

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

1. 2017 Interim II Assessment Required

An assessment of \$8.0 M was required to adequately fund the pool until the next scheduled assessment in November 2017. This assessment was approved by the Board of Directors and generated on July 31, 2017 with invoices due August 31, 2017 except for the carriers who have installment payment arrangements, at which point the invoices are due in total by October 31, 2017. As of October 31, 2017, all \$8.0 M of assessments have been collected thus closing out the assessment.

2. 2017 Interim III Assessment Required

An assessment of \$8.5 M is required to adequately fund the pool until the next scheduled assessment in March 2018.

3. Financial Statements – September 2017

Balance Sheet

Cash on hand decreased by \$345 K or 3.6% from August 2017 to September 2017. The current cash position is \$9.2 M, which is well above our current 4-week expense allowance of \$3.3 M. As of the end of September 2017, the entire \$9.2 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 2017 is \$5.3 M. This is an increase of \$289 K or 5.8% from the prior month. Medical IBNR increased \$249 K or 6.3% and pharmacy IBNR increased \$40 K or 3.8% from August 2017.

As of September 2017, the equity position of WSHIP is a positive \$4.0 M.

Income Statement

Total member months for September 2017 YTD are lower by 94 member months or less than 1% lower than September 2016 YTD. Member months are measured as the cumulative monthly member count (PMPM) over a period of time. The total incurred claim loss for September 2017 YTD is \$514 K or 1.7% lower than September 2016 YTD. Incurred claim loss represents the total medical and pharmacy claims expense as well as the change in unpaid losses (IBNR) and accrued loss adjustment for the period. For September 2017 YTD, the medical claims portion is \$163 K or less than 1% higher than September 2016 YTD, and the pharmacy claims portion is \$677 K or 5.6% lower than September 2016 YTD.

September 2017 YTD administrative expenses are \$49 K or 3.7% lower than the administrative expenses for September 2016 YTD. The ratio of administrative expenses as a percentage of total cost is 4.4% for September 2017 YTD as compared to 4.2% for 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 2017

The Budgeted Cash Flow document contains the budget (upper portion) as established in early 2017 and the actual (lower portion) cash flow results year-to-date.

The ending cash balance of \$9.2 M is \$168 K or 1.8% lower than the budgeted cash balance of \$9.4 M. Total net cash receipts for September 2017 YTD are \$2.8 M or 8.9% unfavorable to budget. Total YTD expenses are \$2.6 M or 7.7% favorable to budget. The YTD administrative expenses are \$117 K or 8.2% favorable to budget. Total YTD medical claims expense is \$545 K or 2.8% favorable to budget; while total YTD pharmacy claims expense is \$2.0 M or 15.3% favorable to budget.

5. Medicare vs. Non-Medicare Cash Flow – September 2017

As of September, the YTD Medicare member months total 9,679 and represent 74% of the combined WSHIP member months. The YTD Non-Medicare member months total 3,461 and account for 26% of the combined WSHIP member months. The YTD Medicare Loss Ratio is 195% while the YTD Non-Medicare Loss Ratio is 357%. On a cash basis, the YTD Claims PMPM is \$810 for Medicare members and \$9,219 for Non-Medicare members.

6. Cash Flow Forecast – 2017

The 2017 cash flow forecast was developed using the assumptions developed by Leif & Associates for membership, premium receipts, pharmacy and medical claim cost projections. The key drivers (membership, premiums, medical claims and pharmacy claims) in the budget portion were updated in August 2017 to reflect new projections from Liz Leif. All other projections were trended from previous years with the best information available as of current.

The cash flow re-forecast is a dynamic document and changes are made as better financial information is obtained. Actual results are illustrated through September 2017. For October 2017, 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 2017 forecast is projecting an assessment of \$26.0 M which is a \$7.0 M or 21.2% decrease from the 2016 assessment of \$33.0 M.

7. Cash Flow Forecast – 2018

Included in this month's financial packet is a draft of the 2018 cash flow forecast. Assumptions are noted on this schedule as well as the 2018 assessment projection. To ensure adequate funding the current 2018 forecast is projecting an assessment of \$28.5 M which is a \$2.5 M or 9.6% increase from the 2017 assessment of \$26.0 M.

8. Administrative Expense Budget

For September 2017, YTD administrative expenses are \$117 K or 8.2% favorable to budget (cash basis).

9. Financial Performance

September 2017 YTD member months are 27 member months or less than 1% higher than projected in the original budget. Through September 2017, average premium receipt PMPM is 2% higher than anticipated, average medical claims expense PMPM is 3% lower than expected and average pharmacy claims expense PMPM is 15% lower than anticipated.

On an incurred basis, the average YTD medical claims expense PMPM is \$1,501 as compared to \$1,436 on a cash basis. Also on an incurred basis, the average YTD pharmacy claims expense PMPM is \$921 as compared to \$839 on a cash basis.

