

**Washington State Health Insurance Pool
Treasurer's Report
September 2019 Financial Review**

1. 2019 Interim II Assessment Required

An assessment of \$10.5 M is required to adequately fund the pool until the next scheduled assessment in November 2019. This assessment was approved by the Board of Directors on May 8, 2019 and generated on July 22, 2019 with invoices due August 22, 2019 except for the carriers who have installment payment arrangements, at which point the invoices are due in total by October 22, 2019. As of October 21, 2019, \$9.8 M of assessment have been collected.

2. Financial Statements – September 2019

Balance Sheet

Cash on hand decreased by \$851 K or 8.9% from August 2019 to September 2019. The current cash position is \$8.7 M, which is above our current 4-week expense allowance of \$3.0 M. As of the end of September 2019, the entire \$5.5 M of cash is fully secured either through the FDIC insurance or by collateralized securities pledged by KeyBank. Cash position is discussed further in the Budgeted Cash Flow section below.

Total IBNR as of September 2019 is \$5.4 M. This is an increase of \$209 K or 4% from the prior month. Medical IBNR increased \$140 K or 2.8% and pharmacy IBNR increased \$69 K or 27.1% from August 2019.

As of September 2019, the equity position of WSHIP is a positive \$2.4 M.

Income Statement

Total member months for September 2019 YTD are lower by 335 member months or 2.6% lower than September 2018 YTD. Member months are measured as the cumulative monthly member count (PMPM) over a period of time. The total incurred claim loss for September 2019 YTD is \$1.7 M or 5.7% lower than September 2018 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 2019 YTD, the medical claims portion is \$1.5 M or 7.6% lower than September 2018 YTD, and the pharmacy claims portion is \$188 K or 1.9% lower than September 2018 YTD.

September 2019 YTD administrative expenses are \$128 K or 9.0% lower than the administrative expenses for September 2018 YTD. The ratio of administrative expenses as a percentage of total cost is 4.6% for September 2019 YTD as

compared to 4.7% 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 2019

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

The ending cash balance of \$8.7 M is \$1.2 M or 15.4% higher than the budgeted cash balance of \$7.5 M. Total net cash receipts for September 2019 YTD are \$52 K or 1.9% unfavorable to budget. Total YTD expenses for September 2019 YTD are \$454 K or 1.5% favorable to budget. The YTD administrative expenses are \$172 K or 11.6% favorable to budget. Total YTD medical claims expense is \$212 K or 1.2% favorable to budget; while total YTD pharmacy claims expense is \$70 K or 0.7% favorable to budget.

4. Medicare vs. Non-Medicare Cash Flow – September 2019

As of September, the YTD Medicare member months total 9,827 and represent 78.3% of the combined WSHIP member months. The YTD Non-Medicare member months total 2,722 and account for 21.7% of the combined WSHIP member months. The YTD Medicare Loss Ratio is 206% while the YTD Non-Medicare Loss Ratio is 385%. On a cash basis, the YTD Claims PMPM is \$849 for Medicare members and \$7,084 for Non-Medicare members.

5. Cash Flow Forecast – 2019

The 2019 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 2019 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 2019. For October 2019, preliminary figures for the key financial drivers (Premium Receipts, Assessment Receipts and Refunds, Medical Claims and Pharmacy Claims Expenses) are reported.

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 \$27.5 M which is a \$2.0 M or 7.9% increase from the 2018 assessment of \$25.5 M.

6. Cash Flow Forecast – 2020

Included in this month's financial packet is a draft of the 2020 cash flow forecast. Assumptions are noted on this schedule as well as the 2020 assessment projection. To ensure adequate funding the current 2020 forecast is projecting an assessment of \$25.5 M.

7. Administrative Expense Budget

For September 2019, YTD administrative expenses are \$172 K or 11.6% favorable to budget (cash basis).

8. Financial Performance

September 2019 YTD member months are 3.1% lower than expected, average premium receipt PMPM is 1.3% lower than expected, average medical claims expense PMPM is 2.1% higher than expected and average pharmacy claims expense PMPM is 2.5% high than anticipated.

On an incurred basis, the average YTD medical claims expense PMPM is \$1,527 as compared to \$1,408 on a cash basis. Also, on an incurred basis, the average YTD pharmacy claims expense PMPM is \$752 as compared to \$771 on a cash basis.

