

**Washington State Health Insurance Pool  
Treasurer's Report  
March 2016 Financial Review**

1. 2016 Interim I Assessment Required

In March 2016, an assessment of \$12.0 M is required to adequately fund the pool until the next scheduled assessment in July 2016. This assessment was approved by the Board of Directors and generated on March 30, 2016 with invoices due April 30, 2016 except for the carriers who have installment payment arrangements, at which point the invoices are due in total by June 30, 2016. Looking ahead as of April 30, 2016, \$5.8 M has been collected leaving \$6.2 left to collect.

2. 2016 Interim II Assessment Required

In July 2016, an assessment of \$12.5 M will be required to adequately fund the pool until the next scheduled assessment in November 2016.

3. Financial Statements – March 2016

Balance Sheet

Cash on hand decreased by \$1.9 M or 23.5% from February 2016 to March 2016. The current cash position is \$6.3 M which is well above our current three week expense allowance of \$2.7 M. As of the end of March 2016, the entire \$6.3 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 March 2016 is \$5.6 M. This is relatively flat as compared to the prior month. Medical IBNR increased \$25 K or less than 1% and pharmacy IBNR decreased \$2 K or less than 1% from February 2016.

As of March 2016, the equity position of WSHIP is a positive \$10.4 M.

Income Statement

Total member months for March 2016 YTD are lower by 449 member months or 9.2% lower than March 2015 YTD. Member months are measured as the cumulative monthly member count (PMPM) over a period of time. The total incurred claim loss for March 2016 YTD is \$1.4 M or 11.7% lower than March 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 March 2016 YTD, the medical claims portion is \$1.1 M or 14.1% lower than March 2015 YTD, and the pharmacy claims portion is \$287 K or 7.1% lower than March 2015 YTD.

March 2016 YTD administrative expenses are \$129 K or 21.7% lower than the administrative expenses for March 2015 YTD. The ratio of administrative expenses as a percentage of total cost is 4.4% for March 2016 YTD as compared to 4.9% in March YTD of the prior year. Total cost is calculated as total incurred claim loss less pharmacy rebates plus administrative expenses.

#### 4. Budgeted Cash Flow – March 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 \$6.3 M is \$1.8 M higher than the budgeted cash balance of \$4.5 M. Total net cash receipts for March 2016 YTD are \$11 K or less than 1% unfavorable to budget. Total YTD expenses are \$1.8 M or 14.3% favorable to budget. The YTD administrative expenses are \$5 K or less than 1% unfavorable to budget. Total YTD medical claims expense is \$1.2 M or 15.3% favorable to budget; while total YTD pharmacy claims expense is \$579 K or 14.5% favorable to budget.

#### 5. 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 March 2016. For April 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 \$34.5 M which is a \$500 K or 1.5% increase from the 2015 assessment of \$34.0 M.

#### 6. Administrative Expense Budget

For March 2016, YTD administrative expenses are \$5 K or less than 1% unfavorable to budget (cash basis).

## 7. Financial Performance

March 2016 YTD member months are 167 member months or 4% lower than projected in the original budget. Through March 2016, average premium receipt PMPM is 2% higher than anticipated. Average medical claims expense PMPM is 11% lower than anticipated and average pharmacy claims expense PMPM is 11% lower than anticipated.

On an incurred basis, the average medical claims expense PMPM is \$1,687 as compared to \$1,466 on a cash basis. Also on an incurred basis, the average pharmacy claims expense PMPM is \$927 as compared to \$766 on a cash basis.