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Balance Sheet as of September 30

Total Enrollment: 1,458

	<u>2017</u>	<u>2016</u>
Assets:		
Cash	\$ 9,222,471	\$ 10,660,660
Premiums Receivable	19,507	12,017
Assessments Receivable	588,507	1,581,962
Grants Receivable	-	-
Prepaid Expense	-	-
Total Assets	<u>\$ 9,830,485</u>	<u>\$ 12,254,639</u>
 Liabilities and Unassigned Surplus:		
Reserve for Unpaid Losses - Medical	\$ 4,210,000	\$ 3,928,000
Reserve for Unpaid Losses - Pharmacy	1,088,000	600,000
Accrued Loss Adjustment	322,000	315,000
Premiums Received in Advance	25,641	1,572,956
Assessments Payable	-	-
Accrued Expenses	143,112	163,488
Abandoned Claim Reserve	19,897	62,040
Total Liabilities	<u>\$ 5,808,651</u>	<u>\$ 6,641,483</u>
Unassigned Surplus	4,021,835	5,613,156
Total Liabilities and Unassigned Surplus	<u>\$ 9,830,485</u>	<u>\$ 12,254,639</u>

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Statement of Operations January 1 to September 30

	<u>2017</u>	<u>2016</u>
Total Member Months	13,140	13,234
Premium Income Earned	\$ 10,603,916	\$ 8,369,642
Pharmacy Rebate Income	236,465	290,488
Grant Income	-	-
Incurred Claim Loss - Medical	18,924,754	18,761,559
Incurred Claim Loss - Pharmacy	11,320,684	11,998,107
Total Incurred Claim Loss	<u>30,245,437</u>	<u>30,759,665</u>
Operating Expenses:		
Fixed (PMPM) Administrative Expense	\$ 708,463	\$ 741,143
Variable Administrative Expense	115,871	143,151
Salary and Benefit Expense	260,276	273,057
Prescription Administrative Expense	18,639	18,604
Miscellaneous Expense	76,141	75,386
Professional Fee Expense	141,589	118,345
Total Operating Expenses	<u>\$ 1,320,980</u>	<u>\$ 1,369,686</u>
Underwriting Gain (Loss)	(20,726,036)	(23,469,221)
Investment Income	48,262	14,465
Other Income	-	26,489
Changes to Unassigned Surplus	<u>\$ (20,677,774)</u>	<u>\$ (23,428,267)</u>

WASHINGTON STATE HEALTH INSURANCE POOL

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

	<u>2017</u>	<u>2016</u>
Unassigned Surplus at Beginning of Year	\$ 6,062,256	\$ 6,187,923
Changes to Unassigned Surplus	(20,677,774)	(23,428,267)
Member Assessments	18,637,353	22,853,500
Unassigned Surplus	<u>\$ 4,021,835</u>	<u>\$ 5,613,156</u>

**WSHIP 2017
Budgeted Cashflow**

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	SEPTEMBER YTD	TOTAL
Enrollment Count	1,453	1,454	1,455	1,456	1,457	1,458	1,459	1,460	1,461	1,462	1,463	1,464	13,113	17,502
Cash Balance														
BEGINNING OF MONTH	12,629,341	10,634,486	7,302,839	5,337,432	10,168,036	7,580,657	6,578,084	3,654,398	10,198,375	9,390,433	7,407,086	3,942,775		
Receipts														
Premium Receipts	2,039,141	428,310	1,906,142	681,030	320,973	1,833,069	877,574	319,369	1,830,387	733,166	465,502	441,788	10,235,995	11,876,450
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pharmacy Rebate Income	-	-	50,000	-	-	50,000	-	-	50,000	-	-	50,000	150,000	200,000
Claim Refunds Receipts	34,100	39,292	39,378	37,941	39,435	37,786	36,531	35,852	36,211	38,451	40,129	39,068	336,526	454,173
Assessment Receipts	70,838	139	-	8,000,000	1,000,000	1,000,000	-	10,000,000	1,250,000	1,250,000	-	10,000,000	21,320,977	32,570,977
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	900	1,200
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	2,144,179	467,840	1,995,621	8,719,071	1,360,508	2,920,955	914,205	10,355,321	3,166,698	2,021,717	505,731	10,530,956	32,044,397	45,102,800
Refunds														
Assessment Refunds	797,770	-	-	-	-	-	-	-	-	-	-	-	797,770	797,770
Premium Refunds	50,979	10,708	47,654	17,026	8,024	45,827	21,939	7,984	45,760	18,329	11,638	11,045	255,900	296,911
Total Refunds	848,749	10,708	47,654	17,026	8,024	45,827	21,939	7,984	45,760	18,329	11,638	11,045	1,053,670	1,094,681
Expenses														
Medical Claims	2,005,884	2,311,268	2,316,360	2,231,806	2,319,730	2,222,702	2,148,868	2,108,946	2,130,053	2,261,814	2,360,506	2,298,114	19,795,618	26,716,052
Pharmacy Claims	1,123,106	1,308,031	1,419,128	1,494,793	1,465,102	1,513,476	1,501,121	1,528,411	1,651,036	1,573,838	1,432,125	1,483,332	13,004,206	17,493,501
Fixed (PMPM) Admin	74,876	75,556	75,585	75,615	75,644	75,674	75,703	75,733	75,762	75,791	75,821	75,850	680,148	907,610
Variable Admin	15,420	22,330	14,840	14,849	14,859	14,869	15,878	14,888	15,897	14,907	21,917	14,925	143,830	195,579
Salary and Benefits	42,523	32,602	31,882	31,882	31,882	31,882	31,882	31,882	31,882	31,882	31,882	32,070	298,297	394,130
Prescription Admin	2,259	2,260	2,261	2,262	2,262	2,262	2,262	2,262	2,262	2,269	2,270	2,271	20,372	27,182
Miscellaneous	8,050	5,400	16,650	5,400	8,050	6,000	5,400	26,900	8,650	5,400	8,050	22,964	90,500	126,914
Professional Fees	18,167	31,333	36,667	14,833	22,333	10,833	34,833	14,333	13,333	20,833	25,833	16,233	196,667	259,567
Total Expense	3,290,286	3,788,780	3,913,373	3,871,441	3,939,864	3,877,701	3,815,951	3,803,360	3,928,881	3,986,734	3,958,404	3,945,760	34,229,636	46,120,534
Month Ending Cash Balance	\$ 10,634,486	\$ 7,302,839	\$ 5,337,432	\$ 10,168,036	\$ 7,580,657	\$ 6,578,084	\$ 3,654,398	\$ 10,198,375	\$ 9,390,433	\$ 7,407,086	\$ 3,942,775	\$ 10,516,926		

