

STATE OF WEST VIRGINIA



PUBLIC EMPLOYEES INSURANCE AGENCY

**Quarterly Report
March 31, 2024**

Fiscal Years 2024-2028

Report Date: August 2024

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 2023 for the fiscal year 2025 (“FY 2025”) and to provide quarterly financial reports for current FY 2024 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 2024 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 2028.

Continuing Care Actuaries has provided financial report for fiscal years ending June 30, 2024 (“FY 2024”), June 30, 2025 (“FY 2025”), June 30, 2026 (“FY 2026”), June 30, 2027 (“FY 2027”) and June 30, 2028 (“FY 2028”). Our opinion of plan adequacy is based on the projections through FY 2028 using updated future revenue and plan modifications provided by the Board in the financial plan adopted in December 2023. 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 2024 the Pay-Go is equivalent to \$0 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 2023.

This report includes updated claim trend assumptions as recommended in the report titled, “PEIA FY2023 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 2024 through FY 2028 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 2024 based on the scheduled revenue increases of the financial plan approved and amended by the Board in December 2023.

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 2028 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 2024 – FY 2028

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 May 2024 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 June 2024 enrollment levels for the duration of these forecasts for active employees.

In aggregate, June 2024 enrollment for active employees has increased by 573 coverages since the end of FY 2023. Aggregate PPB enrollment has increased by 514 in total over the same period, while managed care enrollment experienced an increase of 59 coverages.

In the State Fund, the overall active State enrollment increased by 317 coverages from the end of FY 2023 to June 2024. And in the Local Fund, the overall active Local enrollment increased by 256 coverages from the end of FY 2023 to June 2024.

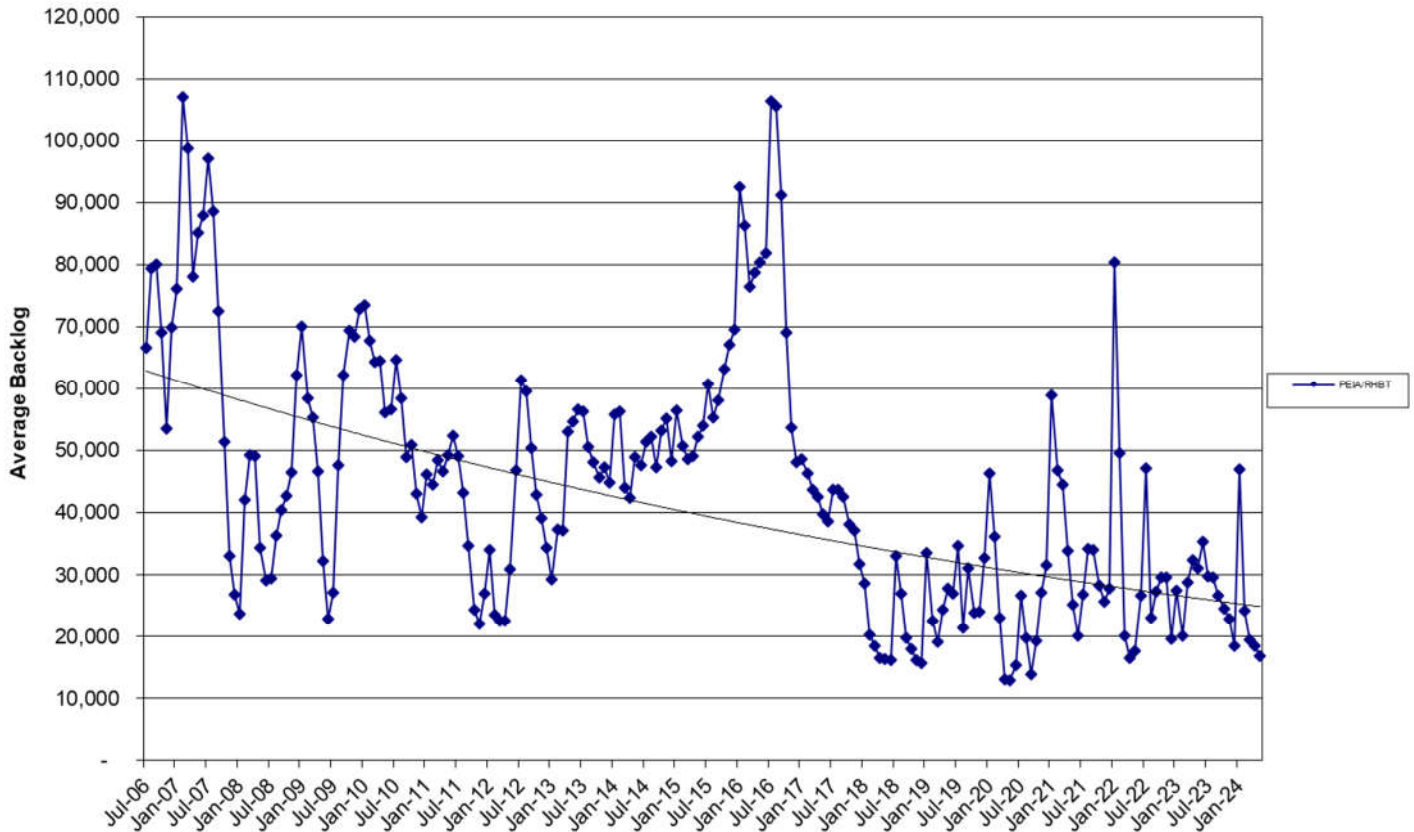
The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2022, June 2023, and June 2024 for purposes of comparison:

PEIA Fund	Coverage	Preferred Provider Benefit			Managed Care		
		Jun-22	Jun-23	Jun-24	Jun-22	Jun-23	Jun-24
State Active	Single	21,269	21,381	23,055	2,435	2,444	2,681
	Children	5,821	5,845	7,357	685	703	935
	Family	26,484	26,125	23,161	2,742	2,703	2,329
	Total	53,574	53,351	53,573	5,862	5,850	5,945
Local Active	Single	6,913	6,618	6,977	471	476	461
	Children	1,355	1,276	1,312	105	107	108
	Family	6,557	6,123	6,020	219	210	188
	Total	14,825	14,017	14,309	795	793	757
Plan Total		68,399	67,368	67,882	6,657	6,643	6,702
Grand Total					75,056	74,011	74,584

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.

