

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

1. 2017 Interim I Assessment Required

An assessment of \$9.5 M is required to adequately fund the pool until the next scheduled assessment in July 2017. This assessment was approved by the Board of Directors and generated on March 27, 2017 with invoices due April 27, 2017 except for the carriers who have installment payment arrangements, at which point the invoices are due in total by June 27, 2017.

2. Financial Statements – February 2017

Balance Sheet

Cash on hand decreased by \$2.5 M or 22.9% from January 2017 to February 2017. The current cash position is \$8.3 M which is well above our current 4-week expense allowance of \$3.4 M. As of the end of February 2017, the entire \$8.3 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 2017 is \$5.0 M. This is a decrease of \$97 K or 1.9% from the prior month. Medical IBNR decreased \$297 K or 7.0% and pharmacy IBNR increased \$200 K or 24.2% from January 2017.

As of February 2017, the equity position of WSHIP is a positive \$2.2 M.

Income Statement

Total member months for February 2017 YTD are lower by 45 member months or 1.5% lower than February 2016 YTD. Member months are measured as the cumulative monthly member count (PMPM) over a period of time. The total incurred claim loss for February 2017 YTD is \$815 K or 12.2% lower than February 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 February 2017 YTD, the medical claims portion is \$785 K or 19.0% lower than February 2016 YTD, and the pharmacy claims portion is \$30 K or 1.2% lower than February 2016 YTD.

February 2017 YTD administrative expenses are \$2 K or less than 1% lower than the administrative expenses for February 2016 YTD. The ratio of administrative expenses as a percentage of total cost is 5.0% for February 2017 YTD as compared to 4.3% for 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 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 \$8.3 M is \$1.0 M or 14.3% higher than the budgeted cash balance of \$7.3 M. Total net cash receipts for February 2017 YTD are \$148 K or 5.7% favorable to budget. Total YTD expenses are \$895 K or 12.6% favorable to budget. The YTD administrative expenses are \$45 K or 13.5% favorable to budget. Total YTD medical claims expense is \$711 K or 16.5% favorable to budget; while total YTD pharmacy claims expense is \$138 K or 5.7% favorable to budget.

### 4. Medicare vs. Non-Medicare Cash Flow – February 2017

As of February, the YTD Medicare member months total 2,144 and represents 73% of the combined WSHIP member months. The YTD Non-Medicare member months total 797 and account for 27% of the combined WSHIP member months. The YTD Medicare Loss Ratio is 181% while the YTD Non-Medicare Loss Ratio is 260%. On a cash basis, the YTD Claims PMPM is \$815 for Medicare members and \$5,207 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 January 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 February 2017. For March 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 \$33.0 M which is same amount assessed in 2016.

### 6. Administrative Expense Budget

For February 2017, YTD administrative expenses are \$45 K or 13.5% favorable to budget (cash basis).

## 7. Financial Performance

February 2017 YTD member months are 34 member months or 1% higher than projected in the original budget. Through February 2017, average premium receipt PMPM is 5% higher than anticipated, average medical claims expense PMPM is 17% lower than expected and average pharmacy claims expense PMPM is 7% lower than anticipated.

On an incurred basis, the average YTD medical claims expense PMPM is \$1,350 as compared to \$1,206 on a cash basis. Also on an incurred basis, the average YTD pharmacy claims expense PMPM is \$925 as compared to \$780 on a cash basis.

# WASHINGTON STATE HEALTH INSURANCE POOL

## Unaudited Balance Sheet as of February 28

Total Enrollment: 1,447

	<u>2017</u>	<u>2016</u>
<b>Assets:</b>		
Cash	\$ 8,345,429	\$ 8,224,318
Premiums Receivable	137,603	100,939
Assessments Receivable	139	-
Grants Receivable	-	-
Prepaid Expense	-	-
<b>Total Assets</b>	<u>\$ 8,483,171</u>	<u>\$ 8,325,257</u>
 <b>Liabilities and Unassigned Surplus:</b>		
Reserve for Unpaid Losses - Medical	\$ 3,949,000	\$ 4,788,000
Reserve for Unpaid Losses - Pharmacy	1,025,000	845,000
Accrued Loss Adjustment	313,000	315,000
Premiums Received in Advance	831,916	829,027
Assessments Payable	-	-
Accrued Expenses	166,119	146,825
Abandoned Claim Reserve	19,897	83,081
<b>Total Liabilities</b>	<u>\$ 6,304,933</u>	<u>\$ 7,006,932</u>
<b>Unassigned Surplus</b>	2,178,238	1,318,325
<b>Total Liabilities and Unassigned Surplus</b>	<u>\$ 8,483,171</u>	<u>\$ 8,325,257</u>

