

STATE OF WEST VIRGINIA



PUBLIC EMPLOYEES INSURANCE AGENCY

**Quarterly Report
March 31, 2025**

Fiscal Years 2025-2029

Report Date: July 2025

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 2024 for the fiscal year 2026 (“FY 2026”) and to provide quarterly financial reports for current FY 2025 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 2025 and in subsequent fiscal years. In subsequent fiscal years, future transfers of employer and employee funds may be needed to obtain the 80% and 20% split between employer and employee, depending on future enrollment and coverage elections by insureds.

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

Continuing Care Actuaries has provided financial report for fiscal years ending June 30, 2025 (“FY 2025”), June 30, 2026 (“FY 2026”), June 30, 2027 (“FY 2027”), June 30, 2028 (“FY 2028”) and June 30, 2029 (“FY 2029”). Our opinion of plan adequacy is based on the projections through FY 2029 using updated future revenue and plan modifications provided by the Board in the financial plan adopted in December 2024. 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 2025 the Pay-Go is equivalent to \$57 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 2024.

This report includes updated claim trend assumptions as recommended in the report titled, “PEIA FY2024 Detailed Medical and Prescription Drugs Claim Trend Report”. In the circumstances and subject to the conditions described herein, we believe the financial plan approved by the Board for FY 2025 through FY 2029 may be reasonably expected to generate sufficient revenues, when combined with the existing surplus, to meet estimated insurance program and administrative costs of PEIA. In addition, we are forecasting that PEIA will meet the minimum 20% employee cost share requirement for state revenue in FY 2025 based on the scheduled revenue increases of the financial plan approved and amended by the Board in December 2024.

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

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

Respectfully,



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

Managing Partner



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

Principal

West Virginia Public Employees Insurance Agency
Report of Independent Actuary
Financial Plan for FY 2025 – FY 2029

OVERVIEW

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

This report was compiled utilizing claims data collected by PEIA's third party administrators through May 2025 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 2025 enrollment levels for the duration of these forecasts for active employees.

In aggregate, June 2025 enrollment for active employees has decreased by 28 coverages since the end of FY 2024. Aggregate PPB enrollment has increased by 44 in total over the same period, while managed care enrollment experienced a decrease of 72 coverages.

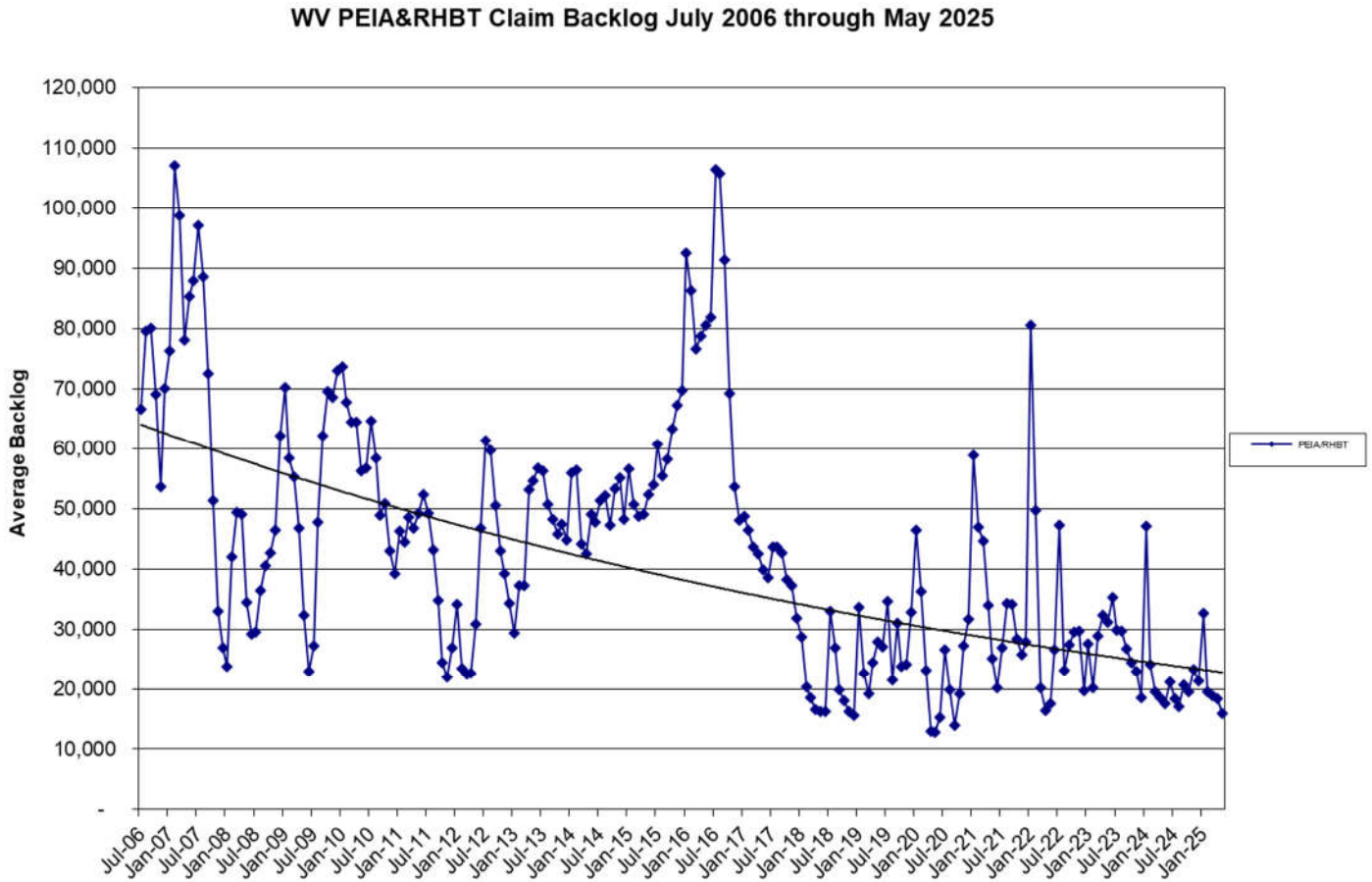
In the State Fund, the overall active State enrollment decreased by 165 coverages from the end of FY 2024 to June 2025. And in the Local Fund, the overall active Local enrollment increased by 137 coverages from the end of FY 2024 to June 2025.

The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2023, June 2024, and June 2025 for purposes of comparison:

PEIA Fund	Coverage	Preferred Provider Benefit			Managed Care		
		Jun-23	Jun-24	Jun-25	Jun-23	Jun-24	Jun-25
State Active	Single	21,381	23,055	23,689	2,444	2,681	2,711
	Children	5,845	7,357	7,810	703	935	990
	Family	26,125	23,161	21,967	2,703	2,329	2,186
	Total	53,351	53,573	53,466	5,850	5,945	5,887
Local Active	Single	6,618	6,977	7,123	476	461	467
	Children	1,276	1,312	1,343	107	108	110
	Family	6,123	6,020	5,994	210	188	166
	Total	14,017	14,309	14,460	793	757	743
Plan Total		67,368	67,882	67,926	6,643	6,702	6,630
Grand Total					74,011	74,584	74,556

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.



