

STATE OF WEST VIRGINIA



PUBLIC EMPLOYEES INSURANCE AGENCY

**Quarterly Report
December 31, 2022**

Fiscal Years 2023-2027

Report Date: April 2023

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 2022 for the fiscal year 2024 (“FY 2024”) and to provide quarterly financial reports for current FY 2023 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 2023 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 2027.

The Medicaid / PEIA Hospital Bill (“Bill”) has been extended and is anticipated to continue to provide PEIA with hospital charge savings through discounts for all non-Medicare coverages. These hospital savings are assumed to increase by the medical trend assumptions in fiscal year 2023 and subsequently. We are assuming that the Bill will continue throughout the five year forecast period.

Continuing Care Actuaries has provided financial report for fiscal years ending June 30, 2023 (“FY 2023”), June 30, 2024 (“FY 2024”), June 30, 2025 (“FY 2025”), June 30, 2026 (“FY 2026”) and June 30, 2027 (“FY 2027”). Our opinion of plan adequacy is based on the projections through FY 2027 using updated future revenue and plan modifications provided by the Board in the financial plan adopted in December 2022. 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 2023 the Pay-Go is equivalent to \$115 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 2022.

This report includes updated claim trend assumptions as recommended in the report titled, “PEIA FY2022 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 2023 through FY 2027 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 2023 based on the scheduled revenue increases of the financial plan approved and amended by the Board in December 2022.

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 2027 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 2023 – FY 2027

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 2023 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 2023 enrollment levels for the duration of these forecasts for active employees.

In aggregate, March 2023 enrollment for active employees has decreased by 874 coverages since the end of FY 2022. Aggregate PPB enrollment has decreased by 872 in total over the same period, while managed care enrollment experienced a decrease of 2 coverages.

In the State Fund, the overall active State enrollment decreased by 104 coverages from the end of FY 2022 to March 2023. And in the Local Fund, the overall active Local enrollment decreased by 770 coverages from the end of FY 2022 to March 2023.

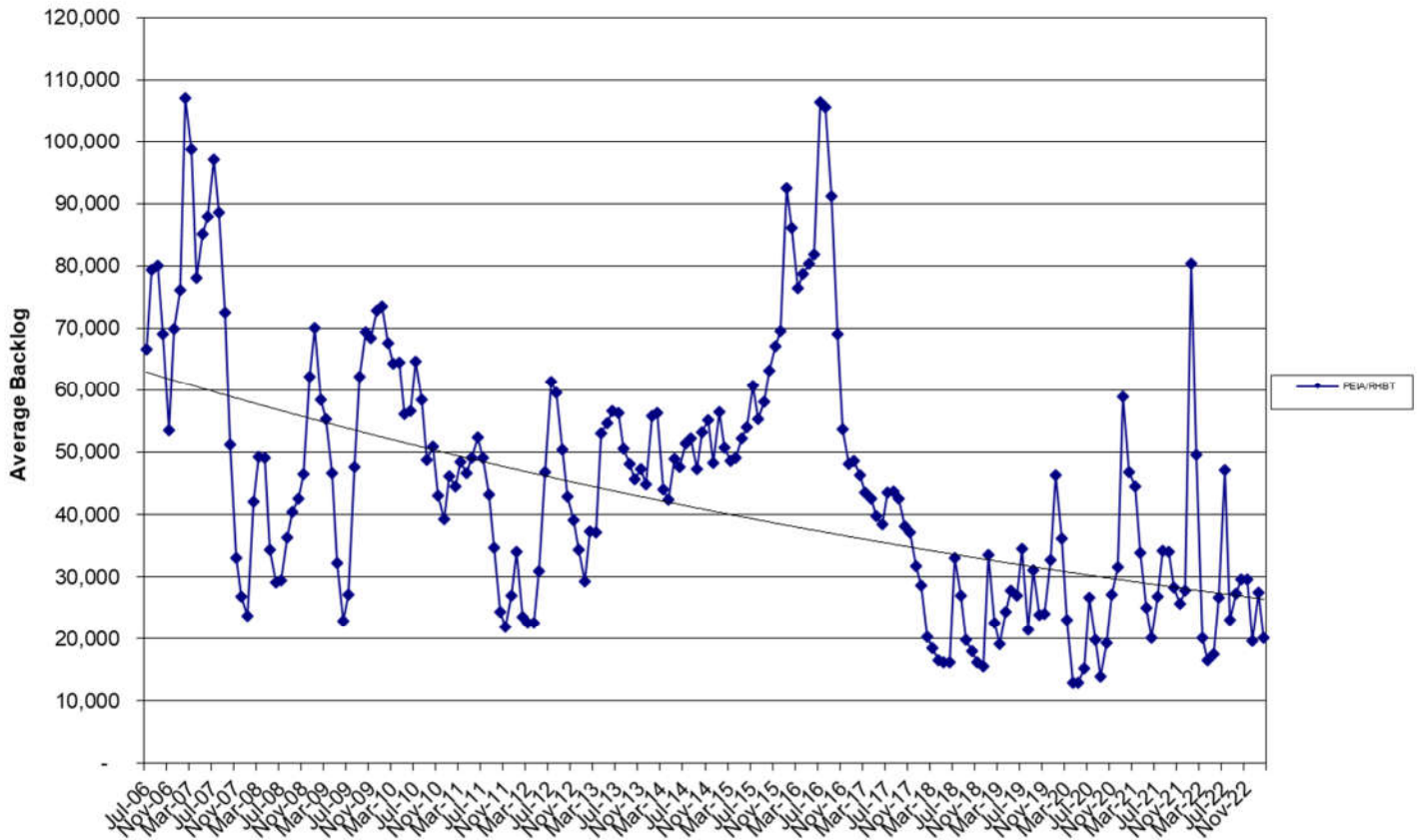
The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2021, June 2022, and March 2023 for purposes of comparison:

PEIA Fund	Coverage	Preferred Provider Benefit			Managed Care		
		Jun-21	Jun-22	Mar-23	Jun-21	Jun-22	Mar-23
State Active	Single	21,489	21,269	21,329	2,465	2,435	2,425
	Children	5,918	5,821	5,782	683	685	687
	Family	26,905	26,484	26,366	2,775	2,742	2,743
	Total	54,312	53,574	53,477	5,923	5,862	5,855
Local Active	Single	6,771	6,913	6,609	452	471	484
	Children	1,304	1,355	1,283	104	105	103
	Family	6,581	6,557	6,158	213	219	213
	Total	14,656	14,825	14,050	769	795	800
Plan Total		68,968	68,399	67,527	6,692	6,657	6,655
Grand Total					75,660	75,056	74,182

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 February 2023



C. Trend Analysis

PEIA experienced a low medical trend and a high prescription drugs trend in FY 2022, 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 FY2022 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 2023 medical claim trend is 7.0%, the gross prescription drugs claim trend is 14.0% and the prescription drugs rebate trend is 15.0%. In 2023, 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 2023 Trend	Updated Assumption FY 2023 Trend
Active Local – Medical	7.0%	7.0%
State – Medical	7.0%	7.0%
Active Local – Gross Drugs	14.0%	14.0%
State – Gross Drugs	14.0%	14.0%
Prescription Drugs Rebate	15.0%	15.0%

In the past, claim trends for the financial plan included a 0.5% margin in future years. CCA has assumed the medical and drugs claim trends for the financial projection will increase by 0.5% in FY 2024 and in each successive fiscal year. Additionally, drug rebates have been trending at approximately 15% over the last two years. As a result, CCA has separated net drugs in the financial plan into gross drugs and drug rebate amounts. Drug rebates trends are set at 15% in the financial plan.

