

# STATE OF WEST VIRGINIA



## **RETIREE HEALTH BENEFIT TRUST FUND**

### **Financial Plan**

**Fiscal Years 2017-2021**

*December 2016*

***YOUR ACTUARIES FOR THE LONG-TERM!***



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

Finance Board  
West Virginia Retiree Health Benefit Trust Fund  
601 57th St., SE, Suite 2  
Charleston, West Virginia 25304-2345

Ladies and Gentlemen:

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

During the 2006 Regular Session of the West Virginia Legislature, House Bill 4654 was enacted creating the West Virginia Retiree Health Benefit Trust Fund (“Trust Fund” or “RHBT”) for the purpose of providing for and administering retiree post-employment health care benefits, and the respective revenues and costs of those benefits as a cost sharing multiple employer plan. The Public Employees Insurance Agency (“PEIA”), on behalf of the Public Employees Insurance Agency Finance Board (“Board”), is responsible for the day-to-day operation of the Trust Fund, including all administrative functions.

Statutory provisions governing the Trust Fund require the actuary retained by the PEIA to provide technical advice regarding the operation of the Trust Fund. Using the actuarial assumptions most recently adopted by the Board, the actuary is required to develop actuarial valuations of normal cost, actuarial liability, actuarial value of assets, and related actuarial present values for the West Virginia plan for other post-employment benefits including health insurance. Consequently, the Board has requested Continuing Care Actuaries to prepare a report separating the actuarial projections for the Trust Fund from the PEIA forecast report. The West Virginia Retiree Health Benefit Trust Fund has assumed the financial liabilities of the retiree programs previously under the PEIA effective July 1, 2006.

The provisions of the Code of West Virginia (“Code”), 1931, as amended, charge the Board with the responsibility to prepare a proposed financial plan designed to generate revenues sufficient to meet all estimated program and administrative costs of the RHBT, including incurred but unreported claims, for the fiscal year for which the plan is proposed. Continuing Care Actuaries has been retained by the RHBT to review the proposed financial plan for FY 2018, 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 the plan through FY 2021. Our analysis is developed on an accrued and incurred reporting basis for a projection period of five years as required by the Code.

The Code provisions also require the Board to establish and maintain a reserve fund for PEIA for the purposes of offsetting unanticipated claim losses in any fiscal year. Beginning with the Fiscal Year 2002 plan and for each succeeding fiscal year plan, the Board shall transfer ten percent of the projected total plan costs for that year into the reserve fund, which is to be certified by the actuary and included in the final, approved financial plan submitted to the Governor and Legislature in accordance with the provisions of the Code. Any moneys saved in a plan year shall be transferred into the reserve fund. At the close of any fiscal year in which the balance in the reserve fund exceeds the recommended reserve amount by fifteen percent, these excess funds shall be transferred to the West Virginia Retiree Health Benefit Trust Fund.

Continuing Care Actuaries has provided preliminary forecasts for fiscal years ending June 30, 2017 (“FY 2017”), June 30, 2018 (“FY 2018”), June 30, 2019 (“FY 2019”), June 30, 2020 (“FY 2020”) and June 30, 2021 (“FY 2021”). Our opinion of plan adequacy is based on the projections through FY 2021 using updated future revenue and plan modifications provided by the Board in the plan adopted in December 2016.

Effective July 1, 2012, RHBT has contracted with Humana to provide a Medicare Advantage Plan (“Humana MAPD”) benefit to Medicare-eligible retired employees and their Medicare-eligible dependents. Under this arrangement, Humana has assumed the financial risk of providing comprehensive medical and drug coverage with limited copayments. Non-Medicare retirees will continue enrollment in PEIA's Preferred Provider Benefit or the Managed Care Option.

Current Medicare coverages are transferred from a self-insured secondary basis by RHBT to the Humana MAPD plan. However, it should be noted that new Medicare eligible retirees, who become Medicare eligible during the calendar year, will be covered on a secondary basis by the PPB Plan until the beginning of the next calendar year.

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

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 RHBT, 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 enhancements and costs can be found later in this report. In addition, it is noteworthy that some current RHBT members have become eligible for the West Virginia Children Health Insurance Plan effective in Fiscal Year 2017.

In FY 2017 the Pay-Go is equivalent to \$293 per retiree per month. In future years, the Pay Go premium may increase by a maximum of 3% per retiree per year, indexed to the initial fixed subsidy determined in FY 2013. The new Pay-Go premium formula is based on the financial plan approved by the Financial Board in December 2016.

Senate Bill 419, effective July 1, 2012, amended West Virginia code (the Code) section 11-21-96 by dedicating \$30 million to be transferred annually from personal income tax previously collected for payment of the unfunded liability of the Workers' Compensation fund to the Retiree Health Benefit Trust fund (RHBT). Transfers will not commence until the Workers' Compensation fund has been certified by the Governor to the Legislature to be paid or provided for in its entirety. Thereafter, transfers will be made until the RHBT fund has been provided for in its entirety or July 1, 2037, whichever date is later. Presently RHBT estimates that the aforementioned \$30 million transfers will likely commence in 2017. All employers will receive benefit of these contributions.

Based on our review, and subject to the conditions described herein, we believe the financial plan approved by the Board for FY 2017 through FY 2021 may be reasonably expected to generate sufficient revenues, when combined with the existing surplus, to meet estimated insurance program and administrative costs of the Trust Fund.

This conclusion is based on significant revenue increases in employer, employee, and retiree premiums in later fiscal years of the plan through FY 2021 as approved by the Board in December 2016.

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 and changes of the framework of MAPD plan and other managed care options impacting Non-Medicare retirees, as are contemplated in the Board's proposed plan, increase the level of uncertainty of such estimates. As such, the estimate costs of insurance program contain considerable uncertainty and variability and actual experience may not conform to the assumptions utilized in this report.

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 Retiree Health Benefit Trust Fund**

## **Report of Independent Actuary**

### **Financial Plan for FY 2017 – FY 2021**

#### **OVERVIEW**

This report analyzes revenues and expenses related to funding the health insurance benefits of retired employees of the State of West Virginia 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 RHBT's third party administrators through November 2016 for prescription drugs and medical claims. Enrollment data, administrative expenses, managed care capitations, and plan revenues were provided at special request from RHBT. Revenue assumptions are based on premium rates, assumed investment income and significant general and special revenue allocations provided by the Governor, some which have not been approved by the West Virginia Legislature. In addition, other information became available through presentations made at Board meetings, which has been used in arriving at our conclusions.

The Code of West Virginia establishes the actuarial reporting requirements for the Trust Fund on an incurred basis for medical claims, prescription drug claims and capitations, and on an accrued basis for administrative expenses and revenue for a period of five years. The Fund represents state and local agency retirees and their survivors. The Trust Fund is allocated its share of administrative costs from PEIA.

## KEY ASSUMPTIONS

### A. Enrollment Changes

The Board has requested that the projection assume retiree enrollment growth consistent with the experience of the plan. These projections assume that the Trust Fund will annually have 1,000 additional retirees. We have observed a net increase of 834 retirees from June 2015 to June 2016, approximating our current assumption. Continuing Care Actuaries has updated the claims analysis based on the enrollment through December 2016.

In aggregate, December 2016 enrollment has increased by 659 coverages since the end of FY 2016. Aggregate Preferred Provider Benefit (“PPB”) enrollment has increased by 654 in total over the same period, while managed care enrollment continues to cover fewer participants, with a slight increase of 5 coverages. For MAPD Capitations, the average 42,637 Medicare policyholders were used to forecast the monthly capitation cost shown on Page 8 of this report.

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

Trust Fund	Coverage	Preferred Provider Benefit*			Managed Care		
		Jun-15	Jun-16	Dec-16	Jun-15	Jun-16	Dec-16
Retirees	Medicare Single	19,018	19,698	19,985	-	-	-
	<u>Medicare Family</u>	<u>13,860</u>	<u>14,387</u>	<u>14,757</u>	-	-	-
	Medicare Total	32,878	34,085	34,742	-	-	-
	Non Medicare Single	3,462	3,245	3,287	149	135	142
	<u>Non Medicare Family</u>	<u>4,356</u>	<u>4,210</u>	<u>4,165</u>	<u>166</u>	<u>170</u>	<u>168</u>
	Non Medicare Total	7,818	7,455	7,452	315	305	310
	Retiree Total	40,696	41,540	42,194	315	305	310
Grand Total				41,011	41,845	42,504	

\* The majority of PPB is capitated through Humana. As of November 2016, there are approximately 2,541 Medicare retiree coverages under PEIA.

## B. Changes in Claim Backlog

Detail of the medical claim backlog is presented in the PEIA report titled “PEIA Financial Plan Fiscal Years 2017-2021 Report”.

