



CCRC
Actuaries, LLC

STATE OF WEST VIRGINIA



PUBLIC EMPLOYEES INSURANCE AGENCY

**Fiscal Year 2011
Financial Report**

Fiscal Years 2011-2016

November 2011

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

Ladies and Gentlemen:

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

CCRC Actuaries has been retained by the West Virginia Public Employees Insurance Agency Finance Board (“Board”) to assist it as provided under Code of the West Virginia 1931 (“Code”), as amended. The Board has asked CCRC Actuaries to review the financial plan prepared and proposed by the Board in December 2010 for the fiscal year ending June 30, 2011 (“FY 2011”) 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 2011 and in subsequent fiscal years. In FY 2011, general compliance was achieved through a transfer of employer funds to the West Virginia Retiree Health Benefit Trust Fund. (“Trust Fund” or “RHBT”) In subsequent fiscal years, future transfers of employer funds may be needed to obtain the 80% and 20% split between employer and employee, depending on future enrollment and coverage elections by insureds.

The Board is also charged with the responsibility to review actual costs incurred, any revised cost estimates, expenditures, and other factors affecting the fiscal stability of the plan and to make any modifications to the plan necessary to insure that the total financial requirements of PEIA for the fiscal year are met. We have been asked to review the proposed financial plan, and as supported by our work, to render an opinion stating whether the plan may be reasonably expected to generate sufficient revenues to meet estimated insurance program and administrative costs of PEIA through FY 2016.

The Medicaid / PEIA Hospital Bill (“Bill”) has been extended and is anticipated to continue to provide PEIA with hospital charge savings through discounts for all non-Medicare coverages. These hospital savings are assumed to increase by the medical trend assumptions in Fiscal Year 2012 and subsequently. We are assuming that the Bill will continue throughout the forecast periods. Additionally, PEIA has been granted direct transfers of \$3,500,000 in FY 2012 to offset employee premium increases.

CCRC Actuaries has provided preliminary forecasts for the fiscal years ending June 30, 2011 (“FY 2011”), June 30, 2012 (“FY 2012”), June 30, 2013 (“FY 2013”), June 30, 2014 (“FY 2014”), June 30, 2015 (“FY 2015”) and June 30, 2016 (“FY 2016”). Our opinion of plan adequacy is based on the projections through FY 2016 using updated future revenue and plan modifications provided by the Board in the financial plan adopted in December 2010. 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/Health Care Reform requirements to expand coverage, the estimated cost of eliminating lifetime limitations and covering children coverage to age 26 is a total of \$9 million dollars in FY 2012.

This report includes updated claim trend assumptions as recommended in the report titled, “Detailed Medical and Prescription Drug Claim Trend Report - September 2011”. In the circumstances and subject to the conditions described herein, we believe the financial plan approved by the Board for FY 2011 through FY 2016 may be reasonably expected to generate sufficient revenues, when combined with the existing surplus, to meet estimated insurance program and administrative costs of PEIA. In addition, we are forecasting that PEIA will meet the 80% employer cost share and 20% employee cost share requirement for state revenue in FY 2012 based on the scheduled revenue increases of the financial plan approved and amended by the Board in December 2010.

The conclusion of long-term solvency for the program over the five-year forecast is based on significant revenue increases in employer and employee premiums in later fiscal years of the plan through FY 2016 as approved by the Board.

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

Respectfully,



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



Chris Borcik, A.S.A., M.A.A.A.
Senior Actuarial Consultant

West Virginia Public Employees Insurance Agency

Report of Independent Actuary

Financial Plan for FY 2011 – FY 2016

OVERVIEW

This report analyzes revenues and expenses related to funding the health and life insurance benefits of active employees of the State and various Local Agencies, together with their dependents. This report is intended for the sole use of the Board, and any other use requires written approval by CCRC Actuaries.

This report was compiled utilizing claims data collected by PEIA's third party administrators through August 2011 for prescription drugs and medical claims. Enrollment data, administrative expenses, managed care capitations, and plan revenues were provided at special request from PEIA. Revenue assumptions are based on premium rates, assumed interest income and significant general and special revenue allocations provided by the Governor, some which have not been approved by the West Virginia Legislature. In addition, other information became available through presentations made at the Board meetings, which has been used in arriving at our conclusions.

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

KEY ASSUMPTIONS

A. Enrollment Changes

These projections include the assumption that Preferred Provider Benefit (“PPB”) and managed care enrollment will not change from September 2011 enrollment levels for the duration of these forecasts for active employees.

In aggregate, September 2011 enrollment for active employees has decreased by 703 coverages since the end of FY 2011. Aggregate PPB enrollment has decreased by 882 in total over the same period, while managed care enrollment experienced an increase of 179 coverages.

In the State Fund, the transfer of coverage from managed care to PPB coverage has declined with overall active State enrollment decreased by 720 coverages from the end of FY 2011 to September 2011. In the Local Fund, the same phenomena have occurred with overall active Local enrollment increased by 17 coverages from the end of FY 2011 to September 2011.

