

# STATE OF WEST VIRGINIA



## **PUBLIC EMPLOYEES INSURANCE AGENCY**

**Fiscal Year 2017  
Financial Report**

**Fiscal Years 2017-2022**

*Report Date: October 2017*

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Finance Board  
West Virginia Public Employees Insurance Agency  
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Ladies and Gentlemen:

I, Dave Bond, am a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries, and the Managing Partner in the firm of Continuing Care Actuaries.

Continuing Care Actuaries has been retained by the West Virginia Public Employees Insurance Agency Finance Board (“Board”) to assist it as provided under Code of the West Virginia 1931 (“Code”), as amended. The Board has asked Continuing Care Actuaries to review the financial plan prepared and proposed by the Board in December 2016 for the fiscal year 2018 (“FY 2018”) and to provide quarterly financial reports for current FY 2017 and thereafter. Our analysis is developed on an accrued and incurred reporting basis for a projection period of five years as required by the Code.

Under the statutory Code provisions, it is the Board’s responsibility to prepare a proposed financial plan designed to generate revenues sufficient to meet all insurance program and administrative costs of the West Virginia Public Employees Insurance Agency (“PEIA”). The Board is required to provide a financing plan in which the State Fund revenue costs are financed 80% by state employers and 20% by state employees in FY 2017 and in subsequent fiscal years. In subsequent fiscal years, future transfers of employer and employee funds may be needed to obtain the 80% and 20% split between employer and employee, depending on future enrollment and coverage elections by insureds.

The Board is also charged with the responsibility to review actual costs incurred, any revised cost estimates, expenditures, and other factors affecting the fiscal stability of the plan and to make any modifications to the plan necessary to insure that the total financial requirements of PEIA are met for the projection period. We have been asked to review the proposed financial plan, and as supported by our work, to render an actuarial opinion stating whether the plan may be reasonably expected to generate sufficient revenues to meet estimated insurance program and administrative costs of PEIA through FY 2022.

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 2017 and subsequently. We are assuming that the Bill will continue throughout the five year forecast period.

Continuing Care Actuaries has provided financial report for fiscal years ending June 30, 2017 (“FY 2017”), June 30, 2018 (“FY 2018”), June 30, 2019 (“FY 2019”), June 30, 2020 (“FY 2020”), June 30, 2021 (“FY 2021”) and June 30, 2022 (“FY 2022”). Our opinion of plan adequacy is based on the projections through FY 2022 using updated future revenue and plan modifications provided by the Board in the financial plan adopted in December 2016. This forecast is prepared for the Public Employee Insurance Agency, and does not include actuarial projections for the West Virginia Retiree Health Benefit Trust Fund.

In reviewing the plan, Continuing Care Actuaries utilized information concerning the plan’s prior experience, covered individuals, plan revenues, plan benefits, plan administrative costs, and other expenses. This information was developed and provided by PEIA, the plan’s third party administrators and other sources. In our review, we completely relied on the accuracy of this information and did not perform any due diligence on the information. The enclosed forecasts include anticipated changes from the federal statute Patient Protection and Affordable Care Act (“PPACA”) signed into law on March 23, 2010. Additional details of the benefit reductions can be found later in this report. In addition, it is noteworthy that some current PEIA members have become eligible for the West Virginia Children Health Insurance Plan effective in Fiscal Year 2016.

In FY 2017 the Pay-Go is equivalent to \$292 per retiree per month. In future years, the Pay Go premium may increase by a maximum of 3% per retiree per year, indexed to the initial fixed subsidy determined in FY 2013. The new Pay-Go premium formula is based on the financial plan approved by the Financial Board in December 2016.

This report includes updated claim trend assumptions as recommended in the report titled, “PEIA FY2016 Detailed Medical and Prescription Drugs Claim Trend Report - November 2016”. In the circumstances and subject to the conditions described herein, we believe the financial plan approved by the Board for FY 2017 through FY 2022 may be reasonably expected to generate sufficient revenues, when combined with the existing surplus, to meet estimated insurance program and administrative costs of PEIA. In addition, we are forecasting that PEIA will meet the minimum 20% employee cost share requirement for state revenue in FY 2017 based on the scheduled revenue increases of the financial plan approved and amended by the Board in December 2016.

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 2022 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,

A handwritten signature in blue ink that reads "Dave Bond". The signature is written in a cursive, slightly slanted style.

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

A handwritten signature in blue ink that reads "Christopher J. Borcik". The signature is written in a cursive, slightly slanted style.

Chris Borcik, F.S.A., F.C.A., M.A.A.A.  
Principal

# West Virginia Public Employees Insurance Agency

## Report of Independent Actuary

### Financial Plan for FY 2017 – FY 2022

#### OVERVIEW

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

This report was compiled utilizing claims data collected by PEIA's third party administrators through August 2017 for prescription drugs and medical claims. Enrollment data, administrative expenses, managed care capitations, and plan revenues were provided at special request from PEIA. Revenue assumptions are based on premium rates, assumed investment income and significant general and special revenue allocations provided by the Governor, some of which have not been approved by the West Virginia Legislature. In addition, other information became available through presentations made at the Board meetings, which has been used in arriving at our conclusions.

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

## **KEY ASSUMPTIONS**

### **A. Enrollment Changes**

These projections include the assumption that Preferred Provider Benefit (“PPB”) and managed care enrollment will not change from September 2017 enrollment levels for the duration of these forecasts for active employees.

In aggregate, September 2017 enrollment for active employees has decreased by 1,384 coverages since the end of FY 2017. Aggregate PPB enrollment has decreased by 1,295 in total over the same period, while managed care enrollment experienced a decrease of 89 coverages.

In the State Fund, the overall active State enrollment decreased by 1,397 coverages from the end of FY 2017 to September 2017. And in the Local Fund, the overall active Local enrollment increased by 13 coverages from the end of FY 2017 to September 2017.

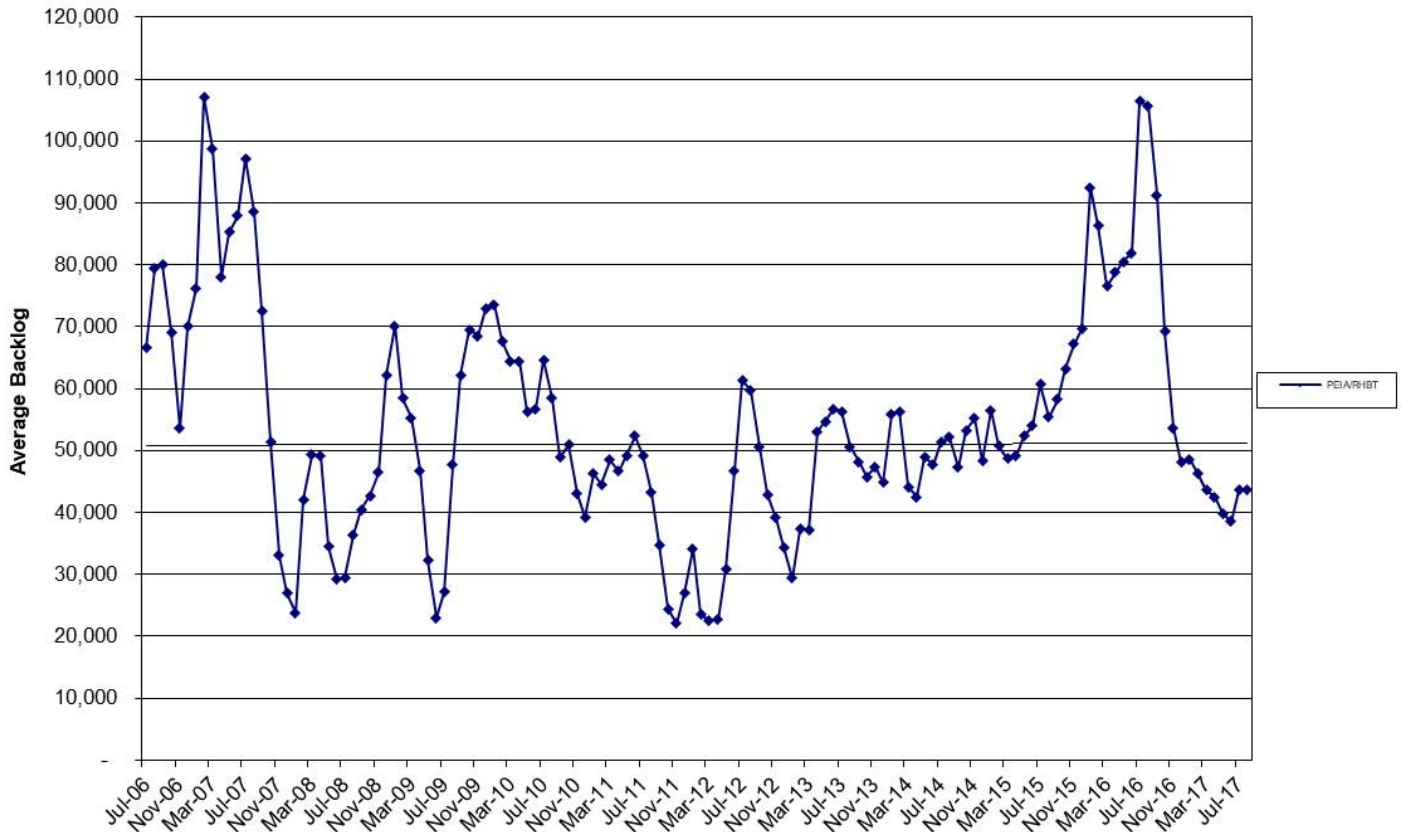
The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2016, June 2017 and September 2017 for purposes of comparison:

PEIA Fund	Coverage	Preferred Provider Benefit			Managed Care		
		Jun-16	Jun-17	Sep-17	Jun-16	Jun-17	Sep-17
State Active	Single	22,035	21,482	20,966	1,946	2,160	2,140
	Children	6,250	6,017	5,835	591	603	601
	Family	29,925	28,946	28,335	2,782	2,850	2,784
	Total	58,210	56,445	55,136	5,319	5,613	5,525
Local Active	Single	5,204	5,391	5,398	399	422	423
	Children	959	961	928	106	104	108
	Family	5,724	5,658	5,698	187	194	188
	Total	11,887	12,010	12,024	692	720	719
Plan Total		70,097	68,455	67,160	6,011	6,333	6,244
Grand Total					76,108	74,788	73,404

## B. Changes in Claim Backlog

It should be noted that on July 1, 2006, all retirees were transferred to the RHBT. The chart below has not been adjusted to reflect the smaller risk pool. It has displayed the duration of claim payments that has been gradually declining for the self-insured block of non-Medicare coverages. Backlog has shown a historically flat trend since July 2006. However, it indicates a recent downward trend since the beginning of FY 2017.

WV PEIA&RHBT Claim Backlog July 2006 through August 2017



### C. Trend Analysis

PEIA experienced slightly higher medical and prescription drug trends in FY 2017, but over the past few years, trends have been beneficial to the plan. Continuing Care Actuaries performed the detailed medical and prescription drugs trend analysis in the report titled, “PEIA FY2016 Detailed Medical and Prescription Drugs Claim Trend Report - November 2016”. This report includes the detailed trend analysis of PEIA experience by medical and prescription drugs. Based on the analysis, the FY 2018 medical claim trend is 7.5% and the prescription drug claim trend is 11.5%.

The current trend projection is shown in the following table:

Claim Type	FY 2018 Trend
Active Local – Medical	7.5%
State – Medical	7.5%
Active Local – Drugs	11.5%
State – Drugs	11.5%

In addition, we have assumed that trends will increase by 0.5% in each successive fiscal year beginning in FY 2019. 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 2017. It is important to note that these trends ***have not*** been adjusted to reflect savings as a result of the expansion of the drug rebate program or the claim savings due to changes in provider reimbursement methodologies, nor the changes in the benefit structure. In developing the claim cost projection, we have reflected for benefit and reimbursement changes as an adjustment to the gross trend assumption.

**PEIA Historical Trends (Active Local and State)**

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

\* Fiscal Year 2018 results are through the first two months ending August 2017.

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

Using PEIA paid claim data through August 2017 for medical claims and for prescription drugs claims, average annualized incurred unit claim costs were developed for the State Fund and the Local Fund for both self-funded and managed care coverages. Continuing Care Actuaries has developed the claim cost on an adjusted exposure basis using the respective expected claim cost for each coverage type. The adjusted exposure methodology weighs the expected claim cost under each coverage type for single, member and children, and family coverages based on observed differences in health care cost. For example, under this methodology single coverage types are given a weight of 1.0 exposure, whereas member and children coverages are given a greater weighting based on historical expected health care cost relationships. Based on this methodology, the result of FY 2017 and the projection of FY 2018 claims and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

Fiscal Year 2017 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	56,869	\$562	\$138	\$492	\$173	
	<u>Managed Care</u>	<u>5,596</u>	\$575	\$155			\$565
	Total	62,465					
Local	PPB	11,981	\$591	\$0	\$468	\$145	
	<u>Managed Care</u>	<u>726</u>	\$483	\$0			\$428
	Total	12,707					

\*Net of rebates and subsidies.

Fiscal Year 2018 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	55,236	\$552	\$140	\$490	\$179	
	<u>Managed Care</u>	<u>5,528</u>	\$572	\$153			\$607
	Total	60,764					
Local	PPB	12,029	\$623	\$0	\$461	\$149	
	<u>Managed Care</u>	<u>720</u>	\$508	\$0			\$458
	Total	12,749					

\*Net of rebates and subsidies.

Projected plan revenues, administrative expenses, life insurance premiums, and the amount to be spent on wellness programs were provided by PEIA. Investment income is currently allocated to each fund based on average reserve levels for each fund. The following chart summarizes assumptions used in preparation of the attached forecasts.

**Board Decisions – December 2016**  
(Revised for plan performance)

Source	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
<b>Additional State Employer Revenue</b>	\$0	\$37,000,000	\$52,000,000	\$55,500,000	\$61,000,000
<b>Additional Local Agency Revenue</b>	\$6,600,000	\$16,000,000	\$16,000,000	\$14,500,000	\$16,000,000
<b>Additional Employee Premium</b>	\$0	\$9,300,000	\$13,000,000	\$13,900,000	\$15,300,000
<b>State Direct Transfer</b>	\$10,000,000	\$10,000,000	\$10,000,000	\$0	\$0
<b>Benefit Reductions and Savings / (Increase) - Active State</b>	\$31,765,000	\$0	\$0	\$0	\$0
<b>Benefit Reductions and Savings / (Increase) - Active Local</b>	\$7,174,000	\$0	\$0	\$0	\$0
<b>PPACA Reinsurance Contributions (Cost)</b>	\$0	\$0	\$0	\$0	\$0
<b>PPACA Comparative Effectiveness Research Fees (Cost)</b>	(\$322,586)	(\$320,561)	\$0	\$0	\$0
<b>Pay Go Premium Transfer</b>	\$160,000,000	\$170,000,000	\$180,000,000	\$190,000,000	\$200,000,000

The \$31,765,000 of Active State benefit reductions and savings in Fiscal Year 2018 is comprised of the following:

	<u>2018 Claim Cost Savings</u>
Medical Claims	\$23.887 M
Drug Claims	\$7.878 M

The \$7,174,000 of Active Local benefit reductions in Fiscal Year 2018 is comprised of the following:

	<u>2018 Claim Cost Savings</u>
Medical Claims	\$5.560 M
Drug Claims	\$1.614 M

A detailed list of the 2018 benefit reductions and savings for the Active Employee plan as voted on by the Board consists of the following:

	<u>State Saving</u>	<u>Local Saving</u>
Fee Schedules Payment Changes	\$0.929 M	\$0.164 M
Ded/MOOP Increases \$200/400 & \$1,000/2,000	\$19.430 M	\$0 M
Non State \$200/400 & \$1,000/2,000	\$0 M	\$4.320 M
Plan A, B & D Changes	\$3.100 M	\$1.000 M
Office Visits All PCP Copays \$20	\$0.428 M	\$0.076 M
<b>Total Medical Benefit Reductions</b>	<b>\$23.887 M</b>	<b>\$5.560 M</b>
Rx Mandatory Maintenance (90 Days)	\$7.669 M	\$1.571 M
Rx Specialty Copay Increases	\$0.209 M	\$0.043 M
<b>Total Drugs Savings</b>	<b>\$7.878 M</b>	<b>\$1.614 M</b>
<b>Total Benefit Reductions and Savings</b>	<b>\$31.765 M</b>	<b>\$7.174 M</b>

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

Under the final rule, issuers would be required to pay a reinsurance contribution of \$5.25 per member per month to HHS in 2014. The \$5.25 contribution rate would gradually decrease in 2016. From 2017 and beyond, no further reinsurance contributions will be collected. PEIA will not receive any benefit payments from the national reinsurance program. PEIA will be subject to paying the reinsurance contributions through FY 2017 and the projected expenses of the reinsurance contributions are included in the current financial plan. The total reinsurance contributions for the financial projection are \$2,110,659 in FY 2017.

