

STATE OF WEST VIRGINIA



PUBLIC EMPLOYEES INSURANCE AGENCY

**Quarterly Report
December 31, 2020**

Fiscal Years 2021-2025

Report Date: March 2021

YOUR ACTUARIES FOR THE LONG-TERM!



415 Main Street
Reisterstown, MD 21136-1905
410-833-4220
410-833-4229 (fax)
www.continuingcareactuaries.com

Finance Board
West Virginia Public Employees Insurance Agency
601 57th St., SE, Suite 2
Charleston, West Virginia 25304-2345

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 2020 for the fiscal year 2022 (“FY 2022”) and to provide quarterly financial reports for current FY 2021 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 2021 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 2025.

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 2021 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, 2021 (“FY 2021”), June 30, 2022 (“FY 2022”), June 30, 2023 (“FY 2023”), June 30, 2024 (“FY 2024”) and June 30, 2025 (“FY 2025”). Our opinion of plan adequacy is based on the projections through FY 2025 using updated future revenue and plan modifications provided by the Board in the financial plan adopted in December 2020. 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 2021 the Pay-Go is equivalent to \$263 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 2020.

This report includes updated claim trend assumptions as recommended in the report titled, “PEIA FY2020 Detailed Medical and Prescription Drugs Claim Trend Report”. In the circumstances and subject to the conditions described herein, we believe the financial plan approved by the Board for FY 2021 through FY 2025 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 2021 based on the scheduled revenue increases of the financial plan approved and amended by the Board in December 2020.

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 2025 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 2021 – FY 2025

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 2021 for prescription drugs and medical claims. Enrollment data, administrative expenses, managed care capitations, and plan revenues were provided at special request from PEIA. Revenue assumptions are based on premium rates, assumed investment income and significant general and special revenue allocations provided by the Governor, some of which have not been approved by the West Virginia Legislature. In addition, other information became available through presentations made at the Board meetings, which has been used in arriving at our conclusions.

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

KEY ASSUMPTIONS

A. Enrollment Changes

These projections include the assumption that Preferred Provider Benefit (“PPB”) and managed care enrollment will not change from March 2021 enrollment levels for the duration of these forecasts for active employees.

In aggregate, March 2021 enrollment for active employees has increased by 1,531 coverages since the end of FY 2020. Aggregate PPB enrollment has increased by 1,439 in total over the same period, while managed care enrollment experienced an increase of 92 coverages.

In the State Fund, the overall active State enrollment decreased by 244 coverages from the end of FY 2020 to March 2021. And in the Local Fund, the overall active Local enrollment increased by 1,775 coverages from the end of FY 2020 to March 2021.

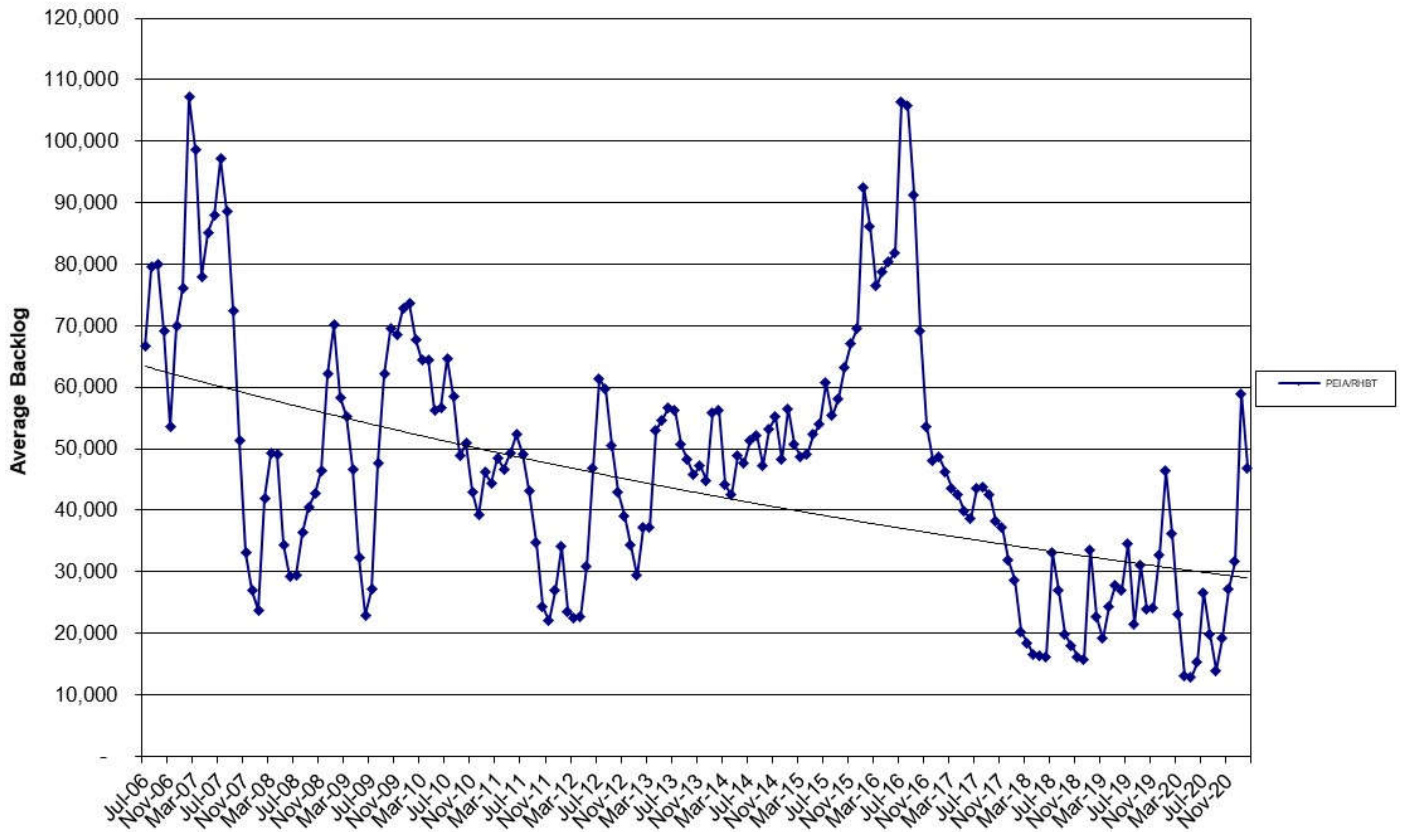
The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2019, June 2020, and March 2021 for purposes of comparison:

PEIA Fund	Coverage	Preferred Provider Benefit			Managed Care		
		Jun-19	Jun-20	Mar-21	Jun-19	Jun-20	Mar-21
State Active	Single	21,216	21,654	21,524	2,381	2,428	2,451
	Children	5,912	6,036	5,905	665	660	680
	Family	26,894	27,002	26,971	2,805	2,773	2,778
	Total	54,022	54,692	54,400	5,851	5,861	5,909
Local Active	Single	5,723	6,052	6,744	419	421	457
	Children	996	1,084	1,286	99	99	98
	Family	5,576	5,720	6,557	186	194	203
	Total	12,295	12,856	14,587	704	714	758
Plan Total		66,317	67,548	68,987	6,555	6,575	6,667
Grand Total					72,872	74,123	75,654

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 2021



C. Trend Analysis

PEIA experienced a low medical trend and a high prescription drugs trend in FY 2020, and over the past few years, total trends have been beneficial to the plan. Continuing Care Actuaries performed the detailed medical and prescription drugs trend analysis in the report titled, “PEIA FY2020 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 2021 medical claim trend is 5.0%, the gross prescription drugs claim trend is 13.0% and the prescription drugs rebate trend is 20.0%.

The current trend projection is shown in the following table:

Claim Type	Previous Assumption FY 2021 Trend	Updated Assumption FY 2021 Trend
Active Local – Medical	8.5%	5.0%
State – Medical	8.5%	5.0%
Active Local – Gross Drugs	12.5%	13.0%
State – Gross Drugs	12.5%	13.0%
Prescription Drugs Rebate	20.0%	20.0%

In the past, claim trends for the financial plan included a 0.5% margin in future years. CCA has assumed the drugs claim trends for the financial projection will increase by 0.5% in FY 2022 and in each successive fiscal year. Medical trends are assumed to increase 1.0% in FY 2022 and 2023, and then 0.5% thereafter. Additionally, drug rebates have been trending at approximately 30% over the last two years. As a result, CCA has separated net drugs in the financial plan into gross drugs and drug rebate amounts. Drug rebates trends are set at 20% in the financial plan.

At the Board’s request, the baseline trend assumptions have been established to reflect the most likely or expected trends. In order to provide information on the impact of varying trend assumptions, two alternative trend scenarios were developed. The Optimistic Scenario incorporates trend assumptions 2.0% below the Baseline Scenario and the Pessimistic Scenario incorporates trend assumptions 2.0% above the Baseline Scenario.

The following chart summarizes the trend results observed for the plan using data through February 2021. It is important to note that these trends *have not* been adjusted to reflect savings as a result of the expansion of the drug rebate program or the claim savings due to changes in provider reimbursement methodologies, nor the changes in the benefit structure. In developing the claim cost projection, we have reflected for benefit and reimbursement changes as an adjustment to the gross trend assumption.

PEIA Historical Trends (Active Local and State)

Fiscal Year	Active Local Medical	State Medical	Active Local Drugs	State Drugs	Total
2004	-1%	12%	9%	7%	9%
2005	16%	7%	7%	20%	11%
2006	1%	2%	18%	7%	3%
2007	15%	2%	13%	8%	5%
2008	3%	8%	-5%	-1%	4%
2009	-8%	3%	5%	4%	2%
2010	10%	1%	9%	9%	4%
2011	11%	8%	16%	15%	8%
2012	5%	5%	8%	6%	5%
2013	-3%	-3%	2%	6%	-3%
2014	8%	6%	9%	7%	7%
2015	6%	10%	14%	10%	10%
2016	9%	11%	12%	13%	12%
2017	6%	1%	11%	9%	4%
2018	0%	4%	16%	15%	7%
2019	8%	8%	15%	16%	10%
2020	-7%	0%	9%	15%	4%
2021*	-2%	-7%	12%	14%	0%

* Fiscal Year 2021 results are through the first eight months ending February 2021.

D. Enrollment, Claim, Expense and Revenue Assumptions

Using PEIA paid claim data through February 2021 for medical claims and for prescription drugs claims, average annualized incurred unit claim costs were developed for the State Fund and the Local Fund for both self-funded and managed care coverages. Continuing Care Actuaries has developed the claim cost on an adjusted exposure basis using the respective expected claim cost for each coverage type. The adjusted exposure methodology weighs the expected claim cost under each coverage type for single, member and children, and family coverages based on observed differences in health care cost. For example, under this methodology single coverage types are given a weight of 1.0 exposure, whereas member and children coverages are given a greater weighting based on historical expected health care cost relationships. Based on this methodology, the projection of FY 2021 claims and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

Fiscal Year 2021 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	54,460	\$529	\$166	\$533	\$215	
	<u>Managed Care</u>	<u>5,864</u>	\$534	\$173			\$694
	Total	60,324					
Local	PPB	14,543	\$652	\$0	\$521	\$192	
	<u>Managed Care</u>	<u>745</u>	\$579	\$0			\$537
	Total	15,288					

*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 2020

Source	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
Additional State Employer Revenue	\$0	\$0	\$41,000,000	\$81,000,000	\$52,500,000
Additional Local Agency Revenue	\$0	\$0	\$10,000,000	\$28,500,000	\$17,000,000
Additional Employee Premium	\$0	\$0	\$10,300,000	\$20,300,000	\$13,100,000
State Direct Transfers (State Budget Appropriations)	\$21,000,000	\$21,000,000	\$21,000,000	\$21,000,000	\$21,000,000
State Direct Transfers (PEIA Rainy Day Fund)	\$0	\$0	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active State	\$0	\$0	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active Local	\$0	\$0	\$0	\$0	\$0
Pay Go Premium Transfer	\$137,475,032	\$100,000,000	\$110,000,000	\$120,000,000	\$130,000,000

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

In FY 2021, the ACA PCORI fee is approximately \$2.66 per person per year.

There is a one-time added cost in FY 2021 for the delayed benefits and pent-up demand due to COVID19. \$8,500,000 has been allocated between PEIA State medical and Local medical claims, and \$920,000 has been allocated between RHBT Non-Medicare medical and Medicare medical claims in FY 2021.

There is another one-time added cost for the Inpatient Medicaid swap discount adjustment. \$4,000,000 per year has been allocated between PEIA State medical and Local medical claims in FY 2021 and FY 2022.

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 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 \$817,786,264 and incurred plan expenses of \$832,823,491 to produce a fiscal year deficit of (\$15,037,227). The PEIA local and state agencies Pay Go premiums for FY 2021 are assumed to be \$137,475,032.

Under the Baseline Scenario, FY 2021 is projected to end with a reserve of \$256,899,819 and the FY 2021 PEIA/RHBT combined, projected plan expenditures of \$911,387,237, which represents 28% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$125,431,981. 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 \$263,742,833 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$250,097,286.