WV PEIA&RHBT Claim Backlog July 2006 through May 2024



C. Trend Analysis

PEIA experienced a low medical trend and a low prescription drugs trend in FY 2023, 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 FY2023 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 FY 2024 medical claim trend is 7.5%, the gross prescription drugs claim trend is 14.5% and the prescription drugs rebate trend is 5.0%. In 2024, 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 2024 Trend	Updated Assumption FY 2024 Trend
Active Local – Medical	7.5%	7.5%
State – Medical	7.5%	7.5%
Active Local – Gross Drugs	14.5%	14.5%
State – Gross Drugs	14.5%	14.5%
Prescription Drugs Rebate	15.0%	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 2025 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 May 2024. 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 Year	Active Local Medical	State Medical	Active Local Drugs	State Drugs	Total
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*	16%	14%	24%	22%	17%

* Fiscal year 2024 results are through the first eleven months ending May 2024.

D. Enrollment, Claim, Expense and Revenue Assumptions

Using PEIA paid claim data through May 2024 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 2024 claims and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

Fiscal Year 2024 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	53,402	\$843	\$206	\$781	\$299	
	Managed Care	5,885	\$860	\$212			\$828
	Total	59,287					
Local	PPB	14,222	\$912	\$0	\$722	\$271	
	Managed Care	758	\$887	\$0			\$632
	Total	14,980					

*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 2023

Source	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
Additional State Employer Revenue	\$108,100,000	\$62,700,000	\$71,000,000	\$92,000,000	\$95,000,000
Additional Local Agency Revenue	\$22,500,000	\$22,800,000	\$20,500,000	\$25,500,000	\$27,000,000
Additional Employee Premium	\$28,900,000	\$15,700,000	\$17,800,000	\$23,000,000	\$23,800,000
State Direct Transfers (State Budget Appropriations)	\$0	\$0	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active State Medical	\$0	\$0	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active State Drugs	\$0	\$0	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active Local Medical	\$0	\$0	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active Local Drugs	\$0	\$0	\$0	\$0	\$0
Pay Go Premium Transfer	\$0	\$29,000,000	\$10,000,000	\$10,000,000	\$0

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.

In FY 2024, the ACA PCORI fee is approximately \$3.22 per person per year.

West Virginia Senate Bill 268 was signed into law on March 17, 2023. The bill makes three substantial changes to PEIA effective July 1, 2023:

1. Imposes the monthly spouse surcharge for active employee policyholders from state agencies, colleges, universities, and county boards of education whose spouses are offered employer-sponsored insurance coverage but who choose to get coverage through a plan offered by PEIA. This change does not affect non-state agencies, retirees, spouses who are employed by PEIA-participating agencies or are retired, or spouses whose coverage is through Medicare, Medicaid, or TRICARE.

2. Increases health premiums to get the plan back to an 80/20 employer/employee premium split for state agencies, colleges, universities, and county boards of education by July 1, 2023. This eliminates direct and rainy day fund transfers from the state that were previously part of the financial plan.
3. Increases reimbursement to providers to a minimum of 110% of Medicare's reimbursement. It is estimated that this increase to reimbursement will increase paid claims for PEIA and Non-Medicare retirees in the RHBT by \$54.4 million.

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 2024 FORECAST

The financial forecast for FY 2024 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2024 projects accrued revenue of \$936,208,921 and incurred plan expenses of \$968,290,408 to produce a fiscal year deficit of (\$32,081,487). The PEIA local and state agencies Pay Go premiums for FY 2024 are assumed to be \$0.

Under the Baseline Scenario, FY 2024 is projected to end with a Total Fund reserve (State and Local Reserves) of \$92,748,446 and projected plan expenditures of \$968,290,408. This represents 9.6% of projected expenditures based on the current reserve methodology. The projected reserve does not meet the minimum actuarial required reserve of \$118,386,778. 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 2024 is projected to end with a reserve of \$80,614,067, which represents 10.3% of projected expenditures. The projected State Fund reserve does not meet the minimum actuarial required reserve of \$95,780,176.

The Local Fund in FY 2024 is projected to end with a reserve of \$12,134,379, which represents 6.6% of projected expenditures. The projected Local Fund reserve does not meet the minimum actuarial required reserve of \$22,606,601.

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 \$1,030,966,099 and incurred plan expenses of \$1,101,228,088 to produce a fiscal year deficit of (\$70,261,989). The PEIA local and state agencies Pay Go premiums for FY 2025 are assumed to be \$29,000,000.

Under the Baseline Scenario, FY 2025 is projected to end with a Total Fund reserve (State and Local Reserves) of \$22,486,457 and projected plan expenditures of \$1,072,228,088. This represents 2.1% of projected expenditures based on the current reserve methodology. The projected reserve does not meet the minimum actuarial required reserve of \$131,261,350. 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 \$55,797,329 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to (\$10,977,099).

The State Fund in FY 2025 is projected to end with a reserve of \$30,043,249, which represents 3.5% of projected expenditures. The projected State Fund reserve does not meet the minimum actuarial required reserve of \$106,187,216.

The Local Fund in FY 2025 is projected to end with a reserve of (\$7,556,791), which represents -3.7% of projected expenditures. The projected Local Fund reserve does not meet the minimum actuarial required reserve of \$25,074,134.

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 \$1,138,386,631 and incurred plan expenses of \$1,202,475,155 to produce a fiscal year deficit of (\$64,088,524). 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 (\$41,602,067) and projected plan expenditures of \$1,192,475,155. This represents -3.5% of projected expenditures based on the current reserve methodology. The projected reserve does not meet the minimum actuarial required reserve of \$146,118,346. 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 \$43,928,547 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to (\$128,586,122).

The State Fund in FY 2026 is projected to end with a reserve of (\$15,085,390), which represents -1.6% of projected expenditures. The projected State Fund reserve does not meet the minimum actuarial required reserve of \$118,191,846.

The Local Fund in FY 2026 is projected to end with a reserve of (\$26,516,677), which represents -11.7% of projected expenditures. The projected Local Fund reserve does not meet the minimum actuarial required reserve of \$27,926,499.

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 \$1,277,343,257 and incurred plan expenses of \$1,341,611,457 to produce a fiscal year deficit of (\$64,268,200). 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 (\$105,870,268) and projected plan expenditures of \$1,331,611,457. This represents -8.0% of projected expenditures based on the current reserve methodology. The projected reserve does not meet the minimum actuarial required reserve of \$163,368,473. 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 \$63,023,071 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to (\$279,777,206).

The State Fund in FY 2027 is projected to end with a reserve of (\$58,699,128), which represents -5.4% of projected expenditures. The projected State Fund reserve does not meet the minimum actuarial required reserve of \$132,128,613.

The Local Fund in FY 2027 is projected to end with a reserve of (\$47,171,140), which represents -18.6% of projected expenditures. The projected Local Fund reserve does not meet the minimum actuarial required reserve of \$31,239,860.

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 \$1,421,696,944 and incurred plan expenses of \$1,495,162,863 to produce a fiscal year deficit of (\$73,465,919). The PEIA local and state agencies Pay Go premiums for FY 2028 are assumed to be \$0.