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Balance Sheet as of September 30, 2019

	<u>2019</u>	<u>2018</u>
Assets:		
Cash	\$ 8,722,285	\$ 7,010,128
Premiums Receivable	34,211	17,195
Assessments Receivable	1,391,087	1,484,568
Grants Receivable	-	-
Prepaid Expense	-	-
Total Assets	<u>\$ 10,147,583</u>	<u>\$ 8,511,891</u>
 Liabilities and Unassigned Surplus:		
Reserve for Unpaid Losses - Medical	\$ 5,082,000	\$ 4,157,000
Reserve for Unpaid Losses - Pharmacy	324,000	487,000
Accrued Loss Adjustment	287,000	308,000
Premiums Received in Advance	1,902,268	1,827,474
Assessments Payable	-	-
Accrued Expenses	119,091	137,136
Abandoned Claim Reserve	-	2,084
Total Liabilities	<u>\$ 7,714,359</u>	<u>\$ 6,918,693</u>
Unassigned Surplus	2,433,225	1,593,198
Total Liabilities and Unassigned Surplus	<u>\$ 10,147,583</u>	<u>\$ 8,511,891</u>

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Statement of Operations January 1 to September 30

	<u>2019</u>	<u>2018</u>
Total Member Months	12,549	12,884
Premium Income Earned	\$ 8,985,052	\$ 9,243,670
Pharmacy Rebate Income	354,076	370,451
Grant Income	-	-
Incurred Claim Loss - Medical	\$ 17,922,630	19,392,935
Incurred Claim Loss - Pharmacy	9,671,235	9,859,442
Total Incurred Claim Loss	<u>27,593,866</u>	<u>29,252,377</u>
Operating Expenses:		
Fixed (PMPM) Administrative Expense	\$ 719,926	\$ 733,314
Variable Administrative Expense	72,642	113,782
Salary and Benefit Expense	293,293	285,463
Prescription Administrative Expense	8,705	16,054
Miscellaneous Expense	67,798	87,128
Professional Fee Expense	137,069	191,782
Total Operating Expenses	<u>\$ 1,299,434</u>	<u>\$ 1,427,523</u>
Underwriting Gain (Loss)	(19,554,172)	(21,065,780)
Investment Income	109,495	79,972
Other Income	-	-
Changes to Unassigned Surplus	<u>\$ (19,444,677)</u>	<u>\$ (20,985,808)</u>

WASHINGTON STATE HEALTH INSURANCE POOL

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

	<u>2019</u>	<u>2018</u>
Unassigned Surplus at Beginning of Year	\$ 2,377,902	\$ 5,579,006
Changes to Unassigned Surplus	(19,444,677)	(20,985,808)
Member Assessments	19,500,000	17,000,000
Unassigned Surplus	<u>\$ 2,433,225</u>	<u>\$ 1,593,198</u>

**Washington State Health Insurance Pool
2019 Budgeted Cashflow**

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	SEPTEMBER YTD	TOTAL
Budget														
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	12,953	17,274
Cash Balance														
BEGINNING OF MONTH	4,023,437	6,757,262	4,788,394	3,129,444	7,881,232	6,086,629	5,854,659	3,393,676	7,993,297	7,559,803	6,055,829	3,311,884		
Receipts														
Premium Receipts	1,340,183	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	9,983,835	11,492,568
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pharmacy Rebate Income	-	-	100,000	-	-	100,000	-	-	100,000	-	-	100,000	300,000	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	308,894	405,045
Assessment Receipts	4,631,893	850,000	-	7,200,000	900,000	900,000	-	7,200,000	900,000	900,000	-	6,800,000	22,581,893	30,281,893
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	900	1,200
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	6,005,851	1,384,999	2,071,077	8,002,904	1,459,730	2,890,819	807,356	7,811,408	2,741,378	1,695,009	409,712	7,300,463	33,175,522	42,580,706
Refunds														
Assessment Refunds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Premium Refunds	33,505	12,517	48,268	19,202	13,108	46,486	19,367	14,452	42,692	19,031	9,448	9,240	249,596	287,315
Total Refunds	33,505	12,517	48,268	19,202	13,108	46,486	19,367	14,452	42,692	19,031	9,448	9,240	249,596	287,315
Expenses														
Medical Claims	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	18,170,227	23,826,190
Pharmacy Claims	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	9,741,422	12,924,662
Fixed (PMPM) Admin	78,255	77,788	77,772	77,756	77,740	77,726	77,712	77,698	77,685	77,672	77,660	77,649	700,132	933,113
Variable Admin	14,937	14,338	20,839	15,340	14,341	14,342	14,343	14,344	15,346	14,347	22,849	14,350	138,166	189,711
Salary and Benefits	43,774	31,898	31,898	31,898	31,898	31,898	32,064	32,064	32,064	32,064	32,064	32,282	299,455	395,866
Prescription Admin	1,862	1,861	1,861	1,861	1,861	1,860	1,860	1,860	1,860	1,860	1,860	1,859	16,747	22,326
Miscellaneous	7,775	5,875	8,425	5,875	7,775	6,525	26,657	6,629	8,425	14,875	7,775	21,993	83,961	128,604
Professional Fees	24,717	17,217	49,917	23,017	25,217	17,217	35,217	19,717	27,217	24,717	23,217	17,217	239,450	304,600
Total Expense	3,238,521	3,341,351	3,681,759	3,231,915	3,241,225	3,076,303	3,248,972	3,197,335	3,132,180	3,179,952	3,144,209	3,011,349	29,389,560	38,725,070
Month Ending Cash Balance	\$ 6,757,262	\$ 4,788,394	\$ 3,129,444	\$ 7,881,232	\$ 6,086,629	\$ 5,854,659	\$ 3,393,676	\$ 7,993,297	\$ 7,559,803	\$ 6,055,829	\$ 3,311,884	\$ 7,591,758		

