

**Washington State Health Insurance Pool
Treasurer's Report
August 2014 Financial Review**

1. 2014 Interim II Assessment Required

An assessment of \$33.5 M is required in order to adequately carry the pool into the next scheduled assessment in March 2015. This assessment was approved by the Board of Directors and generated on July 18, 2014 with invoices due August 18, 2014 except for the carriers who have installment arrangements, at which point the invoices are due in total by October 18, 2014. Cash receipts resulting from this assessment will enable WSHIP to submit the required \$20.8 M payment to HBE before the end of the year and still maintain positive equity throughout the rest of 2014. Looking ahead as of September 30, 2014, \$30.2 M has been collected leaving \$3.3 M left to collect.

2. Financial Statements – August 2014

Balance Sheet

Cash on hand increased by \$23.4 K or 134.9% from July 2014 to August 2014. The current cash position is \$40.7 M which is sufficient to cover all liabilities of the pool at this time. As of the end of August 2014, the entire \$40.7 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 August 2014 is \$6.7 M. This represents an increase of \$195 K or 3.0% as compared to the prior month. Medical IBNR decreased \$37 K or less than 1% and pharmacy IBNR increased \$232 K or 30.5% from July 2014.

As of August 2014, the equity position of WSHIP is a positive \$18.0 M.

Income Statement

Total member months for August 2014 YTD are lower by 14,325 member months or 47.9% lower than August 2013 YTD. Member months are measured as the cumulative monthly member count (PMPM) over a period of time. The total incurred claim loss for August 2014 YTD is \$34.2 M or 50.8% lower than August 2013 YTD. Incurred claim loss represents the total medical and pharmacy claims expense in addition to the change in unpaid losses (IBNR) and accrued loss adjustment for the period. For August 2014 YTD, the medical claims portion is \$15.0 M or 40.6% lower than August 2013 YTD, and the pharmacy claims portion is \$19.2 M or 63.1% lower than August 2013 YTD.

August 2014 YTD administrative expenses are \$393 K or 19.9% lower than the administrative expenses in August 2013 YTD. The ratio of administrative expenses as a percentage of total cost is 4.6% for August 2014 YTD as compared to 2.9% in August of the prior year. Total cost is calculated as total incurred claim loss less pharmacy rebates plus administrative expenses.

3. Budgeted Cash Flow – August 2014

The Budgeted Cash Flow document contains the budget (upper portion) as established in early 2014 and the actual (lower portion) cash flow results year-to-date.

The ending cash balance of \$40.7 M is \$5.0 M lower than the budgeted cash balance of \$45.7 M. Total net cash receipts for August 2014 are \$8.5 M or 14.1% unfavorable to budget. Total expenses are \$3.5 M or 7.5% favorable to budget. The administrative expenses are \$31 K or 1.9% unfavorable to budget. Total medical claims expense is \$2.6 M or 10.9% unfavorable to budget, while total pharmacy claims expense is \$6.1 M or 29.2% favorable to budget.

4. Cash Flow Forecast – 2014

The 2014 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 June 2014 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 August 2014. For September 2014, the 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 2014 assessment projection. To ensure adequate funding, the current 2014 forecast is projecting an assessment of \$43.5 M which is a \$39.5 M or 47.6% decrease from the 2013 assessment of \$83.0 M.

5. Cash Flow Forecast – 2015

Included in this month's financial packet is a draft of the 2015 cash flow forecast. 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 \$34.0 M which is a \$9.5 M or 21.8% decrease from the 2014 assessment of \$43.5 M.

6. Administrative Expense Budget

For August 2014, administrative expenses are \$31 K or 1.9% unfavorable to budget (cash basis).

7. Financial Performance

August 2014 YTD member months are 1,732 member months or 10% lower than projected in the original budget. Through August 2014, average premium receipt PMPM is 2% higher than anticipated. Average medical claims expense PMPM is 22% higher than anticipated and average pharmacy claims expense PMPM is 21% lower than anticipated.

On an incurred basis, the average medical claims expense PMPM is \$1,469 as compared to \$1,643 on a cash basis. Also on an incurred basis, the average pharmacy claims expense PMPM is \$961 as compared to \$952 on a cash basis.

