



CCRC
Actuaries, LLC

STATE OF WEST VIRGINIA



PUBLIC EMPLOYEES INSURANCE AGENCY

Financial Plan

Fiscal Years 2012-2016

December 2011

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415 Main Street
Reisterstown, MD 21136

Phone: 410-833-4220
Fax: 410-833-4229

Email: info@ccrcactuaries.com

Finance Board
West Virginia Public Employees Insurance Agency
601 57th St., SE, Suite 2
Charleston, West Virginia 25304-2345

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 CCRC Actuaries, LLC (“CCRC Actuaries”).

CCRC 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 CCRC Actuaries to review the financial plan prepared and proposed by the Board in December 2011 for the fiscal year ending June 30, 2013 (“FY 2013”) and to provide quarterly financial reports thereafter. Our analysis is developed on an accrued and incurred reporting basis for a projection period of five years.

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 2012 and in subsequent fiscal years. In subsequent fiscal years, future transfers of employer 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 for the fiscal year are met. We have been asked to review the proposed financial plan, and as supported by our work, to render an 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 2016.

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 2012 and subsequently. We are assuming that the Bill will continue throughout the forecast periods. Additionally, PEIA has been granted direct transfers of \$3,500,000 in FY 2012 and FY 2013 to offset employee premium increases.

CCRC Actuaries has provided preliminary forecasts for the fiscal years ending June 30, 2012 (“FY 2012”), June 30, 2013 (“FY 2013”), June 30, 2014 (“FY 2014”), June 30, 2015 (“FY 2015”) and June 30, 2016 (“FY 2016”). Our opinion of plan adequacy is based on the projections through FY 2016 using updated future revenue and plan modifications provided by the Board in the financial plan adopted in December 2011. This forecast is prepared for the Public Employee Insurance Agency, and does not include actuarial projections for the Trust Fund.

In reviewing the plan, CCRC 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. Based on the PPACA requirements to expand coverage, the estimated “grandfathering” cost of eliminating lifetime limitations, offering free preventive services, and covering children to age 26 is approximately \$9.5 million in FY 2013. In addition, the estimated cost of the Autism expansion bill enacted by the state legislature is \$6.2 million in FY 2013. The PEIA benefit reductions passed by the Finance Board on December 13, 2011 are projected to reduce claims by an aggregate of \$27.9 million in FY 2013. Additional details of the benefit reductions can be found later in this report.

In FY 2013 the Pay-Go is equivalent to \$343 per retiree per month. In future years, the Pay Go premium will continue to increase each year by a maximum of 3% per retiree per year. The new Pay-Go premium formula is based on the financial plan approved by the Financial Board in December 2011.

This report includes updated claim trend assumptions as recommended in the report titled, “Detailed Medical and Prescription Drug Claim Trend Report - September 2011”. In the circumstances and subject to the conditions described herein, we believe the financial plan approved by the Board for FY 2012 through FY 2016 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 80% employer cost share and 20% employee cost share requirement for state revenue in FY 2012 based on the scheduled revenue increases of the financial plan approved and amended by the Board in December 2011.

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 2016 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.
Senior Actuarial Consultant

West Virginia Public Employees Insurance Agency

Report of Independent Actuary

Financial Plan for FY 2012 – FY 2016

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 CCRC Actuaries.

This report was compiled utilizing claims data collected by PEIA's third party administrators through November 2011 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 interest income and significant general and special revenue allocations provided by the Governor, some 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 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 December 2011 enrollment levels for the duration of these forecasts for active employees.

In aggregate, December 2011 enrollment for active employees has decreased by 101 coverages since the end of FY 2011. Aggregate PPB enrollment has decreased by 402 in total over the same period, while managed care enrollment experienced an increase of 301 coverages.

In the State Fund, there seems to be a moderate transfer of coverage from PPB to managed care coverage between July and December of 2011. Overall active State enrollment decreased by 65 coverages from the end of FY 2011 to December 2011. In the Local Fund, the same phenomena have occurred with overall active Local enrollment decreased by 36 coverages from the end of FY 2011 to December 2011.

