

**Washington State Health Insurance Pool
Treasurer's Report
September 2018 Financial Review**

1. 2018 Interim III Assessment Required

An assessment of \$8.5 M was required to adequately fund the pool until the next scheduled assessment in March 2019.

2. Financial Statements – September 2018

Balance Sheet

Cash on hand decreased by \$162 K or 2.3% from August 2018 to September 2018. The current cash position is \$7.0 M, which is well above our current 4-week expense allowance of \$3.0 M. As of the end of September 2018, the entire \$7.0 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 2018 is \$4.6 M. This is an increase of \$187 K or 4.2% from the prior month. Medical IBNR increased \$115 K or 2.8% and pharmacy IBNR increased \$72 K or 17.3% from August 2018.

As of September 2018, the equity position of WSHIP is a positive \$1.6 M.

Income Statement

Total member months for September 2018 YTD are lower by 256 member months or 1.9% lower than September 2017 YTD. Member months are measured as the cumulative monthly member count (PMPM) over a period of time. The total incurred claim loss for September 2018 YTD is \$993 K or 3.3% lower than September 2017 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 2018 YTD, the medical claims portion is \$468 K or 2.5% higher than September 2017 YTD, and the pharmacy claims portion is \$1.5 M or 12.9% lower than September 2017 YTD.

September 2018 YTD administrative expenses are \$107 K or 8.1% higher than the administrative expenses for September 2017 YTD. The ratio of administrative expenses as a percentage of total cost is 4.7% for September 2018 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.

3. Budgeted Cash Flow – September 2018

The Budgeted Cash Flow document contains the budget (upper portion) as established in early 2018 and the actual (lower portion) cash flow results year-to-date.

The ending cash balance of \$7.0 M is \$151 K or 2.1% lower than the budgeted cash balance of \$7.2 M. Total net cash receipts for September 2018 YTD are \$42 K or 0.1% favorable to budget. Total YTD expenses are \$193 K or 0.6% unfavorable to budget. The YTD administrative expenses are \$49 K or 3.4% favorable to budget. Total YTD medical claims expense is \$856 K or 4.7% unfavorable to budget; while total YTD pharmacy claims expense is \$614 K or 5.7% favorable to budget.

4. Medicare vs. Non-Medicare Cash Flow – September 2018

As of September, the YTD Medicare member months total 9,831 and represent 76% of the combined WSHIP member months. The YTD Non-Medicare member months total 3,053 and account for 24% of the combined WSHIP member months. The YTD Medicare Loss Ratio is 186% while the YTD Non-Medicare Loss Ratio is 317%. On a cash basis, the YTD Claims PMPM is \$808 for Medicare members and \$6,929 for Non-Medicare members.

5. Cash Flow Forecast – 2018

The 2018 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 2018 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 2018. For October 2018, preliminary figures for the key financial drivers (Premium Receipts, Assessment Receipts and Refunds, Medical Claims and Pharmacy Claims Expenses) are reported.

To ensure adequate funding, the current 2018 forecast is projecting an assessment of \$25.5 M which is a \$0.5 M or 1.9% decrease from the 2017 assessment of \$26.0 M.

6. Cash Flow Forecast – 2019

Included in this month's financial packet is a draft of the 2019 cash flow forecast. Assumptions are noted on this schedule as well as the 2019 assessment projection. To ensure adequate funding the current 2019 forecast is projecting an assessment

of \$26.5 M which is a \$1.0 M or 4.0% increase from the 2018 assessment of \$25.5 M.

7. Administrative Expense Budget

For September 2018, YTD administrative expenses are \$49 K or 3.4% favorable to budget (cash basis).

8. Financial Performance

September 2018 YTD member months are less than 1% higher than expected, average premium receipt PMPM is 14.2% higher than expected, average medical claims expense PMPM is 5.2% lower than expected and average pharmacy claims expense PMPM is 6.4% lower than anticipated.

On an incurred basis, the average YTD medical claims expense PMPM is \$1,525 as compared to \$1,465 on a cash basis. Also, on an incurred basis, the average YTD pharmacy claims expense PMPM is \$783 as compared to \$784 on a cash basis.

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Balance Sheet as of September 30

Total Enrollment: 1,425

	<u>2018</u>	<u>2017</u>
Assets:		
Cash	\$ 7,010,128	\$ 9,222,471
Premiums Receivable	17,195	19,507
Assessments Receivable	1,484,568	588,507
Grants Receivable	-	-
Prepaid Expense	-	-
Total Assets	<u>\$ 8,511,891</u>	<u>\$ 9,830,484</u>
 Liabilities and Unassigned Surplus:		
Reserve for Unpaid Losses - Medical	\$ 4,157,000	\$ 4,210,000
Reserve for Unpaid Losses - Pharmacy	487,000	1,088,000
Accrued Loss Adjustment	308,000	322,000
Premiums Received in Advance	1,827,474	25,641
Assessments Payable	-	-
Accrued Expenses	137,136	143,112
Abandoned Claim Reserve	2,084	19,897
Total Liabilities	<u>\$ 6,918,693</u>	<u>\$ 5,808,651</u>
Unassigned Surplus	1,593,198	4,021,833
Total Liabilities and Unassigned Surplus	<u>\$ 8,511,891</u>	<u>\$ 9,830,484</u>

