

STATE OF WEST VIRGINIA



PUBLIC EMPLOYEES INSURANCE AGENCY

**Quarterly Report
December 31, 2021**

Fiscal Years 2022-2026

Report Date: April 2022

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 2021 for the fiscal year 2023 (“FY 2023”) and to provide quarterly financial reports for current FY 2022 and thereafter. Our analysis is developed on an accrued and incurred reporting basis for a projection period of five years as required by the Code.

Under the statutory Code provisions, it is the Board’s responsibility to prepare a proposed financial plan designed to generate revenues sufficient to meet all insurance program and administrative costs of the West Virginia Public Employees Insurance Agency (“PEIA”). The Board is required to provide a financing plan in which the State Fund revenue costs are financed 80% by state employers and 20% by state employees in FY 2022 and in subsequent fiscal years. In subsequent fiscal years, future transfers of employer and employee funds may be needed to obtain the 80% and 20% split between employer and employee, depending on future enrollment and coverage elections by insureds.

The Board is also charged with the responsibility to review actual costs incurred, any revised cost estimates, expenditures, and other factors affecting the fiscal stability of the plan and to make any modifications to the plan necessary to insure that the total financial requirements of PEIA are met for the projection period. We have been asked to review the proposed financial plan, and as supported by our work, to render an actuarial opinion stating whether the plan may be reasonably expected to generate sufficient revenues to meet estimated insurance program and administrative costs of PEIA through FY 2026.

The Medicaid / PEIA Hospital Bill (“Bill”) has been extended and is anticipated to continue to provide PEIA with hospital charge savings through discounts for all non-Medicare coverages. These hospital savings are assumed to increase by the medical trend assumptions in Fiscal Year 2022 and subsequently. We are assuming that the Bill will continue throughout the five year forecast period.

Continuing Care Actuaries has provided financial report for fiscal years ending June 30, 2022 (“FY 2022”), June 30, 2023 (“FY 2023”), June 30, 2024 (“FY 2024”), June 30, 2025 (“FY 2025”) and June 30, 2026 (“FY 2026”). Our opinion of plan adequacy is based on the projections through FY 2026 using updated future revenue and plan modifications provided by the Board in the financial plan adopted in December 2021. This forecast is prepared for the Public Employee Insurance Agency, and does not include actuarial projections for the West Virginia Retiree Health Benefit Trust Fund.

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

In FY 2022 the Pay-Go is equivalent to \$144 per retiree per month. In future years, the Pay Go premium may increase by a maximum of 3% per retiree per year, indexed to the initial fixed subsidy determined in FY 2013. The new Pay-Go premium formula is based on the financial plan approved by the Financial Board in December 2021.

This report includes updated claim trend assumptions as recommended in the report titled, “PEIA FY2021 Detailed Medical and Prescription Drugs Claim Trend Report”. In the circumstances and subject to the conditions described herein, we believe the financial plan approved by the Board for FY 2022 through FY 2026 may be reasonably expected to generate sufficient revenues, when combined with the existing surplus, to meet estimated insurance program and administrative costs of PEIA. In addition, we are forecasting that PEIA will meet the minimum 20% employee cost share requirement for state revenue in FY 2022 based on the scheduled revenue increases of the financial plan approved and amended by the Board in December 2021.

The conclusion of long-term solvency for the program over the five-year forecast is based on significant revenue increases in employer and employee premiums in later fiscal years of the plan through FY 2026 as approved by the Board.

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

Respectfully,



Dave Bond, F.S.A., M.A.A.A.

Managing Partner



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

Principal

West Virginia Public Employees Insurance Agency

Report of Independent Actuary

Financial Plan for FY 2022 – FY 2026

OVERVIEW

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

This report was compiled utilizing claims data collected by PEIA's third party administrators through February 2022 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 2022 enrollment levels for the duration of these forecasts for active employees.

In aggregate, March 2022 enrollment for active employees has decreased by 368 coverages since the end of FY 2021. Aggregate PPB enrollment has decreased by 327 in total over the same period, while managed care enrollment experienced a decrease of 41 coverages.

In the State Fund, the overall active State enrollment decreased by 568 coverages from the end of FY 2021 to March 2022. And in the Local Fund, the overall active Local enrollment increased by 200 coverages from the end of FY 2021 to March 2022.

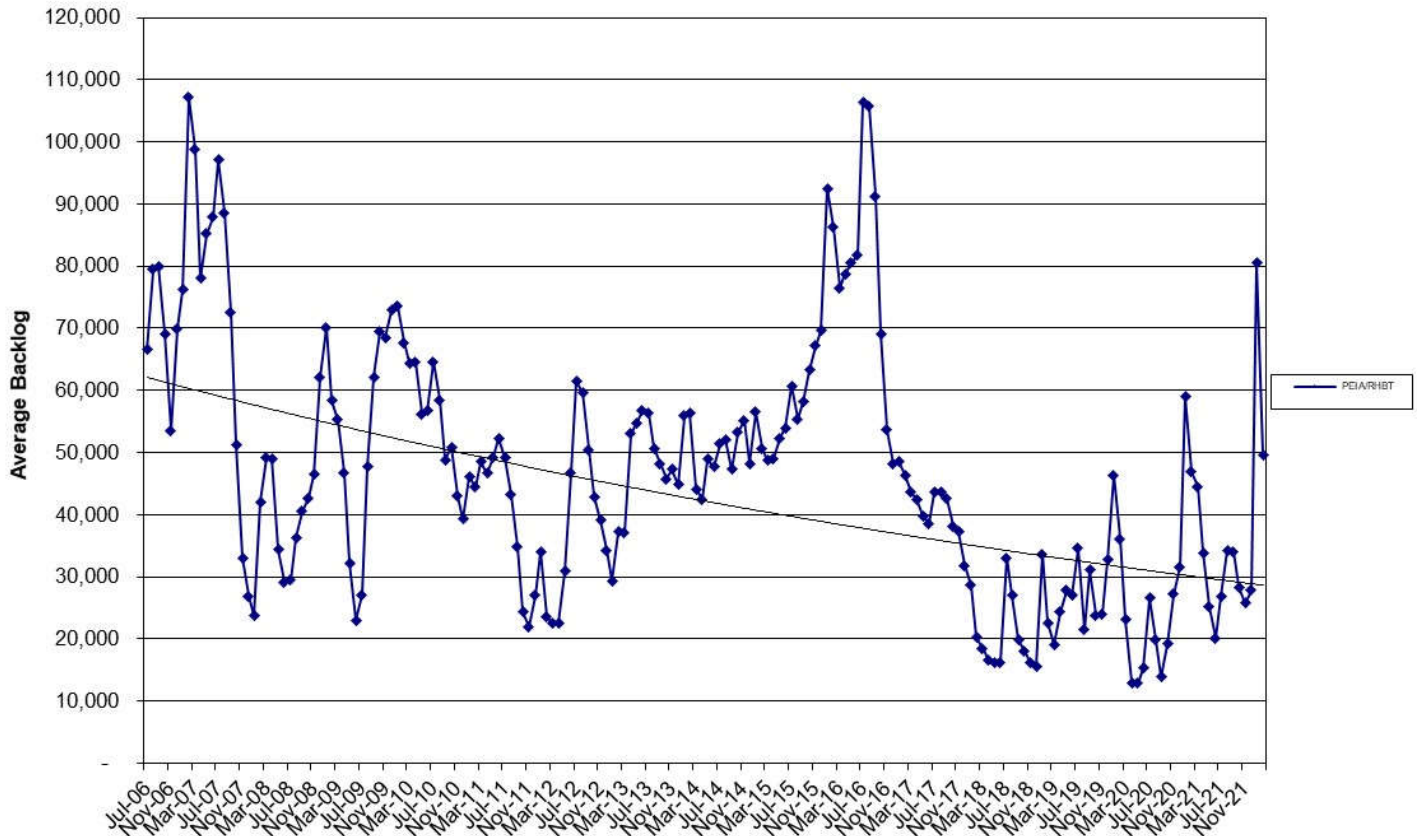
The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2020, June 2021, and March 2022 for purposes of comparison:

PEIA Fund	Coverage	Preferred Provider Benefit			Managed Care		
		Jun-20	Jun-21	Mar-22	Jun-20	Jun-21	Mar-22
State Active	Single	21,654	21,489	21,350	2,428	2,465	2,426
	Children	6,036	5,918	5,818	660	683	682
	Family	27,002	26,905	26,635	2,773	2,775	2,756
	Total	54,692	54,312	53,803	5,861	5,923	5,864
Local Active	Single	6,052	6,771	6,884	421	452	453
	Children	1,084	1,304	1,343	99	104	109
	Family	5,720	6,581	6,611	194	213	225
	Total	12,856	14,656	14,838	714	769	787
Plan Total		67,548	68,968	68,641	6,575	6,692	6,651
Grand Total					74,123	75,660	75,292

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 an upward trend since the beginning of FY 2018.

WV PEIA&RHBT Claim Backlog July 2006 through February 2022



C. Trend Analysis

PEIA experienced a low medical trend and a high prescription drugs trend in FY 2021, and over the past few years, total trends have been beneficial to the plan. Continuing Care Actuaries performed the detailed medical and prescription drugs trend analysis in the report titled, “PEIA FY2021 Detailed Medical and Prescription Drugs Claim Trend Report”. This report includes the detailed trend analysis of PEIA experience by medical and prescription drugs. Based on the analysis, the FY 2022 medical claim trend is 6.0%, the gross prescription drugs claim trend is 13.5% and the prescription drugs rebate trend is 15.0%.

The current trend projection is shown in the following table:

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

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

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

The following chart summarizes the trend results observed for the plan using data through February 2022. It is important to note that these trends *have not* been adjusted to reflect savings as a result of the expansion of the drug rebate program or the claim savings due to changes in provider reimbursement methodologies, nor the changes in the benefit structure. In developing the claim cost projection, we have reflected for benefit and reimbursement changes as an adjustment to the gross trend assumption.

PEIA Historical Trends (Active Local and State)

Fiscal Year	Active Local Medical	State Medical	Active Local Drugs	State Drugs	Total
2004	-1%	12%	9%	7%	9%
2005	16%	7%	7%	20%	11%
2006	1%	2%	18%	7%	3%
2007	15%	2%	13%	8%	5%
2008	3%	8%	-5%	-1%	4%
2009	-8%	3%	5%	4%	2%
2010	10%	1%	9%	9%	4%
2011	11%	8%	16%	15%	8%
2012	5%	5%	8%	6%	5%
2013	-3%	-3%	2%	6%	-3%
2014	8%	6%	9%	7%	7%
2015	6%	10%	14%	10%	10%
2016	9%	11%	12%	13%	12%
2017	6%	1%	11%	9%	4%
2018	0%	4%	16%	15%	7%
2019	8%	8%	15%	16%	10%
2020	-7%	1%	10%	15%	4%
2021	29%	15%	16%	13%	16%
2022*	17%	22%	23%	19%	20%

* Fiscal Year 2022 results are through the first eight months ending February 2022.

D. Enrollment, Claim, Expense and Revenue Assumptions

Using PEIA paid claim data through February 2022 for medical claims and for prescription drugs claims, average annualized incurred unit claim costs were developed for the State Fund and the Local Fund for both self-funded and managed care coverages. Continuing Care Actuaries has developed the claim cost on an adjusted exposure basis using the respective expected claim cost for each coverage type. The adjusted exposure methodology weighs the expected claim cost under each coverage type for single, member and children, and family coverages based on observed differences in health care cost. For example, under this methodology single coverage types are given a weight of 1.0 exposure, whereas member and children coverages are given a greater weighting based on historical expected health care cost relationships. Based on this methodology, the projection of FY 2022 claims and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

Fiscal Year 2022 Projection			Net Revenue Excluding Pay Go		Expenses		
Fund	Program	Policies	Monthly Employer Premiums	Monthly Employee Premiums	Monthly Medical Costs	Monthly Drugs Costs*	Monthly Capitation Costs
State	PPB	53,847	\$604	\$168	\$634	\$264	
	<u>Managed Care</u>	<u>5,874</u>	\$609	\$175			\$707
	Total	59,721					
Local	PPB	14,783	\$688	\$0	\$562	\$238	
	<u>Managed Care</u>	<u>787</u>	\$626	\$0			\$519
	Total	15,570					

*Net of rebates and subsidies.

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

Board Decisions – December 2021

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

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

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

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

Under the new PBM contract terms effective on July 1, 2022, an estimated gross drug savings of \$20,000,000 has been allocated between PEIA and RHBT drugs claims in FY 2023. Under this contract, an estimated \$20,000,000 of drug rebates have been added to the plan in 2023 as well.

E. Provider Reimbursement Changes

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

FISCAL YEAR 2022 FORECAST

The financial forecast for FY 2022 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2022 projects accrued revenue of \$786,993,317 and incurred plan expenses of \$881,762,724 to produce a fiscal year deficit of (\$94,769,407). The PEIA local and state agencies Pay Go premiums for FY 2022 are assumed to be \$75,000,000.

Under the Baseline Scenario, FY 2022 is projected to end with a Total Fund reserve (State and Local Reserves) of \$150,769,223 and projected plan expenditures of \$806,762,724. This represents 19% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$116,845,234. This required reserve is comprised of 15% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending Total Fund reserve is expected to increase to \$158,713,400 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to \$142,871,600.

The State Fund in FY 2022 is projected to end with a reserve of \$120,595,589, which represents 18% of projected expenditures. The projected State Fund reserve meets the minimum actuarial required reserve of \$94,485,484.

The Local Fund in FY 2022 is projected to end with a reserve of \$30,173,634, which represents 20% of projected expenditures. The projected Local Fund reserve meets the minimum actuarial required reserve of \$22,359,750.

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 \$835,633,494 and incurred plan expenses of \$892,745,370 to produce a fiscal year deficit of (\$57,111,876). The PEIA local and state agencies Pay Go premiums for FY 2023 are assumed to be \$60,000,000.

