

**Washington State Health Insurance Pool
Treasurer's Report
August 2017 Financial Review**

1. 2017 Interim I Assessment Required

An assessment of \$9.5 M was required to adequately fund the pool until the next scheduled assessment in August 2017. This assessment was approved by the Board of Directors and generated on March 27, 2017 with invoices due April 27, 2017 except for the carriers who have installment payment arrangements, at which point the invoices were due in total by June 27, 2017. As of September 30, 2017, all \$9.5 M of assessments have been collected thus closing out the assessment.

2. 2017 Interim II Assessment Required

An assessment of \$8.0 M was required to adequately fund the pool until the next scheduled assessment in November 2017. This assessment was approved by the Board of Directors and generated on July 31, 2017 with invoices due August 31, 2017 except for the carriers who have installment payment arrangements, at which point the invoices are due in total by October 31, 2017. As of September 30, 2017, \$6.9 M of assessments have been collected, leaving \$1.1 M left to collect.

3. Financial Statements – August 2017

Balance Sheet

Cash on hand increased by \$2.9 M or 44.0% from July 2017 to August 2017. The current cash position is \$9.6 M, which is well above our current 4-week expense allowance of \$3.3 M. As of the end of August 2017, the entire \$9.6 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 2017 is \$5.0 M. This is a decrease of \$216 K or 4.1% from the prior month. Medical IBNR decreased \$254 K or 6.0% and pharmacy IBNR increased \$38 K or 3.8% from July 2017.

As of August 2017, the equity position of WSHIP is a positive \$6.4 M.

Income Statement

Total member months for August 2017 YTD are lower by 89 member months or less than 1% lower than August 2016 YTD. Member months are measured as the cumulative monthly member count (PMPM) over a period of time. The total incurred claim loss for August 2017 YTD is \$2.0 M or 7.1% lower than August 2016 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 2017 YTD, the medical claims portion is \$1.3 M or 7.7% lower than August 2016 YTD, and the pharmacy claims portion is \$631 K or 6.1% lower than August 2016 YTD.

August 2017 YTD administrative expenses are \$51 K or 4.2% lower than the administrative expenses for August 2016 YTD. The ratio of administrative expenses as a percentage of total cost is 4.4% for August 2017 YTD as compared to 4.2% for August YTD of the prior year. Total cost is calculated as total incurred claim loss less pharmacy rebates plus administrative expenses.

4. Budgeted Cash Flow – August 2017

The Budgeted Cash Flow document contains the budget (upper portion) as established in early 2017 and the actual (lower portion) cash flow results year-to-date.

The ending cash balance of \$9.6 M is \$631 K or 6.2% lower than the budgeted cash balance of \$10.2 M. Total net cash receipts for August 2017 YTD are \$3.7 M or 13.0% unfavorable to budget. Total YTD expenses are \$3.1 M or 10.2% favorable to budget. The YTD administrative expenses are \$108 K or 8.5% favorable to budget. Total YTD medical claims expense is \$1.2 M or 6.6% favorable to budget; while total YTD pharmacy claims expense is \$1.8 M or 16.0% favorable to budget.

5. Medicare vs. Non-Medicare Cash Flow – August 2017

As of August, the YTD Medicare member months total 8,593 and represent 74% of the combined WSHIP member months. The YTD Non-Medicare member months total 3,089 and account for 26% of the combined WSHIP member months. The YTD Medicare Loss Ratio is 191% while the YTD Non-Medicare Loss Ratio is 380%. On a cash basis, the YTD Claims PMPM is \$818 for Medicare members and \$6,150 for Non-Medicare members.

6. Cash Flow Forecast – 2017

The 2017 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 August 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 August 2017. For September 2017, 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 2017 forecast is projecting an assessment of \$26.0 M which is a \$7.0 M or 21.2% decrease from the 2016 assessment of \$33.0 M.

7. Administrative Expense Budget

For August 2017, YTD administrative expenses are \$110 K or 8.6% favorable to budget (cash basis).

8. Financial Performance

August 2017 YTD member months are 30 member months or less than 1% higher than projected in the original budget. Through August 2017, average premium receipt PMPM is 4% higher than anticipated, average medical claims expense PMPM is 7% lower than expected and average pharmacy claims expense PMPM is 16% lower than anticipated.

