

STATE OF WEST VIRGINIA



PUBLIC EMPLOYEES INSURANCE AGENCY

**Quarterly Report
March 31, 2020**

Fiscal Years 2020-2024

Report Date: July 2020

YOUR ACTUARIES FOR THE LONG-TERM!



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Finance Board
West Virginia Public Employees Insurance Agency
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Ladies and Gentlemen:

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

Continuing Care Actuaries has been retained by the West Virginia Public Employees Insurance Agency Finance Board (“Board”) to assist it as provided under Code of the West Virginia 1931 (“Code”), as amended. The Board has asked Continuing Care Actuaries to review the financial plan prepared and proposed by the Board in December 2019 for the fiscal year 2021 (“FY 2021”) and to provide quarterly financial reports for current FY 2020 and thereafter. Our analysis is developed on an accrued and incurred reporting basis for a projection period of five years as required by the Code.

Under the statutory Code provisions, it is the Board’s responsibility to prepare a proposed financial plan designed to generate revenues sufficient to meet all insurance program and administrative costs of the West Virginia Public Employees Insurance Agency (“PEIA”). The Board is required to provide a financing plan in which the State Fund revenue costs are financed 80% by state employers and 20% by state employees in FY 2020 and in subsequent fiscal years. In subsequent fiscal years, future transfers of employer and employee funds may be needed to obtain the 80% and 20% split between employer and employee, depending on future enrollment and coverage elections by insureds.

The Board is also charged with the responsibility to review actual costs incurred, any revised cost estimates, expenditures, and other factors affecting the fiscal stability of the plan and to make any modifications to the plan necessary to insure that the total financial requirements of PEIA are met for the projection period. We have been asked to review the proposed financial plan, and as supported by our work, to render an actuarial opinion stating whether the plan may be reasonably expected to generate sufficient revenues to meet estimated insurance program and administrative costs of PEIA through FY 2024.

The Medicaid / PEIA Hospital Bill (“Bill”) has been extended and is anticipated to continue to provide PEIA with hospital charge savings through discounts for all non-Medicare coverages. These hospital savings are assumed to increase by the medical trend assumptions in Fiscal Year 2020 and subsequently. We are assuming that the Bill will continue throughout the five year forecast period.

Continuing Care Actuaries has provided financial report for fiscal years ending June 30, 2020 (“FY 2020”), June 30, 2021 (“FY 2021”), June 30, 2022 (“FY 2022”), June 30, 2023 (“FY 2023”) and June 30, 2024 (“FY 2024”). Our opinion of plan adequacy is based on the projections through FY 2024 using updated future revenue and plan modifications provided by the Board in the financial plan adopted in December 2019. This forecast is prepared for the Public Employee Insurance Agency, and does not include actuarial projections for the West Virginia Retiree Health Benefit Trust Fund.

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

In FY 2020 the Pay-Go is equivalent to \$271 per retiree per month. In future years, the Pay Go premium may increase by a maximum of 3% per retiree per year, indexed to the initial fixed subsidy determined in FY 2013. The new Pay-Go premium formula is based on the financial plan approved by the Financial Board in December 2019.

This report includes updated claim trend assumptions as recommended in the report titled, “PEIA FY 2019 Detailed Medical and Prescription Drugs Claim Trend Report”. In the circumstances and subject to the conditions described herein, we believe the financial plan approved by the Board for FY 2020 through FY 2024 may be reasonably expected to generate sufficient revenues, when combined with the existing surplus, to meet estimated insurance program and administrative costs of PEIA. In addition, we are forecasting that PEIA will meet the minimum 20% employee cost share requirement for state revenue in FY 2020 based on the scheduled revenue increases of the financial plan approved and amended by the Board in December 2019.

The conclusion of long-term solvency for the program over the five-year forecast is based on significant revenue increases in employer and employee premiums in later fiscal years of the plan through FY 2024 as approved by the Board.

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

Respectfully,



Dave Bond, F.S.A., F.C.A., M.A.A.A.
Managing Partner



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

West Virginia Public Employees Insurance Agency

Report of Independent Actuary

Financial Plan for FY 2020 – FY 2024

OVERVIEW

This report analyzes revenues and expenses related to funding the health and life insurance benefits of active employees of the State and various Local Agencies, together with their dependents. This report is intended for the sole use of the Board, and any other use requires written approval by Continuing Care Actuaries.

This report was compiled utilizing claims data collected by PEIA's third party administrators through May 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 June 2020 enrollment levels for the duration of these forecasts for active employees.

In aggregate, June 2020 enrollment for active employees has increased by 1,251 coverages since the end of FY 2019. Aggregate PPB enrollment has increased by 1,231 in total over the same period, while managed care enrollment experienced an increase of 20 coverages.

In the State Fund, the overall active State enrollment increased by 680 coverages from the end of FY 2019 to June 2020. And in the Local Fund, the overall active Local enrollment increased by 571 coverages from the end of FY 2019 to June 2020.

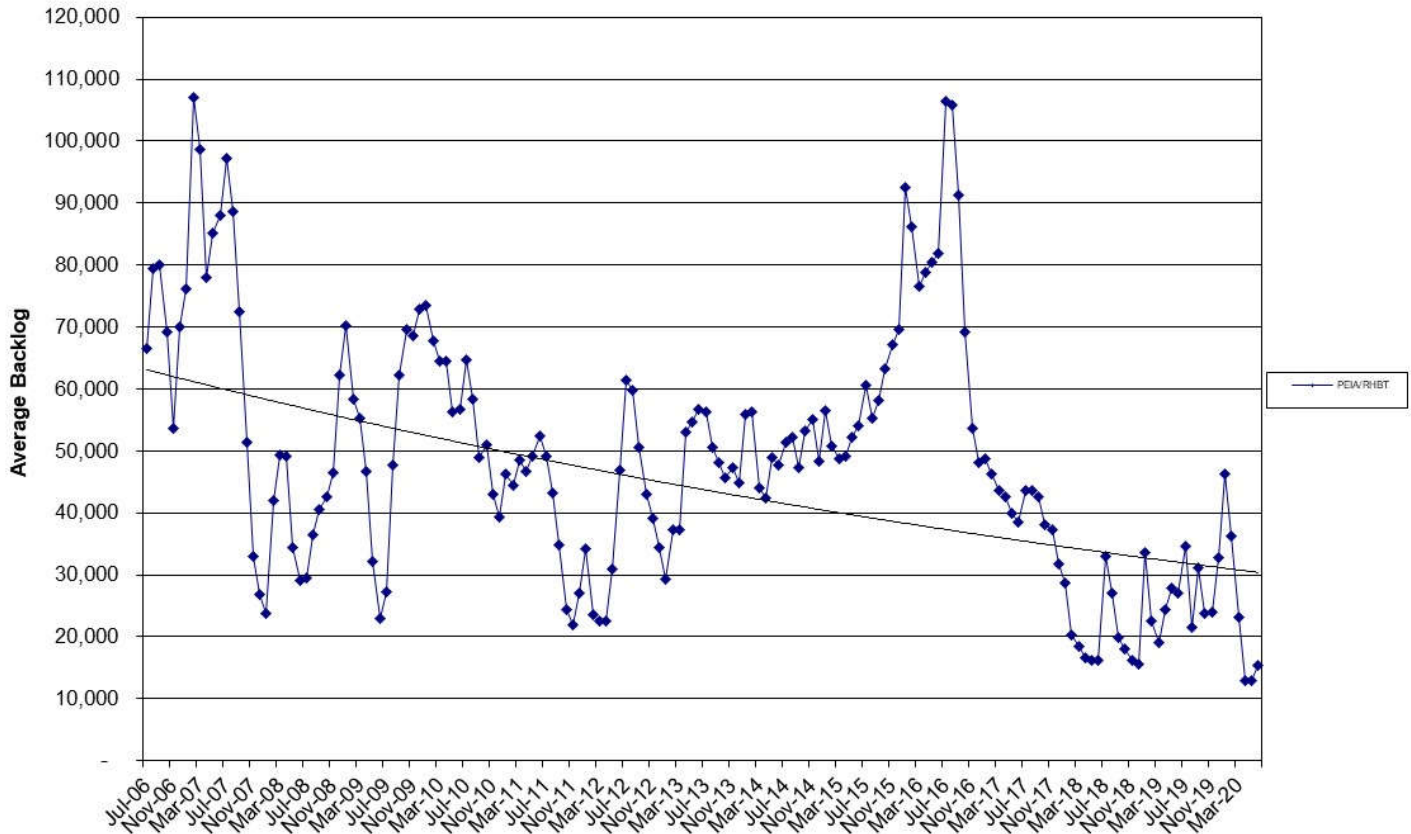
The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2018, June 2019 and June 2020 for purposes of comparison:

