

**Washington State Health Insurance Pool
Treasurer's Report
June 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 July 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 on May 10, 2017 and invoices were generated on July 31, 2017.

3. Financial Statements – June 2017

Balance Sheet

Cash on hand decreased by \$1.0 M or 10.2% from May 2017 to June 2017. The current cash position is \$9.1 M, which is well above our current 4-week expense allowance of \$3.3 M. As of the end of June 2017, the entire \$9.1 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 2017 is \$4.6 M. This is an increase of \$131 K or 3.0% from the prior month. Medical IBNR increased \$31 K or less than 1% and pharmacy IBNR increased \$100 K or 17.0% from May 2017.

As of June 2017, the equity position of WSHIP is a positive \$3.1 M.

Income Statement

Total member months for June 2017 YTD are lower by 50 member months or less than 1% lower than June 2016 YTD. Member months are measured as the cumulative monthly member count (PMPM) over a period of time. The total incurred claim loss for June 2017 YTD is \$2.0 M or 9.7% lower than June 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 June 2017 YTD, the medical claims portion is \$1.4 M or 10.7% lower than June

2016 YTD, and the pharmacy claims portion is \$620 K or 8.0% lower than June 2016 YTD.

June 2017 YTD administrative expenses are \$36 K or 4.0% lower than the administrative expenses for June 2016 YTD. The ratio of administrative expenses as a percentage of total cost is 4.4% for June 2017 YTD as compared to 4.2% for June YTD of the prior year. Total cost is calculated as total incurred claim loss less pharmacy rebates plus administrative expenses.

4. Budgeted Cash Flow – June 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 \$9.2 M is \$2.6 M or 39.2% higher than the budgeted cash balance of \$6.6 M. Total net cash receipts for June 2017 YTD are \$356 K or 2.0% favorable to budget. Total YTD expenses are \$2.2 M or 9.8% favorable to budget. The YTD administrative expenses are \$88 K or 9.3% favorable to budget. Total YTD medical claims expense is \$1.1 M or 8.2% favorable to budget; while total YTD pharmacy claims expense is \$1.0 M or 12.4% favorable to budget.

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

As of June, the YTD Medicare member months total 6,434 and represent 73% of the combined WSHIP member months. The YTD Non-Medicare member months total 2,339 and account for 27% of the combined WSHIP member months. The YTD Medicare Loss Ratio is 196% while the YTD Non-Medicare Loss Ratio is 302%. On a cash basis, the YTD Claims PMPM is \$832 for Medicare members and \$5,996 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 June 2017. For July 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 June 2017, YTD administrative expenses are \$88 K or 9.3% favorable to budget (cash basis).

8. Financial Performance

June 2017 YTD member months are 40 member months or less than 1% higher than projected in the original budget. Through June 2017, average premium receipt PMPM is 4% higher than anticipated, average medical claims expense PMPM is 9% lower than expected and average pharmacy claims expense PMPM is 13% lower than anticipated.

On an incurred basis, the average YTD medical claims expense PMPM is \$1,478 as compared to \$1,368 on a cash basis. Also on an incurred basis, the average YTD pharmacy claims expense PMPM is \$848 as compared to \$831 on a cash basis.

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Balance Sheet as of June 30

Total Enrollment: 1,457

	<u>2017</u>	<u>2016</u>
Assets:		
Cash	\$ 9,154,086	\$ 7,917,358
Premiums Receivable	29,445	12,306
Assessments Receivable	688,018	-
Grants Receivable	-	-
Prepaid Expense	-	-
Total Assets	<u>\$ 9,871,549</u>	<u>\$ 7,929,664</u>
 Liabilities and Unassigned Surplus:		
Reserve for Unpaid Losses - Medical	\$ 3,868,000	\$ 4,562,000
Reserve for Unpaid Losses - Pharmacy	687,000	709,000
Accrued Loss Adjustment	322,000	350,000
Premiums Received in Advance	1,777,197	1,577,169
Assessments Payable	-	-
Accrued Expenses	137,518	134,309
Abandoned Claim Reserve	19,897	61,972
Total Liabilities	<u>\$ 6,811,612</u>	<u>\$ 7,394,450</u>
Unassigned Surplus	3,059,937	535,214
Total Liabilities and Unassigned Surplus	<u>\$ 9,871,549</u>	<u>\$ 7,929,664</u>

