

STATE OF WEST VIRGINIA



PUBLIC EMPLOYEES INSURANCE AGENCY

Financial Plan

Fiscal Years 2017-2021

December 2016



415 Main Street
Reisterstown, MD 21136-1905
410-833-4220
410-833-4229 (fax)
www.continuingcareactuaries.com

Finance Board
West Virginia Public Employees Insurance Agency
601 57th St., SE, Suite 2
Charleston, West Virginia 25304-2345

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 2016 for the fiscal year 2018 (“FY 2018”) and to provide quarterly financial reports for current FY 2017 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 2017 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 2021.

The Medicaid / PEIA Hospital Bill (“Bill”) has been extended and is anticipated to continue to provide PEIA with hospital charge savings through discounts for all non-Medicare coverages. These hospital savings are assumed to increase by the medical trend assumptions in Fiscal Year 2017 and subsequently. We are assuming that the Bill will continue throughout the five year forecast period.

Continuing Care Actuaries has provided preliminary forecasts for fiscal years ending June 30, 2017 (“FY 2017”), June 30, 2018 (“FY 2018”), June 30, 2019 (“FY 2019”), June 30, 2020 (“FY 2020”) and June 30, 2021 (“FY 2021”). Our opinion of plan adequacy is based on the projections through FY 2021 using updated future revenue and plan modifications provided by the Board in the financial plan adopted in December 2016. 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, it is noteworthy that some current PEIA members have become eligible for the West Virginia Children Health Insurance Plan effective in Fiscal Year 2016.

In FY 2017 the Pay-Go is equivalent to \$293 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 2016.

This report includes updated claim trend assumptions as recommended in the report titled, “PEIA FY2016 Detailed Medical and Prescription Drugs Claim Trend Report - November 2016”. In the circumstances and subject to the conditions described herein, we believe the financial plan approved by the Board for FY 2017 through FY 2021 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 2017 based on the scheduled revenue increases of the financial plan approved and amended by the Board in December 2016.

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 2021 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., F.C.A., M.A.A.A.
Managing Partner



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

West Virginia Public Employees Insurance Agency

Report of Independent Actuary

Financial Plan for FY 2017 – FY 2021

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 November 2016 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 December 2016 enrollment levels for the duration of these forecasts for active employees.

In aggregate, December 2016 enrollment for active employees has decreased by 803 coverages since the end of FY 2016. Aggregate PPB enrollment has decreased by 1,133 in total over the same period, while managed care enrollment experienced an increase of 330 coverages.

In the State Fund, the overall active State enrollment decreased by 911 coverages from the end of FY 2016 to December 2016. And in the Local Fund, the overall active Local enrollment increased by 108 coverages from the end of FY 2016 to December 2016.

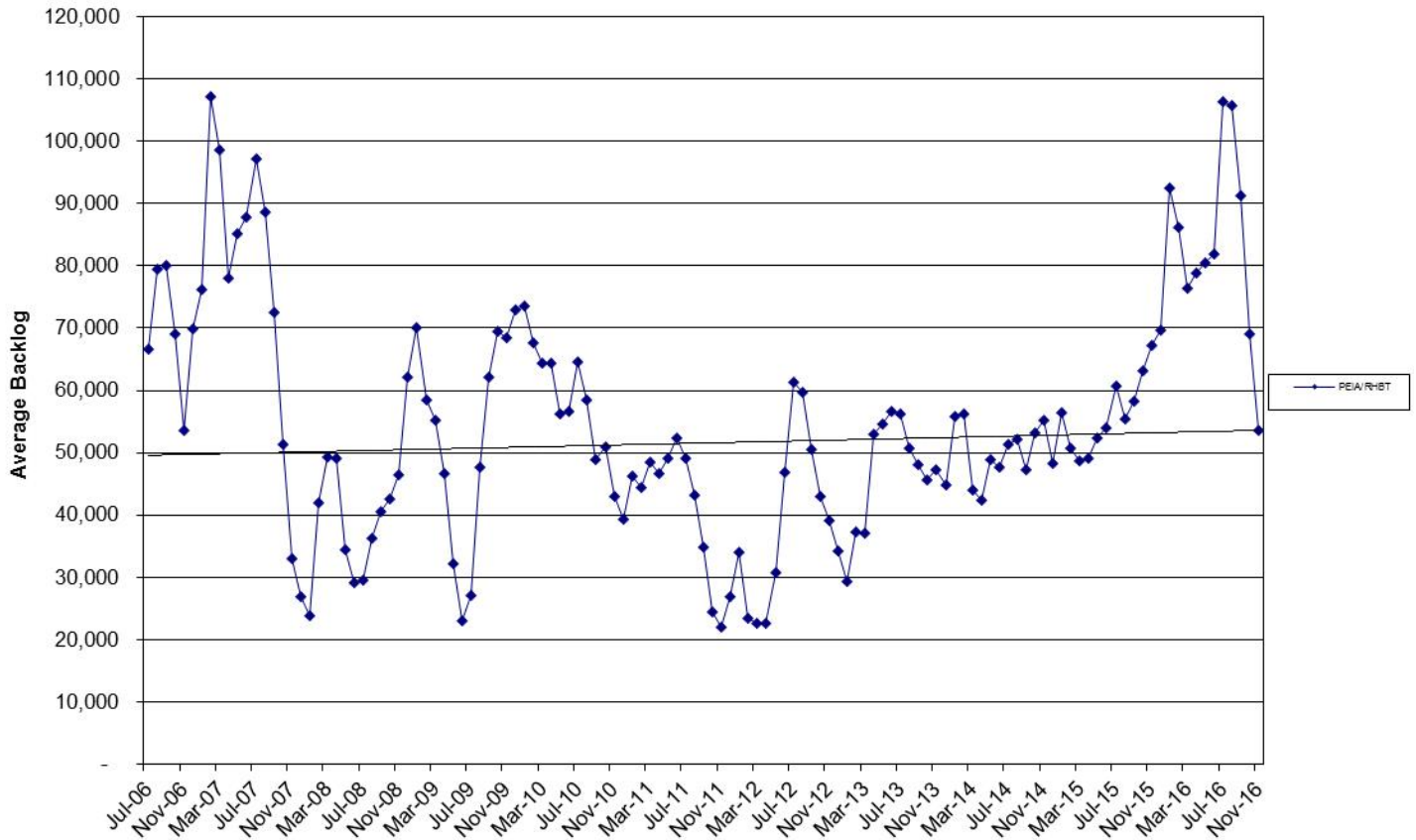
The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2015, June 2016 and December 2016 for purposes of comparison:

