

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

1. 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 and generated on July 31, 2017 with invoices due August 31, 2017 except for the carriers who have installment payment arrangements, at which point the invoices are due in total by October 31, 2017. As of November 30, 2017, all \$8.0 M of assessments have been collected thus closing out the assessment.

2. 2017 Interim III Assessment Required

An assessment of \$8.5 M is required to adequately fund the pool until the next scheduled assessment in March 2018. This assessment was approved by the Board of Directors on November 8, 2017 and invoices were generated on November 28, 2017 with invoices due December 28, 2017 except for the carriers who have installment payment arrangements, at which point the invoices are due in total by February 28, 2018. As of December 31, 2017, \$3.6 M of assessments have been collected, leaving \$6.1 M to be collected before \$1.2 M is distributed for assessment true-up refunds.

3. Financial Statements – November 2017

Balance Sheet

Cash on hand decreased by \$2.4 M or 34.2% from October 2017 to November 2017. The current cash position is \$4.7 M, which is well above our current 4-week expense allowance of \$3.3 M. As of the end of November 2017, the entire \$4.7 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 2017 is \$4.5 M. This is an increase of \$209 K or 4.9% from the prior month. Medical IBNR increased \$55 K or 1.4% and pharmacy IBNR increased \$154 K or 41.1% from October 2017.

As of November 2017, the equity position of WSHIP is a positive \$7.6 M.

Income Statement

Total member months for November 2017 YTD are lower by 100 member months or less than 1% lower than November 2017 YTD. Member months are measured as the cumulative monthly member count (PMPM) over a period of time. The total

incurred claim loss for November 2017 YTD is \$2.2 M or 5.8% lower than November 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 November 2017 YTD, the medical claims portion is \$508 K or 2.2% less than November 2016 YTD, and the pharmacy claims portion is \$1.7 M or 11.7% lower than November 2016 YTD.

November 2017 YTD administrative expenses are \$27 K or 1.6% lower than the administrative expenses for November 2016 YTD. The ratio of administrative expenses as a percentage of total cost is 4.4% for November 2017 YTD as compared to 4.2% for November YTD of the prior year. Total cost is calculated as total incurred claim loss less pharmacy rebates plus administrative expenses.

#### 4. Budgeted Cash Flow – November 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 \$4.7 M is \$760 K or 19.3% higher than the budgeted cash balance of \$3.9 M. Total net cash receipts for November 2017 YTD are \$3.5 M or 10.1% unfavorable to budget. Total YTD expenses are \$4.2 M or 10.0% favorable to budget. The YTD administrative expenses are \$110 K or 6.3% favorable to budget. Total YTD medical claims expense is \$1.2 M or 4.9% favorable to budget; while total YTD pharmacy claims expense is \$2.9 M or 18.2% favorable to budget.

#### 5. Medicare vs. Non-Medicare Cash Flow – November 2017

As of November, the YTD Medicare member months total 11,857 and represent 74% of the combined WSHIP member months. The YTD Non-Medicare member months total 4,194 and account for 26% of the combined WSHIP member months. The YTD Medicare Loss Ratio is 195% while the YTD Non-Medicare Loss Ratio is 408%. On a cash basis, the YTD Claims PMPM is \$796 for Medicare members and \$6,391 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 December 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 November

2017. For December 2017, preliminary figures for the key financial drivers (Premium Receipts, 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 \$26.0 M which is a \$7.0 M or 21.2% decrease from the 2016 assessment of \$33.0 M.

#### 7. Cash Flow Forecast – 2018

Included in this month's financial packet is a draft of the 2018 cash flow forecast. Assumptions are noted on this schedule as well as the 2018 assessment projection. To ensure adequate funding the current 2018 forecast is projecting an assessment of \$25.5 M which is a \$0.5 M or 1.9% decrease from the 2017 assessment of \$26.0 M.

#### 8. Administrative Expense Budget

For November 2017, YTD administrative expenses are \$110 K or 6.3% favorable to budget (cash basis).

#### 9. Financial Performance

November 2017 YTD member months are 13 member months or less than 1% higher than projected in the original budget. Through November 2017, average premium receipt PMPM is 1% higher than anticipated, average medical claims expense PMPM is 5% lower than expected and average pharmacy claims expense PMPM is 18% lower than anticipated.

On an incurred basis, the average YTD medical claims expense PMPM is \$1,459 as compared to \$1,419 on a cash basis. Also on an incurred basis, the average YTD pharmacy claims expense PMPM is \$817 as compared to \$816 on a cash basis.

# WASHINGTON STATE HEALTH INSURANCE POOL

## Unaudited Balance Sheet as of November 30

Total Enrollment: 1,447

|   | <u>2017</u>          | <u>2016</u>          |
|---|----------------------|----------------------|
| <b>Assets:</b>                                  |                      |                      |
| Cash  | \$ 4,702,512         | \$ 6,297,118         |
| Premiums Receivable                             | 69,584               | 38,820               |
| Assessments Receivable                          | 9,738,834            | 10,550,216           |
| Grants Receivable                               | -                    | -                    |
| Prepaid Expense                                 | -                    | -                    |
| <b>Total Assets</b>                             | <u>\$ 14,510,930</u> | <u>\$ 16,886,154</u> |
| <br><b>Liabilities and Unassigned Surplus:</b>  |                      |                      |
| Reserve for Unpaid Losses - Medical             | \$ 3,980,000         | \$ 4,026,000         |
| Reserve for Unpaid Losses - Pharmacy            | 529,000              | 601,000              |
| Accrued Loss Adjustment                         | 328,000              | 305,000              |
| Premiums Received in Advance                    | 722,946              | 670,283              |
| Assessments Payable                             | 1,238,834            | 2,073,171            |
| Accrued Expenses                                | 126,744              | 142,839              |
| Abandoned Claim Reserve                         | 19,897               | 20,774               |
| <b>Total Liabilities</b>                        | <u>\$ 6,945,421</u>  | <u>\$ 7,839,067</u>  |
| <b>Unassigned Surplus</b>                       | 7,565,509            | 9,047,087            |
| <b>Total Liabilities and Unassigned Surplus</b> | <u>\$ 14,510,930</u> | <u>\$ 16,886,154</u> |