Actual	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
Enrollment Count	1,494	1,447	1,450	1,477	1,448	1,457	1,468	1,441	1,458				13,140
Cash Balance													
BEGINNING OF MONTH	12,629,341	10,823,097	8,345,429	6,933,338	10,466,790	10,192,648	9,154,086	6,643,448	9,567,404				
Receipts													
Premium Receipts	2,083,674	476,316	1,836,818	730,715	498,839	1,769,014	736,994	549,979	1,624,632				10,306,981
Grant Revenue	-	-	-	-	-	-	-	-	-				-
Pharmacy Rebate Income	-	15,401	-	-	93,683	-	-	127,381	-				236,465
Claim Refunds Receipts	47,102	11,429	222,339	4,222	8,354	6,753	10,328	69,714	7,038				387,280
Assessment Receipts	70,838	-	561,202	5,911,866	2,755,833	720,573	-	5,688,844	2,410,667				18,119,823
Investment Income	4,644	3,498	3,331	4,838	6,598	6,104	6,207	5,618	7,424				48,262
Other Income	-	-	-	-	-	-	-	-	-				-
Total Receipts	2,206,257	506,644	2,623,690	6,651,641	3,363,307	2,502,444	753,530	6,441,535	4,049,762				29,098,811
Refunds													
Assessment Refunds	797,770	-	-	-	-	-	-	-	-				797,770
Premium Refunds	496	13,994	17,987	-	27,694	10,112	-	45,698	8,030				124,012
Total Refunds	798,266	13,994	17,987		27,694	10,112		45,698	8,030				921,782
Expenses													
Medical Claims	1,945,700	1,659,997	2,169,194	1,902,067	2,383,801	2,244,510	1,963,482	2,223,784	2,758,115				19,250,649
Pharmacy Claims	1,123,106	1,169,789	1,689,151	1,081,201	1,084,415	1,146,225	1,133,425	1,105,643	1,487,111				11,020,067
Fixed (PMPM) Admin	79,079	79,010	79,674	73,977	77,160	79,925	80,542	79,104	77,811				706,283
Variable Admin	12,793	7,866	18,987	15,223	6,787	11,779	17,090	14,172	12,531				117,227
Salary and Benefits	30,101	37,423	27,678	27,693	31,139	30,558	29,904	28,878	30,847				274,222
Prescription Admin	1,748	-	4,745	1,878	1,901	1,575	1,460	1,827	1,752				16,887
Miscellaneous	8,138	8,482	6,661	8,833	4,917	4,207	25,842	3,897	3,955				74,933
Professional Fees	13,572	7,749	21,704	7,315	19,635	12,114	12,422	14,575	14,544				123,630
Total Expense	3,214,236	2,970,317	4,017,794	3,118,189	3,609,756	3,530,893	3,264,168	3,471,882	4,386,665				31,583,899
Available Cash Balance	10,823,097	8,345,429	6,933,338	10,466,790	10,192,648	9,154,086	6,643,448	9,567,404	9,222,471				
Inc(Dec) in Abandoned Property Reserve													
Month Ending Cash Balance	\$ 10,823,097	\$ 8,345,429	\$ 6,933,338	\$ 10,466,790	\$ 10,192,648	\$ 9,154,086	\$ 6,643,448	\$ 9,567,404	\$ 9,222,471	\$ -	\$ -	\$ -	

