

**Washington State Health Insurance Pool  
Treasurer's Report  
May 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 June 30, 2016, the entire \$12.0 M has been collected, thus closing out this assessment.

2. 2016 Interim II Assessment Required

In July 2016, an assessment of \$12.5 M is required to adequately fund the pool until the next scheduled assessment in November 2016. This assessment was approved by the Board of Directors at the May 11<sup>th</sup>, 2016 meeting with the invoices to be generated and sent in July 2016.

3. Financial Statements – May 2016

Balance Sheet

Cash on hand increased by \$291 K or 3.5% from April 2016 to May 2016. The current cash position is \$8.5 M which is well above our current three week expense allowance of \$2.7 M. As of the end of May 2016, the entire \$8.5 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 May 2016 is \$4.6 M. This is a decrease of \$449 K or 8.9% from the prior month. Medical IBNR decreased \$418 K or 9.2% and pharmacy IBNR decreased \$31 K or 6.2% from April 2016.

As of May 2016, the equity position of WSHIP is a positive \$4.0 M.

Income Statement

Total member months for May 2016 YTD are lower by 785 member months or 9.6% lower than May 2015 YTD. Member months are measured as the cumulative monthly member count (PMPM) over a period of time. The total incurred claim loss for May 2016 YTD is \$2.0 M or 10.6% lower than May 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

May 2016 YTD, the medical claims portion is \$1.8 M or 14.5% lower than May 2015 YTD, and the pharmacy claims portion is \$225 K or 3.4% lower than May 2015 YTD.

May 2016 YTD administrative expenses are \$120 K or 13.6% lower than the administrative expenses for May 2015 YTD. The ratio of administrative expenses as a percentage of total cost is 4.4% for May 2016 YTD as compared to 4.5 % in May YTD of the prior year. Total cost is calculated as total incurred claim loss less pharmacy rebates plus administrative expenses.

#### 4. Budgeted Cash Flow – May 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 \$8.5 M is \$949 K higher than the budgeted cash balance of \$7.6 M. Total net cash receipts for May 2016 YTD are \$632 K or 4.3% unfavorable to budget. This is primarily due to the timing of assessment receipts. Total YTD expenses are \$1.6 M or 7.8% favorable to budget. The YTD administrative expenses are \$16 K or 1.9% favorable to budget. Total YTD medical claims expense is \$1.4 M or 11.2% favorable to budget; while total YTD pharmacy claims expense is \$6.6 K or 2.0% 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 May 2016. For June 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 May 2016, YTD administrative expenses are \$16 K or 1.9% favorable to budget (cash basis).

## 7. Financial Performance

May 2016 YTD member months are 312 member months or 4% lower than projected in the original budget. Through May 2016, average premium receipt PMPM is 1% higher than anticipated. Average medical claims expense PMPM is 9% lower than anticipated and average pharmacy claims expense PMPM is 2% higher than anticipated.

On an incurred basis, the average medical claims expense PMPM is \$1,597 as compared to \$1,496 on a cash basis. Also on an incurred basis, the average pharmacy claims expense PMPM is \$862 as compared to \$879 on a cash basis.

# WASHINGTON STATE HEALTH INSURANCE POOL

## Unaudited Balance Sheet as of May 31

Total Enrollment: 1,432

	<u>2016</u>	<u>2015</u>
<b>Assets:</b>		
Cash	\$ 8,508,864	\$ 9,544,237
Premiums Receivable	90,893	57,273
Assessments Receivable	1,299,255	406,236
Grants Receivable	-	383,946
Prepaid Expense	-	-
<b>Total Assets</b>	<u>\$ 9,899,012</u>	<u>\$ 10,391,692</u>
 <b>Liabilities and Unassigned Surplus:</b>		
Reserve for Unpaid Losses - Medical	\$ 4,101,000	\$ 4,919,000
Reserve for Unpaid Losses - Pharmacy	469,000	1,054,000
Accrued Loss Adjustment	356,000	299,000
Premiums Received in Advance	797,107	1,009,079
Assessments Payable	-	-
Accrued Expenses	149,829	151,909
Abandoned Claim Reserve	69,163	18,303
<b>Total Liabilities</b>	<u>\$ 5,942,099</u>	<u>\$ 7,451,291</u>
<b>Unassigned Surplus</b>	3,956,913	2,940,402
<b>Total Liabilities and Unassigned Surplus</b>	<u>\$ 9,899,012</u>	<u>\$ 10,391,692</u>

