

STATE OF WEST VIRGINIA



PUBLIC EMPLOYEES INSURANCE AGENCY

Financial Plan

Fiscal Years 2022-2026

Report Date: January 2022



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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 2021 for the fiscal year 2023 (“FY 2023”) and to provide quarterly financial reports for current FY 2022 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 2022 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 2026.

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 2022 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, 2022 (“FY 2022”), June 30, 2023 (“FY 2023”), June 30, 2024 (“FY 2024”), June 30, 2025 (“FY 2025”) and June 30, 2026 (“FY 2026”). Our opinion of plan adequacy is based on the projections through FY 2026 using updated future revenue and plan modifications provided by the Board in the financial plan adopted in December 2021. 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, some PEIA members became eligible for the West Virginia Children Health Insurance Plan effective in Fiscal Year 2016.

In FY 2022 the Pay-Go is equivalent to \$190 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 2021.

This report includes updated claim trend assumptions as recommended in the report titled, “PEIA FY2021 Detailed Medical and Prescription Drugs Claim Trend Report”. In the circumstances and subject to the conditions described herein, we believe the financial plan approved by the Board for FY 2022 through FY 2026 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 2022 based on the scheduled revenue increases of the financial plan approved and amended by the Board in December 2021.

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 2026 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., M.A.A.A.

Managing Partner



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

Principal

West Virginia Public Employees Insurance Agency

Report of Independent Actuary

Financial Plan for FY 2022 – FY 2026

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 November 2021 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 December 2021 enrollment levels for the duration of these forecasts for active employees.

In aggregate, December 2021 enrollment for active employees has decreased by 252 coverages since the end of FY 2021. Aggregate PPB enrollment has decreased by 237 in total over the same period, while managed care enrollment experienced a decrease of 15 coverages.

In the State Fund, the overall active State enrollment decreased by 387 coverages from the end of FY 2021 to December 2021. And in the Local Fund, the overall active Local enrollment increased by 135 coverages from the end of FY 2021 to December 2021.

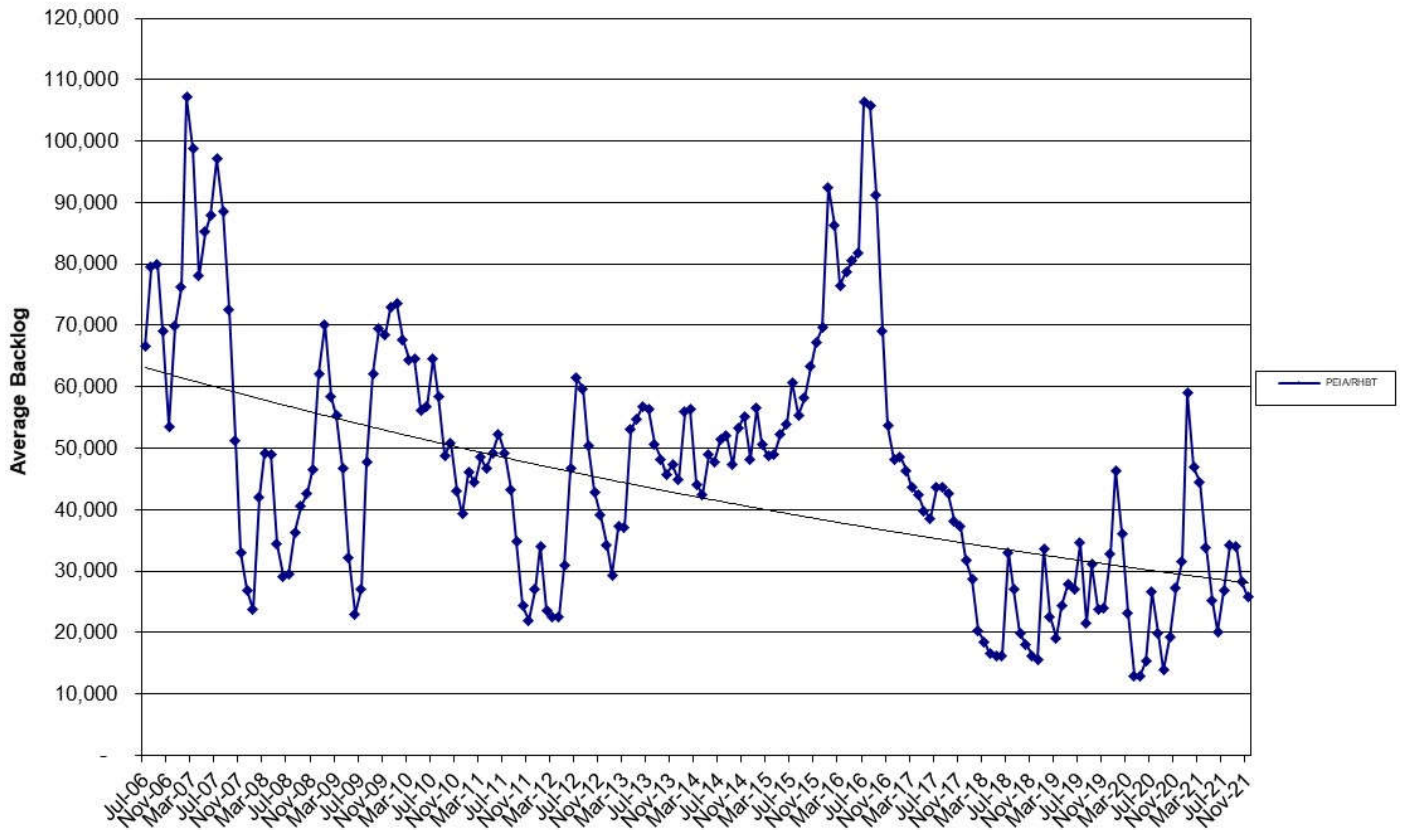
The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2020, June 2021, and December 2021 for purposes of comparison:

PEIA Fund	Coverage	Preferred Provider Benefit			Managed Care		
		Jun-20	Jun-21	Dec-21	Jun-20	Jun-21	Dec-21
State Active	Single	21,654	21,489	21,387	2,428	2,465	2,425
	Children	6,036	5,918	5,796	660	683	685
	Family	27,002	26,905	26,771	2,773	2,775	2,784
	Total	54,692	54,312	53,954	5,861	5,923	5,894
Local Active	Single	6,052	6,771	6,826	421	452	448
	Children	1,084	1,304	1,358	99	104	105
	Family	5,720	6,581	6,593	194	213	230
	Total	12,856	14,656	14,777	714	769	783
Plan Total		67,548	68,968	68,731	6,575	6,692	6,677
Grand Total					74,123	75,660	75,408

B. Changes in Claim Backlog

It should be noted that on July 1, 2006, all retirees were transferred to the RHBT. The graph below has not been adjusted to reflect the smaller risk pool for the active plan. The graph illustrates that the duration of claim payments has been gradually declining for the self-insured block of non-Medicare coverages. Backlog has shown a negative trend since July 2006, with large fluctuations. However, there has been a sharp downward trend since the beginning of FY 2017.