# WASHINGTON STATE HEALTH INSURANCE POOL

## Unaudited Statement of Operations January 1 to November 30

|                                       | <u>2017</u>            | <u>2016</u>            |
|---------------------------------------|------------------------|------------------------|
| Total Member Months                   | 16,051                 | 16,151                 |
| <b>Premium Income Earned</b>          | \$ 11,025,298          | \$ 10,435,806          |
| <b>Pharmacy Rebate Income</b>         | 362,663                | 331,651                |
| <b>Grant Income</b>                   | -                      | -                      |
| <b>Incurred Claim Loss - Medical</b>  | 22,640,746             | 23,149,152             |
| <b>Incurred Claim Loss - Pharmacy</b> | 12,812,824             | 14,502,598             |
| <b>Total Incurred Claim Loss</b>      | <u>35,453,570</u>      | <u>37,651,750</u>      |
| <b>Operating Expenses:</b>            |                        |                        |
| Fixed (PMPM) Administrative Expense   | \$ 864,801             | \$ 897,366             |
| Variable Administrative Expense       | 139,905                | 162,001                |
| Salary and Benefit Expense            | 319,843                | 329,166                |
| Prescription Administrative Expense   | 23,932                 | 22,427                 |
| Miscellaneous Expense                 | 99,559                 | 83,875                 |
| Professional Fee Expense              | 180,547                | 160,601                |
| <b>Total Operating Expenses</b>       | <u>\$ 1,628,587</u>    | <u>\$ 1,655,435</u>    |
| <b>Underwriting Gain (Loss)</b>       | (25,694,195)           | (28,539,728)           |
| <b>Investment Income</b>              | 60,095                 | 18,732                 |
| <b>Other Income</b>                   | -                      | 26,489                 |
| <b>Changes to Unassigned Surplus</b>  | <u>\$ (25,634,100)</u> | <u>\$ (28,494,508)</u> |

# WASHINGTON STATE HEALTH INSURANCE POOL

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

|   | <u>2017</u>         | <u>2016</u>         |
|---|---------------------|---------------------|
| Unassigned Surplus at Beginning of Year | \$ 6,062,256        | \$ 6,187,923        |
| Changes to Unassigned Surplus           | (25,634,100)        | (28,494,508)        |
| Member Assessments                      | 27,137,353          | 31,353,672          |
| <b>Unassigned Surplus</b>               | <u>\$ 7,565,509</u> | <u>\$ 9,047,087</u> |

**WSHIP 2017  
Budgeted Cashflow**

|                                  | JANUARY       | FEBRUARY     | MARCH        | APRIL         | MAY          | JUNE         | JULY         | AUGUST        | SEPTEMBER    | OCTOBER      | NOVEMBER     | DECEMBER      | NOVEMBER YTD | TOTAL      |
|----------------------------------|---------------|--------------|--------------|---------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|---------------|--------------|------------|
| <b>Enrollment Count</b>          | 1,453         | 1,454        | 1,455        | 1,456         | 1,457        | 1,458        | 1,459        | 1,460         | 1,461        | 1,462        | 1,463        | 1,464         | 16,038       | 17,502     |
| <b>Cash Balance</b>              |               |              |              |               |              |              |              |               |              |              |              |               |              |            |
| <b>BEGINNING OF MONTH</b>        | 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     |              |            |
| <b>Receipts</b>                  |               |              |              |               |              |              |              |               |              |              |              |               |              |            |
| 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       | 11,434,662   | 11,876,450 |
| Grant Revenue                    | -             | -            | -            | -             | -            | -            | -            | -             | -            | -            | -            | -             | -            | -          |
| Pharmacy Rebate Income           | -             | -            | 50,000       | -             | -            | 50,000       | -            | -             | 50,000       | -            | -            | 50,000        | 150,000      | 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        | 415,105      | 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    | 22,570,977   | 32,570,977 |
| Investment Income                | 100           | 100          | 100          | 100           | 100          | 100          | 100          | 100           | 100          | 100          | 100          | 100           | 1,100        | 1,200      |
| Other Income                     | -             | -            | -            | -             | -            | -            | -            | -             | -            | -            | -            | -             | -            | -          |
| <b>Total Receipts</b>            | 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    | 34,571,844   | 45,102,800 |
| <b>Refunds</b>                   |               |              |              |               |              |              |              |               |              |              |              |               |              |            |
| 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        | 285,867      | 296,911    |
| <b>Total Refunds</b>             | 848,749       | 10,708       | 47,654       | 17,026        | 8,024        | 45,827       | 21,939       | 7,984         | 45,760       | 18,329       | 11,638       | 11,045        | 1,083,637    | 1,094,681  |
| <b>Expenses</b>                  |               |              |              |               |              |              |              |               |              |              |              |               |              |            |
| 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     | 24,417,938   | 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     | 16,010,169   | 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        | 831,760      | 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        | 180,654      | 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        | 362,060      | 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         | 24,911       | 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        | 103,950      | 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        | 243,333      | 259,567    |
| <b>Total Expense</b>             | 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     | 42,174,774   | 46,120,534 |
| <b>Month Ending Cash Balance</b> | \$ 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 |              |            |

