

**Washington State Health Insurance Pool
Financial Principles**

(Adopted November 7, 2002; Revised and Approved March 10, 2005, July 12, 2007, March 14, 2012 and November 9, 2016.)

Liquidity

1. WSHIP will maintain a minimum cash balance objective of four weeks of claims and administrative expenses as calculated from the most recent financial projection.
2. WSHIP cash balances are managed to reduce the holding of cash materially above the balance objective noted above.
3. LOC (Line of Credit) utilization is limited to circumstances where paying claims expense is expected to cause an overdraft in the cash balance account.
4. Cash reserves will be managed according to the Board approved WSHIP Investment Policy.

Assessment

1. Assumptions are updated as required by changes in analytical trends, but no less than once per year.
2. Projections employ methodologies that reduce variability in data.
3. Assessment assumptions are based on a conservative financial methodology.
4. The amount and timing of member assessments are intended to be conservative, with the intent not to hold excess cash in the Investment Account.
5. An assessment schedule will be prepared and provided to the member plans for their planning purposes.
6. Assessments are collected at regular intervals throughout the year.
7. A three-month payment schedule for carriers that exceed a defined percent of the total assessment amount is allowed.

Financial Statements and Reports

1. Financial documents should be consistent and comparable to the extent that this is possible.
2. Financial information will be communicated to the carriers to allow for their internal budget planning.
3. Key annual financial information will be sent to assessed insurance members.

Financial Review

1. The WSHIP Executive Committee will review financial statements and performance on a monthly basis.
2. A Treasurer's Report will be provided to all board members at regular board meetings.
3. Per member per month (PMPM) calculations will be reported at member assessment reviews.
4. The pool administrator will report any unusual financial circumstance to the Executive Director at the monthly financial review teleconference or within 48 hours if immediate action is required.