

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

1. 2017 Interim III Assessment Required

An assessment of \$8.5 M is required to adequately fund the pool until the next scheduled assessment in March 2018. This assessment was approved by the Board of Directors on November 8, 2017 and invoices were generated on November 28, 2017 with invoices due December 28, 2017 except for the carriers who have installment payment arrangements, at which point the invoices are due in total by February 28, 2018. As of January 31, 2017, \$7.0 M of assessments have been collected, leaving \$2.7 M to be collected before \$1.2 M is distributed for assessment true-up refunds.

2. Financial Statements – December 2017

Balance Sheet

Cash on hand decreased by \$981 K or 20.9% from November 2017 to December 2017. The current cash position is \$5.7 M, which is well above our current 4-week expense allowance of \$3.2 M. As of the end of December 2017, the entire \$5.7 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 2017 is \$4.4 M. This is a decrease of \$119 K or 2.6% from the prior month. Medical IBNR decreased \$309 K or 7.8% and pharmacy IBNR increased \$190 K or 35.9% from November 2017.

As of December 2017, the equity position of WSHIP is a positive \$5.6 M.

Income Statement

Total member months for December 2017 YTD are lower by 104 member months or less than 1% lower than December 2016 YTD. Member months are measured as the cumulative monthly member count (PMPM) over a period of time. The total incurred claim loss for December 2017 YTD is \$3.0 M or 7.3% lower than December 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 December 2017 YTD, the medical claims portion is \$1.4 M or 5.5% less than December 2016 YTD, and the pharmacy claims portion is \$1.6 M or 10.3% lower than December 2016 YTD.

December 2017 YTD administrative expenses are \$53 K or 2.9% lower than the administrative expenses for December 2016 YTD. The ratio of administrative

expenses as a percentage of total cost is 4.5% for December 2017 YTD as compared to 4.3% for 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 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 \$5.7 M is \$4.8 M or 45.8% lower than the budgeted cash balance of \$10.5 M. Total net cash receipts for December 2017 YTD are \$10.0 M or 22.3% unfavorable to budget. Total YTD expenses are \$5.2 M or 11.3% favorable to budget. The YTD administrative expenses are \$111 K or 5.8% favorable to budget. Total YTD medical claims expense is \$1.8 M or 6.8% favorable to budget; while total YTD pharmacy claims expense is \$3.3 M or 18.7% favorable to budget.

4. Medicare vs. Non-Medicare Cash Flow – December 2017

As of December, the YTD Medicare member months total 12,950 and represent 74% of the combined WSHIP member months. The YTD Non-Medicare member months total 4,555 and account for 26% of the combined WSHIP member months. The YTD Medicare Loss Ratio is 201% while the YTD Non-Medicare Loss Ratio is 434%. On a cash basis, the YTD Claims PMPM is \$792 for Medicare members and \$6,340 for Non-Medicare members.

5. Cash Flow Forecast – 2018

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 December 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 December 2017. For January 2018, preliminary figures for the key financial drivers (Premium Receipts, Assessment Receipts and Refunds, Medical Claims and Pharmacy Claims Expenses) are reported.

To ensure adequate funding, the current 2018 forecast is projecting an assessment of \$25.5 M which is a \$0.5 M or 1.9% decrease from the 2017 assessment of \$26.0 M.

6. Administrative Expense Budget

For December 2017, YTD administrative expenses are \$111 K or 5.8% favorable to budget (cash basis).

7. Financial Performance

December 2017 YTD member months and average premium receipt PMPM is flat to budget, average medical claims expense PMPM is 7% lower than expected and average pharmacy claims expense PMPM is 19% lower than anticipated.

On an incurred basis, the average YTD medical claims expense PMPM is \$1,415 as compared to \$1,397 on a cash basis. Also on an incurred basis, the average YTD pharmacy claims expense PMPM is \$825 as compared to \$812 on a cash basis.

