

STATE OF WEST VIRGINIA



PUBLIC EMPLOYEES INSURANCE AGENCY

**Quarterly Report
December 31, 2023**

Fiscal Years 2024-2028

Report Date: April 2024

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 2023 for the fiscal year 2025 (“FY 2025”) and to provide quarterly financial reports for current FY 2024 and thereafter. Our analysis is developed on an accrued and incurred reporting basis for a projection period of five years as required by the Code.

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

The Board is also charged with the responsibility to review actual costs incurred, any revised cost estimates, expenditures, and other factors affecting the fiscal stability of the plan and to make any modifications to the plan necessary to insure that the total financial requirements of PEIA are met for the projection period. We have been asked to review the proposed financial plan, and as supported by our work, to render an actuarial opinion stating whether the plan may be reasonably expected to generate sufficient revenues to meet estimated insurance program and administrative costs of PEIA through FY 2028.

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

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

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

This report includes updated claim trend assumptions as recommended in the report titled, “PEIA FY2023 Detailed Medical and Prescription Drugs Claim Trend Report”. In the circumstances and subject to the conditions described herein, we believe the financial plan approved by the Board for FY 2024 through FY 2028 may be reasonably expected to generate sufficient revenues, when combined with the existing surplus, to meet estimated insurance program and administrative costs of PEIA. In addition, we are forecasting that PEIA will meet the minimum 20% employee cost share requirement for state revenue in FY 2024 based on the scheduled revenue increases of the financial plan approved and amended by the Board in December 2023.

The conclusion of long-term solvency for the program over the five-year forecast is based on significant revenue increases in employer and employee premiums in later fiscal years of the plan through FY 2028 as approved by the Board.

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

Respectfully,



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

Managing Partner



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

Principal

West Virginia Public Employees Insurance Agency

Report of Independent Actuary

Financial Plan for FY 2024 – FY 2028

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 February 2024 for prescription drugs and medical claims. Enrollment data, administrative expenses, managed care capitations, and plan revenues were provided at special request from PEIA. Revenue assumptions are based on premium rates, assumed investment income and significant general and special revenue allocations provided by the Governor, some of which have not been approved by the West Virginia Legislature. In addition, other information became available through presentations made at the Board meetings, which has been used in arriving at our conclusions.

The Code of the State of West Virginia establishes the actuarial reporting requirements for PEIA on an incurred basis for medical claims and capitations and on an accrued basis for administrative expenses and revenue for a period not to exceed five years. At the request of the Board, the reporting basis is based upon the separation of employees into two funds: Active Local Employee Fund and State Employee Fund. The Active Local Fund represents local governmental agencies, county governmental agencies and other public entities. The State Fund represents active state employees, college and university employees and county boards of education employees. The Active Local Fund and the State Fund are allocated administrative costs based on each fund's proportionate total revenue levels.

KEY ASSUMPTIONS

A. Enrollment Changes

These projections include the assumption that Preferred Provider Benefit (“PPB”) and managed care enrollment will not change from March 2024 enrollment levels for the duration of these forecasts for active employees.

In aggregate, March 2024 enrollment for active employees has increased by 613 coverages since the end of FY 2023. Aggregate PPB enrollment has increased by 559 in total over the same period, while managed care enrollment experienced an increase of 54 coverages.

In the State Fund, the overall active State enrollment increased by 356 coverages from the end of FY 2023 to March 2024. And in the Local Fund, the overall active Local enrollment increased by 257 coverages from the end of FY 2023 to March 2024.

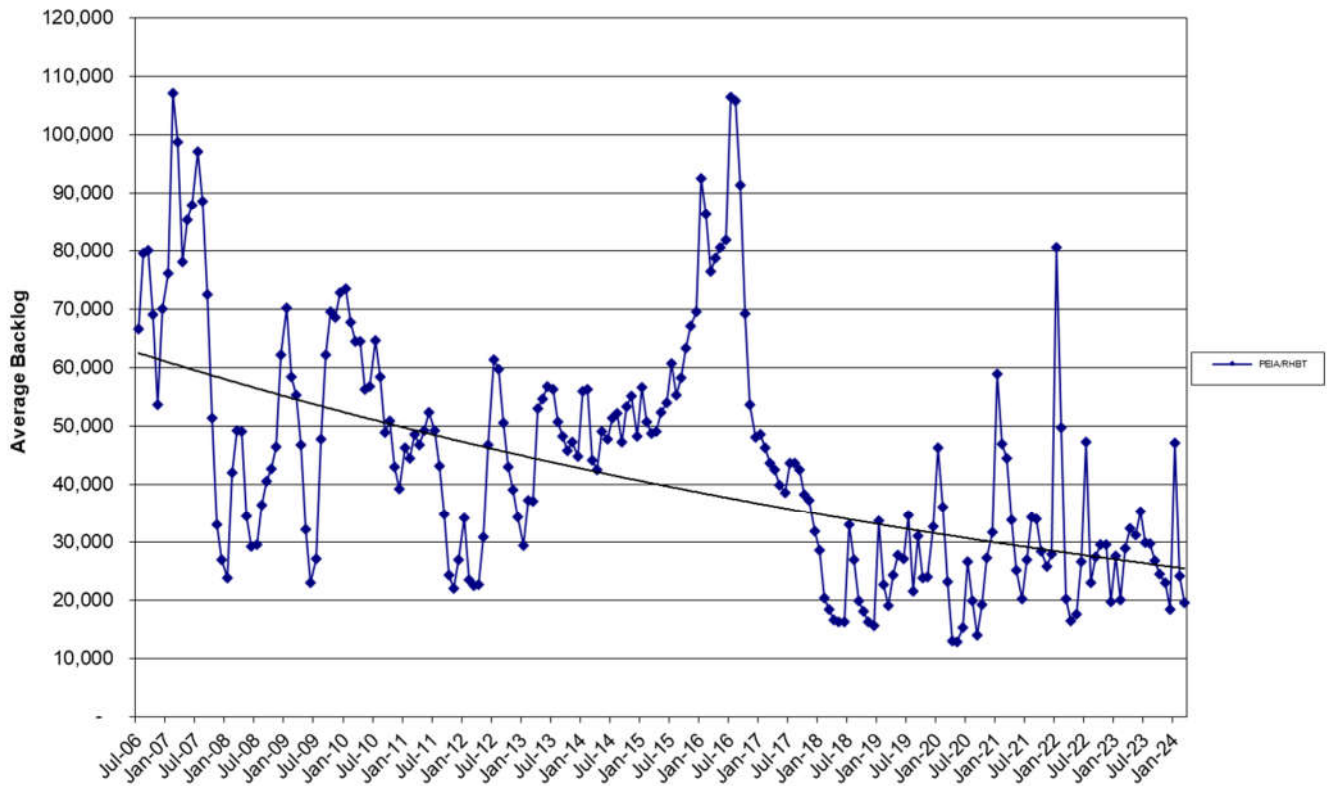
The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2022, June 2023, and March 2024 for purposes of comparison:

PEIA Fund	Coverage	Preferred Provider Benefit			Managed Care		
		Jun-22	Jun-23	Mar-24	Jun-22	Jun-23	Mar-24
State Active	Single	21,269	21,381	22,980	2,435	2,444	2,682
	Children	5,821	5,845	7,333	685	703	928
	Family	26,484	26,125	23,299	2,742	2,703	2,335
	Total	53,574	53,351	53,612	5,862	5,850	5,945
Local Active	Single	6,913	6,618	6,980	471	476	459
	Children	1,355	1,276	1,300	105	107	105
	Family	6,557	6,123	6,035	219	210	188
	Total	14,825	14,017	14,315	795	793	752
Plan Total		68,399	67,368	67,927	6,657	6,643	6,697
Grand Total					75,056	74,011	74,624

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 March 2024



C. Trend Analysis

PEIA experienced a low medical trend and a low prescription drugs trend in FY 2023, 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 FY2023 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 2024 medical claim trend is 7.5%, the gross prescription drugs claim trend is 14.5% and the prescription drugs rebate trend is 5.0%. In 2024, 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 2024 Trend	Updated Assumption FY 2024 Trend
Active Local – Medical	7.5%	7.5%
State – Medical	7.5%	7.5%
Active Local – Gross Drugs	14.5%	14.5%
State – Gross Drugs	14.5%	14.5%
Prescription Drugs Rebate	15.0%	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 2025 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 February 2024. It is important to note that these trends ***have not*** been adjusted to reflect savings as a result of the expansion of the drug rebate program or the claim savings due to changes in provider reimbursement methodologies, nor the changes in the benefit structure. In developing the claim cost projection, we have reflected for benefit and reimbursement changes as an adjustment to the gross trend assumption.

PEIA Historical Trends (Active Local and State)

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

* Fiscal year 2024 results are through the first eight months ending February 2024.

D. Enrollment, Claim, Expense and Revenue Assumptions

Using PEIA paid claim data through February 2024 for medical claims and for prescription drugs claims, average annualized incurred unit claim costs were developed for the State Fund and the Local Fund for both self-funded and managed care coverages. Continuing Care Actuaries has developed the claim cost on an adjusted exposure basis using the respective expected claim cost for each coverage type. The adjusted exposure methodology weighs the expected claim cost under each coverage type for single, member and children, and family coverages based on observed differences in health care cost. For example, under this methodology single coverage types are given a weight of 1.0 exposure, whereas member and children coverages are given a greater weighting based on historical expected health care cost relationships. Based on this methodology, the projection of FY 2024 claims and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

Fiscal Year 2024 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	53,407	\$843	\$208	\$770	\$283	
	<u>Managed Care</u>	5,884	\$857	\$214			\$826
	Total	59,291					
Local	PPB	14,221	\$911	\$0	\$701	\$254	
	<u>Managed Care</u>	757	\$885	\$0			\$631
	Total	14,978					

*Net of rebates and subsidies.

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

Board Decisions – December 2023

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

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

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

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

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

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

E. Provider Reimbursement Changes

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

FISCAL YEAR 2024 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 \$930,298,796 and incurred plan expenses of \$944,345,528 to produce a fiscal year deficit of (\$14,046,732). The PEIA local and state agencies Pay Go premiums for FY 2024 are assumed to be \$0.

Under the Baseline Scenario, FY 2024 is projected to end with a Total Fund reserve (State and Local Reserves) of \$110,783,201 and projected plan expenditures of \$944,345,528. This represents 11.7% of projected expenditures based on the current reserve methodology. The projected reserve does not meet the minimum actuarial required reserve of \$115,417,973. This required reserve is comprised of 12.5% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario.

The State Fund in FY 2024 is projected to end with a reserve of \$93,764,040, which represents 12.2% of projected expenditures. The projected State Fund reserve meets the minimum actuarial required reserve of \$93,616,526.

The Local Fund in FY 2024 is projected to end with a reserve of \$17,019,160, which represents 9.6% of projected expenditures. The projected Local Fund reserve does not meet the minimum actuarial required reserve of \$21,801,447.

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 \$1,031,643,480 and incurred plan expenses of \$1,074,670,468 to produce a fiscal year deficit of (\$43,026,988). The PEIA local and state agencies Pay Go premiums for FY 2025 are assumed to be \$29,000,000.

Under the Baseline Scenario, FY 2025 is projected to end with a Total Fund reserve (State and Local Reserves) of \$67,756,213 and projected plan expenditures of \$1,045,670,468. This represents 6.5% of projected expenditures based on the current reserve methodology. The projected reserve does not meet the minimum actuarial required reserve of \$127,906,544. 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 \$108,095,510 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to \$27,138,560.

The State Fund in FY 2025 is projected to end with a reserve of \$63,456,969, which represents 7.5% of projected expenditures. The projected State Fund reserve does not meet the minimum actuarial required reserve of \$103,732,429.

The Local Fund in FY 2025 is projected to end with a reserve of \$4,299,244, which represents 2.2% of projected expenditures. The projected Local Fund reserve does not meet the minimum actuarial required reserve of \$24,174,115.

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 \$1,140,096,692 and incurred plan expenses of \$1,171,934,268 to produce a fiscal year deficit of (\$31,837,576). 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 \$35,918,637 and projected plan expenditures of \$1,161,934,268. This represents 3.1% of projected expenditures based on the current reserve methodology. The projected reserve does not meet the minimum actuarial required reserve of \$142,305,001. 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 \$132,193,185 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to (\$62,226,876).

The State Fund in FY 2026 is projected to end with a reserve of \$42,351,607, which represents 4.5% of projected expenditures. The projected State Fund reserve does not meet the minimum actuarial required reserve of \$115,394,692.

The Local Fund in FY 2026 is projected to end with a reserve of (\$6,432,970), which represents -2.9% of projected expenditures. The projected Local Fund reserve does not meet the minimum actuarial required reserve of \$26,910,309.

