

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

1. 2014 Interim III and 2013 Final True-up Assessment Required

An assessment of \$2.0 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 November 14, 2014 with invoices due December 14, 2014 except for the carriers who have installment payment arrangements, at which point the invoices are due in total by February 14, 2015. Looking ahead as of January 31, 2015, \$2.0 M has been collected and the 2013 assessment true-up refunds have been issued.

2. Financial Statements – December 2014

Balance Sheet

Cash on hand decreased by \$17.2 M or 46.7% from November 2014 to December 2014. The large drop in cash was mainly a result of the \$20.8 M HBE payment required. The current cash position is \$19.7 M which is sufficient to cover all liabilities of the pool at this time. As of the end of December 2014, the entire \$19.7 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 December 2014 is \$6.0 M. This represents an increase of \$407 K or 7.3% as compared to the prior month. Medical IBNR increased \$536 K or 10.9% and pharmacy IBNR decreased \$129 K or 20.5% from November 2014.

As of December 2014, the equity position of WSHIP is a positive \$8.2 M.

Income Statement

Total member months for December 2014 YTD are lower by 23,701 member months or 51.1% lower than December 2013 YTD. Member months are measured as the cumulative monthly member count (PMPM) over a period of time. The total incurred claim loss for December 2014 YTD is \$59.4 M or 54.3% lower than December 2013 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 December 2014 YTD, the medical claims portion is \$22.0 M or 40.1% lower than December 2013 YTD, and the pharmacy claims portion is \$37.4 M or 68.5% lower than December 2013 YTD.

December 2014 YTD administrative expenses are \$872 K or 28.6% lower than the administrative expenses in December 2013 YTD. The ratio of administrative

expenses as a percentage of total cost is 4.2% for December 2014 YTD as compared to 2.7% in December of the prior year. Total cost is calculated as total incurred claim loss less pharmacy rebates plus administrative expenses.

### 3. Budgeted Cash Flow – December 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 \$19.7 M is \$551 K lower than the budgeted cash balance of \$20.2 M. Total net cash receipts for December 2014 are \$3.1 M or 4.2% unfavorable to budget. Total expenses are \$2.6 M or 4.0% favorable to budget. The administrative expenses are \$218 K or 8.7% favorable to budget. Total medical claims expense is \$5.3 M or 15.9% unfavorable to budget, while total pharmacy claims expense is \$7.7 M or 26.5% 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 October 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 December 2014.

With the final Interim III assessment, the 2014 total assessments were \$45.5 M which was a \$37.5 M or 45.2% decrease from the 2013 assessment of \$83.0 M. Using current experience as well as forecasted assessments and expenses, the pool is adequately funded until the next regularly scheduled assessment in mid-March 2015.

### 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 \$39.5 M which is a \$6.0 M or 13.2% decrease from the 2014 assessment of \$45.5 M.

## 6. Administrative Expense Budget

For December 2014, administrative expenses are \$218 K or 8.7% favorable to budget (cash basis).

## 7. Financial Performance

December 2014 YTD member months are 2,896 member months or 11% lower than projected in the original budget. Through December 2014, average premium receipt PMPM is 4% lower than anticipated. Average medical claims expense PMPM is 28% higher than anticipated and average pharmacy claims expense PMPM is 17% lower than anticipated.

On an incurred basis, the average medical claims expense PMPM is \$1,508 as compared to \$1,627 on a cash basis. Also on an incurred basis, the average pharmacy claims expense PMPM is \$923 as compared to \$939 on a cash basis.