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD	
Actual														
Enrollment Count	1,396	1,381	1,383	1,404	1,369	1,385	1,410	1,405	1,416				12,549	
Cash Balance														
BEGINNING OF MONTH	4,023,437	7,253,817	4,550,531	3,270,972	5,767,098	7,327,729	7,843,187	5,055,043	9,573,338					
Receipts														
Premium Receipts	976,066	380,221	1,637,297	1,072,255	371,794	1,864,347	815,622	524,592	1,801,634				9,443,828	
Grant Revenue	-	-	-	-	-	-	-	-	-				-	
Pharmacy Rebate Income	-	122,239	-	37,345	114,935	-	-	79,557	-				354,076	
Claim Refunds Receipts	18,284	11,404	153,844	10,103	32,096	-	49,949	2,263	8,361				286,304	
Assessment Receipts	6,460,545	1,970	-	4,474,228	3,857,079	668,693	759,828	7,528,318	820,767				24,571,428	
Investment Income	13,508	11,761	8,110	10,515	13,353	12,851	11,689	11,710	15,998				109,495	
Other Income	-	-	-	-	-	1,265,134	(1,265,134)	-	-				-	
Total Receipts	7,468,402	527,595	1,799,252	5,604,446	4,389,256	3,811,025	371,953	8,146,440	2,646,760	-	-	-	34,765,130	
Refunds														
Assessment Refunds	990,915	-	-	-	-	-	-	-	-				990,915	
Premium Refunds	7,150	35,474	5,953	860	34,240	-	38,346	17,980	-				140,002	
Total Refunds	998,065	35,474	5,953	860	34,240	-	38,346	17,980	-	-	-	-	1,130,917	
Expenses														
Medical Claims	2,118,688	1,688,206	1,988,367	1,956,211	1,699,515	2,339,789	1,927,939	1,885,608	2,353,610				17,957,934	
Pharmacy Claims	980,258	1,357,357	921,902	1,003,317	959,437	825,157	1,066,724	1,548,514	1,008,568				9,671,235	
Fixed (PMPM) Admin	83,778	80,847	83,072	81,144	77,375	83,458	78,353	78,152	78,711				724,889	
Variable Admin	8,645	12,816	14,764	4,754	7,474	3,261	7,467	7,651	6,138				72,968	
Salary and Benefits	31,061	30,788	31,254	42,994	30,868	31,221	30,699	32,009	30,114				291,007	
Prescription Admin	1,178	840	1,122	1,023	1,069	645	992	2,020	994				9,883	
Miscellaneous	3,508	8,072	3,054	5,851	7,799	8,391	2,837	22,970	5,870				68,351	
Professional Fees	12,841	16,481	29,323	12,166	10,850	3,646	6,741	33,241	13,807				139,097	
Total Expense	3,239,957	3,195,407	3,072,859	3,107,460	2,794,386	3,295,567	3,121,751	3,610,165	3,497,812	-	-	-	28,935,365	
Available Cash Balance	7,253,817	4,550,531	3,270,972	5,767,098	7,327,729	7,843,187	5,055,043	9,573,338	8,722,285	-	-	-		
Inc(Dec) in Abandoned Property Reserve														
Month Ending Cash Balance	\$ 7,253,817	\$ 4,550,531	\$ 3,270,972	\$ 5,767,098	\$ 7,327,729	\$ 7,843,187	\$ 5,055,043	\$ 9,573,338	\$ 8,722,285	\$ -	\$ -	\$ -		

