

STATE OF WEST VIRGINIA



PUBLIC EMPLOYEES INSURANCE AGENCY

**Fiscal Year 2024
Financial Report**

Fiscal Years 2024-2029

Report Date: October 2024

YOUR ACTUARIES FOR THE LONG-TERM!



415 Main Street
Reisterstown, MD 21136-1905
410-833-4220
410-833-4229 (fax)
www.continuingcareactuaries.com

Finance Board
West Virginia Public Employees Insurance Agency
601 57th St., SE, Suite 2
Charleston, West Virginia 25304-2345

Ladies and Gentlemen:

I, Dave Bond, am a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries, and the Managing Partner in the firm of Continuing Care Actuaries.

Continuing Care Actuaries has been retained by the West Virginia Public Employees Insurance Agency Finance Board (“Board”) to assist it as provided under Code of the West Virginia 1931 (“Code”), as amended. The Board has asked Continuing Care Actuaries to review the financial plan prepared and proposed by the Board in December 2023 for the fiscal year 2025 (“FY 2025”) and to provide quarterly financial reports for current FY 2024 and thereafter. Our analysis is developed on an accrued and incurred reporting basis for a projection period of five years as required by the Code.

Under the statutory Code provisions, it is the Board’s responsibility to prepare a proposed financial plan designed to generate revenues sufficient to meet all insurance program and administrative costs of the West Virginia Public Employees Insurance Agency (“PEIA”). The Board is required to provide a financing plan in which the State Fund revenue costs are financed 80% by state employers and 20% by state employees in FY 2024 and in subsequent fiscal years. In subsequent fiscal years, future transfers of employer and employee funds may be needed to obtain the 80% and 20% split between employer and employee, depending on future enrollment and coverage elections by insureds.

The Board is also charged with the responsibility to review actual costs incurred, any revised cost estimates, expenditures, and other factors affecting the fiscal stability of the plan and to make any modifications to the plan necessary to insure that the total financial requirements of PEIA are met for the projection period. We have been asked to review the proposed financial plan, and as supported by our work, to render an actuarial opinion stating whether the plan may be reasonably expected to generate sufficient revenues to meet estimated insurance program and administrative costs of PEIA through FY 2029.

Continuing Care Actuaries has provided financial report for fiscal years ending June 30, 2024 (“FY 2024”), June 30, 2025 (“FY 2025”), June 30, 2026 (“FY 2026”), June 30, 2027 (“FY 2027”), June 30, 2028 (“FY 2028”) and June 30, 2029 (“FY 2029”). Our opinion of plan adequacy is based on the projections through FY 2029 using updated future revenue and plan modifications provided by the Board in the financial plan adopted in December 2023. This forecast is prepared for the Public Employee Insurance Agency, and does not include actuarial projections for the West Virginia Retiree Health Benefit Trust Fund.

In reviewing the plan, Continuing Care Actuaries utilized information concerning the plan’s prior experience, covered individuals, plan revenues, plan benefits, plan administrative costs, and other expenses. This information was developed and provided by PEIA, the plan’s third party administrators and other sources. In our review, we completely relied on the accuracy of this information and did not perform any due diligence on the information. The enclosed forecasts include anticipated changes from the federal statute Patient Protection and Affordable Care Act (“PPACA”) signed into law on March 23, 2010. Additional details of the benefit reductions can be found later in this report. In addition, some PEIA members became eligible for the West Virginia Children Health Insurance Plan effective in fiscal year 2016.

In FY 2024 the Pay-Go is equivalent to \$0 per retiree per month. In future years, the Pay Go premium may increase by a maximum of 3% per retiree per year, indexed to the initial fixed subsidy determined in FY 2013. The new Pay-Go premium formula is based on the financial plan approved by the Financial Board in December 2023.

This report includes updated claim trend assumptions as recommended in the report titled, “PEIA FY2024 Detailed Medical and Prescription Drugs Claim Trend Report”. In the circumstances and subject to the conditions described herein, we believe the financial plan approved by the Board for FY 2024 through FY 2029 may be reasonably expected to generate sufficient revenues, when combined with the existing surplus, to meet estimated insurance program and administrative costs of PEIA. In addition, we are forecasting that PEIA will meet the minimum 20% employee cost share requirement for state revenue in FY 2024 based on the scheduled revenue increases of the financial plan approved and amended by the Board in December 2023.

The conclusion of long-term solvency for the program over the five-year forecast is based on significant revenue increases in employer and employee premiums in later fiscal years of the plan through FY 2029 as approved by the Board.

The preparation of any estimate of future health costs requires consideration of a broad array of complex social and economic events. Changes in reimbursement methodology, the emergence of new and expensive medical procedures and prescription drugs options, and the continuing evolution of the framework of the managed care options, as are contemplated in the Board's proposed plan, increase the level of uncertainty of such estimates. As such, the estimate of insurance program costs contains considerable uncertainty and variability, and actual experience may not conform to the assumptions used.

Respectfully,



Dave Bond, F.S.A., M.A.A.A.

Managing Partner



Chris Borcik, F.S.A., M.A.A.A.

Principal

West Virginia Public Employees Insurance Agency

Report of Independent Actuary

Financial Plan for FY 2024 – FY 2029

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 September 2024 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 October 2024 enrollment levels for the duration of these forecasts for active employees.

In aggregate, October 2024 enrollment for active employees has increased by 195 coverages since the end of FY 2024. Aggregate PPB enrollment has increased by 264 in total over the same period, while managed care enrollment experienced a decrease of 69 coverages.

In the State Fund, the overall active State enrollment decreased by 35 coverages from the end of FY 2024 to October 2024. And in the Local Fund, the overall active Local enrollment increased by 230 coverages from the end of FY 2024 to October 2024.

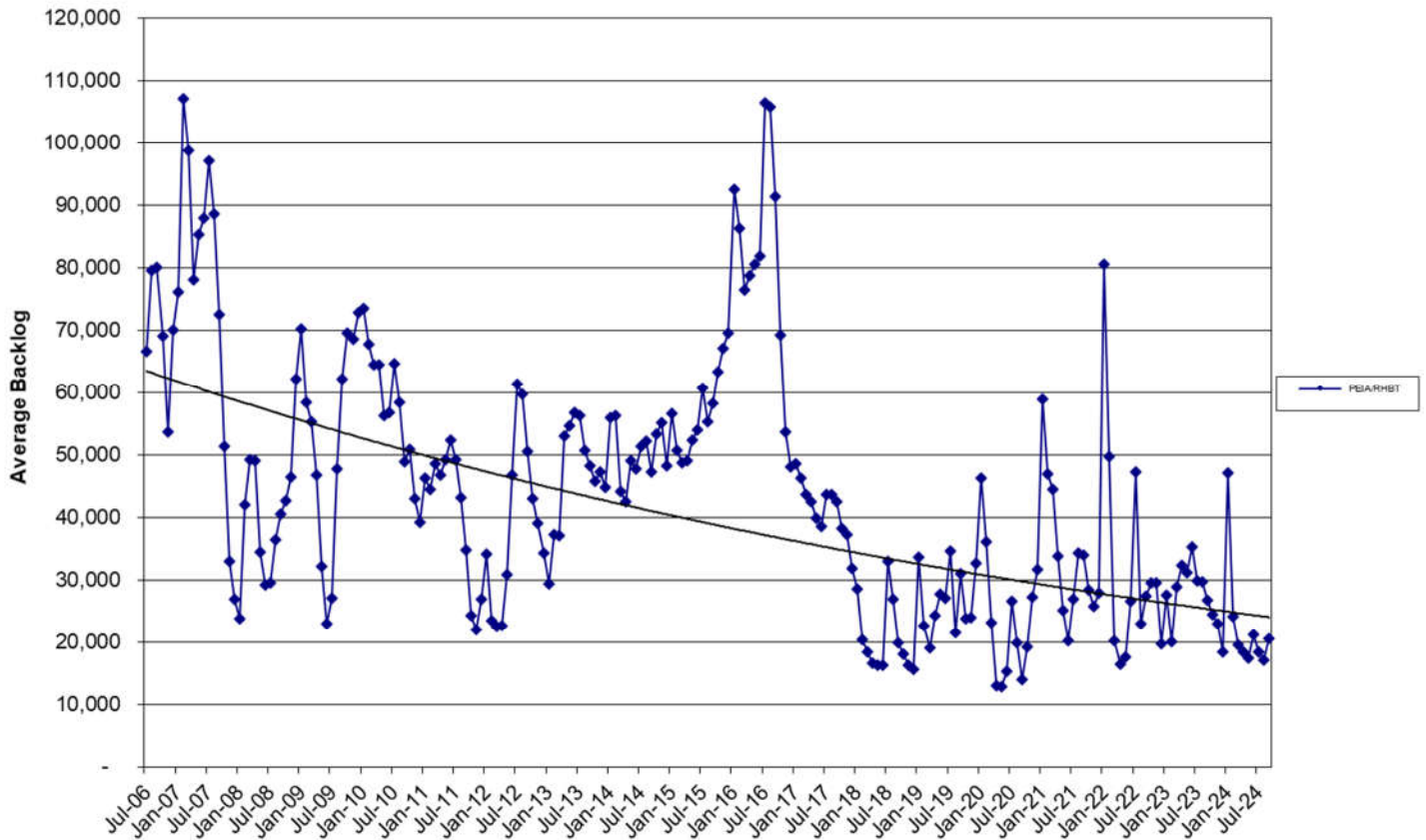
The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2023, June 2024, and October 2024 for purposes of comparison:

PEIA Fund	Coverage	Preferred Provider Benefit			Managed Care		
		Jun-23	Jun-24	Oct-24	Jun-23	Jun-24	Oct-24
State Active	Single	21,381	23,055	23,339	2,444	2,681	2,667
	Children	5,845	7,357	7,477	703	935	962
	Family	26,125	23,161	22,785	2,703	2,329	2,253
	Total	53,351	53,573	53,601	5,850	5,945	5,882
Local Active	Single	6,618	6,977	7,091	476	461	468
	Children	1,276	1,312	1,320	107	108	109
	Family	6,123	6,020	6,134	210	188	174
	Total	14,017	14,309	14,545	793	757	751
Plan Total		67,368	67,882	68,146	6,643	6,702	6,633
Grand Total					74,011	74,584	74,779

B. Changes in Claim Backlog

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

WV PEIA&RHBT Claim Backlog July 2006 through September 2024



C. Trend Analysis

PEIA experienced a high medical trend and a high prescription drugs trend in FY 2024, 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 FY2024 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 assumed FY 2025 medical claim trend is 8.0%, the gross prescription drugs claim trend is 15.0% and the prescription drugs rebate trend is 5.0%. In 2025, there were an additional rebate included in the projection to reflect the new PBM contract with ESI.

The current trend projection is shown in the following table:

Claim Type	Previous Assumption FY 2025 Trend	Updated Assumption FY 2025 Trend
Active Local – Medical	8.0%	8.0%
State – Medical	8.0%	8.0%
Active Local – Gross Drugs	15.0%	15.0%
State – Gross Drugs	15.0%	15.0%
Prescription Drugs Rebate	5.0%	5.0%

In the past, claim trends for the financial plan included a 0.5% margin in future years. CCA has assumed the medical and drugs claim trends for the financial projection will increase by 0.5% in FY 2026 and in each successive fiscal year. Additionally, drug rebates have been trending at approximately 9% over the last two years. As a result, CCA has separated net drugs in the financial plan into gross drugs and drug rebate amounts. Drug rebates trends are set at 5% in the financial plan.

At the Board’s request, the baseline trend assumptions have been established to reflect the most likely or expected trends. In order to provide information on the impact of varying trend assumptions, two alternative trend scenarios were developed. The Optimistic Scenario incorporates trend assumptions 2.0% below the Baseline Scenario and the Pessimistic Scenario incorporates trend assumptions 2.0% above the Baseline Scenario.

The following chart summarizes the trend results observed for the plan using data through September 2024. It is important to note that these trends *have not* been adjusted to reflect savings as a result of the expansion of the drug rebate program or the claim savings due to changes in provider reimbursement methodologies, nor the changes in the benefit structure. In developing the claim cost projection, we have reflected for benefit and reimbursement changes as an adjustment to the gross trend assumption.

PEIA Historical Trends (Active Local and State)

Fiscal Year	Active Local Medical	State Medical	Active Local Drugs	State Drugs	Total
2004	-1%	12%	9%	7%	9%
2005	16%	7%	7%	20%	11%
2006	1%	2%	18%	7%	3%
2007	15%	2%	13%	8%	5%
2008	3%	8%	-5%	-1%	4%
2009	-8%	3%	5%	4%	2%
2010	10%	1%	9%	9%	4%
2011	11%	8%	16%	15%	8%
2012	5%	5%	8%	6%	5%
2013	-3%	-3%	2%	6%	-3%
2014	8%	6%	9%	7%	7%
2015	6%	10%	14%	10%	10%
2016	9%	11%	12%	13%	12%
2017	6%	1%	11%	9%	4%
2018	0%	4%	16%	15%	7%
2019	8%	8%	15%	16%	10%
2020	-8%	0%	10%	15%	3%
2021	31%	17%	16%	13%	17%
2022	5%	9%	19%	18%	11%
2023	1%	5%	-1%	5%	4%
2024	14%	14%	25%	23%	17%
2025*	14%	14%	25%	21%	17%

* Fiscal year 2025 results are through the first three months ending September 2024.

D. Enrollment, Claim, Expense and Revenue Assumptions

Using PEIA paid claim data through September 2024 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 result of FY 2024 and the projection of FY 2025 claims and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

Fiscal Year 2024 Result			Net Revenue Excluding Pay Go		Expenses		
Fund	Program	Policies	Monthly Employer Premiums	Monthly Employee Premiums	Monthly Medical Costs	Monthly Drugs Costs*	Monthly Capitation Costs
State	PPB	53,402	\$843	\$206	\$813	\$305	
	Managed Care	5,885	\$860	\$212			\$828
	Total	59,287					
Local	PPB	14,222	\$912	\$0	\$708	\$275	
	Managed Care	758	\$887	\$0			\$632
	Total	14,980					

*Net of rebates and subsidies.

Fiscal Year 2025 Projection			Net Revenue Excluding Pay Go		Expenses		
Fund	Program	Policies	Monthly Employer Premiums	Monthly Employee Premiums	Monthly Medical Costs	Monthly Drugs Costs*	Monthly Capitation Costs
State	PPB	53,578	\$895	\$228	\$868	\$364	
	Managed Care	5,869	\$920	\$235			\$880
	Total	59,447					
Local	PPB	14,537	\$985	\$0	\$749	\$325	
	Managed Care	749	\$989	\$0			\$678
	Total	15,286					

*Net of rebates and subsidies.

Projected plan revenues, administrative expenses, life insurance premiums, and the amount to be spent on wellness programs were provided by PEIA. Investment income is currently allocated to each fund based on average reserve levels for each fund. The following chart summarizes assumptions used in preparation of the attached forecasts.

Board Decisions – December 2023

Source	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029
Additional State Employer Revenue	\$108,100,000	\$62,700,000	\$71,000,000	\$92,000,000	\$95,000,000	\$120,000,000
Additional Local Agency Revenue	\$22,500,000	\$22,800,000	\$20,500,000	\$25,500,000	\$27,000,000	\$24,000,000
Additional Employee Premium	\$28,900,000	\$15,700,000	\$17,800,000	\$23,000,000	\$23,800,000	\$30,000,000
State Direct Transfers (State Budget Appropriations)	\$0	\$87,000,000	\$0	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active State Medical	\$0	\$0	\$0	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active State Drugs	\$0	\$0	\$0	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active Local Medical	\$0	\$0	\$0	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active Local Drugs	\$0	\$0	\$0	\$0	\$0	\$0
Pay Go Premium Transfer	\$0	\$29,000,000	\$10,000,000	\$10,000,000	\$0	\$0

Future fiscal year state revenue increases will require legislative appropriation. Additional local agency revenue represents premium increases to be charged to local agencies. Additional employee premiums represent employee premiums paid by active employees participating in the State Fund.

In FY 2024, the ACA PCORI fee is approximately \$3.22 per person per year.

West Virginia Senate Bill 268 was signed into law on March 17, 2023. The bill makes three substantial changes to PEIA effective July 1, 2023:

1. Imposes the monthly spouse surcharge for active employee policyholders from state agencies, colleges, universities, and county boards of education whose spouses are offered employer-sponsored insurance coverage but who choose to get coverage through a plan offered by PEIA. This change does not affect non-state agencies, retirees, spouses who are employed by PEIA-participating agencies or are retired, or spouses whose coverage is through Medicare, Medicaid, or TRICARE.

2. Increases health premiums to get the plan back to an 80/20 employer/employee premium split for state agencies, colleges, universities, and county boards of education by July 1, 2023. This eliminates direct and rainy day fund transfers from the state that were previously part of the financial plan.
3. Increases reimbursement to providers to a minimum of 110% of Medicare's reimbursement. It is estimated that this increase to reimbursement will increase paid claims for PEIA and Non-Medicare retirees in the RHBT by \$54.4 million.

E. Provider Reimbursement Changes

Throughout the forecast, there are no assumed changes in provider reimbursement for physicians, hospitals, and pharmaceutical charges beyond the annual cost updates that PEIA has implemented historically.

