

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

1. 2016 Interim II Assessment Required

In July 2016, an assessment of \$12.5 M is required to adequately fund the pool until the next scheduled assessment in November 2016. This assessment was approved by the Board of Directors at the May 11th, 2016 and generated on July 27, 2016. Invoices are due August 27, 2016 except for the carriers who have installment payment arrangements, at which point the invoices are due in total by October 27, 2016. Looking ahead as of August 31, 2016, \$9.6 M has been collected, leaving \$2.9 M left to collect.

2. Financial Statements – July 2016

Balance Sheet

Cash on hand decreased by \$2.9 M or 37.1% from June 2016 to July 2016. The current cash position is \$5.0 M which is well above our current three week expense allowance of \$2.6 M. As of the end of July 2016, the entire \$5.0 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 2016 is \$5.3 M. This is an increase of \$18 K or less than 1% from the prior month. Medical IBNR decreased \$194 K or 4.3% and pharmacy IBNR increased \$212 K or 29.9% from June 2016.

As of July 2016, the equity position of WSHIP is a positive \$10.3 M.

Income Statement

Total member months for July 2016 YTD are lower by 1,020 member months or 9.0% lower than July 2015 YTD. Member months are measured as the cumulative monthly member count (PMPM) over a period of time. The total incurred claim loss for July 2016 YTD is \$2.1 M or 7.7% lower than July 2015 YTD. Incurred claim loss represents the total medical and pharmacy claims expense as well as the change in unpaid losses (IBNR) and accrued loss adjustment for the period. For July 2016 YTD, the medical claims portion is \$2.0 M or 11.5% lower than July 2015 YTD, and the pharmacy claims portion is \$73 K or less than 1% lower than July 2015 YTD.

July 2016 YTD administrative expenses are \$195 K or 15.6% lower than the administrative expenses for July 2015 YTD. The ratio of administrative expenses as a percentage of total cost is 4.2% for July 2016 YTD as compared to 4.5% in July

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

3. Budgeted Cash Flow – July 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 \$5.0 M is \$2.2 M higher than the budgeted cash balance of \$2.7 M. Total net cash receipts for July 2016 YTD are \$567 K or 3.1% unfavorable to budget. Total YTD expenses are \$2.8 M or 9.7% favorable to budget. The YTD administrative expenses are \$35 K or 3.0% favorable to budget. Total YTD medical claims expense is \$2.2 M or 12.1% favorable to budget; while total YTD pharmacy claims expense is \$568 K or 6.0% favorable to budget.

4. Cash Flow Forecast – 2016

The 2016 cash flow forecast was developed using the assumptions developed by Leif & Associates for membership, premium receipts, pharmacy and medical claim cost projections. The key drivers (membership, premiums, medical claims and pharmacy claims) in the budget portion were updated in May 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 July 2016. For August 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 \$33.5 M which is a \$500 K or 1.5% decrease from the 2015 assessment of \$34.0 M.

5. Administrative Expense Budget

For July 2016, YTD administrative expenses are \$35 K or 3.0% favorable to budget (cash basis).

6. Financial Performance

July 2016 YTD member months are 379 member months or 4% lower than projected in the original budget. Through July 2016, average premium receipt PMPM is 5% higher than anticipated. Average medical claims expense PMPM is 10% lower than

anticipated and average pharmacy claims expense PMPM is 3% lower than anticipated.

On an incurred basis, the average medical claims expense PMPM is \$1,605 as compared to \$1,519 on a cash basis. Also on an incurred basis, the average pharmacy claims expense PMPM is \$898 as compared to \$860 on a cash basis.

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Balance Sheet as of July 31

Total Enrollment: 1,469

	<u>2016</u>	<u>2015</u>
Assets:		
Cash	\$ 4,977,990	\$ 6,678,593
Premiums Receivable	89,219	95,646
Assessments Receivable	12,500,000	11,268,286
Grants Receivable	-	242,848
Prepaid Expense	-	-
Total Assets	<u>\$ 17,567,209</u>	<u>\$ 18,285,372</u>
 Liabilities and Unassigned Surplus:		
Reserve for Unpaid Losses - Medical	\$ 4,368,000	\$ 4,706,000
Reserve for Unpaid Losses - Pharmacy	921,000	662,000
Accrued Loss Adjustment	342,000	295,000
Premiums Received in Advance	1,382,658	1,682,430
Assessments Payable	-	-
Accrued Expenses	146,565	184,394
Abandoned Claim Reserve	61,972	18,303
Total Liabilities	<u>\$ 7,222,195</u>	<u>\$ 7,548,127</u>
Unassigned Surplus	10,345,014	10,737,245
Total Liabilities and Unassigned Surplus	<u>\$ 17,567,209</u>	<u>\$ 18,285,372</u>

