

**Washington State Health Insurance Pool
Treasurer's Report
May 2017 Financial Review**

1. 2017 Interim I Assessment Required

An assessment of \$9.5 M was required to adequately fund the pool until the next scheduled assessment in July 2017. This assessment was approved by the Board of Directors and generated on March 27, 2017 with invoices due April 27, 2017 except for the carriers who have installment payment arrangements, at which point the invoices are due in total by June 27, 2017. As of June 30, 2017, \$8.8 M of assessments have been collected leaving \$688 K left to collect.

2. 2017 Interim II Assessment Required

An assessment of \$8.0 M was required to adequately fund the pool until the next scheduled assessment in November 2017. This assessment was approved by the Board of Directors on May 10, 2017 and invoices will be generated in July 2017.

3. Financial Statements – May 2017

Balance Sheet

Cash on hand decreased by \$274 K or 2.6% from April 2017 to May 2017. The current cash position is \$10.2 M which is well above our current 4-week expense allowance of \$3.3 M. As of the end of May 2017, the entire \$10.2 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 May 2017 is \$4.4 M. This is an increase of \$314 K or 7.6% from the prior month. Medical IBNR increased \$143 K or 3.9% and pharmacy IBNR increased \$171 K or 41.1% from April 2017.

As of May 2017, the equity position of WSHIP is a positive \$6.0 M.

Income Statement

Total member months for May 2017 YTD are lower by 38 member months or less than 1% lower than May 2016 YTD. Member months are measured as the cumulative monthly member count (PMPM) over a period of time. The total incurred claim loss for May 2017 YTD is \$1.4 M or 8.2% lower than May 2016 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 2017 YTD, the medical claims portion is \$829 K or 8.0% lower than May 2016 YTD, and the pharmacy claims portion is \$553 K or 8.6% lower than May 2016 YTD.

May 2017 YTD administrative expenses are \$47 K or 6.2% lower than the administrative expenses for May 2016 YTD. The ratio of administrative expenses as a percentage of total cost is 4.4% for May 2017 YTD as compared to 4.4% for 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 2017

The Budgeted Cash Flow document contains the budget (upper portion) as established in early 2017 and the actual (lower portion) cash flow results year-to-date.

The ending cash balance of \$10.2 M is \$2.6 M or 34.5% higher than the budgeted cash balance of \$7.6 M. Total net cash receipts for May 2017 YTD are \$739 K or 5.1% favorable to budget. Total YTD expenses are \$1.9 M or 10.0% favorable to budget. The YTD administrative expenses are \$87 K or 10.7% favorable to budget. Total YTD medical claims expense is \$1.1 M or 10.1% favorable to budget; while total YTD pharmacy claims expense is \$662 K or 9.7% favorable to budget.

5. Medicare vs. Non-Medicare Cash Flow – May 2017

As of May, the YTD Medicare member months total 5,359 and represent 73% of the combined WSHIP member months. The YTD Non-Medicare member months total 1,957 and account for 27% of the combined WSHIP member months. The YTD Medicare Loss Ratio is 188% while the YTD Non-Medicare Loss Ratio is 354%. On a cash basis, the YTD Claims PMPM is \$821 for Medicare members and \$5,921 for Non-Medicare members.

6. Cash Flow Forecast – 2017

The 2017 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 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 May 2017. For June 2017, 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 2017 forecast is projecting an assessment of \$29.0 M which is a \$4.0 M or 12.1% decrease from the 2016 assessment of \$33.0 M.

7. Administrative Expense Budget

For May 2017, YTD administrative expenses are \$87 K or 10.7% favorable to budget (cash basis).

8. Financial Performance

May 2017 YTD member months are 41 member months or 1% higher than projected in the original budget. Through May 2017, average premium receipt PMPM is 6% higher than anticipated, average medical claims expense PMPM is 12% lower than expected and average pharmacy claims expense PMPM is 10% lower than anticipated.

