

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

1. 2014 Interim II Assessment Required

An assessment of \$33.5 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 July 18, 2014 with invoices due August 18, 2014 except for the carriers who have installment arrangements, at which point the invoices are due in total by October 18, 2014. Cash receipts resulting from this assessment will enable WSHIP to submit the required \$20.8 M payment to HBE before the end of the year and still maintain positive equity throughout the rest of 2014. Looking ahead as of October 31, 2014, all \$33.5 M has been collected thus closing out this assessment.

2. 2013 Final True-up Assessment Required

WSHIP did not project an Interim III assessment for 2014, but we still need to calculate the 2013 Final True-up assessment invoices and refunds.

3. Financial Statements – September 2014

Balance Sheet

Cash on hand increased by \$851 K or 2.1% from August 2014 to September 2014. The current cash position is \$41.5 M which is sufficient to cover all liabilities of the pool at this time. As of the end of September 2014, the entire \$41.5 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 September 2014 is \$6.2 M. This represents a decrease of \$455 K or 6.8% as compared to the prior month. Medical IBNR decreased \$552 K or 9.7% and pharmacy IBNR increased \$97 K or 9.8% from August 2014.

As of September 2014, the equity position of WSHIP is a positive \$15.3 M.

Income Statement

Total member months for September 2014 YTD are lower by 16,745 member months or 49.1% lower than September 2013 YTD. Member months are measured as the cumulative monthly member count (PMPM) over a period of time. The total incurred claim loss for September 2014 YTD is \$39.7 M or 51.5% lower than September 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 September 2014 YTD, the medical claims portion is \$16.6 M or 40.3% lower than September 2013 YTD, and the pharmacy claims portion is \$23.1 M or 64.3% lower than September 2013 YTD.

September 2014 YTD administrative expenses are \$515 K or 22.9% lower than the administrative expenses in September 2013 YTD. The ratio of administrative expenses as a percentage of total cost is 4.5% for September 2014 YTD as compared to 2.8% in September of the prior year. Total cost is calculated as total incurred claim loss less pharmacy rebates plus administrative expenses.

4. Budgeted Cash Flow – September 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 \$41.5 M is \$5.0 M lower than the budgeted cash balance of \$46.6 M. Total net cash receipts for September 2014 are \$8.0 M or 12.2% unfavorable to budget. Total expenses are \$3.0 M or 5.8% favorable to budget. The administrative expenses are \$18 K or 1.0% favorable to budget. Total medical claims expense is \$3.8 M or 14.4% unfavorable to budget, while total pharmacy claims expense is \$6.7 M or 29.2% favorable to budget.

5. 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 September 2014. For October 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 \$43.5 M which is a \$39.5 M or 47.6% decrease from the 2013 assessment of \$83.0 M.

6. 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 \$42.0 M which is a \$1.5 M or 3.5% decrease from the 2014 assessment of \$43.5 M.

7. Administrative Expense Budget

For September 2014, administrative expenses are \$18 K or 1.0% favorable to budget (cash basis).

8. Financial Performance

September 2014 YTD member months are 2,020 member months or 10% lower than projected in the original budget. Through September 2014, average premium receipt PMPM is 9% higher than anticipated. Average medical claims expense PMPM is 26% higher than anticipated and average pharmacy claims expense PMPM is 21% lower than anticipated.

On an incurred basis, the average medical claims expense PMPM is \$1,476 as compared to \$1,660 on a cash basis. Also on an incurred basis, the average pharmacy claims expense PMPM is \$949 as compared to \$935 on a cash basis.