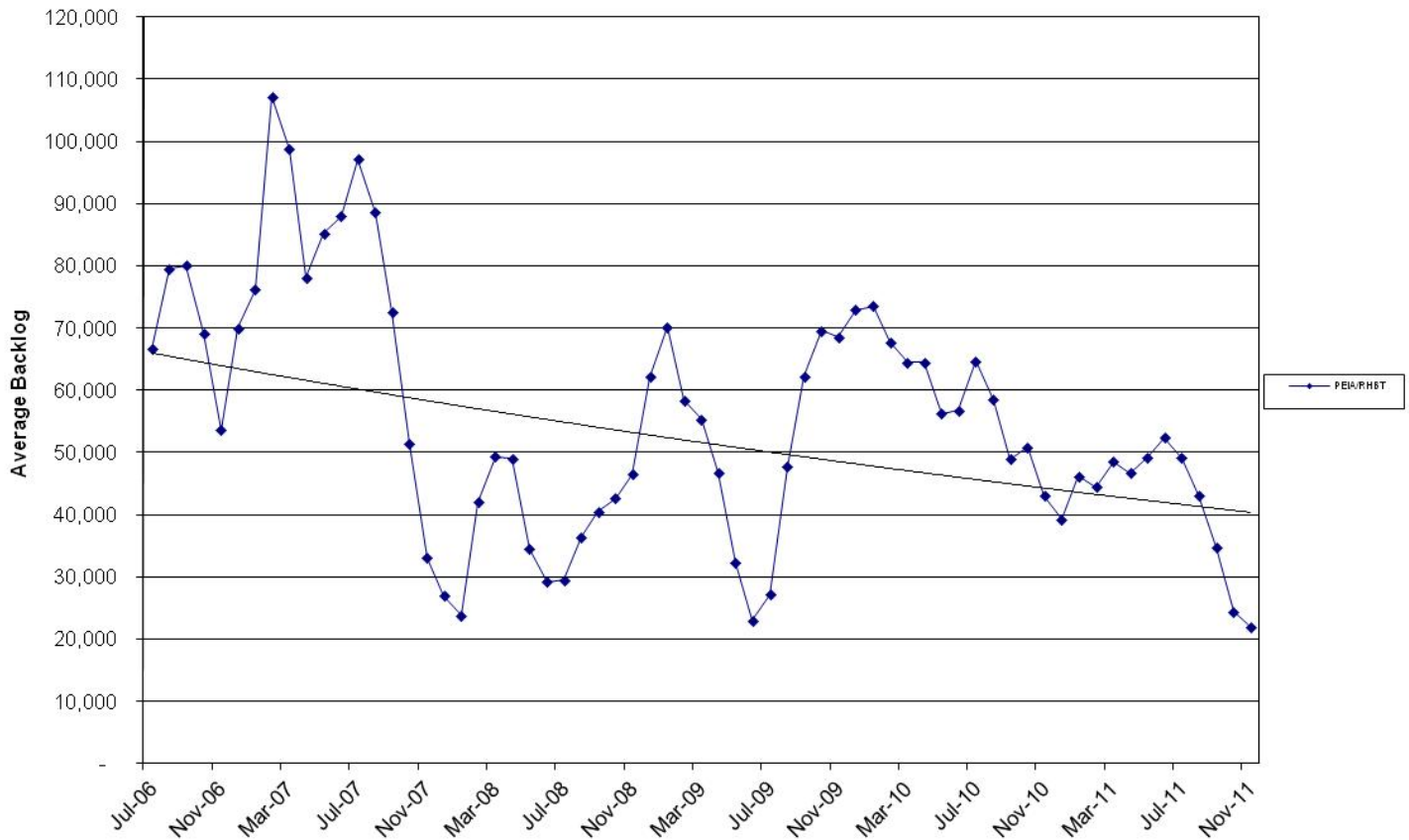
The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2010, June 2011 and December 2011 for purposes of comparison:

PEIA Fund	Coverage	Preferred Provider Benefit			Managed Care		
		Jun-10	Jun-11	Dec-11	Jun-10	Jun-11	Dec-11
State Active	Single	21,391	22,737	22,437	3,259	1,792	1,921
	Children	5,524	5,889	6,117	653	535	582
	<u>Family</u>	<u>29,705</u>	<u>30,651</u>	<u>30,419</u>	<u>3,598</u>	<u>2,943</u>	<u>3,006</u>
	Total	56,620	59,277	58,973	7,510	5,270	5,509
Local Active	Single	4,859	5,036	4,928	424	247	288
	Children	771	865	853	140	81	96
	<u>Family</u>	<u>5,033</u>	<u>5,194</u>	<u>5,216</u>	<u>145</u>	<u>98</u>	<u>104</u>
	Total	10,663	11,095	10,997	709	426	488
Plan Total		67,283	70,372	69,970	8,219	5,696	5,997
Grand Total					75,502	76,068	75,967

B. Changes in Claim Backlog

It should be noted that beginning July 1, 2006, all retirees have been transferred to the RHBT. While the chart below, which has not been adjusted to reflect the smaller risk pool, indicates a lower backlog, the duration of claim payment has been gradually declining for the self-insured block of non-Medicare coverages, and as of November 2011, the backlogs are at historical lows.

WV PEIA&RHBT Claim Backlog July 2006 through November 2011



C. Trend Analysis

While PEIA has experienced unfavorable medical and prescription drug trends in FY 2011 and FY 2012, over the long term, trends have been favorable. CCRC Actuaries performed the detailed medical and prescription drugs trend analysis in the report titled, "Detailed Medical and Prescription Drug Claim Trend Report - September 2011". This report includes the detailed trend analysis of PEIA experience by medical and prescription drugs. Based on the analysis, we have increased the FY 2012 and FY 2013 medical claim trend to 6.5%. Additionally, due to PEIA's unfavorable prescription drug experience, we have increased our trend assumption for all prescription drugs coverage to 10.0% in FY 2012 and FY 2013.

The current projection assumes the trends in the following table:

Claim Type	Previous Assumption FY 2012 Trend	Updated Assumption FY 2012 Trend
Active Local – Medical	5.5%	6.5%
State – Medical	5.5%	6.5%
Active Local – Drugs	9.0%	10.0%
State – Drugs	9.0%	10.0%

In addition, we have assumed that trends will increase by 0.5% in each successive fiscal year beginning in FY 2014. 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 November 2011. 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
2003	12%	14%	19%	15%	10%
2004	-1%	12%	9%	7%	9%
2005	16%	7%	7%	20%	11%
2006	1%	2%	18%	7%	4%
2007	15%	2%	13%	8%	5%
2008	5%	10%	-6%	-2%	5%
2009	-4%	8%	10%	9%	7%
2010	10%	1%	9%	9%	4%
2011	11%	8%	14%	14%	8%
2012*	11%	6%	6%	7%	6%

* Fiscal Year 2012 results are through the first five months ending November 2011.

D. Enrollment, Claim, Expense and Revenue Assumptions

Using PEIA paid claim data through November 2011 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. CCRC 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 2012 claims and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

Fiscal Year 2012 Projection			Revenue		Expenses		
Fund	Program	Policies	Monthly Employer Premiums	Monthly Employee Premiums	Monthly Medical Costs	Monthly Drugs Costs*	Monthly Capitation Costs
State	PPB	58,844	\$ 470	\$ 123	\$ 455	\$ 156	
	Managed Care	5,465	\$ 486	\$ 131			\$ 550
	Total	64,309					
Local	PPB	11,025	\$ 605	\$ -	\$ 452	\$ 136	
	Managed Care	484	\$ 461	\$ -			\$ 440
	Total	11,509					

*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. Interest income is currently allocated to each fund based on average reserve levels for each fund. The following chart summarizes the additional revenues from employers, employees and direct transfers assumed in the report.

