

STATE OF WEST VIRGINIA



PUBLIC EMPLOYEES INSURANCE AGENCY

Financial Plan

Fiscal Years 2019-2023

Report Date: January 2019

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

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

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

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

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

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

In FY 2019 the Pay-Go is equivalent to \$291 per retiree per month. In future years, the Pay Go premium may increase by a maximum of 3% per retiree per year, indexed to the initial fixed subsidy determined in FY 2013. The new Pay-Go premium formula is based on the financial plan approved by the Financial Board in December 2018.

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

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

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

Respectfully,



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



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

West Virginia Public Employees Insurance Agency
Report of Independent Actuary
Financial Plan for FY 2019 – FY 2023

OVERVIEW

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

This report was compiled utilizing claims data collected by PEIA's third party administrators through December 2018 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 January 2019 enrollment levels for the duration of these forecasts for active employees.

In aggregate, January 2019 enrollment for active employees has decreased by 398 coverages since the end of FY 2018. Aggregate PPB enrollment has decreased by 582 in total over the same period, while managed care enrollment experienced an increase of 184 coverages.

In the State Fund, the overall active State enrollment decreased by 456 coverages from the end of FY 2018 to January 2019. And in the Local Fund, the overall active Local enrollment increased by 58 coverages from the end of FY 2018 to January 2019.

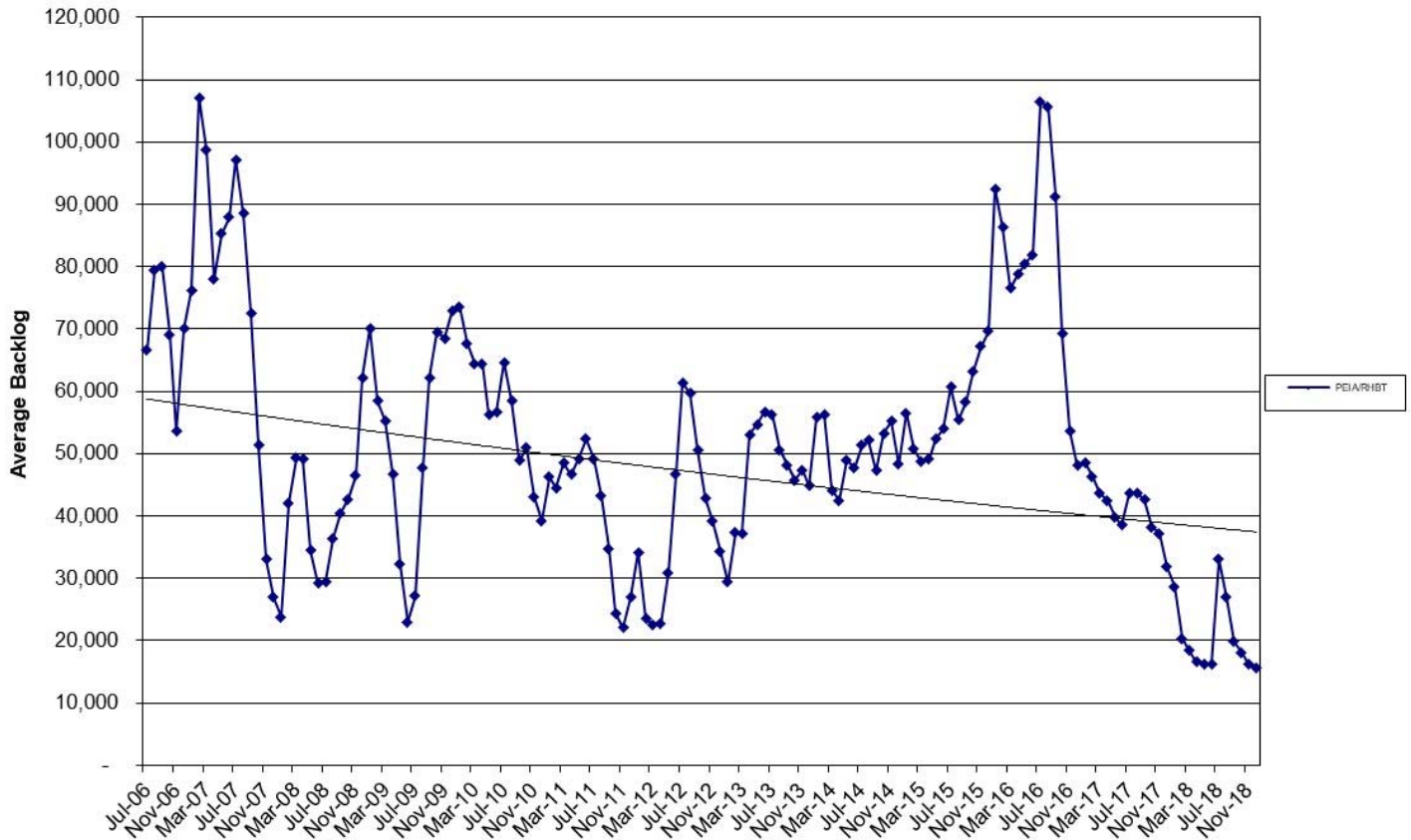
The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2017, June 2018 and January 2019 for purposes of comparison:

PEIA Fund	Coverage	Preferred Provider Benefit			Managed Care		
		Jun-17	Jun-18	Jan-19	Jun-17	Jun-18	Jan-19
State Active	Single	21,482	20,927	21,046	2,160	2,175	2,306
	Children	6,017	5,920	5,844	603	627	661
	Family	28,946	27,782	27,124	2,850	2,784	2,778
	Total	56,445	54,629	54,014	5,613	5,586	5,745
Local Active	Single	5,391	5,520	5,609	422	407	429
	Children	961	955	965	104	94	97
	Family	5,658	5,614	5,548	194	190	190
	Total	12,010	12,089	12,122	720	691	716
Plan Total		68,455	66,718	66,136	6,333	6,277	6,461
Grand Total					74,788	72,995	72,597

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 December 2018



C. Trend Analysis

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

The current trend projection is shown in the following table:

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

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

The following chart summarizes the trend results observed for the plan using data through December 2018. 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	Active Local	State	Active Local	State	
<u>Year</u>	<u>Medical</u>	<u>Medical</u>	<u>Drugs</u>	<u>Drugs</u>	<u>Total</u>
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	1%	4%	17%	15%	7%
2019*	3%	7%	5%	8%	7%

* Fiscal Year 2019 results are through the first six months ending December 2018.

D. Enrollment, Claim, Expense and Revenue Assumptions

Using PEIA paid claim data through December 2018 for medical claims and for prescription drugs claims, average annualized incurred unit claim costs were developed for the State Fund and the Local Fund for both self-funded and managed care coverages. Continuing Care Actuaries has developed the claim cost on an adjusted exposure basis using the respective expected claim cost for each coverage type. The adjusted exposure methodology weighs the expected claim cost under each coverage type for single, member and children, and family coverages based on observed differences in health care cost. For example, under this methodology single coverage types are given a weight of 1.0 exposure, whereas member and children coverages are given a greater weighting based on historical expected health care cost relationships. Based on this methodology, the projection of FY 2019 claims and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

Fiscal Year 2019 Projection			Net Revenue Excluding Pay Go		Expenses		
Fund	Program	Policies	Monthly Employer Premiums	Monthly Employee Premiums	Monthly Medical Costs	Monthly Drugs Costs*	Monthly Capitation Costs
State	PPB	53,992	\$514	\$170	\$519	\$180	
	<u>Managed Care</u>	<u>5,715</u>	\$522	\$182			\$616
	Total	59,707					
Local	PPB	12,126	\$650	\$0	\$475	\$142	
	<u>Managed Care</u>	<u>719</u>	\$540	\$0			\$481
	Total	12,845					

*Net of rebates and subsidies.

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

Board Decisions – December 2018

Source	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Additional State Employer Revenue	\$8,000,000	\$0	\$98,000,000	\$58,500,000	\$60,500,000
Additional Local Agency Revenue	\$0	\$0	\$4,000,000	\$34,500,000	\$15,500,000
Additional Employee Premium	\$0	\$0	\$24,500,000	\$14,600,000	\$15,100,000
State Direct Transfers	\$31,000,000	\$10,000,000	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active State	\$0	(\$4,380,000)	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active Local	\$0	(\$1,030,000)	\$0	\$0	\$0
PPACA Comparative Effectiveness Research Fees (Cost)	(\$320,561)	\$0	\$0	\$0	\$0
Pay Go Premium Transfer	\$152,175,535	\$140,000,000	\$150,000,000	\$160,000,000	\$170,000,000

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

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

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

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

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

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

In FY 2020, the additional administrative costs are \$2,400,000 for the Active State and \$400,000 for the Active Local, and PEIA will receive \$10,000,000 in State direct transfers.

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

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

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

E. Provider Reimbursement Changes

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

FISCAL YEAR 2019 FORECAST

The financial forecast for FY 2019 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2019 projects accrued revenue of \$779,807,583 and incurred plan expenses of \$760,403,272 to produce a fiscal year surplus of \$19,404,311. The PEIA local and state agencies Pay Go premiums for FY 2019 are assumed to be \$152,175,535.

Under the Baseline Scenario, FY 2019 is projected to end with a reserve of \$213,958,449 and the FY 2019 PEIA/RHBT combined, projected plan expenditures of \$854,240,070, which represents 25% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$117,161,409. 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 \$219,454,066 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$208,493,243.

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 \$768,157,963 and incurred plan expenses of \$807,795,127 to produce a fiscal year deficit of (\$39,637,164). The PEIA local and state agencies Pay Go premiums for FY 2020 are assumed to be \$140,000,000.

Under the Baseline Scenario, FY 2020 is projected to end with a reserve of \$174,321,285 and the FY 2020 PEIA/RHBT combined, projected plan expenditures of \$912,894,498, which represents 19% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$126,070,549. 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 \$196,896,478 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$151,589,910.

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 \$883,685,944 and incurred plan expenses of \$876,879,702 to produce a fiscal year surplus of \$6,806,242. The PEIA local and state agencies Pay Go premiums for FY 2021 are assumed to be \$150,000,000.

Under the Baseline Scenario, FY 2021 is projected to end with a reserve of \$181,127,527 and the FY 2021 PEIA/RHBT combined, projected plan expenditures of \$991,873,695, which represents 18% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$137,149,171. 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 \$234,596,602 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$126,612,493.

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 \$992,170,405 and incurred plan expenses of \$954,764,121 to produce a fiscal year surplus of \$37,406,284. The PEIA local and state agencies Pay Go premiums for FY 2022 are assumed to be \$160,000,000.