# WASHINGTON STATE HEALTH INSURANCE POOL

## Unaudited Statement of Operations January 1 to May 31

	<u>2016</u>	<u>2015</u>
Total Member Months	7,354	8,139
<b>Premium Income Earned</b>	\$ 4,681,683	\$ 4,785,432
<b>Pharmacy Rebate Income</b>	242,993	89,099
<b>Grant Income</b>	-	-
<b>Incurred Claim Loss - Medical</b>	10,377,994	12,140,039
<b>Incurred Claim Loss - Pharmacy</b>	6,407,215	6,631,740
<b>Total Incurred Claim Loss</b>	<u>16,785,209</u>	<u>18,771,779</u>
<b>Operating Expenses:</b>		
Fixed (PMPM) Administrative Expense	\$ 413,812	\$ 397,530
Variable Administrative Expense	83,099	84,734
Salary and Benefit Expense	147,310	285,005
Prescription Administrative Expense	9,400	10,700
Miscellaneous Expense	35,720	32,800
Professional Fee Expense	68,960	67,354
<b>Total Operating Expenses</b>	<u>\$ 758,301</u>	<u>\$ 878,123</u>
<b>Underwriting Gain (Loss)</b>	(12,618,835)	(14,775,370)
<b>Investment Income</b>	7,836	490
<b>Other Income</b>	26,489	846
<b>Changes to Unassigned Surplus</b>	<u>\$ (12,584,510)</u>	<u>\$ (14,774,034)</u>

# WASHINGTON STATE HEALTH INSURANCE POOL

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

	<u>2016</u>	<u>2015</u>
Unassigned Surplus at Beginning of Year	\$ 6,187,923	\$ 8,214,435
Changes to Unassigned Surplus	(12,584,510)	(14,774,034)
Member Assessments	10,353,500	9,500,000
<b>Unassigned Surplus</b>	<u>\$ 3,956,913</u>	<u>\$ 2,940,402</u>

