



WASHINGTON STATE HEALTH
INSURANCE POOL

Monthly Financial Report

May 2021

**Washington State Health Insurance Pool
Treasurer's Report
May 2021 Financial Review**

1. 2021 Interim I Assessment

An assessment of \$8.5 M is required to adequately fund the pool until the next scheduled assessment in July 2021. This assessment was approved by the Board of Directors on March 10, 2021 and generated on March 23, 2021 with invoices due April 23, 2021 except for the carriers who have installment payment arrangements, at which point the invoices are due in total by June 23, 2021. As of May 30, 2021, \$7.8 M of assessments have been collected, leaving \$665K to be collected.

2. 2021 Interim II Assessment Required

An assessment of \$9 M is required to adequately fund the pool until the next scheduled assessment in November 2021. This assessment was approved by the Board of Directors on May 12, 2021 to be generated in July 2021.

3. Financial Statements – May 2021

Balance Sheet

Cash on hand decreased by \$392 K or 3.2% from April 2021 to May 2021. The current cash position is \$11.98 M, which is above our current 4-week expense allowance of \$2.7 M. As of the end of May 2021, the entire \$11.98 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 May 2021 is \$5.7 M. This is an increase of \$156 K or 2.8% from the prior month. Medical IBNR increased \$291 K or 5.7% and pharmacy IBNR decreased \$135 K or 26.1% from April 2021.

As of May 2021, the equity position of WSHIP is a positive \$7.2 M

Income Statement

Total member months for May 2021 YTD are lower by 68 member months or 1% lower than May 2020 YTD. Member months are measured as the cumulative monthly member count (PMPM) over a period of time. The total incurred claim loss for May 2021 YTD is \$625 K or 5.5% lower than May 2020 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 May 2021

YTD, the medical claims portion is \$40 K or 0.6% higher than May 2020 YTD, and the pharmacy claims portion is \$664 K or 13.9% lower than May 2020 YTD.

May 2021 YTD administrative expenses are \$55 K or 7.7% lower than the administrative expenses for May 2020 YTD. The ratio of administrative expenses as a percentage of total cost is 5.6% for May 2021 YTD as compared to 5.8% for May YTD of the prior year. Total cost is calculated as total incurred claim loss less pharmacy rebates plus administrative expenses.

4. Budgeted Cash Flow – May 2021

The Budgeted Cash Flow document contains the budget (upper portion) as established in late 2020 and the actual (lower portion) cash flow results year-to-date.

The ending cash balance of \$11.98 M is \$3.4 M or 39.3% higher than the budgeted cash balance of \$8.6 M. Total net cash receipts for May 2021 are 364 K or 28.2% favorable to budget. Total YTD expenses for May 2021 YTD are \$3.7 M or 27.9% favorable to budget. The YTD administrative expenses are \$120 K or 15.4% favorable to budget. Total YTD medical claims expense is \$3.0 M or 35.3% favorable to budget; while total YTD pharmacy claims expense is \$565 K or 14.2% favorable to budget.

5. Medicare vs. Non-Medicare Cash Flow – May 2021

As of May, the YTD Medicare member months total 5,469 and represent 85.2% of the combined WSHIP member months. The YTD Non-Medicare member months total 952 and account for 14.8% of the combined WSHIP member months. The YTD Medicare Loss Ratio is 170% while the YTD Non-Medicare Loss Ratio is 531%. On a cash basis, the YTD Claims PMPM is \$593 for Medicare members and \$6,038 for Non-Medicare members.

6. Cash Flow Forecast – 2021

The 2021 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 2021 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 May 2021. For June 2021, 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 2020 assessment projection. To ensure adequate funding the current 2021 forecast is projecting an assessment of \$24.5 M which matches the 2020 assessment of \$24.5 M.

7. Administrative Expense Budget

For May 2021, YTD administrative expenses are \$120 K or 15.4% favorable to budget (cash basis).

8. Financial Performance

May 2021 YTD member months are 9.2% lower than expected, average premium receipt PMPM is 8.5% lower than expected, average medical claims expense PMPM is 31.7% lower than expected and average pharmacy claims expense PMPM is 9.3% higher than anticipated.

