

STATE OF WEST VIRGINIA



PUBLIC EMPLOYEES INSURANCE AGENCY

Financial Plan

Fiscal Years 2023-2027

Report Date: January 2023

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 2022 for the fiscal year 2024 (“FY 2024”) and to provide quarterly financial reports for current FY 2023 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 2023 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 2027.

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 2023 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, 2023 (“FY 2023”), June 30, 2024 (“FY 2024”), June 30, 2025 (“FY 2025”), June 30, 2026 (“FY 2026”) and June 30, 2027 (“FY 2027”). Our opinion of plan adequacy is based on the projections through FY 2027 using updated future revenue and plan modifications provided by the Board in the financial plan adopted in December 2022. This forecast is prepared for the Public Employee Insurance Agency, and does not include actuarial projections for the West Virginia Retiree Health Benefit Trust Fund.

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

In FY 2023 the Pay-Go is equivalent to \$114 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 2022.

This report includes updated claim trend assumptions as recommended in the report titled, “PEIA FY2022 Detailed Medical and Prescription Drugs Claim Trend Report”. In the circumstances and subject to the conditions described herein, we believe the financial plan approved by the Board for FY 2023 through FY 2027 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 2023 based on the scheduled revenue increases of the financial plan approved and amended by the Board in December 2022.

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 2027 as approved by the Board.

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

Respectfully,



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

Managing Partner



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

Principal

West Virginia Public Employees Insurance Agency

Report of Independent Actuary

Financial Plan for FY 2023 – FY 2027

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 2022 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 2022 enrollment levels for the duration of these forecasts for active employees.

In aggregate, December 2022 enrollment for active employees has increased by 101 coverages since the end of FY 2022. Aggregate PPB enrollment has increased by 111 in total over the same period, while managed care enrollment experienced a decrease of 10 coverages.

In the State Fund, the overall active State enrollment decreased by 102 coverages from the end of FY 2022 to December 2022. And in the Local Fund, the overall active Local enrollment increased by 203 coverages from the end of FY 2022 to December 2022.

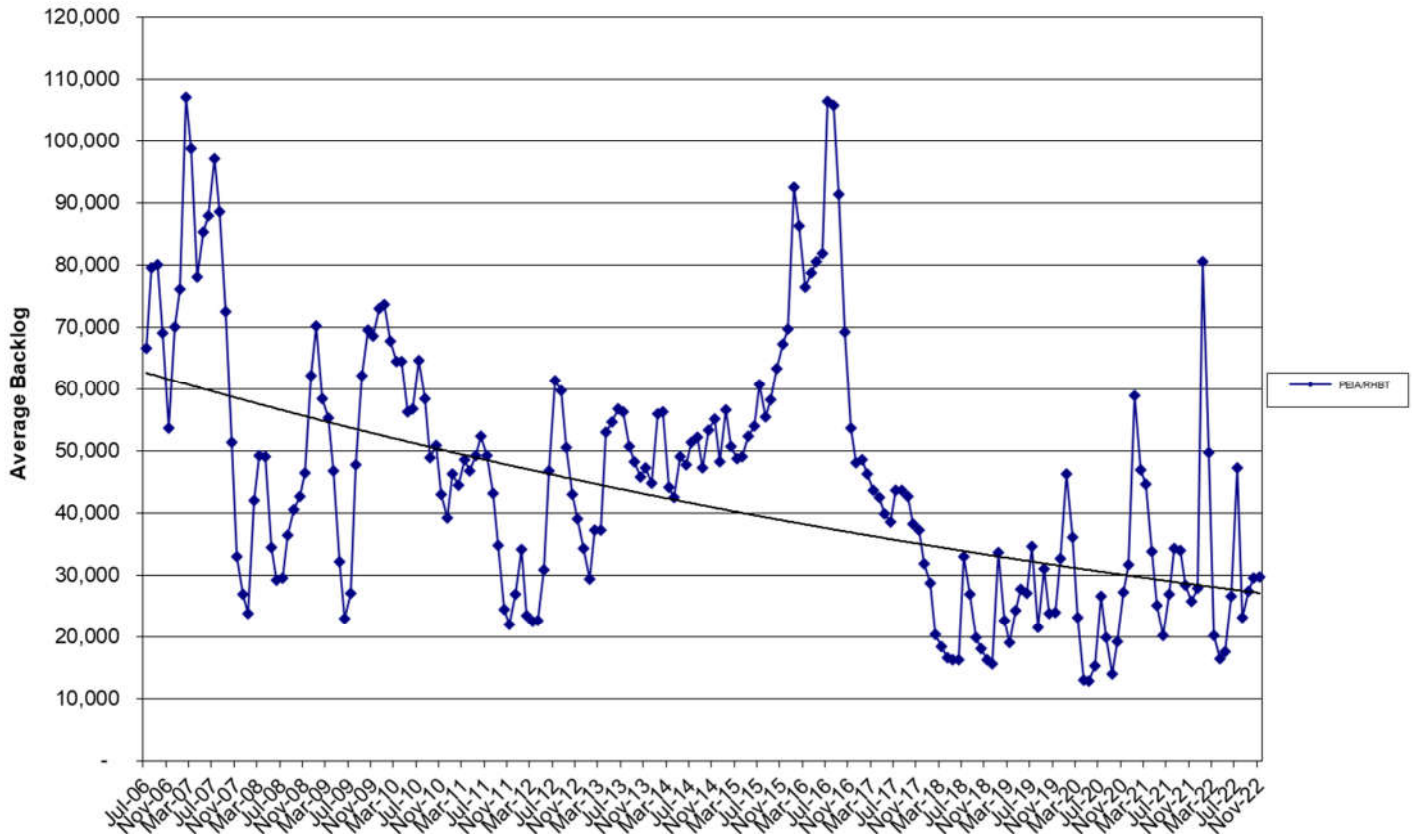
The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2021, June 2022, and December 2022 for purposes of comparison:

PEIA Fund	Coverage	Preferred Provider Benefit			Managed Care		
		Jun-21	Jun-22	Dec-22	Jun-21	Jun-22	Dec-22
State Active	Single	21,489	21,269	21,299	2,465	2,435	2,421
	Children	5,918	5,821	5,747	683	685	675
	Family	26,905	26,484	26,440	2,775	2,742	2,752
	Total	54,312	53,574	53,486	5,923	5,862	5,848
Local Active	Single	6,771	6,913	7,034	452	471	482
	Children	1,304	1,355	1,372	104	105	101
	Family	6,581	6,557	6,618	213	219	216
	Total	14,656	14,825	15,024	769	795	799
Plan Total		68,968	68,399	68,510	6,692	6,657	6,647
Grand Total					75,660	75,056	75,157

B. Changes in Claim Backlog

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

WV PEIA&RHBT Claim Backlog July 2006 through November 2022



C. Trend Analysis

PEIA experienced a low medical trend and a high prescription drugs trend in FY 2022, and over the past few years, total trends have been beneficial to the plan. Continuing Care Actuaries performed the detailed medical and prescription drugs trend analysis in the report titled, “PEIA FY2022 Detailed Medical and Prescription Drugs Claim Trend Report”. This report includes the detailed trend analysis of PEIA experience by medical and prescription drugs. Based on the analysis, the FY 2023 medical claim trend is 7.0%, the gross prescription drugs claim trend is 14.0% and the prescription drugs rebate trend is 15.0%. In 2023, there were an additional rebate included in the projection to reflect the new PBM contract with ESI.

