



**CCRC**  
Actuaries, LLC

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# STATE OF WEST VIRGINIA



## **PUBLIC EMPLOYEES INSURANCE AGENCY**

### **Financial Plan**

### **Fiscal Years 2014-2018**

*December 2013*

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Finance Board  
West Virginia Public Employees Insurance Agency  
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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 2013 for the fiscal year 2015 (“FY 2015”) and to provide quarterly financial reports for current FY 2014 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 2014 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 2018.

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 2014 and subsequently. We are assuming that the Bill will continue throughout the five year forecast period.

CCRC Actuaries has provided preliminary forecasts for fiscal years ending June 30, 2014 (“FY 2014”), June 30, 2015 (“FY 2015”), June 30, 2016 (“FY 2016”), June 30, 2017 (“FY 2017”) and June 30, 2018 (“FY 2018”). Our opinion of plan adequacy is based on the projections through FY 2018 using updated future revenue and plan modifications provided by the Board in the financial plan adopted in December 2013. 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, 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. Additional details of the benefit reductions can be found later in this report. In addition, it is noteworthy that some current PEIA members may become eligible for the West Virginia Children Health Insurance Plan effective in Fiscal Year 2015. This report does not include anticipated savings from this eligibility change since the proposal has not been finalized and approved by CMS.

In FY 2014 the Pay-Go is equivalent to \$335 per retiree per month. In future years, the Pay Go premium may increase 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 2013.

This report includes updated claim trend assumptions as recommended in the report titled, “Detailed Medical and Prescription Drugs Claim Trend Report - September 2013”. In the circumstances and subject to the conditions described herein, we believe the financial plan approved by the Board for FY 2014 through FY 2018 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 2014 based on the scheduled revenue increases of the financial plan approved and amended by the Board in December 2013.

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 2018 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 2014 – FY 2018**

#### **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 2013 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 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 December 2013 enrollment levels for the duration of these forecasts for active employees.

In aggregate, December 2013 enrollment for active employees has decreased by 221 coverages since the end of FY 2013. Aggregate PPB enrollment has decreased by 202 in total over the same period, while managed care enrollment experienced a decrease of 19 coverages.

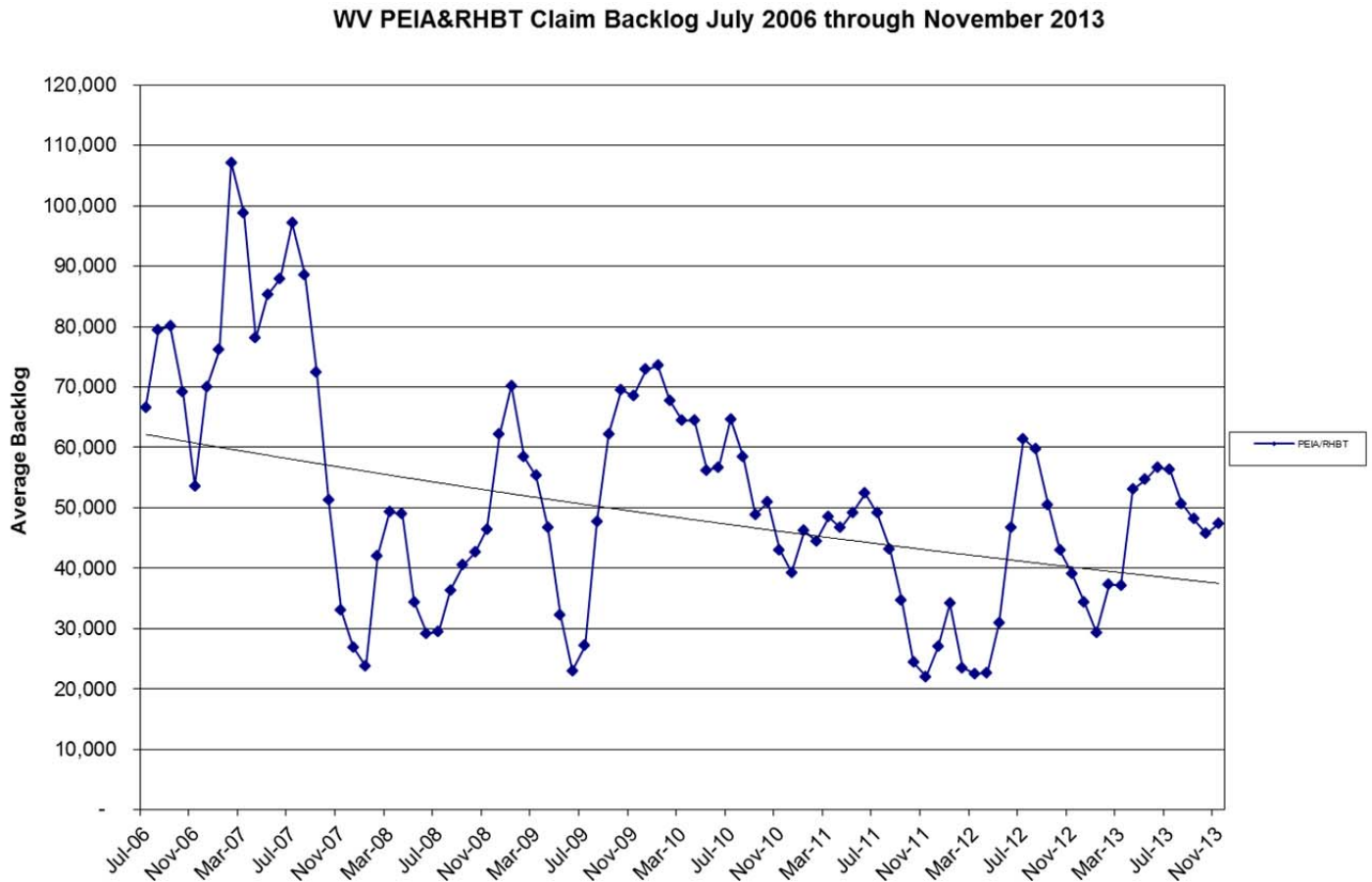
In the State Fund, the overall active State enrollment decreased by 377 coverages from the end of FY 2013 to December 2013. And in the Local Fund, the overall active Local enrollment increased by 156 coverages from the end of FY 2013 to December 2013.

