

**Washington State Health Insurance Pool  
Treasurer's Report  
June 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 11<sup>th</sup>, 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.

2. Financial Statements – June 2016

Balance Sheet

Cash on hand decreased by \$592 K or 3.5% from May 2016 to June 2016. The current cash position is \$7.9 M which is well above our current three week expense allowance of \$2.6 M. As of the end of June 2016, the entire \$7.9 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 2016 is \$5.3 M. This is an increase of \$701 K or 15.3% from the prior month. Medical IBNR increased \$461 K or 11.2% and pharmacy IBNR increased \$240 K or 51.2% from May 2016.

As of June 2016, the equity position of WSHIP is a positive \$535 K.

Income Statement

Total member months for June 2016 YTD are lower by 919 member months or 9.4% lower than June 2015 YTD. Member months are measured as the cumulative monthly member count (PMPM) over a period of time. The total incurred claim loss for June 2016 YTD is \$1.7 M or 7.7% lower than June 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 June 2016 YTD, the medical claims portion is \$1.7 M or 11.7% lower than June 2015 YTD, and the pharmacy claims portion is flat to June 2015 YTD.

June 2016 YTD administrative expenses are \$165 K or 15.5% lower than the administrative expenses for June 2015 YTD. The ratio of administrative expenses as a percentage of total cost is 4.2% for June 2016 YTD as compared to 4.5% in June YTD of the prior year. Total cost is calculated as total incurred claim loss less pharmacy rebates plus administrative expenses.

### 3. Budgeted Cash Flow – June 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 \$7.9 M is \$1.5 M higher than the budgeted cash balance of \$6.4 M. Total net cash receipts for June 2016 YTD are \$726 K or 3.1% unfavorable to budget. Total YTD expenses are \$2.2 M or 9.1% favorable to budget. The YTD administrative expenses are \$12 K or 1.2% favorable to budget. Total YTD medical claims expense is \$1.8 M or 11.8% favorable to budget; while total YTD pharmacy claims expense is \$382 K or 4.8% 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 June 2016. For July 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 June 2016, YTD administrative expenses are \$12 K or 1.2% favorable to budget (cash basis).

### 6. Financial Performance

June 2016 YTD member months are 360 member months or 4% lower than projected in the original budget. Through June 2016, average premium receipt PMPM is 2% higher than anticipated. Average medical claims expense PMPM is 10% lower than anticipated and average pharmacy claims expense PMPM is 1% lower than anticipated.

On an incurred basis, the average medical claims expense PMPM is \$1,637 as compared to \$1,510 on a cash basis. Also on an incurred basis, the average pharmacy claims expense PMPM is \$876 as compared to \$862 on a cash basis.

# WASHINGTON STATE HEALTH INSURANCE POOL

## Unaudited Balance Sheet as of June 30

Total Enrollment: 1,469

	<u>2016</u>	<u>2015</u>
<b>Assets:</b>		
Cash	\$ 7,917,358	\$ 7,078,041
Premiums Receivable	12,306	15,852
Assessments Receivable	-	172
Grants Receivable	-	383,946
Prepaid Expense	-	-
<b>Total Assets</b>	<u>\$ 7,929,664</u>	<u>\$ 7,478,011</u>
 <b>Liabilities and Unassigned Surplus:</b>		
Reserve for Unpaid Losses - Medical	\$ 4,562,000	\$ 4,933,000
Reserve for Unpaid Losses - Pharmacy	709,000	304,000
Accrued Loss Adjustment	350,000	307,000
Premiums Received in Advance	1,577,169	2,387,455
Assessments Payable	-	-
Accrued Expenses	134,309	203,453
Abandoned Claim Reserve	61,972	18,303
<b>Total Liabilities</b>	<u>\$ 7,394,450</u>	<u>\$ 8,153,211</u>
<b>Unassigned Surplus</b>	535,214	(675,200)
<b>Total Liabilities and Unassigned Surplus</b>	<u>\$ 7,929,664</u>	<u>\$ 7,478,011</u>

