

STATE OF WEST VIRGINIA



RETIREE HEALTH BENEFIT TRUST FUND

**Fiscal Year 2017
Financial Report**

Fiscal Years 2017-2022

Report Date: October 2017

YOUR ACTUARIES FOR THE LONG-TERM!



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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 2018, 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 2022. 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, 2017 (“FY 2017”), June 30, 2018 (“FY 2018”), June 30, 2019 (“FY 2019”), June 30, 2020 (“FY 2020”), June 30, 2021 (“FY 2021”) and June 30, 2022 (“FY 2022”). Our opinion of plan adequacy is based on the projections through FY 2022 using updated future revenue and plan modifications provided by the Board in the plan adopted in December 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 2018 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 2017.

In FY 2017 the Pay-Go is equivalent to \$292 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 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. RHBT started receiving the aforementioned \$30 million transfers in 2017. All employers would 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 2018 through FY 2022 may be reasonably expected to generate sufficient revenues, when combined with the existing surplus, to meet estimated insurance program and administrative costs of 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 2022 as approved by the Board in December 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 2022

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 2017 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 948 retirees from June 2017 to September 2017, approximating our current assumption. Continuing Care Actuaries has updated the claims analysis based on the enrollment through September 2017.

In aggregate, September 2017 enrollment has increased by 948 coverages since the end of FY 2017. Aggregate Preferred Provider Benefit (“PPB”) enrollment has increased by 947 in total over the same period, while managed care enrollment continues to cover fewer participants, with a slight increase of 1 coverage. For MAPD Capitations, the average 43,591 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 2016, June 2017 and September 2017 for purposes of comparison:

Trust Fund	Coverage	Preferred Provider Benefit*			Managed Care		
		Jun-16	Jun-17	Sep-17	Jun-16	Jun-17	Sep-17
Retirees	Medicare Single	19,698	20,197	20,734	-	-	-
	<u>Medicare Family</u>	<u>14,387</u>	<u>14,978</u>	<u>15,224</u>	-	-	-
	Medicare Total	34,085	35,175	35,958	-	-	-
	Non Medicare Single	3,245	3,094	3,143	135	139	135
	<u>Non Medicare Family</u>	<u>4,210</u>	<u>3,881</u>	<u>3,996</u>	<u>170</u>	<u>152</u>	<u>157</u>
	Non Medicare Total	7,455	6,975	7,139	305	291	292
	Retiree Total	41,540	42,150	43,097	305	291	292
Grand Total				41,845	42,441	43,389	

* The majority of PPB is capitated through Humana. As of September 2017, there are approximately 1,810 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 2017 Financial Report”.

C. Trend Analysis

RHBT experienced higher medical and prescription drug trends in FY 2017, but over the past few years, trends have been beneficial to the plan. Continuing Care Actuaries performed the detailed medical and prescription drugs trend analysis in the report titled, “PEIA FY2016 Detailed Medical and Prescription Drugs Claim Trend Report - November 2016”. This report includes the detailed trend analysis of PEIA experience by medical and prescription drugs. Based on the analysis, the FY 2018 medical claim trend is 7.5% and the prescription drug claim trend is 11.5%.

The current trend projection is shown in the following table:

Claim Type	FY 2018 Trend
Non-Medicare – Medical	7.5%
Medicare – Medical	7.5%
Non-Medicare – Drugs	11.5%
Medicare – Drugs	11.5%

In addition, we have assumed that trends will increase by 0.5% in each successive fiscal year beginning in FY 2019. At the Board’s request, the baseline trend assumptions have been established to reflect the most likely or expected trends.

The following chart summarizes the trend results observed for the plan using data through August 2017. 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	-10%	2%	11%	9%	3%
2017	22%	-1%	8%	31%	9%
2018*	30%	0%	10%	34%	10%

* Fiscal Year 2018 results are through the first two months ending August 2017. 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 2017 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 2017 and the projection of FY 2018 revenue and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

Fiscal Year 2017 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	34,722			\$ 80**	\$ 211**	\$ 315
	Non-Medicare	7,460			\$ 687	\$ 254	
	Total	42,182	\$ -	\$ 161			
	Non-Medicare Managed Care	308	\$ -	\$ 577			\$ 1,167
	Total	42,490					

*Net of rebates and subsidies.

** As of June 2017, there are approximately 1,141 Medicare coverages that were not capitated through Humana.

Fiscal Year 2018 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	36,018			\$ 86**	\$ 235**	\$ 311
	Non-Medicare	7,282			\$ 704	\$ 256	
	Total	43,300	\$ -	\$ 173			
	Non-Medicare Managed Care	291	\$ -	\$ 668			\$ 1,334
	Total	43,591					

*Net of rebates and subsidies.

** As of September 2017, there are approximately 1,810 Medicare coverages that were not capitated through Humana.

Projected plan revenues and administrative expenses were provided by RHBT. The following chart summarizes the Financial Plan adopted by the Board in December 2016.

Board Decisions – December 2016

Source	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
Additional Non-Medicare Retiree Premium (Fiscal Year)	\$386,430	\$9,057,187	\$8,338,963	\$8,766,605	\$11,736,547
Additional Medicare Retiree Premium (Calendar Year)	\$2,021,796	\$18,947,924	\$19,488,939	\$27,077,390	\$38,553,309
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	\$0
Benefit Reductions and Savings / (Increase) - Retiree Non-Medicare	\$3,364,000	\$0	\$0	\$0	\$0
Benefit Reductions / (Increase) - Humana MAPD (Calendar Year)	\$21,733,986	\$0	\$0	\$0	\$0
ACA Reinsurance Contributions (Cost)	\$0	\$0	\$0	\$0	\$0
ACA Comparative Effectiveness Research Fees (Cost)	(\$32,201)	(\$32,900)	\$0	\$0	\$0
Pay Go Premium Transfer	\$160,000,000	\$170,000,000	\$180,000,000	\$190,000,000	\$200,000,000
Actuarial Accrued Liability*	\$3,592,317,000	\$3,614,699,000	\$3,627,158,000	\$3,631,580,000	\$3,636,007,000
Funded Status	25.9%	29.2%	33.1%	37.4%	42.2%

*Projected Result

The \$3,364,000 of Retiree Non-Medicare benefit reductions and savings in Fiscal Year 2018 is comprised of the following:

	<u>2018 Claim Cost Savings</u>
Medical Claims	\$1.556 M
Drug Claims	\$1.808 M

A detailed list of the 2018 benefit reductions and savings for the Non-Medicare Retirees as voted on by the Board consists of the following:

	<u>Non-Medicare Savings</u>
Fee Schedules Payment Changes	\$0.240 M
Office Visits All PCP Copays \$20	\$0.096 M
Ded Increases \$100/200	\$0.970 M
Plan A & B Changes	<u>\$0.250 M</u>
Total Medical Benefit Reductions	\$1.556 M
Rx Mandatory Maintenance (90 Days)	\$1.760 M
Rx Specialty Copay Increases	<u>\$0.048 M</u>
Total Drugs Benefit Savings	\$1.808 M
Total Benefit Reductions and Savings	\$3.364 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 expenses of the reinsurance contributions are included in the current financial plan. The total reinsurance contributions for the financial projection are \$184,309 in FY 2017.