## C. Trend Analysis

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

The current trend projection is shown in the following table:

Claim Type	Previous Assumption FY 2017 Trend	Updated Assumption FY 2017 Trend
Non-Medicare – Medical	7.0%	7.0%
Medicare – Medical	7.0%	7.0%
Non-Medicare – Drugs	9.0%	11.0%
Medicare – Drugs	9.0%	11.0%

In addition, we have assumed that trends will increase by 0.5% in each successive fiscal year beginning in FY 2018. At the Board’s request, the baseline trend assumptions have been established to reflect the most likely or expected trends.

The following chart summarizes the trend results observed for the plan using data through November 2016. It is important to note that these trends ***have not*** been adjusted to reflect savings as a result of the expansion of the drug rebate program or the claim savings due to changes in provider reimbursement methodologies nor 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.

### Aggregate Trust Fund Historical Trends (Retirees)

<u>Fiscal Year</u>	<u>Medical Medicare</u>	<u>Medical Non-Medicare</u>	<u>Drugs Medicare</u>	<u>Drugs Non-Medicare</u>	<u>Total</u>
2004	9%	2%	3%	-2%	6%
2005	6%	-2%	16%	1%	8%
2006	6%	5%	11%	17%	8%
2007	6%	1%	6%	6%	5%
2008	N/A	6%	N/A	-1%	N/A
2009	N/A	-2%	N/A	5%	N/A
2010	N/A	3%	N/A	7%	N/A
2011	N/A	12%	N/A	16%	N/A
2012	-5%	-6%	2%	8%	-2%
2013	23%	-3%	-3%	-7%	-2%
2014	N/A	7%	N/A	6%	N/A
2015	N/A	6%	N/A	5%	N/A
2016	-17%	2%	11%	8%	3%
2017*	-9%	6%	15%	19%	9%

\* Fiscal Year 2017 results are through the first five months ending November 2016. It should be noted that Humana's plan year starts in January 2014 in calendar year basis (not starting in July as in PEIA plan year basis) and the Medicare trends are not statistically credible in 2014 and 2015.

Effective July 1, 2007, PEIA had contracted with Coventry Advantra Freedom to provide Medicare Advantage/Prescription Drug Plan ("Coventry MA and PDP") Benefits to Medicare-eligible retired employees and dependents. Under this arrangement, Coventry Advantra Freedom had assumed the financial risk of providing comprehensive medical and prescription drug coverage with limited copayments. This arrangement expired on June 30, 2010. As a result, Fiscal Year 2008 through 2011 Medicare trends are not statistically credible.

It should be noted that RHBT left the Coventry MA and PDP program as of June 30, 2012, and RHBT assigned Medicare eligible retirees to the Humana MAPD program starting July 1, 2012.

#### **D. Enrollment, Claim, Expense and Revenue Assumptions**

Using aggregate PEIA and Trust Fund paid claim data through November 2016 for medical claims and for prescription drugs claims, average annualized incurred unit claim costs were developed for the Trust Fund for both self-funded and managed care coverages. Continuing Care Actuaries has developed the claim cost on an adjusted exposure basis using the respective expected claim cost for each coverage type. The adjusted exposure methodology weighs the expected claim cost under each coverage type for single, member and children, and family coverages based on observed differences in health care cost. For example, under this methodology single coverage types are given a weight of 1.0 exposure, whereas member and children coverages are given a greater weighting based on historical expected health care cost relationships. Based on this methodology, the projection of FY 2017 revenue and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.



Fiscal Year 2017 Projection			Revenue		Expenses		
Fund	Program	Policies	Monthly Employer Premiums	Monthly Employee Premiums	Monthly Medical Costs	Monthly Drugs Costs*	Monthly Capitation Costs
Retiree	Medicare Humana and Express Scripts	34,678			\$ 82**	\$ 226**	\$ 351
	Non-Medicare	7,648			\$ 748	\$ 276	
	Total	42,326	\$ -	\$ 164			
	Non-Medicare Managed Care	311	\$ -	\$ 590			\$ 1,167
	Total	42,637					

\*Net of rebates and subsidies.

\*\* As of November 2016, there are approximately 2,541 Medicare coverages that were not capitated through Humana.

Projected plan revenues and administrative expenses were provided by RHBT. The following chart summarizes the Financial Plan adopted by the Board in December 2016.

### Board Decisions – December 2016

Source	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
<b>Additional Non-Medicare Retiree Premium (Fiscal Year)</b>	\$1,601,265	\$1,690,823	\$9,057,187	\$8,338,963	\$8,766,605
<b>Additional Medicare Retiree Premium (Calendar Year)</b>	\$2,766,212	\$2,813,284	\$18,874,075	\$19,498,302	\$27,127,374
<b>General Revenue Transfer (OPEB Funding)</b>	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000
<b>General Revenue Transfer (Premium Offset)</b>	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000
<b>Benefit Reductions and Savings / (Increase) - Retiree Non-Medicare</b>	\$3,600,000	\$3,364,000	\$0	\$0	\$0
<b>Benefit Reductions / (Increase) - Humana MAPD (Calendar Year)</b>	\$29,449,688	\$9,630,000	\$0	\$0	\$0
<b>ACA Reinsurance Contributions (Cost)</b>	(\$200,000)	\$0	\$0	\$0	\$0
<b>ACA Comparative Effectiveness Research Fees (Cost)</b>	(\$31,602)	(\$32,201)	(\$32,900)	\$0	\$0
<b>Pay Go Premium Transfer</b>	\$150,000,000	\$160,000,000	\$170,000,000	\$180,000,000	\$190,000,000
<b>Actuarial Accrued Liability*</b>	\$3,559,049,000	\$3,592,317,000	\$3,614,699,000	\$3,627,158,000	\$3,631,580,000
<b>Funded Status</b>	20.8%	22.5%	24.5%	26.8%	29.2%

\*Projected Result

The \$3,364,000 of Retiree Non-Medicare benefit reductions and savings in Fiscal Year 2018 is comprised of the following:

	<u>2018 Claim Cost Savings</u>
Medical Claims	\$1.556 M
Drug Claims	\$1.808 M

A detailed list of the 2018 benefit reductions and savings for the Non-Medicare Retirees as voted on by the Board consists of the following:

	<u>Non-Medicare Savings</u>
Fee Schedules Payment Changes	\$0.240 M
Office Visits All PCP Copays \$20	\$0.096 M
Ded Increases \$100/200	\$0.970 M
<u>Plan A &amp; B Changes</u>	<u>\$0.250 M</u>
<b>Total Medical Benefit Reductions</b>	<b>\$1.556 M</b>
Rx Mandatory Maintenance (90 Days)	\$1.760 M
Rx Specialty Copay Increases	<u>\$0.048 M</u>
<b>Total Drugs Benefit Savings</b>	<b>\$1.808 M</b>
<b>Total Benefit Reductions and Savings</b>	<b>\$3.364 M</b>

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

Under the final rule, issuers would be required to pay a reinsurance contribution of \$5.25 per member per month to HHS in 2014. The \$5.25 contribution rate would gradually decrease in 2016. From 2017 and beyond, no further reinsurance contributions will be collected. RHBT will not receive any benefit payments from the national reinsurance program. RHBT will be subject to paying the reinsurance contributions through FY 2017 and the projected expenses of the reinsurance contributions are included in the current financial plan. The total reinsurance contributions for the financial projection are estimated to be approximately \$200,000 in FY 2017.

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

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

It is anticipated that RHBT would accrue and pay these fees in FY 2016 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 \$97,000, with \$31,602 in FY 2017.

Future fiscal year State revenue increases will require legislative appropriation. Additional retiree premiums represent premiums paid by retirees either directly or through sick and annual leave conversion credits. Additionally, RHBT management has assumed that the Retiree Premium Assistance Program will grow as a direct result from the required retiree premium increases in the financial plan. The program's cost is currently projected to grow from approximately \$3.2 million in FY 2017 to approximately \$4.4 million in FY 2021, based on the Board's direction and projected retiree enrollment growth in the financial plan.

#### **E. Provider Reimbursement Changes**

Effective July 1, 2012, RHBT has contracted with Humana to provide a Medicare Advantage Plan ("Humana MAPD") benefit to Medicare-eligible retired employees and their Medicare-eligible dependents. Under this arrangement, Humana has assumed the financial risk of providing comprehensive medical and drug coverage with limited copayments. Non-Medicare retirees will continue enrollment in PEIA's Preferred Provider Benefit or the Managed Care Option.

It should be noted that RHBT left the Coventry MA and PDP program as of June 30, 2012, and RHBT assigned Medicare eligible retirees to the Humana MAPD program starting July 1, 2012.

#### **FISCAL YEAR 2017 FORECAST**

The financial forecast for FY 2017 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2017 projects accrued revenue of \$358,634,634 and incurred plan expenses of \$284,001,806 to produce a fiscal year surplus of \$55,193,493 after the Premium Stabilization Reserve drawdown of \$19,439,335. The PEIA local and state agencies Pay Go premiums for FY 2017 are assumed to be \$150,000,000.