C. Trend Analysis

PEIA experienced a high medical trend and a high prescription drugs trend in FY 2024, and over the past few years, total trends have been beneficial to the plan. Continuing Care Actuaries performed the detailed medical and prescription drugs trend analysis in the report titled, “PEIA FY2024 Detailed Medical and Prescription Drugs Claim Trend Report”. This report includes the detailed trend analysis of PEIA experience by medical and prescription drugs. Based on the analysis, the assumed FY 2025 medical claim trend is 8.0%, the gross prescription drugs claim trend is 15.0% and the prescription drugs rebate trend is 5.0%. In 2025, there were an additional rebate included in the projection to reflect the new PBM contract with ESI.

The current trend projection is shown in the following table:

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

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

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

The following chart summarizes the trend results observed for the plan using data through May 2025. It is important to note that these trends *have not* been adjusted to reflect savings as a result of the expansion of the drug rebate program or the claim savings due to changes in provider reimbursement methodologies, nor the changes in the benefit structure. In developing the claim cost projection, we have reflected for benefit and reimbursement changes as an adjustment to the gross trend assumption.

PEIA Historical Trends (Active Local and State)

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

* Fiscal year 2025 results are through the first eleven months ending May 2025.

D. Enrollment, Claim, Expense and Revenue Assumptions

Using PEIA paid claim data through May 2025 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 2025 claims and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

Fiscal Year 2025 Projection			Net Revenue Excluding Pay Go		Expenses		
Fund	Program	Policies	Monthly Employer Premiums	Monthly Employee Premiums	Monthly Medical Costs	Monthly Drugs Costs*	Monthly Capitation Costs
State	PPB	53,586	\$895	\$229	\$815	\$340	
	<u>Managed Care</u>	<u>5,874</u>	\$908	\$235			\$907
	Total	59,460					
Local	PPB	14,521	\$995	\$0	\$756	\$300	
	<u>Managed Care</u>	<u>746</u>	\$975	\$0			\$676
	Total	15,267					

*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 2024

Source	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029
Additional State Employer Revenue	\$62,700,000	\$92,900,000	\$70,000,000	\$82,000,000	\$135,000,000
Additional Local Agency Revenue	\$22,800,000	\$29,900,000	\$27,000,000	\$27,000,000	\$24,000,000
Additional Employee Premium	\$15,700,000	\$38,700,000	\$9,500,000	\$16,500,000	\$33,800,000
State Direct Transfers (State Budget Appropriations)	\$87,000,000	\$0	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active State Medical	\$0	\$35,500,000	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active State Drugs	\$0	\$13,700,000	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active Local Medical	\$0	\$7,900,000	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active Local Drugs	\$0	\$3,300,000	\$0	\$0	\$0
Pay Go Premium Transfer	\$29,134,546	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000

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.

West Virginia Public Employees Insurance Agency Finance Board has implemented approximately \$49.2M benefit reductions for the active state employees and \$11.2M benefit reductions for the active local employees in FY 2026. Below is the summary of the benefit changes.

<u>FY 2026 Benefit Reductions (in millions)</u>	<u>State</u>	<u>Local</u>
Increase DED/MOOP 40% Plan A,B,C,&D	\$23.70	\$6.32
Inpatient Services Copays/Coinsurance	1.29	0.32
Hospital Outpatient Services Copays/Coinsurance	4.22	1.06
Outpatient Therapies Copays/Coinsurance	2.97	0.74
ER Treatment - Non Emergency Copay	0.40	0.10
RX 2x Copays and 2x Deductibles	11.30	2.70
Spouse Surcharge Med Claims Savings	3.17	0.00
<u>Spouse Surcharge Rx Claims Savings</u>	<u>2.12</u>	<u>0.00</u>
Total	\$49.16	\$11.24

In FY 2025, the ACA PCORI fee is approximately \$3.47 per person per year.

E. Provider Reimbursement Changes

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

FISCAL YEAR 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 \$1,119,149,003 and incurred plan expenses of \$1,056,117,345 to produce a fiscal year surplus of \$63,031,658. The PEIA local and state agencies Pay Go premiums for FY 2025 are assumed to be \$29,134,546.

Under the Baseline Scenario, FY 2025 is projected to end with a Total Fund reserve (State and Local Reserves) of \$144,985,058 and projected plan expenditures of \$1,026,982,799. This represents 14.1% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$125,885,715. This required reserve is comprised of 12.5% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario.

The State Fund in FY 2025 is projected to end with a reserve of \$139,031,779, which represents 16.7% of projected expenditures. The projected State Fund reserve meets the minimum actuarial required reserve of \$101,742,262.

The Local Fund in FY 2025 is projected to end with a reserve of \$5,953,279, which represents 3.0% of projected expenditures. The projected Local Fund reserve does not meet the minimum actuarial required reserve of \$24,143,453.

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 \$1,197,118,531 and incurred plan expenses of \$1,102,395,732 to produce a fiscal year surplus of \$94,722,799. The PEIA local and state agencies Pay Go premiums for FY 2026 are assumed to be \$10,000,000.

Under the Baseline Scenario, FY 2026 is projected to end with a Total Fund reserve (State and Local Reserves) of \$239,707,857 and projected plan expenditures of \$1,092,395,732. This represents 21.9% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$133,604,117. This required reserve is comprised of 12.5% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending Total Fund reserve is expected to increase to \$270,621,979 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to \$208,680,258.

The State Fund in FY 2026 is projected to end with a reserve of \$222,038,380, which represents 25.1% of projected expenditures. The projected State Fund reserve meets the minimum actuarial required reserve of \$108,046,913.

The Local Fund in FY 2026 is projected to end with a reserve of \$17,669,477, which represents 8.5% of projected expenditures. The projected Local Fund reserve does not meet the minimum actuarial required reserve of \$25,557,204.

FISCAL YEAR 2027 FORECAST

The financial forecast for FY 2027 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2027 projects accrued revenue of \$1,308,309,074 and incurred plan expenses of \$1,235,225,253 to produce a fiscal year surplus of \$73,083,821. The PEIA local and state agencies Pay Go premiums for FY 2027 are assumed to be \$10,000,000.

Under the Baseline Scenario, FY 2027 is projected to end with a Total Fund reserve (State and Local Reserves) of \$312,791,678 and projected plan expenditures of \$1,225,225,253. This represents 25.5% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$149,968,507. This required reserve is comprised of 12.5% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending Total Fund reserve is expected to increase to \$395,364,600 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to \$228,904,715.

The State Fund in FY 2027 is projected to end with a reserve of \$280,841,897, which represents 28.3% of projected expenditures. The projected State Fund reserve meets the minimum actuarial required reserve of \$121,298,474.

The Local Fund in FY 2027 is projected to end with a reserve of \$31,949,780, which represents 13.8% of projected expenditures. The projected Local Fund reserve meets the minimum actuarial required reserve of \$28,670,033.