# WASHINGTON STATE HEALTH INSURANCE POOL

## Unaudited Statement of Operations January 1 to June 30

	<u>2016</u>	<u>2015</u>
Total Member Months	8,823	9,742
<b>Premium Income Earned</b>	\$ 5,553,905	\$ 5,167,873
<b>Pharmacy Rebate Income</b>	242,993	171,709
<b>Grant Income</b>	-	-
<b>Incurred Claim Loss - Medical</b>	13,142,493	14,869,976
<b>Incurred Claim Loss - Pharmacy</b>	7,796,260	7,795,904
<b>Total Incurred Claim Loss</b>	<u>20,938,753</u>	<u>22,665,880</u>
<b>Operating Expenses:</b>		
Fixed (PMPM) Administrative Expense	\$ 496,388	\$ 484,964
Variable Administrative Expense	102,782	101,107
Salary and Benefit Expense	177,567	318,283
Prescription Administrative Expense	11,197	12,801
Miscellaneous Expense	42,315	40,426
Professional Fee Expense	69,986	107,164
<b>Total Operating Expenses</b>	<u>\$ 900,235</u>	<u>\$ 1,064,744</u>
<b>Underwriting Gain (Loss)</b>	(16,042,090)	(18,391,043)
<b>Investment Income</b>	9,393	561
<b>Other Income</b>	26,489	846
<b>Changes to Unassigned Surplus</b>	<u>\$ (16,006,208)</u>	<u>\$ (18,389,636)</u>

# WASHINGTON STATE HEALTH INSURANCE POOL

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

	<u>2016</u>	<u>2015</u>
Unassigned Surplus at Beginning of Year	\$ 6,187,923	\$ 8,214,435
Changes to Unassigned Surplus	(16,006,208)	(18,389,636)
Member Assessments	10,353,500	9,500,000
<b>Unassigned Surplus</b>	<u>\$ 535,214</u>	<u>\$ (675,200)</u>

**WSHIP 2016  
Budgeted Cashflow**

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	June YTD	TOTAL
<b>Enrollment Count</b>	1,544	1,539	1,533	1,528	1,522	1,517	1,512	1,506	1,501	1,496	1,491	1,486	9,183	18,175
<b>Cash Balance</b>														
<b>BEGINNING OF MONTH</b>	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		
<b>Receipts</b>														
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	6,210,195	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	301,647	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	600	1,200
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Receipts</b>	<b>4,488,234</b>	<b>483,440</b>	<b>2,023,916</b>	<b>11,041,937</b>	<b>1,752,240</b>	<b>3,185,896</b>	<b>712,526</b>	<b>12,058,005</b>	<b>3,324,916</b>	<b>2,155,079</b>	<b>428,045</b>	<b>11,961,335</b>	<b>22,975,662</b>	<b>53,615,569</b>
<b>Refunds</b>														
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	151,486	289,565
<b>Total Refunds</b>	<b>28,557</b>	<b>3,265,984</b>	<b>45,537</b>	<b>1,714,342</b>	<b>9,717</b>	<b>43,201</b>	<b>15,946</b>	<b>9,679</b>	<b>42,867</b>	<b>15,665</b>	<b>8,955</b>	<b>44,967</b>	<b>5,107,338</b>	<b>5,245,417</b>
<b>Expenses</b>														
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	15,635,102	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	7,987,728	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	483,418	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	119,166	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	204,558	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	14,357	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	49,050	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	136,300	313,300
<b>Total Expense</b>	<b>4,188,954</b>	<b>4,071,408</b>	<b>4,048,711</b>	<b>4,034,588</b>	<b>4,008,912</b>	<b>4,277,105</b>	<b>4,380,235</b>	<b>4,474,826</b>	<b>4,407,865</b>	<b>4,544,360</b>	<b>4,526,390</b>	<b>4,426,453</b>	<b>24,629,679</b>	<b>51,389,808</b>
<b>Month Ending Cash Balance</b>	<b>\$ 13,457,582</b>	<b>\$ 6,603,630</b>	<b>\$ 4,533,298</b>	<b>\$ 9,826,305</b>	<b>\$ 7,559,915</b>	<b>\$ 6,425,504</b>	<b>\$ 2,741,850</b>	<b>\$ 10,315,350</b>	<b>\$ 9,189,533</b>	<b>\$ 6,784,587</b>	<b>\$ 2,677,287</b>	<b>\$ 10,167,202</b>		

