

**Washington State Health Insurance Pool  
Treasurer's Report  
September 2016 Financial Review**

1. 2016 Interim II Assessment Required

In July 2016, an assessment of \$12.5 M is required to adequately fund the pool until the next scheduled assessment in November 2016. This assessment was approved by the Board of Directors at the May 11<sup>th</sup>, 2016 and generated on July 27, 2016. Invoices are due August 27, 2016 except for the carriers who have installment payment arrangements, at which point the invoices are due in total by October 27, 2016. Looking ahead as of October 31, 2016, the entire \$12.5 M has been collected, thus closing out this assessment.

2. 2016 Interim III Assessment Required

An assessment of \$8.5 M is required to adequately fund the pool until the next scheduled assessment in March 2017.

3. Financial Statements – September 2016

Balance Sheet

Cash on hand decreased by \$750 K or 6.6% from August 2016 to September 2016. The current cash position is \$10.7 M which is well above our current three week expense allowance of \$2.6 M. As of the end of September 2016, the entire \$10.7 M of cash is fully secured either through the FDIC insurance or by collateralized securities pledged by KeyBank. Cash position is discussed further in the Budgeted Cash Flow section below.

Total IBNR as of September 2016 is \$4.5 M. This is a decrease of \$526 K or 10.4% from the prior month. Medical IBNR decreased \$400 K or 9.2% and pharmacy IBNR decreased \$126 K or 17.4% from August 2016.

As of September 2016, the equity position of WSHIP is a positive \$5.6 M.

Income Statement

Total member months for September 2016 YTD are lower by 1,263 member months or 8.7% lower than September 2015 YTD. Member months are measured as the cumulative monthly member count (PMPM) over a period of time. The total incurred claim loss for September 2016 YTD is \$3.6 M or 10.4% lower than September 2015 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 2016 YTD, the medical claims portion is \$3.4 M or

15.5% lower than September 2015 YTD, and the pharmacy claims portion is \$143 K or 1.2% lower than September 2015 YTD.

September 2016 YTD administrative expenses are \$187 K or 12.0% lower than the administrative expenses for September 2015 YTD. The ratio of administrative expenses as a percentage of total cost is 4.3% for September 2016 YTD as compared to 4.4% in September YTD of the prior year. Total cost is calculated as total incurred claim loss less pharmacy rebates plus administrative expenses.

#### 4. Budgeted Cash Flow – September 2016

The Budgeted Cash Flow document contains the budget (upper portion) as established in early 2016 and the actual (lower portion) cash flow results year-to-date.

The ending cash balance of \$10.7 M is \$1.5 M or 16.0% higher than the budgeted cash balance of \$9.2 M. Total net cash receipts for September 2016 YTD are \$2.9 M or 8.5% unfavorable to budget. Total YTD expenses are \$4.4 M or 11.5% favorable to budget. The YTD administrative expenses are \$68 K or 4.5% favorable to budget. Total YTD medical claims expense is \$4.0 M or 16.7% favorable to budget; while total YTD pharmacy claims expense is \$257 K or 2.1% favorable to budget.

#### 5. Medicare vs. Non-Medicare Cash Flow – September 2016

As of September, the YTD Medicare member months total 9,309 or 70.3% of the combined WSHIP member months and the Non-Medicare member months total 3,925 or 29.7% of the combined WSHIP member months. The September YTD Medicare Loss Ratio is 213% while the September YTD Non-Medicare Loss Ratio is 475%. On a cash basis, the September YTD Claims PMPM is \$880 for Medicare members and \$5,946 for Non-Medicare members.

#### 6. Cash Flow Forecast – 2016

The 2016 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 2016 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 2016. For October 2016, preliminary figures for the key financial drivers (Premium Receipts, Grant Revenue, Assessment Receipts and Refunds, Medical Claims and Pharmacy Claims Expenses) are reported.

To ensure adequate funding, the current 2016 forecast is projecting an assessment of \$33.0 M which is a \$1.0 M or 2.9% decrease from the 2015 assessment of \$34.0 M.

#### 7. Administrative Expense Budget

For September 2016, YTD administrative expenses are \$68 K or 4.5% favorable to budget (cash basis).

#### 8. Financial Performance

September 2016 YTD member months are 468 member months or 3% lower than projected in the original budget. Through September 2016, average premium receipt PMPM is 3% higher than anticipated. Average medical claims expense PMPM is 14% lower than anticipated and average pharmacy claims expense PMPM is 1% higher than anticipated.

On an incurred basis, the average medical claims expense PMPM is \$1,516 as compared to \$1,482 on a cash basis. Also on an incurred basis, the average pharmacy claims expense PMPM is \$907 as compared to \$900 on a cash basis.