WV PEIA&RHBT Claim Backlog July 2006 through November 2021



C. Trend Analysis

PEIA experienced a low medical trend and a high prescription drugs trend in FY 2021, and over the past few years, total trends have been beneficial to the plan. Continuing Care Actuaries performed the detailed medical and prescription drugs trend analysis in the report titled, “PEIA FY2021 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 2022 medical claim trend is 6.0%, the gross prescription drugs claim trend is 13.5% and the prescription drugs rebate trend is 15.0%.

The current trend projection is shown in the following table:

Claim Type	Previous Assumption FY 2022 Trend	Updated Assumption FY 2022 Trend
Active Local – Medical	6.0%	6.0%
State – Medical	6.0%	6.0%
Active Local – Gross Drugs	13.5%	13.5%
State – Gross Drugs	13.5%	13.5%
Prescription Drugs Rebate	15.0%	15.0%

In the past, claim trends for the financial plan included a 0.5% margin in future years. CCA has assumed the drugs claim trends for the financial projection will increase by 0.5% in FY 2023 and in each successive fiscal year. Medical trends are assumed to increase 1.0% in FY 2023, and then 0.5% thereafter. Additionally, drug rebates have been trending at approximately 30% over the last two years. As a result, CCA has separated net drugs in the financial plan into gross drugs and drug rebate amounts. Drug rebates trends are set at 15% in the financial plan.

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 November 2021. 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	6%	1%	11%	9%	4%
2018	0%	4%	16%	15%	7%
2019	8%	8%	15%	16%	10%
2020	-7%	1%	10%	15%	4%
2021	27%	14%	16%	13%	15%
2022*	15%	15%	22%	15%	16%

* Fiscal Year 2022 results are through the first five months ending November 2021.

D. Enrollment, Claim, Expense and Revenue Assumptions

Using PEIA paid claim data through November 2021 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 2022 claims and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

Fiscal Year 2022 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	53,908	\$598	\$167	\$606	\$258	
	<u>Managed Care</u>	<u>5,885</u>	\$601	\$174			\$705
	Total	59,793					
Local	PPB	14,751	\$719	\$0	\$566	\$236	
	<u>Managed Care</u>	<u>785</u>	\$646	\$0			\$519
	Total	15,536					

*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 2021

Source	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
Additional State Employer Revenue	\$0	\$0	\$45,000,000	\$83,000,000	\$73,500,000
Additional Local Agency Revenue	\$0	\$7,500,000	\$18,500,000	\$20,500,000	\$21,500,000
Additional Employee Premium	\$0	\$0	\$11,300,000	\$20,800,000	\$18,400,000
State Direct Transfers (State Budget Appropriations)	\$21,000,000	\$21,000,000	\$21,000,000	\$21,000,000	\$21,000,000
State Direct Transfers (PEIA Rainy Day Fund)	\$0	\$31,000,000	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active State	\$0	\$0	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active Local	\$0	\$0	\$0	\$0	\$0
Pay Go Premium Transfer	\$75,000,000	\$60,000,000	\$20,000,000	\$30,000,000	\$40,000,000

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.

In FY 2022, the ACA PCORI fee is approximately \$2.79 per person per year.

There is a one-time added cost for the Inpatient Medicaid swap discount adjustment. \$4,000,000 has been allocated between PEIA State medical and Local medical claims in FY 2022.

Under the new PBM contract terms effective on July 1, 2022, an estimated gross drug savings of \$9,500,000 has been allocated between PEIA and RHBT drugs claims in FY 2023. Under this contract, an estimated \$9,000,000 of drug rebates have been added to the plan in 2023 as well.

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 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 \$800,154,679 and incurred plan expenses of \$861,718,680 to produce a fiscal year deficit of (\$61,564,001). The PEIA local and state agencies Pay Go premiums for FY 2022 are assumed to be \$75,000,000.

Under the Baseline Scenario, FY 2022 is projected to end with a Total Fund reserve (State, Local and RHBT Reserves) of \$452,081,133 and the FY 2022 PEIA/RHBT combined, projected plan expenditures of \$967,269,378, which represents 47% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$135,846,576. 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 Total Fund reserve is expected to increase to \$460,298,333 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to \$443,909,201.

The State Fund in FY 2022 is projected to end with a reserve of \$146,243,922, which represents 23% of projected expenditures. The projected State Fund reserve meets the minimum actuarial required reserve of \$91,383,746.

The Local Fund in FY 2022 is projected to end with a reserve of \$37,730,707, which represents 25% of projected expenditures. The projected Local Fund reserve meets the minimum actuarial required reserve of \$22,399,564.

FISCAL YEAR 2023 FORECAST

The financial forecast for FY 2023 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2023 projects accrued revenue of \$838,196,358 and incurred plan expenses of \$892,491,803 to produce a fiscal year deficit of (\$54,295,445). The PEIA local and state agencies Pay Go premiums for FY 2023 are assumed to be \$60,000,000.

Under the Baseline Scenario, FY 2023 is projected to end with a Total Fund reserve (State, Local and RHBT Reserves) of \$392,228,693 and the FY 2023 PEIA/RHBT combined, projected plan expenditures of \$999,239,780, which represents 39% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$141,311,212. 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 Total Fund reserve is expected to increase to \$428,557,204 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to \$355,638,875.

The State Fund in FY 2023 is projected to end with a reserve of \$105,948,206, which represents 16% of projected expenditures. The projected State Fund reserve meets the minimum actuarial required reserve of \$96,663,249.

The Local Fund in FY 2023 is projected to end with a reserve of \$23,730,979, which represents 15% of projected expenditures. The projected Local Fund reserve meets the minimum actuarial required reserve of \$23,695,394.

FISCAL YEAR 2024 FORECAST

The financial forecast for FY 2024 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2024 projects accrued revenue of \$880,687,911 and incurred plan expenses of \$925,029,220 to produce a fiscal year deficit of (\$44,341,309). The PEIA local and state agencies Pay Go premiums for FY 2024 are assumed to be \$20,000,000.

Under the Baseline Scenario, FY 2024 is projected to end with a Total Fund reserve (State, Local and RHBT Reserves) of \$289,971,585 and the FY 2024 PEIA/RHBT combined, projected plan expenditures of \$1,088,503,316, which represents 27% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$154,072,873. 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 Total Fund reserve is expected to increase to \$377,383,569 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to \$200,831,229.

The State Fund in FY 2024 is projected to end with a reserve of \$63,491,571, which represents 9% of projected expenditures. The projected State Fund reserve does not meet the minimum actuarial required reserve of \$105,202,971.

