

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

1. 2013 Interim III Assessment Required

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 February 28, 2013, we have \$1.9 M left to collect.

2. Financial Statements – January 2014

Balance Sheet

Cash on hand decreased by \$1.6 M or 5.0% from December 2013 to January 2014. The current cash position is \$30.5 M which is above the projected three week expense allowance of \$4.2 M. As of the end of January 2014, the entire \$30.5 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 January 2014 is \$10.3 M. This represents a decrease of \$3.5 M or 25.4% as compared to the prior month. Medical IBNR decreased \$765 K or 8.2% and pharmacy IBNR decreased \$2.8 M or 61.6% from December 2013.

As of January 2014, the equity position of WSHIP is a positive \$18.0 M.

Income Statement

Total member months for January 2014 are lower by 1,096 member months or 30.2% lower than January 2013. Member months are measured as the cumulative monthly member count (PMPM) over a period of time. The total incurred claim loss for January 2014 is \$2.4 M or 37.4% lower than January 2013. 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 January 2014, the medical claims portion is \$1.6 M or 31.2% lower than January 2013, and the pharmacy claims portion is \$774 K or 62.8% lower than January 2013.

January 2014 administrative expenses are flat to the administrative expenses in January 2013. The ratio of administrative expenses as a percentage of total cost is 6.3% for January 2014 as compared to 4.0% in January of the prior year. Total cost

is calculated as total incurred claim loss less pharmacy rebates plus administrative expenses.

3. Budgeted Cash Flow – January 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 January 2014 to reflect new projections from Liz Leif.

The ending cash balance of \$30.5 M is \$3.4 M higher than the budgeted cash balance of \$27.1 M. Total net cash receipts for January 2014 are \$1.1 M or 20.7% favorable to budget. Total expenses are \$2.5 M or 25.1% favorable to budget. The administrative expenses are \$52 K or 24.5% unfavorable to budget. Total medical claims expense is \$168 K or 4.1% unfavorable to budget, while total pharmacy claims expense is \$2.5 M or 43.6% favorable to budget.

4. 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 January 2014. For February 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.

5. Administrative Expense Budget

For January 2014, administrative expenses are \$52 K or 24.5% unfavorable to budget (cash basis).

6. Financial Performance

January 2014 member months are 309 member months or 11% lower than projected in the original budget. Through January 2014, average premium receipt PMPM is 108% higher than anticipated because EHIP paid first quarter 2014 premiums for all

of its members although many of them will be termed before the end of the first quarter. Average medical claims expense PMPM is 13% lower than anticipated and average pharmacy claims expense PMPM is 5% lower than anticipated.

On an incurred basis, the average medical claims expense PMPM is \$1,299 as compared to \$1,656 on a cash basis. Also on an incurred basis, the average pharmacy claims expense PMPM is \$1,595 as compared to \$1,299 on a cash basis.

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Balance Sheet as of January 31

Total Enrollment: 2,534

	<u>2014</u>	<u>2013</u>
Assets:		
Cash	\$ 30,528,025	\$ 22,063,855
Premiums Receivable	2,357,692	607,174
Assessments Receivable	2,435,799	2,310,255
Grants Receivable	71,247	-
Other Receivable	-	150,000
Prepaid Expense	-	364
Total Assets	<u><u>\$ 35,392,763</u></u>	<u><u>\$ 25,131,648</u></u>
 Liabilities and Unassigned Surplus:		
Reserve for Unpaid Losses - Medical	\$ 8,610,000	\$ 12,311,000
Reserve for Unpaid Losses - Pharmacy	1,721,000	1,577,000
Accrued Loss Adjustment	419,000	400,000
Premiums Received in Advance	4,045,210	4,483,781
Assessments Payable	1,436,537	-
Accrued Expenses	1,107,026	293,367
Abandoned Claim Reserve	71,331	69,585
Total Liabilities	\$ 17,410,104	\$ 19,134,732
Unassigned Surplus	17,982,658	5,996,915
Total Liabilities and Unassigned Surplus	<u><u>\$ 35,392,763</u></u>	<u><u>\$ 25,131,648</u></u>

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Statement of Operations January 1 to January 31

