



West Virginia PEIA & RHBT Finance Board Meeting

Thursday, March 28, 2024, 1:00pm

Canaan Valley Conference Room
601 57th Street, SE, Charleston, WV 25304

AGENDA

- ❖ Roll Call
- ❖ Call to Order
- ❖ Approval of Minutes
- ❖ Financial Statements YTD FY '25
- ❖ Financial Plan Update
- ❖ Legislative Session Update
- ❖ Public Comments
- ❖ Old Business
- ❖ New Business
- ❖ Next Meeting - June 27, 2024

Roll Call

- ❖ Mark Scott, Chairman
- ❖ Geoff Christian
- ❖ Amanda Meadows
- ❖ William “Bill” Milam
- ❖ Jason Myers
- ❖ Jared Robertson
- ❖ Mike Smith
- ❖ Michael Cook
- ❖ Damita Johnson
- ❖ Doug Coffman
- ❖ Hugh Murray

Approval of Minutes

December 7, 2023



Financial Statements YTD

Jason Haught, CFO (PEIA)



Assets

West Virginia Public Employees Insurance Agency

Statement of Net Position

Wednesday, January 31, 2024

(Dollars in Thousands)

(Unaudited-For Internal Use Only)

	CURRENT YR	PRIOR YR	VARIANCE	
			\$	%
Current assets:				
Cash and cash equivalents	\$19,737	\$25,153	(\$5,416)	(22%)
Equity position in internal investment pool	57,977	23,907	34,070	143%
Accounts receivable:				
Premium, less allowance for doubtful accounts	15,302	13,036	2,266	17%
Due From RHBT	10,154	16,543	(6,389)	(39%)
Prescription rebates, less allowance for doubtful accounts	37,464	32,648	4,816	15%
Appropriations due from State of West Virginia		(667)	667	(100%)
Other	1,456	2,065	(609)	(29%)
Total current assets	142,090	112,685	29,405	26%
Noncurrent assets:				
Equity position in internal investment pools	138,979	170,501	(31,522)	(18%)
Equity position in internal investment pool – restricted	4,000	4,406	(406)	(9%)
Capital assets, net of accumulated depreciation				
Right to use	98	334	(236)	(71%)
Furniture, equipment, and other	39	45	(6)	(13%)
Postemployment Benefits- Pension & OPEB	(177)	933	(1,110)	(119%)
Total noncurrent assets	142,939	176,219	(33,280)	(19%)
Total assets	285,029	288,904	(3,875)	(1%)
Deferred outflows of resources related to pension & OPEB	495	586	(91)	(16%)
Liabilities				
Current liabilities:				
Incurred but not reported reserve	117,590	97,490	20,100	21%
Current claims payable	6,546	6,006	540	9%
Premium deficiency reserve		58,649	(58,649)	(100%)
Accounts payable	8,596	6,571	2,025	31%
Unearned revenue	11,786	4,624	7,162	155%
Other accrued liabilities	2,286	2,775	(489)	(18%)
Total current liabilities	146,804	176,115	(29,311)	(17%)
Noncurrent liabilities:				
Life Insurance premium stabilization reserve	4,165	4,111	54	1%
Long term lease liability	103	348	(245)	(70%)
Total liabilities	151,072	180,574	(29,502)	(16%)
Deferred inflows of resources related to pension & OPEB	240	1,662	(1,422)	(86%)
Net position				
Invested in capital assets	137	379	(242)	(64%)
Unrestricted	134,077	106,875	27,200	25%
Total net position	134,214	107,254	26,960	25%

West Virginia Public Employees Insurance Agency
Statement of Changes in Plan Net Position
For the Seven Months Ending Wednesday, January 31, 2024

(Dollars in Thousands)
(Unaudited-For Internal Use Only)

