

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

1. 2017 Interim I Assessment Required

An assessment of \$9.5 M was required to adequately fund the pool until the next scheduled assessment in July 2017. This assessment was approved by the Board of Directors and generated on March 27, 2017 with invoices due April 27, 2017 except for the carriers who have installment payment arrangements, at which point the invoices are due in total by June 27, 2017. As of August 31, 2017, \$8.8 M of assessments have been collected, leaving \$688 K left to collect.

2. 2017 Interim II Assessment Required

An assessment of \$8.0 M was required to adequately fund the pool until the next scheduled assessment in November 2017. This assessment was approved by the Board of Directors and generated on July 31, 2017 with invoices due August 31, 2017 except for the carriers who have installment payment arrangements, at which point the invoices are due in total by October 31, 2017. As of August 31, 2017, \$5.6 M of assessments have been collected, leaving \$2.4 M left to collect.

3. Financial Statements – July 2017

Balance Sheet

Cash on hand decreased by \$2.5 M or 27.4% from June 2017 to July 2017. The current cash position is \$6.6 M, which is well above our current 4-week expense allowance of \$3.3 M. As of the end of July 2017, the entire \$6.6 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 2017 is \$5.2 M. This is an increase of \$670 K or 14.7% from the prior month. Medical IBNR increased \$347 K or 9.0% and pharmacy IBNR increased \$323 K or 47.0% from June 2017.

As of July 2017, the equity position of WSHIP is a positive \$8.2 M.

Income Statement

Total member months for July 2017 YTD are lower by 75 member months or less than 1% lower than July 2016 YTD. Member months are measured as the cumulative monthly member count (MPM) over a period of time. The total incurred claim loss for July 2017 YTD is \$1.9 M or 7.7% lower than July 2016 YTD. Incurred claim loss represents the total medical and pharmacy claims expense as well as the

change in unpaid losses (IBNR) and accrued loss adjustment for the period. For July 2017 YTD, the medical claims portion is \$1.3 M or 8.2% lower than July 2016 YTD, and the pharmacy claims portion is \$639 K or 6.9% lower than July 2016 YTD.

July 2017 YTD administrative expenses are \$31 K or 3.0% lower than the administrative expenses for July 2016 YTD. The ratio of administrative expenses as a percentage of total cost is 4.4% for July 2017 YTD as compared to 4.2% for July YTD of the prior year. Total cost is calculated as total incurred claim loss less pharmacy rebates plus administrative expenses.

4. Budgeted Cash Flow – July 2017

The Budgeted Cash Flow document contains the budget (upper portion) as established in early 2017 and the actual (lower portion) cash flow results year-to-date.

The ending cash balance of \$6.6 M is \$2.9 M or 81.8% higher than the budgeted cash balance of \$3.7 M. Total net cash receipts for July 2017 YTD are \$217 K or 1.2% favorable to budget. Total YTD expenses are \$2.8 M or 10.5% favorable to budget. The YTD administrative expenses are \$87 K or 7.8% favorable to budget. Total YTD medical claims expense is \$1.3 M or 8.3% favorable to budget; while total YTD pharmacy claims expense is \$1.4 M or 14.2% favorable to budget.

5. Medicare vs. Non-Medicare Cash Flow – July 2017

As of July, the YTD Medicare member months total 7,524 and represent 73% of the combined WSHIP member months. The YTD Non-Medicare member months total 2,717 and account for 27% of the combined WSHIP member months. The YTD Medicare Loss Ratio is 186% while the YTD Non-Medicare Loss Ratio is 343%. On a cash basis, the YTD Claims PMPM is \$816 for Medicare members and \$6,094 for Non-Medicare members.

6. Cash Flow Forecast – 2017

The 2017 cash flow forecast was developed using the assumptions developed by Leif & Associates for membership, premium receipts, pharmacy and medical claim cost projections. The key drivers (membership, premiums, medical claims and pharmacy claims) in the budget portion were updated in March 2017 to reflect new projections from Liz Leif. All other projections were trended from previous years with the best information available as of current.

The cash flow re-forecast is a dynamic document and changes are made as better financial information is obtained. Actual results are illustrated through July 2017. For August 2017, preliminary figures for the key financial drivers (Premium Receipts, Grant Revenue, Assessment Receipts and Refunds, Medical Claims and Pharmacy Claims Expenses) are reported.

