

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

1. 2015 Interim III Assessment Required

An assessment of \$10.5 M is required in order to adequately carry the pool into the next scheduled assessment in March 2016. This assessment was approved by the Board of Directors and generated on November 23, 2015 with invoices due December 23, 2015 except for the carriers who have installment payment arrangements, at which point the invoices are due in total by February 23, 2016. Looking ahead as of February 29, 2016, the entire \$13.7 M has been collected and \$3.3 M of assessment true-up refunds were issued, thus closing out the assessment.

2. 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.

3. Financial Statements – January 2016

Balance Sheet

Cash on hand increased by \$1.0 M or 7.8% from December 2015 to January 2016. The current cash position is \$14.2 M which is well above our current three week expense allowance of \$2.7 M. As of the end of January 2016, the entire \$14.2 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 January 2016 is \$5.9 M. This represents an increase of \$635 K or 12.0% as compared to the prior month. Medical IBNR increased \$301 K or 6.3% and pharmacy IBNR increased \$334 K or 62.7% from December 2015.

As of January 2016, the equity position of WSHIP is a positive \$3.3 M.

Income Statement

Total member months for January 2016 are lower by 155 member months or 9.3% lower than January 2015. Member months are measured as the cumulative monthly member count (PMPM) over a period of time. The total incurred claim loss for January 2016 is \$134 K or 3.4% lower than January 2015. 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 January

2016, the medical claims portion is \$11 K or less than 1% higher than January 2015, and the pharmacy claims portion is \$145 K or 8.9% lower than January 2015.

January 2016 administrative expenses are \$96 K or 38.6% lower than the administrative expenses for January 2015. The ratio of administrative expenses as a percentage of total cost is 3.9% for January 2016 as compared to 6.0% in January of the prior year. Total cost is calculated as total incurred claim loss less pharmacy rebates plus administrative expenses.

4. Budgeted Cash Flow – January 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 \$14.2 M is \$759 K higher than the budgeted cash balance of \$13.5 M. Total net cash receipts for January 2016 are relatively flat to budget. Total expenses are \$758 K or 18.1% favorable to budget. The administrative expenses are \$53 K or 29.2% unfavorable to budget. Total medical claims expense is \$553 K or 21.2% favorable to budget; while total pharmacy claims expense is \$259 K or 18.6% favorable to budget.

5. 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 January 2016. For February 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.

6. Administrative Expense Budget

For January 2016, administrative expenses are \$53 K or 29.2% unfavorable to budget (cash basis). This is primarily seen in PMPM administrative fees as December and January admin were both paid in January 2016.

7. Financial Performance

January 2016 member months are 26 member months or 2% lower than projected in the original budget. Through January 2016, average premium receipt PMPM is 2% higher than anticipated. Average medical claims expense PMPM is 20% lower than anticipated and average pharmacy claims expense PMPM is 17% lower than anticipated.

On an incurred basis, the average medical claims expense PMPM is \$1,906 as compared to \$1,331 on a cash basis. Also on an incurred basis, the average pharmacy claims expense PMPM is \$919 as compared to \$749 on a cash basis.

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Balance Sheet as of January 31

Total Enrollment: 1,518

	<u>2016</u>	<u>2015</u>
Assets:		
Cash	\$ 14,216,707	\$ 12,484,611
Premiums Receivable	256,290	547,509
Assessments Receivable	13,247	2,485
Grants Receivable	45,294	462,976
Prepaid Expense	-	-
Total Assets	<u>\$ 14,531,538</u>	<u>\$ 13,497,581</u>
 Liabilities and Unassigned Surplus:		
Reserve for Unpaid Losses - Medical	\$ 5,054,000	\$ 5,208,000
Reserve for Unpaid Losses - Pharmacy	867,000	786,000
Accrued Loss Adjustment	311,000	287,000
Premiums Received in Advance	1,543,290	1,896,789
Assessments Payable	3,255,852	-
Accrued Expenses	164,576	165,954
Abandoned Claim Reserve	83,081	29,948
Total Liabilities	<u>\$ 11,278,799</u>	<u>\$ 8,373,690</u>
Unassigned Surplus	3,252,739	5,123,890
Total Liabilities and Unassigned Surplus	<u>\$ 14,531,538</u>	<u>\$ 13,497,581</u>

