

**Washington State Health Insurance Pool  
Treasurer's Report  
July 2015 Financial Review**

1. 2015 Interim II Assessment Required

An assessment of \$14.0 M is required in order to adequately carry the pool into the next scheduled assessment in November 2015. This assessment was approved by the Board of Directors and generated on July 9, 2015 with invoices due August 9, 2015 except for the carriers who have installment payment arrangements, at which point the invoices are due in total by October 9, 2015. Looking ahead as of August 31, 2015, \$11.4 M has been collected leaving \$2.6 M left to collect.

2. Financial Statements – July 2015

Balance Sheet

Cash on hand decreased by \$399 K or 5.6% from June 2015 to July 2015. The current cash position is \$6.7 M which is well above our current three week expense allowance of \$2.9 M. As of the end of July 2015, the entire \$6.7 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 July 2015 is \$5.4 M. This represents an increase of \$131 K or 2.5% as compared to the prior month. Medical IBNR decreased \$227 K or 4.6% and pharmacy IBNR increased \$358 K or 117.8% from June 2015.

As of July 2015, the equity position of WSHIP is a positive \$10.7 M.

Income Statement

Total member months for July 2015 YTD are lower by 2,490 member months or 18.0% lower than July 2014 YTD. Member months are measured as the cumulative monthly member count (PMPM) over a period of time. The total incurred claim loss for July 2015 YTD is \$2.5 M or 8.7% lower than July 2014 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 July 2015 YTD, the medical claims portion is \$2.3 M or 11.6% lower than July 2014 YTD, and the pharmacy claims portion is \$276 K or 2.9% lower than July 2014 YTD.

July 2015 YTD administrative expenses are \$157 K or 11.1% lower than the administrative expenses in July 2014 YTD. The ratio of administrative expenses as a percentage of total cost is 4.5% for July 2015 YTD as compared to 4.7% in July of the prior year. Total cost is calculated as total incurred claim loss less pharmacy rebates plus administrative expenses.

### 3. Budgeted Cash Flow – July 2015

The Budgeted Cash Flow document contains the budget (upper portion) as established in early 2015 and the actual (lower portion) cash flow results year-to-date.

The ending cash balance of \$6.7 M is \$3.4 M higher than the budgeted cash balance of \$3.3 M. Total net cash receipts for July 2015 are \$3.7 M or 18.6% favorable to budget. Total expenses are \$315 K or 1.1% unfavorable to budget. The administrative expenses are \$207 K or 14.6% favorable to budget. Total medical claims expense is \$1.1 M or 6.1% unfavorable to budget; while total pharmacy claims expense is \$537 K or 5.5% favorable to budget.

### 4. Cash Flow Forecast – 2015

The 2015 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 July 2015 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 July 2015. For August 2015, 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 2015 assessment projection. To ensure adequate funding, the current 2015 forecast is projecting an assessment of \$35.5 M which is a \$10.0 M or 22.0% decrease from the 2014 assessment of \$45.5 M.

### 5. Administrative Expense Budget

For July 2015, administrative expenses are \$207 K or 14.6% favorable to budget (cash basis). This is primarily seen in variable admin and professional fees.

### 6. Financial Performance

July 2015 YTD member months are 291 member months or 3% lower than projected in the original budget. Through July 2015, average premium receipt PMPM is 14% higher than anticipated. Average medical claims expense PMPM is 11% higher than anticipated and average pharmacy claims expense PMPM is 3% lower than anticipated.

On an incurred basis, the average medical claims expense PMPM is \$1,637 as compared to \$1,594 on a cash basis. Also on an incurred basis, the average pharmacy claims expense PMPM is \$800 as compared to \$507 on a cash basis.

# WASHINGTON STATE HEALTH INSURANCE POOL

## Unaudited Balance Sheet as of July 31

Total Enrollment: 1,603

	<u>2015</u>	<u>2014</u>
<b>Assets:</b>		
Cash	\$ 6,678,593	\$ 17,319,052
Premiums Receivable	95,646	104,968
Assessments Receivable	11,268,286	33,439,301
Grants Receivable	242,848	-
Prepaid Expense	-	-
<b>Total Assets</b>	<u>\$ 18,285,372</u>	<u>\$ 50,863,321</u>
 <b>Liabilities and Unassigned Surplus:</b>		
Reserve for Unpaid Losses - Medical	\$ 4,706,000	\$ 5,725,000
Reserve for Unpaid Losses - Pharmacy	662,000	760,000
Accrued Loss Adjustment	295,000	328,000
Premiums Received in Advance	1,682,430	1,840,855
Assessments Payable	-	20,838,000
Accrued Expenses	184,394	199,338
Abandoned Claim Reserve	18,303	65,753
<b>Total Liabilities</b>	<u>\$ 7,548,127</u>	<u>\$ 29,756,946</u>
<b>Unassigned Surplus</b>	10,737,245	21,106,375
<b>Total Liabilities and Unassigned Surplus</b>	<u>\$ 18,285,372</u>	<u>\$ 50,863,321</u>

