

STATE OF WEST VIRGINIA



PUBLIC EMPLOYEES INSURANCE AGENCY

**Fiscal Year 2023
Financial Report**

Fiscal Years 2023-2028

Report Date: November 2023

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 2022 for the fiscal year 2024 (“FY 2024”) and to provide quarterly financial reports for current FY 2023 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 2023 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 2028.

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 2023 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, 2023 (“FY 2023”), June 30, 2024 (“FY 2024”), June 30, 2025 (“FY 2025”), June 30, 2026 (“FY 2026”), June 30, 2027 (“FY 2027”) and June 30, 2028 (“FY 2028”). Our opinion of plan adequacy is based on the projections through FY 2028 using updated future revenue and plan modifications provided by the Board in the financial plan adopted in December 2022. 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 2023 the Pay-Go is equivalent to \$115 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 2022.

This report includes updated claim trend assumptions as recommended in the report titled, “PEIA FY2022 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 2023 through FY 2028 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 2023 based on the scheduled revenue increases of the financial plan approved and amended by the Board in December 2022.

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 2028 as approved by the Board.

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

Respectfully,



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

Managing Partner



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

Principal

West Virginia Public Employees Insurance Agency

Report of Independent Actuary

Financial Plan for FY 2023 – FY 2028

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 August 2023 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 September 2023 enrollment levels for the duration of these forecasts for active employees.

In aggregate, September 2023 enrollment for active employees has decreased by 174 coverages since the end of FY 2023. Aggregate PPB enrollment has decreased by 98 in total over the same period, while managed care enrollment experienced a decrease of 76 coverages.

In the State Fund, the overall active State enrollment decreased by 249 coverages from the end of FY 2023 to September 2023. And in the Local Fund, the overall active Local enrollment increased by 75 coverages from the end of FY 2023 to September 2023.

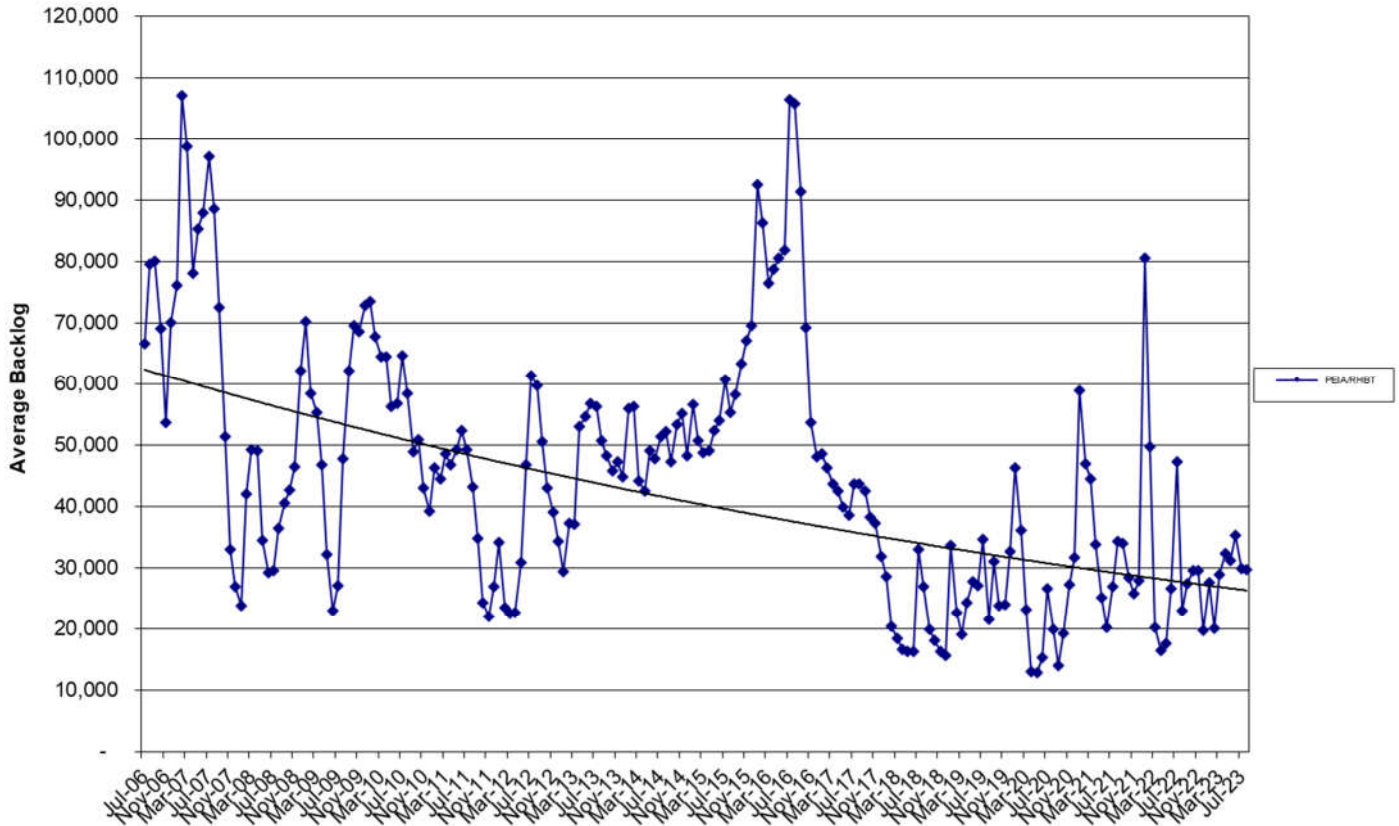
The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2022, June 2023, and September 2023 for purposes of comparison:

PEIA Fund	Coverage	Preferred Provider Benefit			Managed Care		
		Jun-22	Jun-23	Sep-23	Jun-22	Jun-23	Sep-23
State Active	Single	21,269	21,381	22,431	2,435	2,444	2,567
	Children	5,821	5,845	7,038	685	703	884
	Family	26,484	26,125	23,686	2,742	2,703	2,346
	Total	53,574	53,351	53,155	5,862	5,850	5,797
Local Active	Single	6,913	6,618	6,768	471	476	478
	Children	1,355	1,276	1,307	105	107	110
	Family	6,557	6,123	6,040	219	210	182
	Total	14,825	14,017	14,115	795	793	770
Plan Total		68,399	67,368	67,270	6,657	6,643	6,567
Grand Total					75,056	74,011	73,837

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. The backlog has shown a negative trend since July 2006, with large fluctuations. However, there has been an upward trend since the beginning of FY 2018.

WV PEIA&RHBT Claim Backlog July 2006 through August 2023



C. Trend Analysis

PEIA experienced a low medical trend and a low prescription drugs trend in FY 2023, and over the past few years, total trends have been beneficial to the plan. Continuing Care Actuaries performed the detailed medical and prescription drugs trend analysis in the report titled, “PEIA FY2022 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 2024 medical claim trend is 7.5%, the gross prescription drugs claim trend is 14.5% and the prescription drugs rebate trend is 5.0%. In 2024, there were an additional rebate included in the projection to reflect the new PBM contract with ESI.

The current trend projection is shown in the following table:

Claim Type	Previous Assumption FY 2024 Trend	Updated Assumption FY 2024 Trend
Active Local – Medical	7.5%	7.5%
State – Medical	7.5%	7.5%
Active Local – Gross Drugs	14.5%	14.5%
State – Gross Drugs	14.5%	14.5%
Prescription Drugs Rebate	15.0%	5.0%

In the past, claim trends for the financial plan included a 0.5% margin in future years. CCA has assumed the medical and drugs claim trends for the financial projection will increase by 0.5% in FY 2025 and in each successive fiscal year. Additionally, drug rebates have been trending at approximately 9% over the last two years. As a result, CCA has separated net drugs in the financial plan into gross drugs and drug rebate amounts. Drug rebates trends are set at 5% in the financial plan.