ACTUAL	BUDGET	PRIOR YR
\$350,455	\$344,608	\$255,409
86,406	86,085	69,564
95,406	97,159	81,708
2,754	2,786	2,786
1,268	1,612	1,239
536,289	532,250	410,706
1,345	1,228	1,170
0	0	30,333
8,640	4,910	6,480
0	0	34,626
9,985	6,138	72,609
546,274	538,388	483,315
345,063	333,930	285,540
136,990	115,611	99,852
37,346	39,520	31,743
12,372	13,575	13,264
303	55	52
3,469	3,236	3,057
1,072	1,273	1,072
275	278	280
0	0	34,626
536,890	507,478	469,486
9,384	30,910	13,829
124,830	124,830	93,425
\$134,214	\$155,740	\$107,254

OPERATING REVENUE

Premium Revenue

Health Insurance - State Gov. - Employers
Health Insurance - State Gov. - Employees
Health Insurance - Local Gov. - All
Administrative Fees, Net of Refunds
Other Premium Revenue

Total Operating Revenue

NON-OPERATING REVENUE

Life Insurance
Direct Transfer
Interest and Investment Income
WV RHBT Pay Go Premiums

Total Non-Operating Revenue

TOTAL REVENUE

EXPENSES

Claims Expense - Medical
Claims Expense - Drugs
Payments to Managed Care Org.
Administrative Service Fees
Wellness and Disease Management
Other Operating Expenses
Life Insurance Expense
ACA Comparative Effectiveness Fee
WV RHBT Pay Go Premiums

TOTAL EXPENSES

YTD Surplus (Deficit)

Total Net Position, Beginning of Period

Total Net Position, End of Period

BUDGET VARIANCE		PRIOR YR VARIANCE	
\$	%	\$	%
\$5,847	2%	\$95,046	37%
321	0%	16,842	24%
(1,753)	(2%)	13,698	17%
(32)	(1%)	(32)	(1%)
(344)	(21%)	29	2%
4,039	1%	125,583	31%
117	10%	175	15%
0	0%	(30,333)	(100%)
3,730	76%	2,160	33%
0	0%	(34,626)	(100%)
3,847	63%	(62,624)	(86%)
7,886	1%	62,959	13%
(11,133)	(3%)	(59,523)	(21%)
(21,379)	(18%)	(37,138)	(37%)
2,174	6%	(5,603)	(18%)
1,203	9%	892	7%
(248)	(451%)	(251)	(483%)
(233)	(7%)	(412)	(13%)
201	16%	0	0%
3	1%	5	2%
0	0%	34,626	100%
(29,412)	(6%)	(67,404)	(14%)
(21,526)	(70%)	(4,445)	(32%)
0	0%	31,405	34%
(21,526)	(14%)	\$26,960	25%

West Virginia Retiree Health Benefit Trust Fund
STATEMENT OF PLAN NET POSITION
Wednesday, January 31, 2024
In Thousands

	CURRENT YR	PRIOR YR	VARIANCE	
			\$	%
ASSETS				
Cash - Operating Fund	\$15,574	\$17,574	(\$2,000)	(11%)
INVESTMENTS				
WV Board of Treasury Investments	38,243	50,478	(12,235)	(24%)
WV Investment Management Board	1,827,050	1,698,010	129,040	8%
Total Investments	1,865,293	1,748,488	116,805	7%
Due From / (To) WV PEIA	(10,154)	(16,502)	6,348	(38%)
PREMIUM ACCOUNTS RECEIVABLE				
Premium Accounts Receivable	444	1,501	(1,057)	(70%)
Less: Allowance for Doubtful Accounts	(548)	(500)	(48)	10%
Net - Premium Accounts Receivable	(104)	1,001	(1,105)	(110%)
Other Receivables	4,452	4,747	(295)	(6%)
TOTAL ASSETS	1,875,061	1,755,308	119,753	7%
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows of Resources Related to Pension	218	243	(25)	(10%)
Deferred Outflows of Resources Related to OPEB	45	67	(22)	(33%)
TOTAL DEFERRED OUTFLOWS OF RESOURCES	263	310	(47)	(15%)
LIABILITIES				
Claims payable	11,750	8,830	(2,920)	(33%)
Accounts payable	27	29	2	7%
Accrued Liabilities	7,787	2,705	(5,082)	(188%)
TOTAL LIABILITIES	19,564	11,564	(8,000)	(69%)
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows of Resources Related to Pension	2	646	644	100%
Deferred Inflows of Resources Related to OPEB	128	249	121	49%
TOTAL DEFERRED INFLOWS OF RESOURCES	130	895	765	85%
Net Position- PSR	282,107	282,107	-	0%
Net Position- Restricted	1,573,523	1,461,052	112,471	8%
NET POSITION RESTRICTED				
FOR POST EMPLOYMENT BENEFITS	\$1,855,630	\$1,743,159	\$112,471	6%