<b>Actual</b>	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
<b>Enrollment Count</b>	1,518	1,468	1,463	1,473	1,432	1,469							8,823
<b>Cash Balance</b>													
<b>BEGINNING OF MONTH</b>	13,186,859	14,216,707	8,224,318	6,288,149	8,217,724	8,508,864							
<b>Receipts</b>													
Premium Receipts	1,142,274	405,402	1,804,194	644,606	303,806	1,735,029							6,035,311
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							467,065
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							9,393
Other Income	24	-	-	10,000	16,465	-							26,489
<b>Total Receipts</b>	<b>4,486,094</b>	<b>658,989</b>	<b>1,819,587</b>	<b>6,462,569</b>	<b>5,662,429</b>	<b>3,054,802</b>							<b>22,144,470</b>
<b>Refunds</b>													
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							100,181
<b>Total Refunds</b>	<b>25,734</b>	<b>3,278,704</b>	<b>15,493</b>	<b>19,077</b>	<b>1,656,626</b>	<b>6,899</b>							<b>5,002,533</b>
<b>Expenses</b>													
Medical Claims	2,057,865	2,117,545	2,421,785	2,472,985	2,380,680	2,339,005							13,789,865
Pharmacy Claims	1,136,882	1,095,730	1,173,497	1,868,346	1,192,996	1,138,501							7,605,952
Fixed (PMPM) Admin	162,313	81,491	83,015	84,621	80,288	81,590							573,318
Variable Admin	21,981	13,442	15,054	27,781	14,023	12,800							105,080
Salary and Benefits	28,691	34,762	28,655	28,649	28,645	28,637							178,040
Prescription Admin	3,775	1,898	1,909	1,392	2,333	1,797							13,103
Miscellaneous	5,002	6,414	6,099	5,528	4,966	13,124							41,133
Professional Fees	14,004	21,392	9,851	10,135	11,692	16,765							83,838
<b>Total Expense</b>	<b>3,430,513</b>	<b>3,372,674</b>	<b>3,739,863</b>	<b>4,499,436</b>	<b>3,715,624</b>	<b>3,632,219</b>							<b>22,390,330</b>
<b>Available Cash Balance</b>	<b>14,216,707</b>	<b>8,224,318</b>	<b>6,288,549</b>	<b>8,232,205</b>	<b>8,507,902</b>	<b>7,924,549</b>							
<b>Inc(Dec) in Abandoned Property Reserve</b>			(399)	(14,481)	962	(7,191)							
<b>Month Ending Cash Balance</b>	<b>\$ 14,216,707</b>	<b>\$ 8,224,318</b>	<b>\$ 6,288,149</b>	<b>\$ 8,217,724</b>	<b>\$ 8,508,864</b>	<b>\$ 7,917,358</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**WSHIP 2016  
Budgeted Cashflow**