Under the Baseline Scenario, FY 2023 is projected to end with a Total Fund reserve (State and Local Reserves) of \$93,657,347 and projected plan expenditures of \$832,745,370. This represents 11% of projected expenditures based on the current reserve methodology. The projected reserve does not meet the minimum actuarial required reserve of \$120,686,162. This required reserve is comprised of 15% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending Total Fund reserve is expected to increase to \$126,602,065 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to \$60,499,217.

The State Fund in FY 2023 is projected to end with a reserve of \$79,007,434, which represents 12% of projected expenditures. The projected State Fund reserve does not meet the minimum actuarial required reserve of \$97,578,428.

The Local Fund in FY 2023 is projected to end with a reserve of \$14,649,913, which represents 9% of projected expenditures. The projected Local Fund reserve does not meet the minimum actuarial required reserve of \$23,107,734.

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 \$878,023,219 and incurred plan expenses of \$924,425,710 to produce a fiscal year deficit of (\$46,402,491). The PEIA local and state agencies Pay Go premiums for FY 2024 are assumed to be \$20,000,000.

Under the Baseline Scenario, FY 2024 is projected to end with a Total Fund reserve (State and Local Reserves) of \$47,254,854 and projected plan expenditures of \$904,425,710. This represents 5% of projected expenditures based on the current reserve methodology. The projected reserve does not meet the minimum actuarial required reserve of \$131,228,246. This required reserve is comprised of 15% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending Total Fund reserve is expected to increase to \$125,965,669 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to (\$32,957,455).

The State Fund in FY 2024 is projected to end with a reserve of \$35,509,727, which represents 5% of projected expenditures. The projected State Fund reserve does not meet the minimum actuarial required reserve of \$106,081,987.

The Local Fund in FY 2024 is projected to end with a reserve of \$11,745,127, which represents 7% of projected expenditures. The projected Local Fund reserve does not meet the minimum actuarial required reserve of \$25,146,259.

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 \$1,001,392,465 and incurred plan expenses of \$1,017,948,768 to produce a fiscal year deficit of (\$16,556,303). The PEIA local and state agencies Pay Go premiums for FY 2025 are assumed to be \$30,000,000.

Under the Baseline Scenario, FY 2025 is projected to end with a Total Fund reserve (State and Local Reserves) of \$30,698,552 and projected plan expenditures of \$987,948,768. This represents 3% of projected expenditures based on the current reserve methodology. The projected reserve does not meet the minimum actuarial required reserve of \$143,535,390. This required reserve is comprised of 15% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending Total Fund reserve is expected to increase to \$180,386,818 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to (\$123,766,319).

The State Fund in FY 2025 is projected to end with a reserve of \$19,435,762, which represents 2% of projected expenditures. The projected State Fund reserve does not meet the minimum actuarial required reserve of \$116,005,094.

The Local Fund in FY 2025 is projected to end with a reserve of \$11,262,789, which represents 6% of projected expenditures. The projected Local Fund reserve does not meet the minimum actuarial required reserve of \$27,530,295.

FISCAL YEAR 2026 FORECAST

The financial forecast for FY 2026 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2026 projects accrued revenue of \$1,115,084,431 and incurred plan expenses of \$1,125,598,377 to produce a fiscal year deficit of (\$10,513,946). The PEIA local and state agencies Pay Go premiums for FY 2026 are assumed to be \$40,000,000.

Under the Baseline Scenario, FY 2026 is projected to end with a Total Fund reserve (State and Local Reserves) of \$20,184,608 and projected plan expenditures of \$1,085,598,377. This represents 2% of projected expenditures based on the current reserve methodology. The projected reserve does not meet the minimum actuarial required reserve of \$157,949,526. This required reserve is comprised of 15% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending Total Fund reserve is expected to increase to \$271,552,564 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to (\$242,495,522).

The State Fund in FY 2026 is projected to end with a reserve of \$8,630,664, which represents 1% of projected expenditures. The projected State Fund reserve does not meet the minimum actuarial required reserve of \$127,622,370.

The Local Fund in FY 2026 is projected to end with a reserve of \$11,553,944, which represents 6% of projected expenditures. The projected Local Fund reserve does not meet the minimum actuarial required reserve of \$30,327,157.

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 not meet the minimum 10% reserve target set by West Virginia Statute through the projection period ending with the Fiscal Year 2026. The plan will meet the minimum actuarial required reserve target in 2022. However, in 2023 through 2026, we are currently projecting that the reserve will be under the minimum actuarial reserve using the baseline assumptions. These projections are based on significant revenue increases and state rainy day fund direct transfers as contained in the financial plan adopted by the Board in December 2021 and are contingent on legislative approval.

These forecasts are based on assumptions including the estimated cost and savings of plan changes, expected trend levels and exposure levels. The continued enrollment changes of the managed care options, changes in physician, ambulatory and hospital provider reimbursement, possible changes in methodology of managed care premium calculation, and changes in the prescription drugs program, can be expected to further exacerbate the difficulty of projecting future medical and drugs claim levels and lags. These projections do not incorporate any anticipated effects of national or state health care reform, such as universal health insurance initiatives and Medicaid reform. As such, actual results deviating from those amounts projected in these pages should not be unexpected. With the legislatively mandated requirement of a five-year projection, it should be assumed that constant modifications would be required.

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 122,040,180	\$ 390,391,814	\$ 512,431,994
Employer Premiums - MCO	5,903,850	42,911,012	48,814,862
Employee Premiums - PPB	-	108,471,864	108,471,864
Employee Premiums - MCO	-	12,303,305	12,303,305
WV RHBT Pay Go Premiums	15,509,430	59,490,570	75,000,000
Life Insurance	437,954	1,832,085	2,270,039
Direct Transfers	-	21,000,000	21,000,000
Investment Income	-	-	-
Litigation Settlement	-	-	-
COBRA Premiums	371,145	1,541,058	1,912,203
Administrative Fees	732,192	4,056,858	4,789,050
Total Revenue	\$ 144,994,751	\$ 641,998,566	\$ 786,993,317
<u>Program Expenses</u>			
Medical Claims	\$ 99,769,396	\$ 409,943,591	\$ 509,712,987
Gross Prescription Drug Claims	63,772,964	257,988,702	321,761,666
Prescription Drug Rebates	(21,603,733)	(87,396,267)	(109,000,000)
Managed Care Capitations	4,898,514	49,849,914	54,748,428
Administration	4,889,736	20,455,147	25,344,883
Life Insurance	407,626	1,705,213	2,112,839
Wellness	47,222	197,544	244,766
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	179,890	752,682	932,572
Director's Discretionary Fund	177,716	726,867	904,583
WV RHBT Pay Go Premiums	15,509,430	59,490,570	75,000,000
Total Expenses	\$ 168,048,761	\$ 713,713,963	\$ 881,762,724
Fiscal Year Results	\$ (23,054,010)	\$ (71,715,397)	\$ (94,769,407)
Beginning Plan Reserve	53,227,644	192,310,986	245,538,630
Minimum Actuarial Reserve Required	\$ 22,359,750	\$ 94,485,484	\$ 116,845,234
<u>Ending Premium Stabilization Reserve</u>	<u>7,813,883</u>	<u>26,110,105</u>	<u>33,923,989</u>
Ending Plan Reserve	\$ 30,173,634	\$ 120,595,589	\$ 150,769,223
Reserve as a Percent of Expenses			19%