On an incurred basis, the average YTD medical claims expense PMPM is \$1,434 as compared to \$1,335 on a cash basis. Also on an incurred basis, the average YTD pharmacy claims expense PMPM is \$843 as compared to \$840 on a cash basis.

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Balance Sheet as of May 31

Total Enrollment: 1,448

	<u>2017</u>	<u>2016</u>
Assets:		
Cash	\$ 10,192,648	\$ 8,508,864
Premiums Receivable	73,012	90,893
Assessments Receivable	1,408,591	1,299,255
Grants Receivable	-	-
Prepaid Expense	-	-
Total Assets	<u>\$ 11,674,250</u>	<u>\$ 9,899,012</u>
 Liabilities and Unassigned Surplus:		
Reserve for Unpaid Losses - Medical	\$ 3,837,000	\$ 4,101,000
Reserve for Unpaid Losses - Pharmacy	587,000	469,000
Accrued Loss Adjustment	322,000	356,000
Premiums Received in Advance	764,668	797,107
Assessments Payable	-	-
Accrued Expenses	124,974	149,829
Abandoned Claim Reserve	19,897	69,163
Total Liabilities	<u>\$ 5,655,540</u>	<u>\$ 5,942,099</u>
Unassigned Surplus	6,018,710	3,956,913
Total Liabilities and Unassigned Surplus	<u>\$ 11,674,250</u>	<u>\$ 9,899,012</u>

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Statement of Operations January 1 to May 31

	<u>2017</u>	<u>2016</u>
Total Member Months	7,316	7,354
Premium Income Earned	\$ 5,301,615	\$ 4,681,683
Pharmacy Rebate Income	109,084	242,993
Grant Income	-	-
Incurred Claim Loss - Medical	9,548,759	10,377,994
Incurred Claim Loss - Pharmacy	5,854,216	6,407,215
Total Incurred Claim Loss	<u>15,402,975</u>	<u>16,785,209</u>
Operating Expenses:		
Fixed (PMPM) Administrative Expense	\$ 389,747	\$ 413,812
Variable Administrative Expense	60,642	83,099
Salary and Benefit Expense	143,379	147,310
Prescription Administrative Expense	11,847	9,400
Miscellaneous Expense	39,058	35,720
Professional Fee Expense	66,857	68,960
Total Operating Expenses	<u>\$ 711,531</u>	<u>\$ 758,301</u>
Underwriting Gain (Loss)	(10,703,807)	(12,618,835)
Investment Income	22,909	7,836
Other Income	-	26,489
Changes to Unassigned Surplus	<u>\$ (10,680,898)</u>	<u>\$ (12,584,510)</u>

WASHINGTON STATE HEALTH INSURANCE POOL

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

	<u>2017</u>	<u>2016</u>
Unassigned Surplus at Beginning of Year	\$ 6,062,256	\$ 6,187,923
Changes to Unassigned Surplus	(10,680,898)	(12,584,510)
Member Assessments	10,637,353	10,353,500
Unassigned Surplus	<u>\$ 6,018,710</u>	<u>\$ 3,956,913</u>

