



CCRC
Actuaries, LLC

STATE OF WEST VIRGINIA



RETIREE HEALTH BENEFIT TRUST FUND

**Quarterly Report
December 31, 2013**

Fiscal Years 2014-2018

April 2014



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Finance Board
West Virginia Retiree Health Benefit Trust Fund
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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 2015, 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 2018. 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 preliminary forecasts for fiscal years ending June 30, 2014 (“FY 2014”), June 30, 2015 (“FY 2015”), June 30, 2016 (“FY 2016”), June 30, 2017 (“FY 2017”) and June 30, 2018 (“FY 2018”). Our opinion of plan adequacy is based on the projections through FY 2018 using updated future revenue and plan modifications provided by the Board in the plan adopted in December 2013.

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 2014 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 2014 the Pay-Go is equivalent to \$336 per employee per month. In future years, the Pay Go premium may increase 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 2013.

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 2014 through FY 2018 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 2018 as approved by the Board in December 2013.

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 2014 – FY 2018

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 February 2014 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 1,235 retirees from June 2013 to March 2014, approximating our current assumption. CCRC Actuaries has updated the claims analysis based on the enrollment through March 2014.

In aggregate, March 2014 enrollment has increased by 1,235 coverages since the end of FY 2013. Aggregate Preferred Provider Benefit (“PPB”) enrollment has increased by 1,335 in total over the same period, while managed care enrollment continues to cover fewer participants, with a slight decrease of 100 coverages. For MAPD Capitations, 39,829 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 2012, June 2013 and March 2014 for purposes of comparison:

Trust Fund	Coverage	Preferred Provider Benefit*			Managed Care		
		Jun-12	Jun-13	Mar-14	Jun-12	Jun-13	Mar-14
Retirees	Medicare Single	17,341	17,845	18,304	44	60	4
	<u>Medicare Family</u>	<u>12,004</u>	<u>12,592</u>	<u>13,199</u>	<u>35</u>	<u>54</u>	<u>1</u>
	Medicare Total	29,345	30,437	31,503	79	114	5
	Non Medicare Single	3,467	3,488	3,589	154	151	162
	<u>Non Medicare Family</u>	<u>4,376</u>	<u>4,346</u>	<u>4,514</u>	<u>170</u>	<u>185</u>	<u>183</u>
	Non Medicare Total	7,843	7,834	8,103	324	336	345
	Retiree Total	37,188	38,271	39,606	403	450	350
Grand Total				37,591	38,721	39,956	

* The majority of PPB is capitated through Humana. As of March 2014, there are approximately 981 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 12-31-2013 Quarterly Report”.

C. Trend Analysis

RHBT experienced favorable medical and prescription drug trends in FY 2013, and over the past few years, trends have been beneficial to the plan. CCRC Actuaries performed the detailed medical and prescription drugs trend analysis in the report titled, “Detailed Medical and Prescription Drugs Claim Trend Report - September 2013”. This report includes the detailed trend analysis of PEIA experience by medical and prescription drugs. Based on the analysis, we have decreased the FY 2014 medical claim trend to 5%. Additionally, due to PEIA’s favorable prescription drug experience, we have decreased our trend assumption for all prescription drugs coverage to 8% in FY 2014.

The current projection assumes the trends on the following table:

Claim Type	Previous Assumption FY 2014 Trend	Updated Assumption FY 2014 Trend
Non-Medicare – Medical	6.0%	5.0%
Medicare – Medical	6.0%	5.0%
Non-Medicare – Drugs	9.0%	8.0%
Medicare – Drugs	9.0%	8.0%

In addition, we have assumed that trends will increase by 0.5% in FY 2015 and FY 2016, and then increase by 1.0% 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. 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 February 2014. 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	3%	N/A	7%	N/A
2012	-4%	-6%	2%	8%	-2%
2013	11%	5%	-6%	-11%	0%
2014*	20%	4%	5%	-2%	4%

* Fiscal Year 2014 results are through the first eight months ending February 2014.

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 February 2014 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 2014 revenue and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

Fiscal Year 2014 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	31,230			\$ 174**	\$ 189**	\$ 344
	Non-Medicare	8,250			\$ 652	\$ 248	
	Total	39,480	\$ -	\$ 168			
	Non-Medicare Managed Care	349	\$ -	\$ 580			\$ 1,206
	Total	39,829					

*Net of rebates and subsidies.

** As of March 2014, there are approximately 981 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 2013. Both Medicare and Non-Medicare retirees premium received no increases in Fiscal Year 2014.

Board Decisions – December 2013

Source	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018
Additional Retiree Premium	\$0	\$0	\$2,466,933	\$22,434,129	\$18,907,119
General Revenue Transfer	\$0	\$0	\$30,000,000	\$30,000,000	\$30,000,000
ACA Reinsurance Contributions (Cost)	(\$508,324)	(\$850,000)	(\$550,000)	(\$200,000)	\$0
ACA Comparative Effectiveness Research Fees (Cost)	(\$35,832)	(\$37,150)	(\$38,322)	(\$39,533)	(\$40,784)
Pay Go Premium Transfer	\$161,016,316	\$150,000,000	\$153,500,000	\$190,000,000	\$210,000,000
Actuarial Accrued Liability*	\$3,179,400,000	\$3,328,900,000	\$3,476,300,000	\$3,620,500,000	\$3,752,800,000
Funded Status	20.5%	20.3%	20.6%	21.9%	23.3%

*Projected Result

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 \$2,108,324. FY 2014 is projected to be \$508,324.

