

**Washington State Health Insurance Pool  
Treasurer's Report  
March 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. Looking ahead as of April 30, 2014, there is \$2.4 M left to collect.

2. Financial Statements – March 2014

Balance Sheet

Cash on hand decreased by \$2.7 M or 11.5% from February 2014 to March 2014. The current cash position is \$21.2 M which is sufficient to cover all liabilities of the pool at this time. As of the end of March 2014, the entire \$21.2 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 March 2014 is \$7.3 M. This represents a decrease of \$1.3 M or 14.7% as compared to the prior month. Medical IBNR decreased \$668 K or 9.5% and pharmacy IBNR decreased \$589 K or 39.9% from February 2014.

As of March 2014, the equity position of WSHIP is a positive \$24.2 M.

Income Statement

Total member months for March 2014 YTD are lower by 4,300 member months or 39.6% lower than March 2013 YTD. Member months are measured as the cumulative monthly member count (PMPM) over a period of time. The total incurred claim loss for March 2014 YTD is \$10.5 M or 47.6% lower than March 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 March 2014 YTD, the medical claims portion is \$4.8 M or 36.5% lower than March 2013 YTD, and the pharmacy claims portion is \$5.6 M or 64.3% lower than March 2013 YTD.

March 2014 YTD administrative expenses are \$121 K or 15.4% lower than the administrative expenses in March 2013 YTD. The ratio of administrative expenses as a percentage of total cost is 5.6% for March 2014 YTD as compared to 3.5% in

March of the prior year. Total cost is calculated as total incurred claim loss less pharmacy rebates plus administrative expenses.

### 3. Budgeted Cash Flow – March 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 \$21.2 M is \$4.4 M higher than the budgeted cash balance of \$16.8 M. Total net cash receipts for March 2014 are \$1.5 M or 22.9% favorable to budget. Total expenses are \$2.9 M or 13.3% favorable to budget. The administrative expenses are \$106 K or 16.6% unfavorable to budget. Total medical claims expense is \$1.0 M or 9.8% unfavorable to budget, while total pharmacy claims expense is \$4.0 M or 37.3% favorable to budget.

### 4. 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 April 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 February 2014. For April 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 \$39.0 M which is a \$44.0 M or 53.0% decrease from the 2013 assessment of \$83.0 M.

### 5. Administrative Expense Budget

For March 2014, administrative expenses are \$106 K or 16.6% unfavorable to budget (cash basis).

### 6. Financial Performance

March 2014 YTD member months are 286 member months or 4% lower than projected in the original budget. Through March 2014, average premium receipt PMPM is 19% higher than anticipated. Average medical claims expense PMPM is

16% higher than anticipated and average pharmacy claims expense PMPM is 35% lower than anticipated.

On an incurred basis, the average medical claims expense PMPM is \$1,333 as compared to \$1,733 on a cash basis. Also on an incurred basis, the average pharmacy claims expense PMPM is \$1,041 as compared to \$1,036 on a cash basis.

# WASHINGTON STATE HEALTH INSURANCE POOL

## Unaudited Balance Sheet as of March 31

Total Enrollment: 1,938

	<u>2014</u>	<u>2013</u>
<b>Assets:</b>		
Cash	\$ 21,247,907	\$ 19,458,962
Premiums Receivable	1,085,383	103,972
Assessments Receivable	9,998,888	15,642,203
Grants Receivable	-	-
Other Receivable	-	-
Prepaid Expense	-	-
<b>Total Assets</b>	<u><u>\$ 32,332,178</u></u>	<u><u>\$ 35,205,137</u></u>
 <b>Liabilities and Unassigned Surplus:</b>		
Reserve for Unpaid Losses - Medical	\$ 6,396,000	\$ 12,053,000
Reserve for Unpaid Losses - Pharmacy	888,000	2,343,000
Accrued Loss Adjustment	368,000	418,000
Premiums Received in Advance	171,123	5,287,068
Assessments Payable	-	-
Accrued Expenses	262,522	372,517
Abandoned Claim Reserve	71,222	69,585
<b>Total Liabilities</b>	<u><u>\$ 8,156,868</u></u>	<u><u>\$ 20,543,170</u></u>
<b>Unassigned Surplus</b>	24,175,310	14,661,966
<b>Total Liabilities and Unassigned Surplus</b>	<u><u>\$ 32,332,178</u></u>	<u><u>\$ 35,205,137</u></u>

