

STATE OF WEST VIRGINIA



PUBLIC EMPLOYEES INSURANCE AGENCY

**Quarterly Report
March 31, 2019**

Fiscal Years 2019-2023

Report Date: June 2019

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 2018 for the fiscal year 2020 (“FY 2020”) and to provide quarterly financial reports for current FY 2019 and thereafter. Our analysis is developed on an accrued and incurred reporting basis for a projection period of five years as required by the Code.

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

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

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

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

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

In FY 2019 the Pay-Go is equivalent to \$293 per retiree per month. In future years, the Pay Go premium may increase by a maximum of 3% per retiree per year, indexed to the initial fixed subsidy determined in FY 2013. The new Pay-Go premium formula is based on the financial plan approved by the Financial Board in December 2018.

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

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

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

Respectfully,



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



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

West Virginia Public Employees Insurance Agency

Report of Independent Actuary

Financial Plan for FY 2019 – FY 2023

OVERVIEW

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

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

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

KEY ASSUMPTIONS

A. Enrollment Changes

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

In aggregate, June 2019 enrollment for active employees has decreased by 123 coverages since the end of FY 2018. Aggregate PPB enrollment has decreased by 401 in total over the same period, while managed care enrollment experienced an increase of 278 coverages.

In the State Fund, the overall active State enrollment decreased by 342 coverages from the end of FY 2018 to June 2019. And in the Local Fund, the overall active Local enrollment increased by 219 coverages from the end of FY 2018 to June 2019.

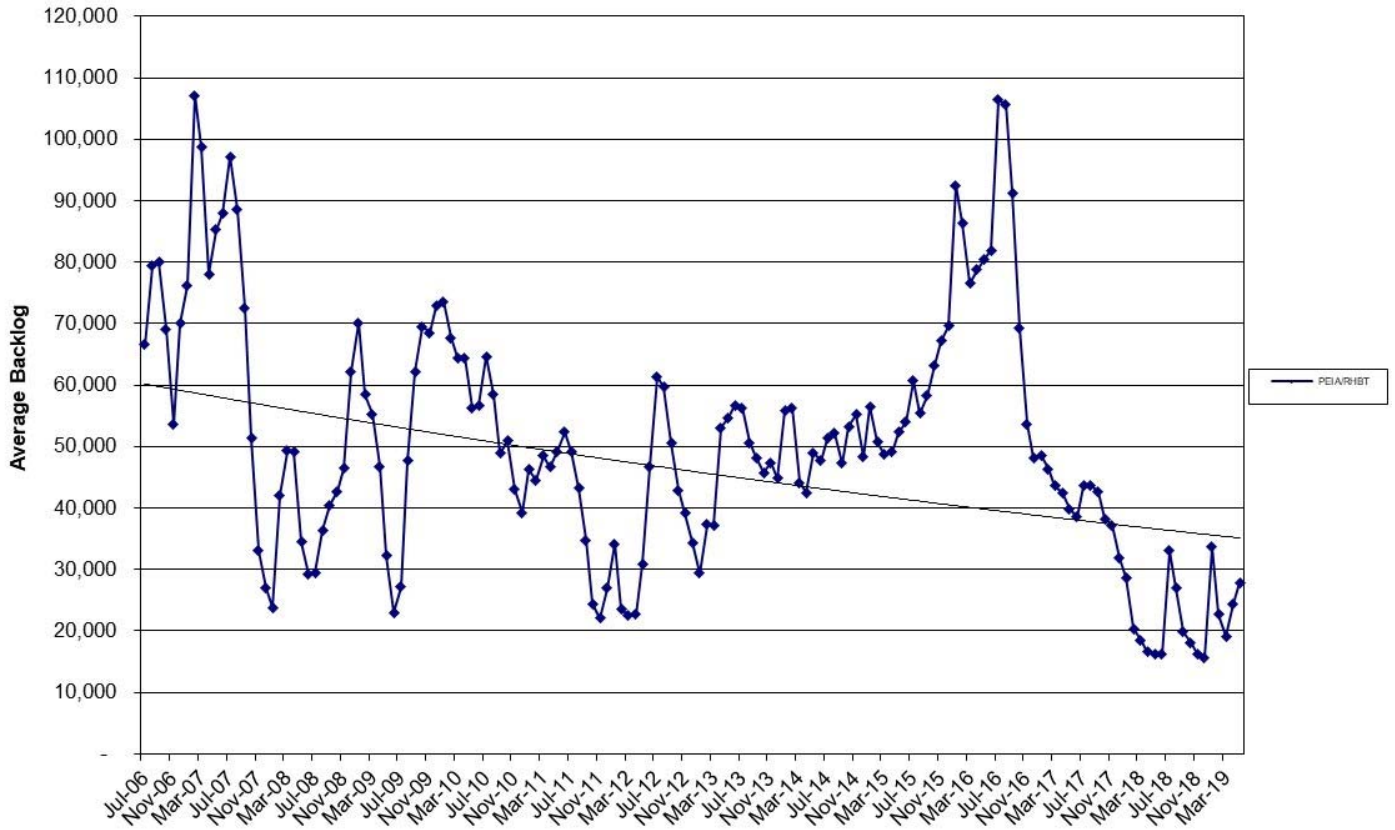
The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2017, June 2018 and June 2019 for purposes of comparison:

PEIA Fund	Coverage	Preferred Provider Benefit			Managed Care		
		Jun-17	Jun-18	Jun-19	Jun-17	Jun-18	Jun-19
State Active	Single	21,482	20,927	21,216	2,160	2,175	2,381
	Children	6,017	5,920	5,912	603	627	665
	Family	28,946	27,782	26,894	2,850	2,784	2,805
	Total	56,445	54,629	54,022	5,613	5,586	5,851
Local Active	Single	5,391	5,520	5,723	422	407	419
	Children	961	955	996	104	94	99
	Family	5,658	5,614	5,576	194	190	186
	Total	12,010	12,089	12,295	720	691	704
Plan Total		68,455	66,718	66,317	6,333	6,277	6,555
Grand Total					74,788	72,995	72,872

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 May 2019



C. Trend Analysis

PEIA experienced a lower medical and prescription drug trends in FY 2018, and over the past few years, trends have been beneficial to the plan. Continuing Care Actuaries performed the detailed medical and prescription drugs trend analysis in the report titled, “PEIA FY2018 Detailed Medical and Prescription Drugs Claim Trend Report”. This report includes the detailed trend analysis of PEIA experience by medical and prescription drugs. Based on the analysis, the FY 2019 medical claim trend is 7.5% and the prescription drug claim trend is 11.5%.