**WSHIP 2017
Budgeted Cashflow**

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	May YTD	TOTAL
Enrollment Count	1,453	1,454	1,455	1,456	1,457	1,458	1,459	1,460	1,461	1,462	1,463	1,464	7,275	17,502
Cash Balance														
BEGINNING OF MONTH	12,629,341	10,634,486	7,302,839	5,337,432	10,168,036	7,580,657	6,578,084	3,654,398	10,198,375	9,390,433	7,407,086	3,942,775		
Receipts														
Premium Receipts	2,039,141	428,310	1,906,142	681,030	320,973	1,833,069	877,574	319,369	1,830,387	733,166	465,502	441,788	5,375,596	11,876,450
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pharmacy Rebate Income	-	-	50,000	-	-	50,000	-	-	50,000	-	-	50,000	50,000	200,000
Claim Refunds Receipts	34,100	39,292	39,378	37,941	39,435	37,786	36,531	35,852	36,211	38,451	40,129	39,068	190,146	454,173
Assessment Receipts	70,838	139	-	8,000,000	1,000,000	1,000,000	-	10,000,000	1,250,000	1,250,000	-	10,000,000	9,070,977	32,570,977
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	500	1,200
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	2,144,179	467,840	1,995,621	8,719,071	1,360,508	2,920,955	914,205	10,355,321	3,166,698	2,021,717	505,731	10,530,956	14,687,218	45,102,800
Refunds														
Assessment Refunds	797,770	-	-	-	-	-	-	-	-	-	-	-	797,770	797,770
Premium Refunds	50,979	10,708	47,654	17,026	8,024	45,827	21,939	7,984	45,760	18,329	11,638	11,045	134,390	296,911
Total Refunds	848,749	10,708	47,654	17,026	8,024	45,827	21,939	7,984	45,760	18,329	11,638	11,045	932,160	1,094,681
Expenses														
Medical Claims	2,005,884	2,311,268	2,316,360	2,231,806	2,319,730	2,222,702	2,148,868	2,108,946	2,130,053	2,261,814	2,360,506	2,298,114	11,185,048	26,716,052
Pharmacy Claims	1,123,106	1,308,031	1,419,128	1,494,793	1,465,102	1,513,476	1,501,121	1,528,411	1,651,036	1,573,838	1,432,125	1,483,332	6,810,161	17,493,501
Fixed (PMPM) Admin	74,876	75,556	75,585	75,615	75,644	75,674	75,703	75,733	75,762	75,791	75,821	75,850	377,276	907,610
Variable Admin	15,420	22,330	14,840	14,849	14,859	14,869	15,878	14,888	15,897	14,907	21,917	14,925	82,298	195,579
Salary and Benefits	42,523	32,602	31,882	31,882	31,882	31,882	31,882	31,882	31,882	31,882	31,882	32,070	170,770	394,130
Prescription Admin	2,259	2,260	2,261	2,262	2,264	2,265	2,266	2,267	2,268	2,269	2,270	2,271	11,307	27,182
Miscellaneous	8,050	5,400	16,650	5,400	8,050	6,000	5,400	26,900	8,650	5,400	8,050	22,964	43,550	126,914
Professional Fees	18,167	31,333	36,667	14,833	22,333	10,833	34,833	14,333	13,333	20,833	25,833	16,233	123,333	259,567
Total Expense	3,290,286	3,788,780	3,913,373	3,871,441	3,939,864	3,877,701	3,815,951	3,803,360	3,928,881	3,986,734	3,958,404	3,945,760	18,803,743	46,120,534
Month Ending Cash Balance	\$ 10,634,486	\$ 7,302,839	\$ 5,337,432	\$ 10,168,036	\$ 7,580,657	\$ 6,578,084	\$ 3,654,398	\$ 10,198,375	\$ 9,390,433	\$ 7,407,086	\$ 3,942,775	\$ 10,516,926		

