

**Washington State Health Insurance Pool  
Treasurer's Report  
April 2018 Financial Review**

1. 2018 Interim I Assessment Required

An assessment of \$7.0 M is required to adequately fund the pool until the next scheduled assessment in July 2018. This assessment was approved by the Board of Directors and generated on March 30, 2018 with invoices due April 30, 2018 except for the carriers who have installment payment arrangements, at which point the invoices are due in total by June 30, 2018. As of May 31, 2018, \$5.9 M of assessments have been collected, leaving \$1.1 M to be collected.

2. 2018 Interim II Assessment Required

An assessment of \$10.0 M is required to adequately fund the pool until the next scheduled assessment in November 2018. This assessment was approved by the Board of Directors on May 9, 2018 and invoices will be generated in July 2018.

3. Financial Statements – April 2018

Balance Sheet

Cash on hand increased by \$348 K or 5.8% from March 2018 to April 2018. The current cash position is \$6.3 M, which is well above our current 4-week expense allowance of \$3.0 M. As of the end of April 2018, the entire \$6.3 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 2018 is \$4.1 M. This is a decrease of \$535 K or 11.6% from the prior month. Medical IBNR decreased \$16 K or less than 1% and pharmacy IBNR decreased \$519 K or 50.5% from March 2018.

As of April 2018, the equity position of WSHIP is a positive \$3.8 M.

Income Statement

Total member months for April 2018 YTD are lower by 131 member months or 2.2% lower than April 2017 YTD. Member months are measured as the cumulative monthly member count (PMPM) over a period of time. The total incurred claim loss for April 2018 YTD is \$846 K or 7.3% higher than April 2017 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 2018 YTD, the medical claims portion is \$1.0 M or 14.7% higher than April

2017 YTD, and the pharmacy claims portion is \$176 K or 3.8% lower than March 2017 YTD.

April 2018 YTD administrative expenses are \$93 K or 16.3% higher than the administrative expenses for April 2017 YTD. The ratio of administrative expenses as a percentage of total cost is 5.1% for April 2018 YTD as compared to 4.7% for 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 2018

The Budgeted Cash Flow document contains the budget (upper portion) as established in early 2018 and the actual (lower portion) cash flow results year-to-date.

The ending cash balance of \$6.3 M is \$6.6 M or 50.9% lower than the budgeted cash balance of \$12.9 M. Total net cash receipts for April 2018 YTD are \$1.8 K or 11.4% unfavorable to budget. Total YTD expenses are \$59 K or less than 1% favorable to budget. The YTD administrative expenses are \$120 K or 18.7% favorable to budget. Total YTD medical claims expense is \$143 K or 1.8% unfavorable to budget; while total YTD pharmacy claims expense is \$82 K or 1.7% favorable to budget.

#### 5. Medicare vs. Non-Medicare Cash Flow – April 2018

As of April, the YTD Medicare member months total 4,358 and represent 76% of the combined WSHIP member months. The YTD Non-Medicare member months total 1,379 and account for 24% of the combined WSHIP member months. The YTD Medicare Loss Ratio is 168% while the YTD Non-Medicare Loss Ratio is 272%. On a cash basis, the YTD Claims PMPM is \$814 for Medicare members and \$6,719 for Non-Medicare members.

#### 6. Cash Flow Forecast – 2018

The 2018 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 December 2017 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 2018. For May 2018, preliminary figures for the key financial drivers (Premium Receipts, Assessment Receipts and Refunds, Medical Claims and Pharmacy Claims Expenses) are reported.

To ensure adequate funding, the current 2018 forecast is projecting an assessment of \$24.5 M which is a \$1.5 M or 5.8% decrease from the 2017 assessment of \$26.0 M.

#### 7. Administrative Expense Budget

For April 2018, YTD administrative expenses are \$120 K or 18.7% favorable to budget (cash basis).

#### 8. Financial Performance

April 2018 YTD member months are 1% higher than expected, average premium receipt PMPM is 27% higher than expected, average medical claims expense PMPM is 2% higher than expected and average pharmacy claims expense PMPM is 2% lower than anticipated.