The current trend projection is shown in the following table:

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

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

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

PEIA Historical Trends (Active Local and State)

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

* Fiscal Year 2019 results are through the first eleven months ending May 2019.

D. Enrollment, Claim, Expense and Revenue Assumptions

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

Fiscal Year 2019 Projection			Net Revenue Excluding Pay Go		Expenses		
Fund	Program	Policies	Monthly Employer Premiums	Monthly Employee Premiums	Monthly Medical Costs	Monthly Drugs Costs*	Monthly Capitation Costs
State	PPB	53,997	\$514	\$170	\$513	\$182	
	Managed Care	5,739	\$520	\$182			\$616
	Total	59,736					
Local	PPB	12,184	\$647	\$0	\$472	\$143	
	Managed Care	717	\$537	\$0			\$485
	Total	12,901					

*Net of rebates and subsidies.

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

Board Decisions – December 2018

Source	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Additional State Employer Revenue	\$8,000,000	\$0	\$98,000,000	\$58,500,000	\$60,500,000
Additional Local Agency Revenue	\$0	\$0	\$4,000,000	\$34,500,000	\$15,500,000
Additional Employee Premium	\$0	\$0	\$24,500,000	\$14,600,000	\$15,100,000
State Direct Transfers	\$31,000,000	\$31,000,000	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active State	\$0	(\$4,380,000)	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active Local	\$0	(\$1,030,000)	\$0	\$0	\$0
PPACA Comparative Effectiveness Research Fees (Cost)	(\$320,561)	\$0	\$0	\$0	\$0
Pay Go Premium Transfer	\$152,365,250	\$140,000,000	\$150,000,000	\$160,000,000	\$170,000,000

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

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

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

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

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

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

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

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

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

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

E. Provider Reimbursement Changes

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

FISCAL YEAR 2019 FORECAST

The financial forecast for FY 2019 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2019 projects accrued revenue of \$790,357,612 and incurred plan expenses of \$758,469,689 to produce a fiscal year surplus of \$31,887,923. The PEIA local and state agencies Pay Go premiums for FY 2019 are assumed to be \$152,365,250.

Under the Baseline Scenario, FY 2019 is projected to end with a reserve of \$226,442,060 and the FY 2019 PEIA/RHBT combined, projected plan expenditures of \$847,503,132, which represents 27% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$116,127,252. 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 \$229,213,848 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$223,691,699.

FISCAL YEAR 2020 FORECAST

The financial forecast for FY 2020 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2020 projects accrued revenue of \$789,835,738 and incurred plan expenses of \$805,875,654 to produce a fiscal year deficit of (\$16,039,916). The PEIA local and state agencies Pay Go premiums for FY 2020 are assumed to be \$140,000,000.

Under the Baseline Scenario, FY 2020 is projected to end with a reserve of \$210,402,144 and the FY 2020 PEIA/RHBT combined, projected plan expenditures of \$902,086,631, which represents 23% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$124,397,856. 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 \$227,148,771 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$193,589,935.

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 \$885,290,195 and incurred plan expenses of \$874,831,608 to produce a fiscal year surplus of \$10,458,587. The PEIA local and state agencies Pay Go premiums for FY 2021 are assumed to be \$150,000,000.

Under the Baseline Scenario, FY 2021 is projected to end with a reserve of \$220,860,731 and the FY 2021 PEIA/RHBT combined, projected plan expenditures of \$976,026,353, which represents 23% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$134,705,464. 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 \$264,991,681 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$176,009,300.

FISCAL YEAR 2022 FORECAST

The financial forecast for FY 2022 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2022 projects accrued revenue of \$993,905,523 and incurred plan expenses of \$952,567,029 to produce a fiscal year surplus of \$41,338,494. The PEIA local and state agencies Pay Go premiums for FY 2022 are assumed to be \$160,000,000.

Under the Baseline Scenario, FY 2022 is projected to end with a reserve of \$262,199,226 and the FY 2022 PEIA/RHBT combined, projected plan expenditures of \$1,068,750,893, which represents 25% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$147,406,019. This reserve is comprised of 15% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending reserve is expected to increase to \$349,844,690 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$172,006,767.

FISCAL YEAR 2023 FORECAST

The financial forecast for FY 2023 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2023 projects accrued revenue of \$1,087,243,727 and incurred plan expenses of \$1,040,571,139 to produce a fiscal year surplus of \$46,672,588. The PEIA local and state agencies Pay Go premiums for FY 2023 are assumed to be \$170,000,000.

Under the Baseline Scenario, FY 2023 is projected to end with a reserve of \$308,871,814 and the FY 2023 PEIA/RHBT combined, projected plan expenditures of \$1,176,150,406, which represents 26% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$162,114,917. 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 \$459,481,626 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$151,924,053.