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

The following chart summarizes the trend results observed for the plan using data through August 2023. It is important to note that these trends ***have not*** been adjusted to reflect savings as a result of the expansion of the drug rebate program or the claim savings due to changes in provider reimbursement methodologies, nor the changes in the benefit structure. In developing the claim cost projection, we have reflected for benefit and reimbursement changes as an adjustment to the gross trend assumption.

PEIA Historical Trends (Active Local and State)

Fiscal Year	Active Local Medical	State Medical	Active Local Drugs	State Drugs	Total
2004	-1%	12%	9%	7%	9%
2005	16%	7%	7%	20%	11%
2006	1%	2%	18%	7%	3%
2007	15%	2%	13%	8%	5%
2008	3%	8%	-5%	-1%	4%
2009	-8%	3%	5%	4%	2%
2010	10%	1%	9%	9%	4%
2011	11%	8%	16%	15%	8%
2012	5%	5%	8%	6%	5%
2013	-3%	-3%	2%	6%	-3%
2014	8%	6%	9%	7%	7%
2015	6%	10%	14%	10%	10%
2016	9%	11%	12%	13%	12%
2017	6%	1%	11%	9%	4%
2018	0%	4%	16%	15%	7%
2019	8%	8%	15%	16%	10%
2020	-8%	0%	10%	15%	3%
2021	31%	17%	16%	13%	17%
2022	5%	9%	19%	18%	11%
2023	1%	4%	-1%	5%	4%
2024*	4%	7%	3%	9%	7%

* Fiscal year 2024 results are through the first two months ending August 2023.

D. Enrollment, Claim, Expense and Revenue Assumptions

Using PEIA paid claim data through August 2023 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 result of FY 2023 and the projection of FY 2024 claims and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

Fiscal Year 2023 Result			Net Revenue Excluding Pay Go		Expenses		
Fund	Program	Policies	Monthly Employer Premiums	Monthly Employee Premiums	Monthly Medical Costs	Monthly Drugs Costs*	Monthly Capitation Costs
State	PPB	53,380	\$613	\$167	\$664	\$220	
	Managed Care	5,838	\$623	\$175			\$707
	Total	59,218					
Local	PPB	14,505	\$757	\$0	\$588	\$186	
	Managed Care	802	\$677	\$0			\$506
	Total	15,307					

*Net of rebates and subsidies.

Fiscal Year 2024 Projection			Net Revenue Excluding Pay Go		Expenses		
Fund	Program	Policies	Monthly Employer Premiums	Monthly Employee Premiums	Monthly Medical Costs	Monthly Drugs Costs*	Monthly Capitation Costs
State	PPB	53,115	\$844	\$210	\$758	\$266	
	Managed Care	5,791	\$860	\$220			\$832
	Total	58,906					
Local	PPB	14,104	\$917	\$0	\$682	\$224	
	Managed Care	770	\$843	\$0			\$615
	Total	14,874					

*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. The following chart summarizes the financial plan adopted by the Board in December 2022 and modified for SB268 in March 2023.

Board Decisions – December 2022

Source	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
Additional State Employer Revenue	\$0	\$108,100,000	\$62,000,000	\$67,500,000	\$74,000,000	\$88,300,000
Additional Local Agency Revenue	\$7,500,000	\$22,500,000	\$30,000,000	\$28,500,000	\$13,500,000	\$16,100,000
Additional Employee Premium	\$0	\$28,900,000	\$15,500,000	\$16,900,000	\$18,500,000	\$22,100,000
State Direct Transfers (State Budget Appropriations)	\$21,000,000	\$0	\$0	\$0	\$0	\$0
State Direct Transfers (PEIA Rainy Day Fund)	\$31,000,000	\$0	\$0	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active State	\$0	\$0	\$0	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active Local	\$0	\$0	\$0	\$0	\$0	\$0
Pay Go Premium Transfer	\$59,389,582	\$0	\$29,000,000	\$29,000,000	\$29,000,000	\$0

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 2023, the ACA PCORI fee is approximately \$3.00 per person per year.

West Virginia Senate Bill 268 was signed into law on March 17, 2023. The bill makes three substantial changes to PEIA effective July 1, 2023:

1. Imposes the monthly spouse surcharge for active employee policyholders from state agencies, colleges, universities, and county boards of education whose spouses are offered employer-sponsored insurance coverage but who choose to get coverage through a plan offered by PEIA. This change does not affect non-state agencies, retirees, spouses who are employed by PEIA-participating agencies or are retired, or spouses whose coverage is through Medicare, Medicaid, or TRICARE.
2. Increases health premiums to get the plan back to an 80/20 employer/employee premium split for state agencies, colleges, universities, and county boards of education by July 1, 2023. This eliminates direct and rainy day fund transfers from the state that were previously part of the financial plan.

- Increases reimbursement to providers to a minimum of 110% of Medicare's reimbursement. It is estimated that this increase to reimbursement will increase paid claims for PEIA and Non-Medicare retirees in the RHBT by \$54.4 million.

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 2023 RESULT

The financial result for FY 2023 under the Baseline scenario is presented in the Appendix. The Baseline result for FY 2023 projects accrued revenue of \$822,754,796 and incurred plan expenses of \$849,999,438 to produce a fiscal year deficit of (\$27,244,642). The PEIA local and state agencies Pay Go premiums for FY 2023 are \$59,389,582.

Under the Baseline Scenario, FY 2023 ends with a Total Fund reserve (State and Local Reserves) of \$124,829,933 and projected plan expenditures of \$790,609,856. This represents 15.8% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$96,583,128. This required reserve is comprised of 12.5% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario.

The State Fund in FY 2023 ends with a reserve of \$97,585,833, which represents 15.2% of projected expenditures. The projected State Fund reserve meets the minimum actuarial required reserve of \$78,552,751.

The Local Fund in FY 2023 ends with a reserve of \$27,244,100, which represents 18.6% of projected expenditures. The projected Local Fund reserve meets the minimum actuarial required reserve of \$18,030,377.

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 \$927,950,630 and incurred plan expenses of \$913,372,954 to produce a fiscal year surplus of \$14,577,676. The PEIA local and state agencies Pay Go premiums for FY 2024 are assumed to be \$0.

Under the Baseline Scenario, FY 2024 is projected to end with a Total Fund reserve (State and Local Reserves) of \$139,407,609 and projected plan expenditures of \$913,372,954. This represents 15.3% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$111,539,290. This required reserve is comprised of 12.5% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending Total Fund reserve is expected to increase to \$148,743,772 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to \$130,122,287.

The State Fund in FY 2024 is projected to end with a reserve of \$113,348,277, which represents 15.2% of projected expenditures. The projected State Fund reserve meets the minimum actuarial required reserve of \$90,945,876.

The Local Fund in FY 2024 is projected to end with a reserve of \$26,059,332, which represents 15.6% of projected expenditures. The projected Local Fund reserve meets the minimum actuarial required reserve of \$20,593,413.

FISCAL YEAR 2025 FORECAST

The financial forecast for FY 2025 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2025 projects accrued revenue of \$1,036,771,637 and incurred plan expenses of \$1,037,559,976 to produce a fiscal year deficit of (\$788,339). The PEIA local and state agencies Pay Go premiums for FY 2025 are assumed to be \$29,000,000.

Under the Baseline Scenario, FY 2025 is projected to end with a Total Fund reserve (State and Local Reserves) of \$138,619,270 and projected plan expenditures of \$1,008,559,976. This represents 13.7% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$123,304,131. This required reserve is comprised of 12.5% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending Total Fund reserve is expected to increase to \$176,989,498 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to \$99,985,158.

The State Fund in FY 2025 is projected to end with a reserve of \$107,167,779, which represents 13.0% of projected expenditures. The projected State Fund reserve meets the minimum actuarial required reserve of \$100,514,354.