# WASHINGTON STATE HEALTH INSURANCE POOL

## Unaudited Statement of Operations January 1 to February 28

	<u>2017</u>	<u>2016</u>
Total Member Months	2,941	2,986
<b>Premium Income Earned</b>	\$ 2,261,522	\$ 1,943,306
<b>Pharmacy Rebate Income</b>	15,401	169,882
<b>Grant Income</b>	-	-
<b>Incurred Claim Loss - Medical</b>	3,340,174	4,125,161
<b>Incurred Claim Loss - Pharmacy</b>	2,528,886	2,559,094
<b>Total Incurred Claim Loss</b>	<u>5,869,060</u>	<u>6,684,255</u>
<b>Operating Expenses:</b>		
Fixed (PMPM) Administrative Expense	\$ 158,685	\$ 167,314
Variable Administrative Expense	26,853	28,496
Salary and Benefit Expense	58,430	61,634
Prescription Administrative Expense	6,493	3,767
Miscellaneous Expense	17,643	13,966
Professional Fee Expense	31,918	26,892
<b>Total Operating Expenses</b>	<u>\$ 300,020</u>	<u>\$ 302,069</u>
<b>Underwriting Gain (Loss)</b>	(3,892,159)	(4,873,136)
<b>Investment Income</b>	8,141	3,514
<b>Other Income</b>	-	24
<b>Changes to Unassigned Surplus</b>	<u>\$ (3,884,017)</u>	<u>\$ (4,869,598)</u>

# WASHINGTON STATE HEALTH INSURANCE POOL

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

	<u>2017</u>	<u>2016</u>
Unassigned Surplus at Beginning of Year	\$ 6,062,256	\$ 6,187,923
Changes to Unassigned Surplus	(3,884,017)	(4,869,598)
Member Assessments	-	-
<b>Unassigned Surplus</b>	<u>\$ 2,178,238</u>	<u>\$ 1,318,325</u>

**WSHIP 2017  
Budgeted Cashflow**

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	February YTD	TOTAL
<b>Enrollment Count</b>	1,453	1,454	1,455	1,456	1,457	1,458	1,459	1,460	1,461	1,462	1,463	1,464	2,907	17,502
<b>Cash Balance</b>														
<b>BEGINNING OF MONTH</b>	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		
<b>Receipts</b>														
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	2,467,450	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	73,392	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	70,977	32,570,977
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	200	1,200
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Receipts</b>	<b>2,144,179</b>	<b>467,840</b>	<b>1,995,621</b>	<b>8,719,071</b>	<b>1,360,508</b>	<b>2,920,955</b>	<b>914,205</b>	<b>10,355,321</b>	<b>3,166,698</b>	<b>2,021,717</b>	<b>505,731</b>	<b>10,530,956</b>	<b>2,612,019</b>	<b>45,102,800</b>
<b>Refunds</b>														
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	61,686	296,911
<b>Total Refunds</b>	<b>848,749</b>	<b>10,708</b>	<b>47,654</b>	<b>17,026</b>	<b>8,024</b>	<b>45,827</b>	<b>21,939</b>	<b>7,984</b>	<b>45,760</b>	<b>18,329</b>	<b>11,638</b>	<b>11,045</b>	<b>859,456</b>	<b>1,094,681</b>
<b>Expenses</b>														
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	4,317,152	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	2,431,137	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	150,432	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	37,750	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	75,125	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	4,519	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	13,450	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	49,500	259,567
<b>Total Expense</b>	<b>3,290,286</b>	<b>3,788,780</b>	<b>3,913,373</b>	<b>3,871,441</b>	<b>3,939,864</b>	<b>3,877,701</b>	<b>3,815,951</b>	<b>3,803,360</b>	<b>3,928,881</b>	<b>3,986,734</b>	<b>3,958,404</b>	<b>3,945,760</b>	<b>7,079,065</b>	<b>46,120,534</b>
<b>Month Ending Cash Balance</b>	<b>\$ 10,634,486</b>	<b>\$ 7,302,839</b>	<b>\$ 5,337,432</b>	<b>\$ 10,168,036</b>	<b>\$ 7,580,657</b>	<b>\$ 6,578,084</b>	<b>\$ 3,654,398</b>	<b>\$ 10,198,375</b>	<b>\$ 9,390,433</b>	<b>\$ 7,407,086</b>	<b>\$ 3,942,775</b>	<b>\$ 10,516,926</b>		

