

**West Virginia
PEIA/RHBT Finance Board
Thursday March 21, 2019
DEP Building, Coopers Rock Room, 601 57th Street, SE, Charleston, WV 25304**

MINUTES

PLACE OF MEETING:

The meeting of the Finance Board of the West Virginia Public Employees Insurance Agency (PEIA) and Retiree Health Benefits Trust (RHBT) Fund was held at 601 57th Street, S.E., Charleston, WV 25304, on March 21, 2019, 1:00 p.m., pursuant to the online notice filed with the Office of West Virginia Secretary of State Mac Warner.

BOARD MEMBERS PRESENT:

Allan McVey, Chairman
Michael "Mike" Smith
Jason Myers
Amanda Meadows
Jared Robertson
William "Bill" Milam

MEETING BEGAN AT APPROXIMATELY 1:00 P.M. WITH A QUORUM PRESENT

TOPIC: Approval of Minutes from the December 20, 2018 Board Meeting

DISCUSSION: None.

MOTION: A motion was offered by Jason Myers to approve the December 20, 2018 minutes. That motion was seconded by Michael Smith.

ACTION: The motion to approve the minutes was passed unanimously.

TOPIC: Introduction of new Chairman- Allan McVey

DISCUSSION: Brief welcome from new Chairman.

TOPIC: Discussion of the FY 2019 Finance Plan Update- Chris Borcik

DISCUSSION: Chris Borcik gave a over view from CCA Financial update for PEIA and RHBT

West Virginia Public Employee Insurance Agency

	Fiscal Year 2019 (millions)			Fiscal Year 2020 (millions)		
	Financial Plan	Mar-19 Update	Change	Financial Plan	Mar-19 Update	Change
Revenue						
Premiums	\$ 744.4	\$ 744.3	\$ (0.1)	\$ 741.4	\$ 741.3	\$ (0.1)
Investment Income ^	(1.5)	1.7	3.2	10.9	11.1	0.2
Other	36.9	36.9	0.1	15.9	37.0	21.1
Total	\$ 779.8	\$ 782.9	\$ 3.1	\$ 768.2	\$ 789.4	\$ 21.2
Expenses						
Medical Claims #	\$ 405.2	\$ 399.6	\$ (5.6)	\$ 440.0	\$ 434.1	\$ (5.9)
Drug Claims #	137.1	139.8	2.6	154.9	157.9	3.0
Capitations	46.4	46.5	0.1	49.1	49.3	0.1
Administration & Wellness	16.7	16.9	0.3	20.7	21.2	0.4
WV RHBT Pay Go Premiums	152.2	152.2	0.0	140.0	140.0	-
ACA Expenses	0.3	0.3	-	-	-	-
Other Expenses	2.5	2.1	(0.4)	3.0	3.0	0.0
Total	\$ 760.4	\$ 757.4	\$ (3.0)	\$ 807.8	\$ 805.4	\$ (2.4)
Fiscal Year Results	\$ 19.4	\$ 25.6	\$ 6.2	\$ (39.6)	\$ (16.1)	\$ 23.6
Ending Fund Balance	\$ 214.0	\$ 220.1	\$ 6.2	\$ 174.3	\$ 204.1	\$ 29.8
Required Reserve	\$ 117.2	\$ 116.4	\$ (0.7)	\$ 126.1	\$ 125.1	\$ (0.9)
Surplus/(Shortfall)	\$ 96.8	\$ 103.7	\$ 6.9	\$ 48.3	\$ 78.9	\$ 30.7

*The annual Medical Trend through February was 5.7%, while the plan assumption was 7.5%

*The annual Gross Drug Trend through February was 10.0%, while the plan assumption was 11.5%

