

**Washington State Health Insurance Pool
Treasurer's Report
September 2015 Financial Review**

1. 2015 Interim II Assessment Required

An assessment of \$14.0 M is required in order to adequately carry the pool into the next scheduled assessment in November 2015. This assessment was approved by the Board of Directors and generated on July 9, 2015 with invoices due August 9, 2015 except for the carriers who have installment payment arrangements, at which point the invoices are due in total by October 9, 2015. Looking ahead as of October 31, 2015, the entire \$14.0 M has been collected, thus closing out this assessment.

2. 2015 Interim III Assessment Required

An assessment of \$10.5 M is required in order to adequately carry the pool into the next scheduled assessment in March 2016.

3. Financial Statements – September 2015

Balance Sheet

Cash on hand decreased by \$84 K or less than 1% from August 2015 to September 2015. The current cash position is \$11.8 M which is well above our current three week expense allowance of \$2.9 M. As of the end of September 2015, the entire \$11.8 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 2015 is \$5.9 M. This represents an increase of \$271 K or 4.8% as compared to the prior month. Medical IBNR increased \$8 K or less than 1% and pharmacy IBNR increased \$263 K or 30.5% from August 2015.

As of September 2015, the equity position of WSHIP is a positive \$4.8 M.

Income Statement

Total member months for September 2015 YTD are lower by 2,888 member months or 16.6% lower than September 2014 YTD. Member months are measured as the cumulative monthly member count (PMPM) over a period of time. The total incurred claim loss for September 2015 YTD is \$3.0 M or 8.1% lower than September 2014 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 2015 YTD, the medical claims portion is \$2.4 M or 9.8% lower than September 2014 YTD, and the pharmacy claims portion is \$642 K or 5.0% lower than September 2014 YTD.

September 2015 YTD administrative expenses are \$176 K or 10.2% lower than the administrative expenses for September 2014 YTD. The ratio of administrative expenses as a percentage of total cost is 4.4% for September 2015 YTD as compared to 4.5% 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 2015

The Budgeted Cash Flow document contains the budget (upper portion) as established in early 2015 and the actual (lower portion) cash flow results year-to-date.

The ending cash balance of \$11.8 M is \$2.2 M higher than the budgeted cash balance of \$9.6 M. Total net cash receipts for September 2015 are \$1.5 M or 3.6% favorable to budget. Total expenses are \$722 K or 1.9% favorable to budget. The administrative expenses are \$282 K or 15.4% favorable to budget. Total medical claims expense is \$541 K or 2.4% unfavorable to budget; while total pharmacy claims expense is \$981 K or 7.9% favorable to budget.

5. Cash Flow Forecast – 2015

The 2015 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 September 2015 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 2015. For October 2015, 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 2015 assessment projection. To ensure adequate funding, the current 2015 forecast is projecting an assessment of \$34.0 M which is a \$11.5 M or 25.3% decrease from the 2014 assessment of \$45.5 M.

6. Administrative Expense Budget

For September 2015, administrative expenses are \$282 K or 15.4% favorable to budget (cash basis). This is primarily seen in variable admin and professional fees.

7. Financial Performance

September 2015 YTD member months are 415 member months or 3% lower than projected in the original budget. Through September 2015, average premium receipt PMPM is 12% higher than anticipated. Average medical claims expense PMPM is 8% higher than anticipated and average pharmacy claims expense PMPM is 5% lower than anticipated.

On an incurred basis, the average medical claims expense PMPM is \$1,582 as compared to \$1,582 on a cash basis. Also on an incurred basis, the average pharmacy claims expense PMPM is \$867 as compared to \$790 on a cash basis.

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Balance Sheet as of September 30

Total Enrollment: 1,587

	<u>2015</u>	<u>2014</u>
Assets:		
Cash	\$ 11,809,165	\$ 41,527,243
Premiums Receivable	18,402	18,257
Assessments Receivable	677,573	3,281,376
Grants Receivable	242,848	587,465
Prepaid Expense	-	-
Total Assets	<u>\$ 12,747,987</u>	<u>\$ 45,414,341</u>
 Liabilities and Unassigned Surplus:		
Reserve for Unpaid Losses - Medical	\$ 4,808,000	\$ 5,136,000
Reserve for Unpaid Losses - Pharmacy	1,124,000	1,089,000
Accrued Loss Adjustment	294,000	382,000
Premiums Received in Advance	1,509,800	2,456,318
Assessments Payable	-	-
Due to HBE	-	20,838,000
Accrued Expenses	145,401	151,523
Abandoned Claim Reserve	18,303	56,850
Total Liabilities	<u>\$ 7,899,503</u>	<u>\$ 30,109,691</u>
Unassigned Surplus	4,848,484	15,304,650
Total Liabilities and Unassigned Surplus	<u>\$ 12,747,987</u>	<u>\$ 45,414,341</u>

