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

1. 2015 Interim II Assessment Required

An assessment of $14.0 M is required in order to adequately carry the pool into the next scheduled assessment in November 2015. This assessment was approved by the Board of Directors and generated on July 9, 2015 with invoices due August 9, 2015 except for the carriers who have installment payment arrangements, at which point the invoices are due in total by October 9, 2015. Looking ahead as of September 30, 2015, $13.3 M has been collected leaving $678 K M left to collect.

2. Financial Statements – August 2015

Balance Sheet

Cash on hand increased by $5.2 M or 78.1% from July 2015 to August 2015. The current cash position is $11.9 M which is well above our current three week expense allowance of $2.9 M. As of the end of August 2015, the entire $11.9 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 August 2015 is $5.7 M. This represents an increase of $293 K or 5.5% as compared to the prior month. Medical IBNR increased $94 K or 2.0% and pharmacy IBNR increased $199 K or 30.1% from July 2015.

As of August 2015, the equity position of WSHIP is a positive $7.5 M.

Income Statement

Total member months for August 2015 YTD are lower by 2,697 member months or 17.3% lower than August 2014 YTD. Member months are measured as the cumulative monthly member count (PMPM) over a period of time. The total incurred claim loss for August 2015 YTD is $2.5 M or 7.6% lower than August 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 August 2015 YTD, the medical claims portion is $2.0 M or 8.9% lower than August 2014 YTD, and the pharmacy claims portion is $564 K or 5.0% lower than August 2014 YTD.

August 2015 YTD administrative expenses are $181 K or 11.4% lower than the administrative expenses in August 2014 YTD. The ratio of administrative expenses as a percentage of total cost is 4.4% for August 2015 YTD as compared to 4.6% 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 2015

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 $11.9 M is $1.2 M higher than the budgeted cash balance of $10.7 M. Total net cash receipts for August 2015 are $1.2 M or 3.1% favorable to budget. Total expenses are $27 K or less than 1% favorable to budget. The administrative expenses are $257 K or 15.7% favorable to budget. Total medical claims expense is $1.0 M or 5.1% unfavorable to budget; while total pharmacy claims expense is $786 K or 7.1% 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 July 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 August 2015. For September 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 August 2015, administrative expenses are $257 K or 15.7% favorable to budget (cash basis). This is primarily seen in variable admin and professional fees.

6. Financial Performance

August 2015 YTD member months are 362 member months or 3% lower than projected in the original budget. Through August 2015, average premium receipt PMPM is 13% higher than anticipated. Average medical claims expense PMPM is

11% higher than anticipated and average pharmacy claims expense PMPM is 4% lower than anticipated.

On an incurred basis, the average medical claims expense PMPM is $1,602 as compared to $1,602 on a cash basis. Also on an incurred basis, the average pharmacy claims expense PMPM is $826 as compared to $797 on a cash basis.

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Balance Sheet
as of August 31

Total Enrollment: 1,573

	2015	2014
Assets:		
Cash	$ 11,893,137	$ 40,676,346
Premiums Receivable	45,571	62,532
Assessments Receivable	2,453,163	6,421,922
Grants Receivable	242,848	-
Prepaid Expense	-	-
Total Assets	$ 14,634,718	$ 47,160,800
Liabilities and Unassigned Surplus:		
Reserve for Unpaid Losses - Medical	$ 4,800,000	$ 5,688,000
Reserve for Unpaid Losses - Pharmacy	861,000	992,000
Accrued Loss Adjustment	299,000	312,000
Premiums Received in Advance	987,576	1,107,885
Assessments Payable	-	-
Due to HBE	-	20,838,000
Accrued Expenses	165,255	174,616
Abandoned Claim Reserve	18,303	57,001
Total Liabilities	$ 7,131,134	$ 29,169,502
Unassigned Surplus	7,503,585	17,991,297
Total Liabilities and Unassigned Surplus	$ 14,634,718	$ 47,160,800

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Statement of Operations
January 1 to August 31

