

STATE OF WEST VIRGINIA



PUBLIC EMPLOYEES INSURANCE AGENCY

Financial Plan

Fiscal Years 2018-2022

Report Date: December 2017 (Revision 2/14/2018)

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 2017 for the fiscal year 2019 (“FY 2019”) and to provide quarterly financial reports for current FY 2018 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 2018 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 2022.

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 2018 and subsequently. We are assuming that the Bill will continue throughout the five year forecast period.

Continuing Care Actuaries has provided financial report for fiscal years ending June 30, 2018 (“FY 2018”), June 30, 2019 (“FY 2019”), June 30, 2020 (“FY 2020”), June 30, 2021 (“FY 2021”) and June 30, 2022 (“FY 2022”). Our opinion of plan adequacy is based on the projections through FY 2022 using updated future revenue and plan modifications provided by the Board in the financial plan adopted in December 2017. 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 2018 the Pay-Go is equivalent to \$299 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 2017.

This report includes updated claim trend assumptions as recommended in the report titled, “PEIA FY2017 Detailed Medical and Prescription Drugs Claim Trend Report - December 2017”. In the circumstances and subject to the conditions described herein, we believe the financial plan approved by the Board for FY 2018 through FY 2022 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 2018 based on the scheduled revenue increases of the financial plan approved and amended by the Board in December 2017.

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 2022 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 2018 – FY 2022

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 2017 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 2017 enrollment levels for the duration of these forecasts for active employees.

In aggregate, December 2017 enrollment for active employees has decreased by 1,377 coverages since the end of FY 2017. Aggregate PPB enrollment has decreased by 1,349 in total over the same period, while managed care enrollment experienced a decrease of 28 coverages.

In the State Fund, the overall active State enrollment decreased by 1,338 coverages from the end of FY 2017 to December 2017. And in the Local Fund, the overall active Local enrollment decreased by 39 coverages from the end of FY 2017 to December 2017.

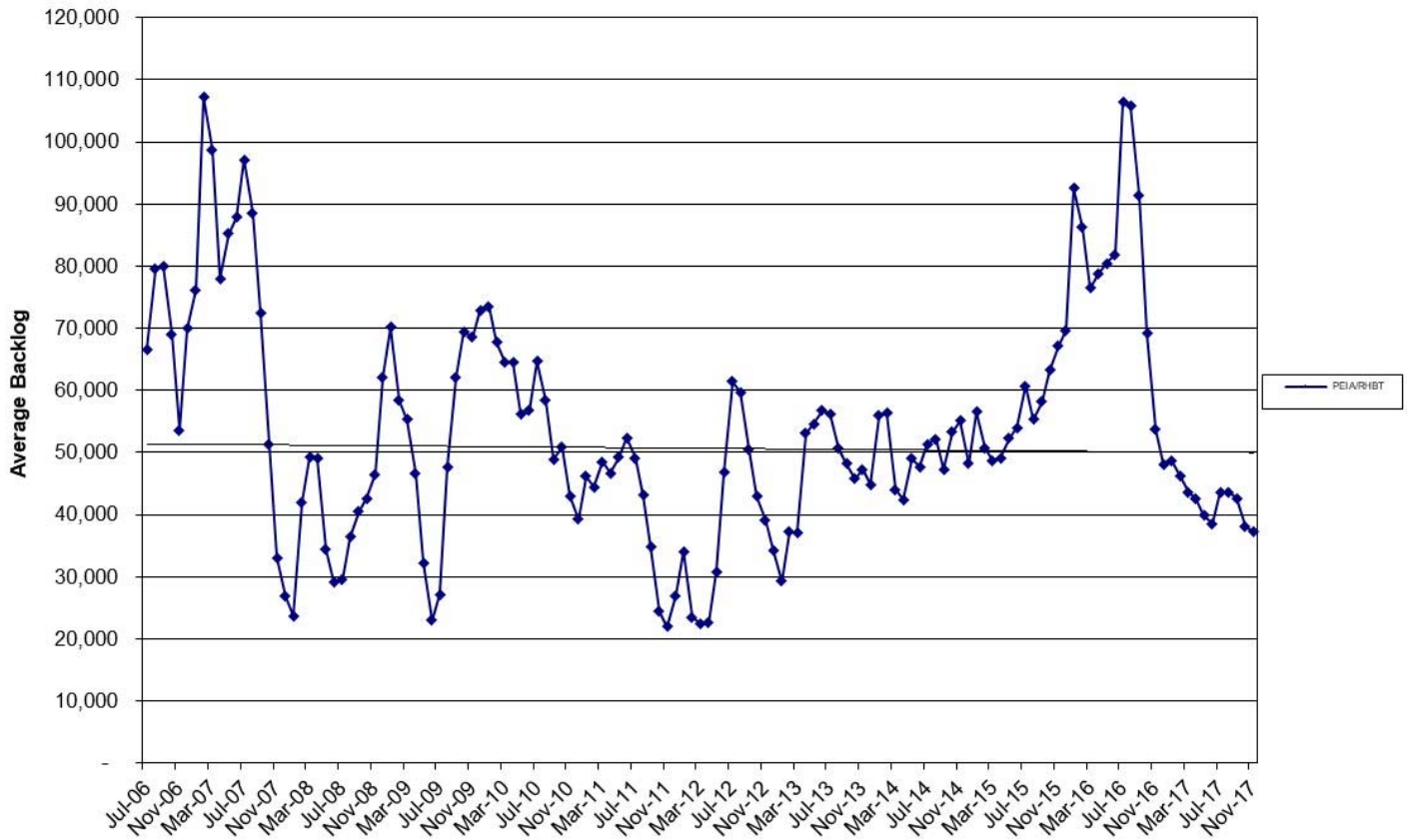
The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2016, June 2017 and December 2017 for purposes of comparison:

