

STATE OF WEST VIRGINIA



PUBLIC EMPLOYEES INSURANCE AGENCY

**Quarterly Report
December 31, 2024**

Fiscal Years 2025-2029

Report Date: April 2025

YOUR ACTUARIES FOR THE LONG-TERM!



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Finance Board
West Virginia Public Employees Insurance Agency
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Ladies and Gentlemen:

I, Dave Bond, am a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries, and the Managing Partner in the firm of Continuing Care Actuaries.

Continuing Care Actuaries has been retained by the West Virginia Public Employees Insurance Agency Finance Board ("Board") to assist it as provided under Code of the West Virginia 1931 ("Code"), as amended. The Board has asked Continuing Care Actuaries to review the financial plan prepared and proposed by the Board in December 2024 for the fiscal year 2026 ("FY 2026") and to provide quarterly financial reports for current FY 2025 and thereafter. Our analysis is developed on an accrued and incurred reporting basis for a projection period of five years as required by the Code.

Under the statutory Code provisions, it is the Board's responsibility to prepare a proposed financial plan designed to generate revenues sufficient to meet all insurance program and administrative costs of the West Virginia Public Employees Insurance Agency ("PEIA"). The Board is required to provide a financing plan in which the State Fund revenue costs are financed 80% by state employers and 20% by state employees in FY 2025 and in subsequent fiscal years. In subsequent fiscal years, future transfers of employer and employee funds may be needed to obtain the 80% and 20% split between employer and employee, depending on future enrollment and coverage elections by insureds.

The Board is also charged with the responsibility to review actual costs incurred, any revised cost estimates, expenditures, and other factors affecting the fiscal stability of the plan and to make any modifications to the plan necessary to insure that the total financial requirements of PEIA are met for the projection period. We have been asked to review the proposed financial plan, and as supported by our work, to render an actuarial opinion stating whether the plan may be reasonably expected to generate sufficient revenues to meet estimated insurance program and administrative costs of PEIA through FY 2029.

Continuing Care Actuaries has provided financial report for fiscal years ending June 30, 2025 (“FY 2025”), June 30, 2026 (“FY 2026”), June 30, 2027 (“FY 2027”), June 30, 2028 (“FY 2028”) and June 30, 2029 (“FY 2029”). Our opinion of plan adequacy is based on the projections through FY 2029 using updated future revenue and plan modifications provided by the Board in the financial plan adopted in December 2024. This forecast is prepared for the Public Employee Insurance Agency, and does not include actuarial projections for the West Virginia Retiree Health Benefit Trust Fund.

In reviewing the plan, Continuing Care Actuaries utilized information concerning the plan’s prior experience, covered individuals, plan revenues, plan benefits, plan administrative costs, and other expenses. This information was developed and provided by PEIA, the plan’s third party administrators and other sources. In our review, we completely relied on the accuracy of this information and did not perform any due diligence on the information. The enclosed forecasts include anticipated changes from the federal statute Patient Protection and Affordable Care Act (“PPACA”) signed into law on March 23, 2010. Additional details of the benefit reductions can be found later in this report. In addition, some PEIA members became eligible for the West Virginia Children Health Insurance Plan effective in fiscal year 2016.

In FY 2025 the Pay-Go is equivalent to \$57 per retiree per month. In future years, the Pay Go premium may increase by a maximum of 3% per retiree per year, indexed to the initial fixed subsidy determined in FY 2013. The new Pay-Go premium formula is based on the financial plan approved by the Financial Board in December 2024.

This report includes updated claim trend assumptions as recommended in the report titled, “PEIA FY2024 Detailed Medical and Prescription Drugs Claim Trend Report”. In the circumstances and subject to the conditions described herein, we believe the financial plan approved by the Board for FY 2025 through FY 2029 may be reasonably expected to generate sufficient revenues, when combined with the existing surplus, to meet estimated insurance program and administrative costs of PEIA. In addition, we are forecasting that PEIA will meet the minimum 20% employee cost share requirement for state revenue in FY 2025 based on the scheduled revenue increases of the financial plan approved and amended by the Board in December 2024.

The conclusion of long-term solvency for the program over the five-year forecast is based on significant revenue increases in employer and employee premiums in later fiscal years of the plan through FY 2029 as approved by the Board.

The preparation of any estimate of future health costs requires consideration of a broad array of complex social and economic events. Changes in reimbursement methodology, the emergence of new and expensive medical procedures and prescription drugs options, and the continuing evolution of the framework of the managed care options, as are contemplated in the Board's proposed plan, increase the level of uncertainty of such estimates. As such, the estimate of insurance program costs contains considerable uncertainty and variability, and actual experience may not conform to the assumptions used.

Respectfully,



Dave Bond, F.S.A., M.A.A.A.

Managing Partner



Chris Borcik, F.S.A., M.A.A.A.

Principal

West Virginia Public Employees Insurance Agency

Report of Independent Actuary

Financial Plan for FY 2025 – FY 2029

OVERVIEW

This report analyzes revenues and expenses related to funding the health and life insurance benefits of active employees of the State and various Local Agencies, together with their dependents. This report is intended for the sole use of the Board, and any other use requires written approval by Continuing Care Actuaries.

This report was compiled utilizing claims data collected by PEIA's third party administrators through February 2025 for prescription drugs and medical claims. Enrollment data, administrative expenses, managed care capitations, and plan revenues were provided at special request from PEIA. Revenue assumptions are based on premium rates, assumed investment income and significant general and special revenue allocations provided by the Governor, some of which have not been approved by the West Virginia Legislature. In addition, other information became available through presentations made at the Board meetings, which has been used in arriving at our conclusions.

The Code of the State of West Virginia establishes the actuarial reporting requirements for PEIA on an incurred basis for medical claims and capitations and on an accrued basis for administrative expenses and revenue for a period not to exceed five years. At the request of the Board, the reporting basis is based upon the separation of employees into two funds: Active Local Employee Fund and State Employee Fund. The Active Local Fund represents local governmental agencies, county governmental agencies and other public entities. The State Fund represents active state employees, college and university employees and county boards of education employees. The Active Local Fund and the State Fund are allocated administrative costs based on each fund's proportionate total revenue levels.

KEY ASSUMPTIONS

A. Enrollment Changes

These projections include the assumption that Preferred Provider Benefit (“PPB”) and managed care enrollment will not change from March 2025 enrollment levels for the duration of these forecasts for active employees.

In aggregate, March 2025 enrollment for active employees has increased by 202 coverages since the end of FY 2024. Aggregate PPB enrollment has increased by 281 in total over the same period, while managed care enrollment experienced a decrease of 79 coverages.