On an incurred basis, the average YTD medical claims expense PMPM is \$1,491 as compared to \$1,404 on a cash basis. Also on an incurred basis, the average YTD pharmacy claims expense PMPM is \$834 as compared to \$820 on a cash basis.

# WASHINGTON STATE HEALTH INSURANCE POOL

## Unaudited Balance Sheet as of April 30

Total Enrollment: 1,448

	<u>2018</u>	<u>2017</u>
<b>Assets:</b>		
Cash	\$ 6,323,728	\$ 10,466,791
Premiums Receivable	133,205	81,996
Assessments Receivable	3,601,242	4,164,424
Grants Receivable	-	-
Prepaid Expense	-	-
<b>Total Assets</b>	<u>\$ 10,058,174</u>	<u>\$ 14,713,210</u>
 <b>Liabilities and Unassigned Surplus:</b>		
Reserve for Unpaid Losses - Medical	\$ 3,589,000	\$ 3,694,000
Reserve for Unpaid Losses - Pharmacy	508,000	416,000
Accrued Loss Adjustment	303,000	323,000
Premiums Received in Advance	1,565,093	1,494,490
Assessments Payable	-	-
Accrued Expenses	241,112	127,355
Abandoned Claim Reserve	2,084	19,897
<b>Total Liabilities</b>	<u>\$ 6,208,289</u>	<u>\$ 6,074,743</u>
<b>Unassigned Surplus</b>	3,849,885	8,638,467
<b>Total Liabilities and Unassigned Surplus</b>	<u>\$ 10,058,174</u>	<u>\$ 14,713,210</u>

## WASHINGTON STATE HEALTH INSURANCE POOL

### Unaudited Statement of Operations April 1 to April 30

	<u>2018</u>	<u>2017</u>
Total Member Months	5,737	5,868
<b>Premium Income Earned</b>	\$ 4,261,119	\$ 4,109,632
<b>Pharmacy Rebate Income</b>	117,625	15,401
<b>Grant Income</b>	-	-
<b>Incurred Claim Loss - Medical</b>	\$ 7,993,248	6,971,682
<b>Incurred Claim Loss - Pharmacy</b>	4,482,850	4,658,431
<b>Total Incurred Claim Loss</b>	<u>12,476,098</u>	<u>11,630,113</u>
<b>Operating Expenses:</b>		
Fixed (PMPM) Administrative Expense	\$ 325,919	\$ 309,822
Variable Administrative Expense	54,946	48,863
Salary and Benefit Expense	140,170	113,801
Prescription Administrative Expense	7,979	8,371
Miscellaneous Expense	35,893	31,920
Professional Fee Expense	100,745	59,595
<b>Total Operating Expenses</b>	<u>\$ 665,652</u>	<u>\$ 572,372</u>
<b>Underwriting Gain (Loss)</b>	(8,763,005)	(8,077,452)
<b>Investment Income</b>	33,885	16,310
<b>Other Income</b>	-	-
<b>Changes to Unassigned Surplus</b>	<u>\$ (8,729,121)</u>	<u>\$ (8,061,141)</u>

# WASHINGTON STATE HEALTH INSURANCE POOL

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

	<u>2018</u>	<u>2017</u>
Unassigned Surplus at Beginning of Year	\$ 5,579,006	\$ 6,062,256
Changes to Unassigned Surplus	(8,729,121)	(8,061,141)
Member Assessments	7,000,000	10,637,353
<b>Unassigned Surplus</b>	<u>\$ 3,849,885</u>	<u>\$ 8,638,467</u>