Under the Baseline Scenario, FY 2028 is projected to end with a Total Fund reserve (State and Local Reserves) of (\$179,336,186) and projected plan expenditures of \$1,495,162,863. This represents -12.0% of projected expenditures based on the current reserve methodology. The projected reserve does not meet the minimum actuarial required reserve of \$183,662,921. 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 \$111,353,150 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to (\$482,426,616).

The State Fund in FY 2028 is projected to end with a reserve of (\$108,581,736), which represents -9.0% of projected expenditures. The projected State Fund reserve does not meet the minimum actuarial required reserve of \$148,521,837.

The Local Fund in FY 2028 is projected to end with a reserve of (\$70,754,451), which represents -24.9% of projected expenditures. The projected Local Fund reserve does not meet the minimum actuarial required reserve of \$35,141,085.

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 2024. Additionally, the plan will not meet the minimum actuarial required reserve target in fiscal year 2024. We are currently projecting that the State reserve will be under the minimum actuarial reserve using the baseline assumptions in fiscal years 2024 through 2028; and the Local reserve will be under the minimum actuarial reserve using the baseline assumptions in fiscal years 2024 through 2028. These projections are based on significant revenue increases as contained in the financial plan adopted by the Board in December 2023 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 2024**

PERIOD 7/1/2023 - 6/30/2024

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 155,715,349	\$ 540,038,449	\$ 695,753,798
Employer Premiums - MCO	8,063,991	60,734,147	68,798,138
Employee Premiums - PPB	-	132,264,557	132,264,557
Employee Premiums - MCO	-	14,979,865	14,979,865
WV RHBT Pay Go Premiums	-	-	-
Life Insurance	472,419	1,892,230	2,364,649
Direct Transfers	-	-	-
Investment Income	3,040,377	11,498,702	14,539,079
Litigation Settlement	-	-	-
COBRA Premiums	510,126	2,043,259	2,553,385
Administrative Fees	757,633	4,197,817	4,955,450
Total Revenue	\$ 168,559,895	\$ 767,649,026	\$ 936,208,921
<u>Program Expenses</u>			
Medical Claims	\$ 123,208,915	\$ 500,736,234	\$ 623,945,149
Gross Prescription Drug Claims	69,802,363	294,609,975	364,412,338
Prescription Drug Rebates	(23,515,498)	(102,989,187)	(126,504,685)
Managed Care Capitations	5,746,482	58,479,296	64,225,778
Administration	7,789,754	31,201,106	38,990,860
Life Insurance	368,340	1,475,349	1,843,689
Wellness	81,329	325,755	407,084
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	98,116	415,394	513,510
Director's Discretionary Fund	89,814	366,871	456,685
WV RHBT Pay Go Premiums	-	-	-
Total Expenses	\$ 183,669,616	\$ 784,620,792	\$ 968,290,408
Fiscal Year Results	\$ (15,109,721)	\$ (16,971,766)	\$ (32,081,487)
Beginning Plan Reserve	27,244,100	97,585,833	124,829,933
Minimum Actuarial Reserve Required	\$ 22,606,601	\$ 95,780,176	\$ 118,386,778
<u>Ending Premium Stabilization Reserve</u>	<u>(10,472,223)</u>	<u>(15,166,109)</u>	<u>(25,638,332)</u>
Ending Plan Reserve	\$ 12,134,379	\$ 80,614,067	\$ 92,748,446
Reserve as a Percent of Expenses			10%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 108,100,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 22,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 28,900,000	Active Local	7.5%	14.5%
Direct Transfers	\$ -	State	7.5%	14.5%
		Prescription Drug Rebates		0.0%
		Capitations		18.1%
		Administrative Expense		19.9%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2024

PERIOD 7/1/2023 - 6/30/2024

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 134,285,293	\$ 21,430,056	\$ 155,715,349
Employer Premiums - MCO	6,994,047	1,069,944	8,063,991
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	-	-	-
Life Insurance	472,419	-	472,419
Direct Transfers	-	-	-
Investment Income	3,040,377	-	3,040,377
Litigation Settlement	-	-	-
COBRA Premiums	510,126	-	510,126
Administrative Fees	757,633	-	757,633
Total Revenue	\$ 146,059,895	\$ 22,500,000	\$ 168,559,895
<u>Program Expenses</u>			
Medical Claims	\$ 123,208,915	-	\$ 123,208,915
Gross Prescription Drug Claims	69,802,363	-	69,802,363
Prescription Drug Rebates	(23,515,498)	-	(23,515,498)
Managed Care Capitations	5,746,482	-	5,746,482
Administration	7,789,754	-	7,789,754
Life Insurance	368,340	-	368,340
Wellness	81,329	-	81,329
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	98,116	-	98,116
Director's Discretionary Fund	89,814	-	89,814
WV RHBT Pay Go Premiums	-	-	-
Total Expenses	\$ 183,669,616	\$ -	\$ 183,669,616
Fiscal Year Results	\$ (37,609,721)	-	\$ (15,109,721)
Beginning Plan Reserve	27,244,100	-	27,244,100
Minimum Actuarial Reserve Required	\$ 22,606,601	\$ -	\$ 22,606,601
<u>Ending Premium Stabilization Reserve</u>	<u>(32,972,222)</u>	<u>-</u>	<u>(10,472,222)</u>
Ending Plan Reserve	\$ (10,365,621)	-	\$ 12,134,379
Reserve as a Percent of Expenses	-	-	7%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 22,500,000	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		Local	7.5%
			<u>Gross Drugs</u>
		Prescription Drug Rebates	0.0%
		Capitations	18.1%
		Administrative Expense	19.9%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2024

