

**Washington State Health Insurance Pool  
Treasurer's Report  
October 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 – October 2014

Balance Sheet

Cash on hand decreased by \$945 K or 2.3% from September 2014 to October 2014. The current cash position is \$40.6 M which is sufficient to cover all liabilities of the pool at this time. As of the end of October 2014, the entire \$40.6 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 October 2014 is \$5.5 M. This represents a decrease of \$771 K or 12.4% as compared to the prior month. Medical IBNR decreased \$105 K or 2.0% and pharmacy IBNR decreased \$666 K or 61.2% from September 2014.

As of October 2014, the equity position of WSHIP is a positive \$12.7 M.

Income Statement

Total member months for October 2014 YTD are lower by 19,107 member months or 49.9% lower than October 2013 YTD. Member months are measured as the cumulative monthly member count (PMPM) over a period of time. The total incurred claim loss for October 2014 YTD is \$48.1 M or 53.7% lower than October 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 October 2014 YTD, the medical claims portion is \$18.6 M or 40.5% lower than October 2013 YTD, and the pharmacy claims portion is \$29.5 M or 67.6% lower than October 2013 YTD.

October 2014 YTD administrative expenses are \$663 K or 26.0% lower than the administrative expenses in October 2013 YTD. The ratio of administrative expenses as a percentage of total cost is 4.4% for October 2014 YTD as compared to 2.8% in October of the prior year. Total cost is calculated as total incurred claim loss less pharmacy rebates plus administrative expenses.

### 3. Budgeted Cash Flow – October 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 \$40.6 M is \$6.8 M lower than the budgeted cash balance of \$47.4 M. Total net cash receipts for October 2014 are \$9.0 M or 12.8% unfavorable to budget. Total expenses are \$2.3 M or 4.1% favorable to budget. The administrative expenses are \$65 K or 3.2% favorable to budget. Total medical claims expense is \$4.5 M or 15.6% unfavorable to budget, while total pharmacy claims expense is \$6.7 M or 26.7% 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 October 2014. For November 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 \$39.0 M which is a \$6.5 M or 14.3% decrease from the 2014 assessment of \$45.5 M.

### 6. Administrative Expense Budget

For October 2014, administrative expenses are \$65 K or 3.2% favorable to budget (cash basis).

## 7. Financial Performance

October 2014 YTD member months are 2,296 member months or 11% lower than projected in the original budget. Through October 2014, average premium receipt PMPM is 5% higher 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 \$1,485 as compared to \$1,653 on a cash basis. Also on an incurred basis, the average pharmacy claims expense PMPM is \$933 as compared to \$955 on a cash basis.

# WASHINGTON STATE HEALTH INSURANCE POOL

## Unaudited Balance Sheet as of October 31

Total Enrollment: 1,782

	<u>2014</u>	<u>2013</u>
<b>Assets:</b>		
Cash	\$ 40,582,447	\$ 20,398,056
Premiums Receivable	73,550	324,929
Assessments Receivable	-	-
Grants Receivable	587,465	465,490
Other Receivable	-	-
Prepaid Expense	-	406
<b>Total Assets</b>	<u>\$ 41,243,462</u>	<u>\$ 21,188,881</u>
 <b>Liabilities and Unassigned Surplus:</b>		
Reserve for Unpaid Losses - Medical	\$ 5,031,000	\$ 10,168,000
Reserve for Unpaid Losses - Pharmacy	423,000	3,568,000
Accrued Loss Adjustment	362,000	421,000
Premiums Received in Advance	1,753,757	7,673,632
Assessments Payable	-	-
Due to HBE	20,838,000	-
Accrued Expenses	176,717	411,409
Abandoned Claim Reserve	-	51,027
<b>Total Liabilities</b>	<u>\$ 28,584,474</u>	<u>\$ 22,293,068</u>
<b>Unassigned Surplus</b>	12,658,988	(1,104,187)
<b>Total Liabilities and Unassigned Surplus</b>	<u>\$ 41,243,462</u>	<u>\$ 21,188,881</u>