The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2012, June 2013 and December 2013 for purposes of comparison:

PEIA Fund	Coverage	Preferred Provider Benefit			Managed Care		
		Jun-12	Jun-13	Dec-13	Jun-12	Jun-13	Dec-13
State Active	Single	22,488	22,255	21,934	1,960	1,887	1,896
	Children	6,247	6,459	6,513	622	648	627
	Family	30,358	30,430	30,399	2,984	2,899	2,832
	Total	59,093	59,144	58,846	5,566	5,434	5,355
Local Active	Single	5,014	5,106	5,098	300	322	346
	Children	863	967	982	98	106	109
	Family	5,208	5,307	5,396	109	131	164
	Total	11,085	11,380	11,476	507	559	619
Plan Total		70,178	70,524	70,322	6,073	5,993	5,974
Grand Total					76,251	76,517	76,296

## B. Changes in Claim Backlog

It should be noted that on July 1, 2006, all retirees were 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 payments has been gradually declining for the self-insured block of non-Medicare coverages, and backlog has shown an overall decreasing trend since July 2006.



### C. Trend Analysis

PEIA experienced favorable medical and prescription drug trends in FY 2013, and over the past few years, trends have been beneficial to the plan. CCRC Actuaries performed the detailed medical and prescription drugs trend analysis in the report titled, “Detailed Medical and Prescription Drugs Claim Trend Report - September 2013”. This report includes the detailed trend analysis of PEIA experience by medical and prescription drugs. Based on the analysis, we have decreased the FY 2014 medical claim trend to 5%. Additionally, due to PEIA’s favorable FY 2013 prescription drug experience, we have decreased our trend assumption for all prescription drugs coverage to 8% in FY 2014.

The current projection assumes the trends in the following table:

Claim Type	Previous Assumption FY 2014 Trend	Updated Assumption FY 2014 Trend
Active Local – Medical	6.0%	5.0%
State – Medical	6.0%	5.0%
Active Local – Drugs	9.0%	8.0%
State – Drugs	9.0%	8.0%

In addition, we have assumed that trends will increase by 0.5% in FY 2015 and FY 2016, and then increase by 1.0% in each successive fiscal year beginning in FY 2017. 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 2013. 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)**

<b>Fiscal Year</b>	<b>Active Local Medical</b>	<b>State Medical</b>	<b>Active Local Drugs</b>	<b>State Drugs</b>	<b>Total</b>
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	3%	8%	-14%	-10%	2%
2009	-8%	3%	5%	4%	2%
2010	10%	1%	9%	9%	4%
2011	8%	6%	9%	8%	7%
2012	5%	5%	8%	6%	5%
2013	-1%	-2%	-10%	-7%	-3%
2014*	1%	4%	-10%	-7%	1%

\* Fiscal Year 2014 results are through the first five months ending November 2013.

**D. Enrollment, Claim, Expense and Revenue Assumptions**

Using PEIA paid claim data through November 2013 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 2014 claims and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

<b>Fiscal Year 2014 Projection</b>			<b>Net Revenue Excluding Pay Go</b>		<b>Expenses</b>		
<b>Fund</b>	<b>Program</b>	<b>Policies</b>	<b>Monthly Employer Premiums</b>	<b>Monthly Employee Premiums</b>	<b>Monthly Medical Costs</b>	<b>Monthly Drugs Costs*</b>	<b>Monthly Capitation Costs</b>
State	PPB	58,669	\$ 476	\$ 126	\$ 459	\$ 142	
	Managed Care	5,333	\$ 488	\$ 135			\$ 560
	Total	64,002					
Local	PPB	11,452	\$ 598	\$ -	\$ 447	\$ 117	
	Managed Care	614	\$ 448	\$ -			\$ 344
	Total	12,066					

\*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 2013

Source	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018
<b>Additional State Employer Revenue</b>	\$0	\$0	\$55,000,000	\$50,000,000	\$50,000,000
<b>Additional Local Agency Revenue</b>	\$0	(\$1,200,000)	\$0	\$10,000,000	\$24,000,000
<b>Additional Employee Premium</b>	\$0	(\$5,400,000)	\$13,800,000	\$12,500,000	\$12,500,000
<b>Benefit Reductions/(Increase)</b>	\$0	(\$1,600,000)	(\$1,691,200)	(\$1,804,352)	(\$1,942,945)
<b>PPACA Savings/(Cost)</b>	(\$5,242,637)	(\$8,844,687)	(\$5,746,749)	(\$2,148,824)	(\$350,912)
<b>Pay Go Premium Transfer</b>	\$160,822,000	\$150,000,000	\$153,500,000	\$190,000,000	\$210,000,000

The \$5,242,637 of PPACA benefit enhancements in Fiscal Year 2014 is comprised of the following:

	<u>Included in 2014 Claim Cost</u>
Reinsurance Contributions (Cost)	(\$4.9 M)
Comparative Effectiveness Research Fees (Cost)	(\$342,637)

The \$1,600,000 increase in benefits in Fiscal Year 2015 is comprised of the following:

	<u>Included in 2015 Claim Cost</u>
SB-22 Dependent Maternity and Contraceptives (Cost)	(\$2.9 M)
Out of State Copayment - Savings	\$850 K
Specialty Drugs Copay - Savings	\$450 K

The Centers for Medicare & Medicaid Services (“CMS”) and the United States Department of Health and Human Services (“HHS”) released the final rule containing further detail and parameters related to the risk adjustment, reinsurance, and risk corridors programs in the ACA on November 26, 2012. Section 1341 of the ACA provides that health insurance issuers and third party administrators on behalf of group health plans must make payments to an applicable reinsurance entity.

Under the final rule, issuers would be required to pay a reinsurance contribution of \$5.25 per member per month to HHS in 2014. The \$5.25 contribution rate would gradually decrease in 2015 and 2016. From 2017 and beyond, no further reinsurance contributions will be collected. PEIA will not receive any benefit payments from the national reinsurance program. PEIA will be subject to paying the reinsurance contributions through FY 2017 and the projected expenses of the reinsurance contributions are included in the current financial plan. The total reinsurance contributions for the financial projection are estimated to be \$20,600,000. FY 2014 is projected to be \$4,900,000.

The Treasury Department and the Internal Revenue Service recently issued a final rule implementing a new tax added by the Affordable Care Act: The Comparative Effectiveness Research Fees. These fees are currently expected to be paid by health insurers and plan sponsors of self-insured group health plans.

The Affordable Care Act created a new Patient-Centered Outcomes Research Institute (PCORI) to conduct research evaluating and comparing health outcomes and assess the clinical effectiveness, risks and benefits of medical treatments. The PCORI’s work will be paid for by a new Patient-Centered Outcomes Research Trust Fund, which will be funded in part through the comparative effectiveness research fees.

It is anticipated that PEIA will accrue and pay these fees in FY 2014 through FY 2019. The fee will be \$2 per members in FY 2014 and in subsequent years. The total comparative effectiveness research fees for the financial projection are estimated to be \$2,257,123, with an expected \$342,637 in FY 2014.

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 2014 the Pay-Go is equivalent to \$335 per retiree per month. In future years, the Pay Go premium may increase 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 2013.