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

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

It is anticipated that PEIA would accrue and pay these fees through FY 2019. The fee would be \$2 per member per year. The total comparative effectiveness research fees for the financial projection are estimated to be approximately \$1,298,000, with \$655,025 in FY 2017.

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.

## **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 2017 RESULT**

The financial result for FY 2017 under the Baseline scenario is presented in the Appendix. The Baseline result for FY 2017 ends with accrued revenue of \$795,700,319 and incurred plan expenses of \$751,646,013 to produce a fiscal year surplus of \$44,054,306. The PEIA local and state agencies Pay Go premiums for FY 2017 are \$148,908,694.

Under the Baseline Scenario, FY 2017 ends with a reserve of \$149,044,191 and the FY 2018 PEIA/RHBT combined, projected plan expenditures of \$857,842,124, which represents 17% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$117,446,461. This reserve is comprised of 15% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario.

### **FISCAL YEAR 2018 FORECAST**

The financial forecast for FY 2018 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2018 projects accrued revenue of \$786,488,157 and incurred plan expenses of \$754,705,310 to produce a fiscal year surplus of \$31,782,847. The PEIA local and state agencies Pay Go premiums for FY 2018 are assumed to be \$160,000,000.

Under the Baseline Scenario, FY 2018 is projected to end with a reserve of \$180,827,038 and the FY 2019 PEIA/RHBT combined, projected plan expenditures of \$853,829,751, which represents 21% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$116,597,096. This reserve is comprised of 15% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending reserve is expected to increase to \$186,208,982 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$175,474,866.

### **FISCAL YEAR 2019 FORECAST**

The financial forecast for FY 2019 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2019 projects accrued revenue of \$850,478,224 and incurred plan expenses of \$818,433,630 to produce a fiscal year surplus of \$32,044,594. The PEIA local and state agencies Pay Go premiums for FY 2019 are assumed to be \$170,000,000.

Under the Baseline Scenario, FY 2019 is projected to end with a reserve of \$212,871,633 and the FY 2020 PEIA/RHBT combined, projected plan expenditures of \$926,097,901, which represents 23% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$126,516,789. This reserve is comprised of 15% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending reserve is expected to increase to \$234,836,544 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$190,755,418.

## **FISCAL YEAR 2020 FORECAST**

The financial forecast for FY 2020 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2020 projects accrued revenue of \$933,247,708 and incurred plan expenses of \$886,216,207 to produce a fiscal year surplus of \$47,031,501. The PEIA local and state agencies Pay Go premiums for FY 2020 are assumed to be \$180,000,000.

Under the Baseline Scenario, FY 2020 is projected to end with a reserve of \$259,903,134 and the FY 2021 PEIA/RHBT combined, projected plan expenditures of \$1,017,810,260, which represents 26% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$138,908,845. This reserve is comprised of 15% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending reserve is expected to increase to \$311,873,579 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$206,917,581.

## **FISCAL YEAR 2021 FORECAST**

The financial forecast for FY 2021 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2021 projects accrued revenue of \$1,009,552,673 and incurred plan expenses of \$962,655,113 to produce a fiscal year surplus of \$46,897,560. The PEIA local and state agencies Pay Go premiums for FY 2021 are assumed to be \$190,000,000.

Under the Baseline Scenario, FY 2021 is projected to end with a reserve of \$306,800,693 and the FY 2022 PEIA/RHBT combined, projected plan expenditures of \$1,124,178,015, which represents 27% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$153,270,068. This reserve is comprised of 15% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending reserve is expected to increase to \$404,907,371 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$205,513,613.

## **FISCAL YEAR 2022 FORECAST**

The financial forecast for FY 2022 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2022 projects accrued revenue of \$1,104,306,037 and incurred plan expenses of \$1,048,893,440 to produce a fiscal year surplus of \$55,412,597. The PEIA local and state agencies Pay Go premiums for FY 2022 are assumed to be \$200,000,000.

Under the Baseline Scenario, FY 2022 is projected to end with a reserve of \$362,213,290 and the FY 2023 PEIA/RHBT combined, projected plan expenditures of \$1,247,537,972, which represents 29% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$169,921,844. This reserve is comprised of 15% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending reserve is expected to increase to \$525,888,773 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$191,079,979.

## **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 minimum actuarial required reserve target through the projection period ending with the Fiscal Year 2022, using the Baseline assumptions. These projections are based on significant revenue increases as contained in the Financial Plan adopted by the Board in December 2016 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 RESULT  
FISCAL YEAR 2017**

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

	<b>Active Local Fund</b>	<b>State Fund</b>	<b>PEIA Total</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 84,984,393	\$ 383,704,595	\$ 468,688,987
Employer Premiums - MCO	4,209,826	38,618,225	42,828,051
Employee Premiums - PPB	-	94,497,872	94,497,872
Employee Premiums - MCO	-	10,419,984	10,419,984
WV RHBT Pay Go Premiums	25,171,791	123,736,903	148,908,694
Life Insurance	198,948	1,061,714	1,260,662
Direct Transfers	-	10,000,000	10,000,000
Investment Income	3,669,370	9,138,192	12,807,562
Litigation Settlement	-	-	-
COBRA Premiums	277,137	1,150,719	1,427,856
Administrative Fees	743,139	4,117,511	4,860,650
<b>Total Revenue</b>	<b>\$ 119,254,604</b>	<b>\$ 676,445,715</b>	<b>\$ 795,700,319</b>
<u>Program Expenses</u>			
Medical Claims	\$ 67,325,374	\$ 335,702,697	\$ 403,028,071
Prescription Drug Claims	20,818,729	117,730,123	138,548,852
Managed Care Capitations	3,731,067	37,969,354	41,700,421
Administration	2,195,710	11,717,698	13,913,408
Life Insurance	198,948	1,061,714	1,260,662
Wellness	239,910	1,280,312	1,520,222
ACA Reinsurance Contributions	333,088	1,777,570	2,110,658
ACA Comparative Effectiveness Research Fees	101,285	553,740	655,025
Computer Software Reserve	-	-	-
Director's Discretionary Fund	-	-	-
WV RHBT Pay Go Premiums	25,171,791	123,736,903	148,908,694
<b>Total Expenses</b>	<b>\$ 120,115,902</b>	<b>\$ 631,530,111</b>	<b>\$ 751,646,013</b>
Fiscal Year Results	\$ (861,298)	\$ 44,915,604	\$ 44,054,306
Beginning Plan Reserve	38,699,754	66,290,131	104,989,885
Ending Plan Reserve	\$ 37,838,456	\$ 111,205,735	\$ 149,044,191
Reserve as a Percent of Expenses			17%

**KEY ASSUMPTIONS**

Additional State Employer Premiums	\$ 66,800,000	<b>Claim and Other Expense Trends</b>		
Additional Local Agency Revenue	\$ 4,150,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 14,500,000	Active Local	7.0%	11.0%
Direct Transfers	\$ 10,000,000	State	7.0%	11.0%
		Capitations		13.2%
		Administrative Expense		-15.8%