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

The following chart summarizes the trend results observed for the plan using data through February 2023. It is important to note that these trends ***have not*** been adjusted to reflect savings as a result of the expansion of the drug rebate program or the claim savings due to changes in provider reimbursement methodologies, nor the changes in the benefit structure. In developing the claim cost projection, we have reflected for benefit and reimbursement changes as an adjustment to the gross trend assumption.

PEIA Historical Trends (Active Local and State)

Fiscal Year	Active Local Medical	State Medical	Active Local Drugs	State Drugs	Total
2004	-1%	12%	9%	7%	9%
2005	16%	7%	7%	20%	11%
2006	1%	2%	18%	7%	3%
2007	15%	2%	13%	8%	5%
2008	3%	8%	-5%	-1%	4%
2009	-8%	3%	5%	4%	2%
2010	10%	1%	9%	9%	4%
2011	11%	8%	16%	15%	8%
2012	5%	5%	8%	6%	5%
2013	-3%	-3%	2%	6%	-3%
2014	8%	6%	9%	7%	7%
2015	6%	10%	14%	10%	10%
2016	9%	11%	12%	13%	12%
2017	6%	1%	11%	9%	4%
2018	0%	4%	16%	15%	7%
2019	8%	8%	15%	16%	10%
2020	-7%	1%	10%	15%	4%
2021	29%	16%	16%	13%	16%
2022	3%	7%	19%	18%	11%
2023*	1%	1%	-1%	2%	1%

* Fiscal year 2023 results are through the first eight months ending February 2023.

D. Enrollment, Claim, Expense and Revenue Assumptions

Using PEIA paid claim data through February 2023 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 2023 claims and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

Fiscal Year 2023 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	53,404	\$615	\$167	\$668	\$236	
	<u>Managed Care</u>	<u>5,839</u>	\$624	\$175			\$707
	Total	59,243					
Local	PPB	14,510	\$760	\$0	\$625	\$199	
	<u>Managed Care</u>	<u>802</u>	\$678	\$0			\$506
	Total	15,312					

*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. The following chart summarizes the financial plan adopted by the Board in December 2022 and modified for SB268 in March 2023.

Board Decisions – December 2022

Source	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Additional State Employer Revenue	\$0	\$108,100,000	\$62,000,000	\$67,500,000	\$74,000,000
Additional Local Agency Revenue	\$7,500,000	\$22,500,000	\$30,000,000	\$28,500,000	\$13,500,000
Additional Employee Premium	\$0	\$28,900,000	\$15,500,000	\$16,900,000	\$18,500,000
State Direct Transfers (State Budget Appropriations)	\$21,000,000	\$0	\$0	\$0	\$0
State Direct Transfers (PEIA Rainy Day Fund)	\$31,000,000	\$0	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active State	\$0	\$0	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active Local	\$0	\$0	\$0	\$0	\$0
Pay Go Premium Transfer	\$59,359,661	\$0	\$29,000,000	\$29,000,000	\$29,000,000

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

In FY 2023, the ACA PCORI fee is approximately \$3.00 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.

- 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

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

FISCAL YEAR 2023 FORECAST

The financial forecast for FY 2023 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2023 projects accrued revenue of \$819,484,465 and incurred plan expenses of \$868,066,851 to produce a fiscal year deficit of (\$48,582,386). The PEIA local and state agencies Pay Go premiums for FY 2023 are assumed to be \$59,359,661.

Under the Baseline Scenario, FY 2023 is projected to end with a Total Fund reserve (State and Local Reserves) of \$103,492,189 and projected plan expenditures of \$808,707,190. This represents 12.8% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$98,968,349. 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 \$111,505,760 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to \$95,525,062.

The State Fund in FY 2023 is projected to end with a reserve of \$84,687,747, which represents 12.9% of projected expenditures. The projected State Fund reserve meets the minimum actuarial required reserve of \$79,919,141.

The Local Fund in FY 2023 is projected to end with a reserve of \$18,804,442, which represents 12.2% of projected expenditures. The projected Local Fund reserve does not meet the minimum actuarial required reserve of \$19,049,209.

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 \$922,951,863 and incurred plan expenses of \$915,036,821 to produce a fiscal year surplus of \$7,915,042. 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 \$111,407,231 and projected plan expenditures of \$915,036,821. This represents 12.2% of projected expenditures based on the current reserve methodology. The projected reserve does not meet the minimum actuarial required reserve of \$111,896,653. 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 \$145,699,733 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to \$76,887,826.

The State Fund in FY 2024 is projected to end with a reserve of \$98,376,230, which represents 13.3% of projected expenditures. The projected State Fund reserve meets the minimum actuarial required reserve of \$90,255,021.

The Local Fund in FY 2024 is projected to end with a reserve of \$13,031,001, which represents 7.4% of projected expenditures. The projected Local Fund reserve does not meet the minimum actuarial required reserve of \$21,641,632.

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 \$1,031,582,943 and incurred plan expenses of \$1,027,938,674 to produce a fiscal year surplus of \$3,644,269. 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 \$115,051,500 and projected plan expenditures of \$998,938,674. This represents 11.5% of projected expenditures based on the current reserve methodology. The projected reserve does not meet the minimum actuarial required reserve of \$122,258,328. 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 \$197,641,261 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to \$30,878,003.

The State Fund in FY 2025 is projected to end with a reserve of \$100,126,554, which represents 12.4% of projected expenditures. The projected State Fund reserve meets the minimum actuarial required reserve of \$98,570,097.

The Local Fund in FY 2025 is projected to end with a reserve of \$14,924,946, which represents 7.8% of projected expenditures. The projected Local Fund reserve does not meet the minimum actuarial required reserve of \$23,688,231.