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 \$804,297,206 and incurred plan expenses of \$837,534,159 to produce a fiscal year deficit of (\$33,236,953). The PEIA local and state agencies Pay Go premiums for FY 2022 are assumed to be \$100,000,000.

Under the Baseline Scenario, FY 2022 is projected to end with a reserve of \$223,662,866 and the FY 2022 PEIA/RHBT combined, projected plan expenditures of \$957,076,335, which represents 23% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$132,025,073. 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 \$252,175,939 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$194,963,914.

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 \$864,894,655 and incurred plan expenses of \$900,867,777 to produce a fiscal year deficit of (\$35,973,122). The PEIA local and state agencies Pay Go premiums for FY 2023 are assumed to be \$110,000,000.

Under the Baseline Scenario, FY 2023 is projected to end with a reserve of \$187,689,744 and the FY 2023 PEIA/RHBT combined, projected plan expenditures of \$1,027,352,798, which represents 18% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$141,799,634. 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 \$255,664,175 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$118,412,923.

FISCAL YEAR 2024 FORECAST

The financial forecast for FY 2024 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2024 projects accrued revenue of \$994,131,681 and incurred plan expenses of \$972,870,602 to produce a fiscal year surplus of \$21,261,079. The PEIA local and state agencies Pay Go premiums for FY 2024 are assumed to be \$120,000,000.

Under the Baseline Scenario, FY 2024 is projected to end with a reserve of \$208,950,823 and the FY 2024 PEIA/RHBT combined, projected plan expenditures of \$1,108,746,810, which represents 19% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$153,157,232. 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 \$337,865,167 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$75,908,387.

FISCAL YEAR 2025 FORECAST

The financial forecast for FY 2025 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2025 projects accrued revenue of \$1,078,364,458 and incurred plan expenses of \$1,053,847,643 to produce a fiscal year surplus of \$24,516,815. The PEIA local and state agencies Pay Go premiums for FY 2025 are assumed to be \$130,000,000.

Under the Baseline Scenario, FY 2025 is projected to end with a reserve of \$233,467,638 and the FY 2025 PEIA/RHBT combined, projected plan expenditures of \$1,201,836,305, which represents 19% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$166,172,644. 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 \$449,335,535 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$7,857,027.

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 2025, using the Baseline assumptions. These projections are based on significant revenue increases as contained in the financial plan adopted by the Board in December 2020 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 2021**

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 113,818,400	\$ 345,480,610	\$ 459,299,010
Employer Premiums - MCO	5,177,622	37,544,943	42,722,564
Employee Premiums - PPB	-	108,792,979	108,792,979
Employee Premiums - MCO	-	12,142,670	12,142,670
WV RHBT Pay Go Premiums	27,796,304	109,678,728	137,475,032
Life Insurance	478,856	2,230,737	2,709,593
Direct Transfers	-	21,000,000	21,000,000
Investment Income	6,052,494	20,970,618	27,023,112
Litigation Settlement	-	-	-
COBRA Premiums	362,139	1,503,665	1,865,804
Administrative Fees	727,063	4,028,437	4,755,500
Total Revenue	\$ 154,412,877	\$ 663,373,387	\$ 817,786,264
<u>Program Expenses</u>			
Medical Claims	\$ 90,843,215	\$ 348,299,791	\$ 439,143,007
Gross Prescription Drug Claims	52,440,511	219,473,761	271,914,272
Prescription Drug Rebates	(18,899,964)	(79,100,036)	(98,000,000)
Managed Care Capitations	4,798,874	48,835,931	53,634,805
Administration	4,262,670	19,857,516	24,120,186
Life Insurance	450,311	2,097,758	2,548,069
Wellness	39,757	185,208	224,965
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	77,021	330,979	408,000
Director's Discretionary Fund	274,949	1,080,206	1,355,155
WV RHBT Pay Go Premiums	27,796,304	109,678,728	137,475,032
Total Expenses	\$ 162,083,647	\$ 670,739,843	\$ 832,823,491
Fiscal Year Results	\$ (7,670,770)	\$ (7,366,456)	\$ (15,037,227)
Beginning Plan Reserve	62,336,504	209,600,541	271,937,045
Minimum Actuarial Reserve Required	\$ 24,769,756	\$ 100,662,225	\$ 125,431,981
<u>Ending Premium Stabilization Reserve</u>	29,895,978	101,571,861	131,467,838
Ending Plan Reserve	\$ 54,665,734	\$ 202,234,085	\$ 256,899,819
Reserve as a Percent of Expenses			36%

KEY ASSUMPTIONS

		Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employer Premiums	\$ -	Active Local	5.0%	13.0%
Additional Local Agency Revenue	\$ -	State	5.0%	13.0%
Additional State Employee Premiums	\$ -	Prescription Drug Rebates		20.0%
Direct Transfers	\$ 21,000,000	Capitations		7.5%
		Administrative Expense		-5.3%

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	\$ 113,818,400	\$ -	\$ 113,818,400
Employer Premiums - MCO	5,177,622	-	5,177,622
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	27,796,304		27,796,304
Life Insurance	478,856		478,856
Direct Transfers	-		-
Investment Income	6,052,494		6,052,494
Litigation Settlement	-		-
COBRA Premiums	362,139		362,139
Administrative Fees	727,063		727,063
Total Revenue	\$ 154,412,877	\$ -	\$ 154,412,877
<u>Program Expenses</u>			
Medical Claims	\$ 90,843,215		\$ 90,843,215
Gross Prescription Drug Claims	52,440,511		52,440,511
Prescription Drug Rebates	(18,899,964)		(18,899,964)
Managed Care Capitations	4,798,874		4,798,874
Administration	4,262,670		4,262,670
Life Insurance	450,311		450,311
Wellness	39,757		39,757
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	77,021		77,021
Director's Discretionary Fund	274,949		274,949
WV RHBT Pay Go Premiums	27,796,304		27,796,304
Total Expenses	\$ 162,083,647	\$ -	\$ 162,083,647
Fiscal Year Results	\$ (7,670,770)		\$ (7,670,770)
Beginning Plan Reserve	62,336,504		62,336,504
Minimum Actuarial Reserve Required	\$ 24,769,756	\$ -	\$ 24,769,756
<u>Ending Premium Stabilization Reserve</u>	<u>29,895,978</u>	<u>-</u>	<u>29,895,978</u>
Ending Plan Reserve	\$ 54,665,734		\$ 54,665,734
Reserve as a Percent of Expenses			31%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ -	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	5.0%	13.0%
		Prescription Drug Rebates		20.0%
		Capitations		7.5%
		Administrative Expense		-5.3%