## **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 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 \$727,531,001 and incurred plan expenses of \$728,798,314 to produce a fiscal year deficit of (\$1,267,313). It should be noted that this is an increase from the projected deficit of (\$9,978,290) in the PEIA Fiscal Year 2013 Financial Report due to the favorable drug claims experience. The PEIA local and state agencies Pay Go premiums for FY 2014 are assumed to be \$160,822,000.

Under the Baseline Scenario, FY 2014 is projected to end with a reserve of \$213,070,246 and the FY 2015 expenditures of \$756,979,134, which represents 28% of projected expenditures. This projected reserve meets the 10% of program expense requirement under the Baseline Scenario assumptions.

## **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 \$721,144,660 and incurred plan expenses of \$756,979,134 to produce a fiscal year deficit of (\$35,834,474). The PEIA local and state agencies Pay Go premiums for FY 2015 are assumed to be \$150,000,000.

Under the Baseline Scenario, FY 2015 is projected to end with a reserve of \$177,235,771 and the FY 2016 expenditures of \$794,994,672, which represents 22% 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 \$198,011,934 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$156,314,294.

## **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 \$790,610,076 and incurred plan expenses of \$794,994,672 to produce a fiscal year deficit of (\$4,384,596). The PEIA local and state agencies Pay Go premiums for FY 2016 are assumed to be \$153,500,000.

Under the Baseline Scenario, FY 2016 is projected to end with a reserve of \$172,851,176 and the FY 2017 expenditures of \$872,389,725, which represents 20% 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 \$221,143,352 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$123,600,600.

## **FISCAL YEAR 2017 FORECAST**

The financial forecast for FY 2017 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2017 projects accrued revenue of \$863,806,273 and incurred plan expenses of \$872,389,725 to produce a fiscal year deficit of (\$8,583,452). The PEIA local and state agencies Pay Go premiums for FY 2017 are assumed to be \$190,000,000.

Under the Baseline Scenario, FY 2017 is projected to end with a reserve of \$164,267,724 and the FY 2018 expenditures of \$944,440,576, 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 \$253,869,863 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$71,717,775.

## **FISCAL YEAR 2018 FORECAST**

The financial forecast for FY 2018 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2018 projects accrued revenue of \$950,678,913 and incurred plan expenses of \$944,440,576 to produce a fiscal year surplus of \$6,238,337. The PEIA local and state agencies Pay Go premiums for FY 2018 are assumed to be \$210,000,000.

Under the Baseline Scenario, FY 2018 is projected to end with a reserve of \$170,506,061 and the FY 2019 expenditures of \$1,020,677,537, 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 \$317,596,465 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$16,622,411.

## **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 2018 using the Baseline assumptions. These projections are based on significant revenue increases as contained in the Financial Plan adopted by the Board in December 2013 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 2014**

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

	<b>Active Local Fund</b>	<b>State Fund</b>	<b>PEIA Total</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 106,241,490	\$ 433,187,850	\$ 539,429,340
Employer Premiums - MCO	4,270,836	40,406,796	44,677,632
Employee Premiums - PPB	-	115,005,455	115,005,455
Employee Premiums - MCO	-	11,188,574	11,188,574
Life Insurance	322,783	1,795,217	2,118,000
Investment Income	1,600,307	6,590,693	8,191,000
COBRA Premiums	443,696	1,842,304	2,286,000
Administrative Fees	708,640	3,926,360	4,635,000
<b>Total Revenue</b>	<b>\$ 113,587,752</b>	<b>\$ 613,943,249</b>	<b>\$ 727,531,001</b>
<u>Program Expenses</u>			
Medical Claims	\$ 61,384,433	\$ 323,000,942	\$ 384,385,375
Prescription Drug Claims	16,098,523	99,639,432	115,737,955
Managed Care Capitations	2,535,583	35,840,417	38,376,000
Administration	2,716,682	15,109,318	17,826,000
Life Insurance	322,783	1,795,217	2,118,000
Wellness	393,192	2,186,808	2,580,000
ACA Reinsurance Contributions	700,000	4,200,000	4,900,000
ACA Comparative Effectiveness Research Fees	49,631	293,006	342,637
Director's Discretionary Fund	264,980	1,445,366	1,710,346
WV RHBT Pay Go Premiums	25,072,922	135,749,078	160,822,000
<b>Total Expenses</b>	<b>\$ 109,538,730</b>	<b>\$ 619,259,584</b>	<b>\$ 728,798,314</b>
<b>Fiscal Year Results</b>	<b>\$ 4,049,022</b>	<b>\$ (5,316,335)</b>	<b>\$ (1,267,313)</b>
Beginning Plan Reserve	43,977,120	170,360,438	214,337,559
Ending Plan Reserve	\$ 48,026,142	\$ 165,044,103	\$ 213,070,246

**KEY ASSUMPTIONS**

		<b>Claim and Other Expense Trends</b>		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employer Premiums	\$ -			
Additional Local Agency Revenue	\$ -			
Additional State Employee Premiums	\$ -	Active Local	5.0%	8.0%
Direct Transfers	\$ -	State	5.0%	8.0%
		Capitations		-1.9%
		Administrative Expense		-6.3%

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

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

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

<b>Local Fund</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 106,241,490	\$ -	\$ 106,241,490
Employer Premiums - MCO	4,270,836	-	4,270,836
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	322,783		322,783
Investment Income	1,600,307		1,600,307
COBRA Premiums	443,696		443,696
Administrative Fees	708,640		708,640
<b>Total Revenue</b>	<b>\$ 113,587,752</b>	<b>\$ -</b>	<b>\$ 113,587,752</b>
<u>Program Expenses</u>			
Medical Claims	\$ 61,384,433	\$ -	\$ 61,384,433
Prescription Drug Claims	16,098,523	-	16,098,523
Managed Care Capitations	2,535,583		2,535,583
Administration	2,716,682		2,716,682
Life Insurance	322,783		322,783
Wellness	393,192		393,192
ACA Reinsurance Contributions	700,000		700,000
ACA Comparative Effectiveness Research Fees	49,631		49,631
Director's Discretionary Fund	264,980		264,980
WV RHBT Pay Go Premiums	25,072,922		25,072,922
<b>Total Expenses</b>	<b>\$ 109,538,729</b>	<b>\$ -</b>	<b>\$ 109,538,729</b>
Fiscal Year Results	\$ 4,049,023		\$ 4,049,023
Beginning Plan Reserve	43,977,120		43,977,120
Ending Plan Reserve	\$ 48,026,143		\$ 48,026,143

**KEY ASSUMPTIONS**

Additional Local Agency Revenue	\$ -	<b>Claim and Other Expense Trends</b>		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	5.0%	8.0%
		Capitations		-1.9%
		Administrative Expense		-6.3%