Actual	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
Enrollment Count	1,494	1,447	1,450	1,477	1,448								7,316
Cash Balance													
BEGINNING OF MONTH	12,629,341	10,823,097	8,345,429	6,933,338	10,466,790	10,192,648	10,192,648	10,192,648	10,192,648	10,192,648	10,192,648	10,192,648	
Receipts													
Premium Receipts	2,083,674	476,316	1,836,818	730,715	498,839								5,626,362
Grant Revenue	-	-	-	-	-								-
Pharmacy Rebate Income	-	15,401	-	-	93,683								109,084
Claim Refunds Receipts	47,102	11,429	222,339	4,222	8,354								293,446
Assessment Receipts	70,838	-	561,202	5,911,866	2,755,833								9,299,739
Investment Income	4,644	3,498	3,331	4,838	6,598								22,909
Other Income	-	-	-	-	-								-
Total Receipts	2,206,257	506,644	2,623,690	6,651,641	3,363,307								15,351,540
Refunds													
Assessment Refunds	797,770	-	-	-	-								797,770
Premium Refunds	496	13,994	17,987	-	27,694								60,172
Total Refunds	798,266	13,994	17,987		27,694								857,942
Expenses													
Medical Claims	1,945,700	1,659,997	2,169,194	1,902,067	2,383,801								10,060,758
Pharmacy Claims	1,123,106	1,169,789	1,689,151	1,081,201	1,084,415								6,147,663
Fixed (PMPM) Admin	79,079	79,010	79,674	73,977	77,160								388,901
Variable Admin	12,793	7,866	18,987	15,223	6,787								61,656
Salary and Benefits	30,101	37,423	27,678	27,693	31,139								154,035
Prescription Admin	1,748	-	4,745	1,878	1,901								10,272
Miscellaneous	8,138	8,482	6,661	8,833	4,917								37,032
Professional Fees	13,572	7,749	21,704	7,315	19,635								69,975
Total Expense	3,214,236	2,970,317	4,017,794	3,118,189	3,609,756								16,930,292
Available Cash Balance	10,823,097	8,345,429	6,933,338	10,466,790	10,192,648	10,192,648	10,192,648	10,192,647.62	10,192,648	10,192,648	10,192,648	10,192,648	
Inc(Dec) in Abandoned Property Reserve													
Month Ending Cash Balance	\$ 10,823,097	\$ 8,345,429	\$ 6,933,338	\$ 10,466,790	\$ 10,192,648	\$ 10,192,648	\$ 10,192,648	\$ 10,192,648	\$ 10,192,648	\$ 10,192,648	\$ 10,192,648	\$ 10,192,648	

**WSHIP 2017
Budgeted Cashflow**

Variance to Budget	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
Favorable/(Unfavorable)													
Enrollment Count	41	(7)	(5)	21	(9)								41
Receipts													
Premium Receipts	44,533	48,006	(69,324)	49,685	177,866								250,766
Grant Revenue	-	-	-	-	-								-
Pharmacy Rebate Income	-	15,401	(50,000)	-	93,683								59,084
Claim Refunds Receipts	13,002	(27,862)	182,960	(33,719)	(31,081)								103,300
Assessment Receipts	-	(139)	561,202	(2,088,134)	1,755,833								228,762
Investment Income	4,544	3,398	3,231	4,738	6,498								22,409
Other Income	-	-	-	-	-								-
Total Receipts	62,079	38,804	628,069	(2,067,429)	2,002,799								664,322
Refunds													
Assessment Refunds	-	-	-	-	-								-
Premium Refunds	50,483	(3,286)	29,666	17,026	(19,670)								74,218
Total Refunds	50,483	(3,286)	29,666	17,026	(19,670)								74,218
Expenses													
Medical Claims	60,185	651,271	147,166	329,739	(64,071)								1,124,290
Pharmacy Claims	-	138,242	(270,023)	413,592	380,687								662,499
Fixed (PMPM) Admin	(4,203)	(3,454)	(4,089)	1,638	(1,516)								(11,625)
Variable Admin	2,627	14,464	(4,147)	(374)	8,072								20,642
Salary and Benefits	12,422	(4,822)	4,204	4,188	742								16,735
Prescription Admin	511	2,260	(2,484)	384	362								1,034
Miscellaneous	(88)	(3,082)	9,989	(3,433)	3,133								6,518
Professional Fees	4,595	23,584	14,962	7,518	2,699								53,359
Total Expense	76,049	818,462	(104,421)	753,252	330,108								1,873,451
Available Cash Balance	188,611	1,042,591	1,595,905	298,754	2,611,991								
Inc(Dec) in Abandoned													
Property Reserve													
Month Ending Cash Balance	188,611	1,042,591	1,595,905	298,754	2,611,991								

