

**Washington State Health Insurance Pool
Treasurer's Report
March 2018 Financial Review**

1. 2017 Interim III Assessment Required

An assessment of \$8.5 M was required to adequately fund the pool until the next scheduled assessment in March 2018. This assessment was approved by the Board of Directors on November 8, 2017 and invoices were generated on November 28, 2017 with invoices due December 28, 2017 except for the carriers who have installment payment arrangements, at which point the invoices are due in total by February 28, 2018. As of April 30, 2018, \$9.5 M of assessments have been collected, leaving \$150 K to be collected. Assessment true-up refunds totaling \$725 K were distributed in April.

2. 2018 Interim I Assessment Required

An assessment of \$7.0 M is required to adequately fund the pool until the next scheduled assessment in July 2018. This assessment was approved by the Board of Directors and generated on March 30, 2018 with invoices due April 30, 2018 except for the carriers who have installment payment arrangements, at which point the invoices are due in total by June 30, 2018. As of April 30, 2018, \$963 K of assessments have been collected, leaving \$6 M to be collected.

3. Financial Statements – March 2018

Balance Sheet

Cash on hand decreased by \$2.3 M or 28.0% from February 2018 to March 2018. The current cash position is \$6.0 M, which is well above our current 4-week expense allowance of \$3.0 M. As of the end of March 2018, the entire \$6.0 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 2018 is \$4.6 M. This is a decrease of \$38 K or less than 1% from the prior month. Medical IBNR decreased \$151 K or 4.0% and pharmacy IBNR increased \$113 K or 12.4% from February 2018.

As of March 2018, the equity position of WSHIP is a positive \$5.7 M.

Income Statement

Total member months for March 2018 YTD are lower by 102 member months or 2.3% lower than March 2018 YTD. Member months are measured as the cumulative monthly member count (PMPM) over a period of time. The total incurred claim loss

for March 2018 YTD is \$999 K or 11.5% higher than March 2017 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 2018 YTD, the medical claims portion is \$419 K or 7.9% higher than March 2017 YTD, and the pharmacy claims portion is \$580 K or 17.2% higher than March 2017 YTD.

March 2018 YTD administrative expenses are \$78 K or 17.7% higher than the administrative expenses for March 2017 YTD. The ratio of administrative expenses as a percentage of total cost is 5.1% for March 2018 YTD as compared to 4.8% for 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 2018

The Budgeted Cash Flow document contains the budget (upper portion) as established in early 2018 and the actual (lower portion) cash flow results year-to-date.

The ending cash balance of \$6.0 M is \$3.1 M or 34.5% lower than the budgeted cash balance of \$9.1 M. Total net cash receipts for March 2018 YTD are \$1.6 K or 19.0% favorable to budget. Total YTD expenses are \$48 K or less than 1% favorable to budget. The YTD administrative expenses are \$26 K or 5.3% favorable to budget. Total YTD medical claims expense is \$115 K or 1.9% favorable to budget; while total YTD pharmacy claims expense is \$94 K or 2.7% unfavorable to budget.

5. Medicare vs. Non-Medicare Cash Flow – March 2018

As of March, the YTD Medicare member months total 3,251 and represent 76% of the combined WSHIP member months. The YTD Non-Medicare member months total 1,038 and account for 24% of the combined WSHIP member months. The YTD Medicare Loss Ratio is 186% while the YTD Non-Medicare Loss Ratio is 212%. On a cash basis, the YTD Claims PMPM is \$815 for Medicare members and \$6,589 for Non-Medicare members.

6. Cash Flow Forecast – 2018

The 2018 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 December 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 March 2018.

For April 2018, preliminary figures for the key financial drivers (Premium Receipts, Assessment Receipts and Refunds, Medical Claims and Pharmacy Claims Expenses) are reported.

To ensure adequate funding, the current 2018 forecast is projecting an assessment of \$24.5 M which is a \$1.5 M or 5.8% decrease from the 2017 assessment of \$26.0 M.

7. Administrative Expense Budget

For March 2018, YTD administrative expenses are \$26 K or 5.3% favorable to budget (cash basis).