**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	\$ 345,480,610	\$ -	\$ 345,480,610
Employer Premiums - MCO	37,544,943	-	37,544,943
Employee Premiums - PPB	108,792,979	-	108,792,979
Employee Premiums - MCO	12,142,670	-	12,142,670
WV RHBT Pay Go Premiums	109,678,728		109,678,728
Life Insurance	2,230,737		2,230,737
Direct Transfers	21,000,000		21,000,000
Investment Income	20,970,618		20,970,618
Litigation Settlement	-		-
COBRA Premiums	1,503,665		1,503,665
Administrative Fees	4,028,437		4,028,437
Total Revenue	\$ 663,373,387	\$ -	\$ 663,373,387
<u>Program Expenses</u>			
Medical Claims	\$ 348,299,791		\$ 348,299,791
Gross Prescription Drug Claims	219,473,761		219,473,761
Prescription Drug Rebates	(79,100,036)		(79,100,036)
Managed Care Capitations	48,835,931		48,835,931
Administration	19,857,516		19,857,516
Life Insurance	2,097,758		2,097,758
Wellness	185,208		185,208
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	330,979		330,979
Director's Discretionary Fund	1,080,206		1,080,206
WV RHBT Pay Go Premiums	109,678,728		109,678,728
Total Expenses	\$ 670,739,843	\$ -	\$ 670,739,843
Fiscal Year Results	\$ (7,366,456)		\$ (7,366,456)
Beginning Plan Reserve	209,600,541		209,600,541
Minimum Actuarial Reserve Required	\$ 100,662,225	\$ -	\$ 100,662,225
<u>Ending Premium Stabilization Reserve</u>	<u>101,571,861</u>	<u>-</u>	<u>101,571,861</u>
Ending Plan Reserve	\$ 202,234,085		\$ 202,234,085
Reserve as a Percent of Expenses			28%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ 21,000,000	State	5.0%	13.0%
		Prescription Drug Rebates		20.0%
		Capitations		7.5%
		Administrative Expense		-5.3%

**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	\$ 120,978,679	\$ 372,591,256	\$ 493,569,934
Employer Premiums - MCO	5,530,515	40,396,156	45,926,672
Employee Premiums - PPB	-	108,792,979	108,792,979
Employee Premiums - MCO	-	12,142,670	12,142,670
WV RHBT Pay Go Premiums	20,283,131	79,716,869	100,000,000
Life Insurance	502,799	2,342,273	2,845,072
Direct Transfers	-	21,000,000	21,000,000
Investment Income	2,799,491	10,486,822	13,286,313
Litigation Settlement	-	-	-
COBRA Premiums	385,004	1,593,062	1,978,066
Administrative Fees	727,063	4,028,437	4,755,500
Total Revenue	\$ 151,206,682	\$ 653,090,524	\$ 804,297,206
<u>Program Expenses</u>			
Medical Claims	\$ 95,333,747	\$ 363,119,735	\$ 458,453,483
Gross Prescription Drug Claims	59,496,452	248,610,606	308,107,058
Prescription Drug Rebates	(22,718,213)	(94,920,043)	(117,638,256)
Managed Care Capitations	5,086,807	51,766,087	56,852,894
Administration	4,390,550	20,453,241	24,843,791
Life Insurance	472,826	2,202,646	2,675,472
Wellness	404,899	1,620,067	2,024,966
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	77,165	330,820	407,985
Director's Discretionary Fund	367,834	1,438,932	1,806,766
WV RHBT Pay Go Premiums	20,283,131	79,716,869	100,000,000
Total Expenses	\$ 163,195,198	\$ 674,338,961	\$ 837,534,159
Fiscal Year Results	\$ (11,988,516)	\$ (21,248,437)	\$ (33,236,953)
Beginning Plan Reserve	54,665,734	202,234,085	256,899,819
Minimum Actuarial Reserve Required	\$ 26,154,545	\$ 105,870,528	\$ 132,025,073
<u>Ending Premium Stabilization Reserve</u>	<u>16,522,673</u>	<u>75,115,120</u>	<u>91,637,793</u>
Ending Plan Reserve	\$ 42,677,218	\$ 180,985,648	\$ 223,662,866
Reserve as a Percent of Expenses			30%