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 \$1,280,281,440 and incurred plan expenses of \$1,308,306,975 to produce a fiscal year deficit of (\$28,025,535). 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 \$7,893,102 and projected plan expenditures of \$1,298,306,975. This represents 0.6% of projected expenditures based on the current reserve methodology. The projected reserve does not meet the minimum actuarial required reserve of \$159,209,922. 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 \$191,371,871 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to (\$181,498,135).

The State Fund in FY 2027 is projected to end with a reserve of \$25,655,166, which represents 2.4% of projected expenditures. The projected State Fund reserve does not meet the minimum actuarial required reserve of \$129,083,975.

The Local Fund in FY 2027 is projected to end with a reserve of (\$17,762,063), which represents -7.3% of projected expenditures. The projected Local Fund reserve does not meet the minimum actuarial required reserve of \$30,125,947.

FISCAL YEAR 2028 FORECAST

The financial forecast for FY 2028 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2028 projects accrued revenue of \$1,426,016,333 and incurred plan expenses of \$1,458,686,006 to produce a fiscal year deficit of (\$32,669,673). The PEIA local and state agencies Pay Go premiums for FY 2028 are assumed to be \$0.

Under the Baseline Scenario, FY 2028 is projected to end with a Total Fund reserve (State and Local Reserves) of (\$24,776,571) and projected plan expenditures of \$1,458,686,006. This represents -1.7% of projected expenditures based on the current reserve methodology. The projected reserve does not meet the minimum actuarial required reserve of \$179,108,084. 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 \$284,449,077 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to (\$348,007,770).

The State Fund in FY 2028 is projected to end with a reserve of \$5,982,999, which represents 0.5% of projected expenditures. The projected State Fund reserve does not meet the minimum actuarial required reserve of \$145,193,823.

The Local Fund in FY 2028 is projected to end with a reserve of (\$30,759,570), which represents -11.2% of projected expenditures. The projected Local Fund reserve does not meet the minimum actuarial required reserve of \$33,914,261.

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 2024. Starting in fiscal year 2025, the plan will not meet the minimum target of 10%. Additionally, the plan will not meet the minimum actuarial required reserve target in fiscal year 2024. We are currently projecting that the State reserve will be under the minimum actuarial reserve using the baseline assumptions in fiscal years 2025 through 2028; and the Local reserve will be under the minimum actuarial reserve using the baseline assumptions in fiscal years 2024 through 2028. These projections are based on significant revenue increases as contained in the financial plan adopted by the Board in December 2023 and are contingent on legislative approval.

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

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 155,512,236	\$ 540,283,306	\$ 695,795,542
Employer Premiums - MCO	8,041,275	60,496,660	68,537,935
Employee Premiums - PPB	-	133,041,847	133,041,847
Employee Premiums - MCO	-	15,083,407	15,083,407
WV RHBT Pay Go Premiums	-	-	-
Life Insurance	460,554	1,844,703	2,305,257
Direct Transfers	-	-	-
Investment Income	1,798,928	6,840,738	8,639,666
Litigation Settlement	-	-	-
COBRA Premiums	434,406	1,739,972	2,174,378
Administrative Fees	721,752	3,999,012	4,720,764
Total Revenue	\$ 166,969,151	\$ 763,329,645	\$ 930,298,796
<u>Program Expenses</u>			
Medical Claims	\$ 119,588,265	\$ 493,161,044	\$ 612,749,309
Gross Prescription Drug Claims	68,787,974	292,884,569	361,672,543
Prescription Drug Rebates	(25,448,716)	(111,455,969)	(136,904,685)
Managed Care Capitations	5,728,270	58,293,958	64,022,228
Administration	7,623,178	30,533,901	38,157,079
Life Insurance	367,000	1,469,982	1,836,982
Wellness	103,932	416,292	520,224
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	90,204	382,019	472,223
Director's Discretionary Fund	353,983	1,465,642	1,819,625
WV RHBT Pay Go Premiums	-	-	-
Total Expenses	\$ 177,194,090	\$ 767,151,438	\$ 944,345,528
Fiscal Year Results	\$ (10,224,939)	\$ (3,821,793)	\$ (14,046,732)
Beginning Plan Reserve	27,244,100	97,585,833	124,829,933
Minimum Actuarial Reserve Required	\$ 21,801,447	\$ 93,616,526	\$ 115,417,973
<u>Ending Premium Stabilization Reserve</u>	<u>(4,782,286)</u>	<u>147,515</u>	<u>(4,634,772)</u>
Ending Plan Reserve	\$ 17,019,160	\$ 93,764,040	\$ 110,783,201
Reserve as a Percent of Expenses			12%

KEY ASSUMPTIONS

		Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employer Premiums	\$ 108,100,000			
Additional Local Agency Revenue	\$ 22,500,000			
Additional State Employee Premiums	\$ 28,900,000	Active Local	7.5%	14.5%
Direct Transfers	\$ -	State	7.5%	14.5%
		Prescription Drug Rebates		0.0%
		Capitations		17.7%
		Administrative Expense		17.4%

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	\$ 134,082,180	\$ 21,430,056	\$ 155,512,236
Employer Premiums - MCO	6,971,331	1,069,944	8,041,275
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	-	-	-
Life Insurance	460,554		460,554
Direct Transfers	-		-
Investment Income	1,798,928		1,798,928
Litigation Settlement	-		-
COBRA Premiums	434,406		434,406
Administrative Fees	721,752		721,752
Total Revenue	\$ 144,469,151	\$ 22,500,000	\$ 166,969,151
<u>Program Expenses</u>			
Medical Claims	\$ 119,588,265		\$ 119,588,265
Gross Prescription Drug Claims	68,787,974		68,787,974
Prescription Drug Rebates	(25,448,716)		(25,448,716)
Managed Care Capitations	5,728,270		5,728,270
Administration	7,623,178		7,623,178
Life Insurance	367,000		367,000
Wellness	103,932		103,932
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	90,204		90,204
Director's Discretionary Fund	353,983		353,983
WV RHBT Pay Go Premiums	-		-
Total Expenses	\$ 177,194,090	\$ -	\$ 177,194,090
Fiscal Year Results	\$ (32,724,939)		\$ (10,224,939)
Beginning Plan Reserve	27,244,100		27,244,100
Minimum Actuarial Reserve Required	\$ 21,801,447	\$ -	\$ 21,801,447
<u>Ending Premium Stabilization Reserve</u>	<u>(27,282,286)</u>	<u>-</u>	<u>(4,782,286)</u>
Ending Plan Reserve	\$ (5,480,839)		\$ 17,019,161
Reserve as a Percent of Expenses			10%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 22,500,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	7.5%	14.5%
		Prescription Drug Rebates		0.0%
		Capitations		17.7%
		Administrative Expense		17.4%

