

**Washington State Health Insurance Pool
Treasurer's Report
November 2014 Financial Review**

1. 2014 Interim III and 2013 Final True-up Assessment Required

An assessment of \$2.0 M is required in order to adequately carry the pool into the next scheduled assessment in March 2015. This assessment was approved by the Board of Directors and generated on November 14, 2014 with invoices due December 14, 2014 except for the carriers who have installment payment arrangements, at which point the invoices are due in total by February 14, 2014.

2. Financial Statements – November 2014

Balance Sheet

Cash on hand decreased by \$3.7 M or 9.1% from October 2014 to November 2014. The current cash position is \$36.9 M which is sufficient to cover all liabilities of the pool at this time. As of the end of November 2014, the entire \$36.9 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 November 2014 is \$5.6 M. This represents an increase of \$104 K or 1.9% as compared to the prior month. Medical IBNR decreased \$101 K or 2.0% and pharmacy IBNR increased \$205 K or 48.5% from October 2014.

As of November 2014, the equity position of WSHIP is a positive \$11.9 M.

Income Statement

Total member months for November 2014 YTD are lower by 21,416 member months or 50.6% lower than November 2013 YTD. Member months are measured as the cumulative monthly member count (PMPM) over a period of time. The total incurred claim loss for November 2014 YTD is \$54.5 M or 54.5% lower than November 2013 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 November 2014 YTD, the medical claims portion is \$21.2 M or 41.6% lower than November 2013 YTD, and the pharmacy claims portion is \$33.3 M or 67.9% lower than November 2013 YTD.

November 2014 YTD administrative expenses are \$780 K or 27.7% lower than the administrative expenses in November 2013 YTD. The ratio of administrative expenses as a percentage of total cost is 4.3% for November 2014 YTD as compared to 2.7% in November of the prior year. Total cost is calculated as total incurred claim loss less pharmacy rebates plus administrative expenses.

3. Budgeted Cash Flow – November 2014

The Budgeted Cash Flow document contains the budget (upper portion) as established in early 2014 and the actual (lower portion) cash flow results year-to-date.

The ending cash balance of \$36.9 M is \$7.3 M lower than the budgeted cash balance of \$44.2 M. Total net cash receipts for November 2014 are \$10.0 M or 13.9% unfavorable to budget. Total expenses are \$2.8 M or 4.7% favorable to budget. The administrative expenses are \$167 K or 7.3% favorable to budget. Total medical claims expense is \$4.6 M or 15.0% unfavorable to budget, while total pharmacy claims expense is \$7.2 M or 26.9% favorable to budget.

4. Cash Flow Forecast – 2014

The 2014 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 October 2014 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 November 2014. For December 2014, the preliminary figures for the key financial drivers (Premium Receipts, Grant Revenue, Assessment Receipts and Refunds, Medical Claims and Pharmacy Claims Expenses) are reported.

Assumptions are noted on this schedule as well as the 2014 assessment projection. To ensure adequate funding, the current 2014 forecast is projecting an assessment of \$45.5 M which is a \$37.5 M or 45.2% decrease from the 2013 assessment of \$83.0 M.

5. Cash Flow Forecast – 2015

Included in this month's financial packet is a draft of the 2015 cash flow forecast. Assumptions are noted on this schedule as well as the 2015 assessment projection. To ensure adequate funding, the current 2015 forecast is projecting an assessment of \$39.5 M which is a \$6.0 M or 13.2% decrease from the 2014 assessment of \$45.5 M.

6. Administrative Expense Budget

For November 2014, administrative expenses are \$167 K or 7.3% favorable to budget (cash basis).

7. Financial Performance

November 2014 YTD member months are 2,592 member months or 11% lower than projected in the original budget. Through November 2014, average premium receipt PMPM is 1% lower than anticipated. Average medical claims expense PMPM is 28% higher than anticipated and average pharmacy claims expense PMPM is 18% lower than anticipated.

On an incurred basis, the average medical claims expense PMPM is \$1,470 as compared to \$1,634 on a cash basis. Also on an incurred basis, the average pharmacy claims expense PMPM is \$931 as compared to \$942 on a cash basis.

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Balance Sheet as of November 30

Total Enrollment: 1,753

	<u>2014</u>	<u>2013</u>
Assets:		
Cash	\$ 36,905,349	\$ 10,852,330
Premiums Receivable	350,968	250,481
Assessments Receivable	9,009,819	37,596,221
Grants Receivable	587,465	465,490
Other Receivable	-	-
Prepaid Expense	-	-
Total Assets	<u>\$ 46,853,601</u>	<u>\$ 49,164,522</u>
 Liabilities and Unassigned Surplus:		
Reserve for Unpaid Losses - Medical	\$ 4,930,000	\$ 9,983,000
Reserve for Unpaid Losses - Pharmacy	628,000	4,142,000
Accrued Loss Adjustment	351,000	413,000
Premiums Received in Advance	1,034,606	3,232,857
Assessments Payable	7,021,100	4,788,809
Due to HBE	20,838,000	-
Accrued Expenses	165,949	243,517
Abandoned Claim Reserve	-	51,027
Total Liabilities	<u>\$ 34,968,655</u>	<u>\$ 22,854,211</u>
Unassigned Surplus	11,884,946	26,310,311
Total Liabilities and Unassigned Surplus	<u>\$ 46,853,601</u>	<u>\$ 49,164,522</u>