8. Financial Performance

March 2018 YTD member months are less than 1% higher than expected, average premium receipt PMPM is 29% higher than expected, average medical claims expense PMPM is 1% lower than expected and average pharmacy claims expense PMPM is 2% higher than anticipated.

On an incurred basis, the average YTD medical claims expense PMPM is \$1,527 as compared to \$1,358 on a cash basis. Also on an incurred basis, the average YTD pharmacy claims expense PMPM is \$984 as compared to \$846 on a cash basis.

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Balance Sheet as of March 31

Total Enrollment: 1,415

	<u>2018</u>	<u>2017</u>
Assets:		
Cash	\$ 5,976,023	\$ 6,933,338
Premiums Receivable	74,189	34,218
Assessments Receivable	7,150,248	9,500,000
Grants Receivable	-	-
Prepaid Expense	-	-
Total Assets	<u>\$ 13,200,460</u>	<u>\$ 16,467,555</u>
 Liabilities and Unassigned Surplus:		
Reserve for Unpaid Losses - Medical	\$ 3,605,000	\$ 3,940,000
Reserve for Unpaid Losses - Pharmacy	1,027,000	228,000
Accrued Loss Adjustment	300,000	313,000
Premiums Received in Advance	1,694,073	1,783,251
Assessments Payable	724,986	-
Accrued Expenses	146,105	130,075
Abandoned Claim Reserve	2,084	19,897
Total Liabilities	<u>\$ 7,499,247</u>	<u>\$ 6,414,223</u>
Unassigned Surplus	5,701,213	10,053,333
Total Liabilities and Unassigned Surplus	<u>\$ 13,200,460</u>	<u>\$ 16,467,555</u>

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Statement of Operations March 1 to March 28

	<u>2018</u>	<u>2017</u>
Total Member Months	4,289	4,391
Premium Income Earned	\$ 3,195,003	\$ 3,042,379
Pharmacy Rebate Income	117,625	15,401
Grant Income	-	-
Incurred Claim Loss - Medical	\$ 5,744,539	5,325,408
Incurred Claim Loss - Pharmacy	3,953,791	3,373,659
Total Incurred Claim Loss	<u>9,698,330</u>	<u>8,699,066</u>
Operating Expenses:		
Fixed (PMPM) Administrative Expense	\$ 244,338	\$ 232,662
Variable Administrative Expense	43,400	42,076
Salary and Benefit Expense	109,582	86,108
Prescription Administrative Expense	6,568	8,371
Miscellaneous Expense	30,232	28,901
Professional Fee Expense	83,791	42,054
Total Operating Expenses	<u>\$ 517,911</u>	<u>\$ 440,171</u>
Underwriting Gain (Loss)	(6,903,612)	(6,081,458)
Investment Income	25,819	11,472
Other Income	-	-
Changes to Unassigned Surplus	<u>\$ (6,877,793)</u>	<u>\$ (6,069,986)</u>

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Statement of Changes in Unassigned Surplus March 1 to March 28

	<u>2018</u>	<u>2017</u>
Unassigned Surplus at Beginning of Year	\$ 5,579,006	\$ 6,062,256
Changes to Unassigned Surplus	(6,877,793)	(6,069,986)
Member Assessments	7,000,000	10,061,063
Unassigned Surplus	<u>\$ 5,701,213</u>	<u>\$ 10,053,333</u>

