

Health Plans Continue Financial Stumble Through June 30, 2014

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Fourteen of the largest domestic health plans in Washington State recently filed financial reports for the six months ended June 30, 2014 with only two reporting higher net income than the same period in 2013 and eight reporting a net loss.

These figures represent the first six months of financial results associated with full implementation

of the Affordable Care Act.

Our report on page two highlights financial results and shows member months (the combined total of month ending membership for each six 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 two are divided by member months, a monthly average is obtained that is valuable in 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.

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 in the next few years.

Our next financial report will cover the nine months ended September 30, 2014 compared to the nine months ended September 30, 2013.

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Washington State Health Insurance Company Financial Results¹ For the Six Months Ended 06/30/14 compared to the Six Months Ended 06/30/13

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 | | |
|---------------------------|----------------------------|-------|--------|----------------|-----------|----------|---|--------|---------|--|--------|--------|------------|--------|---------|--------------------------------|-----------|---------|
| | 06/14 | 06/13 | Change | 06/14 | 06/13 | Change | 06/14 | 06/13 | Change | 06/14 | 06/13 | Change | 06/14 | 06/13 | Change | 06/14 | 06/13 | Change |
| Premiera Blue Cross | 4,346 | 3,950 | 396 | 1,486,946 | 1,284,388 | 222,558 | -16,754 | 16,956 | -33,711 | 29,290 | 36,179 | -6,888 | 6,731 | 45,861 | -39,129 | 1,367,589 | 1,241,552 | 126,037 |
| Group Health Cooperative | 2,126 | 2,029 | 97 | 1,192,947 | 1,138,686 | 54,261 | 64,344 | 84,268 | -19,924 | 33,078 | 13,971 | 19,107 | 97,422 | 98,240 | -817 | 912,841 | 638,238 | 274,603 |
| Regence BlueShield | 2,897 | 3,313 | -416 | 931,018 | 1,103,477 | -172,459 | -67,392 | 14,125 | -81,517 | 36,284 | 27,696 | 8,588 | -27,648 | 37,704 | -65,352 | 1,106,249 | 1,151,767 | -45,518 |
| Molina Healthcare of WA | 2,640 | 2,488 | 152 | 834,291 | 608,857 | 225,435 | 2,530 | 9,761 | -7,230 | 686 | 627 | 59 | 3,199 | 12,290 | -9,091 | 149,357 | 119,985 | 29,372 |
| UnitedHealthcare of WA | 1,317 | 667 | 651 | 685,554 | 398,775 | 286,780 | 12,639 | -974 | 13,613 | 2,086 | 2,147 | -61 | 12,464 | 2,797 | 9,666 | 197,670 | 91,072 | 106,597 |
| Community HP of WA | 1,878 | 1,857 | 20 | 602,501 | 477,807 | 124,694 | -9,127 | 3,587 | -12,714 | 1,964 | 1,847 | 118 | -8,442 | 4,687 | -13,129 | 131,309 | 121,555 | 9,754 |
| Group Health Options | 821 | 1,108 | -288 | 380,788 | 459,083 | -78,296 | -6,510 | 6,028 | -12,538 | 2,015 | 2,352 | -336 | -6,675 | 6,539 | -13,213 | 103,597 | 115,456 | -11,859 |
| Amerigroup Washington | 527 | 163 | 364 | 205,360 | 57,409 | 147,950 | 10,418 | 11,278 | -861 | 886 | 238 | 648 | 6,810 | 8,361 | -1,552 | 96,763 | 38,600 | 58,162 |
| LifeWise HP of WA | 511 | 637 | -126 | 149,942 | 179,684 | -29,741 | -4,250 | 4,989 | -9,240 | 1,530 | 2,566 | -1,036 | -3,575 | 4,901 | -8,475 | 59,073 | 50,784 | 8,289 |
| Asuris NW Health | 300 | 375 | -75 | 89,709 | 119,484 | -29,775 | -6,748 | 3,776 | -10,524 | 1,025 | 1,276 | -251 | -5,263 | 3,482 | -8,745 | 57,835 | 69,841 | -12,006 |
| SoundPath Health | 98 | 99 | -1 | 68,667 | 75,144 | -6,477 | -2,819 | -1,399 | -1,420 | 102 | 372 | -270 | -2,817 | 781 | -3,598 | 16,306 | 16,067 | 238 |
| Columbia United Providers | 290 | 255 | 35 | 64,141 | 47,466 | 16,675 | -2,374 | -1,116 | -1,258 | 74 | 22 | 52 | -1,664 | -728 | -936 | 20,827 | 21,745 | -918 |
| KPS Health Plans | 131 | 127 | 4 | 56,638 | 56,039 | 599 | -902 | 946 | -1,848 | 223 | 197 | 26 | -667 | 1,169 | -1,836 | 18,834 | 15,999 | 2,835 |
| Arcadian Health Plan | 42 | 152 | -110 | 36,442 | 113,086 | -76,644 | 4,607 | 2,350 | 2,256 | 1,549 | 921 | 629 | 4,866 | 4,250 | 617 | 55,029 | 79,910 | -24,881 |

