

STATE OF WEST VIRGINIA



PUBLIC EMPLOYEES INSURANCE AGENCY

**Fiscal Year 2022
Financial Report**

Fiscal Years 2022-2027

Report Date: November 2022

YOUR ACTUARIES FOR THE LONG-TERM!



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

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

Ladies and Gentlemen:

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

Continuing Care Actuaries has been retained by the West Virginia Public Employees Insurance Agency Finance Board (“Board”) to assist it as provided under Code of the West Virginia 1931 (“Code”), as amended. The Board has asked Continuing Care Actuaries to review the financial plan prepared and proposed by the Board in December 2021 for the fiscal year 2023 (“FY 2023”) and to provide quarterly financial reports for current FY 2022 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 2022 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 2022 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, 2022 (“FY 2022”), 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 2021. 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 2022 the Pay-Go is equivalent to \$144 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 2021.

This report includes updated claim trend assumptions as recommended in the report titled, “PEIA FY2021 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 2022 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 2022 based on the scheduled revenue increases of the financial plan approved and amended by the Board in December 2021.

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

In aggregate, September 2022 enrollment for active employees has decreased by 180 coverages since the end of FY 2022. Aggregate PPB enrollment has decreased by 149 in total over the same period, while managed care enrollment experienced a decrease of 31 coverages.

In the State Fund, the overall active State enrollment decreased by 327 coverages from the end of FY 2022 to September 2022. And in the Local Fund, the overall active Local enrollment increased by 147 coverages from the end of FY 2022 to September 2022.

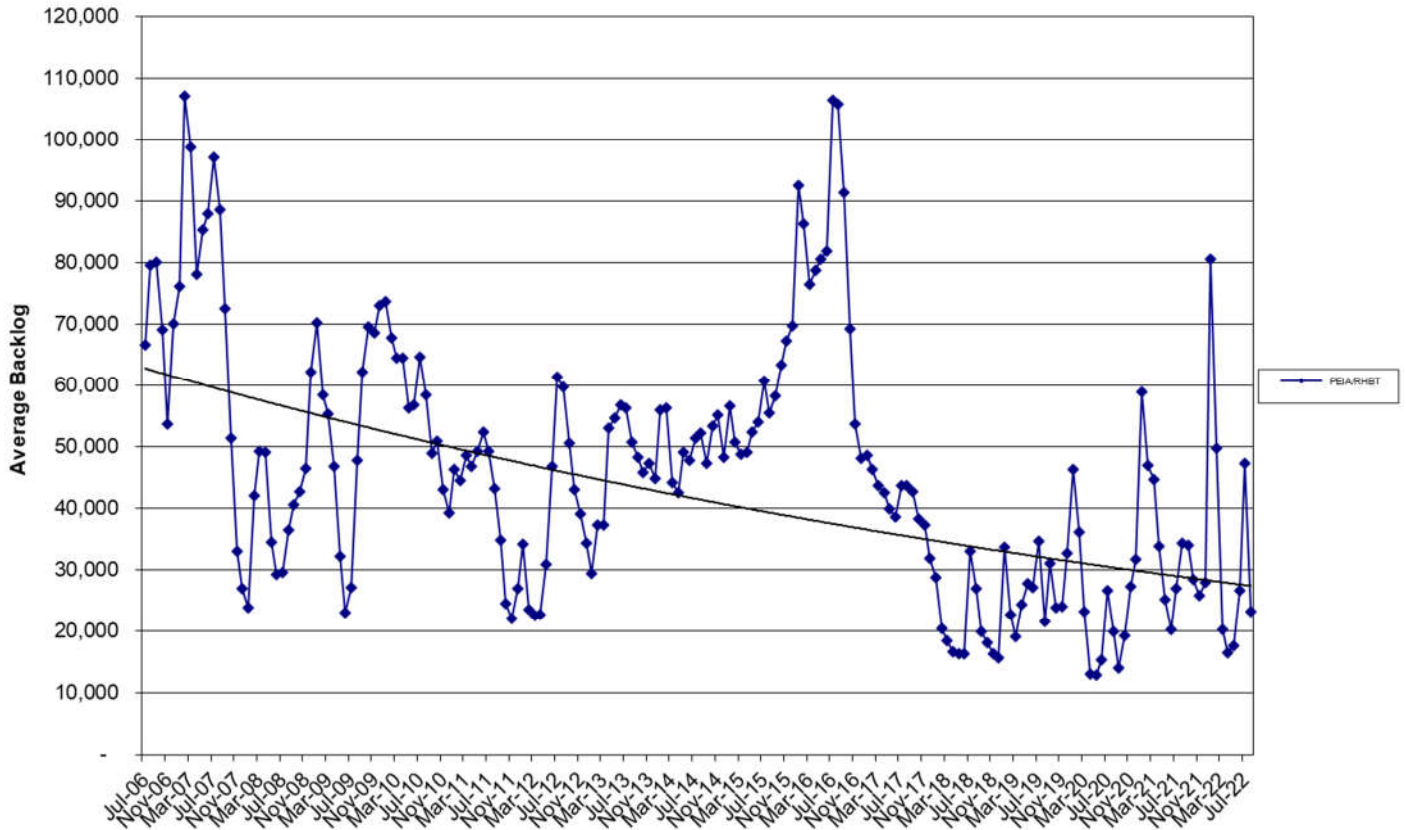
The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2021, June 2022, and September 2022 for purposes of comparison:

PEIA Fund	Coverage	Preferred Provider Benefit			Managed Care		
		Jun-21	Jun-22	Sep-22	Jun-21	Jun-22	Sep-22
State Active	Single	21,489	21,269	21,205	2,465	2,435	2,416
	Children	5,918	5,821	5,724	683	685	676
	Family	26,905	26,484	26,354	2,775	2,742	2,734
	Total	54,312	53,574	53,283	5,923	5,862	5,826
Local Active	Single	6,771	6,913	6,994	452	471	486
	Children	1,304	1,355	1,359	104	105	99
	Family	6,581	6,557	6,614	213	219	215
	Total	14,656	14,825	14,967	769	795	800
Plan Total		68,968	68,399	68,250	6,692	6,657	6,626
Grand Total					75,660	75,056	74,876

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 August 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 FY2021 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 August 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%	9%	17%	15%	11%
2023*	2%	8%	12%	13%	9%

* Fiscal Year 2023 results are through the first two months ending August 2022.

D. Enrollment, Claim, Expense and Revenue Assumptions

Using PEIA paid claim data through August 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 result of FY 2022 and 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 2022 Result			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	53,810	\$598	\$168	\$630	\$250	\$705
	Managed Care	5,875	\$603	\$175			
	Total	59,685					
Local	PPB	14,783	\$709	\$0	\$576	\$221	\$518
	Managed Care	787	\$650	\$0			
	Total	15,570					

*Net of rebates and subsidies.