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

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

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

<b>Local Fund</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 84,984,393	\$ -	\$ 84,984,393
Employer Premiums - MCO	4,209,826	-	4,209,826
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	25,171,791		25,171,791
Life Insurance	198,948		198,948
Direct Transfers	-		-
Investment Income	3,669,370		3,669,370
Litigation Settlement	-		-
COBRA Premiums	277,137		277,137
Administrative Fees	743,139		743,139
<b>Total Revenue</b>	<b>\$ 119,254,604</b>	<b>\$ -</b>	<b>\$ 119,254,604</b>
<u>Program Expenses</u>			
Medical Claims	\$ 68,150,374	\$ (825,000)	\$ 67,325,374
Prescription Drug Claims	20,818,729	\$ -	20,818,729
Managed Care Capitations	3,731,067		3,731,067
Administration	2,195,710		2,195,710
Life Insurance	198,948		198,948
Wellness	239,910		239,910
ACA Reinsurance Contributions	333,088		333,088
ACA Comparative Effectiveness Research Fees	101,285		101,285
Computer Software Reserve	-		-
Director's Discretionary Fund	-		-
WV RHBT Pay Go Premiums	25,171,791		25,171,791
<b>Total Expenses</b>	<b>\$ 120,940,902</b>	<b>\$ (825,000)</b>	<b>\$ 120,115,902</b>
<b>Fiscal Year Results</b>	<b>\$ (1,686,298)</b>		<b>\$ (861,298)</b>
Beginning Plan Reserve	38,699,754		38,699,754
Ending Plan Reserve	\$ 37,013,456		\$ 37,838,456
Reserve as a Percent of Expenses			27%

**KEY ASSUMPTIONS**

Additional Local Agency Revenue	\$ 4,150,000	<b>Claim and Other Expense Trends</b>	
		<u>Eligibility</u>	<u>Medical</u>
		Local	7.0%
			<u>Drugs</u>
		Capitations	13.2%
		Administrative Expense	-15.8%

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

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

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

<b>State Fund</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 383,704,595	\$ -	\$ 383,704,595
Employer Premiums - MCO	38,618,225	-	38,618,225
Employee Premiums - PPB	94,497,872	-	94,497,872
Employee Premiums - MCO	10,419,984	-	10,419,984
WV RHBT Pay Go Premiums	123,736,903		123,736,903
Life Insurance	1,061,714		1,061,714
Direct Transfers	10,000,000		10,000,000
Investment Income	9,138,192		9,138,192
Litigation Settlement	-		-
COBRA Premiums	1,150,719		1,150,719
Administrative Fees	4,117,511		4,117,511
<b>Total Revenue</b>	<b>\$ 676,445,715</b>	<b>\$ -</b>	<b>\$ 676,445,715</b>
<u>Program Expenses</u>			
Medical Claims	\$ 339,777,697	\$ (4,075,000)	\$ 335,702,697
Prescription Drug Claims	141,130,123	\$ (23,400,000)	117,730,123
Managed Care Capitations	37,969,354	-	37,969,354
Administration	11,717,698		11,717,698
Life Insurance	1,061,714		1,061,714
Wellness	1,280,312		1,280,312
ACA Reinsurance Contributions	1,777,570		1,777,570
ACA Comparative Effectiveness Research Fees	553,740		553,740
Computer Software Reserve	-		-
Director's Discretionary Fund	-		-
WV RHBT Pay Go Premiums	123,736,903		123,736,903
<b>Total Expenses</b>	<b>\$ 659,005,111</b>	<b>\$ (27,475,000)</b>	<b>\$ 631,530,111</b>
Fiscal Year Results	\$ 17,440,604		\$ 44,915,604
Beginning Plan Reserve	66,290,131		66,290,131
Ending Plan Reserve	\$ 83,730,735		\$ 111,205,735
Reserve as a Percent of Expenses			15%

**KEY ASSUMPTIONS**

Additional State Employer Premiums	\$ 66,800,000	<b>Claim and Other Expense Trends</b>		
Additional State Employee Premiums	\$ 14,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ 10,000,000	State	7.0%	11.0%
		Capitations		13.2%
		Administrative Expense		-15.8%

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

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

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

	<b>Active Local Fund</b>	<b>State Fund</b>	<b>PEIA Total</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 89,958,472	\$ 365,783,184	\$ 455,741,656
Employer Premiums - MCO	4,392,568	37,955,795	42,348,363
Employee Premiums - PPB	-	92,631,534	92,631,534
Employee Premiums - MCO	-	10,168,594	10,168,594
WV RHBT Pay Go Premiums	27,747,031	132,252,969	160,000,000
Life Insurance	208,896	1,114,799	1,323,695
Direct Transfers	-	10,000,000	10,000,000
Investment Income	1,853,426	6,161,542	8,014,968
Litigation Settlement	-	-	-
COBRA Premiums	293,159	1,105,538	1,398,697
Administrative Fees	743,139	4,117,511	4,860,650
<b>Total Revenue</b>	<b>\$ 125,196,690</b>	<b>\$ 661,291,467</b>	<b>\$ 786,488,157</b>
<u>Program Expenses</u>			
Medical Claims	\$ 66,519,957	\$ 324,767,178	\$ 391,287,135
Prescription Drug Claims	21,506,322	118,957,682	140,464,005
Managed Care Capitations	3,954,932	40,247,515	44,202,447
Administration	1,912,347	10,205,494	12,117,841
Life Insurance	208,896	1,114,799	1,323,695
Wellness	514,486	2,745,625	3,260,111
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	49,352	273,235	322,587
Computer Software Reserve	-	-	-
Director's Discretionary Fund	285,969	1,441,520	1,727,489
WV RHBT Pay Go Premiums	27,747,031	132,252,969	160,000,000
<b>Total Expenses</b>	<b>\$ 122,699,293</b>	<b>\$ 632,006,017</b>	<b>\$ 754,705,310</b>
Fiscal Year Results	\$ 2,497,397	\$ 29,285,450	\$ 31,782,847
Beginning Plan Reserve	37,838,456	111,205,735	149,044,191
Ending Plan Reserve	\$ 40,335,853	\$ 140,491,185	\$ 180,827,038
Reserve as a Percent of Expenses			21%

**KEY ASSUMPTIONS**

Additional State Employer Premiums	\$ -	<b>Claim and Other Expense Trends</b>		
Additional Local Agency Revenue	\$ 6,600,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ -	Active Local	7.5%	11.5%
Direct Transfers	\$ 10,000,000	State	7.5%	11.5%
		Capitations		6.0%
		Administrative Expense		3.0%

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

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

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

<b>Local Fund</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 89,958,472	\$ -	\$ 89,958,472
Employer Premiums - MCO	4,392,568	-	4,392,568
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	27,747,031		27,747,031
Life Insurance	208,896		208,896
Direct Transfers	-		-
Investment Income	1,853,426		1,853,426
Litigation Settlement	-		-
COBRA Premiums	293,159		293,159
Administrative Fees	743,139		743,139
<b>Total Revenue</b>	<b>\$ 125,196,690</b>	<b>\$ -</b>	<b>\$ 125,196,690</b>
<u>Program Expenses</u>			
Medical Claims	\$ 72,079,957	\$ (5,560,000)	\$ 66,519,957
Prescription Drug Claims	23,120,322	\$ (1,614,000)	21,506,322
Managed Care Capitations	3,954,932		3,954,932
Administration	1,912,347		1,912,347
Life Insurance	208,896		208,896
Wellness	514,486		514,486
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	49,352		49,352
Computer Software Reserve	-		-
Director's Discretionary Fund	285,969		285,969
WV RHBT Pay Go Premiums	27,747,031		27,747,031
<b>Total Expenses</b>	<b>\$ 129,873,292</b>	<b>\$ (7,174,000)</b>	<b>\$ 122,699,292</b>
Fiscal Year Results	\$ (4,676,602)		\$ 2,497,398
Beginning Plan Reserve	37,838,456		37,838,456
Ending Plan Reserve	\$ 33,161,854		\$ 40,335,854
Reserve as a Percent of Expenses			29%

**KEY ASSUMPTIONS**

Additional Local Agency Revenue	\$ 6,600,000	<b>Claim and Other Expense Trends</b>		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	7.5%	11.5%
		Capitations		6.0%
		Administrative Expense		3.0%

