

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

1. 2016 Interim III Assessment Required

An assessment of \$8.5 M is required to adequately fund the pool until the next scheduled assessment in March 2017. This assessment was approved by the Board of Directors at the November 9, 2016 meeting and generated on November 14, 2016. Invoices are due December 14, 2016 except for the carriers who have installment payment arrangements, at which point the invoices are due in total by February 14, 2017. As of January 31, 2017, all assessments have been collected thus closing out the assessment.

2. Financial Statements – December 2016

Balance Sheet

Cash on hand increased by \$6.3 M or 100.6% from November 2016 to December 2016. The current cash position is \$12.6 M which is well above our current four week expense allowance of \$3.5 M. As of the end of December 2016, the entire \$12.6 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 December 2016 is \$5.0 M. This is an increase of \$326K or 7% from the prior month. Medical IBNR increased \$123 K or 3.1% and pharmacy IBNR increased \$203 K or 33.8% from November 2016.

As of December 2016, the equity position of WSHIP is a positive \$6.1 M.

Income Statement

Total member months for December 2016 YTD are lower by 1,590 member months or 8.3% lower than December 2015 YTD. Member months are measured as the cumulative monthly member count (PMPM) over a period of time. The total incurred claim loss for December 2016 YTD is \$4.7 M or 10.3% lower than December 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 December 2016 YTD, the medical claims portion is \$4.9 M or 16.1% lower than December 2015 YTD, and the pharmacy claims portion is \$169 K or 1.1% higher than December 2015 YTD.

December 2016 YTD administrative expenses are \$169 K or 8.5% lower than the administrative expenses for December 2015 YTD. The ratio of administrative expenses as a percentage of total cost is 4.3% for December 2016 YTD as

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

3. Budgeted Cash Flow – December 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 \$12.6 M is \$2.5 M or 24.2% higher than the budgeted cash balance of \$10.2 M. Total net cash receipts for December 2016 YTD are \$4.8 M or 10.6% unfavorable to budget. Total YTD expenses are \$7.3 M or 14.3% favorable to budget. The YTD administrative expenses are \$147 K or 7.1% favorable to budget. Total YTD medical claims expense is \$6.3 M or 19.1% favorable to budget; while total YTD pharmacy claims expense is \$880 K or 5.4% favorable to budget.

4. Medicare vs. Non-Medicare Cash Flow – December 2016

As of December, the YTD Medicare member months total 12,418 and represents 70% of the combined WSHIP member months. The Non-Medicare member months total 5,191 and accounts for 30% of the combined WSHIP member months. The December YTD Medicare Loss Ratio is 219% while the December YTD Non-Medicare Loss Ratio is 570%. On a cash basis, the December YTD Claims PMPM is \$871 for Medicare members and \$5,907 for Non-Medicare members.

5. 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 October 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 December 2016. For January 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 \$35.0 M which is a \$2.0 M or 6.1% increase from the 2016 assessment of \$33.0 M.

6. Administrative Expense Budget

For December 2016, YTD administrative expenses are \$147 K or 7.1% favorable to budget (cash basis).

7. Financial Performance

December 2016 YTD member months are 566 member months or 3% lower than projected in the original budget. Through December 2016, average premium receipt PMPM is 8% lower than anticipated. Average medical claims expense PMPM is 17% 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 \$1,515 as compared to \$1,476 on a cash basis. Also on an incurred basis, the average pharmacy claims expense PMPM is \$898 as compared to \$879 on a cash basis.

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Balance Sheet as of December 31

Total Enrollment: 1,458

	<u>2016</u>	<u>2015</u>
Assets:		
Cash	\$ 12,629,341	\$ 13,186,859
Premiums Receivable	11,777	16,236
Assessments Receivable	70,977	3,221,579
Grants Receivable	-	141,641
Prepaid Expense	-	-
Total Assets	<u>\$ 12,712,095</u>	<u>\$ 16,566,316</u>
 Liabilities and Unassigned Surplus:		
Reserve for Unpaid Losses - Medical	\$ 4,149,000	\$ 4,753,000
Reserve for Unpaid Losses - Pharmacy	804,000	533,000
Accrued Loss Adjustment	305,000	325,000
Premiums Received in Advance	438,362	1,179,342
Assessments Payable	797,770	3,255,852
Accrued Expenses	135,811	249,117
Abandoned Claim Reserve	19,897	83,081
Total Liabilities	<u>\$ 6,649,840</u>	<u>\$ 10,378,392</u>
Unassigned Surplus	6,062,255	6,187,923
Total Liabilities and Unassigned Surplus	<u>\$ 12,712,095</u>	<u>\$ 16,566,315</u>