**WSHIP 2017
Budgeted Cashflow**

Variance to Budget	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
Favorable/(Unfavorable)													
Enrollment Count	41	(7)	(5)	21	(9)	(1)	9	(19)	(3)				27
Receipts													
Premium Receipts	44,533	48,006	(69,324)	49,685	177,866	(64,055)	(140,580)	230,610	(205,755)				70,986
Grant Revenue	-	-	-	-	-	-	-	-	-				-
Pharmacy Rebate Income	-	15,401	(50,000)	-	93,683	(50,000)	-	127,381	(50,000)				86,465
Claim Refunds Receipts	13,002	(27,862)	182,960	(33,719)	(31,081)	(31,033)	(26,202)	33,862	(29,173)				50,754
Assessment Receipts	-	(139)	561,202	(2,088,134)	1,755,833	(279,427)	-	(4,311,156)	1,160,667				(3,201,154)
Investment Income	4,544	3,398	3,231	4,738	6,498	6,004	6,107	5,518	7,324				47,362
Other Income	-	-	-	-	-	-	-	-	-				-
Total Receipts	62,079	38,804	628,069	(2,067,429)	2,002,799	(418,511)	(160,675)	(3,913,786)	883,064				(2,945,587)
Refunds													
Assessment Refunds	-	-	-	-	-	-	-	-	-				-
Premium Refunds	50,483	(3,286)	29,666	17,026	(19,670)	35,714	21,939	(37,714)	37,730				131,888
Total Refunds	50,483	(3,286)	29,666	17,026	(19,670)	35,714	21,939	(37,714)	37,730				131,888
Expenses													
Medical Claims	60,185	651,271	147,166	329,739	(64,071)	(21,808)	185,386	(114,838)	(628,061)				544,968
Pharmacy Claims	-	138,242	(270,023)	413,592	380,687	367,252	367,696	422,768	163,925				1,984,139
Fixed (PMPM) Admin	(4,203)	(3,454)	(4,089)	1,638	(1,516)	(4,251)	(4,839)	(3,371)	(2,049)				(26,135)
Variable Admin	2,627	14,464	(4,147)	(374)	8,072	3,090	(1,212)	716	3,366				26,603
Salary and Benefits	12,422	(4,822)	4,204	4,188	742	1,324	1,977	3,004	1,035				24,074
Prescription Admin	511	2,260	(2,484)	384	362	689	806	439	516				3,485
Miscellaneous	(88)	(3,082)	9,989	(3,433)	3,133	1,793	(20,442)	23,003	4,695				15,566
Professional Fees	4,595	23,584	14,962	7,518	2,699	(1,281)	22,412	(242)	(1,211)				73,037
Total Expense	76,049	818,462	(104,421)	753,252	330,108	346,808	551,783	331,478	(457,784)				2,645,737
Available Cash Balance	188,611	1,042,591	1,595,905	298,754	2,611,991	2,576,003	2,989,050	(630,971)	(167,961)				
Inc(Dec) in Abandoned Property Reserve	-	-	-	-	-	-	-	-	-				
Month Ending Cash Balance	188,611	1,042,591	1,595,905	298,754	2,611,991	2,576,003	2,989,050	(630,971)	(167,961)				

- (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 **(\$10.0 M)**, July **(\$12.5 M)** and November **(\$12.5 M)** TOTAL **\$35.0 M**
- (6) 4-Week expense allowance is **\$3.5 M** based upon the actual data for the 12-month period ending in Dec of 2017.
- (7) WSHIP has access to a **\$5 M** line of credit in the event cash on hand is exhausted.

WSHIP 2017
Medicare vs. Non-Medicare Cash Flow

	January	February	March	April	May	June	July	August	September	October	November	December	YTD
Medicare													
Enrollment Count	1,087	1,057	1,063	1,088	1,064	1,075	1,090	1,069	1,086				9,679
Premiums	650,072	313,866	409,825	588,563	375,543	394,855	570,997	377,464	342,666				4,023,851
Medical Claims	784,011	749,578	887,496	682,388	795,364	877,799	717,951	815,946	707,749				7,018,281
RX Claims	100,459	114,202	128,598	79,414	77,012	76,119	68,789	73,499	108,033				826,124
Total Claims	884,470	863,780	1,016,093	761,801	872,376	953,918	786,740	889,445	815,782	-	-	-	7,844,405
Income/Loss	(234,398)	(549,914)	(606,268)	(173,239)	(496,833)	(559,063)	(215,743)	(511,980)	(473,116)	-	-	-	(3,820,554)
Loss Ratio	136%	275%	248%	129%	232%	242%	138%	236%	238%				195%
Claims PMPM	814	817	956	700	820	887	722	832	751				810
Non Medicare													
Enrollment Count	407	390	387	389	384	382	378	372	372				3,461
Premiums	1,433,602	162,450	1,426,993	142,152	123,296	1,374,159	165,997	172,515	1,281,966				6,283,130
Medical Claims	1,161,689	910,419	1,281,698	1,219,679	1,588,436	1,366,711	1,245,531	1,407,838	2,050,365				12,232,367
RX Claims	1,022,647	1,055,587	1,560,553	1,001,788	1,007,403	1,070,105	1,064,636	1,032,144	1,379,079				10,193,943
Total Claims	2,184,336	1,966,007	2,842,251	2,221,467	2,595,840	2,436,816	2,310,167	2,439,983	3,429,444	-	-	-	22,426,310
Income/Loss	(750,734)	(1,803,557)	(1,415,258)	(2,079,315)	(2,472,543)	(1,062,657)	(2,144,170)	(2,267,468)	(2,147,478)	-	-	-	(16,143,180)
Loss Ratio	152%	1210%	199%	1563%	2105%	177%	1392%	1414%	268%				357%
Claims PMPM	5,367	5,041	7,344	5,711	6,760	6,379	6,112	6,559	9,219				6,480
Combined Medicare/Non Medicare													
Enrollment Count	1,494	1,447	1,450	1,477	1,448	1,457	1,468	1,441	1,458	-	-	-	13,140
Premiums	2,083,674	476,316	1,836,818	730,715	498,839	1,769,014	736,994	549,979	1,624,633	-	-	-	10,306,981
Medical Claims	1,945,700	1,659,997	2,169,194	1,902,067	2,383,801	2,244,510	1,963,482	2,223,784	2,758,115	-	-	-	19,250,650
RX Claims	1,123,106	1,169,789	1,689,151	1,081,201	1,084,415	1,146,225	1,133,425	1,105,643	1,487,111	-	-	-	11,020,067
Total Claims	3,068,806	2,829,786	3,858,344	2,983,268	3,468,216	3,390,734	3,096,908	3,329,428	4,245,226	-	-	-	30,270,717
Income/Loss	(985,132)	(2,353,471)	(2,021,526)	(2,252,553)	(2,969,377)	(1,621,721)	(2,359,914)	(2,779,449)	(2,620,593)	-	-	-	(19,963,737)
Loss Ratio	147%	594%	210%	408%	695%	192%	420%	605%	261%				294%
Claims PMPM	2,054	1,956	2,661	2,020	2,395	2,327	2,110	2,310	2,912				2,304