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Balance Sheet as of August 31

Total Enrollment: 1,780

	<u>2014</u>	<u>2013</u>
Assets:		
Cash	\$ 40,676,346	\$ 17,653,109
Premiums Receivable	62,532	152,026
Assessments Receivable	6,421,922	15,247,450
Grants Receivable	-	-
Other Receivable	-	-
Prepaid Expense	-	-
Total Assets	<u>\$ 47,160,800</u>	<u>\$ 33,052,586</u>
 Liabilities and Unassigned Surplus:		
Reserve for Unpaid Losses - Medical	\$ 5,688,000	\$ 10,474,000
Reserve for Unpaid Losses - Pharmacy	992,000	2,960,000
Accrued Loss Adjustment	312,000	417,000
Premiums Received in Advance	1,107,885	3,580,375
Assessments Payable	-	-
Due to HBE	20,838,000	-
Accrued Expenses	174,616	291,099
Abandoned Claim Reserve	57,001	69,585
Total Liabilities	<u>\$ 29,169,502</u>	<u>\$ 17,792,058</u>
Unassigned Surplus	17,991,297	15,260,527
Total Liabilities and Unassigned Surplus	<u>\$ 47,160,800</u>	<u>\$ 33,052,586</u>

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Statement of Operations January 1 to August 31

	<u>2014</u>	<u>2013</u>
Total Member Months	15,606	29,931
Premium Income Earned	\$ 9,374,918	\$ 22,821,144
Pharmacy Rebate Income	396,991	317,269
Grant Income	-	-
Incurred Claim Loss - Medical	21,920,845	36,922,058
Incurred Claim Loss - Pharmacy	11,265,739	30,511,047
Total Incurred Claim Loss	<u>33,186,584</u>	<u>67,433,104</u>
Operating Expenses:		
Fixed (PMPM) Administrative Expense	\$ 754,108	\$ 1,161,106
Variable Administrative Expense	294,661	332,387
Salary and Benefit Expense	264,106	178,914
Prescription Administrative Expense	30,225	57,446
Miscellaneous Expense	93,263	72,840
Professional Fee Expense	151,140	178,071
Total Operating Expenses	<u>\$ 1,587,504</u>	<u>\$ 1,980,764</u>
Underwriting Gain (Loss)	(25,002,179)	(46,275,455)
Investment Income	1,713	1,325
Other Income	-	17,471
Changes to Unassigned Surplus	<u>\$ (25,000,466)</u>	<u>\$ (46,256,659)</u>

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Statement of Changes in Unassigned Surplus January 1 to August 31

	<u>2014</u>	<u>2013</u>
Unassigned Surplus at Beginning of Year	\$ 20,329,763	\$ 9,782,127
Changes to Unassigned Surplus	(25,000,466)	(46,256,659)
Member Assessments	43,500,000	51,735,059
HBE Assessment Payment Due	(20,838,000)	-
Unassigned Surplus	<u><u>\$ 17,991,297</u></u>	<u><u>\$ 15,260,527</u></u>

