



STATE OF WEST VIRGINIA



PUBLIC EMPLOYEES INSURANCE AGENCY

Financial Plan

Fiscal Years 2024-2028

Report Date: December 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 2023 for the fiscal year 2025 (“FY 2025”) and to provide quarterly financial reports for current FY 2024 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 2024 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 2024 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, 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 2023. 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 2024 the Pay-Go is equivalent to \$0 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 2023.

This report includes updated claim trend assumptions as recommended in the report titled, “PEIA FY2023 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 2024 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 2024 based on the scheduled revenue increases of the financial plan approved and amended by the Board in December 2023.

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 2024 – 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 October 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 December 2023 enrollment levels for the duration of these forecasts for active employees.

In aggregate, December 2023 enrollment for active employees has increased by 472 coverages since the end of FY 2023. Aggregate PPB enrollment has increased by 441 in total over the same period, while managed care enrollment experienced an increase of 31 coverages.

In the State Fund, the overall active State enrollment increased by 276 coverages from the end of FY 2023 to December 2023. And in the Local Fund, the overall active Local enrollment increased by 196 coverages from the end of FY 2023 to December 2023.

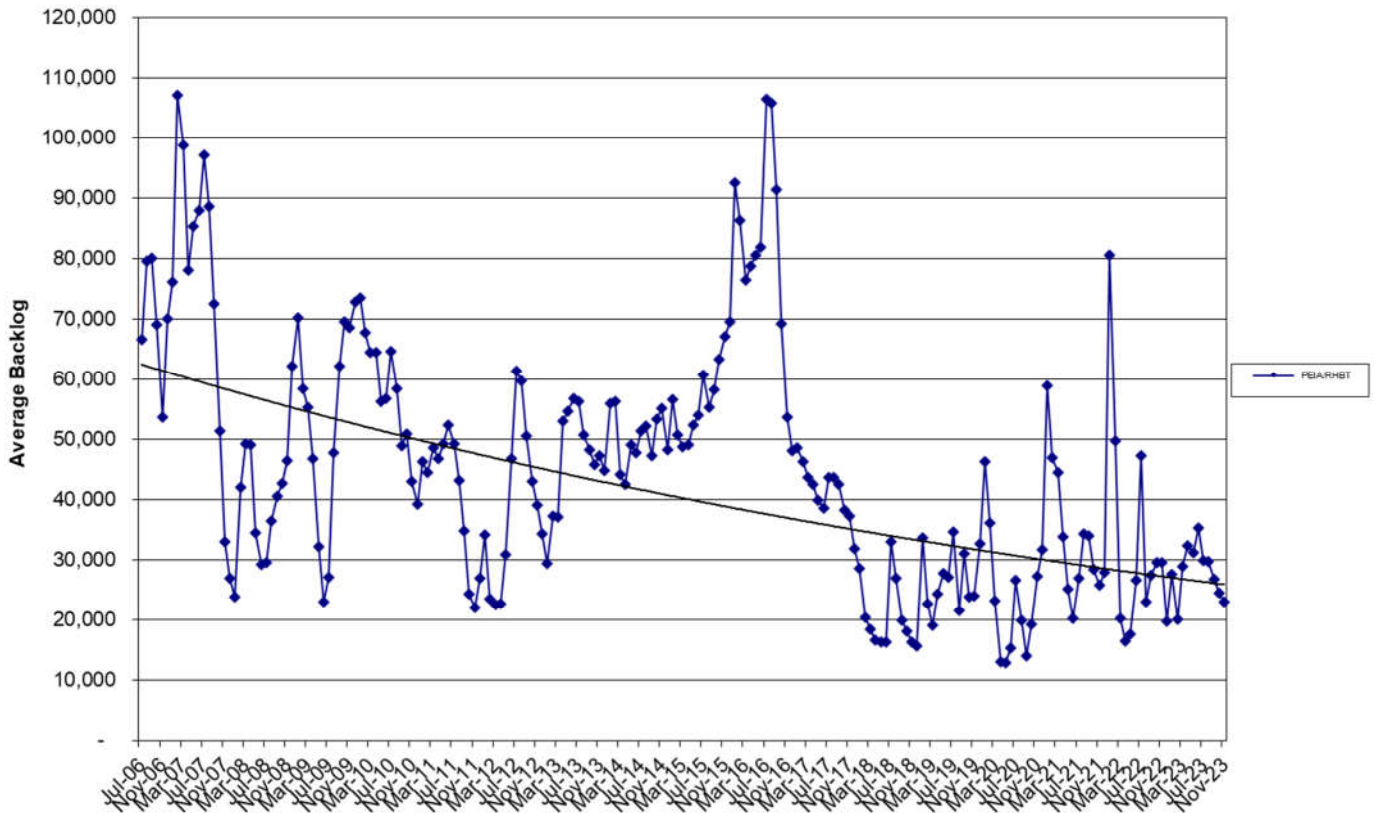
The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2022, June 2023, and December 2023 for purposes of comparison:

PEIA Fund	Coverage	Preferred Provider Benefit			Managed Care		
		Jun-22	Jun-23	Dec-23	Jun-22	Jun-23	Dec-23
State Active	Single	21,269	21,381	22,735	2,435	2,444	2,637
	Children	5,821	5,845	7,182	685	703	922
	Family	26,484	26,125	23,637	2,742	2,703	2,364
	Total	53,574	53,351	53,554	5,862	5,850	5,923
Local Active	Single	6,913	6,618	6,887	471	476	466
	Children	1,355	1,276	1,311	105	107	102
	Family	6,557	6,123	6,057	219	210	183
	Total	14,825	14,017	14,255	795	793	751
Plan Total		68,399	67,368	67,809	6,657	6,643	6,674
Grand Total					75,056	74,011	74,483

B. Changes in Claim Backlog

It should be noted that on July 1, 2006, all retirees were transferred to the RHBT. The graph below has not been adjusted to reflect the smaller risk pool for the active plan. The graph illustrates that the duration of claim payments has been gradually declining for the self-insured block of non-Medicare coverages. Backlog has shown a negative trend since July 2006, with large fluctuations. However, there has been an upward trend since the beginning of FY 2018.