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	\$ 442,985,739	\$ 97,297,567	\$ 540,283,306
Employer Premiums - MCO	49,694,227	10,802,433	60,496,660
Employee Premiums - PPB	107,112,849	25,928,998	133,041,847
Employee Premiums - MCO	12,112,405	2,971,002	15,083,407
WV RHBT Pay Go Premiums	-		-
Life Insurance	1,844,703		1,844,703
Direct Transfers	-		-
Investment Income	6,840,738		6,840,738
Litigation Settlement	-		-
COBRA Premiums	1,739,972		1,739,972
Administrative Fees	3,999,012		3,999,012
Total Revenue	\$ 626,329,645	\$ 137,000,000	\$ 763,329,645
<u>Program Expenses</u>			
Medical Claims	\$ 493,161,044		\$ 493,161,044
Gross Prescription Drug Claims	292,884,569		292,884,569
Prescription Drug Rebates	(111,455,969)		(111,455,969)
Managed Care Capitations	58,293,958		58,293,958
Administration	30,533,901		30,533,901
Life Insurance	1,469,982		1,469,982
Wellness	416,292		416,292
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	382,019		382,019
Director's Discretionary Fund	1,465,642		1,465,642
WV RHBT Pay Go Premiums	-		-
Total Expenses	\$ 767,151,438	\$ -	\$ 767,151,438
Fiscal Year Results	\$ (140,821,793)		\$ (3,821,793)
Beginning Plan Reserve	97,585,833		97,585,833
Minimum Actuarial Reserve Required	\$ 93,616,526	\$ -	\$ 93,616,526
<u>Ending Premium Stabilization Reserve</u>	<u>(136,852,486)</u>	<u>-</u>	<u>147,514</u>
Ending Plan Reserve	\$ (43,235,960)		\$ 93,764,040
Reserve as a Percent of Expenses			12%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 108,100,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 28,900,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ -	State	7.5%	14.5%
		Prescription Drug Rebates		0.0%
		Capitations		17.7%
		Administrative Expense		17.4%

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 171,628,227	\$ 575,835,189	\$ 747,463,416
Employer Premiums - MCO	8,870,023	64,500,038	73,370,061
Employee Premiums - PPB	-	147,143,135	147,143,135
Employee Premiums - MCO	-	16,682,119	16,682,119
WV RHBT Pay Go Premiums	5,855,261	23,144,739	29,000,000
Life Insurance	483,581	1,936,938	2,420,519
Direct Transfers	-	-	-
Investment Income	1,470,802	7,024,902	8,495,704
Litigation Settlement	-	-	-
COBRA Premiums	479,412	1,868,350	2,347,762
Administrative Fees	721,752	3,999,012	4,720,764
Total Revenue	\$ 189,509,058	\$ 842,134,422	\$ 1,031,643,480
<u>Program Expenses</u>			
Medical Claims	\$ 128,885,029	\$ 531,506,801	\$ 660,391,830
Gross Prescription Drug Claims	78,952,493	336,167,466	415,119,959
Prescription Drug Rebates	(26,721,152)	(117,028,767)	(143,749,919)
Managed Care Capitations	6,071,966	61,791,596	67,863,562
Administration	7,851,873	31,449,918	39,301,791
Life Insurance	435,750	1,745,081	2,180,831
Wellness	453,954	1,818,270	2,272,224
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	90,414	381,765	472,179
Director's Discretionary Fund	353,386	1,464,625	1,818,011
WV RHBT Pay Go Premiums	5,855,261	23,144,739	29,000,000
Total Expenses	\$ 202,228,975	\$ 872,441,493	\$ 1,074,670,468
Fiscal Year Results	\$ (12,719,917)	\$ (30,307,071)	\$ (43,026,988)
Beginning Plan Reserve	17,019,160	93,764,040	110,783,201
Minimum Actuarial Reserve Required	\$ 24,174,115	\$ 103,732,429	\$ 127,906,544
<u>Ending Premium Stabilization Reserve</u>	<u>(19,874,872)</u>	<u>(40,275,459)</u>	<u>(60,150,331)</u>
Ending Plan Reserve	\$ 4,299,244	\$ 63,456,969	\$ 67,756,213
Reserve as a Percent of Expenses			6%

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	\$ -	State	8.0%	15.0%
		Prescription Drug Rebates		5.0%
		Capitations		6.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2025

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 149,949,212	\$ 21,679,015	\$ 171,628,227
Employer Premiums - MCO	7,749,038	1,120,985	8,870,023
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	5,855,261		5,855,261
Life Insurance	483,581		483,581
Direct Transfers	-		-
Investment Income	1,470,802		1,470,802
Litigation Settlement	-		-
COBRA Premiums	479,412		479,412
Administrative Fees	721,752		721,752
Total Revenue	\$ 166,709,058	\$ 22,800,000	\$ 189,509,058
<u>Program Expenses</u>			
Medical Claims	\$ 124,480,034	\$ 4,404,995	\$ 128,885,029
Gross Prescription Drug Claims	69,389,021	\$ 9,563,472	78,952,493
Prescription Drug Rebates	(26,721,152)		(26,721,152)
Managed Care Capitations	6,071,966		6,071,966
Administration	7,851,873		7,851,873
Life Insurance	435,750		435,750
Wellness	453,954		453,954
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	90,414		90,414
Director's Discretionary Fund	353,386		353,386
WV RHBT Pay Go Premiums	5,855,261		5,855,261
Total Expenses	\$ 188,260,507	\$ 13,968,468	\$ 202,228,974
Fiscal Year Results	\$ (21,551,449)		\$ (12,719,916)
Beginning Plan Reserve	17,019,160		17,019,160
Minimum Actuarial Reserve Required	\$ 24,174,115	\$ -	\$ 24,174,115
<u>Ending Premium Stabilization Reserve</u>	<u>(28,706,404)</u>	<u>-</u>	<u>(19,874,872)</u>
Ending Plan Reserve	\$ (4,532,289)		\$ 4,299,244
Reserve as a Percent of Expenses			2%

