

STATE OF WEST VIRGINIA



PUBLIC EMPLOYEES INSURANCE AGENCY

**Quarterly Report
March 31, 2022**

Fiscal Years 2022-2026

Report Date: July 2022

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 2021 for the fiscal year 2023 (“FY 2023”) and to provide quarterly financial reports for current FY 2022 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 2022 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 2026.

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 2022 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, 2022 (“FY 2022”), June 30, 2023 (“FY 2023”), June 30, 2024 (“FY 2024”), June 30, 2025 (“FY 2025”) and June 30, 2026 (“FY 2026”). Our opinion of plan adequacy is based on the projections through FY 2026 using updated future revenue and plan modifications provided by the Board in the financial plan adopted in December 2021. 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 2022 the Pay-Go is equivalent to \$145 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 2021.

This report includes updated claim trend assumptions as recommended in the report titled, “PEIA FY2021 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 2022 through FY 2026 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 2022 based on the scheduled revenue increases of the financial plan approved and amended by the Board in December 2021.

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 2026 as approved by the Board.

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

Respectfully,



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

Managing Partner



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

Principal

West Virginia Public Employees Insurance Agency

Report of Independent Actuary

Financial Plan for FY 2022 – FY 2026

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 2022 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 2022 enrollment levels for the duration of these forecasts for active employees.

In aggregate, June 2022 enrollment for active employees has decreased by 604 coverages since the end of FY 2021. Aggregate PPB enrollment has decreased by 569 in total over the same period, while managed care enrollment experienced a decrease of 35 coverages.

In the State Fund, the overall active State enrollment decreased by 799 coverages from the end of FY 2021 to June 2022. And in the Local Fund, the overall active Local enrollment increased by 195 coverages from the end of FY 2021 to June 2022.

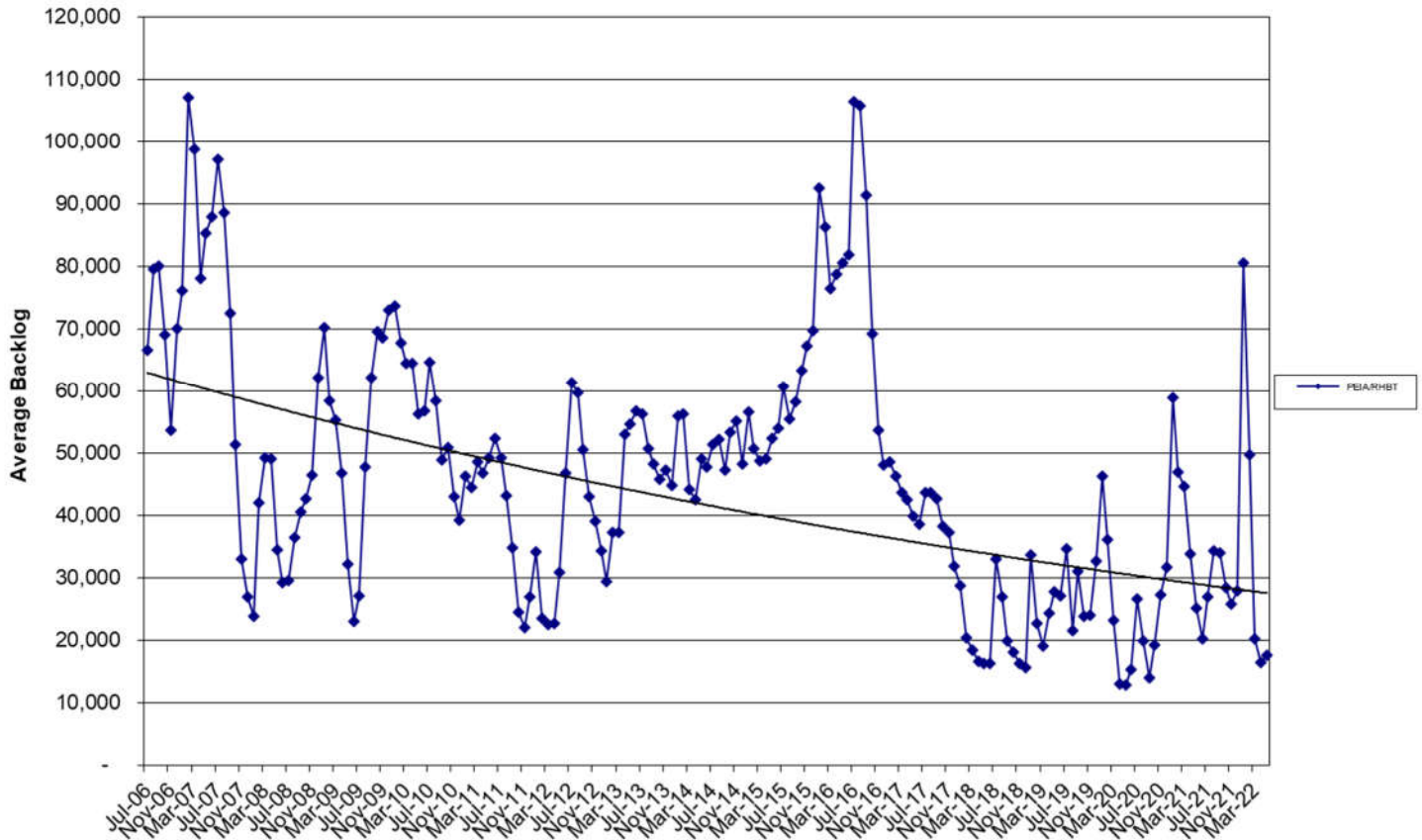
The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2020, June 2021, and June 2022 for purposes of comparison:

PEIA Fund	Coverage	Preferred Provider Benefit			Managed Care		
		Jun-20	Jun-21	Jun-22	Jun-20	Jun-21	Jun-22
State Active	Single	21,654	21,489	21,269	2,428	2,465	2,435
	Children	6,036	5,918	5,821	660	683	685
	Family	27,002	26,905	26,484	2,773	2,775	2,742
	Total	54,692	54,312	53,574	5,861	5,923	5,862
Local Active	Single	6,052	6,771	6,913	421	452	471
	Children	1,084	1,304	1,355	99	104	105
	Family	5,720	6,581	6,557	194	213	219
	Total	12,856	14,656	14,825	714	769	795
Plan Total		67,548	68,968	68,399	6,575	6,692	6,657
Grand Total					74,123	75,660	75,056

B. Changes in Claim Backlog

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

WV PEIA&RHBT Claim Backlog July 2006 through May 2022



C. Trend Analysis

PEIA experienced a low medical trend and a high prescription drugs trend in FY 2021, 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 FY2021 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 2022 medical claim trend is 6.0%, the gross prescription drugs claim trend is 13.5% and the prescription drugs rebate trend is 15.0%.