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 will accrue and pay these fees in FY 2014 through FY 2019. The fee will be \$2 per members in FY 2014 and in subsequent years. The total comparative effectiveness research fees for the financial projection are estimated to be \$251,155, with an expected \$35,832 in FY 2014.

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 2014 to approximately \$3.3 million in FY 2018, based on the Board’s direction and projected retiree enrollment growth in the financial plan.

In FY 2014 the Pay-Go is equivalent to \$336 per employee per month. In future years, the Pay Go premium may increase 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 2013.

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 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 \$319,982,103 and incurred plan expenses of \$258,998,949 to produce a fiscal year surplus of \$60,983,154. The PEIA local and state agencies Pay Go premiums for FY 2014 are assumed to be \$161,016,316.

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 \$301,844,171 and incurred plan expenses of \$276,077,529 to produce a fiscal year surplus of \$25,766,642. The PEIA local and state agencies Pay Go premiums for FY 2015 are assumed to be \$150,000,000.

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 \$340,899,697 and incurred plan expenses of \$300,312,339 to produce a fiscal year surplus of \$40,587,358. The PEIA local and state agencies Pay Go premiums for FY 2016 are assumed to be \$153,500,000.

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 \$404,410,539 and incurred plan expenses of \$330,679,236 to produce a fiscal year surplus of \$73,731,304. The PEIA local and state agencies Pay Go premiums for FY 2017 are assumed to be \$190,000,000.

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 \$450,059,928 and incurred plan expenses of \$367,697,998 to produce a fiscal year surplus of \$82,361,931. The PEIA local and state agencies Pay Go premiums for FY 2018 are assumed to be \$210,000,000.

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 2018. These projections are based on significant revenue increases as contained in the Financial Plan adopted by the Board in December 2013 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 2014**

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

	7/1/2013 to 12/31/2013	1/1/2014 to 6/30/2014	TRUST Total
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 80,508,158	\$ 80,508,158	\$ 161,016,316
Retiree Premiums - PPB	39,400,641	40,206,200	79,606,841
Retiree Premiums - MCO	1,262,830	1,167,931	2,430,761
Annual Required Contributions	954,190	-	954,190
Non Par Premiums	1,639,672	1,639,672	3,279,344
Life Insurance	11,154,786	11,154,786	22,309,572
Investment Income	50,385,079	-	50,385,079
Total Revenue	\$ 185,305,356	\$ 134,676,747	\$ 319,982,103
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 32,081,102	\$ 32,505,321	\$ 64,586,423
Non-Medicare Prescription Drug Claims	11,683,941	12,888,187	24,572,128
Medicare Medical Claims	1,399,986	1,545,910	2,945,896
Medicare Prescription Drug Claims	1,579,028	1,743,615	3,322,643
Non-Medicare Managed Care Capitations	2,524,552	2,524,552	5,049,103
Humana MAPD Program	64,549,720	64,288,634	128,838,354
Administration	2,247,770	2,247,770	4,495,540
Life Insurance	11,038,011	11,038,011	22,076,022
Retiree Assistance Program	1,209,369	1,209,369	2,418,738
ACA Reinsurance Contributions	254,162	254,162	508,324
ACA Comparative Effectiveness Research Fees	17,916	17,916	35,832
Director's Discretionary Fund	74,973	74,973	149,946
Total Expenses	\$ 128,660,529	\$ 130,338,420	\$ 258,998,949
Fiscal Year Results	\$ 56,644,827	\$ 4,338,327	\$ 60,983,154
Beginning Plan Reserve			590,229,840
Ending Plan Reserve			\$ 651,212,994
Transfer from Premium Stabilization Reserve			-
Ending Premium Stabilization Reserve			\$ 55,155,718
Accrued Actuarial Liability (AAL)			\$ 3,179,400,000
Funded Status			20.5%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 178.26	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 336.37	Non-Medicare	5.0%	8.0%
		Medicare	5.0%	8.0%
		Capitations		8.0%
		Administrative Expense		-1.8%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		-1.4%

APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2014

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

Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 98,076,186		\$ 98,076,186
Employer Premiums - PPB	7,727,304		7,727,304
Employer Premiums - MCO	34,579		34,579
Retiree Premiums - PPB	33,948,904	-	33,948,904
Retiree Premiums - MCO	82,188	-	82,188
Annual Required Contributions	-		-
Non Par Premiums	1,656,982		1,656,982
Life Insurance	11,272,549		11,272,549
Investment Income	38,756,805		38,756,805
Total Revenue	\$ 191,555,497	\$ -	\$ 191,555,497
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 2,945,896	\$ -	\$ 2,945,896
Medicare Prescription Drug Claims	3,322,643	-	3,322,643
Humana MAPD Program	128,838,354		128,838,354
Administration	1,659,427		1,659,427
Life Insurance	11,154,541		11,154,541
Retiree Assistance Program	1,222,137		1,222,137
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	26,260		26,260
Director's Discretionary Fund	-		-
Total Expenses	\$ 149,169,258	\$ -	\$ 149,169,258
Fiscal Year Results	\$ 42,386,239		\$ 42,386,239
Beginning Plan Reserve	293,877,596		293,877,596
Ending Plan Reserve	\$ 336,263,836		\$ 336,263,836
Transfer from Premium Stabilization Reserve	-		-
Accrued Actuarial Liability (AAL)	\$ 3,179,400,000		\$ 3,179,400,000
Funded Status	20.5%		20.5%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 178.26	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 261.18	Medicare	5.0%	8.0%
		Capitations		8.0%
		Administrative Expense		-1.8%
Number of Net New Retirees	700	Pay Go Monthly Premium		-1.4%

