

**Washington State Health Insurance Pool
Treasurer's Report
March 2020 Financial Review**

1. 2020 Interim I Assessment

An assessment of \$10.5 M is required to adequately fund the pool until the next scheduled assessment in July 2020. This assessment was approved by the Board of Directors on March 11, 2020 and generated on March 12, 2020 with invoices due April 13, 2020 except for the carriers who have installment payment arrangements, at which point the invoices are due in total by June 13, 2020.

2. Financial Statements – March 2020

Balance Sheet

Cash on hand decreased by \$190 K or 4.3% from February 2020 to March 2020. The current cash position is \$4.2 M, which is above our current 4-week expense allowance of \$2.7 M. As of the end of March 2020, the entire \$4.2 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 2020 is \$4.2 M. This is a decrease of \$970 K or 18.8% from the prior month. Medical IBNR decreased \$775 K or 16.5% and pharmacy IBNR decreased \$195 K or 42.9% from February 2020.

As of March 2020, the equity position of WSHIP is a positive \$8.4 M

Income Statement

Total member months for March 2020 YTD are lower by 294 member months or 7.1% lower than March 2019 YTD. Member months are measured as the cumulative monthly member count (PMPM) over a period of time. The total incurred claim loss for March 2020 YTD is \$948 K or 11.7% lower than March 2019 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 2020 YTD, the medical claims portion is \$1 M or 21.6% lower than March 2019 YTD, and the pharmacy claims portion is \$92 K or 2.8% higher than March 2019 YTD.

March 2020 YTD administrative expenses are \$16 K or 3.7% lower than the administrative expenses for March 2019 YTD. The ratio of administrative expenses as a percentage of total cost is 5.6% for March 2020 YTD as compared to 5.2% for

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

3. Budgeted Cash Flow – March 2020

The Budgeted Cash Flow document contains the budget (upper portion) as established in late 2019 and the actual (lower portion) cash flow results year-to-date.

The ending cash balance of \$4.2 M is \$1.7 M or 68.7% higher than the budgeted cash balance of \$2.5 M. Total net cash receipts for March 2020 are 1.6 M or 28.5% favorable to budget. Total YTD expenses for March 2020 YTD are \$379 K or 4.4% unfavorable to budget. The YTD administrative expenses are \$67 K or 14.1% favorable to budget. Total YTD medical claims expense is \$707 K or 11.7% favorable to budget; while total YTD pharmacy claims expense is \$1.2 M or 52.5% unfavorable to budget.

4. Medicare vs. Non-Medicare Cash Flow – March 2020

As of March, the YTD Medicare member months total 3,257 and represent 84.3% of the combined WSHIP member months. The YTD Non-Medicare member months total 609 and account for 15.7% of the combined WSHIP member months. The YTD Medicare Loss Ratio is 214% while the YTD Non-Medicare Loss Ratio is 485%. On a cash basis, the YTD Claims PMPM is \$978 for Medicare members and \$9,016 for Non-Medicare members.

5. Cash Flow Forecast – 2020

The 2020 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 2020 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 2020. For April 2020, preliminary figures for the key financial drivers (Premium Receipts, Assessment Receipts and Refunds, Medical Claims and Pharmacy Claims Expenses) are reported.

Assumptions are noted on this schedule as well as the 2020 assessment projection. To ensure adequate funding the current 2020 forecast is projecting an assessment of \$26.5 M which is a \$1.5 M or 5.4% decrease from the 2019 assessment of \$28 M.

7. Administrative Expense Budget

For March 2020, YTD administrative expenses are \$67 K or 14.1% favorable to budget (cash basis).

8. Financial Performance

March 2020 YTD member months are 4.8% lower than expected, average premium receipt PMPM is 28% higher than expected, average medical claims expense PMPM is 5.8% lower than expected and average pharmacy claims expense PMPM is 60.3% higher than anticipated.

On an incurred basis, the average YTD medical claims expense PMPM is \$1,465 as compared to \$1,375 on a cash basis. Also, on an incurred basis, the average YTD pharmacy claims expense PMPM is \$738 as compared to \$867 on a cash basis.

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Balance Sheet as of March 31, 2020

| | <u>2020</u> | <u>2019</u> |
|-------------------------------------------------|----------------------|----------------------|
| Assets: | | |
| Cash | \$ 4,209,448 | \$ 3,270,972 |
| Premiums Receivable | 186,259 | 77,145 |
| Assessments Receivable | 9,297,567 | 9,000,000 |
| Grants Receivable | - | - |
| Prepaid Expense | - | - |
| Total Assets | <u>\$ 13,693,274</u> | <u>\$ 12,348,116</u> |
| Liabilities and Unassigned Surplus: | | |
| Reserve for Unpaid Losses - Medical | \$ 3,927,000 | \$ 4,093,000 |
| Reserve for Unpaid Losses - Pharmacy | 260,000 | 281,000 |
| Accrued Loss Adjustment | 260,000 | 280,000 |
| Premiums Received in Advance | 752,971 | 1,493,704 |
| Assessments Payable | - | - |
| Accrued Expenses | 133,461 | 120,625 |
| Abandoned Claim Reserve | - | - |
| Total Liabilities | <u>\$ 5,333,433</u> | <u>\$ 6,268,329</u> |
| Unassigned Surplus | 8,359,843 | 6,079,787 |
| Total Liabilities and Unassigned Surplus | <u>\$ 13,693,274</u> | <u>\$ 12,348,116</u> |

