

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

1. 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 and generated on July 27, 2016. Invoices are due August 27, 2016 except for the carriers who have installment payment arrangements, at which point the invoices are due in total by October 27, 2016. Looking ahead as of September 30, 2016, \$10.9 M has been collected, leaving \$1.6 M left to collect.

2. Financial Statements – August 2016

Balance Sheet

Cash on hand increased by \$6.4 M or 129.2% from July 2016 to August 2016. The current cash position is \$11.4 M which is well above our current three week expense allowance of \$2.6 M. As of the end of August 2016, the entire \$11.4 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 2016 is \$5.1 M. This is a decrease of \$217 K or 4.1% from the prior month. Medical IBNR decreased \$40 K or 0.9% and pharmacy IBNR increased \$195 K or 21.2% from July 2016.

As of August 2016, the equity position of WSHIP is a positive \$8.1 M.

Income Statement

Total member months for August 2016 YTD are lower by 1,138 member months or 8.8% lower than August 2015 YTD. Member months are measured as the cumulative monthly member count (PMPM) over a period of time. The total incurred claim loss for August 2016 YTD is \$3.0 M or 9.8% lower than August 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 August 2016 YTD, the medical claims portion is \$2.7 M or 13.6% lower than August 2015 YTD, and the pharmacy claims portion is \$276 K or 2.6% lower than August 2015 YTD.

August 2016 YTD administrative expenses are \$193 K or 13.7% lower than the administrative expenses for August 2015 YTD. The ratio of administrative expenses as a percentage of total cost is 4.2% for August 2016 YTD as compared to 4.4% in

August YTD of the prior year. Total cost is calculated as total incurred claim loss less pharmacy rebates plus administrative expenses.

### 3. Budgeted Cash Flow – August 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 \$11.4 M is \$1.1 M or 10.6% higher than the budgeted cash balance of \$10.3 M. Total net cash receipts for August 2016 YTD are \$2.6 M or 8.6% unfavorable to budget. Total YTD expenses are \$3.7 M or 11.2% favorable to budget. The YTD administrative expenses are \$50 K or 3.7% favorable to budget. Total YTD medical claims expense is \$3.1 M or 14.6% favorable to budget; while total YTD pharmacy claims expense is \$587 K or 5.4% favorable to budget.

### 4. 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 August 2016. For September 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 \$33.5 M which is a \$500 K or 1.5% decrease from the 2015 assessment of \$34.0 M.

### 5. Administrative Expense Budget

For August 2016, YTD administrative expenses are \$50 K or 3.7% favorable to budget (cash basis).

### 6. Financial Performance

August 2016 YTD member months are 430 member months or 4% lower than projected in the original budget. Through August 2016, average premium receipt PMPM is 3% higher than anticipated. Average medical claims expense PMPM is

11% lower than anticipated and average pharmacy claims expense PMPM is 2% lower than anticipated.

On an incurred basis, the average medical claims expense PMPM is \$1,575 as compared to \$1,524 on a cash basis. Also on an incurred basis, the average pharmacy claims expense PMPM is \$924 as compared to \$867 on a cash basis.

# WASHINGTON STATE HEALTH INSURANCE POOL

## Unaudited Balance Sheet as of August 31

Total Enrollment: 1,469

	<u>2016</u>	<u>2015</u>
<b>Assets:</b>		
Cash	\$ 11,410,751	\$ 11,893,137
Premiums Receivable	74,107	45,571
Assessments Receivable	2,877,430	2,453,163
Grants Receivable	-	242,848
Prepaid Expense	-	-
<b>Total Assets</b>	<u>\$ 14,362,288</u>	<u>\$ 14,634,718</u>
 <b>Liabilities and Unassigned Surplus:</b>		
Reserve for Unpaid Losses - Medical	\$ 4,328,000	\$ 4,800,000
Reserve for Unpaid Losses - Pharmacy	726,000	861,000
Accrued Loss Adjustment	328,000	299,000
Premiums Received in Advance	712,397	987,576
Assessments Payable	-	-
Accrued Expenses	138,915	165,255
Abandoned Claim Reserve	61,972	18,303
<b>Total Liabilities</b>	<u>\$ 6,295,284</u>	<u>\$ 7,131,134</u>
<b>Unassigned Surplus</b>	8,067,004	7,503,585
<b>Total Liabilities and Unassigned Surplus</b>	<u>\$ 14,362,288</u>	<u>\$ 14,634,718</u>

