

**Washington State Health Insurance Pool  
Treasurer's Report  
July 2018 Financial Review**

1. 2018 Interim II Assessment Required

An assessment of \$10.0 M was required to adequately fund the pool until the next scheduled assessment in November 2018. This assessment was approved by the Board of Directors on May 9, 2018 and generated on July 13, 2018 with invoices due August 13, 2018 except for the carriers who have installment payment arrangements, at which point the invoices are due in total by October 13, 2018. As of August 31, 2018, \$7.4 M of assessments have been collected, leaving \$2.6 M to be collected.

2. Financial Statements – July 2018

Balance Sheet

Cash on hand decreased by \$1.4 M or 29.8% from June 2018 to July 2018. The current cash position is \$3.3 M, which is above our current 4-week expense allowance of \$3.0 M. As of the end of July 2018, the entire \$3.3 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 2018 is \$4.6 M. This is an increase of \$248 K or 5.7% from the prior month. Medical IBNR decreased \$97 K or 2.5% and pharmacy IBNR increased \$345 K or 77.9% from June 2018.

As of July 2018, the equity position of WSHIP is a positive \$8.1 M.

Income Statement

Total member months for July 2018 YTD are lower by 197 member months or 1.9% lower than July 2017 YTD. Member months are measured as the cumulative monthly member count (PMPM) over a period of time. The total incurred claim loss for July 2018 YTD is \$168 K or less than 1% lower than July 2017 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 2018 YTD, the medical claims portion is \$722 K or 5.1% higher than July 2017 YTD, and the pharmacy claims portion is \$890 K or 10.3% lower than July 2017 YTD.

July 2018 YTD administrative expenses are \$75 K or 7.3% higher than the administrative expenses for July 2017 YTD. The ratio of administrative expenses as a percentage of total cost is 4.7% for July 2018 YTD as compared to 4.4% for 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 2018

The Budgeted Cash Flow document contains the budget (upper portion) as established in early 2018 and the actual (lower portion) cash flow results year-to-date.

The ending cash balance of \$3.3 M is \$926 K or 38.4% higher than the budgeted cash balance of \$2.4 M. Total net cash receipts for July 2018 YTD are \$577 K or 2.8% favorable to budget. Total YTD expenses are \$349 K or 1.5% favorable to budget. The YTD administrative expenses are \$53 K or 4.7% favorable to budget. Total YTD medical claims expense is \$581 K or 4.1% unfavorable to budget; while total YTD pharmacy claims expense is \$877 K or 10.3% favorable to budget.

### 4. Medicare vs. Non-Medicare Cash Flow – July 2018

As of July, the YTD Medicare member months total 7,655 and represent 76% of the combined WSHIP member months. The YTD Non-Medicare member months total 2,389 and account for 24% of the combined WSHIP member months. The YTD Medicare Loss Ratio is 177% while the YTD Non-Medicare Loss Ratio is 311%. On a cash basis, the YTD Claims PMPM is \$808 for Medicare members and \$6,770 for Non-Medicare members.

### 5. Cash Flow Forecast – 2018

The 2018 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 December 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 2018. For August 2018, preliminary figures for the key financial drivers (Premium Receipts, Assessment Receipts and Refunds, Medical Claims and Pharmacy Claims Expenses) are reported.

To ensure adequate funding, the current 2018 forecast is projecting an assessment of \$24.5 M which is a \$1.5 M or 5.8% decrease from the 2017 assessment of \$26.0 M.

## 6. Administrative Expense Budget

For July 2018, YTD administrative expenses are \$53 K or 4.7% favorable to budget (cash basis).

## 7. Financial Performance

July 2018 YTD member months are 1% higher than expected, average premium receipt PMPM is 17% higher than expected, average medical claims expense PMPM is 4% higher than expected and average pharmacy claims expense PMPM is 11% lower than anticipated.

On an incurred basis, the average YTD medical claims expense PMPM is \$1,335 as compared to \$1,452 on a cash basis. Also, on an incurred basis, the average YTD pharmacy claims expense PMPM is \$670 as compared to \$764 on a cash basis.