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Statement of Operations January 1 to December 31

	<u>2016</u>	<u>2015</u>
Total Member Months	17,609	19,199
Premium Income Earned	\$ 11,080,165	\$ 11,602,967
Pharmacy Rebate Income	331,651	182,619
Grant Income	-	-
Incurred Claim Loss - Medical	25,356,161	30,231,161
Incurred Claim Loss - Pharmacy	15,765,242	15,596,523
Total Incurred Claim Loss	<u>41,121,403</u>	<u>45,827,684</u>
Operating Expenses:		
Fixed (PMPM) Administrative Expense	\$ 982,279	\$ 985,664
Variable Administrative Expense	174,794	185,336
Salary and Benefit Expense	357,717	487,012
Prescription Administrative Expense	24,178	27,026
Miscellaneous Expense	107,891	107,700
Professional Fee Expense	170,981	193,655
Total Operating Expenses	<u>\$ 1,817,839</u>	<u>\$ 1,986,393</u>
Underwriting Gain (Loss)	(31,527,426)	(36,028,492)
Investment Income	21,598	1,304
Other Income	26,489	846
Changes to Unassigned Surplus	<u>\$ (31,479,339)</u>	<u>\$ (36,026,341)</u>

WASHINGTON STATE HEALTH INSURANCE POOL

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

	<u>2016</u>	<u>2015</u>
Unassigned Surplus at Beginning of Year	\$ 6,187,923	\$ 8,214,435
Changes to Unassigned Surplus	(31,479,339)	(36,026,341)
Member Assessments	31,353,672	33,999,828
Unassigned Surplus	<u>\$ 6,062,255</u>	<u>\$ 6,187,923</u>

**WSHIP 2016
Budgeted Cashflow**

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	December YTD	TOTAL
Enrollment Count	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	18,175
Cash Balance														
BEGINNING OF MONTH	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		
Receipts														
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	11,902,625	11,902,625
Grant Revenue	96,347	-	45,294	-	-	-	-	-	-	-	-	-	141,641	141,641
Pharmacy Rebate Income	-	-	50,000	-	-	50,000	-	-	50,000	-	-	-	200,000	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	648,524	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	40,721,579	40,721,579
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	1,200	1,200
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	4,488,234	483,440	2,023,916	11,041,937	1,752,240	3,185,896	712,526	12,058,005	3,324,916	2,155,079	428,045	11,961,335	53,615,569	53,615,569
Refunds														
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	289,565	289,565
Total Refunds	28,557	3,265,984	45,537	1,714,342	9,717	43,201	15,946	9,679	42,867	15,665	8,955	44,967	5,245,417	5,245,417
Expenses														
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	32,978,914	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	16,357,317	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	955,408	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	231,180	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	397,916	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	28,390	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	127,383	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	313,300	313,300
Total Expense	4,188,954	4,071,408	4,048,711	4,034,588	4,008,912	4,277,105	4,380,235	4,474,826	4,407,865	4,544,360	4,526,390	4,426,453	51,389,808	51,389,808
Month Ending Cash Balance	\$ 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	\$ 10,167,202		