# WASHINGTON STATE HEALTH INSURANCE POOL

## Unaudited Statement of Operations January 1 to August 31

	<u>2016</u>	<u>2015</u>
Total Member Months	11,771	12,909
<b>Premium Income Earned</b>	\$ 7,585,392	\$ 7,688,748
<b>Pharmacy Rebate Income</b>	290,488	171,709
<b>Grant Income</b>	-	-
<b>Incurred Claim Loss - Medical</b>	17,249,436	19,964,762
<b>Incurred Claim Loss - Pharmacy</b>	10,425,978	10,701,609
<b>Total Incurred Claim Loss</b>	<u>27,675,415</u>	<u>30,666,371</u>
<b>Operating Expenses:</b>		
Fixed (PMPM) Administrative Expense	\$ 656,651	\$ 656,892
Variable Administrative Expense	127,687	135,151
Salary and Benefit Expense	242,519	378,171
Prescription Administrative Expense	14,986	16,979
Miscellaneous Expense	69,269	70,344
Professional Fee Expense	102,296	148,697
<b>Total Operating Expenses</b>	<u>\$ 1,213,409</u>	<u>\$ 1,406,234</u>
<b>Underwriting Gain (Loss)</b>	(21,012,943)	(24,212,149)
<b>Investment Income</b>	12,035	722
<b>Other Income</b>	26,489	748
<b>Changes to Unassigned Surplus</b>	<u>\$ (20,974,419)</u>	<u>\$ (24,210,679)</u>

# WASHINGTON STATE HEALTH INSURANCE POOL

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

	<u>2016</u>	<u>2015</u>
Unassigned Surplus at Beginning of Year	\$ 6,187,923	\$ 8,214,435
Changes to Unassigned Surplus	(20,974,419)	(24,210,679)
Member Assessments	22,853,500	23,499,828
<b>Unassigned Surplus</b>	<u>\$ 8,067,004</u>	<u>\$ 7,503,585</u>