**WSHIP 2018  
Budgeted Cashflow**

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	APRIL YTD	TOTAL
<b>Enrollment Count</b>	1,427	1,425	1,424	1,423	1,422	1,421	1,420	1,419	1,418	1,417	1,416	1,415	5,699	17,047
<b>Cash Balance</b>														
<b>BEGINNING OF MONTH</b>	10,516,926	12,655,004	10,595,865	9,123,614	12,892,020	10,875,369	10,020,695	7,240,772	12,558,231	11,993,978	10,432,808	7,493,631		
<b>Receipts</b>														
Premium Receipts	1,332,619	484,426	1,868,094	743,157	507,333	1,799,134	749,543	559,343	1,652,295	736,555	365,649	357,599	4,428,295	11,155,745
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pharmacy Rebate Income	-	-	50,000	-	-	50,000	-	-	50,000	-	-	50,000	50,000	200,000
Claim Refunds Receipts	35,695	33,990	34,807	33,840	33,651	34,698	35,909	34,265	34,501	35,016	34,221	33,780	138,332	414,373
Assessment Receipts	4,131,528	2,000,000	-	6,400,000	800,000	800,000	-	8,000,000	1,000,000	1,000,000	-	6,000,000	12,531,528	30,131,528
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	400	1,200
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Receipts</b>	5,499,942	2,518,517	1,953,000	7,177,096	1,341,083	2,683,932	785,552	8,593,708	2,736,895	1,771,670	399,971	6,441,478	17,148,555	41,902,846
<b>Refunds</b>														
Assessment Refunds	-	1,238,834	-	-	-	-	-	-	-	-	-	-	1,238,834	1,238,834
Premium Refunds	59,306	12,111	46,702	18,579	12,683	44,978	18,739	13,984	41,307	18,414	9,141	8,940	136,698	304,884
<b>Total Refunds</b>	59,306	1,250,945	46,702	18,579	12,683	44,978	18,739	13,984	41,307	18,414	9,141	8,940	1,375,532	1,543,718
<b>Expenses</b>														
Medical Claims	1,928,839	1,999,438	2,047,458	1,990,559	1,979,445	2,041,061	2,112,313	2,015,589	2,029,452	2,059,756	2,013,026	1,987,039	7,966,294	24,203,974
Pharmacy Claims	1,207,747	1,156,955	1,169,031	1,252,631	1,216,972	1,305,070	1,246,530	1,095,919	1,070,347	1,087,264	1,151,857	1,157,980	4,786,364	14,118,303
Fixed (PMPM) Admin	79,539	77,250	77,172	77,095	77,019	76,944	76,869	76,794	76,721	76,648	76,575	76,504	311,056	925,130
Variable Admin	14,278	21,168	13,658	13,648	13,639	13,629	14,620	13,610	14,601	13,592	20,583	13,573	62,752	180,599
Salary and Benefits	44,812	33,660	32,940	32,940	32,940	32,940	32,940	32,940	32,940	32,940	32,940	33,151	144,351	408,080
Prescription Admin	1,852	1,850	1,848	1,846	1,845	1,843	1,841	1,839	1,838	1,836	1,834	1,833	7,395	22,104
Miscellaneous	10,625	6,525	9,075	6,525	8,325	7,275	27,257	7,208	9,075	15,525	8,325	23,082	32,750	138,822
Professional Fees	14,867	29,867	27,367	14,867	14,867	14,867	34,367	18,367	24,867	26,867	24,867	15,367	86,967	261,400
<b>Total Expense</b>	3,302,558	3,326,712	3,378,549	3,390,111	3,345,051	3,493,629	3,546,736	3,262,266	3,259,840	3,314,427	3,330,006	3,308,528	13,397,929	40,258,413
<b>Month Ending Cash Balance</b>	\$ 12,655,004	\$ 10,595,865	\$ 9,123,614	\$ 12,892,020	\$ 10,875,369	\$ 10,020,695	\$ 7,240,772	\$ 12,558,231	\$ 11,993,978	\$ 10,432,808	\$ 7,493,631	\$ 10,617,641		