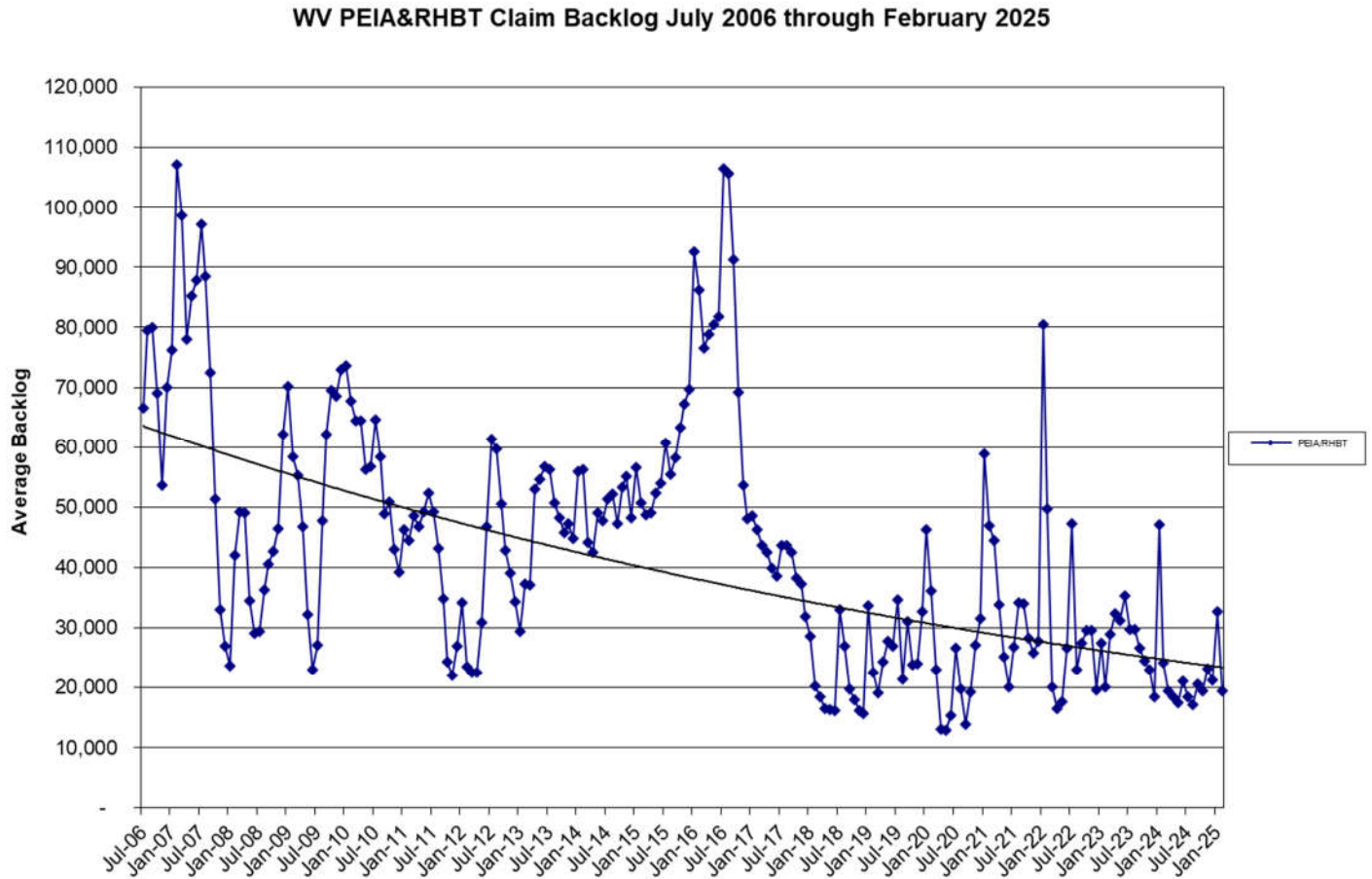
In the State Fund, the overall active State enrollment decreased by 8 coverages from the end of FY 2024 to March 2025. And in the Local Fund, the overall active Local enrollment increased by 210 coverages from the end of FY 2024 to March 2025.

The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2023, June 2024, and March 2025 for purposes of comparison:

PEIA Fund	Coverage	Preferred Provider Benefit			Managed Care		
		Jun-23	Jun-24	Mar-25	Jun-23	Jun-24	Mar-25
State Active	Single	21,381	23,055	23,639	2,444	2,681	2,692
	Children	5,845	7,357	7,763	703	935	979
	Family	26,125	23,161	22,224	2,703	2,329	2,213
	Total	53,351	53,573	53,626	5,850	5,945	5,884
Local Active	Single	6,618	6,977	7,167	476	461	460
	Children	1,276	1,312	1,329	107	108	110
	Family	6,123	6,020	6,041	210	188	169
	Total	14,017	14,309	14,537	793	757	739
Plan Total		67,368	67,882	68,163	6,643	6,702	6,623
Grand Total					74,011	74,584	74,786

B. Changes in Claim Backlog

It should be noted that on July 1, 2006, all retirees were transferred to the RHBT. The graph below has not been adjusted to reflect the smaller risk pool for the active plan. The graph illustrates that the duration of claim payments has been gradually declining for the self-insured block of non-Medicare coverages. Backlog has shown a negative trend since July 2006, with large fluctuations. However, there has been an upward trend since the beginning of FY 2018.



C. Trend Analysis

PEIA experienced a high medical trend and a high prescription drugs trend in FY 2024, and over the past few years, total trends have been beneficial to the plan. Continuing Care Actuaries performed the detailed medical and prescription drugs trend analysis in the report titled, “PEIA FY2024 Detailed Medical and Prescription Drugs Claim Trend Report”. This report includes the detailed trend analysis of PEIA experience by medical and prescription drugs. Based on the analysis, the assumed FY 2025 medical claim trend is 8.0%, the gross prescription drugs claim trend is 15.0% and the prescription drugs rebate trend is 5.0%. In 2025, there were an additional rebate included in the projection to reflect the new PBM contract with ESI.

The current trend projection is shown in the following table:

Claim Type	Previous Assumption FY 2025 Trend	Updated Assumption FY 2025 Trend
Active Local – Medical	8.0%	8.0%
State – Medical	8.0%	8.0%
Active Local – Gross Drugs	15.0%	15.0%
State – Gross Drugs	15.0%	15.0%
Prescription Drugs Rebate	5.0%	5.0%

In the past, claim trends for the financial plan included a 0.5% margin in future years. CCA has assumed the medical and drugs claim trends for the financial projection will increase by 0.5% in FY 2026 and in each successive fiscal year. Additionally, drug rebates have been trending at approximately 9% over the last two years. As a result, CCA has separated net drugs in the financial plan into gross drugs and drug rebate amounts. Drug rebates trends are set at 5% in the financial plan.

At the Board’s request, the baseline trend assumptions have been established to reflect the most likely or expected trends. In order to provide information on the impact of varying trend assumptions, two alternative trend scenarios were developed. The Optimistic Scenario incorporates trend assumptions 2.0% below the Baseline Scenario and the Pessimistic Scenario incorporates trend assumptions 2.0% above the Baseline Scenario.

The following chart summarizes the trend results observed for the plan using data through February 2025. It is important to note that these trends **have not** been adjusted to reflect savings as a result of the expansion of the drug rebate program or the claim savings due to changes in provider reimbursement methodologies, nor the changes in the benefit structure. In developing the claim cost projection, we have reflected for benefit and reimbursement changes as an adjustment to the gross trend assumption.

PEIA Historical Trends (Active Local and State)

Fiscal	Active Local	State	Active Local	State	
<u>Year</u>	<u>Medical</u>	<u>Medical</u>	<u>Drugs</u>	<u>Drugs</u>	<u>Total</u>
2004	-1%	12%	9%	7%	9%
2005	16%	7%	7%	20%	11%
2006	1%	2%	18%	7%	3%
2007	15%	2%	13%	8%	5%
2008	3%	8%	-5%	-1%	4%
2009	-8%	3%	5%	4%	2%
2010	10%	1%	9%	9%	4%
2011	11%	8%	16%	15%	8%
2012	5%	5%	8%	6%	5%
2013	-3%	-3%	2%	6%	-3%
2014	8%	6%	9%	7%	7%
2015	6%	10%	14%	10%	10%
2016	9%	11%	12%	13%	12%
2017	6%	1%	11%	9%	4%
2018	0%	4%	16%	15%	7%
2019	8%	8%	15%	16%	10%
2020	-8%	0%	10%	15%	3%
2021	31%	17%	16%	13%	17%
2022	5%	9%	19%	18%	11%
2023	1%	5%	-1%	5%	4%
2024	15%	14%	25%	23%	17%
2025*	11%	7%	16%	15%	10%

* Fiscal year 2025 results are through the first eight months ending February 2025.

D. Enrollment, Claim, Expense and Revenue Assumptions

Using PEIA paid claim data through February 2025 for medical claims and for prescription drugs claims, average annualized incurred unit claim costs were developed for the State Fund and the Local Fund for both self-funded and managed care coverages. Continuing Care Actuaries has developed the claim cost on an adjusted exposure basis using the respective expected claim cost for each coverage type. The adjusted exposure methodology weighs the expected claim cost under each coverage type for single, member and children, and family coverages based on observed differences in health care cost. For example, under this methodology single coverage types are given a weight of 1.0 exposure, whereas member and children coverages are given a greater weighting based on historical expected health care cost relationships. Based on this methodology, the projection of FY 2025 claims and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

Fiscal Year 2025 Projection			Net Revenue Excluding Pay Go		Expenses		
Fund	Program	Policies	Monthly Employer Premiums	Monthly Employee Premiums	Monthly Medical Costs	Monthly Drugs Costs*	Monthly Capitation Costs
State	PPB	53,607	\$896	\$230	\$858	\$353	
	<u>Managed Care</u>	<u>5,872</u>	\$909	\$236			\$910
	Total	59,479					
Local	PPB	14,528	\$996	\$0	\$734	\$313	
	<u>Managed Care</u>	<u>746</u>	\$977	\$0			\$678
	Total	15,274					

*Net of rebates and subsidies.