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Statement of Operations January 1 to March 31

| | <u>2020</u> | <u>2019</u> |
|---------------------------------------|-----------------------|-----------------------|
| Total Member Months | 3,866 | 4,160 |
| Premium Income Earned | \$ 2,170,365 | \$ 3,077,731 |
| Pharmacy Rebate Income | 90,479 | 122,239 |
| Grant Income | - | - |
| Incurred Claim Loss - Medical | \$ 3,783,898 | 4,823,729 |
| Incurred Claim Loss - Pharmacy | 3,351,791 | 3,259,518 |
| Total Incurred Claim Loss | <u>7,135,689</u> | <u>8,083,247</u> |
| Operating Expenses: | | |
| Fixed (PMPM) Administrative Expense | \$ 240,768 | \$ 245,063 |
| Variable Administrative Expense | 26,896 | 32,334 |
| Salary and Benefit Expense | 91,441 | 92,469 |
| Prescription Administrative Expense | 3,788 | 2,985 |
| Miscellaneous Expense | 16,686 | 17,396 |
| Professional Fee Expense | 52,166 | 57,971 |
| Total Operating Expenses | <u>\$ 431,742</u> | <u>\$ 448,218</u> |
| Underwriting Gain (Loss) | (5,306,587) | (5,331,495) |
| Investment Income | 18,530 | 33,380 |
| Other Income | - | - |
| Changes to Unassigned Surplus | <u>\$ (5,288,057)</u> | <u>\$ (5,298,115)</u> |

WASHINGTON STATE HEALTH INSURANCE POOL

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

| | <u>2020</u> | <u>2019</u> |
|-----------------------------------------|----------------------------|----------------------------|
| Unassigned Surplus at Beginning of Year | \$ 3,147,900 | \$ 2,377,902 |
| Changes to Unassigned Surplus | (5,288,057) | (5,298,115) |
| Member Assessments | 10,500,000 | 9,000,000 |
| Unassigned Surplus | <u>\$ 8,359,843</u> | <u>\$ 6,079,787</u> |