**WSHIP 2016  
Budgeted Cashflow**

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	May 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	7,666	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	4,429,196	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	246,850	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	14,921,579	40,721,579
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	500	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>19,789,766</b>	<b>53,615,569</b>
<b>Refunds</b>														
Assessment Refunds	-	3,255,852	-	1,700,000	-	-	-	-	-	-	-	-	4,955,852	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	108,285	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>5,064,137</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	12,895,260	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	6,601,638	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	403,677	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	102,050	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	172,361	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	11,987	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	42,800	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	122,800	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>20,352,574</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	1,473	1,432								7,354
<b>Cash Balance</b>													
<b>BEGINNING OF MONTH</b>	13,186,859	14,216,707	8,224,318	6,288,149	8,217,724								
<b>Receipts</b>													
Premium Receipts	1,142,274	405,402	1,804,194	644,606	303,806								4,300,282
Grant Revenue	96,347	45,294	-	-	-								141,641
Pharmacy Rebate Income	-	169,882	-	-	73,111								242,993
Claim Refunds Receipts	37,298	23,469	14,128	22,193	351,014								448,102
Assessment Receipts	3,208,332	13,247	-	5,784,636	4,916,109								13,922,324
Investment Income	1,819	1,695	1,265	1,134	1,924								7,836
Other Income	24	-	-	10,000	16,465								26,489
<b>Total Receipts</b>	<b>4,486,094</b>	<b>658,989</b>	<b>1,819,587</b>	<b>6,462,569</b>	<b>5,662,429</b>								<b>19,089,668</b>
<b>Refunds</b>													
Assessment Refunds	-	3,255,852	-	-	1,646,500								4,902,352
Premium Refunds	25,734	22,852	15,493	19,077	10,126								93,282
<b>Total Refunds</b>	<b>25,734</b>	<b>3,278,704</b>	<b>15,493</b>	<b>19,077</b>	<b>1,656,626</b>								<b>4,995,634</b>
<b>Expenses</b>													
Medical Claims	2,057,865	2,117,545	2,421,785	2,472,985	2,380,680								11,450,861
Pharmacy Claims	1,136,882	1,095,730	1,173,497	1,868,346	1,192,996								6,467,451
Fixed (PMPM) Admin	162,313	81,491	83,015	84,621	80,288								491,728
Variable Admin	21,981	13,442	15,054	27,781	14,023								92,280
Salary and Benefits	28,691	34,762	28,655	28,649	28,645								149,403
Prescription Admin	3,775	1,898	1,909	1,392	2,333								11,306
Miscellaneous	5,002	6,414	6,099	5,528	4,966								28,009
Professional Fees	14,004	21,392	9,851	10,135	11,692								67,073
<b>Total Expense</b>	<b>3,430,513</b>	<b>3,372,674</b>	<b>3,739,863</b>	<b>4,499,436</b>	<b>3,715,624</b>								<b>18,758,111</b>
<b>Available Cash Balance</b>	<b>14,216,707</b>	<b>8,224,318</b>	<b>6,288,549</b>	<b>8,232,205</b>	<b>8,507,902</b>								
<b>Inc(Dec) in Abandoned Property Reserve</b>			(399)	(14,481)	962								
<b>Month Ending Cash Balance</b>	<b>\$ 14,216,707</b>	<b>\$ 8,224,318</b>	<b>\$ 6,288,149</b>	<b>\$ 8,217,724</b>	<b>\$ 8,508,864</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>	<b>JANUARY</b>	<b>FEBRUARY</b>	<b>MARCH</b>	<b>APRIL</b>	<b>MAY</b>	<b>JUNE</b>	<b>JULY</b>	<b>AUGUST</b>	<b>SEPTEMBER</b>	<b>OCTOBER</b>	<b>NOVEMBER</b>	<b>DECEMBER</b>	<b>TOTAL YTD</b>
Favorable/(Unfavorable)													
<b>Enrollment Count</b>	(26)	(71)	(70)	(55)	(90)								(312)
<b>Receipts</b>													
Premium Receipts	(24)	(12,315)	(73,135)	53,357	(96,797)								(128,914)
Grant Revenue	-	45,294	(45,294)	-	-								-
Pharmacy Rebate Income	-	169,882	(50,000)	-	73,111								192,993
Claim Refunds Receipts	(3,859)	(28,907)	(37,065)	(28,395)	299,477								201,252
Assessment Receipts	-	-	-	(4,615,364)	3,616,109								(999,255)
Investment Income	1,719	1,595	1,165	1,034	1,824								7,336
Other Income	24	-	-	10,000	16,465								26,489
<b>Total Receipts</b>	<b>(2,140)</b>	<b>175,549</b>	<b>(204,329)</b>	<b>(4,579,368)</b>	<b>3,910,190</b>								<b>(700,098)</b>
<b>Refunds</b>													
Assessment Refunds	-	-	-	1,700,000	(1,646,500)								53,500
Premium Refunds	2,823	(12,720)	30,044	(4,735)	(409)								15,003
<b>Total Refunds</b>	<b>2,823</b>	<b>(12,720)</b>	<b>30,044</b>	<b>1,695,265</b>	<b>(1,646,909)</b>								<b>68,503</b>
<b>Expenses</b>													
Medical Claims	552,721	501,233	137,880	56,421	196,146								1,444,400
Pharmacy Claims	259,010	183,232	136,521	(518,525)	73,949								134,187
Fixed (PMPM) Admin	(80,914)	(448)	(2,268)	(4,229)	(192)								(88,051)
Variable Admin	11,025	3,910	2,234	(10,547)	3,147								9,770
Salary and Benefits	14,166	(1,846)	3,541	3,547	3,551								22,959
Prescription Admin	(1,359)	510	488	997	46								682
Miscellaneous	3,298	(764)	8,801	122	3,334								14,791
Professional Fees	496	12,908	21,650	7,365	13,308								55,727
<b>Total Expense</b>	<b>758,441</b>	<b>698,734</b>	<b>308,848</b>	<b>(464,848)</b>	<b>293,288</b>								<b>1,594,463</b>
<b>Available Cash Balance</b>	<b>759,125</b>	<b>1,620,688</b>	<b>1,755,251</b>	<b>(1,594,100)</b>	<b>947,987</b>								
<b>Inc(Dec) in Abandoned</b>													
<b>Property Reserve</b>	-	-	(399)	(14,481)	962								
<b>Month Ending Cash Balance</b>	<b>759,125</b>	<b>1,620,688</b>	<b>1,754,852</b>	<b>(1,608,581)</b>	<b>948,949</b>								