Washington State Health Insurance Pool 2019 Budgeted Cashflow

Variance to Budget	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
Favorable/(Unfavorable)													
Enrollment Count	(43)	(58)	(56)	(35)	(70)	(54)	(29)	(35)	(24)				(404)
Receipts													
Premium Receipts	(364,117)	(120,442)	(293,412)	304,189	(152,544)	4,908	40,956	(53,499)	93,956				(540,006)
Grant Revenue	-	-	-	-	-	-	-	-	-				-
Pharmacy Rebate Income	-	122,239	(100,000)	37,345	114,935	(100,000)	-	79,557	(100,000)				54,076
Claim Refunds Receipts	(15,391)	(22,831)	113,577	(24,635)	(3,197)	(31,280)	17,359	(30,952)	(25,239)				(22,590)
Assessment Receipts	1,828,652	(848,030)	-	(2,725,772)	2,957,079	(231,307)	759,828	328,318	(79,233)				1,989,535
Investment Income	13,408	11,661	8,010	10,415	13,253	12,751	11,589	11,610	15,898				108,595
Other Income	-	-	-	-	-	1,265,134	(1,265,134)	-	-				-
Total Receipts	1,462,551	(857,404)	(271,825)	(2,398,458)	2,929,526	920,206	(435,403)	335,033	(94,618)				1,589,609
Refunds													
Assessment Refunds	(990,915)	-	-	-	-	-	-	-	-				(990,915)
Premium Refunds	26,355	(22,957)	42,315	18,342	(21,131)	46,486	(18,980)	(3,528)	42,692				109,594
Total Refunds	(964,560)	(22,957)	42,315	18,342	(21,131)	46,486	(18,980)	(3,528)	42,692				(881,321)
Expenses													
Medical Claims	(137,817)	325,647	380,292	87,213	376,514	(499,795)	(10,910)	68,262	(377,112)				212,293
Pharmacy Claims	106,072	(178,835)	200,486	29,428	46,929	261,584	77,366	(457,361)	(15,483)				70,186
Fixed (PMPM) Admin	(5,523)	(3,059)	(5,300)	(3,388)	365	(5,732)	(641)	(454)	(1,026)				(24,757)
Variable Admin	6,292	1,522	6,075	10,586	6,867	11,081	6,876	6,692	9,208				65,198
Salary and Benefits	12,713	1,110	643	(11,096)	1,030	677	1,366	55	1,950				8,448
Prescription Admin	684	1,021	739	838	792	1,216	868	(160)	866				6,864
Miscellaneous	4,267	(2,197)	5,371	24	(24)	(1,866)	23,820	(16,341)	2,555				15,609
Professional Fees	11,876	735	20,593	10,851	14,366	13,571	28,476	(13,524)	13,409				100,353
Total Expense	(1,436)	145,943	608,900	124,455	446,839	(219,264)	127,221	(412,830)	(365,632)				454,195
Available Cash Balance	496,555	(237,862)	141,528	(2,114,134)	1,241,101	1,988,528	1,661,367	1,580,041	1,162,483				
Inc(Dec) in Abandoned Property Reserve													
Month Ending Cash Balance	496,555	(237,862)	141,528	(2,114,134)	1,241,101	1,988,528	1,661,367	1,580,041	1,162,483				

- (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 (\$9.0 M), July (\$9.0 M) and November (\$8.5 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 2019 Cash Flow Forecast