<b>Actual</b>	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
<b>Enrollment Count</b>	1,494	1,447											2,941
<b>Cash Balance</b>													
<b>BEGINNING OF MONTH</b>	12,629,341	10,823,097	8,345,429	8,345,429	8,345,429	8,345,429	8,345,429	8,345,429	8,345,429	8,345,429	8,345,429	8,345,429	
<b>Receipts</b>													
Premium Receipts	2,083,674	476,316											2,559,990
Grant Revenue	-	-											-
Pharmacy Rebate Income	-	15,401											15,401
Claim Refunds Receipts	47,102	11,429											58,532
Assessment Receipts	70,838	-											70,838
Investment Income	4,644	3,498											8,141
Other Income	-	-											-
<b>Total Receipts</b>	<b>2,206,257</b>	<b>506,644</b>											<b>2,712,902</b>
<b>Refunds</b>													
Assessment Refunds	797,770	-											797,770
Premium Refunds	496	13,994											14,490
<b>Total Refunds</b>	<b>798,266</b>	<b>13,994</b>											<b>812,260</b>
<b>Expenses</b>													
Medical Claims	1,945,700	1,659,997											3,605,696
Pharmacy Claims	1,123,106	1,169,789											2,292,895
Fixed (PMPM) Admin	79,079	79,010											158,090
Variable Admin	12,793	7,866											20,659
Salary and Benefits	30,101	37,423											67,524
Prescription Admin	1,748	-											1,748
Miscellaneous	8,138	8,482											16,620
Professional Fees	13,572	7,749											21,321
<b>Total Expense</b>	<b>3,214,236</b>	<b>2,970,317</b>											<b>6,184,554</b>
<b>Available Cash Balance</b>	<b>10,823,097</b>	<b>8,345,429</b>	<b>8,345,429</b>	<b>8,345,429</b>	<b>8,345,429</b>	<b>8,345,429</b>	<b>8,345,429</b>	<b>8,345,429.45</b>	<b>8,345,429</b>	<b>8,345,429</b>	<b>8,345,429</b>	<b>8,345,429</b>	
<b>Inc(Dec) in Abandoned Property Reserve</b>													
<b>Month Ending Cash Balance</b>	<b>\$ 10,823,097</b>	<b>\$ 8,345,429</b>	<b>\$ 8,345,429</b>	<b>\$ 8,345,429</b>	<b>\$ 8,345,429</b>	<b>\$ 8,345,429</b>	<b>\$ 8,345,429</b>	<b>\$ 8,345,429</b>	<b>\$ 8,345,429</b>	<b>\$ 8,345,429</b>	<b>\$ 8,345,429</b>	<b>\$ 8,345,429</b>	