<b>Variance to Budget</b>	<b>JANUARY</b>	<b>FEBRUARY</b>	<b>MARCH</b>	<b>APRIL</b>	<b>MAY</b>	<b>JUNE</b>	<b>JULY</b>	<b>AUGUST</b>	<b>SEPTEMBER</b>	<b>OCTOBER</b>	<b>NOVEMBER</b>	<b>DECEMBER</b>	<b>TOTAL YTD</b>
Favorable/(Unfavorable)													
<b>Enrollment Count</b>	(26)	(71)	(70)	(55)	(90)	(48)							(360)
<b>Receipts</b>													
Premium Receipts	(24)	(12,315)	(73,135)	53,357	(96,797)	(45,970)							(174,884)
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)							165,417
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							8,793
Other Income	24	-	-	10,000	16,465	-							26,489
<b>Total Receipts</b>	<b>(2,140)</b>	<b>175,549</b>	<b>(204,329)</b>	<b>(4,579,368)</b>	<b>3,910,190</b>	<b>(131,093)</b>							<b>(831,192)</b>
<b>Refunds</b>													
Assessment Refunds	-	-	-	1,700,000	(1,646,500)	-							53,500
Premium Refunds	2,823	(12,720)	30,044	(4,735)	(409)	36,302							51,305
<b>Total Refunds</b>	<b>2,823</b>	<b>(12,720)</b>	<b>30,044</b>	<b>1,695,265</b>	<b>(1,646,909)</b>	<b>36,302</b>							<b>104,805</b>
<b>Expenses</b>													
Medical Claims	552,721	501,233	137,880	56,421	196,146	400,837							1,845,236
Pharmacy Claims	259,010	183,232	136,521	(518,525)	73,949	247,590							381,776
Fixed (PMPM) Admin	(80,914)	(448)	(2,268)	(4,229)	(192)	(1,849)							(89,900)
Variable Admin	11,025	3,910	2,234	(10,547)	3,147	4,316							14,086
Salary and Benefits	14,166	(1,846)	3,541	3,547	3,551	3,559							26,518
Prescription Admin	(1,359)	510	488	997	46	573							1,254
Miscellaneous	3,298	(764)	8,801	122	3,334	(6,874)							7,917
Professional Fees	496	12,908	21,650	7,365	13,308	(3,265)							52,462
<b>Total Expense</b>	<b>758,441</b>	<b>698,734</b>	<b>308,848</b>	<b>(464,848)</b>	<b>293,288</b>	<b>644,886</b>							<b>2,239,350</b>
<b>Available Cash Balance</b>	<b>759,125</b>	<b>1,620,688</b>	<b>1,755,251</b>	<b>(1,594,100)</b>	<b>947,987</b>	<b>1,499,044</b>							
<b>Inc(Dec) in Abandoned</b>													
<b>Property Reserve</b>	<b>-</b>	<b>-</b>	<b>(399)</b>	<b>(14,481)</b>	<b>962</b>	<b>(7,191)</b>							
<b>Month Ending Cash Balance</b>	<b>759,125</b>	<b>1,620,688</b>	<b>1,754,852</b>	<b>(1,608,581)</b>	<b>948,949</b>	<b>1,491,854</b>							

