



CCRC
Actuaries, LLC

STATE OF WEST VIRGINIA



PUBLIC EMPLOYEES INSURANCE AGENCY

**Quarterly Report
March 31, 2015**

Fiscal Years 2015-2019

June 2015

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

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

CCRC Actuaries has been retained by the West Virginia Public Employees Insurance Agency Finance Board (“Board”) to assist it as provided under Code of the West Virginia 1931 (“Code”), as amended. The Board has asked CCRC Actuaries to review the financial plan prepared and proposed by the Board in December 2014 for the fiscal year 2016 (“FY 2016”) and to provide quarterly financial reports for current FY 2015 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 2015 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 2019.

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 2015 and subsequently. We are assuming that the Bill will continue throughout the five year forecast period.

CCRC Actuaries has provided preliminary forecasts for fiscal years ending June 30, 2015 (“FY 2015”), June 30, 2016 (“FY 2016”), June 30, 2017 (“FY 2017”), June 30, 2018 (“FY 2018”) and June 30, 2019 (“FY 2019”). Our opinion of plan adequacy is based on the projections through FY 2019 using updated future revenue and plan modifications provided by the Board in the financial plan adopted in December 2014. This forecast is prepared for the Public Employee Insurance Agency, and does not include actuarial projections for the West Virginia Retiree Health Benefit Trust Fund.

In reviewing the plan, CCRC Actuaries utilized information concerning the plan’s prior experience, covered individuals, plan revenues, plan benefits, plan administrative costs, and other expenses. This information was developed and provided by PEIA, the plan’s third party administrators and other sources. In our review, we completely relied on the accuracy of this information and did not perform any due diligence on the information. The enclosed forecasts include anticipated changes from the federal statute Patient Protection and Affordable Care Act (“PPACA”) signed into law on March 23, 2010. Additional details of the benefit reductions can be found later in this report. In addition, it is noteworthy that some current PEIA members may become eligible for the West Virginia Children Health Insurance Plan effective in Fiscal Year 2015. This report does not include anticipated savings from this eligibility change since the proposal has not been finalized and approved by CMS.

In FY 2015 the Pay-Go is equivalent to \$305 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 2014.

This report includes updated claim trend assumptions as recommended in the report titled, “Detailed Medical and Prescription Drugs Claim Trend Report - September 2014”. In the circumstances and subject to the conditions described herein, we believe the financial plan approved by the Board for FY 2015 through FY 2019 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 2015 based on the scheduled revenue increases of the financial plan approved and amended by the Board in December 2014.

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 2019 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.
Senior Actuarial Consultant

West Virginia Public Employees Insurance Agency

Report of Independent Actuary

Financial Plan for FY 2015 – FY 2019

OVERVIEW

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

This report was compiled utilizing claims data collected by PEIA's third party administrators through May 2015 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 June 2015 enrollment levels for the duration of these forecasts for active employees.

In aggregate, June 2015 enrollment for active employees has increased by 16 coverages since the end of FY 2014. Aggregate PPB enrollment has increased by 162 in total over the same period, while managed care enrollment experienced a decrease of 146 coverages.

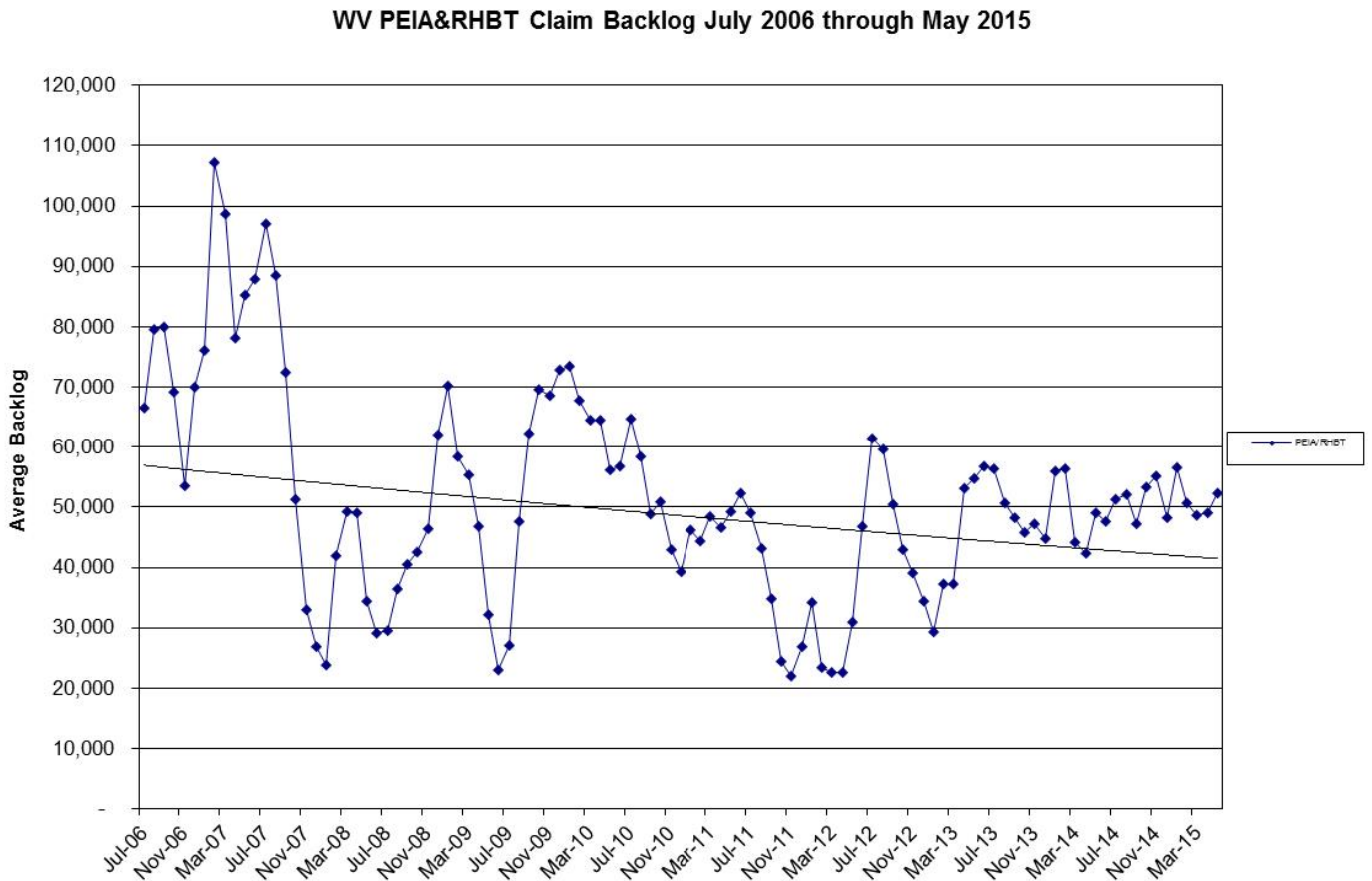
In the State Fund, the overall active State enrollment decreased by 480 coverages from the end of FY 2014 to June 2015. And in the Local Fund, the overall active Local enrollment increased by 496 coverages from the end of FY 2014 to June 2015.

The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2013, June 2014 and June 2015 for purposes of comparison:

| PEIA Fund | Coverage | Preferred Provider Benefit | | | Managed Care | | |
|--------------|----------|----------------------------|--------|--------|--------------|--------|--------|
| | | Jun-13 | Jun-14 | Jun-15 | Jun-13 | Jun-14 | Jun-15 |
| State Active | Single | 22,367 | 22,043 | 22,080 | 1,887 | 1,903 | 1,889 |
| | Children | 6,479 | 6,582 | 6,295 | 648 | 627 | 571 |
| | Family | 30,573 | 30,446 | 30,344 | 2,899 | 2,817 | 2,759 |
| | Total | 59,419 | 59,071 | 58,719 | 5,434 | 5,347 | 5,219 |
| Local Active | Single | 5,206 | 5,207 | 5,474 | 322 | 372 | 371 |
| | Children | 976 | 975 | 1,013 | 106 | 112 | 102 |
| | Family | 5,352 | 5,511 | 5,720 | 131 | 156 | 149 |
| | Total | 11,534 | 11,693 | 12,207 | 559 | 640 | 622 |
| Plan Total | | 70,953 | 70,764 | 70,926 | 5,993 | 5,987 | 5,841 |
| Grand Total | | | | | 76,946 | 76,751 | 76,767 |

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 an overall decreasing trend since July 2006. However, it indicates an upward trend since the beginning of FY 2015.



