



CCRC
Actuaries, LLC

STATE OF WEST VIRGINIA



RETIREE HEALTH BENEFIT TRUST FUND

**Fiscal Year 2015
Financial Report**

Fiscal Years 2015-2020

September 2015



415 Main Street
Reisterstown, MD 21136

Phone: 410-833-4220
Fax: 410-833-4229

Email: info@ccrcactuaries.com

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

Ladies and Gentlemen:

I, Dave Bond, am a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries, and the Managing Partner in the firm of 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 2016, and as supported by our work, to render an actuarial opinion stating whether the plan may be reasonably expected to generate sufficient revenues to meet estimated insurance program and administrative costs of the plan through FY 2020. Our analysis is developed on an accrued and incurred reporting basis for a projection period of five years as required by the Code.

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

CCRC Actuaries has provided financial report for fiscal year ending June 30, 2015 (“FY 2015”) and preliminary forecasts for fiscal years ending June 30, 2016 (“FY 2016”), June 30, 2017 (“FY 2017”), June 30, 2018 (“FY 2018”), June 30, 2019 (“FY 2019”) and June 30, 2020 (“FY 2020”). Our opinion of plan adequacy is based on the projections through FY 2020 using updated future revenue and plan modifications provided by the Board in the plan adopted in December 2014.

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

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

The Medicaid / RHBT Hospital Bill (“Bill”) has been extended and is anticipated to continue to provide RHBT with hospital charge savings through discounts for all retiree non-Medicare coverages. These hospital savings are assumed to increase by the medical trend assumptions in Fiscal Year 2016 and subsequently. We are assuming that the Bill will continue throughout the five year forecast period.

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. Additional details of the benefit enhancements and costs can be found later in this report. In addition, it is noteworthy that some current RHBT members may become eligible for the West Virginia Children Health Insurance Plan effective in Fiscal Year 2015. This report does not include anticipated savings from this eligibility change since the proposal has not been finalized and approved by CMS.

In FY 2015 the Pay Go is equivalent to \$307 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 2014.

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 2017. All Employers will receive benefit of these contributions.

Based on our review, and subject to the conditions described herein, we believe the financial plan approved by the Board for FY 2015 through FY 2020 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 2020 as approved by the Board in December 2014.

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

Respectfully,



Dave Bond, F.S.A., F.C.A., M.A.A.A.
Managing Partner



Chris Borcik, F.S.A., F.C.A., M.A.A.A.
Senior Actuarial Consultant

West Virginia Retiree Health Benefit Trust Fund
Report of Independent Actuary
Financial Plan for FY 2015 – FY 2020

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 August 2015 for prescription drugs and medical claims. Enrollment data, administrative expenses, managed care capitations, and plan revenues were provided at special request from RHBT. Revenue assumptions are based on premium rates, assumed investment income and significant general and special revenue allocations provided by the Governor, some which have not been approved by the West Virginia Legislature. In addition, other information became available through presentations made at Board meetings, which has been used in arriving at our conclusions.

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

KEY ASSUMPTIONS

A. Enrollment Changes

The Board has requested that the projection assume retiree enrollment growth consistent with the experience of the plan. These projections assume that the Trust Fund will annually have 1,000 additional retirees. We have observed a net increase of 1,030 retirees from June 2014 to June 2015, approximating our current assumption. CCRC Actuaries has updated the claims analysis based on the enrollment through September 2015.

In aggregate, September 2015 enrollment has increased by 852 coverages since the end of FY 2015. Aggregate Preferred Provider Benefit (“PPB”) enrollment has increased by 827 in total over the same period, while managed care enrollment continues to cover fewer participants with a slight increase of 25 coverages. For MAPD Capitations, 40,920 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 2014, June 2015 and September 2015 for purposes of comparison:

Trust Fund	Coverage	Preferred Provider Benefit*			Managed Care		
		Jun-14	Jun-15	Sep-15	Jun-14	Jun-15	Sep-15
Retirees	Medicare Single	18,429	19,018	19,235	-	-	-
	<u>Medicare Family</u>	<u>13,316</u>	<u>13,860</u>	<u>14,090</u>	-	-	-
	Medicare Total	31,745	32,878	33,325	-	-	-
	Non Medicare Single	3,517	3,462	3,584	159	149	163
	<u>Non Medicare Family</u>	<u>4,384</u>	<u>4,356</u>	<u>4,614</u>	<u>176</u>	<u>166</u>	<u>177</u>
	Non Medicare Total	7,901	7,818	8,198	335	315	340
	Retiree Total	39,646	40,696	41,523	335	315	340
Grand Total				39,981	41,011	41,863	

* The majority of PPB is capitated through Humana. As of August 2015, there are approximately 1,899 Medicare retiree coverages under PEIA.

B. Changes in Claim Backlog

Detail of the medical claim backlog is presented in the PEIA report titled “PEIA Fiscal Year 2015 Financial Report”.

C. Trend Analysis

CCRC Actuaries performed the detailed medical and prescription drugs trend analysis in the report titled, “Detailed Medical and Prescription Drugs Claim Trend Report - September 2014”. This report includes the detailed trend analysis of PEIA experience by medical and prescription drugs. Based on the analysis, the FY 2016 medical claim trend is 5.5% and the prescription drugs trend is 8.5%.

The current trends projection is shown in the following table:

Claim Type	FY 2016 Trend
Non-Medicare – Medical	5.5%
Medicare – Medical	5.5%
Non-Medicare – Drugs	8.5%
Medicare – Drugs	8.5%

In addition, we have assumed that trends will increase by 0.5% in each successive fiscal year beginning in FY 2017. At the Board’s request, the baseline trend assumptions have been established to reflect the most likely or expected trends.

The following chart summarizes the trend results observed for the plan using data through August 2015. It is important to note that these trends have not been adjusted to reflect savings as a result of the expansion of the drug rebate program or the claim savings due to changes in provider reimbursement methodologies nor changes in the benefit structure. In developing the claim cost projection, we have reflected for benefit and reimbursement changes as an adjustment to the gross trend assumption.

Aggregate Trust Fund Historical Trends (Retirees)

<u>Fiscal Year</u>	<u>Medical Medicare</u>	<u>Medical Non-Medicare</u>	<u>Drugs Medicare</u>	<u>Drugs Non-Medicare</u>	<u>Total</u>
2004	9%	2%	3%	-2%	6%
2005	6%	-2%	16%	1%	8%
2006	6%	5%	11%	17%	9%
2007	6%	1%	6%	6%	5%
2008	N/A	6%	N/A	-9%	N/A
2009	N/A	-1%	N/A	5%	N/A
2010	N/A	3%	N/A	7%	N/A
2011	N/A	11%	N/A	16%	N/A
2012	-5%	-6%	2%	8%	-2%
2013	23%	-3%	-3%	-7%	-2%
2014	N/A	7%	N/A	6%	N/A
2015	N/A	7%	N/A	6%	N/A
2016*	N/A	9%	N/A	4%	N/A

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

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 August 2015 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 result of FY 2015 and the projection of FY 2016 revenue and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

Fiscal Year 2015 Result			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	32,465			\$ 128**	\$ 180**	\$ 340
	<u>Non-Medicare</u>	<u>8,129</u>			\$ 704	\$ 250	
	Total	40,594	\$ -	\$ 162			
	<u>Non-Medicare Managed Care</u>	<u>326</u>	\$ -	\$ 551			\$ 1,142
	Total	40,920					

*Net of rebates and subsidies.

** As of June 2015, there are approximately 1,373 Medicare coverages that were not capitated through Humana.

Fiscal Year 2016 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	33,449			\$ 127**	\$ 183**	\$ 359
	<u>Non-Medicare</u>	<u>8,343</u>			\$ 710	\$ 250	
	Total	41,792	\$ -	\$ 165			
	<u>Non-Medicare Managed Care</u>	<u>340</u>	\$ -	\$ 564			\$ 1,039
	Total	42,132					

*Net of rebates and subsidies.