PERIOD 7/1/2023 - 6/30/2024

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 442,740,882	\$ 97,297,567	\$ 540,038,449
Employer Premiums - MCO	49,931,714	10,802,433	60,734,147
Employee Premiums - PPB	106,335,559	25,928,998	132,264,557
Employee Premiums - MCO	12,008,863	2,971,002	14,979,865
WV RHBT Pay Go Premiums	-		-
Life Insurance	1,892,230		1,892,230
Direct Transfers	-		-
Investment Income	11,498,702		11,498,702
Litigation Settlement	-		-
COBRA Premiums	2,043,259		2,043,259
Administrative Fees	4,197,817		4,197,817
Total Revenue	\$ 630,649,026	\$ 137,000,000	\$ 767,649,026
<u>Program Expenses</u>			
Medical Claims	\$ 500,736,234		\$ 500,736,234
Gross Prescription Drug Claims	294,609,975		294,609,975
Prescription Drug Rebates	(102,989,187)		(102,989,187)
Managed Care Capitations	58,479,296		58,479,296
Administration	31,201,106		31,201,106
Life Insurance	1,475,349		1,475,349
Wellness	325,755		325,755
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	415,394		415,394
Director's Discretionary Fund	366,871		366,871
WV RHBT Pay Go Premiums	-		-
Total Expenses	\$ 784,620,792	\$ -	\$ 784,620,792
Fiscal Year Results	\$ (153,971,766)		\$ (16,971,766)
Beginning Plan Reserve	97,585,833		97,585,833
Minimum Actuarial Reserve Required	\$ 95,780,176	\$ -	\$ 95,780,176
<u>Ending Premium Stabilization Reserve</u>	<u>(152,166,110)</u>	<u>-</u>	<u>(15,166,110)</u>
Ending Plan Reserve	\$ (56,385,933)		\$ 80,614,067
Reserve as a Percent of Expenses			10%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 108,100,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 28,900,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ -	State	7.5%	14.5%
		Prescription Drug Rebates		0.0%
		Capitations		18.1%
		Administrative Expense		19.9%

**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	\$ 171,829,074	\$ 575,569,459	\$ 747,398,533
Employer Premiums - MCO	8,892,254	64,761,149	73,653,403
Employee Premiums - PPB	-	146,367,322	146,367,322
Employee Premiums - MCO	-	16,577,100	16,577,100
WV RHBT Pay Go Premiums	5,858,012	23,141,988	29,000,000
Life Insurance	496,040	1,986,842	2,482,882
Direct Transfers	-	-	-
Investment Income	1,283,901	6,490,413	7,774,314
Litigation Settlement	-	-	-
COBRA Premiums	562,895	2,194,200	2,757,095
Administrative Fees	757,633	4,197,817	4,955,450
Total Revenue	\$ 189,679,809	\$ 841,286,290	\$ 1,030,966,099
<u>Program Expenses</u>			
Medical Claims	\$ 132,441,672	\$ 538,256,095	\$ 670,697,766
Gross Prescription Drug Claims	80,804,484	341,043,978	421,848,462
Prescription Drug Rebates	(24,691,273)	(108,138,647)	(132,829,919)
Managed Care Capitations	6,091,271	61,988,054	68,079,325
Administration	7,541,375	30,206,249	37,747,624
Life Insurance	437,157	1,750,717	2,187,874
Wellness	431,351	1,727,733	2,159,084
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	98,303	414,212	512,515
Director's Discretionary Fund	358,627	1,466,730	1,825,357
WV RHBT Pay Go Premiums	5,858,012	23,141,988	29,000,000
Total Expenses	\$ 209,370,979	\$ 891,857,108	\$ 1,101,228,088
Fiscal Year Results	\$ (19,691,170)	\$ (50,570,818)	\$ (70,261,989)
Beginning Plan Reserve	12,134,379	80,614,067	92,748,446
Minimum Actuarial Reserve Required	\$ 25,074,134	\$ 106,187,216	\$ 131,261,350
<u>Ending Premium Stabilization Reserve</u>	(32,630,926)	(76,143,967)	(108,774,893)
Ending Plan Reserve	\$ (7,556,791)	\$ 30,043,249	\$ 22,486,457
Reserve as a Percent of Expenses			2%

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	\$ -	State	8.0%	15.0%
		Prescription Drug Rebates		5.0%
		Capitations		6.0%
		Administrative Expense		3.0%

**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	\$ 150,151,676	\$ 21,677,398	\$ 171,829,074
Employer Premiums - MCO	7,769,652	1,122,602	8,892,254
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	5,858,012		5,858,012
Life Insurance	496,040		496,040
Direct Transfers	-		-
Investment Income	1,283,901		1,283,901
Litigation Settlement	-		-
COBRA Premiums	562,895		562,895
Administrative Fees	757,633		757,633
Total Revenue	\$ 166,879,809	\$ 22,800,000	\$ 189,679,809
<u>Program Expenses</u>			
Medical Claims	\$ 132,441,672	\$ -	\$ 132,441,672
Gross Prescription Drug Claims	80,804,484	\$ -	80,804,484
Prescription Drug Rebates	(24,691,273)		(24,691,273)
Managed Care Capitations	6,091,271		6,091,271
Administration	7,541,375		7,541,375
Life Insurance	437,157		437,157
Wellness	431,351		431,351
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	98,303		98,303
Director's Discretionary Fund	358,627		358,627
WV RHBT Pay Go Premiums	5,858,012		5,858,012
Total Expenses	\$ 209,370,980	\$ -	\$ 209,370,980
Fiscal Year Results	\$ (42,491,171)		\$ (19,691,171)
Beginning Plan Reserve	12,134,379		12,134,379
Minimum Actuarial Reserve Required	\$ 25,074,134	\$ -	\$ 25,074,134
<u>Ending Premium Stabilization Reserve</u>	<u>(55,430,926)</u>	<u>-</u>	<u>(32,630,926)</u>
Ending Plan Reserve	\$ (30,356,792)		\$ (7,556,792)
Reserve as a Percent of Expenses			-4%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 22,800,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	8.0%	15.0%
		Prescription Drug Rebates		5.0%
		Capitations		6.0%
		Administrative Expense		3.0%

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	\$ 519,208,015	\$ 56,361,444	\$ 575,569,459
Employer Premiums - MCO	58,422,593	6,338,556	64,761,149
Employee Premiums - PPB	132,264,557	14,102,765	146,367,322
Employee Premiums - MCO	14,979,865	1,597,235	16,577,100
WV RHBT Pay Go Premiums	23,141,988		23,141,988
Life Insurance	1,986,842		1,986,842
Direct Transfers	-		-
Investment Income	6,490,413		6,490,413
Litigation Settlement	-		-
COBRA Premiums	2,194,200		2,194,200
Administrative Fees	4,197,817		4,197,817
Total Revenue	\$ 762,886,290	\$ 78,400,000	\$ 841,286,290
<u>Program Expenses</u>			
Medical Claims	\$ 538,256,095		\$ 538,256,095
Gross Prescription Drug Claims	341,043,978		341,043,978
Prescription Drug Rebates	(108,138,647)		(108,138,647)
Managed Care Capitations	61,988,054		61,988,054
Administration	30,206,249		30,206,249
Life Insurance	1,750,717		1,750,717
Wellness	1,727,733		1,727,733
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	414,212		414,212
Director's Discretionary Fund	1,466,730		1,466,730
WV RHBT Pay Go Premiums	23,141,988		23,141,988
Total Expenses	\$ 891,857,109	\$ -	\$ 891,857,109
Fiscal Year Results	\$ (128,970,819)		\$ (50,570,819)
Beginning Plan Reserve	80,614,067		80,614,067
Minimum Actuarial Reserve Required	\$ 106,187,216	\$ -	\$ 106,187,216
<u>Ending Premium Stabilization Reserve</u>	<u>(154,543,968)</u>	<u>-</u>	<u>(76,143,968)</u>
Ending Plan Reserve	\$ (48,356,752)		\$ 30,043,248
Reserve as a Percent of Expenses			3%

