-	8,000,000	35,721,579
Investment Income	1,819	1,695	1,265	1,134	100	100	100	100	100	100	100	100	6,712
Other Income	24	-	-	10,000	-	-	-	-	-	-	-	-	10,024
<b>Total Receipts</b>	<b>4,486,094</b>	<b>658,989</b>	<b>1,819,587</b>	<b>6,462,569</b>	5,273,014	3,086,776	673,956	10,432,394	3,023,758	1,911,420	401,894	9,855,074	48,085,524
<b>Refunds</b>													
Assessment Refunds	-	3,255,852	-	-	1,700,000	-	-	-	-	-	-	-	4,955,852
Premium Refunds	25,734	22,852	15,493	19,077	7,730	42,205	15,578	9,456	41,879	15,304	8,749	43,930	267,984
<b>Total Refunds</b>	<b>25,734</b>	<b>3,278,704</b>	<b>15,493</b>	<b>19,077</b>	1,707,730	42,205	15,578	9,456	41,879	15,304	8,749	43,930	<b>5,223,836</b>
<b>Expenses</b>													
Medical Claim Expense	2,057,865	2,117,545	2,421,785	2,472,985	2,380,763	2,461,967	2,537,159	2,703,345	2,425,738	2,458,637	2,592,135	2,389,535	29,019,459
Pharmacy Claim Expense	1,136,882	1,095,730	1,173,497	1,868,346	1,195,329	1,264,045	1,328,677	1,261,530	1,249,742	1,198,022	1,138,054	1,169,638	15,079,492
PMPM Administrative Expense	162,313	81,491	83,015	84,621	80,096	79,741	79,445	79,149	78,793	78,497	78,201	77,905	1,043,267
Variable Administrative Expense	21,981	13,442	15,054	27,781	17,170	17,116	19,562	16,998	16,944	16,891	24,837	16,782	224,557
Salary and Benefits Expense	28,691	34,762	28,655	28,649	32,196	32,196	32,196	32,196	32,196	32,196	32,196	32,378	378,508
Prescription Administrative Expense	3,775	1,898	1,909	1,392	2,378	2,370	2,361	2,351	2,343	2,334	2,326	2,317	27,754
Miscellaneous Expense	5,002	6,414	6,099	5,528	8,300	6,250	5,650	26,620	8,900	5,650	8,300	23,214	115,926
Professional Fees	14,004	21,392	9,851	10,135	25,000	13,500	37,500	17,000	16,000	23,500	63,500	19,500	270,881
<b>Total Expense</b>	<b>3,430,513</b>	<b>3,372,674</b>	<b>3,739,863</b>	<b>4,499,436</b>	3,741,232	3,877,185	4,042,551	4,139,189	3,830,656	3,815,727	3,939,549	3,731,269	<b>46,159,844</b>
<b>Available Cash Balance</b>	<b>14,216,707</b>	<b>8,224,318</b>	<b>6,288,549</b>	<b>8,232,205</b>	8,041,775	7,209,162	3,824,990	10,108,738	9,259,962	7,340,351	3,793,947	9,873,823	
<b>Inc(Dec) in Abandoned Property Reserve</b>	<b>-</b>	<b>-</b>	<b>(399)</b>	<b>(14,481)</b>	-	-	-	-	-	-	-	-	
<b>Month Ending Cash Balance</b>	<b>14,216,707</b>	<b>8,224,318</b>	<b>6,288,149</b>	<b>8,217,724</b>	8,041,775	7,209,162	3,824,990	10,108,738	9,259,962	7,340,351	3,793,947	9,873,823	

- (1) Assumes a Non-medicare medical claim expense trend of 25%. Assumes an annual Medicare medical claim expense trend of 7%.
- (2) Assumes a Non-medicare pharmacy claim expense trend of 18%. Assumes an annual Medicare pharmacy claim expense trend of 0% for Basic and 18% for Basic Plus.
- (3) Assumes a Non-medicare premium rate trended at a 10% increase. Assumes a Medicare premium rate increase of 3% for both Basic and Basic Plus.
- (4) Non-medicare enrollment projected to decrease by 1.5% monthly. All Medicare combined enrollment projected to remain the same over time.
- (5) Assumes assessments on March (\$12.0 M), July (\$12.5 M) and November (\$10.0 M) TOTAL \$34.5 M
- (6) 3-Week expense allowance is \$2.7 M based upon the actual data for the 12-month period ending in Dec of 2016.
- (7) WSHIP has access to a \$5 M line of credit in the event cash on hand is exhausted.

