



**CCRC**  
Actuaries, LLC

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# STATE OF WEST VIRGINIA



## **RETIREE HEALTH BENEFIT TRUST FUND**

**Financial Plan**

**Fiscal Years 2013-2017**

*December 2012*



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Finance Board  
West Virginia Retiree Health Benefit Trust Fund  
601 57th St., SE, Suite 2  
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Ladies and Gentlemen:

I, Dave Bond, am a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries, and the Managing Partner in the firm of CCRC Actuaries, LLC (“CCRC 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 CCRC 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. CCRC Actuaries has been retained by the RHBT to review the proposed financial plan for FY 2014, and as supported by our work, to render an 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 2017. The analysis is to be prepared on an accrued and incurred reporting basis for a projection period not to exceed five years.

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.

CCRC Actuaries has provided preliminary forecasts for the Trust Fund for fiscal years ending June 30, 2013 (“FY 2013”), June 30, 2014 (“FY 2014”), June 30, 2015 (“FY 2015”), June 30, 2016 (“FY 2016”) and June 30, 2017 (“FY 2017”). This opinion of plan adequacy is based on the projections through FY 2017 using updated future revenue and plan modifications provided by the Board in the plan adopted in December 2012.

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 plan year, which ends in June, will be covered on a secondary basis by the PPB Plan until the beginning of the next plan 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 2013 and subsequently. We are assuming that the Bill will continue throughout the forecast and RHBT will not receive any future direct transfers in lieu of the savings resulting from the Bill.

In reviewing the plan, CCRC 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. Based on the PPACA requirements to expand coverage, the estimated “grandfathering” cost of eliminating lifetime limitations, offering free preventive services, and covering children to age 26 is approximately \$4.6 million in FY 2013. In addition, RHBT is expecting to spend \$3.9 million through the Early Retiree Reinsurance Program from CMS in FY 2013. Additional details of the benefit enhancements and costs can be found later in this report.

In FY 2013 the Pay-Go is equivalent to \$343 per retiree per month. In future years, the Pay Go premium may continue to increase each year by a maximum of 3% per retiree per year. The new Pay-Go premium formula is based on the financial plan approved by the Financial Board in December 2012.

Senate Bill 469, 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 2016. 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 2013 through FY 2017 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 2017 as approved by the Board in December 2012.

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., M.A.A.A.

Managing Partner



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

Senior Actuarial Consultant

**West Virginia Retiree Health Benefit Trust Fund**  
**Report of Independent Actuary**  
**Financial Plan for FY 2013 – FY 2017**

**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 CCRC Actuaries.

This report was compiled utilizing claims data collected by RHBT's third party administrators through September 2012 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 interest 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 1,052 retirees from June 2011 to June 2012, approximating our current assumption. CCRC Actuaries has updated the claims analysis based on the enrollment through October 2012.

In aggregate, October 2012 enrollment has increased by 947 coverages since the end of FY 2012. Aggregate Preferred Provider Benefit (“PPB”) enrollment has increased by 923 in total over the same period, while managed care enrollment continues to cover fewer participants, with a slight increase of 24 coverages. For MAPD Capitations, 38,687 Medicare policyholders were projected 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 2011, June 2012 and October 2012 for purposes of comparison:

Trust Fund	Coverage	Preferred Provider Benefit*			Managed Care		
		Jun-11	Jun-12	Oct-12	Jun-11	Jun-12	Oct-12
Retirees	Medicare Single	16,838	17,341	17,579	18	44	46
	<u>Medicare Family</u>	<u>11,372</u>	<u>12,004</u>	<u>12,300</u>	<u>16</u>	<u>35</u>	<u>47</u>
	Medicare Total	28,210	29,345	29,879	34	79	93
	Non Medicare Single	3,585	3,467	3,602	160	154	153
	<u>Non Medicare Family</u>	<u>4,388</u>	<u>4,376</u>	<u>4,630</u>	<u>162</u>	<u>170</u>	<u>181</u>
	Non Medicare Total	7,973	7,843	8,232	322	324	334
	Retiree Total	36,183	37,188	38,111	356	403	427
Grand Total				36,539	37,591	38,538	

\* The majority of PPB is capitated through Humana. As of October 2012, there were 955 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 2013-2017 Report”.

## C. Trend Analysis

RHBT has experienced favorable medical and prescription drug trends in FY 2012, over the long term, trends have been favorable. CCRC Actuaries performed the detailed medical and prescription drugs trend analysis in the report titled, “Detailed Medical and Prescription Drug Claim Trend Report - September 2012”. This report includes the detailed trend analysis of PEIA experience by medical and prescription drugs. Based on the analysis, we have decreased the FY 2013 medical claim trend to 5.5%. Additionally, due to PEIA’s favorable prescription drug experience, we have decreased our trend assumption for all prescription drugs coverage to 8.5 in FY 2013.