The current trend projection is shown in the following table:

Claim Type	Previous Assumption FY 2022 Trend	Updated Assumption FY 2022 Trend
Active Local – Medical	6.0%	6.0%
State – Medical	6.0%	6.0%
Active Local – Gross Drugs	13.5%	13.5%
State – Gross Drugs	13.5%	13.5%
Prescription Drugs Rebate	15.0%	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 2023 and in each successive fiscal year. Medical trends are assumed to increase 1.0% in FY 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 2022. It is important to note that these trends *have not* been adjusted to reflect savings as a result of the expansion of the drug rebate program or the claim savings due to changes in provider reimbursement methodologies, nor the changes in the benefit structure. In developing the claim cost projection, we have reflected for benefit and reimbursement changes as an adjustment to the gross trend assumption.

PEIA Historical Trends (Active Local and State)

Fiscal Year	Active Local Medical	State Medical	Active Local Drugs	State Drugs	Total
2004	-1%	12%	9%	7%	9%
2005	16%	7%	7%	20%	11%
2006	1%	2%	18%	7%	3%
2007	15%	2%	13%	8%	5%
2008	3%	8%	-5%	-1%	4%
2009	-8%	3%	5%	4%	2%
2010	10%	1%	9%	9%	4%
2011	11%	8%	16%	15%	8%
2012	5%	5%	8%	6%	5%
2013	-3%	-3%	2%	6%	-3%
2014	8%	6%	9%	7%	7%
2015	6%	10%	14%	10%	10%
2016	9%	11%	12%	13%	12%
2017	6%	1%	11%	9%	4%
2018	0%	4%	16%	15%	7%
2019	8%	8%	15%	16%	10%
2020	-7%	1%	10%	15%	4%
2021	30%	16%	16%	13%	16%
2022*	7%	13%	19%	17%	14%

* Fiscal Year 2022 results are through the first eleven months ending May 2022.

D. Enrollment, Claim, Expense and Revenue Assumptions

Using PEIA paid claim data through May 2022 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 2022 claims and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

Fiscal Year 2022 Projection			Net Revenue Excluding Pay Go		Expenses		
Fund	Program	Policies	Monthly Employer Premiums	Monthly Employee Premiums	Monthly Medical Costs	Monthly Drugs Costs*	Monthly Capitation Costs
State	PPB	53,810	\$599	\$168	\$648	\$252	
	Managed Care	5,875	\$604	\$175			\$706
	Total	59,685					
Local	PPB	14,783	\$703	\$0	\$577	\$229	
	Managed Care	787	\$645	\$0			\$518
	Total	15,570					

*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 2021

Source	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
Additional State Employer Revenue	\$0	\$0	\$45,000,000	\$83,000,000	\$73,500,000
Additional Local Agency Revenue	\$0	\$7,500,000	\$18,500,000	\$20,500,000	\$21,500,000
Additional Employee Premium	\$0	\$0	\$11,300,000	\$20,800,000	\$18,400,000
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	\$31,000,000	\$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	\$75,000,000	\$60,000,000	\$20,000,000	\$30,000,000	\$40,000,000

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 2022, the ACA PCORI fee is approximately \$2.79 per person per year.

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

Under the new PBM contract terms effective on July 1, 2022, an estimated gross drug savings of \$20,000,000 has been allocated between PEIA and RHBT drugs claims in FY 2023. Under this contract, an estimated \$20,000,000 of drug rebates have been added to the plan in 2023 as well.

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 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 \$775,089,124 and incurred plan expenses of \$882,687,308 to produce a fiscal year deficit of (\$107,598,184). The PEIA local and state agencies Pay Go premiums for FY 2022 are assumed to be \$75,000,000.

Under the Baseline Scenario, FY 2022 is projected to end with a Total Fund reserve (State and Local Reserves) of \$137,940,446 and projected plan expenditures of \$807,687,308. This represents 17% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$117,007,287. This required 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 Total Fund reserve is expected to increase to \$142,081,579 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to \$133,831,273.

The State Fund in FY 2022 is projected to end with a reserve of \$108,014,767, which represents 17% of projected expenditures. The projected State Fund reserve meets the minimum actuarial required reserve of \$94,512,981.

The Local Fund in FY 2022 is projected to end with a reserve of \$29,925,679, which represents 20% of projected expenditures. The projected Local Fund reserve meets the minimum actuarial required reserve of \$22,494,306.

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 \$834,200,046 and incurred plan expenses of \$892,764,563 to produce a fiscal year deficit of (\$58,564,517). The PEIA local and state agencies Pay Go premiums for FY 2023 are assumed to be \$60,000,000.

Under the Baseline Scenario, FY 2023 is projected to end with a Total Fund reserve (State and Local Reserves) of \$79,375,928 and projected plan expenditures of \$832,764,563. This represents 10% of projected expenditures based on the current reserve methodology. The projected reserve does not meet the minimum actuarial required reserve of \$120,717,147. This required 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 Total Fund reserve is expected to increase to \$104,472,039 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to \$54,184,712.

The State Fund in FY 2023 is projected to end with a reserve of \$62,753,582, which represents 9% of projected expenditures. The projected State Fund reserve does not meet the minimum actuarial required reserve of \$97,500,621.

The Local Fund in FY 2023 is projected to end with a reserve of \$16,622,346, which represents 11% of projected expenditures. The projected Local Fund reserve does not meet the minimum actuarial required reserve of \$23,216,526.

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 \$876,533,500 and incurred plan expenses of \$923,633,658 to produce a fiscal year deficit of (\$47,100,158). The PEIA local and state agencies Pay Go premiums for FY 2024 are assumed to be \$20,000,000.

Under the Baseline Scenario, FY 2024 is projected to end with a Total Fund reserve (State and Local Reserves) of \$32,275,770 and projected plan expenditures of \$903,633,658. This represents 4% of projected expenditures based on the current reserve methodology. The projected reserve does not meet the minimum actuarial required reserve of \$131,138,725. This required 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 Total Fund reserve is expected to increase to \$98,718,308 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to (\$35,240,299).

The State Fund in FY 2024 is projected to end with a reserve of \$16,139,931, which represents 2% of projected expenditures. The projected State Fund reserve does not meet the minimum actuarial required reserve of \$105,896,449.

The Local Fund in FY 2024 is projected to end with a reserve of \$16,135,840, which represents 9% of projected expenditures. The projected Local Fund reserve does not meet the minimum actuarial required reserve of \$25,242,276.

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 \$999,877,441 and incurred plan expenses of \$1,016,193,173 to produce a fiscal year deficit of (\$16,315,732). The PEIA local and state agencies Pay Go premiums for FY 2025 are assumed to be \$30,000,000.