**WSHIP 2017  
Budgeted Cashflow**

<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>	41	(7)											34
<b>Receipts</b>													
Premium Receipts	44,533	48,006											92,539
Grant Revenue	-	-											-
Pharmacy Rebate Income	-	15,401											15,401
Claim Refunds Receipts	13,002	(27,862)											(14,860)
Assessment Receipts	-	(139)											(139)
Investment Income	4,544	3,398											7,941
Other Income	-	-											-
<b>Total Receipts</b>	<b>62,079</b>	<b>38,804</b>											<b>100,883</b>
<b>Refunds</b>													
Assessment Refunds	-	-											-
Premium Refunds	50,483	(3,286)											47,196
<b>Total Refunds</b>	<b>50,483</b>	<b>(3,286)</b>											<b>47,196</b>
<b>Expenses</b>													
Medical Claims	60,185	651,271											711,456
Pharmacy Claims	-	138,242											138,242
Fixed (PMPM) Admin	(4,203)	(3,454)											(7,658)
Variable Admin	2,627	14,464											17,091
Salary and Benefits	12,422	(4,822)											7,601
Prescription Admin	511	2,260											2,772
Miscellaneous	(88)	(3,082)											(3,170)
Professional Fees	4,595	23,584											28,179
<b>Total Expense</b>	<b>76,049</b>	<b>818,462</b>											<b>894,512</b>
<b>Available Cash Balance</b>	<b>188,611</b>	<b>1,042,591</b>											
<b>Inc(Dec) in Abandoned</b>													
<b>Property Reserve</b>													
<b>Month Ending Cash Balance</b>	<b>188,611</b>	<b>1,042,591</b>											

- (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.



**WSHIP 2017**  
**Medicare vs. Non-Medicare Cash Flow**

	January	February	March	April	May	June	July	August	September	October	November	December	YTD
<b>Medicare</b>													
Enrollment Count	1,087	1,057											2,144
Premiums	650,072	313,866											963,938
Medical Claims	784,011	749,578											1,533,588
RX Claims	100,459	114,202											214,661
Total Claims	884,470	863,780	-	-	-	-	-	-	-	-	-	-	1,748,249
Income/Loss	(234,398)	(549,914)	-	-	-	-	-	-	-	-	-	-	(784,312)
Loss Ratio	136%	275%											181%
Claims PMPM	814	817											815
<b>Non Medicare</b>													
Enrollment Count	407	390											797
Premiums	1,433,602	162,450											1,596,052
Medical Claims	1,161,689	910,419											2,072,108
RX Claims	1,022,647	1,055,587											2,078,234
Total Claims	2,184,336	1,966,007	-	-	-	-	-	-	-	-	-	-	4,150,343
Income/Loss	(750,734)	(1,803,557)	-	-	-	-	-	-	-	-	-	-	(2,554,291)
Loss Ratio	152%	1210%											260%
Claims PMPM	5,367	5,041											5,207
<b>Combined Medicare/Non Medicare</b>													
Enrollment Count	1,494	1,447	-	-	-	-	-	-	-	-	-	-	2,941
Premiums	2,083,674	476,316	-	-	-	-	-	-	-	-	-	-	2,559,989
Medical Claims	1,945,700	1,659,997	-	-	-	-	-	-	-	-	-	-	3,605,699
RX Claims	1,123,106	1,169,789	-	-	-	-	-	-	-	-	-	-	2,292,895
Total Claims	3,068,806	2,829,786	-	-	-	-	-	-	-	-	-	-	5,898,594
Income/Loss	(985,132)	(2,353,471)	-	-	-	-	-	-	-	-	-	-	(3,338,605)
Loss Ratio	147%	594%											230%
Claims PMPM	2,054	1,956											2,006