To ensure adequate funding, the current 2017 forecast is projecting an assessment of \$29.0 M which is a \$4.0 M or 12.1% decrease from the 2016 assessment of \$33.0 M.

7. Administrative Expense Budget

For July 2017, YTD administrative expenses are \$87 K or 7.8% favorable to budget (cash basis).

8. Financial Performance

July 2017 YTD member months are 49 member months or less than 1% higher than projected in the original budget. Through July 2017, average premium receipt PMPM is 2% higher than anticipated, average medical claims expense PMPM is 9% lower than expected and average pharmacy claims expense PMPM is 15% lower than anticipated.

On an incurred basis, the average YTD medical claims expense PMPM is \$1,488 as compared to \$1,363 on a cash basis. Also on an incurred basis, the average YTD pharmacy claims expense PMPM is \$869 as compared to \$823 on a cash basis.

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Balance Sheet as of July 31

Total Enrollment: 1,468

	<u>2017</u>	<u>2016</u>
Assets:		
Cash	\$ 6,643,448	\$ 4,977,990
Premiums Receivable	95,943	89,219
Assessments Receivable	8,688,018	12,500,000
Grants Receivable	-	-
Prepaid Expense	-	-
Total Assets	<u>\$ 15,427,409</u>	<u>\$ 17,567,209</u>
 Liabilities and Unassigned Surplus:		
Reserve for Unpaid Losses - Medical	\$ 4,215,000	\$ 4,368,000
Reserve for Unpaid Losses - Pharmacy	1,010,000	921,000
Accrued Loss Adjustment	322,000	342,000
Premiums Received in Advance	1,507,901	1,382,658
Assessments Payable	-	-
Accrued Expenses	132,776	146,565
Abandoned Claim Reserve	19,897	61,972
Total Liabilities	<u>\$ 7,207,574</u>	<u>\$ 7,222,195</u>
Unassigned Surplus	8,219,835	10,345,014
Total Liabilities and Unassigned Surplus	<u>\$ 15,427,409</u>	<u>\$ 17,567,209</u>

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Statement of Operations January 1 to July 31

	<u>2017</u>	<u>2016</u>
Total Member Months	10,241	10,316
Premium Income Earned	\$ 7,077,208	\$ 6,646,450
Pharmacy Rebate Income	109,084	242,993
Grant Income	-	-
Incurred Claim Loss - Medical	14,028,490	15,279,979
Incurred Claim Loss - Pharmacy	8,646,046	9,285,119
Total Incurred Claim Loss	<u>22,674,536</u>	<u>24,565,098</u>
Operating Expenses:		
Fixed (PMPM) Administrative Expense	\$ 549,393	\$ 579,329
Variable Administrative Expense	91,904	114,416
Salary and Benefit Expense	204,163	208,824
Prescription Administrative Expense	15,135	13,637
Miscellaneous Expense	67,450	45,897
Professional Fee Expense	98,706	95,921
Total Operating Expenses	<u>\$ 1,026,751</u>	<u>\$ 1,058,024</u>
Underwriting Gain (Loss)	(16,514,994)	(18,733,679)
Investment Income	35,220	10,782
Other Income	-	26,489
Changes to Unassigned Surplus	<u>\$ (16,479,774)</u>	<u>\$ (18,696,409)</u>

WASHINGTON STATE HEALTH INSURANCE POOL

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

	<u>2017</u>	<u>2016</u>
Unassigned Surplus at Beginning of Year	\$ 6,062,256	\$ 6,187,923
Changes to Unassigned Surplus	(16,479,774)	(18,696,409)
Member Assessments	18,637,353	22,853,500
Unassigned Surplus	<u>\$ 8,219,835</u>	<u>\$ 10,345,014</u>