# WASHINGTON STATE HEALTH INSURANCE POOL

## Unaudited Statement of Operations January 1 to March 31

	<u>2014</u>	<u>2013</u>
Total Member Months	6,567	10,867
<b>Premium Income Earned</b>	\$ 5,835,952	\$ 8,164,330
<b>Pharmacy Rebate Income</b>	211,139	-
<b>Grant Income</b>	-	-
<b>Incurred Claim Loss - Medical</b>	8,423,948	13,273,813
<b>Incurred Claim Loss - Pharmacy</b>	3,111,541	8,723,047
<b>Total Incurred Claim Loss</b>	<u>11,535,489</u>	<u>21,996,859</u>
<b>Operating Expenses:</b>		
Fixed (PMPM) Administrative Expense	\$ 315,735	\$ 410,088
Variable Administrative Expense	129,685	162,104
Salary and Benefit Expense	104,955	84,263
Prescription Administrative Expense	13,844	23,887
Miscellaneous Expense	35,776	25,453
Professional Fee Expense	66,778	82,375
<b>Total Operating Expenses</b>	<u>\$ 666,773</u>	<u>\$ 788,169</u>
<b>Underwriting Gain (Loss)</b>	(6,155,171)	(14,620,698)
<b>Investment Income</b>	718	538
<b>Other Income</b>	-	-
<b>Changes to Unassigned Surplus</b>	<u>\$ (6,154,453)</u>	<u>\$ (14,620,161)</u>

# WASHINGTON STATE HEALTH INSURANCE POOL

## Unaudited Statement of Changes in Unassigned Surplus January 1 to March 31

	<u>2014</u>	<u>2013</u>
Unassigned Surplus at Beginning of Year	\$ 20,329,763	\$ 9,782,127
Changes to Unassigned Surplus	(6,154,453)	(14,620,161)
Member Assessments	10,000,000	19,500,000
<b>Unassigned Surplus</b>	<u>\$ 24,175,310</u>	<u>\$ 14,661,966</u>

**WSHIP  
Budgeted Cashflow 2014**

**Budget - Updated Feb 2014**

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	MAR YTD	TOTAL
<b>Enrollment Count</b>	2,535	2,190	2,128	2,117	2,107	2,097	2,087	2,077	2,067	2,058	2,049	2,041	6,853	25,553
<b>Cash Balance</b>														
<b>BEGINNING OF MONTH</b>	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		
<b>Receipts</b>														
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	4,867,673	17,436,879
Grant Revenue	71,247	-	-	-	-	-	-	-	-	-	-	-	71,247	71,247
Pharmacy Rebate Income	-	-	50,000	-	-	50,000	-	-	50,000	-	-	50,000	50,000	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	236,953	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	-	-	3,254,522	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	300	1,200
Abandoned Claims	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Receipts</b>	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	8,480,695	75,812,328
<b>Refunds</b>														
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	891,394	1,321,850
<b>Total Refunds</b>	54,702	966,401	782,699	50,373	49,707	49,053	48,413	47,786	47,172	46,570	45,980	45,402	1,803,802	2,234,258
<b>Assessment Payments</b>														
HBE Assessment	-	-	-	-	-	-	-	-	-	-	-	20,838,000	-	20,838,000
<b>Expenses</b>														
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	10,504,694	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	10,851,910	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	317,115	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	99,103	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	92,117	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	16,228	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	24,915	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	88,973	397,291
<b>Total Expense</b>	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	21,995,055	64,640,903
<b>Available Cash Balance</b>	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		
<b>Inc(Dec) in Abandoned Property Reserve</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Month Ending Cash Balance</b>	\$ 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		

