

Washington Health Plans Begin 2015 in the Red

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Sixteen of the largest domestic health plans in Washington State recently filed financial reports for the three months ended March 31, 2015 and all but four reported a net loss. Figures were comparable to the first three months of 2014 when twelve out of fifteen plans reported a net loss.

Plan representatives cited the ACA and its impact on the

Washington State health insurance market as the primary reason for these volatile financials.

Our report on page two highlights financial results and shows member months (the combined total of month ending membership for each three 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.

Based on these numbers, and figures we’ve reported previously, plans are expected to request significant rate hikes at their earliest opportunity.

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

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Washington State Health Insurance Company Financial Results¹

For the Three Months Ended 03/31/15 compared to the Three Months Ended 03/31/14

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 | | |
|---------------------------|----------------------------|-------|--------|----------------|---------|---------|---|---------|---------|--|--------|--------|------------|---------|---------|--------------------------------|-----------|---------|
| | 03/15 | 03/14 | Change | 03/15 | 03/14 | Change | 03/15 | 03/14 | Change | 03/15 | 03/14 | Change | 03/15 | 03/14 | Change | 03/15 | 03/14 | Change |
| Premiera Blue Cross | 2,279 | 2,130 | 149 | 817,680 | 728,439 | 89,242 | -34,310 | -32,786 | -1,524 | 18,636 | 10,809 | 7,828 | -21,292 | -23,264 | 1,972 | 1,374,540 | 1,314,006 | 60,535 |
| Group Health Cooperative | 1,049 | 1,052 | -3 | 590,889 | 611,447 | -20,558 | 36,091 | 44,035 | -7,944 | 11,038 | 10,192 | 846 | 47,129 | 54,226 | -7,097 | 842,862 | 875,815 | -32,953 |
| Molina Healthcare of WA | 1,563 | 1,276 | 287 | 428,667 | 361,100 | 67,567 | 4,666 | 1,915 | 2,751 | 704 | 276 | 428 | -4,284 | -7,246 | 2,962 | 143,829 | 115,819 | 28,010 |
| Regence BlueShield | 1,305 | 1,467 | -162 | 427,222 | 471,928 | -44,706 | -36,617 | -52,537 | 15,920 | 21,196 | 19,297 | 1,899 | -16,820 | -30,936 | 14,116 | 1,115,857 | 1,125,035 | -9,178 |
| UnitedHealthcare of WA | 820 | 585 | 235 | 368,789 | 310,071 | 58,718 | -14,089 | -5,271 | -8,818 | 2,007 | 1,160 | 847 | -18,027 | -5,454 | -12,573 | 194,589 | 153,289 | 41,301 |
| Community HP of WA | 933 | 897 | 35 | 272,128 | 247,874 | 24,253 | 297 | -6,447 | 6,744 | 1,300 | 820 | 480 | 690 | -6,259 | 6,949 | 112,652 | 132,161 | -19,509 |
| Group Health Options | 406 | 462 | -55 | 180,927 | 196,388 | -15,461 | 1,051 | -8,774 | 9,825 | 1,139 | 1,022 | 117 | -3,089 | -8,681 | 5,592 | 117,877 | 102,515 | 15,362 |
| Coordinated Care | 526 | 0 | 526 | 142,291 | 0 | 142,291 | -23,572 | -68 | -23,504 | 154 | 0 | 154 | -17,329 | -44 | -17,285 | 64,859 | 3,456 | 61,403 |
| Amerigroup Washington | 408 | 209 | 199 | 121,432 | 92,499 | 28,933 | -3,474 | 1,232 | -4,706 | 1,217 | 430 | 787 | -4,611 | -2,191 | -2,419 | 98,948 | 70,013 | 28,935 |
| LifeWise HP of WA | 203 | 258 | -55 | 63,597 | 81,167 | -17,570 | -5,828 | -7,416 | 1,588 | 1,023 | 738 | 285 | -5,626 | -6,164 | 538 | 65,203 | 55,728 | 9,475 |
| SoundPath Health | 62 | 49 | 13 | 37,554 | 34,387 | 3,167 | -856 | -2,140 | 1,285 | 47 | 53 | -6 | -859 | -2,118 | 1,259 | 14,867 | 16,754 | -1,887 |
| Asuris NW Health | 124 | 157 | -33 | 35,174 | 46,443 | -11,269 | -5,904 | -4,494 | -1,410 | 331 | 506 | -175 | -4,650 | -3,840 | -810 | 55,672 | 59,632 | -3,960 |
| Columbia United Providers | 147 | 137 | 9 | 35,173 | 28,362 | 6,811 | 155 | -821 | 975 | 53 | 35 | 17 | 207 | -511 | 718 | 19,081 | 22,488 | -3,407 |
| KPS Health Plans | 63 | 66 | -3 | 30,698 | 28,061 | 2,636 | -398 | -535 | 137 | 95 | 113 | -18 | -697 | -635 | -62 | 20,804 | 18,408 | 2,397 |
| Arcadian Health Plan | 22 | 21 | 1 | 17,845 | 18,752 | -906 | -2,697 | 6,080 | -8,777 | 355 | 507 | -152 | -1,574 | 4,654 | -6,229 | 55,735 | 75,517 | -19,782 |
| Health Alliance NW HP | 12 | 10 | 2 | 7,129 | 5,685 | 1,444 | 6 | 283 | -277 | 4 | -2 | 6 | 292 | 182 | 109 | 3,755 | 4,244 | -490 |