**WSHIP 2017
Budgeted Cashflow**

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JULY YTD	TOTAL
Enrollment Count	1,453	1,454	1,455	1,456	1,457	1,458	1,459	1,460	1,461	1,462	1,463	1,464	10,192	17,502
Cash Balance														
BEGINNING OF MONTH	12,629,341	10,634,486	7,302,839	5,337,432	10,168,036	7,580,657	6,578,084	3,654,398	10,198,375	9,390,433	7,407,086	3,942,775		
Receipts														
Premium Receipts	2,039,141	428,310	1,906,142	681,030	320,973	1,833,069	877,574	319,369	1,830,387	733,166	465,502	441,788	8,086,238	11,876,450
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pharmacy Rebate Income	-	-	50,000	-	-	50,000	-	-	50,000	-	-	50,000	100,000	200,000
Claim Refunds Receipts	34,100	39,292	39,378	37,941	39,435	37,786	36,531	35,852	36,211	38,451	40,129	39,068	264,463	454,173
Assessment Receipts	70,838	139	-	8,000,000	1,000,000	1,000,000	-	10,000,000	1,250,000	1,250,000	-	10,000,000	10,070,977	32,570,977
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	700	1,200
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	2,144,179	467,840	1,995,621	8,719,071	1,360,508	2,920,955	914,205	10,355,321	3,166,698	2,021,717	505,731	10,530,956	18,522,378	45,102,800
Refunds														
Assessment Refunds	797,770	-	-	-	-	-	-	-	-	-	-	-	797,770	797,770
Premium Refunds	50,979	10,708	47,654	17,026	8,024	45,827	21,939	7,984	45,760	18,329	11,638	11,045	202,156	296,911
Total Refunds	848,749	10,708	47,654	17,026	8,024	45,827	21,939	7,984	45,760	18,329	11,638	11,045	999,926	1,094,681
Expenses														
Medical Claims	2,005,884	2,311,268	2,316,360	2,231,806	2,319,730	2,222,702	2,148,868	2,108,946	2,130,053	2,261,814	2,360,506	2,298,114	15,556,618	26,716,052
Pharmacy Claims	1,123,106	1,308,031	1,419,128	1,494,793	1,465,102	1,513,476	1,501,121	1,528,411	1,651,036	1,573,838	1,432,125	1,483,332	9,824,758	17,493,501
Fixed (PMPM) Admin	74,876	75,556	75,585	75,615	75,644	75,674	75,703	75,733	75,762	75,791	75,821	75,850	528,653	907,610
Variable Admin	15,420	22,330	14,840	14,849	14,859	14,869	15,878	14,888	15,897	14,907	21,917	14,925	113,045	195,579
Salary and Benefits	42,523	32,602	31,882	31,882	31,882	31,882	31,882	31,882	31,882	31,882	31,882	32,070	234,533	394,130
Prescription Admin	2,259	2,260	2,261	2,262	2,264	2,265	2,266	2,267	2,268	2,269	2,270	2,271	15,837	27,182
Miscellaneous	8,050	5,400	16,650	5,400	8,050	6,000	5,400	26,900	8,650	5,400	8,050	22,964	54,950	126,914
Professional Fees	18,167	31,333	36,667	14,833	22,333	10,833	34,833	14,333	13,333	20,833	25,833	16,233	169,000	259,567
Total Expense	3,290,286	3,788,780	3,913,373	3,871,441	3,939,864	3,877,701	3,815,951	3,803,360	3,928,881	3,986,734	3,958,404	3,945,760	26,497,395	46,120,534
Month Ending Cash Balance	\$ 10,634,486	\$ 7,302,839	\$ 5,337,432	\$ 10,168,036	\$ 7,580,657	\$ 6,578,084	\$ 3,654,398	\$ 10,198,375	\$ 9,390,433	\$ 7,407,086	\$ 3,942,775	\$ 10,516,926		

