



CCRC
Actuaries, LLC

STATE OF WEST VIRGINIA



PUBLIC EMPLOYEES INSURANCE AGENCY

**Fiscal Year 2012
Financial Report**

Fiscal Years 2012-2017

November 2012

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Finance Board
West Virginia Public Employees Insurance Agency
601 57th St., SE, Suite 2
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Ladies and Gentlemen:

I, Dave Bond, am a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries, and the Managing Partner in the firm of 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, 2012 (“FY 2012”) 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 2017.

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 financial reports 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”), June 30, 2016 (“FY 2016”) and June 30, 2017 (“FY 2017”). Our opinion of plan adequacy is based on the projections through FY 2017 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 \$22.5 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 may 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 2012”. In the circumstances and subject to the conditions described herein, we believe the financial plan approved by the Board for FY 2012 through FY 2017 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 2013 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 2017 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 2017

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 September 2012 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 October 2012 enrollment levels for the duration of these forecasts for active employees.

In aggregate, October 2012 enrollment for active employees has decreased by 286 coverages since the end of FY 2012. Aggregate PPB enrollment has decreased by 157 in total over the same period, while managed care enrollment also experienced a decrease of 129 coverages.

In the State Fund, the overall active State enrollment decreased by 428 coverages from the end of FY 2012 to October 2012. And in the Local Fund, the overall active Local enrollment increased by 142 coverages from the end of FY 2012 to October 2012.

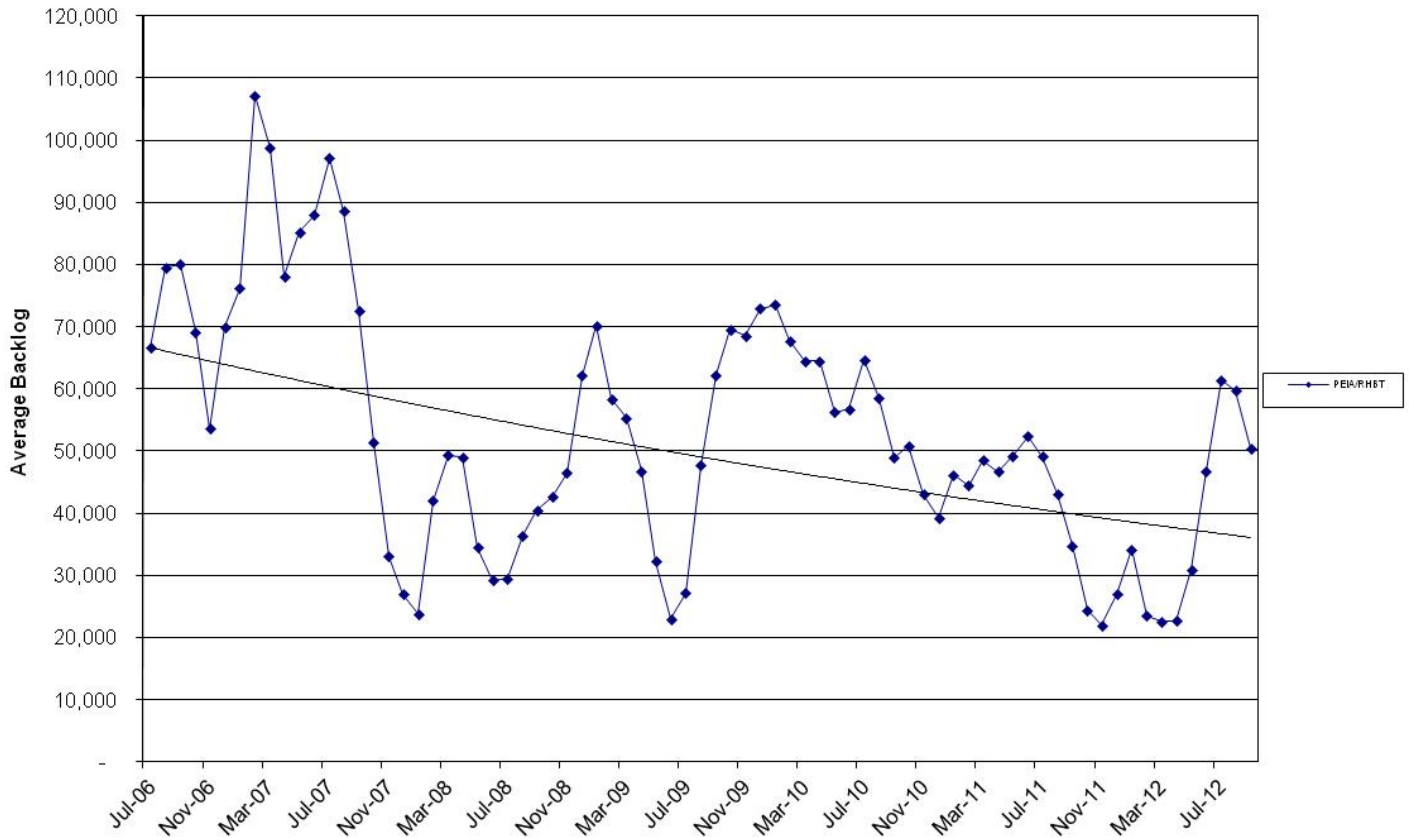
The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2011, June 2012 and October 2012 for purposes of comparison:

PEIA Fund	Coverage	Preferred Provider Benefit			Managed Care		
		Jun-11	Jun-12	Oct-12	Jun-11	Jun-12	Oct-12
State Active	Single	22,737	22,488	22,235	1,792	1,960	1,894
	Children	5,889	6,247	6,217	535	622	612
	Family	30,651	30,358	30,384	2,943	2,984	2,889
	Total	59,277	59,093	58,836	5,270	5,566	5,395
Local Active	Single	5,036	5,014	5,017	247	300	324
	Children	865	863	886	81	98	102
	Family	5,194	5,208	5,282	98	109	123
	Total	11,095	11,085	11,185	426	507	549
Plan Total		70,372	70,178	70,021	5,696	6,073	5,944
Grand Total					76,068	76,251	75,965

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 payments has been gradually declining for the self-insured block of non-Medicare coverages, and backlog showed a decrease since July 2012.

WV PEIA&RHBT Claim Backlog July 2006 through September 2012



C. Trend Analysis

PEIA has experienced favorable medical and prescription drug trends in FY 2012, and 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 2012”. This report includes the detailed trend analysis of PEIA experience by medical and prescription drugs. Based on the analysis, we have decreased the FY 2013 medical claim trend to 5.5%. Additionally, due to PEIA’s favorable FY 2012 prescription drug experience, we have decreased our trend assumption for all prescription drugs coverage to 8.5% in FY 2013.