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
<b>Actual Enrollment Count</b>	2,534	2,095	1,938										6,567
<b>Cash Balance</b>													
<b>BEGINNING OF MONTH</b>	32,118,470	30,528,025	23,995,643										
<b>Receipts</b>													
Premium Receipts	3,948,909	608,061	1,097,722										5,654,693
Grant Revenue	-	71,247	-										71,247
Pharmacy Rebate Income	-	-	211,139										211,139
Claim Refunds Receipts	61,192	41,734	48,325										151,251
Assessment Receipts	2,255,260	1,967	1,910,815										4,168,042
Investment Income	281	225	212										718
Abandoned Claims	-	-	-										-
Other Income	-	-	-										-
<b>Total Receipts</b>	6,265,642	723,234	3,268,214										10,257,090
<b>Refunds</b>													
Assessment Refunds	-	912,408	-										912,408
Premium Refunds	41,960	885,924	208,693										1,136,577
<b>Total Refunds</b>	41,960	1,798,332	208,693										2,048,985
<b>Expenses</b>													
Medical Claims	4,257,882	3,444,146	3,829,467										11,531,495
Pharmacy Claims	3,290,997	1,952,504	1,558,743										6,802,245
Fixed (PMPM) Admin	153,700	-	247,974										401,674
Variable Admin	18,488	-	100,071										118,559
Salary and Benefits	41,811	27,429	23,389										92,629
Prescription Admin	14,837	2,845	6,289										23,971
Miscellaneous	16,811	8,734	10,055										35,600
Professional Fees	19,113	21,626	31,158										71,898
<b>Total Expense</b>	7,813,639	5,457,285	5,807,147										19,078,071
<b>Available Cash Balance</b>	30,528,513	23,995,643	21,248,017										
<b>Inc(Dec) in Abandoned Property Reserve</b>	(488)	-	(109)										
<b>Month Ending Cash Balance</b>	\$ 30,528,025	\$ 23,995,643	\$ 21,247,907	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

**WSHIP**  
**Budgeted Cashflow 2014**

<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>	(1)	(95)	(190)										(286)
<b>Receipts</b>													
Premium Receipts	2,072,318	(919,697)	(365,602)										787,020
Grant Revenue	(71,247)	71,247	-										-
Pharmacy Rebate Income	-	-	161,139										161,139
Claim Refunds Receipts	(33,763)	(34,054)	(17,885)										(85,702)
Assessment Receipts	(894,740)	(102,555)	1,910,815										913,520
Investment Income	181	125	112										418
Abandoned Claims	-	-	-										-
Other Income	-	-	-										-
<b>Total Receipts</b>	<b>1,072,749</b>	<b>(984,934)</b>	<b>1,688,580</b>										<b>1,776,395</b>
<b>Refunds</b>													
Assessment Refunds	-	-	-										-
Premium Refunds	12,742	(831,931)	574,006										(245,183)
<b>Total Refunds</b>	<b>12,742</b>	<b>(831,931)</b>	<b>574,006</b>										<b>(245,183)</b>
<b>Expenses</b>													
Medical Claims	(167,865)	108,955	(967,891)										(1,026,801)
Pharmacy Claims	2,543,661	913,740	592,265										4,049,665
Fixed (PMPM) Admin	(46,913)	105,691	(143,337)										(84,559)
Variable Admin	15,160	32,831	(67,446)										(19,456)
Salary and Benefits	(7,135)	947	5,676										(512)
Prescription Admin	(9,378)	2,564	(929)										(7,743)
Miscellaneous	(8,506)	(429)	(1,750)										(10,685)
Professional Fees	4,645	16,631	(4,201)										17,075
<b>Total Expense</b>	<b>2,323,667</b>	<b>1,180,929</b>	<b>(587,612)</b>										<b>2,916,984</b>
<b>Available Cash Balance</b>	<b>3,409,158</b>	<b>2,772,734</b>	<b>4,447,708</b>										
<b>Inc(Dec) in Abandoned</b>													
<b>Property Reserve</b>	-	-	-										
<b>Month Ending Cash Balance</b>	<b>3,409,158</b>	<b>2,772,734</b>	<b>4,447,708</b>										