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Balance Sheet as of September 30

Total Enrollment: 1,779

	<u>2014</u>	<u>2013</u>
Assets:		
Cash	\$ 41,527,243	\$ 18,897,046
Premiums Receivable	18,257	67,120
Assessments Receivable	3,281,376	6,207,251
Grants Receivable	587,465	1,300,715
Other Receivable	-	-
Prepaid Expense	-	406
Total Assets	<u>\$ 45,414,341</u>	<u>\$ 26,472,538</u>
 Liabilities and Unassigned Surplus:		
Reserve for Unpaid Losses - Medical	\$ 5,136,000	\$ 10,467,000
Reserve for Unpaid Losses - Pharmacy	1,089,000	3,342,000
Accrued Loss Adjustment	382,000	410,000
Premiums Received in Advance	2,456,318	545,064
Assessments Payable	-	-
Due to HBE	20,838,000	-
Accrued Expenses	151,523	363,633
Abandoned Claim Reserve	56,850	51,027
Total Liabilities	<u>\$ 30,109,691</u>	<u>\$ 15,178,724</u>
Unassigned Surplus	15,304,650	11,293,813
Total Liabilities and Unassigned Surplus	<u>\$ 45,414,341</u>	<u>\$ 26,472,538</u>

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Statement of Operations January 1 to September 30

	<u>2014</u>	<u>2013</u>
Total Member Months	17,385	34,130
Premium Income Earned	\$ 9,960,700	\$ 27,297,498
Pharmacy Rebate Income	396,991	473,377
Grant Income	1,110,440	1,300,715
Incurred Claim Loss - Medical	24,640,126	41,274,557
Incurred Claim Loss - Pharmacy	12,783,914	35,853,175
Total Incurred Claim Loss	<u>37,424,040</u>	<u>77,127,732</u>
Operating Expenses:		
Fixed (PMPM) Administrative Expense	\$ 832,880	\$ 1,325,437
Variable Administrative Expense	314,059	386,066
Salary and Benefit Expense	283,506	186,542
Prescription Administrative Expense	32,935	63,728
Miscellaneous Expense	102,648	79,767
Professional Fee Expense	167,229	206,587
Total Operating Expenses	<u>\$ 1,733,256</u>	<u>\$ 2,248,126</u>
Underwriting Gain (Loss)	(27,689,165)	(50,304,268)
Investment Income	2,051	1,501
Other Income	-	79,394
Changes to Unassigned Surplus	<u>\$ (27,687,114)</u>	<u>\$ (50,223,373)</u>

WASHINGTON STATE HEALTH INSURANCE POOL

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

	<u>2014</u>	<u>2013</u>
Unassigned Surplus at Beginning of Year	\$ 20,329,763	\$ 9,782,127
Changes to Unassigned Surplus	(27,687,114)	(50,223,373)
Member Assessments	43,500,000	51,735,059
HBE Assessment Payment Due	(20,838,000)	-
Unassigned Surplus	<u>\$ 15,304,650</u>	<u>\$ 11,293,813</u>

WSHIP
Budgeted Cashflow 2014

Budget - Updated Feb 2014

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	SEPT YTD	TOTAL
Enrollment Count	2,535	2,190	2,128	2,117	2,107	2,097	2,087	2,077	2,067	2,058	2,049	2,041	19,405	25,553
Cash Balance														
BEGINNING OF MONTH	32,118,470	27,119,355	21,222,908	16,800,308	25,299,215	23,235,391	21,110,133	17,665,710	45,674,693	46,573,969	47,420,650	44,198,174		
Receipts														
Premium Receipts	1,876,591	1,527,758	1,463,324	1,449,209	1,435,391	1,421,865	1,408,624	1,395,664	1,382,977	1,370,560	1,358,406	1,346,510	13,361,403	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	622,386	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	-	-	34,634,522	36,454,522
Additional Assessment Receipts (HBE)	-	-	-	-	-	-	-	16,670,400	2,083,800	2,083,800	-	-	-	18,754,200
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	900	1,200
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	5,192,893	1,708,168	1,579,634	13,513,845	3,000,357	3,039,305	1,472,568	32,688,714	5,399,174	5,336,722	1,423,683	1,457,265	67,594,658	75,812,328
Refunds														
Assessment Refunds	-	912,408	-	-	-	-	-	-	-	-	-	-	912,408	912,408
Premium Refunds	54,702	53,993	782,699	50,373	49,707	49,053	48,413	47,786	47,172	46,570	45,980	45,402	1,183,898	1,321,850
Total Refunds	54,702	966,401	782,699	50,373	49,707	49,053	48,413	47,786	47,172	46,570	45,980	45,402	2,096,306	2,234,258
Assessment Payments														
HBE Assessment	-	-	-	-	-	-	-	-	-	-	-	20,838,000	-	20,838,000
Expenses														
Medical Claims	4,090,017	3,553,101	2,861,576	2,731,332	2,781,333	2,911,786	2,647,616	2,400,380	2,263,971	2,248,458	2,347,401	2,374,687	26,241,112	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	22,970,503	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	901,767	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	261,271	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	267,661	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	46,401	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	91,620	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	262,518	397,291
Total Expense	10,137,306	6,638,214	5,219,535	4,964,565	5,014,474	5,115,511	4,868,577	4,631,945	4,452,727	4,443,471	4,600,179	4,554,400	51,042,854	64,640,903
Month Ending Cash Balance	\$ 27,119,355	\$ 21,222,908	\$ 16,800,308	\$ 25,299,215	\$ 23,235,391	\$ 21,110,133	\$ 17,665,710	\$ 45,674,693	\$ 46,573,969	\$ 47,420,650	\$ 44,198,174	\$ 20,217,637		