- (1) Assumes a Non-medicare medical claim expense trend of 6%. Assumes an annual Medicare medical claim expense trend of 10%.
- (2) Assumes a Non-medicare pharmacy claim expense trend of 28%. Assumes an annual Medicare pharmacy claim expense trend of 0% for Basic and 2% for Basic Plus.
- (3) Assumes a Non-medicare premium rate trended at a 17% increase. Assumes a Medicare premium rate increase of 8% for Basic and 2% for Basic Plus.
- (4) Non-medicare enrollment projected to decrease by 2 members per month. Medicare Basic enrollment projected to increase 5 members per month, while Medicare Basic+ projected to drop 2 members per month.
- (5) Assumes assessments on March (\$10.0 M), July (\$12.5 M) and November (\$12.5 M) TOTAL \$35.0 M
- (6) 4-Week expense allowance is \$3.5 M based upon the actual data for the 12-month period ending in Dec of 2017.
- (7) WSHIP has access to a \$5 M line of credit in the event cash on hand is exhausted.

WSHIP 2017
Medicare vs. Non-Medicare Cash Flow

	January	February	March	April	May	June	July	August	September	October	November	December	YTD
Medicare													
Enrollment Count	1,087	1,057	1,063	1,088	1,064								5,359
Premiums	650,072	313,866	409,825	588,563	375,543								2,337,868
Medical Claims	784,011	749,578	887,496	682,388	795,364								3,898,836
RX Claims	100,459	114,202	128,598	79,414	77,012								499,684
Total Claims	884,470	863,780	1,016,093	761,801	872,376	-	-	-	-	-	-	-	4,398,520
Income/Loss	(234,398)	(549,914)	(606,268)	(173,239)	(496,833)	-	-	-	-	-	-	-	(2,060,652)
Loss Ratio	136%	275%	248%	129%	232%								188%
Claims PMPM	814	817	956	700	820								821
Non Medicare													
Enrollment Count	407	390	387	389	384								1,957
Premiums	1,433,602	162,450	1,409,006	142,152	123,296								3,270,506
Medical Claims	1,161,689	910,419	1,059,359	1,219,679	1,588,437								5,939,583
RX Claims	1,022,647	1,055,587	1,560,553	1,001,788	1,007,403								5,647,979
Total Claims	2,184,336	1,966,007	2,619,912	2,221,467	2,595,841	-	-	-	-	-	-	-	11,587,562
Income/Loss	(750,734)	(1,803,557)	(1,210,906)	(2,079,315)	(2,472,544)	-	-	-	-	-	-	-	(8,317,056)
Loss Ratio	152%	1210%	186%	1563%	2105%								354%
Claims PMPM	5,367	5,041	6,770	5,711	6,760								5,921
Combined Medicare/Non Medicare													
Enrollment Count	1,494	1,447	1,450	1,477	1,448	-	-	-	-	-	-	-	7,316
Premiums	2,083,674	476,316	1,818,831	730,715	498,839	-	-	-	-	-	-	-	5,608,374
Medical Claims	1,945,700	1,659,997	1,946,855	1,902,067	2,383,802	-	-	-	-	-	-	-	9,838,421
RX Claims	1,123,106	1,169,789	1,689,151	1,081,201	1,084,415	-	-	-	-	-	-	-	6,147,663
Total Claims	3,068,806	2,829,786	3,636,005	2,983,268	3,468,217	-	-	-	-	-	-	-	15,986,084
Income/Loss	(985,132)	(2,353,471)	(1,817,174)	(2,252,553)	(2,969,378)	-	-	-	-	-	-	-	(10,377,710)
Loss Ratio	147%	594%	200%	408%	695%								285%
Claims PMPM	2,054	1,956	2,508	2,020	2,395								2,185