# WASHINGTON STATE HEALTH INSURANCE POOL

## Unaudited Balance Sheet as of September 30

Total Enrollment: 1,453

	<u>2016</u>	<u>2015</u>
<b>Assets:</b>		
Cash	\$ 10,660,660	\$ 11,809,165
Premiums Receivable	12,017	18,402
Assessments Receivable	1,581,962	677,573
Grants Receivable	-	242,848
Prepaid Expense	-	-
<b>Total Assets</b>	<u>\$ 12,254,639</u>	<u>\$ 12,747,987</u>
 <b>Liabilities and Unassigned Surplus:</b>		
Reserve for Unpaid Losses - Medical	\$ 3,928,000	\$ 4,808,000
Reserve for Unpaid Losses - Pharmacy	600,000	1,124,000
Accrued Loss Adjustment	315,000	294,000
Premiums Received in Advance	1,572,956	1,509,800
Assessments Payable	-	-
Accrued Expenses	163,488	145,401
Abandoned Claim Reserve	62,040	18,303
<b>Total Liabilities</b>	<u>\$ 6,641,483</u>	<u>\$ 7,899,503</u>
<b>Unassigned Surplus</b>	5,613,156	4,848,484
<b>Total Liabilities and Unassigned Surplus</b>	<u>\$ 12,254,639</u>	<u>\$ 12,747,987</u>

# WASHINGTON STATE HEALTH INSURANCE POOL

## Unaudited Statement of Operations January 1 to September 30

	<u>2016</u>	<u>2015</u>
Total Member Months	13,234	14,497
<b>Premium Income Earned</b>	\$ 8,369,642	\$ 8,854,697
<b>Pharmacy Rebate Income</b>	290,488	182,619
<b>Grant Income</b>	-	-
<b>Incurred Claim Loss - Medical</b>	18,761,559	22,206,164
<b>Incurred Claim Loss - Pharmacy</b>	11,998,107	12,141,444
<b>Total Incurred Claim Loss</b>	<u>30,759,665</u>	<u>34,347,608</u>
<b>Operating Expenses:</b>		
Fixed (PMPM) Administrative Expense	\$ 741,143	\$ 743,533
Variable Administrative Expense	143,151	150,281
Salary and Benefit Expense	273,057	406,980
Prescription Administrative Expense	18,604	18,623
Miscellaneous Expense	75,386	75,920
Professional Fee Expense	118,345	161,820
<b>Total Operating Expenses</b>	<u>\$ 1,369,686</u>	<u>\$ 1,557,156</u>
<b>Underwriting Gain (Loss)</b>	(23,469,221)	(26,867,449)
<b>Investment Income</b>	14,465	823
<b>Other Income</b>	26,489	846
<b>Changes to Unassigned Surplus</b>	<u>\$ (23,428,267)</u>	<u>\$ (26,865,779)</u>

# WASHINGTON STATE HEALTH INSURANCE POOL

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

	<u>2016</u>	<u>2015</u>
Unassigned Surplus at Beginning of Year	\$ 6,187,923	\$ 8,214,435
Changes to Unassigned Surplus	(23,428,267)	(26,865,779)
Member Assessments	22,853,500	23,499,828
<b>Unassigned Surplus</b>	<u>\$ 5,613,156</u>	<u>\$ 4,848,484</u>