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Statement of Operations September 1 to September 30

	<u>2018</u>	<u>2017</u>
Total Member Months	12,884	13,140
Premium Income Earned	\$ 9,243,670	\$ 10,603,916
Pharmacy Rebate Income	370,451	236,465
Grant Income	-	-
Incurred Claim Loss - Medical	\$ 19,392,935	18,924,754
Incurred Claim Loss - Pharmacy	9,859,442	11,320,684
Total Incurred Claim Loss	<u>29,252,377</u>	<u>30,245,438</u>
Operating Expenses:		
Fixed (PMPM) Administrative Expense	\$ 733,314	\$ 708,463
Variable Administrative Expense	113,782	115,871
Salary and Benefit Expense	285,463	260,276
Prescription Administrative Expense	16,054	18,639
Miscellaneous Expense	87,128	76,141
Professional Fee Expense	191,782	141,589
Total Operating Expenses	<u>\$ 1,427,523</u>	<u>\$ 1,320,980</u>
Underwriting Gain (Loss)	(21,065,780)	(20,726,037)
Investment Income	79,972	48,262
Other Income	-	-
Changes to Unassigned Surplus	<u>\$ (20,985,808)</u>	<u>\$ (20,677,776)</u>

WASHINGTON STATE HEALTH INSURANCE POOL

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

	<u>2018</u>	<u>2017</u>
Unassigned Surplus at Beginning of Year	\$ 5,579,006	\$ 6,062,256
Changes to Unassigned Surplus	(20,985,808)	(20,677,776)
Member Assessments	17,000,000	18,637,353
Unassigned Surplus	<u>\$ 1,593,198</u>	<u>\$ 4,021,833</u>

**WSHIP 2018
Budgeted Cashflow**

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	SEPTEMBER YTD	TOTAL
Enrollment Count	1,427	1,425	1,424	1,423	1,422	1,421	1,420	1,419	1,418	1,417	1,416	1,415	12,799	17,047
Cash Balance														
BEGINNING OF MONTH	5,683,892	7,821,970	5,762,831	4,290,580	8,058,986	6,042,335	5,187,661	2,407,738	7,725,197	7,160,944	5,599,774	2,660,597		
Receipts														
Premium Receipts	1,332,619	484,426	1,868,094	743,157	507,333	1,799,134	749,543	559,343	1,652,295	736,555	365,649	357,599	9,695,943	11,155,745
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pharmacy Rebate Income	-	-	50,000	-	-	50,000	-	-	50,000	-	-	50,000	150,000	200,000
Claim Refunds Receipts	35,695	33,990	34,807	33,840	33,651	34,698	35,909	34,265	34,501	35,016	34,221	33,780	311,356	414,373
Assessment Receipts	4,131,528	2,000,000	-	6,400,000	800,000	800,000	-	8,000,000	1,000,000	1,000,000	-	6,000,000	23,131,528	30,131,528
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	900	1,200
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	5,499,942	2,518,517	1,953,000	7,177,096	1,341,083	2,683,932	785,552	8,593,708	2,736,895	1,771,670	399,971	6,441,478	33,289,727	41,902,846
Refunds														
Assessment Refunds	-	1,238,834	-	-	-	-	-	-	-	-	-	-	1,238,834	1,238,834
Premium Refunds	59,306	12,111	46,702	18,579	12,683	44,978	18,739	13,984	41,307	18,414	9,141	8,940	268,389	304,884
Total Refunds	59,306	1,250,945	46,702	18,579	12,683	44,978	18,739	13,984	41,307	18,414	9,141	8,940	1,507,223	1,543,718
Expenses														
Medical Claims	1,928,839	1,999,438	2,047,458	1,990,559	1,979,445	2,041,061	2,112,313	2,015,589	2,029,452	2,059,756	2,013,026	1,987,039	18,144,154	24,203,974
Pharmacy Claims	1,207,747	1,156,955	1,169,031	1,252,631	1,216,972	1,305,070	1,246,530	1,095,919	1,070,347	1,087,264	1,151,857	1,157,980	10,721,203	14,118,303
Fixed (PMPM) Admin	79,539	77,250	77,172	77,095	77,019	76,944	76,869	76,794	76,721	76,648	76,575	76,504	695,403	925,130
Variable Admin	14,278	21,168	13,658	13,648	13,639	13,629	14,620	13,610	14,601	13,592	20,583	13,573	132,851	180,599
Salary and Benefits	44,812	33,660	32,940	32,940	32,940	32,940	32,940	32,940	32,940	32,940	32,940	33,151	309,050	408,080
Prescription Admin	1,852	1,850	1,848	1,846	1,845	1,843	1,841	1,839	1,838	1,836	1,834	1,833	16,601	22,104
Miscellaneous	10,625	6,525	9,075	6,525	8,325	7,275	27,257	7,208	9,075	15,525	8,325	23,082	91,889	138,822
Professional Fees	14,867	29,867	27,367	14,867	14,867	14,867	14,867	18,367	24,867	26,867	24,867	15,367	194,300	261,400
Total Expense	3,302,558	3,326,712	3,378,549	3,390,111	3,345,051	3,493,629	3,546,736	3,262,266	3,259,840	3,314,427	3,330,006	3,308,528	30,305,451	40,258,413
Month Ending Cash Balance	\$ 7,821,970	\$ 5,762,831	\$ 4,290,580	\$ 8,058,986	\$ 6,042,335	\$ 5,187,661	\$ 2,407,738	\$ 7,725,197	\$ 7,160,944	\$ 5,599,774	\$ 2,660,597	\$ 5,784,607		