	<u>2014</u>	<u>2013</u>
Total Member Months	2,534	3,630
Premium Income Earned	\$ 1,854,851	\$ 2,771,658
Pharmacy Rebate Income	-	-
Grant Income	-	-
Incurred Claim Loss - Medical	3,480,458	5,060,649
Incurred Claim Loss - Pharmacy	458,230	1,232,388
Total Incurred Claim Loss	<u>3,938,688</u>	<u>6,293,037</u>
Operating Expenses:		
Fixed (PMPM) Administrative Expense	\$ 126,103	\$ 141,870
Variable Administrative Expense	35,478	49,106
Salary and Benefit Expense	54,309	30,628
Prescription Administrative Expense	4,710	9,676
Miscellaneous Expense	22,198	10,283
Professional Fee Expense	20,751	22,495
Total Operating Expenses	<u>\$ 263,548</u>	<u>\$ 264,059</u>
Underwriting Gain (Loss)	(2,347,385)	(3,785,438)
Investment Income	281	226
Other Income	-	-
Changes to Unassigned Surplus	<u>\$ (2,347,105)</u>	<u>\$ (3,785,212)</u>

WASHINGTON STATE HEALTH INSURANCE POOL

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

	<u>2014</u>	<u>2013</u>
Unassigned Surplus at Beginning of Year	\$ 20,329,763	\$ 9,782,127
Changes to Unassigned Surplus	(2,347,105)	(3,785,212)
Member Assessments	-	-
Unassigned Surplus	<u>\$ 17,982,658</u>	<u>\$ 5,996,915</u>

WSHIP
Budgeted Cashflow 2014

Budget - Updated Feb 2014

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JAN YTD	TOTAL
Enrollment Count	2,535	2,190	2,128	2,117	2,107	2,097	2,087	2,077	2,067	2,058	2,049	2,041	2,535	25,553
Cash Balance														
BEGINNING OF MONTH	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		
Receipts														
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	1,876,591	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	94,955	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	-	-	3,150,000	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	100	1,200
Abandoned Claims	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	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	5,192,893	75,812,328
Refunds														
Assessment Refunds	-	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	54,702	1,321,850
Total Refunds	54,702	966,401	782,699	50,373	49,707	49,053	48,413	47,786	47,172	46,570	45,980	45,402	54,702	2,234,258
Assessment Payments														
HBE Assessment	-	-	-	-	-	-	-	-	-	-	-	20,838,000	-	20,838,000
Expenses														
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	4,090,017	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	5,834,658	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	106,787	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	33,647	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	34,676	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	5,459	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	8,305	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	23,758	397,291
Total Expense	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	10,137,306	64,640,903
Available Cash Balance	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		
Inc(Dec) in Abandoned Property Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Month Ending Cash Balance	\$ 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		

Actual	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
Enrollment Count	2,534												2,534
Cash Balance													
BEGINNING OF MONTH	32,118,470												
Receipts													
Premium Receipts	3,948,909												3,948,909
Grant Revenue	-												-
Pharmacy Rebate Income	-												-
Claim Refunds Receipts	61,192												61,192
Assessment Receipts	2,255,260												2,255,260
Investment Income	281												281
Abandoned Claims	-												-
Other Income	-												-
Total Receipts	6,265,642												6,265,642
Refunds													
Assessment Refunds	-												-
Premium Refunds	41,960												41,960
Total Refunds	41,960												41,960
Expenses													
Medical Claims	4,257,882												4,257,882
Pharmacy Claims	3,290,997												3,290,997
Fixed (PMPM) Admin	153,700												153,700
Variable Admin	18,488												18,488
Salary and Benefits	41,811												41,811
Prescription Admin	14,837												14,837
Miscellaneous	16,811												16,811
Professional Fees	19,113												19,113
Total Expense	7,813,639												7,813,639
Available Cash Balance	30,528,513												
Inc(Dec) in Abandoned Property Reserve	(488)												
Month Ending Cash Balance	\$ 30,528,025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

WSHIP
Budgeted Cashflow 2014

Variance to Budget	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
Favorable/(Unfavorable)													
Enrollment Count		(1)											(1)
Receipts													
Premium Receipts	2,072,318												2,072,318
Grant Revenue	(71,247)												(71,247)
Pharmacy Rebate Income	-												-
Claim Refunds Receipts	(33,763)												(33,763)
Assessment Receipts	(894,740)												(894,740)
Investment Income	181												181
Abandoned Claims	-												-
Other Income	-												-
Total Receipts	1,072,749												1,072,749
Refunds													
Assessment Refunds	-												-
Premium Refunds	12,742												12,742
Total Refunds	12,742												12,742
Expenses													
Medical Claims	(167,865)												(167,865)
Pharmacy Claims	2,543,661												2,543,661
Fixed (PMPM) Admin	(46,913)												(46,913)
Variable Admin	15,160												15,160
Salary and Benefits	(7,135)												(7,135)
Prescription Admin	(9,378)												(9,378)
Miscellaneous	(8,506)												(8,506)
Professional Fees	4,645												4,645
Total Expense	2,323,667												2,323,667
Available Cash Balance	3,409,158												
Inc(Dec) in Abandoned Property Reserve	-												
Month Ending Cash Balance	3,409,158												