WV PEIA&RHBT Claim Backlog July 2006 through November 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 FY2023 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 October 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	0%	5%	-1%	5%	4%
2024*	7%	10%	4%	10%	9%

* Fiscal year 2024 results are through the first four months ending October 2023.

D. Enrollment, Claim, Expense and Revenue Assumptions

Using PEIA paid claim data through October 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 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 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	53,385	\$842	\$208	\$755	\$263	
	<u>Managed Care</u>	<u>5,872</u>	\$853	\$215			\$822
	Total	59,257					
Local	PPB	14,197	\$911	\$0	\$678	\$220	
	<u>Managed Care</u>	<u>757</u>	\$875	\$0			\$626
	Total	14,954					

*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 2023

Source	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
Additional State Employer Revenue	\$108,100,000	\$62,700,000	\$71,000,000	\$92,000,000	\$95,000,000
Additional Local Agency Revenue	\$22,500,000	\$22,800,000	\$20,500,000	\$25,500,000	\$27,000,000
Additional Employee Premium	\$28,900,000	\$15,700,000	\$17,800,000	\$23,000,000	\$23,800,000
State Direct Transfers (State Budget Appropriations)	\$0	\$0	\$0	\$0	\$0
State Direct Transfers (PEIA Rainy Day Fund)	\$0	\$0	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active State	\$0	\$0	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active Local	\$0	\$0	\$0	\$0	\$0
Pay Go Premium Transfer	\$0	\$29,000,000	\$10,000,000	\$10,000,000	\$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 2024, the ACA PCORI fee is approximately \$3.22 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 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 \$924,578,116 and incurred plan expenses of \$911,776,021 to produce a fiscal year surplus of \$12,802,095. 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 \$137,632,028 and projected plan expenditures of \$911,776,021. This represents 15.1% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$111,347,980. 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 2024 is projected to end with a reserve of \$111,963,555, which represents 15.0% of projected expenditures. The projected State Fund reserve meets the minimum actuarial required reserve of \$90,782,824.

The Local Fund in FY 2024 is projected to end with a reserve of \$25,668,473, which represents 15.3% of projected expenditures. The projected Local Fund reserve meets the minimum actuarial required reserve of \$20,565,156.

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 \$1,031,318,628 and incurred plan expenses of \$1,039,221,078 to produce a fiscal year deficit of (\$7,902,450). 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 \$129,729,578 and projected plan expenditures of \$1,010,221,078. This represents 12.8% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$123,476,850. 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 \$169,170,666 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to \$90,016,183.

The State Fund in FY 2025 is projected to end with a reserve of \$105,879,227, which represents 12.8% of projected expenditures. The projected State Fund reserve meets the minimum actuarial required reserve of \$100,664,490.

The Local Fund in FY 2025 is projected to end with a reserve of \$23,850,352, which represents 12.9% of projected expenditures. The projected Local Fund reserve meets the minimum actuarial required reserve of \$22,812,360.

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 \$1,141,192,623 and incurred plan expenses of \$1,133,175,534 to produce a fiscal year surplus of \$8,017,089. The PEIA local and state agencies Pay Go premiums for FY 2026 are assumed to be \$10,000,000.

Under the Baseline Scenario, FY 2026 is projected to end with a Total Fund reserve (State and Local Reserves) of \$137,746,667 and projected plan expenditures of \$1,123,175,534. This represents 12.3% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$137,462,034. 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 \$231,844,989 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to \$41,818,977.

The State Fund in FY 2026 is projected to end with a reserve of \$112,131,297, which represents 12.2% of projected expenditures. The projected State Fund reserve meets the minimum actuarial required reserve of \$112,059,295.

The Local Fund in FY 2026 is projected to end with a reserve of \$25,615,370, which represents 12.4% of projected expenditures. The projected Local Fund reserve meets the minimum actuarial required reserve of \$25,402,739.

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 \$1,282,988,770 and incurred plan expenses of \$1,265,735,492 to produce a fiscal year surplus of \$17,253,278. The PEIA local and state agencies Pay Go premiums for FY 2027 are assumed to be \$10,000,000.

Under the Baseline Scenario, FY 2027 is projected to end with a Total Fund reserve (State and Local Reserves) of \$154,999,945 and projected plan expenditures of \$1,255,735,492. This represents 12.3% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$153,890,789. 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 \$334,298,079 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to (\$30,077,635).

The State Fund in FY 2027 is projected to end with a reserve of \$126,355,437, which represents 12.3% of projected expenditures. The projected State Fund reserve meets the minimum actuarial required reserve of \$125,442,417.

The Local Fund in FY 2027 is projected to end with a reserve of \$28,644,508, which represents 12.4% of projected expenditures. The projected Local Fund reserve meets the minimum actuarial required reserve of \$28,448,372.

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 \$1,430,553,810 and incurred plan expenses of \$1,411,704,593 to produce a fiscal year surplus of \$18,849,217. 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 \$173,849,162 and projected plan expenditures of \$1,411,704,593. This represents 12.3% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$173,238,172. 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 \$475,992,915 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to (\$141,982,664).

The State Fund in FY 2028 is projected to end with a reserve of \$141,681,255, which represents 12.3% of projected expenditures. The projected State Fund reserve meets the minimum actuarial required reserve of \$141,200,419.