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Balance Sheet as of December 31

Total Enrollment: 1,454

	<u>2017</u>	<u>2016</u>
Assets:		
Cash	\$ 5,683,892	\$ 12,629,341
Premiums Receivable	12,668	11,777
Assessments Receivable	6,131,528	70,977
Grants Receivable	-	-
Prepaid Expense	15,055	-
Total Assets	<u>\$ 11,843,142</u>	<u>\$ 12,712,095</u>
 Liabilities and Unassigned Surplus:		
Reserve for Unpaid Losses - Medical	\$ 3,671,000	\$ 4,149,000
Reserve for Unpaid Losses - Pharmacy	719,000	804,000
Accrued Loss Adjustment	295,000	305,000
Premiums Received in Advance	222,822	438,362
Assessments Payable	1,238,834	797,770
Accrued Expenses	115,397	135,811
Abandoned Claim Reserve	2,084	19,897
Total Liabilities	<u>\$ 6,264,136</u>	<u>\$ 6,649,840</u>
Unassigned Surplus	5,579,006	6,062,255
Total Liabilities and Unassigned Surplus	<u>\$ 11,843,142</u>	<u>\$ 12,712,095</u>

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Statement of Operations January 1 to December 31

	<u>2017</u>	<u>2016</u>
Total Member Months	17,505	17,609
Premium Income Earned	\$ 11,820,118	\$ 11,080,165
Pharmacy Rebate Income	362,663	331,651
Grant Income	-	-
Incurred Claim Loss - Medical	23,966,844	25,356,161
Incurred Claim Loss - Pharmacy	14,135,970	15,765,242
Total Incurred Claim Loss	<u>38,102,814</u>	<u>41,121,403</u>
Operating Expenses:		
Fixed (PMPM) Administrative Expense	\$ 933,946	\$ 982,279
Variable Administrative Expense	164,728	174,794
Salary and Benefit Expense	348,445	357,717
Prescription Administrative Expense	23,932	24,178
Miscellaneous Expense	106,940	107,891
Professional Fee Expense	187,087	170,981
Total Operating Expenses	<u>\$ 1,765,078</u>	<u>\$ 1,817,839</u>
Underwriting Gain (Loss)	(27,685,110)	(31,527,426)
Investment Income	64,508	21,598
Other Income	-	26,489
Changes to Unassigned Surplus	<u>\$ (27,620,602)</u>	<u>\$ (31,479,339)</u>

WASHINGTON STATE HEALTH INSURANCE POOL

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

	<u>2017</u>	<u>2016</u>
Unassigned Surplus at Beginning of Year	\$ 6,062,256	\$ 6,187,923
Changes to Unassigned Surplus	(27,620,602)	(31,479,339)
Member Assessments	27,137,353	31,353,672
Unassigned Surplus	<u>\$ 5,579,006</u>	<u>\$ 6,062,255</u>