Actual	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
Enrollment Count	1,464	1,410	1,415	1,448	1,426	1,435	1,446	1,415	1,425				12,884
Cash Balance													
BEGINNING OF MONTH	5,683,892	8,281,836	8,297,715	5,976,023	6,323,728	5,518,029	4,745,870	3,333,486	7,172,127				
Receipts													
Premium Receipts	2,379,633	463,465	1,804,956	892,938	538,497	1,829,146	771,782	445,218	1,827,650				10,953,285
Grant Revenue	-	-	-	-	-	-	-	-	-				-
Pharmacy Rebate Income	-	117,625	-	-	114,009	-	21,484	117,333	-				370,451
Claim Refunds Receipts	13,537	5,798	17,382	16,471	18,822	6,510	14,839	24,071	5,088				122,517
Assessment Receipts	3,432,332	2,035,100	-	3,549,006	2,530,924	603,144	662,452	7,230,519	1,089,635				21,133,112
Investment Income	9,077	8,241	8,502	8,065	9,420	7,851	6,981	10,215	11,621				79,972
Other Income	-	-	-	-	-	-	-	-	-				-
Total Receipts	5,834,579	2,630,229	1,830,839	4,466,480	3,211,672	2,446,651	1,477,538	7,827,356	2,933,994				32,659,337
Refunds													
Assessment Refunds	-	-	-	724,986	-	-	-	-	-				724,986
Premium Refunds	21,207	1,239	20,875	14,817	8,237	16,935	5,966	12,517	7,697				109,491
Total Refunds	21,207	1,239	20,875	739,803	8,237	16,935	5,966	12,517	7,697				834,477
Expenses													
Medical Claims	2,099,733	1,516,198	2,244,525	2,249,235	2,842,524	1,948,086	1,779,810	2,364,230	1,956,095				19,000,435
Pharmacy Claims	971,875	944,447	1,711,269	1,077,004	914,034	1,087,090	972,016	1,454,637	975,087				10,107,459
Fixed (PMPM) Admin	69,145	79,920	80,390	-	165,609	81,734	77,564	81,301	83,625				719,288
Variable Admin	16,497	10,456	13,640	-	30,850	17,427	7,973	7,385	15,880				120,108
Salary and Benefits	45,297	30,624	30,567	30,826	30,723	30,701	30,067	29,695	29,573				288,074
Prescription Admin	1,634	1,686	1,838	1,411	1,547	1,636	1,357	1,630	1,666				14,404
Miscellaneous	5,278	9,172	(207)	6,349	7,490	9,220	4,242	22,349	7,004				70,897
Professional Fees	5,970	20,607	49,635	14,148	16,356	25,981	10,925	14,973	19,366				177,959
Total Expense	3,215,428	2,613,110	4,131,656	3,378,973	4,009,133	3,201,875	2,883,955	3,976,198	3,088,296				30,498,624
Available Cash Balance	8,281,836	8,297,715	5,976,023	6,323,728	5,518,029	4,745,870	3,333,486	7,172,127	7,010,128				
Inc(Dec) in Abandoned	-	-	-	-	-	-	-	-	-				-
Property Reserve	-	-	-	-	-	-	-	-	-				-
Month Ending Cash Balance	\$ 8,281,836	\$ 8,297,715	\$ 5,976,023	\$ 6,323,728	\$ 5,518,029	\$ 4,745,870	\$ 3,333,486	\$ 7,172,127	\$ 7,010,128				