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Statement of Operations January 1 to September 30

	<u>2015</u>	<u>2014</u>
Total Member Months	14,497	17,385
Premium Income Earned	\$ 8,854,697	\$ 9,960,700
Pharmacy Rebate Income	182,619	396,991
Grant Income	-	1,110,440
Incurred Claim Loss - Medical	22,206,164	24,640,126
Incurred Claim Loss - Pharmacy	12,141,444	12,783,914
Total Incurred Claim Loss	<u>34,347,608</u>	<u>37,424,040</u>
Operating Expenses:		
Fixed (PMPM) Administrative Expense	\$ 743,533	\$ 832,880
Variable Administrative Expense	150,281	314,059
Salary and Benefit Expense	406,980	283,506
Prescription Administrative Expense	18,623	32,935
Miscellaneous Expense	75,920	102,648
Professional Fee Expense	161,820	167,229
Total Operating Expenses	<u>\$ 1,557,156</u>	<u>\$ 1,733,256</u>
Underwriting Gain (Loss)	(26,867,449)	(27,689,165)
Investment Income	823	2,051
Other Income	846	-
Changes to Unassigned Surplus	<u>\$ (26,865,779)</u>	<u>\$ (27,687,114)</u>

WASHINGTON STATE HEALTH INSURANCE POOL

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

	<u>2015</u>	<u>2014</u>
Unassigned Surplus at Beginning of Year	\$ 8,214,435	\$ 20,329,763
Changes to Unassigned Surplus	(26,865,779)	(27,687,114)
Member Assessments	23,499,828	43,500,000
HBE Assessment Payment Due	-	(20,838,000)
Unassigned Surplus	<u>\$ 4,848,484</u>	<u>\$ 15,304,650</u>

**WSHIP 2015
Budgeted Cashflow**

Budget - Updated Jan 2015

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	Sept YTD	TOTAL
Enrollment Count	1,675	1,670	1,665	1,661	1,656	1,652	1,648	1,644	1,640	1,636	1,632	1,629	14,911	19,808
Cash Balance														
BEGINNING OF MONTH	19,667,071	12,240,340	8,779,189	6,821,237	10,895,656	8,273,266	6,819,152	3,320,830	10,708,922	9,607,719	7,427,985	3,429,494		
Receipts														
Premium Receipts	1,926,768	470,802	1,977,159	622,690	421,906	1,875,707	692,329	420,241	1,861,220	680,146	388,824	1,952,373	10,268,822	13,290,165
Grant Revenue	124,489	-	-	154,326	-	-	154,325	-	-	154,325	-	-	433,140	587,465
Pharmacy Rebate Income	-	-	30,000	-	-	30,000	-	-	30,000	-	-	30,000	90,000	120,000
Claim Refunds Receipts	114,540	107,777	98,752	100,108	101,909	108,334	114,841	114,008	116,245	118,831	119,350	117,946	976,516	1,332,643
Assessment Receipts	706,247	-	-	7,200,000	900,000	900,000	-	11,200,000	1,400,000	1,400,000	-	9,200,000	22,306,247	32,906,247
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	22,306,247	32,906,247
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	2,872,144	578,679	2,106,011	8,077,224	1,423,915	2,914,141	961,596	11,734,349	3,407,565	2,353,402	508,274	11,300,420	34,075,625	48,237,721
Refunds														
Assessment Refunds	5,882,015	-	-	-	-	-	-	-	-	-	-	-	5,882,015	5,882,015
Premium Refunds	226,685	44,776	220,441	69,426	47,040	209,130	77,190	46,854	207,515	75,832	43,351	217,678	1,149,057	1,485,918
Total Refunds	6,108,700	44,776	220,441	69,426	47,040	209,130	77,190	46,854	207,515	75,832	43,351	217,678	7,031,072	7,367,933
Expenses														
Medical Claims	2,582,871	2,421,202	2,335,767	2,367,831	2,410,422	2,562,405	2,716,308	2,696,611	2,749,516	2,810,678	2,822,960	2,789,755	22,842,932	31,266,326
Pharmacy Claims	1,328,583	1,394,192	1,330,074	1,375,282	1,388,316	1,410,633	1,457,687	1,384,748	1,361,651	1,446,118	1,401,169	1,402,947	12,431,165	16,681,399
Fixed (PMPM) Admin	74,738	74,429	74,169	90,143	89,836	89,529	89,222	88,858	88,608	88,359	88,052	87,802	759,532	1,023,745
Variable Admin	27,953	27,281	27,194	27,122	27,050	26,978	26,891	26,833	26,775	29,203	34,645	26,572	244,077	334,497
Salary and Benefits	143,885	33,965	33,395	33,536	33,536	33,536	33,536	33,536	33,536	33,536	33,536	33,769	412,461	513,302
Prescription Admin	3,375	3,366	3,354	3,345	3,335	3,325	3,314	3,306	3,299	3,289	3,281	3,272	30,019	39,861
Miscellaneous	9,800	7,150	17,400	7,150	9,800	7,750	9,800	29,040	10,400	7,150	9,800	30,399	108,290	155,639
Professional Fees	18,970	33,470	22,170	28,970	36,970	24,970	45,970	36,470	27,470	38,970	69,970	14,970	275,430	399,340
Total Expense	4,190,175	3,995,055	3,843,522	3,933,379	3,999,264	4,159,126	4,382,728	4,299,402	4,301,255	4,457,303	4,463,413	4,389,487	37,103,906	50,414,109
Month Ending Cash Balance	\$ 12,240,340	\$ 8,779,189	\$ 6,821,237	\$ 10,895,656	\$ 8,273,266	\$ 6,819,152	\$ 3,320,830	\$ 10,708,922	\$ 9,607,719	\$ 7,427,985	\$ 3,429,494	\$ 10,122,750		

