

# Truths about premium, revenue, and **fiscal sustainability**

## The PacificSource Bottom Line



### We are a not-for-profit plan.

While for-profit plans are under pressure from their owners and shareholders to turn a profit, we have no owners or shareholders. Any surplus we earn goes back to our mission of helping people get the healthcare they need. And unlike most nonprofit organizations, we are subject to state, federal, and property taxes.

### Our average income on each premium dollar is less than one cent.

In 2009 to date, our underwriting income has been just 8/10ths of a cent on every premium dollar. Over the past four years, it has averaged 1.5 cents. That modest amount is used to grow our reserves – the fund from which we pay claims in years where the premium we collect isn't sufficient to cover our members' actual medical costs.

### Our reserves are adequate but not excessive.

Premium rates are based on predicted healthcare costs, so there is always variability in actual claims liability. Insurers are required to maintain financial reserves to protect policyholders and ensure that claims expenses are covered. Our reserves are sufficient to provide excellent financial stability. However, they are not excessive for a company of our size, relative to national insurance regulatory standards.

### We are committed to providing you with the highest value for your premium dollar.

Our administrative expenses for staff costs, office space, operations, marketing, and so forth average just 8.6 cents from every premium dollar – well below the industry average of 13 cents. We take advantage of technology to help us work smarter and more efficiently without compromising the personal service our customers value.

### We are a local company.

PacificSource employs over 400 highly engaged people in eight communities throughout the Northwest. Our people provide financial and volunteer support to dozens of nonprofit organizations, particularly those that serve to build local capacity to improve community health.

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### We are committed to providing improved access to necessary healthcare.

Through our charitable foundation, we provide resources and funds for the health and welfare of the underserved to lessen the burden on government in this regard. In the past three years, the PacificSource Charitable Foundation has granted over \$1.8 million to nonprofit organizations dedicated to increasing access to healthcare throughout the Northwest, helping thousands of people without other resources receive the healthcare they need. Learn more at [PacificSource.com/PacificSource-foundation.aspx](http://PacificSource.com/PacificSource-foundation.aspx)

### We support transparent, fiscally sustainable healthcare reform.

We have taken a leadership role in efforts to improve health by expanding access to fundamental healthcare services. Many of our executives, leadership staff members, and others are actively involved in collaborative healthcare reform efforts in our communities. Learn more about our efforts and how you can get involved at [PacificSource.com/legislative-news.aspx](http://PacificSource.com/legislative-news.aspx)



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