Notes:

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

Washington State Health Insurance Pool 2017 Cash Flow Forecast

Forecast - Updated 08/31/2017

	Actual (Bold)										Forecast			TOTAL
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER		
Enrollment:														
Non-Medicare Enrollment	407	390	387	389	384	382	378	372	372	368	366	364	4,559	
Medicare Enrollment (Basic and Basic+)	1,087	1,057	1,063	1,088	1,064	1,075	1,090	1,069	1,086	1,072	1,073	1,074	12,898	
Total Enrollment Count	1,494	1,447	1,450	1,477	1,448	1,457	1,468	1,441	1,458	1,440	1,439	1,438	17,457	
Cash Balance														
BEGINNING OF MONTH	12,629,341	10,823,097	8,345,429	6,933,338	10,466,790	10,192,648	9,154,086	6,643,448	9,567,404	9,222,471	7,174,334	4,246,686		
Receipts														
Premium Receipts	2,083,674	476,316	1,836,818	730,715	498,839	1,769,014	736,994	549,979	1,624,632	724,223	453,514	430,411	11,915,129	
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	
Pharmacy Rebate Income	-	15,401	-	-	93,683	-	-	127,381	-	-	-	50,000	286,465	
Claim Refunds Receipts	47,102	11,429	222,339	4,222	8,354	6,753	10,328	69,714	7,038	37,155	33,196	34,078	491,709	
Assessment Receipts	70,838	-	561,202	5,911,866	2,755,833	720,573	-	5,688,844	2,410,667	588,545	-	6,800,000	25,508,368	
Investment Income	4,644	3,498	3,331	4,838	6,598	6,104	6,207	5,618	7,424	100	100	100	48,562	
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Receipts	2,206,257	506,644	2,623,690	6,651,641	3,363,307	2,502,444	753,530	6,441,535	4,049,762	1,350,024	486,810	7,314,588	38,250,233	
Refunds														
Assessment Refunds	797,770	-	-	-	-	-	-	-	-	-	-	-	797,770	
Premium Refunds	496	13,994	17,987	-	27,694	10,112	-	45,698	8,030	18,106	11,338	10,760	164,215	
Total Refunds	798,266	13,994	17,987	-	27,694	10,112	-	45,698	8,030	18,106	11,338	10,760	961,985	
Expenses														
Medical Claim Expense	1,945,700	1,659,997	2,169,194	1,902,067	2,383,801	2,244,510	1,963,482	2,223,784	2,758,115	2,185,603	1,952,701	2,004,574	25,393,527	
Pharmacy Claim Expense	1,123,106	1,169,789	1,689,151	1,081,201	1,084,415	1,146,225	1,133,425	1,105,643	1,487,111	1,043,370	1,284,646	1,226,374	14,574,458	
PMPM Administrative Expense	79,079	79,010	79,674	73,977	77,160	79,925	80,542	79,104	77,811	75,791	75,821	75,850	933,744	
Variable Administrative Expense	12,793	7,866	18,987	15,223	6,787	11,779	17,090	14,172	12,531	14,907	21,917	14,925	168,977	
Salary and Benefits Expense	30,101	37,423	27,678	27,693	31,139	30,558	29,904	28,878	30,847	31,882	31,882	32,070	370,056	
Prescription Administrative Expense	1,748	-	4,745	1,878	1,901	1,575	1,460	1,827	1,752	2,269	2,270	2,271	23,697	
Miscellaneous Expense	8,138	8,482	6,661	8,833	4,917	4,207	25,842	3,897	3,955	5,400	8,050	22,964	111,347	
Professional Fees	13,572	7,749	21,704	7,315	19,635	12,114	12,422	14,575	14,544	20,833	25,833	16,233	186,531	
Total Expense	3,214,236	2,970,317	4,017,794	3,118,189	3,609,756	3,530,893	3,264,168	3,471,882	4,386,665	3,380,055	3,403,120	3,395,261	41,762,336	
Available Cash Balance	10,823,097	8,345,429	6,933,338	10,466,790	10,192,648	9,154,086	6,643,448	9,567,404	9,222,471	7,174,334	4,246,686	8,155,253		
Inc(Dec) in Abandoned Property Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	
Month Ending Cash Balance	10,823,097	8,345,429	6,933,338	10,466,790	10,192,648	9,154,086	6,643,448	9,567,404	9,222,471	7,174,334	4,246,686	8,155,253		