Under the Baseline Scenario, FY 2025 is projected to end with a Total Fund reserve (State and Local Reserves) of \$15,960,038 and projected plan expenditures of \$986,193,173. This represents 2% of projected expenditures based on the current reserve methodology. The projected reserve does not meet the minimum actuarial required reserve of \$143,302,566. This required 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 Total Fund reserve is expected to increase to \$148,515,127 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to (\$120,419,113).

The State Fund in FY 2025 is projected to end with a reserve of (\$2,304,895), which represents -0.3% of projected expenditures. The projected State Fund reserve does not meet the minimum actuarial required reserve of \$115,691,440.

The Local Fund in FY 2025 is projected to end with a reserve of \$18,264,933, which represents 10% of projected expenditures. The projected Local Fund reserve does not meet the minimum actuarial required reserve of \$27,611,125.

FISCAL YEAR 2026 FORECAST

The financial forecast for FY 2026 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2026 projects accrued revenue of \$1,113,581,367 and incurred plan expenses of \$1,122,694,636 to produce a fiscal year deficit of (\$9,113,269). The PEIA local and state agencies Pay Go premiums for FY 2026 are assumed to be \$40,000,000.

Under the Baseline Scenario, FY 2026 is projected to end with a Total Fund reserve (State and Local Reserves) of \$6,846,769 and projected plan expenditures of \$1,082,694,636. This represents 1% of projected expenditures based on the current reserve methodology. The projected reserve does not meet the minimum actuarial required reserve of \$157,545,758. This required 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 Total Fund reserve is expected to increase to \$235,686,121 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to (\$231,564,044).

The State Fund in FY 2026 is projected to end with a reserve of (\$14,541,088), which represents -2% of projected expenditures. The projected State Fund reserve does not meet the minimum actuarial required reserve of \$127,155,866.

The Local Fund in FY 2026 is projected to end with a reserve of \$21,387,858, which represents 10% of projected expenditures. The projected Local Fund reserve does not meet the minimum actuarial required reserve of \$30,389,892.

LITIGATION

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

SUMMARY

With projected changes to the plan as adopted by the PEIA Finance Board, we are forecasting that the plan will not meet the minimum 10% reserve target set by West Virginia Statute through the projection period ending with the Fiscal Year 2026. The plan will meet the minimum actuarial required reserve target in 2022. However, in 2023 through 2026, we are currently projecting that the reserve will be under the minimum actuarial reserve using the baseline assumptions. These projections are based on significant revenue increases and state rainy day fund direct transfers as contained in the financial plan adopted by the Board in December 2021 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 2022**

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 124,773,749	\$ 386,825,524	\$ 511,599,273
Employer Premiums - MCO	6,092,310	42,586,716	48,679,026
Employee Premiums - PPB	-	108,355,564	108,355,564
Employee Premiums - MCO	-	12,313,552	12,313,552
WV RHBT Pay Go Premiums	15,517,491	59,482,509	75,000,000
Life Insurance	443,198	1,854,022	2,297,220
Direct Transfers	-	21,000,000	21,000,000
Investment Income	(2,324,437)	(8,658,473)	(10,982,910)
Litigation Settlement	-	-	-
COBRA Premiums	371,562	1,542,788	1,914,350
Administrative Fees	751,150	4,161,899	4,913,049
Total Revenue	\$ 145,625,023	\$ 629,464,101	\$ 775,089,124
<u>Program Expenses</u>			
Medical Claims	\$ 102,271,479	\$ 418,570,168	\$ 520,841,647
Gross Prescription Drug Claims	63,244,107	252,891,431	316,135,538
Prescription Drug Rebates	(22,538,058)	(90,121,942)	(112,660,000)
Managed Care Capitations	4,890,297	49,766,299	54,656,596
Administration	4,814,406	20,140,020	24,954,426
Life Insurance	407,816	1,706,011	2,113,827
Wellness	33,055	138,281	171,336
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	196,789	823,211	1,020,000
Director's Discretionary Fund	89,606	364,332	453,938
WV RHBT Pay Go Premiums	15,517,491	59,482,509	75,000,000
Total Expenses	\$ 168,926,988	\$ 713,760,320	\$ 882,687,308
Fiscal Year Results	\$ (23,301,965)	\$ (84,296,219)	\$ (107,598,184)
Beginning Plan Reserve	53,227,644	192,310,986	245,538,630
Minimum Actuarial Reserve Required	\$ 22,494,306	\$ 94,512,981	\$ 117,007,287
<u>Ending Premium Stabilization Reserve</u>	7,431,373	13,501,786	20,933,159
Ending Plan Reserve	\$ 29,925,679	\$ 108,014,766	\$ 137,940,446
Reserve as a Percent of Expenses			17%

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		0.0%
Direct Transfers	\$ 21,000,000	Capitations		1.3%
		Administrative Expense		9.9%

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	\$ 124,773,749	\$ -	\$ 124,773,749
Employer Premiums - MCO	6,092,310	-	6,092,310
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	15,517,491		15,517,491
Life Insurance	443,198		443,198
Direct Transfers	-		-
Investment Income	(2,324,437)		(2,324,437)
Litigation Settlement	-		-
COBRA Premiums	371,562		371,562
Administrative Fees	751,150		751,150
Total Revenue	\$ 145,625,023	\$ -	\$ 145,625,023
<u>Program Expenses</u>			
Medical Claims	\$ 102,271,479		\$ 102,271,479
Gross Prescription Drug Claims	63,244,107		63,244,107
Prescription Drug Rebates	(22,538,058)		(22,538,058)
Managed Care Capitations	4,890,297		4,890,297
Administration	4,814,406		4,814,406
Life Insurance	407,816		407,816
Wellness	33,055		33,055
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	196,789		196,789
Director's Discretionary Fund	89,606		89,606
WV RHBT Pay Go Premiums	15,517,491		15,517,491
Total Expenses	\$ 168,926,988	\$ -	\$ 168,926,988
Fiscal Year Results	\$ (23,301,965)		\$ (23,301,965)
Beginning Plan Reserve	53,227,644		53,227,644
Minimum Actuarial Reserve Required	\$ 22,494,306	\$ -	\$ 22,494,306
<u>Ending Premium Stabilization Reserve</u>	<u>7,431,373</u>	<u>-</u>	<u>7,431,373</u>
Ending Plan Reserve	\$ 29,925,679		\$ 29,925,679
Reserve as a Percent of Expenses			20%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ -	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		Local	6.0%
			<u>Gross Drugs</u>
			13.5%
		Prescription Drug Rebates	0.0%
		Capitations	1.3%
		Administrative Expense	9.9%