FISCAL YEAR 2028 FORECAST

The financial forecast for FY 2028 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2028 projects accrued revenue of \$1,437,736,656 and incurred plan expenses of \$1,391,399,832 to produce a fiscal year surplus of \$46,336,824. The PEIA local and state agencies Pay Go premiums for FY 2028 are assumed to be \$10,000,000.

Under the Baseline Scenario, FY 2028 is projected to end with a Total Fund reserve (State and Local Reserves) of \$359,128,502 and projected plan expenditures of \$1,381,399,832. This represents 26.0% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$169,228,803. This required reserve is comprised of 12.5% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending Total Fund reserve is expected to increase to \$525,598,516 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to \$187,912,327.

The State Fund in FY 2028 is projected to end with a reserve of \$314,673,555, which represents 28.1% of projected expenditures. The projected State Fund reserve does not meet the minimum actuarial required reserve of \$136,890,957.

The Local Fund in FY 2028 is projected to end with a reserve of \$44,454,947, which represents 17.0% of projected expenditures. The projected Local Fund reserve meets the minimum actuarial required reserve of \$32,337,846.

FISCAL YEAR 2029 FORECAST

The financial forecast for FY 2029 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2029 projects accrued revenue of \$1,633,578,775 and incurred plan expenses of \$1,575,516,380 to produce a fiscal year surplus of \$58,062,395. The PEIA local and state agencies Pay Go premiums for FY 2029 are assumed to be \$10,000,000.

Under the Baseline Scenario, FY 2029 is projected to end with a Total Fund reserve (State and Local Reserves) of \$417,190,897 and projected plan expenditures of \$1,565,516,380. This represents 26.6% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$191,957,451. This required reserve is comprised of 12.5% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending Total Fund reserve is expected to increase to \$707,706,042 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to \$114,643,779.

The State Fund in FY 2029 is projected to end with a reserve of \$370,404,177, which represents 29.2% of projected expenditures. The projected State Fund reserve meets the minimum actuarial required reserve of \$155,286,687.

The Local Fund in FY 2029 is projected to end with a reserve of \$46,786,719, which represents 15.8% of projected expenditures. The projected Local Fund reserve meets the minimum actuarial required reserve of \$36,670,764.

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 in fiscal year 2025. Additionally, the plan will meet the minimum actuarial required reserve target in fiscal year 2025. We are currently projecting that the State reserve will meet the minimum actuarial reserve using the baseline assumptions; and the Local reserve will be under the minimum actuarial reserve using the baseline assumptions in fiscal years 2025 and 2026. These projections are based on significant revenue increases as contained in the financial plan adopted by the Board in December 2024 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 2025**

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 173,369,155	\$ 575,598,997	\$ 748,968,152
Employer Premiums - MCO	8,725,240	63,996,568	72,721,808
Employee Premiums - PPB	-	147,388,202	147,388,202
Employee Premiums - MCO	-	16,590,198	16,590,198
WV RHBT Pay Go Premiums	5,952,418	23,182,128	29,134,546
Life Insurance	449,990	2,055,205	2,505,195
Direct Transfers	-	87,000,000	87,000,000
Investment Income	1,634,715	6,626,221	8,260,936
Litigation Settlement	-	-	-
COBRA Premiums	269,458	1,230,676	1,500,135
Administrative Fees	776,649	4,303,182	5,079,832
Total Revenue	\$ 191,177,625	\$ 927,971,378	\$ 1,119,149,003
<u>Program Expenses</u>			
Medical Claims	\$ 131,750,401	\$ 524,191,678	\$ 655,942,079
Gross Prescription Drug Claims	78,828,527	335,401,963	414,230,490
Prescription Drug Rebates	(26,606,657)	(116,527,321)	(143,133,978)
Managed Care Capitations	6,054,320	63,959,389	70,013,709
Administration	4,602,662	21,021,390	25,624,052
Life Insurance	378,035	1,726,572	2,104,607
Wellness	229,156	1,046,606	1,275,761
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	91,203	376,069	467,272
Director's Discretionary Fund	91,051	367,756	458,808
WV RHBT Pay Go Premiums	5,952,418	23,182,128	29,134,546
Total Expenses	\$ 201,371,116	\$ 854,746,229	\$ 1,056,117,345
Fiscal Year Results	\$ (10,193,491)	\$ 73,225,149	\$ 63,031,658
Beginning Plan Reserve	16,146,770	65,806,630	81,953,400
Minimum Actuarial Reserve Required	\$ 24,143,453	\$ 101,742,262	\$ 125,885,715
<u>Ending Premium Stabilization Reserve</u>	<u>(18,190,174)</u>	<u>37,289,517</u>	<u>19,099,344</u>
Ending Plan Reserve	\$ 5,953,279	\$ 139,031,779	\$ 144,985,058
Reserve as a Percent of Expenses			14%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 62,700,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 22,800,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 15,700,000	Active Local	8.0%	15.0%
Direct Transfers	\$ 87,000,000	State	8.0%	15.0%
		Prescription Drug Rebates		5.0%
		Capitations		9.0%
		Administrative Expense		-6.4%

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	\$ 151,691,757	\$ 21,677,398	\$ 173,369,155
Employer Premiums - MCO	7,602,638	1,122,602	8,725,240
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	5,952,418		5,952,418
Life Insurance	449,990		449,990
Direct Transfers	-		-
Investment Income	1,634,715		1,634,715
Litigation Settlement	-		-
COBRA Premiums	269,458		269,458
Administrative Fees	776,649		776,649
Total Revenue	\$ 168,377,625	\$ 22,800,000	\$ 191,177,625
<u>Program Expenses</u>			
Medical Claims	\$ 134,197,082	\$ (2,446,681)	\$ 131,750,401
Gross Prescription Drug Claims	80,776,367	\$ (1,947,840)	78,828,527
Prescription Drug Rebates	(26,606,657)		(26,606,657)
Managed Care Capitations	6,054,320		6,054,320
Administration	4,602,662		4,602,662
Life Insurance	378,035		378,035
Wellness	229,156		229,156
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	91,203		91,203
Director's Discretionary Fund	91,051		91,051
WV RHBT Pay Go Premiums	5,952,418		5,952,418
Total Expenses	\$ 205,765,637	\$ (4,394,521)	\$ 201,371,116
Fiscal Year Results	\$ (37,388,011)		\$ (10,193,491)
Beginning Plan Reserve	16,146,770		16,146,770
Minimum Actuarial Reserve Required	\$ 24,143,453	\$ -	\$ 24,143,453
<u>Ending Premium Stabilization Reserve</u>	<u>(45,384,694)</u>	<u>-</u>	<u>(18,190,174)</u>
Ending Plan Reserve	\$ (21,241,242)		\$ 5,953,279
Reserve as a Percent of Expenses			3%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 22,800,000	Claim and Other Expense Trends		
Direct Transfers	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	8.0%	15.0%
		Prescription Drug Rebates		5.0%
		Capitations		9.0%
		Administrative Expense		-6.4%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2025