Actual	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD	
Enrollment Count	1,518	1,468	1,463	1,473	1,432	1,469	1,493	1,455	1,463	1,467	1,450	1,458	17,609	
Cash Balance														
BEGINNING OF MONTH	13,186,859	14,216,707	8,224,318	6,288,149	8,217,724	8,508,864	7,917,358	4,977,990	11,406,150	10,660,660	9,084,805	6,297,118		
Receipts														
Premium Receipts	1,142,274	405,402	1,804,194	644,606	303,806	1,735,029	830,638	302,288	1,732,491	693,953	440,605	447,692	10,482,978	
Grant Revenue	96,347	45,294	-	-	-	-	-	-	-	-	-	-	141,641	
Pharmacy Rebate Income	-	169,882	-	-	73,111	-	-	47,495	-	-	41,163	-	331,651	
Claim Refunds Receipts	37,298	23,469	14,128	22,193	351,014	18,962	25,452	37,470	31,150	34,787	54,227	17,986	668,136	
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	23,127	9,203,838	36,948,544	
Investment Income	1,819	1,695	1,265	1,134	1,924	1,557	1,389	1,253	2,430	2,435	1,832	2,866	21,598	
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	3,061,540	2,313,137	560,954	9,672,382	48,621,036	
Refunds														
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	26,274	15,674	1,884	10,316	7,873	163,686	
Total Refunds	25,734	3,278,704	15,493	19,077	1,656,626	6,899	1,485	26,274	15,674	1,884	10,316	7,873	5,066,038	
Expenses														
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	1,950,896	2,540,183	1,846,300	2,102,872	26,666,446	
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	1,703,504	1,156,219	1,349,396	1,059,644	15,476,969	
Fixed (PMPM) Admin	162,313	81,491	83,015	84,621	80,288	81,590	82,576	81,345	81,305	80,711	79,088	84,363	1,062,706	
Variable Admin	21,981	13,442	15,054	27,781	14,023	12,800	19,683	13,230	11,445	17,087	8,880	8,577	183,982	
Salary and Benefits	28,691	34,762	28,655	28,649	28,645	28,637	30,395	29,592	28,664	28,561	28,846	27,413	351,512	
Prescription Admin	3,775	1,898	1,909	1,392	2,333	1,797	2,440	1,349	3,618	2,061	1,761	1,751	26,083	
Miscellaneous	5,002	6,414	6,099	5,528	4,966	13,124	3,948	22,776	5,615	4,970	6,688	22,934	108,065	
Professional Fees	14,004	21,392	9,851	10,135	11,692	16,765	14,522	11,564	6,375	16,049	17,365	24,890	174,604	
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	3,791,423	3,845,842	3,338,325	3,332,444	44,050,367	
Available Cash Balance	14,216,707	8,224,318	6,288,549	8,232,205	8,507,902	7,924,549	4,977,990	11,406,149.78	10,660,593	9,126,070	6,297,118	12,629,183		
Inc(Dec) in Abandoned Property Reserve			(399)	(14,481)	962	(7,191)	-	-	67	(41,265)	-	158		
Month Ending Cash Balance	\$ 14,216,707	\$ 8,224,318	\$ 6,288,149	\$ 8,217,724	\$ 8,508,864	\$ 7,917,358	\$ 4,977,990	\$ 11,406,150	\$ 10,660,660	\$ 9,084,805	\$ 6,297,118	\$ 12,629,341		