Under the Baseline Scenario, FY 2022 is projected to end with a reserve of \$218,533,811 and the FY 2022 PEIA/RHBT combined, projected plan expenditures of \$1,089,395,939, which represents 20% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$150,589,845. 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 \$319,487,721 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$114,304,401.

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 \$1,085,363,245 and incurred plan expenses of \$1,042,939,881 to produce a fiscal year surplus of \$42,423,364. The PEIA local and state agencies Pay Go premiums for FY 2023 are assumed to be \$170,000,000.

Under the Baseline Scenario, FY 2023 is projected to end with a reserve of \$260,957,175 and the FY 2023 PEIA/RHBT combined, projected plan expenditures of \$1,202,254,523, which represents 22% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$166,143,503. 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 \$429,371,076 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$84,865,135.

LITIGATION

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

SUMMARY

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

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 94,639,834	\$ 332,886,681	\$ 427,526,515
Employer Premiums - MCO	4,657,621	35,790,078	40,447,699
Employee Premiums - PPB	-	110,259,107	110,259,107
Employee Premiums - MCO	-	12,496,043	12,496,043
WV RHBT Pay Go Premiums	26,940,996	125,234,539	152,175,535
Life Insurance	223,597	1,108,541	1,332,138
Direct Transfers	-	31,000,000	31,000,000
Investment Income	(341,407)	(1,136,478)	(1,477,885)
Litigation Settlement	-	-	-
COBRA Premiums	294,523	1,222,908	1,517,431
Administrative Fees	692,739	3,838,261	4,531,000
Total Revenue	\$ 127,107,903	\$ 652,699,680	\$ 779,807,583
<u>Program Expenses</u>			
Medical Claims	\$ 69,096,534	\$ 336,153,400	\$ 405,249,934
Prescription Drug Claims	20,604,295	116,517,498	137,121,792
Managed Care Capitations	4,147,997	42,212,251	46,360,248
Administration	2,680,276	13,288,139	15,968,415
Life Insurance	205,660	1,019,614	1,225,274
Wellness	114,512	567,724	682,236
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	48,781	271,780	320,561
Computer Software Reserve	-	-	-
Director's Discretionary Fund	214,883	1,084,394	1,299,277
WV RHBT Pay Go Premiums	26,940,996	125,234,539	152,175,535
Total Expenses	\$ 124,053,934	\$ 636,349,338	\$ 760,403,272
Fiscal Year Results	\$ 3,053,969	\$ 16,350,342	\$ 19,404,311
Beginning Plan Reserve	48,340,828	146,213,310	194,554,138
Ending Plan Reserve	\$ 51,394,797	\$ 162,563,652	\$ 213,958,449
Reserve as a Percent of Expenses			30%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 8,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ -	Active Local	7.5%	11.5%
Direct Transfers	\$ 31,000,000	State	7.5%	11.5%
		Capitations		7.3%
		Administrative Expense		-7.4%

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

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

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 94,639,834	\$ -	\$ 94,639,834
Employer Premiums - MCO	4,657,621	-	4,657,621
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	26,940,996		26,940,996
Life Insurance	223,597		223,597
Direct Transfers	-		-
Investment Income	(341,407)		(341,407)
Litigation Settlement	-		-
COBRA Premiums	294,523		294,523
Administrative Fees	692,739		692,739
Total Revenue	\$ 127,107,903	\$ -	\$ 127,107,903
<u>Program Expenses</u>			
Medical Claims	\$ 69,096,534	\$ -	\$ 69,096,534
Prescription Drug Claims	20,604,295	\$ -	20,604,295
Managed Care Capitations	4,147,997		4,147,997
Administration	2,680,276		2,680,276
Life Insurance	205,660		205,660
Wellness	114,512		114,512
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	48,781		48,781
Computer Software Reserve	-		-
Director's Discretionary Fund	214,883		214,883
WV RHBT Pay Go Premiums	26,940,996		26,940,996
Total Expenses	\$ 124,053,934	\$ -	\$ 124,053,934
Fiscal Year Results	\$ 3,053,969		\$ 3,053,969
Beginning Plan Reserve	48,340,828		48,340,828
Ending Plan Reserve	\$ 51,394,797		\$ 51,394,797
Reserve as a Percent of Expenses			37%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ -	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		Local	7.5%
			<u>Drugs</u>
		Capitations	7.3%
		Administrative Expense	-7.4%

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

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

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 332,886,681	\$ -	\$ 332,886,681
Employer Premiums - MCO	35,790,078	-	35,790,078
Employee Premiums - PPB	110,259,107	-	110,259,107
Employee Premiums - MCO	12,496,043	-	12,496,043
WV RHBT Pay Go Premiums	125,234,539		125,234,539
Life Insurance	1,108,541		1,108,541
Direct Transfers	10,000,000	21,000,000	31,000,000
Investment Income	(1,136,478)		(1,136,478)
Litigation Settlement	-		-
COBRA Premiums	1,222,908		1,222,908
Administrative Fees	3,838,261		3,838,261
Total Revenue	\$ 631,699,680	\$ 21,000,000	\$ 652,699,680
<u>Program Expenses</u>			
Medical Claims	\$ 336,153,400	\$ -	\$ 336,153,400
Prescription Drug Claims	116,517,498	\$ -	116,517,498
Managed Care Capitations	42,212,251		42,212,251
Administration	13,288,139		13,288,139
Life Insurance	1,019,614		1,019,614
Wellness	567,724		567,724
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	271,780		271,780
Computer Software Reserve	-		-
Director's Discretionary Fund	1,084,394		1,084,394
WV RHBT Pay Go Premiums	125,234,539		125,234,539
Total Expenses	\$ 636,349,339	\$ -	\$ 636,349,339
Fiscal Year Results	\$ (4,649,659)		\$ 16,350,341
Beginning Plan Reserve	146,213,310		146,213,310
Ending Plan Reserve	\$ 141,563,651		\$ 162,563,651
Reserve as a Percent of Expenses			23%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 8,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ 31,000,000	State	7.5%	11.5%
		Capitations		7.3%
		Administrative Expense		-7.4%