** As of August 2015, there are approximately 1,899 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 2014. Both Medicare and Non-Medicare retirees premium received no increases in Fiscal Year 2015 and 2016.

Board Decisions – December 2014

Source	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
Additional Retiree Premium	\$0	\$0	\$4,380,722	\$18,937,242	\$21,377,582	\$26,987,410
General Revenue Transfer	\$0	\$0	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000
Benefit Reductions/(Increase) - Retiree Non-Medicare	\$0	\$3,900,000	\$0	\$0	\$0	\$0
Benefit Reductions/(Increase) - Managed Care Capitations	\$0	\$584,103	\$0	\$0	\$0	\$0
Benefit Reductions/(Increase) - Humana MAPD (calendar year)	\$0	\$1,808,772	\$2,291,228	\$0	\$0	\$0
ACA Reinsurance Contributions (Cost)	(\$849,996)	(\$550,000)	(\$200,000)	\$0	\$0	\$0
ACA Comparative Effectiveness Research Fees (Cost)	(\$30,083)	(\$30,826)	(\$31,601)	(\$32,408)	(\$33,249)	\$0
Pay Go Premium Transfer	\$150,549,744	\$150,000,000	\$180,000,000	\$195,000,000	\$210,000,000	\$220,000,000
Actuarial Accrued Liability*	\$3,585,500,000	\$3,743,700,000	\$3,899,600,000	\$4,044,600,000	\$4,181,000,000	\$4,297,300,000
Funded Status	19.7%	19.5%	20.4%	21.5%	22.7%	24.2%

*Projected Result

The \$3,900,000 of Retiree Non-Medicare benefit reductions in Fiscal Year 2016 is comprised of the following:

	<u>2016 Claim Cost Savings</u>
Medical Claims	\$2.2 M
Drug Claims	\$1.7 M

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

	<u>Savings</u>
Increase Primary Care Office Visit copayment from \$15 to \$20 per visit	\$0.15 M
Increase Specialist Office Visit copayment from \$25 to \$40 per visit	\$0.52 M
Increase deductible by \$25 for single coverage and \$50 for family coverage	\$0.26 M
Increase outpatient surgery copay from \$50 to \$100	\$0.25 M
Increase emergency room copay to \$100 with no discount	\$0.07 M
Increase family out-of-pocket maximum for PEIA PPB Plans A and D to twice the employee only amount	\$0.84 M
Add \$100 copay per admission to existing deductible and 20% coinsurance for inpatient hospital care	\$0.15 M
Increase Generic Drug Copay for 30 day supply from \$5 to \$10 and for 90 day supply (maintenance only) from \$10 to \$20	\$1.27 M
Increase Preferred Brand Drug Copay for 30 day supply from \$15 to \$25 and for 90 day supply (maintenance only) from \$30 to \$50	\$0.42 M

The \$4,100,000 of Humana MAPD benefit reductions occurs in calendar year 2016, and can be translated to the following savings in FY 2016 and FY2017:

Fiscal Year 2016	\$1.8 M
Fiscal Year 2017	\$2.3 M

A detailed listing of the Medicare CY 2016 benefit reductions are comprised of the following:

	<u>Savings</u>
Increase copayment for office visits PCP/Specialist from \$10/\$20 to \$20/\$40	\$2.0 M
Increase Outpatient Surgery copayment by \$50 from \$50 to \$100	\$0.3 M
Increase deductible by \$75 per person from \$25 to \$100	\$1.8 M

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

Under the final rule, issuers would be required to pay a reinsurance contribution of \$5.25 per member per month to HHS in 2014. The \$5.25 contribution rate would gradually decrease in 2015 and 2016. From 2017 and beyond, no further reinsurance contributions will be collected. RHBT will not receive any benefit payments from the national reinsurance program. RHBT will be subject to paying the reinsurance contributions through FY 2017 and the projected expenses of the reinsurance contributions are included in the current financial plan. The total reinsurance contributions for the financial projection are estimated to be approximately \$1,600,000, with \$849,996 in FY 2015.

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

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

It is anticipated that RHBT would accrue and pay these fees in FY 2015 through FY 2019. The fee would be \$2 per member per year. The total comparative effectiveness research fees for the financial projection are estimated to be approximately \$158,000, with \$30,083 in FY 2015.

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 \$2.1 million in FY 2015 to approximately \$2.4 million in FY 2020, based on the Board's direction and projected retiree enrollment growth in the financial plan.

In FY 2015 the Pay Go is equivalent to \$307 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 2014.

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 2015 RESULT

The financial result for FY 2015 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2015 projects accrued revenue of \$291,048,131 and incurred plan expenses of \$267,834,538 to produce a fiscal year surplus of \$13,443,746 after the Premium Stabilization Reserve drawdown of \$9,769,847. The PEIA local and state agencies Pay Go premiums for FY 2015 are \$150,549,744.

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 \$341,875,564 and incurred plan expenses of \$284,110,975 to produce a fiscal year surplus of \$25,564,589 after the Premium Stabilization Reserve drawdown of \$32,200,000. The PEIA local and state agencies Pay Go premiums for FY 2016 are assumed to be \$150,000,000.

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 \$383,600,584 and incurred plan expenses of \$309,037,125 to produce a fiscal year surplus of \$63,563,459 after the Premium Stabilization Reserve drawdown of \$11,000,000. The PEIA local and state agencies Pay Go premiums for FY 2017 are assumed to be \$180,000,000.

FISCAL YEAR 2018 FORECAST

The financial forecast for FY 2018 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2018 projects accrued revenue of \$416,606,872 and incurred plan expenses of \$338,146,663 to produce a fiscal year surplus of \$74,020,873 after the Premium Stabilization Reserve drawdown of \$4,439,335. The PEIA local and state agencies Pay Go premiums for FY 2018 are assumed to be \$195,000,000.

FISCAL YEAR 2019 FORECAST

The financial forecast for FY 2019 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2019 projects accrued revenue of \$454,939,322 and incurred plan expenses of \$371,945,794 to produce a fiscal year surplus of \$82,993,529 after the Premium Stabilization Reserve drawdown of \$0. The PEIA local and state agencies Pay Go premiums for FY 2019 are assumed to be \$210,000,000.

FISCAL YEAR 2020 FORECAST

The financial forecast for FY 2020 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2020 projects accrued revenue of \$499,067,823 and incurred plan expenses of \$410,992,484 to produce a fiscal year surplus of \$88,075,339 after the Premium Stabilization Reserve drawdown of \$0. The PEIA local and state agencies Pay Go premiums for FY 2020 are assumed to be \$220,000,000.