**WSHIP 2016  
Budgeted Cashflow**

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	September YTD	TOTAL
<b>Enrollment Count</b>	1,544	1,539	1,533	1,528	1,522	1,517	1,512	1,506	1,501	1,496	1,491	1,486	13,702	18,175
<b>Cash Balance</b>														
<b>BEGINNING OF MONTH</b>	13,186,859	13,457,582	6,603,630	4,533,298	9,826,305	7,559,915	6,425,504	2,741,850	10,315,350	9,189,533	6,784,587	2,677,287		
<b>Receipts</b>														
Premium Receipts	1,142,298	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	9,033,834	11,902,625
Grant Revenue	96,347	-	45,294	-	-	-	-	-	-	-	-	-	141,641	141,641
Pharmacy Rebate Income	-	-	50,000	-	-	50,000	-	-	50,000	-	-	-	150,000	200,000
Claim Refunds Receipts	41,157	52,376	51,193	50,588	51,537	54,797	55,053	58,883	57,572	59,175	58,753	57,440	473,155	648,524
Assessment Receipts	3,208,332	13,247	-	10,400,000	1,300,000	1,300,000	-	11,600,000	1,450,000	1,450,000	-	10,000,000	29,271,579	40,721,579
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	900	1,200
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Receipts</b>	<b>4,488,234</b>	<b>483,440</b>	<b>2,023,916</b>	<b>11,041,937</b>	<b>1,752,240</b>	<b>3,185,896</b>	<b>712,526</b>	<b>12,058,005</b>	<b>3,324,916</b>	<b>2,155,079</b>	<b>428,045</b>	<b>11,961,335</b>	<b>39,071,109</b>	<b>53,615,569</b>
<b>Refunds</b>														
Assessment Refunds	-	3,255,852	-	1,700,000	-	-	-	-	-	-	-	-	4,955,852	4,955,852
Premium Refunds	28,557	10,132	45,537	14,342	9,717	43,201	15,946	9,679	42,867	15,665	8,955	44,967	219,978	289,565
<b>Total Refunds</b>	<b>28,557</b>	<b>3,265,984</b>	<b>45,537</b>	<b>1,714,342</b>	<b>9,717</b>	<b>43,201</b>	<b>15,946</b>	<b>9,679</b>	<b>42,867</b>	<b>15,665</b>	<b>8,955</b>	<b>44,967</b>	<b>5,175,830</b>	<b>5,245,417</b>
<b>Expenses</b>														
Medical Claims	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	24,210,509	32,978,914
Pharmacy Claims	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	12,169,043	16,357,317
Fixed (PMPM) Admin	81,399	81,043	80,747	80,392	80,096	79,741	79,445	79,149	78,793	78,497	78,201	77,905	720,805	955,408
Variable Admin	33,006	17,352	17,288	17,234	17,170	17,116	19,562	16,998	16,944	16,891	24,837	16,782	172,670	231,180
Salary and Benefits	42,856	32,916	32,196	32,196	32,196	32,196	32,196	32,196	32,196	32,196	32,196	32,378	301,146	397,916
Prescription Admin	2,416	2,407	2,397	2,389	2,378	2,370	2,361	2,343	2,334	2,326	2,326	2,317	21,412	28,390
Miscellaneous	8,300	5,650	14,900	5,650	8,300	6,250	5,650	26,620	8,900	5,650	8,300	23,214	90,220	127,383
Professional Fees	14,500	34,300	31,500	17,500	25,000	13,500	37,500	17,000	16,000	23,500	63,500	19,500	206,800	313,300
<b>Total Expense</b>	<b>4,188,954</b>	<b>4,071,408</b>	<b>4,048,711</b>	<b>4,034,588</b>	<b>4,008,912</b>	<b>4,277,105</b>	<b>4,380,235</b>	<b>4,474,826</b>	<b>4,407,865</b>	<b>4,544,360</b>	<b>4,526,390</b>	<b>4,426,453</b>	<b>37,892,606</b>	<b>51,389,808</b>
<b>Month Ending Cash Balance</b>	<b>\$ 13,457,582</b>	<b>\$ 6,603,630</b>	<b>\$ 4,533,298</b>	<b>\$ 9,826,305</b>	<b>\$ 7,559,915</b>	<b>\$ 6,425,504</b>	<b>\$ 2,741,850</b>	<b>\$ 10,315,350</b>	<b>\$ 9,189,533</b>	<b>\$ 6,784,587</b>	<b>\$ 2,677,287</b>	<b>\$ 10,167,202</b>		

<b>Actual</b>	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
<b>Enrollment Count</b>	1,518	1,468	1,463	1,473	1,432	1,469	1,493	1,455	1,463				13,234
<b>Cash Balance</b>													
<b>BEGINNING OF MONTH</b>	13,186,859	14,216,707	8,224,318	6,288,149	8,217,724	8,508,864	7,917,358	4,977,990	11,406,150				
<b>Receipts</b>													
Premium Receipts	1,142,274	405,402	1,804,194	644,606	303,806	1,735,029	830,638	302,288	1,732,491				8,900,728
Grant Revenue	96,347	45,294	-	-	-	-	-	-	-				141,641
Pharmacy Rebate Income	-	169,882	-	-	73,111	-	-	47,495	-				290,488
Claim Refunds Receipts	37,298	23,469	14,128	22,193	351,014	18,962	25,452	37,470	31,150				561,136
Assessment Receipts	3,208,332	13,247	-	5,784,636	4,916,109	1,299,255	-	9,622,570	1,295,469				26,139,617
Investment Income	1,819	1,695	1,265	1,134	1,924	1,557	1,389	1,253	2,430				14,465
Other Income	24	-	-	10,000	16,465	-	-	-	-				26,489
<b>Total Receipts</b>	<b>4,486,094</b>	<b>658,989</b>	<b>1,819,587</b>	<b>6,462,569</b>	<b>5,662,429</b>	<b>3,054,802</b>	<b>857,478</b>	<b>10,011,075</b>	<b>3,061,540</b>				<b>36,074,564</b>
<b>Refunds</b>													
Assessment Refunds	-	3,255,852	-	-	1,646,500	-	-	-	-				4,902,352
Premium Refunds	25,734	22,852	15,493	19,077	10,126	6,899	1,485	26,274	15,674				143,614
<b>Total Refunds</b>	<b>25,734</b>	<b>3,278,704</b>	<b>15,493</b>	<b>19,077</b>	<b>1,656,626</b>	<b>6,899</b>	<b>1,485</b>	<b>26,274</b>	<b>15,674</b>				<b>5,045,966</b>
<b>Expenses</b>													
Medical Claims	2,057,865	2,117,545	2,421,785	2,472,985	2,380,680	2,339,005	2,377,414	2,058,915	1,950,896				20,177,091
Pharmacy Claims	1,136,882	1,095,730	1,173,497	1,868,346	1,192,996	1,138,501	1,264,383	1,337,871	1,703,504				11,911,710
Fixed (PMPM) Admin	162,313	81,491	83,015	84,621	80,288	81,590	82,576	81,345	81,305				818,544
Variable Admin	21,981	13,442	15,054	27,781	14,023	12,800	19,683	13,230	11,445				149,438
Salary and Benefits	28,691	34,762	28,655	28,649	28,645	28,637	30,395	29,592	28,664				266,692
Prescription Admin	3,775	1,898	1,909	1,392	2,333	1,797	2,440	1,349	3,618				20,509
Miscellaneous	5,002	6,414	6,099	5,528	4,966	13,124	3,948	22,776	5,615				73,472
Professional Fees	14,004	21,392	9,851	10,135	11,692	16,765	14,522	11,564	6,375				116,300
<b>Total Expense</b>	<b>3,430,513</b>	<b>3,372,674</b>	<b>3,739,863</b>	<b>4,499,436</b>	<b>3,715,624</b>	<b>3,632,219</b>	<b>3,795,361</b>	<b>3,556,642</b>	<b>3,791,423</b>				<b>33,533,756</b>
<b>Available Cash Balance</b>	<b>14,216,707</b>	<b>8,224,318</b>	<b>6,288,549</b>	<b>8,232,205</b>	<b>8,507,902</b>	<b>7,924,549</b>	<b>4,977,990</b>	<b>11,406,149.78</b>	<b>10,660,593</b>				
<b>Inc(Dec) in Abandoned Property Reserve</b>			(399)	(14,481)	962	(7,191)	-	67					
<b>Month Ending Cash Balance</b>	<b>\$ 14,216,707</b>	<b>\$ 8,224,318</b>	<b>\$ 6,288,149</b>	<b>\$ 8,217,724</b>	<b>\$ 8,508,864</b>	<b>\$ 7,917,358</b>	<b>\$ 4,977,990</b>	<b>\$ 11,406,150</b>	<b>\$ 10,660,660</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	

