

STATE OF WEST VIRGINIA



RETIREE HEALTH BENEFIT TRUST FUND

**Fiscal Year 2016
Financial Report**

Fiscal Years 2016-2021

November 2016



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Finance Board
West Virginia Retiree Health Benefit Trust Fund
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Ladies and Gentlemen:

I, Dave Bond, am a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries, and the Managing Partner in the firm of Continuing Care Actuaries.

During the 2006 Regular Session of the West Virginia Legislature, House Bill 4654 was enacted creating the West Virginia Retiree Health Benefit Trust Fund (“Trust Fund” or “RHBT”) for the purpose of providing for and administering retiree post-employment health care benefits, and the respective revenues and costs of those benefits as a cost sharing multiple employer plan. The Public Employees Insurance Agency (“PEIA”), on behalf of the Public Employees Insurance Agency Finance Board (“Board”), is responsible for the day-to-day operation of the Trust Fund, including all administrative functions.

Statutory provisions governing the Trust Fund require the actuary retained by the PEIA to provide technical advice regarding the operation of the Trust Fund. Using the actuarial assumptions most recently adopted by the Board, the actuary is required to develop actuarial valuations of normal cost, actuarial liability, actuarial value of assets, and related actuarial present values for the West Virginia plan for other post-employment benefits including health insurance. Consequently, the Board has requested Continuing Care Actuaries to prepare a report separating the actuarial projections for the Trust Fund from the PEIA forecast report. The West Virginia Retiree Health Benefit Trust Fund has assumed the financial liabilities of the retiree programs previously under the PEIA effective July 1, 2006.

The provisions of the Code of West Virginia (“Code”), 1931, as amended, charge the Board with the responsibility to prepare a proposed financial plan designed to generate revenues sufficient to meet all estimated program and administrative costs of the RHBT, including incurred but unreported claims, for the fiscal year for which the plan is proposed. Continuing Care Actuaries has been retained by the RHBT to review the proposed financial plan for FY 2017, and as supported by our work, to render an actuarial opinion stating whether the plan may be reasonably expected to generate sufficient revenues to meet estimated insurance program and administrative costs of the plan through FY 2021. Our analysis is developed on an accrued and incurred reporting basis for a projection period of five years as required by the Code.

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

Continuing Care Actuaries has provided financial report for fiscal year ending June 30, 2016 (“FY 2016”) and preliminary forecasts for fiscal years ending June 30, 2017 (“FY 2017”), June 30, 2018 (“FY 2018”), June 30, 2019 (“FY 2019”), June 30, 2020 (“FY 2020”) and June 30, 2021 (“FY 2021”). Our opinion of plan adequacy is based on the projections through FY 2021 using updated future revenue and plan modifications provided by the Board in the plan adopted in January 2016.

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

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

The Medicaid / RHBT Hospital Bill (“Bill”) has been extended and is anticipated to continue to provide RHBT with hospital charge savings through discounts for all retiree non-Medicare coverages. These hospital savings are assumed to increase by the medical trend assumptions in Fiscal Year 2017 and subsequently. We are assuming that the Bill will continue throughout the five year forecast period.

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 RHBT, the plan’s third party administrators and other sources. In our review, we completely relied on the accuracy of this information and did not perform any due diligence on the information. The enclosed forecasts include anticipated changes from the federal statute Patient Protection and Affordable Care Act (“PPACA”) signed into law on March 23, 2010. Additional details of the benefit enhancements and costs can be found later in this report. In addition, it is noteworthy that some current RHBT members have become eligible for the West Virginia Children Health Insurance Plan effective in Fiscal Year 2016.

In FY 2016 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 January 2016.

Senate Bill 419, effective July 1, 2012, amended West Virginia code (the Code) section 11-21-96 by dedicating \$30 million to be transferred annually from personal income tax previously collected for payment of the unfunded liability of the Workers' Compensation fund to the Retiree Health Benefit Trust fund (RHBT). Transfers will not commence until the Workers' Compensation fund has been certified by the Governor to the Legislature to be paid or provided for in its entirety. Thereafter, transfers will be made until the RHBT fund has been provided for in its entirety or July 1, 2037, whichever date is later. Presently RHBT estimates that the aforementioned \$30 million transfers will likely commence in 2017. All employers will receive benefit of these contributions.

Based on our review, and subject to the conditions described herein, we believe the financial plan approved by the Board for FY 2017 through FY 2021 may be reasonably expected to generate sufficient revenues, when combined with the existing surplus, to meet estimated insurance program and administrative costs of the Trust Fund.

This conclusion is based on significant revenue increases in employer, employee, and retiree premiums in later fiscal years of the plan through FY 2021 as approved by the Board in January 2016.

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

Respectfully,



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



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

West Virginia Retiree Health Benefit Trust Fund

Report of Independent Actuary

Financial Plan for FY 2017 – FY 2021

OVERVIEW

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

This report was compiled utilizing claims data collected by RHBT's third party administrators through August 2016 for prescription drugs and medical claims. Enrollment data, administrative expenses, managed care capitations, and plan revenues were provided at special request from RHBT. Revenue assumptions are based on premium rates, assumed investment income and significant general and special revenue allocations provided by the Governor, some which have not been approved by the West Virginia Legislature. In addition, other information became available through presentations made at Board meetings, which has been used in arriving at our conclusions.

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

KEY ASSUMPTIONS

A. Enrollment Changes

The Board has requested that the projection assume retiree enrollment growth consistent with the experience of the plan. These projections assume that the Trust Fund will annually have 1,000 additional retirees. We have observed a net increase of 834 retirees from June 2015 to June 2016, approximating our current assumption. Continuing Care Actuaries has updated the claims analysis based on the enrollment through September 2016.

In aggregate, September 2016 enrollment has increased by 695 coverages since the end of FY 2016. Aggregate Preferred Provider Benefit (“PPB”) enrollment has increased by 686 in total over the same period, while managed care enrollment continues to cover fewer participants, with a slight increase of 9 coverages. For MAPD Capitations, the average 42,825 Medicare policyholders were used to forecast the monthly capitation cost shown on Page 8 of this report.

The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2015, June 2016 and September 2016 for purposes of comparison:

Trust Fund	Coverage	Preferred Provider Benefit*			Managed Care		
		Jun-15	Jun-16	Sep-16	Jun-15	Jun-16	Sep-16
Retirees	Medicare Single	19,018	19,698	19,892	-	-	-
	Medicare Family	13,860	14,387	14,668	-	-	-
	Medicare Total	32,878	34,085	34,560	-	-	-
	Non Medicare Single	3,462	3,245	3,358	149	135	141
	Non Medicare Family	4,356	4,210	4,308	166	170	173
	Non Medicare Total	7,818	7,455	7,666	315	305	314
	Retiree Total	40,696	41,540	42,226	315	305	314
	Grand Total				41,011	41,845	42,540

* The majority of PPB is capitated through Humana. As of August 2016, there are approximately 2,007 Medicare retiree coverages under PEIA.

B. Changes in Claim Backlog

Detail of the medical claim backlog is presented in the PEIA report titled “PEIA Fiscal Year 2016 Financial Report”.

C. Trend Analysis

RHBT experienced higher medical and prescription drug trends in FY 2016, 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, “Detailed Medical and Prescription Drugs Claim Trend Report - September 2015”. This report includes the detailed trend analysis of PEIA experience by medical and prescription drugs. Based on the analysis, the FY 2017 medical claim trend is 7.0% and the prescription drug claim trend is 9.0%.

The current projection assumes the trends on the following table:

Claim Type	FY 2017 Trend
Non-Medicare – Medical	7.0%
Medicare – Medical	7.0%
Non-Medicare – Drugs	9.0%
Medicare – Drugs	9.0%

In addition, we have assumed that trends will increase by 0.5% in each successive fiscal year beginning in FY 2018. At the Board’s request, the baseline trend assumptions have been established to reflect the most likely or expected trends.

The following chart summarizes the trend results observed for the plan using data through August 2016. It is important to note that these trends *have not* been adjusted to reflect savings as a result of the expansion of the drug rebate program or the claim savings due to changes in provider reimbursement methodologies nor changes in the benefit structure. In developing the claim cost projection, we have reflected for benefit and reimbursement changes as an adjustment to the gross trend assumption.