**WSHIP 2017
Budgeted Cashflow**

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	DECEMBER 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	17,502	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	11,876,450
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pharmacy Rebate Income	-	-	50,000	-	-	50,000	-	-	50,000	-	-	50,000	200,000	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	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	32,570,977
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	1,200	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	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	296,911	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	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	26,716,052	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	17,493,501	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	907,610	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	195,579	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	394,130	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	27,182	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	126,914	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	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	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	1,458	1,464	1,447	1,454	17,505
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	9,222,471	7,149,013	4,702,512	
Receipts													
Premium Receipts	2,083,674	476,316	1,836,818	730,715	498,839	1,769,014	736,994	549,979	1,624,632	724,223	359,528	351,612	11,742,344
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Pharmacy Rebate Income	-	15,401	-	-	93,683	-	-	127,381	-	-	126,199	-	362,663
Claim Refunds Receipts	47,102	11,429	222,339	4,222	8,354	6,753	10,328	69,714	7,038	11,471	44,540	8,928	452,218
Assessment Receipts	70,838	-	561,202	5,911,866	2,755,833	720,573	-	5,688,844	2,410,667	588,469	38	3,607,306	22,315,636
Investment Income	4,644	3,498	3,331	4,838	6,598	6,104	6,207	5,618	7,424	6,835	4,998	4,413	64,508
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	4,049,762	1,330,998	535,302	3,972,259	34,937,370
Refunds													
Assessment Refunds	797,770	-	-	-	-	-	-	-	-	-	-	-	797,770
Premium Refunds	496	13,994	17,987	-	27,694	10,112	-	45,698	8,030	21,149	(6,008)	-	139,153
Total Refunds	798,266	13,994	17,987	-	27,694	10,112	-	45,698	8,030	21,149	(6,008)	-	936,923
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	2,758,115	2,178,289	1,790,069	1,686,861	24,905,868
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	1,487,111	1,043,370	1,035,415	1,123,312	14,222,164
Fixed (PMPM) Admin	79,079	79,010	79,674	73,977	77,160	79,925	80,542	79,104	77,811	81,260	78,164	78,174	943,880
Variable Admin	12,793	7,866	18,987	15,223	6,787	11,779	17,090	14,172	12,531	11,436	9,380	23,530	161,574
Salary and Benefits	30,101	37,423	27,678	27,693	31,139	30,558	29,904	28,878	30,847	28,455	28,586	28,602	359,865
Prescription Admin	1,748	-	4,745	1,878	1,901	1,575	1,460	1,827	1,752	3,527	1,753	1,766	23,932
Miscellaneous	8,138	8,482	6,661	8,833	4,917	4,207	25,842	3,897	3,955	8,631	13,056	22,681	119,303
Professional Fees	13,572	7,749	21,704	7,315	19,635	12,114	12,422	14,575	14,544	28,339	31,389	8,139	191,497
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	4,386,665	3,383,307	2,987,811	2,973,066	40,928,083
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	9,222,471	7,149,013	4,702,512	5,701,706	
Inc(Dec) in Abandoned	-	-	-	-	-	-	-	-	-	-	-	(17,814)	
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	\$ 9,222,471	\$ 7,149,013	\$ 4,702,512	\$ 5,683,892	

