



WASHINGTON STATE HEALTH  
INSURANCE POOL

# Monthly Financial Report

May 2023

**Washington State Health Insurance Pool  
Treasurer's Report  
May 2023 Financial Review**

1. 2023 Interim I Assessment

An assessment of \$6 M was issued to adequately fund the pool until the next scheduled assessment in July 2023. This assessment was approved by the Board of Directors on March 8, 2023, and generated on March 30, 2023, with invoices due April 30, 2023 except for the carriers who have installment payment arrangements, at which point the invoices are due in total by June 30, 2023. As of June 30th, \$5.6 M has been collected.

2. 2023 Interim II Assessment Required

An assessment of \$4 M is required to adequately fund the pool until the next scheduled assessment in November 2023. This assessment was approved by the Board of Directors on May 10, 2023 to be generated in July 2023

3. Financial Statements – May 2023

Balance Sheet

Cash on hand increased by \$797k or 7.5% from April 2023 to May 2023. The current cash position is \$11.4 M, which is above our current 4-week expense allowance of \$2.0 M.

Total IBNR as of May 2023 is \$2.6 M. This is a decrease of \$284k or 9.8% from the prior month. Medical IBNR increased \$15k or 0.7% and pharmacy IBNR decreased by \$299k or 43% from April 2023.

As of May 2023, the equity position of WSHIP is a positive \$10.2 M.

Income Statement

Total member months for May 2023 YTD are lower by 1,017 member months or 20.6% lower than May 2022 YTD. Member months are measured as the cumulative monthly member count (PMPM) over a period. The total incurred claim loss for May 2023 YTD is \$4.0 M or 40.1% lower than May 2022 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 2023 YTD, the medical claims portion is \$2.8 M or 42.6% lower than May 2022 YTD, and the pharmacy claims portion is \$1.2 M or 35.2% lower than May 2022 YTD.

May 2023 YTD administrative expenses are \$454 or 0.1% higher than the administrative expenses for May 2022 YTD. The ratio of administrative expenses as a percentage of total cost is 9.7% for May 2023 YTD as compared to 4.4% for May 2022 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 2023

The Budgeted Cash Flow document contains the budget (upper portion) as established in later 2022 and the actual (lower portion) cash flow results year-to-date.

The ending cash balance of \$11.4 M is \$3.1 M or 37.5% higher than the budgeted cash balance of \$8.3 M. Total net cash receipts for May 2023 are \$952k or 72.9% favorable to budget. Total YTD expenses for May 2023 YTD are \$1.9 M or 20.3% favorable to budget. The YTD administrative expenses are \$30k or 4.5% favorable to budget. Total YTD medical claims expense is \$729k or 14.5% favorable to budget; while total YTD pharmacy claims expense is \$1.1 M or 31.5% favorable to budget.

#### 5. Medicare vs. Non-Medicare Cash Flow – May 2023

As of May 2023, the YTD Medicare member months total 3,120 and represent 80% of the combined WSHIP member months. The YTD Non-Medicare member months total 802 and account for 20% of the combined WSHIP member months. The YTD Medicare Loss Ratio is 240% while the YTD Non-Medicare Loss Ratio is 404%. On a cash basis, the YTD Claims PMPM is \$810 for Medicare members and \$5,237 for non-Medicare members.

#### 6. Cash Flow Forecast – 2023

The 2023 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 2023 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 February 2023. For June 2023, 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 2023 assessment projection. To ensure adequate funding the current 2023 forecast is projecting an assessment of \$14 M which is \$1 M lower than the 2022 assessments of \$15 M.

#### 7. Administrative Expense Budget

For May 2023, YTD administrative expenses are \$30k or 4.5% favorable to budget (cash basis).

#### 8. Financial Performance

May 2023 YTD member months are 4.6% lower than expected, average premium receipt PMPM is 3.4% higher than expected, average medical claims expense PMPM is 5.9% lower than expected and average pharmacy claims expense PMPM is 28.2% lower than anticipated.

On an incurred basis, the average YTD medical claims expense PMPM is \$1,123 as compared to \$1,145 on a cash basis. Also, on an incurred basis, the average YTD pharmacy claims expense PMPM is \$735 as compared to \$864 on a cash basis.

