

# STATE OF WEST VIRGINIA



## **PUBLIC EMPLOYEES INSURANCE AGENCY**

**Quarterly Report  
March 31, 2020**

**Fiscal Years 2020-2024**

*Report Date: July 2020*

***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 2019 for the fiscal year 2021 (“FY 2021”) and to provide quarterly financial reports for current FY 2020 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 2020 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 2024.

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 2020 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, 2020 (“FY 2020”), June 30, 2021 (“FY 2021”), June 30, 2022 (“FY 2022”), June 30, 2023 (“FY 2023”) and June 30, 2024 (“FY 2024”). Our opinion of plan adequacy is based on the projections through FY 2024 using updated future revenue and plan modifications provided by the Board in the financial plan adopted in December 2019. 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 2020 the Pay-Go is equivalent to \$271 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 2019.

This report includes updated claim trend assumptions as recommended in the report titled, “PEIA FY 2019 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 2020 through FY 2024 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 2020 based on the scheduled revenue increases of the financial plan approved and amended by the Board in December 2019.

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 2024 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 2020 – FY 2024**

#### **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 2020 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 2020 enrollment levels for the duration of these forecasts for active employees.

In aggregate, June 2020 enrollment for active employees has increased by 1,251 coverages since the end of FY 2019. Aggregate PPB enrollment has increased by 1,231 in total over the same period, while managed care enrollment experienced an increase of 20 coverages.

In the State Fund, the overall active State enrollment increased by 680 coverages from the end of FY 2019 to June 2020. And in the Local Fund, the overall active Local enrollment increased by 571 coverages from the end of FY 2019 to June 2020.

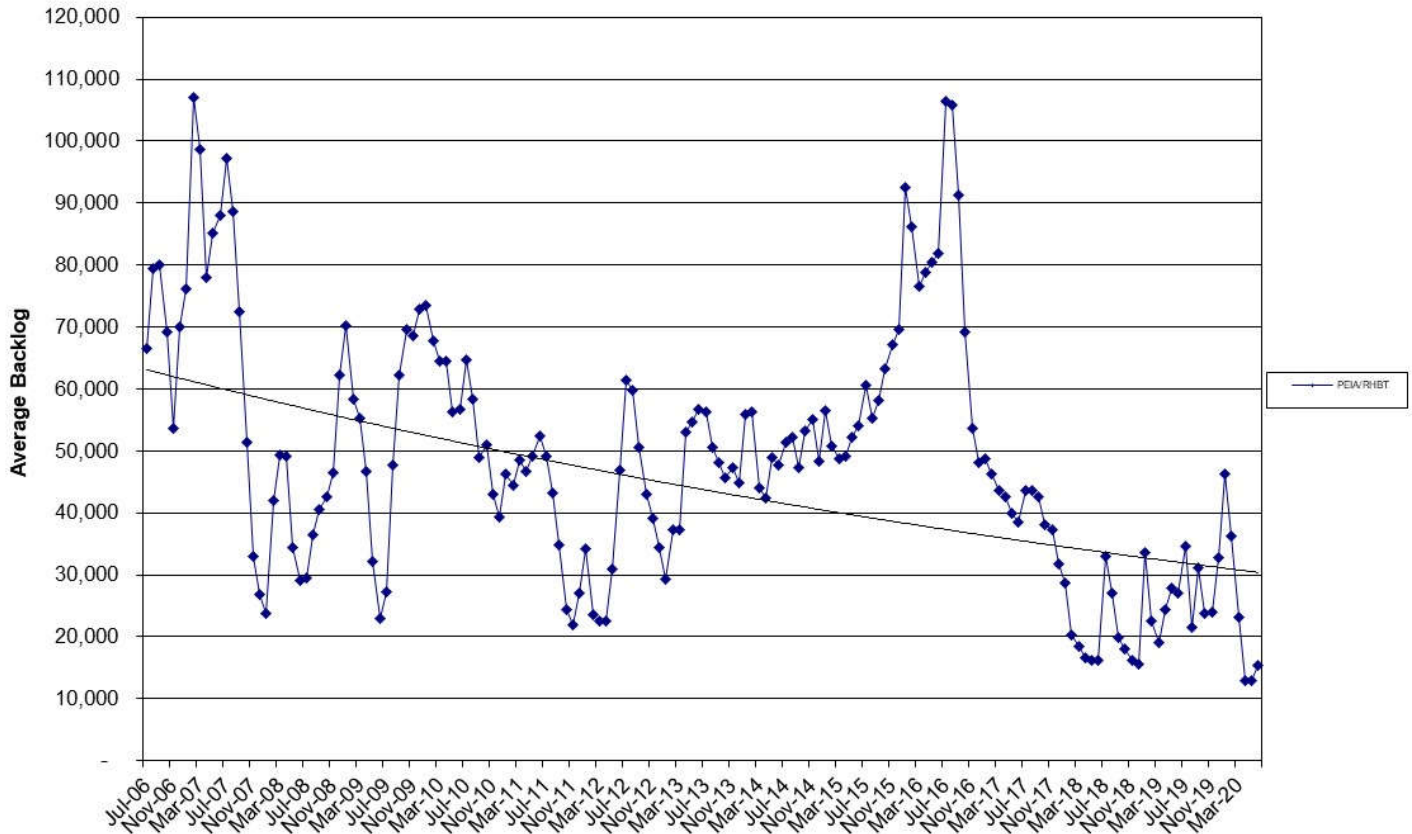
The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2018, June 2019 and June 2020 for purposes of comparison:

| PEIA<br>Fund | Coverage | Preferred Provider Benefit |        |        | Managed Care |        |        |
|--------------|----------|----------------------------|--------|--------|--------------|--------|--------|
|              |          | Jun-18                     | Jun-19 | Jun-20 | Jun-18       | Jun-19 | Jun-20 |
| State Active | Single   | 20,927                     | 21,216 | 21,654 | 2,175        | 2,381  | 2,428  |
|              | Children | 5,920                      | 5,912  | 6,036  | 627          | 665    | 660    |
|              | Family   | 27,782                     | 26,894 | 27,002 | 2,784        | 2,805  | 2,773  |
|              | Total    | 54,629                     | 54,022 | 54,692 | 5,586        | 5,851  | 5,861  |
| Local Active | Single   | 5,520                      | 5,723  | 6,052  | 407          | 419    | 421    |
|              | Children | 955                        | 996    | 1,084  | 94           | 99     | 99     |
|              | Family   | 5,614                      | 5,576  | 5,720  | 190          | 186    | 194    |
|              | Total    | 12,089                     | 12,295 | 12,856 | 691          | 704    | 714    |
| Plan Total   |          | 66,718                     | 66,317 | 67,548 | 6,277        | 6,555  | 6,575  |
| Grand Total  |          |                            |        |        | 72,995       | 72,872 | 74,123 |

## 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 June 2020



### C. Trend Analysis

PEIA experienced higher medical and prescription drugs trends in FY 2019, 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 FY 2019 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 2020 medical claim trend is 8.0%, the gross prescription drugs claim trend is 12.0% and the prescription drugs rebate trend is 20.0%.

The current trend projection is shown in the following table:

| Claim Type                 | Previous Assumption<br>FY 2020 Trend | Updated Assumption<br>FY 2020 Trend |
|----------------------------|--------------------------------------|-------------------------------------|
| Active Local – Medical     | 8.0%                                 | 8.0%                                |
| State – Medical            | 8.0%                                 | 8.0%                                |
| Active Local – Gross Drugs | 12.0%                                | 12.0%                               |
| State – Gross Drugs        | 12.0%                                | 12.0%                               |
| Prescription Drugs Rebate  | 20.0%                                | 20.0%                               |

In addition, we have assumed that trends will increase by 0.5% in each successive fiscal year beginning in FY 2021. 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 2020. 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)**

| <b>Fiscal<br/>Year</b> | <b>Active Local<br/>Medical</b> | <b>State<br/>Medical</b> | <b>Active Local<br/>Drugs</b> | <b>State<br/>Drugs</b> | <b>Total</b> |
|------------------------|---------------------------------|--------------------------|-------------------------------|------------------------|--------------|
| 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                   | 7%                              | 7%                       | 15%                           | 16%                    | 10%          |
| 2020*                  | 2%                              | 9%                       | 9%                            | 14%                    | 10%          |

\* Fiscal Year 2020 results are through the first eleven months ending May 2020.

## D. Enrollment, Claim, Expense and Revenue Assumptions

Using PEIA paid claim data through May 2020 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 2020 claims and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

| Fiscal Year 2020 Projection |              |          | Net Revenue Excluding Pay Go |                               | Expenses              |                      |                          |
|-----------------------------|--------------|----------|------------------------------|-------------------------------|-----------------------|----------------------|--------------------------|
| Fund                        | Program      | Policies | Monthly Employer Premiums    | Monthly Policyholder Premiums | Monthly Medical Costs | Monthly Drugs Costs* | Monthly Capitation Costs |
| State                       | PPB          | 54,324   | \$521                        | \$166                         | \$533                 | \$177                | \$651                    |
|                             | Managed Care | 5,813    | \$528                        | \$173                         |                       |                      |                          |
|                             | Total        | 60,137   |                              |                               |                       |                      |                          |
| Local                       | PPB          | 12,825   | \$666                        | \$0                           | \$478                 | \$156                | \$517                    |
|                             | Managed Care | 719      | \$560                        | \$0                           |                       |                      |                          |
|                             | Total        | 13,544   |                              |                               |                       |                      |                          |

\*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 2019

| Source  | Fiscal Year<br>2020 | Fiscal Year<br>2021 | Fiscal Year<br>2022 | Fiscal Year<br>2023 | Fiscal Year<br>2024 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Additional State Employer Revenue</b>                          | \$0                 | \$0                 | \$66,000,000        | \$91,000,000        | \$65,000,000        |
| <b>Additional Local Agency Revenue</b>                            | \$0                 | \$0                 | \$14,500,000        | \$14,500,000        | \$30,000,000        |
| <b>Additional Employee Premium</b>                                | \$0                 | \$0                 | \$16,500,000        | \$22,800,000        | \$16,300,000        |
| <b>State Direct Transfers (State Budget Appropriations)</b>       | \$31,000,000        | \$21,000,000        | \$21,000,000        | \$21,000,000        | \$21,000,000        |
| <b>State Direct Transfers (PEIA Rainy Day Fund)</b>               | \$0                 | \$0                 | \$0                 | \$0                 | \$0                 |
| <b>Benefit Reductions and Savings / (Increase) - Active State</b> | (\$4,380,000)       | \$0                 | \$0                 | \$0                 | \$0                 |
| <b>Benefit Reductions and Savings / (Increase) - Active Local</b> | (\$1,030,000)       | \$0                 | \$0                 | \$0                 | \$0                 |
| <b>ACA PCORI Fees (Cost)</b>                                      | (\$418,394)         | (\$416,986)         | (\$414,140)         | (\$411,856)         | (\$411,087)         |
| <b>Pay Go Premium Transfer</b>                                    | \$141,377,255       | \$135,000,000       | \$140,000,000       | \$150,000,000       | \$160,000,000       |

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>  |
| <b>Total Medical Benefit Additions</b>                  | <b>\$2.890 M</b>    | <b>\$0.770 M</b>    |
|   |                     |                     |
| <u>Third tier non-preferred drug appeals process</u>    | <u>\$1.490 M</u>    | <u>\$0.260 M</u>    |
| <b>Total Drugs Costs</b>                                | <b>\$1.490 M</b>    | <b>\$0.260 M</b>    |
|   |                     |                     |
| <b>Total Benefit Additions and Costs</b>                | <b>\$4.380 M</b>    | <b>\$1.030 M</b>    |

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.