The Local Fund in FY 2028 is projected to end with a reserve of \$32,167,907, which represents 12.4% of projected expenditures. The projected Local Fund reserve meets the minimum actuarial required reserve of \$32,037,753.

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 2024. The plan will meet the minimum actuarial required reserve target in fiscal year 2024. We are currently projecting that the State reserve will be under the minimum actuarial reserve using the baseline assumptions in fiscal years 2024 through 2028; 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 2023 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 2024**

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 155,265,346	\$ 539,216,992	\$ 694,482,338
Employer Premiums - MCO	7,950,482	60,099,704	68,050,186
Employee Premiums - PPB	-	133,355,843	133,355,843
Employee Premiums - MCO	-	15,135,550	15,135,550
WV RHBT Pay Go Premiums	-	-	-
Life Insurance	466,940	1,870,283	2,337,223
Direct Transfers	-	-	-
Investment Income	892,886	3,434,513	4,327,399
Litigation Settlement	-	-	-
COBRA Premiums	453,725	1,817,352	2,271,077
Administrative Fees	706,117	3,912,383	4,618,500
Total Revenue	\$ 165,735,496	\$ 758,842,620	\$ 924,578,116
<u>Program Expenses</u>			
Medical Claims	\$ 115,569,125	\$ 483,358,554	\$ 598,927,679
Gross Prescription Drug Claims	64,731,518	288,118,727	352,850,245
Prescription Drug Rebates	(27,287,690)	(119,509,995)	(146,797,685)
Managed Care Capitations	5,690,580	57,910,409	63,600,989
Administration	7,712,288	30,890,824	38,603,112
Life Insurance	365,317	1,463,243	1,828,560
Wellness	92,274	369,594	461,868
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	88,935	377,456	466,391
Director's Discretionary Fund	348,776	1,486,086	1,834,862
WV RHBT Pay Go Premiums	-	-	-
Total Expenses	\$ 167,311,123	\$ 744,464,898	\$ 911,776,021
Fiscal Year Results	\$ (1,575,627)	\$ 14,377,722	\$ 12,802,095
Beginning Plan Reserve	27,244,100	97,585,833	124,829,933
Minimum Actuarial Reserve Required	\$ 20,565,156	\$ 90,782,824	\$ 111,347,980
<u>Ending Premium Stabilization Reserve</u>	5,103,317	21,180,731	26,284,048
Ending Plan Reserve	\$ 25,668,473	\$ 111,963,555	\$ 137,632,028
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		16.9%
		Administrative Expense		18.7%

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	\$ 133,835,290	\$ 21,430,056	\$ 155,265,346
Employer Premiums - MCO	6,880,538	1,069,944	7,950,482
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	-	-	-
Life Insurance	466,940	-	466,940
Direct Transfers	-	-	-
Investment Income	892,886	-	892,886
Litigation Settlement	-	-	-
COBRA Premiums	453,725	-	453,725
Administrative Fees	706,117	-	706,117
Total Revenue	\$ 143,235,496	\$ 22,500,000	\$ 165,735,496
<u>Program Expenses</u>			
Medical Claims	\$ 115,569,125	-	\$ 115,569,125
Gross Prescription Drug Claims	64,731,518	-	64,731,518
Prescription Drug Rebates	(27,287,690)	-	(27,287,690)
Managed Care Capitations	5,690,580	-	5,690,580
Administration	7,712,288	-	7,712,288
Life Insurance	365,317	-	365,317
Wellness	92,274	-	92,274
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	88,935	-	88,935
Director's Discretionary Fund	348,776	-	348,776
WV RHBT Pay Go Premiums	-	-	-
Total Expenses	\$ 167,311,123	\$ -	\$ 167,311,123
Fiscal Year Results	\$ (24,075,627)	-	\$ (1,575,627)
Beginning Plan Reserve	27,244,100	-	27,244,100
Minimum Actuarial Reserve Required	\$ 20,565,156	\$ -	\$ 20,565,156
<u>Ending Premium Stabilization Reserve</u>	<u>(17,396,683)</u>	<u>-</u>	<u>5,103,317</u>
Ending Plan Reserve	\$ 3,168,473	-	\$ 25,668,473
Reserve as a Percent of Expenses	-	-	15%

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>
			Local
			7.5%
			14.5%
			0.0%
			16.9%
			18.7%

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	\$ 441,919,425	\$ 97,297,567	\$ 539,216,992
Employer Premiums - MCO	49,297,271	10,802,433	60,099,704
Employee Premiums - PPB	107,426,845	25,928,998	133,355,843
Employee Premiums - MCO	12,164,548	2,971,002	15,135,550
WV RHBT Pay Go Premiums	-		-
Life Insurance	1,870,283		1,870,283
Direct Transfers	-		-
Investment Income	3,434,513		3,434,513
Litigation Settlement	-		-
COBRA Premiums	1,817,352		1,817,352
Administrative Fees	3,912,383		3,912,383
Total Revenue	\$ 621,842,620	\$ 137,000,000	\$ 758,842,620
<u>Program Expenses</u>			
Medical Claims	\$ 483,358,554		\$ 483,358,554
Gross Prescription Drug Claims	288,118,727		288,118,727
Prescription Drug Rebates	(119,509,995)		(119,509,995)
Managed Care Capitations	57,910,409		57,910,409
Administration	30,890,824		30,890,824
Life Insurance	1,463,243		1,463,243
Wellness	369,594		369,594
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	377,456		377,456
Director's Discretionary Fund	1,486,086		1,486,086
WV RHBT Pay Go Premiums	-		-
Total Expenses	\$ 744,464,898	\$ -	\$ 744,464,898
Fiscal Year Results	\$ (122,622,278)		\$ 14,377,722
Beginning Plan Reserve	97,585,833		97,585,833
Minimum Actuarial Reserve Required	\$ 90,782,824	\$ -	\$ 90,782,824
Ending Premium Stabilization Reserve	(115,819,269)	-	21,180,731
Ending Plan Reserve	\$ (25,036,445)		\$ 111,963,555
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		16.9%
		Administrative Expense		18.7%