# WASHINGTON STATE HEALTH INSURANCE POOL

## Unaudited Balance Sheet as of December 31

Total Enrollment: 1,737

	<u>2014</u>	<u>2013</u>
<b>Assets:</b>		
Cash	\$ 19,667,071	\$ 32,118,470
Premiums Receivable	33,188	81,323
Assessments Receivable	706,247	4,691,059
Grants Receivable	587,465	71,247
Other Receivable	-	-
Prepaid Expense	-	406
<b>Total Assets</b>	<u><u>\$ 20,993,971</u></u>	<u><u>\$ 36,962,504</u></u>
 <b>Liabilities and Unassigned Surplus:</b>		
Reserve for Unpaid Losses - Medical	\$ 5,466,000	\$ 9,375,000
Reserve for Unpaid Losses - Pharmacy	499,000	4,480,000
Accrued Loss Adjustment	297,000	444,000
Premiums Received in Advance	452,343	556,101
Assessments Payable	5,882,015	1,436,537
Due to HBE	-	-
Accrued Expenses	153,231	269,283
Abandoned Claim Reserve	29,948	71,819
<b>Total Liabilities</b>	<u><u>\$ 12,779,536</u></u>	<u><u>\$ 16,632,741</u></u>
<b>Unassigned Surplus</b>	8,214,435	20,329,763
<b>Total Liabilities and Unassigned Surplus</b>	<u><u>\$ 20,993,971</u></u>	<u><u>\$ 36,962,504</u></u>

# WASHINGTON STATE HEALTH INSURANCE POOL

## Unaudited Statement of Operations January 1 to December 31

	<u>2014</u>	<u>2013</u>
Total Member Months	22,657	46,358
<b>Premium Income Earned</b>	\$ 13,806,920	\$ 36,594,592
<b>Pharmacy Rebate Income</b>	579,754	601,033
<b>Grant Income</b>	1,110,440	1,300,715
<b>Incurred Claim Loss - Medical</b>	32,930,251	54,970,302
<b>Incurred Claim Loss - Pharmacy</b>	17,173,684	54,571,246
<b>Total Incurred Claim Loss</b>	<u>50,103,935</u>	<u>109,541,547</u>
<b>Operating Expenses:</b>		
Fixed (PMPM) Administrative Expense	\$ 1,065,751	\$ 1,820,831
Variable Administrative Expense	371,618	494,734
Salary and Benefit Expense	360,233	241,681
Prescription Administrative Expense	40,510	97,041
Miscellaneous Expense	130,671	109,469
Professional Fee Expense	204,748	281,582
<b>Total Operating Expenses</b>	<u>\$ 2,173,531</u>	<u>\$ 3,045,338</u>
<b>Underwriting Gain (Loss)</b>	(36,780,352)	(74,090,545)
<b>Investment Income</b>	3,002	2,087
<b>Other Income</b>	21	92,646
<b>Changes to Unassigned Surplus</b>	<u>\$ (36,777,329)</u>	<u>\$ (73,995,812)</u>

## WASHINGTON STATE HEALTH INSURANCE POOL

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

	<u>2014</u>	<u>2013</u>
Unassigned Surplus at Beginning of Year	\$ 20,329,763	\$ 9,782,127
Changes to Unassigned Surplus	(36,777,329)	(73,995,812)
Member Assessments	45,500,000	84,543,448
HBE Assessment Payment Due	(20,838,000)	-
<b>Unassigned Surplus</b>	<u><u>\$ 8,214,435</u></u>	<u><u>\$ 20,329,763</u></u>