West Virginia Retiree Health Benefit Trust

	Fiscal Year 2019 (millions)			Fiscal Year 2020 (millions)		
	Financial Plan	Mar-19 Update	Change	Financial Plan	Mar-19 Update	Change
Revenue						
Premiums	\$ 241.2	\$ 241.3	\$ 0.2	\$ 231.1	\$ 229.9	\$ (1.2)
Annual Required Contributions	0.0	-	(0.0)	-	-	-
Life Insurance	23.7	23.8	0.0	24.9	24.9	0.0
Investment Income	(5.8)	1.2	7.0	61.3	61.8	0.5
Transfer from Premium Stabilization Reserve	-	-	-	-	-	-
General Revenue Transfer	35.0	35.0	-	35.0	35.0	-
Total	\$ 294.0	\$ 301.3	\$ 7.3	\$ 352.3	\$ 351.7	\$ (0.6)
Expenses						
Medical Claims	\$ 63.9	\$ 62.2	\$ (1.7)	\$ 68.5	\$ 65.7	\$ (2.8)
Drug Claims	27.0	27.2	0.2	30.2	29.3	(1.0)
Capitations	124.7	124.8	0.1	114.0	114.2	0.2
Administration	4.7	4.5	(0.2)	5.3	5.1	(0.2)
Life Insurance	23.7	23.7	0.0	24.9	24.9	0.0
Retiree Assistance Program	1.8	1.9	0.1	1.9	2.0	0.1
ACA Expenses	0.0	0.0	-	-	-	-
Other Expenses	0.2	0.1	(0.1)	0.3	0.3	(0.0)
Total	\$ 246.0	\$ 244.4	\$ (1.6)	\$ 245.1	\$ 241.5	\$ (3.6)
Fiscal Year Results	\$ 48.0	\$ 56.9	\$ 8.9	\$ 107.2	\$ 110.2	\$ 3.0
Ending Fund Balance	\$ 973.0	\$ 981.9	\$ 8.9	\$ 1,080.3	\$ 1,092.1	\$ 11.9

*The annual Non-Med Medical Trend through February was 11.5%, while the plan assumption was 7.5%

*The annual Non-Med Gross Drug Trend through February was 12.0%, while the plan assumption was 11.5%

TOPIC: Financial Updates – Year to date
DISCUSSION: Jason Haught- CFO, PEIA

West Virginia Public Employees Insurance Agency
Statement of Net Position
Thursday, January 31, 2019
(Dollars in Thousands)
(Unaudited-For Internal Use Only)

	CURRENT YR	PRIOR YR	VARIANCE	
			\$	%
Assets				
Current assets:				
Cash and cash equivalents	\$10,583	\$6,095	\$4,488	74%
Equity position in internal investment pool	53,101	74,070	(20,969)	(28%)
Premiums receivable:				
Other, less allowance for doubtful accounts	7,125	(519)	7,644	(1,473%)
Due From RHBT	5,180	6,714	(1,534)	(23%)
Accounts receivable:				
accounts	424	845	(421)	(50%)
Prescription rebates	19,458	14,123	5,335	38%
Other	15,897	506	15,391	3,042%
Total current assets	111,768	101,834	9,934	10%
Noncurrent assets:				
Equity position in internal investment pools restricted	215,010	164,186	50,824	31%
Capital assets, net of accumulated depreciation	10,143	14,330	(4,187)	(29%)
	162	222	(60)	(27%)
Total noncurrent assets	225,315	178,738	46,577	26%
Total assets	337,083	280,572	56,511	20%
Deferred Outflows of Resources Related to Pensions & OPEB				
	562	575	(13)	(2%)
Liabilities				
Current liabilities:				
IBNR	50,050	48,700	1,350	3%
Current claims payable	8,825	4,123	4,702	114%
Premium deficiency reserve		14,815	(14,815)	(100%)
Accounts payable	3,893	2,596	1,297	50%
Unearned revenue	18,735	9,179	9,556	104%
Other accrued liabilities	2,320	1,996	324	16%
Total current liabilities	83,823	81,409	2,414	3%
Noncurrent liabilities:				
Other Liabilities	1,151	1,973	(822)	(42%)
Other accrued liabilities: Premium stabilization fund	11,085	15,975	(4,890)	(31%)
Total liabilities	96,059	99,357	(3,298)	(3%)
Deferred Inflows of Resources Related to Pensions & OPEB				
	577	44	533	1,211%
Net position				
Invested in capital assets	162	222	(60)	(27%)
Unrestricted	240,846	181,522	59,324	33%
Total net position	241,008	181,744	59,264	33%

West Virginia Public Employees Insurance Agency
Statement of Changes in Plan Net Position
For the Seven Months Ending Thursday, January 31, 2019
(Dollars in Thousands)
(Unaudited-For Internal Use Only)

