

STATE OF WEST VIRGINIA



PUBLIC EMPLOYEES INSURANCE AGENCY

**Quarterly Report
March 31, 2018**

Fiscal Years 2018-2022

Report Date: June 2018

YOUR ACTUARIES FOR THE LONG-TERM!



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Finance Board
West Virginia Public Employees Insurance Agency
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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 Continuing Care Actuaries.

Continuing Care Actuaries has been retained by the West Virginia Public Employees Insurance Agency Finance Board (“Board”) to assist it as provided under Code of the West Virginia 1931 (“Code”), as amended. The Board has asked Continuing Care Actuaries to review the financial plan prepared and proposed by the Board in December 2017 for the fiscal year 2019 (“FY 2019”) and to provide quarterly financial reports for current FY 2018 and thereafter. Our analysis is developed on an accrued and incurred reporting basis for a projection period of five years as required by the Code.

Under the statutory Code provisions, it is the Board’s responsibility to prepare a proposed financial plan designed to generate revenues sufficient to meet all insurance program and administrative costs of the West Virginia Public Employees Insurance Agency (“PEIA”). The Board is required to provide a financing plan in which the State Fund revenue costs are financed 80% by state employers and 20% by state employees in FY 2018 and in subsequent fiscal years. In subsequent fiscal years, future transfers of employer and employee funds may be needed to obtain the 80% and 20% split between employer and employee, depending on future enrollment and coverage elections by insureds.

The Board is also charged with the responsibility to review actual costs incurred, any revised cost estimates, expenditures, and other factors affecting the fiscal stability of the plan and to make any modifications to the plan necessary to insure that the total financial requirements of PEIA are met for the projection period. We have been asked to review the proposed financial plan, and as supported by our work, to render an actuarial opinion stating whether the plan may be reasonably expected to generate sufficient revenues to meet estimated insurance program and administrative costs of PEIA through FY 2022.

The Medicaid / PEIA Hospital Bill (“Bill”) has been extended and is anticipated to continue to provide PEIA with hospital charge savings through discounts for all non-Medicare coverages. These hospital savings are assumed to increase by the medical trend assumptions in Fiscal Year 2018 and subsequently. We are assuming that the Bill will continue throughout the five year forecast period.

Continuing Care Actuaries has provided financial report for fiscal years ending June 30, 2018 (“FY 2018”), June 30, 2019 (“FY 2019”), June 30, 2020 (“FY 2020”), June 30, 2021 (“FY 2021”) and June 30, 2022 (“FY 2022”). Our opinion of plan adequacy is based on the projections through FY 2022 using updated future revenue and plan modifications provided by the Board in the financial plan adopted in December 2017. This forecast is prepared for the Public Employee Insurance Agency, and does not include actuarial projections for the West Virginia Retiree Health Benefit Trust Fund.

In reviewing the plan, Continuing Care Actuaries utilized information concerning the plan’s prior experience, covered individuals, plan revenues, plan benefits, plan administrative costs, and other expenses. This information was developed and provided by PEIA, the plan’s third party administrators and other sources. In our review, we completely relied on the accuracy of this information and did not perform any due diligence on the information. The enclosed forecasts include anticipated changes from the federal statute Patient Protection and Affordable Care Act (“PPACA”) signed into law on March 23, 2010. Additional details of the benefit reductions can be found later in this report. In addition, it is noteworthy that some current PEIA members have become eligible for the West Virginia Children Health Insurance Plan effective in Fiscal Year 2016.

In FY 2018 the Pay-Go is equivalent to \$296 per retiree per month. In future years, the Pay Go premium may increase by a maximum of 3% per retiree per year, indexed to the initial fixed subsidy determined in FY 2013. The new Pay-Go premium formula is based on the financial plan approved by the Financial Board in December 2017.

This report includes updated claim trend assumptions as recommended in the report titled, “PEIA FY2017 Detailed Medical and Prescription Drugs Claim Trend Report - December 2017”. In the circumstances and subject to the conditions described herein, we believe the financial plan approved by the Board for FY 2018 through FY 2022 may be reasonably expected to generate sufficient revenues, when combined with the existing surplus, to meet estimated insurance program and administrative costs of PEIA. In addition, we are forecasting that PEIA will meet the minimum 20% employee cost share requirement for state revenue in FY 2018 based on the scheduled revenue increases of the financial plan approved and amended by the Board in December 2017.

The conclusion of long-term solvency for the program over the five-year forecast is based on significant revenue increases in employer and employee premiums in later fiscal years of the plan through FY 2022 as approved by the Board.

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

Respectfully,



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



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

West Virginia Public Employees Insurance Agency
Report of Independent Actuary
Financial Plan for FY 2018 – FY 2022

OVERVIEW

This report analyzes revenues and expenses related to funding the health and life insurance benefits of active employees of the State and various Local Agencies, together with their dependents. This report is intended for the sole use of the Board, and any other use requires written approval by Continuing Care Actuaries.

This report was compiled utilizing claims data collected by PEIA's third party administrators through May 2018 for prescription drugs and medical claims. Enrollment data, administrative expenses, managed care capitations, and plan revenues were provided at special request from PEIA. Revenue assumptions are based on premium rates, assumed investment income and significant general and special revenue allocations provided by the Governor, some of which have not been approved by the West Virginia Legislature. In addition, other information became available through presentations made at the Board meetings, which has been used in arriving at our conclusions.

The Code of the State of West Virginia establishes the actuarial reporting requirements for PEIA on an incurred basis for medical claims and capitations and on an accrued basis for administrative expenses and revenue for a period not to exceed five years. At the request of the Board, the reporting basis is based upon the separation of employees into two funds: Active Local Employee Fund and State Employee Fund. The Active Local Fund represents local governmental agencies, county governmental agencies and other public entities. The State Fund represents active state employees, college and university employees and county boards of education employees. The Active Local Fund and the State Fund are allocated administrative costs based on each fund's proportionate total revenue levels.

KEY ASSUMPTIONS

A. Enrollment Changes

These projections include the assumption that Preferred Provider Benefit (“PPB”) and managed care enrollment will not change from June 2018 enrollment levels for the duration of these forecasts for active employees.

In aggregate, June 2018 enrollment for active employees has decreased by 1,793 coverages since the end of FY 2017. Aggregate PPB enrollment has decreased by 1,737 in total over the same period, while managed care enrollment experienced a decrease of 56 coverages.

In the State Fund, the overall active State enrollment decreased by 1,843 coverages from the end of FY 2017 to June 2018. And in the Local Fund, the overall active Local enrollment increased by 50 coverages from the end of FY 2017 to June 2018.