**WSHIP 2016  
Budgeted Cashflow**

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	August 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	12,201	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	7,266,590	11,902,625
Grant Revenue	96,347	-	45,294	-	-	-	-	-	-	-	-	-	141,641	141,641
Pharmacy Rebate Income	-	-	50,000	-	-	50,000	-	-	50,000	-	-	-	100,000	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	415,584	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	27,821,579	40,721,579
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	800	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>35,746,194</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	177,111	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>5,132,963</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	21,331,921	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	10,794,942	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	642,012	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	155,726	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	268,950	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	19,070	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	81,320	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	190,800	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>33,484,740</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	1,432	1,469	1,493	1,455					11,771
<b>Cash Balance</b>													
<b>BEGINNING OF MONTH</b>	13,186,859	14,216,707	8,224,318	6,288,149	8,217,724	8,508,864	7,917,358	4,977,990					
<b>Receipts</b>													
Premium Receipts	1,142,274	405,402	1,804,194	644,606	303,806	1,735,029	830,638	302,288					7,168,237
Grant Revenue	96,347	45,294	-	-	-	-	-	-					141,641
Pharmacy Rebate Income	-	169,882	-	-	73,111	-	-	47,495					290,488
Claim Refunds Receipts	37,298	23,469	14,128	22,193	351,014	18,962	25,452	37,470					529,986
Assessment Receipts	3,208,332	13,247	-	5,784,636	4,916,109	1,299,255	-	9,622,570					24,844,149
Investment Income	1,819	1,695	1,265	1,134	1,924	1,557	1,389	1,253					12,035
Other Income	24	-	-	10,000	16,465	-	-	-					26,489
<b>Total Receipts</b>	<b>4,486,094</b>	<b>658,989</b>	<b>1,819,587</b>	<b>6,462,569</b>	<b>5,662,429</b>	<b>3,054,802</b>	<b>857,478</b>	<b>10,011,075</b>					<b>33,013,024</b>
<b>Refunds</b>													
Assessment Refunds	-	3,255,852	-	-	1,646,500	-	-	-					4,902,352
Premium Refunds	25,734	22,852	15,493	19,077	10,126	6,899	1,485	21,673					123,339
<b>Total Refunds</b>	<b>25,734</b>	<b>3,278,704</b>	<b>15,493</b>	<b>19,077</b>	<b>1,656,626</b>	<b>6,899</b>	<b>1,485</b>	<b>21,673</b>					<b>5,025,691</b>
<b>Expenses</b>													
Medical Claims	2,057,865	2,117,545	2,421,785	2,472,985	2,380,680	2,339,005	2,377,414	2,058,915					18,226,195
Pharmacy Claims	1,136,882	1,095,730	1,173,497	1,868,346	1,192,996	1,138,501	1,264,383	1,337,871					10,208,206
Fixed (PMPM) Admin	162,313	81,491	83,015	84,621	80,288	81,590	82,576	81,345					737,238
Variable Admin	21,981	13,442	15,054	27,781	14,023	12,800	19,683	13,230					137,993
Salary and Benefits	28,691	34,762	28,655	28,649	28,645	28,637	30,395	29,592					238,028
Prescription Admin	3,775	1,898	1,909	1,392	2,333	1,797	2,440	1,349					16,891
Miscellaneous	5,002	6,414	6,099	5,528	4,966	13,124	3,948	22,776					67,857
Professional Fees	14,004	21,392	9,851	10,135	11,692	16,765	14,522	11,564					109,925
<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>3,715,624</b>	<b>3,632,219</b>	<b>3,795,361</b>	<b>3,556,642</b>					<b>29,742,333</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>8,507,902</b>	<b>7,924,549</b>	<b>4,977,990</b>	<b>11,410,750.77</b>					
<b>Inc(Dec) in Abandoned Property Reserve</b>			(399)	(14,481)	962	(7,191)	-						
<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>\$ 8,508,864</b>	<b>\$ 7,917,358</b>	<b>\$ 4,977,990</b>	<b>\$ 11,410,751</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	