**Washington State Health Insurance Pool
2020 Budgeted Cashflow**

| | JANUARY | FEBRUARY | MARCH | APRIL | MAY | JUNE | JULY | AUGUST | SEPTEMBER | OCTOBER | NOVEMBER | DECEMBER | March YTD | TOTAL |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|------------------|-------------------|
| Budget | | | | | | | | | | | | | | |
| Enrollment Count | 1,353 | 1,354 | 1,355 | 1,356 | 1,357 | 1,358 | 1,359 | 1,360 | 1,361 | 1,362 | 1,363 | 1,364 | 4,062 | 16,302 |
| Cash Balance | | | | | | | | | | | | | | |
| BEGINNING OF MONTH | 5,585,895 | 6,462,480 | 4,575,739 | 2,494,786 | 7,275,056 | 6,161,215 | 4,983,187 | 2,875,305 | 7,942,099 | 6,527,957 | 4,987,604 | 2,789,809 | | |
| Receipts | | | | | | | | | | | | | | |
| Premium Receipts | 721,491 | 723,372 | 725,334 | 727,379 | 729,509 | 731,724 | 734,025 | 736,412 | 738,886 | 741,447 | 744,095 | 746,831 | 2,170,197 | 8,800,505 |
| Grant Revenue | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Pharmacy Rebate Income | - | 120,000 | - | - | 120,000 | - | - | 120,000 | - | - | 120,000 | - | 120,000 | 480,000 |
| Claim Refunds Receipts | 35,958 | 32,914 | 33,672 | 32,189 | 33,499 | 32,505 | 33,804 | 36,408 | 37,221 | 39,751 | 38,113 | 37,250 | 102,544 | 423,283 |
| Assessment Receipts | 3,278,582 | - | - | 6,800,000 | 850,000 | 850,000 | - | 7,200,000 | 900,000 | 900,000 | - | 5,600,000 | 3,278,582 | 26,378,582 |
| Investment Income | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 300 | 1,200 |
| Other Income | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Receipts | 4,036,131 | 876,386 | 759,105 | 7,559,669 | 1,733,108 | 1,614,329 | 767,929 | 8,092,920 | 1,676,206 | 1,681,298 | 902,309 | 6,384,181 | 5,671,622 | 36,083,569 |
| Refunds | | | | | | | | | | | | | | |
| Assessment Refunds | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Premium Refunds | 18,037 | 18,084 | 18,133 | 18,184 | 18,238 | 18,293 | 18,351 | 18,410 | 18,472 | 18,536 | 18,602 | 18,671 | 54,255 | 220,013 |
| Total Refunds | 18,037 | 18,084 | 18,133 | 18,184 | 18,238 | 18,293 | 18,351 | 18,410 | 18,472 | 18,536 | 18,602 | 18,671 | 54,255 | 220,013 |
| Expenses | | | | | | | | | | | | | | |
| Medical Claims | 2,115,173 | 1,936,131 | 1,980,677 | 1,893,474 | 1,970,504 | 1,912,034 | 1,988,462 | 2,141,646 | 2,189,455 | 2,338,290 | 2,241,960 | 2,191,171 | 6,031,981 | 24,898,977 |
| Pharmacy Claims | 863,589 | 666,368 | 667,944 | 715,626 | 712,680 | 726,192 | 723,560 | 708,852 | 732,460 | 717,353 | 690,658 | 698,831 | 2,197,902 | 8,624,114 |
| Fixed (PMPM) Admin | 73,460 | 72,317 | 72,347 | 72,377 | 72,407 | 72,437 | 72,466 | 72,496 | 72,526 | 72,556 | 72,585 | 72,615 | 218,124 | 870,589 |
| Variable Admin | 8,713 | 8,118 | 14,624 | 9,129 | 8,135 | 8,140 | 8,146 | 8,151 | 9,157 | 8,162 | 16,668 | 8,173 | 31,454 | 115,310 |
| Salary and Benefits | 47,806 | 32,214 | 32,214 | 32,214 | 32,214 | 32,214 | 32,354 | 32,354 | 32,354 | 32,354 | 32,354 | 32,354 | 112,235 | 403,001 |
| Prescription Admin | 1,734 | 1,735 | 1,736 | 1,737 | 1,738 | 1,739 | 1,740 | 1,740 | 1,741 | 1,742 | 1,743 | 1,744 | 5,206 | 20,870 |
| Miscellaneous | 8,525 | 5,650 | 9,175 | 5,650 | 8,525 | 6,300 | 5,725 | 24,968 | 9,175 | 15,650 | 8,525 | 22,541 | 23,350 | 130,409 |
| Professional Fees | 22,508 | 22,508 | 43,208 | 31,008 | 22,508 | 15,008 | 25,008 | 17,508 | 25,008 | 17,008 | 17,008 | 25,008 | 88,225 | 283,300 |
| Total Expense | 3,141,509 | 2,745,042 | 2,821,925 | 2,761,214 | 2,828,711 | 2,774,063 | 2,857,460 | 3,007,715 | 3,071,876 | 3,203,115 | 3,081,501 | 3,052,437 | 8,708,476 | 35,346,570 |
| Month Ending Cash Balance | \$ 6,462,480 | \$ 4,575,739 | \$ 2,494,786 | \$ 7,275,056 | \$ 6,161,215 | \$ 4,983,187 | \$ 2,875,305 | \$ 7,942,099 | \$ 6,527,957 | \$ 4,987,604 | \$ 2,789,809 | \$ 6,102,882 | | |

| Actual | JANUARY | FEBRUARY | MARCH | APRIL | MAY | JUNE | JULY | AUGUST | SEPTEMBER | OCTOBER | NOVEMBER | DECEMBER | TOTAL YTD |
|-----------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|------------------|
| Enrollment Count | 1,291 | 1,294 | 1,281 | | | | | | | | | | 3,866 |
| Cash Balance | | | | | | | | | | | | | |
| BEGINNING OF MONTH | 6,076,373 | 5,556,104 | 4,399,095 | 4,209,448 | 4,209,448 | 4,209,448 | 4,209,448 | 4,209,448 | 4,209,448 | 4,209,448 | 4,209,448 | 4,209,448 | |
| Receipts | | | | | | | | | | | | | |
| Premium Receipts | 1,306,587 | 468,620 | 848,118 | | | | | | | | | | 2,623,325 |
| Grant Revenue | - | - | - | | | | | | | | | | - |
| Pharmacy Rebate Income | - | 90,479 | - | | | | | | | | | | 90,479 |
| Claim Refunds Receipts | 82 | 5,755 | 4,777 | | | | | | | | | | 10,613 |
| Assessment Receipts | 2,234,341 | 636,845 | 1,859,010 | | | | | | | | | | 4,730,197 |
| Investment Income | 8,891 | 6,542 | 3,096 | | | | | | | | | | 18,530 |
| Other Income | - | - | - | | | | | | | | | | - |
| Total Receipts | 3,549,901 | 1,208,242 | 2,715,001 | | | | | | | | | | 7,473,144 |
| Refunds | | | | | | | | | | | | | |
| Assessment Refunds | 206,723 | - | - | | | | | | | | | | 206,723 |
| Premium Refunds | - | 40,799 | 5,060 | | | | | | | | | | 45,859 |
| Total Refunds | 206,723 | 40,799 | 5,060 | | | | | | | | | | 252,582 |
| Expenses | | | | | | | | | | | | | |
| Medical Claims | 2,090,275 | 1,348,201 | 1,886,035 | | | | | | | | | | 5,324,512 |
| Pharmacy Claims | 1,648,545 | 831,353 | 871,893 | | | | | | | | | | 3,351,791 |
| Fixed (PMPM) Admin | 81,954 | 80,839 | 83,407 | | | | | | | | | | 246,201 |
| Variable Admin | 8,936 | 6,586 | 11,619 | | | | | | | | | | 27,141 |
| Salary and Benefits | 18,406 | 40,760 | 32,274 | | | | | | | | | | 91,441 |
| Prescription Admin | 1,024 | 1,003 | 867 | | | | | | | | | | 2,894 |
| Miscellaneous | 3,217 | 7,662 | 4,155 | | | | | | | | | | 15,034 |
| Professional Fees | 11,089 | 8,047 | 9,337 | | | | | | | | | | 28,474 |
| Total Expense | 3,863,446 | 2,324,453 | 2,899,588 | | | | | | | | | | 9,087,487 |
| Available Cash Balance | 5,556,104 | 4,399,095 | 4,209,448 | 4,209,448 | 4,209,448 | 4,209,448 | 4,209,448 | 4,209,448 | 4,209,448 | 4,209,448 | 4,209,448 | 4,209,448 | |
| Inc(Dec) in Abandoned Property Reserve | | | | | | | | | | | | | |
| Month Ending Cash Balance | \$ 5,556,104 | \$ 4,399,095 | \$ 4,209,448 | \$ 4,209,448 | \$ 4,209,448 | \$ 4,209,448 | \$ 4,209,448 | \$ 4,209,448 | \$ 4,209,448 | \$ 4,209,448 | \$ 4,209,448 | \$ 4,209,448 | |