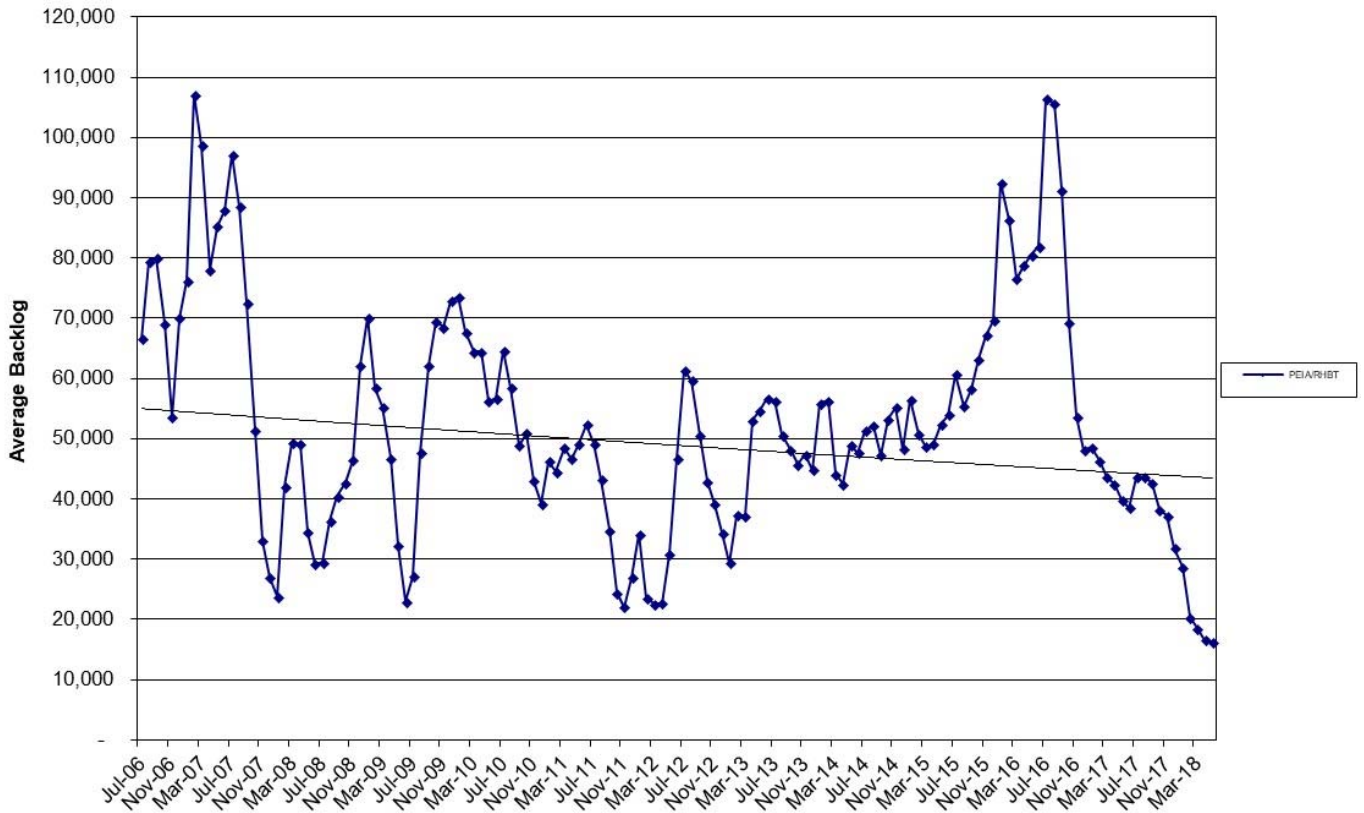
The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2016, June 2017 and June 2018 for purposes of comparison:

PEIA Fund	Coverage	Preferred Provider Benefit			Managed Care		
		Jun-16	Jun-17	Jun-18	Jun-16	Jun-17	Jun-18
State Active	Single	22,035	21,482	20,927	1,946	2,160	2,175
	Children	6,250	6,017	5,920	591	603	627
	Family	29,925	28,946	27,782	2,782	2,850	2,784
	Total	58,210	56,445	54,629	5,319	5,613	5,586
Local Active	Single	5,204	5,391	5,520	399	422	407
	Children	959	961	955	106	104	94
	Family	5,724	5,658	5,614	187	194	190
	Total	11,887	12,010	12,089	692	720	691
Plan Total		70,097	68,455	66,718	6,011	6,333	6,277
Grand Total					76,108	74,788	72,995

B. Changes in Claim Backlog

It should be noted that on July 1, 2006, all retirees were transferred to the RHBT. The chart below has not been adjusted to reflect the smaller risk pool. It has displayed the duration of claim payments that has been gradually declining for the self-insured block of non-Medicare coverages. Backlog has shown a historically flat trend since July 2006. However, it indicates a recent downward trend since the beginning of FY 2017.

WV PEIA&RHBT Claim Backlog July 2006 through May 2018



C. Trend Analysis

PEIA experienced slightly higher medical and prescription drug trends in FY 2017, but over the past few years, trends have been beneficial to the plan. Continuing Care Actuaries performed the detailed medical and prescription drugs trend analysis in the report titled, “PEIA FY2017 Detailed Medical and Prescription Drugs Claim Trend Report”. This report includes the detailed trend analysis of PEIA experience by medical and prescription drugs. Based on the analysis, the FY 2018 medical claim trend is 7.5% and the prescription drug claim trend is 11.5%.

The current trend projection is shown in the following table:

Claim Type	Previous Assumption FY 2018 Trend	Updated Assumption FY 2018 Trend
Active Local – Medical	7.5%	7.5%
State – Medical	7.5%	7.5%
Active Local – Drugs	11.5%	11.5%
State – Drugs	11.5%	11.5%

In addition, we have assumed that trends will increase by 0.5% in each successive fiscal year beginning in FY 2019. 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 2018. It is important to note that these trends have not been adjusted to reflect savings as a result of the expansion of the drug rebate program or the claim savings due to changes in provider reimbursement methodologies, nor the changes in the benefit structure. In developing the claim cost projection, we have reflected for benefit and reimbursement changes as an adjustment to the gross trend assumption.

PEIA Historical Trends (Active Local and State)

Fiscal Year	Active Local Medical	State Medical	Active Local Drugs	State Drugs	Total
2004	-1%	12%	9%	7%	9%
2005	16%	7%	7%	20%	11%
2006	1%	2%	18%	7%	3%
2007	15%	2%	13%	8%	5%
2008	3%	8%	-5%	-1%	4%
2009	-8%	3%	5%	4%	2%
2010	10%	1%	9%	9%	4%
2011	11%	8%	16%	15%	8%
2012	5%	5%	8%	6%	5%
2013	-3%	-3%	2%	6%	-3%
2014	8%	6%	9%	7%	7%
2015	6%	10%	14%	10%	10%
2016	9%	11%	12%	13%	12%
2017	5%	1%	11%	9%	4%
2018*	3%	4%	18%	15%	7%

* Fiscal Year 2018 results are through the first eleven months ending May 2018.