Projected plan revenues, administrative expenses, life insurance premiums, and the amount to be spent on wellness programs were provided by PEIA. Investment income is currently allocated to each fund based on average reserve levels for each fund. The following chart summarizes assumptions used in preparation of the attached forecasts.

Board Decisions – December 2024

Source	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029
Additional State Employer Revenue	\$62,700,000	\$92,900,000	\$70,000,000	\$82,000,000	\$135,000,000
Additional Local Agency Revenue	\$22,800,000	\$29,900,000	\$27,000,000	\$27,000,000	\$24,000,000
Additional Employee Premium	\$15,700,000	\$38,700,000	\$9,500,000	\$16,500,000	\$33,800,000
State Direct Transfers (State Budget Appropriations)	\$87,000,000	\$0	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active State Medical	\$0	\$35,500,000	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active State Drugs	\$0	\$13,700,000	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active Local Medical	\$0	\$7,900,000	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active Local Drugs	\$0	\$3,300,000	\$0	\$0	\$0
Pay Go Premium Transfer	\$29,121,291	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000

Future fiscal year state revenue increases will require legislative appropriation. Additional local agency revenue represents premium increases to be charged to local agencies. Additional employee premiums represent employee premiums paid by active employees participating in the State Fund.

West Virginia Public Employees Insurance Agency Finance Board has implemented approximately \$49.2M benefit reductions for the active state employees and \$11.2M benefit reductions for the active local employees in FY 2026. Below is the summary of the benefit changes.

<u>FY 2026 Benefit Reductions (in millions)</u>	<u>State</u>	<u>Local</u>
Increase DED/MOOP 40% Plan A,B,C,&D	\$23.70	\$6.32
Inpatient Services Copays/Coinsurance	1.29	0.32
Hospital Outpatient Services Copays/Coinsurance	4.22	1.06
Outpatient Therapies Copays/Coinsurance	2.97	0.74
ER Treatment - Non Emergency Copay	0.40	0.10
RX 2x Copays and 2x Deductibles	11.30	2.70
Spouse Surcharge Med Claims Savings	3.17	0.00
<u>Spouse Surcharge Rx Claims Savings</u>	<u>2.12</u>	<u>0.00</u>
Total	\$49.16	\$11.24

In FY 2025, the ACA PCORI fee is approximately \$3.47 per person per year.

E. Provider Reimbursement Changes

Throughout the forecast, there are no assumed changes in provider reimbursement for physicians, hospitals, and pharmaceutical charges beyond the annual cost updates that PEIA has implemented historically.

FISCAL YEAR 2025 FORECAST

The financial forecast for FY 2025 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2025 projects accrued revenue of \$1,121,374,766 and incurred plan expenses of \$1,092,538,666 to produce a fiscal year surplus of \$28,836,099. The PEIA local and state agencies Pay Go premiums for FY 2025 are assumed to be \$29,121,291.

Under the Baseline Scenario, FY 2025 is projected to end with a Total Fund reserve (State and Local Reserves) of \$110,789,500 and projected plan expenditures of \$1,063,417,375. This represents 10.4% of projected expenditures based on the current reserve methodology. The projected reserve does not meet the minimum actuarial required reserve of \$130,394,400. This required reserve is comprised of 12.5% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario.

The State Fund in FY 2025 is projected to end with a reserve of \$103,418,674, which represents 11.9% of projected expenditures. The projected State Fund reserve does not meet the minimum actuarial required reserve of \$106,401,857.

The Local Fund in FY 2025 is projected to end with a reserve of \$7,370,825, which represents 3.8% of projected expenditures. The projected Local Fund reserve does not meet the minimum actuarial required reserve of \$23,992,543.

FISCAL YEAR 2026 FORECAST

The financial forecast for FY 2026 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2026 projects accrued revenue of \$1,198,006,685 and incurred plan expenses of \$1,146,286,035 to produce a fiscal year surplus of \$51,720,651. The PEIA local and state agencies Pay Go premiums for FY 2026 are assumed to be \$10,000,000.

Under the Baseline Scenario, FY 2026 is projected to end with a Total Fund reserve (State and Local Reserves) of \$162,510,150 and projected plan expenditures of \$1,136,286,035. This represents 14.3% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$139,042,500. This required reserve is comprised of 12.5% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending Total Fund reserve is expected to increase to \$205,054,154 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to \$119,697,355.

The State Fund in FY 2026 is projected to end with a reserve of \$142,754,497, which represents 15.4% of projected expenditures. The projected State Fund reserve meets the minimum actuarial required reserve of \$113,536,591.

The Local Fund in FY 2026 is projected to end with a reserve of \$19,755,653, which represents 9.6% of projected expenditures. The projected Local Fund reserve does not meet the minimum actuarial required reserve of \$25,505,910.

FISCAL YEAR 2027 FORECAST

The financial forecast for FY 2027 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2027 projects accrued revenue of \$1,307,495,811 and incurred plan expenses of \$1,283,704,472 to produce a fiscal year surplus of \$23,791,339. The PEIA local and state agencies Pay Go premiums for FY 2027 are assumed to be \$10,000,000.

Under the Baseline Scenario, FY 2027 is projected to end with a Total Fund reserve (State and Local Reserves) of \$186,301,489 and projected plan expenditures of \$1,273,704,472. This represents 14.6% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$155,978,662. This required reserve is comprised of 12.5% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending Total Fund reserve is expected to increase to \$288,571,247 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to \$82,108,532.

The State Fund in FY 2027 is projected to end with a reserve of \$151,706,619, which represents 14.6% of projected expenditures. The projected State Fund reserve meets the minimum actuarial required reserve of \$127,343,010.

The Local Fund in FY 2027 is projected to end with a reserve of \$34,594,871, which represents 14.9% of projected expenditures. The projected Local Fund reserve meets the minimum actuarial required reserve of \$28,635,652.

FISCAL YEAR 2028 FORECAST

The financial forecast for FY 2028 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2028 projects accrued revenue of \$1,434,973,459 and incurred plan expenses of \$1,445,231,591 to produce a fiscal year deficit of (\$10,258,132). The PEIA local and state agencies Pay Go premiums for FY 2028 are assumed to be \$10,000,000.

Under the Baseline Scenario, FY 2028 is projected to end with a Total Fund reserve (State and Local Reserves) of \$176,043,358 and projected plan expenditures of \$1,435,231,591. This represents 12.3% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$175,906,090. This required reserve is comprised of 12.5% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending Total Fund reserve is expected to increase to \$372,281,956 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to (\$26,388,726).

The State Fund in FY 2028 is projected to end with a reserve of \$128,536,384, which represents 11.0% of projected expenditures. The projected State Fund reserve does not meet the minimum actuarial required reserve of \$143,581,008.

The Local Fund in FY 2028 is projected to end with a reserve of \$47,506,974, which represents 18.2% of projected expenditures. The projected Local Fund reserve meets the minimum actuarial required reserve of \$32,325,082.

FISCAL YEAR 2029 FORECAST

The financial forecast for FY 2029 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2029 projects accrued revenue of \$1,628,584,276 and incurred plan expenses of \$1,635,609,537 to produce a fiscal year deficit of (\$7,025,260). The PEIA local and state agencies Pay Go premiums for FY 2029 are assumed to be \$10,000,000.

Under the Baseline Scenario, FY 2029 is projected to end with a Total Fund reserve (State and Local Reserves) of \$169,018,097 and projected plan expenditures of \$1,625,609,537. This represents 10.4% of projected expenditures based on the current reserve methodology. The projected reserve does not meet the minimum actuarial required reserve of \$199,415,378. This required reserve is comprised of 12.5% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending Total Fund reserve is expected to increase to \$501,780,577 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to (\$178,584,272).

The State Fund in FY 2029 is projected to end with a reserve of \$118,979,353, which represents 9.0% of projected expenditures. The projected State Fund reserve does not meet the minimum actuarial required reserve of \$162,729,742.