| <b>Actual</b>                                 | JANUARY       | FEBRUARY     | MARCH        | APRIL         | MAY           | JUNE         | JULY         | AUGUST       | SEPTEMBER    | OCTOBER      | NOVEMBER     | DECEMBER | TOTAL YTD  |
|---|---------------|--------------|--------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|----------|------------|
| <b>Enrollment Count</b>                       | 1,494         | 1,447        | 1,450        | 1,477         | 1,448         | 1,457        | 1,468        | 1,441        | 1,458        | 1,464        | 1,447        |          | 16,051     |
| <b>Cash Balance</b>                           |               |              |              |               |               |              |              |              |              |              |              |          |            |
| <b>BEGINNING OF MONTH</b>                     | 12,629,341    | 10,823,097   | 8,345,429    | 6,933,338     | 10,466,790    | 10,192,648   | 9,154,086    | 6,643,448    | 9,567,404    | 9,222,471    | 7,149,013    |          |            |
| <b>Receipts</b>                               |               |              |              |               |               |              |              |              |              |              |              |          |            |
| Premium Receipts                              | 2,083,674     | 476,316      | 1,836,818    | 730,715       | 498,839       | 1,769,014    | 736,994      | 549,979      | 1,624,632    | 724,223      | 359,528      |          | 11,390,732 |
| Grant Revenue                                 | -             | -            | -            | -             | -             | -            | -            | -            | -            | -            | -            |          | -          |
| Pharmacy Rebate Income                        | -             | 15,401       | -            | -             | 93,683        | -            | -            | 127,381      | -            | -            | 126,199      |          | 362,663    |
| Claim Refunds Receipts                        | 47,102        | 11,429       | 222,339      | 4,222         | 8,354         | 6,753        | 10,328       | 69,714       | 7,038        | 11,471       | 44,540       |          | 443,290    |
| Assessment Receipts                           | 70,838        | -            | 561,202      | 5,911,866     | 2,755,833     | 720,573      | -            | 5,688,844    | 2,410,667    | 588,469      | 38           |          | 18,708,330 |
| Investment Income                             | 4,644         | 3,498        | 3,331        | 4,838         | 6,598         | 6,104        | 6,207        | 5,618        | 7,424        | 6,835        | 4,998        |          | 60,095     |
| Other Income                                  | -             | -            | -            | -             | -             | -            | -            | -            | -            | -            | -            |          | -          |
| <b>Total Receipts</b>                         | 2,206,257     | 506,644      | 2,623,690    | 6,651,641     | 3,363,307     | 2,502,444    | 753,530      | 6,441,535    | 4,049,762    | 1,330,998    | 535,302      |          | 30,965,110 |
| <b>Refunds</b>                                |               |              |              |               |               |              |              |              |              |              |              |          |            |
| Assessment Refunds                            | 797,770       | -            | -            | -             | -             | -            | -            | -            | -            | -            | -            |          | 797,770    |
| Premium Refunds                               | 496           | 13,994       | 17,987       | -             | 27,694        | 10,112       | -            | 45,698       | 8,030        | 21,149       | (6,008)      |          | 139,153    |
| <b>Total Refunds</b>                          | 798,266       | 13,994       | 17,987       | -             | 27,694        | 10,112       | -            | 45,698       | 8,030        | 21,149       | (6,008)      |          | 936,923    |
| <b>Expenses</b>                               |               |              |              |               |               |              |              |              |              |              |              |          |            |
| Medical Claims                                | 1,945,700     | 1,659,997    | 2,169,194    | 1,902,067     | 2,383,801     | 2,244,510    | 1,963,482    | 2,223,784    | 2,758,115    | 2,178,289    | 1,790,069    |          | 23,219,007 |
| Pharmacy Claims                               | 1,123,106     | 1,169,789    | 1,689,151    | 1,081,201     | 1,084,415     | 1,146,225    | 1,133,425    | 1,105,643    | 1,487,111    | 1,043,370    | 1,035,415    |          | 13,098,852 |
| Fixed (PMPM) Admin                            | 79,079        | 79,010       | 79,674       | 73,977        | 77,160        | 79,925       | 80,542       | 79,104       | 77,811       | 81,260       | 78,164       |          | 865,706    |
| Variable Admin                                | 12,793        | 7,866        | 18,987       | 15,223        | 6,787         | 11,779       | 17,090       | 14,172       | 12,531       | 11,436       | 9,380        |          | 138,044    |
| Salary and Benefits                           | 30,101        | 37,423       | 27,678       | 27,693        | 31,139        | 30,558       | 29,904       | 28,878       | 30,847       | 28,455       | 28,586       |          | 331,263    |
| Prescription Admin                            | 1,748         | -            | 4,745        | 1,878         | 1,901         | 1,575        | 1,460        | 1,827        | 1,752        | 3,527        | 1,753        |          | 22,166     |
| Miscellaneous                                 | 8,138         | 8,482        | 6,661        | 8,833         | 4,917         | 4,207        | 25,842       | 3,897        | 3,955        | 8,631        | 13,056       |          | 96,621     |
| Professional Fees                             | 13,572        | 7,749        | 21,704       | 7,315         | 19,635        | 12,114       | 12,422       | 14,575       | 14,544       | 28,339       | 31,389       |          | 183,358    |
| <b>Total Expense</b>                          | 3,214,236     | 2,970,317    | 4,017,794    | 3,118,189     | 3,609,756     | 3,530,893    | 3,264,168    | 3,471,882    | 4,386,665    | 3,383,307    | 2,987,811    |          | 37,955,017 |
| <b>Available Cash Balance</b>                 | 10,823,097    | 8,345,429    | 6,933,338    | 10,466,790    | 10,192,648    | 9,154,086    | 6,643,448    | 9,567,404    | 9,222,471    | 7,149,013    | 4,702,512    |          |            |
| <b>Inc(Dec) in Abandoned Property Reserve</b> |               |              |              |               |               |              |              |              |              |              |              |          |            |
| <b>Month Ending Cash Balance</b>              | \$ 10,823,097 | \$ 8,345,429 | \$ 6,933,338 | \$ 10,466,790 | \$ 10,192,648 | \$ 9,154,086 | \$ 6,643,448 | \$ 9,567,404 | \$ 9,222,471 | \$ 7,149,013 | \$ 4,702,512 |          |            |