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

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

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

<b>State Fund</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 365,783,184	\$ -	\$ 365,783,184
Employer Premiums - MCO	37,955,795	-	37,955,795
Employee Premiums - PPB	92,631,534	-	92,631,534
Employee Premiums - MCO	10,168,594	-	10,168,594
WV RHBT Pay Go Premiums	132,252,969		132,252,969
Life Insurance	1,114,799		1,114,799
Direct Transfers	10,000,000		10,000,000
Investment Income	6,161,542		6,161,542
Litigation Settlement	-		-
COBRA Premiums	1,105,538		1,105,538
Administrative Fees	4,117,511		4,117,511
<b>Total Revenue</b>	<b>\$ 661,291,467</b>	<b>\$ -</b>	<b>\$ 661,291,467</b>
<u>Program Expenses</u>			
Medical Claims	\$ 348,654,178	\$ (23,887,000)	\$ 324,767,178
Prescription Drug Claims	126,835,682	\$ (7,878,000)	118,957,682
Managed Care Capitations	40,247,515		40,247,515
Administration	10,205,494		10,205,494
Life Insurance	1,114,799		1,114,799
Wellness	2,745,625		2,745,625
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	273,235		273,235
Computer Software Reserve	-		-
Director's Discretionary Fund	1,441,520		1,441,520
WV RHBT Pay Go Premiums	132,252,969		132,252,969
<b>Total Expenses</b>	<b>\$ 663,771,017</b>	<b>\$ (31,765,000)</b>	<b>\$ 632,006,017</b>
Fiscal Year Results	\$ (2,479,550)		\$ 29,285,450
Beginning Plan Reserve	111,205,735		111,205,735
Ending Plan Reserve	\$ 108,726,185		\$ 140,491,185
Reserve as a Percent of Expenses			20%

**KEY ASSUMPTIONS**

Additional State Employer Premiums	\$ -	<b>Claim and Other Expense Trends</b>		
Additional State Employee Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ 10,000,000	State	7.5%	11.5%
		Capitations		6.0%
		Administrative Expense		3.0%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
FINANCIAL FORECAST  
FISCAL YEAR 2019**

**PERIOD 7/1/2018 - 6/30/2019**

	<b>Active Local Fund</b>	<b>State Fund</b>	<b>PEIA Total</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 102,909,145	\$ 393,815,485	\$ 496,724,630
Employer Premiums - MCO	5,039,276	40,845,588	45,884,864
Employee Premiums - PPB	-	99,648,572	99,648,572
Employee Premiums - MCO	-	10,932,080	10,932,080
WV RHBT Pay Go Premiums	30,149,647	139,850,353	170,000,000
Life Insurance	219,340	1,170,539	1,389,879
Direct Transfers	-	10,000,000	10,000,000
Investment Income	1,990,928	7,521,206	9,512,134
Litigation Settlement	-	-	-
COBRA Premiums	335,408	1,190,007	1,525,415
Administrative Fees	743,139	4,117,511	4,860,650
<b>Total Revenue</b>	<b>\$ 141,386,884</b>	<b>\$ 709,091,340</b>	<b>\$ 850,478,224</b>
<u>Program Expenses</u>			
Medical Claims	\$ 71,664,425	\$ 349,333,301	\$ 420,997,726
Prescription Drug Claims	24,029,976	132,710,913	156,740,889
Managed Care Capitations	4,192,227	42,662,366	46,854,593
Administration	2,375,980	12,679,736	15,055,716
Life Insurance	219,340	1,170,539	1,389,879
Wellness	844,297	4,505,703	5,350,000
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	48,781	271,780	320,561
Computer Software Reserve	-	-	-
Director's Discretionary Fund	285,601	1,438,665	1,724,266
WV RHBT Pay Go Premiums	30,149,647	139,850,353	170,000,000
<b>Total Expenses</b>	<b>\$ 133,810,274</b>	<b>\$ 684,623,355</b>	<b>\$ 818,433,630</b>
Fiscal Year Results	\$ 7,576,610	\$ 24,467,985	\$ 32,044,594
Beginning Plan Reserve	40,335,853	140,491,185	180,827,038
Ending Plan Reserve	\$ 47,912,463	\$ 164,959,170	\$ 212,871,633
Reserve as a Percent of Expenses			23%

**KEY ASSUMPTIONS**

Additional State Employer Premiums	\$ 37,000,000	<b>Claim and Other Expense Trends</b>		
Additional Local Agency Revenue	\$ 16,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 9,300,000	Active Local	8.0%	12.0%
Direct Transfers	\$ 10,000,000	State	8.0%	12.0%
		Capitations		6.0%
		Administrative Expense		3.0%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
FINANCIAL FORECAST  
FISCAL YEAR 2019**

**PERIOD 7/1/2018 - 6/30/2019**

<b>Local Fund</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 87,690,087	\$ 15,219,058	\$ 102,909,145
Employer Premiums - MCO	4,258,334	780,942	5,039,276
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	30,149,647		30,149,647
Life Insurance	219,340		219,340
Direct Transfers	-		-
Investment Income	1,990,928		1,990,928
Litigation Settlement	-		-
COBRA Premiums	335,408		335,408
Administrative Fees	743,139		743,139
<b>Total Revenue</b>	<b>\$ 125,386,884</b>	<b>\$ 16,000,000</b>	<b>\$ 141,386,884</b>
<u>Program Expenses</u>			
Medical Claims	\$ 71,664,425	\$ -	\$ 71,664,425
Prescription Drug Claims	24,029,976	\$ -	24,029,976
Managed Care Capitations	4,192,227		4,192,227
Administration	2,375,980		2,375,980
Life Insurance	219,340		219,340
Wellness	844,297		844,297
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	48,781		48,781
Computer Software Reserve	-		-
Director's Discretionary Fund	285,601		285,601
WV RHBT Pay Go Premiums	30,149,647		30,149,647
<b>Total Expenses</b>	<b>\$ 133,810,274</b>	<b>\$ -</b>	<b>\$ 133,810,274</b>
Fiscal Year Results	\$ (8,423,390)		\$ 7,576,610
Beginning Plan Reserve	40,335,853		40,335,853
Ending Plan Reserve	\$ 31,912,463		\$ 47,912,463
Reserve as a Percent of Expenses			31%

**KEY ASSUMPTIONS**

Additional Local Agency Revenue	\$ 16,000,000	<b>Claim and Other Expense Trends</b>	
		<u>Eligibility</u>	<u>Medical</u>
		Local	8.0%
			<u>Drugs</u>
		Capitations	6.0%
		Administrative Expense	3.0%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
FINANCIAL FORECAST  
FISCAL YEAR 2019**

**PERIOD 7/1/2018 - 6/30/2019**

<b>State Fund</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 360,270,518	\$ 33,544,967	\$ 393,815,485
Employer Premiums - MCO	37,390,555	3,455,033	40,845,588
Employee Premiums - PPB	91,253,368	8,395,204	99,648,572
Employee Premiums - MCO	10,027,284	904,796	10,932,080
WV RHBT Pay Go Premiums	139,850,353		139,850,353
Life Insurance	1,170,539		1,170,539
Direct Transfers	10,000,000		10,000,000
Investment Income	7,521,206		7,521,206
Litigation Settlement	-		-
COBRA Premiums	1,190,007		1,190,007
Administrative Fees	4,117,511		4,117,511
<b>Total Revenue</b>	<b>\$ 662,791,340</b>	<b>\$ 46,300,000</b>	<b>\$ 709,091,340</b>
<u>Program Expenses</u>			
Medical Claims	\$ 349,333,301	\$ -	\$ 349,333,301
Prescription Drug Claims	132,710,913	\$ -	132,710,913
Managed Care Capitations	42,662,366		42,662,366
Administration	12,679,736		12,679,736
Life Insurance	1,170,539		1,170,539
Wellness	4,505,703		4,505,703
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	271,780		271,780
Computer Software Reserve	-		-
Director's Discretionary Fund	1,438,665		1,438,665
WV RHBT Pay Go Premiums	139,850,353		139,850,353
<b>Total Expenses</b>	<b>\$ 684,623,356</b>	<b>\$ -</b>	<b>\$ 684,623,356</b>
Fiscal Year Results	\$ (21,832,016)		\$ 24,467,984
Beginning Plan Reserve	140,491,185		140,491,185
Ending Plan Reserve	\$ 118,659,169		\$ 164,959,169
Reserve as a Percent of Expenses			21%

**KEY ASSUMPTIONS**

Additional State Employer Premiums	\$ 37,000,000	<b>Claim and Other Expense Trends</b>		
Additional State Employee Premiums	\$ 9,300,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ 10,000,000	State	8.0%	12.0%
		Capitations		6.0%
		Administrative Expense		3.0%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
FINANCIAL FORECAST  
FISCAL YEAR 2020**

