



WASHINGTON STATE HEALTH  
INSURANCE POOL

# Monthly Financial Report

April 2023

**Washington State Health Insurance Pool  
Treasurer's Report  
April 2023 Financial Review**

1. 2023 Interim I Assessment

An assessment of \$6 M was issued to adequately fund the pool until the next scheduled assessment in July 2023. This assessment was approved by the Board of Directors on March 8, 2023, and generated on March 30, 2023, with invoices due April 30, 2023 except for the carriers who have installment payment arrangements, at which point the invoices are due in total by June 30, 2023. As of May 31<sup>st</sup>, \$5.0 M has been collected.

2. 2023 Interim II Assessment Required

An assessment of \$4 M is required to adequately fund the pool until the next scheduled assessment in November 2023. This assessment was approved by the Board of Directors on May 10, 2023 to be generated in July 2023

3. Financial Statements – April 2023

Balance Sheet

Cash on hand increased by \$2.4M or 29.7% from March 2023 to April 2023. The current cash position is \$10.6 M, which is above our current 4-week expense allowance of \$2.0 M.

Total IBNR as of April 2023 is \$2.9 M. This is a decrease of \$212k or 6.8% from the prior month. Medical IBNR decreased \$265k or 10.8% and pharmacy IBNR increased by \$53k or 8.2% from March 2023.

As of April 2023, the equity position of WSHIP is a positive \$10.8 M.

Income Statement

Total member months for April 2023 YTD are lower by 797 member months or 20.0% lower than April 2022 YTD. Member months are measured as the cumulative monthly member count (PMPM) over a period. The total incurred claim loss for April 2023 YTD is \$3.2M or 39.1% lower than April 2022 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 April 2023 YTD, the medical claims portion is \$1.9 M or 36.6% lower than April 2022 YTD, and the pharmacy claims portion is \$1.3 M or 43.3% lower than April 2022 YTD.

April 2023 YTD administrative expenses are \$15k or 3.1% higher than the administrative expenses for April 2022 YTD. The ratio of administrative expenses as a percentage of total cost is 9.2% for April 2023 YTD as compared to 4.4% for April 2022 YTD of the prior year. Total cost is calculated as total incurred claim loss less pharmacy rebates plus administrative expenses.

#### 4. Budgeted Cash Flow – April 2023

The Budgeted Cash Flow document contains the budget (upper portion) as established in later 2022 and the actual (lower portion) cash flow results year-to-date.

The ending cash balance of \$10.6 M is \$1.9 M or 21.9% higher than the budgeted cash balance of \$8.7 M. Total net cash receipts for April 2023 are \$1.8 M or 32.3% unfavorable to budget. Total YTD expenses for April 2023 YTD are \$1.5 M or 20.3% favorable to budget. The YTD administrative expenses are \$17.9k or 3.4% favorable to budget. Total YTD medical claims expense is \$519k or 12.6% favorable to budget; while total YTD pharmacy claims expense is \$991k or 34.7% favorable to budget.

#### 5. Medicare vs. Non-Medicare Cash Flow – April 2023

As of April 2023, the YTD Medicare member months total 2,540 and represent 80% of the combined WSHIP member months. The YTD Non-Medicare member months total 644 and account for 20% of the combined WSHIP member months. The YTD Medicare Loss Ratio is 266% while the YTD Non-Medicare Loss Ratio is 329%. On a cash basis, the YTD Claims PMPM is \$859 for Medicare members and \$5,128 for non-Medicare members.

#### 6. Cash Flow Forecast – 2023

The 2023 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 March 2023 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 February 2023. For May 2023, 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 2023 assessment projection. To ensure adequate funding the current 2023 forecast is projecting an assessment of \$14 M which is \$1 M lower than the 2022 assessments of \$15 M.

#### 7. Administrative Expense Budget

For April 2023, YTD administrative expenses are \$17.9k or 3.4% favorable to budget (cash basis).

#### 8. Financial Performance

April 2023 YTD member months are 3.7% lower than expected, average premium receipt PMPM is 8.2% higher than expected, average medical claims expense PMPM is 9.4% lower than expected and average pharmacy claims expense PMPM is 32.2% lower than anticipated.

On an incurred basis, the average YTD medical claims expense PMPM is \$1,191 as compared to \$1,1231 on a cash basis. Also, on an incurred basis, the average YTD pharmacy claims expense PMPM is \$736 as compared to \$866 on a cash basis.