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 \$99,000, with \$33,621 in FY 2017.

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 \$1,764,000 in FY 2017 to approximately \$2,592,000 in FY 2022, 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 2017 RESULT

The financial result for FY 2017 under the Baseline scenario is presented in the Appendix. The Baseline result for FY 2017 ends with accrued revenue of \$412,787,455 and incurred plan expenses of \$255,104,805 to produce a fiscal year surplus of \$138,243,315 after the Premium Stabilization Reserve drawdown of \$19,439,335. The PEIA local and state agencies Pay Go premiums for FY 2017 are \$148,908,694.

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 \$364,575,179 and incurred plan expenses of \$259,124,441 to produce a fiscal year surplus of \$105,450,737 after the Premium Stabilization Reserve drawdown of \$0. The PEIA local and state agencies Pay Go premiums for FY 2018 are assumed to be \$160,000,000.

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 \$405,163,728 and incurred plan expenses of \$277,664,271 to produce a fiscal year surplus of \$127,499,456 after the Premium Stabilization Reserve drawdown of \$0. The PEIA local and state agencies Pay Go premiums for FY 2019 are assumed to be \$170,000,000.

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 \$454,791,135 and incurred plan expenses of \$311,594,053 to produce a fiscal year surplus of \$143,197,082 after the Premium Stabilization Reserve drawdown of \$0. The PEIA local and state agencies Pay Go premiums for FY 2020 are assumed to be \$180,000,000.

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 \$510,354,025 and incurred plan expenses of \$351,522,902 to produce a fiscal year surplus of \$158,831,123 after the Premium Stabilization Reserve drawdown of \$0. The PEIA local and state agencies Pay Go premiums for FY 2021 are assumed to be \$190,000,000.

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 \$574,857,056 and incurred plan expenses of \$398,644,532 to produce a fiscal year surplus of \$176,212,524 after the Premium Stabilization Reserve drawdown of \$0. The PEIA local and state agencies Pay Go premiums for FY 2022 are assumed to be \$200,000,000.

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 2022. These projections are based on significant revenue increases as contained in the Financial Plan adopted by the Board in December 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 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 PELA Pay Go Premiums	\$ 74,454,347	\$ 74,454,347	\$ 148,908,694
Retiree Premiums - PPB	41,271,738	40,367,066	81,638,803
Retiree Premiums - MCO	1,110,609	1,020,188	2,130,797
Annual Required Contributions	35,647	35,647	71,293
Non Par Premiums	1,599,686	1,599,686	3,199,371
Life Insurance	11,476,005	11,476,005	22,952,010
Investment Income	49,723,576	49,723,576	99,447,152
Transfer from Premium Stabilization Reserve	9,730,239	9,709,096	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	\$ 206,901,846	\$ 205,885,609	\$ 412,787,455
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 29,891,404	\$ 31,588,242	\$ 61,479,646
Non-Medicare Prescription Drug Claims	10,513,882	12,248,365	22,762,247
Medicare Medical Claims	1,462,344	512,487	1,974,831
Medicare Prescription Drug Claims	4,016,246	1,435,078	5,451,324
Non-Medicare Managed Care Capitations	2,156,588	2,156,588	4,313,175
Humana MAPD Program	62,350,674	68,764,518	131,115,191
Administration	1,741,108	1,741,108	3,482,215
Life Insurance	11,272,123	11,272,123	22,544,246
Retiree Assistance Program	882,000	882,000	1,764,000
ACA Reinsurance Contributions	184,309	-	184,309
ACA Comparative Effectiveness Research Fees	16,811	16,811	33,621
Computer Software Reserve	-	-	-
Director's Discretionary Fund	-	-	-
Total Expenses	\$ 124,487,486	\$ 130,617,319	\$ 255,104,805
Fiscal Year Results	\$ 82,414,360	\$ 75,268,290	\$ 157,682,650
Beginning Restricted Reserve			\$ 666,228,667
Ending Restricted Reserve			\$ 823,911,317
Beginning Premium Stabilization Reserve			\$ 19,439,335
PSR Addition/(Drawdown)			\$ (19,439,335)
Ending Premium Stabilization Reserve			\$ -
Total Beginning Plan Reserve			\$ 685,668,002
Total Ending Plan Reserve			\$ 823,911,317
Accrued Actuarial Liability (AAL)			\$ 3,559,049,000
Funded Status			23.1%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 165.08	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 2,305,270	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 292.05	Non-Medicare	7.0%	11.0%
		Medicare	7.0%	11.0%
		Capitations		2.9%
		Administrative Expense		-21.8%
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 RESULT
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	\$ 99,305,515		\$ 99,305,515
Employer Premiums - PPB	7,776,080	30,913	7,806,993
Employer Premiums - MCO	-	-	-
Retiree Premiums - PPB	37,182,680	2,041,336	39,224,017
Retiree Premiums - MCO	-	-	-
Annual Required Contributions	-		-
Non Par Premiums	1,729,470		1,729,470
Life Insurance	12,407,065		12,407,065
Investment Income	52,413,799		52,413,799
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	\$ 246,880,257	\$ 2,072,250	\$ 248,952,507
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 1,974,831	\$ -	\$ 1,974,831
Medicare Prescription Drug Claims	5,451,324	-	5,451,324
Humana MAPD Program	167,553,710	(36,438,519)	131,115,191
Administration	1,285,381		1,285,381
Life Insurance	12,186,642		12,186,642
Retiree Assistance Program	953,558		953,558
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	25,482		25,482
Computer Software Reserve	-		-
Director's Discretionary Fund	-		-
Total Expenses	\$ 189,430,928	\$ (36,438,519)	\$ 152,992,409
Fiscal Year Results	\$ 57,449,330		\$ 95,960,098
Beginning Restricted Reserve	\$ 338,884,373		\$ 338,884,373
Ending Restricted Reserve	<u>\$ 396,333,702</u>		<u>\$ 434,844,471</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	356,206,511		356,206,511
Total Ending Plan Reserve	<u>\$ 398,358,683</u>		<u>\$ 436,869,452</u>
Accrued Actuarial Liability (AAL)	\$ 3,559,049,000		\$ 3,559,049,000
Funded Status	22.0%		23.1%