**Washington State Health Insurance Pool
2020 Budgeted Cashflow**

| Variance to Budget | JANUARY | FEBRUARY | MARCH | APRIL | MAY | JUNE | JULY | AUGUST | SEPTEMBER | OCTOBER | NOVEMBER | DECEMBER | TOTAL YTD |
|-----------------------------------------------|------------------|------------------|------------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|-----------------|-----------------|------------------|
| <i>Favorable/(Unfavorable)</i> | | | | | | | | | | | | | |
| Enrollment Count | (62) | (60) | (74) | (1,356) | (1,357) | (1,358) | (1,359) | (1,360) | (1,361) | (1,362) | (1,363) | (1,364) | (12,436) |
| Receipts | | | | | | | | | | | | | |
| Premium Receipts | 585,096 | (254,752) | 122,784 | | | | | | | | | | 453,128 |
| Grant Revenue | - | - | - | | | | | | | | | | - |
| Pharmacy Rebate Income | - | (29,521) | - | | | | | | | | | | (29,521) |
| Claim Refunds Receipts | (35,876) | (27,159) | (28,895) | | | | | | | | | | (91,930) |
| Assessment Receipts | (1,044,240) | 636,845 | 1,859,010 | | | | | | | | | | 1,451,615 |
| Investment Income | 8,791 | 6,442 | 2,996 | | | | | | | | | | 18,230 |
| Other Income | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Receipts | (486,230) | 331,856 | 1,955,895 | | | | | | | | | | 1,801,522 |
| Refunds | | | | | | | | | | | | | |
| Assessment Refunds | (206,723) | - | - | - | - | - | - | - | - | - | - | - | (206,723) |
| Premium Refunds | 18,037 | (22,715) | 13,074 | | | | | | | | | | 8,396 |
| Total Refunds | (188,686) | (22,715) | 13,074 | | | | | | | | | | (198,327) |
| Expenses | | | | | | | | | | | | | |
| Medical Claims | 24,898 | 587,930 | 94,641 | | | | | | | | | | 707,470 |
| Pharmacy Claims | (784,956) | (164,985) | (203,949) | | | | | | | | | | (1,153,889) |
| Fixed (PMPM) Admin | (8,494) | (8,522) | (11,060) | | | | | | | | | | (28,077) |
| Variable Admin | (224) | 1,532 | 3,004 | | | | | | | | | | 4,312 |
| Salary and Benefits | 29,400 | (8,546) | (60) | | | | | | | | | | 20,794 |
| Prescription Admin | 711 | 732 | 870 | | | | | | | | | | 2,312 |
| Miscellaneous | 5,308 | (2,012) | 5,020 | | | | | | | | | | 8,316 |
| Professional Fees | 11,419 | 14,461 | 33,871 | | | | | | | | | | 59,751 |
| Total Expense | (721,937) | 420,589 | (77,663) | | | | | | | | | | (379,011) |
| Available Cash Balance | (906,375) | (176,644) | 1,714,662 | | | | | | | | | | |
| Inc(Dec) in Abandoned Property Reserve | | | | | | | | | | | | | |
| Month Ending Cash Balance | (906,375) | (176,644) | 1,714,662 | - | - | - | - | - | - | - | - | - | - |

2020 Budgeted Cashflow Notes

- (1) Assumes a Non-medicare medical claim expense trend of 8%. Assumes a Medicare medical claim expense trend of 6%.
- (2) Assumes a Non-medicare pharmacy claim expense trend of 8%. Assumes a Medicare pharmacy claim expense trend of 1%.
- (3) Assumes a Non-medicare premium rate trended at a 41.4% decrease. Assumes a Medicare premium rate increase of 5%.
- (4) Non-medicare enrollment projected to decrease by 2 members per month. Medicare enrollment projected to increase by 3 members per month.
- (5) Assumes assessments in March (\$8.5 M), July (\$9.0 M) and November (\$7.0 M) TOTAL \$24.5 M
- (6) 4-Week expense allowance is \$2.7 M based upon the projected data for the 12-month period ending in Dec of 2020.
- (7) WSHIP has access to a \$5 M line of credit in the event cash on hand is exhausted.