The Local Fund in FY 2025 is projected to end with a reserve of \$31,451,491, which represents 17.0% of projected expenditures. The projected Local Fund reserve meets the minimum actuarial required reserve of \$22,789,777.

FISCAL YEAR 2026 FORECAST

The financial forecast for FY 2026 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2026 projects accrued revenue of \$1,150,517,816 and incurred plan expenses of \$1,148,496,490 to produce a fiscal year surplus of \$2,021,326. The PEIA local and state agencies Pay Go premiums for FY 2026 are assumed to be \$29,000,000.

Under the Baseline Scenario, FY 2026 is projected to end with a Total Fund reserve (State and Local Reserves) of \$140,640,596 and projected plan expenditures of \$1,119,496,490. This represents 12.6% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$137,036,923. This required reserve is comprised of 12.5% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending Total Fund reserve is expected to increase to \$232,213,227 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to \$47,288,711.

The State Fund in FY 2026 is projected to end with a reserve of \$95,558,071, which represents 10.5% of projected expenditures. The projected State Fund reserve does not meet the minimum actuarial required reserve of \$111,679,136.

The Local Fund in FY 2026 is projected to end with a reserve of \$45,082,525, which represents 21.9% of projected expenditures. The projected Local Fund reserve meets the minimum actuarial required reserve of \$25,357,787.

FISCAL YEAR 2027 FORECAST

The financial forecast for FY 2027 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2027 projects accrued revenue of \$1,257,510,639 and incurred plan expenses of \$1,277,922,887 to produce a fiscal year deficit of (\$20,412,248). The PEIA local and state agencies Pay Go premiums for FY 2027 are assumed to be \$29,000,000.

Under the Baseline Scenario, FY 2027 is projected to end with a Total Fund reserve (State and Local Reserves) of \$120,228,349 and projected plan expenditures of \$1,248,922,887. This represents 9.6% of projected expenditures based on the current reserve methodology. The projected reserve does not meet the minimum actuarial required reserve of \$153,073,837. This required reserve is comprised of 12.5% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending Total Fund reserve is expected to increase to \$294,687,722 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to (\$59,854,388).

The State Fund in FY 2027 is projected to end with a reserve of \$71,459,424, which represents 7.0% of projected expenditures. The projected State Fund reserve does not meet the minimum actuarial required reserve of \$124,713,621.

The Local Fund in FY 2027 is projected to end with a reserve of \$48,768,925, which represents 21.2% of projected expenditures. The projected Local Fund reserve meets the minimum actuarial required reserve of \$28,360,215.

FISCAL YEAR 2028 FORECAST

The financial forecast for FY 2028 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2028 projects accrued revenue of \$1,384,296,566 and incurred plan expenses of \$1,400,477,684 to produce a fiscal year deficit of (\$16,181,118). The PEIA local and state agencies Pay Go premiums for FY 2028 are assumed to be \$0.

Under the Baseline Scenario, FY 2028 is projected to end with a Total Fund reserve (State and Local Reserves) of \$104,047,230 and projected plan expenditures of \$1,400,477,684. This represents 7.4% of projected expenditures based on the current reserve methodology. The projected reserve does not meet the minimum actuarial required reserve of \$203,690,807. This required reserve is comprised of 12.5% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending Total Fund reserve is expected to increase to \$397,904,877 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to (\$203,124,624).

The State Fund in FY 2028 is projected to end with a reserve of \$57,439,914, which represents 5.0% of projected expenditures. The projected State Fund reserve does not meet the minimum actuarial required reserve of \$165,787,232.

The Local Fund in FY 2028 is projected to end with a reserve of \$46,607,316, which represents 18.1% of projected expenditures. The projected Local Fund reserve meets the minimum actuarial required reserve of \$37,903,575.

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 through the projection period ending in fiscal year 2023. The plan will meet the minimum actuarial required reserve target in fiscal year 2023. We are currently projecting that the State reserve will be under the minimum actuarial reserve using the baseline assumptions in fiscal years 2024 through 2025; and the Local reserve will be under the minimum actuarial reserve using the baseline assumptions in fiscal years 2024 through 2028. These projections are based on significant revenue increases and state rainy day fund direct transfers as contained in the financial plan adopted by the Board in December 2022 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 RESULT
FISCAL YEAR 2023**

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 131,709,332	\$ 392,472,572	\$ 524,181,904
Employer Premiums - MCO	6,513,861	43,644,636	50,158,497
Employee Premiums - PPB	-	106,935,912	106,935,912
Employee Premiums - MCO	-	12,252,952	12,252,952
WV RHBT Pay Go Premiums	12,198,025	47,191,557	59,389,582
Life Insurance	394,032	1,626,304	2,020,336
Direct Transfers	-	52,000,000	52,000,000
Investment Income	1,673,423	6,508,879	8,182,302
Litigation Settlement	-	-	-
COBRA Premiums	517,036	2,146,825	2,663,861
Administrative Fees	759,773	4,209,677	4,969,450
Total Revenue	\$ 153,765,482	\$ 668,989,314	\$ 822,754,796
<u>Program Expenses</u>			
Medical Claims	\$ 102,433,956	\$ 425,202,382	\$ 527,636,338
Gross Prescription Drug Claims	55,179,149	239,824,512	295,003,661
Prescription Drug Rebates	(22,773,614)	(98,980,699)	(121,754,312)
Managed Care Capitations	4,867,451	49,533,805	54,401,256
Administration	6,340,971	26,171,353	32,512,324
Life Insurance	358,160	1,478,251	1,836,411
Wellness	92,808	383,051	475,859
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	95,014	403,305	498,319
Director's Discretionary Fund	-	-	-
WV RHBT Pay Go Premiums	12,198,025	47,191,557	59,389,582
Total Expenses	\$ 158,791,920	\$ 691,207,518	\$ 849,999,438
Fiscal Year Results	\$ (5,026,438)	\$ (22,218,204)	\$ (27,244,642)
Beginning Plan Reserve	32,270,538	119,804,037	152,074,575
Minimum Actuarial Reserve Required	\$ 18,030,377	\$ 78,552,751	\$ 96,583,128
<u>Ending Premium Stabilization Reserve</u>	<u>9,213,723</u>	<u>19,033,082</u>	<u>28,246,805</u>
Ending Plan Reserve	\$ 27,244,100	\$ 97,585,833	\$ 124,829,933
Reserve as a Percent of Expenses			16%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 7,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ -	Active Local	7.0%	14.0%
Direct Transfers	\$ 52,000,000	State	7.0%	14.0%
		Prescription Drug Rebates		0.0%
		Capitations		-0.4%
		Administrative Expense		43.7%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL RESULT
FISCAL YEAR 2023

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 131,709,332	\$ -	\$ 131,709,332
Employer Premiums - MCO	6,513,861	-	6,513,861
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	12,198,025		12,198,025
Life Insurance	394,032		394,032
Direct Transfers	-		-
Investment Income	1,673,423		1,673,423
Litigation Settlement	-		-
COBRA Premiums	517,036		517,036
Administrative Fees	759,773		759,773
Total Revenue	\$ 153,765,482	\$ -	\$ 153,765,482
<u>Program Expenses</u>			
Medical Claims	\$ 102,433,956		\$ 102,433,956
Gross Prescription Drug Claims	55,179,149	-	55,179,149
Prescription Drug Rebates	(22,773,614)		(22,773,614)
Managed Care Capitations	4,867,451		4,867,451
Administration	6,340,971		6,340,971
Life Insurance	358,160		358,160
Wellness	92,808		92,808
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	95,014		95,014
Director's Discretionary Fund	-		-
WV RHBT Pay Go Premiums	12,198,025		12,198,025
Total Expenses	\$ 158,791,920	\$ -	\$ 158,791,920
Fiscal Year Results	\$ (5,026,438)		\$ (5,026,438)
Beginning Plan Reserve	32,270,538		32,270,538
Minimum Actuarial Reserve Required	\$ 18,030,377	\$ -	\$ 18,030,377
<u>Ending Premium Stabilization Reserve</u>	<u>9,213,723</u>	<u>-</u>	<u>9,213,723</u>
Ending Plan Reserve	\$ 27,244,100		\$ 27,244,100
Reserve as a Percent of Expenses			19%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 7,500,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	7.0%	14.0%
		Prescription Drug Rebates		0.0%
		Capitations		-0.4%
		Administrative Expense		43.7%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL RESULT
FISCAL YEAR 2023