**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)	(3)	2	(16)	(10)	3
Receipts													
Premium Receipts	44,533	48,006	(69,324)	49,685	177,866	(64,055)	(140,580)	230,610	(205,755)	(8,942)	(105,974)	(90,176)	(134,106)
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Pharmacy Rebate Income	-	15,401	(50,000)	-	93,683	(50,000)	-	127,381	(50,000)	-	126,199	(50,000)	162,663
Claim Refunds Receipts	13,002	(27,862)	182,960	(33,719)	(31,081)	(31,033)	(26,202)	33,862	(29,173)	(26,980)	4,411	(30,140)	(1,955)
Assessment Receipts	-	(139)	561,202	(2,088,134)	1,755,833	(279,427)	-	(4,311,156)	1,160,667	(661,531)	38	(6,392,694)	(10,255,341)
Investment Income	4,544	3,398	3,231	4,738	6,498	6,004	6,107	5,518	7,324	6,735	4,898	4,313	63,308
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	62,079	38,804	628,069	(2,067,429)	2,002,799	(418,511)	(160,675)	(3,913,786)	883,064	(690,718)	29,571	(6,558,696)	(10,165,430)
Refunds													
Assessment Refunds	-	-	-	-	-	-	-	-	-	-	-	-	-
Premium Refunds	50,483	(3,286)	29,666	17,026	(19,670)	35,714	21,939	(37,714)	37,730	(2,820)	17,646	11,045	157,758
Total Refunds	50,483	(3,286)	29,666	17,026	(19,670)	35,714	21,939	(37,714)	37,730	(2,820)	17,646	11,045	157,758
Expenses													
Medical Claims	60,185	651,271	147,166	329,739	(64,071)	(21,808)	185,386	(114,838)	(628,061)	83,525	570,437	611,253	1,810,184
Pharmacy Claims	-	138,242	(270,023)	413,592	380,687	367,252	367,696	422,768	163,925	530,467	396,711	360,020	3,271,337
Fixed (PMPM) Admin	(4,203)	(3,454)	(4,089)	1,638	(1,516)	(4,251)	(4,839)	(3,371)	(2,049)	(5,469)	(2,343)	(2,324)	(36,270)
Variable Admin	2,627	14,464	(4,147)	(374)	8,072	3,090	(1,212)	716	3,366	3,471	12,537	(8,605)	34,005
Salary and Benefits	12,422	(4,822)	4,204	4,188	742	1,324	1,977	3,004	1,035	3,427	3,296	3,468	34,265
Prescription Admin	511	2,260	(2,484)	384	362	689	806	439	516	(1,258)	517	505	3,250
Miscellaneous	(88)	(3,082)	9,989	(3,433)	3,133	1,793	(20,442)	23,003	4,695	(3,231)	(5,006)	282	7,611
Professional Fees	4,595	23,584	14,962	7,518	2,699	(1,281)	22,412	(242)	(1,211)	(7,506)	(5,556)	8,095	68,070
Total Expense	76,049	818,462	(104,421)	753,252	330,108	346,808	551,783	331,478	(457,784)	603,427	970,593	972,694	5,192,451
Available Cash Balance	188,611	1,042,591	1,595,905	298,754	2,611,991	2,576,003	2,989,050	(630,971)	(167,961)	(258,073)	759,737	(4,815,221)	
Inc(Dec) in Abandoned	-	-	-	-	-	-	-	-	-	-	-	(17,814)	
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)	(167,961)	(258,073)	759,737	(4,833,034)	

- Assumes a Non-medicare medical claim expense trend of 6%. Assumes an annual Medicare medical claim expense trend of 10%.
- 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.
- 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.
- 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.
- Assumes assessments on March (\$10.0 M), July (\$12.5 M) and November (\$12.5 M) TOTAL \$35.0 M
- 4-Week expense allowance is \$3.5 M based upon the actual data for the 12-month period ending in Dec of 2017.
- 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	1,086	1,095	1,083	1,093	12,950
Premiums	650,072	313,866	409,825	588,563	375,543	394,855	570,997	377,464	342,665	562,865	241,395	261,735	5,089,846
Medical Claims	784,011	749,578	887,496	682,388	795,364	877,799	717,951	815,946	707,749	774,268	783,610	686,161	9,262,320
RX Claims	100,459	114,202	128,598	79,414	77,012	76,119	68,789	73,499	108,033	55,534	55,577	51,308	988,542
Total Claims	884,470	863,779	1,016,093	761,801	872,376	953,918	786,740	889,445	815,782	829,802	839,187	737,469	10,250,862
Income/Loss	(234,398)	(549,913)	(606,268)	(173,239)	(496,833)	(559,063)	(215,743)	(511,980)	(473,117)	(266,937)	(597,792)	(475,734)	(5,161,016)
Loss Ratio	136%	275%	248%	129%	232%	242%	138%	236%	238%	147%	348%	282%	201%
Claims PMPM	814	817	956	700	820	887	722	832	751	758	775	675	792
Non Medicare													
Enrollment Count	407	390	387	389	384	382	378	372	372	369	364	361	4,555
Premiums	1,433,602	162,450	1,426,993	142,152	123,296	1,374,159	165,997	172,515	1,281,966	161,358	118,133	89,877	6,652,498
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	2,050,365	1,404,020	1,006,459	1,000,700	15,643,546
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	1,379,079	987,837	979,838	1,072,004	13,233,622
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	3,429,444	2,391,857	1,986,297	2,072,704	28,877,168
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)	(2,147,478)	(2,230,499)	(1,868,164)	(1,982,827)	(22,224,670)
Loss Ratio	152%	1210%	199%	1563%	2105%	177%	1392%	1414%	268%	1482%	1681%	2306%	434%
Claims PMPM	5,367	5,041	7,344	5,711	6,760	6,379	6,112	6,559	9,219	6,482	5,457	5,742	6,340
Combined Medicare/Non Medicare													
Enrollment Count	1,494	1,447	1,450	1,477	1,448	1,457	1,468	1,441	1,458	1,464	1,447	1,454	17,505
Premiums	2,083,674	476,316	1,836,818	730,715	498,839	1,769,014	736,994	549,979	1,624,632	724,223	359,528	351,612	11,742,344
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	2,758,115	2,178,289	1,790,069	1,686,861	24,905,868
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	1,487,111	1,043,370	1,035,415	1,123,312	14,222,164
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	4,245,226	3,221,659	2,825,484	2,810,173	39,128,032
Income/Loss	(985,132)	(2,353,470)	(2,021,526)	(2,252,553)	(2,969,377)	(1,621,720)	(2,359,914)	(2,779,449)	(2,620,594)	(2,497,436)	(2,465,956)	(2,458,561)	(27,385,689)
Loss Ratio	147%	594%	210%	408%	695%	192%	420%	605%	261%	445%	786%	799%	333%
Claims PMPM	2,054	1,956	2,661	2,020	2,395	2,327	2,110	2,310	2,912	2,201	1,953	1,933	2,235