Aggregate Trust Fund Historical Trends (Retirees)

<u>Fiscal Year</u>	<u>Medical Medicare</u>	<u>Medical Non-Medicare</u>	<u>Drugs Medicare</u>	<u>Drugs Non-Medicare</u>	<u>Total</u>
2004	9%	2%	3%	-2%	6%
2005	6%	-2%	16%	1%	8%
2006	6%	5%	11%	17%	8%
2007	6%	1%	6%	6%	5%
2008	N/A	6%	N/A	-1%	N/A
2009	N/A	-2%	N/A	5%	N/A
2010	N/A	3%	N/A	7%	N/A
2011	N/A	12%	N/A	16%	N/A
2012	-5%	-6%	2%	8%	-2%
2013	23%	-3%	-3%	-7%	-2%
2014	N/A	7%	N/A	6%	N/A
2015	N/A	6%	N/A	5%	N/A
2016	-16%	1%	11%	8%	3%
2017*	-12%	-1%	12%	12%	3%

* Fiscal Year 2017 results are through the first two months ending August 2016. It should be noted that Humana’s plan year starts in January 2014 in calendar year basis (not starting in July as in PEIA plan year basis) and the Medicare trends are not statistically credible in 2014 and 2015.

Effective July 1, 2007, PEIA had contracted with Coventry Advantra Freedom to provide Medicare Advantage/Prescription Drug Plan (“Coventry MA and PDP”) Benefits to Medicare-eligible retired employees and dependents. Under this arrangement, Coventry Advantra Freedom had assumed the financial risk of providing comprehensive medical and prescription drug coverage with limited copayments. This arrangement expired on June 30, 2010. As a result, Fiscal Year 2008 through 2011 Medicare trends are not statistically credible.

It should be noted that RHBT left the Coventry MA and PDP program as of June 30, 2012, and RHBT assigned Medicare eligible retirees to the Humana MAPD program starting July 1, 2012.

D. Enrollment, Claim, Expense and Revenue Assumptions

Using aggregate PEIA and Trust Fund paid claim data through August 2016 for medical claims and for prescription drugs claims, average annualized incurred unit claim costs were developed for the Trust Fund for both self-funded and managed care coverages. 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 result of FY 2016 and the projection of FY 2017 revenue and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

Fiscal Year 2016 Result			Revenue		Expenses		
Fund	Program	Policies	Monthly Employer Premiums	Monthly Employee Premiums	Monthly Medical Costs	Monthly Drugs Costs*	Monthly Capitation Costs
Retiree	Medicare Humana and Express Scripts	33,592			\$ 82**	\$ 186**	\$ 362
	<u>Non-Medicare</u>	<u>7,926</u>			\$ 682	\$ 247	
	Total	41,518	\$ -	\$ 157			
	<u>Non-Medicare Managed Care</u>	<u>325</u>	\$ -	\$ 543			\$ 1,075
	Total	41,843					

*Net of rebates and subsidies.

** As of June 2016, there are approximately 1,283 Medicare coverages that were not capitated through Humana.

Fiscal Year 2017 Projection			Revenue		Expenses		
Fund	Program	Policies	Monthly Employer Premiums	Monthly Employee Premiums	Monthly Medical Costs	Monthly Drugs Costs*	Monthly Capitation Costs
Retiree	Medicare Humana and Express Scripts	34,686			\$ 87**	\$ 202**	\$ 356
	<u>Non-Medicare</u>	<u>7,825</u>			\$ 705	\$ 234	
	Total	42,511	\$ -	\$ 165			
	<u>Non-Medicare Managed Care</u>	<u>314</u>	\$ -	\$ 592			\$ 1,202
	Total	42,825					

*Net of rebates and subsidies.

** As of August 2016, there are approximately 2,007 Medicare coverages that were not capitated through Humana.

Projected plan revenues and administrative expenses were provided by RHBT. The following chart summarizes the Financial Plan adopted by the Board in January 2016. Both Medicare and Non-Medicare retirees premium received no increases in Fiscal Year 2016.

Board Decisions – January 2016

Source	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Additional Non-Medicare Retiree Premium (Fiscal Year)	\$2,789,614	\$0	\$0	\$0	\$0
Additional Medicare Retiree Premium (Calendar Year)	\$4,208,135	\$861,042	\$1,079,401	\$14,518,525	\$22,712,341
General Revenue Transfer (OPEB Funding)	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000
General Revenue Transfer (Premium Offset)	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000
Benefit Reductions and Savings / (Increase) - Retiree Non-Medicare	\$3,600,000	\$0	\$0	\$0	\$0
Benefit Reductions / (Increase) - Humana MAPD (Calendar Year)	\$27,924,000	\$0	\$0	\$0	\$0
ACA Reinsurance Contributions (Cost)	(\$200,000)	\$0	\$0	\$0	\$0
ACA Comparative Effectiveness Research Fees (Cost)	(\$31,601)	(\$32,408)	(\$33,249)	\$0	\$0
Pay Go Premium Transfer	\$180,000,000	\$190,000,000	\$200,000,000	\$210,000,000	\$220,000,000
Actuarial Accrued Liability*	\$3,559,049,000	\$3,592,317,000	\$3,614,699,000	\$3,627,158,000	\$3,631,580,000
Funded Status	21.8%	24.5%	27.0%	29.5%	32.2%

*Projected Result

The \$3,600,000 of Retiree Non-Medicare benefit reductions and savings in Fiscal Year 2017 is comprised of the following:

	<u>2017 Claim Cost Savings</u>
Medical Claims	\$0.824 M
Drug Claims	\$2.776 M

A detailed list of the 2017 benefit reductions and savings for the Non-Medicare Retirees as voted on by the Board consists of the following:

	<u>Non-Medicare Savings</u>
Reference Based Pricing	\$0.337 M
Increase Urgent Care Copay to \$50	\$0.252 M
<u>Removal of Non-network Out-of-state Benefits</u>	<u>\$0.235 M</u>
Total Medical Benefit Reductions	\$0.824 M
<u>New CVS Pharmacy Benefit Contract</u>	<u>\$2.776 M</u>
Total Drugs Benefit Savings	\$2.776 M
Total Benefit Reductions and Savings	\$3.600 M

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

Under the final rule, issuers would be required to pay a reinsurance contribution of \$5.25 per member per month to HHS in 2014. The \$5.25 contribution rate would gradually decrease in 2016. From 2017 and beyond, no further reinsurance contributions will be collected. RHBT will not receive any benefit payments from the national reinsurance program. RHBT will be subject to paying the reinsurance contributions through FY 2017 and the projected expenses of the reinsurance contributions are included in the current financial plan. The total reinsurance contributions for the financial projection are estimated to be approximately \$710,000, with \$514,767 in FY 2016.

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

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

It is anticipated that RHBT would accrue and pay these fees in FY 2016 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 \$128,000, with \$30,903 in FY 2016.

Future fiscal year State revenue increases will require legislative appropriation. Additional retiree premiums represent premiums paid by retirees either directly or through sick and annual leave conversion credits. Additionally, RHBT management has assumed that the Retiree Premium Assistance Program will grow as a direct result from the required retiree premium increases in the financial plan. The program’s cost is currently projected to grow from approximately \$1.2 million in FY 2016 to approximately \$1.8 million in FY 2021, based on the Board’s direction and projected retiree enrollment growth in the financial plan.

E. Provider Reimbursement Changes

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

It should be noted that RHBT left the Coventry MA and PDP program as of June 30, 2012, and RHBT assigned Medicare eligible retirees to the Humana MAPD program starting July 1, 2012.

FISCAL YEAR 2016 RESULT

The financial result for FY 2016 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2016 ends with accrued revenue of \$284,225,358 and incurred plan expenses of \$275,022,423 to produce a fiscal year deficit of (\$18,997,065) after the Premium Stabilization Reserve drawdown of \$28,200,000. The PEIA local and state agencies Pay Go premiums for FY 2016 are \$148,637,377.

FISCAL YEAR 2017 FORECAST

The financial forecast for FY 2017 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2017 projects accrued revenue of \$391,135,744 and incurred plan expenses of \$280,102,078 to produce a fiscal year surplus of \$91,594,330 after the Premium Stabilization Reserve drawdown of \$19,439,335. The PEIA local and state agencies Pay Go premiums for FY 2017 are assumed to be \$180,000,000.

