



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

Background

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 January 2018 Quarterly Financial Report including the quarterly per member per month (PMPM) update. The PMPM report provides data through December 2017, using the November Medicaid forecast and the October qualified health plan (QHP) forecast. The next update of this report will include the February Medicaid and QHP forecasts.

The second 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 October 2017 PMPM calculations using the Wakely August QHP forecast and the June Caseload Forecast Council Medicaid forecast. Table 2 provides updated information from the November Caseload Forecast Council Medicaid forecast and the October 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.

Table 1: October 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	\$20,501,840	\$20,501,840
Average Monthly QHP Enrollment	170,462	162,211	150,534
Average Monthly Medicaid Enrollment	1,603,388	1,620,534	1,635,096
QHP PMPM	\$9.23	\$10.53	\$11.35
WAH PMPM	\$1.86	\$1.95	\$2.09
Combined PMPM	\$2.57	\$2.73	\$2.87

Table 2: 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

*FY 2018 and FY 2019 represent the enacted budget

Quarterly Financial Information

Expenditures

The 2nd 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 second quarter expenditure variance of \$545,184 (4%) is due largely to differences in the timing of software subscription renewals.

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

	Budget	Expenditures			Q2 Actuals	Q2 Variance
	Q2 Budget	October	November	December		
General Fund - State Health Benefit Exchange Account	\$1,748,025	\$580,215	\$597,543	\$555,672	\$1,733,430	\$14,595
General Fund - Federal	\$7,227,900	\$1,578,380	\$2,200,611	\$3,106,538	\$6,885,529	\$342,371
	\$5,863,762	\$1,628,874	\$1,651,553	\$2,395,117	\$5,675,544	\$188,218
TOTAL	\$14,839,687	\$3,787,469	\$4,449,707	\$6,057,327	\$14,294,503	\$545,184

Table 4 – 2018 YTD Budget to Actual Expenditures by Object

	Budget	Expenditures			Q2 Actuals	Q2 Variance
	Q2 Budget	October	November	December		
Salaries	\$2,634,678	\$834,583	\$834,819	\$835,139	\$2,504,541	\$130,137
Benefits	\$928,855	\$287,045	\$284,680	\$279,081	\$850,806	\$78,049
Contracts	\$10,059,644	\$2,382,019	\$3,059,211	\$4,667,004	\$10,108,234	-\$48,590
Goods and Services	\$1,165,185	\$261,998	\$247,014	\$269,783	\$778,795	\$386,390
Travel	\$51,325	\$21,825	\$23,982	\$6,320	\$52,127	-\$802
TOTAL	\$14,839,687	\$3,787,470	\$4,449,706	\$6,057,327	\$14,294,503	\$545,184

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Tables 5 and 6 represent the expected year-end-variance, which is \$433,463 (0.7%). Table 5 represents fund source detail. Table 6 is the estimated year-end variance by object.

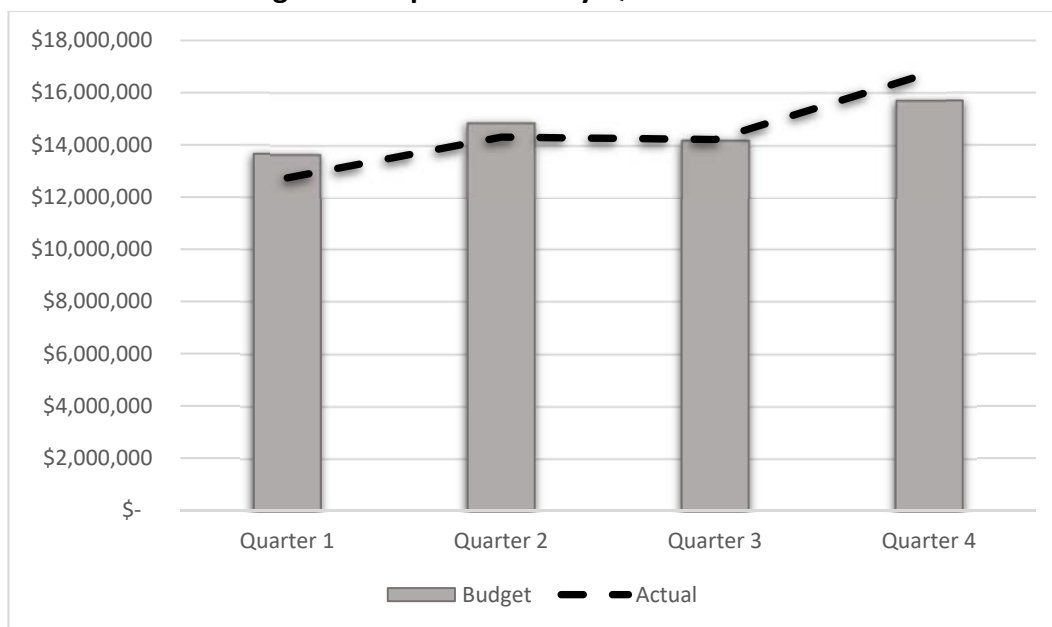
Table 5 – Projected SFY 2018 Annual Expenditures by Fund Source