The current projection assumes the trends in the following table:

Claim Type	Previous Assumption FY 2013 Trend	Updated Assumption FY 2013 Trend
Active Local – Medical	6.5%	5.5%
State – Medical	6.5%	5.5%
Active Local – Drugs	10.0%	8.5%
State – Drugs	10.0%	8.5%

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 September 2012. It is important to note that these trends *have not* been adjusted to reflect savings as a result of the expansion of the drug rebate program or the claim savings due to changes in provider reimbursement methodologies, nor the changes in the benefit structure. In developing the claim cost projection, we have reflected for benefit and reimbursement changes as an adjustment to the gross trend assumption.

PEIA Historical Trends (Active Local and State)

Fiscal Year	Active Local Medical	State Medical	Active Local Drugs	State Drugs	Total
2004	-1%	12%	9%	7%	9%
2005	16%	7%	7%	20%	11%
2006	1%	2%	18%	7%	4%
2007	15%	2%	13%	8%	5%
2008	3%	8%	-8%	-3%	3%
2009	-8%	3%	5%	4%	2%
2010	10%	1%	9%	9%	4%
2011	10%	8%	14%	14%	8%
2012	4%	6%	8%	6%	6%
2013*	1%	2%	5%	3%	3%

* Fiscal Year 2013 results are through the first three months ending September 2012.

D. Enrollment, Claim, Expense and Revenue Assumptions

Using PEIA paid claim data through September 2012 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 result of FY 2012 and the projection of FY 2013 claims and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

Fiscal Year 2012 Result			Net Revenue Excluding Pay Go		Expenses		
Fund	Program	Policies	Monthly Employer Premiums	Monthly Employee Premiums	Monthly Medical Costs	Monthly Drugs Costs*	Monthly Capitation Costs
State	PPB	58,893	\$ 464	\$ 122	\$ 447	\$ 156	
	<u>Managed Care</u>	5,480	\$ 473	\$ 129			\$ 546
	Total	64,373					
Local	PPB	11,057	\$ 598	\$ -	\$ 452	\$ 134	
	<u>Managed Care</u>	488	\$ 447	\$ -			\$ 434
	Total	11,545					

*Net of rebates and subsidies.

Fiscal Year 2013 Projection			Net Revenue Excluding Pay Go		Expenses		
Fund	Program	Policies	Monthly Employer Premiums	Monthly Employee Premiums	Monthly Medical Costs	Monthly Drugs Costs*	Monthly Capitation Costs
State	PPB	58,756	\$ 483	\$ 126	\$ 481	\$ 157	
	<u>Managed Care</u>	5,384	\$ 490	\$ 146			\$ 561
	Total	64,140					
Local	PPB	11,174	\$ 594	\$ -	\$ 486	\$ 135	
	<u>Managed Care</u>	547	\$ 459	\$ -			\$ 390
	Total	11,721					

*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	Fiscal Year 2017
Additional State Employer Revenue	\$0	\$18,500,000	\$31,000,000	\$58,000,000	\$40,000,000	\$46,000,000
Additional Local Agency Revenue	\$0	\$0	\$0	\$13,000,000	\$15,000,000	\$10,000,000
Additional Employee Premium	\$0	\$0	\$4,000,000	\$14,500,000	\$10,000,000	\$11,500,000
Direct Transfer	\$3,500,000	\$3,500,000	\$0	\$0	\$0	\$0
Benefit Reductions/(Increase)	\$0	\$22,489,000	\$4,085,000	\$0	\$0	\$0
Autism Bill (Cost)	\$0	(\$6,200,000)	\$0	\$0	\$0	\$0
PPACA Savings/(Cost)	\$0	(\$9,534,000)	\$1,000,000	\$0	\$0	\$0
Pay Go Premium Transfer	\$152,322,292	\$161,964,000	\$173,873,225	\$183,456,828	\$194,999,294	\$205,791,671

The \$22,489,000 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

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 RESULTS

The financial results for FY 2012 under the Baseline scenario are presented in the Appendix. The Baseline results for FY 2012 include accrued revenue of \$710,760,659 and incurred plan expenses of \$721,097,736 to produce a fiscal year deficit of (\$10,337,077). It should be noted that this is a decrease from the surplus of \$1,223,146 in the PEIA March 31, 2012 Quarterly Report mainly due to the higher medical and prescription drug claims expenses occurred in June 2012. The PEIA local and state agencies Pay Go premiums for FY 2012 are \$152,322,292.

Under the Baseline Scenario, FY 2012 indicates an ending reserve of \$190,477,676 and the FY 2013 expenditures of \$760,265,035, which represents 25% of expenditures. This reserve meets the 10% of program expense requirement under the Baseline Scenario assumptions.

FISCAL YEAR 2013 FORECASTS

The financial forecasts for FY 2013 under the Baseline scenario are presented in the Appendix. The Baseline forecasts for FY 2013 project accrued revenue of \$737,190,329 and incurred plan expenses of \$760,265,035 to produce a fiscal year deficit of (\$23,074,706). The PEIA local and state agencies Pay Go premiums for FY 2013 are assumed to be \$161,964,000.

Under the Baseline Scenario, FY 2013 is projected to end with a reserve of \$167,402,970 and the FY 2014 expenditures of \$805,740,226, 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 \$172,914,715 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$161,922,514.

FISCAL YEAR 2014 FORECASTS

The financial forecasts for FY 2014 under the Baseline scenario are presented in the Appendix. The Baseline forecasts for FY 2014 project accrued revenue of \$774,029,972 and incurred plan expenses of \$805,740,226 to produce a fiscal year deficit of (\$31,710,254). The PEIA local and state agencies Pay Go premiums for FY 2014 are assumed to be \$173,873,226.

Under the Baseline Scenario, FY 2014 is projected to end with a reserve of \$135,692,716 and the FY 2015 expenditures of \$858,475,874, which represents 16% 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 \$157,779,857 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$113,453,846.

FISCAL YEAR 2015 FORECASTS

The financial forecasts for FY 2015 under the Baseline scenario are presented in the Appendix. The Baseline forecasts for FY 2015 project accrued revenue of \$862,247,813 and incurred plan expenses of \$858,475,874 to produce a fiscal year surplus of \$3,771,939. The PEIA local and state agencies Pay Go premiums for FY 2015 are assumed to be \$183,456,829.

