

STATE OF WEST VIRGINIA



PUBLIC EMPLOYEES INSURANCE AGENCY

**Fiscal Year 2018
Financial Report**

Fiscal Years 2018-2023

Report Date: October 2018

YOUR ACTUARIES FOR THE LONG-TERM!
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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 2017 for the fiscal year 2019 (“FY 2019”) and to provide quarterly financial reports for current FY 2018 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 2018 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 2023.

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 2018 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, 2018 (“FY 2018”), June 30, 2019 (“FY 2019”), June 30, 2020 (“FY 2020”), June 30, 2021 (“FY 2021”), June 30, 2022 (“FY 2022”) and June 30, 2023 (“FY 2023”). Our opinion of plan adequacy is based on the projections through FY 2023 using updated future revenue and plan modifications provided by the Board in the financial plan adopted in December 2017. 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, some PEIA members became eligible for the West Virginia Children Health Insurance Plan effective in Fiscal Year 2016.

In FY 2018 the Pay-Go is equivalent to \$287 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 2017.

This report includes updated claim trend assumptions as recommended in the report titled, “PEIA FY2017 Detailed Medical and Prescription Drugs Claim Trend Report - December 2017”. In the circumstances and subject to the conditions described herein, we believe the financial plan approved by the Board for FY 2019 through FY 2023 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 2018 based on the scheduled revenue increases of the financial plan approved and amended by the Board in December 2017.

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 2023 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., F.C.A., M.A.A.A.
Managing Partner



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 2018 – FY 2023

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 2018 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 2018 enrollment levels for the duration of these forecasts for active employees.

In aggregate, September 2018 enrollment for active employees has decreased by 668 coverages since the end of FY 2018. Aggregate PPB enrollment has decreased by 784 in total over the same period, while managed care enrollment experienced an increase of 116 coverages.

In the State Fund, the overall active State enrollment decreased by 770 coverages from the end of FY 2018 to September 2018. And in the Local Fund, the overall active Local enrollment increased by 102 coverages from the end of FY 2018 to September 2018.

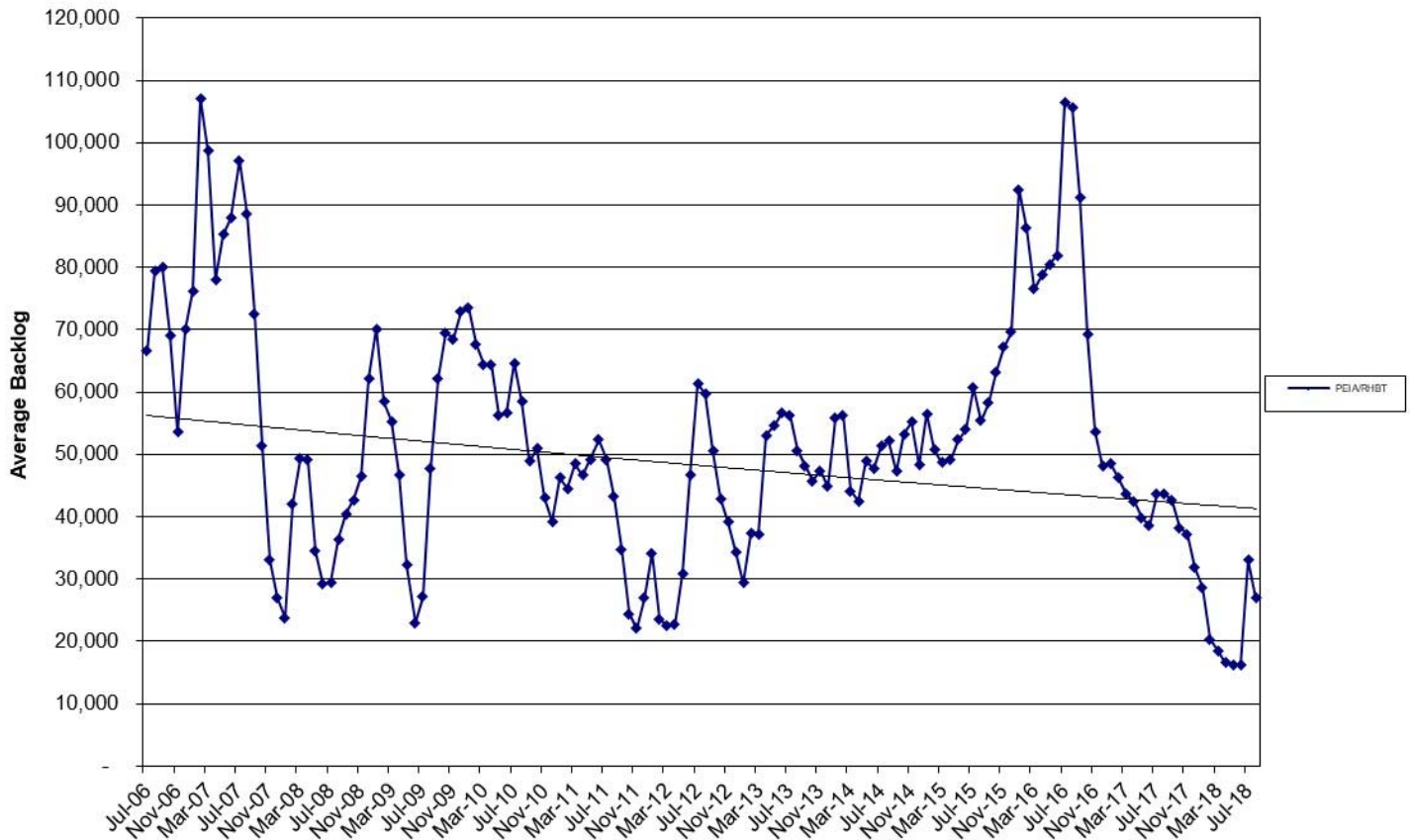
The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2017, June 2018 and September 2018 for purposes of comparison:

PEIA Fund	Coverage	Preferred Provider Benefit			Managed Care		
		Jun-17	Jun-18	Sep-18	Jun-17	Jun-18	Sep-18
State Active	Single	21,482	20,927	20,849	2,160	2,175	2,264
	Children	6,017	5,920	5,841	603	627	653
	Family	28,946	27,782	27,093	2,850	2,784	2,745
	Total	56,445	54,629	53,783	5,613	5,586	5,662
Local Active	Single	5,391	5,520	5,596	422	407	441
	Children	961	955	960	104	94	97
	Family	5,658	5,614	5,595	194	190	193
	Total	12,010	12,089	12,151	720	691	731
Plan Total		68,455	66,718	65,934	6,333	6,277	6,393
Grand Total					74,788	72,995	72,327

B. Changes in Claim Backlog

It should be noted that on July 1, 2006, all retirees were transferred to the RHBT. The graph below has not been adjusted to reflect the smaller risk pool for the active plan. The graph illustrates that the duration of claim payments has been gradually declining for the self-insured block of non-Medicare coverages. Backlog has shown a small negative trend since July 2006, with large fluctuations. However, there has been a sharp downward trend since the beginning of FY 2017.

WV PEIA&RHBT Claim Backlog July 2006 through August 2018



C. Trend Analysis

PEIA experienced a lower medical and prescription drug trends in FY 2018, and 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 FY2017 Detailed Medical and Prescription Drugs Claim Trend Report”. This report includes the detailed trend analysis of PEIA experience by medical and prescription drugs. Based on the analysis, the FY 2019 medical claim trend is 8.0% and the prescription drug claim trend is 12.0%.

The current trend projection is shown in the following table:

Claim Type	FY 2019 Trend
Active Local – Medical	8.0%
State – Medical	8.0%
Active Local – Drugs	12.0%
State – Drugs	12.0%

In addition, we have assumed that trends will increase by 0.5% in each successive fiscal year beginning in FY 2020. 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 2018. It is important to note that these trends have not been adjusted to reflect savings as a result of the expansion of the drug rebate program or the claim savings due to changes in provider reimbursement methodologies, nor the changes in the benefit structure. In developing the claim cost projection, we have reflected for benefit and reimbursement changes as an adjustment to the gross trend assumption.

PEIA Historical Trends (Active Local and State)

Fiscal Year	Active Local Medical	State Medical	Active Local Drugs	State Drugs	Total
2004	-1%	12%	9%	7%	9%
2005	16%	7%	7%	20%	11%
2006	1%	2%	18%	7%	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%	12%
2017	5%	1%	11%	9%	4%
2018	3%	4%	17%	15%	7%
2019*	4%	6%	7%	6%	6%

* Fiscal Year 2019 results are through the first two months ending August 2018.

D. Enrollment, Claim, Expense and Revenue Assumptions

Using PEIA paid claim data through August 2018 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 2018 and the projection of FY 2019 claims and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

Fiscal Year 2018 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	55,089	\$513	\$173	\$486	\$168	
	<u>Managed Care</u>	<u>5,570</u>	\$524	\$185			\$589
	Total	60,659					
Local	PPB	12,052	\$660	\$0	\$457	\$136	
	<u>Managed Care</u>	<u>705</u>	\$544	\$0			\$457
	Total	12,757					

*Net of rebates and subsidies.

Fiscal Year 2019 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	53,813	\$514	\$170	\$519	\$186	
	<u>Managed Care</u>	<u>5,658</u>	\$526	\$182			\$614
	Total	59,471					
Local	PPB	12,147	\$613	\$0	\$488	\$150	
	<u>Managed Care</u>	<u>728</u>	\$494	\$0			\$469
	Total	12,875					

*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 2017

Source	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Additional State Employer Revenue	\$8,000,000	\$55,000,000	\$77,500,000	\$60,000,000	\$64,000,000
Additional Local Agency Revenue	\$0	\$19,000,000	\$20,500,000	\$16,500,000	\$17,500,000
Additional Employee Premium	\$0	\$13,800,000	\$19,400,000	\$15,000,000	\$16,000,000
State Direct Transfers	\$31,000,000	\$10,000,000	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active State	\$0	\$0	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active Local	\$0	\$0	\$0	\$0	\$0
PPACA Comparative Effectiveness Research Fees (Cost)	(\$320,561)	\$0	\$0	\$0	\$0
Pay Go Premium Transfer	\$154,000,000	\$160,000,000	\$170,000,000	\$180,000,000	\$190,000,000

In FY 2019, PEIA will increase employer premiums by \$8,000,000 and PEIA will receive \$31,000,000 in State direct transfers.

The Treasury Department and the Internal Revenue Service issued a final rule implementing a new tax added by the Affordable Care Act: The Comparative Effectiveness Research Fees. These fees are 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 \$700,000, with \$379,435 in FY 2018 and \$320,561 in FY 2019.

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 2018 RESULT

The financial result for FY 2018 under the Baseline scenario is presented in the Appendix. The Baseline result for FY 2018 projects accrued revenue of \$775,672,835 and incurred plan expenses of \$730,370,054 to produce a fiscal year surplus of \$45,302,781. The PEIA local and state agencies Pay Go premiums for FY 2018 are assumed to be \$148,836,931.

Under the Baseline Scenario, FY 2018 ends with a reserve of \$194,554,138 and the FY 2018 PEIA/RHBT combined, projected plan expenditures of \$815,383,229, which represents 24% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$111,611,024. This reserve is comprised of 15% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario.

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 \$785,919,324 and incurred plan expenses of \$770,651,448 to produce a fiscal year surplus of \$15,267,876. The PEIA local and state agencies Pay Go premiums for FY 2019 are assumed to be \$154,000,000.

Under the Baseline Scenario, FY 2019 is projected to end with a reserve of \$209,822,014 and the FY 2019 PEIA/RHBT combined, projected plan expenditures of \$856,695,282, which represents 24% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$117,418,657. 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 \$215,354,699 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$204,319,763.

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 \$853,937,671 and incurred plan expenses of \$830,332,002 to produce a fiscal year surplus of \$23,605,669. The PEIA local and state agencies Pay Go premiums for FY 2020 are assumed to be \$160,000,000.