PEIA Fund	Coverage	Preferred Provider Benefit			Managed Care		
		Jun-18	Jun-19	Jun-20	Jun-18	Jun-19	Jun-20
State Active	Single	20,927	21,216	21,654	2,175	2,381	2,428
	Children	5,920	5,912	6,036	627	665	660
	Family	27,782	26,894	27,002	2,784	2,805	2,773
	Total	54,629	54,022	54,692	5,586	5,851	5,861
Local Active	Single	5,520	5,723	6,052	407	419	421
	Children	955	996	1,084	94	99	99
	Family	5,614	5,576	5,720	190	186	194
	Total	12,089	12,295	12,856	691	704	714
Plan Total		66,718	66,317	67,548	6,277	6,555	6,575
Grand Total					72,995	72,872	74,123

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 June 2020



C. Trend Analysis

PEIA experienced higher medical and prescription drugs trends in FY 2019, and over the past few years, trends have been beneficial to the plan. Continuing Care Actuaries performed the detailed medical and prescription drugs trend analysis in the report titled, “PEIA FY 2019 Detailed Medical and Prescription Drugs Claim Trend Report”. This report includes the detailed trend analysis of PEIA experience by medical and prescription drugs. Based on the analysis, the FY 2020 medical claim trend is 8.0%, the gross prescription drugs claim trend is 12.0% and the prescription drugs rebate trend is 20.0%.

The current trend projection is shown in the following table:

Claim Type	Previous Assumption FY 2020 Trend	Updated Assumption FY 2020 Trend
Active Local – Medical	8.0%	8.0%
State – Medical	8.0%	8.0%
Active Local – Gross Drugs	12.0%	12.0%
State – Gross Drugs	12.0%	12.0%
Prescription Drugs Rebate	20.0%	20.0%

In addition, we have assumed that trends will increase by 0.5% in each successive fiscal year beginning in FY 2021. At the Board’s request, the baseline trend assumptions have been established to reflect the most likely or expected trends. In order to provide information on the impact of varying trend assumptions, two alternative trend scenarios were developed. The Optimistic Scenario incorporates trend assumptions 2.0% below the Baseline Scenario and the Pessimistic Scenario incorporates trend assumptions 2.0% above the Baseline Scenario.

The following chart summarizes the trend results observed for the plan using data through May 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	7%	7%	15%	16%	10%
2020*	2%	9%	9%	14%	10%

* Fiscal Year 2020 results are through the first eleven months ending May 2020.

D. Enrollment, Claim, Expense and Revenue Assumptions

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

Fiscal Year 2020 Projection			Net Revenue Excluding Pay Go		Expenses		
Fund	Program	Policies	Monthly Employer Premiums	Monthly Policyholder Premiums	Monthly Medical Costs	Monthly Drugs Costs*	Monthly Capitation Costs
State	PPB	54,324	\$521	\$166	\$533	\$177	\$651
	Managed Care	5,813	\$528	\$173			
	Total	60,137					
Local	PPB	12,825	\$666	\$0	\$478	\$156	\$517
	Managed Care	719	\$560	\$0			
	Total	13,544					

*Net of rebates and subsidies.

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

Board Decisions – December 2019

Source	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Additional State Employer Revenue	\$0	\$0	\$66,000,000	\$91,000,000	\$65,000,000
Additional Local Agency Revenue	\$0	\$0	\$14,500,000	\$14,500,000	\$30,000,000
Additional Employee Premium	\$0	\$0	\$16,500,000	\$22,800,000	\$16,300,000
State Direct Transfers (State Budget Appropriations)	\$31,000,000	\$21,000,000	\$21,000,000	\$21,000,000	\$21,000,000
State Direct Transfers (PEIA Rainy Day Fund)	\$0	\$0	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active State	(\$4,380,000)	\$0	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active Local	(\$1,030,000)	\$0	\$0	\$0	\$0
ACA PCORI Fees (Cost)	(\$418,394)	(\$416,986)	(\$414,140)	(\$411,856)	(\$411,087)
Pay Go Premium Transfer	\$141,377,255	\$135,000,000	\$140,000,000	\$150,000,000	\$160,000,000

The \$4,380,000 of Active State benefit additions and costs in Fiscal Year 2020 is comprised of the following:

	<u>Benefit Cost/(Savings)</u>
Medical Claims	\$2.890 M
Drug Claims	\$1.490 M

The \$1,030,000 of Active Local benefit additions and costs in Fiscal Year 2020 is comprised of the following:

	<u>Benefit Cost/(Savings)</u>
Medical Claims	\$0.770 M
Drug Claims	\$0.260 M

A detailed list of the 2020 benefit additions and costs for the Active Employee plan as voted on by the Board consists of the following:

	<u>State Saving</u>	<u>Local Saving</u>
Plan A out of state coverage 80/20 for Contig Providers	\$1.800 M	\$0.500 M
Plan B out of state coverage 70/30 for Contig Providers	\$0.170 M	\$0.100 M
Remove facility fee max (RBP)	\$7.300 M	\$1.500 M
Remove \$25 copay from out of state services	\$2.400 M	\$0.500 M
End Healthy Tomorrows blood work	\$0.320 M	\$0.070 M
<u>UMR OOS Network Savings</u>	<u>(\$9.100 M)</u>	<u>(\$1.900 M)</u>
Total Medical Benefit Additions	\$2.890 M	\$0.770 M
<u>Third tier non-preferred drug appeals process</u>	<u>\$1.490 M</u>	<u>\$0.260 M</u>
Total Drugs Costs	\$1.490 M	\$0.260 M
Total Benefit Additions and Costs	\$4.380 M	\$1.030 M

In FY 2020, the additional administrative costs are \$2,400,000 for the Active State and \$400,000 for the Active Local, and PEIA will receive \$31,000,000 in State direct transfers.