# WASHINGTON STATE HEALTH INSURANCE POOL

## Unaudited Balance Sheet as of May 31, 2023

	<u>2023</u>	<u>2022</u>
<b>Assets:</b>		
Cash	\$ 11,357,931	\$ 9,699,693
Premiums Receivable	296,114	266,296
Assessments Receivable	1,709,507	2,219,257
Grants Receivable	-	-
Prepaid Expense	-	-
<b>Total Assets</b>	<u>\$ 13,363,552</u>	<u>\$ 12,185,245</u>
 <b>Liabilities and Unassigned Surplus:</b>		
Reserve for Unpaid Losses - Medical	\$ 2,209,000	\$ 5,036,000
Reserve for Unpaid Losses - Pharmacy	397,000	472,000
Accrued Loss Adjustment	157,000	204,000
Premiums Received in Advance	207,187	154,194
Assessments Payable	-	-
Accrued Expenses	192,748	131,971
Abandoned Claim Reserve	-	-
<b>Total Liabilities</b>	<u>\$ 3,162,936</u>	<u>\$ 5,998,165</u>
<b>Unassigned Surplus</b>	10,200,616	6,187,081
<b>Total Liabilities and Unassigned Surplus</b>	<u>\$ 13,363,552</u>	<u>\$ 12,185,245</u>

# WASHINGTON STATE HEALTH INSURANCE POOL

## Unaudited Statement of Operations January 1st to May 31st

	<u>2023</u>	<u>2022</u>
Total Member Months	3,922	4,939
<b>Premium Income Earned</b>	\$ 2,773,090	\$ 3,152,643
<b>Pharmacy Rebate Income</b>	131,635	127,916
<b>Grant Income</b>	-	-
<b>Incurred Claim Loss - Medical</b>	\$ 3,802,680	\$ 6,630,601
<b>Incurred Claim Loss - Pharmacy</b>	2,193,209	3,383,102
<b>Total Incurred Claim Loss</b>	<u>5,995,889</u>	<u>10,013,703</u>
<b>Operating Expenses:</b>		
Fixed (PMPM) Administrative Expense	\$ 319,137	\$ 304,971
Variable Administrative Expense	26,635	48,510
Salary and Benefit Expense	184,210	176,421
Prescription Administrative Expense	3,848	4,037
Miscellaneous Expense	21,995	32,126
Professional Fee Expense	72,972	62,280
<b>Total Operating Expenses</b>	<u>\$ 628,798</u>	<u>\$ 628,344</u>
<b>Underwriting Gain (Loss)</b>	(3,719,962)	(7,361,488)
<b>Investment Income</b>	180,355	8,475
<b>Other Income</b>	-	-
<b>Changes to Unassigned Surplus</b>	<u>\$ (3,539,607)</u>	<u>\$ (7,353,013)</u>

**WASHINGTON STATE HEALTH INSURANCE POOL**

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

	<b><u>2023</u></b>		<b><u>2022</u></b>
Unassigned Surplus at Beginning of Year	\$ 7,740,224	\$	8,540,094
Changes to Unassigned Surplus	(3,539,607)		(7,353,013)
Member Assessments	6,000,000		5,000,000
<b>Unassigned Surplus</b>	<b>\$ 10,200,616</b>	<b>\$</b>	<b>6,187,081</b>