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	\$ 386,825,524	\$ -	\$ 386,825,524
Employer Premiums - MCO	42,586,716	-	42,586,716
Employee Premiums - PPB	108,355,564	-	108,355,564
Employee Premiums - MCO	12,313,552	-	12,313,552
WV RHBT Pay Go Premiums	59,482,509		59,482,509
Life Insurance	1,854,022		1,854,022
Direct Transfers	21,000,000		21,000,000
Investment Income	(8,658,473)		(8,658,473)
Litigation Settlement	-		-
COBRA Premiums	1,542,788		1,542,788
Administrative Fees	4,161,899		4,161,899
Total Revenue	\$ 629,464,101	\$ -	\$ 629,464,101
<u>Program Expenses</u>			
Medical Claims	\$ 418,570,168		\$ 418,570,168
Gross Prescription Drug Claims	252,891,431		252,891,431
Prescription Drug Rebates	(90,121,942)		(90,121,942)
Managed Care Capitations	49,766,299		49,766,299
Administration	20,140,020		20,140,020
Life Insurance	1,706,011		1,706,011
Wellness	138,281		138,281
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	823,211		823,211
Director's Discretionary Fund	364,332		364,332
WV RHBT Pay Go Premiums	59,482,509		59,482,509
Total Expenses	\$ 713,760,320	\$ -	\$ 713,760,320
Fiscal Year Results	\$ (84,296,219)		\$ (84,296,219)
Beginning Plan Reserve	192,310,986		192,310,986
Minimum Actuarial Reserve Required	\$ 94,512,981	\$ -	\$ 94,512,981
<u>Ending Premium Stabilization Reserve</u>	<u>13,501,786</u>	<u>-</u>	<u>13,501,786</u>
Ending Plan Reserve	\$ 108,014,767		\$ 108,014,767
Reserve as a Percent of Expenses			17%

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		0.0%
		Capitations		1.3%
		Administrative Expense		9.9%

**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	\$ 134,802,992	\$ 397,626,134	\$ 532,429,126
Employer Premiums - MCO	6,593,882	43,755,292	50,349,173
Employee Premiums - PPB	-	108,355,564	108,355,564
Employee Premiums - MCO	-	12,313,552	12,313,552
WV RHBT Pay Go Premiums	12,486,677	47,513,323	60,000,000
Life Insurance	465,358	1,946,723	2,412,081
Direct Transfers	-	52,000,000	52,000,000
Investment Income	1,972,863	7,476,819	9,449,682
Litigation Settlement	-	-	-
COBRA Premiums	401,461	1,576,358	1,977,819
Administrative Fees	751,150	4,161,899	4,913,049
Total Revenue	\$ 157,474,382	\$ 676,725,664	\$ 834,200,046
<u>Program Expenses</u>			
Medical Claims	\$ 108,966,313	\$ 445,965,580	\$ 554,931,893
Gross Prescription Drug Claims	68,417,548	273,576,797	341,994,345
Prescription Drug Rebates	(29,993,181)	(119,932,414)	(149,925,594)
Managed Care Capitations	4,890,297	49,766,299	54,656,596
Administration	4,958,838	20,744,221	25,703,059
Life Insurance	428,207	1,791,312	2,219,519
Wellness	68,755	287,623	356,378
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	196,506	818,697	1,015,203
Director's Discretionary Fund	357,755	1,455,409	1,813,164
WV RHBT Pay Go Premiums	12,486,677	47,513,323	60,000,000
Total Expenses	\$ 170,777,715	\$ 721,986,848	\$ 892,764,563
Fiscal Year Results	\$ (13,303,333)	\$ (45,261,184)	\$ (58,564,517)
Beginning Plan Reserve	29,925,679	108,014,766	137,940,446
Minimum Actuarial Reserve Required	\$ 23,216,526	\$ 97,500,621	\$ 120,717,147
<u>Ending Premium Stabilization Reserve</u>	<u>(6,594,180)</u>	<u>(34,747,038)</u>	<u>(41,341,218)</u>
Ending Plan Reserve	\$ 16,622,346	\$ 62,753,583	\$ 79,375,929
Reserve as a Percent of Expenses			10%

KEY ASSUMPTIONS

		Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employer Premiums	\$ -			
Additional Local Agency Revenue	\$ 7,500,000			
Additional State Employee Premiums	\$ -	Active Local	7.0%	14.0%
Direct Transfers	\$ 52,000,000	State	7.0%	14.0%
		Prescription Drug Rebates		33.1%
		Capitations		0.0%
		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	\$ 127,655,340	\$ 7,147,652	\$ 134,802,992
Employer Premiums - MCO	6,241,534	352,348	6,593,882
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	12,486,677		12,486,677
Life Insurance	465,358		465,358
Direct Transfers	-		-
Investment Income	1,972,863		1,972,863
Litigation Settlement	-		-
COBRA Premiums	401,461		401,461
Administrative Fees	751,150		751,150
Total Revenue	\$ 149,974,382	\$ 7,500,000	\$ 157,474,382
<u>Program Expenses</u>			
Medical Claims	\$ 108,966,313		\$ 108,966,313
Gross Prescription Drug Claims	71,956,680	(3,539,132)	68,417,548
Prescription Drug Rebates	(29,993,181)		(29,993,181)
Managed Care Capitations	4,890,297		4,890,297
Administration	4,958,838		4,958,838
Life Insurance	428,207		428,207
Wellness	68,755		68,755
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	196,506		196,506
Director's Discretionary Fund	357,755		357,755
WV RHBT Pay Go Premiums	12,486,677		12,486,677
Total Expenses	\$ 174,316,847	\$ (3,539,132)	\$ 170,777,715
Fiscal Year Results	\$ (24,342,465)		\$ (13,303,333)
Beginning Plan Reserve	29,925,679		29,925,679
Minimum Actuarial Reserve Required	\$ 23,216,526	\$ -	\$ 23,216,526
<u>Ending Premium Stabilization Reserve</u>	<u>(17,633,311)</u>	<u>-</u>	<u>(6,594,180)</u>
Ending Plan Reserve	\$ 5,583,214		\$ 16,622,346
Reserve as a Percent of Expenses			11%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 7,500,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	7.0%	14.0%
		Prescription Drug Rebates		33.1%
		Capitations		0.0%
		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	\$ 397,626,134	\$ -	\$ 397,626,134
Employer Premiums - MCO	43,755,292	-	43,755,292
Employee Premiums - PPB	108,355,564	-	108,355,564
Employee Premiums - MCO	12,313,552	-	12,313,552
WV RHBT Pay Go Premiums	47,513,323		47,513,323
Life Insurance	1,946,723		1,946,723
Direct Transfers	52,000,000		52,000,000
Investment Income	7,476,819		7,476,819
Litigation Settlement	-		-
COBRA Premiums	1,576,358		1,576,358
Administrative Fees	4,161,899		4,161,899
Total Revenue	\$ 676,725,664	\$ -	\$ 676,725,664
<u>Program Expenses</u>			
Medical Claims	\$ 445,965,580		\$ 445,965,580
Gross Prescription Drug Claims	287,728,567	(14,151,770)	273,576,797
Prescription Drug Rebates	(119,932,414)		(119,932,414)
Managed Care Capitations	49,766,299		49,766,299
Administration	20,744,221		20,744,221
Life Insurance	1,791,312		1,791,312
Wellness	287,623		287,623
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	818,697		818,697
Director's Discretionary Fund	1,455,409		1,455,409
WV RHBT Pay Go Premiums	47,513,323		47,513,323
Total Expenses	\$ 736,138,618	\$ (14,151,770)	\$ 721,986,848
Fiscal Year Results	\$ (59,412,954)		\$ (45,261,184)
Beginning Plan Reserve	108,014,766		108,014,766
Minimum Actuarial Reserve Required	\$ 97,500,621	\$ -	\$ 97,500,621
<u>Ending Premium Stabilization Reserve</u>	<u>(48,898,809)</u>	<u>-</u>	<u>(34,747,039)</u>
Ending Plan Reserve	\$ 48,601,812		\$ 62,753,582
Reserve as a Percent of Expenses			9%