LITIGATION

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

SUMMARY

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

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 94,647,798	\$ 332,850,740	\$ 427,498,538
Employer Premiums - MCO	4,616,468	35,818,734	40,435,202
Employee Premiums - PPB	-	110,177,727	110,177,727
Employee Premiums - MCO	-	12,499,222	12,499,222
WV RHBT Pay Go Premiums	27,060,488	125,304,762	152,365,250
Life Insurance	228,239	1,131,551	1,359,790
Direct Transfers	-	31,000,000	31,000,000
Investment Income	2,057,370	6,840,822	8,898,192
Litigation Settlement	-	-	-
COBRA Premiums	275,395	1,143,486	1,418,881
Administrative Fees	719,313	3,985,497	4,704,810
Total Revenue	\$ 129,605,071	\$ 660,752,541	\$ 790,357,612
<u>Program Expenses</u>			
Medical Claims	\$ 69,051,628	\$ 332,638,056	\$ 401,689,684
Prescription Drug Claims	20,861,543	117,972,237	138,833,780
Managed Care Capitations	4,169,619	42,432,288	46,601,907
Administration	2,792,288	13,843,466	16,635,754
Life Insurance	205,822	1,020,413	1,226,235
Wellness	60,582	300,353	360,935
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	48,781	271,780	320,561
Computer Software Reserve	-	-	-
Director's Discretionary Fund	72,457	363,126	435,583
WV RHBT Pay Go Premiums	27,060,488	125,304,762	152,365,250
Total Expenses	\$ 124,323,208	\$ 634,146,481	\$ 758,469,689
Fiscal Year Results	\$ 5,281,863	\$ 26,606,060	\$ 31,887,923
Beginning Plan Reserve	48,340,828	146,213,310	194,554,138
Minimum Actuarial Reserve Required	\$ 18,961,195	\$ 97,166,058	\$ 116,127,252
Ending Premium Stabilization Reserve	34,661,496	75,653,312	110,314,808
Ending Plan Reserve	\$ 53,622,691	\$ 172,819,370	\$ 226,442,060
Reserve as a Percent of Expenses			31%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 8,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ -	Active Local	7.5%	11.5%
Direct Transfers	\$ 31,000,000	State	7.5%	11.5%
		Capitations		7.8%
		Administrative Expense		-3.6%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2019

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 94,647,798	\$ -	\$ 94,647,798
Employer Premiums - MCO	4,616,468	-	4,616,468
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	27,060,488		27,060,488
Life Insurance	228,239		228,239
Direct Transfers	-		-
Investment Income	2,057,370		2,057,370
Litigation Settlement	-		-
COBRA Premiums	275,395		275,395
Administrative Fees	719,313		719,313
Total Revenue	\$ 129,605,071	\$ -	\$ 129,605,071
<u>Program Expenses</u>			
Medical Claims	\$ 69,051,628	\$ -	\$ 69,051,628
Prescription Drug Claims	20,861,543	\$ -	20,861,543
Managed Care Capitations	4,169,619		4,169,619
Administration	2,792,288		2,792,288
Life Insurance	205,822		205,822
Wellness	60,582		60,582
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	48,781		48,781
Computer Software Reserve	-		-
Director's Discretionary Fund	72,457		72,457
WV RHBT Pay Go Premiums	27,060,488		27,060,488
Total Expenses	\$ 124,323,208	\$ -	\$ 124,323,208
Fiscal Year Results	\$ 5,281,863		\$ 5,281,863
Beginning Plan Reserve	48,340,828		48,340,828
Minimum Actuarial Reserve Required	\$ 18,961,195	\$ -	\$ 18,961,195
<u>Ending Premium Stabilization Reserve</u>	<u>34,661,497</u>	<u>-</u>	<u>34,661,497</u>
Ending Plan Reserve	\$ 53,622,691		\$ 53,622,691
Reserve as a Percent of Expenses			39%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ -	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		Local	7.5%
			<u>Drugs</u>
		Capitations	7.8%
		Administrative Expense	-3.6%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2019

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 332,850,740	\$ -	\$ 332,850,740
Employer Premiums - MCO	35,818,734	-	35,818,734
Employee Premiums - PPB	110,177,727	-	110,177,727
Employee Premiums - MCO	12,499,222	-	12,499,222
WV RHBT Pay Go Premiums	125,304,762		125,304,762
Life Insurance	1,131,551		1,131,551
Direct Transfers	10,000,000	21,000,000	31,000,000
Investment Income	6,840,822		6,840,822
Litigation Settlement	-		-
COBRA Premiums	1,143,486		1,143,486
Administrative Fees	3,985,497		3,985,497
Total Revenue	\$ 639,752,541	\$ 21,000,000	\$ 660,752,541
<u>Program Expenses</u>			
Medical Claims	\$ 332,638,056	\$ -	\$ 332,638,056
Prescription Drug Claims	117,972,237	\$ -	117,972,237
Managed Care Capitations	42,432,288		42,432,288
Administration	13,843,466		13,843,466
Life Insurance	1,020,413		1,020,413
Wellness	300,353		300,353
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	271,780		271,780
Computer Software Reserve	-		-
Director's Discretionary Fund	363,126		363,126
WV RHBT Pay Go Premiums	125,304,762		125,304,762
Total Expenses	\$ 634,146,481	\$ -	\$ 634,146,481
Fiscal Year Results	\$ 5,606,060		\$ 26,606,060
Beginning Plan Reserve	146,213,310		146,213,310
Minimum Actuarial Reserve Required	\$ 97,166,058	\$ -	\$ 97,166,058
<u>Ending Premium Stabilization Reserve</u>	<u>54,653,312</u>	<u>-</u>	<u>75,653,312</u>
Ending Plan Reserve	\$ 151,819,370		\$ 172,819,370
Reserve as a Percent of Expenses			24%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 8,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ 31,000,000	State	7.5%	11.5%
		Capitations		7.8%
		Administrative Expense		-3.6%

