

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

1. 2016 Interim I Assessment Required

In March 2016, an assessment of \$12.0 M is required to adequately fund the pool until the next scheduled assessment in July 2016. This assessment was approved by the Board of Directors and generated on March 30, 2016 with invoices due April 30, 2016 except for the carriers who have installment payment arrangements, at which point the invoices are due in total by June 30, 2016.

2. Financial Statements – February 2016

Balance Sheet

Cash on hand decreased by \$6.0 M or 42.2% from January 2016 to February 2016. This decrease is partially due to the payment of the 2014 Assessment True-up Refunds. The current cash position is \$8.2 M which is well above our current three week expense allowance of \$2.7 M. As of the end of February 2016, the entire \$8.2 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 2016 is \$5.6 M. This represents a decrease of \$288 K or 4.9% as compared to the prior month. Medical IBNR decreased \$266 K or 5.3% and pharmacy IBNR decreased \$22 K or 2.5% from January 2016.

As of February 2016, the equity position of WSHIP is a positive \$1.3 M.

Income Statement

Total member months for February 2016 YTD are lower by 300 member months or 9.1% lower than February 2015 YTD. Member months are measured as the cumulative monthly member count (PMPM) over a period of time. The total incurred claim loss for February 2016 YTD is \$715 K or 9.7% lower than February 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 February 2016 YTD, the medical claims portion is \$368 K or 8.2% lower than February 2015 YTD, and the pharmacy claims portion is \$346 K or 11.9% lower than February 2015 YTD.

February 2016 YTD administrative expenses are \$122 K or 28.8% lower than the administrative expenses for February 2015 YTD. The ratio of administrative expenses as a percentage of total cost is 4.4% for February 2016 YTD as compared

to 5.4% in February YTD of the prior year. Total cost is calculated as total incurred claim loss less pharmacy rebates plus administrative expenses.

3. Budgeted Cash Flow – February 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 \$8.2 M is \$1.6 M higher than the budgeted cash balance of \$6.6 M. Total net cash receipts for February 2016 YTD are \$164 K or 9.7% favorable to budget. Total YTD expenses are \$1.5 M or 17.6% favorable to budget. The YTD administrative expenses are \$39 K or 11.0% unfavorable to budget. Total YTD medical claims expense is \$1.1 M or 20.2% favorable to budget; while total YTD pharmacy claims expense is \$442 K or 16.5% favorable to budget.

4. Cash Flow Forecast – 2016

The 2016 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 March 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 February 2016. For March 2016, 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 2016 forecast is projecting an assessment of \$38.0 M which is a \$4.0 M or 11.8% increase from the 2015 assessment of \$34.0 M.

5. Administrative Expense Budget

For February 2016, YTD administrative expenses are \$39 K or 11.0% unfavorable to budget (cash basis). This is primarily due to a timing issue in PMPM administration as January included payments for both the December 2015 and January 2016 Administrative invoices.

6. Financial Performance

February 2016 YTD member months are 97 member months or 3% lower than projected in the original budget. Through February 2016, average premium receipt

PMPM is 2% higher than anticipated. Average medical claims expense PMPM is 17% lower than anticipated and average pharmacy claims expense PMPM is 14% lower than anticipated.

On an incurred basis, the average medical claims expense PMPM is \$1,660 as compared to \$1,378 on a cash basis. Also on an incurred basis, the average pharmacy claims expense PMPM is \$829 as compared to \$748 on a cash basis.

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Balance Sheet as of February 29

Total Enrollment: 1,468

	<u>2016</u>	<u>2015</u>
Assets:		
Cash	\$ 8,224,318	\$ 8,988,214
Premiums Receivable	100,939	319,070
Assessments Receivable	-	-
Grants Receivable	-	462,976
Prepaid Expense	-	-
Total Assets	<u>\$ 8,325,257</u>	<u>\$ 9,770,260</u>
 Liabilities and Unassigned Surplus:		
Reserve for Unpaid Losses - Medical	\$ 4,788,000	\$ 4,902,000
Reserve for Unpaid Losses - Pharmacy	845,000	883,000
Accrued Loss Adjustment	315,000	291,000
Premiums Received in Advance	829,027	1,070,516
Assessments Payable	-	-
Accrued Expenses	146,825	150,609
Abandoned Claim Reserve	83,081	29,948
Total Liabilities	<u>\$ 7,006,932</u>	<u>\$ 7,327,072</u>
Unassigned Surplus	1,318,325	2,443,187
Total Liabilities and Unassigned Surplus	<u>\$ 8,325,257</u>	<u>\$ 9,770,260</u>

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Statement of Operations January 1 to February 29

