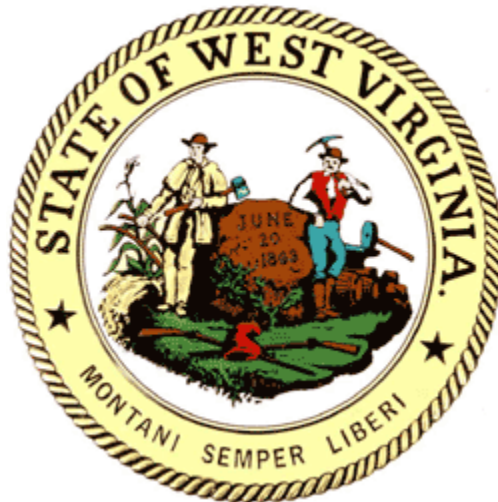




CCRC
Actuaries, LLC

STATE OF WEST VIRGINIA



RETIREE HEALTH BENEFIT TRUST FUND

**Quarterly Report
March 31, 2014**

Fiscal Years 2014-2018

July 2014



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 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 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 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 Finance 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 May 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 1,260 retirees from June 2013 to June 2014, approximating our current assumption. CCRC Actuaries has updated the claims analysis based on the enrollment through June 2014.

In aggregate, June 2014 enrollment has increased by 1,260 coverages since the end of FY 2013. Aggregate Preferred Provider Benefit (“PPB”) enrollment has increased by 1,375 in total over the same period, while managed care enrollment continues to cover fewer participants, with a slight decrease of 115 coverages. For MAPD Capitations, 39,785 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 June 2014 for purposes of comparison:

Trust Fund	Coverage	Preferred Provider Benefit*			Managed Care		
		Jun-12	Jun-13	Jun-14	Jun-12	Jun-13	Jun-14
Retirees	Medicare Single	17,341	17,845	18,429	44	60	-
	<u>Medicare Family</u>	<u>12,004</u>	<u>12,592</u>	<u>13,316</u>	<u>35</u>	<u>54</u>	<u>-</u>
	Medicare Total	29,345	30,437	31,745	79	114	-
	Non Medicare Single	3,467	3,488	3,517	154	151	159
	<u>Non Medicare Family</u>	<u>4,376</u>	<u>4,346</u>	<u>4,384</u>	<u>170</u>	<u>185</u>	<u>176</u>
	Non Medicare Total	7,843	7,834	7,901	324	336	335
	Retiree Total	37,188	38,271	39,646	403	450	335
Grand Total				37,591	38,721	39,981	

* The majority of PPB is capitated through Humana. As of June 2014, there are approximately 1,219 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 3-31-2014 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 May 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	12%	5%	-6%	-11%	0%
2014*	N/A	8%	N/A	4%	N/A

* Fiscal Year 2014 results are through the first eleven months ending May 2014. 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 May 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	31,244			\$ 180**	\$ 195**	\$ 338
	Non-Medicare	8,193			\$ 654	\$ 231	
	Total	39,437	\$ -	\$ 168			
	Non-Medicare Managed Care	348	\$ -	\$ 577			\$ 1,177
	Total	39,785					

*Net of rebates and subsidies.

** As of June 2014, there are approximately 1,219 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	\$2,458,285	\$7,191,888	\$27,135,648
General Revenue Transfer	\$0	\$0	\$30,000,000	\$30,000,000	\$30,000,000
ACA Reinsurance Contributions (Cost)	(\$505,549)	(\$850,000)	(\$550,000)	(\$200,000)	\$0
ACA Comparative Effectiveness Research Fees (Cost)	(\$35,893)	(\$37,150)	(\$38,322)	(\$39,533)	(\$40,784)
Pay Go Premium Transfer	\$161,541,144	\$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	21.5%	21.5%	21.9%	22.9%	24.4%

*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 \$2,105,549. FY 2014 is projected to be \$505,549.

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 member per year. The total comparative effectiveness research fees for the financial projection are estimated to be \$233,758, with an expected \$35,893 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 Finance 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 \$348,772,074 and incurred plan expenses of \$254,716,456 to produce a fiscal year surplus of \$94,055,618. The PEIA local and state agencies Pay Go premiums for FY 2014 are assumed to be \$161,541,144.

