

STATE OF WEST VIRGINIA



PUBLIC EMPLOYEES INSURANCE AGENCY

**Quarterly Report
March 31, 2021**

Fiscal Years 2021-2025

Report Date: July 2021

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 2020 for the fiscal year 2022 (“FY 2022”) and to provide quarterly financial reports for current FY 2021 and thereafter. Our analysis is developed on an accrued and incurred reporting basis for a projection period of five years as required by the Code.

Under the statutory Code provisions, it is the Board’s responsibility to prepare a proposed financial plan designed to generate revenues sufficient to meet all insurance program and administrative costs of the West Virginia Public Employees Insurance Agency (“PEIA”). The Board is required to provide a financing plan in which the State Fund revenue costs are financed 80% by state employers and 20% by state employees in FY 2021 and in subsequent fiscal years. In subsequent fiscal years, future transfers of employer and employee funds may be needed to obtain the 80% and 20% split between employer and employee, depending on future enrollment and coverage elections by insureds.

The Board is also charged with the responsibility to review actual costs incurred, any revised cost estimates, expenditures, and other factors affecting the fiscal stability of the plan and to make any modifications to the plan necessary to insure that the total financial requirements of PEIA are met for the projection period. We have been asked to review the proposed financial plan, and as supported by our work, to render an actuarial opinion stating whether the plan may be reasonably expected to generate sufficient revenues to meet estimated insurance program and administrative costs of PEIA through FY 2025.

The Medicaid / PEIA Hospital Bill (“Bill”) has been extended and is anticipated to continue to provide PEIA with hospital charge savings through discounts for all non-Medicare coverages. These hospital savings are assumed to increase by the medical trend assumptions in Fiscal Year 2021 and subsequently. We are assuming that the Bill will continue throughout the five year forecast period.

Continuing Care Actuaries has provided financial report for fiscal years ending June 30, 2021 (“FY 2021”), June 30, 2022 (“FY 2022”), June 30, 2023 (“FY 2023”), June 30, 2024 (“FY 2024”) and June 30, 2025 (“FY 2025”). Our opinion of plan adequacy is based on the projections through FY 2025 using updated future revenue and plan modifications provided by the Board in the financial plan adopted in December 2020. This forecast is prepared for the Public Employee Insurance Agency, and does not include actuarial projections for the West Virginia Retiree Health Benefit Trust Fund.

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

In FY 2021 the Pay-Go is equivalent to \$263 per retiree per month. In future years, the Pay Go premium may increase by a maximum of 3% per retiree per year, indexed to the initial fixed subsidy determined in FY 2013. The new Pay-Go premium formula is based on the financial plan approved by the Financial Board in December 2020.

This report includes updated claim trend assumptions as recommended in the report titled, “PEIA FY2020 Detailed Medical and Prescription Drugs Claim Trend Report”. In the circumstances and subject to the conditions described herein, we believe the financial plan approved by the Board for FY 2021 through FY 2025 may be reasonably expected to generate sufficient revenues, when combined with the existing surplus, to meet estimated insurance program and administrative costs of PEIA. In addition, we are forecasting that PEIA will meet the minimum 20% employee cost share requirement for state revenue in FY 2021 based on the scheduled revenue increases of the financial plan approved and amended by the Board in December 2020.

The conclusion of long-term solvency for the program over the five-year forecast is based on significant revenue increases in employer and employee premiums in later fiscal years of the plan through FY 2025 as approved by the Board.

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

Respectfully,



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



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

West Virginia Public Employees Insurance Agency

Report of Independent Actuary

Financial Plan for FY 2021 – FY 2025

OVERVIEW

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

This report was compiled utilizing claims data collected by PEIA's third party administrators through May 2021 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 2021 enrollment levels for the duration of these forecasts for active employees.

In aggregate, June 2021 enrollment for active employees has increased by 1,537 coverages since the end of FY 2020. Aggregate PPB enrollment has increased by 1,420 in total over the same period, while managed care enrollment experienced an increase of 117 coverages.

In the State Fund, the overall active State enrollment decreased by 318 coverages from the end of FY 2020 to June 2021. And in the Local Fund, the overall active Local enrollment increased by 1,855 coverages from the end of FY 2020 to June 2021.

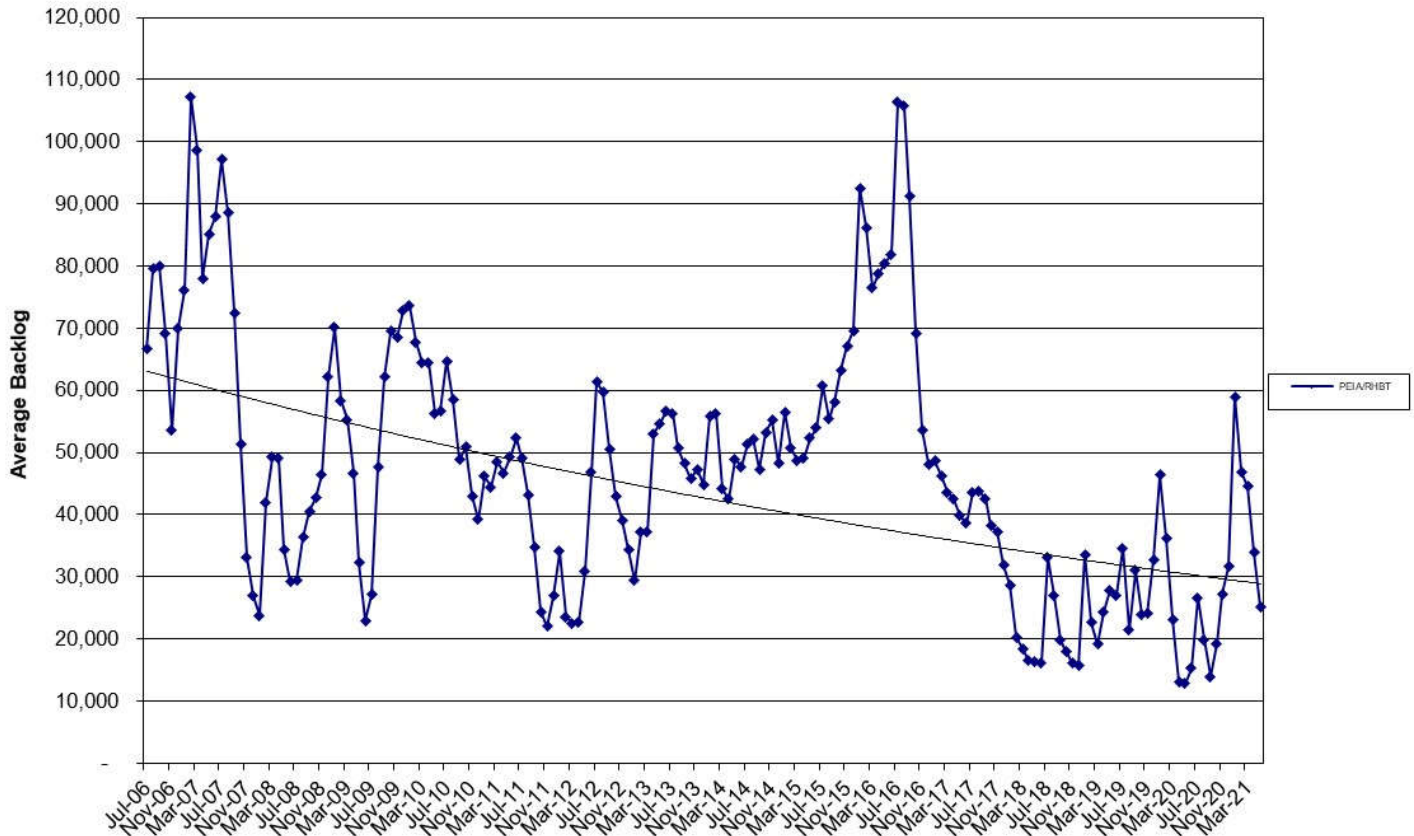
The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2019, June 2020, and June 2021 for purposes of comparison:

PEIA Fund	Coverage	Preferred Provider Benefit			Managed Care		
		Jun-19	Jun-20	Jun-21	Jun-19	Jun-20	Jun-21
State Active	Single	21,216	21,654	21,489	2,381	2,428	2,465
	Children	5,912	6,036	5,918	665	660	683
	Family	26,894	27,002	26,905	2,805	2,773	2,775
	Total	54,022	54,692	54,312	5,851	5,861	5,923
Local Active	Single	5,723	6,052	6,771	419	421	452
	Children	996	1,084	1,304	99	99	104
	Family	5,576	5,720	6,581	186	194	213
	Total	12,295	12,856	14,656	704	714	769
Plan Total		66,317	67,548	68,968	6,555	6,575	6,692
Grand Total					72,872	74,123	75,660

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 May 2021



C. Trend Analysis

PEIA experienced a low medical trend and a high prescription drugs trend in FY 2020, and over the past few years, total trends have been beneficial to the plan. Continuing Care Actuaries performed the detailed medical and prescription drugs trend analysis in the report titled, “PEIA FY2020 Detailed Medical and Prescription Drugs Claim Trend Report”. This report includes the detailed trend analysis of PEIA experience by medical and prescription drugs. Based on the analysis, the FY 2021 medical claim trend is 5.0%, the gross prescription drugs claim trend is 13.0% and the prescription drugs rebate trend is 15.0%.

The current trend projection is shown in the following table:

Claim Type	Previous Assumption FY 2021 Trend	Updated Assumption FY 2021 Trend
Active Local – Medical	8.5%	5.0%
State – Medical	8.5%	5.0%
Active Local – Gross Drugs	12.5%	13.0%
State – Gross Drugs	12.5%	13.0%
Prescription Drugs Rebate	20.0%	15.0%

In the past, claim trends for the financial plan included a 0.5% margin in future years. CCA has assumed the drugs claim trends for the financial projection will increase by 0.5% in FY 2022 and in each successive fiscal year. Medical trends are assumed to increase 1.0% in FY 2022 and 2023, and then 0.5% thereafter. Additionally, drug rebates have been trending at approximately 30% over the last two years. As a result, CCA has separated net drugs in the financial plan into gross drugs and drug rebate amounts. Drug rebates trends are set at 15% 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 May 2021. It is important to note that these trends *have not* been adjusted to reflect savings as a result of the expansion of the drug rebate program or the claim savings due to changes in provider reimbursement methodologies, nor the changes in the benefit structure. In developing the claim cost projection, we have reflected for benefit and reimbursement changes as an adjustment to the gross trend assumption.

PEIA Historical Trends (Active Local and State)

Fiscal Year	Active Local Medical	State Medical	Active Local Drugs	State Drugs	Total
2004	-1%	12%	9%	7%	9%
2005	16%	7%	7%	20%	11%
2006	1%	2%	18%	7%	3%
2007	15%	2%	13%	8%	5%
2008	3%	8%	-5%	-1%	4%
2009	-8%	3%	5%	4%	2%
2010	10%	1%	9%	9%	4%
2011	11%	8%	16%	15%	8%
2012	5%	5%	8%	6%	5%
2013	-3%	-3%	2%	6%	-3%
2014	8%	6%	9%	7%	7%
2015	6%	10%	14%	10%	10%
2016	9%	11%	12%	13%	12%
2017	6%	1%	11%	9%	4%
2018	0%	4%	16%	15%	7%
2019	8%	8%	15%	16%	10%
2020	-7%	0%	9%	15%	4%
2021*	26%	14%	15%	13%	14%

* Fiscal Year 2021 results are through the first eleven months ending May 2021.

D. Enrollment, Claim, Expense and Revenue Assumptions

Using PEIA paid claim data through May 2021 for medical claims and for prescription drugs claims, average annualized incurred unit claim costs were developed for the State Fund and the Local Fund for both self-funded and managed care coverages. Continuing Care Actuaries has developed the claim cost on an adjusted exposure basis using the respective expected claim cost for each coverage type. The adjusted exposure methodology weighs the expected claim cost under each coverage type for single, member and children, and family coverages based on observed differences in health care cost. For example, under this methodology single coverage types are given a weight of 1.0 exposure, whereas member and children coverages are given a greater weighting based on historical expected health care cost relationships. Based on this methodology, the projection of FY 2021 claims and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

Fiscal Year 2021 Projection			Net Revenue Excluding Pay Go		Expenses		
Fund	Program	Policies	Monthly Employer Premiums	Monthly Employee Premiums	Monthly Medical Costs	Monthly Drugs Costs*	Monthly Capitation Costs
State	PPB	54,444	\$528	\$167	\$569	\$211	
	Managed Care	5,867	\$535	\$173			\$696
	Total	60,311					
Local	PPB	14,551	\$655	\$0	\$551	\$187	
	Managed Care	747	\$575	\$0			\$538
	Total	15,298					

*Net of rebates and subsidies.

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

Board Decisions – December 2020

Source	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
Additional State Employer Revenue	\$0	\$0	\$41,000,000	\$81,000,000	\$52,500,000
Additional Local Agency Revenue	\$0	\$0	\$10,000,000	\$28,500,000	\$17,000,000
Additional Employee Premium	\$0	\$0	\$10,300,000	\$20,300,000	\$13,100,000
State Direct Transfers (State Budget Appropriations)	\$21,000,000	\$21,000,000	\$21,000,000	\$21,000,000	\$21,000,000
State Direct Transfers (PEIA Rainy Day Fund)	\$0	\$0	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active State	\$0	\$0	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active Local	\$0	\$0	\$0	\$0	\$0
Pay Go Premium Transfer	\$137,167,586	\$100,000,000	\$110,000,000	\$120,000,000	\$130,000,000

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

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

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

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

E. Provider Reimbursement Changes

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

FISCAL YEAR 2021 FORECAST

The financial forecast for FY 2021 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2021 projects accrued revenue of \$827,013,249 and incurred plan expenses of \$857,551,768 to produce a fiscal year deficit of (\$30,538,519). The PEIA local and state agencies Pay Go premiums for FY 2021 are assumed to be \$137,167,586.