The current projection assumes the trends on the following table:

Claim Type	Previous Assumption FY 2013 Trend	Updated Assumption FY 2013 Trend
Non-Medicare – Medical	6.5%	5.5%
Medicare – Medical	6.5%	5.5%
Non-Medicare – Drugs	10.0%	8.5%
Medicare – Drugs	10.0%	8.5%

In addition, we have assumed that trends will increase by 0.5% in each successive fiscal year beginning in FY 2014. 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 September 2012. 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)**

<b><u>Fiscal Year</u></b>	<b><u>Medical Medicare</u></b>	<b><u>Medical Non-Medicare</u></b>	<b><u>Drugs Medicare</u></b>	<b><u>Drugs Non-Medicare</u></b>	<b><u>Total</u></b>
2004	9%	2%	3%	-2%	6%
2005	6%	-2%	16%	1%	8%
2006	6%	5%	11%	17%	9%
2007	6%	1%	6%	6%	5%
2008	N/A	6%	N/A	-2%	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	15%	N/A
2012	-5%	-5%	2%	8%	-1%
2013*	-3%	-3%	-7%	5%	-1%

\* Fiscal Year 2013 results are through the first three months ending September 2012.

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 September 2012 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. CCRC 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 2013 revenue and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.



Fiscal Year 2013 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	29,981			\$ 194**	\$ 58**	\$ 294
	Non-Medicare	8,371			\$ 659	\$ 232	
	Total	38,352	\$ -	\$ 166			
	Non-Medicare Managed Care	335	\$ -	\$ 592			\$ 1,377
	Total	38,687					

\*Net of rebates and subsidies.

\*\* As of October 2012, there were 955 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 2012. Medicare retirees premium will be increased by approximately \$3.1 million in Fiscal Year 2013, while Non-Medicare retirees premium will not receive an increase. This total retiree premium increase of 4% is an effective increase of 9% for the Medicare retirees.

### Board Decisions – December 2012

Source	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017
<b>Additional Retiree Premium</b>	\$3,055,115	\$0	\$8,169,328	\$15,545,674	\$18,113,752
<b>Benefit Reductions/(Increase)</b>	(\$4,596,000)	\$0	\$0	\$0	\$0
<b>Early Retiree Reinsurance Program (CMS)</b>	\$3,900,000	\$0	\$0	\$0	\$0
<b>General Revenue Transfer</b>	\$0	\$0	\$0	\$30,000,000	\$30,000,000
<b>Pay Go Premium Transfer</b>	\$162,207,000	\$160,822,000	\$169,686,240	\$180,362,308	\$190,344,590
<b>Actuarial Accrued Liability*</b>	\$4,250,900,000	\$4,454,000,000	\$4,607,800,000	\$4,745,900,000	\$4,868,100,000
<b>Funded Status</b>	13.1%	13.3%	13.8%	14.9%	16.1%

\*Projected Result

RHBT is expecting to utilize \$3.9 million through the Early Retiree Reinsurance Program from CMS, and reduce benefit coverage with the addition of “grandfathering” cost at approximately \$4.6 million in FY 2013.

The \$4,596,000 of enhancements of benefits in Fiscal Year 2013 is comprised of the following changes:

	<u>Decrease in 2013 Claim Cost</u>
Remove Acupuncture Coverage	\$13 K
Change Physical, Occupational, and Speech Therapy Coverage to Medical Necessary with \$10 Copay	\$0.3 M
Increase Emergency Room Copay to \$100	\$0.4 M
Increase Urgent Care to \$25 Co-Pay	\$0.13 M
Specialty Co-Pay increase to \$25 from \$20	\$0.22 M
Introduce \$500 Copay for Gastric Bypass	\$0.2 M
Introduce \$500 Copay for Dental Procedures that are Medically Necessary	\$0.12 M
Pharmacy Option 75% Copay Tier 3 (\$5/\$15/75%/\$50 Sp)	\$2.02 M
Cost of Losing Grandfathering Status	-\$7.999 M

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 \$2.4 million in FY 2013 to approximately \$3.3 million in FY 2017, based on the Board’s direction and projected retiree enrollment growth in the financial plan.

In FY 2013 the Pay-Go is equivalent to \$343 per retiree per month. In future years, the Pay Go premium may continue to increase each year by a maximum of 3% per retiree per year. The new Pay-Go premium formula is based on the financial plan approved by the Financial Board in December 2012.

**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 2013 FORECAST**

The financial forecast for FY 2013 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2013, projects accrued revenue of \$279,694,016 and incurred plan expenses of \$214,527,426 to produce a fiscal year surplus of \$65,166,590. The PEIA local and state agencies Pay Go premiums for FY 2013 are assumed to be \$162,207,000.

### **FISCAL YEAR 2014 FORECAST**

The financial forecast for FY 2014 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2014, projects accrued revenue of \$280,875,853 and incurred plan expenses of \$244,313,778 to produce a fiscal year surplus of \$36,562,075. The PEIA local and state agencies Pay Go premiums for FY 2014 are assumed to be \$160,822,000.