The current trend projection is shown in the following table:

Claim Type	Previous Assumption FY 2023 Trend	Updated Assumption FY 2023 Trend
Active Local – Medical	7.0%	7.0%
State – Medical	7.0%	7.0%
Active Local – Gross Drugs	14.0%	14.0%
State – Gross Drugs	14.0%	14.0%
Prescription Drugs Rebate	15.0%	15.0%

In the past, claim trends for the financial plan included a 0.5% margin in future years. CCA has assumed the medical and drugs claim trends for the financial projection will increase by 0.5% in FY 2024 and in each successive fiscal year. Additionally, drug rebates have been trending at approximately 15% over the last two years. As a result, CCA has separated net drugs in the financial plan into gross drugs and drug rebate amounts. Drug rebates trends are set at 15% in the financial plan.

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

The following chart summarizes the trend results observed for the plan using data through November 2022. It is important to note that these trends *have not* been adjusted to reflect savings as a result of the expansion of the drug rebate program or the claim savings due to changes in provider reimbursement methodologies, nor the changes in the benefit structure. In developing the claim cost projection, we have reflected for benefit and reimbursement changes as an adjustment to the gross trend assumption.

PEIA Historical Trends (Active Local and State)

Fiscal Year	Active Local Medical	State Medical	Active Local Drugs	State Drugs	Total
2004	-1%	12%	9%	7%	9%
2005	16%	7%	7%	20%	11%
2006	1%	2%	18%	7%	3%
2007	15%	2%	13%	8%	5%
2008	3%	8%	-5%	-1%	4%
2009	-8%	3%	5%	4%	2%
2010	10%	1%	9%	9%	4%
2011	11%	8%	16%	15%	8%
2012	5%	5%	8%	6%	5%
2013	-3%	-3%	2%	6%	-3%
2014	8%	6%	9%	7%	7%
2015	6%	10%	14%	10%	10%
2016	9%	11%	12%	13%	12%
2017	6%	1%	11%	9%	4%
2018	0%	4%	16%	15%	7%
2019	8%	8%	15%	16%	10%
2020	-7%	1%	10%	15%	4%
2021	29%	16%	16%	13%	16%
2022	3%	7%	19%	18%	11%
2023*	-1%	-1%	8%	10%	3%

* Fiscal year 2023 results are through the first five months ending November 2022.

D. Enrollment, Claim, Expense and Revenue Assumptions

Using PEIA paid claim data through November 2022 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 2023 claims and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

Fiscal Year 2023 Projection			Net Revenue Excluding Pay Go		Expenses		
Fund	Program	Policies	Monthly Employer Premiums	Monthly Employee Premiums	Monthly Medical Costs	Monthly Drugs Costs*	Monthly Capitation Costs
State	PPB	53,413	\$614	\$167	\$661	\$244	
	Managed Care	5,836	\$621	\$174			\$706
	Total	59,249					
Local	PPB	14,998	\$748	\$0	\$590	\$217	
	Managed Care	802	\$678	\$0			\$505
	Total	15,800					

*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 2022

Source	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Additional State Employer Revenue	\$0	\$0	\$0	\$0	\$0
Additional Local Agency Revenue	\$7,500,000	\$15,100,000	\$23,000,000	\$19,000,000	\$23,000,000
Additional Employee Premium	\$0	\$0	\$0	\$0	\$0
State Direct Transfers (State Budget Appropriations)	\$21,000,000	\$40,000,000	\$204,000,000	\$283,500,000	\$376,500,000
State Direct Transfers (PEIA Rainy Day Fund)	\$31,000,000	\$74,000,000	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active State	\$0	\$0	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active Local	\$0	\$0	\$0	\$0	\$0
Pay Go Premium Transfer	\$59,258,025	\$0	\$29,000,000	\$29,000,000	\$29,000,000

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

In FY 2023, the ACA PCORI fee is approximately \$3.00 per person per year.

Under the new PBM contract terms effective on July 1, 2022, an estimated gross drug savings of \$20,000,000 has been allocated between PEIA and RHBT drugs claims in FY 2023. Under this contract, an estimated \$20,000,000 of drug rebates have been added to the plan in 2023 as well.

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 2023 FORECAST

The financial forecast for FY 2023 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2023 projects accrued revenue of \$814,218,220 and incurred plan expenses of \$867,515,985 to produce a fiscal year deficit of (\$53,297,765). The PEIA local and state agencies Pay Go premiums for FY 2023 are assumed to be \$59,258,025.

Under the Baseline Scenario, FY 2023 is projected to end with a Total Fund reserve (State and Local Reserves) of \$98,776,809 and projected plan expenditures of \$808,257,960. This represents 12.2% of projected expenditures based on the current reserve methodology. The projected reserve does not meet the minimum actuarial required reserve of \$98,996,108. This required reserve is comprised of 12.5% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending Total Fund reserve is expected to increase to \$107,477,702 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to \$90,123,457.

The State Fund in FY 2023 is projected to end with a reserve of \$80,333,457, which represents 12.3% of projected expenditures. The projected State Fund reserve meets the minimum actuarial required reserve of \$79,763,490.

The Local Fund in FY 2023 is projected to end with a reserve of \$18,443,352, which represents 11.8% of projected expenditures. The projected Local Fund reserve does not meet the minimum actuarial required reserve of \$19,232,618.

FISCAL YEAR 2024 FORECAST

The financial forecast for FY 2024 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2024 projects accrued revenue of \$903,195,696 and incurred plan expenses of \$888,751,851 to produce a fiscal year surplus of \$14,443,845. The PEIA local and state agencies Pay Go premiums for FY 2024 are assumed to be \$0.

Under the Baseline Scenario, FY 2024 is projected to end with a Total Fund reserve (State and Local Reserves) of \$113,220,655 and projected plan expenditures of \$888,751,851. This represents 12.7% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$108,955,248. This required reserve is comprised of 12.5% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending Total Fund reserve is expected to increase to \$148,963,867 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to \$77,231,957.

The State Fund in FY 2024 is projected to end with a reserve of \$94,443,918, which represents 13.2% of projected expenditures. The projected State Fund reserve meets the minimum actuarial required reserve of \$87,758,986.