**WSHIP 2016  
Budgeted Cashflow**

<b>Variance to Budget</b>	<b>JANUARY</b>	<b>FEBRUARY</b>	<b>MARCH</b>	<b>APRIL</b>	<b>MAY</b>	<b>JUNE</b>	<b>JULY</b>	<b>AUGUST</b>	<b>SEPTEMBER</b>	<b>OCTOBER</b>	<b>NOVEMBER</b>	<b>DECEMBER</b>	<b>TOTAL YTD</b>
Favorable/(Unfavorable)													
<b>Enrollment Count</b>	(26)	(71)	(70)	(55)	(90)	(48)	(19)	(51)	(38)				(468)
<b>Receipts</b>													
Premium Receipts	(24)	(12,315)	(73,135)	53,357	(96,797)	(45,970)	173,265	(96,734)	(34,753)				(133,106)
Grant Revenue	-	45,294	(45,294)	-	-	-	-	-	-				-
Pharmacy Rebate Income	-	169,882	(50,000)	-	73,111	(50,000)	-	47,495	(50,000)				140,488
Claim Refunds Receipts	(3,859)	(28,907)	(37,065)	(28,395)	299,477	(35,835)	(29,602)	(21,413)	(26,422)				87,980
Assessment Receipts	-	-	-	(4,615,364)	3,616,109	(745)	-	(1,977,430)	(154,531)				(3,131,961)
Investment Income	1,719	1,595	1,165	1,034	1,824	1,457	1,289	1,153	2,330				13,565
Other Income	24	-	-	10,000	16,465	-	-	-	-				26,489
<b>Total Receipts</b>	<b>(2,140)</b>	<b>175,549</b>	<b>(204,329)</b>	<b>(4,579,368)</b>	<b>3,910,190</b>	<b>(131,093)</b>	<b>144,952</b>	<b>(2,046,930)</b>	<b>(263,376)</b>				<b>(2,996,545)</b>
<b>Refunds</b>													
Assessment Refunds	-	-	-	1,700,000	(1,646,500)	-	-	-	-				53,500
Premium Refunds	2,823	(12,720)	30,044	(4,735)	(409)	36,302	14,461	(16,595)	27,193				76,364
<b>Total Refunds</b>	<b>2,823</b>	<b>(12,720)</b>	<b>30,044</b>	<b>1,695,265</b>	<b>(1,646,909)</b>	<b>36,302</b>	<b>14,461</b>	<b>(16,595)</b>	<b>27,193</b>				<b>129,864</b>
<b>Expenses</b>													
Medical Claims	552,721	501,233	137,880	56,421	196,146	400,837	375,256	885,233	927,692				4,033,418
Pharmacy Claims	259,010	183,232	136,521	(518,525)	73,949	247,590	186,467	18,493	(329,403)				257,333
Fixed (PMPM) Admin	(80,914)	(448)	(2,268)	(4,229)	(192)	(1,849)	(3,131)	(2,196)	(2,512)				(97,739)
Variable Admin	11,025	3,910	2,234	(10,547)	3,147	4,316	(121)	3,768	5,499				23,232
Salary and Benefits	14,166	(1,846)	3,541	3,547	3,551	3,559	1,801	2,604	3,532				34,455
Prescription Admin	(1,359)	510	488	997	46	573	(78)	1,003	(1,276)				903
Miscellaneous	3,298	(764)	8,801	122	3,334	(6,874)	1,702	3,844	3,285				16,748
Professional Fees	496	12,908	21,650	7,365	13,308	(3,265)	22,978	5,436	9,625				90,500
<b>Total Expense</b>	<b>758,441</b>	<b>698,734</b>	<b>308,848</b>	<b>(464,848)</b>	<b>293,288</b>	<b>644,886</b>	<b>584,874</b>	<b>918,184</b>	<b>616,442</b>				<b>4,358,850</b>
<b>Available Cash Balance</b>	<b>759,125</b>	<b>1,620,688</b>	<b>1,755,251</b>	<b>(1,594,100)</b>	<b>947,987</b>	<b>1,499,044</b>	<b>2,236,141</b>	<b>1,090,800</b>	<b>1,471,060</b>				
<b>Inc(Dec) in Abandoned</b>													
<b>Property Reserve</b>	<b>-</b>	<b>-</b>	<b>(399)</b>	<b>(14,481)</b>	<b>962</b>	<b>(7,191)</b>	<b>-</b>	<b>-</b>	<b>67</b>				
<b>Month Ending Cash Balance</b>	<b>759,125</b>	<b>1,620,688</b>	<b>1,754,852</b>	<b>(1,608,581)</b>	<b>948,949</b>	<b>1,491,854</b>	<b>2,236,141</b>	<b>1,090,800</b>	<b>1,471,127</b>				