# WASHINGTON STATE HEALTH INSURANCE POOL

## Unaudited Statement of Operations January 1 to July 31

	<u>2015</u>	<u>2014</u>
Total Member Months	11,336	13,826
<b>Premium Income Earned</b>	\$ 6,726,238	\$ 8,294,862
<b>Pharmacy Rebate Income</b>	171,709	396,991
<b>Grant Income</b>	-	-
<b>Incurred Claim Loss - Medical</b>	17,265,402	19,534,955
<b>Incurred Claim Loss - Pharmacy</b>	9,358,190	9,633,748
<b>Total Incurred Claim Loss</b>	<u>26,623,592</u>	<u>29,168,702</u>
<b>Operating Expenses:</b>		
Fixed (PMPM) Administrative Expense	\$ 571,728	\$ 673,383
Variable Administrative Expense	117,659	266,893
Salary and Benefit Expense	350,363	232,350
Prescription Administrative Expense	14,955	22,485
Miscellaneous Expense	63,124	71,919
Professional Fee Expense	135,182	142,991
<b>Total Operating Expenses</b>	<u>\$ 1,253,011</u>	<u>\$ 1,410,020</u>
<b>Underwriting Gain (Loss)</b>	(20,978,656)	(21,886,870)
<b>Investment Income</b>	620	1,481
<b>Other Income</b>	846	-
<b>Changes to Unassigned Surplus</b>	<u>\$ (20,977,190)</u>	<u>\$ (21,885,389)</u>

# WASHINGTON STATE HEALTH INSURANCE POOL

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

	<u>2015</u>	<u>2014</u>
Unassigned Surplus at Beginning of Year	\$ 8,214,435	\$ 20,329,763
Changes to Unassigned Surplus	(20,977,190)	(21,885,389)
Member Assessments	23,500,000	43,500,000
HBE Assessment Payment Due	-	(20,838,000)
<b>Unassigned Surplus</b>	<u>\$ 10,737,245</u>	<u>\$ 21,106,375</u>