#### **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 \$360,205,707 and incurred plan expenses of \$291,234,514 to produce a fiscal year surplus of \$68,971,193 after the Premium Stabilization Reserve drawdown of \$0. The PEIA local and state agencies Pay Go premiums for FY 2018 are assumed to be \$160,000,000.

#### **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 \$397,571,164 and incurred plan expenses of \$320,555,598 to produce a fiscal year surplus of \$77,015,566 after the Premium Stabilization Reserve drawdown of \$0. The PEIA local and state agencies Pay Go premiums for FY 2019 are assumed to be \$170,000,000.

## **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 \$444,104,017 and incurred plan expenses of \$359,908,942 to produce a fiscal year surplus of \$84,195,075 after the Premium Stabilization Reserve drawdown of \$0. The PEIA local and state agencies Pay Go premiums for FY 2020 are assumed to be \$180,000,000.

## **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 \$496,313,605 and incurred plan expenses of \$406,242,370 to produce a fiscal year surplus of \$90,071,235 after the Premium Stabilization Reserve drawdown of \$0. The PEIA local and state agencies Pay Go premiums for FY 2021 are assumed to be \$190,000,000.

## **LITIGATION**

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

## **SUMMARY**

It should be noted that the aggregate PEIA and Trust Fund reserves will meet or exceed the 10% of program expense requirement under the Baseline Scenario assumptions. With projected changes to the plan as adopted in the Board, we are forecasting that the plan will meet the minimum 10% reserve target set by West Virginia Statute through the projection period ending with the Fiscal Year 2021. These projections are based on significant revenue increases as contained in the Financial Plan adopted by the Board in December 2016 and are contingent on legislative approval. These forecasts are based on assumptions including the estimated cost and savings of plan changes, expected trend levels and exposure levels. The continued enrollment changes of the managed care options, changes in physician, ambulatory and hospital provider reimbursement; possible changes in methodology of managed care premium calculation; and changes in the prescription drugs program, can be expected to further exacerbate the difficulty of projecting future medical and drugs claim levels and lags. These projections do not incorporate any anticipated effects of national or state health care reform, such as Medicare 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  
RHBT - MEDICARE AND NON-MEDICARE**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST  
FINANCIAL FORECAST  
FISCAL YEAR 2017**

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

	7/1/2016 to 12/31/2016	1/1/2017 to 6/30/2017	TRUST Total
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 75,000,000	\$ 75,000,000	\$ 150,000,000
Retiree Premiums - PPB	41,967,795	41,467,750	83,435,545
Retiree Premiums - MCO	1,128,775	1,074,145	2,202,920
Annual Required Contributions	30,798	30,798	61,596
Non Par Premiums	1,611,894	1,611,894	3,223,788
Life Insurance	11,389,793	11,389,793	22,779,585
Investment Income	21,245,932	21,245,932	42,491,865
Transfer from Premium Stabilization Reserve	9,644,401	9,794,934	19,439,335
General Revenue Transfer (OPEB Funding)	15,000,000	15,000,000	30,000,000
General Revenue Transfer (Premium Offset)	2,500,000	2,500,000	5,000,000
<b>Total Revenue</b>	<b>\$ 179,519,388</b>	<b>\$ 179,115,246</b>	<b>\$ 358,634,634</b>
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 33,362,311	\$ 35,256,182	\$ 68,618,493
Non-Medicare Prescription Drug Claims	11,708,695	13,640,287	25,348,982
Medicare Medical Claims	1,499,176	704,967	2,204,143
Medicare Prescription Drug Claims	4,296,242	2,058,930	6,355,172
Non-Medicare Managed Care Capitations	2,177,909	2,177,909	4,355,818
Humana MAPD Program	76,564,264	69,462,825	146,027,089
Administration	1,839,630	1,839,630	3,679,260
Life Insurance	11,224,457	11,224,457	22,448,913
Retiree Assistance Program	1,608,453	1,608,453	3,216,906
ACA Reinsurance Contributions	200,000	-	200,000
ACA Comparative Effectiveness Research Fees	15,801	15,801	31,602
Computer Software Reserve	616,854	616,854	1,233,708
Director's Discretionary Fund	140,860	140,860	281,720
<b>Total Expenses</b>	<b>\$ 145,254,651</b>	<b>\$ 138,747,155</b>	<b>\$ 284,001,806</b>
<b>Fiscal Year Results</b>	<b>\$ 34,264,737</b>	<b>\$ 40,368,091</b>	<b>\$ 74,632,828</b>
Beginning Restricted Reserve			\$ 666,155,862
Ending Restricted Reserve			\$ 740,788,690
Beginning Premium Stabilization Reserve			\$ 19,439,335
PSR Addition/(Drawdown)			\$ (19,439,335)
Ending Premium Stabilization Reserve			\$ -
Total Beginning Plan Reserve			\$ 685,668,002
Total Ending Plan Reserve			\$ 740,788,690
Accrued Actuarial Liability (AAL)			\$ 3,559,049,000
Funded Status			20.8%

**KEY ASSUMPTIONS**

		Claim and Other Expense Trends		
		Eligibility	Medical	Drugs
Pay Go Monthly Premium for Actives	\$ 166.06			
Additional Retiree Premiums	\$ 2,745,689			
Pay Go PEPM Subsidy for Retirees	\$ 293.17	Non-Medicare	7.0%	11.0%
		Medicare	7.0%	11.0%
		Capitations		3.9%
		Administrative Expense		-17.4%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		23.8%

**APPENDIX - BASELINE SCENARIO  
RHBT - MEDICARE**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST  
FINANCIAL FORECAST  
FISCAL YEAR 2017**

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

<b>Medicare Retiree</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 100,000,316		\$ 100,000,316
Employer Premiums - PPB	7,909,202	107,315	8,016,517
Employer Premiums - MCO	-	-	-
Retiree Premiums - PPB	37,851,629	1,037,109	38,888,738
Retiree Premiums - MCO	-	-	-
Annual Required Contributions	-	-	-
Non Par Premiums	1,742,669		1,742,669
Life Insurance	12,313,858		12,313,858
Investment Income	22,395,413		22,395,413
Transfer from Premium Stabilization Reserve	15,259,335		15,259,335
General Revenue Transfer (OPEB Funding)	17,833,982		17,833,982
General Revenue Transfer (Premium Offset)	2,972,330		2,972,330
<b>Total Revenue</b>	<b>\$ 218,278,735</b>	<b>\$ 1,144,424</b>	<b>\$ 219,423,159</b>
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 2,204,143	\$ -	\$ 2,204,143
Medicare Prescription Drug Claims	6,355,172	-	6,355,172
Humana MAPD Program	162,667,024	(16,639,935)	146,027,089
Administration	1,358,115		1,358,115
Life Insurance	12,135,108		12,135,108
Retiree Assistance Program	1,738,948		1,738,948
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	23,952		23,952
Computer Software Reserve	666,900		666,900
Director's Discretionary Fund	-		-
<b>Total Expenses</b>	<b>\$ 187,149,362</b>	<b>\$ (16,639,935)</b>	<b>\$ 170,509,427</b>
<b>Fiscal Year Results</b>	<b>\$ 31,129,373</b>		<b>\$ 48,913,732</b>
Beginning Restricted Reserve	\$ 338,884,373		\$ 338,884,373
Ending Restricted Reserve	<u>\$ 370,013,745</u>		<u>\$ 387,798,104</u>
Beginning Premium Stabilization Reserve	\$ 17,284,316		\$ 17,284,316
PSR Addition/(Drawdown)	\$ (15,259,335)		\$ (15,259,335)
Ending Premium Stabilization Reserve	<u>\$ 2,024,981</u>		<u>\$ 2,024,981</u>
Total Beginning Plan Reserve	356,206,511		356,206,511
Total Ending Plan Reserve	<u>\$ 372,038,726</u>		<u>\$ 389,823,085</u>
Accrued Actuarial Liability (AAL)	\$ 3,559,049,000		\$ 3,559,049,000
Funded Status	20.2%		20.8%

**KEY ASSUMPTIONS**

Pay Go Monthly Premium for Actives	\$ 166.06	<b>Claim and Other Expense Trends</b>		
Additional Retiree Premiums	\$ 1,144,424	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 240.31	Medicare	7.0%	11.0%
		Capitations		3.9%
		Administrative Expense		-17.4%
Number of Net New Retirees	700	Pay Go Monthly Premium		23.8%

**APPENDIX - BASELINE SCENARIO  
RHBT - NON-MEDICARE**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST  
FINANCIAL FORECAST  
FISCAL YEAR 2017**