<b>Actual</b>	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
<b>Enrollment Count</b>	1,464	1,410	1,415	1,448									5,737
<b>Cash Balance</b>													
<b>BEGINNING OF MONTH</b>	5,683,892	8,281,836	8,297,715	5,976,023									
<b>Receipts</b>													
Premium Receipts	2,379,633	463,465	1,804,956	892,938									5,540,992
Grant Revenue	-	-	-	-									-
Pharmacy Rebate Income	-	117,625	-	-									117,625
Claim Refunds Receipts	13,537	5,798	17,382	16,471									53,188
Assessment Receipts	3,432,332	2,035,100	-	3,549,006									9,016,438
Investment Income	9,077	8,241	8,502	8,065									33,885
Other Income	-	-	-	-									-
<b>Total Receipts</b>	5,834,579	2,630,229	1,830,839	4,466,480									14,762,127
<b>Refunds</b>													
Assessment Refunds	-	-	-	724,986									724,986
Premium Refunds	21,207	1,239	20,875	14,817									58,138
<b>Total Refunds</b>	21,207	1,239	20,875	739,803									783,124
<b>Expenses</b>													
Medical Claims	2,099,733	1,516,198	2,244,525	2,249,235									8,109,690
Pharmacy Claims	971,875	944,447	1,711,269	1,077,004									4,704,595
Fixed (PMPM) Admin	69,145	79,920	80,390	-									229,455
Variable Admin	16,497	10,456	13,640	-									40,592
Salary and Benefits	45,297	30,624	30,567	30,826									137,314
Prescription Admin	1,634	1,686	1,838	1,411									6,568
Miscellaneous	5,278	9,172	(207)	6,349									20,592
Professional Fees	5,970	20,607	49,635	14,148									90,359
<b>Total Expense</b>	3,215,428	2,613,110	4,131,656	3,378,973									13,339,167
<b>Available Cash Balance</b>	8,281,836	8,297,715	5,976,023	6,323,728									
<b>Inc(Dec) in Abandoned</b>	-	-	-	-									
<b>Property Reserve</b>	-	-	-	-									
<b>Month Ending Cash Balance</b>	\$ 8,281,836	\$ 8,297,715	\$ 5,976,023	\$ 6,323,728									

**WSHIP 2018  
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>	37	(15)	(9)	25									38
<b>Receipts</b>													
Premium Receipts	1,047,014	(20,961)	(63,138)	149,781									1,112,696
Grant Revenue	-	-	-	-									-
Pharmacy Rebate Income	-	117,625	(50,000)	-									67,625
Claim Refunds Receipts	(22,159)	(28,192)	(17,425)	(17,368)									(85,145)
Assessment Receipts	(699,196)	35,100	-	(2,850,994)									(3,515,090)
Investment Income	8,977	8,141	8,402	7,965									33,485
Other Income	-	-	-	-									-
<b>Total Receipts</b>	<b>334,636</b>	<b>111,712</b>	<b>(122,161)</b>	<b>(2,710,616)</b>									<b>(2,386,429)</b>
<b>Refunds</b>													
Assessment Refunds	-	1,238,834	-	(724,986)									513,848
Premium Refunds	38,099	10,872	25,827	3,762									78,560
<b>Total Refunds</b>	<b>38,099</b>	<b>1,249,706</b>	<b>25,827</b>	<b>(721,224)</b>									<b>592,408</b>
<b>Expenses</b>													
Medical Claims	(170,894)	483,240	(197,067)	(258,675)									(143,396)
Pharmacy Claims	235,872	212,508	(542,237)	175,627									81,769
Fixed (PMPM) Admin	10,394	(2,670)	(3,218)	77,095									81,601
Variable Admin	(2,219)	10,712	18	13,648									22,160
Salary and Benefits	(485)	3,035	2,373	2,114									7,037
Prescription Admin	218	164	10	436									827
Miscellaneous	5,347	(2,647)	9,282	176									12,158
Professional Fees	8,897	9,260	(22,268)	719									(3,392)
<b>Total Expense</b>	<b>87,130</b>	<b>713,601</b>	<b>(753,107)</b>	<b>11,139</b>									<b>58,762</b>
<b>Available Cash Balance</b>	<b>(4,373,169)</b>	<b>(2,298,150)</b>	<b>(3,147,591)</b>	<b>(6,568,292)</b>									
<b>Inc(Dec) in Abandoned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>									
<b>Property Reserve</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>									
<b>Month Ending Cash Balance</b>	<b>(4,373,169)</b>	<b>(2,298,150)</b>	<b>(3,147,591)</b>	<b>(6,568,292)</b>									