**Washington State Health Insurance Pool  
2023 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>	16	(8)	(59)	(71)	(67)								(189)
<b>Receipts</b>													
Premium Receipts	183,362	(231,940)	209,330	(86,216)	(124,098)								(49,563)
Grant Revenue	-	-	-	-	-								-
Pharmacy Rebate Income	-	60,335	(47,986)	-	(8,629)								3,719
Claim Refunds Receipts	(17,347)	1,011	17,969	(2,137)	(245,185)								(245,690)
Assessment Receipts	1,012,096	852,769	-	(1,713,269)	1,285,428								1,437,024
Investment Income	31,027	28,987	29,689	29,662	44,539								163,905
Other Income	-	-	-	-	-								-
<b>Total Receipts</b>	<b>1,209,138</b>	<b>711,162</b>	<b>209,001</b>	<b>(1,771,961)</b>	<b>952,054</b>								<b>1,309,394</b>
<b>Refunds</b>													
Assessment Refunds	-	-	-	-	(105,249)								(105,249)
Premium Refunds	7,527	(8,588)	3,476	6,078	7,123								15,616
<b>Total Refunds</b>	<b>7,527</b>	<b>(8,588)</b>	<b>3,476</b>	<b>6,078</b>	<b>(98,126)</b>								<b>(89,633)</b>
<b>Expenses</b>													
Medical Claims	275,792	101,292	(16,220)	159,005	209,040								728,908
Pharmacy Claims	420,171	172,409	247,562	151,594	126,200								1,117,936
Fixed (PMPM) Admin	888	900	913	827	836								4,363
Variable Admin	(3,417)	(843)	11,512	6,855	2,156								16,263
Salary and Benefits	17,697	(13,465)	605	136	(719)								4,253
Prescription Admin	66	30	(253)	436	63								341
Miscellaneous	(794)	(1,601)	(2,271)	(3,288)	7,014								(940)
Professional Fees	(1,113)	(8,457)	(4,856)	17,439	2,730								5,743
<b>Total Expense</b>	<b>709,290</b>	<b>250,264</b>	<b>236,991</b>	<b>333,002</b>	<b>347,320</b>								<b>1,876,868</b>
<b>Available Cash Balance</b>	<b>1,925,955</b>	<b>2,878,794</b>	<b>3,328,261</b>	<b>1,895,379</b>	<b>3,096,628</b>								
<b>Inc(Dec) in Abandoned Property Reserve</b>													
<b>Month Ending Cash Balance</b>	<b>1,925,955</b>	<b>2,878,794</b>	<b>3,328,261</b>	<b>1,895,379</b>	<b>3,096,628</b>								

**2023 Cashflow Forecast Notes**

- (1) Assumes a Non-medicare medical claim expense trend of 5%. Assumes a Medicare medical claim expense trend of 5%.
- (2) Assumes a Non-medicare pharmacy claim expense trend of 5%. Assumes a Medicare pharmacy claim expense trend of 8%.
- (3) Assumes a Non-medicare premium rate trended at a 1% increase. Assumes a Medicare premium rate increase of 3%.
- (4) Non-medicare enrollment projected to decrease by 1 members per month. Medicare enrollment projected to decrease by 8 members per month.
- (5) Assumes assessments in March (\$6.0 M), July (\$4.0 M) and November (\$4.0 M) TOTAL \$14.0 M
- (6) 4-Week expense allowance is \$2.0 M based upon the projected data for the 12-month period ending in Dec of 2023.

