

**Washington State Health Insurance Pool
Treasurer's Report
June 2014 Financial Review**

1. 2014 Interim I Assessment Required

An assessment of \$10.0 M is required in order to adequately carry the pool into the next scheduled assessment in July 2014. This assessment was approved by the Board of Directors and generated on March 21, 2014 with invoices due April 21, 2014 except for the carriers who have installment payment arrangements, at which point the invoices are due in total by June 21, 2014. As of June 30, 2014, all assessments have been collected, thus closing out this assessment.

2. 2014 Interim II Assessment Required

An assessment of \$33.5 M is required in order to adequately carry the pool into the next scheduled assessment in March 2015. This assessment was approved by the Board of Directors and generated on July 18, 2014 with invoices due August 18, 2014 except for the carriers who have installment arrangements, at which point the invoices are due in total by October 18, 2014. Cash receipts resulting from this assessment will enable WSHIP to submit the required \$20.8 M payment to HBE before the end of the year and still maintain positive equity throughout the rest of 2014. Looking ahead as of July 31, 2014, \$4K has been collected leaving \$33.5 left to collect.

3. Financial Statements – June 2014

Balance Sheet

Cash on hand decreased by \$31 K or less than 1% from May 2014 to June 2014. The current cash position is \$21.3 M which is sufficient to cover all liabilities of the pool at this time. As of the end of June 2014, the entire \$21.3 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 June 2014 is \$6.0 M. This represents an increase of \$113 K or 1.9% as compared to the prior month. Medical IBNR decreased \$65 K or 1.2% and pharmacy IBNR increased \$178 K or 38.7% from May 2014.

As of June 2014, the equity position of WSHIP is a positive \$12.2 M.

Income Statement

Total member months for June 2014 YTD are lower by 9,713 member months or 44.7% lower than June 2013 YTD. Member months are measured as the

cumulative monthly member count (PMPM) over a period of time. The total incurred claim loss for June 2014 YTD is \$24.5 M or 50.4% lower than June 2013 YTD. Incurred claim loss represents the total medical and pharmacy claims expense in addition to the change in unpaid losses (IBNR) and accrued loss adjustment for the period. For June 2014 YTD, the medical claims portion is \$9.9 M or 38.1% lower than June 2013 YTD, and the pharmacy claims portion is \$14.5 M or 64.8% lower than June 2013 YTD.

June 2014 YTD administrative expenses are \$239 K or 16.2% lower than the administrative expenses in June 2013 YTD. The ratio of administrative expenses as a percentage of total cost is 5.0% for June 2014 YTD as compared to 3.0% in June of the prior year. Total cost is calculated as total incurred claim loss less pharmacy rebates plus administrative expenses.

4. Budgeted Cash Flow – June 2014

The Budgeted Cash Flow document contains the budget (upper portion) as established in early 2014 and the actual (lower portion) cash flow results year-to-date.

The ending cash balance of \$21.3 M is \$149 K higher than the budgeted cash balance of \$21.1 M. Total net cash receipts for June 2014 are \$3.1 M or 12.0% unfavorable to budget. Total expenses are \$3.3 M or 8.8% favorable to budget. The administrative expenses are \$72 K or 5.9% unfavorable to budget. Total medical claims expense is \$1.8 M or 9.3% unfavorable to budget, while total pharmacy claims expense is \$5.1 M or 30.2% favorable to budget.

5. Cash Flow Forecast – 2014

The 2014 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 June 2014 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 June 2014. For July 2014, the 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 2014 assessment projection. To ensure adequate funding, the current 2014 forecast is projecting an assessment of \$43.5 M which is a \$39.5 M or 47.6% decrease from the 2013 assessment of \$83.0 M.

6. Administrative Expense Budget

For June 2014, administrative expenses are \$72 K or 5.9% unfavorable to budget (cash basis).