KEY ASSUMPTIONS

		Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employer Premiums	\$ -	Active Local	6.0%	13.5%
Additional Local Agency Revenue	\$ -	State	6.0%	13.5%
Additional State Employee Premiums	\$ -	Prescription Drug Rebates		0.0%
Direct Transfers	\$ 21,000,000	Capitations		1.4%
		Administrative Expense		11.6%

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	\$ 122,040,180	\$ -	\$ 122,040,180
Employer Premiums - MCO	5,903,850	-	5,903,850
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	15,509,430		15,509,430
Life Insurance	437,954		437,954
Direct Transfers	-		-
Investment Income	-		-
Litigation Settlement	-		-
COBRA Premiums	371,145		371,145
Administrative Fees	732,192		732,192
Total Revenue	\$ 144,994,751	\$ -	\$ 144,994,751
<u>Program Expenses</u>			
Medical Claims	\$ 99,769,396		\$ 99,769,396
Gross Prescription Drug Claims	63,772,964		63,772,964
Prescription Drug Rebates	(21,603,733)		(21,603,733)
Managed Care Capitations	4,898,514		4,898,514
Administration	4,889,736		4,889,736
Life Insurance	407,626		407,626
Wellness	47,222		47,222
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	179,890		179,890
Director's Discretionary Fund	177,716		177,716
WV RHBT Pay Go Premiums	15,509,430		15,509,430
Total Expenses	\$ 168,048,761	\$ -	\$ 168,048,761
Fiscal Year Results	\$ (23,054,010)		\$ (23,054,010)
Beginning Plan Reserve	53,227,644		53,227,644
Minimum Actuarial Reserve Required	\$ 22,359,750	\$ -	\$ 22,359,750
<u>Ending Premium Stabilization Reserve</u>	<u>7,813,884</u>	<u>-</u>	<u>7,813,884</u>
Ending Plan Reserve	\$ 30,173,634		\$ 30,173,634
Reserve as a Percent of Expenses			20%

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		0.0%
		Capitations		1.4%
		Administrative Expense		11.6%

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	\$ 390,391,814	\$ -	\$ 390,391,814
Employer Premiums - MCO	42,911,012	-	42,911,012
Employee Premiums - PPB	108,471,864	-	108,471,864
Employee Premiums - MCO	12,303,305	-	12,303,305
WV RHBT Pay Go Premiums	59,490,570		59,490,570
Life Insurance	1,832,085		1,832,085
Direct Transfers	21,000,000		21,000,000
Investment Income	-		-
Litigation Settlement	-		-
COBRA Premiums	1,541,058		1,541,058
Administrative Fees	4,056,858		4,056,858
Total Revenue	\$ 641,998,566	\$ -	\$ 641,998,566
<u>Program Expenses</u>			
Medical Claims	\$ 409,943,591		\$ 409,943,591
Gross Prescription Drug Claims	257,988,702		257,988,702
Prescription Drug Rebates	(87,396,267)		(87,396,267)
Managed Care Capitations	49,849,914		49,849,914
Administration	20,455,147		20,455,147
Life Insurance	1,705,213		1,705,213
Wellness	197,544		197,544
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	752,682		752,682
Director's Discretionary Fund	726,867		726,867
WV RHBT Pay Go Premiums	59,490,570		59,490,570
Total Expenses	\$ 713,713,963	\$ -	\$ 713,713,963
Fiscal Year Results	\$ (71,715,397)		\$ (71,715,397)
Beginning Plan Reserve	192,310,986		192,310,986
Minimum Actuarial Reserve Required	\$ 94,485,484	\$ -	\$ 94,485,484
<u>Ending Premium Stabilization Reserve</u>	26,110,105	-	26,110,105
Ending Plan Reserve	\$ 120,595,589		\$ 120,595,589
Reserve as a Percent of Expenses			18%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ 21,000,000	State	6.0%	13.5%
		Prescription Drug Rebates		0.0%
		Capitations		1.4%
		Administrative Expense		11.6%

