



Washington State Health Benefit Exchange Quarterly Financial Report to the Legislature

October 2017

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

The first quarter SFY 2018 financial information for the Exchange includes a summary of all expenditures, revenues, FTEs and a list of all contract changes for the first three months. This information was previously reported monthly.

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 reflects the 2017 June budget information and enrollment projections for QHP and Medicaid. The June SFY 2018 and 2019 budget numbers were based on the proposed legislative budget. The enacted budget identified in Table 2 reflects actual 2017 expenditures and the enacted 2017-19 legislative budget and the August 2017 QHP enrollment forecast. There is little difference in PMPM from the June to October reports.

Table 1: June 2017

	State Fiscal Year 2017*	State Fiscal Year 2018	State Fiscal Year 2019
Total Budget	\$55,108,000	\$59,444,000	\$62,193,000
QHP Budget	\$18,888,829	\$18,888,829	\$18,888,829
Average Monthly QHP Enrollment	168,684	174,750	175,325
Average Monthly Medicaid Enrollment	1,603,388	1,620,534	1,635,096
QHP PMPM	\$9.33	\$9.01	\$8.98
WAH PMPM	\$1.88	\$2.09	\$2.21
Combined PMPM	\$2.59	\$2.76	\$2.86

*Represents 2018 year-end expenditure projections

Table 2: October 2017

	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

Note: QHP enrollment projections based on October 31, 2017 Wakely Forecast, which reflects the loss of federal cost sharing reductions (CSRs)

Financial Reports

Expenditures

The Quarter 1 financial reports are provided in the tables below. Table 3 reflects budget to actual expenditures by fund source. Table 4 provides the same information for expenditures by object. The expenditure variance for the first quarter is \$929,128 (7%). This variance is largely due to the timing of software contract renewals. Tables 5 and 6 reflect the expected year end variance, which is \$231,128 (0.4%).

Table 3 – Budget to Actual Expenditures by Fund Source

Fund Name	Budget	Expenditures				Q1 Variance
	Budget for Q1	July	August	September	Q1 Actuals	
General Fund - State Health Benefit Exchange Account	\$1,515,500	\$478,165	\$509,241	\$527,277	\$1,514,682	\$818
General Fund - Federal	\$6,177,90	\$1,819,832	\$1,909,557	\$2,034,505	\$5,763,894	\$414,006
	\$5,968,900	\$1,744,448	\$1,672,027	\$2,038,121	\$5,454,596	\$514,304
Total	\$13,662,300	\$4,042,445	\$4,090,825	\$4,599,903	\$12,733,172	\$929,128

Table 4 – Budget to Actual Expenditures by Object

Fund Name	Budget	Expenditures				Q1 Variance
	Budget for Q1	July	August	September	Q1 Actuals	
Salaries	\$2,561,900	\$821,944	\$807,902	\$805,967	\$2,435,813	\$126,087
Benefits	\$911,000	\$283,836	\$281,729	\$277,723	\$843,288	\$67,712
Contracts	\$8,660,900	\$2,547,441	\$2,545,241	\$3,183,103	\$8,275,785	\$385,115
Goods and Services	\$1,486,900	\$383,351	\$446,405	\$323,631	\$1,153,387	\$333,513
Travel	\$41,600	\$5,872	\$9,548	\$9,479	\$24,899	\$16,701
Total	\$13,662,300	\$4,042,445	\$4,090,825	\$4,599,903	\$12,733,172	\$929,128

Table 5 – SFY 2018 Annual Expenditures by Fund Source

Fund Source	SFY18 Budget	YTD Actuals	Projected SFY Expenditures	Year End Variance
General Fund - State	\$5,184,000	\$1,514,682	\$5,178,182	\$5,818
Health Benefit Exchange Account	\$25,582,400	\$5,763,894	\$25,459,594	\$122,806
General Fund - Federal	\$27,731,600	\$5,454,596	\$27,629,096	\$102,504
TOTAL	\$58,498,000	\$12,733,172	\$58,266,872	\$231,128