FISCAL YEAR 2018 FORECAST

The financial forecast for FY 2018 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2018 projects accrued revenue of \$392,217,354 and incurred plan expenses of \$290,128,694 to produce a fiscal year surplus of \$102,088,660 after the Premium Stabilization Reserve drawdown of \$0. The PEIA local and state agencies Pay Go premiums for FY 2018 are assumed to be \$190,000,000.

FISCAL YEAR 2019 FORECAST

The financial forecast for FY 2019 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2019 projects accrued revenue of \$413,245,613 and incurred plan expenses of \$316,128,967 to produce a fiscal year surplus of \$97,116,646 after the Premium Stabilization Reserve drawdown of \$0. The PEIA local and state agencies Pay Go premiums for FY 2019 are assumed to be \$200,000,000.

FISCAL YEAR 2020 FORECAST

The financial forecast for FY 2020 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2020 projects accrued revenue of \$440,816,665 and incurred plan expenses of \$346,253,341 to produce a fiscal year surplus of \$94,563,324 after the Premium Stabilization Reserve drawdown of \$0. The PEIA local and state agencies Pay Go premiums for FY 2020 are assumed to be \$210,000,000.

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 \$479,209,053 and incurred plan expenses of \$381,313,578 to produce a fiscal year surplus of \$97,895,475 after the Premium Stabilization Reserve drawdown of \$0. The PEIA local and state agencies Pay Go premiums for FY 2021 are assumed to be \$220,000,000.

LITIGATION

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

SUMMARY

It should be noted that the aggregate PEIA and Trust Fund reserves will meet or exceed the 10% of program expense requirement under the Baseline Scenario assumptions. With projected changes to the plan as adopted in the Board, we are forecasting that the plan will meet the minimum 10% reserve target set by West Virginia Statute through the projection period ending with the Fiscal Year 2021. These projections are based on significant revenue increases as contained in the Financial Plan adopted by the Board in January 2016 and are contingent on legislative approval. These forecasts are based on assumptions including the estimated cost and savings of plan changes, expected trend levels and exposure levels. The continued enrollment changes of the managed care options, changes in physician, ambulatory and hospital provider reimbursement; possible changes in methodology of managed care premium calculation; and changes in the prescription drugs program, can be expected to further exacerbate the difficulty of projecting future medical and drugs claim levels and lags. These projections do not incorporate any anticipated effects of national or state health care reform, such as Medicare and Medicaid reform. As such, actual results deviating from those amounts projected in these pages should not be unexpected. With the legislatively mandated requirement of a five-year projection, it should be assumed that constant modifications would be required.

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

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

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

	7/1/2015 to 12/31/2015	1/1/2016 to 6/30/2016	TRUST Total
<u>Revenues</u>			
WV PELA Pay Go Premiums	\$ 74,318,689	\$ 74,318,689	\$ 148,637,377
Retiree Premiums - PPB	39,008,362	39,118,601	78,126,963
Retiree Premiums - MCO	1,089,788	1,028,973	2,118,761
Annual Required Contributions	51,449	51,449	102,898
Non Par Premiums	1,595,647	1,595,647	3,191,294
Life Insurance	11,845,669	11,845,669	23,691,338
Investment Income	78,364	78,364	156,727
Transfer from Premium Stabilization Reserve	13,932,410	14,267,590	28,200,000
General Revenue Transfer (OPEB Funding)	-	-	-
General Revenue Transfer (Premium Offset)	-	-	-
Total Revenue	\$ 141,920,377	\$ 142,304,981	\$ 284,225,358
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 31,544,057	\$ 33,334,712	\$ 64,878,769
Non-Medicare Prescription Drug Claims	10,867,358	12,660,155	23,527,513
Medicare Medical Claims	1,408,048	675,969	2,084,017
Medicare Prescription Drug Claims	3,332,036	1,615,013	4,947,049
Non-Medicare Managed Care Capitations	2,096,401	2,096,401	4,192,802
Humana MAPD Program	70,187,035	75,581,878	145,768,913
Administration	2,227,880	2,227,880	4,455,760
Life Insurance	11,691,687	11,691,687	23,383,374
Retiree Assistance Program	619,278	619,278	1,238,556
ACA Reinsurance Contributions	350,000	164,767	514,767
ACA Comparative Effectiveness Research Fees	15,452	15,452	30,903
Director's Discretionary Fund	-	-	-
Total Expenses	\$ 134,339,232	\$ 140,683,191	\$ 275,022,423
Fiscal Year Results	\$ 7,581,145	\$ 1,621,790	\$ 9,202,935
Beginning Restricted Reserve			\$ 656,952,927
Ending Restricted Reserve			\$ 666,155,862
Beginning Premium Stabilization Reserve			\$ 47,639,335
PSR Addition/(Drawdown)			\$ (28,200,000)
Ending Premium Stabilization Reserve			\$ 19,439,335
Total Beginning Plan Reserve			\$ 704,592,263
Total Ending Plan Reserve			\$ 685,595,198
Accrued Actuarial Liability (AAL)			\$ 3,514,599,000
Funded Status			19.5%

KEY ASSUMPTIONS

		Claim and Other Expense Trends		
		Eligibility	Medical	Drugs
Pay Go Monthly Premium for Actives	\$ 162.64			
Additional Retiree Premiums	\$ -			
Pay Go PEPM Subsidy for Retirees	\$ 296.02	Non-Medicare	6.5%	8.5%
		Medicare	6.5%	8.5%
		Capitations		-6.1%
		Administrative Expense		-2.4%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		-1.3%

**APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE**

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

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

Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 94,632,776		\$ 94,632,776
Employer Premiums - PPB	7,554,834		7,554,834
Employer Premiums - MCO	386		386
Retiree Premiums - PPB	35,822,701	-	35,822,701
Retiree Premiums - MCO	150	-	150
Annual Required Contributions	-		-
Non Par Premiums	1,674,427		1,674,427
Life Insurance	12,430,513		12,430,513
Investment Income	82,603		82,603
Transfer from Premium Stabilization Reserve	18,700,000		18,700,000
General Revenue Transfer (OPEB Funding)	-		-
General Revenue Transfer (Premium Offset)	-		-
Total Revenue	\$ 170,898,390	\$ -	\$ 170,898,390
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 2,084,017	\$ -	\$ 2,084,017
Medicare Prescription Drug Claims	4,947,049	-	4,947,049
Humana MAPD Program	146,409,681	(640,768)	145,768,913
Administration	1,644,743		1,644,743
Life Insurance	12,268,929		12,268,929
Retiree Assistance Program	649,853		649,853
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	22,808		22,808
Director's Discretionary Fund	-		-
Total Expenses	\$ 168,027,080	\$ (640,768)	\$ 167,386,312
Fiscal Year Results	\$ 2,871,311		\$ 3,512,078
Beginning Restricted Reserve	\$ 335,372,294		\$ 335,372,294
Ending Restricted Reserve	<u>\$ 338,243,605</u>		<u>\$ 338,884,373</u>
Beginning Premium Stabilization Reserve	\$ 35,984,316		\$ 35,984,316
PSR Addition/(Drawdown)	\$ (18,700,000)		\$ (18,700,000)
Ending Premium Stabilization Reserve	<u>\$ 17,284,316</u>		<u>\$ 17,284,316</u>
Total Beginning Plan Reserve	371,356,611		371,356,611
Total Ending Plan Reserve	<u>\$ 355,527,921</u>		<u>\$ 356,168,689</u>
Accrued Actuarial Liability (AAL)	\$ 3,514,599,000		\$ 3,514,599,000
Funded Status	19.5%		19.5%

KEY ASSUMPTIONS

		Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go Monthly Premium for Actives	\$ 162.64			
Additional Retiree Premiums	\$ -			
Pay Go PEPM Subsidy for Retirees	\$ 234.76	Medicare	6.5%	8.5%
		Capitations		-6.1%
		Administrative Expense		-2.4%
Number of Net New Retirees	700	Pay Go Monthly Premium		-1.3%