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 \$303,736,123 and incurred plan expenses of \$272,835,677 to produce a fiscal year surplus of \$30,900,446. 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 \$343,120,162 and incurred plan expenses of \$295,601,837 to produce a fiscal year surplus of \$47,518,325. 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 \$391,508,658 and incurred plan expenses of \$324,582,621 to produce a fiscal year surplus of \$66,926,037. 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 \$445,131,145 and incurred plan expenses of \$360,277,626 to produce a fiscal year surplus of \$84,853,520. 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	\$ 81,032,986	\$ 161,541,144
Retiree Premiums - PPB	39,374,906	39,962,201	79,337,107
Retiree Premiums - MCO	1,262,005	1,149,345	2,411,350
Annual Required Contributions	954,190	11,280	965,470
Non Par Premiums	1,633,404	1,633,404	3,266,808
Life Insurance	11,175,098	11,175,098	22,350,195
Investment Income	78,900,000	-	78,900,000
Total Revenue	\$ 213,807,761	\$ 134,964,314	\$ 348,772,074
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 32,081,102	\$ 32,201,549	\$ 64,282,651
Non-Medicare Prescription Drug Claims	11,683,941	11,023,910	22,707,851
Medicare Medical Claims	1,399,986	1,532,054	2,932,040
Medicare Prescription Drug Claims	1,579,028	1,731,492	3,310,520
Non-Medicare Managed Care Capitations	2,457,308	2,457,308	4,914,616
Humana MAPD Program	64,549,720	62,243,459	126,793,179
Administration	2,247,770	2,376,926	4,624,696
Life Insurance	11,053,217	11,053,217	22,106,433
Retiree Assistance Program	1,214,952	1,214,952	2,429,904
ACA Reinsurance Contributions	254,162	251,387	505,549
ACA Comparative Effectiveness Research Fees	17,916	17,977	35,893
Director's Discretionary Fund	36,562	36,562	73,124
Total Expenses	\$ 128,575,663	\$ 126,140,793	\$ 254,716,456
Fiscal Year Results	\$ 85,232,097	\$ 8,823,521	\$ 94,055,618
Beginning Plan Reserve			590,229,840
Ending Plan Reserve			\$ 684,285,458
Transfer from Premium Stabilization Reserve			-
Beginning Premium Stabilization Reserve			\$ 44,557,642
Ending Premium Stabilization Reserve			\$ 59,713,260
Ending Restricted for Postemployment Benefits Reserve			\$ 624,572,197
Total Ending Plan Reserve			\$ 684,285,458
Accrued Actuarial Liability (AAL)			\$ 3,179,400,000
Funded Status			21.5%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 176.00	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 337.85	Non-Medicare	5.0%	8.0%
		Medicare	5.0%	8.0%
		Capitations		8.0%
		Administrative Expense		1.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		-1.1%

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	\$ 98,819,017		\$ 98,819,017
Employer Premiums - PPB	7,713,441		7,713,441
Employer Premiums - MCO	33,666		33,666
Retiree Premiums - PPB	33,929,594	-	33,929,594
Retiree Premiums - MCO	82,528	-	82,528
Annual Required Contributions	-		-
Non Par Premiums	1,650,648		1,650,648
Life Insurance	11,293,075		11,293,075
Investment Income	60,690,823		60,690,823
Total Revenue	\$ 214,212,792	\$ -	\$ 214,212,792
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 2,932,040	\$ -	\$ 2,932,040
Medicare Prescription Drug Claims	3,310,520	-	3,310,520
Humana MAPD Program	126,793,179		126,793,179
Administration	1,707,102		1,707,102
Life Insurance	11,169,907		11,169,907
Retiree Assistance Program	1,227,778		1,227,778
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	26,305		26,305
Director's Discretionary Fund	-		-
Total Expenses	\$ 147,166,831	\$ -	\$ 147,166,831
Fiscal Year Results	\$ 67,045,961		\$ 67,045,961
Beginning Plan Reserve	293,877,596		293,877,596
Ending Plan Reserve	\$ 360,923,558		\$ 360,923,558
Transfer from Premium Stabilization Reserve	-		-
Accrued Actuarial Liability (AAL)	\$ 3,179,400,000		\$ 3,179,400,000
Funded Status	21.5%		21.5%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 176.00	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 263.05	Medicare	5.0%	8.0%
		Capitations		8.0%
		Administrative Expense		1.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		-1.1%