**WSHIP 2015  
Budgeted Cashflow**

**Budget - Updated Jan 2015**

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	July YTD	TOTAL
<b>Enrollment Count</b>	1,675	1,670	1,665	1,661	1,656	1,652	1,648	1,644	1,640	1,636	1,632	1,629	11,627	19,808
<b>Cash Balance</b>														
<b>BEGINNING OF MONTH</b>	19,667,071	12,240,340	8,779,189	6,821,237	10,895,656	8,273,266	6,819,152	3,320,830	10,708,922	9,607,719	7,427,985	3,429,494		
<b>Receipts</b>														
Premium Receipts	1,926,768	470,802	1,977,159	622,690	421,906	1,875,707	692,329	420,241	1,861,220	680,146	388,824	1,952,373	7,987,361	13,290,165
Grant Revenue	124,489	-	-	154,326	-	-	154,325	-	-	154,325	-	-	433,140	587,465
Pharmacy Rebate Income	-	-	30,000	-	-	30,000	-	-	30,000	-	-	30,000	60,000	120,000
Claim Refunds Receipts	114,540	107,777	98,752	100,108	101,909	108,334	114,841	114,008	116,245	118,831	119,350	117,946	746,262	1,332,643
Assessment Receipts	706,247	-	-	7,200,000	900,000	900,000	-	11,200,000	1,400,000	1,400,000	-	9,200,000	9,706,247	32,906,247
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	700	1,200
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Receipts</b>	<b>2,872,144</b>	<b>578,679</b>	<b>2,106,011</b>	<b>8,077,224</b>	<b>1,423,915</b>	<b>2,914,141</b>	<b>961,596</b>	<b>11,734,349</b>	<b>3,407,565</b>	<b>2,353,402</b>	<b>508,274</b>	<b>11,300,420</b>	<b>18,933,711</b>	<b>48,237,721</b>
<b>Refunds</b>														
Assessment Refunds	5,882,015	-	-	-	-	-	-	-	-	-	-	-	5,882,015	5,882,015
Premium Refunds	226,685	44,776	220,441	69,426	47,040	209,130	77,190	46,854	207,515	75,832	43,351	217,678	894,688	1,485,918
<b>Total Refunds</b>	<b>6,108,700</b>	<b>44,776</b>	<b>220,441</b>	<b>69,426</b>	<b>47,040</b>	<b>209,130</b>	<b>77,190</b>	<b>46,854</b>	<b>207,515</b>	<b>75,832</b>	<b>43,351</b>	<b>217,678</b>	<b>6,776,703</b>	<b>7,367,933</b>
<b>Expenses</b>														
Medical Claims	2,582,871	2,421,202	2,335,767	2,367,831	2,410,422	2,562,405	2,716,308	2,696,611	2,749,516	2,810,678	2,822,960	2,789,755	17,396,805	31,266,326
Pharmacy Claims	1,328,583	1,394,192	1,330,074	1,375,282	1,388,316	1,410,633	1,457,687	1,384,748	1,361,651	1,446,118	1,401,169	1,402,947	9,684,766	16,681,399
Fixed (PMPM) Admin	74,738	74,429	74,169	90,143	89,836	89,529	89,222	88,858	88,608	88,359	88,052	87,802	582,066	1,023,745
Variable Admin	27,953	27,281	27,194	27,122	27,050	26,978	26,891	26,833	26,775	29,203	34,645	26,572	190,469	334,497
Salary and Benefits	143,885	33,965	33,395	33,536	33,536	33,536	33,536	33,536	33,536	33,536	33,536	33,769	345,389	513,302
Prescription Admin	3,375	3,366	3,354	3,345	3,335	3,325	3,314	3,306	3,299	3,289	3,281	3,272	23,414	39,861
Miscellaneous	9,800	7,150	17,400	7,150	9,800	7,750	9,800	29,040	10,400	7,150	9,800	30,399	68,850	155,639
Professional Fees	18,970	33,470	22,170	28,970	36,970	24,970	45,970	36,470	27,470	38,970	69,970	14,970	211,490	399,340
<b>Total Expense</b>	<b>4,190,175</b>	<b>3,995,055</b>	<b>3,843,522</b>	<b>3,933,379</b>	<b>3,999,264</b>	<b>4,159,126</b>	<b>4,382,728</b>	<b>4,299,402</b>	<b>4,301,255</b>	<b>4,457,303</b>	<b>4,463,413</b>	<b>4,389,487</b>	<b>28,503,249</b>	<b>50,414,109</b>
<b>Month Ending Cash Balance</b>	<b>\$ 12,240,340</b>	<b>\$ 8,779,189</b>	<b>\$ 6,821,237</b>	<b>\$ 10,895,656</b>	<b>\$ 8,273,266</b>	<b>\$ 6,819,152</b>	<b>\$ 3,320,830</b>	<b>\$ 10,708,922</b>	<b>\$ 9,607,719</b>	<b>\$ 7,427,985</b>	<b>\$ 3,429,494</b>	<b>\$ 10,122,750</b>		