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Statement of Operations January 1 to July 31

	<u>2016</u>	<u>2015</u>
Total Member Months	10,316	11,336
Premium Income Earned	\$ 6,646,450	\$ 6,726,238
Pharmacy Rebate Income	242,993	171,709
Grant Income	-	-
Incurred Claim Loss - Medical	15,279,979	17,265,402
Incurred Claim Loss - Pharmacy	9,285,119	9,358,190
Total Incurred Claim Loss	<u>24,565,098</u>	<u>26,623,592</u>
Operating Expenses:		
Fixed (PMPM) Administrative Expense	\$ 579,329	\$ 571,728
Variable Administrative Expense	114,416	117,659
Salary and Benefit Expense	208,824	350,363
Prescription Administrative Expense	13,637	14,955
Miscellaneous Expense	45,897	63,124
Professional Fee Expense	95,921	135,182
Total Operating Expenses	<u>\$ 1,058,024</u>	<u>\$ 1,253,011</u>
Underwriting Gain (Loss)	(18,733,679)	(20,978,656)
Investment Income	10,782	620
Other Income	26,489	846
Changes to Unassigned Surplus	<u>\$ (18,696,409)</u>	<u>\$ (20,977,190)</u>

WASHINGTON STATE HEALTH INSURANCE POOL

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

	<u>2016</u>	<u>2015</u>
Unassigned Surplus at Beginning of Year	\$ 6,187,923	\$ 8,214,435
Changes to Unassigned Surplus	(18,696,409)	(20,977,190)
Member Assessments	22,853,500	23,500,000
Unassigned Surplus	<u>\$ 10,345,014</u>	<u>\$ 10,737,245</u>

**WSHIP 2016
Budgeted Cashflow**

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	July 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	10,695	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	6,867,568	11,902,625
Grant Revenue	96,347	-	45,294	-	-	-	-	-	-	-	-	-	141,641	141,641
Pharmacy Rebate Income	-	-	50,000	-	-	50,000	-	-	50,000	-	-	50,000	100,000	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	356,701	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	16,221,579	40,721,579
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	700	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	23,688,189	53,615,569
Refunds														
Assessment Refunds	-	3,255,852	-	1,700,000	-	-	-	-	-	-	-	-	4,955,852	4,955,852
Premium Refunds	28,557	10,132	45,537	14,342	9,717	43,201	15,946	9,679	42,867	15,665	8,955	44,967	167,432	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	5,123,284	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	18,387,772	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	9,438,579	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	562,863	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	138,728	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	236,754	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	16,719	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	54,700	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	173,800	313,300
Total Expense	4,188,954	4,071,408	4,048,711	4,034,588	4,008,912	4,277,105	4,380,235	4,474,826	4,407,865	4,544,360	4,526,390	4,426,453	29,009,914	51,389,808
Month Ending Cash Balance	\$ 13,457,582	\$ 6,603,630	\$ 4,533,298	\$ 9,826,305	\$ 7,559,915	\$ 6,425,504	\$ 2,741,850	\$ 10,315,350	\$ 9,189,533	\$ 6,784,587	\$ 2,677,287	\$ 10,167,202		