WSHIP
Budgeted Cashflow 2014

Budget - Updated Feb 2014

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	AUG YTD	TOTAL
Enrollment Count	2,535	2,190	2,128	2,117	2,107	2,097	2,087	2,077	2,067	2,058	2,049	2,041	17,338	25,553
Cash Balance														
BEGINNING OF MONTH	32,118,470	27,119,355	21,222,908	16,800,308	25,299,215	23,235,391	21,110,133	17,665,710	45,674,693	46,573,969	47,420,650	44,198,174		
Receipts														
Premium Receipts	1,876,591	1,527,758	1,463,324	1,449,209	1,435,391	1,421,865	1,408,624	1,395,664	1,382,977	1,370,560	1,358,406	1,346,510	11,978,426	17,436,879
Grant Revenue	71,247	-	-	-	-	-	-	-	-	-	-	-	71,247	71,247
Pharmacy Rebate Income	-	-	50,000	-	-	50,000	-	-	50,000	-	-	50,000	100,000	200,000
Claim Refunds Receipts	94,955	75,788	66,210	64,536	64,866	67,340	63,844	62,550	62,297	62,262	65,177	60,655	560,089	810,480
Assessment Receipts	3,150,000	104,522	-	12,000,000	1,500,000	1,500,000	-	14,560,000	1,820,000	1,820,000	-	-	32,814,522	36,454,522
Additional Assessment Receipts (HBE)	-	-	-	-	-	-	-	16,670,400	2,083,800	2,083,800	-	-	-	16,670,400
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	800	1,200
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	5,192,893	1,708,168	1,579,634	13,513,845	3,000,357	3,039,305	1,472,568	32,688,714	5,399,174	5,336,722	1,423,683	1,457,265	62,195,484	75,812,328
Refunds														
Assessment Refunds	-	912,408	-	-	-	-	-	-	-	-	-	-	912,408	912,408
Premium Refunds	54,702	53,993	782,699	50,373	49,707	49,053	48,413	47,786	47,172	46,570	45,980	45,402	1,136,726	1,321,850
Total Refunds	54,702	966,401	782,699	50,373	49,707	49,053	48,413	47,786	47,172	46,570	45,980	45,402	2,049,134	2,234,258
Assessment Payments														
HBE Assessment	-	-	-	-	-	-	-	-	-	-	-	20,838,000	-	20,838,000
Expenses														
Medical Claims	4,090,017	3,553,101	2,861,576	2,731,332	2,781,333	2,911,786	2,647,616	2,400,380	2,263,971	2,248,458	2,347,401	2,374,687	23,977,141	33,211,658
Pharmacy Claims	5,834,658	2,866,244	2,151,008	2,040,266	2,037,232	2,017,222	2,009,961	2,014,845	1,999,067	1,994,979	1,989,850	1,983,256	20,971,436	28,938,588
Fixed (PMPM) Admin	106,787	105,691	104,637	99,887	98,874	97,901	96,928	95,997	95,065	94,134	93,243	92,394	806,702	1,181,538
Variable Admin	33,647	32,831	32,625	26,673	26,474	28,785	28,594	25,912	25,730	25,548	58,374	25,208	235,541	370,401
Salary and Benefits	34,676	28,376	29,066	29,205	33,405	29,205	27,910	27,910	27,910	27,910	27,910	28,117	239,751	351,599
Prescription Admin	5,459	5,409	5,361	5,140	5,094	5,050	5,005	4,963	4,921	4,879	4,838	4,800	41,480	60,918
Miscellaneous	8,305	8,305	8,305	8,305	8,305	8,305	8,305	25,180	8,305	8,305	8,305	20,680	83,315	128,910
Professional Fees	23,758	38,258	26,958	23,758	23,758	17,258	44,258	36,758	27,758	39,258	70,258	25,258	234,761	397,291
Total Expense	10,137,306	6,638,214	5,219,535	4,964,565	5,014,474	5,115,511	4,868,577	4,631,945	4,452,727	4,443,471	4,600,179	4,554,400	46,590,127	64,640,903
Month Ending Cash Balance	\$ 27,119,355	\$ 21,222,908	\$ 16,800,308	\$ 25,299,215	\$ 23,235,391	\$ 21,110,133	\$ 17,665,710	\$ 45,674,693	\$ 46,573,969	\$ 47,420,650	\$ 44,198,174	\$ 20,217,637		

Actual	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
Enrollment Count	2,534	2,095	1,938	1,841	1,799	1,804	1,815	1,780					15,606
Cash Balance													
BEGINNING OF MONTH	32,118,470	30,528,025	23,995,643	21,247,907	25,052,384	21,227,587	21,258,847	17,319,052					
Receipts													
Premium Receipts	3,948,909	608,061	1,097,722	1,900,204	453,785	2,082,278	783,592	422,579					11,297,131
Grant Revenue	-	71,247	-	-	-	-	-	-					71,247
Pharmacy Rebate Income	-	-	211,139	-	-	185,852	-	-					396,991
Claim Refunds Receipts	61,192	41,734	48,325	33,055	30,660	220,825	390,205	111,608					937,604
Assessment Receipts	2,255,260	1,967	1,910,815	7,606,435	876,653	1,515,800	60,699	27,017,379					41,245,008
Investment Income	281	225	212	193	209	183	179	231					1,713
Other Income	-	-	-	-	-	-	-	-					-
Total Receipts	6,265,642	723,234	3,268,214	9,539,887	1,361,308	4,004,937	1,234,675	27,551,797					53,949,694
Refunds													
Assessment Refunds	-	912,408	-	-	-	-	-	-					912,408
Premium Refunds	41,960	885,924	208,693	112,067	28,596	24,334	24,388	34,580					1,360,542
Total Refunds	41,960	1,798,332	208,693	112,067	28,596	24,334	24,388	34,580					2,272,950
Expenses													
Medical Claims	4,257,882	3,444,146	3,829,467	3,922,194	2,703,946	2,530,317	3,333,872	2,558,392					26,580,215
Pharmacy Claims	3,290,997	1,952,504	1,558,743	1,547,953	2,230,249	1,253,869	1,624,559	1,392,098					14,850,973
Fixed (PMPM) Admin	153,700	-	247,974	67,761	103,269	88,361	86,681	79,337					827,082
Variable Admin	18,488	-	100,071	29,614	34,232	30,400	39,335	35,809					287,949
Salary and Benefits	41,811	27,429	23,389	34,342	54,776	23,251	28,657	31,765					265,420
Prescription Admin	14,837	2,845	6,289	2,195	2,411	-	4,034	5,785					38,396
Miscellaneous	16,811	8,734	10,055	5,380	6,634	8,906	5,551	29,926					91,999
Professional Fees	19,113	21,626	31,158	13,904	21,991	14,239	21,923	18,059					162,015
Total Expense	7,813,639	5,457,285	5,807,147	5,623,343	5,157,509	3,949,343	5,144,612	4,151,171					43,104,050
Available Cash Balance	30,528,513	23,995,643	21,248,017	25,052,384	21,227,587	21,258,847	17,324,521	40,685,098					
Inc(Dec) in Abandoned	(488)	-	(109)	-	-	-	(5,469)	(8,752)					
Property Reserve	-	-	-	-	-	-	-	-					
Month Ending Cash Balance	\$ 30,528,025	\$ 23,995,643	\$ 21,247,907	\$ 25,052,384	\$ 21,227,587	\$ 21,258,847	\$ 17,319,052	\$ 40,676,346	\$ -	\$ -	\$ -	\$ -	