**PERIOD 7/1/2019 - 6/30/2020**

	<b>Active Local Fund</b>	<b>State Fund</b>	<b>PEIA Total</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 115,839,630	\$ 435,452,014	\$ 551,291,644
Employer Premiums - MCO	5,683,368	45,149,398	50,832,766
Employee Premiums - PPB	-	110,006,866	110,006,866
Employee Premiums - MCO	-	12,058,870	12,058,870
WV RHBT Pay Go Premiums	32,575,071	147,424,929	180,000,000
Life Insurance	230,307	1,229,066	1,459,373
Direct Transfers	-	10,000,000	10,000,000
Investment Income	2,335,207	8,709,406	11,044,613
Litigation Settlement	-	-	-
COBRA Premiums	377,586	1,315,340	1,692,926
Administrative Fees	743,139	4,117,511	4,860,650
<b>Total Revenue</b>	<b>\$ 157,784,308</b>	<b>\$ 775,463,400</b>	<b>\$ 933,247,708</b>
<u>Program Expenses</u>			
Medical Claims	\$ 77,593,815	\$ 378,236,533	\$ 455,830,349
Prescription Drug Claims	26,979,737	149,001,626	175,981,363
Managed Care Capitations	4,443,761	45,222,108	49,665,869
Administration	2,447,260	13,060,128	15,507,388
Life Insurance	230,307	1,229,066	1,459,373
Wellness	954,766	5,095,234	6,050,000
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Computer Software Reserve	-	-	-
Director's Discretionary Fund	284,992	1,436,873	1,721,865
WV RHBT Pay Go Premiums	32,575,071	147,424,929	180,000,000
<b>Total Expenses</b>	<b>\$ 145,509,709</b>	<b>\$ 740,706,498</b>	<b>\$ 886,216,207</b>
<b>Fiscal Year Results</b>	<b>\$ 12,274,599</b>	<b>\$ 34,756,902</b>	<b>\$ 47,031,501</b>
Beginning Plan Reserve	47,912,463	164,959,170	212,871,633
Ending Plan Reserve	\$ 60,187,061	\$ 199,716,072	\$ 259,903,134
Reserve as a Percent of Expenses			26%

**KEY ASSUMPTIONS**

Additional State Employer Premiums	\$ 52,000,000	<b>Claim and Other Expense Trends</b>		
Additional Local Agency Revenue	\$ 16,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 13,000,000	Active Local	8.5%	12.5%
Direct Transfers	\$ 10,000,000	State	8.5%	12.5%
		Capitations		6.0%
		Administrative Expense		3.0%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
FINANCIAL FORECAST  
FISCAL YEAR 2020**

PERIOD 7/1/2019 - 6/30/2020

<b>Local Fund</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 100,620,572	\$ 15,219,058	\$ 115,839,630
Employer Premiums - MCO	4,902,426	780,942	5,683,368
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	32,575,071		32,575,071
Life Insurance	230,307		230,307
Direct Transfers	-		-
Investment Income	2,335,207		2,335,207
Litigation Settlement	-		-
COBRA Premiums	377,586		377,586
Administrative Fees	743,139		743,139
<b>Total Revenue</b>	<b>\$ 141,784,308</b>	<b>\$ 16,000,000</b>	<b>\$ 157,784,308</b>
<u>Program Expenses</u>			
Medical Claims	\$ 77,593,815		\$ 77,593,815
Prescription Drug Claims	26,979,737		26,979,737
Managed Care Capitations	4,443,761		4,443,761
Administration	2,447,260		2,447,260
Life Insurance	230,307		230,307
Wellness	954,766		954,766
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	284,992		284,992
WV RHBT Pay Go Premiums	32,575,071		32,575,071
<b>Total Expenses</b>	<b>\$ 145,509,709</b>	<b>\$ -</b>	<b>\$ 145,509,709</b>
Fiscal Year Results	\$ (3,725,401)		\$ 12,274,599
Beginning Plan Reserve	47,912,463		47,912,463
Ending Plan Reserve	\$ 44,187,062		\$ 60,187,062
Reserve as a Percent of Expenses			36%

**KEY ASSUMPTIONS**

Additional Local Agency Revenue	\$ 16,000,000	<b>Claim and Other Expense Trends</b>	
		<u>Eligibility</u>	<u>Medical</u>
		Local	8.5%
			<u>Drugs</u>
		Capitations	6.0%
		Administrative Expense	3.0%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
FINANCIAL FORECAST  
FISCAL YEAR 2020**

PERIOD 7/1/2019 - 6/30/2020

<b>State Fund</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 388,307,736	\$ 47,144,278	\$ 435,452,014
Employer Premiums - MCO	40,293,676	4,855,722	45,149,398
Employee Premiums - PPB	98,271,635	11,735,231	110,006,866
Employee Premiums - MCO	10,794,101	1,264,769	12,058,870
WV RHBT Pay Go Premiums	147,424,929		147,424,929
Life Insurance	1,229,066		1,229,066
Direct Transfers	10,000,000		10,000,000
Investment Income	8,709,406		8,709,406
Litigation Settlement	-		-
COBRA Premiums	1,315,340		1,315,340
Administrative Fees	4,117,511		4,117,511
<b>Total Revenue</b>	<b>\$ 710,463,400</b>	<b>\$ 65,000,000</b>	<b>\$ 775,463,400</b>
<u>Program Expenses</u>			
Medical Claims	\$ 378,236,533		\$ 378,236,533
Prescription Drug Claims	149,001,626		149,001,626
Managed Care Capitations	45,222,108		45,222,108
Administration	13,060,128		13,060,128
Life Insurance	1,229,066		1,229,066
Wellness	5,095,234		5,095,234
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	1,436,873		1,436,873
WV RHBT Pay Go Premiums	147,424,929		147,424,929
<b>Total Expenses</b>	<b>\$ 740,706,497</b>	<b>\$ -</b>	<b>\$ 740,706,497</b>
Fiscal Year Results	\$ (30,243,097)		\$ 34,756,903
Beginning Plan Reserve	164,959,170		164,959,170
Ending Plan Reserve	\$ 134,716,073		\$ 199,716,073
Reserve as a Percent of Expenses			24%

**KEY ASSUMPTIONS**

Additional State Employer Premiums	\$ 52,000,000	<b>Claim and Other Expense Trends</b>		
Additional State Employee Premiums	\$ 13,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ 10,000,000	State	8.5%	12.5%
		Capitations		6.0%
		Administrative Expense		3.0%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
FINANCIAL FORECAST  
FISCAL YEAR 2021**

**PERIOD 7/1/2020 - 6/30/2021**

	<b>Active Local Fund</b>	<b>State Fund</b>	<b>PEIA Total</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 127,353,437	\$ 480,253,926	\$ 607,607,363
Employer Premiums - MCO	6,254,852	49,779,253	56,034,105
Employee Premiums - PPB	-	121,175,650	121,175,650
Employee Premiums - MCO	-	13,273,028	13,273,028
WV RHBT Pay Go Premiums	34,989,780	155,010,220	190,000,000
Life Insurance	241,823	1,290,520	1,532,343
Direct Transfers	-	-	-
Investment Income	2,871,901	10,332,244	13,204,145
Litigation Settlement	-	-	-
COBRA Premiums	415,136	1,450,253	1,865,389
Administrative Fees	743,139	4,117,511	4,860,650
<b>Total Revenue</b>	<b>\$ 172,870,068</b>	<b>\$ 836,682,605</b>	<b>\$ 1,009,552,673</b>
<u>Program Expenses</u>			
Medical Claims	\$ 84,401,911	\$ 411,423,079	\$ 495,824,990
Prescription Drug Claims	30,426,539	168,037,364	198,463,903
Managed Care Capitations	4,710,387	47,935,434	52,645,821
Administration	2,520,678	13,451,932	15,972,610
Life Insurance	241,823	1,290,520	1,532,343
Wellness	1,025,150	5,470,850	6,496,000
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Computer Software Reserve	-	-	-
Director's Discretionary Fund	284,379	1,435,067	1,719,446
WV RHBT Pay Go Premiums	34,989,780	155,010,220	190,000,000
<b>Total Expenses</b>	<b>\$ 158,600,648</b>	<b>\$ 804,054,465</b>	<b>\$ 962,655,113</b>
<b>Fiscal Year Results</b>	<b>\$ 14,269,420</b>	<b>\$ 32,628,140</b>	<b>\$ 46,897,560</b>
Beginning Plan Reserve	60,187,061	199,716,072	259,903,134
Ending Plan Reserve	\$ 74,456,481	\$ 232,344,212	\$ 306,800,693
Reserve as a Percent of Expenses			27%