The Local Fund in FY 2024 is projected to end with a reserve of \$18,776,736, which represents 10.9% of projected expenditures. The projected Local Fund reserve does not meet the minimum actuarial required reserve of \$21,196,262.

FISCAL YEAR 2025 FORECAST

The financial forecast for FY 2025 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2025 projects accrued revenue of \$1,017,330,339 and incurred plan expenses of \$1,000,359,421 to produce a fiscal year surplus of \$16,970,918. The PEIA local and state agencies Pay Go premiums for FY 2025 are assumed to be \$29,000,000.

Under the Baseline Scenario, FY 2025 is projected to end with a Total Fund reserve (State and Local Reserves) of \$130,191,573 and projected plan expenditures of \$971,359,421. This represents 13.4% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$119,173,036. This required reserve is comprised of 12.5% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending Total Fund reserve is expected to increase to \$215,360,547 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to \$43,367,705.

The State Fund in FY 2025 is projected to end with a reserve of \$110,184,184, which represents 14.1% of projected expenditures. The projected State Fund reserve meets the minimum actuarial required reserve of \$95,966,859.

The Local Fund in FY 2025 is projected to end with a reserve of \$20,007,389, which represents 10.6% of projected expenditures. The projected Local Fund reserve does not meet the minimum actuarial required reserve of \$23,206,177.

FISCAL YEAR 2026 FORECAST

The financial forecast for FY 2026 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2026 projects accrued revenue of \$1,117,199,683 and incurred plan expenses of \$1,096,888,731 to produce a fiscal year surplus of \$20,310,952. The PEIA local and state agencies Pay Go premiums for FY 2026 are assumed to be \$29,000,000.

Under the Baseline Scenario, FY 2026 is projected to end with a Total Fund reserve (State and Local Reserves) of \$150,502,526 and projected plan expenditures of \$1,067,888,731. This represents 14.1% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$131,125,147. This required reserve is comprised of 12.5% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending Total Fund reserve is expected to increase to \$312,491,654 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to (\$16,709,665).

The State Fund in FY 2026 is projected to end with a reserve of \$128,978,867, which represents 15.0% of projected expenditures. The projected State Fund reserve meets the minimum actuarial required reserve of \$105,563,337.

The Local Fund in FY 2026 is projected to end with a reserve of \$21,523,658, which represents 10.4% of projected expenditures. The projected Local Fund reserve does not meet the minimum actuarial required reserve of \$25,561,809.

FISCAL YEAR 2027 FORECAST

The financial forecast for FY 2027 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2027 projects accrued revenue of \$1,234,777,376 and incurred plan expenses of \$1,210,091,754 to produce a fiscal year surplus of \$24,685,622. The PEIA local and state agencies Pay Go premiums for FY 2027 are assumed to be \$29,000,000.

Under the Baseline Scenario, FY 2027 is projected to end with a Total Fund reserve (State and Local Reserves) of \$175,188,147 and projected plan expenditures of \$1,181,091,754. This represents 14.8% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$145,155,242. This required reserve is comprised of 12.5% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending Total Fund reserve is expected to increase to \$447,602,922 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to (\$109,574,391).

The State Fund in FY 2027 is projected to end with a reserve of \$151,148,913, which represents 15.9% of projected expenditures. The projected State Fund reserve meets the minimum actuarial required reserve of \$116,823,182.

The Local Fund in FY 2027 is projected to end with a reserve of \$24,039,234, which represents 10.5% of projected expenditures. The projected Local Fund reserve does not meet the minimum actuarial required reserve of \$28,332,060.

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 through the projection period ending in fiscal year 2023. The plan will meet the minimum actuarial required reserve target in fiscal years 2024 through 2027. We are currently projecting that the Local reserve will be under the minimum actuarial reserve using the baseline assumptions in fiscal years 2023 through 2027. These projections are based on significant revenue increases and state rainy day fund direct transfers as contained in the financial plan adopted by the Board in December 2022 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 2023**

PERIOD 7/1/2022 - 6/30/2023

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 134,707,783	\$ 393,604,420	\$ 528,312,202
Employer Premiums - MCO	6,525,036	43,520,837	50,045,873
Employee Premiums - PPB	-	106,913,040	106,913,040
Employee Premiums - MCO	-	12,195,363	12,195,363
WV RHBT Pay Go Premiums	12,475,121	46,782,904	59,258,025
Life Insurance	399,625	1,649,389	2,049,014
Direct Transfers	-	52,000,000	52,000,000
Investment Income	(690,132)	(2,633,070)	(3,323,202)
Litigation Settlement	-	-	-
COBRA Premiums	411,672	1,709,333	2,121,005
Administrative Fees	710,459	3,936,441	4,646,900
Total Revenue	\$ 154,539,563	\$ 659,678,657	\$ 814,218,220
<u>Program Expenses</u>			
Medical Claims	\$ 106,267,734	\$ 423,539,392	\$ 529,807,125
Gross Prescription Drug Claims	67,597,166	267,590,773	335,187,939
Prescription Drug Rebates	(28,491,115)	(111,508,885)	(140,000,000)
Managed Care Capitations	4,857,976	49,437,379	54,295,355
Administration	4,755,017	19,625,578	24,380,595
Life Insurance	439,562	1,814,223	2,253,785
Wellness	6,974	28,786	35,760
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	93,894	386,106	480,000
Director's Discretionary Fund	364,420	1,452,981	1,817,401
WV RHBT Pay Go Premiums	12,475,121	46,782,904	59,258,025
Total Expenses	\$ 168,366,749	\$ 699,149,236	\$ 867,515,985
Fiscal Year Results	\$ (13,827,186)	\$ (39,470,579)	\$ (53,297,765)
Beginning Plan Reserve	32,270,538	119,804,037	152,074,575
Minimum Actuarial Reserve Required	\$ 19,232,618	\$ 79,763,490	\$ 98,996,108
<u>Ending Premium Stabilization Reserve</u>	<u>(789,265)</u>	<u>569,968</u>	<u>(219,298)</u>
Ending Plan Reserve	\$ 18,443,352	\$ 80,333,458	\$ 98,776,810
Reserve as a Percent of Expenses			12%

KEY ASSUMPTIONS

		Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employer Premiums	\$ -			
Additional Local Agency Revenue	\$ 7,500,000			
Additional State Employee Premiums	\$ -	Active Local	7.0%	14.0%
Direct Transfers	\$ 52,000,000	State	7.0%	14.0%
		Prescription Drug Rebates		0.0%
		Capitations		-0.6%
		Administrative Expense		7.7%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2023