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

In FY 2020 the ACA PCORI fee is \$2.54 per person per year.

PEIA has received a \$6,300,000 credit for a network guarantee between July 1, 2018 and June 30, 2019 from CVS. \$5,450,000 of the credit has been allocated between PEIA State drug and Local drug claims, and \$850,000 of the credit has been allocated between RHBT Non-Medicare drug and Medicare drug claims in FY 2020.

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.

E. Provider Reimbursement Changes

Beyond the extension of the Medicaid / PEIA Hospital Bill throughout the forecast, there are no assumed changes in provider reimbursement for physicians, hospitals and pharmaceutical charges beyond the annual cost updates that PEIA has implemented historically.

FISCAL YEAR 2020 FORECAST

The financial forecast for FY 2020 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2020 projects accrued revenue of \$786,254,310 and incurred plan expenses of \$780,622,188 to produce a fiscal year surplus of \$5,632,122. The PEIA local and state agencies Pay Go premiums for FY 2020 are assumed to be \$141,377,255.

Under the Baseline Scenario, FY 2020 is projected to end with a reserve of \$245,379,381 and the FY 2020 PEIA/RHBT combined, projected plan expenditures of \$833,347,802, which represents 29% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$115,346,708. 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 \$248,595,362 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$242,188,018.

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 \$786,163,149 and incurred plan expenses of \$835,215,550 to produce a fiscal year deficit of (\$49,052,401). The PEIA local and state agencies Pay Go premiums for FY 2021 are assumed to be \$135,000,000.

Under the Baseline Scenario, FY 2021 is projected to end with a reserve of \$196,326,979 and the FY 2021 PEIA/RHBT combined, projected plan expenditures of \$932,832,513, which represents 21% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$128,831,847. 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 \$216,327,209 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$176,249,369.

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 \$881,776,287 and incurred plan expenses of \$884,870,729 to produce a fiscal year deficit of (\$3,094,442). The PEIA local and state agencies Pay Go premiums for FY 2022 are assumed to be \$140,000,000.

Under the Baseline Scenario, FY 2022 is projected to end with a reserve of \$193,232,537 and the FY 2022 PEIA/RHBT combined, projected plan expenditures of \$982,725,933, which represents 20% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$136,216,251. 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 \$245,891,663 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$139,725,210.

FISCAL YEAR 2023 FORECAST

The financial forecast for FY 2023 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2023 projects accrued revenue of \$1,010,628,136 and incurred plan expenses of \$957,881,712 to produce a fiscal year surplus of \$52,746,424. The PEIA local and state agencies Pay Go premiums for FY 2023 are assumed to be \$150,000,000.

Under the Baseline Scenario, FY 2023 is projected to end with a reserve of \$245,978,961 and the FY 2023 PEIA/RHBT combined, projected plan expenditures of \$1,066,374,572, which represents 23% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$147,990,087. 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 \$350,896,289 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$138,044,159.

FISCAL YEAR 2024 FORECAST

The financial forecast for FY 2024 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2024 projects accrued revenue of \$1,124,711,605 and incurred plan expenses of \$1,041,225,979 to produce a fiscal year surplus of \$83,485,626. The PEIA local and state agencies Pay Go premiums for FY 2024 are assumed to be \$160,000,000.

Under the Baseline Scenario, FY 2024 is projected to end with a reserve of \$329,464,586 and the FY 2024 PEIA/RHBT combined, projected plan expenditures of \$1,163,308,246, which represents 28% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$161,669,398. 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 \$510,629,084 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$140,738,445.

LITIGATION

The forecasts presented in the attached tables do not contemplate any additional revenues or expenses to be generated from litigation activities.

SUMMARY

With projected changes to the plan as adopted by the PEIA Finance Board, we are forecasting that the plan will meet the minimum 10% reserve target set by West Virginia Statute and the minimum actuarial required reserve target through the projection period ending with the Fiscal Year 2024, using the Baseline assumptions. These projections are based on significant revenue increases as contained in the Financial Plan adopted by the Board in December 2019 and are contingent on legislative approval. These forecasts are based on assumptions including the estimated cost and savings of plan changes, expected trend levels and exposure levels. The continued enrollment changes of the managed care options, changes in physician, ambulatory and hospital provider reimbursement, possible changes in methodology of managed care premium calculation, and changes in the prescription drugs program, can be expected to further exacerbate the difficulty of projecting future medical and drugs claim levels and lags. These projections do not incorporate any anticipated effects of national or state health care reform, such as universal health insurance initiatives and Medicaid reform. As such, actual results deviating from those amounts projected in these pages should not be unexpected. With the legislatively mandated requirement of a five-year projection, it should be assumed that constant modifications would be required.

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2020**

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 102,493,424	\$ 339,344,118	\$ 441,837,542
Employer Premiums - MCO	4,832,294	36,806,600	41,638,894
Employee Premiums - PPB	-	108,393,937	108,393,937
Employee Premiums - MCO	-	12,034,179	12,034,179
WV RHBT Pay Go Premiums	25,987,610	115,389,645	141,377,255
Life Insurance	195,136	926,964	1,122,100
Direct Transfers	-	31,000,000	31,000,000
Investment Income	569,894	1,930,106	2,500,000
Litigation Settlement	-	-	-
COBRA Premiums	305,794	1,269,709	1,575,503
Administrative Fees	730,029	4,044,871	4,774,900
Total Revenue	\$ 135,114,181	\$ 651,140,129	\$ 786,254,310
<u>Program Expenses</u>			
Medical Claims	\$ 73,530,079	\$ 347,482,510	\$ 421,012,589
Gross Prescription Drug Claims	38,463,171	185,036,001	223,499,172
Prescription Drug Rebates	(14,413,690)	(69,340,396)	(83,754,086)
Managed Care Capitations	4,461,070	45,398,252	49,859,322
Administration	4,468,073	21,224,943	25,693,016
Life Insurance	294,383	1,398,426	1,692,809
Wellness	66,550	316,134	382,684
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	71,290	347,104	418,394
Director's Discretionary Fund	76,746	364,288	441,034
WV RHBT Pay Go Premiums	25,987,610	115,389,645	141,377,255
Total Expenses	\$ 133,005,282	\$ 647,616,907	\$ 780,622,188
Fiscal Year Results	\$ 2,108,899	\$ 3,523,222	\$ 5,632,122
Beginning Plan Reserve	57,715,171	182,032,088	239,747,259
Minimum Actuarial Reserve Required	\$ 19,649,941	\$ 95,696,767	\$ 115,346,708
<u>Ending Premium Stabilization Reserve</u>	<u>40,174,129</u>	<u>89,858,544</u>	<u>130,032,673</u>
Ending Plan Reserve	\$ 59,824,070	\$ 185,555,310	\$ 245,379,381
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	8.0%	12.0%
Additional Local Agency Revenue	\$ -	State	8.0%	12.0%
Additional State Employee Premiums	\$ -	Prescription Drug Rebates		20.0%
Direct Transfers	\$ 31,000,000	Capitations		6.7%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2020