**WSHIP 2017  
Budgeted Cashflow**

| <b>Variance to Budget</b>        | JANUARY        | FEBRUARY         | MARCH            | APRIL              | MAY              | JUNE             | JULY             | AUGUST             | SEPTEMBER        | OCTOBER          | NOVEMBER       | DECEMBER | TOTAL YTD          |
|----------------------------------|----------------|------------------|------------------|--------------------|------------------|------------------|------------------|--------------------|------------------|------------------|----------------|----------|--------------------|
| Favorable/(Unfavorable)          |                |                  |                  |                    |                  |                  |                  |                    |                  |                  |                |          |                    |
| <b>Enrollment Count</b>          | 41             | (7)              | (5)              | 21                 | (9)              | (1)              | 9                | (19)               | (3)              | 2                | (16)           |          | 13                 |
| <b>Receipts</b>                  |                |                  |                  |                    |                  |                  |                  |                    |                  |                  |                |          |                    |
| Premium Receipts                 | 44,533         | 48,006           | (69,324)         | 49,685             | 177,866          | (64,055)         | (140,580)        | 230,610            | (205,755)        | (8,942)          | (105,974)      |          | (43,930)           |
| Grant Revenue                    | -              | -                | -                | -                  | -                | -                | -                | -                  | -                | -                | -              |          | -                  |
| Pharmacy Rebate Income           | -              | 15,401           | (50,000)         | -                  | 93,683           | (50,000)         | -                | 127,381            | (50,000)         | -                | 126,199        |          | 212,663            |
| Claim Refunds Receipts           | 13,002         | (27,862)         | 182,960          | (33,719)           | (31,081)         | (31,033)         | (26,202)         | 33,862             | (29,173)         | (26,980)         | 4,411          |          | 28,185             |
| Assessment Receipts              | -              | (139)            | 561,202          | (2,088,134)        | 1,755,833        | (279,427)        | -                | (4,311,156)        | 1,160,667        | (661,531)        | 38             |          | (3,862,647)        |
| Investment Income                | 4,544          | 3,398            | 3,231            | 4,738              | 6,498            | 6,004            | 6,107            | 5,518              | 7,324            | 6,735            | 4,898          |          | 58,995             |
| Other Income                     | -              | -                | -                | -                  | -                | -                | -                | -                  | -                | -                | -              |          | -                  |
| <b>Total Receipts</b>            | <b>62,079</b>  | <b>38,804</b>    | <b>628,069</b>   | <b>(2,067,429)</b> | <b>2,002,799</b> | <b>(418,511)</b> | <b>(160,675)</b> | <b>(3,913,786)</b> | <b>883,064</b>   | <b>(690,718)</b> | <b>29,571</b>  |          | <b>(3,606,734)</b> |
| <b>Refunds</b>                   |                |                  |                  |                    |                  |                  |                  |                    |                  |                  |                |          |                    |
| Assessment Refunds               | -              | -                | -                | -                  | -                | -                | -                | -                  | -                | -                | -              |          | -                  |
| Premium Refunds                  | 50,483         | (3,286)          | 29,666           | 17,026             | (19,670)         | 35,714           | 21,939           | (37,714)           | 37,730           | (2,820)          | 17,646         |          | 146,714            |
| <b>Total Refunds</b>             | <b>50,483</b>  | <b>(3,286)</b>   | <b>29,666</b>    | <b>17,026</b>      | <b>(19,670)</b>  | <b>35,714</b>    | <b>21,939</b>    | <b>(37,714)</b>    | <b>37,730</b>    | <b>(2,820)</b>   | <b>17,646</b>  |          | <b>146,714</b>     |
| <b>Expenses</b>                  |                |                  |                  |                    |                  |                  |                  |                    |                  |                  |                |          |                    |
| Medical Claims                   | 60,185         | 651,271          | 147,166          | 329,739            | (64,071)         | (21,808)         | 185,386          | (114,838)          | (628,061)        | 83,525           | 570,437        |          | 1,198,931          |
| Pharmacy Claims                  | -              | 138,242          | (270,023)        | 413,592            | 380,687          | 367,252          | 367,696          | 422,768            | 163,925          | 530,467          | 396,711        |          | 2,911,316          |
| Fixed (PMPM) Admin               | (4,203)        | (3,454)          | (4,089)          | 1,638              | (1,516)          | (4,251)          | (4,839)          | (3,371)            | (2,049)          | (5,469)          | (2,343)        |          | (33,946)           |
| Variable Admin                   | 2,627          | 14,464           | (4,147)          | (374)              | 8,072            | 3,090            | (1,212)          | 716                | 3,366            | 3,471            | 12,537         |          | 42,610             |
| Salary and Benefits              | 12,422         | (4,822)          | 4,204            | 4,188              | 742              | 1,324            | 1,977            | 3,004              | 1,035            | 3,427            | 3,296          |          | 30,798             |
| Prescription Admin               | 511            | 2,260            | (2,484)          | 384                | 362              | 689              | 806              | 439                | 516              | (1,258)          | 517            |          | 2,745              |
| Miscellaneous                    | (88)           | (3,082)          | 9,989            | (3,433)            | 3,133            | 1,793            | (20,442)         | 23,003             | 4,695            | (3,231)          | (5,006)        |          | 7,329              |
| Professional Fees                | 4,595          | 23,584           | 14,962           | 7,518              | 2,699            | (1,281)          | 22,412           | (242)              | (1,211)          | (7,506)          | (5,556)        |          | 59,975             |
| <b>Total Expense</b>             | <b>76,049</b>  | <b>818,462</b>   | <b>(104,421)</b> | <b>753,252</b>     | <b>330,108</b>   | <b>346,808</b>   | <b>551,783</b>   | <b>331,478</b>     | <b>(457,784)</b> | <b>603,427</b>   | <b>970,593</b> |          | <b>4,219,757</b>   |