PERIOD 7/1/2022 - 6/30/2023

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 134,707,783	\$ -	\$ 134,707,783
Employer Premiums - MCO	6,525,036	-	6,525,036
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	12,475,121		12,475,121
Life Insurance	399,625		399,625
Direct Transfers	-		-
Investment Income	(690,132)		(690,132)
Litigation Settlement	-		-
COBRA Premiums	411,672		411,672
Administrative Fees	710,459		710,459
Total Revenue	\$ 154,539,563	\$ -	\$ 154,539,563
<u>Program Expenses</u>			
Medical Claims	\$ 106,267,734		\$ 106,267,734
Gross Prescription Drug Claims	71,127,167	(3,530,001)	67,597,166
Prescription Drug Rebates	(28,491,115)		(28,491,115)
Managed Care Capitations	4,857,976		4,857,976
Administration	4,755,017		4,755,017
Life Insurance	439,562		439,562
Wellness	6,974		6,974
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	93,894		93,894
Director's Discretionary Fund	364,420		364,420
WV RHBT Pay Go Premiums	12,475,121		12,475,121
Total Expenses	\$ 171,896,750	\$ (3,530,001)	\$ 168,366,749
Fiscal Year Results	\$ (17,357,187)		\$ (13,827,186)
Beginning Plan Reserve	32,270,538		32,270,538
Minimum Actuarial Reserve Required	\$ 19,232,618	\$ -	\$ 19,232,618
<u>Ending Premium Stabilization Reserve</u>	<u>(4,319,267)</u>	<u>-</u>	<u>(789,266)</u>
Ending Plan Reserve	\$ 14,913,351		\$ 18,443,352
Reserve as a Percent of Expenses			12%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 7,500,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	7.0%	14.0%
		Prescription Drug Rebates		0.0%
		Capitations		-0.6%
		Administrative Expense		7.7%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2023

PERIOD 7/1/2022 - 6/30/2023

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 393,604,420	\$ -	\$ 393,604,420
Employer Premiums - MCO	43,520,837	-	43,520,837
Employee Premiums - PPB	106,913,040	-	106,913,040
Employee Premiums - MCO	12,195,363	-	12,195,363
WV RHBT Pay Go Premiums	46,782,904		46,782,904
Life Insurance	1,649,389		1,649,389
Direct Transfers	52,000,000		52,000,000
Investment Income	(2,633,070)		(2,633,070)
Litigation Settlement	-		-
COBRA Premiums	1,709,333		1,709,333
Administrative Fees	3,936,441		3,936,441
Total Revenue	\$ 659,678,657	\$ -	\$ 659,678,657
<u>Program Expenses</u>			
Medical Claims	\$ 423,539,392		\$ 423,539,392
Gross Prescription Drug Claims	281,731,541	(14,140,768)	267,590,773
Prescription Drug Rebates	(111,508,885)		(111,508,885)
Managed Care Capitations	49,437,379		49,437,379
Administration	19,625,578		19,625,578
Life Insurance	1,814,223		1,814,223
Wellness	28,786		28,786
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	386,106		386,106
Director's Discretionary Fund	1,452,981		1,452,981
WV RHBT Pay Go Premiums	46,782,904		46,782,904
Total Expenses	\$ 713,290,005	\$ (14,140,768)	\$ 699,149,237
Fiscal Year Results	\$ (53,611,348)		\$ (39,470,580)
Beginning Plan Reserve	119,804,037		119,804,037
Minimum Actuarial Reserve Required	\$ 79,763,490	\$ -	\$ 79,763,490
<u>Ending Premium Stabilization Reserve</u>	(13,570,801)	-	569,968
Ending Plan Reserve	\$ 66,192,689		\$ 80,333,457
Reserve as a Percent of Expenses			12%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ 52,000,000	State	7.0%	14.0%
		Prescription Drug Rebates		0.0%
		Capitations		-0.6%
		Administrative Expense		7.7%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2024**

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 160,946,865	\$ 435,779,123	\$ 596,725,988
Employer Premiums - MCO	7,861,074	48,129,038	55,990,112
Employee Premiums - PPB	-	106,913,040	106,913,040
Employee Premiums - MCO	-	12,195,363	12,195,363
WV RHBT Pay Go Premiums	-	-	-
Life Insurance	419,606	1,731,859	2,151,465
Direct Transfers	-	114,000,000	114,000,000
Investment Income	1,595,407	6,632,273	8,227,680
Litigation Settlement	-	-	-
COBRA Premiums	492,049	1,853,099	2,345,148
Administrative Fees	710,459	3,936,441	4,646,900
Total Revenue	\$ 172,025,460	\$ 731,170,236	\$ 903,195,696
<u>Program Expenses</u>			
Medical Claims	\$ 113,996,613	\$ 454,347,143	\$ 568,343,756
Gross Prescription Drug Claims	77,247,105	305,793,398	383,040,503
Prescription Drug Rebates	(30,526,194)	(119,473,806)	(150,000,000)
Managed Care Capitations	5,149,454	52,403,621	57,553,075
Administration	4,897,668	20,214,346	25,112,014
Life Insurance	461,540	1,904,934	2,366,474
Wellness	7,253	29,937	37,190
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	93,982	386,580	480,562
Director's Discretionary Fund	364,655	1,453,622	1,818,277
WV RHBT Pay Go Premiums	-	-	-
Total Expenses	\$ 171,692,075	\$ 717,059,775	\$ 888,751,851
Fiscal Year Results	\$ 333,385	\$ 14,110,461	\$ 14,443,845
Beginning Plan Reserve	18,443,352	80,333,458	98,776,810
Minimum Actuarial Reserve Required	\$ 21,196,262	\$ 87,758,986	\$ 108,955,248
<u>Ending Premium Stabilization Reserve</u>	<u>(2,419,525)</u>	<u>6,684,932</u>	<u>4,265,407</u>
Ending Plan Reserve	\$ 18,776,737	\$ 94,443,918	\$ 113,220,655
Reserve as a Percent of Expenses			13%

KEY ASSUMPTIONS

		Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employer Premiums	\$ -			
Additional Local Agency Revenue	\$ 15,100,000			
Additional State Employee Premiums	\$ -	Active Local	7.5%	14.5%
Direct Transfers	\$ 40,000,000	State	7.5%	14.5%
		Prescription Drug Rebates		7.1%
		Capitations		6.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2024

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 146,550,044	\$ 14,396,821	\$ 160,946,865
Employer Premiums - MCO	7,157,895	703,179	7,861,074
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	-	-	-
Life Insurance	419,606		419,606
Direct Transfers	-		-
Investment Income	1,595,407		1,595,407
Litigation Settlement	-		-
COBRA Premiums	492,049		492,049
Administrative Fees	710,459		710,459
Total Revenue	\$ 156,925,460	\$ 15,100,000	\$ 172,025,460
<u>Program Expenses</u>			
Medical Claims	\$ 113,996,613		\$ 113,996,613
Gross Prescription Drug Claims	77,247,105		77,247,105
Prescription Drug Rebates	(30,526,194)		(30,526,194)
Managed Care Capitations	5,149,454		5,149,454
Administration	4,897,668		4,897,668
Life Insurance	461,540		461,540
Wellness	7,253		7,253
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	93,982		93,982
Director's Discretionary Fund	364,655		364,655
WV RHBT Pay Go Premiums	-		-
Total Expenses	\$ 171,692,076	\$ -	\$ 171,692,076
Fiscal Year Results	\$ (14,766,616)		\$ 333,384
Beginning Plan Reserve	18,443,352		18,443,352
Minimum Actuarial Reserve Required	\$ 21,196,262	\$ -	\$ 21,196,262
<u>Ending Premium Stabilization Reserve</u>	<u>(17,519,526)</u>	<u>-</u>	<u>(2,419,526)</u>
Ending Plan Reserve	\$ 3,676,736		\$ 18,776,736
Reserve as a Percent of Expenses			11%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 15,100,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	7.5%	14.5%
		Prescription Drug Rebates		7.1%
		Capitations		6.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2024

