

**West Virginia
PEIA/RHBT Finance Board
Thursday October 15, 2020
DEP/PEIA Building, Coopers Rock Room 1203, 601 57th Street, SE
Charleston, WV 25304**

MINUTES

PLACE OF MEETING:

The meeting of the Finance Board of the West Virginia Public Employees Insurance Agency (PEIA) and Retiree Health Benefits Trust (RHBT) Fund was held in the Cooper's Rock Conference Room No. 1203 on October 15, 2020 at 1:00 p.m., pursuant to the online notice filed with the Office of West Virginia Secretary of State Mac Warner. The meeting was held in person and via teleconference.

BOARD MEMBERS PRESENT:

Allan McVey, Chairman
Geoff Christian
Melody Duke
Amanda Meadows
William Milam
Jason Myers
Jared Robertson
Michael Smith

MEETING BEGAN AT APPROXIMATELY 1:00 P.M. WITH A QUORUM PRESENT

TOPIC: Approval of Minutes from the June 25, 2020 Board Meeting

DISCUSSION: Mike Smith pointed out a typo on page 6 of the Minutes for a name change to Bill Milam, not Bill Smith.

MOTION: A motion was offered by Jason Myers to approve the June 25, 2020 minutes with the correction as noted. That motion was seconded by Geoff Christian.

ACTION: The motion to approve the minutes was passed unanimously.

TOPIC: Financial Updates – Year to Date

DISCUSSION: Jason Haight- CFO, PEIA

West Virginia Public Employees Insurance Agency

Statement of Net Position

Tuesday, June 30, 2020

(Dollars in Thousands)

(Unaudited-For Internal Use Only)

	CURRENT YR	PRIOR YR	VARIANCE	
			\$	%
Assets				
Current assets:				
Cash and cash equivalents	\$7,411	\$11,957	(\$4,546)	(38%)
Equity position in Internal Investment pool	30,436	36,592	(6,156)	(17%)
Premiums receivable:				
Other, less allowance for doubtful accounts	9,407	8,643	764	9%
Due From RHBT	6,457	10,533	(4,076)	(39%)
Accounts receivable:				
Provider refunds, less allowance for doubtful accounts		585	(585)	(100%)
Prescription rebates	40,924	31,683	9,241	29%
Other	11,570	1,199	10,373	865%
Total current assets	106,205	101,192	5,015	5%
Noncurrent assets:				
Equity position in Internal Investment pools	260,386	225,314	35,072	16%
Equity position in Internal Investment pool – restricted	13,817	12,774	1,043	8%
Capital assets, net of accumulated depreciation	101	146	(45)	(31%)
Total noncurrent assets	274,304	238,234	36,070	15%
Total assets	380,509	339,426	41,083	12%
Deferred Outflows of Resources Related to Pensions & OPEB				
	358	432	(74)	(17%)
Liabilities				
Current liabilities:				
IBNR	67,800	59,690	8,110	14%
Current claims payable	5,566	5,207	359	7%
Premium deficiency reserve	46,535	13,359	33,176	248%
Accounts payable	4,104	4,546	(442)	(10%)
Unearned revenue	13,854	13,614	240	2%
Other accrued liabilities	2,538	2,842	(304)	(11%)
Total current liabilities	140,397	99,258	41,139	41%
Noncurrent liabilities:				
Other Liabilities	819	938	(119)	(13%)
Other accrued liabilities: Premium stabilization fund	13,817	12,774	1,043	8%
Total liabilities	165,033	112,970	42,063	37%
Deferred Inflows of Resources Related to Pensions & OPEB				
	432	499	(67)	(13%)
Net position				
Invested in capital assets	101	146	(45)	(31%)
Actuarially Required Reserve	121,708	122,694	(986)	(1%)
PEIA PSR, Unrestricted	103,593	103,547	46	0%
Total net position	226,402	226,387	(15)	(0%)

West Virginia Retiree Health Benefit Trust Fund
STATEMENT OF PLAN NET POSITION
 Tuesday, June 30, 2020
 PRELIMINARY