Actual	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
Enrollment Count	2,534	2,095	1,938	1,841	1,799	1,804	1,815	1,780	1,779				17,385
Cash Balance													
BEGINNING OF MONTH	32,118,470	30,528,025	23,995,643	21,247,907	25,052,384	21,227,587	21,258,847	17,319,052	40,676,346				
Receipts													
Premium Receipts	3,948,909	608,061	1,097,722	1,900,204	453,785	2,082,278	783,592	422,579	1,982,832				13,279,964
Grant Revenue	-	71,247	-	-	-	-	-	-	522,975				594,222
Pharmacy Rebate Income	-	-	211,139	-	-	185,852	-	-	-				396,991
Claim Refunds Receipts	61,192	41,734	48,325	33,055	30,660	220,825	390,205	111,608	222,101				1,159,705
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				44,385,554
Investment Income	281	225	212	193	209	183	179	231	339				2,051
Other Income	-	-	-	-	-	-	-	-	-				-
Total Receipts	6,265,642	723,234	3,268,214	9,539,887	1,361,308	4,004,937	1,234,675	27,551,797	5,868,793	-	-	-	59,818,487
Refunds													
Assessment Refunds	-	912,408	-	-	-	-	-	-	-				912,408
Premium Refunds	41,960	885,924	208,693	112,067	28,596	24,334	24,388	34,580	33,056				1,393,598
Total Refunds	41,960	1,798,332	208,693	112,067	28,596	24,334	24,388	34,580	33,056	-	-	-	2,306,006
Expenses													
Medical Claims	4,257,882	3,444,146	3,829,467	3,922,194	2,703,946	2,530,317	3,333,872	2,558,392	3,443,876				30,024,091
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				16,251,654
Fixed (PMPM) Admin	153,700	-	247,974	67,761	103,269	88,361	86,681	79,337	80,725				907,808
Variable Admin	18,488	-	100,071	29,614	34,232	30,400	39,335	35,809	25,200				313,149
Salary and Benefits	41,811	27,429	23,389	34,342	54,776	23,251	28,657	31,765	18,570				283,990
Prescription Admin	14,837	2,845	6,289	2,195	2,411	-	4,034	5,785	1,955				40,351
Miscellaneous	16,811	8,734	10,055	5,380	6,634	8,906	5,551	29,926	5,533				97,532
Professional Fees	19,113	21,626	31,158	13,904	21,991	14,239	21,923	18,059	8,149				170,163
Total Expense	7,813,639	5,457,285	5,807,147	5,623,343	5,157,509	3,949,343	5,144,612	4,151,171	4,984,689	-	-	-	48,088,738
Available Cash Balance	30,528,513	23,995,643	21,248,017	25,052,384	21,227,587	21,258,847	17,324,521	40,685,098	41,527,394	-	-	-	-
Inc(Dec) in Abandoned	(488)	-	(109)	-	-	-	(5,469)	(8,752)	(151)	-	-	-	-
Property Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Month Ending Cash Balance	\$ 30,528,025	\$ 23,995,643	\$ 21,247,907	\$ 25,052,384	\$ 21,227,587	\$ 21,258,847	\$ 17,319,052	\$ 40,676,346	\$ 41,527,243	\$ -	\$ -	\$ -	\$ -