Actual	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
Enrollment Count	1,518	1,468	1,463	1,473	1,432	1,469	1,493						10,316
Cash Balance													
BEGINNING OF MONTH	13,186,859	14,216,707	8,224,318	6,288,149	8,217,724	8,508,864	7,917,358						
Receipts													
Premium Receipts	1,142,274	405,402	1,804,194	644,606	303,806	1,735,029	830,638						6,865,949
Grant Revenue	96,347	45,294	-	-	-	-	-						141,641
Pharmacy Rebate Income	-	169,882	-	-	73,111	-	-						242,993
Claim Refunds Receipts	37,298	23,469	14,128	22,193	351,014	18,962	25,452						492,516
Assessment Receipts	3,208,332	13,247	-	5,784,636	4,916,109	1,299,255	-						15,221,579
Investment Income	1,819	1,695	1,265	1,134	1,924	1,557	1,389						10,782
Other Income	24	-	-	10,000	16,465	-	-						26,489
Total Receipts	4,486,094	658,989	1,819,587	6,462,569	5,662,429	3,054,802	857,478						23,001,949
Refunds													
Assessment Refunds	-	3,255,852	-	-	1,646,500	-	-						4,902,352
Premium Refunds	25,734	22,852	15,493	19,077	10,126	6,899	1,485						101,666
Total Refunds	25,734	3,278,704	15,493	19,077	1,656,626	6,899	1,485						5,004,018
Expenses													
Medical Claims	2,057,865	2,117,545	2,421,785	2,472,985	2,380,680	2,339,005	2,377,414						16,167,279
Pharmacy Claims	1,136,882	1,095,730	1,173,497	1,868,346	1,192,996	1,138,501	1,264,383						8,870,335
Fixed (PMPM) Admin	162,313	81,491	83,015	84,621	80,288	81,590	82,576						655,893
Variable Admin	21,981	13,442	15,054	27,781	14,023	12,800	19,683						124,763
Salary and Benefits	28,691	34,762	28,655	28,649	28,645	28,637	30,395						208,435
Prescription Admin	3,775	1,898	1,909	1,392	2,333	1,797	2,440						15,542
Miscellaneous	5,002	6,414	6,099	5,528	4,966	13,124	3,948						45,081
Professional Fees	14,004	21,392	9,851	10,135	11,692	16,765	14,522						98,361
Total Expense	3,430,513	3,372,674	3,739,863	4,499,436	3,715,624	3,632,219	3,795,361						26,185,691
Available Cash Balance	14,216,707	8,224,318	6,288,549	8,232,205	8,507,902	7,924,549	4,977,990						
Inc(Dec) in Abandoned Property Reserve			(399)	(14,481)	962	(7,191)	-						
Month Ending Cash Balance	\$ 14,216,707	\$ 8,224,318	\$ 6,288,149	\$ 8,217,724	\$ 8,508,864	\$ 7,917,358	\$ 4,977,990	\$ -	\$ -	\$ -	\$ -	\$ -	

**WSHIP 2016
Budgeted Cashflow**

Variance to Budget	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
Favorable/(Unfavorable)													
Enrollment Count	(26)	(71)	(70)	(55)	(90)	(48)	(19)						(379)
Receipts													
Premium Receipts	(24)	(12,315)	(73,135)	53,357	(96,797)	(45,970)	173,265						(1,619)
Grant Revenue	-	45,294	(45,294)	-	-	-	-						-
Pharmacy Rebate Income	-	169,882	(50,000)	-	73,111	(50,000)	-						142,993
Claim Refunds Receipts	(3,859)	(28,907)	(37,065)	(28,395)	299,477	(35,835)	(29,602)						135,816
Assessment Receipts	-	-	-	(4,615,364)	3,616,109	(745)	-						(1,000,000)
Investment Income	1,719	1,595	1,165	1,034	1,824	1,457	1,289						10,082
Other Income	24	-	-	10,000	16,465	-	-						26,489
Total Receipts	(2,140)	175,549	(204,329)	(4,579,368)	3,910,190	(131,093)	144,952						(686,240)
Refunds													
Assessment Refunds	-	-	-	1,700,000	(1,646,500)	-	-						53,500
Premium Refunds	2,823	(12,720)	30,044	(4,735)	(409)	36,302	14,461						65,766
Total Refunds	2,823	(12,720)	30,044	1,695,265	(1,646,909)	36,302	14,461						119,266
Expenses													
Medical Claims	552,721	501,233	137,880	56,421	196,146	400,837	375,256						2,220,493
Pharmacy Claims	259,010	183,232	136,521	(518,525)	73,949	247,590	186,467						568,244
Fixed (PMPM) Admin	(80,914)	(448)	(2,268)	(4,229)	(192)	(1,849)	(3,131)						(93,030)
Variable Admin	11,025	3,910	2,234	(10,547)	3,147	4,316	(121)						13,965
Salary and Benefits	14,166	(1,846)	3,541	3,547	3,551	3,559	1,801						28,318
Prescription Admin	(1,359)	510	488	997	46	573	(78)						1,176
Miscellaneous	3,298	(764)	8,801	122	3,334	(6,874)	1,702						9,619
Professional Fees	496	12,908	21,650	7,365	13,308	(3,265)	22,978						75,439
Total Expense	758,441	698,734	308,848	(464,848)	293,288	644,886	584,874						2,824,223
Available Cash Balance	759,125	1,620,688	1,755,251	(1,594,100)	947,987	1,499,044	2,236,141						
Inc(Dec) in Abandoned													
Property Reserve	-	-	(399)	(14,481)	962	(7,191)	-						
Month Ending Cash Balance	759,125	1,620,688	1,754,852	(1,608,581)	948,949	1,491,854	2,236,141						