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 11/30/2017

	Actual (Bold)												
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
Enrollment:													
Non-Medicare Enrollment	407	390	387	389	384	382	378	372	372	369	364	361	4,555
Medicare Enrollment (Basic and Basic+)	1,087	1,057	1,063	1,088	1,064	1,075	1,090	1,069	1,086	1,095	1,083	1,093	12,950
Total Enrollment Count	1,494	1,447	1,450	1,477	1,448	1,457	1,468	1,441	1,458	1,464	1,447	1,454	17,505
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	9,222,471	7,149,013	4,702,512	
Receipts													
Premium Receipts	2,083,674	476,316	1,836,818	730,715	498,839	1,769,014	736,994	549,979	1,624,632	724,223	359,528	351,612	11,742,344
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Pharmacy Rebate Income	-	15,401	-	-	93,683	-	-	127,381	-	-	126,199	-	362,663
Claim Refunds Receipts	47,102	11,429	222,339	4,222	8,354	6,753	10,328	69,714	7,038	11,471	44,540	8,928	452,218
Assessment Receipts	70,838	-	561,202	5,911,866	2,755,833	720,573	-	5,688,844	2,410,667	588,469	38	3,607,306	22,315,636
Investment Income	4,644	3,498	3,331	4,838	6,598	6,104	6,207	5,618	7,424	6,835	4,998	4,413	64,508
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	4,049,762	1,330,998	535,302	3,972,259	34,937,370
Refunds													
Assessment Refunds	797,770	-	-	-	-	-	-	-	-	-	-	-	797,770
Premium Refunds	496	13,994	17,987	-	27,694	10,112	-	45,698	8,030	21,149	(6,008)	-	139,153
Total Refunds	798,266	13,994	17,987	-	27,694	10,112	-	45,698	8,030	21,149	(6,008)	-	936,923
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	2,178,289	1,790,069	1,686,861	24,905,868
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	1,043,370	1,035,415	1,123,312	14,222,164
PMPM Administrative Expense	79,079	79,010	79,674	73,977	77,160	79,925	80,542	79,104	77,811	81,260	78,164	78,174	943,880
Variable Administrative Expense	12,793	7,866	18,987	15,223	6,787	11,779	17,090	14,172	12,531	11,436	9,380	23,530	161,574
Salary and Benefits Expense	30,101	37,423	27,678	27,693	31,139	30,558	29,904	28,878	30,847	28,455	28,586	28,602	359,865
Prescription Administrative Expense	1,748	-	4,745	1,878	1,901	1,575	1,460	1,827	1,752	3,527	1,753	1,766	23,932
Miscellaneous Expense	8,138	8,482	6,661	8,833	4,917	4,207	25,842	3,897	3,955	8,631	13,056	22,681	119,303
Professional Fees	13,572	7,749	21,704	7,315	19,635	12,114	12,422	14,575	14,544	28,339	31,389	8,139	191,497
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	4,386,665	3,383,307	2,987,811	2,973,066	40,928,083
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	9,222,471	7,149,013	4,702,512	5,701,706	
Inc(Dec) in Abandoned Property Reserve	-	-	-	-	-	-	-	-	-	-	-	(17,814)	
Month Ending Cash Balance	10,823,097	8,345,429	6,933,337.72	10,466,790.45	10,192,648	9,154,086	6,643,448	9,567,404	9,222,471	7,149,013	4,702,512	5,683,892	

