

## Health Plans Report Mixed Results Through September 30, 2014

### *ACA Related Taxes and Fees Cited for Lower Net Income*

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Fifteen of the largest domestic health plans in Washington State recently filed financial reports for the nine months ended September 30, 2014 with only three reporting higher net income than the same period in 2013 and nine reporting a net loss.

We asked plan representatives to comment on their plan's financial results and heard a common theme.

ACA related administrative taxes and fees were affecting bottom lines.

Rachelle Cunningham, Plan Representative of Regence BlueShield, said, "Operating expense increased markedly year over year with the new ACA insurer assessments, reducing net income to net loss."

Plan Representative Melanie Coon of Premera said, "The ACA imposed several taxes and administrative fees on the Company which have reduced our operating margins and were not applicable in the prior year."

These figures represent the first nine months of financial results associated with full implementation of the Affordable Care Act.

Our report on page three highlights financial results and shows member months (the combined total of month ending membership for each nine month period), total revenues, net underwriting gain (loss),

investment gain (loss), net income (loss) and statutory capital.

Our report on page four presents key financial statistics. When the financial figures on page three are divided by member months, a monthly average is obtained that is helpful when comparing one plan to another. These "per member per month" averages are presented in the middle section of the page.

Finally, we present statutory capital per average member in the right hand section of page four. This is essentially the amount of "cushion" on a per member basis a company has available to cover inadequate cost estimates. Alternatively, this is the liquidating value of the company per average insured person.

As you review the numbers, keep in mind there are differences in the type of membership each plan serves.

All information in this report was obtained through publicly available reports filed with the Washington State Office of Insurance

Commissioner (OIC). Information not required to be filed with the OIC (self-insured and some insured business from smaller, non-domestic carriers) is not included in this report nor is it referenced in this article.

These financial results may not be

adequately reflected in the January 2015 rate increases because of rate filing deadlines but will be passed on to customers at some point.

Our next financial report will cover calendar year 2014 compared to calendar year 2013.

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# Washington State Health Insurance Company Financial Results<sup>1</sup>

## For the Nine Months Ended 09/30/14 compared to the Nine Months Ended 09/30/13

Full Service Medical Plans Only - Sorted by Total Revenues - 000's Omitted<sup>2</sup>  
[wahcnews.com](http://wahcnews.com)

Health Plan Name	Member Months <sup>3</sup>			Total Revenues			Net Underwriting Gain (Loss) <sup>4</sup>			Investment Gain (Loss) & Miscellaneous			Net Income			Statutory Capital <sup>5</sup>		
	09/14	09/13	Change	09/14	09/13	Change	09/14	09/13	Change	09/14	09/13	Change	09/14	09/13	Change	09/14	09/13	Change
Premiera Blue Cross	6,564	5,916	648	2,277,339	1,924,485	352,854	15,965	34,337	-18,372	41,315	53,155	-11,840	41,177	68,626	-27,449	1,402,026	1,295,045	106,981
Group Health Cooperative	3,198	3,059	139	1,767,303	1,694,530	72,773	67,875	80,527	-12,652	41,165	19,617	21,548	109,040	100,143	8,897	929,478	656,374	273,105
Regence BlueShield	4,295	4,955	-660	1,378,640	1,649,277	-270,638	-79,663	13,539	-93,202	47,769	40,242	7,527	-23,443	46,996	-70,438	1,093,839	1,176,927	-83,088
Molina Healthcare of WA	4,050	3,722	329	1,183,715	915,654	268,061	-15,625	15,669	-31,293	1,140	923	217	-18,924	10,606	-29,530	135,917	126,393	9,524
UnitedHealthcare of WA	2,107	1,018	1,089	1,030,935	583,576	447,359	71,084	-15,001	86,085	4,271	3,196	1,075	41,006	-6,588	47,594	234,238	97,306	136,932
Community HP of WA	2,895	2,749	146	918,821	694,598	224,223	-25,075	3,849	-28,925	2,866	4,861	-1,995	-24,203	7,666	-31,869	114,695	122,902	-8,207
Group Health Options	1,197	1,635	-438	561,073	675,935	-114,862	5,813	3,805	2,008	3,291	3,269	22	1,612	5,721	-4,110	111,976	114,672	-2,696
Amerigroup Washington	884	253	632	275,964	87,889	188,075	-10,294	5,158	-15,452	1,370	488	882	-11,916	4,255	-16,171	82,870	34,486	48,383
LifeWise HP of WA	751	941	-190	216,332	264,322	-47,990	2,129	11,888	-9,759	2,322	3,418	-1,096	1,203	9,989	-8,786	63,570	56,129	7,442
Asuris NW Health	436	566	-129	127,944	179,821	-51,877	-4,538	81	-4,620	1,353	1,593	-240	-3,092	819	-3,912	59,739	67,675	-7,935
SoundPath Health	148	149	-1	104,916	111,911	-6,995	-1,093	-700	-393	152	428	-276	-1,095	1,521	-2,616	17,871	16,762	1,109
Columbia United Providers	451	383	68	101,977	71,597	30,380	-2,462	-1,963	-499	105	70	35	-1,721	-1,314	-407	21,020	23,713	-2,693
KPS Health Plans	197	190	7	85,450	85,469	-20	-218	1,077	-1,295	314	285	29	-136	1,272	-1,408	19,372	15,905	3,467
Arcadian Health Plan	63	229	-166	52,833	169,773	-116,939	4,716	-3,892	8,608	2,015	1,185	830	5,261	508	4,753	55,666	76,753	-21,087
Health Alliance NW HP	30	0	30	17,702	0	17,702	-320	0	-320	13	0	13	-166	0	-166	4,362	5,000	-638