The Local Fund in FY 2024 is projected to end with a reserve of \$21,846,305, which represents 12% of projected expenditures. The projected Local Fund reserve does not meet the minimum actuarial required reserve of \$25,808,591.

FISCAL YEAR 2025 FORECAST

The financial forecast for FY 2025 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2025 projects accrued revenue of \$1,004,130,072 and incurred plan expenses of \$1,019,544,742 to produce a fiscal year deficit of (\$15,414,670). The PEIA local and state agencies Pay Go premiums for FY 2025 are assumed to be \$30,000,000.

Under the Baseline Scenario, FY 2025 is projected to end with a Total Fund reserve (State, Local and RHBT Reserves) of \$214,648,514 and the FY 2025 PEIA/RHBT combined, projected plan expenditures of \$1,190,769,832, which represents 18% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$168,798,495. 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 Total Fund reserve is expected to increase to \$381,559,594 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to \$42,313,557.

The State Fund in FY 2025 is projected to end with a reserve of \$48,085,150, which represents 6% of projected expenditures. The projected State Fund reserve does not meet the minimum actuarial required reserve of \$115,168,675.

The Local Fund in FY 2025 is projected to end with a reserve of \$21,838,055, which represents 11% of projected expenditures. The projected Local Fund reserve does not meet the minimum actuarial required reserve of \$28,279,520.

FISCAL YEAR 2026 FORECAST

The financial forecast for FY 2026 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2026 projects accrued revenue of \$1,117,859,028 and incurred plan expenses of \$1,128,348,334 to produce a fiscal year deficit of (\$10,489,306). The PEIA local and state agencies Pay Go premiums for FY 2026 are assumed to be \$40,000,000.

Under the Baseline Scenario, FY 2026 is projected to end with a Total Fund reserve (State, Local and RHBT Reserves) of \$140,831,851 and the FY 2026 PEIA/RHBT combined, projected plan expenditures of \$1,309,071,438, which represents 11% of projected expenditures based on the current reserve methodology. The projected reserve does not meet the minimum actuarial required reserve of \$185,922,043. 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 Total Fund reserve is expected to increase to \$422,344,450 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to (\$153,469,425).

The State Fund in FY 2026 is projected to end with a reserve of \$37,496,745, which represents 4% of projected expenditures. The projected State Fund reserve does not meet the minimum actuarial required reserve of \$126,836,485.

The Local Fund in FY 2026 is projected to end with a reserve of \$21,937,154, which represents 10% of projected expenditures. The projected Local Fund reserve does not meet the minimum actuarial required reserve of \$31,177,714.

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 through the projection period ending with the Fiscal Year 2026. The plan will meet the minimum actuarial required reserve target through 2025. However, in 2026 we are currently projecting that the reserve will be under the minimum actuarial reserve using the baseline assumptions. These projections are based on significant revenue increases and state rainy day fund direct transfers as contained in the financial plan adopted by the Board in December 2021 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 2022**

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 127,240,010	\$ 387,039,083	\$ 514,279,093
Employer Premiums - MCO	6,084,651	42,436,450	48,521,101
Employee Premiums - PPB	-	108,349,781	108,349,781
Employee Premiums - MCO	-	12,265,924	12,265,924
WV RHBT Pay Go Premiums	15,467,566	59,532,434	75,000,000
Life Insurance	445,908	1,865,361	2,311,269
Direct Transfers	-	21,000,000	21,000,000
Investment Income	2,540,217	9,385,287	11,925,504
Litigation Settlement	-	-	-
COBRA Premiums	357,705	1,485,252	1,842,957
Administrative Fees	712,317	3,946,733	4,659,050
Total Revenue	\$ 152,848,374	\$ 647,306,305	\$ 800,154,679
<u>Program Expenses</u>			
Medical Claims	\$ 100,100,865	\$ 392,048,357	\$ 492,149,222
Gross Prescription Drug Claims	63,721,058	254,004,820	317,725,878
Prescription Drug Rebates	(21,860,339)	(87,139,661)	(109,000,000)
Managed Care Capitations	4,893,427	49,798,150	54,691,577
Administration	5,121,618	21,425,176	26,546,794
Life Insurance	406,912	1,702,229	2,109,141
Wellness	82,639	345,701	428,340
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	137,369	576,631	714,000
Director's Discretionary Fund	274,196	1,079,532	1,353,728
WV RHBT Pay Go Premiums	15,467,566	59,532,434	75,000,000
Total Expenses	\$ 168,345,311	\$ 693,373,369	\$ 861,718,680
Fiscal Year Results	\$ (15,496,937)	\$ (46,067,064)	\$ (61,564,001)
Beginning Plan Reserve	53,227,644	192,310,986	245,538,630
Minimum Actuarial Reserve Required	\$ 22,399,564	\$ 91,383,746	\$ 113,783,309
<u>Ending Premium Stabilization Reserve</u>	<u>15,331,144</u>	<u>54,860,176</u>	<u>70,191,319</u>
Ending Plan Reserve	\$ 37,730,707	\$ 146,243,922	\$ 183,974,629
Reserve as a Percent of Expenses			47%

KEY ASSUMPTIONS

		Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employer Premiums	\$ -	Active Local	6.0%	13.5%
Additional Local Agency Revenue	\$ -	State	6.0%	13.5%
Additional State Employee Premiums	\$ -	Prescription Drug Rebates		0.0%
Direct Transfers	\$ 21,000,000	Capitations		1.3%
		Administrative Expense		16.9%

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	\$ 127,240,010	\$ -	\$ 127,240,010
Employer Premiums - MCO	6,084,651	-	6,084,651
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	15,467,566		15,467,566
Life Insurance	445,908		445,908
Direct Transfers	-		-
Investment Income	2,540,217		2,540,217
Litigation Settlement	-		-
COBRA Premiums	357,705		357,705
Administrative Fees	712,317		712,317
Total Revenue	\$ 152,848,374	\$ -	\$ 152,848,374
<u>Program Expenses</u>			
Medical Claims	\$ 100,100,865		\$ 100,100,865
Gross Prescription Drug Claims	63,721,058		63,721,058
Prescription Drug Rebates	(21,860,339)		(21,860,339)
Managed Care Capitations	4,893,427		4,893,427
Administration	5,121,618		5,121,618
Life Insurance	406,912		406,912
Wellness	82,639		82,639
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	137,369		137,369
Director's Discretionary Fund	274,196		274,196
WV RHBT Pay Go Premiums	15,467,566		15,467,566
Total Expenses	\$ 168,345,311	\$ -	\$ 168,345,311
Fiscal Year Results	\$ (15,496,937)		\$ (15,496,937)
Beginning Plan Reserve	53,227,644		53,227,644
Minimum Actuarial Reserve Required	\$ 22,399,564	\$ -	\$ 22,399,564
<u>Ending Premium Stabilization Reserve</u>	<u>15,331,143</u>	<u>-</u>	<u>15,331,143</u>
Ending Plan Reserve	\$ 37,730,707		\$ 37,730,707
Reserve as a Percent of Expenses			25%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ -	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		Local	6.0%
			<u>Gross Drugs</u>
		Prescription Drug Rebates	0.0%
		Capitations	1.3%
		Administrative Expense	16.9%