**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	\$ 171,404,532	\$ 574,778,131	\$ 746,182,664
Employer Premiums - MCO	8,768,701	64,081,159	72,849,860
Employee Premiums - PPB	-	147,455,561	147,455,561
Employee Premiums - MCO	-	16,735,832	16,735,832
WV RHBT Pay Go Premiums	5,842,595	23,157,405	29,000,000
Life Insurance	490,287	1,963,797	2,454,084
Direct Transfers	-	-	-
Investment Income	1,798,472	7,771,185	9,569,657
Litigation Settlement	-	-	-
COBRA Premiums	500,865	1,951,605	2,452,470
Administrative Fees	706,117	3,912,383	4,618,500
Total Revenue	\$ 189,511,569	\$ 841,807,059	\$ 1,031,318,628
<u>Program Expenses</u>			
Medical Claims	\$ 124,553,455	\$ 520,945,274	\$ 645,498,729
Gross Prescription Drug Claims	74,296,638	330,699,135	404,995,773
Prescription Drug Rebates	(28,652,075)	(125,485,495)	(154,137,569)
Managed Care Capitations	6,032,015	61,385,033	67,417,048
Administration	7,943,657	31,817,548	39,761,205
Life Insurance	433,983	1,738,005	2,171,988
Wellness	442,296	1,771,572	2,213,868
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	89,125	378,147	467,272
Director's Discretionary Fund	348,001	1,484,763	1,832,764
WV RHBT Pay Go Premiums	5,842,595	23,157,405	29,000,000
Total Expenses	\$ 191,329,690	\$ 847,891,387	\$ 1,039,221,078
Fiscal Year Results	\$ (1,818,121)	\$ (6,084,328)	\$ (7,902,450)
Beginning Plan Reserve	25,668,473	111,963,555	137,632,028
Minimum Actuarial Reserve Required	\$ 22,812,360	\$ 100,664,490	\$ 123,476,850
<u>Ending Premium Stabilization Reserve</u>	1,037,992	5,214,736	6,252,728
Ending Plan Reserve	\$ 23,850,352	\$ 105,879,227	\$ 129,729,578
Reserve as a Percent of Expenses			13%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 62,700,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 22,800,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 15,700,000	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	\$ 149,715,153	\$ 21,689,379	\$ 171,404,532
Employer Premiums - MCO	7,658,080	1,110,621	8,768,701
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	5,842,595		5,842,595
Life Insurance	490,287		490,287
Direct Transfers	-		-
Investment Income	1,798,472		1,798,472
Litigation Settlement	-		-
COBRA Premiums	500,865		500,865
Administrative Fees	706,117		706,117
Total Revenue	\$ 166,711,569	\$ 22,800,000	\$ 189,511,569
<u>Program Expenses</u>			
Medical Claims	\$ 124,480,034	\$ 73,421	\$ 124,553,455
Gross Prescription Drug Claims	69,389,021	\$ 4,907,617	74,296,638
Prescription Drug Rebates	(28,652,075)		(28,652,075)
Managed Care Capitations	6,032,015		6,032,015
Administration	7,943,657		7,943,657
Life Insurance	433,983		433,983
Wellness	442,296		442,296
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	89,125		89,125
Director's Discretionary Fund	348,001		348,001
WV RHBT Pay Go Premiums	5,842,595		5,842,595
Total Expenses	\$ 186,348,653	\$ 4,981,038	\$ 191,329,690
Fiscal Year Results	\$ (19,637,084)		\$ (1,818,121)
Beginning Plan Reserve	25,668,473		25,668,473
Minimum Actuarial Reserve Required	\$ 22,812,360	\$ -	\$ 22,812,360
<u>Ending Premium Stabilization Reserve</u>	<u>(16,780,971)</u>	<u>-</u>	<u>1,037,992</u>
Ending Plan Reserve	\$ 6,031,389		\$ 23,850,352
Reserve as a Percent of Expenses			13%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 22,800,000	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	\$ 518,365,711	\$ 56,412,420	\$ 574,778,131
Employer Premiums - MCO	57,793,579	6,287,580	64,081,159
Employee Premiums - PPB	133,355,843	14,099,718	147,455,561
Employee Premiums - MCO	15,135,550	1,600,282	16,735,832
WV RHBT Pay Go Premiums	23,157,405		23,157,405
Life Insurance	1,963,797		1,963,797
Direct Transfers	-		-
Investment Income	7,771,185		7,771,185
Litigation Settlement	-		-
COBRA Premiums	1,951,605		1,951,605
Administrative Fees	3,912,383		3,912,383
Total Revenue	\$ 763,407,059	\$ 78,400,000	\$ 841,807,059
<u>Program Expenses</u>			
Medical Claims	\$ 520,945,274		\$ 520,945,274
Gross Prescription Drug Claims	330,699,135		330,699,135
Prescription Drug Rebates	(125,485,495)		(125,485,495)
Managed Care Capitations	61,385,033		61,385,033
Administration	31,817,548		31,817,548
Life Insurance	1,738,005		1,738,005
Wellness	1,771,572		1,771,572
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	378,147		378,147
Director's Discretionary Fund	1,484,763		1,484,763
WV RHBT Pay Go Premiums	23,157,405		23,157,405
Total Expenses	\$ 847,891,387	\$ -	\$ 847,891,387
Fiscal Year Results	\$ (84,484,328)		\$ (6,084,328)
Beginning Plan Reserve	111,963,555		111,963,555
Minimum Actuarial Reserve Required	\$ 100,664,490	\$ -	\$ 100,664,490
<u>Ending Premium Stabilization Reserve</u>	<u>(73,185,263)</u>	<u>-</u>	<u>5,214,737</u>
Ending Plan Reserve	\$ 27,479,227		\$ 105,879,227
Reserve as a Percent of Expenses			13%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 62,700,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 15,700,000	<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	\$ 194,542,280	\$ 652,319,409	\$ 846,861,689
Employer Premiums - MCO	9,958,860	72,711,975	82,670,835
Employee Premiums - PPB	-	163,441,228	163,441,228
Employee Premiums - MCO	-	18,550,165	18,550,165
WV RHBT Pay Go Premiums	2,014,688	7,985,312	10,000,000
Life Insurance	514,801	2,061,987	2,576,788
Direct Transfers	-	-	-
Investment Income	1,809,713	7,890,928	9,700,641
Litigation Settlement	-	-	-
