

STATE OF WEST VIRGINIA



PUBLIC EMPLOYEES INSURANCE AGENCY

Financial Plan

Fiscal Years 2020-2024

Report Date: December 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 2019 for the fiscal year 2021 (“FY 2021”) and to provide quarterly financial reports for current FY 2020 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 2020 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 2024.

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 2020 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, 2020 (“FY 2020”), June 30, 2021 (“FY 2021”), June 30, 2022 (“FY 2022”), June 30, 2023 (“FY 2023”) and June 30, 2024 (“FY 2024”). Our opinion of plan adequacy is based on the projections through FY 2024 using updated future revenue and plan modifications provided by the Board in the financial plan adopted in December 2019. 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 2020 the Pay-Go is equivalent to \$267 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 2019.

This report includes updated claim trend assumptions as recommended in the report titled, “PEIA FY2019 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 2020 through FY 2024 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 2020 based on the scheduled revenue increases of the financial plan approved and amended by the Board in December 2019.

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 2024 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 2020 – FY 2024

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 November 2019 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 2019 enrollment levels for the duration of these forecasts for active employees.

In aggregate, December 2019 enrollment for active employees has increased by 895 coverages since the end of FY 2019. Aggregate PPB enrollment has increased by 882 in total over the same period, while managed care enrollment experienced an increase of 13 coverages.

In the State Fund, the overall active State enrollment increased by 329 coverages from the end of FY 2019 to December 2019. And in the Local Fund, the overall active Local enrollment increased by 566 coverages from the end of FY 2019 to December 2019.

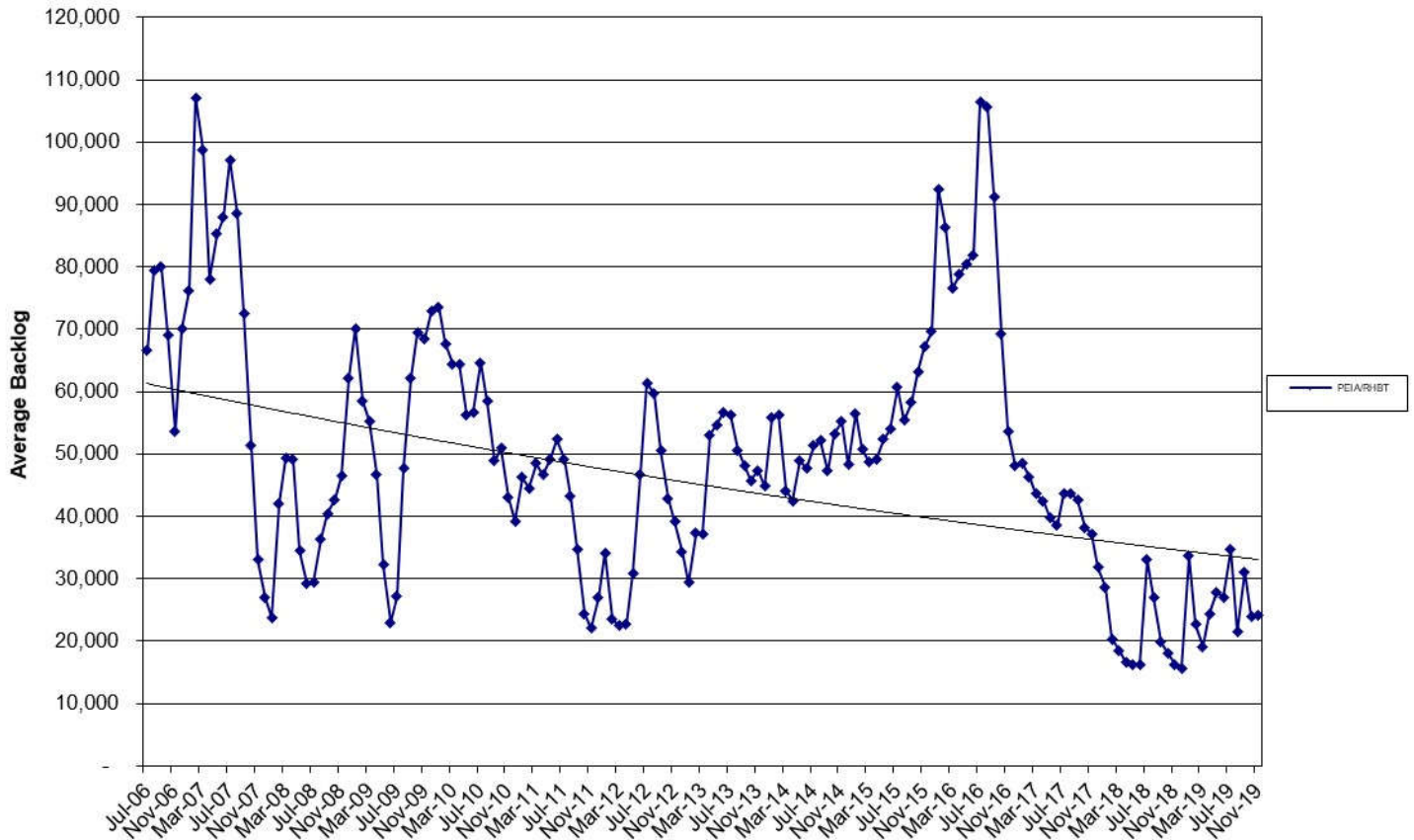
The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2018, June 2019 and December 2019 for purposes of comparison:

PEIA Fund	Coverage	Preferred Provider Benefit			Managed Care		
		Jun-18	Jun-19	Dec-19	Jun-18	Jun-19	Dec-19
State Active	Single	20,927	21,216	21,474	2,175	2,381	2,401
	Children	5,920	5,912	5,939	627	665	671
	Family	27,782	26,894	26,942	2,784	2,805	2,775
	Total	54,629	54,022	54,355	5,586	5,851	5,847
Local Active	Single	5,520	5,723	6,010	407	419	430
	Children	955	996	1,051	94	99	103
	Family	5,614	5,576	5,783	190	186	188
	Total	12,089	12,295	12,844	691	704	721
Plan Total		66,718	66,317	67,199	6,277	6,555	6,568
Grand Total					72,995	72,872	73,767

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 November 2019



C. Trend Analysis

PEIA experienced higher medical and prescription drug trends in FY 2019, 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 FY2019 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 2020 medical claim trend is 8.0% and the prescription drug claim trend is 12.0%.