C. Trend Analysis

PEIA experienced favorable medical and prescription drug trends in FY 2014, and over the past few years, trends have been beneficial to the plan. CCRC Actuaries performed the detailed medical and prescription drugs trend analysis in the report titled, “Detailed Medical and Prescription Drugs Claim Trend Report - September 2014”. This report includes the detailed trend analysis of PEIA experience by medical and prescription drugs. Based on the analysis, we have decreased the FY 2015 medical claim trend to 5%. Additionally, due to PEIA’s favorable FY 2014 prescription drug experience, we have decreased our trend assumption for all prescription drugs coverage to 8% in FY 2015.

The current projection assumes the trends in the following table:

| Claim Type | Previous Assumption FY 2015 Trend | Updated Assumption FY 2015 Trend |
|------------------------|--------------------------------------|-------------------------------------|
| Active Local – Medical | 5.5% | 5.0% |
| State – Medical | 5.5% | 5.0% |
| Active Local – Drugs | 8.5% | 8.0% |
| State – Drugs | 8.5% | 8.0% |

In addition, we have assumed that trends will increase by 0.5% in each successive fiscal year beginning in FY 2016. 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 May 2015. It is important to note that these trends *have not* been adjusted to reflect savings as a result of the expansion of the drug rebate program or the claim savings due to changes in provider reimbursement methodologies, nor the changes in the benefit structure. In developing the claim cost projection, we have reflected for benefit and reimbursement changes as an adjustment to the gross trend assumption.

PEIA Historical Trends (Active Local and State)

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

* Fiscal Year 2015 results are through eleven months ending May 2015.

D. Enrollment, Claim, Expense and Revenue Assumptions

Using PEIA paid claim data through May 2015 for medical claims and for prescription drugs claims, average annualized incurred unit claim costs were developed for the State Fund and the Local Fund for both self-funded and managed care coverages. CCRC Actuaries has developed the claim cost on an adjusted exposure basis using the respective expected claim cost for each coverage type. The adjusted exposure methodology weighs the expected claim cost under each coverage type for single, member and children, and family coverages based on observed differences in health care cost. For example, under this methodology single coverage types are given a weight of 1.0 exposure, whereas member and children coverages are given a greater weighting based on historical expected health care cost relationships. Based on this methodology, the projection of FY 2015 claims and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

| Fiscal Year 2015 Projection | | | Net Revenue Excluding Pay Go | | Expenses | | |
|-----------------------------|--------------|----------|------------------------------|---------------------------|-----------------------|----------------------|--------------------------|
| Fund | Program | Policies | Monthly Employer Premiums | Monthly Employee Premiums | Monthly Medical Costs | Monthly Drugs Costs* | Monthly Capitation Costs |
| State | PPB | 58,727 | \$ 481 | \$ 122 | \$ 502 | \$ 159 | |
| | Managed Care | 5,218 | \$ 495 | \$ 143 | | | \$ 570 |
| | Total | 63,945 | | | | | |
| Local | PPB | 12,067 | \$ 591 | \$ - | \$ 464 | \$ 125 | |
| | Managed Care | 634 | \$ 495 | \$ - | | | \$ 461 |
| | Total | 12,701 | | | | | |

*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 2014

| Source | Fiscal Year 2015 | Fiscal Year 2016 | Fiscal Year 2017 | Fiscal Year 2018 | Fiscal Year 2019 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Additional State Employer Revenue | \$0 | \$0 | \$88,000,000 | \$28,000,000 | \$43,000,000 |
| Additional Local Agency Revenue | (\$1,200,000) | (\$3,000,000) | \$0 | \$15,000,000 | \$19,500,000 |
| Additional Employee Premium | (\$5,400,000) | \$0 | \$22,000,000 | \$7,000,000 | \$10,800,000 |
| Benefit Reductions/(Increase) - SB-22 and Copay Changes | (\$1,600,000) | \$0 | \$0 | \$0 | \$0 |
| Benefit Reductions/(Increase) - Active State | \$0 | \$26,200,000 | \$0 | \$0 | \$0 |
| Benefit Reductions/(Increase) - Active Local | \$0 | \$3,700,000 | \$0 | \$0 | \$0 |
| Benefit Reductions/(Increase) - Managed Care Capitations | \$0 | \$5,122,725 | \$0 | \$0 | \$0 |
| PPACA Reinsurance Contributions (Cost) | (\$8,500,000) | (\$5,400,000) | (\$1,800,000) | \$0 | \$0 |
| PPACA Comparative Effectiveness Research Fees (Cost) | (\$345,000) | (\$344,693) | (\$344,461) | (\$344,306) | (\$344,230) |
| Pay Go Premium Transfer | \$150,000,000 | \$150,000,000 | \$180,000,000 | \$195,000,000 | \$210,000,000 |

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

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

The \$26,200,000 of Active State benefit reductions in Fiscal Year 2016 is comprised of the following:

| | <u>Included in 2016 Claim Cost</u> |
|----------------|------------------------------------|
| Medical Claims | (\$15.5 M) |
| Drug Claims | (\$10.7 M) |

The \$3,700,000 of Active Local benefit reductions in Fiscal Year 2016 is comprised of the following:

| | <u>Included in 2016 Claim Cost</u> |
|----------------|------------------------------------|
| Medical Claims | (\$1.9 M) |
| Drug Claims | (\$1.8 M) |

The \$5,122,725 of Managed Care Capitation benefit reductions in Fiscal Year 2016 is comprised of the following:

| | <u>Included in 2016 Claim Cost</u> |
|--------------|------------------------------------|
| Active State | (\$4.664 M) |
| Active Local | (\$0.458 M) |

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

| | <u>Savings</u> |
|--|----------------|
| Increase Primary Care Office Visit copayment from \$15 to \$20 per visit | \$1.1 M |
| Increase Specialist Office Visit copayment from \$25 to \$40 per visit | \$3.9 M |
| Increase deductible by \$25 for single coverage and \$50 for family coverage | \$2.1 M |
| Increase outpatient surgery copay from \$50 to \$100 | \$1.9 M |
| Increase emergency room copay to \$100 with no discount | \$0.5 M |
| Increase family out-of-pocket maximum for PEIA PPB Plans A and D to twice the employee only amount | \$6.75 M |
| Add \$100 copay per admission to existing deductible and 20% coinsurance for inpatient hospital care | \$1.1 M |
| Increase Generic Drug Copay for 30 day supply from \$5 to \$10 and for 90 day supply (maintenance only) from \$10 to \$20 | \$9.4 M |
| Increase Preferred Brand Drug Copay for 30 day supply from \$15 to \$25 and for 90 day supply (maintenance only) from \$30 to \$50 | \$3.1 M |

Beginning March 1, 2015, PEIA returned to Aetna Signature Administrators as the PPB plans' out of state health care network provider. This new arrangement is to achieve savings in relation to the FY 2015 claims costs. The anticipated trend for FY2016 reflects these assumptions.

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

Under the final rule, issuers would be required to pay a reinsurance contribution of \$5.25 per member per month to HHS in 2014. The \$5.25 contribution rate would gradually decrease in 2015 and 2016. From 2017 and beyond, no further reinsurance contributions will be collected. PEIA will not receive any benefit payments from the national reinsurance program. PEIA will be subject to paying the reinsurance contributions through FY 2017 and the projected expenses of the reinsurance contributions are included in the current financial plan. The total reinsurance contributions for the financial projection are estimated to be approximately \$15,700,000, with \$8,500,000 in FY 2015.

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 in FY 2014 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 \$1,720,000, with \$345,000 in FY 2015.

Future fiscal year state revenue increases will require legislative appropriation. Additional local agency revenue represents premium increases to be charged to local agencies. Additional employee premiums represent employee premiums paid by active employees participating in the State Fund.

In FY 2015 the Pay-Go is equivalent to \$305 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 2014.

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 2015 FORECAST

The financial forecast for FY 2015 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2015 projects accrued revenue of \$718,105,000 and incurred plan expenses of \$772,037,310 to produce a fiscal year deficit of (\$53,932,310). It should be noted that this is a decrease in deficit from the projected deficit of (\$64,850,470) in the PEIA December 31, 2014 Quarterly Report due to the favorable medical claims experience and drug rebates. The PEIA local and state agencies Pay Go premiums for FY 2015 are assumed to be \$150,000,000.

Under the Baseline Scenario, FY 2015 is projected to end with a reserve of \$176,163,507 and the FY 2016 expenditures of \$758,165,013, which represents 23% of projected expenditures. This projected reserve meets the 10% of program expense requirement under the Baseline Scenario assumptions.

FISCAL YEAR 2016 FORECAST

The financial forecast for FY 2016 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2016 projects accrued revenue of \$718,231,060 and incurred plan expenses of \$758,165,013 to produce a fiscal year deficit of (\$39,933,953). The PEIA local and state agencies Pay Go premiums for FY 2016 are assumed to be \$150,000,000.