### **FISCAL YEAR 2015 FORECAST**

The financial forecast for FY 2015 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2015, projects accrued revenue of \$301,265,406 and incurred plan expenses of \$261,531,076 to produce a fiscal year surplus of \$39,734,330. The PEIA local and state agencies Pay Go premiums for FY 2015 are assumed to be \$169,686,240.

### **FISCAL YEAR 2016 FORECAST**

The financial forecast for FY 2016 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2016, projects accrued revenue of \$361,302,836 and incurred plan expenses of \$288,865,727 to produce a fiscal year surplus of \$72,437,109. The PEIA local and state agencies Pay Go premiums for FY 2016 are assumed to be \$180,362,308.

### **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 \$395,491,764 and incurred plan expenses of \$318,212,990 to produce a fiscal year surplus of \$77,278,774. The PEIA local and state agencies Pay Go premiums for FY 2017 are assumed to be \$190,344,590.

### **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 2017. These projections are based on significant revenue increases as contained in the Financial Plan adopted by the Board in December 2012 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 2013**

**PERIOD 7/1/2012 - 6/30/2013**

	<b>TRUST Total</b>
<u>Revenues</u>	
WV PEIA Pay Go Premiums	\$ 162,207,000
Retiree Premiums - PPB	76,267,157
Retiree Premiums - MCO	2,380,932
Annual Required Contributions	-
Non Par Premiums	3,538,927
Early Retiree Reinsurance Program (CMS)	3,900,000
Investment Income	31,400,000
<b>Total Revenue</b>	<b>\$ 279,694,016</b>
<u>Program Expenses</u>	
Non-Medicare Medical Claims	\$ 66,211,007
Non-Medicare Prescription Drug Claims	23,287,937
Medicare Medical Claims	4,061,631
Medicare Prescription Drug Claims	1,263,567
Medicare (PDP) Prescription Drug Claims	-
CMS Direct and Low Income Drug Subsidy	-
Non-Medicare Managed Care Capitations	5,534,472
Humana MAPD Program	105,753,849
Administration	5,715,595
Life Insurance	-
Retiree Assistance Program	2,406,516
Director's Discretionary Fund	292,852
<b>Total Expenses</b>	<b>\$ 214,527,426</b>
Fiscal Year Results	\$ 65,166,590
Beginning Plan Reserve	492,778,860
Ending Plan Reserve	\$ 557,945,450
Accrued Actuarial Liability (AAL)	\$ 4,250,900,000
Funded Status	13.1%

**KEY ASSUMPTIONS**

Pay Go Monthly Premium for Actives	\$ 179.57	<b>Claim and Other Expense Trends</b>		
Additional Retiree Premiums	\$ 3,055,115	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 214.84	Non-Medicare	5.5%	8.5%
		Medicare	5.5%	8.5%
		Capitations		8.0%
		Administrative Expense		-50.6%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		6.5%

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

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST**  
**FINANCIAL FORECAST**  
**FISCAL YEAR 2013**

**PERIOD 7/1/2012 - 6/30/2013**

<b>Medicare Retiree</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 90,659,064		\$ 90,659,064
Employer Premiums - PPB	7,373,020		7,373,020
Employer Premiums - MCO	66,576		66,576
Retiree Premiums - PPB	31,592,185	-	31,592,185
Retiree Premiums - MCO	149,279	-	149,279
Annual Required Contributions	-		-
Non Par Premiums	1,763,029		1,763,029
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	24,153,255		24,153,255
<b>Total Revenue</b>	<b>\$ 155,756,408</b>	<b>\$ -</b>	<b>\$ 155,756,408</b>
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 4,061,631	\$ -	\$ 4,061,631
Medicare Prescription Drug Claims	1,263,567	-	1,263,567
Medicare (PDP) Prescription Drug Claims	-		-
CMS Direct and Low Income Drug Subsidy	-		-
Humana MAPD Program	105,753,849		105,753,849
Administration	2,847,406		2,847,406
Life Insurance	-		-
Retiree Assistance Program	1,198,883		1,198,883
Director's Discretionary Fund	-		-
<b>Total Expenses</b>	<b>\$ 115,125,336</b>	<b>\$ -</b>	<b>\$ 115,125,336</b>
Fiscal Year Results	\$ 40,631,072		\$ 40,631,072
Beginning Plan Reserve	229,648,258		229,648,258
Ending Plan Reserve	\$ 270,279,331		\$ 270,279,331
Accrued Actuarial Liability (AAL)	\$ 4,250,900,000		\$ 4,250,900,000
Funded Status	13.2%		13.1%

**KEY ASSUMPTIONS**

Pay Go Monthly Premium for Actives	\$ 179.57	<b>Claim and Other Expense Trends</b>		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 120.07	Medicare	5.5%	8.5%
		Capitations		8.0%
		Administrative Expense		-50.6%
Number of Net New Retirees	700	Pay Go Monthly Premium		6.5%