- (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	
<b>Enrollment:</b>													
Non-Medicare Enrollment	463	442	440	435	434	431	422	417	413	408	404	399	5,108
Medicare Enrollment (Basic and Basic+)	1,055	1,026	1,023	1,038	998	1,038	1,040	1,040	1,040	1,040	1,040	1,040	12,418
<b>Total Enrollment Count</b>	<b>1,518</b>	<b>1,468</b>	<b>1,463</b>	<b>1,473</b>	<b>1,432</b>	<b>1,469</b>	<b>1,462</b>	<b>1,457</b>	<b>1,453</b>	<b>1,448</b>	<b>1,444</b>	<b>1,439</b>	<b>17,526</b>
<b>Cash Balance</b>													
<b>BEGINNING OF MONTH</b>	<b>13,186,859</b>	<b>14,216,707</b>	<b>8,224,318</b>	<b>6,288,149</b>	<b>8,217,724</b>	<b>8,508,864</b>	7,917,358	4,949,105	11,232,854	10,384,078	8,464,467	4,918,063	
<b>Receipts</b>													
Premium Receipts	1,142,274	405,402	1,804,194	644,606	303,806	1,735,029	823,191	378,227	1,675,143	612,147	349,951	1,757,183	11,631,154
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	47,548	54,067	48,515	49,173	51,843	47,791	766,001
Assessment Receipts	3,208,332	13,247	-	5,784,636	4,916,109	1,299,255	-	10,000,000	1,250,000	1,250,000	-	7,200,000	34,921,579
Investment Income	1,819	1,695	1,265	1,134	1,924	1,557	100	100	100	100	100	100	9,993
Other Income	24	-	-	10,000	16,465	-	-	-	-	-	-	-	26,489
<b>Total Receipts</b>	<b>4,486,094</b>	<b>658,989</b>	<b>1,819,587</b>	<b>6,462,569</b>	<b>5,662,429</b>	<b>3,054,802</b>	870,839	10,432,394	3,023,758	1,911,420	401,894	9,055,074	47,839,849
<b>Refunds</b>													
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	20,580	9,456	41,879	15,304	8,749	43,930	240,077
<b>Total Refunds</b>	<b>25,734</b>	<b>3,278,704</b>	<b>15,493</b>	<b>19,077</b>	<b>1,656,626</b>	<b>6,899</b>	20,580	9,456	41,879	15,304	8,749	43,930	<b>5,142,429</b>
<b>Expenses</b>													
Medical Claim Expense	2,057,865	2,117,545	2,421,785	2,472,985	2,380,680	2,339,005	2,377,414	2,703,345	2,425,738	2,458,637	2,592,135	2,389,535	28,736,669
Pharmacy Claim Expense	1,136,882	1,095,730	1,173,497	1,868,346	1,192,996	1,138,501	1,264,383	1,261,530	1,249,742	1,198,022	1,138,054	1,169,638	14,887,321
PMPM Administrative Expense	162,313	81,491	83,015	84,621	80,288	81,590	79,445	79,149	78,793	78,497	78,201	77,905	1,045,308
Variable Administrative Expense	21,981	13,442	15,054	27,781	14,023	12,800	19,562	16,998	16,944	16,891	24,837	16,782	217,094
Salary and Benefits Expense	28,691	34,762	28,655	28,649	28,645	28,637	32,196	32,196	32,196	32,196	32,196	32,378	371,399
Prescription Administrative Expense	3,775	1,898	1,909	1,392	2,333	1,797	2,361	2,351	2,343	2,334	2,326	2,317	27,135
Miscellaneous Expense	5,002	6,414	6,099	5,528	4,966	13,124	5,650	26,620	8,900	5,650	8,300	23,214	119,466
Professional Fees	14,004	21,392	9,851	10,135	11,692	16,765	37,500	17,000	16,000	23,500	63,500	19,500	260,838
<b>Total Expense</b>	<b>3,430,513</b>	<b>3,372,674</b>	<b>3,739,863</b>	<b>4,499,436</b>	<b>3,715,624</b>	<b>3,632,219</b>	3,818,512	4,139,189	3,830,656	3,815,727	3,939,549	3,731,269	<b>45,665,231</b>
<b>Available Cash Balance</b>	<b>14,216,707</b>	<b>8,224,318</b>	<b>6,288,549</b>	<b>8,232,205</b>	<b>8,507,902</b>	<b>7,924,548</b>	4,949,105	11,232,854	10,384,078	8,464,467	4,918,063	10,197,939	
Inc(Dec) in Abandoned Property Reserve	-	-	(399)	(14,481)	962	(7,191)	-	-	-	-	-	-	
<b>Month Ending Cash Balance</b>	<b>14,216,707</b>	<b>8,224,318</b>	<b>6,288,149</b>	<b>8,217,724</b>	<b>8,508,864</b>	<b>7,917,358</b>	4,949,105	11,232,854	10,384,078	8,464,467	4,918,063	10,197,939	

- (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**

<b>Budget</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Total</b>
Membership: (1)													
Non-Medicare	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
<b>Total Budget Operating Expenses</b>	<b>\$182,477</b>	<b>\$173,669</b>	<b>\$179,028</b>	<b>\$155,361</b>	<b>\$165,141</b>	<b>\$151,173</b>	<b>\$176,715</b>	<b>\$174,314</b>	<b>\$155,176</b>	<b>\$159,068</b>	<b>\$209,360</b>	<b>\$172,096</b>	<b>\$2,053,577</b>

<b>Actual</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>YTD Total</b>
Membership: (1)													
Non-Medicare	463	442	440	435	434	431							2,645
Medicare Basic	825	797	798	814	776	817							
Medicare Basic Plus	230	229	225	224	222	221							1,351
Total Membership	1,518	1,468	1,463	1,473	1,432	1,469	-	-	-	-	-	-	8,823
PMPM Administrative Expense (2)	162,313	81,491	83,015	84,621	80,288	81,590							\$573,317
Variable Administrative Expense (3)	21,981	13,442	15,054	27,781	14,023	12,800							\$105,080
Salary and Benefits Expense (4)	28,691	34,762	28,655	28,649	28,645	28,637							\$178,040
RX Benefit Management Fees	3,775	1,898	1,909	1,392	2,333	1,797							\$13,103
Miscellaneous Expense (5)	5,002	6,414	6,099	5,528	4,966	13,124							\$41,133
Professional Fees (6)	14,004	21,392	9,851	10,135	11,692	16,765							\$83,839
<b>Total Actual Operating Expenses</b>	<b>\$235,766</b>	<b>\$159,398</b>	<b>\$144,582</b>	<b>\$158,105</b>	<b>\$141,948</b>	<b>\$154,713</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$994,512</b>