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	\$ 387,039,083	\$ -	\$ 387,039,083
Employer Premiums - MCO	42,436,450	-	42,436,450
Employee Premiums - PPB	108,349,781	-	108,349,781
Employee Premiums - MCO	12,265,924	-	12,265,924
WV RHBT Pay Go Premiums	59,532,434		59,532,434
Life Insurance	1,865,361		1,865,361
Direct Transfers	21,000,000		21,000,000
Investment Income	9,385,287		9,385,287
Litigation Settlement	-		-
COBRA Premiums	1,485,252		1,485,252
Administrative Fees	3,946,733		3,946,733
Total Revenue	\$ 647,306,305	\$ -	\$ 647,306,305
<u>Program Expenses</u>			
Medical Claims	\$ 392,048,357		\$ 392,048,357
Gross Prescription Drug Claims	254,004,820		254,004,820
Prescription Drug Rebates	(87,139,661)		(87,139,661)
Managed Care Capitations	49,798,150		49,798,150
Administration	21,425,176		21,425,176
Life Insurance	1,702,229		1,702,229
Wellness	345,701		345,701
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	576,631		576,631
Director's Discretionary Fund	1,079,532		1,079,532
WV RHBT Pay Go Premiums	59,532,434		59,532,434
Total Expenses	\$ 693,373,369	\$ -	\$ 693,373,369
Fiscal Year Results	\$ (46,067,064)		\$ (46,067,064)
Beginning Plan Reserve	192,310,986		192,310,986
Minimum Actuarial Reserve Required	\$ 91,383,746	\$ -	\$ 91,383,746
<u>Ending Premium Stabilization Reserve</u>	54,860,176	-	54,860,176
Ending Plan Reserve	\$ 146,243,922		\$ 146,243,922
Reserve as a Percent of Expenses			23%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ 21,000,000	State	6.0%	13.5%
		Prescription Drug Rebates		0.0%
		Capitations		1.3%
		Administrative Expense		16.9%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2023**

PERIOD 7/1/2022 - 6/30/2023

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 137,322,617	\$ 397,782,308	\$ 535,104,925
Employer Premiums - MCO	6,588,961	43,606,308	50,195,269
Employee Premiums - PPB	-	108,349,781	108,349,781
Employee Premiums - MCO	-	12,265,924	12,265,924
WV RHBT Pay Go Premiums	12,380,649	47,619,351	60,000,000
Life Insurance	468,204	1,958,629	2,426,833
Direct Transfers	-	52,000,000	52,000,000
Investment Income	2,305,722	8,985,328	11,291,050
Litigation Settlement	-	-	-
COBRA Premiums	386,109	1,517,417	1,903,526
Administrative Fees	712,317	3,946,733	4,659,050
Total Revenue	\$ 160,164,579	\$ 678,031,779	\$ 838,196,358
<u>Program Expenses</u>			
Medical Claims	\$ 106,650,761	\$ 417,708,252	\$ 524,359,013
Gross Prescription Drug Claims	70,816,659	282,291,560	353,108,219
Prescription Drug Rebates	(27,492,035)	(109,588,723)	(137,080,757)
Managed Care Capitations	5,187,033	52,786,040	57,973,073
Administration	5,275,266	22,067,931	27,343,197
Life Insurance	427,258	1,787,340	2,214,598
Wellness	416,019	1,641,211	2,057,230
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	137,520	576,940	714,460
Director's Discretionary Fund	365,176	1,437,594	1,802,770
WV RHBT Pay Go Premiums	12,380,649	47,619,351	60,000,000
Total Expenses	\$ 174,164,307	\$ 718,327,495	\$ 892,491,803
Fiscal Year Results	\$ (13,999,728)	\$ (40,295,716)	\$ (54,295,445)
Beginning Plan Reserve	37,730,707	146,243,922	183,974,629
Minimum Actuarial Reserve Required	\$ 23,695,394	\$ 96,663,249	\$ 120,358,642
<u>Ending Premium Stabilization Reserve</u>	35,585	9,284,957	9,320,542
Ending Plan Reserve	\$ 23,730,979	\$ 105,948,205	\$ 129,679,184
Reserve as a Percent of Expenses			39%

KEY ASSUMPTIONS

		Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employer Premiums	\$ -			
Additional Local Agency Revenue	\$ 7,500,000			
Additional State Employee Premiums	\$ -	Active Local	7.0%	14.0%
Direct Transfers	\$ 21,000,000	State	7.0%	14.0%
		Prescription Drug Rebates		22.2%
		Capitations		6.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2023

PERIOD 7/1/2022 - 6/30/2023

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 130,168,698	\$ 7,153,919	\$ 137,322,617
Employer Premiums - MCO	6,242,880	346,081	6,588,961
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	12,380,649		12,380,649
Life Insurance	468,204		468,204
Direct Transfers	-		-
Investment Income	2,305,722		2,305,722
Litigation Settlement	-		-
COBRA Premiums	386,109		386,109
Administrative Fees	712,317		712,317
Total Revenue	\$ 152,664,579	\$ 7,500,000	\$ 160,164,579
<u>Program Expenses</u>			
Medical Claims	\$ 106,650,761		\$ 106,650,761
Gross Prescription Drug Claims	72,498,961	(1,682,302)	70,816,659
Prescription Drug Rebates	(27,492,035)		(27,492,035)
Managed Care Capitations	5,187,033		5,187,033
Administration	5,275,266		5,275,266
Life Insurance	427,258		427,258
Wellness	416,019		416,019
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	137,520		137,520
Director's Discretionary Fund	365,176		365,176
WV RHBT Pay Go Premiums	12,380,649		12,380,649
Total Expenses	\$ 175,846,609	\$ (1,682,302)	\$ 174,164,307
Fiscal Year Results	\$ (23,182,030)		\$ (13,999,728)
Beginning Plan Reserve	37,730,707		37,730,707
Minimum Actuarial Reserve Required	\$ 23,695,394	\$ -	\$ 23,695,394
<u>Ending Premium Stabilization Reserve</u>	<u>(9,146,717)</u>	<u>-</u>	<u>35,585</u>
Ending Plan Reserve	\$ 14,548,677		\$ 23,730,979
Reserve as a Percent of Expenses			15%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 7,500,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	7.0%	14.0%
		Prescription Drug Rebates		22.2%
		Capitations		6.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2023