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

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

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

<b>State Fund</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 433,187,850	\$ -	\$ 433,187,850
Employer Premiums - MCO	40,406,796	-	40,406,796
Employee Premiums - PPB	115,005,455	-	115,005,455
Employee Premiums - MCO	11,188,574	-	11,188,574
Life Insurance	1,795,217		1,795,217
Investment Income	6,590,693		6,590,693
COBRA Premiums	1,842,304		1,842,304
Administrative Fees	3,926,360		3,926,360
<b>Total Revenue</b>	<b>\$ 613,943,249</b>	<b>\$ -</b>	<b>\$ 613,943,249</b>
<u>Program Expenses</u>			
Medical Claims	\$ 323,000,942	\$ -	\$ 323,000,942
Prescription Drug Claims	99,639,432	-	99,639,432
Managed Care Capitations	35,840,417		35,840,417
Administration	15,109,318		15,109,318
Life Insurance	1,795,217		1,795,217
Wellness	2,186,808		2,186,808
ACA Reinsurance Contributions	4,200,000		4,200,000
ACA Comparative Effectiveness Research Fees	293,006		293,006
Director's Discretionary Fund	1,445,366		1,445,366
WV RHBT Pay Go Premiums	135,749,078		135,749,078
<b>Total Expenses</b>	<b>\$ 619,259,584</b>	<b>\$ -</b>	<b>\$ 619,259,584</b>
<b>Fiscal Year Results</b>	<b>\$ (5,316,335)</b>		<b>\$ (5,316,335)</b>
Beginning Plan Reserve	170,360,438		170,360,438
Ending Plan Reserve	\$ 165,044,103		\$ 165,044,103

**KEY ASSUMPTIONS**

Additional State Employer Premiums	\$ -	<b>Claim and Other Expense Trends</b>		
Additional State Employee Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ -	State	5.0%	8.0%
		Capitations		-1.9%
		Administrative Expense		-6.3%

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

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

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

	<b>Active Local Fund</b>	<b>State Fund</b>	<b>PEIA Total</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 105,087,865	\$ 433,187,850	\$ 538,275,715
Employer Premiums - MCO	4,224,461	40,406,796	44,631,257
Employee Premiums - PPB	-	110,084,228	110,084,228
Employee Premiums - MCO	-	10,709,801	10,709,801
Life Insurance	338,922	1,884,978	2,223,900
Investment Income	1,750,205	6,569,795	8,320,000
COBRA Premiums	439,574	1,825,185	2,264,759
Administrative Fees	708,640	3,926,360	4,635,000
<b>Total Revenue</b>	<b>\$ 112,549,667</b>	<b>\$ 608,594,993</b>	<b>\$ 721,144,660</b>
<u>Program Expenses</u>			
Medical Claims	\$ 65,003,478	\$ 342,184,526	\$ 407,188,004
Prescription Drug Claims	17,435,307	107,957,607	125,392,913
Managed Care Capitations	2,687,718	37,990,842	40,678,560
Administration	2,798,183	15,562,597	18,360,780
Life Insurance	338,922	1,884,978	2,223,900
Wellness	393,192	2,186,808	2,580,000
ACA Reinsurance Contributions	1,300,000	7,200,000	8,500,000
ACA Comparative Effectiveness Research Fees	50,072	294,615	344,687
Director's Discretionary Fund	264,738	1,445,552	1,710,290
WV RHBT Pay Go Premiums	23,385,720	126,614,280	150,000,000
<b>Total Expenses</b>	<b>\$ 113,657,329</b>	<b>\$ 643,321,805</b>	<b>\$ 756,979,134</b>
<b>Fiscal Year Results</b>	<b>\$ (1,107,662)</b>	<b>\$ (34,726,812)</b>	<b>\$ (35,834,474)</b>
Beginning Plan Reserve	48,026,142	165,044,103	213,070,246
Ending Plan Reserve	\$ 46,918,480	\$ 130,317,291	\$ 177,235,771

**KEY ASSUMPTIONS**

Additional State Employer Premiums	\$ -	<b>Claim and Other Expense Trends</b>		
Additional Local Agency Revenue	\$ (1,200,000)	<u>Eligibility</u>		
Additional State Employee Premiums	\$ (5,400,000)	<u>Medical</u>		
Direct Transfers	\$ -	<u>Drugs</u>		
		Active Local	5.5%	8.5%
		State	5.5%	8.5%
		Capitations		6.0%
		Administrative Expense		3.0%

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

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

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

<b>Local Fund</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 106,241,490	\$ (1,153,625)	\$ 105,087,865
Employer Premiums - MCO	4,270,836	(46,375)	4,224,461
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	338,922		338,922
Investment Income	1,750,205		1,750,205
COBRA Premiums	439,574		439,574
Administrative Fees	708,640		708,640
<b>Total Revenue</b>	<b>\$ 113,749,667</b>	<b>\$ (1,200,000)</b>	<b>\$ 112,549,667</b>
<u>Program Expenses</u>			
Medical Claims	\$ 64,722,414	\$ 281,063	\$ 65,003,477
Prescription Drug Claims	17,457,562	(22,255)	17,435,307
Managed Care Capitations	2,687,718		2,687,718
Administration	2,798,183		2,798,183
Life Insurance	338,922		338,922
Wellness	393,192		393,192
ACA Reinsurance Contributions	1,300,000		1,300,000
ACA Comparative Effectiveness Research Fees	50,072		50,072
Director's Discretionary Fund	264,738		264,738
WV RHBT Pay Go Premiums	23,385,720		23,385,720
<b>Total Expenses</b>	<b>\$ 113,398,521</b>	<b>\$ 258,808</b>	<b>\$ 113,657,329</b>
Fiscal Year Results	\$ 351,146		\$ (1,107,662)
Beginning Plan Reserve	48,026,140		48,026,140
Ending Plan Reserve	\$ 48,377,286		\$ 46,918,478

**KEY ASSUMPTIONS**

Additional Local Agency Revenue	\$ (1,200,000)	<b>Claim and Other Expense Trends</b>		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	5.5%	8.5%
		Capitations		6.0%
		Administrative Expense		3.0%