| <b>Available Cash Balance</b>    | <b>188,611</b> | <b>1,042,591</b> | <b>1,595,905</b> | <b>298,754</b>     | <b>2,611,991</b> | <b>2,576,003</b> | <b>2,989,050</b> | <b>(630,971)</b>   | <b>(167,961)</b> | <b>(258,073)</b> | <b>759,737</b> |          |                    |
| <b>Inc(Dec) in Abandoned</b>     |                |                  |                  |                    |                  |                  |                  |                    |                  |                  |                |          |                    |
| <b>Property Reserve</b>          |                |                  |                  |                    |                  |                  |                  |                    |                  |                  |                |          |                    |
| <b>Month Ending Cash Balance</b> | <b>188,611</b> | <b>1,042,591</b> | <b>1,595,905</b> | <b>298,754</b>     | <b>2,611,991</b> | <b>2,576,003</b> | <b>2,989,050</b> | <b>(630,971)</b>   | <b>(167,961)</b> | <b>(258,073)</b> | <b>759,737</b> |          |                    |

- Assumes a Non-medicare medical claim expense trend of 6%. Assumes an annual Medicare medical claim expense trend of 10%.
- 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.
- 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.
- 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.
- Assumes assessments on March (\$10.0 M), July (\$12.5 M) and November (\$12.5 M) TOTAL \$35.0 M
- 4-Week expense allowance is \$3.5 M based upon the actual data for the 12-month period ending in Dec of 2017.
- 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          |
|---------------------------------------|-----------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|----------|--------------|
| <b>Medicare</b>                       |           |             |             |             |             |             |             |             |             |             |             |          |              |
| Enrollment Count                      | 1,087     | 1,057       | 1,063       | 1,088       | 1,064       | 1,075       | 1,090       | 1,069       | 1,086       | 1,095       | 1,083       |          | 11,857       |
| Premiums                              | 650,072   | 313,866     | 409,825     | 588,563     | 375,543     | 394,855     | 570,997     | 377,464     | 342,666     | 562,865     | 248,642     |          | 4,835,357    |
| Medical Claims                        | 784,011   | 749,578     | 887,496     | 682,388     | 795,364     | 877,799     | 717,951     | 815,946     | 707,749     | 774,268     | 714,261     |          | 8,506,810    |
| RX Claims                             | 100,459   | 114,202     | 128,598     | 79,414      | 77,012      | 76,119      | 68,789      | 73,499      | 108,033     | 55,534      | 55,577      |          | 937,234      |
| Total Claims                          | 884,470   | 863,780     | 1,016,093   | 761,801     | 872,376     | 953,918     | 786,740     | 889,445     | 815,782     | 829,802     | 769,838     | -        | 9,444,045    |
| Income/Loss                           | (234,398) | (549,914)   | (606,268)   | (173,239)   | (496,833)   | (559,063)   | (215,743)   | (511,980)   | (473,116)   | (266,937)   | (521,196)   | -        | (4,608,687)  |
| Loss Ratio                            | 136%      | 275%        | 248%        | 129%        | 232%        | 242%        | 138%        | 236%        | 238%        | 147%        | 310%        |          | 195%         |
| Claims PMPM                           | 814       | 817         | 956         | 700         | 820         | 887         | 722         | 832         | 751         | 758         | 711         |          | 796          |
| <b>Non Medicare</b>                   |           |             |             |             |             |             |             |             |             |             |             |          |              |
| Enrollment Count                      | 407       | 390         | 387         | 389         | 384         | 382         | 378         | 372         | 372         | 369         | 364         |          | 4,194        |
| Premiums                              | 1,433,602 | 162,450     | 1,426,993   | 142,152     | 123,296     | 1,374,159   | 165,997     | 172,515     | 1,281,966   | 161,358     | 118,133     |          | 6,562,621    |
| Medical Claims                        | 1,161,689 | 910,419     | 1,281,698   | 1,219,679   | 1,588,436   | 1,366,711   | 1,245,531   | 1,407,838   | 2,050,365   | 1,404,020   | 1,006,459   |          | 14,642,846   |
| RX Claims                             | 1,022,647 | 1,055,587   | 1,560,553   | 1,001,788   | 1,007,403   | 1,070,105   | 1,064,636   | 1,032,144   | 1,379,079   | 987,837     | 979,838     |          | 12,161,618   |
| Total Claims                          | 2,184,336 | 1,966,007   | 2,842,251   | 2,221,467   | 2,595,840   | 2,436,816   | 2,310,167   | 2,439,983   | 3,429,444   | 2,391,857   | 1,986,297   | -        | 26,804,464   |
| Income/Loss                           | (750,734) | (1,803,557) | (1,415,258) | (2,079,315) | (2,472,543) | (1,062,657) | (2,144,170) | (2,267,468) | (2,147,478) | (2,230,499) | (1,868,164) | -        | (20,241,843) |
| Loss Ratio                            | 152%      | 1210%       | 199%        | 1563%       | 2105%       | 177%        | 1392%       | 1414%       | 268%        | 1482%       | 1681%       |          | 408%         |
| Claims PMPM                           | 5,367     | 5,041       | 7,344       | 5,711       | 6,760       | 6,379       | 6,112       | 6,559       | 9,219       | 6,482       | 5,457       |          | 6,391        |
| <b>Combined Medicare/Non Medicare</b> |           |             |             |             |             |             |             |             |             |             |             |          |              |
| Enrollment Count                      | 1,494     | 1,447       | 1,450       | 1,477       | 1,448       | 1,457       | 1,468       | 1,441       | 1,458       | 1,464       | 1,447       | -        | 16,051       |
| Premiums                              | 2,083,674 | 476,316     | 1,836,818   | 730,715     | 498,839     | 1,769,014   | 736,994     | 549,979     | 1,624,633   | 724,223     | 366,775     | -        | 11,397,978   |
| Medical Claims                        | 1,945,700 | 1,659,997   | 2,169,194   | 1,902,067   | 2,383,801   | 2,244,510   | 1,963,482   | 2,223,784   | 2,758,115   | 2,178,289   | 1,720,720   | -        | 23,149,659   |
| RX Claims                             | 1,123,106 | 1,169,789   | 1,689,151   | 1,081,201   | 1,084,415   | 1,146,225   | 1,133,425   | 1,105,643   | 1,487,111   | 1,043,370   | 1,035,415   | -        | 13,098,852   |
| Total Claims                          | 3,068,806 | 2,829,786   | 3,858,344   | 2,983,268   | 3,468,216   | 3,390,734   | 3,096,908   | 3,329,428   | 4,245,226   | 3,221,659   | 2,756,134   | -        | 36,248,511   |
| Income/Loss                           | (985,132) | (2,353,471) | (2,021,526) | (2,252,553) | (2,969,377) | (1,621,721) | (2,359,914) | (2,779,449) | (2,620,593) | (2,497,436) | (2,389,360) | -        | (24,850,533) |
| Loss Ratio                            | 147%      | 594%        | 210%        | 408%        | 695%        | 192%        | 420%        | 605%        | 261%        | 445%        | 751%        |          | 318%         |
| Claims PMPM                           | 2,054     | 1,956       | 2,661       | 2,020       | 2,395       | 2,327       | 2,110       | 2,310       | 2,912       | 2,201       | 1,905       |          | 2,258        |

