

STATE OF WEST VIRGINIA



PUBLIC EMPLOYEES INSURANCE AGENCY

Financial Plan

Fiscal Years 2021-2025

Report Date: January 2021



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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 2020 for the fiscal year 2022 (“FY 2022”) and to provide quarterly financial reports for current FY 2021 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 2021 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 2025.

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 2021 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, 2021 (“FY 2021”), June 30, 2022 (“FY 2022”), June 30, 2023 (“FY 2023”), June 30, 2024 (“FY 2024”) and June 30, 2025 (“FY 2025”). Our opinion of plan adequacy is based on the projections through FY 2025 using updated future revenue and plan modifications provided by the Board in the financial plan adopted in December 2020. 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 2021 the Pay-Go is equivalent to \$261 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 2020.

This report includes updated claim trend assumptions as recommended in the report titled, “PEIA FY2020 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 2021 through FY 2025 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 2021 based on the scheduled revenue increases of the financial plan approved and amended by the Board in December 2020.

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 2025 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 2021 – FY 2025

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 2020 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 2020 enrollment levels for the duration of these forecasts for active employees.

In aggregate, December 2020 enrollment for active employees has increased by 1,777 coverages since the end of FY 2020. Aggregate PPB enrollment has increased by 1,692 in total over the same period, while managed care enrollment experienced an increase of 85 coverages.

In the State Fund, the overall active State enrollment decreased by 68 coverages from the end of FY 2020 to December 2020. And in the Local Fund, the overall active Local enrollment increased by 1,845 coverages from the end of FY 2020 to December 2020.

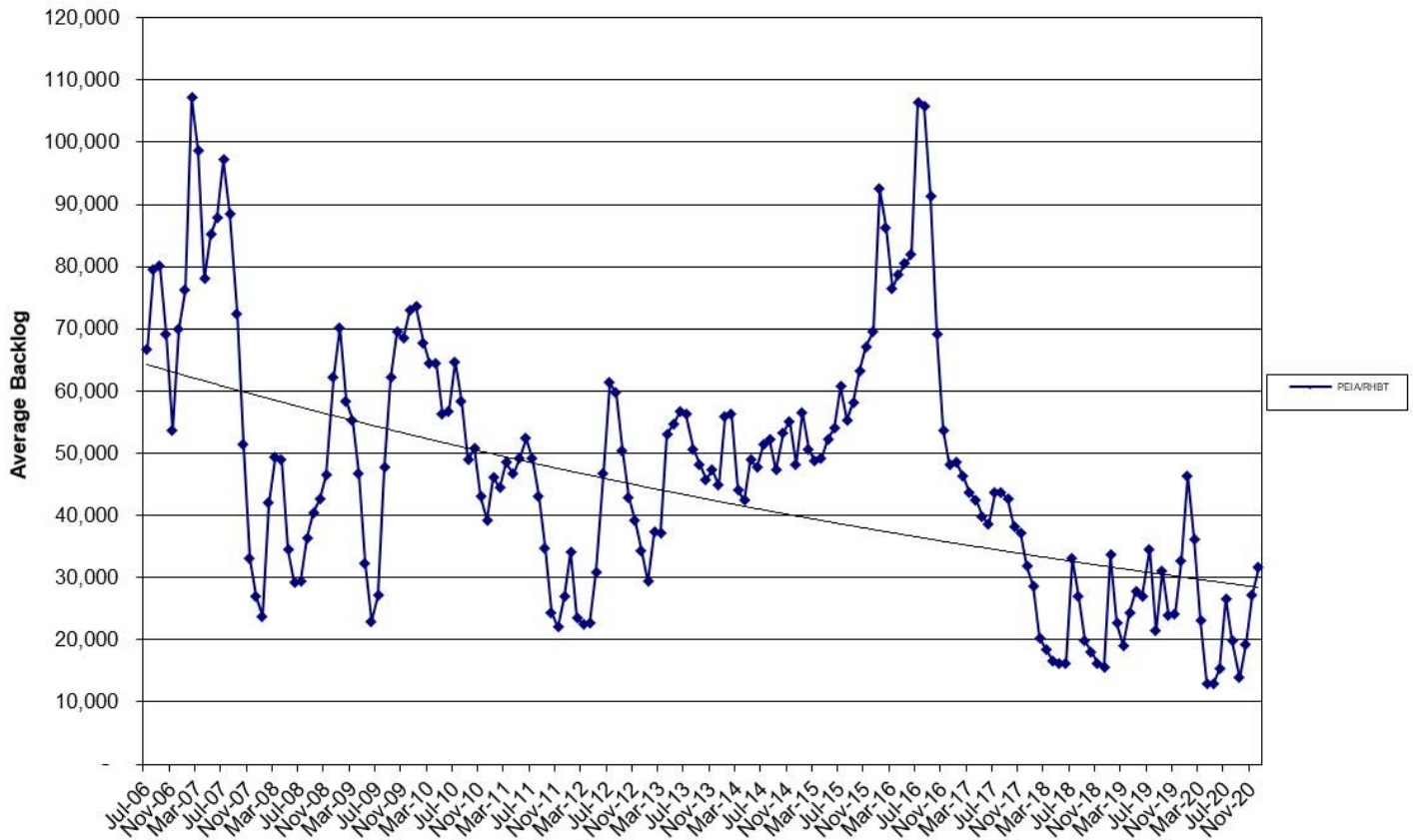
The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2019, June 2020, and December 2020 for purposes of comparison:

PEIA Fund	Coverage	Preferred Provider Benefit			Managed Care		
		Jun-19	Jun-20	Dec-20	Jun-19	Jun-20	Dec-20
State Active	Single	21,216	21,654	21,570	2,381	2,428	2,456
	Children	5,912	6,036	5,928	665	660	675
	Family	26,894	27,002	27,086	2,805	2,773	2,770
	Total	54,022	54,692	54,584	5,851	5,861	5,901
Local Active	Single	5,723	6,052	6,758	419	421	455
	Children	996	1,084	1,287	99	99	104
	Family	5,576	5,720	6,611	186	194	200
	Total	12,295	12,856	14,656	704	714	759
Plan Total		66,317	67,548	69,240	6,555	6,575	6,660
Grand Total					72,872	74,123	75,900

B. Changes in Claim Backlog

It should be noted that on July 1, 2006, all retirees were transferred to the RHBT. The graph below has not been adjusted to reflect the smaller risk pool for the active plan. The graph illustrates that the duration of claim payments has been gradually declining for the self-insured block of non-Medicare coverages. Backlog has shown a negative trend since July 2006, with large fluctuations. However, there has been a sharp downward trend since the beginning of FY 2017.