Actual	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
Enrollment Count	1,673	1,613	1,612	1,636	1,605	1,603	1,594	1,573	1,587				14,496
Cash Balance													
BEGINNING OF MONTH	19,667,071	12,484,611	8,988,214	6,358,557	8,916,254	9,544,237	7,078,041	6,678,593	11,893,137				
Receipts													
Premium Receipts	2,033,165	401,598	1,705,236	922,139	343,983	1,817,621	788,705	328,349	1,724,048				10,064,844
Grant Revenue	124,489	-	-	79,030	-	-	141,098	-	-				344,617
Pharmacy Rebate Income	-	-	89,099	-	-	82,609	-	-	10,910				182,619
Claim Refunds Receipts	144,512	30,746	21,343	115,586	45,315	12,582	10,917	43,862	25,605				450,469
Assessment Receipts	703,762	2,485	-	5,326,641	3,767,124	406,064	2,731,886	8,814,951	1,775,590				23,528,502
Investment Income	168	104	70	58	90	71	59	102	102				823
Other Income	-	-	846	-	-	-	-	-	-				846
Total Receipts	3,006,095	434,933	1,816,594	6,443,453	4,156,512	2,318,947	3,672,666	9,187,264	3,536,255	-	-	-	34,572,720
Refunds													
Assessment Refunds	5,882,015	-	-	-	-	-	-	-	-				5,882,015
Premium Refunds	25,776	32,158	19,054	10,707	13,536	8,855	15,905	14,625	14,356				154,973
Total Refunds	5,907,791	32,158	19,054	10,707	13,536	8,855	15,905	14,625	14,356	-	-	-	6,036,988
Expenses													
Medical Claims	2,709,187	2,549,228	3,085,023	2,500,880	2,226,139	2,720,984	2,663,902	2,654,318	2,274,238				23,383,899
Pharmacy Claims	1,328,583	1,173,035	1,197,059	1,216,275	1,133,872	1,913,700	1,185,727	1,135,324	1,166,604				11,450,177
Fixed (PMPM) Admin	77,147	75,702	74,439	73,735	86,182	87,474	87,434	86,764	87,456				736,331
Variable Admin	16,771	25,312	15,110	16,559	15,365	12,388	16,373	16,553	17,492				151,922
Salary and Benefits	141,590	43,066	31,909	31,842	32,178	32,080	32,080	32,034	33,584				410,362
Prescription Admin	2,051	2,029	2,094	2,387	2,138	2,101	2,154	2,024	1,644				18,623
Miscellaneous	3,115	5,687	4,211	10,385	7,475	5,658	28,254	3,537	6,173				74,496
Professional Fees	2,321	25,112	17,354	22,984	-	1,904	40,286	27,542	18,681				156,184
Total Expense	4,280,764	3,899,171	4,427,198	3,875,049	3,503,348	4,776,289	4,056,208	3,958,095	3,605,871	-	-	-	36,381,994
Available Cash Balance	12,484,611	8,988,214	6,358,557	8,916,254	9,555,882	7,078,041	6,678,593	11,893,137	11,809,165	-	-	-	-
Inc(Dec) in Abandoned Property Reserve					(11,645)								
Month Ending Cash Balance	\$ 12,484,611	\$ 8,988,214	\$ 6,358,557	\$ 8,916,254	\$ 9,544,237	\$ 7,078,041	\$ 6,678,593	\$ 11,893,137	\$ 11,809,165	\$ -	\$ -	\$ -	\$ -