PEIA Fund	Coverage	Preferred Provider Benefit			Managed Care		
		Jun-15	Jun-16	Dec-16	Jun-15	Jun-16	Dec-16
State Active	Single	22,080	22,035	21,698	1,889	1,946	2,118
	Children	6,295	6,250	6,003	571	591	593
	Family	30,344	29,925	29,303	2,759	2,782	2,903
	Total	58,719	58,210	57,004	5,219	5,319	5,614
Local Active	Single	5,474	5,204	5,276	371	399	423
	Children	1,013	959	980	102	106	104
	Family	5,720	5,724	5,704	149	187	200
	Total	12,207	11,887	11,960	622	692	727
Plan Total		70,926	70,097	68,964	5,841	6,011	6,341
Grand Total					76,767	76,108	75,305

B. Changes in Claim Backlog

It should be noted that on July 1, 2006, all retirees were transferred to the RHBT. The chart below has not been adjusted to reflect the smaller risk pool. It has displayed the duration of claim payments that has been gradually declining for the self-insured block of non-Medicare coverages. Backlog has shown a historically increasing trend since July 2006. However, it indicates a downward trend since the beginning of FY 2017.

WV PEIA&RHBT Claim Backlog July 2006 through November 2016



C. Trend Analysis

PEIA experienced slightly higher medical and prescription drug trends in FY 2016, but over the past few years, trends have been beneficial to the plan. Continuing Care Actuaries performed the detailed medical and prescription drugs trend analysis in the report titled, “PEIA FY2016 Detailed Medical and Prescription Drugs Claim Trend Report - November 2016”. This report includes the detailed trend analysis of PEIA experience by medical and prescription drugs. Based on the analysis, we have maintained the FY 2017 medical claim trend assumption at 7.0%, and we have increased the FY 2017 prescription drug claim trend assumption from 9.0% to 11.0%.

The current trend projection is shown in the following table:

Claim Type	Previous Assumption FY 2017 Trend	Updated Assumption FY 2017 Trend
Active Local – Medical	7.0%	7.0%
State – Medical	7.0%	7.0%
Active Local – Drugs	9.0%	11.0%
State – Drugs	9.0%	11.0%

In addition, we have assumed that trends will increase by 0.5% in each successive fiscal year beginning in FY 2018. 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 November 2016. 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)

<u>Fiscal</u> <u>Year</u>	<u>Active Local</u> <u>Medical</u>	<u>State</u> <u>Medical</u>	<u>Active Local</u> <u>Drugs</u>	<u>State</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%	10%	12%	13%	11%
2017*	17%	7%	12%	14%	10%

* Fiscal Year 2017 results are through the first five months ending November 2016.

D. Enrollment, Claim, Expense and Revenue Assumptions

Using PEIA paid claim data through November 2016 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 2017 claims and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

Fiscal Year 2017 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	57,007	\$ 563	\$ 138	\$ 521	\$ 160	
	<u>Managed Care</u>	<u>5,593</u>	\$ 572	\$ 154			\$ 567
	Total	62,600					
Local	PPB	11,949	\$ 588	\$ -	\$ 509	\$ 145	
	<u>Managed Care</u>	<u>727</u>	\$ 491	\$ -			\$ 429
	Total	12,676					

*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 2016

Source	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Additional State Employer Revenue	\$66,800,000	\$0	\$37,000,000	\$52,000,000	\$55,500,000
Additional Local Agency Revenue	\$4,150,000	\$6,600,000	\$16,000,000	\$16,000,000	\$14,500,000
Additional Employee Premium	\$14,500,000	\$0	\$9,300,000	\$13,000,000	\$13,900,000
State Direct Transfer	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
Benefit Reductions and Savings / (Increase) - Active State	\$27,475,000	\$31,765,000	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active Local	\$825,000	\$7,174,000	\$0	\$0	\$0
PPACA Reinsurance Contributions (Cost)	(\$1,800,000)	\$0	\$0	\$0	\$0
PPACA Comparative Effectiveness Research Fees (Cost)	(\$315,468)	(\$322,586)	(\$320,561)	\$0	\$0
Pay Go Premium Transfer	\$150,000,000	\$160,000,000	\$170,000,000	\$180,000,000	\$190,000,000

The \$31,765,000 of Active State benefit reductions and savings in Fiscal Year 2018 is comprised of the following:

	<u>2018 Claim Cost Savings</u>
Medical Claims	\$23.887 M
Drug Claims	\$7.878 M

The \$7,174,000 of Active Local benefit reductions in Fiscal Year 2018 is comprised of the following:

	<u>2018 Claim Cost Savings</u>
Medical Claims	\$5.560 M
Drug Claims	\$1.614 M

A detailed list of the 2018 benefit reductions and savings for the Active Employee plan as voted on by the Board consists of the following:

	<u>State Saving</u>	<u>Local Saving</u>
Fee Schedules Payment Changes	\$0.929 M	\$0.164 M
Ded/MOOP Increases \$200/400 & \$1,000/2,000	\$19.430 M	\$0 M
Non State \$200/400 & \$1,000/2,000	\$0 M	\$4.320 M
Plan A, B & D Changes	\$3.100 M	\$1.000 M
Office Visits All PCP Copays \$20	\$0.428 M	\$0.076 M
Total Medical Benefit Reductions	\$23.887 M	\$5.560 M
Rx Mandatory Maintenance (90 Days)	\$7.669 M	\$1.571 M
Rx Specialty Copay Increases	\$0.209 M	\$0.043 M
Total Drugs Savings	\$7.878 M	\$1.614 M
Total Benefit Reductions and Savings	\$31.765 M	\$7.174 M

The Centers for Medicare & Medicaid Services (“CMS”) and the United States Department of Health and Human Services (“HHS”) released the final rule containing further detail and parameters related to the risk adjustment, reinsurance, and risk corridors programs in the ACA on November 26, 2012. Section 1341 of the ACA provides that health insurance issuers and third party administrators on behalf of group health plans must make payments to an applicable reinsurance entity.