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 435,779,123	\$ -	\$ 435,779,123
Employer Premiums - MCO	48,129,038	-	48,129,038
Employee Premiums - PPB	106,913,040	-	106,913,040
Employee Premiums - MCO	12,195,363	-	12,195,363
WV RHBT Pay Go Premiums	-		-
Life Insurance	1,731,859		1,731,859
Direct Transfers	114,000,000		114,000,000
Investment Income	6,632,273		6,632,273
Litigation Settlement	-		-
COBRA Premiums	1,853,099		1,853,099
Administrative Fees	3,936,441		3,936,441
Total Revenue	\$ 731,170,236	\$ -	\$ 731,170,236
<u>Program Expenses</u>			
Medical Claims	\$ 454,347,143		\$ 454,347,143
Gross Prescription Drug Claims	305,793,398		305,793,398
Prescription Drug Rebates	(119,473,806)		(119,473,806)
Managed Care Capitations	52,403,621		52,403,621
Administration	20,214,346		20,214,346
Life Insurance	1,904,934		1,904,934
Wellness	29,937		29,937
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	386,580		386,580
Director's Discretionary Fund	1,453,622		1,453,622
WV RHBT Pay Go Premiums	-		-
Total Expenses	\$ 717,059,776	\$ -	\$ 717,059,776
Fiscal Year Results	\$ 14,110,460		\$ 14,110,460
Beginning Plan Reserve	80,333,458		80,333,458
Minimum Actuarial Reserve Required	\$ 87,758,986	\$ -	\$ 87,758,986
<u>Ending Premium Stabilization Reserve</u>	<u>6,684,932</u>	<u>-</u>	<u>6,684,932</u>
Ending Plan Reserve	\$ 94,443,918		\$ 94,443,918
Reserve as a Percent of Expenses			13%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ 40,000,000	State	7.5%	14.5%
		Prescription Drug Rebates		7.1%
		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 2025**

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 177,078,652	\$ 415,141,072	\$ 592,219,724
Employer Premiums - MCO	8,623,840	45,872,535	54,496,375
Employee Premiums - PPB	-	106,913,040	106,913,040
Employee Premiums - MCO	-	12,195,363	12,195,363
WV RHBT Pay Go Premiums	6,105,446	22,894,554	29,000,000
Life Insurance	440,587	1,818,452	2,259,039
Direct Transfers	-	204,000,000	204,000,000
Investment Income	1,703,069	7,572,792	9,275,861
Litigation Settlement	-	-	-
COBRA Premiums	541,294	1,782,743	2,324,037
Administrative Fees	710,459	3,936,441	4,646,900
Total Revenue	\$ 195,203,347	\$ 822,126,992	\$ 1,017,330,339
<u>Program Expenses</u>			
Medical Claims	\$ 122,857,819	\$ 489,668,429	\$ 612,526,248
Gross Prescription Drug Claims	88,661,012	350,979,547	439,640,559
Prescription Drug Rebates	(35,105,124)	(137,394,876)	(172,500,000)
Managed Care Capitations	5,458,421	55,547,839	61,006,260
Administration	5,044,598	20,820,776	25,865,374
Life Insurance	484,617	2,000,181	2,484,798
Wellness	7,543	31,135	38,678
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	93,982	386,580	480,562
Director's Discretionary Fund	364,381	1,452,561	1,816,942
WV RHBT Pay Go Premiums	6,105,446	22,894,554	29,000,000
Total Expenses	\$ 193,972,695	\$ 806,386,726	\$ 1,000,359,421
Fiscal Year Results	\$ 1,230,652	\$ 15,740,266	\$ 16,970,918
Beginning Plan Reserve	18,776,737	94,443,918	113,220,655
Minimum Actuarial Reserve Required	\$ 23,206,177	\$ 95,966,859	\$ 119,173,036
<u>Ending Premium Stabilization Reserve</u>	(3,198,789)	14,217,326	11,018,537
Ending Plan Reserve	\$ 20,007,389	\$ 110,184,185	\$ 130,191,573
Reserve as a Percent of Expenses			13%

KEY ASSUMPTIONS

		Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employer Premiums	\$ -			
Additional Local Agency Revenue	\$ 23,000,000			
Additional State Employee Premiums	\$ -	Active Local	8.0%	15.0%
Direct Transfers	\$ 204,000,000	State	8.0%	15.0%
		Prescription Drug Rebates		15.0%
		Capitations		6.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2025

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 155,149,720	\$ 21,928,932	\$ 177,078,652
Employer Premiums - MCO	7,552,772	1,071,068	8,623,840
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	6,105,446		6,105,446
Life Insurance	440,587		440,587
Direct Transfers	-		-
Investment Income	1,703,069		1,703,069
Litigation Settlement	-		-
COBRA Premiums	541,294		541,294
Administrative Fees	710,459		710,459
Total Revenue	\$ 172,203,347	\$ 23,000,000	\$ 195,203,347
<u>Program Expenses</u>			
Medical Claims	\$ 122,857,819		\$ 122,857,819
Gross Prescription Drug Claims	88,661,012		88,661,012
Prescription Drug Rebates	(35,105,124)		(35,105,124)
Managed Care Capitations	5,458,421		5,458,421
Administration	5,044,598		5,044,598
Life Insurance	484,617		484,617
Wellness	7,543		7,543
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	93,982		93,982
Director's Discretionary Fund	364,381		364,381
WV RHBT Pay Go Premiums	6,105,446		6,105,446
Total Expenses	\$ 193,972,695	\$ -	\$ 193,972,695
Fiscal Year Results	\$ (21,769,348)		\$ 1,230,652
Beginning Plan Reserve	18,776,737		18,776,737
Minimum Actuarial Reserve Required	\$ 23,206,177	\$ -	\$ 23,206,177
<u>Ending Premium Stabilization Reserve</u>	<u>(26,198,789)</u>	<u>-</u>	<u>(3,198,789)</u>
Ending Plan Reserve	\$ (2,992,611)		\$ 20,007,389
Reserve as a Percent of Expenses			11%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 23,000,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	8.0%	15.0%
		Prescription Drug Rebates		15.0%
		Capitations		6.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2025

