

**West Virginia  
PEIA/RHBT Finance Board  
June 17, 2021  
DEP/PEIA Building, Coopers Rock Room 1203  
601 57<sup>th</sup> 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 in the Cooper's Rock Conference Room No. 1203 at 601 57<sup>th</sup> Street SE, Charleston, WV 25304, on Thursday, June 17, 2021, 1:00 p.m., pursuant to the online notice filed with the Office of West Virginia Secretary of State Mac Warner. The meeting was held in person and via teleconference.

**BOARD MEMBERS PRESENT:**

Allan McVey, Chairman  
Geoff Christian  
Melody A. Duke  
Amanda Meadows  
William "Bill" Milam  
Jason Myers  
Jared Robertson  
Michael "Mike" T. Smith

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

**TOPIC:**           **Approval of Minutes from the March 25, 2021 Board Meeting**

**DISCUSSION:** Secretary McVey pointed out a correction to the Minutes.

**MOTION:**       A motion was offered by Bill Milam, to approve the March 25, 2021 minutes. That motion was seconded by Jason Myers.

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

**TOPIC:**           **Discussion of the FY 2021 Finance Plan Update**

**DISCUSSION:** Chris Borcik gave an overview from CCA of the financial update for PEIA and RHBT.

## West Virginia Public Employee Insurance Agency

	Fiscal Year 2021 (millions)			Fiscal Year 2022 (millions)		
	Financial Plan	Jun-21 Update	Change	Financial Plan	Jun-21 Update	Change
<b>Revenue</b>						
Premiums	\$ 761.0	\$ 762.0	\$ 1.0	\$ 761.1	\$ 762.2	\$ 1.0
Investment Income	20.0	36.4	16.4	12.6	12.1	(0.6)
Other	28.7	28.6	(0.1)	28.9	28.7	(0.1)
<b>Total</b>	<b>\$ 809.7</b>	<b>\$ 827.0</b>	<b>\$ 17.3</b>	<b>\$ 802.6</b>	<b>\$ 803.0</b>	<b>\$ 0.3</b>
<b>Expenses</b>						
Medical Claims	\$ 450.2	\$ 467.8	\$ 17.6	\$ 470.2	\$ 492.2	\$ 22.0
Drug Claims	170.7	184.8	14.1	186.7	208.0	21.3
Capitations	53.1	53.9	0.7	56.3	57.1	0.8
Administration & Wellness	25.0	24.8	(0.3)	27.6	27.3	(0.3)
WV RHBT Pay Go Premiums	137.2	137.2	(0.1)	100.0	99.7	(0.3)
ACA Expenses	0.4	0.4	-	0.4	0.4	(0.0)
Other Expenses	3.9	3.0	(1.0)	4.0	4.4	0.4
<b>Total</b>	<b>\$ 840.7</b>	<b>\$ 871.8</b>	<b>\$ 31.1</b>	<b>\$ 845.3</b>	<b>\$ 889.2</b>	<b>\$ 43.9</b>
Fiscal Year Results	\$ (31.0)	\$ (44.8)	\$ (13.8)	\$ (42.7)	\$ (86.2)	\$ (43.5)
Ending Fund Balance	\$ 241.0	\$ 227.1	\$ (13.8)	\$ 198.3	\$ 140.9	\$ (57.4)
<b>Required Reserve</b>	<b>\$ 126.7</b>	<b>\$ 131.5</b>	<b>\$ 4.8</b>	<b>\$ 133.2</b>	<b>\$ 139.9</b>	<b>\$ 6.7</b>
<b>Surplus/(Shortfall)</b>	<b>\$ 114.2</b>	<b>\$ 95.6</b>	<b>\$ (18.6)</b>	<b>\$ 65.1</b>	<b>\$ 1.0</b>	<b>\$ (64.1)</b>

\*The annual Medical Trend through June was 16.1%, while the plan assumption was 5.0%

\*The annual Gross Drug Trend through June was 13.5%, while the plan assumption was 13.0%