The current trend projection is shown in the following table:

Claim Type	Previous Assumption FY 2020 Trend	Updated Assumption FY 2020 Trend
Active Local – Medical	8.0%	8.0%
State – Medical	8.0%	8.0%
Active Local – Drugs	12.0%	12.0%
State – Drugs	12.0%	12.0%

In addition, we have assumed that trends will increase by 0.5% in each successive fiscal year beginning in FY 2021. 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 November 2019. 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%	11%
2020*	6%	3%	19%	20%	9%

* Fiscal Year 2020 results are through the first five months ending November 2019.

D. Enrollment, Claim, Expense and Revenue Assumptions

Using PEIA paid claim data through November 2019 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 2020 claims and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

Fiscal Year 2020 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	54,230	\$520	\$166	\$527	\$196	
	<u>Managed Care</u>	5,810	\$525	\$174			\$646
	Total	60,040					
Local	PPB	12,791	\$662	\$0	\$498	\$154	
	<u>Managed Care</u>	719	\$565	\$0			\$513
	Total	13,510					

*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 2019

Source	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Additional State Employer Revenue	\$0	\$0	\$66,000,000	\$91,000,000	\$65,000,000
Additional Local Agency Revenue	\$0	\$0	\$14,500,000	\$14,500,000	\$30,000,000
Additional Employee Premium	\$0	\$0	\$16,500,000	\$22,800,000	\$16,300,000
State Direct Transfers (State Budget Appropriations)	\$31,000,000	\$21,000,000	\$21,000,000	\$21,000,000	\$21,000,000
State Direct Transfers (PEIA Rainy Day Fund)	\$0	\$34,000,000	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active State	(\$4,380,000)	\$0	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active Local	(\$1,030,000)	\$0	\$0	\$0	\$0
Pay Go Premium Transfer	\$140,628,864	\$135,000,000	\$140,000,000	\$150,000,000	\$160,000,000

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 \$31,000,000 in State direct transfers.

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 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 \$785,755,002 and incurred plan expenses of \$796,074,263 to produce a fiscal year deficit of (\$10,319,261). The PEIA local and state agencies Pay Go premiums for FY 2020 are assumed to be \$140,628,864.

Under the Baseline Scenario, FY 2020 is projected to end with a reserve of \$229,427,998 and the FY 2020 PEIA/RHBT combined, projected plan expenditures of \$881,536,220, which represents 26% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$120,901,959. 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 \$235,197,415 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$223,690,270.

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 \$816,497,927 and incurred plan expenses of \$848,902,319 to produce a fiscal year deficit of (\$32,404,392). The PEIA local and state agencies Pay Go premiums for FY 2021 are assumed to be \$135,000,000.

Under the Baseline Scenario, FY 2021 is projected to end with a reserve of \$197,023,606 and the FY 2021 PEIA/RHBT combined, projected plan expenditures of \$953,554,106, which represents 21% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$130,931,535. 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 \$220,659,960 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$173,224,611.

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 \$878,808,866 and incurred plan expenses of \$919,551,759 to produce a fiscal year deficit of (\$40,742,893). The PEIA local and state agencies Pay Go premiums for FY 2022 are assumed to be \$140,000,000.

Under the Baseline Scenario, FY 2022 is projected to end with a reserve of \$156,280,712 and the FY 2022 PEIA/RHBT combined, projected plan expenditures of \$1,036,137,738, which represents 15% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$142,435,696. 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 \$212,390,114 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$99,077,835.

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 \$1,006,192,110 and incurred plan expenses of \$1,005,132,747 to produce a fiscal year surplus of \$1,059,363. The PEIA local and state agencies Pay Go premiums for FY 2023 are assumed to be \$150,000,000.

Under the Baseline Scenario, FY 2023 is projected to end with a reserve of \$157,340,076 and the FY 2023 PEIA/RHBT combined, projected plan expenditures of \$1,133,485,975, which represents 14% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$155,931,788. 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 \$263,601,897 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$47,641,175.

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 \$1,118,243,684 and incurred plan expenses of \$1,102,373,894 to produce a fiscal year surplus of \$15,869,790. The PEIA local and state agencies Pay Go premiums for FY 2024 are assumed to be \$160,000,000.

Under the Baseline Scenario, FY 2024 is projected to end with a reserve of \$173,209,865 and the FY 2024 PEIA/RHBT combined, projected plan expenditures of \$1,245,977,956, which represents 14% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$171,546,856. 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 \$351,062,556 and under the Pessimistic Scenario, the ending reserve is expected to decrease to (\$12,730,097).

