

**West Virginia
Public Employees Insurance Agency (PEIA) &
Retiree Health Benefit Trust Fund (RHBT)
Finance Board Meeting**

Thursday, October 19, 2023, 1:00 p.m.

**Dolly Sods Conference Room
601 57th Street, SE, Charleston, WV 25304**



Agenda

- Roll Call
- Call to Order
- Approval of September 7, 2023 Meeting Minutes
- June Year End Statements
- Financial Statements YTD
- Financial Plan Updates
- Public Hearing Presentation Preview
- Public Comments
- Old Business
- New Business
- Next Meeting – December 7, 2023

Roll Call

Members:

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

Approval of Minutes

September 7, 2023



Fiscal Year '23 Audit Reports

Jason Haught, CFO (PEIA)



Financial Statements YTD

Jason Haught, CFO (PEIA)



West Virginia Public Employees Insurance Agency

Statement of Net Position

Thursday, August 31, 2023

(Dollars in Thousands)

(Unaudited-For Internal Use Only)

Assets

	CURRENT YR	PRIOR YR	VARIANCE	
			\$	%
Current assets:				
Cash and cash equivalents	\$34,191	\$29,734	\$4,457	15%
Equity position in internal investment pool	18,084	15,318	2,766	18%
Accounts receivable:				
Premium, less allowance for doubtful accounts	20,065	15,612	4,453	29%
Due From RHBT	7,051	18,433	(11,382)	(62%)
Prescription rebates, less allowance for doubtful accounts	49,931	52,780	(2,849)	(5%)
Appropriations due from State of West Virginia		8,667	(8,667)	(100%)
Other	5,470	1,287	4,183	325%
Total current assets	134,792	141,831	(7,039)	(5%)
Noncurrent assets:				
Equity position in internal investment pools	132,694	136,584	(3,890)	(3%)
Equity position in internal investment pool – restricted	3,839	4,626	(787)	(17%)
Capital assets, net of accumulated depreciation				
Right to use	196	451	(255)	(57%)
Furniture, equipment, and other	39	42	(3)	(7%)
Postemployment Benefits- Pension & OPEB	(177)	933	(1,110)	(119%)
Total noncurrent assets	136,591	142,636	(6,045)	(4%)
Total assets	271,383	284,467	(13,084)	(5%)
Deferred outflows of resources related to pension & OPEB	495	586	(91)	(16%)
Liabilities				
Current liabilities:				
Incurred but not reported reserve	95,990	88,080	7,910	9%
Current claims payable	8,467	5,809	2,658	46%
Premium deficiency reserve		58,649	(58,649)	(100%)
Accounts payable	5,320	5,819	(499)	(9%)
Unearned revenue	10,671	6,397	4,274	67%
Other accrued liabilities	2,286	2,775	(489)	(18%)
Total current liabilities	122,734	167,529	(44,795)	(27%)
Noncurrent liabilities:				
Life Insurance premium stabilization reserve	4,165	4,111	54	1%
Long term lease liability	204	470	(266)	(57%)
Total liabilities	127,103	172,110	(45,007)	(26%)
Deferred inflows of resources related to pension & OPEB	240	1,662	(1,422)	(86%)
Net position				
Invested in capital assets	236	493	(257)	(52%)
Unrestricted	144,300	110,789	33,511	30%
Total net position	144,536	111,282	33,254	30%

West Virginia Public Employees Insurance Agency
Statement of Changes in Plan Net Position
For the Two Months Ending Thursday, August 31, 2023