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 \$1,145,605,486 and incurred plan expenses of \$1,125,678,036 to produce a fiscal year surplus of \$19,927,450. The PEIA local and state agencies Pay Go premiums for FY 2026 are assumed to be \$29,000,000.

Under the Baseline Scenario, FY 2026 is projected to end with a Total Fund reserve (State and Local Reserves) of \$134,978,951 and projected plan expenditures of \$1,096,678,036. This represents 12.3% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$134,342,807. 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 \$292,742,991 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to (\$27,830,328).

The State Fund in FY 2026 is projected to end with a reserve of \$108,650,570, which represents 12.3% of projected expenditures. The projected State Fund reserve meets the minimum actuarial required reserve of \$108,259,380.

The Local Fund in FY 2026 is projected to end with a reserve of \$26,328,381, which represents 12.5% of projected expenditures. The projected Local Fund reserve does not meet the minimum actuarial required reserve of \$26,083,427.

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 \$1,253,422,682 and incurred plan expenses of \$1,239,423,247 to produce a fiscal year surplus of \$13,999,435. The PEIA local and state agencies Pay Go premiums for FY 2027 are assumed to be \$29,000,000.

Under the Baseline Scenario, FY 2027 is projected to end with a Total Fund reserve (State and Local Reserves) of \$148,978,386 and projected plan expenditures of \$1,210,423,247. This represents 12.3% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$148,420,739. 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 \$414,763,391 and under the Pessimistic Scenario, the ending Total Fund reserve is expected to decrease to (\$128,780,125).

The State Fund in FY 2027 is projected to end with a reserve of \$119,619,506, which represents 12.2% of projected expenditures. The projected State Fund reserve meets the minimum actuarial required reserve of \$119,538,963.

The Local Fund in FY 2027 is projected to end with a reserve of \$29,358,880, which represents 12.6% of projected expenditures. The projected Local Fund reserve meets the minimum actuarial required reserve of \$28,881,776.

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 through the projection period ending in fiscal year 2023. The plan will meet the minimum actuarial required reserve target in fiscal years 2023, 2024, 2026 and 2027. We are currently projecting that the Local reserve will be under the minimum actuarial reserve using the baseline assumptions in fiscal years 2023 through 2027. These projections are based on significant revenue increases and state rainy day fund direct transfers as contained in the financial plan adopted by the Board in December 2022 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 2023**

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 132,355,354	\$ 394,131,652	\$ 526,487,006
Employer Premiums - MCO	6,526,667	43,711,571	50,238,238
Employee Premiums - PPB	-	107,014,763	107,014,763
Employee Premiums - MCO	-	12,238,645	12,238,645
WV RHBT Pay Go Premiums	12,191,123	47,168,538	59,359,661
Life Insurance	391,116	1,614,269	2,005,385
Direct Transfers	-	52,000,000	52,000,000
Investment Income	670,387	2,569,400	3,239,787
Litigation Settlement	-	-	-
COBRA Premiums	412,405	1,712,375	2,124,780
Administrative Fees	730,227	4,045,973	4,776,200
Total Revenue	\$ 153,277,279	\$ 666,207,186	\$ 819,484,465
<u>Program Expenses</u>			
Medical Claims	\$ 108,875,909	\$ 427,982,722	\$ 536,858,631
Gross Prescription Drug Claims	57,310,250	246,360,756	303,671,006
Prescription Drug Rebates	(22,700,000)	(95,300,000)	(118,000,000)
Managed Care Capitations	4,868,761	49,547,138	54,415,899
Administration	5,456,654	22,521,473	27,978,127
Life Insurance	358,484	1,479,587	1,838,071
Wellness	17,530	72,350	89,880
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	91,490	388,510	480,000
Director's Discretionary Fund	273,174	1,102,402	1,375,576
WV RHBT Pay Go Premiums	12,191,123	47,168,538	59,359,661
Total Expenses	\$ 166,743,375	\$ 701,323,476	\$ 868,066,851
Fiscal Year Results	\$ (13,466,096)	\$ (35,116,290)	\$ (48,582,386)
Beginning Plan Reserve	32,270,538	119,804,037	152,074,575
Minimum Actuarial Reserve Required	\$ 19,049,209	\$ 79,919,141	\$ 98,968,349
<u>Ending Premium Stabilization Reserve</u>	<u>(244,766)</u>	<u>4,768,606</u>	<u>4,523,840</u>
Ending Plan Reserve	\$ 18,804,442	\$ 84,687,747	\$ 103,492,189
Reserve as a Percent of Expenses			13%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 7,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ -	Active Local	7.0%	14.0%
Direct Transfers	\$ 52,000,000	State	7.0%	14.0%
		Prescription Drug Rebates		0.0%
		Capitations		-0.4%
		Administrative Expense		23.6%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2023

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 132,355,354	\$ -	\$ 132,355,354
Employer Premiums - MCO	6,526,667	-	6,526,667
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	12,191,123		12,191,123
Life Insurance	391,116		391,116
Direct Transfers	-		-
Investment Income	670,387		670,387
Litigation Settlement	-		-
COBRA Premiums	412,405		412,405
Administrative Fees	730,227		730,227
Total Revenue	\$ 153,277,279	\$ -	\$ 153,277,279
<u>Program Expenses</u>			
Medical Claims	\$ 108,875,909		\$ 108,875,909
Gross Prescription Drug Claims	60,643,894	(3,333,644)	57,310,250
Prescription Drug Rebates	(22,700,000)		(22,700,000)
Managed Care Capitations	4,868,761		4,868,761
Administration	5,456,654		5,456,654
Life Insurance	358,484		358,484
Wellness	17,530		17,530
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	91,490		91,490
Director's Discretionary Fund	273,174		273,174
WV RHBT Pay Go Premiums	12,191,123		12,191,123
Total Expenses	\$ 170,077,019	\$ (3,333,644)	\$ 166,743,375
Fiscal Year Results	\$ (16,799,740)		\$ (13,466,096)
Beginning Plan Reserve	32,270,538		32,270,538
Minimum Actuarial Reserve Required	\$ 19,049,209	\$ -	\$ 19,049,209
<u>Ending Premium Stabilization Reserve</u>	<u>(3,578,410)</u>	<u>-</u>	<u>(244,766)</u>
Ending Plan Reserve	\$ 15,470,798		\$ 18,804,442
Reserve as a Percent of Expenses			12%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 7,500,000	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		Local	7.0%
			<u>Gross Drugs</u>
			14.0%
		Prescription Drug Rebates	0.0%
		Capitations	-0.4%
		Administrative Expense	23.6%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2023