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

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

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

<b>State Fund</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 433,187,850	\$ -	\$ 433,187,850
Employer Premiums - MCO	40,406,796	-	40,406,796
Employee Premiums - PPB	115,005,455	(4,921,227)	110,084,228
Employee Premiums - MCO	11,188,574	(478,773)	10,709,801
Life Insurance	1,884,978		1,884,978
Investment Income	6,569,795		6,569,795
COBRA Premiums	1,825,185		1,825,185
Administrative Fees	3,926,360		3,926,360
<b>Total Revenue</b>	<b>\$ 613,994,993</b>	<b>\$ (5,400,000)</b>	<b>\$ 608,594,993</b>
<u>Program Expenses</u>			
Medical Claims	\$ 340,705,590	\$ 1,478,937	\$ 342,184,526
Prescription Drug Claims	108,095,352	(137,745)	107,957,607
Managed Care Capitations	37,990,842		37,990,842
Administration	15,562,597		15,562,597
Life Insurance	1,884,978		1,884,978
Wellness	2,186,808		2,186,808
ACA Reinsurance Contributions	7,200,000		7,200,000
ACA Comparative Effectiveness Research Fees	294,615		294,615
Director's Discretionary Fund	1,445,552		1,445,552
WV RHBT Pay Go Premiums	126,614,280		126,614,280
<b>Total Expenses</b>	<b>\$ 641,980,614</b>	<b>\$ 1,341,192</b>	<b>\$ 643,321,806</b>
Fiscal Year Results	\$ (27,985,621)		\$ (34,726,813)
Beginning Plan Reserve	165,044,103		165,044,103
Ending Plan Reserve	\$ 137,058,482		\$ 130,317,290

**KEY ASSUMPTIONS**

Additional State Employer Premiums	\$ -	<b>Claim and Other Expense Trends</b>		
Additional State Employee Premiums	\$ (5,400,000)	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ -	State	5.5%	8.5%
		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 2016**

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

	<b>Active Local Fund</b>	<b>State Fund</b>	<b>PEIA Total</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 105,087,865	\$ 483,495,284	\$ 588,583,149
Employer Premiums - MCO	4,224,461	45,099,361	49,323,822
Employee Premiums - PPB	-	122,660,697	122,660,697
Employee Premiums - MCO	-	11,933,332	11,933,332
Life Insurance	355,868	1,979,227	2,335,095
Investment Income	2,037,978	6,614,822	8,652,800
COBRA Premiums	482,550	2,003,631	2,486,181
Administrative Fees	708,640	3,926,360	4,635,000
<b>Total Revenue</b>	<b>\$ 112,897,362</b>	<b>\$ 677,712,714</b>	<b>\$ 790,610,076</b>
<u>Program Expenses</u>			
Medical Claims	\$ 68,756,672	\$ 361,941,697	\$ 430,698,368
Prescription Drug Claims	18,965,033	117,429,516	136,394,550
Managed Care Capitations	2,848,981	40,270,293	43,119,274
Administration	2,882,128	16,029,475	18,911,603
Life Insurance	355,868	1,979,227	2,335,095
Wellness	393,192	2,186,808	2,580,000
ACA Reinsurance Contributions	800,000	4,600,000	5,400,000
ACA Comparative Effectiveness Research Fees	50,517	296,232	346,749
Director's Discretionary Fund	264,364	1,444,668	1,709,032
WV RHBT Pay Go Premiums	23,931,386	129,568,614	153,500,000
<b>Total Expenses</b>	<b>\$ 119,248,141</b>	<b>\$ 675,746,530</b>	<b>\$ 794,994,672</b>
<b>Fiscal Year Results</b>	<b>\$ (6,350,779)</b>	<b>\$ 1,966,184</b>	<b>\$ (4,384,596)</b>
Beginning Plan Reserve	46,918,480	130,317,291	177,235,771
Ending Plan Reserve	\$ 40,567,701	\$ 132,283,475	\$ 172,851,176

**KEY ASSUMPTIONS**

Additional State Employer Premiums	\$ 55,000,000	<b>Claim and Other Expense Trends</b>		
Additional Local Agency Revenue	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 13,800,000	Active Local	6.0%	9.0%
Direct Transfers	\$ -	State	6.0%	9.0%
		Capitations		6.0%
		Administrative Expense		3.0%

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

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

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

<b>Local Fund</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 105,087,865	\$ -	\$ 105,087,865
Employer Premiums - MCO	4,224,461	-	4,224,461
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	355,868		355,868
Investment Income	2,037,978		2,037,978
COBRA Premiums	482,550		482,550
Administrative Fees	708,640		708,640
<b>Total Revenue</b>	<b>\$ 112,897,362</b>	<b>\$ -</b>	<b>\$ 112,897,362</b>
<u>Program Expenses</u>			
Medical Claims	\$ 68,458,745	\$ 297,927	\$ 68,756,672
Prescription Drug Claims	18,989,291	(24,258)	18,965,033
Managed Care Capitations	2,848,981		2,848,981
Administration	2,882,128		2,882,128
Life Insurance	355,868		355,868
Wellness	393,192		393,192
ACA Reinsurance Contributions	800,000		800,000
ACA Comparative Effectiveness Research Fees	50,517		50,517
Director's Discretionary Fund	264,364		264,364
WV RHBT Pay Go Premiums	23,931,386		23,931,386
<b>Total Expenses</b>	<b>\$ 118,974,472</b>	<b>\$ 273,669</b>	<b>\$ 119,248,141</b>
<b>Fiscal Year Results</b>	<b>\$ (6,077,110)</b>		<b>\$ (6,350,779)</b>
Beginning Plan Reserve	46,918,478		46,918,478
Ending Plan Reserve	\$ 40,841,368		\$ 40,567,699

**KEY ASSUMPTIONS**

Additional Local Agency Revenue	\$ -	<b>Claim and Other Expense Trends</b>		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	6.0%	9.0%
		Capitations		6.0%
		Administrative Expense		3.0%

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

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

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

<b>State Fund</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 433,187,850	\$ 50,307,435	\$ 483,495,285
Employer Premiums - MCO	40,406,796	4,692,565	45,099,361
Employee Premiums - PPB	110,084,228	12,576,469	122,660,697
Employee Premiums - MCO	10,709,801	1,223,531	11,933,332
Life Insurance	1,979,227		1,979,227
Investment Income	6,614,822		6,614,822
COBRA Premiums	2,003,631		2,003,631
Administrative Fees	3,926,360		3,926,360
<b>Total Revenue</b>	<b>\$ 608,912,715</b>	<b>\$ 68,800,000</b>	<b>\$ 677,712,715</b>
<u>Program Expenses</u>			
Medical Claims	\$ 360,374,024	\$ 1,567,673	\$ 361,941,697
Prescription Drug Claims	117,579,658	(150,142)	117,429,516
Managed Care Capitations	40,270,293		40,270,293
Administration	16,029,475		16,029,475
Life Insurance	1,979,227		1,979,227
Wellness	2,186,808		2,186,808
ACA Reinsurance Contributions	4,600,000		4,600,000
ACA Comparative Effectiveness Research Fees	296,232		296,232
Director's Discretionary Fund	1,444,668		1,444,668
WV RHBT Pay Go Premiums	129,568,614		129,568,614
<b>Total Expenses</b>	<b>\$ 674,328,999</b>	<b>\$ 1,417,531</b>	<b>\$ 675,746,530</b>
Fiscal Year Results	\$ (65,416,284)		\$ 1,966,185
Beginning Plan Reserve	130,317,290		130,317,290
Ending Plan Reserve	\$ 64,901,006		\$ 132,283,475