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

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
OPERATING REVENUE							
Premium Revenue							
99,634	98,459	72,771	Health Insurance - State Gov. - Employers	\$1,175	1%	\$26,863	37%
24,867	24,596	19,847	Health Insurance - State Gov. - Employees	271	1%	5,020	25%
27,150	27,760	23,532	Health Insurance - Local Gov. - All	(610)	(2%)	3,618	15%
743	796	748	Administrative Fees, Net of Refunds	(53)	(7%)	(5)	(1%)
395	461	343	Other Premium Revenue	(66)	(14%)	52	15%
152,789	152,072	117,241	Total Operating Revenue	717	0%	35,548	30%
NON-OPERATING REVENUE							
427	351	377	Life Insurance	76	22%	50	13%
0	0	8,667	Direct Transfer	0	0%	(8,667)	(100%)
1,030	1,403	1,893	Interest and Investment Income	(373)	(27%)	(863)	(46%)
0	0	9,866	WV RHBT Pay Go Premiums	0	0%	(9,866)	(100%)
1,457	1,754	20,803	Total Non-Operating Revenue	(297)	(17%)	(19,346)	(93%)
154,246	153,826	138,044	TOTAL REVENUE	420	0%	16,202	12%
EXPENSES							
83,484	88,581	80,421	Claims Expense - Medical	5,097	6%	(3,063)	(4%)
32,532	50,930	16,933	Claims Expense - Drugs	18,398	36%	(15,599)	(92%)
10,577	11,291	9,034	Payments to Managed Care Org.	714	6%	(1,543)	(17%)
6,565	3,878	2,960	Administrative Service Fees	(2,687)	(69%)	(3,605)	(122%)
79	16	0	Wellness and Disease Management	(63)	(394%)	(79)	0%
921	924	593	Other Operating Expenses	3	0%	(328)	(55%)
303	364	301	Life Insurance Expense	61	17%	(2)	(1%)
80	80	80	ACA Comparative Effectiveness Fee	0	0%	0	0%
0	0	9,866	WV RHBT Pay Go Premiums	0	0%	9,866	100%
134,541	156,064	120,188	TOTAL EXPENSES	21,523	14%	(14,353)	(12%)
19,706	(2,239)	17,857	YTD Surplus (Deficit)	21,945	(980%)	1,849	10%
124,830	124,830	93,425	Total Net Position, Beginning of Period	0	0%	31,405	34%
\$144,536	\$122,591	\$111,282	Total Net Position, End of Period	\$21,945	18%	\$33,254	30%

West Virginia Retiree Health Benefit Trust Fund
STATEMENT OF PLAN NET POSITION
Thursday, August 31, 2023
In Thousands

	CURRENT YR	PRIOR YR	VARIANCE	
			\$	%
ASSETS				
Cash - Operating Fund	\$3,956	\$16,377	(\$12,421)	(76%)
INVESTMENTS				
WV Board of Treasury Investments	57,244	109,124	(51,880)	(48%)
WV Investment Management Board	1,756,155	1,531,177	224,978	15%
Total Investments	<u>1,813,399</u>	<u>1,640,301</u>	<u>173,098</u>	<u>11%</u>
Due From / (To) WV PEIA	(7,669)	(18,433)	10,764	(58%)
PREMIUM ACCOUNTS RECEIVABLE				
Premium Accounts Receivable	625	(2,851)	3,476	(122%)
Less: Allowance for Doubtful Accounts	(548)	(500)	(48)	10%
Net - Premium Accounts Receivable	<u>77</u>	<u>(3,351)</u>	<u>3,428</u>	<u>(102%)</u>
Other Receivables	12,757	40,643	(27,886)	(69%)
TOTAL ASSETS	<u>1,822,520</u>	<u>1,675,537</u>	<u>146,983</u>	<u>9%</u>
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	<u>263</u>	<u>310</u>	<u>(47)</u>	<u>(15%)</u>
LIABILITIES				
Claims payable	11,060	9,150	(1,910)	(21%)
Accounts payable	4	16	12	75%
Accrued Liabilities	7,863	9,516	1,653	17%
TOTAL LIABILITIES	<u>18,927</u>	<u>18,682</u>	<u>(245)</u>	<u>(1%)</u>
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	<u>130</u>	<u>895</u>	<u>765</u>	<u>85%</u>
Net Position- PSR	282,107	282,107	-	0%
Net Position- Restricted	1,521,619	1,374,163	147,456	11%
NET POSITION RESTRICTED	<u>1,521,619</u>	<u>1,374,163</u>	<u>147,456</u>	<u>11%</u>
FOR POST EMPLOYMENT BENEFITS	<u>\$1,803,726</u>	<u>\$1,656,270</u>	<u>\$147,456</u>	<u>9%</u>

West Virginia Retiree Health Benefit Trust Fund
STATEMENT OF CHANGES IN PLAN NET POSITION
For Two Months Ending August 31, 2023
In Thousands