**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	\$ 132,092,151	\$ 401,155,711	\$ 533,247,862
Employer Premiums - MCO	6,409,787	44,089,208	50,498,994
Employee Premiums - PPB	-	108,471,864	108,471,864
Employee Premiums - MCO	-	12,303,305	12,303,305
WV RHBT Pay Go Premiums	12,451,522	47,548,478	60,000,000
Life Insurance	459,852	1,923,690	2,383,542
Direct Transfers	-	52,000,000	52,000,000
Investment Income	1,979,226	7,983,607	9,962,833
Litigation Settlement	-	-	-
COBRA Premiums	401,772	1,574,272	1,976,044
Administrative Fees	732,192	4,056,858	4,789,050
Total Revenue	\$ 154,526,502	\$ 681,106,992	\$ 835,633,494
<u>Program Expenses</u>			
Medical Claims	\$ 106,299,628	\$ 436,780,031	\$ 543,079,659
Gross Prescription Drug Claims	69,052,599	279,348,440	348,401,040
Prescription Drug Rebates	(28,749,800)	(116,305,142)	(145,054,942)
Managed Care Capitations	4,898,514	49,849,914	54,748,428
Administration	5,036,428	21,068,801	26,105,229
Life Insurance	428,007	1,790,474	2,218,481
Wellness	98,222	410,891	509,113
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	180,246	751,364	931,610
Director's Discretionary Fund	354,857	1,451,895	1,806,752
WV RHBT Pay Go Premiums	12,451,522	47,548,478	60,000,000
Total Expenses	\$ 170,050,223	\$ 722,695,147	\$ 892,745,370
Fiscal Year Results	\$ (15,523,721)	\$ (41,588,155)	\$ (57,111,876)
Beginning Plan Reserve	30,173,634	120,595,589	150,769,223
Minimum Actuarial Reserve Required	\$ 23,107,734	\$ 97,578,428	\$ 120,686,162
<u>Ending Premium Stabilization Reserve</u>	<u>(8,457,822)</u>	<u>(18,570,994)</u>	<u>(27,028,815)</u>
Ending Plan Reserve	\$ 14,649,912	\$ 79,007,434	\$ 93,657,347
Reserve as a Percent of Expenses			11%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 7,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ -	Active Local	7.0%	14.0%
Direct Transfers	\$ 52,000,000	State	7.0%	14.0%
		Prescription Drug Rebates		33.1%
		Capitations		0.0%
		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	\$ 124,941,776	\$ 7,150,375	\$ 132,092,151
Employer Premiums - MCO	6,060,162	349,625	6,409,787
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	12,451,522		12,451,522
Life Insurance	459,852		459,852
Direct Transfers	-		-
Investment Income	1,979,226		1,979,226
Litigation Settlement	-		-
COBRA Premiums	401,772		401,772
Administrative Fees	732,192		732,192
Total Revenue	\$ 147,026,502	\$ 7,500,000	\$ 154,526,502
<u>Program Expenses</u>			
Medical Claims	\$ 106,299,628		\$ 106,299,628
Gross Prescription Drug Claims	72,558,132	(3,505,532)	69,052,599
Prescription Drug Rebates	(28,749,800)		(28,749,800)
Managed Care Capitations	4,898,514		4,898,514
Administration	5,036,428		5,036,428
Life Insurance	428,007		428,007
Wellness	98,222		98,222
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	180,246		180,246
Director's Discretionary Fund	354,857		354,857
WV RHBT Pay Go Premiums	12,451,522		12,451,522
Total Expenses	\$ 173,555,755	\$ (3,505,532)	\$ 170,050,223
Fiscal Year Results	\$ (26,529,253)		\$ (15,523,721)
Beginning Plan Reserve	30,173,634		30,173,634
Minimum Actuarial Reserve Required	\$ 23,107,734	\$ -	\$ 23,107,734
<u>Ending Premium Stabilization Reserve</u>	<u>(19,463,354)</u>	<u>-</u>	<u>(8,457,821)</u>
Ending Plan Reserve	\$ 3,644,381		\$ 14,649,913
Reserve as a Percent of Expenses			9%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 7,500,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	7.0%	14.0%
		Prescription Drug Rebates		33.1%
		Capitations		0.0%
		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	\$ 401,155,711	\$ -	\$ 401,155,711
Employer Premiums - MCO	44,089,208	-	44,089,208
Employee Premiums - PPB	108,471,864	-	108,471,864
Employee Premiums - MCO	12,303,305	-	12,303,305
WV RHBT Pay Go Premiums	47,548,478		47,548,478
Life Insurance	1,923,690		1,923,690
Direct Transfers	52,000,000		52,000,000
Investment Income	7,983,607		7,983,607
Litigation Settlement	-		-
COBRA Premiums	1,574,272		1,574,272
Administrative Fees	4,056,858		4,056,858
Total Revenue	\$ 681,106,992	\$ -	\$ 681,106,992
<u>Program Expenses</u>			
Medical Claims	\$ 436,780,031		\$ 436,780,031
Gross Prescription Drug Claims	293,529,806	(14,181,366)	279,348,440
Prescription Drug Rebates	(116,305,142)		(116,305,142)
Managed Care Capitations	49,849,914		49,849,914
Administration	21,068,801		21,068,801
Life Insurance	1,790,474		1,790,474
Wellness	410,891		410,891
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	751,364		751,364
Director's Discretionary Fund	1,451,895		1,451,895
WV RHBT Pay Go Premiums	47,548,478		47,548,478
Total Expenses	\$ 736,876,512	\$ (14,181,366)	\$ 722,695,147
Fiscal Year Results	\$ (55,769,520)		\$ (41,588,155)
Beginning Plan Reserve	120,595,589		120,595,589
Minimum Actuarial Reserve Required	\$ 97,578,428	\$ -	\$ 97,578,428
<u>Ending Premium Stabilization Reserve</u>	<u>(32,752,360)</u>	<u>-</u>	<u>(18,570,994)</u>
Ending Plan Reserve	\$ 64,826,069		\$ 79,007,434
Reserve as a Percent of Expenses			12%

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	\$ 52,000,000	State	7.0%	14.0%
		Prescription Drug Rebates		33.1%
		Capitations		0.0%
		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	\$ 157,612,652	\$ 470,286,580	\$ 627,899,233
Employer Premiums - MCO	7,690,300	51,657,323	59,347,623
Employee Premiums - PPB	-	118,620,738	118,620,738
Employee Premiums - MCO	-	13,454,431	13,454,431
WV RHBT Pay Go Premiums	4,150,507	15,849,493	20,000,000
Life Insurance	482,844	2,019,874	2,502,718
Direct Transfers	-	21,000,000	21,000,000
Investment Income	1,443,351	6,667,534	8,110,885
Litigation Settlement	-	-	-
COBRA Premiums	479,517	1,819,024	2,298,541
Administrative Fees	732,192	4,056,858	4,789,050
Total Revenue	\$ 172,591,364	\$ 705,431,855	\$ 878,023,219
<u>Program Expenses</u>			
Medical Claims	\$ 114,031,062	\$ 468,550,411	\$ 582,581,472
Gross Prescription Drug Claims	78,910,462	319,229,364	398,139,826
Prescription Drug Rebates	(33,062,270)	(133,750,913)	(166,813,184)
Managed Care Capitations	5,192,424	52,840,909	58,033,333
Administration	5,187,521	21,700,865	26,888,386
Life Insurance	449,407	1,879,997	2,329,404
Wellness	102,151	427,326	529,477
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	180,246	751,364	931,610
Director's Discretionary Fund	354,639	1,450,747	1,805,386
WV RHBT Pay Go Premiums	4,150,507	15,849,493	20,000,000
Total Expenses	\$ 175,496,148	\$ 748,929,562	\$ 924,425,710
Fiscal Year Results	\$ (2,904,784)	\$ (43,497,707)	\$ (46,402,491)
Beginning Plan Reserve	14,649,912	79,007,434	93,657,347
Minimum Actuarial Reserve Required	\$ 25,146,259	\$ 106,081,987	\$ 131,228,246
<u>Ending Premium Stabilization Reserve</u>	<u>(13,401,130)</u>	<u>(70,572,260)</u>	<u>(83,973,390)</u>
Ending Plan Reserve	\$ 11,745,128	\$ 35,509,727	\$ 47,254,856
Reserve as a Percent of Expenses			5%

KEY ASSUMPTIONS

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

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2024

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 139,975,060	\$ 17,637,592	\$ 157,612,652
Employer Premiums - MCO	6,827,892	862,408	7,690,300
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	4,150,507		4,150,507
Life Insurance	482,844		482,844
Direct Transfers	-		-
Investment Income	1,443,351		1,443,351
Litigation Settlement	-		-
COBRA Premiums	479,517		479,517
Administrative Fees	732,192		732,192
Total Revenue	\$ 154,091,364	\$ 18,500,000	\$ 172,591,364
<u>Program Expenses</u>			
Medical Claims	\$ 114,031,062		\$ 114,031,062
Gross Prescription Drug Claims	78,910,462		78,910,462
Prescription Drug Rebates	(33,062,270)		(33,062,270)
Managed Care Capitations	5,192,424		5,192,424
Administration	5,187,521		5,187,521
Life Insurance	449,407		449,407
Wellness	102,151		102,151
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	180,246		180,246
Director's Discretionary Fund	354,639		354,639
WV RHBT Pay Go Premiums	4,150,507		4,150,507
Total Expenses	\$ 175,496,149	\$ -	\$ 175,496,149
Fiscal Year Results	\$ (21,404,785)		\$ (2,904,785)
Beginning Plan Reserve	14,649,912		14,649,912
Minimum Actuarial Reserve Required	\$ 25,146,259	\$ -	\$ 25,146,259
<u>Ending Premium Stabilization Reserve</u>	<u>(31,901,131)</u>	<u>-</u>	<u>(13,401,131)</u>
Ending Plan Reserve	\$ (6,754,873)		\$ 11,745,127
Reserve as a Percent of Expenses			7%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 18,500,000	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		<u>Gross Drugs</u>	
		Local	7.5%
			14.5%
		Prescription Drug Rebates	15.0%
		Capitations	6.0%
		Administrative Expense	3.0%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2024