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Statement of Operations January 1 to June 30

	<u>2017</u>	<u>2016</u>
Total Member Months	8,773	8,823
Premium Income Earned	\$ 6,004,420	\$ 5,553,905
Pharmacy Rebate Income	109,084	242,993
Grant Income	-	-
Incurred Claim Loss - Medical	11,742,014	13,142,493
Incurred Claim Loss - Pharmacy	7,175,943	7,796,260
Total Incurred Claim Loss	<u>18,917,956</u>	<u>20,938,753</u>
Operating Expenses:		
Fixed (PMPM) Administrative Expense	\$ 470,608	\$ 496,388
Variable Administrative Expense	77,413	102,782
Salary and Benefit Expense	175,336	177,567
Prescription Administrative Expense	13,308	11,197
Miscellaneous Expense	43,438	42,315
Professional Fee Expense	84,131	69,986
Total Operating Expenses	<u>\$ 864,232</u>	<u>\$ 900,235</u>
Underwriting Gain (Loss)	(13,668,684)	(16,042,090)
Investment Income	29,013	9,393
Other Income	-	26,489
Changes to Unassigned Surplus	<u>\$ (13,639,672)</u>	<u>\$ (16,006,208)</u>

WASHINGTON STATE HEALTH INSURANCE POOL

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

	<u>2017</u>	<u>2016</u>
Unassigned Surplus at Beginning of Year	\$ 6,062,256	\$ 6,187,923
Changes to Unassigned Surplus	(13,639,672)	(16,006,208)
Member Assessments	10,637,353	10,353,500
Unassigned Surplus	<u>\$ 3,059,937</u>	<u>\$ 535,214</u>

**WSHIP 2017
Budgeted Cashflow**

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	June 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	8,733	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	7,208,664	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	227,932	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	600	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	17,608,173	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	180,217	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	977,987	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	13,407,751	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	8,323,637	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	452,950	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	97,167	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	202,652	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	13,571	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	49,550	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	134,167	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	22,681,444	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							8,773
Cash Balance													
BEGINNING OF MONTH	12,629,341	10,823,097	8,345,429	6,933,338	10,466,790	10,192,648							
Receipts													
Premium Receipts	2,083,674	476,316	1,836,818	730,715	498,839	1,769,014							7,395,376
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							300,199
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							29,013
Other Income	-	-	-	-	-	-							-
Total Receipts	2,206,257	506,644	2,623,690	6,651,641	3,363,307	2,502,444							17,853,984
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							12,305,268
Pharmacy Claims	1,123,106	1,169,789	1,689,151	1,081,201	1,084,415	1,146,225							7,293,887
Fixed (PMPM) Admin	79,079	79,010	79,674	73,977	77,160	79,925							468,826
Variable Admin	12,793	7,866	18,987	15,223	6,787	11,779							73,435
Salary and Benefits	30,101	37,423	27,678	27,693	31,139	30,558							184,593
Prescription Admin	1,748	-	4,745	1,878	1,901	1,575							11,847
Miscellaneous	8,138	8,482	6,661	8,833	4,917	4,207							41,239
Professional Fees	13,572	7,749	21,704	7,315	19,635	12,114							82,089
Total Expense	3,214,236	2,970,317	4,017,794	3,118,189	3,609,756	3,530,893							20,461,185
Available Cash Balance	10,823,097	8,345,429	6,933,338	10,466,790	10,192,648	9,154,086							
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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**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)							40
Receipts													
Premium Receipts	44,533	48,006	(69,324)	49,685	177,866	(64,055)							186,711
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)							72,268
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							28,413
Other Income	-	-	-	-	-	-							-
Total Receipts	62,079	38,804	628,069	(2,067,429)	2,002,799	(418,511)							245,811
Refunds													
Assessment Refunds	-	-	-	-	-	-							-
Premium Refunds	50,483	(3,286)	29,666	17,026	(19,670)	35,714							109,932
Total Refunds	50,483	(3,286)	29,666	17,026	(19,670)	35,714							109,932
Expenses													
Medical Claims	60,185	651,271	147,166	329,739	(64,071)	(21,808)							1,102,482
Pharmacy Claims	-	138,242	(270,023)	413,592	380,687	367,252							1,029,750
Fixed (PMPM) Admin	(4,203)	(3,454)	(4,089)	1,638	(1,516)	(4,251)							(15,876)
Variable Admin	2,627	14,464	(4,147)	(374)	8,072	3,090							23,732
Salary and Benefits	12,422	(4,822)	4,204	4,188	742	1,324							18,059
Prescription Admin	511	2,260	(2,484)	384	362	689							1,724
Miscellaneous	(88)	(3,082)	9,989	(3,433)	3,133	1,793							8,311
Professional Fees	4,595	23,584	14,962	7,518	2,699	(1,281)							52,078
Total Expense	76,049	818,462	(104,421)	753,252	330,108	346,808							2,220,260
Available Cash Balance	188,611	1,042,591	1,595,905	298,754	2,611,991	2,576,003							
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							