APPENDIX - BASELINE SCENARIO
RHBT - NON-MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2014

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

Non-Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 62,940,130		\$ 62,940,130
Employer Premiums - PPB	16,411,418		16,411,418
Employer Premiums - MCO	1,467,188		1,467,188
Retiree Premiums - PPB	21,519,215	-	21,519,215
Retiree Premiums - MCO	846,805	-	846,805
Annual Required Contributions	954,190		954,190
Non Par Premiums	1,622,362		1,622,362
Life Insurance	11,037,023		11,037,023
Investment Income	11,628,274		11,628,274
Total Revenue	\$ 128,426,605	\$ -	\$ 128,426,605
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 64,586,423	\$ -	\$ 64,586,423
Non-Medicare Prescription Drug Claims	24,572,128	-	24,572,128
Non-Medicare Managed Care Capitations	5,049,103		5,049,103
Administration	2,836,113		2,836,113
Life Insurance	10,921,481		10,921,481
Retiree Assistance Program	1,196,601		1,196,601
ACA Reinsurance Contributions	508,324		508,324
ACA Comparative Effectiveness Research Fees	9,572		9,572
Director's Discretionary Fund	149,945		149,945
Total Expenses	\$ 109,829,690	\$ -	\$ 109,829,690
Fiscal Year Results	\$ 18,596,915		\$ 18,596,915
Beginning Plan Reserve	296,352,247		296,352,247
Ending Plan Reserve	\$ 314,949,161		\$ 314,949,161
Transfer from Premium Stabilization Reserve	-		-
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 178.26	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 609.98	Non-Medicare	5.0%	8.0%
		Capitations		8.0%
		Administrative Expense		-1.8%
Number of Net New Retirees	300	Pay Go Monthly Premium		-1.4%