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	53,279	\$618	\$169	\$675	\$251	\$712
	Managed Care	5,824	\$624	\$176			
	Total	59,103					
Local	PPB	14,965	\$762	\$0	\$608	\$218	\$508
	Managed Care	801	\$694	\$0			
	Total	15,766					

*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 2021

Source	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Additional State Employer Revenue	\$0	\$0	\$45,000,000	\$83,000,000	\$73,500,000	\$100,000,000
Additional Local Agency Revenue	\$0	\$7,500,000	\$18,500,000	\$20,500,000	\$21,500,000	\$20,000,000
Additional Employee Premium	\$0	\$0	\$11,300,000	\$20,800,000	\$18,400,000	\$25,000,000
State Direct Transfers (State Budget Appropriations)	\$21,000,000	\$21,000,000	\$21,000,000	\$21,000,000	\$21,000,000	\$21,000,000
State Direct Transfers (PEIA Rainy Day Fund)	\$0	\$31,000,000	\$0	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active State	\$0	\$0	\$0	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active Local	\$0	\$0	\$0	\$0	\$0	\$0
Pay Go Premium Transfer	\$74,847,859	\$60,000,000	\$20,000,000	\$30,000,000	\$40,000,000	\$50,000,000

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 2022, the ACA PCORI fee is approximately \$2.79 per person per year.

There is a one-time added cost for the Inpatient Medicaid swap discount adjustment. \$4,000,000 has been allocated between PEIA State medical and Local medical claims in FY 2022.

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 2022 RESULT

The financial result for FY 2022 under the Baseline scenario is presented in the Appendix. The Baseline result for FY 2022 projects accrued revenue of \$770,721,775 and incurred plan expenses of \$864,172,212 to produce a fiscal year deficit of (\$93,450,437). The PEIA local and state agencies Pay Go premiums for FY 2022 are \$74,847,859.

Under the Baseline Scenario, FY 2022 ends with a Total Fund reserve (State and Local Reserves) of \$152,074,575 and projected plan expenditures of \$789,324,353. This represents 19.3% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$96,665,416. This required reserve is comprised of 12.5% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario.

The State Fund in FY 2022 ends with a reserve of \$119,804,037, which represents 18.8% of projected expenditures. The projected State Fund reserve meets the minimum actuarial required reserve of \$78,010,441.

The Local Fund in FY 2022 ends with a reserve of \$32,270,538, which represents 21.3% of projected expenditures. The projected Local Fund reserve meets the minimum actuarial required reserve of \$18,654,975.

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 \$834,740,708 and incurred plan expenses of \$883,341,373 to produce a fiscal year deficit of (\$48,600,665). The PEIA local and state agencies Pay Go premiums for FY 2023 are assumed to be \$60,000,000.

Under the Baseline Scenario, FY 2023 is projected to end with a Total Fund reserve (State and Local Reserves) of \$103,473,910 and projected plan expenditures of \$823,341,373. This represents 12.6% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$100,893,022. This required reserve is comprised of 12.5% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending Total Fund reserve is expected to increase to \$111,869,972 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to \$95,126,731.

The State Fund in FY 2023 is projected to end with a reserve of \$82,375,011, which represents 12.4% of projected expenditures. The projected State Fund reserve meets the minimum actuarial required reserve of \$81,319,962.

The Local Fund in FY 2023 is projected to end with a reserve of \$21,098,899, which represents 13.3% of projected expenditures. The projected Local Fund reserve meets the minimum actuarial required reserve of \$19,573,060.

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 \$877,612,856 and incurred plan expenses of \$914,240,646 to produce a fiscal year deficit of (\$36,627,790). The PEIA local and state agencies Pay Go premiums for FY 2024 are assumed to be \$20,000,000.

Under the Baseline Scenario, FY 2024 is projected to end with a Total Fund reserve (State and Local Reserves) of \$66,846,120 and projected plan expenditures of \$894,240,646. This represents 7.5% of projected expenditures based on the current reserve methodology. The projected reserve does not meet the minimum actuarial required reserve of \$109,652,915. 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 \$102,327,721 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to \$31,134,155.

The State Fund in FY 2024 is projected to end with a reserve of \$43,981,187, which represents 6.1% of projected expenditures. The projected State Fund reserve does not meet the minimum actuarial required reserve of \$88,371,532.

The Local Fund in FY 2024 is projected to end with a reserve of \$22,864,933, which represents 13.3% of projected expenditures. The projected Local Fund reserve meets the minimum actuarial required reserve of \$21,281,384.

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 \$1,001,515,012 and incurred plan expenses of \$1,006,858,893 to produce a fiscal year deficit of (\$5,343,881). The PEIA local and state agencies Pay Go premiums for FY 2025 are assumed to be \$30,000,000.

Under the Baseline Scenario, FY 2025 is projected to end with a Total Fund reserve (State and Local Reserves) of \$61,502,239 and projected plan expenditures of \$976,858,893. This represents 6.3% of projected expenditures based on the current reserve methodology. The projected reserve does not meet the minimum actuarial required reserve of \$119,872,087. 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 \$146,885,724 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to (\$25,506,318).

The State Fund in FY 2025 is projected to end with a reserve of \$34,281,037, which represents 4.3% of projected expenditures. The projected State Fund reserve does not meet the minimum actuarial required reserve of \$96,593,980.

The Local Fund in FY 2025 is projected to end with a reserve of \$27,221,203, which represents 14.4% of projected expenditures. The projected Local Fund reserve meets the minimum actuarial required reserve of \$23,278,107.

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 \$1,115,782,616 and incurred plan expenses of \$1,113,455,670 to produce a fiscal year surplus of \$2,326,946. The PEIA local and state agencies Pay Go premiums for FY 2026 are assumed to be \$40,000,000.

Under the Baseline Scenario, FY 2026 is projected to end with a Total Fund reserve (State and Local Reserves) of \$63,829,185 and projected plan expenditures of \$1,073,455,670. This represents 5.9% of projected expenditures based on the current reserve methodology. The projected reserve does not meet the minimum actuarial required reserve of \$131,832,666. 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 \$227,048,221 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to (\$104,583,565).

The State Fund in FY 2026 is projected to end with a reserve of \$31,302,439, which represents 3.6% of projected expenditures. The projected State Fund reserve does not meet the minimum actuarial required reserve of \$106,213,397.

The Local Fund in FY 2026 is projected to end with a reserve of \$32,526,746, which represents 15.7% of projected expenditures. The projected Local Fund reserve meets the minimum actuarial required reserve of \$25,619,269.

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 \$1,262,151,373 and incurred plan expenses of \$1,236,810,002 to produce a fiscal year surplus of \$25,341,371. The PEIA local and state agencies Pay Go premiums for FY 2027 are assumed to be \$50,000,000.