On an incurred basis, the average YTD medical claims expense PMPM is \$1,464 as compared to \$1,379 on a cash basis. Also on an incurred basis, the average YTD pharmacy claims expense PMPM is \$903 as compared to \$816 on a cash basis.

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Balance Sheet as of August 31

Total Enrollment: 1,441

	<u>2017</u>	<u>2016</u>
Assets:		
Cash	\$ 9,567,404	\$ 11,410,751
Premiums Receivable	74,103	74,107
Assessments Receivable	2,999,174	2,877,430
Grants Receivable	-	-
Prepaid Expense	-	-
Total Assets	<u>\$ 12,640,681</u>	<u>\$ 14,362,288</u>
 Liabilities and Unassigned Surplus:		
Reserve for Unpaid Losses - Medical	\$ 3,961,000	\$ 4,328,000
Reserve for Unpaid Losses - Pharmacy	1,048,000	726,000
Accrued Loss Adjustment	322,000	328,000
Premiums Received in Advance	756,557	712,397
Assessments Payable	-	-
Accrued Expenses	125,917	138,915
Abandoned Claim Reserve	19,897	61,972
Total Liabilities	<u>\$ 6,233,372</u>	<u>\$ 6,295,284</u>
Unassigned Surplus	6,407,309	8,067,004
Total Liabilities and Unassigned Surplus	<u>\$ 12,640,681</u>	<u>\$ 14,362,288</u>

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Statement of Operations January 1 to August 31

	<u>2017</u>	<u>2016</u>
Total Member Months	11,682	11,771
Premium Income Earned	\$ 8,310,993	\$ 7,585,392
Pharmacy Rebate Income	236,465	290,488
Grant Income	-	-
Incurred Claim Loss - Medical	15,923,433	17,249,436
Incurred Claim Loss - Pharmacy	9,794,816	10,425,978
Total Incurred Claim Loss	<u>25,718,250</u>	<u>27,675,414</u>
Operating Expenses:		
Fixed (PMPM) Administrative Expense	\$ 627,204	\$ 656,651
Variable Administrative Expense	104,046	127,687
Salary and Benefit Expense	229,757	242,519
Prescription Administrative Expense	16,887	14,986
Miscellaneous Expense	71,203	69,269
Professional Fee Expense	113,250	102,296
Total Operating Expenses	<u>\$ 1,162,346</u>	<u>\$ 1,213,409</u>
Underwriting Gain (Loss)	(18,333,137)	(21,012,943)
Investment Income	40,838	12,035
Other Income	-	26,489
Changes to Unassigned Surplus	<u>\$ (18,292,300)</u>	<u>\$ (20,974,419)</u>

WASHINGTON STATE HEALTH INSURANCE POOL

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

	<u>2017</u>	<u>2016</u>
Unassigned Surplus at Beginning of Year	\$ 6,062,256	\$ 6,187,923
Changes to Unassigned Surplus	(18,292,300)	(20,974,419)
Member Assessments	18,637,353	22,853,500
Unassigned Surplus	<u>\$ 6,407,309</u>	<u>\$ 8,067,004</u>