Under the Baseline Scenario, FY 2020 is projected to end with a reserve of \$233,427,683 and the FY 2020 PEIA/RHBT combined, projected plan expenditures of \$909,330,743, which represents 26% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$125,644,585. 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 \$256,078,445 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$210,621,139.

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 \$963,012,998 and incurred plan expenses of \$902,853,012 to produce a fiscal year surplus of \$60,159,986. The PEIA local and state agencies Pay Go premiums for FY 2021 are assumed to be \$170,000,000.

Under the Baseline Scenario, FY 2021 is projected to end with a reserve of \$293,587,670 and the FY 2021 PEIA/RHBT combined, projected plan expenditures of \$993,328,539, which represents 30% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$137,493,728. 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 \$347,343,660 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$238,784,091.

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 \$1,057,582,763 and incurred plan expenses of \$984,847,331 to produce a fiscal year surplus of \$72,735,432. The PEIA local and state agencies Pay Go premiums for FY 2022 are assumed to be \$180,000,000.

Under the Baseline Scenario, FY 2022 is projected to end with a reserve of \$366,323,101 and the FY 2022 PEIA/RHBT combined, projected plan expenditures of \$1,096,980,045, which represents 33% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$151,864,239. 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 \$468,108,516 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$261,245,235.

FISCAL YEAR 2023 FORECAST

The financial forecast for FY 2023 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2023 projects accrued revenue of \$1,158,712,827 and incurred plan expenses of \$1,077,962,472 to produce a fiscal year surplus of \$80,750,355. The PEIA local and state agencies Pay Go premiums for FY 2023 are assumed to be \$190,000,000.

Under the Baseline Scenario, FY 2023 is projected to end with a reserve of \$447,073,456 and the FY 2023 PEIA/RHBT combined, projected plan expenditures of \$1,217,242,873, which represents 37% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$168,540,858. 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 \$617,404,204 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$268,996,947.

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 2023, using the Baseline assumptions. These projections are based on significant revenue increases as contained in the Financial Plan adopted by the Board in December 2017 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 2018**

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 95,396,542	\$ 339,106,326	\$ 434,502,868
Employer Premiums - MCO	4,600,940	35,009,383	39,610,323
Employee Premiums - PPB	-	114,504,261	114,504,261
Employee Premiums - MCO	-	12,387,364	12,387,364
WV RHBT Pay Go Premiums	26,106,451	122,730,480	148,836,931
Life Insurance	183,435	1,044,120	1,227,555
Direct Transfers	-	10,000,000	10,000,000
Investment Income	1,740,177	5,784,524	7,524,701
Litigation Settlement	-	-	-
COBRA Premiums	445,808	1,851,074	2,296,882
Administrative Fees	731,107	4,050,843	4,781,950
Total Revenue	\$ 129,204,460	\$ 646,468,375	\$ 775,672,835
<u>Program Expenses</u>			
Medical Claims	\$ 66,158,121	\$ 321,501,669	\$ 387,659,790
Prescription Drug Claims	19,659,813	111,176,443	130,836,256
Managed Care Capitations	3,867,011	39,352,789	43,219,800
Administration	2,577,909	14,673,601	17,251,510
Life Insurance	184,885	1,052,374	1,237,259
Wellness	141,821	807,252	949,073
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	58,671	320,764	379,435
Cumulative effect of adoption of accounting principle	-	-	-
Director's Discretionary Fund	-	-	-
WV RHBT Pay Go Premiums	26,106,451	122,730,480	148,836,931
Total Expenses	\$ 118,754,682	\$ 611,615,372	\$ 730,370,054
Fiscal Year Results	\$ 10,449,778	\$ 34,853,003	\$ 45,302,781
Beginning Plan Reserve	37,891,050	111,360,307	149,251,357
Ending Plan Reserve	\$ 48,340,828	\$ 146,213,310	\$ 194,554,138
Reserve as a Percent of Expenses			29%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
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		3.6%
		Administrative Expense		24.0%

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

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

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 95,396,542	\$ -	\$ 95,396,542
Employer Premiums - MCO	4,600,940	-	4,600,940
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	26,106,451		26,106,451
Life Insurance	183,435		183,435
Direct Transfers	-		-
Investment Income	1,740,177		1,740,177
Litigation Settlement	-		-
COBRA Premiums	445,808		445,808
Administrative Fees	731,107		731,107
Total Revenue	\$ 129,204,460	\$ -	\$ 129,204,460
<u>Program Expenses</u>			
Medical Claims	\$ 71,718,121	\$ (5,560,000)	\$ 66,158,121
Prescription Drug Claims	21,273,813	\$ (1,614,000)	19,659,813
Managed Care Capitations	3,867,011		3,867,011
Administration	2,577,909		2,577,909
Life Insurance	184,885		184,885
Wellness	141,821		141,821
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	58,671		58,671
Cumulative effect of adoption of accounting principle	-		-
Director's Discretionary Fund	-		-
WV RHBT Pay Go Premiums	26,106,451		26,106,451
Total Expenses	\$ 125,928,682	\$ (7,174,000)	\$ 118,754,682
Fiscal Year Results	\$ 3,275,778		\$ 10,449,778
Beginning Plan Reserve	37,891,050		37,891,050
Ending Plan Reserve	\$ 41,166,828		\$ 48,340,828
Reserve as a Percent of Expenses			37%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 6,600,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	7.5%	11.5%
		Capitations		3.6%
		Administrative Expense		24.0%