- (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 2018 Cash Flow Forecast

Forecast - Updated 11/30/2017

	Forecast												
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
Enrollment:													
Non-Medicare Enrollment	342	339	337	335	333	331	329	327	325	323	321	319	3,961
Medicare Enrollment (Basic and Basic+)	1,085	1,086	1,087	1,088	1,089	1,090	1,091	1,092	1,093	1,094	1,095	1,096	13,086
Total Enrollment Count	1,427	1,425	1,424	1,423	1,422	1,421	1,420	1,419	1,418	1,417	1,416	1,415	17,047
Cash Balance													
BEGINNING OF MONTH	5,683,892	8,920,576	6,861,436	5,389,186	9,157,592	7,140,941	6,286,267	3,506,344	8,823,803	8,259,550	6,698,379	3,759,202	
Receipts													
Premium Receipts	2,372,247	484,426	1,868,094	743,157	507,333	1,799,134	749,543	559,343	1,652,295	736,555	365,649	357,599	12,195,373
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Pharmacy Rebate Income	-	-	50,000	-	-	50,000	-	-	50,000	-	-	50,000	200,000
Claim Refunds Receipts	35,695	33,990	34,807	33,840	33,651	34,698	35,909	34,265	34,501	35,016	34,221	33,780	414,373
Assessment Receipts	4,131,528	2,000,000	-	6,400,000	800,000	800,000	-	8,000,000	1,000,000	1,000,000	-	6,000,000	30,131,528
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	6,539,571	2,518,517	1,953,000	7,177,096	1,341,083	2,683,932	785,552	8,593,708	2,736,895	1,771,670	399,971	6,441,478	42,942,474
Refunds													
Assessment Refunds	-	1,238,834	-	-	-	-	-	-	-	-	-	-	1,238,834
Premium Refunds	59,306	12,111	46,702	18,579	12,683	44,978	18,739	13,984	41,307	18,414	9,141	8,940	304,884
Total Refunds	59,306	1,250,945	46,702	18,579	12,683	44,978	18,739	13,984	41,307	18,414	9,141	8,940	1,543,718
Expenses													
Medical Claim Expense	2,099,733	1,999,438	2,047,458	1,990,559	1,979,445	2,041,061	2,112,313	2,015,589	2,029,452	2,059,756	2,013,026	1,987,039	24,374,868
Pharmacy Claim Expense	977,875	1,156,955	1,169,031	1,252,631	1,216,972	1,305,070	1,246,530	1,095,919	1,070,347	1,087,264	1,151,857	1,157,980	13,888,431
PMPM Administrative Expense	79,539	77,250	77,172	77,095	77,019	76,944	76,869	76,794	76,721	76,648	76,575	76,504	925,130
Variable Administrative Expense	14,278	21,168	13,658	13,648	13,639	13,629	14,620	13,610	14,601	13,592	20,583	13,573	180,599
Salary and Benefits Expense	44,812	33,660	32,940	32,940	32,940	32,940	32,940	32,940	32,940	32,940	32,940	33,151	408,080
Prescription Administrative Expense	1,852	1,850	1,848	1,846	1,845	1,843	1,841	1,839	1,838	1,836	1,834	1,833	22,104
Miscellaneous Expense	10,625	6,525	9,075	6,525	8,325	7,275	27,257	7,208	9,075	15,525	8,325	23,082	138,822
Professional Fees	14,867	29,867	27,367	14,867	14,867	14,867	34,367	18,367	24,867	26,867	24,867	15,367	261,400
Total Expense	3,243,580	3,326,712	3,378,549	3,390,111	3,345,051	3,493,629	3,546,736	3,262,266	3,259,840	3,314,427	3,330,006	3,308,528	40,199,435
Available Cash Balance	8,920,576	6,861,436	5,389,186	9,157,592	7,140,941	6,286,267	3,506,344	8,823,803	8,259,550	6,698,379	3,759,202	6,883,213	
Inc(Dec) in Abandoned Property Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Month Ending Cash Balance	8,920,576	6,861,436	5,389,186	9,157,592	7,140,941	6,286,267	3,506,344	8,823,803	8,259,550	6,698,379	3,759,202	6,883,213	