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
			ADDITIONS				
			Employer Premiums:				
\$337	\$330	\$342	Health premiums - Non Par	\$7	2%	(\$5)	(1%)
1,338	1,361	1,590	Health Premiums - RLC Health, Life	(23)	(2%)	(252)	(16%)
-	-	9,866	Pay Go Premiums	0	0%	(9,866)	(100%)
5,000	5,000	5,000	State appropriation - OPEB	-	0%	-	0%
6,675	6,691	16,798	Total Employer Premiums	(16)	(0%)	(10,123)	(60%)
			Other Additions:				
83	167	133	Retiree Drug Subsidy	(84)	(50%)	(50)	(38%)
13,809	20,680	23,212	Investment Income	(6,871)	(33%)	(9,403)	(41%)
20,567	27,538	40,143	TOTAL ADDITIONS	(6,971)	(25%)	(19,576)	(49%)
			DEDUCTIONS				
8,406	8,719	7,263	Payments to Managed Care Org.	313	4%	(1,143)	(16%)
4,339	4,605	4,326	Life Insurance Expense	266	6%	(13)	(0%)
8,647	9,810	8,373	Medical Claims Expense	1,163	12%	(274)	(3%)
4,134	4,194	2,436	Pharmacy Claims Expense	60	1%	(1,698)	(70%)
684	304	232	Administrative Service Fees (External)	(380)	(125%)	(452)	(195%)
(9,753)	(9,853)	(9,824)	Member Health premiums	(100)	1%	(71)	1%
(4,402)	(4,617)	(4,398)	Member Life Insurance Premiums	(215)	5%	4	(0%)
452	351	437	Other Operating Expenses	(101)	(29%)	(15)	(3%)
12,507	13,513	8,845	TOTAL DEDUCTIONS	1,006	7%	(3,662)	(41%)
8,060	14,025	31,298	NET POSITION INCREASE (DECREASE)	(5,965)	(43%)	(23,238)	(74%)
			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%
1,521,619	1,527,584	1,374,163	End of Period Net Position - Restricted	(5,965)	(0%)	147,456	11%
282,107	282,107	282,107	End of Period Net Position - PSR	-	0%	-	0%
\$1,803,726	\$1,809,691	\$1,656,270	End of Period Total Net Position	(\$5,965)	(0%)	\$147,456	9%

Public Hearing Presentation Preview

Jason Haught, CFO (PEIA)



2023 Public Hearing Schedule

Nov. 6	Wheeling	The Highlands Event Center	Registration: 5-6pm Begins: 6:00pm
Nov. 7	Martinsburg	Holiday Inn Martinsburg	Registration: 5-6pm Begins: 6:00pm
Nov. 9	Morgantown	Holiday Inn - University Place	Registration: 5-6pm Begins: 6:00pm
Nov. 13	Charleston	The Culture Center	Registration: 5-6pm Begins: 6:00pm
Nov. 14	Bluefield	Bluefield State College (Basic Sciences Building)	Registration: 5-6pm Begins: 6:00pm
Nov. 16	Town Hall (virtual)	Google Meet/Phone	Registration: 5-6pm Begins: 6:00pm



PEIA Public Hearings for FY 2025 (July 2024 – June 2025)

November 2023



PEIA/RHBT FINANCE BOARD MEMBERS

Chairman Mark Scott

William “Bill” Milam

Mike Smith

Geoff Christian

Damita Johnson

Hugh Murray

Amanda Meadows

Jason Myers

Jared Robertson

Michael Cook

Doug Coffman

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PEIA FY 2025 PLAN DISCUSSION STATE FUND

- **State Fund Employees**
 - 10.5% premium increase
 - No benefit changes

PEIA FY 2025 PLAN
DISCUSSION
LOCAL EMPLOYER
FUND

- Local Employer Fund
 - 13% premium increase
 - Eligible spouse surcharge implementation approximate average of \$147