## West Virginia Retiree Health Benefit Trust

	Fiscal Year 2021 (millions)			Fiscal Year 2022 (millions)		
	Financial Plan	Jun-21 Update	Change	Financial Plan	Jun-21 Update	Change
<b>Revenue</b>						
Premiums	\$ 221.2	\$ 220.3	\$ (0.9)	\$ 186.3	\$ 183.5	\$ (2.8)
Annual Required Contributions	-	-	-	-	-	-
Life Insurance	27.3	27.3	(0.0)	28.6	28.6	(0.0)
Investment Income	95.8	299.5	203.7	104.4	119.6	15.2
Transfer from Premium Stabilization Reserve	(30.0)	(30.0)	-	3.3	5.5	2.2
General Revenue Transfer	30.0	30.0	-	30.0	30.0	-
<b>Total</b>	<b>\$ 344.2</b>	<b>\$ 547.0</b>	<b>\$ 202.8</b>	<b>\$ 352.7</b>	<b>\$ 367.3</b>	<b>\$ 14.6</b>
<b>Expenses</b>						
Medical Claims	\$ 49.9	\$ 50.9	\$ 1.0	\$ 52.2	\$ 54.2	\$ 2.1
Drug Claims	23.3	24.7	1.4	25.4	27.8	2.4
Capitations	109.7	106.9	(2.8)	105.8	100.0	(5.8)
Administration & Wellness	4.4	4.5	0.2	4.7	4.9	0.2
Life Insurance	26.8	27.4	0.6	28.1	28.7	0.6
Retiree Assistance Program	1.7	1.7	(0.1)	1.9	1.8	(0.1)
ACA Expenses	0.0	0.0	0.0	0.0	0.0	(0.0)
Other Expenses	0.2	0.0	(0.2)	0.2	0.2	(0.0)
<b>Total</b>	<b>\$ 216.0</b>	<b>\$ 216.1</b>	<b>\$ 0.2</b>	<b>\$ 218.2</b>	<b>\$ 217.7</b>	<b>\$ (0.6)</b>
<b>Fiscal Year Results</b>	<b>\$ 128.3</b>	<b>\$ 330.8</b>	<b>\$ 202.6</b>	<b>\$ 134.4</b>	<b>\$ 149.6</b>	<b>\$ 15.2</b>
<b>Ending Fund Balance</b>	<b>\$ 1,314.8</b>	<b>\$ 1,517.4</b>	<b>\$ 202.6</b>	<b>\$ 1,449.2</b>	<b>\$ 1,667.0</b>	<b>\$ 217.8</b>

\*The annual Non-Med Medical Trend through June was 10.6%, while the plan assumption was 5.0%

\*The annual Non-Med Gross Drug Trend through June was 6.0%, while the plan assumption was 13.0%

**TOPIC: Financial Updates – Year to Date**

**DISCUSSION:** Jason Haight, PEIA’s CFO gave an overview of financials.

**West Virginia Public Employees Insurance Agency  
Statement of Net Position  
Friday, April 30, 2021  
(Dollars in Thousands)  
(Unaudited-For Internal Use Only)**

	CURRENT YR	PRIOR YR	VARIANCE	
			\$	%
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$11,074	\$8,153	\$2,921	36%
Equity position in Internal Investment pool	26,905	74,348	(47,443)	(64%)
Premiums receivable:				
Other, less allowance for doubtful accounts	3,380	9,193	(5,813)	(63%)
Due From RHBT	14,420	6,173	8,247	134%
Accounts receivable:				
Provider refunds, less allowance for doubtful accounts		664	(664)	(100%)
Prescription rebates	29,049	25,866	3,183	12%
Other	18,173	27,560	(9,387)	(34%)
<b>Total current assets</b>	<b>103,001</b>	<b>151,957</b>	<b>(48,956)</b>	<b>(32%)</b>
<b>Noncurrent assets:</b>				
Equity position in Internal Investment pools	266,715	200,322	66,393	33%
Equity position in Internal Investment pool – restricted	12,625	10,073	2,552	25%
Capital assets, net of accumulated depreciation	54	98	(44)	(45%)
<b>Total noncurrent assets</b>	<b>279,394</b>	<b>210,493</b>	<b>68,901</b>	<b>33%</b>
<b>Total assets</b>	<b>382,395</b>	<b>362,450</b>	<b>19,945</b>	<b>6%</b>
Deferred Outflows of Resources Related to Pensions & OPEB	358	432	(74)	(17%)
<b>Liabilities</b>				
<b>Current liabilities:</b>				
IBNR	76,110	83,260	(7,150)	(9%)
Current claims payable	5,816	4,724	1,092	23%
Premium deficiency reserve	46,535	13,359	33,176	248%
Accounts payable	3,519	4,992	(1,473)	(30%)
Unearned revenue	12,236	10,374	1,862	18%
Other accrued liabilities	2,538	2,842	(304)	(11%)
<b>Total current liabilities</b>	<b>146,754</b>	<b>119,551</b>	<b>27,203</b>	<b>23%</b>
<b>Noncurrent liabilities:</b>				
Other Liabilities	819	938	(119)	(13%)
Other accrued liabilities: Premium stabilization fund	13,817	8,756	5,061	58%
<b>Total liabilities</b>	<b>161,390</b>	<b>129,245</b>	<b>32,145</b>	<b>25%</b>
Deferred Inflows of Resources Related to Pensions & OPEB	432	499	(67)	(13%)
<b>Net position</b>				
Invested in capital assets	54	98	(44)	(45%)
Actuarially Required Reserve	126,749	120,902	5,847	0%
PEIA PSR, Unrestricted	94,125	112,139	(18,014)	(16%)
<b>Total net position</b>	<b>220,928</b>	<b>233,139</b>	<b>(12,211)</b>	<b>(5%)</b>