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 96,178,878	\$ 340,231,871	\$ 436,410,749
Employer Premiums - MCO	4,754,388	36,512,405	41,266,793
Employee Premiums - PPB	-	109,718,553	109,718,553
Employee Premiums - MCO	-	12,434,780	12,434,780
WV RHBT Pay Go Premiums	25,254,418	114,745,582	140,000,000
Life Insurance	234,777	1,163,968	1,398,745
Direct Transfers	-	10,000,000	10,000,000
Investment Income	2,435,721	8,420,761	10,856,482
Litigation Settlement	-	-	-
COBRA Premiums	299,374	1,241,487	1,540,861
Administrative Fees	692,739	3,838,261	4,531,000
Total Revenue	\$ 129,850,296	\$ 638,307,667	\$ 768,157,963
<u>Program Expenses</u>			
Medical Claims	\$ 75,098,499	\$ 364,906,355	\$ 440,004,854
Prescription Drug Claims	23,247,920	131,632,356	154,880,276
Managed Care Capitations	4,396,877	44,744,986	49,141,863
Administration	3,160,684	16,086,784	19,247,468
Life Insurance	215,944	1,070,594	1,286,538
Wellness	251,773	1,248,227	1,500,000
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Computer Software Reserve	-	-	-
Director's Discretionary Fund	286,686	1,447,442	1,734,128
WV RHBT Pay Go Premiums	25,254,418	114,745,582	140,000,000
Total Expenses	\$ 131,912,801	\$ 675,882,326	\$ 807,795,127
Fiscal Year Results	\$ (2,062,505)	\$ (37,574,659)	\$ (39,637,164)
Beginning Plan Reserve	51,394,797	162,563,652	213,958,449
Ending Plan Reserve	\$ 49,332,291	\$ 124,988,994	\$ 174,321,285
Reserve as a Percent of Expenses			23%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ -	Active Local	8.0%	12.0%
Direct Transfers	\$ 10,000,000	State	8.0%	12.0%
		Capitations		6.0%
		Administrative Expense		3.0%

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

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

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 96,178,878	\$ -	\$ 96,178,878
Employer Premiums - MCO	4,754,388	-	4,754,388
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	25,254,418		25,254,418
Life Insurance	234,777		234,777
Direct Transfers	-		-
Investment Income	2,435,721		2,435,721
Litigation Settlement	-		-
COBRA Premiums	299,374		299,374
Administrative Fees	692,739		692,739
Total Revenue	\$ 129,850,296	\$ -	\$ 129,850,296
<u>Program Expenses</u>			
Medical Claims	\$ 74,328,499	\$ 770,000	\$ 75,098,499
Prescription Drug Claims	22,987,920	260,000	23,247,920
Managed Care Capitations	4,396,877		4,396,877
Administration	2,760,684	400,000	3,160,684
Life Insurance	215,944		215,944
Wellness	251,773		251,773
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	286,686		286,686
WV RHBT Pay Go Premiums	25,254,418		25,254,418
Total Expenses	\$ 130,482,801	\$ 1,430,000	\$ 131,912,801
Fiscal Year Results	\$ (632,505)		\$ (2,062,505)
Beginning Plan Reserve	51,394,797		51,394,797
Ending Plan Reserve	\$ 50,762,292		\$ 49,332,292
Reserve as a Percent of Expenses			34%

KEY ASSUMPTIONS

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

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2020

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 340,231,871	\$ -	\$ 340,231,871
Employer Premiums - MCO	36,512,405	-	36,512,405
Employee Premiums - PPB	109,718,553	-	109,718,553
Employee Premiums - MCO	12,434,780	-	12,434,780
WV RHBT Pay Go Premiums	114,745,582		114,745,582
Life Insurance	1,163,968		1,163,968
Direct Transfers	10,000,000		10,000,000
Investment Income	8,420,761		8,420,761
Litigation Settlement	-		-
COBRA Premiums	1,241,487		1,241,487
Administrative Fees	3,838,261		3,838,261
Total Revenue	\$ 638,307,667	\$ -	\$ 638,307,667
<u>Program Expenses</u>			
Medical Claims	\$ 362,016,355	\$ 2,890,000	\$ 364,906,355
Prescription Drug Claims	130,142,356	\$ 1,490,000	131,632,356
Managed Care Capitations	44,744,986		44,744,986
Administration	13,686,784	2,400,000	16,086,784
Life Insurance	1,070,594		1,070,594
Wellness	1,248,227		1,248,227
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	1,447,442		1,447,442
WV RHBT Pay Go Premiums	114,745,582		114,745,582
Total Expenses	\$ 669,102,326	\$ 6,780,000	\$ 675,882,326
Fiscal Year Results	\$ (30,794,659)		\$ (37,574,659)
Beginning Plan Reserve	162,563,652		162,563,652
Ending Plan Reserve	\$ 131,768,993		\$ 124,988,993
Reserve as a Percent of Expenses			16%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ 10,000,000	State	8.0%	12.0%
		Capitations		6.0%
		Administrative Expense		3.0%