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

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

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

Non-Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 54,004,601		\$ 54,004,601
Employer Premiums - PPB	13,669,337		13,669,337
Employer Premiums - MCO	1,259,474		1,259,474
Retiree Premiums - PPB	21,080,092	-	21,080,092
Retiree Premiums - MCO	858,751	-	858,751
Annual Required Contributions	102,898		102,898
Non Par Premiums	1,516,867		1,516,867
Life Insurance	11,260,825		11,260,825
Investment Income	74,124		74,124
Transfer from Premium Stabilization Reserve	9,500,000		9,500,000
General Revenue Transfer (OPEB Funding)	-		-
General Revenue Transfer (Premium Offset)	-		-
Total Revenue	\$ 113,326,969	\$ -	\$ 113,326,969
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 64,878,769	\$ -	\$ 64,878,769
Non-Medicare Prescription Drug Claims	23,527,513	-	23,527,513
Non-Medicare Managed Care Capitations	4,581,625	(388,823)	4,192,802
Administration	2,811,017		2,811,017
Life Insurance	11,114,445		11,114,445
Retiree Assistance Program	588,703		588,703
ACA Reinsurance Contributions	514,767		514,767
ACA Comparative Effectiveness Research Fees	8,095		8,095
Director's Discretionary Fund	-		-
Total Expenses	\$ 108,024,934	\$ (388,823)	\$ 107,636,111
Fiscal Year Results	\$ 5,302,035		\$ 5,690,858
Beginning Restricted Reserve	\$ 321,580,632		\$ 321,580,632
Ending Restricted Reserve	<u>\$ 326,882,667</u>		<u>\$ 327,271,490</u>
Beginning Premium Stabilization Reserve	\$ 11,655,019		\$ 11,655,019
PSR Addition/(Drawdown)	\$ (9,500,000)		\$ (9,500,000)
Ending Premium Stabilization Reserve	<u>\$ 2,155,019</u>		<u>\$ 2,155,019</u>
Total Beginning Plan Reserve	333,235,651		333,235,651
Total Ending Plan Reserve	<u>\$ 329,037,686</u>		<u>\$ 329,426,509</u>
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 162.64	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 545.44	Non-Medicare	6.5%	8.5%
		Capitations		-6.1%
		Administrative Expense		-2.4%
Number of Net New Retirees	300	Pay Go Monthly Premium		-1.3%

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

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

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

	7/1/2016 to 12/31/2016	1/1/2017 to 6/30/2017	TRUST Total
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 90,000,000	\$ 90,000,000	\$ 180,000,000
Retiree Premiums - PPB	41,084,282	42,923,410	84,007,691
Retiree Premiums - MCO	1,117,369	1,112,458	2,229,827
Annual Required Contributions	-	-	-
Non Par Premiums	1,547,778	1,547,778	3,095,555
Life Insurance	12,437,953	12,437,953	24,875,905
Investment Income	21,243,715	21,243,715	42,487,430
Transfer from Premium Stabilization Reserve	9,648,527	9,790,809	19,439,335
General Revenue Transfer (OPEB Funding)	15,000,000	15,000,000	30,000,000
General Revenue Transfer (Premium Offset)	2,500,000	2,500,000	5,000,000
Total Revenue	\$ 194,579,623	\$ 196,556,121	\$ 391,135,744
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 32,207,426	\$ 34,035,738	\$ 66,243,164
Non-Medicare Prescription Drug Claims	10,163,747	11,840,469	22,004,216
Medicare Medical Claims	1,589,978	763,811	2,353,789
Medicare Prescription Drug Claims	3,833,092	1,859,023	5,692,115
Non-Medicare Managed Care Capitations	2,264,113	2,264,113	4,528,226
Humana MAPD Program	77,752,519	70,540,869	148,293,388
Administration	2,294,717	2,294,717	4,589,433
Life Insurance	12,276,272	12,276,272	24,552,543
Retiree Assistance Program	668,820	668,820	1,337,640
ACA Reinsurance Contributions	200,000	-	200,000
ACA Comparative Effectiveness Research Fees	15,801	15,801	31,601
Director's Discretionary Fund	137,982	137,982	275,963
Total Expenses	\$ 143,404,467	\$ 136,697,611	\$ 280,102,078
Fiscal Year Results	\$ 51,175,156	\$ 59,858,510	\$ 111,033,666
Beginning Restricted Reserve			\$ 666,155,862
Ending Restricted Reserve			\$ 777,189,528
Beginning Premium Stabilization Reserve			\$ 19,439,335
PSR Addition/(Drawdown)			\$ (19,439,335)
Ending Premium Stabilization Reserve			\$ -
Total Beginning Plan Reserve			\$ 685,595,198
Total Ending Plan Reserve			\$ 777,189,528
Accrued Actuarial Liability (AAL)			\$ 3,559,049,000
Funded Status			21.8%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 199.81	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 5,089,031	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 350.26	Non-Medicare	7.0%	9.0%
		Medicare	7.0%	9.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		23.8%

**APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE**

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

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

Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 119,100,379		\$ 119,100,379
Employer Premiums - PPB	7,745,108	367,568	8,112,675
Employer Premiums - MCO	-	-	-
Retiree Premiums - PPB	37,062,912	1,931,849	38,994,761
Retiree Premiums - MCO	-	-	-
Annual Required Contributions	-	-	-
Non Par Premiums	1,624,194		1,624,194
Life Insurance	13,052,039		13,052,039
Investment Income	22,393,076		22,393,076
Transfer from Premium Stabilization Reserve	15,259,335		15,259,335
General Revenue Transfer (OPEB Funding)	17,833,982		17,833,982
General Revenue Transfer (Premium Offset)	2,972,330		2,972,330
Total Revenue	\$ 237,043,355	\$ 2,299,417	\$ 239,342,772
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 2,353,789	\$ -	\$ 2,353,789
Medicare Prescription Drug Claims	5,692,115	-	5,692,115
Humana MAPD Program	163,033,489	(14,740,101)	148,293,388
Administration	1,694,085		1,694,085
Life Insurance	12,882,375		12,882,375
Retiree Assistance Program	701,841		701,841
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	23,877		23,877
Director's Discretionary Fund	-		-
Total Expenses	\$ 186,381,572	\$ (14,740,101)	\$ 171,641,470
Fiscal Year Results	\$ 50,661,784		\$ 67,701,302
Beginning Restricted Reserve	\$ 338,884,373		\$ 338,884,373
Ending Restricted Reserve	<u>\$ 389,546,156</u>		<u>\$ 406,585,674</u>
Beginning Premium Stabilization Reserve	\$ 17,284,316		\$ 17,284,316
PSR Addition/(Drawdown)	\$ (15,259,335)		\$ (15,259,335)
Ending Premium Stabilization Reserve	<u>\$ 2,024,981</u>		<u>\$ 2,024,981</u>
Total Beginning Plan Reserve	356,168,689		356,168,689
Total Ending Plan Reserve	<u>\$ 391,571,137</u>		<u>\$ 408,610,655</u>
Accrued Actuarial Liability (AAL)	\$ 3,559,049,000		\$ 3,559,049,000
Funded Status	21.2%		21.8%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 199.81	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 2,299,417	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 286.14	Medicare	7.0%	9.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		23.8%

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

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

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

Non-Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 60,899,621		\$ 60,899,621
Employer Premiums - PPB	13,162,442	949,832	14,112,275
Employer Premiums - MCO	1,237,747	70,725	1,308,471
Retiree Premiums - PPB	21,074,222	1,713,759	22,787,981
Retiree Premiums - MCO	866,057	55,299	921,356
Annual Required Contributions	-		-
Non Par Premiums	1,471,361		1,471,361
Life Insurance	11,823,866		11,823,866
Investment Income	20,094,354		20,094,354
Transfer from Premium Stabilization Reserve	4,180,000		4,180,000
General Revenue Transfer (OPEB Funding)	12,166,018		12,166,018
General Revenue Transfer (Premium Offset)	2,027,670		2,027,670
Total Revenue	\$ 149,003,358	\$ 2,789,614	\$ 151,792,972
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 67,067,164	\$ (824,000)	\$ 66,243,164
Non-Medicare Prescription Drug Claims	24,780,217	(2,776,001)	22,004,216
Non-Medicare Managed Care Capitations	4,528,226		4,528,226
Administration	2,895,348		2,895,348
Life Insurance	11,670,167		11,670,167
Retiree Assistance Program	635,799		635,799
ACA Reinsurance Contributions	200,000		200,000
ACA Comparative Effectiveness Research Fees	7,724		7,724
Director's Discretionary Fund	275,963		275,963
Total Expenses	\$ 112,060,608	\$ (3,600,001)	\$ 108,460,607
Fiscal Year Results	\$ 36,942,750		\$ 43,332,365
Beginning Restricted Reserve	\$ 327,271,490		\$ 327,271,490
Ending Restricted Reserve	<u>\$ 364,214,240</u>		<u>\$ 370,603,855</u>
Beginning Premium Stabilization Reserve	\$ 2,155,019		\$ 2,155,019
PSR Addition/(Drawdown)	\$ (4,180,000)		\$ (4,180,000)
Ending Premium Stabilization Reserve	<u>\$ (2,024,981)</u>		<u>\$ (2,024,981)</u>
Total Beginning Plan Reserve	329,426,509		329,426,509
Total Ending Plan Reserve	<u>\$ 362,189,259</u>		<u>\$ 368,578,874</u>
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 199.81	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 2,789,614	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 623.52	Non-Medicare	7.0%	9.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		23.8%