	<u>2016</u>	<u>2015</u>
Total Member Months	2,986	3,286
Premium Income Earned	\$ 1,943,306	\$ 2,051,406
Pharmacy Rebate Income	169,882	-
Grant Income	-	-
Incurred Claim Loss - Medical	4,125,161	4,493,586
Incurred Claim Loss - Pharmacy	2,559,094	2,905,189
Total Incurred Claim Loss	<u>6,684,255</u>	<u>7,398,775</u>
Operating Expenses:		
Fixed (PMPM) Administrative Expense	\$ 167,314	\$ 150,140
Variable Administrative Expense	28,496	40,422
Salary and Benefit Expense	61,634	186,966
Prescription Administrative Expense	3,767	4,081
Miscellaneous Expense	13,966	9,187
Professional Fee Expense	26,892	33,355
Total Operating Expenses	<u>\$ 302,069</u>	<u>\$ 424,151</u>
Underwriting Gain (Loss)	(4,873,136)	(5,771,521)
Investment Income	3,514	272
Other Income	24	-
Changes to Unassigned Surplus	<u>\$ (4,869,598)</u>	<u>\$ (5,771,249)</u>

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Statement of Changes in Unassigned Surplus January 1 to February 29

	<u>2016</u>	<u>2015</u>
Unassigned Surplus at Beginning of Year	\$ 6,187,923	\$ 8,214,435
Changes to Unassigned Surplus	(4,869,598)	(5,771,249)
Member Assessments	-	-
Unassigned Surplus	<u>\$ 1,318,325</u>	<u>\$ 2,443,187</u>

**WSHIP 2016
Budgeted Cashflow**

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	Feb 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	3,083	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	1,560,015	11,902,625
Grant Revenue	96,347	-	45,294	-	-	-	-	-	-	-	-	-	96,347	141,641
Pharmacy Rebate Income	-	-	50,000	-	-	50,000	-	-	50,000	-	-	-	-	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	93,533	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	3,221,579	40,721,579
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	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	4,971,674	53,615,569
Refunds														
Assessment Refunds	-	3,255,852	-	1,700,000	-	-	-	-	-	-	-	-	3,255,852	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	38,689	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	3,294,541	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	5,229,363	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	2,674,853	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	162,442	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	50,358	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	75,773	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	4,823	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	13,950	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	48,800	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	8,260,362	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											2,986
Cash Balance													
BEGINNING OF MONTH	13,186,859	14,216,707											
Receipts													
Premium Receipts	1,142,274	405,402											1,547,676
Grant Revenue	96,347	45,294											141,641
Pharmacy Rebate Income	-	169,882											169,882
Claim Refunds Receipts	37,298	23,469											60,767
Assessment Receipts	3,208,332	13,247											3,221,579
Investment Income	1,819	1,695											3,514
Other Income	24	-											24
Total Receipts	4,486,094	658,989											5,145,083
Refunds													
Assessment Refunds	-	3,255,852											3,255,852
Premium Refunds	25,734	22,852											48,586
Total Refunds	25,734	3,278,704											3,304,438
Expenses													
Medical Claims	2,057,865	2,117,545											4,175,410
Pharmacy Claims	1,136,882	1,095,730											2,232,612
Fixed (PMPM) Admin	162,313	81,491											243,804
Variable Admin	21,981	13,442											35,423
Salary and Benefits	28,691	34,762											63,453
Prescription Admin	3,775	1,898											5,673
Miscellaneous	5,002	6,414											11,416
Professional Fees	14,004	21,392											35,396
Total Expense	3,430,513	3,372,674											6,803,186
Available Cash Balance	14,216,707	8,224,318											
Inc(Dec) in Abandoned Property Reserve													
Month Ending Cash Balance	\$ 14,216,707	\$ 8,224,318	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**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)											(97)
Receipts													
Premium Receipts	(24)	(12,315)											(12,339)
Grant Revenue	-	45,294											45,294
Pharmacy Rebate Income	-	169,882											169,882
Claim Refunds Receipts	(3,859)	(28,907)											(32,766)
Assessment Receipts	-	-											-
Investment Income	1,719	1,595											3,314
Other Income	24	-											24
Total Receipts	(2,140)	175,549											173,409
Refunds													
Assessment Refunds	-	-											-
Premium Refunds	2,823	(12,720)											(9,897)
Total Refunds	2,823	(12,720)											(9,897)
Expenses													
Medical Claims	552,721	501,233											1,053,953
Pharmacy Claims	259,010	183,232											442,241
Fixed (PMPM) Admin	(80,914)	(448)											(81,362)
Variable Admin	11,025	3,910											14,935
Salary and Benefits	14,166	(1,846)											12,320
Prescription Admin	(1,359)	510											(849)
Miscellaneous	3,298	(764)											2,534
Professional Fees	496	12,908											13,405
Total Expense	758,441	698,734											1,457,176
Available Cash Balance	759,125	1,620,688											
Inc(Dec) in Abandoned													
Property Reserve	-	-											
Month Ending Cash Balance	759,125	1,620,688											

- (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) 3-Week expense allowance is **\$3.0 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.