Table 6 – SFY 2018 Annual Expenditures by Object

Object	SFY18 Budget	YTD Actuals	Projected SFY Expenditures	Year End Variance
Salaries	\$10,687,000	\$2,435,813	\$10,560,913	\$126,087
Benefits	\$3,885,900	\$843,288	\$3,818,188	\$67,712
Contracts	\$38,389,400	\$8,275,785	\$38,364,785	\$24,615
Goods and Services	\$5,354,400	\$1,153,387	\$5,352,387	\$2,013
Travel	\$181,300	\$24,899	\$170,599	\$10,701
TOTAL	\$58,498,000	\$12,733,172	\$58,266,872	\$231,128

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	Variance	Annual Projection
17T- QHP Medical	\$7,424,711	\$7,642,681	\$217,970	\$31,885,354
17T- QDP Family Dental	\$125,868	\$138,384	\$12,516	\$474,003
17T- QDP Pediatric Dental	\$18,916	\$12,819	(\$6,097)	\$71,672
Total	\$7,569,495	\$7,793,884	\$224,389	\$32,431,029

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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 as a result of filling open positions in October. The Information Technology (IT) contractor FTEs support the Exchange’s aggressive release schedule.

Table 8 – SFY 2018 FTEs and Contractors as of September 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	16.0	14.0	2.0	12.5%
IT	10.0	32.5	30.5	2.0	6.2%
Legal	0.0	11.5	10.5	1.0	8.7%
Operations	0.0	34.5	32.5	2.0	5.8%
Policy	0.0	8.0	8.0	0.0	0%
Total	10.0	129.5	122.5	7.0	5.4%

Q1 Contract Activity

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

JULY 2017

Contract #	Company	Type	Start	End	Description	Additional value	Total contract value	Description
HBE-066-C	Granicus	DES Inter-Agency Agreement	8/30/17	8/29/18	Platform for email marketing and outreach efforts	\$42,298.60	\$42,298.60	Annual renewal
HBE-119	Gail Maurer	Contract	10/18/13	7/31/17	Presiding Officer	\$4,000	\$89,000	Amended contract end date and added funds to cover current work.
HBE-163	Altriva	Contract	9/11/14	12/31/17	CRM development and support	\$925.00	\$159,640	Training on Dynamics CRM tool
HBE-342	Korean Women's Association	Contract	8/1/17	6/30/18	Navigator contract		\$60,133	Navigator contract
HBE-343	Better Health Together	Contract	8/1/17	6/30/18	Navigator contract		\$312,825	New navigator contract awarded through RFQQ 17-009
HBE-344	CHOICE Regional Heath Network	Contract	8/1/17	6/30/18	Navigator contract		\$234,573	New navigator contract awarded through RFQQ 17-009
HBE-345	Kitsap Public Health District	Contract	8/8/17	6/30/18	Navigator contract		\$71,411	New navigator contract awarded through RFQQ 17-009
HBE-346	Public Health Seattle & King County	Contract	8/1/17	6/30/18	Navigator contract		\$629,915	New navigator contract awarded through RFQQ 17-009
HBE-347	Sea Mar Community Health Center	Contract	8/4/17	6/30/18	Navigator contract		\$510,025	New navigator contract awarded through RFQQ 17-009