7. Financial Performance

June 2014 YTD member months are 1,163 member months or 9% lower than projected in the original budget. Through June 2014, average premium receipt PMPM is 19% higher than anticipated. Average medical claims expense PMPM is 20% higher than anticipated and average pharmacy claims expense PMPM is 23% lower than anticipated.

On an incurred basis, the average medical claims expense PMPM is \$1,388 as compared to \$1,686 on a cash basis. Also on an incurred basis, the average pharmacy claims expense PMPM is \$968 as compared to \$985 on a cash basis.

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Balance Sheet as of June 30

Total Enrollment: 1,804

	<u>2014</u>	<u>2013</u>
Assets:		
Cash	\$ 21,258,847	\$ 12,919,744
Premiums Receivable	29,701	77,414
Assessments Receivable	-	-
Grants Receivable	-	-
Other Receivable	-	-
Prepaid Expense	-	-
Total Assets	<u>\$ 21,288,547</u>	<u>\$ 12,997,158</u>
 Liabilities and Unassigned Surplus:		
Reserve for Unpaid Losses - Medical	\$ 5,330,000	\$ 10,458,000
Reserve for Unpaid Losses - Pharmacy	638,000	3,457,000
Accrued Loss Adjustment	317,000	424,000
Premiums Received in Advance	2,549,117	2,317,604
Assessments Payable	-	-
Accrued Expenses	204,542	309,490
Abandoned Claim Reserve	71,222	69,585
Total Liabilities	<u>\$ 9,109,881</u>	<u>\$ 17,035,678</u>
Unassigned Surplus	12,178,666	(4,038,520)
Total Liabilities and Unassigned Surplus	<u>\$ 21,288,547</u>	<u>\$ 12,997,158</u>

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Statement of Operations January 1 to June 30

	<u>2014</u>	<u>2013</u>
Total Member Months	12,011	21,724
Premium Income Earned	\$ 6,762,320	\$ 16,395,189
Pharmacy Rebate Income	396,991	317,269
Grant Income	-	-
Incurred Claim Loss - Medical	16,189,840	26,151,412
Incurred Claim Loss - Pharmacy	7,882,638	22,421,670
Total Incurred Claim Loss	<u>24,072,477</u>	<u>48,573,082</u>
Operating Expenses:		
Fixed (PMPM) Administrative Expense	\$ 594,046	\$ 830,455
Variable Administrative Expense	227,678	272,735
Salary and Benefit Expense	214,802	136,657
Prescription Administrative Expense	18,451	45,750
Miscellaneous Expense	59,326	45,874
Professional Fee Expense	124,932	147,123
Total Operating Expenses	<u>\$ 1,239,234</u>	<u>\$ 1,478,595</u>
Underwriting Gain (Loss)	(18,152,400)	(33,339,219)
Investment Income	1,303	1,102
Other Income	-	17,471
Changes to Unassigned Surplus	<u>\$ (18,151,097)</u>	<u>\$ (33,320,646)</u>

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Statement of Changes in Unassigned Surplus January 1 to June 30

	<u>2014</u>	<u>2013</u>
Unassigned Surplus at Beginning of Year	\$ 20,329,763	\$ 9,782,127
Changes to Unassigned Surplus	(18,151,097)	(33,320,646)
Member Assessments	10,000,000	19,499,999
Unassigned Surplus	<u>\$ 12,178,666</u>	<u>\$ (4,038,520)</u>