	2015	2014
Total Member Months	12,909	15,606
Premium Income Earned	$ 7,688,748	$ 9,374,918
Pharmacy Rebate Income	171,709	396,991
Grant Income	-	-
Incurred Claim Loss - Medical	19,964,762	21,920,845
Incurred Claim Loss - Pharmacy	10,701,609	11,265,739
Total Incurred Claim Loss	30,666,371	33,186,584
Operating Expenses:		
Fixed (PMPM) Administrative Expense	$ 656,892	$ 754,108
Variable Administrative Expense	135,151	294,661
Salary and Benefit Expense	378,171	264,106
Prescription Administrative Expense	16,979	30,225
Miscellaneous Expense	70,344	93,263
Professional Fee Expense	148,697	151,140
Total Operating Expenses	$ 1,406,234	$ 1,587,504
Underwriting Gain (Loss)	(24,212,149)	(25,002,179)
Investment Income	722	1,713
Other Income	748	-
Changes to Unassigned Surplus	$ (24,210,679)	$ (25,000,466)

WASHINGTON STATE HEALTH INSURANCE POOL

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

	2015	2014
Unassigned Surplus at Beginning of Year	$ 8,214,435	$ 20,329,763
Changes to Unassigned Surplus	(24,210,679)	(25,000,466)
Member Assessments	23,499,828	43,500,000
HBE Assessment Payment Due	-	(20,838,000)
Unassigned Surplus	$ 7,503,585	$ 17,991,297

WSHIP 2015
Budgeted Cashflow

Budget - Updated Jan 2015

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	Aug YTD	TOTAL
Enrollment Count	1,675	1,670	1,665	1,661	1,656	1,652	1,648	1,644	1,640	1,636	1,632	1,629	13,271	19,808
Cash Balance														
BEGINNING OF MONTH	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		
Receipts														
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	8,407,602	13,290,165
Grant Revenue	124,489	-	-	154,326	-	-	154,325	-	-	154,325	-	-	433,140	587,465
Pharmacy Rebate Income	-	-	30,000	-	-	30,000	-	-	30,000	-	-	30,000	60,000	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	860,271	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	20,906,247	32,906,247
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	800	1,200
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	2,872,144	578,679	2,106,011	8,077,224	1,423,915	2,914,141	961,596	11,734,349	3,407,565	2,353,402	508,274	11,300,420	**30,668,060**	48,237,721
Refunds														
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	941,542	1,485,918
Total Refunds	6,108,700	44,776	220,441	69,426	47,040	209,130	77,190	46,854	207,515	75,832	43,351	217,678	**6,823,557**	**7,367,933**
Expenses														
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	20,093,416	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	11,069,514	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	670,924	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	217,302	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	378,925	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	26,720	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	97,890	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	247,960	399,340
Total Expense	4,190,175	3,995,055	3,843,522	3,933,379	3,999,264	4,159,126	4,382,728	4,299,402	4,301,255	4,457,303	4,463,413	4,389,487	**32,802,651**	**50,414,109**
Month Ending Cash Balance	$ 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	$ 10,122,750		