FISCAL YEAR 2024 RESULT

The financial result for FY 2024 under the Baseline scenario is presented in the Appendix. The Baseline result for FY 2024 projects accrued revenue of \$936,206,240 and incurred plan expenses of \$979,082,737 to produce a fiscal year deficit of (\$42,876,496). The PEIA local and state agencies Pay Go premiums for FY 2024 are \$0.

Under the Baseline Scenario, FY 2024 ends with a Total Fund reserve (State and Local Reserves) of \$81,953,400 and projected plan expenditures of \$979,082,737. This represents 8.4% of projected expenditures based on the current reserve methodology. The projected reserve does not meet the minimum actuarial required reserve of \$120,019,259. This required reserve is comprised of 12.5% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario.

The State Fund in FY 2024 ends with a reserve of \$65,806,630, which represents 8.2% of projected expenditures. The projected State Fund reserve does not meet the minimum actuarial required reserve of \$97,862,972.

The Local Fund in FY 2024 ends with a reserve of \$16,146,770, which represents 9.0% of projected expenditures. The projected Local Fund reserve does not meet the minimum actuarial required reserve of \$22,156,288.

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 \$1,118,428,952 and incurred plan expenses of \$1,108,906,520 to produce a fiscal year surplus of \$9,522,432. The PEIA local and state agencies Pay Go premiums for FY 2025 are assumed to be \$29,000,000.

Under the Baseline Scenario, FY 2025 is projected to end with a Total Fund reserve (State and Local Reserves) of \$91,475,832 and projected plan expenditures of \$1,079,906,520. This represents 8.5% of projected expenditures based on the current reserve methodology. The projected reserve does not meet the minimum actuarial required reserve of \$132,513,032. This required reserve is comprised of 12.5% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending Total Fund reserve is expected to increase to \$101,946,821 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to \$81,065,164.

The State Fund in FY 2025 is projected to end with a reserve of \$91,252,187, which represents 10.4% of projected expenditures. The projected State Fund reserve does not meet the minimum actuarial required reserve of \$107,822,059.

The Local Fund in FY 2025 is projected to end with a reserve of \$223,645, which represents 0.1% of projected expenditures. The projected Local Fund reserve does not meet the minimum actuarial required reserve of \$24,690,974.

FISCAL YEAR 2026 FORECAST

The financial forecast for FY 2026 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2026 projects accrued revenue of \$1,142,137,851 and incurred plan expenses of \$1,196,978,206 to produce a fiscal year deficit of (\$54,840,355). The PEIA local and state agencies Pay Go premiums for FY 2026 are assumed to be \$10,000,000.

Under the Baseline Scenario, FY 2026 is projected to end with a Total Fund reserve (State and Local Reserves) of \$36,635,477 and projected plan expenditures of \$1,186,978,206. This represents 3.1% of projected expenditures based on the current reserve methodology. The projected reserve does not meet the minimum actuarial required reserve of \$145,731,719. This required reserve is comprised of 12.5% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending Total Fund reserve is expected to increase to \$80,795,142 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to (\$7,809,262).

The State Fund in FY 2026 is projected to end with a reserve of \$48,481,215, which represents 5.0% of projected expenditures. The projected State Fund reserve does not meet the minimum actuarial required reserve of \$118,549,943.

The Local Fund in FY 2026 is projected to end with a reserve of (\$11,845,737), which represents -5.4% of projected expenditures. The projected Local Fund reserve does not meet the minimum actuarial required reserve of \$27,181,776.

FISCAL YEAR 2027 FORECAST

The financial forecast for FY 2027 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2027 projects accrued revenue of \$1,281,572,084 and incurred plan expenses of \$1,331,789,903 to produce a fiscal year deficit of (\$50,217,819). The PEIA local and state agencies Pay Go premiums for FY 2027 are assumed to be \$10,000,000.

Under the Baseline Scenario, FY 2027 is projected to end with a Total Fund reserve (State and Local Reserves) of (\$13,582,341) and projected plan expenditures of \$1,321,789,903. This represents -1.0% of projected expenditures based on the current reserve methodology. The projected reserve does not meet the minimum actuarial required reserve of \$162,450,139. This required reserve is comprised of 12.5% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending Total Fund reserve is expected to increase to \$92,972,313 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to (\$122,154,587).

The State Fund in FY 2027 is projected to end with a reserve of \$10,476,988, which represents 1.0% of projected expenditures. The projected State Fund reserve does not meet the minimum actuarial required reserve of \$132,110,188.

The Local Fund in FY 2027 is projected to end with a reserve of (\$24,059,329), which represents -9.8% of projected expenditures. The projected Local Fund reserve does not meet the minimum actuarial required reserve of \$30,339,950.

FISCAL YEAR 2028 FORECAST

The financial forecast for FY 2028 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2028 projects accrued revenue of \$1,426,607,285 and incurred plan expenses of \$1,484,006,169 to produce a fiscal year deficit of (\$57,398,884). The PEIA local and state agencies Pay Go premiums for FY 2028 are assumed to be \$0.

Under the Baseline Scenario, FY 2028 is projected to end with a Total Fund reserve (State and Local Reserves) of (\$70,981,226) and projected plan expenditures of \$1,484,006,169. This represents -4.8% of projected expenditures based on the current reserve methodology. The projected reserve does not meet the minimum actuarial required reserve of \$182,586,822. This required reserve is comprised of 12.5% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending Total Fund reserve is expected to increase to \$133,622,230 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to (\$282,066,628).

The State Fund in FY 2028 is projected to end with a reserve of (\$32,900,180), which represents -2.7% of projected expenditures. The projected State Fund reserve does not meet the minimum actuarial required reserve of \$148,435,851.

The Local Fund in FY 2028 is projected to end with a reserve of (\$38,081,046), which represents -13.8% of projected expenditures. The projected Local Fund reserve does not meet the minimum actuarial required reserve of \$34,150,970.

FISCAL YEAR 2029 FORECAST

The financial forecast for FY 2029 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2029 projects accrued revenue of \$1,599,683,570 and incurred plan expenses of \$1,675,188,830 to produce a fiscal year deficit of (\$75,505,260). The PEIA local and state agencies Pay Go premiums for FY 2029 are assumed to be \$0.

Under the Baseline Scenario, FY 2029 is projected to end with a Total Fund reserve (State and Local Reserves) of (\$146,486,486) and projected plan expenditures of \$1,675,188,830. This represents -8.7% of projected expenditures based on the current reserve methodology. The projected reserve does not meet the minimum actuarial required reserve of \$206,336,579. This required reserve is comprised of 12.5% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending Total Fund reserve is expected to increase to \$200,401,399 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to (\$508,883,057).

The State Fund in FY 2029 is projected to end with a reserve of (\$81,935,765), which represents -6.0% of projected expenditures. The projected State Fund reserve does not meet the minimum actuarial required reserve of \$167,685,108.

The Local Fund in FY 2029 is projected to end with a reserve of (\$64,550,721), which represents -20.7% of projected expenditures. The projected Local Fund reserve does not meet the minimum actuarial required reserve of \$38,651,471.

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 not meet the minimum 10% reserve target set by West Virginia Statute in fiscal year 2024. Additionally, the plan will not meet the minimum actuarial required reserve target in fiscal year 2024. We are currently projecting that the State reserve will be under the minimum actuarial reserve using the baseline assumptions in fiscal years 2024 through 2029; and the Local reserve will be under the minimum actuarial reserve using the baseline assumptions in fiscal years 2024 through 2029. These projections are based on significant revenue increases as contained in the financial plan adopted by the Board in December 2023 and are contingent on legislative approval.

These forecasts are based on assumptions including the estimated cost and savings of plan changes, expected trend levels and exposure levels. The continued enrollment changes of the managed care options, changes in physician, ambulatory and hospital provider reimbursement, possible changes in methodology of managed care premium calculation, and changes in the prescription drugs program, can be expected to further exacerbate the difficulty of projecting future medical and drugs claim levels and lags. These projections do not incorporate any anticipated effects of national or state health care reform, such as universal health insurance initiatives and Medicaid reform. As such, actual results deviating from those amounts projected in these pages should not be unexpected. With the legislatively mandated requirement of a five-year projection, it should be assumed that constant modifications would be required.