- (1) Assumes a Non-medicare medical claim expense trend of 3%. Assumes an annual Medicare medical claim expense trend of 3%.
- (2) Assumes a Non-medicare pharmacy claim expense trend of 14%. Assumes an annual Medicare pharmacy claim expense trend of 0% for Basic and 2% for Basic Plus.
- (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 3 members per month, while Medicare Basic+ projected to drop 2 members per month.
- (5) Assumes assessments on March (\$9.5 M), July (\$8.0 M) and November (\$8.5 M) TOTAL \$26.0 M
- (6) 4-Week expense allowance is \$3.3 M based upon the actual data for the 12-month period ending in Dec of 2017.
- (7) WSHIP has access to a \$5 M line of credit in the event cash on hand is exhausted.

Washington State Health Insurance Pool 2018 Cash Flow Forecast

Forecast - Updated 08/31/2017

	Forecast												TOTAL
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	
Enrollment:													
Non-Medicare Enrollment	344	342	340	338	336	333	331	329	327	325	323	321	3,989
Medicare Enrollment (Basic and Basic+)	1,075	1,076	1,077	1,078	1,079	1,080	1,081	1,082	1,083	1,084	1,085	1,086	12,966
Total Enrollment Count	1,419	1,418	1,417	1,416	1,415	1,413	1,412	1,411	1,410	1,409	1,408	1,407	16,955
Cash Balance													
BEGINNING OF MONTH	8,155,253	7,018,515	5,131,796	3,902,841	9,249,291	7,224,388	6,703,575	4,064,773	8,995,208	8,506,615	6,831,652	3,936,236	
Receipts													
Premium Receipts	1,312,080	465,667	2,072,399	740,430	348,969	1,992,951	954,117	347,225	1,990,036	797,113	506,104	480,321	12,007,412
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Pharmacy Rebate Income	-	-	50,000	-	-	50,000	-	-	50,000	-	-	50,000	200,000
Claim Refunds Receipts	31,885	31,679	33,332	33,730	34,005	35,219	36,241	35,151	35,962	34,537	32,933	33,795	408,468
Assessment Receipts	850,000	850,000	-	8,000,000	1,000,000	1,000,000	-	8,000,000	1,000,000	1,000,000	-	6,800,000	28,500,000
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	2,194,065	1,347,446	2,155,831	8,774,260	1,383,073	3,078,271	990,458	8,382,476	3,076,098	1,831,751	539,136	7,364,216	41,117,080
Refunds													
Assessment Refunds	-	-	-	-	-	-	-	-	-	-	-	-	-
Premium Refunds	32,802	11,642	51,810	18,511	8,724	49,824	23,853	8,681	49,751	19,928	12,653	12,008	300,185
Total Refunds	32,802	11,642	51,810	18,511	8,724	49,824	23,853	8,681	49,751	19,928	12,653	12,008	300,185
Expenses													
Medical Claim Expense	1,875,570	1,863,457	1,960,728	1,984,115	2,000,289	2,071,728	2,131,796	2,067,696	2,115,383	2,031,603	1,937,213	1,987,935	24,027,513
Pharmacy Claim Expense	1,244,552	1,181,184	1,194,364	1,280,343	1,243,932	1,336,009	1,307,649	1,209,662	1,251,764	1,304,101	1,318,914	1,258,035	15,130,509
PMPM Administrative Expense	75,585	75,585	75,585	75,615	75,644	75,674	75,703	75,733	75,762	75,791	75,821	75,850	908,348
Variable Administrative Expense	14,840	14,840	14,840	14,849	14,859	14,869	15,878	14,888	15,897	14,907	21,917	14,925	187,509
Salary and Benefits Expense	31,882	31,882	31,882	31,882	31,882	31,882	31,882	31,882	31,882	31,882	31,882	31,882	382,768
Prescription Administrative Expense	2,259	2,260	2,261	2,262	2,264	2,265	2,266	2,267	2,268	2,269	2,270	2,271	27,182
Miscellaneous Expense	16,648	16,649	16,650	5,400	8,050	6,000	5,400	26,900	8,650	5,400	8,050	22,964	146,761
Professional Fees	36,665	36,666	36,667	14,833	22,333	10,833	34,833	14,333	13,333	20,833	25,833	16,233	283,397
Total Expense	3,298,001	3,222,523	3,332,977	3,409,299	3,399,253	3,549,260	3,605,407	3,443,361	3,514,939	3,486,786	3,421,900	3,410,283	41,093,987
Available Cash Balance	7,018,515	5,131,796	3,902,841	9,249,291	7,224,388	6,703,575	4,064,773	8,995,208	8,506,615	6,831,652	3,936,236	7,878,160	
Inc(Dec) in Abandoned Property Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Month Ending Cash Balance	7,018,515	5,131,796	3,902,841	9,249,291	7,224,388	6,703,575	4,064,773	8,995,208	8,506,615	6,831,652	3,936,236	7,878,160	