**WSHIP 2018
Budgeted Cashflow**

Variance to Budget	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
Favorable/(Unfavorable)													
Enrollment Count	37	(15)	(9)	25	4	14	26	(4)	7				85
Receipts													
Premium Receipts	1,047,014	(20,961)	(63,138)	149,781	31,164	30,012	22,239	(114,125)	175,356				1,257,342
Grant Revenue	-	-	-	-	-	-	-	-	-				-
Pharmacy Rebate Income	-	117,625	(50,000)	-	114,009	(50,000)	21,484	117,333	(50,000)				220,451
Claim Refunds Receipts	(22,159)	(28,192)	(17,425)	(17,368)	(14,828)	(28,188)	(21,070)	(10,194)	(29,413)				(188,839)
Assessment Receipts	(699,196)	35,100	-	(2,850,994)	1,730,924	(196,856)	662,452	(769,481)	89,635				(1,998,416)
Investment Income	8,977	8,141	8,402	7,965	9,320	7,751	6,881	10,115	11,521				79,072
Other Income	-	-	-	-	-	-	-	-	-				-
Total Receipts	334,636	111,712	(122,161)	(2,710,616)	1,870,589	(237,282)	691,986	(766,352)	197,098				(630,390)
Refunds													
Assessment Refunds	-	1,238,834	-	(724,986)	-	-	-	-	-				513,848
Premium Refunds	38,099	10,872	25,827	3,762	4,446	28,043	12,772	1,467	33,610				158,899
Total Refunds	38,099	1,249,706	25,827	(721,224)	4,446	28,043	12,772	1,467	33,610				672,747
Expenses													
Medical Claims	(170,894)	483,240	(197,067)	(258,675)	(863,079)	92,975	332,503	(348,641)	73,357				(856,281)
Pharmacy Claims	235,872	212,508	(542,237)	175,627	302,938	217,980	274,514	(358,717)	95,260				613,744
Fixed (PMPM) Admin	10,394	(2,670)	(3,218)	77,095	(88,590)	(4,790)	(695)	(4,507)	(6,904)				(23,885)
Variable Admin	(2,219)	10,712	18	13,648	(17,211)	(3,798)	6,647	6,225	(1,279)				12,743
Salary and Benefits	(485)	3,035	2,373	2,114	2,217	2,239	2,872	3,245	3,367				20,976
Prescription Admin	218	164	10	436	298	206	484	209	172				2,197
Miscellaneous	5,347	(2,647)	9,282	176	835	(1,945)	23,015	(15,142)	2,071				20,992
Professional Fees	8,897	9,260	(22,268)	719	(1,489)	(11,114)	23,442	3,394	5,501				16,341
Total Expense	87,130	713,601	(753,107)	11,139	(664,083)	291,754	662,781	(713,933)	171,545				(193,173)
Available Cash Balance	459,865	2,534,884	1,685,443	(1,735,258)	(524,306)	(441,791)	925,748	(553,069)	(150,816)				
Inc(Dec) in Abandoned	-	-	-	-	-	-	-	-	-				
Property Reserve	-	-	-	-	-	-	-	-	-				
Month Ending Cash Balance	459,865	2,534,884	1,685,443	(1,735,258)	(524,306)	(441,791)	925,748	(553,069)	(150,816)				

- (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 15%. Assumes an annual Medicare pharmacy claim expense trend of 0% for Basic and Basic Plus.
- (3) Assumes a Non-medicare premium rate trended at a 18% 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 (\$8.0 M), July (\$10.0 M) and November (\$7.5 M) TOTAL \$25.5 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.