PEIA Fund	Coverage	Preferred Provider Benefit			Managed Care		
		Jun-16	Jun-17	Dec-17	Jun-16	Jun-17	Dec-17
State Active	Single	22,035	21,482	20,897	1,946	2,160	2,194
	Children	6,250	6,017	5,853	591	603	612
	Family	29,925	28,946	28,363	2,782	2,850	2,801
	Total	58,210	56,445	55,113	5,319	5,613	5,607
Local Active	Single	5,204	5,391	5,408	399	422	410
	Children	959	961	927	106	104	99
	Family	5,724	5,658	5,658	187	194	189
	Total	11,887	12,010	11,993	692	720	698
Plan Total		70,097	68,455	67,106	6,011	6,333	6,305
Grand Total					76,108	74,788	73,411

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 flat trend since July 2006. However, it indicates a recent downward trend since the beginning of FY 2017.

WV PEIA&RHBT Claim Backlog July 2006 through November 2017



C. Trend Analysis

PEIA experienced slightly higher medical and prescription drug trends in FY 2017, 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 FY2017 Detailed Medical and Prescription Drugs Claim Trend Report - December 2017”. This report includes the detailed trend analysis of PEIA experience by medical and prescription drugs. Based on the analysis, the FY 2018 medical claim trend is 7.5% and the prescription drug claim trend is 11.5%.

The current trend projection is shown in the following table:

Claim Type	Previous Assumption FY 2018 Trend	Updated Assumption FY 2018 Trend
Active Local – Medical	7.5%	7.5%
State – Medical	7.5%	7.5%
Active Local – Drugs	11.5%	11.5%
State – Drugs	11.5%	11.5%

In addition, we have assumed that trends will increase by 0.5% in each successive fiscal year beginning in FY 2019. 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 2017. 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%	11%
2017	5%	0%	10%	9%	3%
2018*	2%	2%	23%	19%	7%

* Fiscal Year 2018 results are through the first five months ending November 2017.

D. Enrollment, Claim, Expense and Revenue Assumptions

Using PEIA paid claim data through November 2017 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 2018 claims and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

Fiscal Year 2018 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	55,219	\$544	\$138	\$468	\$209	
	<u>Managed Care</u>	<u>5,583</u>	\$556	\$150			\$587
	Total	60,802					
Local	PPB	12,011	\$647	\$0	\$441	\$209	
	<u>Managed Care</u>	<u>706</u>	\$538	\$0			\$456
	Total	12,717					

*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 2017

Source	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
Additional State Employer Revenue	\$0	\$8,000,000	\$55,000,000	\$77,500,000	\$60,000,000
Additional Local Agency Revenue	\$6,600,000	\$0	\$19,000,000	\$20,500,000	\$16,500,000
Additional Employee Premium	\$0	\$0	\$13,800,000	\$19,400,000	\$15,000,000
State Direct Transfers	\$10,000,000	\$31,000,000	\$10,000,000	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active State	\$31,765,000	\$0	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active Local	\$7,174,000	\$0	\$0	\$0	\$0
PPACA Reinsurance Contributions (Cost)	\$0	\$0	\$0	\$0	\$0
PPACA Comparative Effectiveness Research Fees (Cost)	(\$322,587)	(\$320,561)	\$0	\$0	\$0
Pay Go Premium Transfer	\$155,726,270	\$154,000,000	\$160,000,000	\$170,000,000	\$180,000,000

In FY 2019, PEIA will increase employer premiums by \$8,000,000 and PEIA will receive \$31,000,000 in State direct transfers.

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 would be collected. PEIA would not receive any benefit payments from the national reinsurance program. PEIA was subject to paying the reinsurance contributions through FY 2017 and the expenses of the reinsurance contributions were included in the financial plan. The total reinsurance contributions for the financial projection were \$2,110,659 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 \$643,000, with \$322,587 in FY 2018.

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 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 \$776,662,889 and incurred plan expenses of \$762,346,856 to produce a fiscal year surplus of \$14,316,033. The PEIA local and state agencies Pay Go premiums for FY 2018 are assumed to be \$155,726,271.

Under the Baseline Scenario, FY 2018 is projected to end with a reserve of \$163,360,224 and the FY 2018 PEIA/RHBT combined, projected plan expenditures of \$861,029,254, which represents 19% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$117,880,787. 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 \$168,839,715 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$157,910,994.

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 \$804,154,267 and incurred plan expenses of \$814,562,524 to produce a fiscal year deficit of (\$10,408,257). The PEIA local and state agencies Pay Go premiums for FY 2019 are assumed to be \$154,000,000.

Under the Baseline Scenario, FY 2019 is projected to end with a reserve of \$152,951,967 and the FY 2019 PEIA/RHBT combined, projected plan expenditures of \$934,481,920, which represents 16% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$128,024,887. 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 \$175,226,774 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$130,522,490.

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 \$869,078,002 and incurred plan expenses of \$880,557,052 to produce a fiscal year deficit of (\$11,479,050). The PEIA local and state agencies Pay Go premiums for FY 2020 are assumed to be \$160,000,000.