# WASHINGTON STATE HEALTH INSURANCE POOL

## Unaudited Balance Sheet as of March 31

Total Enrollment: 1,463

	<u>2016</u>	<u>2015</u>
<b>Assets:</b>		
Cash	\$ 6,288,149	\$ 6,358,557
Premiums Receivable	36,722	890,042
Assessments Receivable	12,000,000	9,500,000
Grants Receivable	-	462,976
Prepaid Expense	-	-
<b>Total Assets</b>	<u>\$ 18,324,872</u>	<u>\$ 17,211,575</u>
 <b>Liabilities and Unassigned Surplus:</b>		
Reserve for Unpaid Losses - Medical	\$ 4,813,000	\$ 4,985,000
Reserve for Unpaid Losses - Pharmacy	843,000	804,000
Accrued Loss Adjustment	323,000	286,000
Premiums Received in Advance	1,657,940	2,401,717
Assessments Payable	-	-
Accrued Expenses	168,260	166,422
Abandoned Claim Reserve	82,681	29,948
<b>Total Liabilities</b>	<u>\$ 7,887,882</u>	<u>\$ 8,673,086</u>
<b>Unassigned Surplus</b>	10,436,990	8,538,489
<b>Total Liabilities and Unassigned Surplus</b>	<u>\$ 18,324,872</u>	<u>\$ 17,211,575</u>

# WASHINGTON STATE HEALTH INSURANCE POOL

## Unaudited Statement of Operations January 1 to March 31

	<u>2016</u>	<u>2015</u>
Total Member Months	4,449	4,898
<b>Premium Income Earned</b>	\$ 2,835,292	\$ 2,985,559
<b>Pharmacy Rebate Income</b>	169,882	89,099
<b>Grant Income</b>	-	-
<b>Incurred Claim Loss - Medical</b>	6,564,929	7,639,962
<b>Incurred Claim Loss - Pharmacy</b>	3,731,479	4,018,552
<b>Total Incurred Claim Loss</b>	<u>10,296,408</u>	<u>11,658,514</u>
<b>Operating Expenses:</b>		
Fixed (PMPM) Administrative Expense	\$ 251,935	\$ 223,875
Variable Administrative Expense	56,276	56,396
Salary and Benefit Expense	89,703	220,969
Prescription Administrative Expense	5,676	6,174
Miscellaneous Expense	20,056	20,415
Professional Fee Expense	40,855	65,450
<b>Total Operating Expenses</b>	<u>\$ 464,502</u>	<u>\$ 593,279</u>
<b>Underwriting Gain (Loss)</b>	(7,755,736)	(9,177,136)
<b>Investment Income</b>	4,779	342
<b>Other Income</b>	24	846
<b>Changes to Unassigned Surplus</b>	<u>\$ (7,750,933)</u>	<u>\$ (9,175,948)</u>

# WASHINGTON STATE HEALTH INSURANCE POOL

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

	<u>2016</u>	<u>2015</u>
Unassigned Surplus at Beginning of Year	\$ 6,187,923	\$ 8,214,435
Changes to Unassigned Surplus	(7,750,933)	(9,175,948)
Member Assessments	12,000,000	9,500,000
<b>Unassigned Surplus</b>	<u>\$ 10,436,990</u>	<u>\$ 8,538,489</u>

