

Washington Health Plan 2014 Net Income Down from 2013 levels

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Fifteen of the largest domestic health plans in Washington State recently filed financial reports for the twelve months ended December 31, 2014 with only five reporting higher net income than the same period in 2013 and seven reporting a net loss.

The 2014 figures represent the first twelve months of financial results associated with full implementation

of the Affordable Care Act (ACA).

Plan representatives cited the ACA and its impact on the Washington State health insurance market as the primary reason for significant membership changes and volatile financials.

Our report on page two highlights financial results and shows member months (the combined total of month ending membership for each twelve month period), total revenues, net underwriting gain (loss), investment gain (loss), net income (loss) and statutory capital.

Our report on page three 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 three. 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.

Our next financial report will cover the first quarter of 2015 compared to the first quarter of 2014.

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Washington State Health Insurance Company Financial Results¹

For the Twelve Months Ended 12/31/14 compared to the Twelve Months Ended 12/31/13

Full Service Medical Plans Only - Sorted by Total Revenues - 000's Omitted²

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Health Plan Name	Member Months ³			Total Revenues			Net Underwriting Gain (Loss) ⁴			Investment Gain (Loss) & Miscellaneous			Net Income			Statutory Capital ⁵		
	12/14	12/13	Change	12/14	12/13	Change	12/14	12/13	Change	12/14	12/13	Change	12/14	12/13	Change	12/14	12/13	Change
Premiera Blue Cross	8,761	7,859	903	3,072,682	2,556,111	516,571	35,140	41,953	-6,813	56,743	73,936	-17,193	65,944	86,257	-20,312	1,415,687	1,360,265	55,422
Group Health Cooperative	4,245	4,101	144	2,338,021	2,245,768	92,253	57,103	76,137	-19,034	55,389	31,647	23,742	112,492	107,784	4,708	792,099	803,527	-11,428
Regence BlueShield	5,659	6,585	-927	1,826,280	2,190,555	-364,275	-85,744	1,997	-87,741	95,692	55,947	39,745	17,113	48,280	-31,167	1,145,608	1,178,487	-32,880
Molina Healthcare of WA	5,522	4,941	581	1,357,038	1,201,179	155,859	-25,229	5,639	-30,868	1,734	1,272	462	-24,625	4,969	-29,595	145,787	119,985	25,802
UnitedHealthcare of WA	2,940	1,394	1,547	1,334,388	783,691	550,697	31,607	-24,189	55,795	6,208	4,493	1,715	22,478	-15,905	38,384	212,320	117,461	94,859
Community HP of WA	3,941	3,620	320	996,382	872,741	123,642	-31,634	14,175	-45,809	8,936	6,067	2,869	-25,232	18,443	-43,676	111,960	137,799	-25,839
Group Health Options	1,705	2,161	-456	741,940	893,606	-151,666	18,508	-2,835	21,344	4,382	4,387	-5	10,444	1,965	8,480	121,597	111,478	10,119
Amerigroup Washington	1,264	354	910	389,931	133,926	256,005	-1,720	3,994	-5,714	1,986	891	1,095	-4,552	2,512	-7,064	103,410	35,711	67,699
LifeWise HP of WA	982	1,232	-250	285,400	344,978	-59,578	12,292	17,724	-5,432	3,276	4,204	-927	7,126	15,675	-8,549	70,806	61,844	8,962
Asuris NW Health	572	754	-182	166,984	241,162	-74,178	-4,312	-6,118	1,806	1,674	1,834	-160	-2,574	-3,420	846	60,242	63,288	-3,046
SoundPath Health	197	200	-3	137,912	149,983	-12,070	-2,999	385	-3,384	201	491	-290	-3,292	2,434	-5,726	15,617	18,883	-3,267
Columbia United Providers	613	511	102	134,569	95,498	39,072	-6,213	-1,690	-4,523	203	116	87	-7,575	-972	-6,603	16,711	23,834	-7,123
KPS Health Plans	261	257	4	117,693	115,005	2,688	1,491	1,469	22	396	371	26	1,886	1,895	-9	21,376	19,152	2,223
Arcadian Health Plan	81	308	-226	70,061	227,531	-157,471	8,312	-14,437	22,750	2,518	1,768	750	7,509	-4,899	12,408	57,878	70,335	-12,457
Health Alliance NW HP	40	0	40	23,759	0	23,759	-523	-203	-320	21	0	21	-283	-203	-79	4,537	4,868	-331

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 December 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 Statistics¹

For the Twelve Months Ended 12/31/14 compared to the Twelve Months Ended 12/31/13

Full Service Medical Plans Only - Sorted by Total Revenues

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Health Plan Name	Member Months ^{2,3}			Per Member Per Month ⁴												Statutory Capital Per Average Member ⁶		
				Total Revenues			Net Underwriting Gain (Loss) ⁵			Investment Gain (Loss) & Miscellaneous			Net Income					
	12/14	12/13	Change	12/14	12/13	Change	12/14	12/13	Change	12/14	12/13	Change	12/14	12/13	Change	12/14	12/13	Change
Premiera Blue Cross	8,761	7,859	903	351	325	25	4	5	-1	6	9	-3	8	11	-3	1,939	2,077	-138
Group Health Cooperative	4,245	4,101	144	551	548	3	13	19	-5	13	8	5	26	26	0	2,239	2,351	-112
Regence BlueShield	5,659	6,585	-927	323	333	-10	-15	0	-15	17	8	8	3	7	-4	2,429	2,148	282
Molina Healthcare of WA	5,522	4,941	581	246	243	3	-5	1	-6	0	0	0	0	1	-5	317	291	25
UnitedHealthcare of WA	2,940	1,394	1,547	454	562	-108	11	-17	28	2	3	-1	8	-11	19	866	1,011	-145
Community HP of WA	3,941	3,620	320	253	241	12	-8	4	-12	2	2	1	-6	5	-11	341	457	-116
Group Health Options	1,705	2,161	-456	435	414	22	11	-1	12	3	2	1	6	1	5	856	619	237
Amerigroup Washington	1,264	354	910	308	378	-70	-1	11	-13	2	3	-1	-4	7	-11	982	1,210	-228
LifeWise HP of WA	982	1,232	-250	291	280	11	13	14	-2	3	3	0	7	13	-5	866	602	263
Asuris NW Health	572	754	-182	292	320	-28	-8	-8	1	3	2	0	-5	-5	0	1,265	1,008	257
SoundPath Health	197	200	-3	701	751	-50	-15	2	-17	1	2	-1	-17	12	-29	952	1,134	-182
Columbia United Providers	613	511	102	219	187	33	-10	-3	-7	0	0	0	-12	-2	-10	327	559	-232
KPS Health Plans	261	257	4	451	447	4	6	6	0	2	1	0	7	7	0	982	893	89
Arcadian Health Plan	81	308	-226	861	739	121	102	-47	149	31	6	25	92	-16	108	8,534	2,742	5,791
Health Alliance NW HP	40	0	40	588	n/a	n/a	-13	n/a	n/a	1	n/a	n/a	-7	n/a	n/a	1,347	n/a	n/a

Notes:

- All information from the Washington State Office of Insurance Commissioner web site.
- 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 09/14, monthly membership for January through December 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 Member months and then multiplied by the number of months in the reporting period.