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
			OPERATING REVENUE				
			Premium Revenue				
\$215,125	\$223,146	\$219,124	Health Insurance - State Gov. - Employers	(\$8,021)	(4%)	(\$3,999)	(2%)
71,617	74,137	74,137	Health Insurance - State Gov. - Employees	(2,520)	(3%)	(2,520)	(3%)
57,796	56,911	54,580	Health Insurance - Local Gov. - All	885	2%	3,216	6%
2,680	2,638	2,698	Administrative Fees, Net of Refunds	42	2%	(18)	(1%)
871	1,300	1,430	Other Premium Revenue	(429)	(33%)	(559)	(39%)
348,089	358,132	351,969	Total Operating Revenue	(10,043)	(3%)	(3,880)	(1%)
			NON-OPERATING REVENUE				
783	755	770	Life Insurance	28	4%	13	2%
18,083	18,083	5,833	Direct Transfer	0	0%	12,250	210%
1,680	2,571	10,605	Interest and Investment Income	(891)	(35%)	(8,925)	(84%)
88,784	89,833	90,795	WV RHBT Pay Go Premiums	(1,049)	(1%)	(2,011)	(2%)
109,330	111,242	108,003	Total Non-Operating Revenue	(1,912)	(2%)	1,327	1%
457,419	469,374	459,972	TOTAL REVENUE	(11,955)	(3%)	(2,553)	(1%)
			EXPENSES				
209,922	218,866	219,803	Claims Expense - Medical	8,944	4%	9,881	4%
74,392	103,092	81,015	Claims Expense - Drugs	28,700	28%	6,623	8%
27,106	26,694	25,220	Payments to Managed Care Org.	(412)	(2%)	(1,886)	(7%)
6,814	6,707	6,571	Administrative Service Fees	(107)	(2%)	(243)	(4%)
300	610	282	Wellness and Disease Management	310	51%	(18)	(6%)
2,747	2,863	2,675	Other Operating Expenses	116	4%	(72)	(3%)
713	632	723	Life Insurance Expense	(81)	(13%)	10	1%
187	187	188	ACA Comparative Effectiveness Fee	0	0%	1	1%
88,784	89,833	90,795	WV RHBT Pay Go Premiums	1,049	1%	2,011	2%
410,965	449,484	427,272	TOTAL EXPENSES	38,519	9%	16,307	4%
46,454	19,890	32,700	YTD Surplus (Deficit)	26,564	134%	13,754	42%
194,554	194,544	149,044	Total Net Position, Beginning of Period	0	0%	45,510	31%
\$241,008	\$214,434	\$181,744	Total Net Position, End of Period	\$26,574	12%	\$59,264	33%

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West Virginia Retiree Health Benefit Trust Fund
STATEMENT OF PLAN NET POSITION
Thursday, January 31, 2019
In Thousands

	CURRENT YR	PRIOR YR	\$	VARIANCE	%
ASSETS					
Cash - Operating Fund	\$15,727	\$5,937	\$9,790		165%
INVESTMENTS					
WV Board of Treasury Investments	75,833	45,828	30,005		65%
WV Investment Management Board	929,118	906,493	22,625		2%
Total Investments	1,004,951	952,321	52,630		6%
Due From / (To) WV PEIA	(5,179)	(6,714)	1,535		(23%)
PREMIUM ACCOUNTS RECEIVABLE					
Premium Accounts Receivable	1,126	848	278		(33%)
Less: Allowance for Doubtful Accounts	(468)	(104)	(364)		350%
Net - Premium Accounts Receivable	658	744	(86)		(12%)
Premium A/R - Annual Required Contributions	-	2,375,059	(2,375,059)		(100%)
Less: Allowance for Doubtful Accounts	-	(2,374,407)	2,374,407		(100%)
Net Premium A/R - ARC	-	652	(652)		0%
Other Receivables	1,962	1,251	711		57%
TOTAL ASSETS	1,018,119	954,191	63,928		7%
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows of Resources Related to Pension	269	339	(70)		(21%)
Deferred Outflows of Resources Related to OPEB	34	-	34		100%
TOTAL DEFERRED OUTFLOWS OF RESOURCES	303	339	(36)		(11%)
LIABILITIES					
Claims payable	9,540	7,990	1,550		19%
Accounts payable	31	20	11		55%
Accrued Liabilities	12,650	3,964	8,686		219%
TOTAL LIABILITIES	22,221	11,974	10,247		86%
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows of Resources Related to Pension	239	25	214		856%
Deferred Inflows of Resources Related to OPEB	77	-	77		100%
TOTAL DEFERRED INFLOWS OF RESOURCES	316	25	291		1,164%
Net Position- PSR	38,107	-	38,107		100%
Net Position- Restricted	957,778	942,531	15,247		2%
NET POSITION RESTRICTED FOR POST EMPLOYMENT BENEFITS	\$995,885	\$942,531	\$53,354		6%

West Virginia Retiree Health Benefit Trust Fund
STATEMENT OF CHANGES IN PLAN NET POSITION
For the Seven Months Ending Thursday, January 31, 2019
In Thousands