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

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

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 339,106,326	\$ -	\$ 339,106,326
Employer Premiums - MCO	35,009,383	-	35,009,383
Employee Premiums - PPB	114,504,261	-	114,504,261
Employee Premiums - MCO	12,387,364	-	12,387,364
WV RHBT Pay Go Premiums	122,730,480		122,730,480
Life Insurance	1,044,120		1,044,120
Direct Transfers	10,000,000		10,000,000
Investment Income	5,784,524		5,784,524
Litigation Settlement	-		-
COBRA Premiums	1,851,074		1,851,074
Administrative Fees	4,050,843		4,050,843
Total Revenue	\$ 646,468,375	\$ -	\$ 646,468,375
<u>Program Expenses</u>			
Medical Claims	\$ 345,388,669	\$ (23,887,000)	\$ 321,501,669
Prescription Drug Claims	119,054,443	\$ (7,878,000)	111,176,443
Managed Care Capitations	39,352,789		39,352,789
Administration	14,673,601		14,673,601
Life Insurance	1,052,374		1,052,374
Wellness	807,252		807,252
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	320,764		320,764
Cumulative effect of adoption of accounting principle	-		-
Director's Discretionary Fund	-		-
WV RHBT Pay Go Premiums	122,730,480		122,730,480
Total Expenses	\$ 643,380,372	\$ (31,765,000)	\$ 611,615,372
Fiscal Year Results	\$ 3,088,003		\$ 34,853,003
Beginning Plan Reserve	111,360,307		111,360,307
Ending Plan Reserve	\$ 114,448,310		\$ 146,213,310
Reserve as a Percent of Expenses			21%

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	\$ 10,000,000	State	7.5%	11.5%
		Capitations		3.6%
		Administrative Expense		24.0%