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Statement of Operations January 1 to January 31

	<u>2016</u>	<u>2015</u>
Total Member Months	1,518	1,673
Premium Income Earned	\$ 994,484	\$ 1,070,881
Pharmacy Rebate Income	-	-
Grant Income	-	-
Incurred Claim Loss - Medical	2,294,798	2,283,886
Incurred Claim Loss - Pharmacy	1,483,650	1,628,372
Total Incurred Claim Loss	<u>3,778,448</u>	<u>3,912,257</u>
Operating Expenses:		
Fixed (PMPM) Administrative Expense	\$ 84,299	\$ 75,702
Variable Administrative Expense	13,442	20,063
Salary and Benefit Expense	24,998	142,333
Prescription Administrative Expense	1,870	2,051
Miscellaneous Expense	7,782	4,992
Professional Fee Expense	20,672	4,196
Total Operating Expenses	<u>\$ 153,063</u>	<u>\$ 249,337</u>
Underwriting Gain (Loss)	(2,937,027)	(3,090,714)
Investment Income	1,819	168
Other Income	24	-
Changes to Unassigned Surplus	<u>\$ (2,935,184)</u>	<u>\$ (3,090,546)</u>

WASHINGTON STATE HEALTH INSURANCE POOL

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

	<u>2016</u>	<u>2015</u>
Unassigned Surplus at Beginning of Year	\$ 6,187,923	\$ 8,214,435
Changes to Unassigned Surplus	(2,935,184)	(3,090,546)
Member Assessments	-	-
Unassigned Surplus	<u>\$ 3,252,739</u>	<u>\$ 5,123,890</u>

**WSHIP 2016
Budgeted Cashflow**

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	Jan 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	1,544	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	1,142,298	11,902,625
Grant Revenue	96,347	-	45,294	-	-	-	-	-	-	-	-	-	96,347	141,641
Pharmacy Rebate Income	-	-	50,000	-	-	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	41,157	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	3,208,332	40,721,579
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	100	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	4,488,234	53,615,569
Refunds														
Assessment Refunds	-	3,255,852	-	1,700,000	-	-	-	-	-	-	-	-	-	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	28,557	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	28,557	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	2,610,585	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	1,395,891	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	81,399	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	33,006	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	42,856	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	2,416	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	8,300	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	14,500	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	4,188,954	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												1,518
Cash Balance													
BEGINNING OF MONTH	13,186,859												
Receipts													
Premium Receipts	1,142,274												1,142,274
Grant Revenue	96,347												96,347
Pharmacy Rebate Income	-												-
Claim Refunds Receipts	37,298												37,298
Assessment Receipts	3,208,332												3,208,332
Investment Income	1,819												1,819
Other Income	24												24
Total Receipts	4,486,094												4,486,094
Refunds													
Assessment Refunds	-												-
Premium Refunds	25,734												25,734
Total Refunds	25,734												25,734
Expenses													
Medical Claims	2,057,865												2,057,865
Pharmacy Claims	1,136,882												1,136,882
Fixed (PMPM) Admin	162,313												162,313
Variable Admin	21,981												21,981
Salary and Benefits	28,691												28,691
Prescription Admin	3,775												3,775
Miscellaneous	5,002												5,002
Professional Fees	14,004												14,004
Total Expense	3,430,513												3,430,513
Available Cash Balance	14,216,707												
Inc(Dec) in Abandoned Property Reserve													
Month Ending Cash Balance	\$ 14,216,707	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