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 2020 the ACA PCORI fee is \$2.54 per person per year.

PEIA has received a \$6,300,000 credit for a network guarantee between July 1, 2018 and June 30, 2019 from CVS. \$5,450,000 of the credit has been allocated between PEIA State drug and Local drug claims, and \$850,000 of the credit has been allocated between RHBT Non-Medicare drug and Medicare drug claims in FY 2020.

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

### **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 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 \$786,254,310 and incurred plan expenses of \$780,622,188 to produce a fiscal year surplus of \$5,632,122. The PEIA local and state agencies Pay Go premiums for FY 2020 are assumed to be \$141,377,255.

Under the Baseline Scenario, FY 2020 is projected to end with a reserve of \$245,379,381 and the FY 2020 PEIA/RHBT combined, projected plan expenditures of \$833,347,802, which represents 29% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$115,346,708. 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 \$248,595,362 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$242,188,018.

## **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 \$786,163,149 and incurred plan expenses of \$835,215,550 to produce a fiscal year deficit of (\$49,052,401). The PEIA local and state agencies Pay Go premiums for FY 2021 are assumed to be \$135,000,000.

Under the Baseline Scenario, FY 2021 is projected to end with a reserve of \$196,326,979 and the FY 2021 PEIA/RHBT combined, projected plan expenditures of \$932,832,513, which represents 21% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$128,831,847. 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 \$216,327,209 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$176,249,369.

## **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 \$881,776,287 and incurred plan expenses of \$884,870,729 to produce a fiscal year deficit of (\$3,094,442). The PEIA local and state agencies Pay Go premiums for FY 2022 are assumed to be \$140,000,000.

Under the Baseline Scenario, FY 2022 is projected to end with a reserve of \$193,232,537 and the FY 2022 PEIA/RHBT combined, projected plan expenditures of \$982,725,933, which represents 20% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$136,216,251. 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 \$245,891,663 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$139,725,210.

## **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 \$1,010,628,136 and incurred plan expenses of \$957,881,712 to produce a fiscal year surplus of \$52,746,424. The PEIA local and state agencies Pay Go premiums for FY 2023 are assumed to be \$150,000,000.

Under the Baseline Scenario, FY 2023 is projected to end with a reserve of \$245,978,961 and the FY 2023 PEIA/RHBT combined, projected plan expenditures of \$1,066,374,572, which represents 23% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$147,990,087. 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 \$350,896,289 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$138,044,159.

## **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 \$1,124,711,605 and incurred plan expenses of \$1,041,225,979 to produce a fiscal year surplus of \$83,485,626. The PEIA local and state agencies Pay Go premiums for FY 2024 are assumed to be \$160,000,000.

Under the Baseline Scenario, FY 2024 is projected to end with a reserve of \$329,464,586 and the FY 2024 PEIA/RHBT combined, projected plan expenditures of \$1,163,308,246, which represents 28% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$161,669,398. 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 \$510,629,084 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$140,738,445.

## **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 2024, using the Baseline assumptions. These projections are based on significant revenue increases as contained in the Financial Plan adopted by the Board in December 2019 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 2020**

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

|   | <b>Active<br/>Local<br/>Fund</b> | <b>State<br/>Fund</b> | <b>PEIA<br/>Total</b> |
|---|----------------------------------|-----------------------|-----------------------|
| <u>Revenues</u>                             |                                  |                       |                       |
| Employer Premiums - PPB                     | \$ 102,493,424                   | \$ 339,344,118        | \$ 441,837,542        |
| Employer Premiums - MCO                     | 4,832,294                        | 36,806,600            | 41,638,894            |
| Employee Premiums - PPB                     | -                                | 108,393,937           | 108,393,937           |
| Employee Premiums - MCO                     | -                                | 12,034,179            | 12,034,179            |
| WV RHBT Pay Go Premiums                     | 25,987,610                       | 115,389,645           | 141,377,255           |
| Life Insurance                              | 195,136                          | 926,964               | 1,122,100             |
| Direct Transfers                            | -                                | 31,000,000            | 31,000,000            |
| Investment Income                           | 569,894                          | 1,930,106             | 2,500,000             |
| Litigation Settlement                       | -                                | -                     | -                     |
| COBRA Premiums                              | 305,794                          | 1,269,709             | 1,575,503             |
| Administrative Fees                         | 730,029                          | 4,044,871             | 4,774,900             |
| Total Revenue                               | \$ 135,114,181                   | \$ 651,140,129        | \$ 786,254,310        |
| <u>Program Expenses</u>                     |                                  |                       |                       |
| Medical Claims                              | \$ 73,530,079                    | \$ 347,482,510        | \$ 421,012,589        |
| Gross Prescription Drug Claims              | 38,463,171                       | 185,036,001           | 223,499,172           |
| Prescription Drug Rebates                   | (14,413,690)                     | (69,340,396)          | (83,754,086)          |
| Managed Care Capitations                    | 4,461,070                        | 45,398,252            | 49,859,322            |
| Administration                              | 4,468,073                        | 21,224,943            | 25,693,016            |
| Life Insurance                              | 294,383                          | 1,398,426             | 1,692,809             |
| Wellness                                    | 66,550                           | 316,134               | 382,684               |
| ACA Reinsurance Contributions               | -                                | -                     | -                     |
| ACA PCORI Fees                              | 71,290                           | 347,104               | 418,394               |
| Director's Discretionary Fund               | 76,746                           | 364,288               | 441,034               |
| WV RHBT Pay Go Premiums                     | 25,987,610                       | 115,389,645           | 141,377,255           |
| Total Expenses                              | \$ 133,005,282                   | \$ 647,616,907        | \$ 780,622,188        |
| Fiscal Year Results                         | \$ 2,108,899                     | \$ 3,523,222          | \$ 5,632,122          |
| Beginning Plan Reserve                      | 57,715,171                       | 182,032,088           | 239,747,259           |
| Minimum Actuarial Reserve Required          | \$ 19,649,941                    | \$ 95,696,767         | \$ 115,346,708        |
| <u>Ending Premium Stabilization Reserve</u> | <u>40,174,129</u>                | <u>89,858,544</u>     | <u>130,032,673</u>    |
| Ending Plan Reserve                         | \$ 59,824,070                    | \$ 185,555,310        | \$ 245,379,381        |
| Reserve as a Percent of Expenses            |                                  |                       | 34%                   |

**KEY ASSUMPTIONS**

|                                    |               | <b>Claim and Other Expense Trends</b> |                |                    |
|------------------------------------|---------------|---------------------------------------|----------------|--------------------|
|                                    |               | <u>Eligibility</u>                    | <u>Medical</u> | <u>Gross Drugs</u> |
| Additional State Employer Premiums | \$ -          | Active Local                          | 8.0%           | 12.0%              |
| Additional Local Agency Revenue    | \$ -          | State                                 | 8.0%           | 12.0%              |
| Additional State Employee Premiums | \$ -          | Prescription Drug Rebates             |                | 20.0%              |
| Direct Transfers                   | \$ 31,000,000 | Capitations                           |                | 6.7%               |
|                                    |               | 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**

| <b>Local Fund</b>                           | <b>Baseline Projection</b> | <b>Board Decision</b> | <b>Ending Projection</b> |
|---|----------------------------|-----------------------|--------------------------|
| <u>Revenues</u>                             |                            |                       |                          |
| Employer Premiums - PPB                     | \$ 102,493,424             | \$ -                  | \$ 102,493,424           |
| Employer Premiums - MCO                     | 4,832,294                  | -                     | 4,832,294                |
| Employee Premiums - PPB                     | -                          | -                     | -                        |
| Employee Premiums - MCO                     | -                          | -                     | -                        |
| WV RHBT Pay Go Premiums                     | 25,987,610                 |                       | 25,987,610               |
| Life Insurance                              | 195,136                    |                       | 195,136                  |
| Direct Transfers                            | -                          |                       | -                        |
| Investment Income                           | 569,894                    |                       | 569,894                  |
| Litigation Settlement                       | -                          |                       | -                        |
| COBRA Premiums                              | 305,794                    |                       | 305,794                  |
| Administrative Fees                         | 730,029                    |                       | 730,029                  |
| <b>Total Revenue</b>                        | <b>\$ 135,114,181</b>      | <b>\$ -</b>           | <b>\$ 135,114,181</b>    |
| <u>Program Expenses</u>                     |                            |                       |                          |
| Medical Claims                              | \$ 72,760,079              | \$ 770,000            | \$ 73,530,079            |
| Gross Prescription Drug Claims              | 38,203,171                 | 260,000               | 38,463,171               |
| Prescription Drug Rebates                   | (14,413,690)               |                       | (14,413,690)             |
| Managed Care Capitations                    | 4,461,070                  |                       | 4,461,070                |
| Administration                              | 4,068,073                  | 400,000               | 4,468,073                |
| Life Insurance                              | 294,383                    |                       | 294,383                  |
| Wellness                                    | 66,550                     |                       | 66,550                   |
| ACA Reinsurance Contributions               | -                          |                       | -                        |
| ACA PCORI Fees                              | 71,290                     |                       | 71,290                   |
| Director's Discretionary Fund               | 76,746                     |                       | 76,746                   |
| WV RHBT Pay Go Premiums                     | 25,987,610                 |                       | 25,987,610               |
| <b>Total Expenses</b>                       | <b>\$ 131,575,282</b>      | <b>\$ 1,430,000</b>   | <b>\$ 133,005,282</b>    |
| Fiscal Year Results                         | \$ 3,538,899               |                       | \$ 2,108,899             |
| Beginning Plan Reserve                      | 57,715,171                 |                       | 57,715,171               |
| Minimum Actuarial Reserve Required          | \$ 19,649,941              | \$ -                  | \$ 19,649,941            |
| <u>Ending Premium Stabilization Reserve</u> | <u>41,604,129</u>          | <u>-</u>              | <u>40,174,129</u>        |
| Ending Plan Reserve                         | \$ 61,254,070              |                       | \$ 59,824,070            |
| Reserve as a Percent of Expenses            |                            |                       | 42%                      |