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

<b>Non-Medicare Retiree</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 49,999,684		\$ 49,999,684
Employer Premiums - PPB	13,447,894	452,895	13,900,789
Employer Premiums - MCO	1,264,213	23,750	1,287,964
Retiree Premiums - PPB	21,535,145	1,094,356	22,629,501
Retiree Premiums - MCO	884,693	30,264	914,956
Annual Required Contributions	61,596		61,596
Non Par Premiums	1,481,119		1,481,119
Life Insurance	10,465,727		10,465,727
Investment Income	20,096,451		20,096,451
Transfer from Premium Stabilization Reserve	4,180,000		4,180,000
General Revenue Transfer (OPEB Funding)	12,166,018		12,166,018
General Revenue Transfer (Premium Offset)	2,027,670		2,027,670
<b>Total Revenue</b>	<b>\$ 137,610,210</b>	<b>\$ 1,601,265</b>	<b>\$ 139,211,475</b>
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 69,442,493	\$ (824,000)	\$ 68,618,493
Non-Medicare Prescription Drug Claims	28,124,982	(2,776,000)	25,348,982
Non-Medicare Managed Care Capitations	4,355,818		4,355,818
Administration	2,321,145		2,321,145
Life Insurance	10,313,805		10,313,805
Retiree Assistance Program	1,477,958		1,477,958
ACA Reinsurance Contributions	200,000		200,000
ACA Comparative Effectiveness Research Fees	7,650		7,650
Computer Software Reserve	566,808		566,808
Director's Discretionary Fund	281,720		281,720
<b>Total Expenses</b>	<b>\$ 117,092,379</b>	<b>\$ (3,600,000)</b>	<b>\$ 113,492,379</b>
<b>Fiscal Year Results</b>	<b>\$ 20,517,831</b>		<b>\$ 25,719,096</b>
Beginning Restricted Reserve	\$ 327,271,490		\$ 327,271,490
Ending Restricted Reserve	<u>\$ 347,789,321</u>		<u>\$ 352,990,586</u>
Beginning Premium Stabilization Reserve	\$ 2,155,019		\$ 2,155,019
PSR Addition/(Drawdown)	\$ (4,180,000)		\$ (4,180,000)
Ending Premium Stabilization Reserve	<u>\$ (2,024,981)</u>		<u>\$ (2,024,981)</u>
<b>Total Beginning Plan Reserve</b>	<b>329,461,491</b>		<b>329,461,491</b>
<b>Total Ending Plan Reserve</b>	<b><u>\$ 345,764,340</u></b>		<b><u>\$ 350,965,605</u></b>
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

**KEY ASSUMPTIONS**

		<b>Claim and Other Expense Trends</b>		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go Monthly Premium for Actives	\$ 166.06			
Additional Retiree Premiums	\$ 1,601,265			
Pay Go PEPM Subsidy for Retirees	\$ 523.51	Non-Medicare	7.0%	11.0%
		Capitations		3.9%
		Administrative Expense		-17.4%
Number of Net New Retirees	300	Pay Go Monthly Premium		23.8%

**APPENDIX - BASELINE SCENARIO  
RHBT - MEDICARE AND NON-MEDICARE**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST  
FINANCIAL FORECAST  
FISCAL YEAR 2018**

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

	7/1/2017 to 12/31/2017	1/1/2018 to 6/30/2018	TRUST Total
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 80,000,000	\$ 80,000,000	\$ 160,000,000
Retiree Premiums - PPB	44,567,831	45,966,708	90,534,540
Retiree Premiums - MCO	1,191,169	1,191,169	2,382,338
Annual Required Contributions	-	-	-
Non Par Premiums	1,563,537	1,563,537	3,127,074
Life Insurance	11,959,282	11,959,282	23,918,564
Investment Income	22,621,596	22,621,596	45,243,191
Transfer from Premium Stabilization Reserve	-	-	-
General Revenue Transfer (OPEB Funding)	15,000,000	15,000,000	30,000,000
General Revenue Transfer (Premium Offset)	2,500,000	2,500,000	5,000,000
<b>Total Revenue</b>	\$ 179,403,415	\$ 180,802,292	\$ 360,205,707
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 34,760,353	\$ 36,733,586	\$ 71,493,939
Non-Medicare Prescription Drug Claims	12,097,818	14,093,605	26,191,423
Medicare Medical Claims	1,668,850	786,647	2,455,497
Medicare Prescription Drug Claims	4,961,023	2,383,047	7,344,070
Non-Medicare Managed Care Capitations	2,352,142	2,352,142	4,704,283
Humana MAPD Program	71,922,100	74,727,740	146,649,840
Administration	1,894,819	1,894,819	3,789,638
Life Insurance	11,785,680	11,785,680	23,571,359
Retiree Assistance Program	1,737,129	1,737,129	3,474,258
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	16,101	16,101	32,201
Computer Software Reserve	616,854	616,854	1,233,708
Director's Discretionary Fund	147,149	147,149	294,298
<b>Total Expenses</b>	\$ 143,960,017	\$ 147,274,497	\$ 291,234,514
<b>Fiscal Year Results</b>	\$ 35,443,398	\$ 33,527,795	\$ 68,971,193
Beginning Restricted Reserve			\$ 740,788,690
Ending Restricted Reserve			\$ 809,759,883
Beginning Premium Stabilization Reserve			\$ -
PSR Addition/(Drawdown)			\$ -
Ending Premium Stabilization Reserve			\$ -
Total Beginning Plan Reserve			\$ 740,788,690
Total Ending Plan Reserve			\$ 809,759,883
Accrued Actuarial Liability (AAL)			\$ 3,592,317,000
Funded Status			22.5%

**KEY ASSUMPTIONS**

Pay Go Monthly Premium for Actives	\$ 177.31	<b>Claim and Other Expense Trends</b>		
Additional Retiree Premiums	\$ 4,412,125	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 306.14	Non-Medicare	7.5%	11.5%
		Medicare	7.5%	11.5%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		10.5%



**APPENDIX - BASELINE SCENARIO  
RHBT - MEDICARE**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST  
FINANCIAL FORECAST  
FISCAL YEAR 2018**

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

<b>Medicare Retiree</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 104,499,206		\$ 104,499,206
Employer Premiums - PPB	8,117,342	470,344	8,587,686
Employer Premiums - MCO	-	-	-
Retiree Premiums - PPB	38,847,782	2,250,959	41,098,741
Retiree Premiums - MCO	-	-	-
Annual Required Contributions	-	-	-
Non Par Premiums	1,690,389		1,690,389
Life Insurance	12,929,551		12,929,551
Investment Income	23,845,505		23,845,505
Transfer from Premium Stabilization Reserve	-		-
General Revenue Transfer (OPEB Funding)	18,082,874		18,082,874
General Revenue Transfer (Premium Offset)	3,013,812		3,013,812
<b>Total Revenue</b>	<b>\$ 211,026,462</b>	<b>\$ 2,721,302</b>	<b>\$ 213,747,764</b>
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 2,455,497	\$ -	\$ 2,455,497
Medicare Prescription Drug Claims	7,344,070	-	7,344,070
Humana MAPD Program	161,630,810	(14,980,970)	146,649,840
Administration	1,398,859		1,398,859
Life Insurance	12,741,864		12,741,864
Retiree Assistance Program	1,878,064		1,878,064
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	25,077		25,077
Computer Software Reserve	666,900		666,900
Director's Discretionary Fund	-		-
<b>Total Expenses</b>	<b>\$ 188,141,141</b>	<b>\$ (14,980,970)</b>	<b>\$ 173,160,171</b>
<b>Fiscal Year Results</b>	<b>\$ 22,885,320</b>		<b>\$ 40,587,593</b>
Beginning Restricted Reserve	\$ 387,798,104		\$ 387,798,104
Ending Restricted Reserve	<u>\$ 410,683,425</u>		<u>\$ 428,385,698</u>
Beginning Premium Stabilization Reserve	\$ -		\$ -
PSR Addition/(Drawdown)	\$ -		\$ -
Ending Premium Stabilization Reserve	<u>\$ -</u>		<u>\$ -</u>
<b>Total Beginning Plan Reserve</b>	<b>389,823,085</b>		<b>389,823,085</b>
<b>Total Ending Plan Reserve</b>	<b><u>\$ 410,683,425</u></b>		<b><u>\$ 428,385,698</u></b>
Accrued Actuarial Liability (AAL)	\$ 3,592,317,000		\$ 3,592,317,000
Funded Status	21.9%		22.5%

**KEY ASSUMPTIONS**

		<b>Claim and Other Expense Trends</b>		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go Monthly Premium for Actives	\$ 177.31			
Additional Retiree Premiums	\$ 2,721,302			
Pay Go PEPM Subsidy for Retirees	\$ 246.95	Medicare	7.5%	11.5%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		10.5%

**APPENDIX - BASELINE SCENARIO  
RHBT - NON-MEDICARE**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST  
FINANCIAL FORECAST  
FISCAL YEAR 2018**