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Statement of Operations January 1 to November 30

	<u>2014</u>	<u>2013</u>
Total Member Months	20,920	42,336
Premium Income Earned	\$ 12,801,851	\$ 32,910,976
Pharmacy Rebate Income	503,245	473,377
Grant Income	1,110,440	1,300,715
Incurred Claim Loss - Medical	29,740,391	50,907,841
Incurred Claim Loss - Pharmacy	15,752,264	49,075,039
Total Incurred Claim Loss	<u>45,492,655</u>	<u>99,982,880</u>
Operating Expenses:		
Fixed (PMPM) Administrative Expense	\$ 988,604	\$ 1,667,131
Variable Administrative Expense	354,848	458,929
Salary and Benefit Expense	337,631	234,655
Prescription Administrative Expense	38,206	86,915
Miscellaneous Expense	110,724	105,610
Professional Fee Expense	202,427	258,736
Total Operating Expenses	<u>\$ 2,032,440</u>	<u>\$ 2,811,976</u>
Underwriting Gain (Loss)	(33,109,558)	(68,109,787)
Investment Income	2,740	1,877
Other Income	-	92,646
Changes to Unassigned Surplus	<u>\$ (33,106,818)</u>	<u>\$ (68,015,264)</u>

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Statement of Changes in Unassigned Surplus January 1 to November 30

	<u>2014</u>	<u>2013</u>
Unassigned Surplus at Beginning of Year	\$ 20,329,763	\$ 9,782,127
Changes to Unassigned Surplus	(33,106,818)	(68,015,264)
Member Assessments	45,500,000	84,543,448
HBE Assessment Payment Due	(20,838,000)	-
Unassigned Surplus	<u>\$ 11,884,946</u>	<u>\$ 26,310,311</u>

**WSHIP
Budgeted Cashflow 2014**

Budget - Updated Feb 2014

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	NOV YTD	TOTAL
Enrollment Count	2,535	2,190	2,128	2,117	2,107	2,097	2,087	2,077	2,067	2,058	2,049	2,041	23,512	25,553
Cash Balance														
BEGINNING OF MONTH	32,118,470	27,119,355	21,222,908	16,800,308	25,299,215	23,235,391	21,110,133	17,665,710	45,674,693	46,573,969	47,420,650	44,198,174		
Receipts														
Premium Receipts	1,876,591	1,527,758	1,463,324	1,449,209	1,435,391	1,421,865	1,408,624	1,395,664	1,382,977	1,370,560	1,358,406	1,346,510	16,090,369	17,436,879
Grant Revenue	71,247	-	-	-	-	-	-	-	-	-	-	-	71,247	71,247
Pharmacy Rebate Income	-	-	50,000	-	-	50,000	-	-	50,000	-	-	50,000	150,000	200,000
Claim Refunds Receipts	94,955	75,788	66,210	64,536	64,866	67,340	63,844	62,550	62,297	62,262	65,177	60,655	749,825	810,480
Assessment Receipts	3,150,000	104,522	-	12,000,000	1,500,000	1,500,000	-	14,560,000	1,820,000	1,820,000	-	-	36,454,522	36,454,522
Additional Assessment Receipts (HBE)	-	-	-	-	-	-	-	16,670,400	2,083,800	2,083,800	-	-	-	20,838,000
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	1,100	1,200
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	5,192,893	1,708,168	1,579,634	13,513,845	3,000,357	3,039,305	1,472,568	32,688,714	5,399,174	5,336,722	1,423,683	1,457,265	74,355,063	75,812,328
Refunds														
Assessment Refunds	-	912,408	-	-	-	-	-	-	-	-	-	-	912,408	912,408
Premium Refunds	54,702	53,993	782,699	50,373	49,707	49,053	48,413	47,786	47,172	46,570	45,980	45,402	1,276,448	1,321,850
Total Refunds	54,702	966,401	782,699	50,373	49,707	49,053	48,413	47,786	47,172	46,570	45,980	45,402	2,188,856	2,234,258
Assessment Payments														
HBE Assessment	-	-	-	-	-	-	-	-	-	-	-	20,838,000	-	20,838,000
Expenses														
Medical Claims	4,090,017	3,553,101	2,861,576	2,731,332	2,781,333	2,911,786	2,647,616	2,400,380	2,263,971	2,248,458	2,347,401	2,374,687	30,836,971	33,211,658
Pharmacy Claims	5,834,658	2,866,244	2,151,008	2,040,266	2,037,232	2,017,222	2,009,961	2,014,845	1,999,067	1,994,979	1,989,850	1,983,256	26,955,332	28,938,588
Fixed (PMPM) Admin	106,787	105,691	104,637	99,887	98,874	97,901	96,928	95,997	95,065	94,134	93,243	92,394	1,089,144	1,181,538
Variable Admin	33,647	32,831	32,625	26,673	26,474	28,785	28,594	25,912	25,730	25,548	58,374	25,208	345,193	370,401
Salary and Benefits	34,676	28,376	29,066	29,205	33,405	29,205	27,910	27,910	27,910	27,910	27,910	28,117	323,482	351,599
Prescription Admin	5,459	5,409	5,361	5,140	5,094	5,050	5,005	4,963	4,921	4,879	4,838	4,800	56,118	60,918
Miscellaneous	8,305	8,305	8,305	8,305	8,305	8,305	8,305	25,180	8,305	8,305	8,305	20,680	108,230	128,910
Professional Fees	23,758	38,258	26,958	23,758	23,758	17,258	44,258	36,758	27,758	39,258	70,258	25,258	372,034	397,291
Total Expense	10,137,306	6,638,214	5,219,535	4,964,565	5,014,474	5,115,511	4,868,577	4,631,945	4,452,727	4,443,471	4,600,179	4,554,400	60,086,503	64,640,903
Month Ending Cash Balance	\$ 27,119,355	\$ 21,222,908	\$ 16,800,308	\$ 25,299,215	\$ 23,235,391	\$ 21,110,133	\$ 17,665,710	\$ 45,674,693	\$ 46,573,969	\$ 47,420,650	\$ 44,198,174	\$ 20,217,637		