# WASHINGTON STATE HEALTH INSURANCE POOL

## Unaudited Balance Sheet as of July 31

Total Enrollment: 1,446

	<u>2018</u>	<u>2017</u>
<b>Assets:</b>		
Cash	\$ 3,333,486	\$ 6,643,448
Premiums Receivable	128,589	95,943
Assessments Receivable	9,804,722	8,688,018
Grants Receivable	-	-
Prepaid Expense	-	-
<b>Total Assets</b>	<u>\$ 13,266,797</u>	<u>\$ 15,427,409</u>
 <b>Liabilities and Unassigned Surplus:</b>		
Reserve for Unpaid Losses - Medical	\$ 3,805,000	\$ 4,215,000
Reserve for Unpaid Losses - Pharmacy	788,000	1,010,000
Accrued Loss Adjustment	334,000	322,000
Premiums Received in Advance	134,943	1,507,901
Assessments Payable	-	-
Accrued Expenses	125,921	132,776
Abandoned Claim Reserve	2,084	19,897
<b>Total Liabilities</b>	\$ 5,189,947	\$ 7,207,574
<b>Unassigned Surplus</b>	8,076,850	8,219,835
<b>Total Liabilities and Unassigned Surplus</b>	<u>\$ 13,266,797</u>	<u>\$ 15,427,409</u>

# WASHINGTON STATE HEALTH INSURANCE POOL

## Unaudited Statement of Operations July 1 to July 31

	<u>2018</u>	<u>2017</u>
Total Member Months	10,044	10,241
<b>Premium Income Earned</b>	\$ 8,794,940	\$ 7,077,208
<b>Pharmacy Rebate Income</b>	253,118	109,084
<b>Grant Income</b>	-	-
<b>Incurred Claim Loss - Medical</b>	\$ 14,750,764	14,028,490
<b>Incurred Claim Loss - Pharmacy</b>	7,755,723	8,646,046
<b>Total Incurred Claim Loss</b>	<u>22,506,487</u>	<u>22,674,536</u>
<b>Operating Expenses:</b>		
Fixed (PMPM) Administrative Expense	\$ 566,518	\$ 549,393
Variable Administrative Expense	87,731	91,904
Salary and Benefit Expense	228,727	204,163
Prescription Administrative Expense	12,739	15,135
Miscellaneous Expense	54,092	67,450
Professional Fee Expense	152,055	98,706
<b>Total Operating Expenses</b>	<u>\$ 1,101,863</u>	<u>\$ 1,026,751</u>
<b>Underwriting Gain (Loss)</b>	(14,560,292)	(16,514,994)
<b>Investment Income</b>	58,136	35,220
<b>Other Income</b>	-	-
<b>Changes to Unassigned Surplus</b>	<u>\$ (14,502,156)</u>	<u>\$ (16,479,774)</u>

# WASHINGTON STATE HEALTH INSURANCE POOL

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

	<u>2018</u>	<u>2017</u>
Unassigned Surplus at Beginning of Year	\$ 5,579,006	\$ 6,062,256
Changes to Unassigned Surplus	(14,502,156)	(16,479,774)
Member Assessments	17,000,000	18,637,353
<b>Unassigned Surplus</b>	<u>\$ 8,076,850</u>	<u>\$ 8,219,835</u>