Washington State Health Insurance Pool
2020 Medicare vs. Non-Medicare Cash Flow

| | January | February | March | April | May | June | July | August | September | October | November | December | YTD | Historical Annual | | | |
|---------------------------------------|-------------|-------------|-------------|-------|-----|------|------|--------|-----------|---------|----------|----------|-----|-------------------|-------|-------|-------|
| | | | | | | | | | | | | | | 2019 | 2018 | 2017 | |
| Medicare | | | | | | | | | | | | | | | | | |
| Enrollment Count | 1,087 | 1,091 | 1,079 | | | | | | | | | | | 3,257 | | | |
| Premiums | 717,403 | 407,849 | 366,197 | | | | | | | | | | | 1,491,449 | | | |
| Medical Claims | 1,063,236 | 907,653 | 919,558 | | | | | | | | | | | 2,890,447 | | | |
| RX Claims | 124,309 | 87,038 | 83,490 | | | | | | | | | | | 294,837 | | | |
| Total Claims | 1,187,545 | 994,691 | 1,003,048 | - | - | - | - | - | - | - | - | - | - | 3,185,283 | | | |
| Income/Loss | (470,141) | (586,842) | (636,851) | - | - | - | - | - | - | - | - | - | - | (1,693,834) | | | |
| Loss Ratio | 166% | 244% | 274% | | | | | | | | | | | 214% | 219% | 191% | 201% |
| Claims PMPM | 1,092 | 912 | 930 | | | | | | | | | | | 978 | 846 | 815 | 792 |
| Non Medicare | | | | | | | | | | | | | | | | | |
| Enrollment Count | 204 | 203 | 202 | | | | | | | | | | | 609 | | | |
| Premiums | 589,184 | 60,771 | 481,921 | | | | | | | | | | | 1,131,876 | | | |
| Medical Claims | 1,027,039 | 440,548 | 966,477 | | | | | | | | | | | 2,434,065 | | | |
| RX Claims | 1,524,236 | 744,315 | 788,403 | | | | | | | | | | | 3,056,954 | | | |
| Total Claims | 2,551,275 | 1,184,864 | 1,754,880 | - | - | - | - | - | - | - | - | - | - | 5,491,019 | | | |
| Income/Loss | (1,962,091) | (1,124,093) | (1,272,960) | - | - | - | - | - | - | - | - | - | - | (4,359,144) | | | |
| Loss Ratio | 433% | 1950% | 364% | | | | | | | | | | | 485% | 471% | 350% | 434% |
| Claims PMPM | 12,506 | 5,837 | 8,688 | | | | | | | | | | | 9,016 | 7,398 | 7,047 | 6,340 |
| Combined Medicare/Non Medicare | | | | | | | | | | | | | | | | | |
| Enrollment Count | 1,291 | 1,294 | 1,281 | - | - | - | - | - | - | - | - | - | - | 3,866 | | | |
| Premiums | 1,306,587 | 468,620 | 848,118 | - | - | - | - | - | - | - | - | - | - | 2,623,325 | | | |
| Medical Claims | 2,090,275 | 1,348,201 | 1,886,035 | - | - | - | - | - | - | - | - | - | - | 5,324,514 | | | |
| RX Claims | 1,648,545 | 831,353 | 871,893 | - | - | - | - | - | - | - | - | - | - | 3,351,791 | | | |
| Total Claims | 3,738,820 | 2,179,554 | 2,757,929 | - | - | - | - | - | - | - | - | - | - | 8,676,305 | | | |
| Income/Loss | (2,432,233) | (1,710,934) | (1,909,811) | - | - | - | - | - | - | - | - | - | - | (6,052,980) | | | |
| Loss Ratio | 286% | 465% | 325% | | | | | | | | | | | 331% | 351% | 285% | 333% |
| Claims PMPM | 2,896 | 1,684 | 2,153 | | | | | | | | | | | 2,244 | 2,250 | 2,277 | 2,235 |

Medicare vs NonMedicare Notes:

1) Premiums, Medical Claims and RX Claims are cash basis figures.

