

**Washington State Health Insurance Pool
Treasurer's Report
December 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. This assessment was approved by the Board of Directors on November 14, 2018 and generated on November 26, 2018 with invoices due December 26, 2018 except for the carriers who have installment payment arrangements, at which point the invoices are due in total by February 26, 2019. As of December 31, 2018, \$3.0 M of assessments have been collected, leaving \$5.5 M to collect.

2. Financial Statements – December 2018

Balance Sheet

Cash on hand increased by \$1.1 M or 38.3% from November 2018 to December 2018. The current cash position is \$4.0 M, which is above our current 4-week expense allowance of \$3.0 M. As of the end of December 2018, the entire \$4.0 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 December 2018 is \$5.1 M. This is a decrease of \$69 K or 1.3% from the prior month. Medical IBNR decreased \$240 K or 5.1% and pharmacy IBNR increased \$171 K or 34.3% from November 2018.

As of December 2018, the equity position of WSHIP is a positive \$2.4 M.

Income Statement

Total member months for December 2018 YTD are lower by 356 member months or 2.0% lower than December 2017 YTD. Member months are measured as the cumulative monthly member count (PMPM) over a period of time. The total incurred claim loss for December 2018 YTD is \$1.5 M or 4.0% higher than December 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 December 2018 YTD, the medical claims portion is \$2.6 M or 11.0% higher than December 2017 YTD, and the pharmacy claims portion is \$1.1 M or 7.8% lower than December 2017 YTD.

December 2018 YTD administrative expenses are \$121 K or 6.8% higher than the administrative expenses for December 2017 YTD. The ratio of administrative expenses as a percentage of total cost is 4.5% for December 2018 YTD as

compared to 4.4% for December YTD of the prior year. Total cost is calculated as total incurred claim loss less pharmacy rebates plus administrative expenses.

3. Budgeted Cash Flow – December 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 \$4.0 M is \$1.7 M or 30.4% lower than the budgeted cash balance of \$5.7 M due to the timing of assessment receipts. Total net cash receipts for December 2018 YTD are \$1.1 M or 2.7% unfavorable to budget. Total YTD expenses are \$673 K or 1.7% unfavorable to budget. The YTD administrative expenses are \$76 K or 3.9% favorable to budget. Total YTD medical claims expense is \$1.8 M or 7.6% unfavorable to budget; while total YTD pharmacy claims expense is \$1.1 M or 7.7% favorable to budget.

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

As of December, the YTD Medicare member months total 13,124 and represent 77% of the combined WSHIP member months. The YTD Non-Medicare member months total 4,025 and account for 23% of the combined WSHIP member months. The YTD Medicare Loss Ratio is 191% while the YTD Non-Medicare Loss Ratio is 350%. On a cash basis, the YTD Claims PMPM is \$815 for Medicare members and \$7,047 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 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 December 2018. For January 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 \$26.5 M which is a \$1.0 M or 4.0% increase from the 2018 assessment of \$25.5 M.

6. Administrative Expense Budget

For December 2018, YTD administrative expenses are \$76 K or 3.9% favorable to budget (cash basis).

7. Financial Performance

December 2018 YTD member months are less than 1% higher than expected, average premium receipt PMPM is 24.0% higher than expected, average medical claims expense PMPM is 8.0% higher than expected and average pharmacy claims expense PMPM is 8.2% lower than anticipated.

On an incurred basis, the average YTD medical claims expense PMPM is \$1,573 as compared to \$1,507 on a cash basis. Also, on an incurred basis, the average YTD pharmacy claims expense PMPM is \$778 as compared to \$760 on a cash basis.

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Balance Sheet as of December 31

Total Enrollment: 1,418

	<u>2018</u>	<u>2017</u>
Assets:		
Cash	\$ 4,023,437	\$ 5,683,892
Premiums Receivable	18,915	12,668
Assessments Receivable	6,462,515	6,131,528
Grants Receivable	-	-
Prepaid Expense	-	15,055
Total Assets	<u>\$ 10,504,867</u>	<u>\$ 11,843,142</u>
 Liabilities and Unassigned Surplus:		
Reserve for Unpaid Losses - Medical	\$ 4,487,000	\$ 3,671,000
Reserve for Unpaid Losses - Pharmacy	670,000	719,000
Accrued Loss Adjustment	285,000	295,000
Premiums Received in Advance	1,568,197	222,822
Assessments Payable	990,915	1,238,834
Accrued Expenses	125,853	115,397
Abandoned Claim Reserve	-	2,084
Total Liabilities	<u>\$ 8,126,965</u>	<u>\$ 6,264,136</u>
Unassigned Surplus	2,377,902	5,579,006
Total Liabilities and Unassigned Surplus	<u>\$ 10,504,867</u>	<u>\$ 11,843,142</u>