- (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 enrollment projected to remain the same over time.
- (5) Assumes assessments on March (\$13.0 M), July (\$14.5) and November (\$12.5 M) TOTAL \$40.0 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.



**WSHIP 2016**  
**Medicare vs. Non-Medicare Cash Flow**

	January	February	March	April	May	June	July	August	September	October	November	December	YTD
<b>Medicare</b>													
Enrollment Count	1,055	1,026	1,023	1,038	998	1,038	1,063	1,029	1,039				9,309
Premiums	606,814	290,444	510,949	449,956	199,356	461,632	647,699	188,862	483,048				3,838,760
Medical Claims	702,585	752,173	915,831	835,663	752,072	918,177	764,162	777,848	745,382				7,163,893
RX Claims	106,599	145,877	124,424	155,636	106,023	93,422	80,835	82,596	128,631				1,024,044
Total Claims	809,184	898,050	1,040,255	991,299	858,095	1,011,599	844,997	860,445	874,013				8,187,936
Income/Loss	(202,370)	(607,606)	(529,305)	(541,343)	(658,739)	(549,967)	(197,298)	(671,582)	(390,965)				(4,349,177)
Loss Ratio	133%	309%	204%	220%	430%	219%	130%	456%	181%				213%
Claims PMPM	767	875	1,017	955	860	975	795	836	841				880
<b>Non Medicare</b>													
Enrollment Count	463	442	440	435	434	431	430	426	424				3,925
Premiums	509,726	92,106	1,277,752	175,573	94,324	1,266,498	181,454	91,753	1,229,168				4,918,354
Medical Claims	1,317,982	1,341,903	1,491,826	1,615,129	1,277,594	1,401,866	1,587,800	1,243,597	1,174,364				12,452,061
RX Claims	1,030,282	949,853	1,049,073	1,712,710	1,086,974	1,045,079	1,183,548	1,255,274	1,574,873				10,887,667
Total Claims	2,348,264	2,291,757	2,540,899	3,327,839	2,364,567	2,446,945	2,771,348	2,498,871	2,749,237				23,339,727
Income/Loss	(1,838,538)	(2,199,651)	(1,263,147)	(3,152,267)	(2,270,243)	(1,180,447)	(2,589,894)	(2,407,118)	(1,520,069)				(18,421,373)
Loss Ratio	461%	2488%	199%	1895%	2507%	193%	1527%	2723%	224%				475%
Claims PMPM	5,072	5,185	5,775	7,650	5,448	5,677	6,445	5,866	6,484				5,946
<b>Combined Medicare/Non Medicare</b>													
Enrollment Count	1,518	1,468	1,463	1,473	1,432	1,469	1,493	1,455	1,463				13,234
Premiums	1,116,540	382,550	1,788,701	625,529	293,680	1,728,130	829,153	280,615	1,712,216				8,757,114
Medical Claims	2,020,567	2,094,076	2,407,657	2,450,792	2,029,666	2,320,043	2,351,962	2,021,445	1,919,746				19,615,955
RX Claims	1,136,882	1,095,730	1,173,497	1,868,346	1,192,996	1,138,501	1,264,383	1,337,871	1,703,504				11,911,710
Total Claims	3,157,448	3,189,806	3,581,153	4,319,139	3,222,662	3,458,544	3,616,345	3,359,316	3,623,250				31,527,666
Income/Loss	(2,040,908)	(2,807,256)	(1,792,452)	(3,693,610)	(2,928,983)	(1,730,414)	(2,787,192)	(3,078,700)	(1,911,035)				(22,770,552)
Loss Ratio	283%	834%	200%	690%	1097%	200%	436%	1197%	212%				360%
Claims PMPM	2,080	2,173	2,448	2,932	2,250	2,354	2,422	2,309	2,477				2,382

**Notes:**

- 1) Premiums, Medical Claims and RX Claims are cash basis figures.
- 2) Premium amounts include premium refunds.
- 3) Medical Claim amounts include claim refunds.

