

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

1. 2013 Interim III Assessment Closed

An assessment of \$31.5 M is required in order to adequately carry the pool into the next scheduled assessment in March 2014. This assessment was approved by the Board of Directors and generated on November 21, 2013 with invoices due December 22, 2013 except for the carriers who have installment payment arrangements, at which point the invoices are due in total by February 22, 2014. Looking ahead as of March 31, 2014, all \$31.5 has been collected, thus closing out this assessment.

2. 2014 Interim I Assessment Required

An assessment of \$10.0 M is required in order to adequately carry the pool into the next scheduled assessment in July 2014. This assessment was approved by the Board of Directors and generated on March 21, 2014 with invoices due April 21, 2014 except for the carriers who have installment payment arrangements, at which point the invoices are due in total by June 21, 2014.

3. Financial Statements – February 2014

Balance Sheet

Cash on hand decreased by \$6.5 M or 21.4% from January 2014 to February 2014. The current cash position is \$24.0 M which is above the projected three week expense allowance of \$3.5 M. As of the end of February 2014, the entire \$24.0 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 February 2014 is \$8.5 M. This represents a decrease of \$1.8 M or 17.3% as compared to the prior month. Medical IBNR decreased \$1.5 M or 18.0% and pharmacy IBNR decreased \$244 K or 14.2% from January 2014.

As of February 2014, the equity position of WSHIP is a positive \$15.7 M.

Income Statement

Total member months for February 2014 YTD are lower by 2,611 member months or 36.1% lower than February 2013 YTD. Member months are measured as the cumulative monthly member count (PMPM) over a period of time. The total incurred claim loss for February 2014 YTD is \$6.4 M or 46.3% lower than February 2013

YTD. Incurred claim loss represents the total medical and pharmacy claims expense in addition to the change in unpaid losses (IBNR) and accrued loss adjustment for the period. For February 2014 YTD, the medical claims portion is \$3.3 M or 38.4% lower than February 2013 YTD, and the pharmacy claims portion is \$3.2 M or 59.2% lower than February 2013 YTD.

February 2014 YTD administrative expenses are \$17 K or 3.2% higher than the administrative expenses in February 2013 YTD. The ratio of administrative expenses as a percentage of total cost is 6.6% for February 2014 YTD as compared to 3.5% in February of the prior year. Total cost is calculated as total incurred claim loss less pharmacy rebates plus administrative expenses.

#### 4. Budgeted Cash Flow – February 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 key drivers (membership, premiums, medical claims and pharmacy claims) in the budget portion were updated in February 2014 to reflect new projections from Liz Leif.

The ending cash balance of \$24.0 M is \$2.8 M higher than the budgeted cash balance of \$21.2 M. Total net cash receipts for February 2014 are \$731 K or 12.4% unfavorable to budget. Total expenses are \$3.5 M or 20.9% favorable to budget. The administrative expenses are \$106 K or 24.6% favorable to budget. Total medical claims expense is \$59 K or less than one percent unfavorable to budget, while total pharmacy claims expense is \$3.5 M or 39.7% favorable to budget.

#### 5. 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. 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 February 2014. For March 2014, the preliminary figures for the key financial drivers (Premium Receipts, Grant Revenue, Assessment Receipts and Refunds, Medical Claims and Pharmacy Claims Expenses) are reported.

Assumptions are noted on this schedule as well as the 2014 assessment projection. To ensure adequate funding, the current 2014 forecast is projecting an assessment of \$47.0 M which is a \$36.0 M or 43.4% decrease from the 2013 assessment of \$83.0 M.

## 6. Administrative Expense Budget

For February 2014, administrative expenses are \$106 K or 24.6% favorable to budget (cash basis).

## 7. Financial Performance

February 2014 YTD member months are 96 member months or 2% lower than projected in the original budget. Through February 2014, average premium receipt PMPM is 12% higher than anticipated. Average medical claims expense PMPM is 4% higher than anticipated and average pharmacy claims expense PMPM is 38% lower than anticipated.

On an incurred basis, the average medical claims expense PMPM is \$1,228 as compared to \$1,642 on a cash basis. Also on an incurred basis, the average pharmacy claims expense PMPM is \$1,251 as compared to \$1,133 on a cash basis.