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 429,739,358	\$ 40,547,222	\$ 470,286,580
Employer Premiums - MCO	47,204,545	4,452,778	51,657,323
Employee Premiums - PPB	108,471,863	10,148,875	118,620,738
Employee Premiums - MCO	12,303,306	1,151,125	13,454,431
WV RHBT Pay Go Premiums	15,849,493		15,849,493
Life Insurance	2,019,874		2,019,874
Direct Transfers	21,000,000		21,000,000
Investment Income	6,667,534		6,667,534
Litigation Settlement	-		-
COBRA Premiums	1,819,024		1,819,024
Administrative Fees	4,056,858		4,056,858
Total Revenue	\$ 649,131,855	\$ 56,300,000	\$ 705,431,855
<u>Program Expenses</u>			
Medical Claims	\$ 468,550,411		\$ 468,550,411
Gross Prescription Drug Claims	319,229,364		319,229,364
Prescription Drug Rebates	(133,750,913)		(133,750,913)
Managed Care Capitations	52,840,909		52,840,909
Administration	21,700,865		21,700,865
Life Insurance	1,879,997		1,879,997
Wellness	427,326		427,326
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	751,364		751,364
Director's Discretionary Fund	1,450,747		1,450,747
WV RHBT Pay Go Premiums	15,849,493		15,849,493
Total Expenses	\$ 748,929,562	\$ -	\$ 748,929,562
Fiscal Year Results	\$ (99,797,707)		\$ (43,497,707)
Beginning Plan Reserve	79,007,434		79,007,434
Minimum Actuarial Reserve Required	\$ 106,081,987	\$ -	\$ 106,081,987
<u>Ending Premium Stabilization Reserve</u>	<u>(126,872,261)</u>	<u>-</u>	<u>(70,572,261)</u>
Ending Plan Reserve	\$ (20,790,273)		\$ 35,509,727
Reserve as a Percent of Expenses			5%

KEY ASSUMPTIONS

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

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 175,186,283	\$ 537,927,766	\$ 713,114,049
Employer Premiums - MCO	8,541,416	59,091,391	67,632,807
Employee Premiums - PPB	-	137,301,853	137,301,853
Employee Premiums - MCO	-	15,573,316	15,573,316
WV RHBT Pay Go Premiums	6,225,761	23,774,239	30,000,000
Life Insurance	506,986	2,120,868	2,627,854
Direct Transfers	-	21,000,000	21,000,000
Investment Income	1,421,615	5,313,275	6,734,890
Litigation Settlement	-	-	-
COBRA Premiums	532,964	2,085,682	2,618,646
Administrative Fees	732,192	4,056,858	4,789,050
Total Revenue	\$ 193,147,217	\$ 808,245,248	\$ 1,001,392,465
<u>Program Expenses</u>			
Medical Claims	\$ 122,895,197	\$ 504,975,356	\$ 627,870,553
Gross Prescription Drug Claims	90,570,316	366,400,579	456,970,894
Prescription Drug Rebates	(38,021,611)	(153,813,550)	(191,835,161)
Managed Care Capitations	5,503,970	56,011,364	61,515,334
Administration	5,343,146	22,351,891	27,695,037
Life Insurance	471,878	1,973,997	2,445,875
Wellness	106,237	444,419	550,656
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	180,246	751,364	931,610
Director's Discretionary Fund	354,416	1,449,554	1,803,970
WV RHBT Pay Go Premiums	6,225,761	23,774,239	30,000,000
Total Expenses	\$ 193,629,556	\$ 824,319,213	\$ 1,017,948,768
Fiscal Year Results	\$ (482,339)	\$ (16,073,965)	\$ (16,556,303)
Beginning Plan Reserve	11,745,128	35,509,727	47,254,856
Minimum Actuarial Reserve Required	\$ 27,530,295	\$ 116,005,094	\$ 143,535,390
<u>Ending Premium Stabilization Reserve</u>	<u>(16,267,506)</u>	<u>(96,569,332)</u>	<u>(112,836,837)</u>
Ending Plan Reserve	\$ 11,262,790	\$ 19,435,763	\$ 30,698,553
Reserve as a Percent of Expenses			3%

KEY ASSUMPTIONS

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

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2025

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 155,641,924	\$ 19,544,359	\$ 175,186,283
Employer Premiums - MCO	7,585,775	955,641	8,541,416
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	6,225,761		6,225,761
Life Insurance	506,986		506,986
Direct Transfers	-		-
Investment Income	1,421,615		1,421,615
Litigation Settlement	-		-
COBRA Premiums	532,964		532,964
Administrative Fees	732,192		732,192
Total Revenue	\$ 172,647,217	\$ 20,500,000	\$ 193,147,217
<u>Program Expenses</u>			
Medical Claims	\$ 122,895,197		\$ 122,895,197
Gross Prescription Drug Claims	90,570,316		90,570,316
Prescription Drug Rebates	(38,021,611)		(38,021,611)
Managed Care Capitations	5,503,970		5,503,970
Administration	5,343,146		5,343,146
Life Insurance	471,878		471,878
Wellness	106,237		106,237
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	180,246		180,246
Director's Discretionary Fund	354,416		354,416
WV RHBT Pay Go Premiums	6,225,761		6,225,761
Total Expenses	\$ 193,629,556	\$ -	\$ 193,629,556
Fiscal Year Results	\$ (20,982,339)		\$ (482,339)
Beginning Plan Reserve	11,745,128		11,745,128
Minimum Actuarial Reserve Required	\$ 27,530,295	\$ -	\$ 27,530,295
<u>Ending Premium Stabilization Reserve</u>	<u>(36,767,506)</u>	<u>-</u>	<u>(16,267,506)</u>
Ending Plan Reserve	\$ (9,237,211)		\$ 11,262,789
Reserve as a Percent of Expenses			6%