LITIGATION

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

SUMMARY

It should be noted that the aggregate PEIA and Trust Fund reserves will meet or exceed the 10% of program expense requirement under the Baseline Scenario assumptions. With projected changes to the plan as adopted in the Board, we are forecasting that the plan will meet the minimum 10% reserve target set by West Virginia Statute through the projection period ending with the Fiscal Year 2020. These projections are based on significant revenue increases as contained in the Financial Plan adopted by the Board in December 2014 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 RESULT
FISCAL YEAR 2015**

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

	7/1/2014 to 12/31/2014	1/1/2015 to 6/30/2015	TRUST Total
<u>Revenues</u>			
WV PELA Pay Go Premiums	\$ 75,274,872	\$ 75,274,872	\$ 150,549,744
Retiree Premiums - PPB	39,410,143	39,648,231	79,058,374
Retiree Premiums - MCO	1,084,659	1,071,982	2,156,641
Annual Required Contributions	58,516	58,516	117,031
Non Par Premiums	1,612,257	1,612,257	3,224,514
Life Insurance	11,515,162	11,515,162	23,030,324
Investment Income	11,570,828	11,570,828	23,141,656
Transfer from Premium Stabilization Reserve	4,824,285	4,945,562	9,769,847
Total Revenue	\$ 145,350,721	\$ 145,697,410	\$ 291,048,131
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 33,376,609	\$ 35,271,292	\$ 68,647,901
Non-Medicare Prescription Drug Claims	11,260,027	13,117,602	24,377,629
Medicare Medical Claims	2,079,570	1,051,577	3,131,147
Medicare Prescription Drug Claims	3,026,465	1,552,678	4,579,143
Non-Medicare Managed Care Capitations	2,233,304	2,233,304	4,466,607
Humana MAPD Program	64,551,572	67,779,151	132,330,723
Administration	2,283,045	2,283,045	4,566,090
Life Insurance	11,380,244	11,380,244	22,760,487
Retiree Assistance Program	1,047,366	1,047,366	2,094,732
ACA Reinsurance Contributions	500,000	350,000	849,996
ACA Comparative Effectiveness Research Fees	15,042	15,042	30,083
Director's Discretionary Fund	-	-	-
Total Expenses	\$ 131,753,242	\$ 136,081,300	\$ 267,834,538
Fiscal Year Results	\$ 13,597,479	\$ 9,616,111	\$ 23,213,593
Beginning Restricted Reserve			\$ 633,739,334
Ending Restricted Reserve			\$ 656,952,927
Beginning Premium Stabilization Reserve			\$ 57,409,182
PSR Addition/(Drawdown)			\$ (9,769,847)
Ending Premium Stabilization Reserve			\$ 47,639,335
Total Beginning Plan Reserve			\$ 691,148,516
Total Ending Plan Reserve			\$ 704,592,263
Accrued Actuarial Liability (AAL)			\$ 3,585,500,000
Funded Status			19.7%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 163.69	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 306.59	Non-Medicare	5.0%	8.0%
		Medicare	5.0%	8.0%
		Capitations		-7.6%
		Administrative Expense		3.5%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		-6.8%

**APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE**

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

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

Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 90,495,848		\$ 90,495,848
Employer Premiums - PPB	7,628,009		7,628,009
Employer Premiums - MCO	-		-
Retiree Premiums - PPB	34,984,372	-	34,984,372
Retiree Premiums - MCO	-	-	-
Annual Required Contributions	-		-
Non Par Premiums	1,691,857		1,691,857
Life Insurance	12,083,689		12,083,689
Investment Income	12,287,144		12,287,144
Transfer from Premium Stabilization Reserve	6,579,693		6,579,693
Total Revenue	\$ 165,750,612	\$ -	\$ 165,750,612
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 3,131,147	\$ -	\$ 3,131,147
Medicare Prescription Drug Claims	4,579,143	-	4,579,143
Humana MAPD Program	132,330,723		132,330,723
Administration	1,685,468		1,685,468
Life Insurance	11,942,109		11,942,109
Retiree Assistance Program	1,099,077		1,099,077
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	22,203		22,203
Director's Discretionary Fund	-		-
Total Expenses	\$ 154,789,870	\$ -	\$ 154,789,870
Fiscal Year Results	\$ 10,960,742		\$ 10,960,742
Beginning Restricted Reserve	\$ 324,411,552		\$ 324,411,552
Ending Restricted Reserve	<u>\$ 335,372,294</u>		<u>\$ 335,372,294</u>
Beginning Premium Stabilization Reserve	\$ 42,564,009		\$ 42,564,009
PSR Addition/(Drawdown)	\$ (6,579,693)		\$ (6,579,693)
Ending Premium Stabilization Reserve	<u>\$ 35,984,316</u>		<u>\$ 35,984,316</u>
Total Beginning Plan Reserve	366,967,751		366,967,751
Total Ending Plan Reserve	<u>\$ 371,356,611</u>		<u>\$ 371,356,611</u>
Accrued Actuarial Liability (AAL)	\$ 3,585,500,000		\$ 3,585,500,000
Funded Status	19.7%		19.7%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 163.69	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 232.29	Medicare	5.0%	8.0%
		Capitations		-7.6%
		Administrative Expense		3.5%
Number of Net New Retirees	700	Pay Go Monthly Premium		-6.8%

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

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

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

Non-Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 60,053,896		\$ 60,053,896
Employer Premiums - PPB	15,165,873		15,165,873
Employer Premiums - MCO	1,345,846		1,345,846
Retiree Premiums - PPB	21,280,119	-	21,280,119
Retiree Premiums - MCO	810,794	-	810,794
Annual Required Contributions	117,031		117,031
Non Par Premiums	1,532,657		1,532,657
Life Insurance	10,946,635		10,946,635
Investment Income	10,854,512		10,854,512
Transfer from Premium Stabilization Reserve	3,190,154		3,190,154
Total Revenue	\$ 125,297,517	\$ -	\$ 125,297,517
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 68,647,901	\$ -	\$ 68,647,901
Non-Medicare Prescription Drug Claims	24,377,629	-	24,377,629
Non-Medicare Managed Care Capitations	4,466,607		4,466,607
Administration	2,880,622		2,880,622
Life Insurance	10,818,378		10,818,378
Retiree Assistance Program	995,655		995,655
ACA Reinsurance Contributions	849,996		849,996
ACA Comparative Effectiveness Research Fees	7,880		7,880
Director's Discretionary Fund	-		-
Total Expenses	\$ 113,044,668	\$ -	\$ 113,044,668
Fiscal Year Results	\$ 12,252,849		\$ 12,252,849
Beginning Restricted Reserve	\$ 309,327,783		\$ 309,327,783
Ending Restricted Reserve	<u>\$ 321,580,632</u>		<u>\$ 321,580,632</u>
Beginning Premium Stabilization Reserve	\$ 14,845,173		\$ 14,845,173
PSR Addition/(Drawdown)	\$ (3,190,154)		\$ (3,190,154)
Ending Premium Stabilization Reserve	<u>\$ 11,655,019</u>		<u>\$ 11,655,019</u>
Total Beginning Plan Reserve	324,180,766		324,180,766
Total Ending Plan Reserve	<u>\$ 333,235,651</u>		<u>\$ 333,235,651</u>
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 163.69	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 591.90	Non-Medicare	5.0%	8.0%
		Capitations		-7.6%
		Administrative Expense		3.5%
Number of Net New Retirees	300	Pay Go Monthly Premium		-6.8%

**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

	7/1/2015 to 12/31/2015	1/1/2016 to 6/30/2016	TRUST Total
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 75,000,000	\$ 75,000,000	\$ 150,000,000
Retiree Premiums - PPB	41,078,263	41,618,987	82,697,250
Retiree Premiums - MCO	1,149,887	1,150,451	2,300,338
Annual Required Contributions	-	-	-
Non Par Premiums	1,563,890	1,563,890	3,127,779
Life Insurance	12,090,920	12,090,920	24,181,840
Investment Income	23,684,179	23,684,179	47,368,357
Transfer from Premium Stabilization Reserve	15,948,625	16,251,375	32,200,000
General Revenue Transfer	-	-	-
Total Revenue	\$ 170,515,763	\$ 171,359,801	\$ 341,875,564
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 34,575,109	\$ 36,537,827	\$ 71,112,936
Non-Medicare Prescription Drug Claims	11,580,373	13,490,797	25,071,170
Medicare Medical Claims	2,275,472	1,108,511	3,383,983
Medicare Prescription Drug Claims	3,405,506	1,683,328	5,088,834
Non-Medicare Managed Care Capitations	2,119,917	2,119,917	4,239,833
Humana MAPD Program	69,557,360	74,413,874	143,971,233
Administration	2,351,537	2,351,537	4,703,073
Life Insurance	11,949,256	11,949,256	23,898,511
Retiree Assistance Program	878,481	878,481	1,756,962
ACA Reinsurance Contributions	350,000	200,000	550,000
ACA Comparative Effectiveness Research Fees	15,413	15,413	30,826
Director's Discretionary Fund	151,807	151,807	303,614
Total Expenses	\$ 139,210,230	\$ 144,900,746	\$ 284,110,975
Fiscal Year Results	\$ 31,305,533	\$ 26,459,055	\$ 57,764,589
Beginning Restricted Reserve			\$ 656,952,927
Ending Restricted Reserve			<u>\$ 714,717,516</u>
Beginning Premium Stabilization Reserve			\$ 47,639,335
PSR Addition/(Drawdown)			\$ (32,200,000)
Ending Premium Stabilization Reserve			<u>\$ 15,439,335</u>
Total Beginning Plan Reserve			\$ 704,592,263
Total Ending Plan Reserve			<u>\$ 730,156,851</u>
Accrued Actuarial Liability (AAL)			\$ 3,743,700,000
Funded Status			19.5%