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	\$ -	State	8.0%	15.0%
		Prescription Drug Rebates		5.0%
		Capitations		6.0%
		Administrative Expense		3.0%

**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	\$ 194,964,882	\$ 653,039,353	\$ 848,004,235
Employer Premiums - MCO	10,094,454	73,453,247	83,547,701
Employee Premiums - PPB	-	162,356,445	162,356,445
Employee Premiums - MCO	-	18,387,977	18,387,977
WV RHBT Pay Go Premiums	2,020,004	7,979,996	10,000,000
Life Insurance	520,842	2,086,184	2,607,026
Direct Transfers	-	-	-
Investment Income	583,292	4,827,624	5,410,916
Litigation Settlement	-	-	-
COBRA Premiums	638,701	2,478,180	3,116,881
Administrative Fees	757,633	4,197,817	4,955,450
Total Revenue	\$ 209,579,808	\$ 928,806,823	\$ 1,138,386,631
<u>Program Expenses</u>			
Medical Claims	\$ 143,400,219	\$ 582,789,279	\$ 726,189,498
Gross Prescription Drug Claims	93,148,863	393,142,576	486,291,439
Prescription Drug Rebates	(25,925,836)	(113,545,579)	(139,471,415)
Managed Care Capitations	6,456,747	65,707,337	72,164,084
Administration	8,089,801	32,402,917	40,492,718
Life Insurance	459,015	1,838,253	2,297,268
Wellness	434,604	1,740,764	2,175,368
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	98,303	414,212	512,515
Director's Discretionary Fund	357,974	1,465,707	1,823,681
WV RHBT Pay Go Premiums	2,020,004	7,979,996	10,000,000
Total Expenses	\$ 228,539,694	\$ 973,935,462	\$ 1,202,475,155
Fiscal Year Results	\$ (18,959,886)	\$ (45,128,639)	\$ (64,088,524)
Beginning Plan Reserve	(7,556,791)	30,043,249	22,486,457
Minimum Actuarial Reserve Required	\$ 27,926,499	\$ 118,191,846	\$ 146,118,346
<u>Ending Premium Stabilization Reserve</u>	<u>(54,443,177)</u>	<u>(133,277,236)</u>	<u>(187,720,413)</u>
Ending Plan Reserve	\$ (26,516,677)	\$ (15,085,390)	\$ (41,602,067)
Reserve as a Percent of Expenses			-3%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 71,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 20,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 17,800,000	Active Local	8.5%	15.5%
Direct Transfers	\$ -	State	8.5%	15.5%
		Prescription Drug Rebates		5.0%
		Capitations		6.0%
		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	\$ 175,474,239	\$ 19,490,643	\$ 194,964,882
Employer Premiums - MCO	9,085,097	1,009,357	10,094,454
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	2,020,004		2,020,004
Life Insurance	520,842		520,842
Direct Transfers	-		-
Investment Income	583,292		583,292
Litigation Settlement	-		-
COBRA Premiums	638,701		638,701
Administrative Fees	757,633		757,633
Total Revenue	\$ 189,079,808	\$ 20,500,000	\$ 209,579,808
<u>Program Expenses</u>			
Medical Claims	\$ 143,400,219		\$ 143,400,219
Gross Prescription Drug Claims	93,148,863		93,148,863
Prescription Drug Rebates	(25,925,836)		(25,925,836)
Managed Care Capitations	6,456,747		6,456,747
Administration	8,089,801		8,089,801
Life Insurance	459,015		459,015
Wellness	434,604		434,604
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	98,303		98,303
Director's Discretionary Fund	357,974		357,974
WV RHBT Pay Go Premiums	2,020,004		2,020,004
Total Expenses	\$ 228,539,694	\$ -	\$ 228,539,694
Fiscal Year Results	\$ (39,459,886)		\$ (18,959,886)
Beginning Plan Reserve	(7,556,791)		(7,556,791)
Minimum Actuarial Reserve Required	\$ 27,926,499	\$ -	\$ 27,926,499
<u>Ending Premium Stabilization Reserve</u>	<u>(74,943,176)</u>	<u>-</u>	<u>(54,443,176)</u>
Ending Plan Reserve	\$ (47,016,677)		\$ (26,516,677)
Reserve as a Percent of Expenses			-12%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 20,500,000	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		6.0%
		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	\$ 589,216,985	\$ 63,822,368	\$ 653,039,353
Employer Premiums - MCO	66,275,615	7,177,632	73,453,247
Employee Premiums - PPB	146,367,322	15,989,123	162,356,445
Employee Premiums - MCO	16,577,100	1,810,877	18,387,977
WV RHBT Pay Go Premiums	7,979,996		7,979,996
Life Insurance	2,086,184		2,086,184
Direct Transfers	-		-
Investment Income	4,827,624		4,827,624
Litigation Settlement	-		-
COBRA Premiums	2,478,180		2,478,180
Administrative Fees	4,197,817		4,197,817
Total Revenue	\$ 840,006,823	\$ 88,800,000	\$ 928,806,823
<u>Program Expenses</u>			
Medical Claims	\$ 582,789,279		\$ 582,789,279
Gross Prescription Drug Claims	393,142,576		393,142,576
Prescription Drug Rebates	(113,545,579)		(113,545,579)
Managed Care Capitations	65,707,337		65,707,337
Administration	32,402,917		32,402,917
Life Insurance	1,838,253		1,838,253
Wellness	1,740,764		1,740,764
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	414,212		414,212
Director's Discretionary Fund	1,465,707		1,465,707
WV RHBT Pay Go Premiums	7,979,996		7,979,996
Total Expenses	\$ 973,935,462	\$ -	\$ 973,935,462
Fiscal Year Results	\$ (133,928,639)		\$ (45,128,639)
Beginning Plan Reserve	30,043,249		30,043,249
Minimum Actuarial Reserve Required	\$ 118,191,846	\$ -	\$ 118,191,846
<u>Ending Premium Stabilization Reserve</u>	<u>(222,077,236)</u>	<u>-</u>	<u>(133,277,236)</u>
Ending Plan Reserve	\$ (103,885,390)		\$ (15,085,390)
Reserve as a Percent of Expenses			-2%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 71,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 17,800,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ -	State	8.5%	15.5%
		Prescription Drug Rebates		5.0%
		Capitations		6.0%
		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	\$ 219,209,340	\$ 735,738,759	\$ 954,948,099
Employer Premiums - MCO	11,349,996	82,753,841	94,103,837
Employee Premiums - PPB	-	183,016,547	183,016,547
Employee Premiums - MCO	-	20,727,875	20,727,875
WV RHBT Pay Go Premiums	2,020,004	7,979,996	10,000,000
Life Insurance	546,885	2,190,493	2,737,378
Direct Transfers	-	-	-
Investment Income	(78,585)	3,422,220	3,343,635
Litigation Settlement	-	-	-
COBRA Premiums	718,126	2,792,310	3,510,436
Administrative Fees	757,633	4,197,817	4,955,450
Total Revenue	\$ 234,523,399	\$ 1,042,819,858	\$ 1,277,343,257
<u>Program Expenses</u>			
Medical Claims	\$ 155,982,779	\$ 633,922,026	\$ 789,904,805
Gross Prescription Drug Claims	107,844,986	455,166,287	563,011,273
Prescription Drug Rebates	(27,222,128)	(119,222,858)	(146,444,986)
Managed Care Capitations	6,844,152	69,649,778	76,493,930
Administration	8,332,496	33,375,004	41,707,500
Life Insurance	481,965	1,930,165	2,412,130
Wellness	437,987	1,754,315	2,192,302
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	98,303	414,212	512,515
Director's Discretionary Fund	357,317	1,464,671	1,821,988
WV RHBT Pay Go Premiums	2,020,004	7,979,996	10,000,000
Total Expenses	\$ 255,177,861	\$ 1,086,433,596	\$ 1,341,611,457
Fiscal Year Results	\$ (20,654,462)	\$ (43,613,738)	\$ (64,268,200)
Beginning Plan Reserve	(26,516,677)	(15,085,390)	(41,602,067)
Minimum Actuarial Reserve Required	\$ 31,239,860	\$ 132,128,613	\$ 163,368,473
<u>Ending Premium Stabilization Reserve</u>	<u>(78,410,999)</u>	<u>(190,827,741)</u>	<u>(269,238,740)</u>
Ending Plan Reserve	\$ (47,171,140)	\$ (58,699,128)	\$ (105,870,268)
Reserve as a Percent of Expenses			-8%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 92,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 25,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 23,000,000	Active Local	9.0%	16.0%
Direct Transfers	\$ -	State	9.0%	16.0%
		Prescription Drug Rebates		5.0%
		Capitations		6.0%
		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	\$ 194,964,882	\$ 24,244,458	\$ 219,209,340
Employer Premiums - MCO	10,094,454	1,255,542	11,349,996
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	2,020,004		2,020,004
Life Insurance	546,885		546,885
Direct Transfers	-		-
Investment Income	(78,585)		(78,585)
Litigation Settlement	-		-
COBRA Premiums	718,126		718,126
Administrative Fees	757,633		757,633
Total Revenue	\$ 209,023,399	\$ 25,500,000	\$ 234,523,399
<u>Program Expenses</u>			
Medical Claims	\$ 155,982,779		\$ 155,982,779
Gross Prescription Drug Claims	107,844,986		107,844,986