WSHIP 2018
Medicare vs. Non-Medicare Cash Flow

	January	February	March	April	May	June	July	August	September	October	November	December	YTD	Historical Annual		
														2017	2016	
Medicare																
Enrollment Count	1,113	1,065	1,073	1,107	1,088	1,098	1,111	1,083	1,093					9,831		
Premiums	750,451	342,924	328,037	695,128	379,149	369,562	621,574	342,709	449,805					4,279,340		
Medical Claims	747,998	700,875	897,894	815,399	827,232	857,997	740,574	926,221	669,960					7,184,150		
RX Claims	80,135	84,195	137,724	83,988	74,962	69,582	65,772	93,438	66,170					755,967		
Total Claims	828,134	785,070	1,035,618	899,387	902,194	927,580	806,346	1,019,659	736,130	-	-	-	-	7,940,117		
Income/Loss	(77,683)	(442,146)	(707,581)	(204,259)	(523,045)	(558,017)	(184,772)	(676,950)	(286,325)	-	-	-	-	(3,660,778)		
Loss Ratio	110%	229%	316%	129%	238%	251%	130%	298%	164%					186%	201%	219%
Claims PMPM	744	737	965	812	829	845	726	942	673					808	792	871
Non Medicare																
Enrollment Count	351	345	342	341	338	337	335	332	332					3,053		
Premiums	1,629,182	120,541	1,476,919	197,810	159,348	1,459,583	150,207	102,509	1,377,845					6,673,945		
Medical Claims	1,351,735	815,323	1,346,631	1,433,836	2,015,292	1,090,089	1,039,236	1,438,009	1,286,135					11,816,286		
RX Claims	891,739	860,252	1,573,545	993,017	839,072	1,017,508	906,244	1,361,199	908,917					9,351,492		
Total Claims	2,243,475	1,675,575	2,920,175	2,426,853	2,854,364	2,107,597	1,945,480	2,799,208	2,195,052	-	-	-	-	21,167,779		
Income/Loss	(614,293)	(1,555,034)	(1,443,256)	(2,229,043)	(2,695,016)	(648,014)	(1,795,272)	(2,696,699)	(817,207)	-	-	-	-	(14,493,834)		
Loss Ratio	138%	1390%	198%	1227%	1791%	144%	1295%	2731%	159%					317%	434%	570%
Claims PMPM	6,392	4,857	8,539	7,117	8,445	6,254	5,807	8,431	6,612					6,933	6,340	5,907
Combined Medicare/Non Medicare																
Enrollment Count	1,464	1,410	1,415	1,448	1,426	1,435	1,446	1,415	1,425	-	-	-	-	12,884		
Premiums	2,379,633	463,465	1,804,956	892,938	538,497	1,829,146	771,782	445,218	1,827,650	-	-	-	-	10,953,284		
Medical Claims	2,099,733	1,516,198	2,244,525	2,249,235	2,842,524	1,948,086	1,779,810	2,364,230	1,956,095	-	-	-	-	19,000,439		
RX Claims	971,875	944,447	1,711,269	1,077,004	914,034	1,087,090	972,016	1,454,637	975,087	-	-	-	-	10,107,459		
Total Claims	3,071,608	2,460,645	3,955,793	3,326,239	3,756,558	3,035,177	2,751,826	3,818,867	2,931,182	-	-	-	-	29,107,898		
Income/Loss	(691,975)	(1,997,180)	(2,150,837)	(2,433,301)	(3,218,061)	(1,206,031)	(1,980,044)	(3,373,649)	(1,103,533)	-	-	-	-	(18,154,614)		
Loss Ratio	129%	531%	219%	373%	698%	166%	357%	858%	160%					266%	333%	402%
Claims PMPM	2,098	1,745	2,796	2,297	2,634	2,115	1,903	2,699	2,057					2,259	2,235	2,355

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 2018 Cash Flow Forecast

Forecast - Updated 09/30/2018

	Actual (bold)										Forecast		TOTAL
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	
Enrollment:													
Non-Medicare Enrollment	351	345	342	341	338	337	335	332	332	329	327	325	4,034
Medicare Enrollment (Basic and Basic+)	1,113	1,065	1,073	1,107	1,088	1,098	1,111	1,083	1,093	1,117	1,119	1,121	13,188
Total Enrollment Count	1,464	1,410	1,415	1,448	1,426	1,435	1,446	1,415	1,425	1,446	1,446	1,446	17,222
Cash Balance													
BEGINNING OF MONTH	5,683,892	8,281,836	8,297,715	5,976,023	6,323,728	5,518,029	4,745,870	3,333,486	7,172,127	7,010,128	5,765,602	2,976,491	
Receipts													
Premium Receipts	2,379,633	463,465	1,804,956	892,938	538,497	1,829,146	771,782	445,218	1,827,650	732,493	377,324	369,017	12,432,119
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Pharmacy Rebate Income	-	117,625	-	-	114,009	-	21,484	117,333	-	-	-	100,000	470,451
Claim Refunds Receipts	13,537	5,798	17,382	16,471	18,822	6,510	14,839	24,071	5,088	38,841	32,003	31,048	224,411
Assessment Receipts	3,432,332	2,035,100	-	3,549,006	2,530,924	603,144	662,452	7,230,519	1,089,635	1,484,568	-	6,800,000	29,417,680
Investment Income	9,077	8,241	8,502	8,065	9,420	7,851	6,981	10,215	11,621	100	100	100	80,272
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	5,834,579	2,630,229	1,830,839	4,466,480	3,211,672	2,446,651	1,477,538	7,827,356	2,933,994	2,256,003	409,427	7,300,165	42,624,932
Refunds													
Assessment Refunds	-	-	-	724,986	-	-	-	-	-	-	-	-	724,986
Premium Refunds	21,207	1,239	20,875	14,817	8,237	16,935	5,966	12,517	7,697	18,312	9,433	9,225	146,462
Total Refunds	21,207	1,239	20,875	739,803	8,237	16,935	5,966	12,517	7,697	18,312	9,433	9,225	871,448
Expenses													
Medical Claim Expense	2,099,733	1,516,198	2,244,525	2,249,235	2,842,524	1,948,086	1,779,810	2,364,230	1,956,095	2,284,784	1,882,542	1,826,367	24,994,128
Pharmacy Claim Expense	971,875	944,447	1,711,269	1,077,004	914,034	1,087,090	972,016	1,454,637	975,087	1,030,025	1,141,440	1,061,229	13,340,153
PMPM Administrative Expense	69,145	79,920	80,390	-	165,609	81,734	77,564	81,301	83,625	76,648	76,575	76,504	949,015
Variable Administrative Expense	16,497	10,456	13,640	-	30,850	17,427	7,973	7,385	15,880	13,592	20,583	13,573	167,856
Salary and Benefits Expense	45,297	30,624	30,567	30,826	30,723	30,701	30,067	29,695	29,573	32,940	32,940	33,151	387,104
Prescription Administrative Expense	1,634	1,686	1,838	1,411	1,547	1,636	1,357	1,630	1,666	1,836	1,834	1,833	19,908
Miscellaneous Expense	5,278	9,172	(207)	6,349	7,490	9,220	4,242	22,349	7,004	15,525	8,325	23,082	117,829
Professional Fees	5,970	20,607	49,635	14,148	16,356	25,981	10,925	14,973	19,366	26,867	24,867	15,367	245,058
Total Expense	3,215,428	2,613,110	4,131,656	3,378,973	4,009,133	3,201,875	2,883,955	3,976,198	3,088,296	3,482,216	3,189,106	3,051,105	40,221,051
Available Cash Balance	8,281,836	8,297,715	5,976,023	6,323,728	5,518,029	4,745,870	3,333,486	7,172,127	7,010,128	5,765,602	2,976,491	7,216,325	
Inc(Dec) in Abandoned Property Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Month Ending Cash Balance	8,281,836	8,297,715	5,976,023	6,323,728	5,518,029	4,745,870	3,333,486	7,172,127	7,010,128	5,765,602	2,976,491	7,216,325	