WV PEIA&RHBT Claim Backlog July 2006 through December 2020



C. Trend Analysis

PEIA experienced a low medical trend and a high prescription drugs trend in FY 2020, 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 FY2020 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 2021 medical claim trend is 5.0%, the gross prescription drugs claim trend is 13.0% and the prescription drugs rebate trend is 20.0%.

The current trend projection is shown in the following table:

Claim Type	Previous Assumption FY 2021 Trend	Updated Assumption FY 2021 Trend
Active Local – Medical	8.5%	5.0%
State – Medical	8.5%	5.0%
Active Local – Gross Drugs	12.5%	13.0%
State – Gross Drugs	12.5%	13.0%
Prescription Drugs Rebate	20.0%	20.0%

In the past, claim trends for the financial plan included a 0.5% margin in future years. CCA has assumed the drugs claim trends for the financial projection will increase by 0.5% in FY 2022 and in each successive fiscal year. Medical trends are assumed to increase 1.0% in FY 2022 and 2023, and then 0.5% thereafter. Additionally, drug rebates have been trending at approximately 30% 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 20% 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 November 2020. 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	-7%	1%	9%	15%	4%
2021*	-5%	-3%	10%	16%	3%

* Fiscal Year 2021 results are through the first five months ending November 2020.

D. Enrollment, Claim, Expense and Revenue Assumptions

Using PEIA paid claim data through November 2020 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 2021 claims and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

Fiscal Year 2021 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	54,549	\$528	\$166	\$549	\$213	
	Managed Care	5,861	\$533	\$172			\$688
	Total	60,410					
Local	PPB	14,573	\$646	\$0	\$518	\$181	
	Managed Care	745	\$581	\$0			\$532
	Total	15,318					

*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 2020

Source	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
Additional State Employer Revenue	\$0	\$0	\$41,000,000	\$81,000,000	\$52,500,000
Additional Local Agency Revenue	\$0	\$0	\$10,000,000	\$28,500,000	\$17,000,000
Additional Employee Premium	\$0	\$0	\$10,300,000	\$20,300,000	\$13,100,000
State Direct Transfers (State Budget Appropriations)	\$21,000,000	\$21,000,000	\$21,000,000	\$21,000,000	\$21,000,000
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	\$137,239,152	\$100,000,000	\$110,000,000	\$120,000,000	\$130,000,000

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 2021, the ACA PCORI fee is approximately \$2.66 per person per year.

There is a one-time added cost in FY 2021 for the delayed benefits and pent-up demand due to COVID19. \$8,500,000 has been allocated between PEIA State medical and Local medical claims, and \$920,000 has been allocated between RHBT Non-Medicare medical and Medicare medical claims in FY 2021.

There is another one-time added cost for the Inpatient Medicaid swap discount adjustment. \$4,000,000 per year has been allocated between PEIA State medical and Local medical claims in FY 2021 and FY 2022.

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 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 \$809,715,547 and incurred plan expenses of \$840,695,844 to produce a fiscal year deficit of (\$30,980,297). The PEIA local and state agencies Pay Go premiums for FY 2021 are assumed to be \$137,239,152.

Under the Baseline Scenario, FY 2021 is projected to end with a reserve of \$240,956,749 and the FY 2021 PEIA/RHBT combined, projected plan expenditures of \$919,419,403, which represents 26% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$126,749,073. 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 \$248,314,700 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$233,639,769.

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 \$802,634,567 and incurred plan expenses of \$845,297,316 to produce a fiscal year deficit of (\$42,662,749). The PEIA local and state agencies Pay Go premiums for FY 2022 are assumed to be \$100,000,000.

Under the Baseline Scenario, FY 2022 is projected to end with a reserve of \$198,293,999 and the FY 2022 PEIA/RHBT combined, projected plan expenditures of \$963,544,406, which represents 21% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$133,178,489. 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 \$228,123,244 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$168,259,281.

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 \$862,881,343 and incurred plan expenses of \$908,639,897 to produce a fiscal year deficit of (\$45,758,554). The PEIA local and state agencies Pay Go premiums for FY 2023 are assumed to be \$110,000,000.

Under the Baseline Scenario, FY 2023 is projected to end with a reserve of \$152,535,446 and the FY 2023 PEIA/RHBT combined, projected plan expenditures of \$1,034,121,933, which represents 15% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$142,998,076. 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 \$222,953,986 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$80,739,899.

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 \$991,764,774 and incurred plan expenses of \$980,646,985 to produce a fiscal year surplus of \$11,117,789. The PEIA local and state agencies Pay Go premiums for FY 2024 are assumed to be \$120,000,000.

Under the Baseline Scenario, FY 2024 is projected to end with a reserve of \$163,653,235 and the FY 2024 PEIA/RHBT combined, projected plan expenditures of \$1,115,872,352, which represents 15% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$154,408,151. 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 \$296,516,881 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$26,479,058.

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 \$1,075,623,396 and incurred plan expenses of \$1,061,586,834 to produce a fiscal year surplus of \$14,036,562. The PEIA local and state agencies Pay Go premiums for FY 2025 are assumed to be \$130,000,000.

Under the Baseline Scenario, FY 2025 is projected to end with a reserve of \$177,689,797 and the FY 2025 PEIA/RHBT combined, projected plan expenditures of \$1,209,348,715, which represents 15% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$167,479,417. 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 \$399,449,521 and under the Pessimistic Scenario, the ending reserve is expected to decrease to (\$54,178,098).