Prescription Drug Rebates	(27,222,128)		(27,222,128)
Managed Care Capitations	6,844,152		6,844,152
Administration	8,332,496		8,332,496
Life Insurance	481,965		481,965
Wellness	437,987		437,987
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	98,303		98,303
Director's Discretionary Fund	357,317		357,317
WV RHBT Pay Go Premiums	2,020,004		2,020,004
Total Expenses	\$ 255,177,861	\$ -	\$ 255,177,861
Fiscal Year Results	\$ (46,154,462)		\$ (20,654,462)
Beginning Plan Reserve	(26,516,677)		(26,516,677)
Minimum Actuarial Reserve Required	\$ 31,239,860	\$ -	\$ 31,239,860
<u>Ending Premium Stabilization Reserve</u>	<u>(103,910,999)</u>	<u>-</u>	<u>(78,410,999)</u>
Ending Plan Reserve	\$ (72,671,139)		\$ (47,171,139)
Reserve as a Percent of Expenses			-19%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 25,500,000	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		Local	Gross Drugs
		9.0%	16.0%
			5.0%
			6.0%
			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	\$ 653,039,352	\$ 82,699,407	\$ 735,738,759
Employer Premiums - MCO	73,453,248	9,300,593	82,753,841
Employee Premiums - PPB	162,356,445	20,660,102	183,016,547
Employee Premiums - MCO	18,387,977	2,339,898	20,727,875
WV RHBT Pay Go Premiums	7,979,996		7,979,996
Life Insurance	2,190,493		2,190,493
Direct Transfers	-		-
Investment Income	3,422,220		3,422,220
Litigation Settlement	-		-
COBRA Premiums	2,792,310		2,792,310
Administrative Fees	4,197,817		4,197,817
Total Revenue	\$ 927,819,858	\$ 115,000,000	\$ 1,042,819,858
<u>Program Expenses</u>			
Medical Claims	\$ 633,922,026		\$ 633,922,026
Gross Prescription Drug Claims	455,166,287		455,166,287
Prescription Drug Rebates	(119,222,858)		(119,222,858)
Managed Care Capitations	69,649,778		69,649,778
Administration	33,375,004		33,375,004
Life Insurance	1,930,165		1,930,165
Wellness	1,754,315		1,754,315
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	414,212		414,212
Director's Discretionary Fund	1,464,671		1,464,671
WV RHBT Pay Go Premiums	7,979,996		7,979,996
Total Expenses	\$ 1,086,433,595	\$ -	\$ 1,086,433,595
Fiscal Year Results	\$ (158,613,737)		\$ (43,613,737)
Beginning Plan Reserve	(15,085,390)		(15,085,390)
Minimum Actuarial Reserve Required	\$ 132,128,613	\$ -	\$ 132,128,613
<u>Ending Premium Stabilization Reserve</u>	<u>(305,827,741)</u>	<u>-</u>	<u>(190,827,741)</u>
Ending Plan Reserve	\$ (173,699,127)		\$ (58,699,127)
Reserve as a Percent of Expenses			-5%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 92,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 23,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ -	State	9.0%	16.0%
		Prescription Drug Rebates		5.0%
		Capitations		6.0%
		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	\$ 246,798,451	\$ 828,317,794	\$ 1,075,116,245
Employer Premiums - MCO	12,780,889	93,154,802	105,935,691
Employee Premiums - PPB	-	204,395,261	204,395,261
Employee Premiums - MCO	-	23,149,161	23,149,161
WV RHBT Pay Go Premiums	-	-	-
Life Insurance	574,229	2,300,018	2,874,247
Direct Transfers	-	-	-
Investment Income	(797,722)	2,121,478	1,323,756
Litigation Settlement	-	-	-
COBRA Premiums	808,515	3,138,618	3,947,133
Administrative Fees	757,633	4,197,817	4,955,450
Total Revenue	\$ 260,921,995	\$ 1,160,774,949	\$ 1,421,696,944
<u>Program Expenses</u>			
Medical Claims	\$ 170,449,599	\$ 692,711,878	\$ 863,161,477
Gross Prescription Drug Claims	125,399,139	529,251,747	654,650,886
Prescription Drug Rebates	(28,583,234)	(125,184,001)	(153,767,235)
Managed Care Capitations	7,254,801	73,828,764	81,083,565
Administration	8,582,470	34,376,254	42,958,724
Life Insurance	506,064	2,026,674	2,532,738
Wellness	441,506	1,768,408	2,209,914
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	98,303	414,212	512,515
Director's Discretionary Fund	356,658	1,463,621	1,820,279
WV RHBT Pay Go Premiums	-	-	-
Total Expenses	\$ 284,505,306	\$ 1,210,657,557	\$ 1,495,162,863
Fiscal Year Results	\$ (23,583,311)	\$ (49,882,608)	\$ (73,465,919)
Beginning Plan Reserve	(47,171,140)	(58,699,128)	(105,870,268)
Minimum Actuarial Reserve Required	\$ 35,141,085	\$ 148,521,837	\$ 183,662,921
<u>Ending Premium Stabilization Reserve</u>	(105,895,535)	(257,103,573)	(362,999,108)
Ending Plan Reserve	\$ (70,754,451)	\$ (108,581,736)	\$ (179,336,186)
Reserve as a Percent of Expenses			-10%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 95,000,000	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	\$ 23,800,000	Active Local	9.5%	16.5%
Direct Transfers	\$ -	State	9.5%	16.5%
		Prescription Drug Rebates		5.0%
		Capitations		6.0%
		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	\$ 221,127,848	\$ 25,670,603	\$ 246,798,451
Employer Premiums - MCO	11,451,492	1,329,397	12,780,889
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	-	-	-
Life Insurance	574,229	-	574,229
Direct Transfers	-	-	-
Investment Income	(797,722)	-	(797,722)
Litigation Settlement	-	-	-
COBRA Premiums	808,515	-	808,515
Administrative Fees	757,633	-	757,633
Total Revenue	\$ 233,921,995	\$ 27,000,000	\$ 260,921,995
<u>Program Expenses</u>			
Medical Claims	\$ 170,449,599	-	\$ 170,449,599
Gross Prescription Drug Claims	125,399,139	-	125,399,139
Prescription Drug Rebates	(28,583,234)	-	(28,583,234)
Managed Care Capitations	7,254,801	-	7,254,801
Administration	8,582,470	-	8,582,470
Life Insurance	506,064	-	506,064
Wellness	441,506	-	441,506
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	98,303	-	98,303
Director's Discretionary Fund	356,658	-	356,658
WV RHBT Pay Go Premiums	-	-	-
Total Expenses	\$ 284,505,306	\$ -	\$ 284,505,306
Fiscal Year Results	\$ (50,583,311)	-	\$ (23,583,311)
Beginning Plan Reserve	(47,171,140)	-	(47,171,140)
Minimum Actuarial Reserve Required	\$ 35,141,085	-	\$ 35,141,085
<u>Ending Premium Stabilization Reserve</u>	(132,895,535)	-	(105,895,535)
Ending Plan Reserve	\$ (97,754,451)	-	\$ (70,754,451)
Reserve as a Percent of Expenses	-	-	-25%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 27,000,000	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		Local	Gross Drugs
		9.5%	16.5%
		Prescription Drug Rebates 5.0%	
		Capitations 6.0%	
		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	\$ 742,921,667	\$ 85,396,127	\$ 828,317,794
Employer Premiums - MCO	83,550,929	9,603,873	93,154,802
Employee Premiums - PPB	183,016,547	21,378,714	204,395,261
Employee Premiums - MCO	20,727,875	2,421,286	23,149,161
WV RHBT Pay Go Premiums	-		-
Life Insurance	2,300,018		2,300,018
Direct Transfers	-		-
Investment Income	2,121,478		2,121,478
Litigation Settlement	-		-
COBRA Premiums	3,138,618		3,138,618
Administrative Fees	4,197,817		4,197,817
Total Revenue	\$ 1,041,974,949	\$ 118,800,000	\$ 1,160,774,949
<u>Program Expenses</u>			
Medical Claims	\$ 692,711,878		\$ 692,711,878
Gross Prescription Drug Claims	529,251,747		529,251,747
Prescription Drug Rebates	(125,184,001)		(125,184,001)
Managed Care Capitations	73,828,764		73,828,764
Administration	34,376,254		34,376,254
Life Insurance	2,026,674		2,026,674
Wellness	1,768,408		1,768,408
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	414,212		414,212
Director's Discretionary Fund	1,463,621		1,463,621
WV RHBT Pay Go Premiums	-		-
Total Expenses	\$ 1,210,657,557	\$ -	\$ 1,210,657,557
Fiscal Year Results	\$ (168,682,608)		\$ (49,882,608)
Beginning Plan Reserve	(58,699,128)		(58,699,128)
Minimum Actuarial Reserve Required	\$ 148,521,837	\$ -	\$ 148,521,837
<u>Ending Premium Stabilization Reserve</u>	<u>(375,903,573)</u>	<u>-</u>	<u>(257,103,573)</u>
Ending Plan Reserve	\$ (227,381,736)		\$ (108,581,736)
Reserve as a Percent of Expenses			-9%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 95,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 23,800,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ -	State	9.5%	16.5%
		Prescription Drug Rebates		5.0%
		Capitations		6.0%
		Administrative Expense		3.0%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2023 to FY 2024**