**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 11/30/2017

|  | Actual (Bold) |            |           |            |            |            |           |           |           |           |           | Forecast  | TOTAL      |
|--|---------------|------------|-----------|------------|------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
|  | JANUARY       | FEBRUARY   | MARCH     | APRIL      | MAY        | JUNE       | JULY      | AUGUST    | SEPTEMBER | OCTOBER   | NOVEMBER  | DECEMBER  |            |
| <b>Enrollment:</b>                     |               |            |           |            |            |            |           |           |           |           |           |           |            |
| Non-Medicare Enrollment                | 407           | 390        | 387       | 389        | 384        | 382        | 378       | 372       | 372       | 369       | 364       | 364       | 4,558      |
| Medicare Enrollment (Basic and Basic+) | 1,087         | 1,057      | 1,063     | 1,088      | 1,064      | 1,075      | 1,090     | 1,069     | 1,086     | 1,095     | 1,083     | 1,074     | 12,931     |
| Total Enrollment Count                 | 1,494         | 1,447      | 1,450     | 1,477      | 1,448      | 1,457      | 1,468     | 1,441     | 1,458     | 1,464     | 1,447     | 1,438     | 17,489     |
| <b>Cash Balance</b>                    |               |            |           |            |            |            |           |           |           |           |           |           |            |
| <b>BEGINNING OF MONTH</b>              | 12,629,341    | 10,823,097 | 8,345,429 | 6,933,338  | 10,466,790 | 10,192,648 | 9,154,086 | 6,643,448 | 9,567,404 | 9,222,471 | 7,149,013 | 4,702,512 |            |
| <b>Receipts</b>                        |               |            |           |            |            |            |           |           |           |           |           |           |            |
| Premium Receipts                       | 2,083,674     | 476,316    | 1,836,818 | 730,715    | 498,839    | 1,769,014  | 736,994   | 549,979   | 1,624,632 | 724,223   | 359,528   | 345,210   | 11,735,942 |
| Grant Revenue                          | -             | -          | -         | -          | -          | -          | -         | -         | -         | -         | -         | -         | -          |
| Pharmacy Rebate Income                 | -             | 15,401     | -         | -          | 93,683     | -          | -         | 127,381   | -         | -         | 126,199   | -         | 362,663    |
| Claim Refunds Receipts                 | 47,102        | 11,429     | 222,339   | 4,222      | 8,354      | 6,753      | 10,328    | 69,714    | 7,038     | 11,471    | 44,540    | 26,705    | 469,995    |
| Assessment Receipts                    | 70,838        | -          | 561,202   | 5,911,866  | 2,755,833  | 720,573    | -         | 5,688,844 | 2,410,667 | 588,469   | 38        | 3,607,306 | 22,315,636 |
| Investment Income                      | 4,644         | 3,498      | 3,331     | 4,838      | 6,598      | 6,104      | 6,207     | 5,618     | 7,424     | 6,835     | 4,998     | 100       | 60,195     |
| Other Income                           | -             | -          | -         | -          | -          | -          | -         | -         | -         | -         | -         | -         | -          |
| Total Receipts                         | 2,206,257     | 506,644    | 2,623,690 | 6,651,641  | 3,363,307  | 2,502,444  | 753,530   | 6,441,535 | 4,049,762 | 1,330,998 | 535,302   | 3,979,321 | 34,944,432 |
| <b>Refunds</b>                         |               |            |           |            |            |            |           |           |           |           |           |           |            |
| Assessment Refunds                     | 797,770       | -          | -         | -          | -          | -          | -         | -         | -         | -         | -         | -         | 797,770    |
| Premium Refunds                        | 496           | 13,994     | 17,987    | -          | 27,694     | 10,112     | -         | 45,698    | 8,030     | 21,149    | (6,008)   | 8,630     | 147,783    |
| Total Refunds                          | 798,266       | 13,994     | 17,987    | -          | 27,694     | 10,112     | -         | 45,698    | 8,030     | 21,149    | (6,008)   | 8,630     | 945,553    |
| <b>Expenses</b>                        |               |            |           |            |            |            |           |           |           |           |           |           |            |
| Medical Claim Expense                  | 1,945,700     | 1,659,997  | 2,169,194 | 1,902,067  | 2,383,801  | 2,244,510  | 1,963,482 | 2,223,784 | 2,758,115 | 2,178,289 | 1,790,069 | 1,570,884 | 24,789,890 |
| Pharmacy Claim Expense                 | 1,123,106     | 1,169,789  | 1,689,151 | 1,081,201  | 1,084,415  | 1,146,225  | 1,133,425 | 1,105,643 | 1,487,111 | 1,043,370 | 1,035,415 | 1,123,312 | 14,222,164 |
| PMPM Administrative Expense            | 79,079        | 79,010     | 79,674    | 73,977     | 77,160     | 79,925     | 80,542    | 79,104    | 77,811    | 81,260    | 78,164    | 75,850    | 941,556    |
| Variable Administrative Expense        | 12,793        | 7,866      | 18,987    | 15,223     | 6,787      | 11,779     | 17,090    | 14,172    | 12,531    | 11,436    | 9,380     | 14,925    | 152,970    |
| Salary and Benefits Expense            | 30,101        | 37,423     | 27,678    | 27,693     | 31,139     | 30,558     | 29,904    | 28,878    | 30,847    | 28,455    | 28,586    | 32,070    | 363,332    |
| Prescription Administrative Expense    | 1,748         | -          | 4,745     | 1,878      | 1,901      | 1,575      | 1,460     | 1,827     | 1,752     | 3,527     | 1,753     | 2,271     | 24,437     |
| Miscellaneous Expense                  | 8,138         | 8,482      | 6,661     | 8,833      | 4,917      | 4,207      | 25,842    | 3,897     | 3,955     | 8,631     | 13,056    | 22,964    | 119,585    |
| Professional Fees                      | 13,572        | 7,749      | 21,704    | 7,315      | 19,635     | 12,114     | 12,422    | 14,575    | 14,544    | 28,339    | 31,389    | 16,233    | 199,592    |
| Total Expense                          | 3,214,236     | 2,970,317  | 4,017,794 | 3,118,189  | 3,609,756  | 3,530,893  | 3,264,168 | 3,471,882 | 4,386,665 | 3,383,307 | 2,987,811 | 2,858,509 | 40,813,526 |
| <b>Available Cash Balance</b>          | 10,823,097    | 8,345,429  | 6,933,338 | 10,466,790 | 10,192,648 | 9,154,086  | 6,643,448 | 9,567,404 | 9,222,471 | 7,149,013 | 4,702,512 | 5,814,694 |            |
| Inc(Dec) in Abandoned Property Reserve | -             | -          | -         | -          | -          | -          | -         | -         | -         | -         | -         | -         | -          |
| <b>Month Ending Cash Balance</b>       | 10,823,097    | 8,345,429  | 6,933,338 | 10,466,790 | 10,192,648 | 9,154,086  | 6,643,448 | 9,567,404 | 9,222,471 | 7,149,013 | 4,702,512 | 5,814,694 |            |