COBRA Premiums	568,495	2,204,282	2,772,777
Administrative Fees	706,117	3,912,383	4,618,500
Total Revenue	\$ 210,114,954	\$ 931,077,669	\$ 1,141,192,623
<u>Program Expenses</u>			
Medical Claims	\$ 134,859,233	\$ 564,060,526	\$ 698,919,758
Gross Prescription Drug Claims	85,646,775	381,226,496	466,873,271
Prescription Drug Rebates	(30,084,678)	(131,759,769)	(161,844,448)
Managed Care Capitations	6,393,936	65,068,135	71,462,071
Administration	8,181,967	32,772,075	40,954,042
Life Insurance	455,682	1,824,905	2,280,587
Wellness	445,987	1,786,356	2,232,343
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	89,125	378,147	467,272
Director's Discretionary Fund	347,221	1,483,416	1,830,637
WV RHBT Pay Go Premiums	2,014,688	7,985,312	10,000,000
Total Expenses	\$ 208,349,935	\$ 924,825,598	\$ 1,133,175,534
Fiscal Year Results	\$ 1,765,019	\$ 6,252,071	\$ 8,017,089
Beginning Plan Reserve	23,850,352	105,879,227	129,729,578
Minimum Actuarial Reserve Required	\$ 25,402,739	\$ 112,059,295	\$ 137,462,034
Ending Premium Stabilization Reserve	212,632	72,002	284,633
Ending Plan Reserve	\$ 25,615,370	\$ 112,131,297	\$ 137,746,667
Reserve as a Percent of Expenses			12%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 71,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 20,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 17,800,000	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	\$ 175,040,865	\$ 19,501,415	\$ 194,542,280
Employer Premiums - MCO	8,960,275	998,585	9,958,860
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	2,014,688		2,014,688
Life Insurance	514,801		514,801
Direct Transfers	-		-
Investment Income	1,809,713		1,809,713
Litigation Settlement	-		-
COBRA Premiums	568,495		568,495
Administrative Fees	706,117		706,117
Total Revenue	\$ 189,614,954	\$ 20,500,000	\$ 210,114,954
<u>Program Expenses</u>			
Medical Claims	\$ 134,859,233		\$ 134,859,233
Gross Prescription Drug Claims	85,646,775		85,646,775
Prescription Drug Rebates	(30,084,678)		(30,084,678)
Managed Care Capitations	6,393,936		6,393,936
Administration	8,181,967		8,181,967
Life Insurance	455,682		455,682
Wellness	445,987		445,987
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	89,125		89,125
Director's Discretionary Fund	347,221		347,221
WV RHBT Pay Go Premiums	2,014,688		2,014,688
Total Expenses	\$ 208,349,936	\$ -	\$ 208,349,936
Fiscal Year Results	\$ (18,734,982)		\$ 1,765,018
Beginning Plan Reserve	23,850,352		23,850,352
Minimum Actuarial Reserve Required	\$ 25,402,739	\$ -	\$ 25,402,739
<u>Ending Premium Stabilization Reserve</u>	<u>(20,287,368)</u>	<u>-</u>	<u>212,632</u>
Ending Plan Reserve	\$ 5,115,370		\$ 25,615,370
Reserve as a Percent of Expenses			12%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 20,500,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	8.5%	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	\$ 588,439,316	\$ 63,880,093	\$ 652,319,409
Employer Premiums - MCO	65,592,068	7,119,907	72,711,975
Employee Premiums - PPB	147,455,561	15,985,667	163,441,228
Employee Premiums - MCO	16,735,832	1,814,333	18,550,165
WV RHBT Pay Go Premiums	7,985,312		7,985,312
Life Insurance	2,061,987		2,061,987
Direct Transfers	-		-
Investment Income	7,890,928		7,890,928
Litigation Settlement	-		-
COBRA Premiums	2,204,282		2,204,282
Administrative Fees	3,912,383		3,912,383
Total Revenue	\$ 842,277,669	\$ 88,800,000	\$ 931,077,669
<u>Program Expenses</u>			
Medical Claims	\$ 564,060,526		\$ 564,060,526
Gross Prescription Drug Claims	381,226,496		381,226,496
Prescription Drug Rebates	(131,759,769)		(131,759,769)
Managed Care Capitations	65,068,135		65,068,135
Administration	32,772,075		32,772,075
Life Insurance	1,824,905		1,824,905
Wellness	1,786,356		1,786,356
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	378,147		378,147
Director's Discretionary Fund	1,483,416		1,483,416
WV RHBT Pay Go Premiums	7,985,312		7,985,312
Total Expenses	\$ 924,825,599	\$ -	\$ 924,825,599
Fiscal Year Results	\$ (82,547,930)		\$ 6,252,070
Beginning Plan Reserve	105,879,227		105,879,227
Minimum Actuarial Reserve Required	\$ 112,059,295	\$ -	\$ 112,059,295
<u>Ending Premium Stabilization Reserve</u>	<u>(88,727,998)</u>	<u>-</u>	<u>72,002</u>
Ending Plan Reserve	\$ 23,331,297		\$ 112,131,297
Reserve as a Percent of Expenses			12%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 71,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 17,800,000	<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	\$ 218,800,137	\$ 735,093,614	\$ 953,893,751
Employer Premiums - MCO	11,201,003	81,937,770	93,138,773
Employee Premiums - PPB	-	184,096,866	184,096,866
Employee Premiums - MCO	-	20,894,527	20,894,527
WV RHBT Pay Go Premiums	2,014,688	7,985,312	10,000,000
Life Insurance	540,541	2,165,086	2,705,627
Direct Transfers	-	-	-
Investment Income	1,973,420	8,544,165	10,517,585
Litigation Settlement	-	-	-
COBRA Premiums	639,382	2,483,759	3,123,141
Administrative Fees	706,117	3,912,383	4,618,500
Total Revenue	\$ 235,875,288	\$ 1,047,113,482	\$ 1,282,988,770
<u>Program Expenses</u>			
Medical Claims	\$ 146,692,284	\$ 613,565,529	\$ 760,257,813
Gross Prescription Drug Claims	99,159,236	441,380,726	540,539,962
Prescription Drug Rebates	(31,588,912)	(138,347,758)	(169,936,670)
Managed Care Capitations	6,777,572	68,972,223	75,749,795
Administration	8,427,426	33,755,237	42,182,663