**APPENDIX - BASELINE SCENARIO
PEIA - ACTIVE LOCAL AND STATE**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL RESULT
FISCAL YEAR 2024**

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 155,715,349	\$ 540,038,449	\$ 695,753,798
Employer Premiums - MCO	8,063,991	60,734,147	68,798,138
Employee Premiums - PPB	-	132,264,557	132,264,557
Employee Premiums - MCO	-	14,979,865	14,979,865
WV RHBT Pay Go Premiums	-	-	-
Life Insurance	474,677	1,901,272	2,375,949
Direct Transfers	-	-	-
Investment Income	3,001,574	11,556,500	14,558,074
Litigation Settlement	-	-	-
COBRA Premiums	503,538	2,016,871	2,520,409
Administrative Fees	757,633	4,197,817	4,955,450
Total Revenue	\$ 168,516,761	\$ 767,689,479	\$ 936,206,240
<u>Program Expenses</u>			
Medical Claims	\$ 120,798,982	\$ 521,164,432	\$ 641,963,414
Gross Prescription Drug Claims	70,687,359	299,238,535	369,925,894
Prescription Drug Rebates	(23,691,198)	(103,758,688)	(127,449,886)
Managed Care Capitations	5,746,482	58,479,296	64,225,778
Administration	5,468,735	21,904,488	27,373,223
Life Insurance	418,286	1,675,403	2,093,689
Wellness	87,328	349,786	437,114
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	98,116	415,394	513,511
Director's Discretionary Fund	-	-	-
WV RHBT Pay Go Premiums	-	-	-
Total Expenses	\$ 179,614,091	\$ 799,468,646	\$ 979,082,737
Fiscal Year Results	\$ (11,097,330)	\$ (31,779,166)	\$ (42,876,496)
Beginning Plan Reserve	27,244,100	97,585,797	124,829,897
Minimum Actuarial Reserve Required	\$ 22,156,288	\$ 97,862,972	\$ 120,019,259
<u>Ending Premium Stabilization Reserve</u>	<u>(6,009,518)</u>	<u>(32,056,341)</u>	<u>(38,065,859)</u>
Ending Plan Reserve	\$ 16,146,770	\$ 65,806,630	\$ 81,953,400
Reserve as a Percent of Expenses			8%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 108,100,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 22,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 28,900,000	Active Local	7.5%	14.5%
Direct Transfers	\$ -	State	7.5%	14.5%
		Prescription Drug Rebates		0.0%
		Capitations		18.1%
		Administrative Expense		-15.8%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL RESULT
FISCAL YEAR 2024

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 134,285,293	\$ 21,430,056	\$ 155,715,349
Employer Premiums - MCO	6,994,047	1,069,944	8,063,991
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	-	-	-
Life Insurance	474,677		474,677
Direct Transfers	-		-
Investment Income	3,001,574		3,001,574
Litigation Settlement	-		-
COBRA Premiums	503,538		503,538
Administrative Fees	757,633		757,633
Total Revenue	\$ 146,016,761	\$ 22,500,000	\$ 168,516,761
<u>Program Expenses</u>			
Medical Claims	\$ 120,798,982		\$ 120,798,982
Gross Prescription Drug Claims	70,687,359		70,687,359
Prescription Drug Rebates	(23,691,198)		(23,691,198)
Managed Care Capitations	5,746,482		5,746,482
Administration	5,468,735		5,468,735
Life Insurance	418,286		418,286
Wellness	87,328		87,328
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	98,116		98,116
Director's Discretionary Fund	-		-
WV RHBT Pay Go Premiums	-		-
Total Expenses	\$ 179,614,091	\$ -	\$ 179,614,091
Fiscal Year Results	\$ (33,597,330)		\$ (11,097,330)
Beginning Plan Reserve	27,244,100		27,244,100
Minimum Actuarial Reserve Required	\$ 22,156,288	\$ -	\$ 22,156,288
<u>Ending Premium Stabilization Reserve</u>	<u>(28,509,518)</u>	<u>-</u>	<u>(6,009,518)</u>
Ending Plan Reserve	\$ (6,353,230)		\$ 16,146,770
Reserve as a Percent of Expenses			9%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 22,500,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	7.5%	14.5%
		Prescription Drug Rebates		0.0%
		Capitations		18.1%
		Administrative Expense		-15.8%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL RESULT
FISCAL YEAR 2024

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 442,740,881	\$ 97,297,567	\$ 540,038,449
Employer Premiums - MCO	49,931,715	10,802,433	60,734,147
Employee Premiums - PPB	106,335,558	25,928,998	132,264,557
Employee Premiums - MCO	12,008,864	2,971,002	14,979,865
WV RHBT Pay Go Premiums	-		-
Life Insurance	1,901,272		1,901,272
Direct Transfers	-		-
Investment Income	11,556,500		11,556,500
Litigation Settlement	-		-
COBRA Premiums	2,016,871		2,016,871
Administrative Fees	4,197,817		4,197,817
Total Revenue	\$ 630,689,479	\$ 137,000,000	\$ 767,689,479
<u>Program Expenses</u>			
Medical Claims	\$ 521,164,432		\$ 521,164,432
Gross Prescription Drug Claims	299,238,535		299,238,535
Prescription Drug Rebates	(103,758,688)		(103,758,688)
Managed Care Capitations	58,479,296		58,479,296
Administration	21,904,488		21,904,488
Life Insurance	1,675,403		1,675,403
Wellness	349,786		349,786
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	415,394		415,394
Director's Discretionary Fund	-		-
WV RHBT Pay Go Premiums	-		-
Total Expenses	\$ 799,468,646	\$ -	\$ 799,468,646
Fiscal Year Results	\$ (168,779,166)		\$ (31,779,166)
Beginning Plan Reserve	97,585,797		97,585,797
Minimum Actuarial Reserve Required	\$ 97,862,972	\$ -	\$ 97,862,972
<u>Ending Premium Stabilization Reserve</u>	<u>(169,056,341)</u>	<u>-</u>	<u>(32,056,341)</u>
Ending Plan Reserve	\$ (71,193,370)		\$ 65,806,630
Reserve as a Percent of Expenses			8%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 108,100,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 28,900,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ -	State	7.5%	14.5%
		Prescription Drug Rebates		0.0%
		Capitations		18.1%
		Administrative Expense		-15.8%

**APPENDIX - BASELINE SCENARIO
PEIA - ACTIVE LOCAL AND STATE**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2025**

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 171,751,692	\$ 575,608,999	\$ 747,360,691
Employer Premiums - MCO	8,895,846	64,795,398	73,691,245
Employee Premiums - PPB	-	146,367,322	146,367,322
Employee Premiums - MCO	-	16,577,100	16,577,100
WV RHBT Pay Go Premiums	5,931,801	23,068,199	29,000,000
Life Insurance	498,411	1,996,336	2,494,747
Direct Transfers	-	87,000,000	87,000,000
Investment Income	1,599,424	6,661,512	8,260,936
Litigation Settlement	-	-	-
COBRA Premiums	555,399	2,166,062	2,721,461
Administrative Fees	757,633	4,197,817	4,955,450
Total Revenue	\$ 189,990,206	\$ 928,438,746	\$ 1,118,428,952
<u>Program Expenses</u>			
Medical Claims	\$ 130,687,961	\$ 557,880,090	\$ 688,568,051
Gross Prescription Drug Claims	81,713,631	342,294,972	424,008,603
Prescription Drug Rebates	(25,039,206)	(108,473,446)	(133,512,652)
Managed Care Capitations	6,091,271	61,988,054	68,079,325
Administration	5,150,726	20,630,733	25,781,458
Life Insurance	489,600	1,960,774	2,450,374
Wellness	437,350	1,751,764	2,189,114
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	99,761	411,278	511,039
Director's Discretionary Fund	350,436	1,480,772	1,831,208
WV RHBT Pay Go Premiums	5,931,801	23,068,199	29,000,000
Total Expenses	\$ 205,913,331	\$ 902,993,189	\$ 1,108,906,520
Fiscal Year Results	\$ (15,923,125)	\$ 25,445,557	\$ 9,522,432
Beginning Plan Reserve	16,146,770	65,806,630	81,953,400
Minimum Actuarial Reserve Required	\$ 24,690,974	\$ 107,822,059	\$ 132,513,032
<u>Ending Premium Stabilization Reserve</u>	<u>(24,467,329)</u>	<u>(16,569,871)</u>	<u>(41,037,200)</u>
Ending Plan Reserve	\$ 223,645	\$ 91,252,187	\$ 91,475,832
Reserve as a Percent of Expenses			8%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 62,700,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 22,800,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 15,700,000	Active Local	8.0%	15.0%
Direct Transfers	\$ 87,000,000	State	8.0%	15.0%
		Prescription Drug Rebates		5.0%
		Capitations		6.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2025