KEY ASSUMPTIONS

		Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go Monthly Premium for Actives	\$ 165.08			
Additional Retiree Premiums	\$ 2,072,250			
Pay Go PEPM Subsidy for Retirees	\$ 238.34	Medicare	7.0%	11.0%
		Capitations		2.9%
		Administrative Expense		-21.8%
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 RESULT
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	\$ 49,603,179		\$ 49,603,179
Employer Premiums - PPB	13,226,503	(240,335)	12,986,169
Employer Premiums - MCO	1,243,155	(8,070)	1,235,084
Retiree Premiums - PPB	21,166,493	455,132	21,621,625
Retiree Premiums - MCO	869,419	26,293	895,713
Annual Required Contributions	71,293		71,293
Non Par Premiums	1,469,901		1,469,901
Life Insurance	10,544,945		10,544,945
Investment Income	47,033,353		47,033,353
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	\$ 163,601,928	\$ 233,020	\$ 163,834,948
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 62,303,645	\$ (823,999)	\$ 61,479,646
Non-Medicare Prescription Drug Claims	25,538,246	(2,775,999)	22,762,247
Non-Medicare Managed Care Capitations	4,313,175		4,313,175
Administration	2,196,834		2,196,834
Life Insurance	10,357,604		10,357,604
Retiree Assistance Program	810,442		810,442
ACA Reinsurance Contributions	184,309		184,309
ACA Comparative Effectiveness Research Fees	8,139		8,139
Computer Software Reserve	-		-
Director's Discretionary Fund	-		-
Total Expenses	\$ 105,712,394	\$ (3,599,998)	\$ 102,112,396
Fiscal Year Results	\$ 57,889,534		\$ 61,722,553
Beginning Restricted Reserve	\$ 327,271,490		\$ 327,271,490
Ending Restricted Reserve	<u>\$ 385,161,024</u>		<u>\$ 388,994,042</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	329,461,491		329,461,491
Total Ending Plan Reserve	<u>\$ 383,136,043</u>		<u>\$ 386,969,062</u>
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

		Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go Monthly Premium for Actives	\$ 165.08			
Additional Retiree Premiums	\$ 233,020			
Pay Go PEPM Subsidy for Retirees	\$ 532.18	Non-Medicare	7.0%	11.0%
		Capitations		2.9%
		Administrative Expense		-21.8%
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	\$ 80,000,000	\$ 80,000,000	\$ 160,000,000
Retiree Premiums - PPB	43,921,968	46,156,110	90,078,077
Retiree Premiums - MCO	1,134,582	1,196,408	2,330,990
Annual Required Contributions	-	-	-
Non Par Premiums	1,551,695	1,551,695	3,103,390
Life Insurance	12,049,806	12,049,806	24,099,611
Investment Income	24,981,555	24,981,555	49,963,111
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	\$ 181,139,605	\$ 183,435,574	\$ 364,575,179
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 29,888,993	\$ 31,585,695	\$ 61,474,688
Non-Medicare Prescription Drug Claims	10,350,705	12,058,268	22,408,973
Medicare Medical Claims	1,270,716	449,847	1,720,563
Medicare Prescription Drug Claims	3,620,471	1,306,582	4,927,053
Non-Medicare Managed Care Capitations	2,329,115	2,329,115	4,658,229
Humana MAPD Program	67,052,204	67,414,760	134,466,964
Administration	1,793,341	1,793,341	3,586,681
Life Insurance	11,835,729	11,835,729	23,671,458
Retiree Assistance Program	952,560	952,560	1,905,120
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	16,101	16,101	32,201
Computer Software Reserve	-	-	-
Director's Discretionary Fund	136,256	136,256	272,511
Total Expenses	\$ 129,246,189	\$ 129,878,252	\$ 259,124,441
Fiscal Year Results	\$ 51,893,416	\$ 53,557,321	\$ 105,450,737
Beginning Restricted Reserve			\$ 823,911,317
Ending Restricted Reserve			\$ 929,362,055
Beginning Premium Stabilization Reserve			\$ -
PSR Addition/(Drawdown)			\$ -
Ending Premium Stabilization Reserve			\$ -
Total Beginning Plan Reserve			\$ 823,911,317
Total Ending Plan Reserve			\$ 929,362,055
Accrued Actuarial Liability (AAL)			\$ 3,592,317,000
Funded Status			25.9%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 181.38	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 3,515,033	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 305.88	Non-Medicare	7.5%	11.5%
		Medicare	7.5%	11.5%
		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	\$ 103,786,376		\$ 103,786,376
Employer Premiums - PPB	8,152,881	421,830	8,574,710
Employer Premiums - MCO	-	-	-
Retiree Premiums - PPB	39,009,054	2,706,774	41,715,828
Retiree Premiums - MCO	-	-	-
Annual Required Contributions	-		-
Non Par Premiums	1,677,586		1,677,586
Life Insurance	13,027,418		13,027,418
Investment Income	26,333,147		26,333,147
Transfer from Premium Stabilization Reserve	-		-
General Revenue Transfer (OPEB Funding)	17,822,350		17,822,350
General Revenue Transfer (Premium Offset)	2,970,392		2,970,392
Total Revenue	\$ 212,779,204	\$ 3,128,604	\$ 215,907,808
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 1,720,563	\$ -	\$ 1,720,563
Medicare Prescription Drug Claims	4,927,053	-	4,927,053
Humana MAPD Program	154,021,314	(19,554,350)	134,466,964
Administration	1,323,942		1,323,942
Life Insurance	12,795,974		12,795,974
Retiree Assistance Program	1,029,842		1,029,842
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	25,077		25,077
Computer Software Reserve	-		-
Director's Discretionary Fund	-		-
Total Expenses	\$ 175,843,765	\$ (19,554,350)	\$ 156,289,415
Fiscal Year Results	\$ 36,935,439		\$ 59,618,393
Beginning Restricted Reserve	\$ 434,844,471		\$ 434,844,471
Ending Restricted Reserve	<u>\$ 471,779,909</u>		<u>\$ 494,462,863</u>
Beginning Premium Stabilization Reserve	\$ -		\$ -
PSR Addition/(Drawdown)	\$ -		\$ -
Ending Premium Stabilization Reserve	<u>\$ -</u>		<u>\$ -</u>
Total Beginning Plan Reserve	436,869,452		436,869,452
Total Ending Plan Reserve	<u>\$ 471,779,909</u>		<u>\$ 494,462,863</u>
Accrued Actuarial Liability (AAL)	\$ 3,592,317,000		\$ 3,592,317,000
Funded Status	25.1%		25.9%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 181.38	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 3,128,604	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 240.13	Medicare	7.5%	11.5%
		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	\$ 56,213,624		\$ 56,213,624
Employer Premiums - PPB	15,160,442	(31,435)	15,129,006
Employer Premiums - MCO	1,353,016	8,569	1,361,585
Retiree Premiums - PPB	24,272,019	386,514	24,658,533
Retiree Premiums - MCO	946,623	22,782	969,405
Annual Required Contributions	-		-
Non Par Premiums	1,425,804		1,425,804
Life Insurance	11,072,192		11,072,192
Investment Income	23,629,964		23,629,964
Transfer from Premium Stabilization Reserve	-		-
General Revenue Transfer (OPEB Funding)	12,177,650		12,177,650
General Revenue Transfer (Premium Offset)	2,029,608		2,029,608
Total Revenue	\$ 148,280,941	\$ 386,430	\$ 148,667,370
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 63,030,688	\$ (1,555,999)	\$ 61,474,689
Non-Medicare Prescription Drug Claims	24,216,973	(1,808,000)	22,408,973
Non-Medicare Managed Care Capitations	4,658,229		4,658,229
Administration	2,262,739		2,262,739
Life Insurance	10,875,484		10,875,484
Retiree Assistance Program	875,278		875,278
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	7,124		7,124
Computer Software Reserve	-		-
Director's Discretionary Fund	272,511		272,511
Total Expenses	\$ 106,199,026	\$ (3,363,999)	\$ 102,835,027
Fiscal Year Results	\$ 42,081,914		\$ 45,832,343
Beginning Restricted Reserve	\$ 388,994,042		\$ 388,994,042
Ending Restricted Reserve	<u>\$ 431,075,957</u>		<u>\$ 434,826,385</u>
Beginning Premium Stabilization Reserve	\$ -		\$ -
PSR Addition/(Drawdown)	\$ -		\$ -
Ending Premium Stabilization Reserve	<u>\$ -</u>		<u>\$ -</u>
Total Beginning Plan Reserve	386,969,062		386,969,062
Total Ending Plan Reserve	<u>\$ 431,075,957</u>		<u>\$ 434,826,385</u>
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

		Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go Monthly Premium for Actives	\$ 181.38			
Additional Retiree Premiums	\$ 386,430			
Pay Go PEPM Subsidy for Retirees	\$ 618.55	Non-Medicare	7.5%	11.5%
		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	\$ 85,000,000	\$ 85,000,000	\$ 170,000,000
Retiree Premiums - PPB	51,308,163	61,247,450	112,555,613
Retiree Premiums - MCO	1,472,236	1,472,236	2,944,472
Annual Required Contributions	-	-	-
Non Par Premiums	1,505,144	1,505,144	3,010,288
Life Insurance	12,652,296	12,652,296	25,304,591
Investment Income	28,174,381	28,174,381	56,348,763
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	\$ 197,612,220	\$ 207,551,507	\$ 405,163,728
Program Expenses			
Non-Medicare Medical Claims	\$ 32,596,439	\$ 34,446,834	\$ 67,043,273
Non-Medicare Prescription Drug Claims	11,706,993	13,638,304	25,345,297
Medicare Medical Claims	1,117,857	396,701	1,514,558
Medicare Prescription Drug Claims	3,303,298	1,194,930	4,498,228
Non-Medicare Managed Care Capitations	2,515,444	2,515,444	5,030,888
Humana MAPD Program	65,895,087	77,421,463	143,316,550
Administration	1,847,141	1,847,141	3,694,282
Life Insurance	12,427,516	12,427,516	24,855,031
Retiree Assistance Program	1,028,765	1,028,765	2,057,530
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	16,450	16,450	32,900
Computer Software Reserve	-	-	-
Director's Discretionary Fund	137,867	137,867	275,734
Total Expenses	\$ 132,592,856	\$ 145,071,415	\$ 277,664,271
Fiscal Year Results	\$ 65,019,364	\$ 62,480,092	\$ 127,499,456
Beginning Restricted Reserve			\$ 929,362,055
Ending Restricted Reserve			<u>\$ 1,056,861,511</u>
Beginning Premium Stabilization Reserve			\$ -
PSR Addition/(Drawdown)			\$ -
Ending Premium Stabilization Reserve			<u>\$ -</u>
Total Beginning Plan Reserve			929,362,055
Total Ending Plan Reserve			<u>\$ 1,056,861,511</u>
Accrued Actuarial Liability (AAL)			\$ 3,614,699,000
Funded Status			29.2%

KEY ASSUMPTIONS

		Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go Monthly Premium for Actives	\$ 194.52			
Additional Retiree Premiums	\$ 19,387,240			
Pay Go PEPM Subsidy for Retirees	\$ 317.01	Non-Medicare	8.0%	12.0%
		Medicare	8.0%	12.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		6.3%

**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	\$ 113,224,642		\$ 113,224,642
Employer Premiums - PPB	8,648,345	1,785,422	10,433,767
Employer Premiums - MCO	-	-	-
Retiree Premiums - PPB	41,389,041	8,544,631	49,933,671
Retiree Premiums - MCO	-	-	-
Annual Required Contributions	-	-	-
Non Par Premiums	1,627,258		1,627,258
Life Insurance	13,678,789		13,678,789
Investment Income	29,698,716		29,698,716
Transfer from Premium Stabilization Reserve	-		-
General Revenue Transfer (OPEB Funding)	17,760,597		17,760,597
General Revenue Transfer (Premium Offset)	2,960,100		2,960,100
Total Revenue	\$ 228,987,487	\$ 10,330,053	\$ 239,317,540
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 1,514,558	\$ -	\$ 1,514,558
Medicare Prescription Drug Claims	4,498,228	-	4,498,228
Humana MAPD Program	143,316,550		143,316,550
Administration	1,363,660		1,363,660
Life Insurance	13,435,773		13,435,773
Retiree Assistance Program	1,112,230		1,112,230
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	25,948		25,948
Computer Software Reserve	-		-
Director's Discretionary Fund	-		-
Total Expenses	\$ 165,266,947	\$ -	\$ 165,266,947
Fiscal Year Results	\$ 63,720,540		\$ 74,050,593
Beginning Restricted Reserve	\$ 494,462,863		\$ 494,462,863
Ending Restricted Reserve	<u>\$ 558,183,403</u>		<u>\$ 568,513,456</u>
Beginning Premium Stabilization Reserve	\$ -		\$ -
PSR Addition/(Drawdown)	\$ -		\$ -
Ending Premium Stabilization Reserve	<u>\$ -</u>		<u>\$ -</u>
Total Beginning Plan Reserve	494,462,863		494,462,863
Total Ending Plan Reserve	<u>\$ 558,183,403</u>		<u>\$ 568,513,456</u>
Accrued Actuarial Liability (AAL)	\$ 3,614,699,000		\$ 3,614,699,000
Funded Status	28.7%		29.2%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 194.52	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 10,330,053	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 257.77	Medicare	8.0%	12.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		6.3%