**Washington State Health Insurance Pool
2020 Cash Flow Forecast**

Forecast - Updated 2/28/20

| | Actual | | | Forecast | | | | | | | | | | TOTAL |
|----------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|-------|
| | JANUARY | FEBRUARY | MARCH | APRIL | MAY | JUNE | JULY | AUGUST | SEPTEMBER | OCTOBER | NOVEMBER | DECEMBER | | |
| Enrollment: | | | | | | | | | | | | | | |
| Non-Medicare Enrollment | 204 | 203 | 202 | 210 | 208 | 206 | 204 | 202 | 200 | 198 | 196 | 194 | 2,427 | |
| Medicare Enrollment | 1,087 | 1,091 | 1,079 | 1,165 | 1,169 | 1,173 | 1,177 | 1,181 | 1,185 | 1,189 | 1,193 | 1,197 | 13,886 | |
| Total Enrollment Count | 1,291 | 1,294 | 1,281 | 1,375 | 1,377 | 1,379 | 1,381 | 1,383 | 1,385 | 1,387 | 1,389 | 1,391 | 16,313 | |
| Cash Balance | | | | | | | | | | | | | | |
| BEGINNING OF MONTH | 6,076,373 | 5,556,104 | 4,399,095 | 4,209,448 | 6,544,406 | 8,832,683 | 6,848,076 | 4,809,337 | 9,960,482 | 8,578,648 | 7,110,152 | 5,175,956 | | |
| Receipts | | | | | | | | | | | | | | |
| Premium Receipts | 1,306,587 | 468,620 | 848,118 | 840,543 | 708,545 | 706,939 | 705,332 | 703,726 | 702,120 | 700,514 | 698,907 | 697,301 | 9,087,251 | |
| Grant Revenue | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Pharmacy Rebate Income | - | 90,479 | - | - | 120,000 | - | - | 120,000 | - | - | 120,000 | - | 450,479 | |
| Claim Refunds Receipts | 82 | 5,755 | 4,777 | 32,189 | 33,499 | 32,505 | 33,804 | 36,408 | 37,221 | 39,751 | 38,113 | 37,250 | 331,352 | |
| Assessment Receipts | 2,234,341 | 636,845 | 1,859,010 | 3,802,290 | 4,838,700 | - | - | 7,200,000 | 900,000 | 900,000 | - | 5,600,000 | 27,971,187 | |
| Investment Income | 8,891 | 6,542 | 3,096 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 19,430 | |
| Other Income | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Total Receipts | 3,549,901 | 1,208,242 | 2,715,001 | 4,675,122 | 5,700,844 | 739,543 | 739,236 | 8,060,234 | 1,639,441 | 1,640,364 | 857,121 | 6,334,651 | 37,859,700 | |
| Refunds | | | | | | | | | | | | | | |
| Assessment Refunds | 206,723 | - | - | - | - | - | - | - | - | - | - | - | 206,723 | |
| Premium Refunds | - | 40,799 | 5,060 | 18,184 | 18,238 | 18,293 | 18,351 | 18,410 | 18,472 | 18,536 | 18,602 | 18,671 | 211,616 | |
| Total Refunds | 206,723 | 40,799 | 5,060 | 18,184 | 18,238 | 18,293 | 18,351 | 18,410 | 18,472 | 18,536 | 18,602 | 18,671 | 418,339 | |
| Expenses | | | | | | | | | | | | | | |
| Medical Claim Expense | 2,090,275 | 1,348,201 | 1,886,035 | 1,491,160 | 2,530,942 | 1,849,038 | 1,889,007 | 2,025,483 | 2,126,893 | 2,229,066 | 1,935,588 | 1,974,185 | 23,375,874 | |
| Pharmacy Claim Expense | 1,648,545 | 831,353 | 871,893 | 678,704 | 717,860 | 720,982 | 725,179 | 707,978 | 725,948 | 713,787 | 688,243 | 721,082 | 9,751,555 | |
| PMPM Administrative Expense | 81,954 | 80,839 | 83,407 | 72,377 | 72,407 | 72,437 | 72,466 | 72,496 | 72,526 | 72,556 | 72,585 | 72,615 | 898,666 | |
| Variable Administrative Expense | 8,936 | 6,586 | 11,619 | 9,129 | 8,135 | 8,140 | 8,146 | 8,151 | 9,157 | 8,162 | 16,668 | 8,173 | 110,998 | |
| Salary and Benefits Expense | 18,406 | 40,760 | 32,274 | 32,214 | 32,214 | 32,214 | 32,354 | 32,354 | 32,354 | 32,354 | 32,354 | 32,354 | 382,207 | |
| Prescription Administrative Expense | 1,024 | 1,003 | 867 | 1,737 | 1,738 | 1,739 | 1,740 | 1,740 | 1,741 | 1,742 | 1,743 | 1,744 | 18,557 | |
| Miscellaneous Expense | 3,217 | 7,662 | 4,155 | 5,650 | 8,525 | 6,300 | 5,725 | 24,968 | 9,175 | 15,650 | 8,525 | 22,541 | 122,093 | |
| Professional Fees | 11,089 | 8,047 | 9,337 | 31,008 | 22,508 | 15,008 | 25,008 | 17,508 | 25,008 | 17,008 | 17,008 | 25,008 | 223,549 | |
| Total Expense | 3,863,446 | 2,324,453 | 2,899,588 | 2,321,979 | 3,394,329 | 2,705,858 | 2,759,625 | 2,890,679 | 3,002,802 | 3,090,325 | 2,772,714 | 2,857,703 | 34,883,499 | |
| Available Cash Balance | 5,556,104 | 4,399,095 | 4,209,448 | 6,544,406 | 8,832,683 | 6,848,076 | 4,809,337 | 9,960,482 | 8,578,648 | 7,110,152 | 5,175,956 | 8,634,233 | | |
| Inc(Dec) in Abandoned Property Reserve | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Month Ending Cash Balance | 5,556,104 | 4,399,095 | 4,209,448 | 6,544,406 | 8,832,683 | 6,848,076 | 4,809,337 | 9,960,482 | 8,578,648 | 7,110,152 | 5,175,956 | 8,634,233 | | |