**WSHIP
Budgeted Cashflow 2014**

Budget - Updated Feb 2014

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JUNE YTD	TOTAL
Enrollment Count	2,535	2,190	2,128	2,117	2,107	2,097	2,087	2,077	2,067	2,058	2,049	2,041	13,174	25,553
Cash Balance														
BEGINNING OF MONTH	32,118,470	27,119,355	21,222,908	16,800,308	25,299,215	23,235,391	21,110,133	17,665,710	45,674,693	46,573,969	47,420,650	44,198,174		
Receipts														
Premium Receipts	1,876,591	1,527,758	1,463,324	1,449,209	1,435,391	1,421,865	1,408,624	1,395,664	1,382,977	1,370,560	1,358,406	1,346,510	9,174,138	17,436,879
Grant Revenue	71,247	-	-	-	-	-	-	-	-	-	-	-	71,247	71,247
Pharmacy Rebate Income	-	-	50,000	-	-	50,000	-	-	50,000	-	-	50,000	100,000	200,000
Claim Refunds Receipts	94,955	75,788	66,210	64,536	64,866	67,340	63,844	62,550	62,297	62,262	65,177	60,655	433,695	810,480
Assessment Receipts	3,150,000	104,522	-	12,000,000	1,500,000	1,500,000	-	14,560,000	1,820,000	1,820,000	-	-	18,254,522	36,454,522
Additional Assessment Receipts (HBE)	-	-	-	-	-	-	-	16,670,400	2,083,800	2,083,800	-	-	-	20,838,000
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	600	1,200
Abandoned Claims	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	5,192,893	1,708,168	1,579,634	13,513,845	3,000,357	3,039,305	1,472,568	32,688,714	5,399,174	5,336,722	1,423,683	1,457,265	28,034,202	75,812,328
Refunds														
Assessment Refunds	-	912,408	-	-	-	-	-	-	-	-	-	-	912,408	912,408
Premium Refunds	54,702	53,993	782,699	50,373	49,707	49,053	48,413	47,786	47,172	46,570	45,980	45,402	1,040,527	1,321,850
Total Refunds	54,702	966,401	782,699	50,373	49,707	49,053	48,413	47,786	47,172	46,570	45,980	45,402	1,952,935	2,234,258
Assessment Payments														
HBE Assessment	-	-	-	-	-	-	-	-	-	-	-	20,838,000	-	20,838,000
Expenses														
Medical Claims	4,090,017	3,553,101	2,861,576	2,731,332	2,781,333	2,911,786	2,647,616	2,400,380	2,263,971	2,248,458	2,347,401	2,374,687	18,929,145	33,211,658
Pharmacy Claims	5,834,658	2,866,244	2,151,008	2,040,266	2,037,232	2,017,222	2,009,961	2,014,845	1,999,067	1,994,979	1,989,850	1,983,256	16,946,630	28,938,588
Fixed (PMPM) Admin	106,787	105,691	104,637	99,887	98,874	97,901	96,928	95,997	95,065	94,134	93,243	92,394	613,777	1,181,538
Variable Admin	33,647	32,831	32,625	26,673	26,474	28,785	28,594	25,912	25,730	25,548	58,374	25,208	181,035	370,401
Salary and Benefits	34,676	28,376	29,066	29,205	33,405	29,205	27,910	27,910	27,910	27,910	27,910	28,117	183,931	351,599
Prescription Admin	5,459	5,409	5,361	5,140	5,094	5,050	5,005	4,963	4,921	4,879	4,838	4,800	31,511	60,918
Miscellaneous	8,305	8,305	8,305	8,305	8,305	8,305	8,305	25,180	8,305	8,305	8,305	20,680	49,830	128,910
Professional Fees	23,758	38,258	26,958	23,758	23,758	17,258	44,258	36,758	27,758	39,258	70,258	25,258	153,746	397,291
Total Expense	10,137,306	6,638,214	5,219,535	4,964,565	5,014,474	5,115,511	4,868,577	4,631,945	4,452,727	4,443,471	4,600,179	4,554,400	37,089,605	64,640,903
Available Cash Balance	27,119,355	21,222,908	16,800,308	25,299,215	23,235,391	21,110,133	17,665,710	45,674,693	46,573,969	47,420,650	44,198,174	20,217,637		
Inc(Dec) in Abandoned Property Reserve	-	-	-	-	-	-	-	-	-	-	-	-		
Month Ending Cash Balance	\$ 27,119,355	\$ 21,222,908	\$ 16,800,308	\$ 25,299,215	\$ 23,235,391	\$ 21,110,133	\$ 17,665,710	\$ 45,674,693	\$ 46,573,969	\$ 47,420,650	\$ 44,198,174	\$ 20,217,637		