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 394,131,652	\$ -	\$ 394,131,652
Employer Premiums - MCO	43,711,571	-	43,711,571
Employee Premiums - PPB	107,014,763	-	107,014,763
Employee Premiums - MCO	12,238,645	-	12,238,645
WV RHBT Pay Go Premiums	47,168,538		47,168,538
Life Insurance	1,614,269		1,614,269
Direct Transfers	52,000,000		52,000,000
Investment Income	2,569,400		2,569,400
Litigation Settlement	-		-
COBRA Premiums	1,712,375		1,712,375
Administrative Fees	4,045,973		4,045,973
Total Revenue	\$ 666,207,186	\$ -	\$ 666,207,186
<u>Program Expenses</u>			
Medical Claims	\$ 427,982,722		\$ 427,982,722
Gross Prescription Drug Claims	260,666,841	(14,306,085)	246,360,756
Prescription Drug Rebates	(95,300,000)		(95,300,000)
Managed Care Capitations	49,547,138		49,547,138
Administration	22,521,473		22,521,473
Life Insurance	1,479,587		1,479,587
Wellness	72,350		72,350
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	388,510		388,510
Director's Discretionary Fund	1,102,402		1,102,402
WV RHBT Pay Go Premiums	47,168,538		47,168,538
Total Expenses	\$ 715,629,561	\$ (14,306,085)	\$ 701,323,476
Fiscal Year Results	\$ (49,422,375)		\$ (35,116,290)
Beginning Plan Reserve	119,804,037		119,804,037
Minimum Actuarial Reserve Required	\$ 79,919,141	\$ -	\$ 79,919,141
<u>Ending Premium Stabilization Reserve</u>	<u>(9,537,479)</u>	<u>-</u>	<u>4,768,606</u>
Ending Plan Reserve	\$ 70,381,662		\$ 84,687,747
Reserve as a Percent of Expenses			13%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ 52,000,000	State	7.0%	14.0%
		Prescription Drug Rebates		0.0%
		Capitations		-0.4%
		Administrative Expense		23.6%

**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	\$ 158,314,352	\$ 531,852,648	\$ 690,167,000
Employer Premiums - MCO	8,244,242	58,904,079	67,148,321
Employee Premiums - PPB	-	132,429,214	132,429,214
Employee Premiums - MCO	-	15,145,145	15,145,145
WV RHBT Pay Go Premiums	-	-	-
Life Insurance	410,672	1,694,982	2,105,654
Direct Transfers	-	-	-
Investment Income	1,608,636	6,807,659	8,416,295
Litigation Settlement	-	-	-
COBRA Premiums	494,589	2,269,445	2,764,034
Administrative Fees	730,227	4,045,973	4,776,200
Total Revenue	\$ 169,802,718	\$ 753,149,145	\$ 922,951,863
<u>Program Expenses</u>			
Medical Claims	\$ 124,029,749	\$ 479,126,728	\$ 603,156,477
Gross Prescription Drug Claims	63,286,269	273,876,871	337,163,139
Prescription Drug Rebates	(24,321,429)	(102,107,143)	(126,428,571)
Managed Care Capitations	6,061,608	61,686,186	67,747,794
Administration	5,620,353	23,197,117	28,817,470
Life Insurance	426,808	1,755,166	2,181,974
Wellness	18,231	75,244	93,475
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	88,528	388,756	477,284
Director's Discretionary Fund	366,042	1,461,737	1,827,779
WV RHBT Pay Go Premiums	-	-	-
Total Expenses	\$ 175,576,160	\$ 739,460,661	\$ 915,036,821
Fiscal Year Results	\$ (5,773,442)	\$ 13,688,484	\$ 7,915,042
Beginning Plan Reserve	18,804,442	84,687,747	103,492,189
Minimum Actuarial Reserve Required	\$ 21,641,632	\$ 90,255,021	\$ 111,896,653
<u>Ending Premium Stabilization Reserve</u>	(8,610,631)	8,121,209	(489,422)
Ending Plan Reserve	\$ 13,031,001	\$ 98,376,230	\$ 111,407,231
Reserve as a Percent of Expenses			12%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 108,100,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 22,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 28,900,000	Active Local	7.5%	14.5%
Direct Transfers	\$ -	State	7.5%	14.5%
		Prescription Drug Rebates		7.1%
		Capitations		24.5%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2024

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 136,928,047	\$ 21,386,305	\$ 158,314,352
Employer Premiums - MCO	7,130,547	1,113,695	8,244,242
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	-	-	-
Life Insurance	410,672	-	410,672
Direct Transfers	-	-	-
Investment Income	1,608,636	-	1,608,636
Litigation Settlement	-	-	-
COBRA Premiums	494,589	-	494,589
Administrative Fees	730,227	-	730,227
Total Revenue	\$ 147,302,718	\$ 22,500,000	\$ 169,802,718
<u>Program Expenses</u>			
Medical Claims	\$ 124,029,749	-	\$ 124,029,749
Gross Prescription Drug Claims	63,286,269	-	63,286,269
Prescription Drug Rebates	(24,321,429)	-	(24,321,429)
Managed Care Capitations	6,061,608	-	6,061,608
Administration	5,620,353	-	5,620,353
Life Insurance	426,808	-	426,808
Wellness	18,231	-	18,231
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	88,528	-	88,528
Director's Discretionary Fund	366,042	-	366,042
WV RHBT Pay Go Premiums	-	-	-
Total Expenses	\$ 175,576,159	\$ -	\$ 175,576,159
Fiscal Year Results	\$ (28,273,441)	-	\$ (5,773,441)
Beginning Plan Reserve	18,804,442	-	18,804,442
Minimum Actuarial Reserve Required	\$ 21,641,632	\$ -	\$ 21,641,632
<u>Ending Premium Stabilization Reserve</u>	<u>(31,110,631)</u>	<u>-</u>	<u>(8,610,631)</u>
Ending Plan Reserve	\$ (9,468,999)	-	\$ 13,031,001
Reserve as a Percent of Expenses	-	-	7%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 22,500,000	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		Local	7.5%
			<u>Gross Drugs</u>
		Prescription Drug Rebates	7.1%
		Capitations	24.5%
		Administrative Expense	3.0%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2024