Actual	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
Enrollment Count	2,534	2,095	1,938	1,841	1,799	1,804	1,815	1,780	1,779	1,782	1,753		20,920
Cash Balance													
BEGINNING OF MONTH	32,118,470	30,528,025	23,995,643	21,247,907	25,052,384	21,227,587	21,258,847	17,319,052	40,676,346	41,527,243	40,582,447		
Receipts													
Premium Receipts	3,948,909	608,061	1,097,722	1,900,204	453,785	2,082,278	783,592	422,579	1,982,832	753,882	390,408		14,424,254
Grant Revenue	-	71,247	-	-	-	-	-	-	522,975	-	-		594,222
Pharmacy Rebate Income	-	-	211,139	-	-	185,852	-	-	-	106,254	-		503,245
Claim Refunds Receipts	61,192	41,734	48,325	33,055	30,660	220,825	390,205	111,608	222,101	98,675	18,297		1,276,676
Assessment Receipts	2,255,260	1,967	1,910,815	7,606,435	876,653	1,515,800	60,699	27,017,379	3,140,547	3,281,376	11,281		47,678,211
Investment Income	281	225	212	193	209	183	179	231	339	358	331		2,740
Other Income	-	-	-	-	-	-	-	-	-	-	-		-
Total Receipts	6,265,642	723,234	3,268,214	9,539,887	1,361,308	4,004,937	1,234,675	27,551,797	5,868,793	4,240,544	420,316		64,479,348
Refunds													
Assessment Refunds	-	912,408	-	-	-	-	-	-	-	-	-		912,408
Premium Refunds	41,960	885,924	208,693	112,067	28,596	24,334	24,388	34,580	33,056	4,342	23,786		1,421,727
Total Refunds	41,960	1,798,332	208,693	112,067	28,596	24,334	24,388	34,580	33,056	4,342	23,786		2,334,135
Expenses													
Medical Claims	4,257,882	3,444,146	3,829,467	3,922,194	2,703,946	2,530,317	3,333,872	2,558,392	3,443,876	2,918,160	2,508,908		35,451,160
Pharmacy Claims	3,290,997	1,952,504	1,558,743	1,547,953	2,230,249	1,253,869	1,624,559	1,392,098	1,400,681	2,052,238	1,404,280		19,708,171
Fixed (PMPM) Admin	153,700	-	247,974	67,761	103,269	88,361	86,681	79,337	80,725	78,772	77,808		1,064,388
Variable Admin	18,488	-	100,071	29,614	34,232	30,400	39,335	35,809	25,200	19,552	22,325		355,026
Salary and Benefits	41,811	27,429	23,389	34,342	54,776	23,251	28,657	31,765	18,570	23,481	27,759		335,230
Prescription Admin	14,837	2,845	6,289	2,195	2,411	-	4,034	5,785	1,955	5,618	2,363		48,332
Miscellaneous	16,811	8,734	10,055	5,380	6,634	8,906	5,551	29,926	5,533	2,739	8,905		109,175
Professional Fees	19,113	21,626	31,158	13,904	21,991	14,239	21,923	18,059	8,149	23,589	21,280		215,033
Total Expense	7,813,639	5,457,285	5,807,147	5,623,343	5,157,509	3,949,343	5,144,612	4,151,171	4,984,689	5,124,147	4,073,629		57,286,515
Available Cash Balance	30,528,513	23,995,643	21,248,017	25,052,384	21,227,587	21,258,847	17,324,521	40,685,098	41,527,394	40,639,297	36,905,349		
Inc(Dec) in Abandoned	(488)	-	(109)	-	-	-	(5,469)	(8,752)	(151)	(56,850)	-		
Property Reserve	-	-	-	-	-	-	-	-	-	-	-		
Month Ending Cash Balance	\$ 30,528,025	\$ 23,995,643	\$ 21,247,907	\$ 25,052,384	\$ 21,227,587	\$ 21,258,847	\$ 17,319,052	\$ 40,676,346	\$ 41,527,243	\$ 40,582,447	\$ 36,905,349		