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 97,847,388	\$ 421,758,154	\$ 519,605,542
Employer Premiums - MCO	4,823,570	45,248,429	50,071,999
Employee Premiums - PPB	-	131,724,539	131,724,539
Employee Premiums - MCO	-	14,928,794	14,928,794
WV RHBT Pay Go Premiums	27,516,727	122,483,273	150,000,000
Life Insurance	246,516	1,222,166	1,468,682
Direct Transfers	-	-	-
Investment Income	2,394,643	7,129,148	9,523,791
Litigation Settlement	-	-	-
COBRA Premiums	304,529	1,527,068	1,831,597
Administrative Fees	692,739	3,838,261	4,531,000
Total Revenue	\$ 133,826,112	\$ 749,859,832	\$ 883,685,944
<u>Program Expenses</u>			
Medical Claims	\$ 81,312,019	\$ 395,098,076	\$ 476,410,095
Prescription Drug Claims	26,101,680	147,790,673	173,892,353
Managed Care Capitations	4,660,689	47,429,685	52,090,374
Administration	3,255,504	16,569,387	19,824,891
Life Insurance	226,741	1,124,124	1,350,865
Wellness	264,361	1,310,639	1,575,000
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Computer Software Reserve	-	-	-
Director's Discretionary Fund	286,764	1,449,360	1,736,124
WV RHBT Pay Go Premiums	27,516,727	122,483,273	150,000,000
Total Expenses	\$ 143,624,485	\$ 733,255,216	\$ 876,879,702
Fiscal Year Results	\$ (9,798,373)	\$ 16,604,616	\$ 6,806,242
Beginning Plan Reserve	49,332,291	124,988,994	174,321,285
Ending Plan Reserve	\$ 39,533,918	\$ 141,593,609	\$ 181,127,527
Reserve as a Percent of Expenses			22%

KEY ASSUMPTIONS

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

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

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

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 94,042,744	\$ 3,804,644	\$ 97,847,388
Employer Premiums - MCO	4,628,214	195,356	4,823,570
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	27,516,727		27,516,727
Life Insurance	246,516		246,516
Direct Transfers	-		-
Investment Income	2,394,643		2,394,643
Litigation Settlement	-		-
COBRA Premiums	304,529		304,529
Administrative Fees	692,739		692,739
Total Revenue	\$ 129,826,112	\$ 4,000,000	\$ 133,826,112
<u>Program Expenses</u>			
Medical Claims	\$ 81,312,019		\$ 81,312,019
Prescription Drug Claims	26,101,680		26,101,680
Managed Care Capitations	4,660,689		4,660,689
Administration	3,255,504		3,255,504
Life Insurance	226,741		226,741
Wellness	264,361		264,361
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	286,764		286,764
WV RHBT Pay Go Premiums	27,516,727		27,516,727
Total Expenses	\$ 143,624,485	\$ -	\$ 143,624,485
Fiscal Year Results	\$ (13,798,373)		\$ (9,798,373)
Beginning Plan Reserve	49,332,291		49,332,291
Ending Plan Reserve	\$ 35,533,918		\$ 39,533,918
Reserve as a Percent of Expenses			25%

KEY ASSUMPTIONS

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

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

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

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 333,238,051	\$ 88,520,103	\$ 421,758,154
Employer Premiums - MCO	35,768,532	9,479,897	45,248,429
Employee Premiums - PPB	109,718,553	22,005,986	131,724,539
Employee Premiums - MCO	12,434,780	2,494,014	14,928,794
WV RHBT Pay Go Premiums	122,483,273		122,483,273
Life Insurance	1,222,166		1,222,166
Direct Transfers	-		-
Investment Income	7,129,148		7,129,148
Litigation Settlement	-		-
COBRA Premiums	1,527,068		1,527,068
Administrative Fees	3,838,261		3,838,261
Total Revenue	\$ 627,359,832	\$ 122,500,000	\$ 749,859,832
<u>Program Expenses</u>			
Medical Claims	\$ 395,098,076		\$ 395,098,076
Prescription Drug Claims	147,790,673		147,790,673
Managed Care Capitations	47,429,685		47,429,685
Administration	16,569,387		16,569,387
Life Insurance	1,124,124		1,124,124
Wellness	1,310,639		1,310,639
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	1,449,360		1,449,360
WV RHBT Pay Go Premiums	122,483,273		122,483,273
Total Expenses	\$ 733,255,217	\$ -	\$ 733,255,217
Fiscal Year Results	\$ (105,895,385)		\$ 16,604,615
Beginning Plan Reserve	124,988,994		124,988,994
Ending Plan Reserve	\$ 19,093,609		\$ 141,593,609
Reserve as a Percent of Expenses			17%