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
2017 Cash Flow Forecast**

Forecast - Updated 03/31/2017

	Actual (Bold)					Forecast							TOTAL
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	
Enrollment:													
Non-Medicare Enrollment	407	390	387	389	384	385	384	383	382	381	380	379	4,628
Medicare Enrollment (Basic and Basic+)	1,087	1,057	1,063	1,088	1,064	1,075	1,076	1,077	1,078	1,079	1,080	1,081	12,905
Total Enrollment Count	1,494	1,447	1,450	1,477	1,448	1,460	1,460	1,460	1,460	1,460	1,460	1,460	17,533
Cash Balance													
BEGINNING OF MONTH	12,629,341	10,823,097	8,345,429	6,933,338	10,466,790	10,192,648	8,800,399	6,720,190	9,798,151	8,678,498	6,497,510	3,336,943	
Receipts													
Premium Receipts	2,083,674	476,316	1,836,818	730,715	498,839	1,542,042	854,975	311,145	1,783,251	714,285	453,514	430,411	11,715,984
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Pharmacy Rebate Income	-	15,401	-	-	93,683	-	-	-	50,000	-	-	50,000	209,084
Claim Refunds Receipts	47,102	11,429	222,339	4,222	8,354	40,272	34,585	34,437	36,125	36,653	34,758	36,543	546,820
Assessment Receipts	70,838	-	561,202	5,911,866	2,755,833	720,573	688,018	6,400,000	800,000	800,000	-	9,200,000	27,908,330
Investment Income	4,644	3,498	3,331	4,838	6,598	100	100	100	100	100	100	100	23,609
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	2,206,257	506,644	2,623,690	6,651,641	3,363,307	2,302,987	1,577,678	6,745,682	2,669,476	1,551,038	488,373	9,717,053	40,403,826
Refunds													
Assessment Refunds	797,770	-	-	-	-	-	-	-	-	-	-	-	797,770
Premium Refunds	496	13,994	17,987	-	27,694	38,551	21,374	7,779	44,581	17,857	11,338	10,760	212,412
Total Refunds	798,266	13,994	17,987	-	27,694	38,551	21,374	7,779	44,581	17,857	11,338	10,760	1,010,182
Expenses													
Medical Claim Expense	1,945,700	1,659,997	2,169,194	1,902,067	2,383,801	2,368,938	2,034,412	2,025,710	2,125,015	2,156,033	2,044,603	2,149,574	24,965,044
Pharmacy Claim Expense	1,123,106	1,169,789	1,689,151	1,081,201	1,084,415	1,146,225	1,436,138	1,468,229	1,471,741	1,407,054	1,427,225	1,366,407	15,870,681
PMPM Administrative Expense	79,079	79,010	79,674	73,977	77,160	75,674	75,703	75,733	75,762	75,791	75,821	75,850	919,234
Variable Administrative Expense	12,793	7,866	18,987	15,223	6,787	14,869	15,878	14,888	15,897	14,907	21,917	14,925	174,938
Salary and Benefits Expense	30,101	37,423	27,678	27,693	31,139	31,882	31,882	31,882	31,882	31,882	31,882	32,070	377,395
Prescription Administrative Expense	1,748	-	4,745	1,878	1,901	2,265	2,266	2,267	2,268	2,269	2,270	2,271	26,147
Miscellaneous Expense	8,138	8,482	6,661	8,833	4,917	6,000	5,400	26,900	8,650	5,400	8,050	22,964	120,395
Professional Fees	13,572	7,749	21,704	7,315	19,635	10,833	34,833	14,333	13,333	20,833	25,833	16,233	206,208
Total Expense	3,214,236	2,970,317	4,017,794	3,118,189	3,609,755	3,656,685	3,636,512	3,659,942	3,744,548	3,714,169	3,637,601	3,680,294	42,660,043
Available Cash Balance	10,823,097	8,345,429	6,933,338	10,466,790	10,192,648	8,800,399	6,720,190	9,798,151	8,678,498	6,497,510	3,336,943	9,362,942	
Inc(Dec) in Abandoned Property Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Month Ending Cash Balance	10,823,097	8,345,429	6,933,338	10,466,790	10,192,648	8,800,399	6,720,190	9,798,151	8,678,498	6,497,510	3,336,943	9,362,942	