West Virginia Retiree Health Benefit Trust Fund
STATEMENT OF CHANGES IN PLAN NET POSITION
For Seven Months Ending Wednesday, January 31, 2024
In Thousands

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
			ADDITIONS				
			Employer Premiums:				
\$1,179	\$1,154	\$1,182	Health premiums - Non Par	\$25	2%	(\$3)	(0%)
4,539	4,762	5,407	Health Premiums - RLC Health, Life	(223)	(5%)	(868)	(16%)
-	-	34,626	Pay Go Premiums	-	0%	(34,626)	(100%)
17,500	17,500	17,500	State appropriation - OPEB	-	0%	-	0%
23,218	23,416	58,715	Total Employer Premiums	(198)	(1%)	(35,497)	(60%)
			Other Additions:				
292	583	467	Retiree Drug Subsidy	(291)	(50%)	(175)	(37%)
85,704	72,378	91,398	Investment Income	13,326	18%	(5,694)	(6%)
109,214	96,377	150,580	TOTAL ADDITIONS	12,837	13%	(41,366)	(27%)
			DEDUCTIONS				
29,868	30,517	25,889	Payments to Managed Care Org.	649	2%	(3,979)	(15%)
15,426	16,117	15,416	Life Insurance Expense	691	4%	(10)	(0%)
34,975	33,895	26,789	Medical Claims Expense	(1,080)	(3%)	(8,186)	(31%)
14,901	15,451	11,616	Pharmacy Claims Expense	550	4%	(3,285)	(28%)
1,788	1,065	882	Administrative Service Fees (External)	(723)	(68%)	(906)	(103%)
(33,922)	(34,485)	(34,148)	Member Health premiums	(563)	2%	(226)	1%
(15,389)	(16,159)	(15,383)	Member Life Insurance Premiums	(770)	5%	6	(0%)
1,603	1,249	1,332	Other Operating Expenses	(354)	(28%)	(271)	(20%)
49,250	47,650	32,393	TOTAL DEDUCTIONS	(1,600)	(3%)	(16,857)	(52%)
59,964	48,727	118,187	NET POSITION INCREASE (DECREASE)	11,237	23%	(58,223)	(49%)
			Net Position Restricted for Post Employment Benefits				
1,795,666	1,795,666	1,624,972	Beginning of Period Total Net Position	-	0%	170,694	11%
1,573,523	1,562,286	1,461,052	End of Period Net Position - Restricted	11,237	1%	112,471	8%
282,107	282,107	282,107	End of Period Net Position - PSR	-	0%	-	0%
\$1,855,630	\$1,844,393	\$1,743,159	End of Period Total Net Position	\$11,237	1%	\$112,471	6%

Financial Plan Update

Chris Borcik, Actuary (CCA)