Under the Baseline Scenario, FY 2021 is projected to end with a reserve of \$241,398,527 and the FY 2021 PEIA/RHBT combined, projected plan expenditures of \$933,653,735, which represents 26% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$128,947,530. 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 \$245,083,734 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$237,742,028.

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 \$803,547,322 and incurred plan expenses of \$873,028,026 to produce a fiscal year deficit of (\$69,480,704). The PEIA local and state agencies Pay Go premiums for FY 2022 are assumed to be \$100,000,000.

Under the Baseline Scenario, FY 2022 is projected to end with a reserve of \$171,917,823 and the FY 2022 PEIA/RHBT combined, projected plan expenditures of \$957,203,001, which represents 18% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$133,945,974. 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 \$194,395,372 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$149,354,258.

FISCAL YEAR 2023 FORECAST

The financial forecast for FY 2023 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2023 projects accrued revenue of \$862,698,325 and incurred plan expenses of \$944,684,466 to produce a fiscal year deficit of (\$81,986,141). The PEIA local and state agencies Pay Go premiums for FY 2023 are assumed to be \$110,000,000.

Under the Baseline Scenario, FY 2023 is projected to end with a reserve of \$89,931,681 and the FY 2023 PEIA/RHBT combined, projected plan expenditures of \$1,005,056,753, which represents 9% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$141,956,272. 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 \$149,256,728 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$29,642,905.

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 \$990,100,685 and incurred plan expenses of \$1,027,494,622 to produce a fiscal year deficit of (\$37,393,937). The PEIA local and state agencies Pay Go premiums for FY 2024 are assumed to be \$120,000,000.

Under the Baseline Scenario, FY 2024 is projected to end with a reserve of \$52,537,744 and the FY 2024 PEIA/RHBT combined, projected plan expenditures of \$1,094,811,861, which represents 5% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$154,772,351. 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 \$170,484,292 and under the Pessimistic Scenario, the ending reserve is expected to decrease to (\$68,825,844).

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 \$1,071,991,462 and incurred plan expenses of \$1,122,281,130 to produce a fiscal year deficit of (\$50,289,668). The PEIA local and state agencies Pay Go premiums for FY 2025 are assumed to be \$130,000,000.

Under the Baseline Scenario, FY 2025 is projected to end with a reserve of \$2,248,076 and the FY 2025 PEIA/RHBT combined, projected plan expenditures of \$1,197,611,192, which represents 0% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$169,555,974. 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 \$205,169,596 and under the Pessimistic Scenario, the ending reserve is expected to decrease to (\$209,190,647).

LITIGATION

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

SUMMARY

With projected changes to the plan as adopted by the PEIA Finance Board, we are forecasting that the plan will meet the minimum 10% reserve target set by West Virginia Statute and the minimum actuarial required reserve target through the projection period ending with the Fiscal Year 2025, using the Baseline assumptions. These projections are based on significant revenue increases as contained in the financial plan adopted by the Board in December 2020 and are contingent on legislative approval. These forecasts are based on assumptions including the estimated cost and savings of plan changes, expected trend levels and exposure levels. The continued enrollment changes of the managed care options, changes in physician, ambulatory and hospital provider reimbursement, possible changes in methodology of managed care premium calculation, and changes in the prescription drugs program, can be expected to further exacerbate the difficulty of projecting future medical and drugs claim levels and lags. These projections do not incorporate any anticipated effects of national or state health care reform, such as universal health insurance initiatives and Medicaid reform. As such, actual results deviating from those amounts projected in these pages should not be unexpected. With the legislatively mandated requirement of a five-year projection, it should be assumed that constant modifications would be required.

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 114,302,727	\$ 344,868,934	\$ 459,171,661
Employer Premiums - MCO	5,153,202	37,664,014	42,817,216
Employee Premiums - PPB	-	108,810,935	108,810,935
Employee Premiums - MCO	-	12,185,441	12,185,441
WV RHBT Pay Go Premiums	27,753,172	109,414,414	137,167,586
Life Insurance	483,442	2,252,099	2,735,541
Direct Transfers	-	21,000,000	21,000,000
Investment Income	8,140,987	28,240,699	36,381,686
Litigation Settlement	-	-	-
COBRA Premiums	366,677	1,522,506	1,889,183
Administrative Fees	742,122	4,111,878	4,854,000
Total Revenue	\$ 156,942,329	\$ 670,070,920	\$ 827,013,249
<u>Program Expenses</u>			
Medical Claims	\$ 96,227,938	\$ 371,608,390	\$ 467,836,329
Gross Prescription Drug Claims	51,432,567	217,414,889	268,847,456
Prescription Drug Rebates	(18,804,010)	(79,487,999)	(98,292,009)
Managed Care Capitations	4,818,439	49,035,034	53,853,473
Administration	4,350,102	20,264,812	24,614,914
Life Insurance	442,941	2,063,428	2,506,369
Wellness	27,830	129,646	157,476
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	77,080	330,920	408,000
Director's Discretionary Fund	91,269	360,905	452,174
WV RHBT Pay Go Premiums	27,753,172	109,414,414	137,167,586
Total Expenses	\$ 166,417,328	\$ 691,134,440	\$ 857,551,768
Fiscal Year Results	\$ (9,474,999)	\$ (21,063,520)	\$ (30,538,519)
Beginning Plan Reserve	62,336,504	209,600,541	271,937,045
Minimum Actuarial Reserve Required	\$ 25,353,263	\$ 103,594,267	\$ 128,947,530
<u>Ending Premium Stabilization Reserve</u>	<u>27,508,243</u>	<u>84,942,754</u>	<u>112,450,997</u>
Ending Plan Reserve	\$ 52,861,505	\$ 188,537,022	\$ 241,398,527
Reserve as a Percent of Expenses			33%

KEY ASSUMPTIONS

		Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employer Premiums	\$ -	Active Local	5.0%	13.0%
Additional Local Agency Revenue	\$ -	State	5.0%	13.0%
Additional State Employee Premiums	\$ -	Prescription Drug Rebates		0.0%
Direct Transfers	\$ 21,000,000	Capitations		7.9%
		Administrative Expense		-3.3%

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	\$ 114,302,727	\$ -	\$ 114,302,727
Employer Premiums - MCO	5,153,202	-	5,153,202
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	27,753,172		27,753,172
Life Insurance	483,442		483,442
Direct Transfers	-		-
Investment Income	8,140,987		8,140,987
Litigation Settlement	-		-
COBRA Premiums	366,677		366,677
Administrative Fees	742,122		742,122
Total Revenue	\$ 156,942,329	\$ -	\$ 156,942,329
<u>Program Expenses</u>			
Medical Claims	\$ 96,227,938		\$ 96,227,938
Gross Prescription Drug Claims	51,432,567		51,432,567
Prescription Drug Rebates	(18,804,010)		(18,804,010)
Managed Care Capitations	4,818,439		4,818,439
Administration	4,350,102		4,350,102
Life Insurance	442,941		442,941
Wellness	27,830		27,830
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	77,080		77,080
Director's Discretionary Fund	91,269		91,269
WV RHBT Pay Go Premiums	27,753,172		27,753,172
Total Expenses	\$ 166,417,328	\$ -	\$ 166,417,328
Fiscal Year Results	\$ (9,474,999)		\$ (9,474,999)
Beginning Plan Reserve	62,336,504		62,336,504
Minimum Actuarial Reserve Required	\$ 25,353,263	\$ -	\$ 25,353,263
<u>Ending Premium Stabilization Reserve</u>	<u>27,508,243</u>	<u>-</u>	<u>27,508,243</u>
Ending Plan Reserve	\$ 52,861,505		\$ 52,861,505
Reserve as a Percent of Expenses			29%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ -	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	5.0%	13.0%
		Prescription Drug Rebates		0.0%
		Capitations		7.9%
		Administrative Expense		-3.3%