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 2024, using the Baseline assumptions. These projections are based on significant revenue increases as contained in the Financial Plan adopted by the Board in December 2019 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 2020**

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 101,575,803	\$ 338,170,447	\$ 439,746,250
Employer Premiums - MCO	4,879,249	36,613,791	41,493,041
Employee Premiums - PPB	-	108,048,182	108,048,182
Employee Premiums - MCO	-	12,164,200	12,164,200
WV RHBT Pay Go Premiums	25,831,684	114,797,180	140,628,864
Life Insurance	244,162	1,159,858	1,404,020
Direct Transfers	-	31,000,000	31,000,000
Investment Income	1,150,456	3,890,544	5,041,000
Litigation Settlement	-	-	-
COBRA Premiums	326,366	1,355,129	1,681,495
Administrative Fees	695,331	3,852,619	4,547,950
Total Revenue	\$ 134,703,051	\$ 651,051,951	\$ 785,755,002
<u>Program Expenses</u>			
Medical Claims	\$ 76,458,603	\$ 342,941,403	\$ 419,400,005
Prescription Drug Claims	23,649,778	127,750,229	151,400,007
Managed Care Capitations	4,424,717	45,028,309	49,453,026
Administration	4,903,566	23,293,691	28,197,257
Life Insurance	214,751	1,020,144	1,234,895
Wellness	695,609	3,304,391	4,000,000
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Computer Software Reserve	-	-	-
Director's Discretionary Fund	308,710	1,451,499	1,760,209
WV RHBT Pay Go Premiums	25,831,684	114,797,180	140,628,864
Total Expenses	\$ 136,487,418	\$ 659,586,845	\$ 796,074,263
Fiscal Year Results	\$ (1,784,367)	\$ (8,534,894)	\$ (10,319,261)
Beginning Plan Reserve	57,715,171	182,032,088	239,747,259
Minimum Actuarial Reserve Required	\$ 20,774,301	\$ 100,127,658	\$ 120,901,959
Ending Premium Stabilization Reserve	35,156,504	73,369,535	108,526,039
Ending Plan Reserve	\$ 55,930,804	\$ 173,497,193	\$ 229,427,998
Reserve as a Percent of Expenses			30%

KEY ASSUMPTIONS

		Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employer Premiums	\$ -	Active Local	8.0%	12.0%
Additional Local Agency Revenue	\$ -	State	8.0%	12.0%
Additional State Employee Premiums	\$ -	Capitations		5.9%
Direct Transfers	\$ 31,000,000	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	\$ 101,575,803	\$ -	\$ 101,575,803
Employer Premiums - MCO	4,879,249	-	4,879,249
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	25,831,684		25,831,684
Life Insurance	244,162		244,162
Direct Transfers	-		-
Investment Income	1,150,456		1,150,456
Litigation Settlement	-		-
COBRA Premiums	326,366		326,366
Administrative Fees	695,331		695,331
Total Revenue	\$ 134,703,051	\$ -	\$ 134,703,051
<u>Program Expenses</u>			
Medical Claims	\$ 75,688,603	\$ 770,000	\$ 76,458,603
Prescription Drug Claims	23,389,778	260,000	23,649,778
Managed Care Capitations	4,424,717		4,424,717
Administration	4,503,566	400,000	4,903,566
Life Insurance	214,751		214,751
Wellness	695,609		695,609
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	308,710		308,710
WV RHBT Pay Go Premiums	25,831,684		25,831,684
Total Expenses	\$ 135,057,418	\$ 1,430,000	\$ 136,487,418
Fiscal Year Results	\$ (354,367)		\$ (1,784,367)
Beginning Plan Reserve	57,715,171		57,715,171
Minimum Actuarial Reserve Required	\$ 20,774,301	\$ -	\$ 20,774,301
<u>Ending Premium Stabilization Reserve</u>	<u>36,586,504</u>	<u>-</u>	<u>35,156,504</u>
Ending Plan Reserve	\$ 57,360,804		\$ 55,930,804
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	8.0%
			<u>Drugs</u>
		Capitations	5.9%
		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	\$ 338,170,447	\$ -	\$ 338,170,447
Employer Premiums - MCO	36,613,791	-	36,613,791
Employee Premiums - PPB	108,048,182	-	108,048,182
Employee Premiums - MCO	12,164,200	-	12,164,200
WV RHBT Pay Go Premiums	114,797,180		114,797,180
Life Insurance	1,159,858		1,159,858
Direct Transfers	31,000,000		31,000,000
Investment Income	3,890,544		3,890,544
Litigation Settlement	-		-
COBRA Premiums	1,355,129		1,355,129
Administrative Fees	3,852,619		3,852,619
Total Revenue	\$ 651,051,951	\$ -	\$ 651,051,951
<u>Program Expenses</u>			
Medical Claims	\$ 340,051,403	\$ 2,890,000	\$ 342,941,403
Prescription Drug Claims	126,260,229	\$ 1,490,000	127,750,229
Managed Care Capitations	45,028,309		45,028,309
Administration	20,893,691	2,400,000	23,293,691
Life Insurance	1,020,144		1,020,144
Wellness	3,304,391		3,304,391
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	1,451,499		1,451,499
WV RHBT Pay Go Premiums	114,797,180		114,797,180
Total Expenses	\$ 652,806,846	\$ 6,780,000	\$ 659,586,846
Fiscal Year Results	\$ (1,754,895)		\$ (8,534,895)
Beginning Plan Reserve	182,032,088		182,032,088
Minimum Actuarial Reserve Required	\$ 100,127,658	\$ -	\$ 100,127,658
<u>Ending Premium Stabilization Reserve</u>	<u>80,149,535</u>	<u>-</u>	<u>73,369,535</u>
Ending Plan Reserve	\$ 180,277,193		\$ 173,497,193
Reserve as a Percent of Expenses			24%