- (1) Assumes a Non-medicare medical claim expense trend of 6%. Assumes an annual Medicare medical claim expense trend of 6%.
- (2) Assumes a Non-medicare pharmacy claim expense trend of 15%. Assumes an annual Medicare pharmacy claim expense trend of 0% for Basic and Basic Plus.
- (3) Assumes a Non-medicare premium rate trended at a 18% increase. Assumes a Medicare premium rate increase of 0.3% for Basic and 1.5% for Basic Plus.
- (4) Non-medicare enrollment projected to decrease by 2 members per month. Medicare Basic enrollment projected to increase 3 members per month, while Medicare Basic+ projected to drop 2 members per month.
- (5) Assumes assessments on March (\$8.0 M), July (\$10.0 M) and November (\$7.5 M) TOTAL \$25.5 M
- (6) 4-Week expense allowance is \$3.2 M based upon the actual data for the 12-month period ending in Dec of 2018.
- (7) WSHIP has access to a \$5 M line of credit in the event cash on hand is exhausted.



**WSHIP 2018**  
**Medicare vs. Non-Medicare Cash Flow**

	January	February	March	April	May	June	July	August	September	October	November	December	YTD
<b>Medicare</b>													
Enrollment Count	1,113	1,065	1,073	1,107									4,358
Premiums	750,451	342,924	328,037	695,128									2,116,540
Medical Claims	747,998	700,875	897,894	815,399									3,162,166
RX Claims	80,135	84,195	137,724	83,988									386,042
Total Claims	828,134	785,070	1,035,618	899,387	-	-	-	-	-	-	-	-	3,548,208
Income/Loss	(77,683)	(442,146)	(707,581)	(204,259)	-	-	-	-	-	-	-	-	(1,431,668)
Loss Ratio	110%	229%	316%	129%									168%
Claims PMPM	744	737	965	812									814
<b>Non Medicare</b>													
Enrollment Count	351	345	342	341									1,379
Premiums	1,629,182	120,541	1,476,919	197,810									3,424,452
Medical Claims	1,351,735	815,323	1,346,631	1,433,836									4,947,525
RX Claims	891,739	860,252	1,573,545	993,017									4,318,553
Total Claims	2,243,475	1,675,575	2,920,175	2,426,853	-	-	-	-	-	-	-	-	9,266,078
Income/Loss	(614,293)	(1,555,034)	(1,443,256)	(2,229,043)	-	-	-	-	-	-	-	-	(5,841,626)
Loss Ratio	138%	1390%	198%	1227%									271%
Claims PMPM	6,392	4,857	8,539	7,117									6,719
<b>Combined Medicare/Non Medicare</b>													
Enrollment Count	1,464	1,410	1,415	1,448	-	-	-	-	-	-	-	-	5,737
Premiums	2,379,633	463,465	1,804,956	892,938	-	-	-	-	-	-	-	-	5,540,992
Medical Claims	2,099,733	1,516,198	2,244,525	2,249,235	-	-	-	-	-	-	-	-	8,109,693
RX Claims	971,875	944,447	1,711,269	1,077,004	-	-	-	-	-	-	-	-	4,704,595
Total Claims	3,071,608	2,460,645	3,955,793	3,326,239	-	-	-	-	-	-	-	-	12,814,288
Income/Loss	(691,975)	(1,997,180)	(2,150,837)	(2,433,301)	-	-	-	-	-	-	-	-	(7,273,296)
Loss Ratio	129%	531%	219%	373%									231%
Claims PMPM	2,098	1,745	2,796	2,297									2,234

**Notes:**

- 1) Premiums, Medical Claims and RX Claims are cash basis figures.
- 2) Premium amounts include premium refunds.
- 3) Medical Claim amounts include claim refunds.