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	\$ 344,868,934	\$ -	\$ 344,868,934
Employer Premiums - MCO	37,664,014	-	37,664,014
Employee Premiums - PPB	108,810,935	-	108,810,935
Employee Premiums - MCO	12,185,441	-	12,185,441
WV RHBT Pay Go Premiums	109,414,414		109,414,414
Life Insurance	2,252,099		2,252,099
Direct Transfers	21,000,000		21,000,000
Investment Income	28,240,699		28,240,699
Litigation Settlement	-		-
COBRA Premiums	1,522,506		1,522,506
Administrative Fees	4,111,878		4,111,878
Total Revenue	\$ 670,070,920	\$ -	\$ 670,070,920
<u>Program Expenses</u>			
Medical Claims	\$ 371,608,390		\$ 371,608,390
Gross Prescription Drug Claims	217,414,889		217,414,889
Prescription Drug Rebates	(79,487,999)		(79,487,999)
Managed Care Capitations	49,035,034		49,035,034
Administration	20,264,812		20,264,812
Life Insurance	2,063,428		2,063,428
Wellness	129,646		129,646
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	330,920		330,920
Director's Discretionary Fund	360,905		360,905
WV RHBT Pay Go Premiums	109,414,414		109,414,414
Total Expenses	\$ 691,134,439	\$ -	\$ 691,134,439
Fiscal Year Results	\$ (21,063,519)		\$ (21,063,519)
Beginning Plan Reserve	209,600,541		209,600,541
Minimum Actuarial Reserve Required	\$ 103,594,267	\$ -	\$ 103,594,267
<u>Ending Premium Stabilization Reserve</u>	<u>84,942,754</u>	<u>-</u>	<u>84,942,754</u>
Ending Plan Reserve	\$ 188,537,022		\$ 188,537,022
Reserve as a Percent of Expenses			25%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ 21,000,000	State	5.0%	13.0%
		Prescription Drug Rebates		0.0%
		Capitations		7.9%
		Administrative Expense		-3.3%

**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	\$ 121,329,398	\$ 371,855,524	\$ 493,184,922
Employer Premiums - MCO	5,492,444	40,479,097	45,971,541
Employee Premiums - PPB	-	108,810,935	108,810,935
Employee Premiums - MCO	-	12,185,441	12,185,441
WV RHBT Pay Go Premiums	20,387,259	79,612,741	100,000,000
Life Insurance	507,614	2,364,704	2,872,318
Direct Transfers	-	21,000,000	21,000,000
Investment Income	2,722,625	9,943,636	12,666,261
Litigation Settlement	-	-	-
COBRA Premiums	389,287	1,612,617	2,001,904
Administrative Fees	742,122	4,111,878	4,854,000
Total Revenue	\$ 151,570,749	\$ 651,976,573	\$ 803,547,322
<u>Program Expenses</u>			
Medical Claims	\$ 101,429,377	\$ 390,776,723	\$ 492,206,099
Gross Prescription Drug Claims	58,388,863	246,277,606	304,666,469
Prescription Drug Rebates	(21,675,305)	(91,411,198)	(113,086,504)
Managed Care Capitations	5,107,546	51,977,137	57,084,683
Administration	4,480,605	20,872,756	25,353,361
Life Insurance	465,088	2,166,599	2,631,687
Wellness	392,972	1,564,504	1,957,476
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	77,619	330,338	407,957
Director's Discretionary Fund	365,021	1,441,777	1,806,798
WV RHBT Pay Go Premiums	20,387,259	79,612,741	100,000,000
Total Expenses	\$ 169,419,044	\$ 703,608,982	\$ 873,028,026
Fiscal Year Results	\$ (17,848,295)	\$ (51,632,409)	\$ (69,480,704)
Beginning Plan Reserve	52,861,505	188,537,022	241,398,527
Minimum Actuarial Reserve Required	\$ 26,346,603	\$ 107,599,372	\$ 133,945,974
<u>Ending Premium Stabilization Reserve</u>	8,666,607	29,305,241	37,971,848
Ending Plan Reserve	\$ 35,013,210	\$ 136,904,613	\$ 171,917,823
Reserve as a Percent of Expenses			25%

KEY ASSUMPTIONS

		Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employer Premiums	\$ -	Active Local	6.0%	13.5%
Additional Local Agency Revenue	\$ -	State	6.0%	13.5%
Additional State Employee Premiums	\$ -	Prescription Drug Rebates		15.0%
Direct Transfers	\$ 21,000,000	Capitations		6.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2022