	CURRENT YR	PRIOR YR	V A R I A N C E	
			\$	%
ASSETS				
Cash - Operating Fund	\$6,411,409	\$3,805,003	\$2,606,406	68%
INVESTMENTS				
WV Board of Treasury Investments	43,446,727	107,183,424	(63,736,697)	(59%)
WV Investment Management Board	1,150,227,614	1,001,570,270	148,657,344	15%
Total Investments	1,193,674,341	1,108,753,694	84,920,647	8%
Due From / (To) WV PEIA	(6,456,911)	(10,532,032)	4,075,121	(39%)
PREMIUM ACCOUNTS RECEIVABLE				
Premium Accounts Receivable	2,808,726	3,064,099	(255,373)	8%
Less: Allowance for Doubtful Accounts	(143,073)	(467,729)	324,656	(69%)
Net - Premium Accounts Receivable	2,665,653	2,596,370	69,283	3%
Other Receivables	40,608,267	8,193,169	32,415,098	396%
TOTAL ASSETS	1,236,902,759	1,112,816,204	124,086,555	11%
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows of Resources Related to Pension	112,076	178,544	(66,468)	(37%)
Deferred Outflows of Resources Related to OPEB	79,482	68,725	10,757	16%
TOTAL DEFERRED OUTFLOWS OF RESOURCES	191,558	247,269	(55,711)	(23%)
LIABILITIES				
Claims payable	8,490,000	8,490,000	-	0%
Accounts payable	22,473	19,566	2,907	15%
Accrued Liabilities	3,705,411	12,618,499	(8,913,088)	(71%)
TOTAL LIABILITIES	12,217,884	21,128,065	(8,910,181)	(42%)
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows of Resources Related to Pension	84,423	171,496	(87,073)	(51%)
Deferred Inflows of Resources Related to OPEB	150,666	103,108	47,558	46%
TOTAL DEFERRED INFLOWS OF RESOURCES	235,089	274,604	(39,515)	(14%)
Net Position- PSR	38,106,504	38,106,504	-	0%
Net Position- Restricted	1,186,534,840	1,091,660,804	94,874,036	9%
NET POSITION RESTRICTED FOR POST EMPLOYMENT BENEFITS	\$1,224,641,344	\$1,091,660,804	\$132,980,540	12%

**West Virginia Retiree Health Benefit Trust Fund
STATEMENT OF CHANGES IN PLAN NET POSITION
For the Fiscal Year Ended Tuesday, June 30, 2020
PRELIMINARY**