# WASHINGTON STATE HEALTH INSURANCE POOL

## Unaudited Balance Sheet as of February 28

Total Enrollment: 2,095

	<u>2014</u>	<u>2013</u>
<b>Assets:</b>		
Cash	\$ 23,995,643	\$ 17,369,251
Premiums Receivable	1,568,674	243,153
Assessments Receivable	1,909,703	940,558
Grants Receivable	-	-
Other Receivable	-	150,000
Prepaid Expense	-	364
<b>Total Assets</b>	<u><u>\$ 27,474,020</u></u>	<u><u>\$ 18,703,325</u></u>
 <b>Liabilities and Unassigned Surplus:</b>		
Reserve for Unpaid Losses - Medical	\$ 7,064,000	\$ 12,302,000
Reserve for Unpaid Losses - Pharmacy	1,477,000	2,230,000
Accrued Loss Adjustment	391,000	416,000
Premiums Received in Advance	2,091,095	2,598,033
Assessments Payable	-	-
Accrued Expenses	635,304	280,762
Abandoned Claim Reserve	71,331	69,585
<b>Total Liabilities</b>	<u><u>\$ 11,729,731</u></u>	<u><u>\$ 17,896,379</u></u>
<b>Unassigned Surplus</b>	15,744,289	806,946
<b>Total Liabilities and Unassigned Surplus</b>	<u><u>\$ 27,474,020</u></u>	<u><u>\$ 18,703,325</u></u>

# WASHINGTON STATE HEALTH INSURANCE POOL

## Unaudited Statement of Operations January 1 to February 28

	<u>2014</u>	<u>2013</u>
Total Member Months	4,629	7,240
<b>Premium Income Earned</b>	\$ 3,414,712	\$ 5,453,689
<b>Pharmacy Rebate Income</b>	-	-
<b>Grant Income</b>	-	-
<b>Incurred Claim Loss - Medical</b>	5,311,054	8,616,380
<b>Incurred Claim Loss - Pharmacy</b>	2,164,551	5,304,322
<b>Total Incurred Claim Loss</b>	<u>7,475,604</u>	<u>13,920,702</u>
<b>Operating Expenses:</b>		
Fixed (PMPM) Administrative Expense	\$ 247,974	\$ 275,060
Variable Administrative Expense	100,071	98,634
Salary and Benefit Expense	80,740	44,354
Prescription Administrative Expense	7,555	15,205
Miscellaneous Expense	35,872	18,899
Professional Fee Expense	52,874	56,407
<b>Total Operating Expenses</b>	<u>\$ 525,087</u>	<u>\$ 508,560</u>
<b>Underwriting Gain (Loss)</b>	(4,585,980)	(8,975,573)
<b>Investment Income</b>	506	392
<b>Other Income</b>	-	-
<b>Changes to Unassigned Surplus</b>	<u>\$ (4,585,474)</u>	<u>\$ (8,975,181)</u>

# WASHINGTON STATE HEALTH INSURANCE POOL

## Unaudited Statement of Changes in Unassigned Surplus January 1 to February 28

	<u>2014</u>	<u>2013</u>
Unassigned Surplus at Beginning of Year	\$ 20,329,763	\$ 9,782,127
Changes to Unassigned Surplus	(4,585,474)	(8,975,181)
Member Assessments	-	-
<b>Unassigned Surplus</b>	<u>\$ 15,744,289</u>	<u>\$ 806,946</u>