Under the Baseline Scenario, FY 2016 is projected to end with a reserve of \$136,229,554 and the FY 2017 expenditures of \$822,555,617, which represents 17% of projected expenditures. This projected reserve meets the 10% of program expense requirement under the Baseline Scenario assumptions. Under the Optimistic Scenario, the ending reserve is expected to increase to \$152,232,625 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$120,165,938.

FISCAL YEAR 2017 FORECAST

The financial forecast for FY 2017 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2017 projects accrued revenue of \$828,755,930 and incurred plan expenses of \$822,555,617 to produce a fiscal year surplus of \$6,200,313. The PEIA local and state agencies Pay Go premiums for FY 2017 are assumed to be \$180,000,000.

Under the Baseline Scenario, FY 2017 is projected to end with a reserve of \$142,429,867 and the FY 2018 expenditures of \$879,149,421, which represents 16% of projected expenditures. This projected reserve meets the 10% of program expense requirement under the Baseline Scenario assumptions. Under the Optimistic Scenario, the ending reserve is expected to increase to \$183,490,072 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$100,694,949.

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 \$879,564,596 and incurred plan expenses of \$879,149,421 to produce a fiscal year surplus of \$415,175. The PEIA local and state agencies Pay Go premiums for FY 2018 are assumed to be \$195,000,000.

Under the Baseline Scenario, FY 2018 is projected to end with a reserve of \$142,845,042 and the FY 2019 expenditures of \$943,712,678, which represents 15% of projected expenditures. This projected reserve meets the 10% of program expense requirement under the Baseline Scenario assumptions. Under the Optimistic Scenario, the ending reserve is expected to increase to \$222,712,836 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$60,632,251.

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 \$953,551,618 and incurred plan expenses of \$943,712,678 to produce a fiscal year surplus of \$9,838,940. The PEIA local and state agencies Pay Go premiums for FY 2019 are assumed to be \$210,000,000.

Under the Baseline Scenario, FY 2019 is projected to end with a reserve of \$152,683,981 and the FY 2020 expenditures of \$1,011,209,249, which represents 15% of projected expenditures. This projected reserve meets the 10% of program expense requirement under the Baseline Scenario assumptions. Under the Optimistic Scenario, the ending reserve is expected to increase to \$287,294,359 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$12,349,041.

LITIGATION

The forecasts presented in the attached tables do not contemplate any additional revenues or expenses to be generated from litigation activities.

SUMMARY

With projected changes to the plan as adopted by the PEIA Finance Board, we are forecasting that the plan will meet the minimum 10% reserve target set by West Virginia Statute and the 15% actuarial reserve target through the projection period ending with the Fiscal Year 2019 using the Baseline assumptions, except in FY 2016 due to unfavorable medical and drug claims experience through May 2015. These projections are based on significant revenue increases as contained in the Financial Plan adopted by the Board in December 2014 and are contingent on legislative approval. These forecasts are based on assumptions including the estimated cost and savings of plan changes, expected trend levels and exposure levels. The continued enrollment changes of the managed care options, changes in physician, ambulatory and hospital provider reimbursement, possible changes in methodology of managed care premium calculation, and changes in the prescription drugs program, can be expected to further exacerbate the difficulty of projecting future medical and drugs claim levels and lags. These projections do not incorporate any anticipated effects of national or state health care reform, such as universal health insurance initiatives and Medicaid reform. As such, actual results deviating from those amounts projected in these pages should not be unexpected. With the legislatively mandated requirement of a five-year projection, it should be assumed that constant modifications would be required.

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

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

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

| | Active Local Fund | State Fund | PEIA Total |
|---|----------------------------------|------------------------|------------------------|
| <u>Revenues</u> | | | |
| Employer Premiums - PPB | \$ 109,347,778 | \$ 430,068,011 | \$ 539,415,789 |
| Employer Premiums - MCO | 4,811,222 | 39,367,989 | 44,179,211 |
| Employee Premiums - PPB | - | 109,047,471 | 109,047,471 |
| Employee Premiums - MCO | - | 11,343,529 | 11,343,529 |
| Life Insurance | 331,739 | 1,795,261 | 2,127,000 |
| Investment Income | 852,390 | 3,341,610 | 4,194,000 |
| Litigation Settlement | 121,186 | 655,814 | 777,000 |
| COBRA Premiums | 423,122 | 1,756,878 | 2,180,000 |
| Administrative Fees | 740,135 | 4,100,865 | 4,841,000 |
| Total Revenue | \$ 116,627,572 | \$ 601,477,428 | \$ 718,105,000 |
| <u>Program Expenses</u> | | | |
| Medical Claims | \$ 67,180,565 | \$ 353,499,814 | \$ 420,680,380 |
| Prescription Drug Claims | 18,118,396 | 112,141,138 | 130,259,533 |
| Managed Care Capitations | 3,506,082 | 35,686,918 | 39,193,000 |
| Administration | 2,857,295 | 15,462,705 | 18,320,000 |
| Life Insurance | 332,051 | 1,796,949 | 2,129,000 |
| Wellness | 274,032 | 1,482,968 | 1,757,000 |
| ACA Reinsurance Contributions | 1,325,710 | 7,174,290 | 8,500,000 |
| ACA Comparative Effectiveness Research Fees | 51,553 | 293,447 | 345,000 |
| Director's Discretionary Fund | 132,127 | 721,270 | 853,397 |
| WV RHBT Pay Go Premiums | 24,855,830 | 125,144,170 | 150,000,000 |
| Total Expenses | \$ 118,633,641 | \$ 653,403,669 | \$ 772,037,310 |
| Fiscal Year Results | \$ (2,006,069) | \$ (51,926,241) | \$ (53,932,310) |
| Beginning Plan Reserve | 49,341,943 | 180,753,874 | 230,095,817 |
| Ending Plan Reserve | \$ 47,335,874 | \$ 128,827,633 | \$ 176,163,507 |

KEY ASSUMPTIONS

| | | | | |
|------------------------------------|----------------|---------------------------------------|----------------|--------------|
| Additional State Employer Premiums | \$ - | Claim and Other Expense Trends | | |
| Additional Local Agency Revenue | \$ (1,200,000) | <u>Eligibility</u> | <u>Medical</u> | <u>Drugs</u> |
| Additional State Employee Premiums | \$ (5,400,000) | Active Local | 5.0% | 8.0% |
| Direct Transfers | \$ - | State | 5.0% | 8.0% |
| | | Capitations | | 2.9% |
| | | Administrative Expense | | 1.7% |

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

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

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

| Local Fund | Baseline Projection | Board Decision | Ending Projection |
|---|----------------------------|-----------------------|--------------------------|
| <u>Revenues</u> | | | |
| Employer Premiums - PPB | \$ 109,347,778 | \$ - | \$ 109,347,778 |
| Employer Premiums - MCO | 4,811,222 | - | 4,811,222 |
| Employee Premiums - PPB | - | - | - |
| Employee Premiums - MCO | - | - | - |
| Life Insurance | 331,739 | | 331,739 |
| Investment Income | 852,390 | | 852,390 |
| Litigation Settlement | 121,186 | | 121,186 |
| COBRA Premiums | 423,122 | | 423,122 |
| Administrative Fees | 740,135 | | 740,135 |
| Total Revenue | \$ 116,627,572 | \$ - | \$ 116,627,572 |
| <u>Program Expenses</u> | | | |
| Medical Claims | \$ 66,899,502 | \$ 281,063 | \$ 67,180,565 |
| Prescription Drug Claims | 18,140,651 | (22,255) | 18,118,396 |
| Managed Care Capitations | 3,506,082 | | 3,506,082 |
| Administration | 2,857,295 | | 2,857,295 |
| Life Insurance | 332,051 | | 332,051 |
| Wellness | 274,032 | | 274,032 |
| ACA Reinsurance Contributions | 1,325,710 | | 1,325,710 |
| ACA Comparative Effectiveness Research Fees | 51,553 | | 51,553 |
| Director's Discretionary Fund | 132,127 | | 132,127 |
| WV RHBT Pay Go Premiums | 24,855,830 | | 24,855,830 |
| Total Expenses | \$ 118,374,833 | \$ 258,808 | \$ 118,633,641 |
| Fiscal Year Results | \$ (1,747,261) | | \$ (2,006,069) |
| Beginning Plan Reserve | 49,341,943 | | 49,341,943 |
| Ending Plan Reserve | \$ 47,594,682 | | \$ 47,335,874 |

KEY ASSUMPTIONS

| | | | | |
|---------------------------------|----------------|---------------------------------------|----------------|--------------|
| Additional Local Agency Revenue | \$ (1,200,000) | Claim and Other Expense Trends | | |
| | | <u>Eligibility</u> | <u>Medical</u> | <u>Drugs</u> |
| | | Local | 5.0% | 8.0% |
| | | Capitations | | 2.9% |
| | | Administrative Expense | | 1.7% |