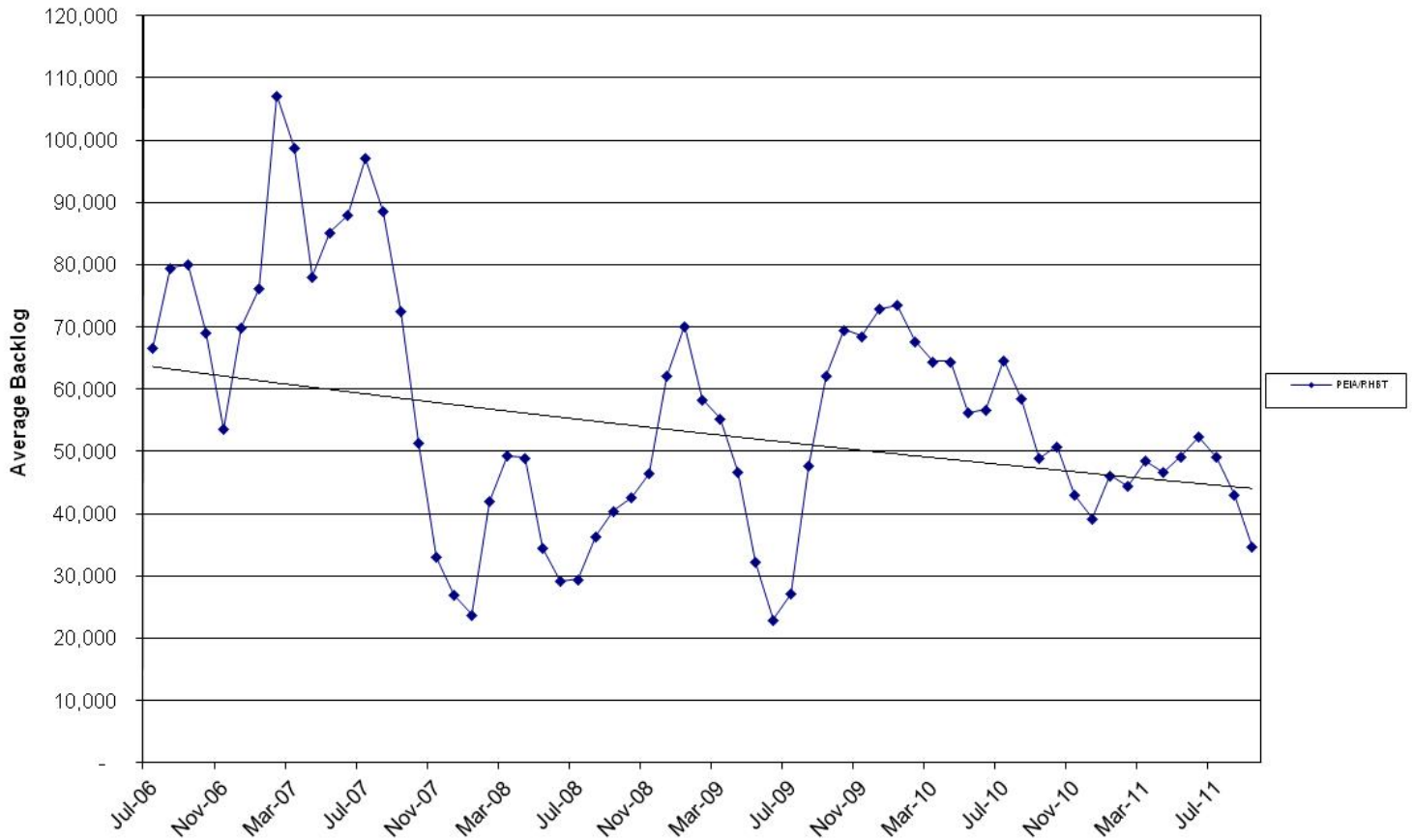
The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2010, June 2011 and September 2011 for purposes of comparison:

PEIA Fund	Coverage	Preferred Provider Benefit			Managed Care		
		Jun-10	Jun-11	Sep-11	Jun-10	Jun-11	Sep-11
State Active	Single	21,391	22,737	22,153	3,259	1,792	1,851
	Children	5,524	5,889	6,004	653	535	573
	Family	29,705	30,651	30,273	3,598	2,943	2,973
	Total	56,620	59,277	58,430	7,510	5,270	5,397
Local Active	Single	4,859	5,036	4,954	424	247	280
	Children	771	865	857	140	81	94
	Family	5,033	5,194	5,249	145	98	104
	Total	10,663	11,095	11,060	709	426	478
Plan Total		67,283	70,372	69,490	8,219	5,696	5,875
Grand Total					75,502	76,068	75,365

B. Changes in Claim Backlog

It should be noted that beginning in July 2007, all retirees have been transferred to the RHBT. While the chart below, which has not been adjusted to reflect the smaller risk pool, indicates a lower backlog, the duration of claim payment has actually been stable for the self-insured block of non-Medicare coverages, and the backlog showed a decrease since January 2010.

WV PEIA/RHBT Claim Backlog July 2006 through September 2011



C. Trend Analysis

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

The current projection assumes the trends in the following table:

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

In addition, we have assumed that trends will increase by 0.5% in each successive fiscal year beginning in FY 2014. At the Board's request, the baseline trend assumptions have been established to reflect the most likely or expected trends. In order to provide information on the impact of varying trend assumptions, two alternative trend scenarios were developed. The Optimistic Scenario incorporates trend assumptions 2.0% below the Baseline Scenario and the Pessimistic Scenario incorporates trend assumptions 2.0% above the Baseline Scenario.

The following chart summarizes the trend results observed for the plan using data through August 2011. It is important to note that these trends *have not* been adjusted to reflect savings as a result of the expansion of the drug rebate program or the claim savings due to changes in provider reimbursement methodologies, nor the changes in the benefit structure. In developing the claim cost projection, we have reflected for benefit and reimbursement changes as an adjustment to the gross trend assumption.

PEIA Historical Trends (Active Local and State)

Fiscal Year	Active Local Medical	State Medical	Active Local Drugs	State Drugs	Total
2003	12%	14%	19%	15%	10%
2004	-1%	12%	9%	7%	9%
2005	16%	7%	7%	20%	11%
2006	1%	2%	18%	7%	4%
2007	15%	2%	13%	8%	5%
2008	5%	10%	-6%	-2%	5%
2009	-4%	7%	10%	9%	7%
2010	10%	1%	9%	9%	4%
2011	8%	8%	14%	14%	8%
2012*	8%	10%	12%	12%	9%

* Fiscal Year 2012 results are through the first two months ending August 2011.

