



Washington State Health Benefit Exchange  
Quarterly Financial Report to the Legislature  
April 2018

## Background

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The Washington Health Benefit Exchange (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.

This report reflects the April 2018 Quarterly Financial Report including the quarterly per member per month (PMPM) update. The PMPM report provides data through March 2018, using the February Medicaid forecast and the April qualified health plan (QHP) forecast.

The third quarter SFY 2018 financial information for the Exchange includes a summary of expenditures, revenues, and FTEs during this period. A list of all changes to contracts during this period is also included.

### Per Member Per Month Quarterly Report

This quarterly update provides a calculation of “per member per month” (PMPM) expenditures that reflect the organization’s total costs divided by total enrollment along with PMPM calculations for Medicaid enrollees and QHP enrollees. Table 1 provides the December 2017 PMPM calculations using the Wakely October 2017 QHP forecast and the November 2017 Caseload Forecast Council Medicaid forecast. Table 2 provides updated information from the February 2018 Caseload Forecast Council Medicaid forecast and the April 2018 Wakely QHP forecast. In addition, the Exchange’s expenditures reflect the Exchange’s approved cost allocation plan by the Centers for Medicare and Medicaid Services. The additional one-time expenditure authority for state fiscal year 2019 included in the enacted budget increased the per member per month amount for Washington Apple Health and the combined PMPM. Higher QHP enrollment resulted in a reduction in the QHP PMPM for state fiscal year 2019.

**Table 1: December 2017 PMPM Data**

	State Fiscal Year 2017	State Fiscal Year 2018*	State Fiscal Year 2019*
Total Budget	\$54,693,000	\$58,498,000	\$61,443,000
QHP Budget	\$18,888,829	\$22,000,546	\$22,972,396
Average Monthly QHP Enrollment	170,462	162,211	150,534
Average Monthly Medicaid Enrollment	1,606,607	1,590,442	1,608,593
QHP PMPM	\$9.23	\$11.30	\$12.72
WAH PMPM	\$1.86	\$1.91	\$1.99
Combined PMPM	\$2.56	\$2.78	\$2.91

**Table 2: April 2018 PMPM Data**

	State Fiscal Year 2017*	State Fiscal Year 2018*	State Fiscal Year 2019*
Total Budget	\$54,693,000	\$59,043,000	\$65,069,000
QHP Budget	\$18,888,829	\$22,170,677	\$23,396,000
Average Monthly QHP Enrollment	170,305	185,526	191,990
Average Monthly Medicaid Enrollment	1,606,608	1,590,444	1,608,593
QHP PMPM	\$9.24	\$9.96	\$10.16
WAH PMPM	\$1.86	\$1.93	\$2.16
Combined PMPM	\$2.56	\$2.77	\$3.01

\*FY 2018 and FY 2019 represent the enacted budget

### Quarterly Financial Information

#### **Expenditures**

The third quarter financial information is provided in the tables below. Table 3 provides year-to-date (YTD) budget to actual expenditures by fund source. Table 4 provides this same YTD expenditure information by object. The third quarter expenditure variance of \$1,169,879 (8%) is due largely to lower than planned printing and imaging costs during open enrollment, vacancy savings, and delays in software acquisition.

**Table 3 – 2018 YTD Budget to Actual Expenditures by Fund Source**

	Budget	Expenditures			Q3 Actuals	Q3 Variance
	Q3 Budget	January	February	March		
General Fund - State Health Benefit Exchange Account	\$1,527,000	\$551,651	\$404,164	\$410,977	\$1,366,792	\$160,208
General Fund - Federal	\$7,120,700	\$2,423,488	\$1,839,797	\$1,981,832	\$6,245,117	\$875,583
	\$5,478,700	\$1,809,334	\$1,526,669	\$2,008,609	\$5,344,611	\$134,089
<b>TOTAL</b>	<b>\$14,126,400</b>	<b>\$4,784,473</b>	<b>\$3,770,630</b>	<b>\$4,401,418</b>	<b>\$12,956,521</b>	<b>\$1,169,879</b>