KEY ASSUMPTIONS

		Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employer Premiums	\$ -	Active Local	6.0%	13.5%
Additional Local Agency Revenue	\$ -	State	6.0%	13.5%
Additional State Employee Premiums	\$ -	Prescription Drug Rebates		20.0%
Direct Transfers	\$ 21,000,000	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	\$ 120,978,679	\$ -	\$ 120,978,679
Employer Premiums - MCO	5,530,515	-	5,530,515
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	20,283,131		20,283,131
Life Insurance	502,799		502,799
Direct Transfers	-		-
Investment Income	2,799,491		2,799,491
Litigation Settlement	-		-
COBRA Premiums	385,004		385,004
Administrative Fees	727,063		727,063
Total Revenue	\$ 151,206,682	\$ -	\$ 151,206,682
<u>Program Expenses</u>			
Medical Claims	\$ 95,333,747		\$ 95,333,747
Gross Prescription Drug Claims	59,496,452		59,496,452
Prescription Drug Rebates	(22,718,213)		(22,718,213)
Managed Care Capitations	5,086,807		5,086,807
Administration	4,390,550		4,390,550
Life Insurance	472,826		472,826
Wellness	404,899		404,899
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	77,165		77,165
Director's Discretionary Fund	367,834		367,834
WV RHBT Pay Go Premiums	20,283,131		20,283,131
Total Expenses	\$ 163,195,198	\$ -	\$ 163,195,198
Fiscal Year Results	\$ (11,988,516)		\$ (11,988,516)
Beginning Plan Reserve	54,665,734		54,665,734
Minimum Actuarial Reserve Required	\$ 26,154,545	\$ -	\$ 26,154,545
<u>Ending Premium Stabilization Reserve</u>	<u>16,522,673</u>	<u>-</u>	<u>16,522,673</u>
Ending Plan Reserve	\$ 42,677,218		\$ 42,677,218
Reserve as a Percent of Expenses			23%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ -	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	6.0%	13.5%
		Prescription Drug Rebates		20.0%
		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	\$ 372,591,256	\$ -	\$ 372,591,256
Employer Premiums - MCO	40,396,156	-	40,396,156
Employee Premiums - PPB	108,792,979	-	108,792,979
Employee Premiums - MCO	12,142,670	-	12,142,670
WV RHBT Pay Go Premiums	79,716,869		79,716,869
Life Insurance	2,342,273		2,342,273
Direct Transfers	21,000,000		21,000,000
Investment Income	10,486,822		10,486,822
Litigation Settlement	-		-
COBRA Premiums	1,593,062		1,593,062
Administrative Fees	4,028,437		4,028,437
Total Revenue	\$ 653,090,524	\$ -	\$ 653,090,524
<u>Program Expenses</u>			
Medical Claims	\$ 363,119,735		\$ 363,119,735
Gross Prescription Drug Claims	248,610,606		248,610,606
Prescription Drug Rebates	(94,920,043)		(94,920,043)
Managed Care Capitations	51,766,087		51,766,087
Administration	20,453,241		20,453,241
Life Insurance	2,202,646		2,202,646
Wellness	1,620,067		1,620,067
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	330,820		330,820
Director's Discretionary Fund	1,438,932		1,438,932
WV RHBT Pay Go Premiums	79,716,869		79,716,869
Total Expenses	\$ 674,338,960	\$ -	\$ 674,338,960
Fiscal Year Results	\$ (21,248,436)		\$ (21,248,436)
Beginning Plan Reserve	202,234,085		202,234,085
Minimum Actuarial Reserve Required	\$ 105,870,528	\$ -	\$ 105,870,528
<u>Ending Premium Stabilization Reserve</u>	<u>75,115,121</u>	<u>-</u>	<u>75,115,121</u>
Ending Plan Reserve	\$ 180,985,649		\$ 180,985,649
Reserve as a Percent of Expenses			24%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ 21,000,000	State	6.0%	13.5%
		Prescription Drug Rebates		20.0%
		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	\$ 128,605,546	\$ 402,389,141	\$ 530,994,686
Employer Premiums - MCO	5,875,335	43,626,585	49,501,920
Employee Premiums - PPB	-	118,058,797	118,058,797
Employee Premiums - MCO	-	13,176,852	13,176,852
WV RHBT Pay Go Premiums	22,311,444	87,688,556	110,000,000
Life Insurance	527,939	2,459,387	2,987,326
Direct Transfers	-	21,000,000	21,000,000
Investment Income	2,387,040	9,900,930	12,287,970
Litigation Settlement	-	-	-
COBRA Premiums	409,264	1,722,340	2,131,604
Administrative Fees	727,063	4,028,437	4,755,500
Total Revenue	\$ 160,843,631	\$ 704,051,024	\$ 864,894,655
<u>Program Expenses</u>			
Medical Claims	\$ 101,572,458	\$ 386,882,478	\$ 488,454,936
Gross Prescription Drug Claims	67,692,646	282,859,103	350,551,749
Prescription Drug Rebates	(27,261,856)	(113,904,051)	(141,165,907)
Managed Care Capitations	5,392,015	54,872,052	60,264,067
Administration	4,522,267	21,066,839	25,589,106
Life Insurance	496,467	2,312,778	2,809,245
Wellness	430,459	1,720,507	2,150,966
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	77,165	330,820	407,985
Director's Discretionary Fund	367,427	1,438,204	1,805,631
WV RHBT Pay Go Premiums	22,311,444	87,688,556	110,000,000
Total Expenses	\$ 175,600,492	\$ 725,267,285	\$ 900,867,777
Fiscal Year Results	\$ (14,756,861)	\$ (21,216,261)	\$ (35,973,122)
Beginning Plan Reserve	42,677,218	180,985,648	223,662,866
Minimum Actuarial Reserve Required	\$ 28,090,310	\$ 113,709,324	\$ 141,799,634
<u>Ending Premium Stabilization Reserve</u>	<u>(169,954)</u>	<u>46,060,063</u>	<u>45,890,110</u>
Ending Plan Reserve	\$ 27,920,357	\$ 159,769,387	\$ 187,689,744
Reserve as a Percent of Expenses			24%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 41,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 10,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 10,300,000	Active Local	7.0%	14.0%
Direct Transfers	\$ 21,000,000	State	7.0%	14.0%
		Prescription Drug Rebates		20.0%
		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	\$ 119,050,559	\$ 9,554,987	\$ 128,605,546
Employer Premiums - MCO	5,430,322	445,013	5,875,335
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	22,311,444		22,311,444
Life Insurance	527,939		527,939
Direct Transfers	-		-
Investment Income	2,387,040		2,387,040
Litigation Settlement	-		-
COBRA Premiums	409,264		409,264
Administrative Fees	727,063		727,063
Total Revenue	\$ 150,843,631	\$ 10,000,000	\$ 160,843,631
<u>Program Expenses</u>			
Medical Claims	\$ 101,572,457		\$ 101,572,457
Gross Prescription Drug Claims	67,692,646		67,692,646
Prescription Drug Rebates	(27,261,856)		(27,261,856)
Managed Care Capitations	5,392,015		5,392,015
Administration	4,522,267		4,522,267
Life Insurance	496,467		496,467
Wellness	430,459		430,459
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	77,165		77,165
Director's Discretionary Fund	367,427		367,427
WV RHBT Pay Go Premiums	22,311,444		22,311,444
Total Expenses	\$ 175,600,492	\$ -	\$ 175,600,492
Fiscal Year Results	\$ (24,756,861)		\$ (14,756,861)
Beginning Plan Reserve	42,677,218		42,677,218
Minimum Actuarial Reserve Required	\$ 28,090,310	\$ -	\$ 28,090,310
<u>Ending Premium Stabilization Reserve</u>	<u>(10,169,953)</u>	<u>-</u>	<u>(169,953)</u>
Ending Plan Reserve	\$ 17,920,357		\$ 27,920,357
Reserve as a Percent of Expenses			14%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 10,000,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	7.0%	14.0%
		Prescription Drug Rebates		20.0%
		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	\$ 365,400,625	\$ 36,988,516	\$ 402,389,141
Employer Premiums - MCO	39,615,101	4,011,484	43,626,585
Employee Premiums - PPB	108,792,979	9,265,818	118,058,797
Employee Premiums - MCO	12,142,670	1,034,182	13,176,852
WV RHBT Pay Go Premiums	87,688,556		87,688,556
Life Insurance	2,459,387		2,459,387
Direct Transfers	21,000,000		21,000,000
Investment Income	9,900,930		9,900,930
Litigation Settlement	-		-
COBRA Premiums	1,722,340		1,722,340
Administrative Fees	4,028,437		4,028,437
Total Revenue	\$ 652,751,024	\$ 51,300,000	\$ 704,051,024
<u>Program Expenses</u>			
Medical Claims	\$ 386,882,478		\$ 386,882,478
Gross Prescription Drug Claims	282,859,103		282,859,103
Prescription Drug Rebates	(113,904,051)		(113,904,051)
Managed Care Capitations	54,872,052		54,872,052
Administration	21,066,839		21,066,839
Life Insurance	2,312,778		2,312,778
Wellness	1,720,507		1,720,507
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	330,820		330,820
Director's Discretionary Fund	1,438,204		1,438,204
WV RHBT Pay Go Premiums	87,688,556		87,688,556
Total Expenses	\$ 725,267,285	\$ -	\$ 725,267,285
Fiscal Year Results	\$ (72,516,261)		\$ (21,216,261)
Beginning Plan Reserve	180,985,648		180,985,648
Minimum Actuarial Reserve Required	\$ 113,709,324	\$ -	\$ 113,709,324
<u>Ending Premium Stabilization Reserve</u>	<u>(5,239,937)</u>	<u>-</u>	<u>46,060,063</u>
Ending Plan Reserve	\$ 108,469,387		\$ 159,769,387
Reserve as a Percent of Expenses			19%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 41,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 10,300,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ 21,000,000	State	7.0%	14.0%
		Prescription Drug Rebates		20.0%
		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 2024**