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 102,493,424	\$ -	\$ 102,493,424
Employer Premiums - MCO	4,832,294	-	4,832,294
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	25,987,610		25,987,610
Life Insurance	195,136		195,136
Direct Transfers	-		-
Investment Income	569,894		569,894
Litigation Settlement	-		-
COBRA Premiums	305,794		305,794
Administrative Fees	730,029		730,029
Total Revenue	\$ 135,114,181	\$ -	\$ 135,114,181
<u>Program Expenses</u>			
Medical Claims	\$ 72,760,079	\$ 770,000	\$ 73,530,079
Gross Prescription Drug Claims	38,203,171	260,000	38,463,171
Prescription Drug Rebates	(14,413,690)		(14,413,690)
Managed Care Capitations	4,461,070		4,461,070
Administration	4,068,073	400,000	4,468,073
Life Insurance	294,383		294,383
Wellness	66,550		66,550
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	71,290		71,290
Director's Discretionary Fund	76,746		76,746
WV RHBT Pay Go Premiums	25,987,610		25,987,610
Total Expenses	\$ 131,575,282	\$ 1,430,000	\$ 133,005,282
Fiscal Year Results	\$ 3,538,899		\$ 2,108,899
Beginning Plan Reserve	57,715,171		57,715,171
Minimum Actuarial Reserve Required	\$ 19,649,941	\$ -	\$ 19,649,941
<u>Ending Premium Stabilization Reserve</u>	<u>41,604,129</u>	<u>-</u>	<u>40,174,129</u>
Ending Plan Reserve	\$ 61,254,070		\$ 59,824,070
Reserve as a Percent of Expenses			42%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ -	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	8.0%	12.0%
		Prescription Drug Rebates		20.0%
		Capitations		6.7%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2020

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 339,344,118	\$ -	\$ 339,344,118
Employer Premiums - MCO	36,806,600	-	36,806,600
Employee Premiums - PPB	108,393,937	-	108,393,937
Employee Premiums - MCO	12,034,179	-	12,034,179
WV RHBT Pay Go Premiums	115,389,645		115,389,645
Life Insurance	926,964		926,964
Direct Transfers	31,000,000		31,000,000
Investment Income	1,930,106		1,930,106
Litigation Settlement	-		-
COBRA Premiums	1,269,709		1,269,709
Administrative Fees	4,044,871		4,044,871
Total Revenue	\$ 651,140,129	\$ -	\$ 651,140,129
<u>Program Expenses</u>			
Medical Claims	\$ 344,592,510	\$ 2,890,000	\$ 347,482,510
Gross Prescription Drug Claims	183,546,001	1,490,000	185,036,001
Prescription Drug Rebates	(69,340,396)		(69,340,396)
Managed Care Capitations	45,398,252		45,398,252
Administration	18,824,943	2,400,000	21,224,943
Life Insurance	1,398,426		1,398,426
Wellness	316,134		316,134
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	347,104		347,104
Director's Discretionary Fund	364,288		364,288
WV RHBT Pay Go Premiums	115,389,645		115,389,645
Total Expenses	\$ 640,836,907	\$ 6,780,000	\$ 647,616,907
Fiscal Year Results	\$ 10,303,222		\$ 3,523,222
Beginning Plan Reserve	182,032,088		182,032,088
Minimum Actuarial Reserve Required	\$ 95,696,767	\$ -	\$ 95,696,767
<u>Ending Premium Stabilization Reserve</u>	96,638,543	-	89,858,543
Ending Plan Reserve	\$ 192,335,310		\$ 185,555,310
Reserve as a Percent of Expenses			27%

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	\$ 31,000,000	State	8.0%	12.0%
		Prescription Drug Rebates		20.0%
		Capitations		6.7%
		Administrative Expense		3.0%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2021**

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 103,200,614	\$ 344,433,441	\$ 447,634,054
Employer Premiums - MCO	4,883,632	37,336,005	42,219,637
Employee Premiums - PPB	-	108,393,937	108,393,937
Employee Premiums - MCO	-	12,034,179	12,034,179
WV RHBT Pay Go Premiums	25,229,082	109,770,918	135,000,000
Life Insurance	204,892	973,312	1,178,204
Direct Transfers	-	21,000,000	21,000,000
Investment Income	2,842,681	9,493,526	12,336,207
Litigation Settlement	-	-	-
COBRA Premiums	307,955	1,284,076	1,592,031
Administrative Fees	730,029	4,044,871	4,774,900
Total Revenue	\$ 137,398,885	\$ 648,764,264	\$ 786,163,149
<u>Program Expenses</u>			
Medical Claims	\$ 82,585,264	\$ 378,673,260	\$ 461,258,524
Gross Prescription Drug Claims	45,737,959	213,422,125	259,160,084
Prescription Drug Rebates	(17,616,005)	(82,199,784)	(99,815,789)
Managed Care Capitations	4,728,734	48,122,147	52,850,881
Administration	4,035,615	18,565,691	22,601,306
Life Insurance	309,103	1,468,347	1,777,450
Wellness	36,000	169,000	205,000
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	72,208	344,778	416,986
Director's Discretionary Fund	314,158	1,446,950	1,761,108
WV RHBT Pay Go Premiums	25,229,082	109,770,918	135,000,000
Total Expenses	\$ 145,432,119	\$ 689,783,431	\$ 835,215,550
Fiscal Year Results	\$ (8,033,234)	\$ (41,019,167)	\$ (49,052,401)
Beginning Plan Reserve	59,824,070	185,555,310	245,379,381
Minimum Actuarial Reserve Required	\$ 22,511,271	\$ 106,320,576	\$ 128,831,847
<u>Ending Premium Stabilization Reserve</u>	<u>29,279,566</u>	<u>38,215,567</u>	<u>67,495,132</u>
Ending Plan Reserve	\$ 51,790,836	\$ 144,536,143	\$ 196,326,979
Reserve as a Percent of Expenses			25%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ -	Active Local	8.5%	12.5%
Direct Transfers	\$ 21,000,000	State	8.5%	12.5%
		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 2021