Actual	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
Enrollment Count	1,494	1,447	1,450	1,477	1,448	1,457	1,468						10,241
Cash Balance													
BEGINNING OF MONTH	12,629,341	10,823,097	8,345,429	6,933,338	10,466,790	10,192,648	9,154,086						
Receipts													
Premium Receipts	2,083,674	476,316	1,836,818	730,715	498,839	1,769,014	736,994						8,132,370
Grant Revenue	-	-	-	-	-	-	-						-
Pharmacy Rebate Income	-	15,401	-	-	93,683	-	-						109,084
Claim Refunds Receipts	47,102	11,429	222,339	4,222	8,354	6,753	10,328						310,528
Assessment Receipts	70,838	-	561,202	5,911,866	2,755,833	720,573	-						10,020,312
Investment Income	4,644	3,498	3,331	4,838	6,598	6,104	6,207						35,220
Other Income	-	-	-	-	-	-	-						-
Total Receipts	2,206,257	506,644	2,623,690	6,651,641	3,363,307	2,502,444	753,530						18,607,514
Refunds													
Assessment Refunds	797,770	-	-	-	-	-	-						797,770
Premium Refunds	496	13,994	17,987	-	27,694	10,112	-						70,284
Total Refunds	798,266	13,994	17,987	-	27,694	10,112	-						868,054
Expenses													
Medical Claims	1,945,700	1,659,997	2,169,194	1,902,067	2,383,801	2,244,510	1,963,482						14,268,751
Pharmacy Claims	1,123,106	1,169,789	1,689,151	1,081,201	1,084,415	1,146,225	1,133,425						8,427,312
Fixed (PMPM) Admin	79,079	79,010	79,674	73,977	77,160	79,925	80,542						549,368
Variable Admin	12,793	7,866	18,987	15,223	6,787	11,779	17,090						90,525
Salary and Benefits	30,101	37,423	27,678	27,693	31,139	30,558	29,904						214,497
Prescription Admin	1,748	-	4,745	1,878	1,901	1,575	1,460						13,308
Miscellaneous	8,138	8,482	6,661	8,833	4,917	4,207	25,842						67,081
Professional Fees	13,572	7,749	21,704	7,315	19,635	12,114	12,422						94,511
Total Expense	3,214,236	2,970,317	4,017,794	3,118,189	3,609,756	3,530,893	3,264,168						23,725,353
Available Cash Balance	10,823,097	8,345,429	6,933,338	10,466,790	10,192,648	9,154,086	6,643,448						
Inc(Dec) in Abandoned													
Property Reserve													
Month Ending Cash Balance	\$ 10,823,097	\$ 8,345,429	\$ 6,933,338	\$ 10,466,790	\$ 10,192,648	\$ 9,154,086	\$ 6,643,448	\$ -	\$ -	\$ -	\$ -	\$ -	

**WSHIP 2017
Budgeted Cashflow**

Variance to Budget	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
Favorable/(Unfavorable)													
Enrollment Count	41	(7)	(5)	21	(9)	(1)	9						49
Receipts													
Premium Receipts	44,533	48,006	(69,324)	49,685	177,866	(64,055)	(140,580)						46,131
Grant Revenue	-	-	-	-	-	-	-						-
Pharmacy Rebate Income	-	15,401	(50,000)	-	93,683	(50,000)	-						9,084
Claim Refunds Receipts	13,002	(27,862)	182,960	(33,719)	(31,081)	(31,033)	(26,202)						46,065
Assessment Receipts	-	(139)	561,202	(2,088,134)	1,755,833	(279,427)	-						(50,665)
Investment Income	4,544	3,398	3,231	4,738	6,498	6,004	6,107						34,520
Other Income	-	-	-	-	-	-	-						-
Total Receipts	62,079	38,804	628,069	(2,067,429)	2,002,799	(418,511)	(160,675)						85,136
Refunds													
Assessment Refunds	-	-	-	-	-	-	-						-
Premium Refunds	50,483	(3,286)	29,666	17,026	(19,670)	35,714	21,939						131,872
Total Refunds	50,483	(3,286)	29,666	17,026	(19,670)	35,714	21,939						131,872
Expenses													
Medical Claims	60,185	651,271	147,166	329,739	(64,071)	(21,808)	185,386						1,287,868
Pharmacy Claims	-	138,242	(270,023)	413,592	380,687	367,252	367,696						1,397,446
Fixed (PMPM) Admin	(4,203)	(3,454)	(4,089)	1,638	(1,516)	(4,251)	(4,839)						(20,715)
Variable Admin	2,627	14,464	(4,147)	(374)	8,072	3,090	(1,212)						22,520
Salary and Benefits	12,422	(4,822)	4,204	4,188	742	1,324	1,977						20,036
Prescription Admin	511	2,260	(2,484)	384	362	689	806						2,529
Miscellaneous	(88)	(3,082)	9,989	(3,433)	3,133	1,793	(20,442)						(12,131)
Professional Fees	4,595	23,584	14,962	7,518	2,699	(1,281)	22,412						74,489
Total Expense	76,049	818,462	(104,421)	753,252	330,108	346,808	551,783						2,772,043
Available Cash Balance	188,611	1,042,591	1,595,905	298,754	2,611,991	2,576,003	2,989,050						
Inc(Dec) in Abandoned													
Property Reserve													
Month Ending Cash Balance	188,611	1,042,591	1,595,905	298,754	2,611,991	2,576,003	2,989,050						