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 434,531,249	\$ 97,321,399	\$ 531,852,648
Employer Premiums - MCO	48,125,478	10,778,601	58,904,079
Employee Premiums - PPB	106,495,140	25,934,074	132,429,214
Employee Premiums - MCO	12,179,219	2,965,926	15,145,145
WV RHBT Pay Go Premiums	-		-
Life Insurance	1,694,982		1,694,982
Direct Transfers	-		-
Investment Income	6,807,659		6,807,659
Litigation Settlement	-		-
COBRA Premiums	2,269,445		2,269,445
Administrative Fees	4,045,973		4,045,973
Total Revenue	\$ 616,149,145	\$ 137,000,000	\$ 753,149,145
<u>Program Expenses</u>			
Medical Claims	\$ 479,126,728		\$ 479,126,728
Gross Prescription Drug Claims	273,876,871		273,876,871
Prescription Drug Rebates	(102,107,143)		(102,107,143)
Managed Care Capitations	61,686,186		61,686,186
Administration	23,197,117		23,197,117
Life Insurance	1,755,166		1,755,166
Wellness	75,244		75,244
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	388,756		388,756
Director's Discretionary Fund	1,461,737		1,461,737
WV RHBT Pay Go Premiums	-		-
Total Expenses	\$ 739,460,662	\$ -	\$ 739,460,662
Fiscal Year Results	\$ (123,311,517)		\$ 13,688,483
Beginning Plan Reserve	84,687,747		84,687,747
Minimum Actuarial Reserve Required	\$ 90,255,021	\$ -	\$ 90,255,021
<u>Ending Premium Stabilization Reserve</u>	<u>(128,878,791)</u>	<u>-</u>	<u>8,121,209</u>
Ending Plan Reserve	\$ (38,623,770)		\$ 98,376,230
Reserve as a Percent of Expenses			13%

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		7.1%
		Capitations		24.5%
		Administrative Expense		3.0%

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 181,336,854	\$ 566,764,871	\$ 748,101,725
Employer Premiums - MCO	9,416,425	62,797,173	72,213,598
Employee Premiums - PPB	-	146,338,492	146,338,492
Employee Premiums - MCO	-	16,735,867	16,735,867
WV RHBT Pay Go Premiums	5,805,317	23,194,683	29,000,000
Life Insurance	431,205	1,779,732	2,210,937
Direct Transfers	-	-	-
Investment Income	1,472,633	7,730,691	9,203,324
Litigation Settlement	-	-	-
COBRA Premiums	566,434	2,436,366	3,002,800
Administrative Fees	730,227	4,045,973	4,776,200
Total Revenue	\$ 199,759,094	\$ 831,823,849	\$ 1,031,582,943
<u>Program Expenses</u>			
Medical Claims	\$ 133,943,686	\$ 516,746,635	\$ 650,690,321
Gross Prescription Drug Claims	72,949,860	314,504,823	387,454,682
Prescription Drug Rebates	(27,969,643)	(117,423,214)	(145,392,857)
Managed Care Capitations	6,425,304	65,387,358	71,812,662
Administration	5,788,964	23,893,031	29,681,995
Life Insurance	448,149	1,842,924	2,291,073
Wellness	18,960	78,254	97,214
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	88,528	388,756	477,284
Director's Discretionary Fund	366,024	1,460,275	1,826,299
WV RHBT Pay Go Premiums	5,805,317	23,194,683	29,000,000
Total Expenses	\$ 197,865,148	\$ 830,073,525	\$ 1,027,938,674
Fiscal Year Results	\$ 1,893,946	\$ 1,750,324	\$ 3,644,269
Beginning Plan Reserve	13,031,001	98,376,230	111,407,231
Minimum Actuarial Reserve Required	\$ 23,688,231	\$ 98,570,097	\$ 122,258,328
Ending Premium Stabilization Reserve	(8,763,285)	1,556,457	(7,206,828)
Ending Plan Reserve	\$ 14,924,946	\$ 100,126,554	\$ 115,051,500
Reserve as a Percent of Expenses			12%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 62,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 30,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 15,500,000	Active Local	8.0%	15.0%
Direct Transfers	\$ -	State	8.0%	15.0%
		Prescription Drug Rebates		15.0%
		Capitations		6.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2025

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 152,821,780	\$ 28,515,074	\$ 181,336,854
Employer Premiums - MCO	7,931,499	1,484,926	9,416,425
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	5,805,317		5,805,317
Life Insurance	431,205		431,205
Direct Transfers	-		-
Investment Income	1,472,633		1,472,633
Litigation Settlement	-		-
COBRA Premiums	566,434		566,434
Administrative Fees	730,227		730,227
Total Revenue	\$ 169,759,094	\$ 30,000,000	\$ 199,759,094
<u>Program Expenses</u>			
Medical Claims	\$ 133,943,686		\$ 133,943,686
Gross Prescription Drug Claims	72,949,860		72,949,860
Prescription Drug Rebates	(27,969,643)		(27,969,643)
Managed Care Capitations	6,425,304		6,425,304
Administration	5,788,964		5,788,964
Life Insurance	448,149		448,149
Wellness	18,960		18,960
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	88,528		88,528
Director's Discretionary Fund	366,024		366,024
WV RHBT Pay Go Premiums	5,805,317		5,805,317
Total Expenses	\$ 197,865,148	\$ -	\$ 197,865,148
Fiscal Year Results	\$ (28,106,054)		\$ 1,893,946
Beginning Plan Reserve	13,031,001		13,031,001
Minimum Actuarial Reserve Required	\$ 23,688,231	\$ -	\$ 23,688,231
<u>Ending Premium Stabilization Reserve</u>	<u>(38,763,285)</u>	<u>-</u>	<u>(8,763,285)</u>
Ending Plan Reserve	\$ (15,075,053)		\$ 14,924,947
Reserve as a Percent of Expenses			8%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 30,000,000	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		<u>Gross Drugs</u>	
		Local	8.0%
			15.0%
		Prescription Drug Rebates	15.0%
		Capitations	6.0%
		Administrative Expense	3.0%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2025

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 510,946,862	\$ 55,818,009	\$ 566,764,871
Employer Premiums - MCO	56,615,182	6,181,991	62,797,173
Employee Premiums - PPB	132,429,214	13,909,278	146,338,492
Employee Premiums - MCO	15,145,145	1,590,722	16,735,867
WV RHBT Pay Go Premiums	23,194,683		23,194,683
Life Insurance	1,779,732		1,779,732
Direct Transfers	-		-
Investment Income	7,730,691		7,730,691
Litigation Settlement	-		-
COBRA Premiums	2,436,366		2,436,366
Administrative Fees	4,045,973		4,045,973
Total Revenue	\$ 754,323,849	\$ 77,500,000	\$ 831,823,849
<u>Program Expenses</u>			
Medical Claims	\$ 516,746,635		\$ 516,746,635
Gross Prescription Drug Claims	314,504,823		314,504,823
Prescription Drug Rebates	(117,423,214)		(117,423,214)
Managed Care Capitations	65,387,358		65,387,358
Administration	23,893,031		23,893,031
Life Insurance	1,842,924		1,842,924
Wellness	78,254		78,254
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	388,756		388,756
Director's Discretionary Fund	1,460,275		1,460,275
WV RHBT Pay Go Premiums	23,194,683		23,194,683
Total Expenses	\$ 830,073,525	\$ -	\$ 830,073,525
Fiscal Year Results	\$ (75,749,676)		\$ 1,750,324
Beginning Plan Reserve	98,376,230		98,376,230
Minimum Actuarial Reserve Required	\$ 98,570,097	\$ -	\$ 98,570,097
<u>Ending Premium Stabilization Reserve</u>	<u>(75,943,543)</u>	<u>-</u>	<u>1,556,457</u>
Ending Plan Reserve	\$ 22,626,554		\$ 100,126,554
Reserve as a Percent of Expenses			12%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 62,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 15,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ -	State	8.0%	15.0%
		Prescription Drug Rebates		15.0%
		Capitations		6.0%
		Administrative Expense		3.0%