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

<b>Non-Medicare Retiree</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 55,500,794		\$ 55,500,794
Employer Premiums - PPB	15,088,332	614,153	15,702,485
Employer Premiums - MCO	1,346,725	54,817	1,401,542
Retiree Premiums - PPB	24,162,136	983,492	25,145,628
Retiree Premiums - MCO	942,436	38,361	980,796
Annual Required Contributions	-		-
Non Par Premiums	1,436,686		1,436,686
Life Insurance	10,989,013		10,989,013
Investment Income	21,397,687		21,397,687
Transfer from Premium Stabilization Reserve	-		-
General Revenue Transfer (OPEB Funding)	11,917,126		11,917,126
General Revenue Transfer (Premium Offset)	1,986,188		1,986,188
<b>Total Revenue</b>	<b>\$ 144,767,122</b>	<b>\$ 1,690,823</b>	<b>\$ 146,457,945</b>
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 73,049,940	\$ (1,556,000)	\$ 71,493,940
Non-Medicare Prescription Drug Claims	27,999,422	(1,807,999)	26,191,423
Non-Medicare Managed Care Capitations	4,704,283		4,704,283
Administration	2,390,779		2,390,779
Life Insurance	10,829,495		10,829,495
Retiree Assistance Program	1,596,194		1,596,194
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	7,124		7,124
Computer Software Reserve	566,808		566,808
Director's Discretionary Fund	294,298		294,298
<b>Total Expenses</b>	<b>\$ 121,438,343</b>	<b>\$ (3,363,999)</b>	<b>\$ 118,074,344</b>
<b>Fiscal Year Results</b>	<b>\$ 23,328,778</b>		<b>\$ 28,383,600</b>
Beginning Restricted Reserve	\$ 352,990,586		\$ 352,990,586
Ending Restricted Reserve	<u>\$ 376,319,364</u>		<u>\$ 381,374,186</u>
Beginning Premium Stabilization Reserve	\$ -		\$ -
PSR Addition/(Drawdown)	\$ -		\$ -
Ending Premium Stabilization Reserve	<u>\$ -</u>		<u>\$ -</u>
<b>Total Beginning Plan Reserve</b>	<b>350,965,605</b>		<b>350,965,605</b>
<b>Total Ending Plan Reserve</b>	<b><u>\$ 376,319,364</u></b>		<b><u>\$ 381,374,186</u></b>
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

**KEY ASSUMPTIONS**

		<b>Claim and Other Expense Trends</b>		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go Monthly Premium for Actives	\$ 177.31			
Additional Retiree Premiums	\$ 1,690,823			
Pay Go PEPM Subsidy for Retirees	\$ 557.86	Non-Medicare	7.5%	11.5%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		10.5%

**APPENDIX - BASELINE SCENARIO  
RHBT - MEDICARE AND NON-MEDICARE**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST  
FINANCIAL FORECAST  
FISCAL YEAR 2019**

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

	<b>7/1/2018 to 12/31/2018</b>	<b>1/1/2019 to 6/30/2019</b>	<b>TRUST Total</b>
<b>Revenues</b>			
WV PEIA Pay Go Premiums	\$ 85,000,000	\$ 85,000,000	\$ 170,000,000
Retiree Premiums - PPB	51,042,276	60,981,564	112,023,840
Retiree Premiums - MCO	1,465,281	1,465,281	2,930,561
Annual Required Contributions	-	-	-
Non Par Premiums	1,516,631	1,516,631	3,033,262
Life Insurance	12,557,246	12,557,246	25,114,492
Investment Income	24,734,504	24,734,504	49,469,009
Transfer from Premium Stabilization Reserve	-	-	-
General Revenue Transfer (OPEB Funding)	15,000,000	15,000,000	30,000,000
General Revenue Transfer (Premium Offset)	2,500,000	2,500,000	5,000,000
<b>Total Revenue</b>	<b>\$ 193,815,938</b>	<b>\$ 203,755,226</b>	<b>\$ 397,571,164</b>
<b>Program Expenses</b>			
Non-Medicare Medical Claims	\$ 37,837,121	\$ 39,985,012	\$ 77,822,133
Non-Medicare Prescription Drug Claims	13,657,578	15,910,680	29,568,258
Medicare Medical Claims	1,796,618	848,906	2,645,524
Medicare Prescription Drug Claims	5,539,300	2,666,984	8,206,284
Non-Medicare Managed Care Capitations	2,540,313	2,540,313	5,080,626
Humana MAPD Program	77,373,415	85,890,218	163,263,633
Administration	1,951,664	1,951,664	3,903,327
Life Insurance	12,374,964	12,374,964	24,749,927
Retiree Assistance Program	1,876,100	1,876,100	3,752,199
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	16,450	16,450	32,900
Computer Software Reserve	616,854	616,854	1,233,708
Director's Discretionary Fund	148,540	148,540	297,079
<b>Total Expenses</b>	<b>\$ 155,728,915</b>	<b>\$ 164,826,683</b>	<b>\$ 320,555,598</b>
<b>Fiscal Year Results</b>	<b>\$ 38,087,023</b>	<b>\$ 38,928,543</b>	<b>\$ 77,015,566</b>
Beginning Restricted Reserve			\$ 809,759,883
Ending Restricted Reserve			<u>\$ 886,775,449</u>
Beginning Premium Stabilization Reserve			\$ -
PSR Addition/(Drawdown)			\$ -
Ending Premium Stabilization Reserve			<u>\$ -</u>
Total Beginning Plan Reserve			809,759,883
Total Ending Plan Reserve			<u>\$ 886,775,449</u>
Accrued Actuarial Liability (AAL)			\$ 3,614,699,000
Funded Status			24.5%

**KEY ASSUMPTIONS**

		<b>Claim and Other Expense Trends</b>		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go Monthly Premium for Actives	\$ 189.03			
Additional Retiree Premiums	\$ 19,387,240			
Pay Go PEPM Subsidy for Retirees	\$ 317.91	Non-Medicare	8.0%	12.0%
		Medicare	8.0%	12.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		6.3%

**APPENDIX - BASELINE SCENARIO  
RHBT - MEDICARE**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST  
FINANCIAL FORECAST  
FISCAL YEAR 2019**

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

<b>Medicare Retiree</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 110,943,014		\$ 110,943,014
Employer Premiums - PPB	8,599,050	1,785,422	10,384,472
Employer Premiums - MCO	-	-	-
Retiree Premiums - PPB	41,153,127	8,544,631	49,697,758
Retiree Premiums - MCO	-	-	-
Annual Required Contributions	-	-	-
Non Par Premiums	1,639,677		1,639,677
Life Insurance	13,576,029		13,576,029
Investment Income	26,072,729		26,072,729
Transfer from Premium Stabilization Reserve	-		-
General Revenue Transfer (OPEB Funding)	17,771,928		17,771,928
General Revenue Transfer (Premium Offset)	2,961,988		2,961,988
<b>Total Revenue</b>	<b>\$ 222,717,542</b>	<b>\$ 10,330,053</b>	<b>\$ 233,047,595</b>
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 2,645,524	\$ -	\$ 2,645,524
Medicare Prescription Drug Claims	8,206,284	-	8,206,284
Humana MAPD Program	163,263,633		163,263,633
Administration	1,440,825		1,440,825
Life Insurance	13,378,957		13,378,957
Retiree Assistance Program	2,028,309		2,028,309
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	25,948		25,948
Computer Software Reserve	666,900		666,900
Director's Discretionary Fund	-		-
<b>Total Expenses</b>	<b>\$ 191,656,380</b>	<b>\$ -</b>	<b>\$ 191,656,380</b>
<b>Fiscal Year Results</b>	<b>\$ 31,061,162</b>		<b>\$ 41,391,215</b>
Beginning Restricted Reserve	\$ 428,385,698		\$ 428,385,698
Ending Restricted Reserve	<u>\$ 459,446,860</u>		<u>\$ 469,776,913</u>
Beginning Premium Stabilization Reserve	\$ -		\$ -
PSR Addition/(Drawdown)	\$ -		\$ -
Ending Premium Stabilization Reserve	<u>\$ -</u>		<u>\$ -</u>
Total Beginning Plan Reserve	428,385,698		428,385,698
Total Ending Plan Reserve	<u>\$ 459,446,860</u>		<u>\$ 469,776,913</u>
Accrued Actuarial Liability (AAL)	\$ 3,614,699,000		\$ 3,614,699,000
Funded Status	24.0%		24.5%

**KEY ASSUMPTIONS**

Pay Go Monthly Premium for Actives	\$ 189.03	<b>Claim and Other Expense Trends</b>		
Additional Retiree Premiums	\$ 10,330,053	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 258.52	Medicare	8.0%	12.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		6.3%

**APPENDIX - BASELINE SCENARIO  
RHBT - NON-MEDICARE**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST  
FINANCIAL FORECAST  
FISCAL YEAR 2019**