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	\$ 52,000,000	State	7.0%	14.0%
		Prescription Drug Rebates		33.1%
		Capitations		0.0%
		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	\$ 160,334,634	\$ 466,718,859	\$ 627,053,494
Employer Premiums - MCO	7,886,690	51,338,115	59,224,805
Employee Premiums - PPB	-	118,502,468	118,502,468
Employee Premiums - MCO	-	13,466,648	13,466,648
WV RHBT Pay Go Premiums	4,162,226	15,837,774	20,000,000
Life Insurance	488,626	2,044,059	2,532,685
Direct Transfers	-	21,000,000	21,000,000
Investment Income	1,526,258	6,013,371	7,539,629
Litigation Settlement	-	-	-
COBRA Premiums	477,623	1,823,099	2,300,722
Administrative Fees	751,150	4,161,899	4,913,049
Total Revenue	\$ 175,627,207	\$ 700,906,293	\$ 876,533,500
<u>Program Expenses</u>			
Medical Claims	\$ 116,892,146	\$ 478,401,025	\$ 595,293,171
Gross Prescription Drug Claims	78,185,032	312,631,836	390,816,867
Prescription Drug Rebates	(34,492,158)	(137,922,276)	(172,414,434)
Managed Care Capitations	5,183,715	52,752,276	57,935,991
Administration	5,107,603	21,366,548	26,474,151
Life Insurance	449,618	1,880,877	2,330,495
Wellness	71,506	299,128	370,634
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	196,506	818,697	1,015,203
Director's Discretionary Fund	357,520	1,454,060	1,811,580
WV RHBT Pay Go Premiums	4,162,226	15,837,774	20,000,000
Total Expenses	\$ 176,113,713	\$ 747,519,945	\$ 923,633,658
Fiscal Year Results	\$ (486,506)	\$ (46,613,652)	\$ (47,100,158)
Beginning Plan Reserve	16,622,346	62,753,583	79,375,929
Minimum Actuarial Reserve Required	\$ 25,242,276	\$ 105,896,449	\$ 131,138,725
<u>Ending Premium Stabilization Reserve</u>	<u>(9,106,436)</u>	<u>(89,756,519)</u>	<u>(98,862,955)</u>
Ending Plan Reserve	\$ 16,135,840	\$ 16,139,930	\$ 32,275,770
Reserve as a Percent of Expenses			4%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 45,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 18,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 11,300,000	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	\$ 142,703,759	\$ 17,630,875	\$ 160,334,634
Employer Premiums - MCO	7,017,565	869,125	7,886,690
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	4,162,226		4,162,226
Life Insurance	488,626		488,626
Direct Transfers	-		-
Investment Income	1,526,258		1,526,258
Litigation Settlement	-		-
COBRA Premiums	477,623		477,623
Administrative Fees	751,150		751,150
Total Revenue	\$ 157,127,207	\$ 18,500,000	\$ 175,627,207
<u>Program Expenses</u>			
Medical Claims	\$ 116,892,146		\$ 116,892,146
Gross Prescription Drug Claims	78,185,032		78,185,032
Prescription Drug Rebates	(34,492,158)		(34,492,158)
Managed Care Capitations	5,183,715		5,183,715
Administration	5,107,603		5,107,603
Life Insurance	449,618		449,618
Wellness	71,506		71,506
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	196,506		196,506
Director's Discretionary Fund	357,520		357,520
WV RHBT Pay Go Premiums	4,162,226		4,162,226
Total Expenses	\$ 176,113,713	\$ -	\$ 176,113,713
Fiscal Year Results	\$ (18,986,506)		\$ (486,506)
Beginning Plan Reserve	16,622,346		16,622,346
Minimum Actuarial Reserve Required	\$ 25,242,276	\$ -	\$ 25,242,276
<u>Ending Premium Stabilization Reserve</u>	<u>(27,606,436)</u>	<u>-</u>	<u>(9,106,436)</u>
Ending Plan Reserve	\$ (2,364,160)		\$ 16,135,840
Reserve as a Percent of Expenses			9%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 18,500,000	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	\$ 426,177,616	\$ 40,541,243	\$ 466,718,859
Employer Premiums - MCO	46,879,358	4,458,757	51,338,115
Employee Premiums - PPB	108,355,564	10,146,904	118,502,468
Employee Premiums - MCO	12,313,552	1,153,096	13,466,648
WV RHBT Pay Go Premiums	15,837,774		15,837,774
Life Insurance	2,044,059		2,044,059
Direct Transfers	21,000,000		21,000,000
Investment Income	6,013,371		6,013,371
Litigation Settlement	-		-
COBRA Premiums	1,823,099		1,823,099
Administrative Fees	4,161,899		4,161,899
Total Revenue	\$ 644,606,293	\$ 56,300,000	\$ 700,906,293
<u>Program Expenses</u>			
Medical Claims	\$ 478,401,025		\$ 478,401,025
Gross Prescription Drug Claims	312,631,836		312,631,836
Prescription Drug Rebates	(137,922,276)		(137,922,276)
Managed Care Capitations	52,752,276		52,752,276
Administration	21,366,548		21,366,548
Life Insurance	1,880,877		1,880,877
Wellness	299,128		299,128
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	818,697		818,697
Director's Discretionary Fund	1,454,060		1,454,060
WV RHBT Pay Go Premiums	15,837,774		15,837,774
Total Expenses	\$ 747,519,945	\$ -	\$ 747,519,945
Fiscal Year Results	\$ (102,913,652)		\$ (46,613,652)
Beginning Plan Reserve	62,753,583		62,753,583
Minimum Actuarial Reserve Required	\$ 105,896,449	\$ -	\$ 105,896,449
<u>Ending Premium Stabilization Reserve</u>	<u>(146,056,519)</u>	<u>-</u>	<u>(89,756,519)</u>
Ending Plan Reserve	\$ (40,160,069)		\$ 16,139,931
Reserve as a Percent of Expenses			2%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 45,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 11,300,000	<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	\$ 177,896,358	\$ 534,357,060	\$ 712,253,418
Employer Premiums - MCO	8,743,853	58,781,027	67,524,881
Employee Premiums - PPB	-	137,179,954	137,179,954
Employee Premiums - MCO	-	15,589,162	15,589,162
WV RHBT Pay Go Premiums	6,243,338	23,756,662	30,000,000
Life Insurance	513,057	2,146,262	2,659,319
Direct Transfers	-	21,000,000	21,000,000
Investment Income	1,601,771	4,533,956	6,135,727
Litigation Settlement	-	-	-
COBRA Premiums	529,919	2,092,012	2,621,931
Administrative Fees	751,150	4,161,899	4,913,049
Total Revenue	\$ 196,279,447	\$ 803,597,994	\$ 999,877,441
<u>Program Expenses</u>			
Medical Claims	\$ 125,979,162	\$ 515,588,459	\$ 641,567,621
Gross Prescription Drug Claims	89,738,016	358,825,986	448,564,002
Prescription Drug Rebates	(39,665,982)	(158,610,617)	(198,276,599)
Managed Care Capitations	5,494,738	55,917,413	61,412,151
Administration	5,260,831	22,007,544	27,268,375
Life Insurance	472,098	1,974,921	2,447,019
Wellness	74,366	311,094	385,460
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	196,506	818,697	1,015,203
Director's Discretionary Fund	357,280	1,452,661	1,809,941
WV RHBT Pay Go Premiums	6,243,338	23,756,662	30,000,000
Total Expenses	\$ 194,150,354	\$ 822,042,819	\$ 1,016,193,173
Fiscal Year Results	\$ 2,129,093	\$ (18,444,825)	\$ (16,315,732)
Beginning Plan Reserve	16,135,840	16,139,930	32,275,770
Minimum Actuarial Reserve Required	\$ 27,611,125	\$ 115,691,440	\$ 143,302,566
<u>Ending Premium Stabilization Reserve</u>	(9,346,193)	(117,996,335)	(127,342,528)
Ending Plan Reserve	\$ 18,264,933	\$ (2,304,895)	\$ 15,960,038
Reserve as a Percent of Expenses			2%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 83,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 20,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 20,800,000	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	\$ 158,359,442	\$ 19,536,916	\$ 177,896,358
Employer Premiums - MCO	7,780,769	963,084	8,743,853
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	6,243,338		6,243,338
Life Insurance	513,057		513,057
Direct Transfers	-		-
Investment Income	1,601,771		1,601,771
Litigation Settlement	-		-
COBRA Premiums	529,919		529,919
Administrative Fees	751,150		751,150
Total Revenue	\$ 175,779,447	\$ 20,500,000	\$ 196,279,447
<u>Program Expenses</u>			
Medical Claims	\$ 125,979,162		\$ 125,979,162
Gross Prescription Drug Claims	89,738,016		89,738,016
Prescription Drug Rebates	(39,665,982)		(39,665,982)
Managed Care Capitations	5,494,738		5,494,738
Administration	5,260,831		5,260,831
Life Insurance	472,098		472,098
Wellness	74,366		74,366
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	196,506		196,506
Director's Discretionary Fund	357,280		357,280
WV RHBT Pay Go Premiums	6,243,338		6,243,338
Total Expenses	\$ 194,150,354	\$ -	\$ 194,150,354
Fiscal Year Results	\$ (18,370,907)		\$ 2,129,093
Beginning Plan Reserve	16,135,840		16,135,840
Minimum Actuarial Reserve Required	\$ 27,611,125	\$ -	\$ 27,611,125
<u>Ending Premium Stabilization Reserve</u>	<u>(29,846,193)</u>	<u>-</u>	<u>(9,346,193)</u>
Ending Plan Reserve	\$ (2,235,067)		\$ 18,264,933
Reserve as a Percent of Expenses			10%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 20,500,000	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		<u>Gross Drugs</u>	
		Local	8.0%
			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	\$ 459,580,989	\$ 74,776,071	\$ 534,357,060
Employer Premiums - MCO	50,557,098	8,223,929	58,781,027
Employee Premiums - PPB	118,502,468	18,677,486	137,179,954
Employee Premiums - MCO	13,466,648	2,122,514	15,589,162
WV RHBT Pay Go Premiums	23,756,662		23,756,662
Life Insurance	2,146,262		2,146,262
Direct Transfers	21,000,000		21,000,000
Investment Income	4,533,956		4,533,956
Litigation Settlement	-		-
COBRA Premiums	2,092,012		2,092,012
Administrative Fees	4,161,899		4,161,899
Total Revenue	\$ 699,797,994	\$ 103,800,000	\$ 803,597,994
<u>Program Expenses</u>			
Medical Claims	\$ 515,588,459		\$ 515,588,459
Gross Prescription Drug Claims	358,825,986		358,825,986
Prescription Drug Rebates	(158,610,617)		(158,610,617)
Managed Care Capitations	55,917,413		55,917,413
Administration	22,007,544		22,007,544
Life Insurance	1,974,921		1,974,921
Wellness	311,094		311,094
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	818,697		818,697
Director's Discretionary Fund	1,452,661		1,452,661
WV RHBT Pay Go Premiums	23,756,662		23,756,662
Total Expenses	\$ 822,042,819	\$ -	\$ 822,042,819
Fiscal Year Results	\$ (122,244,825)		\$ (18,444,825)
Beginning Plan Reserve	16,139,930		16,139,930
Minimum Actuarial Reserve Required	\$ 115,691,440	\$ -	\$ 115,691,440
<u>Ending Premium Stabilization Reserve</u>	<u>(221,796,335)</u>	<u>-</u>	<u>(117,996,335)</u>
Ending Plan Reserve	\$ (106,104,895)		\$ (2,304,895)
Reserve as a Percent of Expenses			0%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 83,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 20,800,000	<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%