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 208,426,173	\$ 627,534,477	\$ 835,960,650
Employer Premiums - MCO	10,827,105	69,527,566	80,354,671
Employee Premiums - PPB	-	161,504,092	161,504,092
Employee Premiums - MCO	-	18,470,266	18,470,266
WV RHBT Pay Go Premiums	5,805,317	23,194,683	29,000,000
Life Insurance	452,766	1,868,718	2,321,484
Direct Transfers	-	-	-
Investment Income	1,653,966	8,217,303	9,871,269
Litigation Settlement	-	-	-
COBRA Premiums	651,064	2,695,790	3,346,854
Administrative Fees	730,227	4,045,973	4,776,200
Total Revenue	\$ 228,546,617	\$ 917,058,869	\$ 1,145,605,486
<u>Program Expenses</u>			
Medical Claims	\$ 145,336,299	\$ 559,866,515	\$ 705,202,813
Gross Prescription Drug Claims	84,448,362	362,725,986	447,174,348
Prescription Drug Rebates	(32,165,089)	(135,036,696)	(167,201,786)
Managed Care Capitations	6,810,822	69,310,599	76,121,421
Administration	5,962,633	24,609,822	30,572,455
Life Insurance	470,556	1,935,071	2,405,627
Wellness	19,718	81,384	101,102
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	88,528	388,756	477,284
Director's Discretionary Fund	366,037	1,458,734	1,824,771
WV RHBT Pay Go Premiums	5,805,317	23,194,683	29,000,000
Total Expenses	\$ 217,143,182	\$ 908,534,854	\$ 1,125,678,036
Fiscal Year Results	\$ 11,403,435	\$ 8,524,015	\$ 19,927,450
Beginning Plan Reserve	14,924,946	100,126,554	115,051,500
Minimum Actuarial Reserve Required	\$ 26,083,427	\$ 108,259,380	\$ 134,342,807
<u>Ending Premium Stabilization Reserve</u>	244,955	391,189	636,144
Ending Plan Reserve	\$ 26,328,381	\$ 108,650,570	\$ 134,978,951
Reserve as a Percent of Expenses			12%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 67,500,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 28,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 16,900,000	Active Local	8.5%	15.5%
Direct Transfers	\$ -	State	8.5%	15.5%
		Prescription Drug Rebates		15.0%
		Capitations		6.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2026

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 181,336,853	\$ 27,089,320	\$ 208,426,173
Employer Premiums - MCO	9,416,425	1,410,680	10,827,105
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	5,805,317		5,805,317
Life Insurance	452,766		452,766
Direct Transfers	-		-
Investment Income	1,653,966		1,653,966
Litigation Settlement	-		-
COBRA Premiums	651,064		651,064
Administrative Fees	730,227		730,227
Total Revenue	\$ 200,046,617	\$ 28,500,000	\$ 228,546,617
<u>Program Expenses</u>			
Medical Claims	\$ 145,336,299		\$ 145,336,299
Gross Prescription Drug Claims	84,448,362		84,448,362
Prescription Drug Rebates	(32,165,089)		(32,165,089)
Managed Care Capitations	6,810,822		6,810,822
Administration	5,962,633		5,962,633
Life Insurance	470,556		470,556
Wellness	19,718		19,718
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	88,528		88,528
Director's Discretionary Fund	366,037		366,037
WV RHBT Pay Go Premiums	5,805,317		5,805,317
Total Expenses	\$ 217,143,182	\$ -	\$ 217,143,182
Fiscal Year Results	\$ (17,096,565)		\$ 11,403,435
Beginning Plan Reserve	14,924,946		14,924,946
Minimum Actuarial Reserve Required	\$ 26,083,427	\$ -	\$ 26,083,427
<u>Ending Premium Stabilization Reserve</u>	<u>(28,255,046)</u>	<u>-</u>	<u>244,954</u>
Ending Plan Reserve	\$ (2,171,619)		\$ 26,328,381
Reserve as a Percent of Expenses			12%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 28,500,000	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		<u>Local</u>	<u>Gross Drugs</u>
		8.5%	15.5%
			15.0%
			6.0%
			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	\$ 566,764,871	\$ 60,769,606	\$ 627,534,477
Employer Premiums - MCO	62,797,172	6,730,394	69,527,566
Employee Premiums - PPB	146,338,492	15,165,600	161,504,092
Employee Premiums - MCO	16,735,866	1,734,400	18,470,266
WV RHBT Pay Go Premiums	23,194,683		23,194,683
Life Insurance	1,868,718		1,868,718
Direct Transfers	-		-
Investment Income	8,217,303		8,217,303
Litigation Settlement	-		-
COBRA Premiums	2,695,790		2,695,790
Administrative Fees	4,045,973		4,045,973
Total Revenue	\$ 832,658,869	\$ 84,400,000	\$ 917,058,869
<u>Program Expenses</u>			
Medical Claims	\$ 559,866,514		\$ 559,866,514
Gross Prescription Drug Claims	362,725,986		362,725,986
Prescription Drug Rebates	(135,036,696)		(135,036,696)
Managed Care Capitations	69,310,599		69,310,599
Administration	24,609,822		24,609,822
Life Insurance	1,935,071		1,935,071
Wellness	81,384		81,384
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	388,756		388,756
Director's Discretionary Fund	1,458,734		1,458,734
WV RHBT Pay Go Premiums	23,194,683		23,194,683
Total Expenses	\$ 908,534,853	\$ -	\$ 908,534,853
Fiscal Year Results	\$ (75,875,984)		\$ 8,524,016
Beginning Plan Reserve	100,126,554		100,126,554
Minimum Actuarial Reserve Required	\$ 108,259,380	\$ -	\$ 108,259,380
<u>Ending Premium Stabilization Reserve</u>	<u>(84,008,810)</u>	<u>-</u>	<u>391,190</u>
Ending Plan Reserve	\$ 24,250,570		\$ 108,650,570
Reserve as a Percent of Expenses			12%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 67,500,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 16,900,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ -	State	8.5%	15.5%
		Prescription Drug Rebates		15.0%
		Capitations		6.0%
		Administrative Expense		3.0%