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 150,074,294	\$ 21,677,398	\$ 171,751,692
Employer Premiums - MCO	7,773,244	1,122,602	8,895,846
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	5,931,801		5,931,801
Life Insurance	498,411		498,411
Direct Transfers	-		-
Investment Income	1,599,424		1,599,424
Litigation Settlement	-		-
COBRA Premiums	555,399		555,399
Administrative Fees	757,633		757,633
Total Revenue	\$ 167,190,206	\$ 22,800,000	\$ 189,990,206
<u>Program Expenses</u>			
Medical Claims	\$ 131,019,358	\$ (331,397)	\$ 130,687,961
Gross Prescription Drug Claims	82,052,056	(338,425)	81,713,631
Prescription Drug Rebates	(25,039,206)		(25,039,206)
Managed Care Capitations	6,091,271		6,091,271
Administration	5,150,726		5,150,726
Life Insurance	489,600		489,600
Wellness	437,350		437,350
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	99,761		99,761
Director's Discretionary Fund	350,436		350,436
WV RHBT Pay Go Premiums	5,931,801		5,931,801
Total Expenses	\$ 206,583,153	\$ (669,822)	\$ 205,913,331
Fiscal Year Results	\$ (39,392,947)		\$ (15,923,125)
Beginning Plan Reserve	16,146,770		16,146,770
Minimum Actuarial Reserve Required	\$ 24,690,974	\$ -	\$ 24,690,974
<u>Ending Premium Stabilization Reserve</u>	<u>(47,937,151)</u>	<u>-</u>	<u>(24,467,329)</u>
Ending Plan Reserve	\$ (23,246,177)		\$ 223,645
Reserve as a Percent of Expenses			0%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 22,800,000	Claim and Other Expense Trends		
Direct Transfers	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	8.0%	15.0%
		Prescription Drug Rebates		5.0%
		Capitations		6.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2025

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 519,247,556	\$ 56,361,444	\$ 575,608,999
Employer Premiums - MCO	58,456,842	6,338,556	64,795,398
Employee Premiums - PPB	132,264,557	14,102,765	146,367,322
Employee Premiums - MCO	14,979,865	1,597,235	16,577,100
WV RHBT Pay Go Premiums	23,068,199		23,068,199
Life Insurance	1,996,336		1,996,336
Direct Transfers	87,000,000		87,000,000
Investment Income	6,661,512		6,661,512
Litigation Settlement	-		-
COBRA Premiums	2,166,062		2,166,062
Administrative Fees	4,197,817		4,197,817
Total Revenue	\$ 850,038,746	\$ 78,400,000	\$ 928,438,746
<u>Program Expenses</u>			
Medical Claims	\$ 559,294,766	\$ (1,414,676)	\$ 557,880,090
Gross Prescription Drug Claims	343,757,724	\$ (1,462,752)	342,294,972
Prescription Drug Rebates	(108,473,446)		(108,473,446)
Managed Care Capitations	61,988,054		61,988,054
Administration	20,630,733		20,630,733
Life Insurance	1,960,774		1,960,774
Wellness	1,751,764		1,751,764
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	411,278		411,278
Director's Discretionary Fund	1,480,772		1,480,772
WV RHBT Pay Go Premiums	23,068,199		23,068,199
Total Expenses	\$ 905,870,617	\$ (2,877,428)	\$ 902,993,189
Fiscal Year Results	\$ (55,831,871)		\$ 25,445,557
Beginning Plan Reserve	65,806,630		65,806,630
Minimum Actuarial Reserve Required	\$ 107,822,059	\$ -	\$ 107,822,059
<u>Ending Premium Stabilization Reserve</u>	<u>(97,847,299)</u>	<u>-</u>	<u>(16,569,871)</u>
Ending Plan Reserve	\$ 9,974,759		\$ 91,252,187
Reserve as a Percent of Expenses			10%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 62,700,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 15,700,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ 87,000,000	State	8.0%	15.0%
		Prescription Drug Rebates		5.0%
		Capitations		6.0%
		Administrative Expense		3.0%

**APPENDIX - BASELINE SCENARIO
PEIA - ACTIVE LOCAL AND STATE**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2026**

PERIOD 7/1/2025 - 6/30/2026

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 194,938,325	\$ 653,054,339	\$ 847,992,664
Employer Premiums - MCO	10,095,521	73,463,751	83,559,272
Employee Premiums - PPB	-	162,356,445	162,356,445
Employee Premiums - MCO	-	18,387,977	18,387,977
WV RHBT Pay Go Premiums	2,045,494	7,954,506	10,000,000
Life Insurance	523,331	2,096,153	2,619,484
Direct Transfers	-	-	-
Investment Income	1,067,416	8,122,525	9,189,941
Litigation Settlement	-	-	-
COBRA Premiums	630,374	2,446,244	3,076,618
Administrative Fees	757,633	4,197,817	4,955,450
Total Revenue	\$ 210,058,094	\$ 932,079,757	\$ 1,142,137,851
<u>Program Expenses</u>			
Medical Claims	\$ 141,499,963	\$ 604,040,736	\$ 745,540,699
Gross Prescription Drug Claims	91,384,161	382,789,786	474,173,947
Prescription Drug Rebates	(26,291,166)	(113,897,118)	(140,188,284)
Managed Care Capitations	6,456,747	65,707,337	72,164,084
Administration	5,627,432	22,540,135	28,167,567
Life Insurance	514,080	2,058,812	2,572,892
Wellness	440,843	1,765,755	2,206,599
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	99,789	411,340	511,130
Director's Discretionary Fund	350,132	1,479,440	1,829,572
WV RHBT Pay Go Premiums	2,045,494	7,954,506	10,000,000
Total Expenses	\$ 222,127,476	\$ 974,850,729	\$ 1,196,978,206
Fiscal Year Results	\$ (12,069,382)	\$ (42,770,973)	\$ (54,840,355)
Beginning Plan Reserve	223,645	91,252,187	91,475,832
Minimum Actuarial Reserve Required	\$ 27,181,776	\$ 118,549,943	\$ 145,731,719
<u>Ending Premium Stabilization Reserve</u>	<u>(39,027,513)</u>	<u>(70,068,729)</u>	<u>(109,096,242)</u>
Ending Plan Reserve	\$ (11,845,737)	\$ 48,481,215	\$ 36,635,477
Reserve as a Percent of Expenses			3%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 71,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 20,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 17,800,000	Active Local	8.5%	15.5%
Direct Transfers	\$ -	State	8.5%	15.5%
		Prescription Drug Rebates		5.0%
		Capitations		6.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2026

PERIOD 7/1/2025 - 6/30/2026

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 175,447,682	\$ 19,490,643	\$ 194,938,325
Employer Premiums - MCO	9,086,164	1,009,357	10,095,521
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	2,045,494		2,045,494
Life Insurance	523,331		523,331
Direct Transfers	-		-
Investment Income	1,067,416		1,067,416
Litigation Settlement	-		-
COBRA Premiums	630,374		630,374
Administrative Fees	757,633		757,633
Total Revenue	\$ 189,558,094	\$ 20,500,000	\$ 210,058,094
<u>Program Expenses</u>			
Medical Claims	\$ 141,499,963	\$ -	\$ 141,499,963
Gross Prescription Drug Claims	93,081,808	\$ (1,697,647)	91,384,161
Prescription Drug Rebates	(26,291,166)		(26,291,166)
Managed Care Capitations	6,456,747		6,456,747
Administration	5,627,432		5,627,432
Life Insurance	514,080		514,080
Wellness	440,843		440,843
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	99,789		99,789
Director's Discretionary Fund	350,132		350,132
WV RHBT Pay Go Premiums	2,045,494		2,045,494
Total Expenses	\$ 223,825,123	\$ (1,697,647)	\$ 222,127,476
Fiscal Year Results	\$ (34,267,029)		\$ (12,069,382)
Beginning Plan Reserve	223,645		223,645
Minimum Actuarial Reserve Required	\$ 27,181,776	\$ -	\$ 27,181,776
<u>Ending Premium Stabilization Reserve</u>	<u>(61,225,160)</u>	<u>-</u>	<u>(39,027,513)</u>
Ending Plan Reserve	\$ (34,043,384)		\$ (11,845,737)
Reserve as a Percent of Expenses			-5%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 20,500,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	8.5%	15.5%
		Prescription Drug Rebates		5.0%
		Capitations		6.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2026

PERIOD 7/1/2025 - 6/30/2026

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 589,231,971	\$ 63,822,368	\$ 653,054,339
Employer Premiums - MCO	66,286,119	7,177,632	73,463,751
Employee Premiums - PPB	146,367,322	15,989,123	162,356,445
Employee Premiums - MCO	16,577,100	1,810,877	18,387,977
WV RHBT Pay Go Premiums	7,954,506		7,954,506
Life Insurance	2,096,153		2,096,153
Direct Transfers	-		-
Investment Income	8,122,525		8,122,525
Litigation Settlement	-		-
COBRA Premiums	2,446,244		2,446,244
Administrative Fees	4,197,817		4,197,817
Total Revenue	\$ 843,279,757	\$ 88,800,000	\$ 932,079,757
<u>Program Expenses</u>			
Medical Claims	\$ 604,040,736	\$ -	\$ 604,040,736
Gross Prescription Drug Claims	389,931,123	\$ (7,141,337)	382,789,786
Prescription Drug Rebates	(113,897,118)		(113,897,118)
Managed Care Capitations	65,707,337		65,707,337
Administration	22,540,135		22,540,135
Life Insurance	2,058,812		2,058,812
Wellness	1,765,755		1,765,755
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	411,340		411,340
Director's Discretionary Fund	1,479,440		1,479,440
WV RHBT Pay Go Premiums	7,954,506		7,954,506
Total Expenses	\$ 981,992,066	\$ (7,141,337)	\$ 974,850,729
Fiscal Year Results	\$ (138,712,310)		\$ (42,770,973)
Beginning Plan Reserve	91,252,187		91,252,187
Minimum Actuarial Reserve Required	\$ 118,549,943	\$ -	\$ 118,549,943
<u>Ending Premium Stabilization Reserve</u>	<u>(166,010,066)</u>	<u>-</u>	<u>(70,068,729)</u>
Ending Plan Reserve	\$ (47,460,122)		\$ 48,481,215
Reserve as a Percent of Expenses			5%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 71,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 17,800,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ -	State	8.5%	15.5%
		Prescription Drug Rebates		5.0%
		Capitations		6.0%
		Administrative Expense		3.0%