**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	\$ 56,775,358		\$ 56,775,358
Employer Premiums - PPB	16,765,995	3,295,740	20,061,735
Employer Premiums - MCO	1,447,675	284,574	1,732,248
Retiree Premiums - PPB	26,848,710	5,277,729	32,126,440
Retiree Premiums - MCO	1,013,080	199,144	1,212,224
Annual Required Contributions	-		-
Non Par Premiums	1,383,030		1,383,030
Life Insurance	11,625,802		11,625,802
Investment Income	26,650,047		26,650,047
Transfer from Premium Stabilization Reserve	-		-
General Revenue Transfer (OPEB Funding)	12,239,403		12,239,403
General Revenue Transfer (Premium Offset)	2,039,900		2,039,900
Total Revenue	\$ 156,789,001	\$ 9,057,187	\$ 165,846,188
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 67,043,273	\$ -	\$ 67,043,273
Non-Medicare Prescription Drug Claims	25,345,297	-	25,345,297
Non-Medicare Managed Care Capitations	5,030,888		5,030,888
Administration	2,330,622		2,330,622
Life Insurance	11,419,258		11,419,258
Retiree Assistance Program	945,300		945,300
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	6,952		6,952
Computer Software Reserve	-		-
Director's Discretionary Fund	275,734		275,734
Total Expenses	\$ 112,397,324	\$ -	\$ 112,397,324
Fiscal Year Results	\$ 44,391,676		\$ 53,448,863
Beginning Restricted Reserve	\$ 434,826,385		\$ 434,826,385
Ending Restricted Reserve	<u>\$ 479,218,061</u>		<u>\$ 488,275,249</u>
Beginning Premium Stabilization Reserve	\$ -		\$ -
PSR Addition/(Drawdown)	\$ -		\$ -
Ending Premium Stabilization Reserve	<u>\$ -</u>		<u>\$ -</u>
Total Beginning Plan Reserve	434,826,385		434,826,385
Total Ending Plan Reserve	<u>\$ 479,218,061</u>		<u>\$ 488,275,249</u>
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

		Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go Monthly Premium for Actives	\$ 194.52			
Additional Retiree Premiums	\$ 9,057,187			
Pay Go PEPM Subsidy for Retirees	\$ 585.27	Non-Medicare	8.0%	12.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		6.3%

**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	\$ 90,000,000	\$ 90,000,000	\$ 180,000,000
Retiree Premiums - PPB	66,262,129	76,519,838	142,781,967
Retiree Premiums - MCO	1,727,791	1,727,791	3,455,582
Annual Required Contributions	-	-	-
Non Par Premiums	1,459,990	1,459,990	2,919,980
Life Insurance	13,284,911	13,284,911	26,569,821
Investment Income	32,031,893	32,031,893	64,063,785
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	\$ 222,266,713	\$ 232,524,422	\$ 454,791,135
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 35,646,346	\$ 37,669,874	\$ 73,316,220
Non-Medicare Prescription Drug Claims	13,275,506	15,465,577	28,741,083
Medicare Medical Claims	1,209,038	430,104	1,639,142
Medicare Prescription Drug Claims	3,704,884	1,343,346	5,048,230
Non-Medicare Managed Care Capitations	2,716,680	2,716,680	5,433,359
Humana MAPD Program	75,676,217	89,336,642	165,012,859
Administration	1,902,555	1,902,555	3,805,110
Life Insurance	13,048,892	13,048,892	26,097,783
Retiree Assistance Program	1,111,066	1,111,066	2,222,132
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Computer Software Reserve	-	-	-
Director's Discretionary Fund	139,068	139,068	278,135
Total Expenses	\$ 148,430,250	\$ 163,163,803	\$ 311,594,053
Fiscal Year Results	\$ 73,836,463	\$ 69,360,619	\$ 143,197,082
Beginning Restricted Reserve			\$ 1,056,861,511
Ending Restricted Reserve			\$ <u>1,200,058,593</u>
Beginning Premium Stabilization Reserve			\$ -
PSR Addition/(Drawdown)			\$ -
Ending Premium Stabilization Reserve			\$ <u>-</u>
Total Beginning Plan Reserve			1,056,861,511
Total Ending Plan Reserve			\$ <u>1,200,058,593</u>
Accrued Actuarial Liability (AAL)			\$ 3,627,158,000
Funded Status			33.1%

KEY ASSUMPTIONS

		Claim and Other Expense Trends		
		Eligibility	Medical	Drugs
Pay Go Monthly Premium for Actives	\$ 208.03			
Additional Retiree Premiums	\$ 27,425,852			
Pay Go PEPM Subsidy for Retirees	\$ 328.26	Non-Medicare	8.5%	12.5%
		Medicare	8.5%	12.5%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		5.9%

**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	\$ 121,876,577		\$ 121,876,577
Employer Premiums - PPB	10,454,205	3,298,933	13,753,138
Employer Premiums - MCO	-	-	-
Retiree Premiums - PPB	50,031,482	15,787,956	65,819,438
Retiree Premiums - MCO	-	-	-
Annual Required Contributions	-	-	-
Non Par Premiums	1,578,440		1,578,440
Life Insurance	14,362,729		14,362,729
Investment Income	33,764,932		33,764,932
Transfer from Premium Stabilization Reserve	-		-
General Revenue Transfer (OPEB Funding)	17,716,229		17,716,229
General Revenue Transfer (Premium Offset)	2,952,705		2,952,705
Total Revenue	\$ 252,737,298	\$ 19,086,889	\$ 271,824,187
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 1,639,142	\$ -	\$ 1,639,142
Medicare Prescription Drug Claims	5,048,230	-	5,048,230
Humana MAPD Program	165,012,859		165,012,859
Administration	1,404,570		1,404,570
Life Insurance	14,107,562		14,107,562
Retiree Assistance Program	1,201,208		1,201,208
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	-		-
Total Expenses	\$ 188,413,571	\$ -	\$ 188,413,571
Fiscal Year Results	\$ 64,323,727		\$ 83,410,616
Beginning Restricted Reserve	\$ 568,513,456		\$ 568,513,456
Ending Restricted Reserve	<u>\$ 632,837,183</u>		<u>\$ 651,924,072</u>
Beginning Premium Stabilization Reserve	\$ -		\$ -
PSR Addition/(Drawdown)	\$ -		\$ -
Ending Premium Stabilization Reserve	<u>\$ -</u>		<u>\$ -</u>
Total Beginning Plan Reserve	568,513,456		568,513,456
Total Ending Plan Reserve	<u>\$ 632,837,183</u>		<u>\$ 651,924,072</u>
Accrued Actuarial Liability (AAL)	\$ 3,627,158,000		\$ 3,627,158,000
Funded Status	32.3%		33.1%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 208.03	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 19,086,889	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 273.73	Medicare	8.5%	12.5%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		5.9%