WSHIP
Budgeted Cashflow 2014

Variance to Budget	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
Favorable/(Unfavorable)													
Enrollment Count	(1)	(95)	(190)	(276)	(308)	(293)	(272)	(297)	(288)				(2,020)
Receipts													
Premium Receipts	2,072,318	(919,697)	(365,602)	450,995	(981,606)	660,413	(625,032)	(973,085)	599,855				(81,439)
Grant Revenue	(71,247)	71,247	-	-	-	-	-	-	522,975				522,975
Pharmacy Rebate Income	-	-	161,139	-	-	135,852	-	-	(50,000)				246,991
Claim Refunds Receipts	(33,763)	(34,054)	(17,885)	(31,481)	(34,206)	153,485	326,361	49,058	159,804				537,319
Assessment Receipts	(894,740)	(102,555)	1,910,815	(4,393,565)	(623,347)	15,800	60,699	12,457,379	1,320,547				9,751,032
Investment Income	181	125	112	93	109	83	79	131	239				1,151
Other Income	-	-	-	-	-	-	-	-	-				-
Total Receipts	1,072,749	(984,934)	1,688,580	(3,973,958)	(1,639,049)	965,632	(237,893)	(5,136,917)	469,619				(7,776,171)
Refunds													
Assessment Refunds	-	-	-	-	-	-	-	-	-				-
Premium Refunds	12,742	(831,931)	574,006	(61,694)	21,111	24,719	24,025	13,206	14,116				(209,700)
Total Refunds	12,742	(831,931)	574,006	(61,694)	21,111	24,719	24,025	13,206	14,116				(209,700)
Expenses													
Medical Claims	(167,865)	108,955	(967,891)	(1,190,862)	77,387	381,469	(686,256)	(158,012)	(1,179,905)				(3,782,979)
Pharmacy Claims	2,543,661	913,740	592,265	492,313	(193,017)	763,353	385,402	622,747	598,386				6,718,849
Fixed (PMPM) Admin	(46,913)	105,691	(143,337)	32,126	(4,395)	9,540	10,247	16,660	14,340				(6,041)
Variable Admin	15,160	32,831	(67,446)	(2,941)	(7,758)	(1,615)	(10,741)	(9,897)	530				(51,878)
Salary and Benefits	(7,135)	947	5,676	(5,137)	(21,372)	5,954	(747)	(3,855)	9,340				(16,329)
Prescription Admin	(9,378)	2,564	(929)	2,945	2,683	5,050	971	(822)	2,966				6,049
Miscellaneous	(8,506)	(429)	(1,750)	2,925	1,671	(601)	2,754	(4,746)	2,772				(5,912)
Professional Fees	4,645	16,631	(4,201)	9,854	1,766	3,018	22,334	18,698	19,609				92,355
Total Expense	2,323,667	1,180,929	(587,612)	(658,778)	(143,035)	1,166,168	(276,035)	480,774	(531,962)				2,954,115
Available Cash Balance	3,409,158	2,772,734	4,447,708	(246,831)	(2,007,805)	148,714	(341,189)	(4,989,595)	(5,046,574)				
Inc(Dec) in Abandoned													
Property Reserve							(5,469)	(8,752)	(151)				
Month Ending Cash Balance	3,409,158	2,772,734	4,447,708	(246,831)	(2,007,805)	148,714	(346,658)	(4,998,347)	(5,046,725)				