- (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 5/1/2016

	Actual (Bold)							Forecast					TOTAL
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	
Enrollment:													
Non-Medicare Enrollment	463	442	440	435	434	431	430	417	413	408	404	399	5,116
Medicare Enrollment (Basic and Basic+)	1,055	1,026	1,023	1,038	998	1,038	1,063	1,040	1,040	1,040	1,040	1,040	12,441
Total Enrollment Count	1,518	1,468	1,463	1,473	1,432	1,469	1,493	1,457	1,453	1,448	1,444	1,439	17,557
Cash Balance													
BEGINNING OF MONTH	13,186,859	14,216,707	8,224,318	6,288,149	8,217,724	8,508,864	7,917,358	4,977,990	11,348,096	10,902,049	8,982,438	5,436,034	
Receipts													
Premium Receipts	1,142,274	405,402	1,804,194	644,606	303,806	1,735,029	830,638	309,990	1,675,143	612,147	349,951	1,757,183	11,570,364
Grant Revenue	96,347	45,294	-	-	-	-	-	-	-	-	-	-	141,641
Pharmacy Rebate Income	-	169,882	-	-	73,111	-	-	-	50,000	-	-	50,000	342,993
Claim Refunds Receipts	37,298	23,469	14,128	22,193	351,014	18,962	25,452	41,170	48,515	49,173	51,843	47,791	731,007
Assessment Receipts	3,208,332	13,247	-	5,784,636	4,916,109	1,299,255	-	9,597,271	1,652,729	1,250,000	-	7,200,000	34,921,579
Investment Income	1,819	1,695	1,265	1,134	1,924	1,557	1,389	100	100	100	100	100	11,282
Other Income	24	-	-	10,000	16,465	-	-	-	-	-	-	-	26,489
Total Receipts	4,486,094	658,989	1,819,587	6,462,569	5,662,429	3,054,802	857,478	9,948,531	3,426,487	1,911,420	401,894	9,055,074	47,745,355
Refunds													
Assessment Refunds	-	3,255,852	-	-	1,646,500	-	-	-	-	-	-	-	4,902,352
Premium Refunds	25,734	22,852	15,493	19,077	10,126	6,899	1,485	7,750	41,879	15,304	8,749	43,930	219,276
Total Refunds	25,734	3,278,704	15,493	19,077	1,656,626	6,899	1,485	7,750	41,879	15,304	8,749	43,930	5,121,628
Expenses													
Medical Claim Expense	2,057,865	2,117,545	2,421,785	2,472,985	2,380,680	2,339,005	2,377,414	2,058,490	2,425,738	2,458,637	2,592,135	2,389,535	28,091,814
Pharmacy Claim Expense	1,136,882	1,095,730	1,173,497	1,868,346	1,192,996	1,138,501	1,264,383	1,337,871	1,249,742	1,198,022	1,138,054	1,169,638	14,963,662
PMPM Administrative Expense	162,313	81,491	83,015	84,621	80,288	81,590	82,576	79,149	78,793	78,497	78,201	77,905	1,048,438
Variable Administrative Expense	21,981	13,442	15,054	27,781	14,023	12,800	19,683	16,998	16,944	16,891	24,837	16,782	217,215
Salary and Benefits Expense	28,691	34,762	28,655	28,649	28,645	28,637	30,395	32,196	32,196	32,196	32,196	32,378	369,598
Prescription Administrative Expense	3,775	1,898	1,909	1,392	2,333	1,797	2,440	2,351	2,343	2,334	2,326	2,317	27,213
Miscellaneous Expense	5,002	6,414	6,099	5,528	4,966	13,124	3,948	26,620	8,900	5,650	8,300	23,214	117,764
Professional Fees	14,004	21,392	9,851	10,135	11,692	16,765	14,522	17,000	16,000	23,500	63,500	19,500	237,861
Total Expense	3,430,513	3,372,674	3,739,863	4,499,436	3,715,624	3,632,219	3,795,361	3,570,675	3,830,656	3,815,727	3,939,549	3,731,269	45,073,567
Available Cash Balance	14,216,707	8,224,318	6,288,549	8,232,205	8,507,902	7,924,548	4,977,990	11,348,096	10,902,049	8,982,438	5,436,034	10,715,910	
Inc(Dec) in Abandoned Property Reserve	-	-	(399)	(14,481)	962	(7,191)	-	-	-	-	-	-	
Month Ending Cash Balance	14,216,707	8,224,318	6,288,149	8,217,724	8,508,864	7,917,358	4,977,990	11,348,096	10,902,049	8,982,438	5,436,034	10,715,910	