# WASHINGTON STATE HEALTH INSURANCE POOL

## Unaudited Balance Sheet as of April 30, 2023

	<u>2023</u>	<u>2022</u>
<b>Assets:</b>		
Cash	\$ 10,561,351	\$ 11,116,490
Premiums Receivable	314,593	365,103
Assessments Receivable	3,494,935	3,113,270
Grants Receivable	-	-
Prepaid Expense	-	-
<b>Total Assets</b>	<u>\$ 14,370,878</u>	<u>\$ 14,594,863</u>
 <b>Liabilities and Unassigned Surplus:</b>		
Reserve for Unpaid Losses - Medical	\$ 2,194,000	\$ 5,820,000
Reserve for Unpaid Losses - Pharmacy	696,000	446,000
Accrued Loss Adjustment	158,000	209,000
Premiums Received in Advance	196,718	137,947
Assessments Payable	105,249	-
Accrued Expenses	187,086	121,086
Abandoned Claim Reserve	-	-
<b>Total Liabilities</b>	<u>\$ 3,537,053</u>	<u>\$ 6,734,033</u>
<b>Unassigned Surplus</b>	10,833,826	7,860,830
<b>Total Liabilities and Unassigned Surplus</b>	<u>\$ 14,370,878</u>	<u>\$ 14,594,863</u>

# WASHINGTON STATE HEALTH INSURANCE POOL

## Unaudited Statement of Operations January 1st to April 30th

	<u>2023</u>	<u>2022</u>
Total Member Months	3,184	3,981
<b>Premium Income Earned</b>	\$ 2,451,242	\$ 3,041,239
<b>Pharmacy Rebate Income</b>	60,335	47,986
<b>Grant Income</b>	-	-
<b>Incurred Claim Loss - Medical</b>	\$ 3,302,999	\$ 5,210,696
<b>Incurred Claim Loss - Pharmacy</b>	1,741,596	3,069,748
<b>Total Incurred Claim Loss</b>	<u>5,044,595</u>	<u>8,280,444</u>
<b>Operating Expenses:</b>		
Fixed (PMPM) Administrative Expense	\$ 255,753	\$ 239,152
Variable Administrative Expense	20,141	38,708
Salary and Benefit Expense	149,281	142,615
Prescription Administrative Expense	3,065	3,151
Miscellaneous Expense	15,729	25,820
Professional Fee Expense	61,936	41,477
<b>Total Operating Expenses</b>	<u>\$ 505,905</u>	<u>\$ 490,924</u>
<b>Underwriting Gain (Loss)</b>	(3,038,924)	(5,682,143)
<b>Investment Income</b>	132,526	2,879
<b>Other Income</b>	-	-
<b>Changes to Unassigned Surplus</b>	<u>\$ (2,906,398)</u>	<u>\$ (5,679,264)</u>

# **WASHINGTON STATE HEALTH INSURANCE POOL**

## **Unaudited Statement of Changes in Unassigned Surplus January 1st to April 30th**

	<b><u>2023</u></b>		<b><u>2022</u></b>
Unassigned Surplus at Beginning of Year	\$ 7,740,224	\$	8,540,094
Changes to Unassigned Surplus	(2,906,398)		(5,679,264)
Member Assessments	6,000,000		5,000,000
<b>Unassigned Surplus</b>	<b>\$ 10,833,826</b>	<b>\$</b>	<b>7,860,830</b>