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 415,141,072	\$ -	\$ 415,141,072
Employer Premiums - MCO	45,872,535	-	45,872,535
Employee Premiums - PPB	106,913,040	-	106,913,040
Employee Premiums - MCO	12,195,363	-	12,195,363
WV RHBT Pay Go Premiums	22,894,554		22,894,554
Life Insurance	1,818,452		1,818,452
Direct Transfers	204,000,000		204,000,000
Investment Income	7,572,792		7,572,792
Litigation Settlement	-		-
COBRA Premiums	1,782,743		1,782,743
Administrative Fees	3,936,441		3,936,441
Total Revenue	\$ 822,126,992	\$ -	\$ 822,126,992
<u>Program Expenses</u>			
Medical Claims	\$ 489,668,429		\$ 489,668,429
Gross Prescription Drug Claims	350,979,547		350,979,547
Prescription Drug Rebates	(137,394,876)		(137,394,876)
Managed Care Capitations	55,547,839		55,547,839
Administration	20,820,776		20,820,776
Life Insurance	2,000,181		2,000,181
Wellness	31,135		31,135
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	386,580		386,580
Director's Discretionary Fund	1,452,561		1,452,561
WV RHBT Pay Go Premiums	22,894,554		22,894,554
Total Expenses	\$ 806,386,726	\$ -	\$ 806,386,726
Fiscal Year Results	\$ 15,740,266		\$ 15,740,266
Beginning Plan Reserve	94,443,918		94,443,918
Minimum Actuarial Reserve Required	\$ 95,966,859	\$ -	\$ 95,966,859
<u>Ending Premium Stabilization Reserve</u>	<u>14,217,325</u>	<u>-</u>	<u>14,217,325</u>
Ending Plan Reserve	\$ 110,184,184		\$ 110,184,184
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>Gross Drugs</u>
Direct Transfers	\$ 204,000,000	State	8.0%	15.0%
		Prescription Drug Rebates		15.0%
		Capitations		6.0%
		Administrative Expense		3.0%

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 195,193,857	\$ 415,141,072	\$ 610,334,929
Employer Premiums - MCO	9,508,635	45,872,535	55,381,170
Employee Premiums - PPB	-	106,913,040	106,913,040
Employee Premiums - MCO	-	12,195,363	12,195,363
WV RHBT Pay Go Premiums	6,105,446	22,894,554	29,000,000
Life Insurance	462,616	1,909,374	2,371,990
Direct Transfers	-	283,500,000	283,500,000
Investment Income	1,857,008	8,619,864	10,476,872
Litigation Settlement	-	-	-
COBRA Premiums	596,676	1,782,743	2,379,419
Administrative Fees	710,459	3,936,441	4,646,900
Total Revenue	\$ 214,434,697	\$ 902,764,986	\$ 1,117,199,683
<u>Program Expenses</u>			
Medical Claims	\$ 133,022,352	\$ 530,184,903	\$ 663,207,255
Gross Prescription Drug Claims	102,204,885	404,598,247	506,803,131
Prescription Drug Rebates	(40,370,892)	(158,004,108)	(198,375,000)
Managed Care Capitations	5,785,927	58,880,709	64,666,636
Administration	5,195,936	21,445,399	26,641,335
Life Insurance	508,848	2,100,190	2,609,038
Wellness	7,845	32,380	40,225
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	93,982	386,580	480,562
Director's Discretionary Fund	364,099	1,451,450	1,815,549
WV RHBT Pay Go Premiums	6,105,446	22,894,554	29,000,000
Total Expenses	\$ 212,918,428	\$ 883,970,304	\$ 1,096,888,731
Fiscal Year Results	\$ 1,516,269	\$ 18,794,682	\$ 20,310,952
Beginning Plan Reserve	20,007,389	110,184,185	130,191,573
Minimum Actuarial Reserve Required	\$ 25,561,809	\$ 105,563,337	\$ 131,125,147
<u>Ending Premium Stabilization Reserve</u>	<u>(4,038,151)</u>	<u>23,415,530</u>	<u>19,377,378</u>
Ending Plan Reserve	\$ 21,523,658	\$ 128,978,867	\$ 150,502,525
Reserve as a Percent of Expenses			14%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 19,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ -	Active Local	8.5%	15.5%
Direct Transfers	\$ 283,500,000	State	8.5%	15.5%
		Prescription Drug Rebates		15.0%
		Capitations		6.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2026

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 177,078,652	\$ 18,115,205	\$ 195,193,857
Employer Premiums - MCO	8,623,840	884,795	9,508,635
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	6,105,446		6,105,446
Life Insurance	462,616		462,616
Direct Transfers	-		-
Investment Income	1,857,008		1,857,008
Litigation Settlement	-		-
COBRA Premiums	596,676		596,676
Administrative Fees	710,459		710,459
Total Revenue	\$ 195,434,697	\$ 19,000,000	\$ 214,434,697
<u>Program Expenses</u>			
Medical Claims	\$ 133,022,352		\$ 133,022,352
Gross Prescription Drug Claims	102,204,885		102,204,885
Prescription Drug Rebates	(40,370,892)		(40,370,892)
Managed Care Capitations	5,785,927		5,785,927
Administration	5,195,936		5,195,936
Life Insurance	508,848		508,848
Wellness	7,845		7,845
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	93,982		93,982
Director's Discretionary Fund	364,099		364,099
WV RHBT Pay Go Premiums	6,105,446		6,105,446
Total Expenses	\$ 212,918,428	\$ -	\$ 212,918,428
Fiscal Year Results	\$ (17,483,731)		\$ 1,516,269
Beginning Plan Reserve	20,007,389		20,007,389
Minimum Actuarial Reserve Required	\$ 25,561,809	\$ -	\$ 25,561,809
<u>Ending Premium Stabilization Reserve</u>	<u>(23,038,151)</u>	<u>-</u>	<u>(4,038,151)</u>
Ending Plan Reserve	\$ 2,523,658		\$ 21,523,658
Reserve as a Percent of Expenses			10%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 19,000,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	8.5%	15.5%
		Prescription Drug Rebates		15.0%
		Capitations		6.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2026