**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

	7/1/2014 to 12/31/2014	1/1/2015 to 6/30/2015	TRUST Total
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 75,000,000	\$ 75,000,000	\$ 150,000,000
Retiree Premiums - PPB	39,650,392	40,144,215	79,794,607
Retiree Premiums - MCO	1,218,247	1,218,247	2,436,494
Annual Required Contributions	-	-	-
Non Par Premiums	1,590,482	1,590,482	3,180,964
Life Insurance	11,712,526	11,712,526	23,425,051
Investment Income	21,503,527	21,503,527	43,007,055
Total Revenue	\$ 150,675,174	\$ 151,168,997	\$ 301,844,171
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 32,926,237	\$ 34,795,352	\$ 67,721,589
Non-Medicare Prescription Drug Claims	12,242,216	14,261,824	26,504,040
Medicare Medical Claims	2,920,099	1,577,500	4,497,599
Medicare Prescription Drug Claims	3,361,403	1,842,243	5,203,646
Non-Medicare Managed Care Capitations	2,726,516	2,726,516	5,453,031
Humana MAPD Program	65,897,645	69,192,527	135,090,171
Administration	2,315,203	2,315,203	4,630,406
Life Insurance	11,589,912	11,589,912	23,179,823
Retiree Assistance Program	1,306,119	1,306,119	2,612,237
ACA Reinsurance Contributions	500,000	350,000	850,000
ACA Comparative Effectiveness Research Fees	18,575	18,575	37,150
Director's Discretionary Fund	148,919	148,919	297,837
Total Expenses	\$ 135,952,840	\$ 140,124,689	\$ 276,077,529
Fiscal Year Results	\$ 14,722,334	\$ 11,044,308	\$ 25,766,642
Beginning Plan Reserve			651,212,994
Ending Plan Reserve			\$ 676,979,636
Transfer from Premium Stabilization Reserve			17,240,413
Ending Premium Stabilization Reserve			\$ 37,915,305
Accrued Actuarial Liability (AAL)			\$ 3,328,900,000
Funded Status			20.3%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 166.06	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 306.69	Non-Medicare	5.5%	8.5%
		Medicare	5.5%	8.5%
		Capitations		8.0%
		Administrative Expense		3.0%
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 FORECAST
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	\$ 91,053,038		\$ 91,053,038
Employer Premiums - PPB	7,745,530		7,745,530
Employer Premiums - MCO	34,661		34,661
Retiree Premiums - PPB	34,028,978	-	34,028,978
Retiree Premiums - MCO	82,382	-	82,382
Annual Required Contributions	-		-
Non Par Premiums	1,607,273		1,607,273
Life Insurance	11,836,176		11,836,176
Investment Income	33,081,541		33,081,541
Total Revenue	\$ 179,469,579	\$ -	\$ 179,469,579
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 4,497,599	\$ -	\$ 4,497,599
Medicare Prescription Drug Claims	5,203,646	-	5,203,646
Humana MAPD Program	135,090,171		135,090,171
Administration	1,709,209		1,709,209
Life Insurance	11,712,268		11,712,268
Retiree Assistance Program	1,319,907		1,319,907
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	27,460		27,460
Director's Discretionary Fund	-		-
Total Expenses	\$ 159,560,260	\$ -	\$ 159,560,260
Fiscal Year Results	\$ 19,909,320		\$ 19,909,320
Beginning Plan Reserve	336,263,836		336,263,836
Ending Plan Reserve	\$ 356,173,155		\$ 356,173,155
Transfer from Premium Stabilization Reserve	11,769,120		11,769,120
Accrued Actuarial Liability (AAL)	\$ 3,328,900,000		\$ 3,328,900,000
Funded Status	20.3%		20.3%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 166.06	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 237.83	Medicare	5.5%	8.5%
		Capitations		8.0%
		Administrative Expense		3.0%
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 FORECAST
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	\$ 58,946,962		\$ 58,946,962
Employer Premiums - PPB	16,450,127		16,450,127
Employer Premiums - MCO	1,470,649		1,470,649
Retiree Premiums - PPB	21,569,972	-	21,569,972
Retiree Premiums - MCO	848,802	-	848,802
Annual Required Contributions	-		-
Non Par Premiums	1,573,691		1,573,691
Life Insurance	11,588,874		11,588,874
Investment Income	9,925,514		9,925,514
Total Revenue	\$ 122,374,591	\$ -	\$ 122,374,591
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 67,721,589	\$ -	\$ 67,721,589
Non-Medicare Prescription Drug Claims	26,504,040	-	26,504,040
Non-Medicare Managed Care Capitations	5,453,031		5,453,031
Administration	2,921,197		2,921,197
Life Insurance	11,467,555		11,467,555
Retiree Assistance Program	1,292,330		1,292,330
ACA Reinsurance Contributions	850,000		850,000
ACA Comparative Effectiveness Research Fees	9,690		9,690
Director's Discretionary Fund	297,838		297,838
Total Expenses	\$ 116,517,270	\$ -	\$ 116,517,270
Fiscal Year Results	\$ 5,857,321		\$ 5,857,321
Beginning Plan Reserve	314,949,161		314,949,161
Ending Plan Reserve	\$ 320,806,482		\$ 320,806,482
Transfer from Premium Stabilization Reserve	5,471,293		5,471,293
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 166.06	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 554.83	Non-Medicare	5.5%	8.5%
		Capitations		8.0%
		Administrative Expense		3.0%
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
Revenues			
WV PEIA Pay Go Premiums	\$ 76,750,000	\$ 76,750,000	\$ 153,500,000
Retiree Premiums - PPB	40,988,948	41,487,034	82,475,982
Retiree Premiums - MCO	1,242,694	1,242,694	2,485,387
Annual Required Contributions	-	-	-
Non Par Premiums	1,542,768	1,542,768	3,085,535
Life Insurance	12,298,152	12,298,152	24,596,303
Investment Income	22,378,245	22,378,245	44,756,490
General Revenue Transfer	15,000,000	15,000,000	30,000,000
Total Revenue	\$ 170,200,805	\$ 170,698,892	\$ 340,899,697
Program Expenses			
Non-Medicare Medical Claims	\$ 34,683,465	\$ 36,652,334	\$ 71,335,799
Non-Medicare Prescription Drug Claims	13,262,617	15,450,561	28,713,178
Medicare Medical Claims	3,085,207	1,670,749	4,755,956
Medicare Prescription Drug Claims	3,652,316	2,006,413	5,658,729
Non-Medicare Managed Care Capitations	2,944,637	2,944,637	5,889,274
Humana MAPD Program	72,752,956	78,391,720	151,144,676
Administration	2,384,659	2,384,659	4,769,318
Life Insurance	12,169,407	12,169,407	24,338,814
Retiree Assistance Program	1,410,608	1,410,608	2,821,216
ACA Reinsurance Contributions	350,000	200,000	550,000
ACA Comparative Effectiveness Research Fees	19,161	19,161	38,322
Director's Discretionary Fund	148,529	148,529	297,057
Total Expenses	\$ 146,863,562	\$ 153,448,777	\$ 300,312,339
Fiscal Year Results	\$ 23,337,243	\$ 17,250,115	\$ 40,587,358
Beginning Plan Reserve			676,979,636
Ending Plan Reserve			\$ 717,566,994
Transfer from Premium Stabilization Reserve			34,169,132
Ending Premium Stabilization Reserve			\$ 3,746,174
Accrued Actuarial Liability (AAL)			\$ 3,476,300,000
Funded Status			20.6%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 169.93	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 2,466,933	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 306.26	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		2.3%