Actual	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
Enrollment Count	2,534	2,095	1,938	1,841	1,799	1,804							12,011
Cash Balance													
BEGINNING OF MONTH	32,118,470	30,528,025	23,995,643	21,247,907	25,052,384	21,227,587							
Receipts													
Premium Receipts	3,948,909	608,061	1,097,722	1,900,204	453,785	2,082,278							10,090,960
Grant Revenue	-	71,247	-	-	-	-							71,247
Pharmacy Rebate Income	-	-	211,139	-	-	185,852							396,991
Claim Refunds Receipts	61,192	41,734	48,325	33,055	30,660	220,825							435,791
Assessment Receipts	2,255,260	1,967	1,910,815	7,606,435	876,653	1,515,800							14,166,930
Investment Income	281	225	212	193	209	183							1,303
Abandoned Claims	-	-	-	-	-	-							-
Other Income	-	-	-	-	-	-							-
Total Receipts	6,265,642	723,234	3,268,214	9,539,887	1,361,308	4,004,937							25,163,222
Refunds													
Assessment Refunds	-	912,408	-	-	-	-							912,408
Premium Refunds	41,960	885,924	208,693	112,067	28,596	24,334							1,301,574
Total Refunds	41,960	1,798,332	208,693	112,067	28,596	24,334							2,213,982
Expenses													
Medical Claims	4,257,882	3,444,146	3,829,467	3,922,194	2,703,946	2,530,317							20,687,952
Pharmacy Claims	3,290,997	1,952,504	1,558,743	1,547,953	2,230,249	1,253,869							11,834,316
Fixed (PMPM) Admin	153,700	-	247,974	67,761	103,269	88,361							661,065
Variable Admin	18,488	-	100,071	29,614	34,232	30,400							212,805
Salary and Benefits	41,811	27,429	23,389	34,342	54,776	23,251							204,998
Prescription Admin	14,837	2,845	6,289	2,195	2,411	-							28,577
Miscellaneous	16,811	8,734	10,055	5,380	6,634	8,906							56,521
Professional Fees	19,113	21,626	31,158	13,904	21,991	14,239							122,032
Total Expense	7,813,639	5,457,285	5,807,147	5,623,343	5,157,509	3,949,343							33,808,266
Available Cash Balance	30,528,513	23,995,643	21,248,017	25,052,384	21,227,587	21,258,847							
Inc(Dec) in Abandoned Property Reserve	(488)	-	(109)	-	-	-							
Month Ending Cash Balance	\$ 30,528,025	\$ 23,995,643	\$ 21,247,907	\$ 25,052,384	\$ 21,227,587	\$ 21,258,847	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