Actual	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
Enrollment Count	1,673	1,613	1,612	1,636	1,605	1,603	1,594	1,573					12,909
Cash Balance													
BEGINNING OF MONTH	19,667,071	12,484,611	8,988,214	6,358,557	8,916,254	9,544,237	7,078,041	6,678,593					
Receipts													
Premium Receipts	2,033,165	401,598	1,705,236	922,139	343,983	1,817,621	788,705	328,349					8,340,795
Grant Revenue	124,489	-	-	79,030	-	-	141,098	-					344,617
Pharmacy Rebate Income	-	-	89,099	-	-	82,609	-	-					171,709
Claim Refunds Receipts	144,512	30,746	21,343	115,586	45,315	12,582	10,917	43,862					424,864
Assessment Receipts	703,762	2,485	-	5,326,641	3,767,124	406,064	2,731,886	8,814,951					21,752,912
Investment Income	168	104	70	58	90	71	59	102					722
Other Income	-	-	846	-	-		-						846
Total Receipts	3,006,095	434,933	1,816,594	6,443,453	4,156,512	2,318,947	3,672,666	9,187,264	-	-	-	-	**31,036,464**
Refunds													
Assessment Refunds	5,882,015	-	-	-	-	-	-	-					5,882,015
Premium Refunds	25,776	32,158	19,054	10,707	13,536	8,855	15,905	14,625					140,617
Total Refunds	5,907,791	32,158	19,054	10,707	13,536	8,855	15,905	14,625	-	-	-	-	**6,022,632**
Expenses													
Medical Claims	2,709,187	2,549,228	3,085,023	2,500,880	2,226,139	2,720,984	2,663,902	2,654,318					21,109,661
Pharmacy Claims	1,328,583	1,173,035	1,197,059	1,216,275	1,133,872	1,913,700	1,185,727	1,135,324					10,283,574
Fixed (PMPM) Admin	77,147	75,702	74,439	73,735	86,182	87,474	87,434	86,764					648,875
Variable Admin	16,771	25,312	15,110	16,559	15,365	12,388	16,373	16,553					134,430
Salary and Benefits	141,590	43,066	31,909	31,842	32,178	32,080	32,080	32,034					376,778
Prescription Admin	2,051	2,029	2,094	2,387	2,138	2,101	2,154	2,024					16,979
Miscellaneous	3,115	5,687	4,211	10,385	7,475	5,658	28,254	3,537					68,322
Professional Fees	2,321	25,112	17,354	22,984	-	1,904	40,286	27,542					137,503
Total Expense	4,280,764	3,899,171	4,427,198	3,875,049	3,503,348	4,776,289	4,056,208	3,958,095	-	-	-	-	**32,776,122**
Available Cash Balance	12,484,611	8,988,214	6,358,557	8,916,254	9,555,882	7,078,041	6,678,593	11,893,137	-	-	-	-	
Inc(Dec) in Abandoned Property Reserve					(11,645)								
Month Ending Cash Balance	$ 12,484,611	$ 8,988,214	$ 6,358,557	$ 8,916,254	$ 9,544,237	$ 7,078,041	$ 6,678,593	**$ 11,893,137**	$ -	$ -	$ -	$ -	

WSHIP 2015
Budgeted Cashflow

Variance to Budget	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
Favorable/(Unfavorable)													
Enrollment Count	(2)	(57)	(53)	(25)	(51)	(49)	(54)	(71)					(362)
Receipts													
Premium Receipts	106,397	(69,204)	(271,923)	299,448	(77,923)	(58,086)	96,376	(91,892)					(66,807)
Grant Revenue	-	-	-	(75,296)	-	-	(13,227)	-					(88,523)
Pharmacy Rebate Income	-	-	59,099	-	-	52,609	-	-					111,709
Claim Refunds Receipts	29,972	(77,032)	(77,409)	15,478	(56,594)	(95,752)	(103,924)	(70,146)					(435,407)
Assessment Receipts	(2,485)	2,485	-	(1,873,359)	2,867,124	(493,936)	2,731,886	(2,385,049)					846,666
Investment Income	68	4	(30)	(42)	(10)	(29)	(41)	2					(78)
Other Income	-	-	846	-	-	-	-	-					846
Total Receipts	133,951	(143,746)	(289,417)	(1,633,771)	2,732,597	(595,194)	2,711,070	(2,547,085)					**368,405**
Refunds													
Assessment Refunds	-	-	-	-	-	-	-	-					-
Premium Refunds	200,909	12,618	201,387	58,719	33,504	200,274	61,285	32,229					800,925
Total Refunds	200,909	12,618	201,387	58,719	33,504	200,274	61,285	32,229					**800,925**
Expenses													
Medical Claims	(126,316)	(128,026)	(749,257)	(133,050)	184,283	(158,579)	52,405	42,293					(1,016,245)
Pharmacy Claims	0	221,157	133,014	159,007	254,444	(503,067)	271,960	249,424					785,941
Fixed (PMPM) Admin	(2,409)	(1,273)	(270)	16,408	3,654	2,055	1,788	2,094					22,049
Variable Admin	11,182	1,969	12,085	10,563	11,685	14,590	10,519	10,281					82,872
Salary and Benefits	2,295	(9,101)	1,486	1,694	1,358	1,456	1,456	1,502					2,147
Prescription Admin	1,324	1,337	1,260	958	1,197	1,224	1,160	1,282					9,741
Miscellaneous	6,685	1,463	13,189	(3,235)	2,325	2,092	(18,454)	25,503					29,568
Professional Fees	16,649	8,358	4,817	5,986	36,970	23,066	5,684	8,928					110,457
Total Expense	(90,589)	95,884	(583,676)	58,331	495,916	(617,163)	326,519	341,307					**26,529**
Available Cash Balance	244,271	209,026	(462,680)	(1,979,401)	1,282,616	258,889	3,357,763	1,184,214					
Inc(Dec) in Abandoned					(11,645)	-	-	-					
Property Reserve	-	-	-	-	-	-	-	-					
Month Ending Cash Balance	244,271	209,026	(462,680)	(1,979,401)	1,270,971	258,889	3,357,763	1,184,214					