**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	\$ 95,204,266		\$ 95,204,266
Employer Premiums - PPB	7,768,800		7,768,800
Employer Premiums - MCO	34,765		34,765
Retiree Premiums - PPB	34,131,211	1,484,999	35,616,210
Retiree Premiums - MCO	82,629	3,595	86,224
Annual Required Contributions	-		-
Non Par Premiums	1,559,055		1,559,055
Life Insurance	12,427,985		12,427,985
Investment Income	34,427,227		34,427,227
General Revenue Transfer	17,837,308		17,837,308
Total Revenue	\$ 203,473,246	\$ 1,488,594	\$ 204,961,840
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 4,755,956	\$ -	\$ 4,755,956
Medicare Prescription Drug Claims	5,658,729	-	5,658,729
Humana MAPD Program	151,144,676		151,144,676
Administration	1,760,486		1,760,486
Life Insurance	12,297,882		12,297,882
Retiree Assistance Program	1,425,500		1,425,500
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	28,445		28,445
Director's Discretionary Fund	-		-
Total Expenses	\$ 177,071,674	\$ -	\$ 177,071,674
Fiscal Year Results	\$ 26,401,571		\$ 27,890,165
Beginning Plan Reserve	356,173,155		356,173,155
Ending Plan Reserve	\$ 382,574,727		\$ 384,063,321
Transfer from Premium Stabilization Reserve	23,723,420		23,723,420
Accrued Actuarial Liability (AAL)	\$ 3,476,300,000		\$ 3,476,300,000
Funded Status	20.6%		20.6%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 169.93	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 1,488,594	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 244.84	Medicare	6.0%	9.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		2.3%

APPENDIX - BASELINE SCENARIO
RHBT - NON-MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2016

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

Non-Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 58,295,734		\$ 58,295,734
Employer Premiums - PPB	16,506,191		16,506,191
Employer Premiums - MCO	1,475,661		1,475,661
Retiree Premiums - PPB	21,643,484	941,298	22,584,782
Retiree Premiums - MCO	851,695	37,041	888,736
Annual Required Contributions	-		-
Non Par Premiums	1,526,480		1,526,480
Life Insurance	12,168,318		12,168,318
Investment Income	10,329,263		10,329,263
General Revenue Transfer	12,162,692		12,162,692
Total Revenue	\$ 134,959,518	\$ 978,339	\$ 135,937,857
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 71,335,799	\$ -	\$ 71,335,799
Non-Medicare Prescription Drug Claims	28,713,178	-	28,713,178
Non-Medicare Managed Care Capitations	5,889,274		5,889,274
Administration	3,008,833		3,008,833
Life Insurance	12,040,933		12,040,933
Retiree Assistance Program	1,395,716		1,395,716
ACA Reinsurance Contributions	550,000		550,000
ACA Comparative Effectiveness Research Fees	9,877		9,877
Director's Discretionary Fund	297,057		297,057
Total Expenses	\$ 123,240,667	\$ -	\$ 123,240,667
Fiscal Year Results	\$ 11,718,852		\$ 12,697,191
Beginning Plan Reserve	320,806,482		320,806,482
Ending Plan Reserve	\$ 332,525,334		\$ 333,503,673
Transfer from Premium Stabilization Reserve	10,445,711		10,445,711
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 169.93	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 978,339	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 518.82	Non-Medicare	6.0%	9.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		2.3%