**Notes:**

- All information from the Washington State Office of Insurance Commissioner web site.
- 000's omitted means the last three digits of each figure is removed. For example, the number 1,000 becomes 1.
- Member Months is the combined total of each month's ending membership. For example, to get Member Months through September is added together to get a combined total.
- Net Underwriting Gain (Loss) is Net Income prior to Income taxes, Investment Gains and Losses and Miscellaneous revenues and expenses. It is a thought to be an accurate measure of the adequacy of premium revenue and can be a good predictor of future premium increases or decreases.
- Statutory Capital is an insurance company's retained earnings as defined by Washington State statute. It approximates the cash value of a company if liquidated in a short period of time.

# Washington State Health Insurance Company Key Financial Statistics<sup>1</sup>

## For the Nine Months Ended 09/30/14 compared to the Nine Months Ended 09/30/13

Full Service Medical Plans Only - Sorted by Total Revenues  
wahcnews.com

Health Plan Name	Member Months <sup>2,3</sup>						Per Member Per Month <sup>4</sup>												Statutory Capital Per Average Member <sup>6</sup>										
	09/14		09/13		Change		Total Revenues			Net Underwriting Gain (Loss) <sup>5</sup>			Investment Gain (Loss) & Miscellaneous			Net Income			09/14			09/13			Change				
	09/14	09/13	09/14	09/13	Change	09/14	09/13	Change	09/14	09/13	Change	09/14	09/13	Change	09/14	09/13	Change	09/14	09/13	Change	09/14	09/13	Change	09/14	09/13	Change	09/14	09/13	Change
Premiera Blue Cross	6,564	5,916	648			347	325	22	2	6	-3	6	9	-3	6	12	-5	1,922	1,970	-48	1,922	1,970	-48	1,922	1,970	-48	1,922	1,970	-48
Group Health Cooperative	3,198	3,059	139			553	554	-1	21	26	-5	13	6	6	34	33	1	2,616	1,931	685	2,616	1,931	685	2,616	1,931	685	2,616	1,931	685
Regence BlueShield	4,295	4,955	-660			321	333	-12	-19	3	-21	11	8	3	-5	9	-15	2,292	2,138	154	2,292	2,138	154	2,292	2,138	154	2,292	2,138	154
Molina Healthcare of WA	4,050	3,722	329			292	246	46	-4	4	-8	0	0	0	-5	3	-8	302	306	-4	302	306	-4	302	306	-4	302	306	-4
UnitedHealthcare of WA	2,107	1,018	1,089			489	573	-84	34	-15	48	2	3	-1	19	-6	26	1,000	860	140	1,000	860	140	1,000	860	140	1,000	860	140
Community HP of WA	2,895	2,749	146			317	253	65	-9	1	-10	1	2	-1	-8	3	-11	357	402	-46	357	402	-46	357	402	-46	357	402	-46
Group Health Options	1,197	1,635	-438			469	413	55	5	2	3	3	2	1	1	3	-2	842	631	211	842	631	211	842	631	211	842	631	211
Amerigroup Washington	884	253	632			312	348	-36	-12	20	-32	2	2	0	-13	17	-30	843	1,228	-384	843	1,228	-384	843	1,228	-384	843	1,228	-384
LifeWise HP of WA	751	941	-190			288	281	7	3	13	-10	3	4	-1	2	11	-9	762	537	225	762	537	225	762	537	225	762	537	225
Asuris NW Health	436	566	-129			293	318	-25	-10	0	-11	3	3	0	-7	1	-9	1,232	1,077	156	1,232	1,077	156	1,232	1,077	156	1,232	1,077	156
SoundPath Health	148	149	-1			710	750	-40	-7	-5	-3	1	3	-2	-7	10	-18	1,088	1,011	78	1,088	1,011	78	1,088	1,011	78	1,088	1,011	78
Columbia United Providers	451	383	68			226	187	39	-5	-5	0	0	0	0	-4	-3	0	420	558	-138	420	558	-138	420	558	-138	420	558	-138
KPS Health Plans	197	190	7			435	450	-16	-1	6	-7	2	1	0	-1	7	-7	887	754	133	887	754	133	887	754	133	887	754	133
Arcadian Health Plan	63	229	-166			833	740	93	74	-17	91	32	5	27	83	2	81	7,895	3,011	4,884	7,895	3,011	4,884	7,895	3,011	4,884	7,895	3,011	4,884
Health Alliance NW HP	30	0	30			590	n/a	n/a	-11	n/a	n/a	0	n/a	n/a	-6	n/a	n/a	1,308	n/a	n/a	1,308	n/a	n/a	1,308	n/a	n/a	1,308	n/a	n/a

### Notes:

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- 000's omitted. This means the last three digits of each figure is removed. For example, the number 1,000 becomes 1.
- Member Months is the combined total of each month's ending membership. For example, to get Member Months through September is added together to get a combined total.
- Per Member Per Month is any of the financial figures divided by Member Months for the particular plan.
- Net Underwriting Gain (Loss) is Net Income prior to Income taxes, Investment Gains and Losses and Miscellaneous revenues and expenses. It is a thought to be an accurate measure of the adequacy of premium revenue and can be a good predictor of future premium increases or decreases.
- Statutory Capital Per Average Member is Statutory Capital divided by Member Months and then multiplied by the number of months in the reporting period.