**WSHIP 2016
Budgeted Cashflow**

Variance to Budget	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
Favorable/(Unfavorable)													
Enrollment Count	(26)	(71)	(70)	(55)	(90)	(48)	(19)	(51)	(38)	(29)	(41)	(28)	(566)
Receipts													
Premium Receipts	(24)	(12,315)	(73,135)	53,357	(96,797)	(45,970)	173,265	(96,734)	(34,753)	48,149	71,413	(1,406,103)	(1,419,647)
Grant Revenue	-	45,294	(45,294)	-	-	-	-	-	-	-	-	-	-
Pharmacy Rebate Income	-	169,882	(50,000)	-	73,111	(50,000)	-	47,495	(50,000)	-	41,163	(50,000)	131,651
Claim Refunds Receipts	(3,859)	(28,907)	(37,065)	(28,395)	299,477	(35,835)	(29,602)	(21,413)	(26,422)	(24,388)	(4,527)	(39,454)	19,612
Assessment Receipts	-	-	-	(4,615,364)	3,616,109	(745)	-	(1,977,430)	(154,531)	131,962	23,127	(796,162)	(3,773,034)
Investment Income	1,719	1,595	1,165	1,034	1,824	1,457	1,289	1,153	2,330	2,335	1,732	2,766	20,398
Other Income	24	-	-	10,000	16,465	-	-	-	-	-	-	-	26,489
Total Receipts	(2,140)	175,549	(204,329)	(4,579,368)	3,910,190	(131,093)	144,952	(2,046,930)	(263,376)	158,058	132,908	(2,288,953)	(4,994,532)
Refunds													
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	(16,595)	27,193	13,781	(1,361)	37,094	125,879
Total Refunds	2,823	(12,720)	30,044	1,695,265	(1,646,909)	36,302	14,461	(16,595)	27,193	13,781	(1,361)	37,094	179,379
Expenses													
Medical Claims	552,721	501,233	137,880	56,421	196,146	400,837	375,256	885,233	927,692	418,545	1,091,364	769,142	6,312,468
Pharmacy Claims	259,010	183,232	136,521	(518,525)	73,949	247,590	186,467	18,493	(329,403)	270,344	29,970	322,700	880,347
Fixed (PMPM) Admin	(80,914)	(448)	(2,268)	(4,229)	(192)	(1,849)	(3,131)	(2,196)	(2,512)	(2,214)	(887)	(6,458)	(107,298)
Variable Admin	11,025	3,910	2,234	(10,547)	3,147	4,316	(121)	3,768	5,499	(196)	15,957	8,205	47,198
Salary and Benefits	14,166	(1,846)	3,541	3,547	3,551	3,559	1,801	2,604	3,532	3,635	3,350	4,965	46,405
Prescription Admin	(1,359)	510	488	997	46	573	(78)	1,003	(1,276)	273	564	566	2,307
Miscellaneous	3,298	(764)	8,801	122	3,334	(6,874)	1,702	3,844	3,285	680	1,612	280	19,319
Professional Fees	496	12,908	21,650	7,365	13,308	(3,265)	22,978	5,436	9,625	7,451	46,135	(5,390)	138,696
Total Expense	758,441	698,734	308,848	(464,848)	293,288	644,886	584,874	918,184	616,442	698,517	1,188,065	1,094,009	7,339,441
Available Cash Balance	759,125	1,620,688	1,755,251	(1,594,100)	947,987	1,499,044	2,236,141	1,090,800	1,471,060	2,341,484	3,619,830	2,461,981	
Inc(Dec) in Abandoned Property Reserve	-	-	(399)	(14,481)	962	(7,191)	-	-	67	(41,265)	-	158	
Month Ending Cash Balance	759,125	1,620,688	1,754,852	(1,608,581)	948,949	1,491,854	2,236,141	1,090,800	1,471,127	2,300,218	3,619,830	2,462,139	

- (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) 4-Week expense allowance is **\$4.0 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.

WSHIP 2016
Medicare vs. Non-Medicare Cash Flow

	January	February	March	April	May	June	July	August	September	October	November	December	YTD
Medicare													
Enrollment Count	1,055	1,026	1,023	1,038	998	1,038	1,063	1,029	1,039	1,044	1,028	1,037	12,418
Premiums	606,814	290,444	510,949	449,956	199,356	461,632	647,699	188,862	483,048	498,409	286,178	315,427	4,938,774
Medical Claims	702,585	752,173	915,831	835,663	752,072	918,177	764,162	777,848	745,382	887,605	743,349	782,451	9,577,298
RX Claims	106,599	145,877	124,424	155,636	106,023	93,422	80,835	82,596	128,631	69,722	70,936	69,203	1,233,905
Total Claims	809,184	898,050	1,040,255	991,299	858,095	1,011,599	844,997	860,445	874,013	957,327	814,286	851,654	10,811,203
Income/Loss	(202,370)	(607,606)	(529,305)	(541,343)	(658,739)	(549,967)	(197,298)	(671,582)	(390,965)	(458,919)	(528,107)	(536,227)	(5,872,429)
Loss Ratio	133%	309%	204%	220%	430%	219%	130%	456%	181%	192%	285%	270%	219%
Claims PMPM	767	875	1,017	955	860	975	795	836	841	917	792	821	871
Non Medicare													
Enrollment Count	463	442	440	435	434	431	430	426	424	423	422	421	5,191
Premiums	509,726	92,106	1,277,752	175,573	94,324	1,266,498	181,454	87,152	1,233,769	193,660	144,111	124,392	5,380,517
Medical Claims	1,317,982	1,341,903	1,491,826	1,615,129	1,277,594	1,401,866	1,587,800	1,243,597	1,174,364	1,617,791	1,048,724	1,302,435	16,421,010
RX Claims	1,030,282	949,853	1,049,073	1,712,710	1,086,974	1,045,079	1,183,548	1,255,274	1,574,873	1,086,497	1,278,460	990,441	14,243,064
Total Claims	2,348,264	2,291,757	2,540,899	3,327,839	2,364,567	2,446,945	2,771,348	2,498,871	2,749,237	2,704,288	2,327,183	2,292,876	30,664,074
Income/Loss	(1,838,538)	(2,199,651)	(1,263,147)	(3,152,267)	(2,270,243)	(1,180,447)	(2,589,894)	(2,411,719)	(1,515,468)	(2,510,628)	(2,183,072)	(2,168,484)	(25,283,557)
Loss Ratio	461%	2488%	199%	1895%	2507%	193%	1527%	2867%	223%	1396%	1615%	1843%	570%
Claims PMPM	5,072	5,185	5,775	7,650	5,448	5,677	6,445	5,866	6,484	6,393	5,515	5,446	5,907
Combined Medicare/Non Medicare													
Enrollment Count	1,518	1,468	1,463	1,473	1,432	1,469	1,493	1,455	1,463	1,467	1,450	1,458	17,609
Premiums	1,116,540	382,550	1,788,701	625,529	293,680	1,728,130	829,153	276,014	1,716,817	692,069	430,289	439,819	10,319,291
Medical Claims	2,020,567	2,094,076	2,407,657	2,450,792	2,029,666	2,320,043	2,351,962	2,021,445	1,919,746	2,505,396	1,792,073	2,084,886	25,998,310
RX 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	1,703,504	1,156,219	1,349,396	1,059,644	15,476,969
Total Claims	3,157,448	3,189,806	3,581,153	4,319,139	3,222,662	3,458,544	3,616,345	3,359,316	3,623,250	3,661,615	3,141,469	3,144,530	41,475,280
Income/Loss	(2,040,908)	(2,807,256)	(1,792,452)	(3,693,610)	(2,928,983)	(1,730,414)	(2,787,192)	(3,083,301)	(1,906,434)	(2,969,547)	(2,711,180)	(2,704,711)	(31,155,989)
Loss Ratio	283%	834%	200%	690%	1097%	200%	436%	1217%	211%	529%	730%	715%	402%
Claims PMPM	2,080	2,173	2,448	2,932	2,250	2,354	2,422	2,309	2,477	2,496	2,167	2,157	2,355