**WSHIP 2017
Budgeted Cashflow**

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	AUGUST YTD	TOTAL
Enrollment Count	1,453	1,454	1,455	1,456	1,457	1,458	1,459	1,460	1,461	1,462	1,463	1,464	11,652	17,502
Cash Balance														
BEGINNING OF MONTH	12,629,341	10,634,486	7,302,839	5,337,432	10,168,036	7,580,657	6,578,084	3,654,398	10,198,375	9,390,433	7,407,086	3,942,775		
Receipts														
Premium Receipts	2,039,141	428,310	1,906,142	681,030	320,973	1,833,069	877,574	319,369	1,830,387	733,166	465,502	441,788	8,405,608	11,876,450
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pharmacy Rebate Income	-	-	50,000	-	-	50,000	-	-	50,000	-	-	50,000	100,000	200,000
Claim Refunds Receipts	34,100	39,292	39,378	37,941	39,435	37,786	36,531	35,852	36,211	38,451	40,129	39,068	300,315	454,173
Assessment Receipts	70,838	139	-	8,000,000	1,000,000	1,000,000	-	10,000,000	1,250,000	1,250,000	-	10,000,000	20,070,977	32,570,977
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	800	1,200
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	2,144,179	467,840	1,995,621	8,719,071	1,360,508	2,920,955	914,205	10,355,321	3,166,698	2,021,717	505,731	10,530,956	28,877,699	45,102,800
Refunds														
Assessment Refunds	797,770	-	-	-	-	-	-	-	-	-	-	-	797,770	797,770
Premium Refunds	50,979	10,708	47,654	17,026	8,024	45,827	21,939	7,984	45,760	18,329	11,638	11,045	210,140	296,911
Total Refunds	848,749	10,708	47,654	17,026	8,024	45,827	21,939	7,984	45,760	18,329	11,638	11,045	1,007,910	1,094,681
Expenses														
Medical Claims	2,005,884	2,311,268	2,316,360	2,231,806	2,319,730	2,222,702	2,148,868	2,108,946	2,130,053	2,261,814	2,360,506	2,298,114	17,665,565	26,716,052
Pharmacy Claims	1,123,106	1,308,031	1,419,128	1,494,793	1,465,102	1,513,476	1,501,121	1,528,411	1,651,036	1,573,838	1,432,125	1,483,332	11,353,170	17,493,501
Fixed (PMPM) Admin	74,876	75,556	75,585	75,615	75,644	75,674	75,703	75,733	75,762	75,791	75,821	75,850	604,386	907,610
Variable Admin	15,420	22,330	14,840	14,849	14,859	14,869	15,878	14,888	15,897	14,907	21,917	14,925	127,933	195,579
Salary and Benefits	42,523	32,602	31,882	31,882	31,882	31,882	31,882	31,882	31,882	31,882	31,882	32,070	266,415	394,130
Prescription Admin	2,259	2,260	2,261	2,262	2,264	2,265	2,266	2,267	2,268	2,269	2,270	2,271	18,104	27,182
Miscellaneous	8,050	5,400	16,650	5,400	8,050	6,000	5,400	26,900	8,650	5,400	8,050	22,964	81,850	126,914
Professional Fees	18,167	31,333	36,667	14,833	22,333	10,833	34,833	14,333	13,333	20,833	25,833	16,233	183,333	259,567
Total Expense	3,290,286	3,788,780	3,913,373	3,871,441	3,939,864	3,877,701	3,815,951	3,803,360	3,928,881	3,986,734	3,958,404	3,945,760	30,300,755	46,120,534
Month Ending Cash Balance	\$ 10,634,486	\$ 7,302,839	\$ 5,337,432	\$ 10,168,036	\$ 7,580,657	\$ 6,578,084	\$ 3,654,398	\$ 10,198,375	\$ 9,390,433	\$ 7,407,086	\$ 3,942,775	\$ 10,516,926		

Actual	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
Enrollment Count	1,494	1,447	1,450	1,477	1,448	1,457	1,468	1,441					11,682
Cash Balance													
BEGINNING OF MONTH	12,629,341	10,823,097	8,345,429	6,933,338	10,466,790	10,192,648	9,154,086	6,643,448					
Receipts													
Premium Receipts	2,083,674	476,316	1,836,818	730,715	498,839	1,769,014	736,994	549,979					8,682,349
Grant Revenue	-	-	-	-	-	-	-	-					-
Pharmacy Rebate Income	-	15,401	-	-	93,683	-	-	127,381					236,465
Claim Refunds Receipts	47,102	11,429	222,339	4,222	8,354	6,753	10,328	69,714					380,241
Assessment Receipts	70,838	-	561,202	5,911,866	2,755,833	720,573	-	5,688,844					15,709,156
Investment Income	4,644	3,498	3,331	4,838	6,598	6,104	6,207	5,618					40,838
Other Income	-	-	-	-	-	-	-	-					-
Total Receipts	2,206,257	506,644	2,623,690	6,651,641	3,363,307	2,502,444	753,530	6,441,535	-	-	-	-	25,049,049
Refunds													
Assessment Refunds	797,770	-	-	-	-	-	-	-					797,770
Premium Refunds	496	13,994	17,987	-	27,694	10,112	-	45,698					115,982
Total Refunds	798,266	13,994	17,987	-	27,694	10,112	-	45,698	-	-	-	-	913,752
Expenses													
Medical Claims	1,945,700	1,659,997	2,169,194	1,902,067	2,383,801	2,244,510	1,963,482	2,223,784					16,492,535
Pharmacy Claims	1,123,106	1,169,789	1,689,151	1,081,201	1,084,415	1,146,225	1,133,425	1,105,643					9,532,956
Fixed (PMPM) Admin	79,079	79,010	79,674	73,977	77,160	79,925	80,542	79,104					628,472
Variable Admin	12,793	7,866	18,987	15,223	6,787	11,779	17,090	14,172					104,697
Salary and Benefits	30,101	37,423	27,678	27,693	31,139	30,558	29,904	28,878					243,376
Prescription Admin	1,748	-	4,745	1,878	1,901	1,575	1,460	1,827					15,135
Miscellaneous	8,138	8,482	6,661	8,833	4,917	4,207	25,842	3,897					70,978
Professional Fees	13,572	7,749	21,704	7,315	19,635	12,114	12,422	14,575					109,086
Total Expense	3,214,236	2,970,317	4,017,794	3,118,189	3,609,756	3,530,893	3,264,168	3,471,882	-	-	-	-	27,197,234
Available Cash Balance	10,823,097	8,345,429	6,933,338	10,466,790	10,192,648	9,154,086	6,643,448	9,567,404	-	-	-	-	
Inc(Dec) in Abandoned													
Property Reserve													
Month Ending Cash Balance	\$ 10,823,097	\$ 8,345,429	\$ 6,933,338	\$ 10,466,790	\$ 10,192,648	\$ 9,154,086	\$ 6,643,448	\$ 9,567,404	\$ -	\$ -	\$ -	\$ -	