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 153,909,138	\$ 468,273,384	\$ 622,182,522
Employer Premiums - MCO	7,043,429	50,770,655	57,814,084
Employee Premiums - PPB	-	136,320,554	136,320,554
Employee Premiums - MCO	-	15,215,095	15,215,095
WV RHBT Pay Go Premiums	24,339,757	95,660,243	120,000,000
Life Insurance	554,336	2,582,356	3,136,692
Direct Transfers	-	21,000,000	21,000,000
Investment Income	1,871,223	9,345,383	11,216,606
Litigation Settlement	-	-	-
COBRA Premiums	489,825	2,000,803	2,490,628
Administrative Fees	727,063	4,028,437	4,755,500
Total Revenue	\$ 188,934,772	\$ 805,196,909	\$ 994,131,681
<u>Program Expenses</u>			
Medical Claims	\$ 108,959,435	\$ 415,018,924	\$ 523,978,359
Gross Prescription Drug Claims	77,356,529	323,240,471	400,597,000
Prescription Drug Rebates	(32,714,227)	(136,684,862)	(169,399,089)
Managed Care Capitations	5,715,536	58,164,375	63,879,911
Administration	4,657,935	21,698,844	26,356,779
Life Insurance	521,291	2,428,417	2,949,708
Wellness	459,761	1,835,654	2,295,415
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	77,165	330,820	407,985
Director's Discretionary Fund	367,039	1,437,494	1,804,533
WV RHBT Pay Go Premiums	24,339,757	95,660,243	120,000,000
Total Expenses	\$ 189,740,221	\$ 783,130,381	\$ 972,870,602
Fiscal Year Results	\$ (805,449)	\$ 22,066,528	\$ 21,261,079
Beginning Plan Reserve	27,920,357	159,769,387	187,689,744
Minimum Actuarial Reserve Required	\$ 30,344,739	\$ 122,812,493	\$ 153,157,232
<u>Ending Premium Stabilization Reserve</u>	(3,229,832)	59,023,423	55,793,591
Ending Plan Reserve	\$ 27,114,907	\$ 181,835,916	\$ 208,950,823
Reserve as a Percent of Expenses			23%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 81,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 28,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 20,300,000	Active Local	7.5%	14.5%
Direct Transfers	\$ 21,000,000	State	7.5%	14.5%
		Prescription Drug Rebates		20.0%
		Capitations		6.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2024

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 126,677,424	\$ 27,231,714	\$ 153,909,138
Employer Premiums - MCO	5,775,143	1,268,286	7,043,429
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	24,339,757		24,339,757
Life Insurance	554,336		554,336
Direct Transfers	-		-
Investment Income	1,871,223		1,871,223
Litigation Settlement	-		-
COBRA Premiums	489,825		489,825
Administrative Fees	727,063		727,063
Total Revenue	\$ 160,434,772	\$ 28,500,000	\$ 188,934,772
<u>Program Expenses</u>			
Medical Claims	\$ 108,959,435		\$ 108,959,435
Gross Prescription Drug Claims	77,356,529		77,356,529
Prescription Drug Rebates	(32,714,227)		(32,714,227)
Managed Care Capitations	5,715,536		5,715,536
Administration	4,657,935		4,657,935
Life Insurance	521,291		521,291
Wellness	459,761		459,761
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	77,165		77,165
Director's Discretionary Fund	367,039		367,039
WV RHBT Pay Go Premiums	24,339,757		24,339,757
Total Expenses	\$ 189,740,221	\$ -	\$ 189,740,221
Fiscal Year Results	\$ (29,305,449)		\$ (805,449)
Beginning Plan Reserve	27,920,357		27,920,357
Minimum Actuarial Reserve Required	\$ 30,344,739	\$ -	\$ 30,344,739
<u>Ending Premium Stabilization Reserve</u>	<u>(31,729,831)</u>	<u>-</u>	<u>(3,229,831)</u>
Ending Plan Reserve	\$ (1,385,092)		\$ 27,114,908
Reserve as a Percent of Expenses			12%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 28,500,000	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		Local	7.5%
			<u>Gross Drugs</u>
			20.0%
			6.0%
			3.0%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2024

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 395,198,511	\$ 73,074,873	\$ 468,273,384
Employer Premiums - MCO	42,845,528	7,925,127	50,770,655
Employee Premiums - PPB	118,058,797	18,261,757	136,320,554
Employee Premiums - MCO	13,176,852	2,038,243	15,215,095
WV RHBT Pay Go Premiums	95,660,243		95,660,243
Life Insurance	2,582,356		2,582,356
Direct Transfers	21,000,000		21,000,000
Investment Income	9,345,383		9,345,383
Litigation Settlement	-		-
COBRA Premiums	2,000,803		2,000,803
Administrative Fees	4,028,437		4,028,437
Total Revenue	\$ 703,896,909	\$ 101,300,000	\$ 805,196,909
<u>Program Expenses</u>			
Medical Claims	\$ 415,018,924		\$ 415,018,924
Gross Prescription Drug Claims	323,240,471		323,240,471
Prescription Drug Rebates	(136,684,862)		(136,684,862)
Managed Care Capitations	58,164,375		58,164,375
Administration	21,698,844		21,698,844
Life Insurance	2,428,417		2,428,417
Wellness	1,835,654		1,835,654
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	330,820		330,820
Director's Discretionary Fund	1,437,494		1,437,494
WV RHBT Pay Go Premiums	95,660,243		95,660,243
Total Expenses	\$ 783,130,381	\$ -	\$ 783,130,381
Fiscal Year Results	\$ (79,233,472)		\$ 22,066,528
Beginning Plan Reserve	159,769,387		159,769,387
Minimum Actuarial Reserve Required	\$ 122,812,493	\$ -	\$ 122,812,493
<u>Ending Premium Stabilization Reserve</u>	<u>(42,276,578)</u>	<u>-</u>	<u>59,023,422</u>
Ending Plan Reserve	\$ 80,535,915		\$ 181,835,915
Reserve as a Percent of Expenses			20%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 81,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 20,300,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ 21,000,000	State	7.5%	14.5%
		Prescription Drug Rebates		20.0%
		Capitations		6.0%
		Administrative Expense		3.0%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2025**