**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	\$ 58,123,423		\$ 58,123,423
Employer Premiums - PPB	21,258,987	3,039,431	24,298,418
Employer Premiums - MCO	1,778,642	254,295	2,032,937
Retiree Premiums - PPB	34,043,692	4,867,281	38,910,973
Retiree Premiums - MCO	1,244,690	177,955	1,422,645
Annual Required Contributions	-		-
Non Par Premiums	1,341,539		1,341,539
Life Insurance	12,207,092		12,207,092
Investment Income	30,298,853		30,298,853
Transfer from Premium Stabilization Reserve	-		-
General Revenue Transfer (OPEB Funding)	12,283,771		12,283,771
General Revenue Transfer (Premium Offset)	2,047,295		2,047,295
Total Revenue	\$ 174,627,984	\$ 8,338,963	\$ 182,966,947
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 73,316,220	\$ -	\$ 73,316,220
Non-Medicare Prescription Drug Claims	28,741,083	-	28,741,083
Non-Medicare Managed Care Capitations	5,433,359		5,433,359
Administration	2,400,540		2,400,540
Life Insurance	11,990,221		11,990,221
Retiree Assistance Program	1,020,924		1,020,924
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	278,135		278,135
Total Expenses	\$ 123,180,482	\$ -	\$ 123,180,482
Fiscal Year Results	\$ 51,447,502		\$ 59,786,465
Beginning Restricted Reserve	\$ 488,275,249		\$ 488,275,249
Ending Restricted Reserve	<u>\$ 539,722,751</u>		<u>\$ 548,061,714</u>
Beginning Premium Stabilization Reserve	\$ -		\$ -
PSR Addition/(Drawdown)	\$ -		\$ -
Ending Premium Stabilization Reserve	<u>\$ -</u>		<u>\$ -</u>
Total Beginning Plan Reserve	488,275,249		488,275,249
Total Ending Plan Reserve	<u>\$ 539,722,751</u>		<u>\$ 548,061,714</u>
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 208.03	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 8,338,963	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 563.81	Non-Medicare	8.5%	12.5%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		5.9%

**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
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 95,000,000	\$ 95,000,000	\$ 190,000,000
Retiree Premiums - PPB	81,918,373	95,992,678	177,911,050
Retiree Premiums - MCO	1,992,231	1,992,231	3,984,461
Annual Required Contributions	-	-	-
Non Par Premiums	1,416,190	1,416,190	2,832,380
Life Insurance	13,949,156	13,949,156	27,898,312
Investment Income	36,363,910	36,363,910	72,727,821
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	\$ 248,139,860	\$ 262,214,165	\$ 510,354,025
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 39,161,703	\$ 41,384,786	\$ 80,546,489
Non-Medicare Prescription Drug Claims	15,121,237	17,615,799	32,737,036
Medicare Medical Claims	1,313,701	468,471	1,782,172
Medicare Prescription Drug Claims	4,173,817	1,516,914	5,690,731
Non-Medicare Managed Care Capitations	2,934,014	2,934,014	5,868,027
Humana MAPD Program	87,322,802	103,573,251	190,896,054
Administration	1,959,632	1,959,632	3,919,264
Life Insurance	13,701,336	13,701,336	27,402,672
Retiree Assistance Program	1,199,952	1,199,952	2,399,903
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Computer Software Reserve	-	-	-
Director's Discretionary Fund	140,277	140,277	280,554
Total Expenses	\$ 167,028,470	\$ 184,494,432	\$ 351,522,902
Fiscal Year Results	\$ 81,111,390	\$ 77,719,733	\$ 158,831,123
Beginning Restricted Reserve			\$ 1,200,058,593
Ending Restricted Reserve			<u>\$ 1,358,889,716</u>
Beginning Premium Stabilization Reserve			\$ -
PSR Addition/(Drawdown)			\$ -
Ending Premium Stabilization Reserve			<u>\$ -</u>
Total Beginning Plan Reserve			1,200,058,593
Total Ending Plan Reserve			<u>\$ 1,358,889,716</u>
Accrued Actuarial Liability (AAL)			\$ 3,631,580,000
Funded Status			37.4%

KEY ASSUMPTIONS

		Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go Monthly Premium for Actives	\$ 222.24			
Additional Retiree Premiums	\$ 31,902,406			
Pay Go PEPM Subsidy for Retirees	\$ 339.03	Non-Medicare	9.0%	13.0%
		Medicare	9.0%	13.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		5.6%

**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	\$ 130,803,617		\$ 130,803,617
Employer Premiums - PPB	13,776,505	3,998,738	17,775,243
Employer Premiums - MCO	-	-	-
Retiree Premiums - PPB	65,931,270	19,137,063	85,068,332
Retiree Premiums - MCO	-	-	-
Annual Required Contributions	-	-	-
Non Par Premiums	1,531,087		1,531,087
Life Insurance	15,080,865		15,080,865
Investment Income	38,331,328		38,331,328
Transfer from Premium Stabilization Reserve	-		-
General Revenue Transfer (OPEB Funding)	17,948,587		17,948,587
General Revenue Transfer (Premium Offset)	2,991,431		2,991,431
Total Revenue	\$ 286,394,689	\$ 23,135,800	\$ 309,530,490
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 1,782,172	\$ -	\$ 1,782,172
Medicare Prescription Drug Claims	5,690,731	-	5,690,731
Humana MAPD Program	190,896,054		190,896,054
Administration	1,446,707		1,446,707
Life Insurance	14,812,940		14,812,940
Retiree Assistance Program	1,297,305		1,297,305
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	-		-
Total Expenses	\$ 215,925,909	\$ -	\$ 215,925,909
Fiscal Year Results	\$ 70,468,780		\$ 93,604,581
Beginning Restricted Reserve	\$ 651,924,072		\$ 651,924,072
Ending Restricted Reserve	<u>\$ 722,392,852</u>		<u>\$ 745,528,653</u>
Beginning Premium Stabilization Reserve	\$ -		\$ -
PSR Addition/(Drawdown)	\$ -		\$ -
Ending Premium Stabilization Reserve	<u>\$ -</u>		<u>\$ -</u>
Total Beginning Plan Reserve	651,924,072		651,924,072
Total Ending Plan Reserve	\$ 722,392,852		\$ 745,528,653
Accrued Actuarial Liability (AAL)	\$ 3,631,580,000		\$ 3,631,580,000
Funded Status	36.5%		37.4%

KEY ASSUMPTIONS

		Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go Monthly Premium for Actives	\$ 222.24			
Additional Retiree Premiums	\$ 23,135,800			
Pay Go PEPM Subsidy for Retirees	\$ 289.87	Medicare	9.0%	13.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		5.6%