Under the Baseline Scenario, FY 2020 is projected to end with a reserve of \$141,472,917 and the FY 2020 PEIA/RHBT combined, projected plan expenditures of \$1,029,801,093, which represents 14% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$140,905,569. 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 \$193,713,358 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$88,201,802.

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 \$974,779,105 and incurred plan expenses of \$959,615,764 to produce a fiscal year surplus of \$15,163,341. The PEIA local and state agencies Pay Go premiums for FY 2021 are assumed to be \$170,000,000.

Under the Baseline Scenario, FY 2021 is projected to end with a reserve of \$156,636,258 and the FY 2021 PEIA/RHBT combined, projected plan expenditures of \$1,140,652,380, which represents 14% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$155,866,761. 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 \$253,943,253 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$56,128,947.

FISCAL YEAR 2022 FORECAST

The financial forecast for FY 2022 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2022 projects accrued revenue of \$1,066,650,424 and incurred plan expenses of \$1,048,967,947 to produce a fiscal year surplus of \$17,682,477. The PEIA local and state agencies Pay Go premiums for FY 2022 are assumed to be \$180,000,000.

Under the Baseline Scenario, FY 2022 is projected to end with a reserve of \$174,318,735 and the FY 2022 PEIA/RHBT combined, projected plan expenditures of \$1,269,594,071, which represents 14% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$173,257,027. 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 \$334,792,306 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$6,399,657.

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 2022, using the Baseline assumptions. These projections are based on significant revenue increases as contained in the Financial Plan adopted by the Board in December 2017 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 2018**

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 93,252,809	\$ 360,519,529	\$ 453,772,337
Employer Premiums - MCO	4,557,165	37,267,508	41,824,673
Employee Premiums - PPB	-	91,358,690	91,358,690
Employee Premiums - MCO	-	10,020,778	10,020,778
WV RHBT Pay Go Premiums	26,936,914	128,789,357	155,726,271
Life Insurance	184,191	1,048,425	1,232,616
Direct Transfers	-	10,000,000	10,000,000
Investment Income	1,401,311	4,609,915	6,011,226
Litigation Settlement	-	-	-
COBRA Premiums	425,742	1,767,756	2,193,498
Administrative Fees	691,485	3,831,315	4,522,800
Total Revenue	\$ 127,449,617	\$ 649,213,272	\$ 776,662,889
<u>Program Expenses</u>			
Medical Claims	\$ 63,583,590	\$ 310,326,932	\$ 373,910,522
Prescription Drug Claims	30,157,259	138,286,306	168,443,565
Managed Care Capitations	3,862,693	39,308,847	43,171,540
Administration	2,333,472	13,282,248	15,615,720
Life Insurance	154,257	878,040	1,032,297
Wellness	487,161	2,772,950	3,260,111
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	49,881	272,706	322,587
Computer Software Reserve	-	-	-
Director's Discretionary Fund	149,376	714,867	864,243
WV RHBT Pay Go Premiums	26,936,914	128,789,357	155,726,271
Total Expenses	\$ 127,714,603	\$ 634,632,253	\$ 762,346,856
Fiscal Year Results	\$ (264,986)	\$ 14,581,019	\$ 14,316,033
Beginning Plan Reserve	37,838,456	111,205,735	149,044,191
Ending Plan Reserve	\$ 37,573,470	\$ 125,786,754	\$ 163,360,224
Reserve as a Percent of Expenses			19%

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		3.5%
		Administrative Expense		12.2%

**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	\$ 93,252,809	\$ -	\$ 93,252,809
Employer Premiums - MCO	4,557,165	-	4,557,165
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	26,936,914		26,936,914
Life Insurance	184,191		184,191
Direct Transfers	-		-
Investment Income	1,401,311		1,401,311
Litigation Settlement	-		-
COBRA Premiums	425,742		425,742
Administrative Fees	691,485		691,485
Total Revenue	\$ 127,449,617	\$ -	\$ 127,449,617
<u>Program Expenses</u>			
Medical Claims	\$ 69,143,590	\$ (5,560,000)	\$ 63,583,590
Prescription Drug Claims	31,771,259	\$ (1,614,000)	30,157,259
Managed Care Capitations	3,862,693		3,862,693
Administration	2,333,472		2,333,472
Life Insurance	154,257		154,257
Wellness	487,161		487,161
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	49,881		49,881
Computer Software Reserve	-		-
Director's Discretionary Fund	149,376		149,376
WV RHBT Pay Go Premiums	26,936,914		26,936,914
Total Expenses	\$ 134,888,603	\$ (7,174,000)	\$ 127,714,603
Fiscal Year Results	\$ (7,438,986)		\$ (264,986)
Beginning Plan Reserve	37,838,456		37,838,456
Ending Plan Reserve	\$ 30,399,470		\$ 37,573,470
Reserve as a Percent of Expenses			26%

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		3.5%
		Administrative Expense		12.2%