<b>Actual</b>	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
<b>Enrollment Count</b>	1,673	1,613	1,612	1,636	1,605	1,603	1,594						11,336
<b>Cash Balance</b>													
<b>BEGINNING OF MONTH</b>	19,667,071	12,484,611	8,988,214	6,358,557	8,916,254	9,544,237	7,078,041						
<b>Receipts</b>													
Premium Receipts	2,033,165	401,598	1,705,236	922,139	343,983	1,817,621	788,705						8,012,446
Grant Revenue	124,489	-	-	79,030	-	-	141,098						344,617
Pharmacy Rebate Income	-	-	89,099	-	-	82,609	-						171,709
Claim Refunds Receipts	144,512	30,746	21,343	115,586	45,315	12,582	10,917						381,001
Assessment Receipts	703,762	2,485	-	5,326,641	3,767,124	406,064	2,731,886						12,937,961
Investment Income	168	104	70	58	90	71	59						620
Other Income	-	-	846	-	-	-	-						846
<b>Total Receipts</b>	<b>3,006,095</b>	<b>434,933</b>	<b>1,816,594</b>	<b>6,443,453</b>	<b>4,156,512</b>	<b>2,318,947</b>	<b>3,672,666</b>						<b>21,849,201</b>
<b>Refunds</b>													
Assessment Refunds	5,882,015	-	-	-	-	-	-						5,882,015
Premium Refunds	25,776	32,158	19,054	10,707	13,536	8,855	15,905						125,992
<b>Total Refunds</b>	<b>5,907,791</b>	<b>32,158</b>	<b>19,054</b>	<b>10,707</b>	<b>13,536</b>	<b>8,855</b>	<b>15,905</b>						<b>6,008,007</b>
<b>Expenses</b>													
Medical Claims	2,709,187	2,549,228	3,085,023	2,500,880	2,226,139	2,720,984	2,663,902						18,455,343
Pharmacy Claims	1,328,583	1,173,035	1,197,059	1,216,275	1,133,872	1,913,700	1,185,727						9,148,250
Fixed (PMPM) Admin	77,147	75,702	74,439	73,735	86,182	87,474	87,434						562,111
Variable Admin	16,771	25,312	15,110	16,559	15,365	12,388	16,373						117,877
Salary and Benefits	141,590	43,066	31,909	31,842	32,178	32,080	32,080						344,745
Prescription Admin	2,051	2,029	2,094	2,387	2,138	2,101	2,154						14,955
Miscellaneous	3,115	5,687	4,211	10,385	7,475	5,658	28,254						64,785
Professional Fees	2,321	25,112	17,354	22,984	-	1,904	40,286						109,961
<b>Total Expense</b>	<b>4,280,764</b>	<b>3,899,171</b>	<b>4,427,198</b>	<b>3,875,049</b>	<b>3,503,348</b>	<b>4,776,289</b>	<b>4,056,208</b>						<b>28,818,028</b>
<b>Available Cash Balance</b>	<b>12,484,611</b>	<b>8,988,214</b>	<b>6,358,557</b>	<b>8,916,254</b>	<b>9,555,882</b>	<b>7,078,041</b>	<b>6,678,593</b>						
<b>Inc(Dec) in Abandoned Property Reserve</b>					(11,645)								
<b>Month Ending Cash Balance</b>	<b>\$ 12,484,611</b>	<b>\$ 8,988,214</b>	<b>\$ 6,358,557</b>	<b>\$ 8,916,254</b>	<b>\$ 9,544,237</b>	<b>\$ 7,078,041</b>	<b>\$ 6,678,593</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	

**WSHIP 2015  
Budgeted Cashflow**

<b>Variance to Budget</b>	<b>JANUARY</b>	<b>FEBRUARY</b>	<b>MARCH</b>	<b>APRIL</b>	<b>MAY</b>	<b>JUNE</b>	<b>JULY</b>	<b>AUGUST</b>	<b>SEPTEMBER</b>	<b>OCTOBER</b>	<b>NOVEMBER</b>	<b>DECEMBER</b>	<b>TOTAL YTD</b>
Favorable/(Unfavorable)													
<b>Enrollment Count</b>	(2)	(57)	(53)	(25)	(51)	(49)	(54)						(291)
<b>Receipts</b>													
Premium Receipts	106,397	(69,204)	(271,923)	299,448	(77,923)	(58,086)	96,376						25,085
Grant Revenue	-	-	-	(75,296)	-	-	(13,227)						(88,523)
Pharmacy Rebate Income	-	-	59,099	-	-	52,609	-						111,709
Claim Refunds Receipts	29,972	(77,032)	(77,409)	15,478	(56,594)	(95,752)	(103,924)						(365,261)
Assessment Receipts	(2,485)	2,485	-	(1,873,359)	2,867,124	(493,936)	2,731,886						3,231,715
Investment Income	68	4	(30)	(42)	(10)	(29)	(41)						(80)
Other Income	-	-	846	-	-	-	-						846
<b>Total Receipts</b>	<b>133,951</b>	<b>(143,746)</b>	<b>(289,417)</b>	<b>(1,633,771)</b>	<b>2,732,597</b>	<b>(595,194)</b>	<b>2,711,070</b>						<b>2,915,490</b>
<b>Refunds</b>													
Assessment Refunds	-	-	-	-	-	-	-						-
Premium Refunds	200,909	12,618	201,387	58,719	33,504	200,274	61,285						768,696
<b>Total Refunds</b>	<b>200,909</b>	<b>12,618</b>	<b>201,387</b>	<b>58,719</b>	<b>33,504</b>	<b>200,274</b>	<b>61,285</b>						<b>768,696</b>
<b>Expenses</b>													
Medical Claims	(126,316)	(128,026)	(749,257)	(133,050)	184,283	(158,579)	52,405						(1,058,538)
Pharmacy Claims	0	221,157	133,014	159,007	254,444	(503,067)	271,960						536,516
Fixed (PMPM) Admin	(2,409)	(1,273)	(270)	16,408	3,654	2,055	1,788						19,955
Variable Admin	11,182	1,969	12,085	10,563	11,685	14,590	10,519						72,592
Salary and Benefits	2,295	(9,101)	1,486	1,694	1,358	1,456	1,456						644
Prescription Admin	1,324	1,337	1,260	958	1,197	1,224	1,160						8,459
Miscellaneous	6,685	1,463	13,189	(3,235)	2,325	2,092	(18,454)						4,065
Professional Fees	16,649	8,358	4,817	5,986	36,970	23,066	5,684						101,529
<b>Total Expense</b>	<b>(90,589)</b>	<b>95,884</b>	<b>(583,676)</b>	<b>58,331</b>	<b>495,916</b>	<b>(617,163)</b>	<b>326,519</b>						<b>(314,778)</b>
<b>Available Cash Balance</b>	<b>244,271</b>	<b>209,026</b>	<b>(462,680)</b>	<b>(1,979,401)</b>	<b>1,282,616</b>	<b>258,889</b>	<b>3,357,763</b>						
<b>Inc(Dec) in Abandoned</b>						(11,645)	-						
<b>Property Reserve</b>													
<b>Month Ending Cash Balance</b>	<b>244,271</b>	<b>209,026</b>	<b>(462,680)</b>	<b>(1,979,401)</b>	<b>1,270,971</b>	<b>258,889</b>	<b>3,357,763</b>						