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	\$ 31,000,000	State	8.0%	12.0%
		Capitations		5.9%
		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	\$ 102,042,153	\$ 342,846,967	\$ 444,889,119
Employer Premiums - MCO	4,907,434	37,071,602	41,979,036
Employee Premiums - PPB	-	108,048,182	108,048,182
Employee Premiums - MCO	-	12,164,200	12,164,200
WV RHBT Pay Go Premiums	25,337,150	109,662,850	135,000,000
Life Insurance	256,370	1,217,851	1,474,221
Direct Transfers	-	55,000,000	55,000,000
Investment Income	2,679,407	9,018,745	11,698,152
Litigation Settlement	-	-	-
COBRA Premiums	327,882	1,369,185	1,697,067
Administrative Fees	695,331	3,852,619	4,547,950
Total Revenue	\$ 136,245,726	\$ 680,252,201	\$ 816,497,927
<u>Program Expenses</u>			
Medical Claims	\$ 83,031,445	\$ 371,910,699	\$ 454,942,144
Prescription Drug Claims	26,630,755	143,658,900	170,289,655
Managed Care Capitations	4,690,200	47,730,008	52,420,208
Administration	4,484,173	20,696,501	25,180,674
Life Insurance	225,489	1,071,151	1,296,640
Wellness	1,400,000	6,600,000	8,000,000
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Computer Software Reserve	-	-	-
Director's Discretionary Fund	310,974	1,462,024	1,772,998
WV RHBT Pay Go Premiums	25,337,150	109,662,850	135,000,000
Total Expenses	\$ 146,110,186	\$ 702,792,134	\$ 848,902,319
Fiscal Year Results	\$ (9,864,460)	\$ (22,539,933)	\$ (32,404,392)
Beginning Plan Reserve	55,930,804	173,497,193	229,427,998
Minimum Actuarial Reserve Required	\$ 22,520,519	\$ 108,411,016	\$ 130,931,535
<u>Ending Premium Stabilization Reserve</u>	<u>23,545,826</u>	<u>42,546,244</u>	<u>66,092,070</u>
Ending Plan Reserve	\$ 46,066,345	\$ 150,957,261	\$ 197,023,606
Reserve as a Percent of Expenses			25%

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	8.5%	12.5%
Direct Transfers	\$ 55,000,000	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	\$ 102,042,153	\$ -	\$ 102,042,153
Employer Premiums - MCO	4,907,434	-	4,907,434
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	25,337,150		25,337,150
Life Insurance	256,370		256,370
Direct Transfers	-		-
Investment Income	2,679,407		2,679,407
Litigation Settlement	-		-
COBRA Premiums	327,882		327,882
Administrative Fees	695,331		695,331
Total Revenue	\$ 136,245,726	\$ -	\$ 136,245,726
<u>Program Expenses</u>			
Medical Claims	\$ 83,031,445		\$ 83,031,445
Prescription Drug Claims	26,630,755		26,630,755
Managed Care Capitations	4,690,200		4,690,200
Administration	4,484,173		4,484,173
Life Insurance	225,489		225,489
Wellness	-	1,400,000	1,400,000
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	310,974		310,974
WV RHBT Pay Go Premiums	25,337,150		25,337,150
Total Expenses	\$ 144,710,186	\$ 1,400,000	\$ 146,110,186
Fiscal Year Results	\$ (8,464,460)		\$ (9,864,460)
Beginning Plan Reserve	55,930,804		55,930,804
Minimum Actuarial Reserve Required	\$ 22,520,519	\$ -	\$ 22,520,519
<u>Ending Premium Stabilization Reserve</u>	<u>24,945,825</u>	<u>-</u>	<u>23,545,825</u>
Ending Plan Reserve	\$ 47,466,344		\$ 46,066,344
Reserve as a Percent of Expenses			28%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ -	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	\$ 342,846,967	\$ -	\$ 342,846,967
Employer Premiums - MCO	37,071,602	-	37,071,602
Employee Premiums - PPB	108,048,182	-	108,048,182
Employee Premiums - MCO	12,164,200	-	12,164,200
WV RHBT Pay Go Premiums	109,662,850		109,662,850
Life Insurance	1,217,851		1,217,851
Direct Transfers	55,000,000		55,000,000
Investment Income	9,018,745		9,018,745
Litigation Settlement	-		-
COBRA Premiums	1,369,185		1,369,185
Administrative Fees	3,852,619		3,852,619
Total Revenue	\$ 680,252,201	\$ -	\$ 680,252,201
<u>Program Expenses</u>			
Medical Claims	\$ 371,910,699		\$ 371,910,699
Prescription Drug Claims	143,658,900		143,658,900
Managed Care Capitations	47,730,008		47,730,008
Administration	20,696,501		20,696,501
Life Insurance	1,071,151		1,071,151
Wellness	-	6,600,000	6,600,000
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	1,462,024		1,462,024
WV RHBT Pay Go Premiums	109,662,850		109,662,850
Total Expenses	\$ 696,192,133	\$ 6,600,000	\$ 702,792,133
Fiscal Year Results	\$ (15,939,932)		\$ (22,539,932)
Beginning Plan Reserve	173,497,193		173,497,193
Minimum Actuarial Reserve Required	\$ 108,411,016	\$ -	\$ 108,411,016
<u>Ending Premium Stabilization Reserve</u>	49,146,244	-	42,546,244
Ending Plan Reserve	\$ 157,557,261		\$ 150,957,261
Reserve as a Percent of Expenses			19%