WSHIP
Budgeted Cashflow 2014

Variance to Budget	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
Favorable/(Unfavorable)													
Enrollment Count	(1)	(95)	(190)	(276)	(308)	(293)	(272)	(297)					(1,732)
Receipts													
Premium Receipts	2,072,318	(919,697)	(365,602)	450,995	(981,606)	660,413	(625,032)	(973,085)					(681,295)
Grant Revenue	(71,247)	71,247	-	-	-	-	-	-					-
Pharmacy Rebate Income	-	-	161,139	-	-	135,852	-	-					296,991
Claim Refunds Receipts	(33,763)	(34,054)	(17,885)	(31,481)	(34,206)	153,485	326,361	49,058					377,515
Assessment Receipts	(894,740)	(102,555)	1,910,815	(4,393,565)	(623,347)	15,800	60,699	12,457,379					8,430,486
Investment Income	181	125	112	93	109	83	79	131					913
Other Income	-	-	-	-	-	-	-	-					-
Total Receipts	1,072,749	(984,934)	1,688,580	(3,973,958)	(1,639,049)	965,632	(237,893)	(5,136,917)					(8,245,790)
Refunds													
Assessment Refunds	-	-	-	-	-	-	-	-					-
Premium Refunds	12,742	(831,931)	574,006	(61,694)	21,111	24,719	24,025	13,206					(223,816)
Total Refunds	12,742	(831,931)	574,006	(61,694)	21,111	24,719	24,025	13,206					(223,816)
Expenses													
Medical Claims	(167,865)	108,955	(967,891)	(1,190,862)	77,387	381,469	(686,256)	(158,012)					(2,603,074)
Pharmacy Claims	2,543,661	913,740	592,265	492,313	(193,017)	763,353	385,402	622,747					6,120,463
Fixed (PMPM) Admin	(46,913)	105,691	(143,337)	32,126	(4,395)	9,540	10,247	16,660					(20,380)
Variable Admin	15,160	32,831	(67,446)	(2,941)	(7,758)	(1,615)	(10,741)	(9,897)					(52,408)
Salary and Benefits	(7,135)	947	5,676	(5,137)	(21,372)	5,954	(747)	(3,855)					(25,669)
Prescription Admin	(9,378)	2,564	(929)	2,945	2,683	5,050	971	(822)					3,083
Miscellaneous	(8,506)	(429)	(1,750)	2,925	1,671	(601)	2,754	(4,746)					(8,684)
Professional Fees	4,645	16,631	(4,201)	9,854	1,766	3,018	22,334	18,698					72,746
Total Expense	2,323,667	1,180,929	(587,612)	(658,778)	(143,035)	1,166,168	(276,035)	480,774					3,486,077
Available Cash Balance	3,409,158	2,772,734	4,447,708	(246,831)	(2,007,805)	148,714	(341,189)	(4,989,595)					
Inc(Dec) in Abandoned													
Property Reserve							(5,469)	(8,752)					
Month Ending Cash Balance	3,409,158	2,772,734	4,447,708	(246,831)	(2,007,805)	148,714	(346,658)	(4,998,347)					

- (1) Assumes an annual medical claim expense trend of 10% for Non-Medicare, MC Basic and Basic Plus products.
- (2) Assumes an annual pharmacy claim expense trend of 10% Non-Medicare, 10% MC Basic, and -8% MC Basic Plus.
- (3) Premium rates trended at a 4% increase.
- (4) Assumes EHIP members leave December 31, 2013 except for estimated 275 undocumented immigrants and another 90 members who leave March 31, 2013. Remaining Non-Medicare enrollment drops at a rate of 2% per month. Medicare enrollment is trended to increase at a rate of 4 members per month.
- (5) Assumes assessments on March **(\$15.0 M)**, July **(\$39.0 M)**, November **(\$0 M)** TOTAL **\$54.0 M**. The July assessment includes \$18.2 M to cover pool losses and \$20.8 M for the HBE Assessment payment.
- (6) 3-Week expense allowance is \$4.2 M based upon the projected data for the 12-month period ending in Dec of 2014.
- (7) WSHIP has access to a **\$5 M** line of credit in the event cash on hand is exhausted.
- (8) Assumes **\$20.8 M** HBE assessment payment in December 2014. WSHIP will add \$20.8 M to the Interim II assessment to help fund that payment.