**KEY ASSUMPTIONS**

Additional State Employer Premiums	\$ 55,000,000	<b>Claim and Other Expense Trends</b>		
Additional State Employee Premiums	\$ 13,800,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ -	State	6.0%	9.0%
		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 2017**

**PERIOD 7/1/2016 - 6/30/2017**

	<b>Active Local Fund</b>	<b>State Fund</b>	<b>PEIA Total</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 114,701,407	\$ 529,229,316	\$ 643,930,723
Employer Premiums - MCO	4,610,918	49,365,329	53,976,247
Employee Premiums - PPB	-	134,052,426	134,052,426
Employee Premiums - MCO	-	13,041,603	13,041,603
Life Insurance	373,662	2,078,188	2,451,850
Investment Income	1,902,004	7,096,908	8,998,912
COBRA Premiums	527,838	2,191,674	2,719,512
Administrative Fees	708,640	3,926,360	4,635,000
<b>Total Revenue</b>	<b>\$ 122,824,469</b>	<b>\$ 740,981,804</b>	<b>\$ 863,806,273</b>
<u>Program Expenses</u>			
Medical Claims	\$ 73,258,640	\$ 385,640,484	\$ 458,899,124
Prescription Drug Claims	20,775,713	128,641,060	149,416,774
Managed Care Capitations	3,019,920	42,686,510	45,706,430
Administration	2,968,592	16,510,359	19,478,951
Life Insurance	373,662	2,078,188	2,451,850
Wellness	393,192	2,186,808	2,580,000
ACA Reinsurance Contributions	300,000	1,500,000	1,800,000
ACA Comparative Effectiveness Research Fees	50,966	297,859	348,825
Director's Discretionary Fund	263,990	1,443,781	1,707,771
WV RHBT Pay Go Premiums	29,621,912	160,378,089	190,000,000
<b>Total Expenses</b>	<b>\$ 131,026,587</b>	<b>\$ 741,363,138</b>	<b>\$ 872,389,725</b>
Fiscal Year Results	\$ (8,202,118)	\$ (381,334)	\$ (8,583,452)
Beginning Plan Reserve	40,567,701	132,283,475	172,851,176
Ending Plan Reserve	\$ 32,365,583	\$ 131,902,140	\$ 164,267,724

**KEY ASSUMPTIONS**

Additional State Employer Premiums	\$ 50,000,000	<b>Claim and Other Expense Trends</b>		
Additional Local Agency Revenue	\$ 10,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 12,500,000	Active Local	7.0%	10.0%
Direct Transfers	\$ -	State	7.0%	10.0%
		Capitations		6.0%
		Administrative Expense		3.0%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
FINANCIAL FORECAST  
FISCAL YEAR 2017**

**PERIOD 7/1/2016 - 6/30/2017**

<b>Local Fund</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 105,087,865	\$ 9,613,542	\$ 114,701,407
Employer Premiums - MCO	4,224,461	386,458	4,610,919
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	373,662		373,662
Investment Income	1,902,004		1,902,004
COBRA Premiums	527,838		527,838
Administrative Fees	708,640		708,640
<b>Total Revenue</b>	<b>\$ 112,824,470</b>	<b>\$ 10,000,000</b>	<b>\$ 122,824,470</b>
<u>Program Expenses</u>			
Medical Claims	\$ 72,939,858	\$ 318,782	\$ 73,258,640
Prescription Drug Claims	20,802,397	(26,684)	20,775,713
Managed Care Capitations	3,019,920		3,019,920
Administration	2,968,592		2,968,592
Life Insurance	373,662		373,662
Wellness	393,192		393,192
ACA Reinsurance Contributions	300,000		300,000
ACA Comparative Effectiveness Research Fees	50,966		50,966
Director's Discretionary Fund	263,990		263,990
WV RHBT Pay Go Premiums	29,621,912		29,621,912
<b>Total Expenses</b>	<b>\$ 130,734,489</b>	<b>\$ 292,098</b>	<b>\$ 131,026,587</b>
Fiscal Year Results	\$ (17,910,019)		\$ (8,202,117)
Beginning Plan Reserve	40,567,699		40,567,699
Ending Plan Reserve	\$ 22,657,680		\$ 32,365,582

**KEY ASSUMPTIONS**

Additional Local Agency Revenue	\$ 10,000,000	<b>Claim and Other Expense Trends</b>	
		<u>Eligibility</u>	<u>Medical</u>
		Local	7.0%
			<u>Drugs</u>
		Capitations	6.0%
		Administrative Expense	3.0%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY**  
**FINANCIAL FORECAST**  
**FISCAL YEAR 2017**

**PERIOD 7/1/2016 - 6/30/2017**

<b>State Fund</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 483,495,284	\$ 45,734,032	\$ 529,229,316
Employer Premiums - MCO	45,099,361	4,265,968	49,365,329
Employee Premiums - PPB	122,660,697	11,391,729	134,052,426
Employee Premiums - MCO	11,933,332	1,108,271	13,041,603
Life Insurance	2,078,188		2,078,188
Investment Income	7,096,908		7,096,908
COBRA Premiums	2,191,674		2,191,674
Administrative Fees	3,926,360		3,926,360
<b>Total Revenue</b>	<b>\$ 678,481,804</b>	<b>\$ 62,500,000</b>	<b>\$ 740,981,804</b>
<u>Program Expenses</u>			
Medical Claims	\$ 383,963,074	\$ 1,677,410	\$ 385,640,484
Prescription Drug Claims	128,806,216	(165,156)	128,641,060
Managed Care Capitations	42,686,510		42,686,510
Administration	16,510,359		16,510,359
Life Insurance	2,078,188		2,078,188
Wellness	2,186,808		2,186,808
ACA Reinsurance Contributions	1,500,000		1,500,000
ACA Comparative Effectiveness Research Fees	297,859		297,859
Director's Discretionary Fund	1,443,781		1,443,781
WV RHBT Pay Go Premiums	160,378,089		160,378,089
<b>Total Expenses</b>	<b>\$ 739,850,884</b>	<b>\$ 1,512,254</b>	<b>\$ 741,363,138</b>
<b>Fiscal Year Results</b>	<b>\$ (61,369,080)</b>		<b>\$ (381,334)</b>
<b>Beginning Plan Reserve</b>	<b>132,283,475</b>		<b>132,283,475</b>
<b>Ending Plan Reserve</b>	<b>\$ 70,914,395</b>		<b>\$ 131,902,141</b>

**KEY ASSUMPTIONS**

Additional State Employer Premiums	\$ 50,000,000	<b>Claim and Other Expense Trends</b>		
Additional State Employee Premiums	\$ 12,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ -	State	7.0%	10.0%
		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 2018**