**WSHIP 2015
Budgeted Cashflow**

Variance to Budget	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
Favorable/(Unfavorable)													
Enrollment Count	(2)	(57)	(53)	(25)	(51)	(49)	(54)	(71)	(53)				(415)
Receipts													
Premium Receipts	106,397	(69,204)	(271,923)	299,448	(77,923)	(58,086)	96,376	(91,892)	(137,172)				(203,978)
Grant Revenue	-	-	-	(75,296)	-	-	(13,227)	-	-				(88,523)
Pharmacy Rebate Income	-	-	59,099	-	-	52,609	-	-	(19,090)				92,619
Claim Refunds Receipts	29,972	(77,032)	(77,409)	15,478	(56,594)	(95,752)	(103,924)	(70,146)	(90,640)				(526,047)
Assessment Receipts	(2,485)	2,485	-	(1,873,359)	2,867,124	(493,936)	2,731,886	(2,385,049)	375,590				1,222,256
Investment Income	68	4	(30)	(42)	(10)	(29)	(41)	2	2				(77)
Other Income	-	-	846	-	-	-	-	-	-				846
Total Receipts	133,951	(143,746)	(289,417)	(1,633,771)	2,732,597	(595,194)	2,711,070	(2,547,085)	128,690				497,095
Refunds													
Assessment Refunds	-	-	-	-	-	-	-	-	-				-
Premium Refunds	200,909	12,618	201,387	58,719	33,504	200,274	61,285	32,229	193,159				994,084
Total Refunds	200,909	12,618	201,387	58,719	33,504	200,274	61,285	32,229	193,159				994,084
Expenses													
Medical Claims	(126,316)	(128,026)	(749,257)	(133,050)	184,283	(158,579)	52,405	42,293	475,278				(540,967)
Pharmacy Claims	0	221,157	133,014	159,007	254,444	(503,067)	271,960	249,424	195,047				980,988
Fixed (PMPM) Admin	(2,409)	(1,273)	(270)	16,408	3,654	2,055	1,788	2,094	1,152				23,201
Variable Admin	11,182	1,969	12,085	10,563	11,685	14,590	10,519	10,281	9,283				92,156
Salary and Benefits	2,295	(9,101)	1,486	1,694	1,358	1,456	1,456	1,502	(48)				2,099
Prescription Admin	1,324	1,337	1,260	958	1,197	1,224	1,160	1,282	1,655				11,396
Miscellaneous	6,685	1,463	13,189	(3,235)	2,325	2,092	(18,454)	25,503	4,227				33,794
Professional Fees	16,649	8,358	4,817	5,986	36,970	23,066	5,684	8,928	8,789				119,246
Total Expense	(90,589)	95,884	(583,676)	58,331	495,916	(617,163)	326,519	341,307	695,383				721,913
Available Cash Balance	244,271	209,026	(462,680)	(1,979,401)	1,282,616	258,889	3,357,763	1,184,214	2,201,446				
Inc(Dec) in Abandoned					(11,645)	-	-	-	-				
Property Reserve													
Month Ending Cash Balance	244,271	209,026	(462,680)	(1,979,401)	1,270,971	258,889	3,357,763	1,184,214	2,201,446				

- (1) Assumes a Non-medicare medical claim expense trend of 25% until March 2015 and then a 15% trend thereafter. Assumes an annual Medicare medical claim expense trend of 12%
- (2) Assumes a Non-medicare pharmacy claim expense trend of 25% until March 2015 and then a 15% trend thereafter. Assumes an annual Medicare pharmacy claim expense trend of 0% for Basic and 4% for Basic Plus
- (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 (**\$9.0 M**), July (**\$14.0**) and November (**\$11.5 M**) TOTAL **\$34.5 M**.
- (6) 3-Week expense allowance is **\$2.9 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 2015 Cash Flow Forecast