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 196,411,103	\$ 593,436,553	\$ 789,847,656
Employer Premiums - MCO	9,647,996	65,282,647	74,930,643
Employee Premiums - PPB	-	153,702,345	153,702,345
Employee Premiums - MCO	-	17,466,771	17,466,771
WV RHBT Pay Go Premiums	8,324,451	31,675,549	40,000,000
Life Insurance	538,710	2,253,575	2,792,285
Direct Transfers	-	21,000,000	21,000,000
Investment Income	1,792,400	4,223,614	6,016,014
Litigation Settlement	-	-	-
COBRA Premiums	585,054	2,327,550	2,912,604
Administrative Fees	751,150	4,161,899	4,913,049
Total Revenue	\$ 218,050,864	\$ 895,530,503	\$ 1,113,581,367
<u>Program Expenses</u>			
Medical Claims	\$ 136,402,728	\$ 558,245,510	\$ 694,648,238
Gross Prescription Drug Claims	103,446,976	413,640,513	517,087,489
Prescription Drug Rebates	(45,615,879)	(182,402,210)	(228,018,088)
Managed Care Capitations	5,824,422	59,272,458	65,096,880
Administration	5,418,656	22,667,770	28,086,426
Life Insurance	495,703	2,073,667	2,569,370
Wellness	77,341	323,537	400,878
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	196,506	818,697	1,015,203
Director's Discretionary Fund	357,035	1,451,205	1,808,240
WV RHBT Pay Go Premiums	8,324,451	31,675,549	40,000,000
Total Expenses	\$ 214,927,940	\$ 907,766,696	\$ 1,122,694,636
Fiscal Year Results	\$ 3,122,924	\$ (12,236,193)	\$ (9,113,269)
Beginning Plan Reserve	18,264,933	(2,304,895)	15,960,038
Minimum Actuarial Reserve Required	\$ 30,389,892	\$ 127,155,866	\$ 157,545,758
<u>Ending Premium Stabilization Reserve</u>	<u>(9,002,035)</u>	<u>(141,696,953)</u>	<u>(150,698,988)</u>
Ending Plan Reserve	\$ 21,387,857	\$ (14,541,088)	\$ 6,846,769
Reserve as a Percent of Expenses			1%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 73,500,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 21,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 18,400,000	Active Local	8.5%	15.5%
Direct Transfers	\$ 21,000,000	State	8.5%	15.5%
		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 2026