**WSHIP 2018  
Budgeted Cashflow**

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JULY YTD	TOTAL
<b>Enrollment Count</b>	1,427	1,425	1,424	1,423	1,422	1,421	1,420	1,419	1,418	1,417	1,416	1,415	9,962	17,047
<b>Cash Balance</b>														
<b>BEGINNING OF MONTH</b>	5,683,892	7,821,970	5,762,831	4,290,580	8,058,986	6,042,335	5,187,661	2,407,738	7,725,197	7,160,944	5,599,774	2,660,597		
<b>Receipts</b>														
Premium Receipts	1,332,619	484,426	1,868,094	743,157	507,333	1,799,134	749,543	559,343	1,652,295	736,555	365,649	357,599	7,484,305	11,155,745
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pharmacy Rebate Income	-	-	50,000	-	-	50,000	-	-	50,000	-	-	50,000	100,000	200,000
Claim Refunds Receipts	35,695	33,990	34,807	33,840	33,651	34,698	35,909	34,265	34,501	35,016	34,221	33,780	242,590	414,373
Assessment Receipts	4,131,528	2,000,000	-	6,400,000	800,000	800,000	-	8,000,000	1,000,000	1,000,000	-	6,000,000	14,131,528	30,131,528
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	700	1,200
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Receipts</b>	5,499,942	2,518,517	1,953,000	7,177,096	1,341,083	2,683,932	785,552	8,593,708	2,736,895	1,771,670	399,971	6,441,478	21,959,123	41,902,846
<b>Refunds</b>														
Assessment Refunds	-	1,238,834	-	-	-	-	-	-	-	-	-	-	1,238,834	1,238,834
Premium Refunds	59,306	12,111	46,702	18,579	12,683	44,978	18,739	13,984	41,307	18,414	9,141	8,940	213,098	304,884
<b>Total Refunds</b>	59,306	1,250,945	46,702	18,579	12,683	44,978	18,739	13,984	41,307	18,414	9,141	8,940	1,451,932	1,543,718
<b>Expenses</b>														
Medical Claims	1,928,839	1,999,438	2,047,458	1,990,559	1,979,445	2,041,061	2,112,313	2,015,589	2,029,452	2,059,756	2,013,026	1,987,039	14,099,113	24,203,974
Pharmacy Claims	1,207,747	1,156,955	1,169,031	1,252,631	1,216,972	1,305,070	1,246,530	1,095,919	1,070,347	1,087,264	1,151,857	1,157,980	8,554,936	14,118,303
Fixed (PMPM) Admin	79,539	77,250	77,172	77,095	77,019	76,944	76,869	76,794	76,721	76,648	76,575	76,504	541,888	925,130
Variable Admin	14,278	21,168	13,658	13,648	13,639	13,629	14,620	13,610	14,601	13,592	20,583	13,573	104,640	180,599
Salary and Benefits	44,812	33,660	32,940	32,940	32,940	32,940	32,940	32,940	32,940	32,940	32,940	33,151	243,170	408,080
Prescription Admin	1,852	1,850	1,848	1,846	1,845	1,843	1,841	1,839	1,838	1,836	1,834	1,833	12,924	22,104
Miscellaneous	10,625	6,525	9,075	6,525	8,325	7,275	27,257	7,208	9,075	15,525	8,325	23,082	75,607	138,822
Professional Fees	14,867	29,867	27,367	14,867	14,867	14,867	14,867	18,367	24,867	26,867	24,867	15,367	151,067	261,400
<b>Total Expense</b>	3,302,558	3,326,712	3,378,549	3,390,111	3,345,051	3,493,629	3,546,736	3,262,266	3,259,840	3,314,427	3,330,006	3,308,528	23,783,345	40,258,413
<b>Month Ending Cash Balance</b>	\$ 7,821,970	\$ 5,762,831	\$ 4,290,580	\$ 8,058,986	\$ 6,042,335	\$ 5,187,661	\$ 2,407,738	\$ 7,725,197	\$ 7,160,944	\$ 5,599,774	\$ 2,660,597	\$ 5,784,607		

<b>Actual</b>	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
<b>Enrollment Count</b>	1,464	1,410	1,415	1,448	1,426	1,435	1,446						10,044
<b>Cash Balance</b>													
<b>BEGINNING OF MONTH</b>	5,683,892	8,281,836	8,297,715	5,976,023	6,323,728	5,518,029	4,745,870						
<b>Receipts</b>													
Premium Receipts	2,379,633	463,465	1,804,956	892,938	538,497	1,829,146	771,782						8,680,417
Grant Revenue	-	-	-	-	-	-	-						-
Pharmacy Rebate Income	-	117,625	-	-	114,009	-	21,484						253,118
Claim Refunds Receipts	13,537	5,798	17,382	16,471	18,822	6,510	14,839						93,359
Assessment Receipts	3,432,332	2,035,100	-	3,549,006	2,530,924	603,144	662,452						12,812,958
Investment Income	9,077	8,241	8,502	8,065	9,420	7,851	6,981						58,136
Other Income	-	-	-	-	-	-	-						-
<b>Total Receipts</b>	5,834,579	2,630,229	1,830,839	4,466,480	3,211,672	2,446,651	1,477,538						21,897,987
<b>Refunds</b>													
Assessment Refunds	-	-	-	724,986	-	-	-						724,986
Premium Refunds	21,207	1,239	20,875	14,817	8,237	16,935	5,966						89,277
<b>Total Refunds</b>	21,207	1,239	20,875	739,803	8,237	16,935	5,966						814,263
<b>Expenses</b>													
Medical Claims	2,099,733	1,516,198	2,244,525	2,249,235	2,842,524	1,948,086	1,779,810						14,680,110
Pharmacy Claims	971,875	944,447	1,711,269	1,077,004	914,034	1,087,090	972,016						7,677,735
Fixed (PMPM) Admin	69,145	79,920	80,390	-	165,609	81,734	77,564						554,363
Variable Admin	16,497	10,456	13,640	-	30,850	17,427	7,973						96,843
Salary and Benefits	45,297	30,624	30,567	30,826	30,723	30,701	30,067						228,806
Prescription Admin	1,634	1,686	1,838	1,411	1,547	1,636	1,357						11,109
Miscellaneous	5,278	9,172	(207)	6,349	7,490	9,220	4,242						41,544
Professional Fees	5,970	20,607	49,635	14,148	16,356	25,981	10,925						143,620
<b>Total Expense</b>	3,215,428	2,613,110	4,131,656	3,378,973	4,009,133	3,201,875	2,883,955						23,434,130
<b>Available Cash Balance</b>	8,281,836	8,297,715	5,976,023	6,323,728	5,518,029	4,745,870	3,333,486						
<b>Inc(Dec) in Abandoned</b>	-	-	-	-	-	-	-						
<b>Property Reserve</b>	-	-	-	-	-	-	-						
<b>Month Ending Cash Balance</b>	\$ 8,281,836	\$ 8,297,715	\$ 5,976,023	\$ 6,323,728	\$ 5,518,029	\$ 4,745,870	\$ 3,333,486						