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 392,472,572	\$ -	\$ 392,472,572
Employer Premiums - MCO	43,644,636	-	43,644,636
Employee Premiums - PPB	106,935,912	-	106,935,912
Employee Premiums - MCO	12,252,952	-	12,252,952
WV RHBT Pay Go Premiums	47,191,557		47,191,557
Life Insurance	1,626,304		1,626,304
Direct Transfers	52,000,000		52,000,000
Investment Income	6,508,879		6,508,879
Litigation Settlement	-		-
COBRA Premiums	2,146,825		2,146,825
Administrative Fees	4,209,677		4,209,677
Total Revenue	\$ 668,989,314	\$ -	\$ 668,989,314
<u>Program Expenses</u>			
Medical Claims	\$ 425,202,382		\$ 425,202,382
Gross Prescription Drug Claims	239,824,512	-	239,824,512
Prescription Drug Rebates	(98,980,699)		(98,980,699)
Managed Care Capitations	49,533,805		49,533,805
Administration	26,171,353		26,171,353
Life Insurance	1,478,251		1,478,251
Wellness	383,051		383,051
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	403,305		403,305
Director's Discretionary Fund	-		-
WV RHBT Pay Go Premiums	47,191,557		47,191,557
Total Expenses	\$ 691,207,518	\$ -	\$ 691,207,518
Fiscal Year Results	\$ (22,218,204)		\$ (22,218,204)
Beginning Plan Reserve	119,804,037		119,804,037
Minimum Actuarial Reserve Required	\$ 78,552,751	\$ -	\$ 78,552,751
<u>Ending Premium Stabilization Reserve</u>	<u>19,033,082</u>	<u>-</u>	<u>19,033,082</u>
Ending Plan Reserve	\$ 97,585,833		\$ 97,585,833
Reserve as a Percent of Expenses			15%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ 52,000,000	State	7.0%	14.0%
		Prescription Drug Rebates		0.0%
		Capitations		-0.4%
		Administrative Expense		43.7%

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 155,110,872	\$ 538,008,494	\$ 693,119,366
Employer Premiums - MCO	7,792,032	59,794,318	67,586,350
Employee Premiums - PPB	-	133,945,918	133,945,918
Employee Premiums - MCO	-	15,258,848	15,258,848
WV RHBT Pay Go Premiums	-	-	-
Life Insurance	499,220	2,060,452	2,559,672
Direct Transfers	-	-	-
Investment Income	1,786,123	6,868,675	8,654,798
Litigation Settlement	-	-	-
COBRA Premiums	459,957	1,909,821	2,369,778
Administrative Fees	681,257	3,774,643	4,455,900
Total Revenue	\$ 166,329,461	\$ 761,621,169	\$ 927,950,630
<u>Program Expenses</u>			
Medical Claims	\$ 115,350,966	\$ 483,282,826	\$ 598,633,792
Gross Prescription Drug Claims	60,341,633	267,568,092	327,909,724
Prescription Drug Rebates	(22,359,629)	(97,926,911)	(120,286,540)
Managed Care Capitations	5,678,088	57,783,282	63,461,370
Administration	7,617,473	31,439,913	39,057,386
Life Insurance	354,634	1,463,696	1,818,330
Wellness	92,855	383,245	476,100
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	91,553	388,447	480,000
Director's Discretionary Fund	346,656	1,476,135	1,822,791
WV RHBT Pay Go Premiums	-	-	-
Total Expenses	\$ 167,514,228	\$ 745,858,725	\$ 913,372,954
Fiscal Year Results	\$ (1,184,767)	\$ 15,762,444	\$ 14,577,676
Beginning Plan Reserve	27,244,100	97,585,833	124,829,933
Minimum Actuarial Reserve Required	\$ 20,593,413	\$ 90,945,876	\$ 111,539,290
<u>Ending Premium Stabilization Reserve</u>	5,465,919	22,402,401	27,868,319
Ending Plan Reserve	\$ 26,059,332	\$ 113,348,277	\$ 139,407,609
Reserve as a Percent of Expenses			15%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 108,100,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 22,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 28,900,000	Active Local	7.5%	14.5%
Direct Transfers	\$ -	State	7.5%	14.5%
		Prescription Drug Rebates		0.0%
		Capitations		16.7%
		Administrative Expense		20.1%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2024

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 133,680,816	\$ 21,430,056	\$ 155,110,872
Employer Premiums - MCO	6,722,088	1,069,944	7,792,032
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	-	-	-
Life Insurance	499,220	-	499,220
Direct Transfers	-	-	-
Investment Income	1,786,123	-	1,786,123
Litigation Settlement	-	-	-
COBRA Premiums	459,957	-	459,957
Administrative Fees	681,257	-	681,257
Total Revenue	\$ 143,829,461	\$ 22,500,000	\$ 166,329,461
<u>Program Expenses</u>			
Medical Claims	\$ 115,350,966	-	\$ 115,350,966
Gross Prescription Drug Claims	60,341,633	-	60,341,633
Prescription Drug Rebates	(22,359,629)	-	(22,359,629)
Managed Care Capitations	5,678,088	-	5,678,088
Administration	7,617,473	-	7,617,473
Life Insurance	354,634	-	354,634
Wellness	92,855	-	92,855
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	91,553	-	91,553
Director's Discretionary Fund	346,656	-	346,656
WV RHBT Pay Go Premiums	-	-	-
Total Expenses	\$ 167,514,229	\$ -	\$ 167,514,229
Fiscal Year Results	\$ (23,684,768)	-	\$ (1,184,768)
Beginning Plan Reserve	27,244,100	-	27,244,100
Minimum Actuarial Reserve Required	\$ 20,593,413	\$ -	\$ 20,593,413
<u>Ending Premium Stabilization Reserve</u>	<u>(17,034,081)</u>	<u>-</u>	<u>5,465,919</u>
Ending Plan Reserve	\$ 3,559,332	-	\$ 26,059,332
Reserve as a Percent of Expenses	-	-	16%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 22,500,000	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		Local	7.5%
			<u>Gross Drugs</u>
		Prescription Drug Rebates	0.0%
		Capitations	16.7%
		Administrative Expense	20.1%

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	\$ 440,710,927	\$ 97,297,567	\$ 538,008,494
Employer Premiums - MCO	48,991,885	10,802,433	59,794,318
Employee Premiums - PPB	108,016,920	25,928,998	133,945,918
Employee Premiums - MCO	12,287,846	2,971,002	15,258,848
WV RHBT Pay Go Premiums	-		-
Life Insurance	2,060,452		2,060,452
Direct Transfers	-		-
Investment Income	6,868,675		6,868,675
Litigation Settlement	-		-
COBRA Premiums	1,909,821		1,909,821
Administrative Fees	3,774,643		3,774,643
Total Revenue	\$ 624,621,169	\$ 137,000,000	\$ 761,621,169
<u>Program Expenses</u>			
Medical Claims	\$ 483,282,827		\$ 483,282,827
Gross Prescription Drug Claims	267,568,092		267,568,092
Prescription Drug Rebates	(97,926,911)		(97,926,911)
Managed Care Capitations	57,783,282		57,783,282
Administration	31,439,913		31,439,913
Life Insurance	1,463,696		1,463,696
Wellness	383,245		383,245
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	388,447		388,447
Director's Discretionary Fund	1,476,135		1,476,135
WV RHBT Pay Go Premiums	-		-
Total Expenses	\$ 745,858,726	\$ -	\$ 745,858,726
Fiscal Year Results	\$ (121,237,557)		\$ 15,762,443
Beginning Plan Reserve	97,585,833		97,585,833
Minimum Actuarial Reserve Required	\$ 90,945,876	\$ -	\$ 90,945,876
<u>Ending Premium Stabilization Reserve</u>	<u>(114,597,600)</u>	<u>-</u>	<u>22,402,400</u>
Ending Plan Reserve	\$ (23,651,724)		\$ 113,348,276
Reserve as a Percent of Expenses			15%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 108,100,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 28,900,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ -	State	7.5%	14.5%
		Prescription Drug Rebates		0.0%
		Capitations		16.7%
		Administrative Expense		20.1%