- (1) Assumes a Non-medicare medical claim expense trend of 6%. Assumes an annual Medicare medical claim expense trend of 10%.
- (2) Assumes a Non-medicare pharmacy claim expense trend of 28%. Assumes an annual Medicare pharmacy claim expense trend of 0% for Basic and 2% for Basic Plus.
- (3) Assumes a Non-medicare premium rate trended at a 17% increase. Assumes a Medicare premium rate increase of 8% for Basic and 2% for Basic Plus.
- (4) Non-medicare enrollment projected to decrease by 2 members per month. Medicare Basic enrollment projected to increase 5 members per month, while Medicare Basic+ projected to drop 2 members per month.
- (5) Assumes assessments on March (\$10.0 M), July (\$12.5 M) and November (\$12.5 M) TOTAL \$35.0 M
- (6) 4-Week expense allowance is \$3.5 M based upon the actual data for the 12-month period ending in Dec of 2017.
- (7) WSHIP has access to a \$5 M line of credit in the event cash on hand is exhausted.

WSHIP 2017
Medicare vs. Non-Medicare Cash Flow

	January	February	March	April	May	June	July	August	September	October	November	December	YTD
Medicare													
Enrollment Count	1,087	1,057	1,063	1,088	1,064	1,075	1,090						7,524
Premiums	650,072	313,866	409,825	588,563	375,543	394,855	570,997						3,303,720
Medical Claims	784,011	749,578	887,496	682,388	795,364	877,799	717,951						5,494,586
RX Claims	100,459	114,202	128,598	79,414	77,012	76,119	68,789						644,592
Total Claims	884,470	863,780	1,016,093	761,801	872,376	953,918	786,740	-	-	-	-	-	6,139,178
Income/Loss	(234,398)	(549,914)	(606,268)	(173,239)	(496,833)	(559,063)	(215,743)	-	-	-	-	-	(2,835,458)
Loss Ratio	136%	275%	248%	129%	232%	242%	138%						186%
Claims PMPM	814	817	956	700	820	887	722						816
Non Medicare													
Enrollment Count	407	390	387	389	384	382	378						2,717
Premiums	1,433,602	162,450	1,426,993	142,152	123,296	1,374,159	165,997						4,828,649
Medical Claims	1,161,689	910,419	1,281,698	1,219,679	1,588,436	1,366,711	1,245,531						8,774,163
RX Claims	1,022,647	1,055,587	1,560,553	1,001,788	1,007,403	1,070,105	1,064,636						7,782,720
Total Claims	2,184,336	1,966,007	2,842,251	2,221,467	2,595,840	2,436,816	2,310,167	-	-	-	-	-	16,556,884
Income/Loss	(750,734)	(1,803,557)	(1,415,258)	(2,079,315)	(2,472,543)	(1,062,657)	(2,144,170)	-	-	-	-	-	(11,728,235)
Loss Ratio	152%	1210%	199%	1563%	2105%	177%	1392%						343%
Claims PMPM	5,367	5,041	7,344	5,711	6,760	6,379	6,112						6,094
Combined Medicare/Non Medicare													
Enrollment Count	1,494	1,447	1,450	1,477	1,448	1,457	1,468	-	-	-	-	-	10,241
Premiums	2,083,674	476,316	1,836,818	730,715	498,839	1,769,014	736,994	-	-	-	-	-	8,132,369
Medical Claims	1,945,700	1,659,997	2,169,194	1,902,067	2,383,801	2,244,510	1,963,482	-	-	-	-	-	14,268,751
RX Claims	1,123,106	1,169,789	1,689,151	1,081,201	1,084,415	1,146,225	1,133,425	-	-	-	-	-	8,427,312
Total Claims	3,068,806	2,829,786	3,858,344	2,983,268	3,468,216	3,390,734	3,096,908	-	-	-	-	-	22,696,064
Income/Loss	(985,132)	(2,353,471)	(2,021,526)	(2,252,553)	(2,969,377)	(1,621,721)	(2,359,914)	-	-	-	-	-	(14,563,695)
Loss Ratio	147%	594%	210%	408%	695%	192%	420%						279%
Claims PMPM	2,054	1,956	2,661	2,020	2,395	2,327	2,110						2,216

Notes:

- 1) Premiums, Medical Claims and RX Claims are cash basis figures.
- 2) Premium amounts include premium refunds.
- 3) Medical Claim amounts include claim refunds.