D. Enrollment, Claim, Expense and Revenue Assumptions

Using PEIA paid claim data through May 2018 for medical claims and for prescription drugs claims, average annualized incurred unit claim costs were developed for the State Fund and the Local Fund for both self-funded and managed care coverages. Continuing Care Actuaries has developed the claim cost on an adjusted exposure basis using the respective expected claim cost for each coverage type. The adjusted exposure methodology weighs the expected claim cost under each coverage type for single, member and children, and family coverages based on observed differences in health care cost. For example, under this methodology single coverage types are given a weight of 1.0 exposure, whereas member and children coverages are given a greater weighting based on historical expected health care cost relationships. Based on this methodology, the projection of FY 2018 claims and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

Fiscal Year 2018 Projection			Net Revenue Excluding Pay Go		Expenses		
Fund	Program	Policies	Monthly Employer Premiums	Monthly Employee Premiums	Monthly Medical Costs	Monthly Drugs Costs*	Monthly Capitation Costs
State	PPB	55,089	\$514	\$173	\$481	\$172	
	<u>Managed Care</u>	<u>5,570</u>	\$525	\$186			\$589
	Total	60,659					
Local	PPB	12,052	\$663	\$0	\$452	\$160	
	<u>Managed Care</u>	<u>705</u>	\$546	\$0			\$457
	Total	12,757					

*Net of rebates and subsidies.

Projected plan revenues, administrative expenses, life insurance premiums, and the amount to be spent on wellness programs were provided by PEIA. Investment income is currently allocated to each fund based on average reserve levels for each fund. The following chart summarizes assumptions used in preparation of the attached forecasts.

Board Decisions – December 2017

Source	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
Additional State Employer Revenue	\$0	\$8,000,000	\$55,000,000	\$77,500,000	\$60,000,000
Additional Local Agency Revenue	\$6,600,000	\$0	\$19,000,000	\$20,500,000	\$16,500,000
Additional Employee Premium	\$0	\$0	\$13,800,000	\$19,400,000	\$15,000,000
State Direct Transfers	\$10,000,000	\$31,000,000	\$10,000,000	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active State	\$31,765,000	\$0	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active Local	\$7,174,000	\$0	\$0	\$0	\$0
PPACA Comparative Effectiveness Research Fees (Cost)	(\$322,587)	(\$320,561)	\$0	\$0	\$0
Pay Go Premium Transfer	\$153,086,790	\$154,000,000	\$160,000,000	\$170,000,000	\$180,000,000

In FY 2019, PEIA will increase employer premiums by \$8,000,000 and PEIA will receive \$31,000,000 in State direct transfers.

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 PEIA would accrue and pay these fees through FY 2019. The fee would be \$2 per member per year. The total comparative effectiveness research fees for the financial projection are estimated to be approximately \$643,000, with \$322,587 in FY 2018.

Future fiscal year state revenue increases will require legislative appropriation. Additional local agency revenue represents premium increases to be charged to local agencies. Additional employee premiums represent employee premiums paid by active employees participating in the State Fund.

E. Provider Reimbursement Changes

Beyond the extension of the Medicaid / PEIA Hospital Bill throughout the forecast, there are no assumed changes in provider reimbursement for physicians, hospitals and pharmaceutical charges beyond the annual cost updates that PEIA has implemented historically.

FISCAL YEAR 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 \$784,807,454 and incurred plan expenses of \$734,850,906 to produce a fiscal year surplus of \$49,956,548. The PEIA local and state agencies Pay Go premiums for FY 2018 are assumed to be \$153,086,790.

Under the Baseline Scenario, FY 2018 is projected to end with a reserve of \$199,000,739 and the FY 2018 PEIA/RHBT combined, projected plan expenditures of \$838,628,459, which represents 24% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$114,295,242. This reserve is comprised of 15% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending reserve is expected to increase to \$201,646,532 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$196,375,374.

FISCAL YEAR 2019 FORECAST

The financial forecast for FY 2019 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2019 projects accrued revenue of \$813,481,951 and incurred plan expenses of \$780,340,133 to produce a fiscal year surplus of \$33,141,818. The PEIA local and state agencies Pay Go premiums for FY 2019 are assumed to be \$154,000,000.

Under the Baseline Scenario, FY 2019 is projected to end with a reserve of \$232,142,557 and the FY 2019 PEIA/RHBT combined, projected plan expenditures of \$897,866,856, which represents 26% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$122,386,744. This reserve is comprised of 15% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending reserve is expected to increase to \$247,988,715 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$216,234,766.

FISCAL YEAR 2020 FORECAST

The financial forecast for FY 2020 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2020 projects accrued revenue of \$882,271,316 and incurred plan expenses of \$841,711,502 to produce a fiscal year surplus of \$40,559,814. The PEIA local and state agencies Pay Go premiums for FY 2020 are assumed to be \$160,000,000.

Under the Baseline Scenario, FY 2020 is projected to end with a reserve of \$272,702,370 and the FY 2020 PEIA/RHBT combined, projected plan expenditures of \$988,741,187, which represents 28% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$134,567,418. This reserve is comprised of 15% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending reserve is expected to increase to \$314,422,868 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$230,301,805.

FISCAL YEAR 2021 FORECAST

The financial forecast for FY 2021 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2021 projects accrued revenue of \$992,092,023 and incurred plan expenses of \$915,720,254 to produce a fiscal year surplus of \$76,371,769. The PEIA local and state agencies Pay Go premiums for FY 2021 are assumed to be \$170,000,000.

Under the Baseline Scenario, FY 2021 is projected to end with a reserve of \$349,074,139 and the FY 2021 PEIA/RHBT combined, projected plan expenditures of \$1,094,871,435, which represents 32% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$148,757,211. This reserve is comprised of 15% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending reserve is expected to increase to \$431,919,376 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$263,823,357.

FISCAL YEAR 2022 FORECAST

The financial forecast for FY 2022 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2022 projects accrued revenue of \$1,087,371,895 and incurred plan expenses of \$999,458,975 to produce a fiscal year surplus of \$87,912,920. The PEIA local and state agencies Pay Go premiums for FY 2022 are assumed to be \$180,000,000.

Under the Baseline Scenario, FY 2022 is projected to end with a reserve of \$436,987,059 and the FY 2022 PEIA/RHBT combined, projected plan expenditures of \$1,218,744,093, which represents 36% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$165,288,943. This reserve is comprised of 15% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending reserve is expected to increase to \$579,351,589 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$288,634,722.

LITIGATION

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

SUMMARY

With projected changes to the plan as adopted by the PEIA Finance Board, we are forecasting that the plan will meet the minimum 10% reserve target set by West Virginia Statute and the minimum actuarial required reserve target through the projection period ending with the Fiscal Year 2022, using the Baseline assumptions. These projections are based on significant revenue increases as contained in the Financial Plan adopted by the Board in December 2017 and are contingent on legislative approval. These forecasts are based on assumptions including the estimated cost and savings of plan changes, expected trend levels and exposure levels. The continued enrollment changes of the managed care options, changes in physician, ambulatory and hospital provider reimbursement, possible changes in methodology of managed care premium calculation, and changes in the prescription drugs program, can be expected to further exacerbate the difficulty of projecting future medical and drugs claim levels and lags. These projections do not incorporate any anticipated effects of national or state health care reform, such as universal health insurance initiatives and Medicaid reform. As such, actual results deviating from those amounts projected in these pages should not be unexpected. With the legislatively mandated requirement of a five-year projection, it should be assumed that constant modifications would be required.