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 178,132,136	\$ 572,930,039	\$ 751,062,174
Employer Premiums - MCO	8,924,580	63,718,962	72,643,542
Employee Premiums - PPB	-	147,860,767	147,860,767
Employee Premiums - MCO	-	16,843,999	16,843,999
WV RHBT Pay Go Premiums	5,846,188	23,153,812	29,000,000
Life Insurance	524,181	2,163,474	2,687,655
Direct Transfers	-	-	-
Investment Income	1,815,202	7,825,479	9,640,681
Litigation Settlement	-	-	-
COBRA Premiums	528,155	2,048,764	2,576,919
Administrative Fees	681,257	3,774,643	4,455,900
Total Revenue	\$ 196,451,699	\$ 840,319,938	\$ 1,036,771,637
<u>Program Expenses</u>			
Medical Claims	\$ 124,480,034	\$ 521,259,622	\$ 645,739,656
Gross Prescription Drug Claims	69,389,021	307,276,727	376,665,748
Prescription Drug Rebates	(23,477,610)	(102,823,256)	(126,300,867)
Managed Care Capitations	6,018,773	61,250,279	67,269,052
Administration	7,845,998	32,383,110	40,229,108
Life Insurance	422,766	1,738,481	2,161,247
Wellness	96,569	398,575	495,144
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	91,580	388,500	480,080
Director's Discretionary Fund	346,221	1,474,587	1,820,808
WV RHBT Pay Go Premiums	5,846,188	23,153,812	29,000,000
Total Expenses	\$ 191,059,540	\$ 846,500,436	\$ 1,037,559,976
Fiscal Year Results	\$ 5,392,159	\$ (6,180,498)	\$ (788,339)
Beginning Plan Reserve	26,059,332	113,348,277	139,407,609
Minimum Actuarial Reserve Required	\$ 22,789,777	\$ 100,514,354	\$ 123,304,131
<u>Ending Premium Stabilization Reserve</u>	<u>8,661,715</u>	<u>6,653,425</u>	<u>15,315,139</u>
Ending Plan Reserve	\$ 31,451,491	\$ 107,167,779	\$ 138,619,270
Reserve as a Percent of Expenses			14%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 62,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 30,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 15,500,000	Active Local	8.0%	15.0%
Direct Transfers	\$ -	State	8.0%	15.0%
		Prescription Drug Rebates		5.0%
		Capitations		6.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO

PEIA - LOCAL FUND

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

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 149,567,107	\$ 28,565,029	\$ 178,132,136
Employer Premiums - MCO	7,489,609	1,434,971	8,924,580
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	5,846,188		5,846,188
Life Insurance	524,181		524,181
Direct Transfers	-		-
Investment Income	1,815,202		1,815,202
Litigation Settlement	-		-
COBRA Premiums	528,155		528,155
Administrative Fees	681,257		681,257
Total Revenue	\$ 166,451,699	\$ 30,000,000	\$ 196,451,699
<u>Program Expenses</u>			
Medical Claims	\$ 124,480,034		\$ 124,480,034
Gross Prescription Drug Claims	69,389,021		69,389,021
Prescription Drug Rebates	(23,477,610)		(23,477,610)
Managed Care Capitations	6,018,773		6,018,773
Administration	7,845,998		7,845,998
Life Insurance	422,766		422,766
Wellness	96,569		96,569
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	91,580		91,580
Director's Discretionary Fund	346,221		346,221
WV RHBT Pay Go Premiums	5,846,188		5,846,188
Total Expenses	\$ 191,059,540	\$ -	\$ 191,059,540
Fiscal Year Results	\$ (24,607,841)		\$ 5,392,159
Beginning Plan Reserve	26,059,332		26,059,332
Minimum Actuarial Reserve Required	\$ 22,789,777	\$ -	\$ 22,789,777
<u>Ending Premium Stabilization Reserve</u>	<u>(21,338,286)</u>	<u>-</u>	<u>8,661,714</u>
Ending Plan Reserve	\$ 1,451,491		\$ 31,451,491
Reserve as a Percent of Expenses			17%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 30,000,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	8.0%	15.0%
		Prescription Drug Rebates		5.0%
		Capitations		6.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2025

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 517,131,495	\$ 55,798,544	\$ 572,930,039
Employer Premiums - MCO	57,517,506	6,201,456	63,718,962
Employee Premiums - PPB	133,945,918	13,914,849	147,860,767
Employee Premiums - MCO	15,258,848	1,585,151	16,843,999
WV RHBT Pay Go Premiums	23,153,812		23,153,812
Life Insurance	2,163,474		2,163,474
Direct Transfers	-		-
Investment Income	7,825,479		7,825,479
Litigation Settlement	-		-
COBRA Premiums	2,048,764		2,048,764
Administrative Fees	3,774,643		3,774,643
Total Revenue	\$ 762,819,938	\$ 77,500,000	\$ 840,319,938
<u>Program Expenses</u>			
Medical Claims	\$ 521,259,622		\$ 521,259,622
Gross Prescription Drug Claims	307,276,727		307,276,727
Prescription Drug Rebates	(102,823,256)		(102,823,256)
Managed Care Capitations	61,250,279		61,250,279
Administration	32,383,110		32,383,110
Life Insurance	1,738,481		1,738,481
Wellness	398,575		398,575
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	388,500		388,500
Director's Discretionary Fund	1,474,587		1,474,587
WV RHBT Pay Go Premiums	23,153,812		23,153,812
Total Expenses	\$ 846,500,436	\$ -	\$ 846,500,436
Fiscal Year Results	\$ (83,680,498)		\$ (6,180,498)
Beginning Plan Reserve	113,348,277		113,348,277
Minimum Actuarial Reserve Required	\$ 100,514,354	\$ -	\$ 100,514,354
<u>Ending Premium Stabilization Reserve</u>	<u>(70,846,575)</u>	<u>-</u>	<u>6,653,425</u>
Ending Plan Reserve	\$ 29,667,779		\$ 107,167,779
Reserve as a Percent of Expenses			13%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 62,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 15,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ -	State	8.0%	15.0%
		Prescription Drug Rebates		5.0%
		Capitations		6.0%
		Administrative Expense		3.0%