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

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

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

	7/1/2017 to 12/31/2017	1/1/2018 to 6/30/2018	TRUST Total
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 95,000,000	\$ 95,000,000	\$ 190,000,000
Retiree Premiums - PPB	43,799,453	44,577,544	88,376,997
Retiree Premiums - MCO	1,145,363	1,145,363	2,290,726
Annual Required Contributions	-	-	-
Non Par Premiums	1,501,345	1,501,345	3,002,689
Life Insurance	13,059,850	13,059,850	26,119,700
Investment Income	23,713,621	23,713,621	47,427,242
Transfer from Premium Stabilization Reserve	-	-	-
General Revenue Transfer (OPEB Funding)	15,000,000	15,000,000	30,000,000
General Revenue Transfer (Premium Offset)	2,500,000	2,500,000	5,000,000
Total Revenue	\$ 195,719,632	\$ 196,497,722	\$ 392,217,354
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 33,414,324	\$ 35,311,147	\$ 68,725,471
Non-Medicare Prescription Drug Claims	10,741,363	12,513,374	23,254,737
Medicare Medical Claims	1,800,669	867,104	2,667,773
Medicare Prescription Drug Claims	4,422,051	2,149,723	6,571,774
Non-Medicare Managed Care Capitations	2,445,242	2,445,242	4,890,484
Humana MAPD Program	72,640,740	79,124,904	151,765,645
Administration	2,363,558	2,363,558	4,727,116
Life Insurance	12,890,085	12,890,085	25,780,170
Retiree Assistance Program	722,326	722,326	1,444,652
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	16,204	16,204	32,408
Director's Discretionary Fund	134,232	134,232	268,464
Total Expenses	\$ 141,590,794	\$ 148,537,899	\$ 290,128,694
Fiscal Year Results	\$ 54,128,837	\$ 47,959,823	\$ 102,088,660
Beginning Restricted Reserve			\$ 777,189,528
Ending Restricted Reserve			\$ 879,278,188
Beginning Premium Stabilization Reserve			\$ -
PSR Addition/(Drawdown)			\$ -
Ending Premium Stabilization Reserve			\$ -
Total Beginning Plan Reserve			\$ 777,189,528
Total Ending Plan Reserve			\$ 879,278,188
Accrued Actuarial Liability (AAL)			\$ 3,592,317,000
Funded Status			24.5%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 211.38	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 2,124,542	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 361.16	Non-Medicare	7.5%	9.5%
		Medicare	7.5%	9.5%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		10.5%

**APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE**

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

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

Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 126,801,533		\$ 126,801,533
Employer Premiums - PPB	8,119,075	367,201	8,486,276
Employer Premiums - MCO	-	-	-
Retiree Premiums - PPB	38,856,075	1,757,341	40,613,416
Retiree Premiums - MCO	-	-	-
Annual Required Contributions	-	-	-
Non Par Premiums	1,575,469		1,575,469
Life Insurance	13,704,641		13,704,641
Investment Income	24,996,613		24,996,613
Transfer from Premium Stabilization Reserve	-		-
General Revenue Transfer (OPEB Funding)	18,112,203		18,112,203
General Revenue Transfer (Premium Offset)	3,018,701		3,018,701
Total Revenue	\$ 235,184,309	\$ 2,124,542	\$ 237,308,851
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 2,667,773	\$ -	\$ 2,667,773
Medicare Prescription Drug Claims	6,571,774	-	6,571,774
Humana MAPD Program	165,932,308	(14,166,663)	151,765,645
Administration	1,744,907		1,744,907
Life Insurance	13,526,494		13,526,494
Retiree Assistance Program	757,989		757,989
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	24,761		24,761
Director's Discretionary Fund	-		-
Total Expenses	\$ 191,226,007	\$ (14,166,663)	\$ 177,059,343
Fiscal Year Results	\$ 43,958,302		\$ 60,249,508
Beginning Restricted Reserve	\$ 406,585,674		\$ 406,585,674
Ending Restricted Reserve	<u>\$ 450,543,976</u>		<u>\$ 466,835,182</u>
Beginning Premium Stabilization Reserve	\$ -		\$ -
PSR Addition/(Drawdown)	\$ -		\$ -
Ending Premium Stabilization Reserve	<u>\$ -</u>		<u>\$ -</u>
Total Beginning Plan Reserve	408,610,655		408,610,655
Total Ending Plan Reserve	<u>\$ 450,543,976</u>		<u>\$ 466,835,182</u>
Accrued Actuarial Liability (AAL)	\$ 3,592,317,000		\$ 3,592,317,000
Funded Status	24.0%		24.5%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 211.38	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 2,124,542	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 300.14	Medicare	7.5%	9.5%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		10.5%

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

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

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

Non-Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 63,198,467		\$ 63,198,467
Employer Premiums - PPB	15,098,648	-	15,098,648
Employer Premiums - MCO	1,347,646	-	1,347,646
Retiree Premiums - PPB	24,178,657	-	24,178,657
Retiree Premiums - MCO	943,080	-	943,080
Annual Required Contributions	-		-
Non Par Premiums	1,427,220		1,427,220
Life Insurance	12,415,059		12,415,059
Investment Income	22,430,629		22,430,629
Transfer from Premium Stabilization Reserve	-		-
General Revenue Transfer (OPEB Funding)	11,887,797		11,887,797
General Revenue Transfer (Premium Offset)	1,981,299		1,981,299
Total Revenue	\$ 154,908,503	\$ -	\$ 154,908,503
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 68,725,471	\$ -	\$ 68,725,471
Non-Medicare Prescription Drug Claims	23,254,737	-	23,254,737
Non-Medicare Managed Care Capitations	4,890,484		4,890,484
Administration	2,982,208		2,982,208
Life Insurance	12,253,676		12,253,676
Retiree Assistance Program	686,663		686,663
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	7,647		7,647
Director's Discretionary Fund	268,465		268,465
Total Expenses	\$ 113,069,351	\$ -	\$ 113,069,351
Fiscal Year Results	\$ 41,839,153		\$ 41,839,153
Beginning Restricted Reserve	\$ 370,603,855		\$ 370,603,855
Ending Restricted Reserve	<u>\$ 412,443,008</u>		<u>\$ 412,443,008</u>
Beginning Premium Stabilization Reserve	\$ -		\$ -
PSR Addition/(Drawdown)	\$ -		\$ -
Ending Premium Stabilization Reserve	<u>\$ -</u>		<u>\$ -</u>
Total Beginning Plan Reserve	368,578,874		368,578,874
Total Ending Plan Reserve	<u>\$ 412,443,008</u>		<u>\$ 412,443,008</u>
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 211.38	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 609.97	Non-Medicare	7.5%	9.5%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		10.5%