The Local Fund in FY 2029 is projected to end with a reserve of \$50,038,744, which represents 16.9% of projected expenditures. The projected Local Fund reserve meets the minimum actuarial required reserve of \$36,685,636.

LITIGATION

The forecasts presented in the attached tables do not contemplate any additional revenues or expenses to be generated from litigation activities.

SUMMARY

With projected changes to the plan as adopted by the PEIA Finance Board, we are forecasting that the plan will not meet the minimum 10% reserve target set by West Virginia Statute in fiscal year 2025. Additionally, the plan will not meet the minimum actuarial required reserve target in fiscal year 2025. We are currently projecting that the State reserve will be under the minimum actuarial reserve using the baseline assumptions in fiscal years 2025, 2028 and 2029; and the Local reserve will be under the minimum actuarial reserve using the baseline assumptions in fiscal years 2025 and 2026. These projections are based on significant revenue increases as contained in the financial plan adopted by the Board in December 2024 and are contingent on legislative approval.

These forecasts are based on assumptions including the estimated cost and savings of plan changes, expected trend levels and exposure levels. The continued enrollment changes of the managed care options, changes in physician, ambulatory and hospital provider reimbursement, possible changes in methodology of managed care premium calculation, and changes in the prescription drugs program, can be expected to further exacerbate the difficulty of projecting future medical and drugs claim levels and lags. These projections do not incorporate any anticipated effects of national or state health care reform, such as universal health insurance initiatives and Medicaid reform. As such, actual results deviating from those amounts projected in these pages should not be unexpected. With the legislatively mandated requirement of a five-year projection, it should be assumed that constant modifications would be required.

**APPENDIX - BASELINE SCENARIO
PEIA - ACTIVE LOCAL AND STATE**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2025**

PERIOD 7/1/2024 - 6/30/2025

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 173,598,268	\$ 576,633,310	\$ 750,231,579
Employer Premiums - MCO	8,744,817	64,057,989	72,802,805
Employee Premiums - PPB	-	147,836,976	147,836,976
Employee Premiums - MCO	-	16,630,595	16,630,595
WV RHBT Pay Go Premiums	5,950,252	23,171,040	29,121,291
Life Insurance	456,796	2,086,292	2,543,088
Direct Transfers	-	87,000,000	87,000,000
Investment Income	1,591,597	6,669,339	8,260,936
Litigation Settlement	-	-	-
COBRA Premiums	297,793	1,360,089	1,657,882
Administrative Fees	808,723	4,480,891	5,289,614
Total Revenue	\$ 191,448,245	\$ 929,926,520	\$ 1,121,374,766
<u>Program Expenses</u>			
Medical Claims	\$ 127,939,522	\$ 551,970,945	\$ 679,910,468
Gross Prescription Drug Claims	81,099,017	343,313,872	424,412,889
Prescription Drug Rebates	(26,606,657)	(116,527,321)	(143,133,978)
Managed Care Capitations	6,068,494	64,109,121	70,177,615
Administration	4,860,526	22,199,115	27,059,641
Life Insurance	376,869	1,721,245	2,098,114
Wellness	270,914	1,237,325	1,508,239
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	91,186	376,085	467,271
Director's Discretionary Fund	174,067	743,050	917,117
WV RHBT Pay Go Premiums	5,950,252	23,171,040	29,121,291
Total Expenses	\$ 200,224,190	\$ 892,314,477	\$ 1,092,538,666
Fiscal Year Results	\$ (8,775,944)	\$ 37,612,044	\$ 28,836,099
Beginning Plan Reserve	16,146,770	65,806,630	81,953,400
Minimum Actuarial Reserve Required	\$ 23,992,543	\$ 106,401,857	\$ 130,394,400
Ending Premium Stabilization Reserve	(16,621,717)	(2,983,183)	(19,604,900)
Ending Plan Reserve	\$ 7,370,825	\$ 103,418,674	\$ 110,789,500
Reserve as a Percent of Expenses			10%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 62,700,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 22,800,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 15,700,000	Active Local	8.0%	15.0%
Direct Transfers	\$ 87,000,000	State	8.0%	15.0%
		Prescription Drug Rebates		5.0%
		Capitations		9.3%
		Administrative Expense		-1.1%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2025

PERIOD 7/1/2024 - 6/30/2025

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 151,920,870	\$ 21,677,398	\$ 173,598,268
Employer Premiums - MCO	7,622,215	1,122,602	8,744,817
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	5,950,252		5,950,252
Life Insurance	456,796		456,796
Direct Transfers	-		-
Investment Income	1,591,597		1,591,597
Litigation Settlement	-		-
COBRA Premiums	297,793		297,793
Administrative Fees	808,723		808,723
Total Revenue	\$ 168,648,245	\$ 22,800,000	\$ 191,448,245
<u>Program Expenses</u>			
Medical Claims	\$ 127,939,522	\$ -	\$ 127,939,522
Gross Prescription Drug Claims	81,099,017	\$ -	81,099,017
Prescription Drug Rebates	(26,606,657)		(26,606,657)
Managed Care Capitations	6,068,494		6,068,494
Administration	4,860,526		4,860,526
Life Insurance	376,869		376,869
Wellness	270,914		270,914
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	91,186		91,186
Director's Discretionary Fund	174,067		174,067
WV RHBT Pay Go Premiums	5,950,252		5,950,252
Total Expenses	\$ 200,224,190	\$ -	\$ 200,224,190
Fiscal Year Results	\$ (31,575,944)		\$ (8,775,944)
Beginning Plan Reserve	16,146,770		16,146,770
Minimum Actuarial Reserve Required	\$ 23,992,543	\$ -	\$ 23,992,543
<u>Ending Premium Stabilization Reserve</u>	<u>(39,421,717)</u>	<u>-</u>	<u>(16,621,717)</u>
Ending Plan Reserve	\$ (15,429,175)		\$ 7,370,825
Reserve as a Percent of Expenses			4%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 22,800,000	Claim and Other Expense Trends		
Direct Transfers	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	8.0%	15.0%
		Prescription Drug Rebates		5.0%
		Capitations		9.3%
		Administrative Expense		-1.1%

APPENDIX - BASELINE SCENARIO

PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY FINANCIAL FORECAST FISCAL YEAR 2025

PERIOD 7/1/2024 - 6/30/2025

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 520,271,867	\$ 56,361,444	\$ 576,633,310
Employer Premiums - MCO	57,719,432	6,338,556	64,057,989
Employee Premiums - PPB	133,734,210	14,102,765	147,836,976
Employee Premiums - MCO	15,033,360	1,597,235	16,630,595
WV RHBT Pay Go Premiums	23,171,040		23,171,040
Life Insurance	2,086,292		2,086,292
Direct Transfers	87,000,000		87,000,000
Investment Income	6,669,339		6,669,339
Litigation Settlement	-		-
COBRA Premiums	1,360,089		1,360,089
Administrative Fees	4,480,891		4,480,891
Total Revenue	\$ 851,526,520	\$ 78,400,000	\$ 929,926,520
<u>Program Expenses</u>			
Medical Claims	\$ 551,970,945	\$ -	\$ 551,970,945
Gross Prescription Drug Claims	343,313,872	\$ -	343,313,872
Prescription Drug Rebates	(116,527,321)		(116,527,321)
Managed Care Capitations	64,109,121		64,109,121
Administration	22,199,115		22,199,115
Life Insurance	1,721,245		1,721,245
Wellness	1,237,325		1,237,325
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	376,085		376,085
Director's Discretionary Fund	743,050		743,050
WV RHBT Pay Go Premiums	23,171,040		23,171,040
Total Expenses	\$ 892,314,477	\$ -	\$ 892,314,477
Fiscal Year Results	\$ (40,787,956)		\$ 37,612,044
Beginning Plan Reserve	65,806,630		65,806,630
Minimum Actuarial Reserve Required	\$ 106,401,857	\$ -	\$ 106,401,857
<u>Ending Premium Stabilization Reserve</u>	(81,383,183)	-	(2,983,183)
Ending Plan Reserve	\$ 25,018,674		\$ 103,418,674
Reserve as a Percent of Expenses			12%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 62,700,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 15,700,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ 87,000,000	State	8.0%	15.0%
		Prescription Drug Rebates		5.0%
		Capitations		9.3%
		Administrative Expense		-1.1%