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 205,268,914	\$ 633,678,455	\$ 838,947,368
Employer Premiums - MCO	10,287,802	70,470,546	80,758,348
Employee Premiums - PPB	-	163,032,440	163,032,440
Employee Premiums - MCO	-	18,572,326	18,572,326
WV RHBT Pay Go Premiums	5,846,188	23,153,812	29,000,000
Life Insurance	550,390	2,271,648	2,822,038
Direct Transfers	-	-	-
Investment Income	2,115,782	7,940,446	10,056,228
Litigation Settlement	-	-	-
COBRA Premiums	608,625	2,264,543	2,873,168
Administrative Fees	681,257	3,774,643	4,455,900
Total Revenue	\$ 225,358,958	\$ 925,158,858	\$ 1,150,517,816
<u>Program Expenses</u>			
Medical Claims	\$ 134,952,924	\$ 564,789,360	\$ 699,742,284
Gross Prescription Drug Claims	80,137,318	354,408,488	434,545,806
Prescription Drug Rebates	(24,651,491)	(107,964,419)	(132,615,910)
Managed Care Capitations	6,379,900	64,925,296	71,305,196
Administration	8,081,378	33,354,603	41,435,981
Life Insurance	443,904	1,825,405	2,269,309
Wellness	100,432	414,518	514,950
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	91,580	388,500	480,080
Director's Discretionary Fund	345,791	1,473,003	1,818,794
WV RHBT Pay Go Premiums	5,846,188	23,153,812	29,000,000
Total Expenses	\$ 211,727,925	\$ 936,768,565	\$ 1,148,496,490
Fiscal Year Results	\$ 13,631,033	\$ (11,609,707)	\$ 2,021,326
Beginning Plan Reserve	31,451,491	107,167,779	138,619,270
Minimum Actuarial Reserve Required	\$ 25,357,787	\$ 111,679,136	\$ 137,036,923
<u>Ending Premium Stabilization Reserve</u>	19,724,737	(16,121,065)	3,603,673
Ending Plan Reserve	\$ 45,082,525	\$ 95,558,071	\$ 140,640,596
Reserve as a Percent of Expenses			13%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 67,500,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 28,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 16,900,000	Active Local	8.5%	15.5%
Direct Transfers	\$ -	State	8.5%	15.5%
		Prescription Drug Rebates		5.0%
		Capitations		6.0%
		Administrative Expense		3.0%

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

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

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 178,132,136	\$ 27,136,778	\$ 205,268,914
Employer Premiums - MCO	8,924,580	1,363,222	10,287,802
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	5,846,188		5,846,188
Life Insurance	550,390		550,390
Direct Transfers	-		-
Investment Income	2,115,782		2,115,782
Litigation Settlement	-		-
COBRA Premiums	608,625		608,625
Administrative Fees	681,257		681,257
Total Revenue	\$ 196,858,958	\$ 28,500,000	\$ 225,358,958
<u>Program Expenses</u>			
Medical Claims	\$ 134,952,924		\$ 134,952,924
Gross Prescription Drug Claims	80,137,318		80,137,318
Prescription Drug Rebates	(24,651,491)		(24,651,491)
Managed Care Capitations	6,379,900		6,379,900
Administration	8,081,378		8,081,378
Life Insurance	443,904		443,904
Wellness	100,432		100,432
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	91,580		91,580
Director's Discretionary Fund	345,791		345,791
WV RHBT Pay Go Premiums	5,846,188		5,846,188
Total Expenses	\$ 211,727,925	\$ -	\$ 211,727,925
Fiscal Year Results	\$ (14,868,967)		\$ 13,631,033
Beginning Plan Reserve	31,451,491		31,451,491
Minimum Actuarial Reserve Required	\$ 25,357,787	\$ -	\$ 25,357,787
<u>Ending Premium Stabilization Reserve</u>	<u>(8,775,263)</u>	<u>-</u>	<u>19,724,737</u>
Ending Plan Reserve	\$ 16,582,524		\$ 45,082,524
Reserve as a Percent of Expenses			22%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 28,500,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	8.5%	15.5%
		Prescription Drug Rebates		5.0%
		Capitations		6.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2026

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 572,930,040	\$ 60,748,415	\$ 633,678,455
Employer Premiums - MCO	63,718,961	6,751,585	70,470,546
Employee Premiums - PPB	147,860,766	15,171,674	163,032,440
Employee Premiums - MCO	16,844,000	1,728,326	18,572,326
WV RHBT Pay Go Premiums	23,153,812		23,153,812
Life Insurance	2,271,648		2,271,648
Direct Transfers	-		-
Investment Income	7,940,446		7,940,446
Litigation Settlement	-		-
COBRA Premiums	2,264,543		2,264,543
Administrative Fees	3,774,643		3,774,643
Total Revenue	\$ 840,758,858	\$ 84,400,000	\$ 925,158,858
<u>Program Expenses</u>			
Medical Claims	\$ 564,789,360		\$ 564,789,360
Gross Prescription Drug Claims	354,408,488		354,408,488
Prescription Drug Rebates	(107,964,419)		(107,964,419)
Managed Care Capitations	64,925,296		64,925,296
Administration	33,354,603		33,354,603
Life Insurance	1,825,405		1,825,405
Wellness	414,518		414,518
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	388,500		388,500
Director's Discretionary Fund	1,473,003		1,473,003
WV RHBT Pay Go Premiums	23,153,812		23,153,812
Total Expenses	\$ 936,768,565	\$ -	\$ 936,768,565
Fiscal Year Results	\$ (96,009,707)		\$ (11,609,707)
Beginning Plan Reserve	107,167,779		107,167,779
Minimum Actuarial Reserve Required	\$ 111,679,136	\$ -	\$ 111,679,136
<u>Ending Premium Stabilization Reserve</u>	<u>(100,521,064)</u>	<u>-</u>	<u>(16,121,064)</u>
Ending Plan Reserve	\$ 11,158,072		\$ 95,558,072
Reserve as a Percent of Expenses			10%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 67,500,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 16,900,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ -	State	8.5%	15.5%
		Prescription Drug Rebates		5.0%
		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 2027**

PERIOD 7/1/2026 - 6/30/2027

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 218,123,177	\$ 700,276,717	\$ 918,399,893
Employer Premiums - MCO	10,933,539	77,872,284	88,805,823
Employee Premiums - PPB	-	179,640,485	179,640,485
Employee Premiums - MCO	-	20,464,281	20,464,281
WV RHBT Pay Go Premiums	5,846,188	23,153,812	29,000,000
Life Insurance	577,910	2,385,231	2,963,141
Direct Transfers	-	-	-
Investment Income	2,755,225	7,878,116	10,633,341
Litigation Settlement	-	-	-
COBRA Premiums	646,743	2,501,032	3,147,775
Administrative Fees	681,257	3,774,643	4,455,900
Total Revenue	\$ 239,564,039	\$ 1,017,946,600	\$ 1,257,510,639
<u>Program Expenses</u>			
Medical Claims	\$ 146,874,541	\$ 614,337,329	\$ 761,211,870
Gross Prescription Drug Claims	92,946,987	410,533,022	503,480,009
Prescription Drug Rebates	(25,884,065)	(113,362,640)	(139,246,706)
Managed Care Capitations	6,762,693	68,820,814	75,583,507
Administration	8,323,819	34,355,241	42,679,060
Life Insurance	466,099	1,916,675	2,382,774
Wellness	104,449	431,098	535,547
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	91,580	388,500	480,080
Director's Discretionary Fund	345,348	1,471,397	1,816,745
WV RHBT Pay Go Premiums	5,846,188	23,153,812	29,000,000
Total Expenses	\$ 235,877,639	\$ 1,042,045,248	\$ 1,277,922,887
Fiscal Year Results	\$ 3,686,400	\$ (24,098,648)	\$ (20,412,248)
Beginning Plan Reserve	45,082,525	95,558,071	140,640,596
Minimum Actuarial Reserve Required	\$ 28,360,215	\$ 124,713,621	\$ 153,073,837
<u>Ending Premium Stabilization Reserve</u>	20,408,709	(53,254,198)	(32,845,488)
Ending Plan Reserve	\$ 48,768,925	\$ 71,459,424	\$ 120,228,349
Reserve as a Percent of Expenses			10%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 74,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 13,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 18,500,000	Active Local	9.0%	16.0%
Direct Transfers	\$ -	State	9.0%	16.0%
		Prescription Drug Rebates		5.0%
		Capitations		6.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2027