**WSHIP 2016  
Budgeted Cashflow**

<b>Variance to Budget</b>	<b>JANUARY</b>	<b>FEBRUARY</b>	<b>MARCH</b>	<b>APRIL</b>	<b>MAY</b>	<b>JUNE</b>	<b>JULY</b>	<b>AUGUST</b>	<b>SEPTEMBER</b>	<b>OCTOBER</b>	<b>NOVEMBER</b>	<b>DECEMBER</b>	<b>TOTAL YTD</b>
Favorable/(Unfavorable)													
<b>Enrollment Count</b>	(26)	(71)	(70)	(55)	(90)	(48)	(19)	(51)					(430)
<b>Receipts</b>													
Premium Receipts	(24)	(12,315)	(73,135)	53,357	(96,797)	(45,970)	173,265	(96,734)					(98,353)
Grant Revenue	-	45,294	(45,294)	-	-	-	-	-					-
Pharmacy Rebate Income	-	169,882	(50,000)	-	73,111	(50,000)	-	47,495					190,488
Claim Refunds Receipts	(3,859)	(28,907)	(37,065)	(28,395)	299,477	(35,835)	(29,602)	(21,413)					114,402
Assessment Receipts	-	-	-	(4,615,364)	3,616,109	(745)	-	(1,977,430)					(2,977,430)
Investment Income	1,719	1,595	1,165	1,034	1,824	1,457	1,289	1,153					11,235
Other Income	24	-	-	10,000	16,465	-	-	-					26,489
<b>Total Receipts</b>	<b>(2,140)</b>	<b>175,549</b>	<b>(204,329)</b>	<b>(4,579,368)</b>	<b>3,910,190</b>	<b>(131,093)</b>	<b>144,952</b>	<b>(2,046,930)</b>					<b>(2,733,170)</b>
<b>Refunds</b>													
Assessment Refunds	-	-	-	1,700,000	(1,646,500)	-	-	-					53,500
Premium Refunds	2,823	(12,720)	30,044	(4,735)	(409)	36,302	14,461	(11,994)					53,772
<b>Total Refunds</b>	<b>2,823</b>	<b>(12,720)</b>	<b>30,044</b>	<b>1,695,265</b>	<b>(1,646,909)</b>	<b>36,302</b>	<b>14,461</b>	<b>(11,994)</b>					<b>107,272</b>
<b>Expenses</b>													
Medical Claims	552,721	501,233	137,880	56,421	196,146	400,837	375,256	885,233					3,105,726
Pharmacy Claims	259,010	183,232	136,521	(518,525)	73,949	247,590	186,467	18,493					586,736
Fixed (PMPM) Admin	(80,914)	(448)	(2,268)	(4,229)	(192)	(1,849)	(3,131)	(2,196)					(95,226)
Variable Admin	11,025	3,910	2,234	(10,547)	3,147	4,316	(121)	3,768					17,733
Salary and Benefits	14,166	(1,846)	3,541	3,547	3,551	3,559	1,801	2,604					30,922
Prescription Admin	(1,359)	510	488	997	46	573	(78)	1,003					2,179
Miscellaneous	3,298	(764)	8,801	122	3,334	(6,874)	1,702	3,844					13,462
Professional Fees	496	12,908	21,650	7,365	13,308	(3,265)	22,978	5,436					80,875
<b>Total Expense</b>	<b>758,441</b>	<b>698,734</b>	<b>308,848</b>	<b>(464,848)</b>	<b>293,288</b>	<b>644,886</b>	<b>584,874</b>	<b>918,184</b>					<b>3,742,407</b>
<b>Available Cash Balance</b>	<b>759,125</b>	<b>1,620,688</b>	<b>1,755,251</b>	<b>(1,594,100)</b>	<b>947,987</b>	<b>1,499,044</b>	<b>2,236,141</b>	<b>1,095,401</b>					
<b>Inc(Dec) in Abandoned</b>													
<b>Property Reserve</b>	<b>-</b>	<b>-</b>	<b>(399)</b>	<b>(14,481)</b>	<b>962</b>	<b>(7,191)</b>	<b>-</b>	<b>-</b>					
<b>Month Ending Cash Balance</b>	<b>759,125</b>	<b>1,620,688</b>	<b>1,754,852</b>	<b>(1,608,581)</b>	<b>948,949</b>	<b>1,491,854</b>	<b>2,236,141</b>	<b>1,095,401</b>					