KEY ASSUMPTIONS

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

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2025

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 519,448,883	\$ 56,386,306	\$ 575,835,189
Employer Premiums - MCO	58,186,344	6,313,694	64,500,038
Employee Premiums - PPB	133,041,846	14,101,289	147,143,135
Employee Premiums - MCO	15,083,408	1,598,711	16,682,119
WV RHBT Pay Go Premiums	23,144,739		23,144,739
Life Insurance	1,936,938		1,936,938
Direct Transfers	-		-
Investment Income	7,024,902		7,024,902
Litigation Settlement	-		-
COBRA Premiums	1,868,350		1,868,350
Administrative Fees	3,999,012		3,999,012
Total Revenue	\$ 763,734,422	\$ 78,400,000	\$ 842,134,422
<u>Program Expenses</u>			
Medical Claims	\$ 531,506,801		\$ 531,506,801
Gross Prescription Drug Claims	336,167,466		336,167,466
Prescription Drug Rebates	(117,028,767)		(117,028,767)
Managed Care Capitations	61,791,596		61,791,596
Administration	31,449,918		31,449,918
Life Insurance	1,745,081		1,745,081
Wellness	1,818,270		1,818,270
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	381,765		381,765
Director's Discretionary Fund	1,464,625		1,464,625
WV RHBT Pay Go Premiums	23,144,739		23,144,739
Total Expenses	\$ 872,441,493	\$ -	\$ 872,441,493
Fiscal Year Results	\$ (108,707,071)		\$ (30,307,071)
Beginning Plan Reserve	93,764,040		93,764,040
Minimum Actuarial Reserve Required	\$ 103,732,429	\$ -	\$ 103,732,429
<u>Ending Premium Stabilization Reserve</u>	<u>(118,675,460)</u>	<u>-</u>	<u>(40,275,460)</u>
Ending Plan Reserve	\$ (14,943,031)		\$ 63,456,969
Reserve as a Percent of Expenses			7%

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	\$ -	State	8.0%	15.0%
		Prescription Drug Rebates		5.0%
		Capitations		6.0%
		Administrative Expense		3.0%

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 194,765,063	\$ 653,335,850	\$ 848,100,913
Employer Premiums - MCO	10,069,392	73,163,171	83,232,564
Employee Premiums - PPB	-	163,130,584	163,130,584
Employee Premiums - MCO	-	18,494,670	18,494,670
WV RHBT Pay Go Premiums	2,019,056	7,980,944	10,000,000
Life Insurance	507,760	2,033,785	2,541,545
Direct Transfers	-	-	-
Investment Income	1,048,198	6,173,508	7,221,706
Litigation Settlement	-	-	-
COBRA Premiums	544,051	2,109,895	2,653,946
Administrative Fees	721,752	3,999,012	4,720,764
Total Revenue	\$ 209,675,272	\$ 930,421,420	\$ 1,140,096,692
<u>Program Expenses</u>			
Medical Claims	\$ 139,549,195	\$ 575,492,699	\$ 715,041,894
Gross Prescription Drug Claims	91,013,887	387,528,220	478,542,107
Prescription Drug Rebates	(28,057,209)	(122,880,206)	(150,937,415)
Managed Care Capitations	6,436,284	65,499,092	71,935,376
Administration	8,087,429	32,393,415	40,480,844
Life Insurance	457,537	1,832,335	2,289,872
Wellness	458,112	1,834,921	2,293,033
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	90,414	381,765	472,179
Director's Discretionary Fund	352,782	1,463,596	1,816,378
WV RHBT Pay Go Premiums	2,019,056	7,980,944	10,000,000
Total Expenses	\$ 220,407,486	\$ 951,526,782	\$ 1,171,934,268
Fiscal Year Results	\$ (10,732,214)	\$ (21,105,362)	\$ (31,837,576)
Beginning Plan Reserve	4,299,244	63,456,969	67,756,213
Minimum Actuarial Reserve Required	\$ 26,910,309	\$ 115,394,692	\$ 142,305,001
<u>Ending Premium Stabilization Reserve</u>	<u>(33,343,280)</u>	<u>(73,043,084)</u>	<u>(106,386,364)</u>
Ending Plan Reserve	\$ (6,432,970)	\$ 42,351,607	\$ 35,918,637
Reserve as a Percent of Expenses			3%

KEY ASSUMPTIONS

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

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2026

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 175,272,966	\$ 19,492,097	\$ 194,765,063
Employer Premiums - MCO	9,061,489	1,007,903	10,069,392
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	2,019,056		2,019,056
Life Insurance	507,760		507,760
Direct Transfers	-		-
Investment Income	1,048,198		1,048,198
Litigation Settlement	-		-
COBRA Premiums	544,051		544,051
Administrative Fees	721,752		721,752
Total Revenue	\$ 189,175,272	\$ 20,500,000	\$ 209,675,272
<u>Program Expenses</u>			
Medical Claims	\$ 139,549,195		\$ 139,549,195
Gross Prescription Drug Claims	91,013,887		91,013,887
Prescription Drug Rebates	(28,057,209)		(28,057,209)
Managed Care Capitations	6,436,284		6,436,284
Administration	8,087,429		8,087,429
Life Insurance	457,537		457,537
Wellness	458,112		458,112
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	90,414		90,414
Director's Discretionary Fund	352,782		352,782
WV RHBT Pay Go Premiums	2,019,056		2,019,056
Total Expenses	\$ 220,407,486	\$ -	\$ 220,407,486
Fiscal Year Results	\$ (31,232,214)		\$ (10,732,214)
Beginning Plan Reserve	4,299,244		4,299,244
Minimum Actuarial Reserve Required	\$ 26,910,309	\$ -	\$ 26,910,309
<u>Ending Premium Stabilization Reserve</u>	<u>(53,843,279)</u>	<u>-</u>	<u>(33,343,279)</u>
Ending Plan Reserve	\$ (26,932,970)		\$ (6,432,970)
Reserve as a Percent of Expenses			-3%