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 121,329,398	\$ -	\$ 121,329,398
Employer Premiums - MCO	5,492,444	-	5,492,444
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	20,387,259		20,387,259
Life Insurance	507,614		507,614
Direct Transfers	-		-
Investment Income	2,722,625		2,722,625
Litigation Settlement	-		-
COBRA Premiums	389,287		389,287
Administrative Fees	742,122		742,122
Total Revenue	\$ 151,570,749	\$ -	\$ 151,570,749
<u>Program Expenses</u>			
Medical Claims	\$ 101,429,376		\$ 101,429,376
Gross Prescription Drug Claims	58,388,863		58,388,863
Prescription Drug Rebates	(21,675,305)		(21,675,305)
Managed Care Capitations	5,107,546		5,107,546
Administration	4,480,605		4,480,605
Life Insurance	465,088		465,088
Wellness	392,972		392,972
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	77,619		77,619
Director's Discretionary Fund	365,021		365,021
WV RHBT Pay Go Premiums	20,387,259		20,387,259
Total Expenses	\$ 169,419,044	\$ -	\$ 169,419,044
Fiscal Year Results	\$ (17,848,295)		\$ (17,848,295)
Beginning Plan Reserve	52,861,505		52,861,505
Minimum Actuarial Reserve Required	\$ 26,346,603	\$ -	\$ 26,346,603
<u>Ending Premium Stabilization Reserve</u>	<u>8,666,607</u>	<u>-</u>	<u>8,666,607</u>
Ending Plan Reserve	\$ 35,013,210		\$ 35,013,210
Reserve as a Percent of Expenses			19%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ -	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		Local	6.0%
			<u>Gross Drugs</u>
			15.0%
			6.0%
			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	\$ 371,855,524	\$ -	\$ 371,855,524
Employer Premiums - MCO	40,479,097	-	40,479,097
Employee Premiums - PPB	108,810,935	-	108,810,935
Employee Premiums - MCO	12,185,441	-	12,185,441
WV RHBT Pay Go Premiums	79,612,741		79,612,741
Life Insurance	2,364,704		2,364,704
Direct Transfers	21,000,000		21,000,000
Investment Income	9,943,636		9,943,636
Litigation Settlement	-		-
COBRA Premiums	1,612,617		1,612,617
Administrative Fees	4,111,878		4,111,878
Total Revenue	\$ 651,976,573	\$ -	\$ 651,976,573
<u>Program Expenses</u>			
Medical Claims	\$ 390,776,723		\$ 390,776,723
Gross Prescription Drug Claims	246,277,606		246,277,606
Prescription Drug Rebates	(91,411,198)		(91,411,198)
Managed Care Capitations	51,977,137		51,977,137
Administration	20,872,756		20,872,756
Life Insurance	2,166,599		2,166,599
Wellness	1,564,504		1,564,504
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	330,338		330,338
Director's Discretionary Fund	1,441,777		1,441,777
WV RHBT Pay Go Premiums	79,612,741		79,612,741
Total Expenses	\$ 703,608,982	\$ -	\$ 703,608,982
Fiscal Year Results	\$ (51,632,409)		\$ (51,632,409)
Beginning Plan Reserve	188,537,022		188,537,022
Minimum Actuarial Reserve Required	\$ 107,599,372	\$ -	\$ 107,599,372
<u>Ending Premium Stabilization Reserve</u>	<u>29,305,241</u>	<u>-</u>	<u>29,305,241</u>
Ending Plan Reserve	\$ 136,904,613		\$ 136,904,613
Reserve as a Percent of Expenses			18%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ 21,000,000	State	6.0%	13.5%
		Prescription Drug Rebates		15.0%
		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	\$ 128,950,162	\$ 401,651,035	\$ 530,601,197
Employer Premiums - MCO	5,832,954	43,722,312	49,555,266
Employee Premiums - PPB	-	118,073,631	118,073,631
Employee Premiums - MCO	-	13,222,745	13,222,745
WV RHBT Pay Go Premiums	22,425,985	87,574,015	110,000,000
Life Insurance	532,995	2,482,939	3,015,934
Direct Transfers	-	21,000,000	21,000,000
Investment Income	2,075,009	8,143,159	10,218,168
Litigation Settlement	-	-	-
COBRA Premiums	413,725	1,743,659	2,157,384
Administrative Fees	742,122	4,111,878	4,854,000
Total Revenue	\$ 160,972,952	\$ 701,725,373	\$ 862,698,325
<u>Program Expenses</u>			
Medical Claims	\$ 108,067,011	\$ 416,347,002	\$ 524,414,013
Gross Prescription Drug Claims	66,432,454	280,203,806	346,636,260
Prescription Drug Rebates	(24,926,601)	(105,122,878)	(130,049,479)
Managed Care Capitations	5,413,998	55,095,765	60,509,763
Administration	4,615,023	21,498,939	26,113,962
Life Insurance	488,343	2,274,929	2,763,272
Wellness	418,532	1,664,944	2,083,476
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	77,619	330,338	407,957
Director's Discretionary Fund	364,393	1,440,850	1,805,243
WV RHBT Pay Go Premiums	22,425,985	87,574,015	110,000,000
Total Expenses	\$ 183,376,757	\$ 761,307,710	\$ 944,684,466
Fiscal Year Results	\$ (22,403,805)	\$ (59,582,337)	\$ (81,986,141)
Beginning Plan Reserve	35,013,210	136,904,613	171,917,823
Minimum Actuarial Reserve Required	\$ 27,900,991	\$ 114,055,281	\$ 141,956,272
<u>Ending Premium Stabilization Reserve</u>	<u>(15,291,586)</u>	<u>(36,733,004)</u>	<u>(52,024,590)</u>
Ending Plan Reserve	\$ 12,609,405	\$ 77,322,276	\$ 89,931,681
Reserve as a Percent of Expenses			16%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 41,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 10,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 10,300,000	Active Local	7.0%	14.0%
Direct Transfers	\$ 21,000,000	State	7.0%	14.0%
		Prescription Drug Rebates		15.0%
		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	\$ 119,392,311	\$ 9,557,851	\$ 128,950,162
Employer Premiums - MCO	5,390,805	442,149	5,832,954
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	22,425,985		22,425,985
Life Insurance	532,995		532,995
Direct Transfers	-		-
Investment Income	2,075,009		2,075,009
Litigation Settlement	-		-
COBRA Premiums	413,725		413,725
Administrative Fees	742,122		742,122
Total Revenue	\$ 150,972,952	\$ 10,000,000	\$ 160,972,952
<u>Program Expenses</u>			
Medical Claims	\$ 108,067,010		\$ 108,067,010
Gross Prescription Drug Claims	66,432,454		66,432,454
Prescription Drug Rebates	(24,926,601)		(24,926,601)
Managed Care Capitations	5,413,998		5,413,998
Administration	4,615,023		4,615,023
Life Insurance	488,343		488,343
Wellness	418,532		418,532
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	77,619		77,619
Director's Discretionary Fund	364,393		364,393
WV RHBT Pay Go Premiums	22,425,985		22,425,985
Total Expenses	\$ 183,376,756	\$ -	\$ 183,376,756
Fiscal Year Results	\$ (32,403,804)		\$ (22,403,804)
Beginning Plan Reserve	35,013,210		35,013,210
Minimum Actuarial Reserve Required	\$ 27,900,991	\$ -	\$ 27,900,991
<u>Ending Premium Stabilization Reserve</u>	<u>(25,291,585)</u>	<u>-</u>	<u>(15,291,585)</u>
Ending Plan Reserve	\$ 2,609,406		\$ 12,609,406
Reserve as a Percent of Expenses			6%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 10,000,000	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		<u>Gross Drugs</u>	
		Local	7.0%
			14.0%
		Prescription Drug Rebates	15.0%
		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	\$ 364,677,094	\$ 36,973,941	\$ 401,651,035
Employer Premiums - MCO	39,696,253	4,026,059	43,722,312
Employee Premiums - PPB	108,810,935	9,262,696	118,073,631