**WSHIP 2018  
Budgeted Cashflow**

<b>Variance to Budget</b>	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
Favorable/(Unfavorable)													
<b>Enrollment Count</b>	37	(15)	(9)	25	4	14	26						82
<b>Receipts</b>													
Premium Receipts	1,047,014	(20,961)	(63,138)	149,781	31,164	30,012	22,239						1,196,112
Grant Revenue	-	-	-	-	-	-	-						-
Pharmacy Rebate Income	-	117,625	(50,000)	-	114,009	(50,000)	21,484						153,118
Claim Refunds Receipts	(22,159)	(28,192)	(17,425)	(17,368)	(14,828)	(28,188)	(21,070)						(149,232)
Assessment Receipts	(699,196)	35,100	-	(2,850,994)	1,730,924	(196,856)	662,452						(1,318,570)
Investment Income	8,977	8,141	8,402	7,965	9,320	7,751	6,881						57,436
Other Income	-	-	-	-	-	-	-						-
<b>Total Receipts</b>	<b>334,636</b>	<b>111,712</b>	<b>(122,161)</b>	<b>(2,710,616)</b>	<b>1,870,589</b>	<b>(237,282)</b>	<b>691,986</b>						<b>(61,136)</b>
<b>Refunds</b>													
Assessment Refunds	-	1,238,834	-	(724,986)	-	-	-						513,848
Premium Refunds	38,099	10,872	25,827	3,762	4,446	28,043	12,772						123,821
<b>Total Refunds</b>	<b>38,099</b>	<b>1,249,706</b>	<b>25,827</b>	<b>(721,224)</b>	<b>4,446</b>	<b>28,043</b>	<b>12,772</b>						<b>637,669</b>
<b>Expenses</b>													
Medical Claims	(170,894)	483,240	(197,067)	(258,675)	(863,079)	92,975	332,503						(580,997)
Pharmacy Claims	235,872	212,508	(542,237)	175,627	302,938	217,980	274,514						877,201
Fixed (PMPM) Admin	10,394	(2,670)	(3,218)	77,095	(88,590)	(4,790)	(695)						(12,475)
Variable Admin	(2,219)	10,712	18	13,648	(17,211)	(3,798)	6,647						7,797
Salary and Benefits	(485)	3,035	2,373	2,114	2,217	2,239	2,872						14,364
Prescription Admin	218	164	10	436	298	206	484						1,815
Miscellaneous	5,347	(2,647)	9,282	176	835	(1,945)	23,015						34,063
Professional Fees	8,897	9,260	(22,268)	719	(1,489)	(11,114)	23,442						7,446
<b>Total Expense</b>	<b>87,130</b>	<b>713,601</b>	<b>(753,107)</b>	<b>11,139</b>	<b>(664,083)</b>	<b>291,754</b>	<b>662,781</b>						<b>349,215</b>
<b>Available Cash Balance</b>	<b>459,865</b>	<b>2,534,884</b>	<b>1,685,443</b>	<b>(1,735,258)</b>	<b>(524,306)</b>	<b>(441,791)</b>	<b>925,748</b>						
<b>Inc(Dec) in Abandoned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>						
<b>Property Reserve</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>						
<b>Month Ending Cash Balance</b>	<b>459,865</b>	<b>2,534,884</b>	<b>1,685,443</b>	<b>(1,735,258)</b>	<b>(524,306)</b>	<b>(441,791)</b>	<b>925,748</b>						

- (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 15%. Assumes an annual Medicare pharmacy claim expense trend of 0% for Basic and Basic Plus.
- (3) Assumes a Non-medicare premium rate trended at a 18% increase. Assumes a Medicare premium rate increase of 0.3% for Basic and 1.5% for Basic Plus.
- (4) Non-medicare enrollment projected to decrease by 2 members 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 (\$8.0 M), July (\$10.0 M) and November (\$7.5 M) TOTAL \$25.5 M
- (6) 4-Week expense allowance is \$3.2 M based upon the actual data for the 12-month period ending in Dec of 2018.
- (7) WSHIP has access to a \$5 M line of credit in the event cash on hand is exhausted.