**WSHIP 2018
Budgeted Cashflow**

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	MARCH YTD	TOTAL
Enrollment Count	1,427	1,425	1,424	1,423	1,422	1,421	1,420	1,419	1,418	1,417	1,416	1,415	4,276	17,047
Cash Balance														
BEGINNING OF MONTH	10,516,926	12,655,004	10,595,865	9,123,614	12,892,020	10,875,369	10,020,695	7,240,772	12,558,231	11,993,978	10,432,808	7,493,631		
Receipts														
Premium Receipts	1,332,619	484,426	1,868,094	743,157	507,333	1,799,134	749,543	559,343	1,652,295	736,555	365,649	357,599	3,685,139	11,155,745
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pharmacy Rebate Income	-	-	50,000	-	-	50,000	-	-	50,000	-	-	50,000	50,000	200,000
Claim Refunds Receipts	35,695	33,990	34,807	33,840	33,651	34,698	35,909	34,265	34,501	35,016	34,221	33,780	104,493	414,373
Assessment Receipts	4,131,528	2,000,000	-	6,400,000	800,000	800,000	-	8,000,000	1,000,000	1,000,000	-	6,000,000	6,131,528	30,131,528
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	300	1,200
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	5,499,942	2,518,517	1,953,000	7,177,096	1,341,083	2,683,932	785,552	8,593,708	2,736,895	1,771,670	399,971	6,441,478	9,971,459	41,902,846
Refunds														
Assessment Refunds	-	1,238,834	-	-	-	-	-	-	-	-	-	-	1,238,834	1,238,834
Premium Refunds	59,306	12,111	46,702	18,579	12,683	44,978	18,739	13,984	41,307	18,414	9,141	8,940	118,119	304,884
Total Refunds	59,306	1,250,945	46,702	18,579	12,683	44,978	18,739	13,984	41,307	18,414	9,141	8,940	1,356,953	1,543,718
Expenses														
Medical Claims	1,928,839	1,999,438	2,047,458	1,990,559	1,979,445	2,041,061	2,112,313	2,015,589	2,029,452	2,059,756	2,013,026	1,987,039	5,975,735	24,203,974
Pharmacy Claims	1,207,747	1,156,955	1,169,031	1,252,631	1,216,972	1,305,070	1,246,530	1,095,919	1,070,347	1,087,264	1,151,857	1,157,980	3,533,733	14,118,303
Fixed (PMPM) Admin	79,539	77,250	77,172	77,095	77,019	76,944	76,869	76,794	76,721	76,648	76,575	76,504	233,961	925,130
Variable Admin	14,278	21,168	13,658	13,648	13,639	13,629	14,620	13,610	14,601	13,592	20,583	13,573	49,104	180,599
Salary and Benefits	44,812	33,660	32,940	32,940	32,940	32,940	32,940	32,940	32,940	32,940	32,940	33,151	111,411	408,080
Prescription Admin	1,852	1,850	1,848	1,846	1,845	1,843	1,841	1,839	1,838	1,836	1,834	1,833	5,549	22,104
Miscellaneous	10,625	6,525	9,075	6,525	8,325	7,275	27,257	7,208	9,075	15,525	8,325	23,082	26,225	138,822
Professional Fees	14,867	29,867	27,367	14,867	14,867	14,867	34,367	18,367	24,867	26,867	24,867	15,367	72,100	261,400
Total Expense	3,302,558	3,326,712	3,378,549	3,390,111	3,345,051	3,493,629	3,546,736	3,262,266	3,259,840	3,314,427	3,330,006	3,308,528	10,007,818	40,258,413
Month Ending Cash Balance	\$ 12,655,004	\$ 10,595,865	\$ 9,123,614	\$ 12,892,020	\$ 10,875,369	\$ 10,020,695	\$ 7,240,772	\$ 12,558,231	\$ 11,993,978	\$ 10,432,808	\$ 7,493,631	\$ 10,617,641		

Actual	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
Enrollment Count	1,464	1,410	1,415										4,289
Cash Balance													
BEGINNING OF MONTH	5,683,892	8,281,836	8,297,715										
Receipts													
Premium Receipts	2,379,633	463,465	1,804,956										4,648,054
Grant Revenue	-	-	-										-
Pharmacy Rebate Income	-	117,625	-										117,625
Claim Refunds Receipts	13,537	5,798	17,382										36,716
Assessment Receipts	3,432,332	2,035,100	-										5,467,432
Investment Income	9,077	8,241	8,502										25,819
Other Income	-	-	-										-
Total Receipts	5,834,579	2,630,229	1,830,839										10,295,647
Refunds													
Assessment Refunds	-	-	-										-
Premium Refunds	21,207	1,239	20,875										43,321
Total Refunds	21,207	1,239	20,875										43,321
Expenses													
Medical Claims	2,099,733	1,516,198	2,244,525										5,860,456
Pharmacy Claims	971,875	944,447	1,711,269										3,627,591
Fixed (PMPM) Admin	69,145	79,920	80,390										229,455
Variable Admin	16,497	10,456	13,640										40,592
Salary and Benefits	45,297	30,624	30,567										106,488
Prescription Admin	1,634	1,686	1,838										5,158
Miscellaneous	5,278	9,172	(207)										14,243
Professional Fees	5,970	20,607	49,635										76,211
Total Expense	3,215,428	2,613,110	4,131,656										9,960,194
Available Cash Balance	8,281,836	8,297,715	5,976,023										
Inc(Dec) in Abandoned	-	-	-										
Property Reserve	-	-	-										
Month Ending Cash Balance	\$ 8,281,836	\$ 8,297,715	\$ 5,976,023										