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

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST**  
**FINANCIAL FORECAST**  
**FISCAL YEAR 2013**

**PERIOD 7/1/2012 - 6/30/2013**

<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	\$ 71,547,936		\$ 71,547,936
Employer Premiums - PPB	16,966,526		16,966,526
Employer Premiums - MCO	1,414,016		1,414,016
Retiree Premiums - PPB	20,335,426		20,335,426
Retiree Premiums - MCO	751,061		751,061
Annual Required Contributions	-		-
Non Par Premiums	1,775,897		1,775,897
Early Retiree Reinsurance Program (CMS)	3,900,000		3,900,000
Investment Income	7,246,745		7,246,745
<b>Total Revenue</b>	<b>\$ 123,937,607</b>	<b>\$ -</b>	<b>\$ 123,937,607</b>
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 60,794,856	\$ 5,416,150	\$ 66,211,006
Non-Medicare Prescription Drug Claims	24,108,086	(820,150)	23,287,936
CMS Direct and Low Income Drug Subsidy	-		-
Non-Medicare Managed Care Capitations	5,534,472		5,534,472
Administration	2,868,188		2,868,188
Life Insurance	-		-
Retiree Assistance Program	1,207,633		1,207,633
Director's Discretionary Fund	292,851		292,851
<b>Total Expenses</b>	<b>\$ 94,806,086</b>	<b>\$ 4,596,000</b>	<b>\$ 99,402,086</b>
<b>Fiscal Year Results</b>	<b>\$ 29,131,521</b>		<b>\$ 24,535,521</b>
Beginning Plan Reserve	263,130,604		263,130,604
Ending Plan Reserve	\$ 292,262,125		\$ 287,666,125
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

**KEY ASSUMPTIONS**

Pay Go Monthly Premium for Actives	\$ 179.57	<b>Claim and Other Expense Trends</b>		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 94.76	Non-Medicare	5.5%	8.5%
		Capitations		8.0%
		Administrative Expense		-50.6%
Number of Net New Retirees	300	Pay Go Monthly Premium		6.5%

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

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST  
FINANCIAL FORECAST  
FISCAL YEAR 2014**

**PERIOD 7/1/2013 - 6/30/2014**

	<b>TRUST Total</b>
<u>Revenues</u>	
WV PEIA Pay Go Premiums	\$ 160,822,000
Retiree Premiums - PPB	76,453,850
Retiree Premiums - MCO	2,386,760
Annual Required Contributions	-
Non Par Premiums	3,963,598
Early Retiree Reinsurance Program (CMS)	-
Investment Income	37,249,645
<b>Total Revenue</b>	<b>\$ 280,875,853</b>
<u>Program Expenses</u>	
Non-Medicare Medical Claims	\$ 71,460,267
Non-Medicare Prescription Drug Claims	25,840,214
Medicare Medical Claims	4,298,341
Medicare Prescription Drug Claims	1,375,127
Medicare (PDP) Prescription Drug Claims	-
CMS Direct and Low Income Drug Subsidy	-
Non-Medicare Managed Care Capitations	5,977,230
Humana MAPD Program	126,464,389
Administration	6,001,374
Life Insurance	-
Retiree Assistance Program	2,599,037
Director's Discretionary Fund	297,799
<b>Total Expenses</b>	<b>\$ 244,313,778</b>
Fiscal Year Results	\$ 36,562,075
Beginning Plan Reserve	557,945,450
Ending Plan Reserve	\$ 594,507,525
Accrued Actuarial Liability (AAL)	\$ 4,454,000,000
Funded Status	13.3%

**KEY ASSUMPTIONS**

Pay Go Monthly Premium for Actives	\$ 178.04	<b>Claim and Other Expense Trends</b>		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 206.66	Non-Medicare	6.0%	9.0%
		Medicare	6.0%	9.0%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		-0.9%



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

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST**  
**FINANCIAL FORECAST**  
**FISCAL YEAR 2014**

**PERIOD 7/1/2013 - 6/30/2014**

<b>Medicare Retiree</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 94,789,863		\$ 94,789,863
Employer Premiums - PPB	7,391,069		7,391,069
Employer Premiums - MCO	66,739		66,739
Retiree Premiums - PPB	31,669,519	-	31,669,519
Retiree Premiums - MCO	149,645	-	149,645
Annual Required Contributions	-		-
Non Par Premiums	1,974,593		1,974,593
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	28,652,872		28,652,872
<b>Total Revenue</b>	<b>\$ 164,694,300</b>	<b>\$ -</b>	<b>\$ 164,694,300</b>
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 4,298,341	\$ -	\$ 4,298,341
Medicare Prescription Drug Claims	1,375,127	-	1,375,127
Medicare (PDP) Prescription Drug Claims	-		-
CMS Direct and Low Income Drug Subsidy	-		-
Humana MAPD Program	126,464,389		126,464,389
Administration	2,989,776		2,989,776
Life Insurance	-		-
Retiree Assistance Program	1,294,794		1,294,794
Director's Discretionary Fund	-		-
<b>Total Expenses</b>	<b>\$ 136,422,427</b>	<b>\$ -</b>	<b>\$ 136,422,427</b>
Fiscal Year Results	\$ 28,271,873		\$ 28,271,873
Beginning Plan Reserve	270,279,331		270,279,331
Ending Plan Reserve	\$ 298,551,204		\$ 298,551,204
Accrued Actuarial Liability (AAL)	\$ 4,454,000,000		\$ 4,454,000,000
Funded Status	13.3%		13.3%