WSHIP 2017
Budgeted Cashflow

Variance to Budget	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
Favorable/(Unfavorable)													
Enrollment Count	41	(7)	(5)	21	(9)	(1)	9	(19)					30
Receipts													
Premium Receipts	44,533	48,006	(69,324)	49,685	177,866	(64,055)	(140,580)	230,610					276,741
Grant Revenue	-	-	-	-	-	-	-	-					-
Pharmacy Rebate Income	-	15,401	(50,000)	-	93,683	(50,000)	-	127,381					136,465
Claim Refunds Receipts	13,002	(27,862)	182,960	(33,719)	(31,081)	(31,033)	(26,202)	33,862					79,927
Assessment Receipts	-	(139)	561,202	(2,088,134)	1,755,833	(279,427)	-	(4,311,156)					(4,361,821)
Investment Income	4,544	3,398	3,231	4,738	6,498	6,004	6,107	5,518					40,038
Other Income	-	-	-	-	-	-	-	-					-
Total Receipts	62,079	38,804	628,069	(2,067,429)	2,002,799	(418,511)	(160,675)	(3,913,786)					(3,828,650)
Refunds													
Assessment Refunds	-	-	-	-	-	-	-	-					-
Premium Refunds	50,483	(3,286)	29,666	17,026	(19,670)	35,714	21,939	(37,714)					94,158
Total Refunds	50,483	(3,286)	29,666	17,026	(19,670)	35,714	21,939	(37,714)					94,158
Expenses													
Medical Claims	60,185	651,271	147,166	329,739	(64,071)	(21,808)	185,386	(114,838)					1,173,030
Pharmacy Claims	-	138,242	(270,023)	413,592	380,687	367,252	367,696	422,768					1,820,214
Fixed (PMPM) Admin	(4,203)	(3,454)	(4,089)	1,638	(1,516)	(4,251)	(4,839)	(3,371)					(24,086)
Variable Admin	2,627	14,464	(4,147)	(374)	8,072	3,090	(1,212)	716					23,236
Salary and Benefits	12,422	(4,822)	4,204	4,188	742	1,324	1,977	3,004					23,040
Prescription Admin	511	2,260	(2,484)	384	362	689	806	439					2,969
Miscellaneous	(88)	(3,082)	9,989	(3,433)	3,133	1,793	(20,442)	23,003					10,871
Professional Fees	4,595	23,584	14,962	7,518	2,699	(1,281)	22,412	(242)					74,247
Total Expense	76,049	818,462	(104,421)	753,252	330,108	346,808	551,783	331,478					3,103,521
Available Cash Balance	188,611	1,042,591	1,595,905	298,754	2,611,991	2,576,003	2,989,050	(630,971)					
Inc(Dec) in Abandoned													
Property Reserve													
Month Ending Cash Balance	188,611	1,042,591	1,595,905	298,754	2,611,991	2,576,003	2,989,050	(630,971)					