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	\$ 62,722,127		\$ 62,722,127
Employer Premiums - PPB	16,278,483		16,278,483
Employer Premiums - MCO	1,460,627		1,460,627
Retiree Premiums - PPB	21,415,589	-	21,415,589
Retiree Premiums - MCO	834,530	-	834,530
Annual Required Contributions	965,470		965,470
Non Par Premiums	1,616,160		1,616,160
Life Insurance	11,057,120		11,057,120
Investment Income	18,209,177		18,209,177
Total Revenue	\$ 134,559,283	\$ -	\$ 134,559,283
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 64,282,651	\$ -	\$ 64,282,651
Non-Medicare Prescription Drug Claims	22,707,851	-	22,707,851
Non-Medicare Managed Care Capitations	4,914,616		4,914,616
Administration	2,917,594		2,917,594
Life Insurance	10,936,526		10,936,526
Retiree Assistance Program	1,202,126		1,202,126
ACA Reinsurance Contributions	505,549		505,549
ACA Comparative Effectiveness Research Fees	9,588		9,588
Director's Discretionary Fund	73,124		73,124
Total Expenses	\$ 107,549,625	\$ -	\$ 107,549,625
Fiscal Year Results	\$ 27,009,658		\$ 27,009,658
Beginning Plan Reserve	296,352,247		296,352,247
Ending Plan Reserve	\$ 323,361,904		\$ 323,361,904
Transfer from Premium Stabilization Reserve	-		-
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 176.00	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 612.03	Non-Medicare	5.0%	8.0%
		Capitations		8.0%
		Administrative Expense		1.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		-1.1%

**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
Revenues			
WV PEIA Pay Go Premiums	\$ 75,000,000	\$ 75,000,000	\$ 150,000,000
Retiree Premiums - PPB	39,515,517	40,010,248	79,525,765
Retiree Premiums - MCO	1,208,542	1,208,542	2,417,084
Annual Required Contributions	-	-	-
Non Par Premiums	1,584,402	1,584,402	3,168,804
Life Insurance	11,733,853	11,733,853	23,467,705
Investment Income	22,578,383	22,578,383	45,156,765
Total Revenue	\$ 151,620,696	\$ 152,115,427	\$ 303,736,123
Program Expenses			
Non-Medicare Medical Claims	\$ 31,881,271	\$ 33,691,068	\$ 65,572,339
Non-Medicare Prescription Drug Claims	11,008,110	12,824,127	23,832,237
Medicare Medical Claims	2,571,045	1,442,351	4,013,396
Medicare Prescription Drug Claims	2,964,687	1,686,982	4,651,669
Non-Medicare Managed Care Capitations	2,653,893	2,653,893	5,307,785
Humana MAPD Program	67,164,398	70,522,618	137,687,016
Administration	2,381,719	2,381,719	4,763,437
Life Insurance	11,605,878	11,605,878	23,211,755
Retiree Assistance Program	1,312,148	1,312,148	2,624,296
ACA Reinsurance Contributions	500,000	350,000	850,000
ACA Comparative Effectiveness Research Fees	18,575	18,575	37,150
Director's Discretionary Fund	142,299	142,299	284,597
Total Expenses	\$ 134,204,021	\$ 138,631,656	\$ 272,835,677
Fiscal Year Results	\$ 17,416,675	\$ 13,483,771	\$ 30,900,446
Beginning Plan Reserve			\$ 684,285,458
Ending Plan Reserve			\$ 715,185,904
Transfer from Premium Stabilization Reserve			14,256,319
Beginning Premium Stabilization Reserve			\$ 59,713,260
Ending Premium Stabilization Reserve			\$ 45,456,942
Ending Restricted for Postemployment Benefits Reserve			\$ 669,728,962
Total Ending Plan Reserve			\$ 715,185,904
Accrued Actuarial Liability (AAL)			\$ 3,328,900,000
Funded Status			21.5%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 164.00	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 308.40	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		-7.1%

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	\$ 93,770,204		\$ 93,770,204
Employer Premiums - PPB	7,731,783		7,731,783
Employer Premiums - MCO	33,746		33,746
Retiree Premiums - PPB	34,010,276	-	34,010,276
Retiree Premiums - MCO	82,724	-	82,724
Annual Required Contributions	-		-
Non Par Premiums	1,601,129		1,601,129
Life Insurance	11,857,729		11,857,729
Investment Income	34,735,123		34,735,123
Total Revenue	\$ 183,822,714	\$ -	\$ 183,822,714
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 4,013,396	\$ -	\$ 4,013,396
Medicare Prescription Drug Claims	4,651,669	-	4,651,669
Humana MAPD Program	137,687,016		137,687,016
Administration	1,758,315		1,758,315
Life Insurance	11,728,402		11,728,402
Retiree Assistance Program	1,326,001		1,326,001
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	27,460		27,460
Director's Discretionary Fund	-		-
Total Expenses	\$ 161,192,259	\$ -	\$ 161,192,259
Fiscal Year Results	\$ 22,630,456		\$ 22,630,456
Beginning Plan Reserve	360,923,558		360,923,558
Ending Plan Reserve	\$ 383,554,014		\$ 383,554,014
Transfer from Premium Stabilization Reserve	9,859,292		9,859,292
Accrued Actuarial Liability (AAL)	\$ 3,328,900,000		\$ 3,328,900,000
Funded Status	21.5%		21.5%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 164.00	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 244.07	Medicare	5.5%	8.5%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		-7.1%