**KEY ASSUMPTIONS**

Pay Go Monthly Premium for Actives	\$ 178.04	<b>Claim and Other Expense Trends</b>		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 121.81	Medicare	6.0%	9.0%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		-0.9%

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

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST**  
**FINANCIAL FORECAST**  
**FISCAL YEAR 2014**

**PERIOD 7/1/2013 - 6/30/2014**

<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	\$ 66,032,137		\$ 66,032,137
Employer Premiums - PPB	17,008,058		17,008,058
Employer Premiums - MCO	1,417,478		1,417,478
Retiree Premiums - PPB	20,385,205	-	20,385,205
Retiree Premiums - MCO	752,899	-	752,899
Annual Required Contributions	-		-
Non Par Premiums	1,989,005		1,989,005
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	8,596,773		8,596,773
<b>Total Revenue</b>	<b>\$ 116,181,555</b>	<b>\$ -</b>	<b>\$ 116,181,555</b>
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 71,460,267	\$ -	\$ 71,460,267
Non-Medicare Prescription Drug Claims	25,840,214	-	25,840,214
CMS Direct and Low Income Drug Subsidy	-		-
Non-Medicare Managed Care Capitations	5,977,230		5,977,230
Administration	3,011,598		3,011,598
Life Insurance	-		-
Retiree Assistance Program	1,304,244		1,304,244
Director's Discretionary Fund	297,798		297,798
<b>Total Expenses</b>	<b>\$ 107,891,351</b>	<b>\$ -</b>	<b>\$ 107,891,351</b>
Fiscal Year Results	\$ 8,290,204		\$ 8,290,204
Beginning Plan Reserve	287,666,125		287,666,125
Ending Plan Reserve	\$ 295,956,328		\$ 295,956,328
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

**KEY ASSUMPTIONS**

Pay Go Monthly Premium for Actives	\$ 178.04	<b>Claim and Other Expense Trends</b>		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 84.85	Non-Medicare	6.0%	9.0%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		-0.9%

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

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST  
FINANCIAL FORECAST  
FISCAL YEAR 2015**

**PERIOD 7/1/2014 - 6/30/2015**

	<b>TRUST Total</b>
<u>Revenues</u>	
WV PEIA Pay Go Premiums	\$ 169,686,240
Retiree Premiums - PPB	84,866,328
Retiree Premiums - MCO	2,539,278
Annual Required Contributions	-
Non Par Premiums	4,439,230
Early Retiree Reinsurance Program (CMS)	-
Investment Income	39,734,330
<b>Total Revenue</b>	<b>\$ 301,265,406</b>
<u>Program Expenses</u>	
Non-Medicare Medical Claims	\$ 76,570,957
Non-Medicare Prescription Drug Claims	28,460,405
Medicare Medical Claims	4,570,346
Medicare Prescription Drug Claims	1,503,413
Medicare (PDP) Prescription Drug Claims	-
CMS Direct and Low Income Drug Subsidy	-
Non-Medicare Managed Care Capitations	6,455,408
Humana MAPD Program	134,562,122
Administration	6,301,443
Life Insurance	-
Retiree Assistance Program	2,806,960
Director's Discretionary Fund	300,022
<b>Total Expenses</b>	<b>\$ 261,531,076</b>
Fiscal Year Results	\$ 39,734,330
Beginning Plan Reserve	594,507,525
Ending Plan Reserve	\$ 634,241,855
Accrued Actuarial Liability (AAL)	\$ 4,607,800,000
Funded Status	13.8%

**KEY ASSUMPTIONS**

Pay Go Monthly Premium for Actives	\$ 187.85	<b>Claim and Other Expense Trends</b>		
Additional Retiree Premiums	\$ 8,169,328	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 213.04	Non-Medicare	6.5%	9.5%
		Medicare	6.5%	9.5%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		5.5%

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

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST**  
**FINANCIAL FORECAST**  
**FISCAL YEAR 2015**