Washington State Health Insurance Pool 2014 Cash Flow Forecast

Forecast	Actual (Bold)								Forecast				TOTAL
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	
Enrollment													
Non-Medicare Enrollment	1,480	1,063	884	802	764	750	738	727	730	722	714	706	10,080
Medicare Enrollment (Basic and Basic+)	1,054	1,032	1,054	1,039	1,035	1,054	1,077	1,053	1,047	1,050	1,053	1,056	12,604
Total Enrollment Count	2,534	2,095	1,938	1,841	1,799	1,804	1,815	1,780	1,777	1,772	1,767	1,762	22,684
Cash Balance													
BEGINNING OF MONTH	32,118,470	30,528,025	23,995,643	21,247,907	25,052,384	21,227,587	21,258,847	17,319,052	40,676,346	41,325,692	40,230,161	36,902,187	
Receipts													
Premium Receipts	3,948,909	608,061	1,097,722	1,900,204	453,785	2,082,278	783,592	422,579	1,954,846	563,407	563,407	1,690,222	16,069,014
Grant Revenue	-	71,247	-	-	-	-	-	-	522,975	-	-	-	594,222
Pharmacy Rebate Income	-	-	211,139	-	-	185,852	-	-	50,000	-	-	50,000	496,991
Claim Refunds Receipts	61,192	41,734	48,325	33,055	30,660	220,825	390,205	111,608	62,297	62,262	65,177	60,655	1,187,995
Assessment Receipts	2,255,260	1,967	1,910,815	7,606,435	876,653	1,515,800	60,699	10,266,604	1,947,139	425,558	-	-	26,866,930
Additional Assessment Receipts (HBE)	-	-	-	-	-	-	-	16,750,775	1,193,408	2,855,817	-	-	20,800,000
Investment Income	281	225	212	193	209	183	179	231	100	100	100	100	2,112
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	6,265,642	723,234	3,268,214	9,539,887	1,361,308	4,004,937	1,234,675	27,551,797	5,730,764	3,907,145	628,684	1,800,977	66,017,264
Refunds													
Assessment Refunds	-	912,408	-	-	-	-	-	-	-	1,139,085	-	-	2,051,493
Premium Refunds	41,960	885,924	208,693	112,067	28,596	24,334	24,388	34,580	47,172	46,570	45,980	45,402	1,545,666
Total Refunds	41,960	1,798,332	208,693	112,067	28,596	24,334	24,388	34,580	47,172	1,185,655	45,980	45,402	3,597,159
Assessment Payments													
HBE Assessment	-	-	-	-	-	-	-	-	-	-	-	20,838,000	20,838,000
Expenses													
Medical Claim Expense	4,257,882	3,444,146	3,829,467	3,922,194	2,703,946	2,530,317	3,333,872	2,558,392	3,443,876	2,084,879	2,122,007	2,089,910	36,320,888
Pharmacy Claim Expense	3,290,997	1,952,504	1,558,743	1,547,953	2,230,249	1,253,869	1,624,559	1,392,098	1,400,681	1,532,109	1,525,743	1,516,863	20,826,370
PMPM Administrative Expense	153,700	-	247,974	67,761	103,269	88,361	86,681	79,337	95,065	94,134	93,243	92,394	1,201,918
Variable Administrative Expense	18,488	-	100,071	29,614	34,232	30,400	39,335	35,809	25,730	25,548	58,374	25,208	422,809
Salary and Benefits Expense	41,811	27,429	23,389	34,342	54,776	23,251	28,657	31,765	27,910	27,910	27,910	28,117	377,268
Prescription Administrative Expense	14,837	2,845	6,289	2,195	2,411	0	4,034	5,785	4,921	4,879	4,838	4,800	57,834
Miscellaneous Expense	16,811	8,734	10,055	5,380	6,634	8,906	5,551	29,926	8,305	8,305	8,305	20,680	137,594
Professional Fees	19,113	21,626	31,158	13,904	21,991	14,239	21,923	18,059	27,758	39,258	70,258	25,258	324,545
Total Expense	7,813,639	5,457,285	5,807,147	5,623,343	5,157,509	3,949,343	5,144,612	4,151,171	5,034,246	3,817,021	3,910,679	3,803,230	59,669,225
Available Cash Balance	30,528,513	23,995,643	21,248,016	25,052,384	21,227,587	21,258,847	17,324,521	40,685,097	41,325,692	40,230,161	36,902,187	14,016,532	
Inc(Dec) in Abandoned Property Reserve	(488)	-	(109)	-	-	-	(5,469)	(8,752)	-	-	-	-	
Month Ending Cash Balance	30,528,025	23,995,643	21,247,907	25,052,384	21,227,587	21,258,847	17,319,052	40,676,346	41,325,692	40,230,161	36,902,187	14,016,532	