**KEY ASSUMPTIONS**

|                                 |      |                                       |                |                    |
|---------------------------------|------|---------------------------------------|----------------|--------------------|
| Additional Local Agency Revenue | \$ - | <b>Claim and Other Expense Trends</b> |                |                    |
|                                 |      | <u>Eligibility</u>                    | <u>Medical</u> | <u>Gross Drugs</u> |
|                                 |      | Local                                 | 8.0%           | 12.0%              |
|                                 |      | Prescription Drug Rebates             |                | 20.0%              |
|                                 |      | Capitations                           |                | 6.7%               |
|                                 |      | 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**

| <b>State Fund</b>                           | <b>Baseline Projection</b> | <b>Board Decision</b> | <b>Ending Projection</b> |
|---|----------------------------|-----------------------|--------------------------|
| <u>Revenues</u>                             |                            |                       |                          |
| Employer Premiums - PPB                     | \$ 339,344,118             | \$ -                  | \$ 339,344,118           |
| Employer Premiums - MCO                     | 36,806,600                 | -                     | 36,806,600               |
| Employee Premiums - PPB                     | 108,393,937                | -                     | 108,393,937              |
| Employee Premiums - MCO                     | 12,034,179                 | -                     | 12,034,179               |
| WV RHBT Pay Go Premiums                     | 115,389,645                |                       | 115,389,645              |
| Life Insurance                              | 926,964                    |                       | 926,964                  |
| Direct Transfers                            | 31,000,000                 |                       | 31,000,000               |
| Investment Income                           | 1,930,106                  |                       | 1,930,106                |
| Litigation Settlement                       | -                          |                       | -                        |
| COBRA Premiums                              | 1,269,709                  |                       | 1,269,709                |
| Administrative Fees                         | 4,044,871                  |                       | 4,044,871                |
| <b>Total Revenue</b>                        | <b>\$ 651,140,129</b>      | <b>\$ -</b>           | <b>\$ 651,140,129</b>    |
| <u>Program Expenses</u>                     |                            |                       |                          |
| Medical Claims                              | \$ 344,592,510             | \$ 2,890,000          | \$ 347,482,510           |
| Gross Prescription Drug Claims              | 183,546,001                | 1,490,000             | 185,036,001              |
| Prescription Drug Rebates                   | (69,340,396)               |                       | (69,340,396)             |
| Managed Care Capitations                    | 45,398,252                 |                       | 45,398,252               |
| Administration                              | 18,824,943                 | 2,400,000             | 21,224,943               |
| Life Insurance                              | 1,398,426                  |                       | 1,398,426                |
| Wellness                                    | 316,134                    |                       | 316,134                  |
| ACA Reinsurance Contributions               | -                          |                       | -                        |
| ACA PCORI Fees                              | 347,104                    |                       | 347,104                  |
| Director's Discretionary Fund               | 364,288                    |                       | 364,288                  |
| WV RHBT Pay Go Premiums                     | 115,389,645                |                       | 115,389,645              |
| <b>Total Expenses</b>                       | <b>\$ 640,836,907</b>      | <b>\$ 6,780,000</b>   | <b>\$ 647,616,907</b>    |
| Fiscal Year Results                         | \$ 10,303,222              |                       | \$ 3,523,222             |
| Beginning Plan Reserve                      | 182,032,088                |                       | 182,032,088              |
| Minimum Actuarial Reserve Required          | \$ 95,696,767              | \$ -                  | \$ 95,696,767            |
| <u>Ending Premium Stabilization Reserve</u> | <u>96,638,543</u>          | <u>-</u>              | <u>89,858,543</u>        |
| Ending Plan Reserve                         | \$ 192,335,310             |                       | \$ 185,555,310           |
| Reserve as a Percent of Expenses            |                            |                       | 27%                      |

**KEY ASSUMPTIONS**

|                                    |               |                                       |                |                    |
|------------------------------------|---------------|---------------------------------------|----------------|--------------------|
| Additional State Employer Premiums | \$ -          | <b>Claim and Other Expense Trends</b> |                |                    |
| Additional State Employee Premiums | \$ -          | <u>Eligibility</u>                    | <u>Medical</u> | <u>Gross Drugs</u> |
| Direct Transfers                   | \$ 31,000,000 | State                                 | 8.0%           | 12.0%              |
|                                    |               | Prescription Drug Rebates             |                | 20.0%              |
|                                    |               | Capitations                           |                | 6.7%               |
|                                    |               | 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**

|   | <b>Active<br/>Local<br/>Fund</b> | <b>State<br/>Fund</b> | <b>PEIA<br/>Total</b> |
|---|----------------------------------|-----------------------|-----------------------|
| <u>Revenues</u>                             |                                  |                       |                       |
| Employer Premiums - PPB                     | \$ 103,200,614                   | \$ 344,433,441        | \$ 447,634,054        |
| Employer Premiums - MCO                     | 4,883,632                        | 37,336,005            | 42,219,637            |
| Employee Premiums - PPB                     | -                                | 108,393,937           | 108,393,937           |
| Employee Premiums - MCO                     | -                                | 12,034,179            | 12,034,179            |
| WV RHBT Pay Go Premiums                     | 25,229,082                       | 109,770,918           | 135,000,000           |
| Life Insurance                              | 204,892                          | 973,312               | 1,178,204             |
| Direct Transfers                            | -                                | 21,000,000            | 21,000,000            |
| Investment Income                           | 2,842,681                        | 9,493,526             | 12,336,207            |
| Litigation Settlement                       | -                                | -                     | -                     |
| COBRA Premiums                              | 307,955                          | 1,284,076             | 1,592,031             |
| Administrative Fees                         | 730,029                          | 4,044,871             | 4,774,900             |
| <b>Total Revenue</b>                        | \$ 137,398,885                   | \$ 648,764,264        | \$ 786,163,149        |
| <u>Program Expenses</u>                     |                                  |                       |                       |
| Medical Claims                              | \$ 82,585,264                    | \$ 378,673,260        | \$ 461,258,524        |
| Gross Prescription Drug Claims              | 45,737,959                       | 213,422,125           | 259,160,084           |
| Prescription Drug Rebates                   | (17,616,005)                     | (82,199,784)          | (99,815,789)          |
| Managed Care Capitations                    | 4,728,734                        | 48,122,147            | 52,850,881            |
| Administration                              | 4,035,615                        | 18,565,691            | 22,601,306            |
| Life Insurance                              | 309,103                          | 1,468,347             | 1,777,450             |
| Wellness                                    | 36,000                           | 169,000               | 205,000               |
| ACA Reinsurance Contributions               | -                                | -                     | -                     |
| ACA PCORI Fees                              | 72,208                           | 344,778               | 416,986               |
| Director's Discretionary Fund               | 314,158                          | 1,446,950             | 1,761,108             |
| WV RHBT Pay Go Premiums                     | 25,229,082                       | 109,770,918           | 135,000,000           |
| <b>Total Expenses</b>                       | \$ 145,432,119                   | \$ 689,783,431        | \$ 835,215,550        |
| <b>Fiscal Year Results</b>                  | \$ (8,033,234)                   | \$ (41,019,167)       | \$ (49,052,401)       |
| Beginning Plan Reserve                      | 59,824,070                       | 185,555,310           | 245,379,381           |
| Minimum Actuarial Reserve Required          | \$ 22,511,271                    | \$ 106,320,576        | \$ 128,831,847        |
| <u>Ending Premium Stabilization Reserve</u> | <u>29,279,566</u>                | <u>38,215,567</u>     | <u>67,495,132</u>     |
| Ending Plan Reserve                         | \$ 51,790,836                    | \$ 144,536,143        | \$ 196,326,979        |
| Reserve as a Percent of Expenses            |                                  |                       | 25%                   |

**KEY ASSUMPTIONS**

|                                    |               |                                       |                |                    |
|------------------------------------|---------------|---------------------------------------|----------------|--------------------|
| Additional State Employer Premiums | \$ -          | <b>Claim and Other Expense Trends</b> |                |                    |
| Additional Local Agency Revenue    | \$ -          | <u>Eligibility</u>                    | <u>Medical</u> | <u>Gross Drugs</u> |
| Additional State Employee Premiums | \$ -          | Active Local                          | 8.5%           | 12.5%              |
| Direct Transfers                   | \$ 21,000,000 | State                                 | 8.5%           | 12.5%              |
|                                    |               | Prescription Drug Rebates             |                | 20.0%              |
|                                    |               | Capitations                           |                | 6.0%               |
|                                    |               | Administrative Expense                |                | 3.0%               |

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

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

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

| <b>Local Fund</b>                           | <b>Baseline Projection</b> | <b>Board Decision</b> | <b>Ending Projection</b> |
|---|----------------------------|-----------------------|--------------------------|
| <u>Revenues</u>                             |                            |                       |                          |
| Employer Premiums - PPB                     | \$ 103,200,614             | \$ -                  | \$ 103,200,614           |
| Employer Premiums - MCO                     | 4,883,632                  | -                     | 4,883,632                |
| Employee Premiums - PPB                     | -                          | -                     | -                        |
| Employee Premiums - MCO                     | -                          | -                     | -                        |
| WV RHBT Pay Go Premiums                     | 25,229,082                 |                       | 25,229,082               |
| Life Insurance                              | 204,892                    |                       | 204,892                  |
| Direct Transfers                            | -                          |                       | -                        |
| Investment Income                           | 2,842,681                  |                       | 2,842,681                |
| Litigation Settlement                       | -                          |                       | -                        |
| COBRA Premiums                              | 307,955                    |                       | 307,955                  |
| Administrative Fees                         | 730,029                    |                       | 730,029                  |
| <b>Total Revenue</b>                        | <b>\$ 137,398,885</b>      | <b>\$ -</b>           | <b>\$ 137,398,885</b>    |
| <u>Program Expenses</u>                     |                            |                       |                          |
| Medical Claims                              | \$ 82,585,264              |                       | \$ 82,585,264            |
| Gross Prescription Drug Claims              | 45,737,959                 |                       | 45,737,959               |
| Prescription Drug Rebates                   | (17,616,005)               |                       | (17,616,005)             |
| Managed Care Capitations                    | 4,728,734                  |                       | 4,728,734                |
| Administration                              | 4,035,615                  |                       | 4,035,615                |
| Life Insurance                              | 309,103                    |                       | 309,103                  |
| Wellness                                    | -                          | 36,000                | 36,000                   |
| ACA Reinsurance Contributions               | -                          |                       | -                        |
| ACA PCORI Fees                              | 72,208                     |                       | 72,208                   |
| Director's Discretionary Fund               | 314,158                    |                       | 314,158                  |
| WV RHBT Pay Go Premiums                     | 25,229,082                 |                       | 25,229,082               |
| <b>Total Expenses</b>                       | <b>\$ 145,396,119</b>      | <b>\$ 36,000</b>      | <b>\$ 145,432,119</b>    |
| <b>Fiscal Year Results</b>                  | <b>\$ (7,997,234)</b>      |                       | <b>\$ (8,033,234)</b>    |
| Beginning Plan Reserve                      | 59,824,070                 |                       | 59,824,070               |
| Minimum Actuarial Reserve Required          | \$ 22,511,271              | \$ -                  | \$ 22,511,271            |
| <u>Ending Premium Stabilization Reserve</u> | <u>29,315,566</u>          | <u>-</u>              | <u>29,279,566</u>        |
| Ending Plan Reserve                         | \$ 51,826,836              |                       | \$ 51,790,836            |
| Reserve as a Percent of Expenses            |                            |                       | 32%                      |