Life Insurance	478,466	1,916,150	2,394,616
Wellness	449,825	1,801,731	2,251,556
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	89,125	378,147	467,272
Director's Discretionary Fund	346,441	1,482,045	1,828,486
WV RHBT Pay Go Premiums	2,014,688	7,985,312	10,000,000
Total Expenses	\$ 232,846,150	\$ 1,032,889,342	\$ 1,265,735,492
Fiscal Year Results	\$ 3,029,138	\$ 14,224,140	\$ 17,253,278
Beginning Plan Reserve	25,615,370	112,131,297	137,746,667
Minimum Actuarial Reserve Required	\$ 28,448,372	\$ 125,442,417	\$ 153,890,789
<u>Ending Premium Stabilization Reserve</u>	<u>196,135</u>	<u>913,021</u>	<u>1,109,156</u>
Ending Plan Reserve	\$ 28,644,508	\$ 126,355,437	\$ 154,999,945
Reserve as a Percent of Expenses			12%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 92,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 25,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 23,000,000	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	\$ 194,542,279	\$ 24,257,858	\$ 218,800,137
Employer Premiums - MCO	9,958,861	1,242,142	11,201,003
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	2,014,688		2,014,688
Life Insurance	540,541		540,541
Direct Transfers	-		-
Investment Income	1,973,420		1,973,420
Litigation Settlement	-		-
COBRA Premiums	639,382		639,382
Administrative Fees	706,117		706,117
Total Revenue	\$ 210,375,288	\$ 25,500,000	\$ 235,875,288
<u>Program Expenses</u>			
Medical Claims	\$ 146,692,284		\$ 146,692,284
Gross Prescription Drug Claims	99,159,236		99,159,236
Prescription Drug Rebates	(31,588,912)		(31,588,912)
Managed Care Capitations	6,777,572		6,777,572
Administration	8,427,426		8,427,426
Life Insurance	478,466		478,466
Wellness	449,825		449,825
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	89,125		89,125
Director's Discretionary Fund	346,441		346,441
WV RHBT Pay Go Premiums	2,014,688		2,014,688
Total Expenses	\$ 232,846,151	\$ -	\$ 232,846,151
Fiscal Year Results	\$ (22,470,863)		\$ 3,029,137
Beginning Plan Reserve	25,615,370		25,615,370
Minimum Actuarial Reserve Required	\$ 28,448,372	\$ -	\$ 28,448,372
<u>Ending Premium Stabilization Reserve</u>	<u>(25,303,865)</u>	<u>-</u>	<u>196,135</u>
Ending Plan Reserve	\$ 3,144,507		\$ 28,644,507
Reserve as a Percent of Expenses			12%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 25,500,000	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		<u>Gross Drugs</u>	
		Local	9.0%
			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	\$ 652,319,409	\$ 82,774,205	\$ 735,093,614
Employer Premiums - MCO	72,711,975	9,225,795	81,937,770
Employee Premiums - PPB	163,441,228	20,655,638	184,096,866
Employee Premiums - MCO	18,550,165	2,344,362	20,894,527
WV RHBT Pay Go Premiums	7,985,312		7,985,312
Life Insurance	2,165,086		2,165,086
Direct Transfers	-		-
Investment Income	8,544,165		8,544,165
Litigation Settlement	-		-
COBRA Premiums	2,483,759		2,483,759
Administrative Fees	3,912,383		3,912,383
Total Revenue	\$ 932,113,482	\$ 115,000,000	\$ 1,047,113,482
<u>Program Expenses</u>			
Medical Claims	\$ 613,565,529		\$ 613,565,529
Gross Prescription Drug Claims	441,380,726		441,380,726
Prescription Drug Rebates	(138,347,758)		(138,347,758)
Managed Care Capitations	68,972,223		68,972,223
Administration	33,755,237		33,755,237
Life Insurance	1,916,150		1,916,150
Wellness	1,801,731		1,801,731
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	378,147		378,147
Director's Discretionary Fund	1,482,045		1,482,045
WV RHBT Pay Go Premiums	7,985,312		7,985,312
Total Expenses	\$ 1,032,889,342	\$ -	\$ 1,032,889,342
Fiscal Year Results	\$ (100,775,860)		\$ 14,224,140
Beginning Plan Reserve	112,131,297		112,131,297
Minimum Actuarial Reserve Required	\$ 125,442,417	\$ -	\$ 125,442,417
<u>Ending Premium Stabilization Reserve</u>	<u>(114,086,979)</u>	<u>-</u>	<u>913,021</u>
Ending Plan Reserve	\$ 11,355,437		\$ 126,355,437
Reserve as a Percent of Expenses			12%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 92,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 23,000,000	<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	\$ 246,398,788	\$ 827,757,076	\$ 1,074,155,864
Employer Premiums - MCO	12,617,040	92,259,620	104,876,660
Employee Premiums - PPB	-	205,470,960	205,470,960
Employee Premiums - MCO	-	23,320,433	23,320,433
WV RHBT Pay Go Premiums	-	-	-
Life Insurance	567,569	2,273,341	2,840,910
Direct Transfers	-	-	-
Investment Income	2,197,833	9,560,732	11,758,565
Litigation Settlement	-	-	-
COBRA Premiums	720,040	2,791,878	3,511,918
Administrative Fees	706,117	3,912,383	4,618,500
Total Revenue	\$ 263,207,387	\$ 1,167,346,423	\$ 1,430,553,810
<u>Program Expenses</u>			
Medical Claims	\$ 160,297,352	\$ 670,484,357	\$ 830,781,708
Gross Prescription Drug Claims	115,299,527	513,234,463	628,533,990
Prescription Drug Rebates	(33,168,358)	(145,265,146)	(178,433,504)
Managed Care Capitations	7,184,226	73,110,557	80,294,783
Administration	8,680,248	34,767,894	43,448,142
Life Insurance	502,390	2,011,958	2,514,348
Wellness	453,817	1,817,721	2,271,538
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	89,125	378,147	467,272
Director's Discretionary Fund	345,661	1,480,654	1,826,315
WV RHBT Pay Go Premiums	-	-	-
Total Expenses	\$ 259,683,988	\$ 1,152,020,605	\$ 1,411,704,593
Fiscal Year Results	\$ 3,523,399	\$ 15,325,818	\$ 18,849,217
Beginning Plan Reserve	28,644,508	126,355,437	154,999,945