D. Enrollment, Claim, Expense and Revenue Assumptions

Using PEIA paid claim data through August 2011 for medical claims and for prescription drugs claims, average annualized incurred unit claim costs were developed for the State Fund and the Local Fund for both self-funded and managed care coverages. CCRC Actuaries has developed the claim cost on an adjusted exposure basis using the respective expected claim cost for each coverage type. The adjusted exposure methodology weighs the expected claim cost under each coverage type for single, member and children, and family coverages based on observed differences in health care cost. For example, under this methodology single coverage types are given a weight of 1.0 exposure, whereas member and children coverages are given a greater weighting based on historical expected health care cost relationships. Based on this methodology, the result of FY 2011 and the projection of FY 2012 claims and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

Fiscal Year 2011 Result			Revenue		Expenses		
Fund	Program	Policies	Monthly Employer Premiums	Monthly Employee Premiums	Monthly Medical Costs	Monthly Drugs Costs	Monthly Capitation Costs
State	PPB	58,797	\$ 474	\$ 119	\$ 421	\$ 146	
	<u>Managed Care</u>	5,225	\$ 488	\$ 125			\$ 541
	Total	64,022					
Local	PPB	11,021	\$ 600	\$ -	\$ 409	\$ 126	
	<u>Managed Care</u>	422	\$ 457	\$ -			\$ 529
	Total	11,443					

Fiscal Year 2012 Projection			Revenue		Expenses		
Fund	Program	Policies	Monthly Employer Premiums	Monthly Employee Premiums	Monthly Medical Costs	Monthly Drugs Costs	Monthly Capitation Costs
State	PPB	58,453	\$ 470	\$ 124	\$ 456	\$ 164	
	<u>Managed Care</u>	5,385	\$ 481	\$ 133			\$ 557
	Total	63,838					
Local	PPB	11,067	\$ 606	\$ -	\$ 445	\$ 141	
	<u>Managed Care</u>	476	\$ 456	\$ -			\$ 497
	Total	11,543					

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 2010

Source	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
Additional State Employer Revenue	\$18,000,000	\$0	\$58,000,000	\$60,000,000	\$60,000,000	\$60,000,000
Additional Local Agency Revenue	\$0	\$0	\$5,000,000	\$13,500,000	\$20,500,000	\$20,500,000
Additional Employee Premiums	\$4,500,000	\$0	\$18,000,000	\$15,000,000	\$15,000,000	\$15,000,000
Direct Transfer	\$3,500,000	\$3,500,000	\$0	\$0	\$0	\$0
Benefit Reductions / (Increase)	\$11,700,000	\$0	\$0	\$0	\$0	\$0
PPACA Cost / (Savings) Adjustment	\$0	\$9,000,000	\$0	\$0	\$0	\$0
Pay Go Premium Transfer	\$146,022,922	\$150,000,000	\$165,238,648	\$186,491,321	\$215,607,395	\$248,305,330

The \$11,700,000 reduction in benefits in Fiscal Year 2011 are comprised of the following changes:

	<u>Change in 2011 Claim Cost</u>
Increase Family out of pocket to 1.5x Single	\$7.1 M
Increase Lifetime Maximum to \$1.5M	-\$1.1 M
Implement ESI High Performance Formulary	\$5.7 M

The \$9,000,000 PPACA/Health Care Reform cost requirements in Fiscal Year 2012 are comprised of the following changes:

	<u>Change in 2012 Claim Cost</u>
Eliminating Lifetime Limitations	\$2.0 M
Covering Children coverage to Age 26	\$7.0 M

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 2012 and future years, the Pay Go premium will continue to increase each year based on a formula from the difference between retiree premiums and retiree program costs including claims, capitations and administrative costs of the program, based on the financial plan approved by the Board in December 2010.

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 2011 RESULT

The financial result for FY 2011 under the Baseline scenario is presented in the Appendix. The Baseline result for FY 2011 projects accrued revenue of \$710,426,184 and incurred plan expenses of \$683,215,614 to produce a fiscal year surplus of \$27,210,570. It should be noted that this is an improvement from the projected surplus of \$22,649,944 in the PEIA March 31, 2011 Quarterly Report due to the favorable claims experience. The PEIA local and state agencies Pay Go premiums for FY 2011 are assumed to be \$146,022,922.

Under the Baseline Scenario, FY 2011 is projected to end with a reserve of \$200,814,753 and the FY 2012 expenditures of \$730,132,218, which represents 28% of projected expenditures. This projected reserve meets the 10% of program expense requirement under the Baseline Scenario assumptions.

FISCAL YEAR 2012 FORECAST

The financial forecast for FY 2012 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2012 projects accrued revenue of \$718,403,533 and incurred plan expenses of \$730,132,218 to produce a fiscal year deficit of (\$11,728,685). The PEIA local and state agencies Pay Go premiums for FY 2012 are assumed to be \$150,000,000.

Under the Baseline Scenario, FY 2012 is projected to end with a reserve of \$189,086,068 and the FY 2013 expenditures of \$786,715,645, which represents 24% 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 \$194,330,849 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$183,870,698.

FISCAL YEAR 2013 FORECAST

The financial forecast for FY 2013 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2013 projects accrued revenue of \$795,954,405 and incurred plan expenses of \$786,715,645 to produce a fiscal year surplus of \$9,238,760. The PEIA local and state agencies Pay Go premiums for FY 2013 are assumed to be \$165,238,648.