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	\$ 56,229,796		\$ 56,229,796
Employer Premiums - PPB	16,317,192		16,317,192
Employer Premiums - MCO	1,464,100		1,464,100
Retiree Premiums - PPB	21,466,514	-	21,466,514
Retiree Premiums - MCO	836,514	-	836,514
Annual Required Contributions	-		-
Non Par Premiums	1,567,675		1,567,675
Life Insurance	11,609,976		11,609,976
Investment Income	10,421,642		10,421,642
Total Revenue	\$ 119,913,409	\$ -	\$ 119,913,409
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 65,572,339	\$ -	\$ 65,572,339
Non-Medicare Prescription Drug Claims	23,832,237	-	23,832,237
Non-Medicare Managed Care Capitations	5,307,785		5,307,785
Administration	3,005,122		3,005,122
Life Insurance	11,483,352		11,483,352
Retiree Assistance Program	1,298,296		1,298,296
ACA Reinsurance Contributions	850,000		850,000
ACA Comparative Effectiveness Research Fees	9,690		9,690
Director's Discretionary Fund	284,597		284,597
Total Expenses	\$ 111,643,418	\$ -	\$ 111,643,418
Fiscal Year Results	\$ 8,269,991		\$ 8,269,991
Beginning Plan Reserve	323,361,904		323,361,904
Ending Plan Reserve	\$ 331,631,895		\$ 331,631,895
Transfer from Premium Stabilization Reserve	4,397,027		4,397,027
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 164.00	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 550.22	Non-Medicare	5.5%	8.5%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		-7.1%