Under the Baseline Scenario, FY 2015 is projected to end with a reserve of \$139,464,655 and the FY 2016 expenditures of \$919,260,196, 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 \$191,381,776 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$86,533,220.

FISCAL YEAR 2016 FORECASTS

The financial forecasts for FY 2016 under the Baseline scenario are presented in the Appendix. The Baseline forecasts for FY 2016 project accrued revenue of \$928,586,062 and incurred plan expenses of \$919,260,196 to produce a fiscal year surplus of \$9,325,866. The PEIA local and state agencies Pay Go premiums for FY 2016 are assumed to be \$194,999,295.

Under the Baseline Scenario, FY 2016 is projected to end with a reserve of \$148,790,521 and the FY 2017 expenditures of \$986,285,341, 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 \$246,114,180 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$48,317,623.

FISCAL YEAR 2017 FORECASTS

The financial forecasts for FY 2017 under the Baseline scenario are presented in the Appendix. The Baseline forecasts for FY 2017 project accrued revenue of \$997,874,776 and incurred plan expenses of \$986,285,341 to produce a fiscal year surplus of \$11,589,435. The PEIA local and state agencies Pay Go premiums for FY 2017 are assumed to be \$205,791,671.

Under the Baseline Scenario, FY 2017 is projected to end with a reserve of \$160,379,956 and the FY 2018 expenditures of \$1,063,546,300, 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 \$321,577,770 and under the Pessimistic Scenario, the ending reserve is expected to decrease to (\$8,128,789).

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 2017 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 RESULTS
FISCAL YEAR 2012**

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 101,599,819	\$ 421,267,285	\$ 522,867,104
Employer Premiums - MCO	3,352,007	39,997,991	43,349,998
Employee Premiums - PPB	-	110,457,056	110,457,056
Employee Premiums - MCO	-	10,921,503	10,921,503
Life Insurance	647,737	3,602,506	4,250,243
Direct Transfers	-	3,500,000	3,500,000
Investment Income	1,498,718	6,700,539	8,199,257
COBRA Premiums	459,757	1,908,991	2,368,748
Administrative Fees	741,014	4,105,736	4,846,750
Total Revenue	\$ 108,299,052	\$ 602,461,607	\$ 710,760,659
<u>Program Expenses</u>			
Medical Claims	\$ 60,003,826	\$ 315,736,272	\$ 375,740,098
Prescription Drug Claims	17,771,124	109,991,753	127,762,877
Managed Care Capitations	2,540,788	35,913,993	38,454,781
Administration	3,083,957	17,151,979	20,235,936
Life Insurance	648,946	3,609,229	4,258,175
Wellness	354,113	1,969,464	2,323,577
Director's Discretionary Fund	-	-	-
WV RHBT Pay Go Premiums	23,032,286	129,290,006	152,322,292
Total Expenses	\$ 107,435,040	\$ 613,662,696	\$ 721,097,736
Fiscal Year Results	\$ 864,012	\$ (11,201,089)	\$ (10,337,077)
Beginning Plan Reserve	38,510,998	162,303,755	200,814,753
Ending Plan Reserve	\$ 39,375,010	\$ 151,102,666	\$ 190,477,676

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 RESULTS
FISCAL YEAR 2012**

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 101,599,819	\$ -	\$ 101,599,819
Employer Premiums - MCO	3,352,007	-	3,352,007
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	647,737	-	647,737
Direct Transfers	-	-	-
Investment Income	1,498,718	-	1,498,718
COBRA Premiums	459,757	-	459,757
Administrative Fees	741,014	-	741,014
Total Revenue	\$ 108,299,052	\$ -	\$ 108,299,052
<u>Program Expenses</u>			
Medical Claims	\$ 60,003,826	\$ -	\$ 60,003,826
Prescription Drug Claims	17,771,124	-	17,771,124
Managed Care Capitations	2,540,788	-	2,540,788
Administration	3,083,957	-	3,083,957
Life Insurance	648,946	-	648,946
Wellness	354,113	-	354,113
Director's Discretionary Fund	-	-	-
WV RHBT Pay Go Premiums	23,032,286	-	23,032,286
Total Expenses	\$ 107,435,040	\$ -	\$ 107,435,040
Fiscal Year Results	\$ 864,012		\$ 864,012
Beginning Plan Reserve	38,510,998		38,510,998
Ending Plan Reserve	\$ 39,375,010		\$ 39,375,010

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 RESULTS
FISCAL YEAR 2012**

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 421,267,285	\$ -	\$ 421,267,285
Employer Premiums - MCO	39,997,991	-	39,997,991
Employee Premiums - PPB	110,457,056	-	110,457,056
Employee Premiums - MCO	10,921,503	-	10,921,503
Life Insurance	3,602,506		3,602,506
Direct Transfers	3,500,000		3,500,000
Investment Income	6,700,539		6,700,539
COBRA Premiums	1,908,991		1,908,991
Administrative Fees	4,105,736		4,105,736
Total Revenue	\$ 602,461,607	\$ -	\$ 602,461,607
<u>Program Expenses</u>			
Medical Claims	\$ 315,736,272	\$ -	\$ 315,736,272
Prescription Drug Claims	109,991,753	-	109,991,753
Managed Care Capitations	35,913,993		35,913,993
Administration	17,151,979		17,151,979
Life Insurance	3,609,229		3,609,229
Wellness	1,969,464		1,969,464
Director's Discretionary Fund	-		-
WV RHBT Pay Go Premiums	129,290,006		129,290,006
Total Expenses	\$ 613,662,696	\$ -	\$ 613,662,696
Fiscal Year Results	\$ (11,201,089)		\$ (11,201,089)
Beginning Plan Reserve	162,303,755		162,303,755
Ending Plan Reserve	\$ 151,102,666		\$ 151,102,666