**WSHIP**  
**Budgeted Cashflow 2014**

<b>Variance to Budget</b>	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
Favorable/(Unfavorable)													
<b>Enrollment Count</b>	(1)	(95)	(190)	(276)	(308)	(293)	(272)	(297)	(288)	(276)	(296)	(304)	(2,896)
<b>Receipts</b>													
Premium Receipts	2,072,318	(919,697)	(365,602)	450,995	(981,606)	660,413	(625,032)	(973,085)	599,855	(616,678)	(967,998)	(580,148)	(2,246,263)
Grant Revenue	(71,247)	71,247	-	-	-	-	-	-	522,975	-	-	-	522,975
Pharmacy Rebate Income	-	-	161,139	-	-	135,852	-	-	(50,000)	106,254	-	26,509	379,754
Claim Refunds Receipts	(33,763)	(34,054)	(17,885)	(31,481)	(34,206)	153,485	326,361	49,058	159,804	36,413	(46,880)	290,177	817,029
Assessment Receipts	(894,740)	(102,555)	1,910,815	(4,393,565)	(623,347)	15,800	60,699	(4,213,021)	(763,253)	(622,424)	11,281	8,303,572	(1,310,738)
Investment Income	181	125	112	93	109	83	79	131	239	258	231	162	1,802
Other Income	-	-	-	-	-	-	-	-	-	-	-	21	21
<b>Total Receipts</b>	<b>1,072,749</b>	<b>(984,934)</b>	<b>1,688,580</b>	<b>(3,973,958)</b>	<b>(1,639,049)</b>	<b>965,632</b>	<b>(237,893)</b>	<b>(5,136,917)</b>	<b>469,619</b>	<b>(1,096,178)</b>	<b>(1,003,367)</b>	<b>8,040,293</b>	<b>(1,835,422)</b>
<b>Refunds</b>													
Assessment Refunds	-	-	-	-	-	-	-	-	-	-	-	(1,139,085)	(1,139,085)
Premium Refunds	12,742	(831,931)	574,006	(61,694)	21,111	24,719	24,025	13,206	14,116	42,228	22,194	11,626	(133,653)
<b>Total Refunds</b>	<b>12,742</b>	<b>(831,931)</b>	<b>574,006</b>	<b>(61,694)</b>	<b>21,111</b>	<b>24,719</b>	<b>24,025</b>	<b>13,206</b>	<b>14,116</b>	<b>42,228</b>	<b>22,194</b>	<b>(1,127,459)</b>	<b>(1,272,738)</b>
<b>Expenses</b>													
Medical Claims	(167,865)	108,955	(967,891)	(1,190,862)	77,387	381,469	(686,256)	(158,012)	(1,179,905)	(669,702)	(161,507)	(669,191)	(5,283,380)
Pharmacy Claims	2,543,661	913,740	592,265	492,313	(193,017)	763,353	385,402	622,747	598,386	(57,259)	585,570	418,022	7,665,182
Fixed (PMPM) Admin	(46,913)	105,691	(143,337)	32,126	(4,395)	9,540	10,247	16,660	14,340	15,362	15,435	14,478	39,234
Variable Admin	15,160	32,831	(67,446)	(2,941)	(7,758)	(1,615)	(10,741)	(9,897)	530	5,996	36,049	6,899	(2,934)
Salary and Benefits	(7,135)	947	5,676	(5,137)	(21,372)	5,954	(747)	(3,855)	9,340	4,429	151	9,403	(2,345)
Prescription Admin	(9,378)	2,564	(929)	2,945	2,683	5,050	971	(822)	2,966	(739)	2,475	2,496	10,281
Miscellaneous	(8,506)	(429)	(1,750)	2,925	1,671	(601)	2,754	(4,746)	2,772	5,566	(600)	(1,469)	(2,414)
Professional Fees	4,645	16,631	(4,201)	9,854	1,766	3,018	22,334	18,698	19,609	15,669	48,977	18,840	175,841
<b>Total Expense</b>	<b>2,323,667</b>	<b>1,180,929</b>	<b>(587,612)</b>	<b>(658,778)</b>	<b>(143,035)</b>	<b>1,166,168</b>	<b>(276,035)</b>	<b>480,774</b>	<b>(531,962)</b>	<b>(680,677)</b>	<b>526,550</b>	<b>(200,523)</b>	<b>2,599,466</b>
<b>Available Cash Balance</b>	<b>3,409,158</b>	<b>2,772,734</b>	<b>4,447,708</b>	<b>(246,831)</b>	<b>(2,007,805)</b>	<b>148,714</b>	<b>(341,189)</b>	<b>(4,989,595)</b>	<b>(5,046,574)</b>	<b>(6,781,353)</b>	<b>(7,292,825)</b>	<b>(580,513)</b>	
<b>Inc(Dec) in Abandoned Property Reserve</b>	-	-	-	-	-	-	(5,469)	(8,752)	(151)	(56,850)	-	29,948	
<b>Month Ending Cash Balance</b>	<b>3,409,158</b>	<b>2,772,734</b>	<b>4,447,708</b>	<b>(246,831)</b>	<b>(2,007,805)</b>	<b>148,714</b>	<b>(346,658)</b>	<b>(4,998,347)</b>	<b>(5,046,725)</b>	<b>(6,838,203)</b>	<b>(7,292,825)</b>	<b>(550,566)</b>	