**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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 89,288,255	\$ 331,645,916	\$ 420,934,171
Employer Premiums - MCO	4,316,983	35,684,060	40,001,043
Employee Premiums - PPB	-	109,471,569	109,471,569
Employee Premiums - MCO	-	12,364,458	12,364,458
WV RHBT Pay Go Premiums	27,407,086	126,592,914	154,000,000
Life Insurance	192,606	1,096,326	1,288,932
Direct Transfers	-	31,000,000	31,000,000
Investment Income	2,284,832	7,567,734	9,852,566
Litigation Settlement	-	-	-
COBRA Premiums	417,311	1,807,324	2,224,635
Administrative Fees	731,107	4,050,843	4,781,950
Total Revenue	\$ 124,638,180	\$ 661,281,144	\$ 785,919,324
<u>Program Expenses</u>			
Medical Claims	\$ 71,095,486	\$ 335,102,435	\$ 406,197,922
Prescription Drug Claims	21,911,812	120,190,343	142,102,155
Managed Care Capitations	4,099,032	41,713,956	45,812,988
Administration	2,708,310	15,415,847	18,124,157
Life Insurance	194,129	1,104,993	1,299,122
Wellness	156,003	887,978	1,043,981
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	48,781	271,780	320,561
Computer Software Reserve	-	-	-
Director's Discretionary Fund	296,945	1,453,617	1,750,562
WV RHBT Pay Go Premiums	27,407,086	126,592,914	154,000,000
Total Expenses	\$ 127,917,585	\$ 642,733,863	\$ 770,651,448
Fiscal Year Results	\$ (3,279,405)	\$ 18,547,281	\$ 15,267,876
Beginning Plan Reserve	48,340,828	146,213,310	194,554,138
Ending Plan Reserve	\$ 45,061,423	\$ 164,760,591	\$ 209,822,014
Reserve as a Percent of Expenses			29%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 8,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ -	Active Local	8.0%	12.0%
Direct Transfers	\$ 31,000,000	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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 89,288,255	\$ -	\$ 89,288,255
Employer Premiums - MCO	4,316,983	-	4,316,983
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	27,407,086		27,407,086
Life Insurance	192,606		192,606
Direct Transfers	-		-
Investment Income	2,284,832		2,284,832
Litigation Settlement	-		-
COBRA Premiums	417,311		417,311
Administrative Fees	731,107		731,107
Total Revenue	\$ 124,638,180	\$ -	\$ 124,638,180
<u>Program Expenses</u>			
Medical Claims	\$ 71,095,486	\$ -	\$ 71,095,486
Prescription Drug Claims	21,911,812	\$ -	21,911,812
Managed Care Capitations	4,099,032		4,099,032
Administration	2,708,310		2,708,310
Life Insurance	194,129		194,129
Wellness	156,003		156,003
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	48,781		48,781
Computer Software Reserve	-		-
Director's Discretionary Fund	296,945		296,945
WV RHBT Pay Go Premiums	27,407,086		27,407,086
Total Expenses	\$ 127,917,584	\$ -	\$ 127,917,584
Fiscal Year Results	\$ (3,279,404)		\$ (3,279,404)
Beginning Plan Reserve	48,340,828		48,340,828
Ending Plan Reserve	\$ 45,061,424		\$ 45,061,424
Reserve as a Percent of Expenses			32%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ -	Claim and Other Expense Trends	
		<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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 331,645,916	\$ -	\$ 331,645,916
Employer Premiums - MCO	35,684,060	-	35,684,060
Employee Premiums - PPB	109,471,569	-	109,471,569
Employee Premiums - MCO	12,364,458	-	12,364,458
WV RHBT Pay Go Premiums	126,592,914		126,592,914
Life Insurance	1,096,326		1,096,326
Direct Transfers	10,000,000	21,000,000	31,000,000
Investment Income	7,567,734		7,567,734
Litigation Settlement	-		-
COBRA Premiums	1,807,324		1,807,324
Administrative Fees	4,050,843		4,050,843
Total Revenue	\$ 640,281,144	\$ 21,000,000	\$ 661,281,144
<u>Program Expenses</u>			
Medical Claims	\$ 335,102,435	\$ -	\$ 335,102,435
Prescription Drug Claims	120,190,343	\$ -	120,190,343
Managed Care Capitations	41,713,956		41,713,956
Administration	15,415,847		15,415,847
Life Insurance	1,104,993		1,104,993
Wellness	887,978		887,978
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	271,780		271,780
Computer Software Reserve	-		-
Director's Discretionary Fund	1,453,617		1,453,617
WV RHBT Pay Go Premiums	126,592,914		126,592,914
Total Expenses	\$ 642,733,863	\$ -	\$ 642,733,863
Fiscal Year Results	\$ (2,452,719)		\$ 18,547,281
Beginning Plan Reserve	146,213,310		146,213,310
Ending Plan Reserve	\$ 143,760,591		\$ 164,760,591
Reserve as a Percent of Expenses			23%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 8,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ 31,000,000	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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 105,777,427	\$ 377,447,969	\$ 483,225,397
Employer Premiums - MCO	5,136,339	40,573,479	45,709,817
Employee Premiums - PPB	-	121,871,084	121,871,084
Employee Premiums - MCO	-	13,764,943	13,764,943
WV RHBT Pay Go Premiums	29,098,558	130,901,442	160,000,000
Life Insurance	202,237	1,151,142	1,353,379
Direct Transfers	-	10,000,000	10,000,000
Investment Income	2,192,192	8,498,833	10,691,025
Litigation Settlement	-	-	-
COBRA Premiums	494,475	2,045,601	2,540,076
Administrative Fees	731,107	4,050,843	4,781,950
Total Revenue	\$ 143,632,335	\$ 710,305,336	\$ 853,937,671
<u>Program Expenses</u>			
Medical Claims	\$ 76,966,528	\$ 362,503,885	\$ 439,470,413
Prescription Drug Claims	24,598,014	134,825,404	159,423,418
Managed Care Capitations	4,344,974	44,216,793	48,561,767
Administration	2,789,559	15,878,323	18,667,882
Life Insurance	203,835	1,160,242	1,364,077
Wellness	163,803	932,376	1,096,179
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Computer Software Reserve	-	-	-
Director's Discretionary Fund	296,483	1,451,783	1,748,266
WV RHBT Pay Go Premiums	29,098,558	130,901,442	160,000,000
Total Expenses	\$ 138,461,754	\$ 691,870,248	\$ 830,332,002
Fiscal Year Results	\$ 5,170,581	\$ 18,435,088	\$ 23,605,669
Beginning Plan Reserve	45,061,423	164,760,591	209,822,014
Ending Plan Reserve	\$ 50,232,004	\$ 183,195,679	\$ 233,427,683
Reserve as a Percent of Expenses			30%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 55,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 19,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 13,800,000	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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 87,698,515	\$ 18,078,912	\$ 105,777,427
Employer Premiums - MCO	4,215,251	921,088	5,136,339
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	29,098,558		29,098,558
Life Insurance	202,237		202,237
Direct Transfers	-		-
Investment Income	2,192,192		2,192,192
Litigation Settlement	-		-
COBRA Premiums	494,475		494,475
Administrative Fees	731,107		731,107
Total Revenue	\$ 124,632,335	\$ 19,000,000	\$ 143,632,335
<u>Program Expenses</u>			
Medical Claims	\$ 76,966,528	\$ -	\$ 76,966,528
Prescription Drug Claims	24,598,014	\$ -	24,598,014
Managed Care Capitations	4,344,974		4,344,974
Administration	2,789,559		2,789,559
Life Insurance	203,835		203,835
Wellness	163,803		163,803
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	296,483		296,483
WV RHBT Pay Go Premiums	29,098,558		29,098,558
Total Expenses	\$ 138,461,754	\$ -	\$ 138,461,754
Fiscal Year Results	\$ (13,829,419)		\$ 5,170,581
Beginning Plan Reserve	45,061,423		45,061,423
Ending Plan Reserve	\$ 31,232,004		\$ 50,232,004
Reserve as a Percent of Expenses			34%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 19,000,000	Claim and Other Expense Trends	
		<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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 327,762,531	\$ 49,685,438	\$ 377,447,969
Employer Premiums - MCO	35,258,917	5,314,562	40,573,479
Employee Premiums - PPB	109,471,569	12,399,515	121,871,084
Employee Premiums - MCO	12,364,458	1,400,485	13,764,943
WV RHBT Pay Go Premiums	130,901,442		130,901,442
Life Insurance	1,151,142		1,151,142
Direct Transfers	10,000,000		10,000,000
Investment Income	8,498,833		8,498,833
Litigation Settlement	-		-
COBRA Premiums	2,045,601		2,045,601
Administrative Fees	4,050,843		4,050,843
Total Revenue	\$ 641,505,336	\$ 68,800,000	\$ 710,305,336
<u>Program Expenses</u>			
Medical Claims	\$ 362,503,885	\$ -	\$ 362,503,885
Prescription Drug Claims	134,825,404	\$ -	134,825,404
Managed Care Capitations	44,216,793		44,216,793
Administration	15,878,323		15,878,323
Life Insurance	1,160,242		1,160,242
Wellness	932,376		932,376
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	1,451,783		1,451,783
WV RHBT Pay Go Premiums	130,901,442		130,901,442
Total Expenses	\$ 691,870,248	\$ -	\$ 691,870,248
Fiscal Year Results	\$ (50,364,912)		\$ 18,435,088
Beginning Plan Reserve	164,760,591		164,760,591
Ending Plan Reserve	\$ 114,395,679		\$ 183,195,679