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	\$ 55,000,000	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	\$ 114,324,161	\$ 399,360,477	\$ 513,684,638
Employer Premiums - MCO	5,506,927	43,176,590	48,683,517
Employee Premiums - PPB	-	122,878,560	122,878,560
Employee Premiums - MCO	-	13,833,822	13,833,822
WV RHBT Pay Go Premiums	26,955,648	113,044,352	140,000,000
Life Insurance	269,189	1,278,743	1,547,932
Direct Transfers	-	21,000,000	21,000,000
Investment Income	2,332,940	8,346,349	10,679,289
Litigation Settlement	-	-	-
COBRA Premiums	367,374	1,585,784	1,953,158
Administrative Fees	695,331	3,852,619	4,547,950
Total Revenue	\$ 150,451,570	\$ 728,357,296	\$ 878,808,866
<u>Program Expenses</u>			
Medical Claims	\$ 90,316,640	\$ 404,542,214	\$ 494,858,854
Prescription Drug Claims	30,032,973	162,012,076	192,045,050
Managed Care Capitations	4,971,613	50,593,808	55,565,421
Administration	4,618,698	21,317,396	25,936,094
Life Insurance	236,763	1,124,709	1,361,472
Wellness	1,400,000	6,600,000	8,000,000
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Computer Software Reserve	-	-	-
Director's Discretionary Fund	312,720	1,472,149	1,784,869
WV RHBT Pay Go Premiums	26,955,648	113,044,352	140,000,000
Total Expenses	\$ 158,845,055	\$ 760,706,705	\$ 919,551,759
Fiscal Year Results	\$ (8,393,485)	\$ (32,349,409)	\$ (40,742,893)
Beginning Plan Reserve	46,066,345	150,957,261	197,023,606
Minimum Actuarial Reserve Required	\$ 24,486,308	\$ 117,949,388	\$ 142,435,696
<u>Ending Premium Stabilization Reserve</u>	<u>13,186,552</u>	<u>658,464</u>	<u>13,845,016</u>
Ending Plan Reserve	\$ 37,672,860	\$ 118,607,852	\$ 156,280,712
Reserve as a Percent of Expenses			19%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 66,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 14,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 16,500,000	Active Local	9.0%	13.0%
Direct Transfers	\$ 21,000,000	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	\$ 100,509,680	\$ 13,814,481	\$ 114,324,161
Employer Premiums - MCO	4,821,408	685,519	5,506,927
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	26,955,648		26,955,648
Life Insurance	269,189		269,189
Direct Transfers	-		-
Investment Income	2,332,940		2,332,940
Litigation Settlement	-		-
COBRA Premiums	367,374		367,374
Administrative Fees	695,331		695,331
Total Revenue	\$ 135,951,570	\$ 14,500,000	\$ 150,451,570
<u>Program Expenses</u>			
Medical Claims	\$ 90,316,640		\$ 90,316,640
Prescription Drug Claims	30,032,973		30,032,973
Managed Care Capitations	4,971,613		4,971,613
Administration	4,618,698		4,618,698
Life Insurance	236,763		236,763
Wellness	1,400,000		1,400,000
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	312,720		312,720
WV RHBT Pay Go Premiums	26,955,648		26,955,648
Total Expenses	\$ 158,845,055	\$ -	\$ 158,845,055
Fiscal Year Results	\$ (22,893,485)		\$ (8,393,485)
Beginning Plan Reserve	46,066,345		46,066,345
Minimum Actuarial Reserve Required	\$ 24,486,308	\$ -	\$ 24,486,308
<u>Ending Premium Stabilization Reserve</u>	<u>(1,313,448)</u>	<u>-</u>	<u>13,186,552</u>
Ending Plan Reserve	\$ 23,172,860		\$ 37,672,860
Reserve as a Percent of Expenses			21%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 14,500,000	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		Local	9.0%
		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	\$ 339,793,886	\$ 59,566,591	\$ 399,360,477
Employer Premiums - MCO	36,743,181	6,433,409	43,176,590
Employee Premiums - PPB	108,048,182	14,830,378	122,878,560
Employee Premiums - MCO	12,164,200	1,669,622	13,833,822
WV RHBT Pay Go Premiums	113,044,352		113,044,352
Life Insurance	1,278,743		1,278,743
Direct Transfers	21,000,000		21,000,000
Investment Income	8,346,349		8,346,349
Litigation Settlement	-		-
COBRA Premiums	1,585,784		1,585,784
Administrative Fees	3,852,619		3,852,619
Total Revenue	\$ 645,857,296	\$ 82,500,000	\$ 728,357,296
<u>Program Expenses</u>			
Medical Claims	\$ 404,542,214		\$ 404,542,214
Prescription Drug Claims	162,012,076		162,012,076
Managed Care Capitations	50,593,808		50,593,808
Administration	21,317,396		21,317,396
Life Insurance	1,124,709		1,124,709
Wellness	6,600,000		6,600,000
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	1,472,149		1,472,149
WV RHBT Pay Go Premiums	113,044,352		113,044,352
Total Expenses	\$ 760,706,704	\$ -	\$ 760,706,704
Fiscal Year Results	\$ (114,849,408)		\$ (32,349,408)
Beginning Plan Reserve	150,957,261		150,957,261
Minimum Actuarial Reserve Required	\$ 117,949,388	\$ -	\$ 117,949,388
<u>Ending Premium Stabilization Reserve</u>	<u>(81,841,535)</u>	<u>-</u>	<u>658,465</u>
Ending Plan Reserve	\$ 36,107,853		\$ 118,607,853
Reserve as a Percent of Expenses			14%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 66,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 16,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ 21,000,000	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	\$ 125,606,258	\$ 474,876,182	\$ 600,482,439
Employer Premiums - MCO	6,050,289	51,335,427	57,385,716
Employee Premiums - PPB	-	143,371,445	143,371,445
Employee Premiums - MCO	-	16,140,937	16,140,937
WV RHBT Pay Go Premiums	29,630,189	120,369,811	150,000,000
Life Insurance	282,648	1,342,681	1,625,329
Direct Transfers	-	21,000,000	21,000,000
Investment Income	2,050,540	7,306,852	9,357,392
Litigation Settlement	-	-	-
COBRA Premiums	403,628	1,877,274	2,280,902
Administrative Fees	695,331	3,852,619	4,547,950
Total Revenue	\$ 164,718,883	\$ 841,473,227	\$ 1,006,192,110
<u>Program Expenses</u>			
Medical Claims	\$ 98,692,794	\$ 442,060,309	\$ 540,753,103
Prescription Drug Claims	34,020,063	183,520,326	217,540,389
Managed Care Capitations	5,269,909	53,629,437	58,899,346
Administration	4,757,259	21,956,918	26,714,177
Life Insurance	248,601	1,180,944	1,429,545
Wellness	1,400,000	6,600,000	8,000,000
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Computer Software Reserve	-	-	-
Director's Discretionary Fund	314,360	1,481,827	1,796,187
WV RHBT Pay Go Premiums	29,630,189	120,369,811	150,000,000
Total Expenses	\$ 174,333,176	\$ 830,799,571	\$ 1,005,132,747
Fiscal Year Results	\$ (9,614,293)	\$ 10,673,656	\$ 1,059,363
Beginning Plan Reserve	37,672,860	118,607,852	156,280,712
Minimum Actuarial Reserve Required	\$ 26,794,606	\$ 129,137,182	\$ 155,931,788
<u>Ending Premium Stabilization Reserve</u>	<u>1,263,961</u>	<u>144,326</u>	<u>1,408,288</u>
Ending Plan Reserve	\$ 28,058,567	\$ 129,281,508	\$ 157,340,076
Reserve as a Percent of Expenses			17%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 91,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 14,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 22,800,000	Active Local	9.5%	13.5%
Direct Transfers	\$ 21,000,000	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	\$ 111,791,777	\$ 13,814,481	\$ 125,606,258
Employer Premiums - MCO	5,364,770	685,519	6,050,289
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	29,630,189		29,630,189
Life Insurance	282,648		282,648
Direct Transfers	-		-
Investment Income	2,050,540		2,050,540
Litigation Settlement	-		-
COBRA Premiums	403,628		403,628
Administrative Fees	695,331		695,331
Total Revenue	\$ 150,218,883	\$ 14,500,000	\$ 164,718,883
<u>Program Expenses</u>			
Medical Claims	\$ 98,692,794		\$ 98,692,794
Prescription Drug Claims	34,020,063		34,020,063
Managed Care Capitations	5,269,909		5,269,909
Administration	4,757,259		4,757,259
Life Insurance	248,601		248,601
Wellness	1,400,000		1,400,000
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	314,360		314,360
WV RHBT Pay Go Premiums	29,630,189		29,630,189
Total Expenses	\$ 174,333,175	\$ -	\$ 174,333,175
Fiscal Year Results	\$ (24,114,292)		\$ (9,614,292)
Beginning Plan Reserve	37,672,860		37,672,860
Minimum Actuarial Reserve Required	\$ 26,794,606	\$ -	\$ 26,794,606
<u>Ending Premium Stabilization Reserve</u>	<u>(13,236,038)</u>	<u>-</u>	<u>1,263,962</u>
Ending Plan Reserve	\$ 13,558,568		\$ 28,058,568
Reserve as a Percent of Expenses			15%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 14,500,000	Claim and Other Expense Trends	
		<u>Medical</u>	<u>Drugs</u>
		9.5%	13.5%
			6.0%
			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	\$ 392,746,489	\$ 82,129,693	\$ 474,876,182
Employer Premiums - MCO	42,465,120	8,870,307	51,335,427
Employee Premiums - PPB	122,878,560	20,492,885	143,371,445
Employee Premiums - MCO	13,833,822	2,307,115	16,140,937
WV RHBT Pay Go Premiums	120,369,811		120,369,811
Life Insurance	1,342,681		1,342,681
Direct Transfers	21,000,000		21,000,000
Investment Income	7,306,852		7,306,852
Litigation Settlement	-		-
COBRA Premiums	1,877,274		1,877,274
Administrative Fees	3,852,619		3,852,619
Total Revenue	\$ 727,673,227	\$ 113,800,000	\$ 841,473,227
<u>Program Expenses</u>			
Medical Claims	\$ 442,060,309		\$ 442,060,309
Prescription Drug Claims	183,520,326		183,520,326
Managed Care Capitations	53,629,437		53,629,437
Administration	21,956,918		21,956,918
Life Insurance	1,180,944		1,180,944
Wellness	6,600,000		6,600,000
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	1,481,827		1,481,827
WV RHBT Pay Go Premiums	120,369,811		120,369,811
Total Expenses	\$ 830,799,572	\$ -	\$ 830,799,572
Fiscal Year Results	\$ (103,126,345)		\$ 10,673,655
Beginning Plan Reserve	118,607,852		118,607,852
Minimum Actuarial Reserve Required	\$ 129,137,182	\$ -	\$ 129,137,182
<u>Ending Premium Stabilization Reserve</u>	<u>(113,655,675)</u>	<u>-</u>	<u>144,325</u>
Ending Plan Reserve	\$ 15,481,507		\$ 129,281,507
Reserve as a Percent of Expenses			14%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 91,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 22,800,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ 21,000,000	State	9.5%	13.5%
		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 2024**