WSHIP
Budgeted Cashflow 2014

Variance to Budget	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
Favorable/(Unfavorable)													
Enrollment Count	(1)	(95)	(190)	(276)	(308)	(293)	(272)	(297)	(288)	(276)	(296)		(2,592)
Receipts													
Premium Receipts	2,072,318	(919,697)	(365,602)	450,995	(981,606)	660,413	(625,032)	(973,085)	599,855	(616,678)	(967,998)		(1,666,115)
Grant Revenue	(71,247)	71,247	-	-	-	-	-	-	522,975	-	-		522,975
Pharmacy Rebate Income	-	-	161,139	-	-	135,852	-	-	(50,000)	106,254	-		353,245
Claim Refunds Receipts	(33,763)	(34,054)	(17,885)	(31,481)	(34,206)	153,485	326,361	49,058	159,804	36,413	(46,880)		526,851
Assessment Receipts	(894,740)	(102,555)	1,910,815	(4,393,565)	(623,347)	15,800	60,699	(4,213,021)	(763,253)	(622,424)	11,281		(9,614,310)
Investment Income	181	125	112	93	109	83	79	131	239	258	231		1,640
Other Income	-	-	-	-	-	-	-	-	-	-	-		-
Total Receipts	1,072,749	(984,934)	1,688,580	(3,973,958)	(1,639,049)	965,632	(237,893)	(5,136,917)	469,619	(1,096,178)	(1,003,367)		(9,875,715)
Refunds													
Assessment Refunds	-	-	-	-	-	-	-	-	-	-	-		-
Premium Refunds	12,742	(831,931)	574,006	(61,694)	21,111	24,719	24,025	13,206	14,116	42,228	22,194		(145,279)
Total Refunds	12,742	(831,931)	574,006	(61,694)	21,111	24,719	24,025	13,206	14,116	42,228	22,194		(145,279)
Expenses													
Medical Claims	(167,865)	108,955	(967,891)	(1,190,862)	77,387	381,469	(686,256)	(158,012)	(1,179,905)	(669,702)	(161,507)		(4,614,189)
Pharmacy Claims	2,543,661	913,740	592,265	492,313	(193,017)	763,353	385,402	622,747	598,386	(57,259)	585,570		7,247,161
Fixed (PMPM) Admin	(46,913)	105,691	(143,337)	32,126	(4,395)	9,540	10,247	16,660	14,340	15,362	15,435		24,756
Variable Admin	15,160	32,831	(67,446)	(2,941)	(7,758)	(1,615)	(10,741)	(9,897)	530	5,996	36,049		(9,833)
Salary and Benefits	(7,135)	947	5,676	(5,137)	(21,372)	5,954	(747)	(3,855)	9,340	4,429	151		(11,748)
Prescription Admin	(9,378)	2,564	(929)	2,945	2,683	5,050	971	(822)	2,966	(739)	2,475		7,786
Miscellaneous	(8,506)	(429)	(1,750)	2,925	1,671	(601)	2,754	(4,746)	2,772	5,566	(600)		(945)
Professional Fees	4,645	16,631	(4,201)	9,854	1,766	3,018	22,334	18,698	19,609	15,669	48,977		157,001
Total Expense	2,323,667	1,180,929	(587,612)	(658,778)	(143,035)	1,166,168	(276,035)	480,774	(531,962)	(680,677)	526,550		2,799,988
Available Cash Balance	3,409,158	2,772,734	4,447,708	(246,831)	(2,007,805)	148,714	(341,189)	(4,989,595)	(5,046,574)	(6,781,353)	(7,292,825)		
Inc(Dec) in Abandoned Property Reserve	-	-	-	-	-	-	(5,469)	(8,752)	(151)	(56,850)	-		
Month Ending Cash Balance	3,409,158	2,772,734	4,447,708	(246,831)	(2,007,805)	148,714	(346,658)	(4,998,347)	(5,046,725)	(6,838,203)	(7,292,825)		

- (1) Assumes an annual medical claim expense trend of 10% for Non-Medicare, MC Basic and Basic Plus products.
- (2) Assumes an annual pharmacy claim expense trend of 10% Non-Medicare, 10% MC Basic, and -8% MC Basic Plus.
- (3) Premium rates trended at a 4% increase.
- (4) Assumes EHIP members leave December 31, 2013 except for estimated 275 undocumented immigrants and another 90 members who leave March 31, 2013. Remaining Non-Medicare enrollment drops at a rate of 2% per month. Medicare enrollment is trended to increase at a rate of 4 members per month.
- (5) Assumes assessments on March **(\$15.0 M)**, July **(\$39.0 M)**, November **(\$0 M)** TOTAL **\$54.0 M**. The July assessment includes \$18.2 M to cover pool losses and \$20.8 M for the HBE Assessment payment.
- (6) 3-Week expense allowance is \$4.2 M based upon the projected data for the 12-month period ending in Dec of 2014.
- (7) WSHIP has access to a **\$5 M** line of credit in the event cash on hand is exhausted.
- (8) Assumes **\$20.8 M** HBE assessment payment in December 2014. WSHIP will add \$20.8 M to the Interim II assessment to help fund that payment.