On an incurred basis, the average YTD medical claims expense PMPM is \$1,211 as compared to \$864 on a cash basis. Also, on an incurred basis, the average YTD pharmacy claims expense PMPM is \$536 as compared to \$532 on a cash basis.

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Balance Sheet as of May 31, 2021

	<u>2021</u>	<u>2020</u>
Assets:		
Cash	\$ 11,979,750	\$ 7,128,977
Premiums Receivable	714,433	158,627
Assessments Receivable	768,244	2,838,637
Grants Receivable	-	-
Prepaid Expense	-	-
Total Assets	<u>\$ 13,462,427</u>	<u>\$ 10,126,241</u>
 Liabilities and Unassigned Surplus:		
Reserve for Unpaid Losses - Medical	\$ 5,391,000	\$ 3,732,000
Reserve for Unpaid Losses - Pharmacy	383,000	351,000
Accrued Loss Adjustment	266,000	267,000
Premiums Received in Advance	93,962	181,033
Assessments Payable	10,000	-
Accrued Expenses	116,131	111,623
Abandoned Claim Reserve	-	-
Total Liabilities	<u>\$ 6,260,093</u>	<u>\$ 4,642,655</u>
Unassigned Surplus	7,202,334	5,483,587
Total Liabilities and Unassigned Surplus	<u>\$ 13,462,427</u>	<u>\$ 10,126,241</u>

WASHINGTON STATE HEALTH INSURANCE POOL

Unaudited Statement of Operations January 1 to May 31

	<u>2021</u>	<u>2020</u>
Total Member Months	6,420	6,488
Premium Income Earned	\$ 3,906,103	\$ 3,892,465
Pharmacy Rebate Income	246,224	100,479
Grant Income	-	-
Incurred Claim Loss - Medical	\$ 6,709,801	\$ 6,670,015
Incurred Claim Loss - Pharmacy	4,126,129	4,790,814
Total Incurred Claim Loss	<u>10,835,929</u>	<u>11,460,829</u>
Operating Expenses:		
Fixed (PMPM) Administrative Expense	\$ 362,258	\$ 391,352
Variable Administrative Expense	35,171	43,762
Salary and Benefit Expense	176,650	155,967
Prescription Administrative Expense	4,898	5,539
Miscellaneous Expense	26,752	26,825
Professional Fee Expense	55,714	93,485
Total Operating Expenses	<u>\$ 661,442</u>	<u>\$ 716,930</u>
Underwriting Gain (Loss)	(7,345,044)	(8,184,814)
Investment Income	1,053	20,501
Other Income	-	-
Changes to Unassigned Surplus	<u>\$ (7,343,991)</u>	<u>\$ (8,164,313)</u>

WASHINGTON STATE HEALTH INSURANCE POOL

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

	<u>2021</u>	<u>2020</u>
Unassigned Surplus at Beginning of Year	\$ 6,046,325	\$ 3,147,900
Changes to Unassigned Surplus	(7,343,991)	(8,164,313)
Member Assessments	8,500,000	10,500,000
Unassigned Surplus	<u>\$ 7,202,334</u>	<u>\$ 5,483,587</u>