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 103,200,614	\$ -	\$ 103,200,614
Employer Premiums - MCO	4,883,632	-	4,883,632
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	25,229,082		25,229,082
Life Insurance	204,892		204,892
Direct Transfers	-		-
Investment Income	2,842,681		2,842,681
Litigation Settlement	-		-
COBRA Premiums	307,955		307,955
Administrative Fees	730,029		730,029
Total Revenue	\$ 137,398,885	\$ -	\$ 137,398,885
<u>Program Expenses</u>			
Medical Claims	\$ 82,585,264		\$ 82,585,264
Gross Prescription Drug Claims	45,737,959		45,737,959
Prescription Drug Rebates	(17,616,005)		(17,616,005)
Managed Care Capitations	4,728,734		4,728,734
Administration	4,035,615		4,035,615
Life Insurance	309,103		309,103
Wellness	-	36,000	36,000
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	72,208		72,208
Director's Discretionary Fund	314,158		314,158
WV RHBT Pay Go Premiums	25,229,082		25,229,082
Total Expenses	\$ 145,396,119	\$ 36,000	\$ 145,432,119
Fiscal Year Results	\$ (7,997,234)		\$ (8,033,234)
Beginning Plan Reserve	59,824,070		59,824,070
Minimum Actuarial Reserve Required	\$ 22,511,271	\$ -	\$ 22,511,271
<u>Ending Premium Stabilization Reserve</u>	<u>29,315,566</u>	<u>-</u>	<u>29,279,566</u>
Ending Plan Reserve	\$ 51,826,836		\$ 51,790,836
Reserve as a Percent of Expenses			32%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ -	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	8.5%	12.5%
		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 2021

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 344,433,441	\$ -	\$ 344,433,441
Employer Premiums - MCO	37,336,005	-	37,336,005
Employee Premiums - PPB	108,393,937	-	108,393,937
Employee Premiums - MCO	12,034,179	-	12,034,179
WV RHBT Pay Go Premiums	109,770,918		109,770,918
Life Insurance	973,312		973,312
Direct Transfers	21,000,000		21,000,000
Investment Income	9,493,526		9,493,526
Litigation Settlement	-		-
COBRA Premiums	1,284,076		1,284,076
Administrative Fees	4,044,871		4,044,871
Total Revenue	\$ 648,764,264	\$ -	\$ 648,764,264
<u>Program Expenses</u>			
Medical Claims	\$ 378,673,260		\$ 378,673,260
Gross Prescription Drug Claims	213,422,125		213,422,125
Prescription Drug Rebates	(82,199,784)		(82,199,784)
Managed Care Capitations	48,122,147		48,122,147
Administration	18,565,691		18,565,691
Life Insurance	1,468,347		1,468,347
Wellness	-	169,000	169,000
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	344,778		344,778
Director's Discretionary Fund	1,446,950		1,446,950
WV RHBT Pay Go Premiums	109,770,918		109,770,918
Total Expenses	\$ 689,614,431	\$ 169,000	\$ 689,783,431
Fiscal Year Results	\$ (40,850,167)		\$ (41,019,167)
Beginning Plan Reserve	185,555,310		185,555,310
Minimum Actuarial Reserve Required	\$ 106,320,576	\$ -	\$ 106,320,576
<u>Ending Premium Stabilization Reserve</u>	<u>38,384,567</u>	<u>-</u>	<u>38,215,567</u>
Ending Plan Reserve	\$ 144,705,143		\$ 144,536,143
Reserve as a Percent of Expenses			19%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ 21,000,000	State	8.5%	12.5%
		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 2022**

PERIOD 7/1/2021 - 6/30/2022

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 115,519,125	\$ 400,913,317	\$ 516,432,442
Employer Premiums - MCO	5,475,552	43,445,697	48,921,249
Employee Premiums - PPB	-	123,245,120	123,245,120
Employee Premiums - MCO	-	13,682,996	13,682,996
WV RHBT Pay Go Premiums	26,818,651	113,181,349	140,000,000
Life Insurance	215,137	1,021,978	1,237,115
Direct Transfers	-	21,000,000	21,000,000
Investment Income	2,583,560	8,067,864	10,651,424
Litigation Settlement	-	-	-
COBRA Premiums	344,740	1,486,301	1,831,041
Administrative Fees	730,029	4,044,871	4,774,900
Total Revenue	\$ 151,686,794	\$ 730,089,493	\$ 881,776,287
<u>Program Expenses</u>			
Medical Claims	\$ 89,939,812	\$ 399,852,639	\$ 489,792,451
Gross Prescription Drug Claims	52,598,866	238,049,735	290,648,601
Prescription Drug Rebates	(21,556,147)	(97,558,169)	(119,114,316)
Managed Care Capitations	5,012,458	51,009,476	56,021,934
Administration	4,156,684	19,122,662	23,279,346
Life Insurance	324,558	1,541,765	1,866,323
Wellness	36,000	169,000	205,000
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	73,542	340,598	414,140
Director's Discretionary Fund	321,470	1,435,780	1,757,250
WV RHBT Pay Go Premiums	26,818,651	113,181,349	140,000,000
Total Expenses	\$ 157,725,894	\$ 727,144,835	\$ 884,870,729
Fiscal Year Results	\$ (6,039,100)	\$ 2,944,658	\$ (3,094,442)
Beginning Plan Reserve	51,790,836	144,536,143	196,326,979
Minimum Actuarial Reserve Required	\$ 24,383,406	\$ 111,832,845	\$ 136,216,251
<u>Ending Premium Stabilization Reserve</u>	<u>21,368,331</u>	<u>35,647,956</u>	<u>57,016,286</u>
Ending Plan Reserve	\$ 45,751,737	\$ 147,480,800	\$ 193,232,537
Reserve as a Percent of Expenses			24%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 66,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 14,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 16,500,000	Active Local	9.0%	13.0%
Direct Transfers	\$ 21,000,000	State	9.0%	13.0%
		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 2022

PERIOD 7/1/2021 - 6/30/2022

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 101,694,682	\$ 13,824,443	\$ 115,519,125
Employer Premiums - MCO	4,799,995	675,557	5,475,552
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	26,818,651		26,818,651
Life Insurance	215,137		215,137
Direct Transfers	-		-
Investment Income	2,583,560		2,583,560
Litigation Settlement	-		-
COBRA Premiums	344,740		344,740
Administrative Fees	730,029		730,029
Total Revenue	\$ 137,186,794	\$ 14,500,000	\$ 151,686,794
<u>Program Expenses</u>			
Medical Claims	\$ 89,939,812		\$ 89,939,812
Gross Prescription Drug Claims	52,598,866		52,598,866
Prescription Drug Rebates	(21,556,147)		(21,556,147)
Managed Care Capitations	5,012,458		5,012,458
Administration	4,156,684		4,156,684
Life Insurance	324,558		324,558
Wellness	36,000		36,000
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	73,542		73,542
Director's Discretionary Fund	321,470		321,470
WV RHBT Pay Go Premiums	26,818,651		26,818,651
Total Expenses	\$ 157,725,894	\$ -	\$ 157,725,894
Fiscal Year Results	\$ (20,539,100)		\$ (6,039,100)
Beginning Plan Reserve	51,790,836		51,790,836
Minimum Actuarial Reserve Required	\$ 24,383,406	\$ -	\$ 24,383,406
<u>Ending Premium Stabilization Reserve</u>	<u>6,868,331</u>	<u>-</u>	<u>21,368,331</u>
Ending Plan Reserve	\$ 31,251,736		\$ 45,751,736
Reserve as a Percent of Expenses			26%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 14,500,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	9.0%	13.0%
		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 2022