- (1) Assumes an annual medical claim expense trend of 10% for Non-Medicare, MC Basic and Basic Plus products.
- (2) Assumes an annual pharmacy claim expense trend of 10% Non-Medicare, 10% MC Basic, and -8% MC Basic Plus.
- (3) Premium rates trended at a 9% increase.
- (4) Assumes EHIP members leave December 31, 2013 except for estimated 375 undocumented immigrants. Remaining Non-Medicare enrollment drops of at a rate of 10% per month. Medicare enrollment is trended to increase at a rate of 3 members per month.
- (5) Assumes assessments on March (**\$10.0 M**), July (**\$33.5 M**), November (**\$0 M**) TOTAL **\$43.5 M**. The July assessment includes \$12.7 M to cover pool losses and \$20.8 M for the HBE Assessment payment.
- (6) 3-Week expense allowance is **\$3.4 M** based upon the projected data for the 12-month period ending in Dec of 2014.
- (7) WSHIP has access to a **\$5 M** line of credit in the event cash on hand is exhausted.
- (8) Assumes **\$20.8 M** HBE assessment payment in December 2014. WSHIP will add \$20.8 M to the Interim II assessment to help fund that payment.

Washington State Health Insurance Pool 2015 Cash Flow Forecast

Forecast - Updated 06/20/14

	Forecast												TOTAL
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	
Enrollment:													
Non-Medicare Enrollment	699	691	684	677	670	663	656	650	643	637	631	625	7,926
Medicare Enrollment (Basic and Basic+)	1,059	1,062	1,065	1,068	1,071	1,074	1,077	1,080	1,083	1,086	1,089	1,092	12,906
Total Enrollment Count	1,758	1,753	1,749	1,745	1,741	1,737	1,733	1,730	1,726	1,723	1,720	1,717	20,832
Cash Balance													
BEGINNING OF MONTH	14,016,532	11,543,786	8,025,982	5,851,794	11,126,873	8,356,421	7,156,831	3,915,208	9,355,941	8,601,593	6,658,202	3,250,547	
Receipts													
Premium Receipts	794,208	430,196	2,094,481	797,898	432,195	2,056,620	783,474	424,382	2,021,122	769,951	417,057	2,084,796	13,106,380
Grant Revenue	587,465	-	-	-	-	-	-	-	-	-	-	-	587,465
Pharmacy Rebate Income	-	-	30,000	-	-	30,000	-	-	30,000	-	-	30,000	120,000
Claim Refunds Receipts	69,270	72,304	79,450	85,003	85,760	83,662	76,086	68,886	68,342	69,447	71,129	70,382	899,721
Assessment Receipts	-	-	-	8,800,000	1,100,000	1,100,000	-	8,800,000	1,100,000	1,100,000	-	9,600,000	31,600,000
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	1,451,043	502,600	2,204,031	9,683,001	1,618,055	3,270,382	859,660	9,293,368	3,219,564	1,939,498	488,286	11,785,278	46,314,766
Refunds													
Assessment Refunds	-	-	-	-	-	-	-	-	-	-	-	-	-
Premium Refunds	76,394	41,380	201,467	76,749	41,573	197,825	75,362	40,821	194,410	74,061	40,116	200,535	1,260,693
Total Refunds	76,394	41,380	201,467	76,749	41,573	197,825	75,362	40,821	194,410	74,061	40,116	200,535	1,260,693
Expenses													
Medical Claim Expense	2,117,800	2,210,574	2,429,046	2,598,806	2,621,973	2,557,827	2,326,197	2,106,083	2,089,449	2,123,214	2,174,638	2,151,799	27,507,406
Pharmacy Claim Expense	1,534,142	1,573,554	1,553,256	1,538,359	1,531,401	1,521,203	1,507,053	1,513,393	1,498,159	1,494,054	1,489,960	1,484,027	18,238,562
PMPM Administrative Expense	93,148	92,883	92,671	92,459	92,247	92,035	91,824	91,665	91,453	91,294	91,135	90,976	1,103,790
Variable Administrative Expense	32,767	32,674	32,600	32,525	32,451	32,376	32,302	32,246	32,171	32,115	32,059	32,003	388,289
Salary and Benefits Expense	29,238	29,155	29,088	29,022	28,955	28,889	28,822	28,772	28,706	28,656	28,606	28,556	346,467
Prescription Administrative Expense	4,482	4,469	4,459	4,449	4,439	4,429	4,418	4,411	4,401	4,393	4,385	4,378	53,113
Miscellaneous Expense	10,663	10,633	10,609	10,585	10,560	10,536	10,512	10,494	10,469	10,451	10,433	10,415	126,360
Professional Fees	25,152	25,081	25,023	24,966	24,909	24,852	24,794	24,751	24,694	24,651	24,608	24,565	298,048
Total Expense	3,847,394	3,979,024	4,176,753	4,331,172	4,346,936	4,272,147	4,025,922	3,811,814	3,779,502	3,808,827	3,855,824	3,826,719	48,062,034
Available Cash Balance	11,543,786	8,025,982	5,851,794	11,126,873	8,356,421	7,156,831	3,915,208	9,355,941	8,601,593	6,658,202	3,250,547	11,008,571	
Inc(Dec) in Abandoned Property Reserve	-	-	-	-	-	-	-	-	-	-	-	-	
Month Ending Cash Balance	11,543,786	8,025,982	5,851,794	11,126,873	8,356,421	7,156,831	3,915,208	9,355,941	8,601,593	6,658,202	3,250,547	11,008,571	