- (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	
Enrollment Count	2,534	2,095	2,128	2,117	2,107	2,097	2,087	2,077	2,067	2,058	2,049	2,041	25,457
Cash Balance													
BEGINNING OF MONTH	32,118,470	30,528,025	24,692,583	22,179,686	26,678,593	24,114,769	21,489,510	18,045,088	44,454,071	45,153,346	45,800,028	42,577,551	
Receipts													
Premium Receipts	3,948,909	597,376	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	18,578,816
Grant Revenue	-	71,247	-	-	-	-	-	-	-	-	-	-	71,247
Pharmacy Rebate Income	-	-	50,000	-	-	50,000	-	-	50,000	-	-	50,000	200,000
Claim Refunds Receipts	61,192	75,788	66,210	64,536	64,866	67,340	63,844	62,550	62,297	62,262	65,177	60,655	776,717
Assessment Receipts	2,255,260	1,967	1,909,703	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)	281	-	-	-	-	-	-	16,670,400	2,083,800	2,083,800	-	-	20,838,281
Investment Income	-	100	100	100	100	100	100	100	100	100	100	100	1,100
Abandoned Claims	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	6,265,642	746,478	3,489,337	9,513,845	2,500,357	2,539,305	1,472,568	31,088,714	5,199,174	5,136,722	1,423,683	1,457,265	70,833,090
Refunds													
Assessment Refunds	-	912,408	-	-	-	-	-	-	-	-	-	-	912,408
Premium Refunds	41,960	53,993	782,699	50,373	49,707	49,053	48,413	47,786	47,172	46,570	45,980	45,402	1,309,108
Total Refunds	41,960	966,401	782,699	50,373	49,707	49,053	48,413	47,786	47,172	46,570	45,980	45,402	2,221,516
Assessment Payments													
HBE Assessment	-	-	-	-	-	-	-	-	-	-	-	20,838,000	20,838,000
Expenses													
Medical Claim Expense	4,257,882	3,444,146	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	33,270,568
Pharmacy Claim Expense	3,290,997	1,952,504	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	25,481,188
PMPM Administrative Expense	153,700	105,691	104,637	99,887	98,874	97,901	96,928	95,997	95,065	94,134	93,243	92,394	1,228,451
Variable Administrative Expense	18,488	32,831	32,625	26,673	26,474	28,785	28,594	25,912	25,730	25,548	58,374	25,208	355,242
Salary and Benefits Expense	41,811	28,376	29,066	29,205	33,405	29,205	27,910	27,910	27,910	27,910	27,910	28,117	358,735
Prescription Administrative Expense	14,837	5,409	5,361	5,140	5,094	5,050	5,005	4,963	4,921	4,879	4,838	4,800	70,296
Miscellaneous Expense	16,811	8,305	8,305	8,305	8,305	8,305	8,305	25,180	8,305	8,305	8,305	20,680	137,416
Professional Fees	19,113	38,258	26,958	23,758	23,758	17,258	44,258	36,758	27,758	39,258	70,258	25,258	392,647
Total Expense	7,813,639	5,615,519	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	61,294,542
Available Cash Balance	30,528,513	24,692,583	22,179,686	26,678,593	24,114,769	21,489,510	18,045,088	44,454,071	45,153,346	45,800,028	42,577,551	18,597,015	
Inc(Dec) in Abandoned Property Reserve	(488)	-	-	-	-	-	-	-	-	-	-	-	-
Month Ending Cash Balance	30,528,025	24,692,583	22,179,686	26,678,593	24,114,769	21,489,510	18,045,088	44,454,071	45,153,346	45,800,028	42,577,551	18,597,015	

- (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 2013 Cash Flow Forecast Through December 31, 2013 - Scenario 2

All non-EHIP membership drops off at a rate of 2% per month. EHIP members leave December 31, 2013 except 275 undocumented and 90 members who will leave March 31, 2014.