Washington State Health Insurance Pool 2016 Cash Flow Forecast

Forecast - Updated 03/01/2016

	Actual (Bold)		Forecast										TOTAL
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	
Enrollment:													
Non-Medicare Enrollment	463	442	462	457	452	447	442	437	432	427	422	418	5,301
Medicare Enrollment (Basic and Basic+)	1,055	1,026	1,053	1,053	1,053	1,053	1,053	1,053	1,053	1,053	1,053	1,053	12,611
Total Enrollment Count	1,518	1,468	1,515	1,510	1,505	1,500	1,495	1,490	1,485	1,480	1,475	1,471	17,912
Cash Balance													
BEGINNING OF MONTH	13,186,859	14,216,707	8,224,318	6,220,913	10,777,313	8,543,980	7,462,181	3,890,011	10,765,126	9,849,032	7,819,886	4,060,683	
Receipts													
Premium Receipts	1,142,274	405,402	1,746,976	574,221	389,066	1,729,705	638,440	387,530	1,716,346	627,204	358,559	1,800,404	11,516,127
Grant Revenue	96,347	45,294	-	-	-	-	-	-	-	-	-	-	141,641
Pharmacy Rebate Income	-	169,882	-	-	-	50,000	-	-	50,000	-	-	50,000	319,882
Claim Refunds Receipts	37,298	23,469	48,047	50,325	49,858	52,027	53,786	57,537	51,787	52,770	55,346	49,847	582,096
Assessment Receipts	3,208,332	13,247	-	9,600,000	1,200,000	1,200,000	-	10,800,000	1,350,000	1,350,000	-	10,000,000	38,721,579
Investment Income	1,819	1,695	100	100	100	100	100	100	100	100	100	100	4,514
Other Income	24	-	-	-	-	-	-	-	-	-	-	-	24
Total Receipts	4,486,094	658,989	1,795,123	10,224,646	1,639,023	3,031,832	692,326	11,245,167	3,168,233	2,030,074	414,005	11,900,351	51,285,863
Refunds													
Assessment Refunds	-	3,255,852	-	1,700,000	-	-	-	-	-	-	-	-	4,955,852
Premium Refunds	25,734	22,852	43,674	14,356	9,727	43,243	15,961	9,688	42,909	15,680	8,964	45,010	297,797
Total Refunds	25,734	3,278,704	43,674	1,714,356	9,727	43,243	15,961	9,688	42,909	15,680	8,964	45,010	5,253,649
Expenses													
Medical Claim Expense	2,057,865	2,117,545	2,402,328	2,516,254	2,492,881	2,601,329	2,689,313	2,876,874	2,589,352	2,638,505	2,767,293	2,492,340	30,241,880
Pharmacy Claim Expense	1,136,882	1,095,730	1,173,497	1,282,275	1,204,608	1,317,886	1,382,509	1,309,175	1,296,891	1,245,967	1,187,591	1,219,760	14,852,770
PMPM Administrative Expense	162,313	81,491	80,747	80,392	80,096	79,741	79,445	79,149	78,793	78,497	78,201	77,905	1,036,770
Variable Administrative Expense	21,981	13,442	17,288	17,234	17,170	17,116	19,562	16,998	16,944	16,891	24,837	16,782	216,245
Salary and Benefits Expense	28,691	34,762	32,196	32,196	32,196	32,196	32,196	32,196	32,196	32,196	32,196	32,378	385,596
Prescription Administrative Expense	3,775	1,898	2,397	2,389	2,378	2,370	2,361	2,351	2,343	2,334	2,326	2,317	29,239
Miscellaneous Expense	5,002	6,414	14,900	5,650	8,300	6,250	5,650	26,620	8,900	5,650	8,300	23,214	124,849
Professional Fees	14,004	21,392	31,500	17,500	25,000	13,500	37,500	17,000	16,000	23,500	63,500	19,500	299,896
Total Expense	3,430,513	3,372,674	3,754,853	3,953,890	3,862,630	4,070,388	4,248,536	4,360,364	4,041,419	4,043,540	4,164,244	3,884,196	47,187,246
Available Cash Balance	14,216,707	8,224,318	6,220,913	10,777,313	8,543,980	7,462,181	3,890,011	10,765,126	9,849,032	7,819,886	4,060,683	12,031,827	
Inc(Dec) in Abandoned Property Reserve	-	-	-	-	-	-	-	-	-	-	-	-	
Month Ending Cash Balance	14,216,707	8,224,318	6,220,913	10,777,313	8,543,980	7,462,181	3,890,011	10,765,126	9,849,032	7,819,886	4,060,683	12,031,827	