**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	\$ 76,750,000	\$ 76,750,000	\$ 153,500,000
Retiree Premiums - PPB	40,850,538	41,349,490	82,200,028
Retiree Premiums - MCO	1,232,704	1,232,704	2,465,407
Annual Required Contributions	-	-	-
Non Par Premiums	1,536,870	1,536,870	3,073,740
Life Insurance	12,320,545	12,320,545	24,641,090
Investment Income	23,619,949	23,619,949	47,239,897
General Revenue Transfer	15,000,000	15,000,000	30,000,000
Total Revenue	\$ 171,310,605	\$ 171,809,557	\$ 343,120,162
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 32,667,477	\$ 34,521,904	\$ 67,189,381
Non-Medicare Prescription Drug Claims	11,602,089	13,516,095	25,118,184
Medicare Medical Claims	2,716,417	1,527,561	4,243,978
Medicare Prescription Drug Claims	3,221,266	1,837,257	5,058,523
Non-Medicare Managed Care Capitations	2,866,204	2,866,204	5,732,408
Humana MAPD Program	74,743,529	80,537,533	155,281,062
Administration	2,453,170	2,453,170	4,906,340
Life Insurance	12,186,171	12,186,171	24,372,342
Retiree Assistance Program	1,417,120	1,417,120	2,834,240
ACA Reinsurance Contributions	350,000	200,000	550,000
ACA Comparative Effectiveness Research Fees	19,161	19,161	38,322
Director's Discretionary Fund	138,529	138,529	277,057
Total Expenses	\$ 144,381,133	\$ 151,220,704	\$ 295,601,837
Fiscal Year Results	\$ 26,929,473	\$ 20,588,852	\$ 47,518,325
Beginning Plan Reserve			\$ 715,185,904
Ending Plan Reserve			\$ 762,704,230
Transfer from Premium Stabilization Reserve			29,721,572
Beginning Premium Stabilization Reserve			\$ 45,456,942
Ending Premium Stabilization Reserve			\$ 15,735,370
Ending Restricted for Postemployment Benefits Reserve			\$ 746,968,859
Total Ending Plan Reserve			\$ 762,704,230
Accrued Actuarial Liability (AAL)			\$ 3,476,300,000
Funded Status			21.9%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 167.83	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 2,458,285	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 307.92	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	\$ 99,476,673		\$ 99,476,673
Employer Premiums - PPB	7,755,174		7,755,174
Employer Premiums - MCO	33,848		33,848
Retiree Premiums - PPB	34,113,170	1,482,497	35,595,667
Retiree Premiums - MCO	82,974	3,606	86,580
Annual Required Contributions	-		-
Non Par Premiums	1,553,095		1,553,095
Life Insurance	12,450,615		12,450,615
Investment Income	36,337,493		36,337,493
General Revenue Transfer	18,156,159		18,156,159
Total Revenue	\$ 209,959,201	\$ 1,486,103	\$ 211,445,304
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 4,243,978	\$ -	\$ 4,243,978
Medicare Prescription Drug Claims	5,058,523	-	5,058,523
Humana MAPD Program	155,281,062		155,281,062
Administration	1,811,064		1,811,064
Life Insurance	12,314,823		12,314,823
Retiree Assistance Program	1,432,081		1,432,081
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	28,445		28,445
Director's Discretionary Fund	-		-
Total Expenses	\$ 180,169,976	\$ -	\$ 180,169,976
Fiscal Year Results	\$ 29,789,225		\$ 31,275,328
Beginning Plan Reserve	383,554,014		383,554,014
Ending Plan Reserve	\$ 413,343,238		\$ 414,829,341
Transfer from Premium Stabilization Reserve	21,114,509		21,114,509
Accrued Actuarial Liability (AAL)	\$ 3,476,300,000		\$ 3,476,300,000
Funded Status	21.9%		21.9%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 167.83	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 1,486,103	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 254.94	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	\$ 54,023,327		\$ 54,023,327
Employer Premiums - PPB	16,373,231		16,373,231
Employer Premiums - MCO	1,469,128		1,469,128
Retiree Premiums - PPB	21,540,237	935,719	22,475,956
Retiree Premiums - MCO	839,387	36,463	875,850
Annual Required Contributions	-		-
Non Par Premiums	1,520,645		1,520,645
Life Insurance	12,190,475		12,190,475
Investment Income	10,902,404		10,902,404
General Revenue Transfer	11,843,841		11,843,841
Total Revenue	\$ 130,702,675	\$ 972,182	\$ 131,674,857
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 67,189,381	\$ -	\$ 67,189,381
Non-Medicare Prescription Drug Claims	25,118,184	-	25,118,184
Non-Medicare Managed Care Capitations	5,732,408		5,732,408
Administration	3,095,276		3,095,276
Life Insurance	12,057,520		12,057,520
Retiree Assistance Program	1,402,159		1,402,159
ACA Reinsurance Contributions	550,000		550,000
ACA Comparative Effectiveness Research Fees	9,877		9,877
Director's Discretionary Fund	277,057		277,057
Total Expenses	\$ 115,431,862	\$ -	\$ 115,431,862
Fiscal Year Results	\$ 15,270,814		\$ 16,242,996
Beginning Plan Reserve	331,631,895		331,631,895
Ending Plan Reserve	\$ 346,902,709		\$ 347,874,891
Transfer from Premium Stabilization Reserve	8,607,062		8,607,062
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 167.83	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 972,182	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 498.78	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
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 95,000,000	\$ 95,000,000	\$ 190,000,000
Retiree Premiums - PPB	44,558,608	45,089,873	89,648,481