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 221,257,956	\$ 694,155,971	\$ 915,413,927
Employer Premiums - MCO	11,495,322	76,906,072	88,401,394
Employee Premiums - PPB	-	178,105,489	178,105,489
Employee Premiums - MCO	-	20,368,870	20,368,870
WV RHBT Pay Go Premiums	5,805,317	23,194,683	29,000,000
Life Insurance	475,404	1,962,154	2,437,558
Direct Transfers	-	-	-
Investment Income	2,227,469	9,020,511	11,247,980
Litigation Settlement	-	-	-
COBRA Premiums	691,152	2,980,112	3,671,264
Administrative Fees	730,227	4,045,973	4,776,200
Total Revenue	\$ 242,682,846	\$ 1,010,739,836	\$ 1,253,422,682
<u>Program Expenses</u>			
Medical Claims	\$ 158,334,546	\$ 608,943,044	\$ 767,277,591
Gross Prescription Drug Claims	98,172,173	420,145,681	518,317,854
Prescription Drug Rebates	(36,989,853)	(155,292,201)	(192,282,054)
Managed Care Capitations	7,219,472	73,469,235	80,688,707
Administration	6,141,512	25,348,116	31,489,628
Life Insurance	494,084	2,031,824	2,525,908
Wellness	20,507	84,640	105,147
ACA Reinsurance Contributions	-	-	-
ACA PCORI Fees	88,528	388,756	477,284
Director's Discretionary Fund	366,061	1,457,121	1,823,182
WV RHBT Pay Go Premiums	5,805,317	23,194,683	29,000,000
Total Expenses	\$ 239,652,347	\$ 999,770,900	\$ 1,239,423,247
Fiscal Year Results	\$ 3,030,499	\$ 10,968,936	\$ 13,999,435
Beginning Plan Reserve	26,328,381	108,650,570	134,978,951
Minimum Actuarial Reserve Required	\$ 28,881,776	\$ 119,538,963	\$ 148,420,739
<u>Ending Premium Stabilization Reserve</u>	<u>477,104</u>	<u>80,543</u>	<u>557,647</u>
Ending Plan Reserve	\$ 29,358,880	\$ 119,619,506	\$ 148,978,386
Reserve as a Percent of Expenses			12%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 74,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 13,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Additional State Employee Premiums	\$ 18,500,000	Active Local	9.0%	16.0%
Direct Transfers	\$ -	State	9.0%	16.0%
		Prescription Drug Rebates		15.0%
		Capitations		6.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2027

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 208,426,173	\$ 12,831,783	\$ 221,257,956
Employer Premiums - MCO	10,827,105	668,217	11,495,322
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	5,805,317		5,805,317
Life Insurance	475,404		475,404
Direct Transfers	-		-
Investment Income	2,227,469		2,227,469
Litigation Settlement	-		-
COBRA Premiums	691,152		691,152
Administrative Fees	730,227		730,227
Total Revenue	\$ 229,182,846	\$ 13,500,000	\$ 242,682,846
<u>Program Expenses</u>			
Medical Claims	\$ 158,334,546		\$ 158,334,546
Gross Prescription Drug Claims	98,172,173		98,172,173
Prescription Drug Rebates	(36,989,853)		(36,989,853)
Managed Care Capitations	7,219,472		7,219,472
Administration	6,141,512		6,141,512
Life Insurance	494,084		494,084
Wellness	20,507		20,507
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	88,528		88,528
Director's Discretionary Fund	366,061		366,061
WV RHBT Pay Go Premiums	5,805,317		5,805,317
Total Expenses	\$ 239,652,347	\$ -	\$ 239,652,347
Fiscal Year Results	\$ (10,469,501)		\$ 3,030,499
Beginning Plan Reserve	26,328,381		26,328,381
Minimum Actuarial Reserve Required	\$ 28,881,776	\$ -	\$ 28,881,776
<u>Ending Premium Stabilization Reserve</u>	<u>(13,022,896)</u>	<u>-</u>	<u>477,104</u>
Ending Plan Reserve	\$ 15,858,880		\$ 29,358,880
Reserve as a Percent of Expenses			13%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 13,500,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
		Local	9.0%	16.0%
		Prescription Drug Rebates		15.0%
		Capitations		6.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2027

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 627,534,477	\$ 66,621,494	\$ 694,155,971
Employer Premiums - MCO	69,527,566	7,378,506	76,906,072
Employee Premiums - PPB	161,504,092	16,601,397	178,105,489
Employee Premiums - MCO	18,470,267	1,898,603	20,368,870
WV RHBT Pay Go Premiums	23,194,683		23,194,683
Life Insurance	1,962,154		1,962,154
Direct Transfers	-		-
Investment Income	9,020,511		9,020,511
Litigation Settlement	-		-
COBRA Premiums	2,980,112		2,980,112
Administrative Fees	4,045,973		4,045,973
Total Revenue	\$ 918,239,836	\$ 92,500,000	\$ 1,010,739,836
<u>Program Expenses</u>			
Medical Claims	\$ 608,943,045		\$ 608,943,045
Gross Prescription Drug Claims	420,145,681		420,145,681
Prescription Drug Rebates	(155,292,201)		(155,292,201)
Managed Care Capitations	73,469,235		73,469,235
Administration	25,348,116		25,348,116
Life Insurance	2,031,824		2,031,824
Wellness	84,640		84,640
ACA Reinsurance Contributions	-		-
ACA PCORI Fees	388,756		388,756
Director's Discretionary Fund	1,457,121		1,457,121
WV RHBT Pay Go Premiums	23,194,683		23,194,683
Total Expenses	\$ 999,770,900	\$ -	\$ 999,770,900
Fiscal Year Results	\$ (81,531,064)		\$ 10,968,936
Beginning Plan Reserve	108,650,570		108,650,570
Minimum Actuarial Reserve Required	\$ 119,538,963	\$ -	\$ 119,538,963
<u>Ending Premium Stabilization Reserve</u>	<u>(92,419,457)</u>	<u>-</u>	<u>80,543</u>
Ending Plan Reserve	\$ 27,119,506		\$ 119,619,506
Reserve as a Percent of Expenses			12%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 74,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 18,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Gross Drugs</u>
Direct Transfers	\$ -	State	9.0%	16.0%
		Prescription Drug Rebates		15.0%
		Capitations		6.0%
		Administrative Expense		3.0%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2022 to FY 2023**