**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	\$ 59,196,383		\$ 59,196,383
Employer Premiums - PPB	25,656,675	3,200,126	28,856,802
Employer Premiums - MCO	2,084,128	259,951	2,344,079
Retiree Premiums - PPB	41,086,058	5,124,615	46,210,673
Retiree Premiums - MCO	1,458,469	181,913	1,640,382
Annual Required Contributions	-		-
Non Par Premiums	1,301,293		1,301,293
Life Insurance	12,817,446		12,817,446
Investment Income	34,396,493		34,396,493
Transfer from Premium Stabilization Reserve	-		-
General Revenue Transfer (OPEB Funding)	12,051,413		12,051,413
General Revenue Transfer (Premium Offset)	2,008,569		2,008,569
Total Revenue	\$ 192,056,928	\$ 8,766,605	\$ 200,823,534
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 80,546,489	\$ -	\$ 80,546,489
Non-Medicare Prescription Drug Claims	32,737,036	-	32,737,036
Non-Medicare Managed Care Capitations	5,868,027		5,868,027
Administration	2,472,556		2,472,556
Life Insurance	12,589,732		12,589,732
Retiree Assistance Program	1,102,598		1,102,598
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	280,553		280,553
Total Expenses	\$ 135,596,991	\$ -	\$ 135,596,991
Fiscal Year Results	\$ 56,459,937		\$ 65,226,543
Beginning Restricted Reserve	\$ 548,061,714		\$ 548,061,714
Ending Restricted Reserve	<u>\$ 604,521,651</u>		<u>\$ 613,288,257</u>
Beginning Premium Stabilization Reserve	\$ -		\$ -
PSR Addition/(Drawdown)	\$ -		\$ -
Ending Premium Stabilization Reserve	<u>\$ -</u>		<u>\$ -</u>
Total Beginning Plan Reserve	548,061,714		548,061,714
Total Ending Plan Reserve	<u>\$ 604,521,651</u>		<u>\$ 613,288,257</u>
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

		Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go Monthly Premium for Actives	\$ 222.24			
Additional Retiree Premiums	\$ 8,766,605			
Pay Go PEPM Subsidy for Retirees	\$ 542.23	Non-Medicare	9.0%	13.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		5.6%

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

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2022**

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

	7/1/2021 to 12/31/2021	1/1/2022 to 6/30/2022	TRUST Total
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 100,000,000	\$ 100,000,000	\$ 200,000,000
Retiree Premiums - PPB	102,993,365	122,826,316	225,819,681
Retiree Premiums - MCO	2,329,448	2,329,448	4,658,897
Annual Required Contributions	-	-	-
Non Par Premiums	1,373,705	1,373,705	2,747,409
Life Insurance	14,646,614	14,646,614	29,293,227
Investment Income	41,168,921	41,168,921	82,337,842
Transfer from Premium Stabilization Reserve	-	-	-
General Revenue Transfer (OPEB Funding)	15,000,000	15,000,000	30,000,000
General Revenue Transfer (Premium Offset)	-	-	-
Total Revenue	\$ 277,512,052	\$ 297,345,004	\$ 574,857,056
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 43,221,578	\$ 45,675,127	\$ 88,896,705
Non-Medicare Prescription Drug Claims	17,299,975	20,153,965	37,453,940
Medicare Medical Claims	1,433,995	512,602	1,946,597
Medicare Prescription Drug Claims	4,722,974	1,720,492	6,443,466
Non-Medicare Managed Care Capitations	3,168,735	3,168,735	6,337,469
Humana MAPD Program	101,238,488	120,643,336	221,881,823
Administration	2,018,421	2,018,421	4,036,842
Life Insurance	14,386,403	14,386,403	28,772,806
Retiree Assistance Program	1,295,948	1,295,948	2,591,895
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Computer Software Reserve	-	-	-
Director's Discretionary Fund	141,495	141,495	282,989
Total Expenses	\$ 188,928,010	\$ 209,716,523	\$ 398,644,532
Fiscal Year Results	\$ 88,584,042	\$ 87,628,481	\$ 176,212,524
Beginning Restricted Reserve			\$ 1,358,889,716
Ending Restricted Reserve			<u>\$ 1,535,102,240</u>
Beginning Premium Stabilization Reserve			\$ -
PSR Addition/(Drawdown)			\$ -
Ending Premium Stabilization Reserve			<u>\$ -</u>
Total Beginning Plan Reserve			1,358,889,716
Total Ending Plan Reserve			<u>\$ 1,535,102,240</u>
Accrued Actuarial Liability (AAL)			\$ 3,636,007,000
Funded Status			42.2%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 237.00	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 44,380,149	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 349.34	Non-Medicare	9.5%	13.5%
		Medicare	9.5%	13.5%
		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 2022**

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

Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 139,374,249		\$ 139,374,249
Employer Premiums - PPB	17,801,687	5,642,044	23,443,731
Employer Premiums - MCO	-	-	-
Retiree Premiums - PPB	85,194,888	27,001,558	112,196,446
Retiree Premiums - MCO	-	-	-
Annual Required Contributions	-	-	-
Non Par Premiums	1,485,154		1,485,154
Life Insurance	15,834,909		15,834,909
Investment Income	43,396,307		43,396,307
Transfer from Premium Stabilization Reserve	-		-
General Revenue Transfer (OPEB Funding)	18,213,192		18,213,192
General Revenue Transfer (Premium Offset)	-		-
Total Revenue	\$ 321,300,387	\$ 32,643,602	\$ 353,943,989
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 1,946,597	\$ -	\$ 1,946,597
Medicare Prescription Drug Claims	6,443,466	-	6,443,466
Humana MAPD Program	221,881,823		221,881,823
Administration	1,490,108		1,490,108
Life Insurance	15,553,587		15,553,587
Retiree Assistance Program	1,401,089		1,401,089
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	-		-
Total Expenses	\$ 248,716,670	\$ -	\$ 248,716,670
Fiscal Year Results	\$ 72,583,717		\$ 105,227,319
Beginning Restricted Reserve	\$ 745,528,653		\$ 745,528,653
Ending Restricted Reserve	<u>\$ 818,112,369</u>		<u>\$ 850,755,972</u>
Beginning Premium Stabilization Reserve	\$ -		\$ -
PSR Addition/(Drawdown)	\$ -		\$ -
Ending Premium Stabilization Reserve	<u>\$ -</u>		<u>\$ -</u>
Total Beginning Plan Reserve	745,528,653		745,528,653
Total Ending Plan Reserve	<u>\$ 818,112,369</u>		<u>\$ 850,755,972</u>
Accrued Actuarial Liability (AAL)	\$ 3,636,007,000		\$ 3,636,007,000
Funded Status	41.0%		42.2%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 237.00	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 32,643,602	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 304.81	Medicare	9.5%	13.5%
		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 2022**