- (1) Assumes a Non-medicare medical claim expense trend of 25% until March 2015 and then a 15% trend thereafter. Assumes an annual Medicare medical claim expense trend of 12%
- (2) Assumes a Non-medicare pharmacy claim expense trend of 25% until March 2015 and then a 15% trend thereafter. Assumes an annual Medicare pharmacy claim expense trend of 0% for Basic and 4% for Basic Plus
- (3) Assumes a Non-medicare premium rate trended at a 7.2% increase. Assumes a Medicare premium rate increase of 12% for Basic and 7% for Basic Plus
- (4) Non-medicare enrollment projected to decrease by 7 members per month. All Medicare enrollment projected to increase by 2 members per month.
- (5) Assumes assessments on March (**\$9.0 M**), July (**\$14.0**) and November (**\$11.5 M**) TOTAL **\$34.5 M**.
- (6) 3-Week expense allowance is **\$2.9 M** based upon the actual data for the 12-month period ending in Dec of 2015.
- (7) WSHIP has access to a **\$5 M** line of credit in the event cash on hand is exhausted.



## Washington State Health Insurance Pool 2015 Cash Flow Forecast

Forecast - Updated 07/31/15

	Actual (Bold)							Forecast					TOTAL
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	
<b>Enrollment:</b>													
Non-Medicare Enrollment	615	579	564	561	549	544	535	532	526	520	514	509	6,548
Medicare Enrollment (Basic and Basic+)	1,058	1,034	1,048	1,075	1,056	1,059	1,059	1,062	1,062	1,062	1,062	1,062	12,699
<b>Total Enrollment Count</b>	<b>1,673</b>	<b>1,613</b>	<b>1,612</b>	<b>1,636</b>	<b>1,605</b>	<b>1,603</b>	<b>1,594</b>	<b>1,594</b>	<b>1,588</b>	<b>1,582</b>	<b>1,576</b>	<b>1,571</b>	<b>19,247</b>
<b>Cash Balance</b>													
<b>BEGINNING OF MONTH</b>	<b>19,667,071</b>	<b>12,484,611</b>	<b>8,988,214</b>	<b>6,358,557</b>	<b>8,916,254</b>	<b>9,544,237</b>	<b>7,078,041</b>	6,678,593	11,732,330	10,701,173	8,467,879	4,591,152	
<b>Receipts</b>													
Premium Receipts	2,033,165	401,598	1,705,236	922,139	343,983	1,817,621	788,705	346,687	1,758,266	653,564	351,653	1,758,266	12,880,883
Grant Revenue	124,489	-	-	79,030	-	-	141,098	-	-	242,848	-	-	587,465
Pharmacy Rebate Income	-	-	89,099	-	-	82,609	-	-	30,000	-	-	30,000	231,709
Claim Refunds Receipts	144,512	30,746	21,343	115,586	45,315	12,582	10,917	53,453	53,213	53,975	52,840	51,899	646,380
Assessment Receipts	703,762	2,485	-	5,326,641	3,767,124	406,064	2,731,886	8,693,374	1,400,000	1,174,740	-	9,600,000	33,806,075
Investment Income	168	104	70	58	90	71	59	100	100	100	100	100	1,120
Other Income	-	-	846	-	-	-	-	-	-	-	-	-	846
<b>Total Receipts</b>	<b>3,006,095</b>	<b>434,933</b>	<b>1,816,594</b>	<b>6,443,453</b>	<b>4,156,512</b>	<b>2,318,947</b>	<b>3,672,666</b>	9,093,614	3,241,579	2,125,227	404,593	11,440,265	48,154,478
<b>Refunds</b>													
Assessment Refunds	5,882,015	-	-	-	-	-	-	-	-	-	-	-	5,882,015
Premium Refunds	25,776	32,158	19,054	10,707	13,536	8,855	15,905	13,867	70,331	26,143	14,066	70,331	320,730