Under the Baseline Scenario, FY 2027 is projected to end with a Total Fund reserve (State and Local Reserves) of \$89,170,556 and projected plan expenditures of \$1,186,810,002. This represents 7.5% of projected expenditures based on the current reserve methodology. The projected reserve does not meet the minimum actuarial required reserve of \$145,881,692. 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 \$364,503,077 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to (\$198,518,393).

The State Fund in FY 2027 is projected to end with a reserve of \$55,156,620, which represents 5.8% of projected expenditures. The projected State Fund reserve does not meet the minimum actuarial required reserve of \$117,507,859.

The Local Fund in FY 2027 is projected to end with a reserve of \$34,013,936, which represents 14.8% of projected expenditures. The projected Local Fund reserve meets the minimum actuarial required reserve of \$28,373,832.

LITIGATION

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

SUMMARY

With projected changes to the plan as adopted by the PEIA Finance Board, we are forecasting that the plan will not meet the minimum 10% reserve target set by West Virginia Statute through the projection period ending with the Fiscal Year 2027. The plan will meet the minimum actuarial required reserve target in 2022 and 2023. However, in 2024 through 2027, we are currently projecting that the reserve will be under the minimum actuarial reserve using the baseline assumptions. 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 2021 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 RESULT
FISCAL YEAR 2022**

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 125,794,456	\$ 385,951,662	\$ 511,746,118
Employer Premiums - MCO	6,142,745	42,489,982	48,632,727
Employee Premiums - PPB	-	108,349,560	108,349,560
Employee Premiums - MCO	-	12,312,869	12,312,869
WV RHBT Pay Go Premiums	15,486,013	59,361,846	74,847,859
Life Insurance	406,584	1,700,857	2,107,441
Direct Transfers	-	21,000,000	21,000,000
Investment Income	(3,404,825)	(12,643,361)	(16,048,186)
Litigation Settlement	-	-	-
COBRA Premiums	541,876	2,249,961	2,791,837
Administrative Fees	761,623	4,219,927	4,981,550
Total Revenue	\$ 145,728,472	\$ 624,993,303	\$ 770,721,775
<u>Program Expenses</u>			
Medical Claims	\$ 102,203,366	\$ 406,481,365	\$ 508,684,731
Gross Prescription Drug Claims	62,959,222	254,920,547	317,879,769
Prescription Drug Rebates	(23,750,061)	(93,495,215)	(117,245,276)
Managed Care Capitations	4,887,401	49,736,826	54,624,227
Administration	4,366,282	18,265,394	22,631,676
Life Insurance	406,584	1,700,857	2,107,441
Wellness	27,546	115,234	142,780
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	96,273	402,733	499,006
Director's Discretionary Fund	-	-	-
WV RHBT Pay Go Premiums	15,486,013	59,361,846	74,847,859
Total Expenses	\$ 166,682,626	\$ 697,489,587	\$ 864,172,212
Fiscal Year Results	\$ (20,954,154)	\$ (72,496,284)	\$ (93,450,437)
Beginning Plan Reserve	53,224,692	192,300,320	245,525,012
Minimum Actuarial Reserve Required	\$ 18,654,975	\$ 78,010,441	\$ 96,665,416
<u>Ending Premium Stabilization Reserve</u>	<u>13,615,564</u>	<u>41,793,595</u>	<u>55,409,159</u>
Ending Plan Reserve	\$ 32,270,538	\$ 119,804,037	\$ 152,074,575
Reserve as a Percent of Expenses			19%

KEY ASSUMPTIONS

		Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employer Premiums	\$ -	Active Local	6.0%	13.5%
Additional Local Agency Revenue	\$ -	State	6.0%	13.5%
Additional State Employee Premiums	\$ -	Prescription Drug Rebates		0.0%
Direct Transfers	\$ 21,000,000	Capitations		1.2%
		Administrative Expense		-0.4%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL RESULT
FISCAL YEAR 2022

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 125,794,456	\$ -	\$ 125,794,456
Employer Premiums - MCO	6,142,745	-	6,142,745
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	15,486,013		15,486,013
Life Insurance	406,584		406,584
Direct Transfers	-		-
Investment Income	(3,404,825)		(3,404,825)
Litigation Settlement	-		-
COBRA Premiums	541,876		541,876
Administrative Fees	761,623		761,623
Total Revenue	\$ 145,728,472	\$ -	\$ 145,728,472
<u>Program Expenses</u>			
Medical Claims	\$ 102,203,366		\$ 102,203,366
Gross Prescription Drug Claims	62,959,222		62,959,222
Prescription Drug Rebates	(23,750,061)		(23,750,061)
Managed Care Capitations	4,887,401		4,887,401
Administration	4,366,282		4,366,282
Life Insurance	406,584		406,584
Wellness	27,546		27,546
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	96,273		96,273
Director's Discretionary Fund	-		-
WV RHBT Pay Go Premiums	15,486,013		15,486,013
Total Expenses	\$ 166,682,626	\$ -	\$ 166,682,626
Fiscal Year Results	\$ (20,954,154)		\$ (20,954,154)
Beginning Plan Reserve	53,224,692		53,224,692
Minimum Actuarial Reserve Required	\$ 18,654,975	\$ -	\$ 18,654,975
<u>Ending Premium Stabilization Reserve</u>	<u>13,615,564</u>	<u>-</u>	<u>13,615,564</u>
Ending Plan Reserve	\$ 32,270,538		\$ 32,270,538
Reserve as a Percent of Expenses			21%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ -	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	6.0%	13.5%
		Prescription Drug Rebates		0.0%
		Capitations		1.2%
		Administrative Expense		-0.4%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL RESULT
FISCAL YEAR 2022

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 385,951,662	\$ -	\$ 385,951,662
Employer Premiums - MCO	42,489,982	-	42,489,982
Employee Premiums - PPB	108,349,560	-	108,349,560
Employee Premiums - MCO	12,312,869	-	12,312,869
WV RHBT Pay Go Premiums	59,361,846		59,361,846
Life Insurance	1,700,857		1,700,857
Direct Transfers	21,000,000		21,000,000
Investment Income	(12,643,361)		(12,643,361)
Litigation Settlement	-		-
COBRA Premiums	2,249,961		2,249,961
Administrative Fees	4,219,927		4,219,927
Total Revenue	\$ 624,993,303	\$ -	\$ 624,993,303
<u>Program Expenses</u>			
Medical Claims	\$ 406,481,364		\$ 406,481,364
Gross Prescription Drug Claims	254,920,547		254,920,547
Prescription Drug Rebates	(93,495,215)		(93,495,215)
Managed Care Capitations	49,736,826		49,736,826
Administration	18,265,394		18,265,394
Life Insurance	1,700,857		1,700,857
Wellness	115,234		115,234
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	402,733		402,733
Director's Discretionary Fund	-		-
WV RHBT Pay Go Premiums	59,361,846		59,361,846
Total Expenses	\$ 697,489,586	\$ -	\$ 697,489,586
Fiscal Year Results	\$ (72,496,283)		\$ (72,496,283)
Beginning Plan Reserve	192,300,320		192,300,320
Minimum Actuarial Reserve Required	\$ 78,010,441	\$ -	\$ 78,010,441
<u>Ending Premium Stabilization Reserve</u>	41,793,595	-	41,793,595
Ending Plan Reserve	\$ 119,804,037		\$ 119,804,037
Reserve as a Percent of Expenses			19%