PERIOD 7/1/2026 - 6/30/2027

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 205,268,914	\$ 12,854,263	\$ 218,123,177
Employer Premiums - MCO	10,287,802	645,737	10,933,539
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	5,846,188		5,846,188
Life Insurance	577,910		577,910
Direct Transfers	-		-
Investment Income	2,755,225		2,755,225
Litigation Settlement	-		-
COBRA Premiums	646,743		646,743
Administrative Fees	681,257		681,257
Total Revenue	\$ 226,064,039	\$ 13,500,000	\$ 239,564,039
<u>Program Expenses</u>			
Medical Claims	\$ 146,874,541		\$ 146,874,541
Gross Prescription Drug Claims	92,946,987		92,946,987
Prescription Drug Rebates	(25,884,065)		(25,884,065)
Managed Care Capitations	6,762,693		6,762,693
Administration	8,323,819		8,323,819
Life Insurance	466,099		466,099
Wellness	104,449		104,449
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	91,580		91,580
Director's Discretionary Fund	345,348		345,348
WV RHBT Pay Go Premiums	5,846,188		5,846,188
Total Expenses	\$ 235,877,639	\$ -	\$ 235,877,639
Fiscal Year Results	\$ (9,813,600)		\$ 3,686,400
Beginning Plan Reserve	45,082,525		45,082,525
Minimum Actuarial Reserve Required	\$ 28,360,215	\$ -	\$ 28,360,215
<u>Ending Premium Stabilization Reserve</u>	<u>6,908,710</u>	<u>-</u>	<u>20,408,710</u>
Ending Plan Reserve	\$ 35,268,925		\$ 48,768,925
Reserve as a Percent of Expenses			21%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 13,500,000	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		Local	9.0%
			<u>Gross Drugs</u>
			16.0%
		Prescription Drug Rebates	5.0%
		Capitations	6.0%
		Administrative Expense	3.0%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2027

PERIOD 7/1/2026 - 6/30/2027

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 633,678,455	\$ 66,598,262	\$ 700,276,717
Employer Premiums - MCO	70,470,546	7,401,738	77,872,284
Employee Premiums - PPB	163,032,440	16,608,045	179,640,485
Employee Premiums - MCO	18,572,326	1,891,955	20,464,281
WV RHBT Pay Go Premiums	23,153,812		23,153,812
Life Insurance	2,385,231		2,385,231
Direct Transfers	-		-
Investment Income	7,878,116		7,878,116
Litigation Settlement	-		-
COBRA Premiums	2,501,032		2,501,032
Administrative Fees	3,774,643		3,774,643
Total Revenue	\$ 925,446,600	\$ 92,500,000	\$ 1,017,946,600
<u>Program Expenses</u>			
Medical Claims	\$ 614,337,329		\$ 614,337,329
Gross Prescription Drug Claims	410,533,022		410,533,022
Prescription Drug Rebates	(113,362,640)		(113,362,640)
Managed Care Capitations	68,820,814		68,820,814
Administration	34,355,241		34,355,241
Life Insurance	1,916,675		1,916,675
Wellness	431,098		431,098
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	388,500		388,500
Director's Discretionary Fund	1,471,397		1,471,397
WV RHBT Pay Go Premiums	23,153,812		23,153,812
Total Expenses	\$ 1,042,045,248	\$ -	\$ 1,042,045,248
Fiscal Year Results	\$ (116,598,648)		\$ (24,098,648)
Beginning Plan Reserve	95,558,071		95,558,071
Minimum Actuarial Reserve Required	\$ 124,713,621	\$ -	\$ 124,713,621
<u>Ending Premium Stabilization Reserve</u>	<u>(145,754,198)</u>	<u>-</u>	<u>(53,254,198)</u>
Ending Plan Reserve	\$ (21,040,577)		\$ 71,459,423
Reserve as a Percent of Expenses			7%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 74,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 18,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ -	State	9.0%	16.0%
		Prescription Drug Rebates		5.0%
		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 2028**

PERIOD 7/1/2027 - 6/30/2028

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 238,996,841	\$ 800,621,643	\$ 1,039,618,484
Employer Premiums - MCO	12,006,063	88,981,169	100,987,232
Employee Premiums - PPB	-	199,480,366	199,480,366
Employee Premiums - MCO	-	22,724,400	22,724,400
WV RHBT Pay Go Premiums	-	-	-
Life Insurance	606,805	2,504,492	3,111,297
Direct Transfers	-	-	-
Investment Income	3,006,415	7,361,285	10,367,700
Litigation Settlement	-	-	-
COBRA Premiums	708,708	2,842,479	3,551,187
Administrative Fees	681,257	3,774,643	4,455,900
Total Revenue	\$ 256,006,089	\$ 1,128,290,477	\$ 1,384,296,566
<u>Program Expenses</u>			
Medical Claims	\$ 160,494,780	\$ 671,323,471	\$ 831,818,251
Gross Prescription Drug Claims	108,074,974	477,362,028	585,437,002
Prescription Drug Rebates	(27,178,269)	(119,030,772)	(146,209,041)
Managed Care Capitations	7,168,455	72,950,062	80,118,517
Administration	8,573,533	35,385,899	43,959,432
Life Insurance	489,404	2,012,509	2,501,913
Wellness	108,627	448,342	556,969
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	91,580	388,500	480,080
Director's Discretionary Fund	344,613	1,469,948	1,814,561
WV RHBT Pay Go Premiums	-	-	-
Total Expenses	\$ 258,167,698	\$ 1,142,309,987	\$ 1,400,477,684
Fiscal Year Results	\$ (2,161,609)	\$ (14,019,510)	\$ (16,181,118)
Beginning Plan Reserve	48,768,925	71,459,424	120,228,349
Minimum Actuarial Reserve Required	\$ 37,903,575	\$ 165,787,232	\$ 203,690,807
<u>Ending Premium Stabilization Reserve</u>	<u>8,703,741</u>	<u>(108,347,318)</u>	<u>(99,643,577)</u>
Ending Plan Reserve	\$ 46,607,316	\$ 57,439,914	\$ 104,047,230
Reserve as a Percent of Expenses			6%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 88,300,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 16,100,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 22,100,000	Active Local	9.5%	16.5%
Direct Transfers	\$ -	State	9.5%	16.5%
		Prescription Drug Rebates		5.0%
		Capitations		6.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2028

PERIOD 7/1/2027 - 6/30/2028

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 223,666,942	\$ 15,329,899	\$ 238,996,841
Employer Premiums - MCO	11,235,962	770,101	12,006,063
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	-	-	-
Life Insurance	606,805	-	606,805
Direct Transfers	-	-	-
Investment Income	3,006,415	-	3,006,415
Litigation Settlement	-	-	-
COBRA Premiums	708,708	-	708,708
Administrative Fees	681,257	-	681,257
Total Revenue	\$ 239,906,089	\$ 16,100,000	\$ 256,006,089
<u>Program Expenses</u>			
Medical Claims	\$ 160,494,780	-	\$ 160,494,780
Gross Prescription Drug Claims	108,074,974	-	108,074,974
Prescription Drug Rebates	(27,178,269)	-	(27,178,269)
Managed Care Capitations	7,168,455	-	7,168,455
Administration	8,573,533	-	8,573,533
Life Insurance	489,404	-	489,404
Wellness	108,627	-	108,627
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	91,580	-	91,580
Director's Discretionary Fund	344,613	-	344,613
WV RHBT Pay Go Premiums	-	-	-
Total Expenses	\$ 258,167,698	\$ -	\$ 258,167,698
Fiscal Year Results	\$ (18,261,609)	-	\$ (2,161,609)
Beginning Plan Reserve	48,768,925	-	48,768,925
Minimum Actuarial Reserve Required	\$ 37,903,575	\$ -	\$ 37,903,575
<u>Ending Premium Stabilization Reserve</u>	<u>(7,396,258)</u>	<u>-</u>	<u>8,703,742</u>
Ending Plan Reserve	\$ 30,507,316	-	\$ 46,607,316
Reserve as a Percent of Expenses	-	-	18%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 16,100,000	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		Local	9.5%
			<u>Gross Drugs</u>
			16.5%
		Prescription Drug Rebates	5.0%
		Capitations	6.0%
		Administrative Expense	3.0%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2028