# WASHINGTON STATE HEALTH INSURANCE POOL

## Unaudited Statement of Operations January 1 to October 31

	<u>2014</u>	<u>2013</u>
Total Member Months	19,167	38,274
<b>Premium Income Earned</b>	\$ 11,448,650	\$ 27,661,036
<b>Pharmacy Rebate Income</b>	503,245	473,377
<b>Grant Income</b>	1,110,440	1,300,715
<b>Incurred Claim Loss - Medical</b>	27,373,363	45,985,603
<b>Incurred Claim Loss - Pharmacy</b>	14,131,400	43,609,488
<b>Total Incurred Claim Loss</b>	<u>41,504,763</u>	<u>89,595,091</u>
<b>Operating Expenses:</b>		
Fixed (PMPM) Administrative Expense	\$ 910,688	\$ 1,503,250
Variable Administrative Expense	336,538	431,349
Salary and Benefit Expense	307,906	215,112
Prescription Administrative Expense	35,843	80,057
Miscellaneous Expense	105,896	88,649
Professional Fee Expense	195,886	237,356
<b>Total Operating Expenses</b>	<u>\$ 1,892,757</u>	<u>\$ 2,555,773</u>
<b>Underwriting Gain (Loss)</b>	(30,335,186)	(62,715,735)
<b>Investment Income</b>	2,409	1,716
<b>Other Income</b>	-	92,646
<b>Changes to Unassigned Surplus</b>	<u>\$ (30,332,776)</u>	<u>\$ (62,621,373)</u>

# WASHINGTON STATE HEALTH INSURANCE POOL

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

	<u>2014</u>	<u>2013</u>
Unassigned Surplus at Beginning of Year	\$ 20,329,763	\$ 9,782,127
Changes to Unassigned Surplus	(30,332,776)	(62,621,373)
Member Assessments	43,500,000	51,735,059
HBE Assessment Payment Due	(20,838,000)	-
<b>Unassigned Surplus</b>	<u><u>\$ 12,658,988</u></u>	<u><u>\$ (1,104,187)</u></u>

**WSHIP**  
**Budgeted Cashflow 2014**

**Budget - Updated Feb 2014**

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	OCT YTD	TOTAL
<b>Enrollment Count</b>	2,535	2,190	2,128	2,117	2,107	2,097	2,087	2,077	2,067	2,058	2,049	2,041	21,463	25,553
<b>Cash Balance</b>														
<b>BEGINNING OF MONTH</b>	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		
<b>Receipts</b>														
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	14,731,963	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	684,648	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	20,838,000
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	1,000	1,200
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Receipts</b>	<b>5,192,893</b>	<b>1,708,168</b>	<b>1,579,634</b>	<b>13,513,845</b>	<b>3,000,357</b>	<b>3,039,305</b>	<b>1,472,568</b>	<b>32,688,714</b>	<b>5,399,174</b>	<b>5,336,722</b>	<b>1,423,683</b>	<b>1,457,265</b>	<b>72,931,380</b>	<b>75,812,328</b>
<b>Refunds</b>														
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	1,230,468	1,321,850
<b>Total Refunds</b>	<b>54,702</b>	<b>966,401</b>	<b>782,699</b>	<b>50,373</b>	<b>49,707</b>	<b>49,053</b>	<b>48,413</b>	<b>47,786</b>	<b>47,172</b>	<b>46,570</b>	<b>45,980</b>	<b>45,402</b>	<b>2,142,876</b>	<b>2,234,258</b>
<b>Assessment Payments</b>														
HBE Assessment	-	-	-	-	-	-	-	-	-	-	-	20,838,000	-	<b>20,838,000</b>
<b>Expenses</b>														
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	28,489,570	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	24,965,482	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	995,901	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	286,819	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	295,572	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	51,279	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	99,925	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	301,776	397,291
<b>Total Expense</b>	<b>10,137,306</b>	<b>6,638,214</b>	<b>5,219,535</b>	<b>4,964,565</b>	<b>5,014,474</b>	<b>5,115,511</b>	<b>4,868,577</b>	<b>4,631,945</b>	<b>4,452,727</b>	<b>4,443,471</b>	<b>4,600,179</b>	<b>4,554,400</b>	<b>55,486,324</b>	<b>64,640,903</b>
<b>Month Ending Cash Balance</b>	<b>\$ 27,119,355</b>	<b>\$ 21,222,908</b>	<b>\$ 16,800,308</b>	<b>\$ 25,299,215</b>	<b>\$ 23,235,391</b>	<b>\$ 21,110,133</b>	<b>\$ 17,665,710</b>	<b>\$ 45,674,693</b>	<b>\$ 46,573,969</b>	<b>\$ 47,420,650</b>	<b>\$ 44,198,174</b>	<b>\$ 20,217,637</b>		