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	\$ 21,000,000	State	6.0%	13.5%
		Prescription Drug Rebates		0.0%
		Capitations		1.2%
		Administrative Expense		-0.4%

**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	\$ 136,874,109	\$ 395,391,845	\$ 532,265,954
Employer Premiums - MCO	6,668,576	43,630,648	50,299,223
Employee Premiums - PPB	-	107,767,807	107,767,807
Employee Premiums - MCO	-	12,270,951	12,270,951
WV RHBT Pay Go Premiums	12,634,437	47,365,563	60,000,000
Life Insurance	435,993	1,823,882	2,259,875
Direct Transfers	-	52,000,000	52,000,000
Investment Income	2,077,942	7,937,105	10,015,047
Litigation Settlement	-	-	-
COBRA Premiums	589,540	2,290,761	2,880,301
Administrative Fees	761,623	4,219,927	4,981,550
Total Revenue	\$ 160,042,219	\$ 674,698,489	\$ 834,740,708
<u>Program Expenses</u>			
Medical Claims	\$ 109,159,809	\$ 431,689,311	\$ 540,849,120
Gross Prescription Drug Claims	68,531,445	275,871,011	344,402,456
Prescription Drug Rebates	(29,449,476)	(115,259,733)	(144,709,209)
Managed Care Capitations	4,887,401	49,736,826	54,624,227
Administration	4,506,177	18,850,614	23,356,791
Life Insurance	426,914	1,785,900	2,212,814
Wellness	57,296	239,686	296,982
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	96,925	398,250	495,175
Director's Discretionary Fund	362,930	1,450,087	1,813,017
WV RHBT Pay Go Premiums	12,634,437	47,365,563	60,000,000
Total Expenses	\$ 171,213,857	\$ 712,127,516	\$ 883,341,373
Fiscal Year Results	\$ (11,171,638)	\$ (37,429,027)	\$ (48,600,665)
Beginning Plan Reserve	32,270,538	119,804,037	152,074,575
Minimum Actuarial Reserve Required	\$ 19,573,060	\$ 81,319,962	\$ 100,893,022
<u>Ending Premium Stabilization Reserve</u>	<u>1,525,840</u>	<u>1,055,048</u>	<u>2,580,888</u>
Ending Plan Reserve	\$ 21,098,900	\$ 82,375,010	\$ 103,473,910
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	\$ 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		23.7%
		Capitations		0.0%
		Administrative Expense		3.2%

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	\$ 129,725,167	\$ 7,148,942	\$ 136,874,109
Employer Premiums - MCO	6,317,518	351,058	6,668,576
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	12,634,437		12,634,437
Life Insurance	435,993		435,993
Direct Transfers	-		-
Investment Income	2,077,942		2,077,942
Litigation Settlement	-		-
COBRA Premiums	589,540		589,540
Administrative Fees	761,623		761,623
Total Revenue	\$ 152,542,219	\$ 7,500,000	\$ 160,042,219
<u>Program Expenses</u>			
Medical Claims	\$ 109,159,809		\$ 109,159,809
Gross Prescription Drug Claims	72,038,015	(3,506,570)	68,531,445
Prescription Drug Rebates	(29,449,476)		(29,449,476)
Managed Care Capitations	4,887,401		4,887,401
Administration	4,506,177		4,506,177
Life Insurance	426,914		426,914
Wellness	57,296		57,296
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	96,925		96,925
Director's Discretionary Fund	362,930		362,930
WV RHBT Pay Go Premiums	12,634,437		12,634,437
Total Expenses	\$ 174,720,427	\$ (3,506,570)	\$ 171,213,858
Fiscal Year Results	\$ (22,178,208)		\$ (11,171,639)
Beginning Plan Reserve	32,270,538		32,270,538
Minimum Actuarial Reserve Required	\$ 19,573,060	\$ -	\$ 19,573,060
<u>Ending Premium Stabilization Reserve</u>	<u>(9,480,730)</u>	<u>-</u>	<u>1,525,840</u>
Ending Plan Reserve	\$ 10,092,330		\$ 21,098,899
Reserve as a Percent of Expenses			13%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 7,500,000	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		Local	7.0%
			<u>Gross Drugs</u>
			23.7%
			0.0%
			3.2%

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	\$ 395,391,845	\$ -	\$ 395,391,845
Employer Premiums - MCO	43,630,648	-	43,630,648
Employee Premiums - PPB	107,767,807	-	107,767,807
Employee Premiums - MCO	12,270,951	-	12,270,951
WV RHBT Pay Go Premiums	47,365,563		47,365,563
Life Insurance	1,823,882		1,823,882
Direct Transfers	52,000,000		52,000,000
Investment Income	7,937,105		7,937,105
Litigation Settlement	-		-
COBRA Premiums	2,290,761		2,290,761
Administrative Fees	4,219,927		4,219,927
Total Revenue	\$ 674,698,489	\$ -	\$ 674,698,489
<u>Program Expenses</u>			
Medical Claims	\$ 431,689,311		\$ 431,689,311
Gross Prescription Drug Claims	290,069,037	(14,198,026)	275,871,011
Prescription Drug Rebates	(115,259,733)		(115,259,733)
Managed Care Capitations	49,736,826		49,736,826
Administration	18,850,614		18,850,614
Life Insurance	1,785,900		1,785,900
Wellness	239,686		239,686
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	398,250		398,250
Director's Discretionary Fund	1,450,087		1,450,087
WV RHBT Pay Go Premiums	47,365,563		47,365,563
Total Expenses	\$ 726,325,542	\$ (14,198,026)	\$ 712,127,515
Fiscal Year Results	\$ (51,627,053)		\$ (37,429,026)
Beginning Plan Reserve	119,804,037		119,804,037
Minimum Actuarial Reserve Required	\$ 81,319,962	\$ -	\$ 81,319,962
<u>Ending Premium Stabilization Reserve</u>	<u>(13,142,978)</u>	<u>-</u>	<u>1,055,048</u>
Ending Plan Reserve	\$ 68,176,984		\$ 82,375,011
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		23.7%
		Capitations		0.0%
		Administrative Expense		3.2%