## Washington State Health Insurance Pool 2018 Cash Flow Forecast

Forecast - Updated 11/30/2017

	Actual (bold)				Forecast								TOTAL
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	
<b>Enrollment:</b>													
Non-Medicare Enrollment	351	345	342	341	333	331	329	327	325	323	321	319	3,987
Medicare Enrollment (Basic and Basic+)	1,113	1,065	1,073	1,107	1,089	1,090	1,091	1,092	1,093	1,094	1,095	1,096	13,098
<b>Total Enrollment Count</b>	<b>1,464</b>	<b>1,410</b>	<b>1,415</b>	<b>1,448</b>	1,422	1,421	1,420	1,419	1,418	1,417	1,416	1,415	17,085
<b>Cash Balance</b>													
BEGINNING OF MONTH	5,683,892	8,281,836	8,297,715	5,976,023	6,323,728	5,787,704	5,082,736	2,406,844	7,801,935	7,467,009	6,008,067	3,119,639	
<b>Receipts</b>													
Premium Receipts	2,379,633	463,465	1,804,956	892,938	538,774	2,055,244	856,241	638,967	1,887,501	841,404	417,700	408,503	13,185,325
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Pharmacy Rebate Income	-	117,625	-	-	-	50,000	-	-	50,000	-	-	50,000	267,625
Claim Refunds Receipts	13,537	5,798	17,382	16,471	48,323	34,698	35,909	34,265	34,501	35,016	34,221	33,780	343,901
Assessment Receipts	3,432,332	2,035,100	-	3,549,006	2,901,242	700,000	-	8,000,000	1,000,000	1,000,000	-	6,000,000	28,617,680
Investment Income	9,077	8,241	8,502	8,065	100	100	100	100	100	100	100	100	34,685
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Receipts</b>	<b>5,834,579</b>	<b>2,630,229</b>	<b>1,830,839</b>	<b>4,466,480</b>	3,488,439	2,840,042	892,250	8,673,332	2,972,102	1,876,520	452,021	6,492,383	42,449,216
<b>Refunds</b>													
Assessment Refunds	-	-	-	724,986	-	-	-	-	-	-	-	-	724,986
Premium Refunds	21,207	1,239	20,875	14,817	13,469	51,381	21,406	15,974	47,188	21,035	10,442	10,213	249,247
<b>Total Refunds</b>	<b>21,207</b>	<b>1,239</b>	<b>20,875</b>	<b>739,803</b>	13,469	51,381	21,406	15,974	47,188	21,035	10,442	10,213	974,233
<b>Expenses</b>													
Medical Claim Expense	2,099,733	1,516,198	2,244,525	2,249,235	2,842,524	2,041,061	2,112,313	2,015,589	2,029,452	2,059,756	2,013,026	1,987,039	25,210,450
Pharmacy Claim Expense	971,875	944,447	1,711,269	1,077,004	914,034	1,305,070	1,246,530	1,095,919	1,070,347	1,087,264	1,151,857	1,157,980	13,733,597
PMPM Administrative Expense	69,145	79,920	80,390	-	165,609	76,944	76,869	76,794	76,721	76,648	76,575	76,504	932,119
Variable Administrative Expense	16,497	10,456	13,640	-	30,850	13,629	14,620	13,610	14,601	13,592	20,583	13,573	175,651
Salary and Benefits Expense	45,297	30,624	30,567	30,826	32,940	32,940	32,940	32,940	32,940	32,940	32,940	33,151	401,043
Prescription Administrative Expense	1,634	1,686	1,838	1,411	1,845	1,843	1,841	1,839	1,838	1,836	1,834	1,833	21,278
Miscellaneous Expense	5,278	9,172	(207)	6,349	8,325	7,275	27,257	7,208	9,075	15,525	8,325	23,082	126,664
Professional Fees	5,970	20,607	49,635	14,148	14,867	14,867	34,367	18,367	24,867	26,867	24,867	15,367	264,792
<b>Total Expense</b>	<b>3,215,428</b>	<b>2,613,110</b>	<b>4,131,656</b>	<b>3,378,973</b>	4,010,994	3,493,629	3,546,736	3,262,266	3,259,840	3,314,427	3,330,006	3,308,528	40,865,593
Available Cash Balance	8,281,836	8,297,715	5,976,023	6,323,728	5,787,704	5,082,736	2,406,844	7,801,935	7,467,009	6,008,067	3,119,639	6,293,282	
Inc(Dec) in Abandoned Property Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Month Ending Cash Balance</b>	<b>8,281,836</b>	<b>8,297,715</b>	<b>5,976,023</b>	<b>6,323,728</b>	5,787,704	5,082,736	2,406,844	7,801,935	7,467,009	6,008,067	3,119,639	6,293,282	