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 96,048,339	\$ 340,613,333	\$ 436,661,672
Employer Premiums - MCO	4,736,548	36,431,705	41,168,253
Employee Premiums - PPB	-	109,638,189	109,638,189
Employee Premiums - MCO	-	12,438,014	12,438,014
WV RHBT Pay Go Premiums	25,489,778	114,510,222	140,000,000
Life Insurance	239,651	1,188,129	1,427,780
Direct Transfers	-	31,000,000	31,000,000
Investment Income	2,529,869	8,825,958	11,355,827
Litigation Settlement	-	-	-
COBRA Premiums	279,613	1,161,580	1,441,193
Administrative Fees	719,313	3,985,497	4,704,810
Total Revenue	\$ 130,043,112	\$ 659,792,626	\$ 789,835,738
<u>Program Expenses</u>			
Medical Claims	\$ 75,493,446	\$ 359,992,572	\$ 435,486,018
Prescription Drug Claims	23,672,764	132,844,353	156,517,117
Managed Care Capitations	4,419,796	44,978,225	49,398,021
Administration	3,276,056	16,658,770	19,934,826
Life Insurance	216,113	1,071,434	1,287,547
Wellness	251,773	1,248,227	1,500,000
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Computer Software Reserve	-	-	-
Director's Discretionary Fund	293,498	1,458,627	1,752,125
WV RHBT Pay Go Premiums	25,489,778	114,510,222	140,000,000
Total Expenses	\$ 133,113,224	\$ 672,762,430	\$ 805,875,654
Fiscal Year Results	\$ (3,070,112)	\$ (12,969,804)	\$ (16,039,916)
Beginning Plan Reserve	53,622,691	172,819,370	226,442,060
Minimum Actuarial Reserve Required	\$ 20,446,123	\$ 103,951,732	\$ 124,397,856
<u>Ending Premium Stabilization Reserve</u>	<u>30,106,455</u>	<u>55,897,834</u>	<u>86,004,289</u>
Ending Plan Reserve	\$ 50,552,578	\$ 159,849,566	\$ 210,402,144
Reserve as a Percent of Expenses			28%

KEY ASSUMPTIONS

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

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2020

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 96,048,339	\$ -	\$ 96,048,339
Employer Premiums - MCO	4,736,548	-	4,736,548
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	25,489,778		25,489,778
Life Insurance	239,651		239,651
Direct Transfers	-		-
Investment Income	2,529,869		2,529,869
Litigation Settlement	-		-
COBRA Premiums	279,613		279,613
Administrative Fees	719,313		719,313
Total Revenue	\$ 130,043,112	\$ -	\$ 130,043,112
<u>Program Expenses</u>			
Medical Claims	\$ 74,723,446	\$ 770,000	\$ 75,493,446
Prescription Drug Claims	23,412,764	260,000	23,672,764
Managed Care Capitations	4,419,796		4,419,796
Administration	2,876,056	400,000	3,276,056
Life Insurance	216,113		216,113
Wellness	251,773		251,773
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	293,498		293,498
WV RHBT Pay Go Premiums	25,489,778		25,489,778
Total Expenses	\$ 131,683,224	\$ 1,430,000	\$ 133,113,224
Fiscal Year Results	\$ (1,640,112)		\$ (3,070,112)
Beginning Plan Reserve	53,622,691		53,622,691
Minimum Actuarial Reserve Required	\$ 20,446,123	\$ -	\$ 20,446,123
<u>Ending Premium Stabilization Reserve</u>	<u>31,536,455</u>	<u>-</u>	<u>30,106,455</u>
Ending Plan Reserve	\$ 51,982,579		\$ 50,552,579
Reserve as a Percent of Expenses			34%

KEY ASSUMPTIONS

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

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2020

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 340,613,333	\$ -	\$ 340,613,333
Employer Premiums - MCO	36,431,705	-	36,431,705
Employee Premiums - PPB	109,638,189	-	109,638,189
Employee Premiums - MCO	12,438,014	-	12,438,014
WV RHBT Pay Go Premiums	114,510,222		114,510,222
Life Insurance	1,188,129		1,188,129
Direct Transfers	31,000,000		31,000,000
Investment Income	8,825,958		8,825,958
Litigation Settlement	-		-
COBRA Premiums	1,161,580		1,161,580
Administrative Fees	3,985,497		3,985,497
Total Revenue	\$ 659,792,626	\$ -	\$ 659,792,626
<u>Program Expenses</u>			
Medical Claims	\$ 357,102,572	\$ 2,890,000	\$ 359,992,572
Prescription Drug Claims	131,354,353	\$ 1,490,000	132,844,353
Managed Care Capitations	44,978,225		44,978,225
Administration	14,258,770	2,400,000	16,658,770
Life Insurance	1,071,434		1,071,434
Wellness	1,248,227		1,248,227
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	1,458,627		1,458,627
WV RHBT Pay Go Premiums	114,510,222		114,510,222
Total Expenses	\$ 665,982,430	\$ 6,780,000	\$ 672,762,430
Fiscal Year Results	\$ (6,189,804)		\$ (12,969,804)
Beginning Plan Reserve	172,819,370		172,819,370
Minimum Actuarial Reserve Required	\$ 103,951,732	\$ -	\$ 103,951,732
<u>Ending Premium Stabilization Reserve</u>	<u>62,677,834</u>	<u>-</u>	<u>55,897,834</u>
Ending Plan Reserve	\$ 166,629,566		\$ 159,849,566
Reserve as a Percent of Expenses			21%