**APPENDIX - BASELINE SCENARIO
PEIA - ACTIVE LOCAL AND STATE**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2026**

PERIOD 7/1/2025 - 6/30/2026

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 205,779,270	\$ 673,962,048	\$ 879,741,318
Employer Premiums - MCO	10,371,438	74,842,920	85,214,358
Employee Premiums - PPB	-	182,623,718	182,623,718
Employee Premiums - MCO	-	20,543,852	20,543,852
WV RHBT Pay Go Premiums	2,042,628	7,957,372	10,000,000
Life Insurance	479,636	2,190,606	2,670,242
Direct Transfers	-	-	-
Investment Income	1,346,126	8,616,362	9,962,488
Litigation Settlement	-	-	-
COBRA Premiums	353,006	1,608,089	1,961,095
Administrative Fees	808,723	4,480,891	5,289,614
Total Revenue	\$ 221,180,828	\$ 976,825,858	\$ 1,198,006,685
<u>Program Expenses</u>			
Medical Claims	\$ 130,624,106	\$ 562,141,570	\$ 692,765,676
Gross Prescription Drug Claims	90,187,477	382,060,963	472,248,440
Prescription Drug Rebates	(27,936,990)	(122,353,687)	(150,290,677)
Managed Care Capitations	7,415,699	78,341,346	85,757,045
Administration	5,296,013	24,188,082	29,484,095
Life Insurance	446,112	2,008,908	2,455,020
Wellness	281,751	1,286,818	1,568,568
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	90,903	374,541	465,443
Director's Discretionary Fund	348,300	1,484,124	1,832,423
WV RHBT Pay Go Premiums	2,042,628	7,957,372	10,000,000
Total Expenses	\$ 208,796,000	\$ 937,490,035	\$ 1,146,286,035
Fiscal Year Results	\$ 12,384,827	\$ 39,335,823	\$ 51,720,651
Beginning Plan Reserve	7,370,825	103,418,674	110,789,500
Minimum Actuarial Reserve Required	\$ 25,505,910	\$ 113,536,591	\$ 139,042,500
Ending Premium Stabilization Reserve	(5,750,257)	29,217,907	23,467,650
Ending Plan Reserve	\$ 19,755,653	\$ 142,754,497	\$ 162,510,150
Reserve as a Percent of Expenses			14%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 92,900,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 29,900,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 38,700,000	Active Local	8.5%	15.5%
Direct Transfers	\$ -	State	8.5%	15.5%
		Prescription Drug Rebates		5.0%
		Capitations		22.2%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2026

PERIOD 7/1/2025 - 6/30/2026

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 177,314,056	\$ 28,465,215	\$ 205,779,270
Employer Premiums - MCO	8,936,653	1,434,785	10,371,438
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	2,042,628		2,042,628
Life Insurance	479,636		479,636
Direct Transfers	-		-
Investment Income	1,346,126		1,346,126
Litigation Settlement	-		-
COBRA Premiums	353,006		353,006
Administrative Fees	808,723		808,723
Total Revenue	\$ 191,280,828	\$ 29,900,000	\$ 221,180,828
<u>Program Expenses</u>			
Medical Claims	\$ 138,524,106	\$ (7,900,000)	\$ 130,624,106
Gross Prescription Drug Claims	93,487,477	\$ (3,300,000)	90,187,477
Prescription Drug Rebates	(27,936,990)		(27,936,990)
Managed Care Capitations	7,415,699		7,415,699
Administration	5,296,013		5,296,013
Life Insurance	446,112		446,112
Wellness	281,751		281,751
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	90,903		90,903
Director's Discretionary Fund	348,300		348,300
WV RHBT Pay Go Premiums	2,042,628		2,042,628
Total Expenses	\$ 219,996,000	\$ (11,200,000)	\$ 208,796,000
Fiscal Year Results	\$ (28,715,173)		\$ 12,384,827
Beginning Plan Reserve	7,370,825		7,370,825
Minimum Actuarial Reserve Required	\$ 25,505,910	\$ -	\$ 25,505,910
<u>Ending Premium Stabilization Reserve</u>	<u>(46,850,257)</u>	<u>-</u>	<u>(5,750,257)</u>
Ending Plan Reserve	\$ (21,344,347)		\$ 19,755,653
Reserve as a Percent of Expenses			10%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 29,900,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	8.5%	15.5%
		Prescription Drug Rebates		5.0%
		Capitations		22.2%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO

PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY FINANCIAL FORECAST FISCAL YEAR 2026

PERIOD 7/1/2025 - 6/30/2026

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 590,346,335	\$ 83,615,713	\$ 673,962,048
Employer Premiums - MCO	65,558,632	9,284,287	74,842,920
Employee Premiums - PPB	147,836,976	34,786,742	182,623,718
Employee Premiums - MCO	16,630,595	3,913,258	20,543,852
WV RHBT Pay Go Premiums	7,957,372		7,957,372
Life Insurance	2,190,606		2,190,606
Direct Transfers	-		-
Investment Income	8,616,362		8,616,362
Litigation Settlement	-		-
COBRA Premiums	1,608,089		1,608,089
Administrative Fees	4,480,891		4,480,891
Total Revenue	\$ 845,225,858	\$ 131,600,000	\$ 976,825,858
<u>Program Expenses</u>			
Medical Claims	\$ 597,641,570	\$ (35,500,000)	\$ 562,141,570
Gross Prescription Drug Claims	395,760,963	\$ (13,700,000)	382,060,963
Prescription Drug Rebates	(122,353,687)		(122,353,687)
Managed Care Capitations	78,341,346		78,341,346
Administration	24,188,082		24,188,082
Life Insurance	2,008,908		2,008,908
Wellness	1,286,818		1,286,818
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	374,541		374,541
Director's Discretionary Fund	1,484,124		1,484,124
WV RHBT Pay Go Premiums	7,957,372		7,957,372
Total Expenses	\$ 986,690,035	\$ (49,200,000)	\$ 937,490,035
Fiscal Year Results	\$ (141,464,177)		\$ 39,335,823
Beginning Plan Reserve	103,418,674		103,418,674
Minimum Actuarial Reserve Required	\$ 113,536,591	\$ -	\$ 113,536,591
<u>Ending Premium Stabilization Reserve</u>	<u>(151,582,093)</u>	<u>-</u>	<u>29,217,907</u>
Ending Plan Reserve	\$ (38,045,503)		\$ 142,754,497
Reserve as a Percent of Expenses			15%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 92,900,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 38,700,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ -	State	8.5%	15.5%
		Prescription Drug Rebates		5.0%
		Capitations		22.2%
		Administrative Expense		3.0%

**APPENDIX - BASELINE SCENARIO
PEIA - ACTIVE LOCAL AND STATE**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2027**

PERIOD 7/1/2026 - 6/30/2027

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 231,483,645	\$ 736,966,352	\$ 968,449,997
Employer Premiums - MCO	11,667,063	81,838,615	93,505,678
Employee Premiums - PPB	-	191,163,099	191,163,099
Employee Premiums - MCO	-	21,504,471	21,504,471
WV RHBT Pay Go Premiums	2,042,628	7,957,372	10,000,000
Life Insurance	503,618	2,300,137	2,803,755
Direct Transfers	-	-	-
Investment Income	1,957,184	10,682,530	12,639,714
Litigation Settlement	-	-	-
COBRA Premiums	397,101	1,742,382	2,139,483
Administrative Fees	808,723	4,480,891	5,289,614
Total Revenue	\$ 248,859,962	\$ 1,058,635,849	\$ 1,307,495,811
<u>Program Expenses</u>			
Medical Claims	\$ 142,084,160	\$ 611,465,513	\$ 753,549,673
Gross Prescription Drug Claims	104,415,366	442,338,334	546,753,699
Prescription Drug Rebates	(29,333,839)	(128,471,372)	(157,805,211)
Managed Care Capitations	8,157,269	86,175,481	94,332,750
Administration	5,454,894	24,913,724	30,368,618
Life Insurance	468,418	2,109,353	2,577,771
Wellness	293,021	1,338,291	1,631,311
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	90,903	374,541	465,443
Director's Discretionary Fund	347,925	1,482,492	1,830,417
WV RHBT Pay Go Premiums	2,042,628	7,957,372	10,000,000
Total Expenses	\$ 234,020,744	\$ 1,049,683,728	\$ 1,283,704,472
Fiscal Year Results	\$ 14,839,218	\$ 8,952,121	\$ 23,791,339
Beginning Plan Reserve	19,755,653	142,754,497	162,510,150
Minimum Actuarial Reserve Required	\$ 28,635,652	\$ 127,343,010	\$ 155,978,662
Ending Premium Stabilization Reserve	5,959,219	24,363,609	30,322,828
Ending Plan Reserve	\$ 34,594,871	\$ 151,706,619	\$ 186,301,489
Reserve as a Percent of Expenses			15%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 70,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 27,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 9,500,000	Active Local	9.0%	16.0%
Direct Transfers	\$ -	State	9.0%	16.0%
		Prescription Drug Rebates		5.0%
		Capitations		10.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2027