- (1) Assumes a Non-medicare medical claim expense trend of 6%. Assumes an annual Medicare medical claim expense trend of 6%.
- (2) Assumes a Non-medicare pharmacy claim expense trend of 17%. 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 15% increase. Assumes a Medicare premium rate increase of 0.3% for Basic and 1.5% for Basic Plus.
- (4) Non-medicare enrollment projected to decrease by 2 members per month. Medicare Basic enrollment projected to increase 3 members per month, while Medicare Basic+ projected to drop 2 members per month.
- (5) Assumes assessments on March (\$10.0 M), July (\$10.0 M) and November (\$8.5 M) TOTAL \$28.5 M
- (6) 4-Week expense allowance is \$3.2 M based upon the actual data for the 12-month period ending in Dec of 2018.
- (7) WSHIP has access to a \$5 M line of credit in the event cash on hand is exhausted.

**Washington State Health Insurance Pool
2017 Administrative Expense
Budget Variance Analysis**

Budget	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Member Months: (1)													
Non-Medicare	398	396	394	392	390	388	386	384	382	380	378	376	4,644
Medicare Basic	848	853	858	863	868	873	878	883	888	893	898	903	10,506
Medicare Basic Plus	207	205	203	201	199	197	195	193	191	189	187	185	2,352
Total Membership	1,453	1,454	1,455	1,456	1,457	1,458	1,459	1,460	1,461	1,462	1,463	1,464	17,502
PMPM Administrative Expense (2)	74,876	75,556	75,585	75,615	75,644	75,674	75,703	75,733	75,762	75,791	75,821	75,850	907,610
Variable Administrative Expense (3)	15,420	22,330	14,840	14,849	14,859	14,869	15,878	14,888	15,897	14,907	21,917	14,925	195,579
Salary and Benefits Expense (4)	42,523	32,602	31,882	31,882	31,882	31,882	31,882	31,882	31,882	31,882	31,882	32,070	394,130
RX Benefit Management Fees	2,259	2,260	2,261	2,262	2,264	2,265	2,266	2,267	2,268	2,269	2,270	2,271	27,182
Miscellaneous Expense (5)	8,050	5,400	16,650	5,400	8,050	6,000	5,400	26,900	8,650	5,400	8,050	22,964	126,914
Professional Fees (6)	18,167	31,333	36,667	14,833	22,333	10,833	34,833	14,333	13,333	20,833	25,833	16,233	259,567
Total Budget Operating Expenses	\$161,295	\$169,481	\$177,885	\$144,841	\$155,032	\$141,523	\$165,962	\$166,003	\$147,792	\$151,082	\$165,773	\$164,313	\$1,910,981

Actual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
Member Months: (1)													
Non-Medicare	407	390	387	389	384	382	378	372	372				3,461
Medicare Basic	884	858	866	893	872	885	900	883	900				7,941
Medicare Basic Plus	203	199	197	195	192	190	190	186	186				1,738
Total Membership	1,494	1,447	1,450	1,477	1,448	1,457	1,468	1,441	1,458				13,140
PMPM Administrative Expense (2)	79,079	79,010	79,674	73,977	77,160	79,925	80,542	79,104	77,811				\$706,283
Variable Administrative Expense (3)	12,793	7,866	18,987	15,223	6,787	11,779	17,090	14,172	12,531				\$117,227
Salary and Benefits Expense (4)	30,101	37,423	27,678	27,693	31,139	30,558	29,904	28,878	30,847				\$274,222
RX Benefit Management Fees	1,748	-	4,745	1,878	1,901	1,575	1,460	1,827	1,752				\$16,887
Miscellaneous Expense (5)	8,138	8,482	6,661	8,833	4,917	4,207	25,842	3,897	3,955				\$74,933
Professional Fees (6)	13,572	7,749	21,704	7,315	19,635	12,114	12,422	14,575	14,544				\$123,630
Total Actual Operating Expenses	\$145,430	\$140,531	\$159,449	\$134,920	\$141,540	\$140,158	\$167,260	\$142,454	\$141,439				\$1,313,183