- (1) Assumes a Non-medicare medical claim expense trend of 6%. Assumes an annual Medicare medical claim expense trend of 10%.
- (2) Assumes a Non-medicare pharmacy claim expense trend of 28%. Assumes an annual Medicare pharmacy claim expense trend of 0% for Basic and 2% for Basic Plus.
- (3) Assumes a Non-medicare premium rate trended at a 17% increase. Assumes a Medicare premium rate increase of 8% for Basic and 2% for Basic Plus.
- (4) Non-medicare enrollment projected to decrease by 2 members per month. Medicare Basic enrollment projected to increase 5 members per month, while Medicare Basic+ projected to drop 2 members per month.
- (5) Assumes assessments on March (\$10.0 M), July (\$12.5 M) and November (\$12.5 M) TOTAL \$35.0 M
- (6) 4-Week expense allowance is \$3.5 M based upon the actual data for the 12-month period ending in Dec of 2017.
- (7) WSHIP has access to a \$5 M line of credit in the event cash on hand is exhausted.

WSHIP 2017
Medicare vs. Non-Medicare Cash Flow

	January	February	March	April	May	June	July	August	September	October	November	December	YTD
Medicare													
Enrollment Count	1,087	1,057	1,063	1,088	1,064	1,075	1,090	1,069					8,593
Premiums	650,072	313,866	409,825	588,563	375,543	394,855	570,997	377,464					3,681,184
Medical Claims	784,011	749,578	887,496	682,388	795,364	877,799	717,951	815,946					6,310,532
RX Claims	100,459	114,202	128,598	79,414	77,012	76,119	68,789	73,499					718,091
Total Claims	884,470	863,780	1,016,093	761,801	872,376	953,918	786,740	889,445	-	-	-	-	7,028,623
Income/Loss	(234,398)	(549,914)	(606,268)	(173,239)	(496,833)	(559,063)	(215,743)	(511,980)	-	-	-	-	(3,347,439)
Loss Ratio	136%	275%	248%	129%	232%	242%	138%	236%					191%
Claims PMPM	814	817	956	700	820	887	722	832					818
Non Medicare													
Enrollment Count	407	390	387	389	384	382	378	372					3,089
Premiums	1,433,602	162,450	1,426,993	142,152	123,296	1,374,159	165,997	172,515					5,001,163
Medical Claims	1,161,689	910,419	1,281,698	1,219,679	1,588,436	1,366,711	1,245,531	1,407,838					10,182,002
RX Claims	1,022,647	1,055,587	1,560,553	1,001,788	1,007,403	1,070,105	1,064,636	1,032,144					8,814,865
Total Claims	2,184,336	1,966,007	2,842,251	2,221,467	2,595,840	2,436,816	2,310,167	2,439,983	-	-	-	-	18,996,866
Income/Loss	(750,734)	(1,803,557)	(1,415,258)	(2,079,315)	(2,472,543)	(1,062,657)	(2,144,170)	(2,267,468)	-	-	-	-	(13,995,703)
Loss Ratio	152%	1210%	199%	1563%	2105%	177%	1392%	1414%					380%
Claims PMPM	5,367	5,041	7,344	5,711	6,760	6,379	6,112	6,559					6,150
Combined Medicare/Non Medicare													
Enrollment Count	1,494	1,447	1,450	1,477	1,448	1,457	1,468	1,441	-	-	-	-	11,682
Premiums	2,083,674	476,316	1,836,818	730,715	498,839	1,769,014	736,994	549,979	-	-	-	-	8,682,348
Medical Claims	1,945,700	1,659,997	2,169,194	1,902,067	2,383,801	2,244,510	1,963,482	2,223,784	-	-	-	-	16,492,536
RX Claims	1,123,106	1,169,789	1,689,151	1,081,201	1,084,415	1,146,225	1,133,425	1,105,643	-	-	-	-	9,532,956
Total Claims	3,068,806	2,829,786	3,858,344	2,983,268	3,468,216	3,390,734	3,096,908	3,329,428	-	-	-	-	26,025,491
Income/Loss	(985,132)	(2,353,471)	(2,021,526)	(2,252,553)	(2,969,377)	(1,621,721)	(2,359,914)	(2,779,449)	-	-	-	-	(17,343,143)
Loss Ratio	147%	594%	210%	408%	695%	192%	420%	605%					300%
Claims PMPM	2,054	1,956	2,661	2,020	2,395	2,327	2,110	2,310					2,228