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Statement of Operations January 1 to December 31

	<u>2018</u>	<u>2017</u>
Total Member Months	17,149	17,505
Premium Income Earned	\$ 12,211,367	\$ 11,820,118
Pharmacy Rebate Income	501,231	362,663
Grant Income	-	-
Incurred Claim Loss - Medical	\$ 26,607,762	23,966,844
Incurred Claim Loss - Pharmacy	13,026,812	14,135,970
Total Incurred Claim Loss	<u>39,634,574</u>	<u>38,102,814</u>
Operating Expenses:		
Fixed (PMPM) Administrative Expense	\$ 977,947	\$ 933,946
Variable Administrative Expense	149,922	164,728
Salary and Benefit Expense	387,298	348,445
Prescription Administrative Expense	20,490	23,932
Miscellaneous Expense	122,683	106,940
Professional Fee Expense	227,562	187,087
Total Operating Expenses	<u>\$ 1,885,902</u>	<u>\$ 1,765,078</u>
Underwriting Gain (Loss)	(28,807,876)	(27,685,110)
Investment Income	106,772	64,508
Other Income	-	-
Changes to Unassigned Surplus	<u>\$ (28,701,104)</u>	<u>\$ (27,620,602)</u>

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Statement of Changes in Unassigned Surplus January 1 to December 31

	<u>2018</u>	<u>2017</u>
Unassigned Surplus at Beginning of Year	\$ 5,579,006	\$ 6,062,256
Changes to Unassigned Surplus	(28,701,104)	(27,620,602)
Member Assessments	25,500,000	27,137,353
Unassigned Surplus	<u>\$ 2,377,902</u>	<u>\$ 5,579,006</u>

**WSHIP 2018
Budgeted Cashflow**

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	DECEMBER 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	17,047	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	11,155,745	11,155,745
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pharmacy Rebate Income	-	-	50,000	-	-	50,000	-	-	50,000	-	-	50,000	200,000	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	414,373	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	30,131,528	30,131,528
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	1,200	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	41,902,846	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	304,884	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	1,543,718	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	24,203,974	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	14,118,303	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	925,130	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	180,599	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	408,080	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	22,104	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	138,822	138,822
Professional Fees	14,867	29,867	27,367	14,867	14,867	14,867	14,867	14,867	24,867	26,867	24,867	15,367	261,400	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	40,258,413	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	1,439	1,408	1,418	17,149
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	5,784,786	2,909,968	
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	731,235	332,750	1,681,782	13,699,052
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Pharmacy Rebate Income	-	117,625	-	-	114,009	-	21,484	117,333	-	-	130,780	-	501,231
Claim Refunds Receipts	13,537	5,798	17,382	16,471	18,822	6,510	14,839	24,071	5,088	18,078	40,818	12,425	193,838
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	-	3,028,400	25,646,080
Investment Income	9,077	8,241	8,502	8,065	9,420	7,851	6,981	10,215	11,621	12,722	8,956	5,122	106,772
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	2,246,604	513,303	4,727,729	40,146,974
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	4,637	24,237	10,192	148,556
Total Refunds	21,207	1,239	20,875	739,803	8,237	16,935	5,966	12,517	7,697	4,637	24,237	10,192	873,542
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	2,284,644	2,285,822	2,473,699	26,044,600
Pharmacy Claims	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	935,112	954,215	13,026,812
Fixed (PMPM) Admin	69,145	79,920	80,390	-	165,609	81,734	77,564	81,301	83,625	83,748	81,700	78,578	963,314
Variable Admin	16,497	10,456	13,640	-	30,850	17,427	7,973	7,385	15,880	9,593	7,797	20,276	157,774
Salary and Benefits	45,297	30,624	30,567	30,826	30,723	30,701	30,067	29,695	29,573	29,451	29,574	42,810	389,908
Prescription Admin	1,634	1,686	1,838	1,411	1,547	1,636	1,357	1,630	1,666	1,646	1,639	1,623	19,311
Miscellaneous	5,278	9,172	(207)	6,349	7,490	9,220	4,242	22,349	7,004	8,410	3,764	26,322	109,392
Professional Fees	5,970	20,607	49,635	14,148	16,356	25,981	10,925	14,973	19,366	19,793	16,393	6,545	220,690
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	3,467,309	3,361,801	3,604,068	40,931,803
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	5,784,786	2,912,051	4,023,437	
Inc(Dec) in Abandoned	-	-	-	-	-	-	-	-	-	-	(2,084)	-	
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	\$ 5,784,786	\$ 2,909,968	\$ 4,023,437	