- (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)												TOTAL
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	
<b>Enrollment</b>													
Non-Medicare Enrollment	1,480	1,063	884	802	764	750	738	727	720	712	699	683	10,022
Medicare Enrollment (Basic and Basic+)	1,054	1,032	1,054	1,039	1,035	1,054	1,077	1,053	1,059	1,070	1,054	1,054	12,635
<b>Total Enrollment Count</b>	<b>2,534</b>	<b>2,095</b>	<b>1,938</b>	<b>1,841</b>	<b>1,799</b>	<b>1,804</b>	<b>1,815</b>	<b>1,780</b>	<b>1,779</b>	<b>1,782</b>	<b>1,753</b>	<b>1,737</b>	<b>22,657</b>
<b>Cash Balance</b>													
<b>BEGINNING OF MONTH</b>	<b>32,118,470</b>	<b>30,528,025</b>	<b>23,995,643</b>	<b>21,247,907</b>	<b>25,052,384</b>	<b>21,227,587</b>	<b>21,258,847</b>	<b>17,319,052</b>	<b>40,676,346</b>	<b>41,527,243</b>	<b>40,582,447</b>	<b>36,905,349</b>	
<b>Receipts</b>													
Premium Receipts	3,948,909	608,061	1,097,722	1,900,204	453,785	2,082,278	783,592	422,579	1,982,832	753,882	390,408	766,362	15,190,616
Grant Revenue	-	71,247	-	-	-	-	-	-	522,975	-	-	-	594,222
Pharmacy Rebate Income	-	-	211,139	-	-	185,852	-	-	-	106,254	-	76,509	579,754
Claim Refunds Receipts	61,192	41,734	48,325	33,055	30,660	220,825	390,205	111,608	222,101	98,675	18,297	350,832	1,627,509
Assessment Receipts	2,255,260	1,967	1,910,815	7,606,435	876,653	1,515,800	60,699	10,266,604	1,193,198	3,281,376	11,281	8,303,572	37,283,659
Additional Assessment Receipts (HBE)	-	-	-	-	-	-	-	16,750,775	1,947,349	-	331	-	18,698,455
Investment Income	281	225	212	193	209	183	179	231	339	358	-	262	2,671
Other Income	-	-	-	-	-	-	-	-	-	-	-	21	21
<b>Total Receipts</b>	<b>6,265,642</b>	<b>723,234</b>	<b>3,268,214</b>	<b>9,539,887</b>	<b>1,361,308</b>	<b>4,004,937</b>	<b>1,234,675</b>	<b>27,551,797</b>	<b>5,868,793</b>	<b>4,240,544</b>	<b>420,316</b>	<b>9,497,558</b>	<b>73,976,906</b>
<b>Refunds</b>													
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	33,056	4,342	23,786	33,776	1,455,503
<b>Total Refunds</b>	<b>41,960</b>	<b>1,798,332</b>	<b>208,693</b>	<b>112,067</b>	<b>28,596</b>	<b>24,334</b>	<b>24,388</b>	<b>34,580</b>	<b>33,056</b>	<b>4,342</b>	<b>23,786</b>	<b>1,172,861</b>	<b>3,506,996</b>
<b>Assessment Payments</b>													
HBE Assessment	-	-	-	-	-	-	-	-	-	-	-	20,838,000	20,838,000
<b>Expenses</b>													
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	2,918,160	2,508,908	3,043,878	38,495,038
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	2,052,238	1,404,280	1,565,234	21,273,406
PMPM Administrative Expense	153,700	-	247,974	67,761	103,269	88,361	86,681	79,337	80,725	78,772	77,808	77,916	1,142,304
Variable Administrative Expense	18,488	-	100,071	29,614	34,232	30,400	39,335	35,809	25,200	19,552	22,325	18,309	373,335
Salary and Benefits Expense	41,811	27,429	23,389	34,342	54,776	23,251	28,657	31,765	18,570	23,481	27,759	18,714	353,944
Prescription Administrative Expense	14,837	2,845	6,289	2,195	2,411	0	4,034	5,785	1,955	5,618	2,363	2,304	50,636
Miscellaneous Expense	16,811	8,734	10,055	5,380	6,634	8,906	5,551	29,926	5,533	2,739	8,905	22,149	131,324
Professional Fees	19,113	21,626	31,158	13,904	21,991	14,239	21,923	18,059	8,149	23,589	21,280	6,417	221,450
<b>Total Expense</b>	<b>7,813,639</b>	<b>5,457,285</b>	<b>5,807,147</b>	<b>5,623,343</b>	<b>5,157,509</b>	<b>3,949,343</b>	<b>5,144,612</b>	<b>4,151,171</b>	<b>4,984,689</b>	<b>5,124,147</b>	<b>4,073,629</b>	<b>4,754,923</b>	<b>62,041,438</b>
<b>Available Cash Balance</b>	<b>30,528,513</b>	<b>23,995,643</b>	<b>21,248,016</b>	<b>25,052,384</b>	<b>21,227,587</b>	<b>21,258,847</b>	<b>17,324,521</b>	<b>40,685,098</b>	<b>41,527,394</b>	<b>40,639,297</b>	<b>36,905,349</b>	<b>19,637,124</b>	
<b>Inc(Dec) in Abandoned Property Reserve</b>	<b>(488)</b>	<b>-</b>	<b>(109)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,469)</b>	<b>(8,752)</b>	<b>(151)</b>	<b>(56,850)</b>	<b>-</b>	<b>29,948</b>	
<b>Month Ending Cash Balance</b>	<b>30,528,025</b>	<b>23,995,643</b>	<b>21,247,907</b>	<b>25,052,384</b>	<b>21,227,587</b>	<b>21,258,847</b>	<b>17,319,052</b>	<b>40,676,346</b>	<b>41,527,243</b>	<b>40,582,447</b>	<b>36,905,349</b>	<b>19,667,071</b>	