Under the Baseline Scenario, FY 2013 is projected to end with a reserve of \$198,324,828 and the FY 2014 expenditures of \$854,179,894, which represents 23% 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 \$219,694,573 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$176,809,119.

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 \$885,951,390 and incurred plan expenses of \$854,179,894 to produce a fiscal year surplus of \$31,771,496. The PEIA local and state agencies Pay Go premiums for FY 2014 are assumed to be \$186,491,321.

Under the Baseline Scenario, FY 2014 is projected to end with a reserve of \$230,096,324 and the FY 2015 expenditures of \$936,084,299, which represents 25% 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 \$280,557,496 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$178,654,416.

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 \$984,499,540 and incurred plan expenses of \$936,084,299 to produce a fiscal year surplus of \$48,415,241. The PEIA local and state agencies Pay Go premiums for FY 2015 are assumed to be \$215,607,395.

Under the Baseline Scenario, FY 2015 is projected to end with a reserve of \$278,511,566 and the FY 2016 expenditures of \$1,029,172,954, which represents 30% 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 \$373,544,919 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$180,416,931.

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 \$1,084,191,289 and incurred plan expenses of \$1,029,172,954 to produce a fiscal year surplus of \$55,018,335. The PEIA local and state agencies Pay Go premiums for FY 2016 are assumed to be \$248,305,330.

Under the Baseline Scenario, FY 2016 is projected to end with a reserve of \$333,529,900 and the FY 2017 expenditures of \$1,136,019,338, which represents 32% 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 \$491,657,911 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$168,257,945.

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 10% reserve target through the projection period ending with the Fiscal Year 2016 using the Baseline assumptions. These projections are based on significant revenue increases projected by PEIA and are contingent on legislative approval. These forecasts are based on assumptions including the estimated cost and savings of plan changes, expected trend levels and exposure levels. The continued enrollment changes of the managed care options, changes in physician, ambulatory and hospital provider reimbursement, possible changes in methodology of managed care premium calculation, and changes in the prescription drugs program, can be expected to further exacerbate the difficulty of projecting future medical and drugs claim levels and lags. These projections do not incorporate any anticipated effects of national or state health care reform, such as universal health insurance initiatives and Medicaid reform. As such, actual results deviating from those amounts projected in these pages should not be unexpected. With the legislatively mandated requirement of a five-year projection, it should be assumed that constant modifications would be required.

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL REPORT
FISCAL YEAR 2011**

PERIOD 7/1/2010 - 6/30/2011

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 100,871,597	\$ 425,427,186	\$ 526,298,783
Employer Premiums - MCO	2,937,776	38,907,551	41,845,327
Employee Premiums - PPB	-	106,894,775	106,894,775
Employee Premiums - MCO	-	9,926,087	9,926,087
Direct Transfers	-	3,500,000	3,500,000
Investment Income	2,436,548	11,690,659	14,127,207
COBRA Premiums	586,937	2,437,067	3,024,004
Administrative Fees	682,380	4,127,621	4,810,001
Total Revenue	\$ 107,515,238	\$ 602,910,946	\$ 710,426,184
<u>Program Expenses</u>			
Medical Claims	\$ 54,112,037	\$ 296,773,988	\$ 350,886,025
Prescription Drug Claims	16,672,592	103,192,541	119,865,133
Managed Care Capitations	2,678,726	33,937,614	36,616,340
Administration	3,579,665	19,271,671	22,851,336
Life Insurance	838,651	4,515,007	5,353,658
Wellness	253,805	1,366,395	1,620,200
Director's Discretionary Fund	-	-	-
WV RHBT Pay Go Premiums	22,079,774	123,943,148	146,022,922
Total Expenses	\$ 100,215,250	\$ 583,000,364	\$ 683,215,614
Fiscal Year Results	\$ 7,299,988	\$ 19,910,582	\$ 27,210,570
Beginning Plan Reserve	31,211,010	142,393,173	173,604,183
Ending Plan Reserve	\$ 38,510,998	\$ 162,303,755	\$ 200,814,753

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 18,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 4,500,000	Active Local	5.5%	9.0%
Direct Transfers	\$ 3,500,000	State	5.5%	9.0%
		Capitations		8.0%
		Administrative Expense		5.0%

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

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

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 102,474,801	\$ -	\$ 102,474,801
Employer Premiums - MCO	3,311,994	-	3,311,994
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Direct Transfers	-	-	-
Investment Income	3,132,476		3,132,476
COBRA Premiums	591,126		591,126
Administrative Fees	682,380		682,380
Total Revenue	\$ 110,192,777	\$ -	\$ 110,192,777
<u>Program Expenses</u>			
Medical Claims	\$ 58,071,941	\$ 1,043,017	\$ 59,114,958
Prescription Drug Claims	18,454,988	331,466	18,786,454
Managed Care Capitations	2,839,449		2,839,449
Administration	3,289,340		3,289,340
Life Insurance	661,690		661,690
Wellness	253,805		253,805
Director's Discretionary Fund	255,783		256,460
WV RHBT Pay Go Premiums	22,681,138		22,681,138
Total Expenses	\$ 106,508,134	\$ 1,374,483	\$ 107,883,294
Fiscal Year Results	\$ 3,684,643		\$ 2,309,483
Beginning Plan Reserve	38,510,998		38,510,998
Ending Plan Reserve	\$ 42,195,641		\$ 40,820,481