Forecast - Updated 09/30/19

	ACTUAL									Forecast			TOTAL
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	
Enrollment:													
Non-Medicare Enrollment	308	304	304	305	300	303	300	298	300	298	296	294	3,610
Medicare Enrollment (Basic and Basic+)	1,088	1,077	1,079	1,099	1,069	1,082	1,110	1,107	1,116	1,122	1,128	1,134	13,211
Total Enrollment Count	1,396	1,381	1,383	1,404	1,369	1,385	1,410	1,405	1,416	1,420	1,424	1,428	16,821
Cash Balance													
BEGINNING OF MONTH	4,023,437	7,253,817	4,550,531	3,270,972	5,767,098	7,327,729	7,843,187	5,055,043	9,573,338	8,722,285	6,949,597	4,626,491	
Receipts													
Premium Receipts	976,066	380,221	1,637,297	1,072,255	371,794	1,864,347	815,622	524,592	1,801,634	792,172	1,009,442	1,007,725	12,253,168
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Pharmacy Rebate Income	-	122,239	-	37,345	114,935	-	-	79,557	-	-	-	100,000	454,076
Claim Refunds Receipts	18,284	11,404	153,844	10,103	32,096	-	49,949	2,263	8,361	37,441	36,908	37,027	397,680
Assessment Receipts	6,460,545	1,970	-	4,474,228	3,857,079	668,693	759,828	7,528,318	820,767	733,737	-	6,400,000	31,705,165
Investment Income	13,508	11,761	8,110	10,515	13,353	12,851	11,689	11,710	15,998	100	100	100	109,795
Other Income	-	-	-	-	-	1,265,134	(1,265,134)	-	-	-	-	-	-
Total Receipts	7,468,402	527,595	1,799,252	5,604,446	4,389,256	3,811,025	371,953	8,146,440	2,646,760	1,563,451	1,046,450	7,544,852	44,919,882
Refunds													
Assessment Refunds	990,915	-	-	-	-	-	-	-	-	-	-	-	990,915
Premium Refunds	7,150	35,474	5,953	860	34,240	0	38,346	17,980	0	19,804	25,236	25,193	210,236
Total Refunds	998,065	35,474	5,953	860	34,240	0	38,346	17,980	0	19,804	25,236	25,193	1,201,151
Expenses													
Medical Claim Expense	2,118,688	1,688,206	1,988,367	1,956,211	1,699,515	2,339,789	1,927,939	1,885,608	2,353,610	2,202,429	2,171,042	2,178,052	24,509,458
Pharmacy Claim Expense	980,258	1,357,357	921,902	1,003,317	959,437	825,157	1,066,724	1,548,514	1,008,568	948,371	1,007,854	1,053,864	12,681,325
PMPM Administrative Expense	83,778	80,847	83,072	81,144	77,375	83,458	78,353	78,152	78,711	77,672	77,660	77,649	957,870
Variable Administrative Expense	8,645	12,816	14,764	4,754	7,474	3,261	7,467	7,651	6,138	14,347	22,849	14,350	124,512
Salary and Benefits Expense	31,061	30,788	31,254	42,994	30,868	31,221	30,699	32,009	30,114	32,064	32,064	32,282	387,418
Prescription Administrative Expense	1,178	840	1,122	1,023	1,069	645	992	2,020	994	1,860	1,860	1,859	15,462
Miscellaneous Expense	3,508	8,072	3,054	5,851	7,799	8,391	2,837	22,970	5,870	14,875	7,775	21,993	112,995
Professional Fees	12,841	16,481	29,323	12,166	10,850	3,646	6,741	33,241	13,807	24,717	23,217	17,217	204,247
Total Expense	3,239,957	3,195,407	3,072,859	3,107,460	2,794,386	3,295,567	3,121,751	3,610,165	3,497,812	3,316,334	3,344,320	3,397,267	38,993,286
Available Cash Balance	7,253,817	4,550,531	3,270,972	5,767,098	7,327,729	7,843,187	5,055,043	9,573,338	8,722,285	6,949,597	4,626,491	8,748,882	
Inc(Dec) in Abandoned Property Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Month Ending Cash Balance	7,253,817	4,550,531	3,270,972	5,767,098	7,327,729	7,843,187	5,055,043	9,573,338	8,722,285	6,949,597	4,626,491	8,748,882	

- (1) Assumes a Non-medicare medical claim expense trend of 6.5%. Assumes a Medicare medical claim expense trend of 1% for both Basic and Basic Plus.
- (2) Assumes a Non-medicare pharmacy claim expense trend of 8%. Assumes a Medicare pharmacy claim expense trended with no increase.
- (3) Assumes a Non-medicare premium rate trended at a 3% 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 2 members per month, while Medicare Basic+ projected to drop 1 members per month.
- (5) Assumes assessments on March (\$9.0 M), July (\$10.5 M) and November (\$8.0 M) TOTAL \$27.5 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 2020 Cash Flow Forecast