**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 01/31/2017

	Actual (Bold)		Forecast										TOTAL
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	
<b>Enrollment:</b>													
Non-Medicare Enrollment	407	390	401	399	398	397	396	395	394	393	391	390	4,751
Medicare Enrollment (Basic and Basic+)	1,087	1,057	1,085	1,086	1,087	1,088	1,089	1,090	1,091	1,092	1,093	1,094	13,039
<b>Total Enrollment Count</b>	<b>1,494</b>	<b>1,447</b>	1,486	1,485	1,485	1,485	1,485	1,485	1,485	1,485	1,484	1,484	17,790
<b>Cash Balance</b>													
<b>BEGINNING OF MONTH</b>	<b>12,629,341</b>	<b>10,823,097</b>	8,345,429	6,777,624	11,229,343	8,573,511	7,568,159	4,663,761	9,970,739	9,083,555	7,067,041	3,777,757	
<b>Receipts</b>													
Premium Receipts	2,083,674	476,316	1,700,453	715,691	337,309	1,926,363	922,238	335,623	1,923,545	770,480	489,194	464,272	12,145,157
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Pharmacy Rebate Income	-	15,401	-	-	-	50,000	-	-	50,000	-	-	50,000	165,401
Claim Refunds Receipts	47,102	11,429	34,728	37,800	39,603	38,024	36,395	36,089	37,938	38,289	35,892	38,450	431,740
Assessment Receipts	70,838	-	-	7,600,000	950,000	950,000	-	8,800,000	1,100,000	1,100,000	-	10,000,000	30,570,838
Investment Income	4,644	3,498	100	100	100	100	100	100	100	100	100	100	9,141
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Receipts</b>	<b>2,206,257</b>	<b>506,644</b>	1,735,281	8,353,591	1,327,012	2,964,486	958,733	9,171,813	3,111,583	1,908,869	525,185	10,552,823	43,322,278
<b>Refunds</b>													
Assessment Refunds	797,770	-	-	-	-	-	-	-	-	-	-	-	797,770
Premium Refunds	496	13,994	42,511	17,892	8,433	48,159	23,056	8,391	48,089	19,262	12,230	11,607	254,119
<b>Total Refunds</b>	<b>798,266</b>	<b>13,994</b>	42,511	17,892	8,433	48,159	23,056	8,391	48,089	19,262	12,230	11,607	1,051,889
<b>Expenses</b>													
Medical Claim Expense	1,945,700	1,659,997	2,042,812	2,223,539	2,329,572	2,236,701	2,140,901	2,122,910	2,231,652	2,252,291	2,111,274	2,261,787	25,559,135
Pharmacy Claim Expense	1,123,106	1,169,789	1,039,879	1,515,600	1,489,806	1,543,456	1,533,213	1,567,531	1,571,234	1,502,747	1,525,193	1,461,557	17,043,112
PMPM Administrative Expense	79,079	79,010	75,585	75,615	75,644	75,674	75,703	75,733	75,762	75,791	75,821	75,850	915,268
Variable Administrative Expense	12,793	7,866	14,840	14,849	14,859	14,869	15,878	14,888	15,897	14,907	21,917	14,925	178,488
Salary and Benefits Expense	30,101	37,423	31,882	31,882	31,882	31,882	31,882	31,882	31,882	31,882	31,882	32,070	386,530
Prescription Administrative Expense	1,748	-	2,261	2,262	2,264	2,265	2,266	2,267	2,268	2,269	2,270	2,271	24,410
Miscellaneous Expense	8,138	8,482	16,650	5,400	8,050	6,000	5,400	26,900	8,650	5,400	8,050	22,964	130,084
Professional Fees	13,572	7,749	36,667	14,833	22,333	10,833	34,833	14,333	13,333	20,833	25,833	16,233	231,388
<b>Total Expense</b>	<b>3,214,236</b>	<b>2,970,317</b>	3,260,575	3,883,980	3,974,410	3,921,680	3,840,076	3,856,444	3,950,678	3,906,120	3,802,240	3,887,657	44,468,414
<b>Available Cash Balance</b>	<b>10,823,097</b>	<b>8,345,429</b>	6,777,624	11,229,343	8,573,511	7,568,159	4,663,761	9,970,739	9,083,555	7,067,041	3,777,757	10,431,316	
<b>Inc(Dec) in Abandoned Property Reserve</b>	<b>-</b>	<b>-</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Month Ending Cash Balance</b>	<b>10,823,097</b>	<b>8,345,429</b>	6,777,624	11,229,343	8,573,511	7,568,159	4,663,761	9,970,739	9,083,555	7,067,041	3,777,757	10,431,316	