PEIA FY 2025 PLAN
DISCUSSION
MEDICARE RETIREE
FUND

- Medicare Retiree
 - No changes in premium
 - No changes in benefit

PEIA FY 2025 PLAN
DISCUSSION
NON-MEDICARE
RETIREE FUND

- **Non-Medicare Retiree**
 - 10% Premium Increase
 - No Changes in Benefit

**PEIA/RHBT FY 2025
PLAN DISCUSSION
PLAN YEARS 2024-2028**

PEIA FIVE-YEAR PLAN

PLAN YEARS
2024-2028

	2024	2025	2026	2027	2028
Additional Employer Premium	\$ 108,100,000	\$ 62,700,000	\$ 67,000,000	\$ 90,500,000	\$ 93,500,000
Increase	22.4%	10.5%	10.1%	12.4%	11.4%
Local Fund Premium Increase	\$ 22,500,000	\$ 19,900,000	\$ 16,500,000	\$ 27,000,000	\$ 25,000,000
Increase	16.0%	13.0%	9.0%	13.5%	11.0%
Employee Premium	\$ 28,900,000	\$ 15,700,000	\$ 16,800,000	\$ 22,600,000	\$ 23,400,000
Increase	24.2%	10.5%	10.2%	12.4%	11.5%
State Direct Transfer (State Budget Appropriations)	\$ -	\$ -	\$ -	\$ -	\$ -
State Direct Transfer (PEIA Rainy Day Fund)	\$ -	\$ -	\$ -	\$ -	\$ -
Board Decision Benefit Reduce/(Add) - Active State Medical	\$ -	\$ -	\$ -	\$ -	\$ -
Board Decision Benefit Reduce/(Add) - Active State Drugs	\$ -	\$ -	\$ -	\$ -	\$ -
Board Decision Benefit Reduce/(Add) - Active Local Medical	\$ -	\$ (2,600,000)	\$ -	\$ -	\$ -
		-2%			
Board Decision Benefit Reduce/(Add) - Active Local Drugs	\$ -	\$ (1,500,000)	\$ -	\$ -	\$ -
		-2%			
ACA PCORI Fees (Cost)	\$ (480,000)	\$ (480,080)	\$ (480,080)	\$ (480,080)	\$ (480,080)
Pay Go Premium Transfer	\$ -	\$ 29,000,000	\$ 10,000,000	\$ 10,000,000	\$ -
Total Fund	2024	2025	2026	2027	2028
Beginning Reserve	124,829,933	139,407,609	133,493,803	137,049,924	152,950,564
Fiscal Year Results	14,577,676	(5,913,806)	3,556,120	15,900,640	18,587,946
<u>Ending Reserve</u>	<u>139,407,609</u>	<u>133,493,803</u>	<u>137,049,924</u>	<u>152,950,564</u>	<u>171,538,510</u>
<u>Minimum Actuarial Reserve Required</u>	<u>111,539,290</u>	<u>122,791,537</u>	<u>136,467,943</u>	<u>152,439,116</u>	<u>171,158,128</u>
PEIA Expenses	913,372,954	1,004,459,226	1,114,944,644	1,243,845,122	1,394,788,408
Reserve as a Percent of Expenses	15.3%	13.3%	12.3%	12.3%	12.3%
State Fund	2024	2025	2026	2027	2028
Beginning Reserve	97,585,833	113,348,277	108,079,041	112,025,638	124,759,974
Fiscal Year Results	15,762,444	(5,269,236)	3,946,597	12,734,336	15,596,814
<u>Ending Reserve</u>	<u>113,348,277</u>	<u>108,079,041</u>	<u>112,025,638</u>	<u>124,759,974</u>	<u>140,356,789</u>
<u>Minimum Actuarial Reserve Required</u>	<u>90,945,876</u>	<u>100,515,125</u>	<u>111,679,900</u>	<u>124,714,378</u>	<u>140,009,865</u>
PEIA Expenses	745,858,725	823,352,792	913,620,866	1,018,897,490	1,142,315,980
Reserve as a Percent of Expenses	15.2%	13.1%	12.3%	12.2%	12.3%
Local Fund	2024	2025	2026	2027	2028
Beginning Reserve	27,244,100	26,059,332	25,414,762	25,024,286	28,190,590
Fiscal Year Results	(1,184,767)	(644,570)	(390,477)	3,166,304	2,991,131
<u>Ending Reserve</u>	<u>26,059,332</u>	<u>25,414,762</u>	<u>25,024,286</u>	<u>28,190,590</u>	<u>31,181,721</u>
<u>Minimum Actuarial Reserve Required</u>	<u>20,593,413</u>	<u>22,276,412</u>	<u>24,788,042</u>	<u>27,724,738</u>	<u>31,148,264</u>
PEIA Expenses	167,514,228	181,106,434	201,323,778	224,947,632	252,472,429
Reserve as a Percent of Expenses	15.6%	14.0%	12.4%	12.5%	12.4%
State Share	80.0%	80.0%	80.0%	80.0%	80.0%
Employee Share	20.0%	20.0%	20.0%	20.0%	20.0%
Growth In Program Expenses	7.5%	13.1%	8.9%	11.5%	11.2%