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 2017 Cash Flow Forecast

Forecast - Updated 08/31/2017

	Actual (Bold)								Forecast				TOTAL
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	
Enrollment:													
Non-Medicare Enrollment	407	390	387	389	384	382	378	372	371	368	366	364	4,558
Medicare Enrollment (Basic and Basic+)	1,087	1,057	1,063	1,088	1,064	1,075	1,090	1,069	1,071	1,072	1,073	1,074	12,883
Total Enrollment Count	1,494	1,447	1,450	1,477	1,448	1,457	1,468	1,441	1,442	1,440	1,439	1,438	17,441
Cash Balance													
BEGINNING OF MONTH	12,629,341	10,823,097	8,345,429	6,933,338	10,466,790	10,192,648	9,154,086	6,643,448	9,567,404	8,619,419	6,999,071	4,071,423	
Receipts													
Premium Receipts	2,083,674	476,316	1,836,818	730,715	498,839	1,769,014	736,994	549,979	1,562,656	714,285	453,514	430,411	11,843,214
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Pharmacy Rebate Income	-	15,401	-	-	93,683	-	-	127,381	-	-	-	50,000	286,465
Claim Refunds Receipts	47,102	11,429	222,339	4,222	8,354	6,753	10,328	69,714	46,888	34,929	33,196	34,078	529,333
Assessment Receipts	70,838	-	561,202	5,911,866	2,755,833	720,573	-	5,688,844	1,874,456	1,124,718	-	6,800,000	25,508,330
Investment Income	4,644	3,498	3,331	4,838	6,598	6,104	6,207	5,618	100	100	100	100	41,238
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	2,206,257	506,644	2,623,690	6,651,641	3,363,307	2,502,444	753,530	6,441,535	3,484,100	1,874,033	486,810	7,314,588	38,208,580
Refunds													
Assessment Refunds	797,770	-	-	-	-	-	-	-	-	-	-	-	797,770
Premium Refunds	496	13,994	17,987	-	27,694	10,112	-	45,698	39,066	17,857	11,338	10,760	195,003
Total Refunds	798,266	13,994	17,987	-	27,694	10,112	-	45,698	39,066	17,857	11,338	10,760	992,773
Expenses													
Medical Claim Expense	1,945,700	1,659,997	2,169,194	1,902,067	2,383,801	2,244,510	1,963,482	2,223,784	2,758,115	2,054,667	1,952,701	2,004,574	25,262,591
Pharmacy Claim Expense	1,123,106	1,169,789	1,689,151	1,081,201	1,084,415	1,146,225	1,133,425	1,105,643	1,487,111	1,270,775	1,284,646	1,226,374	14,801,862
PMPM Administrative Expense	79,079	79,010	79,674	73,977	77,160	79,925	80,542	79,104	75,762	75,791	75,821	75,850	931,696
Variable Administrative Expense	12,793	7,866	18,987	15,223	6,787	11,779	17,090	14,172	15,897	14,907	21,917	14,925	172,343
Salary and Benefits Expense	30,101	37,423	27,678	27,693	31,139	30,558	29,904	28,878	31,882	31,882	31,882	32,070	371,090
Prescription Administrative Expense	1,748	-	4,745	1,878	1,901	1,575	1,460	1,827	2,268	2,269	2,270	2,271	24,213
Miscellaneous Expense	8,138	8,482	6,661	8,833	4,917	4,207	25,842	3,897	8,650	5,400	8,050	22,964	116,042
Professional Fees	13,572	7,749	21,704	7,315	19,635	12,114	12,422	14,575	13,333	20,833	25,833	16,233	185,320
Total Expense	3,214,236	2,970,317	4,017,794	3,118,189	3,609,756	3,530,893	3,264,168	3,471,882	4,393,018	3,476,524	3,403,120	3,395,261	41,865,158
Available Cash Balance	10,823,097	8,345,429	6,933,338	10,466,790	10,192,648	9,154,086	6,643,448	9,567,404	8,619,419	6,999,071	4,071,423	7,979,990	
Inc(Dec) in Abandoned Property Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Month Ending Cash Balance	10,823,097	8,345,429	6,933,338	10,466,790	10,192,648	9,154,086	6,643,448	9,567,404	8,619,419	6,999,071	4,071,423	7,979,990	