Washington State Health Insurance Pool 2014 Cash Flow Forecast

Forecast	Actual (Bold)											Forecast	TOTAL
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	
Enrollment													
Non-Medicare Enrollment	1,480	1,063	884	802	764	750	738	727	720	712	699	698	10,037
Medicare Enrollment (Basic and Basic+)	1,054	1,032	1,054	1,039	1,035	1,054	1,077	1,053	1,059	1,070	1,054	1,066	12,647
Total Enrollment Count	2,534	2,095	1,938	1,841	1,799	1,804	1,815	1,780	1,779	1,782	1,753	1,764	22,684
Cash Balance													
BEGINNING OF MONTH	32,118,470	30,528,025	23,995,643	21,247,907	25,052,384	21,227,587	21,258,847	17,319,052	40,676,346	41,527,243	40,582,447	36,905,349	
Receipts													
Premium Receipts	3,948,909	608,061	1,097,722	1,900,204	453,785	2,082,278	783,592	422,579	1,982,832	753,882	390,408	730,682	15,154,936
Grant Revenue	-	71,247	-	-	-	-	-	-	522,975	-	-	-	594,222
Pharmacy Rebate Income	-	-	211,139	-	-	185,852	-	-	-	106,254	-	50,000	553,245
Claim Refunds Receipts	61,192	41,734	48,325	33,055	30,660	220,825	390,205	111,608	222,101	98,675	18,297	60,655	1,337,331
Assessment Receipts	2,255,260	1,967	1,910,815	7,606,435	876,653	1,515,800	60,699	10,266,604	1,193,198	3,281,376	11,281	6,922,645	35,902,732
Additional Assessment Receipts (HBE)	-	-	-	-	-	-	-	16,750,775	1,947,349	-	331	-	18,698,455
Investment Income	281	225	212	193	209	183	179	231	339	358	-	100	2,509
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	6,265,642	723,234	3,268,214	9,539,887	1,361,308	4,004,937	1,234,675	27,551,797	5,868,793	4,240,544	420,316	7,764,082	72,243,430
Refunds													
Assessment Refunds	-	912,408	-	-	-	-	-	-	-	-	-	1,139,085	2,051,493
Premium Refunds	41,960	885,924	208,693	112,067	28,596	24,334	24,388	34,580	33,056	4,342	23,786	45,402	1,467,129
Total Refunds	41,960	1,798,332	208,693	112,067	28,596	24,334	24,388	34,580	33,056	4,342	23,786	1,184,487	3,518,622
Assessment Payments													
HBE Assessment	-	-	-	-	-	-	-	-	-	-	-	20,838,000	20,838,000
Expenses													
Medical Claim Expense	4,257,882	3,444,146	3,829,467	3,922,194	2,703,946	2,530,317	3,333,872	2,558,392	3,443,876	2,918,160	2,508,908	3,043,878	38,495,038
Pharmacy Claim Expense	3,290,997	1,952,504	1,558,743	1,547,953	2,230,249	1,253,869	1,624,559	1,392,098	1,400,681	2,052,238	1,404,280	1,565,234	21,273,406
PMPM Administrative Expense	153,700	-	247,974	67,761	103,269	88,361	86,681	79,337	80,725	78,772	77,808	92,394	1,156,782
Variable Administrative Expense	18,488	-	100,071	29,614	34,232	30,400	39,335	35,809	25,200	19,552	22,325	25,208	380,234
Salary and Benefits Expense	41,811	27,429	23,389	34,342	54,776	23,251	28,657	31,765	18,570	23,481	27,759	28,117	363,347
Prescription Administrative Expense	14,837	2,845	6,289	2,195	2,411	0	4,034	5,785	1,955	5,618	2,363	4,800	53,132
Miscellaneous Expense	16,811	8,734	10,055	5,380	6,634	8,906	5,551	29,926	5,533	2,739	8,905	20,680	129,855
Professional Fees	19,113	21,626	31,158	13,904	21,991	14,239	21,923	18,059	8,149	23,589	21,280	25,258	240,290
Total Expense	7,813,639	5,457,285	5,807,147	5,623,343	5,157,509	3,949,343	5,144,612	4,151,171	4,984,689	5,124,147	4,073,629	4,805,570	62,092,084
Available Cash Balance	30,528,513	23,995,643	21,248,016	25,052,384	21,227,587	21,258,847	17,324,521	40,685,098	41,527,394	40,639,297	36,905,349	17,841,374	
Inc(Dec) in Abandoned Property Reserve	(488)	-	(109)	-	-	-	(5,469)	(8,752)	(151)	(56,850)	-	-	
Month Ending Cash Balance	30,528,025	23,995,643	21,247,907	25,052,384	21,227,587	21,258,847	17,319,052	40,676,346	41,527,243	40,582,447	36,905,349	17,841,374	