**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	\$ 360,519,529	\$ -	\$ 360,519,529
Employer Premiums - MCO	37,267,508	-	37,267,508
Employee Premiums - PPB	91,358,690	-	91,358,690
Employee Premiums - MCO	10,020,778	-	10,020,778
WV RHBT Pay Go Premiums	128,789,357		128,789,357
Life Insurance	1,048,425		1,048,425
Direct Transfers	10,000,000		10,000,000
Investment Income	4,609,915		4,609,915
Litigation Settlement	-		-
COBRA Premiums	1,767,756		1,767,756
Administrative Fees	3,831,315		3,831,315
Total Revenue	\$ 649,213,272	\$ -	\$ 649,213,272
<u>Program Expenses</u>			
Medical Claims	\$ 334,213,932	\$ (23,887,000)	\$ 310,326,932
Prescription Drug Claims	146,164,306	\$ (7,878,000)	138,286,306
Managed Care Capitations	39,308,847		39,308,847
Administration	13,282,248		13,282,248
Life Insurance	878,040		878,040
Wellness	2,772,950		2,772,950
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	272,706		272,706
Computer Software Reserve	-		-
Director's Discretionary Fund	714,867		714,867
WV RHBT Pay Go Premiums	128,789,357		128,789,357
Total Expenses	\$ 666,397,253	\$ (31,765,000)	\$ 634,632,253
Fiscal Year Results	\$ (17,183,981)		\$ 14,581,019
Beginning Plan Reserve	111,205,735		111,205,735
Ending Plan Reserve	\$ 94,021,754		\$ 125,786,754
Reserve as a Percent of Expenses			18%

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		3.5%
		Administrative Expense		12.2%