KEY ASSUMPTIONS

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

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 128,339,632	\$ 467,784,111	\$ 596,123,744
Employer Premiums - MCO	6,371,316	50,182,481	56,553,797
Employee Premiums - PPB	-	144,838,310	144,838,310
Employee Premiums - MCO	-	16,415,022	16,415,022
WV RHBT Pay Go Premiums	29,976,737	130,023,263	160,000,000
Life Insurance	258,842	1,283,274	1,542,116
Direct Transfers	-	-	-
Investment Income	2,048,641	8,028,003	10,076,644
Litigation Settlement	-	-	-
COBRA Premiums	399,561	1,690,211	2,089,772
Administrative Fees	692,739	3,838,261	4,531,000
Total Revenue	\$ 168,087,468	\$ 824,082,937	\$ 992,170,405
<u>Program Expenses</u>			
Medical Claims	\$ 88,446,351	\$ 429,764,056	\$ 518,210,407
Prescription Drug Claims	29,436,307	166,671,704	196,108,011
Managed Care Capitations	4,940,331	50,275,467	55,215,798
Administration	3,353,170	17,066,469	20,419,639
Life Insurance	238,078	1,180,330	1,418,408
Wellness	277,580	1,376,170	1,653,750
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Computer Software Reserve	-	-	-
Director's Discretionary Fund	286,837	1,451,271	1,738,108
WV RHBT Pay Go Premiums	29,976,737	130,023,263	160,000,000
Total Expenses	\$ 156,955,391	\$ 797,808,730	\$ 954,764,121
Fiscal Year Results	\$ 11,132,077	\$ 26,274,207	\$ 37,406,284
Beginning Plan Reserve	39,533,918	141,593,609	181,127,527
Ending Plan Reserve	\$ 50,665,995	\$ 167,867,816	\$ 218,533,811
Reserve as a Percent of Expenses			23%

KEY ASSUMPTIONS

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

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

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

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 95,524,576	\$ 32,815,056	\$ 128,339,632
Employer Premiums - MCO	4,686,372	1,684,944	6,371,316
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	29,976,737		29,976,737
Life Insurance	258,842		258,842
Direct Transfers	-		-
Investment Income	2,048,641		2,048,641
Litigation Settlement	-		-
COBRA Premiums	399,561		399,561
Administrative Fees	692,739		692,739
Total Revenue	\$ 133,587,468	\$ 34,500,000	\$ 168,087,468
<u>Program Expenses</u>			
Medical Claims	\$ 88,446,351		\$ 88,446,351
Prescription Drug Claims	29,436,307		29,436,307
Managed Care Capitations	4,940,331		4,940,331
Administration	3,353,170		3,353,170
Life Insurance	238,078		238,078
Wellness	277,580		277,580
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	286,837		286,837
WV RHBT Pay Go Premiums	29,976,737		29,976,737
Total Expenses	\$ 156,955,391	\$ -	\$ 156,955,391
Fiscal Year Results	\$ (23,367,923)		\$ 11,132,077
Beginning Plan Reserve	39,533,918		39,533,918
Ending Plan Reserve	\$ 16,165,995		\$ 50,665,995
Reserve as a Percent of Expenses			29%

KEY ASSUMPTIONS

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

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

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

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 414,943,029	\$ 52,841,082	\$ 467,784,111
Employer Premiums - MCO	44,523,563	5,658,918	50,182,481
Employee Premiums - PPB	131,724,539	13,113,771	144,838,310
Employee Premiums - MCO	14,928,793	1,486,229	16,415,022
WV RHBT Pay Go Premiums	130,023,263		130,023,263
Life Insurance	1,283,274		1,283,274
Direct Transfers	-		-
Investment Income	8,028,003		8,028,003
Litigation Settlement	-		-
COBRA Premiums	1,690,211		1,690,211
Administrative Fees	3,838,261		3,838,261
Total Revenue	\$ 750,982,937	\$ 73,100,000	\$ 824,082,937
<u>Program Expenses</u>			
Medical Claims	\$ 429,764,056		\$ 429,764,056
Prescription Drug Claims	166,671,704		166,671,704
Managed Care Capitations	50,275,467		50,275,467
Administration	17,066,469		17,066,469
Life Insurance	1,180,330		1,180,330
Wellness	1,376,170		1,376,170
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	1,451,271		1,451,271
WV RHBT Pay Go Premiums	130,023,263		130,023,263
Total Expenses	\$ 797,808,730	\$ -	\$ 797,808,730
Fiscal Year Results	\$ (46,825,793)		\$ 26,274,207
Beginning Plan Reserve	141,593,609		141,593,609
Ending Plan Reserve	\$ 94,767,816		\$ 167,867,816
Reserve as a Percent of Expenses			18%

KEY ASSUMPTIONS

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

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 140,697,423	\$ 515,676,331	\$ 656,373,754
Employer Premiums - MCO	6,987,435	55,316,354	62,303,788
Employee Premiums - PPB	-	158,401,183	158,401,183
Employee Premiums - MCO	-	17,952,149	17,952,149
WV RHBT Pay Go Premiums	32,502,829	137,497,171	170,000,000
Life Insurance	271,784	1,347,438	1,619,222
Direct Transfers	-	-	-
Investment Income	2,544,859	9,339,507	11,884,366
Litigation Settlement	-	-	-
COBRA Premiums	438,043	1,859,740	2,297,783
Administrative Fees	692,739	3,838,261	4,531,000
Total Revenue	\$ 184,135,111	\$ 901,228,134	\$ 1,085,363,245
<u>Program Expenses</u>			
Medical Claims	\$ 96,649,051	\$ 469,621,277	\$ 566,270,328
Prescription Drug Claims	33,344,185	188,798,552	222,142,737
Managed Care Capitations	5,236,750	53,291,995	58,528,745
Administration	3,453,765	17,578,463	21,032,228
Life Insurance	249,982	1,239,347	1,489,329
Wellness	291,459	1,444,979	1,736,438
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Computer Software Reserve	-	-	-
Director's Discretionary Fund	286,903	1,453,173	1,740,076
WV RHBT Pay Go Premiums	32,502,829	137,497,171	170,000,000
Total Expenses	\$ 172,014,924	\$ 870,924,957	\$ 1,042,939,881
Fiscal Year Results	\$ 12,120,187	\$ 30,303,177	\$ 42,423,364
Beginning Plan Reserve	50,665,995	167,867,816	218,533,811
Ending Plan Reserve	\$ 62,786,183	\$ 198,170,993	\$ 260,957,175
Reserve as a Percent of Expenses			22%