- (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							6,434
Premiums	650,072	313,866	409,825	588,563	375,543	394,855							2,732,723
Medical Claims	784,011	749,578	887,496	682,388	795,364	877,799							4,776,635
RX Claims	100,459	114,202	128,598	79,414	77,012	76,119							575,803
Total Claims	884,470	863,780	1,016,093	761,801	872,376	953,918	-	-	-	-	-	-	5,352,438
Income/Loss	(234,398)	(549,914)	(606,268)	(173,239)	(496,833)	(559,063)	-	-	-	-	-	-	(2,619,715)
Loss Ratio	136%	275%	248%	129%	232%	242%							196%
Claims PMPM	814	817	956	700	820	887							832
Non Medicare													
Enrollment Count	407	390	387	389	384	382							2,339
Premiums	1,433,602	162,450	1,426,993	142,152	123,296	1,374,159							4,662,652
Medical Claims	1,161,689	910,419	1,281,698	1,219,679	1,588,436	1,366,711							7,528,632
RX Claims	1,022,647	1,055,587	1,560,553	1,001,788	1,007,403	1,070,105							6,718,084
Total Claims	2,184,336	1,966,007	2,842,251	2,221,467	2,595,840	2,436,816	-	-	-	-	-	-	14,246,716
Income/Loss	(750,734)	(1,803,557)	(1,415,258)	(2,079,315)	(2,472,543)	(1,062,657)	-	-	-	-	-	-	(9,584,064)
Loss Ratio	152%	1210%	199%	1563%	2105%	177%							306%
Claims PMPM	5,367	5,041	7,344	5,711	6,760	6,379							6,091
Combined Medicare/Non Medicare													
Enrollment Count	1,494	1,447	1,450	1,477	1,448	1,457	-	-	-	-	-	-	8,773
Premiums	2,083,674	476,316	1,836,818	730,715	498,839	1,769,014	-	-	-	-	-	-	7,395,375
Medical Claims	1,945,700	1,659,997	2,169,194	1,902,067	2,383,801	2,244,510	-	-	-	-	-	-	12,305,269
RX Claims	1,123,106	1,169,789	1,689,151	1,081,201	1,084,415	1,146,225	-	-	-	-	-	-	7,293,887
Total Claims	3,068,806	2,829,786	3,858,344	2,983,268	3,468,216	3,390,734	-	-	-	-	-	-	19,599,156
Income/Loss	(985,132)	(2,353,471)	(2,021,526)	(2,252,553)	(2,969,377)	(1,621,721)	-	-	-	-	-	-	(12,203,781)
Loss Ratio	147%	594%	210%	408%	695%	192%							265%
Claims PMPM	2,054	1,956	2,661	2,020	2,395	2,327							2,234