Forecast - Updated 09/30/19

	Forecast												TOTAL
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	
Enrollment:													
Non-Medicare Enrollment	285	283	281	279	277	275	273	271	269	267	265	263	3,288
Medicare Enrollment	1,137	1,140	1,143	1,146	1,149	1,152	1,155	1,158	1,161	1,164	1,167	1,170	13,842
Total Enrollment Count	1,422	1,423	1,424	1,425	1,426	1,427	1,428	1,429	1,430	1,431	1,432	1,433	17,130
Cash Balance													
BEGINNING OF MONTH	8,748,882	7,244,101	6,041,965	3,857,820	8,118,217	6,792,104	5,389,209	3,060,250	9,109,155	7,691,590	6,398,936	4,179,510	
Receipts													
Premium Receipts	977,084	977,692	978,383	979,156	980,013	980,955	981,983	983,096	984,297	985,584	986,959	988,420	11,783,623
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Pharmacy Rebate Income	-	120,000	-	-	120,000	-	-	120,000	-	-	120,000	-	480,000
Claim Refunds Receipts	35,528	33,825	34,691	33,272	35,072	34,084	35,629	39,034	38,814	37,560	37,775	37,881	433,164
Assessment Receipts	800,000	800,000	-	6,400,000	800,000	800,000	-	8,400,000	1,050,000	1,050,000	-	5,600,000	25,700,000
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	1,812,712	1,931,618	1,013,173	7,412,528	1,935,185	1,815,139	1,017,712	9,542,230	2,073,211	2,073,245	1,144,834	6,626,402	38,397,988
Refunds													
Assessment Refunds	-	-	-	-	-	-	-	-	-	-	-	-	-
Premium Refunds	24,427	24,442	24,460	24,479	24,500	24,524	24,550	24,577	24,607	24,640	24,674	24,711	294,591
Total Refunds	24,427	24,442	24,460	24,479	24,500	24,524	24,550	24,577	24,607	24,640	24,674	24,711	294,591
Expenses													
Medical Claim Expense	2,089,853	1,989,712	2,040,626	1,957,184	2,063,080	2,004,951	2,095,818	2,296,091	2,283,175	2,209,418	2,222,036	2,228,320	25,480,264
Pharmacy Claim Expense	1,012,508	928,891	941,522	1,014,722	1,014,888	1,038,992	1,038,450	1,020,345	1,020,397	966,307	952,125	995,078	11,944,226
PMPM Administrative Expense	77,772	77,772	77,772	77,756	77,740	77,726	77,712	77,698	77,685	77,672	77,660	77,649	932,614
Variable Administrative Expense	20,839	20,839	20,839	15,340	14,341	14,342	14,343	14,344	15,346	14,347	22,849	14,350	202,113
Salary and Benefits Expense	31,898	31,898	31,898	31,898	31,898	31,898	32,064	32,064	32,064	32,064	32,064	32,282	383,989
Prescription Administrative Expense	1,859	1,860	1,861	1,861	1,861	1,860	1,860	1,860	1,860	1,860	1,860	1,859	22,321
Miscellaneous Expense	8,423	8,424	8,425	5,875	7,775	6,525	26,657	6,629	8,425	14,875	7,775	21,993	131,801
Professional Fees	49,915	49,916	49,917	23,017	25,217	17,217	35,217	19,717	27,217	24,717	23,217	17,217	362,497
Total Expense	3,293,066	3,109,311	3,172,858	3,127,652	3,236,799	3,193,510	3,322,121	3,468,748	3,466,169	3,341,259	3,339,585	3,388,748	39,459,826
Available Cash Balance	7,244,101	6,041,965	3,857,820	8,118,217	6,792,104	5,389,209	3,060,250	9,109,155	7,691,590	6,398,936	4,179,510	7,392,454	
Inc(Dec) in Abandoned Property Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Month Ending Cash Balance	7,244,101	6,041,965	3,857,820	8,118,217	6,792,104	5,389,209	3,060,250	9,109,155	7,691,590	6,398,936	4,179,510	7,392,454	

- (1) Assumes a Non-medicare medical claim expense trend of 8%. Assumes a Medicare medical claim expense trend of 6%.
- (2) Assumes a Non-medicare pharmacy claim expense trend of 6%. Assumes a Medicare pharmacy claim expense trend of 3%.
- (3) Assumes a Non-medicare premium rate trended at a 7% decrease. Assumes a Medicare premium rate increase of 5%.
- (4) Non-medicare enrollment projected to decrease by 2 members per month. Medicare enrollment projected to increase by 3 members per month.
- (5) Assumes assessments in March (\$8.0 M), July (\$10.5 M) and November (\$7.0 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 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 2019 Medicare vs. Non-Medicare Cash Flow