- (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 1 member 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 (\$11.0 M) and November (\$12.5 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 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  
2017 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>
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
<b>Total Membership</b>	<b>1,453</b>	<b>1,454</b>	<b>1,455</b>	<b>1,456</b>	<b>1,457</b>	<b>1,458</b>	<b>1,459</b>	<b>1,460</b>	<b>1,461</b>	<b>1,462</b>	<b>1,463</b>	<b>1,464</b>	<b>17,502</b>
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
<b>Total Budget Operating Expenses</b>	<b>\$161,295</b>	<b>\$169,481</b>	<b>\$177,885</b>	<b>\$144,841</b>	<b>\$155,032</b>	<b>\$141,523</b>	<b>\$165,962</b>	<b>\$166,003</b>	<b>\$147,792</b>	<b>\$151,082</b>	<b>\$165,773</b>	<b>\$164,313</b>	<b>\$1,910,981</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>
Member Months: (1)													
Non-Medicare	407	390											797
Medicare Basic	884	858											1,742
Medicare Basic Plus	203	199											402
<b>Total Membership</b>	<b>1,494</b>	<b>1,447</b>											<b>2,941</b>
PMPM Administrative Expense (2)	79,079	79,010											\$158,090
Variable Administrative Expense (3)	12,793	7,866											\$20,659
Salary and Benefits Expense (4)	30,101	37,423											\$67,524
RX Benefit Management Fees	1,748	-											\$1,748
Miscellaneous Expense (5)	8,138	8,482											\$16,620
Professional Fees (6)	13,572	7,749											\$21,321
<b>Total Actual Operating Expenses</b>	<b>\$145,430</b>	<b>\$140,531</b>											<b>\$285,962</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>
Member Months: (1)													
Non-Medicare	9	(6)											3
Medicare Basic	36	5											41
Medicare Basic Plus	(4)	(6)											(10)
<b>Total Membership</b>	<b>41</b>	<b>(7)</b>											<b>34</b>
PMPM Administrative Expense (2)	(4,203)	(3,454)											(\$7,658)
Variable Administrative Expense (3)	2,627	14,464											\$17,091
Salary and Benefits Expense (4)	12,422	(4,822)											\$7,601
RX Benefit Management Fees	511	2,260											\$2,772
Miscellaneous Expense (5)	(88)	(3,082)											(\$3,170)
Professional Fees (6)	4,595	23,584											\$28,179
<b>Total Variance Expenses</b>	<b>\$15,865</b>	<b>\$28,950</b>											<b>\$44,815</b>

**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 February 28, 2017			
	Projected	Actual	Variance	% Change
Membership	1,454	1,447	(7)	0%
Avg Premium Receipt PMPM	\$287	\$320	\$33	11%
Avg Medical Claim Expense PMPM	\$1,563	\$1,139	\$424	27%
Avg Pharmacy Claim Expense PMPM	\$900	\$808	\$92	10%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$2,176)	(\$1,627)	\$549	25%
Avg Premium Receipt Less Avg Claim Expense Total	(\$3,163,904)	(\$2,354,269)	\$809,635	26%
Variance Due to Changes in Membership			\$11,389	
Variance Due to Changes in Claim Expenses			\$798,246	

CASH BASIS	Year-To-Date February 28, 2017			
	Projected	Actual	Variance	% Change
Member Months	2,907	2,941	34	1%
Avg Premium Receipt PMPM	\$828	\$866	\$38	5%
Avg Medical Claim Expense PMPM	\$1,460	\$1,206	\$254	17%
Avg Pharmacy Claim Expense PMPM	\$836	\$780	\$56	7%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,468)	(\$1,120)	\$348	24%
Avg Premium Receipt Less Avg Claim Expense Total	(\$4,267,476)	(\$3,293,920)	\$973,556	23%
Variance Due to Changes in Membership			(\$38,080)	
Variance Due to Changes in Claim Expenses			\$1,011,636	

INCURRED BASIS	Year-To-Date February 28, 2017	Year-To-Date February 28, 2016
	Actual	Actual - Prior Year
Member Months	2,941	2,986
Avg Premium Income PMPM	\$769	\$651
Avg Medical Claim Expense PMPM (1)	\$1,350	\$1,660
Avg Pharmacy Claim Expense PMPM (2)	\$925	\$829
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,506)	(\$1,838)
Avg Premium Receipt Less Avg Claim Expense Total	(\$4,429,146)	(\$5,488,268)

(1) Incurred medical claims data totals \$3,970,882 which is derived from \$1,093,882 actual paid claims with dates of service between 01-01-17 and 02-28-17 and \$2,877,000 IBNR reserve.

(2) Incurred pharmacy claims data totals \$2,720,564 which is derived from \$1,697,564 actual paid claims with dates of service between 01-01-17 and 02-28-17 and \$1,023,000 IBNR reserve.