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

Non-Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 60,625,751		\$ 60,625,751
Employer Premiums - PPB	30,376,009	4,290,030	34,666,040
Employer Premiums - MCO	2,401,664	339,189	2,740,853
Retiree Premiums - PPB	48,643,500	6,869,964	55,513,464
Retiree Premiums - MCO	1,680,680	237,364	1,918,043
Annual Required Contributions	-		-
Non Par Premiums	1,262,254		1,262,254
Life Insurance	13,458,319		13,458,319
Investment Income	38,941,535		38,941,535
Transfer from Premium Stabilization Reserve	-		-
General Revenue Transfer (OPEB Funding)	11,786,808		11,786,808
General Revenue Transfer (Premium Offset)	-		-
Total Revenue	\$ 209,176,520	\$ 11,736,547	\$ 220,913,066
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 88,896,705	\$ -	\$ 88,896,705
Non-Medicare Prescription Drug Claims	37,453,940	-	37,453,940
Non-Medicare Managed Care Capitations	6,337,469		6,337,469
Administration	2,546,733		2,546,733
Life Insurance	13,219,219		13,219,219
Retiree Assistance Program	1,190,806		1,190,806
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	282,989		282,989
Total Expenses	\$ 149,927,861	\$ -	\$ 149,927,861
Fiscal Year Results	\$ 59,248,659		\$ 70,985,205
Beginning Restricted Reserve	\$ 613,288,257		\$ 613,288,257
Ending Restricted Reserve	<u>\$ 672,536,915</u>		<u>\$ 684,273,462</u>
Beginning Premium Stabilization Reserve	\$ -		\$ -
PSR Addition/(Drawdown)	\$ -		\$ -
Ending Premium Stabilization Reserve	<u>\$ -</u>		<u>\$ -</u>
Total Beginning Plan Reserve	613,288,257		613,288,257
Total Ending Plan Reserve	<u>\$ 672,536,915</u>		<u>\$ 684,273,462</u>
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

		Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go Monthly Premium for Actives	\$ 237.00			
Additional Retiree Premiums	\$ 11,736,547			
Pay Go PEPM Subsidy for Retirees	\$ 526.01	Non-Medicare	9.5%	13.5%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		5.3%

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

Fiscal Year 2017

Exposure

	<u>Jul-16</u>	<u>Aug-16</u>	<u>Sep-16</u>	<u>Oct-16</u>	<u>Nov-16</u>	<u>Dec-16</u>	<u>Jan-17</u>	<u>Feb-17</u>	<u>Mar-17</u>	<u>Apr-17</u>	<u>May-17</u>	<u>Jun-17</u>
NonMed_NonDrug	19,195	19,539	19,298	19,109	20,395	18,698	18,616	18,490	18,261	17,926	17,852	17,454
Med_NonDrug	2,446	2,722	3,004	3,226	3,446	3,656	523	753	924	1,164	1,345	1,547
NonMed_Drug	17,779	18,098	17,876	17,702	18,893	17,323	17,246	17,133	16,918	16,609	16,543	16,173
Med_Drug	2,548	2,835	3,129	3,360	3,589	3,808	545	784	962	1,212	1,401	1,612

	<u>Jul-16</u>	<u>Aug-16</u>	<u>Sep-16</u>	<u>Oct-16</u>	<u>Nov-16</u>	<u>Dec-16</u>	<u>Jan-17</u>	<u>Feb-17</u>	<u>Mar-17</u>	<u>Apr-17</u>	<u>May-17</u>	<u>Jun-17</u>
NonMed_NonDrug	\$211.70	\$255.52	\$232.64	\$273.45	\$243.56	\$194.69	\$276.23	\$309.74	\$303.49	\$269.73	\$307.00	\$264.97
Med_NonDrug	131.38	161.27	153.75	140.64	147.90	145.03	518.68	282.56	312.16	190.61	190.93	188.43
NonMed_Drug	106.72	133.05	125.84	139.68	132.92	143.73	149.00	137.54	161.62	153.21	158.21	162.88
Med_Drug	<u>233.42</u>	<u>286.66</u>	<u>270.61</u>	<u>277.28</u>	<u>293.13</u>	<u>308.51</u>	<u>257.66</u>	<u>260.50</u>	<u>316.28</u>	<u>295.17</u>	<u>327.87</u>	<u>334.99</u>
Total	\$683.23	\$836.50	\$782.83	\$831.05	\$817.50	\$791.97	\$1,201.57	\$990.34	\$1,093.55	\$908.72	\$984.01	\$951.27

Change From Prior Year - Month to Month Analysis

NonMed_NonDrug	-14.9%	1.6%	-3.7%	10.6%	6.3%	-19.0%	7.6%	11.1%	-3.1%	-1.0%	-9.9%	-5.1%
Med_NonDrug	-28.6%	-5.6%	1.2%	-4.8%	10.9%	13.0%	134.7%	32.9%	55.2%	24.0%	-0.6%	-4.7%
NonMed_Drug	11.9%	25.3%	9.0%	19.9%	12.1%	7.3%	18.7%	9.4%	17.5%	19.4%	19.6%	8.1%
Med_Drug	<u>4.1%</u>	<u>28.9%</u>	<u>6.7%</u>	<u>7.4%</u>	<u>21.2%</u>	<u>10.5%</u>	<u>-5.4%</u>	<u>-6.8%</u>	<u>5.8%</u>	<u>12.2%</u>	<u>16.1%</u>	<u>2.1%</u>
Total	-9.2%	11.4%	2.7%	8.0%	13.1%	1.3%	37.2%	10.4%	15.0%	11.1%	3.8%	-0.4%

Change From Prior Year - Quarter to Quarter Analysis

NonMed_NonDrug		-5.6%				-0.7%			4.8%			-5.7%
Med_NonDrug			-11.9%			5.9%			75.4%			4.8%
NonMed_Drug			15.3%			12.8%			15.3%			15.3%
Med_Drug			<u>12.9%</u>			<u>12.8%</u>			<u>-1.9%</u>			<u>9.7%</u>
Total			1.6%			7.3%			20.6%			4.5%

Change From Prior Year - Year to Year Analysis

NonMed_NonDrug			-4.2%			-1.7%			-1.4%			-1.8%
Med_NonDrug			-11.5%			-7.8%			16.1%			22.4%
NonMed_Drug			5.1%			8.4%			11.4%			14.7%
Med_Drug			<u>14.5%</u>			<u>15.4%</u>			<u>10.4%</u>			<u>8.1%</u>
Total			0.9%			3.5%			8.0%			8.9%

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

Fiscal Year 2018

Exposure

	<u>Jul-17</u>	<u>Aug-17</u>
NonMed_NonDrug	17,595	17,840
Med_NonDrug	1,882	2,224
NonMed_Drug	16,302	16,528
Med_Drug	1,961	2,317

	<u>Jul-17</u>	<u>Aug-17</u>
NonMed_NonDrug	\$181.89	\$264.73
Med_NonDrug	183.63	196.56
NonMed_Drug	191.71	147.25
Med_Drug	<u>322.34</u>	<u>326.81</u>
Total	\$879.57	\$935.35

Change From Prior Year - Month to Month Analysis

NonMed_NonDrug	-14.1%	3.6%
Med_NonDrug	39.8%	21.9%
NonMed_Drug	79.6%	10.7%
Med_Drug	<u>38.1%</u>	<u>14.0%</u>
Total	28.7%	11.8%

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