KEY ASSUMPTIONS

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

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

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

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 421,952,067	\$ -	\$ 421,952,067
Employer Premiums - MCO	39,764,927	-	39,764,927
Employee Premiums - PPB	111,397,165	-	111,397,165
Employee Premiums - MCO	10,951,905	-	10,951,905
Direct Transfers	3,500,000		3,500,000
Investment Income	14,062,614		14,062,614
COBRA Premiums	2,454,457		2,454,457
Administrative Fees	4,127,621		4,127,621
Total Revenue	\$ 608,210,756	\$ -	\$ 608,210,756
<u>Program Expenses</u>			
Medical Claims	\$ 314,444,466	\$ 5,647,667	\$ 320,092,133
Prescription Drug Claims	112,769,567	2,025,429	114,794,996
Managed Care Capitations	35,973,871		35,973,871
Administration	17,708,660		17,708,660
Life Insurance	3,562,310		3,562,310
Wellness	1,366,395		1,366,395
Director's Discretionary Fund	1,427,918		1,431,697
WV RHBT Pay Go Premiums	127,318,862		127,318,862
Total Expenses	\$ 614,572,049	\$ 7,673,096	\$ 622,248,924
Fiscal Year Results	\$ (6,361,293)		\$ (14,038,168)
Beginning Plan Reserve	162,303,755		162,303,755
Ending Plan Reserve	\$ 155,942,462		\$ 148,265,587

KEY ASSUMPTIONS

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

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

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

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 102,474,801	\$ 4,843,459	\$ 107,318,260
Employer Premiums - MCO	3,311,994	156,541	3,468,535
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Direct Transfers	-	-	-
Investment Income	3,351,438		3,351,438
COBRA Premiums	660,534		660,534
Administrative Fees	682,380		682,380
Total Revenue	\$ 110,481,147	\$ 5,000,000	\$ 115,481,147
<u>Program Expenses</u>			
Medical Claims	\$ 62,936,817	\$ -	\$ 62,936,817
Prescription Drug Claims	20,658,430	-	20,658,430
Managed Care Capitations	3,009,816		3,009,816
Administration	3,453,807		3,453,807
Life Insurance	694,775		694,775
Wellness	253,805		253,805
Director's Discretionary Fund	253,373		253,373
WV RHBT Pay Go Premiums	24,985,337		24,985,337
Total Expenses	\$ 116,246,160	\$ -	\$ 116,246,160
Fiscal Year Results	\$ (5,765,013)		\$ (765,013)
Beginning Plan Reserve	42,195,641		40,820,481
Ending Plan Reserve	\$ 36,430,628		\$ 40,055,468

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 5,000,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	6.5%	10.0%
		Capitations		6.0%
		Administrative Expense		5.0%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2013

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 421,952,067	\$ 53,004,806	\$ 474,956,873
Employer Premiums - MCO	39,764,927	4,995,194	44,760,121
Employee Premiums - PPB	111,397,165	16,388,755	127,785,920
Employee Premiums - MCO	10,951,905	1,611,245	12,563,150
Direct Transfers	-		-
Investment Income	13,536,923		13,536,923
COBRA Premiums	2,742,651		2,742,651
Administrative Fees	4,127,621		4,127,621
Total Revenue	\$ 604,473,259	\$ 76,000,000	\$ 680,473,259
<u>Program Expenses</u>			
Medical Claims	\$ 340,747,891	\$ -	\$ 340,747,891
Prescription Drug Claims	126,219,713	-	126,219,713
Managed Care Capitations	38,132,304		38,132,304
Administration	18,594,093		18,594,093
Life Insurance	3,740,425		3,740,425
Wellness	1,366,395		1,366,395
Director's Discretionary Fund	1,415,353		1,415,353
WV RHBT Pay Go Premiums	140,253,311		140,253,311
Total Expenses	\$ 670,469,485	\$ -	\$ 670,469,485
Fiscal Year Results	\$ (65,996,226)		\$ 10,003,774
Beginning Plan Reserve	155,942,462		148,265,587
Ending Plan Reserve	\$ 89,946,236		\$ 158,269,361

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 58,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 18,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ -	State	6.5%	10.0%
		Capitations		6.0%
		Administrative Expense		5.0%

APPENDIX - BASELINE SCENARIO
PEIA - LOCAL FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2014

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 107,318,260	\$ 13,077,339	\$ 120,395,599
Employer Premiums - MCO	3,468,535	422,661	3,891,196
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Direct Transfers	-	-	-
Investment Income	3,378,008		3,378,008
COBRA Premiums	736,368		736,368
Administrative Fees	682,380		682,380
Total Revenue	\$ 115,583,551	\$ 13,500,000	\$ 129,083,551
<u>Program Expenses</u>			
Medical Claims	\$ 67,199,682	\$ -	\$ 67,199,682
Prescription Drug Claims	22,780,999	-	22,780,999
Managed Care Capitations	3,190,405		3,190,405
Administration	3,626,497		3,626,497
Life Insurance	729,513		729,513
Wellness	253,805		253,805
Director's Discretionary Fund	250,967		250,967
WV RHBT Pay Go Premiums	28,198,903		28,198,903
Total Expenses	\$ 126,230,771	\$ -	\$ 126,230,771
Fiscal Year Results	\$ (10,647,220)		\$ 2,852,780
Beginning Plan Reserve	36,430,628		40,055,468
Ending Plan Reserve	\$ 25,783,408		\$ 42,908,248

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 13,500,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	7.0%	10.5%
		Capitations		6.0%
		Administrative Expense		5.0%