**KEY ASSUMPTIONS**

|                                 |      |                                       |                |                    |
|---------------------------------|------|---------------------------------------|----------------|--------------------|
| Additional Local Agency Revenue | \$ - | <b>Claim and Other Expense Trends</b> |                |                    |
|                                 |      | <u>Eligibility</u>                    | <u>Medical</u> | <u>Gross Drugs</u> |
|                                 |      | Local                                 | 8.5%           | 12.5%              |
|                                 |      | Prescription Drug Rebates             |                | 20.0%              |
|                                 |      | Capitations                           |                | 6.0%               |
|                                 |      | Administrative Expense                |                | 3.0%               |

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

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

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

| State Fund                                  | Baseline Projection | Board Decision | Ending Projection |
|---|---------------------|----------------|-------------------|
| <u>Revenues</u>                             |                     |                |                   |
| Employer Premiums - PPB                     | \$ 344,433,441      | \$ -           | \$ 344,433,441    |
| Employer Premiums - MCO                     | 37,336,005          | -              | 37,336,005        |
| Employee Premiums - PPB                     | 108,393,937         | -              | 108,393,937       |
| Employee Premiums - MCO                     | 12,034,179          | -              | 12,034,179        |
| WV RHBT Pay Go Premiums                     | 109,770,918         |                | 109,770,918       |
| Life Insurance                              | 973,312             |                | 973,312           |
| Direct Transfers                            | 21,000,000          |                | 21,000,000        |
| Investment Income                           | 9,493,526           |                | 9,493,526         |
| Litigation Settlement                       | -                   |                | -                 |
| COBRA Premiums                              | 1,284,076           |                | 1,284,076         |
| Administrative Fees                         | 4,044,871           |                | 4,044,871         |
| Total Revenue                               | \$ 648,764,264      | \$ -           | \$ 648,764,264    |
| <u>Program Expenses</u>                     |                     |                |                   |
| Medical Claims                              | \$ 378,673,260      |                | \$ 378,673,260    |
| Gross Prescription Drug Claims              | 213,422,125         |                | 213,422,125       |
| Prescription Drug Rebates                   | (82,199,784)        |                | (82,199,784)      |
| Managed Care Capitations                    | 48,122,147          |                | 48,122,147        |
| Administration                              | 18,565,691          |                | 18,565,691        |
| Life Insurance                              | 1,468,347           |                | 1,468,347         |
| Wellness                                    | -                   | 169,000        | 169,000           |
| ACA Reinsurance Contributions               | -                   |                | -                 |
| ACA PCORI Fees                              | 344,778             |                | 344,778           |
| Director's Discretionary Fund               | 1,446,950           |                | 1,446,950         |
| WV RHBT Pay Go Premiums                     | 109,770,918         |                | 109,770,918       |
| Total Expenses                              | \$ 689,614,431      | \$ 169,000     | \$ 689,783,431    |
| Fiscal Year Results                         | \$ (40,850,167)     |                | \$ (41,019,167)   |
| Beginning Plan Reserve                      | 185,555,310         |                | 185,555,310       |
| Minimum Actuarial Reserve Required          | \$ 106,320,576      | \$ -           | \$ 106,320,576    |
| <u>Ending Premium Stabilization Reserve</u> | <u>38,384,567</u>   | <u>-</u>       | <u>38,215,567</u> |
| Ending Plan Reserve                         | \$ 144,705,143      |                | \$ 144,536,143    |
| Reserve as a Percent of Expenses            |                     |                | 19%               |

**KEY ASSUMPTIONS**

|                                    |               |                                       |                |                    |
|------------------------------------|---------------|---------------------------------------|----------------|--------------------|
| Additional State Employer Premiums | \$ -          | <b>Claim and Other Expense Trends</b> |                |                    |
| Additional State Employee Premiums | \$ -          | <u>Eligibility</u>                    | <u>Medical</u> | <u>Gross Drugs</u> |
| Direct Transfers                   | \$ 21,000,000 | State                                 | 8.5%           | 12.5%              |
|                                    |               | Prescription Drug Rebates             |                | 20.0%              |
|                                    |               | Capitations                           |                | 6.0%               |
|                                    |               | Administrative Expense                |                | 3.0%               |

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

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

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

|   | <b>Active<br/>Local<br/>Fund</b> | <b>State<br/>Fund</b> | <b>PEIA<br/>Total</b> |
|---|----------------------------------|-----------------------|-----------------------|
| <u>Revenues</u>                             |                                  |                       |                       |
| Employer Premiums - PPB                     | \$ 115,519,125                   | \$ 400,913,317        | \$ 516,432,442        |
| Employer Premiums - MCO                     | 5,475,552                        | 43,445,697            | 48,921,249            |
| Employee Premiums - PPB                     | -                                | 123,245,120           | 123,245,120           |
| Employee Premiums - MCO                     | -                                | 13,682,996            | 13,682,996            |
| WV RHBT Pay Go Premiums                     | 26,818,651                       | 113,181,349           | 140,000,000           |
| Life Insurance                              | 215,137                          | 1,021,978             | 1,237,115             |
| Direct Transfers                            | -                                | 21,000,000            | 21,000,000            |
| Investment Income                           | 2,583,560                        | 8,067,864             | 10,651,424            |
| Litigation Settlement                       | -                                | -                     | -                     |
| COBRA Premiums                              | 344,740                          | 1,486,301             | 1,831,041             |
| Administrative Fees                         | 730,029                          | 4,044,871             | 4,774,900             |
| <b>Total Revenue</b>                        | \$ 151,686,794                   | \$ 730,089,493        | \$ 881,776,287        |
| <u>Program Expenses</u>                     |                                  |                       |                       |
| Medical Claims                              | \$ 89,939,812                    | \$ 399,852,639        | \$ 489,792,451        |
| Gross Prescription Drug Claims              | 52,598,866                       | 238,049,735           | 290,648,601           |
| Prescription Drug Rebates                   | (21,556,147)                     | (97,558,169)          | (119,114,316)         |
| Managed Care Capitations                    | 5,012,458                        | 51,009,476            | 56,021,934            |
| Administration                              | 4,156,684                        | 19,122,662            | 23,279,346            |
| Life Insurance                              | 324,558                          | 1,541,765             | 1,866,323             |
| Wellness                                    | 36,000                           | 169,000               | 205,000               |
| ACA Reinsurance Contributions               | -                                | -                     | -                     |
| ACA PCORI Fees                              | 73,542                           | 340,598               | 414,140               |
| Director's Discretionary Fund               | 321,470                          | 1,435,780             | 1,757,250             |
| WV RHBT Pay Go Premiums                     | 26,818,651                       | 113,181,349           | 140,000,000           |
| <b>Total Expenses</b>                       | \$ 157,725,894                   | \$ 727,144,835        | \$ 884,870,729        |
| <b>Fiscal Year Results</b>                  | \$ (6,039,100)                   | \$ 2,944,658          | \$ (3,094,442)        |
| Beginning Plan Reserve                      | 51,790,836                       | 144,536,143           | 196,326,979           |
| Minimum Actuarial Reserve Required          | \$ 24,383,406                    | \$ 111,832,845        | \$ 136,216,251        |
| <u>Ending Premium Stabilization Reserve</u> | <u>21,368,331</u>                | <u>35,647,956</u>     | <u>57,016,286</u>     |
| Ending Plan Reserve                         | \$ 45,751,737                    | \$ 147,480,800        | \$ 193,232,537        |
| Reserve as a Percent of Expenses            |                                  |                       | 24%                   |

**KEY ASSUMPTIONS**

|                                    |               |                                       |                |                    |
|------------------------------------|---------------|---------------------------------------|----------------|--------------------|
| Additional State Employer Premiums | \$ 66,000,000 | <b>Claim and Other Expense Trends</b> |                |                    |
| Additional Local Agency Revenue    | \$ 14,500,000 | <u>Eligibility</u>                    | <u>Medical</u> | <u>Gross Drugs</u> |
| Additional State Employee Premiums | \$ 16,500,000 | Active Local                          | 9.0%           | 13.0%              |
| Direct Transfers                   | \$ 21,000,000 | State                                 | 9.0%           | 13.0%              |
|                                    |               | Prescription Drug Rebates             |                | 20.0%              |
|                                    |               | Capitations                           |                | 6.0%               |
|                                    |               | Administrative Expense                |                | 3.0%               |