**Washington State Health Insurance Pool  
2016 Cash Flow Forecast**

Forecast - Updated 09/30/2016

	Actual (Bold)									Forecast			TOTAL
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	
<b>Enrollment:</b>													
Non-Medicare Enrollment	463	442	440	435	434	431	430	426	424	422	420	417	5,184
Medicare Enrollment (Basic and Basic+)	1,055	1,026	1,023	1,038	998	1,038	1,063	1,029	1,039	1,046	1,049	1,052	12,456
Total Enrollment Count	1,518	1,468	1,463	1,473	1,432	1,469	1,493	1,455	1,463	1,468	1,469	1,469	17,640
<b>Cash Balance</b>													
<b>BEGINNING OF MONTH</b>	<b>13,186,859</b>	<b>14,216,707</b>	<b>8,224,318</b>	<b>6,288,149</b>	<b>8,217,724</b>	<b>8,508,864</b>	<b>7,917,358</b>	<b>4,977,990</b>	<b>11,410,751</b>	10,660,660	9,118,264	5,713,141	
<b>Receipts</b>													
Premium Receipts	1,142,274	405,402	1,804,194	644,606	303,806	1,735,029	830,638	302,288	1,732,491	687,423	354,365	1,779,347	11,654,308
Grant Revenue	96,347	45,294	-	-	-	-	-	-	-	-	-	-	141,641
Pharmacy Rebate Income	-	169,882	-	-	73,111	-	-	47,495	-	-	-	50,000	340,488
Claim Refunds Receipts	37,298	23,469	14,128	22,193	351,014	18,962	25,452	37,470	31,150	44,549	46,543	44,954	697,181
Assessment Receipts	3,208,332	13,247	-	5,784,636	4,916,109	1,299,255	-	9,622,570	1,295,469	1,581,962	-	6,800,000	34,521,579
Investment Income	1,819	1,695	1,265	1,134	1,924	1,557	1,389	1,253	2,430	100	100	100	14,765
Other Income	24	-	-	10,000	16,465	-	-	-	-	-	-	-	26,489
Total Receipts	4,486,094	658,989	1,819,587	6,462,569	5,662,429	3,054,802	857,478	10,011,075	3,061,540	2,246,479	401,008	8,674,400	47,396,451
<b>Refunds</b>													
Assessment Refunds	-	3,255,852	-	-	1,646,500	-	-	-	-	-	-	-	4,902,352
Premium Refunds	25,734	22,852	15,493	19,077	10,126	6,899	1,485	21,673	20,275	15,497	8,859	44,484	212,453
Total Refunds	25,734	3,278,704	15,493	19,077	1,656,626	6,899	1,485	21,673	20,275	15,497	8,859	44,484	5,114,805
<b>Expenses</b>													
Medical Claim Expense	2,057,865	2,117,545	2,421,785	2,472,985	2,380,680	2,339,005	2,377,414	2,058,915	1,950,896	2,508,137	2,327,135	2,247,685	26,979,348
Pharmacy Claim Expense	1,136,882	1,095,730	1,173,497	1,868,346	1,192,996	1,138,501	1,264,383	1,337,871	1,703,504	1,156,219	1,260,778	1,303,685	15,863,045
PMPM Administrative Expense	162,313	81,491	83,015	84,621	80,288	81,590	82,576	81,345	81,305	78,497	78,201	77,905	1,053,147
Variable Administrative Expense	21,981	13,442	15,054	27,781	14,023	12,800	19,683	13,230	11,445	16,891	24,837	16,782	207,948
Salary and Benefits Expense	28,691	34,762	28,655	28,649	28,645	28,637	30,395	29,592	28,664	32,196	32,196	32,378	363,462
Prescription Administrative Expense	3,775	1,898	1,909	1,392	2,333	1,797	2,440	1,349	3,618	2,334	2,326	2,317	27,487
Miscellaneous Expense	5,002	6,414	6,099	5,528	4,966	13,124	3,948	22,776	5,615	5,650	8,300	23,214	110,636
Professional Fees	14,004	21,392	9,851	10,135	11,692	16,765	14,522	11,564	6,375	23,500	63,500	19,500	222,800
Total Expense	3,430,513	3,372,674	3,739,863	4,499,436	3,715,624	3,632,219	3,795,361	3,556,642	3,791,423	3,773,378	3,797,273	3,723,466	44,827,872
<b>Available Cash Balance</b>	<b>14,216,707</b>	<b>8,224,318</b>	<b>6,288,549</b>	<b>8,232,205</b>	<b>8,507,902</b>	<b>7,924,548</b>	<b>4,977,990</b>	<b>11,410,751</b>	<b>10,660,593</b>	9,118,264	5,713,141	10,619,591	
Inc(Dec) in Abandoned Property Reserve	-	-	(399)	(14,481)	962	(7,191)	-	-	67	-	-	-	
<b>Month Ending Cash Balance</b>	<b>14,216,707</b>	<b>8,224,318</b>	<b>6,288,149</b>	<b>8,217,724</b>	<b>8,508,864</b>	<b>7,917,358</b>	<b>4,977,990</b>	<b>11,410,751</b>	<b>10,660,660</b>	9,118,264	5,713,141	10,619,591	