Washington State Health Insurance Pool 2017 Cash Flow Forecast

Forecast - Updated 03/31/2017

	Actual (Bold)							Forecast					TOTAL
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	
Enrollment:													
Non-Medicare Enrollment	407	390	387	389	384	382	378	383	382	381	380	379	4,620
Medicare Enrollment (Basic and Basic+)	1,087	1,057	1,063	1,088	1,064	1,075	1,090	1,077	1,078	1,079	1,080	1,081	12,919
Total Enrollment Count	1,494	1,447	1,450	1,477	1,448	1,457	1,468	1,460	1,460	1,460	1,460	1,460	17,539
Cash Balance													
BEGINNING OF MONTH	12,629,341	10,823,097	8,345,429	6,933,338	10,466,790	10,192,648	9,154,086	6,643,448	9,492,685	9,443,028	7,644,017	4,483,450	
Receipts													
Premium Receipts	2,083,674	476,316	1,836,818	730,715	498,839	1,769,014	736,994	551,142	1,783,251	714,285	453,514	430,411	12,064,973
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Pharmacy Rebate Income	-	15,401	-	-	93,683	-	-	-	50,000	-	-	50,000	209,084
Claim Refunds Receipts	47,102	11,429	222,339	4,222	8,354	6,753	10,328	35,498	36,125	36,653	34,758	36,543	490,105
Assessment Receipts	70,838	-	561,202	5,911,866	2,755,833	720,573	-	5,636,045	1,869,996	1,181,977	-	9,200,000	27,908,330
Investment Income	4,644	3,498	3,331	4,838	6,598	6,104	6,207	100	100	100	100	100	35,720
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	2,206,257	506,644	2,623,690	6,651,641	3,363,307	2,502,444	753,530	6,222,785	3,739,472	1,933,015	488,373	9,717,053	40,708,212
Refunds													
Assessment Refunds	797,770	-	-	-	-	-	-	-	-	-	-	-	797,770
Premium Refunds	496	13,994	17,987	-	27,694	10,112	-	13,779	44,581	17,857	11,338	10,760	168,599
Total Refunds	798,266	13,994	17,987	-	27,694	10,112	-	13,779	44,581	17,857	11,338	10,760	966,369
Expenses													
Medical Claim Expense	1,945,700	1,659,997	2,169,194	1,902,067	2,383,801	2,244,510	1,963,482	2,088,123	2,125,015	2,156,033	2,044,603	2,149,574	24,832,099
Pharmacy Claim Expense	1,123,106	1,169,789	1,689,151	1,081,201	1,084,415	1,146,225	1,133,425	1,105,643	1,471,741	1,407,054	1,427,225	1,366,407	15,205,383
PMPM Administrative Expense	79,079	79,010	79,674	73,977	77,160	79,925	80,542	75,733	75,762	75,791	75,821	75,850	928,325
Variable Administrative Expense	12,793	7,866	18,987	15,223	6,787	11,779	17,090	14,888	15,897	14,907	21,917	14,925	173,060
Salary and Benefits Expense	30,101	37,423	27,678	27,693	31,139	30,558	29,904	31,882	31,882	31,882	31,882	32,070	374,094
Prescription Administrative Expense	1,748	-	4,745	1,878	1,901	1,575	1,460	2,267	2,268	2,269	2,270	2,271	24,653
Miscellaneous Expense	8,138	8,482	6,661	8,833	4,917	4,207	25,842	26,900	8,650	5,400	8,050	22,964	139,044
Professional Fees	13,572	7,749	21,704	7,315	19,635	12,114	12,422	14,333	13,333	20,833	25,833	16,233	185,078
Total Expense	3,214,236	2,970,317	4,017,794	3,118,189	3,609,756	3,530,893	3,264,168	3,359,769	3,744,548	3,714,169	3,637,601	3,680,294	41,861,735
Available Cash Balance	10,823,097	8,345,429	6,933,338	10,466,790	10,192,648	9,154,086	6,643,448	9,492,685	9,443,028	7,644,017	4,483,450	10,509,449	
Inc(Dec) in Abandoned Property Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Month Ending Cash Balance	10,823,097	8,345,429	6,933,338	10,466,790	10,192,648	9,154,086	6,643,448	9,492,685	9,443,028	7,644,017	4,483,450	10,509,449	