Contract #	Company	Type	Start	End	Description	Additional value	Total contract value	Description
HBE-348	Whatcom Alliance for Healthcare Access	Contract	8/1/17	6/30/18	Navigator contract		\$376,737	New navigator contract awarded through RFQQ 17-009
HBE-349	Yakima Neighborhood Health Services	Contract	8/1/17	6/30/18	Navigator contract		\$159,052	New navigator contract awarded through RFQQ 17-009
HBE-350	Tri-Cities Community Health	Contract	8/1/17	6/30/18	Navigator contract		\$155,104	New navigator contract awarded through RFQQ 17-009
HBE-351	Wenatchee Valley Hospital	Contract	8/1/17	6/30/18	Navigator contract		\$122,543	New navigator contract awarded through RFQQ 17-009
HBE-355	Avvento Consulting	Contract	7/7/17	6/30/18	IT consultant and project support		\$80,000	New contract/ work order for work on Problem Management Group (PMG) for Operations and IT
HBE-356	Gail Maurer	Contract	8/1/17	6/30/18	Presiding Officer		\$50,000	One of five new presiding officer contract awarded through RFQQ 17-006
HBE-357	Lauren Erickson	Contract	7/12/17	6/30/18	Presiding Officer		\$50,000	One of five new presiding officer contract awarded through RFQQ 17-006
HBE-358	James McNamara	Contract	7/12/17	6/30/18	Presiding Officer		\$50,000	One of five new presiding officer contract awarded through RFQQ 17-006
HBE-359	John Dzeidzic	Contract	7/12/17	6/30/18	Presiding Officer		\$40,000	One of five new presiding officer contract awarded through RFQQ 17-006
HBe-360	Brenda Valentine	Contract	7/12/17	6/30/18	Presiding Officer		\$50,000	One of five new presiding officer contract awarded through RFQQ 17-006

Contract #	Company	Type	Start	End	Description	Additional value	Total contract value	Description
MLA-362-A	HPE Support (LoadRunner)	Master Level Agreement	8/3/17	8/2/18	Performance test tool to load test application software	\$26,088	\$26,088	Annual renewal
MLA-362-B	HPE Support (Fortify)	Master Level Agreement	8/3/17	8/2/18	Vulnerability assessment and application security solutions tool to test application software	\$14,086	\$14,086	Annual renewal
MLA-363	Atlassian	Master Level Agreement	8/1/17	7/31/18	JIRA software (cloud and commercial server) user agreement	\$4,907	\$4,907	Software and licensing renewal
SLA-116	Akamai	Service Level Agreement	8/22/17	10/1/17	Solution to address evolving complexities of application acceleration in the cloud	\$3,600		Add Dynamic Site Accelerator Secure
SLA-336	Ames Bros.	Service Level Agreement	2/24/17	10/1/17	Design and production of marketing materials	\$0	\$150,000	Extension of contract end date
SLA-354	Quench	Service Level Agreement	7/22/17	Auto-Renew	Filtered water system		\$2,350	New contract for filtered water system to replace bottled water service

AUGUST 2017

Contract #	Company	Type	start	end	Description	Additional value	Total contract value	Changes Through August 2017
HBE-039	GMMB	Contract	3/12/13	7/31/18	Marketing and outreach vendor	\$1,550,000	\$19,277,077	Extension of contract, new work order with additional funding
SLA-221	Anitian	Service Level Agreement	4/29/16	12/31/30	IT consulting service	\$44,500		Annual security assessment and testing required by federal regulations

Contract #	Company	Type	start	end	Description	Additional value	Total contract value	Changes Through August 2017
SLA-116	Akamai	Service Level Agreement	8/22/17	10/1/17	Solution to address evolving complexities of application acceleration in the cloud	\$177,720		Service order renewal
SLA-116	Akamai	Service Level Agreement	8/22/17	10/1/17	Solution to address evolving complexities of application acceleration in the cloud	\$10,000		Professional services

SEPTEMBER 2017

Contract #	Company	Type	start	end	Description	Additional value	Total contract value	Changes Through September 2017
MLA-330	Samanage	Master Level Agreement	6/18/13	6/17/18	IT ticketing system	\$0	\$71,202	Zero-cost onsite training
HBE-171	TEKSystems	Work Order	9/21/15	6/30/18	Optional use contract for technical staffing	\$38,640	\$4,000,000	Extend contractor work order for 6 months
HBE-364	Milliman	Contract	9/13/17	12/31/17	Compensation Study		40,000	New Contract