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 2025, using the Baseline assumptions. These projections are based on significant revenue increases as contained in the financial plan adopted by the Board in December 2020 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 2021**

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 112,887,854	\$ 345,624,778	\$ 458,512,632
Employer Premiums - MCO	5,193,185	37,455,188	42,648,372
Employee Premiums - PPB	-	108,566,031	108,566,031
Employee Premiums - MCO	-	12,082,613	12,082,613
WV RHBT Pay Go Premiums	27,759,936	109,479,216	137,239,152
Life Insurance	541,554	2,522,814	3,064,368
Direct Transfers	-	21,000,000	21,000,000
Investment Income	4,455,326	15,544,674	20,000,000
Litigation Settlement	-	-	-
COBRA Premiums	379,768	1,576,861	1,956,629
Administrative Fees	710,283	3,935,467	4,645,750
Total Revenue	\$ 151,927,905	\$ 657,787,642	\$ 809,715,547
<u>Program Expenses</u>			
Medical Claims	\$ 90,626,923	\$ 359,577,740	\$ 450,204,664
Gross Prescription Drug Claims	50,245,245	221,262,673	271,507,918
Prescription Drug Rebates	(18,648,072)	(82,119,654)	(100,767,726)
Managed Care Capitations	4,754,401	48,383,351	53,137,752
Administration	4,357,110	20,297,458	24,654,568
Life Insurance	374,342	1,743,861	2,118,203
Wellness	69,575	324,115	393,690
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	77,080	330,920	408,000
Director's Discretionary Fund	354,230	1,445,393	1,799,623
WV RHBT Pay Go Premiums	27,759,936	109,479,216	137,239,152
Total Expenses	\$ 159,970,770	\$ 680,725,073	\$ 840,695,844
Fiscal Year Results	\$ (8,042,865)	\$ (22,937,431)	\$ (30,980,297)
Beginning Plan Reserve	62,336,504	209,600,541	271,937,045
Minimum Actuarial Reserve Required	\$ 24,323,285	\$ 102,425,788	\$ 126,749,073
<u>Ending Premium Stabilization Reserve</u>	<u>29,970,353</u>	<u>84,237,322</u>	<u>114,207,676</u>
Ending Plan Reserve	\$ 54,293,639	\$ 186,663,110	\$ 240,956,749
Reserve as a Percent of Expenses			34%

KEY ASSUMPTIONS

		Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employer Premiums	\$ -	Active Local	5.0%	13.0%
Additional Local Agency Revenue	\$ -	State	5.0%	13.0%
Additional State Employee Premiums	\$ -	Prescription Drug Rebates		20.0%
Direct Transfers	\$ 21,000,000	Capitations		6.5%
		Administrative Expense		-3.2%

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	\$ 112,887,854	\$ -	\$ 112,887,854
Employer Premiums - MCO	5,193,185	-	5,193,185
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	27,759,936		27,759,936
Life Insurance	541,554		541,554
Direct Transfers	-		-
Investment Income	4,455,326		4,455,326
Litigation Settlement	-		-
COBRA Premiums	379,768		379,768
Administrative Fees	710,283		710,283
Total Revenue	\$ 151,927,905	\$ -	\$ 151,927,905
<u>Program Expenses</u>			
Medical Claims	\$ 90,626,923		\$ 90,626,923
Gross Prescription Drug Claims	50,245,245		50,245,245
Prescription Drug Rebates	(18,648,072)		(18,648,072)
Managed Care Capitations	4,754,401		4,754,401
Administration	4,357,110		4,357,110
Life Insurance	374,342		374,342
Wellness	69,575		69,575
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	77,080		77,080
Director's Discretionary Fund	354,230		354,230
WV RHBT Pay Go Premiums	27,759,936		27,759,936
Total Expenses	\$ 159,970,770	\$ -	\$ 159,970,770
Fiscal Year Results	\$ (8,042,865)		\$ (8,042,865)
Beginning Plan Reserve	62,336,504		62,336,504
Minimum Actuarial Reserve Required	\$ 24,323,285	\$ -	\$ 24,323,285
<u>Ending Premium Stabilization Reserve</u>	<u>29,970,354</u>	<u>-</u>	<u>29,970,354</u>
Ending Plan Reserve	\$ 54,293,639		\$ 54,293,639
Reserve as a Percent of Expenses			31%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ -	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	5.0%	13.0%
		Prescription Drug Rebates		20.0%
		Capitations		6.5%
		Administrative Expense		-3.2%

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	\$ 345,624,778	\$ -	\$ 345,624,778
Employer Premiums - MCO	37,455,188	-	37,455,188
Employee Premiums - PPB	108,566,031	-	108,566,031
Employee Premiums - MCO	12,082,613	-	12,082,613
WV RHBT Pay Go Premiums	109,479,216		109,479,216
Life Insurance	2,522,814		2,522,814
Direct Transfers	21,000,000		21,000,000
Investment Income	15,544,674		15,544,674
Litigation Settlement	-		-
COBRA Premiums	1,576,861		1,576,861
Administrative Fees	3,935,467		3,935,467
Total Revenue	\$ 657,787,642	\$ -	\$ 657,787,642
<u>Program Expenses</u>			
Medical Claims	\$ 359,577,740		\$ 359,577,740
Gross Prescription Drug Claims	221,262,673		221,262,673
Prescription Drug Rebates	(82,119,654)		(82,119,654)
Managed Care Capitations	48,383,351		48,383,351
Administration	20,297,458		20,297,458
Life Insurance	1,743,861		1,743,861
Wellness	324,115		324,115
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	330,920		330,920
Director's Discretionary Fund	1,445,393		1,445,393
WV RHBT Pay Go Premiums	109,479,216		109,479,216
Total Expenses	\$ 680,725,073	\$ -	\$ 680,725,073
Fiscal Year Results	\$ (22,937,431)		\$ (22,937,431)
Beginning Plan Reserve	209,600,541		209,600,541
Minimum Actuarial Reserve Required	\$ 102,425,788	\$ -	\$ 102,425,788
<u>Ending Premium Stabilization Reserve</u>	<u>84,237,322</u>	<u>-</u>	<u>84,237,322</u>
Ending Plan Reserve	\$ 186,663,110		\$ 186,663,110
Reserve as a Percent of Expenses			25%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ 21,000,000	State	5.0%	13.0%
		Prescription Drug Rebates		20.0%
		Capitations		6.5%
		Administrative Expense		-3.2%