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 - ACTIVE LOCAL AND STATE**

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 103,198,729	\$ 439,857,966	\$ 543,056,695
Employer Premiums - MCO	3,906,758	40,879,464	44,786,222
Employee Premiums - PPB	-	114,671,772	114,671,772
Employee Premiums - MCO	-	12,157,708	12,157,708
Life Insurance	680,124	3,782,631	4,462,755
Direct Transfers	-	3,500,000	3,500,000
Investment Income	1,409,280	5,890,720	7,300,000
COBRA Premiums	477,862	1,984,165	2,462,027
Administrative Fees	732,819	4,060,331	4,793,150
Total Revenue	\$ 110,405,572	\$ 626,784,757	\$ 737,190,329
<u>Program Expenses</u>			
Medical Claims	\$ 65,194,314	\$ 339,034,692	\$ 404,229,006
Prescription Drug Claims	18,138,194	110,947,157	129,085,351
Managed Care Capitations	2,562,805	36,225,195	38,788,000
Administration	2,757,788	15,337,933	18,095,721
Life Insurance	518,598	2,884,277	3,402,875
Wellness	456,174	2,537,091	2,993,265
Director's Discretionary Fund	266,697	1,440,120	1,706,817
WV RHBT Pay Go Premiums	24,490,186	137,473,814	161,964,000
Total Expenses	\$ 114,384,756	\$ 645,880,279	\$ 760,265,035
Fiscal Year Results	\$ (3,979,184)	\$ (19,095,522)	\$ (23,074,706)
Beginning Plan Reserve	39,375,010	151,102,666	190,477,676
Ending Plan Reserve	\$ 35,395,826	\$ 132,007,144	\$ 167,402,970

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	5.5%	8.5%
Direct Transfers	\$ 3,500,000	State	5.5%	8.5%
		Capitations		6.0%
		Administrative Expense		5.0%

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

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

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 103,198,729	\$ -	\$ 103,198,729
Employer Premiums - MCO	3,906,758	-	3,906,758
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	680,124		680,124
Direct Transfers	-		-
Investment Income	1,409,280		1,409,280
COBRA Premiums	477,862		477,862
Administrative Fees	732,819		732,819
Total Revenue	\$ 110,405,572	\$ -	\$ 110,405,572
<u>Program Expenses</u>			
Medical Claims	\$ 64,060,688	\$ 1,133,626	\$ 65,194,314
Prescription Drug Claims	20,075,013	(1,936,820)	18,138,193
Managed Care Capitations	2,562,805		2,562,805
Administration	2,757,788		2,757,788
Life Insurance	518,598		518,598
Wellness	456,174		456,174
Director's Discretionary Fund	266,697		266,697
WV RHBT Pay Go Premiums	24,490,186		24,490,186
Total Expenses	\$ 115,187,949	\$ (803,194)	\$ 114,384,755
Fiscal Year Results	\$ (4,782,377)		\$ (3,979,183)
Beginning Plan Reserve	39,375,010		39,375,010
Ending Plan Reserve	\$ 34,592,633		\$ 35,395,827

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ -	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	5.5%	8.5%
		Capitations		6.0%
		Administrative Expense		5.0%

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

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

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 439,857,966	\$ -	\$ 439,857,966
Employer Premiums - MCO	40,879,464	-	40,879,464
Employee Premiums - PPB	114,671,772	-	114,671,772
Employee Premiums - MCO	12,157,708	-	12,157,708
Life Insurance	3,782,631		3,782,631
Direct Transfers	3,500,000		3,500,000
Investment Income	5,890,720		5,890,720
COBRA Premiums	1,984,165		1,984,165
Administrative Fees	4,060,331		4,060,331
Total Revenue	\$ 626,784,757	\$ -	\$ 626,784,757
<u>Program Expenses</u>			
Medical Claims	\$ 333,139,418	\$ 5,895,274	\$ 339,034,692
Prescription Drug Claims	122,794,237	(11,847,080)	110,947,157
Managed Care Capitations	36,225,195		36,225,195
Administration	15,337,933		15,337,933
Life Insurance	2,884,277		2,884,277
Wellness	2,537,091		2,537,091
Director's Discretionary Fund	1,440,120		1,440,120
WV RHBT Pay Go Premiums	137,473,814		137,473,814
Total Expenses	\$ 651,832,085	\$ (5,951,806)	\$ 645,880,279
Fiscal Year Results	\$ (25,047,328)		\$ (19,095,522)
Beginning Plan Reserve	151,102,666		151,102,666
Ending Plan Reserve	\$ 126,055,338		\$ 132,007,144

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	5.5%	8.5%
		Capitations		6.0%
		Administrative Expense		5.0%

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 103,198,729	\$ 468,221,884	\$ 571,420,613
Employer Premiums - MCO	3,906,758	43,515,546	47,422,304
Employee Premiums - PPB	-	118,288,337	118,288,337
Employee Premiums - MCO	-	12,541,142	12,541,142
Life Insurance	714,130	3,971,763	4,685,893
Direct Transfers	-	-	-
Investment Income	2,382,613	9,913,320	12,295,933
COBRA Premiums	501,264	2,081,336	2,582,600
Administrative Fees	732,819	4,060,331	4,793,150
Total Revenue	\$ 111,436,313	\$ 662,593,659	\$ 774,029,972
<u>Program Expenses</u>			
Medical Claims	\$ 68,245,939	\$ 354,924,735	\$ 423,170,673
Prescription Drug Claims	19,714,799	120,598,051	140,312,850
Managed Care Capitations	2,716,573	38,398,707	41,115,280
Administration	2,895,677	16,104,830	19,000,507
Life Insurance	544,528	3,028,491	3,573,019
Wellness	456,174	2,537,091	2,993,265
Director's Discretionary Fund	265,592	1,435,814	1,701,406
WV RHBT Pay Go Premiums	26,290,952	147,582,273	173,873,226
Total Expenses	\$ 121,130,234	\$ 684,609,992	\$ 805,740,226
Fiscal Year Results	\$ (9,693,921)	\$ (22,016,333)	\$ (31,710,254)
Beginning Plan Reserve	35,395,826	132,007,144	167,402,970
Ending Plan Reserve	\$ 25,701,905	\$ 109,990,811	\$ 135,692,716

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 31,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 4,000,000	Active Local	6.0%	9.0%
Direct Transfers	\$ -	State	6.0%	9.0%
		Capitations		6.0%
		Administrative Expense		5.0%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECASTS
FISCAL YEAR 2014

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 103,198,729	\$ -	\$ 103,198,729
Employer Premiums - MCO	3,906,758	-	3,906,758
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	714,130		714,130
Direct Transfers	-		-
Investment Income	2,382,613		2,382,613
COBRA Premiums	501,264		501,264
Administrative Fees	732,819		732,819
Total Revenue	\$ 111,436,313	\$ -	\$ 111,436,313
<u>Program Expenses</u>			
Medical Claims	\$ 69,026,654	\$ (780,716)	\$ 68,245,938
Prescription Drug Claims	19,749,088	(34,289)	19,714,799
Managed Care Capitations	2,716,573		2,716,573
Administration	2,895,677		2,895,677
Life Insurance	544,528		544,528
Wellness	456,174		456,174
Director's Discretionary Fund	265,592		265,592
WV RHBT Pay Go Premiums	26,290,952		26,290,952
Total Expenses	\$ 121,945,238	\$ (815,005)	\$ 121,130,233
Fiscal Year Results	\$ (10,508,925)		\$ (9,693,920)
Beginning Plan Reserve	35,395,827		35,395,827
Ending Plan Reserve	\$ 24,886,902		\$ 25,701,907