- (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 10% increase. Assumes a Medicare premium rate increase of 3% for both Basic and Basic Plus.
- (4) Non-medicare enrollment projected to decrease by 1.5% monthly. All Medicare combined enrollment projected to remain the same over time.
- (5) Assumes assessments on March (**\$12.0 M**), July (**\$13.5 M**) and November (**\$12.5 M**) TOTAL **\$38.0 M**
- (6) 3-Week expense allowance is **\$2.7 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
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	32,378	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											905
Medicare Basic	825	797											
Medicare Basic Plus	230	229											459
Total Membership	1,518	1,468	-	-	-	-	-	-	-	-	-	-	2,986
PMPM Administrative Expense (2)	162,313	81,491											\$243,804
Variable Administrative Expense (3)	21,981	13,442											\$35,423
Salary and Benefits Expense (4)	28,691	34,762											\$63,453
RX Benefit Management Fees	3,775	1,898											\$5,673
Miscellaneous Expense (5)	5,002	6,414											\$11,416
Professional Fees (6)	14,004	21,392											\$35,396
Total Actual Operating Expenses	\$235,766	\$159,398	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$395,164

Variance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
Membership: (1)													
Non-Medicare	(36)	(52)											(88)
Medicare Basic	17	(13)											4
Medicare Basic Plus	(7)	(6)											(13)
Total Membership	(26)	(71)	-	-	-	-	-	-	-	-	-	-	(97)
PMPM Administrative Expense (2)	(80,914)	(448)											(\$81,362)
Variable Administrative Expense (3)	11,025	3,910											\$14,935
Salary and Benefits Expense (4)	14,165	(1,846)											\$12,320
RX Benefit Management Fees	(1,359)	510											(\$849)
Miscellaneous Expense (5)	3,298	(764)											\$2,534
Professional Fees (6)	496	12,908											\$13,404
Total Variance Expenses	(\$53,289)	\$14,270	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$39,018)

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 February 29, 2016			
	Projected	Actual	Variance	% Change
Membership	1,539	1,468	(71)	-5%
Avg Premium Receipt PMPM	\$265	\$261	(\$4)	-2%
Avg Medical Claim Expense PMPM	\$1,668	\$1,426	\$242	15%
Avg Pharmacy Claim Expense PMPM	\$831	\$746	\$85	10%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$2,234)	(\$1,911)	\$323	14%
Avg Premium Receipt Less Avg Claim Expense Total	(\$3,438,126)	(\$2,805,348)	\$632,778	18%
Variance Due to Changes in Membership			\$135,681	
Variance Due to Changes in Claim Expenses			\$497,097	

CASH BASIS	Year-To-Date February 29, 2016			
	Projected	Actual	Variance	% Change
Member Months	3,083	2,986	(97)	-3%
Avg Premium Receipt PMPM	\$493	\$502	\$9	2%
Avg Medical Claim Expense PMPM	\$1,666	\$1,378	\$288	17%
Avg Pharmacy Claim Expense PMPM	\$868	\$748	\$120	14%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$2,041)	(\$1,624)	\$417	20%
Avg Premium Receipt Less Avg Claim Expense Total	(\$6,292,403)	(\$4,849,264)	\$1,443,139	23%
Variance Due to Changes in Membership			\$157,528	
Variance Due to Changes in Claim Expenses			\$1,285,611	

INCURRED BASIS	Year-To-Date February 29, 2016	Year-To-Date February 28, 2015
	Actual	Actual - Prior Year
Member Months	2,986	3,286
Avg Premium Income PMPM	\$651	\$624
Avg Medical Claim Expense PMPM (1)	\$1,660	\$1,620
Avg Pharmacy Claim Expense PMPM (2)	\$829	\$771
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,838)	(\$1,767)
Avg Premium Receipt Less Avg Claim Expense Total	(\$5,488,268)	(\$5,806,362)

(1) Incurred medical claims data totals \$4,955,731 which is derived from \$1,600,731 actual paid claims with dates of service between 1-1-16 and 2-29-16 and \$3,355,000 IBNR reserve.

(2) Incurred pharmacy claims data totals \$2,473,968 which is derived from \$1,634,968 actual paid claims with dates of service between 1-1-16 and 2-29-16 and \$839,000 IBNR reserve.