<b>Total Refunds</b>	<b>5,907,791</b>	<b>32,158</b>	<b>19,054</b>	<b>10,707</b>	<b>13,536</b>	<b>8,855</b>	<b>15,905</b>	13,867	70,331	26,143	14,066	70,331	<b>6,202,745</b>
<b>Expenses</b>													
Medical Claim Expense	2,709,187	2,549,228	3,085,023	2,500,880	2,226,139	2,720,984	2,663,902	2,672,642	2,660,637	2,698,743	2,641,998	2,594,933	31,724,297
Pharmacy Claim Expense	1,328,583	1,173,035	1,197,059	1,216,275	1,133,872	1,913,700	1,185,727	1,135,324	1,351,681	1,433,129	1,385,972	1,389,508	15,843,864
PMPM Administrative Expense	77,147	75,702	74,439	73,735	86,182	87,474	87,434	88,858	88,608	88,359	88,052	87,802	1,003,790
Variable Administrative Expense	16,771	25,312	15,110	16,559	15,365	12,388	16,373	26,833	26,775	29,203	34,645	26,572	261,905
Salary and Benefits Expense	141,590	43,066	31,909	31,842	32,178	32,080	32,080	33,536	33,536	33,536	33,536	33,769	512,657
Prescription Administrative Expense	2,051	2,029	2,094	2,387	2,138	2,101	2,154	3,306	3,299	3,289	3,281	3,272	31,402
Miscellaneous Expense	3,115	5,687	4,211	10,385	7,475	5,658	28,254	29,040	10,400	7,150	9,800	30,399	151,575
Professional Fees	2,321	25,112	17,354	22,984	-	1,904	40,286	36,470	27,470	38,970	69,970	14,970	297,811
<b>Total Expense</b>	<b>4,280,764</b>	<b>3,899,171</b>	<b>4,427,198</b>	<b>3,875,049</b>	<b>3,503,348</b>	<b>4,776,289</b>	<b>4,056,208</b>	4,026,008	4,202,405	4,332,379	4,267,254	4,181,226	<b>49,827,300</b>
<b>Available Cash Balance</b>	<b>12,484,611</b>	<b>8,988,214</b>	<b>6,358,557</b>	<b>8,916,254</b>	<b>9,555,882</b>	<b>7,078,041</b>	<b>6,678,593</b>	11,732,330	10,701,173	8,467,879	4,591,152	11,779,861	
<b>Inc(Dec) in Abandoned Property Reserve</b>	-	-	-	-	(11,645)	-	-	-	-	-	-	-	
<b>Month Ending Cash Balance</b>	<b>12,484,611</b>	<b>8,988,214</b>	<b>6,358,557</b>	<b>8,916,254</b>	<b>9,544,237</b>	<b>7,078,041</b>	<b>6,678,593</b>	11,732,330	10,701,173	8,467,879	4,591,152	11,779,861	

- (1) Assumes a Non-medicare medical claim expense trend of 25% until March 2015 and then a 15% trend thereafter. Assumes an annual Medicare medical claim expense trend of 12%.
- (2) Assumes a Non-medicare pharmacy claim expense trend of 25% until March 2015 and then a 15% trend thereafter. Assumes an annual Medicare pharmacy claim expense trend of 0% for Basic and 4% for Basic Plus.
- (3) Assumes a Non-medicare premium rate trended at a 7.2% increase. Assumes a Medicare premium rate increase of 12% for Basic and 7% for Basic Plus.
- (4) Non-medicare enrollment projected to decrease by 6 members per month. All Medicare enrollment projected to remain flat.
- (5) Assumes assessments on March (\$9.5 M), July (\$14.0) and November (\$12.0 M) TOTAL \$35.5 M.
- (6) 3-Week expense allowance is \$2.9 M based upon the actual data for the 12-month period ending in Dec of 2015.
- (7) WSHIP has access to a \$5 M line of credit in the event cash on hand is exhausted.