- (1) Assumes a Non-medicare medical claim expense trend of 6%. Assumes an annual Medicare medical claim expense trend of 10%.
- (2) Assumes a Non-medicare pharmacy claim expense trend of 28%. Assumes an annual Medicare pharmacy claim expense trend of 0% for Basic and 2% for Basic Plus.
- (3) Assumes a Non-medicare premium rate trended at a 17% increase. Assumes a Medicare premium rate increase of 8% for Basic and 2% for Basic Plus.
- (4) Non-medicare enrollment projected to decrease by 2 members per month. Medicare Basic enrollment projected to increase 5 members per month, while Medicare Basic+ projected to drop 2 members per month.
- (5) Assumes assessments on March (\$12.0 M), July (\$12.5 M) and November (\$8.5 M) TOTAL \$33.0 M
- (6) 3-Week expense allowance is \$2.6 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  
2016 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)													
Non-Medicare	499	494	488	483	477	472	467	461	456	451	446	441	5,635
Medicare Basic	808	810	812	814	816	818	820	822	824	826	828	830	
Medicare Basic Plus	237	235	233	231	229	227	225	223	221	219	217	215	2,712
Total Membership	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
PMPM Administrative Expense (2)	81,399	81,043	80,747	80,392	80,096	79,741	79,445	79,149	78,793	78,497	78,201	77,905	955,408
Variable Administrative Expense (3)	33,006	17,352	17,288	17,234	17,170	17,116	19,562	16,998	16,944	16,891	24,837	16,782	231,180
Salary and Benefits Expense (4)	42,856	32,916	32,196	32,196	32,196	32,196	32,196	32,196	32,196	32,196	32,196	32,378	397,916
RX Benefit Management Fees	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 (5)	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 (6)	14,500	34,300	31,500	17,500	25,000	13,500	37,500	17,000	16,000	23,500	63,500	19,500	313,300
<b>Total Budget Operating Expenses</b>	<b>\$182,477</b>	<b>\$173,669</b>	<b>\$179,028</b>	<b>\$155,361</b>	<b>\$165,141</b>	<b>\$151,173</b>	<b>\$176,715</b>	<b>\$174,314</b>	<b>\$155,176</b>	<b>\$159,068</b>	<b>\$209,360</b>	<b>\$172,096</b>	<b>\$2,053,577</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)													
Non-Medicare	463	442	440	435	434	431	430	426	424				3,925
Medicare Basic	825	797	798	814	776	817	841	810	823				7,301
Medicare Basic Plus	230	229	225	224	222	221	222	219	216				2,008
Total Membership	1,518	1,468	1,463	1,473	1,432	1,469	1,493	1,455	1,463	-	-	-	13,234
PMPM Administrative Expense (2)	162,313	81,491	83,015	84,621	80,288	81,590	82,576	81,345	81,305				\$818,543
Variable Administrative Expense (3)	21,981	13,442	15,054	27,781	14,023	12,800	19,683	13,230	11,445				\$149,438
Salary and Benefits Expense (4)	28,691	34,762	28,655	28,649	28,645	28,637	30,395	29,592	28,664				\$266,692
RX Benefit Management Fees	3,775	1,898	1,909	1,392	2,333	1,797	2,440	1,349	3,618				\$20,509
Miscellaneous Expense (5)	5,002	6,414	6,099	5,528	4,966	13,124	3,948	22,776	5,615				\$73,472
Professional Fees (6)	14,004	21,392	9,851	10,135	11,692	16,765	14,522	11,564	6,375				\$116,300
<b>Total Actual Operating Expenses</b>	<b>\$235,766</b>	<b>\$159,398</b>	<b>\$144,582</b>	<b>\$158,105</b>	<b>\$141,948</b>	<b>\$154,713</b>	<b>\$153,564</b>	<b>\$159,856</b>	<b>\$137,022</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,444,955</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)													
Non-Medicare	(36)	(52)	(48)	(48)	(43)	(41)	(37)	(35)	(32)				(372)
Medicare Basic	17	(13)	(14)	-	(40)	(1)	21	(12)	(1)				(43)
Medicare Basic Plus	(7)	(6)	(8)	(7)	(7)	(6)	(3)	(4)	(5)				(53)
Total Membership	(26)	(71)	(70)	(55)	(90)	(48)	(19)	(51)	(38)	-	-	-	(468)
PMPM Administrative Expense (2)	(80,914)	(448)	(2,268)	(4,229)	(192)	(1,849)	(3,131)	(2,196)	(2,512)				(\$97,738)
Variable Administrative Expense (3)	11,025	3,910	2,234	(10,547)	3,147	4,316	(121)	3,768	5,499				\$23,232
Salary and Benefits Expense (4)	14,165	(1,846)	3,541	3,547	3,551	3,559	1,801	2,604	3,532				\$34,454
RX Benefit Management Fees	(1,359)	510	488	997	46	573	(78)	1,003	(1,276)				\$903
Miscellaneous Expense (5)	3,298	(764)	8,801	122	3,334	(6,874)	1,702	3,844	3,285				\$16,748
Professional Fees (6)	496	12,908	21,650	7,365	13,308	(3,265)	22,978	5,436	9,625				\$90,500
<b>Total Variance Expenses</b>	<b>(\$53,289)</b>	<b>\$14,270</b>	<b>\$34,447</b>	<b>(\$2,744)</b>	<b>\$23,193</b>	<b>(\$3,540)</b>	<b>\$23,150</b>	<b>\$14,458</b>	<b>\$18,154</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$68,099</b>