**West Virginia Public Employees Insurance Agency**  
**Statement of Changes in Plan Net Position**  
**For the Ten Months Ending Friday, April 30, 2021**  
(Dollars in Thousands)  
(Unaudited-For Internal Use Only)

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
			<b>OPERATING REVENUE</b>				
			<b>Premium Revenue</b>				
\$319,406	\$316,599	\$314,800	Health Insurance - State Gov. - Employers	\$2,807	1%	\$4,606	1%
100,830	100,177	100,357	Health Insurance - State Gov. - Employees	653	1%	473	0%
98,918	89,125	88,097	Health Insurance - Local Gov. - All	9,793	11%	10,821	12%
4,045	3,790	3,979	Administrative Fees, Net of Refunds	255	7%	66	2%
1,574	1,414	1,313	Other Premium Revenue	160	11%	261	20%
<b>524,773</b>	<b>511,105</b>	<b>508,546</b>	<b>Total Operating Revenue</b>	<b>13,668</b>	<b>3%</b>	<b>16,227</b>	<b>3%</b>
			<b>NON-OPERATING REVENUE</b>				
2,280	1,229	935	Life Insurance	1,051	86%	1,345	144%
17,500	45,833	25,833	Direct Transfer	(28,333)	(62%)	(8,333)	(32%)
36,382	9,748	(4,203)	Interest and Investment Income	28,634	273%	40,585	(966%)
114,306	112,500	117,825	WV RHBT Pay Go Premiums	1,806	2%	(3,510)	(3%)
<b>170,468</b>	<b>169,310</b>	<b>140,390</b>	<b>Total Non-Operating Revenue</b>	<b>1,158</b>	<b>1%</b>	<b>30,078</b>	<b>21%</b>
<b>695,241</b>	<b>680,415</b>	<b>648,936</b>	<b>TOTAL REVENUE</b>	<b>14,826</b>	<b>2%</b>	<b>46,305</b>	<b>7%</b>
			<b>EXPENSES</b>				
367,975	371,563	348,110	Claims Expense - Medical	3,588	1%	(19,865)	(6%)
149,483	138,624	111,561	Claims Expense - Drugs	(10,859)	(8%)	(37,922)	(34%)
44,878	43,684	41,549	Payments to Managed Care Org.	(1,194)	(3%)	(3,329)	(8%)
16,094	20,984	17,684	Administrative Service Fees	4,890	23%	1,590	9%
131	6,667	319	Wellness and Disease Management	6,536	98%	188	59%
4,418	3,786	3,727	Other Operating Expenses	(653)	(17%)	(992)	(19%)
2,089	1,081	1,411	Life Insurance Expense	(1,008)	(93%)	(678)	(48%)
340	0	0	ACA Comparative Effectiveness Fee	(340)	0%	(340)	0%
114,306	112,500	117,825	WV RHBT Pay Go Premiums	(1,806)	(2%)	3,510	3%
<b>699,715</b>	<b>698,869</b>	<b>642,186</b>	<b>TOTAL EXPENSES</b>	<b>(846)</b>	<b>(0%)</b>	<b>(57,529)</b>	<b>(9%)</b>
<b>(4,474)</b>	<b>(18,454)</b>	<b>6,750</b>	<b>YTD Surplus (Deficit)</b>	<b>13,980</b>	<b>(76%)</b>	<b>(11,224)</b>	<b>(166%)</b>
225,402	225,402	226,389	Total Net Position, Beginning of Period	0	0%	(987)	(0%)
126,749	126,749	120,902	End of Period Net Position, Actuarially Required Reserve	0	0%	5,847	5%
94,179	80,199	112,237	End of Period Net Position, PEIA PSR	13,980	17%	(18,058)	(16%)
<b>\$220,928</b>	<b>\$206,948</b>	<b>\$233,139</b>	<b>Total Net Position, End of Period</b>	<b>\$13,980</b>	<b>7%</b>	<b>(\$12,211)</b>	<b>(5%)</b>