**Washington State Health Insurance Pool  
2015 Administrative Expense  
Budget Variance Analysis**

<b>Budget</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Total</b>
Membership: (1)													
Non-Medicare	619	612	605	599	592	586	580	574	568	562	556	551	7,004
Medicare Basic	790	795	800	805	810	815	820	825	830	835	840	845	9,810
Medicare Basic Plus	266	263	260	257	254	251	248	245	242	239	236	233	2,994
<b>Total Membership</b>	<b>1,675</b>	<b>1,670</b>	<b>1,665</b>	<b>1,661</b>	<b>1,656</b>	<b>1,652</b>	<b>1,648</b>	<b>1,644</b>	<b>1,640</b>	<b>1,636</b>	<b>1,632</b>	<b>1,629</b>	<b>19,808</b>
PMPM Administrative Expense (2)	74,738	74,429	74,169	90,143	89,836	89,529	89,222	88,858	88,608	88,359	88,052	87,802	1,023,745
Variable Administrative Expense (3)	27,953	27,281	27,194	27,122	27,050	26,978	26,891	26,833	26,775	29,203	34,645	26,572	334,497
Salary and Benefits Expense (4)	143,885	33,965	33,395	33,536	33,536	33,536	33,536	33,536	33,536	33,536	33,536	33,769	513,301
RX Benefit Management Fees	3,375	3,366	3,354	3,345	3,335	3,325	3,314	3,306	3,299	3,289	3,281	3,272	39,861
Miscellaneous Expense (5)	9,800	7,150	17,400	7,150	9,800	7,750	9,800	29,040	10,400	7,150	9,800	30,399	155,639
Professional Fees (6)	18,970	33,470	22,170	28,970	36,970	24,970	45,970	36,470	27,470	38,970	69,970	14,970	399,339
<b>Total Budget Operating Expenses</b>	<b>\$278,722</b>	<b>\$179,661</b>	<b>\$177,682</b>	<b>\$190,265</b>	<b>\$200,527</b>	<b>\$186,088</b>	<b>\$208,733</b>	<b>\$218,043</b>	<b>\$190,087</b>	<b>\$200,507</b>	<b>\$239,284</b>	<b>\$196,784</b>	<b>\$2,466,382</b>

<b>Actual</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>YTD Total</b>
Membership: (1)													
Non-Medicare	615	579	564	561	549	544	535						3,947
Medicare Basic	792	776	789	816	799	804	805						5,581
Medicare Basic Plus	266	259	259	259	257	255	254						1,809
<b>Total Membership</b>	<b>1,673</b>	<b>1,614</b>	<b>1,612</b>	<b>1,636</b>	<b>1,605</b>	<b>1,603</b>	<b>1,594</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,337</b>
PMPM Administrative Expense (2)	77,147	75,702	74,439	73,735	86,182	87,474	87,434						\$562,111
Variable Administrative Expense (3)	16,771	25,312	15,110	16,559	15,365	12,388	16,373						\$117,877
Salary and Benefits Expense (4)	141,590	43,066	31,909	31,842	32,178	32,080	32,080						\$344,745
RX Benefit Management Fees	2,051	2,029	2,094	2,387	2,138	2,101	2,154						\$14,955
Miscellaneous Expense (5)	3,115	5,687	4,211	10,385	7,475	5,658	28,254						\$64,785
Professional Fees (6)	2,321	25,112	17,354	22,984	-	1,904	40,286						\$109,961
<b>Total Actual Operating Expenses</b>	<b>\$242,995</b>	<b>\$176,909</b>	<b>\$145,115</b>	<b>\$157,893</b>	<b>\$143,338</b>	<b>\$141,605</b>	<b>\$206,579</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,214,434</b>