**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	\$ 119,987,870	\$ 372,567,133	\$ 492,555,004
Employer Premiums - MCO	5,543,486	40,301,666	45,845,152
Employee Premiums - PPB	-	108,566,031	108,566,031
Employee Premiums - MCO	-	12,082,613	12,082,613
WV RHBT Pay Go Premiums	20,309,618	79,690,382	100,000,000
Life Insurance	568,632	2,648,955	3,217,587
Direct Transfers	-	21,000,000	21,000,000
Investment Income	2,766,477	9,882,113	12,648,590
Litigation Settlement	-	-	-
COBRA Premiums	403,729	1,670,111	2,073,840
Administrative Fees	710,283	3,935,467	4,645,750
Total Revenue	\$ 150,290,095	\$ 652,344,472	\$ 802,634,567
<u>Program Expenses</u>			
Medical Claims	\$ 95,164,185	\$ 375,067,744	\$ 470,231,929
Gross Prescription Drug Claims	57,066,975	250,637,067	307,704,041
Prescription Drug Rebates	(22,441,141)	(98,543,585)	(120,984,726)
Managed Care Capitations	5,039,666	51,286,352	56,326,018
Administration	4,487,823	20,906,382	25,394,205
Life Insurance	393,059	1,831,054	2,224,113
Wellness	434,717	1,758,973	2,193,690
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	77,496	331,340	408,836
Director's Discretionary Fund	355,460	1,443,751	1,799,211
WV RHBT Pay Go Premiums	20,309,618	79,690,382	100,000,000
Total Expenses	\$ 160,887,857	\$ 684,409,459	\$ 845,297,316
Fiscal Year Results	\$ (10,597,762)	\$ (32,064,987)	\$ (42,662,749)
Beginning Plan Reserve	54,293,639	186,663,110	240,956,749
Minimum Actuarial Reserve Required	\$ 25,644,716	\$ 107,533,773	\$ 133,178,489
<u>Ending Premium Stabilization Reserve</u>	<u>18,051,160</u>	<u>47,064,351</u>	<u>65,115,511</u>
Ending Plan Reserve	\$ 43,695,876	\$ 154,598,123	\$ 198,293,999
Reserve as a Percent of Expenses			27%