**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)												(26)
Receipts													
Premium Receipts	(24)												(24)
Grant Revenue	-												-
Pharmacy Rebate Income	-												-
Claim Refunds Receipts	(3,859)												(3,859)
Assessment Receipts	-												-
Investment Income	1,719												1,719
Other Income	24												24
Total Receipts	(2,140)												(2,140)
Refunds													
Assessment Refunds	-												-
Premium Refunds	2,823												2,823
Total Refunds	2,823												2,823
Expenses													
Medical Claims	552,721												552,721
Pharmacy Claims	259,010												259,010
Fixed (PMPM) Admin	(80,914)												(80,914)
Variable Admin	11,025												11,025
Salary and Benefits	14,166												14,166
Prescription Admin	(1,359)												(1,359)
Miscellaneous	3,298												3,298
Professional Fees	496												496
Total Expense	758,441												758,441
Available Cash Balance	759,125												
Inc(Dec) in Abandoned													
Property Reserve													
Month Ending Cash Balance	759,125												

- (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	467	462	457	452	447	442	437	432	427	422	418	5,326
Medicare Enrollment (Basic and Basic+)	1,055	1,053	1,053	1,053	1,053	1,053	1,053	1,053	1,053	1,053	1,053	1,053	12,638
Total Enrollment Count	1,518	1,520	1,515	1,510	1,505	1,500	1,495	1,490	1,485	1,480	1,475	1,471	17,964
Cash Balance													
BEGINNING OF MONTH	13,186,859	14,216,707	8,070,193	6,054,643	10,611,043	8,377,710	7,295,911	3,723,740	10,598,856	9,682,761	7,653,615	3,894,412	
Receipts													
Premium Receipts	1,142,274	405,426	1,823,260	574,221	389,066	1,729,705	638,440	387,530	1,716,346	627,204	358,559	1,800,404	11,592,434
Grant Revenue	96,347	45,294	-	-	-	-	-	-	-	-	-	-	141,641
Pharmacy Rebate Income	-	-	50,000	-	-	50,000	-	-	50,000	-	-	50,000	200,000
Claim Refunds Receipts	37,298	42,351	49,392	50,325	49,858	52,027	53,786	57,537	51,787	52,770	55,346	49,847	602,324
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	100	100	100	100	100	100	100	100	100	100	100	2,919
Other Income	24	-	-	-	-	-	-	-	-	-	-	-	24
Total Receipts	4,486,094	506,418	1,922,752	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	51,260,921
Refunds													
Assessment Refunds	-	3,255,852	-	1,700,000	-	-	-	-	-	-	-	-	4,955,852
Premium Refunds	25,734	10,136	45,582	14,356	9,727	43,243	15,961	9,688	42,909	15,680	8,964	45,010	286,988
Total Refunds	25,734	3,265,988	45,582	1,714,356	9,727	43,243	15,961	9,688	42,909	15,680	8,964	45,010	5,242,840
Expenses													
Medical Claim Expense	2,057,865	2,117,545	2,469,621	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	30,309,173
Pharmacy Claim Expense	1,136,882	1,095,730	1,244,072	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	14,923,345
PMPM Administrative Expense	162,313	81,043	80,747	80,392	80,096	79,741	79,445	79,149	78,793	78,497	78,201	77,905	1,036,322
Variable Administrative Expense	21,981	17,352	17,288	17,234	17,170	17,116	19,562	16,998	16,944	16,891	24,837	16,782	220,155
Salary and Benefits Expense	28,691	32,916	32,196	32,196	32,196	32,196	32,196	32,196	32,196	32,196	32,196	32,378	383,751
Prescription Administrative Expense	3,775	2,407	2,397	2,389	2,378	2,370	2,361	2,351	2,343	2,334	2,326	2,317	29,749
Miscellaneous Expense	5,002	5,650	14,900	5,650	8,300	6,250	5,650	26,620	8,900	5,650	8,300	23,214	124,085
Professional Fees	14,004	34,300	31,500	17,500	25,000	13,500	37,500	17,000	16,000	23,500	63,500	19,500	312,804
Total Expense	3,430,513	3,386,944	3,892,721	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	47,339,384
Available Cash Balance	14,216,707	8,070,193	6,054,643	10,611,043	8,377,710	7,295,911	3,723,740	10,598,856	9,682,761	7,653,615	3,894,412	11,865,557	
Inc(Dec) in Abandoned Property Reserve	-	-	-	-	-	-	-	-	-	-	-	-	
Month Ending Cash Balance	14,216,707	8,070,193	6,054,643	10,611,043	8,377,710	7,295,911	3,723,740	10,598,856	9,682,761	7,653,615	3,894,412	11,865,557	