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

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

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 474,956,874	\$ 54,832,558	\$ 529,789,432
Employer Premiums - MCO	44,760,120	5,167,442	49,927,562
Employee Premiums - PPB	127,785,920	13,657,296	141,443,216
Employee Premiums - MCO	12,563,149	1,342,704	13,905,853
Direct Transfers	-		-
Investment Income	14,616,626		14,616,626
COBRA Premiums	3,057,529		3,057,529
Administrative Fees	4,127,621		4,127,621
Total Revenue	\$ 681,867,839	\$ 75,000,000	\$ 756,867,839
<u>Program Expenses</u>			
Medical Claims	\$ 363,827,583	\$ -	\$ 363,827,583
Prescription Drug Claims	139,188,270	-	139,188,270
Managed Care Capitations	40,420,242		40,420,242
Administration	19,523,798		19,523,798
Life Insurance	3,927,447		3,927,447
Wellness	1,366,395		1,366,395
Director's Discretionary Fund	1,402,970		1,402,970
WV RHBT Pay Go Premiums	158,292,418		158,292,418
Total Expenses	\$ 727,949,123	\$ -	\$ 727,949,123
Fiscal Year Results	\$ (46,081,284)		\$ 28,918,716
Beginning Plan Reserve	89,946,236		158,269,361
Ending Plan Reserve	\$ 43,864,952		\$ 187,188,077

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 60,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 15,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ -	State	7.0%	10.5%
		Capitations		6.0%
		Administrative Expense		5.0%

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

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

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 120,395,599	\$ 19,858,182	\$ 140,253,781
Employer Premiums - MCO	3,891,196	641,818	4,533,014
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Direct Transfers	-	-	-
Investment Income	3,648,068		3,648,068
COBRA Premiums	818,201		818,201
Administrative Fees	682,380		682,380
Total Revenue	\$ 129,435,444	\$ 20,500,000	\$ 149,935,444
<u>Program Expenses</u>			
Medical Claims	\$ 72,087,411	\$ -	\$ 72,087,411
Prescription Drug Claims	25,235,601	-	25,235,601
Managed Care Capitations	3,381,829		3,381,829
Administration	3,807,822		3,807,822
Life Insurance	765,989		765,989
Wellness	253,805		253,805
Director's Discretionary Fund	247,619		247,619
WV RHBT Pay Go Premiums	32,601,474		32,601,474
Total Expenses	\$ 138,381,550	\$ -	\$ 138,381,550
Fiscal Year Results	\$ (8,946,106)		\$ 11,553,894
Beginning Plan Reserve	25,783,408		42,908,248
Ending Plan Reserve	\$ 16,837,302		\$ 54,462,142

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 20,500,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	7.5%	11.0%
		Capitations		6.0%
		Administrative Expense		5.0%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2015

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 529,789,432	\$ 54,832,558	\$ 584,621,990
Employer Premiums - MCO	49,927,562	5,167,442	55,095,004
Employee Premiums - PPB	141,443,216	13,657,296	155,100,512
Employee Premiums - MCO	13,905,853	1,342,704	15,248,557
Direct Transfers	-		-
Investment Income	16,973,100		16,973,100
COBRA Premiums	3,397,312		3,397,312
Administrative Fees	4,127,621		4,127,621
Total Revenue	\$ 759,564,096	\$ 75,000,000	\$ 834,564,096
<u>Program Expenses</u>			
Medical Claims	\$ 390,290,365	\$ -	\$ 390,290,365
Prescription Drug Claims	154,185,497	-	154,185,497
Managed Care Capitations	42,845,456		42,845,456
Administration	20,499,988		20,499,988
Life Insurance	4,123,819		4,123,819
Wellness	1,366,395		1,366,395
Director's Discretionary Fund	1,385,308		1,385,308
WV RHBT Pay Go Premiums	183,005,921		183,005,921
Total Expenses	\$ 797,702,749	\$ -	\$ 797,702,749
Fiscal Year Results	\$ (38,138,653)		\$ 36,861,347
Beginning Plan Reserve	43,864,952		187,188,077
Ending Plan Reserve	\$ 5,726,299		\$ 224,049,424

KEY ASSUMPTIONS

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

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

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

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 140,253,781	\$ 19,858,182	\$ 160,111,963
Employer Premiums - MCO	4,533,014	641,818	5,174,832
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Direct Transfers	-	-	-
Investment Income	4,492,943		4,492,943
COBRA Premiums	900,034		900,034
Administrative Fees	682,380		682,380
Total Revenue	\$ 150,862,152	\$ 20,500,000	\$ 171,362,152
<u>Program Expenses</u>			
Medical Claims	\$ 77,691,222	\$ -	\$ 77,691,222
Prescription Drug Claims	28,080,906	-	28,080,906
Managed Care Capitations	3,584,739		3,584,739
Administration	3,998,213		3,998,213
Life Insurance	804,289		804,289
Wellness	253,805		253,805
Director's Discretionary Fund	245,029		245,029
WV RHBT Pay Go Premiums	37,545,650		37,545,650
Total Expenses	\$ 152,203,853	\$ -	\$ 152,203,853
Fiscal Year Results	\$ (1,341,701)		\$ 19,158,299
Beginning Plan Reserve	16,837,302		54,462,142
Ending Plan Reserve	\$ 15,495,601		\$ 73,620,441

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 20,500,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	8.0%	11.5%
		Capitations		6.0%
		Administrative Expense		5.0%