- (1) Assumes a Non-medicare medical claim expense trend of 6%. Assumes an annual Medicare medical claim expense trend of 6%.
- (2) Assumes a Non-medicare pharmacy claim expense trend of 15%. Assumes an annual Medicare pharmacy claim expense trend of 0% for Basic and Basic Plus.
- (3) Assumes a Non-medicare premium rate trended at a 18% increase. Assumes a Medicare premium rate increase of 0.3% for Basic and 1.5% for Basic Plus.
- (4) Non-medicare enrollment projected to decrease by 2 members per month. Medicare Basic enrollment projected to increase 3 members per month, while Medicare Basic+ projected to drop 2 members per month.
- (5) Assumes assessments on March (\$7.0 M), July (\$10.0 M) and November (\$7.5 M) TOTAL \$24.5 M
- (6) 4-Week expense allowance is \$3.0 M based upon the actual data for the 12-month period ending in Dec of 2018.
- (7) WSHIP has access to a \$5 M line of credit in the event cash on hand is exhausted.

**Washington State Health Insurance Pool  
2018 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>
Member Months: (1)													
Non-Medicare	342	339	337	335	333	331	329	327	325	323	321	319	3,963
Medicare Basic	904	907	910	913	916	919	922	925	928	931	934	937	11,046
Medicare Basic Plus	181	179	177	175	173	171	169	167	165	163	161	159	2,040
Total Membership	1,427	1,425	1,424	1,423	1,422	1,421	1,420	1,419	1,418	1,417	1,416	1,415	17,049
PMPM Administrative Expense (2)	79,539	77,250	77,172	77,095	77,019	76,944	76,869	76,794	76,721	76,648	76,575	76,504	925,130
Variable Administrative Expense (3)	14,278	21,168	13,658	13,648	13,639	13,629	14,620	13,610	14,601	13,592	20,583	13,573	180,599
Salary and Benefits Expense (4)	44,812	33,660	32,940	32,940	32,940	32,940	32,940	32,940	32,940	32,940	32,940	33,151	408,080
RX Benefit Management Fees	1,852	1,850	1,848	1,846	1,845	1,843	1,841	1,839	1,838	1,836	1,834	1,833	22,104
Miscellaneous Expense (5)	10,625	6,525	9,075	6,525	8,325	7,275	27,257	7,208	9,075	15,525	8,325	23,082	138,822
Professional Fees (6)	14,867	29,867	27,367	14,867	14,867	14,867	34,367	18,367	24,867	26,867	24,867	15,367	261,400
<b>Total Budget Operating Expenses</b>	<b>\$165,972</b>	<b>\$170,319</b>	<b>\$162,059</b>	<b>\$146,921</b>	<b>\$148,634</b>	<b>\$147,497</b>	<b>\$187,893</b>	<b>\$150,757</b>	<b>\$160,041</b>	<b>\$167,407</b>	<b>\$165,124</b>	<b>\$163,510</b>	<b>\$1,936,135</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>
Member Months: (1)													
Non-Medicare	351	345	342	341									1,379
Medicare Basic	931	886	894	929									3,640
Medicare Basic Plus	182	179	179	178									718
Total Membership	1,464	1,410	1,415	1,448	-	-	-	-	-	-	-	-	5,737
PMPM Administrative Expense (2)	69,145	79,920	80,390	-									\$229,455
Variable Administrative Expense (3)	16,497	10,456	13,640	-									\$40,592
Salary and Benefits Expense (4)	45,297	30,624	30,567	30,826									\$137,314
RX Benefit Management Fees	1,634	1,686	1,838	1,411									\$6,568
Miscellaneous Expense (5)	5,278	9,172	(207)	6,349									\$20,592
Professional Fees (6)	5,970	20,607	49,635	14,148									\$90,359
<b>Total Actual Operating Expenses</b>	<b>\$143,820</b>	<b>\$152,466</b>	<b>\$175,862</b>	<b>\$52,733</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>\$524,881</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>
Member Months: (1)													
Non-Medicare	9	6	5	6									25
Medicare Basic	27	(21)	(16)	16									6
Medicare Basic Plus	1	-	2	3									6
Total Membership	37	(15)	(9)	25	-	-	-	-	-	-	-	-	37
PMPM Administrative Expense (2)	10,394	(2,670)	(3,218)	77,095									\$81,601
Variable Administrative Expense (3)	(2,219)	10,712	18	13,648									\$22,160
Salary and Benefits Expense (4)	(485)	3,035	2,373	2,114									\$7,037
RX Benefit Management Fees	218	164	10	436									\$827
Miscellaneous Expense (5)	5,347	(2,647)	9,282	176									\$12,158
Professional Fees (6)	8,897	9,260	(22,268)	719									(\$3,392)
<b>Total Variance Expenses</b>	<b>\$22,152</b>	<b>\$17,854</b>	<b>(\$13,803)</b>	<b>\$94,187</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>\$120,390</b>