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**West Virginia Retiree Health Benefit Trust Fund**  
**STATEMENT OF PLAN NET POSITION**  
**Friday, April 30, 2021**  
In Thousands

	CURRENT YR	PRIOR YR	\$	%
<b>ASSETS</b>				
Cash - Operating Fund	\$12,627	\$11,466	\$1,161	10%
<b>INVESTMENTS</b>				
WV Board of Treasury Investments	68,534	123,339	(54,805)	(44%)
WV Investment Management Board	1,529,614	1,014,170	515,444	51%
Total Investments	1,598,148	1,137,509	460,639	40%
Due From / (To) WV PEIA	(14,420)	(6,173)	(8,247)	134%
<b>PREMIUM ACCOUNTS RECEIVABLE</b>				
Premium Accounts Receivable	866	2,852	(1,986)	(70%)
Less: Allowance for Doubtful Accounts	(143)	(468)	325	(69%)
Net - Premium Accounts Receivable	723	2,384	(1,661)	(70%)
Other Receivables	351	889	(538)	(61%)
<b>TOTAL ASSETS</b>	<b>1,597,429</b>	<b>1,146,075</b>	<b>451,354</b>	<b>39%</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows of Resources Related to Pension	112	179	(67)	(37%)
Deferred Outflows of Resources Related to OPEB	79	69	10	14%
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>191</b>	<b>248</b>	<b>(57)</b>	<b>(23%)</b>
<b>LIABILITIES</b>				
Claims payable	7,650	11,170	3,520	32%
Accounts payable	17	21	4	19%
Accrued Liabilities	9,211	12,930	3,719	29%
<b>TOTAL LIABILITIES</b>	<b>16,878</b>	<b>24,121</b>	<b>7,243</b>	<b>30%</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows of Resources Related to Pension	84	171	87	51%
Deferred Inflows of Resources Related to OPEB	151	103	(48)	(47%)
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>235</b>	<b>274</b>	<b>39</b>	<b>14%</b>
Net Position- PSR	68,107	38,107	30,000	79%
Net Position- Restricted	1,512,400	1,083,718	458,579	42%
<b>NET POSITION RESTRICTED FOR POST EMPLOYMENT BENEFITS</b>	<b>\$1,580,507</b>	<b>\$1,121,928</b>	<b>\$458,579</b>	<b>41%</b>

**West Virginia Retiree Health Benefit Trust Fund**  
**STATEMENT OF PLAN NET POSITION**  
**Friday, April 30, 2021**  
**In Thousands**

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<b>FOR POST EMPLOYMENT BENEFITS</b>	<b>\$1,580,507</b>	<b>\$1,121,928</b>	<b>\$458,579</b>	<b>41%</b>

**PUBLIC COMMENTS AND QUESTIONS:**

**DISCUSSION:** None.

**TOPIC:** Old Business

**DISCUSSION:** None.

**TOPIC:** New Business – Director Ted Cheatham

- Humana Contract – Hoping to have plan by September meeting.
- Proposed Public Hearing Dates
  - November 8 – Telephone Town Hall
  - November 9 – Charleston
  - November 10 – Beckley
  - November 16 – Martinsburg
  - November 17 – Morgantown
  - November 18 - Wheeling
- PBM is out to bid.

**TOPIC:** Next Meeting

**DISCUSSION:** September 23, 2021

**TOPIC: Adourn**

**ACTION:** There being no further business, the June 17, 2021 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 Jason Myers.

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

These minutes were transcribed from recording by Kenna DeRaimo, Finance Board Secretary, and are respectfully submitted on the 23rd day of September 2021.