- (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 (**\$2.0 M**) TOTAL **\$45.5 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 **\$3.6 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 10/20/14

	Forecast												TOTAL
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	
<b>Enrollment:</b>													
Non-Medicare Enrollment	690	683	675	668	661	654	646	640	634	627	621	614	7,813
Medicare Enrollment (Basic and Basic+)	1,068	1,070	1,072	1,074	1,076	1,078	1,080	1,082	1,084	1,086	1,088	1,090	12,948
<b>Total Enrollment Count</b>	<b>1,758</b>	<b>1,753</b>	<b>1,747</b>	<b>1,742</b>	<b>1,737</b>	<b>1,732</b>	<b>1,726</b>	<b>1,722</b>	<b>1,718</b>	<b>1,713</b>	<b>1,709</b>	<b>1,704</b>	<b>20,761</b>
<b>Cash Balance</b>													
<b>BEGINNING OF MONTH</b>	<b>19,667,071</b>	<b>12,217,936</b>	<b>8,715,149</b>	<b>6,652,903</b>	<b>12,458,348</b>	<b>9,884,071</b>	<b>8,554,844</b>	<b>4,788,076</b>	<b>12,653,543</b>	<b>11,478,782</b>	<b>9,217,106</b>	<b>5,020,977</b>	
<b>Receipts</b>													
Premium Receipts	2,033,165	470,802	2,115,907	666,388	451,514	2,007,336	740,914	449,731	1,991,832	727,875	416,110	982,985	13,054,558
Grant Revenue	124,489	-	-	154,326	-	-	154,325	-	-	154,325	-	-	587,465
Pharmacy Rebate Income	-	-	30,000	-	-	30,000	-	-	30,000	-	-	30,000	120,000
Claim Refunds Receipts	114,540	96,653	100,301	104,948	106,318	113,412	122,694	123,617	123,667	123,574	121,628	120,368	1,371,721
Assessment Receipts	703,762	2,485	-	9,200,000	1,150,000	1,150,000	-	12,000,000	1,500,000	1,500,000	-	10,400,000	37,606,247
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Receipts</b>	<b>2,976,056</b>	<b>570,040</b>	<b>2,246,307</b>	<b>10,125,762</b>	<b>1,707,932</b>	<b>3,300,848</b>	<b>1,018,033</b>	<b>12,573,449</b>	<b>3,645,599</b>	<b>2,505,874</b>	<b>537,838</b>	<b>11,533,453</b>	<b>52,741,190</b>
<b>Refunds</b>													
Assessment Refunds	5,882,015	-	-	-	-	-	-	-	-	-	-	-	5,882,015
Premium Refunds	226,685	52,491	235,911	74,298	50,341	223,806	82,607	50,142	222,077	81,154	46,394	109,597	1,455,502
<b>Total Refunds</b>	<b>6,108,700</b>	<b>52,491</b>	<b>235,911</b>	<b>74,298</b>	<b>50,341</b>	<b>223,806</b>	<b>82,607</b>	<b>50,142</b>	<b>222,077</b>	<b>81,154</b>	<b>46,394</b>	<b>109,597</b>	<b>7,337,517</b>
<b>Expenses</b>													
Medical Claim Expense	2,709,187	2,286,101	2,372,386	2,482,314	2,514,712	2,682,510	2,902,051	2,923,892	2,925,064	2,922,857	2,876,836	2,847,041	32,444,951
Pharmacy Claim Expense	1,328,583	1,554,573	1,522,574	1,573,440	1,516,629	1,537,671	1,591,411	1,515,904	1,483,132	1,563,033	1,571,453	1,601,392	18,359,794
PMPM Administrative Expense	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	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	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
Prescription Administrative Expense	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	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	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
<b>Total Expense</b>	<b>4,316,491</b>	<b>4,020,335</b>	<b>4,072,643</b>	<b>4,246,019</b>	<b>4,231,867</b>	<b>4,406,269</b>	<b>4,702,195</b>	<b>4,657,839</b>	<b>4,598,283</b>	<b>4,686,396</b>	<b>4,687,573</b>	<b>4,645,217</b>	<b>53,271,128</b>
<b>Available Cash Balance</b>	<b>12,217,936</b>	<b>8,715,149</b>	<b>6,652,903</b>	<b>12,458,348</b>	<b>9,884,071</b>	<b>8,554,844</b>	<b>4,788,076</b>	<b>12,653,543</b>	<b>11,478,782</b>	<b>9,217,106</b>	<b>5,020,977</b>	<b>11,799,616</b>	
<b>Inc(Dec) in Abandoned Property Reserve</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Month Ending Cash Balance</b>	<b>12,217,936</b>	<b>8,715,149</b>	<b>6,652,903</b>	<b>12,458,348</b>	<b>9,884,071</b>	<b>8,554,844</b>	<b>4,788,076</b>	<b>12,653,543</b>	<b>11,478,782</b>	<b>9,217,106</b>	<b>5,020,977</b>	<b>11,799,616</b>	