Under the final rule, issuers would be required to pay a reinsurance contribution of \$5.25 per member per month to HHS in 2014. The \$5.25 contribution rate would gradually decrease in 2016. From 2017 and beyond, no further reinsurance contributions will be collected. PEIA will not receive any benefit payments from the national reinsurance program. PEIA will be subject to paying the reinsurance contributions through FY 2017 and the projected expenses of the reinsurance contributions are included in the current financial plan. The total reinsurance contributions for the financial projection are estimated to be approximately \$1,800,000 in FY 2017.

The Treasury Department and the Internal Revenue Service recently issued a final rule implementing a new tax added by the Affordable Care Act: The Comparative Effectiveness Research Fees. These fees are currently expected to be paid by health insurers and plan sponsors of self-insured group health plans.

The Affordable Care Act created a new Patient-Centered Outcomes Research Institute (PCORI) to conduct research evaluating and comparing health outcomes and assess the clinical effectiveness, risks and benefits of medical treatments. The PCORI’s work will be paid for by a new Patient-Centered Outcomes Research Trust Fund, which will be funded in part through the comparative effectiveness research fees.

It is anticipated that PEIA would accrue and pay these fees through FY 2019. The fee would be \$2 per member per year. The total comparative effectiveness research fees for the financial projection are estimated to be approximately \$960,000, with \$315,468 in FY 2017.

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.

E. Provider Reimbursement Changes

Beyond the extension of the Medicaid / PEIA Hospital Bill 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 2017 FORECAST

The financial forecast for FY 2017 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2017 projects accrued revenue of \$792,848,430 and incurred plan expenses of \$773,630,711 to produce a fiscal year surplus of \$19,217,719. The PEIA local and state agencies Pay Go premiums for FY 2017 are assumed to be \$150,000,000.

Under the Baseline Scenario, FY 2017 is projected to end with a reserve of \$124,377,213 and the FY 2018 PEIA/RHBT combined, projected plan expenditures of \$907,632,517, which represents 14% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$123,975,220. This reserve is comprised of 15% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending reserve is expected to increase to \$130,074,496 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$118,711,656.

FISCAL YEAR 2018 FORECAST

The financial forecast for FY 2018 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2018 projects accrued revenue of \$797,732,313 and incurred plan expenses of \$789,050,112 to produce a fiscal year surplus of \$8,682,201. The PEIA local and state agencies Pay Go premiums for FY 2018 are assumed to be \$160,000,000.

Under the Baseline Scenario, FY 2018 is projected to end with a reserve of \$133,059,414 and the FY 2019 PEIA/RHBT combined, projected plan expenditures of \$920,284,626, which represents 14% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$125,811,099. This reserve is comprised of 15% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending reserve is expected to increase to \$155,055,385 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$110,915,619.

FISCAL YEAR 2019 FORECAST

The financial forecast for FY 2019 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2019 projects accrued revenue of \$858,564,160 and incurred plan expenses of \$854,120,056 to produce a fiscal year surplus of \$4,444,104. The PEIA local and state agencies Pay Go premiums for FY 2019 are assumed to be \$170,000,000.

Under the Baseline Scenario, FY 2019 is projected to end with a reserve of \$137,503,518 and the FY 2020 PEIA/RHBT combined, projected plan expenditures of \$1,004,675,655, which represents 14% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$137,258,876. This reserve is comprised of 15% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending reserve is expected to increase to \$188,475,892 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$85,535,304.

FISCAL YEAR 2020 FORECAST

The financial forecast for FY 2020 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2020 projects accrued revenue of \$937,760,575 and incurred plan expenses of \$924,104,815 to produce a fiscal year surplus of \$13,655,760. The PEIA local and state agencies Pay Go premiums for FY 2020 are assumed to be \$180,000,000.

Under the Baseline Scenario, FY 2020 is projected to end with a reserve of \$151,159,278 and the FY 2021 PEIA/RHBT combined, projected plan expenditures of \$1,104,013,757, which represents 14% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$150,664,617. This reserve is comprised of 15% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending reserve is expected to increase to \$245,557,116 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$53,674,087.

FISCAL YEAR 2021 FORECAST

The financial forecast for FY 2021 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2021 projects accrued revenue of \$1,019,587,483 and incurred plan expenses of \$1,003,415,508 to produce a fiscal year surplus of \$16,171,975. The PEIA local and state agencies Pay Go premiums for FY 2021 are assumed to be \$190,000,000.

Under the Baseline Scenario, FY 2021 is projected to end with a reserve of \$167,331,253 and the FY 2022 PEIA/RHBT combined, projected plan expenditures of \$1,219,657,878, which represents 14% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$166,242,568. This reserve is comprised of 15% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending reserve is expected to increase to \$321,429,527 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$6,102,706.

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 meet the minimum 10% reserve target set by West Virginia Statute and the minimum actuarial required reserve target through the projection period ending with the Fiscal Year 2021, using the Baseline assumptions. These projections are based on significant revenue increases as contained in the Financial Plan adopted by the Board in December 2016 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 2017**

PERIOD 7/1/2016 - 6/30/2017

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 108,139,983	\$ 475,736,337	\$ 583,876,320
Employer Premiums - MCO	5,733,861	47,318,373	53,052,234
Employee Premiums - PPB	-	117,289,621	117,289,621
Employee Premiums - MCO	-	12,583,427	12,583,427
Life Insurance	198,191	1,057,672	1,255,863
Direct Transfers	-	10,000,000	10,000,000
Investment Income	2,264,602	5,583,847	7,848,449
Litigation Settlement	-	-	-
COBRA Premiums	319,949	1,328,485	1,648,434
Administrative Fees	809,406	4,484,676	5,294,082
Total Revenue	\$ 117,465,992	\$ 675,382,438	\$ 792,848,430
<u>Program Expenses</u>			
Medical Claims	\$ 73,048,670	\$ 356,649,390	\$ 429,698,060
Prescription Drug Claims	20,802,323	109,212,196	130,014,519
Managed Care Capitations	3,739,023	38,050,317	41,789,340
Administration	2,180,171	11,634,775	13,814,946
Life Insurance	198,294	1,058,220	1,256,514
Wellness	229,979	1,227,313	1,457,292
ACA Reinsurance Contributions	284,063	1,515,937	1,800,000
ACA Comparative Effectiveness Research Fees	48,780	266,688	315,468
Computer Software Reserve	278,743	1,487,549	1,766,292
Director's Discretionary Fund	287,147	1,431,133	1,718,280
WV RHBT Pay Go Premiums	25,258,356	124,741,644	150,000,000
Total Expenses	\$ 126,355,549	\$ 647,275,162	\$ 773,630,711
Fiscal Year Results	\$ (8,889,557)	\$ 28,107,276	\$ 19,217,719
Beginning Plan Reserve	38,762,272	66,397,222	105,159,494
Ending Plan Reserve	\$ 29,872,715	\$ 94,504,498	\$ 124,377,213
Reserve as a Percent of Expenses			14%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 66,800,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 4,150,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 14,500,000	Active Local	7.0%	11.0%
Direct Transfers	\$ 10,000,000	State	7.0%	11.0%
		Capitations		13.4%
		Administrative Expense		-16.3%

**APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2017**

PERIOD 7/1/2016 - 6/30/2017

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 108,139,983	\$ -	\$ 108,139,983
Employer Premiums - MCO	5,733,861	-	5,733,861
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	198,191		198,191
Direct Transfers	-		-
Investment Income	2,264,602		2,264,602
Litigation Settlement	-		-
COBRA Premiums	319,949		319,949
Administrative Fees	809,406		809,406
Total Revenue	\$ 117,465,992	\$ -	\$ 117,465,992
<u>Program Expenses</u>			
Medical Claims	\$ 73,873,670	\$ (825,000)	\$ 73,048,670
Prescription Drug Claims	20,802,323	\$ -	20,802,323
Managed Care Capitations	3,739,023		3,739,023
Administration	2,180,171		2,180,171
Life Insurance	198,294		198,294
Wellness	229,979		229,979
ACA Reinsurance Contributions	284,063		284,063
ACA Comparative Effectiveness Research Fees	48,780		48,780
Computer Software Reserve	278,743		278,743
Director's Discretionary Fund	287,147		287,147
WV RHBT Pay Go Premiums	25,258,356		25,258,356
Total Expenses	\$ 127,180,549	\$ (825,000)	\$ 126,355,549
Fiscal Year Results	\$ (9,714,557)		\$ (8,889,557)
Beginning Plan Reserve	38,762,272		38,762,272
Ending Plan Reserve	\$ 29,047,715		\$ 29,872,715
Reserve as a Percent of Expenses			20%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 4,150,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	7.0%	11.0%
		Capitations		13.4%
		Administrative Expense		-16.3%

**APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2017**

PERIOD 7/1/2016 - 6/30/2017

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 475,736,337	\$ -	\$ 475,736,337
Employer Premiums - MCO	47,318,373	-	47,318,373
Employee Premiums - PPB	117,289,621	-	117,289,621
Employee Premiums - MCO	12,583,427	-	12,583,427
Life Insurance	1,057,672		1,057,672
Direct Transfers	10,000,000		10,000,000
Investment Income	5,583,847		5,583,847
Litigation Settlement	-		-
COBRA Premiums	1,328,485		1,328,485
Administrative Fees	4,484,676		4,484,676
Total Revenue	\$ 675,382,438	\$ -	\$ 675,382,438
<u>Program Expenses</u>			
Medical Claims	\$ 360,724,390	\$ (4,075,000)	\$ 356,649,390
Prescription Drug Claims	132,612,196	\$ (23,400,000)	109,212,196
Managed Care Capitations	38,050,317	-	38,050,317
Administration	11,634,775		11,634,775
Life Insurance	1,058,220		1,058,220
Wellness	1,227,313		1,227,313
ACA Reinsurance Contributions	1,515,937		1,515,937
ACA Comparative Effectiveness Research Fees	266,688		266,688
Computer Software Reserve	1,487,549		1,487,549
Director's Discretionary Fund	1,431,133		1,431,133
WV RHBT Pay Go Premiums	124,741,644		124,741,644
Total Expenses	\$ 674,750,162	\$ (27,475,000)	\$ 647,275,162
Fiscal Year Results	\$ 632,276		\$ 28,107,276
Beginning Plan Reserve	66,397,222		66,397,222
Ending Plan Reserve	\$ 67,029,498		\$ 94,504,498
Reserve as a Percent of Expenses			12%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 66,800,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 14,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ 10,000,000	State	7.0%	11.0%
		Capitations		13.4%
		Administrative Expense		-16.3%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2018**

PERIOD 7/1/2017 - 6/30/2018

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 114,407,655	\$ 475,736,337	\$ 590,143,992
Employer Premiums - MCO	6,066,189	47,318,373	53,384,562
Employee Premiums - PPB	-	117,289,621	117,289,621
Employee Premiums - MCO	-	12,583,427	12,583,427
Life Insurance	208,100	1,110,556	1,318,656
Direct Transfers	-	10,000,000	10,000,000
Investment Income	1,282,457	4,768,538	6,050,995
Litigation Settlement	-	-	-
COBRA Premiums	338,493	1,328,485	1,666,978
Administrative Fees	809,406	4,484,676	5,294,082
Total Revenue	\$ 123,112,300	\$ 674,620,013	\$ 797,732,313
<u>Program Expenses</u>			
Medical Claims	\$ 72,757,929	\$ 358,351,247	\$ 431,109,176
Prescription Drug Claims	21,520,949	113,537,676	135,058,625
Managed Care Capitations	3,963,365	40,333,336	44,296,701
Administration	1,896,022	10,118,376	12,014,398
Life Insurance	208,208	1,111,131	1,319,339
Wellness	229,979	1,227,313	1,457,292
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	49,352	273,235	322,587
Computer Software Reserve	278,743	1,487,549	1,766,292
Director's Discretionary Fund	284,035	1,421,667	1,705,702
WV RHBT Pay Go Premiums	27,507,758	132,492,242	160,000,000
Total Expenses	\$ 128,696,339	\$ 660,353,773	\$ 789,050,112
Fiscal Year Results	\$ (5,584,039)	\$ 14,266,240	\$ 8,682,201
Beginning Plan Reserve	29,872,715	94,504,498	124,377,213
Ending Plan Reserve	\$ 24,288,676	\$ 108,770,738	\$ 133,059,414
Reserve as a Percent of Expenses			14%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 6,600,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ -	Active Local	7.5%	11.5%
Direct Transfers	\$ 10,000,000	State	7.5%	11.5%
		Capitations		6.0%
		Administrative Expense		3.0%

**APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2018**

PERIOD 7/1/2017 - 6/30/2018

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 108,139,983	\$ 6,267,672	\$ 114,407,655
Employer Premiums - MCO	5,733,861	332,328	6,066,189
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	208,100		208,100
Direct Transfers	-		-
Investment Income	1,282,457		1,282,457
Litigation Settlement	-		-
COBRA Premiums	338,493		338,493
Administrative Fees	809,406		809,406
Total Revenue	\$ 116,512,300	\$ 6,600,000	\$ 123,112,300
<u>Program Expenses</u>			
Medical Claims	\$ 72,757,929		\$ 72,757,929
Prescription Drug Claims	21,520,949		21,520,949
Managed Care Capitations	3,963,365		3,963,365
Administration	1,896,022		1,896,022
Life Insurance	208,208		208,208
Wellness	229,979		229,979
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	49,352		49,352
Computer Software Reserve	278,743		278,743
Director's Discretionary Fund	284,035		284,035
WV RHBT Pay Go Premiums	27,507,758		27,507,758
Total Expenses	\$ 128,696,340	\$ -	\$ 128,696,340
Fiscal Year Results	\$ (12,184,040)		\$ (5,584,040)
Beginning Plan Reserve	29,872,715		29,872,715
Ending Plan Reserve	\$ 17,688,675		\$ 24,288,675
Reserve as a Percent of Expenses			16%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 6,600,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	7.5%	11.5%
		Capitations		6.0%
		Administrative Expense		3.0%

**APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2018**

PERIOD 7/1/2017 - 6/30/2018

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 475,736,337	\$ -	\$ 475,736,337
Employer Premiums - MCO	47,318,373	-	47,318,373
Employee Premiums - PPB	117,289,621	-	117,289,621
Employee Premiums - MCO	12,583,427	-	12,583,427
Life Insurance	1,110,556		1,110,556
Direct Transfers	10,000,000		10,000,000
Investment Income	4,768,538		4,768,538
Litigation Settlement	-		-
COBRA Premiums	1,328,485		1,328,485
Administrative Fees	4,484,676		4,484,676
Total Revenue	\$ 674,620,013	\$ -	\$ 674,620,013
<u>Program Expenses</u>			
Medical Claims	\$ 358,351,247		\$ 358,351,247
Prescription Drug Claims	113,537,676		113,537,676
Managed Care Capitations	40,333,336		40,333,336
Administration	10,118,376		10,118,376
Life Insurance	1,111,131		1,111,131
Wellness	1,227,313		1,227,313
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	273,235		273,235
Computer Software Reserve	1,487,549		1,487,549
Director's Discretionary Fund	1,421,667		1,421,667
WV RHBT Pay Go Premiums	132,492,242		132,492,242
Total Expenses	\$ 660,353,772	\$ -	\$ 660,353,772
Fiscal Year Results	\$ 14,266,241		\$ 14,266,241
Beginning Plan Reserve	94,504,498		94,504,498
Ending Plan Reserve	\$ 108,770,739		\$ 108,770,739
Reserve as a Percent of Expenses			14%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ 10,000,000	State	7.5%	11.5%
		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 2019**

PERIOD 7/1/2018 - 6/30/2019

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 129,602,011	\$ 509,389,116	\$ 638,991,127
Employer Premiums - MCO	6,871,833	50,665,594	57,537,427
Employee Premiums - PPB	-	125,688,542	125,688,542
Employee Premiums - MCO	-	13,484,506	13,484,506
Life Insurance	218,505	1,166,084	1,384,589
Direct Transfers	-	10,000,000	10,000,000
Investment Income	771,509	3,606,241	4,377,750
Litigation Settlement	-	-	-
COBRA Premiums	383,448	1,422,689	1,806,137
Administrative Fees	809,406	4,484,676	5,294,082
Total Revenue	\$ 138,656,712	\$ 719,907,448	\$ 858,564,160
<u>Program Expenses</u>			
Medical Claims	\$ 78,413,864	\$ 386,208,162	\$ 464,622,026
Prescription Drug Claims	24,055,073	126,906,910	150,961,984
Managed Care Capitations	4,201,167	42,753,336	46,954,503
Administration	2,359,166	12,590,005	14,949,171
Life Insurance	218,619	1,166,688	1,385,307
Wellness	229,979	1,227,313	1,457,292
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	48,781	271,780	320,561
Computer Software Reserve	278,743	1,487,549	1,766,292
Director's Discretionary Fund	283,465	1,419,456	1,702,921
WV RHBT Pay Go Premiums	29,808,690	140,191,310	170,000,000
Total Expenses	\$ 139,897,546	\$ 714,222,510	\$ 854,120,056
Fiscal Year Results	\$ (1,240,834)	\$ 5,684,938	\$ 4,444,104
Beginning Plan Reserve	24,288,676	108,770,738	133,059,414
Ending Plan Reserve	\$ 23,047,841	\$ 114,455,677	\$ 137,503,518
Reserve as a Percent of Expenses			14%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 37,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 16,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 9,300,000	Active Local	8.0%	12.0%
Direct Transfers	\$ 10,000,000	State	8.0%	12.0%
		Capitations		6.0%
		Administrative Expense		3.0%

**APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2019**

PERIOD 7/1/2018 - 6/30/2019

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 114,407,655	\$ 15,194,356	\$ 129,602,011
Employer Premiums - MCO	6,066,189	805,644	6,871,833
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	218,505		218,505
Direct Transfers	-		-
Investment Income	771,509		771,509
Litigation Settlement	-		-
COBRA Premiums	383,448		383,448
Administrative Fees	809,406		809,406
Total Revenue	\$ 122,656,712	\$ 16,000,000	\$ 138,656,712
<u>Program Expenses</u>			
Medical Claims	\$ 78,413,864		\$ 78,413,864
Prescription Drug Claims	24,055,073		24,055,073
Managed Care Capitations	4,201,167		4,201,167
Administration	2,359,166		2,359,166
Life Insurance	218,619		218,619
Wellness	229,979		229,979
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	48,781		48,781
Computer Software Reserve	278,743		278,743
Director's Discretionary Fund	283,465		283,465
WV RHBT Pay Go Premiums	29,808,690		29,808,690
Total Expenses	\$ 139,897,547	\$ -	\$ 139,897,547
Fiscal Year Results	\$ (17,240,835)		\$ (1,240,835)
Beginning Plan Reserve	24,288,676		24,288,676
Ending Plan Reserve	\$ 7,047,841		\$ 23,047,841
Reserve as a Percent of Expenses			14%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 16,000,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	8.0%	12.0%
		Capitations		6.0%
		Administrative Expense		3.0%

**APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2019**

PERIOD 7/1/2018 - 6/30/2019

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 475,736,337	\$ 33,652,779	\$ 509,389,116
Employer Premiums - MCO	47,318,373	3,347,221	50,665,594
Employee Premiums - PPB	117,289,621	8,398,921	125,688,542
Employee Premiums - MCO	12,583,427	901,079	13,484,506
Life Insurance	1,166,084		1,166,084
Direct Transfers	10,000,000		10,000,000
Investment Income	3,606,241		3,606,241
Litigation Settlement	-		-
COBRA Premiums	1,422,689		1,422,689
Administrative Fees	4,484,676		4,484,676
Total Revenue	\$ 673,607,448	\$ 46,300,000	\$ 719,907,448
<u>Program Expenses</u>			
Medical Claims	\$ 386,208,162		\$ 386,208,162
Prescription Drug Claims	126,906,910		126,906,910
Managed Care Capitations	42,753,336		42,753,336
Administration	12,590,005		12,590,005
Life Insurance	1,166,688		1,166,688
Wellness	1,227,313		1,227,313
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	271,780		271,780
Computer Software Reserve	1,487,549		1,487,549
Director's Discretionary Fund	1,419,456		1,419,456
WV RHBT Pay Go Premiums	140,191,310		140,191,310
Total Expenses	\$ 714,222,509	\$ -	\$ 714,222,509
Fiscal Year Results	\$ (40,615,061)		\$ 5,684,939
Beginning Plan Reserve	108,770,738		108,770,738
Ending Plan Reserve	\$ 68,155,677		\$ 114,455,677
Reserve as a Percent of Expenses			14%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 37,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 9,300,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ 10,000,000	State	8.0%	12.0%
		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 2020**

PERIOD 7/1/2019 - 6/30/2020

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 144,796,367	\$ 556,684,913	\$ 701,481,280
Employer Premiums - MCO	7,677,477	55,369,797	63,047,274
Employee Premiums - PPB	-	137,428,969	137,428,969
Employee Premiums - MCO	-	14,744,079	14,744,079
Life Insurance	229,431	1,224,388	1,453,819
Direct Transfers	-	10,000,000	10,000,000
Investment Income	389,001	1,938,726	2,327,727
Litigation Settlement	-	-	-
COBRA Premiums	428,403	1,554,942	1,983,345
Administrative Fees	809,406	4,484,676	5,294,082
Total Revenue	\$ 154,330,085	\$ 783,430,490	\$ 937,760,575
<u>Program Expenses</u>			
Medical Claims	\$ 84,901,691	\$ 418,162,357	\$ 503,064,048
Prescription Drug Claims	27,007,915	142,485,163	169,493,078
Managed Care Capitations	4,453,237	45,318,536	49,771,773
Administration	2,429,941	12,967,705	15,397,646
Life Insurance	229,550	1,225,022	1,454,572
Wellness	229,979	1,227,313	1,457,292
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Computer Software Reserve	278,743	1,487,549	1,766,292
Director's Discretionary Fund	282,889	1,417,225	1,700,114
WV RHBT Pay Go Premiums	32,135,990	147,864,010	180,000,000
Total Expenses	\$ 151,949,935	\$ 772,154,880	\$ 924,104,815
Fiscal Year Results	\$ 2,380,150	\$ 11,275,610	\$ 13,655,760
Beginning Plan Reserve	23,047,841	114,455,677	137,503,518
Ending Plan Reserve	\$ 25,427,991	\$ 125,731,287	\$ 151,159,278
Reserve as a Percent of Expenses			14%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 52,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 16,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 13,000,000	Active Local	8.5%	12.5%
Direct Transfers	\$ 10,000,000	State	8.5%	12.5%
		Capitations		6.0%
		Administrative Expense		3.0%

**APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2020**

PERIOD 7/1/2019 - 6/30/2020

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 129,602,011	\$ 15,194,356	\$ 144,796,367
Employer Premiums - MCO	6,871,833	805,644	7,677,477
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	229,431		229,431
Direct Transfers	-		-
Investment Income	389,001		389,001
Litigation Settlement	-		-
COBRA Premiums	428,403		428,403
Administrative Fees	809,406		809,406
Total Revenue	\$ 138,330,085	\$ 16,000,000	\$ 154,330,085
<u>Program Expenses</u>			
Medical Claims	\$ 84,901,691		\$ 84,901,691
Prescription Drug Claims	27,007,915		27,007,915
Managed Care Capitations	4,453,237		4,453,237
Administration	2,429,941		2,429,941
Life Insurance	229,550		229,550
Wellness	229,979		229,979
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	278,743		278,743
Director's Discretionary Fund	282,889		282,889
WV RHBT Pay Go Premiums	32,135,990		32,135,990
Total Expenses	\$ 151,949,935	\$ -	\$ 151,949,935
Fiscal Year Results	\$ (13,619,850)		\$ 2,380,150
Beginning Plan Reserve	23,047,841		23,047,841
Ending Plan Reserve	\$ 9,427,991		\$ 25,427,991
Reserve as a Percent of Expenses			14%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 16,000,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	8.5%	12.5%
		Capitations		6.0%
		Administrative Expense		3.0%

**APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2020**

PERIOD 7/1/2019 - 6/30/2020

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 509,389,116	\$ 47,295,797	\$ 556,684,913
Employer Premiums - MCO	50,665,594	4,704,203	55,369,797
Employee Premiums - PPB	125,688,542	11,740,427	137,428,969
Employee Premiums - MCO	13,484,506	1,259,573	14,744,079
Life Insurance	1,224,388		1,224,388
Direct Transfers	10,000,000		10,000,000
Investment Income	1,938,726		1,938,726
Litigation Settlement	-		-
COBRA Premiums	1,554,942		1,554,942
Administrative Fees	4,484,676		4,484,676
Total Revenue	\$ 718,430,490	\$ 65,000,000	\$ 783,430,490
<u>Program Expenses</u>			
Medical Claims	\$ 418,162,357		\$ 418,162,357
Prescription Drug Claims	142,485,163		142,485,163
Managed Care Capitations	45,318,536		45,318,536
Administration	12,967,705		12,967,705
Life Insurance	1,225,022		1,225,022
Wellness	1,227,313		1,227,313
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	1,487,549		1,487,549
Director's Discretionary Fund	1,417,225		1,417,225
WV RHBT Pay Go Premiums	147,864,010		147,864,010
Total Expenses	\$ 772,154,880	\$ -	\$ 772,154,880
Fiscal Year Results	\$ (53,724,390)		\$ 11,275,610
Beginning Plan Reserve	114,455,677		114,455,677
Ending Plan Reserve	\$ 60,731,287		\$ 125,731,287
Reserve as a Percent of Expenses			14%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 52,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 13,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ 10,000,000	State	8.5%	12.5%
		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 2021**

PERIOD 7/1/2020 - 6/30/2021

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 158,566,252	\$ 607,164,081	\$ 765,730,333
Employer Premiums - MCO	8,407,592	60,390,629	68,798,221
Employee Premiums - PPB	-	149,982,195	149,982,195
Employee Premiums - MCO	-	16,090,853	16,090,853
Life Insurance	240,902	1,285,607	1,526,509
Direct Transfers	-	10,000,000	10,000,000
Investment Income	-	-	-
Litigation Settlement	-	-	-
COBRA Premiums	469,143	1,696,147	2,165,290
Administrative Fees	809,406	4,484,676	5,294,082
Total Revenue	\$ 168,493,295	\$ 851,094,188	\$ 1,019,587,483
<u>Program Expenses</u>			
Medical Claims	\$ 92,350,982	\$ 454,852,001	\$ 547,202,983
Prescription Drug Claims	30,458,317	160,688,388	191,146,705
Managed Care Capitations	4,720,431	48,037,648	52,758,079
Administration	2,502,839	13,356,736	15,859,575
Life Insurance	241,027	1,286,273	1,527,300
Wellness	229,979	1,227,313	1,457,292
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Computer Software Reserve	278,743	1,487,549	1,766,292
Director's Discretionary Fund	282,308	1,414,974	1,697,282
WV RHBT Pay Go Premiums	34,427,641	155,572,359	190,000,000
Total Expenses	\$ 165,492,267	\$ 837,923,241	\$ 1,003,415,508
Fiscal Year Results	\$ 3,001,028	\$ 13,170,947	\$ 16,171,975
Beginning Plan Reserve	25,427,991	125,731,287	151,159,278
Ending Plan Reserve	\$ 28,429,019	\$ 138,902,234	\$ 167,331,253
Reserve as a Percent of Expenses			14%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 55,500,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 14,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 13,900,000	Active Local	9.0%	13.0%
Direct Transfers	\$ 10,000,000	State	9.0%	13.0%
		Capitations		6.0%
		Administrative Expense		3.0%

**APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2021**

PERIOD 7/1/2020 - 6/30/2021

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 144,796,367	\$ 13,769,885	\$ 158,566,252
Employer Premiums - MCO	7,677,477	730,115	8,407,592
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	240,902		240,902
Direct Transfers	-		-
Investment Income	-		-
Litigation Settlement	-		-
COBRA Premiums	469,143		469,143
Administrative Fees	809,406		809,406
Total Revenue	\$ 153,993,295	\$ 14,500,000	\$ 168,493,295
<u>Program Expenses</u>			
Medical Claims	\$ 92,350,982		\$ 92,350,982
Prescription Drug Claims	30,458,317		30,458,317
Managed Care Capitations	4,720,431		4,720,431
Administration	2,502,839		2,502,839
Life Insurance	241,027		241,027
Wellness	229,979		229,979
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	278,743		278,743
Director's Discretionary Fund	282,308		282,308
WV RHBT Pay Go Premiums	34,427,641		34,427,641
Total Expenses	\$ 165,492,267	\$ -	\$ 165,492,267
Fiscal Year Results	\$ (11,498,972)		\$ 3,001,028
Beginning Plan Reserve	25,427,991		25,427,991
Ending Plan Reserve	\$ 13,929,019		\$ 28,429,019
Reserve as a Percent of Expenses			14%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 14,500,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	9.0%	13.0%
		Capitations		6.0%
		Administrative Expense		3.0%

**APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2021**

PERIOD 7/1/2020 - 6/30/2021

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 556,684,913	\$ 50,479,168	\$ 607,164,081
Employer Premiums - MCO	55,369,797	5,020,832	60,390,629
Employee Premiums - PPB	137,428,969	12,553,226	149,982,195
Employee Premiums - MCO	14,744,079	1,346,774	16,090,853
Life Insurance	1,285,607		1,285,607
Direct Transfers	10,000,000		10,000,000
Investment Income	-		-
Litigation Settlement	-		-
COBRA Premiums	1,696,147		1,696,147
Administrative Fees	4,484,676		4,484,676
Total Revenue	\$ 781,694,188	\$ 69,400,000	\$ 851,094,188
<u>Program Expenses</u>			
Medical Claims	\$ 454,852,001		\$ 454,852,001
Prescription Drug Claims	160,688,388		160,688,388
Managed Care Capitations	48,037,648		48,037,648
Administration	13,356,736		13,356,736
Life Insurance	1,286,273		1,286,273
Wellness	1,227,313		1,227,313
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	1,487,549		1,487,549
Director's Discretionary Fund	1,414,974		1,414,974
WV RHBT Pay Go Premiums	155,572,359		155,572,359
Total Expenses	\$ 837,923,241	\$ -	\$ 837,923,241
Fiscal Year Results	\$ (56,229,053)		\$ 13,170,947
Beginning Plan Reserve	125,731,287		125,731,287
Ending Plan Reserve	\$ 69,502,234		\$ 138,902,234
Reserve as a Percent of Expenses			14%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 55,500,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 13,900,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ 10,000,000	State	9.0%	13.0%
		Capitations		6.0%
		Administrative Expense		3.0%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2016 to FY 2017**