**Washington State Health Insurance Pool
2021 Budgeted Cashflow**

Variance to Budget	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL YTD
Favorable/(Unfavorable)													
Enrollment Count	(38)	(46)	(76)	(99)	(126)	-	-	-	-	-	-	-	(385)
Receipts													
Premium Receipts	19,578	107,495	(549,597)	(22,543)	(38,009)								(483,076)
Grant Revenue	-	-	-	-	-								-
Pharmacy Rebate Income	-	(59,533)	-	-	65,757								6,224
Claim Refunds Receipts	2,793	5,121	(31,335)	(29,245)	(29,315)								(81,981)
Assessment Receipts	-	387,747	1,612,260	(1,803,583)	376,036								572,460
Investment Income	(16)	(33)	121	255	227								553
Other Income	-	-	-	-	-								-
Total Receipts	22,355	440,796	1,031,449	(1,855,116)	374,696	-	-	-	-	-	-	-	14,180
Refunds													
Assessment Refunds	-	-	(221,604)	-	-								(221,604)
Premium Refunds	16,012	(8,861)	19,414	4,290	(10,675)								20,180
Total Refunds	16,012	(8,861)	(202,190)	4,290	(10,675)	-	-	-	-	-	-	-	(201,424)
Expenses													
Medical Claims	(11,893)	627,003	960,144	818,881	650,744								3,044,879
Pharmacy Claims	110,679	111,928	246,137	167,961	(71,557)								565,148
Fixed (PMPM) Admin	3,587	1,199	2,159	4,172	481								11,598
Variable Admin	1,676	164	8,200	88	2,362								12,490
Salary and Benefits	6,115	206	(1,256)	181	201								5,447
Prescription Admin	785	738	557	794	1,246								4,119
Miscellaneous	(1,016)	(996)	958	(1,287)	(4,121)								(6,462)
Professional Fees	15,661	16,416	31,377	21,314	8,078								92,847
Total Expense	125,594	756,657	1,248,276	1,012,104	587,435	-	-	-	-	-	-	-	3,730,066
Available Cash Balance	163,961	1,188,592	3,266,127	2,427,404	3,378,860	-	-	-	-	-	-	-	
Inc(Dec) in Abandoned Property Reserve													
Month Ending Cash Balance	163,961	1,188,592	3,266,127	2,427,404	3,378,860	-	-	-	-	-	-	-	

2021 Budgeted Cashflow Notes

- (1) Assumes a Non-medicare medical claim expense trend of 8%. Assumes a Medicare medical claim expense trend of 8%.
- (2) Assumes a Non-medicare pharmacy claim expense trend of 8%. Assumes a Medicare pharmacy claim expense trend of 8%.
- (3) Assumes a Non-medicare premium rate trended at a 41.4% 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 (\$8.5 M), July (\$9.0 M) and November (\$7.0 M) TOTAL \$24.5 M
- (6) 4-Week expense allowance is \$2.7 M based upon the projected data for the 12-month period ending in Dec of 2021.
- (7) WSHIP has access to a \$5 M line of credit in the event cash on hand is exhausted.

Washington State Health Insurance Pool
2021 Medicare vs. Non-Medicare Cash Flow

	January	February	March	April	May	June	July	August	September	October	November	December	YTD	Historical Annual			
														2019	2018	2017	
Medicare																	
Enrollment Count	1,119	1,117	1,095	1,078	1,060									5,469			
Premiums	332,499	354,155	296,326	723,315	199,386									1,905,681			
Medical Claims	763,340	633,291	340,357	554,329	630,311									2,921,627			
RX Claims	105,228	48,297	61,902	51,617	55,339									322,383			
Total Claims	868,567	681,587	402,259	605,946	685,650	-	-	-	-	-	-	-	-	3,244,010			
Income/Loss	(536,068)	(327,433)	(105,933)	117,370	(486,265)	-	-	-	-	-	-	-	-	(1,338,330)			
Loss Ratio	261%	192%	136%	84%	344%									170%	219%	191%	201%
Claims PMPM	776	610	367	562	647									593	846	815	792
Non Medicare																	
Enrollment Count	192	192	190	190	188									952			
Premiums	478,301	42,193	417,571	101,754	42,076									1,081,895			
Medical Claims	897,366	476,498	476,853	365,605	440,887									2,657,208			
RX Claims	623,611	584,793	515,961	582,586	784,284									3,091,235			
Total Claims	1,520,977	1,061,291	992,814	948,191	1,225,171	-	-	-	-	-	-	-	-	5,748,443			
Income/Loss	(1,042,676)	(1,019,098)	(575,243)	(846,437)	(1,183,095)	-	-	-	-	-	-	-	-	(4,666,548)			
Loss Ratio	318%	2515%	238%	932%	2912%									531%	471%	350%	434%
Claims PMPM	7,922	5,528	5,225	4,990	6,517									6,038	7,398	7,047	6,340
Combined Medicare/Non Medicare																	
Enrollment Count	1,311	1,309	1,285	1,268	1,248	-	-	-	-	-	-	-	-	6,421			
Premiums	810,800	396,348	713,897	825,069	241,462	-	-	-	-	-	-	-	-	2,987,576			
Medical Claims	1,660,706	1,109,788	817,210	919,933	1,071,198	-	-	-	-	-	-	-	-	5,578,837			
RX Claims	728,839	633,090	577,863	634,203	839,623	-	-	-	-	-	-	-	-	3,413,618			
Total Claims	2,389,545	1,742,879	1,395,073	1,554,136	1,910,822	-	-	-	-	-	-	-	-	8,992,456			
Income/Loss	(1,578,744)	(1,346,531)	(681,176)	(729,067)	(1,669,360)	-	-	-	-	-	-	-	-	(6,004,880)			
Loss Ratio	295%	440%	195%	188%	791%									301%	351%	285%	333%
Claims PMPM	1,823	1,331	1,086	1,226	1,531									1,400	2,250	2,277	2,235