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ -	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	6.0%	9.0%
		Capitations		6.0%
		Administrative Expense		5.0%

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

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

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 439,857,966	\$ 28,363,918	\$ 468,221,884
Employer Premiums - MCO	40,879,464	2,636,082	43,515,546
Employee Premiums - PPB	114,671,772	3,616,565	118,288,337
Employee Premiums - MCO	12,157,708	383,435	12,541,143
Life Insurance	3,971,763		3,971,763
Direct Transfers	-		-
Investment Income	9,913,320		9,913,320
COBRA Premiums	2,081,336		2,081,336
Administrative Fees	4,060,331		4,060,331
Total Revenue	\$ 627,593,660	\$ 35,000,000	\$ 662,593,660
<u>Program Expenses</u>			
Medical Claims	\$ 358,984,980	\$ (4,060,245)	\$ 354,924,735
Prescription Drug Claims	120,807,801	(209,750)	120,598,051
Managed Care Capitations	38,398,707		38,398,707
Administration	16,104,830		16,104,830
Life Insurance	3,028,491		3,028,491
Wellness	2,537,091		2,537,091
Director's Discretionary Fund	1,435,814		1,435,814
WV RHBT Pay Go Premiums	147,582,273		147,582,273
Total Expenses	\$ 688,879,987	\$ (4,269,995)	\$ 684,609,992
Fiscal Year Results	\$ (61,286,327)		\$ (22,016,332)
Beginning Plan Reserve	132,007,144		132,007,144
Ending Plan Reserve	\$ 70,720,817		\$ 109,990,812

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 31,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 4,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ -	State	6.0%	9.0%
		Capitations		6.0%
		Administrative Expense		5.0%

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 115,724,544	\$ 521,289,859	\$ 637,014,403
Employer Premiums - MCO	4,380,943	48,447,571	52,828,514
Employee Premiums - PPB	-	131,398,386	131,398,386
Employee Premiums - MCO	-	13,931,093	13,931,093
Life Insurance	749,837	4,170,351	4,920,188
Direct Transfers	-	-	-
Investment Income	2,554,309	11,930,625	14,484,934
COBRA Premiums	558,433	2,318,712	2,877,145
Administrative Fees	732,819	4,060,331	4,793,150
Total Revenue	\$ 124,700,885	\$ 737,546,928	\$ 862,247,813
<u>Program Expenses</u>			
Medical Claims	\$ 72,527,040	\$ 377,189,341	\$ 449,716,381
Prescription Drug Claims	21,543,191	131,782,568	153,325,758
Managed Care Capitations	2,879,567	40,702,629	43,582,196
Administration	3,040,461	16,910,071	19,950,532
Life Insurance	571,754	3,179,915	3,751,669
Wellness	456,174	2,537,091	2,993,265
Director's Discretionary Fund	265,070	1,434,174	1,699,244
WV RHBT Pay Go Premiums	27,740,066	155,716,763	183,456,829
Total Expenses	\$ 129,023,323	\$ 729,452,551	\$ 858,475,874
Fiscal Year Results	\$ (4,322,438)	\$ 8,094,377	\$ 3,771,939
Beginning Plan Reserve	25,701,905	109,990,811	135,692,716
Ending Plan Reserve	\$ 21,379,467	\$ 118,085,187	\$ 139,464,655

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 58,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 13,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 14,500,000	Active Local	6.5%	9.5%
Direct Transfers	\$ -	State	6.5%	9.5%
		Capitations		6.0%
		Administrative Expense		5.0%

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

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

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 103,198,729	\$ 12,525,815	\$ 115,724,544
Employer Premiums - MCO	3,906,758	474,185	4,380,943
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	749,837		749,837
Direct Transfers	-		-
Investment Income	2,554,309		2,554,309
COBRA Premiums	558,433		558,433
Administrative Fees	732,819		732,819
Total Revenue	\$ 111,700,885	\$ 13,000,000	\$ 124,700,885
<u>Program Expenses</u>			
Medical Claims	\$ 72,527,040	\$ -	\$ 72,527,040
Prescription Drug Claims	21,543,191	-	21,543,191
Managed Care Capitations	2,879,567		2,879,567
Administration	3,040,461		3,040,461
Life Insurance	571,754		571,754
Wellness	456,174		456,174
Director's Discretionary Fund	265,070		265,070
WV RHBT Pay Go Premiums	27,740,066		27,740,066
Total Expenses	\$ 129,023,323	\$ -	\$ 129,023,323
Fiscal Year Results	\$ (17,322,438)		\$ (4,322,438)
Beginning Plan Reserve	25,701,907		25,701,907
Ending Plan Reserve	\$ 8,379,469		\$ 21,379,469

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 13,000,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	6.5%	9.5%
		Capitations		6.0%
		Administrative Expense		5.0%

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

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

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 468,221,884	\$ 53,067,975	\$ 521,289,859
Employer Premiums - MCO	43,515,546	4,932,025	48,447,571
Employee Premiums - PPB	118,288,337	13,110,049	131,398,386
Employee Premiums - MCO	12,541,142	1,389,951	13,931,093
Life Insurance	4,170,351		4,170,351
Direct Transfers	-		-
Investment Income	11,930,625		11,930,625
COBRA Premiums	2,318,712		2,318,712
Administrative Fees	4,060,331		4,060,331
Total Revenue	\$ 665,046,928	\$ 72,500,000	\$ 737,546,928
<u>Program Expenses</u>			
Medical Claims	\$ 377,189,341	\$ -	\$ 377,189,341
Prescription Drug Claims	131,782,568	-	131,782,568
Managed Care Capitations	40,702,629		40,702,629
Administration	16,910,071		16,910,071
Life Insurance	3,179,915		3,179,915
Wellness	2,537,091		2,537,091
Director's Discretionary Fund	1,434,174		1,434,174
WV RHBT Pay Go Premiums	155,716,763		155,716,763
Total Expenses	\$ 729,452,552	\$ -	\$ 729,452,552
Fiscal Year Results	\$ (64,405,624)		\$ 8,094,376
Beginning Plan Reserve	109,990,812		109,990,812
Ending Plan Reserve	\$ 45,585,188		\$ 118,085,188