- (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	434	431	430	426	413	408	404	399	5,125
Medicare Enrollment (Basic and Basic+)	1,055	1,026	1,023	1,038	998	1,038	1,063	1,029	1,040	1,040	1,040	1,040	12,430
Total Enrollment Count	1,518	1,468	1,463	1,473	1,432	1,469	1,493	1,455	1,453	1,448	1,444	1,439	17,555
<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>	<b>8,217,724</b>	<b>8,508,864</b>	<b>7,917,358</b>	<b>4,977,990</b>	11,410,751	10,623,487	9,035,838	5,489,434	
<b>Receipts</b>													
Premium Receipts	1,142,274	405,402	1,804,194	644,606	303,806	1,735,029	830,638	302,288	1,730,934	612,147	349,951	1,757,183	11,618,452
Grant Revenue	96,347	45,294	-	-	-	-	-	-	-	-	-	-	141,641
Pharmacy Rebate Income	-	169,882	-	-	73,111	-	-	47,495	-	-	-	50,000	340,488
Claim Refunds Receipts	37,298	23,469	14,128	22,193	351,014	18,962	25,452	37,470	39,017	49,173	51,843	47,791	717,809
Assessment Receipts	3,208,332	13,247	-	5,784,636	4,916,109	1,299,255	-	9,622,570	1,295,469	1,581,962	-	7,200,000	34,921,579
Investment Income	1,819	1,695	1,265	1,134	1,924	1,557	1,389	1,253	100	100	100	100	12,435
Other Income	24	-	-	10,000	16,465	-	-	-	-	-	-	-	26,489
Total Receipts	4,486,094	658,989	1,819,587	6,462,569	5,662,429	3,054,802	857,478	10,011,075	3,065,519	2,243,382	401,894	9,055,074	47,778,893
<b>Refunds</b>													
Assessment Refunds	-	3,255,852	-	-	1,646,500	-	-	-	-	-	-	-	4,902,352
Premium Refunds	25,734	22,852	15,493	19,077	10,126	6,899	1,485	21,673	43,273	15,304	8,749	43,930	234,594
Total Refunds	25,734	3,278,704	15,493	19,077	1,656,626	6,899	1,485	21,673	43,273	15,304	8,749	43,930	5,136,946
<b>Expenses</b>													
Medical Claim Expense	2,057,865	2,117,545	2,421,785	2,472,985	2,380,680	2,339,005	2,377,414	2,058,915	1,950,829	2,458,637	2,592,135	2,389,535	27,617,331
Pharmacy Claim Expense	1,136,882	1,095,730	1,173,497	1,868,346	1,192,996	1,138,501	1,264,383	1,337,871	1,703,504	1,198,022	1,138,054	1,169,638	15,417,424
PMPM Administrative Expense	162,313	81,491	83,015	84,621	80,288	81,590	82,576	81,345	78,793	78,497	78,201	77,905	1,050,634
Variable Administrative Expense	21,981	13,442	15,054	27,781	14,023	12,800	19,683	13,230	16,944	16,891	24,837	16,782	213,447
Salary and Benefits Expense	28,691	34,762	28,655	28,649	28,645	28,637	30,395	29,592	32,196	32,196	32,196	32,378	366,994
Prescription Administrative Expense	3,775	1,898	1,909	1,392	2,333	1,797	2,440	1,349	2,343	2,334	2,326	2,317	26,211
Miscellaneous Expense	5,002	6,414	6,099	5,528	4,966	13,124	3,948	22,776	8,900	5,650	8,300	23,214	113,921
Professional Fees	14,004	21,392	9,851	10,135	11,692	16,765	14,522	11,564	16,000	23,500	63,500	19,500	232,425
Total Expense	3,430,513	3,372,674	3,739,863	4,499,436	3,715,624	3,632,219	3,795,361	3,556,642	3,809,509	3,815,727	3,939,549	3,731,269	45,038,387
<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>8,507,902</b>	<b>7,924,548</b>	<b>4,977,990</b>	<b>11,410,751</b>	10,623,487	9,035,838	5,489,434	10,769,310	
Inc(Dec) in Abandoned Property Reserve	-	-	(399)	(14,481)	962	(7,191)	-	-	-	-	-	-	
<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>8,508,864</b>	<b>7,917,358</b>	<b>4,977,990</b>	<b>11,410,751</b>	10,623,487	9,035,838	5,489,434	10,769,310	