**WSHIP 2016  
Budgeted Cashflow**

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	Mar 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	4,616	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	3,437,344	11,902,625
Grant Revenue	96,347	-	45,294	-	-	-	-	-	-	-	-	-	141,641	141,641
Pharmacy Rebate Income	-	-	50,000	-	-	50,000	-	-	50,000	-	-	-	50,000	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	144,726	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	3,221,579	40,721,579
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	300	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>6,995,590</b>	<b>53,615,569</b>
<b>Refunds</b>														
Assessment Refunds	-	3,255,852	-	1,700,000	-	-	-	-	-	-	-	-	3,255,852	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	84,226	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>3,340,078</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	7,789,028	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	3,984,871	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	243,189	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	67,646	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	107,969	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	7,220	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	28,850	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	80,300	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>12,309,073</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										4,449
<b>Cash Balance</b>													
<b>BEGINNING OF MONTH</b>	13,186,859	14,216,707	8,224,318										
<b>Receipts</b>													
Premium Receipts	1,142,274	405,402	1,804,194										3,351,870
Grant Revenue	96,347	45,294	-										141,641
Pharmacy Rebate Income	-	169,882	-										169,882
Claim Refunds Receipts	37,298	23,469	14,128										74,895
Assessment Receipts	3,208,332	13,247	-										3,221,579
Investment Income	1,819	1,695	1,265										4,779
Other Income	24	-	-										24
<b>Total Receipts</b>	<b>4,486,094</b>	<b>658,989</b>	<b>1,819,587</b>										<b>6,964,670</b>
<b>Refunds</b>													
Assessment Refunds	-	3,255,852	-										3,255,852
Premium Refunds	25,734	22,852	15,493										64,079
<b>Total Refunds</b>	<b>25,734</b>	<b>3,278,704</b>	<b>15,493</b>										<b>3,319,931</b>
<b>Expenses</b>													
Medical Claims	2,057,865	2,117,545	2,421,785										6,597,195
Pharmacy Claims	1,136,882	1,095,730	1,173,497										3,406,108
Fixed (PMPM) Admin	162,313	81,491	83,015										326,819
Variable Admin	21,981	13,442	15,054										50,477
Salary and Benefits	28,691	34,762	28,655										92,108
Prescription Admin	3,775	1,898	1,909										7,581
Miscellaneous	5,002	6,414	6,099										17,515
Professional Fees	14,004	21,392	9,851										45,246
<b>Total Expense</b>	<b>3,430,513</b>	<b>3,372,674</b>	<b>3,739,863</b>										<b>10,543,050</b>
<b>Available Cash Balance</b>	<b>14,216,707</b>	<b>8,224,318</b>	<b>6,288,549</b>										
<b>Inc(Dec) in Abandoned Property Reserve</b>			(399)										
<b>Month Ending Cash Balance</b>	<b>\$ 14,216,707</b>	<b>\$ 8,224,318</b>	<b>\$ 6,288,149</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**WSHIP 2016  
Budgeted Cashflow**

<b>Variance to Budget</b>	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
Favorable/(Unfavorable)													
<b>Enrollment Count</b>	(26)	(71)	(70)										(167)
<b>Receipts</b>													
Premium Receipts	(24)	(12,315)	(73,135)										(85,474)
Grant Revenue	-	45,294	(45,294)										-
Pharmacy Rebate Income	-	169,882	(50,000)										119,882
Claim Refunds Receipts	(3,859)	(28,907)	(37,065)										(69,831)
Assessment Receipts	-	-	-										-
Investment Income	1,719	1,595	1,165										4,479
Other Income	24	-	-										24
<b>Total Receipts</b>	(2,140)	175,549	(204,329)										(30,920)
<b>Refunds</b>													
Assessment Refunds	-	-	-										-
Premium Refunds	2,823	(12,720)	30,044										20,147
<b>Total Refunds</b>	2,823	(12,720)	30,044										20,147
<b>Expenses</b>													
Medical Claims	552,721	501,233	137,880										1,191,833
Pharmacy Claims	259,010	183,232	136,521										578,762
Fixed (PMPM) Admin	(80,914)	(448)	(2,268)										(83,630)
Variable Admin	11,025	3,910	2,234										17,169
Salary and Benefits	14,166	(1,846)	3,541										15,861
Prescription Admin	(1,359)	510	488										(361)
Miscellaneous	3,298	(764)	8,801										11,335
Professional Fees	496	12,908	21,650										35,054
<b>Total Expense</b>	758,441	698,734	308,848										1,766,023
<b>Available Cash Balance</b>	759,125	1,620,688	1,755,251										
<b>Inc(Dec) in Abandoned</b>													
<b>Property Reserve</b>	-	-	(399)										
<b>Month Ending Cash Balance</b>	759,125	1,620,688	1,754,852										