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 415,141,072	\$ -	\$ 415,141,072
Employer Premiums - MCO	45,872,535	-	45,872,535
Employee Premiums - PPB	106,913,040	-	106,913,040
Employee Premiums - MCO	12,195,363	-	12,195,363
WV RHBT Pay Go Premiums	22,894,554		22,894,554
Life Insurance	1,909,374		1,909,374
Direct Transfers	283,500,000		283,500,000
Investment Income	8,619,864		8,619,864
Litigation Settlement	-		-
COBRA Premiums	1,782,743		1,782,743
Administrative Fees	3,936,441		3,936,441
Total Revenue	\$ 902,764,986	\$ -	\$ 902,764,986
<u>Program Expenses</u>			
Medical Claims	\$ 530,184,903		\$ 530,184,903
Gross Prescription Drug Claims	404,598,247		404,598,247
Prescription Drug Rebates	(158,004,108)		(158,004,108)
Managed Care Capitations	58,880,709		58,880,709
Administration	21,445,399		21,445,399
Life Insurance	2,100,190		2,100,190
Wellness	32,380		32,380
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	386,580		386,580
Director's Discretionary Fund	1,451,450		1,451,450
WV RHBT Pay Go Premiums	22,894,554		22,894,554
Total Expenses	\$ 883,970,304	\$ -	\$ 883,970,304
Fiscal Year Results	\$ 18,794,682		\$ 18,794,682
Beginning Plan Reserve	110,184,185		110,184,185
Minimum Actuarial Reserve Required	\$ 105,563,337	\$ -	\$ 105,563,337
<u>Ending Premium Stabilization Reserve</u>	<u>23,415,530</u>	<u>-</u>	<u>23,415,530</u>
Ending Plan Reserve	\$ 128,978,867		\$ 128,978,867
Reserve as a Percent of Expenses			15%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ 283,500,000	State	8.5%	15.5%
		Prescription Drug Rebates		15.0%
		Capitations		6.0%
		Administrative Expense		3.0%

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 217,122,790	\$ 415,141,072	\$ 632,263,862
Employer Premiums - MCO	10,579,703	45,872,535	56,452,238
Employee Premiums - PPB	-	106,913,040	106,913,040
Employee Premiums - MCO	-	12,195,363	12,195,363
WV RHBT Pay Go Premiums	6,105,446	22,894,554	29,000,000
Life Insurance	485,747	2,004,843	2,490,590
Direct Transfers	-	376,500,000	376,500,000
Investment Income	2,033,905	9,835,017	11,868,922
Litigation Settlement	-	-	-
COBRA Premiums	663,718	1,782,743	2,446,461
Administrative Fees	710,459	3,936,441	4,646,900
Total Revenue	\$ 237,701,768	\$ 997,075,608	\$ 1,234,777,376
<u>Program Expenses</u>			
Medical Claims	\$ 144,693,206	\$ 576,705,759	\$ 721,398,965
Gross Prescription Drug Claims	118,328,930	468,431,926	586,760,856
Prescription Drug Rebates	(46,426,526)	(181,704,724)	(228,131,250)
Managed Care Capitations	6,133,082	62,413,552	68,546,634
Administration	5,351,814	22,088,761	27,440,575
Life Insurance	534,291	2,205,199	2,739,490
Wellness	8,159	33,675	41,834
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	93,982	386,580	480,562
Director's Discretionary Fund	363,808	1,450,280	1,814,088
WV RHBT Pay Go Premiums	6,105,446	22,894,554	29,000,000
Total Expenses	\$ 235,186,192	\$ 974,905,562	\$ 1,210,091,754
Fiscal Year Results	\$ 2,515,576	\$ 22,170,046	\$ 24,685,622
Beginning Plan Reserve	21,523,658	128,978,867	150,502,525
Minimum Actuarial Reserve Required	\$ 28,332,060	\$ 116,823,182	\$ 145,155,242
<u>Ending Premium Stabilization Reserve</u>	<u>(4,292,826)</u>	<u>34,325,731</u>	<u>30,032,905</u>
Ending Plan Reserve	\$ 24,039,234	\$ 151,148,913	\$ 175,188,147
Reserve as a Percent of Expenses			15%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 23,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ -	Active Local	9.0%	16.0%
Direct Transfers	\$ 376,500,000	State	9.0%	16.0%
		Prescription Drug Rebates		15.0%
		Capitations		6.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2027

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 195,193,858	\$ 21,928,932	\$ 217,122,790
Employer Premiums - MCO	9,508,635	1,071,068	10,579,703
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	6,105,446		6,105,446
Life Insurance	485,747		485,747
Direct Transfers	-		-
Investment Income	2,033,905		2,033,905
Litigation Settlement	-		-
COBRA Premiums	663,718		663,718
Administrative Fees	710,459		710,459
Total Revenue	\$ 214,701,768	\$ 23,000,000	\$ 237,701,768
<u>Program Expenses</u>			
Medical Claims	\$ 144,693,206		\$ 144,693,206
Gross Prescription Drug Claims	118,328,930		118,328,930
Prescription Drug Rebates	(46,426,526)		(46,426,526)
Managed Care Capitations	6,133,082		6,133,082
Administration	5,351,814		5,351,814
Life Insurance	534,291		534,291
Wellness	8,159		8,159
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	93,982		93,982
Director's Discretionary Fund	363,808		363,808
WV RHBT Pay Go Premiums	6,105,446		6,105,446
Total Expenses	\$ 235,186,192	\$ -	\$ 235,186,192
Fiscal Year Results	\$ (20,484,424)		\$ 2,515,576
Beginning Plan Reserve	21,523,658		21,523,658
Minimum Actuarial Reserve Required	\$ 28,332,060	\$ -	\$ 28,332,060
<u>Ending Premium Stabilization Reserve</u>	<u>(27,292,826)</u>	<u>-</u>	<u>(4,292,826)</u>
Ending Plan Reserve	\$ 1,039,234		\$ 24,039,234
Reserve as a Percent of Expenses			10%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 23,000,000	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		<u>Gross Drugs</u>	
		Local	9.0%
			16.0%
		Prescription Drug Rebates	15.0%
		Capitations	6.0%
		Administrative Expense	3.0%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2027

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 415,141,072	\$ -	\$ 415,141,072
Employer Premiums - MCO	45,872,535	-	45,872,535
Employee Premiums - PPB	106,913,040	-	106,913,040
Employee Premiums - MCO	12,195,363	-	12,195,363
WV RHBT Pay Go Premiums	22,894,554		22,894,554
Life Insurance	2,004,843		2,004,843
Direct Transfers	376,500,000		376,500,000
Investment Income	9,835,017		9,835,017
Litigation Settlement	-		-
COBRA Premiums	1,782,743		1,782,743
Administrative Fees	3,936,441		3,936,441
Total Revenue	\$ 997,075,608	\$ -	\$ 997,075,608
<u>Program Expenses</u>			
Medical Claims	\$ 576,705,759		\$ 576,705,759
Gross Prescription Drug Claims	468,431,926		468,431,926
Prescription Drug Rebates	(181,704,724)		(181,704,724)
Managed Care Capitations	62,413,552		62,413,552
Administration	22,088,761		22,088,761
Life Insurance	2,205,199		2,205,199
Wellness	33,675		33,675
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	386,580		386,580
Director's Discretionary Fund	1,450,280		1,450,280
WV RHBT Pay Go Premiums	22,894,554		22,894,554
Total Expenses	\$ 974,905,562	\$ -	\$ 974,905,562
Fiscal Year Results	\$ 22,170,046		\$ 22,170,046
Beginning Plan Reserve	128,978,867		128,978,867
Minimum Actuarial Reserve Required	\$ 116,823,182	\$ -	\$ 116,823,182
<u>Ending Premium Stabilization Reserve</u>	34,325,732	-	34,325,732
Ending Plan Reserve	\$ 151,148,913		\$ 151,148,913
Reserve as a Percent of Expenses			16%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ 376,500,000	State	9.0%	16.0%
		Prescription Drug Rebates		15.0%
		Capitations		6.0%
		Administrative Expense		3.0%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2022 to FY 2023**