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

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

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

| State Fund | Baseline Projection | Board Decision | Ending Projection |
|---|----------------------------|-----------------------|--------------------------|
| <u>Revenues</u> | | | |
| Employer Premiums - PPB | \$ 430,068,011 | \$ - | \$ 430,068,011 |
| Employer Premiums - MCO | 39,367,989 | - | 39,367,989 |
| Employee Premiums - PPB | 109,047,471 | - | 109,047,471 |
| Employee Premiums - MCO | 11,343,529 | - | 11,343,529 |
| Life Insurance | 1,795,261 | | 1,795,261 |
| Investment Income | 3,341,610 | | 3,341,610 |
| Litigation Settlement | 655,814 | | 655,814 |
| COBRA Premiums | 1,756,878 | | 1,756,878 |
| Administrative Fees | 4,100,865 | | 4,100,865 |
| Total Revenue | \$ 601,477,428 | \$ - | \$ 601,477,428 |
| <u>Program Expenses</u> | | | |
| Medical Claims | \$ 352,020,878 | \$ 1,478,937 | \$ 353,499,814 |
| Prescription Drug Claims | 112,278,882 | (137,745) | 112,141,137 |
| Managed Care Capitations | 35,686,918 | | 35,686,918 |
| Administration | 15,462,705 | | 15,462,705 |
| Life Insurance | 1,796,949 | | 1,796,949 |
| Wellness | 1,482,968 | | 1,482,968 |
| ACA Reinsurance Contributions | 7,174,290 | | 7,174,290 |
| ACA Comparative Effectiveness Research Fees | 293,447 | | 293,447 |
| Director's Discretionary Fund | 721,270 | | 721,270 |
| WV RHBT Pay Go Premiums | 125,144,170 | | 125,144,170 |
| Total Expenses | \$ 652,062,477 | \$ 1,341,192 | \$ 653,403,669 |
| Fiscal Year Results | \$ (50,585,049) | | \$ (51,926,240) |
| Beginning Plan Reserve | 180,753,874 | | 180,753,874 |
| Ending Plan Reserve | \$ 130,168,825 | | \$ 128,827,634 |

KEY ASSUMPTIONS

| | | | | |
|------------------------------------|----------------|---------------------------------------|----------------|--------------|
| Additional State Employer Premiums | \$ - | Claim and Other Expense Trends | | |
| Additional State Employee Premiums | \$ (5,400,000) | <u>Eligibility</u> | <u>Medical</u> | <u>Drugs</u> |
| Direct Transfers | \$ - | State | 5.0% | 8.0% |
| | | Capitations | | 2.9% |
| | | Administrative Expense | | 1.7% |

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

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

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

| | Active Local Fund | State Fund | PEIA Total |
|---|----------------------------------|------------------------|------------------------|
| <u>Revenues</u> | | | |
| Employer Premiums - PPB | \$ 106,474,213 | \$ 430,068,011 | \$ 536,542,224 |
| Employer Premiums - MCO | 4,684,787 | 39,367,989 | 44,052,776 |
| Employee Premiums - PPB | - | 109,047,471 | 109,047,471 |
| Employee Premiums - MCO | - | 11,343,529 | 11,343,529 |
| Life Insurance | 348,326 | 1,885,024 | 2,233,350 |
| Investment Income | 1,926,899 | 6,073,101 | 8,000,000 |
| Litigation Settlement | - | - | - |
| COBRA Premiums | 421,319 | 1,749,391 | 2,170,710 |
| Administrative Fees | 740,135 | 4,100,865 | 4,841,000 |
| Total Revenue | \$ 114,595,679 | \$ 603,635,381 | \$ 718,231,060 |
| <u>Program Expenses</u> | | | |
| Medical Claims | \$ 67,464,468 | \$ 345,431,902 | \$ 412,896,370 |
| Prescription Drug Claims | 18,000,757 | 110,530,292 | 128,531,049 |
| Managed Care Capitations | 3,258,184 | 33,163,671 | 36,421,855 |
| Administration | 3,010,695 | 15,858,905 | 18,869,600 |
| Life Insurance | 348,654 | 1,886,796 | 2,235,450 |
| Wellness | 274,032 | 1,482,968 | 1,757,000 |
| ACA Reinsurance Contributions | 800,000 | 4,600,000 | 5,400,000 |
| ACA Comparative Effectiveness Research Fees | 53,319 | 291,373 | 344,692 |
| Director's Discretionary Fund | 269,768 | 1,439,229 | 1,708,997 |
| WV RHBT Pay Go Premiums | 24,855,830 | 125,144,170 | 150,000,000 |
| Total Expenses | \$ 118,335,707 | \$ 639,829,306 | \$ 758,165,013 |
| Fiscal Year Results | \$ (3,740,028) | \$ (36,193,925) | \$ (39,933,953) |
| Beginning Plan Reserve | 47,335,874 | 128,827,633 | 176,163,507 |
| Ending Plan Reserve | \$ 43,595,846 | \$ 92,633,708 | \$ 136,229,554 |

KEY ASSUMPTIONS

| | | | | |
|------------------------------------|----------------|---------------------------------------|----------------|--------------|
| Additional State Employer Premiums | \$ - | Claim and Other Expense Trends | | |
| Additional Local Agency Revenue | \$ (3,000,000) | <u>Eligibility</u> | <u>Medical</u> | <u>Drugs</u> |
| Additional State Employee Premiums | \$ - | Active Local | 5.5% | 8.5% |
| Direct Transfers | \$ - | State | 5.5% | 8.5% |
| | | Capitations | | -7.1% |
| | | Administrative Expense | | 3.0% |

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

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

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

| Local Fund | Baseline Projection | Board Decision | Ending Projection |
|---|----------------------------|-----------------------|--------------------------|
| <u>Revenues</u> | | | |
| Employer Premiums - PPB | \$ 109,347,778 | \$ (2,873,565) | \$ 106,474,213 |
| Employer Premiums - MCO | 4,811,222 | (126,435) | 4,684,787 |
| Employee Premiums - PPB | - | - | - |
| Employee Premiums - MCO | - | - | - |
| Life Insurance | 348,326 | | 348,326 |
| Investment Income | 1,926,899 | | 1,926,899 |
| Litigation Settlement | - | | - |
| COBRA Premiums | 421,319 | | 421,319 |
| Administrative Fees | 740,135 | | 740,135 |
| Total Revenue | \$ 117,595,679 | \$ (3,000,000) | \$ 114,595,679 |
| <u>Program Expenses</u> | | | |
| Medical Claims | \$ 71,386,468 | \$ (3,922,000) | \$ 67,464,468 |
| Prescription Drug Claims | 19,800,757 | (1,800,000) | 18,000,757 |
| Managed Care Capitations | 3,716,447 | (458,263) | 3,258,184 |
| Administration | 3,010,695 | | 3,010,695 |
| Life Insurance | 348,654 | | 348,654 |
| Wellness | 274,032 | | 274,032 |
| ACA Reinsurance Contributions | 800,000 | | 800,000 |
| ACA Comparative Effectiveness Research Fees | 53,319 | | 53,319 |
| Director's Discretionary Fund | 269,768 | | 269,768 |
| WV RHBT Pay Go Premiums | 24,855,830 | | 24,855,830 |
| Total Expenses | \$ 124,515,970 | \$ (6,180,263) | \$ 118,335,707 |
| Fiscal Year Results | \$ (6,920,291) | | \$ (3,740,028) |
| Beginning Plan Reserve | 47,335,874 | | 47,335,874 |
| Ending Plan Reserve | \$ 40,415,583 | | \$ 43,595,846 |

KEY ASSUMPTIONS

| | | | | |
|---------------------------------|----------------|---------------------------------------|----------------|--------------|
| Additional Local Agency Revenue | \$ (3,000,000) | Claim and Other Expense Trends | | |
| | | <u>Eligibility</u> | <u>Medical</u> | <u>Drugs</u> |
| | | Local | 5.5% | 8.5% |
| | | Capitations | | -7.1% |
| | | Administrative Expense | | 3.0% |