Fiscal Year 2023												
Exposure	<u>Jul-22</u>	<u>Aug-22</u>	<u>Sep-22</u>	<u>Oct-22</u>	<u>Nov-22</u>	<u>Dec-22</u>	<u>Jan-23</u>	<u>Feb-23</u>	<u>Mar-23</u>	<u>Apr-23</u>	<u>May-23</u>	<u>Jun-23</u>
Local Medical	30,671	30,695	30,675	30,644	30,654	30,737	28,679	28,736	28,681	28,687	28,617	28,574
State Medical	115,258	114,654	114,878	114,996	115,029	115,191	115,105	115,000	114,981	114,770	114,572	114,425
Local Drugs	30,671	30,695	30,675	30,644	30,654	30,737	28,679	28,736	28,681	28,687	28,617	28,574
State Drugs	115,258	114,654	114,878	114,996	115,029	115,191	115,105	115,000	114,981	114,770	114,572	114,425
	<u>Jul-22</u>	<u>Aug-22</u>	<u>Sep-22</u>	<u>Oct-22</u>	<u>Nov-22</u>	<u>Dec-22</u>	<u>Jan-23</u>	<u>Feb-23</u>	<u>Mar-23</u>	<u>Apr-23</u>	<u>May-23</u>	<u>Jun-23</u>
Local Medical	\$234.55	\$257.89	\$261.92	\$279.57	\$284.71	\$276.73	\$300.28	\$287.67	\$337.41	\$284.92	\$319.88	\$312.46
State Medical	237.58	296.25	290.01	296.59	307.35	287.62	315.20	297.68	349.14	312.46	346.94	362.84
Local Drugs	131.61	162.37	156.29	145.61	143.82	156.62	171.11	152.38	183.77	158.12	180.14	193.06
State Drugs	<u>140.66</u>	<u>183.49</u>	<u>183.79</u>	<u>156.89</u>	<u>167.23</u>	<u>176.75</u>	<u>183.47</u>	<u>173.11</u>	<u>198.72</u>	<u>180.55</u>	<u>207.48</u>	<u>214.48</u>
Total	\$744.40	\$899.99	\$892.02	\$878.67	\$903.11	\$897.72	\$970.06	\$910.84	\$1,069.04	\$936.05	\$1,054.44	\$1,082.84
Change From Prior Year - Month to Month Analysis												
Local Medical	-2.6%	-8.5%	-16.4%	5.5%	6.1%	-4.8%	6.3%	-2.7%	5.8%	-2.7%	7.2%	14.1%
State Medical	-13.2%	7.0%	-1.8%	3.8%	3.6%	-3.5%	12.7%	0.2%	12.5%	8.0%	18.0%	13.0%
Local Drugs	-10.6%	3.5%	1.9%	-9.5%	-12.1%	-11.1%	1.0%	-9.3%	-2.8%	-11.9%	-6.4%	-5.4%
State Drugs	<u>-9.6%</u>	<u>7.6%</u>	<u>9.6%</u>	<u>-8.7%</u>	<u>-5.4%</u>	<u>-3.4%</u>	<u>-2.6%</u>	<u>-3.2%</u>	<u>1.9%</u>	<u>-2.6%</u>	<u>4.0%</u>	<u>2.0%</u>
Total	-8.9%	1.6%	-4.1%	-0.5%	-0.2%	-5.3%	5.4%	-3.1%	5.5%	-1.2%	7.1%	7.3%
Change From Prior Year - Quarter to Quarter Analysis												
Local Medical			-9.8%			2.1%			3.2%			6.1%
State Medical			-2.6%			1.3%			8.4%			13.0%
Local Drugs			-1.6%			-10.9%			-3.7%			-7.8%
State Drugs			<u>2.9%</u>			<u>-5.8%</u>			<u>-1.2%</u>			<u>1.3%</u>
Total			-3.7%			-2.1%			2.7%			4.5%
Change From Prior Year - Year to Year Analysis												
Local Medical			-1.7%			-1.5%			-3.1%			0.5%
State Medical			4.4%			0.9%			1.6%			5.2%
Local Drugs			12.5%			5.0%			-0.3%			-6.1%
State Drugs			<u>13.3%</u>			<u>7.1%</u>			<u>2.5%</u>			<u>-0.7%</u>
Total			5.5%			2.0%			-0.1%			0.5%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2023 to FY 2024**