Board Decisions – December 2011

Source	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
Additional State Employer Revenue	\$0	\$25,000,000	\$42,000,000	\$60,000,000	\$47,000,000
Additional Local Agency Revenue	\$0	\$0	\$2,000,000	\$11,000,000	\$19,000,000
Additional Employee Premium	\$0	(\$2,440,228)	\$10,500,000	\$15,000,000	\$11,800,000
Direct Transfer	\$3,500,000	\$3,500,000	\$0	\$0	\$0
Benefit Reductions/(Increase)	\$0	\$27,939,000	\$4,085,000	\$0	\$0
Autism Bill (Cost)	\$0	(\$6,200,000)	\$0	\$0	\$0
PPACA Savings/(Cost)	\$0	(\$9,534,000)	\$1,000,000	\$0	\$0
Pay Go Premium Transfer	\$151,347,651	\$162,000,000	\$172,900,000	\$184,000,000	\$195,200,000

The \$27,939,000 reduction in benefits in Fiscal Year 2013 is comprised of the following changes:

	<u>Decrease in 2013 Claim Cost</u>
Remove Acupuncture Coverage	\$75 K
Change Physical, Occupational, and Speech Therapy Coverage to Medical Necessary with \$10 Copay	\$1.8 M
Increase Emergency Room Copay to \$100	\$2.4 M
Increase Urgent Care to \$25 Co-Pay	\$0.8 M
Specialty Co-Pay increase to \$25 from \$20	\$1.4 M
Introduce \$500 Copay for Gastric Bypass	\$0.1 M
Introduce \$500 Copay for Dental Procedures that are Medically Necessary	\$0.7 M
Pharmacy Option 75% Copay Tier 3 (\$5/\$15/75%/\$50 Sp)	\$15.214 M
West Virginia Option D Closed Network	\$5.45 M

In addition, the Finance board elected to delay increasing the out of pocket maximum for families to FY 2014. The estimated savings is projected to be \$4.1M. The \$9,534,000 of PPACA benefit enhancements is comprised of the estimated “grandfathering” cost of eliminating lifetime limitations, offering free preventive services, and covering children coverage to age 26. The Autism Bill enacted by the state legislature is estimated to cost \$6.2 million in Fiscal Year 2013.

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 2013 the Pay-Go is equivalent to \$343 per retiree per month. In future years, the Pay Go premium will continue to increase each year by a maximum of 3% per retiree per year. The new Pay-Go premium formula is based on the financial plan approved by the Financial Board in December 2011.

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 2012 FORECAST

The financial forecast for FY 2012 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2012 projects accrued revenue of \$719,763,067 and incurred plan expenses of \$726,157,336 to produce a fiscal year deficit of (\$6,394,269). It should be noted that this is an improvement from the projected deficit of (\$11,728,685) in the PEIA Fiscal Year 2011 Financial Report due to the favorable drug claims experience. The PEIA local and state agencies Pay Go premiums for FY 2012 are assumed to be \$151,347,651.

Under the Baseline Scenario, FY 2012 is projected to end with a reserve of \$194,420,484 and the FY 2013 expenditures of \$766,349,496, which represents 25% of projected expenditures. This projected reserve meets the 10% of program expense requirement under the Baseline Scenario assumptions.

FISCAL YEAR 2013 FORECAST

The financial forecast for FY 2013 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2013 projects accrued revenue of \$742,409,295 and incurred plan expenses of \$766,349,496 to produce a fiscal year deficit of (\$23,940,201). The PEIA local and state agencies Pay Go premiums for FY 2013 are assumed to be \$162,000,000.

Under the Baseline Scenario, FY 2013 is projected to end with a reserve of \$170,480,283 and the FY 2014 expenditures of \$816,580,384, which represents 21% of projected expenditures. This projected reserve meets the 10% of program expense requirement under the Baseline Scenario assumptions. Under the Optimistic Scenario, the ending reserve is expected to increase to \$191,392,195 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$149,426,867.

FISCAL YEAR 2014 FORECAST

The financial forecast for FY 2014 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2014 projects accrued revenue of \$792,471,142 and incurred plan expenses of \$816,580,384 to produce a fiscal year deficit of (\$24,109,242). The PEIA local and state agencies Pay Go premiums for FY 2014 are assumed to be \$172,900,000.

Under the Baseline Scenario, FY 2014 is projected to end with a reserve of \$146,371,040 and the FY 2015 expenditures of \$878,018,981, which represents 17% of projected expenditures. This projected reserve meets the 10% of program expense requirement under the Baseline Scenario assumptions. Under the Optimistic Scenario, the ending reserve is expected to increase to \$195,333,898 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$96,461,691.

FISCAL YEAR 2015 FORECAST

The financial forecast for FY 2015 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2015 projects accrued revenue of \$877,642,492 and incurred plan expenses of \$878,018,981 to produce a fiscal year deficit of (\$376,489). The PEIA local and state agencies Pay Go premiums for FY 2015 are assumed to be \$184,000,000.

Under the Baseline Scenario, FY 2015 is projected to end with a reserve of \$145,994,551 and the FY 2016 expenditures of \$946,781,965, which represents 15% of projected expenditures. This projected reserve meets the 10% of program expense requirement under the Baseline Scenario assumptions. Under the Optimistic Scenario, the ending reserve is expected to increase to \$237,891,201 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$51,146,762.