Variance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
Member Months: (1)													
Non-Medicare	9	(6)	(7)	(3)	(6)	(6)	(8)	(12)	(10)				(49)
Medicare Basic	36	5	8	30	4	12	22	-	12				129
Medicare Basic Plus	(4)	(6)	(6)	(6)	(7)	(7)	(5)	(7)	(5)				(53)
Total Membership	41	(7)	(5)	21	(9)	(1)	9	(19)	(3)				27
PMPM Administrative Expense (2)	(4,203)	(3,454)	(4,089)	1,638	(1,516)	(4,251)	(4,839)	(3,371)	(2,049)				(\$26,135)
Variable Administrative Expense (3)	2,627	14,464	(4,147)	(374)	8,072	3,090	(1,212)	716	3,366				\$26,603
Salary and Benefits Expense (4)	12,422	(4,822)	4,204	4,188	742	1,324	1,977	3,004	1,035				\$24,074
RX Benefit Management Fees	511	2,260	(2,484)	384	362	689	806	439	516				\$3,485
Miscellaneous Expense (5)	(88)	(3,082)	9,989	(3,433)	3,133	1,793	(20,442)	23,003	4,695				\$15,566
Professional Fees (6)	4,595	23,584	14,962	7,518	2,699	(1,281)	22,412	(242)	(1,211)				\$73,037
Total Variance Expenses	\$15,865	\$28,950	\$18,435	\$9,921	\$13,492	\$1,364	(\$1,298)	\$23,549	\$6,353				\$116,630

Notes:

- (1) Assumes the Non-medicare membership decreases by 2 members per month. Assumes Medicare Basic membership increases by 5 members per month while Medicare Basic Plus decreases by 2 members per month.
- (2) PMPM Administrative Expense includes the combined expenses for Third Party Administration services (including finance and accounting), Provider Network services, and Utilization Management services.
- (3) Variable Administrative Expense includes Case Management & Care Coaching, and miscellaneous administrative expenses such as special mailings.
- (4) Salary and Benefits Expense includes the combined expenses for the Executive Director and staff positions.
- (5) Miscellaneous expense includes:
 - \$38,400 of insurance expenses (D&O, E&O and general liability).
 - \$46,700 for WSHIP Board meeting expenses and travel costs.
 - \$20,000 for bank fees
 - \$21,800 for phone, conference lines and other expenses
- (6) Professional fees includes:
 - \$123,000 of actuarial expenses which covers IBNR calculations, Premium Rate development, Forecast updates and actuarial studies.
 - \$10,000 contingency for actuary expenses for potential legislative study follow up.
 - \$40,000 of legal expenses.
 - \$51,000 of consulting expenses (IRO, Review of PBM Contract, and other consulting expenses).
 - \$35,600 of auditing expenses (Financial audits and PBM audit).

WSHIP Financial Performance

CASH BASIS	Month Ending September 30, 2017			
	Projected	Actual	Variance	% Change
Membership	1,461	1,458	(3)	0%
Avg Premium Receipt PMPM	\$1,222	\$1,109	(\$113)	-9%
Avg Medical Claim Expense PMPM	\$1,433	\$1,477	(\$44)	-3%
Avg Pharmacy Claim Expense PMPM	\$1,130	\$1,020	\$110	10%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,341)	(\$1,388)	(\$47)	-4%
Avg Premium Receipt Less Avg Claim Expense Total	(\$1,959,201)	(\$2,023,704)	(\$64,503)	-3%
Variance Due to Changes in Membership			\$4,164	
Variance Due to Changes in Claim Expenses			(\$68,667)	

CASH BASIS	Year-To-Date September 30, 2017			
	Projected	Actual	Variance	% Change
Member Months	13,113	13,140	27	0%
Avg Premium Receipt PMPM	\$761	\$775	\$14	2%
Avg Medical Claim Expense PMPM	\$1,484	\$1,436	(\$48)	-3%
Avg Pharmacy Claim Expense PMPM	\$992	\$839	(\$153)	-15%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,715)	(\$1,500)	\$215	13%
Avg Premium Receipt Less Avg Claim Expense Total	(\$22,488,795)	(\$19,710,000)	\$2,778,795	12%
Variance Due to Changes in Membership			(\$40,500)	
Variance Due to Changes in Claim Expenses			\$2,819,295	

INCURRED BASIS	Year-To-Date September 30, 2017	Year-To-Date September 30, 2016
	Actual	Actual - Prior Year
Member Months	13,140	13,234
Avg Premium Income PMPM	\$751	\$632
Avg Medical Claim Expense PMPM (1)	\$1,501	\$1,516
Avg Pharmacy Claim Expense PMPM (2)	\$921	\$907
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,671)	(\$1,791)
Avg Premium Receipt Less Avg Claim Expense Total	(\$21,956,940)	(\$23,702,094)

(1) Incurred medical claims data totals \$19,722,860 which is derived from \$15,537,860 actual paid claims with dates of service between 01-01-17 and 09-30-17 and \$4,185,000 IBNR reserve.

(2) Incurred pharmacy claims data totals \$12,108,067 which is derived from \$11,020,067 actual paid claims with dates of service between 01-01-17 and 09-30-17 and \$1,088,000 IBNR reserve.