Fiscal Year 2022												
Exposure	<u>Jul-21</u>	<u>Aug-21</u>	<u>Sep-21</u>	<u>Oct-21</u>	<u>Nov-21</u>	<u>Dec-21</u>	<u>Jan-22</u>	<u>Feb-22</u>	<u>Mar-22</u>	<u>Apr-22</u>	<u>May-22</u>	<u>Jun-22</u>
Local Medical	30,423	30,325	30,377	30,323	30,325	30,428	30,559	30,580	30,514	30,542	30,433	30,405
State Medical	116,699	116,202	116,480	116,547	116,497	116,564	116,384	116,180	116,078	115,864	115,675	115,523
Local Drugs	30,423	30,325	30,377	30,323	30,325	30,428	30,559	30,580	30,514	30,542	30,433	30,405
State Drugs	116,699	116,202	116,480	116,547	116,497	116,564	116,384	116,180	116,078	115,864	115,675	115,523
	<u>Jul-21</u>	<u>Aug-21</u>	<u>Sep-21</u>	<u>Oct-21</u>	<u>Nov-21</u>	<u>Dec-21</u>	<u>Jan-22</u>	<u>Feb-22</u>	<u>Mar-22</u>	<u>Apr-22</u>	<u>May-22</u>	<u>Jun-22</u>
Local Medical	\$239.58	\$280.72	\$311.87	\$264.16	\$265.51	\$289.79	\$278.46	\$295.80	\$319.57	\$288.48	\$296.10	\$277.93
State Medical	271.92	274.89	293.11	283.29	292.52	291.76	268.78	290.97	305.94	283.02	286.01	309.40
Local Drugs	147.25	156.88	153.38	160.92	163.69	176.19	169.47	168.07	189.10	179.57	192.55	204.07
State Drugs	<u>155.56</u>	<u>170.57</u>	<u>167.73</u>	<u>171.93</u>	<u>176.71</u>	<u>182.94</u>	<u>188.44</u>	<u>178.89</u>	<u>194.97</u>	<u>185.38</u>	<u>199.44</u>	<u>210.20</u>
Total	\$814.31	\$883.05	\$926.09	\$880.30	\$898.43	\$940.68	\$905.15	\$933.73	\$1,009.58	\$936.46	\$974.10	\$1,001.61
Change From Prior Year - Month to Month Analysis												
Local Medical	21.9%	8.7%	34.9%	-10.9%	1.6%	14.3%	11.2%	18.7%	3.6%	-0.9%	-2.8%	-18.1%
State Medical	14.1%	8.4%	27.3%	10.4%	22.7%	13.9%	-5.2%	18.9%	0.5%	-1.9%	-1.4%	-6.2%
Local Drugs	27.3%	32.7%	19.0%	21.7%	23.6%	11.2%	20.5%	22.0%	13.2%	8.1%	21.3%	16.2%
State Drugs	<u>17.6%</u>	<u>24.0%</u>	<u>18.3%</u>	<u>17.8%</u>	<u>24.2%</u>	<u>15.6%</u>	<u>22.0%</u>	<u>22.9%</u>	<u>8.7%</u>	<u>10.1%</u>	<u>20.5%</u>	<u>14.0%</u>
Total	19.2%	15.0%	26.5%	5.9%	16.0%	13.8%	9.2%	20.2%	5.2%	2.4%	6.0%	-2.6%
Change From Prior Year - Quarter to Quarter Analysis												
Local Medical			21.3%			1.0%			10.6%			-7.8%
State Medical			16.3%			15.5%			4.0%			-3.3%
Local Drugs			26.1%			18.4%			18.2%			15.1%
State Drugs			<u>20.0%</u>			<u>19.0%</u>			<u>17.3%</u>			<u>14.8%</u>
Total			20.2%			11.8%			11.0%			1.7%
Change From Prior Year - Year to Year Analysis												
Local Medical			31.4%			23.2%			20.6%			5.2%
State Medical			18.3%			23.0%			18.4%			7.4%
Local Drugs			19.5%			19.5%			21.8%			19.0%
State Drugs			<u>13.9%</u>			<u>15.1%</u>			<u>17.9%</u>			<u>17.6%</u>
Total			21.6%			20.9%			19.6%			10.6%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2022 to FY 2023**

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>
Local Medical	30,671	30,695	30,675	30,644	30,654	30,737	28,679	28,736
State Medical	115,258	114,654	114,878	114,996	115,029	115,191	115,105	115,009
Local Drugs	30,671	30,695	30,675	30,644	30,654	30,737	28,679	28,736
State Drugs	115,258	114,654	114,878	114,996	115,029	115,191	115,105	115,009
	<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>
Local Medical	\$227.73	\$261.84	\$260.05	\$296.05	\$302.39	\$303.83	\$330.36	\$329.44
State Medical	228.78	287.99	275.49	289.83	305.08	300.86	330.49	325.09
Local Drugs	131.42	162.13	156.24	145.57	143.68	156.54	170.41	130.77
State Drugs	<u>140.70</u>	<u>183.32</u>	<u>183.67</u>	<u>156.82</u>	<u>167.13</u>	<u>176.76</u>	<u>183.40</u>	<u>147.17</u>
Total	\$728.63	\$895.28	\$875.46	\$888.27	\$918.28	\$938.00	\$1,014.67	\$932.47
Change From Prior Year - Month to Month Analysis								
Local Medical	-4.9%	-6.7%	-16.6%	12.1%	13.9%	4.8%	18.6%	11.4%
State Medical	-15.9%	4.8%	-6.0%	2.3%	4.3%	3.1%	23.0%	11.7%
Local Drugs	-10.8%	3.3%	1.9%	-9.5%	-12.2%	-11.2%	0.6%	-22.2%
State Drugs	<u>-9.6%</u>	<u>7.5%</u>	<u>9.5%</u>	<u>-8.8%</u>	<u>-5.4%</u>	<u>-3.4%</u>	<u>-2.7%</u>	<u>-17.7%</u>
Total	-10.5%	1.4%	-5.5%	0.9%	2.2%	-0.3%	12.1%	-0.1%
Change From Prior Year - Quarter to Quarter Analysis								
Local Medical			-9.9%			10.1%		
State Medical			-5.7%			3.3%		
Local Drugs			-1.7%			-11.0%		
State Drugs			<u>2.8%</u>			<u>-5.8%</u>		
Total			-4.7%			0.9%		
Change From Prior Year - Year to Year Analysis								
Local Medical			-1.8%			0.4%		
State Medical			2.2%			-0.5%		
Local Drugs			12.4%			5.0%		
State Drugs			<u>13.3%</u>			<u>7.0%</u>		
Total			4.7%			2.2%		