**KEY ASSUMPTIONS**

Additional State Employer Premiums	\$ 55,500,000	<b>Claim and Other Expense Trends</b>		
Additional Local Agency Revenue	\$ 14,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 13,900,000	Active Local	9.0%	13.0%
Direct Transfers	\$ -	State	9.0%	13.0%
		Capitations		6.0%
		Administrative Expense		3.0%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
FINANCIAL FORECAST  
FISCAL YEAR 2021**

PERIOD 7/1/2020 - 6/30/2021

<b>Local Fund</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 113,561,166	\$ 13,792,271	\$ 127,353,437
Employer Premiums - MCO	5,547,123	707,729	6,254,852
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	34,989,780		34,989,780
Life Insurance	241,823		241,823
Direct Transfers	-		-
Investment Income	2,871,901		2,871,901
Litigation Settlement	-		-
COBRA Premiums	415,136		415,136
Administrative Fees	743,139		743,139
<b>Total Revenue</b>	<b>\$ 158,370,068</b>	<b>\$ 14,500,000</b>	<b>\$ 172,870,068</b>
<u>Program Expenses</u>			
Medical Claims	\$ 84,401,911		\$ 84,401,911
Prescription Drug Claims	30,426,539		30,426,539
Managed Care Capitations	4,710,387		4,710,387
Administration	2,520,678		2,520,678
Life Insurance	241,823		241,823
Wellness	1,025,150		1,025,150
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	284,379		284,379
WV RHBT Pay Go Premiums	34,989,780		34,989,780
<b>Total Expenses</b>	<b>\$ 158,600,647</b>	<b>\$ -</b>	<b>\$ 158,600,647</b>
Fiscal Year Results	\$ (230,579)		\$ 14,269,421
Beginning Plan Reserve	60,187,061		60,187,061
Ending Plan Reserve	\$ 59,956,482		\$ 74,456,482
Reserve as a Percent of Expenses			40%

**KEY ASSUMPTIONS**

Additional Local Agency Revenue	\$ 14,500,000	<b>Claim and Other Expense Trends</b>		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	9.0%	13.0%
		Capitations		6.0%
		Administrative Expense		3.0%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
FINANCIAL FORECAST  
FISCAL YEAR 2021**

**PERIOD 7/1/2020 - 6/30/2021**

<b>State Fund</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 429,936,476	\$ 50,317,450	\$ 480,253,926
Employer Premiums - MCO	44,596,703	5,182,550	49,779,253
Employee Premiums - PPB	108,627,980	12,547,670	121,175,650
Employee Premiums - MCO	11,920,698	1,352,330	13,273,028
WV RHBT Pay Go Premiums	155,010,220		155,010,220
Life Insurance	1,290,520		1,290,520
Direct Transfers	-		-
Investment Income	10,332,244		10,332,244
Litigation Settlement	-		-
COBRA Premiums	1,450,253		1,450,253
Administrative Fees	4,117,511		4,117,511
<b>Total Revenue</b>	<b>\$ 767,282,605</b>	<b>\$ 69,400,000</b>	<b>\$ 836,682,605</b>
<u>Program Expenses</u>			
Medical Claims	\$ 411,423,079		\$ 411,423,079
Prescription Drug Claims	168,037,364		168,037,364
Managed Care Capitations	47,935,434		47,935,434
Administration	13,451,932		13,451,932
Life Insurance	1,290,520		1,290,520
Wellness	5,470,850		5,470,850
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	1,435,067		1,435,067
WV RHBT Pay Go Premiums	155,010,220		155,010,220
<b>Total Expenses</b>	<b>\$ 804,054,466</b>	<b>\$ -</b>	<b>\$ 804,054,466</b>
Fiscal Year Results	\$ (36,771,861)		\$ 32,628,139
Beginning Plan Reserve	199,716,072		199,716,072
Ending Plan Reserve	\$ 162,944,211		\$ 232,344,211
Reserve as a Percent of Expenses			25%

**KEY ASSUMPTIONS**

Additional State Employer Premiums	\$ 55,500,000	<b>Claim and Other Expense Trends</b>		
Additional State Employee Premiums	\$ 13,900,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ -	State	9.0%	13.0%
		Capitations		6.0%
		Administrative Expense		3.0%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
FINANCIAL FORECAST  
FISCAL YEAR 2022**

**PERIOD 7/1/2021 - 6/30/2022**

	<b>Active Local Fund</b>	<b>State Fund</b>	<b>PEIA Total</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 140,067,304	\$ 530,216,971	\$ 670,284,275
Employer Premiums - MCO	6,885,992	54,940,203	61,826,195
Employee Premiums - PPB	-	133,651,910	133,651,910
Employee Premiums - MCO	-	14,627,767	14,627,767
WV RHBT Pay Go Premiums	37,644,774	162,355,226	200,000,000
Life Insurance	253,914	1,355,046	1,608,960
Direct Transfers	-	-	-
Investment Income	3,493,374	11,895,556	15,388,930
Litigation Settlement	-	-	-
COBRA Premiums	456,601	1,600,749	2,057,350
Administrative Fees	743,139	4,117,511	4,860,650
<b>Total Revenue</b>	<b>\$ 189,545,098</b>	<b>\$ 914,760,939</b>	<b>\$ 1,104,306,037</b>
<u>Program Expenses</u>			
Medical Claims	\$ 92,229,522	\$ 449,579,319	\$ 541,808,841
Prescription Drug Claims	34,465,878	190,345,512	224,811,390
Managed Care Capitations	4,993,010	50,811,560	55,804,570
Administration	2,596,298	13,855,490	16,451,788
Life Insurance	253,914	1,355,046	1,608,960
Wellness	1,055,905	5,634,975	6,690,880
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Computer Software Reserve	-	-	-
Director's Discretionary Fund	283,762	1,433,249	1,717,011
WV RHBT Pay Go Premiums	37,644,774	162,355,226	200,000,000
<b>Total Expenses</b>	<b>\$ 173,523,063</b>	<b>\$ 875,370,377</b>	<b>\$ 1,048,893,440</b>
Fiscal Year Results	\$ 16,022,035	\$ 39,390,562	\$ 55,412,597
Beginning Plan Reserve	74,456,481	232,344,212	306,800,693
Ending Plan Reserve	\$ 90,478,516	\$ 271,734,774	\$ 362,213,290
Reserve as a Percent of Expenses			29%

**KEY ASSUMPTIONS**

Additional State Employer Premiums	\$ 61,000,000	<b>Claim and Other Expense Trends</b>		
Additional Local Agency Revenue	\$ 16,000,000			
Additional State Employee Premiums	\$ 15,300,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ -	Active Local	9.5%	13.5%
		State	9.5%	13.5%
		Capitations		6.0%
		Administrative Expense		3.0%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
FINANCIAL FORECAST  
FISCAL YEAR 2022**

**PERIOD 7/1/2021 - 6/30/2022**

<b>Local Fund</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 124,848,246	\$ 15,219,058	\$ 140,067,304
Employer Premiums - MCO	6,105,050	780,942	6,885,992
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	37,644,774		37,644,774
Life Insurance	253,914		253,914
Direct Transfers	-		-
Investment Income	3,493,374		3,493,374
Litigation Settlement	-		-
COBRA Premiums	456,601		456,601
Administrative Fees	743,139		743,139
<b>Total Revenue</b>	<b>\$ 173,545,098</b>	<b>\$ 16,000,000</b>	<b>\$ 189,545,098</b>
<u>Program Expenses</u>			
Medical Claims	\$ 92,229,522		\$ 92,229,522
Prescription Drug Claims	34,465,878		34,465,878
Managed Care Capitations	4,993,010		4,993,010
Administration	2,596,298		2,596,298
Life Insurance	253,914		253,914
Wellness	1,055,905		1,055,905
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	283,762		283,762
WV RHBT Pay Go Premiums	37,644,774		37,644,774
<b>Total Expenses</b>	<b>\$ 173,523,063</b>	<b>\$ -</b>	<b>\$ 173,523,063</b>
Fiscal Year Results	\$ 22,035		\$ 16,022,035
Beginning Plan Reserve	74,456,481		74,456,481
Ending Plan Reserve	\$ 74,478,516		\$ 90,478,516
Reserve as a Percent of Expenses			43%