<b>Actual</b>	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD	
<b>Enrollment Count</b>	2,534	2,095	1,938	1,841	1,799	1,804	1,815	1,780	1,779	1,782			19,167	
<b>Cash Balance</b>														
<b>BEGINNING OF MONTH</b>	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				
<b>Receipts</b>														
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			14,033,846	
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			1,258,380	
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			47,666,930	
Investment Income	281	225	212	193	209	183	179	231	339	358			2,409	
Other Income	-	-	-	-	-	-	-	-	-	-			-	
<b>Total Receipts</b>	<b>6,265,642</b>	<b>723,234</b>	<b>3,268,214</b>	<b>9,539,887</b>	<b>1,361,308</b>	<b>4,004,937</b>	<b>1,234,675</b>	<b>27,551,797</b>	<b>5,868,793</b>	<b>4,240,544</b>			<b>64,059,031</b>	
<b>Refunds</b>														
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			1,397,941	
<b>Total Refunds</b>	<b>41,960</b>	<b>1,798,332</b>	<b>208,693</b>	<b>112,067</b>	<b>28,596</b>	<b>24,334</b>	<b>24,388</b>	<b>34,580</b>	<b>33,056</b>	<b>4,342</b>			<b>2,310,349</b>	
<b>Expenses</b>														
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			32,942,251	
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			18,303,891	
Fixed (PMPM) Admin	153,700	-	247,974	67,761	103,269	88,361	86,681	79,337	80,725	78,772			986,579	
Variable Admin	18,488	-	100,071	29,614	34,232	30,400	39,335	35,809	25,200	19,552			332,701	
Salary and Benefits	41,811	27,429	23,389	34,342	54,776	23,251	28,657	31,765	18,570	23,481			307,471	
Prescription Admin	14,837	2,845	6,289	2,195	2,411	-	4,034	5,785	1,955	5,618			45,969	
Miscellaneous	16,811	8,734	10,055	5,380	6,634	8,906	5,551	29,926	5,533	2,739			100,270	
Professional Fees	19,113	21,626	31,158	13,904	21,991	14,239	21,923	18,059	8,149	23,589			193,752	
<b>Total Expense</b>	<b>7,813,639</b>	<b>5,457,285</b>	<b>5,807,147</b>	<b>5,623,343</b>	<b>5,157,509</b>	<b>3,949,343</b>	<b>5,144,612</b>	<b>4,151,171</b>	<b>4,984,689</b>	<b>5,124,147</b>			<b>53,212,886</b>	
<b>Available Cash Balance</b>	<b>30,528,513</b>	<b>23,995,643</b>	<b>21,248,017</b>	<b>25,052,384</b>	<b>21,227,587</b>	<b>21,258,847</b>	<b>17,324,521</b>	<b>40,685,098</b>	<b>41,527,394</b>	<b>40,639,297</b>				
<b>Inc(Dec) in Abandoned</b>	<b>(488)</b>	<b>-</b>	<b>(109)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,469)</b>	<b>(8,752)</b>	<b>(151)</b>	<b>(56,850)</b>				
<b>Property Reserve</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>				
<b>Month Ending Cash Balance</b>	<b>\$ 30,528,025</b>	<b>\$ 23,995,643</b>	<b>\$ 21,247,907</b>	<b>\$ 25,052,384</b>	<b>\$ 21,227,587</b>	<b>\$ 21,258,847</b>	<b>\$ 17,319,052</b>	<b>\$ 40,676,346</b>	<b>\$ 41,527,243</b>	<b>\$ 40,582,447</b>	<b>\$ -</b>	<b>\$ -</b>		