- (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 (**\$9.0 M**) TOTAL **\$33.5 M**
- (6) 3-Week expense allowance is **\$2.6 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	434	431	430	426					3,501
Medicare Basic	825	797	798	814	776	817	841	810					6,478
Medicare Basic Plus	230	229	225	224	222	221	222	219					1,792
Total Membership	1,518	1,468	1,463	1,473	1,432	1,469	1,493	1,455	-	-	-	-	11,771
PMPM Administrative Expense (2)	162,313	81,491	83,015	84,621	80,288	81,590	82,576	81,345					\$737,238
Variable Administrative Expense (3)	21,981	13,442	15,054	27,781	14,023	12,800	19,683	13,230					\$137,993
Salary and Benefits Expense (4)	28,691	34,762	28,655	28,649	28,645	28,637	30,395	29,592					\$238,028
RX Benefit Management Fees	3,775	1,898	1,909	1,392	2,333	1,797	2,440	1,349					\$16,891
Miscellaneous Expense (5)	5,002	6,414	6,099	5,528	4,966	13,124	3,948	22,776					\$67,857
Professional Fees (6)	14,004	21,392	9,851	10,135	11,692	16,765	14,522	11,564					\$109,925
<b>Total Actual Operating Expenses</b>	<b>\$235,766</b>	<b>\$159,398</b>	<b>\$144,582</b>	<b>\$158,105</b>	<b>\$141,948</b>	<b>\$154,713</b>	<b>\$153,564</b>	<b>\$159,856</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,307,932</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)	(43)	(41)	(37)	(35)					(340)
Medicare Basic	17	(13)	(14)	-	(40)	(1)	21	(12)					(42)
Medicare Basic Plus	(7)	(6)	(8)	(7)	(7)	(6)	(3)	(4)					(48)
Total Membership	(26)	(71)	(70)	(55)	(90)	(48)	(19)	(51)	-	-	-	-	(430)
PMPM Administrative Expense (2)	(80,914)	(448)	(2,268)	(4,229)	(192)	(1,849)	(3,131)	(2,196)					(\$95,226)
Variable Administrative Expense (3)	11,025	3,910	2,234	(10,547)	3,147	4,316	(121)	3,768					\$17,733
Salary and Benefits Expense (4)	14,165	(1,846)	3,541	3,547	3,551	3,559	1,801	2,604					\$30,922
RX Benefit Management Fees	(1,359)	510	488	997	46	573	(78)	1,003					\$2,179
Miscellaneous Expense (5)	3,298	(764)	8,801	122	3,334	(6,874)	1,702	3,844					\$13,462
Professional Fees (6)	496	12,908	21,650	7,365	13,308	(3,265)	22,978	5,436					\$80,875
<b>Total Variance Expenses</b>	<b>(\$53,289)</b>	<b>\$14,270</b>	<b>\$34,447</b>	<b>(\$2,744)</b>	<b>\$23,193</b>	<b>(\$3,540)</b>	<b>\$23,150</b>	<b>\$14,458</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$49,945</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 August 31, 2016			
	Projected	Actual	Variance	% Change
Membership	1,506	1,455	(51)	-3%
Avg Premium Receipt PMPM	\$259	\$193	(\$66)	-25%
Avg Medical Claim Expense PMPM	\$1,916	\$1,389	\$527	28%
Avg Pharmacy Claim Expense PMPM	\$901	\$919	(\$18)	-2%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$2,558)	(\$2,115)	\$443	17%
Avg Premium Receipt Less Avg Claim Expense Total	(\$3,852,348)	(\$3,077,325)	\$775,023	20%
Variance Due to Changes in Membership			\$107,865	
Variance Due to Changes in Claim Expenses			\$667,158	

CASH BASIS	Year-To-Date August 31, 2016			
	Projected	Actual	Variance	% Change
Member Months	12,201	11,771	(430)	-4%
Avg Premium Receipt PMPM	\$581	\$598	\$17	3%
Avg Medical Claim Expense PMPM	\$1,714	\$1,524	\$190	11%
Avg Pharmacy Claim Expense PMPM	\$885	\$867	\$18	2%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$2,018)	(\$1,793)	\$225	11%
Avg Premium Receipt Less Avg Claim Expense Total	(\$24,621,618)	(\$21,105,403)	\$3,516,215	14%
Variance Due to Changes in Membership			\$770,990	
Variance Due to Changes in Claim Expenses			\$2,745,225	

INCURRED BASIS	Year-To-Date August 31, 2016	Year-To-Date August 31, 2015
	Actual	Actual - Prior Year
Member Months	11,771	12,909
Avg Premium Income PMPM	\$644	\$596
Avg Medical Claim Expense PMPM (1)	\$1,575	\$1,602
Avg Pharmacy Claim Expense PMPM (2)	\$924	\$826
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,855)	(\$1,832)
Avg Premium Receipt Less Avg Claim Expense Total	(\$21,835,205)	(\$23,649,288)

(1) Incurred medical claims data totals \$18,541,428 which is derived from \$14,257,428 actual paid claims with dates of service between 1-1-16 and 8-31-16 and \$4,284,000 IBNR reserve.

(2) Incurred pharmacy claims data totals \$10,880,087 which is derived from \$10,154,087 actual paid claims with dates of service between 1-1-16 and 8-31-16 and \$726,000 IBNR reserve.