- (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	436	431	427	422	417	413	408	404	399	5,102			
Medicare Enrollment (Basic and Basic+)	1,055	1,026	1,023	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	12,464			
<b>Total Enrollment Count</b>	<b>1,518</b>	<b>1,468</b>	<b>1,463</b>	1,476	1,471	1,467	1,462	1,457	1,453	1,448	1,444	1,439	17,566			
<b>Cash Balance</b>																
<b>BEGINNING OF MONTH</b>	<b>13,186,859</b>	<b>14,216,707</b>	<b>8,224,318</b>	6,288,149	8,236,499	8,326,809	7,394,941	4,010,769	10,294,518	9,445,741	7,526,130	3,979,726				
<b>Receipts</b>																
Premium Receipts	1,142,274	405,402	1,804,194	626,698	379,726	1,688,182	623,113	378,227	1,675,143	612,147	349,951	1,757,183	11,442,241			
Grant Revenue	96,347	45,294	-	-	-	-	-	-	-	-	-	-	141,641			
Pharmacy Rebate Income	-	169,882	-	-	-	50,000	-	-	50,000	-	-	50,000	319,882			
Claim Refunds Receipts	37,298	23,469	14,128	49,463	46,415	49,239	50,743	54,067	48,515	49,173	51,843	47,791	522,144			
Assessment Receipts	3,208,332	13,247	-	5,784,636	5,015,364	1,200,000	-	10,000,000	1,250,000	1,250,000	-	8,000,000	35,721,579			
Investment Income	1,819	1,695	1,265	100	100	100	100	100	100	100	100	100	5,679			
Other Income	24	-	-	-	-	-	-	-	-	-	-	-	24			
<b>Total Receipts</b>	<b>4,486,094</b>	<b>658,989</b>	<b>1,819,587</b>	6,460,897	5,441,605	2,987,521	673,956	10,432,394	3,023,758	1,911,420	401,894	9,855,074	48,153,189			
<b>Refunds</b>																
Assessment Refunds	-	3,255,852	-	-	1,700,000	-	-	-	-	-	-	-	4,955,852			
Premium Refunds	25,734	22,852	15,493	15,667	9,493	42,205	15,578	9,456	41,879	15,304	8,749	43,930	266,338			
<b>Total Refunds</b>	<b>25,734</b>	<b>3,278,704</b>	<b>15,493</b>	15,667	1,709,493	42,205	15,578	9,456	41,879	15,304	8,749	43,930	5,222,190			
<b>Expenses</b>																
Medical Claim Expense	2,057,865	2,117,545	2,421,785	2,473,173	2,320,751	2,461,967	2,537,159	2,703,345	2,425,738	2,458,637	2,592,135	2,389,535	28,959,635			
Pharmacy Claim Expense	1,136,882	1,095,730	1,173,497	1,868,346	1,155,910	1,264,045	1,328,677	1,261,530	1,249,742	1,198,022	1,138,054	1,169,638	15,040,073			
PMPM Administrative Expense	162,313	81,491	83,015	80,392	80,096	79,741	79,445	79,149	78,793	78,497	78,201	77,905	1,039,038			
Variable Administrative Expense	21,981	13,442	15,054	17,234	17,170	17,116	19,562	16,998	16,944	16,891	24,837	16,782	214,011			
Salary and Benefits Expense	28,691	34,762	28,655	32,196	32,196	32,196	32,196	32,196	32,196	32,196	32,196	32,378	382,055			
Prescription Administrative Expense	3,775	1,898	1,909	2,389	2,378	2,370	2,361	2,351	2,343	2,334	2,326	2,317	28,751			
Miscellaneous Expense	5,002	6,414	6,099	5,650	8,300	6,250	5,650	26,620	8,900	5,650	8,300	23,214	116,048			
Professional Fees	14,004	21,392	9,851	17,500	25,000	13,500	37,500	17,000	16,000	23,500	63,500	19,500	278,246			
<b>Total Expense</b>	<b>3,430,513</b>	<b>3,372,674</b>	<b>3,739,863</b>	4,496,880	3,641,802	3,877,185	4,042,551	4,139,189	3,830,656	3,815,727	3,939,549	3,731,269	46,057,857			
<b>Available Cash Balance</b>	<b>14,216,707</b>	<b>8,224,318</b>	<b>6,288,549</b>	8,236,499	8,326,809	7,394,941	4,010,769	10,294,518	9,445,741	7,526,130	3,979,726	10,059,602				
<b>Inc(Dec) in Abandoned Property Reserve</b>	-	-	(399)	-	-	-	-	-	-	-	-	-				
<b>Month Ending Cash Balance</b>	<b>14,216,707</b>	<b>8,224,318</b>	<b>6,288,149</b>	8,236,499	8,326,809	7,394,941	4,010,769	10,294,518	9,445,741	7,526,130	3,979,726	10,059,602				