**PERIOD 7/1/2014 - 6/30/2015**

<b>Medicare Retiree</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 98,247,195		\$ 98,247,195
Employer Premiums - PPB	7,423,165		7,423,165
Employer Premiums - MCO	67,029		67,029
Retiree Premiums - PPB	31,807,047	4,885,424	36,692,471
Retiree Premiums - MCO	150,294	23,085	173,379
Annual Required Contributions	-		-
Non Par Premiums	2,211,544		2,211,544
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	30,564,122		30,564,122
<b>Total Revenue</b>	<b>\$ 170,470,396</b>	<b>\$ 4,908,509</b>	<b>\$ 175,378,905</b>
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 4,570,346	\$ -	\$ 4,570,346
Medicare Prescription Drug Claims	1,503,413	-	1,503,413
Medicare (PDP) Prescription Drug Claims	-		-
CMS Direct and Low Income Drug Subsidy	-		-
Humana MAPD Program	134,562,122		134,562,122
Administration	3,139,265		3,139,265
Life Insurance	-		-
Retiree Assistance Program	1,398,377		1,398,377
Director's Discretionary Fund	-		-
<b>Total Expenses</b>	<b>\$ 145,173,523</b>	<b>\$ -</b>	<b>\$ 145,173,523</b>
Fiscal Year Results	\$ 25,296,873		\$ 30,205,382
Beginning Plan Reserve	298,551,204		298,551,204
Ending Plan Reserve	\$ 323,848,077		\$ 328,756,586
Accrued Actuarial Liability (AAL)	\$ 4,607,800,000		\$ 4,607,800,000
Funded Status	13.6%		13.8%

**KEY ASSUMPTIONS**

Pay Go Monthly Premium for Actives	\$ 187.85	<b>Claim and Other Expense Trends</b>		
Additional Retiree Premiums	\$ 4,908,508	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 123.35	Medicare	6.5%	9.5%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		5.5%

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

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST**  
**FINANCIAL FORECAST**  
**FISCAL YEAR 2015**

**PERIOD 7/1/2014 - 6/30/2015**

<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	\$ 71,439,046		\$ 71,439,046
Employer Premiums - PPB	17,104,827		17,104,827
Employer Premiums - MCO	1,425,543		1,425,543
Retiree Premiums - PPB	20,501,189	3,144,676	23,645,865
Retiree Premiums - MCO	757,183	116,144	873,327
Annual Required Contributions	-		-
Non Par Premiums	2,227,685		2,227,685
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	9,170,209		9,170,209
<b>Total Revenue</b>	<b>\$ 122,625,682</b>	<b>\$ 3,260,820</b>	<b>\$ 125,886,502</b>
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 76,570,957	\$ -	\$ 76,570,957
Non-Medicare Prescription Drug Claims	28,460,405	-	28,460,405
CMS Direct and Low Income Drug Subsidy	-		-
Non-Medicare Managed Care Capitations	6,455,408		6,455,408
Administration	3,162,178		3,162,178
Life Insurance	-		-
Retiree Assistance Program	1,408,583		1,408,583
Director's Discretionary Fund	300,022		300,022
<b>Total Expenses</b>	<b>\$ 116,357,553</b>	<b>\$ -</b>	<b>\$ 116,357,553</b>
Fiscal Year Results	\$ 6,268,129		\$ 9,528,949
Beginning Plan Reserve	295,956,328		295,956,328
Ending Plan Reserve	\$ 302,224,457		\$ 305,485,277
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

**KEY ASSUMPTIONS**

Pay Go Monthly Premium for Actives	\$ 187.85	<b>Claim and Other Expense Trends</b>		
Additional Retiree Premiums	\$ 3,260,820	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 89.69	Non-Medicare	6.5%	9.5%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		5.5%

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

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST  
FINANCIAL FORECAST  
FISCAL YEAR 2016**

**PERIOD 7/1/2015 - 6/30/2016**

	<b>TRUST Total</b>
<u>Revenues</u>	
WV PEIA Pay Go Premiums	\$ 180,362,308
Retiree Premiums - PPB	100,711,259
Retiree Premiums - MCO	2,820,223
Annual Required Contributions	-
Non Par Premiums	4,971,937
Early Retiree Reinsurance Program (CMS)	-
Investment Income	42,437,109
General Revenue Transfer	30,000,000
<b>Total Revenue</b>	<b>\$ 361,302,836</b>
<u>Program Expenses</u>	
Non-Medicare Medical Claims	\$ 83,421,995
Non-Medicare Prescription Drug Claims	31,869,280
Medicare Medical Claims	4,882,422
Medicare Prescription Drug Claims	1,651,188
Medicare (PDP) Prescription Drug Claims	-
CMS Direct and Low Income Drug Subsidy	-
Non-Medicare Managed Care Capitations	6,971,841
Humana MAPD Program	150,115,635
Administration	6,616,515
Life Insurance	-
Retiree Assistance Program	3,031,517
Director's Discretionary Fund	305,334
<b>Total Expenses</b>	<b>\$ 288,865,727</b>
<b>Fiscal Year Results</b>	<b>\$ 72,437,109</b>
Beginning Plan Reserve	634,241,855
Ending Plan Reserve	\$ 706,678,965
Accrued Actuarial Liability (AAL)	\$ 4,745,900,000
Funded Status	14.9%