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>
Local Medical	28,408	28,455	28,485	28,555	28,542	28,666	28,686	28,667	28,682	28,686	28,663
State Medical	110,217	109,819	110,078	110,315	110,325	110,418	110,197	109,974	109,884	109,752	109,719
Local Drugs	28,408	28,455	28,485	28,555	28,542	28,666	28,686	28,667	28,682	28,686	28,663
State Drugs	110,217	109,819	110,078	110,315	110,325	110,418	110,197	109,974	109,884	109,752	109,719
	<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>
Local Medical	\$271.43	\$343.29	\$319.24	\$343.73	\$345.84	\$332.91	\$410.07	\$380.39	\$404.83	\$410.46	\$383.08
State Medical	326.79	360.23	324.62	372.01	366.83	358.02	397.69	376.61	402.31	439.30	396.85
Local Drugs	156.45	195.73	175.08	195.49	202.00	195.23	204.06	198.03	202.89	227.06	251.95
State Drugs	<u>186.31</u>	<u>218.29</u>	<u>203.78</u>	<u>217.49</u>	<u>219.47</u>	<u>213.64</u>	<u>220.56</u>	<u>210.90</u>	<u>219.73</u>	<u>247.61</u>	<u>258.70</u>
Total	\$940.97	\$1,117.55	\$1,022.71	\$1,128.72	\$1,134.15	\$1,099.80	\$1,232.37	\$1,165.92	\$1,229.77	\$1,324.43	\$1,290.57
Change From Prior Year - Month to Month Analysis											
Local Medical	15.7%	33.1%	21.9%	22.9%	21.5%	20.3%	36.6%	32.2%	20.0%	44.1%	19.8%
State Medical	37.5%	21.6%	11.9%	25.4%	19.4%	24.5%	26.2%	26.5%	15.2%	40.6%	14.4%
Local Drugs	18.9%	20.5%	12.0%	34.3%	40.5%	24.7%	19.3%	30.0%	10.4%	43.6%	39.9%
State Drugs	<u>32.5%</u>	<u>19.0%</u>	<u>10.9%</u>	<u>38.6%</u>	<u>31.2%</u>	<u>20.9%</u>	<u>20.2%</u>	<u>21.8%</u>	<u>10.6%</u>	<u>37.1%</u>	<u>24.7%</u>
Total	26.4%	24.2%	14.7%	28.5%	25.6%	22.5%	27.0%	28.0%	15.0%	41.5%	22.4%
Change From Prior Year - Quarter to Quarter Analysis											
Local Medical			23.8%			21.6%			29.2%		
State Medical			22.8%			23.0%			22.3%		
Local Drugs			17.1%			32.9%			19.3%		
State Drugs			<u>19.8%</u>			<u>29.9%</u>			<u>17.3%</u>		
Total			21.5%			25.5%			23.0%		
Change From Prior Year - Year to Year Analysis											
Local Medical			8.3%			13.2%			20.2%		
State Medical			11.2%			16.7%			20.2%		
Local Drugs			-2.0%			8.0%			14.0%		
State Drugs			<u>3.2%</u>			<u>11.6%</u>			<u>16.4%</u>		
Total			6.3%			13.0%			18.4%		