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

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

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

| <b>Local Fund</b>                           | <b>Baseline Projection</b> | <b>Board Decision</b> | <b>Ending Projection</b> |
|---|----------------------------|-----------------------|--------------------------|
| <u>Revenues</u>                             |                            |                       |                          |
| Employer Premiums - PPB                     | \$ 101,694,682             | \$ 13,824,443         | \$ 115,519,125           |
| Employer Premiums - MCO                     | 4,799,995                  | 675,557               | 5,475,552                |
| Employee Premiums - PPB                     | -                          | -                     | -                        |
| Employee Premiums - MCO                     | -                          | -                     | -                        |
| WV RHBT Pay Go Premiums                     | 26,818,651                 |                       | 26,818,651               |
| Life Insurance                              | 215,137                    |                       | 215,137                  |
| Direct Transfers                            | -                          |                       | -                        |
| Investment Income                           | 2,583,560                  |                       | 2,583,560                |
| Litigation Settlement                       | -                          |                       | -                        |
| COBRA Premiums                              | 344,740                    |                       | 344,740                  |
| Administrative Fees                         | 730,029                    |                       | 730,029                  |
| <b>Total Revenue</b>                        | <b>\$ 137,186,794</b>      | <b>\$ 14,500,000</b>  | <b>\$ 151,686,794</b>    |
| <u>Program Expenses</u>                     |                            |                       |                          |
| Medical Claims                              | \$ 89,939,812              |                       | \$ 89,939,812            |
| Gross Prescription Drug Claims              | 52,598,866                 |                       | 52,598,866               |
| Prescription Drug Rebates                   | (21,556,147)               |                       | (21,556,147)             |
| Managed Care Capitations                    | 5,012,458                  |                       | 5,012,458                |
| Administration                              | 4,156,684                  |                       | 4,156,684                |
| Life Insurance                              | 324,558                    |                       | 324,558                  |
| Wellness                                    | 36,000                     |                       | 36,000                   |
| ACA Reinsurance Contributions               | -                          |                       | -                        |
| ACA PCORI Fees                              | 73,542                     |                       | 73,542                   |
| Director's Discretionary Fund               | 321,470                    |                       | 321,470                  |
| WV RHBT Pay Go Premiums                     | 26,818,651                 |                       | 26,818,651               |
| <b>Total Expenses</b>                       | <b>\$ 157,725,894</b>      | <b>\$ -</b>           | <b>\$ 157,725,894</b>    |
| <b>Fiscal Year Results</b>                  | <b>\$ (20,539,100)</b>     |                       | <b>\$ (6,039,100)</b>    |
| Beginning Plan Reserve                      | 51,790,836                 |                       | 51,790,836               |
| Minimum Actuarial Reserve Required          | \$ 24,383,406              | \$ -                  | \$ 24,383,406            |
| <u>Ending Premium Stabilization Reserve</u> | <u>6,868,331</u>           | <u>-</u>              | <u>21,368,331</u>        |
| Ending Plan Reserve                         | \$ 31,251,736              |                       | \$ 45,751,736            |
| Reserve as a Percent of Expenses            |                            |                       | 26%                      |

**KEY ASSUMPTIONS**

|                                 |               |                                       |                |                    |
|---------------------------------|---------------|---------------------------------------|----------------|--------------------|
| Additional Local Agency Revenue | \$ 14,500,000 | <b>Claim and Other Expense Trends</b> |                |                    |
|                                 |               | <u>Eligibility</u>                    | <u>Medical</u> | <u>Gross Drugs</u> |
|                                 |               | Local                                 | 9.0%           | 13.0%              |
|                                 |               | Prescription Drug Rebates             |                | 20.0%              |
|                                 |               | Capitations                           |                | 6.0%               |
|                                 |               | Administrative Expense                |                | 3.0%               |

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

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

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

| <b>State Fund</b>                           | <b>Baseline Projection</b> | <b>Board Decision</b> | <b>Ending Projection</b> |
|---|----------------------------|-----------------------|--------------------------|
| <u>Revenues</u>                             |                            |                       |                          |
| Employer Premiums - PPB                     | \$ 341,353,108             | \$ 59,560,209         | \$ 400,913,317           |
| Employer Premiums - MCO                     | 37,005,906                 | 6,439,791             | 43,445,697               |
| Employee Premiums - PPB                     | 108,393,937                | 14,851,183            | 123,245,120              |
| Employee Premiums - MCO                     | 12,034,179                 | 1,648,817             | 13,682,996               |
| WV RHBT Pay Go Premiums                     | 113,181,349                |                       | 113,181,349              |
| Life Insurance                              | 1,021,978                  |                       | 1,021,978                |
| Direct Transfers                            | 21,000,000                 |                       | 21,000,000               |
| Investment Income                           | 8,067,864                  |                       | 8,067,864                |
| Litigation Settlement                       | -                          |                       | -                        |
| COBRA Premiums                              | 1,486,301                  |                       | 1,486,301                |
| Administrative Fees                         | 4,044,871                  |                       | 4,044,871                |
| <b>Total Revenue</b>                        | <b>\$ 647,589,493</b>      | <b>\$ 82,500,000</b>  | <b>\$ 730,089,493</b>    |
| <u>Program Expenses</u>                     |                            |                       |                          |
| Medical Claims                              | \$ 399,852,639             |                       | \$ 399,852,639           |
| Gross Prescription Drug Claims              | 238,049,735                |                       | 238,049,735              |
| Prescription Drug Rebates                   | (97,558,169)               |                       | (97,558,169)             |
| Managed Care Capitations                    | 51,009,476                 |                       | 51,009,476               |
| Administration                              | 19,122,662                 |                       | 19,122,662               |
| Life Insurance                              | 1,541,765                  |                       | 1,541,765                |
| Wellness                                    | 169,000                    |                       | 169,000                  |
| ACA Reinsurance Contributions               | -                          |                       | -                        |
| ACA PCORI Fees                              | 340,598                    |                       | 340,598                  |
| Director's Discretionary Fund               | 1,435,780                  |                       | 1,435,780                |
| WV RHBT Pay Go Premiums                     | 113,181,349                |                       | 113,181,349              |
| <b>Total Expenses</b>                       | <b>\$ 727,144,835</b>      | <b>\$ -</b>           | <b>\$ 727,144,835</b>    |
| <b>Fiscal Year Results</b>                  | <b>\$ (79,555,342)</b>     |                       | <b>\$ 2,944,658</b>      |
| Beginning Plan Reserve                      | 144,536,143                |                       | 144,536,143              |
| Minimum Actuarial Reserve Required          | \$ 111,832,845             | \$ -                  | \$ 111,832,845           |
| <u>Ending Premium Stabilization Reserve</u> | <u>(46,852,044)</u>        | <u>-</u>              | <u>35,647,956</u>        |
| Ending Plan Reserve                         | \$ 64,980,801              |                       | \$ 147,480,801           |
| Reserve as a Percent of Expenses            |                            |                       | 18%                      |

**KEY ASSUMPTIONS**

|                                    |               |                                       |                |                    |
|------------------------------------|---------------|---------------------------------------|----------------|--------------------|
| Additional State Employer Premiums | \$ 66,000,000 | <b>Claim and Other Expense Trends</b> |                |                    |
| Additional State Employee Premiums | \$ 16,500,000 | <u>Eligibility</u>                    | <u>Medical</u> | <u>Gross Drugs</u> |
| Direct Transfers                   | \$ 21,000,000 | State                                 | 9.0%           | 13.0%              |
|                                    |               | Prescription Drug Rebates             |                | 20.0%              |
|                                    |               | Capitations                           |                | 6.0%               |
|                                    |               | Administrative Expense                |                | 3.0%               |



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

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

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

|   | <b>Active<br/>Local<br/>Fund</b> | <b>State<br/>Fund</b> | <b>PEIA<br/>Total</b>   |
|---|----------------------------------|-----------------------|-------------------------|
| <u>Revenues</u>                             |                                  |                       |                         |
| Employer Premiums - PPB                     | \$ 126,849,910                   | \$ 476,379,506        | \$ 603,229,416          |
| Employer Premiums - MCO                     | 6,012,616                        | 51,611,660            | 57,624,275              |
| Employee Premiums - PPB                     | -                                | 143,766,754           | 143,766,754             |
| Employee Premiums - MCO                     | -                                | 15,961,362            | 15,961,362              |
| WV RHBT Pay Go Premiums                     | 29,450,803                       | 120,549,197           | 150,000,000             |
| Life Insurance                              | 225,894                          | 1,073,077             | 1,298,971               |
| Direct Transfers                            | -                                | 21,000,000            | 21,000,000              |
| Investment Income                           | 2,412,395                        | 8,423,070             | 10,835,465              |
| Litigation Settlement                       | -                                | -                     | -                       |
| COBRA Premiums                              | 378,554                          | 1,758,439             | 2,136,993               |
| Administrative Fees                         | 730,029                          | 4,044,871             | 4,774,900               |
| <b>Total Revenue</b>                        | <b>\$ 166,060,200</b>            | <b>\$ 844,567,936</b> | <b>\$ 1,010,628,136</b> |
| <u>Program Expenses</u>                     |                                  |                       |                         |
| Medical Claims                              | \$ 100,530,632                   | \$ 433,714,414        | \$ 534,245,046          |
| Gross Prescription Drug Claims              | 60,945,524                       | 267,664,414           | 328,609,937             |
| Prescription Drug Rebates                   | (26,459,326)                     | (116,206,213)         | (142,665,539)           |
| Managed Care Capitations                    | 5,313,206                        | 54,070,044            | 59,383,250              |
| Administration                              | 4,281,384                        | 19,696,342            | 23,977,726              |
| Life Insurance                              | 340,786                          | 1,618,853             | 1,959,639               |
| Wellness                                    | 36,000                           | 169,000               | 205,000                 |
| ACA Reinsurance Contributions               | -                                | -                     | -                       |
| ACA PCORI Fees                              | 74,993                           | 336,863               | 411,856                 |
| Director's Discretionary Fund               | 328,979                          | 1,425,818             | 1,754,797               |
| WV RHBT Pay Go Premiums                     | 29,450,803                       | 120,549,197           | 150,000,000             |
| <b>Total Expenses</b>                       | <b>\$ 174,842,980</b>            | <b>\$ 783,038,732</b> | <b>\$ 957,881,712</b>   |
| <b>Fiscal Year Results</b>                  | <b>\$ (8,782,780)</b>            | <b>\$ 61,529,204</b>  | <b>\$ 52,746,424</b>    |
| Beginning Plan Reserve                      | 45,751,737                       | 147,480,800           | 193,232,537             |
| Minimum Actuarial Reserve Required          | \$ 27,137,833                    | \$ 120,852,254        | \$ 147,990,087          |
| <u>Ending Premium Stabilization Reserve</u> | <u>9,831,123</u>                 | <u>88,157,750</u>     | <u>97,988,874</u>       |
| Ending Plan Reserve                         | \$ 36,968,956                    | \$ 209,010,004        | \$ 245,978,961          |
| Reserve as a Percent of Expenses            |                                  |                       | 27%                     |

**KEY ASSUMPTIONS**

|                                    |               |                                       |                |                    |
|------------------------------------|---------------|---------------------------------------|----------------|--------------------|
| Additional State Employer Premiums | \$ 91,000,000 | <b>Claim and Other Expense Trends</b> |                |                    |
| Additional Local Agency Revenue    | \$ 14,500,000 | <u>Eligibility</u>                    | <u>Medical</u> | <u>Gross Drugs</u> |
| Additional State Employee Premiums | \$ 22,800,000 | Active Local                          | 9.5%           | 13.5%              |
| Direct Transfers                   | \$ 21,000,000 | State                                 | 9.5%           | 13.5%              |
|                                    |               | Prescription Drug Rebates             |                | 20.0%              |
|                                    |               | Capitations                           |                | 6.0%               |
|                                    |               | Administrative Expense                |                | 3.0%               |