Retiree Premiums - MCO	1,297,054	1,297,054	2,594,108
Annual Required Contributions	-	-	-
Non Par Premiums	1,490,764	1,490,764	2,981,527
Life Insurance	12,936,572	12,936,572	25,873,144
Investment Income	25,205,699	25,205,699	50,411,398
General Revenue Transfer	15,000,000	15,000,000	30,000,000
Total Revenue	\$ 195,488,697	\$ 196,019,961	\$ 391,508,658
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 33,717,652	\$ 35,631,693	\$ 69,349,345
Non-Medicare Prescription Drug Claims	12,315,132	14,346,769	26,661,901
Medicare Medical Claims	2,887,771	1,631,665	4,519,436
Medicare Prescription Drug Claims	3,521,123	2,017,596	5,538,719
Non-Medicare Managed Care Capitations	3,095,501	3,095,501	6,191,001
Humana MAPD Program	85,357,856	92,749,677	178,107,532
Administration	2,526,765	2,526,765	5,053,530
Life Insurance	12,795,480	12,795,480	25,590,960
Retiree Assistance Program	1,530,490	1,530,490	3,060,979
ACA Reinsurance Contributions	200,000	-	200,000
ACA Comparative Effectiveness Research Fees	19,766	19,766	39,533
Director's Discretionary Fund	134,843	134,843	269,685
Total Expenses	\$ 158,102,377	\$ 166,480,244	\$ 324,582,621
Fiscal Year Results	\$ 37,386,320	\$ 29,539,717	\$ 66,926,037
Beginning Plan Reserve			\$ 762,704,230
Ending Plan Reserve			\$ 829,630,267
Transfer from Premium Stabilization Reserve			15,735,370
Beginning Premium Stabilization Reserve			\$ 15,735,370
Ending Premium Stabilization Reserve			\$ -
Ending Restricted for Postemployment Benefits Reserve			\$ 829,630,267
Total Ending Plan Reserve			\$ 829,630,267
Accrued Actuarial Liability (AAL)			\$ 3,620,500,000
Funded Status			22.9%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 207.73	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 7,191,888	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 372.10	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	\$ 128,012,256		\$ 128,012,256
Employer Premiums - PPB	7,777,912		7,777,912
Employer Premiums - MCO	33,947		33,947
Retiree Premiums - PPB	35,753,133	4,336,458	40,089,591
Retiree Premiums - MCO	86,963	10,548	97,511
Annual Required Contributions	-		-
Non Par Premiums	1,506,502		1,506,502
Life Insurance	13,073,146		13,073,146
Investment Income	38,777,049		38,777,049
General Revenue Transfer	18,487,282		18,487,282
Total Revenue	\$ 243,508,190	\$ 4,347,006	\$ 247,855,196
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 4,519,436	\$ -	\$ 4,519,436
Medicare Prescription Drug Claims	5,538,719	-	5,538,719
Humana MAPD Program	178,107,532		178,107,532
Administration	1,865,396		1,865,396
Life Insurance	12,930,564		12,930,564
Retiree Assistance Program	1,546,647		1,546,647
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	29,466		29,466
Director's Discretionary Fund	-		-
Total Expenses	\$ 204,537,760	\$ -	\$ 204,537,760
Fiscal Year Results	\$ 38,970,430		\$ 43,317,436
Beginning Plan Reserve	414,829,341		414,829,341
Ending Plan Reserve	\$ 453,799,771		\$ 458,146,777
Transfer from Premium Stabilization Reserve	11,463,975		11,463,975
Accrued Actuarial Liability (AAL)	\$ 3,620,500,000		\$ 3,620,500,000
Funded Status	22.7%		22.9%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 207.73	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 4,347,006	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 323.11	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	\$ 61,987,744		\$ 61,987,744
Employer Premiums - PPB	16,440,693		16,440,693
Employer Premiums - MCO	1,475,181		1,475,181
Retiree Premiums - PPB	22,602,105	2,738,180	25,340,285
Retiree Premiums - MCO	880,766	106,702	987,468
Annual Required Contributions	-		-
Non Par Premiums	1,475,025		1,475,025
Life Insurance	12,799,999		12,799,999
Investment Income	11,634,348		11,634,348
General Revenue Transfer	11,512,718		11,512,718
Total Revenue	\$ 140,808,579	\$ 2,844,882	\$ 143,653,461
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 69,349,345	\$ -	\$ 69,349,345
Non-Medicare Prescription Drug Claims	26,661,901	-	26,661,901
Non-Medicare Managed Care Capitations	6,191,001		6,191,001
Administration	3,188,134		3,188,134
Life Insurance	12,660,396		12,660,396
Retiree Assistance Program	1,514,332		1,514,332
ACA Reinsurance Contributions	200,000		200,000
ACA Comparative Effectiveness Research Fees	10,067		10,067
Director's Discretionary Fund	269,685		269,685
Total Expenses	\$ 120,044,861	\$ -	\$ 120,044,861
Fiscal Year Results	\$ 20,763,718		\$ 23,608,600
Beginning Plan Reserve	347,874,891		347,874,891
Ending Plan Reserve	\$ 368,638,609		\$ 371,483,491
Transfer from Premium Stabilization Reserve	4,271,395		4,271,395
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 207.73	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 2,844,882	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 541.70	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
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 105,000,000	\$ 105,000,000	\$ 210,000,000
Retiree Premiums - PPB	58,239,074	58,917,276	117,156,350
Retiree Premiums - MCO	1,531,202	1,531,202	3,062,403
Annual Required Contributions	-	-	-