**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	\$ 162,503,062	\$ 464,389,115	\$ 626,892,178
Employer Premiums - MCO	7,962,562	51,210,437	59,172,999
Employee Premiums - PPB	-	117,912,666	117,912,666
Employee Premiums - MCO	-	13,426,093	13,426,093
WV RHBT Pay Go Premiums	4,211,496	15,788,504	20,000,000
Life Insurance	457,793	1,915,076	2,372,869
Direct Transfers	-	21,000,000	21,000,000
Investment Income	1,717,300	6,786,248	8,503,548
Litigation Settlement	-	-	-
COBRA Premiums	700,115	2,650,838	3,350,953
Administrative Fees	761,623	4,219,927	4,981,550
Total Revenue	\$ 178,313,952	\$ 699,298,904	\$ 877,612,856
<u>Program Expenses</u>			
Medical Claims	\$ 117,099,215	\$ 463,088,947	\$ 580,188,162
Gross Prescription Drug Claims	78,314,879	315,255,154	393,570,032
Prescription Drug Rebates	(33,866,898)	(132,548,693)	(166,415,590)
Managed Care Capitations	5,180,645	52,721,035	57,901,680
Administration	4,641,363	19,416,133	24,057,496
Life Insurance	448,259	1,875,195	2,323,454
Wellness	59,588	249,274	308,862
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	96,911	398,216	495,127
Director's Discretionary Fund	362,461	1,448,962	1,811,423
WV RHBT Pay Go Premiums	4,211,496	15,788,504	20,000,000
Total Expenses	\$ 176,547,919	\$ 737,692,727	\$ 914,240,646
Fiscal Year Results	\$ 1,766,033	\$ (38,393,823)	\$ (36,627,790)
Beginning Plan Reserve	21,098,900	82,375,010	103,473,910
Minimum Actuarial Reserve Required	\$ 21,281,384	\$ 88,371,532	\$ 109,652,915
Ending Premium Stabilization Reserve	1,583,549	(44,390,345)	(42,806,795)
Ending Plan Reserve	\$ 22,864,933	\$ 43,981,187	\$ 66,846,120
Reserve as a Percent of Expenses			7%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 45,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 18,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 11,300,000	Active Local	7.5%	14.5%
Direct Transfers	\$ 21,000,000	State	7.5%	14.5%
		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 2024

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 144,869,006	\$ 17,634,056	\$ 162,503,062
Employer Premiums - MCO	7,096,618	865,944	7,962,562
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	4,211,496		4,211,496
Life Insurance	457,793		457,793
Direct Transfers	-		-
Investment Income	1,717,300		1,717,300
Litigation Settlement	-		-
COBRA Premiums	700,115		700,115
Administrative Fees	761,623		761,623
Total Revenue	\$ 159,813,952	\$ 18,500,000	\$ 178,313,952
<u>Program Expenses</u>			
Medical Claims	\$ 117,099,215		\$ 117,099,215
Gross Prescription Drug Claims	78,314,879		78,314,879
Prescription Drug Rebates	(33,866,898)		(33,866,898)
Managed Care Capitations	5,180,645		5,180,645
Administration	4,641,363		4,641,363
Life Insurance	448,259		448,259
Wellness	59,588		59,588
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	96,911		96,911
Director's Discretionary Fund	362,461		362,461
WV RHBT Pay Go Premiums	4,211,496		4,211,496
Total Expenses	\$ 176,547,919	\$ -	\$ 176,547,919
Fiscal Year Results	\$ (16,733,967)		\$ 1,766,033
Beginning Plan Reserve	21,098,900		21,098,900
Minimum Actuarial Reserve Required	\$ 21,281,384	\$ -	\$ 21,281,384
<u>Ending Premium Stabilization Reserve</u>	<u>(16,916,451)</u>	<u>-</u>	<u>1,583,549</u>
Ending Plan Reserve	\$ 4,364,933		\$ 22,864,933
Reserve as a Percent of Expenses			13%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 18,500,000	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		Local	7.5%
			<u>Gross Drugs</u>
			15.0%
			6.0%
			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	\$ 423,857,596	\$ 40,531,519	\$ 464,389,115
Employer Premiums - MCO	46,741,956	4,468,481	51,210,437
Employee Premiums - PPB	107,767,807	10,144,859	117,912,666
Employee Premiums - MCO	12,270,952	1,155,141	13,426,093
WV RHBT Pay Go Premiums	15,788,504		15,788,504
Life Insurance	1,915,076		1,915,076
Direct Transfers	21,000,000		21,000,000
Investment Income	6,786,248		6,786,248
Litigation Settlement	-		-
COBRA Premiums	2,650,838		2,650,838
Administrative Fees	4,219,927		4,219,927
Total Revenue	\$ 642,998,904	\$ 56,300,000	\$ 699,298,904
<u>Program Expenses</u>			
Medical Claims	\$ 463,088,947		\$ 463,088,947
Gross Prescription Drug Claims	315,255,154		315,255,154
Prescription Drug Rebates	(132,548,693)		(132,548,693)
Managed Care Capitations	52,721,035		52,721,035
Administration	19,416,133		19,416,133
Life Insurance	1,875,195		1,875,195
Wellness	249,274		249,274
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	398,216		398,216
Director's Discretionary Fund	1,448,962		1,448,962
WV RHBT Pay Go Premiums	15,788,504		15,788,504
Total Expenses	\$ 737,692,727	\$ -	\$ 737,692,727
Fiscal Year Results	\$ (94,693,823)		\$ (38,393,823)
Beginning Plan Reserve	82,375,010		82,375,010
Minimum Actuarial Reserve Required	\$ 88,371,532	\$ -	\$ 88,371,532
<u>Ending Premium Stabilization Reserve</u>	<u>(100,690,344)</u>	<u>-</u>	<u>(44,390,344)</u>
Ending Plan Reserve	\$ (12,318,813)		\$ 43,981,187
Reserve as a Percent of Expenses			6%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 45,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 11,300,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ 21,000,000	State	7.5%	14.5%
		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 2025**