**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	\$ 93,004,456	\$ 369,259,998	\$ 462,264,453
Employer Premiums - MCO	4,557,614	38,106,379	42,663,993
Employee Premiums - PPB	-	91,730,415	91,730,415
Employee Premiums - MCO	-	10,043,888	10,043,888
WV RHBT Pay Go Premiums	27,184,819	126,815,181	154,000,000
Life Insurance	193,400	1,100,846	1,294,246
Direct Transfers	-	31,000,000	31,000,000
Investment Income	948,491	3,458,240	4,406,731
Litigation Settlement	-	-	-
COBRA Premiums	424,663	1,803,078	2,227,741
Administrative Fees	691,485	3,831,315	4,522,800
Total Revenue	\$ 127,004,927	\$ 677,149,340	\$ 804,154,267
<u>Program Expenses</u>			
Medical Claims	\$ 68,364,743	\$ 333,693,085	\$ 402,057,828
Prescription Drug Claims	33,629,806	154,225,041	187,854,847
Managed Care Capitations	4,094,455	41,667,378	45,761,833
Administration	2,451,507	13,954,114	16,405,621
Life Insurance	161,970	921,942	1,083,912
Wellness	799,456	4,550,544	5,350,000
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	48,781	271,780	320,561
Computer Software Reserve	-	-	-
Director's Discretionary Fund	298,754	1,429,168	1,727,922
WV RHBT Pay Go Premiums	27,184,819	126,815,181	154,000,000
Total Expenses	\$ 137,034,290	\$ 677,528,234	\$ 814,562,524
Fiscal Year Results	\$ (10,029,363)	\$ (378,894)	\$ (10,408,257)
Beginning Plan Reserve	37,573,470	125,786,754	163,360,224
Ending Plan Reserve	\$ 27,544,107	\$ 125,407,861	\$ 152,951,967
Reserve as a Percent of Expenses			16%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 8,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ -	Active Local	8.0%	12.0%
Direct Transfers	\$ 31,000,000	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	\$ 93,004,456	\$ -	\$ 93,004,456
Employer Premiums - MCO	4,557,614	-	4,557,614
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	27,184,819		27,184,819
Life Insurance	193,400		193,400
Direct Transfers	-		-
Investment Income	948,491		948,491
Litigation Settlement	-		-
COBRA Premiums	424,663		424,663
Administrative Fees	691,485		691,485
Total Revenue	\$ 127,004,927	\$ -	\$ 127,004,927
<u>Program Expenses</u>			
Medical Claims	\$ 68,364,743	\$ -	\$ 68,364,743
Prescription Drug Claims	33,629,806	\$ -	33,629,806
Managed Care Capitations	4,094,455		4,094,455
Administration	2,451,507		2,451,507
Life Insurance	161,970		161,970
Wellness	799,456		799,456
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	48,781		48,781
Computer Software Reserve	-		-
Director's Discretionary Fund	298,754		298,754
WV RHBT Pay Go Premiums	27,184,819		27,184,819
Total Expenses	\$ 137,034,291	\$ -	\$ 137,034,291
Fiscal Year Results	\$ (10,029,364)		\$ (10,029,364)
Beginning Plan Reserve	37,573,470		37,573,470
Ending Plan Reserve	\$ 27,544,106		\$ 27,544,106
Reserve as a Percent of Expenses			17%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ -	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	\$ 362,006,428	\$ 7,253,570	\$ 369,259,998
Employer Premiums - MCO	37,359,949	746,430	38,106,379
Employee Premiums - PPB	91,730,415	-	91,730,415
Employee Premiums - MCO	10,043,888	-	10,043,888
WV RHBT Pay Go Premiums	126,815,181		126,815,181
Life Insurance	1,100,846		1,100,846
Direct Transfers	31,000,000		31,000,000
Investment Income	3,458,240		3,458,240
Litigation Settlement	-		-
COBRA Premiums	1,803,078		1,803,078
Administrative Fees	3,831,315		3,831,315
Total Revenue	\$ 669,149,340	\$ 8,000,000	\$ 677,149,340
<u>Program Expenses</u>			
Medical Claims	\$ 333,693,085	\$ -	\$ 333,693,085
Prescription Drug Claims	154,225,041	\$ -	154,225,041
Managed Care Capitations	41,667,378		41,667,378
Administration	13,954,114		13,954,114
Life Insurance	921,942		921,942
Wellness	4,550,544		4,550,544
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	271,780		271,780
Computer Software Reserve	-		-
Director's Discretionary Fund	1,429,168		1,429,168
WV RHBT Pay Go Premiums	126,815,181		126,815,181
Total Expenses	\$ 677,528,233	\$ -	\$ 677,528,233
Fiscal Year Results	\$ (8,378,893)		\$ (378,893)
Beginning Plan Reserve	125,786,754		125,786,754
Ending Plan Reserve	\$ 117,407,861		\$ 125,407,861
Reserve as a Percent of Expenses			16%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 8,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ 31,000,000	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	\$ 109,561,281	\$ 415,940,472	\$ 525,501,753
Employer Premiums - MCO	5,390,961	42,913,767	48,304,728
Employee Premiums - PPB	-	103,389,038	103,389,038
Employee Premiums - MCO	-	11,307,231	11,307,231
WV RHBT Pay Go Premiums	28,794,647	131,205,353	160,000,000
Life Insurance	203,070	1,155,888	1,358,958
Direct Transfers	-	10,000,000	10,000,000
Investment Income	384,833	1,777,124	2,161,957
Litigation Settlement	-	-	-
COBRA Premiums	500,358	2,031,180	2,531,538
Administrative Fees	691,485	3,831,315	4,522,800
Total Revenue	\$ 145,526,634	\$ 723,551,368	\$ 869,078,002
<u>Program Expenses</u>			
Medical Claims	\$ 74,021,123	\$ 361,302,274	\$ 435,323,397
Prescription Drug Claims	37,757,978	173,156,687	210,914,664
Managed Care Capitations	4,340,122	44,167,421	48,507,543
Administration	2,525,053	14,372,737	16,897,790
Life Insurance	170,068	968,039	1,138,107
Wellness	904,057	5,145,943	6,050,000
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Computer Software Reserve	-	-	-
Director's Discretionary Fund	298,467	1,427,084	1,725,551
WV RHBT Pay Go Premiums	28,794,647	131,205,353	160,000,000
Total Expenses	\$ 148,811,514	\$ 731,745,538	\$ 880,557,052
Fiscal Year Results	\$ (3,284,880)	\$ (8,194,170)	\$ (11,479,050)
Beginning Plan Reserve	27,544,107	125,407,861	152,951,967
Ending Plan Reserve	\$ 24,259,226	\$ 117,213,691	\$ 141,472,917
Reserve as a Percent of Expenses			14%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 55,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 19,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 13,800,000	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	\$ 91,483,168	\$ 18,078,113	\$ 109,561,281
Employer Premiums - MCO	4,469,074	921,887	5,390,961
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	28,794,647		28,794,647
Life Insurance	203,070		203,070
Direct Transfers	-		-
Investment Income	384,833		384,833
Litigation Settlement	-		-
COBRA Premiums	500,358		500,358
Administrative Fees	691,485		691,485
Total Revenue	\$ 126,526,634	\$ 19,000,000	\$ 145,526,634
<u>Program Expenses</u>			