- (1) Assumes an annual medical claim expense trend of 10% for Non-Medicare, MC Basic and Basic Plus products.
- (2) Assumes an annual pharmacy claim expense trend of 10% Non-Medicare, 10% MC Basic, and -8% MC Basic Plus.
- (3) Premium rates trended at a 9% increase.
- (4) Assumes EHIP members leave December 31, 2013 except for estimated 375 undocumented immigrants. Remaining Non-Medicare enrollment drops of at a rate of 10% per month. Medicare enrollment is trended to increase at a rate of 3 members per month.
- (5) Assumes assessments on March (**\$10.0 M**), July (**\$33.5 M**), November (**\$2.0 M**) TOTAL **\$45.5 M**. The July assessment includes \$12.7 M to cover pool losses and \$20.8 M for the HBE Assessment payment.
- (6) 3-Week expense allowance is **\$3.6 M** based upon the projected data for the 12-month period ending in Dec of 2014.
- (7) WSHIP has access to a **\$5 M** line of credit in the event cash on hand is exhausted.
- (8) Assumes **\$20.8 M** HBE assessment payment in December 2014. WSHIP will add \$20.8 M to the Interim II assessment to help fund that payment.

Washington State Health Insurance Pool 2015 Cash Flow Forecast

Forecast - Updated 10/20/14

	Forecast												TOTAL
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	
Enrollment:													
Non-Medicare Enrollment	690	683	675	668	661	654	646	640	634	627	621	614	7,813
Medicare Enrollment (Basic and Basic+)	1,068	1,070	1,072	1,074	1,076	1,078	1,080	1,082	1,084	1,086	1,088	1,090	12,948
Total Enrollment Count	1,758	1,753	1,747	1,742	1,737	1,732	1,726	1,722	1,718	1,713	1,709	1,704	20,761
Cash Balance													
BEGINNING OF MONTH	17,841,374	11,916,574	8,393,650	6,311,636	11,943,450	9,349,815	7,998,580	4,054,951	11,897,977	10,699,393	8,260,711	4,042,526	
Receipts													
Premium Receipts	1,926,768	470,802	2,115,907	666,388	451,514	2,007,336	740,914	449,731	1,991,832	727,875	416,110	1,089,382	13,054,558
Grant Revenue	587,465	-	-	-	-	-	-	-	-	-	-	-	587,465
Pharmacy Rebate Income	-	-	30,000	-	-	30,000	-	-	30,000	-	-	30,000	120,000
Claim Refunds Receipts	89,322	79,420	82,418	86,236	87,362	93,191	100,818	101,577	101,618	101,541	99,942	98,907	1,122,353
Assessment Receipts	2,087,174	-	-	9,200,000	1,150,000	1,150,000	-	12,000,000	1,500,000	1,500,000	-	10,400,000	38,987,174
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	4,690,829	550,322	2,228,424	9,952,724	1,688,976	3,280,627	841,832	12,551,408	3,623,550	2,329,516	516,152	11,618,389	53,872,750
Refunds													
Assessment Refunds	5,882,015	-	-	-	-	-	-	-	-	-	-	-	5,882,015
Premium Refunds	216,539	52,911	237,795	74,892	50,743	225,593	83,267	50,543	223,851	81,802	46,764	122,430	1,467,129
Total Refunds	6,098,554	52,911	237,795	74,892	50,743	225,593	83,267	50,543	223,851	81,802	46,764	122,430	7,349,144
Expenses													
Medical Claim Expense	2,571,134	2,286,101	2,372,386	2,482,314	2,514,712	2,682,510	2,902,051	2,923,892	2,925,064	2,922,857	2,876,836	2,847,041	32,306,898
Pharmacy Claim Expense	1,667,220	1,554,573	1,522,574	1,573,440	1,516,629	1,537,671	1,591,411	1,515,904	1,483,132	1,563,033	1,571,453	1,601,392	18,698,432
PMPM Administrative Expense	74,738	74,429	74,169	90,143	89,836	89,529	89,222	88,858	88,608	88,359	88,052	87,802	1,023,745
Variable Administrative Expense	27,953	27,281	27,194	27,122	27,050	26,978	26,891	26,833	26,775	29,203	34,645	26,572	334,497
Salary and Benefits Expense	143,885	33,965	33,395	33,536	33,536	33,536	33,536	33,536	33,536	33,536	33,536	33,769	513,301
Prescription Administrative Expense	3,375	3,366	3,354	3,345	3,335	3,325	3,314	3,306	3,299	3,289	3,281	3,272	39,861
Miscellaneous Expense	9,800	7,150	17,400	7,150	9,800	7,750	9,800	29,040	10,400	7,150	9,800	30,399	155,639
Professional Fees	18,970	33,470	22,170	28,970	36,970	24,970	45,970	36,470	27,470	38,970	69,970	14,970	399,339
Total Expense	4,517,075	4,020,335	4,072,643	4,246,019	4,231,867	4,406,269	4,702,195	4,657,839	4,598,283	4,686,396	4,687,573	4,645,217	53,471,712
Available Cash Balance	11,916,574	8,393,650	6,311,636	11,943,450	9,349,815	7,998,580	4,054,951	11,897,977	10,699,393	8,260,711	4,042,526	10,893,268	
Inc(Dec) in Abandoned Property Reserve	-	-	-	-	-	-	-	-	-	-	-	-	
Month Ending Cash Balance	11,916,574	8,393,650	6,311,636	11,943,450	9,349,815	7,998,580	4,054,951	11,897,977	10,699,393	8,260,711	4,042,526	10,893,268	

