



Washington Health Benefit Exchange Quarterly Update to the Legislature (March 2017)

STATUTORY REQUIREMENT

Statute Summary

The Exchange is required to establish five-year benchmarks for spending reductions, monitor ongoing progress toward achieving those benchmarks, post progress to date toward achieving the benchmarks on the Exchanges' public corporate web site, and submit quarterly updates to relevant legislative committees and the board as appropriate

Relevant Text of Second Engrossed Senate Bill 6089, Chapter 33, Laws of 2015::

(8) By January 1, 2016, the exchange must develop metrics, with actuarial support and input from the health care authority, office of insurance commissioner, office of financial management, and other relevant agencies, that capture current spending levels that include a per member per month metric; establish five-year benchmarks for spending reductions; monitor ongoing progress toward achieving those benchmarks; and post progress to date toward achieving the established benchmark on the exchange public corporate web site. Quarterly updates must be provided to relevant legislative committees and the board.

(9) For biennia following 2015-2017, the exchange must include additional detail capturing the annual cost of operating the exchange, per qualified health plan enrollee and apple health enrollee per month, as calculated by dividing funds allocated for the exchange over the 2015-2017 biennium by the number of enrollees in both qualified health plans and apple health during the year. The data must be tracked and reported to the legislature and the board on an annual basis.

This report reflects the per member per month (PMPM) as of March 2017, using the February Medicaid Forecast and the February qualified health plan forecast. The expenditures for 2017 reflect the proposed House and Senate budgets.

CALCULATION OF PER MEMBER PER MONTH VALUES

This quarterly update provides a calculation of "per member per month" (PMPM) expenditures that reflects the organization's total costs divided by total enrollment along with PMPM calculations for Medicaid enrollees and QHP enrollees. Table 1 reflects the original budget information and enrollment projection. Table 2 represents the December annual report and PMPM calculations. Table 3 represents updated caseloads for QHP enrollees as of February 2017 and the February 2017 Medicaid forecast.

The QHP budget as the proportional share of the total drops from SFY 16 to SFY 17 because of the revised Medicaid cost allocation methodology which to began in full on November 17, 2016. The new cost allocation correctly delineates between shared costs and QHP only costs.

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The difference in the QHP PMPM between December and March is reflective of additional IT work that is primarily QHP only. For example, the Exchange needed to replace its plan management system since it was no longer going to be supported by the current vendor.

TABLE 1: INITIAL CALCULATION OF PMPM

| | State Fiscal Year 2016 | State Fiscal Year 2017* |
|-------------------------------------|-------------------------------|--------------------------------|
| Total Budget | \$56,882,000 | \$53,132,000 |
| QHP Budget | \$27,417,124 | \$10,417,916 |
| Average Monthly QHP Enrollment | 145,207 | 153,616 |
| Average Monthly Medicaid Enrollment | 1,560,842 | 1,705,100 |
| Combined PMPM | \$2.78 | \$2.52 |

*June 2015 Caseload Forecast Council Forecast

TABLE 2: DECEMBER 2016 CALCULATION OF PMPM

| | State Fiscal Year 2016 | State Fiscal Year 2017* |
|-------------------------------------|-------------------------------|--------------------------------|
| Total Budget | \$56,740,000 | \$55,022,000 |
| QHP Budget | \$27,348,680 | \$16,988,337 |
| Average Monthly QHP Enrollment | 159,080 | 166,752 |
| Average Monthly Medicaid Enrollment | 1,571,095 | 1,609,246 |
| QHP PMPM | \$14.33 | \$8.49 |
| WAH PMPM | \$1.56 | \$1.97 |
| Combined PMPM | \$2.73 | \$2.58 |

*October 2016 Medicaid and QHP Forecasts

TABLE 3: MARCH 2017 CALCULATION OF PMPM

| | State Fiscal Year 2016 | State Fiscal Year 2017* |
|-------------------------------------|-------------------------------|--------------------------------|
| Total Budget | \$56,740,000 | \$55,108,000 |
| QHP Budget | \$27,348,680 | \$18,888,829 |
| Average Monthly QHP Enrollment | 157,927 | 165,126 |
| Average Monthly Medicaid Enrollment | 1,573,407 | 1,603,388 |
| QHP PMPM | \$14.33 | \$9.53 |
| WAH PMPM | \$1.56 | \$1.88 |
| Combined PMPM | \$2.73 | \$2.60 |

*February 2017 Medicaid and QHP Forecasts

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All quarterly updates are available online at: <http://www.wahbexchange.org/about-the-exchange/exchange-reports-data/presentations-reports/>.