Medical Claims	\$ 74,021,123		\$ 74,021,123
Prescription Drug Claims	37,757,978		37,757,978
Managed Care Capitations	4,340,122		4,340,122
Administration	2,525,053		2,525,053
Life Insurance	170,068		170,068
Wellness	904,057		904,057
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	298,467		298,467
WV RHBT Pay Go Premiums	28,794,647		28,794,647
Total Expenses	\$ 148,811,515	\$ -	\$ 148,811,515
Fiscal Year Results	\$ (22,284,881)		\$ (3,284,881)
Beginning Plan Reserve	27,544,107		27,544,107
Ending Plan Reserve	\$ 5,259,226		\$ 24,259,226
Reserve as a Percent of Expenses			14%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 19,000,000	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		Local	8.5%
			<u>Drugs</u>
		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	\$ 366,072,177	\$ 49,868,295	\$ 415,940,472
Employer Premiums - MCO	37,782,062	5,131,705	42,913,767
Employee Premiums - PPB	90,933,460	12,455,578	103,389,038
Employee Premiums - MCO	9,962,809	1,344,422	11,307,231
WV RHBT Pay Go Premiums	131,205,353		131,205,353
Life Insurance	1,155,888		1,155,888
Direct Transfers	10,000,000		10,000,000
Investment Income	1,777,124		1,777,124
Litigation Settlement	-		-
COBRA Premiums	2,031,180		2,031,180
Administrative Fees	3,831,315		3,831,315
Total Revenue	\$ 654,751,368	\$ 68,800,000	\$ 723,551,368
<u>Program Expenses</u>			
Medical Claims	\$ 361,302,274		\$ 361,302,274
Prescription Drug Claims	173,156,687		173,156,687
Managed Care Capitations	44,167,421		44,167,421
Administration	14,372,737		14,372,737
Life Insurance	968,039		968,039
Wellness	5,145,943		5,145,943
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	1,427,084		1,427,084
WV RHBT Pay Go Premiums	131,205,353		131,205,353
Total Expenses	\$ 731,745,538	\$ -	\$ 731,745,538
Fiscal Year Results	\$ (76,994,170)		\$ (8,194,170)
Beginning Plan Reserve	125,407,861		125,407,861
Ending Plan Reserve	\$ 48,413,691		\$ 117,213,691
Reserve as a Percent of Expenses			14%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 55,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 13,800,000	<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	\$ 126,889,320	\$ 480,621,173	\$ 607,510,493
Employer Premiums - MCO	6,258,909	49,576,276	55,835,185
Employee Premiums - PPB	-	119,501,989	119,501,989
Employee Premiums - MCO	-	13,055,082	13,055,082
WV RHBT Pay Go Premiums	31,098,659	138,901,341	170,000,000
Life Insurance	213,224	1,213,682	1,426,906
Direct Transfers	-	-	-
Investment Income	-	-	-
Litigation Settlement	-	-	-
COBRA Premiums	579,561	2,347,089	2,926,650
Administrative Fees	691,485	3,831,315	4,522,800
Total Revenue	\$ 165,731,158	\$ 809,047,947	\$ 974,779,105
<u>Program Expenses</u>			
Medical Claims	\$ 80,515,750	\$ 393,003,004	\$ 473,518,754
Prescription Drug Claims	42,581,757	195,278,359	237,860,116
Managed Care Capitations	4,600,529	46,817,466	51,417,995
Administration	2,600,804	14,803,919	17,404,723
Life Insurance	178,572	1,016,441	1,195,013
Wellness	970,703	5,525,297	6,496,000
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Computer Software Reserve	-	-	-
Director's Discretionary Fund	298,177	1,424,985	1,723,162
WV RHBT Pay Go Premiums	31,098,659	138,901,341	170,000,000
Total Expenses	\$ 162,844,952	\$ 796,770,812	\$ 959,615,764
Fiscal Year Results	\$ 2,886,206	\$ 12,277,135	\$ 15,163,341
Beginning Plan Reserve	24,259,226	117,213,691	141,472,917
Ending Plan Reserve	\$ 27,145,432	\$ 129,490,826	\$ 156,636,258
Reserve as a Percent of Expenses			14%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 77,500,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 20,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 19,400,000	Active Local	9.0%	13.0%
Direct Transfers	\$ -	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	\$ 107,383,988	\$ 19,505,332	\$ 126,889,320
Employer Premiums - MCO	5,264,241	994,668	6,258,909
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	31,098,659		31,098,659
Life Insurance	213,224		213,224
Direct Transfers	-		-
Investment Income	-		-
Litigation Settlement	-		-
COBRA Premiums	579,561		579,561
Administrative Fees	691,485		691,485
Total Revenue	\$ 145,231,158	\$ 20,500,000	\$ 165,731,158
<u>Program Expenses</u>			
Medical Claims	\$ 80,515,750		\$ 80,515,750
Prescription Drug Claims	42,581,757		42,581,757
Managed Care Capitations	4,600,529		4,600,529
Administration	2,600,804		2,600,804
Life Insurance	178,572		178,572
Wellness	970,703		970,703
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	298,177		298,177
WV RHBT Pay Go Premiums	31,098,659		31,098,659
Total Expenses	\$ 162,844,951	\$ -	\$ 162,844,951
Fiscal Year Results	\$ (17,613,793)		\$ 2,886,207
Beginning Plan Reserve	24,259,226		24,259,226
Ending Plan Reserve	\$ 6,645,433		\$ 27,145,433
Reserve as a Percent of Expenses			14%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 20,500,000	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		Local	9.0%
			<u>Drugs</u>
		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	\$ 410,352,212	\$ 70,268,961	\$ 480,621,173
Employer Premiums - MCO	42,345,237	7,231,039	49,576,276
Employee Premiums - PPB	101,991,974	17,510,015	119,501,989
Employee Premiums - MCO	11,165,097	1,889,985	13,055,082
WV RHBT Pay Go Premiums	138,901,341		138,901,341
Life Insurance	1,213,682		1,213,682
Direct Transfers	-		-
Investment Income	-		-
Litigation Settlement	-		-
COBRA Premiums	2,347,089		2,347,089
Administrative Fees	3,831,315		3,831,315
Total Revenue	\$ 712,147,947	\$ 96,900,000	\$ 809,047,947
<u>Program Expenses</u>			
Medical Claims	\$ 393,003,004		\$ 393,003,004
Prescription Drug Claims	195,278,359		195,278,359
Managed Care Capitations	46,817,466		46,817,466
Administration	14,803,919		14,803,919
Life Insurance	1,016,441		1,016,441
Wellness	5,525,297		5,525,297
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	1,424,985		1,424,985
WV RHBT Pay Go Premiums	138,901,341		138,901,341
Total Expenses	\$ 796,770,812	\$ -	\$ 796,770,812
Fiscal Year Results	\$ (84,622,865)		\$ 12,277,135
Beginning Plan Reserve	117,213,691		117,213,691
Ending Plan Reserve	\$ 32,590,826		\$ 129,490,826
Reserve as a Percent of Expenses			14%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 77,500,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 19,400,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ -	State	9.0%	13.0%
		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 2022**