PERIOD 7/1/2027 - 6/30/2028

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 721,153,716	\$ 79,467,927	\$ 800,621,643
Employer Premiums - MCO	80,149,096	8,832,073	88,981,169
Employee Premiums - PPB	179,640,485	19,839,881	199,480,366
Employee Premiums - MCO	20,464,281	2,260,119	22,724,400
WV RHBT Pay Go Premiums	-	-	-
Life Insurance	2,504,492	-	2,504,492
Direct Transfers	-	-	-
Investment Income	7,361,285	-	7,361,285
Litigation Settlement	-	-	-
COBRA Premiums	2,842,479	-	2,842,479
Administrative Fees	3,774,643	-	3,774,643
Total Revenue	\$ 1,017,890,477	\$ 110,400,000	\$ 1,128,290,477
<u>Program Expenses</u>			
Medical Claims	\$ 671,323,471	-	\$ 671,323,471
Gross Prescription Drug Claims	477,362,028	-	477,362,028
Prescription Drug Rebates	(119,030,772)	-	(119,030,772)
Managed Care Capitations	72,950,062	-	72,950,062
Administration	35,385,899	-	35,385,899
Life Insurance	2,012,509	-	2,012,509
Wellness	448,342	-	448,342
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	388,500	-	388,500
Director's Discretionary Fund	1,469,948	-	1,469,948
WV RHBT Pay Go Premiums	-	-	-
Total Expenses	\$ 1,142,309,987	\$ -	\$ 1,142,309,987
Fiscal Year Results	\$ (124,419,510)	\$ -	\$ (14,019,510)
Beginning Plan Reserve	71,459,424	-	71,459,424
Minimum Actuarial Reserve Required	\$ 165,787,232	\$ -	\$ 165,787,232
<u>Ending Premium Stabilization Reserve</u>	<u>(218,747,318)</u>	<u>-</u>	<u>(108,347,318)</u>
Ending Plan Reserve	\$ (52,960,086)	-	\$ 57,439,914
Reserve as a Percent of Expenses			5%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 88,300,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 22,100,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ -	State	9.5%	16.5%
		Prescription Drug Rebates		5.0%
		Capitations		6.0%
		Administrative Expense		3.0%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2023 to FY 2024**

Fiscal Year 2023												
Exposure	<u>Jul-22</u>	<u>Aug-22</u>	<u>Sep-22</u>	<u>Oct-22</u>	<u>Nov-22</u>	<u>Dec-22</u>	<u>Jan-23</u>	<u>Feb-23</u>	<u>Mar-23</u>	<u>Apr-23</u>	<u>May-23</u>	<u>Jun-23</u>
Local Medical	30,671	30,695	30,675	30,644	30,654	30,737	28,679	28,736	28,681	28,687	28,617	28,574
State Medical	115,258	114,654	114,878	114,996	115,029	115,191	115,105	115,000	114,981	114,770	114,572	114,425
Local Drugs	30,671	30,695	30,675	30,644	30,654	30,737	28,679	28,736	28,681	28,687	28,617	28,574
State Drugs	115,258	114,654	114,878	114,996	115,029	115,191	115,105	115,000	114,981	114,770	114,572	114,425
	<u>Jul-22</u>	<u>Aug-22</u>	<u>Sep-22</u>	<u>Oct-22</u>	<u>Nov-22</u>	<u>Dec-22</u>	<u>Jan-23</u>	<u>Feb-23</u>	<u>Mar-23</u>	<u>Apr-23</u>	<u>May-23</u>	<u>Jun-23</u>
Local Medical	\$229.37	\$256.63	\$261.27	\$278.35	\$285.43	\$276.11	\$296.36	\$287.36	\$340.55	\$294.04	\$305.50	\$320.04
State Medical	233.58	293.89	284.06	290.84	302.70	279.85	316.19	300.41	340.65	313.95	339.77	355.77
Local Drugs	131.53	162.23	156.27	145.58	143.81	156.62	171.03	152.38	183.87	158.10	180.22	193.19
State Drugs	<u>140.64</u>	<u>183.35</u>	<u>183.65</u>	<u>156.85</u>	<u>167.20</u>	<u>176.74</u>	<u>183.40</u>	<u>173.12</u>	<u>198.72</u>	<u>180.54</u>	<u>207.57</u>	<u>214.51</u>
Total	\$735.12	\$896.09	\$885.26	\$871.62	\$899.12	\$889.32	\$966.98	\$913.27	\$1,063.78	\$946.63	\$1,033.07	\$1,083.52
Change From Prior Year - Month to Month Analysis												
Local Medical	-4.6%	-8.8%	-16.7%	4.9%	7.4%	-4.7%	6.1%	-2.9%	6.4%	0.8%	4.1%	16.8%
State Medical	-14.5%	6.5%	-3.6%	2.1%	2.5%	-5.7%	15.6%	2.1%	10.1%	8.5%	15.7%	11.0%
Local Drugs	-10.7%	3.4%	1.9%	-9.5%	-12.1%	-11.1%	0.9%	-9.3%	-2.8%	-12.0%	-6.4%	-5.3%
State Drugs	<u>-9.6%</u>	<u>7.5%</u>	<u>9.5%</u>	<u>-8.8%</u>	<u>-5.4%</u>	<u>-3.4%</u>	<u>-2.7%</u>	<u>-3.2%</u>	<u>1.9%</u>	<u>-2.6%</u>	<u>4.1%</u>	<u>2.1%</u>
Total	-10.0%	1.3%	-4.7%	-1.3%	-0.2%	-6.0%	6.2%	-2.6%	5.0%	0.1%	5.5%	7.4%
Change From Prior Year - Quarter to Quarter Analysis												
Local Medical			-10.5%			2.3%			3.2%			7.0%
State Medical			-3.8%			-0.4%			9.1%			11.7%
Local Drugs			-1.6%			-10.9%			-3.7%			-7.8%
State Drugs			<u>2.8%</u>			<u>-5.8%</u>			<u>-1.3%</u>			<u>1.3%</u>
Total			-4.3%			-2.6%			2.9%			4.4%
Change From Prior Year - Year to Year Analysis												
Local Medical			-2.1%			-1.8%			-3.4%			0.6%
State Medical			3.8%			0.0%			1.0%			4.3%
Local Drugs			12.4%			5.0%			-0.3%			-6.1%
State Drugs			<u>13.3%</u>			<u>7.0%</u>			<u>2.5%</u>			<u>-0.8%</u>
Total			5.2%			1.6%			-0.3%			0.2%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2023 to FY 2024**

Fiscal Year 2024

Exposure

	<u>Jul-23</u>	<u>Aug-23</u>
Local Medical	28,408	28,455
State Medical	110,217	109,807
Local Drugs	28,408	28,455
State Drugs	110,217	109,807

	<u>Jul-23</u>	<u>Aug-23</u>
Local Medical	\$281.73	\$336.52
State Medical	296.26	365.19
Local Drugs	156.02	206.03
State Drugs	<u>186.39</u>	<u>232.65</u>
Total	\$920.40	\$1,140.38

Change From Prior Year - Month to Month Analysis

Local Medical	22.8%	31.1%
State Medical	26.8%	24.3%
Local Drugs	18.6%	27.0%
State Drugs	<u>32.5%</u>	<u>26.9%</u>
Total	25.2%	27.3%

Change From Prior Year - Quarter to Quarter Analysis

Local Medical

State Medical

Local Drugs

State Drugs

Total

Change From Prior Year - Year to Year Analysis

Local Medical

State Medical

Local Drugs

State Drugs

Total