(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 Baisc 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 07/31/15	Actual (Bold)								Forecast				
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
Enrollment:													
Non-Medicare Enrollment	**615**	**579**	**564**	**561**	**549**	**544**	**535**	**532**	526	520	514	509	6,548
Medicare Enrollment (Basic and Basic+)	**1,058**	**1,034**	**1,048**	**1,075**	**1,056**	**1,059**	**1,059**	**1,062**	1,062	1,062	1,062	1,062	12,699
Total Enrollment Count	**1,673**	**1,613**	**1,612**	**1,636**	**1,605**	**1,603**	**1,594**	**1,594**	1,588	1,582	1,576	1,571	19,247
Cash Balance													
BEGINNING OF MONTH	**19,667,071**	**12,484,611**	**8,988,214**	**6,358,557**	**8,916,254**	**9,544,237**	**7,078,041**	**6,678,593**	11,893,137	11,693,593	8,963,132	5,086,405	
Receipts													
Premium Receipts	**2,033,165**	**401,598**	**1,705,236**	**922,139**	**343,983**	**1,817,621**	**788,705**	**328,349**	**1,639,395**	653,564	351,653	1,758,266	12,743,674
Grant Revenue	**124,489**	**-**	**-**	**79,030**	**-**	**-**	**141,098**	**-**	-	242,848	-	-	587,465
Pharmacy Rebate Income	**-**	**-**	**89,099**	**-**	**-**	**82,609**	**-**	**-**	30,000	-	-	30,000	231,709
Claim Refunds Receipts	**144,512**	**30,746**	**21,343**	**115,586**	**45,315**	**12,582**	**10,917**	**43,862**	45,354	53,975	52,840	51,899	628,932
Assessment Receipts	**703,762**	**2,485**	**-**	**5,326,641**	**3,767,124**	**406,064**	**2,731,886**	**8,814,951**	**1,775,590**	677,573	-	9,600,000	33,806,075
Investment Income	**168**	**104**	**70**	**58**	**90**	**71**	**59**	**102**	100	100	100	100	1,122
Other Income	**-**	**-**	**846**	**-**	**-**	**-**	**-**		-	-	-	-	846
Total Receipts	**3,006,095**	**434,933**	**1,816,594**	**6,443,453**	**4,156,512**	**2,318,947**	**3,672,666**	**9,187,264**	3,490,440	1,628,060	404,593	11,440,265	47,999,822
Refunds													
Assessment Refunds	**5,882,015**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	-	-	-	5,882,015
Premium Refunds	**25,776**	**32,158**	**19,054**	**10,707**	**13,536**	**8,855**	**15,905**	**14,625**	65,576	26,143	14,066	70,331	316,733
Total Refunds	**5,907,791**	**32,158**	**19,054**	**10,707**	**13,536**	**8,855**	**15,905**	**14,625**	65,576	26,143	14,066	70,331	**6,198,748**
Expenses													
Medical Claim Expense	**2,709,187**	**2,549,228**	**3,085,023**	**2,500,880**	**2,226,139**	**2,720,984**	**2,663,902**	**2,654,318**	**2,267,716**	2,698,743	2,641,998	2,594,933	31,313,052
Pharmacy Claim Expense	**1,328,583**	**1,173,035**	**1,197,059**	**1,216,275**	**1,133,872**	**1,913,700**	**1,185,727**	**1,135,324**	**1,166,604**	1,433,129	1,385,972	1,389,508	15,658,786
PMPM Administrative Expense	**77,147**	**75,702**	**74,439**	**73,735**	**86,182**	**87,474**	**87,434**	**86,764**	88,608	88,359	88,052	87,802	1,001,696
Variable Administrative Expense	**16,771**	**25,312**	**15,110**	**16,559**	**15,365**	**12,388**	**16,373**	**16,553**	26,775	29,203	34,645	26,572	251,625
Salary and Benefits Expense	**141,590**	**43,066**	**31,909**	**31,842**	**32,178**	**32,080**	**32,080**	**32,034**	33,536	33,536	33,536	33,769	511,155
Prescription Administrative Expense	**2,051**	**2,029**	**2,094**	**2,387**	**2,138**	**2,101**	**2,154**	**2,024**	3,299	3,289	3,281	3,272	30,119
Miscellaneous Expense	**3,115**	**5,687**	**4,211**	**10,385**	**7,475**	**5,658**	**28,254**	**3,537**	10,400	7,150	9,800	30,399	126,072
Professional Fees	**2,321**	**25,112**	**17,354**	**22,984**	**-**	**1,904**	**40,286**	**27,542**	27,470	38,970	69,970	14,970	288,883
Total Expense	**4,280,764**	**3,899,171**	**4,427,198**	**3,875,049**	**3,503,348**	**4,776,289**	**4,056,208**	**3,958,095**	3,624,407	4,332,379	4,267,254	4,181,226	**49,181,388**
Available Cash Balance	**12,484,611**	**8,988,214**	**6,358,557**	**8,916,254**	**9,555,882**	**7,078,041**	**6,678,593**	**11,893,137**	11,693,593	8,963,132	5,086,405	12,275,114	
Inc(Dec) in Abandoned Property Reserve	**-**	**-**	-	**-**	**(11,645)**	**-**	**-**	**-**	-	-	-	-	
Month Ending Cash Balance	**12,484,611**	**8,988,214**	**6,358,557**	**8,916,254**	**9,544,237**	**7,078,041**	**6,678,593**	**11,893,137**	11,693,593	8,963,132	5,086,405	12,275,114	