- (1) Assumes a Non-medicare medical claim expense trend of 6%. Assumes an annual Medicare medical claim expense trend of 6%.
- (2) Assumes a Non-medicare pharmacy claim expense trend of 23%. Assumes an annual Medicare pharmacy claim expense trend of 0% for Basic and 2% for Basic Plus.
- (3) Assumes a Non-medicare premium rate trended at a 17% increase. Assumes a Medicare premium rate increase of 8% for Basic and 2% for Basic Plus.
- (4) Non-medicare enrollment projected to decrease by 1 member per month. Medicare Basic enrollment projected to increase 3 members per month, while Medicare Basic+ projected to drop 2 members per month.
- (5) Assumes assessments on March (\$9.5 M), July (\$8.0 M) and November (\$11.5 M) TOTAL \$29.0 M
- (6) 4-Week expense allowance is \$3.3 M based upon the actual data for the 12-month period ending in Dec of 2017.
- (7) WSHIP has access to a \$5 M line of credit in the event cash on hand is exhausted.

**Washington State Health Insurance Pool
2017 Administrative Expense
Budget Variance Analysis**

Budget	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Member Months: (1)													
Non-Medicare	398	396	394	392	390	388	386	384	382	380	378	376	4,644
Medicare Basic	848	853	858	863	868	873	878	883	888	893	898	903	10,506
Medicare Basic Plus	207	205	203	201	199	197	195	193	191	189	187	185	2,352
Total Membership	1,453	1,454	1,455	1,456	1,457	1,458	1,459	1,460	1,461	1,462	1,463	1,464	17,502
PMPM Administrative Expense (2)	74,876	75,556	75,585	75,615	75,644	75,674	75,703	75,733	75,762	75,791	75,821	75,850	907,610
Variable Administrative Expense (3)	15,420	22,330	14,840	14,849	14,859	14,869	15,878	14,888	15,897	14,907	21,917	14,925	195,579
Salary and Benefits Expense (4)	42,523	32,602	31,882	31,882	31,882	31,882	31,882	31,882	31,882	31,882	31,882	31,882	394,130
RX Benefit Management Fees	2,259	2,260	2,261	2,262	2,264	2,265	2,266	2,267	2,268	2,269	2,270	2,271	27,182
Miscellaneous Expense (5)	8,050	5,400	16,650	5,400	8,050	6,000	5,400	26,900	8,650	5,400	8,050	22,964	126,914
Professional Fees (6)	18,167	31,333	36,667	14,833	22,333	10,833	34,833	14,333	13,333	20,833	25,833	16,233	259,567
Total Budget Operating Expenses	\$161,295	\$169,481	\$177,885	\$144,841	\$155,032	\$141,523	\$165,962	\$166,003	\$147,792	\$151,082	\$165,773	\$164,313	\$1,910,981

Actual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
Member Months: (1)													
Non-Medicare	407	390	387	389	384	382	378						2,717
Medicare Basic	884	858	866	893	872	885	900						6,158
Medicare Basic Plus	203	199	197	195	192	190	190						1,366
Total Membership	1,494	1,447	1,450	1,477	1,448	1,457	1,468						10,241
PMPM Administrative Expense (2)	79,079	79,010	79,674	73,977	77,160	79,925	80,542						\$549,368
Variable Administrative Expense (3)	12,793	7,866	18,987	15,223	6,787	11,779	17,090						\$90,525
Salary and Benefits Expense (4)	30,101	37,423	27,678	27,693	31,139	30,558	29,904						\$214,497
RX Benefit Management Fees	1,748	-	4,745	1,878	1,901	1,575	1,460						\$13,308
Miscellaneous Expense (5)	8,138	8,482	6,661	8,833	4,917	4,207	25,842						\$67,081
Professional Fees (6)	13,572	7,749	21,704	7,315	19,635	12,114	12,422						\$94,511
Total Actual Operating Expenses	\$145,430	\$140,531	\$159,449	\$134,920	\$141,540	\$140,158	\$167,260						\$1,029,290