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
2016 Cash Flow Forecast**

Forecast - Updated 09/30/2016

	Actual (Bold)												
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
Enrollment:													
Non-Medicare Enrollment	463	442	440	435	434	431	430	426	424	423	422	421	5,191
Medicare Enrollment (Basic and Basic+)	1,055	1,026	1,023	1,038	998	1,038	1,063	1,029	1,039	1,044	1,028	1,037	12,418
Total Enrollment Count	1,518	1,468	1,463	1,473	1,432	1,469	1,493	1,455	1,463	1,467	1,450	1,458	17,609
Cash Balance													
BEGINNING OF MONTH	13,186,859	14,216,707	8,224,318	6,288,149	8,217,724	8,508,864	7,917,358	4,977,990	11,410,751	10,660,660	9,084,805	6,297,118	
Receipts													
Premium Receipts	1,142,274	405,402	1,804,194	644,606	303,806	1,735,029	830,638	302,288	1,732,491	693,953	440,605	447,692	10,482,978
Grant Revenue	96,347	45,294	-	-	-	-	-	-	-	-	-	-	141,641
Pharmacy Rebate Income	-	169,882	-	-	73,111	-	-	47,495	-	-	41,163	-	331,651
Claim Refunds Receipts	37,298	23,469	14,128	22,193	351,014	18,962	25,452	37,470	31,150	34,787	54,227	17,986	668,136
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	23,127	9,203,838	36,948,544
Investment Income	1,819	1,695	1,265	1,134	1,924	1,557	1,389	1,253	2,430	2,435	1,832	2,866	21,598
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	3,061,540	2,313,137	560,954	9,672,382	48,621,036
Refunds													
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	20,275	1,884	10,316	7,873	163,686
Total Refunds	25,734	3,278,704	15,493	19,077	1,656,626	6,899	1,485	21,673	20,275	1,884	10,316	7,873	5,066,038
Expenses													
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	1,950,896	2,540,183	1,846,300	2,102,872	26,666,446
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	1,156,219	1,349,396	1,059,644	15,476,969
PMPM Administrative Expense	162,313	81,491	83,015	84,621	80,288	81,590	82,576	81,345	81,305	80,711	79,088	84,363	1,062,706
Variable Administrative Expense	21,981	13,442	15,054	27,781	14,023	12,800	19,683	13,230	11,445	17,087	8,880	8,577	183,982
Salary and Benefits Expense	28,691	34,762	28,655	28,649	28,645	28,637	30,395	29,592	28,664	28,561	28,846	27,413	351,512
Prescription Administrative Expense	3,775	1,898	1,909	1,392	2,333	1,797	2,440	1,349	3,618	2,061	1,761	1,751	26,083
Miscellaneous Expense	5,002	6,414	6,099	5,528	4,966	13,124	3,948	22,776	5,615	4,970	6,688	22,934	108,065
Professional Fees	14,004	21,392	9,851	10,135	11,692	16,765	14,522	11,564	6,375	16,049	17,365	24,890	174,604
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	3,791,423	3,845,842	3,338,325	3,332,444	44,050,367
Available Cash Balance	14,216,707	8,224,318	6,288,549	8,232,205	8,507,902	7,924,548	4,977,990	11,410,751	10,660,593	9,126,070	6,297,118	12,629,183	
Inc(Dec) in Abandoned Property Reserve	-	-	(399)	(14,481)	962	(7,191)	-	-	67	(41,265)	-	158	
Month Ending Cash Balance	14,216,707	8,224,318	6,288,149	8,217,724	8,508,864	7,917,358	4,977,990	11,410,751	10,660,660	9,084,805	6,297,118	12,629,341	