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
			ADDITIONS				
			Employer Premiums:				
\$2,874,099	\$2,909,176	\$3,073,247	Health premiums - Non Par	(\$35,077)	(1%)	(\$199,148)	(6%)
14,021,151	14,603,118	15,586,961	Health Premiums - RLC Health, Life	(581,967)	(4%)	(1,565,810)	(10%)
141,510,284	140,000,000	152,367,996	Pay Go Premiums	1,510,284	1%	(10,857,712)	(7%)
30,000,000	30,000,000	30,000,000	State appropriation - OPEB	-	0%	-	0%
5,000,000	5,000,000	5,000,000	State appropriation - Premium	-	0%	-	0%
193,405,534	192,512,294	206,028,204	Total Employer Premiums	893,240	0%	(12,622,670)	(6%)
			Other Additions:				
643,446	1,000,000	882,385	Retiree Drug Subsidy	(356,554)	(36%)	(238,939)	(27%)
19	-	-	Other Revenue	19	100%	19	100%
29,920,646	61,316,814	59,498,185	Investment Income	(31,396,168)	(51%)	(29,577,539)	(50%)
223,969,645	254,829,108	266,408,774	TOTAL ADDITIONS	(30,859,463)	(12%)	(42,439,129)	(16%)
			DEDUCTIONS				
82,445,036	113,970,549	122,075,538	Payments to Managed Care Org.	31,525,513	28%	39,630,502	32%
25,684,515	24,900,009	23,725,272	Life Insurance Expense	(784,506)	(3%)	(1,959,243)	(8%)
49,318,247	68,532,797	52,782,149	Medical Claims Expense	19,214,550	28%	3,463,902	7%
21,799,082	31,404,064	25,561,256	Pharmacy Claims Expense	9,604,982	31%	3,762,174	15%
16,000	-	34,600	Comparative Effectiveness Research Fee	(16,000)	100%	18,600	54%
1,985,700	1,709,673	1,436,305	Administrative Service Fees (External)	(276,027)	(16%)	(549,395)	(38%)
(67,776,107)	(71,638,266)	(66,817,534)	Member Health premiums	(3,862,159)	5%	958,573	(1%)
(24,969,518)	(24,915,202)	(23,834,143)	Member Life Insurance Premiums	54,316	(0%)	1,135,375	(5%)
2,486,150	3,855,451	2,899,128	Other Operating Expenses	1,369,301	36%	412,978	14%
90,989,105	147,819,075	137,862,571	TOTAL DEDUCTIONS	56,829,970	38%	46,873,466	34%
132,980,540	107,010,033	128,546,203	NET POSITION INCREASE	25,970,507	24%	4,434,337	3%
			Net Position Restricted for Post Employment Benefits				
1,091,660,804	1,091,660,804	963,114,601	Beginning of Period Total Net Position	-	0%	128,546,203	13%
1,186,534,840	1,160,564,333	1,053,554,300	End of Period Net Position - Restricted	25,970,507	2%	132,980,540	13%
38,106,504	38,106,504	38,106,504	End of Period Net Position - PSR	-	0%	-	0%
\$1,224,641,344	\$1,198,670,837	\$1,091,660,804	End of Period Total Net Position	\$25,970,507	2%	\$132,980,540	12%

TOPIC: PEIA FY 2022 Plan Discussion and review of proposed November Public Hearing presentation.

DISCUSSION: Director Ted Cheatham briefly discussed the FY 2022 Plan and presented a brief overview of the Public Hearing presentation.

PUBLIC COMMENTS AND QUESTIONS:

1. Dale Lee – WVEA

- Appreciates there's no changes for the employees again this next year.
- Concern is what next because looking at plan, there could be increases in 2023 on up.
- PEIA Task Force
 - Has not met since January of two years ago;
 - Made recommendations to the Legislature on what should be done to get a funding source for PEIA.
 - Even though recommendations unanimously passed by the Task Force, the Legislature hasn't seen fit to take the bills and do anything with them. They've been introduced every year, but nothing goes from there. Concern at WVEA is what's going to happen after this 2022 Fiscal Year and what we are facing.

- There's got to be increases somewhere and either the state has to put more money in, the Governor has to put more money in, or whoever puts more money in, or it's going to cause the employees to see an increase in their premiums.
- One of the Task Force's recommendations was to add flexibility by giving options with not only premium increases but some changes in the plans deductibles, out of pocket costs, etc.
- Rebidding the Medicare prescription.
 - Our retirees like Humana and have been very comfortable with the plan.
 - Concerned rebid was something that PEIA suddenly decided. Now understands it has come up on the cycle of the rebidding process and, if additional money can be saved, I understand that.
- Request a public meeting be held in the northern panhandle.
 - Many members who would like to attend a meeting would have to drive a couple hours to the closest one in Morgantown.
 - While for this year, with no changes, there's probably not going to be a lot of people at the public hearings, next year, if increased funding is not provided by the Legislature, the public hearings may be flooded with people.
 - I strongly suggest that the Board look at adding an additional public hearing in the northern panhandle so that those people feel like they are being heard just like the rest of the state.
- Are there plans or are there discussions with long-term planning or long-term funding or looking at the Task Force recommendations?

Director Ted Cheatham: We have adopted several of the Task Force recommendations. Most notably, PEIA stopped reference-based pricing for the third level drug appeal process in place and went back to 80/20 in the surrounding counties. The Governor established a PEIA special fund controlled by the Department of Revenue with \$105 million in it that has not been touched yet as a funding source for PEIA in the future. PEIA has implemented several of the Task Force's recommendations. I can't speak to the Legislature, obviously, and what they need to do.