- (1) Assumes a Non-medicare medical claim expense trend of 25% until March 2015 and then a 13.6% trend thereafter. Assumes an annual Medicare medical claim expense trend of 10%.
- (2) Assumes a Non-medicare pharmacy claim expense trend of 25% until March 2015 and then a 13.6% trend thereafter. Assumes an annual Medicare pharmacy claim expense trend of 4%.
- (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 (**\$11.5 M**), July (**\$15.00**) and November (**\$13.0 M**) TOTAL **\$39.5 M**
- (6) 3-Week expense allowance is **\$3.1 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**

<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)	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
<b>Total Budget Operating Expenses</b>	<b>\$212,631</b>	<b>\$218,869</b>	<b>\$206,951</b>	<b>\$192,967</b>	<b>\$195,909</b>	<b>\$186,503</b>	<b>\$211,000</b>	<b>\$216,720</b>	<b>\$189,689</b>	<b>\$200,034</b>	<b>\$262,928</b>	<b>\$196,457</b>	<b>\$2,490,657</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)	2,534	2,095	1,938	1,841	1,799	1,804	1,815	1,780	1,779	1,782	1,753	1,737	22,657
PMPM Administrative Expense (2)	153,700	-	247,974	67,761	103,269	88,361	86,681	79,337	80,725	78,772	77,808	77,916	1,142,304
Variable Administrative Expense (3)	18,488	-	100,071	29,614	34,232	30,400	39,335	35,809	25,200	19,552	22,325	18,309	373,335
Salary and Benefits Expense (4) & (7)	41,811	27,429	23,389	34,342	54,776	23,251	28,657	31,765	18,570	23,481	27,759	18,714	353,944
RX Benefit Management Fees	14,837	2,845	6,289	2,195	2,411	0	4,034	5,785	1,955	5,618	2,363	2,304	50,636
Miscellaneous Expense (5)	16,811	8,734	10,055	5,380	6,634	8,906	5,551	29,926	5,533	2,739	8,905	22,149	131,324
Professional Fees (6)	19,113	21,626	31,158	13,904	21,991	14,239	21,923	18,059	8,149	23,589	21,280	6,417	221,450
<b>Total Actual Operating Expenses</b>	<b>\$264,760</b>	<b>\$60,634</b>	<b>\$418,937</b>	<b>\$153,195</b>	<b>\$223,314</b>	<b>\$165,158</b>	<b>\$186,182</b>	<b>\$200,681</b>	<b>\$140,132</b>	<b>\$153,750</b>	<b>\$160,441</b>	<b>\$145,810</b>	<b>\$2,272,994</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)	(309)	(722)	(854)	(836)	(854)	(826)	(792)	(805)	(784)	(759)	(767)	(763)	(9,072)
PMPM Administrative Expense (2)	(46,913)	105,691	(143,337)	32,126	(4,395)	9,540	10,247	16,660	14,340	15,362	15,435	14,478	39,234
Variable Administrative Expense (3)	15,160	32,831	(67,446)	(2,941)	(7,758)	(1,615)	(10,741)	(9,897)	530	5,996	36,049	6,899	(2,934)
Salary and Benefits Expense (4) & (7)	(7,135)	947	5,676	(5,137)	(21,372)	5,954	(747)	(3,855)	9,340	4,429	151	9,403	(2,345)