- (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 (\$12.0 M), July (\$12.5 M) and November (\$8.5 M) TOTAL \$33.0 M
- (6) 4-Week expense allowance is \$3.4 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 2017 Cash Flow Forecast

Forecast - Updated 09/30/2016

	Forecast												TOTAL
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	
Enrollment:													
Non-Medicare Enrollment	398	396	394	392	390	388	386	384	382	380	378	376	4,644
Medicare Enrollment (Basic and Basic+)	1,055	1,058	1,061	1,064	1,067	1,070	1,073	1,076	1,079	1,082	1,085	1,088	12,858
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	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	11,876,450
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Pharmacy Rebate Income	-	-	50,000	-	-	50,000	-	-	50,000	-	-	50,000	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	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	32,570,977
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	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	45,102,800
Refunds													
Assessment Refunds	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	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	1,094,681
Expenses													
Medical Claim Expense	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	26,716,052
Pharmacy Claim Expense	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	17,493,501
PMPM Administrative Expense	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	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	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
Prescription Administrative Expense	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	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	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 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	46,120,534
Available 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	
Inc(Dec) in Abandoned Property Reserve	-	-	-	-	-	-	-	-	-	-	-	-	
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	

- (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.

**Washington State Health Insurance Pool
2016 Administrative Expense
Budget Variance Analysis**

Budget	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
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	32,196	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
Total Budget Operating Expenses	\$182,477	\$173,669	\$179,028	\$155,361	\$165,141	\$151,173	\$176,715	\$174,314	\$155,176	\$159,068	\$209,360	\$172,096	\$2,053,577

Actual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
Membership: (1)													
Non-Medicare	463	442	440	435	434	431	430	426	424	423	422	421	5,191
Medicare Basic	825	797	798	814	776	817	841	810	823	829	818	829	9,777
Medicare Basic Plus	230	229	225	224	222	221	222	219	216	215	210	208	2,641
Total Membership	1,518	1,468	1,463	1,473	1,432	1,469	1,493	1,455	1,463	1,467	1,450	1,458	17,609
PMPM Administrative Expense (2)	162,313	81,491	83,015	84,621	80,288	81,590	82,576	81,345	81,305	80,711	79,088	84,363	\$1,062,706
Variable Administrative Expense (3)	21,981	13,442	15,054	27,781	14,023	12,800	19,683	13,230	11,445	17,087	8,880	8,577	\$183,982
Salary and Benefits Expense (4)	28,691	34,762	28,655	28,649	28,645	28,637	30,395	29,592	28,664	28,561	28,846	27,413	\$351,512
RX Benefit Management Fees	3,775	1,898	1,909	1,392	2,333	1,797	2,440	1,349	3,618	2,061	1,761	1,751	\$26,083
Miscellaneous Expense (5)	5,002	6,414	6,099	5,528	4,966	13,124	3,948	22,776	5,615	4,970	6,688	22,934	\$108,065
Professional Fees (6)	14,004	21,392	9,851	10,135	11,692	16,765	14,522	11,564	6,375	16,049	17,365	24,890	\$174,604
Total Actual Operating Expenses	\$235,766	\$159,398	\$144,582	\$158,105	\$141,948	\$154,713	\$153,564	\$159,856	\$137,022	\$149,440	\$142,629	\$169,928	\$1,906,952