**PERIOD 7/1/2017 - 6/30/2018**

	<b>Active Local Fund</b>	<b>State Fund</b>	<b>PEIA Total</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 137,773,908	\$ 574,963,348	\$ 712,737,256
Employer Premiums - MCO	5,538,417	53,631,298	59,169,715
Employee Premiums - PPB	-	145,444,155	145,444,155
Employee Premiums - MCO	-	14,149,874	14,149,874
Life Insurance	392,345	2,182,097	2,574,442
Investment Income	1,643,646	7,326,925	8,970,571
COBRA Premiums	581,871	2,416,029	2,997,900
Administrative Fees	708,640	3,926,360	4,635,000
<b>Total Revenue</b>	<b>\$ 146,638,827</b>	<b>\$ 804,040,086</b>	<b>\$ 950,678,913</b>
<u>Program Expenses</u>			
Medical Claims	\$ 78,788,547	\$ 414,750,442	\$ 493,538,989
Prescription Drug Claims	22,967,183	142,210,412	165,177,595
Managed Care Capitations	3,201,115	45,247,701	48,448,816
Administration	3,057,650	17,005,670	20,063,320
Life Insurance	392,345	2,182,097	2,574,442
Wellness	393,192	2,186,808	2,580,000
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	51,418	299,494	350,912
Director's Discretionary Fund	263,613	1,442,889	1,706,502
WV RHBT Pay Go Premiums	32,740,007	177,259,993	210,000,000
<b>Total Expenses</b>	<b>\$ 141,855,070</b>	<b>\$ 802,585,506</b>	<b>\$ 944,440,576</b>
Fiscal Year Results	\$ 4,783,757	\$ 1,454,580	\$ 6,238,337
Beginning Plan Reserve	32,365,583	131,902,140	164,267,724
Ending Plan Reserve	\$ 37,149,340	\$ 133,356,721	\$ 170,506,061

**KEY ASSUMPTIONS**

Additional State Employer Premiums	\$ 50,000,000	<b>Claim and Other Expense Trends</b>		
Additional Local Agency Revenue	\$ 24,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 12,500,000	Active Local	8.0%	11.0%
Direct Transfers	\$ -	State	8.0%	11.0%
		Capitations		6.0%
		Administrative Expense		3.0%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
FINANCIAL FORECAST  
FISCAL YEAR 2018**

**PERIOD 7/1/2017 - 6/30/2018**

<b>Local Fund</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 114,701,407	\$ 23,072,501	\$ 137,773,908
Employer Premiums - MCO	4,610,918	927,499	5,538,417
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	392,345		392,345
Investment Income	1,643,646		1,643,646
COBRA Premiums	581,871		581,871
Administrative Fees	708,640		708,640
<b>Total Revenue</b>	<b>\$ 122,638,827</b>	<b>\$ 24,000,000</b>	<b>\$ 146,638,827</b>
<u>Program Expenses</u>			
Medical Claims	\$ 78,444,262	\$ 344,284	\$ 78,788,546
Prescription Drug Claims	22,996,802	(29,619)	22,967,183
Managed Care Capitations	3,201,115		3,201,115
Administration	3,057,650		3,057,650
Life Insurance	392,345		392,345
Wellness	393,192		393,192
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	51,418		51,418
Director's Discretionary Fund	263,613		263,613
WV RHBT Pay Go Premiums	32,740,007		32,740,007
<b>Total Expenses</b>	<b>\$ 141,540,404</b>	<b>\$ 314,665</b>	<b>\$ 141,855,069</b>
Fiscal Year Results	\$ (18,901,577)		\$ 4,783,758
Beginning Plan Reserve	32,365,582		32,365,582
Ending Plan Reserve	\$ 13,464,005		\$ 37,149,340

**KEY ASSUMPTIONS**

Additional Local Agency Revenue	\$ 24,000,000	<b>Claim and Other Expense Trends</b>	
		<u>Eligibility</u>	<u>Medical</u>
		Local	8.0%
			<u>Drugs</u>
		Capitations	6.0%
		Administrative Expense	3.0%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
FINANCIAL FORECAST  
FISCAL YEAR 2018**

**PERIOD 7/1/2017 - 6/30/2018**

<b>State Fund</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 529,229,316	\$ 45,734,032	\$ 574,963,348
Employer Premiums - MCO	49,365,329	4,265,968	53,631,297
Employee Premiums - PPB	134,052,426	11,391,729	145,444,155
Employee Premiums - MCO	13,041,603	1,108,271	14,149,874
Life Insurance	2,182,097		2,182,097
Investment Income	7,326,925		7,326,925
COBRA Premiums	2,416,029		2,416,029
Administrative Fees	3,926,360		3,926,360
<b>Total Revenue</b>	<b>\$ 741,540,085</b>	<b>\$ 62,500,000</b>	<b>\$ 804,040,085</b>
<u>Program Expenses</u>			
Medical Claims	\$ 412,938,839	\$ 1,811,603	\$ 414,750,442
Prescription Drug Claims	142,393,735	(183,323)	142,210,412
Managed Care Capitations	45,247,701		45,247,701
Administration	17,005,670		17,005,670
Life Insurance	2,182,097		2,182,097
Wellness	2,186,808		2,186,808
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	299,494		299,494
Director's Discretionary Fund	1,442,889		1,442,889
WV RHBT Pay Go Premiums	177,259,993		177,259,993
<b>Total Expenses</b>	<b>\$ 800,957,226</b>	<b>\$ 1,628,280</b>	<b>\$ 802,585,506</b>
Fiscal Year Results	\$ (59,417,141)		\$ 1,454,579
Beginning Plan Reserve	131,902,141		131,902,141
Ending Plan Reserve	\$ 72,485,000		\$ 133,356,720

**KEY ASSUMPTIONS**

Additional State Employer Premiums	\$ 50,000,000	<b>Claim and Other Expense Trends</b>		
Additional State Employee Premiums	\$ 12,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ -	State	8.0%	11.0%
		Capitations		6.0%
		Administrative Expense		3.0%