<b>Variance</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>YTD Total</b>
Membership: (1)													
Non-Medicare	(36)	(52)	(48)	(48)	(43)	(41)							(268)
Medicare Basic	17	(13)	(14)	-	(40)	(1)							(51)
Medicare Basic Plus	(7)	(6)	(8)	(7)	(7)	(6)							(41)
Total Membership	(26)	(71)	(70)	(55)	(90)	(48)	-	-	-	-	-	-	(360)
PMPM Administrative Expense (2)	(80,914)	(448)	(2,268)	(4,229)	(192)	(1,849)							(\$89,899)
Variable Administrative Expense (3)	11,025	3,910	2,234	(10,547)	3,147	4,316							\$14,086
Salary and Benefits Expense (4)	14,165	(1,846)	3,541	3,547	3,551	3,559							\$26,518
RX Benefit Management Fees	(1,359)	510	488	997	46	573							\$1,254
Miscellaneous Expense (5)	3,298	(764)	8,801	122	3,334	(6,874)							\$7,917
Professional Fees (6)	496	12,908	21,650	7,365	13,308	(3,265)							\$52,461
<b>Total Variance Expenses</b>	<b>(\$53,289)</b>	<b>\$14,270</b>	<b>\$34,447</b>	<b>(\$2,744)</b>	<b>\$23,193</b>	<b>(\$3,540)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$12,337</b>

**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 June 30, 2016			
	Projected	Actual	Variance	% Change
Membership	1,517	1,469	(48)	-3%
Avg Premium Receipt PMPM	\$1,146	\$1,176	\$30	3%
Avg Medical Claim Expense PMPM	\$1,770	\$1,579	\$191	11%
Avg Pharmacy Claim Expense PMPM	\$914	\$775	\$139	15%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,538)	(\$1,178)	\$360	23%
Avg Premium Receipt Less Avg Claim Expense Total	(\$2,333,146)	(\$1,730,482)	\$602,664	26%
Variance Due to Changes in Membership			\$56,544	
Variance Due to Changes in Claim Expenses			\$546,120	

CASH BASIS	Year-To-Date June 30, 2016			
	Projected	Actual	Variance	% Change
Member Months	9,183	8,823	(360)	-4%
Avg Premium Receipt PMPM	\$660	\$673	\$13	2%
Avg Medical Claim Expense PMPM	\$1,670	\$1,510	\$160	10%
Avg Pharmacy Claim Expense PMPM	\$870	\$862	\$8	1%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,880)	(\$1,699)	\$181	10%
Avg Premium Receipt Less Avg Claim Expense Total	(\$17,264,040)	(\$14,990,277)	\$2,273,763	13%
Variance Due to Changes in Membership			\$611,640	
Variance Due to Changes in Claim Expenses			\$1,662,123	

INCURRED BASIS	Year-To-Date June 30, 2016	Year-To-Date June 30, 2015
	Actual	Actual - Prior Year
Member Months	8,823	9,742
Avg Premium Income PMPM	\$629	\$530
Avg Medical Claim Expense PMPM (1)	\$1,637	\$1,597
Avg Pharmacy Claim Expense PMPM (2)	\$876	\$772
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,884)	(\$1,839)
Avg Premium Receipt Less Avg Claim Expense Total	(\$16,622,532)	(\$17,915,538)

(1) Incurred medical claims data totals \$14,444,666 which is derived from \$10,011,666 actual paid claims with dates of service between 1-1-16 and 6-30-16 and \$4,433,000 IBNR reserve.

(2) Incurred pharmacy claims data totals \$7,729,674 which is derived from \$7,020,674 actual paid claims with dates of service between 1-1-16 and 6-30-16 and \$709,000 IBNR reserve.