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

<b>Non-Medicare Retiree</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 59,056,986		\$ 59,056,986
Employer Premiums - PPB	16,671,213	3,295,740	19,966,953
Employer Premiums - MCO	1,439,491	284,574	1,724,064
Retiree Premiums - PPB	26,696,928	5,277,729	31,974,657
Retiree Premiums - MCO	1,007,353	199,144	1,206,497
Annual Required Contributions	-		-
Non Par Premiums	1,393,585		1,393,585
Life Insurance	11,538,464		11,538,464
Investment Income	23,396,279		23,396,279
Transfer from Premium Stabilization Reserve	-		-
General Revenue Transfer (OPEB Funding)	12,228,072		12,228,072
General Revenue Transfer (Premium Offset)	2,038,012		2,038,012
<b>Total Revenue</b>	<b>\$ 155,466,382</b>	<b>\$ 9,057,187</b>	<b>\$ 164,523,570</b>
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 77,822,133	\$ -	\$ 77,822,133
Non-Medicare Prescription Drug Claims	29,568,258	-	29,568,258
Non-Medicare Managed Care Capitations	5,080,626		5,080,626
Administration	2,462,502		2,462,502
Life Insurance	11,370,970		11,370,970
Retiree Assistance Program	1,723,890		1,723,890
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	6,952		6,952
Computer Software Reserve	566,808		566,808
Director's Discretionary Fund	297,079		297,079
<b>Total Expenses</b>	<b>\$ 128,899,218</b>	<b>\$ -</b>	<b>\$ 128,899,218</b>
<b>Fiscal Year Results</b>	<b>\$ 26,567,164</b>		<b>\$ 35,624,351</b>
Beginning Restricted Reserve	\$ 381,374,186		\$ 381,374,186
Ending Restricted Reserve	<u>\$ 407,941,350</u>		<u>\$ 416,998,537</u>
Beginning Premium Stabilization Reserve	\$ -		\$ -
PSR Addition/(Drawdown)	\$ -		\$ -
Ending Premium Stabilization Reserve	<u>\$ -</u>		<u>\$ -</u>
<b>Total Beginning Plan Reserve</b>	<b>381,374,186</b>		<b>381,374,186</b>
<b>Total Ending Plan Reserve</b>	<b><u>\$ 407,941,350</u></b>		<b><u>\$ 416,998,537</u></b>
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

**KEY ASSUMPTIONS**

		<b>Claim and Other Expense Trends</b>		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go Monthly Premium for Actives	\$ 189.03			
Additional Retiree Premiums	\$ 9,057,187			
Pay Go PEPM Subsidy for Retirees	\$ 559.35	Non-Medicare	8.0%	12.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		6.3%

**APPENDIX - BASELINE SCENARIO  
RHBT - MEDICARE AND NON-MEDICARE**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST  
FINANCIAL FORECAST  
FISCAL YEAR 2020**

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

	<b>7/1/2019 to 12/31/2019</b>	<b>1/1/2020 to 6/30/2020</b>	<b>TRUST Total</b>
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 90,000,000	\$ 90,000,000	\$ 180,000,000
Retiree Premiums - PPB	65,953,044	76,210,752	142,163,796
Retiree Premiums - MCO	1,720,311	1,720,311	3,440,621
Annual Required Contributions	-	-	-
Non Par Premiums	1,471,132	1,471,132	2,942,264
Life Insurance	13,185,109	13,185,109	26,370,217
Investment Income	27,093,559	27,093,559	54,187,118
Transfer from Premium Stabilization Reserve	-	-	-
General Revenue Transfer (OPEB Funding)	15,000,000	15,000,000	30,000,000
General Revenue Transfer (Premium Offset)	2,500,000	2,500,000	5,000,000
<b>Total Revenue</b>	<b>\$ 216,923,154</b>	<b>\$ 227,180,863</b>	<b>\$ 444,104,017</b>
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 41,377,376	\$ 43,726,236	\$ 85,103,612
Non-Medicare Prescription Drug Claims	15,487,433	18,042,407	33,529,840
Medicare Medical Claims	1,943,151	920,338	2,863,489
Medicare Prescription Drug Claims	6,212,682	2,998,087	9,210,769
Non-Medicare Managed Care Capitations	2,743,538	2,743,538	5,487,076
Humana MAPD Program	88,931,092	99,189,245	188,120,337
Administration	2,010,214	2,010,214	4,020,427
Life Insurance	12,993,712	12,993,712	25,987,423
Retiree Assistance Program	2,026,188	2,026,188	4,052,375
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Computer Software Reserve	616,854	616,854	1,233,708
Director's Discretionary Fund	149,943	149,943	299,886
<b>Total Expenses</b>	<b>\$ 174,492,182</b>	<b>\$ 185,416,760</b>	<b>\$ 359,908,942</b>
<b>Fiscal Year Results</b>	<b>\$ 42,430,972</b>	<b>\$ 41,764,103</b>	<b>\$ 84,195,075</b>
Beginning Restricted Reserve			\$ 886,775,449
Ending Restricted Reserve			\$ 970,970,524
Beginning Premium Stabilization Reserve			\$ -
PSR Addition/(Drawdown)			\$ -
Ending Premium Stabilization Reserve			\$ -
Total Beginning Plan Reserve			886,775,449
Total Ending Plan Reserve			\$ 970,970,524
Accrued Actuarial Liability (AAL)			\$ 3,627,158,000
Funded Status			26.8%

**KEY ASSUMPTIONS**

		<b>Claim and Other Expense Trends</b>		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go Monthly Premium for Actives	\$ 201.03			
Additional Retiree Premiums	\$ 27,425,852			
Pay Go PEPM Subsidy for Retirees	\$ 329.17	Non-Medicare	8.5%	12.5%
		Medicare	8.5%	12.5%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		5.9%

**APPENDIX - BASELINE SCENARIO  
RHBT - MEDICARE**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST  
FINANCIAL FORECAST  
FISCAL YEAR 2020**

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

<b>Medicare Retiree</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 120,590,706		\$ 120,590,706
Employer Premiums - PPB	10,394,661	3,298,933	13,693,594
Employer Premiums - MCO	-	-	-
Retiree Premiums - PPB	49,746,518	15,787,956	65,534,474
Retiree Premiums - MCO	-	-	-
Annual Required Contributions	-	-	-
Non Par Premiums	1,590,487		1,590,487
Life Insurance	14,254,830		14,254,830
Investment Income	28,559,418		28,559,418
Transfer from Premium Stabilization Reserve	-		-
General Revenue Transfer (OPEB Funding)	17,567,339		17,567,339
General Revenue Transfer (Premium Offset)	2,927,890		2,927,890
<b>Total Revenue</b>	<b>\$ 245,631,848</b>	<b>\$ 19,086,889</b>	<b>\$ 264,718,737</b>
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 2,863,489	\$ -	\$ 2,863,489
Medicare Prescription Drug Claims	9,210,769	-	9,210,769
Humana MAPD Program	188,120,337		188,120,337
Administration	1,484,049		1,484,049
Life Insurance	14,047,905		14,047,905
Retiree Assistance Program	2,190,574		2,190,574
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	666,900		666,900
Director's Discretionary Fund	-		-
<b>Total Expenses</b>	<b>\$ 218,584,023</b>	<b>\$ -</b>	<b>\$ 218,584,023</b>
<b>Fiscal Year Results</b>	<b>\$ 27,047,825</b>		<b>\$ 46,134,714</b>
Beginning Restricted Reserve	\$ 469,776,913		\$ 469,776,913
Ending Restricted Reserve	<u>\$ 496,824,738</u>		<u>\$ 515,911,627</u>
Beginning Premium Stabilization Reserve	\$ -		\$ -
PSR Addition/(Drawdown)	\$ -		\$ -
Ending Premium Stabilization Reserve	<u>\$ -</u>		<u>\$ -</u>
<b>Total Beginning Plan Reserve</b>	<b>469,776,913</b>		<b>469,776,913</b>
<b>Total Ending Plan Reserve</b>	<b><u>\$ 496,824,738</u></b>		<b><u>\$ 515,911,627</u></b>
Accrued Actuarial Liability (AAL)	\$ 3,627,158,000		\$ 3,627,158,000
Funded Status	26.0%		26.8%

**KEY ASSUMPTIONS**

Pay Go Monthly Premium for Actives	\$ 201.03	<b>Claim and Other Expense Trends</b>		
Additional Retiree Premiums	\$ 19,086,889	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 277.12	Medicare	8.5%	12.5%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		5.9%

**APPENDIX - BASELINE SCENARIO  
RHBT - NON-MEDICARE**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST  
FINANCIAL FORECAST  
FISCAL YEAR 2020**