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 58,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 14,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ -	State	6.5%	9.5%
		Capitations		6.0%
		Administrative Expense		5.0%

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 130,177,407	\$ 557,888,462	\$ 688,065,869
Employer Premiums - MCO	4,928,080	51,848,967	56,777,047
Employee Premiums - PPB	-	140,439,800	140,439,800
Employee Premiums - MCO	-	14,889,680	14,889,680
Life Insurance	787,328	4,378,869	5,166,197
Direct Transfers	-	-	-
Investment Income	2,369,865	12,983,385	15,353,250
COBRA Premiums	601,895	2,499,174	3,101,069
Administrative Fees	732,819	4,060,331	4,793,150
Total Revenue	\$ 139,597,394	\$ 788,988,668	\$ 928,586,062
<u>Program Expenses</u>			
Medical Claims	\$ 77,439,475	\$ 402,737,301	\$ 480,176,776
Prescription Drug Claims	23,648,908	144,663,523	168,312,432
Managed Care Capitations	3,052,341	43,144,787	46,197,128
Administration	3,192,484	17,755,575	20,948,059
Life Insurance	600,342	3,338,911	3,939,253
Wellness	456,174	2,537,091	2,993,265
Director's Discretionary Fund	264,064	1,429,924	1,693,988
WV RHBT Pay Go Premiums	29,485,374	165,513,920	194,999,295
Total Expenses	\$ 138,139,163	\$ 781,121,033	\$ 919,260,196
Fiscal Year Results	\$ 1,458,231	\$ 7,867,635	\$ 9,325,866
Beginning Plan Reserve	21,379,467	118,085,187	139,464,655
Ending Plan Reserve	\$ 22,837,699	\$ 125,952,822	\$ 148,790,521

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 40,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 15,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 10,000,000	Active Local	7.0%	10.0%
Direct Transfers	\$ -	State	7.0%	10.0%
		Capitations		6.0%
		Administrative Expense		5.0%

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

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

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 115,724,544	\$ 14,452,863	\$ 130,177,407
Employer Premiums - MCO	4,380,943	547,137	4,928,080
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	787,328		787,328
Direct Transfers	-		-
Investment Income	2,369,865		2,369,865
COBRA Premiums	601,895		601,895
Administrative Fees	732,819		732,819
Total Revenue	\$ 124,597,394	\$ 15,000,000	\$ 139,597,394
<u>Program Expenses</u>			
Medical Claims	\$ 77,439,475	\$ -	\$ 77,439,475
Prescription Drug Claims	23,648,908	-	23,648,908
Managed Care Capitations	3,052,341		3,052,341
Administration	3,192,484		3,192,484
Life Insurance	600,342		600,342
Wellness	456,174		456,174
Director's Discretionary Fund	264,064		264,064
WV RHBT Pay Go Premiums	29,485,374		29,485,374
Total Expenses	\$ 138,139,162	\$ -	\$ 138,139,162
Fiscal Year Results	\$ (13,541,768)		\$ 1,458,232
Beginning Plan Reserve	21,379,469		21,379,469
Ending Plan Reserve	\$ 7,837,701		\$ 22,837,701

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 15,000,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	7.0%	10.0%
		Capitations		6.0%
		Administrative Expense		5.0%

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

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

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 521,289,859	\$ 36,598,604	\$ 557,888,463
Employer Premiums - MCO	48,447,571	3,401,396	51,848,967
Employee Premiums - PPB	131,398,386	9,041,413	140,439,799
Employee Premiums - MCO	13,931,093	958,587	14,889,680
Life Insurance	4,378,869		4,378,869
Direct Transfers	-		-
Investment Income	12,983,385		12,983,385
COBRA Premiums	2,499,174		2,499,174
Administrative Fees	4,060,331		4,060,331
Total Revenue	\$ 738,988,668	\$ 50,000,000	\$ 788,988,668
<u>Program Expenses</u>			
Medical Claims	\$ 402,737,301	\$ -	\$ 402,737,301
Prescription Drug Claims	144,663,523	-	144,663,523
Managed Care Capitations	43,144,787		43,144,787
Administration	17,755,575		17,755,575
Life Insurance	3,338,911		3,338,911
Wellness	2,537,091		2,537,091
Director's Discretionary Fund	1,429,924		1,429,924
WV RHBT Pay Go Premiums	165,513,920		165,513,920
Total Expenses	\$ 781,121,032	\$ -	\$ 781,121,032
Fiscal Year Results	\$ (42,132,364)		\$ 7,867,636
Beginning Plan Reserve	118,085,188		118,085,188
Ending Plan Reserve	\$ 75,952,824		\$ 125,952,824

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 40,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 10,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ -	State	7.0%	10.0%
		Capitations		6.0%
		Administrative Expense		5.0%

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 139,812,649	\$ 599,976,857	\$ 739,789,506
Employer Premiums - MCO	5,292,838	55,760,573	61,053,411
Employee Premiums - PPB	-	150,837,425	150,837,425
Employee Premiums - MCO	-	15,992,055	15,992,055
Life Insurance	826,695	4,597,812	5,424,507
Direct Transfers	-	-	-
Investment Income	2,571,698	14,079,419	16,651,117
COBRA Premiums	647,029	2,686,576	3,333,605
Administrative Fees	732,819	4,060,331	4,793,150
Total Revenue	\$ 149,883,728	\$ 847,991,048	\$ 997,874,776
<u>Program Expenses</u>			
Medical Claims	\$ 83,071,989	\$ 432,030,158	\$ 515,102,147
Prescription Drug Claims	26,078,737	159,527,107	185,605,843
Managed Care Capitations	3,235,482	45,733,474	48,968,956
Administration	3,352,108	18,643,354	21,995,462
Life Insurance	630,359	3,505,857	4,136,216
Wellness	456,174	2,537,091	2,993,265
Director's Discretionary Fund	263,532	1,428,249	1,691,781
WV RHBT Pay Go Premiums	31,117,263	174,674,408	205,791,671
Total Expenses	\$ 148,205,643	\$ 838,079,698	\$ 986,285,341
Fiscal Year Results	\$ 1,678,085	\$ 9,911,350	\$ 11,589,435
Beginning Plan Reserve	22,837,699	125,952,822	148,790,521
Ending Plan Reserve	\$ 24,515,783	\$ 135,864,172	\$ 160,379,956