- (1) Assumes a Non-medicare medical claim expense trend of 25% until March 2015 and then a 13.6% trend thereafter. Assumes an annual Medicare medical claim expense trend of 10%.
- (2) Assumes a Non-medicare pharmacy claim expense trend of 25% until March 2015 and then a 13.6% trend thereafter. Assumes an annual Medicare pharmacy claim expense trend of 4%.
- (3) Assumes a Non-medicare premium rate trended at a 7.2% increase. Assumes a Medicare premium rate increase of 12% for Basic and 7% for Basic Plus.
- (4) Non-medicare enrollment projected to decrease by 7 members per month. All Medicare enrollment projected to increase by 2 members per month.
- (5) Assumes assessments on March (**\$11.5 M**), July (**\$15.00**) and November (**\$13.0 M**) TOTAL **\$39.5 M**
- (6) 3-Week expense allowance is **\$3.1 M** based upon the actual data for the 12-month period ending in Dec of 2015.
- (7) WSHIP has access to a **\$5 M** line of credit in the event cash on hand is exhausted.

**Washington State Health Insurance Pool
2014 Administrative Expense
Budget Variance Analysis**

Budget	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Membership (1)	2,843	2,817	2,792	2,677	2,653	2,630	2,607	2,585	2,563	2,541	2,520	2,500	31,729
PMPM Administrative Expense (2)	106,787	105,691	104,637	99,887	98,874	97,901	96,928	95,997	95,065	94,134	93,243	92,394	1,181,538
Variable Administrative Expense (3)	33,647	32,831	32,625	26,673	26,474	28,785	28,594	25,912	25,730	25,548	58,374	25,208	370,401
Salary and Benefits Expense (4) & (7)	34,676	28,376	29,066	29,205	33,405	29,205	27,910	27,910	27,910	27,910	27,910	28,117	351,599
RX Benefit Management Fees	5,459	5,409	5,361	5,140	5,094	5,050	5,005	4,963	4,921	4,879	4,838	4,800	60,918
Miscellaneous Expense (5)	8,305	8,305	8,305	8,305	8,305	8,305	8,305	25,180	8,305	8,305	8,305	20,680	128,910
Professional Fees (6)	23,758	38,258	26,958	23,758	23,758	17,258	44,258	36,758	27,758	39,258	70,258	25,258	397,291
Total Budget Operating Expenses	\$212,631	\$218,869	\$206,951	\$192,967	\$195,909	\$186,503	\$211,000	\$216,720	\$189,689	\$200,034	\$262,928	\$196,457	\$2,490,657

Actual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
Membership (1)	2,534	2,095	1,938	1,841	1,799	1,804	1,815	1,780	1,779	1,782	1,753		20,920
PMPM Administrative Expense (2)	153,700	-	247,974	67,761	103,269	88,361	86,681	79,337	80,725	78,772	77,808		1,064,388
Variable Administrative Expense (3)	18,488	-	100,071	29,614	34,232	30,400	39,335	35,809	25,200	19,552	22,325		355,026
Salary and Benefits Expense (4) & (7)	41,811	27,429	23,389	34,342	54,776	23,251	28,657	31,765	18,570	23,481	27,759		335,230
RX Benefit Management Fees	14,837	2,845	6,289	2,195	2,411	0	4,034	5,785	1,955	5,618	2,363		48,332
Miscellaneous Expense (5)	16,811	8,734	10,055	5,380	6,634	8,906	5,551	29,926	5,533	2,739	8,905		109,175
Professional Fees (6)	19,113	21,626	31,158	13,904	21,991	14,239	21,923	18,059	8,149	23,589	21,280		215,033
Total Actual Operating Expenses	\$264,760	\$60,634	\$418,937	\$153,195	\$223,314	\$165,158	\$186,182	\$200,681	\$140,132	\$153,750	\$160,441	\$0	\$2,127,184