**WSHIP**  
**Budgeted Cashflow 2014**

<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>	(1)	(95)	(190)	(276)	(308)	(293)	(272)	(297)	(288)	(276)			(2,296)
<b>Receipts</b>													
Premium Receipts	2,072,318	(919,697)	(365,602)	450,995	(981,606)	660,413	(625,032)	(973,085)	599,855	(616,678)			(698,117)
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			573,732
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)			(9,625,591)
Investment Income	181	125	112	93	109	83	79	131	239	258			1,409
Other Income	-	-	-	-	-	-	-	-	-	-			-
<b>Total Receipts</b>	<b>1,072,749</b>	<b>(984,934)</b>	<b>1,688,580</b>	<b>(3,973,958)</b>	<b>(1,639,049)</b>	<b>965,632</b>	<b>(237,893)</b>	<b>(5,136,917)</b>	<b>469,619</b>	<b>(1,096,178)</b>			<b>(8,872,349)</b>
<b>Refunds</b>													
Assessment Refunds	-	-	-	-	-	-	-	-	-	-			-
Premium Refunds	12,742	(831,931)	574,006	(61,694)	21,111	24,719	24,025	13,206	14,116	42,228			(167,473)
<b>Total Refunds</b>	<b>12,742</b>	<b>(831,931)</b>	<b>574,006</b>	<b>(61,694)</b>	<b>21,111</b>	<b>24,719</b>	<b>24,025</b>	<b>13,206</b>	<b>14,116</b>	<b>42,228</b>			<b>(167,473)</b>
<b>Expenses</b>													
Medical Claims	(167,865)	108,955	(967,891)	(1,190,862)	77,387	381,469	(686,256)	(158,012)	(1,179,905)	(669,702)			(4,452,681)
Pharmacy Claims	2,543,661	913,740	592,265	492,313	(193,017)	763,353	385,402	622,747	598,386	(57,259)			6,661,591
Fixed (PMPM) Admin	(46,913)	105,691	(143,337)	32,126	(4,395)	9,540	10,247	16,660	14,340	15,362			9,322
Variable Admin	15,160	32,831	(67,446)	(2,941)	(7,758)	(1,615)	(10,741)	(9,897)	530	5,996			(45,882)
Salary and Benefits	(7,135)	947	5,676	(5,137)	(21,372)	5,954	(747)	(3,855)	9,340	4,429			(11,900)
Prescription Admin	(9,378)	2,564	(929)	2,945	2,683	5,050	971	(822)	2,966	(739)			5,310
Miscellaneous	(8,506)	(429)	(1,750)	2,925	1,671	(601)	2,754	(4,746)	2,772	5,566			(345)
Professional Fees	4,645	16,631	(4,201)	9,854	1,766	3,018	22,334	18,698	19,609	15,669			108,024
<b>Total Expense</b>	<b>2,323,667</b>	<b>1,180,929</b>	<b>(587,612)</b>	<b>(658,778)</b>	<b>(143,035)</b>	<b>1,166,168</b>	<b>(276,035)</b>	<b>480,774</b>	<b>(531,962)</b>	<b>(680,677)</b>			<b>2,273,438</b>
<b>Available Cash Balance</b>	<b>3,409,158</b>	<b>2,772,734</b>	<b>4,447,708</b>	<b>(246,831)</b>	<b>(2,007,805)</b>	<b>148,714</b>	<b>(341,189)</b>	<b>(4,989,595)</b>	<b>(5,046,574)</b>	<b>(6,781,353)</b>			
<b>Inc(Dec) in Abandoned Property Reserve</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,469)</b>	<b>(8,752)</b>	<b>(151)</b>	<b>(56,850)</b>			
<b>Month Ending Cash Balance</b>	<b>3,409,158</b>	<b>2,772,734</b>	<b>4,447,708</b>	<b>(246,831)</b>	<b>(2,007,805)</b>	<b>148,714</b>	<b>(346,658)</b>	<b>(4,998,347)</b>	<b>(5,046,725)</b>	<b>(6,838,203)</b>			