KEY ASSUMPTIONS

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

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2025

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 463,140,668	\$ 74,787,098	\$ 537,927,766
Employer Premiums - MCO	50,878,489	8,212,902	59,091,391
Employee Premiums - PPB	118,620,738	18,681,115	137,301,853
Employee Premiums - MCO	13,454,431	2,118,885	15,573,316
WV RHBT Pay Go Premiums	23,774,239		23,774,239
Life Insurance	2,120,868		2,120,868
Direct Transfers	21,000,000		21,000,000
Investment Income	5,313,275		5,313,275
Litigation Settlement	-		-
COBRA Premiums	2,085,682		2,085,682
Administrative Fees	4,056,858		4,056,858
Total Revenue	\$ 704,445,248	\$ 103,800,000	\$ 808,245,248
<u>Program Expenses</u>			
Medical Claims	\$ 504,975,356		\$ 504,975,356
Gross Prescription Drug Claims	366,400,579		366,400,579
Prescription Drug Rebates	(153,813,550)		(153,813,550)
Managed Care Capitations	56,011,364		56,011,364
Administration	22,351,891		22,351,891
Life Insurance	1,973,997		1,973,997
Wellness	444,419		444,419
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	751,364		751,364
Director's Discretionary Fund	1,449,554		1,449,554
WV RHBT Pay Go Premiums	23,774,239		23,774,239
Total Expenses	\$ 824,319,213	\$ -	\$ 824,319,213
Fiscal Year Results	\$ (119,873,965)		\$ (16,073,965)
Beginning Plan Reserve	35,509,727		35,509,727
Minimum Actuarial Reserve Required	\$ 116,005,094	\$ -	\$ 116,005,094
<u>Ending Premium Stabilization Reserve</u>	<u>(200,369,332)</u>	<u>-</u>	<u>(96,569,332)</u>
Ending Plan Reserve	\$ (84,364,238)		\$ 19,435,762
Reserve as a Percent of Expenses			2%

KEY ASSUMPTIONS

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

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2026**

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 193,713,298	\$ 597,008,983	\$ 790,722,281
Employer Premiums - MCO	9,439,147	65,585,427	75,024,575
Employee Premiums - PPB	-	153,827,454	153,827,454
Employee Premiums - MCO	-	17,447,715	17,447,715
WV RHBT Pay Go Premiums	8,301,015	31,698,985	40,000,000
Life Insurance	532,336	2,226,911	2,759,247
Direct Transfers	-	21,000,000	21,000,000
Investment Income	1,507,196	5,098,359	6,605,555
Litigation Settlement	-	-	-
COBRA Premiums	589,312	2,319,242	2,908,554
Administrative Fees	732,192	4,056,858	4,789,050
Total Revenue	\$ 214,814,496	\$ 900,269,935	\$ 1,115,084,431
<u>Program Expenses</u>			
Medical Claims	\$ 133,063,093	\$ 546,757,816	\$ 679,820,910
Gross Prescription Drug Claims	104,406,051	422,374,757	526,780,809
Prescription Drug Rebates	(43,724,853)	(176,885,583)	(220,610,435)
Managed Care Capitations	5,834,208	59,372,045	65,206,253
Administration	5,503,441	23,022,448	28,525,889
Life Insurance	495,471	2,072,697	2,568,168
Wellness	110,486	462,196	572,682
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	180,246	751,364	931,610
Director's Discretionary Fund	354,184	1,448,308	1,802,492
WV RHBT Pay Go Premiums	8,301,015	31,698,985	40,000,000
Total Expenses	\$ 214,523,343	\$ 911,075,035	\$ 1,125,598,377
Fiscal Year Results	\$ 291,153	\$ (10,805,100)	\$ (10,513,946)
Beginning Plan Reserve	11,262,790	19,435,763	30,698,553
Minimum Actuarial Reserve Required	\$ 30,327,157	\$ 127,622,370	\$ 157,949,526
<u>Ending Premium Stabilization Reserve</u>	<u>(18,773,213)</u>	<u>(118,991,707)</u>	<u>(137,764,920)</u>
Ending Plan Reserve	\$ 11,553,943	\$ 8,630,663	\$ 20,184,606
Reserve as a Percent of Expenses			2%

KEY ASSUMPTIONS

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

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2026**

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 173,215,556	\$ 20,497,742	\$ 193,713,298
Employer Premiums - MCO	8,436,889	1,002,258	9,439,147
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	8,301,015		8,301,015
Life Insurance	532,336		532,336
Direct Transfers	-		-
Investment Income	1,507,196		1,507,196
Litigation Settlement	-		-
COBRA Premiums	589,312		589,312
Administrative Fees	732,192		732,192
Total Revenue	\$ 193,314,496	\$ 21,500,000	\$ 214,814,496
<u>Program Expenses</u>			
Medical Claims	\$ 133,063,093		\$ 133,063,093
Gross Prescription Drug Claims	104,406,051		104,406,051
Prescription Drug Rebates	(43,724,853)		(43,724,853)
Managed Care Capitations	5,834,208		5,834,208
Administration	5,503,441		5,503,441
Life Insurance	495,471		495,471
Wellness	110,486		110,486
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	180,246		180,246
Director's Discretionary Fund	354,184		354,184
WV RHBT Pay Go Premiums	8,301,015		8,301,015
Total Expenses	\$ 214,523,342	\$ -	\$ 214,523,342
Fiscal Year Results	\$ (21,208,846)		\$ 291,154
Beginning Plan Reserve	11,262,790		11,262,790
Minimum Actuarial Reserve Required	\$ 30,327,157	\$ -	\$ 30,327,157
<u>Ending Premium Stabilization Reserve</u>	<u>(40,273,213)</u>	<u>-</u>	<u>(18,773,213)</u>
Ending Plan Reserve	\$ (9,946,056)		\$ 11,553,944
Reserve as a Percent of Expenses			6%

KEY ASSUMPTIONS

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

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2026

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 530,781,854	\$ 66,227,129	\$ 597,008,983
Employer Premiums - MCO	58,312,556	7,272,871	65,585,427
Employee Premiums - PPB	137,301,853	16,525,601	153,827,454
Employee Premiums - MCO	15,573,316	1,874,399	17,447,715
WV RHBT Pay Go Premiums	31,698,985		31,698,985
Life Insurance	2,226,911		2,226,911
Direct Transfers	21,000,000		21,000,000
Investment Income	5,098,359		5,098,359
Litigation Settlement	-		-
COBRA Premiums	2,319,242		2,319,242
Administrative Fees	4,056,858		4,056,858
Total Revenue	\$ 808,369,935	\$ 91,900,000	\$ 900,269,935
<u>Program Expenses</u>			
Medical Claims	\$ 546,757,816		\$ 546,757,816
Gross Prescription Drug Claims	422,374,757		422,374,757
Prescription Drug Rebates	(176,885,583)		(176,885,583)
Managed Care Capitations	59,372,045		59,372,045
Administration	23,022,448		23,022,448
Life Insurance	2,072,697		2,072,697
Wellness	462,196		462,196
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	751,364		751,364
Director's Discretionary Fund	1,448,308		1,448,308
WV RHBT Pay Go Premiums	31,698,985		31,698,985
Total Expenses	\$ 911,075,034	\$ -	\$ 911,075,034
Fiscal Year Results	\$ (102,705,099)		\$ (10,805,099)
Beginning Plan Reserve	19,435,763		19,435,763
Minimum Actuarial Reserve Required	\$ 127,622,370	\$ -	\$ 127,622,370
<u>Ending Premium Stabilization Reserve</u>	<u>(210,891,706)</u>	<u>-</u>	<u>(118,991,706)</u>
Ending Plan Reserve	\$ (83,269,336)		\$ 8,630,664
Reserve as a Percent of Expenses			1%

