

**West Virginia PEIA/RHBT Finance Board  
Thursday, December 7, 2023  
DEP Building, Canaan Valley Room 1041  
601 57<sup>th</sup> 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 Fund (RHBT) was held in the Canaan Valley Conference Room at 601 57<sup>th</sup> Street SE, Charleston, WV 25304, on Thursday, October 19, 2023 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 virtually, via Google Meet.

### **BOARD MEMBERS PRESENT:**

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

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

**TOPIC: Approval of Minutes from the October 19, 2023 Finance Board Meeting**

**DISCUSSION:** None.

**MOTION:** A motion was offered by Bill Milam with a second by Jason Myers to approve the October 19, 2023 Finance Board Minutes.

**ACTION:** **The motion to approve the Minutes was passed unanimously.**

**TOPIC:** Financial Statements YTD

**DISCUSSION: Jason Haught, Chief Financial Officer (PEIA)**

Mr. Haught began by reviewing the PEIA financials and noted how the spousal surcharge has impacted the reports so far.

**QUESTION: Mark Scott, Chairman**

Do we believe these trends will continue?

**ANSWER: Jason Haught, Chief Financial Officer (PEIA)**

No, we do not. We think we will end up right on plan in about a year.

Mr. Haught then continued with a review of the RHBT financials. No questions followed.

**TOPIC:** Financial Plan

**DISCUSSION:** **Chris Borcik, Continuing Care Actuaries (CCA)**

Mr. Borcik provided a review of the financial plan for PEIA going over investment income, which is believed to be at about half of what was originally discussed but a lot of things could change. Medical Claims are not fully credible yet but estimates look promising. Rx Claims have increased more than expected, likely because of the GLP-1 drugs, and offset of increase in rebates. Not many material changes as of now.

**QUESTION:** **Doug Coffman, Finance Board Member**

If drugs are below expectations, why are we expecting it to reverse?

**ANSWER:** **Chris Borcik, Continuing Care Actuaries (CCA)**

We will compare it to the budget and adjust for rebates as well.

**Jason Haught, Chief Financial Officer (PEIA)**

We believe the budget amount may be a little higher than what it should be.

Mr. Borcik continued with a review of the financial plan for RHBT. He explained that it is a similar story but operationally trends are looking better. No questions followed.

**TOPIC: PUBLIC COMMENTS AND QUESTIONS:**

**Fred Albert**

Mr. Albert began by thanking the board for their work. He stated that he attended two of the Public Hearings and understands the Board has been handed a job that does not give them as much flexibility as everyone believes. He has some concerns. There is a shortage of teachers and service personnel. He states that WV is falling behind. It is his belief that pay raises are necessary. If we do receive a pay raise by Governor Justice, he would like to avoid premium increases. He also expressed concerns for our retirees and how this will impact them.

**Elaine Harris**

Ms. Harris began by thanking the board and she understands how busy Public Hearings are for our Board and appreciates them taking the time to speak with the public. She stated she has concerns about the premium increases. It is her belief that the Legislature needs to provide sufficient monies to offset any increase. These workers need to be paid adequately and need to see the actual increase in salary, not taken away by premium increases.

**Dale Lee**

Mr. Lee began by thanking the board for the opportunity to speak.

**QUESTION:** What is the rate of investment income?

**ANSWER:** **Chris Borcik, Continuing Care Actuaries (CCA)**

PEIA 4% and 7.4% for RHBT

**QUESTION:** Over the course of 4-5 years, how has that come across? Are we still comfortable with these projections?

**ANSWER:** **Dave Bond, Continuing Care Actuaries (CCA)**

These are good long term projections. There will be periods where you are over and under this number but this is a good place to be.

Dale noted an increase for Non-Medicare retirees that is concerning. He would like to see a way to come up with the deficit to avoid increases in rates.

**QUESTION:** Is there any place we could get this money to avoid an increase?

**ANSWER:** **Brian Cunningham, Director (PEIA)**

We are challenged with pushing the problem down the road. We have looked at how to avoid this increase. There does not seem to be a way to avoid it.

**QUESTION:** This plan will go into effect July 1st, next year. If the Legislature comes up with the money, can we avoid this from happening?

**ANSWER:** **Brian Cunningham, Director (PEIA)**

If code permits, yes.

**QUESTION:** I understand. I don't want to see money put into the Plan and it be allocated elsewhere. Would we be able to put the money into the reserve fund?

**ANSWER:** **Brian Cunningham, Director (PEIA)**

I believe that is correct but we would like to have some time to give it some thought.

There do not seem to be other private plans that show such an increase in only two years. The projections over the next few years are even more increases that the workers of WV simply cannot absorb. We need to look at the current language of the Legislature to examine how to fix this. The taskforce proposed ideas to help. We need better options. PEIA has done a tremendous job with what they have, but their hands are tied. It is up to our Legislature. We should provide them options that work.