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

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

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

| State Fund | Baseline Projection | Board Decision | Ending Projection |
|---|----------------------------|------------------------|--------------------------|
| <u>Revenues</u> | | | |
| Employer Premiums - PPB | \$ 430,068,011 | \$ - | \$ 430,068,011 |
| Employer Premiums - MCO | 39,367,989 | - | 39,367,989 |
| Employee Premiums - PPB | 109,047,471 | - | 109,047,471 |
| Employee Premiums - MCO | 11,343,529 | - | 11,343,529 |
| Life Insurance | 1,885,024 | | 1,885,024 |
| Investment Income | 6,073,101 | | 6,073,101 |
| Litigation Settlement | - | | - |
| COBRA Premiums | 1,749,391 | | 1,749,391 |
| Administrative Fees | 4,100,865 | | 4,100,865 |
| Total Revenue | \$ 603,635,381 | \$ - | \$ 603,635,381 |
| <u>Program Expenses</u> | | | |
| Medical Claims | \$ 371,569,902 | \$ (26,138,000) | \$ 345,431,902 |
| Prescription Drug Claims | 121,230,292 | (10,700,000) | 110,530,292 |
| Managed Care Capitations | 37,828,133 | (4,664,462) | 33,163,671 |
| Administration | 15,858,905 | | 15,858,905 |
| Life Insurance | 1,886,796 | | 1,886,796 |
| Wellness | 1,482,968 | | 1,482,968 |
| ACA Reinsurance Contributions | 4,600,000 | | 4,600,000 |
| ACA Comparative Effectiveness Research Fees | 291,373 | | 291,373 |
| Director's Discretionary Fund | 1,439,229 | | 1,439,229 |
| WV RHBT Pay Go Premiums | 125,144,170 | | 125,144,170 |
| Total Expenses | \$ 681,331,768 | \$ (41,502,462) | \$ 639,829,306 |
| Fiscal Year Results | \$ (77,696,387) | | \$ (36,193,925) |
| Beginning Plan Reserve | 128,827,634 | | 128,827,634 |
| Ending Plan Reserve | \$ 51,131,247 | | \$ 92,633,709 |

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 | \$ - | State | 5.5% | 8.5% |
| | | Capitations | | -7.1% |
| | | Administrative Expense | | 3.0% |

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

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

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

| | Active Local Fund | State Fund | PEIA Total |
|---|----------------------------------|-----------------------|-----------------------|
| <u>Revenues</u> | | | |
| Employer Premiums - PPB | \$ 106,474,213 | \$ 510,688,127 | \$ 617,162,340 |
| Employer Premiums - MCO | 4,684,787 | 46,747,873 | 51,432,660 |
| Employee Premiums - PPB | - | 128,974,579 | 128,974,579 |
| Employee Premiums - MCO | - | 13,416,421 | 13,416,421 |
| Life Insurance | 365,743 | 1,979,275 | 2,345,018 |
| Investment Income | 2,157,628 | 5,914,942 | 8,072,570 |
| Litigation Settlement | - | - | - |
| COBRA Premiums | 487,434 | 2,023,908 | 2,511,342 |
| Administrative Fees | 740,135 | 4,100,865 | 4,841,000 |
| Total Revenue | \$ 114,909,940 | \$ 713,845,990 | \$ 828,755,930 |
| <u>Program Expenses</u> | | | |
| Medical Claims | \$ 71,359,766 | \$ 365,376,724 | \$ 436,736,490 |
| Prescription Drug Claims | 19,580,092 | 120,227,903 | 139,807,995 |
| Managed Care Capitations | 3,453,675 | 35,153,491 | 38,607,166 |
| Administration | 2,694,827 | 16,740,861 | 19,435,688 |
| Life Insurance | 366,087 | 1,981,136 | 2,347,223 |
| Wellness | 274,032 | 1,482,968 | 1,757,000 |
| ACA Reinsurance Contributions | 300,000 | 1,500,000 | 1,800,000 |
| ACA Comparative Effectiveness Research Fees | 55,146 | 289,314 | 344,460 |
| Director's Discretionary Fund | 271,236 | 1,448,359 | 1,719,595 |
| WV RHBT Pay Go Premiums | 29,826,990 | 150,173,010 | 180,000,000 |
| Total Expenses | \$ 128,181,852 | \$ 694,373,766 | \$ 822,555,617 |
| Fiscal Year Results | \$ (13,271,912) | \$ 19,472,224 | \$ 6,200,313 |
| Beginning Plan Reserve | 43,595,846 | 92,633,708 | 136,229,554 |
| Ending Plan Reserve | \$ 30,323,935 | \$ 112,105,932 | \$ 142,429,867 |

KEY ASSUMPTIONS

| | | | | |
|------------------------------------|---------------|---------------------------------------|------|------|
| Additional State Employer Premiums | \$ 88,000,000 | Claim and Other Expense Trends | | |
| Additional Local Agency Revenue | \$ - | <u>Eligibility</u> | | |
| Additional State Employee Premiums | \$ 22,000,000 | <u>Medical</u> | | |
| Direct Transfers | \$ - | <u>Drugs</u> | | |
| | | Active Local | 6.0% | 9.0% |
| | | State | 6.0% | 9.0% |
| | | Capitations | | 6.0% |
| | | Administrative Expense | | 3.0% |

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

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

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

| Local Fund | Baseline Projection | Board Decision | Ending Projection |
|---|----------------------------|-----------------------|--------------------------|
| <u>Revenues</u> | | | |
| Employer Premiums - PPB | \$ 106,474,213 | \$ - | \$ 106,474,213 |
| Employer Premiums - MCO | 4,684,787 | - | 4,684,787 |
| Employee Premiums - PPB | - | - | - |
| Employee Premiums - MCO | - | - | - |
| Life Insurance | 365,743 | | 365,743 |
| Investment Income | 2,157,628 | | 2,157,628 |
| Litigation Settlement | - | | - |
| COBRA Premiums | 487,434 | | 487,434 |
| Administrative Fees | 740,135 | | 740,135 |
| Total Revenue | \$ 114,909,940 | \$ - | \$ 114,909,940 |
| <u>Program Expenses</u> | | | |
| Medical Claims | \$ 71,359,766 | | \$ 71,359,766 |
| Prescription Drug Claims | 19,580,092 | | 19,580,092 |
| Managed Care Capitations | 3,453,675 | | 3,453,675 |
| Administration | 2,694,827 | | 2,694,827 |
| Life Insurance | 366,087 | | 366,087 |
| Wellness | 274,032 | | 274,032 |
| ACA Reinsurance Contributions | 300,000 | | 300,000 |
| ACA Comparative Effectiveness Research Fees | 55,146 | | 55,146 |
| Director's Discretionary Fund | 271,236 | | 271,236 |
| WV RHBT Pay Go Premiums | 29,826,990 | | 29,826,990 |
| Total Expenses | \$ 128,181,851 | \$ - | \$ 128,181,851 |
| Fiscal Year Results | \$ (13,271,911) | | \$ (13,271,911) |
| Beginning Plan Reserve | 43,595,846 | | 43,595,846 |
| Ending Plan Reserve | \$ 30,323,935 | | \$ 30,323,935 |

KEY ASSUMPTIONS

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

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

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

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

| State Fund | Baseline Projection | Board Decision | Ending Projection |
|---|----------------------------|-----------------------|--------------------------|
| <u>Revenues</u> | | | |
| Employer Premiums - PPB | \$ 430,068,011 | \$ 80,620,116 | \$ 510,688,127 |
| Employer Premiums - MCO | 39,367,989 | 7,379,884 | 46,747,873 |
| Employee Premiums - PPB | 109,047,471 | 19,927,107 | 128,974,578 |
| Employee Premiums - MCO | 11,343,529 | 2,072,893 | 13,416,422 |
| Life Insurance | 1,979,275 | | 1,979,275 |
| Investment Income | 5,914,942 | | 5,914,942 |
| Litigation Settlement | - | | - |
| COBRA Premiums | 2,023,908 | | 2,023,908 |
| Administrative Fees | 4,100,865 | | 4,100,865 |
| Total Revenue | \$ 603,845,990 | \$ 110,000,000 | \$ 713,845,990 |
| <u>Program Expenses</u> | | | |
| Medical Claims | \$ 365,376,724 | | \$ 365,376,724 |
| Prescription Drug Claims | 120,227,903 | | 120,227,903 |
| Managed Care Capitations | 35,153,491 | | 35,153,491 |
| Administration | 16,740,861 | | 16,740,861 |
| Life Insurance | 1,981,136 | | 1,981,136 |
| Wellness | 1,482,968 | | 1,482,968 |
| ACA Reinsurance Contributions | 1,500,000 | | 1,500,000 |
| ACA Comparative Effectiveness Research Fees | 289,314 | | 289,314 |
| Director's Discretionary Fund | 1,448,359 | | 1,448,359 |
| WV RHBT Pay Go Premiums | 150,173,010 | | 150,173,010 |
| Total Expenses | \$ 694,373,766 | \$ - | \$ 694,373,766 |
| Fiscal Year Results | \$ (90,527,776) | | \$ 19,472,224 |
| Beginning Plan Reserve | 92,633,709 | | 92,633,709 |
| Ending Plan Reserve | \$ 2,105,933 | | \$ 112,105,933 |