**Washington State Health Insurance Pool  
2023 Cash Flow Forecast**

	Actual					Forecast							TOTAL
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	
<b>Enrollment:</b>													
Non-Medicare Enrollment	165	162	159	158	160	160	160	158	158	158	158	158	1,914
Medicare Enrollment	690	661	605	584	637	629	621	613	605	597	589	581	7,412
<b>Total Enrollment Count</b>	<b>855</b>	<b>823</b>	<b>764</b>	<b>742</b>	797	789	781	771	763	755	747	739	9,326
<b>Cash Balance</b>													
BEGINNING OF MONTH	9,138,243	9,379,202	8,924,231	8,141,483	10,561,351	9,797,086	8,998,815	10,631,617	9,595,288	8,404,374	6,747,515	8,234,186	
<b>Receipts</b>													
Premium Receipts	685,156	266,074	693,906	392,326	348,009	471,247	467,599	461,565	457,918	454,270	450,623	446,976	5,595,669
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Pharmacy Rebate Income	-	60,335	-	-	71,300	-	-	100,000	-	-	100,000	-	331,635
Claim Refunds Receipts	27,101	12,008	21,783	1,859	2,643	11,447	4,679	36,408	37,221	39,751	38,113	37,250	270,263
Assessment Receipts	1,012,096	852,769	-	3,286,731	1,785,428	500,000	3,000,000	500,000	500,000	-	3,000,000	500,000	14,937,023
Investment Income	34,317	32,277	32,979	32,952	3,290	3,290	3,290	3,290	3,290	3,290	3,290	3,290	158,846
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Receipts</b>	<b>1,758,670</b>	<b>1,223,463</b>	<b>748,667</b>	<b>3,713,868</b>	2,210,669	985,984	3,475,568	1,101,263	998,429	497,311	3,592,027	987,516	21,293,436
<b>Refunds</b>													
Assessment Refunds	-	-	-	-	105,249	-	-	-	-	-	-	-	105,249
Premium Refunds	-	16,058	3,793	1,100	-	7,069	7,014	6,923	6,869	6,814	6,759	6,705	69,105
<b>Total Refunds</b>	<b>-</b>	<b>16,058</b>	<b>3,793</b>	<b>1,100</b>	<b>105,249</b>	7,069	7,014	6,923	6,869	6,814	6,759	6,705	174,354
<b>Expenses</b>													
Medical Claim Expense	951,675	1,015,800	928,850	717,867	676,343	866,144	865,733	861,539	853,620	846,591	839,882	834,082	10,258,127
Pharmacy Claim Expense	440,368	502,294	464,399	463,092	562,593	790,865	849,786	807,239	743,195	701,642	745,107	777,862	7,848,443
PMPM Administrative Expense	63,928	63,916	63,903	63,966	64,793	64,793	64,793	64,770	64,770	64,770	64,770	64,747	773,919
Variable Administrative Expense	12,534	9,285	3,355	2,417	8,196	8,121	8,045	7,950	8,875	7,799	16,223	7,628	100,424
Salary and Benefits Expense	33,928	47,674	33,605	34,074	34,210	34,210	34,350	34,350	34,350	34,350	34,350	34,350	423,800
Prescription Administrative Expense	790	818	1,093	394	822	814	806	796	788	780	772	761	9,433
Miscellaneous Expense	3,303	4,059	3,654	4,622	10,383	1,333	1,333	23,592	1,383	10,833	1,383	17,575	83,454
Professional Fees	11,186	18,530	28,762	6,467	10,906	10,906	10,906	18,835	18,835	31,315	51,335	17,335	235,320
<b>Total Expense</b>	<b>1,517,711</b>	<b>1,662,377</b>	<b>1,527,622</b>	<b>1,292,899</b>	2,869,686	1,777,186	1,835,752	2,130,669	2,182,474	2,147,356	2,098,595	2,263,339	23,305,667
<b>Available Cash Balance</b>	<b>9,379,203</b>	<b>8,924,231</b>	<b>8,141,483</b>	<b>10,561,351</b>	9,797,086	8,998,815	10,631,617	9,595,288	8,404,374	6,747,515	8,234,186	6,951,659	
Inc(Dec) in Abandoned Property Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Month Ending Cash Balance</b>	<b>9,379,203</b>	<b>8,924,231</b>	<b>8,141,483</b>	<b>10,561,351</b>	9,797,086	8,998,815	10,631,617	9,595,288	8,404,374	6,747,515	8,234,186	6,951,659	

**2023 Cashflow Forecast Notes**

- (1) Assumes a Non-medicare medical claim expense trend of 5%. Assumes a Medicare medical claim expense trend of 5%.
- (2) Assumes a Non-medicare pharmacy claim expense trend of 5%. Assumes a Medicare pharmacy claim expense trend of 8%.
- (3) Assumes a Non-medicare premium rate trended at a 1% increase. Assumes a Medicare premium rate increase of 3%.
- (4) Non-medicare enrollment projected to decrease by 1 members per month. Medicare enrollment projected to decrease by 8 members per month.
- (5) Assumes assessments in March (\$6.0 M), July (\$4.0 M) and November (\$4.0M) TOTAL \$14.0 M
- (6) 4-Week expense allowance is \$2.0 M based upon the projected data for the 12-month period ending in Dec of 2023.