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

<b>Non-Medicare Retiree</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 59,409,294		\$ 59,409,294
Employer Premiums - PPB	21,153,787	3,039,431	24,193,219
Employer Premiums - MCO	1,769,840	254,295	2,024,135
Retiree Premiums - PPB	33,875,228	4,867,281	38,742,509
Retiree Premiums - MCO	1,238,531	177,955	1,416,486
Annual Required Contributions	-		-
Non Par Premiums	1,351,778		1,351,778
Life Insurance	12,115,387		12,115,387
Investment Income	25,627,701		25,627,701
Transfer from Premium Stabilization Reserve	-		-
General Revenue Transfer (OPEB Funding)	12,432,662		12,432,662
General Revenue Transfer (Premium Offset)	2,072,110		2,072,110
<b>Total Revenue</b>	<b>\$ 171,046,318</b>	<b>\$ 8,338,963</b>	<b>\$ 179,385,281</b>
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 85,103,612	\$ -	\$ 85,103,612
Non-Medicare Prescription Drug Claims	33,529,840	-	33,529,840
Non-Medicare Managed Care Capitations	5,487,076		5,487,076
Administration	2,536,378		2,536,378
Life Insurance	11,939,518		11,939,518
Retiree Assistance Program	1,861,801		1,861,801
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	566,808		566,808
Director's Discretionary Fund	299,886		299,886
<b>Total Expenses</b>	<b>\$ 141,324,919</b>	<b>\$ -</b>	<b>\$ 141,324,919</b>
<b>Fiscal Year Results</b>	<b>\$ 29,721,399</b>		<b>\$ 38,060,362</b>
Beginning Restricted Reserve	\$ 416,998,537		\$ 416,998,537
Ending Restricted Reserve	<u>\$ 446,719,937</u>		<u>\$ 455,058,900</u>
Beginning Premium Stabilization Reserve	\$ -		\$ -
PSR Addition/(Drawdown)	\$ -		\$ -
Ending Premium Stabilization Reserve	<u>\$ -</u>		<u>\$ -</u>
<b>Total Beginning Plan Reserve</b>	<b>416,998,537</b>		<b>416,998,537</b>
<b>Total Ending Plan Reserve</b>	<b><u>\$ 446,719,937</u></b>		<b><u>\$ 455,058,900</u></b>
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

**KEY ASSUMPTIONS**

Pay Go Monthly Premium for Actives	\$ 201.03	<b>Claim and Other Expense Trends</b>		
Additional Retiree Premiums	\$ 8,338,963	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 532.01	Non-Medicare	8.5%	12.5%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		5.9%



**APPENDIX - BASELINE SCENARIO  
RHBT - MEDICARE AND NON-MEDICARE**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST  
FINANCIAL FORECAST  
FISCAL YEAR 2021**

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

	<b>7/1/2020 to 12/31/2020</b>	<b>1/1/2021 to 6/30/2021</b>	<b>TRUST Total</b>
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 95,000,000	\$ 95,000,000	\$ 190,000,000
Retiree Premiums - PPB	81,687,875	95,762,181	177,450,056
Retiree Premiums - MCO	1,987,068	1,987,068	3,974,137
Annual Required Contributions	-	-	-
Non Par Premiums	1,426,998	1,426,998	2,853,996
Life Insurance	13,844,364	13,844,364	27,688,728
Investment Income	29,673,344	29,673,344	59,346,688
Transfer from Premium Stabilization Reserve	-	-	-
General Revenue Transfer (OPEB Funding)	15,000,000	15,000,000	30,000,000
General Revenue Transfer (Premium Offset)	2,500,000	2,500,000	5,000,000
<b>Total Revenue</b>	<b>\$ 241,119,650</b>	<b>\$ 255,193,955</b>	<b>\$ 496,313,605</b>
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 45,457,913	\$ 48,038,412	\$ 93,496,325
Non-Medicare Prescription Drug Claims	17,640,694	20,550,893	38,191,587
Medicare Medical Claims	2,111,353	1,002,382	3,113,735
Medicare Prescription Drug Claims	6,998,990	3,385,288	10,384,278
Non-Medicare Managed Care Capitations	2,963,021	2,963,021	5,926,042
Humana MAPD Program	102,700,960	115,088,618	217,789,578
Administration	2,070,520	2,070,520	4,141,040
Life Insurance	13,643,397	13,643,397	27,286,794
Retiree Assistance Program	2,188,283	2,188,283	4,376,565
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Computer Software Reserve	616,854	616,854	1,233,708
Director's Discretionary Fund	151,359	151,359	302,718
<b>Total Expenses</b>	<b>\$ 196,543,344</b>	<b>\$ 209,699,026</b>	<b>\$ 406,242,370</b>
<b>Fiscal Year Results</b>	<b>\$ 44,576,306</b>	<b>\$ 45,494,930</b>	<b>\$ 90,071,235</b>
Beginning Restricted Reserve			\$ 970,970,524
Ending Restricted Reserve			<u>\$ 1,061,041,759</u>
Beginning Premium Stabilization Reserve			\$ -
PSR Addition/(Drawdown)			\$ -
Ending Premium Stabilization Reserve			<u>\$ -</u>
Total Beginning Plan Reserve			970,970,524
Total Ending Plan Reserve			<u>\$ 1,061,041,759</u>
Accrued Actuarial Liability (AAL)			\$ 3,631,580,000
Funded Status			29.2%

**KEY ASSUMPTIONS**

		<b>Claim and Other Expense Trends</b>		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go Monthly Premium for Actives	\$ 213.30			
Additional Retiree Premiums	\$ 31,902,406			
Pay Go PEPM Subsidy for Retirees	\$ 339.95	Non-Medicare	9.0%	13.0%
		Medicare	9.0%	13.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		5.6%

**APPENDIX - BASELINE SCENARIO**

**RHBT - MEDICARE**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST  
FINANCIAL FORECAST  
FISCAL YEAR 2021**

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

<b>Medicare Retiree</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 129,251,434		\$ 129,251,434
Employer Premiums - PPB	13,730,447	3,998,738	17,729,185
Employer Premiums - MCO	-	-	-
Retiree Premiums - PPB	65,710,845	19,137,063	84,847,908
Retiree Premiums - MCO	-	-	-
Annual Required Contributions	-	-	-
Non Par Premiums	1,542,772		1,542,772
Life Insurance	14,967,572		14,967,572
Investment Income	31,278,778		31,278,778
Transfer from Premium Stabilization Reserve	-		-
General Revenue Transfer (OPEB Funding)	17,909,150		17,909,150
General Revenue Transfer (Premium Offset)	2,984,858		2,984,858
<b>Total Revenue</b>	<b>\$ 277,375,857</b>	<b>\$ 23,135,800</b>	<b>\$ 300,511,657</b>
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 3,113,735	\$ -	\$ 3,113,735
Medicare Prescription Drug Claims	10,384,278	-	10,384,278
Humana MAPD Program	217,789,578		217,789,578
Administration	1,528,571		1,528,571
Life Insurance	14,750,300		14,750,300
Retiree Assistance Program	2,365,820		2,365,820
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	666,900		666,900
Director's Discretionary Fund	-		-
<b>Total Expenses</b>	<b>\$ 250,599,182</b>	<b>\$ -</b>	<b>\$ 250,599,182</b>
<b>Fiscal Year Results</b>	<b>\$ 26,776,675</b>		<b>\$ 49,912,475</b>
Beginning Restricted Reserve	\$ 515,911,627		\$ 515,911,627
Ending Restricted Reserve	<u>\$ 542,688,301</u>		<u>\$ 565,824,102</u>
Beginning Premium Stabilization Reserve	\$ -		\$ -
PSR Addition/(Drawdown)	\$ -		\$ -
Ending Premium Stabilization Reserve	<u>\$ -</u>		<u>\$ -</u>
<b>Total Beginning Plan Reserve</b>	<b>515,911,627</b>		<b>515,911,627</b>
<b>Total Ending Plan Reserve</b>	<b><u>\$ 542,688,301</u></b>		<b><u>\$ 565,824,102</u></b>
Accrued Actuarial Liability (AAL)	\$ 3,631,580,000		\$ 3,631,580,000
Funded Status	28.3%		29.2%

**KEY ASSUMPTIONS**

Pay Go Monthly Premium for Actives	\$ 213.30	<b>Claim and Other Expense Trends</b>		
Additional Retiree Premiums	\$ 23,135,800	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 292.98	Medicare	9.0%	13.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		5.6%

**APPENDIX - BASELINE SCENARIO  
RHBT - NON-MEDICARE**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST  
FINANCIAL FORECAST  
FISCAL YEAR 2021**