KEY ASSUMPTIONS

| | | | | |
|------------------------------------|---------------|---------------------------------------|----------------|--------------|
| Additional State Employer Premiums | \$ 88,000,000 | Claim and Other Expense Trends | | |
| Additional State Employee Premiums | \$ 22,000,000 | <u>Eligibility</u> | <u>Medical</u> | <u>Drugs</u> |
| Direct Transfers | \$ - | State | 6.0% | 9.0% |
| | | Capitations | | 6.0% |
| | | Administrative Expense | | 3.0% |

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

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

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

| | Active Local Fund | State Fund | PEIA Total |
|---|----------------------------------|-----------------------|-----------------------|
| <u>Revenues</u> | | | |
| Employer Premiums - PPB | \$ 120,842,039 | \$ 536,339,982 | \$ 657,182,021 |
| Employer Premiums - MCO | 5,316,961 | 49,096,018 | 54,412,979 |
| Employee Premiums - PPB | - | 135,315,022 | 135,315,022 |
| Employee Premiums - MCO | - | 14,075,978 | 14,075,978 |
| Life Insurance | 384,030 | 2,078,238 | 2,462,268 |
| Investment Income | 1,671,918 | 6,937,236 | 8,609,154 |
| Litigation Settlement | - | - | - |
| COBRA Premiums | 517,485 | 2,148,689 | 2,666,174 |
| Administrative Fees | 740,135 | 4,100,865 | 4,841,000 |
| Total Revenue | \$ 129,472,568 | \$ 750,092,028 | \$ 879,564,596 |
| <u>Program Expenses</u> | | | |
| Medical Claims | \$ 75,836,913 | \$ 388,300,742 | \$ 464,137,655 |
| Prescription Drug Claims | 21,395,932 | 131,377,723 | 152,773,655 |
| Managed Care Capitations | 3,660,896 | 37,262,701 | 40,923,597 |
| Administration | 2,946,776 | 17,071,982 | 20,018,758 |
| Life Insurance | 384,391 | 2,080,193 | 2,464,584 |
| Wellness | 274,032 | 1,482,968 | 1,757,000 |
| ACA Reinsurance Contributions | - | - | - |
| ACA Comparative Effectiveness Research Fees | 57,036 | 287,270 | 344,306 |
| Director's Discretionary Fund | 272,648 | 1,457,218 | 1,729,866 |
| WV RHBT Pay Go Premiums | 32,312,580 | 162,687,420 | 195,000,000 |
| Total Expenses | \$ 137,141,204 | \$ 742,008,217 | \$ 879,149,421 |
| Fiscal Year Results | \$ (7,668,636) | \$ 8,083,811 | \$ 415,175 |
| Beginning Plan Reserve | 30,323,935 | 112,105,932 | 142,429,867 |
| Ending Plan Reserve | \$ 22,655,298 | \$ 120,189,743 | \$ 142,845,042 |

KEY ASSUMPTIONS

| | | | | |
|------------------------------------|---------------|---------------------------------------|------|------|
| Additional State Employer Premiums | \$ 28,000,000 | Claim and Other Expense Trends | | |
| Additional Local Agency Revenue | \$ 15,000,000 | <u>Eligibility</u> | | |
| Additional State Employee Premiums | \$ 7,000,000 | <u>Medical</u> | | |
| Direct Transfers | \$ - | <u>Drugs</u> | | |
| | | Active Local | 6.5% | 9.5% |
| | | State | 6.5% | 9.5% |
| | | 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

| Local Fund | Baseline Projection | Board Decision | Ending Projection |
|---|----------------------------|-----------------------|--------------------------|
| <u>Revenues</u> | | | |
| Employer Premiums - PPB | \$ 106,474,213 | \$ 14,367,826 | \$ 120,842,039 |
| Employer Premiums - MCO | 4,684,787 | 632,174 | 5,316,961 |
| Employee Premiums - PPB | - | - | - |
| Employee Premiums - MCO | - | - | - |
| Life Insurance | 384,030 | | 384,030 |
| Investment Income | 1,671,918 | | 1,671,918 |
| Litigation Settlement | - | | - |
| COBRA Premiums | 517,485 | | 517,485 |
| Administrative Fees | 740,135 | | 740,135 |
| Total Revenue | \$ 114,472,568 | \$ 15,000,000 | \$ 129,472,568 |
| <u>Program Expenses</u> | | | |
| Medical Claims | \$ 75,836,913 | | \$ 75,836,913 |
| Prescription Drug Claims | 21,395,932 | | 21,395,932 |
| Managed Care Capitations | 3,660,896 | | 3,660,896 |
| Administration | 2,946,776 | | 2,946,776 |
| Life Insurance | 384,391 | | 384,391 |
| Wellness | 274,032 | | 274,032 |
| ACA Reinsurance Contributions | - | | - |
| ACA Comparative Effectiveness Research Fees | 57,036 | | 57,036 |
| Director's Discretionary Fund | 272,648 | | 272,648 |
| WV RHBT Pay Go Premiums | 32,312,580 | | 32,312,580 |
| Total Expenses | \$ 137,141,204 | \$ - | \$ 137,141,204 |
| Fiscal Year Results | \$ (22,668,636) | | \$ (7,668,636) |
| Beginning Plan Reserve | 30,323,935 | | 30,323,935 |
| Ending Plan Reserve | \$ 7,655,299 | | \$ 22,655,299 |

KEY ASSUMPTIONS

| | | | | |
|---------------------------------|---------------|---------------------------------------|----------------|--------------|
| Additional Local Agency Revenue | \$ 15,000,000 | Claim and Other Expense Trends | | |
| | | <u>Eligibility</u> | <u>Medical</u> | <u>Drugs</u> |
| | | Local | 6.5% | 9.5% |
| | | Capitations | | 6.0% |
| | | Administrative Expense | | 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

| State Fund | Baseline Projection | Board Decision | Ending Projection |
|---|----------------------------|-----------------------|--------------------------|
| <u>Revenues</u> | | | |
| Employer Premiums - PPB | \$ 510,688,127 | \$ 25,651,855 | \$ 536,339,982 |
| Employer Premiums - MCO | 46,747,873 | 2,348,145 | 49,096,018 |
| Employee Premiums - PPB | 128,974,579 | 6,340,443 | 135,315,022 |
| Employee Premiums - MCO | 13,416,421 | 659,557 | 14,075,978 |
| Life Insurance | 2,078,238 | | 2,078,238 |
| Investment Income | 6,937,236 | | 6,937,236 |
| Litigation Settlement | - | | - |
| COBRA Premiums | 2,148,689 | | 2,148,689 |
| Administrative Fees | 4,100,865 | | 4,100,865 |
| Total Revenue | \$ 715,092,028 | \$ 35,000,000 | \$ 750,092,028 |
| <u>Program Expenses</u> | | | |
| Medical Claims | \$ 388,300,742 | | \$ 388,300,742 |
| Prescription Drug Claims | 131,377,723 | | 131,377,723 |
| Managed Care Capitations | 37,262,701 | | 37,262,701 |
| Administration | 17,071,982 | | 17,071,982 |
| Life Insurance | 2,080,193 | | 2,080,193 |
| Wellness | 1,482,968 | | 1,482,968 |
| ACA Reinsurance Contributions | - | | - |
| ACA Comparative Effectiveness Research Fees | 287,270 | | 287,270 |
| Director's Discretionary Fund | 1,457,218 | | 1,457,218 |
| WV RHBT Pay Go Premiums | 162,687,420 | | 162,687,420 |
| Total Expenses | \$ 742,008,217 | \$ - | \$ 742,008,217 |
| Fiscal Year Results | \$ (26,916,189) | | \$ 8,083,811 |
| Beginning Plan Reserve | 112,105,933 | | 112,105,933 |
| Ending Plan Reserve | \$ 85,189,744 | | \$ 120,189,744 |