Fiscal Year 2022												
Exposure	<u>Jul-21</u>	<u>Aug-21</u>	<u>Sep-21</u>	<u>Oct-21</u>	<u>Nov-21</u>	<u>Dec-21</u>	<u>Jan-22</u>	<u>Feb-22</u>	<u>Mar-22</u>	<u>Apr-22</u>	<u>May-22</u>	<u>Jun-22</u>
Local Medical	30,423	30,325	30,377	30,323	30,325	30,428	30,559	30,580	30,514	30,542	30,433	30,405
State Medical	116,699	116,202	116,480	116,547	116,497	116,564	116,384	116,180	116,078	115,864	115,675	115,523
Local Drugs	30,423	30,325	30,377	30,323	30,325	30,428	30,559	30,580	30,514	30,542	30,433	30,405
State Drugs	116,699	116,202	116,480	116,547	116,497	116,564	116,384	116,180	116,078	115,864	115,675	115,523
	<u>Jul-21</u>	<u>Aug-21</u>	<u>Sep-21</u>	<u>Oct-21</u>	<u>Nov-21</u>	<u>Dec-21</u>	<u>Jan-22</u>	<u>Feb-22</u>	<u>Mar-22</u>	<u>Apr-22</u>	<u>May-22</u>	<u>Jun-22</u>
Local Medical	\$239.12	\$271.64	\$298.65	\$260.45	\$264.55	\$288.94	\$273.18	\$289.90	\$314.77	\$287.04	\$259.23	\$278.62
State Medical	271.93	275.02	293.19	283.56	291.07	292.27	268.81	281.68	307.51	283.87	285.26	311.44
Local Drugs	147.33	156.96	153.46	161.01	163.79	176.30	169.58	168.18	189.23	179.71	192.71	204.26
State Drugs	<u>155.65</u>	<u>170.67</u>	<u>167.83</u>	<u>172.04</u>	<u>176.82</u>	<u>183.06</u>	<u>188.56</u>	<u>179.01</u>	<u>195.10</u>	<u>185.51</u>	<u>199.58</u>	<u>210.35</u>
Total	\$814.03	\$874.29	\$913.14	\$877.05	\$896.23	\$940.57	\$900.13	\$918.77	\$1,006.61	\$936.13	\$936.77	\$1,004.66
Change From Prior Year - Month to Month Analysis												
Local Medical	21.6%	5.2%	29.2%	-12.1%	1.3%	14.0%	9.2%	16.4%	3.0%	-1.4%	-14.9%	-17.7%
State Medical	14.1%	8.5%	27.3%	10.5%	22.1%	14.1%	-5.2%	15.2%	1.0%	-1.6%	-1.7%	-5.6%
Local Drugs	27.3%	32.7%	19.0%	21.7%	23.6%	11.2%	20.6%	22.0%	13.2%	8.1%	21.4%	16.3%
State Drugs	<u>17.6%</u>	<u>24.0%</u>	<u>18.3%</u>	<u>17.8%</u>	<u>24.2%</u>	<u>15.6%</u>	<u>22.0%</u>	<u>23.0%</u>	<u>8.7%</u>	<u>10.1%</u>	<u>20.5%</u>	<u>14.0%</u>
Total	19.2%	13.9%	24.7%	5.5%	15.7%	13.8%	8.6%	18.2%	5.2%	2.4%	1.9%	-2.3%
Change From Prior Year - Quarter to Quarter Analysis												
Local Medical			18.0%			0.4%			9.0%			-11.7%
State Medical			16.3%			15.4%			3.1%			-3.1%
Local Drugs			26.1%			18.4%			18.3%			15.2%
State Drugs			<u>20.0%</u>			<u>19.1%</u>			<u>17.3%</u>			<u>14.8%</u>
Total			19.2%			11.6%			10.2%			0.5%
Change From Prior Year - Year to Year Analysis												
Local Medical			30.3%			22.0%			19.1%			2.8%
State Medical			18.3%			23.0%			18.1%			7.2%
Local Drugs			19.5%			19.5%			21.8%			19.0%
State Drugs			<u>13.9%</u>			<u>15.1%</u>			<u>17.9%</u>			<u>17.6%</u>
Total			21.2%			20.5%			19.0%			9.7%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2022 to FY 2023**

Fiscal Year 2023					
Exposure					
	<u>Jul-22</u>	<u>Aug-22</u>	<u>Sep-22</u>	<u>Oct-22</u>	<u>Nov-22</u>
Local Medical	30,671	30,695	30,675	30,644	30,654
State Medical	115,258	114,654	114,864	114,947	114,988
Local Drugs	30,671	30,695	30,675	30,644	30,654
State Drugs	115,258	114,654	114,864	114,947	114,988
	<u>Jul-22</u>	<u>Aug-22</u>	<u>Sep-22</u>	<u>Oct-22</u>	<u>Nov-22</u>
Local Medical	\$225.53	\$256.51	\$221.66	\$297.57	\$307.65
State Medical	223.44	282.89	244.88	284.99	322.69
Local Drugs	131.57	162.30	156.23	146.01	166.68
State Drugs	<u>140.67</u>	<u>183.42</u>	<u>183.64</u>	<u>156.92</u>	<u>188.04</u>
Total	\$721.21	\$885.11	\$806.41	\$885.49	\$985.06
Change From Prior Year - Month to Month Analysis					
Local Medical	-5.7%	-5.6%	-25.8%	14.3%	16.3%
State Medical	-17.8%	2.9%	-16.5%	0.5%	10.9%
Local Drugs	-10.7%	3.4%	1.8%	-9.3%	1.8%
State Drugs	<u>-9.6%</u>	<u>7.5%</u>	<u>9.4%</u>	<u>-8.8%</u>	<u>6.3%</u>
Total	-11.4%	1.2%	-11.7%	1.0%	9.9%
Change From Prior Year - Quarter to Quarter Analysis					
Local Medical	-13.1%				
State Medical	-10.6%				
Local Drugs	-1.7%				
State Drugs	<u>2.8%</u>				
Total	-7.3%				
Change From Prior Year - Year to Year Analysis					
Local Medical	-4.1%				
State Medical	0.7%				
Local Drugs	12.4%				
State Drugs	<u>13.3%</u>				
Total	3.5%				