(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 Baisc 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 6 members per month. All Medicare enrollment projected to remain flat.

(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

Budget	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
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
Total Membership	1,675	1,670	1,665	1,661	1,656	1,652	1,648	1,644	1,640	1,636	1,632	1,629	19,808
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
Total Budget Operating Expenses	**$278,722**	**$179,661**	**$177,682**	**$190,265**	**$200,527**	**$186,088**	**$208,733**	**$218,043**	**$190,087**	**$200,507**	**$239,284**	**$196,784**	**$2,466,382**

Actual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
Membership: (1)													
Non-Medicare	615	579	564	561	549	544	535	527					4,474
Medicare Basic	792	776	789	816	799	804	805	799					6,380
Medicare Basic Plus	266	259	259	259	257	255	254	247					2,056
Total Membership	1,673	1,614	1,612	1,636	1,605	1,603	1,594	1,573	-	-	-	-	12,910
PMPM Administrative Expense (2)	77,147	75,702	74,439	73,735	86,182	87,474	87,434	86,764					$648,875
Variable Administrative Expense (3)	16,771	25,312	15,110	16,559	15,365	12,388	16,373	16,553					$134,430
Salary and Benefits Expense (4)	141,590	43,066	31,909	31,842	32,178	32,080	32,080	32,034					$376,778
RX Benefit Management Fees	2,051	2,029	2,094	2,387	2,138	2,101	2,154	2,024					$16,979
Miscellaneous Expense (5)	3,115	5,687	4,211	10,385	7,475	5,658	28,254	3,537					$68,322
Professional Fees (6)	2,321	25,112	17,354	22,984	-	1,904	40,286	27,542					$137,503
Total Actual Operating Expenses	**$242,995**	**$176,909**	**$145,115**	**$157,893**	**$143,338**	**$141,605**	**$206,579**	**$168,453**	**$0**	**$0**	**$0**	**$0**	**$1,382,887**