KEY ASSUMPTIONS

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

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 97,646,872	\$ 422,202,305	\$ 519,849,177
Employer Premiums - MCO	4,803,907	45,176,841	49,980,747
Employee Premiums - PPB	-	131,641,951	131,641,951
Employee Premiums - MCO	-	14,934,253	14,934,253
WV RHBT Pay Go Premiums	27,823,888	122,176,112	150,000,000
Life Insurance	251,633	1,247,535	1,499,168
Direct Transfers	-	-	-
Investment Income	2,449,009	8,518,017	10,967,026
Litigation Settlement	-	-	-
COBRA Premiums	284,235	1,428,828	1,713,063
Administrative Fees	719,313	3,985,497	4,704,810
Total Revenue	\$ 133,978,856	\$ 751,311,339	\$ 885,290,195
<u>Program Expenses</u>			
Medical Claims	\$ 81,739,643	\$ 389,777,735	\$ 471,517,378
Prescription Drug Claims	26,578,676	149,151,447	175,730,122
Managed Care Capitations	4,684,984	47,676,919	52,361,903
Administration	3,374,338	17,158,534	20,532,872
Life Insurance	226,919	1,125,006	1,351,925
Wellness	264,361	1,310,639	1,575,000
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Computer Software Reserve	-	-	-
Director's Discretionary Fund	294,943	1,467,465	1,762,408
WV RHBT Pay Go Premiums	27,823,888	122,176,112	150,000,000
Total Expenses	\$ 144,987,752	\$ 729,843,857	\$ 874,831,608
Fiscal Year Results	\$ (11,008,896)	\$ 21,467,482	\$ 10,458,587
Beginning Plan Reserve	50,552,578	159,849,566	210,402,144
Minimum Actuarial Reserve Required	\$ 22,129,428	\$ 112,576,036	\$ 134,705,464
<u>Ending Premium Stabilization Reserve</u>	<u>17,414,255</u>	<u>68,741,012</u>	<u>86,155,267</u>
Ending Plan Reserve	\$ 39,543,683	\$ 181,317,048	\$ 220,860,731
Reserve as a Percent of Expenses			27%

KEY ASSUMPTIONS

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

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2021

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 93,840,641	\$ 3,806,231	\$ 97,646,872
Employer Premiums - MCO	4,610,138	193,769	4,803,907
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	27,823,888		27,823,888
Life Insurance	251,633		251,633
Direct Transfers	-		-
Investment Income	2,449,009		2,449,009
Litigation Settlement	-		-
COBRA Premiums	284,235		284,235
Administrative Fees	719,313		719,313
Total Revenue	\$ 129,978,856	\$ 4,000,000	\$ 133,978,856
<u>Program Expenses</u>			
Medical Claims	\$ 81,739,643		\$ 81,739,643
Prescription Drug Claims	26,578,676		26,578,676
Managed Care Capitations	4,684,984		4,684,984
Administration	3,374,338		3,374,338
Life Insurance	226,919		226,919
Wellness	264,361		264,361
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	294,943		294,943
WV RHBT Pay Go Premiums	27,823,888		27,823,888
Total Expenses	\$ 144,987,752	\$ -	\$ 144,987,752
Fiscal Year Results	\$ (15,008,896)		\$ (11,008,896)
Beginning Plan Reserve	50,552,578		50,552,578
Minimum Actuarial Reserve Required	\$ 22,129,428	\$ -	\$ 22,129,428
<u>Ending Premium Stabilization Reserve</u>	13,414,254	-	17,414,254
Ending Plan Reserve	\$ 35,543,682		\$ 39,543,682
Reserve as a Percent of Expenses			25%

KEY ASSUMPTIONS

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

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2021

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 333,696,579	\$ 88,505,726	\$ 422,202,305
Employer Premiums - MCO	35,682,567	9,494,274	45,176,841
Employee Premiums - PPB	109,638,190	22,003,761	131,641,951
Employee Premiums - MCO	12,438,014	2,496,239	14,934,253
WV RHBT Pay Go Premiums	122,176,112		122,176,112
Life Insurance	1,247,535		1,247,535
Direct Transfers	-		-
Investment Income	8,518,017		8,518,017
Litigation Settlement	-		-
COBRA Premiums	1,428,828		1,428,828
Administrative Fees	3,985,497		3,985,497
Total Revenue	\$ 628,811,339	\$ 122,500,000	\$ 751,311,339
<u>Program Expenses</u>			
Medical Claims	\$ 389,777,735		\$ 389,777,735
Prescription Drug Claims	149,151,447		149,151,447
Managed Care Capitations	47,676,919		47,676,919
Administration	17,158,534		17,158,534
Life Insurance	1,125,006		1,125,006
Wellness	1,310,639		1,310,639
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	1,467,465		1,467,465
WV RHBT Pay Go Premiums	122,176,112		122,176,112
Total Expenses	\$ 729,843,857	\$ -	\$ 729,843,857
Fiscal Year Results	\$ (101,032,518)		\$ 21,467,482
Beginning Plan Reserve	159,849,566		159,849,566
Minimum Actuarial Reserve Required	\$ 112,576,036	\$ -	\$ 112,576,036
<u>Ending Premium Stabilization Reserve</u>	<u>(53,758,988)</u>	<u>-</u>	<u>68,741,012</u>
Ending Plan Reserve	\$ 58,817,048		\$ 181,317,048
Reserve as a Percent of Expenses			22%

KEY ASSUMPTIONS

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

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 128,060,978	\$ 468,315,458	\$ 596,376,436
Employer Premiums - MCO	6,336,903	50,116,585	56,453,488
Employee Premiums - PPB	-	144,754,396	144,754,396
Employee Premiums - MCO	-	16,421,807	16,421,807
WV RHBT Pay Go Premiums	30,376,784	129,623,216	160,000,000
Life Insurance	264,215	1,309,912	1,574,127
Direct Transfers	-	-	-
Investment Income	2,055,161	9,610,811	11,665,972
Litigation Settlement	-	-	-
COBRA Premiums	372,868	1,581,619	1,954,487
Administrative Fees	719,313	3,985,497	4,704,810
Total Revenue	\$ 168,186,222	\$ 825,719,301	\$ 993,905,523
<u>Program Expenses</u>			
Medical Claims	\$ 88,911,495	\$ 423,976,907	\$ 512,888,402
Prescription Drug Claims	29,974,241	168,206,324	198,180,565
Managed Care Capitations	4,966,083	50,537,534	55,503,617
Administration	3,475,568	17,673,290	21,148,858
Life Insurance	238,264	1,181,256	1,419,520
Wellness	277,580	1,376,170	1,653,750
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Computer Software Reserve	-	-	-
Director's Discretionary Fund	296,319	1,475,998	1,772,317
WV RHBT Pay Go Premiums	30,376,784	129,623,216	160,000,000
Total Expenses	\$ 158,516,334	\$ 794,050,695	\$ 952,567,029
Fiscal Year Results	\$ 9,669,888	\$ 31,668,606	\$ 41,338,494
Beginning Plan Reserve	39,543,683	181,317,048	220,860,731
Minimum Actuarial Reserve Required	\$ 24,208,042	\$ 123,197,977	\$ 147,406,019
<u>Ending Premium Stabilization Reserve</u>	<u>25,005,530</u>	<u>89,787,677</u>	<u>114,793,207</u>
Ending Plan Reserve	\$ 49,213,571	\$ 212,985,654	\$ 262,199,226
Reserve as a Percent of Expenses			28%