Forecast	Actual (Bold)												TOTAL
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	
Enrollment Count	3,630	3,610	3,627	3,558	3,619	3,680	4,036	4,171	4,199	4,144	4,062	4,022	46,358
Cash Balance													
BEGINNING OF MONTH	26,768,300	22,063,855	17,369,251	19,458,962	24,369,245	17,405,281	12,919,744	9,806,069	17,653,109	18,897,046	20,398,056	10,852,219	
Receipts													
Premium Receipts	2,328,735	1,235,294	5,646,253	1,738,071	1,250,889	2,468,913	6,296,067	1,433,795	1,639,988	7,364,076	883,613	1,270,626	33,556,321
Grant Revenue	469,254	-	-	-	-	-	-	-	-	835,225	-	394,243	1,698,722
Pharmacy Rebate Income	-	-	-	148,455	-	168,814	-	-	156,108	-	-	127,656	601,033
Claim Refunds Receipts	31,515	115,593	36,809	36,355	36,249	14,282	67,020	118,288	147,019	296,318	27,955	32,710	960,113
Assessment Receipts	2,412,681	1,369,697	4,798,355	11,930,828	1,860,268	1,851,107	-	16,892,108	9,040,199	6,207,251	977	29,552,890	85,916,360
Investment Income	226	166	146	220	197	148	136	87	176	215	161	210	2,087
Abandoned Claims	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Income	-	-	150,000	-	17,471	-	95,502	-	61,923	13,252	-	-	338,148
Total Receipts	5,242,411	2,720,750	10,631,563	13,853,928	3,165,073	4,503,264	6,458,725	18,444,278	11,045,413	14,716,337	912,706	31,378,335	123,072,784
Refunds													
Assessment Refunds	395,299	-	-	-	-	-	-	-	-	-	-	-	395,299
Premium Refunds	53,651	55,817	74,202	107,396	64,830	45,499	59,591	70,527	45,221	114,039	129,780	52,648	873,200
Total Refunds	448,950	55,817	74,202	107,396	64,830	45,499	59,591	70,527	45,221	114,039	129,780	52,648	1,268,499
Expenses													
Medical Claim Expense	6,010,642	3,682,741	4,945,436	5,173,444	4,430,664	4,986,684	5,186,180	5,747,317	4,520,864	5,305,494	5,155,055	4,694,519	59,839,039
Pharmacy Claim Expense	3,234,910	3,400,517	3,301,531	3,409,160	5,404,070	3,734,087	4,084,016	4,515,817	4,952,782	7,520,183	4,879,800	5,135,748	53,572,621
PMPM Administrative Expense	138,287	141,910	133,151	135,028	143,006	136,809	140,553	154,070	176,581	164,331	177,745	163,949	1,805,418
Variable Administrative Expense	35,835	49,106	49,528	63,557	41,548	45,045	23,950	32,480	49,737	31,361	45,437	44,497	512,081
Salary and Benefits Expense	30,620	12,723	36,266	5,759	27,863	17,716	14,010	27,800	8,876	27,927	17,887	8,612	236,059
Prescription Administrative Expense	9,676	5,529	8,682	6,295	5,714	9,855	4,949	6,747	6,281	16,329	6,858	0	86,915
Miscellaneous Expense	7,837	12,304	2,517	7,579	7,165	6,721	8,111	23,647	7,315	7,280	15,124	7,657	113,259
Professional Fees	30,099	54,707	(9,460)	35,427	4,178	6,384	51,039	18,833	15,262	28,384	30,858	25,247	290,958
Total Expense	9,497,906	7,359,538	8,467,650	8,836,249	10,064,206	8,943,302	9,512,809	10,526,711	9,737,698	13,101,289	10,328,764	10,080,229	116,456,349
Available Cash Balance	22,063,855	17,369,251	19,458,962	24,369,245	17,405,281	12,919,744	9,806,069	17,653,109	18,915,604	20,398,056	10,852,219	32,097,678	
Inc(Dec) in Abandoned Property Reserve	-	-	-	-	-	-	-	-	(18,557)	-	-	20,792	
Month Ending Cash Balance	22,063,855	17,369,251	19,458,962	24,369,245	17,405,281	12,919,744	9,806,069	17,653,109	18,897,046	20,398,056	10,852,219	32,118,470	