KEY ASSUMPTIONS

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

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

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

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 125,954,427	\$ 14,742,996	\$ 140,697,423
Employer Premiums - MCO	6,230,431	757,004	6,987,435
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	32,502,829		32,502,829
Life Insurance	271,784		271,784
Direct Transfers	-		-
Investment Income	2,544,859		2,544,859
Litigation Settlement	-		-
COBRA Premiums	438,043		438,043
Administrative Fees	692,739		692,739
Total Revenue	\$ 168,635,111	\$ 15,500,000	\$ 184,135,111
<u>Program Expenses</u>			
Medical Claims	\$ 96,649,051		\$ 96,649,051
Prescription Drug Claims	33,344,185		33,344,185
Managed Care Capitations	5,236,750		5,236,750
Administration	3,453,765		3,453,765
Life Insurance	249,982		249,982
Wellness	291,459		291,459
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	286,903		286,903
WV RHBT Pay Go Premiums	32,502,829		32,502,829
Total Expenses	\$ 172,014,924	\$ -	\$ 172,014,924
Fiscal Year Results	\$ (3,379,813)		\$ 12,120,187
Beginning Plan Reserve	50,665,995		50,665,995
Ending Plan Reserve	\$ 47,286,182		\$ 62,786,182
Reserve as a Percent of Expenses			32%

KEY ASSUMPTIONS

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

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2023

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 461,028,716	\$ 54,647,615	\$ 515,676,331
Employer Premiums - MCO	49,463,969	5,852,385	55,316,354
Employee Premiums - PPB	144,838,310	13,562,873	158,401,183
Employee Premiums - MCO	16,415,022	1,537,127	17,952,149
WV RHBT Pay Go Premiums	137,497,171		137,497,171
Life Insurance	1,347,438		1,347,438
Direct Transfers	-		-
Investment Income	9,339,507		9,339,507
Litigation Settlement	-		-
COBRA Premiums	1,859,740		1,859,740
Administrative Fees	3,838,261		3,838,261
Total Revenue	\$ 825,628,134	\$ 75,600,000	\$ 901,228,134
<u>Program Expenses</u>			
Medical Claims	\$ 469,621,277		\$ 469,621,277
Prescription Drug Claims	188,798,552		188,798,552
Managed Care Capitations	53,291,995		53,291,995
Administration	17,578,463		17,578,463
Life Insurance	1,239,347		1,239,347
Wellness	1,444,979		1,444,979
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	1,453,173		1,453,173
WV RHBT Pay Go Premiums	137,497,171		137,497,171
Total Expenses	\$ 870,924,957	\$ -	\$ 870,924,957
Fiscal Year Results	\$ (45,296,823)		\$ 30,303,177
Beginning Plan Reserve	167,867,816		167,867,816
Ending Plan Reserve	\$ 122,570,993		\$ 198,170,993
Reserve as a Percent of Expenses			20%

