

STATE OF WEST VIRGINIA



PUBLIC EMPLOYEES INSURANCE AGENCY

**Quarterly Report
December 31, 2018**

Fiscal Years 2019-2023

Report Date: March 2019

YOUR ACTUARIES FOR THE LONG-TERM!



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Finance Board
West Virginia Public Employees Insurance Agency
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Ladies and Gentlemen:

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

Continuing Care Actuaries has been retained by the West Virginia Public Employees Insurance Agency Finance Board (“Board”) to assist it as provided under Code of the West Virginia 1931 (“Code”), as amended. The Board has asked Continuing Care Actuaries to review the financial plan prepared and proposed by the Board in December 2018 for the fiscal year 2020 (“FY 2020”) and to provide quarterly financial reports for current FY 2019 and thereafter. Our analysis is developed on an accrued and incurred reporting basis for a projection period of five years as required by the Code.

Under the statutory Code provisions, it is the Board’s responsibility to prepare a proposed financial plan designed to generate revenues sufficient to meet all insurance program and administrative costs of the West Virginia Public Employees Insurance Agency (“PEIA”). The Board is required to provide a financing plan in which the State Fund revenue costs are financed 80% by state employers and 20% by state employees in FY 2019 and in subsequent fiscal years. In subsequent fiscal years, future transfers of employer and employee funds may be needed to obtain the 80% and 20% split between employer and employee, depending on future enrollment and coverage elections by insureds.

The Board is also charged with the responsibility to review actual costs incurred, any revised cost estimates, expenditures, and other factors affecting the fiscal stability of the plan and to make any modifications to the plan necessary to insure that the total financial requirements of PEIA are met for the projection period. We have been asked to review the proposed financial plan, and as supported by our work, to render an actuarial opinion stating whether the plan may be reasonably expected to generate sufficient revenues to meet estimated insurance program and administrative costs of PEIA through FY 2023.

The Medicaid / PEIA Hospital Bill (“Bill”) has been extended and is anticipated to continue to provide PEIA with hospital charge savings through discounts for all non-Medicare coverages. These hospital savings are assumed to increase by the medical trend assumptions in Fiscal Year 2019 and subsequently. We are assuming that the Bill will continue throughout the five year forecast period.

Continuing Care Actuaries has provided financial report for fiscal years ending June 30, 2019 (“FY 2019”), June 30, 2020 (“FY 2020”), June 30, 2021 (“FY 2021”), June 30, 2022 (“FY 2022”) and June 30, 2023 (“FY 2023”). Our opinion of plan adequacy is based on the projections through FY 2023 using updated future revenue and plan modifications provided by the Board in the financial plan adopted in December 2018. This forecast is prepared for the Public Employee Insurance Agency, and does not include actuarial projections for the West Virginia Retiree Health Benefit Trust Fund.

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

In FY 2019 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 2018.

This report includes updated claim trend assumptions as recommended in the report titled, “PEIA FY2018 Detailed Medical and Prescription Drugs Claim Trend Report - January 2019”. In the circumstances and subject to the conditions described herein, we believe the financial plan approved by the Board for FY 2019 through FY 2023 may be reasonably expected to generate sufficient revenues, when combined with the existing surplus, to meet estimated insurance program and administrative costs of PEIA. In addition, we are forecasting that PEIA will meet the minimum 20% employee cost share requirement for state revenue in FY 2019 based on the scheduled revenue increases of the financial plan approved and amended by the Board in December 2018.

The conclusion of long-term solvency for the program over the five-year forecast is based on significant revenue increases in employer and employee premiums in later fiscal years of the plan through FY 2023 as approved by the Board.

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

Respectfully,



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



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

West Virginia Public Employees Insurance Agency

Report of Independent Actuary

Financial Plan for FY 2019 – FY 2023

OVERVIEW

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

This report was compiled utilizing claims data collected by PEIA's third party administrators through February 2019 for prescription drugs and medical claims. Enrollment data, administrative expenses, managed care capitations, and plan revenues were provided at special request from PEIA. Revenue assumptions are based on premium rates, assumed investment income and significant general and special revenue allocations provided by the Governor, some of which have not been approved by the West Virginia Legislature. In addition, other information became available through presentations made at the Board meetings, which has been used in arriving at our conclusions.

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

KEY ASSUMPTIONS

A. Enrollment Changes

These projections include the assumption that Preferred Provider Benefit (“PPB”) and managed care enrollment will not change from March 2019 enrollment levels for the duration of these forecasts for active employees.

In aggregate, March 2019 enrollment for active employees has decreased by 203 coverages since the end of FY 2018. Aggregate PPB enrollment has decreased by 413 in total over the same period, while managed care enrollment experienced an increase of 210 coverages.

In the State Fund, the overall active State enrollment decreased by 406 coverages from the end of FY 2018 to March 2019. And in the Local Fund, the overall active Local enrollment increased by 203 coverages from the end of FY 2018 to March 2019.