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 168,224,497	\$ 508,446,096	\$ 676,670,593
Employer Premiums - MCO	7,699,757	55,126,256	62,826,013
Employee Premiums - PPB	-	148,105,235	148,105,235
Employee Premiums - MCO	-	16,530,414	16,530,414
WV RHBT Pay Go Premiums	26,368,070	103,631,930	130,000,000
Life Insurance	582,053	2,711,474	3,293,527
Direct Transfers	-	21,000,000	21,000,000
Investment Income	1,921,609	10,553,431	12,475,040
Litigation Settlement	-	-	-
COBRA Premiums	535,388	2,172,748	2,708,136
Administrative Fees	727,063	4,028,437	4,755,500
Total Revenue	\$ 206,058,438	\$ 872,306,020	\$ 1,078,364,458
<u>Program Expenses</u>			
Medical Claims	\$ 117,428,646	\$ 447,277,519	\$ 564,706,165
Gross Prescription Drug Claims	88,786,963	371,003,531	459,790,494
Prescription Drug Rebates	(39,257,072)	(164,021,834)	(203,278,906)
Managed Care Capitations	6,058,468	61,654,238	67,712,706
Administration	4,797,673	22,349,809	27,147,482
Life Insurance	547,355	2,549,838	3,097,193
Wellness	493,362	1,967,690	2,461,052
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	77,165	330,820	407,985
Director's Discretionary Fund	366,657	1,436,815	1,803,472
WV RHBT Pay Go Premiums	26,368,070	103,631,930	130,000,000
Total Expenses	\$ 205,667,287	\$ 848,180,356	\$ 1,053,847,643
Fiscal Year Results	\$ 391,151	\$ 24,125,664	\$ 24,516,815
Beginning Plan Reserve	27,114,907	181,835,916	208,950,823
Minimum Actuarial Reserve Required	\$ 32,931,444	\$ 133,241,200	\$ 166,172,644
<u>Ending Premium Stabilization Reserve</u>	(5,425,386)	72,720,380	67,294,994
Ending Plan Reserve	\$ 27,506,058	\$ 205,961,580	\$ 233,467,638
Reserve as a Percent of Expenses			22%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 52,500,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 17,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 13,100,000	Active Local	8.0%	15.0%
Direct Transfers	\$ 21,000,000	State	8.0%	15.0%
		Prescription Drug Rebates		20.0%
		Capitations		6.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2025

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 151,981,019	\$ 16,243,478	\$ 168,224,497
Employer Premiums - MCO	6,943,235	756,522	7,699,757
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	26,368,070		26,368,070
Life Insurance	582,053		582,053
Direct Transfers	-		-
Investment Income	1,921,609		1,921,609
Litigation Settlement	-		-
COBRA Premiums	535,388		535,388
Administrative Fees	727,063		727,063
Total Revenue	\$ 189,058,438	\$ 17,000,000	\$ 206,058,438
<u>Program Expenses</u>			
Medical Claims	\$ 117,428,647		\$ 117,428,647
Gross Prescription Drug Claims	88,786,963		88,786,963
Prescription Drug Rebates	(39,257,072)		(39,257,072)
Managed Care Capitations	6,058,468		6,058,468
Administration	4,797,673		4,797,673
Life Insurance	547,355		547,355
Wellness	493,362		493,362
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	77,165		77,165
Director's Discretionary Fund	366,657		366,657
WV RHBT Pay Go Premiums	26,368,070		26,368,070
Total Expenses	\$ 205,667,287	\$ -	\$ 205,667,287
Fiscal Year Results	\$ (16,608,849)		\$ 391,151
Beginning Plan Reserve	27,114,907		27,114,907
Minimum Actuarial Reserve Required	\$ 32,931,444	\$ -	\$ 32,931,444
<u>Ending Premium Stabilization Reserve</u>	<u>(22,425,386)</u>	<u>-</u>	<u>(5,425,386)</u>
Ending Plan Reserve	\$ 10,506,058		\$ 27,506,058
Reserve as a Percent of Expenses			12%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 17,000,000	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		Local	8.0%
			<u>Gross Drugs</u>
			20.0%
			6.0%
			3.0%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2025

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 461,082,752	\$ 47,363,344	\$ 508,446,096
Employer Premiums - MCO	49,989,600	5,136,656	55,126,256
Employee Premiums - PPB	136,320,554	11,784,681	148,105,235
Employee Premiums - MCO	15,215,095	1,315,319	16,530,414
WV RHBT Pay Go Premiums	103,631,930		103,631,930
Life Insurance	2,711,474		2,711,474
Direct Transfers	21,000,000		21,000,000
Investment Income	10,553,431		10,553,431
Litigation Settlement	-		-
COBRA Premiums	2,172,748		2,172,748
Administrative Fees	4,028,437		4,028,437
Total Revenue	\$ 806,706,020	\$ 65,600,000	\$ 872,306,020
<u>Program Expenses</u>			
Medical Claims	\$ 447,277,518		\$ 447,277,518
Gross Prescription Drug Claims	371,003,531		371,003,531
Prescription Drug Rebates	(164,021,834)		(164,021,834)
Managed Care Capitations	61,654,238		61,654,238
Administration	22,349,809		22,349,809
Life Insurance	2,549,838		2,549,838
Wellness	1,967,690		1,967,690
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	330,820		330,820
Director's Discretionary Fund	1,436,815		1,436,815
WV RHBT Pay Go Premiums	103,631,930		103,631,930
Total Expenses	\$ 848,180,356	\$ -	\$ 848,180,356
Fiscal Year Results	\$ (41,474,336)		\$ 24,125,664
Beginning Plan Reserve	181,835,916		181,835,916
Minimum Actuarial Reserve Required	\$ 133,241,200	\$ -	\$ 133,241,200
<u>Ending Premium Stabilization Reserve</u>	<u>7,120,381</u>	<u>-</u>	<u>72,720,381</u>
Ending Plan Reserve	\$ 140,361,580		\$ 205,961,580
Reserve as a Percent of Expenses			21%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 52,500,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 13,100,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ 21,000,000	State	8.0%	15.0%
		Prescription Drug Rebates		20.0%
		Capitations		6.0%
		Administrative Expense		3.0%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2020 to FY 2021**