- (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	
<b>Enrollment</b>													
Non-Medicare Enrollment	1,480	1,063	884	802	764	750	738	727	720	712	706	698	10,044
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	1,064	1,066	12,657
<b>Total Enrollment Count</b>	<b>2,534</b>	<b>2,095</b>	<b>1,938</b>	<b>1,841</b>	<b>1,799</b>	<b>1,804</b>	<b>1,815</b>	<b>1,780</b>	<b>1,779</b>	<b>1,782</b>	<b>1,770</b>	<b>1,764</b>	<b>22,701</b>
<b>Cash Balance</b>													
<b>BEGINNING OF MONTH</b>	<b>32,118,470</b>	<b>30,528,025</b>	<b>23,995,643</b>	<b>21,247,907</b>	<b>25,052,384</b>	<b>21,227,587</b>	<b>21,258,847</b>	<b>17,319,052</b>	<b>40,676,346</b>	<b>41,527,243</b>	<b>40,582,447</b>	<b>36,827,677</b>	
<b>Receipts</b>													
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	390,768	1,900,601	16,325,215
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	65,177	60,655	1,384,212
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	7,205,599	36,185,686
Additional Assessment Receipts (HBE)	-	-	-	-	-	-	-	16,750,775	1,947,349	-	-	-	18,698,124
Investment Income	281	225	212	193	209	183	179	231	339	358	100	100	2,609
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Receipts</b>	<b>6,265,642</b>	<b>723,234</b>	<b>3,268,214</b>	<b>9,539,887</b>	<b>1,361,308</b>	<b>4,004,937</b>	<b>1,234,675</b>	<b>27,551,797</b>	<b>5,868,793</b>	<b>4,240,544</b>	<b>467,326</b>	<b>9,216,955</b>	<b>73,743,313</b>
<b>Refunds</b>													
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	45,980	45,402	1,489,323
<b>Total Refunds</b>	<b>41,960</b>	<b>1,798,332</b>	<b>208,693</b>	<b>112,067</b>	<b>28,596</b>	<b>24,334</b>	<b>24,388</b>	<b>34,580</b>	<b>33,056</b>	<b>4,342</b>	<b>45,980</b>	<b>1,184,487</b>	<b>3,540,816</b>
<b>Assessment Payments</b>													
HBE Assessment	-	-	-	-	-	-	-	-	-	-	-	20,838,000	20,838,000
<b>Expenses</b>													
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	2,753,669	38,204,829
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	1,608,659	21,316,830
PMPM Administrative Expense	153,700	-	247,974	67,761	103,269	88,361	86,681	79,337	80,725	78,772	93,243	92,394	1,172,216
Variable Administrative Expense	18,488	-	100,071	29,614	34,232	30,400	39,335	35,809	25,200	19,552	58,374	25,208	416,283
Salary and Benefits Expense	41,811	27,429	23,389	34,342	54,776	23,251	28,657	31,765	18,570	23,481	27,910	28,117	363,499
Prescription Administrative Expense	14,837	2,845	6,289	2,195	2,411	0	4,034	5,785	1,955	5,618	4,838	4,800	55,608
Miscellaneous Expense	16,811	8,734	10,055	5,380	6,634	8,906	5,551	29,926	5,533	2,739	8,305	20,680	129,255
Professional Fees	19,113	21,626	31,158	13,904	21,991	14,239	21,923	18,059	8,149	23,589	70,258	25,258	289,268
<b>Total Expense</b>	<b>7,813,639</b>	<b>5,457,285</b>	<b>5,807,147</b>	<b>5,623,343</b>	<b>5,157,509</b>	<b>3,949,343</b>	<b>5,144,612</b>	<b>4,151,171</b>	<b>4,984,689</b>	<b>5,124,147</b>	<b>4,176,117</b>	<b>4,558,785</b>	<b>61,947,787</b>
<b>Available Cash Balance</b>	<b>30,528,513</b>	<b>23,995,643</b>	<b>21,248,016</b>	<b>25,052,384</b>	<b>21,227,587</b>	<b>21,258,847</b>	<b>17,324,521</b>	<b>40,685,098</b>	<b>41,527,394</b>	<b>40,639,297</b>	<b>36,827,677</b>	<b>19,463,360</b>	
<b>Inc(Dec) in Abandoned Property Reserve</b>	<b>(488)</b>	<b>-</b>	<b>(109)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,469)</b>	<b>(8,752)</b>	<b>(151)</b>	<b>(56,850)</b>	<b>-</b>	<b>-</b>	
<b>Month Ending Cash Balance</b>	<b>30,528,025</b>	<b>23,995,643</b>	<b>21,247,907</b>	<b>25,052,384</b>	<b>21,227,587</b>	<b>21,258,847</b>	<b>17,319,052</b>	<b>40,676,346</b>	<b>41,527,243</b>	<b>40,582,447</b>	<b>36,827,677</b>	<b>19,463,360</b>	