Medicare vs NonMedicare Notes:

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

**Washington State Health Insurance Pool
2021 Cash Flow Forecast**

	Actual					Forecast							TOTAL
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	
Enrollment:													
Non-Medicare Enrollment	192	192	190	190	188	171	170	169	168	167	166	165	2,128
Medicare Enrollment	1,119	1,117	1,095	1,078	1,059	1,208	1,215	1,222	1,229	1,236	1,243	1,250	14,071
Total Enrollment Count	1,311	1,309	1,285	1,268	1,247	1,379	1,385	1,391	1,397	1,403	1,409	1,415	16,199
Cash Balance													
BEGINNING OF MONTH	9,501,959	8,637,023	7,620,197	8,240,161	12,371,918	11,979,750	10,718,915	8,707,520	13,668,102	13,108,886	11,597,205	9,136,086	
Receipts													
Premium Receipts	1,087,037	408,058	744,678	825,069	255,892	841,180	644,745	414,688	1,424,182	569,348	219,094	286,681	7,720,651
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Pharmacy Rebate Income	-	60,467	-	-	185,757	-	-	120,000	-	-	120,000	-	486,224
Claim Refunds Receipts	2,875	10,876	2,336	2,944	4,184	32,505	33,804	36,408	37,221	39,751	38,113	37,250	278,266
Assessment Receipts	564,858	387,747	1,612,260	4,996,417	1,226,036	660,434	-	7,200,000	900,000	900,000	-	5,600,000	24,047,754
Investment Income	84	67	221	355	327	100	100	100	100	100	100	100	1,753
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	1,654,854	867,214	2,359,495	5,824,785	1,672,196	1,534,219	678,649	7,771,195	2,361,503	1,509,199	377,307	5,924,031	32,534,647
Refunds													
Assessment Refunds	-	-	221,604	-	-	-	-	-	-	-	-	-	221,604
Premium Refunds	0	13,370	0	8,424	15,083	20,959	9,671	6,220	21,363	8,540	3,286	4,300	111,218
Total Refunds	0	13,370	221,604	8,424	15,083	20,959	9,671	6,220	21,363	8,540	3,286	4,300	332,822
Expenses													
Medical Claim Expense	1,660,706	1,109,788	808,210	919,933	1,071,198	1,944,177	1,643,868	1,778,510	1,891,000	2,028,713	1,877,632	1,985,359	18,719,095
Pharmacy Claim Expense	728,839	633,090	577,863	634,203	839,623	689,831	885,492	857,276	854,686	829,378	801,529	844,117	9,175,926
PMPM Administrative Expense	72,108	74,044	73,398	71,699	75,704	76,500	76,814	77,128	77,442	77,757	78,071	78,385	909,048
Variable Administrative Expense	6,888	7,832	6,329	8,973	5,731	8,127	8,159	8,192	9,224	8,257	16,790	8,322	102,820
Salary and Benefits Expense	43,072	33,022	34,483	33,047	33,027	33,228	33,374	33,374	33,374	33,374	33,374	33,374	410,125
Prescription Administrative Expense	937	991	1,179	949	504	1,758	1,765	1,772	1,780	1,787	1,794	1,801	17,017
Miscellaneous Expense	4,708	4,563	3,384	4,854	7,813	4,217	4,642	29,383	5,592	14,817	7,692	21,797	113,461
Professional Fees	2,532	7,342	13,081	10,945	15,680	16,258	26,258	18,758	26,258	18,258	18,258	26,258	199,888
Total Expense	2,519,789	1,870,671	1,517,927	1,684,603	2,049,281	2,774,095	2,680,372	2,804,393	2,899,356	3,012,341	2,835,139	2,999,413	29,647,381
Available Cash Balance	8,637,023	7,620,197	8,240,161	12,371,918	11,979,750	10,718,915	8,707,520	13,668,102	13,108,886	11,597,205	9,136,086	12,056,403	
Inc(Dec) in Abandoned Property Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Month Ending Cash Balance	8,637,023	7,620,197	8,240,161	12,371,918	11,979,750	10,718,915	8,707,520	13,668,102	13,108,886	11,597,205	9,136,086	12,056,403	