**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

	7/1/2016 to 12/31/2016	1/1/2017 to 6/30/2017	TRUST Total
Revenues			
WV PEIA Pay Go Premiums	\$ 95,000,000	\$ 95,000,000	\$ 190,000,000
Retiree Premiums - PPB	52,307,183	52,927,724	105,234,907
Retiree Premiums - MCO	1,439,534	1,439,534	2,879,068
Annual Required Contributions	-	-	-
Non Par Premiums	1,496,485	1,496,485	2,992,969
Life Insurance	12,913,059	12,913,059	25,826,118
Investment Income	23,738,739	23,738,739	47,477,477
General Revenue Transfer	15,000,000	15,000,000	30,000,000
Total Revenue	\$ 201,894,999	\$ 202,515,540	\$ 404,410,539
Program Expenses			
Non-Medicare Medical Claims	\$ 36,801,425	\$ 38,890,523	\$ 75,691,948
Non-Medicare Prescription Drug Claims	14,470,311	16,857,489	31,327,800
Medicare Medical Claims	3,279,825	1,784,727	5,064,552
Medicare Prescription Drug Claims	3,992,298	2,203,495	6,195,793
Non-Medicare Managed Care Capitations	3,180,208	3,180,208	6,360,416
Humana MAPD Program	82,425,511	89,562,340	171,987,850
Administration	2,456,199	2,456,199	4,912,398
Life Insurance	12,777,878	12,777,878	25,555,755
Retiree Assistance Program	1,523,457	1,523,457	3,046,913
ACA Reinsurance Contributions	200,000	-	200,000
ACA Comparative Effectiveness Research Fees	19,766	19,766	39,533
Director's Discretionary Fund	148,139	148,139	296,278
Total Expenses	\$ 161,275,016	\$ 169,404,220	\$ 330,679,236
Fiscal Year Results	\$ 40,619,983	\$ 33,111,320	\$ 73,731,303
Beginning Plan Reserve			717,566,994
Ending Plan Reserve			\$ 791,298,297
Transfer from Premium Stabilization Reserve			3,746,174
Ending Premium Stabilization Reserve			\$ -
Accrued Actuarial Liability (AAL)			\$ 3,620,500,000
Funded Status			21.9%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 210.34	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 22,434,129	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 370.13	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		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	\$ 121,396,304		\$ 121,396,304
Employer Premiums - PPB	7,812,738		7,812,738
Employer Premiums - MCO	34,962		34,962
Retiree Premiums - PPB	35,870,540	13,502,351	49,372,891
Retiree Premiums - MCO	86,840	32,688	119,528
Annual Required Contributions	-		-
Non Par Premiums	1,512,283		1,512,283
Life Insurance	13,049,384		13,049,384
Investment Income	36,520,243		36,520,243
General Revenue Transfer	18,037,139		18,037,139
Total Revenue	\$ 234,320,433	\$ 13,535,039	\$ 247,855,472
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 5,064,552	\$ -	\$ 5,064,552
Medicare Prescription Drug Claims	6,195,793	-	6,195,793
Humana MAPD Program	171,987,850		171,987,850
Administration	1,813,300		1,813,300
Life Insurance	12,912,776		12,912,776
Retiree Assistance Program	1,539,540		1,539,540
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	29,466		29,466
Director's Discretionary Fund	-		-
Total Expenses	\$ 199,543,277	\$ -	\$ 199,543,277
Fiscal Year Results	\$ 34,777,156		\$ 48,312,195
Beginning Plan Reserve	384,063,321		384,063,321
Ending Plan Reserve	\$ 418,840,477		\$ 432,375,516
Transfer from Premium Stabilization Reserve	2,643,665		2,643,665
Accrued Actuarial Liability (AAL)	\$ 3,620,500,000		\$ 3,620,500,000
Funded Status	21.2%		21.9%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 210.34	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 13,535,039	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 307.45	Medicare	7.0%	10.0%
		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	\$ 68,603,696		\$ 68,603,696
Employer Premiums - PPB	16,659,262		16,659,262
Employer Premiums - MCO	1,489,346		1,489,346
Retiree Premiums - PPB	22,827,857	8,562,159	31,390,016
Retiree Premiums - MCO	898,302	336,930	1,235,232
Annual Required Contributions	-		-
Non Par Premiums	1,480,686		1,480,686
Life Insurance	12,776,734		12,776,734
Investment Income	10,957,234		10,957,234
General Revenue Transfer	11,962,861		11,962,861
Total Revenue	\$ 147,655,978	\$ 8,899,089	\$ 156,555,067
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 75,691,948	\$ -	\$ 75,691,948
Non-Medicare Prescription Drug Claims	31,327,800	-	31,327,800
Non-Medicare Managed Care Capitations	6,360,416		6,360,416
Administration	3,099,098		3,099,098
Life Insurance	12,642,979		12,642,979
Retiree Assistance Program	1,507,373		1,507,373
ACA Reinsurance Contributions	200,000		200,000
ACA Comparative Effectiveness Research Fees	10,067		10,067
Director's Discretionary Fund	296,278		296,278
Total Expenses	\$ 131,135,959	\$ -	\$ 131,135,959
Fiscal Year Results	\$ 16,520,020		\$ 25,419,109
Beginning Plan Reserve	333,503,673		333,503,673
Ending Plan Reserve	\$ 350,023,693		\$ 358,922,782
Transfer from Premium Stabilization Reserve	1,102,508		1,102,508
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 210.34	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 8,899,089	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 579.01	Non-Medicare	7.0%	10.0%
		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
Revenues			
WV PEIA Pay Go Premiums	\$ 105,000,000	\$ 105,000,000	\$ 210,000,000
Retiree Premiums - PPB	61,878,210	62,595,282	124,473,492
Retiree Premiums - MCO	1,601,951	1,601,951	3,203,902
Annual Required Contributions	-	-	-
Non Par Premiums	1,451,590	1,451,590	2,903,180
Life Insurance	13,558,712	13,558,712	27,117,424
Investment Income	26,180,965	26,180,965	52,361,930
General Revenue Transfer	15,000,000	15,000,000	30,000,000
Total Revenue	\$ 224,671,428	\$ 225,388,501	\$ 450,059,928
Program Expenses			
Non-Medicare Medical Claims	\$ 39,415,504	\$ 41,652,994	\$ 81,068,498
Non-Medicare Prescription Drug Claims	15,932,206	18,560,555	34,492,761
Medicare Medical Claims	3,519,524	1,924,332	5,443,856
Medicare Prescription Drug Claims	4,403,858	2,441,975	6,845,833
Non-Medicare Managed Care Capitations	3,434,625	3,434,625	6,869,249
Humana MAPD Program	94,170,936	103,286,600	197,457,536
Administration	2,529,885	2,529,885	5,059,770
Life Insurance	13,416,772	13,416,772	26,833,543
Retiree Assistance Program	1,645,333	1,645,333	3,290,666
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	20,392	20,392	40,784
Director's Discretionary Fund	147,751	147,751	295,502
Total Expenses	\$ 178,636,784	\$ 189,061,213	\$ 367,697,998
Fiscal Year Results	\$ 46,034,643	\$ 36,327,287	\$ 82,361,930
Beginning Plan Reserve			791,298,297
Ending Plan Reserve			\$ 873,660,228
Transfer from Premium Stabilization Reserve			-
Ending Premium Stabilization Reserve			\$ -
Accrued Actuarial Liability (AAL)			\$ 3,752,800,000
Funded Status			23.3%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 232.48	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 18,907,119	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 399.64	Non-Medicare	8.0%	11.0%
		Medicare	8.0%	11.0%
		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	\$ 138,061,163		\$ 138,061,163
Employer Premiums - PPB	7,790,276		7,790,276
Employer Premiums - MCO	34,861		34,861
Retiree Premiums - PPB	49,728,276	11,367,512	61,095,788
Retiree Premiums - MCO	120,389	27,520	147,909
Annual Required Contributions	-		-
Non Par Premiums	1,466,915		1,466,915
Life Insurance	13,701,854		13,701,854
Investment Income	40,277,423		40,277,423
General Revenue Transfer	18,386,425		18,386,425
Total Revenue	\$ 269,567,582	\$ 11,395,032	\$ 280,962,614
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 5,443,856	\$ -	\$ 5,443,856
Medicare Prescription Drug Claims	6,845,833	-	6,845,833
Humana MAPD Program	197,457,536		197,457,536
Administration	1,867,699		1,867,699
Life Insurance	13,558,414		13,558,414
Retiree Assistance Program	1,662,703		1,662,703
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	30,523		30,523
Director's Discretionary Fund	-		-
Total Expenses	\$ 226,866,564	\$ -	\$ 226,866,564
Fiscal Year Results	\$ 42,701,018		\$ 54,096,050
Beginning Plan Reserve	432,375,516		432,375,516
Ending Plan Reserve	\$ 475,076,533		\$ 486,471,565
Transfer from Premium Stabilization Reserve	-		-
Accrued Actuarial Liability (AAL)	\$ 3,752,800,000		\$ 3,752,800,000
Funded Status	22.8%		23.3%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 232.48	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 11,395,032	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 344.42	Medicare	8.0%	11.0%
		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	\$ 71,938,837		\$ 71,938,837
Employer Premiums - PPB	16,657,666		16,657,666
Employer Premiums - MCO	1,489,203		1,489,203
Retiree Premiums - PPB	31,702,092	7,227,670	38,929,762
Retiree Premiums - MCO	1,247,513	284,417	1,531,930
Annual Required Contributions	-		-
Non Par Premiums	1,436,265		1,436,265
Life Insurance	13,415,571		13,415,571
Investment Income	12,084,508		12,084,508
General Revenue Transfer	11,613,575		11,613,575
Total Revenue	\$ 161,585,230	\$ 7,512,087	\$ 169,097,317
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 81,068,498	\$ -	\$ 81,068,498
Non-Medicare Prescription Drug Claims	34,492,761	-	34,492,761
Non-Medicare Managed Care Capitations	6,869,249		6,869,249
Administration	3,192,071		3,192,071
Life Insurance	13,275,128		13,275,128
Retiree Assistance Program	1,627,963		1,627,963
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	10,260		10,260
Director's Discretionary Fund	295,502		295,502
Total Expenses	\$ 140,831,432	\$ -	\$ 140,831,432
Fiscal Year Results	\$ 20,753,797		\$ 28,265,884
Beginning Plan Reserve	358,922,782		358,922,782
Ending Plan Reserve	\$ 379,676,579		\$ 387,188,666
Transfer from Premium Stabilization Reserve	-		-
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

		Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go Monthly Premium for Actives	\$ 232.48			
Additional Retiree Premiums	\$ 7,512,087			
Pay Go PEPM Subsidy for Retirees	\$ 577.30			
		Non-Medicare	8.0%	11.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		10.5%

**Attachment - Trust Fund
Historical Monthly Medical and Drug Trends
FY 2013 to FY 2014**

Fiscal Year 2013

Exposure

	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Jan-13</u>	<u>Feb-13</u>	<u>Mar-13</u>	<u>Apr-13</u>	<u>May-13</u>	<u>Jun-13</u>
NonMed_NonDrug	20,464	21,016	21,018	20,733	20,642	20,475	20,438	20,393	20,132	19,910	19,701	19,568
Med_NonDrug	793	1,074	1,292	1,295	1,767	1,968	2,247	2,497	2,689	2,863	2,730	3,341
NonMed_Drug	18,959	19,469	19,470	19,205	19,124	18,970	18,936	18,894	18,654	18,450	18,257	18,134
Med_Drug	826	1,119	1,346	1,349	1,841	2,050	2,341	2,601	2,801	2,982	2,843	3,481

	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Jan-13</u>	<u>Feb-13</u>	<u>Mar-13</u>	<u>Apr-13</u>	<u>May-13</u>	<u>Jun-13</u>
NonMed_NonDrug	\$186.31	\$221.80	\$216.04	\$235.38	\$254.72	\$200.08	\$289.45	\$250.04	\$236.59	\$255.93	\$240.24	\$271.63
Med_NonDrug	146.72	164.26	142.18	188.09	138.25	114.20	170.05	162.45	158.44	148.38	165.20	113.37
NonMed_Drug	81.16	102.64	97.40	117.66	111.67	114.93	113.28	106.26	109.60	116.62	122.95	123.54
Med_Drug	<u>142.24</u>	<u>178.68</u>	<u>155.23</u>	<u>237.70</u>	<u>196.25</u>	<u>202.30</u>	<u>196.99</u>	<u>161.01</u>	<u>165.74</u>	<u>172.94</u>	<u>203.83</u>	<u>187.36</u>
Total	\$556.42	\$667.37	\$610.85	\$778.82	\$700.89	\$631.52	\$769.77	\$679.77	\$670.36	\$693.87	\$732.23	\$695.90