- (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	435	434	427	422	417	413	408	404	399	5,104
Medicare Enrollment (Basic and Basic+)	1,055	1,026	1,023	1,038	998	1,040	1,040	1,040	1,040	1,040	1,040	1,040	12,420
<b>Total Enrollment Count</b>	<b>1,518</b>	<b>1,468</b>	<b>1,463</b>	<b>1,473</b>	<b>1,432</b>	<b>1,467</b>	<b>1,462</b>	<b>1,457</b>	<b>1,453</b>	<b>1,448</b>	<b>1,444</b>	<b>1,439</b>	<b>17,524</b>
<b>Cash Balance</b>													
<b>BEGINNING OF MONTH</b>	<b>13,186,859</b>	<b>14,216,707</b>	<b>8,224,318</b>	<b>6,288,149</b>	<b>8,217,724</b>	8,508,864	7,927,147	4,542,975	10,826,724	9,977,947	8,058,336	4,511,932	
<b>Receipts</b>													
Premium Receipts	1,142,274	405,402	1,804,194	644,606	303,806	1,735,412	623,113	378,227	1,675,143	612,147	349,951	1,757,183	11,431,459
Grant Revenue	96,347	45,294	-	-	-	-	-	-	-	-	-	-	141,641
Pharmacy Rebate Income	-	169,882	-	-	73,111	-	-	-	50,000	-	-	50,000	342,993
Claim Refunds Receipts	37,298	23,469	14,128	22,193	351,014	46,600	50,743	54,067	48,515	49,173	51,843	47,791	796,834
Assessment Receipts	3,208,332	13,247	-	5,784,636	4,916,109	1,299,255	-	10,000,000	1,250,000	1,250,000	-	8,000,000	35,721,579
Investment Income	1,819	1,695	1,265	1,134	1,924	100	100	100	100	100	100	100	8,536
Other Income	24	-	-	10,000	16,465	-	-	-	-	-	-	-	26,489
<b>Total Receipts</b>	<b>4,486,094</b>	<b>658,989</b>	<b>1,819,587</b>	<b>6,462,569</b>	<b>5,662,429</b>	3,081,367	673,956	10,432,394	3,023,758	1,911,420	401,894	9,855,074	48,469,531
<b>Refunds</b>													
Assessment Refunds	-	3,255,852	-	-	1,646,500	-	-	-	-	-	-	-	4,902,352
Premium Refunds	25,734	22,852	15,493	19,077	10,126	43,385	15,578	9,456	41,879	15,304	8,749	43,930	271,562
<b>Total Refunds</b>	<b>25,734</b>	<b>3,278,704</b>	<b>15,493</b>	<b>19,077</b>	<b>1,656,626</b>	43,385	15,578	9,456	41,879	15,304	8,749	43,930	<b>5,173,914</b>
<b>Expenses</b>													
Medical Claim Expense	2,057,865	2,117,545	2,421,785	2,472,985	2,380,680	2,330,025	2,537,159	2,703,345	2,425,738	2,458,637	2,592,135	2,389,535	28,887,435
Pharmacy Claim Expense	1,136,882	1,095,730	1,173,497	1,868,346	1,192,996	1,138,501	1,328,677	1,261,530	1,249,742	1,198,022	1,138,054	1,169,638	14,951,615
PMPM Administrative Expense	162,313	81,491	83,015	84,621	80,288	79,741	79,445	79,149	78,793	78,497	78,201	77,905	1,043,459
Variable Administrative Expense	21,981	13,442	15,054	27,781	14,023	17,116	19,562	16,998	16,944	16,891	24,837	16,782	221,410
Salary and Benefits Expense	28,691	34,762	28,655	28,649	28,645	32,196	32,196	32,196	32,196	32,196	32,196	32,378	374,958
Prescription Administrative Expense	3,775	1,898	1,909	1,392	2,333	2,370	2,361	2,351	2,343	2,334	2,326	2,317	27,708
Miscellaneous Expense	5,002	6,414	6,099	5,528	4,966	6,250	5,650	26,620	8,900	5,650	8,300	23,214	112,592
Professional Fees	14,004	21,392	9,851	10,135	11,692	13,500	37,500	17,000	16,000	23,500	63,500	19,500	257,573
<b>Total Expense</b>	<b>3,430,513</b>	<b>3,372,674</b>	<b>3,739,863</b>	<b>4,499,436</b>	<b>3,715,624</b>	3,619,699	4,042,551	4,139,189	3,830,656	3,815,727	3,939,549	3,731,269	<b>45,876,750</b>
<b>Available Cash Balance</b>	<b>14,216,707</b>	<b>8,224,318</b>	<b>6,288,549</b>	<b>8,232,205</b>	<b>8,507,902</b>	7,927,147	4,542,975	10,826,724	9,977,947	8,058,336	4,511,932	10,591,808	
Inc(Dec) in Abandoned Property Reserve	-	-	(399)	(14,481)	962	-	-	-	-	-	-	-	
<b>Month Ending Cash Balance</b>	<b>14,216,707</b>	<b>8,224,318</b>	<b>6,288,149</b>	<b>8,217,724</b>	<b>8,508,864</b>	7,927,147	4,542,975	10,826,724	9,977,947	8,058,336	4,511,932	10,591,808	