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 46,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 10,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 11,500,000	Active Local	7.5%	10.5%
Direct Transfers	\$ -	State	7.5%	10.5%
		Capitations		6.0%
		Administrative Expense		5.0%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECASTS
FISCAL YEAR 2017

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 130,177,407	\$ 9,635,242	\$ 139,812,649
Employer Premiums - MCO	4,928,080	364,758	5,292,838
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	826,695		826,695
Direct Transfers	-		-
Investment Income	2,571,698		2,571,698
COBRA Premiums	647,029		647,029
Administrative Fees	732,819		732,819
Total Revenue	\$ 139,883,728	\$ 10,000,000	\$ 149,883,728
<u>Program Expenses</u>			
Medical Claims	\$ 83,071,989	\$ -	\$ 83,071,989
Prescription Drug Claims	26,078,737	-	26,078,737
Managed Care Capitations	3,235,482		3,235,482
Administration	3,352,108		3,352,108
Life Insurance	630,359		630,359
Wellness	456,174		456,174
Director's Discretionary Fund	263,532		263,532
WV RHBT Pay Go Premiums	31,117,263		31,117,263
Total Expenses	\$ 148,205,644	\$ -	\$ 148,205,644
Fiscal Year Results	\$ (8,321,916)		\$ 1,678,084
Beginning Plan Reserve	22,837,701		22,837,701
Ending Plan Reserve	\$ 14,515,785		\$ 24,515,785

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 10,000,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	7.5%	10.5%
		Capitations		6.0%
		Administrative Expense		5.0%

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

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

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 557,888,462	\$ 42,088,394	\$ 599,976,856
Employer Premiums - MCO	51,848,967	3,911,606	55,760,573
Employee Premiums - PPB	140,439,800	10,397,625	150,837,425
Employee Premiums - MCO	14,889,680	1,102,375	15,992,055
Life Insurance	4,597,812		4,597,812
Direct Transfers	-		-
Investment Income	14,079,419		14,079,419
COBRA Premiums	2,686,576		2,686,576
Administrative Fees	4,060,331		4,060,331
Total Revenue	\$ 790,491,047	\$ 57,500,000	\$ 847,991,047
<u>Program Expenses</u>			
Medical Claims	\$ 432,030,158	\$ -	\$ 432,030,158
Prescription Drug Claims	159,527,107	-	159,527,107
Managed Care Capitations	45,733,474		45,733,474
Administration	18,643,354		18,643,354
Life Insurance	3,505,857		3,505,857
Wellness	2,537,091		2,537,091
Director's Discretionary Fund	1,428,249		1,428,249
WV RHBT Pay Go Premiums	174,674,408		174,674,408
Total Expenses	\$ 838,079,698	\$ -	\$ 838,079,698
Fiscal Year Results	\$ (47,588,651)		\$ 9,911,349
Beginning Plan Reserve	125,952,824		125,952,824
Ending Plan Reserve	\$ 78,364,173		\$ 135,864,173

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 46,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 11,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ -	State	7.5%	10.5%
		Capitations		6.0%
		Administrative Expense		5.0%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2011 to FY 2013**

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	24,133	24,099	24,123	24,114	24,163	24,258	24,185	24,258	24,257	24,293	24,294	24,368
State Medical	135,619	134,817	133,297	134,605	135,312	135,771	136,098	136,272	136,412	136,443	136,510	136,582
Local Drugs	24,133	24,099	24,123	24,114	24,163	24,258	24,185	24,258	24,257	24,293	24,294	24,368
State Drugs	135,619	134,817	133,297	134,605	135,312	135,771	136,098	136,272	136,412	136,443	136,510	136,582
Local Medical	<u>\$155.08</u>	<u>\$158.35</u>	<u>\$163.64</u>	<u>\$165.11</u>	<u>\$177.42</u>	<u>\$158.17</u>	<u>\$172.89</u>	<u>\$207.94</u>	<u>\$202.42</u>	<u>\$180.06</u>	<u>\$204.58</u>	<u>\$225.31</u>
State Medical	<u>\$142.08</u>	<u>\$169.10</u>	<u>\$172.97</u>	<u>\$179.70</u>	<u>\$181.68</u>	<u>\$171.78</u>	<u>\$182.59</u>	<u>\$184.34</u>	<u>\$209.78</u>	<u>\$180.26</u>	<u>\$189.48</u>	<u>\$226.75</u>
Local Drugs	<u>\$41.37</u>	<u>\$55.81</u>	<u>\$59.39</u>	<u>\$59.77</u>	<u>\$61.75</u>	<u>\$65.54</u>	<u>\$63.14</u>	<u>\$65.88</u>	<u>\$71.51</u>	<u>\$66.78</u>	<u>\$68.83</u>	<u>\$74.16</u>
State Drugs	<u>44.95</u>	<u>61.76</u>	<u>65.39</u>	<u>66.59</u>	<u>67.99</u>	<u>73.51</u>	<u>71.13</u>	<u>67.55</u>	<u>77.55</u>	<u>71.89</u>	<u>74.14</u>	<u>82.96</u>
Total	<u>\$383.48</u>	<u>\$445.02</u>	<u>\$461.40</u>	<u>\$471.17</u>	<u>\$488.83</u>	<u>\$468.99</u>	<u>\$489.74</u>	<u>\$525.71</u>	<u>\$561.26</u>	<u>\$498.99</u>	<u>\$537.02</u>	<u>\$609.19</u>
Change From Prior Year - Month to Month Analysis												
Local Medical	6.7%	5.7%	7.3%	6.3%	7.3%	-0.2%	15.0%	35.0%	0.7%	-5.3%	9.6%	10.1%
State Medical	-9.3%	8.1%	10.5%	10.0%	10.8%	9.8%	11.6%	8.7%	8.8%	-4.3%	4.8%	2.9%
Local Drugs	18.0%	17.4%	14.3%	6.3%	11.3%	9.7%	7.7%	14.5%	5.4%	4.7%	6.5%	0.9%
State Drugs	<u>8.5%</u>	<u>12.2%</u>	<u>9.8%</u>	<u>3.7%</u>	<u>11.5%</u>	<u>12.2%</u>	<u>12.7%</u>	<u>8.2%</u>	<u>7.8%</u>	<u>4.7%</u>	<u>7.6%</u>	<u>3.6%</u>
Total	1.4%	8.9%	9.7%	7.3%	9.7%	6.6%	12.4%	18.5%	5.2%	-2.3%	7.2%	5.3%
Change From Prior Year - Quarter to Quarter Analysis												
Local Medical			6.6%			4.5%			15.4%			4.9%
State Medical			3.1%			10.2%			9.6%			1.2%
Local Drugs			16.4%			9.1%			9.0%			3.9%
State Drugs			<u>10.3%</u>			<u>9.1%</u>			<u>9.5%</u>			<u>5.2%</u>
Total			6.8%			7.8%			11.6%			3.4%
Change From Prior Year - Year to Year Analysis												
Local Medical			8.4%			7.0%			10.3%			7.8%
State Medical			1.4%			3.4%			5.7%			5.9%
Local Drugs			12.2%			12.9%			12.6%			9.0%
State Drugs			<u>10.2%</u>			<u>10.5%</u>			<u>10.4%</u>			<u>8.4%</u>
Total			6.4%			6.8%			8.8%			7.3%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2011 to FY 2013**