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 175,921,167	\$ 20,489,936	\$ 196,411,103
Employer Premiums - MCO	8,637,932	1,010,064	9,647,996
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	8,324,451		8,324,451
Life Insurance	538,710		538,710
Direct Transfers	-		-
Investment Income	1,792,400		1,792,400
Litigation Settlement	-		-
COBRA Premiums	585,054		585,054
Administrative Fees	751,150		751,150
Total Revenue	\$ 196,550,864	\$ 21,500,000	\$ 218,050,864
<u>Program Expenses</u>			
Medical Claims	\$ 136,402,728		\$ 136,402,728
Gross Prescription Drug Claims	103,446,976		103,446,976
Prescription Drug Rebates	(45,615,879)		(45,615,879)
Managed Care Capitations	5,824,422		5,824,422
Administration	5,418,656		5,418,656
Life Insurance	495,703		495,703
Wellness	77,341		77,341
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	196,506		196,506
Director's Discretionary Fund	357,035		357,035
WV RHBT Pay Go Premiums	8,324,451		8,324,451
Total Expenses	\$ 214,927,939	\$ -	\$ 214,927,939
Fiscal Year Results	\$ (18,377,075)		\$ 3,122,925
Beginning Plan Reserve	18,264,933		18,264,933
Minimum Actuarial Reserve Required	\$ 30,389,892	\$ -	\$ 30,389,892
<u>Ending Premium Stabilization Reserve</u>	<u>(30,502,034)</u>	<u>-</u>	<u>(9,002,034)</u>
Ending Plan Reserve	\$ (112,142)		\$ 21,387,858
Reserve as a Percent of Expenses			10%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 21,500,000	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		<u>Gross Drugs</u>	
		Local	8.5%
			15.5%
		Prescription Drug Rebates	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 2026

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 527,219,189	\$ 66,217,364	\$ 593,436,553
Employer Premiums - MCO	58,000,011	7,282,636	65,282,647
Employee Premiums - PPB	137,179,953	16,522,392	153,702,345
Employee Premiums - MCO	15,589,163	1,877,608	17,466,771
WV RHBT Pay Go Premiums	31,675,549		31,675,549
Life Insurance	2,253,575		2,253,575
Direct Transfers	21,000,000		21,000,000
Investment Income	4,223,614		4,223,614
Litigation Settlement	-		-
COBRA Premiums	2,327,550		2,327,550
Administrative Fees	4,161,899		4,161,899
Total Revenue	\$ 803,630,503	\$ 91,900,000	\$ 895,530,503
<u>Program Expenses</u>			
Medical Claims	\$ 558,245,510		\$ 558,245,510
Gross Prescription Drug Claims	413,640,513		413,640,513
Prescription Drug Rebates	(182,402,210)		(182,402,210)
Managed Care Capitations	59,272,458		59,272,458
Administration	22,667,770		22,667,770
Life Insurance	2,073,667		2,073,667
Wellness	323,537		323,537
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	818,697		818,697
Director's Discretionary Fund	1,451,205		1,451,205
WV RHBT Pay Go Premiums	31,675,549		31,675,549
Total Expenses	\$ 907,766,696	\$ -	\$ 907,766,696
Fiscal Year Results	\$ (104,136,193)		\$ (12,236,193)
Beginning Plan Reserve	(2,304,895)		(2,304,895)
Minimum Actuarial Reserve Required	\$ 127,155,866	\$ -	\$ 127,155,866
<u>Ending Premium Stabilization Reserve</u>	<u>(233,596,954)</u>	<u>-</u>	<u>(141,696,954)</u>
Ending Plan Reserve	\$ (106,441,088)		\$ (14,541,088)
Reserve as a Percent of Expenses			-2%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 73,500,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 18,400,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ 21,000,000	State	8.5%	15.5%
		Prescription Drug Rebates		15.0%
		Capitations		6.0%
		Administrative Expense		3.0%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2021 to FY 2022**