- (1) Assumes a Non-medicare medical claim expense trend of 3%. Assumes an annual Medicare medical claim expense trend of 3%.
- (2) Assumes a Non-medicare pharmacy claim expense trend of 14%. Assumes an annual Medicare pharmacy claim expense trend of 0% for Basic and 2% for Basic Plus.
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- (4) Non-medicare enrollment projected to decrease by 2 members 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 (\$8.5 M) TOTAL \$26.0 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 2018 Cash Flow Forecast

Forecast - Updated 11/30/2017

|  | Forecast         |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  | TOTAL             |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
|  | JANUARY          | FEBRUARY         | MARCH            | APRIL            | MAY              | JUNE             | JULY             | AUGUST           | SEPTEMBER        | OCTOBER          | NOVEMBER         | DECEMBER         |                   |
| <b>Enrollment:</b>                     |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                   |
| Non-Medicare Enrollment                | 342              | 339              | 337              | 335              | 333              | 331              | 329              | 327              | 325              | 323              | 321              | 319              | 3,961             |
| Medicare Enrollment (Basic and Basic+) | 1,085            | 1,086            | 1,087            | 1,088            | 1,089            | 1,090            | 1,091            | 1,092            | 1,093            | 1,094            | 1,095            | 1,096            | 13,086            |
| <b>Total Enrollment Count</b>          | <b>1,427</b>     | <b>1,425</b>     | <b>1,424</b>     | <b>1,423</b>     | <b>1,422</b>     | <b>1,421</b>     | <b>1,420</b>     | <b>1,419</b>     | <b>1,418</b>     | <b>1,417</b>     | <b>1,416</b>     | <b>1,415</b>     | <b>17,047</b>     |
| <b>Cash Balance</b>                    |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                   |
| <b>BEGINNING OF MONTH</b>              | <b>5,814,694</b> | <b>7,975,857</b> | <b>5,905,535</b> | <b>4,664,112</b> | <b>8,841,160</b> | <b>6,725,431</b> | <b>6,140,145</b> | <b>3,574,245</b> | <b>8,290,188</b> | <b>8,035,606</b> | <b>6,495,645</b> | <b>3,701,136</b> |                   |
| <b>Receipts</b>                        |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                   |
| Premium Receipts                       | 1,332,619        | 472,957          | 2,104,839        | 752,021          | 354,431          | 2,024,149        | 969,052          | 352,660          | 2,021,188        | 809,591          | 514,026          | 487,840          | 12,195,373        |
| Grant Revenue                          | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                 |
| Pharmacy Rebate Income                 | -                | -                | 50,000           | -                | -                | 50,000           | -                | -                | 50,000           | -                | -                | 50,000           | 200,000           |
| Claim Refunds Receipts                 | 32,790           | 33,990           | 34,807           | 33,840           | 33,651           | 34,698           | 35,909           | 34,265           | 34,501           | 35,016           | 34,221           | 33,780           | 411,468           |
| Assessment Receipts                    | 4,131,528        | 2,000,000        | -                | 6,800,000        | 850,000          | 850,000          | -                | 7,600,000        | 950,000          | 950,000          | -                | 6,000,000        | 30,131,528        |
| Investment Income                      | 100              | 100              | 100              | 100              | 100              | 100              | 100              | 100              | 100              | 100              | 100              | 100              | 1,200             |
| Other Income                           | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                 |
| <b>Total Receipts</b>                  | <b>5,497,037</b> | <b>2,507,047</b> | <b>2,189,746</b> | <b>7,585,960</b> | <b>1,238,182</b> | <b>2,958,947</b> | <b>1,005,062</b> | <b>7,987,025</b> | <b>3,055,788</b> | <b>1,794,707</b> | <b>548,347</b>   | <b>6,571,719</b> | <b>42,939,569</b> |
| <b>Refunds</b>                         |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                   |
| Assessment Refunds                     | -                | 1,238,834        | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | 1,238,834         |
| Premium Refunds                        | 33,315           | 11,824           | 52,621           | 18,801           | 8,861            | 50,604           | 24,226           | 8,817            | 50,530           | 20,240           | 12,851           | 12,196           | 304,884           |
| <b>Total Refunds</b>                   | <b>33,315</b>    | <b>1,250,658</b> | <b>52,621</b>    | <b>18,801</b>    | <b>8,861</b>     | <b>50,604</b>    | <b>24,226</b>    | <b>8,817</b>     | <b>50,530</b>    | <b>20,240</b>    | <b>12,851</b>    | <b>12,196</b>    | <b>1,543,718</b>  |
| <b>Expenses</b>                        |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                   |
| Medical Claim Expense                  | 1,928,839        | 1,999,438        | 2,047,458        | 1,990,559        | 1,979,445        | 2,041,061        | 2,112,313        | 2,015,589        | 2,029,452        | 2,059,756        | 2,013,026        | 1,987,039        | 24,203,974        |
| Pharmacy Claim Expense                 | 1,207,747        | 1,156,955        | 1,169,031        | 1,252,631        | 1,216,972        | 1,305,070        | 1,246,530        | 1,095,919        | 1,070,347        | 1,087,264        | 1,151,857        | 1,157,980        | 14,118,303        |
| PMPM Administrative Expense            | 79,539           | 77,250           | 77,172           | 77,095           | 77,019           | 76,944           | 76,869           | 76,794           | 76,721           | 76,648           | 76,575           | 76,504           | 925,130           |
| Variable Administrative Expense        | 14,278           | 21,168           | 13,658           | 13,648           | 13,639           | 13,629           | 14,620           | 13,610           | 14,601           | 13,592           | 20,583           | 13,573           | 180,599           |
| Salary and Benefits Expense            | 44,812           | 33,660           | 32,940           | 32,940           | 32,940           | 32,940           | 32,940           | 32,940           | 32,940           | 32,940           | 32,940           | 33,151           | 408,080           |
| Prescription Administrative Expense    | 1,852            | 1,850            | 1,848            | 1,846            | 1,845            | 1,843            | 1,841            | 1,839            | 1,838            | 1,836            | 1,834            | 1,833            | 22,104            |
| Miscellaneous Expense                  | 10,625           | 6,525            | 9,075            | 6,525            | 8,325            | 7,275            | 27,257           | 7,208            | 9,075            | 15,525           | 8,325            | 23,082           | 138,822           |
| Professional Fees                      | 14,867           | 29,867           | 27,367           | 14,867           | 14,867           | 14,867           | 34,367           | 18,367           | 24,867           | 26,867           | 24,867           | 15,367           | 261,400           |
| <b>Total Expense</b>                   | <b>3,302,558</b> | <b>3,326,712</b> | <b>3,378,549</b> | <b>3,390,111</b> | <b>3,345,051</b> | <b>3,493,629</b> | <b>3,546,736</b> | <b>3,262,266</b> | <b>3,259,840</b> | <b>3,314,427</b> | <b>3,330,006</b> | <b>3,308,528</b> | <b>40,258,413</b> |
| <b>Available Cash Balance</b>          | <b>7,975,857</b> | <b>5,905,535</b> | <b>4,664,112</b> | <b>8,841,160</b> | <b>6,725,431</b> | <b>6,140,145</b> | <b>3,574,245</b> | <b>8,290,188</b> | <b>8,035,606</b> | <b>6,495,645</b> | <b>3,701,136</b> | <b>6,952,131</b> |                   |
| Inc(Dec) in Abandoned Property Reserve | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                 |
| <b>Month Ending Cash Balance</b>       | <b>7,975,857</b> | <b>5,905,535</b> | <b>4,664,112</b> | <b>8,841,160</b> | <b>6,725,431</b> | <b>6,140,145</b> | <b>3,574,245</b> | <b>8,290,188</b> | <b>8,035,606</b> | <b>6,495,645</b> | <b>3,701,136</b> | <b>6,952,131</b> |                   |

- (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 15%. Assumes an annual Medicare pharmacy claim expense trend of 0% for Basic and Basic Plus.
- (3) Assumes a Non-medicare premium rate trended at a 18% increase. Assumes a Medicare premium rate increase of 0.3% for Basic and 1.5% for Basic Plus.
- (4) Non-medicare enrollment projected to decrease by 2 members 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 (\$8.5 M), July (\$9.5 M) and November (\$7.5 M) TOTAL \$25.5 M
- (6) 4-Week expense allowance is \$3.2 M based upon the actual data for the 12-month period ending in Dec of 2018.
- (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**