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

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

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

| <b>Local Fund</b>                           | <b>Baseline Projection</b> | <b>Board Decision</b> | <b>Ending Projection</b> |
|---|----------------------------|-----------------------|--------------------------|
| <u>Revenues</u>                             |                            |                       |                          |
| Employer Premiums - PPB                     | \$ 113,025,467             | \$ 13,824,443         | \$ 126,849,910           |
| Employer Premiums - MCO                     | 5,337,059                  | 675,557               | 6,012,616                |
| Employee Premiums - PPB                     | -                          | -                     | -                        |
| Employee Premiums - MCO                     | -                          | -                     | -                        |
| WV RHBT Pay Go Premiums                     | 29,450,803                 |                       | 29,450,803               |
| Life Insurance                              | 225,894                    |                       | 225,894                  |
| Direct Transfers                            | -                          |                       | -                        |
| Investment Income                           | 2,412,395                  |                       | 2,412,395                |
| Litigation Settlement                       | -                          |                       | -                        |
| COBRA Premiums                              | 378,554                    |                       | 378,554                  |
| Administrative Fees                         | 730,029                    |                       | 730,029                  |
| <b>Total Revenue</b>                        | <b>\$ 151,560,200</b>      | <b>\$ 14,500,000</b>  | <b>\$ 166,060,200</b>    |
| <u>Program Expenses</u>                     |                            |                       |                          |
| Medical Claims                              | \$ 100,530,632             |                       | \$ 100,530,632           |
| Gross Prescription Drug Claims              | 60,945,524                 |                       | 60,945,524               |
| Prescription Drug Rebates                   | (26,459,326)               |                       | (26,459,326)             |
| Managed Care Capitations                    | 5,313,206                  |                       | 5,313,206                |
| Administration                              | 4,281,384                  |                       | 4,281,384                |
| Life Insurance                              | 340,786                    |                       | 340,786                  |
| Wellness                                    | 36,000                     |                       | 36,000                   |
| ACA Reinsurance Contributions               | -                          |                       | -                        |
| ACA PCORI Fees                              | 74,993                     |                       | 74,993                   |
| Director's Discretionary Fund               | 328,979                    |                       | 328,979                  |
| WV RHBT Pay Go Premiums                     | 29,450,803                 |                       | 29,450,803               |
| <b>Total Expenses</b>                       | <b>\$ 174,842,981</b>      | <b>\$ -</b>           | <b>\$ 174,842,981</b>    |
| <b>Fiscal Year Results</b>                  | <b>\$ (23,282,781)</b>     |                       | <b>\$ (8,782,781)</b>    |
| Beginning Plan Reserve                      | 45,751,737                 |                       | 45,751,737               |
| Minimum Actuarial Reserve Required          | \$ 27,137,833              | \$ -                  | \$ 27,137,833            |
| <u>Ending Premium Stabilization Reserve</u> | <u>(4,668,877)</u>         | <u>-</u>              | <u>9,831,123</u>         |
| Ending Plan Reserve                         | \$ 22,468,956              |                       | \$ 36,968,956            |
| Reserve as a Percent of Expenses            |                            |                       | 19%                      |

**KEY ASSUMPTIONS**

|                                 |               |                                       |                |                    |
|---------------------------------|---------------|---------------------------------------|----------------|--------------------|
| Additional Local Agency Revenue | \$ 14,500,000 | <b>Claim and Other Expense Trends</b> |                |                    |
|                                 |               | <u>Eligibility</u>                    | <u>Medical</u> | <u>Gross Drugs</u> |
|                                 |               | Local                                 | 9.5%           | 13.5%              |
|                                 |               | Prescription Drug Rebates             |                | 20.0%              |
|                                 |               | Capitations                           |                | 6.0%               |
|                                 |               | Administrative Expense                |                | 3.0%               |

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

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

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

| <b>State Fund</b>                           | <b>Baseline Projection</b> | <b>Board Decision</b> | <b>Ending Projection</b> |
|---|----------------------------|-----------------------|--------------------------|
| <u>Revenues</u>                             |                            |                       |                          |
| Employer Premiums - PPB                     | \$ 394,258,612             | \$ 82,120,894         | \$ 476,379,506           |
| Employer Premiums - MCO                     | 42,732,554                 | 8,879,106             | 51,611,660               |
| Employee Premiums - PPB                     | 123,245,120                | 20,521,634            | 143,766,754              |
| Employee Premiums - MCO                     | 13,682,996                 | 2,278,366             | 15,961,362               |
| WV RHBT Pay Go Premiums                     | 120,549,197                |                       | 120,549,197              |
| Life Insurance                              | 1,073,077                  |                       | 1,073,077                |
| Direct Transfers                            | 21,000,000                 |                       | 21,000,000               |
| Investment Income                           | 8,423,070                  |                       | 8,423,070                |
| Litigation Settlement                       | -                          |                       | -                        |
| COBRA Premiums                              | 1,758,439                  |                       | 1,758,439                |
| Administrative Fees                         | 4,044,871                  |                       | 4,044,871                |
| <b>Total Revenue</b>                        | <b>\$ 730,767,936</b>      | <b>\$ 113,800,000</b> | <b>\$ 844,567,936</b>    |
| <u>Program Expenses</u>                     |                            |                       |                          |
| Medical Claims                              | \$ 433,714,414             |                       | \$ 433,714,414           |
| Gross Prescription Drug Claims              | 267,664,414                |                       | 267,664,414              |
| Prescription Drug Rebates                   | (116,206,213)              |                       | (116,206,213)            |
| Managed Care Capitations                    | 54,070,044                 |                       | 54,070,044               |
| Administration                              | 19,696,342                 |                       | 19,696,342               |
| Life Insurance                              | 1,618,853                  |                       | 1,618,853                |
| Wellness                                    | 169,000                    |                       | 169,000                  |
| ACA Reinsurance Contributions               | -                          |                       | -                        |
| ACA PCORI Fees                              | 336,863                    |                       | 336,863                  |
| Director's Discretionary Fund               | 1,425,818                  |                       | 1,425,818                |
| WV RHBT Pay Go Premiums                     | 120,549,197                |                       | 120,549,197              |
| <b>Total Expenses</b>                       | <b>\$ 783,038,732</b>      | <b>\$ -</b>           | <b>\$ 783,038,732</b>    |
| Fiscal Year Results                         | \$ (52,270,796)            |                       | \$ 61,529,204            |
| Beginning Plan Reserve                      | 147,480,800                |                       | 147,480,800              |
| Minimum Actuarial Reserve Required          | \$ 120,852,254             | \$ -                  | \$ 120,852,254           |
| <u>Ending Premium Stabilization Reserve</u> | <u>(25,642,250)</u>        | <u>-</u>              | <u>88,157,750</u>        |
| Ending Plan Reserve                         | \$ 95,210,004              |                       | \$ 209,010,004           |
| Reserve as a Percent of Expenses            |                            |                       | 24%                      |

**KEY ASSUMPTIONS**

|                                    |               |                                       |                |                    |
|------------------------------------|---------------|---------------------------------------|----------------|--------------------|
| Additional State Employer Premiums | \$ 91,000,000 | <b>Claim and Other Expense Trends</b> |                |                    |
| Additional State Employee Premiums | \$ 22,800,000 | <u>Eligibility</u>                    | <u>Medical</u> | <u>Gross Drugs</u> |
| Direct Transfers                   | \$ 21,000,000 | State                                 | 9.5%           | 13.5%              |
|                                    |               | Prescription Drug Rebates             |                | 20.0%              |
|                                    |               | Capitations                           |                | 6.0%               |
|                                    |               | Administrative Expense                |                | 3.0%               |

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
FINANCIAL FORECAST  
FISCAL YEAR 2024**

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

|   | <b>Active<br/>Local<br/>Fund</b> | <b>State<br/>Fund</b> | <b>PEIA<br/>Total</b> |
|---|----------------------------------|-----------------------|-----------------------|
| <u>Revenues</u>                             |                                  |                       |                       |
| Employer Premiums - PPB                     | \$ 152,867,308                   | \$ 528,469,568        | \$ 681,336,876        |
| Employer Premiums - MCO                     | 7,266,759                        | 57,250,056            | 64,516,815            |
| Employee Premiums - PPB                     | -                                | 158,437,923           | 158,437,923           |
| Employee Premiums - MCO                     | -                                | 17,590,193            | 17,590,193            |
| WV RHBT Pay Go Premiums                     | 32,179,261                       | 127,820,739           | 160,000,000           |
| Life Insurance                              | 237,189                          | 1,126,730             | 1,363,919             |
| Direct Transfers                            | -                                | 21,000,000            | 21,000,000            |
| Investment Income                           | 2,141,445                        | 11,145,555            | 13,287,000            |
| Litigation Settlement                       | -                                | -                     | -                     |
| COBRA Premiums                              | 456,256                          | 1,947,723             | 2,403,979             |
| Administrative Fees                         | 730,029                          | 4,044,871             | 4,774,900             |
| <b>Total Revenue</b>                        | \$ 195,878,247                   | \$ 928,833,358        | \$ 1,124,711,605      |
| <u>Program Expenses</u>                     |                                  |                       |                       |
| Medical Claims                              | \$ 113,140,159                   | \$ 473,344,989        | \$ 586,485,148        |
| Gross Prescription Drug Claims              | 71,090,119                       | 302,770,580           | 373,860,699           |
| Prescription Drug Rebates                   | (32,551,796)                     | (138,637,816)         | (171,189,612)         |
| Managed Care Capitations                    | 5,631,998                        | 57,314,247            | 62,946,245            |
| Administration                              | 4,409,826                        | 20,287,232            | 24,697,058            |
| Life Insurance                              | 357,825                          | 1,699,796             | 2,057,621             |
| Wellness                                    | 36,000                           | 169,000               | 205,000               |
| ACA Reinsurance Contributions               | -                                | -                     | -                     |
| ACA PCORI Fees                              | 76,709                           | 334,378               | 411,087               |
| Director's Discretionary Fund               | 336,881                          | 1,415,852             | 1,752,733             |
| WV RHBT Pay Go Premiums                     | 32,179,261                       | 127,820,739           | 160,000,000           |
| <b>Total Expenses</b>                       | \$ 194,706,982                   | \$ 846,518,998        | \$ 1,041,225,979      |
| <b>Fiscal Year Results</b>                  | \$ 1,171,265                     | \$ 82,314,360         | \$ 83,485,626         |
| Beginning Plan Reserve                      | 36,968,956                       | 209,010,004           | 245,978,961           |
| Minimum Actuarial Reserve Required          | \$ 30,388,714                    | \$ 131,280,684        | \$ 161,669,398        |
| <u>Ending Premium Stabilization Reserve</u> | <u>7,751,507</u>                 | <u>160,043,681</u>    | <u>167,795,188</u>    |
| Ending Plan Reserve                         | \$ 38,140,221                    | \$ 291,324,365        | \$ 329,464,586        |
| Reserve as a Percent of Expenses            |                                  |                       | 32%                   |