Employee Premiums - MCO	12,185,441	1,037,304	13,222,745
WV RHBT Pay Go Premiums	87,574,015		87,574,015
Life Insurance	2,482,939		2,482,939
Direct Transfers	21,000,000		21,000,000
Investment Income	8,143,159		8,143,159
Litigation Settlement	-		-
COBRA Premiums	1,743,659		1,743,659
Administrative Fees	4,111,878		4,111,878
Total Revenue	\$ 650,425,373	\$ 51,300,000	\$ 701,725,373
<u>Program Expenses</u>			
Medical Claims	\$ 416,347,002		\$ 416,347,002
Gross Prescription Drug Claims	280,203,806		280,203,806
Prescription Drug Rebates	(105,122,878)		(105,122,878)
Managed Care Capitations	55,095,765		55,095,765
Administration	21,498,939		21,498,939
Life Insurance	2,274,929		2,274,929
Wellness	1,664,944		1,664,944
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	330,338		330,338
Director's Discretionary Fund	1,440,850		1,440,850
WV RHBT Pay Go Premiums	87,574,015		87,574,015
Total Expenses	\$ 761,307,709	\$ -	\$ 761,307,709
Fiscal Year Results	\$ (110,882,336)		\$ (59,582,336)
Beginning Plan Reserve	136,904,613		136,904,613
Minimum Actuarial Reserve Required	\$ 114,055,281	\$ -	\$ 114,055,281
<u>Ending Premium Stabilization Reserve</u>	<u>(88,033,004)</u>	<u>-</u>	<u>(36,733,004)</u>
Ending Plan Reserve	\$ 26,022,277		\$ 77,322,277
Reserve as a Percent of Expenses			10%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 41,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 10,300,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ 21,000,000	State	7.0%	14.0%
		Prescription Drug Rebates		15.0%
		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	\$ 154,252,951	\$ 467,518,684	\$ 621,771,636
Employer Premiums - MCO	6,991,439	50,893,388	57,884,827
Employee Premiums - PPB	-	136,329,236	136,329,236
Employee Premiums - MCO	-	15,267,140	15,267,140
WV RHBT Pay Go Premiums	24,464,711	95,535,289	120,000,000
Life Insurance	559,644	2,607,086	3,166,730
Direct Transfers	-	21,000,000	21,000,000
Investment Income	1,252,386	6,053,897	7,306,283
Litigation Settlement	-	-	-
COBRA Premiums	494,949	2,025,884	2,520,833
Administrative Fees	742,122	4,111,878	4,854,000
Total Revenue	\$ 188,758,202	\$ 801,342,483	\$ 990,100,685
<u>Program Expenses</u>			
Medical Claims	\$ 115,926,324	\$ 446,625,034	\$ 562,551,358
Gross Prescription Drug Claims	75,916,406	320,205,071	396,121,477
Prescription Drug Rebates	(28,665,591)	(120,891,310)	(149,556,901)
Managed Care Capitations	5,738,838	58,401,511	64,140,349
Administration	4,753,474	22,143,907	26,897,381
Life Insurance	512,760	2,388,676	2,901,436
Wellness	447,834	1,780,092	2,227,926
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	77,619	330,338	407,957
Director's Discretionary Fund	363,746	1,439,893	1,803,639
WV RHBT Pay Go Premiums	24,464,711	95,535,289	120,000,000
Total Expenses	\$ 199,536,120	\$ 827,958,502	\$ 1,027,494,622
Fiscal Year Results	\$ (10,777,918)	\$ (26,616,019)	\$ (37,393,937)
Beginning Plan Reserve	12,609,405	77,322,276	89,931,681
Minimum Actuarial Reserve Required	\$ 30,418,853	\$ 124,353,498	\$ 154,772,351
<u>Ending Premium Stabilization Reserve</u>	<u>(28,587,366)</u>	<u>(73,647,241)</u>	<u>(102,234,606)</u>
Ending Plan Reserve	\$ 1,831,487	\$ 50,706,257	\$ 52,537,744
Reserve as a Percent of Expenses			11%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 81,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 28,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 20,300,000	Active Local	7.5%	14.5%
Direct Transfers	\$ 21,000,000	State	7.5%	14.5%
		Prescription Drug Rebates		15.0%
		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	\$ 127,013,075	\$ 27,239,876	\$ 154,252,951
Employer Premiums - MCO	5,731,315	1,260,124	6,991,439
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	24,464,711		24,464,711
Life Insurance	559,644		559,644
Direct Transfers	-		-
Investment Income	1,252,386		1,252,386
Litigation Settlement	-		-
COBRA Premiums	494,949		494,949
Administrative Fees	742,122		742,122
Total Revenue	\$ 160,258,202	\$ 28,500,000	\$ 188,758,202
<u>Program Expenses</u>			
Medical Claims	\$ 115,926,324		\$ 115,926,324
Gross Prescription Drug Claims	75,916,406		75,916,406
Prescription Drug Rebates	(28,665,591)		(28,665,591)
Managed Care Capitations	5,738,838		5,738,838
Administration	4,753,474		4,753,474
Life Insurance	512,760		512,760
Wellness	447,834		447,834
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	77,619		77,619
Director's Discretionary Fund	363,746		363,746
WV RHBT Pay Go Premiums	24,464,711		24,464,711
Total Expenses	\$ 199,536,120	\$ -	\$ 199,536,120
Fiscal Year Results	\$ (39,277,918)		\$ (10,777,918)
Beginning Plan Reserve	12,609,405		12,609,405
Minimum Actuarial Reserve Required	\$ 30,418,853	\$ -	\$ 30,418,853
<u>Ending Premium Stabilization Reserve</u>	<u>(57,087,366)</u>	<u>-</u>	<u>(28,587,366)</u>
Ending Plan Reserve	\$ (26,668,513)		\$ 1,831,487
Reserve as a Percent of Expenses			1%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 28,500,000	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		Local	7.5%
			<u>Gross Drugs</u>
			15.0%
			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	\$ 394,472,606	\$ 73,046,078	\$ 467,518,684
Employer Premiums - MCO	42,939,466	7,953,922	50,893,388
Employee Premiums - PPB	118,073,631	18,255,605	136,329,236
Employee Premiums - MCO	13,222,745	2,044,395	15,267,140
WV RHBT Pay Go Premiums	95,535,289		95,535,289
Life Insurance	2,607,086		2,607,086
Direct Transfers	21,000,000		21,000,000
Investment Income	6,053,897		6,053,897
Litigation Settlement	-		-
COBRA Premiums	2,025,884		2,025,884
Administrative Fees	4,111,878		4,111,878
Total Revenue	\$ 700,042,483	\$ 101,300,000	\$ 801,342,483
<u>Program Expenses</u>			
Medical Claims	\$ 446,625,034		\$ 446,625,034
Gross Prescription Drug Claims	320,205,071		320,205,071
Prescription Drug Rebates	(120,891,310)		(120,891,310)
Managed Care Capitations	58,401,511		58,401,511
Administration	22,143,907		22,143,907
Life Insurance	2,388,676		2,388,676
Wellness	1,780,092		1,780,092
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	330,338		330,338
Director's Discretionary Fund	1,439,893		1,439,893
WV RHBT Pay Go Premiums	95,535,289		95,535,289
Total Expenses	\$ 827,958,502	\$ -	\$ 827,958,502
Fiscal Year Results	\$ (127,916,019)		\$ (26,616,019)
Beginning Plan Reserve	77,322,276		77,322,276
Minimum Actuarial Reserve Required	\$ 124,353,498	\$ -	\$ 124,353,498
<u>Ending Premium Stabilization Reserve</u>	<u>(174,947,240)</u>	<u>-</u>	<u>(73,647,240)</u>
Ending Plan Reserve	\$ (50,593,743)		\$ 50,706,257
Reserve as a Percent of Expenses			6%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 81,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 20,300,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ 21,000,000	State	7.5%	14.5%
		Prescription Drug Rebates		15.0%
		Capitations		6.0%
		Administrative Expense		3.0%