**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.
- (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.

## WSHIP Financial Performance

CASH BASIS	Month Ending April 30, 2018			
	Projected	Actual	Variance	% Change
Membership	1,423	1,448	25	2%
Avg Premium Receipt PMPM	\$509	\$606	\$97	19%
Avg Medical Claim Expense PMPM	\$1,375	\$1,542	(\$167)	-12%
Avg Pharmacy Claim Expense PMPM	\$880	\$744	\$136	15%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,746)	(\$1,680)	\$66	4%
Avg Premium Receipt Less Avg Claim Expense Total	(\$2,484,558)	(\$2,432,640)	\$51,918	2%
Variance Due to Changes in Membership			(\$42,000)	
Variance Due to Changes in Claim Expenses			\$93,918	

CASH BASIS	Year-To-Date April 30, 2018			
	Projected	Actual	Variance	% Change
Member Months	5,699	5,737	38	1%
Avg Premium Receipt PMPM	\$753	\$956	\$203	27%
Avg Medical Claim Expense PMPM	\$1,374	\$1,404	\$30	2%
Avg Pharmacy Claim Expense PMPM	\$840	\$820	(\$20)	-2%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,461)	(\$1,268)	\$193	13%
Avg Premium Receipt Less Avg Claim Expense Total	(\$8,326,239)	(\$7,274,516)	\$1,051,723	13%
Variance Due to Changes in Membership			(\$48,184)	
Variance Due to Changes in Claim Expenses			\$1,099,907	

INCURRED BASIS	Year-To-Date April 30, 2018	Year-To-Date April 30, 2017
	Actual	Actual - Prior Year
Member Months	5,737	5,868
Avg Premium Income PMPM	\$743	\$700
Avg Medical Claim Expense PMPM (1)	\$1,491	\$1,374
Avg Pharmacy Claim Expense PMPM (2)	\$834	\$835
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,582)	(\$1,509)
Avg Premium Receipt Less Avg Claim Expense Total	(\$9,075,934)	(\$8,854,812)

(1) Incurred medical claims data totals \$8,554,436 which is derived from \$4,965,436 actual paid claims with dates of service between 01-01-18 and 4-30-18 and \$3,589,000 IBNR reserve.

(2) Incurred pharmacy claims data totals \$4,786,291 which is derived from \$4,278,291 actual paid claims with dates of service between 01-01-18 and 4-30-18 and \$508,000 IBNR reserve.