**KEY ASSUMPTIONS**

Pay Go Monthly Premium for Actives	\$ 199.67	<b>Claim and Other Expense Trends</b>		
Additional Retiree Premiums	\$ 15,545,674	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 219.66	Non-Medicare	7.0%	10.0%
		Medicare	7.0%	10.0%
		Capitations		8.0%
		Administrative Expense		5.0%
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 2016**

**PERIOD 7/1/2015 - 6/30/2016**

<b>Medicare Retiree</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 104,611,960		\$ 104,611,960
Employer Premiums - PPB	7,437,743		7,437,743
Employer Premiums - MCO	67,160		67,160
Retiree Premiums - PPB	36,944,428	9,292,179	46,236,607
Retiree Premiums - MCO	174,569	43,907	218,476
Annual Required Contributions	-		-
Non Par Premiums	2,476,929		2,476,929
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	32,643,132		32,643,132
General Revenue Transfer	17,464,226		17,464,226
<b>Total Revenue</b>	<b>\$ 201,820,147</b>	<b>\$ 9,336,086</b>	<b>\$ 211,156,233</b>
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 4,882,422	\$ -	\$ 4,882,422
Medicare Prescription Drug Claims	1,651,188	-	1,651,188
Medicare (PDP) Prescription Drug Claims	-		-
CMS Direct and Low Income Drug Subsidy	-		-
Humana MAPD Program	150,115,635		150,115,635
Administration	3,296,229		3,296,229
Life Insurance	-		-
Retiree Assistance Program	1,510,247		1,510,247
Director's Discretionary Fund	-		-
<b>Total Expenses</b>	<b>\$ 161,455,721</b>	<b>\$ -</b>	<b>\$ 161,455,721</b>
Fiscal Year Results	\$ 40,364,426		\$ 49,700,512
Beginning Plan Reserve	328,756,586		328,756,586
Ending Plan Reserve	\$ 369,121,012		\$ 378,457,098
Accrued Actuarial Liability (AAL)	\$ 4,745,900,000		\$ 4,745,900,000
Funded Status	14.6%		14.9%

**KEY ASSUMPTIONS**

Pay Go Monthly Premium for Actives	\$ 199.67	<b>Claim and Other Expense Trends</b>		
Additional Retiree Premiums	\$ 9,336,086	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 127.40	Medicare	7.0%	10.0%
		Capitations		8.0%
		Administrative Expense		5.0%
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 2016**

**PERIOD 7/1/2015 - 6/30/2016**

<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	\$ 75,750,349		\$ 75,750,349
Employer Premiums - PPB	17,181,168		17,181,168
Employer Premiums - MCO	1,431,905		1,431,905
Retiree Premiums - PPB	23,867,327	5,988,414	29,855,741
Retiree Premiums - MCO	881,507	221,174	1,102,681
Annual Required Contributions	-		-
Non Par Premiums	2,495,008		2,495,008
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	9,793,978		9,793,978
General Revenue Transfer	12,535,774		12,535,774
<b>Total Revenue</b>	<b>\$ 143,937,016</b>	<b>\$ 6,209,588</b>	<b>\$ 150,146,604</b>
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 83,421,995	\$ -	\$ 83,421,995
Non-Medicare Prescription Drug Claims	31,869,280	-	31,869,280
CMS Direct and Low Income Drug Subsidy	-		-
Non-Medicare Managed Care Capitations	6,971,841		6,971,841
Administration	3,320,287		3,320,287
Life Insurance	-		-
Retiree Assistance Program	1,521,270		1,521,270
Director's Discretionary Fund	305,335		305,335
<b>Total Expenses</b>	<b>\$ 127,410,008</b>	<b>\$ -</b>	<b>\$ 127,410,008</b>
Fiscal Year Results	\$ 16,527,008		\$ 22,736,596
Beginning Plan Reserve	305,485,277		305,485,277
Ending Plan Reserve	\$ 322,012,285		\$ 328,221,873
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

**KEY ASSUMPTIONS**

Pay Go Monthly Premium for Actives	\$ 199.67	<b>Claim and Other Expense Trends</b>		
Additional Retiree Premiums	\$ 6,209,587	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 92.25	Non-Medicare	7.0%	10.0%
		Capitations		8.0%
		Administrative Expense		5.0%
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 2017**