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 168,564,211	\$ 507,684,934	\$ 676,249,146
Employer Premiums - MCO	7,641,453	55,265,864	62,907,317
Employee Premiums - PPB	-	148,109,946	148,109,946
Employee Premiums - MCO	-	16,586,430	16,586,430
WV RHBT Pay Go Premiums	26,503,436	103,496,564	130,000,000
Life Insurance	587,627	2,737,441	3,325,068
Direct Transfers	-	21,000,000	21,000,000
Investment Income	902,765	5,315,751	6,218,516
Litigation Settlement	-	-	-
COBRA Premiums	540,874	2,200,165	2,741,039
Administrative Fees	742,122	4,111,878	4,854,000
Total Revenue	\$ 205,482,489	\$ 866,508,973	\$ 1,071,991,462
<u>Program Expenses</u>			
Medical Claims	\$ 124,937,071	\$ 481,338,964	\$ 606,276,035
Gross Prescription Drug Claims	87,134,015	367,518,434	454,652,449
Prescription Drug Rebates	(32,965,430)	(139,025,006)	(171,990,437)
Managed Care Capitations	6,083,169	61,905,601	67,988,770
Administration	4,896,078	22,808,224	27,704,302
Life Insurance	538,398	2,508,109	3,046,507
Wellness	481,435	1,912,127	2,393,562
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	77,619	330,338	407,957
Director's Discretionary Fund	363,069	1,438,916	1,801,985
WV RHBT Pay Go Premiums	26,503,436	103,496,564	130,000,000
Total Expenses	\$ 218,048,860	\$ 904,232,270	\$ 1,122,281,130
Fiscal Year Results	\$ (12,566,371)	\$ (37,723,297)	\$ (50,289,668)
Beginning Plan Reserve	1,831,487	50,706,257	52,537,744
Minimum Actuarial Reserve Required	\$ 33,324,391	\$ 136,231,583	\$ 169,555,974
<u>Ending Premium Stabilization Reserve</u>	<u>(44,059,275)</u>	<u>(123,248,622)</u>	<u>(167,307,897)</u>
Ending Plan Reserve	\$ (10,734,884)	\$ 12,982,960	\$ 2,248,076
Reserve as a Percent of Expenses			6%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 52,500,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 17,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 13,100,000	Active Local	8.0%	15.0%
Direct Transfers	\$ 21,000,000	State	8.0%	15.0%
		Prescription Drug Rebates		15.0%
		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	\$ 152,315,864	\$ 16,248,347	\$ 168,564,211
Employer Premiums - MCO	6,889,800	751,653	7,641,453
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	26,503,436		26,503,436
Life Insurance	587,627		587,627
Direct Transfers	-		-
Investment Income	902,765		902,765
Litigation Settlement	-		-
COBRA Premiums	540,874		540,874
Administrative Fees	742,122		742,122
Total Revenue	\$ 188,482,489	\$ 17,000,000	\$ 205,482,489
<u>Program Expenses</u>			
Medical Claims	\$ 124,937,072		\$ 124,937,072
Gross Prescription Drug Claims	87,134,015		87,134,015
Prescription Drug Rebates	(32,965,430)		(32,965,430)
Managed Care Capitations	6,083,169		6,083,169
Administration	4,896,078		4,896,078
Life Insurance	538,398		538,398
Wellness	481,435		481,435
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	77,619		77,619
Director's Discretionary Fund	363,069		363,069
WV RHBT Pay Go Premiums	26,503,436		26,503,436
Total Expenses	\$ 218,048,860	\$ -	\$ 218,048,860
Fiscal Year Results	\$ (29,566,371)		\$ (12,566,371)
Beginning Plan Reserve	1,831,487		1,831,487
Minimum Actuarial Reserve Required	\$ 33,324,391	\$ -	\$ 33,324,391
<u>Ending Premium Stabilization Reserve</u>	<u>(61,059,275)</u>	<u>-</u>	<u>(44,059,275)</u>
Ending Plan Reserve	\$ (27,734,884)		\$ (10,734,884)
Reserve as a Percent of Expenses			-5%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 17,000,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	8.0%	15.0%
		Prescription Drug Rebates		15.0%
		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	\$ 460,340,254	\$ 47,344,680	\$ 507,684,934
Employer Premiums - MCO	50,110,544	5,155,320	55,265,864
Employee Premiums - PPB	136,329,236	11,780,710	148,109,946
Employee Premiums - MCO	15,267,140	1,319,290	16,586,430
WV RHBT Pay Go Premiums	103,496,564		103,496,564
Life Insurance	2,737,441		2,737,441
Direct Transfers	21,000,000		21,000,000
Investment Income	5,315,751		5,315,751
Litigation Settlement	-		-
COBRA Premiums	2,200,165		2,200,165
Administrative Fees	4,111,878		4,111,878
Total Revenue	\$ 800,908,973	\$ 65,600,000	\$ 866,508,973
<u>Program Expenses</u>			
Medical Claims	\$ 481,338,963		\$ 481,338,963
Gross Prescription Drug Claims	367,518,434		367,518,434
Prescription Drug Rebates	(139,025,006)		(139,025,006)
Managed Care Capitations	61,905,601		61,905,601
Administration	22,808,224		22,808,224
Life Insurance	2,508,109		2,508,109
Wellness	1,912,127		1,912,127
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	330,338		330,338
Director's Discretionary Fund	1,438,916		1,438,916
WV RHBT Pay Go Premiums	103,496,564		103,496,564
Total Expenses	\$ 904,232,270	\$ -	\$ 904,232,270
Fiscal Year Results	\$ (103,323,297)		\$ (37,723,297)
Beginning Plan Reserve	50,706,257		50,706,257
Minimum Actuarial Reserve Required	\$ 136,231,583	\$ -	\$ 136,231,583
<u>Ending Premium Stabilization Reserve</u>	<u>(188,848,622)</u>	<u>-</u>	<u>(123,248,622)</u>
Ending Plan Reserve	\$ (52,617,040)		\$ 12,982,960
Reserve as a Percent of Expenses			1%