| <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>       |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
| 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           | 32,070           | 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            |
| <b>Total Budget Operating Expenses</b> | <b>\$161,295</b> | <b>\$169,481</b> | <b>\$177,885</b> | <b>\$144,841</b> | <b>\$155,032</b> | <b>\$141,523</b> | <b>\$165,962</b> | <b>\$166,003</b> | <b>\$147,792</b> | <b>\$151,082</b> | <b>\$165,773</b> | <b>\$164,313</b> | <b>\$1,910,981</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>   |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------|--------------------|
| Member Months: (1)                     |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |            |                    |
| Non-Medicare                           | 407              | 390              | 387              | 389              | 384              | 382              | 378              | 372              | 372              | 369              | 364              |            | 4,194              |
| Medicare Basic                         | 884              | 858              | 866              | 893              | 872              | 885              | 900              | 883              | 900              | 909              | 898              |            | 9,748              |
| Medicare Basic Plus                    | 203              | 199              | 197              | 195              | 192              | 190              | 190              | 186              | 186              | 186              | 185              |            | 2,109              |
| Total Membership                       | 1,494            | 1,447            | 1,450            | 1,477            | 1,448            | 1,457            | 1,468            | 1,441            | 1,458            | 1,464            | 1,447            |            | 16,051             |
| PMPM Administrative Expense (2)        | 79,079           | 79,010           | 79,674           | 73,977           | 77,160           | 79,925           | 80,542           | 79,104           | 77,811           | 81,260           | 78,164           |            | \$865,706          |
| Variable Administrative Expense (3)    | 12,793           | 7,866            | 18,987           | 15,223           | 6,787            | 11,779           | 17,090           | 14,172           | 12,531           | 11,436           | 9,380            |            | \$138,044          |
| Salary and Benefits Expense (4)        | 30,101           | 37,423           | 27,678           | 27,693           | 31,139           | 30,558           | 29,904           | 28,878           | 30,847           | 28,455           | 28,586           |            | \$331,263          |
| RX Benefit Management Fees             | 1,748            | -                | 4,745            | 1,878            | 1,901            | 1,575            | 1,460            | 1,827            | 1,752            | 3,527            | 1,753            |            | \$22,166           |
| Miscellaneous Expense (5)              | 8,138            | 8,482            | 6,661            | 8,833            | 4,917            | 4,207            | 25,842           | 3,897            | 3,955            | 8,631            | 13,056           |            | \$96,621           |
| Professional Fees (6)                  | 13,572           | 7,749            | 21,704           | 7,315            | 19,635           | 12,114           | 12,422           | 14,575           | 14,544           | 28,339           | 31,389           |            | \$183,358          |
| <b>Total Actual Operating Expenses</b> | <b>\$145,430</b> | <b>\$140,531</b> | <b>\$159,449</b> | <b>\$134,920</b> | <b>\$141,540</b> | <b>\$140,158</b> | <b>\$167,260</b> | <b>\$142,454</b> | <b>\$141,439</b> | <b>\$161,648</b> | <b>\$162,328</b> |            | <b>\$1,637,158</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> |
|-------------------------------------|-----------------|-----------------|-----------------|----------------|-----------------|----------------|------------------|-----------------|----------------|-------------------|----------------|------------|------------------|
| Member Months: (1)                  |                 |                 |                 |                |                 |                |                  |                 |                |                   |                |            |                  |
| Non-Medicare                        | 9               | (6)             | (7)             | (3)            | (6)             | (6)            | (8)              | (12)            | (10)           | (11)              | (14)           |            | (74)             |
| Medicare Basic                      | 36              | 5               | 8               | 30             | 4               | 12             | 22               | -               | 12             | 16                | -              |            | 145              |
| Medicare Basic Plus                 | (4)             | (6)             | (6)             | (6)            | (7)             | (7)            | (5)              | (7)             | (5)            | (3)               | (2)            |            | (58)             |
| Total Membership                    | 41              | (7)             | (5)             | 21             | (9)             | (1)            | 9                | (19)            | (3)            | 2                 | (16)           |            | 13               |
| PMPM Administrative Expense (2)     | (4,203)         | (3,454)         | (4,089)         | 1,638          | (1,516)         | (4,251)        | (4,839)          | (3,371)         | (2,049)        | (5,469)           | (2,343)        |            | (\$33,946)       |
| Variable Administrative Expense (3) | 2,627           | 14,464          | (4,147)         | (374)          | 8,072           | 3,090          | (1,212)          | 716             | 3,366          | 3,471             | 12,537         |            | \$42,610         |
| Salary and Benefits Expense (4)     | 12,422          | (4,822)         | 4,204           | 4,188          | 742             | 1,324          | 1,977            | 3,004           | 1,035          | 3,427             | 3,296          |            | \$30,798         |
| RX Benefit Management Fees          | 511             | 2,260           | (2,484)         | 384            | 362             | 689            | 806              | 439             | 516            | (1,258)           | 517            |            | \$2,745          |
| Miscellaneous Expense (5)           | (88)            | (3,082)         | 9,989           | (3,433)        | 3,133           | 1,793          | (20,442)         | 23,003          | 4,695          | (3,231)           | (5,006)        |            | \$7,329          |
| Professional Fees (6)               | 4,595           | 23,584          | 14,962          | 7,518          | 2,699           | (1,281)        | 22,412           | (242)           | (1,211)        | (7,506)           | (5,556)        |            | \$59,975         |
| <b>Total Variance Expenses</b>      | <b>\$15,865</b> | <b>\$28,950</b> | <b>\$18,435</b> | <b>\$9,921</b> | <b>\$13,492</b> | <b>\$1,364</b> | <b>(\$1,298)</b> | <b>\$23,549</b> | <b>\$6,353</b> | <b>(\$10,566)</b> | <b>\$3,446</b> |            | <b>\$109,510</b> |

**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 November 30, 2017 |               |           |          |
|--|--------------------------------|---------------|-----------|----------|
|  | Projected                      | Actual        | Variance  | % Change |
| Membership                                       | 1,463                          | 1,447         | (16)      | -1%      |
| Avg Premium Receipt PMPM                         | \$310                          | \$253         | (\$57)    | -18%     |
| Avg Medical Claim Expense PMPM                   | \$1,586                        | \$1,206       | \$380     | 24%      |
| Avg Pharmacy Claim Expense PMPM                  | \$979                          | \$716         | \$263     | 27%      |
| Avg Premium Receipt Less Avg Claim Expense PMPM  | (\$2,255)                      | (\$1,669)     | \$586     | 26%      |
| Avg Premium Receipt Less Avg Claim Expense Total | (\$3,299,065)                  | (\$2,415,043) | \$884,022 | 27%      |
| Variance Due to Changes in Membership            |                                |               | \$26,704  |          |
| Variance Due to Changes in Claim Expenses        |                                |               | \$857,318 |          |

| CASH BASIS                                       | Year-To-Date November 30, 2017 |                |             |          |
|--|--------------------------------|----------------|-------------|----------|
|  | Projected                      | Actual         | Variance    | % Change |
| Member Months                                    | 16,038                         | 16,051         | 13          | 0%       |
| Avg Premium Receipt PMPM                         | \$695                          | \$701          | \$6         | 1%       |
| Avg Medical Claim Expense PMPM                   | \$1,497                        | \$1,419        | (\$78)      | -5%      |
| Avg Pharmacy Claim Expense PMPM                  | \$998                          | \$816          | (\$182)     | -18%     |
| Avg Premium Receipt Less Avg Claim Expense PMPM  | (\$1,800)                      | (\$1,534)      | \$266       | 15%      |
| Avg Premium Receipt Less Avg Claim Expense Total | (\$28,868,400)                 | (\$24,622,234) | \$4,246,166 | 15%      |
| Variance Due to Changes in Membership            |                                |                | (\$19,942)  |          |
| Variance Due to Changes in Claim Expenses        |                                |                | \$4,266,108 |          |

| INCURRED BASIS                                   | Year-To-Date November 30, 2017 | Year-To-Date November 30, 2016 |
|--|--------------------------------|--------------------------------|
|  | Actual                         | Actual - Prior Year            |
| Member Months                                    | 16,051                         | 16,151                         |
| Avg Premium Income PMPM                          | \$687                          | \$646                          |
| Avg Medical Claim Expense PMPM (1)               | \$1,459                        | \$1,516                        |
| Avg Pharmacy Claim Expense PMPM (2)              | \$817                          | \$891                          |
| Avg Premium Receipt Less Avg Claim Expense PMPM  | (\$1,589)                      | (\$1,761)                      |
| Avg Premium Receipt Less Avg Claim Expense Total | (\$25,505,039)                 | (\$28,441,911)                 |

(1) Incurred medical claims data totals \$23,411,097 which is derived from \$19,433,097 actual paid claims with dates of service between 01-01-17 and 11-30-17 and \$3,978,000 IBNR reserve.

(2) Incurred pharmacy claims data totals \$13,115,645 which is derived from \$12,586,645 actual paid claims with dates of service between 01-01-17 and 11-30-17 and \$529,000 IBNR reserve.