## Washington State Health Insurance Pool 2023 Cash Flow Forecast

	Actual					Forecast							TOTAL	
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER		
<b>Enrollment:</b>														
Non-Medicare Enrollment	165	162	159	158	158	160	160	158	158	158	158	158	158	1,912
Medicare Enrollment	690	661	605	584	580	629	621	613	605	597	589	581	7,355	
<b>Total Enrollment Count</b>	<b>855</b>	<b>823</b>	<b>764</b>	<b>742</b>	<b>738</b>	<b>789</b>	<b>781</b>	<b>771</b>	<b>763</b>	<b>755</b>	<b>747</b>	<b>739</b>	<b>9,267</b>	
<b>Cash Balance</b>														
BEGINNING OF MONTH	9,138,243	9,379,202	8,924,231	8,141,483	10,561,351	11,357,931	10,757,860	12,390,661	11,354,332	10,163,418	8,506,559	9,993,231		
<b>Receipts</b>														
Premium Receipts	685,156	266,074	693,906	392,326	350,797	663,141	467,599	461,565	457,918	454,270	450,623	446,976	5,790,351	
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	
Pharmacy Rebate Income	-	60,335	-	-	71,300	-	-	100,000	-	-	100,000	-	331,635	
Claim Refunds Receipts	27,101	12,008	21,783	1,859	2,643	11,447	4,679	36,408	37,221	39,751	38,113	37,250	270,263	
Assessment Receipts	1,012,096	852,769	-	3,286,731	1,785,428	589,193	3,000,000	500,000	500,000	-	3,000,000	500,000	15,026,216	
Investment Income	34,317	32,277	32,979	32,952	47,829	3,290	3,290	3,290	3,290	3,290	3,290	3,290	203,385	
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Receipts</b>	<b>1,758,670</b>	<b>1,223,463</b>	<b>748,667</b>	<b>3,713,868</b>	<b>2,257,996</b>	<b>1,267,070</b>	<b>3,475,568</b>	<b>1,101,263</b>	<b>998,429</b>	<b>497,311</b>	<b>3,592,027</b>	<b>987,516</b>	<b>21,621,849</b>	
<b>Refunds</b>														
Assessment Refunds	-	-	-	-	105,249	-	-	-	-	-	-	-	105,249	
Premium Refunds	-	16,058	3,793	1,100	-	8,729	7,014	6,923	6,869	6,814	6,759	6,705	70,765	
<b>Total Refunds</b>	<b>-</b>	<b>16,058</b>	<b>3,793</b>	<b>1,100</b>	<b>105,249</b>	<b>8,729</b>	<b>7,014</b>	<b>6,923</b>	<b>6,869</b>	<b>6,814</b>	<b>6,759</b>	<b>6,705</b>	<b>176,014</b>	
<b>Expenses</b>														
Medical Claim Expense	951,675	1,015,800	928,850	717,867	676,343	846,267	865,733	861,539	853,620	846,591	839,882	834,082	10,238,250	
Pharmacy Claim Expense	440,368	502,294	464,399	463,092	562,593	891,970	849,786	807,239	743,195	701,642	745,107	777,862	7,949,547	
PMPM Administrative Expense	63,928	63,916	63,903	63,966	63,957	64,793	64,793	64,770	64,770	64,770	64,770	64,747	773,083	
Variable Administrative Expense	12,534	9,285	3,355	2,417	6,039	8,121	8,045	7,950	8,875	7,799	16,223	7,628	98,267	
Salary and Benefits Expense	33,928	47,674	33,605	34,074	34,929	34,210	34,350	34,350	34,350	34,350	34,350	34,350	424,520	
Prescription Administrative Expense	790	818	1,093	394	759	814	806	796	788	780	772	761	9,370	
Miscellaneous Expense	3,303	4,059	3,654	4,622	3,369	1,333	1,333	23,592	1,383	10,833	1,383	17,575	76,440	
Professional Fees	11,186	18,530	28,762	6,467	8,176	10,906	10,906	18,835	18,835	31,315	51,335	17,335	232,590	
<b>Total Expense</b>	<b>1,517,711</b>	<b>1,662,377</b>	<b>1,527,622</b>	<b>1,292,899</b>	<b>1,356,167</b>	<b>1,858,414</b>	<b>1,835,752</b>	<b>2,130,669</b>	<b>2,182,474</b>	<b>2,147,356</b>	<b>2,098,595</b>	<b>2,263,339</b>	<b>21,873,376</b>	
Available Cash Balance	9,379,203	8,924,231	8,141,483	10,561,351	11,357,931	10,757,860	12,390,661	11,354,332	10,163,418	8,506,559	9,993,231	8,710,703		
Inc(Dec) in Abandoned Property Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Month Ending Cash Balance</b>	<b>9,379,203</b>	<b>8,924,231</b>	<b>8,141,483</b>	<b>10,561,351</b>	<b>11,357,931</b>	<b>10,757,860</b>	<b>12,390,661</b>	<b>11,354,332</b>	<b>10,163,418</b>	<b>8,506,559</b>	<b>9,993,231</b>	<b>8,710,703</b>		

### 2023 Cashflow Forecast Notes

- (1) Assumes a Non-medicare medical claim expense trend of 5%. Assumes a Medicare medical claim expense trend of 5%.
- (2) Assumes a Non-medicare pharmacy claim expense trend of 5%. Assumes a Medicare pharmacy claim expense trend of 8%.
- (3) Assumes a Non-medicare premium rate trended at a 1% increase. Assumes a Medicare premium rate increase of 3%.
- (4) Non-medicare enrollment projected to decrease by 1 members per month. Medicare enrollment projected to decrease by 8 members per month.
- (5) Assumes assessments in March (\$6.0 M), July (\$4.0 M) and November (\$4.0M) TOTAL \$14.0 M
- (6) 4-Week expense allowance is \$2.0 M based upon the projected data for the 12-month period ending in Dec of 2023.