**WSHIP 2018
Budgeted Cashflow**

Variance to Budget	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
Favorable/(Unfavorable)													
Enrollment Count	37	(15)	(9)										13
Receipts													
Premium Receipts	1,047,014	(20,961)	(63,138)										962,915
Grant Revenue	-	-	-										-
Pharmacy Rebate Income	-	117,625	(50,000)										67,625
Claim Refunds Receipts	(22,159)	(28,192)	(17,425)										(67,777)
Assessment Receipts	(699,196)	35,100	-										(664,096)
Investment Income	8,977	8,141	8,402										25,519
Other Income	-	-	-										-
Total Receipts	334,636	111,712	(122,161)										324,187
Refunds													
Assessment Refunds	-	1,238,834	-										1,238,834
Premium Refunds	38,099	10,872	25,827										74,798
Total Refunds	38,099	1,249,706	25,827										1,313,632
Expenses													
Medical Claims	(170,894)	483,240	(197,067)										115,279
Pharmacy Claims	235,872	212,508	(542,237)										(93,858)
Fixed (PMPM) Admin	10,394	(2,670)	(3,218)										4,506
Variable Admin	(2,219)	10,712	18										8,512
Salary and Benefits	(485)	3,035	2,373										4,923
Prescription Admin	218	164	10										391
Miscellaneous	5,347	(2,647)	9,282										11,982
Professional Fees	8,897	9,260	(22,268)										(4,111)
Total Expense	87,130	713,601	(753,107)										47,624
Available Cash Balance	(4,373,169)	(2,298,150)	(3,147,591)										
Inc(Dec) in Abandoned	-	-	-										
Property Reserve	-	-	-										
Month Ending Cash Balance	(4,373,169)	(2,298,150)	(3,147,591)										

- (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 15%. Assumes an annual Medicare pharmacy claim expense trend of 0% for Basic and Basic Plus.
- (3) Assumes a Non-medicare premium rate trended at a 18% increase. Assumes a Medicare premium rate increase of 0.3% for Basic and 1.5% for Basic Plus.
- (4) Non-medicare enrollment projected to decrease by 2 members 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 (\$8.0 M), July (\$10.0 M) and November (\$7.5 M) TOTAL \$25.5 M
- (6) 4-Week expense allowance is \$3.2 M based upon the actual data for the 12-month period ending in Dec of 2018.
- (7) WSHIP has access to a \$5 M line of credit in the event cash on hand is exhausted.