**Attachment - PEIA  
Historical Monthly Medical and Drug Trends  
FY 2013 to FY 2014**

<b>Fiscal Year 2013</b>												
<b>Exposure</b>	<u><b>Jul-12</b></u>	<u><b>Aug-12</b></u>	<u><b>Sep-12</b></u>	<u><b>Oct-12</b></u>	<u><b>Nov-12</b></u>	<u><b>Dec-12</b></u>	<u><b>Jan-13</b></u>	<u><b>Feb-13</b></u>	<u><b>Mar-13</b></u>	<u><b>Apr-13</b></u>	<u><b>May-13</b></u>	<u><b>Jun-13</b></u>
<b>Local Medical</b>	24,365	24,457	24,504	24,542	24,501	24,513	24,481	24,508	24,661	24,756	24,809	24,840
<b>State Medical</b>	134,967	134,169	134,046	134,991	135,550	135,655	135,777	135,614	135,757	135,872	135,620	135,326
<b>Local Drugs</b>	24,365	24,457	24,504	24,542	24,501	24,513	24,481	24,508	24,661	24,756	24,809	24,840
<b>State Drugs</b>	134,967	134,169	134,046	134,991	135,550	135,655	135,777	135,614	135,757	135,872	135,620	135,326
	<u><b>Jul-12</b></u>	<u><b>Aug-12</b></u>	<u><b>Sep-12</b></u>	<u><b>Oct-12</b></u>	<u><b>Nov-12</b></u>	<u><b>Dec-12</b></u>	<u><b>Jan-13</b></u>	<u><b>Feb-13</b></u>	<u><b>Mar-13</b></u>	<u><b>Apr-13</b></u>	<u><b>May-13</b></u>	<u><b>Jun-13</b></u>
<b>Local Medical</b>	\$145.20	\$211.75	\$162.18	\$201.45	\$180.75	\$162.61	\$204.16	\$184.37	\$200.70	\$210.58	\$198.11	\$191.50
<b>State Medical</b>	\$146.04	\$167.26	\$164.29	\$183.98	\$184.37	\$168.38	\$205.22	\$193.26	\$201.33	\$207.87	\$209.40	\$226.63
<b>Local Drugs</b>	\$42.15	\$58.25	\$56.25	\$62.74	\$60.43	\$65.18	\$66.37	\$61.05	\$63.17	\$65.57	\$68.04	\$66.56
<b>State Drugs</b>	<u>48.86</u>	<u>64.87</u>	<u>60.68</u>	<u>70.76</u>	<u>66.49</u>	<u>71.15</u>	<u>72.04</u>	<u>65.66</u>	<u>70.02</u>	<u>71.56</u>	<u>73.69</u>	<u>76.69</u>
<b>Total</b>	\$382.24	\$502.13	\$443.41	\$518.93	\$492.05	\$467.31	\$547.80	\$504.34	\$535.22	\$555.58	\$549.24	\$561.38
<b>Change From Prior Year - Month to Month Analysis</b>												
<b>Local Medical</b>	13.9%	13.6%	-17.8%	-0.4%	-5.5%	-3.5%	3.9%	-4.8%	1.1%	9.4%	-7.0%	-10.1%
<b>State Medical</b>	-7.6%	-12.3%	-1.6%	2.6%	-1.0%	-7.7%	6.1%	-3.7%	-2.5%	3.6%	-0.6%	-0.5%
<b>Local Drugs</b>	-2.2%	-4.0%	-13.2%	0.0%	-2.4%	-4.9%	-12.0%	-14.0%	-16.3%	-12.3%	-14.2%	-13.9%
<b>State Drugs</b>	<u>-0.3%</u>	<u>-4.4%</u>	<u>-9.7%</u>	<u>3.7%</u>	<u>-1.6%</u>	<u>-3.8%</u>	<u>-3.7%</u>	<u>-14.5%</u>	<u>-14.0%</u>	<u>-7.1%</u>	<u>-11.8%</u>	<u>-9.7%</u>
<b>Total</b>	1.2%	-0.7%	-10.7%	1.2%	-2.9%	-5.3%	1.4%	-7.0%	-4.7%	2.0%	-6.3%	-6.9%
<b>Change From Prior Year - Quarter to Quarter Analysis</b>												
<b>Local Medical</b>			1.6%			-3.1%			0.1%			-3.0%
<b>State Medical</b>			-7.4%			-2.0%			-0.2%			0.8%
<b>Local Drugs</b>			-7.1%			-2.5%			-14.1%			-13.5%
<b>State Drugs</b>			<u>-5.3%</u>			<u>-0.7%</u>			<u>-10.8%</u>			<u>-9.6%</u>
<b>Total</b>			-3.8%			-2.3%			-3.5%			-3.9%
<b>Change From Prior Year - Year to Year Analysis</b>												
<b>Local Medical</b>			3.6%			0.1%			-0.1%			-1.2%
<b>State Medical</b>			2.0%			0.8%			-0.3%			-2.0%
<b>Local Drugs</b>			4.9%			3.4%			-3.3%			-9.7%
<b>State Drugs</b>			<u>3.0%</u>			<u>2.7%</u>			<u>-2.3%</u>			<u>-6.9%</u>
<b>Total</b>			3.1%			1.1%			-0.9%			-3.4%

**Attachment - PEIA  
Historical Monthly Medical and Drug Trends  
FY 2013 to FY 2014**

Fiscal Year 2014					
<b>Exposure</b>					
	<u>Jul-13</u>	<u>Aug-13</u>	<u>Sep-13</u>	<u>Oct-13</u>	<u>Nov-13</u>
Local Medical	24,801	24,789	24,933	24,886	24,926
State Medical	133,980	132,817	132,602	133,741	133,875
Local Drugs	24,801	24,789	24,933	24,886	24,926
State Drugs	133,980	132,817	132,602	133,741	133,875
	<u>Jul-13</u>	<u>Aug-13</u>	<u>Sep-13</u>	<u>Oct-13</u>	<u>Nov-13</u>
Local Medical	\$165.19	\$177.51	\$198.48	\$218.32	\$195.89
State Medical	\$177.00	\$187.20	\$177.08	\$201.84	\$199.87
Local Drugs	\$45.18	\$57.54	\$56.79	\$66.35	\$36.68
State Drugs	<u>55.14</u>	<u>66.73</u>	<u>65.87</u>	<u>71.55</u>	<u>40.93</u>
Total	\$442.52	\$488.97	\$498.22	\$558.05	\$473.37
<b>Change From Prior Year - Month to Month Analysis</b>					
Local Medical	13.8%	-16.2%	22.4%	8.4%	8.4%
State Medical	21.2%	11.9%	7.8%	9.7%	8.4%
Local Drugs	7.2%	-1.2%	1.0%	5.7%	-39.3%
State Drugs	<u>12.9%</u>	<u>2.9%</u>	<u>8.6%</u>	<u>1.1%</u>	<u>-38.4%</u>
Total	15.8%	-2.6%	12.4%	7.5%	-3.8%
<b>Change From Prior Year - Quarter to Quarter Analysis</b>					
Local Medical	4.2%				
State Medical	13.3%				
Local Drugs	1.8%				
State Drugs	<u>7.6%</u>				
Total	7.7%				
<b>Change From Prior Year - Year to Year Analysis</b>					
Local Medical	-0.6%				
State Medical	2.5%				
Local Drugs	-8.0%				
State Drugs	<u>-4.3%</u>				
Total	-0.9%				