PERIOD 7/1/2021 - 6/30/2022

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 341,353,108	\$ 59,560,209	\$ 400,913,317
Employer Premiums - MCO	37,005,906	6,439,791	43,445,697
Employee Premiums - PPB	108,393,937	14,851,183	123,245,120
Employee Premiums - MCO	12,034,179	1,648,817	13,682,996
WV RHBT Pay Go Premiums	113,181,349		113,181,349
Life Insurance	1,021,978		1,021,978
Direct Transfers	21,000,000		21,000,000
Investment Income	8,067,864		8,067,864
Litigation Settlement	-		-
COBRA Premiums	1,486,301		1,486,301
Administrative Fees	4,044,871		4,044,871
Total Revenue	\$ 647,589,493	\$ 82,500,000	\$ 730,089,493
<u>Program Expenses</u>			
Medical Claims	\$ 399,852,639		\$ 399,852,639
Gross Prescription Drug Claims	238,049,735		238,049,735
Prescription Drug Rebates	(97,558,169)		(97,558,169)
Managed Care Capitations	51,009,476		51,009,476
Administration	19,122,662		19,122,662
Life Insurance	1,541,765		1,541,765
Wellness	169,000		169,000
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	340,598		340,598
Director's Discretionary Fund	1,435,780		1,435,780
WV RHBT Pay Go Premiums	113,181,349		113,181,349
Total Expenses	\$ 727,144,835	\$ -	\$ 727,144,835
Fiscal Year Results	\$ (79,555,342)		\$ 2,944,658
Beginning Plan Reserve	144,536,143		144,536,143
Minimum Actuarial Reserve Required	\$ 111,832,845	\$ -	\$ 111,832,845
<u>Ending Premium Stabilization Reserve</u>	<u>(46,852,044)</u>	<u>-</u>	<u>35,647,956</u>
Ending Plan Reserve	\$ 64,980,801		\$ 147,480,801
Reserve as a Percent of Expenses			18%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 66,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 16,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ 21,000,000	State	9.0%	13.0%
		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 2023**

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 126,849,910	\$ 476,379,506	\$ 603,229,416
Employer Premiums - MCO	6,012,616	51,611,660	57,624,275
Employee Premiums - PPB	-	143,766,754	143,766,754
Employee Premiums - MCO	-	15,961,362	15,961,362
WV RHBT Pay Go Premiums	29,450,803	120,549,197	150,000,000
Life Insurance	225,894	1,073,077	1,298,971
Direct Transfers	-	21,000,000	21,000,000
Investment Income	2,412,395	8,423,070	10,835,465
Litigation Settlement	-	-	-
COBRA Premiums	378,554	1,758,439	2,136,993
Administrative Fees	730,029	4,044,871	4,774,900
Total Revenue	\$ 166,060,200	\$ 844,567,936	\$ 1,010,628,136
<u>Program Expenses</u>			
Medical Claims	\$ 100,530,632	\$ 433,714,414	\$ 534,245,046
Gross Prescription Drug Claims	60,945,524	267,664,414	328,609,937
Prescription Drug Rebates	(26,459,326)	(116,206,213)	(142,665,539)
Managed Care Capitations	5,313,206	54,070,044	59,383,250
Administration	4,281,384	19,696,342	23,977,726
Life Insurance	340,786	1,618,853	1,959,639
Wellness	36,000	169,000	205,000
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	74,993	336,863	411,856
Director's Discretionary Fund	328,979	1,425,818	1,754,797
WV RHBT Pay Go Premiums	29,450,803	120,549,197	150,000,000
Total Expenses	\$ 174,842,980	\$ 783,038,732	\$ 957,881,712
Fiscal Year Results	\$ (8,782,780)	\$ 61,529,204	\$ 52,746,424
Beginning Plan Reserve	45,751,737	147,480,800	193,232,537
Minimum Actuarial Reserve Required	\$ 27,137,833	\$ 120,852,254	\$ 147,990,087
<u>Ending Premium Stabilization Reserve</u>	9,831,123	88,157,750	97,988,874
Ending Plan Reserve	\$ 36,968,956	\$ 209,010,004	\$ 245,978,961
Reserve as a Percent of Expenses			27%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 91,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 14,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 22,800,000	Active Local	9.5%	13.5%
Direct Transfers	\$ 21,000,000	State	9.5%	13.5%
		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	\$ 113,025,467	\$ 13,824,443	\$ 126,849,910
Employer Premiums - MCO	5,337,059	675,557	6,012,616
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	29,450,803		29,450,803
Life Insurance	225,894		225,894
Direct Transfers	-		-
Investment Income	2,412,395		2,412,395
Litigation Settlement	-		-
COBRA Premiums	378,554		378,554
Administrative Fees	730,029		730,029
Total Revenue	\$ 151,560,200	\$ 14,500,000	\$ 166,060,200
<u>Program Expenses</u>			
Medical Claims	\$ 100,530,632		\$ 100,530,632
Gross Prescription Drug Claims	60,945,524		60,945,524
Prescription Drug Rebates	(26,459,326)		(26,459,326)
Managed Care Capitations	5,313,206		5,313,206
Administration	4,281,384		4,281,384
Life Insurance	340,786		340,786
Wellness	36,000		36,000
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	74,993		74,993
Director's Discretionary Fund	328,979		328,979
WV RHBT Pay Go Premiums	29,450,803		29,450,803
Total Expenses	\$ 174,842,981	\$ -	\$ 174,842,981
Fiscal Year Results	\$ (23,282,781)		\$ (8,782,781)
Beginning Plan Reserve	45,751,737		45,751,737
Minimum Actuarial Reserve Required	\$ 27,137,833	\$ -	\$ 27,137,833
<u>Ending Premium Stabilization Reserve</u>	<u>(4,668,877)</u>	<u>-</u>	<u>9,831,123</u>
Ending Plan Reserve	\$ 22,468,956		\$ 36,968,956
Reserve as a Percent of Expenses			19%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 14,500,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	9.5%	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 2023