PERIOD 7/1/2022 - 6/30/2023

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 397,782,308	\$ -	\$ 397,782,308
Employer Premiums - MCO	43,606,308	-	43,606,308
Employee Premiums - PPB	108,349,781	-	108,349,781
Employee Premiums - MCO	12,265,924	-	12,265,924
WV RHBT Pay Go Premiums	47,619,351		47,619,351
Life Insurance	1,958,629		1,958,629
Direct Transfers	52,000,000		52,000,000
Investment Income	8,985,328		8,985,328
Litigation Settlement	-		-
COBRA Premiums	1,517,417		1,517,417
Administrative Fees	3,946,733		3,946,733
Total Revenue	\$ 678,031,779	\$ -	\$ 678,031,779
<u>Program Expenses</u>			
Medical Claims	\$ 417,708,252		\$ 417,708,252
Gross Prescription Drug Claims	288,997,548	(6,705,989)	282,291,560
Prescription Drug Rebates	(109,588,723)		(109,588,723)
Managed Care Capitations	52,786,040		52,786,040
Administration	22,067,931		22,067,931
Life Insurance	1,787,340		1,787,340
Wellness	1,641,211		1,641,211
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	576,940		576,940
Director's Discretionary Fund	1,437,594		1,437,594
WV RHBT Pay Go Premiums	47,619,351		47,619,351
Total Expenses	\$ 725,033,484	\$ (6,705,989)	\$ 718,327,495
Fiscal Year Results	\$ (47,001,705)		\$ (40,295,716)
Beginning Plan Reserve	146,243,922		146,243,922
Minimum Actuarial Reserve Required	\$ 96,663,249	\$ -	\$ 96,663,249
<u>Ending Premium Stabilization Reserve</u>	<u>2,578,968</u>	<u>-</u>	<u>9,284,957</u>
Ending Plan Reserve	\$ 99,242,217		\$ 105,948,206
Reserve as a Percent of Expenses			16%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ 21,000,000	State	7.0%	14.0%
		Prescription Drug Rebates		22.2%
		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 2024**

PERIOD 7/1/2023 - 6/30/2024

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 162,807,375	\$ 466,957,738	\$ 629,765,114
Employer Premiums - MCO	7,857,969	51,177,111	59,035,079
Employee Premiums - PPB	-	118,500,636	118,500,636
Employee Premiums - MCO	-	13,415,069	13,415,069
WV RHBT Pay Go Premiums	4,126,883	15,873,117	20,000,000
Life Insurance	491,614	2,056,560	2,548,174
Direct Transfers	-	21,000,000	21,000,000
Investment Income	1,833,186	7,718,572	9,551,758
Litigation Settlement	-	-	-
COBRA Premiums	457,888	1,755,143	2,213,031
Administrative Fees	712,317	3,946,733	4,659,050
Total Revenue	\$ 178,287,232	\$ 702,400,679	\$ 880,687,911
<u>Program Expenses</u>			
Medical Claims	\$ 114,406,650	\$ 448,088,691	\$ 562,495,341
Gross Prescription Drug Claims	80,926,231	322,593,156	403,519,387
Prescription Drug Rebates	(31,615,840)	(126,027,031)	(157,642,871)
Managed Care Capitations	5,498,255	55,953,202	61,451,457
Administration	5,433,524	22,729,969	28,163,493
Life Insurance	448,621	1,876,707	2,325,328
Wellness	445,322	1,756,358	2,201,680
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	137,520	576,940	714,460
Director's Discretionary Fund	364,740	1,436,205	1,800,945
WV RHBT Pay Go Premiums	4,126,883	15,873,117	20,000,000
Total Expenses	\$ 180,171,906	\$ 744,857,314	\$ 925,029,220
Fiscal Year Results	\$ (1,884,674)	\$ (42,456,635)	\$ (44,341,309)
Beginning Plan Reserve	23,730,979	105,948,205	129,679,184
Minimum Actuarial Reserve Required	\$ 25,808,591	\$ 105,202,971	\$ 131,011,562
<u>Ending Premium Stabilization Reserve</u>	(3,962,286)	(41,711,400)	(45,673,687)
Ending Plan Reserve	\$ 21,846,305	\$ 63,491,570	\$ 85,337,875
Reserve as a Percent of Expenses			27%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 45,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 18,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 11,300,000	Active Local	7.5%	14.5%
Direct Transfers	\$ 21,000,000	State	7.5%	14.5%
		Prescription Drug Rebates		15.0%
		Capitations		6.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2024

PERIOD 7/1/2023 - 6/30/2024

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 145,161,042	\$ 17,646,333	\$ 162,807,375
Employer Premiums - MCO	7,004,302	853,667	7,857,969
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	4,126,883		4,126,883
Life Insurance	491,614		491,614
Direct Transfers	-		-
Investment Income	1,833,186		1,833,186
Litigation Settlement	-		-
COBRA Premiums	457,888		457,888
Administrative Fees	712,317		712,317
Total Revenue	\$ 159,787,232	\$ 18,500,000	\$ 178,287,232
<u>Program Expenses</u>			
Medical Claims	\$ 114,406,650		\$ 114,406,650
Gross Prescription Drug Claims	80,926,231		80,926,231
Prescription Drug Rebates	(31,615,840)		(31,615,840)
Managed Care Capitations	5,498,255		5,498,255
Administration	5,433,524		5,433,524
Life Insurance	448,621		448,621
Wellness	445,322		445,322
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	137,520		137,520
Director's Discretionary Fund	364,740		364,740
WV RHBT Pay Go Premiums	4,126,883		4,126,883
Total Expenses	\$ 180,171,906	\$ -	\$ 180,171,906
Fiscal Year Results	\$ (20,384,674)		\$ (1,884,674)
Beginning Plan Reserve	23,730,979		23,730,979
Minimum Actuarial Reserve Required	\$ 25,808,591	\$ -	\$ 25,808,591
<u>Ending Premium Stabilization Reserve</u>	<u>(22,462,286)</u>	<u>-</u>	<u>(3,962,286)</u>
Ending Plan Reserve	\$ 3,346,305		\$ 21,846,305
Reserve as a Percent of Expenses			12%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 18,500,000	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		Local	7.5%
			<u>Gross Drugs</u>
			15.0%
			6.0%
			3.0%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2024