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

Washington State Health Insurance Pool 2014 Cash Flow Forecast

Forecast	Actual (Bold)										Forecast		TOTAL
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	
Enrollment													
Non-Medicare Enrollment	1,480	1,063	884	802	764	750	738	727	720	714	706	698	10,046
Medicare Enrollment (Basic and Basic+)	1,054	1,032	1,054	1,039	1,035	1,054	1,077	1,053	1,059	1,062	1,064	1,066	12,649
Total Enrollment Count	2,534	2,095	1,938	1,841	1,799	1,804	1,815	1,780	1,779	1,776	1,770	1,764	22,695
Cash Balance													
BEGINNING OF MONTH	32,118,470	30,528,025	23,995,643	21,247,907	25,052,384	21,227,587	21,258,847	17,319,052	40,676,346	41,527,243	40,279,870	35,163,658	
Receipts													
Premium Receipts	3,948,909	608,061	1,097,722	1,900,204	453,785	2,082,278	783,592	422,579	1,982,832	761,621	633,534	1,900,601	16,575,720
Grant Revenue	-	71,247	-	-	-	-	-	-	522,975	-	-	-	594,222
Pharmacy Rebate Income	-	-	211,139	-	-	185,852	-	-	-	-	-	50,000	446,991
Claim Refunds Receipts	61,192	41,734	48,325	33,055	30,660	220,825	390,205	111,608	222,101	62,262	65,177	60,655	1,347,799
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	1,112,077	-	-	26,799,507
Additional Assessment Receipts (HBE)	-	-	-	-	-	-	-	16,750,775	1,947,349	2,101,876	-	-	20,800,000
Investment Income	281	225	212	193	209	183	179	231	339	100	100	100	2,351
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	6,265,642	723,234	3,268,214	9,539,887	1,361,308	4,004,937	1,234,675	27,551,797	5,868,793	4,037,936	698,811	2,011,356	66,566,590
Refunds													
Assessment Refunds	-	912,408	-	-	-	-	-	-	-	-	1,139,085	-	2,051,493
Premium Refunds	41,960	885,924	208,693	112,067	28,596	24,334	24,388	34,580	33,056	46,570	45,980	45,402	1,531,550
Total Refunds	41,960	1,798,332	208,693	112,067	28,596	24,334	24,388	34,580	33,056	46,570	1,185,065	45,402	3,583,043
Assessment Payments													
HBE Assessment	-	-	-	-	-	-	-	-	-	-	-	20,838,000	20,838,000
Expenses													
Medical Claim Expense	4,257,882	3,444,146	3,829,467	3,922,194	2,703,946	2,530,317	3,333,872	2,558,392	3,443,876	2,918,160	2,785,842	2,753,669	38,481,762
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	2,120,545	1,581,188	1,608,659	21,562,046
PMPM Administrative Expense	153,700	-	247,974	67,761	103,269	88,361	86,681	79,337	80,725	94,134	93,243	92,394	1,187,579
Variable Administrative Expense	18,488	-	100,071	29,614	34,232	30,400	39,335	35,809	25,200	25,548	58,374	25,208	422,279
Salary and Benefits Expense	41,811	27,429	23,389	34,342	54,776	23,251	28,657	31,765	18,570	27,910	27,910	28,117	367,928
Prescription Administrative Expense	14,837	2,845	6,289	2,195	2,411	0	4,034	5,785	1,955	4,879	4,838	4,800	54,869
Miscellaneous Expense	16,811	8,734	10,055	5,380	6,634	8,906	5,551	29,926	5,533	8,305	8,305	20,680	134,822
Professional Fees	19,113	21,626	31,158	13,904	21,991	14,239	21,923	18,059	8,149	39,258	70,258	25,258	304,936
Total Expense	7,813,639	5,457,285	5,807,147	5,623,343	5,157,509	3,949,343	5,144,612	4,151,171	4,984,689	5,238,739	4,629,958	4,558,785	62,516,220
Available Cash Balance	30,528,513	23,995,643	21,248,016	25,052,384	21,227,587	21,258,847	17,324,521	40,685,098	41,527,394	40,279,870	35,163,658	11,732,827	
Inc(Dec) in Abandoned Property Reserve	(488)	-	(109)	-	-	-	(5,469)	(8,752)	(151)	-	-	-	
Month Ending Cash Balance	30,528,025	23,995,643	21,247,907	25,052,384	21,227,587	21,258,847	17,319,052	40,676,346	41,527,243	40,279,870	35,163,658	11,732,827	