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

**Budget - Updated Feb 2014**

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	FEB YTD	TOTAL
<b>Enrollment Count</b>	2,535	2,190	2,128	2,117	2,107	2,097	2,087	2,077	2,067	2,058	2,049	2,041	4,725	25,553
<b>Cash Balance</b>														
<b>BEGINNING OF MONTH</b>	32,118,470	27,119,355	21,222,908	16,800,308	25,299,215	23,235,391	21,110,133	17,665,710	45,674,693	46,573,969	47,420,650	44,198,174		
<b>Receipts</b>														
Premium Receipts	1,876,591	1,527,758	1,463,324	1,449,209	1,435,391	1,421,865	1,408,624	1,395,664	1,382,977	1,370,560	1,358,406	1,346,510	3,404,349	17,436,879
Grant Revenue	71,247	-	-	-	-	-	-	-	-	-	-	-	71,247	71,247
Pharmacy Rebate Income	-	-	50,000	-	-	50,000	-	-	50,000	-	-	50,000	-	200,000
Claim Refunds Receipts	94,955	75,788	66,210	64,536	64,866	67,340	63,844	62,550	62,297	62,262	65,177	60,655	170,743	810,480
Assessment Receipts	3,150,000	104,522	-	12,000,000	1,500,000	1,500,000	-	14,560,000	1,820,000	1,820,000	-	-	3,254,522	36,454,522
Additional Assessment Receipts (HBE)	-	-	-	-	-	-	-	16,670,400	2,083,800	2,083,800	-	-	-	20,838,000
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	200	1,200
Abandoned Claims	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Receipts</b>	5,192,893	1,708,168	1,579,634	13,513,845	3,000,357	3,039,305	1,472,568	32,688,714	5,399,174	5,336,722	1,423,683	1,457,265	6,901,061	75,812,328
<b>Refunds</b>														
Assessment Refunds	-	912,408	-	-	-	-	-	-	-	-	-	-	912,408	912,408
Premium Refunds	54,702	53,993	782,699	50,373	49,707	49,053	48,413	47,786	47,172	46,570	45,980	45,402	108,695	1,321,850
<b>Total Refunds</b>	54,702	966,401	782,699	50,373	49,707	49,053	48,413	47,786	47,172	46,570	45,980	45,402	1,021,103	2,234,258
<b>Assessment Payments</b>														
HBE Assessment	-	-	-	-	-	-	-	-	-	-	-	20,838,000	-	20,838,000
<b>Expenses</b>														
Medical Claims	4,090,017	3,553,101	2,861,576	2,731,332	2,781,333	2,911,786	2,647,616	2,400,380	2,263,971	2,248,458	2,347,401	2,374,687	7,643,118	33,211,658
Pharmacy Claims	5,834,658	2,866,244	2,151,008	2,040,266	2,037,232	2,017,222	2,009,961	2,014,845	1,999,067	1,994,979	1,989,850	1,983,256	8,700,902	28,938,588
Fixed (PMPM) Admin	106,787	105,691	104,637	99,887	98,874	97,901	96,928	95,997	95,065	94,134	93,243	92,394	212,478	1,181,538
Variable Admin	33,647	32,831	32,625	26,673	26,474	28,785	28,594	25,912	25,730	25,548	58,374	25,208	66,478	370,401
Salary and Benefits	34,676	28,376	29,066	29,205	33,405	29,205	27,910	27,910	27,910	27,910	27,910	28,117	63,051	351,599
Prescription Admin	5,459	5,409	5,361	5,140	5,094	5,050	5,005	4,963	4,921	4,879	4,838	4,800	10,867	60,918
Miscellaneous	8,305	8,305	8,305	8,305	8,305	8,305	8,305	25,180	8,305	8,305	8,305	20,680	16,610	128,910
Professional Fees	23,758	38,258	26,958	23,758	23,758	17,258	44,258	36,758	27,758	39,258	70,258	25,258	62,015	397,291
<b>Total Expense</b>	10,137,306	6,638,214	5,219,535	4,964,565	5,014,474	5,115,511	4,868,577	4,631,945	4,452,727	4,443,471	4,600,179	4,554,400	16,775,520	64,640,903
<b>Available Cash Balance</b>	27,119,355	21,222,908	16,800,308	25,299,215	23,235,391	21,110,133	17,665,710	45,674,693	46,573,969	47,420,650	44,198,174	20,217,637		
<b>Inc(Dec) in Abandoned Property Reserve</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Month Ending Cash Balance</b>	\$ 27,119,355	\$ 21,222,908	\$ 16,800,308	\$ 25,299,215	\$ 23,235,391	\$ 21,110,133	\$ 17,665,710	\$ 45,674,693	\$ 46,573,969	\$ 47,420,650	\$ 44,198,174	\$ 20,217,637		