- (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 (**\$12.5 M**) and November (**\$9.0 M**) TOTAL **\$33.5 M**
- (6) 3-Week expense allowance is **\$2.6 M** based upon the actual data for the 12-month period ending in Dec of 2016.
- (7) WSHIP has access to a **\$5 M** line of credit in the event cash on hand is exhausted.

**Washington State Health Insurance Pool
2016 Administrative Expense
Budget Variance Analysis**

Budget	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Membership: (1)													
Non-Medicare	499	494	488	483	477	472	467	461	456	451	446	441	5,635
Medicare Basic	808	810	812	814	816	818	820	822	824	826	828	830	
Medicare Basic Plus	237	235	233	231	229	227	225	223	221	219	217	215	2,712
Total Membership	1,544	1,539	1,533	1,528	1,522	1,517	1,512	1,506	1,501	1,496	1,491	1,486	18,175
PMPM Administrative Expense (2)	81,399	81,043	80,747	80,392	80,096	79,741	79,445	79,149	78,793	78,497	78,201	77,905	955,408
Variable Administrative Expense (3)	33,006	17,352	17,288	17,234	17,170	17,116	19,562	16,998	16,944	16,891	24,837	16,782	231,180
Salary and Benefits Expense (4)	42,856	32,916	32,196	32,196	32,196	32,196	32,196	32,196	32,196	32,196	32,196	32,378	397,916
RX Benefit Management Fees	2,416	2,407	2,397	2,389	2,378	2,370	2,361	2,351	2,343	2,334	2,326	2,317	28,390
Miscellaneous Expense (5)	8,300	5,650	14,900	5,650	8,300	6,250	5,650	26,620	8,900	5,650	8,300	23,214	127,383
Professional Fees (6)	14,500	34,300	31,500	17,500	25,000	13,500	37,500	17,000	16,000	23,500	63,500	19,500	313,300
Total Budget Operating Expenses	\$182,477	\$173,669	\$179,028	\$155,361	\$165,141	\$151,173	\$176,715	\$174,314	\$155,176	\$159,068	\$209,360	\$172,096	\$2,053,577

Actual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
Membership: (1)													
Non-Medicare	463	442	440	435	434	431	430						3,075
Medicare Basic	825	797	798	814	776	817	841						
Medicare Basic Plus	230	229	225	224	222	221	222						1,573
Total Membership	1,518	1,468	1,463	1,473	1,432	1,469	1,493	-	-	-	-	-	10,316
PMPM Administrative Expense (2)	162,313	81,491	83,015	84,621	80,288	81,590	82,576						\$655,893
Variable Administrative Expense (3)	21,981	13,442	15,054	27,781	14,023	12,800	19,683						\$124,763
Salary and Benefits Expense (4)	28,691	34,762	28,655	28,649	28,645	28,637	30,395						\$208,436
RX Benefit Management Fees	3,775	1,898	1,909	1,392	2,333	1,797	2,440						\$15,542
Miscellaneous Expense (5)	5,002	6,414	6,099	5,528	4,966	13,124	3,948						\$45,081
Professional Fees (6)	14,004	21,392	9,851	10,135	11,692	16,765	14,522						\$98,361
Total Actual Operating Expenses	\$235,766	\$159,398	\$144,582	\$158,105	\$141,948	\$154,713	\$153,564	\$0	\$0	\$0	\$0	\$0	\$1,148,076