- (1) Assumes a Non-medicare medical claim expense trend of 3%. Assumes an annual Medicare medical claim expense trend of 3%.
- (2) Assumes a Non-medicare pharmacy claim expense trend of 14%. Assumes an annual Medicare pharmacy claim expense trend of 0% for Basic and 2% for Basic Plus.
- (3) Assumes a Non-medicare premium rate trended at a 17% increase. Assumes a Medicare premium rate increase of 8% for Basic and 2% 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 (\$9.5 M), July (\$8.0 M) and November (\$8.5 M) TOTAL \$26.0 M
- (6) 4-Week expense allowance is \$3.3 M based upon the actual data for the 12-month period ending in Dec of 2017.
- (7) WSHIP has access to a \$5 M line of credit in the event cash on hand is exhausted.

**Washington State Health Insurance Pool
2017 Administrative Expense
Budget Variance Analysis**

Budget	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Member Months: (1)													
Non-Medicare	398	396	394	392	390	388	386	384	382	380	378	376	4,644
Medicare Basic	848	853	858	863	868	873	878	883	888	893	898	903	10,506
Medicare Basic Plus	207	205	203	201	199	197	195	193	191	189	187	185	2,352
Total Membership	1,453	1,454	1,455	1,456	1,457	1,458	1,459	1,460	1,461	1,462	1,463	1,464	17,502
PMPM Administrative Expense (2)	74,876	75,556	75,585	75,615	75,644	75,674	75,703	75,733	75,762	75,791	75,821	75,850	907,610
Variable Administrative Expense (3)	15,420	22,330	14,840	14,849	14,859	14,869	15,878	14,888	15,897	14,907	21,917	14,925	195,579
Salary and Benefits Expense (4)	42,523	32,602	31,882	31,882	31,882	31,882	31,882	31,882	31,882	31,882	31,882	32,070	394,130
RX Benefit Management Fees	2,259	2,260	2,261	2,262	2,264	2,265	2,266	2,267	2,268	2,269	2,270	2,271	27,182
Miscellaneous Expense (5)	8,050	5,400	16,650	5,400	8,050	6,000	5,400	26,900	8,650	5,400	8,050	22,964	126,914
Professional Fees (6)	18,167	31,333	36,667	14,833	22,333	10,833	34,833	14,333	13,333	20,833	25,833	16,233	259,567
Total Budget Operating Expenses	\$161,295	\$169,481	\$177,885	\$144,841	\$155,032	\$141,523	\$165,962	\$166,003	\$147,792	\$151,082	\$165,773	\$164,313	\$1,910,981

Actual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
Member Months: (1)													
Non-Medicare	407	390	387	389	384	382	378	372					3,089
Medicare Basic	884	858	866	893	872	885	900	883					7,041
Medicare Basic Plus	203	199	197	195	192	190	190	186					1,552
Total Membership	1,494	1,447	1,450	1,477	1,448	1,457	1,468	1,441					11,682
PMPM Administrative Expense (2)	79,079	79,010	79,674	73,977	77,160	79,925	80,542	79,104					\$628,472
Variable Administrative Expense (3)	12,793	7,866	18,987	15,223	6,787	11,779	17,090	14,172					\$104,697
Salary and Benefits Expense (4)	30,101	37,423	27,678	27,693	31,139	30,558	29,904	28,878					\$243,376
RX Benefit Management Fees	1,748	-	4,745	1,878	1,901	1,575	1,460	1,827					\$15,135
Miscellaneous Expense (5)	8,138	8,482	6,661	8,833	4,917	4,207	25,842	3,897					\$70,978
Professional Fees (6)	13,572	7,749	21,704	7,315	19,635	12,114	12,422	14,575					\$109,086
Total Actual Operating Expenses	\$145,430	\$140,531	\$159,449	\$134,920	\$141,540	\$140,158	\$167,260	\$142,454					\$1,171,744