West Virginia Public Employee Insurance Agency

	Fiscal Year 2024 (millions)			Fiscal Year 2025 (millions)		
	Financial Plan	Mar-24 Update	Change	Financial Plan	Mar-24 Update	Change
Revenue						
Premiums	\$ 913.3	\$ 914.6	\$ 1.3	\$ 1,011.8	\$ 1,016.0	\$ 4.2
Investment Income	4.3	8.6	4.3	9.6	8.5	(1.1)
Direct Transfers	-	-	-	-	-	-
Other	7.0	7.0	0.1	7.1	7.1	0.1
Total	\$ 924.6	\$ 930.3	\$ 5.7	\$ 1,028.4	\$ 1,031.6	\$ 3.2
Expenses						
Medical Claims	\$ 598.9	\$ 612.7	\$ 13.8	\$ 643.2	\$ 660.4	\$ 17.2
Gross Drug Claims	352.9	361.7	8.8	398.8	415.1	16.4
Drug Rebates	(146.8)	(136.9)	9.9	(154.1)	(143.7)	10.4
Capitations	63.6	64.0	0.4	67.4	67.9	0.4
Administration & Wellness	39.1	38.7	(0.4)	40.2	41.6	1.3
WV RHBT PayGo Premiums	-	-	-	29.0	29.0	-
ACA Expenses	0.5	0.5	0.0	0.5	0.5	0.0
Other Expenses	3.7	3.7	(0.0)	4.0	4.0	(0.0)
Total	\$ 911.8	\$ 944.3	\$ 32.6	\$ 1,029.0	\$ 1,074.7	\$ 45.7
Fiscal Year Results	\$ 12.8	\$ (14.0)	\$ (26.8)	\$ (0.6)	\$ (43.0)	\$ (42.5)
Ending Fund Balance	\$ 137.6	\$ 110.8	\$ (26.8)	\$ 137.1	\$ 67.8	\$ (69.3)
Actuarial Required Reserve	\$ 111.3	\$ 115.4	\$ 4.1	\$ 122.2	\$ 127.9	\$ 5.7
Surplus/(Shortfall)	\$ 26.3	\$ (4.6)	\$ (30.9)	\$ 14.8	\$ (60.2)	\$ (75.0)

*The annual Medical Trend through February was 13.5%. The FY24 plan assumption is 7.5%

†The annual Gross Drug Trend through February was 17.9%. The FY24 plan assumption is 14.5%

West Virginia Retiree Health Benefit Trust

	Fiscal Year 2024 (millions)			Fiscal Year 2025 (millions)		
	Mar-24			Mar-24		
	Financial Plan	Update	Change	Financial Plan	Update	Change
Revenue						
Premiums	\$ 70.2	\$ 69.9	\$ (0.3)	\$ 100.4	\$ 99.5	\$ (1.0)
Annual Required Contributions	-	-	-	-	-	-
Life Insurance	26.4	26.4	(0.0)	27.7	27.7	(0.0)
Investment Income	66.8	133.6	66.8	135.8	139.8	4.0
Transfer from Premium Stabilization Reserve	67.9	80.7	12.8	53.2	67.8	14.6
General Revenue Transfer	30.0	30.0	-	30.0	30.0	-
Total	\$ 261.2	\$ 340.5	\$ 79.3	\$ 347.3	\$ 364.8	\$ 17.6
Expenses						
Medical Claims	\$ 57.9	\$ 66.8	\$ 8.9	\$ 62.9	\$ 72.6	\$ 9.7
Gross Drug Claims	41.5	43.1	1.5	47.9	49.6	1.7
Drug Rebates	(19.2)	(18.0)	1.2	(20.2)	(19.0)	1.2
Capitations	50.2	51.2	1.0	55.4	56.4	1.0
Administration & Wellness	6.0	5.8	(0.2)	6.1	6.0	(0.2)
Life Insurance	26.4	26.4	0.1	27.7	27.8	0.1
Retiree Assistance Program	1.4	1.4	0.0	1.5	1.5	0.0
ACA Expenses	0.0	0.0	(0.0)	0.0	0.0	(0.0)
Other Expenses	0.2	0.2	0.0	0.2	0.2	0.0
Total	\$ 164.4	\$ 176.9	\$ 12.5	\$ 181.4	\$ 195.0	\$ 13.6
Fiscal Year Results	\$ 96.8	\$ 163.6	\$ 66.8	\$ 165.8	\$ 169.8	\$ 4.0
Ending Restricted Fund Balance	\$ 1,610.4	\$ 1,677.2	\$ 66.8	\$ 1,776.2	\$ 1,847.0	\$ 70.8
Ending PSR Fund Balance	\$ 214.2	\$ 201.4	\$ (12.8)	\$ 161.0	\$ 133.6	\$ (27.4)
Ending Total Fund Balance	\$ 1,824.6	\$ 1,878.6	\$ 54.0	\$ 1,937.2	\$ 1,980.6	\$ 43.4