PERIOD 7/1/2023 - 6/30/2024

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 426,402,082	\$ 40,555,656	\$ 466,957,738
Employer Premiums - MCO	46,732,767	4,444,344	51,177,111
Employee Premiums - PPB	108,349,781	10,150,855	118,500,636
Employee Premiums - MCO	12,265,924	1,149,145	13,415,069
WV RHBT Pay Go Premiums	15,873,117		15,873,117
Life Insurance	2,056,560		2,056,560
Direct Transfers	21,000,000		21,000,000
Investment Income	7,718,572		7,718,572
Litigation Settlement	-		-
COBRA Premiums	1,755,143		1,755,143
Administrative Fees	3,946,733		3,946,733
Total Revenue	\$ 646,100,679	\$ 56,300,000	\$ 702,400,679
<u>Program Expenses</u>			
Medical Claims	\$ 448,088,690		\$ 448,088,690
Gross Prescription Drug Claims	322,593,156		322,593,156
Prescription Drug Rebates	(126,027,031)		(126,027,031)
Managed Care Capitations	55,953,202		55,953,202
Administration	22,729,969		22,729,969
Life Insurance	1,876,707		1,876,707
Wellness	1,756,358		1,756,358
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	576,940		576,940
Director's Discretionary Fund	1,436,205		1,436,205
WV RHBT Pay Go Premiums	15,873,117		15,873,117
Total Expenses	\$ 744,857,313	\$ -	\$ 744,857,313
Fiscal Year Results	\$ (98,756,634)		\$ (42,456,634)
Beginning Plan Reserve	105,948,205		105,948,205
Minimum Actuarial Reserve Required	\$ 105,202,971	\$ -	\$ 105,202,971
<u>Ending Premium Stabilization Reserve</u>	<u>(98,011,400)</u>	<u>-</u>	<u>(41,711,400)</u>
Ending Plan Reserve	\$ 7,191,571		\$ 63,491,571
Reserve as a Percent of Expenses			9%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 45,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 11,300,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ 21,000,000	State	7.5%	14.5%
		Prescription Drug Rebates		15.0%
		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 2025**

PERIOD 7/1/2024 - 6/30/2025

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 180,401,814	\$ 534,605,449	\$ 715,007,262
Employer Premiums - MCO	8,700,089	58,592,843	67,292,932
Employee Premiums - PPB	-	137,185,396	137,185,396
Employee Premiums - MCO	-	15,530,309	15,530,309
WV RHBT Pay Go Premiums	6,190,325	23,809,675	30,000,000
Life Insurance	516,195	2,159,388	2,675,583
Direct Transfers	-	21,000,000	21,000,000
Investment Income	1,854,844	6,403,367	8,258,211
Litigation Settlement	-	-	-
COBRA Premiums	507,353	2,013,976	2,521,329
Administrative Fees	712,317	3,946,733	4,659,050
Total Revenue	\$ 198,882,936	\$ 805,247,136	\$ 1,004,130,072
<u>Program Expenses</u>			
Medical Claims	\$ 123,298,820	\$ 482,920,043	\$ 606,218,862
Gross Prescription Drug Claims	92,883,792	370,261,996	463,145,788
Prescription Drug Rebates	(36,358,216)	(144,931,086)	(181,289,302)
Managed Care Capitations	5,828,150	59,310,394	65,138,544
Administration	5,596,530	23,411,868	29,008,398
Life Insurance	471,052	1,970,543	2,441,595
Wellness	478,922	1,888,394	2,367,316
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	137,520	576,940	714,460
Director's Discretionary Fund	364,292	1,434,788	1,799,080
WV RHBT Pay Go Premiums	6,190,325	23,809,675	30,000,000
Total Expenses	\$ 198,891,186	\$ 820,653,556	\$ 1,019,544,742
Fiscal Year Results	\$ (8,250)	\$ (15,406,420)	\$ (15,414,670)
Beginning Plan Reserve	21,846,305	63,491,570	85,337,875
Minimum Actuarial Reserve Required	\$ 28,279,520	\$ 115,168,675	\$ 143,448,196
<u>Ending Premium Stabilization Reserve</u>	(6,441,465)	(67,083,525)	(73,524,990)
Ending Plan Reserve	\$ 21,838,055	\$ 48,085,150	\$ 69,923,205
Reserve as a Percent of Expenses			18%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 83,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 20,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 20,800,000	Active Local	8.0%	15.0%
Direct Transfers	\$ 21,000,000	State	8.0%	15.0%
		Prescription Drug Rebates		15.0%
		Capitations		6.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2025

PERIOD 7/1/2024 - 6/30/2025

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 160,847,769	\$ 19,554,045	\$ 180,401,814
Employer Premiums - MCO	7,754,134	945,955	8,700,089
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	6,190,325		6,190,325
Life Insurance	516,195		516,195
Direct Transfers	-		-
Investment Income	1,854,844		1,854,844
Litigation Settlement	-		-
COBRA Premiums	507,353		507,353
Administrative Fees	712,317		712,317
Total Revenue	\$ 178,382,936	\$ 20,500,000	\$ 198,882,936
<u>Program Expenses</u>			
Medical Claims	\$ 123,298,820		\$ 123,298,820
Gross Prescription Drug Claims	92,883,792		92,883,792
Prescription Drug Rebates	(36,358,216)		(36,358,216)
Managed Care Capitations	5,828,150		5,828,150
Administration	5,596,530		5,596,530
Life Insurance	471,052		471,052
Wellness	478,922		478,922
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	137,520		137,520
Director's Discretionary Fund	364,292		364,292
WV RHBT Pay Go Premiums	6,190,325		6,190,325
Total Expenses	\$ 198,891,186	\$ -	\$ 198,891,186
Fiscal Year Results	\$ (20,508,250)		\$ (8,250)
Beginning Plan Reserve	21,846,305		21,846,305
Minimum Actuarial Reserve Required	\$ 28,279,520	\$ -	\$ 28,279,520
<u>Ending Premium Stabilization Reserve</u>	<u>(26,941,465)</u>	<u>-</u>	<u>(6,441,465)</u>
Ending Plan Reserve	\$ 1,338,055		\$ 21,838,055
Reserve as a Percent of Expenses			11%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 20,500,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	8.0%	15.0%
		Prescription Drug Rebates		15.0%
		Capitations		6.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2025

PERIOD 7/1/2024 - 6/30/2025

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 459,802,795	\$ 74,802,654	\$ 534,605,449
Employer Premiums - MCO	50,395,497	8,197,346	58,592,843
Employee Premiums - PPB	118,500,636	18,684,760	137,185,396
Employee Premiums - MCO	13,415,069	2,115,240	15,530,309
WV RHBT Pay Go Premiums	23,809,675		23,809,675
Life Insurance	2,159,388		2,159,388
Direct Transfers	21,000,000		21,000,000
Investment Income	6,403,367		6,403,367
Litigation Settlement	-		-
COBRA Premiums	2,013,976		2,013,976
Administrative Fees	3,946,733		3,946,733
Total Revenue	\$ 701,447,136	\$ 103,800,000	\$ 805,247,136
<u>Program Expenses</u>			
Medical Claims	\$ 482,920,042		\$ 482,920,042
Gross Prescription Drug Claims	370,261,996		370,261,996
Prescription Drug Rebates	(144,931,086)		(144,931,086)
Managed Care Capitations	59,310,394		59,310,394
Administration	23,411,868		23,411,868
Life Insurance	1,970,543		1,970,543
Wellness	1,888,394		1,888,394
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	576,940		576,940
Director's Discretionary Fund	1,434,788		1,434,788
WV RHBT Pay Go Premiums	23,809,675		23,809,675
Total Expenses	\$ 820,653,556	\$ -	\$ 820,653,556
Fiscal Year Results	\$ (119,206,420)		\$ (15,406,420)
Beginning Plan Reserve	63,491,570		63,491,570
Minimum Actuarial Reserve Required	\$ 115,168,675	\$ -	\$ 115,168,675
<u>Ending Premium Stabilization Reserve</u>	<u>(170,883,525)</u>	<u>-</u>	<u>(67,083,525)</u>
Ending Plan Reserve	\$ (55,714,850)		\$ 48,085,150
Reserve as a Percent of Expenses			6%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 83,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 20,800,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ 21,000,000	State	8.0%	15.0%
		Prescription Drug Rebates		15.0%
		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 2026**