**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	22	(8)	3	102
Receipts													
Premium Receipts	1,047,014	(20,961)	(63,138)	149,781	31,164	30,012	22,239	(114,125)	175,356	(5,319)	(32,899)	1,324,183	2,543,307
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Pharmacy Rebate Income	-	117,625	(50,000)	-	114,009	(50,000)	21,484	117,333	(50,000)	-	130,780	(50,000)	301,231
Claim Refunds Receipts	(22,159)	(28,192)	(17,425)	(17,368)	(14,828)	(28,188)	(21,070)	(10,194)	(29,413)	(16,938)	6,596	(21,355)	(220,534)
Assessment Receipts	(699,196)	35,100	-	(2,850,994)	1,730,924	(196,856)	662,452	(769,481)	89,635	484,568	-	(2,971,600)	(4,485,448)
Investment Income	8,977	8,141	8,402	7,965	9,320	7,751	6,881	10,115	11,521	12,622	8,856	5,022	105,572
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	334,636	111,712	(122,161)	(2,710,616)	1,870,589	(237,282)	691,986	(766,352)	197,098	474,934	113,333	(1,713,749)	(1,755,872)
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	13,777	(15,096)	(1,252)	156,328
Total Refunds	38,099	1,249,706	25,827	(721,224)	4,446	28,043	12,772	1,467	33,610	13,777	(15,096)	(1,252)	670,176
Expenses													
Medical Claims	(170,894)	483,240	(197,067)	(258,675)	(863,079)	92,975	332,503	(348,641)	73,357	(224,888)	(272,796)	(486,660)	(1,840,626)
Pharmacy Claims	235,872	212,508	(542,237)	175,627	302,938	217,980	274,514	(358,717)	95,260	57,239	216,744	203,764	1,091,492
Fixed (PMPM) Admin	10,394	(2,670)	(3,218)	77,095	(88,590)	(4,790)	(695)	(4,507)	(6,904)	(7,100)	(5,125)	(2,074)	(38,184)
Variable Admin	(2,219)	10,712	18	13,648	(17,211)	(3,798)	6,647	6,225	(1,279)	3,999	12,786	(6,703)	22,825
Salary and Benefits	(485)	3,035	2,373	2,114	2,217	2,239	2,872	3,245	3,367	3,489	3,366	(9,659)	18,172
Prescription Admin	218	164	10	436	298	206	484	209	172	191	196	210	2,793
Miscellaneous	5,347	(2,647)	9,282	176	835	(1,945)	23,015	(15,142)	2,071	7,115	4,561	(3,239)	29,429
Professional Fees	8,897	9,260	(22,268)	719	(1,489)	(11,114)	23,442	3,394	5,501	7,074	8,473	8,822	40,710
Total Expense	87,130	713,601	(753,107)	11,139	(664,083)	291,754	662,781	(713,933)	171,545	(152,882)	(31,795)	(295,540)	(673,390)
Available Cash Balance	459,865	2,534,884	1,685,443	(1,735,258)	(524,306)	(441,791)	925,748	(553,069)	(150,816)	185,013	251,455	(1,761,170)	
Inc(Dec) in Abandoned	-	-	-	-	-	-	-	-	-	-	(2,084)	(2,084)	
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)	185,013	249,371	(1,763,253)	