- (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 23%. Assumes an annual Medicare pharmacy claim expense trend of 0% for Basic and 2% for Basic Plus.
- (3) Assumes a Non-medicare premium rate trended at a 17% increase. Assumes a Medicare premium rate increase of 8% for Basic and 2% for Basic Plus.
- (4) Non-medicare enrollment projected to decrease by 1 member 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 (\$9.5 M), July (\$8.0 M) and November (\$11.5 M) TOTAL \$29.0 M
- (6) 4-Week expense allowance is \$3.3 M based upon the actual data for the 12-month period ending in Dec of 2017.
- (7) WSHIP has access to a \$5 M line of credit in the event cash on hand is exhausted.

**Washington State Health Insurance Pool
2017 Administrative Expense
Budget Variance Analysis**

Budget	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Member Months: (1)													
Non-Medicare	398	396	394	392	390	388	386	384	382	380	378	376	4,644
Medicare Basic	848	853	858	863	868	873	878	883	888	893	898	903	10,506
Medicare Basic Plus	207	205	203	201	199	197	195	193	191	189	187	185	2,352
Total Membership	1,453	1,454	1,455	1,456	1,457	1,458	1,459	1,460	1,461	1,462	1,463	1,464	17,502
PMPM Administrative Expense (2)	74,876	75,556	75,585	75,615	75,644	75,674	75,703	75,733	75,762	75,791	75,821	75,850	907,610
Variable Administrative Expense (3)	15,420	22,330	14,840	14,849	14,859	14,869	15,878	14,888	15,897	14,907	21,917	14,925	195,579
Salary and Benefits Expense (4)	42,523	32,602	31,882	31,882	31,882	31,882	31,882	31,882	31,882	31,882	31,882	31,882	394,130
RX Benefit Management Fees	2,259	2,260	2,261	2,262	2,264	2,265	2,266	2,267	2,268	2,269	2,270	2,271	27,182
Miscellaneous Expense (5)	8,050	5,400	16,650	5,400	8,050	6,000	5,400	26,900	8,650	5,400	8,050	22,964	126,914
Professional Fees (6)	18,167	31,333	36,667	14,833	22,333	10,833	34,833	14,333	13,333	20,833	25,833	16,233	259,567
Total Budget Operating Expenses	\$161,295	\$169,481	\$177,885	\$144,841	\$155,032	\$141,523	\$165,962	\$166,003	\$147,792	\$151,082	\$165,773	\$164,313	\$1,910,981

Actual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
Member Months: (1)													
Non-Medicare	407	390	387	389	384								1,957
Medicare Basic	884	858	866	893	872								4,373
Medicare Basic Plus	203	199	197	195	192								986
Total Membership	1,494	1,447	1,450	1,477	1,448								7,316
PMPM Administrative Expense (2)	79,079	79,010	79,674	73,977	77,160								\$388,901
Variable Administrative Expense (3)	12,793	7,866	18,987	15,223	6,787								\$61,656
Salary and Benefits Expense (4)	30,101	37,423	27,678	27,693	31,139								\$154,035
RX Benefit Management Fees	1,748	-	4,745	1,878	1,901								\$10,272
Miscellaneous Expense (5)	8,138	8,482	6,661	8,833	4,917								\$37,032
Professional Fees (6)	13,572	7,749	21,704	7,315	19,635								\$69,975
Total Actual Operating Expenses	\$145,430	\$140,531	\$159,449	\$134,920	\$141,540								\$721,871