WSHIP
Budgeted Cashflow 2014

Variance to Budget	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
Favorable/(Unfavorable)													
Enrollment Count	(1)	(95)	(190)	(276)	(308)	(293)							(1,163)
Receipts													
Premium Receipts	2,072,318	(919,697)	(365,602)	450,995	(981,606)	660,413							916,822
Grant Revenue	(71,247)	71,247	-	-	-	-							-
Pharmacy Rebate Income	-	-	161,139	-	-	135,852							296,991
Claim Refunds Receipts	(33,763)	(34,054)	(17,885)	(31,481)	(34,206)	153,485							2,096
Assessment Receipts	(894,740)	(102,555)	1,910,815	(4,393,565)	(623,347)	15,800							(4,087,592)
Investment Income	181	125	112	93	109	83							703
Abandoned Claims	-	-	-	-	-	-							-
Other Income	-	-	-	-	-	-							-
Total Receipts	1,072,749	(984,934)	1,688,580	(3,973,958)	(1,639,049)	965,632							(2,870,980)
Refunds													
Assessment Refunds	-	-	-	-	-	-							-
Premium Refunds	12,742	(831,931)	574,006	(61,694)	21,111	24,719							(261,047)
Total Refunds	12,742	(831,931)	574,006	(61,694)	21,111	24,719							(261,047)
Expenses													
Medical Claims	(167,865)	108,955	(967,891)	(1,190,862)	77,387	381,469							(1,758,807)
Pharmacy Claims	2,543,661	913,740	592,265	492,313	(193,017)	763,353							5,112,314
Fixed (PMPM) Admin	(46,913)	105,691	(143,337)	32,126	(4,395)	9,540							(47,288)
Variable Admin	15,160	32,831	(67,446)	(2,941)	(7,758)	(1,615)							(31,770)
Salary and Benefits	(7,135)	947	5,676	(5,137)	(21,372)	5,954							(21,067)
Prescription Admin	(9,378)	2,564	(929)	2,945	2,683	5,050							2,934
Miscellaneous	(8,506)	(429)	(1,750)	2,925	1,671	(601)							(6,691)
Professional Fees	4,645	16,631	(4,201)	9,854	1,766	3,018							31,713
Total Expense	2,323,667	1,180,929	(587,612)	(658,778)	(143,035)	1,166,168							3,281,338
Available Cash Balance	3,409,158	2,772,734	4,447,708	(246,831)	(2,007,805)	148,714							
Inc(Dec) in Abandoned													
Property Reserve	-	-	-	-	-	-							
Month Ending Cash Balance	3,409,158	2,772,734	4,447,708	(246,831)	(2,007,805)	148,714							

- (1) Assumes an annual medical claim expense trend of 10% for Non-Medicare, MC Basic and Basic Plus products.
- (2) Assumes an annual pharmacy claim expense trend of 10% Non-Medicare, 10% MC Basic, and -8% MC Basic Plus.
- (3) Premium rates trended at a 4% increase.
- (4) Assumes EHIP members leave December 31, 2013 except for estimated 275 undocumented immigrants and another 90 members who leave March 31, 2013. Remaining Non-Medicare enrollment drops at a rate of 2% per month. Medicare enrollment is trended to increase at a rate of 4 members per month.
- (5) Assumes assessments on March **(\$15.0 M)**, July **(\$39.0 M)**, November **(\$0 M)** TOTAL **\$54.0 M**. The July assessment includes \$18.2 M to cover pool losses and \$20.8 M for the HBE Assessment payment.
- (6) 3-Week expense allowance is \$4.2 M based upon the projected data for the 12-month period ending in Dec of 2014.
- (7) WSHIP has access to a **\$5 M** line of credit in the event cash on hand is exhausted.
- (8) Assumes **\$20.8 M** HBE assessment payment in December 2014. WSHIP will add \$20.8 M to the Interim II assessment to help fund that payment.