KEY ASSUMPTIONS

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

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2026

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 589,485,328	\$ 63,850,522	\$ 653,335,850
Employer Premiums - MCO	66,013,693	7,149,478	73,163,171
Employee Premiums - PPB	147,143,136	15,987,448	163,130,584
Employee Premiums - MCO	16,682,118	1,812,552	18,494,670
WV RHBT Pay Go Premiums	7,980,944		7,980,944
Life Insurance	2,033,785		2,033,785
Direct Transfers	-		-
Investment Income	6,173,508		6,173,508
Litigation Settlement	-		-
COBRA Premiums	2,109,895		2,109,895
Administrative Fees	3,999,012		3,999,012
Total Revenue	\$ 841,621,420	\$ 88,800,000	\$ 930,421,420
<u>Program Expenses</u>			
Medical Claims	\$ 575,492,699		\$ 575,492,699
Gross Prescription Drug Claims	387,528,220		387,528,220
Prescription Drug Rebates	(122,880,206)		(122,880,206)
Managed Care Capitations	65,499,092		65,499,092
Administration	32,393,415		32,393,415
Life Insurance	1,832,335		1,832,335
Wellness	1,834,921		1,834,921
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	381,765		381,765
Director's Discretionary Fund	1,463,596		1,463,596
WV RHBT Pay Go Premiums	7,980,944		7,980,944
Total Expenses	\$ 951,526,782	\$ -	\$ 951,526,782
Fiscal Year Results	\$ (109,905,362)		\$ (21,105,362)
Beginning Plan Reserve	63,456,969		63,456,969
Minimum Actuarial Reserve Required	\$ 115,394,692	\$ -	\$ 115,394,692
<u>Ending Premium Stabilization Reserve</u>	<u>(161,843,084)</u>	<u>-</u>	<u>(73,043,084)</u>
Ending Plan Reserve	\$ (46,448,393)		\$ 42,351,607
Reserve as a Percent of Expenses			4%

KEY ASSUMPTIONS

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

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 219,011,329	\$ 736,071,739	\$ 955,083,068
Employer Premiums - MCO	11,323,126	82,427,282	93,750,409
Employee Premiums - PPB	-	183,788,523	183,788,523
Employee Premiums - MCO	-	20,836,731	20,836,731
WV RHBT Pay Go Premiums	2,019,056	7,980,944	10,000,000
Life Insurance	533,148	2,135,474	2,668,622
Direct Transfers	-	-	-
Investment Income	714,503	5,729,960	6,444,463
Litigation Settlement	-	-	-
COBRA Premiums	611,780	2,377,080	2,988,860
Administrative Fees	721,752	3,999,012	4,720,764
Total Revenue	\$ 234,934,694	\$ 1,045,346,746	\$ 1,280,281,440
<u>Program Expenses</u>			
Medical Claims	\$ 151,793,745	\$ 625,997,314	\$ 777,791,059
Gross Prescription Drug Claims	105,373,106	448,674,380	554,047,486
Prescription Drug Rebates	(29,460,070)	(129,024,216)	(158,484,286)
Managed Care Capitations	6,822,461	69,429,037	76,251,498
Administration	8,330,052	33,365,218	41,695,270
Life Insurance	480,414	1,923,952	2,404,366
Wellness	462,435	1,852,239	2,314,674
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	90,414	381,765	472,179
Director's Discretionary Fund	352,175	1,462,554	1,814,729
WV RHBT Pay Go Premiums	2,019,056	7,980,944	10,000,000
Total Expenses	\$ 246,263,787	\$ 1,062,043,187	\$ 1,308,306,975
Fiscal Year Results	\$ (11,329,093)	\$ (16,696,441)	\$ (28,025,535)
Beginning Plan Reserve	(6,432,970)	42,351,607	35,918,637
Minimum Actuarial Reserve Required	\$ 30,125,947	\$ 129,083,975	\$ 159,209,922
<u>Ending Premium Stabilization Reserve</u>	<u>(47,888,010)</u>	<u>(103,428,809)</u>	<u>(151,316,820)</u>
Ending Plan Reserve	\$ (17,762,063)	\$ 25,655,166	\$ 7,893,102
Reserve as a Percent of Expenses			1%

KEY ASSUMPTIONS

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

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2027

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 194,765,063	\$ 24,246,266	\$ 219,011,329
Employer Premiums - MCO	10,069,392	1,253,734	11,323,126
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	2,019,056		2,019,056
Life Insurance	533,148		533,148
Direct Transfers	-		-
Investment Income	714,503		714,503
Litigation Settlement	-		-
COBRA Premiums	611,780		611,780
Administrative Fees	721,752		721,752
Total Revenue	\$ 209,434,694	\$ 25,500,000	\$ 234,934,694
<u>Program Expenses</u>			
Medical Claims	\$ 151,793,745		\$ 151,793,745
Gross Prescription Drug Claims	105,373,106		105,373,106
Prescription Drug Rebates	(29,460,070)		(29,460,070)
Managed Care Capitations	6,822,461		6,822,461
Administration	8,330,052		8,330,052
Life Insurance	480,414		480,414
Wellness	462,435		462,435
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	90,414		90,414
Director's Discretionary Fund	352,175		352,175
WV RHBT Pay Go Premiums	2,019,056		2,019,056
Total Expenses	\$ 246,263,787	\$ -	\$ 246,263,787
Fiscal Year Results	\$ (36,829,093)		\$ (11,329,093)
Beginning Plan Reserve	(6,432,970)		(6,432,970)
Minimum Actuarial Reserve Required	\$ 30,125,947	\$ -	\$ 30,125,947
<u>Ending Premium Stabilization Reserve</u>	<u>(73,388,010)</u>	<u>-</u>	<u>(47,888,010)</u>
Ending Plan Reserve	\$ (43,262,063)		\$ (17,762,063)
Reserve as a Percent of Expenses			-7%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 25,500,000	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		6.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2027

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 653,335,851	\$ 82,735,888	\$ 736,071,739
Employer Premiums - MCO	73,163,170	9,264,112	82,427,282
Employee Premiums - PPB	163,130,584	20,657,939	183,788,523
Employee Premiums - MCO	18,494,670	2,342,061	20,836,731
WV RHBT Pay Go Premiums	7,980,944		7,980,944
Life Insurance	2,135,474		2,135,474
Direct Transfers	-		-
Investment Income	5,729,960		5,729,960
Litigation Settlement	-		-
COBRA Premiums	2,377,080		2,377,080
Administrative Fees	3,999,012		3,999,012
Total Revenue	\$ 930,346,746	\$ 115,000,000	\$ 1,045,346,746
<u>Program Expenses</u>			
Medical Claims	\$ 625,997,314		\$ 625,997,314
Gross Prescription Drug Claims	448,674,380		448,674,380
Prescription Drug Rebates	(129,024,216)		(129,024,216)
Managed Care Capitations	69,429,037		69,429,037
Administration	33,365,218		33,365,218
Life Insurance	1,923,952		1,923,952
Wellness	1,852,239		1,852,239
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	381,765		381,765
Director's Discretionary Fund	1,462,554		1,462,554
WV RHBT Pay Go Premiums	7,980,944		7,980,944
Total Expenses	\$ 1,062,043,188	\$ -	\$ 1,062,043,188
Fiscal Year Results	\$ (131,696,442)		\$ (16,696,442)
Beginning Plan Reserve	42,351,607		42,351,607
Minimum Actuarial Reserve Required	\$ 129,083,975	\$ -	\$ 129,083,975
<u>Ending Premium Stabilization Reserve</u>	<u>(218,428,810)</u>	<u>-</u>	<u>(103,428,810)</u>
Ending Plan Reserve	\$ (89,344,835)		\$ 25,655,165
Reserve as a Percent of Expenses			2%