- (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												
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
<b>Enrollment:</b>													
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
<b>Total Enrollment Count</b>	<b>1,758</b>	<b>1,753</b>	<b>1,747</b>	<b>1,742</b>	<b>1,737</b>	<b>1,732</b>	<b>1,726</b>	<b>1,722</b>	<b>1,718</b>	<b>1,713</b>	<b>1,709</b>	<b>1,704</b>	<b>20,761</b>
<b>Cash Balance</b>													
<b>BEGINNING OF MONTH</b>	<b>19,463,360</b>	<b>12,369,908</b>	<b>8,849,972</b>	<b>6,767,708</b>	<b>12,001,863</b>	<b>9,368,984</b>	<b>7,968,110</b>	<b>4,027,322</b>	<b>11,873,717</b>	<b>10,675,882</b>	<b>8,240,095</b>	<b>4,030,265</b>	
<b>Receipts</b>													
Premium Receipts	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	2,089,382	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	93,156	82,828	85,955	89,938	91,111	97,191	105,145	105,936	105,979	105,899	104,232	103,152	1,170,522
Assessment Receipts	1,804,220	-	-	8,800,000	1,100,000	1,100,000	-	12,000,000	1,500,000	1,500,000	-	10,400,000	38,204,220
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Receipts</b>	<b>3,411,708</b>	<b>553,730</b>	<b>2,231,961</b>	<b>9,556,425</b>	<b>1,642,725</b>	<b>3,234,627</b>	<b>846,159</b>	<b>12,555,768</b>	<b>3,627,911</b>	<b>2,333,874</b>	<b>520,442</b>	<b>12,622,634</b>	<b>53,137,965</b>
<b>Refunds</b>													
Assessment Refunds	5,882,015	-	-	-	-	-	-	-	-	-	-	-	5,882,015
Premium Refunds	105,730	53,711	241,392	76,025	51,511	229,006	84,527	51,307	227,237	83,039	47,472	238,366	1,489,323
<b>Total Refunds</b>	<b>5,987,745</b>	<b>53,711</b>	<b>241,392</b>	<b>76,025</b>	<b>51,511</b>	<b>229,006</b>	<b>84,527</b>	<b>51,307</b>	<b>227,237</b>	<b>83,039</b>	<b>47,472</b>	<b>238,366</b>	<b>7,371,338</b>
<b>Expenses</b>													
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	144,226	33,586	33,586	33,762	33,762	33,762	33,762	33,762	33,762	33,762	33,762	34,054	515,544
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	28,970	24,970	45,970	36,470	27,470	38,970	64,970	14,970	386,339
<b>Total Expense</b>	<b>4,517,416</b>	<b>4,019,956</b>	<b>4,072,833</b>	<b>4,246,245</b>	<b>4,224,093</b>	<b>4,406,495</b>	<b>4,702,421</b>	<b>4,658,065</b>	<b>4,598,509</b>	<b>4,686,622</b>	<b>4,682,799</b>	<b>4,645,502</b>	<b>53,460,955</b>
<b>Available Cash Balance</b>	<b>12,369,908</b>	<b>8,849,972</b>	<b>6,767,708</b>	<b>12,001,863</b>	<b>9,368,984</b>	<b>7,968,110</b>	<b>4,027,322</b>	<b>11,873,717</b>	<b>10,675,882</b>	<b>8,240,095</b>	<b>4,030,265</b>	<b>11,769,032</b>	
<b>Inc(Dec) in Abandoned Property Reserve</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Month Ending Cash Balance</b>	<b>12,369,908</b>	<b>8,849,972</b>	<b>6,767,708</b>	<b>12,001,863</b>	<b>9,368,984</b>	<b>7,968,110</b>	<b>4,027,322</b>	<b>11,873,717</b>	<b>10,675,882</b>	<b>8,240,095</b>	<b>4,030,265</b>	<b>11,769,032</b>	