Change From Prior Year - Month to Month Analysis

NonMed_NonDrug	8.7%	7.8%	5.7%	4.0%	4.1%	-3.8%	23.8%	6.0%	-7.2%	5.8%	1.1%	3.7%
Med_NonDrug	19.0%	16.4%	-1.0%	22.6%	6.8%	-18.9%	-0.3%	31.4%	16.3%	23.2%	45.9%	-14.1%
NonMed_Drug	-5.9%	-6.6%	-13.9%	2.2%	-3.4%	-9.9%	-12.1%	-14.9%	-19.0%	-13.0%	-11.5%	-14.8%
Med_Drug	<u>-8.1%</u>	<u>-20.9%</u>	<u>-25.1%</u>	<u>25.4%</u>	<u>0.4%</u>	<u>-6.5%</u>	<u>-3.1%</u>	<u>-12.0%</u>	<u>-18.4%</u>	<u>-5.3%</u>	<u>5.7%</u>	<u>-2.6%</u>
Total	3.8%	-2.2%	-8.6%	13.8%	2.3%	-8.8%	4.5%	1.8%	-8.1%	2.2%	7.3%	-4.9%

Change From Prior Year - Quarter to Quarter Analysis

NonMed_NonDrug			7.3%			1.7%			7.1%			3.6%
Med_NonDrug			11.1%			4.0%			14.1%			16.8%
NonMed_Drug			-9.1%			-3.9%			-15.4%			-13.1%
Med_Drug			<u>-19.0%</u>			<u>5.8%</u>			<u>-11.1%</u>			<u>-0.7%</u>
Total			-2.8%			2.4%			-0.6%			1.4%

Change From Prior Year - Year to Year Analysis

NonMed_NonDrug			-3.4%			-3.9%			-0.7%			4.8%
Med_NonDrug			-1.5%			-2.4%			4.6%			11.3%
NonMed_Drug			4.8%			2.3%			-4.4%			-10.6%
Med_Drug			<u>-6.4%</u>			<u>-6.9%</u>			<u>-9.6%</u>			<u>-6.2%</u>
Total			-2.5%			-3.4%			-2.9%			0.1%

**Attachment - Trust Fund
Historical Monthly Medical and Drug Trends
FY 2013 to FY 2014**

Fiscal Year 2014

Exposure

	<u>Jul-13</u>	<u>Aug-13</u>	<u>Sep-13</u>	<u>Oct-13</u>	<u>Nov-13</u>	<u>Dec-13</u>	<u>Jan-14</u>	<u>Feb-14</u>
NonMed_NonDrug	20,496	21,096	20,990	20,884	20,694	20,458	20,555	20,477
Med_NonDrug	795	1,088	1,362	1,604	1,848	2,088	1,112	1,235
NonMed_Drug	18,995	19,550	19,452	19,354	19,177	18,959	19,050	18,975
Med_Drug	828	1,133	1,418	1,671	1,925	2,175	1,158	1,287

	<u>Jul-13</u>	<u>Aug-13</u>	<u>Sep-13</u>	<u>Oct-13</u>	<u>Nov-13</u>	<u>Dec-13</u>	<u>Jan-14</u>	<u>Feb-14</u>
NonMed_NonDrug	\$214.83	\$228.58	\$236.07	\$247.40	\$269.44	\$237.76	\$272.55	\$256.37
Med_NonDrug	213.45	203.23	198.07	202.88	171.88	141.51	175.59	175.46
NonMed_Drug	88.49	104.86	105.44	120.43	108.74	126.73	125.39	122.29
Med_Drug	<u>170.09</u>	<u>226.70</u>	<u>185.41</u>	<u>220.57</u>	<u>208.18</u>	<u>263.78</u>	<u>148.59</u>	<u>206.21</u>
Total	\$686.86	\$763.37	\$724.99	\$791.29	\$758.25	\$769.78	\$722.12	\$760.33

Change From Prior Year - Month to Month Analysis

NonMed_NonDrug	15.3%	3.1%	9.3%	5.1%	5.8%	18.8%	-5.8%	2.5%
Med_NonDrug	45.5%	23.7%	39.3%	7.9%	24.3%	23.9%	3.3%	8.0%
NonMed_Drug	9.0%	2.2%	8.3%	2.4%	-2.6%	10.3%	10.7%	15.1%
Med_Drug	<u>19.6%</u>	<u>26.9%</u>	<u>19.4%</u>	<u>-7.2%</u>	<u>6.1%</u>	<u>30.4%</u>	<u>-24.6%</u>	<u>28.1%</u>
Total	23.4%	14.4%	18.7%	1.6%	8.2%	21.9%	-6.2%	11.9%

Change From Prior Year - Quarter to Quarter Analysis

NonMed_NonDrug	8.9%	9.3%
Med_NonDrug	35.7%	17.2%
NonMed_Drug	6.3%	3.4%
Med_Drug	<u>22.3%</u>	<u>8.8%</u>
Total	18.6%	9.9%

Change From Prior Year - Year to Year Analysis

NonMed_NonDrug	5.2%	7.1%
Med_NonDrug	17.9%	21.3%
NonMed_Drug	-7.7%	-6.0%
Med_Drug	<u>3.2%</u>	<u>4.1%</u>
Total	5.0%	6.9%