- (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 (\$10.0 M) TOTAL \$34.5 M
- (6) 3-Week expense allowance is \$2.7 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										1,345
Medicare Basic	825	797	798										
Medicare Basic Plus	230	229	225										684
Total Membership	1,518	1,468	1,463	-	-	-	-	-	-	-	-	-	4,449
PMPM Administrative Expense (2)	162,313	81,491	83,015										\$326,819
Variable Administrative Expense (3)	21,981	13,442	15,054										\$50,477
Salary and Benefits Expense (4)	28,691	34,762	28,655										\$92,108
RX Benefit Management Fees	3,775	1,898	1,909										\$7,581
Miscellaneous Expense (5)	5,002	6,414	6,099										\$17,515
Professional Fees (6)	14,004	21,392	9,851										\$45,246
<b>Total Actual Operating Expenses</b>	<b>\$235,766</b>	<b>\$159,398</b>	<b>\$144,582</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>\$539,746</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)										(136)
Medicare Basic	17	(13)	(14)										(10)
Medicare Basic Plus	(7)	(6)	(8)										(21)
Total Membership	(26)	(71)	(70)	-	-	-	-	-	-	-	-	-	(167)
PMPM Administrative Expense (2)	(80,914)	(448)	(2,268)										(\$83,630)
Variable Administrative Expense (3)	11,025	3,910	2,234										\$17,169
Salary and Benefits Expense (4)	14,165	(1,846)	3,541										\$15,861
RX Benefit Management Fees	(1,359)	510	488										(\$361)
Miscellaneous Expense (5)	3,298	(764)	8,801										\$11,335
Professional Fees (6)	496	12,908	21,650										\$35,054
<b>Total Variance Expenses</b>	<b>(\$53,289)</b>	<b>\$14,270</b>	<b>\$34,447</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>(\$4,572)</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 March 31, 2016			
	Projected	Actual	Variance	% Change
Membership	1,533	1,463	(70)	-5%
Avg Premium Receipt PMPM	\$1,195	\$1,223	\$28	2%
Avg Medical Claim Expense PMPM	\$1,636	\$1,646	(\$10)	-1%
Avg Pharmacy Claim Expense PMPM	\$855	\$802	\$53	6%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,296)	(\$1,225)	\$71	5%
Avg Premium Receipt Less Avg Claim Expense Total	(\$1,986,768)	(\$1,792,175)	\$194,593	10%
Variance Due to Changes in Membership			\$85,750	
Variance Due to Changes in Claim Expenses			\$108,843	

CASH BASIS	Year-To-Date March 31, 2016			
	Projected	Actual	Variance	% Change
Member Months	4,616	4,449	(167)	-4%
Avg Premium Receipt PMPM	\$726	\$739	\$13	2%
Avg Medical Claim Expense PMPM	\$1,656	\$1,466	\$190	11%
Avg Pharmacy Claim Expense PMPM	\$863	\$766	\$97	11%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,793)	(\$1,493)	\$300	17%
Avg Premium Receipt Less Avg Claim Expense Total	(\$8,276,488)	(\$6,642,357)	\$1,634,131	20%
Variance Due to Changes in Membership			\$249,331	
Variance Due to Changes in Claim Expenses			\$1,384,800	

INCURRED BASIS	Year-To-Date March 31, 2016	Year-To-Date March 31, 2015
	Actual	Actual - Prior Year
Member Months	4,449	4,898
Avg Premium Income PMPM	\$637	\$610
Avg Medical Claim Expense PMPM (1)	\$1,687	\$1,690
Avg Pharmacy Claim Expense PMPM (2)	\$927	\$746
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,977)	(\$1,826)
Avg Premium Receipt Less Avg Claim Expense Total	(\$8,795,673)	(\$8,943,748)

(1) Incurred medical claims data totals \$7,503,639 which is derived from \$3,483,639 actual paid claims with dates of service between 1-1-16 and 3-31-16 and \$4,020,000 IBNR reserve.

(2) Incurred pharmacy claims data totals \$4,122,221 which is derived from \$3,297,221 actual paid claims with dates of service between 1-1-16 and 3-31-16 and \$825,000 IBNR reserve.