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 151,553,163	\$ 527,023,900	\$ 678,577,063
Employer Premiums - MCO	7,320,700	56,970,392	64,291,092
Employee Premiums - PPB	-	158,022,061	158,022,061
Employee Premiums - MCO	-	17,790,321	17,790,321
WV RHBT Pay Go Premiums	32,412,873	127,587,127	160,000,000
Life Insurance	296,781	1,409,815	1,706,596
Direct Transfers	-	21,000,000	21,000,000
Investment Income	1,725,102	8,016,342	9,741,444
Litigation Settlement	-	-	-
COBRA Premiums	487,070	2,080,087	2,567,157
Administrative Fees	695,331	3,852,619	4,547,950
Total Revenue	\$ 194,491,020	\$ 923,752,664	\$ 1,118,243,684
<u>Program Expenses</u>			
Medical Claims	\$ 108,339,423	\$ 485,269,052	\$ 593,608,476
Prescription Drug Claims	38,706,630	208,801,885	247,508,515
Managed Care Capitations	5,586,104	56,847,203	62,433,307
Administration	4,899,977	22,615,626	27,515,603
Life Insurance	261,031	1,239,991	1,501,022
Wellness	1,400,000	6,600,000	8,000,000
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Computer Software Reserve	-	-	-
Director's Discretionary Fund	315,899	1,491,073	1,806,972
WV RHBT Pay Go Premiums	32,412,873	127,587,127	160,000,000
Total Expenses	\$ 191,921,937	\$ 910,451,958	\$ 1,102,373,894
Fiscal Year Results	\$ 2,569,083	\$ 13,300,706	\$ 15,869,790
Beginning Plan Reserve	28,058,567	129,281,508	157,340,076
Minimum Actuarial Reserve Required	\$ 29,466,329	\$ 142,080,526	\$ 171,546,856
<u>Ending Premium Stabilization Reserve</u>	<u>1,161,321</u>	<u>501,688</u>	<u>1,663,009</u>
Ending Plan Reserve	\$ 30,627,651	\$ 142,582,215	\$ 173,209,865
Reserve as a Percent of Expenses			16%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 65,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 30,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 16,300,000	Active Local	10.0%	14.0%
Direct Transfers	\$ 21,000,000	State	10.0%	14.0%
		Capitations		6.0%
		Administrative Expense		3.0%