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
<b>Actual Enrollment Count</b>	2,534	2,095											4,629
<b>Cash Balance</b>													
<b>BEGINNING OF MONTH</b>	32,118,470	30,528,025											
<b>Receipts</b>													
Premium Receipts	3,948,909	608,061											4,556,971
Grant Revenue	-	71,247											71,247
Pharmacy Rebate Income	-	-											-
Claim Refunds Receipts	61,192	41,734											102,926
Assessment Receipts	2,255,260	1,967											2,257,227
Investment Income	281	225											506
Abandoned Claims	-	-											-
Other Income	-	-											-
<b>Total Receipts</b>	6,265,642	723,234											6,988,876
<b>Refunds</b>													
Assessment Refunds	-	912,408											912,408
Premium Refunds	41,960	885,924											927,884
<b>Total Refunds</b>	41,960	1,798,332											1,840,292
<b>Expenses</b>													
Medical Claims	4,257,882	3,444,146											7,702,028
Pharmacy Claims	3,290,997	1,952,504											5,243,502
Fixed (PMPM) Admin	153,700	-											153,700
Variable Admin	18,488	-											18,488
Salary and Benefits	41,811	27,429											69,240
Prescription Admin	14,837	2,845											17,682
Miscellaneous	16,811	8,734											25,546
Professional Fees	19,113	21,626											40,739
<b>Total Expense</b>	7,813,639	5,457,285											13,270,924
<b>Available Cash Balance</b>	30,528,513	23,995,643											
<b>Inc(Dec) in Abandoned Property Reserve</b>	(488)	-											
<b>Month Ending Cash Balance</b>	\$ 30,528,025	\$ 23,995,643	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