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 519,237,553	\$ 56,361,444	\$ 575,598,997
Employer Premiums - MCO	57,658,012	6,338,556	63,996,568
Employee Premiums - PPB	133,285,437	14,102,765	147,388,202
Employee Premiums - MCO	14,992,964	1,597,235	16,590,198
WV RHBT Pay Go Premiums	23,182,128		23,182,128
Life Insurance	2,055,205		2,055,205
Direct Transfers	87,000,000		87,000,000
Investment Income	6,626,221		6,626,221
Litigation Settlement	-		-
COBRA Premiums	1,230,676		1,230,676
Administrative Fees	4,303,182		4,303,182
Total Revenue	\$ 849,571,378	\$ 78,400,000	\$ 927,971,378
<u>Program Expenses</u>			
Medical Claims	\$ 533,961,219	\$ (9,769,541)	\$ 524,191,678
Gross Prescription Drug Claims	343,724,687	\$ (8,322,724)	335,401,963
Prescription Drug Rebates	(116,527,321)		(116,527,321)
Managed Care Capitations	63,959,389		63,959,389
Administration	21,021,390		21,021,390
Life Insurance	1,726,572		1,726,572
Wellness	1,046,606		1,046,606
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	376,069		376,069
Director's Discretionary Fund	367,756		367,756
WV RHBT Pay Go Premiums	23,182,128		23,182,128
Total Expenses	\$ 872,838,494	\$ (18,092,265)	\$ 854,746,229
Fiscal Year Results	\$ (23,267,116)		\$ 73,225,149
Beginning Plan Reserve	65,806,630		65,806,630
Minimum Actuarial Reserve Required	\$ 101,742,262	\$ -	\$ 101,742,262
<u>Ending Premium Stabilization Reserve</u>	<u>(59,202,748)</u>	<u>-</u>	<u>37,289,517</u>
Ending Plan Reserve	\$ 42,539,514		\$ 139,031,779
Reserve as a Percent of Expenses			17%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 62,700,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 15,700,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ 87,000,000	State	8.0%	15.0%
		Prescription Drug Rebates		5.0%
		Capitations		9.0%
		Administrative Expense		-6.4%

**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	\$ 205,557,618	\$ 672,928,539	\$ 878,486,157
Employer Premiums - MCO	10,350,056	74,788,292	85,138,348
Employee Premiums - PPB	-	182,172,804	182,172,804
Employee Premiums - MCO	-	20,505,596	20,505,596
WV RHBT Pay Go Premiums	2,039,138	7,960,862	10,000,000
Life Insurance	472,489	2,157,965	2,630,455
Direct Transfers	-	-	-
Investment Income	1,338,509	9,991,801	11,330,310
Litigation Settlement	-	-	-
COBRA Premiums	319,494	1,455,534	1,775,028
Administrative Fees	776,649	4,303,182	5,079,832
Total Revenue	\$ 220,853,954	\$ 976,264,576	\$ 1,197,118,531
<u>Program Expenses</u>			
Medical Claims	\$ 133,895,766	\$ 528,637,010	\$ 662,532,776
Gross Prescription Drug Claims	87,570,245	372,936,507	460,506,753
Prescription Drug Rebates	(27,936,990)	(122,353,687)	(150,290,677)
Managed Care Capitations	7,398,379	78,158,373	85,556,752
Administration	5,030,413	22,975,025	28,005,438
Life Insurance	447,337	2,014,501	2,461,838
Wellness	238,322	1,088,470	1,326,792
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	90,490	372,676	463,167
Director's Discretionary Fund	364,655	1,468,239	1,832,894
WV RHBT Pay Go Premiums	2,039,138	7,960,862	10,000,000
Total Expenses	\$ 209,137,757	\$ 893,257,975	\$ 1,102,395,732
Fiscal Year Results	\$ 11,716,198	\$ 83,006,601	\$ 94,722,799
Beginning Plan Reserve	5,953,279	139,031,779	144,985,058
Minimum Actuarial Reserve Required	\$ 25,557,204	\$ 108,046,913	\$ 133,604,117
Ending Premium Stabilization Reserve	(7,887,727)	113,991,467	106,103,740
Ending Plan Reserve	\$ 17,669,477	\$ 222,038,380	\$ 239,707,857
Reserve as a Percent of Expenses			22%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 92,900,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 29,900,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 38,700,000	Active Local	8.5%	15.5%
Direct Transfers	\$ -	State	8.5%	15.5%
		Prescription Drug Rebates		5.0%
		Capitations		22.2%
		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	\$ 177,091,208	\$ 28,466,410	\$ 205,557,618
Employer Premiums - MCO	8,916,466	1,433,590	10,350,056
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	2,039,138		2,039,138
Life Insurance	472,489		472,489
Direct Transfers	-		-
Investment Income	1,338,509		1,338,509
Litigation Settlement	-		-
COBRA Premiums	319,494		319,494
Administrative Fees	776,649		776,649
Total Revenue	\$ 190,953,954	\$ 29,900,000	\$ 220,853,954
<u>Program Expenses</u>			
Medical Claims	\$ 141,795,766	\$ (7,900,000)	\$ 133,895,766
Gross Prescription Drug Claims	90,870,245	\$ (3,300,000)	87,570,245
Prescription Drug Rebates	(27,936,990)		(27,936,990)
Managed Care Capitations	7,398,379		7,398,379
Administration	5,030,413		5,030,413
Life Insurance	447,337		447,337
Wellness	238,322		238,322
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	90,490		90,490
Director's Discretionary Fund	364,655		364,655
WV RHBT Pay Go Premiums	2,039,138		2,039,138
Total Expenses	\$ 220,337,757	\$ (11,200,000)	\$ 209,137,757
Fiscal Year Results	\$ (29,383,802)		\$ 11,716,198
Beginning Plan Reserve	5,953,279		5,953,279
Minimum Actuarial Reserve Required	\$ 25,557,204	\$ -	\$ 25,557,204
<u>Ending Premium Stabilization Reserve</u>	<u>(48,987,727)</u>	<u>-</u>	<u>(7,887,727)</u>
Ending Plan Reserve	\$ (23,430,523)		\$ 17,669,477
Reserve as a Percent of Expenses			9%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 29,900,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	8.5%	15.5%
		Prescription Drug Rebates		5.0%
		Capitations		22.2%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2026