- (1) Assumes a Non-medicare medical claim expense trend of 6%. Assumes an annual Medicare medical claim expense trend of 6%.
- (2) Assumes a Non-medicare pharmacy claim expense trend of 15%. Assumes an annual Medicare pharmacy claim expense trend of 0% for Basic and Basic Plus.
- (3) Assumes a Non-medicare premium rate trended at a 18% increase. Assumes a Medicare premium rate increase of 0.3% for Basic and 1.5% 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 (\$8.0 M), July (\$10.0 M) and November (\$7.5 M) TOTAL \$25.5 M
- (6) 4-Week expense allowance is \$3.2 M based upon the actual data for the 12-month period ending in Dec of 2018.
- (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	372	369	364	361	4,555
Medicare Basic	884	858	866	893	872	885	900	883	900	909	898	910	10,658
Medicare Basic Plus	203	199	197	195	192	190	190	186	186	186	185	183	2,292
Total Membership	1,494	1,447	1,450	1,477	1,448	1,457	1,468	1,441	1,458	1,464	1,447	1,454	17,505
PMPM Administrative Expense (2)	79,079	79,010	79,674	73,977	77,160	79,925	80,542	79,104	77,811	81,260	78,164	\$78,174	\$943,880
Variable Administrative Expense (3)	12,793	7,866	18,987	15,223	6,787	11,779	17,090	14,172	12,531	11,436	9,380	\$23,530	\$161,574
Salary and Benefits Expense (4)	30,101	37,423	27,678	27,693	31,139	30,558	29,904	28,878	30,847	28,455	28,586	\$28,602	\$359,865
RX Benefit Management Fees	1,748	-	4,745	1,878	1,901	1,575	1,460	1,827	1,752	3,527	1,753	\$1,766	\$23,932
Miscellaneous Expense (5)	8,138	8,482	6,661	8,833	4,917	4,207	25,842	3,897	3,955	8,631	13,056	\$22,681	\$119,303
Professional Fees (6)	13,572	7,749	21,704	7,315	19,635	12,114	12,422	14,575	14,544	28,339	31,389	\$8,139	\$191,497
Total Actual Operating Expenses	\$145,430	\$140,531	\$159,449	\$134,920	\$141,540	\$140,158	\$167,260	\$142,454	\$141,439	\$161,648	\$162,328	\$162,893	\$1,800,051
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)	(10)	(11)	(14)	(15)	(89)
Medicare Basic	36	5	8	30	4	12	22	-	12	16	-	7	152
Medicare Basic Plus	(4)	(6)	(6)	(6)	(7)	(7)	(5)	(7)	(5)	(3)	(2)	(2)	(60)
Total Membership	41	(7)	(5)	21	(9)	(1)	9	(19)	(3)	2	(16)	(10)	3
PMPM Administrative Expense (2)	(4,203)	(3,454)	(4,089)	1,638	(1,516)	(4,251)	(4,839)	(3,371)	(2,049)	(5,469)	(2,343)	(2,324)	(\$36,270)
Variable Administrative Expense (3)	2,627	14,464	(4,147)	(374)	8,072	3,090	(1,212)	716	3,366	3,471	12,537	(8,605)	\$34,005
Salary and Benefits Expense (4)	12,422	(4,822)	4,204	4,188	742	1,324	1,977	3,004	1,035	3,427	3,296	3,468	\$34,265
RX Benefit Management Fees	511	2,260	(2,484)	384	362	689	806	439	516	(1,258)	517	505	\$3,250
Miscellaneous Expense (5)	(88)	(3,082)	9,989	(3,433)	3,133	1,793	(20,442)	23,003	4,695	(3,231)	(5,006)	282	\$7,611
Professional Fees (6)	4,595	23,584	14,962	7,518	2,699	(1,281)	22,412	(242)	(1,211)	(7,506)	(5,556)	8,095	\$68,070
Total Variance Expenses	\$15,865	\$28,950	\$18,435	\$9,921	\$13,492	\$1,364	(\$1,298)	\$23,549	\$6,353	(\$10,566)	\$3,446	\$1,420	\$110,930