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

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

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 584,621,990	\$ 54,832,558	\$ 639,454,548
Employer Premiums - MCO	55,095,004	5,167,442	60,262,446
Employee Premiums - PPB	155,100,512	13,657,296	168,757,808
Employee Premiums - MCO	15,248,557	1,342,704	16,591,261
Direct Transfers	-		-
Investment Income	19,898,356		19,898,356
COBRA Premiums	3,737,096		3,737,096
Administrative Fees	4,127,621		4,127,621
Total Revenue	\$ 837,829,136	\$ 75,000,000	\$ 912,829,136
<u>Program Expenses</u>			
Medical Claims	\$ 420,630,110	\$ -	\$ 420,630,110
Prescription Drug Claims	171,569,859	-	171,569,859
Managed Care Capitations	45,416,184		45,416,184
Administration	21,524,987		21,524,987
Life Insurance	4,330,010		4,330,010
Wellness	1,366,395		1,366,395
Director's Discretionary Fund	1,371,876		1,371,876
WV RHBT Pay Go Premiums	210,759,680		210,759,680
Total Expenses	\$ 876,969,101	\$ -	\$ 876,969,101
Fiscal Year Results	\$ (39,139,965)		\$ 35,860,035
Beginning Plan Reserve	5,726,299		224,049,424
Ending Plan Reserve	\$ (33,413,666)		\$ 259,909,459

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 60,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 15,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ -	State	8.0%	11.5%
		Capitations		6.0%
		Administrative Expense		5.0%

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

Fiscal Year 2010												
Exposure	<u>Jul-09</u>	<u>Aug-09</u>	<u>Sep-09</u>	<u>Oct-09</u>	<u>Nov-09</u>	<u>Dec-09</u>	<u>Jan-10</u>	<u>Feb-10</u>	<u>Mar-10</u>	<u>Apr-10</u>	<u>May-10</u>	<u>Jun-10</u>
Local Medical	22,112	22,187	22,245	22,348	22,448	22,578	22,499	22,452	22,429	22,231	21,810	21,970
State Medical	123,739	122,886	123,002	123,829	124,564	124,790	124,835	124,947	125,085	125,170	125,224	123,353
Local Drugs	22,112	22,187	22,245	22,348	22,448	22,578	22,499	22,452	22,429	22,231	21,810	21,970
State Drugs	123,739	122,886	123,002	123,829	124,564	124,790	124,835	124,947	125,085	125,170	125,224	123,353
Local Medical	<u>\$155.40</u>	<u>\$160.32</u>	<u>\$163.20</u>	<u>\$166.47</u>	<u>\$176.93</u>	<u>\$169.28</u>	<u>\$160.83</u>	<u>\$164.73</u>	<u>\$214.66</u>	<u>\$203.27</u>	<u>\$200.08</u>	<u>\$219.33</u>
State Medical	<u>\$166.75</u>	<u>\$166.24</u>	<u>\$166.52</u>	<u>\$173.57</u>	<u>\$174.42</u>	<u>\$166.27</u>	<u>\$174.18</u>	<u>\$180.19</u>	<u>\$205.09</u>	<u>\$200.12</u>	<u>\$192.16</u>	<u>\$235.30</u>
Local Drugs	<u>\$37.81</u>	<u>\$50.79</u>	<u>\$55.50</u>	<u>\$60.05</u>	<u>\$59.06</u>	<u>\$63.69</u>	<u>\$62.43</u>	<u>\$61.30</u>	<u>\$72.34</u>	<u>\$68.06</u>	<u>\$69.03</u>	<u>\$78.43</u>
State Drugs	<u>44.39</u>	<u>58.58</u>	<u>63.37</u>	<u>68.30</u>	<u>64.76</u>	<u>69.45</u>	<u>66.97</u>	<u>66.23</u>	<u>76.27</u>	<u>72.77</u>	<u>73.03</u>	<u>85.18</u>
Total	<u>\$404.35</u>	<u>\$435.93</u>	<u>\$448.60</u>	<u>\$468.40</u>	<u>\$475.18</u>	<u>\$468.69</u>	<u>\$464.42</u>	<u>\$472.44</u>	<u>\$568.36</u>	<u>\$544.22</u>	<u>\$534.30</u>	<u>\$618.23</u>
Change From Prior Year - Month to Month Analysis												
Local Medical	11.3%	17.8%	11.3%	2.0%	21.2%	9.1%	-8.5%	1.3%	13.4%	9.1%	20.9%	12.5%
State Medical	5.9%	-2.2%	4.1%	-3.8%	12.5%	-2.9%	-2.1%	3.2%	-0.2%	0.9%	1.4%	-1.1%
Local Drugs	-1.3%	-0.5%	2.9%	1.6%	9.9%	5.5%	2.9%	7.1%	16.7%	14.2%	15.6%	20.4%
State Drugs	<u>4.4%</u>	<u>7.2%</u>	<u>6.5%</u>	<u>9.5%</u>	<u>8.6%</u>	<u>4.8%</u>	<u>4.3%</u>	<u>10.0%</u>	<u>12.6%</u>	<u>11.2%</u>	<u>13.3%</u>	<u>12.2%</u>
Total	7.0%	5.9%	6.8%	0.7%	14.7%	3.4%	-2.9%	3.9%	8.4%	6.8%	11.5%	7.7%
Change From Prior Year - Quarter to Quarter Analysis												
Local Medical			13.4%			10.4%			2.4%			13.9%
State Medical			2.5%			1.5%			0.3%			0.3%
Local Drugs			0.6%			5.5%			9.0%			16.8%
State Drugs			<u>6.2%</u>			<u>7.6%</u>			<u>9.1%</u>			<u>12.2%</u>
Total			6.6%			6.0%			3.3%			8.6%
Change From Prior Year - Year to Year Analysis												
Local Medical			1.1%			4.6%			5.8%			9.9%
State Medical			6.2%			5.2%			3.4%			1.1%
Local Drugs			5.6%			3.6%			4.9%			8.5%
State Drugs			<u>6.2%</u>			<u>4.9%</u>			<u>7.0%</u>			<u>8.9%</u>
Total			4.2%			4.7%			4.9%			6.1%