Forecast - Updated 09/30/15

	Actual (Bold)										Forecast			TOTAL
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER		
Enrollment:														
Non-Medicare Enrollment	615	579	564	561	549	544	535	532	524	516	511	505	6,535	
Medicare Enrollment (Basic and Basic+)	1,058	1,034	1,048	1,075	1,056	1,059	1,059	1,062	1,063	1,045	1,045	1,045	12,649	
Total Enrollment Count	1,673	1,613	1,612	1,636	1,605	1,603	1,594	1,594	1,587	1,561	1,556	1,550	19,184	
Cash Balance														
BEGINNING OF MONTH	19,667,071	12,484,611	8,988,214	6,358,557	8,916,254	9,544,237	7,078,041	6,678,593	11,893,137	11,809,165	8,997,328	5,349,060		
Receipts														
Premium Receipts	2,033,165	401,598	1,705,236	922,139	343,983	1,817,621	788,705	328,349	1,724,048	760,226	351,653	1,758,266	12,934,989	
Grant Revenue	124,489	-	-	79,030	-	-	141,098	-	-	-	242,848	-	587,465	
Pharmacy Rebate Income	-	-	89,099	-	-	82,609	-	-	10,910	-	-	30,000	212,619	
Claim Refunds Receipts	144,512	30,746	21,343	115,586	45,315	12,582	10,917	43,862	25,605	57,376	54,162	52,971	614,977	
Assessment Receipts	703,762	2,485	-	5,326,641	3,767,124	406,064	2,731,886	8,814,951	1,775,590	677,573	-	8,400,000	32,606,075	
Investment Income	168	104	70	58	90	71	59	102	102	100	100	100	1,123	
Other Income	-	-	846	-	-	-	-	-	-	-	-	-	846	
Total Receipts	3,006,095	434,933	1,816,594	6,443,453	4,156,512	2,318,947	3,672,666	9,187,264	3,536,255	1,495,274	648,764	10,241,337	46,958,094	
Refunds														
Assessment Refunds	5,882,015	-	-	-	-	-	-	-	-	-	-	-	5,882,015	
Premium Refunds	25,776	32,158	19,054	10,707	13,536	8,855	15,905	14,625	14,356	30,409	14,066	70,331	269,779	
Total Refunds	5,907,791	32,158	19,054	10,707	13,536	8,855	15,905	14,625	14,356	30,409	14,066	70,331	6,151,794	
Expenses														
Medical Claim Expense	2,709,187	2,549,228	3,085,023	2,500,880	2,226,139	2,720,984	2,663,902	2,654,318	2,274,238	2,868,778	2,708,120	2,648,538	31,609,336	
Pharmacy Claim Expense	1,328,583	1,173,035	1,197,059	1,216,275	1,133,872	1,913,700	1,185,727	1,135,324	1,166,604	1,207,417	1,335,562	1,338,918	15,332,074	
PMPM Administrative Expense	77,147	75,702	74,439	73,735	86,182	87,474	87,434	86,764	87,456	88,359	88,052	87,802	1,000,544	
Variable Administrative Expense	16,771	25,312	15,110	16,559	15,365	12,388	16,373	16,553	17,492	29,203	34,645	26,572	242,342	
Salary and Benefits Expense	141,590	43,066	31,909	31,842	32,178	32,080	32,080	32,034	33,584	33,536	33,536	33,769	511,203	
Prescription Administrative Expense	2,051	2,029	2,094	2,387	2,138	2,101	2,154	2,024	1,644	3,289	3,281	3,272	28,464	
Miscellaneous Expense	3,115	5,687	4,211	10,385	7,475	5,658	28,254	3,537	6,173	7,150	9,800	30,399	121,845	
Professional Fees	2,321	25,112	17,354	22,984	-	1,904	40,286	27,542	18,681	38,970	69,970	14,970	280,094	
Total Expense	4,280,764	3,899,171	4,427,198	3,875,049	3,503,348	4,776,289	4,056,208	3,958,095	3,605,871	4,276,702	4,282,966	4,184,240	49,125,901	
Available Cash Balance	12,484,611	8,988,214	6,358,557	8,916,254	9,555,882	7,078,041	6,678,593	11,893,137	11,809,165	8,997,328	5,349,060	11,335,826		
Inc(Dec) in Abandoned Property Reserve	-	-	-	-	(11,645)	-	-	-	-	-	-	-		
Month Ending Cash Balance	12,484,611	8,988,214	6,358,557	8,916,254	9,544,237	7,078,041	6,678,593	11,893,137	11,809,165	8,997,328	5,349,060	11,335,826		