**WSHIP 2018**  
**Medicare vs. Non-Medicare Cash Flow**

	January	February	March	April	May	June	July	August	September	October	November	December	YTD
<b>Medicare</b>													
Enrollment Count	1,113	1,065	1,073	1,107	1,088	1,098	1,111						7,655
Premiums	750,451	342,924	328,037	695,128	379,149	369,562	621,574						3,486,826
Medical Claims	747,998	700,875	897,894	815,399	827,232	857,997	740,574						5,587,969
RX Claims	80,135	84,195	137,724	83,988	74,962	69,582	65,772						596,359
Total Claims	828,134	785,070	1,035,618	899,387	902,194	927,580	806,346	-	-	-	-	-	6,184,328
Income/Loss	(77,683)	(442,146)	(707,581)	(204,259)	(523,045)	(558,017)	(184,772)	-	-	-	-	-	(2,697,502)
Loss Ratio	110%	229%	316%	129%	238%	251%	130%						177%
Claims PMPM	744	737	965	812	829	845	726						808
<b>Non Medicare</b>													
Enrollment Count	351	345	342	341	338	337	335						2,389
Premiums	1,629,182	120,541	1,476,919	197,810	159,348	1,459,583	150,207						5,193,591
Medical Claims	1,351,735	815,323	1,346,631	1,433,836	2,015,292	1,090,089	1,039,236						9,092,142
RX Claims	891,739	860,252	1,573,545	993,017	839,072	1,017,508	906,244						7,081,376
Total Claims	2,243,475	1,675,575	2,920,175	2,426,853	2,854,364	2,107,597	1,945,480	-	-	-	-	-	16,173,519
Income/Loss	(614,293)	(1,555,034)	(1,443,256)	(2,229,043)	(2,695,016)	(648,014)	(1,795,272)	-	-	-	-	-	(10,979,928)
Loss Ratio	138%	1390%	198%	1227%	1791%	144%	1295%						311%
Claims PMPM	6,392	4,857	8,539	7,117	8,445	6,254	5,807						6,770
<b>Combined Medicare/Non Medicare</b>													
Enrollment Count	1,464	1,410	1,415	1,448	1,426	1,435	1,446	-	-	-	-	-	10,044
Premiums	2,379,633	463,465	1,804,956	892,938	538,497	1,829,146	771,782	-	-	-	-	-	8,680,416
Medical Claims	2,099,733	1,516,198	2,244,525	2,249,235	2,842,524	1,948,086	1,779,810	-	-	-	-	-	14,680,113
RX Claims	971,875	944,447	1,711,269	1,077,004	914,034	1,087,090	972,016	-	-	-	-	-	7,677,735
Total Claims	3,071,608	2,460,645	3,955,793	3,326,239	3,756,558	3,035,177	2,751,826	-	-	-	-	-	22,357,849
Income/Loss	(691,975)	(1,997,180)	(2,150,837)	(2,433,301)	(3,218,061)	(1,206,031)	(1,980,044)	-	-	-	-	-	(13,677,432)
Loss Ratio	129%	531%	219%	373%	698%	166%	357%						258%
Claims PMPM	2,098	1,745	2,796	2,297	2,634	2,115	1,903						2,226