KEY ASSUMPTIONS

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

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

Fiscal Year 2020												
Exposure	<u>Jul-19</u>	<u>Aug-19</u>	<u>Sep-19</u>	<u>Oct-19</u>	<u>Nov-19</u>	<u>Dec-19</u>	<u>Jan-20</u>	<u>Feb-20</u>	<u>Mar-20</u>	<u>Apr-20</u>	<u>May-20</u>	<u>Jun-20</u>
Local Medical	25,896	26,417	26,500	26,626	26,640	26,612	26,689	26,637	26,717	26,632	26,565	26,500
State Medical	117,370	117,050	117,339	117,648	117,764	117,881	117,935	117,674	117,949	118,226	118,346	118,357
Local Drugs	25,896	26,417	26,500	26,626	26,640	26,612	26,689	26,637	26,717	26,632	26,565	26,500
State Drugs	117,370	117,050	117,339	117,648	117,764	117,881	117,935	117,674	117,949	118,226	118,346	118,357
	<u>Jul-19</u>	<u>Aug-19</u>	<u>Sep-19</u>	<u>Oct-19</u>	<u>Nov-19</u>	<u>Dec-19</u>	<u>Jan-20</u>	<u>Feb-20</u>	<u>Mar-20</u>	<u>Apr-20</u>	<u>May-20</u>	<u>Jun-20</u>
Local Medical	\$201.81	\$186.61	\$198.49	\$235.98	\$187.73	\$206.54	\$241.70	\$224.97	\$210.98	\$127.58	\$200.60	\$256.30
State Medical	228.16	222.00	212.28	250.27	248.80	266.06	251.38	234.61	208.77	157.72	199.87	274.22
Local Drugs	105.68	113.69	109.96	125.02	109.20	122.33	131.49	124.95	150.27	132.49	122.02	143.76
State Drugs	<u>113.52</u>	<u>119.62</u>	<u>122.76</u>	<u>132.06</u>	<u>123.96</u>	<u>134.77</u>	<u>147.08</u>	<u>138.09</u>	<u>165.01</u>	<u>145.10</u>	<u>140.93</u>	<u>162.17</u>
Total	\$649.18	\$641.91	\$643.50	\$743.34	\$669.69	\$729.70	\$771.65	\$722.62	\$735.03	\$562.88	\$663.42	\$836.45
Change From Prior Year - Month to Month Analysis												
Local Medical	31.8%	2.5%	0.6%	8.3%	-19.0%	3.9%	-9.1%	1.4%	-11.8%	-52.3%	-14.8%	3.9%
State Medical	10.2%	11.6%	17.0%	2.3%	15.5%	25.3%	-2.4%	2.5%	-15.9%	-34.9%	-21.4%	8.5%
Local Drugs	8.5%	8.2%	19.0%	11.0%	6.2%	21.1%	3.2%	13.4%	15.8%	4.0%	-9.3%	17.0%
State Drugs	<u>10.9%</u>	<u>11.0%</u>	<u>22.6%</u>	<u>10.3%</u>	<u>15.9%</u>	<u>24.8%</u>	<u>11.5%</u>	<u>18.2%</u>	<u>27.7%</u>	<u>2.8%</u>	<u>5.0%</u>	<u>20.6%</u>
Total	15.9%	8.1%	12.6%	6.9%	1.9%	17.7%	-1.4%	6.6%	-1.5%	-27.7%	-12.6%	10.5%
Change From Prior Year - Quarter to Quarter Analysis												
Local Medical			10.2%			-2.8%			-6.8%			-22.0%
State Medical			12.8%			13.8%			-5.4%			-15.7%
Local Drugs			11.7%			12.6%			10.7%			3.5%
State Drugs			<u>14.7%</u>			<u>16.8%</u>			<u>19.1%</u>			<u>9.3%</u>
Total			12.1%			8.7%			1.0%			-10.1%
Change From Prior Year - Year to Year Analysis												
Local Medical			9.2%			6.3%			0.6%			-6.7%
State Medical			9.1%			9.6%			4.8%			0.4%
Local Drugs			17.0%			18.3%			13.8%			9.3%
State Drugs			<u>18.9%</u>			<u>19.7%</u>			<u>18.3%</u>			<u>14.8%</u>
Total			12.0%			11.6%			7.2%			2.1%

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

Fiscal Year 2021											
Exposure	<u>Jul-20</u>	<u>Aug-20</u>	<u>Sep-20</u>	<u>Oct-20</u>	<u>Nov-20</u>	<u>Dec-20</u>	<u>Jan-21</u>	<u>Feb-21</u>	<u>Mar-21</u>	<u>Apr-21</u>	<u>May-21</u>
Local Medical	29,745	29,911	29,999	30,130	30,190	30,335	30,242	30,223	30,130	29,996	30,263
State Medical	118,255	117,683	117,992	118,125	118,156	118,125	117,827	117,637	117,598	117,532	117,434
Local Drugs	29,745	29,911	29,999	30,130	30,190	30,335	30,242	30,223	30,130	29,996	30,263
State Drugs	118,255	117,683	117,992	118,125	118,156	118,125	117,827	117,637	117,598	117,532	117,434
	<u>Jul-20</u>	<u>Aug-20</u>	<u>Sep-20</u>	<u>Oct-20</u>	<u>Nov-20</u>	<u>Dec-20</u>	<u>Jan-21</u>	<u>Feb-21</u>	<u>Mar-21</u>	<u>Apr-21</u>	<u>May-21</u>
Local Medical	\$197.94	\$239.05	\$229.02	\$279.19	\$263.88	\$240.14	\$252.30	\$258.90	\$329.37	\$321.37	\$278.93
State Medical	229.85	253.52	230.72	255.16	239.00	256.46	260.48	243.55	313.87	294.02	289.73
Local Drugs	115.89	117.96	128.23	134.12	134.19	158.85	140.77	137.71	167.84	165.80	149.67
State Drugs	<u>132.43</u>	<u>137.62</u>	<u>141.88</u>	<u>147.87</u>	<u>144.38</u>	<u>159.36</u>	<u>154.95</u>	<u>146.25</u>	<u>179.99</u>	<u>168.83</u>	<u>159.23</u>
Total	\$676.10	\$748.14	\$729.84	\$816.35	\$781.46	\$814.80	\$808.51	\$786.41	\$991.07	\$950.02	\$877.56
Change From Prior Year - Month to Month Analysis											
Local Medical	-1.9%	28.1%	15.4%	18.3%	40.6%	16.3%	4.4%	15.1%	56.1%	151.9%	39.0%
State Medical	0.7%	14.2%	8.7%	2.0%	-3.9%	-3.6%	3.6%	3.8%	50.3%	86.4%	45.0%
Local Drugs	9.7%	3.8%	16.6%	7.3%	22.9%	29.9%	7.1%	10.2%	11.7%	25.1%	22.7%
State Drugs	<u>16.7%</u>	<u>15.0%</u>	<u>15.6%</u>	<u>12.0%</u>	<u>16.5%</u>	<u>18.2%</u>	<u>5.4%</u>	<u>5.9%</u>	<u>9.1%</u>	<u>16.4%</u>	<u>13.0%</u>
Total	4.1%	16.5%	13.4%	9.8%	16.7%	11.7%	4.8%	8.8%	34.8%	68.8%	32.3%
Change From Prior Year - Quarter to Quarter Analysis											
Local Medical			13.5%			24.3%			24.0%		
State Medical			7.8%			-1.9%			17.7%		
Local Drugs			9.9%			19.8%			9.7%		
State Drugs			<u>15.7%</u>			<u>15.6%</u>			<u>6.9%</u>		
Total			11.3%			12.6%			16.0%		
Change From Prior Year - Year to Year Analysis											
Local Medical			-5.7%			0.6%			8.7%		
State Medical			-0.5%			-4.1%			1.5%		
Local Drugs			9.0%			10.9%			10.6%		
State Drugs			<u>15.1%</u>			<u>14.8%</u>			<u>11.6%</u>		
Total			2.2%			3.3%			7.2%		