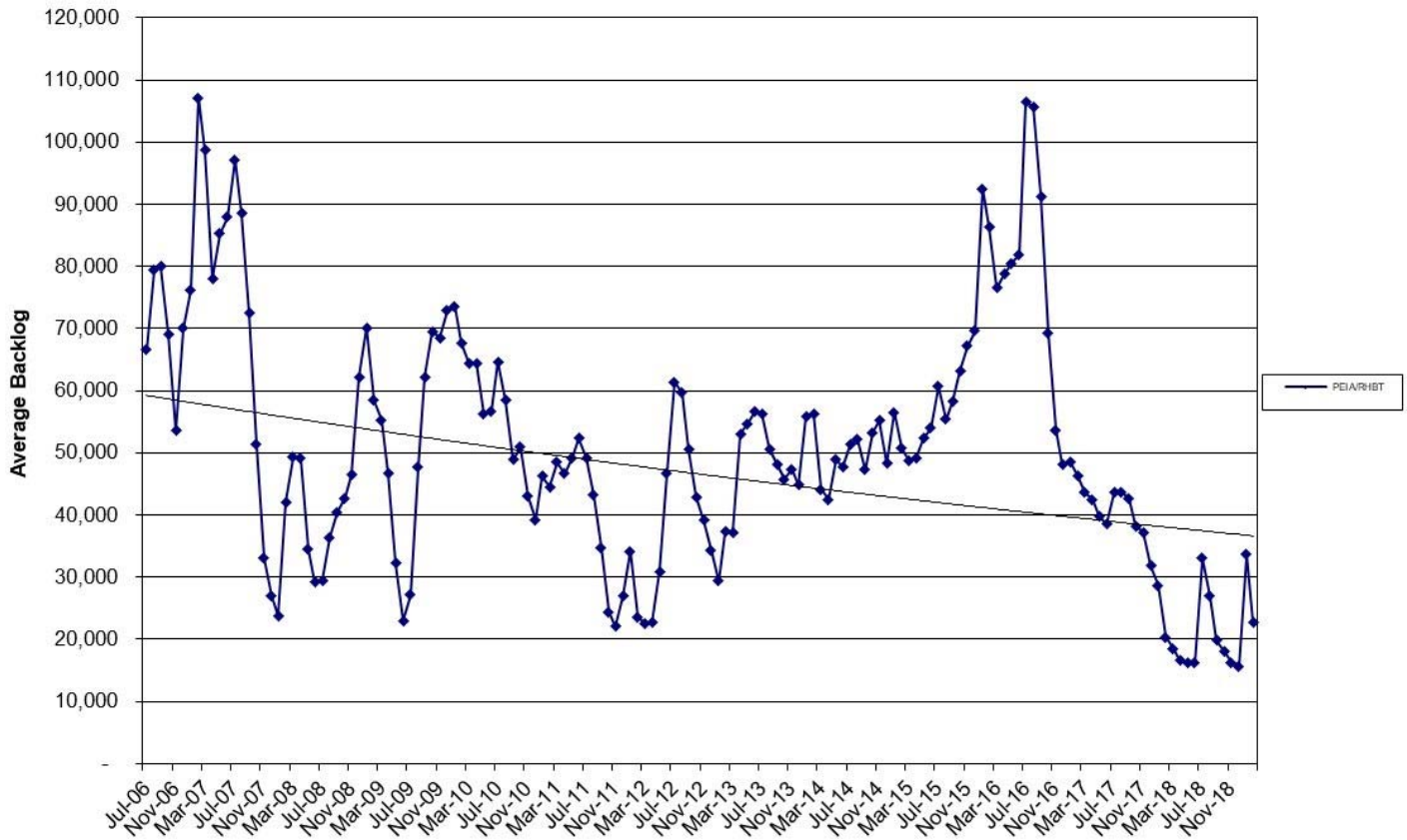
The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2017, June 2018 and March 2019 for purposes of comparison:

PEIA Fund	Coverage	Preferred Provider Benefit			Managed Care		
		Jun-17	Jun-18	Mar-19	Jun-17	Jun-18	Mar-19
State Active	Single	21,482	20,927	21,144	2,160	2,175	2,318
	Children	6,017	5,920	5,891	603	627	658
	Family	28,946	27,782	27,004	2,850	2,784	2,794
	Total	56,445	54,629	54,039	5,613	5,586	5,770
Local Active	Single	5,391	5,520	5,659	422	407	429
	Children	961	955	991	104	94	101
	Family	5,658	5,614	5,616	194	190	187
	Total	12,010	12,089	12,266	720	691	717
Plan Total		68,455	66,718	66,305	6,333	6,277	6,487
Grand Total					74,788	72,995	72,792

B. Changes in Claim Backlog

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

WV PEIA&RHBT Claim Backlog July 2006 through February 2019



C. Trend Analysis

PEIA experienced a lower medical and prescription drug trends in FY 2018, and 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 FY2018 Detailed Medical and Prescription Drugs Claim Trend Report”. This report includes the detailed trend analysis of PEIA experience by medical and prescription drugs. Based on the analysis, the FY 2019 medical claim trend is 7.5% and the prescription drug claim trend is 11.5%.

The current trend projection is shown in the following table:

Claim Type	Previous Assumption FY 2019 Trend	Updated Assumption FY 2019 Trend
Active Local – Medical	8.0%	7.5%
State – Medical	8.0%	7.5%
Active Local – Drugs	12.0%	11.5%
State – Drugs	12.0%	11.5%

In addition, we have assumed that trends will increase by 0.5% in each successive fiscal year beginning in FY 2020. At the Board’s request, the baseline trend assumptions have been established to reflect the most likely or expected trends. In order to provide information on the impact of varying trend assumptions, two alternative trend scenarios were developed. The Optimistic Scenario incorporates trend assumptions 2.0% below the Baseline Scenario and the Pessimistic Scenario incorporates trend assumptions 2.0% above the Baseline Scenario.

The following chart summarizes the trend results observed for the plan using data through February 2019. It is important to note that these trends have not been adjusted to reflect savings as a result of the expansion of the drug rebate program or the claim savings due to changes in provider reimbursement methodologies, nor the changes in the benefit structure. In developing the claim cost projection, we have reflected for benefit and reimbursement changes as an adjustment to the gross trend assumption.

PEIA Historical Trends (Active Local and State)

Fiscal Year	Active Local Medical	State Medical	Active Local Drugs	State Drugs	Total
2004	-1%	12%	9%	7%	9%
2005	16%	7%	7%	20%	11%
2006	1%	2%	18%	7%	3%
2007	15%	2%	13%	8%	5%
2008	3%	8%	-5%	-1%	4%
2009	-8%	3%	5%	4%	2%
2010	10%	1%	9%	9%	4%
2011	11%	8%	16%	15%	8%
2012	5%	5%	8%	6%	5%
2013	-3%	-3%	2%	6%	-3%
2014	8%	6%	9%	7%	7%
2015	6%	10%	14%	10%	10%
2016	9%	11%	12%	13%	12%
2017	6%	1%	11%	9%	4%
2018	2%	4%	17%	15%	7%
2019*	4%	7%	7%	11%	8%

* Fiscal Year 2019 results are through the first eight months ending February 2019.

D. Enrollment, Claim, Expense and Revenue Assumptions

Using PEIA paid claim data through February 2019 for medical claims and for prescription drugs claims, average annualized incurred unit claim costs were developed for the State Fund and the Local Fund for both self-funded and managed care coverages. Continuing Care Actuaries has developed the claim cost on an adjusted exposure basis using the respective expected claim cost for each coverage type. The adjusted exposure methodology weighs the expected claim cost under each coverage type for single, member and children, and family coverages based on observed differences in health care cost. For example, under this methodology single coverage types are given a weight of 1.0 exposure, whereas member and children coverages are given a greater weighting based on historical expected health care cost relationships. Based on this methodology, the projection of FY 2019 claims and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

Fiscal Year 2019 Projection			Net Revenue Excluding Pay Go		Expenses		
Fund	Program	Policies	Monthly Employer Premiums	Monthly Employee Premiums	Monthly Medical Costs	Monthly Drugs Costs*	Monthly Capitation Costs
State	PPB	53,995	\$514	\$170	\$512	\$183	
	Managed Care	5,724	\$522	\$182			\$616
	Total	59,719					
Local	PPB	12,178	\$646	\$0	\$466	\$144	
	Managed Care	719	\$533	\$0			\$482
	Total	12,897					

*Net of rebates and subsidies.