KEY ASSUMPTIONS

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

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2022

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 95,232,234	\$ 32,828,744	\$ 128,060,978
Employer Premiums - MCO	4,665,647	1,671,256	6,336,903
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	30,376,784		30,376,784
Life Insurance	264,215		264,215
Direct Transfers	-		-
Investment Income	2,055,161		2,055,161
Litigation Settlement	-		-
COBRA Premiums	372,868		372,868
Administrative Fees	719,313		719,313
Total Revenue	\$ 133,686,222	\$ 34,500,000	\$ 168,186,222
<u>Program Expenses</u>			
Medical Claims	\$ 88,911,495		\$ 88,911,495
Prescription Drug Claims	29,974,241		29,974,241
Managed Care Capitations	4,966,083		4,966,083
Administration	3,475,568		3,475,568
Life Insurance	238,264		238,264
Wellness	277,580		277,580
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	296,319		296,319
WV RHBT Pay Go Premiums	30,376,784		30,376,784
Total Expenses	\$ 158,516,334	\$ -	\$ 158,516,334
Fiscal Year Results	\$ (24,830,112)		\$ 9,669,888
Beginning Plan Reserve	39,543,683		39,543,683
Minimum Actuarial Reserve Required	\$ 24,208,042	\$ -	\$ 24,208,042
<u>Ending Premium Stabilization Reserve</u>	<u>(9,494,471)</u>	<u>-</u>	<u>25,005,529</u>
Ending Plan Reserve	\$ 14,713,571		\$ 49,213,571
Reserve as a Percent of Expenses			28%

KEY ASSUMPTIONS

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

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2022

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 415,482,958	\$ 52,832,500	\$ 468,315,458
Employer Premiums - MCO	44,449,085	5,667,500	50,116,585
Employee Premiums - PPB	131,641,951	13,112,445	144,754,396
Employee Premiums - MCO	14,934,252	1,487,555	16,421,807
WV RHBT Pay Go Premiums	129,623,216		129,623,216
Life Insurance	1,309,912		1,309,912
Direct Transfers	-		-
Investment Income	9,610,811		9,610,811
Litigation Settlement	-		-
COBRA Premiums	1,581,619		1,581,619
Administrative Fees	3,985,497		3,985,497
Total Revenue	\$ 752,619,301	\$ 73,100,000	\$ 825,719,301
<u>Program Expenses</u>			
Medical Claims	\$ 423,976,907		\$ 423,976,907
Prescription Drug Claims	168,206,324		168,206,324
Managed Care Capitations	50,537,534		50,537,534
Administration	17,673,290		17,673,290
Life Insurance	1,181,256		1,181,256
Wellness	1,376,170		1,376,170
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	1,475,998		1,475,998
WV RHBT Pay Go Premiums	129,623,216		129,623,216
Total Expenses	\$ 794,050,695	\$ -	\$ 794,050,695
Fiscal Year Results	\$ (41,431,394)		\$ 31,668,606
Beginning Plan Reserve	181,317,048		181,317,048
Minimum Actuarial Reserve Required	\$ 123,197,977	\$ -	\$ 123,197,977
<u>Ending Premium Stabilization Reserve</u>	<u>16,687,677</u>	<u>-</u>	<u>89,787,677</u>
Ending Plan Reserve	\$ 139,885,654		\$ 212,985,654
Reserve as a Percent of Expenses			24%

KEY ASSUMPTIONS

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

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 140,308,590	\$ 516,317,746	\$ 656,626,336
Employer Premiums - MCO	6,944,521	55,259,067	62,203,588
Employee Premiums - PPB	-	158,315,898	158,315,898
Employee Premiums - MCO	-	17,960,305	17,960,305
WV RHBT Pay Go Premiums	33,021,554	136,978,446	170,000,000
Life Insurance	277,426	1,375,408	1,652,834
Direct Transfers	-	-	-
Investment Income	2,493,526	11,137,456	13,630,982
Litigation Settlement	-	-	-
COBRA Premiums	408,533	1,740,441	2,148,974
Administrative Fees	719,313	3,985,497	4,704,810
Total Revenue	\$ 184,173,463	\$ 903,070,264	\$ 1,087,243,727
<u>Program Expenses</u>			
Medical Claims	\$ 97,157,333	\$ 463,297,416	\$ 560,454,749
Prescription Drug Claims	33,953,533	190,536,904	224,490,437
Managed Care Capitations	5,264,048	53,569,786	58,833,834
Administration	3,579,835	18,203,488	21,783,323
Life Insurance	250,178	1,240,319	1,490,497
Wellness	291,459	1,444,979	1,736,438
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Computer Software Reserve	-	-	-
Director's Discretionary Fund	297,628	1,484,233	1,781,861
WV RHBT Pay Go Premiums	33,021,554	136,978,446	170,000,000
Total Expenses	\$ 173,815,568	\$ 866,755,571	\$ 1,040,571,139
Fiscal Year Results	\$ 10,357,895	\$ 36,314,693	\$ 46,672,588
Beginning Plan Reserve	49,213,571	212,985,654	262,199,226
Minimum Actuarial Reserve Required	\$ 26,616,447	\$ 135,498,470	\$ 162,114,917
<u>Ending Premium Stabilization Reserve</u>	<u>32,955,019</u>	<u>113,801,877</u>	<u>146,756,896</u>
Ending Plan Reserve	\$ 59,571,466	\$ 249,300,347	\$ 308,871,814
Reserve as a Percent of Expenses			29%