KEY ASSUMPTIONS

		Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employer Premiums	\$ -	Active Local	6.0%	13.5%
Additional Local Agency Revenue	\$ -	State	6.0%	13.5%
Additional State Employee Premiums	\$ -	Prescription Drug Rebates		20.0%
Direct Transfers	\$ 21,000,000	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	\$ 119,987,870	\$ -	\$ 119,987,870
Employer Premiums - MCO	5,543,486	-	5,543,486
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	20,309,618		20,309,618
Life Insurance	568,632		568,632
Direct Transfers	-		-
Investment Income	2,766,477		2,766,477
Litigation Settlement	-		-
COBRA Premiums	403,729		403,729
Administrative Fees	710,283		710,283
Total Revenue	\$ 150,290,095	\$ -	\$ 150,290,095
<u>Program Expenses</u>			
Medical Claims	\$ 95,164,185		\$ 95,164,185
Gross Prescription Drug Claims	57,066,975		57,066,975
Prescription Drug Rebates	(22,441,141)		(22,441,141)
Managed Care Capitations	5,039,666		5,039,666
Administration	4,487,823		4,487,823
Life Insurance	393,059		393,059
Wellness	434,717		434,717
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	77,496		77,496
Director's Discretionary Fund	355,460		355,460
WV RHBT Pay Go Premiums	20,309,618		20,309,618
Total Expenses	\$ 160,887,858	\$ -	\$ 160,887,858
Fiscal Year Results	\$ (10,597,763)		\$ (10,597,763)
Beginning Plan Reserve	54,293,639		54,293,639
Minimum Actuarial Reserve Required	\$ 25,644,716	\$ -	\$ 25,644,716
<u>Ending Premium Stabilization Reserve</u>	<u>18,051,160</u>	<u>-</u>	<u>18,051,160</u>
Ending Plan Reserve	\$ 43,695,876		\$ 43,695,876
Reserve as a Percent of Expenses			24%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ -	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	6.0%	13.5%
		Prescription Drug Rebates		20.0%
		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	\$ 372,567,133	\$ -	\$ 372,567,133
Employer Premiums - MCO	40,301,666	-	40,301,666
Employee Premiums - PPB	108,566,031	-	108,566,031
Employee Premiums - MCO	12,082,613	-	12,082,613
WV RHBT Pay Go Premiums	79,690,382		79,690,382
Life Insurance	2,648,955		2,648,955
Direct Transfers	21,000,000		21,000,000
Investment Income	9,882,113		9,882,113
Litigation Settlement	-		-
COBRA Premiums	1,670,111		1,670,111
Administrative Fees	3,935,467		3,935,467
Total Revenue	\$ 652,344,472	\$ -	\$ 652,344,472
<u>Program Expenses</u>			
Medical Claims	\$ 375,067,744		\$ 375,067,744
Gross Prescription Drug Claims	250,637,067		250,637,067
Prescription Drug Rebates	(98,543,585)		(98,543,585)
Managed Care Capitations	51,286,352		51,286,352
Administration	20,906,382		20,906,382
Life Insurance	1,831,054		1,831,054
Wellness	1,758,973		1,758,973
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	331,340		331,340
Director's Discretionary Fund	1,443,751		1,443,751
WV RHBT Pay Go Premiums	79,690,382		79,690,382
Total Expenses	\$ 684,409,459	\$ -	\$ 684,409,459
Fiscal Year Results	\$ (32,064,987)		\$ (32,064,987)
Beginning Plan Reserve	186,663,110		186,663,110
Minimum Actuarial Reserve Required	\$ 107,533,773	\$ -	\$ 107,533,773
<u>Ending Premium Stabilization Reserve</u>	<u>47,064,350</u>	<u>-</u>	<u>47,064,350</u>
Ending Plan Reserve	\$ 154,598,123		\$ 154,598,123
Reserve as a Percent of Expenses			20%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ 21,000,000	State	6.0%	13.5%
		Prescription Drug Rebates		20.0%
		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	\$ 127,608,235	\$ 402,373,750	\$ 529,981,985
Employer Premiums - MCO	5,892,159	43,526,012	49,418,171
Employee Premiums - PPB	-	117,834,516	117,834,516
Employee Premiums - MCO	-	13,114,128	13,114,128
WV RHBT Pay Go Premiums	22,340,580	87,659,420	110,000,000
Life Insurance	597,064	2,781,402	3,378,466
Direct Transfers	-	21,000,000	21,000,000
Investment Income	2,407,644	8,865,571	11,273,215
Litigation Settlement	-	-	-
COBRA Premiums	429,359	1,805,753	2,235,112
Administrative Fees	710,283	3,935,467	4,645,750
Total Revenue	\$ 159,985,324	\$ 702,896,019	\$ 862,881,343
<u>Program Expenses</u>			
Medical Claims	\$ 101,392,122	\$ 399,612,783	\$ 501,004,905
Gross Prescription Drug Claims	64,928,585	285,164,792	350,093,377
Prescription Drug Rebates	(26,929,369)	(118,252,302)	(145,181,672)
Managed Care Capitations	5,342,045	54,363,533	59,705,578
Administration	4,622,458	21,533,574	26,156,032
Life Insurance	412,712	1,922,607	2,335,319
Wellness	460,277	1,859,413	2,319,690
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	77,496	331,340	408,836
Director's Discretionary Fund	355,002	1,442,829	1,797,831
WV RHBT Pay Go Premiums	22,340,580	87,659,420	110,000,000
Total Expenses	\$ 173,001,908	\$ 735,637,989	\$ 908,639,897
Fiscal Year Results	\$ (13,016,584)	\$ (32,741,970)	\$ (45,758,554)
Beginning Plan Reserve	43,695,876	154,598,123	198,293,999
Minimum Actuarial Reserve Required	\$ 27,532,683	\$ 115,465,393	\$ 142,998,076
<u>Ending Premium Stabilization Reserve</u>	3,146,609	6,390,760	9,537,369
Ending Plan Reserve	\$ 30,679,292	\$ 121,856,153	\$ 152,535,446
Reserve as a Percent of Expenses			20%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 41,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 10,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 10,300,000	Active Local	7.0%	14.0%
Direct Transfers	\$ 21,000,000	State	7.0%	14.0%
		Prescription Drug Rebates		20.0%
		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	\$ 118,056,908	\$ 9,551,327	\$ 127,608,235
Employer Premiums - MCO	5,443,486	448,673	5,892,159
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	22,340,580		22,340,580
Life Insurance	597,064		597,064
Direct Transfers	-		-
Investment Income	2,407,644		2,407,644
Litigation Settlement	-		-
COBRA Premiums	429,359		429,359
Administrative Fees	710,283		710,283
Total Revenue	\$ 149,985,324	\$ 10,000,000	\$ 159,985,324
<u>Program Expenses</u>			
Medical Claims	\$ 101,392,122		\$ 101,392,122
Gross Prescription Drug Claims	64,928,585		64,928,585
Prescription Drug Rebates	(26,929,369)		(26,929,369)
Managed Care Capitations	5,342,045		5,342,045
Administration	4,622,458		4,622,458
Life Insurance	412,712		412,712
Wellness	460,277		460,277
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	77,496		77,496
Director's Discretionary Fund	355,002		355,002
WV RHBT Pay Go Premiums	22,340,580		22,340,580
Total Expenses	\$ 173,001,908	\$ -	\$ 173,001,908
Fiscal Year Results	\$ (23,016,584)		\$ (13,016,584)
Beginning Plan Reserve	43,695,876		43,695,876
Minimum Actuarial Reserve Required	\$ 27,532,683	\$ -	\$ 27,532,683
<u>Ending Premium Stabilization Reserve</u>	<u>(6,853,391)</u>	<u>-</u>	<u>3,146,609</u>
Ending Plan Reserve	\$ 20,679,292		\$ 30,679,292
Reserve as a Percent of Expenses			16%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 10,000,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	7.0%	14.0%
		Prescription Drug Rebates		20.0%
		Capitations		6.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2023

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 365,375,566	\$ 36,998,184	\$ 402,373,750
Employer Premiums - MCO	39,524,196	4,001,816	43,526,012
Employee Premiums - PPB	108,566,031	9,268,485	117,834,516
Employee Premiums - MCO	12,082,613	1,031,515	13,114,128
WV RHBT Pay Go Premiums	87,659,420		87,659,420
Life Insurance	2,781,402		2,781,402
Direct Transfers	21,000,000		21,000,000
Investment Income	8,865,571		8,865,571
Litigation Settlement	-		-
COBRA Premiums	1,805,753		1,805,753
Administrative Fees	3,935,467		3,935,467
Total Revenue	\$ 651,596,019	\$ 51,300,000	\$ 702,896,019
<u>Program Expenses</u>			
Medical Claims	\$ 399,612,783		\$ 399,612,783
Gross Prescription Drug Claims	285,164,792		285,164,792
Prescription Drug Rebates	(118,252,302)		(118,252,302)
Managed Care Capitations	54,363,533		54,363,533
Administration	21,533,574		21,533,574
Life Insurance	1,922,607		1,922,607
Wellness	1,859,413		1,859,413
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	331,340		331,340
Director's Discretionary Fund	1,442,829		1,442,829
WV RHBT Pay Go Premiums	87,659,420		87,659,420
Total Expenses	\$ 735,637,989	\$ -	\$ 735,637,989
Fiscal Year Results	\$ (84,041,970)		\$ (32,741,970)
Beginning Plan Reserve	154,598,123		154,598,123
Minimum Actuarial Reserve Required	\$ 115,465,393	\$ -	\$ 115,465,393
Ending Premium Stabilization Reserve	(44,909,240)	-	6,390,760
Ending Plan Reserve	\$ 70,556,153		\$ 121,856,153
Reserve as a Percent of Expenses			15%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 41,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 10,300,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ 21,000,000	State	7.0%	14.0%
		Prescription Drug Rebates		20.0%
		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 2024**