Reserve as a Percent of Expenses			24%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 55,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 13,800,000	<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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 123,026,729	\$ 440,576,516	\$ 563,603,246
Employer Premiums - MCO	5,994,370	47,337,599	53,331,968
Employee Premiums - PPB	-	139,302,286	139,302,286
Employee Premiums - MCO	-	15,733,741	15,733,741
WV RHBT Pay Go Premiums	31,491,225	138,508,775	170,000,000
Life Insurance	212,348	1,208,699	1,421,047
Direct Transfers	-	-	-
Investment Income	2,441,508	9,446,539	11,888,047
Litigation Settlement	-	-	-
COBRA Premiums	575,202	2,375,511	2,950,713
Administrative Fees	731,107	4,050,843	4,781,950
Total Revenue	\$ 164,472,489	\$ 798,540,509	\$ 963,012,998
<u>Program Expenses</u>			
Medical Claims	\$ 83,719,586	\$ 394,310,044	\$ 478,029,630
Prescription Drug Claims	27,740,538	152,050,055	179,790,593
Managed Care Capitations	4,605,672	46,869,801	51,475,473
Administration	2,873,246	16,354,672	19,227,918
Life Insurance	214,027	1,218,254	1,432,281
Wellness	171,993	978,995	1,150,988
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Computer Software Reserve	-	-	-
Director's Discretionary Fund	295,861	1,450,267	1,746,128
WV RHBT Pay Go Premiums	31,491,225	138,508,775	170,000,000
Total Expenses	\$ 151,112,148	\$ 751,740,863	\$ 902,853,012
Fiscal Year Results	\$ 13,360,341	\$ 46,799,646	\$ 60,159,986
Beginning Plan Reserve	50,232,004	183,195,679	233,427,683
Ending Plan Reserve	\$ 63,592,344	\$ 229,995,325	\$ 293,587,670
Reserve as a Percent of Expenses			33%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 77,500,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 20,500,000	<u>Eligibility</u>		
Additional State Employee Premiums	\$ 19,400,000	<u>Medical</u>		
Direct Transfers	\$ -	<u>Drugs</u>		
		Active Local	9.0%	13.0%
		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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 103,520,534	\$ 19,506,195	\$ 123,026,729
Employer Premiums - MCO	5,000,565	993,805	5,994,370
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	31,491,225		31,491,225
Life Insurance	212,348		212,348
Direct Transfers	-		-
Investment Income	2,441,508		2,441,508
Litigation Settlement	-		-
COBRA Premiums	575,202		575,202
Administrative Fees	731,107		731,107
Total Revenue	\$ 143,972,489	\$ 20,500,000	\$ 164,472,489
<u>Program Expenses</u>			
Medical Claims	\$ 83,719,586		\$ 83,719,586
Prescription Drug Claims	27,740,538		27,740,538
Managed Care Capitations	4,605,672		4,605,672
Administration	2,873,246		2,873,246
Life Insurance	214,027		214,027
Wellness	171,993		171,993
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	295,861		295,861
WV RHBT Pay Go Premiums	31,491,225		31,491,225
Total Expenses	\$ 151,112,148	\$ -	\$ 151,112,148
Fiscal Year Results	\$ (7,139,659)		\$ 13,360,341
Beginning Plan Reserve	50,232,004		50,232,004
Ending Plan Reserve	\$ 43,092,345		\$ 63,592,345
Reserve as a Percent of Expenses			39%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 20,500,000	Claim and Other Expense Trends		
		<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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 370,565,217	\$ 70,011,299	\$ 440,576,516
Employer Premiums - MCO	39,848,898	7,488,701	47,337,599
Employee Premiums - PPB	121,871,084	17,431,202	139,302,286
Employee Premiums - MCO	13,764,943	1,968,798	15,733,741
WV RHBT Pay Go Premiums	138,508,775		138,508,775
Life Insurance	1,208,699		1,208,699
Direct Transfers	-		-
Investment Income	9,446,539		9,446,539
Litigation Settlement	-		-
COBRA Premiums	2,375,511		2,375,511
Administrative Fees	4,050,843		4,050,843
Total Revenue	\$ 701,640,509	\$ 96,900,000	\$ 798,540,509
<u>Program Expenses</u>			
Medical Claims	\$ 394,310,044		\$ 394,310,044
Prescription Drug Claims	152,050,055		152,050,055
Managed Care Capitations	46,869,801		46,869,801
Administration	16,354,672		16,354,672
Life Insurance	1,218,254		1,218,254
Wellness	978,995		978,995
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	1,450,267		1,450,267
WV RHBT Pay Go Premiums	138,508,775		138,508,775
Total Expenses	\$ 751,740,863	\$ -	\$ 751,740,863
Fiscal Year Results	\$ (50,100,354)		\$ 46,799,646
Beginning Plan Reserve	183,195,679		183,195,679
Ending Plan Reserve	\$ 133,095,325		\$ 229,995,325
Reserve as a Percent of Expenses			28%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 77,500,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 19,400,000	<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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 136,248,287	\$ 488,108,670	\$ 624,356,957
Employer Premiums - MCO	6,645,153	52,433,104	59,078,257
Employee Premiums - PPB	-	152,780,020	152,780,020
Employee Premiums - MCO	-	17,256,007	17,256,007
WV RHBT Pay Go Premiums	34,118,884	145,881,116	180,000,000
Life Insurance	222,966	1,269,134	1,492,100
Direct Transfers	-	-	-
Investment Income	3,023,041	11,552,009	14,575,050
Litigation Settlement	-	-	-
COBRA Premiums	637,047	2,625,375	3,262,422
Administrative Fees	731,107	4,050,843	4,781,950
Total Revenue	\$ 181,626,485	\$ 875,956,278	\$ 1,057,582,763
<u>Program Expenses</u>			
Medical Claims	\$ 91,483,916	\$ 430,879,186	\$ 522,363,102
Prescription Drug Claims	31,423,291	172,235,775	203,659,066
Managed Care Capitations	4,882,012	49,681,989	54,564,001
Administration	2,959,443	16,845,313	19,804,756
Life Insurance	224,729	1,279,167	1,503,896
Wellness	180,593	1,027,945	1,208,538
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Computer Software Reserve	-	-	-
Director's Discretionary Fund	295,234	1,448,738	1,743,972
WV RHBT Pay Go Premiums	34,118,884	145,881,116	180,000,000
Total Expenses	\$ 165,568,103	\$ 819,279,229	\$ 984,847,331
Fiscal Year Results	\$ 16,058,382	\$ 56,677,049	\$ 72,735,432
Beginning Plan Reserve	63,592,344	229,995,325	293,587,670
Ending Plan Reserve	\$ 79,650,727	\$ 286,672,375	\$ 366,323,101
Reserve as a Percent of Expenses			37%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 60,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 16,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 15,000,000	Active Local	9.5%	13.5%
Direct Transfers	\$ -	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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 120,548,179	\$ 15,700,108	\$ 136,248,287
Employer Premiums - MCO	5,845,261	799,892	6,645,153
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	34,118,884		34,118,884
Life Insurance	222,966		222,966
Direct Transfers	-		-
Investment Income	3,023,041		3,023,041
Litigation Settlement	-		-
COBRA Premiums	637,047		637,047
Administrative Fees	731,107		731,107
Total Revenue	\$ 165,126,485	\$ 16,500,000	\$ 181,626,485
<u>Program Expenses</u>			
Medical Claims	\$ 91,483,916		\$ 91,483,916
Prescription Drug Claims	31,423,291		31,423,291
Managed Care Capitations	4,882,012		4,882,012
Administration	2,959,443		2,959,443
Life Insurance	224,729		224,729
Wellness	180,593		180,593
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	295,234		295,234
WV RHBT Pay Go Premiums	34,118,884		34,118,884
Total Expenses	\$ 165,568,102	\$ -	\$ 165,568,102
Fiscal Year Results	\$ (441,617)		\$ 16,058,383
Beginning Plan Reserve	63,592,344		63,592,344
Ending Plan Reserve	\$ 63,150,727		\$ 79,650,727
Reserve as a Percent of Expenses			44%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 16,500,000	Claim and Other Expense Trends		
		<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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 433,906,374	\$ 54,202,296	\$ 488,108,670
Employer Premiums - MCO	46,635,400	5,797,704	52,433,104
Employee Premiums - PPB	139,302,286	13,477,734	152,780,020
Employee Premiums - MCO	15,733,741	1,522,266	17,256,007
WV RHBT Pay Go Premiums	145,881,116		145,881,116
Life Insurance	1,269,134		1,269,134
Direct Transfers	-		-
Investment Income	11,552,009		11,552,009
Litigation Settlement	-		-
COBRA Premiums	2,625,375		2,625,375
Administrative Fees	4,050,843		4,050,843
Total Revenue	\$ 800,956,278	\$ 75,000,000	\$ 875,956,278
<u>Program Expenses</u>			
Medical Claims	\$ 430,879,186		\$ 430,879,186
Prescription Drug Claims	172,235,775		172,235,775
Managed Care Capitations	49,681,989		49,681,989
Administration	16,845,313		16,845,313
Life Insurance	1,279,167		1,279,167
Wellness	1,027,945		1,027,945
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	1,448,738		1,448,738
WV RHBT Pay Go Premiums	145,881,116		145,881,116
Total Expenses	\$ 819,279,229	\$ -	\$ 819,279,229
Fiscal Year Results	\$ (18,322,951)		\$ 56,677,049
Beginning Plan Reserve	229,995,325		229,995,325
Ending Plan Reserve	\$ 211,672,374		\$ 286,672,374
Reserve as a Percent of Expenses			31%