PERIOD 7/1/2025 - 6/30/2026

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 198,950,107	\$ 593,691,409	\$ 792,641,516
Employer Premiums - MCO	9,588,353	65,070,323	74,658,677
Employee Premiums - PPB	-	153,714,222	153,714,222
Employee Premiums - MCO	-	17,401,483	17,401,483
WV RHBT Pay Go Premiums	8,253,766	31,746,234	40,000,000
Life Insurance	542,004	2,267,358	2,809,362
Direct Transfers	-	21,000,000	21,000,000
Investment Income	1,962,199	6,212,341	8,174,540
Litigation Settlement	-	-	-
COBRA Premiums	559,500	2,240,678	2,800,178
Administrative Fees	712,317	3,946,733	4,659,050
Total Revenue	\$ 220,568,247	\$ 897,290,781	\$ 1,117,859,028
<u>Program Expenses</u>			
Medical Claims	\$ 133,498,857	\$ 522,874,473	\$ 656,373,329
Gross Prescription Drug Claims	107,072,775	426,826,729	533,899,504
Prescription Drug Rebates	(41,811,948)	(166,670,748)	(208,482,697)
Managed Care Capitations	6,177,839	62,869,018	69,046,857
Administration	5,764,426	24,114,224	29,878,650
Life Insurance	494,604	2,069,070	2,563,674
Wellness	517,479	2,039,905	2,557,384
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	137,520	576,940	714,460
Director's Discretionary Fund	363,831	1,433,342	1,797,173
WV RHBT Pay Go Premiums	8,253,766	31,746,234	40,000,000
Total Expenses	\$ 220,469,148	\$ 907,879,186	\$ 1,128,348,334
Fiscal Year Results	\$ 99,099	\$ (10,588,405)	\$ (10,489,306)
Beginning Plan Reserve	21,838,055	48,085,150	69,923,205
Minimum Actuarial Reserve Required	\$ 31,177,714	\$ 126,836,485	\$ 158,014,199
<u>Ending Premium Stabilization Reserve</u>	<u>(9,240,560)</u>	<u>(89,339,740)</u>	<u>(98,580,300)</u>
Ending Plan Reserve	\$ 21,937,154	\$ 37,496,745	\$ 59,433,899
Reserve as a Percent of Expenses			11%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 73,500,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 21,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 18,400,000	Active Local	8.5%	15.5%
Direct Transfers	\$ 21,000,000	State	8.5%	15.5%
		Prescription Drug Rebates		15.0%
		Capitations		6.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2026

PERIOD 7/1/2025 - 6/30/2026

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 178,442,206	\$ 20,507,901	\$ 198,950,107
Employer Premiums - MCO	8,596,254	992,099	9,588,353
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	8,253,766		8,253,766
Life Insurance	542,004		542,004
Direct Transfers	-		-
Investment Income	1,962,199		1,962,199
Litigation Settlement	-		-
COBRA Premiums	559,500		559,500
Administrative Fees	712,317		712,317
Total Revenue	\$ 199,068,247	\$ 21,500,000	\$ 220,568,247
<u>Program Expenses</u>			
Medical Claims	\$ 133,498,856		\$ 133,498,856
Gross Prescription Drug Claims	107,072,775		107,072,775
Prescription Drug Rebates	(41,811,948)		(41,811,948)
Managed Care Capitations	6,177,839		6,177,839
Administration	5,764,426		5,764,426
Life Insurance	494,604		494,604
Wellness	517,479		517,479
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	137,520		137,520
Director's Discretionary Fund	363,831		363,831
WV RHBT Pay Go Premiums	8,253,766		8,253,766
Total Expenses	\$ 220,469,148	\$ -	\$ 220,469,148
Fiscal Year Results	\$ (21,400,901)		\$ 99,099
Beginning Plan Reserve	21,838,055		21,838,055
Minimum Actuarial Reserve Required	\$ 31,177,714	\$ -	\$ 31,177,714
<u>Ending Premium Stabilization Reserve</u>	<u>(30,740,559)</u>	<u>-</u>	<u>(9,240,559)</u>
Ending Plan Reserve	\$ 437,154		\$ 21,937,154
Reserve as a Percent of Expenses			10%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 21,500,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	8.5%	15.5%
		Prescription Drug Rebates		15.0%
		Capitations		6.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2026

PERIOD 7/1/2025 - 6/30/2026

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 527,450,505	\$ 66,240,904	\$ 593,691,409
Employer Premiums - MCO	57,811,227	7,259,096	65,070,323
Employee Premiums - PPB	137,185,396	16,528,826	153,714,222
Employee Premiums - MCO	15,530,309	1,871,174	17,401,483
WV RHBT Pay Go Premiums	31,746,234		31,746,234
Life Insurance	2,267,358		2,267,358
Direct Transfers	21,000,000		21,000,000
Investment Income	6,212,341		6,212,341
Litigation Settlement	-		-
COBRA Premiums	2,240,678		2,240,678
Administrative Fees	3,946,733		3,946,733
Total Revenue	\$ 805,390,781	\$ 91,900,000	\$ 897,290,781
<u>Program Expenses</u>			
Medical Claims	\$ 522,874,473		\$ 522,874,473
Gross Prescription Drug Claims	426,826,729		426,826,729
Prescription Drug Rebates	(166,670,748)		(166,670,748)
Managed Care Capitations	62,869,018		62,869,018
Administration	24,114,224		24,114,224
Life Insurance	2,069,070		2,069,070
Wellness	2,039,905		2,039,905
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	576,940		576,940
Director's Discretionary Fund	1,433,342		1,433,342
WV RHBT Pay Go Premiums	31,746,234		31,746,234
Total Expenses	\$ 907,879,186	\$ -	\$ 907,879,186
Fiscal Year Results	\$ (102,488,405)		\$ (10,588,405)
Beginning Plan Reserve	48,085,150		48,085,150
Minimum Actuarial Reserve Required	\$ 126,836,485	\$ -	\$ 126,836,485
<u>Ending Premium Stabilization Reserve</u>	<u>(181,239,740)</u>	<u>-</u>	<u>(89,339,740)</u>
Ending Plan Reserve	\$ (54,403,255)		\$ 37,496,745
Reserve as a Percent of Expenses			4%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 73,500,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 18,400,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ 21,000,000	State	8.5%	15.5%
		Prescription Drug Rebates		15.0%
		Capitations		6.0%
		Administrative Expense		3.0%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2021 to FY 2022**