Fiscal Year 2012												
Exposure	<u>Jul-11</u>	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>
Local Medical	24,483	24,431	24,394	24,313	24,282	24,232	24,292	24,302	24,262	24,355	24,333	24,313
State Medical	135,664	134,520	134,651	135,322	135,587	135,573	135,784	135,516	135,505	135,458	135,541	135,513
Local Drugs	24,483	24,431	24,394	24,313	24,282	24,232	24,292	24,302	24,262	24,355	24,333	24,313
State Drugs	135,664	134,520	134,651	135,322	135,587	135,573	135,784	135,516	135,505	135,458	135,541	135,513
Local Medical	<u>\$127.41</u>	<u>\$186.00</u>	<u>\$197.34</u>	<u>\$202.31</u>	<u>\$191.90</u>	<u>\$166.29</u>	<u>\$194.81</u>	<u>\$190.86</u>	<u>\$198.16</u>	<u>\$190.46</u>	<u>\$211.12</u>	<u>\$199.09</u>
State Medical	<u>\$158.37</u>	<u>\$191.81</u>	<u>\$167.96</u>	<u>\$180.46</u>	<u>\$187.30</u>	<u>\$182.47</u>	<u>\$193.62</u>	<u>\$201.65</u>	<u>\$207.91</u>	<u>\$201.17</u>	<u>\$208.83</u>	<u>\$228.87</u>
Local Drugs	<u>\$43.12</u>	<u>\$60.75</u>	<u>\$64.85</u>	<u>\$62.74</u>	<u>\$61.92</u>	<u>\$68.49</u>	<u>\$75.47</u>	<u>\$70.98</u>	<u>\$75.44</u>	<u>\$74.74</u>	<u>\$79.25</u>	<u>\$77.17</u>
State Drugs	<u>49.03</u>	<u>67.92</u>	<u>67.28</u>	<u>68.24</u>	<u>67.60</u>	<u>73.96</u>	<u>74.85</u>	<u>76.76</u>	<u>81.39</u>	<u>77.00</u>	<u>83.55</u>	<u>84.89</u>
Total	<u>\$377.93</u>	<u>\$506.48</u>	<u>\$497.43</u>	<u>\$513.75</u>	<u>\$508.71</u>	<u>\$491.22</u>	<u>\$538.75</u>	<u>\$540.25</u>	<u>\$562.89</u>	<u>\$543.37</u>	<u>\$582.75</u>	<u>\$590.02</u>
Change From Prior Year - Month to Month Analysis												
Local Medical	-17.8%	17.5%	20.6%	22.5%	8.2%	5.1%	12.7%	-8.2%	-2.1%	5.8%	3.2%	-11.6%
State Medical	11.5%	13.4%	-2.9%	0.4%	3.1%	6.2%	6.0%	9.4%	-0.9%	11.6%	10.2%	0.9%
Local Drugs	4.2%	8.9%	9.2%	5.0%	0.3%	4.5%	19.5%	7.7%	5.5%	11.9%	15.1%	4.1%
State Drugs	<u>9.1%</u>	<u>10.0%</u>	<u>2.9%</u>	<u>2.5%</u>	<u>-0.6%</u>	<u>0.6%</u>	<u>5.2%</u>	<u>13.6%</u>	<u>4.9%</u>	<u>7.1%</u>	<u>12.7%</u>	<u>2.3%</u>
Total	-1.4%	13.8%	7.8%	9.0%	4.1%	4.7%	10.0%	2.8%	0.3%	8.9%	8.5%	-3.1%
Change From Prior Year - Quarter to Quarter Analysis												
Local Medical			7.1%			11.9%			0.1%			-1.5%
State Medical			7.0%			3.2%			4.6%			7.1%
Local Drugs			7.8%			3.3%			10.6%			10.2%
State Drugs			<u>7.0%</u>			<u>0.8%</u>			<u>7.8%</u>			<u>7.2%</u>
Total			7.1%			5.9%			4.1%			4.3%
Change From Prior Year - Year to Year Analysis												
Local Medical						9.7%			5.7%			3.9%
State Medical						6.8%			3.9%			5.5%
Local Drugs						7.3%			6.4%			8.1%
State Drugs						<u>7.7%</u>			<u>5.2%</u>			<u>5.7%</u>
Total						7.4%			5.0%			5.3%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2011 to FY 2013**

Fiscal Year 2013

Exposure

	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>
Local Medical	24,365	24,457	24,504
State Medical	134,967	134,169	134,032
Local Drugs	24,365	24,457	24,504
State Drugs	134,967	134,169	134,032

	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>
Local Medical	\$128.49	\$183.55	\$179.12
State Medical	\$129.08	\$166.04	\$179.94
Local Drugs	\$42.06	\$58.16	\$57.25
State Drugs	<u>48.80</u>	<u>64.91</u>	<u>63.90</u>
Total	\$348.44	\$472.66	\$480.20

Change From Prior Year - Month to Month Analysis

Local Medical	0.9%	-1.3%	-9.2%
State Medical	-18.5%	-13.4%	7.1%
Local Drugs	-2.5%	-4.3%	-11.7%
State Drugs	<u>-0.5%</u>	<u>-4.4%</u>	<u>-5.0%</u>
Total	-7.8%	-6.7%	-3.5%

Change From Prior Year - Quarter to Quarter Analysis

Local Medical	-3.8%
State Medical	-8.3%
Local Drugs	-6.7%
State Drugs	<u>-3.6%</u>
Total	-5.8%

Change From Prior Year - Year to Year Analysis

Local Medical	1.4%
State Medical	1.9%
Local Drugs	4.9%
State Drugs	<u>3.4%</u>
Total	2.3%