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 589,319,785	\$ 83,608,755	\$ 672,928,539
Employer Premiums - MCO	65,497,047	9,291,245	74,788,292
Employee Premiums - PPB	147,388,202	34,784,602	182,172,804
Employee Premiums - MCO	16,590,198	3,915,398	20,505,596
WV RHBT Pay Go Premiums	7,960,862		7,960,862
Life Insurance	2,157,965		2,157,965
Direct Transfers	-		-
Investment Income	9,991,801		9,991,801
Litigation Settlement	-		-
COBRA Premiums	1,455,534		1,455,534
Administrative Fees	4,303,182		4,303,182
Total Revenue	\$ 844,664,576	\$ 131,600,000	\$ 976,264,576
<u>Program Expenses</u>			
Medical Claims	\$ 564,137,010	\$ (35,500,000)	\$ 528,637,010
Gross Prescription Drug Claims	386,636,508	\$ (13,700,001)	372,936,507
Prescription Drug Rebates	(122,353,687)		(122,353,687)
Managed Care Capitations	78,158,373		78,158,373
Administration	22,975,025		22,975,025
Life Insurance	2,014,501		2,014,501
Wellness	1,088,470		1,088,470
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	372,676		372,676
Director's Discretionary Fund	1,468,239		1,468,239
WV RHBT Pay Go Premiums	7,960,862		7,960,862
Total Expenses	\$ 942,457,976	\$ (49,200,001)	\$ 893,257,975
Fiscal Year Results	\$ (97,793,400)		\$ 83,006,601
Beginning Plan Reserve	139,031,779		139,031,779
Minimum Actuarial Reserve Required	\$ 108,046,913	\$ -	\$ 108,046,913
<u>Ending Premium Stabilization Reserve</u>	<u>(66,808,533)</u>	<u>-</u>	<u>113,991,467</u>
Ending Plan Reserve	\$ 41,238,380		\$ 222,038,380
Reserve as a Percent of Expenses			25%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 92,900,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 38,700,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ -	State	8.5%	15.5%
		Prescription Drug Rebates		5.0%
		Capitations		22.2%
		Administrative Expense		3.0%

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 231,263,072	\$ 735,927,601	\$ 967,190,673
Employer Premiums - MCO	11,644,602	81,789,231	93,433,833
Employee Premiums - PPB	-	190,711,660	190,711,660
Employee Premiums - MCO	-	21,466,741	21,466,741
WV RHBT Pay Go Premiums	2,039,138	7,960,862	10,000,000
Life Insurance	496,114	2,265,863	2,761,977
Direct Transfers	-	-	-
Investment Income	1,926,198	13,801,424	15,727,622
Litigation Settlement	-	-	-
COBRA Premiums	359,448	1,577,288	1,936,736
Administrative Fees	776,649	4,303,182	5,079,832
Total Revenue	\$ 248,505,222	\$ 1,059,803,852	\$ 1,308,309,074
<u>Program Expenses</u>			
Medical Claims	\$ 145,643,007	\$ 575,015,126	\$ 720,658,133
Gross Prescription Drug Claims	101,385,343	431,770,020	533,155,363
Prescription Drug Rebates	(29,333,839)	(128,471,372)	(157,805,211)
Managed Care Capitations	8,138,217	85,974,210	94,112,427
Administration	5,181,325	23,664,276	28,845,601
Life Insurance	469,704	2,115,226	2,584,930
Wellness	247,855	1,132,009	1,379,864
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	90,490	372,676	463,167
Director's Discretionary Fund	363,678	1,467,301	1,830,980
WV RHBT Pay Go Premiums	2,039,138	7,960,862	10,000,000
Total Expenses	\$ 234,224,919	\$ 1,001,000,334	\$ 1,235,225,253
Fiscal Year Results	\$ 14,280,303	\$ 58,803,517	\$ 73,083,821
Beginning Plan Reserve	17,669,477	222,038,380	239,707,857
Minimum Actuarial Reserve Required	\$ 28,670,033	\$ 121,298,474	\$ 149,968,507
<u>Ending Premium Stabilization Reserve</u>	<u>3,279,748</u>	<u>159,543,423</u>	<u>162,823,171</u>
Ending Plan Reserve	\$ 31,949,780	\$ 280,841,897	\$ 312,791,678
Reserve as a Percent of Expenses			26%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 70,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 27,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 9,500,000	Active Local	9.0%	16.0%
Direct Transfers	\$ -	State	9.0%	16.0%
		Prescription Drug Rebates		5.0%
		Capitations		10.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2027

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 205,557,618	\$ 25,705,454	\$ 231,263,072
Employer Premiums - MCO	10,350,056	1,294,546	11,644,602
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	2,039,138		2,039,138
Life Insurance	496,114		496,114
Direct Transfers	-		-
Investment Income	1,926,198		1,926,198
Litigation Settlement	-		-
COBRA Premiums	359,448		359,448
Administrative Fees	776,649		776,649
Total Revenue	\$ 221,505,222	\$ 27,000,000	\$ 248,505,222
<u>Program Expenses</u>			
Medical Claims	\$ 145,643,007	\$ -	\$ 145,643,007
Gross Prescription Drug Claims	101,385,343	\$ -	101,385,343
Prescription Drug Rebates	(29,333,839)		(29,333,839)
Managed Care Capitations	8,138,217		8,138,217
Administration	5,181,325		5,181,325
Life Insurance	469,704		469,704
Wellness	247,855		247,855
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	90,490		90,490
Director's Discretionary Fund	363,678		363,678
WV RHBT Pay Go Premiums	2,039,138		2,039,138
Total Expenses	\$ 234,224,919	\$ -	\$ 234,224,919
Fiscal Year Results	\$ (12,719,697)		\$ 14,280,303
Beginning Plan Reserve	17,669,477		17,669,477
Minimum Actuarial Reserve Required	\$ 28,670,033	\$ -	\$ 28,670,033
<u>Ending Premium Stabilization Reserve</u>	<u>(23,720,252)</u>	<u>-</u>	<u>3,279,748</u>
Ending Plan Reserve	\$ 4,949,780		\$ 31,949,780
Reserve as a Percent of Expenses			14%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 27,000,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	9.0%	16.0%
		Prescription Drug Rebates		5.0%
		Capitations		10.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2027

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 672,928,539	\$ 62,999,062	\$ 735,927,601
Employer Premiums - MCO	74,788,292	7,000,938	81,789,231
Employee Premiums - PPB	182,172,804	8,538,856	190,711,660
Employee Premiums - MCO	20,505,596	961,144	21,466,741
WV RHBT Pay Go Premiums	7,960,862		7,960,862
Life Insurance	2,265,863		2,265,863
Direct Transfers	-		-
Investment Income	13,801,424		13,801,424
Litigation Settlement	-		-
COBRA Premiums	1,577,288		1,577,288
Administrative Fees	4,303,182		4,303,182
Total Revenue	\$ 980,303,852	\$ 79,500,000	\$ 1,059,803,852
<u>Program Expenses</u>			
Medical Claims	\$ 575,015,126	\$ -	\$ 575,015,126
Gross Prescription Drug Claims	431,770,020	\$ -	431,770,020
Prescription Drug Rebates	(128,471,372)		(128,471,372)
Managed Care Capitations	85,974,210		85,974,210
Administration	23,664,276		23,664,276
Life Insurance	2,115,226		2,115,226
Wellness	1,132,009		1,132,009
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	372,676		372,676
Director's Discretionary Fund	1,467,301		1,467,301
WV RHBT Pay Go Premiums	7,960,862		7,960,862
Total Expenses	\$ 1,001,000,334	\$ -	\$ 1,001,000,334
Fiscal Year Results	\$ (20,696,483)		\$ 58,803,517
Beginning Plan Reserve	222,038,380		222,038,380
Minimum Actuarial Reserve Required	\$ 121,298,474	\$ -	\$ 121,298,474
<u>Ending Premium Stabilization Reserve</u>	80,043,423	-	159,543,423
Ending Plan Reserve	\$ 201,341,897		\$ 280,841,897
Reserve as a Percent of Expenses			28%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 70,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 9,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ -	State	9.0%	16.0%
		Prescription Drug Rebates		5.0%
		Capitations		10.0%
		Administrative Expense		3.0%