Variance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
Membership: (1)													
Non-Medicare	(36)	(52)	(48)	(48)	(43)	(41)	(37)	(35)	(32)	(28)	(24)	(20)	(444)
Medicare Basic	17	(13)	(14)	-	(40)	(1)	21	(12)	(1)	3	(10)	(1)	(51)
Medicare Basic Plus	(7)	(6)	(8)	(7)	(7)	(6)	(3)	(4)	(5)	(4)	(7)	(7)	(71)
Total Membership	(26)	(71)	(70)	(55)	(90)	(48)	(19)	(51)	(38)	(29)	(41)	(28)	(566)
PMPM Administrative Expense (2)	(80,914)	(448)	(2,268)	(4,229)	(192)	(1,849)	(3,131)	(2,196)	(2,512)	(2,214)	(887)	(6,458)	(\$107,298)
Variable Administrative Expense (3)	11,025	3,910	2,234	(10,547)	3,147	4,316	(121)	3,768	5,499	(196)	15,957	8,205	\$47,198
Salary and Benefits Expense (4)	14,166	(1,846)	3,541	3,547	3,551	3,559	1,801	2,604	3,532	3,635	3,350	4,965	\$46,405
RX Benefit Management Fees	(1,359)	510	488	997	46	573	(78)	1,003	(1,276)	273	564	566	\$2,307
Miscellaneous Expense (5)	3,298	(764)	8,801	122	3,334	(6,874)	1,702	3,844	3,285	680	1,612	280	\$19,319
Professional Fees (6)	496	12,908	21,650	7,365	13,308	(3,265)	22,978	5,436	9,625	7,451	46,135	(5,390)	\$138,696
Total Variance Expenses	(\$53,289)	\$14,270	\$34,447	(\$2,744)	\$23,193	(\$3,540)	\$23,150	\$14,458	\$18,154	\$9,628	\$66,731	\$2,168	\$146,626

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 December 31, 2016			
	Projected	Actual	Variance	% Change
Membership	1,486	1,458	(28)	-2%
Avg Premium Receipt PMPM	\$1,217	\$302	(\$915)	-75%
Avg Medical Claim Expense PMPM	\$1,894	\$1,430	\$464	24%
Avg Pharmacy Claim Expense PMPM	\$930	\$727	\$203	22%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,607)	(\$1,855)	(\$248)	-15%
Avg Premium Receipt Less Avg Claim Expense Total	(\$2,388,002)	(\$2,704,590)	(\$316,588)	-13%
Variance Due to Changes in Membership			\$51,940	
Variance Due to Changes in Claim Expenses			(\$368,528)	

CASH BASIS	Year-To-Date December 31, 2016			
	Projected	Actual	Variance	% Change
Member Months	18,175	17,609	(566)	-3%
Avg Premium Receipt PMPM	\$639	\$586	(\$53)	-8%
Avg Medical Claim Expense PMPM	\$1,779	\$1,476	\$303	17%
Avg Pharmacy Claim Expense PMPM	\$900	\$879	\$21	2%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$2,040)	(\$1,769)	\$271	13%
Avg Premium Receipt Less Avg Claim Expense Total	(\$37,077,000)	(\$31,150,321)	\$5,926,679	16%
Variance Due to Changes in Membership			\$1,001,254	
Variance Due to Changes in Claim Expenses			\$4,925,425	

INCURRED BASIS	Year-To-Date December 31, 2016	Year-To-Date December 31, 2015
	Actual	Actual - Prior Year
Member Months	17,609	19,199
Avg Premium Income PMPM	\$629	\$604
Avg Medical Claim Expense PMPM (1)	\$1,515	\$1,612
Avg Pharmacy Claim Expense PMPM (2)	\$898	\$815
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,784)	(\$1,823)
Avg Premium Receipt Less Avg Claim Expense Total	(\$31,414,456)	(\$34,999,777)

(1) Incurred medical claims data totals \$26,674,864 which is derived from \$22,534,864 actual paid claims with dates of service between 1-1-16 and 12-31-16 and \$4,140,000 IBNR reserve.

(2) Incurred pharmacy claims data totals \$15,811,033 which is derived from \$15,007,033 actual paid claims with dates of service between 1-1-16 and 12-31-16 and \$804,000 IBNR reserve.