(1) Assumes a Non-medicare medical claim expense trend of 6.5%. Assumes annual Medicare medical claim expense trended with no increase.

(2) Assumes a Non-medicare pharmacy claim expense trend of 8%. Assumes an annual Medicare pharmacy claim expense trended with no increase.

(3) Assumes a Non-medicare premium rate trended at a 6% increase. Assumes a Medicare premium rate increase of 3% for Basic and 4% for Basic Plus.

(4) Non-medicare enrollment projected to decrease by 2 members per month. Medicare Basic enrollment projected to increase 4 members per month, while Medicare Basic+ projected to drop 2 members per month.

(5) Assumes assessments on March (\$7.0 M), July (\$10.0 M) and November (\$8.5 M) TOTAL \$25.5 M

(6) 4-Week expense allowance is \$3.0 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 2019 Cash Flow Forecast

Forecast - Updated 09/30/2018

	Forecast												TOTAL
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	
Enrollment:													
Non-Medicare Enrollment	316	314	312	310	308	306	304	303	301	299	297	295	3,666
Medicare Enrollment (Basic and Basic+)	1,123	1,125	1,127	1,129	1,131	1,133	1,135	1,137	1,139	1,141	1,143	1,145	13,608
Total Enrollment Count	1,439	1,439	1,439	1,439	1,439	1,439	1,439	1,440	1,440	1,440	1,440	1,440	17,274
Cash Balance													
BEGINNING OF MONTH	7,216,325	6,997,089	5,028,300	3,377,429	7,729,295	5,892,768	5,610,876	3,157,970	7,757,667	7,324,248	5,820,349	3,076,479	
Receipts													
Premium Receipts	2,190,183	500,663	1,930,710	768,066	524,338	1,859,439	774,666	578,092	1,707,677	761,243	377,905	369,585	12,342,568
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Pharmacy Rebate Income	-	-	100,000	-	-	100,000	-	-	100,000	-	-	100,000	400,000
Claim Refunds Receipts	33,675	34,235	40,267	34,738	35,292	31,280	32,589	33,216	33,600	33,666	31,707	30,778	405,045
Assessment Receipts	850,000	850,000	-	6,800,000	850,000	850,000	-	7,200,000	900,000	900,000	-	7,200,000	26,400,000
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	3,073,958	1,384,999	2,071,077	7,602,904	1,409,730	2,840,819	807,356	7,811,408	2,741,378	1,695,009	409,712	7,700,463	39,548,813
Refunds													
Assessment Refunds	-	-	-	-	-	-	-	-	-	-	-	-	-
Premium Refunds	54,755	12,517	48,268	19,202	13,108	46,486	19,367	14,452	42,692	19,031	9,448	9,240	308,564
Total Refunds	54,755	12,517	48,268	19,202	13,108	46,486	19,367	14,452	42,692	19,031	9,448	9,240	308,564
Expenses													
Medical Claim Expense	1,980,871	2,013,853	2,368,660	2,043,424	2,076,029	1,839,994	1,917,029	1,953,870	1,976,498	1,980,357	1,865,135	1,810,470	23,826,190
Pharmacy Claim Expense	1,086,330	1,178,522	1,122,388	1,032,745	1,006,366	1,086,741	1,144,090	1,091,154	993,085	1,034,061	1,113,650	1,035,529	12,924,662
PMPM Administrative Expense	78,174	77,709	77,693	77,678	77,663	77,649	77,635	77,622	77,609	77,597	77,586	77,575	932,190
Variable Administrative Expense	14,937	14,338	20,839	15,340	14,341	14,342	14,343	14,344	15,346	14,347	22,849	14,350	189,710
Salary and Benefits Expense	43,774	31,898	31,898	31,898	31,898	31,898	32,064	32,064	32,064	32,064	32,064	32,282	395,866
Prescription Administrative Expense	1,862	1,861	1,861	1,861	1,861	1,861	1,860	1,860	1,860	1,860	1,860	1,859	22,325
Miscellaneous Expense	7,775	5,875	8,425	5,875	7,775	6,525	26,657	6,629	8,425	14,875	7,775	23,122	129,733
Professional Fees	24,717	17,217	41,917	23,017	17,217	17,217	27,217	19,717	27,217	24,717	23,217	17,217	280,600
Total Expense	3,238,439	3,341,272	3,673,680	3,231,837	3,233,148	3,076,226	3,240,895	3,197,259	3,132,104	3,179,877	3,144,135	3,012,404	38,701,276
Available Cash Balance	6,997,089	5,028,300	3,377,429	7,729,295	5,892,768	5,610,876	3,157,970	7,757,667	7,324,248	5,820,349	3,076,479	7,755,298	
Inc(Dec) in Abandoned Property Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Month Ending Cash Balance	6,997,089	5,028,300	3,377,429	7,729,295	5,892,768	5,610,876	3,157,970	7,757,667	7,324,248	5,820,349	3,076,479	7,755,298	