- Assumes a Non-medicare medical claim expense trend of 6%. Assumes an annual Medicare medical claim expense trend of 6%.
- 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.
- 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.
- 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.
- Assumes assessments on March (\$8.0 M), July (\$10.0 M) and November (\$7.5 M) TOTAL \$25.5 M
- 4-Week expense allowance is \$3.2 M based upon the actual data for the 12-month period ending in Dec of 2018.
- 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	1,111	1,085	1,097	13,124			
Premiums	750,451	342,924	328,037	695,128	379,149	369,562	621,574	342,709	449,805	542,902	247,336	520,748	5,590,326			
Medical Claims	747,998	700,875	897,894	815,399	827,232	857,997	740,574	926,221	669,960	848,113	855,141	882,477	9,769,882			
RX Claims	80,135	84,195	137,724	83,988	74,962	69,582	65,772	93,438	66,170	60,189	52,055	53,231	921,441			
Total Claims	828,134	785,070	1,035,618	899,387	902,194	927,580	806,346	1,019,659	736,130	908,301	907,196	935,708	10,691,322			
Income/Loss	(77,683)	(442,146)	(707,581)	(204,259)	(523,045)	(558,017)	(184,772)	(676,950)	(286,325)	(365,400)	(659,860)	(414,960)	(5,100,997)			
Loss Ratio	110%	229%	316%	129%	238%	251%	130%	298%	164%	167%	367%	180%	191%	201%	219%	
Claims PMPM	744	737	965	812	829	845	726	942	673	818	836	853	815	792	871	
Non Medicare																
Enrollment Count	351	345	342	341	338	337	335	332	332	328	323	321	4,025			
Premiums	1,629,182	120,541	1,476,919	197,810	159,348	1,459,583	150,207	102,509	1,377,845	188,333	85,414	1,151,257	8,098,949			
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	1,436,531	1,430,681	1,574,009	16,257,508			
RX Claims	891,739	860,252	1,573,545	993,017	839,072	1,017,508	906,244	1,361,199	908,917	969,836	883,058	900,985	12,105,371			
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	2,406,367	2,313,739	2,474,994	28,362,879			
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)	(2,218,034)	(2,228,325)	(1,323,737)	(20,263,930)			
Loss Ratio	138%	1390%	198%	1227%	1791%	144%	1295%	2731%	159%	1278%	2709%	215%	350%	434%	570%	
Claims PMPM	6,392	4,857	8,539	7,117	8,445	6,254	5,807	8,431	6,612	7,336	7,163	7,710	7,047	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	1,439	1,408	1,418	17,149			
Premiums	2,379,633	463,465	1,804,956	892,938	538,497	1,829,146	771,782	445,218	1,827,650	731,235	332,750	1,672,005	13,689,274			
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	2,284,644	2,285,822	2,456,486	26,027,391			
RX Claims	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	935,112	954,215	13,026,812			
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	3,314,669	3,220,935	3,410,702	39,054,203			
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)	(2,583,434)	(2,888,185)	(1,738,697)	(25,364,929)			
Loss Ratio	129%	531%	219%	373%	698%	166%	357%	858%	160%	453%	968%	204%	285%	333%	402%	
Claims PMPM	2,098	1,745	2,796	2,297	2,634	2,115	1,903	2,699	2,057	2,303	2,288	2,405	2,277	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)												
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
Enrollment:													
Non-Medicare Enrollment	351	345	342	341	338	337	335	332	332	328	323	321	4,025
Medicare Enrollment (Basic and Basic+)	1,113	1,065	1,073	1,107	1,088	1,098	1,111	1,083	1,093	1,111	1,085	1,097	13,124
Total Enrollment Count	1,464	1,410	1,415	1,448	1,426	1,435	1,446	1,415	1,425	1,439	1,408	1,418	17,149
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	5,784,786	2,909,968	
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	731,235	332,750	1,681,782	13,699,052
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Pharmacy Rebate Income	-	117,625	-	-	114,009	-	21,484	117,333	-	-	130,780	-	501,231
Claim Refunds Receipts	13,537	5,798	17,382	16,471	18,822	6,510	14,839	24,071	5,088	18,078	40,818	12,425	193,839
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	-	3,028,400	25,646,080
Investment Income	9,077	8,241	8,502	8,065	9,420	7,851	6,981	10,215	11,621	12,722	8,956	5,122	106,772
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	2,246,604	513,303	4,727,729	40,146,974
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	4,637	24,237	10,192	148,556
Total Refunds	21,207	1,239	20,875	739,803	8,237	16,935	5,966	12,517	7,697	4,637	24,237	10,192	873,542
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	2,284,644	2,285,822	2,473,699	26,044,600
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	935,112	954,215	13,026,812
PMPM Administrative Expense	69,145	79,920	80,390	-	165,609	81,734	77,564	81,301	83,625	83,748	81,700	78,578	963,314
Variable Administrative Expense	16,497	10,456	13,640	-	30,850	17,427	7,973	7,385	15,880	9,593	7,797	20,276	157,775
Salary and Benefits Expense	45,297	30,624	30,567	30,826	30,723	30,701	30,067	29,695	29,573	29,451	29,574	42,810	389,908
Prescription Administrative Expense	1,634	1,686	1,838	1,411	1,547	1,636	1,357	1,630	1,666	1,646	1,639	1,623	19,312
Miscellaneous Expense	5,278	9,172	(207)	6,349	7,490	9,220	4,242	22,349	7,004	8,410	3,764	26,322	109,392
Professional Fees	5,970	20,607	49,635	14,148	16,356	25,981	10,925	14,973	19,366	19,793	16,393	6,545	220,690
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	3,467,309	3,361,801	3,604,068	40,931,803
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	5,784,786	2,912,051	4,023,437	
Inc(Dec) in Abandoned Property Reserve	-	-	-	-	-	-	-	-	-	-	(2,084)	-	
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	5,784,786	2,909,968	4,023,437	