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 256,968,525	\$ 809,726,502	\$ 1,066,695,027
Employer Premiums - MCO	12,939,149	89,990,330	102,929,479
Employee Premiums - PPB	-	205,542,304	205,542,304
Employee Premiums - MCO	-	23,136,096	23,136,096
WV RHBT Pay Go Premiums	2,039,138	7,960,862	10,000,000
Life Insurance	520,920	2,379,157	2,900,076
Direct Transfers	-	-	-
Investment Income	2,629,344	16,696,955	19,326,299
Litigation Settlement	-	-	-
COBRA Premiums	399,402	1,728,141	2,127,543
Administrative Fees	776,649	4,303,182	5,079,832
Total Revenue	\$ 276,273,127	\$ 1,161,463,529	\$ 1,437,736,656
<u>Program Expenses</u>			
Medical Claims	\$ 159,149,376	\$ 628,338,238	\$ 787,487,614
Gross Prescription Drug Claims	117,887,021	502,044,581	619,931,602
Prescription Drug Rebates	(30,800,531)	(134,894,940)	(165,695,471)
Managed Care Capitations	8,952,039	94,571,631	103,523,670
Administration	5,336,765	24,374,204	29,710,969
Life Insurance	493,189	2,220,987	2,714,176
Wellness	257,769	1,177,289	1,435,058
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	90,490	372,676	463,167
Director's Discretionary Fund	362,703	1,466,344	1,829,047
WV RHBT Pay Go Premiums	2,039,138	7,960,862	10,000,000
Total Expenses	\$ 263,767,960	\$ 1,127,631,871	\$ 1,391,399,832
Fiscal Year Results	\$ 12,505,167	\$ 33,831,657	\$ 46,336,824
Beginning Plan Reserve	31,949,780	280,841,897	312,791,678
Minimum Actuarial Reserve Required	\$ 32,337,846	\$ 136,890,957	\$ 169,228,803
<u>Ending Premium Stabilization Reserve</u>	<u>12,117,101</u>	<u>177,782,598</u>	<u>189,899,699</u>
Ending Plan Reserve	\$ 44,454,947	\$ 314,673,555	\$ 359,128,502
Reserve as a Percent of Expenses			26%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 82,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 27,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 16,500,000	Active Local	9.5%	16.5%
Direct Transfers	\$ -	State	9.5%	16.5%
		Prescription Drug Rebates		5.0%
		Capitations		10.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2028

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 231,263,072	\$ 25,705,454	\$ 256,968,525
Employer Premiums - MCO	11,644,602	1,294,546	12,939,149
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	2,039,138		2,039,138
Life Insurance	520,920		520,920
Direct Transfers	-		-
Investment Income	2,629,344		2,629,344
Litigation Settlement	-		-
COBRA Premiums	399,402		399,402
Administrative Fees	776,649		776,649
Total Revenue	\$ 249,273,127	\$ 27,000,000	\$ 276,273,127
<u>Program Expenses</u>			
Medical Claims	\$ 159,149,376	\$ -	\$ 159,149,376
Gross Prescription Drug Claims	117,887,021	\$ -	117,887,021
Prescription Drug Rebates	(30,800,531)		(30,800,531)
Managed Care Capitations	8,952,039		8,952,039
Administration	5,336,765		5,336,765
Life Insurance	493,189		493,189
Wellness	257,769		257,769
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	90,490		90,490
Director's Discretionary Fund	362,703		362,703
WV RHBT Pay Go Premiums	2,039,138		2,039,138
Total Expenses	\$ 263,767,960	\$ -	\$ 263,767,960
Fiscal Year Results	\$ (14,494,833)		\$ 12,505,167
Beginning Plan Reserve	31,949,780		31,949,780
Minimum Actuarial Reserve Required	\$ 32,337,846	\$ -	\$ 32,337,846
<u>Ending Premium Stabilization Reserve</u>	<u>(14,882,899)</u>	<u>-</u>	<u>12,117,101</u>
Ending Plan Reserve	\$ 17,454,947		\$ 44,454,947
Reserve as a Percent of Expenses			17%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 27,000,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	9.5%	16.5%
		Prescription Drug Rebates		5.0%
		Capitations		10.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2028

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 735,927,601	\$ 73,798,901	\$ 809,726,502
Employer Premiums - MCO	81,789,231	8,201,099	89,990,330
Employee Premiums - PPB	190,711,660	14,830,644	205,542,304
Employee Premiums - MCO	21,466,741	1,669,356	23,136,096
WV RHBT Pay Go Premiums	7,960,862		7,960,862
Life Insurance	2,379,157		2,379,157
Direct Transfers	-		-
Investment Income	16,696,955		16,696,955
Litigation Settlement	-		-
COBRA Premiums	1,728,141		1,728,141
Administrative Fees	4,303,182		4,303,182
Total Revenue	\$ 1,062,963,529	\$ 98,500,000	\$ 1,161,463,529
<u>Program Expenses</u>			
Medical Claims	\$ 628,338,238	\$ -	\$ 628,338,238
Gross Prescription Drug Claims	502,044,581	\$ -	502,044,581
Prescription Drug Rebates	(134,894,940)		(134,894,940)
Managed Care Capitations	94,571,631		94,571,631
Administration	24,374,204		24,374,204
Life Insurance	2,220,987		2,220,987
Wellness	1,177,289		1,177,289
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	372,676		372,676
Director's Discretionary Fund	1,466,344		1,466,344
WV RHBT Pay Go Premiums	7,960,862		7,960,862
Total Expenses	\$ 1,127,631,871	\$ -	\$ 1,127,631,871
Fiscal Year Results	\$ (64,668,343)		\$ 33,831,657
Beginning Plan Reserve	280,841,897		280,841,897
Minimum Actuarial Reserve Required	\$ 136,890,957	\$ -	\$ 136,890,957
<u>Ending Premium Stabilization Reserve</u>	<u>79,282,598</u>	<u>-</u>	<u>177,782,598</u>
Ending Plan Reserve	\$ 216,173,555		\$ 314,673,555
Reserve as a Percent of Expenses			28%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 82,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 16,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ -	State	9.5%	16.5%
		Prescription Drug Rebates		5.0%
		Capitations		10.0%
		Administrative Expense		3.0%