KEY ASSUMPTIONS

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

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 246,602,131	\$ 828,689,820	\$ 1,075,291,951
Employer Premiums - MCO	12,751,380	92,790,146	105,541,526
Employee Premiums - PPB	-	205,164,999	205,164,999
Employee Premiums - MCO	-	23,260,255	23,260,255
WV RHBT Pay Go Premiums	-	-	-
Life Insurance	559,806	2,242,248	2,802,054
Direct Transfers	-	-	-
Investment Income	367,365	5,506,926	5,874,291
Litigation Settlement	-	-	-
COBRA Premiums	688,856	2,671,637	3,360,493
Administrative Fees	721,752	3,999,012	4,720,764
Total Revenue	\$ 261,691,290	\$ 1,164,325,043	\$ 1,426,016,333
<u>Program Expenses</u>			
Medical Claims	\$ 165,871,934	\$ 684,065,349	\$ 849,937,283
Gross Prescription Drug Claims	122,524,825	521,712,672	644,237,497
Prescription Drug Rebates	(30,933,073)	(135,475,427)	(166,408,500)
Managed Care Capitations	7,231,808	73,594,779	80,826,587
Administration	8,579,954	34,366,174	42,946,128
Life Insurance	504,435	2,020,150	2,524,585
Wellness	466,932	1,870,250	2,337,182
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	90,414	381,765	472,179
Director's Discretionary Fund	351,567	1,461,498	1,813,065
WV RHBT Pay Go Premiums	-	-	-
Total Expenses	\$ 274,688,796	\$ 1,183,997,210	\$ 1,458,686,006
Fiscal Year Results	\$ (12,997,506)	\$ (19,672,167)	\$ (32,669,673)
Beginning Plan Reserve	(17,762,063)	25,655,166	7,893,102
Minimum Actuarial Reserve Required	\$ 33,914,261	\$ 145,193,823	\$ 179,108,084
<u>Ending Premium Stabilization Reserve</u>	<u>(64,673,831)</u>	<u>(139,210,824)</u>	<u>(203,884,655)</u>
Ending Plan Reserve	\$ (30,759,570)	\$ 5,982,999	\$ (24,776,571)
Reserve as a Percent of Expenses			-1%

KEY ASSUMPTIONS

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

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2028

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 220,929,614	\$ 25,672,517	\$ 246,602,131
Employer Premiums - MCO	11,423,897	1,327,483	12,751,380
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	-	-	-
Life Insurance	559,806		559,806
Direct Transfers	-		-
Investment Income	367,365		367,365
Litigation Settlement	-		-
COBRA Premiums	688,856		688,856
Administrative Fees	721,752		721,752
Total Revenue	\$ 234,691,290	\$ 27,000,000	\$ 261,691,290
<u>Program Expenses</u>			
Medical Claims	\$ 165,871,934		\$ 165,871,934
Gross Prescription Drug Claims	122,524,825		122,524,825
Prescription Drug Rebates	(30,933,073)		(30,933,073)
Managed Care Capitations	7,231,808		7,231,808
Administration	8,579,954		8,579,954
Life Insurance	504,435		504,435
Wellness	466,932		466,932
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	90,414		90,414
Director's Discretionary Fund	351,567		351,567
WV RHBT Pay Go Premiums	-		-
Total Expenses	\$ 274,688,796	\$ -	\$ 274,688,796
Fiscal Year Results	\$ (39,997,506)		\$ (12,997,506)
Beginning Plan Reserve	(17,762,063)		(17,762,063)
Minimum Actuarial Reserve Required	\$ 33,914,261	\$ -	\$ 33,914,261
<u>Ending Premium Stabilization Reserve</u>	<u>(91,673,830)</u>	<u>-</u>	<u>(64,673,830)</u>
Ending Plan Reserve	\$ (57,759,569)		\$ (30,759,569)
Reserve as a Percent of Expenses			-11%

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		6.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2028

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 743,256,022	\$ 85,433,798	\$ 828,689,820
Employer Premiums - MCO	83,223,944	9,566,202	92,790,146
Employee Premiums - PPB	183,788,523	21,376,476	205,164,999
Employee Premiums - MCO	20,836,731	2,423,524	23,260,255
WV RHBT Pay Go Premiums	-		-
Life Insurance	2,242,248		2,242,248
Direct Transfers	-		-
Investment Income	5,506,926		5,506,926
Litigation Settlement	-		-
COBRA Premiums	2,671,637		2,671,637
Administrative Fees	3,999,012		3,999,012
Total Revenue	\$ 1,045,525,043	\$ 118,800,000	\$ 1,164,325,043
<u>Program Expenses</u>			
Medical Claims	\$ 684,065,349		\$ 684,065,349
Gross Prescription Drug Claims	521,712,672		521,712,672
Prescription Drug Rebates	(135,475,427)		(135,475,427)
Managed Care Capitations	73,594,779		73,594,779
Administration	34,366,174		34,366,174
Life Insurance	2,020,150		2,020,150
Wellness	1,870,250		1,870,250
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	381,765		381,765
Director's Discretionary Fund	1,461,498		1,461,498
WV RHBT Pay Go Premiums	-		-
Total Expenses	\$ 1,183,997,210	\$ -	\$ 1,183,997,210
Fiscal Year Results	\$ (138,472,167)		\$ (19,672,167)
Beginning Plan Reserve	25,655,166		25,655,166
Minimum Actuarial Reserve Required	\$ 145,193,823	\$ -	\$ 145,193,823
<u>Ending Premium Stabilization Reserve</u>	<u>(258,010,824)</u>	<u>-</u>	<u>(139,210,824)</u>
Ending Plan Reserve	\$ (112,817,001)		\$ 5,982,999
Reserve as a Percent of Expenses			1%