	January	February	March	April	May	June	July	August	September	October	November	December	YTD	Historical Annual		
														2018	2017	2016
Medicare																
Enrollment Count	1,088	1,077	1,079	1,099	1,069	1,082	1,110	1,107	1,116				9,827			
Premiums	518,529	266,048	317,366	802,182	250,982	488,150	600,565	375,893	435,684				4,055,398			
Medical Claims	931,265	769,478	775,979	853,752	951,250	841,047	951,867	872,293	730,475				7,677,406			
RX Claims	83,571	141,871	70,465	64,435	60,054	53,768	64,797	75,804	55,127				669,892			
Total Claims	1,014,836	911,349	846,444	918,187	1,011,304	894,815	1,016,664	948,098	785,603	-	-	-	8,347,298			
Income/Loss	(496,307)	(645,301)	(529,078)	(116,005)	(760,321)	(406,665)	(416,099)	(572,205)	(349,919)	-	-	-	(4,291,900)			
Loss Ratio	196%	343%	267%	114%	403%	183%	169%	252%	180%				206%	191%	201%	219%
Claims PMPM	933	846	784	835	946	827	916	856	704				849	815	792	871
Non Medicare																
Enrollment Count	308	304	304	305	300	303	300	298	300				2,722			
Premiums	457,537	114,174	1,319,931	270,073	120,812	1,376,197	215,057	148,699	1,365,950				5,388,430			
Medical Claims	1,187,423	918,728	1,212,387	1,102,459	748,265	1,498,742	976,073	1,013,314	1,623,135				10,280,526			
RX Claims	896,687	1,215,486	851,438	938,882	899,384	771,389	1,001,927	1,472,710	953,441				9,001,344			
Total Claims	2,084,110	2,134,214	2,063,825	2,041,341	1,647,649	2,270,131	1,978,000	2,486,024	2,576,576	-	-	-	19,281,870			
Income/Loss	(1,626,573)	(2,020,040)	(743,894)	(1,771,268)	(1,526,837)	(893,934)	(1,762,943)	(2,337,325)	(1,210,626)	-	-	-	(13,893,441)			
Loss Ratio	456%	1869%	156%	756%	1364%	165%	920%	1672%	189%				358%	350%	434%	570%
Claims PMPM	6,767	7,020	6,789	6,693	5,492	7,492	6,593	8,342	8,589				7,084	7,047	6,340	5,907
Combined Medicare/Non Medicare																
Enrollment Count	1,396	1,381	1,383	1,404	1,369	1,385	1,410	1,405	1,416	-	-	-	12,549			
Premiums	976,066	380,221	1,637,297	1,072,255	371,794	1,864,347	815,622	524,592	1,801,634	-	-	-	9,443,827			
Medical Claims	2,118,688	1,688,206	1,988,367	1,956,211	1,699,515	2,339,789	1,927,939	1,885,608	2,353,610	-	-	-	17,957,934			
RX Claims	980,258	1,357,357	921,902	1,003,317	959,438	825,157	1,066,724	1,548,514	1,008,568	-	-	-	9,671,236			
Total Claims	3,098,946	3,045,563	2,910,269	2,959,528	2,658,953	3,164,946	2,994,663	3,434,122	3,362,178	-	-	-	27,629,170			
Income/Loss	(2,122,880)	(2,665,341)	(1,272,972)	(1,887,273)	(2,287,159)	(1,300,599)	(2,179,042)	(2,909,530)	(1,560,545)	-	-	-	(18,185,343)			
Loss Ratio	317%	801%	178%	276%	715%	170%	367%	655%	187%				293%	285%	333%	402%
Claims PMPM	2,220	2,205	2,104	2,108	1,942	2,285	2,124	2,444	2,374				2,202	2,277	2,235	2,355

Notes:

1) Premiums, Medical Claims and RX Claims are cash basis figures.

**Washington State Health Insurance Pool
2019 Administrative Expense
Budget Variance Analysis**

Budget	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Member Months: (1)													
Non-Medicare	316	314	312	310	308	306	304	303	301	299	297	295	3,666
Medicare Basic	957	961	965	969	973	977	981	985	989	993	997	1,001	11,748
Medicare Basic Plus	166	164	162	160	158	156	154	152	150	148	146	144	1,860
Total Membership	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
PMPM Administrative Expense (2)	78,255	77,788	77,772	77,756	77,740	77,726	77,712	77,698	77,685	77,672	77,660	77,649	933,113
Variable Administrative Expense (3)	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 (4)	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
RX Benefit Management Fees	1,862	1,861	1,861	1,861	1,861	1,860	1,860	1,860	1,860	1,860	1,860	1,859	22,325
Miscellaneous Expense (5)	7,775	5,875	8,425	5,875	7,775	6,525	26,657	6,629	8,425	14,875	7,775	21,993	128,604
Professional Fees (6)	24,717	17,217	49,917	23,017	25,217	17,217	35,217	19,717	27,217	24,717	23,217	17,217	304,600
Total Budget Operating Expenses	\$171,319	\$148,976	\$190,711	\$155,746	\$158,830	\$149,567	\$187,853	\$152,311	\$162,596	\$165,534	\$165,424	\$165,350	\$1,974,218

Actual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
Member Months: (1)													
Non-Medicare	308	304	304	305	300	303	300	298	300				2,722
Medicare Basic	927	919	921	943	914	929	959	957	967				8,436
Medicare Basic Plus	161	158	158	156	155	153	151	150	149				1,391
Total Membership	1,396	1,381	1,383	1,404	1,369	1,385	1,410	1,405	1,416	-	-	-	12,549
PMPM Administrative Expense (2)	83,778	80,847	83,072	81,144	77,375	83,458	78,353	78,152	78,711				\$724,889
Variable Administrative Expense (3)	8,645	12,816	14,764	4,754	7,474	3,261	7,467	7,651	6,138				\$72,968
Salary and Benefits Expense (4)	31,061	30,788	31,254	42,994	30,868	31,221	30,699	32,009	30,114				\$291,007
RX Benefit Management Fees	1,178	840	1,122	1,023	1,069	645	992	2,020	994				\$9,883
Miscellaneous Expense (5)	3,508	8,072	3,054	5,851	7,799	8,391	2,837	22,970	5,870				\$68,351
Professional Fees (6)	12,841	16,481	29,323	12,166	10,850	3,646	6,741	33,241	13,807				\$139,097
Total Actual Operating Expenses	\$141,011	\$149,844	\$162,589	\$147,932	\$135,434	\$130,621	\$127,087	\$176,043	\$135,634	\$0	\$0	\$0	\$1,306,195