- (1) Assumes a Non-medicare medical claim expense trend of 25% until March 2015 and then a 15% trend thereafter. Assumes an annual Medicare medical claim expense trend of 12%.
- (2) Assumes a Non-medicare pharmacy claim expense trend of 25% until March 2015 and then a 15% trend thereafter. Assumes an annual Medicare pharmacy claim expense trend of 0% for Basic and 4% for Basic Plus.
- (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 6 members per month. All Medicare enrollment projected to remain flat.
- (5) Assumes assessments on March (\$9.5 M), July (\$14.0) and November (\$10.5 M) TOTAL \$34.0 M.
- (6) 3-Week expense allowance is \$2.9 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 2016 Cash Flow Forecast

Forecast - Updated 09/30/15

	Forecast												
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
Enrollment:													
Non-Medicare Enrollment	499	494	488	483	477	472	467	461	456	451	446	441	5,635
Medicare Enrollment (Basic and Basic+)	1,045	1,045	1,045	1,045	1,045	1,045	1,045	1,045	1,045	1,045	1,045	1,045	12,540
Total Enrollment Count	1,544	1,539	1,533	1,528	1,522	1,517	1,512	1,506	1,501	1,496	1,491	1,486	18,175
Cash Balance													
BEGINNING OF MONTH	11,335,826	9,064,434	6,508,612	4,394,929	10,985,701	8,674,721	7,487,199	3,806,270	11,377,693	10,248,784	7,841,584	3,732,238	
Receipts													
Premium Receipts	822,271	417,717	1,877,329	591,249	400,603	1,780,999	657,373	399,022	1,767,244	645,804	369,192	1,853,795	11,582,597
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Pharmacy Rebate Income	-	-	50,000	-	-	50,000	-	-	50,000	-	-	50,000	200,000
Claim Refunds Receipts	52,212	52,376	51,193	50,588	51,537	54,797	55,053	58,883	57,572	59,175	58,753	57,440	659,578
Assessment Receipts	1,050,000	1,050,000	-	10,000,000	1,250,000	1,250,000	-	11,600,000	1,450,000	1,450,000	-	10,000,000	39,100,000
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	1,924,582	1,520,192	1,978,622	10,641,938	1,702,240	3,135,896	712,526	12,058,005	3,324,916	2,155,078	428,045	11,961,335	51,543,375
Refunds													
Assessment Refunds	-	-	-	-	-	-	-	-	-	-	-	-	-
Premium Refunds	20,557	10,443	46,933	14,781	10,015	44,525	16,434	9,976	44,181	16,145	9,230	46,345	289,565
Total Refunds	20,557	10,443	46,933	14,781	10,015	44,525	16,434	9,976	44,181	16,145	9,230	46,345	289,565
Expenses													
Medical Claim Expense	2,610,585	2,618,778	2,559,665	2,529,406	2,576,826	2,739,842	2,752,670	2,944,149	2,878,588	2,958,728	2,937,664	2,872,014	32,978,914
Pharmacy Claim Expense	1,395,891	1,278,962	1,310,018	1,349,821	1,266,946	1,386,091	1,450,850	1,356,363	1,374,101	1,426,563	1,379,366	1,382,344	16,357,317
PMPM Administrative Expense	82,484	82,124	81,825	81,465	81,166	80,806	80,507	80,207	79,848	79,548	79,249	78,949	968,178
Variable Administrative Expense	18,006	17,352	17,288	17,234	17,170	17,116	19,562	16,998	16,944	16,891	24,837	16,782	216,180
Salary and Benefits Expense	43,236	33,498	32,778	32,919	32,919	32,919	32,919	32,919	32,919	32,919	32,919	33,163	406,029
Prescription Administrative Expense	2,416	2,407	2,397	2,389	2,378	2,370	2,361	2,351	2,343	2,334	2,326	2,317	28,390
Miscellaneous Expense	8,300	5,650	14,900	5,650	8,300	6,250	5,650	26,620	8,900	5,650	8,300	23,214	127,383
Professional Fees	14,500	26,800	26,500	17,500	17,500	13,500	32,500	17,000	16,000	23,500	63,500	19,500	288,300
Total Expense	4,175,418	4,065,571	4,045,371	4,036,384	4,003,205	4,278,893	4,377,020	4,476,607	4,409,643	4,546,134	4,528,161	4,428,283	51,370,691
Available Cash Balance	9,064,434	6,508,612	4,394,929	10,985,701	8,674,721	7,487,199	3,806,270	11,377,693	10,248,784	7,841,584	3,732,238	11,218,946	
Inc(Dec) in Abandoned Property Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Month Ending Cash Balance	9,064,434	6,508,612	4,394,929	10,985,701	8,674,721	7,487,199	3,806,270	11,377,693	10,248,784	7,841,584	3,732,238	11,218,946	