2020 Cashflow Forecast Notes

- (1) Assumes a Non-medicare medical claim expense trend of 8%. Assumes a Medicare medical claim expense trend of 6%.
- (2) Assumes a Non-medicare pharmacy claim expense trend of 8%. Assumes a Medicare pharmacy claim expense trend of 1%.
- (3) Assumes a Non-medicare premium rate trended at a 41.4% decrease. Assumes a Medicare premium rate increase of 5%.
- (4) Non-medicare enrollment projected to decrease by 2 members per month. Medicare enrollment projected to increase by 3 members per month.
- (5) Assumes assessments in March (\$10.5 M), July (\$9.0 M) and November (\$7.0 M) TOTAL \$26.5 M
- (6) 4-Week expense allowance is \$2.7 M based upon the projected data for the 12-month period ending in Dec of 2020.
- (7) WSHIP has access to a \$5 M line of credit in the event cash on hand is exhausted.

**Washington State Health Insurance Pool
2020 Administrative Expense
Budget Variance Analysis**

| Budget | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total |
|----------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
| Member Months: (1) | | | | | | | | | | | | | |
| Non-Medicare | 297 | 295 | 293 | 291 | 289 | 287 | 285 | 283 | 281 | 279 | 277 | 275 | 3,432 |
| Medicare Basic | 900 | 904 | 908 | 912 | 916 | 920 | 924 | 928 | 932 | 936 | 940 | 944 | 11,063 |
| Medicare Basic Plus | 156 | 154 | 152 | 150 | 148 | 146 | 144 | 142 | 140 | 138 | 136 | 134 | 1,741 |
| Total Membership | 1,353 | 1,353 | 1,353 | 1,353 | 1,353 | 1,353 | 1,353 | 1,353 | 1,353 | 1,353 | 1,353 | 1,353 | 16,236 |
| PMPM Administrative Expense (2) | 73,460 | 72,317 | 72,347 | 72,377 | 72,407 | 72,437 | 72,466 | 72,496 | 72,526 | 72,556 | 72,585 | 72,615 | 870,589 |
| Variable Administrative Expense (3) | 8,713 | 8,118 | 14,624 | 9,129 | 8,135 | 8,140 | 8,146 | 8,151 | 9,157 | 8,162 | 16,668 | 8,173 | 115,310 |
| Salary and Benefits Expense (4) | 47,806 | 32,214 | 32,214 | 32,214 | 32,214 | 32,214 | 32,354 | 32,354 | 32,354 | 32,354 | 32,354 | 32,354 | 403,001 |
| RX Benefit Management Fees | 1,734 | 1,735 | 1,736 | 1,737 | 1,738 | 1,739 | 1,740 | 1,740 | 1,741 | 1,742 | 1,743 | 1,744 | 20,870 |
| Miscellaneous Expense (5) | 8,525 | 5,650 | 9,175 | 5,650 | 8,525 | 6,300 | 5,725 | 24,968 | 9,175 | 15,650 | 8,525 | 22,541 | 130,409 |
| Professional Fees (6) | 22,508 | 22,508 | 43,208 | 31,008 | 22,508 | 15,008 | 25,008 | 17,508 | 25,008 | 17,008 | 17,008 | 25,008 | 283,300 |
| Total Budget Operating Expenses | \$162,747 | \$142,542 | \$173,304 | \$152,115 | \$145,527 | \$135,838 | \$145,438 | \$157,217 | \$149,961 | \$147,472 | \$148,883 | \$162,435 | \$1,823,479 |

| Actual | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD Total |
|----------------------------------------|------------------|------------------|------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------------|
| Member Months: (1) | | | | | | | | | | | | | |
| Non-Medicare | 204 | 203 | 202 | | | | | | | | | | 609 |
| Medicare Basic | 902 | 888 | 866 | | | | | | | | | | 2,656 |
| Medicare Basic Plus | 139 | 139 | 138 | | | | | | | | | | |
| Medical Supplement | 46 | 64 | 75 | | | | | | | | | | 185 |
| Total Membership | 1,291 | 1,294 | 1,281 | - | - | - | - | - | - | - | - | - | 3,866 |
| PMPM Administrative Expense (2) | 81,954 | 80,839 | 83,407 | | | | | | | | | | \$246,201 |
| Variable Administrative Expense (3) | 8,936 | 6,586 | 11,619 | | | | | | | | | | \$27,141 |
| Salary and Benefits Expense (4) | 18,406 | 40,760 | 32,274 | | | | | | | | | | \$91,441 |
| RX Benefit Management Fees | 1,024 | 1,003 | 867 | | | | | | | | | | \$2,894 |
| Miscellaneous Expense (5) | 3,217 | 7,662 | 4,155 | | | | | | | | | | \$15,034 |
| Professional Fees (6) | 11,089 | 8,047 | 9,337 | | | | | | | | | | \$28,474 |
| Total Actual Operating Expenses | \$124,627 | \$144,898 | \$141,659 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$411,184 |