Fiscal Year 2020												
Exposure	<u>Jul-19</u>	<u>Aug-19</u>	<u>Sep-19</u>	<u>Oct-19</u>	<u>Nov-19</u>	<u>Dec-19</u>	<u>Jan-20</u>	<u>Feb-20</u>	<u>Mar-20</u>	<u>Apr-20</u>	<u>May-20</u>	<u>Jun-20</u>
Local Medical	25,896	26,417	26,500	26,626	26,640	26,612	26,689	26,637	26,717	26,632	26,565	26,500
State Medical	117,370	117,050	117,339	117,648	117,764	117,881	117,935	117,674	117,949	118,226	118,346	118,357
Local Drugs	25,896	26,417	26,500	26,626	26,640	26,612	26,689	26,637	26,717	26,632	26,565	26,500
State Drugs	117,370	117,050	117,339	117,648	117,764	117,881	117,935	117,674	117,949	118,226	118,346	118,357
Local Medical	<u>\$200.43</u>	<u>\$186.36</u>	<u>\$198.42</u>	<u>\$234.76</u>	<u>\$187.76</u>	<u>\$206.32</u>	<u>\$241.58</u>	<u>\$224.54</u>	<u>\$210.19</u>	<u>\$127.87</u>	<u>\$199.95</u>	<u>\$255.72</u>
State Medical	227.89	221.56	211.83	249.61	248.77	265.84	251.43	235.49	206.90	157.89	199.69	274.95
Local Drugs	105.68	113.71	109.99	125.04	109.19	122.32	131.48	124.95	150.18	132.42	121.95	143.89
State Drugs	<u>113.52</u>	<u>119.62</u>	<u>122.75</u>	<u>132.04</u>	<u>123.95</u>	<u>134.76</u>	<u>147.11</u>	<u>138.12</u>	<u>164.97</u>	<u>145.07</u>	<u>140.92</u>	<u>161.97</u>
Total	\$647.52	\$641.25	\$642.98	\$741.46	\$669.67	\$729.24	\$771.60	\$723.10	\$732.25	\$563.25	\$662.50	\$836.53
Change From Prior Year - Month to Month Analysis												
Local Medical	30.9%	2.3%	0.5%	7.7%	-19.0%	3.8%	-9.1%	1.2%	-12.1%	-52.2%	-15.2%	3.9%
State Medical	10.1%	11.3%	16.8%	2.0%	15.5%	25.2%	-2.3%	3.0%	-16.7%	-34.8%	-21.5%	9.0%
Local Drugs	8.5%	8.2%	19.0%	11.0%	6.2%	21.1%	3.2%	13.4%	15.8%	3.9%	-9.4%	17.1%
State Drugs	<u>10.9%</u>	<u>11.0%</u>	<u>22.6%</u>	<u>10.3%</u>	<u>15.9%</u>	<u>24.8%</u>	<u>11.5%</u>	<u>18.2%</u>	<u>27.7%</u>	<u>2.7%</u>	<u>5.0%</u>	<u>20.5%</u>
Total	15.6%	7.9%	12.5%	6.7%	1.9%	17.6%	-1.4%	6.7%	-1.9%	-27.6%	-12.7%	10.7%
Change From Prior Year - Quarter to Quarter Analysis												
Local Medical			9.9%			-3.0%			-6.9%			-22.1%
State Medical			12.6%			13.6%			-5.5%			-15.5%
Local Drugs			11.7%			12.6%			10.7%			3.5%
State Drugs			<u>14.7%</u>			<u>16.8%</u>			<u>19.1%</u>			<u>9.3%</u>
Total			12.0%			8.5%			0.9%			-10.0%
Change From Prior Year - Year to Year Analysis												
Local Medical			9.1%			6.1%			0.5%			-6.9%
State Medical			9.0%			9.5%			4.7%			0.3%
Local Drugs			17.0%			18.3%			13.8%			9.3%
State Drugs			<u>18.9%</u>			<u>19.7%</u>			<u>18.3%</u>			<u>14.8%</u>
Total			12.0%			11.5%			7.1%			2.0%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2020 to FY 2021**

Fiscal Year 2021								
Exposure	<u>Jul-20</u>	<u>Aug-20</u>	<u>Sep-20</u>	<u>Oct-20</u>	<u>Nov-20</u>	<u>Dec-20</u>	<u>Jan-21</u>	<u>Feb-21</u>
Local Medical	29,745	29,911	29,999	30,130	30,190	30,335	30,242	30,223
State Medical	118,255	117,683	117,992	118,125	118,156	118,125	117,827	117,645
Local Drugs	29,745	29,911	29,999	30,130	30,190	30,335	30,242	30,223
State Drugs	118,255	117,683	117,992	118,125	118,156	118,125	117,827	117,645
	<u>Jul-20</u>	<u>Aug-20</u>	<u>Sep-20</u>	<u>Oct-20</u>	<u>Nov-20</u>	<u>Dec-20</u>	<u>Jan-21</u>	<u>Feb-21</u>
Local Medical	\$184.37	\$238.05	\$225.80	\$278.59	\$252.74	\$230.45	\$215.05	\$222.08
State Medical	223.52	251.70	227.57	247.88	240.02	237.73	213.92	235.80
Local Drugs	115.73	117.81	128.00	133.89	133.85	158.52	140.72	151.81
State Drugs	<u>132.40</u>	<u>137.60</u>	<u>141.63</u>	<u>147.77</u>	<u>144.06</u>	<u>159.22</u>	<u>154.55</u>	<u>159.08</u>
Total	\$656.01	\$745.16	\$723.00	\$808.12	\$770.67	\$785.92	\$724.25	\$768.78
Change From Prior Year - Month to Month Analysis								
Local Medical	-8.0%	27.7%	13.8%	18.7%	34.6%	11.7%	-11.0%	-1.1%
State Medical	-1.9%	13.6%	7.4%	-0.7%	-3.5%	-10.6%	-14.9%	0.1%
Local Drugs	9.5%	3.6%	16.4%	7.1%	22.6%	29.6%	7.0%	21.5%
State Drugs	<u>16.6%</u>	<u>15.0%</u>	<u>15.4%</u>	<u>11.9%</u>	<u>16.2%</u>	<u>18.2%</u>	<u>5.1%</u>	<u>15.2%</u>
Total	1.3%	16.2%	12.4%	9.0%	15.1%	7.8%	-6.1%	6.3%
Change From Prior Year - Quarter to Quarter Analysis								
Local Medical			10.8%			21.1%		
State Medical			6.3%			-5.1%		
Local Drugs			9.8%			19.5%		
State Drugs			<u>15.7%</u>			<u>15.4%</u>		
Total			10.0%			10.5%		
Change From Prior Year - Year to Year Analysis								
Local Medical			-6.4%			-0.8%		
State Medical			-0.8%			-5.3%		
Local Drugs			8.9%			10.7%		
State Drugs			<u>15.0%</u>			<u>14.8%</u>		
Total			1.8%			2.4%		