**KEY ASSUMPTIONS**

|                                    |               |                                       |                |                    |
|------------------------------------|---------------|---------------------------------------|----------------|--------------------|
| Additional State Employer Premiums | \$ 65,000,000 | <b>Claim and Other Expense Trends</b> |                |                    |
| Additional Local Agency Revenue    | \$ 30,000,000 | <u>Eligibility</u>                    | <u>Medical</u> | <u>Gross Drugs</u> |
| Additional State Employee Premiums | \$ 16,300,000 | Active Local                          | 10.0%          | 14.0%              |
| Direct Transfers                   | \$ 21,000,000 | State                                 | 10.0%          | 14.0%              |
|                                    |               | Prescription Drug Rebates             |                | 20.0%              |
|                                    |               | Capitations                           |                | 6.0%               |
|                                    |               | Administrative Expense                |                | 3.0%               |

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY**  
**FINANCIAL FORECAST**  
**FISCAL YEAR 2024**

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

| <b>Local Fund</b>                           | <b>Baseline Projection</b> | <b>Board Decision</b> | <b>Ending Projection</b> |
|---|----------------------------|-----------------------|--------------------------|
| <u>Revenues</u>                             |                            |                       |                          |
| Employer Premiums - PPB                     | \$ 124,265,012             | \$ 28,602,296         | \$ 152,867,308           |
| Employer Premiums - MCO                     | 5,869,055                  | 1,397,704             | 7,266,759                |
| Employee Premiums - PPB                     | -                          | -                     | -                        |
| Employee Premiums - MCO                     | -                          | -                     | -                        |
| WV RHBT Pay Go Premiums                     | 32,179,261                 |                       | 32,179,261               |
| Life Insurance                              | 237,189                    |                       | 237,189                  |
| Direct Transfers                            | -                          |                       | -                        |
| Investment Income                           | 2,141,445                  |                       | 2,141,445                |
| Litigation Settlement                       | -                          |                       | -                        |
| COBRA Premiums                              | 456,256                    |                       | 456,256                  |
| Administrative Fees                         | 730,029                    |                       | 730,029                  |
| <b>Total Revenue</b>                        | <b>\$ 165,878,247</b>      | <b>\$ 30,000,000</b>  | <b>\$ 195,878,247</b>    |
| <u>Program Expenses</u>                     |                            |                       |                          |
| Medical Claims                              | \$ 113,140,159             |                       | \$ 113,140,159           |
| Gross Prescription Drug Claims              | 71,090,119                 |                       | 71,090,119               |
| Prescription Drug Rebates                   | (32,551,796)               |                       | (32,551,796)             |
| Managed Care Capitations                    | 5,631,998                  |                       | 5,631,998                |
| Administration                              | 4,409,826                  |                       | 4,409,826                |
| Life Insurance                              | 357,825                    |                       | 357,825                  |
| Wellness                                    | 36,000                     |                       | 36,000                   |
| ACA Reinsurance Contributions               | -                          |                       | -                        |
| ACA PCORI Fees                              | 76,709                     |                       | 76,709                   |
| Director's Discretionary Fund               | 336,881                    |                       | 336,881                  |
| WV RHBT Pay Go Premiums                     | 32,179,261                 |                       | 32,179,261               |
| <b>Total Expenses</b>                       | <b>\$ 194,706,982</b>      | <b>\$ -</b>           | <b>\$ 194,706,982</b>    |
| Fiscal Year Results                         | \$ (28,828,735)            |                       | \$ 1,171,265             |
| Beginning Plan Reserve                      | 36,968,956                 |                       | 36,968,956               |
| Minimum Actuarial Reserve Required          | \$ 30,388,714              | \$ -                  | \$ 30,388,714            |
| <u>Ending Premium Stabilization Reserve</u> | <u>(22,248,493)</u>        | <u>-</u>              | <u>7,751,507</u>         |
| Ending Plan Reserve                         | \$ 8,140,221               |                       | \$ 38,140,221            |
| Reserve as a Percent of Expenses            |                            |                       | 18%                      |

**KEY ASSUMPTIONS**

|                                 |               |                                       |                |                    |
|---------------------------------|---------------|---------------------------------------|----------------|--------------------|
| Additional Local Agency Revenue | \$ 30,000,000 | <b>Claim and Other Expense Trends</b> |                |                    |
|                                 |               | <u>Eligibility</u>                    | <u>Medical</u> | <u>Gross Drugs</u> |
|                                 |               | Local                                 | 10.0%          | 14.0%              |
|                                 |               | Prescription Drug Rebates             |                | 20.0%              |
|                                 |               | Capitations                           |                | 6.0%               |
|                                 |               | Administrative Expense                |                | 3.0%               |

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY**  
**FINANCIAL FORECAST**  
**FISCAL YEAR 2024**

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

| State Fund                                  | Baseline Projection   | Board Decision       | Ending Projection     |
|---|-----------------------|----------------------|-----------------------|
| <u>Revenues</u>                             |                       |                      |                       |
| Employer Premiums - PPB                     | \$ 469,811,787        | \$ 58,657,781        | \$ 528,469,568        |
| Employer Premiums - MCO                     | 50,907,837            | 6,342,219            | 57,250,056            |
| Employee Premiums - PPB                     | 143,766,755           | 14,671,168           | 158,437,923           |
| Employee Premiums - MCO                     | 15,961,361            | 1,628,832            | 17,590,193            |
| WV RHBT Pay Go Premiums                     | 127,820,739           |                      | 127,820,739           |
| Life Insurance                              | 1,126,730             |                      | 1,126,730             |
| Direct Transfers                            | 21,000,000            |                      | 21,000,000            |
| Investment Income                           | 11,145,555            |                      | 11,145,555            |
| Litigation Settlement                       | -                     |                      | -                     |
| COBRA Premiums                              | 1,947,723             |                      | 1,947,723             |
| Administrative Fees                         | 4,044,871             |                      | 4,044,871             |
| <b>Total Revenue</b>                        | <b>\$ 847,533,358</b> | <b>\$ 81,300,000</b> | <b>\$ 928,833,358</b> |
| <u>Program Expenses</u>                     |                       |                      |                       |
| Medical Claims                              | \$ 473,344,989        |                      | \$ 473,344,989        |
| Gross Prescription Drug Claims              | 302,770,580           |                      | 302,770,580           |
| Prescription Drug Rebates                   | (138,637,816)         |                      | (138,637,816)         |
| Managed Care Capitations                    | 57,314,247            |                      | 57,314,247            |
| Administration                              | 20,287,232            |                      | 20,287,232            |
| Life Insurance                              | 1,699,796             |                      | 1,699,796             |
| Wellness                                    | 169,000               |                      | 169,000               |
| ACA Reinsurance Contributions               | -                     |                      | -                     |
| ACA PCORI Fees                              | 334,378               |                      | 334,378               |
| Director's Discretionary Fund               | 1,415,852             |                      | 1,415,852             |
| WV RHBT Pay Go Premiums                     | 127,820,739           |                      | 127,820,739           |
| <b>Total Expenses</b>                       | <b>\$ 846,518,998</b> | <b>\$ -</b>          | <b>\$ 846,518,998</b> |
| Fiscal Year Results                         | \$ 1,014,360          |                      | \$ 82,314,360         |
| Beginning Plan Reserve                      | 209,010,004           |                      | 209,010,004           |
| Minimum Actuarial Reserve Required          | \$ 131,280,684        | \$ -                 | \$ 131,280,684        |
| <u>Ending Premium Stabilization Reserve</u> | <u>78,743,681</u>     | <u>-</u>             | <u>160,043,681</u>    |
| Ending Plan Reserve                         | \$ 210,024,364        |                      | \$ 291,324,364        |
| Reserve as a Percent of Expenses            |                       |                      | 31%                   |

**KEY ASSUMPTIONS**

|                                    |               |                                       |                |                    |
|------------------------------------|---------------|---------------------------------------|----------------|--------------------|
| Additional State Employer Premiums | \$ 65,000,000 | <b>Claim and Other Expense Trends</b> |                |                    |
| Additional State Employee Premiums | \$ 16,300,000 | <u>Eligibility</u>                    | <u>Medical</u> | <u>Gross Drugs</u> |
| Direct Transfers                   | \$ 21,000,000 | State                                 | 10.0%          | 14.0%              |
|                                    |               | Prescription Drug Rebates             |                | 20.0%              |
|                                    |               | Capitations                           |                | 6.0%               |
|                                    |               | Administrative Expense                |                | 3.0%               |