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 December 31, 2017			
	Projected	Actual	Variance	% Change
Membership	1,464	1,454	(10)	-1%
Avg Premium Receipt PMPM	\$294	\$242	(\$52)	-18%
Avg Medical Claim Expense PMPM	\$1,543	\$1,154	\$389	25%
Avg Pharmacy Claim Expense PMPM	\$1,013	\$773	\$240	24%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$2,262)	(\$1,685)	\$577	26%
Avg Premium Receipt Less Avg Claim Expense Total	(\$3,311,568)	(\$2,449,990)	\$861,578	26%
Variance Due to Changes in Membership			\$16,850	
Variance Due to Changes in Claim Expenses			\$844,728	

CASH BASIS	Year-To-Date December 31, 2017			
	Projected	Actual	Variance	% Change
Member Months	17,502	17,505	3	0%
Avg Premium Receipt PMPM	\$662	\$663	\$1	0%
Avg Medical Claim Expense PMPM	\$1,501	\$1,397	(\$104)	-7%
Avg Pharmacy Claim Expense PMPM	\$1,000	\$812	(\$188)	-19%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,839)	(\$1,546)	\$293	16%
Avg Premium Receipt Less Avg Claim Expense Total	(\$32,186,178)	(\$27,062,730)	\$5,123,448	16%
Variance Due to Changes in Membership			(\$4,638)	
Variance Due to Changes in Claim Expenses			\$5,128,086	

INCURRED BASIS	Year-To-Date December 31, 2017	Year-To-Date December 31, 2016
	Actual	Actual - Prior Year
Member Months	17,505	17,609
Avg Premium Income PMPM	\$675	\$629
Avg Medical Claim Expense PMPM (1)	\$1,415	\$1,515
Avg Pharmacy Claim Expense PMPM (2)	\$825	\$898
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,565)	(\$1,784)
Avg Premium Receipt Less Avg Claim Expense Total	(\$27,395,325)	(\$31,414,456)

(1) Incurred medical claims data totals \$24,769,841 which is derived from \$21,098,841 actual paid claims with dates of service between 01-01-17 and 12-31-17 and \$3,671,000 IBNR reserve.

(2) Incurred pharmacy claims data totals \$14,435,847 which is derived from \$13,716,847 actual paid claims with dates of service between 01-01-17 and 12-31-17 and \$719,000 IBNR reserve.