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

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

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

	7/1/2018 to 12/31/2018	1/1/2019 to 6/30/2019	TRUST Total
Revenues			
WV PEIA Pay Go Premiums	\$ 100,000,000	\$ 100,000,000	\$ 200,000,000
Retiree Premiums - PPB	45,511,608	46,396,870	91,908,477
Retiree Premiums - MCO	1,179,368	1,179,368	2,358,735
Annual Required Contributions	-	-	-
Non Par Premiums	1,456,304	1,456,304	2,912,608
Life Insurance	13,712,843	13,712,843	27,425,685
Investment Income	26,820,054	26,820,054	53,640,107
Transfer from Premium Stabilization Reserve	-	-	-
General Revenue Transfer (OPEB Funding)	15,000,000	15,000,000	30,000,000
General Revenue Transfer (Premium Offset)	2,500,000	2,500,000	5,000,000
Total Revenue	\$ 206,180,176	\$ 207,065,437	\$ 413,245,613
Program Expenses			
Non-Medicare Medical Claims	\$ 34,827,649	\$ 36,804,702	\$ 71,632,351
Non-Medicare Prescription Drug Claims	11,403,589	13,284,847	24,688,436
Medicare Medical Claims	1,938,546	935,731	2,874,277
Medicare Prescription Drug Claims	4,849,096	2,362,861	7,211,957
Non-Medicare Managed Care Capitations	2,640,861	2,640,861	5,281,722
Humana MAPD Program	81,480,307	89,167,353	170,647,660
Administration	2,434,465	2,434,465	4,868,929
Life Insurance	13,534,589	13,534,589	27,069,178
Retiree Assistance Program	780,112	780,112	1,560,224
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	16,624	16,624	33,249
Director's Discretionary Fund	130,492	130,492	260,984
Total Expenses	\$ 154,036,330	\$ 162,092,637	\$ 316,128,967
Fiscal Year Results	\$ 52,143,846	\$ 44,972,800	\$ 97,116,646
Beginning Restricted Reserve			\$ 879,278,188
Ending Restricted Reserve			\$ 976,394,834
Beginning Premium Stabilization Reserve			\$ -
PSR Addition/(Drawdown)			\$ -
Ending Premium Stabilization Reserve			\$ -
Total Beginning Plan Reserve			879,278,188
Total Ending Plan Reserve			\$ 976,394,834
Accrued Actuarial Liability (AAL)			\$ 3,614,699,000
Funded Status			27.0%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 223.44	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 816,465	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 371.62	Non-Medicare	8.0%	10.0%
		Medicare	8.0%	10.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		5.3%

**APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE**

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

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

Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 133,305,453		\$ 133,305,453
Employer Premiums - PPB	8,518,392	141,116	8,659,508
Employer Premiums - MCO	-	-	-
Retiree Premiums - PPB	40,767,118	675,349	41,442,467
Retiree Premiums - MCO	-	-	-
Annual Required Contributions	-	-	-
Non Par Premiums	1,528,205		1,528,205
Life Insurance	14,389,873		14,389,873
Investment Income	28,271,114		28,271,114
Transfer from Premium Stabilization Reserve	-		-
General Revenue Transfer (OPEB Funding)	18,155,161		18,155,161
General Revenue Transfer (Premium Offset)	3,025,860		3,025,860
Total Revenue	\$ 247,961,177	\$ 816,465	\$ 248,777,642
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 2,874,277	\$ -	\$ 2,874,277
Medicare Prescription Drug Claims	7,211,957	-	7,211,957
Humana MAPD Program	170,647,660		170,647,660
Administration	1,797,255		1,797,255
Life Insurance	14,202,819		14,202,819
Retiree Assistance Program	818,628		818,628
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	25,678		25,678
Director's Discretionary Fund	-		-
Total Expenses	\$ 197,578,274	\$ -	\$ 197,578,274
Fiscal Year Results	\$ 50,382,903		\$ 51,199,367
Beginning Restricted Reserve	\$ 466,835,182		\$ 466,835,182
Ending Restricted Reserve	<u>\$ 517,218,084</u>		<u>\$ 518,034,549</u>
Beginning Premium Stabilization Reserve	\$ -		\$ -
PSR Addition/(Drawdown)	\$ -		\$ -
Ending Premium Stabilization Reserve	<u>\$ -</u>		<u>\$ -</u>
Total Beginning Plan Reserve	466,835,182		466,835,182
Total Ending Plan Reserve	<u>\$ 517,218,084</u>		<u>\$ 518,034,549</u>
Accrued Actuarial Liability (AAL)	\$ 3,614,699,000		\$ 3,614,699,000
Funded Status	27.0%		27.0%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 223.44	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 816,465	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 311.12	Medicare	8.0%	10.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		5.3%

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

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

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

Non-Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 66,694,547		\$ 66,694,547
Employer Premiums - PPB	16,070,901	-	16,070,901
Employer Premiums - MCO	1,387,656	-	1,387,656
Retiree Premiums - PPB	25,735,601	-	25,735,601
Retiree Premiums - MCO	971,079	-	971,079
Annual Required Contributions	-		-
Non Par Premiums	1,384,403		1,384,403
Life Insurance	13,035,812		13,035,812
Investment Income	25,368,993		25,368,993
Transfer from Premium Stabilization Reserve	-		-
General Revenue Transfer (OPEB Funding)	11,844,839		11,844,839
General Revenue Transfer (Premium Offset)	1,974,140		1,974,140
Total Revenue	\$ 164,467,971	\$ -	\$ 164,467,971
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 71,632,351	\$ -	\$ 71,632,351
Non-Medicare Prescription Drug Claims	24,688,436	-	24,688,436
Non-Medicare Managed Care Capitations	5,281,722		5,281,722
Administration	3,071,675		3,071,675
Life Insurance	12,866,359		12,866,359
Retiree Assistance Program	741,596		741,596
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	7,570		7,570
Director's Discretionary Fund	260,984		260,984
Total Expenses	\$ 118,550,693	\$ -	\$ 118,550,693
Fiscal Year Results	\$ 45,917,278		\$ 45,917,278
Beginning Restricted Reserve	\$ 412,443,008		\$ 412,443,008
Ending Restricted Reserve	<u>\$ 458,360,285</u>		<u>\$ 458,360,285</u>
Beginning Premium Stabilization Reserve	\$ -		\$ -
PSR Addition/(Drawdown)	\$ -		\$ -
Ending Premium Stabilization Reserve	<u>\$ -</u>		<u>\$ -</u>
Total Beginning Plan Reserve	412,443,008		412,443,008
Total Ending Plan Reserve	<u>\$ 458,360,285</u>		<u>\$ 458,360,285</u>
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 223.44	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 607.93	Non-Medicare	8.0%	10.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		5.3%

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

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

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

	7/1/2019 to 12/31/2019	1/1/2020 to 6/30/2020	TRUST Total
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 105,000,000	\$ 105,000,000	\$ 210,000,000
Retiree Premiums - PPB	47,307,592	54,898,079	102,205,671
Retiree Premiums - MCO	1,212,257	1,212,257	2,424,514
Annual Required Contributions	-	-	-
Non Par Premiums	1,412,615	1,412,615	2,825,230
Life Insurance	14,398,485	14,398,485	28,796,969
Investment Income	29,782,141	29,782,141	59,564,282
Transfer from Premium Stabilization Reserve	-	-	-
General Revenue Transfer (OPEB Funding)	15,000,000	15,000,000	30,000,000
General Revenue Transfer (Premium Offset)	2,500,000	2,500,000	5,000,000
Total Revenue	\$ 216,613,089	\$ 224,203,577	\$ 440,816,665
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 36,469,230	\$ 38,539,471	\$ 75,008,701
Non-Medicare Prescription Drug Claims	12,161,806	14,168,148	26,329,954
Medicare Medical Claims	2,096,674	1,014,468	3,111,142
Medicare Prescription Drug Claims	5,341,630	2,608,946	7,950,576
Non-Medicare Managed Care Capitations	2,852,130	2,852,130	5,704,260
Humana MAPD Program	91,821,701	100,950,648	192,772,349
Administration	2,507,499	2,507,499	5,014,997
Life Insurance	14,211,319	14,211,319	28,422,637
Retiree Assistance Program	842,521	842,521	1,685,042
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Director's Discretionary Fund	126,842	126,842	253,683
Total Expenses	\$ 168,431,351	\$ 177,821,990	\$ 346,253,341
Fiscal Year Results	\$ 48,181,738	\$ 46,381,587	\$ 94,563,324
Beginning Restricted Reserve			\$ 976,394,834
Ending Restricted Reserve			<u>\$ 1,070,958,159</u>
Beginning Premium Stabilization Reserve			\$ -
PSR Addition/(Drawdown)			\$ -
Ending Premium Stabilization Reserve			<u>\$ -</u>
Total Beginning Plan Reserve			976,394,834
Total Ending Plan Reserve			<u>\$ 1,070,958,159</u>
Accrued Actuarial Liability (AAL)			\$ 3,627,158,000
Funded Status			29.5%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 235.85	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 7,630,358	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 381.63	Non-Medicare	8.5%	10.5%
		Medicare	8.5%	10.5%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		5.0%

**APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE**

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

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

Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 144,841,534		\$ 144,841,534
Employer Premiums - PPB	8,680,977	1,318,813	9,999,790
Employer Premiums - MCO	-	-	-
Retiree Premiums - PPB	41,545,212	6,311,545	47,856,757
Retiree Premiums - MCO	-	-	-
Annual Required Contributions	-	-	-
Non Par Premiums	1,482,358		1,482,358
Life Insurance	15,109,367		15,109,367
Investment Income	31,393,461		31,393,461
Transfer from Premium Stabilization Reserve	-		-
General Revenue Transfer (OPEB Funding)	18,051,495		18,051,495
General Revenue Transfer (Premium Offset)	3,008,582		3,008,582
Total Revenue	\$ 264,112,987	\$ 7,630,358	\$ 271,743,345
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 3,111,142	\$ -	\$ 3,111,142
Medicare Prescription Drug Claims	7,950,576	-	7,950,576
Humana MAPD Program	192,772,349		192,772,349
Administration	1,851,172		1,851,172
Life Insurance	14,912,960		14,912,960
Retiree Assistance Program	884,118		884,118
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Director's Discretionary Fund	-		-
Total Expenses	\$ 221,482,317	\$ -	\$ 221,482,317
Fiscal Year Results	\$ 42,630,670		\$ 50,261,028
Beginning Restricted Reserve	\$ 518,034,549		\$ 518,034,549
Ending Restricted Reserve	<u>\$ 560,665,219</u>		<u>\$ 568,295,577</u>
Beginning Premium Stabilization Reserve	\$ -		\$ -
PSR Addition/(Drawdown)	\$ -		\$ -
Ending Premium Stabilization Reserve	<u>\$ -</u>		<u>\$ -</u>
Total Beginning Plan Reserve	518,034,549		518,034,549
Total Ending Plan Reserve	<u>\$ 560,665,219</u>		<u>\$ 568,295,577</u>
Accrued Actuarial Liability (AAL)	\$ 3,627,158,000		\$ 3,627,158,000
Funded Status	29.3%		29.5%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 235.85	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 7,630,358	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 333.37	Medicare	8.5%	10.5%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		5.0%

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

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

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

Non-Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 65,158,466		\$ 65,158,466
Employer Premiums - PPB	17,048,314	-	17,048,314
Employer Premiums - MCO	1,426,354	-	1,426,354
Retiree Premiums - PPB	27,300,810	-	27,300,810
Retiree Premiums - MCO	998,160	-	998,160
Annual Required Contributions	-		-
Non Par Premiums	1,342,871		1,342,871
Life Insurance	13,687,603		13,687,603
Investment Income	28,170,821		28,170,821
Transfer from Premium Stabilization Reserve	-		-
General Revenue Transfer (OPEB Funding)	11,948,505		11,948,505
General Revenue Transfer (Premium Offset)	1,991,418		1,991,418
Total Revenue	\$ 169,073,321	\$ -	\$ 169,073,321
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 75,008,701	\$ -	\$ 75,008,701
Non-Medicare Prescription Drug Claims	26,329,954	-	26,329,954
Non-Medicare Managed Care Capitations	5,704,260		5,704,260
Administration	3,163,825		3,163,825
Life Insurance	13,509,677		13,509,677
Retiree Assistance Program	800,924		800,924
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Director's Discretionary Fund	253,683		253,683
Total Expenses	\$ 124,771,024	\$ -	\$ 124,771,024
Fiscal Year Results	\$ 44,302,297		\$ 44,302,297
Beginning Restricted Reserve	\$ 458,360,285		\$ 458,360,285
Ending Restricted Reserve	<u>\$ 502,662,582</u>		<u>\$ 502,662,582</u>
Beginning Premium Stabilization Reserve	\$ -		\$ -
PSR Addition/(Drawdown)	\$ -		\$ -
Ending Premium Stabilization Reserve	<u>\$ -</u>		<u>\$ -</u>
Total Beginning Plan Reserve	458,360,285		458,360,285
Total Ending Plan Reserve	<u>\$ 502,662,582</u>		<u>\$ 502,662,582</u>
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 235.85	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 562.67	Non-Medicare	8.5%	10.5%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		5.0%

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

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2021**

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

	7/1/2020 to 12/31/2020	1/1/2021 to 6/30/2021	TRUST Total
Revenues			
WV PEIA Pay Go Premiums	\$ 110,000,000	\$ 110,000,000	\$ 220,000,000
Retiree Premiums - PPB	55,883,571	67,511,604	123,395,175
Retiree Premiums - MCO	1,245,321	1,245,321	2,490,642
Annual Required Contributions	-	-	-
Non Par Premiums	1,370,237	1,370,237	2,740,473
Life Insurance	15,118,409	15,118,409	30,236,818
Investment Income	32,672,973	32,672,973	65,345,946
Transfer from Premium Stabilization Reserve	-	-	-
General Revenue Transfer (OPEB Funding)	15,000,000	15,000,000	30,000,000
General Revenue Transfer (Premium Offset)	2,500,000	2,500,000	5,000,000
Total Revenue	\$ 233,790,510	\$ 245,418,543	\$ 479,209,053
Program Expenses			
Non-Medicare Medical Claims	\$ 38,364,605	\$ 40,542,439	\$ 78,907,044
Non-Medicare Prescription Drug Claims	13,029,268	15,178,717	28,207,985
Medicare Medical Claims	2,278,185	1,104,904	3,383,089
Medicare Prescription Drug Claims	5,910,902	2,893,706	8,804,608
Non-Medicare Managed Care Capitations	3,080,301	3,080,301	6,160,601
Humana MAPD Program	103,955,762	114,818,870	218,774,632
Administration	2,582,724	2,582,724	5,165,447
Life Insurance	14,921,885	14,921,885	29,843,769
Retiree Assistance Program	909,923	909,923	1,819,845
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Director's Discretionary Fund	123,279	123,279	246,558
Total Expenses	\$ 185,156,832	\$ 196,156,746	\$ 381,313,578
Fiscal Year Results	\$ 48,633,678	\$ 49,261,797	\$ 97,895,475
Beginning Restricted Reserve			\$ 1,070,958,159
Ending Restricted Reserve			<u>\$ 1,168,853,634</u>
Beginning Premium Stabilization Reserve			\$ -
PSR Addition/(Drawdown)			\$ -
Ending Premium Stabilization Reserve			<u>\$ -</u>
Total Beginning Plan Reserve			1,070,958,159
Total Ending Plan Reserve			<u>\$ 1,168,853,634</u>
Accrued Actuarial Liability (AAL)			\$ 3,631,580,000
Funded Status			32.2%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 248.65	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 18,466,881	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 391.20	Non-Medicare	9.0%	11.0%
		Medicare	9.0%	11.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		4.8%

**APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2021**

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

Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 154,482,696		\$ 154,482,696
Employer Premiums - PPB	10,025,356	3,191,773	13,217,128
Employer Premiums - MCO	-	-	-
Retiree Premiums - PPB	47,979,107	15,275,109	63,254,216
Retiree Premiums - MCO	-	-	-
Annual Required Contributions	-	-	-
Non Par Premiums	1,437,888		1,437,888
Life Insurance	15,864,835		15,864,835
Investment Income	34,440,698		34,440,698
Transfer from Premium Stabilization Reserve	-		-
General Revenue Transfer (OPEB Funding)	18,531,762		18,531,762
General Revenue Transfer (Premium Offset)	3,088,627		3,088,627
Total Revenue	\$ 285,850,970	\$ 18,466,881	\$ 304,317,851
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 3,383,089	\$ -	\$ 3,383,089
Medicare Prescription Drug Claims	8,804,608	-	8,804,608
Humana MAPD Program	218,774,632		218,774,632
Administration	1,906,707		1,906,707
Life Insurance	15,658,608		15,658,608
Retiree Assistance Program	954,847		954,847
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Director's Discretionary Fund	-		-
Total Expenses	\$ 249,482,491	\$ -	\$ 249,482,491
Fiscal Year Results	\$ 36,368,479		\$ 54,835,360
Beginning Restricted Reserve	\$ 568,295,577		\$ 568,295,577
Ending Restricted Reserve	<u>\$ 604,664,056</u>		<u>\$ 623,130,937</u>
Beginning Premium Stabilization Reserve	\$ -		\$ -
PSR Addition/(Drawdown)	\$ -		\$ -
Ending Premium Stabilization Reserve	<u>\$ -</u>		<u>\$ -</u>
Total Beginning Plan Reserve	568,295,577		568,295,577
Total Ending Plan Reserve	<u>\$ 604,664,056</u>		<u>\$ 623,130,937</u>
Accrued Actuarial Liability (AAL)	\$ 3,631,580,000		\$ 3,631,580,000
Funded Status	31.7%		32.2%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 248.65	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 18,466,881	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 350.72	Medicare	9.0%	11.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		4.8%