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 279,817,818	\$ 931,224,692	\$ 1,211,042,509
Employer Premiums - MCO	14,089,856	103,492,140	117,581,996
Employee Premiums - PPB	-	235,922,654	235,922,654
Employee Premiums - MCO	-	26,555,746	26,555,746
WV RHBT Pay Go Premiums	2,039,138	7,960,862	10,000,000
Life Insurance	546,966	2,498,114	3,045,080
Direct Transfers	-	-	-
Investment Income	3,275,788	18,653,594	21,929,381
Litigation Settlement	-	-	-
COBRA Premiums	434,917	1,986,659	2,421,576
Administrative Fees	776,649	4,303,182	5,079,832
Total Revenue	\$ 300,981,131	\$ 1,332,597,643	\$ 1,633,578,775
<u>Program Expenses</u>			
Medical Claims	\$ 174,704,324	\$ 689,749,068	\$ 864,453,391
Gross Prescription Drug Claims	137,664,191	586,268,095	723,932,286
Prescription Drug Rebates	(32,340,558)	(141,639,687)	(173,980,245)
Managed Care Capitations	9,847,243	104,028,794	113,876,037
Administration	5,496,868	25,105,430	30,602,299
Life Insurance	517,849	2,332,036	2,849,885
Wellness	268,080	1,224,381	1,492,460
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	90,490	372,676	463,167
Director's Discretionary Fund	361,734	1,465,366	1,827,100
WV RHBT Pay Go Premiums	2,039,138	7,960,862	10,000,000
Total Expenses	\$ 298,649,359	\$ 1,276,867,021	\$ 1,575,516,380
Fiscal Year Results	\$ 2,331,772	\$ 55,730,623	\$ 58,062,395
Beginning Plan Reserve	44,454,947	314,673,555	359,128,502
Minimum Actuarial Reserve Required	\$ 36,670,764	\$ 155,286,687	\$ 191,957,451
<u>Ending Premium Stabilization Reserve</u>	<u>10,115,955</u>	<u>215,117,490</u>	<u>225,233,445</u>
Ending Plan Reserve	\$ 46,786,719	\$ 370,404,177	\$ 417,190,897
Reserve as a Percent of Expenses			27%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 135,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 24,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 33,800,000	Active Local	10.0%	17.0%
Direct Transfers	\$ -	State	10.0%	17.0%
		Prescription Drug Rebates		5.0%
		Capitations		10.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2029

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 256,968,525	\$ 22,849,292	\$ 279,817,818
Employer Premiums - MCO	12,939,149	1,150,708	14,089,856
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	2,039,138		2,039,138
Life Insurance	546,966		546,966
Direct Transfers	-		-
Investment Income	3,275,788		3,275,788
Litigation Settlement	-		-
COBRA Premiums	434,917		434,917
Administrative Fees	776,649		776,649
Total Revenue	\$ 276,981,131	\$ 24,000,000	\$ 300,981,131
<u>Program Expenses</u>			
Medical Claims	\$ 174,704,324	\$ -	\$ 174,704,324
Gross Prescription Drug Claims	137,664,191	\$ -	137,664,191
Prescription Drug Rebates	(32,340,558)		(32,340,558)
Managed Care Capitations	9,847,243		9,847,243
Administration	5,496,868		5,496,868
Life Insurance	517,849		517,849
Wellness	268,080		268,080
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	90,490		90,490
Director's Discretionary Fund	361,734		361,734
WV RHBT Pay Go Premiums	2,039,138		2,039,138
Total Expenses	\$ 298,649,359	\$ -	\$ 298,649,359
Fiscal Year Results	\$ (21,668,228)		\$ 2,331,772
Beginning Plan Reserve	44,454,947		44,454,947
Minimum Actuarial Reserve Required	\$ 36,670,764	\$ -	\$ 36,670,764
<u>Ending Premium Stabilization Reserve</u>	<u>(13,884,045)</u>	<u>-</u>	<u>10,115,955</u>
Ending Plan Reserve	\$ 22,786,719		\$ 46,786,719
Reserve as a Percent of Expenses			16%

KEY ASSUMPTIONS

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

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2029

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 809,726,502	\$ 121,498,190	\$ 931,224,692
Employer Premiums - MCO	89,990,330	13,501,810	103,492,140
Employee Premiums - PPB	205,542,304	30,380,350	235,922,654
Employee Premiums - MCO	23,136,096	3,419,650	26,555,746
WV RHBT Pay Go Premiums	7,960,862		7,960,862
Life Insurance	2,498,114		2,498,114
Direct Transfers	-		-
Investment Income	18,653,594		18,653,594
Litigation Settlement	-		-
COBRA Premiums	1,986,659		1,986,659
Administrative Fees	4,303,182		4,303,182
Total Revenue	\$ 1,163,797,643	\$ 168,800,000	\$ 1,332,597,643
<u>Program Expenses</u>			
Medical Claims	\$ 689,749,068	\$ -	\$ 689,749,068
Gross Prescription Drug Claims	586,268,095	\$ -	586,268,095
Prescription Drug Rebates	(141,639,687)		(141,639,687)
Managed Care Capitations	104,028,794		104,028,794
Administration	25,105,430		25,105,430
Life Insurance	2,332,036		2,332,036
Wellness	1,224,381		1,224,381
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	372,676		372,676
Director's Discretionary Fund	1,465,366		1,465,366
WV RHBT Pay Go Premiums	7,960,862		7,960,862
Total Expenses	\$ 1,276,867,021	\$ -	\$ 1,276,867,021
Fiscal Year Results	\$ (113,069,377)		\$ 55,730,623
Beginning Plan Reserve	314,673,555		314,673,555
Minimum Actuarial Reserve Required	\$ 155,286,687	\$ -	\$ 155,286,687
<u>Ending Premium Stabilization Reserve</u>	<u>46,317,490</u>	<u>-</u>	<u>215,117,490</u>
Ending Plan Reserve	\$ 201,604,177		\$ 370,404,177
Reserve as a Percent of Expenses			29%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 135,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 33,800,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ -	State	10.0%	17.0%
		Prescription Drug Rebates		5.0%
		Capitations		10.0%
		Administrative Expense		3.0%