RX Benefit Management Fees	(9,378)	2,564	(929)	2,945	2,683	5,050	971	(822)	2,966	(739)	2,475	2,496	10,281
Miscellaneous Expense (5)	(8,506)	(429)	(1,750)	2,925	1,671	(601)	2,754	(4,746)	2,772	5,566	(600)	(1,469)	(2,414)
Professional Fees (6)	4,645	16,631	(4,201)	9,854	1,766	3,018	22,334	18,698	19,609	15,669	48,977	18,840	175,841
<b>Total Variance Expenses</b>	<b>(\$52,129)</b>	<b>\$158,235</b>	<b>(\$211,986)</b>	<b>\$39,772</b>	<b>(\$27,405)</b>	<b>\$21,345</b>	<b>\$24,818</b>	<b>\$16,039</b>	<b>\$49,557</b>	<b>\$46,284</b>	<b>\$102,488</b>	<b>\$50,647</b>	<b>\$217,663</b>

**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 December 31, 2014			
	Projected	Actual	Variance	% Change
Membership	2,041	1,737	(304)	-15%
Avg Premium Receipt PMPM	\$637	\$422	(\$215)	-34%
Avg Medical Claim Expense PMPM	\$1,134	\$1,550	(\$416)	-37%
Avg Pharmacy Claim Expense PMPM	\$972	\$901	\$71	7%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,469)	(\$2,029)	(\$560)	-38%
Avg Premium Receipt Less Avg Claim Expense Total	(\$2,998,229)	(\$3,524,373)	(\$526,144)	-18%
Variance Due to Changes in Membership			\$616,816	
Variance Due to Changes in Claim Expenses			(\$1,142,960)	

CASH BASIS	Year-To-Date December 31, 2014			
	Projected	Actual	Variance	% Change
Member Months	25,553	22,657	(2,896)	-11%
Avg Premium Receipt PMPM	\$631	\$606	(\$25)	-4%
Avg Medical Claim Expense PMPM	\$1,268	\$1,627	(\$359)	-28%
Avg Pharmacy Claim Expense PMPM	\$1,132	\$939	\$193	17%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,769)	(\$1,960)	(\$191)	-11%
Avg Premium Receipt Less Avg Claim Expense Total	(\$45,203,257)	(\$44,407,720)	\$795,537	2%
Variance Due to Changes in Membership			\$5,676,160	
Variance Due to Changes in Claim Expenses			(\$4,880,623)	

INCURRED BASIS	Year-To-Date December 31, 2014	Year-To-Date December 31, 2013
	Actual	Actual - Prior Year
Member Months	22,657	46,358
Avg Premium Income PMPM	\$609	\$789
Avg Medical Claim Expense PMPM (1)	\$1,508	\$1,277
Avg Pharmacy Claim Expense PMPM (2)	\$923	\$1,234
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,822)	(\$1,722)
Avg Premium Receipt Less Avg Claim Expense Total	(\$41,281,054)	(\$79,828,476)

(1) Incurred medical claims data totals \$34,176,128 which is derived from \$28,736,128 actual paid claims with dates of service between 1-1-14 and 12-31-14 and \$5,440,000 IBNR reserve.

(2) Incurred pharmacy claims data totals \$20,922,406 which is derived from \$20,423,406 actual paid claims with dates of service between 1-1-14 and 12-31-14 and \$499,000 IBNR reserve.