| Variance | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD Total |
|-------------------------------------|-------------------|----------------|-------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------------|
| Member Months: (1) | | | | | | | | | | | | | |
| Non-Medicare | (93) | (92) | (91) | | | | | | | | | | (276) |
| Medicare Basic | 2 | (16) | (42) | | | | | | | | | | (56) |
| Medicare Basic Plus | (17) | (15) | (14) | | | | | | | | | | |
| Medical Supplement | 46 | 64 | 75 | | | | | | | | | | 185 |
| Total Membership | (62) | (59) | (72) | - | - | - | - | - | - | - | - | - | (193) |
| PMPM Administrative Expense (2) | 8,494 | 8,522 | 11,060 | | | | | | | | | | \$28,077 |
| Variable Administrative Expense (3) | 224 | (1,532) | (3,004) | | | | | | | | | | (\$4,312) |
| Salary and Benefits Expense (4) | (29,400) | 8,546 | 60 | | | | | | | | | | (\$20,794) |
| RX Benefit Management Fees | (711) | (732) | (870) | | | | | | | | | | (\$2,312) |
| Miscellaneous Expense (5) | (5,308) | 2,012 | (5,020) | | | | | | | | | | (\$8,316) |
| Professional Fees (6) | (11,419) | (14,461) | (33,871) | | | | | | | | | | (\$59,751) |
| Total Variance Expenses | (\$38,120) | \$2,356 | (\$31,645) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | (\$67,409) |

**Washington State Health Insurance Pool
2020 Financial Performance**

| CASH BASIS | Month Ending March 31, 2020 | | | |
|--------------------------------------------------|-----------------------------|---------------|-------------|----------|
| | Projected | Actual | Variance | % Change |
| Membership | 1,355 | 1,281 | (74) | -5.5% |
| Avg Premium Receipt PMPM | \$522 | \$658 | \$136 | 26.1% |
| Avg Medical Claim Expense PMPM | \$1,437 | \$1,469 | (\$32) | 2.2% |
| Avg Pharmacy Claim Expense PMPM | \$493 | \$681 | (\$188) | 38.1% |
| Avg Premium Receipt Less Avg Claim Expense PMPM | (\$1,408) | (\$1,492) | (\$84) | -6.0% |
| Avg Premium Receipt Less Avg Claim Expense Total | (\$1,907,840) | (\$1,911,252) | (\$3,412) | -0.2% |
| Variance Due to Changes in Membership | | | \$110,408 | |
| Variance Due to Changes in Claim Expenses | | | (\$113,820) | |

| CASH BASIS | Year-To-Date March 31, 2020 | | | |
|--------------------------------------------------|-----------------------------|---------------|-------------|----------|
| | Projected | Actual | Variance | % Change |
| Member Months | 4,062 | 3,866 | (196) | -4.8% |
| Avg Premium Receipt PMPM | \$521 | \$667 | \$146 | 28.0% |
| Avg Medical Claim Expense PMPM | \$1,460 | \$1,375 | (\$85) | -5.8% |
| Avg Pharmacy Claim Expense PMPM | \$541 | \$867 | \$326 | 60.3% |
| Avg Premium Receipt Less Avg Claim Expense PMPM | (\$1,480) | (\$1,575) | (\$95) | -6.4% |
| Avg Premium Receipt Less Avg Claim Expense Total | (\$6,011,760) | (\$6,088,950) | (\$77,190) | -1.3% |
| Variance Due to Changes in Membership | | | \$308,700 | |
| Variance Due to Changes in Claim Expenses | | | (\$385,890) | |

| INCURRED BASIS | Year-To-Date March 31, 2020 | Year-To-Date March 31, 2019 |
|--------------------------------------------------|-----------------------------|-----------------------------|
| | Actual | Actual - Prior Year |
| Member Months | 3,866 | 4,160 |
| Avg Premium Income PMPM | \$561 | \$740 |
| Avg Medical Claim Expense PMPM (1) | \$1,465 | \$1,440 |
| Avg Pharmacy Claim Expense PMPM (2) | \$738 | \$706 |
| Avg Premium Receipt Less Avg Claim Expense PMPM | (\$1,642) | (\$1,406) |
| Avg Premium Receipt Less Avg Claim Expense Total | (\$6,347,972) | (\$5,848,960) |

(1) Incurred medical claims data totals \$5,664,388 which is derived from \$2,318,388 actual paid claims with dates of service between 01-01-20 and 03-31-20 and \$3,346,000 IBNR reserve.

(2) Incurred pharmacy claims data totals \$2,854,683 which is derived from \$2,594,683 actual paid claims with dates of service between 01-01-20 and 03-31-20 and \$260,000 IBNR reserve.