**Table 4 – 2018 YTD Budget to Actual Expenditures by Object**

	Budget	Expenditures			Q3 Actuals	Q3 Variance
	Q3 Budget	January	February	March		
Salaries	\$2,612,400	\$823,041	\$832,903	\$818,278	\$2,474,221	\$138,179
Benefits	\$1,009,500	\$305,097	\$303,645	\$301,638	\$910,380	\$99,120
Contracts	\$9,050,000	\$3,139,938	\$2,338,518	\$2,990,530	\$8,468,986	\$581,014
Goods and Services	\$1,406,300	\$502,693	\$291,515	\$274,375	\$1,068,583	\$337,717
Travel	\$48,200	\$13,703	\$4,049	\$16,597	\$34,350	\$13,850
<b>TOTAL</b>	<b>\$14,126,400</b>	<b>\$4,784,473</b>	<b>\$3,770,630</b>	<b>\$4,401,418</b>	<b>\$12,956,521</b>	<b>\$1,169,879</b>

Tables 5 and 6 represent the projected year-end-variance, which is \$837,969 (1.4%). Table 5 represents fund source detail. Table 6 is the estimated year-end variance by object.

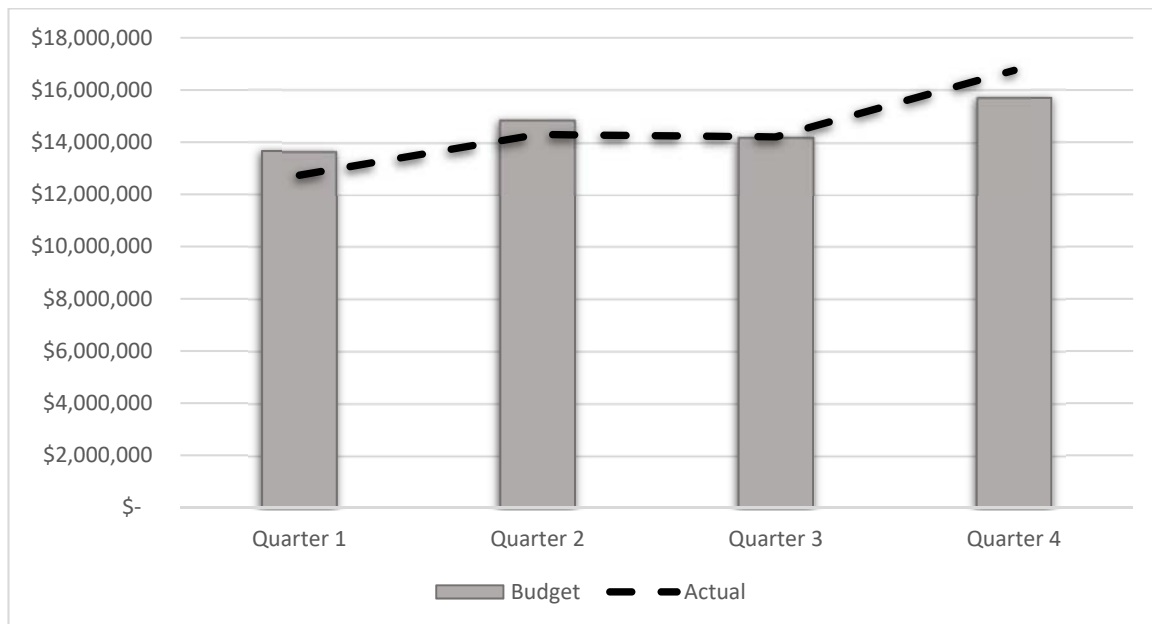
**Table 5 – Projected SFY 2018 Annual Expenditures by Fund Source**

	SFY18 Budget	YTD Actuals	Projected SFY Expenditures	Year End Variance
General Fund - State Health Benefit Exchange Account	\$5,184,000	\$4,614,906	\$5,180,706	\$3,294
General Fund - Federal	\$24,888,000	\$16,782,045	\$24,630,745	\$257,255
General Fund - Federal	\$28,971,000	\$18,586,380	\$28,393,580	\$577,420
<b>TOTAL</b>	<b>\$59,043,000</b>	<b>\$39,983,331</b>	<b>\$58,205,031</b>	<b>\$837,969</b>

**Table 6 – Projected SFY 2018 Annual Expenditures by Object**

	SFY18 Budget	YTD Actuals	Projected SFY Expenditures	Year End Variance
Salaries	\$10,398,600	\$7,414,576	\$10,069,976	\$328,624
Benefits	\$3,852,000	\$2,604,474	\$3,613,974	\$238,026
Contracts	\$39,239,600	\$26,851,202	\$39,417,402	-\$177,802
Goods and Services	\$5,370,600	\$3,001,606	\$4,936,006	\$434,594
Travel	\$182,200	\$111,472	\$167,672	\$14,528
<b>TOTAL</b>	<b>\$59,043,000</b>	<b>\$39,983,331</b>	<b>\$58,205,031</b>	<b>\$837,969</b>

**Chart 1 – SFY18 Budget and Expenditures by Quarter**



**Revenue**

The Exchange’s third quarter revenue exceeded projections by \$450,622 due to higher than anticipated QHP enrollment.