FISCAL YEAR 2016 FORECAST

The financial forecast for FY 2016 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2016 projects accrued revenue of \$956,201,340 and incurred plan expenses of \$946,781,965 to produce a fiscal year surplus of \$9,419,375. The PEIA local and state agencies Pay Go premiums for FY 2016 are assumed to be \$195,200,000.

Under the Baseline Scenario, FY 2016 is projected to end with a reserve of \$155,413,926 and the FY 2017 expenditures of \$1,024,194,448, which represents 15% of projected expenditures. This projected reserve meets the 10% of program expense requirement under the Baseline Scenario assumptions. Under the Optimistic Scenario, the ending reserve is expected to increase to \$308,028,941 and under the Pessimistic Scenario, the ending reserve is expected to decrease to (\$4,082,704).

LITIGATION

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

SUMMARY

With projected changes to the plan as adopted by the PEIA Finance Board, we are forecasting that the plan will meet the minimum 10% reserve target set by West Virginia Statute and the 15% actuarial reserve target through the projection period ending with the Fiscal Year 2016 using the Baseline assumptions. These projections are based on significant revenue increases projected by PEIA 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 2012**

PERIOD 7/1/2011 - 6/30/2012

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 102,154,848	\$ 424,633,944	\$ 526,788,792
Employer Premiums - MCO	3,420,103	40,816,819	44,236,922
Employee Premiums - PPB	-	111,034,560	111,034,560
Employee Premiums - MCO	-	10,976,832	10,976,832
Direct Transfers	-	3,500,000	3,500,000
Investment Income	3,135,811	14,059,279	17,195,090
COBRA Premiums	276,945	1,149,926	1,426,871
Administrative Fees	703,900	3,900,100	4,604,000
Total Revenue	\$ 109,691,607	\$ 610,071,460	\$ 719,763,067
<u>Program Expenses</u>			
Medical Claims	\$ 59,785,435	\$ 321,027,101	\$ 380,812,536
Prescription Drug Claims	17,977,480	110,387,896	128,365,376
Managed Care Capitations	2,553,885	36,099,115	38,653,000
Administration	2,981,973	16,584,780	19,566,753
Life Insurance	645,120	3,587,952	4,233,072
Wellness	225,314	1,253,124	1,478,438
Director's Discretionary Fund	259,706	1,440,804	1,700,510
WV RHBT Pay Go Premiums	22,884,913	128,462,738	151,347,651
Total Expenses	\$ 107,313,826	\$ 618,843,510	\$ 726,157,336
Fiscal Year Results	\$ 2,377,781	\$ (8,772,050)	\$ (6,394,269)
Beginning Plan Reserve	38,510,998	162,303,755	200,814,753
Ending Plan Reserve	\$ 40,888,779	\$ 153,531,705	\$ 194,420,484

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ -	Active Local	6.5%	10.0%
Direct Transfers	\$ 3,500,000	State	6.5%	10.0%
		Capitations		6.0%
		Administrative Expense		5.0%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2012

PERIOD 7/1/2011 - 6/30/2012

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 102,154,848	\$ -	\$ 102,154,848
Employer Premiums - MCO	3,420,103	-	3,420,103
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Direct Transfers	-		-
Investment Income	3,135,811		3,135,811
COBRA Premiums	276,945		276,945
Administrative Fees	703,900		703,900
Total Revenue	\$ 109,691,607	\$ -	\$ 109,691,607
<u>Program Expenses</u>			
Medical Claims	\$ 59,785,435	\$ -	\$ 59,785,435
Prescription Drug Claims	17,977,480	-	17,977,480
Managed Care Capitations	2,553,885		2,553,885
Administration	2,981,973		2,981,973
Life Insurance	645,120		645,120
Wellness	225,314		225,314
Director's Discretionary Fund	259,745		259,706
WV RHBT Pay Go Premiums	22,884,913		22,884,913
Total Expenses	\$ 107,313,865	\$ -	\$ 107,313,826
Fiscal Year Results	\$ 2,377,742		\$ 2,377,781
Beginning Plan Reserve	38,510,998		38,510,998
Ending Plan Reserve	\$ 40,888,740		\$ 40,888,779

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ -	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	6.5%	10.0%
		Capitations		6.0%
		Administrative Expense		5.0%

**APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2012**

PERIOD 7/1/2011 - 6/30/2012

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 424,633,944	\$ -	\$ 424,633,944
Employer Premiums - MCO	40,816,819	-	40,816,819
Employee Premiums - PPB	111,034,560	-	111,034,560
Employee Premiums - MCO	10,976,832	-	10,976,832
Direct Transfers	3,500,000		3,500,000
Investment Income	14,059,279		14,059,279
COBRA Premiums	1,149,926		1,149,926
Administrative Fees	3,900,100		3,900,100
Total Revenue	\$ 610,071,460	\$ -	\$ 610,071,460
<u>Program Expenses</u>			
Medical Claims	\$ 321,027,101	\$ -	\$ 321,027,101
Prescription Drug Claims	110,387,896	-	110,387,896
Managed Care Capitations	36,099,115		36,099,115
Administration	16,584,780		16,584,780
Life Insurance	3,587,952		3,587,952
Wellness	1,253,124		1,253,124
Director's Discretionary Fund	1,441,022		1,440,804
WV RHBT Pay Go Premiums	128,462,738		128,462,738
Total Expenses	\$ 618,843,728	\$ -	\$ 618,843,510
Fiscal Year Results	\$ (8,772,268)		\$ (8,772,050)
Beginning Plan Reserve	162,303,755		162,303,755
Ending Plan Reserve	\$ 153,531,487		\$ 153,531,705

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ 3,500,000	State	6.5%	10.0%
		Capitations		6.0%
		Administrative Expense		5.0%

**APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2013**

PERIOD 7/1/2012 - 6/30/2013

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 102,154,848	\$ -	\$ 102,154,848
Employer Premiums - MCO	3,420,103	-	3,420,103
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Direct Transfers	-	-	-
Investment Income	3,359,103		3,359,103
COBRA Premiums	285,961		285,961
Administrative Fees	703,900		703,900
Total Revenue	\$ 109,923,915	\$ -	\$ 109,923,915
<u>Program Expenses</u>			
Medical Claims	\$ 63,576,317	\$ 247,203	\$ 63,823,520
Prescription Drug Claims	19,746,036	(1,925,125)	17,820,911
Managed Care Capitations	2,707,118		2,707,118
Administration	3,131,072		3,131,072
Life Insurance	677,376		677,376
Wellness	225,314		225,314
Director's Discretionary Fund	256,193		254,365
WV RHBT Pay Go Premiums	24,495,629		24,495,629
Total Expenses	\$ 114,815,055	\$ (1,677,922)	\$ 113,135,305
Fiscal Year Results	\$ (4,891,140)		\$ (3,211,390)
Beginning Plan Reserve	40,888,740		40,888,779
Ending Plan Reserve	\$ 35,997,600		\$ 37,677,389

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ -	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	6.5%	10.0%
		Capitations		6.0%
		Administrative Expense		5.0%

**APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2013**

PERIOD 7/1/2012 - 6/30/2013

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 424,633,944	\$ 22,807,673	\$ 447,441,617
Employer Premiums - MCO	40,816,819	2,192,327	43,009,146
Employee Premiums - PPB	111,034,560	(2,220,691)	108,813,869
Employee Premiums - MCO	10,976,832	(219,537)	10,757,295
Direct Transfers	3,500,000		3,500,000
Investment Income	13,875,995		13,875,995
COBRA Premiums	1,187,358		1,187,358
Administrative Fees	3,900,100		3,900,100
Total Revenue	\$ 609,925,608	\$ 22,559,772	\$ 632,485,380
<u>Program Expenses</u>			
Medical Claims	\$ 342,488,540	\$ 1,331,697	\$ 343,820,237
Prescription Drug Claims	121,635,612	(11,858,775)	109,776,837
Managed Care Capitations	38,265,062		38,265,062
Administration	17,414,019		17,414,019
Life Insurance	3,767,349		3,767,349
Wellness	1,253,124		1,253,124
Director's Discretionary Fund	1,427,053		1,413,193
WV RHBT Pay Go Premiums	137,504,371		137,504,371
Total Expenses	\$ 663,755,130	\$ (10,527,078)	\$ 653,214,192
Fiscal Year Results	\$ (53,829,522)		\$ (20,728,812)
Beginning Plan Reserve	153,531,487		153,531,705
Ending Plan Reserve	\$ 99,701,965		\$ 132,802,893

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 25,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ (2,440,228)	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ 3,500,000	State	6.5%	10.0%
		Capitations		6.0%
		Administrative Expense		5.0%

**APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2014**

PERIOD 7/1/2013 - 6/30/2014

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 102,154,848	\$ 1,935,210	\$ 104,090,058
Employer Premiums - MCO	3,420,103	64,790	3,484,893
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Direct Transfers	-	-	-
Investment Income	3,226,848		3,226,848
COBRA Premiums	307,739		307,739
Administrative Fees	703,900		703,900
Total Revenue	\$ 109,813,438	\$ 2,000,000	\$ 111,813,438
<u>Program Expenses</u>			
Medical Claims	\$ 68,146,444	\$ (757,893)	\$ 67,388,551
Prescription Drug Claims	19,651,936	(34,120)	19,617,816
Managed Care Capitations	2,869,545		2,869,545
Administration	3,287,625		3,287,625
Life Insurance	711,245		711,245
Wellness	225,314		225,314
Director's Discretionary Fund	252,385		252,200
WV RHBT Pay Go Premiums	26,143,792		26,143,792
Total Expenses	\$ 121,288,286	\$ (792,013)	\$ 120,496,088
Fiscal Year Results	\$ (11,474,848)		\$ (8,682,650)
Beginning Plan Reserve	35,997,600		37,677,389
Ending Plan Reserve	\$ 24,522,752		\$ 28,994,739

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 2,000,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	7.0%	10.5%
		Capitations		6.0%
		Administrative Expense		5.0%

**APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2014**

PERIOD 7/1/2013 - 6/30/2014

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 447,441,617	\$ 38,316,890	\$ 485,758,507
Employer Premiums - MCO	43,009,146	3,683,110	46,692,256
Employee Premiums - PPB	108,813,869	9,555,361	118,369,230
Employee Premiums - MCO	10,757,295	944,639	11,701,934
Direct Transfers	-		-
Investment Income	12,957,890		12,957,890
COBRA Premiums	1,277,787		1,277,787
Administrative Fees	3,900,100		3,900,100
Total Revenue	\$ 628,157,704	\$ 52,500,000	\$ 680,657,704
<u>Program Expenses</u>			
Medical Claims	\$ 367,108,026	\$ (4,082,807)	\$ 363,025,219
Prescription Drug Claims	121,055,956	(210,180)	120,845,776
Managed Care Capitations	40,560,965		40,560,965
Administration	18,284,720		18,284,720
Life Insurance	3,955,717		3,955,717
Wellness	1,253,124		1,253,124
Director's Discretionary Fund	1,403,274		1,402,569
WV RHBT Pay Go Premiums	146,756,207		146,756,207
Total Expenses	\$ 700,377,989	\$ (4,292,987)	\$ 696,084,297
Fiscal Year Results	\$ (72,220,285)		\$ (15,426,593)
Beginning Plan Reserve	99,701,965		132,802,893
Ending Plan Reserve	\$ 27,481,680		\$ 117,376,300