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 152,898,556	\$ 468,276,156	\$ 621,174,712
Employer Premiums - MCO	7,070,876	50,654,568	57,725,444
Employee Premiums - PPB	-	136,101,530	136,101,530
Employee Premiums - MCO	-	15,147,114	15,147,114
WV RHBT Pay Go Premiums	24,371,542	95,628,458	120,000,000
Life Insurance	626,917	2,920,472	3,547,389
Direct Transfers	-	21,000,000	21,000,000
Investment Income	1,959,205	7,851,228	9,810,433
Litigation Settlement	-	-	-
COBRA Premiums	514,487	2,097,915	2,612,402
Administrative Fees	710,283	3,935,467	4,645,750
Total Revenue	\$ 188,151,866	\$ 803,612,908	\$ 991,764,774
<u>Program Expenses</u>			
Medical Claims	\$ 108,766,157	\$ 428,675,274	\$ 537,441,431
Gross Prescription Drug Claims	74,197,982	325,875,397	400,073,379
Prescription Drug Rebates	(32,315,243)	(141,902,763)	(174,218,006)
Managed Care Capitations	5,662,568	57,625,345	63,287,913
Administration	4,761,131	22,179,581	26,940,712
Life Insurance	433,348	2,018,737	2,452,085
Wellness	489,579	1,974,561	2,464,140
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	77,496	331,340	408,836
Director's Discretionary Fund	354,567	1,441,928	1,796,495
WV RHBT Pay Go Premiums	24,371,542	95,628,458	120,000,000
Total Expenses	\$ 186,799,126	\$ 793,847,859	\$ 980,646,985
Fiscal Year Results	\$ 1,352,740	\$ 9,765,049	\$ 11,117,789
Beginning Plan Reserve	30,679,292	121,856,153	152,535,446
Minimum Actuarial Reserve Required	\$ 29,731,438	\$ 124,676,713	\$ 154,408,151
<u>Ending Premium Stabilization Reserve</u>	<u>2,300,595</u>	<u>6,944,489</u>	<u>9,245,084</u>
Ending Plan Reserve	\$ 32,032,032	\$ 131,621,202	\$ 163,653,235
Reserve as a Percent of Expenses			19%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 81,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 28,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 20,300,000	Active Local	7.5%	14.5%
Direct Transfers	\$ 21,000,000	State	7.5%	14.5%
		Prescription Drug Rebates		20.0%
		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	\$ 125,677,273	\$ 27,221,283	\$ 152,898,556
Employer Premiums - MCO	5,792,159	1,278,717	7,070,876
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	24,371,542		24,371,542
Life Insurance	626,917		626,917
Direct Transfers	-		-
Investment Income	1,959,205		1,959,205
Litigation Settlement	-		-
COBRA Premiums	514,487		514,487
Administrative Fees	710,283		710,283
Total Revenue	\$ 159,651,866	\$ 28,500,000	\$ 188,151,866
<u>Program Expenses</u>			
Medical Claims	\$ 108,766,157		\$ 108,766,157
Gross Prescription Drug Claims	74,197,982		74,197,982
Prescription Drug Rebates	(32,315,243)		(32,315,243)
Managed Care Capitations	5,662,568		5,662,568
Administration	4,761,131		4,761,131
Life Insurance	433,348		433,348
Wellness	489,579		489,579
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	77,496		77,496
Director's Discretionary Fund	354,567		354,567
WV RHBT Pay Go Premiums	24,371,542		24,371,542
Total Expenses	\$ 186,799,126	\$ -	\$ 186,799,126
Fiscal Year Results	\$ (27,147,260)		\$ 1,352,740
Beginning Plan Reserve	30,679,292		30,679,292
Minimum Actuarial Reserve Required	\$ 29,731,438	\$ -	\$ 29,731,438
<u>Ending Premium Stabilization Reserve</u>	<u>(26,199,405)</u>	<u>-</u>	<u>2,300,595</u>
Ending Plan Reserve	\$ 3,532,032		\$ 32,032,032
Reserve as a Percent of Expenses			15%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 28,500,000	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		Local	7.5%
			<u>Gross Drugs</u>
			20.0%
			6.0%
			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	\$ 395,182,182	\$ 73,093,974	\$ 468,276,156
Employer Premiums - MCO	42,748,542	7,906,026	50,654,568
Employee Premiums - PPB	117,834,516	18,267,014	136,101,530
Employee Premiums - MCO	13,114,128	2,032,986	15,147,114
WV RHBT Pay Go Premiums	95,628,458		95,628,458
Life Insurance	2,920,472		2,920,472
Direct Transfers	21,000,000		21,000,000
Investment Income	7,851,228		7,851,228
Litigation Settlement	-		-
COBRA Premiums	2,097,915		2,097,915
Administrative Fees	3,935,467		3,935,467
Total Revenue	\$ 702,312,908	\$ 101,300,000	\$ 803,612,908
<u>Program Expenses</u>			
Medical Claims	\$ 428,675,274		\$ 428,675,274
Gross Prescription Drug Claims	325,875,397		325,875,397
Prescription Drug Rebates	(141,902,763)		(141,902,763)
Managed Care Capitations	57,625,345		57,625,345
Administration	22,179,581		22,179,581
Life Insurance	2,018,737		2,018,737
Wellness	1,974,561		1,974,561
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	331,340		331,340
Director's Discretionary Fund	1,441,928		1,441,928
WV RHBT Pay Go Premiums	95,628,458		95,628,458
Total Expenses	\$ 793,847,859	\$ -	\$ 793,847,859
Fiscal Year Results	\$ (91,534,951)		\$ 9,765,049
Beginning Plan Reserve	121,856,153		121,856,153
Minimum Actuarial Reserve Required	\$ 124,676,713	\$ -	\$ 124,676,713
Ending Premium Stabilization Reserve	(94,355,511)	-	6,944,489
Ending Plan Reserve	\$ 30,321,202		\$ 131,621,202
Reserve as a Percent of Expenses			15%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 81,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 20,300,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ 21,000,000	State	7.5%	14.5%
		Prescription Drug Rebates		20.0%
		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 2025**