KEY ASSUMPTIONS

| | | | | |
|------------------------------------|---------------|---------------------------------------|----------------|--------------|
| Additional State Employer Premiums | \$ 28,000,000 | Claim and Other Expense Trends | | |
| Additional State Employee Premiums | \$ 7,000,000 | <u>Eligibility</u> | <u>Medical</u> | <u>Drugs</u> |
| Direct Transfers | \$ - | State | 6.5% | 9.5% |
| | | 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

| | Active Local Fund | State Fund | PEIA Total |
|---|----------------------------------|-----------------------|-----------------------|
| <u>Revenues</u> | | | |
| Employer Premiums - PPB | \$ 139,520,213 | \$ 575,733,903 | \$ 715,254,116 |
| Employer Premiums - MCO | 6,138,787 | 52,702,097 | 58,840,884 |
| Employee Premiums - PPB | - | 145,097,420 | 145,097,420 |
| Employee Premiums - MCO | - | 15,093,580 | 15,093,580 |
| Life Insurance | 403,231 | 2,182,150 | 2,585,381 |
| Investment Income | 1,415,266 | 7,530,811 | 8,946,077 |
| Litigation Settlement | - | - | - |
| COBRA Premiums | 561,542 | 2,331,618 | 2,893,160 |
| Administrative Fees | 740,135 | 4,100,865 | 4,841,000 |
| Total Revenue | \$ 148,779,174 | \$ 804,772,444 | \$ 953,551,618 |
| <u>Program Expenses</u> | | | |
| Medical Claims | \$ 80,974,293 | \$ 414,605,299 | \$ 495,579,591 |
| Prescription Drug Claims | 23,487,191 | 144,218,705 | 167,705,896 |
| Managed Care Capitations | 3,880,549 | 39,498,463 | 43,379,012 |
| Administration | 3,217,157 | 17,402,164 | 20,619,321 |
| Life Insurance | 403,611 | 2,184,202 | 2,587,813 |
| Wellness | 274,032 | 1,482,968 | 1,757,000 |
| ACA Reinsurance Contributions | - | - | - |
| ACA Comparative Effectiveness Research Fees | 58,990 | 285,240 | 344,230 |
| Director's Discretionary Fund | 274,005 | 1,465,810 | 1,739,815 |
| WV RHBT Pay Go Premiums | 34,798,160 | 175,201,840 | 210,000,000 |
| Total Expenses | \$ 147,367,988 | \$ 796,344,691 | \$ 943,712,678 |
| Fiscal Year Results | \$ 1,411,186 | \$ 8,427,753 | \$ 9,838,940 |
| Beginning Plan Reserve | 22,655,298 | 120,189,743 | 142,845,042 |
| Ending Plan Reserve | \$ 24,066,485 | \$ 128,617,496 | \$ 152,683,981 |

KEY ASSUMPTIONS

| | | | | |
|------------------------------------|---------------|---------------------------------------|----------------|--------------|
| Additional State Employer Premiums | \$ 43,000,000 | Claim and Other Expense Trends | | |
| Additional Local Agency Revenue | \$ 19,500,000 | | | |
| Additional State Employee Premiums | \$ 10,800,000 | <u>Eligibility</u> | <u>Medical</u> | <u>Drugs</u> |
| Direct Transfers | \$ - | Active Local | 7.0% | 10.0% |
| | | State | 7.0% | 10.0% |
| | | Capitations | | 6.0% |
| | | Administrative Expense | | 3.0% |

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

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

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

| Local Fund | Baseline Projection | Board Decision | Ending Projection |
|---|----------------------------|-----------------------|--------------------------|
| <u>Revenues</u> | | | |
| Employer Premiums - PPB | \$ 120,842,039 | \$ 18,678,174 | \$ 139,520,213 |
| Employer Premiums - MCO | 5,316,961 | 821,826 | 6,138,787 |
| Employee Premiums - PPB | - | - | - |
| Employee Premiums - MCO | - | - | - |
| Life Insurance | 403,231 | | 403,231 |
| Investment Income | 1,415,266 | | 1,415,266 |
| Litigation Settlement | - | | - |
| COBRA Premiums | 561,542 | | 561,542 |
| Administrative Fees | 740,135 | | 740,135 |
| Total Revenue | \$ 129,279,174 | \$ 19,500,000 | \$ 148,779,174 |
| <u>Program Expenses</u> | | | |
| Medical Claims | \$ 80,974,292 | | \$ 80,974,292 |
| Prescription Drug Claims | 23,487,191 | | 23,487,191 |
| Managed Care Capitations | 3,880,549 | | 3,880,549 |
| Administration | 3,217,157 | | 3,217,157 |
| Life Insurance | 403,611 | | 403,611 |
| Wellness | 274,032 | | 274,032 |
| ACA Reinsurance Contributions | - | | - |
| ACA Comparative Effectiveness Research Fees | 58,990 | | 58,990 |
| Director's Discretionary Fund | 274,005 | | 274,005 |
| WV RHBT Pay Go Premiums | 34,798,160 | | 34,798,160 |
| Total Expenses | \$ 147,367,987 | \$ - | \$ 147,367,987 |
| Fiscal Year Results | \$ (18,088,813) | | \$ 1,411,187 |
| Beginning Plan Reserve | 22,655,299 | | 22,655,299 |
| Ending Plan Reserve | \$ 4,566,486 | | \$ 24,066,486 |

KEY ASSUMPTIONS

| | | | | |
|---------------------------------|---------------|---------------------------------------|----------------|--------------|
| Additional Local Agency Revenue | \$ 19,500,000 | Claim and Other Expense Trends | | |
| | | <u>Eligibility</u> | <u>Medical</u> | <u>Drugs</u> |
| | | Local | 7.0% | 10.0% |
| | | Capitations | | 6.0% |
| | | Administrative Expense | | 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 | \$ 536,339,982 | \$ 39,393,921 | \$ 575,733,903 |
| Employer Premiums - MCO | 49,096,018 | 3,606,079 | 52,702,097 |
| Employee Premiums - PPB | 135,315,022 | 9,782,398 | 145,097,420 |
| Employee Premiums - MCO | 14,075,978 | 1,017,602 | 15,093,580 |
| Life Insurance | 2,182,150 | | 2,182,150 |
| Investment Income | 7,530,811 | | 7,530,811 |
| Litigation Settlement | - | | - |
| COBRA Premiums | 2,331,618 | | 2,331,618 |
| Administrative Fees | 4,100,865 | | 4,100,865 |
| Total Revenue | \$ 750,972,444 | \$ 53,800,000 | \$ 804,772,444 |
| <u>Program Expenses</u> | | | |
| Medical Claims | \$ 414,605,299 | | \$ 414,605,299 |
| Prescription Drug Claims | 144,218,705 | | 144,218,705 |
| Managed Care Capitations | 39,498,463 | | 39,498,463 |
| Administration | 17,402,164 | | 17,402,164 |
| Life Insurance | 2,184,202 | | 2,184,202 |
| Wellness | 1,482,968 | | 1,482,968 |
| ACA Reinsurance Contributions | - | | - |
| ACA Comparative Effectiveness Research Fees | 285,240 | | 285,240 |
| Director's Discretionary Fund | 1,465,810 | | 1,465,810 |
| WV RHBT Pay Go Premiums | 175,201,840 | | 175,201,840 |
| Total Expenses | \$ 796,344,691 | \$ - | \$ 796,344,691 |
| Fiscal Year Results | \$ (45,372,247) | | \$ 8,427,753 |
| Beginning Plan Reserve | 120,189,744 | | 120,189,744 |
| Ending Plan Reserve | \$ 74,817,497 | | \$ 128,617,497 |

KEY ASSUMPTIONS

| | | | | |
|------------------------------------|---------------|---------------------------------------|----------------|--------------|
| Additional State Employer Premiums | \$ 43,000,000 | Claim and Other Expense Trends | | |
| Additional State Employee Premiums | \$ 10,800,000 | <u>Eligibility</u> | <u>Medical</u> | <u>Drugs</u> |
| Direct Transfers | \$ - | State | 7.0% | 10.0% |
| | | Capitations | | 6.0% |
| | | Administrative Expense | | 3.0% |