**APPENDIX - BASELINE SCENARIO
PEIA - ACTIVE LOCAL AND STATE**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2018**

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 95,851,385	\$ 339,934,189	\$ 435,785,575
Employer Premiums - MCO	4,618,117	35,099,515	39,717,632
Employee Premiums - PPB	-	114,624,255	114,624,255
Employee Premiums - MCO	-	12,400,345	12,400,345
WV RHBT Pay Go Premiums	20,833,821	132,252,969	153,086,790
Life Insurance	199,239	1,134,082	1,333,321
Direct Transfers	-	10,000,000	10,000,000
Investment Income	2,478,119	8,180,842	10,658,961
Litigation Settlement	-	-	-
COBRA Premiums	486,101	2,018,374	2,504,475
Administrative Fees	717,981	3,978,119	4,696,100
Total Revenue	\$ 125,184,764	\$ 659,622,690	\$ 784,807,454
<u>Program Expenses</u>			
Medical Claims	\$ 65,433,366	\$ 317,761,521	\$ 383,194,887
Prescription Drug Claims	23,130,458	113,401,241	136,531,699
Managed Care Capitations	3,866,669	39,349,312	43,215,981
Administration	2,372,675	13,505,396	15,878,071
Life Insurance	185,083	1,053,503	1,238,586
Wellness	141,959	808,041	950,000
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	49,881	272,706	322,587
Computer Software Reserve	-	-	-
Director's Discretionary Fund	73,667	358,638	432,305
WV RHBT Pay Go Premiums	20,833,821	132,252,969	153,086,790
Total Expenses	\$ 116,087,579	\$ 618,763,327	\$ 734,850,906
Fiscal Year Results	\$ 9,097,185	\$ 40,859,363	\$ 49,956,548
Beginning Plan Reserve	37,838,456	111,205,735	149,044,191
Ending Plan Reserve	\$ 46,935,640	\$ 152,065,098	\$ 199,000,739
Reserve as a Percent of Expenses			24%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 6,600,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ -	Active Local	7.5%	11.5%
Direct Transfers	\$ 10,000,000	State	7.5%	11.5%
		Capitations		3.6%
		Administrative Expense		14.1%

**APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2018**

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 95,851,385	\$ -	\$ 95,851,385
Employer Premiums - MCO	4,618,117	-	4,618,117
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	20,833,821		20,833,821
Life Insurance	199,239		199,239
Direct Transfers	-		-
Investment Income	2,478,119		2,478,119
Litigation Settlement	-		-
COBRA Premiums	486,101		486,101
Administrative Fees	717,981		717,981
Total Revenue	\$ 125,184,764	\$ -	\$ 125,184,764
<u>Program Expenses</u>			
Medical Claims	\$ 70,993,366	\$ (5,560,000)	\$ 65,433,366
Prescription Drug Claims	24,744,458	\$ (1,614,000)	23,130,458
Managed Care Capitations	3,866,669		3,866,669
Administration	2,372,675		2,372,675
Life Insurance	185,083		185,083
Wellness	141,959		141,959
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	49,881		49,881
Computer Software Reserve	-		-
Director's Discretionary Fund	73,667		73,667
WV RHBT Pay Go Premiums	20,833,821		20,833,821
Total Expenses	\$ 123,261,579	\$ (7,174,000)	\$ 116,087,579
Fiscal Year Results	\$ 1,923,185		\$ 9,097,185
Beginning Plan Reserve	37,838,456		37,838,456
Ending Plan Reserve	\$ 39,761,641		\$ 46,935,641
Reserve as a Percent of Expenses			34%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 6,600,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	7.5%	11.5%
		Capitations		3.6%
		Administrative Expense		14.1%

**APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2018**

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 339,934,189	\$ -	\$ 339,934,189
Employer Premiums - MCO	35,099,515	-	35,099,515
Employee Premiums - PPB	114,624,255	-	114,624,255
Employee Premiums - MCO	12,400,345	-	12,400,345
WV RHBT Pay Go Premiums	132,252,969		132,252,969
Life Insurance	1,134,082		1,134,082
Direct Transfers	10,000,000		10,000,000
Investment Income	8,180,842		8,180,842
Litigation Settlement	-		-
COBRA Premiums	2,018,374		2,018,374
Administrative Fees	3,978,119		3,978,119
Total Revenue	\$ 659,622,690	\$ -	\$ 659,622,690
<u>Program Expenses</u>			
Medical Claims	\$ 341,648,521	\$ (23,887,000)	\$ 317,761,521
Prescription Drug Claims	121,279,241	\$ (7,878,000)	113,401,241
Managed Care Capitations	39,349,312		39,349,312
Administration	13,505,396		13,505,396
Life Insurance	1,053,503		1,053,503
Wellness	808,041		808,041
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	272,706		272,706
Computer Software Reserve	-		-
Director's Discretionary Fund	358,638		358,638
WV RHBT Pay Go Premiums	132,252,969		132,252,969
Total Expenses	\$ 650,528,327	\$ (31,765,000)	\$ 618,763,327
Fiscal Year Results	\$ 9,094,363		\$ 40,859,363
Beginning Plan Reserve	111,205,735		111,205,735
Ending Plan Reserve	\$ 120,300,098		\$ 152,065,098
Reserve as a Percent of Expenses			22%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ 10,000,000	State	7.5%	11.5%
		Capitations		3.6%
		Administrative Expense		14.1%

**APPENDIX - BASELINE SCENARIO
PEIA - ACTIVE LOCAL AND STATE**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2019**

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 94,917,040	\$ 347,344,391	\$ 442,261,431
Employer Premiums - MCO	4,598,864	35,729,702	40,328,566
Employee Premiums - PPB	-	114,624,255	114,624,255
Employee Premiums - MCO	-	12,400,345	12,400,345
WV RHBT Pay Go Premiums	27,554,451	126,445,549	154,000,000
Life Insurance	209,201	1,190,786	1,399,987
Direct Transfers	-	31,000,000	31,000,000
Investment Income	2,268,992	7,970,090	10,239,082
Litigation Settlement	-	-	-
COBRA Premiums	481,487	2,050,698	2,532,185
Administrative Fees	717,981	3,978,119	4,696,100
Total Revenue	\$ 130,748,016	\$ 682,733,935	\$ 813,481,951
<u>Program Expenses</u>			
Medical Claims	\$ 70,332,769	\$ 338,155,496	\$ 408,488,265
Prescription Drug Claims	25,785,985	125,170,363	150,956,348
Managed Care Capitations	4,098,670	41,710,271	45,808,941
Administration	2,492,694	14,188,550	16,681,244
Life Insurance	194,337	1,106,179	1,300,516
Wellness	156,155	888,845	1,045,000
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	48,781	271,780	320,561
Computer Software Reserve	-	-	-
Director's Discretionary Fund	298,824	1,440,434	1,739,258
WV RHBT Pay Go Premiums	27,554,451	126,445,549	154,000,000
Total Expenses	\$ 130,962,666	\$ 649,377,468	\$ 780,340,133
Fiscal Year Results	\$ (214,650)	\$ 33,356,467	\$ 33,141,818
Beginning Plan Reserve	46,935,640	152,065,098	199,000,739
Ending Plan Reserve	\$ 46,720,991	\$ 185,421,566	\$ 232,142,557
Reserve as a Percent of Expenses			26%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 8,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ -	Active Local	8.0%	12.0%
Direct Transfers	\$ 31,000,000	State	8.0%	12.0%
		Capitations		6.0%
		Administrative Expense		3.0%

**APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2019**

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 94,917,040	\$ -	\$ 94,917,040
Employer Premiums - MCO	4,598,864	-	4,598,864
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	27,554,451		27,554,451
Life Insurance	209,201		209,201
Direct Transfers	-		-
Investment Income	2,268,992		2,268,992
Litigation Settlement	-		-
COBRA Premiums	481,487		481,487
Administrative Fees	717,981		717,981
Total Revenue	\$ 130,748,016	\$ -	\$ 130,748,016
<u>Program Expenses</u>			
Medical Claims	\$ 70,332,769	\$ -	\$ 70,332,769
Prescription Drug Claims	25,785,985	\$ -	25,785,985
Managed Care Capitations	4,098,670		4,098,670
Administration	2,492,694		2,492,694
Life Insurance	194,337		194,337
Wellness	156,155		156,155
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	48,781		48,781
Computer Software Reserve	-		-
Director's Discretionary Fund	298,824		298,824
WV RHBT Pay Go Premiums	27,554,451		27,554,451
Total Expenses	\$ 130,962,666	\$ -	\$ 130,962,666
Fiscal Year Results	\$ (214,650)		\$ (214,650)
Beginning Plan Reserve	46,935,640		46,935,640
Ending Plan Reserve	\$ 46,720,990		\$ 46,720,990
Reserve as a Percent of Expenses			31%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ -	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		Local	8.0%
			<u>Drugs</u>
		Capitations	6.0%
		Administrative Expense	3.0%

**APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2019**

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 340,089,560	\$ 7,254,831	\$ 347,344,391
Employer Premiums - MCO	34,984,533	745,169	35,729,702
Employee Premiums - PPB	114,624,255	-	114,624,255
Employee Premiums - MCO	12,400,345	-	12,400,345
WV RHBT Pay Go Premiums	126,445,549		126,445,549
Life Insurance	1,190,786		1,190,786
Direct Transfers	10,000,000	21,000,000	31,000,000
Investment Income	7,970,090		7,970,090
Litigation Settlement	-		-
COBRA Premiums	2,050,698		2,050,698
Administrative Fees	3,978,119		3,978,119
Total Revenue	\$ 653,733,935	\$ 29,000,000	\$ 682,733,935
<u>Program Expenses</u>			
Medical Claims	\$ 338,155,496	\$ -	\$ 338,155,496
Prescription Drug Claims	125,170,363	\$ -	125,170,363
Managed Care Capitations	41,710,271		41,710,271
Administration	14,188,550		14,188,550
Life Insurance	1,106,179		1,106,179
Wellness	888,845		888,845
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	271,780		271,780
Computer Software Reserve	-		-
Director's Discretionary Fund	1,440,434		1,440,434
WV RHBT Pay Go Premiums	126,445,549		126,445,549
Total Expenses	\$ 649,377,467	\$ -	\$ 649,377,467
Fiscal Year Results	\$ 4,356,468		\$ 33,356,468
Beginning Plan Reserve	152,065,098		152,065,098
Ending Plan Reserve	\$ 156,421,566		\$ 185,421,566
Reserve as a Percent of Expenses			25%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 8,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ 31,000,000	State	8.0%	12.0%
		Capitations		6.0%
		Administrative Expense		3.0%

**APPENDIX - BASELINE SCENARIO
PEIA - ACTIVE LOCAL AND STATE**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2020**

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 111,390,729	\$ 393,327,761	\$ 504,718,490
Employer Premiums - MCO	5,416,904	40,454,603	45,871,507
Employee Premiums - PPB	-	127,077,076	127,077,076
Employee Premiums - MCO	-	13,747,524	13,747,524
WV RHBT Pay Go Premiums	29,262,722	130,737,278	160,000,000
Life Insurance	219,661	1,250,325	1,469,986
Direct Transfers	-	10,000,000	10,000,000
Investment Income	2,303,453	9,511,997	11,815,450
Litigation Settlement	-	-	-
COBRA Premiums	565,149	2,310,034	2,875,183
Administrative Fees	717,981	3,978,119	4,696,100
Total Revenue	\$ 149,876,599	\$ 732,394,717	\$ 882,271,316
<u>Program Expenses</u>			
Medical Claims	\$ 76,151,980	\$ 366,133,897	\$ 442,285,877
Prescription Drug Claims	28,951,302	140,535,449	169,486,750
Managed Care Capitations	4,344,590	44,212,887	48,557,477
Administration	2,567,475	14,614,207	17,181,682
Life Insurance	204,054	1,161,488	1,365,542
Wellness	163,963	933,287	1,097,250
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Computer Software Reserve	-	-	-
Director's Discretionary Fund	298,406	1,438,518	1,736,924
WV RHBT Pay Go Premiums	29,262,722	130,737,278	160,000,000
Total Expenses	\$ 141,944,492	\$ 699,767,011	\$ 841,711,502
Fiscal Year Results	\$ 7,932,107	\$ 32,627,706	\$ 40,559,814
Beginning Plan Reserve	46,720,991	185,421,566	232,142,557
Ending Plan Reserve	\$ 54,653,098	\$ 218,049,272	\$ 272,702,370
Reserve as a Percent of Expenses			28%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 55,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 19,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 13,800,000	Active Local	8.5%	12.5%
Direct Transfers	\$ 10,000,000	State	8.5%	12.5%
		Capitations		6.0%
		Administrative Expense		3.0%

**APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2020**

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 93,301,133	\$ 18,089,596	\$ 111,390,729
Employer Premiums - MCO	4,506,500	910,404	5,416,904
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	29,262,722		29,262,722
Life Insurance	219,661		219,661
Direct Transfers	-		-
Investment Income	2,303,453		2,303,453
Litigation Settlement	-		-
COBRA Premiums	565,149		565,149
Administrative Fees	717,981		717,981
Total Revenue	\$ 130,876,599	\$ 19,000,000	\$ 149,876,599
<u>Program Expenses</u>			
Medical Claims	\$ 76,151,980		\$ 76,151,980
Prescription Drug Claims	28,951,302		28,951,302
Managed Care Capitations	4,344,590		4,344,590
Administration	2,567,475		2,567,475
Life Insurance	204,054		204,054
Wellness	163,963		163,963
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	298,406		298,406
WV RHBT Pay Go Premiums	29,262,722		29,262,722
Total Expenses	\$ 141,944,492	\$ -	\$ 141,944,492
Fiscal Year Results	\$ (11,067,893)		\$ 7,932,107
Beginning Plan Reserve	46,720,991		46,720,991
Ending Plan Reserve	\$ 35,653,098		\$ 54,653,098
Reserve as a Percent of Expenses			33%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 19,000,000	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		Local	8.5%
			<u>Drugs</u>
		Capitations	6.0%
		Administrative Expense	3.0%

**APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2020**

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 343,450,795	\$ 49,876,966	\$ 393,327,761
Employer Premiums - MCO	35,331,569	5,123,034	40,454,603
Employee Premiums - PPB	114,624,254	12,452,822	127,077,076
Employee Premiums - MCO	12,400,346	1,347,178	13,747,524
WV RHBT Pay Go Premiums	130,737,278		130,737,278
Life Insurance	1,250,325		1,250,325
Direct Transfers	10,000,000		10,000,000
Investment Income	9,511,997		9,511,997
Litigation Settlement	-		-
COBRA Premiums	2,310,034		2,310,034
Administrative Fees	3,978,119		3,978,119
Total Revenue	\$ 663,594,717	\$ 68,800,000	\$ 732,394,717
<u>Program Expenses</u>			
Medical Claims	\$ 366,133,897		\$ 366,133,897
Prescription Drug Claims	140,535,449		140,535,449
Managed Care Capitations	44,212,887		44,212,887
Administration	14,614,207		14,614,207
Life Insurance	1,161,488		1,161,488
Wellness	933,287		933,287
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	1,438,518		1,438,518
WV RHBT Pay Go Premiums	130,737,278		130,737,278
Total Expenses	\$ 699,767,011	\$ -	\$ 699,767,011
Fiscal Year Results	\$ (36,172,294)		\$ 32,627,706
Beginning Plan Reserve	185,421,566		185,421,566
Ending Plan Reserve	\$ 149,249,272		\$ 218,049,272
Reserve as a Percent of Expenses			26%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 55,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 13,800,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ 10,000,000	State	8.5%	12.5%
		Capitations		6.0%
		Administrative Expense		3.0%

**APPENDIX - BASELINE SCENARIO
PEIA - ACTIVE LOCAL AND STATE**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2021**

PERIOD 7/1/2020 - 6/30/2021

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 128,599,304	\$ 456,751,295	\$ 585,350,599
Employer Premiums - MCO	6,267,193	46,972,205	53,239,398
Employee Premiums - PPB	-	144,583,217	144,583,217
Employee Premiums - MCO	-	15,641,383	15,641,383
WV RHBT Pay Go Premiums	31,703,858	138,296,142	170,000,000
Life Insurance	230,645	1,312,841	1,543,486
Direct Transfers	-	-	-
Investment Income	2,668,517	11,047,597	13,716,114
Litigation Settlement	-	-	-
COBRA Premiums	652,523	2,669,203	3,321,726
Administrative Fees	717,981	3,978,119	4,696,100
Total Revenue	\$ 170,840,021	\$ 821,252,002	\$ 992,092,023
<u>Program Expenses</u>			
Medical Claims	\$ 82,833,569	\$ 398,258,554	\$ 481,092,124
Prescription Drug Claims	32,649,982	158,489,588	191,139,569
Managed Care Capitations	4,605,265	46,865,661	51,470,926
Administration	2,644,499	15,052,633	17,697,132
Life Insurance	214,257	1,219,562	1,433,819
Wellness	172,161	979,951	1,152,112
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Computer Software Reserve	-	-	-
Director's Discretionary Fund	297,984	1,436,588	1,734,572
WV RHBT Pay Go Premiums	31,703,858	138,296,142	170,000,000
Total Expenses	\$ 155,121,576	\$ 760,598,679	\$ 915,720,254
Fiscal Year Results	\$ 15,718,445	\$ 60,653,323	\$ 76,371,769
Beginning Plan Reserve	54,653,098	218,049,272	272,702,370
Ending Plan Reserve	\$ 70,371,544	\$ 278,702,595	\$ 349,074,139
Reserve as a Percent of Expenses			32%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 77,500,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 20,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 19,400,000	Active Local	9.0%	13.0%
Direct Transfers	\$ -	State	9.0%	13.0%
		Capitations		6.0%
		Administrative Expense		3.0%

**APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2021**

PERIOD 7/1/2020 - 6/30/2021

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 109,081,582	\$ 19,517,722	\$ 128,599,304
Employer Premiums - MCO	5,284,915	982,278	6,267,193
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	31,703,858		31,703,858
Life Insurance	230,645		230,645
Direct Transfers	-		-
Investment Income	2,668,517		2,668,517
Litigation Settlement	-		-
COBRA Premiums	652,523		652,523
Administrative Fees	717,981		717,981
Total Revenue	\$ 150,340,021	\$ 20,500,000	\$ 170,840,021
<u>Program Expenses</u>			
Medical Claims	\$ 82,833,569		\$ 82,833,569
Prescription Drug Claims	32,649,982		32,649,982
Managed Care Capitations	4,605,265		4,605,265
Administration	2,644,499		2,644,499
Life Insurance	214,257		214,257
Wellness	172,161		172,161
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	297,984		297,984
WV RHBT Pay Go Premiums	31,703,858		31,703,858
Total Expenses	\$ 155,121,575	\$ -	\$ 155,121,575
Fiscal Year Results	\$ (4,781,554)		\$ 15,718,446
Beginning Plan Reserve	54,653,098		54,653,098
Ending Plan Reserve	\$ 49,871,544		\$ 70,371,544
Reserve as a Percent of Expenses			38%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 20,500,000	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		Local	9.0%
			<u>Drugs</u>
		Capitations	6.0%
		Administrative Expense	3.0%

**APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2021**

PERIOD 7/1/2020 - 6/30/2021

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 386,470,115	\$ 70,281,180	\$ 456,751,295
Employer Premiums - MCO	39,753,385	7,218,820	46,972,205
Employee Premiums - PPB	127,077,076	17,506,141	144,583,217
Employee Premiums - MCO	13,747,524	1,893,859	15,641,383
WV RHBT Pay Go Premiums	138,296,142		138,296,142
Life Insurance	1,312,841		1,312,841
Direct Transfers	-		-
Investment Income	11,047,597		11,047,597
Litigation Settlement	-		-
COBRA Premiums	2,669,203		2,669,203
Administrative Fees	3,978,119		3,978,119
Total Revenue	\$ 724,352,002	\$ 96,900,000	\$ 821,252,002
<u>Program Expenses</u>			
Medical Claims	\$ 398,258,554		\$ 398,258,554
Prescription Drug Claims	158,489,588		158,489,588
Managed Care Capitations	46,865,661		46,865,661
Administration	15,052,633		15,052,633
Life Insurance	1,219,562		1,219,562
Wellness	979,951		979,951
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	1,436,588		1,436,588
WV RHBT Pay Go Premiums	138,296,142		138,296,142
Total Expenses	\$ 760,598,679	\$ -	\$ 760,598,679
Fiscal Year Results	\$ (36,246,677)		\$ 60,653,323
Beginning Plan Reserve	218,049,272		218,049,272
Ending Plan Reserve	\$ 181,802,595		\$ 278,702,595
Reserve as a Percent of Expenses			31%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 77,500,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 19,400,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ -	State	9.0%	13.0%
		Capitations		6.0%
		Administrative Expense		3.0%