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	9.5%	13.5%
		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 2023**

PERIOD 7/1/2022 - 6/30/2023

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 150,337,439	\$ 539,334,811	\$ 689,672,249
Employer Premiums - MCO	7,339,366	57,923,597	65,262,964
Employee Premiums - PPB	-	167,156,269	167,156,269
Employee Premiums - MCO	-	18,879,758	18,879,758
WV RHBT Pay Go Premiums	36,835,519	153,164,481	190,000,000
Life Insurance	234,114	1,332,591	1,566,705
Direct Transfers	-	-	-
Investment Income	3,717,628	14,078,309	17,795,937
Litigation Settlement	-	-	-
COBRA Premiums	702,954	2,894,041	3,596,995
Administrative Fees	731,107	4,050,843	4,781,950
Total Revenue	\$ 199,898,127	\$ 958,814,700	\$ 1,158,712,827
<u>Program Expenses</u>			
Medical Claims	\$ 100,425,920	\$ 472,995,042	\$ 573,420,962
Prescription Drug Claims	35,752,129	195,962,787	231,714,917
Managed Care Capitations	5,174,933	52,662,908	57,837,841
Administration	3,048,227	17,350,672	20,398,899
Life Insurance	235,965	1,343,125	1,579,090
Wellness	189,623	1,079,342	1,268,965
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Computer Software Reserve	-	-	-
Director's Discretionary Fund	294,602	1,447,196	1,741,798
WV RHBT Pay Go Premiums	36,835,519	153,164,481	190,000,000
Total Expenses	\$ 181,956,919	\$ 896,005,554	\$ 1,077,962,472
Fiscal Year Results	\$ 17,941,208	\$ 62,809,146	\$ 80,750,355
Beginning Plan Reserve	79,650,727	286,672,375	366,323,101
Ending Plan Reserve	\$ 97,591,935	\$ 349,481,521	\$ 447,073,456
Reserve as a Percent of Expenses			40%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 64,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 17,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 16,000,000	Active Local	10.0%	14.0%
Direct Transfers	\$ -	State	10.0%	14.0%
		Capitations		6.0%
		Administrative Expense		3.0%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2023**

PERIOD 7/1/2022 - 6/30/2023

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 133,685,809	\$ 16,651,630	\$ 150,337,439
Employer Premiums - MCO	6,490,996	848,370	7,339,366
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	36,835,519		36,835,519
Life Insurance	234,114		234,114
Direct Transfers	-		-
Investment Income	3,717,628		3,717,628
Litigation Settlement	-		-
COBRA Premiums	702,954		702,954
Administrative Fees	731,107		731,107
Total Revenue	\$ 182,398,127	\$ 17,500,000	\$ 199,898,127
<u>Program Expenses</u>			
Medical Claims	\$ 100,425,920		\$ 100,425,920
Prescription Drug Claims	35,752,129		35,752,129
Managed Care Capitations	5,174,933		5,174,933
Administration	3,048,227		3,048,227
Life Insurance	235,965		235,965
Wellness	189,623		189,623
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	294,602		294,602
WV RHBT Pay Go Premiums	36,835,519		36,835,519
Total Expenses	\$ 181,956,918	\$ -	\$ 181,956,918
Fiscal Year Results	\$ 441,209		\$ 17,941,209
Beginning Plan Reserve	79,650,727		79,650,727
Ending Plan Reserve	\$ 80,091,936		\$ 97,591,936
Reserve as a Percent of Expenses			49%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 17,500,000	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		Local	10.0%
			<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 2023