- (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 (**\$11.0 M**), July (**\$15.00**) and November (**\$13.0 M**) TOTAL **\$39.0 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**

<b>Budget</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Total</b>
Membership (1)	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
<b>Total Budget Operating Expenses</b>	<b>\$212,631</b>	<b>\$218,869</b>	<b>\$206,951</b>	<b>\$192,967</b>	<b>\$195,909</b>	<b>\$186,503</b>	<b>\$211,000</b>	<b>\$216,720</b>	<b>\$189,689</b>	<b>\$200,034</b>	<b>\$262,928</b>	<b>\$196,457</b>	<b>\$2,490,657</b>

  

<b>Actual</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>YTD Total</b>
Membership (1)	2,534	2,095	1,938	1,841	1,799	1,804	1,815	1,780	1,779	1,782			19,167
PMPM Administrative Expense (2)	153,700	-	247,974	67,761	103,269	88,361	86,681	79,337	80,725	78,772			986,579
Variable Administrative Expense (3)	18,488	-	100,071	29,614	34,232	30,400	39,335	35,809	25,200	19,552			332,701
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			307,471
RX Benefit Management Fees	14,837	2,845	6,289	2,195	2,411	0	4,034	5,785	1,955	5,618			45,969
Miscellaneous Expense (5)	16,811	8,734	10,055	5,380	6,634	8,906	5,551	29,926	5,533	2,739			100,270
Professional Fees (6)	19,113	21,626	31,158	13,904	21,991	14,239	21,923	18,059	8,149	23,589			193,752
<b>Total Actual Operating Expenses</b>	<b>\$264,760</b>	<b>\$60,634</b>	<b>\$418,937</b>	<b>\$153,195</b>	<b>\$223,314</b>	<b>\$165,158</b>	<b>\$186,182</b>	<b>\$200,681</b>	<b>\$140,132</b>	<b>\$153,750</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,966,743</b>

  