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

	<b>TRUST Total</b>
<u>Revenues</u>	
WV PEIA Pay Go Premiums	\$ 190,344,590
Retiree Premiums - PPB	119,155,091
Retiree Premiums - MCO	3,144,739
Annual Required Contributions	-
Non Par Premiums	5,568,570
Early Retiree Reinsurance Program (CMS)	-
Investment Income	47,278,774
General Revenue Transfer	30,000,000
<b>Total Revenue</b>	<b>\$ 395,491,764</b>
<u>Program Expenses</u>	
Non-Medicare Medical Claims	\$ 90,229,609
Non-Medicare Prescription Drug Claims	35,422,157
Medicare Medical Claims	5,240,227
Medicare Prescription Drug Claims	1,821,745
Medicare (PDP) Prescription Drug Claims	-
CMS Direct and Low Income Drug Subsidy	-
Non-Medicare Managed Care Capitations	7,529,588
Humana MAPD Program	167,440,680
Administration	6,947,341
Life Insurance	-
Retiree Assistance Program	3,274,038
Director's Discretionary Fund	307,605
<b>Total Expenses</b>	<b>\$ 318,212,990</b>
<b>Fiscal Year Results</b>	<b>\$ 77,278,774</b>
Beginning Plan Reserve	706,678,965
Ending Plan Reserve	\$ 783,957,739
Accrued Actuarial Liability (AAL)	\$ 4,868,100,000
Funded Status	16.1%

**KEY ASSUMPTIONS**

Pay Go Monthly Premium for Actives	\$ 210.72	<b>Claim and Other Expense Trends</b>		
Additional Retiree Premiums	\$ 18,113,752	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 226.42	Non-Medicare	7.5%	10.5%
		Medicare	7.5%	10.5%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		5.5%

**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	\$ 111,196,645		\$ 111,196,645
Employer Premiums - PPB	7,435,254		7,435,254
Employer Premiums - MCO	67,138		67,138
Retiree Premiums - PPB	46,553,023	10,818,525	57,371,548
Retiree Premiums - MCO	219,972	51,120	271,092
Annual Required Contributions	-		-
Non Par Premiums	2,774,161		2,774,161
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	36,367,398		36,367,398
General Revenue Transfer	17,532,901		17,532,901
<b>Total Revenue</b>	<b>\$ 222,146,493</b>	<b>\$ 10,869,645</b>	<b>\$ 233,016,138</b>
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 5,240,227	\$ -	\$ 5,240,227
Medicare Prescription Drug Claims	1,821,745	-	1,821,745
Medicare (PDP) Prescription Drug Claims	-		-
CMS Direct and Low Income Drug Subsidy	-		-
Humana MAPD Program	167,440,680		167,440,680
Administration	3,461,040		3,461,040
Life Insurance	-		-
Retiree Assistance Program	1,631,067		1,631,067
Director's Discretionary Fund	-		-
<b>Total Expenses</b>	<b>\$ 179,594,759</b>	<b>\$ -</b>	<b>\$ 179,594,759</b>
Fiscal Year Results	\$ 42,551,734		\$ 53,421,379
Beginning Plan Reserve	378,457,098		378,457,098
Ending Plan Reserve	\$ 421,008,832		\$ 431,878,477
Accrued Actuarial Liability (AAL)	\$ 4,868,100,000		\$ 4,868,100,000
Funded Status	15.7%		16.1%

**KEY ASSUMPTIONS**

Pay Go Monthly Premium for Actives	\$ 210.72	<b>Claim and Other Expense Trends</b>		
Additional Retiree Premiums	\$ 10,869,645	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 132.27	Medicare	7.5%	10.5%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		5.5%

**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	\$ 79,147,946		\$ 79,147,946
Employer Premiums - PPB	17,221,849		17,221,849
Employer Premiums - MCO	1,435,295		1,435,295
Retiree Premiums - PPB	30,140,353	6,986,086	37,126,439
Retiree Premiums - MCO	1,113,192	258,021	1,371,213
Annual Required Contributions	-		-
Non Par Premiums	2,794,409		2,794,409
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	10,911,376		10,911,376
General Revenue Transfer	12,467,099		12,467,099
<b>Total Revenue</b>	<b>\$ 155,231,518</b>	<b>\$ 7,244,107</b>	<b>\$ 162,475,625</b>
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 90,229,609	\$ -	\$ 90,229,609
Non-Medicare Prescription Drug Claims	35,422,157	-	35,422,157
CMS Direct and Low Income Drug Subsidy	-		-
Non-Medicare Managed Care Capitations	7,529,588		7,529,588
Administration	3,486,301		3,486,301
Life Insurance	-		-
Retiree Assistance Program	1,642,972		1,642,972
Director's Discretionary Fund	307,605		307,605
<b>Total Expenses</b>	<b>\$ 138,618,232</b>	<b>\$ -</b>	<b>\$ 138,618,232</b>
Fiscal Year Results	\$ 16,613,286		\$ 23,857,393
Beginning Plan Reserve	328,221,873		328,221,873
Ending Plan Reserve	\$ 344,835,159		\$ 352,079,266
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

**KEY ASSUMPTIONS**

Pay Go Monthly Premium for Actives	\$ 210.72	<b>Claim and Other Expense Trends</b>		
Additional Retiree Premiums	\$ 7,244,108	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 94.15	Non-Medicare	7.5%	10.5%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		5.5%