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 180,044,597	\$ 532,031,084	\$ 712,075,681
Employer Premiums - MCO	8,815,279	58,674,216	67,489,495
Employee Premiums - PPB	-	136,586,388	136,586,388
Employee Premiums - MCO	-	15,552,371	15,552,371
WV RHBT Pay Go Premiums	6,317,245	23,682,755	30,000,000
Life Insurance	480,682	2,010,830	2,491,512
Direct Transfers	-	21,000,000	21,000,000
Investment Income	1,883,613	5,634,928	7,518,541
Litigation Settlement	-	-	-
COBRA Premiums	775,661	3,043,813	3,819,474
Administrative Fees	761,623	4,219,927	4,981,550
Total Revenue	\$ 199,078,700	\$ 802,436,312	\$ 1,001,515,012
<u>Program Expenses</u>			
Medical Claims	\$ 126,201,792	\$ 499,088,826	\$ 625,290,619
Gross Prescription Drug Claims	89,886,695	361,838,737	451,725,432
Prescription Drug Rebates	(38,946,932)	(152,430,996)	(191,377,929)
Managed Care Capitations	5,491,484	55,884,297	61,375,781
Administration	4,780,604	19,998,617	24,779,221
Life Insurance	470,672	1,968,955	2,439,627
Wellness	61,972	259,245	321,217
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	96,911	398,216	495,127
Director's Discretionary Fund	361,988	1,447,810	1,809,798
WV RHBT Pay Go Premiums	6,317,245	23,682,755	30,000,000
Total Expenses	\$ 194,722,430	\$ 812,136,463	\$ 1,006,858,893
Fiscal Year Results	\$ 4,356,270	\$ (9,700,151)	\$ (5,343,881)
Beginning Plan Reserve	22,864,933	43,981,187	66,846,120
Minimum Actuarial Reserve Required	\$ 23,278,107	\$ 96,593,980	\$ 119,872,087
Ending Premium Stabilization Reserve	3,943,095	(62,312,944)	(58,369,849)
Ending Plan Reserve	\$ 27,221,202	\$ 34,281,036	\$ 61,502,239
Reserve as a Percent of Expenses			6%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 83,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 20,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 20,800,000	Active Local	8.0%	15.0%
Direct Transfers	\$ 21,000,000	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	\$ 160,504,157	\$ 19,540,440	\$ 180,044,597
Employer Premiums - MCO	7,855,719	959,560	8,815,279
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	6,317,245		6,317,245
Life Insurance	480,682		480,682
Direct Transfers	-		-
Investment Income	1,883,613		1,883,613
Litigation Settlement	-		-
COBRA Premiums	775,661		775,661
Administrative Fees	761,623		761,623
Total Revenue	\$ 178,578,700	\$ 20,500,000	\$ 199,078,700
<u>Program Expenses</u>			
Medical Claims	\$ 126,201,792		\$ 126,201,792
Gross Prescription Drug Claims	89,886,695		89,886,695
Prescription Drug Rebates	(38,946,932)		(38,946,932)
Managed Care Capitations	5,491,484		5,491,484
Administration	4,780,604		4,780,604
Life Insurance	470,672		470,672
Wellness	61,972		61,972
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	96,911		96,911
Director's Discretionary Fund	361,988		361,988
WV RHBT Pay Go Premiums	6,317,245		6,317,245
Total Expenses	\$ 194,722,430	\$ -	\$ 194,722,430
Fiscal Year Results	\$ (16,143,730)		\$ 4,356,270
Beginning Plan Reserve	22,864,933		22,864,933
Minimum Actuarial Reserve Required	\$ 23,278,107	\$ -	\$ 23,278,107
<u>Ending Premium Stabilization Reserve</u>	<u>(16,556,904)</u>	<u>-</u>	<u>3,943,096</u>
Ending Plan Reserve	\$ 6,721,203		\$ 27,221,203
Reserve as a Percent of Expenses			14%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 20,500,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<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	\$ 457,272,949	\$ 74,758,135	\$ 532,031,084
Employer Premiums - MCO	50,432,351	8,241,865	58,674,216
Employee Premiums - PPB	117,912,666	18,673,722	136,586,388
Employee Premiums - MCO	13,426,093	2,126,278	15,552,371
WV RHBT Pay Go Premiums	23,682,755		23,682,755
Life Insurance	2,010,830		2,010,830
Direct Transfers	21,000,000		21,000,000
Investment Income	5,634,928		5,634,928
Litigation Settlement	-		-
COBRA Premiums	3,043,813		3,043,813
Administrative Fees	4,219,927		4,219,927
Total Revenue	\$ 698,636,312	\$ 103,800,000	\$ 802,436,312
<u>Program Expenses</u>			
Medical Claims	\$ 499,088,826		\$ 499,088,826
Gross Prescription Drug Claims	361,838,737		361,838,737
Prescription Drug Rebates	(152,430,996)		(152,430,996)
Managed Care Capitations	55,884,297		55,884,297
Administration	19,998,617		19,998,617
Life Insurance	1,968,955		1,968,955
Wellness	259,245		259,245
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	398,216		398,216
Director's Discretionary Fund	1,447,810		1,447,810
WV RHBT Pay Go Premiums	23,682,755		23,682,755
Total Expenses	\$ 812,136,462	\$ -	\$ 812,136,462
Fiscal Year Results	\$ (113,500,150)		\$ (9,700,150)
Beginning Plan Reserve	43,981,187		43,981,187
Minimum Actuarial Reserve Required	\$ 96,593,980	\$ -	\$ 96,593,980
Ending Premium Stabilization Reserve	(166,112,944)	-	(62,312,944)
Ending Plan Reserve	\$ (69,518,963)		\$ 34,281,037
Reserve as a Percent of Expenses			4%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 83,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 20,800,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ 21,000,000	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	\$ 198,539,326	\$ 591,116,399	\$ 789,655,725
Employer Premiums - MCO	9,714,803	65,194,648	74,909,451
Employee Premiums - PPB	-	153,105,449	153,105,449
Employee Premiums - MCO	-	17,433,309	17,433,309
WV RHBT Pay Go Premiums	8,422,993	31,577,007	40,000,000
Life Insurance	504,716	2,111,371	2,616,087
Direct Transfers	-	21,000,000	21,000,000
Investment Income	2,164,024	5,673,678	7,837,702
Litigation Settlement	-	-	-
COBRA Premiums	855,315	3,388,028	4,243,343
Administrative Fees	761,623	4,219,927	4,981,550
Total Revenue	\$ 220,962,799	\$ 894,819,817	\$ 1,115,782,616
<u>Program Expenses</u>			
Medical Claims	\$ 136,643,201	\$ 540,383,688	\$ 677,026,890
Gross Prescription Drug Claims	103,617,961	417,115,576	520,733,537
Prescription Drug Rebates	(44,788,972)	(175,295,646)	(220,084,618)
Managed Care Capitations	5,820,973	59,237,355	65,058,328