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

Board Decisions – December 2018

Source	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Additional State Employer Revenue	\$8,000,000	\$0	\$98,000,000	\$58,500,000	\$60,500,000
Additional Local Agency Revenue	\$0	\$0	\$4,000,000	\$34,500,000	\$15,500,000
Additional Employee Premium	\$0	\$0	\$24,500,000	\$14,600,000	\$15,100,000
State Direct Transfers	\$31,000,000	\$31,000,000	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active State	\$0	(\$4,380,000)	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active Local	\$0	(\$1,030,000)	\$0	\$0	\$0
PPACA Comparative Effectiveness Research Fees (Cost)	(\$320,561)	\$0	\$0	\$0	\$0
Pay Go Premium Transfer	\$152,201,669	\$140,000,000	\$150,000,000	\$160,000,000	\$170,000,000

The \$4,380,000 of Active State benefit additions and costs in Fiscal Year 2020 is comprised of the following:

	<u>Benefit Cost/(Savings)</u>
Medical Claims	\$2.890 M
Drug Claims	\$1.490 M

The \$1,030,000 of Active Local benefit additions and costs in Fiscal Year 2020 is comprised of the following:

	<u>Benefit Cost/(Savings)</u>
Medical Claims	\$0.770 M
Drug Claims	\$0.260 M

A detailed list of the 2020 benefit additions and costs for the Active Employee plan as voted on by the Board consists of the following:

	<u>State Saving</u>	<u>Local Saving</u>
Plan A out of state coverage 80/20 for Contig Providers	\$1.800 M	\$0.500 M
Plan B out of state coverage 70/30 for Contig Providers	\$0.170 M	\$0.100 M
Remove facility fee max (RBP)	\$7.300 M	\$1.500 M
Remove \$25 copay from out of state services	\$2.400 M	\$0.500 M
End Healthy Tomorrows blood work	\$0.320 M	\$0.070 M
<u>UMR OOS Network Savings</u>	<u>(\$9.100 M)</u>	<u>(\$1.900 M)</u>
Total Medical Benefit Additions	\$2.890 M	\$0.770 M
<u>Third tier non-preferred drug appeals process</u>	<u>\$1.490 M</u>	<u>\$0.260 M</u>
Total Drugs Costs	\$1.490 M	\$0.260 M
Total Benefit Additions and Costs	\$4.380 M	\$1.030 M

In FY 2020, the additional administrative costs are \$2,400,000 for the Active State and \$400,000 for the Active Local, and PEIA will receive \$31,000,000 in State direct transfers.

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

The Affordable Care Act created a new Patient-Centered Outcomes Research Institute (PCORI) to conduct research evaluating and comparing health outcomes and assess the clinical effectiveness, risks and benefits of medical treatments. The PCORI's work will be paid for by a new Patient-Centered Outcomes Research Trust Fund, which will be funded in part through the comparative effectiveness research fees. It is anticipated that PEIA would accrue and pay these fees through FY 2019. The fee would be \$2 per member per year. The total comparative effectiveness research fees for the financial projection are estimated to be \$320,561 in FY 2019.

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

E. Provider Reimbursement Changes

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

FISCAL YEAR 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 \$782,948,687 and incurred plan expenses of \$757,366,133 to produce a fiscal year surplus of \$25,582,554. The PEIA local and state agencies Pay Go premiums for FY 2019 are assumed to be \$152,201,669.

Under the Baseline Scenario, FY 2019 is projected to end with a reserve of \$220,136,692 and the FY 2019 PEIA/RHBT combined, projected plan expenditures of \$849,569,799, which represents 26% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$116,443,019. This reserve is comprised of 15% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending reserve is expected to increase to \$225,392,213 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$214,911,461.

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 \$789,379,328 and incurred plan expenses of \$805,434,521 to produce a fiscal year deficit of (\$16,055,193). The PEIA local and state agencies Pay Go premiums for FY 2020 are assumed to be \$140,000,000.

Under the Baseline Scenario, FY 2020 is projected to end with a reserve of \$204,081,499 and the FY 2020 PEIA/RHBT combined, projected plan expenditures of \$906,936,095, which represents 23% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$125,141,674. This reserve is comprised of 15% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending reserve is expected to increase to \$226,089,113 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$181,927,098.

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 \$884,846,335 and incurred plan expenses of \$874,420,937 to produce a fiscal year surplus of \$10,425,398. The PEIA local and state agencies Pay Go premiums for FY 2021 are assumed to be \$150,000,000.

Under the Baseline Scenario, FY 2021 is projected to end with a reserve of \$214,506,897 and the FY 2021 PEIA/RHBT combined, projected plan expenditures of \$983,495,969, which represents 22% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$135,845,984. This reserve is comprised of 15% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending reserve is expected to increase to \$266,983,632 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$161,017,496.

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 \$993,472,185 and incurred plan expenses of \$952,197,389 to produce a fiscal year surplus of \$41,274,796. The PEIA local and state agencies Pay Go premiums for FY 2022 are assumed to be \$160,000,000.

Under the Baseline Scenario, FY 2022 is projected to end with a reserve of \$255,781,693 and the FY 2022 PEIA/RHBT combined, projected plan expenditures of \$1,079,046,367, which represents 24% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$148,975,440. This reserve is comprised of 15% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending reserve is expected to increase to \$355,209,397 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$153,155,845.

FISCAL YEAR 2023 FORECAST

The financial forecast for FY 2023 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2023 projects accrued revenue of \$1,086,817,022 and incurred plan expenses of \$1,040,255,716 to produce a fiscal year surplus of \$46,561,306. The PEIA local and state agencies Pay Go premiums for FY 2023 are assumed to be \$170,000,000.

Under the Baseline Scenario, FY 2023 is projected to end with a reserve of \$302,342,999 and the FY 2023 PEIA/RHBT combined, projected plan expenditures of \$1,189,643,498, which represents 25% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$164,170,308. This reserve is comprised of 15% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending reserve is expected to increase to \$468,574,251 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$128,582,228.