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

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2021**

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

Non-Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 65,517,304		\$ 65,517,304
Employer Premiums - PPB	18,038,061	-	18,038,061
Employer Premiums - MCO	1,465,257	-	1,465,257
Retiree Premiums - PPB	28,885,770	-	28,885,770
Retiree Premiums - MCO	1,025,384	-	1,025,384
Annual Required Contributions	-		-
Non Par Premiums	1,302,585		1,302,585
Life Insurance	14,371,983		14,371,983
Investment Income	30,905,248		30,905,248
Transfer from Premium Stabilization Reserve	-		-
General Revenue Transfer (OPEB Funding)	11,468,238		11,468,238
General Revenue Transfer (Premium Offset)	1,911,373		1,911,373
Total Revenue	\$ 174,891,202	\$ -	\$ 174,891,202
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 78,907,044	\$ -	\$ 78,907,044
Non-Medicare Prescription Drug Claims	28,207,985	-	28,207,985
Non-Medicare Managed Care Capitations	6,160,601		6,160,601
Administration	3,258,740		3,258,740
Life Insurance	14,185,161		14,185,161
Retiree Assistance Program	864,998		864,998
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Director's Discretionary Fund	246,558		246,558
Total Expenses	\$ 131,831,087	\$ -	\$ 131,831,087
Fiscal Year Results	\$ 43,060,115		\$ 43,060,115
Beginning Restricted Reserve	\$ 502,662,582		\$ 502,662,582
Ending Restricted Reserve	<u>\$ 545,722,698</u>		<u>\$ 545,722,698</u>
Beginning Premium Stabilization Reserve	\$ -		\$ -
PSR Addition/(Drawdown)	\$ -		\$ -
Ending Premium Stabilization Reserve	<u>\$ -</u>		<u>\$ -</u>
Total Beginning Plan Reserve	502,662,582		502,662,582
Total Ending Plan Reserve	<u>\$ 545,722,698</u>		<u>\$ 545,722,698</u>
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 248.65	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 537.48	Non-Medicare	9.0%	11.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		4.8%

**Attachment - Trust Fund
Historical Monthly Medical and Drug Trends
FY 2016 to FY 2017**

Fiscal Year 2016

Exposure

	<u>Jul-15</u>	<u>Aug-15</u>	<u>Sep-15</u>	<u>Oct-15</u>	<u>Nov-15</u>	<u>Dec-15</u>	<u>Jan-16</u>	<u>Feb-16</u>	<u>Mar-16</u>	<u>Apr-16</u>	<u>May-16</u>	<u>Jun-16</u>
NonMed_NonDrug	20,325	20,533	20,656	20,437	20,400	20,298	20,052	19,850	19,597	19,335	19,138	18,822
Med_NonDrug	2,284	2,575	2,604	3,099	3,317	3,558	782	1,055	1,269	1,530	1,728	1,740
NonMed_Drug	18,831	19,021	19,133	18,932	18,899	18,807	18,574	18,385	18,151	17,910	17,727	17,433
Med_Drug	2,379	2,682	2,712	3,228	3,455	3,707	815	1,099	1,322	1,593	1,800	1,812

	<u>Jul-15</u>	<u>Aug-15</u>	<u>Sep-15</u>	<u>Oct-15</u>	<u>Nov-15</u>	<u>Dec-15</u>	<u>Jan-16</u>	<u>Feb-16</u>	<u>Mar-16</u>	<u>Apr-16</u>	<u>May-16</u>	<u>Jun-16</u>
NonMed_NonDrug	\$248.97	\$251.97	\$240.78	\$247.10	\$233.41	\$242.57	\$261.28	\$282.85	\$318.53	\$277.58	\$308.98	\$282.20
Med_NonDrug	172.18	171.37	145.94	157.72	123.12	126.98	211.61	202.99	177.49	136.47	157.32	178.11
NonMed_Drug	95.38	106.10	115.40	116.47	118.53	133.91	125.52	125.67	137.49	128.27	132.16	150.50
Med_Drug	<u>224.19</u>	<u>222.38</u>	<u>253.48</u>	<u>258.03</u>	<u>241.74</u>	<u>278.91</u>	<u>272.34</u>	<u>279.46</u>	<u>299.02</u>	<u>263.01</u>	<u>282.24</u>	<u>332.62</u>
Total	\$740.71	\$751.82	\$755.60	\$779.33	\$716.80	\$782.38	\$870.76	\$890.97	\$932.53	\$805.33	\$880.70	\$943.42

Change From Prior Year - Month to Month Analysis

NonMed_NonDrug	7.0%	15.5%	-3.9%	-18.6%	-1.3%	-8.6%	-11.9%	20.8%	11.6%	-5.7%	1.5%	-15.6%
Med_NonDrug	-2.7%	-9.4%	-22.1%	-14.4%	-12.4%	-17.0%	-24.9%	7.2%	-16.8%	-40.8%	-17.2%	-11.2%
NonMed_Drug	-0.2%	-9.3%	-2.3%	-2.2%	1.0%	1.2%	-2.0%	5.6%	7.0%	0.8%	3.1%	5.5%
Med_Drug	<u>1.8%</u>	<u>-5.1%</u>	<u>1.8%</u>	<u>10.9%</u>	<u>10.5%</u>	<u>5.7%</u>	<u>7.3%</u>	<u>22.5%</u>	<u>19.4%</u>	<u>8.0%</u>	<u>19.9%</u>	<u>33.4%</u>
Total	2.1%	-0.9%	-6.2%	-7.2%	0.5%	-3.9%	-9.3%	15.6%	6.3%	-10.1%	2.7%	1.8%

Change From Prior Year - Quarter to Quarter Analysis

NonMed_NonDrug		5.8%				-10.2%			5.7%			-6.9%
Med_NonDrug			-11.6%			-14.7%			-13.5%			-24.1%
NonMed_Drug			-4.2%			0.0%			3.5%			3.2%
Med_Drug			<u>-0.5%</u>			<u>8.9%</u>			<u>16.2%</u>			<u>20.6%</u>
Total			-1.8%			-3.8%			3.3%			-1.9%

Change From Prior Year - Year to Year Analysis

NonMed_NonDrug			7.1%			2.7%			3.4%			-1.8%
Med_NonDrug			-7.4%			-8.1%			-10.7%			-16.1%
NonMed_Drug			2.1%			1.1%			0.3%			0.8%
Med_Drug			<u>6.9%</u>			<u>8.2%</u>			<u>7.2%</u>			<u>11.4%</u>
Total			2.6%			1.3%			0.7%			-1.0%

**Attachment - Trust Fund
Historical Monthly Medical and Drug Trends
FY 2016 to FY 2017**

Fiscal Year 2017

Exposure

	<u>Jul-16</u>	<u>Aug-16</u>
NonMed_NonDrug	19,195	19,539
Med_NonDrug	2,446	2,722
NonMed_Drug	17,779	18,098
Med_Drug	2,548	2,835

	<u>Jul-16</u>	<u>Aug-16</u>
NonMed_NonDrug	\$213.62	\$260.05
Med_NonDrug	182.13	226.46
NonMed_Drug	167.82	62.17
Med_Drug	<u>349.27</u>	<u>104.21</u>
Total	\$912.85	\$652.89

Change From Prior Year - Month to Month Analysis

NonMed_NonDrug	-14.2%	3.2%
Med_NonDrug	5.8%	32.1%
NonMed_Drug	75.9%	-41.4%
Med_Drug	<u>55.8%</u>	<u>-53.1%</u>
Total	23.2%	-13.2%

Change From Prior Year - Quarter to Quarter Analysis

NonMed_NonDrug
Med_NonDrug
NonMed_Drug
Med_Drug
Total

Change From Prior Year - Year to Year Analysis

NonMed_NonDrug
Med_NonDrug
NonMed_Drug
Med_Drug
Total