- (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 (**\$0 M**) TOTAL **\$43.5 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
Enrollment:													
Non-Medicare Enrollment	690	683	675	668	661	654	646	640	634	627	621	614	7,813
Medicare Enrollment (Basic and Basic+)	1,068	1,070	1,072	1,074	1,076	1,078	1,080	1,082	1,084	1,086	1,088	1,090	12,948
Total Enrollment Count	1,758	1,753	1,747	1,742	1,737	1,732	1,726	1,722	1,718	1,713	1,709	1,704	20,761
Cash Balance													
BEGINNING OF MONTH	11,732,827	8,711,069	5,186,851	3,094,879	11,523,883	9,286,508	8,275,903	4,329,216	12,170,627	10,962,819	8,521,149	4,306,501	
Receipts													
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	90,052	80,069	83,091	86,941	88,076	93,953	101,642	102,407	102,448	102,371	100,759	99,716	1,131,528
Assessment Receipts	-	-	-	12,000,000	1,500,000	1,500,000	-	12,000,000	1,500,000	1,500,000	-	9,600,000	39,600,000
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	1,604,385	550,971	2,229,098	12,753,429	2,039,690	3,631,389	842,656	12,552,239	3,624,381	2,330,346	516,969	11,819,198	54,494,751
Refunds													
Assessment Refunds	-	-	-	-	-	-	-	-	-	-	-	-	-
Premium Refunds	108,728	55,234	248,237	78,180	52,971	235,499	86,923	52,762	233,680	85,394	48,818	245,125	1,531,550
Total Refunds	108,728	55,234	248,237	78,180	52,971	235,499	86,923	52,762	233,680	85,394	48,818	245,125	1,531,550
Expenses													
Medical Claim Expense	2,571,134	2,286,101	2,372,386	2,482,314	2,514,712	2,682,510	2,902,051	2,923,892	2,925,064	2,922,857	2,876,836	2,847,041	32,306,898
Pharmacy Claim Expense	1,667,220	1,554,573	1,522,574	1,573,440	1,516,629	1,537,671	1,591,411	1,515,904	1,483,132	1,563,033	1,571,453	1,601,392	18,698,432
PMPM Administrative Expense	74,738	74,429	74,169	90,143	89,836	89,529	89,222	88,858	88,608	88,359	88,052	87,802	1,023,745
Variable Administrative Expense	27,953	27,281	27,194	27,122	27,050	26,978	26,891	26,833	26,775	29,203	34,645	26,572	334,497
Salary and Benefits Expense	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
Total Expense	4,517,416	4,019,956	4,072,833	4,246,245	4,224,093	4,406,495	4,702,421	4,658,065	4,598,509	4,686,622	4,682,799	4,645,502	53,460,955
Available Cash Balance	8,711,069	5,186,851	3,094,879	11,523,883	9,286,508	8,275,903	4,329,216	12,170,627	10,962,819	8,521,149	4,306,501	11,235,073	
Inc(Dec) in Abandoned Property Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Month Ending Cash Balance	8,711,069	5,186,851	3,094,879	11,523,883	9,286,508	8,275,903	4,329,216	12,170,627	10,962,819	8,521,149	4,306,501	11,235,073	

- (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 (**\$15.0 M**), July (**\$15.00**) and November (**\$12.0 M**) TOTAL **\$42.0 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**

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

Actual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
Membership (1)	2,534	2,095	1,938	1,841	1,799	1,804	1,815	1,780	1,779				17,385
PMPM Administrative Expense (2)	153,700	-	247,974	67,761	103,269	88,361	86,681	79,337	80,725				907,808
Variable Administrative Expense (3)	18,488	-	100,071	29,614	34,232	30,400	39,335	35,809	25,200				313,149
Salary and Benefits Expense (4) & (7)	41,811	27,429	23,389	34,342	54,776	23,251	28,657	31,765	18,570				283,990
RX Benefit Management Fees	14,837	2,845	6,289	2,195	2,411	0	4,034	5,785	1,955				40,351
Miscellaneous Expense (5)	16,811	8,734	10,055	5,380	6,634	8,906	5,551	29,926	5,533				97,532
Professional Fees (6)	19,113	21,626	31,158	13,904	21,991	14,239	21,923	18,059	8,149				170,163
Total Actual Operating Expenses	\$264,760	\$60,634	\$418,937	\$153,195	\$223,314	\$165,158	\$186,182	\$200,681	\$140,132	\$0	\$0	\$0	\$1,812,993