**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)											(96)
<b>Receipts</b>													
Premium Receipts	2,072,318	(919,697)											1,152,622
Grant Revenue	(71,247)	71,247											-
Pharmacy Rebate Income	-	-											-
Claim Refunds Receipts	(33,763)	(34,054)											(67,817)
Assessment Receipts	(894,740)	(102,555)											(997,295)
Investment Income	181	125											306
Abandoned Claims	-	-											-
Other Income	-	-											-
<b>Total Receipts</b>	<b>1,072,749</b>	<b>(984,934)</b>											<b>87,815</b>
<b>Refunds</b>													
Assessment Refunds	-	-											-
Premium Refunds	12,742	(831,931)											(819,189)
<b>Total Refunds</b>	<b>12,742</b>	<b>(831,931)</b>											<b>(819,189)</b>
<b>Expenses</b>													
Medical Claims	(167,865)	108,955											(58,910)
Pharmacy Claims	2,543,661	913,740											3,457,400
Fixed (PMPM) Admin	(46,913)	105,691											58,778
Variable Admin	15,160	32,831											47,991
Salary and Benefits	(7,135)	947											(6,189)
Prescription Admin	(9,378)	2,564											(6,814)
Miscellaneous	(8,506)	(429)											(8,936)
Professional Fees	4,645	16,631											21,276
<b>Total Expense</b>	<b>2,323,667</b>	<b>1,180,929</b>											<b>3,504,596</b>
<b>Available Cash Balance</b>	<b>3,409,158</b>	<b>2,772,734</b>											
<b>Inc(Dec) in Abandoned</b>													
<b>Property Reserve</b>	-	-											
<b>Month Ending Cash Balance</b>	<b>3,409,158</b>	<b>2,772,734</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)		Forecast										TOTAL
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	
<b>Enrollment Count</b>	<b>2,534</b>	<b>2,095</b>	<b>1,938</b>	1,995	1,984	1,973	1,963	1,953	1,943	1,934	1,925	1,915	24,152
<b>Cash Balance</b>													
<b>BEGINNING OF MONTH</b>	<b>32,118,470</b>	<b>30,528,025</b>	23,995,643	21,021,609	25,740,000	23,442,725	21,110,150	17,944,970	44,624,794	45,603,763	45,347,140	42,382,776	
<b>Receipts</b>													
Premium Receipts	<b>3,948,909</b>	<b>608,061</b>	<b>1,018,954</b>	1,280,532	1,269,218	1,258,126	1,247,250	1,236,588	1,226,133	1,215,883	1,205,833	1,195,980	16,711,468
Grant Revenue	-	<b>71,247</b>	-	-	-	-	-	-	-	-	-	-	71,247
Pharmacy Rebate Income	-	-	50,000	-	-	50,000	-	-	50,000	-	-	50,000	200,000
Claim Refunds Receipts	<b>61,192</b>	<b>41,734</b>	66,210	64,536	64,866	67,340	63,844	62,550	62,297	62,262	65,177	60,655	742,663
Assessment Receipts	<b>2,255,260</b>	<b>1,967</b>	<b>1,909,703</b>	8,000,000	1,000,000	1,000,000	-	12,960,000	1,620,000	1,620,000	-	-	30,366,930
Additional Assessment Receipts (HBE)	<b>281</b>	<b>225</b>	-	-	-	-	-	16,670,400	2,083,800	2,083,800	-	-	20,838,506
Investment Income	-	-	100	100	100	100	100	100	100	100	100	100	1,000
Abandoned Claims	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Receipts</b>	<b>6,265,642</b>	<b>723,234</b>	3,044,967	9,345,168	2,334,184	2,375,566	1,311,194	30,929,638	5,042,330	4,982,045	1,271,110	1,306,735	<b>68,931,814</b>
<b>Refunds</b>													
Assessment Refunds	-	<b>912,408</b>	-	-	-	-	-	-	-	1,164,085	-	-	2,076,493
Premium Refunds	<b>41,960</b>	<b>885,924</b>	<b>213,056</b>	50,373	49,707	49,053	48,413	47,786	47,172	46,570	45,980	45,402	1,571,396
<b>Total Refunds</b>	<b>41,960</b>	<b>1,798,332</b>	213,056	50,373	49,707	49,053	48,413	47,786	47,172	1,210,655	45,980	45,402	<b>3,647,889</b>
<b>Assessment Payments</b>													
HBE Assessment	-	-	-	-	-	-	-	-	-	-	-	20,838,000	20,838,000
<b>Expenses</b>													
Medical Claim Expense	<b>4,257,882</b>	<b>3,444,146</b>	<b>3,829,467</b>	2,630,032	2,632,858	2,736,218	2,484,705	2,245,457	2,099,557	2,102,046	2,202,389	2,185,375	32,850,132
Pharmacy Claim Expense	<b>3,290,997</b>	<b>1,952,504</b>	<b>1,558,743</b>	1,753,405	1,752,985	1,736,367	1,732,256	1,739,851	1,726,943	1,725,934	1,724,177	1,720,818	22,414,981
PMPM Administrative Expense	<b>153,700</b>	-	<b>247,974</b>	99,887	98,874	97,901	96,928	95,997	95,065	94,134	93,243	92,394	1,266,097
Variable Administrative Expense	<b>18,488</b>	-	<b>100,071</b>	26,673	26,474	28,785	28,594	25,912	25,730	25,548	58,374	25,208	389,857
Salary and Benefits Expense	<b>41,811</b>	<b>27,429</b>	29,066	29,205	33,405	29,205	27,910	27,910	27,910	27,910	27,910	28,117	357,788
Prescription Administrative Expense	<b>14,837</b>	<b>2,845</b>	5,361	5,140	5,094	5,050	5,005	4,963	4,921	4,879	4,838	4,800	67,732
Miscellaneous Expense	<b>16,811</b>	<b>8,734</b>	8,305	8,305	8,305	8,305	8,305	25,180	8,305	8,305	8,305	20,680	137,846
Professional Fees	<b>19,113</b>	<b>21,626</b>	26,958	23,758	23,758	17,258	44,258	36,758	27,758	39,258	70,258	25,258	376,015
<b>Total Expense</b>	<b>7,813,639</b>	<b>5,457,285</b>	5,805,945	4,576,404	4,581,752	4,659,088	4,427,961	4,202,028	4,016,189	4,028,014	4,189,494	4,102,650	<b>57,860,448</b>
<b>Available Cash Balance</b>	<b>30,528,513</b>	<b>23,995,643</b>	21,021,609	25,740,000	23,442,725	21,110,150	17,944,970	44,624,794	45,603,763	45,347,140	42,382,776	18,703,459	
Inc(Dec) in Abandoned Property Reserve	(488)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Month Ending Cash Balance</b>	<b>30,528,025</b>	<b>23,995,643</b>	21,021,609	25,740,000	23,442,725	21,110,150	17,944,970	44,624,794	45,603,763	45,347,140	42,382,776	18,703,459	