PERIOD 7/1/2024 - 6/30/2025

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 167,204,851	\$ 508,460,311	\$ 675,665,162
Employer Premiums - MCO	7,733,620	55,001,374	62,734,994
Employee Premiums - PPB	-	147,889,603	147,889,603
Employee Premiums - MCO	-	16,459,041	16,459,041
WV RHBT Pay Go Premiums	26,402,503	103,597,497	130,000,000
Life Insurance	658,263	3,066,496	3,724,759
Direct Transfers	-	21,000,000	21,000,000
Investment Income	2,093,440	8,569,696	10,663,136
Litigation Settlement	-	-	-
COBRA Premiums	562,630	2,278,321	2,840,951
Administrative Fees	710,283	3,935,467	4,645,750
Total Revenue	\$ 205,365,590	\$ 870,257,806	\$ 1,075,623,396
<u>Program Expenses</u>			
Medical Claims	\$ 117,220,531	\$ 461,995,586	\$ 579,216,116
Gross Prescription Drug Claims	85,161,829	374,027,886	459,189,715
Prescription Drug Rebates	(38,778,292)	(170,283,315)	(209,061,607)
Managed Care Capitations	6,002,322	61,082,866	67,085,188
Administration	4,903,965	22,844,968	27,748,933
Life Insurance	455,015	2,119,674	2,574,689
Wellness	523,180	2,106,596	2,629,776
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	77,496	331,340	408,836
Director's Discretionary Fund	354,135	1,441,053	1,795,188
WV RHBT Pay Go Premiums	26,402,503	103,597,497	130,000,000
Total Expenses	\$ 202,322,684	\$ 859,264,150	\$ 1,061,586,834
Fiscal Year Results	\$ 3,042,906	\$ 10,993,656	\$ 14,036,562
Beginning Plan Reserve	32,032,032	131,621,202	163,653,235
Minimum Actuarial Reserve Required	\$ 32,253,209	\$ 135,226,208	\$ 167,479,417
<u>Ending Premium Stabilization Reserve</u>	<u>2,821,729</u>	<u>7,388,651</u>	<u>10,210,380</u>
Ending Plan Reserve	\$ 35,074,938	\$ 142,614,859	\$ 177,689,797
Reserve as a Percent of Expenses			18%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 52,500,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 17,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 13,100,000	Active Local	8.0%	15.0%
Direct Transfers	\$ 21,000,000	State	8.0%	15.0%
		Prescription Drug Rebates		20.0%
		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	\$ 150,967,595	\$ 16,237,256	\$ 167,204,851
Employer Premiums - MCO	6,970,876	762,744	7,733,620
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	26,402,503		26,402,503
Life Insurance	658,263		658,263
Direct Transfers	-		-
Investment Income	2,093,440		2,093,440
Litigation Settlement	-		-
COBRA Premiums	562,630		562,630
Administrative Fees	710,283		710,283
Total Revenue	\$ 188,365,590	\$ 17,000,000	\$ 205,365,590
<u>Program Expenses</u>			
Medical Claims	\$ 117,220,531		\$ 117,220,531
Gross Prescription Drug Claims	85,161,829		85,161,829
Prescription Drug Rebates	(38,778,292)		(38,778,292)
Managed Care Capitations	6,002,322		6,002,322
Administration	4,903,965		4,903,965
Life Insurance	455,015		455,015
Wellness	523,180		523,180
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	77,496		77,496
Director's Discretionary Fund	354,135		354,135
WV RHBT Pay Go Premiums	26,402,503		26,402,503
Total Expenses	\$ 202,322,684	\$ -	\$ 202,322,684
Fiscal Year Results	\$ (13,957,094)		\$ 3,042,906
Beginning Plan Reserve	32,032,032		32,032,032
Minimum Actuarial Reserve Required	\$ 32,253,209	\$ -	\$ 32,253,209
Ending Premium Stabilization Reserve	(14,178,272)	-	2,821,728
Ending Plan Reserve	\$ 18,074,938		\$ 35,074,938
Reserve as a Percent of Expenses			15%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 17,000,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	8.0%	15.0%
		Prescription Drug Rebates		20.0%
		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	\$ 461,084,587	\$ 47,375,724	\$ 508,460,311
Employer Premiums - MCO	49,877,098	5,124,276	55,001,374
Employee Premiums - PPB	136,101,530	11,788,073	147,889,603
Employee Premiums - MCO	15,147,114	1,311,927	16,459,041
WV RHBT Pay Go Premiums	103,597,497		103,597,497
Life Insurance	3,066,496		3,066,496
Direct Transfers	21,000,000		21,000,000
Investment Income	8,569,696		8,569,696
Litigation Settlement	-		-
COBRA Premiums	2,278,321		2,278,321
Administrative Fees	3,935,467		3,935,467
Total Revenue	\$ 804,657,806	\$ 65,600,000	\$ 870,257,806
<u>Program Expenses</u>			
Medical Claims	\$ 461,995,585		\$ 461,995,585
Gross Prescription Drug Claims	374,027,886		374,027,886
Prescription Drug Rebates	(170,283,315)		(170,283,315)
Managed Care Capitations	61,082,866		61,082,866
Administration	22,844,968		22,844,968
Life Insurance	2,119,674		2,119,674
Wellness	2,106,596		2,106,596
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	331,340		331,340
Director's Discretionary Fund	1,441,053		1,441,053
WV RHBT Pay Go Premiums	103,597,497		103,597,497
Total Expenses	\$ 859,264,150	\$ -	\$ 859,264,150
Fiscal Year Results	\$ (54,606,344)		\$ 10,993,656
Beginning Plan Reserve	131,621,202		131,621,202
Minimum Actuarial Reserve Required	\$ 135,226,208	\$ -	\$ 135,226,208
<u>Ending Premium Stabilization Reserve</u>	<u>(58,211,349)</u>	<u>-</u>	<u>7,388,651</u>
Ending Plan Reserve	\$ 77,014,858		\$ 142,614,858
Reserve as a Percent of Expenses			15%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 52,500,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 13,100,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ 21,000,000	State	8.0%	15.0%
		Prescription Drug Rebates		20.0%
		Capitations		6.0%
		Administrative Expense		3.0%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2020 to FY 2021**