- (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												463
Medicare Basic	825												
Medicare Basic Plus	230												230
Total Membership	1,518	-	-	-	-	-	-	-	-	-	-	-	1,518
PMPM Administrative Expense (2)	162,313												\$162,313
Variable Administrative Expense (3)	21,981												\$21,981
Salary and Benefits Expense (4)	28,691												\$28,691
RX Benefit Management Fees	3,775												\$3,775
Miscellaneous Expense (5)	5,002												\$5,002
Professional Fees (6)	14,004												\$14,004
Total Actual Operating Expenses	\$235,766	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$235,766

Variance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
Membership: (1)													
Non-Medicare	(36)												(36)
Medicare Basic	17												17
Medicare Basic Plus	(7)												(7)
Total Membership	(26)	-	-	-	-	-	-	-	-	-	-	-	(26)
PMPM Administrative Expense (2)	(80,914)												(\$80,914)
Variable Administrative Expense (3)	11,025												\$11,025
Salary and Benefits Expense (4)	14,165												\$14,165
RX Benefit Management Fees	(1,359)												(\$1,359)
Miscellaneous Expense (5)	3,298												\$3,298
Professional Fees (6)	496												\$496
Total Variance Expenses	(\$53,289)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$53,289)

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 January 31, 2016			
	Projected	Actual	Variance	% Change
Membership	1,544	1,518	(26)	-2%
Avg Premium Receipt PMPM	\$721	\$736	\$15	2%
Avg Medical Claim Expense PMPM	\$1,664	\$1,331	\$333	20%
Avg Pharmacy Claim Expense PMPM	\$904	\$749	\$155	17%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,847)	(\$1,344)	\$503	27%
Avg Premium Receipt Less Avg Claim Expense Total	(\$2,851,768)	(\$2,040,192)	\$811,576	28%
Variance Due to Changes in Membership			\$34,944	
Variance Due to Changes in Claim Expenses			\$776,632	

CASH BASIS	Year-To-Date January 31, 2016			
	Projected	Actual	Variance	% Change
Member Months	1,544	1,518	(26)	-2%
Avg Premium Receipt PMPM	\$721	\$736	\$15	2%
Avg Medical Claim Expense PMPM	\$1,664	\$1,331	\$333	20%
Avg Pharmacy Claim Expense PMPM	\$904	\$749	\$155	17%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,847)	(\$1,344)	\$503	27%
Avg Premium Receipt Less Avg Claim Expense Total	(\$2,851,768)	(\$2,040,192)	\$811,576	28%
Variance Due to Changes in Membership			\$34,944	
Variance Due to Changes in Claim Expenses			\$776,632	

INCURRED BASIS	Year-To-Date January 31, 2016	Year-To-Date January 31, 2015
	Actual	Actual - Prior Year
Member Months	1,518	1,673
Avg Premium Income PMPM	\$655	\$640
Avg Medical Claim Expense PMPM (1)	\$1,906	\$1,768
Avg Pharmacy Claim Expense PMPM (2)	\$919	\$746
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$2,170)	(\$1,874)
Avg Premium Receipt Less Avg Claim Expense Total	(\$3,294,060)	(\$3,135,202)

(1) Incurred medical claims data totals \$2,893,318 which is derived from \$286,318 actual paid claims with dates of service between 1-1-16 and 1-31-16 and \$2,607,000 IBNR reserve.

(2) Incurred pharmacy claims data totals \$1,394,972 which is derived from \$546,972 actual paid claims with dates of service between 1-1-16 and 1-31-16 and \$848,000 IBNR reserve.