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

Fiscal Year 2024												
Exposure	<u>Jul-23</u>	<u>Aug-23</u>	<u>Sep-23</u>	<u>Oct-23</u>	<u>Nov-23</u>	<u>Dec-23</u>	<u>Jan-24</u>	<u>Feb-24</u>	<u>Mar-24</u>	<u>Apr-24</u>	<u>May-24</u>	<u>Jun-24</u>
Local Medical	28,408	28,455	28,485	28,555	28,542	28,666	28,686	28,667	28,682	28,686	28,663	28,648
State Medical	110,217	109,819	110,078	110,315	110,325	110,418	110,197	109,974	109,884	109,752	109,719	109,550
Local Drugs	28,408	28,455	28,485	28,555	28,542	28,666	28,686	28,667	28,682	28,686	28,663	28,648
State Drugs	110,217	109,819	110,078	110,315	110,325	110,418	110,197	109,974	109,884	109,752	109,719	109,550
	<u>Jul-23</u>	<u>Aug-23</u>	<u>Sep-23</u>	<u>Oct-23</u>	<u>Nov-23</u>	<u>Dec-23</u>	<u>Jan-24</u>	<u>Feb-24</u>	<u>Mar-24</u>	<u>Apr-24</u>	<u>May-24</u>	<u>Jun-24</u>
Local Medical	\$270.80	\$342.01	\$325.67	\$341.45	\$352.66	\$335.35	\$393.13	\$361.69	\$377.15	\$409.81	\$420.05	\$342.55
State Medical	326.79	378.03	332.90	372.23	357.30	347.82	402.84	363.87	412.05	414.26	420.34	414.82
Local Drugs	156.57	195.86	175.44	195.83	202.38	195.49	204.25	198.45	203.10	227.06	247.36	218.60
State Drugs	<u>186.37</u>	<u>218.32</u>	<u>203.99</u>	<u>217.82</u>	<u>219.80</u>	<u>213.88</u>	<u>220.78</u>	<u>211.08</u>	<u>219.97</u>	<u>247.83</u>	<u>257.13</u>	<u>243.45</u>
Total	\$940.54	\$1,134.21	\$1,038.00	\$1,127.34	\$1,132.13	\$1,092.54	\$1,221.00	\$1,135.09	\$1,212.26	\$1,298.97	\$1,344.88	\$1,219.42
Change From Prior Year - Month to Month Analysis												
Local Medical	15.5%	32.9%	24.4%	22.3%	24.2%	21.7%	30.2%	25.7%	11.9%	43.3%	31.6%	9.7%
State Medical	37.8%	28.0%	15.2%	25.9%	16.1%	20.7%	27.4%	23.1%	19.0%	33.4%	21.6%	15.5%
Local Drugs	18.9%	20.6%	11.9%	34.4%	40.4%	24.7%	19.3%	30.2%	10.5%	43.6%	37.3%	13.2%
State Drugs	<u>32.4%</u>	<u>18.9%</u>	<u>11.0%</u>	<u>38.7%</u>	<u>31.3%</u>	<u>21.0%</u>	<u>20.3%</u>	<u>21.9%</u>	<u>10.7%</u>	<u>37.2%</u>	<u>23.9%</u>	<u>13.5%</u>
Total	26.4%	26.2%	16.5%	28.5%	25.3%	21.8%	25.5%	24.9%	13.7%	38.9%	27.8%	13.0%
Change From Prior Year - Quarter to Quarter Analysis												
Local Medical			24.5%			22.7%			22.1%			27.8%
State Medical			26.3%			20.8%			23.0%			23.1%
Local Drugs			17.1%			32.9%			19.4%			30.4%
State Drugs			<u>19.8%</u>			<u>30.0%</u>			<u>17.4%</u>			<u>24.2%</u>
Total			22.8%			25.2%			21.0%			26.0%
Change From Prior Year - Year to Year Analysis												
Local Medical			8.6%			13.7%			18.7%			24.3%
State Medical			11.9%			16.8%			20.6%			23.3%
Local Drugs			-2.0%			8.0%			14.0%			25.0%
State Drugs			<u>3.2%</u>			<u>11.6%</u>			<u>16.4%</u>			<u>22.7%</u>
Total			6.6%			13.3%			18.1%			23.8%

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

Fiscal Year 2025											
Exposure	<u>Jul-24</u>	<u>Aug-24</u>	<u>Sep-24</u>	<u>Oct-24</u>	<u>Nov-24</u>	<u>Dec-24</u>	<u>Jan-25</u>	<u>Feb-25</u>	<u>Mar-25</u>	<u>Apr-25</u>	<u>May-25</u>
Local Medical	29,016	29,069	29,014	29,049	29,000	28,959	28,897	28,781	28,836	28,858	28,739
State Medical	109,011	108,582	108,493	108,605	108,597	108,535	108,014	107,646	107,530	107,297	107,139
Local Drugs	29,016	29,069	29,014	29,049	29,000	28,959	28,897	28,781	28,836	28,858	28,739
State Drugs	109,011	108,582	108,493	108,605	108,597	108,535	108,014	107,646	107,530	107,297	107,139
	<u>Jul-24</u>	<u>Aug-24</u>	<u>Sep-24</u>	<u>Oct-24</u>	<u>Nov-24</u>	<u>Dec-24</u>	<u>Jan-25</u>	<u>Feb-25</u>	<u>Mar-25</u>	<u>Apr-25</u>	<u>May-25</u>
Local Medical	\$339.19	\$345.02	\$322.66	\$396.66	\$327.30	\$371.07	\$426.04	\$377.10	\$400.39	\$432.70	\$462.83
State Medical	358.76	350.80	348.79	400.68	345.69	365.03	395.02	388.11	409.41	434.09	475.82
Local Drugs	221.27	207.34	203.00	225.85	213.90	222.80	215.61	202.17	225.62	233.13	237.11
State Drugs	<u>243.35</u>	<u>239.10</u>	<u>234.57</u>	<u>260.98</u>	<u>234.55</u>	<u>249.63</u>	<u>236.93</u>	<u>216.86</u>	<u>245.16</u>	<u>253.61</u>	<u>254.16</u>
Total	\$1,162.57	\$1,142.26	\$1,109.01	\$1,284.18	\$1,121.45	\$1,208.53	\$1,273.61	\$1,184.25	\$1,280.58	\$1,353.53	\$1,429.93
Change From Prior Year - Month to Month Analysis											
Local Medical	25.3%	0.9%	-0.9%	16.2%	-7.2%	10.7%	8.4%	4.3%	6.2%	5.6%	10.2%
State Medical	9.8%	-7.2%	4.8%	7.6%	-3.2%	4.9%	-1.9%	6.7%	-0.6%	4.8%	13.2%
Local Drugs	41.3%	5.9%	15.7%	15.3%	5.7%	14.0%	5.6%	1.9%	11.1%	2.7%	-4.1%
State Drugs	<u>30.6%</u>	<u>9.5%</u>	<u>15.0%</u>	<u>19.8%</u>	<u>6.7%</u>	<u>16.7%</u>	<u>7.3%</u>	<u>2.7%</u>	<u>11.5%</u>	<u>2.3%</u>	<u>-1.2%</u>
Total	23.6%	0.7%	6.8%	13.9%	-0.9%	10.6%	4.3%	4.3%	5.6%	4.2%	6.3%
Change From Prior Year - Quarter to Quarter Analysis											
Local Medical			7.3%			6.4%			6.3%		
State Medical			2.0%			3.2%			1.2%		
Local Drugs			19.7%			11.6%			6.2%		
State Drugs			<u>17.8%</u>			<u>14.4%</u>			<u>7.2%</u>		
Total			9.7%			7.8%			4.8%		
Change From Prior Year - Year to Year Analysis											
Local Medical			19.8%			15.6%			11.5%		
State Medical			16.9%			12.5%			7.0%		
Local Drugs			25.4%			20.0%			16.5%		
State Drugs			<u>22.1%</u>			<u>18.4%</u>			<u>15.7%</u>		
Total			20.3%			15.9%			11.7%		