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	\$ 122,971,478	\$ 28,581,685	\$ 151,553,163
Employer Premiums - MCO	5,902,385	1,418,315	7,320,700
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	32,412,873		32,412,873
Life Insurance	296,781		296,781
Direct Transfers	-		-
Investment Income	1,725,102		1,725,102
Litigation Settlement	-		-
COBRA Premiums	487,070		487,070
Administrative Fees	695,331		695,331
Total Revenue	\$ 164,491,020	\$ 30,000,000	\$ 194,491,020
<u>Program Expenses</u>			
Medical Claims	\$ 108,339,423		\$ 108,339,423
Prescription Drug Claims	38,706,630		38,706,630
Managed Care Capitations	5,586,104		5,586,104
Administration	4,899,977		4,899,977
Life Insurance	261,031		261,031
Wellness	1,400,000		1,400,000
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	315,899		315,899
WV RHBT Pay Go Premiums	32,412,873		32,412,873
Total Expenses	\$ 191,921,937	\$ -	\$ 191,921,937
Fiscal Year Results	\$ (27,430,917)		\$ 2,569,083
Beginning Plan Reserve	28,058,567		28,058,567
Minimum Actuarial Reserve Required	\$ 29,466,329	\$ -	\$ 29,466,329
<u>Ending Premium Stabilization Reserve</u>	<u>(28,838,679)</u>	<u>-</u>	<u>1,161,321</u>
Ending Plan Reserve	\$ 627,650		\$ 30,627,650
Reserve as a Percent of Expenses			14%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 30,000,000	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		Local	10.0%
			<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 2024

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 468,359,833	\$ 58,664,067	\$ 527,023,900
Employer Premiums - MCO	50,634,459	6,335,933	56,970,392
Employee Premiums - PPB	143,371,446	14,650,615	158,022,061
Employee Premiums - MCO	16,140,936	1,649,385	17,790,321
WV RHBT Pay Go Premiums	127,587,127		127,587,127
Life Insurance	1,409,815		1,409,815
Direct Transfers	21,000,000		21,000,000
Investment Income	8,016,342		8,016,342
Litigation Settlement	-		-
COBRA Premiums	2,080,087		2,080,087
Administrative Fees	3,852,619		3,852,619
Total Revenue	\$ 842,452,664	\$ 81,300,000	\$ 923,752,664
<u>Program Expenses</u>			
Medical Claims	\$ 485,269,052		\$ 485,269,052
Prescription Drug Claims	208,801,885		208,801,885
Managed Care Capitations	56,847,203		56,847,203
Administration	22,615,626		22,615,626
Life Insurance	1,239,991		1,239,991
Wellness	6,600,000		6,600,000
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	1,491,073		1,491,073
WV RHBT Pay Go Premiums	127,587,127		127,587,127
Total Expenses	\$ 910,451,957	\$ -	\$ 910,451,957
Fiscal Year Results	\$ (67,999,293)		\$ 13,300,707
Beginning Plan Reserve	129,281,508		129,281,508
Minimum Actuarial Reserve Required	\$ 142,080,526	\$ -	\$ 142,080,526
<u>Ending Premium Stabilization Reserve</u>	<u>(80,798,312)</u>	<u>-</u>	<u>501,688</u>
Ending Plan Reserve	\$ 61,282,215		\$ 142,582,215
Reserve as a Percent of Expenses			14%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 65,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 16,300,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ 21,000,000	State	10.0%	14.0%
		Capitations		6.0%
		Administrative Expense		3.0%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2019 to FY 2020**