LITIGATION

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

SUMMARY

With projected changes to the plan as adopted by the PEIA Finance Board, we are forecasting that the plan will meet the minimum 10% reserve target set by West Virginia Statute and the minimum actuarial required reserve target through the projection period ending with the Fiscal Year 2023, using the Baseline assumptions. These projections are based on significant revenue increases as contained in the Financial Plan adopted by the Board in December 2018 and are contingent on legislative approval. These forecasts are based on assumptions including the estimated cost and savings of plan changes, expected trend levels and exposure levels. The continued enrollment changes of the managed care options, changes in physician, ambulatory and hospital provider reimbursement, possible changes in methodology of managed care premium calculation, and changes in the prescription drugs program, can be expected to further exacerbate the difficulty of projecting future medical and drugs claim levels and lags. These projections do not incorporate any anticipated effects of national or state health care reform, such as universal health insurance initiatives and Medicaid reform. As such, actual results deviating from those amounts projected in these pages should not be unexpected. With the legislatively mandated requirement of a five-year projection, it should be assumed that constant modifications would be required.

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 94,379,462	\$ 333,055,539	\$ 427,435,001
Employer Premiums - MCO	4,600,550	35,829,937	40,430,487
Employee Premiums - PPB	-	110,259,373	110,259,373
Employee Premiums - MCO	-	12,512,886	12,512,886
WV RHBT Pay Go Premiums	27,030,772	125,170,897	152,201,669
Life Insurance	225,313	1,117,043	1,342,356
Direct Transfers	-	31,000,000	31,000,000
Investment Income	388,045	1,291,864	1,679,909
Litigation Settlement	-	-	-
COBRA Premiums	289,819	1,203,377	1,493,196
Administrative Fees	702,342	3,891,468	4,593,810
Total Revenue	\$ 127,616,303	\$ 655,332,384	\$ 782,948,687
<u>Program Expenses</u>			
Medical Claims	\$ 68,154,648	\$ 331,456,898	\$ 399,611,545
Prescription Drug Claims	21,002,307	118,768,259	139,770,565
Managed Care Capitations	4,157,628	42,310,264	46,467,892
Administration	2,751,015	13,638,848	16,389,863
Life Insurance	205,295	1,017,800	1,223,095
Wellness	86,191	427,311	513,502
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	48,781	271,780	320,561
Computer Software Reserve	-	-	-
Director's Discretionary Fund	143,383	724,057	867,440
WV RHBT Pay Go Premiums	27,030,772	125,170,897	152,201,669
Total Expenses	\$ 123,580,020	\$ 633,786,113	\$ 757,366,133
Fiscal Year Results	\$ 4,036,283	\$ 21,546,271	\$ 25,582,554
Beginning Plan Reserve	48,340,828	146,213,310	194,554,138
Ending Plan Reserve	\$ 52,377,111	\$ 167,759,582	\$ 220,136,692
Reserve as a Percent of Expenses			30%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 8,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ -	Active Local	7.5%	11.5%
Direct Transfers	\$ 31,000,000	State	7.5%	11.5%
		Capitations		7.5%
		Administrative Expense		-5.0%

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

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

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 94,379,462	\$ -	\$ 94,379,462
Employer Premiums - MCO	4,600,550	-	4,600,550
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	27,030,772		27,030,772
Life Insurance	225,313		225,313
Direct Transfers	-		-
Investment Income	388,045		388,045
Litigation Settlement	-		-
COBRA Premiums	289,819		289,819
Administrative Fees	702,342		702,342
Total Revenue	\$ 127,616,303	\$ -	\$ 127,616,303
<u>Program Expenses</u>			
Medical Claims	\$ 68,154,648	\$ -	\$ 68,154,648
Prescription Drug Claims	21,002,307	\$ -	21,002,307
Managed Care Capitations	4,157,628		4,157,628
Administration	2,751,015		2,751,015
Life Insurance	205,295		205,295
Wellness	86,191		86,191
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	48,781		48,781
Computer Software Reserve	-		-
Director's Discretionary Fund	143,383		143,383
WV RHBT Pay Go Premiums	27,030,772		27,030,772
Total Expenses	\$ 123,580,020	\$ -	\$ 123,580,020
Fiscal Year Results	\$ 4,036,283		\$ 4,036,283
Beginning Plan Reserve	48,340,828		48,340,828
Ending Plan Reserve	\$ 52,377,111		\$ 52,377,111
Reserve as a Percent of Expenses			38%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ -	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	7.5%	11.5%
		Capitations		7.5%
		Administrative Expense		-5.0%

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

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

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 333,055,539	\$ -	\$ 333,055,539
Employer Premiums - MCO	35,829,937	-	35,829,937
Employee Premiums - PPB	110,259,373	-	110,259,373
Employee Premiums - MCO	12,512,886	-	12,512,886
WV RHBT Pay Go Premiums	125,170,897		125,170,897
Life Insurance	1,117,043		1,117,043
Direct Transfers	10,000,000	21,000,000	31,000,000
Investment Income	1,291,864		1,291,864
Litigation Settlement	-		-
COBRA Premiums	1,203,377		1,203,377
Administrative Fees	3,891,468		3,891,468
Total Revenue	\$ 634,332,384	\$ 21,000,000	\$ 655,332,384
<u>Program Expenses</u>			
Medical Claims	\$ 331,456,898	\$ -	\$ 331,456,898
Prescription Drug Claims	118,768,259	\$ -	118,768,259
Managed Care Capitations	42,310,264		42,310,264
Administration	13,638,848		13,638,848
Life Insurance	1,017,800		1,017,800
Wellness	427,311		427,311
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	271,780		271,780
Computer Software Reserve	-		-
Director's Discretionary Fund	724,057		724,057
WV RHBT Pay Go Premiums	125,170,897		125,170,897
Total Expenses	\$ 633,786,114	\$ -	\$ 633,786,114
Fiscal Year Results	\$ 546,270		\$ 21,546,270
Beginning Plan Reserve	146,213,310		146,213,310
Ending Plan Reserve	\$ 146,759,580		\$ 167,759,580
Reserve as a Percent of Expenses			24%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 8,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ 31,000,000	State	7.5%	11.5%
		Capitations		7.5%
		Administrative Expense		-5.0%