	SFY18 Budget	YTD Actuals	Projected SFY Expenditures	Year End Variance
General Fund - State	\$5,111,091	\$3,248,113	\$5,111,039	\$52
Health Benefit Exchange Account	\$28,994,055	\$12,340,126	\$28,790,263	\$203,792
General Fund - Federal	\$24,311,615	\$11,439,437	\$24,081,996	\$229,619
TOTAL	\$58,416,761	\$27,027,677	\$57,983,298	\$433,463

Table 6 – Projected SFY 2018 Annual Expenditures by Object

	SFY18 Budget	YTD Actuals	Projected SFY Expenditures	Year End Variance
Salaries	\$10,577,017	\$4,940,355	\$10,341,885	\$235,132
Benefits	\$3,849,201	\$1,694,094	\$3,711,350	\$137,851
Contracts	\$38,444,395	\$18,384,019	\$38,414,791	\$29,604
Goods and Services	\$5,366,848	\$1,932,182	\$5,344,195	\$22,653
Travel	\$179,300	\$77,027	\$171,077	\$8,223
TOTAL	\$58,416,761	\$27,027,677	\$57,983,298	\$433,463

Chart 1 – SFY18 Budget and Expenditures by Quarter



Revenue

The Exchange’s first quarter revenue exceeded projections due to higher than anticipated QHP enrollment.

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

Revenue Source	Q1 Projected	Q1 Actual	Q2 Projected	Q2 Actual	Variance
17T- QHP Medical	\$7,424,711	\$7,642,681	\$7,160,664	\$7,737,161	\$794,467
17T- QHP Family Dental	\$138,384	\$138,384	\$113,681	\$135,337	\$21,656
17T- QHP Pediatric Dental	\$12,819	\$12,819	\$17,437	\$12,927	(\$4,510)
Total	\$7,575,914	\$7,793,884	\$7,291,782	\$7,885,425	\$811,613

FTEs

Despite the uncertainty in the individual insurance marketplace, the Exchange continues to have a low vacancy rate. The identified variance in FTEs is expected to narrow next quarter as several of the open positions were filled in January. The Information Technology (IT) contractor FTEs support the Exchange’s aggressive release schedule.

Table 8 – SFY 2018 FTES and Contractors as of December 2017

Department	Contractor FTEs	Budgeted FTEs	Actual FTEs	Variance	Variance %
Executive	0.0	10.5	10.5	0.0	0%
Communications	0.0	16.5	16.5	0.0	0%
Finance	0.0	15.5	14.5	1.0	6.5%
IT	10.0	32.5	32.5	0.0	0%
Legal	0.0	11.5	10.5	1.0	8.7%
Operations	0.0	35.0	32.0	3.0	8.6%
Policy	0.0	8.0	7.0	1.0	12.5%
Total	10.0	129.5	123.5	6.0	4.6%