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 394,258,612	\$ 82,120,894	\$ 476,379,506
Employer Premiums - MCO	42,732,554	8,879,106	51,611,660
Employee Premiums - PPB	123,245,120	20,521,634	143,766,754
Employee Premiums - MCO	13,682,996	2,278,366	15,961,362
WV RHBT Pay Go Premiums	120,549,197		120,549,197
Life Insurance	1,073,077		1,073,077
Direct Transfers	21,000,000		21,000,000
Investment Income	8,423,070		8,423,070
Litigation Settlement	-		-
COBRA Premiums	1,758,439		1,758,439
Administrative Fees	4,044,871		4,044,871
Total Revenue	\$ 730,767,936	\$ 113,800,000	\$ 844,567,936
<u>Program Expenses</u>			
Medical Claims	\$ 433,714,414		\$ 433,714,414
Gross Prescription Drug Claims	267,664,414		267,664,414
Prescription Drug Rebates	(116,206,213)		(116,206,213)
Managed Care Capitations	54,070,044		54,070,044
Administration	19,696,342		19,696,342
Life Insurance	1,618,853		1,618,853
Wellness	169,000		169,000
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	336,863		336,863
Director's Discretionary Fund	1,425,818		1,425,818
WV RHBT Pay Go Premiums	120,549,197		120,549,197
Total Expenses	\$ 783,038,732	\$ -	\$ 783,038,732
Fiscal Year Results	\$ (52,270,796)		\$ 61,529,204
Beginning Plan Reserve	147,480,800		147,480,800
Minimum Actuarial Reserve Required	\$ 120,852,254	\$ -	\$ 120,852,254
<u>Ending Premium Stabilization Reserve</u>	<u>(25,642,250)</u>	<u>-</u>	<u>88,157,750</u>
Ending Plan Reserve	\$ 95,210,004		\$ 209,010,004
Reserve as a Percent of Expenses			24%

KEY ASSUMPTIONS

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 152,867,308	\$ 528,469,568	\$ 681,336,876
Employer Premiums - MCO	7,266,759	57,250,056	64,516,815
Employee Premiums - PPB	-	158,437,923	158,437,923
Employee Premiums - MCO	-	17,590,193	17,590,193
WV RHBT Pay Go Premiums	32,179,261	127,820,739	160,000,000
Life Insurance	237,189	1,126,730	1,363,919
Direct Transfers	-	21,000,000	21,000,000
Investment Income	2,141,445	11,145,555	13,287,000
Litigation Settlement	-	-	-
COBRA Premiums	456,256	1,947,723	2,403,979
Administrative Fees	730,029	4,044,871	4,774,900
Total Revenue	\$ 195,878,247	\$ 928,833,358	\$ 1,124,711,605
<u>Program Expenses</u>			
Medical Claims	\$ 113,140,159	\$ 473,344,989	\$ 586,485,148
Gross Prescription Drug Claims	71,090,119	302,770,580	373,860,699
Prescription Drug Rebates	(32,551,796)	(138,637,816)	(171,189,612)
Managed Care Capitations	5,631,998	57,314,247	62,946,245
Administration	4,409,826	20,287,232	24,697,058
Life Insurance	357,825	1,699,796	2,057,621
Wellness	36,000	169,000	205,000
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	76,709	334,378	411,087
Director's Discretionary Fund	336,881	1,415,852	1,752,733
WV RHBT Pay Go Premiums	32,179,261	127,820,739	160,000,000
Total Expenses	\$ 194,706,982	\$ 846,518,998	\$ 1,041,225,979
Fiscal Year Results	\$ 1,171,265	\$ 82,314,360	\$ 83,485,626
Beginning Plan Reserve	36,968,956	209,010,004	245,978,961
Minimum Actuarial Reserve Required	\$ 30,388,714	\$ 131,280,684	\$ 161,669,398
<u>Ending Premium Stabilization Reserve</u>	<u>7,751,507</u>	<u>160,043,681</u>	<u>167,795,188</u>
Ending Plan Reserve	\$ 38,140,221	\$ 291,324,365	\$ 329,464,586
Reserve as a Percent of Expenses			32%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 65,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 30,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 16,300,000	Active Local	10.0%	14.0%
Direct Transfers	\$ 21,000,000	State	10.0%	14.0%
		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	\$ 124,265,012	\$ 28,602,296	\$ 152,867,308
Employer Premiums - MCO	5,869,055	1,397,704	7,266,759
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	32,179,261		32,179,261
Life Insurance	237,189		237,189
Direct Transfers	-		-
Investment Income	2,141,445		2,141,445
Litigation Settlement	-		-
COBRA Premiums	456,256		456,256
Administrative Fees	730,029		730,029
Total Revenue	\$ 165,878,247	\$ 30,000,000	\$ 195,878,247
<u>Program Expenses</u>			
Medical Claims	\$ 113,140,159		\$ 113,140,159
Gross Prescription Drug Claims	71,090,119		71,090,119
Prescription Drug Rebates	(32,551,796)		(32,551,796)
Managed Care Capitations	5,631,998		5,631,998
Administration	4,409,826		4,409,826
Life Insurance	357,825		357,825
Wellness	36,000		36,000
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	76,709		76,709
Director's Discretionary Fund	336,881		336,881
WV RHBT Pay Go Premiums	32,179,261		32,179,261
Total Expenses	\$ 194,706,982	\$ -	\$ 194,706,982
Fiscal Year Results	\$ (28,828,735)		\$ 1,171,265
Beginning Plan Reserve	36,968,956		36,968,956
Minimum Actuarial Reserve Required	\$ 30,388,714	\$ -	\$ 30,388,714
<u>Ending Premium Stabilization Reserve</u>	<u>(22,248,493)</u>	<u>-</u>	<u>7,751,507</u>
Ending Plan Reserve	\$ 8,140,221		\$ 38,140,221
Reserve as a Percent of Expenses			18%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 30,000,000	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		Local	10.0%
			<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	\$ 469,811,787	\$ 58,657,781	\$ 528,469,568
Employer Premiums - MCO	50,907,837	6,342,219	57,250,056
Employee Premiums - PPB	143,766,755	14,671,168	158,437,923
Employee Premiums - MCO	15,961,361	1,628,832	17,590,193
WV RHBT Pay Go Premiums	127,820,739		127,820,739
Life Insurance	1,126,730		1,126,730
Direct Transfers	21,000,000		21,000,000
Investment Income	11,145,555		11,145,555
Litigation Settlement	-		-
COBRA Premiums	1,947,723		1,947,723
Administrative Fees	4,044,871		4,044,871
Total Revenue	\$ 847,533,358	\$ 81,300,000	\$ 928,833,358
<u>Program Expenses</u>			
Medical Claims	\$ 473,344,989		\$ 473,344,989
Gross Prescription Drug Claims	302,770,580		302,770,580
Prescription Drug Rebates	(138,637,816)		(138,637,816)
Managed Care Capitations	57,314,247		57,314,247
Administration	20,287,232		20,287,232
Life Insurance	1,699,796		1,699,796
Wellness	169,000		169,000
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	334,378		334,378
Director's Discretionary Fund	1,415,852		1,415,852
WV RHBT Pay Go Premiums	127,820,739		127,820,739
Total Expenses	\$ 846,518,998	\$ -	\$ 846,518,998
Fiscal Year Results	\$ 1,014,360		\$ 82,314,360
Beginning Plan Reserve	209,010,004		209,010,004
Minimum Actuarial Reserve Required	\$ 131,280,684	\$ -	\$ 131,280,684
<u>Ending Premium Stabilization Reserve</u>	78,743,681	-	160,043,681
Ending Plan Reserve	\$ 210,024,364		\$ 291,324,364
Reserve as a Percent of Expenses			31%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 65,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 16,300,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ 21,000,000	State	10.0%	14.0%
		Prescription Drug Rebates		20.0%
		Capitations		6.0%
		Administrative Expense		3.0%