- (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 of 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 (**\$10.0 M**), July (**\$37.0 M**), November (**\$0 M**) TOTAL **\$47.0 M**. The July assessment includes \$16.2 M to cover pool losses and \$20.8 M for the HBE Assessment payment.
- (6) 3-Week expense allowance is \$3.5 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 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											4,629
PMPM Administrative Expense (2)	153,700	-											153,700
Variable Administrative Expense (3)	18,488	-											18,488
Salary and Benefits Expense (4) & (7)	41,811	27,429											69,240
RX Benefit Management Fees	14,837	2,845											17,682
Miscellaneous Expense (5)	16,811	8,734											25,546
Professional Fees (6)	19,113	21,626											40,739
<b>Total Actual Operating Expenses</b>	<b>\$264,760</b>	<b>\$60,634</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$325,394</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)											(1,031)
PMPM Administrative Expense (2)	(46,913)	105,691											58,778
Variable Administrative Expense (3)	15,160	32,831											47,991
Salary and Benefits Expense (4) & (7)	(7,135)	947											(6,189)
RX Benefit Management Fees	(9,378)	2,564											(6,814)
Miscellaneous Expense (5)	(8,506)	(429)											(8,936)
Professional Fees (6)	4,645	16,631											21,276
<b>Total Variance Expenses</b>	<b>(\$52,129)</b>	<b>\$158,235</b>											<b>\$106,106</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 February 28, 2014			
	Projected	Actual	Variance	% Change
Membership	2,190	2,095	(95)	-4%
Avg Premium Receipt PMPM	\$673	(\$133)	(\$806)	-120%
Avg Medical Claim Expense PMPM	\$1,588	\$1,624	(\$36)	-2%
Avg Pharmacy Claim Expense PMPM	\$1,309	\$932	\$377	29%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$2,224)	(\$2,689)	(\$465)	-21%
Avg Premium Receipt Less Avg Claim Expense Total	(\$4,870,560)	(\$5,633,455)	(\$762,895)	-16%
Variance Due to Changes in Membership			\$255,455	
Variance Due to Changes in Claim Expenses			(\$1,018,350)	

CASH BASIS	Year-To-Date February 28, 2014			
	Projected	Actual	Variance	% Change
Member Months	4,725	4,629	(96)	-2%
Avg Premium Receipt PMPM	\$697	\$784	\$87	12%
Avg Medical Claim Expense PMPM	\$1,581	\$1,642	(\$61)	-4%
Avg Pharmacy Claim Expense PMPM	\$1,841	\$1,133	\$708	38%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$2,725)	(\$1,991)	\$734	27%
Avg Premium Receipt Less Avg Claim Expense Total	(\$12,875,625)	(\$9,216,339)	\$3,659,286	28%
Variance Due to Changes in Membership			\$191,136	
Variance Due to Changes in Claim Expenses			\$3,468,150	

INCURRED BASIS	Year-To-Date February 28, 2014	Year-To-Date February 28, 2013
	Actual	Actual - Prior Year
Member Months	4,629	7,240
Avg Premium Income PMPM	\$738	\$753
Avg Medical Claim Expense PMPM (1)	\$1,228	\$1,551
Avg Pharmacy Claim Expense PMPM (2)	\$1,251	\$1,105
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,741)	(\$1,903)
Avg Premium Receipt Less Avg Claim Expense Total	(\$8,059,089)	(\$13,777,720)

(1) Incurred medical claims data totals \$5,682,443 which is derived from \$1,898,443 actual paid claims with dates of service between 1-1-14 and 2-28-14 and \$3,784,000 IBNR reserve.

(2) Incurred pharmacy claims data totals \$5,789,502 which is derived from \$4,393,502 actual paid claims with dates of service between 1-1-14 and 2-28-14 and \$1,396,000 IBNR reserve.