Variance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
Member Months: (1)													
Non-Medicare	(8)	(10)	(8)	(5)	(8)	(3)	(4)	(5)	(1)				(52)
Medicare Basic	(30)	(42)	(44)	(26)	(59)	(48)	(22)	(28)	(22)				(321)
Medicare Basic Plus	(5)	(6)	(4)	(4)	(3)	(3)	(3)	(2)	(1)				(31)
Total Membership	(43)	(58)	(56)	(35)	(70)	(54)	(29)	(35)	(24)	-	-	-	(404)
PMPM Administrative Expense (2)	5,523	3,059	5,300	3,388	(365)	5,732	641	454	1,026				\$24,757
Variable Administrative Expense (3)	(6,292)	(1,522)	(6,075)	(10,586)	(6,867)	(11,081)	(6,876)	(6,692)	(9,208)				(\$65,198)
Salary and Benefits Expense (4)	(12,713)	(1,110)	(643)	11,096	(1,030)	(677)	(1,366)	(55)	(1,950)				(\$8,448)
RX Benefit Management Fees	(683)	(1,021)	(739)	(838)	(792)	(1,216)	(868)	160	(866)				(\$6,863)
Miscellaneous Expense (5)	(4,267)	2,197	(5,371)	(24)	24	1,866	(23,820)	16,341	(2,555)				(\$15,609)
Professional Fees (6)	(11,875)	(735)	(20,593)	(10,851)	(14,366)	(13,571)	(28,476)	13,524	(13,409)				(\$100,353)
Total Variance Expenses	(\$30,308)	\$868	(\$28,122)	(\$7,814)	(\$23,396)	(\$18,947)	(\$60,765)	\$23,731	(\$26,963)	\$0	\$0	\$0	(\$171,715)

WSHIP Financial Performance

CASH BASIS	Month Ending September 30, 2019			
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>% Change</u>
Membership	1,440	1,416	(24)	-1.7%
Avg Premium Receipt PMPM	\$1,156	\$1,272	\$116	10.0%
Avg Medical Claim Expense PMPM	\$1,349	\$1,656	(\$307)	22.8%
Avg Pharmacy Claim Expense PMPM	\$690	\$712	(\$22)	3.2%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$883)	(\$1,096)	(\$213)	-24.1%
Avg Premium Receipt Less Avg Claim Expense Total	(\$1,271,316)	(\$1,551,936)	(\$280,620)	-22.1%
Variance Due to Changes in Membership			\$26,050	
Variance Due to Changes in Claim Expenses			(\$306,671)	

CASH BASIS	Year-To-Date September 30, 2019			
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>% Change</u>
Member Months	12,953	12,549	(404)	-3.1%
Avg Premium Receipt PMPM	\$751	\$741	(\$10)	-1.3%
Avg Medical Claim Expense PMPM	\$1,379	\$1,408	\$29	2.1%
Avg Pharmacy Claim Expense PMPM	\$752	\$771	\$19	2.5%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,380)	(\$1,438)	(\$58)	-4.2%
Avg Premium Receipt Less Avg Claim Expense Total	(\$17,875,801)	(\$18,045,462)	(\$169,661)	-0.9%
Variance Due to Changes in Membership			\$581,641	
Variance Due to Changes in Claim Expenses			(\$751,302)	

INCURRED BASIS	Year-To-Date September 30, 2019	Year-To-Date September 30, 2018
	<u>Actual</u>	<u>Actual - Prior Year</u>
Member Months	12,549	12,884
Avg Premium Income PMPM	\$716	\$717
Avg Medical Claim Expense PMPM (1)	\$1,527	\$1,525
Avg Pharmacy Claim Expense PMPM (2)	\$752	\$783
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,563)	(\$1,591)
Avg Premium Receipt Less Avg Claim Expense Total	(\$19,614,087)	(\$20,498,444)

- (1) Incurred medical claims data totals \$19,158,332 which is derived from \$14,076,332 actual paid claims with dates of service between 01-01-19 and 09-30-19 and \$5,082,000 IBNR reserve.
- (2) Incurred pharmacy claims data totals \$9,437,645 which is derived from \$9,113,645 actual paid claims with dates of service between 01-01-19 and 09-30-19 and \$324,000 IBNR reserve.