- (1) Assumes an annual medical claim expense trend of 20% 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 0% MC Basic Plus.
- (3) Premium rates trended at 3% higher.
- (4) Assumes 468 EHIP members transferring over from PCIP-WA on July 1, 2013. Assumes the other enrollment decreases at a rate of 6 members per month throughout the rest of 2013.
- (5) Assumes assessments on March (\$19.5 M), July (\$32.0 M), November (\$31.5 M) TOTAL \$83.0 M
- (6) 3-Week expense allowance is \$6.9 M based upon the actual data for the 12-month period ending in Dec of 2013.
- (7) WSHIP has access to a \$5 M line of credit in the event cash on hand is exhausted.

**Washington State Health Insurance Pool
2014 Administrative Expense
Budget Variance Analysis**

Budget	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
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
Total Budget Operating Expenses	\$212,631	\$218,869	\$206,951	\$192,967	\$195,909	\$186,503	\$211,000	\$216,720	\$189,689	\$200,034	\$262,928	\$196,457	\$2,490,657

Actual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
Membership (1)	2,534												2,534
PMPM Administrative Expense (2)	153,700												153,700
Variable Administrative Expense (3)	18,488												18,488
Salary and Benefits Expense (4) & (7)	41,811												41,811
RX Benefit Management Fees	14,837												14,837
Miscellaneous Expense (5)	16,811												16,811
Professional Fees (6)	19,113												19,113
Total Actual Operating Expenses	\$264,760	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$264,760

Variance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
Membership (1)	(309)												(309)
PMPM Administrative Expense (2)	(46,913)												(46,913)
Variable Administrative Expense (3)	15,160												15,160
Salary and Benefits Expense (4) & (7)	(7,135)												(7,135)
RX Benefit Management Fees	(9,378)												(9,378)
Miscellaneous Expense (5)	(8,506)												(8,506)
Professional Fees (6)	4,645												4,645
Total Variance Expenses	(\$52,129)												(\$52,129)

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 January 31, 2014			
	Projected	Actual	Variance	% Change
Membership	2,843	2,534	(309)	-11%
Avg Premium Receipt PMPM	\$743	\$1,542	\$799	108%
Avg Medical Claim Expense PMPM	\$1,896	\$1,656	\$240	13%
Avg Pharmacy Claim Expense PMPM	\$1,361	\$1,299	\$62	5%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$2,514)	(\$1,413)	\$1,101	44%
Avg Premium Receipt Less Avg Claim Expense Total	(\$7,147,302)	(\$3,580,542)	\$3,566,760	50%
Variance Due to Changes in Membership			\$436,617	
Variance Due to Changes in Claim Expenses			\$3,130,143	

CASH BASIS	Year-To-Date January 31, 2014			
	Projected	Actual	Variance	% Change
Member Months	2,843	2,534	(309)	-11%
Avg Premium Receipt PMPM	\$743	\$1,542	\$799	108%
Avg Medical Claim Expense PMPM	\$1,896	\$1,656	\$240	13%
Avg Pharmacy Claim Expense PMPM	\$1,361	\$1,299	\$62	5%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$2,514)	(\$1,413)	\$1,101	44%
Avg Premium Receipt Less Avg Claim Expense Total	(\$7,147,302)	(\$3,580,542)	\$3,566,760	50%
Variance Due to Changes in Membership			\$436,617	
Variance Due to Changes in Claim Expenses			\$3,130,143	

INCURRED BASIS	Year-To-Date January 31, 2014	Year-To-Date January 31, 2013
	Actual	Actual - Prior Year
Member Months	2,534	3,630
Avg Premium Income PMPM	\$732	\$764
Avg Medical Claim Expense PMPM (1)	\$1,299	\$1,684
Avg Pharmacy Claim Expense PMPM (2)	\$1,595	\$1,084
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$2,162)	(\$2,004)
Avg Premium Receipt Less Avg Claim Expense Total	(\$5,478,508)	(\$7,274,520)

(1) Incurred medical claims data totals \$3,292,618 which is derived from \$152,618 actual paid claims with dates of service between 1-1-14 and 1-31-14 and \$3,140,000 IBNR reserve.

(2) Incurred pharmacy claims data totals \$4,041,997 which is derived from \$2,440,997 actual paid claims with dates of service between 1-1-14 and 1-31-14 and \$1,601,000 IBNR reserve.