**Washington State Health Insurance Pool
2014 Cash Flow Forecast**

Forecast	Actual (Bold)						Forecast						TOTAL
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	
Enrollment Count	2,534	2,095	1,938	1,841	1,799	1,804	1,788	1,782	1,777	1,772	1,767	1,762	22,659
Cash Balance													
BEGINNING OF MONTH	32,118,470	30,528,025	23,995,643	21,247,907	25,052,384	21,227,587	21,258,847	16,891,210	40,434,475	41,844,946	40,818,040	37,490,065	
Receipts													
Premium Receipts	3,948,909	608,061	1,097,722	1,900,204	453,785	2,082,278	781,886	592,653	1,777,958	563,407	563,407	1,690,222	16,060,494
Grant Revenue	-	71,247	-	-	-	-	-	-	-	-	-	-	71,247
Pharmacy Rebate Income	-	-	211,139	-	-	185,852	-	-	50,000	-	-	50,000	496,991
Claim Refunds Receipts	61,192	41,734	48,325	33,055	30,660	220,825	63,844	62,550	62,297	62,262	65,177	60,655	812,576
Assessment Receipts	2,255,260	1,967	1,910,815	7,606,435	876,653	1,515,800	4,377	10,125,223	1,266,200	1,266,200	-	-	26,828,930
Additional Assessment Receipts (HBE)	-	-	-	-	-	183	-	16,670,400	2,083,800	2,083,800	-	-	20,838,183
Investment Income	281	225	212	193	209	-	100	100	100	100	100	100	1,720
Abandoned Claims	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	6,265,642	723,234	3,268,214	9,539,887	1,361,308	4,004,937	850,207	27,450,926	5,240,355	3,975,769	628,684	1,800,977	65,110,141
Refunds													
Assessment Refunds	-	912,408	-	-	-	-	-	-	-	1,139,085	-	-	2,051,493
Premium Refunds	41,960	885,924	208,693	112,067	28,596	24,334	48,413	47,786	47,172	46,570	45,980	45,402	1,582,897
Total Refunds	41,960	1,798,332	208,693	112,067	28,596	24,334	48,413	47,786	47,172	1,185,655	45,980	45,402	3,634,390
Assessment Payments													
HBE Assessment	-	-	-	-	-	-	-	-	-	-	-	20,838,000	20,838,000
Expenses													
Medical Claim Expense	4,257,882	3,444,146	3,829,467	3,922,194	2,703,946	2,530,317	3,333,872	2,084,560	2,054,552	2,084,879	2,122,007	2,089,910	34,457,732
Pharmacy Claim Expense	3,290,997	1,952,504	1,558,743	1,547,953	2,230,249	1,253,869	1,624,559	1,558,595	1,538,470	1,532,109	1,525,743	1,516,863	21,130,656
PMPM Administrative Expense	153,700	-	247,974	67,761	103,269	88,361	96,928	95,997	95,065	94,134	93,243	92,394	1,228,826
Variable Administrative Expense	18,488	-	100,071	29,614	34,232	30,400	28,594	25,912	25,730	25,548	58,374	25,208	402,171
Salary and Benefits Expense	41,811	27,429	23,389	34,342	54,776	23,251	27,910	27,910	27,910	27,910	27,910	28,117	372,666
Prescription Administrative Expense	14,837	2,845	6,289	2,195	2,411	0	5,005	4,963	4,921	4,879	4,838	4,800	57,984
Miscellaneous Expense	16,811	8,734	10,055	5,380	6,634	8,906	8,305	25,180	8,305	8,305	8,305	20,680	135,601
Professional Fees	19,113	21,626	31,158	13,904	21,991	14,239	44,258	36,758	27,758	39,258	70,258	25,258	365,578
Total Expense	7,813,639	5,457,285	5,807,147	5,623,343	5,157,509	3,949,343	5,169,430	3,859,875	3,782,711	3,817,021	3,910,679	3,803,230	58,151,213
Available Cash Balance	30,528,513	23,995,643	21,248,016	25,052,384	21,227,587	21,258,847	16,891,210	40,434,475	41,844,946	40,818,040	37,490,065	14,604,410	
Inc(Dec) in Abandoned Property Reserve	(488)	-	(109)	-	-	-	-	-	-	-	-	-	
Month Ending Cash Balance	30,528,025	23,995,643	21,247,907	25,052,384	21,227,587	21,258,847	16,891,210	40,434,475	41,844,946	40,818,040	37,490,065	14,604,410	