Non Par Premiums	1,446,041	1,446,041	2,892,082
Life Insurance	13,583,401	13,583,401	27,166,802
Investment Income	27,426,754	27,426,754	54,853,508
General Revenue Transfer	15,000,000	15,000,000	30,000,000
Total Revenue	\$ 222,226,472	\$ 222,904,674	\$ 445,131,145
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 35,128,478	\$ 37,122,608	\$ 72,251,086
Non-Medicare Prescription Drug Claims	13,191,415	15,367,612	28,559,027
Medicare Medical Claims	3,098,818	1,759,183	4,858,001
Medicare Prescription Drug Claims	3,884,111	2,235,816	6,119,927
Non-Medicare Managed Care Capitations	3,343,141	3,343,141	6,686,281
Humana MAPD Program	98,300,919	107,817,620	206,118,539
Administration	2,602,568	2,602,568	5,205,136
Life Insurance	13,435,254	13,435,254	26,870,507
Retiree Assistance Program	1,652,929	1,652,929	3,305,858
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	20,392	20,392	40,784
Director's Discretionary Fund	131,240	131,240	262,480
Total Expenses	\$ 174,789,263	\$ 185,488,363	\$ 360,277,626
Fiscal Year Results	\$ 47,437,209	\$ 37,416,311	\$ 84,853,520
Beginning Plan Reserve			\$ 829,630,267
Ending Plan Reserve			\$ 914,483,786
Transfer from Premium Stabilization Reserve			-
Beginning Premium Stabilization Reserve			\$ -
Ending Premium Stabilization Reserve			\$ -
Ending Restricted for Postemployment Benefits Reserve			\$ 914,483,786
Total Ending Plan Reserve			\$ 914,483,786
Accrued Actuarial Liability (AAL)			\$ 3,752,800,000
Funded Status			24.4%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 229.60	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 27,135,648	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 401.73	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	\$ 148,311,671		\$ 148,311,671
Employer Premiums - PPB	7,810,080		7,810,080
Employer Premiums - MCO	34,088		34,088
Retiree Premiums - PPB	40,418,055	16,354,875	56,772,930
Retiree Premiums - MCO	98,310	39,780	138,090
Annual Required Contributions	-		-
Non Par Premiums	1,461,307		1,461,307
Life Insurance	13,726,803		13,726,803
Investment Income	42,193,974		42,193,974
General Revenue Transfer	18,992,315		18,992,315
Total Revenue	\$ 273,046,603	\$ 16,394,655	\$ 289,441,258
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 4,858,001	\$ -	\$ 4,858,001
Medicare Prescription Drug Claims	6,119,927	-	6,119,927
Humana MAPD Program	206,118,539		206,118,539
Administration	1,921,358		1,921,358
Life Insurance	13,577,092		13,577,092
Retiree Assistance Program	1,670,379		1,670,379
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	30,523		30,523
Director's Discretionary Fund	-		-
Total Expenses	\$ 234,295,819	\$ -	\$ 234,295,819
Fiscal Year Results	\$ 38,750,784		\$ 55,145,439
Beginning Plan Reserve	458,146,777		458,146,777
Ending Plan Reserve	\$ 496,897,561		\$ 513,292,216
Transfer from Premium Stabilization Reserve	-		-
Accrued Actuarial Liability (AAL)	\$ 3,752,800,000		\$ 3,752,800,000
Funded Status	23.6%		24.4%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 229.60	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 16,394,655	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 368.76	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	\$ 61,688,329		\$ 61,688,329
Employer Premiums - PPB	16,578,892		16,578,892
Employer Premiums - MCO	1,487,582		1,487,582
Retiree Premiums - PPB	25,656,315	10,338,133	35,994,448
Retiree Premiums - MCO	999,784	402,860	1,402,644
Annual Required Contributions	-		-
Non Par Premiums	1,430,775		1,430,775
Life Insurance	13,439,999		13,439,999
Investment Income	12,659,534		12,659,534
General Revenue Transfer	11,007,685		11,007,685
Total Revenue	\$ 144,948,894	\$ 10,740,993	\$ 155,689,887
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 72,251,086	\$ -	\$ 72,251,086
Non-Medicare Prescription Drug Claims	28,559,027	-	28,559,027
Non-Medicare Managed Care Capitations	6,686,281		6,686,281
Administration	3,283,778		3,283,778
Life Insurance	13,293,416		13,293,416
Retiree Assistance Program	1,635,479		1,635,479
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	10,260		10,260
Director's Discretionary Fund	262,480		262,480
Total Expenses	\$ 125,981,807	\$ -	\$ 125,981,807
Fiscal Year Results	\$ 18,967,087		\$ 29,708,080
Beginning Plan Reserve	371,483,491		371,483,491
Ending Plan Reserve	\$ 390,450,578		\$ 401,191,571
Transfer from Premium Stabilization Reserve	-		-
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 229.60	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 10,740,993	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 511.71	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	\$186.27	\$221.57	\$215.95	\$235.24	\$254.40	\$199.90	\$289.13	\$249.82	\$235.77	\$255.19	\$239.16	\$270.99
Med_NonDrug	149.35	167.00	145.10	191.71	140.12	115.36	171.83	164.18	161.51	152.06	163.49	114.19
NonMed_Drug	81.17	102.65	97.41	117.67	111.68	114.95	113.29	106.27	109.61	116.65	122.95	123.52
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>172.93</u>	<u>203.82</u>	<u>187.34</u>
Total	\$559.03	\$669.90	\$613.69	\$782.30	\$702.45	\$632.52	\$771.23	\$681.29	\$672.63	\$696.83	\$729.42	\$696.04