<b>Variance</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>YTD Total</b>
Membership (1)	(309)	(722)	(854)	(836)	(854)	(826)	(792)	(805)	(784)	(759)			(7,542)
PMPM Administrative Expense (2)	(46,913)	105,691	(143,337)	32,126	(4,395)	9,540	10,247	16,660	14,340	15,362			9,322
Variable Administrative Expense (3)	15,160	32,831	(67,446)	(2,941)	(7,758)	(1,615)	(10,741)	(9,897)	530	5,996			(45,882)
Salary and Benefits Expense (4) & (7)	(7,135)	947	5,676	(5,137)	(21,372)	5,954	(747)	(3,855)	9,340	4,429			(11,900)
RX Benefit Management Fees	(9,378)	2,564	(929)	2,945	2,683	5,050	971	(822)	2,966	(739)			5,310
Miscellaneous Expense (5)	(8,506)	(429)	(1,750)	2,925	1,671	(601)	2,754	(4,746)	2,772	5,566			(345)
Professional Fees (6)	4,645	16,631	(4,201)	9,854	1,766	3,018	22,334	18,698	19,609	15,669			108,024
<b>Total Variance Expenses</b>	<b>(\$52,129)</b>	<b>\$158,235</b>	<b>(\$211,986)</b>	<b>\$39,772</b>	<b>(\$27,405)</b>	<b>\$21,345</b>	<b>\$24,818</b>	<b>\$16,039</b>	<b>\$49,557</b>	<b>\$46,284</b>			<b>\$64,529</b>

**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 October 31, 2014			
	Projected	Actual	Variance	% Change
Membership	2,058	1,782	(276)	-13%
Avg Premium Receipt PMPM	\$643	\$421	(\$222)	-35%
Avg Medical Claim Expense PMPM	\$1,062	\$1,582	(\$520)	-49%
Avg Pharmacy Claim Expense PMPM	\$969	\$1,152	(\$183)	-19%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,388)	(\$2,313)	(\$925)	-67%
Avg Premium Receipt Less Avg Claim Expense Total	(\$2,856,504)	(\$4,121,766)	(\$1,265,262)	-44%
Variance Due to Changes in Membership			\$638,388	
Variance Due to Changes in Claim Expenses			(\$1,903,650)	

CASH BASIS	Year-To-Date October 31, 2014			
	Projected	Actual	Variance	% Change
Member Months	21,463	19,167	(2,296)	-11%
Avg Premium Receipt PMPM	\$629	\$659	\$30	5%
Avg Medical Claim Expense PMPM	\$1,295	\$1,653	(\$358)	-28%
Avg Pharmacy Claim Expense PMPM	\$1,163	\$955	\$208	18%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,829)	(\$1,949)	(\$120)	-7%
Avg Premium Receipt Less Avg Claim Expense Total	(\$39,255,827)	(\$37,356,483)	\$1,899,344	5%
Variance Due to Changes in Membership			\$4,474,904	
Variance Due to Changes in Claim Expenses			(\$2,575,560)	

INCURRED BASIS	Year-To-Date October 31, 2014	Year-To-Date October 31, 2013
	Actual	Actual - Prior Year
Member Months	19,167	38,274
Avg Premium Income PMPM	\$615	\$723
Avg Medical Claim Expense PMPM (1)	\$1,485	\$1,314
Avg Pharmacy Claim Expense PMPM (2)	\$933	\$1,209
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,803)	(\$1,800)
Avg Premium Receipt Less Avg Claim Expense Total	(\$34,558,101)	(\$68,893,200)

(1) Incurred medical claims data totals \$28,456,433 which is derived from \$23,478,433 actual paid claims with dates of service between 1-1-14 and 10-31-14 and \$4,978,000 IBNR reserve.

(2) Incurred pharmacy claims data totals \$17,879,891 which is derived from \$17,453,891 actual paid claims with dates of service between 1-1-14 and 10-31-14 and \$423,000 IBNR reserve.