Fiscal Year 2021												
Exposure	<u>Jul-20</u>	<u>Aug-20</u>	<u>Sep-20</u>	<u>Oct-20</u>	<u>Nov-20</u>	<u>Dec-20</u>	<u>Jan-21</u>	<u>Feb-21</u>	<u>Mar-21</u>	<u>Apr-21</u>	<u>May-21</u>	<u>Jun-21</u>
Local Medical	29,745	29,911	29,999	30,130	30,190	30,335	30,242	30,223	30,130	29,996	30,263	30,247
State Medical	118,255	117,683	117,992	118,125	118,156	118,125	117,827	117,637	117,598	117,532	117,411	117,307
Local Drugs	29,745	29,911	29,999	30,130	30,190	30,335	30,242	30,223	30,130	29,996	30,263	30,247
State Drugs	118,255	117,683	117,992	118,125	118,156	118,125	117,827	117,637	117,598	117,532	117,411	117,307
	<u>Jul-20</u>	<u>Aug-20</u>	<u>Sep-20</u>	<u>Oct-20</u>	<u>Nov-20</u>	<u>Dec-20</u>	<u>Jan-21</u>	<u>Feb-21</u>	<u>Mar-21</u>	<u>Apr-21</u>	<u>May-21</u>	<u>Jun-21</u>
Local Medical	\$197.50	\$259.76	\$231.21	\$297.79	\$260.01	\$244.76	\$249.89	\$253.58	\$305.91	\$293.81	\$270.26	\$309.18
State Medical	237.59	253.21	229.85	255.25	235.78	255.07	263.64	243.33	304.68	280.40	284.41	326.02
Local Drugs	116.52	119.01	129.41	132.59	132.89	158.82	140.96	138.20	167.87	166.73	158.57	175.38
State Drugs	<u>132.92</u>	<u>138.03</u>	<u>142.14</u>	<u>146.32</u>	<u>142.57</u>	<u>158.66</u>	<u>154.90</u>	<u>145.91</u>	<u>179.82</u>	<u>168.49</u>	<u>165.19</u>	<u>183.79</u>
Total	\$684.54	\$770.01	\$732.61	\$831.96	\$771.24	\$817.32	\$809.39	\$781.02	\$958.28	\$909.43	\$878.42	\$994.37
Change From Prior Year - Month to Month Analysis												
Local Medical	-2.2%	39.2%	15.9%	26.5%	38.4%	16.7%	3.6%	12.8%	45.3%	130.9%	34.9%	20.5%
State Medical	4.0%	14.0%	8.3%	2.2%	-5.0%	-4.3%	5.0%	3.6%	46.2%	78.1%	39.4%	19.2%
Local Drugs	10.1%	4.5%	17.5%	5.9%	21.6%	29.7%	7.1%	10.4%	11.5%	25.7%	29.9%	21.9%
State Drugs	<u>16.9%</u>	<u>15.3%</u>	<u>15.7%</u>	<u>10.7%</u>	<u>14.9%</u>	<u>17.6%</u>	<u>5.1%</u>	<u>5.5%</u>	<u>8.8%</u>	<u>15.9%</u>	<u>17.0%</u>	<u>13.2%</u>
Total	5.3%	19.9%	13.6%	12.0%	15.2%	11.4%	4.9%	8.0%	30.4%	61.6%	31.6%	18.9%
Change From Prior Year - Quarter to Quarter Analysis												
Local Medical			17.1%			26.8%			19.6%			49.5%
State Medical			8.7%			-2.4%			16.9%			40.3%
Local Drugs			10.6%			18.9%			9.7%			25.6%
State Drugs			<u>15.9%</u>			<u>14.4%</u>			<u>6.6%</u>			<u>15.3%</u>
Total			12.9%			12.8%			14.3%			34.6%
Change From Prior Year - Year to Year Analysis												
Local Medical			-4.8%			2.0%			9.0%			27.9%
State Medical			-0.1%			-3.9%			1.5%			15.0%
Local Drugs			9.2%			10.9%			10.5%			16.4%
State Drugs			<u>15.2%</u>			<u>14.7%</u>			<u>11.3%</u>			<u>12.8%</u>
Total			2.6%			3.7%			7.2%			18.6%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2021 to FY 2022**

Fiscal Year 2022					
Exposure	<u>Jul-21</u>	<u>Aug-21</u>	<u>Sep-21</u>	<u>Oct-21</u>	<u>Nov-21</u>
Local Medical	30,423	30,325	30,377	30,323	30,325
State Medical	116,699	116,202	116,480	116,542	116,514
Local Drugs	30,423	30,325	30,377	30,323	30,325
State Drugs	116,699	116,202	116,480	116,542	116,514
	<u>Jul-21</u>	<u>Aug-21</u>	<u>Sep-21</u>	<u>Oct-21</u>	<u>Nov-21</u>
Local Medical	\$232.87	\$254.89	\$244.60	\$243.17	\$227.45
State Medical	239.67	269.35	257.68	267.78	253.64
Local Drugs	147.20	156.80	153.29	160.82	178.29
State Drugs	<u>154.96</u>	<u>169.85</u>	<u>167.05</u>	<u>171.09</u>	<u>185.81</u>
Total	\$774.70	\$850.89	\$822.62	\$842.85	\$845.19
Change From Prior Year - Month to Month Analysis					
Local Medical	17.9%	-1.9%	5.8%	-18.3%	-12.5%
State Medical	0.9%	6.4%	12.1%	4.9%	7.6%
Local Drugs	26.3%	31.8%	18.4%	21.3%	34.2%
State Drugs	<u>16.6%</u>	<u>23.0%</u>	<u>17.5%</u>	<u>16.9%</u>	<u>30.3%</u>
Total	13.2%	10.5%	12.3%	1.3%	9.6%
Change From Prior Year - Quarter to Quarter Analysis					
Local Medical			6.4%		
State Medical			6.4%		
Local Drugs			25.3%		
State Drugs			<u>19.1%</u>		
Total			11.9%		
Change From Prior Year - Year to Year Analysis					
Local Medical			24.6%		
State Medical			14.2%		
Local Drugs			19.7%		
State Drugs			<u>13.7%</u>		
Total			18.2%		