PERIOD 7/1/2022 - 6/30/2023

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 481,519,029	\$ 57,815,782	\$ 539,334,811
Employer Premiums - MCO	51,739,379	6,184,218	57,923,597
Employee Premiums - PPB	152,780,020	14,376,249	167,156,269
Employee Premiums - MCO	17,256,007	1,623,751	18,879,758
WV RHBT Pay Go Premiums	153,164,481		153,164,481
Life Insurance	1,332,591		1,332,591
Direct Transfers	-		-
Investment Income	14,078,309		14,078,309
Litigation Settlement	-		-
COBRA Premiums	2,894,041		2,894,041
Administrative Fees	4,050,843		4,050,843
Total Revenue	\$ 878,814,700	\$ 80,000,000	\$ 958,814,700
<u>Program Expenses</u>			
Medical Claims	\$ 472,995,042		\$ 472,995,042
Prescription Drug Claims	195,962,787		195,962,787
Managed Care Capitations	52,662,908		52,662,908
Administration	17,350,672		17,350,672
Life Insurance	1,343,125		1,343,125
Wellness	1,079,342		1,079,342
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	1,447,196		1,447,196
WV RHBT Pay Go Premiums	153,164,481		153,164,481
Total Expenses	\$ 896,005,553	\$ -	\$ 896,005,553
Fiscal Year Results	\$ (17,190,853)		\$ 62,809,147
Beginning Plan Reserve	286,672,375		286,672,375
Ending Plan Reserve	\$ 269,481,522		\$ 349,481,522
Reserve as a Percent of Expenses			34%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 64,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 16,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ -	State	10.0%	14.0%
		Capitations		6.0%
		Administrative Expense		3.0%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2018 to FY 2019**

Fiscal Year 2018												
Exposure	<u>Jul-17</u>	<u>Aug-17</u>	<u>Sep-17</u>	<u>Oct-17</u>	<u>Nov-17</u>	<u>Dec-17</u>	<u>Jan-18</u>	<u>Feb-18</u>	<u>Mar-18</u>	<u>Apr-18</u>	<u>May-18</u>	<u>Jun-18</u>
Local Medical	25,740	25,586	25,604	25,583	25,558	25,466	25,575	25,507	25,557	25,560	25,510	25,493
State Medical	124,443	123,087	122,276	122,287	122,223	122,170	121,909	121,742	121,432	121,040	120,767	120,425
Local Drugs	25,740	25,586	25,604	25,583	25,558	25,466	25,575	25,507	25,557	25,560	25,510	25,493
State Drugs	124,443	123,087	122,276	122,287	122,223	122,170	121,909	121,742	121,432	121,040	120,767	120,425
Local Medical	<u>\$154.15</u>	<u>\$184.40</u>	<u>\$180.32</u>	<u>\$215.33</u>	<u>\$204.80</u>	<u>\$174.91</u>	<u>\$223.24</u>	<u>\$206.72</u>	<u>\$213.71</u>	<u>\$262.95</u>	<u>\$271.24</u>	<u>\$224.15</u>
State Medical	177.20	192.46	187.35	199.69	206.34	190.44	222.12	201.10	221.08	236.09	261.36	257.41
Local Drugs	115.84	98.80	77.31	119.78	88.78	88.76	112.53	82.87	91.32	101.48	110.77	109.01
State Drugs	<u>118.63</u>	<u>100.18</u>	<u>80.54</u>	<u>122.01</u>	<u>88.25</u>	<u>86.39</u>	<u>114.92</u>	<u>89.25</u>	<u>98.21</u>	<u>105.12</u>	<u>115.04</u>	<u>116.06</u>
Total	\$565.82	\$575.85	\$525.52	\$656.81	\$588.19	\$540.50	\$672.82	\$579.94	\$624.32	\$705.64	\$758.41	\$706.63
Change From Prior Year - Month to Month Analysis												
Local Medical	-7.6%	-1.3%	-3.6%	6.1%	-3.9%	-23.4%	-12.3%	-9.2%	-9.8%	11.0%	13.1%	-11.3%
State Medical	2.4%	-14.5%	-2.6%	-3.3%	2.0%	-2.5%	-0.1%	-2.9%	-9.6%	-3.0%	4.1%	-3.5%
Local Drugs	98.0%	24.9%	2.1%	36.8%	3.2%	-3.0%	20.7%	-8.3%	-15.2%	1.5%	1.6%	-0.2%
State Drugs	<u>85.7%</u>	<u>20.6%</u>	<u>-0.4%</u>	<u>34.6%</u>	<u>-4.0%</u>	<u>-9.1%</u>	<u>15.5%</u>	<u>-8.3%</u>	<u>-11.1%</u>	<u>4.4%</u>	<u>5.4%</u>	<u>1.8%</u>
Total	22.4%	0.3%	-2.0%	11.7%	-0.9%	-11.4%	0.5%	-6.8%	-10.8%	3.6%	7.0%	-4.9%
Change From Prior Year - Quarter to Quarter Analysis												
Local Medical			-4.0%			-7.7%			-10.5%			4.0%
State Medical			-5.7%			-1.3%			-4.4%			-0.8%
Local Drugs			36.8%			12.1%			-1.6%			1.0%
State Drugs			<u>31.4%</u>			<u>6.9%</u>			<u>-1.6%</u>			<u>3.8%</u>
Total			6.0%			-0.3%			-5.8%			1.8%
Change From Prior Year - Year to Year Analysis												
Local Medical			-0.3%			-4.8%			-8.2%			-4.5%
State Medical			-3.7%			-2.1%			-3.0%			-2.9%
Local Drugs			24.7%			23.0%			16.6%			10.0%
State Drugs			<u>20.5%</u>			<u>18.1%</u>			<u>12.3%</u>			<u>8.6%</u>
Total			4.5%			3.1%			0.1%			0.2%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2018 to FY 2019**

Fiscal Year 2019

Exposure

	<u>Jul-18</u>	<u>Aug-18</u>
Local Medical	25,510	25,503
State Medical	118,778	118,227
Local Drugs	25,510	25,503
State Drugs	118,778	118,227

	<u>Jul-18</u>	<u>Aug-18</u>
Local Medical	\$164.93	\$205.35
State Medical	198.27	220.15
Local Drugs	97.60	106.03
State Drugs	<u>102.14</u>	<u>105.83</u>
Total	\$562.93	\$637.36

Change From Prior Year - Month to Month Analysis

Local Medical	7.0%	11.4%
State Medical	11.9%	14.4%
Local Drugs	-15.7%	7.3%
State Drugs	<u>-13.9%</u>	<u>5.6%</u>
Total	-0.5%	10.7%

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