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 42,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 10,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ -	State	7.0%	10.5%
		Capitations		6.0%
		Administrative Expense		5.0%

**APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2015**

PERIOD 7/1/2014 - 6/30/2015

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 104,090,058	\$ 10,643,655	\$ 114,733,713
Employer Premiums - MCO	3,484,893	356,345	3,841,238
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Direct Transfers	-	-	-
Investment Income	2,747,461		2,747,461
COBRA Premiums	342,106		342,106
Administrative Fees	703,900		703,900
Total Revenue	\$ 111,368,418	\$ 11,000,000	\$ 122,368,418
<u>Program Expenses</u>			
Medical Claims	\$ 72,290,016	\$ -	\$ 72,290,016
Prescription Drug Claims	21,731,592	-	21,731,592
Managed Care Capitations	3,041,718		3,041,718
Administration	3,452,007		3,452,007
Life Insurance	746,807		746,807
Wellness	225,314		225,314
Director's Discretionary Fund	249,027		249,027
WV RHBT Pay Go Premiums	27,822,196		27,822,196
Total Expenses	\$ 129,558,677	\$ -	\$ 129,558,677
Fiscal Year Results	\$ (18,190,259)		\$ (7,190,259)
Beginning Plan Reserve	24,522,752		28,994,739
Ending Plan Reserve	\$ 6,332,493		\$ 21,804,480

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 11,000,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	7.5%	11.0%
		Capitations		6.0%
		Administrative Expense		5.0%

**APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2015**

PERIOD 7/1/2014 - 6/30/2015

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 485,758,506	\$ 54,738,414	\$ 540,496,920
Employer Premiums - MCO	46,692,257	5,261,586	51,953,843
Employee Premiums - PPB	118,369,230	13,650,516	132,019,746
Employee Premiums - MCO	11,701,934	1,349,484	13,051,418
Direct Transfers	-		-
Investment Income	12,431,564		12,431,564
COBRA Premiums	1,420,483		1,420,483
Administrative Fees	3,900,100		3,900,100
Total Revenue	\$ 680,274,074	\$ 75,000,000	\$ 755,274,074
<u>Program Expenses</u>			
Medical Claims	\$ 389,429,642	\$ -	\$ 389,429,642
Prescription Drug Claims	133,866,640	-	133,866,640
Managed Care Capitations	42,994,623		42,994,623
Administration	19,198,956		19,198,956
Life Insurance	4,153,503		4,153,503
Wellness	1,253,124		1,253,124
Director's Discretionary Fund	1,386,013		1,386,013
WV RHBT Pay Go Premiums	156,177,803		156,177,803
Total Expenses	\$ 748,460,304	\$ -	\$ 748,460,304
Fiscal Year Results	\$ (68,186,230)		\$ 6,813,770
Beginning Plan Reserve	27,481,680		117,376,300
Ending Plan Reserve	\$ (40,704,550)		\$ 124,190,070

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 60,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 15,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ -	State	7.5%	11.0%
		Capitations		6.0%
		Administrative Expense		5.0%

**APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2016**

PERIOD 7/1/2015 - 6/30/2016

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 114,733,713	\$ 18,384,495	\$ 133,118,208
Employer Premiums - MCO	3,841,238	615,505	4,456,743
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Direct Transfers	-	-	-
Investment Income	2,374,357		2,374,357
COBRA Premiums	373,196		373,196
Administrative Fees	703,900		703,900
Total Revenue	\$ 122,026,404	\$ 19,000,000	\$ 141,026,404
<u>Program Expenses</u>			
Medical Claims	\$ 77,909,578	\$ -	\$ 77,909,578
Prescription Drug Claims	24,181,821	-	24,181,821
Managed Care Capitations	3,224,221		3,224,221
Administration	3,624,607		3,624,607
Life Insurance	784,148		784,148
Wellness	225,314		225,314
Director's Discretionary Fund	246,911		246,911
WV RHBT Pay Go Premiums	29,515,721		29,515,721
Total Expenses	\$ 139,712,321	\$ -	\$ 139,712,321
Fiscal Year Results	\$ (17,685,917)		\$ 1,314,083
Beginning Plan Reserve	6,332,493		21,804,480
Ending Plan Reserve	\$ (11,353,424)		\$ 23,118,563

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 19,000,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	8.0%	11.5%
		Capitations		6.0%
		Administrative Expense		5.0%

**APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2016**

PERIOD 7/1/2015 - 6/30/2016

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 540,496,921	\$ 42,878,424	\$ 583,375,345
Employer Premiums - MCO	51,953,842	4,121,576	56,075,418
Employee Premiums - PPB	132,019,745	10,738,406	142,758,151
Employee Premiums - MCO	13,051,419	1,061,594	14,113,013
Direct Transfers	-		-
Investment Income	13,403,336		13,403,336
COBRA Premiums	1,549,573		1,549,573
Administrative Fees	3,900,100		3,900,100
Total Revenue	\$ 756,374,936	\$ 58,800,000	\$ 815,174,936
<u>Program Expenses</u>			
Medical Claims	\$ 419,702,477	\$ -	\$ 419,702,477
Prescription Drug Claims	148,960,057	-	148,960,057
Managed Care Capitations	45,574,301		45,574,301
Administration	20,158,904		20,158,904
Life Insurance	4,361,178		4,361,178
Wellness	1,253,124		1,253,124
Director's Discretionary Fund	1,375,324		1,375,324
WV RHBT Pay Go Premiums	165,684,278		165,684,278
Total Expenses	\$ 807,069,643	\$ -	\$ 807,069,643
Fiscal Year Results	\$ (50,694,707)		\$ 8,105,293
Beginning Plan Reserve	(40,704,550)		124,190,070
Ending Plan Reserve	\$ (91,399,257)		\$ 132,295,363