**Notes:**

- (1) Assumes the Non-medicare membership decreases by 6 members per month through March 2016 and then decreases by 5 members per month. Assumes Medicare Basic membership increases by 2 members per month while Medicare Basic Plus decreases by 2 members per month.
- (2) PMPM Administrative Expense includes the combined expenses for Third Party Administration services (including finance and accounting), Provider Network services, and Utilization Management services.
- (3) Variable Administrative Expense includes Case Management & Care Coaching, and miscellaneous administrative expenses such as special mailings.
- (4) Salary and Benefits Expense includes the combined expenses for the Executive Director and staff positions. Expenses in this line item reflect a reimbursement from PCIP-WA for 50% of salary/benefits in years 2010-2013 and 25% in 2014.
- (5) Miscellaneous expense includes:
  - \$37,900 of insurance expenses (D&O, E&O and general liability).
  - \$47,800 for WSHIP Board meeting expenses and travel costs.
  - \$10,000 for bank fee and other miscellaneous expenses.
- (6) Professional fees includes:
  - \$124,000 of actuarial expenses which covers IBNR calculations, Premium Rate development, Forecast updates and actuarial studies.
  - \$10,000 contingency for actuary expenses for potential legislative study follow up.
  - \$52,000 of legal expenses.
  - \$71,000 of consulting expenses (IRO, Review of PBM Contract, and other consulting expenses).
  - \$56,300 of auditing expenses (Financial audits and PBM audit).

**WSHIP Financial Performance**

CASH BASIS	Month Ending September 30, 2016			
	Projected	Actual	Variance	% Change
Membership	1,501	1,463	(38)	-3%
Avg Premium Receipt PMPM	\$1,149	\$1,173	\$24	2%
Avg Medical Claim Expense PMPM	\$1,879	\$1,312	\$567	30%
Avg Pharmacy Claim Expense PMPM	\$915	\$1,164	(\$249)	-27%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,645)	(\$1,303)	\$342	21%
Avg Premium Receipt Less Avg Claim Expense Total	(\$2,469,145)	(\$1,906,289)	\$562,856	23%
Variance Due to Changes in Membership			\$49,514	
Variance Due to Changes in Claim Expenses			\$513,342	

CASH BASIS	Year-To-Date September 30, 2016			
	Projected	Actual	Variance	% Change
Member Months	13,702	13,234	(468)	-3%
Avg Premium Receipt PMPM	\$643	\$662	\$19	3%
Avg Medical Claim Expense PMPM	\$1,732	\$1,482	\$250	14%
Avg Pharmacy Claim Expense PMPM	\$888	\$900	(\$12)	-1%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,977)	(\$1,720)	\$257	13%
Avg Premium Receipt Less Avg Claim Expense Total	(\$27,088,854)	(\$22,762,480)	\$4,326,374	16%
Variance Due to Changes in Membership			\$804,960	
Variance Due to Changes in Claim Expenses			\$3,521,414	

INCURRED BASIS	Year-To-Date September 30, 2016	Year-To-Date September 30, 2015
	Actual	Actual - Prior Year
Member Months	13,234	14,496
Avg Premium Income PMPM	\$632	\$611
Avg Medical Claim Expense PMPM (1)	\$1,516	\$1,582
Avg Pharmacy Claim Expense PMPM (2)	\$907	\$867
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,791)	(\$1,838)
Avg Premium Receipt Less Avg Claim Expense Total	(\$23,702,094)	(\$26,643,648)

(1) Incurred medical claims data totals \$20,060,979 which is derived from \$16,162,979 actual paid claims with dates of service between 1-1-16 and 9-30-16 and \$3,898,000 IBNR reserve.

(2) Incurred pharmacy claims data totals \$12,005,802 which is derived from \$11,405,802 actual paid claims with dates of service between 1-1-16 and 9-30-16 and \$600,000 IBNR reserve.