Administration	4,924,022	20,598,575	25,522,597
Life Insurance	494,206	2,067,403	2,561,609
Wellness	64,450	269,614	334,064
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	96,911	398,216	495,127
Director's Discretionary Fund	361,511	1,446,625	1,808,136
WV RHBT Pay Go Premiums	8,422,993	31,577,007	40,000,000
Total Expenses	\$ 215,657,256	\$ 897,798,414	\$ 1,113,455,670
Fiscal Year Results	\$ 5,305,543	\$ (2,978,597)	\$ 2,326,946
Beginning Plan Reserve	27,221,202	34,281,036	61,502,239
Minimum Actuarial Reserve Required	\$ 25,619,269	\$ 106,213,397	\$ 131,832,666
<u>Ending Premium Stabilization Reserve</u>	<u>6,907,477</u>	<u>(74,910,958)</u>	<u>(68,003,481)</u>
Ending Plan Reserve	\$ 32,526,746	\$ 31,302,439	\$ 63,829,185
Reserve as a Percent of Expenses			6%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 73,500,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 21,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 18,400,000	Active Local	8.5%	15.5%
Direct Transfers	\$ 21,000,000	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	\$ 178,045,693	\$ 20,493,633	\$ 198,539,326
Employer Premiums - MCO	8,708,436	1,006,367	9,714,803
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	8,422,993		8,422,993
Life Insurance	504,716		504,716
Direct Transfers	-		-
Investment Income	2,164,024		2,164,024
Litigation Settlement	-		-
COBRA Premiums	855,315		855,315
Administrative Fees	761,623		761,623
Total Revenue	\$ 199,462,799	\$ 21,500,000	\$ 220,962,799
<u>Program Expenses</u>			
Medical Claims	\$ 136,643,201		\$ 136,643,201
Gross Prescription Drug Claims	103,617,961		103,617,961
Prescription Drug Rebates	(44,788,972)		(44,788,972)
Managed Care Capitations	5,820,973		5,820,973
Administration	4,924,022		4,924,022
Life Insurance	494,206		494,206
Wellness	64,450		64,450
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	96,911		96,911
Director's Discretionary Fund	361,511		361,511
WV RHBT Pay Go Premiums	8,422,993		8,422,993
Total Expenses	\$ 215,657,255	\$ -	\$ 215,657,255
Fiscal Year Results	\$ (16,194,456)		\$ 5,305,544
Beginning Plan Reserve	27,221,202		27,221,202
Minimum Actuarial Reserve Required	\$ 25,619,269	\$ -	\$ 25,619,269
<u>Ending Premium Stabilization Reserve</u>	<u>(14,592,523)</u>	<u>-</u>	<u>6,907,477</u>
Ending Plan Reserve	\$ 11,026,746		\$ 32,526,746
Reserve as a Percent of Expenses			16%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 21,500,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	8.5%	15.5%
		Prescription Drug Rebates		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	\$ 524,914,918	\$ 66,201,481	\$ 591,116,399
Employer Premiums - MCO	57,896,129	7,298,519	65,194,648
Employee Premiums - PPB	136,586,387	16,519,062	153,105,449
Employee Premiums - MCO	15,552,371	1,880,938	17,433,309
WV RHBT Pay Go Premiums	31,577,007		31,577,007
Life Insurance	2,111,371		2,111,371
Direct Transfers	21,000,000		21,000,000
Investment Income	5,673,678		5,673,678
Litigation Settlement	-		-
COBRA Premiums	3,388,028		3,388,028
Administrative Fees	4,219,927		4,219,927
Total Revenue	\$ 802,919,817	\$ 91,900,000	\$ 894,819,817
<u>Program Expenses</u>			
Medical Claims	\$ 540,383,688		\$ 540,383,688
Gross Prescription Drug Claims	417,115,576		417,115,576
Prescription Drug Rebates	(175,295,646)		(175,295,646)
Managed Care Capitations	59,237,355		59,237,355
Administration	20,598,575		20,598,575
Life Insurance	2,067,403		2,067,403
Wellness	269,614		269,614
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	398,216		398,216
Director's Discretionary Fund	1,446,625		1,446,625
WV RHBT Pay Go Premiums	31,577,007		31,577,007
Total Expenses	\$ 897,798,414	\$ -	\$ 897,798,414
Fiscal Year Results	\$ (94,878,597)		\$ (2,978,597)
Beginning Plan Reserve	34,281,036		34,281,036
Minimum Actuarial Reserve Required	\$ 106,213,397	\$ -	\$ 106,213,397
<u>Ending Premium Stabilization Reserve</u>	<u>(166,810,958)</u>	<u>-</u>	<u>(74,910,958)</u>
Ending Plan Reserve	\$ (60,597,561)		\$ 31,302,439
Reserve as a Percent of Expenses			4%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 73,500,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 18,400,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ 21,000,000	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	\$ 215,604,265	\$ 674,070,277	\$ 889,674,542
Employer Premiums - MCO	10,544,115	74,346,520	84,890,635
Employee Premiums - PPB	-	175,549,826	175,549,826
Employee Premiums - MCO	-	19,988,932	19,988,932
WV RHBT Pay Go Premiums	10,528,741	39,471,259	50,000,000
Life Insurance	529,952	2,216,940	2,746,892
Direct Transfers	-	21,000,000	21,000,000
Investment Income	2,494,051	6,028,266	8,522,317
Litigation Settlement	-	-	-
COBRA Premiums	928,808	3,867,871	4,796,679
Administrative Fees	761,623	4,219,927	4,981,550
Total Revenue	\$ 241,391,555	\$ 1,020,759,818	\$ 1,262,151,373
<u>Program Expenses</u>			
Medical Claims	\$ 148,631,967	\$ 587,798,261	\$ 736,430,228
Gross Prescription Drug Claims	119,965,118	482,923,192	602,888,310
Prescription Drug Rebates	(51,507,318)	(201,589,993)	(253,097,311)
Managed Care Capitations	6,170,231	62,791,596	68,961,827
Administration	5,071,742	21,216,532	26,288,274
Life Insurance	518,916	2,170,773	2,689,689
Wellness	67,028	280,399	347,427
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	96,911	398,216	495,127
Director's Discretionary Fund	361,029	1,445,402	1,806,431
WV RHBT Pay Go Premiums	10,528,741	39,471,259	50,000,000
Total Expenses	\$ 239,904,365	\$ 996,905,637	\$ 1,236,810,002
Fiscal Year Results	\$ 1,487,190	\$ 23,854,181	\$ 25,341,371
Beginning Plan Reserve	32,526,746	31,302,439	63,829,185
Minimum Actuarial Reserve Required	\$ 28,373,832	\$ 117,507,859	\$ 145,881,692
<u>Ending Premium Stabilization Reserve</u>	5,640,103	(62,351,239)	(56,711,136)
Ending Plan Reserve	\$ 34,013,935	\$ 55,156,620	\$ 89,170,556