**APPENDIX - BASELINE SCENARIO
PEIA - ACTIVE LOCAL AND STATE**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2022**

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 141,763,910	\$ 504,530,878	\$ 646,294,788
Employer Premiums - MCO	6,912,348	51,882,860	58,795,209
Employee Premiums - PPB	-	158,118,893	158,118,893
Employee Premiums - MCO	-	17,105,707	17,105,707
WV RHBT Pay Go Premiums	34,394,097	145,605,903	180,000,000
Life Insurance	242,177	1,378,483	1,620,660
Direct Transfers	-	-	-
Investment Income	3,350,287	13,729,581	17,079,868
Litigation Settlement	-	-	-
COBRA Premiums	719,339	2,941,331	3,660,670
Administrative Fees	717,981	3,978,119	4,696,100
Total Revenue	\$ 188,100,139	\$ 899,271,756	\$ 1,087,371,895
<u>Program Expenses</u>			
Medical Claims	\$ 90,515,729	\$ 435,193,889	\$ 525,709,618
Prescription Drug Claims	36,984,498	179,530,201	216,514,699
Managed Care Capitations	4,881,581	49,677,600	54,559,181
Administration	2,723,834	15,504,212	18,228,046
Life Insurance	224,970	1,280,540	1,505,510
Wellness	180,769	1,028,949	1,209,718
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Computer Software Reserve	-	-	-
Director's Discretionary Fund	297,560	1,434,643	1,732,203
WV RHBT Pay Go Premiums	34,394,097	145,605,903	180,000,000
Total Expenses	\$ 170,203,037	\$ 829,255,938	\$ 999,458,975
Fiscal Year Results	\$ 17,897,102	\$ 70,015,818	\$ 87,912,920
Beginning Plan Reserve	70,371,544	278,702,595	349,074,139
Ending Plan Reserve	\$ 88,268,646	\$ 348,718,413	\$ 436,987,059
Reserve as a Percent of Expenses			36%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 60,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 16,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 15,000,000	Active Local	9.5%	13.5%
Direct Transfers	\$ -	State	9.5%	13.5%
		Capitations		6.0%
		Administrative Expense		3.0%

**APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2022**

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 126,054,524	\$ 15,709,386	\$ 141,763,910
Employer Premiums - MCO	6,121,734	790,614	6,912,348
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	34,394,097		34,394,097
Life Insurance	242,177		242,177
Direct Transfers	-		-
Investment Income	3,350,287		3,350,287
Litigation Settlement	-		-
COBRA Premiums	719,339		719,339
Administrative Fees	717,981		717,981
Total Revenue	\$ 171,600,139	\$ 16,500,000	\$ 188,100,139
<u>Program Expenses</u>			
Medical Claims	\$ 90,515,729		\$ 90,515,729
Prescription Drug Claims	36,984,498		36,984,498
Managed Care Capitations	4,881,581		4,881,581
Administration	2,723,834		2,723,834
Life Insurance	224,970		224,970
Wellness	180,769		180,769
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	297,560		297,560
WV RHBT Pay Go Premiums	34,394,097		34,394,097
Total Expenses	\$ 170,203,038	\$ -	\$ 170,203,038
Fiscal Year Results	\$ 1,397,101		\$ 17,897,101
Beginning Plan Reserve	70,371,544		70,371,544
Ending Plan Reserve	\$ 71,768,645		\$ 88,268,645
Reserve as a Percent of Expenses			43%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 16,500,000	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		Local	9.5%
			<u>Drugs</u>
		Capitations	6.0%
		Administrative Expense	3.0%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2022

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 450,119,642	\$ 54,411,236	\$ 504,530,878
Employer Premiums - MCO	46,294,096	5,588,764	51,882,860
Employee Premiums - PPB	144,583,217	13,535,676	158,118,893
Employee Premiums - MCO	15,641,383	1,464,324	17,105,707
WV RHBT Pay Go Premiums	145,605,903		145,605,903
Life Insurance	1,378,483		1,378,483
Direct Transfers	-		-
Investment Income	13,729,581		13,729,581
Litigation Settlement	-		-
COBRA Premiums	2,941,331		2,941,331
Administrative Fees	3,978,119		3,978,119
Total Revenue	\$ 824,271,756	\$ 75,000,000	\$ 899,271,756
<u>Program Expenses</u>			
Medical Claims	\$ 435,193,889		\$ 435,193,889
Prescription Drug Claims	179,530,201		179,530,201
Managed Care Capitations	49,677,600		49,677,600
Administration	15,504,212		15,504,212
Life Insurance	1,280,540		1,280,540
Wellness	1,028,949		1,028,949
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	1,434,643		1,434,643
WV RHBT Pay Go Premiums	145,605,903		145,605,903
Total Expenses	\$ 829,255,937	\$ -	\$ 829,255,937
Fiscal Year Results	\$ (4,984,181)		\$ 70,015,819
Beginning Plan Reserve	278,702,595		278,702,595
Ending Plan Reserve	\$ 273,718,414		\$ 348,718,414
Reserve as a Percent of Expenses			34%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 60,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 15,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ -	State	9.5%	13.5%
		Capitations		6.0%
		Administrative Expense		3.0%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2017 to FY 2018**