2021 Cashflow Forecast Notes

- (1) Assumes a Non-medicare medical claim expense trend of 8%. Assumes a Medicare medical claim expense trend of 8%.
- (2) Assumes a Non-medicare pharmacy claim expense trend of 8%. Assumes a Medicare pharmacy claim expense trend of 8%.
- (3) Assumes a Non-medicare premium rate trended at a 41.4% 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 (\$8.5 M), July (\$9.0 M) and November (\$7.0 M) TOTAL \$24.5 M
- (6) 4-Week expense allowance is \$2.7 M based upon the projected data for the 12-month period ending in Dec of 2021.
- (7) WSHIP has access to a \$5 M line of credit in the event cash on hand is exhausted.

Washington State Health Insurance Pool 2021 Financial Performance

CASH BASIS	Month Ending May 31, 2021			
	Projected	Actual	Variance	% Change
Membership	1,373	1,247	(126)	-9.2%
Avg Premium Receipt PMPM	\$211	\$193	(\$18)	-8.5%
Avg Medical Claim Expense PMPM	\$1,254	\$856	\$398	-31.7%
Avg Pharmacy Claim Expense PMPM	\$616	\$673	(\$57)	9.3%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,659)	(\$1,336)	\$323	19.5%
Avg Premium Receipt Less Avg Claim Expense Total	(\$2,277,807)	(\$1,665,992)	\$611,815	26.9%
Variance Due to Changes in Membership			\$168,336	
Variance Due to Changes in Claim Expenses			\$443,479	

CASH BASIS	Year-To-Date May 31, 2021			
	Projected	Actual	Variance	% Change
Member Months	6,805	6,420	(385)	-5.7%
Avg Premium Receipt PMPM	\$551	\$515	(\$36)	-6.5%
Avg Medical Claim Expense PMPM	\$1,250	\$864	(\$386)	-30.9%
Avg Pharmacy Claim Expense PMPM	\$585	\$532	(\$53)	-9.1%
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,284)	(\$881)	\$403	31.4%
Avg Premium Receipt Less Avg Claim Expense Total	(\$8,737,620)	(\$5,656,020)	\$3,081,600	35.3%
Variance Due to Changes in Membership			\$339,185	
Variance Due to Changes in Claim Expenses			\$2,742,415	

INCURRED BASIS	Year-To-Date May 31, 2021	Year-To-Date May 31, 2020
	Actual	Actual - Prior Year
Member Months	6,420	6,488
Avg Premium Income PMPM	\$608	\$600
Avg Medical Claim Expense PMPM (1)	\$1,211	\$1,354
Avg Pharmacy Claim Expense PMPM (2)	\$536	\$679
Avg Premium Receipt Less Avg Claim Expense PMPM	(\$1,139)	(\$1,433)
Avg Premium Receipt Less Avg Claim Expense Total	(\$7,312,380)	(\$9,297,304)

(1) Incurred medical claims data totals \$7,777,291 which is derived from \$2,387,291 actual paid claims with dates of service between 01-01-21 and 05-31-21 and \$5,390,000 IBNR reserve.

(2) Incurred pharmacy claims data totals \$3,440,336 which is derived from \$3,057,336 actual paid claims with dates of service between 01-01-21 and 05-31-21 and \$383,000 IBNR reserve.