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

<b>Non-Medicare Retiree</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 60,748,566		\$ 60,748,566
Employer Premiums - PPB	25,581,903	3,200,126	28,782,029
Employer Premiums - MCO	2,078,054	259,951	2,338,005
Retiree Premiums - PPB	40,966,319	5,124,615	46,090,934
Retiree Premiums - MCO	1,454,218	181,913	1,636,131
Annual Required Contributions	-		-
Non Par Premiums	1,311,224		1,311,224
Life Insurance	12,721,156		12,721,156
Investment Income	28,067,910		28,067,910
Transfer from Premium Stabilization Reserve	-		-
General Revenue Transfer (OPEB Funding)	12,090,850		12,090,850
General Revenue Transfer (Premium Offset)	2,015,142		2,015,142
<b>Total Revenue</b>	<b>\$ 187,035,342</b>	<b>\$ 8,766,605</b>	<b>\$ 195,801,948</b>
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 93,496,325	\$ -	\$ 93,496,325
Non-Medicare Prescription Drug Claims	38,191,587	-	38,191,587
Non-Medicare Managed Care Capitations	5,926,042		5,926,042
Administration	2,612,469		2,612,469
Life Insurance	12,536,494		12,536,494
Retiree Assistance Program	2,010,745		2,010,745
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	566,808		566,808
Director's Discretionary Fund	302,718		302,718
<b>Total Expenses</b>	<b>\$ 155,643,188</b>	<b>\$ -</b>	<b>\$ 155,643,188</b>
<b>Fiscal Year Results</b>	<b>\$ 31,392,154</b>		<b>\$ 40,158,760</b>
Beginning Restricted Reserve	\$ 455,058,900		\$ 455,058,900
Ending Restricted Reserve	<u>\$ 486,451,054</u>		<u>\$ 495,217,659</u>
Beginning Premium Stabilization Reserve	\$ -		\$ -
PSR Addition/(Drawdown)	\$ -		\$ -
Ending Premium Stabilization Reserve	<u>\$ -</u>		<u>\$ -</u>
<b>Total Beginning Plan Reserve</b>	<b>455,058,900</b>		<b>455,058,900</b>
<b>Total Ending Plan Reserve</b>	<b><u>\$ 486,451,054</u></b>		<b><u>\$ 495,217,659</u></b>
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

**KEY ASSUMPTIONS**

Pay Go Monthly Premium for Actives	\$ 213.30	<b>Claim and Other Expense Trends</b>		
Additional Retiree Premiums	\$ 8,766,605	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 515.89	Non-Medicare	9.0%	13.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		5.6%

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

**Fiscal Year 2016**

**Exposure**

	<u>Jul-15</u>	<u>Aug-15</u>	<u>Sep-15</u>	<u>Oct-15</u>	<u>Nov-15</u>	<u>Dec-15</u>	<u>Jan-16</u>	<u>Feb-16</u>	<u>Mar-16</u>	<u>Apr-16</u>	<u>May-16</u>	<u>Jun-16</u>
<b>NonMed_NonDrug</b>	20,325	20,533	20,656	20,437	20,400	20,298	20,052	19,850	19,597	19,335	19,138	18,822
<b>Med_NonDrug</b>	2,284	2,575	2,604	3,099	3,317	3,558	782	1,055	1,269	1,530	1,728	1,740
<b>NonMed_Drug</b>	18,831	19,021	19,133	18,932	18,899	18,807	18,574	18,385	18,151	17,910	17,727	17,433
<b>Med_Drug</b>	2,379	2,682	2,712	3,228	3,455	3,707	815	1,099	1,322	1,593	1,800	1,812

	<u>Jul-15</u>	<u>Aug-15</u>	<u>Sep-15</u>	<u>Oct-15</u>	<u>Nov-15</u>	<u>Dec-15</u>	<u>Jan-16</u>	<u>Feb-16</u>	<u>Mar-16</u>	<u>Apr-16</u>	<u>May-16</u>	<u>Jun-16</u>
<b>NonMed_NonDrug</b>	\$248.70	\$251.48	\$241.20	\$246.85	\$228.87	\$240.74	\$256.52	\$280.61	\$316.15	\$271.50	\$334.11	\$283.64
<b>Med_NonDrug</b>	178.81	169.30	148.30	140.83	125.21	128.77	213.25	207.24	185.16	143.00	165.27	182.80
<b>NonMed_Drug</b>	95.41	106.15	115.48	116.53	118.59	133.97	125.57	125.71	137.52	128.31	132.25	150.70
<b>Med_Drug</b>	<u>224.26</u>	<u>222.46</u>	<u>253.61</u>	<u>258.19</u>	<u>241.89</u>	<u>279.10</u>	<u>272.47</u>	<u>279.51</u>	<u>299.04</u>	<u>263.05</u>	<u>282.29</u>	<u>327.96</u>
<b>Total</b>	\$747.19	\$749.39	\$758.59	\$762.40	\$714.56	\$782.59	\$867.81	\$893.07	\$937.88	\$805.87	\$913.93	\$945.10

**Change From Prior Year - Month to Month Analysis**

<b>NonMed_NonDrug</b>	7.0%	15.2%	-3.7%	-18.7%	-3.3%	-9.3%	-13.5%	19.8%	10.7%	-7.8%	9.7%	-14.7%
<b>Med_NonDrug</b>	0.1%	-12.0%	-22.7%	-25.5%	-13.0%	-17.3%	-25.8%	6.9%	-15.4%	-39.7%	-16.2%	-12.7%
<b>NonMed_Drug</b>	-0.1%	-9.3%	-2.2%	-2.2%	1.0%	1.3%	-2.0%	5.6%	7.1%	0.8%	3.2%	5.6%
<b>Med_Drug</b>	<u>1.9%</u>	<u>-5.0%</u>	<u>1.8%</u>	<u>11.0%</u>	<u>10.6%</u>	<u>5.8%</u>	<u>7.4%</u>	<u>22.5%</u>	<u>19.4%</u>	<u>8.0%</u>	<u>19.9%</u>	<u>31.5%</u>
<b>Total</b>	2.8%	-1.6%	-6.3%	-9.7%	-0.3%	-4.3%	-10.2%	15.2%	6.2%	-10.7%	5.6%	1.2%

**Change From Prior Year - Quarter to Quarter Analysis**

<b>NonMed_NonDrug</b>		5.7%				-11.1%			4.5%			-4.5%
<b>Med_NonDrug</b>			-11.8%			-19.2%			-13.5%			-23.7%
<b>NonMed_Drug</b>			-4.1%			0.1%			3.5%			3.3%
<b>Med_Drug</b>			<u>-0.4%</u>			<u>8.9%</u>			<u>16.2%</u>			<u>19.9%</u>
<b>Total</b>			-1.9%			-5.0%			2.8%			-1.4%

**Change From Prior Year - Year to Year Analysis**

<b>NonMed_NonDrug</b>			7.1%			2.4%			2.9%			-1.7%
<b>Med_NonDrug</b>			-5.2%			-7.4%			-10.7%			-17.0%
<b>NonMed_Drug</b>			2.1%			1.1%			0.4%			0.9%
<b>Med_Drug</b>			<u>6.9%</u>			<u>8.2%</u>			<u>7.2%</u>			<u>11.3%</u>
<b>Total</b>			3.2%			1.4%			0.5%			-1.2%

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

**Fiscal Year 2017**

**Exposure**

	<u>Jul-16</u>	<u>Aug-16</u>	<u>Sep-16</u>	<u>Oct-16</u>	<u>Nov-16</u>
NonMed_NonDrug	19,195	19,539	19,298	19,109	20,395
Med_NonDrug	2,446	2,722	3,004	3,226	3,453
NonMed_Drug	17,779	18,098	17,876	17,702	18,893
Med_Drug	2,548	2,835	3,129	3,360	3,597

	<u>Jul-16</u>	<u>Aug-16</u>	<u>Sep-16</u>	<u>Oct-16</u>	<u>Nov-16</u>
NonMed_NonDrug	\$211.64	\$268.51	\$259.11	\$319.84	\$304.63
Med_NonDrug	119.44	139.45	167.08	207.25	192.93
NonMed_Drug	106.31	133.16	125.96	139.61	133.96
Med_Drug	<u>233.52</u>	<u>287.10</u>	<u>271.45</u>	<u>277.10</u>	<u>300.62</u>
Total	\$670.91	\$828.23	\$823.60	\$943.80	\$932.13

**Change From Prior Year - Month to Month Analysis**

NonMed_NonDrug	-14.9%	6.8%	7.4%	29.6%	33.1%
Med_NonDrug	-33.2%	-17.6%	12.7%	47.2%	54.1%
NonMed_Drug	11.4%	25.4%	9.1%	19.8%	13.0%
Med_Drug	<u>4.1%</u>	<u>29.1%</u>	<u>7.0%</u>	<u>7.3%</u>	<u>24.3%</u>
Total	-10.2%	10.5%	8.6%	23.8%	30.4%

**Change From Prior Year - Quarter to Quarter Analysis**

NonMed_NonDrug	-0.3%
Med_NonDrug	-14.2%
NonMed_Drug	15.3%
Med_Drug	<u>13.1%</u>
Total	3.0%

**Change From Prior Year - Year to Year Analysis**

NonMed_NonDrug	-2.9%
Med_NonDrug	-17.7%
NonMed_Drug	5.1%
Med_Drug	<u>14.6%</u>
Total	-0.1%