Change From Prior Year - Month to Month Analysis

NonMed_NonDrug	8.6%	7.9%	5.6%	3.9%	4.0%	-3.8%	23.7%	5.8%	-7.5%	5.9%	0.8%	3.5%
Med_NonDrug	20.4%	17.7%	0.6%	24.3%	7.6%	-18.4%	-0.4%	28.7%	19.7%	27.7%	42.6%	-15.8%
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	4.2%	-1.9%	-8.3%	14.2%	2.4%	-8.7%	4.4%	1.5%	-7.6%	2.9%	6.7%	-5.3%

Change From Prior Year - Quarter to Quarter Analysis

NonMed_NonDrug		7.3%				1.6%			6.9%			3.4%
Med_NonDrug			12.5%			5.0%			14.4%			16.3%
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			-2.5%			2.6%			-0.6%			1.3%

Change From Prior Year - Year to Year Analysis

NonMed_NonDrug			-3.4%			-3.9%			-0.8%			4.7%
Med_NonDrug			-0.8%			-1.6%			5.4%			11.9%
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			-2.4%			-3.3%			-2.7%			0.2%

**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>	<u>Mar-14</u>	<u>Apr-14</u>	<u>May-14</u>
NonMed_NonDrug	20,496	21,096	20,990	20,884	20,694	20,458	20,555	20,477	20,291	20,088	19,861
Med_NonDrug	795	1,088	1,362	1,604	1,848	2,088	1,112	953	1,116	1,324	1,351
NonMed_Drug	18,995	19,550	19,452	19,354	19,177	18,959	19,050	18,975	18,801	18,615	18,404
Med_Drug	828	1,133	1,418	1,671	1,925	2,175	1,158	993	1,163	1,379	1,407

	<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>	<u>Mar-14</u>	<u>Apr-14</u>	<u>May-14</u>
NonMed_NonDrug	\$224.36	\$225.25	\$230.71	\$243.79	\$277.15	\$227.89	\$295.40	\$261.65	\$273.47	\$289.58	\$260.42
Med_NonDrug	223.14	209.36	193.82	212.32	174.71	169.07	307.45	363.19	270.59	225.41	227.64
NonMed_Drug	88.47	104.86	105.51	120.51	108.81	126.83	124.80	108.27	121.40	128.59	137.03
Med_Drug	<u>170.08</u>	<u>227.01</u>	<u>185.63</u>	<u>220.71</u>	<u>208.31</u>	<u>263.77</u>	<u>147.79</u>	<u>226.20</u>	<u>232.57</u>	<u>226.98</u>	<u>291.62</u>
Total	\$706.05	\$766.48	\$715.66	\$797.33	\$768.99	\$787.55	\$875.45	\$959.31	\$898.03	\$870.56	\$916.71

Change From Prior Year - Month to Month Analysis

NonMed_NonDrug	20.4%	1.7%	6.8%	3.6%	8.9%	14.0%	2.2%	4.7%	16.0%	13.5%	8.9%
Med_NonDrug	49.4%	25.4%	33.6%	10.8%	24.7%	46.6%	78.9%	121.2%	67.5%	48.2%	39.2%
NonMed_Drug	9.0%	2.2%	8.3%	2.4%	-2.6%	10.3%	10.2%	1.9%	10.8%	10.2%	11.5%
Med_Drug	<u>19.6%</u>	<u>27.0%</u>	<u>19.6%</u>	<u>-7.1%</u>	<u>6.1%</u>	<u>30.4%</u>	<u>-25.0%</u>	<u>40.5%</u>	<u>40.3%</u>	<u>31.3%</u>	<u>43.1%</u>
Total	26.3%	14.4%	16.6%	1.9%	9.5%	24.5%	13.5%	40.8%	33.5%	24.9%	25.7%

Change From Prior Year - Quarter to Quarter Analysis

NonMed_NonDrug	9.1%	8.6%	7.2%
Med_NonDrug	35.7%	24.4%	89.2%
NonMed_Drug	6.3%	3.4%	7.7%
Med_Drug	<u>22.4%</u>	<u>8.9%</u>	<u>15.8%</u>
Total	18.8%	11.2%	28.6%

Change From Prior Year - Year to Year Analysis

NonMed_NonDrug	5.1%	6.9%	7.0%
Med_NonDrug	18.3%	23.2%	43.8%
NonMed_Drug	-7.7%	-6.0%	0.0%
Med_Drug	<u>3.2%</u>	<u>4.1%</u>	<u>11.0%</u>
Total	5.1%	7.3%	14.9%