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 47,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 11,800,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ -	State	8.0%	11.5%
		Capitations		6.0%
		Administrative Expense		5.0%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2010 to FY 2012**

Fiscal Year 2010												
Exposure	<u>Jul-09</u>	<u>Aug-09</u>	<u>Sep-09</u>	<u>Oct-09</u>	<u>Nov-09</u>	<u>Dec-09</u>	<u>Jan-10</u>	<u>Feb-10</u>	<u>Mar-10</u>	<u>Apr-10</u>	<u>May-10</u>	<u>Jun-10</u>
Local Medical	22,112	22,187	22,245	22,348	22,448	22,578	22,499	22,452	22,429	22,231	21,810	21,970
State Medical	123,739	122,886	123,002	123,829	124,564	124,790	124,835	124,947	125,085	125,170	125,224	123,353
Local Drugs	22,112	22,187	22,245	22,348	22,448	22,578	22,499	22,452	22,429	22,231	21,810	21,970
State Drugs	123,739	122,886	123,002	123,829	124,564	124,790	124,835	124,947	125,085	125,170	125,224	123,353
Local Medical	<u>\$155.37</u>	<u>\$160.14</u>	<u>\$163.00</u>	<u>\$166.25</u>	<u>\$176.83</u>	<u>\$169.35</u>	<u>\$160.80</u>	<u>\$164.63</u>	<u>\$214.76</u>	<u>\$203.21</u>	<u>\$199.93</u>	<u>\$219.26</u>
State Medical	<u>\$166.77</u>	<u>\$166.27</u>	<u>\$166.57</u>	<u>\$173.82</u>	<u>\$174.42</u>	<u>\$166.29</u>	<u>\$174.04</u>	<u>\$180.27</u>	<u>\$205.05</u>	<u>\$200.20</u>	<u>\$192.26</u>	<u>\$235.08</u>
Local Drugs	<u>\$37.81</u>	<u>\$50.79</u>	<u>\$55.50</u>	<u>\$60.05</u>	<u>\$59.06</u>	<u>\$63.69</u>	<u>\$62.44</u>	<u>\$61.30</u>	<u>\$72.35</u>	<u>\$68.09</u>	<u>\$69.06</u>	<u>\$78.46</u>
State Drugs	<u>44.39</u>	<u>58.58</u>	<u>63.36</u>	<u>68.29</u>	<u>64.76</u>	<u>69.45</u>	<u>66.98</u>	<u>66.24</u>	<u>76.28</u>	<u>72.79</u>	<u>73.05</u>	<u>85.21</u>
Total	<u>\$404.34</u>	<u>\$435.79</u>	<u>\$448.43</u>	<u>\$468.41</u>	<u>\$475.08</u>	<u>\$468.78</u>	<u>\$464.26</u>	<u>\$472.45</u>	<u>\$568.44</u>	<u>\$544.28</u>	<u>\$534.30</u>	<u>\$618.00</u>
Change From Prior Year - Month to Month Analysis												
Local Medical	11.3%	17.6%	11.2%	1.9%	21.1%	9.1%	-8.4%	1.2%	13.5%	9.0%	20.8%	12.5%
State Medical	6.0%	-2.1%	4.2%	-3.6%	12.5%	-2.9%	-2.2%	3.2%	-0.2%	1.0%	1.4%	-1.2%
Local Drugs	-1.3%	-0.5%	2.9%	1.6%	9.9%	5.5%	2.9%	7.1%	16.7%	14.2%	15.7%	20.4%
State Drugs	<u>4.4%</u>	<u>7.2%</u>	<u>6.5%</u>	<u>9.5%</u>	<u>8.6%</u>	<u>4.8%</u>	<u>4.3%</u>	<u>10.1%</u>	<u>12.7%</u>	<u>11.2%</u>	<u>13.3%</u>	<u>12.2%</u>
Total	7.0%	5.8%	6.8%	0.7%	14.6%	3.5%	-3.0%	3.9%	8.4%	6.8%	11.5%	7.7%
Change From Prior Year - Quarter to Quarter Analysis												
Local Medical			13.3%			10.4%			2.4%			13.8%
State Medical			2.5%			1.6%			0.2%			0.3%
Local Drugs			0.6%			5.5%			9.0%			16.9%
State Drugs			<u>6.2%</u>			<u>7.5%</u>			<u>9.1%</u>			<u>12.2%</u>
Total			6.5%			6.0%			3.3%			8.5%
Change From Prior Year - Year to Year Analysis												
Local Medical			1.1%			4.6%			5.7%			9.8%
State Medical			6.2%			5.2%			3.5%			1.1%
Local Drugs			5.6%			3.6%			4.9%			8.5%
State Drugs			<u>6.2%</u>			<u>4.9%</u>			<u>7.0%</u>			<u>9.0%</u>
Total			4.2%			4.7%			4.9%			6.1%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2010 to FY 2012**