**Attachment - PEIA  
Historical Monthly Medical and Drug Trends  
FY 2019 to FY 2020**

| <b>Fiscal Year 2019</b>                                     |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Exposure</b>   | <b><u>Jul-18</u></b> | <b><u>Aug-18</u></b> | <b><u>Sep-18</u></b> | <b><u>Oct-18</u></b> | <b><u>Nov-18</u></b> | <b><u>Dec-18</u></b> | <b><u>Jan-19</u></b> | <b><u>Feb-19</u></b> | <b><u>Mar-19</u></b> | <b><u>Apr-19</u></b> | <b><u>May-19</u></b> | <b><u>Jun-19</u></b> |
| <b>Local Medical</b>  | 25,510               | 25,503               | 25,483               | 25,393               | 25,328               | 25,394               | 25,338               | 25,436               | 25,640               | 25,642               | 25,584               | 25,592               |
| <b>State Medical</b>  | 118,778              | 118,216              | 117,851              | 118,181              | 118,212              | 118,213              | 118,043              | 117,739              | 117,803              | 117,677              | 117,702              | 117,545              |
| <b>Local Drugs</b>  | 25,510               | 25,503               | 25,483               | 25,393               | 25,328               | 25,394               | 25,338               | 25,436               | 25,640               | 25,642               | 25,584               | 25,592               |
| <b>State Drugs</b>  | 118,778              | 118,216              | 117,851              | 118,181              | 118,212              | 118,213              | 118,043              | 117,739              | 117,803              | 117,677              | 117,702              | 117,545              |
| <b>Local Medical</b>  | <u>\$153.15</u>      | <u>\$182.12</u>      | <u>\$197.40</u>      | <u>\$217.95</u>      | <u>\$231.71</u>      | <u>\$198.71</u>      | <u>\$265.05</u>      | <u>\$221.13</u>      | <u>\$238.83</u>      | <u>\$267.41</u>      | <u>\$232.39</u>      | <u>\$244.36</u>      |
| <b>State Medical</b>  | 207.04               | 199.01               | 181.40               | 244.72               | 215.46               | 212.27               | 256.15               | 228.19               | 247.65               | 241.40               | 254.97               | 249.71               |
| <b>Local Drugs</b>  | 97.39                | 105.12               | 92.44                | 112.68               | 102.85               | 101.02               | 127.40               | 110.21               | 129.72               | 127.44               | 134.39               | 122.89               |
| <b>State Drugs</b>  | <u>102.39</u>        | <u>107.79</u>        | <u>100.15</u>        | <u>119.69</u>        | <u>106.94</u>        | <u>107.99</u>        | <u>131.88</u>        | <u>116.82</u>        | <u>129.18</u>        | <u>141.19</u>        | <u>134.28</u>        | <u>132.92</u>        |
| <b>Total</b>  | \$559.98             | \$594.03             | \$571.39             | \$695.04             | \$656.96             | \$619.99             | \$780.48             | \$676.36             | \$745.39             | \$777.44             | \$756.02             | \$749.88             |
| <b>Change From Prior Year - Month to Month Analysis</b>     |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| <b>Local Medical</b>  | -0.9%                | -1.4%                | 9.6%                 | 1.1%                 | 12.7%                | 13.3%                | 18.4%                | 9.1%                 | 15.0%                | 6.8%                 | -10.2%               | 16.2%                |
| <b>State Medical</b>  | 17.2%                | 3.9%                 | -2.8%                | 22.9%                | 2.9%                 | 11.2%                | 14.7%                | 13.5%                | 9.5%                 | 1.8%                 | -1.3%                | -0.3%                |
| <b>Local Drugs</b>  | -15.6%               | 6.8%                 | 20.2%                | -5.4%                | 16.5%                | 14.5%                | 13.8%                | 34.1%                | 42.9%                | 26.6%                | 22.0%                | 13.2%                |
| <b>State Drugs</b>  | <u>-13.5%</u>        | <u>7.7%</u>          | <u>24.5%</u>         | <u>-1.7%</u>         | <u>21.4%</u>         | <u>25.2%</u>         | <u>15.1%</u>         | <u>31.1%</u>         | <u>31.9%</u>         | <u>34.7%</u>         | <u>16.9%</u>         | <u>14.6%</u>         |
| <b>Total</b>  | -0.9%                | 3.3%                 | 9.0%                 | 6.0%                 | 11.1%                | 14.7%                | 15.9%                | 17.6%                | 19.7%                | 12.2%                | 1.9%                 | 9.4%                 |
| <b>Change From Prior Year - Quarter to Quarter Analysis</b> |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| <b>Local Medical</b>  |                      |                      | 2.5%                 |                      |                      | 8.7%                 |                      |                      | 14.3%                |                      |                      | 3.4%                 |
| <b>State Medical</b>  |                      |                      | 5.9%                 |                      |                      | 12.2%                |                      |                      | 12.5%                |                      |                      | 0.0%                 |
| <b>Local Drugs</b>  |                      |                      | 1.5%                 |                      |                      | 7.1%                 |                      |                      | 28.9%                |                      |                      | 20.5%                |
| <b>State Drugs</b>  |                      |                      | <u>3.8%</u>          |                      |                      | <u>13.0%</u>         |                      |                      | <u>25.3%</u>         |                      |                      | <u>21.7%</u>         |
| <b>Total</b>  |                      |                      | 3.7%                 |                      |                      | 10.3%                |                      |                      | 17.7%                |                      |                      | 7.7%                 |
| <b>Change From Prior Year - Year to Year Analysis</b>       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| <b>Local Medical</b>  |                      |                      | -5.8%                |                      |                      | -2.1%                |                      |                      | 4.9%                 |                      |                      | 7.3%                 |
| <b>State Medical</b>  |                      |                      | -0.4%                |                      |                      | 2.6%                 |                      |                      | 6.7%                 |                      |                      | 7.3%                 |
| <b>Local Drugs</b>  |                      |                      | 2.6%                 |                      |                      | 1.7%                 |                      |                      | 9.2%                 |                      |                      | 14.5%                |
| <b>State Drugs</b>  |                      |                      | <u>2.9%</u>          |                      |                      | <u>4.6%</u>          |                      |                      | <u>11.3%</u>         |                      |                      | <u>16.1%</u>         |
| <b>Total</b>  |                      |                      | -1.3%                |                      |                      | 1.2%                 |                      |                      | 7.2%                 |                      |                      | 9.9%                 |

**Attachment - PEIA  
Historical Monthly Medical and Drug Trends  
FY 2019 to FY 2020**

| Fiscal Year 2020  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Exposure  | <u>Jul-19</u>   | <u>Aug-19</u>   | <u>Sep-19</u>   | <u>Oct-19</u>   | <u>Nov-19</u>   | <u>Dec-19</u>   | <u>Jan-20</u>   | <u>Feb-20</u>   | <u>Mar-20</u>   | <u>Apr-20</u>   | <u>May-20</u>   |
| Local Medical   | 25,896          | 26,417          | 26,500          | 26,626          | 26,640          | 26,612          | 26,689          | 26,637          | 26,717          | 26,632          | 26,565          |
| State Medical   | 117,370         | 117,050         | 117,339         | 117,648         | 117,764         | 117,881         | 117,935         | 117,674         | 117,949         | 118,226         | 118,340         |
| Local Drugs   | 25,896          | 26,417          | 26,500          | 26,626          | 26,640          | 26,612          | 26,689          | 26,637          | 26,717          | 26,632          | 26,565          |
| State Drugs   | 117,370         | 117,050         | 117,339         | 117,648         | 117,764         | 117,881         | 117,935         | 117,674         | 117,949         | 118,226         | 118,340         |
| <b>Local Medical</b>  | <u>\$198.46</u> | <u>\$188.66</u> | <u>\$198.10</u> | <u>\$239.56</u> | <u>\$189.94</u> | <u>\$210.72</u> | <u>\$244.63</u> | <u>\$236.96</u> | <u>\$246.02</u> | <u>\$250.28</u> | <u>\$271.81</u> |
| <b>State Medical</b>  | <u>224.71</u>   | <u>220.08</u>   | <u>208.04</u>   | <u>253.08</u>   | <u>257.91</u>   | <u>266.00</u>   | <u>268.85</u>   | <u>267.23</u>   | <u>255.27</u>   | <u>245.17</u>   | <u>283.49</u>   |
| <b>Local Drugs</b>  | <u>105.67</u>   | <u>113.68</u>   | <u>110.34</u>   | <u>124.98</u>   | <u>109.23</u>   | <u>122.33</u>   | <u>131.72</u>   | <u>125.14</u>   | <u>150.36</u>   | <u>132.57</u>   | <u>123.16</u>   |
| <b>State Drugs</b>  | <u>113.46</u>   | <u>119.62</u>   | <u>122.77</u>   | <u>132.09</u>   | <u>123.98</u>   | <u>134.58</u>   | <u>147.13</u>   | <u>138.16</u>   | <u>164.79</u>   | <u>145.08</u>   | <u>140.21</u>   |
| <b>Total</b>  | <u>\$642.31</u> | <u>\$642.04</u> | <u>\$639.25</u> | <u>\$749.71</u> | <u>\$681.06</u> | <u>\$733.63</u> | <u>\$792.33</u> | <u>\$767.49</u> | <u>\$816.44</u> | <u>\$773.10</u> | <u>\$818.67</u> |
| <b>Change From Prior Year - Month to Month Analysis</b>     |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Local Medical   | 29.6%           | 3.6%            | 0.4%            | 9.9%            | -18.0%          | 6.0%            | -7.7%           | 7.2%            | 3.0%            | -6.4%           | 17.0%           |
| State Medical   | 8.5%            | 10.6%           | 14.7%           | 3.4%            | 19.7%           | 25.3%           | 5.0%            | 17.1%           | 3.1%            | 1.6%            | 11.2%           |
| Local Drugs   | 8.5%            | 8.1%            | 19.4%           | 10.9%           | 6.2%            | 21.1%           | 3.4%            | 13.5%           | 15.9%           | 4.0%            | -8.4%           |
| State Drugs   | <u>10.8%</u>    | <u>11.0%</u>    | <u>22.6%</u>    | <u>10.4%</u>    | <u>15.9%</u>    | <u>24.6%</u>    | <u>11.6%</u>    | <u>18.3%</u>    | <u>27.6%</u>    | <u>2.8%</u>     | <u>4.4%</u>     |
| <b>Total</b>  | <u>14.7%</u>    | <u>8.1%</u>     | <u>11.9%</u>    | <u>7.9%</u>     | <u>3.7%</u>     | <u>18.3%</u>    | <u>1.5%</u>     | <u>13.5%</u>    | <u>9.5%</u>     | <u>-0.6%</u>    | <u>8.3%</u>     |
| <b>Change From Prior Year - Quarter to Quarter Analysis</b> |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Local Medical   |                 |                 | 9.9%            |                 |                 | -1.3%           |                 |                 | 0.4%            |                 |                 |
| State Medical   |                 |                 | 11.1%           |                 |                 | 15.5%           |                 |                 | 8.1%            |                 |                 |
| Local Drugs   |                 |                 | 11.8%           |                 |                 | 12.6%           |                 |                 | 10.9%           |                 |                 |
| State Drugs   |                 |                 | <u>14.7%</u>    |                 |                 | <u>16.7%</u>    |                 |                 | <u>19.1%</u>    |                 |                 |
| <b>Total</b>  |                 |                 | <u>11.5%</u>    |                 |                 | <u>9.8%</u>     |                 |                 | <u>7.9%</u>     |                 |                 |
| <b>Change From Prior Year - Year to Year Analysis</b>       |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Local Medical   |                 |                 | 8.9%            |                 |                 | 6.3%            |                 |                 | 2.7%            |                 |                 |
| State Medical   |                 |                 | 8.5%            |                 |                 | 9.5%            |                 |                 | 8.4%            |                 |                 |
| Local Drugs   |                 |                 | 17.0%           |                 |                 | 18.3%           |                 |                 | 13.9%           |                 |                 |
| State Drugs   |                 |                 | <u>18.7%</u>    |                 |                 | <u>19.5%</u>    |                 |                 | <u>18.1%</u>    |                 |                 |
| <b>Total</b>  |                 |                 | <u>11.7%</u>    |                 |                 | <u>11.5%</u>    |                 |                 | <u>9.1%</u>     |                 |                 |