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2014 to FY 2015**

| Fiscal Year 2014 | | | | | | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Exposure | <u>Jul-13</u> | <u>Aug-13</u> | <u>Sep-13</u> | <u>Oct-13</u> | <u>Nov-13</u> | <u>Dec-13</u> | <u>Jan-14</u> | <u>Feb-14</u> | <u>Mar-14</u> | <u>Apr-14</u> | <u>May-14</u> | <u>Jun-14</u> |
| Local Medical | 25,169 | 25,156 | 25,304 | 25,259 | 25,298 | 25,330 | 25,439 | 25,501 | 25,445 | 25,375 | 25,394 | 25,410 |
| State Medical | 134,738 | 133,576 | 133,375 | 134,576 | 134,717 | 134,883 | 135,220 | 135,002 | 134,887 | 134,820 | 134,554 | 134,147 |
| Local Drugs | 25,169 | 25,156 | 25,304 | 25,259 | 25,298 | 25,330 | 25,439 | 25,501 | 25,445 | 25,375 | 25,394 | 25,410 |
| State Drugs | 134,738 | 133,576 | 133,375 | 134,576 | 134,717 | 134,883 | 135,220 | 135,002 | 134,887 | 134,820 | 134,554 | 134,147 |
| | <u>Jul-13</u> | <u>Aug-13</u> | <u>Sep-13</u> | <u>Oct-13</u> | <u>Nov-13</u> | <u>Dec-13</u> | <u>Jan-14</u> | <u>Feb-14</u> | <u>Mar-14</u> | <u>Apr-14</u> | <u>May-14</u> | <u>Jun-14</u> |
| Local Medical | \$165.33 | \$172.38 | \$217.16 | \$217.13 | \$167.31 | \$160.92 | \$202.39 | \$185.34 | \$223.01 | \$237.36 | \$230.55 | \$218.55 |
| State Medical | \$175.64 | \$188.88 | \$184.77 | \$190.33 | \$187.54 | \$183.59 | \$207.05 | \$190.08 | \$206.83 | \$218.55 | \$207.69 | \$244.32 |
| Local Drugs | \$44.59 | \$56.82 | \$56.41 | \$66.45 | \$60.53 | \$68.93 | \$71.53 | \$64.34 | \$71.73 | \$72.62 | \$75.02 | \$82.35 |
| State Drugs | <u>54.81</u> | <u>66.30</u> | <u>65.27</u> | <u>70.43</u> | <u>67.79</u> | <u>75.47</u> | <u>77.66</u> | <u>69.10</u> | <u>76.94</u> | <u>78.70</u> | <u>79.66</u> | <u>87.09</u> |
| Total | \$440.37 | \$484.39 | \$523.61 | \$544.34 | \$483.18 | \$488.91 | \$558.62 | \$508.86 | \$578.52 | \$607.23 | \$592.91 | \$632.31 |
| Change From Prior Year - Month to Month Analysis | | | | | | | | | | | | |
| Local Medical | 15.2% | -17.8% | 35.0% | 9.2% | -6.0% | 0.2% | 0.2% | 1.9% | 10.1% | 14.7% | 18.8% | 17.5% |
| State Medical | 20.6% | 13.2% | 12.8% | 4.0% | 2.2% | 9.0% | 1.3% | -0.9% | 3.6% | 6.0% | 0.4% | 10.0% |
| Local Drugs | 6.6% | -1.6% | 1.2% | 6.9% | 1.1% | 6.8% | 8.9% | 6.5% | 14.7% | 12.0% | 11.4% | 25.0% |
| State Drugs | <u>12.4%</u> | <u>2.5%</u> | <u>7.9%</u> | <u>-0.1%</u> | <u>2.3%</u> | <u>6.5%</u> | <u>8.2%</u> | <u>5.6%</u> | <u>10.3%</u> | <u>10.4%</u> | <u>8.5%</u> | <u>14.1%</u> |
| Total | 16.0% | -2.9% | 18.8% | 5.8% | -0.9% | 5.3% | 2.7% | 1.9% | 8.2% | 10.5% | 9.5% | 14.9% |
| Change From Prior Year - Quarter to Quarter Analysis | | | | | | | | | | | | |
| Local Medical | | | 7.9% | | | 1.4% | | | 4.2% | | | 17.0% |
| State Medical | | | 15.3% | | | 5.0% | | | 1.3% | | | 5.5% |
| Local Drugs | | | 1.6% | | | 5.0% | | | 10.0% | | | 16.1% |
| State Drugs | | | <u>7.2%</u> | | | <u>2.9%</u> | | | <u>8.1%</u> | | | <u>11.1%</u> |
| Total | | | 9.8% | | | 3.4% | | | 4.3% | | | 11.6% |
| Change From Prior Year - Year to Year Analysis | | | | | | | | | | | | |
| Local Medical | | | -0.7% | | | 0.7% | | | 1.8% | | | 7.8% |
| State Medical | | | 2.3% | | | 4.1% | | | 4.6% | | | 6.4% |
| Local Drugs | | | -8.8% | | | -6.9% | | | -0.4% | | | 8.6% |
| State Drugs | | | <u>-4.7%</u> | | | <u>-3.7%</u> | | | <u>1.3%</u> | | | <u>7.4%</u> |
| Total | | | -1.2% | | | 0.3% | | | 2.5% | | | 7.3% |

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2014 to FY 2015**

| Fiscal Year 2015 | | | | | | | | | | | |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Exposure | <u>Jul-14</u> | <u>Aug-14</u> | <u>Sep-14</u> | <u>Oct-14</u> | <u>Nov-14</u> | <u>Dec-14</u> | <u>Jan-15</u> | <u>Feb-15</u> | <u>Mar-15</u> | <u>Apr-15</u> | <u>May-15</u> |
| Local Medical | 25,820 | 25,754 | 25,731 | 25,764 | 25,823 | 25,823 | 26,080 | 26,460 | 26,446 | 26,453 | 26,349 |
| State Medical | 132,621 | 132,295 | 132,029 | 133,050 | 133,053 | 133,126 | 133,227 | 133,139 | 133,103 | 133,069 | 132,924 |
| Local Drugs | 25,820 | 25,754 | 25,731 | 25,764 | 25,823 | 25,823 | 26,080 | 26,460 | 26,446 | 26,453 | 26,349 |
| State Drugs | 132,621 | 132,295 | 132,029 | 133,050 | 133,053 | 133,126 | 133,227 | 133,139 | 133,103 | 133,069 | 132,924 |
| Local Medical | <u>\$193.53</u> | <u>\$188.97</u> | <u>\$206.94</u> | <u>\$220.20</u> | <u>\$214.08</u> | <u>\$227.63</u> | <u>\$213.38</u> | <u>\$221.21</u> | <u>\$228.50</u> | <u>\$229.16</u> | <u>\$223.91</u> |
| State Medical | <u>\$202.79</u> | <u>\$195.64</u> | <u>\$213.31</u> | <u>\$220.94</u> | <u>\$188.59</u> | <u>\$225.66</u> | <u>\$225.51</u> | <u>\$202.35</u> | <u>\$218.06</u> | <u>\$232.03</u> | <u>\$220.68</u> |
| Local Drugs | <u>\$50.51</u> | <u>\$63.13</u> | <u>\$69.05</u> | <u>\$72.91</u> | <u>\$69.04</u> | <u>\$82.47</u> | <u>\$81.04</u> | <u>\$71.93</u> | <u>\$80.38</u> | <u>\$82.27</u> | <u>\$83.25</u> |
| State Drugs | <u>61.16</u> | <u>71.32</u> | <u>73.77</u> | <u>76.39</u> | <u>71.95</u> | <u>83.82</u> | <u>83.13</u> | <u>77.14</u> | <u>86.49</u> | <u>84.64</u> | <u>85.91</u> |
| Total | <u>\$507.99</u> | <u>\$519.06</u> | <u>\$563.08</u> | <u>\$590.44</u> | <u>\$543.65</u> | <u>\$619.57</u> | <u>\$603.07</u> | <u>\$572.63</u> | <u>\$613.43</u> | <u>\$628.10</u> | <u>\$613.75</u> |
| Change From Prior Year - Month to Month Analysis | | | | | | | | | | | |
| Local Medical | 17.1% | 9.6% | -4.7% | 1.4% | 28.0% | 41.5% | 5.4% | 19.4% | 2.5% | -3.5% | -2.9% |
| State Medical | 15.5% | 3.6% | 15.4% | 16.1% | 0.6% | 22.9% | 8.9% | 6.5% | 5.4% | 6.2% | 6.3% |
| Local Drugs | 13.3% | 11.1% | 22.4% | 9.7% | 14.1% | 19.6% | 13.3% | 11.8% | 12.1% | 13.3% | 11.0% |
| State Drugs | <u>11.6%</u> | <u>7.6%</u> | <u>13.0%</u> | <u>8.5%</u> | <u>6.1%</u> | <u>11.1%</u> | <u>7.0%</u> | <u>11.6%</u> | <u>12.4%</u> | <u>7.6%</u> | <u>7.9%</u> |
| Total | 15.4% | 7.2% | 7.5% | 8.5% | 12.5% | 26.7% | 8.0% | 12.5% | 6.0% | 3.4% | 3.5% |
| Change From Prior Year - Quarter to Quarter Analysis | | | | | | | | | | | |
| Local Medical | | | 6.2% | | | 21.4% | | | 8.6% | | |
| State Medical | | | 11.4% | | | 13.1% | | | 6.9% | | |
| Local Drugs | | | 15.8% | | | 14.6% | | | 12.4% | | |
| State Drugs | | | <u>10.7%</u> | | | <u>8.6%</u> | | | <u>10.3%</u> | | |
| Total | | | 9.8% | | | 15.6% | | | 8.7% | | |
| Change From Prior Year - Year to Year Analysis | | | | | | | | | | | |
| Local Medical | | | 7.3% | | | 12.1% | | | 13.2% | | |
| State Medical | | | 5.7% | | | 7.7% | | | 9.1% | | |
| Local Drugs | | | 11.6% | | | 14.1% | | | 14.6% | | |
| State Drugs | | | <u>8.2%</u> | | | <u>9.6%</u> | | | <u>10.2%</u> | | |
| Total | | | 7.3% | | | 10.3% | | | 11.4% | | |