WSHIP 2018
Medicare vs. Non-Medicare Cash Flow

	January	February	March	April	May	June	July	August	September	October	November	December	YTD
Medicare													
Enrollment Count	1,113	1,065	1,073										3,251
Premiums	750,451	342,924	328,037										1,421,412
Medical Claims	747,998	700,875	897,894										2,346,767
RX Claims	80,135	84,195	137,724										302,054
Total Claims	828,134	785,070	1,035,618	-	-	-	-	-	-	-	-	-	2,648,821
Income/Loss	(77,683)	(442,146)	(707,581)	-	-	-	-	-	-	-	-	-	(1,227,409)
Loss Ratio	110%	229%	316%										186%
Claims PMPM	744	737	965										815
Non Medicare													
Enrollment Count	351	345	342										1,038
Premiums	1,629,182	120,541	1,476,919										3,226,642
Medical Claims	1,351,735	815,323	1,346,631										3,513,689
RX Claims	891,739	860,252	1,573,545										3,325,536
Total Claims	2,243,475	1,675,575	2,920,175	-	-	-	-	-	-	-	-	-	6,839,225
Income/Loss	(614,293)	(1,555,034)	(1,443,256)	-	-	-	-	-	-	-	-	-	(3,612,583)
Loss Ratio	138%	1390%	198%										212%
Claims PMPM	6,392	4,857	8,539										6,589
Combined Medicare/Non Medicare													
Enrollment Count	1,464	1,410	1,415	-	-	-	-	-	-	-	-	-	4,289
Premiums	2,379,633	463,465	1,804,956	-	-	-	-	-	-	-	-	-	4,648,054
Medical Claims	2,099,733	1,516,198	2,244,525	-	-	-	-	-	-	-	-	-	5,860,458
RX Claims	971,875	944,447	1,711,269	-	-	-	-	-	-	-	-	-	3,627,591
Total Claims	3,071,608	2,460,645	3,955,793	-	-	-	-	-	-	-	-	-	9,488,049
Income/Loss	(691,975)	(1,997,180)	(2,150,837)	-	-	-	-	-	-	-	-	-	(4,839,994)
Loss Ratio	129%	531%	219%										204%
Claims PMPM	2,098	1,745	2,796										2,212

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 2018 Cash Flow Forecast

Forecast - Updated 11/30/2017

	Actual (bold)			Forecast									TOTAL
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	
Enrollment:													
Non-Medicare Enrollment	351	345	342	335	333	331	329	327	325	323	321	319	3,981
Medicare Enrollment (Basic and Basic+)	1,113	1,065	1,073	1,088	1,089	1,090	1,091	1,092	1,093	1,094	1,095	1,096	13,079
Total Enrollment Count	1,464	1,410	1,415	1,423	1,422	1,421	1,420	1,419	1,418	1,417	1,416	1,415	17,060
Cash Balance													
BEGINNING OF MONTH	5,683,892	8,281,836	8,297,715	5,976,023	8,567,502	6,500,556	5,722,145	3,015,655	8,387,914	7,985,539	6,496,529	3,593,175	
Receipts													
Premium Receipts	2,379,633	463,465	1,804,956	924,614	558,311	1,979,918	824,859	615,548	1,818,323	810,566	402,391	393,532	12,976,114
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Pharmacy Rebate Income	-	117,625	-	-	-	50,000	-	-	50,000	-	-	-	267,625
Claim Refunds Receipts	13,537	5,798	17,382	36,516	33,651	34,698	35,909	34,265	34,501	35,016	34,221	33,780	349,273
Assessment Receipts	3,432,332	2,035,100	-	5,750,248	700,000	700,000	-	8,000,000	1,000,000	1,000,000	-	6,000,000	28,617,680
Investment Income	9,077	8,241	8,502	100	100	100	100	100	100	100	100	100	26,719
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	5,834,579	2,630,229	1,830,839	6,711,477	1,292,062	2,764,716	860,868	8,649,913	2,902,923	1,845,682	436,712	6,477,411	42,237,411
Refunds													
Assessment Refunds	-	-	-	724,986	-	-	-	-	-	-	-	-	724,986
Premium Refunds	21,207	1,239	20,875	23,115	13,958	49,498	20,621	15,389	45,458	20,264	10,060	9,838	251,523
Total Refunds	21,207	1,239	20,875	748,101	13,958	49,498	20,621	15,389	45,458	20,264	10,060	9,838	976,509
Expenses													
Medical Claim Expense	2,099,733	1,516,198	2,244,525	2,147,971	1,979,445	2,041,061	2,112,313	2,015,589	2,029,452	2,059,756	2,013,026	1,987,039	24,246,107
Pharmacy Claim Expense	971,875	944,447	1,711,269	1,077,004	1,216,972	1,305,070	1,246,530	1,095,919	1,070,347	1,087,264	1,151,857	1,157,980	14,036,534
PMPM Administrative Expense	69,145	79,920	80,390	77,095	77,019	76,944	76,869	76,794	76,721	76,648	76,575	76,504	920,624
Variable Administrative Expense	16,497	10,456	13,640	13,648	13,639	13,629	14,620	13,610	14,601	13,592	20,583	13,573	172,088
Salary and Benefits Expense	45,297	30,624	30,567	32,940	32,940	32,940	32,940	32,940	32,940	32,940	32,940	33,151	403,157
Prescription Administrative Expense	1,634	1,686	1,838	1,846	1,845	1,843	1,841	1,839	1,838	1,836	1,834	1,833	21,713
Miscellaneous Expense	5,278	9,172	(207)	6,525	8,325	7,275	27,257	7,208	9,075	15,525	8,325	23,082	126,840
Professional Fees	5,970	20,607	49,635	14,867	14,867	14,867	34,367	18,367	24,867	26,867	24,867	15,367	265,511
Total Expense	3,215,428	2,613,110	4,131,656	3,371,896	3,345,051	3,493,629	3,546,736	3,262,266	3,259,840	3,314,427	3,330,006	3,308,528	40,192,574
Available Cash Balance	8,281,836	8,297,715	5,976,023	8,567,502	6,500,556	5,722,145	3,015,655	8,387,914	7,985,539	6,496,529	3,593,175	6,752,220	
Inc(Dec) in Abandoned Property Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Month Ending Cash Balance	8,281,836	8,297,715	5,976,023	8,567,502	6,500,556	5,722,145	3,015,655	8,387,914	7,985,539	6,496,529	3,593,175	6,752,220	