- (1) Assumes a Non-medicare medical claim expense trend of 6.5%. Assumes annual Medicare medical claim expense trended with no increase.
- (2) Assumes a Non-medicare pharmacy claim expense trend of 8%. Assumes an annual Medicare pharmacy claim expense trended with no increase.
- (3) Assumes a Non-medicare premium rate trended at a 6% increase. Assumes a Medicare premium rate increase of 3% for Basic and 4% for Basic Plus.
- (4) Non-medicare enrollment projected to decrease by 2 members per month. Medicare Basic enrollment projected to increase 4 members per month, while Medicare Basic+ projected to drop 2 members per month.
- (5) Assumes assessments on March (\$8.5 M), July (\$9.0 M) and November (\$9.0 M) TOTAL \$26.5 M
- (6) 4-Week expense allowance is \$3.0 M based upon the actual data for the 12-month period ending in Dec of 2019.
- (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 Administrative Expense
Budget Variance Analysis**

Budget	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Member Months: (1)													
Non-Medicare	342	339	337	335	333	331	329	327	325	323	321	319	3,963
Medicare Basic	904	907	910	913	916	919	922	925	928	931	934	937	11,046
Medicare Basic Plus	181	179	177	175	173	171	169	167	165	163	161	159	2,040
Total Membership	1,427	1,425	1,424	1,423	1,422	1,421	1,420	1,419	1,418	1,417	1,416	1,415	17,049
PMPM Administrative Expense (2)	79,539	77,250	77,172	77,095	77,019	76,944	76,869	76,794	76,721	76,648	76,575	76,504	925,130
Variable Administrative Expense (3)	14,278	21,168	13,658	13,648	13,639	13,629	14,620	13,610	14,601	13,592	20,583	13,573	180,599
Salary and Benefits Expense (4)	44,812	33,660	32,940	32,940	32,940	32,940	32,940	32,940	32,940	32,940	32,940	33,151	408,080
RX Benefit Management Fees	1,852	1,850	1,848	1,846	1,845	1,843	1,841	1,839	1,838	1,836	1,834	1,833	22,104
Miscellaneous Expense (5)	10,625	6,525	9,075	6,525	8,325	7,275	27,257	7,208	9,075	15,525	8,325	23,082	138,822
Professional Fees (6)	14,867	29,867	27,367	14,867	14,867	14,867	34,367	18,367	24,867	26,867	24,867	15,367	261,400
Total Budget Operating Expenses	\$165,972	\$170,319	\$162,059	\$146,921	\$148,634	\$147,497	\$187,893	\$150,757	\$160,041	\$167,407	\$165,124	\$163,510	\$1,936,135
Actual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
Member Months: (1)													
Non-Medicare	351	345	342	341	338	337	335	332	332				3,053
Medicare Basic	931	886	894	929	910	920	933	910	921				8,234
Medicare Basic Plus	182	179	179	178	178	178	178	173	172				1,597
Total Membership	1,464	1,410	1,415	1,448	1,426	1,435	1,446	1,415	1,425	-	-	-	12,884
PMPM Administrative Expense (2)	69,145	79,920	80,390	-	165,609	81,734	77,564	81,301	83,625				\$719,288
Variable Administrative Expense (3)	16,497	10,456	13,640	-	30,850	17,427	7,973	7,385	15,880				\$120,108
Salary and Benefits Expense (4)	45,297	30,624	30,567	30,826	30,723	30,701	30,067	29,695	29,573				\$288,074
RX Benefit Management Fees	1,634	1,686	1,838	1,411	1,547	1,636	1,357	1,630	1,666				\$14,404
Miscellaneous Expense (5)	5,278	9,172	(207)	6,349	7,490	9,220	4,242	22,349	7,004				\$70,897
Professional Fees (6)	5,970	20,607	49,635	14,148	16,356	25,981	10,925	14,973	19,366				\$177,959
Total Actual Operating Expenses	\$143,820	\$152,466	\$175,862	\$52,733	\$252,575	\$166,699	\$132,129	\$157,332	\$157,114	\$0	\$0	\$0	\$1,390,730
Variance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
Member Months: (1)													
Non-Medicare	9	6	5	6	5	6	6	5	7				53
Medicare Basic	27	(21)	(16)	16	(6)	1	11	(15)	(7)				(10)
Medicare Basic Plus	1	-	2	3	5	7	9	6	7				40
Total Membership	37	(15)	(9)	25	4	14	26	(4)	7	-	-	-	83
PMPM Administrative Expense (2)	10,394	(2,670)	(3,218)	77,095	(88,590)	(4,790)	(695)	(4,507)	(6,904)				(\$23,885)
Variable Administrative Expense (3)	(2,219)	10,712	18	13,648	(17,211)	(3,798)	6,647	6,225	(1,279)				\$12,743
Salary and Benefits Expense (4)	(485)	3,035	2,373	2,114	2,217	2,239	2,872	3,245	3,367				\$20,976
RX Benefit Management Fees	218	164	10	436	298	206	484	209	172				\$2,197
Miscellaneous Expense (5)	5,347	(2,647)	9,282	176	835	(1,945)	23,015	(15,142)	2,071				\$20,992
Professional Fees (6)	8,897	9,260	(22,268)	719	(1,489)	(11,114)	23,442	3,394	5,501				\$16,341
Total Variance Expenses	\$22,152	\$17,854	(\$13,803)	\$94,187	(\$103,941)	(\$19,202)	\$55,764	(\$6,575)	\$2,928	\$0	\$0	\$0	\$49,364