**TOPIC:** **Approval of FY25 Financial Plan**

**DISCUSSION:** **Mark Scott, Chairman**

Chairman Scott wanted to take the time to thank everyone for coming to the Public Hearings and to the Board that participated and attended. All of the public comments were very thoughtful and appreciated. We took into consideration every speaker's concerns to come up with the best possible plan. As a result of SB268, we are mandated as a Board to come up with a financial plan that is a 80%/20% split between employers and employees. We also work with PEIA and our actuaries to examine all of the variables and historical trends to come up with the best option. Thank you to the staff for answering our questions so we can work together to make the best decisions moving forward.

**MOTION:** A motion was offered by Amanda Meadows with a second by Geoff Christian to approve the FY25 Financial Plan.

**DISCUSSION: Jason Myers, Finance Board Member**

I would like to ask our Actuaries, Dave and Chris, a question. What is your position on the Non-States removal of the spousal surcharge?

**Chris Borcik, Continuing Care Actuaries (CCA)**

We examined that scenario and we would need a 14% premium increase to cover that cost.

**Jason Myers, Finance Board Member**

During the Public Hearings we heard a lot of conversation and concern about wanting the spousal surcharge removed. I've spoken with many agency leaders and Directors to have this discussion and there is an understanding that they do not want the spousal surcharge and would need to have an increase of 14% or possibly higher. I would ask the board to support a decision to remove the surcharge for Non-States. I am open to having some discussion.

**Amanda Meadows, Finance Board Member**

Did you have discussion on how this would also impact those that would not have to pay the spousal surcharge?

**Jason Myers, Finance Board Member**

Yes, I discussed that with everyone when listening to their concerns. I cannot say it is unanimous, but more are in favor of removing it.

**Geoff Christian, Finance Board Member**

What type of assumptions are risks? What have we learned from the State spousal surcharge that we can

**Chris Borcik and Dave Bond, Continuing Care Actuaries (CCA)**

We examined the State's side and applied that to the assumptions for Non-States. We saw a lower change.

**Damita Johson, Finance Board Member**

Who expressed the most concern?

**Jason Myers, Finance Board Member**

County Commissions

**Damita Johnson, Finance Board Member**

I also work for the local government and we do not see much impact for our employees, so I was just curious who it was affecting more.

**Doug Coffman, Finance Board Member**

Are you more comfortable that the increase only goes up 14% or will it need to be higher?

**Chris Borcik, Continuing Care Actuaries (CCA)**

When we developed this financial plan we went through many scenarios, so we are comfortable.

**Damita Johnson, Finance Board Member**

Premium Only for Employee Spouse - Is this something PEIA has considered?

**Brian Cunningham, Director (PEIA)**

We have considered it and continue to consider it. There are a lot of tiers already and we want to avoid making the Plan more complex, so we will look at options.

**Jason Haught, Chief Financial Officer (PEIA)**

We have examined the financial difference between Employee/Spouse versus Employee/Family and it is actually more expensive for a two party plan than a four party plan. Adults tend to have more procedures, prescriptions, etc. which are more costly.

**DISCUSSION: Bill Milam, Finance Board Member**

If this passes does this apply to only Non-States or could we consider additional?

**Brian Cunningham, Director (PEIA)**

Unfortunately, the State is mandated by code to apply the Spousal Surcharge.

**PROPOSAL: Jason Myers, Finance Board Member**

I would like to move to amend the Financial Plan to reflect the removal of the Spousal Surcharge for Non-States and replace it with a 14% premium increase. Doug Coffman moved to second the amendment offered by Jason Myers.

**ACTION: The motion to approve the amendment of the FY25 Financial Plan was unanimously passed.**

**DISCUSSION: Bill Milam, Finance Board Member**

Prior to Public Hearings, we discussed the possibility of changing the Non-Medicare premium. Did anything come of that?

**ANSWER: Jason Haught, Chief Financial Officer (PEIA)**

We do not see evidence that this would be a good option. It would likely require more premium stabilization in the future.

**MOTION:** A motion to pass the amended FY25 Financial Plan was received by Bill Milam with a second by Jason Myers.

**ACTION: The motion to approve the amended FY25 Financial Plan was passed unanimously.**

**TOPIC: 2024 Finance Board Meeting Dates**

**DISCUSSION:** None.

**MOTION:** A motion to approve the 2024 Finance Board Meeting Dates was received by Bill Milam with a second from Geoff Christian.

**ACTION:** The motion to approve the 2024 Finance Board Meeting Dates was passed unanimously.

**TOPIC: Old Business**

**DISCUSSION:** 1) Jared Robertson, Finance Board Member, is attending the meeting virtually today.  
2) Geoff Christian, Finance Board Member, was in attendance virtually for the October 2023 meeting and will need to be added to the minutes.

**TOPIC: New Business**

**DISCUSSION:** None.

**TOPIC: Next Meeting**

**DISCUSSION:** March 28, 2024

**TOPIC: Adjourn**

**ACTION:** There being no further business, the December 7, 2023, meeting of the West Virginia PEIA/RHBT Finance Board adjourned at approximately 1:47 p.m.

**MOTION:** A motion to adjourn the Finance Board was made by Chairman Mark Scott.

**ACTION:** **The motion to adjourn passed unanimously.**

These minutes were transcribed from a recording by Erika Smith, Finance Board Secretary, and are respectfully submitted on the 7th day of December 2023.