- (1) Assumes an annual medical claim expense trend of 10% for Non-Medicare, MC Basic and Basic Plus products.
- (2) Assumes an annual pharmacy claim expense trend of 10% Non-Medicare, 10% MC Basic, and -8% MC Basic Plus.
- (3) Premium rates trended at a 9% increase.
- (4) Non-medicare enrollment projected to decrease by 7 members per month. All Medicare enrollment projected to increase by 3 members per month.
- (5) Assumes assessments on March (**\$11.0 M**), July (**\$11.00**) and November (**\$12.0 M**) TOTAL **\$34.0 M**
- (6) 3-Week expense allowance is **\$2.8 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
2014 Administrative Expense
Budget Variance Analysis**

Budget	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Membership (1)	2,843	2,817	2,792	2,677	2,653	2,630	2,607	2,585	2,563	2,541	2,520	2,500	31,729
PMPM Administrative Expense (2)	106,787	105,691	104,637	99,887	98,874	97,901	96,928	95,997	95,065	94,134	93,243	92,394	1,181,538
Variable Administrative Expense (3)	33,647	32,831	32,625	26,673	26,474	28,785	28,594	25,912	25,730	25,548	58,374	25,208	370,401
Salary and Benefits Expense (4) & (7)	34,676	28,376	29,066	29,205	33,405	29,205	27,910	27,910	27,910	27,910	27,910	28,117	351,599
RX Benefit Management Fees	5,459	5,409	5,361	5,140	5,094	5,050	5,005	4,963	4,921	4,879	4,838	4,800	60,918
Miscellaneous Expense (5)	8,305	8,305	8,305	8,305	8,305	8,305	8,305	25,180	8,305	8,305	8,305	20,680	128,910
Professional Fees (6)	23,758	38,258	26,958	23,758	23,758	17,258	44,258	36,758	27,758	39,258	70,258	25,258	397,291
Total Budget Operating Expenses	\$212,631	\$218,869	\$206,951	\$192,967	\$195,909	\$186,503	\$211,000	\$216,720	\$189,689	\$200,034	\$262,928	\$196,457	\$2,490,657

Actual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
Membership (1)	2,534	2,095	1,938	1,841	1,799	1,804	1,815	1,780					15,606
PMPM Administrative Expense (2)	153,700	-	247,974	67,761	103,269	88,361	86,681	79,337					827,082
Variable Administrative Expense (3)	18,488	-	100,071	29,614	34,232	30,400	39,335	35,809					287,949
Salary and Benefits Expense (4) & (7)	41,811	27,429	23,389	34,342	54,776	23,251	28,657	31,765					265,420
RX Benefit Management Fees	14,837	2,845	6,289	2,195	2,411	0	4,034	5,785					38,396
Miscellaneous Expense (5)	16,811	8,734	10,055	5,380	6,634	8,906	5,551	29,926					91,999
Professional Fees (6)	19,113	21,626	31,158	13,904	21,991	14,239	21,923	18,059					162,015
Total Actual Operating Expenses	\$264,760	\$60,634	\$418,937	\$153,195	\$223,314	\$165,158	\$186,182	\$200,681	\$0	\$0	\$0	\$0	\$1,672,861