**APPENDIX - BASELINE SCENARIO
PEIA - ACTIVE LOCAL AND STATE**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2027**

PERIOD 7/1/2026 - 6/30/2027

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 219,182,784	\$ 735,753,746	\$ 954,936,530
Employer Premiums - MCO	11,351,062	82,764,344	94,115,406
Employee Premiums - PPB	-	183,016,547	183,016,547
Employee Premiums - MCO	-	20,727,875	20,727,875
WV RHBT Pay Go Premiums	2,045,494	7,954,506	10,000,000
Life Insurance	549,498	2,200,960	2,750,458
Direct Transfers	-	-	-
Investment Income	701,154	6,903,573	7,604,727
Litigation Settlement	-	-	-
COBRA Premiums	708,774	2,756,317	3,465,091
Administrative Fees	757,633	4,197,817	4,955,450
Total Revenue	\$ 235,296,398	\$ 1,046,275,686	\$ 1,281,572,084
<u>Program Expenses</u>			
Medical Claims	\$ 153,914,230	\$ 657,042,209	\$ 810,956,439
Gross Prescription Drug Claims	105,081,701	440,177,610	545,259,311
Prescription Drug Rebates	(27,605,724)	(119,591,974)	(147,197,699)
Managed Care Capitations	6,844,152	69,649,778	76,493,929
Administration	5,796,255	23,216,339	29,012,594
Life Insurance	539,784	2,161,753	2,701,537
Wellness	444,476	1,780,306	2,224,783
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	99,789	411,340	511,130
Director's Discretionary Fund	349,832	1,478,047	1,827,879
WV RHBT Pay Go Premiums	2,045,494	7,954,506	10,000,000
Total Expenses	\$ 247,509,989	\$ 1,084,279,913	\$ 1,331,789,903
Fiscal Year Results	\$ (12,213,591)	\$ (38,004,227)	\$ (50,217,819)
Beginning Plan Reserve	(11,845,737)	48,481,215	36,635,477
Minimum Actuarial Reserve Required	\$ 30,339,950	\$ 132,110,188	\$ 162,450,139
<u>Ending Premium Stabilization Reserve</u>	<u>(54,399,279)</u>	<u>(121,633,201)</u>	<u>(176,032,480)</u>
Ending Plan Reserve	\$ (24,059,329)	\$ 10,476,988	\$ (13,582,341)
Reserve as a Percent of Expenses			-1%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 92,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 25,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 23,000,000	Active Local	9.0%	16.0%
Direct Transfers	\$ -	State	9.0%	16.0%
		Prescription Drug Rebates		5.0%
		Capitations		6.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2027

PERIOD 7/1/2026 - 6/30/2027

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 194,938,325	\$ 24,244,458	\$ 219,182,784
Employer Premiums - MCO	10,095,521	1,255,542	11,351,062
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	2,045,494		2,045,494
Life Insurance	549,498		549,498
Direct Transfers	-		-
Investment Income	701,154		701,154
Litigation Settlement	-		-
COBRA Premiums	708,774		708,774
Administrative Fees	757,633		757,633
Total Revenue	\$ 209,796,398	\$ 25,500,000	\$ 235,296,398
<u>Program Expenses</u>			
Medical Claims	\$ 153,914,230	\$ -	\$ 153,914,230
Gross Prescription Drug Claims	105,081,701	-	105,081,701
Prescription Drug Rebates	(27,605,724)		(27,605,724)
Managed Care Capitations	6,844,152		6,844,152
Administration	5,796,255		5,796,255
Life Insurance	539,784		539,784
Wellness	444,476		444,476
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	99,789		99,789
Director's Discretionary Fund	349,832		349,832
WV RHBT Pay Go Premiums	2,045,494		2,045,494
Total Expenses	\$ 247,509,989	\$ -	\$ 247,509,989
Fiscal Year Results	\$ (37,713,591)		\$ (12,213,591)
Beginning Plan Reserve	(11,845,737)		(11,845,737)
Minimum Actuarial Reserve Required	\$ 30,339,950	\$ -	\$ 30,339,950
<u>Ending Premium Stabilization Reserve</u>	<u>(79,899,279)</u>	<u>-</u>	<u>(54,399,279)</u>
Ending Plan Reserve	\$ (49,559,329)		\$ (24,059,329)
Reserve as a Percent of Expenses			-10%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 25,500,000	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		Local	9.0%
			<u>Gross Drugs</u>
			16.0%
		Prescription Drug Rebates	5.0%
		Capitations	6.0%
		Administrative Expense	3.0%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2027

PERIOD 7/1/2026 - 6/30/2027

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 653,054,339	\$ 82,699,407	\$ 735,753,746
Employer Premiums - MCO	73,463,751	9,300,593	82,764,344
Employee Premiums - PPB	162,356,445	20,660,102	183,016,547
Employee Premiums - MCO	18,387,977	2,339,898	20,727,875
WV RHBT Pay Go Premiums	7,954,506		7,954,506
Life Insurance	2,200,960		2,200,960
Direct Transfers	-		-
Investment Income	6,903,573		6,903,573
Litigation Settlement	-		-
COBRA Premiums	2,756,317		2,756,317
Administrative Fees	4,197,817		4,197,817
Total Revenue	\$ 931,275,686	\$ 115,000,000	\$ 1,046,275,686
<u>Program Expenses</u>			
Medical Claims	\$ 657,042,209	\$ -	\$ 657,042,209
Gross Prescription Drug Claims	440,177,610	-	440,177,610
Prescription Drug Rebates	(119,591,974)		(119,591,974)
Managed Care Capitations	69,649,778		69,649,778
Administration	23,216,339		23,216,339
Life Insurance	2,161,753		2,161,753
Wellness	1,780,306		1,780,306
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	411,340		411,340
Director's Discretionary Fund	1,478,047		1,478,047
WV RHBT Pay Go Premiums	7,954,506		7,954,506
Total Expenses	\$ 1,084,279,913	\$ -	\$ 1,084,279,913
Fiscal Year Results	\$ (153,004,227)		\$ (38,004,227)
Beginning Plan Reserve	48,481,215		48,481,215
Minimum Actuarial Reserve Required	\$ 132,110,188	\$ -	\$ 132,110,188
<u>Ending Premium Stabilization Reserve</u>	<u>(236,633,201)</u>	<u>-</u>	<u>(121,633,201)</u>
Ending Plan Reserve	\$ (104,523,012)		\$ 10,476,988
Reserve as a Percent of Expenses			1%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 92,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 23,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ -	State	9.0%	16.0%
		Prescription Drug Rebates		5.0%
		Capitations		6.0%
		Administrative Expense		3.0%

**APPENDIX - BASELINE SCENARIO
PEIA - ACTIVE LOCAL AND STATE**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2028**