PERIOD 7/1/2026 - 6/30/2027

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 205,779,270	\$ 25,704,375	\$ 231,483,645
Employer Premiums - MCO	10,371,438	1,295,625	11,667,063
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	2,042,628		2,042,628
Life Insurance	503,618		503,618
Direct Transfers	-		-
Investment Income	1,957,184		1,957,184
Litigation Settlement	-		-
COBRA Premiums	397,101		397,101
Administrative Fees	808,723		808,723
Total Revenue	\$ 221,859,962	\$ 27,000,000	\$ 248,859,962
<u>Program Expenses</u>			
Medical Claims	\$ 142,084,160	\$ -	\$ 142,084,160
Gross Prescription Drug Claims	104,415,366	\$ -	104,415,366
Prescription Drug Rebates	(29,333,839)		(29,333,839)
Managed Care Capitations	8,157,269		8,157,269
Administration	5,454,894		5,454,894
Life Insurance	468,418		468,418
Wellness	293,021		293,021
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	90,903		90,903
Director's Discretionary Fund	347,925		347,925
WV RHBT Pay Go Premiums	2,042,628		2,042,628
Total Expenses	\$ 234,020,744	\$ -	\$ 234,020,744
Fiscal Year Results	\$ (12,160,782)		\$ 14,839,218
Beginning Plan Reserve	19,755,653		19,755,653
Minimum Actuarial Reserve Required	\$ 28,635,652	\$ -	\$ 28,635,652
<u>Ending Premium Stabilization Reserve</u>	<u>(21,040,781)</u>	<u>-</u>	<u>5,959,219</u>
Ending Plan Reserve	\$ 7,594,871		\$ 34,594,871
Reserve as a Percent of Expenses			15%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 27,000,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	9.0%	16.0%
		Prescription Drug Rebates		5.0%
		Capitations		10.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2027

PERIOD 7/1/2026 - 6/30/2027

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 673,962,048	\$ 63,004,305	\$ 736,966,352
Employer Premiums - MCO	74,842,920	6,995,695	81,838,615
Employee Premiums - PPB	182,623,718	8,539,381	191,163,099
Employee Premiums - MCO	20,543,852	960,619	21,504,471
WV RHBT Pay Go Premiums	7,957,372		7,957,372
Life Insurance	2,300,137		2,300,137
Direct Transfers	-		-
Investment Income	10,682,530		10,682,530
Litigation Settlement	-		-
COBRA Premiums	1,742,382		1,742,382
Administrative Fees	4,480,891		4,480,891
Total Revenue	\$ 979,135,849	\$ 79,500,000	\$ 1,058,635,849
<u>Program Expenses</u>			
Medical Claims	\$ 611,465,513	\$ -	\$ 611,465,513
Gross Prescription Drug Claims	442,338,334	\$ -	442,338,334
Prescription Drug Rebates	(128,471,372)		(128,471,372)
Managed Care Capitations	86,175,481		86,175,481
Administration	24,913,724		24,913,724
Life Insurance	2,109,353		2,109,353
Wellness	1,338,291		1,338,291
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	374,541		374,541
Director's Discretionary Fund	1,482,492		1,482,492
WV RHBT Pay Go Premiums	7,957,372		7,957,372
Total Expenses	\$ 1,049,683,728	\$ -	\$ 1,049,683,728
Fiscal Year Results	\$ (70,547,879)		\$ 8,952,121
Beginning Plan Reserve	142,754,497		142,754,497
Minimum Actuarial Reserve Required	\$ 127,343,010	\$ -	\$ 127,343,010
<u>Ending Premium Stabilization Reserve</u>	<u>(55,136,391)</u>	<u>-</u>	<u>24,363,609</u>
Ending Plan Reserve	\$ 72,206,619		\$ 151,706,619
Reserve as a Percent of Expenses			15%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 70,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 9,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ -	State	9.0%	16.0%
		Prescription Drug Rebates		5.0%
		Capitations		10.0%
		Administrative Expense		3.0%

**APPENDIX - BASELINE SCENARIO
PEIA - ACTIVE LOCAL AND STATE**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2028**

PERIOD 7/1/2027 - 6/30/2028

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 257,188,020	\$ 810,771,395	\$ 1,067,959,414
Employer Premiums - MCO	12,962,689	90,033,573	102,996,261
Employee Premiums - PPB	-	205,994,656	205,994,656
Employee Premiums - MCO	-	23,172,915	23,172,915
WV RHBT Pay Go Premiums	2,042,628	7,957,372	10,000,000
Life Insurance	528,799	2,415,143	2,943,942
Direct Transfers	-	-	-
Investment Income	2,679,139	11,587,553	14,266,691
Litigation Settlement	-	-	-
COBRA Premiums	441,196	1,908,770	2,349,966
Administrative Fees	808,723	4,480,891	5,289,614
Total Revenue	\$ 276,651,193	\$ 1,158,322,266	\$ 1,434,973,459
<u>Program Expenses</u>			
Medical Claims	\$ 155,260,332	\$ 668,175,783	\$ 823,436,115
Gross Prescription Drug Claims	121,410,095	514,338,092	635,748,188
Prescription Drug Rebates	(30,800,531)	(134,894,940)	(165,695,471)
Managed Care Capitations	8,972,996	94,793,029	103,766,025
Administration	5,618,540	25,661,136	31,279,676
Life Insurance	491,839	2,214,821	2,706,660
Wellness	304,741	1,391,822	1,696,564
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	90,903	374,541	465,443
Director's Discretionary Fund	347,546	1,480,847	1,828,393
WV RHBT Pay Go Premiums	2,042,628	7,957,372	10,000,000
Total Expenses	\$ 263,739,090	\$ 1,181,492,501	\$ 1,445,231,591
Fiscal Year Results	\$ 12,912,103	\$ (23,170,235)	\$ (10,258,132)
Beginning Plan Reserve	34,594,871	151,706,619	186,301,489
Minimum Actuarial Reserve Required	\$ 32,325,082	\$ 143,581,008	\$ 175,906,090
Ending Premium Stabilization Reserve	15,181,892	(15,044,624)	137,268
Ending Plan Reserve	\$ 47,506,974	\$ 128,536,384	\$ 176,043,358
Reserve as a Percent of Expenses			12%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 82,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 27,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 16,500,000	Active Local	9.5%	16.5%
Direct Transfers	\$ -	State	9.5%	16.5%
		Prescription Drug Rebates		5.0%
		Capitations		10.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2028

PERIOD 7/1/2027 - 6/30/2028

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 231,483,645	\$ 25,704,375	\$ 257,188,020
Employer Premiums - MCO	11,667,063	1,295,625	12,962,689
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	2,042,628		2,042,628
Life Insurance	528,799		528,799
Direct Transfers	-		-
Investment Income	2,679,139		2,679,139
Litigation Settlement	-		-
COBRA Premiums	441,196		441,196
Administrative Fees	808,723		808,723
Total Revenue	\$ 249,651,193	\$ 27,000,000	\$ 276,651,193
<u>Program Expenses</u>			
Medical Claims	\$ 155,260,332	\$ -	\$ 155,260,332
Gross Prescription Drug Claims	121,410,095	\$ -	121,410,095
Prescription Drug Rebates	(30,800,531)		(30,800,531)
Managed Care Capitations	8,972,996		8,972,996
Administration	5,618,540		5,618,540
Life Insurance	491,839		491,839
Wellness	304,741		304,741
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	90,903		90,903
Director's Discretionary Fund	347,546		347,546
WV RHBT Pay Go Premiums	2,042,628		2,042,628
Total Expenses	\$ 263,739,090	\$ -	\$ 263,739,090
Fiscal Year Results	\$ (14,087,897)		\$ 12,912,103
Beginning Plan Reserve	34,594,871		34,594,871
Minimum Actuarial Reserve Required	\$ 32,325,082	\$ -	\$ 32,325,082
<u>Ending Premium Stabilization Reserve</u>	(11,818,108)	-	15,181,892
Ending Plan Reserve	\$ 20,506,974		\$ 47,506,974
Reserve as a Percent of Expenses			18%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 27,000,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	9.5%	16.5%
		Prescription Drug Rebates		5.0%
		Capitations		10.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO

PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY FINANCIAL FORECAST FISCAL YEAR 2028

PERIOD 7/1/2027 - 6/30/2028

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 736,966,352	\$ 73,805,042	\$ 810,771,395
Employer Premiums - MCO	81,838,615	8,194,958	90,033,573
Employee Premiums - PPB	191,163,099	14,831,557	205,994,656
Employee Premiums - MCO	21,504,471	1,668,443	23,172,915
WV RHBT Pay Go Premiums	7,957,372		7,957,372
Life Insurance	2,415,143		2,415,143
Direct Transfers	-		-
Investment Income	11,587,553		11,587,553
Litigation Settlement	-		-
COBRA Premiums	1,908,770		1,908,770
Administrative Fees	4,480,891		4,480,891
Total Revenue	\$ 1,059,822,266	\$ 98,500,000	\$ 1,158,322,266
<u>Program Expenses</u>			
Medical Claims	\$ 668,175,783	\$ -	\$ 668,175,783
Gross Prescription Drug Claims	514,338,092	\$ -	514,338,092
Prescription Drug Rebates	(134,894,940)		(134,894,940)
Managed Care Capitations	94,793,029		94,793,029
Administration	25,661,136		25,661,136
Life Insurance	2,214,821		2,214,821
Wellness	1,391,822		1,391,822
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	374,541		374,541
Director's Discretionary Fund	1,480,847		1,480,847
WV RHBT Pay Go Premiums	7,957,372		7,957,372
Total Expenses	\$ 1,181,492,501	\$ -	\$ 1,181,492,501
Fiscal Year Results	\$ (121,670,235)		\$ (23,170,235)
Beginning Plan Reserve	151,706,619		151,706,619
Minimum Actuarial Reserve Required	\$ 143,581,008	\$ -	\$ 143,581,008
<u>Ending Premium Stabilization Reserve</u>	<u>(113,544,624)</u>	<u>-</u>	<u>(15,044,624)</u>
Ending Plan Reserve	\$ 30,036,384		\$ 128,536,384
Reserve as a Percent of Expenses			11%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 82,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 16,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ -	State	9.5%	16.5%
		Prescription Drug Rebates		5.0%
		Capitations		10.0%
		Administrative Expense		3.0%

**APPENDIX - BASELINE SCENARIO
PEIA - ACTIVE LOCAL AND STATE**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2029**

PERIOD 7/1/2028 - 6/30/2029

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 280,036,352	\$ 932,279,696	\$ 1,212,316,049
Employer Premiums - MCO	14,114,356	103,525,271	117,639,627
Employee Premiums - PPB	-	236,376,875	236,376,875
Employee Premiums - MCO	-	26,590,695	26,590,695
WV RHBT Pay Go Premiums	2,042,628	7,957,372	10,000,000
Life Insurance	555,239	2,535,901	3,091,139
Direct Transfers	-	-	-
Investment Income	3,338,132	11,267,844	14,605,976
Litigation Settlement	-	-	-
COBRA Premiums	480,392	2,193,910	2,674,302
Administrative Fees	808,723	4,480,891	5,289,614
Total Revenue	\$ 301,375,822	\$ 1,327,208,455	\$ 1,628,584,276
<u>Program Expenses</u>			
Medical Claims	\$ 170,434,992	\$ 733,487,792	\$ 903,922,784
Gross Prescription Drug Claims	141,778,168	600,629,920	742,408,088
Prescription Drug Rebates	(32,340,558)	(141,639,687)	(173,980,245)
Managed Care Capitations	9,870,296	104,272,332	114,142,627
Administration	5,787,097	26,430,970	32,218,066
Life Insurance	516,431	2,325,562	2,841,993
Wellness	316,931	1,447,495	1,764,426
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	90,903	374,541	465,443
Director's Discretionary Fund	347,163	1,479,190	1,826,354
WV RHBT Pay Go Premiums	2,042,628	7,957,372	10,000,000
Total Expenses	\$ 298,844,052	\$ 1,336,765,485	\$ 1,635,609,537
Fiscal Year Results	\$ 2,531,770	\$ (9,557,030)	\$ (7,025,260)
Beginning Plan Reserve	47,506,974	128,536,384	176,043,358
Minimum Actuarial Reserve Required	\$ 36,685,636	\$ 162,729,742	\$ 199,415,378
Ending Premium Stabilization Reserve	13,353,108	(43,750,388)	(30,397,281)
Ending Plan Reserve	\$ 50,038,744	\$ 118,979,353	\$ 169,018,097
Reserve as a Percent of Expenses			10%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 135,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 24,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 33,800,000	Active Local	10.0%	17.0%
Direct Transfers	\$ -	State	10.0%	17.0%
		Prescription Drug Rebates		5.0%
		Capitations		10.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2029

PERIOD 7/1/2028 - 6/30/2029

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 257,188,020	\$ 22,848,333	\$ 280,036,352
Employer Premiums - MCO	12,962,689	1,151,667	14,114,356
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	2,042,628		2,042,628
Life Insurance	555,239		555,239
Direct Transfers	-		-
Investment Income	3,338,132		3,338,132
Litigation Settlement	-		-
COBRA Premiums	480,392		480,392
Administrative Fees	808,723		808,723
Total Revenue	\$ 277,375,822	\$ 24,000,000	\$ 301,375,822
<u>Program Expenses</u>			
Medical Claims	\$ 170,434,992	\$ -	\$ 170,434,992
Gross Prescription Drug Claims	141,778,168	\$ -	141,778,168
Prescription Drug Rebates	(32,340,558)		(32,340,558)
Managed Care Capitations	9,870,296		9,870,296
Administration	5,787,097		5,787,097
Life Insurance	516,431		516,431
Wellness	316,931		316,931
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	90,903		90,903
Director's Discretionary Fund	347,163		347,163
WV RHBT Pay Go Premiums	2,042,628		2,042,628
Total Expenses	\$ 298,844,052	\$ -	\$ 298,844,052
Fiscal Year Results	\$ (21,468,230)		\$ 2,531,770
Beginning Plan Reserve	47,506,974		47,506,974
Minimum Actuarial Reserve Required	\$ 36,685,636	\$ -	\$ 36,685,636
<u>Ending Premium Stabilization Reserve</u>	<u>(10,646,892)</u>	<u>-</u>	<u>13,353,108</u>
Ending Plan Reserve	\$ 26,038,744		\$ 50,038,744
Reserve as a Percent of Expenses			17%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 24,000,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	10.0%	17.0%
		Prescription Drug Rebates		5.0%
		Capitations		10.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO

PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY FINANCIAL FORECAST FISCAL YEAR 2029