KEY ASSUMPTIONS

		Claim and Other Expense Trends		
		Eligibility	Medical	Drugs
Pay Go Monthly Premium for Actives	\$ 163.09			
Additional Retiree Premiums	\$ -			
Pay Go PEPM Subsidy for Retirees	\$ 296.69	Non-Medicare	5.5%	8.5%
		Medicare	5.5%	8.5%
		Capitations		-5.1%
		Administrative Expense		3.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		-0.4%

**APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE**

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

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

Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 92,354,615		\$ 92,354,615
Employer Premiums - PPB	7,904,833		7,904,833
Employer Premiums - MCO	404		404
Retiree Premiums - PPB	37,165,179	-	37,165,179
Retiree Premiums - MCO	158	-	158
Annual Required Contributions	-		-
Non Par Premiums	1,641,102		1,641,102
Life Insurance	12,687,873		12,687,873
Investment Income	24,965,577		24,965,577
Transfer from Premium Stabilization Reserve	22,700,000		22,700,000
General Revenue Transfer	-		-
Total Revenue	\$ 199,419,741	\$ -	\$ 199,419,741
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 3,383,983	\$ -	\$ 3,383,983
Medicare Prescription Drug Claims	5,088,834	-	5,088,834
Humana MAPD Program	145,780,005	(1,808,772)	143,971,233
Administration	1,736,032		1,736,032
Life Insurance	12,539,214		12,539,214
Retiree Assistance Program	921,853		921,853
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	23,025		23,025
Director's Discretionary Fund	-		-
Total Expenses	\$ 169,472,946	\$ (1,808,772)	\$ 167,664,174
Fiscal Year Results	\$ 29,946,795		\$ 31,755,567
Beginning Restricted Reserve	\$ 335,372,294		\$ 335,372,294
Ending Restricted Reserve	<u>\$ 365,319,089</u>		<u>\$ 367,127,862</u>
Beginning Premium Stabilization Reserve	\$ 35,984,316		\$ 35,984,316
PSR Addition/(Drawdown)	\$ (22,700,000)		\$ (22,700,000)
Ending Premium Stabilization Reserve	<u>\$ 13,284,316</u>		<u>\$ 13,284,316</u>
Total Beginning Plan Reserve	371,356,611		371,356,611
Total Ending Plan Reserve	<u>\$ 378,603,406</u>		<u>\$ 380,412,178</u>
Accrued Actuarial Liability (AAL)	\$ 3,743,700,000		\$ 3,743,700,000
Funded Status	19.3%		19.5%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 163.09	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 230.09	Medicare	5.5%	8.5%
		Capitations		-5.1%
		Administrative Expense		3.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		-0.4%

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

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

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

Non-Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 57,645,385		\$ 57,645,385
Employer Premiums - PPB	15,078,565		15,078,565
Employer Premiums - MCO	1,369,691		1,369,691
Retiree Premiums - PPB	22,548,674	-	22,548,674
Retiree Premiums - MCO	930,086	-	930,086
Annual Required Contributions	-		-
Non Par Premiums	1,486,677		1,486,677
Life Insurance	11,493,967		11,493,967
Investment Income	22,402,780		22,402,780
Transfer from Premium Stabilization Reserve	9,500,000		9,500,000
General Revenue Transfer	-		-
Total Revenue	\$ 142,455,825	\$ -	\$ 142,455,825
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 73,312,936	\$ (2,200,000)	\$ 71,112,936
Non-Medicare Prescription Drug Claims	26,771,170	(1,700,000)	25,071,170
Non-Medicare Managed Care Capitations	4,823,936	(584,103)	4,239,833
Administration	2,967,040		2,967,040
Life Insurance	11,359,297		11,359,297
Retiree Assistance Program	835,109		835,109
ACA Reinsurance Contributions	550,000		550,000
ACA Comparative Effectiveness Research Fees	7,802		7,802
Director's Discretionary Fund	303,614		303,614
Total Expenses	\$ 120,930,904	\$ (4,484,103)	\$ 116,446,801
Fiscal Year Results	\$ 21,524,921		\$ 26,009,024
Beginning Restricted Reserve	\$ 321,580,632		\$ 321,580,632
Ending Restricted Reserve	<u>\$ 343,105,553</u>		<u>\$ 347,589,656</u>
Beginning Premium Stabilization Reserve	\$ 11,655,019		\$ 11,655,019
PSR Addition/(Drawdown)	\$ (9,500,000)		\$ (9,500,000)
Ending Premium Stabilization Reserve	<u>\$ 2,155,019</u>		<u>\$ 2,155,019</u>
Total Beginning Plan Reserve	333,235,651		333,235,651
Total Ending Plan Reserve	<u>\$ 345,260,573</u>		<u>\$ 349,744,676</u>
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 163.09	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 553.27	Non-Medicare	5.5%	8.5%
		Capitations		-5.1%
		Administrative Expense		3.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		-0.4%

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

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

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

	7/1/2016 to 12/31/2016	1/1/2017 to 6/30/2017	TRUST Total
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 90,000,000	\$ 90,000,000	\$ 180,000,000
Retiree Premiums - PPB	43,364,023	43,873,428	87,237,451
Retiree Premiums - MCO	1,187,400	1,187,400	2,374,800
Annual Required Contributions	-	-	-
Non Par Premiums	1,516,973	1,516,973	3,033,945
Life Insurance	12,695,466	12,695,466	25,390,932
Investment Income	22,281,728	22,281,728	44,563,456
Transfer from Premium Stabilization Reserve	5,445,469	5,554,531	11,000,000
General Revenue Transfer	15,000,000	15,000,000	30,000,000
Total Revenue	\$ 191,491,058	\$ 192,109,526	\$ 383,600,584
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 37,155,180	\$ 39,264,359	\$ 76,419,539
Non-Medicare Prescription Drug Claims	12,792,359	14,902,725	27,695,084
Medicare Medical Claims	2,404,144	1,174,073	3,578,217
Medicare Prescription Drug Claims	3,700,254	1,833,389	5,533,643
Non-Medicare Managed Care Capitations	2,289,510	2,289,510	4,579,019
Humana MAPD Program	76,444,254	82,412,607	158,856,861
Administration	2,422,083	2,422,083	4,844,165
Life Insurance	12,546,719	12,546,719	25,093,437
Retiree Assistance Program	948,760	948,760	1,897,519
ACA Reinsurance Contributions	200,000	-	200,000
ACA Comparative Effectiveness Research Fees	15,801	15,801	31,601
Director's Discretionary Fund	154,020	154,020	308,040
Total Expenses	\$ 151,073,082	\$ 157,964,043	\$ 309,037,125
Fiscal Year Results	\$ 40,417,976	\$ 34,145,483	\$ 74,563,459
Beginning Restricted Reserve			\$ 714,717,516
Ending Restricted Reserve			\$ 789,280,975
Beginning Premium Stabilization Reserve			\$ 15,439,335
PSR Addition/(Drawdown)			\$ (11,000,000)
Ending Premium Stabilization Reserve			\$ 4,439,335
Total Beginning Plan Reserve			\$ 730,156,851
Total Ending Plan Reserve			\$ 793,720,311
Accrued Actuarial Liability (AAL)			\$ 3,899,600,000
Funded Status			20.4%