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	384	383	382	381	380	379	4,626
Medicare Enrollment (Basic and Basic+)	1,087	1,057	1,063	1,088	1,064	1,075	1,076	1,077	1,078	1,079	1,080	1,081	12,905
Total Enrollment Count	1,494	1,447	1,450	1,477	1,448	1,457	1,460	1,460	1,460	1,460	1,460	1,460	17,531
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	7,228,588	10,306,548	9,186,895	7,005,907	3,845,340	
Receipts													
Premium Receipts	2,083,674	476,316	1,836,818	730,715	498,839	1,769,014	706,626	311,145	1,783,251	714,285	453,514	430,411	11,794,607
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	34,643	34,437	36,125	36,653	34,758	36,543	513,359
Assessment Receipts	70,838	-	561,202	5,911,866	2,755,833	720,573	688,018	6,400,000	800,000	800,000	-	9,200,000	27,908,330
Investment Income	4,644	3,498	3,331	4,838	6,598	6,104	100	100	100	100	100	100	29,613
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	2,206,257	506,644	2,623,690	6,651,641	3,363,307	2,502,444	1,429,387	6,745,682	2,669,476	1,551,038	488,373	9,717,053	40,454,993
Refunds													
Assessment Refunds	797,770	-	-	-	-	-	-	-	-	-	-	-	797,770
Premium Refunds	496	13,994	17,987	-	27,694	10,112	17,666	7,779	44,581	17,857	11,338	10,760	180,265
Total Refunds	798,266	13,994	17,987	-	27,694	10,112	17,666	7,779	44,581	17,857	11,338	10,760	978,035
Expenses													
Medical Claim Expense	1,945,700	1,659,997	2,169,194	1,902,067	2,383,801	2,244,510	2,037,833	2,025,710	2,125,015	2,156,033	2,044,603	2,149,574	24,844,037
Pharmacy Claim Expense	1,123,106	1,169,789	1,689,151	1,081,201	1,084,415	1,146,225	1,133,425	1,468,229	1,471,741	1,407,054	1,427,225	1,366,407	15,567,969
PMPM Administrative Expense	79,079	79,010	79,674	73,977	77,160	79,925	75,703	75,733	75,762	75,791	75,821	75,850	923,486
Variable Administrative Expense	12,793	7,866	18,987	15,223	6,787	11,779	15,878	14,888	15,897	14,907	21,917	14,925	171,848
Salary and Benefits Expense	30,101	37,423	27,678	27,693	31,139	30,558	31,882	31,882	31,882	31,882	31,882	32,070	376,071
Prescription Administrative Expense	1,748	-	4,745	1,878	1,901	1,575	2,266	2,267	2,268	2,269	2,270	2,271	25,458
Miscellaneous Expense	8,138	8,482	6,661	8,833	4,917	4,207	5,400	26,900	8,650	5,400	8,050	22,964	118,602
Professional Fees	13,572	7,749	21,704	7,315	19,635	12,114	34,833	14,333	13,333	20,833	25,833	16,233	207,489
Total Expense	3,214,236	2,970,317	4,017,794	3,118,189	3,609,756	3,530,893	3,337,220	3,659,942	3,744,548	3,714,169	3,637,601	3,680,294	42,234,960
Available Cash Balance	10,823,097	8,345,429	6,933,338	10,466,790	10,192,648	9,154,086	7,228,588	10,306,548	9,186,895	7,005,907	3,845,340	9,871,339	
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	7,228,588	10,306,548	9,186,895	7,005,907	3,845,340	9,871,339	