- If we haven't touched the \$105 million, then we should be good in 2023 plan year also.

Director Ted Cheatham: Potentially yes. Again, that money as I understand it is at the discretion of the Governor and the Secretary of Revenue and how it is given to us and does it flow through the 80/20 formula or is it exempt from the 80/20 formula and the statute is not specific to that. So, that is a question that would come up as well. Should we tap that money? Would we tap the full amount that we need from that fund or just some of it so we have a partial increase? That is yet to be determined.

- The bidding process, Director Cheatham and I talked before the meeting but I want our members to know about the process too. This is something that you have set up and that you have hired an outside agency for the bidding process. Can you explain that?

Director Ted Cheatham: We have solicited an RFQ (Request for Quotation) for a consultant to assist us in developing the Request for Proposal for the MAPD Program and help us ultimately distribute it and help us score it as an independent party. PEIA ultimately has the final say on this. That is not delegated under any circumstances. PEIA will have an RFP review committee internally to evaluate it. I anticipate the RFP should be out on the streets by the end of this year or early in the first quarter of next year. We have every intent to award that bid probably by the end of the first quarter, maybe in the second quarter. But we want a minimum of six months, should there be a change, to allow for that transition to get scripted, built, communicated, etc. That is the plan. So, I am hoping RFP out the end of the year and hopefully an award by the end of the first quarter of next year with a nine-month transition.

- The ultimate decision is PEIA?

Director Ted Cheatham: PEIA. I will at this point officially open our RFP process up to a board member appointed by you (Chairman Allen McVey) to sit in as a non-voting member, if you'd like to monitor that process. We would be more than happy to have a board member on the RFP committee.

Chairman Allen McVey: I will ask for volunteers at the appropriate time.

Director Ted Cheatham: I would say, not necessary, but you are more than welcome as a board member to have representation to see how the process works.

2. Eric Belldina – Belldina’s Pharmacy (Masontown, West Virginia)

- On the Humana rebid, is that just for prescription drugs or is that the whole Medicare Advantage Plan?

Director Ted Cheatham: It is for the Medicare Advantage Prescription Drug Program. So, it is both medical and pharmacy in a package. It is what we are offering with Humana today.

TOPIC: Approval of Public Meeting Presentation
MOTION: A motion was offered by Bill Milam to approve the Public Meeting presentation. That motion was seconded by Jason Myers.
ACTION: **The motion to approve the Public Meeting was passed unanimously.**

TOPIC: Old Business – Welcome Melody A. Duke
DISCUSSION: Chairman McVey and PEIA Director Ted Cheatham welcomed Ms. Duke to the RHBT/PEIA Board.

TOPIC: Old Business – PEIA is alive and thriving through the COVID-19 Pandemic.
DISCUSSION: Director Ted Cheatham briefly discussed and praised the work of PEIA’s staff in transitioning to working remotely during the pandemic and keeping everything running smoothly while continuing to take care of the needs of our members during this unprecedented health crisis.

TOPIC: New Business – November Public Hearing Dates
DISCUSSION: Director Cheatham briefly discussed the Public Hearings and asked that the Board Members notify Ms. DeRaimo of their potential travel plans and/or participation by phone so appropriate arrangements can be coordinated.

TOPIC: Schedule Next Meeting – Chairman Allan McVey
DISCUSSION: The next scheduled meeting is December 17, 2020 at 1:00 p.m.

TOPIC: Adjourn
ACTION: There being no further business, the October 15, 2020 meeting of the Finance Board of the West Virginia Public Employees Insurance Agency (PEIA) and Retiree Health Benefits Trust (RHBT) Fund adjourned at approximately 2:00 p.m.
MOTION: A motion to adjourn the Finance Board was made by Ms. Duke and seconded by Jason Myers.
ACTION: **A motion to adjourn passed unanimously.**

These minutes were transcribed from recording by Kenna M. DeRaimo, Administrative Secretary to the Finance Board, and are respectfully submitted.