**Washington State Health Insurance Pool  
2023 Budgeted Cashflow**

<b>Variance to Budget</b>	<b>JANUARY</b>	<b>FEBRUARY</b>	<b>MARCH</b>	<b>APRIL</b>	<b>MAY</b>	<b>JUNE</b>	<b>JULY</b>	<b>AUGUST</b>	<b>SEPTEMBER</b>	<b>OCTOBER</b>	<b>NOVEMBER</b>	<b>DECEMBER</b>	<b>TOTAL YTD</b>
Favorable/(Unfavorable)													
<b>Enrollment Count</b>	16	(8)	(59)	(71)									(122)
<b>Receipts</b>													
Premium Receipts	183,362	(231,940)	209,330	(86,216)									74,535
Grant Revenue	-	-	-	-									-
Pharmacy Rebate Income	-	60,335	(47,986)	-									12,348
Claim Refunds Receipts	(17,347)	1,011	17,969	(2,137)									(505)
Assessment Receipts	1,012,096	852,769	-	(1,713,269)									151,596
Investment Income	31,027	28,987	29,689	29,662									119,366
Other Income	-	-	-	-									-
<b>Total Receipts</b>	<b>1,209,138</b>	<b>711,162</b>	<b>209,001</b>	<b>(1,771,961)</b>									<b>357,340</b>
<b>Refunds</b>													
Assessment Refunds	-	-	-	-									-
Premium Refunds	7,527	(8,588)	3,476	6,078									8,493
<b>Total Refunds</b>	<b>7,527</b>	<b>(8,588)</b>	<b>3,476</b>	<b>6,078</b>									<b>8,493</b>
<b>Expenses</b>													
Medical Claims	275,792	101,292	(16,220)	159,005									519,868
Pharmacy Claims	420,171	172,409	247,562	151,594									991,736
Fixed (PMPM) Admin	888	900	913	827									3,528
Variable Admin	(3,417)	(843)	11,512	6,855									14,106
Salary and Benefits	17,697	(13,465)	605	136									4,973
Prescription Admin	66	30	(253)	436									278
Miscellaneous	(794)	(1,601)	(2,271)	(3,288)									(7,954)
Professional Fees	(1,113)	(8,457)	(4,856)	17,439									3,013
<b>Total Expense</b>	<b>709,290</b>	<b>250,264</b>	<b>236,991</b>	<b>333,002</b>									<b>1,529,548</b>
<b>Available Cash Balance</b>	<b>1,925,955</b>	<b>2,878,794</b>	<b>3,328,261</b>	<b>1,895,379</b>									
<b>Inc(Dec) in Abandoned Property Reserve</b>													
<b>Month Ending Cash Balance</b>	<b>1,925,955</b>	<b>2,878,794</b>	<b>3,328,261</b>	<b>1,895,379</b>									

**2023 Cashflow Forecast Notes**

- (1) Assumes a Non-medicare medical claim expense trend of 5%. Assumes a Medicare medical claim expense trend of 5%.
- (2) Assumes a Non-medicare pharmacy claim expense trend of 5%. Assumes a Medicare pharmacy claim expense trend of 8%.
- (3) Assumes a Non-medicare premium rate trended at a 1% increase. Assumes a Medicare premium rate increase of 3%.
- (4) Non-medicare enrollment projected to decrease by 1 members per month. Medicare enrollment projected to decrease by 8 members per month.
- (5) Assumes assessments in March (\$6.0 M), July (\$4.0 M) and November (\$4.0 M) TOTAL \$14.0 M
- (6) 4-Week expense allowance is \$2.0 M based upon the projected data for the 12-month period ending in Dec of 2023.