KEY ASSUMPTIONS

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

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2023 to FY 2024**

Fiscal Year 2023												
Exposure	<u>Jul-22</u>	<u>Aug-22</u>	<u>Sep-22</u>	<u>Oct-22</u>	<u>Nov-22</u>	<u>Dec-22</u>	<u>Jan-23</u>	<u>Feb-23</u>	<u>Mar-23</u>	<u>Apr-23</u>	<u>May-23</u>	<u>Jun-23</u>
Local Medical	30,671	30,695	30,675	30,644	30,654	30,737	28,679	28,736	28,681	28,687	28,617	28,574
State Medical	115,258	114,654	114,878	114,996	115,029	115,191	115,105	115,000	114,981	114,770	114,572	114,425
Local Drugs	30,671	30,695	30,675	30,644	30,654	30,737	28,679	28,736	28,681	28,687	28,617	28,574
State Drugs	115,258	114,654	114,878	114,996	115,029	115,191	115,105	115,000	114,981	114,770	114,572	114,425
	<u>Jul-22</u>	<u>Aug-22</u>	<u>Sep-22</u>	<u>Oct-22</u>	<u>Nov-22</u>	<u>Dec-22</u>	<u>Jan-23</u>	<u>Feb-23</u>	<u>Mar-23</u>	<u>Apr-23</u>	<u>May-23</u>	<u>Jun-23</u>
Local Medical	\$234.30	\$257.64	\$262.71	\$280.56	\$285.64	\$277.61	\$297.48	\$288.78	\$339.98	\$286.56	\$301.22	\$316.03
State Medical	238.02	296.92	290.50	297.31	306.85	288.58	316.01	298.46	350.02	314.03	345.93	362.23
Local Drugs	131.61	162.37	156.29	145.61	143.83	156.65	171.15	152.43	183.91	158.17	180.23	193.16
State Drugs	<u>140.66</u>	<u>183.48</u>	<u>183.77</u>	<u>156.89</u>	<u>167.22</u>	<u>176.74</u>	<u>183.48</u>	<u>173.14</u>	<u>198.76</u>	<u>180.61</u>	<u>207.55</u>	<u>214.54</u>
Total	\$744.59	\$900.41	\$893.27	\$880.36	\$903.53	\$899.58	\$968.13	\$912.82	\$1,072.66	\$939.36	\$1,034.92	\$1,085.96
Change From Prior Year - Month to Month Analysis												
Local Medical	-2.7%	-8.6%	-16.2%	5.7%	6.4%	-4.6%	5.6%	-2.4%	6.6%	-2.1%	1.0%	15.4%
State Medical	-13.0%	7.2%	-1.6%	4.1%	3.5%	-3.2%	13.5%	1.1%	12.7%	8.6%	17.7%	12.7%
Local Drugs	-10.6%	3.5%	1.9%	-9.5%	-12.1%	-11.1%	1.0%	-9.3%	-2.7%	-11.9%	-6.4%	-5.3%
State Drugs	<u>-9.6%</u>	<u>7.6%</u>	<u>9.6%</u>	<u>-8.7%</u>	<u>-5.4%</u>	<u>-3.4%</u>	<u>-2.6%</u>	<u>-3.2%</u>	<u>1.9%</u>	<u>-2.6%</u>	<u>4.1%</u>	<u>2.1%</u>
Total	-8.9%	1.6%	-3.9%	-0.4%	-0.2%	-5.1%	5.5%	-2.7%	5.9%	-0.8%	5.2%	7.5%
Change From Prior Year - Quarter to Quarter Analysis												
Local Medical			-9.8%			2.3%			3.3%			4.5%
State Medical			-2.4%			1.4%			9.1%			13.0%
Local Drugs			-1.6%			-10.9%			-3.6%			-7.7%
State Drugs			<u>2.8%</u>			<u>-5.8%</u>			<u>-1.2%</u>			<u>1.3%</u>
Total			-3.6%			-2.0%			2.9%			4.1%
Change From Prior Year - Year to Year Analysis												
Local Medical			-1.7%			-1.5%			-3.0%			0.2%
State Medical			4.3%			0.9%			1.8%			5.4%
Local Drugs			12.5%			5.0%			-0.3%			-6.1%
State Drugs			<u>13.3%</u>			<u>7.1%</u>			<u>2.5%</u>			<u>-0.7%</u>
Total			5.5%			2.0%			0.0%			0.5%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2023 to FY 2024**

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>
Local Medical	28,408	28,455	28,485	28,555	28,542	28,666	28,686	28,667
State Medical	110,217	109,819	110,078	110,315	110,325	110,418	110,197	109,974
Local Drugs	28,408	28,455	28,485	28,555	28,542	28,666	28,686	28,667
State Drugs	110,217	109,819	110,078	110,315	110,325	110,418	110,197	109,974
	<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>
Local Medical	\$263.76	\$346.19	\$314.26	\$336.41	\$350.69	\$350.50	\$399.42	\$364.02
State Medical	311.04	354.05	324.91	372.78	375.71	379.67	405.04	378.89
Local Drugs	156.35	195.88	175.14	195.58	202.03	195.30	204.03	202.49
State Drugs	<u>186.35</u>	<u>218.36</u>	<u>203.85</u>	<u>217.57</u>	<u>219.56</u>	<u>213.73</u>	<u>220.55</u>	<u>222.47</u>
Total	\$917.49	\$1,114.48	\$1,018.17	\$1,122.34	\$1,147.99	\$1,139.20	\$1,229.04	\$1,167.87
Change From Prior Year - Month to Month Analysis								
Local Medical	12.6%	34.4%	19.6%	19.9%	22.8%	26.3%	34.3%	26.1%
State Medical	30.7%	19.2%	11.8%	25.4%	22.4%	31.6%	28.2%	26.9%
Local Drugs	18.8%	20.6%	12.1%	34.3%	40.5%	24.7%	19.2%	32.8%
State Drugs	<u>32.5%</u>	<u>19.0%</u>	<u>10.9%</u>	<u>38.7%</u>	<u>31.3%</u>	<u>20.9%</u>	<u>20.2%</u>	<u>28.5%</u>
Total	23.2%	23.8%	14.0%	27.5%	27.1%	26.6%	27.0%	27.9%
Change From Prior Year - Quarter to Quarter Analysis								
Local Medical			22.5%			23.0%		
State Medical			19.9%			26.4%		
Local Drugs			17.1%			32.9%		
State Drugs			<u>19.8%</u>			<u>29.9%</u>		
Total			20.2%			27.1%		
Change From Prior Year - Year to Year Analysis								
Local Medical			7.7%			12.9%		
State Medical			10.7%			17.1%		
Local Drugs			-2.0%			8.0%		
State Drugs			<u>3.2%</u>			<u>11.6%</u>		
Total			6.0%			13.1%		