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 06/14, monthly membership for January through June 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 Six Months Ended 06/30/14 compared to the Six Months Ended 06/30/13

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 | | | | | | | | | | | | | | |
|---------------------------|------------------------------|-------|--------|-----------------------------------|-------|--------|---|-------|--------|--|-------|--------|------------|-------|--------|---|-------|--------|
| | | | | Total Revenues | | | Net Underwriting Gain (Loss) ⁵ | | | Investment Gain (Loss) & Miscellaneous | | | Net Income | | | Statutory Capital Per Average Member ⁶ | | |
| | 06/14 | 06/13 | Change | 06/14 | 06/13 | Change | 06/14 | 06/13 | Change | 06/14 | 06/13 | Change | 06/14 | 06/13 | Change | 06/14 | 06/13 | Change |
| Premiera Blue Cross | 4,346 | 3,950 | 396 | 342 | 320 | 22 | -4 | 4 | -8 | 7 | 9 | -2 | 2 | 12 | -10 | 1,888 | 1,886 | 2 |
| Group Health Cooperative | 2,126 | 2,029 | 97 | 561 | 561 | 0 | 30 | 42 | -11 | 16 | 7 | 9 | 46 | 48 | -3 | 2,577 | 1,888 | 689 |
| Regence BlueShield | 2,897 | 3,313 | -416 | 321 | 333 | -12 | -23 | 4 | -28 | 13 | 8 | 4 | -10 | 11 | -21 | 2,291 | 2,086 | 205 |
| Molina Healthcare of WA | 2,640 | 2,488 | 152 | 316 | 245 | 71 | 1 | 4 | -3 | 0 | 0 | 0 | 1 | 5 | -4 | 339 | 289 | 50 |
| UnitedHealthcare of WA | 1,317 | 667 | 651 | 520 | 598 | -78 | 10 | -1 | 11 | 2 | 3 | -2 | 9 | 4 | 5 | 900 | 820 | 81 |
| Community HP of WA | 1,878 | 1,857 | 20 | 321 | 257 | 64 | -5 | 2 | -7 | 1 | 1 | 0 | -4 | 3 | -7 | 420 | 393 | 27 |
| Group Health Options | 821 | 1,108 | -288 | 464 | 414 | 50 | -8 | 5 | -13 | 2 | 2 | 0 | -8 | 6 | -14 | 758 | 625 | 132 |
| Amerigroup Washington | 527 | 163 | 364 | 390 | 352 | 38 | 20 | 69 | -49 | 2 | 1 | 0 | 13 | 51 | -38 | 1,102 | 1,418 | -317 |
| LifeWise HP of WA | 511 | 637 | -126 | 293 | 282 | 12 | -8 | 8 | -16 | 3 | 4 | -1 | -7 | 8 | -15 | 694 | 478 | 216 |
| Asuris NW Health | 300 | 375 | -75 | 299 | 318 | -20 | -22 | 10 | -33 | 3 | 3 | 0 | -18 | 9 | -27 | 1,156 | 1,117 | 39 |
| SoundPath Health | 98 | 99 | -1 | 698 | 758 | -60 | -29 | -14 | -15 | 1 | 4 | -3 | -29 | 8 | -37 | 994 | 973 | 22 |
| Columbia United Providers | 290 | 255 | 35 | 221 | 186 | 35 | -8 | -4 | -4 | 0 | 0 | 0 | -6 | -3 | -3 | 431 | 511 | -80 |
| KPS Health Plans | 131 | 127 | 4 | 432 | 441 | -10 | -7 | 7 | -14 | 2 | 2 | 0 | -5 | 9 | -14 | 861 | 755 | 106 |
| Arcadian Health Plan | 42 | 152 | -110 | 861 | 743 | 118 | 109 | 15 | 93 | 37 | 6 | 31 | 115 | 28 | 87 | 7,801 | 3,150 | 4,651 |

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 06/14, monthly membership for January through June 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.