RHBT FIVE-YEAR PLAN

PLAN YEARS
2024-2028

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Retiree Premium Increase- Non-Medicare (Fiscal Year)	\$ -	\$ 2,225,000	\$ 2,337,464	\$ 2,450,956	\$ -
Increase	0.0%	10.0%	10.0%	10.0%	0.0%
Retiree Premium Increase - Medicare (Calendar Year)	\$ -	\$ -	\$ 6,331,263	\$ 7,111,035	\$ -
Increase	0.0%	0.0%	10.0%	10.0%	0.0%
General Revenue Transfer (OPEB Funding)	\$ 30,000,000	\$ 30,000,000	\$ 30,000,000	\$ 30,000,000	\$ 30,000,000
Board Decision Benefit Reduce/(Add) - Retiree Non-Medicare	\$ -	\$ -	\$ -	\$ -	
Board Decision Benefit Reduce/(Add) - Retiree Medicare	\$ -	\$ -	\$ -	\$ -	
Board Decision Benefit Reduce/(Add) - Humana MAPD (Calendar Year)	\$ -	\$ -	\$ -	\$ -	
Pay Go Premium Transfer	\$ -	\$ 29,000,000	\$ 10,000,000	\$ 10,000,000	\$ -

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Total RHBT Fund					
Beginning Reserve	\$ 1,795,665,986	\$ 1,881,552,730	\$ 1,988,211,638	\$ 2,071,461,774	\$ 2,150,116,922
Fiscal Year Results	160,089,908	166,479,376	174,784,467	135,203,689	55,449,202
Ending Total Reserve	1,881,552,730	1,988,211,638	2,071,461,774	2,150,116,922	2,205,566,124
Ending Premium Stabilization Reserve	\$ 207,903,339	\$ 148,082,871	\$ 56,548,541	\$ -	\$ -
Medicare Fund (Fiscal Year)					
Beginning Reserve	\$ 1,034,340,027	\$ 1,112,842,962	\$ 1,203,286,272	\$ 1,292,399,256	\$ 1,389,925,495
Fiscal Year Results	139,573,321	139,599,338	153,338,807	143,846,497	99,903,745
Ending Total Reserve	1,112,842,962	1,203,286,272	1,292,399,256	1,389,925,495	1,489,829,240
Ending Premium Stabilization Reserve	\$ 159,702,111	\$ 110,546,082	\$ 46,320,259	\$ -	\$ -
Non-Medicare Fund					
Beginning Reserve	\$ 761,325,958	\$ 768,709,766	\$ 784,925,364	\$ 779,062,519	\$ 760,191,429
Fiscal Year Results	20,516,588	26,880,037	21,445,661	(8,642,807)	(44,454,541)
Ending Total Reserve	768,709,766	784,925,364	779,062,519	760,191,429	715,736,888
Ending Premium Stabilization Reserve	\$ 48,201,229	\$ 37,536,789	\$ 10,228,282	\$ -	\$ -
*Actuarial Accrued Liability (BOY)	\$ 1,637,416,883	\$ 1,664,331,633	\$ 1,684,759,827	\$ 1,697,694,682	\$ 1,701,970,701
Funded Status	109.7%	113.1%	118.0%	122.0%	126.3%
*Present Value of Benefits (BOY)	\$ 1,779,124,948	\$ 1,794,543,770	\$ 1,802,918,932	\$ 1,803,207,989	\$ 1,794,216,395
Funded Status	100.9%	104.8%	110.3%	114.9%	119.8%
Growth In Program Expenses	11.7%	10.2%	10.2%	10.7%	11.3%
Retiree Subsidy	\$ 100,613,857	\$ 116,551,695	\$ 130,652,118	\$ 145,026,375	\$ 167,967,814
Percent Paid By Retiree	39.6%	36.7%	35.8%	35.7%	33.3%





QUESTIONS & PUBLIC COMMENTS

Please limit your comments to 5 minutes.

Public Comments



Old Business

New Business

Schedule Next Meeting

December 7, 2023



Adjourn



If you want to request a copy of today's meeting materials, please contact:

Erika Smith

(304) 957-2620

erika.m.smith@wv.gov

Or

Kathy Lester

(304)-352-0284

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