**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 2018 Cash Flow Forecast

Forecast - Updated 11/30/2017

	Actual (bold)							Forecast					TOTAL
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	
<b>Enrollment:</b>													
Non-Medicare Enrollment	351	345	342	341	338	337	335	327	325	323	321	319	4,004
Medicare Enrollment (Basic and Basic+)	1,113	1,065	1,073	1,107	1,088	1,098	1,111	1,092	1,093	1,094	1,095	1,096	13,125
<b>Total Enrollment Count</b>	<b>1,464</b>	<b>1,410</b>	<b>1,415</b>	<b>1,448</b>	<b>1,426</b>	<b>1,435</b>	<b>1,446</b>	<b>1,419</b>	<b>1,418</b>	<b>1,417</b>	<b>1,416</b>	<b>1,415</b>	<b>17,129</b>
<b>Cash Balance</b>													
BEGINNING OF MONTH	5,683,892	8,281,836	8,297,715	5,976,023	6,323,728	5,518,029	4,745,870	3,333,486	7,838,271	7,503,344	6,044,402	3,155,975	
<b>Receipts</b>													
Premium Receipts	2,379,633	463,465	1,804,956	892,938	538,497	1,829,146	771,782	445,248	1,887,501	841,404	417,700	408,503	12,680,773
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Pharmacy Rebate Income	-	117,625	-	-	114,009	-	21,484	-	50,000	-	-	50,000	353,118
Claim Refunds Receipts	13,537	5,798	17,382	16,471	18,822	6,510	14,839	40,192	34,501	35,016	34,221	33,780	271,069
Assessment Receipts	3,432,332	2,035,100	-	3,549,006	2,530,924	603,144	662,452	8,000,000	1,000,000	1,000,000	-	6,000,000	28,812,958
Investment Income	9,077	8,241	8,502	8,065	9,420	7,851	6,981	100	100	100	100	100	58,636
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Receipts</b>	<b>5,834,579</b>	<b>2,630,229</b>	<b>1,830,839</b>	<b>4,466,480</b>	<b>3,211,672</b>	<b>2,446,651</b>	<b>1,477,538</b>	<b>8,485,540</b>	<b>2,972,102</b>	<b>1,876,520</b>	<b>452,021</b>	<b>6,492,383</b>	<b>42,176,553</b>
<b>Refunds</b>													
Assessment Refunds	-	-	-	724,986	-	-	-	-	-	-	-	-	724,986
Premium Refunds	21,207	1,239	20,875	14,817	8,237	16,935	5,966	11,131	47,188	21,035	10,442	10,213	189,286
<b>Total Refunds</b>	<b>21,207</b>	<b>1,239</b>	<b>20,875</b>	<b>739,803</b>	<b>8,237</b>	<b>16,935</b>	<b>5,966</b>	<b>11,131</b>	<b>47,188</b>	<b>21,035</b>	<b>10,442</b>	<b>10,213</b>	<b>914,272</b>
<b>Expenses</b>													
Medical Claim Expense	2,099,733	1,516,198	2,244,525	2,249,235	2,842,524	1,948,086	1,779,810	2,364,230	2,029,452	2,059,756	2,013,026	1,987,039	25,133,612
Pharmacy Claim Expense	971,875	944,447	1,711,269	1,077,004	914,034	1,087,090	972,016	1,454,637	1,070,347	1,087,264	1,151,857	1,157,980	13,599,820
PMPM Administrative Expense	69,145	79,920	80,390	-	165,609	81,734	77,564	76,794	76,721	76,648	76,575	76,504	937,605
Variable Administrative Expense	16,497	10,456	13,640	-	30,850	17,427	7,973	13,610	14,601	13,592	20,583	13,573	172,802
Salary and Benefits Expense	45,297	30,624	30,567	30,826	30,723	30,701	30,067	32,940	32,940	32,940	32,940	33,151	393,716
Prescription Administrative Expense	1,634	1,686	1,838	1,411	1,547	1,636	1,357	1,839	1,838	1,836	1,834	1,833	20,290
Miscellaneous Expense	5,278	9,172	(207)	6,349	7,490	9,220	4,242	7,208	9,075	15,525	8,325	23,082	104,758
Professional Fees	5,970	20,607	49,635	14,148	16,356	25,981	10,925	18,367	24,867	26,867	24,867	15,367	253,953
<b>Total Expense</b>	<b>3,215,428</b>	<b>2,613,110</b>	<b>4,131,656</b>	<b>3,378,973</b>	<b>4,009,133</b>	<b>3,201,875</b>	<b>2,883,955</b>	<b>3,969,624</b>	<b>3,259,840</b>	<b>3,314,427</b>	<b>3,330,006</b>	<b>3,308,528</b>	<b>40,616,556</b>
Available Cash Balance	8,281,836	8,297,715	5,976,023	6,323,728	5,518,029	4,745,870	3,333,486	7,838,271	7,503,344	6,044,402	3,155,975	6,329,617	
Inc(Dec) in Abandoned Property Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Month Ending Cash Balance</b>	<b>8,281,836</b>	<b>8,297,715</b>	<b>5,976,023</b>	<b>6,323,728</b>	<b>5,518,029</b>	<b>4,745,870</b>	<b>3,333,486</b>	<b>7,838,271</b>	<b>7,503,344</b>	<b>6,044,402</b>	<b>3,155,975</b>	<b>6,329,617</b>	

(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 15%. Assumes an annual Medicare pharmacy claim expense trend of 0% for Basic and Basic Plus.