KEY ASSUMPTIONS

		Claim and Other Expense Trends		
		Eligibility	Medical	Drugs
Pay Go Monthly Premium for Actives	\$ 195.71			
Additional Retiree Premiums	\$ 4,380,722			
Pay Go PEPM Subsidy for Retirees	\$ 347.51	Non-Medicare	6.0%	9.0%
		Medicare	6.0%	9.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		23.8%

**APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE**

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

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

Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 111,629,489		\$ 111,629,489
Employer Premiums - PPB	7,923,748		7,923,748
Employer Premiums - MCO	405		405
Retiree Premiums - PPB	37,254,110	2,684,686	39,938,796
Retiree Premiums - MCO	158	11	169
Annual Required Contributions	-		-
Non Par Premiums	1,591,869		1,591,869
Life Insurance	13,322,267		13,322,267
Investment Income	23,217,589		23,217,589
Transfer from Premium Stabilization Reserve	9,000,000		9,000,000
General Revenue Transfer	17,119,827		17,119,827
Total Revenue	\$ 221,059,463	\$ 2,684,697	\$ 223,744,160
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 3,578,217	\$ -	\$ 3,578,217
Medicare Prescription Drug Claims	5,533,643	-	5,533,643
Humana MAPD Program	161,148,089	(2,291,228)	158,856,861
Administration	1,788,113		1,788,113
Life Insurance	13,166,175		13,166,175
Retiree Assistance Program	995,602		995,602
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	23,877		23,877
Director's Discretionary Fund	-		-
Total Expenses	\$ 186,233,716	\$ (2,291,228)	\$ 183,942,488
Fiscal Year Results	\$ 34,825,747		\$ 39,801,672
Beginning Restricted Reserve	\$ 367,127,862		\$ 367,127,862
Ending Restricted Reserve	<u>\$ 401,953,608</u>		<u>\$ 406,929,533</u>
Beginning Premium Stabilization Reserve	\$ 13,284,316		\$ 13,284,316
PSR Addition/(Drawdown)	\$ (9,000,000)		\$ (9,000,000)
Ending Premium Stabilization Reserve	<u>\$ 4,284,316</u>		<u>\$ 4,284,316</u>
Total Beginning Plan Reserve	380,412,178		380,412,178
Total Ending Plan Reserve	<u>\$ 406,237,925</u>		<u>\$ 411,213,850</u>
Accrued Actuarial Liability (AAL)	\$ 3,899,600,000		\$ 3,899,600,000
Funded Status	20.2%		20.4%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 195.71	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 2,684,697	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 273.84	Medicare	6.0%	9.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		23.8%

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

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

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

Non-Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 68,370,511		\$ 68,370,511
Employer Premiums - PPB	15,126,184		15,126,184
Employer Premiums - MCO	1,374,016		1,374,016
Retiree Premiums - PPB	22,619,884	1,628,839	24,248,723
Retiree Premiums - MCO	933,023	67,186	1,000,209
Annual Required Contributions	-		-
Non Par Premiums	1,442,077		1,442,077
Life Insurance	12,068,665		12,068,665
Investment Income	21,345,868		21,345,868
Transfer from Premium Stabilization Reserve	2,000,000		2,000,000
General Revenue Transfer	12,880,173		12,880,173
Total Revenue	\$ 158,160,400	\$ 1,696,025	\$ 159,856,425
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 76,419,539	\$ -	\$ 76,419,539
Non-Medicare Prescription Drug Claims	27,695,084	-	27,695,084
Non-Medicare Managed Care Capitations	4,579,019		4,579,019
Administration	3,056,051		3,056,051
Life Insurance	11,927,262		11,927,262
Retiree Assistance Program	901,917		901,917
ACA Reinsurance Contributions	200,000		200,000
ACA Comparative Effectiveness Research Fees	7,724		7,724
Director's Discretionary Fund	308,040		308,040
Total Expenses	\$ 125,094,636	\$ -	\$ 125,094,636
Fiscal Year Results	\$ 33,065,765		\$ 34,761,790
Beginning Restricted Reserve	\$ 347,589,656		\$ 347,589,656
Ending Restricted Reserve	<u>\$ 380,655,421</u>		<u>\$ 382,351,446</u>
Beginning Premium Stabilization Reserve	\$ 2,155,019		\$ 2,155,019
PSR Addition/(Drawdown)	\$ (2,000,000)		\$ (2,000,000)
Ending Premium Stabilization Reserve	<u>\$ 155,019</u>		<u>\$ 155,019</u>
Total Beginning Plan Reserve	349,744,676		349,744,676
Total Ending Plan Reserve	<u>\$ 380,810,440</u>		<u>\$ 382,506,465</u>
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 195.71	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 1,696,025	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 619.74	Non-Medicare	6.0%	9.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		23.8%

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

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

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

	7/1/2017 to 12/31/2017	1/1/2018 to 6/30/2018	TRUST Total
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 97,500,000	\$ 97,500,000	\$ 195,000,000
Retiree Premiums - PPB	52,906,805	53,514,046	106,420,851
Retiree Premiums - MCO	1,341,535	1,341,535	2,683,070
Annual Required Contributions	-	-	-
Non Par Premiums	1,471,464	1,471,464	2,942,927
Life Insurance	13,330,240	13,330,240	26,660,479
Investment Income	24,230,105	24,230,105	48,460,209
Transfer from Premium Stabilization Reserve	2,196,520	2,242,816	4,439,335
General Revenue Transfer	15,000,000	15,000,000	30,000,000
Total Revenue	\$ 207,976,668	\$ 208,630,204	\$ 416,606,872
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 40,118,300	\$ 42,395,687	\$ 82,513,987
Non-Medicare Prescription Drug Claims	14,197,075	16,539,177	30,736,252
Medicare Medical Claims	2,552,115	1,249,381	3,801,496
Medicare Prescription Drug Claims	4,039,016	2,005,996	6,045,012
Non-Medicare Managed Care Capitations	2,472,671	2,472,671	4,945,341
Humana MAPD Program	84,661,233	91,711,642	176,372,874
Administration	2,494,745	2,494,745	4,989,490
Life Insurance	13,174,055	13,174,055	26,348,109
Retiree Assistance Program	1,024,660	1,024,660	2,049,320
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	16,204	16,204	32,408
Director's Discretionary Fund	156,187	156,187	312,374
Total Expenses	\$ 164,906,260	\$ 173,240,404	\$ 338,146,663
Fiscal Year Results	\$ 43,070,408	\$ 35,389,800	\$ 78,460,208
Beginning Restricted Reserve			\$ 789,280,975
Ending Restricted Reserve			\$ 867,741,183
Beginning Premium Stabilization Reserve			\$ 4,439,335
PSR Addition/(Drawdown)			\$ (4,439,335)
Ending Premium Stabilization Reserve			\$ -
Total Beginning Plan Reserve			\$ 793,720,311
Total Ending Plan Reserve			\$ 867,741,183
Accrued Actuarial Liability (AAL)			\$ 4,044,600,000
Funded Status			21.5%

KEY ASSUMPTIONS

		Claim and Other Expense Trends		
		Eligibility	Medical	Drugs
Pay Go Monthly Premium for Actives	\$ 212.02			
Additional Retiree Premiums	\$ 18,937,242			
Pay Go PEPM Subsidy for Retirees	\$ 367.86	Non-Medicare	6.5%	9.5%
		Medicare	6.5%	9.5%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		10.5%

**APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE**

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

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

Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 121,991,034		\$ 121,991,034
Employer Premiums - PPB	7,952,031		7,952,031
Employer Premiums - MCO	406		406
Retiree Premiums - PPB	40,142,724	11,602,249	51,744,973
Retiree Premiums - MCO	170	49	219
Annual Required Contributions	-		-
Non Par Premiums	1,544,113		1,544,113
Life Insurance	13,988,380		13,988,380
Investment Income	25,106,462		25,106,462
Transfer from Premium Stabilization Reserve	4,284,316		4,284,316
General Revenue Transfer	17,305,078		17,305,078
Total Revenue	\$ 232,314,715	\$ 11,602,298	\$ 243,917,013
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 3,801,496	\$ -	\$ 3,801,496
Medicare Prescription Drug Claims	6,045,012	-	6,045,012
Humana MAPD Program	176,372,874		176,372,874
Administration	1,841,757		1,841,757
Life Insurance	13,824,484		13,824,484
Retiree Assistance Program	1,075,250		1,075,250
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	24,761		24,761
Director's Discretionary Fund	-		-
Total Expenses	\$ 202,985,634	\$ -	\$ 202,985,634
Fiscal Year Results	\$ 29,329,080		\$ 40,931,378
Beginning Restricted Reserve	\$ 406,929,533		\$ 406,929,533
Ending Restricted Reserve	<u>\$ 436,258,613</u>		<u>\$ 447,860,911</u>
Beginning Premium Stabilization Reserve	\$ 4,284,316		\$ 4,284,316
PSR Addition/(Drawdown)	\$ (4,284,316)		\$ (4,284,316)
Ending Premium Stabilization Reserve	<u>\$ -</u>		<u>\$ -</u>
Total Beginning Plan Reserve	411,213,850		411,213,850
Total Ending Plan Reserve	<u>\$ 436,258,613</u>		<u>\$ 447,860,911</u>
Accrued Actuarial Liability (AAL)	\$ 4,044,600,000		\$ 4,044,600,000
Funded Status	21.0%		21.5%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 212.02	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 11,602,298	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 294.91	Medicare	6.5%	9.5%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		10.5%

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

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

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

Non-Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 73,008,966		\$ 73,008,966
Employer Premiums - PPB	15,228,845		15,228,845
Employer Premiums - MCO	1,383,342		1,383,342
Retiree Premiums - PPB	24,450,624	7,044,378	31,495,002
Retiree Premiums - MCO	1,008,537	290,566	1,299,103
Annual Required Contributions	-		-
Non Par Premiums	1,398,814		1,398,814
Life Insurance	12,672,099		12,672,099
Investment Income	23,353,747		23,353,747
Transfer from Premium Stabilization Reserve	155,019		155,019
General Revenue Transfer	12,694,922		12,694,922
Total Revenue	\$ 165,354,915	\$ 7,334,944	\$ 172,689,859
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 82,513,987	\$ -	\$ 82,513,987
Non-Medicare Prescription Drug Claims	30,736,252	-	30,736,252
Non-Medicare Managed Care Capitations	4,945,341		4,945,341
Administration	3,147,733		3,147,733
Life Insurance	12,523,625		12,523,625
Retiree Assistance Program	974,071		974,071
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	7,647		7,647
Director's Discretionary Fund	312,374		312,374
Total Expenses	\$ 135,161,030	\$ -	\$ 135,161,030
Fiscal Year Results	\$ 30,193,885		\$ 37,528,829
Beginning Restricted Reserve	\$ 382,351,446		\$ 382,351,446
Ending Restricted Reserve	<u>\$ 412,545,331</u>		<u>\$ 419,880,275</u>
Beginning Premium Stabilization Reserve	\$ 155,019		\$ 155,019
PSR Addition/(Drawdown)	\$ (155,019)		\$ (155,019)
Ending Premium Stabilization Reserve	<u>\$ -</u>		<u>\$ -</u>
Total Beginning Plan Reserve	382,506,465		382,506,465
Total Ending Plan Reserve	<u>\$ 412,545,331</u>		<u>\$ 419,880,275</u>
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 212.02	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 7,334,944	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 627.02	Non-Medicare	6.5%	9.5%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		10.5%

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

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

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

	7/1/2018 to 12/31/2018	1/1/2019 to 6/30/2019	TRUST Total
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 105,000,000	\$ 105,000,000	\$ 210,000,000
Retiree Premiums - PPB	63,677,851	64,392,315	128,070,166
Retiree Premiums - MCO	1,513,742	1,513,742	3,027,484
Annual Required Contributions	-	-	-
Non Par Premiums	1,427,320	1,427,320	2,854,639
Life Insurance	13,996,752	13,996,752	27,993,503
Investment Income	26,496,765	26,496,765	52,993,530
Transfer from Premium Stabilization Reserve	-	-	-
General Revenue Transfer	15,000,000	15,000,000	30,000,000
Total Revenue	\$ 227,112,429	\$ 227,826,893	\$ 454,939,322
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 43,521,613	\$ 45,992,194	\$ 89,513,807
Non-Medicare Prescription Drug Claims	15,828,162	18,439,346	34,267,508
Medicare Medical Claims	2,721,955	1,335,768	4,057,723
Medicare Prescription Drug Claims	4,428,989	2,204,883	6,633,872
Non-Medicare Managed Care Capitations	2,670,484	2,670,484	5,340,968
Humana MAPD Program	94,213,991	102,549,963	196,763,954
Administration	2,569,588	2,569,588	5,139,175
Life Insurance	13,832,757	13,832,757	27,665,514
Retiree Assistance Program	1,106,633	1,106,633	2,213,266
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	16,624	16,624	33,249
Director's Discretionary Fund	158,379	158,379	316,758
Total Expenses	\$ 181,069,174	\$ 190,876,620	\$ 371,945,794
Fiscal Year Results	\$ 46,043,255	\$ 36,950,274	\$ 82,993,529
Beginning Restricted Reserve			\$ 867,741,183
Ending Restricted Reserve			\$ 950,734,712
Beginning Premium Stabilization Reserve			\$ -
PSR Addition/(Drawdown)			\$ -
Ending Premium Stabilization Reserve			\$ -
Total Beginning Plan Reserve			867,741,183
Total Ending Plan Reserve			\$ 950,734,712
Accrued Actuarial Liability (AAL)			\$ 4,181,000,000
Funded Status			22.7%

KEY ASSUMPTIONS

		Claim and Other Expense Trends		
		Eligibility	Medical	Drugs
Pay Go Monthly Premium for Actives	\$ 228.33			
Additional Retiree Premiums	\$ 21,377,582			
Pay Go PEPM Subsidy for Retirees	\$ 387.30	Non-Medicare	7.0%	10.0%
		Medicare	7.0%	10.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		7.7%

**APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE**

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

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

Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 132,527,078		\$ 132,527,078
Employer Premiums - PPB	7,953,081		7,953,081
Employer Premiums - MCO	407		407
Retiree Premiums - PPB	52,022,081	13,084,606	65,106,687
Retiree Premiums - MCO	221	55	276
Annual Required Contributions	-		-
Non Par Premiums	1,497,789		1,497,789
Life Insurance	14,687,799		14,687,799
Investment Income	27,351,163		27,351,163
Transfer from Premium Stabilization Reserve	-		-
General Revenue Transfer	17,452,630		17,452,630
Total Revenue	\$ 253,492,249	\$ 13,084,661	\$ 266,576,910
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 4,057,723	\$ -	\$ 4,057,723
Medicare Prescription Drug Claims	6,633,872	-	6,633,872
Humana MAPD Program	196,763,954		196,763,954
Administration	1,897,010		1,897,010
Life Insurance	14,515,708		14,515,708
Retiree Assistance Program	1,161,270		1,161,270
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	25,678		25,678
Director's Discretionary Fund	-		-
Total Expenses	\$ 225,055,215	\$ -	\$ 225,055,215
Fiscal Year Results	\$ 28,437,034		\$ 41,521,695
Beginning Restricted Reserve	\$ 447,860,911		\$ 447,860,911
Ending Restricted Reserve	<u>\$ 476,297,945</u>		<u>\$ 489,382,606</u>
Beginning Premium Stabilization Reserve	\$ -		\$ -
PSR Addition/(Drawdown)	\$ -		\$ -
Ending Premium Stabilization Reserve	<u>\$ -</u>		<u>\$ -</u>
Total Beginning Plan Reserve	447,860,911		447,860,911
Total Ending Plan Reserve	<u>\$ 476,297,945</u>		<u>\$ 489,382,606</u>
Accrued Actuarial Liability (AAL)	\$ 4,181,000,000		\$ 4,181,000,000
Funded Status	22.2%		22.7%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 228.33	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 13,084,661	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 315.80	Medicare	7.0%	10.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		7.7%

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

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

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

Non-Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 77,472,922		\$ 77,472,922
Employer Premiums - PPB	15,280,358		15,280,358
Employer Premiums - MCO	1,388,021		1,388,021
Retiree Premiums - PPB	31,765,635	7,964,406	39,730,041
Retiree Premiums - MCO	1,310,266	328,515	1,638,781
Annual Required Contributions	-		-
Non Par Premiums	1,356,850		1,356,850
Life Insurance	13,305,704		13,305,704
Investment Income	25,642,367		25,642,367
Transfer from Premium Stabilization Reserve	-		-
General Revenue Transfer	12,547,370		12,547,370
Total Revenue	\$ 180,069,493	\$ 8,292,921	\$ 188,362,414
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 89,513,807	\$ -	\$ 89,513,807
Non-Medicare Prescription Drug Claims	34,267,508	-	34,267,508
Non-Medicare Managed Care Capitations	5,340,968		5,340,968
Administration	3,242,165		3,242,165
Life Insurance	13,149,806		13,149,806
Retiree Assistance Program	1,051,996		1,051,996
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	7,570		7,570
Director's Discretionary Fund	316,758		316,758
Total Expenses	\$ 146,890,578	\$ -	\$ 146,890,578
Fiscal Year Results	\$ 33,178,915		\$ 41,471,836
Beginning Restricted Reserve	\$ 419,880,275		\$ 419,880,275
Ending Restricted Reserve	<u>\$ 453,059,190</u>		<u>\$ 461,352,111</u>
Beginning Premium Stabilization Reserve	\$ -		\$ -
PSR Addition/(Drawdown)	\$ -		\$ -
Ending Premium Stabilization Reserve	<u>\$ -</u>		<u>\$ -</u>
Total Beginning Plan Reserve	419,880,275		419,880,275
Total Ending Plan Reserve	<u>\$ 453,059,190</u>		<u>\$ 461,352,111</u>
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 228.33	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 8,292,921	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 632.12	Non-Medicare	7.0%	10.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		7.7%

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

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

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

	7/1/2019 to 12/31/2019	1/1/2020 to 6/30/2020	TRUST Total
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 110,000,000	\$ 110,000,000	\$ 220,000,000
Retiree Premiums - PPB	77,259,852	78,107,681	155,367,533
Retiree Premiums - MCO	1,731,387	1,731,387	3,462,773
Annual Required Contributions	-	-	-
Non Par Premiums	1,384,500	1,384,500	2,769,000
Life Insurance	14,696,589	14,696,589	29,393,178
Investment Income	29,037,669	29,037,669	58,075,339
Transfer from Premium Stabilization Reserve	-	-	-
General Revenue Transfer	15,000,000	15,000,000	30,000,000
Total Revenue	\$ 249,109,997	\$ 249,957,826	\$ 499,067,823
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 47,434,815	\$ 50,127,535	\$ 97,562,350
Non-Medicare Prescription Drug Claims	17,727,050	20,651,495	38,378,545
Medicare Medical Claims	2,916,708	1,434,808	4,351,516
Medicare Prescription Drug Claims	4,878,761	2,434,515	7,313,276
Non-Medicare Managed Care Capitations	2,884,123	2,884,123	5,768,245
Humana MAPD Program	105,348,036	115,216,857	220,564,893
Administration	2,646,675	2,646,675	5,293,350
Life Insurance	14,524,395	14,524,395	29,048,790
Retiree Assistance Program	1,195,164	1,195,164	2,390,327
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Director's Discretionary Fund	160,596	160,596	321,192
Total Expenses	\$ 199,716,322	\$ 211,276,162	\$ 410,992,484
Fiscal Year Results	\$ 49,393,675	\$ 38,681,664	\$ 88,075,339
Beginning Restricted Reserve			\$ 950,734,712
Ending Restricted Reserve			\$ <u>1,038,810,051</u>
Beginning Premium Stabilization Reserve			\$ -
PSR Addition/(Drawdown)			\$ -
Ending Premium Stabilization Reserve			\$ <u>-</u>
Total Beginning Plan Reserve			950,734,712
Total Ending Plan Reserve			\$ <u>1,038,810,051</u>
Accrued Actuarial Liability (AAL)			\$ 4,297,300,000
Funded Status			24.2%

KEY ASSUMPTIONS

		Claim and Other Expense Trends		
		Eligibility	Medical	Drugs
Pay Go Monthly Premium for Actives	\$ 239.20			
Additional Retiree Premiums	\$ 26,987,410			
Pay Go PEPM Subsidy for Retirees	\$ 396.87	Non-Medicare	7.5%	10.5%
		Medicare	7.5%	10.5%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		4.8%

**APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE**

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

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

Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 140,284,877		\$ 140,284,877
Employer Premiums - PPB	7,958,927		7,958,927
Employer Premiums - MCO	407		407
Retiree Premiums - PPB	65,424,514	16,501,710	81,926,224
Retiree Premiums - MCO	277	70	347
Annual Required Contributions	-		-
Non Par Premiums	1,452,855		1,452,855
Life Insurance	15,422,189		15,422,189
Investment Income	29,893,786		29,893,786
Transfer from Premium Stabilization Reserve	-		-
General Revenue Transfer	17,587,754		17,587,754
Total Revenue	\$ 278,025,587	\$ 16,501,780	\$ 294,527,367
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 4,351,516	\$ -	\$ 4,351,516
Medicare Prescription Drug Claims	7,313,276	-	7,313,276
Humana MAPD Program	220,564,893		220,564,893
Administration	1,953,920		1,953,920
Life Insurance	15,241,493		15,241,493
Retiree Assistance Program	1,254,171		1,254,171
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Director's Discretionary Fund	-		-
Total Expenses	\$ 250,679,269	\$ -	\$ 250,679,269
Fiscal Year Results	\$ 27,346,318		\$ 43,848,098
Beginning Restricted Reserve	\$ 489,382,606		\$ 489,382,606
Ending Restricted Reserve	<u>\$ 516,728,924</u>		<u>\$ 533,230,704</u>
Beginning Premium Stabilization Reserve	\$ -		\$ -
PSR Addition/(Drawdown)	\$ -		\$ -
Ending Premium Stabilization Reserve	<u>\$ -</u>		<u>\$ -</u>
Total Beginning Plan Reserve	489,382,606		489,382,606
Total Ending Plan Reserve	<u>\$ 516,728,924</u>		<u>\$ 533,230,704</u>
Accrued Actuarial Liability (AAL)	\$ 4,297,300,000		\$ 4,297,300,000
Funded Status	23.5%		24.2%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 239.20	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 16,501,780	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 329.58	Medicare	7.5%	10.5%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		4.8%