**Table 7 – SFY 2018 Year-to-Date-Revenue**

Revenue Source	YTD Projected	YTD Actuals	Variance	Annual Projection
17T- QHP Medical	\$20,930,827	\$22,016,506	\$1,085,679	\$33,099,213
17T- QHP Family Dental	\$362,612	\$242,784	-\$119,828	\$672,671
17T- QHP Pediatric Dental	\$54,883	\$17,239	-\$37,644	\$54,292
<b>TOTAL</b>	<b>\$21,348,322</b>	<b>\$22,276,529</b>	<b>\$928,207</b>	<b>\$33,826,176</b>

**FTEs**

The Exchange continues to have a low vacancy rate. The Information Technology (IT) contractor FTEs support the Exchange’s release schedule.

**Table 8 – SFY 2018 FTEs and Contractors as of March 2018**

Department	Contractor FTEs	Budgeted FTEs	Actual FTEs	Variance	Variance %
Executive	0.0	9.5	8.5	1.0	10.5%
Communications	0.0	16.5	16.5	0.0	0%
Finance	0.0	15.5	14.5	1.0	6.5%
IT	9.0	33.5	31.5	2.0	6.0%
Legal	0.0	11.5	10.5	1.0	8.7%
Operations	0.0	35.0	34.0	1.0	2.9%
Policy	0.0	8.0	7.0	1.0	12.5%
<b>TOTAL</b>	<b>9.0</b>	<b>129.5</b>	<b>122.5</b>	<b>7.0</b>	<b>5.4%</b>

### Q3 Contract Activity

These charts reflect all Exchange contract activity by month for the second quarter of state fiscal year 2018.

#### JANUARY 2018

Contract #	Company	start	end	Description	Total contract value	Changes Through January 2018
HBE-171	TEKsystems	9/21/15	6/30/18	Optional use contract for technical staffing	\$4,000,000	Extend contractor work order to 6/30/18
HBE-377	KP	1/1/18	6/30/19	Correspondence printing and mailing services	\$4,900,000	New contract (a result of RFQQ 17-010)
HBE-378	Secure-24	11/1/17	6/30/20	HPF hosting services	\$3,124,410	Decommission 5 servers (\$62,546) and new SOW for additional \$2,888,749
MLA-219	Oracle	2/11/16	2/10/19	Linux and VM products	\$41,194.96	Extend licensing for Linux and VM
MLA-334	Microsoft	2/1/17	1/31/19	Premier support services	\$382,376	Extension of premier support through 1/31/19

#### FEBRUARY 2018

Contract #	Company	start	end	Description	Total contract value	Changes Through February 2018
SLA-137	Vertical Solutions	2/8/18	12/31/30	Use of Legal Track	N/A	Amended section 5.1 Fees; and notification days
HBE-352	The Athena Group	2/21/18	6/30/18	Lean consultant	\$110,000	Additional funding
HBE-378	Secure-24	2/23/18	6/30/20	HPF hosting services	\$2,700,000	Remove 6 of 14 managed virtual machines; introduce new language

#### MARCH 2018

Contract #	Company	start	end	Description	Total contract value	Changes Through March 2018
HBE-171	TEKsystems	9/21/15	4/14/18	Contract for technical staffing	\$4,000,000	Increase contractor work order to 40 hours per week
HBE-352	The Athena Group	7/7/17	6/30/19	Lean consultant	\$260,000	Extend POP; add funding for FY18 & 19
MLA-219	Oracle	2/11/16	2/10/21	Linux and VM products	\$99,079.28	New Oracle Linux licenses and support - qty 150
HBE-383	Cline Consulting	3/29/18	6/30/19	Organization development	\$35,000	Leadership Team development