Reserve as a Percent of Expenses			8%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 100,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 20,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 25,000,000	Active Local	9.0%	16.0%
Direct Transfers	\$ 21,000,000	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	\$ 196,540,421	\$ 19,063,844	\$ 215,604,265
Employer Premiums - MCO	9,607,959	936,156	10,544,115
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	10,528,741		10,528,741
Life Insurance	529,952		529,952
Direct Transfers	-		-
Investment Income	2,494,051		2,494,051
Litigation Settlement	-		-
COBRA Premiums	928,808		928,808
Administrative Fees	761,623		761,623
Total Revenue	\$ 221,391,555	\$ 20,000,000	\$ 241,391,555
<u>Program Expenses</u>			
Medical Claims	\$ 148,631,967		\$ 148,631,967
Gross Prescription Drug Claims	119,965,118		119,965,118
Prescription Drug Rebates	(51,507,318)		(51,507,318)
Managed Care Capitations	6,170,231		6,170,231
Administration	5,071,742		5,071,742
Life Insurance	518,916		518,916
Wellness	67,028		67,028
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	96,911		96,911
Director's Discretionary Fund	361,029		361,029
WV RHBT Pay Go Premiums	10,528,741		10,528,741
Total Expenses	\$ 239,904,365	\$ -	\$ 239,904,365
Fiscal Year Results	\$ (18,512,810)		\$ 1,487,190
Beginning Plan Reserve	32,526,746		32,526,746
Minimum Actuarial Reserve Required	\$ 28,373,832	\$ -	\$ 28,373,832
<u>Ending Premium Stabilization Reserve</u>	<u>(14,359,896)</u>	<u>-</u>	<u>5,640,104</u>
Ending Plan Reserve	\$ 14,013,936		\$ 34,013,936
Reserve as a Percent of Expenses			15%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 20,000,000	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	\$ 584,000,235	\$ 90,070,042	\$ 674,070,277
Employer Premiums - MCO	64,416,562	9,929,958	74,346,520
Employee Premiums - PPB	153,105,449	22,444,377	175,549,826
Employee Premiums - MCO	17,433,309	2,555,623	19,988,932
WV RHBT Pay Go Premiums	39,471,259		39,471,259
Life Insurance	2,216,940		2,216,940
Direct Transfers	21,000,000		21,000,000
Investment Income	6,028,266		6,028,266
Litigation Settlement	-		-
COBRA Premiums	3,867,871		3,867,871
Administrative Fees	4,219,927		4,219,927
Total Revenue	\$ 895,759,818	\$ 125,000,000	\$ 1,020,759,818
<u>Program Expenses</u>			
Medical Claims	\$ 587,798,261		\$ 587,798,261
Gross Prescription Drug Claims	482,923,192		482,923,192
Prescription Drug Rebates	(201,589,993)		(201,589,993)
Managed Care Capitations	62,791,596		62,791,596
Administration	21,216,532		21,216,532
Life Insurance	2,170,773		2,170,773
Wellness	280,399		280,399
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	398,216		398,216
Director's Discretionary Fund	1,445,402		1,445,402
WV RHBT Pay Go Premiums	39,471,259		39,471,259
Total Expenses	\$ 996,905,637	\$ -	\$ 996,905,637
Fiscal Year Results	\$ (101,145,819)		\$ 23,854,181
Beginning Plan Reserve	31,302,439		31,302,439
Minimum Actuarial Reserve Required	\$ 117,507,859	\$ -	\$ 117,507,859
<u>Ending Premium Stabilization Reserve</u>	<u>(187,351,239)</u>	<u>-</u>	<u>(62,351,239)</u>
Ending Plan Reserve	\$ (69,843,380)		\$ 55,156,620
Reserve as a Percent of Expenses			6%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 100,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 25,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ 21,000,000	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	\$240.39	\$269.75	\$299.72	\$262.12	\$257.17	\$290.95	\$279.37	\$280.68	\$323.09	\$287.98	\$262.35	\$290.78
State Medical	273.43	277.27	295.67	286.19	294.12	293.85	267.62	282.76	315.51	293.94	301.73	336.40
Local Drugs	147.39	157.03	153.54	161.09	163.87	176.40	169.70	168.29	189.38	179.90	192.90	159.85
State Drugs	<u>155.69</u>	<u>170.71</u>	<u>167.89</u>	<u>172.10</u>	<u>176.88</u>	<u>183.13</u>	<u>188.63</u>	<u>179.07</u>	<u>195.22</u>	<u>185.59</u>	<u>199.75</u>	<u>166.90</u>
Total	\$816.90	\$874.77	\$916.82	\$881.51	\$892.05	\$944.33	\$905.32	\$910.81	\$1,023.19	\$947.41	\$956.73	\$953.93
Change From Prior Year - Month to Month Analysis												
Local Medical	22.0%	4.3%	29.3%	-11.6%	-1.6%	14.5%	11.4%	12.3%	5.4%	-1.4%	-13.5%	-14.6%
State Medical	14.7%	9.1%	27.8%	11.5%	23.1%	14.5%	-5.8%	15.2%	3.0%	1.1%	3.3%	1.3%
Local Drugs	27.3%	32.7%	19.0%	21.7%	23.6%	11.2%	20.6%	22.1%	13.3%	8.2%	21.5%	-9.0%
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>8.8%</u>	<u>10.1%</u>	<u>20.6%</u>	<u>-9.6%</u>
Total	19.5%	13.8%	24.9%	6.0%	15.1%	14.1%	9.0%	16.9%	6.6%	3.2%	4.0%	-7.7%
Change From Prior Year - Quarter to Quarter Analysis												
Local Medical			17.8%			-0.2%			9.4%			-10.2%
State Medical			17.0%			16.2%			3.6%			1.9%
Local Drugs			26.1%			18.4%			18.3%			6.4%
State Drugs			<u>20.0%</u>			<u>19.1%</u>			<u>17.3%</u>			<u>6.4%</u>
Total			19.3%			11.6%			10.5%			-0.4%
Change From Prior Year - Year to Year Analysis												
Local Medical			30.5%			21.9%			19.0%			3.1%
State Medical			18.8%			23.7%			18.8%			9.0%
Local Drugs			19.5%			19.5%			21.8%			16.5%
State Drugs			<u>13.9%</u>			<u>15.2%</u>			<u>18.0%</u>			<u>15.3%</u>
Total			21.5%			20.7%			19.2%			9.6%

**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>
Local Medical	30,671	30,695
State Medical	115,255	114,652
Local Drugs	30,671	30,695
State Drugs	115,255	114,652

	<u>Jul-22</u>	<u>Aug-22</u>
Local Medical	\$236.98	\$291.17
State Medical	276.08	312.83
Local Drugs	131.54	178.28
State Drugs	<u>140.68</u>	<u>201.77</u>
Total	\$785.28	\$984.04

Change From Prior Year - Month to Month Analysis

Local Medical	-1.4%	7.9%
State Medical	1.0%	12.8%
Local Drugs	-10.8%	13.5%
State Drugs	<u>-9.6%</u>	<u>18.2%</u>
Total	-3.9%	12.5%

Change From Prior Year - Quarter to Quarter Analysis

Local Medical

State Medical

Local Drugs

State Drugs

Total

Change From Prior Year - Year to Year Analysis

Local Medical

State Medical

Local Drugs

State Drugs

Total