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 95,775,042	\$ 340,569,267	\$ 436,344,309
Employer Premiums - MCO	4,697,350	36,545,585	41,242,936
Employee Premiums - PPB	-	109,717,558	109,717,558
Employee Premiums - MCO	-	12,451,398	12,451,398
WV RHBT Pay Go Premiums	25,486,272	114,513,728	140,000,000
Life Insurance	236,578	1,172,896	1,409,474
Direct Transfers	-	31,000,000	31,000,000
Investment Income	2,477,487	8,626,125	11,103,612
Litigation Settlement	-	-	-
COBRA Premiums	294,188	1,222,043	1,516,231
Administrative Fees	702,342	3,891,468	4,593,810
Total Revenue	\$ 129,669,260	\$ 659,710,068	\$ 789,379,328
<u>Program Expenses</u>			
Medical Claims	\$ 74,635,455	\$ 359,465,447	\$ 434,100,902
Prescription Drug Claims	23,866,628	134,005,173	157,871,801
Managed Care Capitations	4,407,086	44,848,880	49,255,966
Administration	3,233,546	16,448,013	19,681,559
Life Insurance	215,559	1,068,690	1,284,249
Wellness	251,773	1,248,227	1,500,000
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Computer Software Reserve	-	-	-
Director's Discretionary Fund	289,537	1,450,507	1,740,044
WV RHBT Pay Go Premiums	25,486,272	114,513,728	140,000,000
Total Expenses	\$ 132,385,857	\$ 673,048,665	\$ 805,434,521
Fiscal Year Results	\$ (2,716,597)	\$ (13,338,597)	\$ (16,055,193)
Beginning Plan Reserve	52,377,111	167,759,582	220,136,692
Ending Plan Reserve	\$ 49,660,514	\$ 154,420,985	\$ 204,081,499
Reserve as a Percent of Expenses			27%

KEY ASSUMPTIONS

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

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

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

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 95,775,042	\$ -	\$ 95,775,042
Employer Premiums - MCO	4,697,350	-	4,697,350
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	25,486,272		25,486,272
Life Insurance	236,578		236,578
Direct Transfers	-		-
Investment Income	2,477,487		2,477,487
Litigation Settlement	-		-
COBRA Premiums	294,188		294,188
Administrative Fees	702,342		702,342
Total Revenue	\$ 129,669,260	\$ -	\$ 129,669,260
<u>Program Expenses</u>			
Medical Claims	\$ 73,865,455	\$ 770,000	\$ 74,635,455
Prescription Drug Claims	23,606,628	260,000	23,866,628
Managed Care Capitations	4,407,086		4,407,086
Administration	2,833,546	400,000	3,233,546
Life Insurance	215,559		215,559
Wellness	251,773		251,773
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	289,537		289,537
WV RHBT Pay Go Premiums	25,486,272		25,486,272
Total Expenses	\$ 130,955,856	\$ 1,430,000	\$ 132,385,856
Fiscal Year Results	\$ (1,286,596)		\$ (2,716,596)
Beginning Plan Reserve	52,377,111		52,377,111
Ending Plan Reserve	\$ 51,090,515		\$ 49,660,515
Reserve as a Percent of Expenses			34%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ -	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	8.0%	12.0%
		Capitations		6.0%
		Administrative Expense		3.0%

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

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

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 340,569,267	\$ -	\$ 340,569,267
Employer Premiums - MCO	36,545,585	-	36,545,585
Employee Premiums - PPB	109,717,558	-	109,717,558
Employee Premiums - MCO	12,451,398	-	12,451,398
WV RHBT Pay Go Premiums	114,513,728		114,513,728
Life Insurance	1,172,896		1,172,896
Direct Transfers	31,000,000		31,000,000
Investment Income	8,626,125		8,626,125
Litigation Settlement	-		-
COBRA Premiums	1,222,043		1,222,043
Administrative Fees	3,891,468		3,891,468
Total Revenue	\$ 659,710,068	\$ -	\$ 659,710,068
<u>Program Expenses</u>			
Medical Claims	\$ 356,575,447	\$ 2,890,000	\$ 359,465,447
Prescription Drug Claims	132,515,173	\$ 1,490,000	134,005,173
Managed Care Capitations	44,848,880		44,848,880
Administration	14,048,013	2,400,000	16,448,013
Life Insurance	1,068,690		1,068,690
Wellness	1,248,227		1,248,227
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	1,450,507		1,450,507
WV RHBT Pay Go Premiums	114,513,728		114,513,728
Total Expenses	\$ 666,268,665	\$ 6,780,000	\$ 673,048,665
Fiscal Year Results	\$ (6,558,597)		\$ (13,338,597)
Beginning Plan Reserve	167,759,582		167,759,582
Ending Plan Reserve	\$ 161,200,985		\$ 154,420,985
Reserve as a Percent of Expenses			20%

KEY ASSUMPTIONS

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

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 97,377,014	\$ 422,154,833	\$ 519,531,847
Employer Premiums - MCO	4,762,376	45,293,021	50,055,397
Employee Premiums - PPB	-	131,720,531	131,720,531
Employee Premiums - MCO	-	14,948,426	14,948,426
WV RHBT Pay Go Premiums	27,819,274	122,180,726	150,000,000
Life Insurance	248,407	1,231,540	1,479,947
Direct Transfers	-	-	-
Investment Income	2,410,509	8,303,691	10,714,200
Litigation Settlement	-	-	-
COBRA Premiums	299,070	1,503,107	1,802,177
Administrative Fees	702,342	3,891,468	4,593,810
Total Revenue	\$ 133,618,992	\$ 751,227,343	\$ 884,846,335
<u>Program Expenses</u>			
Medical Claims	\$ 80,810,664	\$ 389,206,996	\$ 470,017,660
Prescription Drug Claims	26,796,338	150,454,761	177,251,099
Managed Care Capitations	4,671,511	47,539,813	52,211,324
Administration	3,330,552	16,941,454	20,272,006
Life Insurance	226,337	1,122,125	1,348,462
Wellness	264,361	1,310,639	1,575,000
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Computer Software Reserve	-	-	-
Director's Discretionary Fund	290,167	1,455,220	1,745,387
WV RHBT Pay Go Premiums	27,819,274	122,180,726	150,000,000
Total Expenses	\$ 144,209,203	\$ 730,211,734	\$ 874,420,937
Fiscal Year Results	\$ (10,590,211)	\$ 21,015,609	\$ 10,425,398
Beginning Plan Reserve	49,660,514	154,420,985	204,081,499
Ending Plan Reserve	\$ 39,070,303	\$ 175,436,594	\$ 214,506,897
Reserve as a Percent of Expenses			26%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 98,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 4,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 24,500,000	Active Local	8.5%	12.5%
Direct Transfers	\$ -	State	8.5%	12.5%
		Capitations		6.0%
		Administrative Expense		3.0%