- (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 15%. Assumes an annual Medicare pharmacy claim expense trend of 0% for Basic and Basic Plus.
- (3) Assumes a Non-medicare premium rate trended at a 18% increase. Assumes a Medicare premium rate increase of 0.3% for Basic and 1.5% for Basic Plus.
- (4) Non-medicare enrollment projected to decrease by 2 members 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 (\$7.0 M), July (\$10.0 M) and November (\$7.5 M) TOTAL \$24.5 M
- (6) 4-Week expense allowance is \$3.0 M based upon the actual data for the 12-month period ending in Dec of 2018.
- (7) WSHIP has access to a \$5 M line of credit in the event cash on hand is exhausted.

**Washington State Health Insurance Pool
2018 Administrative Expense
Budget Variance Analysis**

Budget	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Member Months: (1)													
Non-Medicare	342	339	337	335	333	331	329	327	325	323	321	319	3,963
Medicare Basic	904	907	910	913	916	919	922	925	928	931	934	937	11,046
Medicare Basic Plus	181	179	177	175	173	171	169	167	165	163	161	159	2,040
Total Membership	1,427	1,425	1,424	1,423	1,422	1,421	1,420	1,419	1,418	1,417	1,416	1,415	17,049
PMPM Administrative Expense (2)	79,539	77,250	77,172	77,095	77,019	76,944	76,869	76,794	76,721	76,648	76,575	76,504	925,130
Variable Administrative Expense (3)	14,278	21,168	13,658	13,648	13,639	13,629	14,620	13,610	14,601	13,592	20,583	13,573	180,599
Salary and Benefits Expense (4)	44,812	33,660	32,940	32,940	32,940	32,940	32,940	32,940	32,940	32,940	32,940	33,151	408,080
RX Benefit Management Fees	1,852	1,850	1,848	1,846	1,845	1,843	1,841	1,839	1,838	1,836	1,834	1,833	22,104
Miscellaneous Expense (5)	10,625	6,525	9,075	6,525	8,325	7,275	27,257	7,208	9,075	15,525	8,325	23,082	138,822
Professional Fees (6)	14,867	29,867	27,367	14,867	14,867	14,867	34,367	18,367	24,867	26,867	24,867	15,367	261,400
Total Budget Operating Expenses	\$165,972	\$170,319	\$162,059	\$146,921	\$148,634	\$147,497	\$187,893	\$150,757	\$160,041	\$167,407	\$165,124	\$163,510	\$1,936,135

Actual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
Member Months: (1)													
Non-Medicare	351	345	342										1,038
Medicare Basic	931	886	894										2,711
Medicare Basic Plus	182	179	179										540
Total Membership	1,464	1,410	1,415										4,289
PMPM Administrative Expense (2)	69,145	79,920	80,390										\$229,455
Variable Administrative Expense (3)	16,497	10,456	13,640										\$40,592
Salary and Benefits Expense (4)	45,297	30,624	30,567										\$106,488
RX Benefit Management Fees	1,634	1,686	1,838										\$5,158
Miscellaneous Expense (5)	5,278	9,172	(207)										\$14,243
Professional Fees (6)	5,970	20,607	49,635										\$76,211
Total Actual Operating Expenses	\$143,820	\$152,466	\$175,862	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$472,148