Fiscal Year 2016												
Exposure	<u>Jul-15</u>	<u>Aug-15</u>	<u>Sep-15</u>	<u>Oct-15</u>	<u>Nov-15</u>	<u>Dec-15</u>	<u>Jan-16</u>	<u>Feb-16</u>	<u>Mar-16</u>	<u>Apr-16</u>	<u>May-16</u>	<u>Jun-16</u>
Local Medical	25,512	25,655	25,752	25,676	25,687	25,650	25,727	25,823	25,824	25,808	25,717	25,696
State Medical	131,127	130,588	130,166	130,973	131,327	131,400	131,326	130,961	130,685	130,633	130,558	130,228
Local Drugs	25,512	25,655	25,752	25,676	25,687	25,650	25,727	25,823	25,824	25,808	25,717	25,696
State Drugs	131,127	130,588	130,166	130,973	131,327	131,400	131,326	130,961	130,685	130,633	130,558	130,228
	<u>Jul-15</u>	<u>Aug-15</u>	<u>Sep-15</u>	<u>Oct-15</u>	<u>Nov-15</u>	<u>Dec-15</u>	<u>Jan-16</u>	<u>Feb-16</u>	<u>Mar-16</u>	<u>Apr-16</u>	<u>May-16</u>	<u>Jun-16</u>
Local Medical	\$162.49	\$172.59	\$191.24	\$182.73	\$190.18	\$199.93	\$196.46	\$234.41	\$271.25	\$277.88	\$255.09	\$272.53
State Medical	\$185.95	\$193.90	\$213.77	\$231.42	\$212.83	\$214.79	\$213.88	\$217.28	\$250.03	\$240.70	\$250.34	\$275.04
Local Drugs	\$56.41	\$65.92	\$69.55	\$74.15	\$72.46	\$79.18	\$76.62	\$79.66	\$85.48	\$81.77	\$85.64	\$87.46
State Drugs	<u>62.33</u>	<u>71.11</u>	<u>74.12</u>	<u>78.36</u>	<u>78.62</u>	<u>84.96</u>	<u>82.25</u>	<u>83.25</u>	<u>92.09</u>	<u>86.45</u>	<u>90.78</u>	<u>98.63</u>
Total	\$467.18	\$503.51	\$548.69	\$566.66	\$554.09	\$578.86	\$569.21	\$614.59	\$698.85	\$686.80	\$681.85	\$733.67
Change From Prior Year - Month to Month Analysis												
Local Medical	-16.0%	-8.8%	-6.5%	-16.7%	-10.3%	-10.1%	-4.6%	10.5%	21.0%	25.1%	7.8%	32.1%
State Medical	-7.9%	-1.0%	-2.3%	1.8%	12.1%	-3.9%	-4.3%	6.2%	9.2%	2.6%	9.1%	4.7%
Local Drugs	11.4%	4.3%	0.6%	1.5%	4.9%	-4.1%	-5.6%	10.7%	6.1%	-0.8%	4.7%	-5.2%
State Drugs	<u>1.7%</u>	<u>-0.5%</u>	<u>0.3%</u>	<u>2.3%</u>	<u>9.0%</u>	<u>1.1%</u>	<u>-1.3%</u>	<u>7.6%</u>	<u>6.1%</u>	<u>1.9%</u>	<u>6.6%</u>	<u>3.6%</u>
Total	-7.9%	-3.1%	-3.1%	-5.0%	2.1%	-5.5%	-4.1%	8.6%	12.7%	10.0%	7.7%	11.8%
Change From Prior Year - Quarter to Quarter Analysis												
Local Medical			-10.4%			-12.4%			9.4%			21.1%
State Medical			-3.7%			2.9%			3.7%			5.4%
Local Drugs			4.9%			0.5%			3.5%			-0.6%
State Drugs			<u>0.4%</u>			<u>4.0%</u>			<u>4.1%</u>			<u>4.0%</u>
Total			-4.6%			-3.0%			5.8%			9.9%
Change From Prior Year - Year to Year Analysis												
Local Medical						-5.2%			-4.0%			2.3%
State Medical						4.1%			3.0%			2.2%
Local Drugs			11.0%			7.4%			5.1%			1.8%
State Drugs			<u>7.1%</u>			<u>5.9%</u>			<u>4.3%</u>			<u>3.3%</u>
Total			5.7%			1.3%			0.8%			2.3%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2016 to FY 2017**

Fiscal Year 2017					
Exposure					
	<u>Jul-16</u>	<u>Aug-16</u>	<u>Sep-16</u>	<u>Oct-16</u>	<u>Nov-16</u>
Local Medical	25,684	25,659	25,660	25,722	25,661
State Medical	127,982	126,855	126,815	127,206	126,988
Local Drugs	25,684	25,659	25,660	25,722	25,661
State Drugs	127,982	126,855	126,815	127,206	126,988
	<u>Jul-16</u>	<u>Aug-16</u>	<u>Sep-16</u>	<u>Oct-16</u>	<u>Nov-16</u>
Local Medical	\$165.10	\$190.75	\$197.31	\$239.98	\$215.39
State Medical	\$171.80	\$202.85	\$204.46	\$227.75	\$217.38
Local Drugs	\$58.60	\$79.19	\$75.84	\$87.24	\$87.53
State Drugs	<u>64.23</u>	<u>83.10</u>	<u>81.10</u>	<u>90.61</u>	<u>93.10</u>
Total	\$459.73	\$555.89	\$558.70	\$645.57	\$613.40
Change From Prior Year - Month to Month Analysis					
Local Medical	1.6%	10.5%	3.2%	31.3%	13.3%
State Medical	-7.6%	4.6%	-4.4%	-1.6%	2.1%
Local Drugs	3.9%	20.1%	9.0%	17.6%	20.8%
State Drugs	<u>3.0%</u>	<u>16.9%</u>	<u>9.4%</u>	<u>15.6%</u>	<u>18.4%</u>
Total	-1.6%	10.4%	1.8%	13.9%	10.7%
Change From Prior Year - Quarter to Quarter Analysis					
Local Medical			5.1%		
State Medical			-2.4%		
Local Drugs			11.3%		
State Drugs			<u>10.1%</u>		
Total			3.6%		
Change From Prior Year - Year to Year Analysis					
Local Medical			5.9%		
State Medical			2.6%		
Local Drugs			3.2%		
State Drugs			<u>5.4%</u>		
Total			4.2%		