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

Fiscal Year 2019												
Exposure	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
Local Medical	25,510	25,503	25,483	25,393	25,328	25,394	25,338	25,436	25,640	25,642	25,584	25,592
State Medical	118,778	118,216	117,851	118,181	118,212	118,213	118,043	117,739	117,803	117,677	117,702	117,545
Local Drugs	25,510	25,503	25,483	25,393	25,328	25,394	25,338	25,436	25,640	25,642	25,584	25,592
State Drugs	118,778	118,216	117,851	118,181	118,212	118,213	118,043	117,739	117,803	117,677	117,702	117,545
Local Medical	<u>\$153.15</u>	<u>\$182.12</u>	<u>\$197.40</u>	<u>\$217.95</u>	<u>\$231.71</u>	<u>\$198.71</u>	<u>\$265.05</u>	<u>\$221.13</u>	<u>\$238.83</u>	<u>\$267.41</u>	<u>\$232.39</u>	<u>\$244.36</u>
State Medical	207.04	199.01	181.40	244.72	215.46	212.27	256.15	228.19	247.65	241.40	254.97	249.71
Local Drugs	97.39	105.12	92.44	112.68	102.85	101.02	127.40	110.21	129.72	127.44	134.39	122.89
State Drugs	<u>102.39</u>	<u>107.79</u>	<u>100.15</u>	<u>119.69</u>	<u>106.94</u>	<u>107.99</u>	<u>131.88</u>	<u>116.82</u>	<u>129.18</u>	<u>141.19</u>	<u>134.28</u>	<u>132.92</u>
Total	\$559.98	\$594.03	\$571.39	\$695.04	\$656.96	\$619.99	\$780.48	\$676.36	\$745.39	\$777.44	\$756.02	\$749.88
Change From Prior Year - Month to Month Analysis												
Local Medical	-0.9%	-1.4%	9.6%	1.1%	12.7%	13.3%	18.4%	9.1%	15.0%	6.8%	-10.2%	16.2%
State Medical	17.2%	3.9%	-2.8%	22.9%	2.9%	11.2%	14.7%	13.5%	9.5%	1.8%	-1.3%	-0.3%
Local Drugs	-15.6%	6.8%	20.2%	-5.4%	16.5%	14.5%	13.8%	34.1%	42.9%	26.6%	22.0%	13.2%
State Drugs	<u>-13.5%</u>	<u>7.7%</u>	<u>24.5%</u>	<u>-1.7%</u>	<u>21.4%</u>	<u>25.2%</u>	<u>15.1%</u>	<u>31.1%</u>	<u>31.9%</u>	<u>34.7%</u>	<u>16.9%</u>	<u>14.6%</u>
Total	-0.9%	3.3%	9.0%	6.0%	11.1%	14.7%	15.9%	17.6%	19.7%	12.2%	1.9%	9.4%
Change From Prior Year - Quarter to Quarter Analysis												
Local Medical			2.5%			8.7%			14.3%			3.4%
State Medical			5.9%			12.2%			12.5%			0.0%
Local Drugs			1.5%			7.1%			28.9%			20.5%
State Drugs			<u>3.8%</u>			<u>13.0%</u>			<u>25.3%</u>			<u>21.7%</u>
Total			3.7%			10.3%			17.7%			7.7%
Change From Prior Year - Year to Year Analysis												
Local Medical			-5.8%			-2.1%			4.9%			7.3%
State Medical			-0.4%			2.6%			6.7%			7.3%
Local Drugs			2.6%			1.7%			9.2%			14.5%
State Drugs			<u>2.9%</u>			<u>4.6%</u>			<u>11.3%</u>			<u>16.1%</u>
Total			-1.3%			1.2%			7.2%			9.9%

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

Fiscal Year 2020											
Exposure	<u>Jul-19</u>	<u>Aug-19</u>	<u>Sep-19</u>	<u>Oct-19</u>	<u>Nov-19</u>	<u>Dec-19</u>	<u>Jan-20</u>	<u>Feb-20</u>	<u>Mar-20</u>	<u>Apr-20</u>	<u>May-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
State Medical	117,370	117,050	117,339	117,648	117,764	117,881	117,935	117,674	117,949	118,226	118,340
Local Drugs	25,896	26,417	26,500	26,626	26,640	26,612	26,689	26,637	26,717	26,632	26,565
State Drugs	117,370	117,050	117,339	117,648	117,764	117,881	117,935	117,674	117,949	118,226	118,340
	<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>
Local Medical	\$198.46	\$188.66	\$198.10	\$239.56	\$189.94	\$210.72	\$244.63	\$236.96	\$246.02	\$250.28	\$271.81
State Medical	224.71	220.08	208.04	253.08	257.91	266.00	268.85	267.23	255.27	245.17	283.49
Local Drugs	105.67	113.68	110.34	124.98	109.23	122.33	131.72	125.14	150.36	132.57	123.16
State Drugs	<u>113.46</u>	<u>119.62</u>	<u>122.77</u>	<u>132.09</u>	<u>123.98</u>	<u>134.58</u>	<u>147.13</u>	<u>138.16</u>	<u>164.79</u>	<u>145.08</u>	<u>140.21</u>
Total	\$642.31	\$642.04	\$639.25	\$749.71	\$681.06	\$733.63	\$792.33	\$767.49	\$816.44	\$773.10	\$818.67
Change From Prior Year - Month to Month Analysis											
Local Medical	29.6%	3.6%	0.4%	9.9%	-18.0%	6.0%	-7.7%	7.2%	3.0%	-6.4%	17.0%
State Medical	8.5%	10.6%	14.7%	3.4%	19.7%	25.3%	5.0%	17.1%	3.1%	1.6%	11.2%
Local Drugs	8.5%	8.1%	19.4%	10.9%	6.2%	21.1%	3.4%	13.5%	15.9%	4.0%	-8.4%
State Drugs	<u>10.8%</u>	<u>11.0%</u>	<u>22.6%</u>	<u>10.4%</u>	<u>15.9%</u>	<u>24.6%</u>	<u>11.6%</u>	<u>18.3%</u>	<u>27.6%</u>	<u>2.8%</u>	<u>4.4%</u>
Total	14.7%	8.1%	11.9%	7.9%	3.7%	18.3%	1.5%	13.5%	9.5%	-0.6%	8.3%
Change From Prior Year - Quarter to Quarter Analysis											
Local Medical			9.9%			-1.3%			0.4%		
State Medical			11.1%			15.5%			8.1%		
Local Drugs			11.8%			12.6%			10.9%		
State Drugs			<u>14.7%</u>			<u>16.7%</u>			<u>19.1%</u>		
Total			11.5%			9.8%			7.9%		
Change From Prior Year - Year to Year Analysis											
Local Medical			8.9%			6.3%			2.7%		
State Medical			8.5%			9.5%			8.4%		
Local Drugs			17.0%			18.3%			13.9%		
State Drugs			<u>18.7%</u>			<u>19.5%</u>			<u>18.1%</u>		
Total			11.7%			11.5%			9.1%		