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>	<u>Jun-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	30,247
State Medical	118,255	117,683	117,992	118,125	118,156	118,125	117,827	117,637	117,598	117,532	117,411	117,307
Local Drugs	29,745	29,911	29,999	30,130	30,190	30,335	30,242	30,223	30,130	29,996	30,263	30,247
State Drugs	118,255	117,683	117,992	118,125	118,156	118,125	117,827	117,637	117,598	117,532	117,411	117,307
	<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>	<u>Jun-21</u>
Local Medical	\$196.99	\$258.74	\$231.93	\$296.72	\$261.66	\$253.64	\$251.27	\$251.31	\$307.93	\$293.28	\$304.17	\$343.11
State Medical	238.33	254.17	231.35	256.89	239.01	257.59	284.64	246.11	306.67	290.93	291.63	331.60
Local Drugs	116.18	118.85	129.55	132.91	133.14	159.28	141.20	138.23	167.61	166.68	159.10	176.06
State Drugs	<u>132.58</u>	<u>137.89</u>	<u>142.11</u>	<u>146.31</u>	<u>142.58</u>	<u>158.64</u>	<u>154.76</u>	<u>145.71</u>	<u>179.60</u>	<u>168.65</u>	<u>165.73</u>	<u>184.63</u>
Total	\$684.08	\$769.65	\$734.93	\$832.83	\$776.39	\$829.15	\$831.87	\$781.36	\$961.81	\$919.54	\$920.62	\$1,035.41
Change From Prior Year - Month to Month Analysis												
Local Medical	-2.4%	38.8%	16.4%	26.1%	39.3%	21.2%	3.7%	11.9%	46.5%	129.2%	52.5%	34.4%
State Medical	4.0%	14.4%	9.0%	2.8%	-3.7%	-3.3%	13.4%	4.7%	47.0%	84.4%	42.8%	21.1%
Local Drugs	9.7%	4.3%	17.5%	5.8%	21.2%	30.1%	6.9%	10.0%	10.7%	24.9%	30.1%	22.1%
State Drugs	<u>16.4%</u>	<u>14.6%</u>	<u>15.4%</u>	<u>10.6%</u>	<u>14.7%</u>	<u>17.4%</u>	<u>4.9%</u>	<u>5.2%</u>	<u>8.5%</u>	<u>15.9%</u>	<u>17.3%</u>	<u>13.6%</u>
Total	5.1%	19.7%	13.9%	12.1%	15.9%	13.1%	7.6%	7.9%	30.8%	62.9%	38.0%	23.9%
Change From Prior Year - Quarter to Quarter Analysis												
Local Medical			17.0%			28.4%			19.7%			61.4%
State Medical			9.1%			-1.4%			20.5%			43.8%
Local Drugs			10.4%			18.8%			9.2%			25.5%
State Drugs			<u>15.5%</u>			<u>14.3%</u>			<u>6.3%</u>			<u>15.5%</u>
Total			12.9%			13.6%			15.3%			39.1%
Change From Prior Year - Year to Year Analysis												
Local Medical			-4.9%			2.3%			9.3%			31.1%
State Medical			0.0%			-3.6%			2.8%			17.1%
Local Drugs			9.5%			11.0%			10.4%			16.1%
State Drugs			<u>15.2%</u>			<u>14.5%</u>			<u>11.1%</u>			<u>12.7%</u>
Total			2.7%			4.0%			7.6%			20.2%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2021 to FY 2022**

Fiscal Year 2022											
Exposure	<u>Jul-21</u>	<u>Aug-21</u>	<u>Sep-21</u>	<u>Oct-21</u>	<u>Nov-21</u>	<u>Dec-21</u>	<u>Jan-22</u>	<u>Feb-22</u>	<u>Mar-22</u>	<u>Apr-22</u>	<u>May-22</u>
Local Medical	30,423	30,325	30,377	30,323	30,325	30,428	30,559	30,580	30,514	30,542	30,433
State Medical	116,699	116,202	116,480	116,542	116,514	116,598	116,462	116,247	116,125	115,921	115,725
Local Drugs	30,423	30,325	30,377	30,323	30,325	30,428	30,559	30,580	30,514	30,542	30,433
State Drugs	116,699	116,202	116,480	116,542	116,514	116,598	116,462	116,247	116,125	115,921	115,725
	<u>Jul-21</u>	<u>Aug-21</u>	<u>Sep-21</u>	<u>Oct-21</u>	<u>Nov-21</u>	<u>Dec-21</u>	<u>Jan-22</u>	<u>Feb-22</u>	<u>Mar-22</u>	<u>Apr-22</u>	<u>May-22</u>
Local Medical	\$242.39	\$269.58	\$290.21	\$266.20	\$261.88	\$285.56	\$276.56	\$285.80	\$337.46	\$276.90	\$323.72
State Medical	275.26	275.93	292.74	288.04	294.25	300.61	284.93	300.55	351.85	298.14	355.55
Local Drugs	147.67	157.31	153.80	161.29	164.12	176.66	169.90	168.60	189.64	180.41	181.90
State Drugs	<u>155.75</u>	<u>170.77</u>	<u>167.92</u>	<u>172.14</u>	<u>176.88</u>	<u>183.12</u>	<u>188.52</u>	<u>179.00</u>	<u>195.07</u>	<u>185.53</u>	<u>196.96</u>
Total	\$821.07	\$873.58	\$904.67	\$887.68	\$897.14	\$945.95	\$919.92	\$933.95	\$1,074.02	\$940.98	\$1,058.13
Change From Prior Year - Month to Month Analysis											
Local Medical	23.0%	4.2%	25.1%	-10.3%	0.1%	12.6%	10.1%	13.7%	9.6%	-5.6%	6.4%
State Medical	15.5%	8.6%	26.5%	12.1%	23.1%	16.7%	0.1%	22.1%	14.7%	2.5%	21.9%
Local Drugs	27.1%	32.4%	18.7%	21.4%	23.3%	10.9%	20.3%	22.0%	13.1%	8.2%	14.3%
State Drugs	<u>17.5%</u>	<u>23.8%</u>	<u>18.2%</u>	<u>17.7%</u>	<u>24.1%</u>	<u>15.4%</u>	<u>21.8%</u>	<u>22.8%</u>	<u>8.6%</u>	<u>10.0%</u>	<u>18.9%</u>
Total	20.0%	13.5%	23.1%	6.6%	15.6%	14.1%	10.6%	19.5%	11.7%	2.3%	14.9%
Change From Prior Year - Quarter to Quarter Analysis											
Local Medical			16.7%			0.2%			11.0%		
State Medical			16.6%			17.2%			11.9%		
Local Drugs			25.8%			18.0%			18.1%		
State Drugs			<u>19.8%</u>			<u>18.9%</u>			<u>17.2%</u>		
Total			18.8%			12.0%			13.7%		
Change From Prior Year - Year to Year Analysis											
Local Medical			30.4%			22.0%			19.5%		
State Medical			18.8%			23.9%			21.3%		
Local Drugs			19.7%			19.4%			21.6%		
State Drugs			<u>13.8%</u>			<u>15.0%</u>			<u>17.8%</u>		
Total			21.5%			20.8%			20.1%		