Minimum Actuarial Reserve Required	\$ 32,037,753	\$ 141,200,419	\$ 173,238,172
<u>Ending Premium Stabilization Reserve</u>	130,153	480,837	610,990
Ending Plan Reserve	\$ 32,167,907	\$ 141,681,255	\$ 173,849,162
Reserve as a Percent of Expenses			10%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 95,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 27,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 23,800,000	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	\$ 220,713,998	\$ 25,684,790	\$ 246,398,788
Employer Premiums - MCO	11,301,830	1,315,210	12,617,040
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	-	-	-
Life Insurance	567,569	-	567,569
Direct Transfers	-	-	-
Investment Income	2,197,833	-	2,197,833
Litigation Settlement	-	-	-
COBRA Premiums	720,040	-	720,040
Administrative Fees	706,117	-	706,117
Total Revenue	\$ 236,207,387	\$ 27,000,000	\$ 263,207,387
<u>Program Expenses</u>			
Medical Claims	\$ 160,297,352	-	\$ 160,297,352
Gross Prescription Drug Claims	115,299,527	-	115,299,527
Prescription Drug Rebates	(33,168,358)	-	(33,168,358)
Managed Care Capitations	7,184,226	-	7,184,226
Administration	8,680,248	-	8,680,248
Life Insurance	502,390	-	502,390
Wellness	453,817	-	453,817
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	89,125	-	89,125
Director's Discretionary Fund	345,661	-	345,661
WV RHBT Pay Go Premiums	-	-	-
Total Expenses	\$ 259,683,988	\$ -	\$ 259,683,988
Fiscal Year Results	\$ (23,476,601)	-	\$ 3,523,399
Beginning Plan Reserve	28,644,508	-	28,644,508
Minimum Actuarial Reserve Required	\$ 32,037,753	\$ -	\$ 32,037,753
<u>Ending Premium Stabilization Reserve</u>	<u>(26,869,846)</u>	<u>-</u>	<u>130,154</u>
Ending Plan Reserve	\$ 5,167,907	-	\$ 32,167,907
Reserve as a Percent of Expenses	-	-	12%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 27,000,000	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		<u>Gross Drugs</u>	
		Local	9.5%
			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	\$ 742,283,712	\$ 85,473,364	\$ 827,757,076
Employer Premiums - MCO	82,732,984	9,526,636	92,259,620
Employee Premiums - PPB	184,096,865	21,374,095	205,470,960
Employee Premiums - MCO	20,894,528	2,425,905	23,320,433
WV RHBT Pay Go Premiums	-	-	-
Life Insurance	2,273,341	-	2,273,341
Direct Transfers	-	-	-
Investment Income	9,560,732	-	9,560,732
Litigation Settlement	-	-	-
COBRA Premiums	2,791,878	-	2,791,878
Administrative Fees	3,912,383	-	3,912,383
Total Revenue	\$ 1,048,546,423	\$ 118,800,000	\$ 1,167,346,423
<u>Program Expenses</u>			
Medical Claims	\$ 670,484,357	-	\$ 670,484,357
Gross Prescription Drug Claims	513,234,463	-	513,234,463
Prescription Drug Rebates	(145,265,146)	-	(145,265,146)
Managed Care Capitations	73,110,557	-	73,110,557
Administration	34,767,894	-	34,767,894
Life Insurance	2,011,958	-	2,011,958
Wellness	1,817,721	-	1,817,721
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	378,147	-	378,147
Director's Discretionary Fund	1,480,654	-	1,480,654
WV RHBT Pay Go Premiums	-	-	-
Total Expenses	\$ 1,152,020,605	\$ -	\$ 1,152,020,605
Fiscal Year Results	\$ (103,474,182)	\$ -	\$ 15,325,818
Beginning Plan Reserve	126,355,437	-	126,355,437
Minimum Actuarial Reserve Required	\$ 141,200,419	\$ -	\$ 141,200,419
<u>Ending Premium Stabilization Reserve</u>	<u>(118,319,164)</u>	<u>-</u>	<u>480,836</u>
Ending Plan Reserve	\$ 22,881,255	-	\$ 141,681,255
Reserve as a Percent of Expenses			12%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 95,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 23,800,000	<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	\$231.61	\$257.38	\$262.11	\$279.18	\$285.73	\$276.88	\$296.91	\$287.77	\$338.28	\$289.52	\$300.79	\$313.43
State Medical	233.14	294.81	286.58	292.08	304.10	287.13	315.20	297.59	342.73	314.23	344.14	362.51
Local Drugs	131.56	162.29	156.29	145.59	143.81	156.61	171.05	152.40	183.87	158.10	180.22	193.14
State Drugs	<u>140.65</u>	<u>183.46</u>	<u>183.78</u>	<u>156.88</u>	<u>167.26</u>	<u>176.78</u>	<u>183.47</u>	<u>173.15</u>	<u>198.77</u>	<u>180.63</u>	<u>207.48</u>	<u>214.44</u>
Total	\$736.96	\$897.94	\$888.76	\$873.74	\$900.90	\$897.41	\$966.62	\$910.91	\$1,063.64	\$942.49	\$1,032.62	\$1,083.52
Change From Prior Year - Month to Month Analysis												
Local Medical	-3.7%	-8.5%	-16.3%	5.3%	7.6%	-4.5%	5.4%	-2.8%	6.0%	-1.3%	2.4%	14.1%
State Medical	-14.6%	6.9%	-2.6%	2.6%	3.1%	-3.3%	13.7%	1.0%	10.7%	8.7%	17.2%	13.3%
Local Drugs	-10.7%	3.5%	1.9%	-9.5%	-12.1%	-11.1%	0.9%	-9.3%	-2.8%	-12.0%	-6.4%	-5.4%
State Drugs	<u>-9.6%</u>	<u>7.6%</u>	<u>9.6%</u>	<u>-8.8%</u>	<u>-5.3%</u>	<u>-3.4%</u>	<u>-2.6%</u>	<u>-3.2%</u>	<u>1.9%</u>	<u>-2.6%</u>	<u>4.0%</u>	<u>2.0%</u>
Total	-9.7%	1.5%	-4.3%	-1.0%	0.0%	-5.1%	5.4%	-2.8%	5.0%	-0.5%	5.4%	7.4%
Change From Prior Year - Quarter to Quarter Analysis												
Local Medical			-10.0%			2.6%			2.9%			4.9%
State Medical			-3.4%			0.7%			8.4%			13.1%
Local Drugs			-1.6%			-10.9%			-3.7%			-7.8%
State Drugs			<u>2.8%</u>			<u>-5.8%</u>			<u>-1.2%</u>			<u>1.3%</u>
Total			-4.0%			-2.1%			2.6%			4.2%
Change From Prior Year - Year to Year Analysis												
Local Medical			-1.9%			-1.5%			-3.2%			0.2%
State Medical			4.1%			0.5%			1.2%			4.9%
Local Drugs			12.4%			5.0%			-0.3%			-6.1%
State Drugs			<u>13.3%</u>			<u>7.1%</u>			<u>2.5%</u>			<u>-0.7%</u>
Total			5.3%			1.9%			-0.2%			0.3%