Variance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
Member Months: (1)													
Non-Medicare	9	6	5										20
Medicare Basic	27	(21)	(16)										(10)
Medicare Basic Plus	1	-	2										3
Total Membership	37	(15)	(9)										13
PMPM Administrative Expense (2)	10,394	(2,670)	(3,218)										\$4,506
Variable Administrative Expense (3)	(2,219)	10,712	18										\$8,512
Salary and Benefits Expense (4)	(485)	3,035	2,373										\$4,923
RX Benefit Management Fees	218	164	10										\$391
Miscellaneous Expense (5)	5,347	(2,647)	9,282										\$11,982
Professional Fees (6)	8,897	9,260	(22,268)										(\$4,111)
Total Variance Expenses	\$22,152	\$17,854	(\$13,803)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$26,202

Notes:

- (1) Assumes the Non-medicare membership decreases by 2 member per month. Assumes Medicare Basic membership increases by 3 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:
 - \$37,000 of insurance expenses (D&O, E&O and general liability).
 - \$47,800 for WSHIP Board meeting expenses and travel costs.
 - \$32,600 for bank fees.
 - \$21,300 for phone, conference lines and other office expenses.
- (6) Professional fees includes:
 - \$100,000 of actuarial expenses which covers IBNR calculations, premium rate development, forecast updates and actuarial studies.
 - \$70,000 of legal expenses.
 - \$70,000 of consulting expenses (including IRO).
 - \$22,000 of auditing expenses.

WSHIP Financial Performance

CASH BASIS	Month Ending March 31, 2018			
	Projected	Actual	Variance	% Change
Membership	1,424	1,415	(9)	-1%
Avg Premium Receipt PMPM	\$1,279	\$1,261	(\$18)	-1%
Avg Medical Claim Expense PMPM	\$1,413	\$1,574	(\$161)	-11%
Avg Pharmacy Claim Expense PMPM	\$821	\$1,209	(\$388)	-47%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$955)	(\$1,522)	(\$567)	-59%
Avg Premium Receipt Less Avg Claim Expense Total	(\$1,359,920)	(\$2,153,630)	(\$793,710)	-58%
Variance Due to Changes in Membership			\$13,698	
Variance Due to Changes in Claim Expenses			(\$807,408)	

CASH BASIS	Year-To-Date March 31, 2018			
	Projected	Actual	Variance	% Change
Member Months	4,276	4,289	13	0%
Avg Premium Receipt PMPM	\$834	\$1,074	\$240	29%
Avg Medical Claim Expense PMPM	\$1,373	\$1,358	(\$15)	-1%
Avg Pharmacy Claim Expense PMPM	\$826	\$846	\$20	2%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,365)	(\$1,130)	\$235	17%
Avg Premium Receipt Less Avg Claim Expense Total	(\$5,836,740)	(\$4,846,570)	\$990,170	17%
Variance Due to Changes in Membership			(\$14,690)	
Variance Due to Changes in Claim Expenses			\$1,004,860	

INCURRED BASIS	Year-To-Date March 31, 2018	Year-To-Date March 31, 2017
	Actual	Actual - Prior Year
Member Months	4,289	4,391
Avg Premium Income PMPM	\$746	\$693
Avg Medical Claim Expense PMPM (1)	\$1,527	\$1,396
Avg Pharmacy Claim Expense PMPM (2)	\$984	\$959
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,765)	(\$1,662)
Avg Premium Receipt Less Avg Claim Expense Total	(\$7,570,085)	(\$7,297,842)

(1) Incurred medical claims data totals \$6,548,352 which is derived from \$2,943,352 actual paid claims with dates of service between 01-01-18 and 3-31-18 and \$3,605,000 IBNR reserve.

(2) Incurred pharmacy claims data totals \$4,220,726 which is derived from \$3,193,726 actual paid claims with dates of service between 01-01-18 and 3-31-18 and \$1,027,000 IBNR reserve.