Q2 Contract Activity

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

OCTOBER 2017

Contract #	Company	start	end	Description	Total contract value	Changes Through October 2017
HBE-027	Deloitte	4/16/12	6/30/20	System integration contractor	\$179,781,345	Transfer of Secure-24 to HBE direct contract
HBE-028	Faneuil	2/23/23	6/30/18	Call center operations	\$75,000,000	Adjustment of pricing structure
HBE-170	TEKSystems	9/21/15	6/30/18	Operational use contract for technical staffing	\$4,000,000	New work order for contractor to assist with IT security upgrade
HBE-217	Resource Group	3/11/16	6/30/18	Financial system support	\$427,044	Hourly rate increase for ad-hoc services
HBE-335	Ruxed	3/7/17	10/31/18	SharePoint/Intranet development and maintenance	\$106,000	Extend end date, new statement of work, increase of \$12,000
HBE-337	Get Insured	5/12/17	5/30/19	Consumer decision support tool for QHP shopping on HPF	\$778,800	New change order and increase of \$8,800
HBE-345	Kitsap Public Health District	8/1/17	6/30/17	Lead navigator organization	\$71,411	Amend staffing and QHP enrollment targets
HBE-365	Applied Team Insurance	9/27/17	6/30/18	Full service enrollment center	\$13,997	Adjustment of allowable expenses
HBE-366	Cornerstone	9/27/17	6/30/18	Full service enrollment center	\$8,050	New contract
HBE-368	GHB Insurance	10/9/17	6/30/18	Full service enrollment center	\$19,896	New contract and amendment regarding insurance coverage
HBE-369	Warshauer	10/1/17	6/30/18	Full service enrollment center	\$13,646	New contract and amendment regarding insurance coverage
HBE-370	1 st Premier Insurance	11/1/17	10/31/18	Broker affiliate agreement	\$700	New contract
HBE-371	FND Insurance	11/1/17	10/31/18	Broker affiliate agreement	\$5,000	New contract
HBE-372	Financial Designs	11/1/17	10/31/18	Broker affiliate agreement	\$2,500	New contract
HBE-373	McGregor Insurance	11/1/17	10/31/18	Broker affiliate agreement	\$4,000	New contract and amendment regarding insurance coverage
HBE-374	Jung Park Agency	11/1/17	10/31/18	Broker affiliate agreement	\$5,000	New contract
HBE-375	Rice Insurance	11/1/17	10/31/18	Broker affiliate agreement	\$4,000	New contract

Contract #	Company	start	end	Description	Total contract value	Changes Through October 2017
HBE-378	Secure – 24	11/1/17	6/30/20	HPF hosting services	\$2,855,748	New contract for transfer of services to HBE from Deloitte
HBE-066-I	En Pointe	10/0/16	9/30/19	Microsoft Licenses	\$560,607	Change to new 3 rd party administrator

NOVEMBER 2017

Contract #	Company	start	end	Description	Total contract value	Changes Through November 2017
HBE-369	Warshauer	10/1/17	6/30/18	Full service enrollment center	\$13,646	Adjustment of allowable expenses
HBE-371	FND Insurance	11/1/17	10/31/18	Broker affiliate agreement	\$4,000	Adjustment of allowable expenses

DECEMBER 2017

Contract #	Company	start	end	Description	Total contract value	Changes Through December 2017
HBE-028	Faneuil	2/23/13	6/30/19	Call center operations	\$88,000,000	Renegotiated costs and extended end date, increase of \$11,000
HBE-108	KJS	10/10/12	6/30/23	810 Jefferson Street lease	\$5,580,917	Remove parking lots from main lease
HBE-163	Altriva	8/7/14	12/31/18	CRM development and support	\$160,000	Extend M&O to 12/31/18
HBE-173	Cognizant	1/15/15	6/30/18	Functional and system analysis and project management	\$453,600	Extend work order for contractor, increase of \$90,720
HBE-198	Portland WebWorks	11/19/15	6/30/19	Web content management system	\$365,684	Extend contract to 6/30/19
HBE-378	Secure -24	11/1/17	6/30/20	HPF hosting services	\$2,966,932	Two amendments to add new virtual servers, increase of \$111,184
MLA-334	Microsoft	2/1/17	1/31/18	Premier support services	\$218,161	Add Azure consulting services, increase of \$98,962
SLA-137	Vertical Solutions	8/28/16	12/31/30	Use of Legal Track	\$4,884	Annual increase of \$1,440
SLA-213	KJS	1/1/16	6/10/18	Off-site parking lease	\$66,960	New contract for parking, transferred from KJS contract