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

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

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 93,570,883	\$ 3,806,131	\$ 97,377,014
Employer Premiums - MCO	4,568,507	193,869	4,762,376
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	27,819,274		27,819,274
Life Insurance	248,407		248,407
Direct Transfers	-		-
Investment Income	2,410,509		2,410,509
Litigation Settlement	-		-
COBRA Premiums	299,070		299,070
Administrative Fees	702,342		702,342
Total Revenue	\$ 129,618,992	\$ 4,000,000	\$ 133,618,992
<u>Program Expenses</u>			
Medical Claims	\$ 80,810,664		\$ 80,810,664
Prescription Drug Claims	26,796,338		26,796,338
Managed Care Capitations	4,671,511		4,671,511
Administration	3,330,552		3,330,552
Life Insurance	226,337		226,337
Wellness	264,361		264,361
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	290,167		290,167
WV RHBT Pay Go Premiums	27,819,274		27,819,274
Total Expenses	\$ 144,209,204	\$ -	\$ 144,209,204
Fiscal Year Results	\$ (14,590,212)		\$ (10,590,212)
Beginning Plan Reserve	49,660,514		49,660,514
Ending Plan Reserve	\$ 35,070,302		\$ 39,070,302
Reserve as a Percent of Expenses			25%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 4,000,000	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		Local	8.5%
			<u>Drugs</u>
		Capitations	6.0%
		Administrative Expense	3.0%

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

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

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 333,641,933	\$ 88,512,900	\$ 422,154,833
Employer Premiums - MCO	35,805,921	9,487,100	45,293,021
Employee Premiums - PPB	109,717,559	22,002,972	131,720,531
Employee Premiums - MCO	12,451,398	2,497,028	14,948,426
WV RHBT Pay Go Premiums	122,180,726		122,180,726
Life Insurance	1,231,540		1,231,540
Direct Transfers	-		-
Investment Income	8,303,691		8,303,691
Litigation Settlement	-		-
COBRA Premiums	1,503,107		1,503,107
Administrative Fees	3,891,468		3,891,468
Total Revenue	\$ 628,727,343	\$ 122,500,000	\$ 751,227,343
<u>Program Expenses</u>			
Medical Claims	\$ 389,206,996		\$ 389,206,996
Prescription Drug Claims	150,454,761		150,454,761
Managed Care Capitations	47,539,813		47,539,813
Administration	16,941,454		16,941,454
Life Insurance	1,122,125		1,122,125
Wellness	1,310,639		1,310,639
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	1,455,220		1,455,220
WV RHBT Pay Go Premiums	122,180,726		122,180,726
Total Expenses	\$ 730,211,734	\$ -	\$ 730,211,734
Fiscal Year Results	\$ (101,484,391)		\$ 21,015,609
Beginning Plan Reserve	154,420,985		154,420,985
Ending Plan Reserve	\$ 52,936,594		\$ 175,436,594
Reserve as a Percent of Expenses			21%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 98,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 24,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ -	State	8.5%	12.5%
		Capitations		6.0%
		Administrative Expense		3.0%

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 127,794,311	\$ 468,261,696	\$ 596,056,007
Employer Premiums - MCO	6,293,584	50,237,654	56,531,238
Employee Premiums - PPB	-	144,832,506	144,832,506
Employee Premiums - MCO	-	16,436,450	16,436,450
WV RHBT Pay Go Premiums	30,370,770	129,629,230	160,000,000
Life Insurance	260,827	1,293,117	1,553,944
Direct Transfers	-	-	-
Investment Income	2,033,124	9,378,695	11,411,819
Litigation Settlement	-	-	-
COBRA Premiums	392,616	1,663,795	2,056,411
Administrative Fees	702,342	3,891,468	4,593,810
Total Revenue	\$ 167,847,574	\$ 825,624,611	\$ 993,472,185
<u>Program Expenses</u>			
Medical Claims	\$ 87,901,007	\$ 423,356,091	\$ 511,257,098
Prescription Drug Claims	30,219,710	169,676,144	199,895,854
Managed Care Capitations	4,951,802	50,392,201	55,344,003
Administration	3,430,468	17,449,697	20,880,165
Life Insurance	237,654	1,178,231	1,415,885
Wellness	277,580	1,376,170	1,653,750
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Computer Software Reserve	-	-	-
Director's Discretionary Fund	290,776	1,459,858	1,750,634
WV RHBT Pay Go Premiums	30,370,770	129,629,230	160,000,000
Total Expenses	\$ 157,679,766	\$ 794,517,623	\$ 952,197,389
Fiscal Year Results	\$ 10,167,808	\$ 31,106,988	\$ 41,274,796
Beginning Plan Reserve	39,070,303	175,436,594	214,506,897
Ending Plan Reserve	\$ 49,238,110	\$ 206,543,582	\$ 255,781,693
Reserve as a Percent of Expenses			27%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 58,500,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 34,500,000	<u>Eligibility</u>		
Additional State Employee Premiums	\$ 14,600,000	<u>Medical</u>		
Direct Transfers	\$ -	<u>Drugs</u>		
		Active Local	9.0%	13.0%
		State	9.0%	13.0%
		Capitations		6.0%
		Administrative Expense		3.0%

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

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

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 94,966,428	\$ 32,827,883	\$ 127,794,311
Employer Premiums - MCO	4,621,467	1,672,117	6,293,584
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	30,370,770		30,370,770
Life Insurance	260,827		260,827
Direct Transfers	-		-
Investment Income	2,033,124		2,033,124
Litigation Settlement	-		-
COBRA Premiums	392,616		392,616
Administrative Fees	702,342		702,342
Total Revenue	\$ 133,347,574	\$ 34,500,000	\$ 167,847,574
<u>Program Expenses</u>			
Medical Claims	\$ 87,901,007		\$ 87,901,007
Prescription Drug Claims	30,219,710		30,219,710
Managed Care Capitations	4,951,802		4,951,802
Administration	3,430,468		3,430,468
Life Insurance	237,654		237,654
Wellness	277,580		277,580
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	290,776		290,776
WV RHBT Pay Go Premiums	30,370,770		30,370,770
Total Expenses	\$ 157,679,767	\$ -	\$ 157,679,767
Fiscal Year Results	\$ (24,332,193)		\$ 10,167,807
Beginning Plan Reserve	39,070,303		39,070,303
Ending Plan Reserve	\$ 14,738,110		\$ 49,238,110
Reserve as a Percent of Expenses			28%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 34,500,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	9.0%	13.0%
		Capitations		6.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2022