Variance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
Membership: (1)													
Non-Medicare	(4)	(33)	(41)	(38)	(43)	(42)	(45)	(47)					(293)
Medicare Basic	2	(19)	(11)	11	(11)	(11)	(15)	(26)					(80)
Medicare Basic Plus	-	(4)	(1)	2	3	4	6	2					12
Total Membership	(2)	(56)	(53)	(25)	(51)	(49)	(54)	(71)	-	-	-	-	(361)
PMPM Administrative Expense (2)	(2,409)	(1,273)	(270)	16,408	3,654	2,055	1,788	2,094					$22,049
Variable Administrative Expense (3)	11,182	1,969	12,085	10,563	11,685	14,590	10,519	10,281					$82,872
Salary and Benefits Expense (4)	2,296	(9,100)	1,486	1,693	1,358	1,456	1,456	1,502					$2,146
RX Benefit Management Fees	1,324	1,336	1,260	958	1,197	1,224	1,160	1,282					$9,742
Miscellaneous Expense (5)	6,685	1,463	13,189	(3,235)	2,325	2,092	(18,454)	25,503					$29,568
Professional Fees (6)	16,649	8,358	4,816	5,986	36,970	23,066	5,684	8,928					$110,456
Total Variance Expenses	**$35,727**	**$2,753**	**$32,567**	**$32,372**	**$57,188**	**$44,483**	**$2,153**	**$49,590**	**$0**	**$0**	**$0**	**$0**	**$256,833**

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 August 31, 2015			
	Projected	Actual	Variance	% Change
Membership	1,573	1,644	71	5%
Avg Premium Receipt PMPM	$237	$191	($46)	-19%
Avg Medical Claim Expense PMPM	$1,642	$1,588	$54	3%
Avg Pharmacy Claim Expense PMPM	$880	$691	$189	21%
Avg Premium Receipt Less Avg Claim Expense PMPM	($2,285)	($2,088)	$197	9%
Avg Premium Receipt Less Avg Claim Expense Total	($3,594,305)	($3,432,672)	$161,633	4%
Variance Due to Changes in Membership			($148,248)	
Variance Due to Changes in Claim Expenses			$309,881	

CASH BASIS	Year-To-Date August 31, 2015			
	Projected	Actual	Variance	% Change
Member Months	13,271	12,909	(362)	-3%
Avg Premium Receipt PMPM	$563	$635	$72	13%
Avg Medical Claim Expense PMPM	$1,449	$1,602	($153)	-11%
Avg Pharmacy Claim Expense PMPM	$834	$797	$37	4%
Avg Premium Receipt Less Avg Claim Expense PMPM	($1,720)	($1,764)	($44)	-3%
Avg Premium Receipt Less Avg Claim Expense Total	($22,826,120)	($22,771,476)	$54,644	0%
Variance Due to Changes in Membership			$638,568	
Variance Due to Changes in Claim Expenses			($583,924)	

INCURRED BASIS	Year-To-Date August 31, 2015	Year-To-Date August 31, 2014
	Actual	Actual - Prior Year
Member Months	12,909	15,606
Avg Premium Income PMPM	$596	$620
Avg Medical Claim Expense PMPM (1)	$1,602	$1,469
Avg Pharmacy Claim Expense PMPM (2)	$826	$961
Avg Premium Receipt Less Avg Claim Expense PMPM	($1,832)	($1,810)
Avg Premium Receipt Less Avg Claim Expense Total	($23,649,288)	($28,246,860)

(1) Incurred medical claims data totals $20,679,292 which is derived from $16,059,292 actual paid claims with dates of service between 1-1-15 and 8-31-15 and $4,620,000 IBNR reserve.
(2) Incurred pharmacy claims data totals $10,664,107 which is derived from $9,803,107 actual paid claims with dates of service between 1-1-15 and 8-31-15 and $861,000 IBNR reserve.