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

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

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

Non-Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 79,715,123		\$ 79,715,123
Employer Premiums - PPB	15,346,287		15,346,287
Employer Premiums - MCO	1,394,010		1,394,010
Retiree Premiums - PPB	40,065,842	10,070,253	50,136,095
Retiree Premiums - MCO	1,652,632	415,377	2,068,009
Annual Required Contributions	-		-
Non Par Premiums	1,316,144		1,316,144
Life Insurance	13,970,989		13,970,989
Investment Income	28,181,552		28,181,552
Transfer from Premium Stabilization Reserve	-		-
General Revenue Transfer	12,412,246		12,412,246
Total Revenue	\$ 194,054,824	\$ 10,485,630	\$ 204,540,454
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 97,562,350	\$ -	\$ 97,562,350
Non-Medicare Prescription Drug Claims	38,378,545	-	38,378,545
Non-Medicare Managed Care Capitations	5,768,245		5,768,245
Administration	3,339,430		3,339,430
Life Insurance	13,807,296		13,807,296
Retiree Assistance Program	1,136,156		1,136,156
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Director's Discretionary Fund	321,192		321,192
Total Expenses	\$ 160,313,214	\$ -	\$ 160,313,214
Fiscal Year Results	\$ 33,741,610		\$ 44,227,240
Beginning Restricted Reserve	\$ 461,352,111		\$ 461,352,111
Ending Restricted Reserve	<u>\$ 495,093,721</u>		<u>\$ 505,579,351</u>
Beginning Premium Stabilization Reserve	\$ -		\$ -
PSR Addition/(Drawdown)	\$ -		\$ -
Ending Premium Stabilization Reserve	<u>\$ -</u>		<u>\$ -</u>
Total Beginning Plan Reserve	461,352,111		461,352,111
Total Ending Plan Reserve	<u>\$ 495,093,721</u>		<u>\$ 505,579,351</u>
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 239.20	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 10,485,630	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 619.46	Non-Medicare	7.5%	10.5%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		4.8%

**Attachment - Trust Fund
Historical Monthly Medical and Drug Trends
FY 2015 to FY 2016**

Fiscal Year 2015

Exposure	<u>Jul-14</u>	<u>Aug-14</u>	<u>Sep-14</u>	<u>Oct-14</u>	<u>Nov-14</u>	<u>Dec-14</u>	<u>Jan-15</u>	<u>Feb-15</u>	<u>Mar-15</u>	<u>Apr-15</u>	<u>May-15</u>	<u>Jun-15</u>
NonMed_NonDrug	20,714	20,861	20,922	20,660	20,420	20,263	20,330	20,206	20,231	19,976	19,802	19,579
Med_NonDrug	2,065	2,361	2,604	2,863	3,108	3,371	848	1,048	1,248	1,437	1,631	1,842
NonMed_Drug	19,191	19,328	19,385	19,146	18,924	18,777	18,838	18,723	18,752	18,512	18,352	18,142
Med_Drug	2,151	2,459	2,712	2,982	3,238	3,512	883	1,092	1,300	1,497	1,699	1,919
NonMed_NonDrug	<u>\$232.67</u>	<u>\$218.78</u>	<u>\$250.60</u>	<u>\$305.16</u>	<u>\$237.02</u>	<u>\$266.54</u>	<u>\$297.27</u>	<u>\$235.69</u>	<u>\$291.02</u>	<u>\$304.86</u>	<u>\$309.47</u>	<u>\$339.90</u>
Med_NonDrug	176.95	190.08	190.56	174.10	130.11	148.73	294.24	188.29	217.21	260.77	209.61	213.76
NonMed_Drug	95.51	116.94	118.12	119.13	117.43	132.31	128.24	119.12	128.48	127.40	128.14	142.59
Med_Drug	<u>220.10</u>	<u>234.16</u>	<u>249.09</u>	<u>232.60</u>	<u>218.72</u>	<u>263.72</u>	<u>253.70</u>	<u>230.35</u>	<u>250.32</u>	<u>243.49</u>	<u>235.46</u>	<u>252.43</u>
Total	<u>\$725.23</u>	<u>\$759.96</u>	<u>\$808.37</u>	<u>\$830.99</u>	<u>\$703.28</u>	<u>\$811.28</u>	<u>\$973.45</u>	<u>\$773.45</u>	<u>\$887.03</u>	<u>\$936.52</u>	<u>\$882.68</u>	<u>\$948.68</u>
Change From Prior Year - Month to Month Analysis												
NonMed_NonDrug	2.8%	-3.6%	6.8%	23.1%	-14.4%	17.2%	3.9%	-6.7%	13.6%	5.5%	19.2%	21.8%
Med_NonDrug	-22.9%	-10.0%	-2.3%	-17.8%	-23.2%	-5.9%	53.5%	-40.3%	-13.6%	17.0%	9.4%	-4.5%
NonMed_Drug	8.0%	11.5%	12.0%	-1.1%	8.5%	5.7%	3.6%	10.6%	6.7%	-0.4%	2.8%	2.0%
Med_Drug	<u>29.4%</u>	<u>3.2%</u>	<u>34.3%</u>	<u>5.4%</u>	<u>5.6%</u>	<u>1.0%</u>	<u>74.1%</u>	<u>2.4%</u>	<u>10.6%</u>	<u>7.9%</u>	<u>5.0%</u>	<u>0.5%</u>
Total	1.5%	-1.3%	12.2%	3.8%	-7.7%	5.1%	30.3%	-14.1%	3.8%	8.2%	10.3%	6.1%
Change From Prior Year - Quarter to Quarter Analysis												
NonMed_NonDrug			2.1%			7.5%			3.7%			15.3%
Med_NonDrug			-12.3%			-16.0%			-7.7%			7.2%
NonMed_Drug			10.6%			4.2%			6.8%			1.5%
Med_Drug			<u>20.7%</u>			<u>3.8%</u>			<u>23.0%</u>			<u>4.3%</u>
Total			4.0%			0.5%			5.3%			8.1%
Change From Prior Year - Year to Year Analysis												
NonMed_NonDrug			5.2%			5.0%			5.3%			7.4%
Med_NonDrug			24.3%			14.3%			-0.7%			-6.9%
NonMed_Drug			7.0%			7.3%			7.3%			5.5%
Med_Drug			<u>16.6%</u>			<u>15.1%</u>			<u>17.3%</u>			<u>12.2%</u>
Total			13.1%			10.3%			7.2%			4.6%

**Attachment - Trust Fund
Historical Monthly Medical and Drug Trends
FY 2015 to FY 2016**

Fiscal Year 2016

Exposure

	<u>Jul-15</u>	<u>Aug-15</u>
NonMed_NonDrug	20,325	20,533
Med_NonDrug	2,226	2,545
NonMed_Drug	18,831	19,021
Med_Drug	2,319	2,651

	<u>Jul-15</u>	<u>Aug-15</u>
NonMed_NonDrug	\$223.62	\$257.26
Med_NonDrug	189.56	216.25
NonMed_Drug	94.50	103.46
Med_Drug	<u>229.61</u>	<u>211.93</u>
Total	\$737.29	\$788.89

Change From Prior Year - Month to Month Analysis

NonMed_NonDrug	-3.9%	17.6%
Med_NonDrug	7.1%	13.8%
NonMed_Drug	-1.1%	-11.5%
Med_Drug	<u>4.3%</u>	<u>-9.5%</u>
Total	1.7%	3.8%

Change From Prior Year - Quarter to Quarter Analysis

NonMed_NonDrug
Med_NonDrug
NonMed_Drug
Med_Drug
Total

Change From Prior Year - Year to Year Analysis

NonMed_NonDrug
Med_NonDrug
NonMed_Drug
Med_Drug
Total