KEY ASSUMPTIONS

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

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2023

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 125,559,444	\$ 14,749,146	\$ 140,308,590
Employer Premiums - MCO	6,193,667	750,854	6,944,521
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	33,021,554		33,021,554
Life Insurance	277,426		277,426
Direct Transfers	-		-
Investment Income	2,493,526		2,493,526
Litigation Settlement	-		-
COBRA Premiums	408,533		408,533
Administrative Fees	719,313		719,313
Total Revenue	\$ 168,673,463	\$ 15,500,000	\$ 184,173,463
<u>Program Expenses</u>			
Medical Claims	\$ 97,157,333		\$ 97,157,333
Prescription Drug Claims	33,953,533		33,953,533
Managed Care Capitations	5,264,048		5,264,048
Administration	3,579,835		3,579,835
Life Insurance	250,178		250,178
Wellness	291,459		291,459
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	297,628		297,628
WV RHBT Pay Go Premiums	33,021,554		33,021,554
Total Expenses	\$ 173,815,568	\$ -	\$ 173,815,568
Fiscal Year Results	\$ (5,142,105)		\$ 10,357,895
Beginning Plan Reserve	49,213,571		49,213,571
Minimum Actuarial Reserve Required	\$ 26,616,447	\$ -	\$ 26,616,447
<u>Ending Premium Stabilization Reserve</u>	<u>17,455,019</u>	<u>-</u>	<u>32,955,019</u>
Ending Plan Reserve	\$ 44,071,466		\$ 59,571,466
Reserve as a Percent of Expenses			31%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 15,500,000	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		Local	9.5%
			13.5%
		Capitations	6.0%
		Administrative Expense	3.0%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2023

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 461,679,007	\$ 54,638,739	\$ 516,317,746
Employer Premiums - MCO	49,397,806	5,861,261	55,259,067
Employee Premiums - PPB	144,754,396	13,561,502	158,315,898
Employee Premiums - MCO	16,421,807	1,538,498	17,960,305
WV RHBT Pay Go Premiums	136,978,446		136,978,446
Life Insurance	1,375,408		1,375,408
Direct Transfers	-		-
Investment Income	11,137,456		11,137,456
Litigation Settlement	-		-
COBRA Premiums	1,740,441		1,740,441
Administrative Fees	3,985,497		3,985,497
Total Revenue	\$ 827,470,264	\$ 75,600,000	\$ 903,070,264
<u>Program Expenses</u>			
Medical Claims	\$ 463,297,416		\$ 463,297,416
Prescription Drug Claims	190,536,904		190,536,904
Managed Care Capitations	53,569,786		53,569,786
Administration	18,203,488		18,203,488
Life Insurance	1,240,319		1,240,319
Wellness	1,444,979		1,444,979
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	1,484,233		1,484,233
WV RHBT Pay Go Premiums	136,978,446		136,978,446
Total Expenses	\$ 866,755,571	\$ -	\$ 866,755,571
Fiscal Year Results	\$ (39,285,307)		\$ 36,314,693
Beginning Plan Reserve	212,985,654		212,985,654
Minimum Actuarial Reserve Required	\$ 135,498,470	\$ -	\$ 135,498,470
<u>Ending Premium Stabilization Reserve</u>	38,201,877	-	113,801,877
Ending Plan Reserve	\$ 173,700,347		\$ 249,300,347
Reserve as a Percent of Expenses			25%

KEY ASSUMPTIONS

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

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

Fiscal Year 2018												
Exposure	<u>Jul-17</u>	<u>Aug-17</u>	<u>Sep-17</u>	<u>Oct-17</u>	<u>Nov-17</u>	<u>Dec-17</u>	<u>Jan-18</u>	<u>Feb-18</u>	<u>Mar-18</u>	<u>Apr-18</u>	<u>May-18</u>	<u>Jun-18</u>
Local Medical	25,740	25,586	25,604	25,583	25,558	25,466	25,575	25,507	25,557	25,560	25,510	25,493
State Medical	124,443	123,087	122,276	122,287	122,223	122,170	121,909	121,742	121,432	121,040	120,767	120,425
Local Drugs	25,740	25,586	25,604	25,583	25,558	25,466	25,575	25,507	25,557	25,560	25,510	25,493
State Drugs	124,443	123,087	122,276	122,287	122,223	122,170	121,909	121,742	121,432	121,040	120,767	120,425
Local Medical	<u>\$154.58</u>	<u>\$184.88</u>	<u>\$180.21</u>	<u>\$215.45</u>	<u>\$205.68</u>	<u>\$175.20</u>	<u>\$223.96</u>	<u>\$202.77</u>	<u>\$207.77</u>	<u>\$250.81</u>	<u>\$258.88</u>	<u>\$208.75</u>
State Medical	<u>176.67</u>	<u>191.72</u>	<u>186.64</u>	<u>199.25</u>	<u>209.36</u>	<u>190.48</u>	<u>222.78</u>	<u>200.93</u>	<u>225.86</u>	<u>236.96</u>	<u>258.44</u>	<u>250.94</u>
Local Drugs	<u>115.41</u>	<u>98.41</u>	<u>76.92</u>	<u>119.13</u>	<u>88.32</u>	<u>88.26</u>	<u>111.96</u>	<u>82.24</u>	<u>90.82</u>	<u>100.74</u>	<u>110.14</u>	<u>108.48</u>
State Drugs	<u>118.51</u>	<u>100.10</u>	<u>80.51</u>	<u>121.85</u>	<u>88.11</u>	<u>86.29</u>	<u>114.80</u>	<u>89.13</u>	<u>98.10</u>	<u>104.96</u>	<u>114.99</u>	<u>116.25</u>
Total	<u>\$565.18</u>	<u>\$575.11</u>	<u>\$524.28</u>	<u>\$655.67</u>	<u>\$591.47</u>	<u>\$540.24</u>	<u>\$673.50</u>	<u>\$575.07</u>	<u>\$622.55</u>	<u>\$693.48</u>	<u>\$742.45</u>	<u>\$684.42</u>
Change From Prior Year - Month to Month Analysis												
Local Medical	-7.3%	-1.1%	-3.7%	6.1%	-3.5%	-23.3%	-11.9%	-10.9%	-12.3%	5.9%	7.8%	-24.5%
State Medical	2.0%	-14.8%	-3.0%	-3.5%	3.6%	-2.4%	0.2%	-2.9%	-7.7%	-2.7%	2.8%	-5.8%
Local Drugs	97.2%	24.4%	1.5%	36.0%	2.7%	-3.6%	20.0%	-8.9%	-15.6%	0.9%	1.2%	-0.4%
State Drugs	<u>85.4%</u>	<u>20.4%</u>	<u>-0.6%</u>	<u>34.3%</u>	<u>-4.2%</u>	<u>-9.3%</u>	<u>15.2%</u>	<u>-8.5%</u>	<u>-11.3%</u>	<u>4.3%</u>	<u>5.4%</u>	<u>2.0%</u>
Total	<u>22.2%</u>	<u>0.1%</u>	<u>-2.2%</u>	<u>11.5%</u>	<u>-0.3%</u>	<u>-11.5%</u>	<u>0.6%</u>	<u>-7.6%</u>	<u>-11.0%</u>	<u>1.9%</u>	<u>4.6%</u>	<u>-10.6%</u>
Change From Prior Year - Quarter to Quarter Analysis												
Local Medical			-3.9%			-7.5%			-11.8%			-4.6%
State Medical			-6.0%			-0.8%			-3.6%			-2.0%
Local Drugs			36.2%			11.5%			-2.1%			0.6%
State Drugs			<u>31.1%</u>			<u>6.6%</u>			<u>-1.8%</u>			<u>3.8%</u>
Total			5.8%			-0.2%			-6.0%			-1.7%
Change From Prior Year - Year to Year Analysis												
Local Medical			0.6%			-3.9%			-7.6%			-7.1%
State Medical			-3.8%			-2.0%			-2.7%			-3.0%
Local Drugs			24.5%			22.6%			16.1%			9.5%
State Drugs			<u>20.5%</u>			<u>18.0%</u>			<u>12.1%</u>			<u>8.5%</u>
Total			4.8%			3.4%			0.3%			-0.9%