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 415,424,914	\$ 52,836,782	\$ 468,261,696
Employer Premiums - MCO	44,574,436	5,663,218	50,237,654
Employee Premiums - PPB	131,720,531	13,111,975	144,832,506
Employee Premiums - MCO	14,948,425	1,488,025	16,436,450
WV RHBT Pay Go Premiums	129,629,230		129,629,230
Life Insurance	1,293,117		1,293,117
Direct Transfers	-		-
Investment Income	9,378,695		9,378,695
Litigation Settlement	-		-
COBRA Premiums	1,663,795		1,663,795
Administrative Fees	3,891,468		3,891,468
Total Revenue	\$ 752,524,611	\$ 73,100,000	\$ 825,624,611
<u>Program Expenses</u>			
Medical Claims	\$ 423,356,091		\$ 423,356,091
Prescription Drug Claims	169,676,144		169,676,144
Managed Care Capitations	50,392,201		50,392,201
Administration	17,449,697		17,449,697
Life Insurance	1,178,231		1,178,231
Wellness	1,376,170		1,376,170
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	1,459,858		1,459,858
WV RHBT Pay Go Premiums	129,629,230		129,629,230
Total Expenses	\$ 794,517,622	\$ -	\$ 794,517,622
Fiscal Year Results	\$ (41,993,011)		\$ 31,106,989
Beginning Plan Reserve	175,436,594		175,436,594
Ending Plan Reserve	\$ 133,443,583		\$ 206,543,583
Reserve as a Percent of Expenses			23%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 58,500,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 14,600,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ -	State	9.0%	13.0%
		Capitations		6.0%
		Administrative Expense		3.0%

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 140,046,056	\$ 516,257,599	\$ 656,303,655
Employer Premiums - MCO	6,898,864	55,384,726	62,283,590
Employee Premiums - PPB	-	158,393,522	158,393,522
Employee Premiums - MCO	-	17,975,435	17,975,435
WV RHBT Pay Go Premiums	33,013,745	136,986,255	170,000,000
Life Insurance	273,869	1,357,773	1,631,642
Direct Transfers	-	-	-
Investment Income	2,491,093	10,883,187	13,374,280
Litigation Settlement	-	-	-
COBRA Premiums	430,262	1,830,826	2,261,088
Administrative Fees	702,342	3,891,468	4,593,810
Total Revenue	\$ 183,856,231	\$ 902,960,791	\$ 1,086,817,022
<u>Program Expenses</u>			
Medical Claims	\$ 96,053,131	\$ 462,619,024	\$ 558,672,155
Prescription Drug Claims	34,231,590	192,201,852	226,433,443
Managed Care Capitations	5,248,910	53,415,733	58,664,643
Administration	3,533,382	17,973,188	21,506,570
Life Insurance	249,537	1,237,143	1,486,680
Wellness	291,459	1,444,979	1,736,438
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Computer Software Reserve	-	-	-
Director's Discretionary Fund	291,365	1,464,422	1,755,787
WV RHBT Pay Go Premiums	33,013,745	136,986,255	170,000,000
Total Expenses	\$ 172,913,119	\$ 867,342,597	\$ 1,040,255,716
Fiscal Year Results	\$ 10,943,112	\$ 35,618,194	\$ 46,561,306
Beginning Plan Reserve	49,238,110	206,543,582	255,781,693
Ending Plan Reserve	\$ 60,181,222	\$ 242,161,777	\$ 302,342,999
Reserve as a Percent of Expenses			27%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 60,500,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 15,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 15,100,000	Active Local	9.5%	13.5%
Direct Transfers	\$ -	State	9.5%	13.5%
		Capitations		6.0%
		Administrative Expense		3.0%

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

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

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 125,297,297	\$ 14,748,759	\$ 140,046,056
Employer Premiums - MCO	6,147,623	751,241	6,898,864
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	33,013,745		33,013,745
Life Insurance	273,869		273,869
Direct Transfers	-		-
Investment Income	2,491,093		2,491,093
Litigation Settlement	-		-
COBRA Premiums	430,262		430,262
Administrative Fees	702,342		702,342
Total Revenue	\$ 168,356,231	\$ 15,500,000	\$ 183,856,231
<u>Program Expenses</u>			
Medical Claims	\$ 96,053,131		\$ 96,053,131
Prescription Drug Claims	34,231,590		34,231,590
Managed Care Capitations	5,248,910		5,248,910
Administration	3,533,382		3,533,382
Life Insurance	249,537		249,537
Wellness	291,459		291,459
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	291,365		291,365
WV RHBT Pay Go Premiums	33,013,745		33,013,745
Total Expenses	\$ 172,913,119	\$ -	\$ 172,913,119
Fiscal Year Results	\$ (4,556,888)		\$ 10,943,112
Beginning Plan Reserve	49,238,110		49,238,110
Ending Plan Reserve	\$ 44,681,222		\$ 60,181,222
Reserve as a Percent of Expenses			31%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 15,500,000	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		Local	9.5%
			<u>Drugs</u>
		Capitations	6.0%
		Administrative Expense	3.0%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2023

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 461,614,431	\$ 54,643,168	\$ 516,257,599
Employer Premiums - MCO	49,527,894	5,856,832	55,384,726
Employee Premiums - PPB	144,832,506	13,561,016	158,393,522
Employee Premiums - MCO	16,436,451	1,538,984	17,975,435
WV RHBT Pay Go Premiums	136,986,255		136,986,255
Life Insurance	1,357,773		1,357,773
Direct Transfers	-		-
Investment Income	10,883,187		10,883,187
Litigation Settlement	-		-
COBRA Premiums	1,830,826		1,830,826
Administrative Fees	3,891,468		3,891,468
Total Revenue	\$ 827,360,791	\$ 75,600,000	\$ 902,960,791
<u>Program Expenses</u>			
Medical Claims	\$ 462,619,024		\$ 462,619,024
Prescription Drug Claims	192,201,852		192,201,852
Managed Care Capitations	53,415,733		53,415,733
Administration	17,973,188		17,973,188
Life Insurance	1,237,143		1,237,143
Wellness	1,444,979		1,444,979
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	1,464,422		1,464,422
WV RHBT Pay Go Premiums	136,986,255		136,986,255
Total Expenses	\$ 867,342,596	\$ -	\$ 867,342,596
Fiscal Year Results	\$ (39,981,805)		\$ 35,618,195
Beginning Plan Reserve	206,543,582		206,543,582
Ending Plan Reserve	\$ 166,561,777		\$ 242,161,777
Reserve as a Percent of Expenses			24%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 60,500,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 15,100,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ -	State	9.5%	13.5%
		Capitations		6.0%
		Administrative Expense		3.0%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2018 to FY 2019**