Fiscal Year 2017												
Exposure	<u>Jul-16</u>	<u>Aug-16</u>	<u>Sep-16</u>	<u>Oct-16</u>	<u>Nov-16</u>	<u>Dec-16</u>	<u>Jan-17</u>	<u>Feb-17</u>	<u>Mar-17</u>	<u>Apr-17</u>	<u>May-17</u>	<u>Jun-17</u>
Local Medical	25,684	25,659	25,660	25,722	25,661	25,642	25,521	25,719	25,768	25,727	25,636	25,574
State Medical	127,982	126,855	126,815	127,206	126,991	126,883	126,364	126,394	126,242	126,016	125,897	125,335
Local Drugs	25,684	25,659	25,660	25,722	25,661	25,642	25,521	25,719	25,768	25,727	25,636	25,574
State Drugs	127,982	126,855	126,815	127,206	126,991	126,883	126,364	126,394	126,242	126,016	125,897	125,335
	<u>Jul-16</u>	<u>Aug-16</u>	<u>Sep-16</u>	<u>Oct-16</u>	<u>Nov-16</u>	<u>Dec-16</u>	<u>Jan-17</u>	<u>Feb-17</u>	<u>Mar-17</u>	<u>Apr-17</u>	<u>May-17</u>	<u>Jun-17</u>
Local Medical	\$166.87	\$186.41	\$187.16	\$203.12	\$213.03	\$228.55	\$254.63	\$227.63	\$237.11	\$236.62	\$239.91	\$253.02
State Medical	172.97	224.80	192.33	206.67	201.96	195.25	222.01	207.00	244.25	243.50	250.71	266.41
Local Drugs	58.50	79.13	75.74	87.55	86.05	91.64	93.42	90.51	107.90	100.20	109.29	109.46
State Drugs	<u>63.88</u>	<u>83.10</u>	<u>80.90</u>	<u>90.64</u>	<u>91.96</u>	<u>95.12</u>	<u>99.64</u>	<u>97.43</u>	<u>110.61</u>	<u>100.79</u>	<u>109.24</u>	<u>114.16</u>
Total	\$462.22	\$573.43	\$536.14	\$587.98	\$593.00	\$610.56	\$669.69	\$622.57	\$699.88	\$681.11	\$709.15	\$743.04
Change From Prior Year - Month to Month Analysis												
Local Medical	2.8%	7.8%	-2.2%	10.9%	11.8%	14.3%	29.9%	-2.7%	-13.0%	-14.6%	-5.1%	-7.8%
State Medical	-7.0%	16.2%	-10.0%	-10.5%	-4.8%	-9.0%	3.9%	-4.9%	-2.0%	0.4%	-0.8%	-2.5%
Local Drugs	3.7%	20.1%	9.0%	18.1%	18.8%	15.8%	22.0%	13.7%	26.3%	22.6%	27.7%	25.2%
State Drugs	<u>2.5%</u>	<u>16.9%</u>	<u>9.2%</u>	<u>15.7%</u>	<u>17.0%</u>	<u>12.0%</u>	<u>21.2%</u>	<u>17.1%</u>	<u>20.2%</u>	<u>16.6%</u>	<u>20.4%</u>	<u>15.8%</u>
Total	-1.0%	13.9%	-2.3%	3.8%	7.1%	5.5%	17.8%	1.3%	0.1%	-1.0%	4.0%	1.3%
Change From Prior Year - Quarter to Quarter Analysis												
Local Medical			2.6%			12.4%			2.4%			-9.3%
State Medical			-0.5%			-8.2%			-1.1%			-1.0%
Local Drugs			11.2%			17.5%			20.8%			25.2%
State Drugs			<u>9.8%</u>			<u>14.8%</u>			<u>19.5%</u>			<u>17.6%</u>
Total			3.5%			5.5%			5.8%			1.4%
Change From Prior Year - Year to Year Analysis												
Local Medical			5.2%			11.7%			9.6%			1.0%
State Medical			3.0%			0.3%			-0.8%			-2.7%
Local Drugs			3.2%			7.4%			12.0%			19.2%
State Drugs			<u>5.3%</u>			<u>8.0%</u>			<u>12.0%</u>			<u>15.8%</u>
Total			4.1%			6.3%			6.3%			4.0%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2017 to FY 2018**

Fiscal Year 2018											
Exposure	<u>Jul-17</u>	<u>Aug-17</u>	<u>Sep-17</u>	<u>Oct-17</u>	<u>Nov-17</u>	<u>Dec-17</u>	<u>Jan-18</u>	<u>Feb-18</u>	<u>Mar-18</u>	<u>Apr-18</u>	<u>May-18</u>
Local Medical	25,740	25,586	25,604	25,583	25,558	25,466	25,575	25,507	25,557	25,560	25,510
State Medical	124,443	123,087	122,276	122,287	122,223	122,170	121,909	121,742	121,432	121,040	120,778
Local Drugs	25,740	25,586	25,604	25,583	25,558	25,466	25,575	25,507	25,557	25,560	25,510
State Drugs	124,443	123,087	122,276	122,287	122,223	122,170	121,909	121,742	121,432	121,040	120,778
Local Medical	<u>\$153.64</u>	<u>\$184.61</u>	<u>\$180.83</u>	<u>\$214.24</u>	<u>\$203.14</u>	<u>\$175.71</u>	<u>\$218.23</u>	<u>\$219.82</u>	<u>\$224.76</u>	<u>\$254.48</u>	<u>\$247.75</u>
State Medical	176.70	190.99	186.86	199.33	208.00	192.85	223.35	205.68	233.34	242.42	246.61
Local Drugs	116.05	98.87	77.36	119.83	88.80	88.82	112.53	82.72	90.97	100.91	108.84
State Drugs	<u>118.73</u>	<u>100.24</u>	<u>80.57</u>	<u>122.04</u>	<u>88.27</u>	<u>86.40</u>	<u>114.98</u>	<u>89.23</u>	<u>97.94</u>	<u>104.42</u>	<u>114.15</u>
Total	\$565.13	\$574.71	\$525.62	\$655.44	\$588.21	\$543.78	\$669.09	\$597.45	\$647.02	\$702.23	\$717.35
Change From Prior Year - Month to Month Analysis											
Local Medical	-7.9%	-1.0%	-3.4%	5.5%	-4.6%	-23.1%	-14.3%	-3.4%	-5.2%	7.5%	3.3%
State Medical	2.2%	-15.0%	-2.8%	-3.6%	3.0%	-1.2%	0.6%	-0.6%	-4.5%	-0.4%	-1.6%
Local Drugs	98.4%	25.0%	2.1%	36.9%	3.2%	-3.1%	20.5%	-8.6%	-15.7%	0.7%	-0.4%
State Drugs	<u>85.9%</u>	<u>20.6%</u>	<u>-0.4%</u>	<u>34.6%</u>	<u>-4.0%</u>	<u>-9.2%</u>	<u>15.4%</u>	<u>-8.4%</u>	<u>-11.5%</u>	<u>3.6%</u>	<u>4.5%</u>
Total	22.3%	0.2%	-2.0%	11.5%	-0.8%	-10.9%	-0.1%	-4.0%	-7.6%	3.1%	1.2%
Change From Prior Year - Quarter to Quarter Analysis											
Local Medical			-4.0%			-8.0%			-7.9%		
State Medical			-6.0%			-0.6%			-1.6%		
Local Drugs			37.0%			12.1%			-1.9%		
State Drugs			<u>31.4%</u>			<u>6.8%</u>			<u>-1.8%</u>		
Total			6.0%			-0.2%			-3.9%		
Change From Prior Year - Year to Year Analysis											
Local Medical			-0.3%			-4.9%			-7.5%		
State Medical			-3.9%			-2.1%			-2.2%		
Local Drugs			24.9%			23.1%			16.6%		
State Drugs			<u>20.6%</u>			<u>18.2%</u>			<u>12.3%</u>		
Total			4.5%			3.1%			0.6%		