Variance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
Membership (1)	(309)	(722)	(854)	(836)	(854)	(826)	(792)	(805)	(784)				(6,782)
PMPM Administrative Expense (2)	(46,913)	105,691	(143,337)	32,126	(4,395)	9,540	10,247	16,660	14,340				(6,041)
Variable Administrative Expense (3)	15,160	32,831	(67,446)	(2,941)	(7,758)	(1,615)	(10,741)	(9,897)	530				(51,878)
Salary and Benefits Expense (4) & (7)	(7,135)	947	5,676	(5,137)	(21,372)	5,954	(747)	(3,855)	9,340				(16,329)
RX Benefit Management Fees	(9,378)	2,564	(929)	2,945	2,683	5,050	971	(822)	2,966				6,049
Miscellaneous Expense (5)	(8,506)	(429)	(1,750)	2,925	1,671	(601)	2,754	(4,746)	2,772				(5,912)
Professional Fees (6)	4,645	16,631	(4,201)	9,854	1,766	3,018	22,334	18,698	19,609				92,355
Total Variance Expenses	(\$52,129)	\$158,235	(\$211,986)	\$39,772	(\$27,405)	\$21,345	\$24,818	\$16,039	\$49,557				\$18,245

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 September 30, 2014			
	Projected	Actual	Variance	% Change
Membership	2,067	1,779	(288)	-14%
Avg Premium Receipt PMPM	\$646	\$1,096	\$450	70%
Avg Medical Claim Expense PMPM	\$1,065	\$1,811	(\$746)	-70%
Avg Pharmacy Claim Expense PMPM	\$967	\$787	\$180	19%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,386)	(\$1,502)	(\$116)	-8%
Avg Premium Receipt Less Avg Claim Expense Total	(\$2,864,862)	(\$2,672,058)	\$192,804	7%
Variance Due to Changes in Membership			\$432,576	
Variance Due to Changes in Claim Expenses			(\$239,772)	

CASH BASIS	Year-To-Date September 30, 2014			
	Projected	Actual	Variance	% Change
Member Months	19,405	17,385	(2,020)	-10%
Avg Premium Receipt PMPM	\$628	\$684	\$56	9%
Avg Medical Claim Expense PMPM	\$1,320	\$1,660	(\$340)	-26%
Avg Pharmacy Claim Expense PMPM	\$1,184	\$935	\$249	21%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,876)	(\$1,911)	(\$35)	-2%
Avg Premium Receipt Less Avg Claim Expense Total	(\$36,403,780)	(\$33,222,735)	\$3,181,045	9%
Variance Due to Changes in Membership			\$3,860,220	
Variance Due to Changes in Claim Expenses			(\$679,175)	

INCURRED BASIS	Year-To-Date September 30, 2014	Year-To-Date September 30, 2013
	Actual	Actual - Prior Year
Member Months	17,385	34,130
Avg Premium Income PMPM	\$616	\$800
Avg Medical Claim Expense PMPM (1)	\$1,476	\$1,334
Avg Pharmacy Claim Expense PMPM (2)	\$949	\$1,129
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,809)	(\$1,663)
Avg Premium Receipt Less Avg Claim Expense Total	(\$31,449,465)	(\$56,758,190)

(1) Incurred medical claims data totals \$25,661,397 which is derived from \$20,637,397 actual paid claims with dates of service between 1-1-14 and 9-30-14 and \$5,024,000 IBNR reserve.

(2) Incurred pharmacy claims data totals \$16,490,654 which is derived from \$15,401,654 actual paid claims with dates of service between 1-1-14 and 9-30-14 and \$1,089,000 IBNR reserve.