- (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
<b>Enrollment Count</b>	<b>2,534</b>	<b>2,095</b>	<b>1,938</b>	<b>1,841</b>	1,928	1,921	1,914	1,908	1,902	1,895	1,890	1,884	23,650
<b>Cash Balance</b>													
<b>BEGINNING OF MONTH</b>	<b>32,118,470</b>	<b>30,528,025</b>	<b>23,995,643</b>	21,247,907	25,042,022	23,369,375	21,331,413	18,452,992	39,010,970	39,471,993	38,693,323	35,993,822	
<b>Receipts</b>													
Premium Receipts	<b>3,948,909</b>	<b>608,061</b>	<b>1,097,722</b>	<b>1,899,320</b>	1,181,474	1,172,758	1,164,224	1,155,869	1,147,688	1,139,679	1,131,837	1,124,160	16,771,702
Grant Revenue	-	<b>71,247</b>	-	-	-	-	-	-	-	-	-	-	71,247
Pharmacy Rebate Income	-	-	<b>211,139</b>	-	-	50,000	-	-	50,000	-	-	50,000	361,139
Claim Refunds Receipts	<b>61,192</b>	<b>41,734</b>	<b>48,325</b>	64,536	64,866	67,340	63,844	62,550	62,297	62,262	65,177	60,655	724,778
Assessment Receipts	<b>2,255,260</b>	<b>1,967</b>	<b>1,910,815</b>	<b>7,606,435</b>	1,392,453	1,000,000	-	6,560,000	820,000	820,000	-	-	22,366,930
Additional Assessment Receipts (HBE)	-	-	-	-	-	-	-	16,670,400	2,083,800	2,083,800	-	-	20,838,000
Investment Income	<b>281</b>	<b>225</b>	<b>212</b>	100	100	100	100	100	100	100	100	100	1,618
Abandoned Claims	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Receipts</b>	<b>6,265,642</b>	<b>723,234</b>	<b>3,268,214</b>	9,570,391	2,638,893	2,290,198	1,228,168	24,448,919	4,163,885	4,105,841	1,197,114	1,234,915	<b>61,135,414</b>
<b>Refunds</b>													
Assessment Refunds	-	<b>912,408</b>	-	-	-	-	-	-	-	1,164,085	-	-	2,076,493
Premium Refunds	<b>41,960</b>	<b>885,924</b>	<b>208,693</b>	<b>113,162</b>	49,707	49,053	48,413	47,786	47,172	46,570	45,980	45,402	1,629,822
<b>Total Refunds</b>	<b>41,960</b>	<b>1,798,332</b>	<b>208,693</b>	113,162	49,707	49,053	48,413	47,786	47,172	1,210,655	45,980	45,402	<b>3,706,315</b>
<b>Assessment Payments</b>													
HBE Assessment	-	-	-	-	-	-	-	-	-	-	-	20,838,000	20,838,000
<b>Expenses</b>													
Medical Claim Expense	<b>4,257,882</b>	<b>3,444,146</b>	<b>3,829,467</b>	<b>3,922,194</b>	2,591,512	2,634,343	2,392,097	2,162,908	2,015,198	2,023,571	2,139,008	2,127,789	33,540,115
Pharmacy Claim Expense	<b>3,290,997</b>	<b>1,952,504</b>	<b>1,558,743</b>	<b>1,547,953</b>	1,474,412	1,458,261	1,455,079	1,463,527	1,450,803	1,450,251	1,448,699	1,445,723	19,996,953
PMPM Administrative Expense	<b>153,700</b>	-	<b>247,974</b>	99,887	98,874	97,901	96,928	95,997	95,065	94,134	93,243	92,394	1,266,097
Variable Administrative Expense	<b>18,488</b>	-	<b>100,071</b>	26,673	26,474	28,785	28,594	25,912	25,730	25,548	58,374	25,208	389,857
Salary and Benefits Expense	<b>41,811</b>	<b>27,429</b>	<b>23,389</b>	29,205	33,405	29,205	27,910	27,910	27,910	27,910	27,910	28,117	352,111
Prescription Administrative Expense	<b>14,837</b>	<b>2,845</b>	<b>6,289</b>	5,140	5,094	5,050	5,005	4,963	4,921	4,879	4,838	4,800	68,661
Miscellaneous Expense	<b>16,811</b>	<b>8,734</b>	<b>10,055</b>	8,305	8,305	8,305	8,305	25,180	8,305	8,305	8,305	20,680	139,595
Professional Fees	<b>19,113</b>	<b>21,626</b>	<b>31,158</b>	23,758	23,758	17,258	44,258	36,758	27,758	39,258	70,258	25,258	380,216
<b>Total Expense</b>	<b>7,813,639</b>	<b>5,457,285</b>	<b>5,807,147</b>	5,663,114	4,261,833	4,279,107	4,058,176	3,843,155	3,655,690	3,673,856	3,850,635	3,769,969	<b>56,133,606</b>
<b>Available Cash Balance</b>	<b>30,528,513</b>	<b>23,995,643</b>	<b>21,248,016</b>	25,042,022	23,369,375	21,331,413	18,452,992	39,010,970	39,471,993	38,693,323	35,993,822	12,575,366	
Inc(Dec) in Abandoned Property Reserve	(488)	-	(109)	-	-	-	-	-	-	-	-	-	
<b>Month Ending Cash Balance</b>	<b>30,528,025</b>	<b>23,995,643</b>	<b>21,247,907</b>	25,042,022	23,369,375	21,331,413	18,452,992	39,010,970	39,471,993	38,693,323	35,993,822	12,575,366	