Variance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
Member Months: (1)													
Non-Medicare	9	(6)	(7)	(3)	(6)								(13)
Medicare Basic	36	5	8	30	4								83
Medicare Basic Plus	(4)	(6)	(6)	(6)	(7)								(29)
Total Membership	41	(7)	(5)	21	(9)								41
PMPM Administrative Expense (2)	(4,203)	(3,454)	(4,089)	1,638	(1,516)								(\$11,625)
Variable Administrative Expense (3)	2,627	14,464	(4,147)	(374)	8,072								\$20,642
Salary and Benefits Expense (4)	12,422	(4,822)	4,204	4,188	742								\$16,735
RX Benefit Management Fees	511	2,260	(2,484)	384	362								\$1,034
Miscellaneous Expense (5)	(88)	(3,082)	9,989	(3,433)	3,133								\$6,518
Professional Fees (6)	4,595	23,584	14,962	7,518	2,699								\$53,359
Total Variance Expenses	\$15,865	\$28,950	\$18,435	\$9,921	\$13,492								\$86,663

Notes:

- (1) Assumes the Non-medicare membership decreases by 2 members per month. Assumes Medicare Basic membership increases by 5 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:
 - \$38,400 of insurance expenses (D&O, E&O and general liability).
 - \$46,700 for WSHIP Board meeting expenses and travel costs.
 - \$20,000 for bank fees
 - \$21,800 for phone, conference lines and other expenses
- (6) Professional fees includes:
 - \$123,000 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.
 - \$40,000 of legal expenses.
 - \$51,000 of consulting expenses (IRO, Review of PBM Contract, and other consulting expenses).
 - \$35,600 of auditing expenses (Financial audits and PBM audit).

WSHIP Financial Performance

CASH BASIS	Month Ending May 31, 2017			
	Projected	Actual	Variance	% Change
Membership	1,457	1,448	(9)	-1%
Avg Premium Receipt PMPM	\$215	\$325	\$110	51%
Avg Medical Claim Expense PMPM	\$1,565	\$1,641	(\$76)	-5%
Avg Pharmacy Claim Expense PMPM	\$1,006	\$749	\$257	26%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$2,356)	(\$2,065)	\$291	12%
Avg Premium Receipt Less Avg Claim Expense Total	(\$3,432,692)	(\$2,990,120)	\$442,572	13%
Variance Due to Changes in Membership			\$18,585	
Variance Due to Changes in Claim Expenses			\$423,987	

CASH BASIS	Year-To-Date May 31, 2017			
	Projected	Actual	Variance	% Change
Member Months	7,275	7,316	41	1%
Avg Premium Receipt PMPM	\$720	\$761	\$41	6%
Avg Medical Claim Expense PMPM	\$1,511	\$1,335	(\$176)	12%
Avg Pharmacy Claim Expense PMPM	\$936	\$840	(\$96)	10%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,727)	(\$1,414)	\$313	18%
Avg Premium Receipt Less Avg Claim Expense Total	(\$12,563,925)	(\$10,344,824)	\$2,219,101	18%
Variance Due to Changes in Membership			(\$57,974)	
Variance Due to Changes in Claim Expenses			\$2,277,075	

INCURRED BASIS	Year-To-Date May 31, 2017	Year-To-Date May 31, 2016
	Actual	Actual - Prior Year
Member Months	7,316	7,354
Avg Premium Income PMPM	\$725	\$637
Avg Medical Claim Expense PMPM (1)	\$1,434	\$1,597
Avg Pharmacy Claim Expense PMPM (2)	\$843	\$862
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,552)	(\$1,822)
Avg Premium Receipt Less Avg Claim Expense Total	(\$11,354,432)	(\$13,398,988)

(1) Incurred medical claims data totals \$10,492,243 which is derived from \$6,939,243 actual paid claims with dates of service between 01-01-17 and 05-31-17 and \$3,553,000 IBNR reserve.

(2) Incurred pharmacy claims data totals \$6,166,839 which is derived from \$5,579,839 actual paid claims with dates of service between 01-01-17 and 05-31-17 and \$587,000 IBNR reserve.