- (1) Assumes an annual medical claim expense trend of 10% for Non-Medicare, MC Basic and Basic Plus products.
- (2) Assumes an annual pharmacy claim expense trend of 10% Non-Medicare, 10% MC Basic, and -8% MC Basic Plus.
- (3) Premium rates trended at a 9% increase.
- (4) Assumes EHIP members leave December 31, 2013 except for estimated 375 undocumented immigrants. Remaining Non-Medicare enrollment drops of at a rate of 10% per month. Medicare enrollment is trended to increase at a rate of 3 members per month.
- (5) Assumes assessments on March (**\$10.0 M**), July (**\$33.5 M**), November (**\$0 M**) TOTAL **\$43.5 M**. The July assessment includes \$9.2 M to cover pool losses and \$20.8 M for the HBE Assessment payment.
- (6) 3-Week expense allowance is \$3.3 M based upon the projected data for the 12-month period ending in Dec of 2014.
- (7) WSHIP has access to a **\$5 M** line of credit in the event cash on hand is exhausted.
- (8) Assumes **\$20.8 M** HBE assessment payment in December 2014. WSHIP will add \$20.8 M to the Interim II assessment to help fund that payment.

**Washington State Health Insurance Pool
2014 Administrative Expense
Budget Variance Analysis**

Budget	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Membership (1)	2,843	2,817	2,792	2,677	2,653	2,630	2,607	2,585	2,563	2,541	2,520	2,500	31,729
PMPM Administrative Expense (2)	106,787	105,691	104,637	99,887	98,874	97,901	96,928	95,997	95,065	94,134	93,243	92,394	1,181,538
Variable Administrative Expense (3)	33,647	32,831	32,625	26,673	26,474	28,785	28,594	25,912	25,730	25,548	58,374	25,208	370,401
Salary and Benefits Expense (4) & (7)	34,676	28,376	29,066	29,205	33,405	29,205	27,910	27,910	27,910	27,910	27,910	28,117	351,599
RX Benefit Management Fees	5,459	5,409	5,361	5,140	5,094	5,050	5,005	4,963	4,921	4,879	4,838	4,800	60,918
Miscellaneous Expense (5)	8,305	8,305	8,305	8,305	8,305	8,305	8,305	25,180	8,305	8,305	8,305	20,680	128,910
Professional Fees (6)	23,758	38,258	26,958	23,758	23,758	17,258	44,258	36,758	27,758	39,258	70,258	25,258	397,291
Total Budget Operating Expenses	\$212,631	\$218,869	\$206,951	\$192,967	\$195,909	\$186,503	\$211,000	\$216,720	\$189,689	\$200,034	\$262,928	\$196,457	\$2,490,657

Actual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
Membership (1)	2,534	2,095	1,938	1,841	1,799	1,804							12,011
PMPM Administrative Expense (2)	153,700	-	247,974	67,761	103,269	88,361							661,065
Variable Administrative Expense (3)	18,488	-	100,071	29,614	34,232	30,400							212,805
Salary and Benefits Expense (4) & (7)	41,811	27,429	23,389	34,342	54,776	23,251							204,998
RX Benefit Management Fees	14,837	2,845	6,289	2,195	2,411	0							28,577
Miscellaneous Expense (5)	16,811	8,734	10,055	5,380	6,634	8,906							56,521
Professional Fees (6)	19,113	21,626	31,158	13,904	21,991	14,239							122,032
Total Actual Operating Expenses	\$264,760	\$60,634	\$418,937	\$153,195	\$223,314	\$165,158	\$0	\$0	\$0	\$0	\$0	\$0	\$1,285,998

Variance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
Membership (1)	(309)	(722)	(854)	(836)	(854)	(826)							(4,402)
PMPM Administrative Expense (2)	(46,913)	105,691	(143,337)	32,126	(4,395)	9,540							(47,288)
Variable Administrative Expense (3)	15,160	32,831	(67,446)	(2,941)	(7,758)	(1,615)							(31,770)
Salary and Benefits Expense (4) & (7)	(7,135)	947	5,676	(5,137)	(21,372)	5,954							(21,067)
RX Benefit Management Fees	(9,378)	2,564	(929)	2,945	2,683	5,050							2,934
Miscellaneous Expense (5)	(8,506)	(429)	(1,750)	2,925	1,671	(601)							(6,691)
Professional Fees (6)	4,645	16,631	(4,201)	9,854	1,766	3,018							31,713
Total Variance Expenses	(\$52,129)	\$158,235	(\$211,986)	\$39,772	(\$27,405)	\$21,345							(\$72,168)