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

Fiscal Year 2019											
Exposure	<u>Jul-18</u>	<u>Aug-18</u>	<u>Sep-18</u>	<u>Oct-18</u>	<u>Nov-18</u>	<u>Dec-18</u>	<u>Jan-19</u>	<u>Feb-19</u>	<u>Mar-19</u>	<u>Apr-19</u>	<u>May-19</u>
Local Medical	25,510	25,503	25,483	25,393	25,328	25,394	25,338	25,436	25,640	25,642	25,584
State Medical	118,778	118,216	117,851	118,181	118,212	118,213	118,043	117,739	117,803	117,677	117,674
Local Drugs	25,510	25,503	25,483	25,393	25,328	25,394	25,338	25,436	25,640	25,642	25,584
State Drugs	118,778	118,216	117,851	118,181	118,212	118,213	118,043	117,739	117,803	117,677	117,674
Local Medical	<u>\$150.37</u>	<u>\$185.06</u>	<u>\$197.59</u>	<u>\$218.13</u>	<u>\$219.48</u>	<u>\$199.26</u>	<u>\$261.46</u>	<u>\$223.89</u>	<u>\$235.47</u>	<u>\$245.48</u>	<u>\$255.80</u>
State Medical	205.60	199.59	181.61	245.97	217.00	214.91	252.38	227.00	242.16	239.44	258.49
Local Drugs	97.31	105.02	92.36	112.61	102.82	101.00	127.41	110.27	129.53	127.39	133.09
State Drugs	<u>102.62</u>	<u>108.03</u>	<u>100.38</u>	<u>119.97</u>	<u>107.18</u>	<u>108.23</u>	<u>132.20</u>	<u>117.06</u>	<u>129.51</u>	<u>141.54</u>	<u>132.70</u>
Total	\$555.91	\$597.69	\$571.94	\$696.68	\$646.49	\$623.39	\$773.46	\$678.22	\$736.67	\$753.86	\$780.08
Change From Prior Year - Month to Month Analysis											
Local Medical	-2.7%	0.1%	9.6%	1.2%	6.7%	13.7%	16.7%	10.4%	13.3%	-2.1%	-1.2%
State Medical	16.4%	4.1%	-2.7%	23.4%	3.7%	12.8%	13.3%	13.0%	7.2%	1.0%	0.0%
Local Drugs	-15.7%	6.7%	20.1%	-5.5%	16.4%	14.4%	13.8%	34.1%	42.6%	26.5%	20.8%
State Drugs	<u>-13.4%</u>	<u>7.9%</u>	<u>24.7%</u>	<u>-1.5%</u>	<u>21.6%</u>	<u>25.4%</u>	<u>15.2%</u>	<u>31.3%</u>	<u>32.0%</u>	<u>34.8%</u>	<u>15.4%</u>
Total	-1.6%	3.9%	9.1%	6.3%	9.3%	15.4%	14.8%	17.9%	18.3%	8.7%	5.1%
Change From Prior Year - Quarter to Quarter Analysis											
Local Medical			2.6%			6.8%			13.6%		
State Medical			5.7%			13.2%			11.1%		
Local Drugs			1.4%			7.0%			28.8%		
State Drugs			<u>4.0%</u>			<u>13.2%</u>			<u>25.4%</u>		
Total			3.7%			10.0%			17.0%		
Change From Prior Year - Year to Year Analysis											
Local Medical			-5.9%			-2.5%			4.2%		
State Medical			-0.5%			2.8%			6.5%		
Local Drugs			2.6%			1.7%			9.1%		
State Drugs			<u>3.1%</u>			<u>4.7%</u>			<u>11.5%</u>		
Total			-1.3%			1.1%			7.0%		