- (1) Assumes a Non-medicare medical claim expense trend of 25%. Assumes an annual Medicare medical claim expense trend of 7%.
- (2) Assumes a Non-medicare pharmacy claim expense trend of 18%. Assumes an annual Medicare pharmacy claim expense trend of 0% for Basic and 18% for Basic Plus.
- (3) Assumes a Non-medicare premium rate trended at a 12% increase. Assumes a Medicare premium rate increase of 2.4% for Basic and 3% for Basic Plus.
- (4) Non-medicare enrollment projected to decrease by 1.5% monthly. All Medicare combined enrollment projected to remain the same over time.
- (5) Assumes assessments on March (**\$12.5 M**), July (**\$14.5**) and November (**\$12.5 M**) TOTAL **\$39.5 M**
- (6) 3-Week expense allowance is **\$3.0 M** based upon the actual data for the 12-month period ending in Dec of 2016.
- (7) WSHIP has access to a **\$5 M** line of credit in the event cash on hand is exhausted.

**Washington State Health Insurance Pool
2015 Administrative Expense
Budget Variance Analysis**

Budget	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Membership: (1)													
Non-Medicare	619	612	605	599	592	586	580	574	568	562	556	551	7,004
Medicare Basic	790	795	800	805	810	815	820	825	830	835	840	845	9,810
Medicare Basic Plus	266	263	260	257	254	251	248	245	242	239	236	233	2,994
Total Membership	1,675	1,670	1,665	1,661	1,656	1,652	1,648	1,644	1,640	1,636	1,632	1,629	19,808
PMPM Administrative Expense (2)	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 (3)	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 (4)	143,885	33,965	33,395	33,536	33,536	33,536	33,536	33,536	33,536	33,536	33,536	33,769	513,301
RX Benefit Management Fees	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 (5)	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 (6)	18,970	33,470	22,170	28,970	36,970	24,970	45,970	36,470	27,470	38,970	69,970	14,970	399,339
Total Budget Operating Expenses	\$278,722	\$179,661	\$177,682	\$190,265	\$200,527	\$186,088	\$208,733	\$218,043	\$190,087	\$200,507	\$239,284	\$196,784	\$2,466,382
Actual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
Membership: (1)													
Non-Medicare	615	579	564	561	549	544	535	527	524				4,998
Medicare Basic	792	776	789	816	799	804	805	799	816				7,196
Medicare Basic Plus	266	259	259	259	257	255	254	247	247				2,303
Total Membership	1,673	1,614	1,612	1,636	1,605	1,603	1,594	1,573	1,587	-	-	-	14,497
PMPM Administrative Expense (2)	77,147	75,702	74,439	73,735	86,182	87,474	87,434	86,764	87,456				\$736,331
Variable Administrative Expense (3)	16,771	25,312	15,110	16,559	15,365	12,388	16,373	16,553	17,492				\$151,922
Salary and Benefits Expense (4)	141,590	43,066	31,909	31,842	32,178	32,080	32,080	32,034	33,584				\$410,362
RX Benefit Management Fees	2,051	2,029	2,094	2,387	2,138	2,101	2,154	2,024	1,644				\$18,623
Miscellaneous Expense (5)	3,115	5,687	4,211	10,385	7,475	5,658	28,254	3,537	6,173				\$74,496
Professional Fees (6)	2,321	25,112	17,354	22,984	-	1,904	40,286	27,542	18,681				\$156,184
Total Actual Operating Expenses	\$242,995	\$176,909	\$145,115	\$157,893	\$143,338	\$141,605	\$206,579	\$168,453	\$165,030	\$0	\$0	\$0	\$1,547,917
Variance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
Membership: (1)													
Non-Medicare	(4)	(33)	(41)	(38)	(43)	(42)	(45)	(47)	(44)				(337)
Medicare Basic	2	(19)	(11)	11	(11)	(11)	(15)	(26)	(14)				(94)
Medicare Basic Plus	-	(4)	(1)	2	3	4	6	2	5				17
Total Membership	(2)	(56)	(53)	(25)	(51)	(49)	(54)	(71)	(53)	-	-	-	(414)
PMPM Administrative Expense (2)	(2,409)	(1,273)	(270)	16,408	3,654	2,055	1,788	2,094	1,152				\$23,201
Variable Administrative Expense (3)	11,182	1,969	12,085	10,563	11,685	14,590	10,519	10,281	9,283				\$92,156
Salary and Benefits Expense (4)	2,296	(9,100)	1,486	1,693	1,358	1,456	1,456	1,502	(49)				\$2,098
RX Benefit Management Fees	1,324	1,336	1,260	958	1,197	1,224	1,160	1,282	1,655				\$11,397
Miscellaneous Expense (5)	6,685	1,463	13,189	(3,235)	2,325	2,092	(18,454)	25,503	4,227				\$33,794
Professional Fees (6)	16,649	8,358	4,816	5,986	36,970	23,066	5,684	8,928	8,789				\$119,245
Total Variance Expenses	\$35,727	\$2,753	\$32,567	\$32,372	\$57,188	\$44,483	\$2,153	\$49,590	\$25,058	\$0	\$0	\$0	\$281,891