Variance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
Member Months: (1)													
Non-Medicare	9	(6)	(7)	(3)	(6)	(6)	(8)	(12)					(39)
Medicare Basic	36	5	8	30	4	12	22	-					117
Medicare Basic Plus	(4)	(6)	(6)	(6)	(7)	(7)	(5)	(7)					(48)
Total Membership	41	(7)	(5)	21	(9)	(1)	9	(19)					30
PMPM Administrative Expense (2)	(4,203)	(3,454)	(4,089)	1,638	(1,516)	(4,251)	(4,839)	(3,371)					(\$24,086)
Variable Administrative Expense (3)	2,627	14,464	(4,147)	(374)	8,072	3,090	(1,212)	716					\$23,236
Salary and Benefits Expense (4)	12,422	(4,822)	4,204	4,188	742	1,324	1,977	3,004					\$23,040
RX Benefit Management Fees	511	2,260	(2,484)	384	362	689	806	439					\$2,969
Miscellaneous Expense (5)	(88)	(3,082)	9,989	(3,433)	3,133	1,793	(20,442)	23,003					\$10,871
Professional Fees (6)	4,595	23,584	14,962	7,518	2,699	(1,281)	22,412	(242)					\$74,247
Total Variance Expenses	\$15,865	\$28,950	\$18,435	\$9,921	\$13,492	\$1,364	(\$1,298)	\$23,549					\$110,277

Notes:

- (1) Assumes the Non-medicare membership decreases by 2 members per month. Assumes Medicare Basic membership increases by 5 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:
 - \$38,400 of insurance expenses (D&O, E&O and general liability).
 - \$46,700 for WSHIP Board meeting expenses and travel costs.
 - \$20,000 for bank fees
 - \$21,800 for phone, conference lines and other expenses
- (6) Professional fees includes:
 - \$123,000 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.
 - \$40,000 of legal expenses.
 - \$51,000 of consulting expenses (IRO, Review of PBM Contract, and other consulting expenses).
 - \$35,600 of auditing expenses (Financial audits and PBM audit).

WSHIP Financial Performance

CASH BASIS	Month Ending August 31, 2017			
	Projected	Actual	Variance	% Change
Membership	1,460	1,441	(19)	-1%
Avg Premium Receipt PMPM	\$213	\$350	\$137	64%
Avg Medical Claim Expense PMPM	\$1,420	\$1,495	(\$75)	-5%
Avg Pharmacy Claim Expense PMPM	\$1,047	\$767	\$280	27%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$2,254)	(\$1,912)	\$342	15%
Avg Premium Receipt Less Avg Claim Expense Total	(\$3,290,840)	(\$2,755,192)	\$535,648	16%
Variance Due to Changes in Membership			\$36,328	
Variance Due to Changes in Claim Expenses			\$499,320	

CASH BASIS	Year-To-Date August 31, 2017			
	Projected	Actual	Variance	% Change
Member Months	11,652	11,682	30	0%
Avg Premium Receipt PMPM	\$703	\$733	\$30	4%
Avg Medical Claim Expense PMPM	\$1,490	\$1,379	(\$111)	7%
Avg Pharmacy Claim Expense PMPM	\$974	\$816	(\$158)	16%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,761)	(\$1,462)	\$299	17%
Avg Premium Receipt Less Avg Claim Expense Total	(\$20,519,172)	(\$17,079,084)	\$3,440,088	17%
Variance Due to Changes in Membership			(\$43,860)	
Variance Due to Changes in Claim Expenses			\$3,483,948	

INCURRED BASIS	Year-To-Date August 31, 2017	Year-To-Date August 31, 2016
	Actual	Actual - Prior Year
Member Months	11,682	11,771
Avg Premium Income PMPM	\$711	\$644
Avg Medical Claim Expense PMPM (1)	\$1,464	\$1,575
Avg Pharmacy Claim Expense PMPM (2)	\$903	\$924
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,656)	(\$1,855)
Avg Premium Receipt Less Avg Claim Expense Total	(\$19,345,392)	(\$21,835,205)

(1) Incurred medical claims data totals \$17,097,178 which is derived from \$13,185,178 actual paid claims with dates of service between 01-01-17 and 08-31-17 and \$3,912,000 IBNR reserve.

(2) Incurred pharmacy claims data totals \$10,551,798 which is derived from \$9,503,798 actual paid claims with dates of service between 01-01-17 and 08-31-17 and \$1,048,000 IBNR reserve.