KEY ASSUMPTIONS

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

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

Fiscal Year 2021												
Exposure	<u>Jul-20</u>	<u>Aug-20</u>	<u>Sep-20</u>	<u>Oct-20</u>	<u>Nov-20</u>	<u>Dec-20</u>	<u>Jan-21</u>	<u>Feb-21</u>	<u>Mar-21</u>	<u>Apr-21</u>	<u>May-21</u>	<u>Jun-21</u>
Local Medical	29,745	29,911	29,999	30,130	30,190	30,335	30,242	30,223	30,130	29,996	30,263	30,247
State Medical	118,255	117,683	117,992	118,125	118,156	118,125	117,827	117,637	117,598	117,532	117,411	117,307
Local Drugs	29,745	29,911	29,999	30,130	30,190	30,335	30,242	30,223	30,130	29,996	30,263	30,247
State Drugs	118,255	117,683	117,992	118,125	118,156	118,125	117,827	117,637	117,598	117,532	117,411	117,307
	<u>Jul-20</u>	<u>Aug-20</u>	<u>Sep-20</u>	<u>Oct-20</u>	<u>Nov-20</u>	<u>Dec-20</u>	<u>Jan-21</u>	<u>Feb-21</u>	<u>Mar-21</u>	<u>Apr-21</u>	<u>May-21</u>	<u>Jun-21</u>
Local Medical	\$197.07	\$258.60	\$231.93	\$297.13	\$262.32	\$244.66	\$250.55	\$251.84	\$307.86	\$293.82	\$281.05	\$342.31
State Medical	237.91	253.49	230.25	255.50	236.57	256.75	265.70	245.61	305.51	287.43	289.03	326.66
Local Drugs	116.42	118.99	129.70	132.94	133.06	159.12	141.16	138.26	167.74	166.83	159.23	176.20
State Drugs	<u>132.63</u>	<u>137.94</u>	<u>142.16</u>	<u>146.30</u>	<u>142.53</u>	<u>158.57</u>	<u>154.77</u>	<u>145.75</u>	<u>179.61</u>	<u>168.64</u>	<u>165.77</u>	<u>184.69</u>
Total	\$684.03	\$769.03	\$734.05	\$831.86	\$774.49	\$819.09	\$812.18	\$781.46	\$960.72	\$916.72	\$895.08	\$1,029.86
Change From Prior Year - Month to Month Analysis												
Local Medical	-2.4%	38.7%	16.3%	26.3%	39.6%	16.8%	4.0%	12.1%	46.3%	129.7%	40.7%	33.9%
State Medical	3.9%	14.1%	8.5%	2.2%	-4.7%	-3.7%	5.9%	4.6%	46.7%	82.6%	41.7%	19.4%
Local Drugs	9.9%	4.4%	17.7%	5.8%	21.0%	29.8%	6.7%	9.8%	10.6%	24.7%	29.8%	21.8%
State Drugs	<u>16.4%</u>	<u>14.9%</u>	<u>15.4%</u>	<u>10.6%</u>	<u>14.7%</u>	<u>17.4%</u>	<u>4.9%</u>	<u>5.2%</u>	<u>8.5%</u>	<u>15.9%</u>	<u>17.3%</u>	<u>13.6%</u>
Total	5.1%	19.7%	13.8%	11.9%	15.5%	11.7%	5.2%	7.9%	30.6%	62.3%	34.1%	23.1%
Change From Prior Year - Quarter to Quarter Analysis												
Local Medical			17.0%			27.1%			19.9%			57.2%
State Medical			8.8%			-2.1%			17.7%			42.2%
Local Drugs			10.6%			18.7%			9.1%			25.2%
State Drugs			<u>15.6%</u>			<u>14.2%</u>			<u>6.3%</u>			<u>15.5%</u>
Total			12.8%			12.9%			14.5%			37.4%
Change From Prior Year - Year to Year Analysis												
Local Medical			-4.9%			2.0%			9.0%			29.8%
State Medical			-0.1%			-3.8%			1.8%			15.7%
Local Drugs			9.7%			11.2%			10.5%			16.0%
State Drugs			<u>15.2%</u>			<u>14.6%</u>			<u>11.1%</u>			<u>12.7%</u>
Total			2.7%			3.8%			7.3%			19.3%

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

Fiscal Year 2022								
Exposure	<u>Jul-21</u>	<u>Aug-21</u>	<u>Sep-21</u>	<u>Oct-21</u>	<u>Nov-21</u>	<u>Dec-21</u>	<u>Jan-22</u>	<u>Feb-22</u>
Local Medical	30,423	30,325	30,377	30,323	30,325	30,428	30,559	30,580
State Medical	116,699	116,202	116,480	116,542	116,514	116,598	116,462	116,247
Local Drugs	30,423	30,325	30,377	30,323	30,325	30,428	30,559	30,580
State Drugs	116,699	116,202	116,480	116,542	116,514	116,598	116,462	116,247
	<u>Jul-21</u>	<u>Aug-21</u>	<u>Sep-21</u>	<u>Oct-21</u>	<u>Nov-21</u>	<u>Dec-21</u>	<u>Jan-22</u>	<u>Feb-22</u>
Local Medical	\$234.46	\$261.48	\$268.14	\$257.55	\$259.34	\$268.28	\$259.11	\$238.05
State Medical	273.08	275.09	288.52	287.75	281.43	303.41	275.16	252.57
Local Drugs	147.79	157.31	153.85	161.52	164.31	176.76	169.87	186.14
State Drugs	<u>155.80</u>	<u>170.79</u>	<u>167.91</u>	<u>172.11</u>	<u>176.84</u>	<u>182.99</u>	<u>188.18</u>	<u>196.40</u>
Total	\$811.13	\$864.67	\$878.42	\$878.93	\$881.91	\$931.45	\$892.32	\$873.16
Change From Prior Year - Month to Month Analysis								
Local Medical	19.0%	1.1%	15.6%	-13.3%	-1.1%	9.7%	3.4%	-5.5%
State Medical	14.8%	8.5%	25.3%	12.6%	19.0%	18.2%	3.6%	2.8%
Local Drugs	26.9%	32.2%	18.6%	21.5%	23.5%	11.1%	20.3%	34.6%
State Drugs	<u>17.5%</u>	<u>23.8%</u>	<u>18.1%</u>	<u>17.6%</u>	<u>24.1%</u>	<u>15.4%</u>	<u>21.6%</u>	<u>34.7%</u>
Total	18.6%	12.4%	19.7%	5.7%	13.9%	13.7%	9.9%	11.7%
Change From Prior Year - Quarter to Quarter Analysis								
Local Medical			11.1%			-2.4%		
State Medical			15.9%			16.5%		
Local Drugs			25.7%			18.2%		
State Drugs			<u>19.8%</u>			<u>18.9%</u>		
Total			16.8%			11.0%		
Change From Prior Year - Year to Year Analysis								
Local Medical			27.8%			19.1%		
State Medical			17.4%			22.5%		
Local Drugs			19.5%			19.3%		
State Drugs			<u>13.8%</u>			<u>15.0%</u>		
Total			20.2%			19.4%		