KEY ASSUMPTIONS

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

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

Fiscal Year 2018												
Exposure	<u>Jul-17</u>	<u>Aug-17</u>	<u>Sep-17</u>	<u>Oct-17</u>	<u>Nov-17</u>	<u>Dec-17</u>	<u>Jan-18</u>	<u>Feb-18</u>	<u>Mar-18</u>	<u>Apr-18</u>	<u>May-18</u>	<u>Jun-18</u>
Local Medical	25,740	25,586	25,604	25,583	25,558	25,466	25,575	25,507	25,557	25,560	25,510	25,493
State Medical	124,443	123,087	122,276	122,287	122,223	122,170	121,909	121,742	121,432	121,040	120,767	120,425
Local Drugs	25,740	25,586	25,604	25,583	25,558	25,466	25,575	25,507	25,557	25,560	25,510	25,493
State Drugs	124,443	123,087	122,276	122,287	122,223	122,170	121,909	121,742	121,432	121,040	120,767	120,425
Local Medical	<u>\$154.24</u>	<u>\$184.81</u>	<u>\$179.97</u>	<u>\$215.34</u>	<u>\$205.22</u>	<u>\$175.17</u>	<u>\$223.51</u>	<u>\$203.16</u>	<u>\$207.30</u>	<u>\$250.66</u>	<u>\$260.28</u>	<u>\$212.53</u>
State Medical	<u>177.22</u>	<u>192.52</u>	<u>187.32</u>	<u>199.70</u>	<u>209.72</u>	<u>190.53</u>	<u>223.82</u>	<u>202.03</u>	<u>223.07</u>	<u>238.72</u>	<u>260.81</u>	<u>252.23</u>
Local Drugs	<u>115.40</u>	<u>98.38</u>	<u>76.91</u>	<u>119.11</u>	<u>88.29</u>	<u>88.24</u>	<u>111.95</u>	<u>82.27</u>	<u>90.80</u>	<u>100.97</u>	<u>110.36</u>	<u>108.76</u>
State Drugs	<u>118.33</u>	<u>99.93</u>	<u>80.32</u>	<u>121.64</u>	<u>87.95</u>	<u>86.13</u>	<u>114.54</u>	<u>88.95</u>	<u>97.89</u>	<u>104.74</u>	<u>114.78</u>	<u>116.03</u>
Total	<u>\$565.18</u>	<u>\$575.64</u>	<u>\$524.51</u>	<u>\$655.79</u>	<u>\$591.18</u>	<u>\$540.06</u>	<u>\$673.81</u>	<u>\$576.41</u>	<u>\$619.06</u>	<u>\$695.08</u>	<u>\$746.23</u>	<u>\$689.54</u>
Change From Prior Year - Month to Month Analysis												
Local Medical	-7.5%	-1.1%	-3.8%	6.1%	-3.6%	-23.3%	-12.1%	-10.7%	-12.5%	5.8%	8.6%	-23.0%
State Medical	2.3%	-14.5%	-2.7%	-3.4%	3.7%	-2.4%	0.7%	-2.4%	-8.9%	-2.0%	3.6%	-5.4%
Local Drugs	97.2%	24.3%	1.5%	36.0%	2.7%	-3.6%	20.0%	-8.9%	-15.6%	1.2%	1.4%	-0.1%
State Drugs	<u>85.2%</u>	<u>20.2%</u>	<u>-0.7%</u>	<u>34.2%</u>	<u>-4.3%</u>	<u>-9.4%</u>	<u>15.1%</u>	<u>-8.5%</u>	<u>-11.3%</u>	<u>4.2%</u>	<u>5.4%</u>	<u>2.0%</u>
Total	<u>22.2%</u>	<u>0.2%</u>	<u>-2.2%</u>	<u>11.6%</u>	<u>-0.3%</u>	<u>-11.5%</u>	<u>0.7%</u>	<u>-7.3%</u>	<u>-11.5%</u>	<u>2.1%</u>	<u>5.3%</u>	<u>-9.9%</u>
Change From Prior Year - Quarter to Quarter Analysis												
Local Medical			-4.0%			-7.5%			-11.8%			-3.9%
State Medical			-5.7%			-0.7%			-3.8%			-1.3%
Local Drugs			36.2%			11.5%			-2.1%			0.8%
State Drugs			<u>31.0%</u>			<u>6.5%</u>			<u>-1.9%</u>			<u>3.8%</u>
Total			5.9%			-0.2%			-6.1%			-1.1%
Change From Prior Year - Year to Year Analysis												
Local Medical			0.5%			-3.9%			-7.6%			-6.9%
State Medical			-3.7%			-1.9%			-2.7%			-2.8%
Local Drugs			24.5%			22.6%			16.1%			9.6%
State Drugs			<u>20.3%</u>			<u>17.9%</u>			<u>12.0%</u>			<u>8.4%</u>
Total			4.8%			3.4%			0.3%			-0.8%

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

Fiscal Year 2019						
Exposure	<u>Jul-18</u>	<u>Aug-18</u>	<u>Sep-18</u>	<u>Oct-18</u>	<u>Nov-18</u>	<u>Dec-18</u>
Local Medical	25,510	25,503	25,483	25,393	25,328	25,394
State Medical	118,778	118,216	117,851	118,181	118,212	118,221
Local Drugs	25,510	25,503	25,483	25,393	25,328	25,394
State Drugs	118,778	118,216	117,851	118,181	118,212	118,221
	<u>Jul-18</u>	<u>Aug-18</u>	<u>Sep-18</u>	<u>Oct-18</u>	<u>Nov-18</u>	<u>Dec-18</u>
Local Medical	\$153.85	\$188.68	\$208.93	\$227.41	\$207.22	\$214.78
State Medical	205.74	201.81	183.83	246.69	221.27	216.88
Local Drugs	97.39	105.12	92.36	112.67	102.89	103.97
State Drugs	<u>102.40</u>	<u>107.82</u>	<u>100.20</u>	<u>119.71</u>	<u>106.98</u>	<u>110.13</u>
Total	\$559.38	\$603.43	\$585.33	\$706.48	\$638.35	\$645.75
Change From Prior Year - Month to Month Analysis						
Local Medical	-0.3%	2.1%	16.1%	5.6%	1.0%	22.6%
State Medical	16.1%	4.8%	-1.9%	23.5%	5.5%	13.8%
Local Drugs	-15.6%	6.9%	20.1%	-5.4%	16.5%	17.8%
State Drugs	<u>-13.5%</u>	<u>7.9%</u>	<u>24.8%</u>	<u>-1.6%</u>	<u>21.6%</u>	<u>27.9%</u>
Total	-1.0%	4.8%	11.6%	7.7%	8.0%	19.6%
Change From Prior Year - Quarter to Quarter Analysis						
Local Medical			6.3%			9.0%
State Medical			6.2%			14.2%
Local Drugs			1.4%			8.1%
State Drugs			<u>4.0%</u>			<u>13.9%</u>
Total			5.0%			11.4%
Change From Prior Year - Year to Year Analysis						
Local Medical			-4.9%			-1.1%
State Medical			-0.2%			3.2%
Local Drugs			2.7%			2.1%
State Drugs			<u>3.0%</u>			<u>4.9%</u>
Total			-0.9%			1.8%