Variance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
Member Months: (1)													
Non-Medicare	9	(6)	(7)	(3)	(6)	(6)	(8)						(27)
Medicare Basic	36	5	8	30	4	12	22						117
Medicare Basic Plus	(4)	(6)	(6)	(6)	(7)	(7)	(5)						(41)
Total Membership	41	(7)	(5)	21	(9)	(1)	9						49
PMPM Administrative Expense (2)	(4,203)	(3,454)	(4,089)	1,638	(1,516)	(4,251)	(4,839)						(\$20,715)
Variable Administrative Expense (3)	2,627	14,464	(4,147)	(374)	8,072	3,090	(1,212)						\$22,520
Salary and Benefits Expense (4)	12,422	(4,822)	4,204	4,188	742	1,324	1,977						\$20,036
RX Benefit Management Fees	511	2,260	(2,484)	384	362	689	806						\$2,529
Miscellaneous Expense (5)	(88)	(3,082)	9,989	(3,433)	3,133	1,793	(20,442)						(\$12,131)
Professional Fees (6)	4,595	23,584	14,962	7,518	2,699	(1,281)	22,412						\$74,489
Total Variance Expenses	\$15,865	\$28,950	\$18,435	\$9,921	\$13,492	\$1,364	(\$1,298)						\$86,729

Notes:

- (1) Assumes the Non-medicare membership decreases by 2 members per month. Assumes Medicare Basic membership increases by 5 members per month while Medicare Basic Plus decreases by 2 members per month.
- (2) PMPM Administrative Expense includes the combined expenses for Third Party Administration services (including finance and accounting), Provider Network services, and Utilization Management services.
- (3) Variable Administrative Expense includes Case Management & Care Coaching, and miscellaneous administrative expenses such as special mailings.
- (4) Salary and Benefits Expense includes the combined expenses for the Executive Director and staff positions.
- (5) Miscellaneous expense includes:
 - \$38,400 of insurance expenses (D&O, E&O and general liability).
 - \$46,700 for WSHIP Board meeting expenses and travel costs.
 - \$20,000 for bank fees
 - \$21,800 for phone, conference lines and other expenses
- (6) Professional fees includes:
 - \$123,000 of actuarial expenses which covers IBNR calculations, Premium Rate development, Forecast updates and actuarial studies.
 - \$10,000 contingency for actuary expenses for potential legislative study follow up.
 - \$40,000 of legal expenses.
 - \$51,000 of consulting expenses (IRO, Review of PBM Contract, and other consulting expenses).
 - \$35,600 of auditing expenses (Financial audits and PBM audit).

WSHIP Financial Performance

CASH BASIS	Month Ending July 31, 2017			
	Projected	Actual	Variance	% Change
Membership	1,459	1,468	9	1%
Avg Premium Receipt PMPM	\$586	\$502	(\$84)	-14%
Avg Medical Claim Expense PMPM	\$1,448	\$1,330	\$118	8%
Avg Pharmacy Claim Expense PMPM	\$1,029	\$772	\$257	25%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,891)	(\$1,600)	\$291	15%
Avg Premium Receipt Less Avg Claim Expense Total	(\$2,758,969)	(\$2,348,800)	\$410,169	15%
Variance Due to Changes in Membership			(\$14,400)	
Variance Due to Changes in Claim Expenses			\$424,569	

CASH BASIS	Year-To-Date July 31, 2017			
	Projected	Actual	Variance	% Change
Member Months	10,192	10,241	49	0%
Avg Premium Receipt PMPM	\$774	\$787	\$13	2%
Avg Medical Claim Expense PMPM	\$1,500	\$1,363	(\$137)	9%
Avg Pharmacy Claim Expense PMPM	\$964	\$823	(\$141)	15%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,690)	(\$1,399)	\$291	17%
Avg Premium Receipt Less Avg Claim Expense Total	(\$17,224,480)	(\$14,327,159)	\$2,897,321	17%
Variance Due to Changes in Membership			(\$68,551)	
Variance Due to Changes in Claim Expenses			\$2,965,872	

INCURRED BASIS	Year-To-Date July 31, 2017	Year-To-Date July 31, 2016
	Actual	Actual - Prior Year
Member Months	10,241	10,316
Avg Premium Income PMPM	\$698	\$644
Avg Medical Claim Expense PMPM (1)	\$1,488	\$1,605
Avg Pharmacy Claim Expense PMPM (2)	\$869	\$898
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,659)	(\$1,859)
Avg Premium Receipt Less Avg Claim Expense Total	(\$16,989,819)	(\$19,177,444)

(1) Incurred medical claims data totals \$15,234,469 which is derived from \$11,019,469 actual paid claims with dates of service between 01-01-17 and 07-31-17 and \$4,215,000 IBNR reserve.

(2) Incurred pharmacy claims data totals \$8,897,817 which is derived from \$7,887,817 actual paid claims with dates of service between 01-01-17 and 07-31-17 and \$1,010,000 IBNR reserve.