(3) Assumes a Non-medicare premium rate trended at a 18% increase. Assumes a Medicare premium rate increase of 0.3% for Basic and 1.5% for Basic Plus.

(4) Non-medicare enrollment projected to decrease by 2 members 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 (\$7.0 M), July (\$10.0 M) and November (\$7.5 M) TOTAL \$24.5 M

(6) 4-Week expense allowance is \$3.0 M based upon the actual data for the 12-month period ending in Dec of 2018.

(7) WSHIP has access to a \$5 M line of credit in the event cash on hand is exhausted.

**Washington State Health Insurance Pool  
2018 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>
Member Months: (1)													
Non-Medicare	342	339	337	335	333	331	329	327	325	323	321	319	3,963
Medicare Basic	904	907	910	913	916	919	922	925	928	931	934	937	11,046
Medicare Basic Plus	181	179	177	175	173	171	169	167	165	163	161	159	2,040
<b>Total Membership</b>	<b>1,427</b>	<b>1,425</b>	<b>1,424</b>	<b>1,423</b>	<b>1,422</b>	<b>1,421</b>	<b>1,420</b>	<b>1,419</b>	<b>1,418</b>	<b>1,417</b>	<b>1,416</b>	<b>1,415</b>	<b>17,049</b>
PMPM Administrative Expense (2)	79,539	77,250	77,172	77,095	77,019	76,944	76,869	76,794	76,721	76,648	76,575	76,504	925,130
Variable Administrative Expense (3)	14,278	21,168	13,658	13,648	13,639	13,629	14,620	13,610	14,601	13,592	20,583	13,573	180,599
Salary and Benefits Expense (4)	44,812	33,660	32,940	32,940	32,940	32,940	32,940	32,940	32,940	32,940	32,940	33,151	408,080
RX Benefit Management Fees	1,852	1,850	1,848	1,846	1,845	1,843	1,841	1,839	1,838	1,836	1,834	1,833	22,104
Miscellaneous Expense (5)	10,625	6,525	9,075	6,525	8,325	7,275	27,257	7,208	9,075	15,525	8,325	23,082	138,822
Professional Fees (6)	14,867	29,867	27,367	14,867	14,867	14,867	34,367	18,367	24,867	26,867	24,867	15,367	261,400
<b>Total Budget Operating Expenses</b>	<b>\$165,972</b>	<b>\$170,319</b>	<b>\$162,059</b>	<b>\$146,921</b>	<b>\$148,634</b>	<b>\$147,497</b>	<b>\$187,893</b>	<b>\$150,757</b>	<b>\$160,041</b>	<b>\$167,407</b>	<b>\$165,124</b>	<b>\$163,510</b>	<b>\$1,936,135</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>
Member Months: (1)													
Non-Medicare	351	345	342	341	338	337	335						2,389
Medicare Basic	931	886	894	929	910	920	933						6,403
Medicare Basic Plus	182	179	179	178	178	178	178						1,252
<b>Total Membership</b>	<b>1,464</b>	<b>1,410</b>	<b>1,415</b>	<b>1,448</b>	<b>1,426</b>	<b>1,435</b>	<b>1,446</b>	-	-	-	-	-	<b>10,044</b>
PMPM Administrative Expense (2)	69,145	79,920	80,390	-	165,609	81,734	77,564						\$554,363
Variable Administrative Expense (3)	16,497	10,456	13,640	-	30,850	17,427	7,973						\$96,843
Salary and Benefits Expense (4)	45,297	30,624	30,567	30,826	30,723	30,701	30,067						\$228,806
RX Benefit Management Fees	1,634	1,686	1,567	1,411	1,547	1,636	1,357						\$11,109
Miscellaneous Expense (5)	5,278	9,172	(207)	6,349	7,490	9,220	4,242						\$41,544
Professional Fees (6)	5,970	20,607	49,635	14,148	16,356	25,981	10,925						\$143,620
<b>Total Actual Operating Expenses</b>	<b>\$143,820</b>	<b>\$152,466</b>	<b>\$175,862</b>	<b>\$52,733</b>	<b>\$252,575</b>	<b>\$166,699</b>	<b>\$132,129</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,076,284</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>
Member Months: (1)													
Non-Medicare	9	6	5	6	5	6	6						42
Medicare Basic	27	(21)	(16)	16	(6)	1	11						12
Medicare Basic Plus	1	-	2	3	5	7	9						27
<b>Total Membership</b>	<b>37</b>	<b>(15)</b>	<b>(9)</b>	<b>25</b>	<b>4</b>	<b>14</b>	<b>26</b>	-	-	-	-	-	<b>81</b>
PMPM Administrative Expense (2)	10,394	(2,670)	(3,218)	77,095	(88,590)	(4,790)	(695)						(\$12,475)
Variable Administrative Expense (3)	(2,219)	10,712	18	13,648	(17,211)	(3,798)	6,647						\$7,797
Salary and Benefits Expense (4)	(485)	3,035	2,373	2,114	2,217	2,239	2,872						\$14,364
RX Benefit Management Fees	218	164	10	436	298	206	484						\$1,815
Miscellaneous Expense (5)	5,347	(2,647)	9,282	176	835	(1,945)	23,015						\$34,063
Professional Fees (6)	8,897	9,260	(22,268)	719	(1,489)	(11,114)	23,442						\$7,446
<b>Total Variance Expenses</b>	<b>\$22,152</b>	<b>\$17,854</b>	<b>(\$13,803)</b>	<b>\$94,187</b>	<b>(\$103,941)</b>	<b>(\$19,202)</b>	<b>\$55,764</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$53,011</b>