**KEY ASSUMPTIONS**

Additional Local Agency Revenue	\$ 16,000,000	<b>Claim and Other Expense Trends</b>		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	9.5%	13.5%
		Capitations		6.0%
		Administrative Expense		3.0%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
FINANCIAL FORECAST  
FISCAL YEAR 2022**

**PERIOD 7/1/2021 - 6/30/2022**

<b>State Fund</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 474,913,107	\$ 55,303,864	\$ 530,216,971
Employer Premiums - MCO	49,244,067	5,696,136	54,940,203
Employee Premiums - PPB	119,840,446	13,811,464	133,651,910
Employee Premiums - MCO	13,139,231	1,488,536	14,627,767
WV RHBT Pay Go Premiums	162,355,226		162,355,226
Life Insurance	1,355,046		1,355,046
Direct Transfers	-		-
Investment Income	11,895,556		11,895,556
Litigation Settlement	-		-
COBRA Premiums	1,600,749		1,600,749
Administrative Fees	4,117,511		4,117,511
<b>Total Revenue</b>	<b>\$ 838,460,939</b>	<b>\$ 76,300,000</b>	<b>\$ 914,760,939</b>
<u>Program Expenses</u>			
Medical Claims	\$ 449,579,319		\$ 449,579,319
Prescription Drug Claims	190,345,512		190,345,512
Managed Care Capitations	50,811,560		50,811,560
Administration	13,855,490		13,855,490
Life Insurance	1,355,046		1,355,046
Wellness	5,634,975		5,634,975
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	1,433,249		1,433,249
WV RHBT Pay Go Premiums	162,355,226		162,355,226
<b>Total Expenses</b>	<b>\$ 875,370,377</b>	<b>\$ -</b>	<b>\$ 875,370,377</b>
Fiscal Year Results	\$ (36,909,438)		\$ 39,390,562
Beginning Plan Reserve	232,344,212		232,344,212
Ending Plan Reserve	\$ 195,434,774		\$ 271,734,774
Reserve as a Percent of Expenses			26%

**KEY ASSUMPTIONS**

Additional State Employer Premiums	\$ 61,000,000	<b>Claim and Other Expense Trends</b>		
Additional State Employee Premiums	\$ 15,300,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ -	State	9.5%	13.5%
		Capitations		6.0%
		Administrative Expense		3.0%

**Attachment - PEIA  
Historical Monthly Medical and Drug Trends  
FY 2017 to FY 2018**

<b>Fiscal Year 2017</b>												
<b>Exposure</b>	<u>Jul-16</u>	<u>Aug-16</u>	<u>Sep-16</u>	<u>Oct-16</u>	<u>Nov-16</u>	<u>Dec-16</u>	<u>Jan-17</u>	<u>Feb-17</u>	<u>Mar-17</u>	<u>Apr-17</u>	<u>May-17</u>	<u>Jun-17</u>
<b>Local Medical</b>	25,684	25,659	25,660	25,722	25,661	25,642	25,521	25,719	25,768	25,727	25,636	25,574
<b>State Medical</b>	127,982	126,855	126,815	127,206	126,991	126,883	126,364	126,394	126,242	126,016	125,897	125,335
<b>Local Drugs</b>	25,684	25,659	25,660	25,722	25,661	25,642	25,521	25,719	25,768	25,727	25,636	25,574
<b>State Drugs</b>	127,982	126,855	126,815	127,206	126,991	126,883	126,364	126,394	126,242	126,016	125,897	125,335
	<u>Jul-16</u>	<u>Aug-16</u>	<u>Sep-16</u>	<u>Oct-16</u>	<u>Nov-16</u>	<u>Dec-16</u>	<u>Jan-17</u>	<u>Feb-17</u>	<u>Mar-17</u>	<u>Apr-17</u>	<u>May-17</u>	<u>Jun-17</u>
<b>Local Medical</b>	\$166.79	\$186.96	\$188.06	\$200.52	\$212.53	\$222.68	\$247.76	\$230.88	\$240.29	\$231.24	\$240.20	\$243.52
<b>State Medical</b>	172.75	223.87	191.64	202.96	201.48	194.46	218.63	205.23	245.07	237.97	246.55	244.87
<b>Local Drugs</b>	58.50	79.13	75.74	87.23	85.83	91.27	92.85	89.82	106.84	99.36	108.52	108.72
<b>State Drugs</b>	<u>63.87</u>	<u>83.09</u>	<u>80.98</u>	<u>90.44</u>	<u>91.70</u>	<u>94.80</u>	<u>99.21</u>	<u>96.91</u>	<u>110.06</u>	<u>100.29</u>	<u>108.82</u>	<u>113.83</u>
<b>Total</b>	\$461.91	\$573.05	\$536.43	\$581.16	\$591.55	\$603.21	\$658.45	\$622.84	\$702.25	\$668.86	\$704.09	\$710.94
<b>Change From Prior Year - Month to Month Analysis</b>												
<b>Local Medical</b>	2.7%	8.1%	-1.8%	9.6%	11.6%	11.5%	26.7%	-1.3%	-11.2%	-16.4%	-5.0%	-10.9%
<b>State Medical</b>	-7.0%	15.7%	-10.2%	-12.1%	-4.9%	-9.3%	2.5%	-5.3%	-1.4%	-1.6%	-2.2%	-10.1%
<b>Local Drugs</b>	3.7%	20.1%	9.0%	17.7%	18.5%	15.3%	21.2%	12.8%	25.0%	21.6%	26.8%	24.4%
<b>State Drugs</b>	<u>2.5%</u>	<u>16.9%</u>	<u>9.3%</u>	<u>15.5%</u>	<u>16.7%</u>	<u>11.6%</u>	<u>20.7%</u>	<u>16.5%</u>	<u>19.6%</u>	<u>16.1%</u>	<u>19.9%</u>	<u>15.5%</u>
<b>Total</b>	-1.1%	13.9%	-2.2%	2.6%	6.9%	4.3%	16.0%	1.5%	0.8%	-2.6%	3.3%	-2.8%
<b>Change From Prior Year - Quarter to Quarter Analysis</b>												
<b>Local Medical</b>			2.9%			10.9%			2.7%			-10.9%
<b>State Medical</b>			-0.7%			-8.8%			-1.4%			-4.9%
<b>Local Drugs</b>			11.2%			17.1%			19.8%			24.3%
<b>State Drugs</b>			<u>9.8%</u>			<u>14.5%</u>			<u>18.9%</u>			<u>17.1%</u>
<b>Total</b>			3.5%			4.6%			5.6%			-0.8%
<b>Change From Prior Year - Year to Year Analysis</b>												
<b>Local Medical</b>			5.1%			11.2%			9.4%			0.3%
<b>State Medical</b>			2.8%			0.0%			-1.2%			-4.1%
<b>Local Drugs</b>			3.2%			7.3%			11.6%			18.6%
<b>State Drugs</b>			<u>5.3%</u>			<u>7.9%</u>			<u>11.8%</u>			<u>15.4%</u>
<b>Total</b>			4.0%			6.0%			6.0%			3.1%

**Attachment - PEIA  
Historical Monthly Medical and Drug Trends  
FY 2017 to FY 2018**

Fiscal Year 2018
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**Exposure**

	<u>Jul-17</u>	<u>Aug-17</u>
<b>Local Medical</b>	25,740	25,586
<b>State Medical</b>	124,443	123,110
<b>Local Drugs</b>	25,740	25,586
<b>State Drugs</b>	124,443	123,110

	<u>Jul-17</u>	<u>Aug-17</u>
<b>Local Medical</b>	\$136.40	\$188.96
<b>State Medical</b>	138.63	191.42
<b>Local Drugs</b>	115.76	98.47
<b>State Drugs</b>	<u>119.11</u>	<u>102.04</u>
<b>Total</b>	\$509.90	\$580.90

**Change From Prior Year - Month to Month Analysis**

<b>Local Medical</b>	-18.2%	1.1%
<b>State Medical</b>	-19.8%	-14.5%
<b>Local Drugs</b>	97.9%	24.5%
<b>State Drugs</b>	<u>86.5%</u>	<u>22.8%</u>
<b>Total</b>	10.4%	1.4%

**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**