PERIOD 7/1/2021 - 6/30/2022

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 140,213,874	\$ 529,586,497	\$ 669,800,371
Employer Premiums - MCO	6,921,278	54,621,414	61,542,692
Employee Premiums - PPB	-	131,681,546	131,681,546
Employee Premiums - MCO	-	14,378,140	14,378,140
WV RHBT Pay Go Premiums	33,611,736	146,388,264	180,000,000
Life Insurance	223,885	1,274,367	1,498,252
Direct Transfers	-	-	-
Investment Income	-	-	-
Litigation Settlement	-	-	-
COBRA Premiums	640,442	2,586,181	3,226,623
Administrative Fees	691,485	3,831,315	4,522,800
Total Revenue	\$ 182,302,700	\$ 884,347,724	\$ 1,066,650,424
<u>Program Expenses</u>			
Medical Claims	\$ 87,982,950	\$ 429,450,928	\$ 517,433,878
Prescription Drug Claims	48,234,787	221,202,943	269,437,729
Managed Care Capitations	4,876,561	49,626,514	54,503,075
Administration	2,678,828	15,248,037	17,926,865
Life Insurance	187,501	1,067,263	1,254,764
Wellness	999,824	5,691,056	6,690,880
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Computer Software Reserve	-	-	-
Director's Discretionary Fund	297,885	1,422,871	1,720,756
WV RHBT Pay Go Premiums	33,611,736	146,388,264	180,000,000
Total Expenses	\$ 178,870,072	\$ 870,097,875	\$ 1,048,967,947
Fiscal Year Results	\$ 3,432,628	\$ 14,249,849	\$ 17,682,477
Beginning Plan Reserve	27,145,432	129,490,826	156,636,258
Ending Plan Reserve	\$ 30,578,060	\$ 143,740,675	\$ 174,318,735
Reserve as a Percent of Expenses			14%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 60,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 16,500,000	<u>Eligibility</u>		
Additional State Employee Premiums	\$ 15,000,000	<u>Medical</u>		
Direct Transfers	\$ -	<u>Drugs</u>		
		Active Local	9.5%	13.5%
		State	9.5%	13.5%
		Capitations		6.0%
		Administrative Expense		3.0%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2022**

PERIOD 7/1/2021 - 6/30/2022

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 124,514,460	\$ 15,699,414	\$ 140,213,874
Employer Premiums - MCO	6,120,692	800,586	6,921,278
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	33,611,736		33,611,736
Life Insurance	223,885		223,885
Direct Transfers	-		-
Investment Income	-		-
Litigation Settlement	-		-
COBRA Premiums	640,442		640,442
Administrative Fees	691,485		691,485
Total Revenue	\$ 165,802,700	\$ 16,500,000	\$ 182,302,700
<u>Program Expenses</u>			
Medical Claims	\$ 87,982,950		\$ 87,982,950
Prescription Drug Claims	48,234,787		48,234,787
Managed Care Capitations	4,876,561		4,876,561
Administration	2,678,828		2,678,828
Life Insurance	187,501		187,501
Wellness	999,824		999,824
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	297,885		297,885
WV RHBT Pay Go Premiums	33,611,736		33,611,736
Total Expenses	\$ 178,870,072	\$ -	\$ 178,870,072
Fiscal Year Results	\$ (13,067,372)		\$ 3,432,628
Beginning Plan Reserve	27,145,432		27,145,432
Ending Plan Reserve	\$ 14,078,060		\$ 30,578,060
Reserve as a Percent of Expenses			14%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 16,500,000	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		Local	9.5%
			<u>Drugs</u>
		Capitations	6.0%
		Administrative Expense	3.0%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2022

PERIOD 7/1/2021 - 6/30/2022

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 475,184,720	\$ 54,401,777	\$ 529,586,497
Employer Premiums - MCO	49,023,191	5,598,223	54,621,414
Employee Premiums - PPB	118,142,874	13,538,672	131,681,546
Employee Premiums - MCO	12,916,812	1,461,328	14,378,140
WV RHBT Pay Go Premiums	146,388,264		146,388,264
Life Insurance	1,274,367		1,274,367
Direct Transfers	-		-
Investment Income	-		-
Litigation Settlement	-		-
COBRA Premiums	2,586,181		2,586,181
Administrative Fees	3,831,315		3,831,315
Total Revenue	\$ 809,347,724	\$ 75,000,000	\$ 884,347,724
<u>Program Expenses</u>			
Medical Claims	\$ 429,450,928		\$ 429,450,928
Prescription Drug Claims	221,202,943		221,202,943
Managed Care Capitations	49,626,514		49,626,514
Administration	15,248,037		15,248,037
Life Insurance	1,067,263		1,067,263
Wellness	5,691,056		5,691,056
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	1,422,871		1,422,871
WV RHBT Pay Go Premiums	146,388,264		146,388,264
Total Expenses	\$ 870,097,876	\$ -	\$ 870,097,876
Fiscal Year Results	\$ (60,750,152)		\$ 14,249,848
Beginning Plan Reserve	129,490,826		129,490,826
Ending Plan Reserve	\$ 68,740,674		\$ 143,740,674
Reserve as a Percent of Expenses			14%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 60,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 15,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ -	State	9.5%	13.5%
		Capitations		6.0%
		Administrative Expense		3.0%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2017 to FY 2018**