Notes:

- (1) Non-medicare enrollment projected to decrease by 7 members per month. All Medicare enrollment projected to increase by 2 members per month.
- (2) PMPM Administrative Expense reflects contractual fees and performance bonuses per member for TPA, Utilization Management fees and Network services. It is paid a month in arrears.
The PMPM rate varies by plan and enrollment levels. For Jan - Mar, the Medicare plan PMPM = \$38.55 and the Non-Medicare PMPM = \$48.20. For Apr - Dec, the Medicare plan, PMPM = \$47.87 and the Non-Medicare PMPM = \$57.52. Please note that when monthly enrollment falls below 1,750 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, and other miscellaneous.
- (4) Salary and Benefits Expense reflect the combined amounts of the Executive Director, Executive Assistant and Program Coordinator, as well as temporary resources.
PCIP-WA no longer will reimburse WSHIP for any salary and benefit costs as it has over the last few years.
- (5) Miscellaneous expense includes Board expenses, conference travel, insurance, agent commissions, phone/internet charges, and office expenses.
PCIP-WA no longer will reimburse WSHIP for any miscellaneous costs as it has over the last few years.
- (6) Professional fees include legal fees, auditing fees, actuarial fees, and consulting.

WSHIP Financial Performance

CASH BASIS	Month Ending September 30, 2015			
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>% Change</u>
Membership	1,640	1,587	(53)	-3%
Avg Premium Receipt PMPM	\$1,008	\$1,077	\$69	7%
Avg Medical Claim Expense PMPM	\$1,606	\$1,417	\$189	12%
Avg Pharmacy Claim Expense PMPM	\$830	\$735	\$95	11%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,428)	(\$1,075)	\$353	25%
Avg Premium Receipt Less Avg Claim Expense Total	(\$2,341,920)	(\$1,706,025)	\$635,895	27%
Variance Due to Changes in Membership			\$56,975	
Variance Due to Changes in Claim Expenses			\$578,920	

CASH BASIS	Year-To-Date September 30, 2015			
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>% Change</u>
Member Months	14,911	14,496	(415)	-3%
Avg Premium Receipt PMPM	\$612	\$684	\$72	12%
Avg Medical Claim Expense PMPM	\$1,466	\$1,582	(\$116)	-8%
Avg Pharmacy Claim Expense PMPM	\$834	\$790	\$44	5%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,688)	(\$1,688)	\$0	0%
Avg Premium Receipt Less Avg Claim Expense Total	(\$25,169,768)	(\$24,469,248)	\$700,520	3%
Variance Due to Changes in Membership			\$700,520	
Variance Due to Changes in Claim Expenses			\$0	

INCURRED BASIS	Year-To-Date September 30, 2015	Year-To-Date September 30, 2014
	<u>Actual</u>	<u>Actual - Prior Year</u>
Member Months	14,496	17,385
Avg Premium Income PMPM	\$611	\$616
Avg Medical Claim Expense PMPM (1)	\$1,582	\$1,476
Avg Pharmacy Claim Expense PMPM (2)	\$867	\$949
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,838)	(\$1,809)
Avg Premium Receipt Less Avg Claim Expense Total	(\$26,643,648)	(\$31,449,465)

(1) Incurred medical claims data totals \$22,935,444 which is derived from \$18,265,444 actual paid claims with dates of service between 1-1-15 and 9-30-15 and \$4,670,000 IBNR reserve.

(2) Incurred pharmacy claims data totals \$12,573,235 which is derived from \$11,449,235 actual paid claims with dates of service between 1-1-15 and 9-30-15 and \$1,124,000 IBNR reserve.