Variance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
Membership (1)	(309)	(722)	(854)	(836)	(854)	(826)	(792)	(805)					(5,998)
PMPM Administrative Expense (2)	(46,913)	105,691	(143,337)	32,126	(4,395)	9,540	10,247	16,660					(20,380)
Variable Administrative Expense (3)	15,160	32,831	(67,446)	(2,941)	(7,758)	(1,615)	(10,741)	(9,897)					(52,408)
Salary and Benefits Expense (4) & (7)	(7,135)	947	5,676	(5,137)	(21,372)	5,954	(747)	(3,855)					(25,669)
RX Benefit Management Fees	(9,378)	2,564	(929)	2,945	2,683	5,050	971	(822)					3,083
Miscellaneous Expense (5)	(8,506)	(429)	(1,750)	2,925	1,671	(601)	2,754	(4,746)					(8,684)
Professional Fees (6)	4,645	16,631	(4,201)	9,854	1,766	3,018	22,334	18,698					72,746
Total Variance Expenses	(\$52,129)	\$158,235	(\$211,986)	\$39,772	(\$27,405)	\$21,345	\$24,818	\$16,039					(\$31,311)

Notes:

- (1) Assumes EHIP members leave December 31, 2013 except 275 of undocumented immigrants and another 90 members who will leave March 31, 2014.
All non-EHIP membership drops off at a rate of 2% per month.
- (2) PMPM Administrative Expense reflects contractual fees and performance bonuses per member for TPA, Utilization Management fees and Network services.
The PMPM rate varies by plan and enrollment levels. For the Medicare plan, PMPM = \$31.05. For Non-Medicare, PMPM = \$40.55. The blended rate based on enrollment is \$36.74.
Please note that if monthly enrollment falls below 2,500 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, Exchange Transition administration and other miscellaneous.
- (4) Salary and Benefits Expense reflect the combined amounts of the Executive Director, Deputy Executive Director, Executive Assistant and Program Coordinator, as well as Temporary Resources. PCIP-WA will reimburse WSHIP for 25% of salary and benefit costs and these figures reflect those reimbursement
- (5) Miscellaneous expense includes Board expenses, conference travel, insurance, agent commissions, phone/internet charges, and office expenses.
PCIP-WA will reimburse WSHIP for 25% of miscellaneous costs and these figures reflect those reimbursements.
- (6) Professional fees include legal fees, auditing fees, actuarial fees, and consulting.

WSHIP Financial Performance

CASH BASIS	Month Ending August 31, 2014			
	Projected	Actual	Variance	% Change
Membership	2,077	1,780	(297)	-14%
Avg Premium Receipt PMPM	\$649	\$218	(\$431)	-66%
Avg Medical Claim Expense PMPM	\$1,126	\$1,375	(\$249)	-22%
Avg Pharmacy Claim Expense PMPM	\$970	\$782	\$188	19%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,447)	(\$1,939)	(\$492)	-34%
Avg Premium Receipt Less Avg Claim Expense Total	(\$3,005,419)	(\$3,451,420)	(\$446,001)	-15%
Variance Due to Changes in Membership			\$575,883	
Variance Due to Changes in Claim Expenses			(\$1,021,884)	

CASH BASIS	Year-To-Date August 31, 2014			
	Projected	Actual	Variance	% Change
Member Months	17,338	15,606	(1,732)	-10%
Avg Premium Receipt PMPM	\$625	\$637	\$12	2%
Avg Medical Claim Expense PMPM	\$1,351	\$1,643	(\$292)	-22%
Avg Pharmacy Claim Expense PMPM	\$1,210	\$952	\$258	21%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,936)	(\$1,958)	(\$22)	-1%
Avg Premium Receipt Less Avg Claim Expense Total	(\$33,566,368)	(\$30,556,548)	\$3,009,820	9%
Variance Due to Changes in Membership			\$3,391,256	
Variance Due to Changes in Claim Expenses			(\$381,436)	

INCURRED BASIS	Year-To-Date August 31, 2014	Year-To-Date August 31, 2013
	Actual	Actual - Prior Year
Member Months	15,606	29,931
Avg Premium Income PMPM	\$620	\$762
Avg Medical Claim Expense PMPM (1)	\$1,469	\$1,371
Avg Pharmacy Claim Expense PMPM (2)	\$961	\$1,109
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,810)	(\$1,718)
Avg Premium Receipt Less Avg Claim Expense Total	(\$28,246,860)	(\$51,421,458)

(1) Incurred medical claims data totals \$22,928,990 which is derived from \$17,418,990 actual paid claims with dates of service between 1-1-14 and 8-31-14 and \$5,510,000 IBNR reserve.

(2) Incurred pharmacy claims data totals \$14,992,973 which is derived from \$14,000,973 actual paid claims with dates of service between 1-1-14 and 8-31-14 and \$992,000 IBNR reserve.