- (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							2,339
Medicare Basic	884	858	866	893	872	885							5,258
Medicare Basic Plus	203	199	197	195	192	190							1,176
Total Membership	1,494	1,447	1,450	1,477	1,448	1,457							8,773
PMPM Administrative Expense (2)	79,079	79,010	79,674	73,977	77,160	79,925							\$468,826
Variable Administrative Expense (3)	12,793	7,866	18,987	15,223	6,787	11,779							\$73,435
Salary and Benefits Expense (4)	30,101	37,423	27,678	27,693	31,139	30,558							\$184,593
RX Benefit Management Fees	1,748	-	4,745	1,878	1,901	1,575							\$11,847
Miscellaneous Expense (5)	8,138	8,482	6,661	8,833	4,917	4,207							\$41,239
Professional Fees (6)	13,572	7,749	21,704	7,315	19,635	12,114							\$82,089
Total Actual Operating Expenses	\$145,430	\$140,531	\$159,449	\$134,920	\$141,540	\$140,158							\$862,029

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)							(19)
Medicare Basic	36	5	8	30	4	12							95
Medicare Basic Plus	(4)	(6)	(6)	(6)	(7)	(7)							(36)
Total Membership	41	(7)	(5)	21	(9)	(1)							40
PMPM Administrative Expense (2)	(4,203)	(3,454)	(4,089)	1,638	(1,516)	(4,251)							(\$15,876)
Variable Administrative Expense (3)	2,627	14,464	(4,147)	(374)	8,072	3,090							\$23,732
Salary and Benefits Expense (4)	12,422	(4,822)	4,204	4,188	742	1,324							\$18,059
RX Benefit Management Fees	511	2,260	(2,484)	384	362	690							\$1,724
Miscellaneous Expense (5)	(88)	(3,082)	9,989	(3,433)	3,133	1,793							\$8,311
Professional Fees (6)	4,595	23,584	14,962	7,518	2,699	(1,281)							\$52,078
Total Variance Expenses	\$15,865	\$28,950	\$18,435	\$9,921	\$13,492	\$1,365							\$88,027

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 June 30, 2017			
	Projected	Actual	Variance	% Change
Membership	1,458	1,457	(1)	0%
Avg Premium Receipt PMPM	\$1,226	\$1,207	(\$19)	-2%
Avg Medical Claim Expense PMPM	\$1,499	\$1,536	(\$37)	-2%
Avg Pharmacy Claim Expense PMPM	\$1,038	\$787	\$251	24%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,311)	(\$1,116)	\$195	15%
Avg Premium Receipt Less Avg Claim Expense Total	(\$1,911,438)	(\$1,626,012)	\$285,426	15%
Variance Due to Changes in Membership			\$1,116	
Variance Due to Changes in Claim Expenses			\$284,310	

CASH BASIS	Year-To-Date June 30, 2017			
	Projected	Actual	Variance	% Change
Member Months	8,733	8,773	40	0%
Avg Premium Receipt PMPM	\$805	\$835	\$30	4%
Avg Medical Claim Expense PMPM	\$1,509	\$1,368	(\$141)	9%
Avg Pharmacy Claim Expense PMPM	\$953	\$831	(\$122)	13%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,657)	(\$1,364)	\$293	18%
Avg Premium Receipt Less Avg Claim Expense Total	(\$14,470,581)	(\$11,966,372)	\$2,504,209	17%
Variance Due to Changes in Membership			(\$54,560)	
Variance Due to Changes in Claim Expenses			\$2,558,769	

INCURRED BASIS	Year-To-Date June 30, 2017	Year-To-Date June 30, 2016
	Actual	Actual - Prior Year
Member Months	8,773	8,823
Avg Premium Income PMPM	\$885	\$629
Avg Medical Claim Expense PMPM (1)	\$1,478	\$1,637
Avg Pharmacy Claim Expense PMPM (2)	\$848	\$876
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,441)	(\$1,884)
Avg Premium Receipt Less Avg Claim Expense Total	(\$12,641,893)	(\$16,622,532)

(1) Incurred medical claims data totals \$12,970,463 which is derived from \$9,102,463 actual paid claims with dates of service between 01-01-17 and 06-30-17 and \$3,868,000 IBNR reserve.

(2) Incurred pharmacy claims data totals \$7,436,542 which is derived from \$6,749,542 actual paid claims with dates of service between 01-01-17 and 06-30-17 and \$687,000 IBNR reserve.