PERIOD 7/1/2027 - 6/30/2028

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 246,798,451	\$ 828,317,794	\$ 1,075,116,245
Employer Premiums - MCO	12,780,889	93,154,802	105,935,691
Employee Premiums - PPB	-	204,395,261	204,395,261
Employee Premiums - MCO	-	23,149,161	23,149,161
WV RHBT Pay Go Premiums	-	-	-
Life Insurance	576,973	2,311,008	2,887,981
Direct Transfers	-	-	-
Investment Income	341,979	5,929,359	6,271,338
Litigation Settlement	-	-	-
COBRA Premiums	798,074	3,098,084	3,896,158
Administrative Fees	757,633	4,197,817	4,955,450
Total Revenue	\$ 262,053,998	\$ 1,164,553,287	\$ 1,426,607,285
<u>Program Expenses</u>			
Medical Claims	\$ 168,187,508	\$ 717,980,752	\$ 886,168,261
Gross Prescription Drug Claims	122,184,923	511,826,442	634,011,365
Prescription Drug Rebates	(28,986,011)	(125,571,573)	(154,557,584)
Managed Care Capitations	7,254,801	73,828,764	81,083,565
Administration	5,970,143	23,912,829	29,882,972
Life Insurance	566,773	2,269,840	2,836,614
Wellness	448,254	1,795,439	2,243,694
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	99,789	411,340	511,130
Director's Discretionary Fund	349,534	1,476,619	1,826,153
WV RHBT Pay Go Premiums	-	-	-
Total Expenses	\$ 276,075,715	\$ 1,207,930,454	\$ 1,484,006,169
Fiscal Year Results	\$ (14,021,717)	\$ (43,377,167)	\$ (57,398,884)
Beginning Plan Reserve	(24,059,329)	10,476,988	(13,582,341)
Minimum Actuarial Reserve Required	\$ 34,150,970	\$ 148,435,851	\$ 182,586,822
<u>Ending Premium Stabilization Reserve</u>	<u>(72,232,016)</u>	<u>(181,336,031)</u>	<u>(253,568,047)</u>
Ending Plan Reserve	\$ (38,081,046)	\$ (32,900,180)	\$ (70,981,226)
Reserve as a Percent of Expenses			-4%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 95,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 27,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 23,800,000	Active Local	9.5%	16.5%
Direct Transfers	\$ -	State	9.5%	16.5%
		Prescription Drug Rebates		5.0%
		Capitations		6.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2028

PERIOD 7/1/2027 - 6/30/2028

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 221,127,848	\$ 25,670,603	\$ 246,798,451
Employer Premiums - MCO	11,451,492	1,329,397	12,780,889
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	-	-	-
Life Insurance	576,973	-	576,973
Direct Transfers	-	-	-
Investment Income	341,979	-	341,979
Litigation Settlement	-	-	-
COBRA Premiums	798,074	-	798,074
Administrative Fees	757,633	-	757,633
Total Revenue	\$ 235,053,998	\$ 27,000,000	\$ 262,053,998
<u>Program Expenses</u>			
Medical Claims	\$ 168,187,508	\$ -	\$ 168,187,508
Gross Prescription Drug Claims	122,184,923	-	122,184,923
Prescription Drug Rebates	(28,986,011)	-	(28,986,011)
Managed Care Capitations	7,254,801	-	7,254,801
Administration	5,970,143	-	5,970,143
Life Insurance	566,773	-	566,773
Wellness	448,254	-	448,254
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	99,789	-	99,789
Director's Discretionary Fund	349,534	-	349,534
WV RHBT Pay Go Premiums	-	-	-
Total Expenses	\$ 276,075,715	\$ -	\$ 276,075,715
Fiscal Year Results	\$ (41,021,717)	\$ -	\$ (14,021,717)
Beginning Plan Reserve	(24,059,329)	-	(24,059,329)
Minimum Actuarial Reserve Required	\$ 34,150,970	\$ -	\$ 34,150,970
<u>Ending Premium Stabilization Reserve</u>	<u>(99,232,016)</u>	<u>-</u>	<u>(72,232,016)</u>
Ending Plan Reserve	\$ (65,081,046)	-	\$ (38,081,046)
Reserve as a Percent of Expenses	-	-	-14%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 27,000,000	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		Local	Gross Drugs
		9.5%	16.5%
		Prescription Drug Rebates	5.0%
		Capitations	6.0%
		Administrative Expense	3.0%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2028

PERIOD 7/1/2027 - 6/30/2028

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 742,921,667	\$ 85,396,127	\$ 828,317,794
Employer Premiums - MCO	83,550,929	9,603,873	93,154,802
Employee Premiums - PPB	183,016,547	21,378,714	204,395,261
Employee Premiums - MCO	20,727,875	2,421,286	23,149,161
WV RHBT Pay Go Premiums	-	-	-
Life Insurance	2,311,008	-	2,311,008
Direct Transfers	-	-	-
Investment Income	5,929,359	-	5,929,359
Litigation Settlement	-	-	-
COBRA Premiums	3,098,084	-	3,098,084
Administrative Fees	4,197,817	-	4,197,817
Total Revenue	\$ 1,045,753,287	\$ 118,800,000	\$ 1,164,553,287
<u>Program Expenses</u>			
Medical Claims	\$ 717,980,752	\$ -	\$ 717,980,752
Gross Prescription Drug Claims	511,826,442	\$ -	511,826,442
Prescription Drug Rebates	(125,571,573)	-	(125,571,573)
Managed Care Capitations	73,828,764	-	73,828,764
Administration	23,912,829	-	23,912,829
Life Insurance	2,269,840	-	2,269,840
Wellness	1,795,439	-	1,795,439
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	411,340	-	411,340
Director's Discretionary Fund	1,476,619	-	1,476,619
WV RHBT Pay Go Premiums	-	-	-
Total Expenses	\$ 1,207,930,454	\$ -	\$ 1,207,930,454
Fiscal Year Results	\$ (162,177,167)		\$ (43,377,167)
Beginning Plan Reserve	10,476,988		10,476,988
Minimum Actuarial Reserve Required	\$ 148,435,851	\$ -	\$ 148,435,851
<u>Ending Premium Stabilization Reserve</u>	<u>(300,136,031)</u>	<u>-</u>	<u>(181,336,031)</u>
Ending Plan Reserve	\$ (151,700,180)		\$ (32,900,180)
Reserve as a Percent of Expenses			-3%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 95,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 23,800,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ -	State	9.5%	16.5%
		Prescription Drug Rebates		5.0%
		Capitations		6.0%
		Administrative Expense		3.0%

**APPENDIX - BASELINE SCENARIO
PEIA - ACTIVE LOCAL AND STATE**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2029**

PERIOD 7/1/2028 - 6/30/2029

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 269,616,765	\$ 936,186,585	\$ 1,205,803,351
Employer Premiums - MCO	13,962,575	105,286,011	119,248,585
Employee Premiums - PPB	-	231,343,221	231,343,221
Employee Premiums - MCO	-	26,201,201	26,201,201
WV RHBT Pay Go Premiums	-	-	-
Life Insurance	605,821	2,426,559	3,032,380
Direct Transfers	-	-	-
Investment Income	(75,279)	4,800,271	4,724,992
Litigation Settlement	-	-	-
COBRA Premiums	871,861	3,502,528	4,374,389
Administrative Fees	757,633	4,197,817	4,955,450
Total Revenue	\$ 285,739,377	\$ 1,313,944,193	\$ 1,599,683,570
<u>Program Expenses</u>			
Medical Claims	\$ 184,625,681	\$ 788,162,414	\$ 972,788,095
Gross Prescription Drug Claims	142,683,028	597,697,782	740,380,810
Prescription Drug Rebates	(30,435,311)	(131,850,152)	(162,285,463)
Managed Care Capitations	7,690,089	78,258,490	85,948,579
Administration	6,149,247	24,630,214	30,779,461
Life Insurance	595,112	2,383,332	2,978,444
Wellness	452,184	1,811,178	2,263,362
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	99,789	411,340	511,130
Director's Discretionary Fund	349,233	1,475,179	1,824,412
WV RHBT Pay Go Premiums	-	-	-
Total Expenses	\$ 312,209,052	\$ 1,362,979,778	\$ 1,675,188,830
Fiscal Year Results	\$ (26,469,675)	\$ (49,035,586)	\$ (75,505,260)
Beginning Plan Reserve	(38,081,046)	(32,900,180)	(70,981,226)
Minimum Actuarial Reserve Required	\$ 38,651,471	\$ 167,685,108	\$ 206,336,579
<u>Ending Premium Stabilization Reserve</u>	<u>(103,202,191)</u>	<u>(249,620,874)</u>	<u>(352,823,065)</u>
Ending Plan Reserve	\$ (64,550,721)	\$ (81,935,765)	\$ (146,486,486)
Reserve as a Percent of Expenses			-7%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 120,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 24,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 30,000,000	Active Local	10.0%	17.0%
Direct Transfers	\$ -	State	10.0%	17.0%
		Prescription Drug Rebates		5.0%
		Capitations		6.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2029