Fiscal Year 2017												
Exposure	<u>Jul-16</u>	<u>Aug-16</u>	<u>Sep-16</u>	<u>Oct-16</u>	<u>Nov-16</u>	<u>Dec-16</u>	<u>Jan-17</u>	<u>Feb-17</u>	<u>Mar-17</u>	<u>Apr-17</u>	<u>May-17</u>	<u>Jun-17</u>
Local Medical	25,684	25,659	25,660	25,722	25,661	25,642	25,521	25,719	25,768	25,727	25,636	25,574
State Medical	127,982	126,855	126,815	127,206	126,991	126,883	126,364	126,394	126,242	126,016	125,897	125,335
Local Drugs	25,684	25,659	25,660	25,722	25,661	25,642	25,521	25,719	25,768	25,727	25,636	25,574
State Drugs	127,982	126,855	126,815	127,206	126,991	126,883	126,364	126,394	126,242	126,016	125,897	125,335
	<u>Jul-16</u>	<u>Aug-16</u>	<u>Sep-16</u>	<u>Oct-16</u>	<u>Nov-16</u>	<u>Dec-16</u>	<u>Jan-17</u>	<u>Feb-17</u>	<u>Mar-17</u>	<u>Apr-17</u>	<u>May-17</u>	<u>Jun-17</u>
Local Medical	\$167.03	\$187.43	\$187.66	\$200.72	\$212.85	\$229.20	\$250.91	\$228.81	\$239.36	\$237.32	\$240.73	\$254.47
State Medical	173.02	224.77	192.29	203.63	202.28	195.80	219.24	205.48	244.72	241.38	249.34	261.22
Local Drugs	58.50	79.13	75.74	87.23	85.82	91.25	92.83	89.80	106.82	99.34	108.47	108.62
State Drugs	<u>63.87</u>	<u>83.09</u>	<u>80.87</u>	<u>90.40</u>	<u>91.71</u>	<u>94.81</u>	<u>99.18</u>	<u>96.87</u>	<u>110.01</u>	<u>100.22</u>	<u>108.73</u>	<u>113.82</u>
Total	\$462.41	\$574.42	\$536.55	\$581.98	\$592.66	\$611.05	\$662.17	\$620.96	\$700.90	\$678.26	\$707.27	\$738.12
Change From Prior Year - Month to Month Analysis												
Local Medical	2.8%	8.3%	-2.0%	9.6%	11.6%	14.6%	28.1%	-2.3%	-12.2%	-14.4%	-4.8%	-7.0%
State Medical	-6.9%	16.3%	-10.0%	-11.8%	-4.6%	-8.7%	2.7%	-5.5%	-1.7%	-0.5%	-1.3%	-4.3%
Local Drugs	3.7%	20.1%	9.0%	17.7%	18.5%	15.3%	21.2%	12.8%	25.0%	21.5%	26.7%	24.3%
State Drugs	<u>2.5%</u>	<u>16.9%</u>	<u>9.1%</u>	<u>15.4%</u>	<u>16.7%</u>	<u>11.6%</u>	<u>20.6%</u>	<u>16.4%</u>	<u>19.5%</u>	<u>16.0%</u>	<u>19.8%</u>	<u>15.5%</u>
Total	-1.0%	14.1%	-2.2%	2.7%	7.0%	5.6%	16.5%	1.1%	0.2%	-1.4%	3.7%	0.8%
Change From Prior Year - Quarter to Quarter Analysis												
Local Medical			2.9%			12.0%			2.3%			-8.9%
State Medical			-0.5%			-8.5%			-1.6%			-2.1%
Local Drugs			11.2%			17.1%			19.8%			24.2%
State Drugs			<u>9.8%</u>			<u>14.5%</u>			<u>18.9%</u>			<u>17.1%</u>
Total			3.6%			5.1%			5.4%			1.0%
Change From Prior Year - Year to Year Analysis												
Local Medical			5.2%			11.6%			9.6%			1.1%
State Medical			3.0%			0.2%			-1.0%			-3.1%
Local Drugs			3.2%			7.3%			11.6%			18.6%
State Drugs			<u>5.3%</u>			<u>7.9%</u>			<u>11.8%</u>			<u>15.4%</u>
Total			4.1%			6.2%			6.1%			3.7%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2017 to FY 2018**

Fiscal Year 2018					
Exposure					
	<u>Jul-17</u>	<u>Aug-17</u>	<u>Sep-17</u>	<u>Oct-17</u>	<u>Nov-17</u>
Local Medical	25,740	25,586	25,604	25,583	25,558
State Medical	124,443	123,087	122,276	122,282	122,193
Local Drugs	25,740	25,586	25,604	25,583	25,558
State Drugs	124,443	123,087	122,276	122,282	122,193
	<u>Jul-17</u>	<u>Aug-17</u>	<u>Sep-17</u>	<u>Oct-17</u>	<u>Nov-17</u>
Local Medical	\$148.79	\$167.69	\$179.37	\$206.07	\$198.64
State Medical	168.16	188.49	186.91	211.66	210.30
Local Drugs	115.66	98.51	77.30	119.49	97.52
State Drugs	<u>119.10</u>	<u>99.99</u>	<u>80.37</u>	<u>121.77</u>	<u>95.01</u>
Total	\$551.71	\$554.67	\$523.95	\$658.98	\$601.46
Change From Prior Year - Month to Month Analysis					
Local Medical	-10.9%	-10.5%	-4.4%	2.7%	-6.7%
State Medical	-2.8%	-16.1%	-2.8%	3.9%	4.0%
Local Drugs	97.7%	24.5%	2.1%	37.0%	13.6%
State Drugs	<u>86.5%</u>	<u>20.3%</u>	<u>-0.6%</u>	<u>34.7%</u>	<u>3.6%</u>
Total	19.3%	-3.4%	-2.3%	13.2%	1.5%
Change From Prior Year - Quarter to Quarter Analysis					
Local Medical			-8.5%		
State Medical			-7.9%		
Local Drugs			36.6%		
State Drugs			<u>31.4%</u>		
Total			3.6%		
Change From Prior Year - Year to Year Analysis					
Local Medical			-1.2%		
State Medical			-4.8%		
Local Drugs			24.2%		
State Drugs			<u>20.2%</u>		
Total			3.7%		