**Notes:**

- (1) Assumes the Non-medicare membership decreases by 2 member per month. Assumes Medicare Basic membership increases by 3 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:
  - \$37,000 of insurance expenses (D&O, E&O and general liability).
  - \$47,800 for WSHIP Board meeting expenses and travel costs.
  - \$32,600 for bank fees.
  - \$21,300 for phone, conference lines and other office expenses.
- (6) Professional fees includes:
  - \$100,000 of actuarial expenses which covers IBNR calculations, premium rate development, forecast updates and actuarial studies.
  - \$70,000 of legal expenses.
  - \$70,000 of consulting expenses (including IRO).
  - \$22,000 of auditing expenses.

## WSHIP Financial Performance

CASH BASIS	Month Ending July 31, 2018			
	Projected	Actual	Variance	% Change
Membership	1,420	1,446	26	2%
Avg Premium Receipt PMPM	\$515	\$530	\$15	3%
Avg Medical Claim Expense PMPM	\$1,462	\$1,221	\$241	16%
Avg Pharmacy Claim Expense PMPM	\$878	\$672	\$206	23%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,825)	(\$1,363)	\$462	25%
Avg Premium Receipt Less Avg Claim Expense Total	(\$2,591,500)	(\$1,970,898)	\$620,602	24%
Variance Due to Changes in Membership			(\$35,438)	
Variance Due to Changes in Claim Expenses			\$656,040	

CASH BASIS	Year-To-Date July 31, 2018			
	Projected	Actual	Variance	% Change
Member Months	9,962	10,044	82	1%
Avg Premium Receipt PMPM	\$730	\$855	\$125	17%
Avg Medical Claim Expense PMPM	\$1,391	\$1,452	\$61	4%
Avg Pharmacy Claim Expense PMPM	\$859	\$764	(\$95)	-11%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,520)	(\$1,361)	\$159	10%
Avg Premium Receipt Less Avg Claim Expense Total	(\$15,142,240)	(\$13,669,884)	\$1,472,356	10%
Variance Due to Changes in Membership			(\$111,602)	
Variance Due to Changes in Claim Expenses			\$1,583,958	

INCURRED BASIS	Year-To-Date July 31, 2018	Year-To-Date July 31, 2017
	Actual	Actual - Prior Year
Member Months	10,044	10,241
Avg Premium Income PMPM	\$876	\$698
Avg Medical Claim Expense PMPM (1)	\$1,335	\$1,488
Avg Pharmacy Claim Expense PMPM (2)	\$670	\$869
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,129)	(\$1,659)
Avg Premium Receipt Less Avg Claim Expense Total	(\$11,339,676)	(\$16,989,819)

(1) Incurred medical claims data totals \$15,046,378 which is derived from \$11,241,378 actual paid claims with dates of service between 01-01-18 and 07-31-18 and \$3,805,000 IBNR reserve.

(2) Incurred pharmacy claims data totals \$8,055,563 which is derived from \$7,267,563 actual paid claims with dates of service between 01-01-18 and 07-31-18 and \$788,000 IBNR reserve.