*The annual Non-Med Medical Trend through February was 24.0%. The FY24 plan assumption is 7.5%

*The annual Non-Med Gross Drug Trend through February was 18.8%. The FY24 plan assumption is 14.5%

2024 Legislative Update

William Hicks, General Counsel (PEIA)



Senate Bill 453

Requiring pricing and payment transparency from pharmacy benefits managers contracting with PEIA

Notes from the Director



● Headwinds

- SB268 = 110% of Medicare
- SB453 = NADAC + \$10.49 and BI study (\$6.2M)
- Specialty Pharmacy and 340b duplicate discounts
- MA-PD IRA

● Pharmacy

- Comparative effectiveness strategy with TruDataRx - migraine, MS, diabetes
- Evaluating joining KYRx
- Negotiating with 340b covered entities for discounts

● Medical

- 4C Digital Health - TPA insight and review
- Quantify Health - forensic analysis of high cost claims
- Stop loss

● NEW

- Memorial Health System rejoined PEIA network at in-state rates effective February 2024 - essentially ends carve-out
- New and lower cost offerings arriving for SFY25
 - STD/LTD - MetLife awarded at lower rates vs previous vendor
 - Accident, Critical Illness, Hospital Indemnity new for SFY25
- Consolidated, digital wellness platform - Virgin Pulse
- Upgraded Benefits Administration System - Telus
- Adding vaccines to pharmacy benefit in order to ease confusion for providers and members

Public Comment



Old Business

PEIA Actuarial Study

Per §5-16-31 of the WV Code, PEIA shall conduct an independent actuarial study of the:

1. Financial solvency of the plan, including, but not limited to,
 - a. a consideration of alternatives to bring long-term financial stability to the plan,
 - i. Funded healthcare savings accounts to promote consumer driven plans,
 - ii. Limited provider/pharmacy network plans,
 - iii. Wellness compliant plan offerings that provide cheaper benefits if compliant with plan requirements, (2026 or later)
 - iv. Increase admin fee \$2.50 per year for 4 years,
 - v. Fixed ratio rule for benefits similar to the 80/20 rule for premiums,
 - vi. Dedicated funding source to offset premium increases from healthcare trend.
 - b. options regarding continued Non-State employee participation in the plan,
 - c. collapsing salary levels,
 - i. Consider various plans to reduce Index Code levels,
 - ii. All new employees pay single premium rate, not salary indexed,
 - iii. Expanded rates for family size exploration,
 - iv. Review Ee/child(ren) tier ded/ooop. Why is it the same as family tier?
 - d. and any other cost-saving measures.
 - i. 80/20 min/max with PSR for employee share,
 - ii. Continued focus on WV services vs out of state, (how has 110% impacted utilization and how does it impact cost/benefits.)
2. PEIA shall seek input from
 - a. public employees,
 - b. retirees,
 - c. providers, and
 - d. other interested parties on solutions to evaluate in the study.
3. The actuarial study shall begin on or before July 1, 2023.
4. A report on the study shall be presented to the Joint Committee on Government and Finance on or before July 1, 2024.

New Business

- Contracts - timing of re-bid
 - Pharmacy Benefit Manager (PBM)
 - Third Party Administrator (TPA)
 - Managed Care Organization(s) (MCO)

Next Meeting

June 27, 2024



Adjourn

If you would like to request a copy of today's meeting materials or if you have any questions, please contact:

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