Variance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
Membership: (1)													
Non-Medicare	(36)	(52)	(48)	(48)	(43)	(41)	(37)						(305)
Medicare Basic	17	(13)	(14)	-	(40)	(1)	21						(30)
Medicare Basic Plus	(7)	(6)	(8)	(7)	(7)	(6)	(3)						(44)
Total Membership	(26)	(71)	(70)	(55)	(90)	(48)	(19)	-	-	-	-	-	(379)
PMPM Administrative Expense (2)	(80,914)	(448)	(2,268)	(4,229)	(192)	(1,849)	(3,131)						(\$93,030)
Variable Administrative Expense (3)	11,025	3,910	2,234	(10,547)	3,147	4,316	(121)						\$13,965
Salary and Benefits Expense (4)	14,165	(1,846)	3,541	3,547	3,551	3,559	1,801						\$28,318
RX Benefit Management Fees	(1,359)	510	488	997	46	573	(78)						\$1,176
Miscellaneous Expense (5)	3,298	(764)	8,801	122	3,334	(6,874)	1,702						\$9,619
Professional Fees (6)	496	12,908	21,650	7,365	13,308	(3,265)	22,978						\$75,439
Total Variance Expenses	(\$53,289)	\$14,270	\$34,447	(\$2,744)	\$23,193	(\$3,540)	\$23,150	\$0	\$0	\$0	\$0	\$0	\$35,487

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 July 31, 2016			
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>% Change</u>
Membership	1,512	1,493	(19)	-1%
Avg Premium Receipt PMPM	\$424	\$555	\$131	31%
Avg Medical Claim Expense PMPM	\$1,784	\$1,575	\$209	12%
Avg Pharmacy Claim Expense PMPM	\$960	\$847	\$113	12%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$2,320)	(\$1,867)	\$453	20%
Avg Premium Receipt Less Avg Claim Expense Total	(\$3,507,840)	(\$2,787,431)	\$720,409	21%
Variance Due to Changes in Membership			\$35,473	
Variance Due to Changes in Claim Expenses			\$684,936	

CASH BASIS	Year-To-Date July 31, 2016			
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>% Change</u>
Member Months	10,695	10,316	(379)	-4%
Avg Premium Receipt PMPM	\$626	\$656	\$30	5%
Avg Medical Claim Expense PMPM	\$1,686	\$1,519	\$167	10%
Avg Pharmacy Claim Expense PMPM	\$883	\$860	\$23	3%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,943)	(\$1,723)	\$220	11%
Avg Premium Receipt Less Avg Claim Expense Total	(\$20,780,385)	(\$17,774,468)	\$3,005,917	14%
Variance Due to Changes in Membership			\$653,017	
Variance Due to Changes in Claim Expenses			\$2,352,900	

INCURRED BASIS	Year-To-Date July 31, 2016	Year-To-Date July 31, 2015
	<u>Actual</u>	<u>Actual - Prior Year</u>
Member Months	10,316	11,336
Avg Premium Income PMPM	\$644	\$593
Avg Medical Claim Expense PMPM (1)	\$1,605	\$1,637
Avg Pharmacy Claim Expense PMPM (2)	\$898	\$800
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,859)	(\$1,844)
Avg Premium Receipt Less Avg Claim Expense Total	(\$19,177,444)	(\$20,903,584)

(1) Incurred medical claims data totals \$16,554,198 which is derived from \$12,257,198 actual paid claims with dates of service between 1-1-16 and 7-31-16 and \$4,297,000 IBNR reserve.

(2) Incurred pharmacy claims data totals \$9,267,586 which is derived from \$8,346,586 actual paid claims with dates of service between 1-1-16 and 7-31-16 and \$921,000 IBNR reserve.