PERIOD 7/1/2028 - 6/30/2029

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 246,798,451	\$ 22,818,314	\$ 269,616,765
Employer Premiums - MCO	12,780,889	1,181,686	13,962,575
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	-	-	-
Life Insurance	605,821		605,821
Direct Transfers	-		-
Investment Income	(75,279)		(75,279)
Litigation Settlement	-		-
COBRA Premiums	871,861		871,861
Administrative Fees	757,633		757,633
Total Revenue	\$ 261,739,377	\$ 24,000,000	\$ 285,739,377
<u>Program Expenses</u>			
Medical Claims	\$ 184,625,681	\$ -	\$ 184,625,681
Gross Prescription Drug Claims	142,683,028	\$ -	142,683,028
Prescription Drug Rebates	(30,435,311)		(30,435,311)
Managed Care Capitations	7,690,089		7,690,089
Administration	6,149,247		6,149,247
Life Insurance	595,112		595,112
Wellness	452,184		452,184
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	99,789		99,789
Director's Discretionary Fund	349,233		349,233
WV RHBT Pay Go Premiums	-		-
Total Expenses	\$ 312,209,052	\$ -	\$ 312,209,052
Fiscal Year Results	\$ (50,469,675)		\$ (26,469,675)
Beginning Plan Reserve	(38,081,046)		(38,081,046)
Minimum Actuarial Reserve Required	\$ 38,651,471	\$ -	\$ 38,651,471
Ending Premium Stabilization Reserve	(127,202,191)	-	(103,202,191)
Ending Plan Reserve	\$ (88,550,721)		\$ (64,550,721)
Reserve as a Percent of Expenses			-21%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 24,000,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	10.0%	17.0%
		Prescription Drug Rebates		5.0%
		Capitations		6.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2029

PERIOD 7/1/2028 - 6/30/2029

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 828,317,794	\$ 107,868,791	\$ 936,186,585
Employer Premiums - MCO	93,154,802	12,131,209	105,286,011
Employee Premiums - PPB	204,395,261	26,947,959	231,343,221
Employee Premiums - MCO	23,149,161	3,052,041	26,201,201
WV RHBT Pay Go Premiums	-		-
Life Insurance	2,426,559		2,426,559
Direct Transfers	-		-
Investment Income	4,800,271		4,800,271
Litigation Settlement	-		-
COBRA Premiums	3,502,528		3,502,528
Administrative Fees	4,197,817		4,197,817
Total Revenue	\$ 1,163,944,193	\$ 150,000,000	\$ 1,313,944,193
<u>Program Expenses</u>			
Medical Claims	\$ 788,162,414	\$ -	\$ 788,162,414
Gross Prescription Drug Claims	597,697,782	\$ -	597,697,782
Prescription Drug Rebates	(131,850,152)		(131,850,152)
Managed Care Capitations	78,258,490		78,258,490
Administration	24,630,214		24,630,214
Life Insurance	2,383,332		2,383,332
Wellness	1,811,178		1,811,178
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	411,340		411,340
Director's Discretionary Fund	1,475,179		1,475,179
WV RHBT Pay Go Premiums	-		-
Total Expenses	\$ 1,362,979,778	\$ -	\$ 1,362,979,778
Fiscal Year Results	\$ (199,035,586)		\$ (49,035,586)
Beginning Plan Reserve	(32,900,180)		(32,900,180)
Minimum Actuarial Reserve Required	\$ 167,685,108	\$ -	\$ 167,685,108
<u>Ending Premium Stabilization Reserve</u>	<u>(399,620,874)</u>	<u>-</u>	<u>(249,620,874)</u>
Ending Plan Reserve	\$ (231,935,765)		\$ (81,935,765)
Reserve as a Percent of Expenses			-6%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 120,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 30,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ -	State	10.0%	17.0%
		Prescription Drug Rebates		5.0%
		Capitations		6.0%
		Administrative Expense		3.0%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2024 to FY 2025**

Fiscal Year 2024												
Exposure	<u>Jul-23</u>	<u>Aug-23</u>	<u>Sep-23</u>	<u>Oct-23</u>	<u>Nov-23</u>	<u>Dec-23</u>	<u>Jan-24</u>	<u>Feb-24</u>	<u>Mar-24</u>	<u>Apr-24</u>	<u>May-24</u>	<u>Jun-24</u>
Local Medical	28,408	28,455	28,485	28,555	28,542	28,666	28,686	28,667	28,682	28,686	28,663	28,648
State Medical	110,217	109,819	110,078	110,315	110,325	110,418	110,197	109,974	109,884	109,752	109,719	109,550
Local Drugs	28,408	28,455	28,485	28,555	28,542	28,666	28,686	28,667	28,682	28,686	28,663	28,648
State Drugs	110,217	109,819	110,078	110,315	110,325	110,418	110,197	109,974	109,884	109,752	109,719	109,550
	<u>Jul-23</u>	<u>Aug-23</u>	<u>Sep-23</u>	<u>Oct-23</u>	<u>Nov-23</u>	<u>Dec-23</u>	<u>Jan-24</u>	<u>Feb-24</u>	<u>Mar-24</u>	<u>Apr-24</u>	<u>May-24</u>	<u>Jun-24</u>
Local Medical	\$270.41	\$340.85	\$321.44	\$340.12	\$350.01	\$323.03	\$395.99	\$364.44	\$380.78	\$412.29	\$408.33	\$343.51
State Medical	327.00	362.80	334.03	370.65	358.87	349.43	417.38	372.00	408.99	425.29	424.73	437.56
Local Drugs	156.50	195.79	175.36	195.78	202.31	195.48	204.25	198.49	203.21	227.15	247.66	218.88
State Drugs	<u>186.40</u>	<u>218.41</u>	<u>204.02</u>	<u>217.87</u>	<u>219.83</u>	<u>213.97</u>	<u>220.93</u>	<u>211.23</u>	<u>220.17</u>	<u>248.08</u>	<u>257.46</u>	<u>243.70</u>
Total	\$940.31	\$1,117.85	\$1,034.85	\$1,124.42	\$1,131.02	\$1,081.92	\$1,238.55	\$1,146.16	\$1,213.15	\$1,312.82	\$1,338.17	\$1,243.65
Change From Prior Year - Month to Month Analysis												
Local Medical	15.2%	32.3%	22.6%	21.8%	23.4%	17.2%	31.0%	26.8%	13.0%	45.1%	28.2%	10.2%
State Medical	37.8%	22.6%	15.4%	25.2%	16.6%	21.3%	31.1%	25.8%	17.9%	36.9%	22.9%	21.8%
Local Drugs	18.9%	20.6%	12.2%	34.4%	40.6%	24.8%	19.3%	30.2%	10.5%	43.6%	37.5%	13.4%
State Drugs	<u>32.5%</u>	<u>19.0%</u>	<u>11.0%</u>	<u>38.8%</u>	<u>31.4%</u>	<u>21.0%</u>	<u>20.4%</u>	<u>22.0%</u>	<u>10.8%</u>	<u>37.4%</u>	<u>24.0%</u>	<u>13.5%</u>
Total	26.3%	24.3%	16.0%	28.1%	25.3%	20.6%	27.0%	26.1%	13.8%	40.6%	27.2%	15.3%
Change From Prior Year - Quarter to Quarter Analysis												
Local Medical			23.6%			20.8%			23.2%			27.3%
State Medical			24.4%			21.0%			24.7%			26.8%
Local Drugs			17.2%			33.1%			19.4%			30.5%
State Drugs			<u>19.8%</u>			<u>30.1%</u>			<u>17.4%</u>			<u>24.3%</u>
Total			22.0%			24.6%			21.9%			27.1%
Change From Prior Year - Year to Year Analysis												
Local Medical			8.2%			12.9%			18.3%			23.8%
State Medical			11.5%			16.4%			20.6%			24.3%
Local Drugs			-2.0%			8.0%			14.1%			25.1%
State Drugs			<u>3.2%</u>			<u>11.6%</u>			<u>16.5%</u>			<u>22.8%</u>
Total			6.4%			12.9%			17.9%			24.0%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2024 to FY 2025**

Fiscal Year 2025

Exposure

	<u>Jul-24</u>	<u>Aug-24</u>	<u>Sep-24</u>
Local Medical	29,016	29,069	29,014
State Medical	109,011	108,582	108,493
Local Drugs	29,016	29,069	29,014
State Drugs	109,011	108,582	108,493

	<u>Jul-24</u>	<u>Aug-24</u>	<u>Sep-24</u>
Local Medical	\$314.81	\$341.19	\$389.29
State Medical	360.83	387.36	409.38
Local Drugs	221.61	207.49	188.31
State Drugs	<u>243.76</u>	<u>239.39</u>	<u>217.87</u>
Total	\$1,141.01	\$1,175.43	\$1,204.85

Change From Prior Year - Month to Month Analysis

Local Medical	16.4%	0.1%	21.1%
State Medical	10.3%	6.8%	22.6%
Local Drugs	41.6%	6.0%	7.4%
State Drugs	<u>30.8%</u>	<u>9.6%</u>	<u>6.8%</u>
Total	21.3%	5.2%	16.4%

Change From Prior Year - Quarter to Quarter Analysis

Local Medical	12.1%
State Medical	13.1%
Local Drugs	17.0%
State Drugs	<u>15.1%</u>
Total	13.8%

Change From Prior Year - Year to Year Analysis

Local Medical	20.8%
State Medical	21.3%
Local Drugs	24.7%
State Drugs	<u>21.4%</u>
Total	21.8%