Fiscal Year 2011												
Exposure	<u>Jul-10</u>	<u>Aug-10</u>	<u>Sep-10</u>	<u>Oct-10</u>	<u>Nov-10</u>	<u>Dec-10</u>	<u>Jan-11</u>	<u>Feb-11</u>	<u>Mar-11</u>	<u>Apr-11</u>	<u>May-11</u>	<u>Jun-11</u>
Local Medical	22,597	22,569	22,603	22,608	22,655	22,747	22,678	22,763	22,763	22,809	22,806	22,876
State Medical	127,260	126,578	124,811	126,188	126,966	127,475	127,808	128,049	128,192	128,243	128,343	128,456
Local Drugs	22,597	22,569	22,603	22,608	22,655	22,747	22,678	22,763	22,763	22,809	22,806	22,876
State Drugs	127,260	126,578	124,811	126,188	126,966	127,475	127,808	128,049	128,192	128,243	128,343	128,456
Local Medical	<u>\$166.48</u>	<u>\$169.22</u>	<u>\$174.77</u>	<u>\$176.09</u>	<u>\$188.91</u>	<u>\$168.66</u>	<u>\$183.93</u>	<u>\$221.00</u>	<u>\$216.78</u>	<u>\$192.07</u>	<u>\$226.62</u>	<u>\$246.23</u>
State Medical	<u>\$152.27</u>	<u>\$179.37</u>	<u>\$184.70</u>	<u>\$191.46</u>	<u>\$193.60</u>	<u>\$182.99</u>	<u>\$194.13</u>	<u>\$190.58</u>	<u>\$223.75</u>	<u>\$191.70</u>	<u>\$202.20</u>	<u>\$241.83</u>
Local Drugs	<u>\$43.92</u>	<u>\$59.48</u>	<u>\$63.26</u>	<u>\$63.68</u>	<u>\$65.83</u>	<u>\$69.84</u>	<u>\$67.23</u>	<u>\$70.15</u>	<u>\$76.17</u>	<u>\$71.14</u>	<u>\$73.33</u>	<u>\$78.97</u>
State Drugs	<u>47.74</u>	<u>65.65</u>	<u>69.67</u>	<u>70.97</u>	<u>72.40</u>	<u>78.37</u>	<u>75.67</u>	<u>71.81</u>	<u>82.51</u>	<u>76.51</u>	<u>78.74</u>	<u>88.19</u>
Total	<u>\$410.42</u>	<u>\$473.71</u>	<u>\$492.40</u>	<u>\$502.19</u>	<u>\$520.73</u>	<u>\$499.86</u>	<u>\$520.96</u>	<u>\$553.55</u>	<u>\$599.21</u>	<u>\$531.42</u>	<u>\$580.89</u>	<u>\$655.23</u>
Change From Prior Year - Month to Month Analysis												
Local Medical	7.2%	5.7%	7.2%	5.9%	6.8%	-0.4%	14.4%	34.2%	0.9%	-5.5%	13.3%	12.3%
State Medical	-8.7%	7.9%	10.9%	10.1%	11.0%	10.0%	11.5%	5.7%	9.1%	-4.2%	5.2%	2.9%
Local Drugs	16.2%	17.1%	14.0%	6.0%	11.4%	9.7%	7.7%	14.4%	5.3%	4.5%	6.2%	0.7%
State Drugs	<u>7.6%</u>	<u>12.1%</u>	<u>9.9%</u>	<u>3.9%</u>	<u>11.8%</u>	<u>12.8%</u>	<u>13.0%</u>	<u>8.4%</u>	<u>8.2%</u>	<u>5.1%</u>	<u>7.8%</u>	<u>3.5%</u>
Total	1.5%	8.7%	9.8%	7.2%	9.6%	6.6%	12.2%	17.2%	5.4%	-2.4%	8.7%	6.0%
Change From Prior Year - Quarter to Quarter Analysis												
Local Medical			6.7%			4.1%			15.1%			6.8%
State Medical			3.3%			10.4%			8.8%			1.3%
Local Drugs			15.7%			9.1%			8.9%			3.6%
State Drugs			<u>10.1%</u>			<u>9.5%</u>			<u>9.8%</u>			<u>5.4%</u>
Total			6.8%			7.8%			11.2%			4.2%
Change From Prior Year - Year to Year Analysis												
Local Medical			8.3%			6.8%			10.1%			8.2%
State Medical			1.3%			3.3%			5.5%			5.8%
Local Drugs			11.7%			12.5%			12.4%			8.7%
State Drugs			<u>9.8%</u>			<u>10.2%</u>			<u>10.4%</u>			<u>8.5%</u>
Total			6.2%			6.6%			8.7%			7.4%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2010 to FY 2012**

Fiscal Year 2012					
Exposure					
	<u>Jul-11</u>	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>
Local Medical	23,012	22,957	22,938	22,861	22,837
State Medical	127,873	126,856	127,042	127,711	128,051
Local Drugs	23,012	22,957	22,938	22,861	22,837
State Drugs	127,873	126,856	127,042	127,711	128,051
	<u>Jul-11</u>	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>
Local Medical	\$140.41	\$198.42	\$217.26	\$206.64	\$206.52
State Medical	\$166.41	\$191.59	\$178.38	\$197.39	\$204.11
Local Drugs	\$45.73	\$64.59	\$67.98	\$67.25	\$44.45
State Drugs	<u>51.96</u>	<u>71.99</u>	<u>70.87</u>	<u>72.68</u>	<u>46.71</u>
Total	\$404.50	\$526.59	\$534.48	\$543.96	\$501.79
Change From Prior Year - Month to Month Analysis					
Local Medical	-15.7%	17.3%	24.3%	17.4%	9.3%
State Medical	9.3%	6.8%	-3.4%	3.1%	5.4%
Local Drugs	4.1%	8.6%	7.5%	5.6%	-32.5%
State Drugs	<u>8.8%</u>	<u>9.7%</u>	<u>1.7%</u>	<u>2.4%</u>	<u>-35.5%</u>
Total	-1.4%	11.2%	8.5%	8.3%	-3.6%
Change From Prior Year - Quarter to Quarter Analysis					
Local Medical	8.9%				
State Medical	3.9%				
Local Drugs	7.0%				
State Drugs	<u>6.4%</u>				
Total	6.5%				
Change From Prior Year - Year to Year Analysis					
Local Medical	8.7%				
State Medical	5.9%				
Local Drugs	7.0%				
State Drugs	<u>7.7%</u>				
Total	7.3%				