- (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	435	434								2,214
Medicare Basic	825	797	798	814	776								
Medicare Basic Plus	230	229	225	224	222								1,130
Total Membership	1,518	1,468	1,463	1,473	1,432	-	-	-	-	-	-	-	7,354
PMPM Administrative Expense (2)	162,313	81,491	83,015	84,621	80,288								\$491,727
Variable Administrative Expense (3)	21,981	13,442	15,054	27,781	14,023								\$92,280
Salary and Benefits Expense (4)	28,691	34,762	28,655	28,649	28,645								\$149,403
RX Benefit Management Fees	3,775	1,898	1,909	1,392	2,333								\$11,306
Miscellaneous Expense (5)	5,002	6,414	6,099	5,528	4,966								\$28,009
Professional Fees (6)	14,004	21,392	9,851	10,135	11,692.20								\$67,074
<b>Total Actual Operating Expenses</b>	<b>\$235,766</b>	<b>\$159,398</b>	<b>\$144,582</b>	<b>\$158,105</b>	<b>\$141,948</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$839,799</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)	(48)	(43)								(227)
Medicare Basic	17	(13)	(14)	-	(40)								(50)
Medicare Basic Plus	(7)	(6)	(8)	(7)	(7)								(35)
Total Membership	(26)	(71)	(70)	(55)	(90)	-	-	-	-	-	-	-	(312)
PMPM Administrative Expense (2)	(80,914)	(448)	(2,268)	(4,229)	(192)								(\$88,050)
Variable Administrative Expense (3)	11,025	3,910	2,234	(10,547)	3,147								\$9,770
Salary and Benefits Expense (4)	14,165	(1,846)	3,541	3,547	3,551								\$22,959
RX Benefit Management Fees	(1,359)	510	488	997	46								\$682
Miscellaneous Expense (5)	3,298	(764)	8,801	122	3,334								\$14,791
Professional Fees (6)	496	12,908	21,650	7,365	13,308								\$55,726
<b>Total Variance Expenses</b>	<b>(\$53,289)</b>	<b>\$14,270</b>	<b>\$34,447</b>	<b>(\$2,744)</b>	<b>\$23,193</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$15,877</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 May 31, 2016			
	Projected	Actual	Variance	% Change
Membership	1,522	1,432	(90)	-6%
Avg Premium Receipt PMPM	\$257	\$205	(\$52)	-20%
Avg Medical Claim Expense PMPM	\$1,659	\$1,417	\$242	15%
Avg Pharmacy Claim Expense PMPM	\$832	\$833	(\$1)	0%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$2,234)	(\$2,045)	\$189	8%
Avg Premium Receipt Less Avg Claim Expense Total	(\$3,400,148)	(\$2,928,440)	\$471,708	14%
Variance Due to Changes in Membership			\$184,050	
Variance Due to Changes in Claim Expenses			\$287,658	

CASH BASIS	Year-To-Date May 31, 2016			
	Projected	Actual	Variance	% Change
Member Months	7,666	7,354	(312)	-4%
Avg Premium Receipt PMPM	\$564	\$572	\$8	1%
Avg Medical Claim Expense PMPM	\$1,650	\$1,496	\$154	9%
Avg Pharmacy Claim Expense PMPM	\$861	\$879	(\$18)	-2%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,947)	(\$1,803)	\$144	7%
Avg Premium Receipt Less Avg Claim Expense Total	(\$14,925,702)	(\$13,259,262)	\$1,666,440	11%
Variance Due to Changes in Membership			\$562,536	
Variance Due to Changes in Claim Expenses			\$1,103,904	

INCURRED BASIS	Year-To-Date May 31, 2016	Year-To-Date May 31, 2015
	Actual	Actual - Prior Year
Member Months	7,354	8,139
Avg Premium Income PMPM	\$637	\$588
Avg Medical Claim Expense PMPM (1)	\$1,597	\$1,575
Avg Pharmacy Claim Expense PMPM (2)	\$862	\$870
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,822)	(\$1,857)
Avg Premium Receipt Less Avg Claim Expense Total	(\$13,398,988)	(\$15,114,123)

(1) Incurred medical claims data totals \$11,743,744 which is derived from \$7,837,744 actual paid claims with dates of service between 1-1-16 and 5-31-16 and \$3,906,000 IBNR reserve.

(2) Incurred pharmacy claims data totals \$6,342,468 which is derived from \$5,873,468 actual paid claims with dates of service between 1-1-16 and 5-31-16 and \$469,000 IBNR reserve.