**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>	<u>Sep-23</u>	<u>Oct-23</u>
Local Medical	28,408	28,455	28,485	28,555
State Medical	110,217	109,819	110,078	110,315
Local Drugs	28,408	28,455	28,485	28,555
State Drugs	110,217	109,819	110,078	110,315

	<u>Jul-23</u>	<u>Aug-23</u>	<u>Sep-23</u>	<u>Oct-23</u>
Local Medical	\$257.63	\$339.76	\$316.67	\$371.10
State Medical	297.74	349.73	329.95	381.83
Local Drugs	156.27	195.96	175.17	174.68
State Drugs	<u>186.22</u>	<u>218.13</u>	<u>203.74</u>	<u>193.56</u>
Total	\$897.87	\$1,103.57	\$1,025.53	\$1,121.17

Change From Prior Year - Month to Month Analysis

Local Medical	11.2%	32.0%	20.8%	32.9%
State Medical	27.7%	18.6%	15.1%	30.7%
Local Drugs	18.8%	20.7%	12.1%	20.0%
State Drugs	<u>32.4%</u>	<u>18.9%</u>	<u>10.9%</u>	<u>23.4%</u>
Total	21.8%	22.9%	15.4%	28.3%

Change From Prior Year - Quarter to Quarter Analysis

Local Medical	21.7%
State Medical	20.0%
Local Drugs	17.2%
State Drugs	<u>19.7%</u>
Total	19.9%

Change From Prior Year - Year to Year Analysis

Local Medical	7.6%
State Medical	10.4%
Local Drugs	-2.0%
State Drugs	<u>3.2%</u>
Total	5.8%