(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	4,023,437	7,362,802	4,565,695	2,906,745	7,658,533	5,863,930	5,631,960	3,170,978	7,770,598	7,337,104	5,833,130	3,089,185	
Receipts													
Premium Receipts	952,074	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	11,104,459
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Pharmacy Rebate Income	-	-	100,000	-	-	100,000	-	-	100,000	-	-	100,000	400,000
Claim Refunds Receipts	32,638	34,235	40,267	34,738	35,292	31,280	32,589	33,216	33,600	33,666	31,707	30,778	404,009
Assessment Receipts	6,440,754	21,761	-	7,200,000	900,000	900,000	-	7,200,000	900,000	900,000	-	6,800,000	31,262,515
Investment Income	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	7,425,566	556,760	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	43,172,183
Refunds													
Assessment Refunds	990,915	-	-	-	-	-	-	-	-	-	-	-	990,915
Premium Refunds	23,802	12,517	48,268	19,202	13,108	46,486	19,367	14,452	42,692	19,031	9,448	9,240	277,611
Total Refunds	1,014,717	12,517	48,268	19,202	13,108	46,486	19,367	14,452	42,692	19,031	9,448	9,240	1,268,526
Expenses													
Medical Claim Expense	1,919,907	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	23,765,226
Pharmacy Claim Expense	980,258	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	12,818,590
PMPM Administrative Expense	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	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	21,993	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	304,600
Total Expense	3,071,484	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	38,558,033
Available Cash Balance	7,362,802	4,565,695	2,906,745	7,658,533	5,863,930	5,631,960	3,170,978	7,770,598	7,337,104	5,833,130	3,089,185	7,369,060	
Inc(Dec) in Abandoned Property Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Month Ending Cash Balance	7,362,802	4,565,695	2,906,745	7,658,533	5,863,930	5,631,960	3,170,978	7,770,598	7,337,104	5,833,130	3,089,185	7,369,060	