Variance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
Membership (1)	(309)	(722)	(854)	(836)	(854)	(826)	(792)	(805)	(784)	(759)	(767)		(8,309)
PMPM Administrative Expense (2)	(46,913)	105,691	(143,337)	32,126	(4,395)	9,540	10,247	16,660	14,340	15,362	15,435		24,756
Variable Administrative Expense (3)	15,160	32,831	(67,446)	(2,941)	(7,758)	(1,615)	(10,741)	(9,897)	530	5,996	36,049		(9,833)
Salary and Benefits Expense (4) & (7)	(7,135)	947	5,676	(5,137)	(21,372)	5,954	(747)	(3,855)	9,340	4,429	151		(11,748)
RX Benefit Management Fees	(9,378)	2,564	(929)	2,945	2,683	5,050	971	(822)	2,966	(739)	2,475		7,786
Miscellaneous Expense (5)	(8,506)	(429)	(1,750)	2,925	1,671	(601)	2,754	(4,746)	2,772	5,566	(600)		(945)
Professional Fees (6)	4,645	16,631	(4,201)	9,854	1,766	3,018	22,334	18,698	19,609	15,669	48,977		157,001
Total Variance Expenses	(\$52,129)	\$158,235	(\$211,986)	\$39,772	(\$27,405)	\$21,345	\$24,818	\$16,039	\$49,557	\$46,284	\$102,488		\$167,017

Notes:

- (1) Assumes EHIP members leave December 31, 2013 except 275 of undocumented immigrants and another 90 members who will leave March 31, 2014.
All non-EHIP membership drops off at a rate of 2% per month.
- (2) PMPM Administrative Expense reflects contractual fees and performance bonuses per member for TPA, Utilization Management fees and Network services.
The PMPM rate varies by plan and enrollment levels. For the Medicare plan, PMPM = \$31.05. For Non-Medicare, PMPM = \$40.55. The blended rate based on enrollment is \$36.74.
Please note that if monthly enrollment falls below 2,500 lives, PMPM administrative expenses will increase according to the agreed upon rate schedule.
- (3) Variable Administrative Expense includes Case Management & Care Coaching, special mailings, misc. system programming, Exchange Transition administration and other miscellaneous.
- (4) Salary and Benefits Expense reflect the combined amounts of the Executive Director, Deputy Executive Director, Executive Assistant and Program Coordinator, as well as Temporary Resources. PCIP-WA will reimburse WSHIP for 25% of salary and benefit costs and these figures reflect those reimbursement
- (5) Miscellaneous expense includes Board expenses, conference travel, insurance, agent commissions, phone/internet charges, and office expenses.
PCIP-WA will reimburse WSHIP for 25% of miscellaneous costs and these figures reflect those reimbursements.
- (6) Professional fees include legal fees, auditing fees, actuarial fees, and consulting.

WSHIP Financial Performance

CASH BASIS	Month Ending November 30, 2014			
	Projected	Actual	Variance	% Change
Membership	2,049	1,753	(296)	-14%
Avg Premium Receipt PMPM	\$641	\$209	(\$432)	-67%
Avg Medical Claim Expense PMPM	\$1,114	\$1,421	(\$307)	-28%
Avg Pharmacy Claim Expense PMPM	\$971	\$801	\$170	18%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,444)	(\$2,013)	(\$569)	-39%
Avg Premium Receipt Less Avg Claim Expense Total	(\$2,958,756)	(\$3,528,789)	(\$570,033)	-19%
Variance Due to Changes in Membership			\$595,848	
Variance Due to Changes in Claim Expenses			(\$1,165,881)	

CASH BASIS	Year-To-Date November 30, 2014			
	Projected	Actual	Variance	% Change
Member Months	23,512	20,920	(2,592)	-11%
Avg Premium Receipt PMPM	\$630	\$622	(\$8)	-1%
Avg Medical Claim Expense PMPM	\$1,280	\$1,634	(\$354)	-28%
Avg Pharmacy Claim Expense PMPM	\$1,146	\$942	\$204	18%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,796)	(\$1,954)	(\$158)	-9%
Avg Premium Receipt Less Avg Claim Expense Total	(\$42,227,552)	(\$40,877,680)	\$1,349,872	3%
Variance Due to Changes in Membership			\$5,064,768	
Variance Due to Changes in Claim Expenses			(\$3,714,896)	

INCURRED BASIS	Year-To-Date November 30, 2014	Year-To-Date November 30, 2013
	Actual	Actual - Prior Year
Member Months	20,920	42,336
Avg Premium Income PMPM	\$612	\$668
Avg Medical Claim Expense PMPM (1)	\$1,470	\$1,303
Avg Pharmacy Claim Expense PMPM (2)	\$931	\$1,222
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,789)	(\$1,857)
Avg Premium Receipt Less Avg Claim Expense Total	(\$37,425,880)	(\$78,617,952)

(1) Incurred medical claims data totals \$30,754,699 which is derived from \$25,886,699 actual paid claims with dates of service between 1-1-14 and 11-30-14 and \$4,868,000 IBNR reserve.

(2) Incurred pharmacy claims data totals \$19,486,171 which is derived from \$18,858,171 actual paid claims with dates of service between 1-1-14 and 11-30-14 and \$628,000 IBNR reserve.