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 03/15, monthly membership for January through March 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 Three Months Ended 03/31/15 compared to the Three Months Ended 03/31/14

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 | | | | 03/15 | | | 03/14 | | | Change | | |
| | 03/15 | 03/14 | Change | 03/15 | 03/14 | Change | 03/15 | 03/14 | Change | 03/15 | 03/14 | Change | 03/15 | 03/14 | Change | 03/15 | 03/14 | Change | 03/15 | 03/14 | Change | | |
| Premiera Blue Cross | 2,279 | 2,130 | 149 | 359 | 342 | 17 | -15 | -15 | 0 | 8 | 5 | 3 | 0 | 0 | 0 | 1,809 | 1,850 | -41 | | | | | |
| Group Health Cooperative | 1,049 | 1,052 | -3 | 563 | 581 | -18 | 34 | 42 | -7 | 11 | 10 | 1 | 45 | 52 | -7 | 2,410 | 2,497 | -87 | | | | | |
| Molina Healthcare of WA | 1,563 | 1,276 | 287 | 274 | 283 | -9 | 3 | 2 | 1 | 0 | 0 | 0 | -3 | -6 | 3 | 276 | 272 | 4 | | | | | |
| Regence BlueShield | 1,305 | 1,467 | -162 | 327 | 322 | 6 | -28 | -36 | 8 | 16 | 13 | 3 | -13 | -21 | 8 | 2,564 | 2,300 | 264 | | | | | |
| UnitedHealthcare of WA | 820 | 585 | 235 | 450 | 530 | -80 | -17 | -9 | -8 | 2 | 2 | 0 | -22 | -9 | -13 | 712 | 786 | -74 | | | | | |
| Community HP of WA | 933 | 897 | 35 | 292 | 276 | 16 | 0 | -7 | 8 | 1 | 1 | 0 | 1 | -7 | 8 | 362 | 442 | -79 | | | | | |
| Group Health Options | 406 | 462 | -55 | 445 | 425 | 20 | 3 | -19 | 22 | 3 | 2 | 1 | -8 | -19 | 11 | 870 | 666 | 204 | | | | | |
| Coordinated Care | 526 | 0 | 526 | 271 | n/a | n/a | -45 | n/a | n/a | 0 | n/a | n/a | -33 | n/a | n/a | 370 | n/a | n/a | | | | | |
| Amerigroup Washington | 408 | 209 | 199 | 298 | 443 | -146 | -9 | 6 | -14 | 3 | 2 | 1 | -11 | -11 | -1 | 728 | 1,007 | -279 | | | | | |
| LifeWise HP of WA | 203 | 258 | -55 | 313 | 315 | -1 | -29 | -29 | 0 | 5 | 3 | 2 | -28 | -24 | -4 | 963 | 648 | 315 | | | | | |
| SoundPath Health | 62 | 49 | 13 | 604 | 701 | -98 | -14 | -44 | 30 | 1 | 1 | 0 | -14 | -43 | 29 | 717 | 1,025 | -308 | | | | | |
| Asuris NW Health | 124 | 157 | -33 | 285 | 297 | -12 | -48 | -29 | -19 | 3 | 3 | -1 | -38 | -25 | -13 | 1,352 | 1,143 | 209 | | | | | |
| Columbia United Providers | 147 | 137 | 9 | 240 | 207 | 33 | 1 | -6 | 7 | 0 | 0 | 0 | 1 | -4 | 5 | 390 | 492 | -101 | | | | | |
| KPS Health Plans | 63 | 66 | -3 | 487 | 427 | 61 | -6 | -8 | 2 | 2 | 2 | 0 | -11 | -10 | -1 | 990 | 839 | 151 | | | | | |
| Arcadian Health Plan | 22 | 21 | 1 | 804 | 887 | -83 | -121 | 288 | -409 | 16 | 24 | -8 | -71 | 220 | -291 | 7,529 | 10,714 | -3,185 | | | | | |
| Health Alliance NW HP | 12 | 10 | 2 | 614 | 580 | 33 | 1 | 29 | -28 | 0 | 0 | 1 | 25 | 19 | 6 | 969 | 1,299 | -330 | | | | | |

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 March 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.