PERIOD 7/1/2028 - 6/30/2029

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 810,771,395	\$ 121,508,302	\$ 932,279,696
Employer Premiums - MCO	90,033,573	13,491,698	103,525,271
Employee Premiums - PPB	205,994,656	30,382,219	236,376,875
Employee Premiums - MCO	23,172,915	3,417,781	26,590,695
WV RHBT Pay Go Premiums	7,957,372		7,957,372
Life Insurance	2,535,901		2,535,901
Direct Transfers	-		-
Investment Income	11,267,844		11,267,844
Litigation Settlement	-		-
COBRA Premiums	2,193,910		2,193,910
Administrative Fees	4,480,891		4,480,891
Total Revenue	\$ 1,158,408,455	\$ 168,800,000	\$ 1,327,208,455
<u>Program Expenses</u>			
Medical Claims	\$ 733,487,792	\$ -	\$ 733,487,792
Gross Prescription Drug Claims	600,629,920	\$ -	600,629,920
Prescription Drug Rebates	(141,639,687)		(141,639,687)
Managed Care Capitations	104,272,332		104,272,332
Administration	26,430,970		26,430,970
Life Insurance	2,325,562		2,325,562
Wellness	1,447,495		1,447,495
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	374,541		374,541
Director's Discretionary Fund	1,479,190		1,479,190
WV RHBT Pay Go Premiums	7,957,372		7,957,372
Total Expenses	\$ 1,336,765,485	\$ -	\$ 1,336,765,485
Fiscal Year Results	\$ (178,357,030)		\$ (9,557,030)
Beginning Plan Reserve	128,536,384		128,536,384
Minimum Actuarial Reserve Required	\$ 162,729,742	\$ -	\$ 162,729,742
<u>Ending Premium Stabilization Reserve</u>	(212,550,388)	-	(43,750,388)
Ending Plan Reserve	\$ (49,820,647)		\$ 118,979,353
Reserve as a Percent of Expenses			9%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 135,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 33,800,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ -	State	10.0%	17.0%
		Prescription Drug Rebates		5.0%
		Capitations		10.0%
		Administrative Expense		3.0%

Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2024 to FY 2025

Fiscal Year 2024												
Exposure	<u>Jul-23</u>	<u>Aug-23</u>	<u>Sep-23</u>	<u>Oct-23</u>	<u>Nov-23</u>	<u>Dec-23</u>	<u>Jan-24</u>	<u>Feb-24</u>	<u>Mar-24</u>	<u>Apr-24</u>	<u>May-24</u>	<u>Jun-24</u>
Local Medical	28,408	28,455	28,485	28,555	28,542	28,666	28,686	28,667	28,682	28,686	28,663	28,648
State Medical	110,217	109,819	110,078	110,315	110,325	110,418	110,197	109,974	109,884	109,752	109,719	109,550
Local Drugs	28,408	28,455	28,485	28,555	28,542	28,666	28,686	28,667	28,682	28,686	28,663	28,648
State Drugs	110,217	109,819	110,078	110,315	110,325	110,418	110,197	109,974	109,884	109,752	109,719	109,550
	<u>Jul-23</u>	<u>Aug-23</u>	<u>Sep-23</u>	<u>Oct-23</u>	<u>Nov-23</u>	<u>Dec-23</u>	<u>Jan-24</u>	<u>Feb-24</u>	<u>Mar-24</u>	<u>Apr-24</u>	<u>May-24</u>	<u>Jun-24</u>
Local Medical	\$271.67	\$343.44	\$327.06	\$342.87	\$353.14	\$336.92	\$394.76	\$362.81	\$376.75	\$407.79	\$422.45	\$344.52
State Medical	327.01	378.06	334.30	371.70	358.14	347.39	412.99	364.95	413.56	413.13	422.09	417.36
Local Drugs	156.60	195.90	175.49	195.88	202.43	195.54	204.29	198.50	203.17	227.09	247.46	218.66
State Drugs	<u>186.37</u>	<u>218.33</u>	<u>203.99</u>	<u>217.82</u>	<u>219.79</u>	<u>213.89</u>	<u>220.78</u>	<u>211.09</u>	<u>219.98</u>	<u>247.87</u>	<u>257.17</u>	<u>243.46</u>
Total	\$941.66	\$1,135.73	\$1,040.84	\$1,128.27	\$1,133.50	\$1,093.73	\$1,232.83	\$1,137.35	\$1,213.46	\$1,295.88	\$1,349.17	\$1,224.00
Change From Prior Year - Month to Month Analysis												
Local Medical	15.6%	33.2%	24.6%	22.7%	24.4%	22.1%	30.6%	25.8%	11.8%	43.3%	32.3%	10.2%
State Medical	37.8%	28.0%	15.7%	25.7%	16.2%	20.5%	30.4%	23.5%	19.3%	33.0%	22.0%	16.3%
Local Drugs	19.0%	20.6%	12.1%	34.5%	40.5%	24.7%	19.3%	30.2%	10.5%	43.5%	37.3%	13.2%
State Drugs	<u>32.4%</u>	<u>19.0%</u>	<u>11.0%</u>	<u>38.7%</u>	<u>31.3%</u>	<u>21.0%</u>	<u>20.3%</u>	<u>21.9%</u>	<u>10.7%</u>	<u>37.2%</u>	<u>23.9%</u>	<u>13.5%</u>
Total	26.5%	26.3%	16.7%	28.5%	25.5%	21.8%	26.6%	25.0%	13.8%	38.7%	28.1%	13.4%
Change From Prior Year - Quarter to Quarter Analysis												
Local Medical			24.8%			23.1%			22.3%			28.2%
State Medical			26.5%			20.8%			24.2%			23.3%
Local Drugs			17.2%			33.0%			19.4%			30.4%
State Drugs			<u>19.8%</u>			<u>30.0%</u>			<u>17.4%</u>			<u>24.2%</u>
Total			23.0%			25.2%			21.5%			26.2%
Change From Prior Year - Year to Year Analysis												
Local Medical			8.5%			13.8%			18.8%			24.6%
State Medical			12.0%			16.9%			20.9%			23.6%
Local Drugs			-2.0%			8.1%			14.1%			25.0%
State Drugs			<u>3.2%</u>			<u>11.6%</u>			<u>16.4%</u>			<u>22.8%</u>
Total			6.6%			13.3%			18.2%			24.0%

Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2024 to FY 2025

Fiscal Year 2025								
Exposure								
	<u>Jul-24</u>	<u>Aug-24</u>	<u>Sep-24</u>	<u>Oct-24</u>	<u>Nov-24</u>	<u>Dec-24</u>	<u>Jan-25</u>	<u>Feb-25</u>
Local Medical	29,016	29,069	29,014	29,049	29,000	28,959	28,897	28,781
State Medical	109,011	108,582	108,493	108,605	108,597	108,535	108,014	107,646
Local Drugs	29,016	29,069	29,014	29,049	29,000	28,959	28,897	28,781
State Drugs	109,011	108,582	108,493	108,605	108,597	108,535	108,014	107,646
	<u>Jul-24</u>	<u>Aug-24</u>	<u>Sep-24</u>	<u>Oct-24</u>	<u>Nov-24</u>	<u>Dec-24</u>	<u>Jan-25</u>	<u>Feb-25</u>
Local Medical	\$338.91	\$350.69	\$329.48	\$414.64	\$344.21	\$404.92	\$389.21	\$413.32
State Medical	361.68	350.34	354.34	407.59	361.49	369.38	363.77	425.36
Local Drugs	221.33	207.46	203.10	225.36	214.00	222.89	219.12	207.64
State Drugs	<u>243.37</u>	<u>239.13</u>	<u>234.59</u>	<u>260.94</u>	<u>234.60</u>	<u>249.70</u>	<u>240.17</u>	<u>223.87</u>
Total	\$1,165.29	\$1,147.61	\$1,121.51	\$1,308.53	\$1,154.31	\$1,246.88	\$1,212.27	\$1,270.19
Change From Prior Year - Month to Month Analysis								
Local Medical	24.7%	2.1%	0.7%	20.9%	-2.5%	20.2%	-1.4%	13.9%
State Medical	10.6%	-7.3%	6.0%	9.7%	0.9%	6.3%	-11.9%	16.6%
Local Drugs	41.3%	5.9%	15.7%	15.0%	5.7%	14.0%	7.3%	4.6%
State Drugs	<u>30.6%</u>	<u>9.5%</u>	<u>15.0%</u>	<u>19.8%</u>	<u>6.7%</u>	<u>16.7%</u>	<u>8.8%</u>	<u>6.1%</u>
Total	23.7%	1.0%	7.8%	16.0%	1.8%	14.0%	-1.7%	11.7%
Change From Prior Year - Quarter to Quarter Analysis								
Local Medical			8.2%			12.7%		
State Medical			2.6%			5.7%		
Local Drugs			19.7%			11.5%		
State Drugs			<u>17.8%</u>			<u>14.4%</u>		
Total			10.1%			10.6%		
Change From Prior Year - Year to Year Analysis								
Local Medical			20.3%			17.6%		
State Medical			17.5%			13.6%		
Local Drugs			25.4%			20.0%		
State Drugs			<u>22.1%</u>			<u>18.4%</u>		
Total			20.6%			16.9%		