<b>Variance</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>YTD Total</b>
Membership: (1)													
Non-Medicare	(4)	(33)	(41)	(38)	(43)	(42)	(45)						(246)
Medicare Basic	2	(19)	(11)	11	(11)	(11)	(15)						(54)
Medicare Basic Plus	-	(4)	(1)	2	3	4	6						10
<b>Total Membership</b>	<b>(2)</b>	<b>(56)</b>	<b>(53)</b>	<b>(25)</b>	<b>(51)</b>	<b>(49)</b>	<b>(54)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(290)</b>
PMPM Administrative Expense (2)	(2,409)	(1,273)	(270)	16,408	3,654	2,055	1,788						\$19,955
Variable Administrative Expense (3)	11,182	1,969	12,085	10,563	11,685	14,590	10,519						\$72,592
Salary and Benefits Expense (4)	2,296	(9,100)	1,486	1,693	1,358	1,456	1,456						\$644
RX Benefit Management Fees	1,324	1,336	1,260	958	1,197	1,224	1,160						\$8,460
Miscellaneous Expense (5)	6,685	1,463	13,189	(3,235)	2,325	2,092	(18,454)						\$4,065
Professional Fees (6)	16,649	8,358	4,816	5,986	36,970	23,066	5,684						\$101,528
<b>Total Variance Expenses</b>	<b>\$35,727</b>	<b>\$2,753</b>	<b>\$32,567</b>	<b>\$32,372</b>	<b>\$57,188</b>	<b>\$44,483</b>	<b>\$2,153</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$207,243</b>

**Notes:**

- (1) Non-medicare enrollment projected to decrease by 7 members per month. All Medicare enrollment projected to increase by 2 members per month.
- (2) PMPM Administrative Expense reflects contractual fees and performance bonuses per member for TPA, Utilization Management fees and Network services. It is paid a month in arrears.  
The PMPM rate varies by plan and enrollment levels. For Jan - Mar, the Medicare plan PMPM = \$38.55 and the Non-Medicare PMPM = \$48.20. For Apr - Dec, the Medicare plan, PMPM = \$47.87 and the Non-Medicare PMPM = \$57.52. Please note that when monthly enrollment falls below 1,750 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, and other miscellaneous.
- (4) Salary and Benefits Expense reflect the combined amounts of the Executive Director, Executive Assistant and Program Coordinator, as well as temporary resources.  
PCIP-WA no longer will reimburse WSHIP for any salary and benefit costs as it has over the last few years.
- (5) Miscellaneous expense includes Board expenses, conference travel, insurance, agent commissions, phone/internet charges, and office expenses.  
PCIP-WA no longer will reimburse WSHIP for any miscellaneous costs as it has over the last few years.
- (6) Professional fees include legal fees, auditing fees, actuarial fees, and consulting.

**WSHIP Financial Performance**

CASH BASIS	Month Ending July 31, 2015			
	Projected	Actual	Variance	% Change
Membership	1,648	1,594	(54)	-3%
Avg Premium Receipt PMPM	\$373	\$485	\$112	30%
Avg Medical Claim Expense PMPM	\$1,579	\$1,664	(\$85)	-5%
Avg Pharmacy Claim Expense PMPM	\$885	\$744	\$141	16%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$2,091)	(\$1,923)	\$168	8%
Avg Premium Receipt Less Avg Claim Expense Total	(\$3,445,968)	(\$3,065,262)	\$380,706	11%
Variance Due to Changes in Membership			\$103,842	
Variance Due to Changes in Claim Expenses			\$276,864	

CASH BASIS	Year-To-Date July 31, 2015			
	Projected	Actual	Variance	% Change
Member Months	11,627	11,336	(291)	-3%
Avg Premium Receipt PMPM	\$610	\$696	\$86	14%
Avg Medical Claim Expense PMPM	\$1,432	\$1,594	(\$162)	-11%
Avg Pharmacy Claim Expense PMPM	\$833	\$807	\$26	3%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,655)	(\$1,705)	(\$50)	-3%
Avg Premium Receipt Less Avg Claim Expense Total	(\$19,242,685)	(\$19,327,880)	(\$85,195)	0%
Variance Due to Changes in Membership			\$496,155	
Variance Due to Changes in Claim Expenses			(\$581,350)	

INCURRED BASIS	Year-To-Date July 31, 2015	Year-To-Date July 31, 2014
	Actual	Actual - Prior Year
Member Months	11,336	13,826
Avg Premium Income PMPM	\$593	\$622
Avg Medical Claim Expense PMPM (1)	\$1,637	\$1,482
Avg Pharmacy Claim Expense PMPM (2)	\$800	\$967
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,844)	(\$1,827)
Avg Premium Receipt Less Avg Claim Expense Total	(\$20,903,584)	(\$25,260,102)

(1) Incurred medical claims data totals \$18,556,842 which is derived from \$13,479,842 actual paid claims with dates of service between 1-1-15 and 7-31-15 and \$5,077,000 IBNR reserve.

(2) Incurred pharmacy claims data totals \$9,072,929 which is derived from \$8,781,929 actual paid claims with dates of service between 1-1-15 and 7-31-15 and \$291,000 IBNR reserve.