Notes:

- (1) Assumes the Non-medicare membership decreases by 2 member per month. Assumes Medicare Basic membership increases by 3 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:
 - \$37,000 of insurance expenses (D&O, E&O and general liability).
 - \$47,800 for WSHIP Board meeting expenses and travel costs.
 - \$32,600 for bank fees.
 - \$21,300 for phone, conference lines and other office expenses.
- (6) Professional fees includes:
 - \$100,000 of actuarial expenses which covers IBNR calculations, premium rate development, forecast updates and actuarial studies.
 - \$70,000 of legal expenses.
 - \$70,000 of consulting expenses (including IRO).
 - \$22,000 of auditing expenses.

WSHIP Financial Performance

CASH BASIS	Month Ending September 30, 2018			
	Projected	Actual	Variance	% Change
Membership	1,418	1,425	7	0.5%
Avg Premium Receipt PMPM	\$1,136	\$1,277	\$141	12.4%
Avg Medical Claim Expense PMPM	\$1,407	\$1,369	\$38	2.7%
Avg Pharmacy Claim Expense PMPM	\$755	\$684	\$71	9.4%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,026)	(\$776)	\$250	24.4%
Avg Premium Receipt Less Avg Claim Expense Total	(\$1,454,868)	(\$1,105,800)	\$349,068	24.0%
Variance Due to Changes in Membership			(\$5,432)	
Variance Due to Changes in Claim Expenses			\$354,500	

CASH BASIS	Year-To-Date September 30, 2018			
	Projected	Actual	Variance	% Change
Member Months	12,799	12,884	85	0.7%
Avg Premium Receipt PMPM	\$737	\$842	\$105	14.2%
Avg Medical Claim Expense PMPM	\$1,393	\$1,465	\$72	5.2%
Avg Pharmacy Claim Expense PMPM	\$838	\$784	(\$54)	-6.4%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,494)	(\$1,407)	\$87	5.8%
Avg Premium Receipt Less Avg Claim Expense Total	(\$19,121,706)	(\$18,127,788)	\$993,918	5.2%
Variance Due to Changes in Membership			(\$119,595)	
Variance Due to Changes in Claim Expenses			\$1,113,513	

INCURRED BASIS	Year-To-Date September 30, 2018	Year-To-Date September 30, 2017
	Actual	Actual - Prior Year
Member Months	12,884	11,682
Avg Premium Income PMPM	\$717	\$711
Avg Medical Claim Expense PMPM (1)	\$1,525	\$1,464
Avg Pharmacy Claim Expense PMPM (2)	\$783	\$903
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,591)	(\$1,656)
Avg Premium Receipt Less Avg Claim Expense Total	(\$20,498,444)	(\$19,345,392)

(1) Incurred medical claims data totals \$19,645,617 which is derived from \$15,488,617 actual paid claims with dates of service between 01-01-18 and 09-30-18 and \$4,157,000 IBNR reserve.

(2) Incurred pharmacy claims data totals \$10,085,664 which is derived from \$9,598,664 actual paid claims with dates of service between 01-01-18 and 09-30-18 and \$487,000 IBNR reserve.