Fiscal Year 2018												
Exposure	<u>Jul-17</u>	<u>Aug-17</u>	<u>Sep-17</u>	<u>Oct-17</u>	<u>Nov-17</u>	<u>Dec-17</u>	<u>Jan-18</u>	<u>Feb-18</u>	<u>Mar-18</u>	<u>Apr-18</u>	<u>May-18</u>	<u>Jun-18</u>
Local Medical	25,740	25,586	25,604	25,583	25,558	25,466	25,575	25,507	25,557	25,560	25,510	25,493
State Medical	124,443	123,087	122,276	122,287	122,223	122,170	121,909	121,742	121,432	121,040	120,767	120,425
Local Drugs	25,740	25,586	25,604	25,583	25,558	25,466	25,575	25,507	25,557	25,560	25,510	25,493
State Drugs	124,443	123,087	122,276	122,287	122,223	122,170	121,909	121,742	121,432	121,040	120,767	120,425
Local Medical	<u>\$154.23</u>	<u>\$184.79</u>	<u>\$180.01</u>	<u>\$219.28</u>	<u>\$209.02</u>	<u>\$178.36</u>	<u>\$227.44</u>	<u>\$206.66</u>	<u>\$210.85</u>	<u>\$255.37</u>	<u>\$264.07</u>	<u>\$212.90</u>
State Medical	176.71	191.91	186.61	199.21	209.36	190.54	222.99	201.17	225.93	237.30	259.99	251.90
Local Drugs	115.40	98.38	76.92	119.11	88.29	88.24	111.95	82.22	90.81	100.98	110.41	108.82
State Drugs	<u>118.32</u>	<u>99.93</u>	<u>80.32</u>	<u>121.63</u>	<u>87.93</u>	<u>86.11</u>	<u>114.53</u>	<u>88.94</u>	<u>97.88</u>	<u>104.72</u>	<u>114.77</u>	<u>116.02</u>
Total	\$564.67	\$575.00	\$523.85	\$659.23	\$594.60	\$543.25	\$676.92	\$578.99	\$625.48	\$698.37	\$749.24	\$689.64
Change From Prior Year - Month to Month Analysis												
Local Medical	-7.5%	-1.1%	-3.8%	8.0%	-1.8%	-21.9%	-10.5%	-9.2%	-11.0%	7.9%	10.0%	-22.9%
State Medical	2.0%	-14.8%	-3.0%	-3.6%	3.5%	-2.4%	0.3%	-2.8%	-7.7%	-2.5%	3.3%	-5.5%
Local Drugs	97.2%	24.3%	1.5%	36.0%	2.7%	-3.6%	20.0%	-8.9%	-15.6%	1.2%	1.4%	-0.1%
State Drugs	<u>85.2%</u>	<u>20.2%</u>	<u>-0.7%</u>	<u>34.2%</u>	<u>-4.4%</u>	<u>-9.4%</u>	<u>15.1%</u>	<u>-8.6%</u>	<u>-11.3%</u>	<u>4.2%</u>	<u>5.4%</u>	<u>1.9%</u>
Total	22.1%	0.1%	-2.3%	12.2%	0.3%	-11.0%	1.1%	-6.9%	-10.6%	2.6%	5.6%	-9.9%
Change From Prior Year - Quarter to Quarter Analysis												
Local Medical			-4.0%			-5.8%			-10.2%			-2.7%
State Medical			-6.0%			-0.8%			-3.6%			-1.6%
Local Drugs			36.2%			11.5%			-2.1%			0.8%
State Drugs			<u>31.0%</u>			<u>6.5%</u>			<u>-1.9%</u>			<u>3.8%</u>
Total			5.8%			0.3%			-5.5%			-0.8%
Change From Prior Year - Year to Year Analysis												
Local Medical			0.5%			-3.5%			-6.8%			-5.8%
State Medical			-3.8%			-2.0%			-2.7%			-2.9%
Local Drugs			24.5%			22.6%			16.0%			9.6%
State Drugs			<u>20.3%</u>			<u>17.9%</u>			<u>12.0%</u>			<u>8.4%</u>
Total			4.7%			3.5%			0.5%			-0.4%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2018 to FY 2019**

Fiscal Year 2019								
Exposure								
	<u>Jul-18</u>	<u>Aug-18</u>	<u>Sep-18</u>	<u>Oct-18</u>	<u>Nov-18</u>	<u>Dec-18</u>	<u>Jan-19</u>	<u>Feb-19</u>
Local Medical	25,510	25,503	25,483	25,393	25,328	25,394	25,338	25,436
State Medical	118,778	118,216	117,851	118,181	118,212	118,213	118,043	117,756
Local Drugs	25,510	25,503	25,483	25,393	25,328	25,394	25,338	25,436
State Drugs	118,778	118,216	117,851	118,181	118,212	118,213	118,043	117,756
	<u>Jul-18</u>	<u>Aug-18</u>	<u>Sep-18</u>	<u>Oct-18</u>	<u>Nov-18</u>	<u>Dec-18</u>	<u>Jan-19</u>	<u>Feb-19</u>
Local Medical	\$154.18	\$187.96	\$204.03	\$222.38	\$226.84	\$189.89	\$228.65	\$206.36
State Medical	207.08	201.21	183.33	248.41	216.34	220.31	240.56	198.44
Local Drugs	97.41	105.14	92.39	112.67	102.91	100.73	127.17	117.16
State Drugs	<u>102.41</u>	<u>107.82</u>	<u>100.18</u>	<u>119.65</u>	<u>106.94</u>	<u>108.00</u>	<u>132.03</u>	<u>123.23</u>
Total	\$561.08	\$602.14	\$579.92	\$703.12	\$653.04	\$618.92	\$728.40	\$645.18
Change From Prior Year - Month to Month Analysis								
Local Medical	0.0%	1.7%	13.3%	1.4%	8.5%	6.5%	0.5%	-0.1%
State Medical	17.2%	4.9%	-1.8%	24.7%	3.3%	15.6%	7.9%	-1.4%
Local Drugs	-15.6%	6.9%	20.1%	-5.4%	16.6%	14.1%	13.6%	42.5%
State Drugs	<u>-13.4%</u>	<u>7.9%</u>	<u>24.7%</u>	<u>-1.6%</u>	<u>21.6%</u>	<u>25.4%</u>	<u>15.3%</u>	<u>38.5%</u>
Total	-0.6%	4.7%	10.7%	6.7%	9.8%	13.9%	7.6%	11.4%
Change From Prior Year - Quarter to Quarter Analysis								
Local Medical			5.2%			5.3%		
State Medical			6.6%			14.3%		
Local Drugs			1.5%			7.0%		
State Drugs			<u>4.0%</u>			<u>13.2%</u>		
Total			4.8%			9.9%		
Change From Prior Year - Year to Year Analysis								
Local Medical			-4.0%			-1.3%		
State Medical			-0.2%			3.3%		
Local Drugs			2.7%			1.8%		
State Drugs			<u>3.0%</u>			<u>4.7%</u>		
Total			-0.5%			1.7%		