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>	<u>Jan-19</u>	<u>Feb-19</u>	<u>Mar-19</u>	<u>Apr-19</u>	<u>May-19</u>	<u>Jun-19</u>
Local Medical	25,510	25,503	25,483	25,393	25,328	25,394	25,338	25,436	25,640	25,642	25,584	25,592
State Medical	118,778	118,216	117,851	118,181	118,212	118,213	118,043	117,739	117,803	117,677	117,702	117,545
Local Drugs	25,510	25,503	25,483	25,393	25,328	25,394	25,338	25,436	25,640	25,642	25,584	25,592
State Drugs	118,778	118,216	117,851	118,181	118,212	118,213	118,043	117,739	117,803	117,677	117,702	117,545
Local Medical	<u>\$153.16</u>	<u>\$179.65</u>	<u>\$197.02</u>	<u>\$217.37</u>	<u>\$231.40</u>	<u>\$198.78</u>	<u>\$265.05</u>	<u>\$221.52</u>	<u>\$239.64</u>	<u>\$272.55</u>	<u>\$233.60</u>	<u>\$257.07</u>
State Medical	207.52	199.20	181.68	244.29	216.12	212.94	255.72	227.05	249.32	242.66	259.42	253.52
Local Drugs	97.44	105.17	92.48	112.73	102.91	101.07	127.46	110.27	129.79	127.51	134.46	122.94
State Drugs	<u>102.62</u>	<u>108.05</u>	<u>100.41</u>	<u>120.01</u>	<u>107.23</u>	<u>108.29</u>	<u>132.25</u>	<u>117.11</u>	<u>129.51</u>	<u>141.58</u>	<u>134.64</u>	<u>133.28</u>
Total	\$560.73	\$592.07	\$571.59	\$694.40	\$657.66	\$621.08	\$780.48	\$675.94	\$748.25	\$784.29	\$762.11	\$766.81
Change From Prior Year - Month to Month Analysis												
Local Medical	-0.9%	-2.7%	9.4%	0.8%	12.5%	13.3%	18.4%	9.3%	15.4%	8.8%	-9.8%	22.2%
State Medical	17.5%	4.0%	-2.6%	22.7%	3.2%	11.6%	14.3%	13.0%	10.2%	2.3%	0.3%	1.1%
Local Drugs	-15.6%	6.9%	20.2%	-5.4%	16.5%	14.5%	13.8%	34.1%	42.9%	26.6%	22.0%	13.2%
State Drugs	<u>-13.4%</u>	<u>7.9%</u>	<u>24.7%</u>	<u>-1.5%</u>	<u>21.6%</u>	<u>25.4%</u>	<u>15.2%</u>	<u>31.2%</u>	<u>32.0%</u>	<u>34.8%</u>	<u>17.0%</u>	<u>14.7%</u>
Total	-0.8%	3.0%	9.1%	5.9%	11.2%	14.8%	15.7%	17.5%	20.1%	13.1%	2.6%	11.8%
Change From Prior Year - Quarter to Quarter Analysis												
Local Medical			2.0%			8.5%			14.5%			6.1%
State Medical			6.1%			12.4%			12.5%			1.2%
Local Drugs			1.5%			7.1%			28.9%			20.5%
State Drugs			<u>4.0%</u>			<u>13.2%</u>			<u>25.4%</u>			<u>21.8%</u>
Total			3.6%			10.4%			17.8%			9.0%
Change From Prior Year - Year to Year Analysis												
Local Medical			-5.9%			-2.2%			4.8%			8.0%
State Medical			-0.3%			2.7%			6.8%			7.8%
Local Drugs			2.6%			1.8%			9.2%			14.5%
State Drugs			<u>3.1%</u>			<u>4.7%</u>			<u>11.5%</u>			<u>16.3%</u>
Total			-1.3%			1.2%			7.3%			10.3%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2019 to FY 2020**

Fiscal Year 2020

Exposure

	<u>Jul-19</u>	<u>Aug-19</u>	<u>Sep-19</u>	<u>Oct-19</u>	<u>Nov-19</u>
Local Medical	25,896	26,417	26,500	26,626	26,640
State Medical	117,370	117,050	117,339	117,648	117,777
Local Drugs	25,896	26,417	26,500	26,626	26,640
State Drugs	117,370	117,050	117,339	117,648	117,777

	<u>Jul-19</u>	<u>Aug-19</u>	<u>Sep-19</u>	<u>Oct-19</u>	<u>Nov-19</u>
Local Medical	\$161.80	\$176.33	\$181.24	\$225.46	\$232.77
State Medical	184.32	178.34	185.53	239.54	234.63
Local Drugs	105.74	113.57	110.48	125.48	117.50
State Drugs	<u>113.82</u>	<u>119.93</u>	<u>123.10</u>	<u>132.46</u>	<u>130.76</u>
Total	\$565.68	\$588.18	\$600.35	\$722.94	\$715.67

Change From Prior Year - Month to Month Analysis

Local Medical	5.6%	-1.8%	-8.0%	3.7%	0.6%
State Medical	-11.2%	-10.5%	2.1%	-1.9%	8.6%
Local Drugs	8.5%	8.0%	19.5%	11.3%	14.2%
State Drugs	<u>10.9%</u>	<u>11.0%</u>	<u>22.6%</u>	<u>10.4%</u>	<u>21.9%</u>
Total	0.9%	-0.7%	5.0%	4.1%	8.8%

Change From Prior Year - Quarter to Quarter Analysis

Local Medical	-2.0%
State Medical	-6.8%
Local Drugs	11.8%
State Drugs	<u>14.7%</u>
Total	1.7%

Change From Prior Year - Year to Year Analysis

Local Medical	7.1%
State Medical	4.8%
Local Drugs	17.0%
State Drugs	<u>18.8%</u>
Total	9.8%