**Washington State Health Insurance Pool**  
**2023 Medicare vs. Non-Medicare Cash Flow**

	January	February	March	April	May	June	July	August	September	October	November	December	YTD	Historical Annual			
														2022	2021	2020	
<b>Medicare</b>																	
Enrollment Count	690	661	605	584	580									3,120			
Premiums	220,274	64,364	208,592	327,547	230,947									1,051,723			
Medical Claims	554,497	500,291	455,484	417,784	313,313									2,241,369			
RX Claims	95,815	72,839	33,033	52,952	29,882									284,522			
Total Claims	650,312	573,130	488,517	470,736	343,195									2,525,890			
Income/Loss	(430,038)	(508,766)	(279,925)	(143,190)	(112,248)									(1,474,167)			
Loss Ratio	295%	890%	234%	144%	149%									240%	202%	205%	206%
Claims PMPM	942	867	807	806	592									810	831	717	833
<b>Non Medicare</b>																	
Enrollment Count	165	162	159	158	158									802			
Premiums	466,811	49,307	424,450	63,636	36,591									1,040,795			
Medical Claims	398,179	515,509	473,366	300,083	363,051									2,050,188			
RX Claims	344,552	429,455	431,367	410,139	534,153									2,149,667			
Total Claims	742,731	944,964	904,733	710,222	897,204									4,199,854			
Income/Loss	(275,920)	(895,657)	(480,283)	(646,586)	(860,613)									(3,159,059)			
Loss Ratio	159%	1916%	213%	1116%	2452%									404%	727%	676%	713%
Claims PMPM	4,501	5,833	5,690	4,495	5,679									5,237	7,841	6,743	8,004
<b>Combined Medicare/Non Medicare</b>																	
Enrollment Count	855	823	764	742	738									3,922			
Premiums	687,085	113,671	633,042	391,183	267,538									2,092,518			
Medical Claims	952,675	1,015,800	928,850	717,867	676,364									4,291,559			
RX Claims	344,552	502,294	464,400	463,092	564,035									2,338,373			
Total Claims	1,297,228	1,518,094	1,393,250	1,180,959	1,240,399									6,629,932			
Income/Loss	(610,143)	(1,404,424)	(760,208)	(789,776)	(972,861)									(4,537,413)			
Loss Ratio	189%	1336%	220%	302%	464%									317%	397%	367%	374%
Claims PMPM	1,517	1,845	1,824	1,592	1,681									1,690	2,127	1,653	1,919

**Medicare vs NonMedicare Notes:**

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



## Washington State Health Insurance Pool 2023 Financial Performance

CASH BASIS	Month Ending May 31, 2023			
	Projected	Actual	Variance	% Change
Membership	805	738	(67)	-8.3%
Avg Premium Receipt PMPM	\$581	\$475	(\$106)	-18.2%
Avg Medical Claim Expense PMPM	\$792	\$913	(\$121)	15.3%
Avg Pharmacy Claim Expense PMPM	\$856	\$762	\$94	-11.0%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,067)	(\$1,200)	(\$133)	-12.5%
Avg Premium Receipt Less Avg Claim Expense Total	(\$858,935)	(\$885,600)	(\$26,665)	-3.1%
Variance Due to Changes in Membership			\$80,400	
Variance Due to Changes in Claim Expenses			(\$107,065)	

CASH BASIS	Year-To-Date May 31, 2023			
	Projected	Actual	Variance	% Change
Member Months	4,111	3,922	(189)	-4.6%
Avg Premium Receipt PMPM	\$584	\$604	\$20	3.4%
Avg Medical Claim Expense PMPM	\$1,145	\$1,077	(\$68)	-5.9%
Avg Pharmacy Claim Expense PMPM	\$864	\$620	(\$244)	-28.2%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,425)	(\$1,093)	\$332	23.3%
Avg Premium Receipt Less Avg Claim Expense Total	(\$5,858,175)	(\$4,286,746)	\$1,571,429	26.8%
Variance Due to Changes in Membership			\$206,577	
Variance Due to Changes in Claim Expenses			\$1,364,852	

INCURRED BASIS	Year-To-Date May 31, 2023	Year-To-Date May 31, 2022
	Actual	Actual - Prior Year
Member Months	3,922	3,981
Avg Premium Income PMPM	\$707	\$638
Avg Medical Claim Expense PMPM (1)	\$1,123	\$1,423
Avg Pharmacy Claim Expense PMPM (2)	\$735	\$669
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,151)	(\$1,454)
Avg Premium Receipt Less Avg Claim Expense Total	(\$4,514,222)	(\$5,788,374)

(1) Incurred medical claims data totals \$4,406,032 which is derived from \$2,197,032 actual paid claims with dates of service between 01-01-23 and 05-31-23 and \$2,209,000 IBNR reserve.

(2) Incurred pharmacy claims data totals \$2,880,930 which is derived from \$2,483,930 actual paid claims with dates of service between 01-01-23 and 05-31-2023 and \$397,000 IBNR reserve.