- (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
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	328	323	321	4,025
Medicare Basic	931	886	894	929	910	920	933	910	921	939	916	930	11,019
Medicare Basic Plus	182	179	179	178	178	178	178	173	172	172	169	167	2,105
Total Membership	1,464	1,410	1,415	1,448	1,426	1,435	1,446	1,415	1,425	1,439	1,408	1,418	17,149
PMPM Administrative Expense (2)	69,145	79,920	80,390	-	165,609	81,734	77,564	81,301	83,625	83,748	81,700	78,578	\$963,314
Variable Administrative Expense (3)	16,497	10,456	13,640	-	30,850	17,427	7,973	7,385	15,880	9,593	7,797	20,276	\$157,774
Salary and Benefits Expense (4)	45,297	30,624	30,567	30,826	30,723	30,701	30,067	29,695	29,573	29,451	29,574	42,810	\$389,908
RX Benefit Management Fees	1,634	1,686	1,838	1,411	1,547	1,636	1,357	1,630	1,666	1,646	1,639	1,623	\$19,311
Miscellaneous Expense (5)	5,278	9,172	(207)	6,349	7,490	9,220	4,242	22,349	7,004	8,410	3,764	26,322	\$109,392
Professional Fees (6)	5,970	20,607	49,635	14,148	16,356	25,981	10,925	14,973	19,366	19,793	16,393	6,545	\$220,690
Total Actual Operating Expenses	\$143,820	\$152,466	\$175,862	\$52,733	\$252,575	\$166,699	\$132,129	\$157,332	\$157,114	\$152,641	\$140,867	\$176,154	\$1,860,391
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	5	2	2	62
Medicare Basic	27	(21)	(16)	16	(6)	1	11	(15)	(7)	8	(18)	(7)	(27)
Medicare Basic Plus	1	-	2	3	5	7	9	6	7	9	8	8	65
Total Membership	37	(15)	(9)	25	4	14	26	(4)	7	22	(8)	3	100
PMPM Administrative Expense (2)	10,394	(2,670)	(3,218)	77,095	(88,590)	(4,790)	(695)	(4,507)	(6,904)	(7,100)	(5,125)	(2,074)	(\$38,184)
Variable Administrative Expense (3)	(2,219)	10,712	18	13,648	(17,211)	(3,798)	6,647	6,225	(1,279)	3,999	12,786	(6,703)	\$22,825
Salary and Benefits Expense (4)	(485)	3,035	2,373	2,114	2,217	2,239	2,872	3,245	3,367	3,489	3,366	(9,659)	\$18,172
RX Benefit Management Fees	218	164	10	436	298	206	484	209	172	191	196	210	\$2,793
Miscellaneous Expense (5)	5,347	(2,647)	9,282	176	835	(1,945)	23,015	(15,142)	2,071	7,115	4,561	(3,239)	\$29,429
Professional Fees (6)	8,897	9,260	(22,268)	719	(1,489)	(11,114)	23,442	3,394	5,501	7,074	8,473	8,822	\$40,710
Total Variance Expenses	\$22,152	\$17,854	(\$13,803)	\$94,187	(\$103,941)	(\$19,202)	\$55,764	(\$6,575)	\$2,928	\$14,767	\$24,257	(\$12,644)	\$75,744

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 December 31, 2018			
	Projected	Actual	Variance	% Change
Membership	1,415	1,418	3	0.2%
Avg Premium Receipt PMPM	\$246	\$1,179	\$933	379.3%
Avg Medical Claim Expense PMPM	\$1,398	\$1,736	(\$338)	-24.2%
Avg Pharmacy Claim Expense PMPM	\$818	\$673	\$145	17.7%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,970)	(\$1,230)	\$740	37.6%
Avg Premium Receipt Less Avg Claim Expense Total	(\$2,787,550)	(\$1,744,140)	\$1,043,410	37.4%
Variance Due to Changes in Membership			(\$3,690)	
Variance Due to Changes in Claim Expenses			\$1,047,100	

CASH BASIS	Year-To-Date December 31, 2018			
	Projected	Actual	Variance	% Change
Member Months	17,047	17,149	102	0.6%
Avg Premium Receipt PMPM	\$637	\$790	\$153	24.0%
Avg Medical Claim Expense PMPM	\$1,396	\$1,507	\$111	8.0%
Avg Pharmacy Claim Expense PMPM	\$828	\$760	(\$68)	-8.2%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,587)	(\$1,477)	\$110	6.9%
Avg Premium Receipt Less Avg Claim Expense Total	(\$27,053,589)	(\$25,329,073)	\$1,724,516	6.4%
Variance Due to Changes in Membership			(\$150,654)	
Variance Due to Changes in Claim Expenses			\$1,875,170	

INCURRED BASIS	Year-To-Date December 31, 2018	Year-To-Date December 31, 2017
	Actual	Actual - Prior Year
Member Months	17,149	17,609
Avg Premium Income PMPM	\$712	\$629
Avg Medical Claim Expense PMPM (1)	\$1,573	\$1,515
Avg Pharmacy Claim Expense PMPM (2)	\$778	\$898
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,639)	(\$1,784)
Avg Premium Receipt Less Avg Claim Expense Total	(\$28,107,211)	(\$31,414,456)

(1) Incurred medical claims data totals \$26,972,078 which is derived from \$22,457,078 actual paid claims with dates of service between 01-01-18 and 12-31-18 and \$4,485,000 IBNR reserve.

(2) Incurred pharmacy claims data totals \$13,344,472 which is derived from \$12,674,472 actual paid claims with dates of service between 01-01-18 and 12-31-18 and \$670,000 IBNR reserve.