- (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 375 undocumented immigrants. Remaining Non-Medicare enrollment drops of at a rate of 2% 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 (**\$29.0 M**), November (**\$0 M**) TOTAL **\$39.0 M**. The July assessment includes \$8.2 M to cover pool losses and \$20.8 M for the HBE Assessment payment.
- (6) 3-Week expense allowance is \$3.2 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 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)	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
<b>Total Budget Operating Expenses</b>	<b>\$212,631</b>	<b>\$218,869</b>	<b>\$206,951</b>	<b>\$192,967</b>	<b>\$195,909</b>	<b>\$186,503</b>	<b>\$211,000</b>	<b>\$216,720</b>	<b>\$189,689</b>	<b>\$200,034</b>	<b>\$262,928</b>	<b>\$196,457</b>	<b>\$2,490,657</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)	2,534	2,095	1,938										6,567
PMPM Administrative Expense (2)	153,700	-	247,974										401,674
Variable Administrative Expense (3)	18,488	-	100,071										118,559
Salary and Benefits Expense (4) & (7)	41,811	27,429	23,389										92,629
RX Benefit Management Fees	14,837	2,845	6,289										23,971
Miscellaneous Expense (5)	16,811	8,734	10,055										35,600
Professional Fees (6)	19,113	21,626	31,158										71,898
<b>Total Actual Operating Expenses</b>	<b>\$264,760</b>	<b>\$60,634</b>	<b>\$418,937</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$744,331</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)	(309)	(722)	(854)										(1,885)
PMPM Administrative Expense (2)	(46,913)	105,691	(143,337)										(84,559)
Variable Administrative Expense (3)	15,160	32,831	(67,446)										(19,456)
Salary and Benefits Expense (4) & (7)	(7,135)	947	5,676										(512)
RX Benefit Management Fees	(9,378)	2,564	(929)										(7,743)
Miscellaneous Expense (5)	(8,506)	(429)	(1,750)										(10,685)
Professional Fees (6)	4,645	16,631	(4,201)										17,075
<b>Total Variance Expenses</b>	<b>(\$52,129)</b>	<b>\$158,235</b>	<b>(\$211,986)</b>										<b>(\$105,880)</b>

**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 March 31, 2014			
	Projected	Actual	Variance	% Change
Membership	2,128	1,938	(190)	-9%
Avg Premium Receipt PMPM	\$320	\$459	\$139	43%
Avg Medical Claim Expense PMPM	\$1,314	\$1,951	(\$637)	-48%
Avg Pharmacy Claim Expense PMPM	\$1,011	\$804	\$207	20%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$2,005)	(\$2,296)	(\$291)	-15%
Avg Premium Receipt Less Avg Claim Expense Total	(\$4,266,640)	(\$4,449,648)	(\$183,008)	-4%
Variance Due to Changes in Membership			\$436,240	
Variance Due to Changes in Claim Expenses			(\$619,248)	

CASH BASIS	Year-To-Date March 31, 2014			
	Projected	Actual	Variance	% Change
Member Months	6,853	6,567	(286)	-4%
Avg Premium Receipt PMPM	\$580	\$688	\$108	19%
Avg Medical Claim Expense PMPM	\$1,498	\$1,733	(\$235)	-16%
Avg Pharmacy Claim Expense PMPM	\$1,584	\$1,036	\$548	35%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$2,502)	(\$2,081)	\$421	17%
Avg Premium Receipt Less Avg Claim Expense Total	(\$17,146,206)	(\$13,665,927)	\$3,480,279	20%
Variance Due to Changes in Membership			\$595,166	
Variance Due to Changes in Claim Expenses			\$2,885,113	

INCURRED BASIS	Year-To-Date March 31, 2014	Year-To-Date March 31, 2013
	Actual	Actual - Prior Year
Member Months	6,567	10,867
Avg Premium Income PMPM	\$889	\$751
Avg Medical Claim Expense PMPM (1)	\$1,333	\$1,505
Avg Pharmacy Claim Expense PMPM (2)	\$1,041	\$1,052
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,485)	(\$1,806)
Avg Premium Receipt Less Avg Claim Expense Total	(\$9,751,995)	(\$19,625,802)

(1) Incurred medical claims data totals \$8,756,992 which is derived from \$4,466,992 actual paid claims with dates of service between 1-1-14 and 3-31-14 and \$4,290,000 IBNR reserve.

(2) Incurred pharmacy claims data totals \$6,837,245 which is derived from \$5,952,245 actual paid claims with dates of service between 1-1-14 and 3-31-14 and \$885,000 IBNR reserve.