Fiscal Year 2020												
Exposure	<u>Jul-19</u>	<u>Aug-19</u>	<u>Sep-19</u>	<u>Oct-19</u>	<u>Nov-19</u>	<u>Dec-19</u>	<u>Jan-20</u>	<u>Feb-20</u>	<u>Mar-20</u>	<u>Apr-20</u>	<u>May-20</u>	<u>Jun-20</u>
Local Medical	25,896	26,417	26,500	26,626	26,640	26,612	26,689	26,637	26,717	26,632	26,565	26,500
State Medical	117,370	117,050	117,339	117,648	117,764	117,881	117,935	117,674	117,949	118,226	118,346	118,357
Local Drugs	25,896	26,417	26,500	26,626	26,640	26,612	26,689	26,637	26,717	26,632	26,565	26,500
State Drugs	117,370	117,050	117,339	117,648	117,764	117,881	117,935	117,674	117,949	118,226	118,346	118,357
	<u>Jul-19</u>	<u>Aug-19</u>	<u>Sep-19</u>	<u>Oct-19</u>	<u>Nov-19</u>	<u>Dec-19</u>	<u>Jan-20</u>	<u>Feb-20</u>	<u>Mar-20</u>	<u>Apr-20</u>	<u>May-20</u>	<u>Jun-20</u>
Local Medical	\$200.07	\$186.04	\$197.70	\$234.77	\$187.87	\$206.02	\$242.38	\$226.19	\$210.13	\$128.69	\$200.34	\$257.89
State Medical	228.01	221.60	212.05	249.77	249.97	265.61	251.84	236.60	206.43	157.80	201.08	276.64
Local Drugs	105.68	113.68	109.96	125.01	109.16	122.22	131.37	124.84	149.93	132.33	121.78	143.63
State Drugs	<u>113.52</u>	<u>119.62</u>	<u>122.75</u>	<u>132.06</u>	<u>123.96</u>	<u>134.76</u>	<u>147.10</u>	<u>138.14</u>	<u>164.96</u>	<u>145.07</u>	<u>140.92</u>	<u>162.00</u>
Total	\$647.28	\$640.94	\$642.45	\$741.61	\$670.96	\$728.61	\$772.70	\$725.76	\$731.44	\$563.88	\$664.12	\$840.16
Change From Prior Year - Month to Month Analysis												
Local Medical	30.6%	2.2%	0.2%	7.7%	-18.9%	3.7%	-8.7%	2.0%	-12.1%	-51.9%	-15.0%	5.0%
State Medical	10.1%	11.4%	16.9%	2.1%	16.0%	25.1%	-2.1%	3.5%	-16.8%	-34.8%	-20.9%	9.8%
Local Drugs	8.5%	8.1%	19.0%	10.9%	6.1%	21.0%	3.1%	13.3%	15.6%	3.8%	-9.4%	16.9%
State Drugs	<u>10.9%</u>	<u>11.0%</u>	<u>22.6%</u>	<u>10.3%</u>	<u>15.9%</u>	<u>24.8%</u>	<u>11.5%</u>	<u>18.2%</u>	<u>27.7%</u>	<u>2.7%</u>	<u>5.0%</u>	<u>20.6%</u>
Total	15.6%	7.9%	12.4%	6.7%	2.1%	17.5%	-1.2%	7.1%	-1.9%	-27.5%	-12.5%	11.3%
Change From Prior Year - Quarter to Quarter Analysis												
Local Medical			9.6%			-3.0%			-6.5%			-21.6%
State Medical			12.6%			13.8%			-5.3%			-15.1%
Local Drugs			11.7%			12.6%			10.6%			3.4%
State Drugs			<u>14.7%</u>			<u>16.8%</u>			<u>19.1%</u>			<u>9.3%</u>
Total			11.9%			8.6%			1.1%			-9.7%
Change From Prior Year - Year to Year Analysis												
Local Medical			9.0%			6.0%			0.5%			-6.7%
State Medical			9.0%			9.5%			4.8%			0.6%
Local Drugs			17.0%			18.3%			13.7%			9.2%
State Drugs			<u>18.9%</u>			<u>19.7%</u>			<u>18.3%</u>			<u>14.8%</u>
Total			11.9%			11.4%			7.1%			2.1%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2020 to FY 2021**

Fiscal Year 2021					
Exposure	<u>Jul-20</u>	<u>Aug-20</u>	<u>Sep-20</u>	<u>Oct-20</u>	<u>Nov-20</u>
Local Medical	29,745	29,911	29,999	30,130	30,190
State Medical	118,255	117,683	117,992	118,125	118,146
Local Drugs	29,745	29,911	29,999	30,130	30,190
State Drugs	118,255	117,683	117,992	118,125	118,146
	<u>Jul-20</u>	<u>Aug-20</u>	<u>Sep-20</u>	<u>Oct-20</u>	<u>Nov-20</u>
Local Medical	\$183.17	\$230.69	\$220.46	\$228.53	\$212.37
State Medical	224.43	245.31	231.15	235.40	237.57
Local Drugs	115.58	117.63	127.82	133.79	141.01
State Drugs	<u>132.41</u>	<u>137.64</u>	<u>141.66</u>	<u>147.84</u>	<u>154.69</u>
Total	\$655.59	\$731.26	\$721.08	\$745.57	\$745.63
Change From Prior Year - Month to Month Analysis					
Local Medical	-8.4%	24.0%	11.5%	-2.7%	13.0%
State Medical	-1.6%	10.7%	9.0%	-5.8%	-5.0%
Local Drugs	9.4%	3.5%	16.2%	7.0%	29.2%
State Drugs	<u>16.6%</u>	<u>15.1%</u>	<u>15.4%</u>	<u>11.9%</u>	<u>24.8%</u>
Total	1.3%	14.1%	12.2%	0.5%	11.1%
Change From Prior Year - Quarter to Quarter Analysis					
Local Medical			8.7%		
State Medical			5.9%		
Local Drugs			9.6%		
State Drugs			<u>15.7%</u>		
Total			9.2%		
Change From Prior Year - Year to Year Analysis					
Local Medical			-6.6%		
State Medical			-0.7%		
Local Drugs			8.8%		
State Drugs			<u>15.1%</u>		
Total			1.8%		