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
			ADDITIONS				
			Employer Premiums:				
\$1,761	\$1,745	\$1,808	Health premiums - Non Par	\$16	1%	(\$47)	(3%)
9,238	9,252	10,305	Health Premiums - RLC Health, Life	(14)	(0%)	(1,067)	(10%)
88,784	89,833	90,795	Pay Go Premiums	(1,049)	(1%)	(2,011)	(2%)
17,500	17,500	17,500	State appropriation - OPEB	-	0%	-	0%
2,917	2,917	2,917	State appropriation - Premium	-	0%	-	0%
-	-	655	Annual required contributions	-	0%	(655)	(100%)
120,200	121,247	123,980	Total Employer Premiums	(1,047)	(1%)	(3,780)	(3%)
			Other Additions:				
909	700	700	Retiree Drug Subsidy	209	30%	209	30%
1,195	33,665	86,313	Investment Income	(32,470)	(96%)	(85,118)	(99%)
122,304	155,612	210,993	TOTAL ADDITIONS	(33,308)	(21%)	(88,689)	(42%)
			DEDUCTIONS				
77,809	87,676	81,408	Payments to Managed Care Org.	9,867	11%	3,599	4%
13,846	14,225	13,540	Life Insurance Expense	379	3%	(306)	(2%)
31,096	36,351	29,453	Medical Claims Expense	5,255	14%	(1,643)	(6%)
17,001	17,174	18,098	Pharmacy Claims Expense	173	1%	1,097	6%
19	19	19	Comparative Effectiveness Research Fee	-	0%	-	0%
889	830	844	Administrative Service Fees (External)	(59)	(7%)	(45)	(5%)
(38,998)	(40,760)	(39,026)	Member Health premiums	(1,762)	4%	(28)	0%
(13,861)	(14,442)	(13,511)	Member Life Insurance Premiums	(581)	4%	350	(3%)
1,733	1,710	1,548	Other Operating Expenses	(23)	(1%)	(185)	(12%)
89,534	102,783	92,373	TOTAL DEDUCTIONS	13,249	13%	2,839	3%
32,770	52,829	118,620	NET POSITION INCREASE	(20,059)	(38%)	(85,850)	(72%)
			Net Position Restricted for Post Employment Benefits				
963,115	963,115	823,911	Beginning of Period Total Net Position	-	0%	139,204	17%
957,778	977,837	942,531	End of Period Net Position - Restricted	(20,059)	(2%)	15,247	2%
38,107	38,107	-	End of Period Net Position - PSR	-	0%	38,107	100%
\$995,885	\$1,015,944	\$942,531	End of Period Total Net Position	(20,059)	(2%)	\$53,354	6%

TOPIC: Legislative Update

DISCUSSION: Bill Hicks discusses the Legislative updates that impact PEIA.

2019 Regular Legislative Session Code Changes Affecting PEIA

- **HB 2351**
 - Requires and regulates electronic prior authorization forms and practices.
 - Creates new **W. Va. Code §5-16-7f**.
- **SB 489**
 - Regulates contracts with pharmacy benefit managers (PBMs); requires reporting by PBMs & PEIA
 - Amends **W. Va. Code §5-16-9** adding new subsections (j) and (k) to existing code.
- **SB 587**
 - PEIA air ambulance reimbursement.
 - Amends **W. Va. Code §5-16-8a**.
- **HB 3139**
 - Provides funding flexibility to the PEIA plan; creates new PEIA Rainy Day Fund.
 - Amends **W. Va. Code §5-16-25** and creates new **W. Va. Code §11B-2-15a**.
- **HB 2665**
 - Appropriates \$105,000,000 to the new PEIA Rainy Day Fund.

TOPIC: Public Comment

DISCUSSION: None

TOPIC: Old Business

DISCUSSION: None.

TOPIC: New Business

DISCUSSION: None.

TOPIC: Schedule Next Meeting – Chairman Allan McVey

DISCUSSION: The next scheduled meeting is June 27,2019 at 1:00 p.m.

TOPIC: Adourn

ACTION: There being no further business, the March 21, 2019 meeting of the West Virginia RHBT Fund and PEIA Finance Board adjourned at approximately 1:30 p.m.

MOTION: A motion to adjourn the Finance Board was made by Bill Milam and seconded by William Smith.

ACTION: **A motion to adjourn passed unanimously.**

These minutes were transcribed from recording by Jessica Jones, Administrative Secretary to the Finance Board, and are respectfully submitted on the 22nd day of March 2019.

Jessica Jones
RHBT and PEIA Finance Board Secretary

Allan Mcvey
RHBT and PEIA Finance Board
Chairman Representative