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

Fiscal Year 2011												
Exposure	<u>Jul-10</u>	<u>Aug-10</u>	<u>Sep-10</u>	<u>Oct-10</u>	<u>Nov-10</u>	<u>Dec-10</u>	<u>Jan-11</u>	<u>Feb-11</u>	<u>Mar-11</u>	<u>Apr-11</u>	<u>May-11</u>	<u>Jun-11</u>
Local Medical	22,597	22,569	22,603	22,608	22,655	22,747	22,678	22,763	22,763	22,809	22,806	22,876
State Medical	127,260	126,578	124,811	126,188	126,966	127,475	127,808	128,049	128,192	128,243	128,343	128,456
Local Drugs	22,597	22,569	22,603	22,608	22,655	22,747	22,678	22,763	22,763	22,809	22,806	22,876
State Drugs	127,260	126,578	124,811	126,188	126,966	127,475	127,808	128,049	128,192	128,243	128,343	128,456
Local Medical	<u>\$166.62</u>	<u>\$169.01</u>	<u>\$174.68</u>	<u>\$176.24</u>	<u>\$189.07</u>	<u>\$169.20</u>	<u>\$183.57</u>	<u>\$185.26</u>	<u>\$216.97</u>	<u>\$192.59</u>	<u>\$221.41</u>	<u>\$237.73</u>
State Medical	<u>\$152.25</u>	<u>\$179.72</u>	<u>\$185.10</u>	<u>\$191.89</u>	<u>\$194.41</u>	<u>\$183.07</u>	<u>\$194.66</u>	<u>\$192.03</u>	<u>\$222.08</u>	<u>\$195.05</u>	<u>\$200.57</u>	<u>\$244.28</u>
Local Drugs	<u>\$43.91</u>	<u>\$59.46</u>	<u>\$63.23</u>	<u>\$63.66</u>	<u>\$65.81</u>	<u>\$69.83</u>	<u>\$67.21</u>	<u>\$70.13</u>	<u>\$76.10</u>	<u>\$71.16</u>	<u>\$73.38</u>	<u>\$78.50</u>
State Drugs	<u>47.73</u>	<u>65.64</u>	<u>69.64</u>	<u>70.96</u>	<u>72.38</u>	<u>78.35</u>	<u>75.65</u>	<u>71.79</u>	<u>82.50</u>	<u>76.50</u>	<u>78.76</u>	<u>87.91</u>
Total	<u>\$410.51</u>	<u>\$473.82</u>	<u>\$492.65</u>	<u>\$502.74</u>	<u>\$521.68</u>	<u>\$500.46</u>	<u>\$521.09</u>	<u>\$519.21</u>	<u>\$597.66</u>	<u>\$535.31</u>	<u>\$574.12</u>	<u>\$648.43</u>
Change From Prior Year - Month to Month Analysis												
Local Medical	7.2%	5.4%	7.0%	5.9%	6.9%	0.0%	14.1%	12.5%	1.1%	-5.3%	10.7%	8.4%
State Medical	-8.7%	8.1%	11.2%	10.6%	11.5%	10.1%	11.8%	6.6%	8.3%	-2.5%	4.4%	3.8%
Local Drugs	16.1%	17.1%	13.9%	6.0%	11.4%	9.6%	7.6%	14.4%	5.2%	4.5%	6.3%	0.1%
State Drugs	<u>7.5%</u>	<u>12.0%</u>	<u>9.9%</u>	<u>3.9%</u>	<u>11.8%</u>	<u>12.8%</u>	<u>12.9%</u>	<u>8.4%</u>	<u>8.2%</u>	<u>5.1%</u>	<u>7.9%</u>	<u>3.2%</u>
Total	1.5%	8.7%	9.8%	7.3%	9.8%	6.8%	12.2%	9.9%	5.2%	-1.6%	7.5%	4.9%
Change From Prior Year - Quarter to Quarter Analysis												
Local Medical			6.6%			4.3%			8.4%			4.7%
State Medical			3.5%			10.7%			8.8%			2.0%
Local Drugs			15.6%			9.0%			8.9%			3.5%
State Drugs			<u>10.0%</u>			<u>9.5%</u>			<u>9.8%</u>			<u>5.3%</u>
Total			6.8%			8.0%			8.8%			3.6%
Change From Prior Year - Year to Year Analysis												
Local Medical			8.3%			6.9%			8.4%			5.9%
State Medical			1.3%			3.4%			5.6%			6.1%
Local Drugs			11.6%			12.5%			12.4%			8.6%
State Drugs			<u>9.8%</u>			<u>10.2%</u>			<u>10.4%</u>			<u>8.5%</u>
Total			6.2%			6.7%			8.1%			6.7%

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

Fiscal Year 2012

Exposure

	<u>Jul-11</u>	<u>Aug-11</u>
Local Medical	23,012	22,957
State Medical	127,873	126,891
Local Drugs	23,012	22,957
State Drugs	127,873	126,891

	<u>Jul-11</u>	<u>Aug-11</u>
Local Medical	\$151.11	\$198.35
State Medical	\$166.74	\$202.94
Local Drugs	\$45.31	\$63.26
State Drugs	<u>51.56</u>	<u>69.28</u>
Total	\$414.73	\$533.82

Change From Prior Year - Month to Month Analysis

Local Medical	-9.3%	17.4%
State Medical	9.5%	12.9%
Local Drugs	3.2%	6.4%
State Drugs	<u>8.0%</u>	<u>5.5%</u>
Total	1.0%	12.7%

Change From Prior Year - Quarter to Quarter Analysis

Local Medical
State Medical
Local Drugs
State Drugs
Total

Change From Prior Year - Year to Year Analysis

Local Medical
State Medical
Local Drugs
State Drugs
Total