**Washington State Health Insurance Pool  
2016 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	499	494	488	483	477	472	467	461	456	451	446	441	5,635
Medicare Basic	808	810	812	814	816	818	820	822	824	826	828	830	
Medicare Basic Plus	237	235	233	231	229	227	225	223	221	219	217	215	2,712
Total Membership	1,544	1,539	1,533	1,528	1,522	1,517	1,512	1,506	1,501	1,496	1,491	1,486	18,175
PMPM Administrative Expense (2)	81,399	81,043	80,747	80,392	80,096	79,741	79,445	79,149	78,793	78,497	78,201	77,905	955,408
Variable Administrative Expense (3)	33,006	17,352	17,288	17,234	17,170	17,116	19,562	16,998	16,944	16,891	24,837	16,782	231,180
Salary and Benefits Expense (4)	42,856	32,916	32,196	32,196	32,196	32,196	32,196	32,196	32,196	32,196	32,196	32,378	397,916
RX Benefit Management Fees	2,416	2,407	2,397	2,389	2,378	2,370	2,361	2,351	2,343	2,334	2,326	2,317	28,390
Miscellaneous Expense (5)	8,300	5,650	14,900	5,650	8,300	6,250	5,650	26,620	8,900	5,650	8,300	23,214	127,383
Professional Fees (6)	14,500	34,300	31,500	17,500	25,000	13,500	37,500	17,000	16,000	23,500	63,500	19,500	313,300
<b>Total Budget Operating Expenses</b>	<b>\$182,477</b>	<b>\$173,669</b>	<b>\$179,028</b>	<b>\$155,361</b>	<b>\$165,141</b>	<b>\$151,173</b>	<b>\$176,715</b>	<b>\$174,314</b>	<b>\$155,176</b>	<b>\$159,068</b>	<b>\$209,360</b>	<b>\$172,096</b>	<b>\$2,053,577</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	463	442	440	435									1,780
Medicare Basic	825	797	798	814									
Medicare Basic Plus	230	229	225	224									908
Total Membership	1,518	1,468	1,463	1,473	-	-	-	-	-	-	-	-	5,922
PMPM Administrative Expense (2)	162,313	81,491	83,015	84,621									\$411,440
Variable Administrative Expense (3)	21,981	13,442	15,054	27,781									\$78,257
Salary and Benefits Expense (4)	28,691	34,762	28,655	28,649									\$120,757
RX Benefit Management Fees	3,775	1,898	1,909	1,392									\$8,973
Miscellaneous Expense (5)	5,002	6,414	6,099	5,528									\$23,043
Professional Fees (6)	14,004	21,392	9,851	10,135									\$55,381
<b>Total Actual Operating Expenses</b>	<b>\$235,766</b>	<b>\$159,398</b>	<b>\$144,582</b>	<b>\$158,105</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>\$697,851</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	(36)	(52)	(48)	(48)									(184)
Medicare Basic	17	(13)	(14)	-									(10)
Medicare Basic Plus	(7)	(6)	(8)	(7)									(28)
Total Membership	(26)	(71)	(70)	(55)	-	-	-	-	-	-	-	-	(222)
PMPM Administrative Expense (2)	(80,914)	(448)	(2,268)	(4,229)									(\$87,859)
Variable Administrative Expense (3)	11,025	3,910	2,234	(10,547)									\$6,623
Salary and Benefits Expense (4)	14,165	(1,846)	3,541	3,547									\$19,408
RX Benefit Management Fees	(1,359)	510	488	997									\$636
Miscellaneous Expense (5)	3,298	(764)	8,801	122									\$11,457
Professional Fees (6)	496	12,908	21,650	7,365									\$42,419
<b>Total Variance Expenses</b>	<b>(\$53,289)</b>	<b>\$14,270</b>	<b>\$34,447</b>	<b>(\$2,744)</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>(\$7,316)</b>

**Notes:**

- (1) Assumes the Non-medicare membership decreases by 6 members per month through March 2016 and then decreases by 5 members per month. Assumes Medicare Basic membership increases by 2 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:  
  - \$37,900 of insurance expenses (D&O, E&O and general liability).
  - \$47,800 for WSHIP Board meeting expenses and travel costs.
  - \$10,000 for bank fee and other miscellaneous expenses.
- (6) Professional fees includes:  
  - \$124,000 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.
  - \$52,000 of legal expenses.
  - \$71,000 of consulting expenses (IRO, Review of PBM Contract, and other consulting expenses).
  - \$56,300 of auditing expenses (Financial audits and PBM audit).

**WSHIP Financial Performance**

CASH BASIS	Month Ending April 30, 2016			
	Projected	Actual	Variance	% Change
Membership	1,528	1,473	(55)	-4%
Avg Premium Receipt PMPM	\$378	\$425	\$47	12%
Avg Medical Claim Expense PMPM	\$1,622	\$1,664	(\$42)	-3%
Avg Pharmacy Claim Expense PMPM	\$883	\$1,268	(\$385)	-44%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$2,127)	(\$2,507)	(\$380)	-18%
Avg Premium Receipt Less Avg Claim Expense Total	(\$3,250,056)	(\$3,692,811)	(\$442,755)	-14%
Variance Due to Changes in Membership			\$137,885	
Variance Due to Changes in Claim Expenses			(\$580,640)	

CASH BASIS	Year-To-Date April 30, 2016			
	Projected	Actual	Variance	% Change
Member Months	6,144	5,922	(222)	-4%
Avg Premium Receipt PMPM	\$640	\$661	\$21	3%
Avg Medical Claim Expense PMPM	\$1,648	\$1,515	\$133	8%
Avg Pharmacy Claim Expense PMPM	\$868	\$891	(\$23)	-3%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,876)	(\$1,745)	\$131	7%
Avg Premium Receipt Less Avg Claim Expense Total	(\$11,526,144)	(\$10,333,890)	\$1,192,254	10%
Variance Due to Changes in Membership			\$387,390	
Variance Due to Changes in Claim Expenses			\$804,864	

INCURRED BASIS	Year-To-Date April 30, 2016	Year-To-Date April 30, 2015
	Actual	Actual - Prior Year
Member Months	5,922	6,534
Avg Premium Income PMPM	\$633	\$620
Avg Medical Claim Expense PMPM (1)	\$1,630	\$1,658
Avg Pharmacy Claim Expense PMPM (2)	\$975	\$786
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,972)	(\$1,824)
Avg Premium Receipt Less Avg Claim Expense Total	(\$11,678,184)	(\$11,918,016)

(1) Incurred medical claims data totals \$9,650,677 which is derived from \$5,561,677 actual paid claims with dates of service between 1-1-16 and 4-30-16 and \$4,089,000 IBNR reserve.

(2) Incurred pharmacy claims data totals \$5,274,455 which is derived from \$3,297,221 actual paid claims with dates of service between 1-1-16 and 4-30-16 and \$500,000 IBNR reserve.