Notes:

- (1) Assumes EHIP members leave December 31, 2013 except 275 of undocumented immigrants and another 90 members who will leave March 31, 2014.
All non-EHIP membership drops off at a rate of 2% per month.
- (2) PMPM Administrative Expense reflects contractual fees and performance bonuses per member for TPA, Utilization Management fees and Network services.
The PMPM rate varies by plan and enrollment levels. For the Medicare plan, PMPM = \$31.05. For Non-Medicare, PMPM = \$40.55. The blended rate based on enrollment is \$36.74.
Please note that if monthly enrollment falls below 2,500 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, Exchange Transition administration and other miscellaneous.
- (4) Salary and Benefits Expense reflect the combined amounts of the Executive Director, Deputy Executive Director, Executive Assistant and Program Coordinator, as well as Temporary Resources. PCIP-WA will reimburse WSHIP for 25% of salary and benefit costs and these figures reflect those reimbursement
- (5) Miscellaneous expense includes Board expenses, conference travel, insurance, agent commissions, phone/internet charges, and office expenses.
PCIP-WA will reimburse WSHIP for 25% of miscellaneous costs and these figures reflect those reimbursements.
- (6) Professional fees include legal fees, auditing fees, actuarial fees, and consulting.

WSHIP Financial Performance

CASH BASIS	Month Ending June 30, 2014			
	Projected	Actual	Variance	% Change
Membership	2,097	1,804	(293)	-14%
Avg Premium Receipt PMPM	\$655	\$1,141	\$486	74%
Avg Medical Claim Expense PMPM	\$1,356	\$1,280	\$76	6%
Avg Pharmacy Claim Expense PMPM	\$962	\$695	\$267	28%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,663)	(\$834)	\$829	50%
Avg Premium Receipt Less Avg Claim Expense Total	(\$3,487,311)	(\$1,504,536)	\$1,982,775	57%
Variance Due to Changes in Membership			\$244,362	
Variance Due to Changes in Claim Expenses			\$1,738,413	

CASH BASIS	Year-To-Date June 30, 2014			
	Projected	Actual	Variance	% Change
Member Months	13,174	12,011	(1,163)	-9%
Avg Premium Receipt PMPM	\$617	\$732	\$115	19%
Avg Medical Claim Expense PMPM	\$1,404	\$1,686	(\$282)	-20%
Avg Pharmacy Claim Expense PMPM	\$1,286	\$985	\$301	23%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$2,073)	(\$1,939)	\$134	6%
Avg Premium Receipt Less Avg Claim Expense Total	(\$27,309,702)	(\$23,289,329)	\$4,020,373	15%
Variance Due to Changes in Membership			\$2,255,057	
Variance Due to Changes in Claim Expenses			\$1,765,316	

INCURRED BASIS	Year-To-Date June 30, 2014	Year-To-Date June 30, 2013
	Actual	Actual - Prior Year
Member Months	12,011	21,724
Avg Premium Income PMPM	\$627	\$755
Avg Medical Claim Expense PMPM (1)	\$1,388	\$1,394
Avg Pharmacy Claim Expense PMPM (2)	\$968	\$1,155
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,729)	(\$1,794)
Avg Premium Receipt Less Avg Claim Expense Total	(\$20,767,019)	(\$38,972,856)

(1) Incurred medical claims data totals \$16,667,008 which is derived from \$11,789,008 actual paid claims with dates of service between 1-1-14 and 6-30-14 and \$4,878,000 IBNR reserve.

(2) Incurred pharmacy claims data totals \$11,622,316 which is derived from \$10,984,316 actual paid claims with dates of service between 1-1-14 and 6-30-14 and \$638,000 IBNR reserve.