**Washington State Health Insurance Pool**  
**2023 Medicare vs. Non-Medicare Cash Flow**

	January	February	March	April	May	June	July	August	September	October	November	December	YTD	Historical Annual			
														2022	2021	2020	
<b>Medicare</b>																	
Enrollment Count	690	661	605	584										2,540			
Premiums	220,274	64,364	208,592	327,547										820,776			
Medical Claims	554,497	500,291	455,484	417,784										1,928,056			
RX Claims	95,815	72,839	33,033	52,952										254,640			
Total Claims	650,312	573,130	488,517	470,736										2,182,695			
Income/Loss	(430,038)	(508,766)	(279,925)	(143,190)										(1,361,919)			
Loss Ratio	295%	890%	234%	144%										266%	202%	205%	206%
Claims PMPM	942	867	807	806										859	831	717	833
<b>Non Medicare</b>																	
Enrollment Count	165	162	159	158										644			
Premiums	466,811	49,307	424,450	63,636										1,004,204			
Medical Claims	398,179	515,509	473,366	300,083										1,687,137			
RX Claims	344,552	429,455	431,367	410,139										1,615,514			
Total Claims	742,731	944,964	904,733	710,222										3,302,650			
Income/Loss	(275,920)	(895,657)	(480,283)	(646,586)										(2,298,446)			
Loss Ratio	159%	1916%	213%	1116%										329%	727%	676%	713%
Claims PMPM	4,501	5,833	5,690	4,495										5,128	7,841	6,743	8,004
<b>Combined Medicare/Non Medicare</b>																	
Enrollment Count	855	823	764	742										3,184			
Premiums	687,085	113,671	633,042	391,183										1,824,980			
Medical Claims	952,675	1,015,800	928,850	717,867										3,615,195			
RX Claims	344,552	502,294	464,400	463,092										1,774,338			
Total Claims	1,297,228	1,518,094	1,393,250	1,180,959										5,389,533			
Income/Loss	(610,143)	(1,404,424)	(760,208)	(789,776)										(3,564,552)			
Loss Ratio	189%	1336%	220%	302%										295%	397%	367%	374%
Claims PMPM	1,517	1,845	1,824	1,592										1,693	2,127	1,653	1,919

**Medicare vs NonMedicare Notes:**

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



## Washington State Health Insurance Pool 2023 Financial Performance

CASH BASIS	Month Ending April 30, 2023			
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>% Change</u>
Membership	823	764	(59)	-7.2%
Avg Premium Receipt PMPM	\$573	\$512	(\$61)	-10.6%
Avg Medical Claim Expense PMPM	\$1,061	\$937	\$124	-11.7%
Avg Pharmacy Claim Expense PMPM	\$747	\$606	\$141	-18.9%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,235)	(\$1,031)	\$204	16.5%
Avg Premium Receipt Less Avg Claim Expense Total	(\$1,016,405)	(\$787,684)	\$228,721	22.5%
Variance Due to Changes in Membership			\$60,829	
Variance Due to Changes in Claim Expenses			\$167,892	

CASH BASIS	Year-To-Date April 30, 2023			
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>	<u>% Change</u>
Member Months	3,306	3,184	(122)	-3.7%
Avg Premium Receipt PMPM	\$585	\$633	\$48	8.2%
Avg Medical Claim Expense PMPM	\$1,231	\$1,115	(\$116)	-9.4%
Avg Pharmacy Claim Expense PMPM	\$866	\$587	(\$279)	-32.2%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,512)	(\$1,069)	\$443	29.3%
Avg Premium Receipt Less Avg Claim Expense Total	(\$4,998,672)	(\$3,403,696)	\$1,594,976	31.9%
Variance Due to Changes in Membership			\$130,418	
Variance Due to Changes in Claim Expenses			\$1,464,558	

INCURRED BASIS	Year-To-Date April 30, 2023	Year-To-Date April 30, 2022
	<u>Actual</u>	<u>Actual - Prior Year</u>
Member Months	3,184	3,981
Avg Premium Income PMPM	\$770	\$764
Avg Medical Claim Expense PMPM (1)	\$1,191	\$1,709
Avg Pharmacy Claim Expense PMPM (2)	\$736	\$626
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,157)	(\$1,571)
Avg Premium Receipt Less Avg Claim Expense Total	(\$3,683,888)	(\$6,254,151)

(1) Incurred medical claims data totals \$3,791,674 which is derived from \$1,597,674 actual paid claims with dates of service between 01-01-23 and 04-30-23 and \$2,194,000 IBNR reserve.

(2) Incurred pharmacy claims data totals \$2,343,853 which is derived from \$1,647,853 actual paid claims with dates of service between 01-01-23 and 04-30-2023 and \$696,000 IBNR reserve.