

STATE OF WEST VIRGINIA



PUBLIC EMPLOYEES INSURANCE AGENCY

**Quarterly Report
March 31, 2017**

Fiscal Years 2017-2021

Report Date: June 2017

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 2016 for the fiscal year 2018 (“FY 2018”) and to provide quarterly financial reports for current FY 2017 and thereafter. Our analysis is developed on an accrued and incurred reporting basis for a projection period of five years as required by the Code.

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

The Board is also charged with the responsibility to review actual costs incurred, any revised cost estimates, expenditures, and other factors affecting the fiscal stability of the plan and to make any modifications to the plan necessary to insure that the total financial requirements of PEIA are met for the projection period. We have been asked to review the proposed financial plan, and as supported by our work, to render an actuarial opinion stating whether the plan may be reasonably expected to generate sufficient revenues to meet estimated insurance program and administrative costs of PEIA through FY 2021.

The Medicaid / PEIA Hospital Bill (“Bill”) has been extended and is anticipated to continue to provide PEIA with hospital charge savings through discounts for all non-Medicare coverages. These hospital savings are assumed to increase by the medical trend assumptions in Fiscal Year 2017 and subsequently. We are assuming that the Bill will continue throughout the five year forecast period.

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

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

In FY 2017 the Pay-Go is equivalent to \$294 per retiree per month. In future years, the Pay Go premium may increase by a maximum of 3% per retiree per year, indexed to the initial fixed subsidy determined in FY 2013. The new Pay-Go premium formula is based on the financial plan approved by the Financial Board in December 2016.

This report includes updated claim trend assumptions as recommended in the report titled, “PEIA FY2016 Detailed Medical and Prescription Drugs Claim Trend Report - November 2016”. In the circumstances and subject to the conditions described herein, we believe the financial plan approved by the Board for FY 2017 through FY 2021 may be reasonably expected to generate sufficient revenues, when combined with the existing surplus, to meet estimated insurance program and administrative costs of PEIA. In addition, we are forecasting that PEIA will meet the minimum 20% employee cost share requirement for state revenue in FY 2017 based on the scheduled revenue increases of the financial plan approved and amended by the Board in December 2016.

The conclusion of long-term solvency for the program over the five-year forecast is based on significant revenue increases in employer and employee premiums in later fiscal years of the plan through FY 2021 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 2017 – FY 2021

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

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

KEY ASSUMPTIONS

A. Enrollment Changes

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

In aggregate, May 2017 enrollment for active employees has decreased by 983 coverages since the end of FY 2016. Aggregate PPB enrollment has decreased by 1,340 in total over the same period, while managed care enrollment experienced an increase of 357 coverages.

In the State Fund, the overall active State enrollment decreased by 1,177 coverages from the end of FY 2016 to May 2017. And in the Local Fund, the overall active Local enrollment increased by 194 coverages from the end of FY 2016 to May 2017.

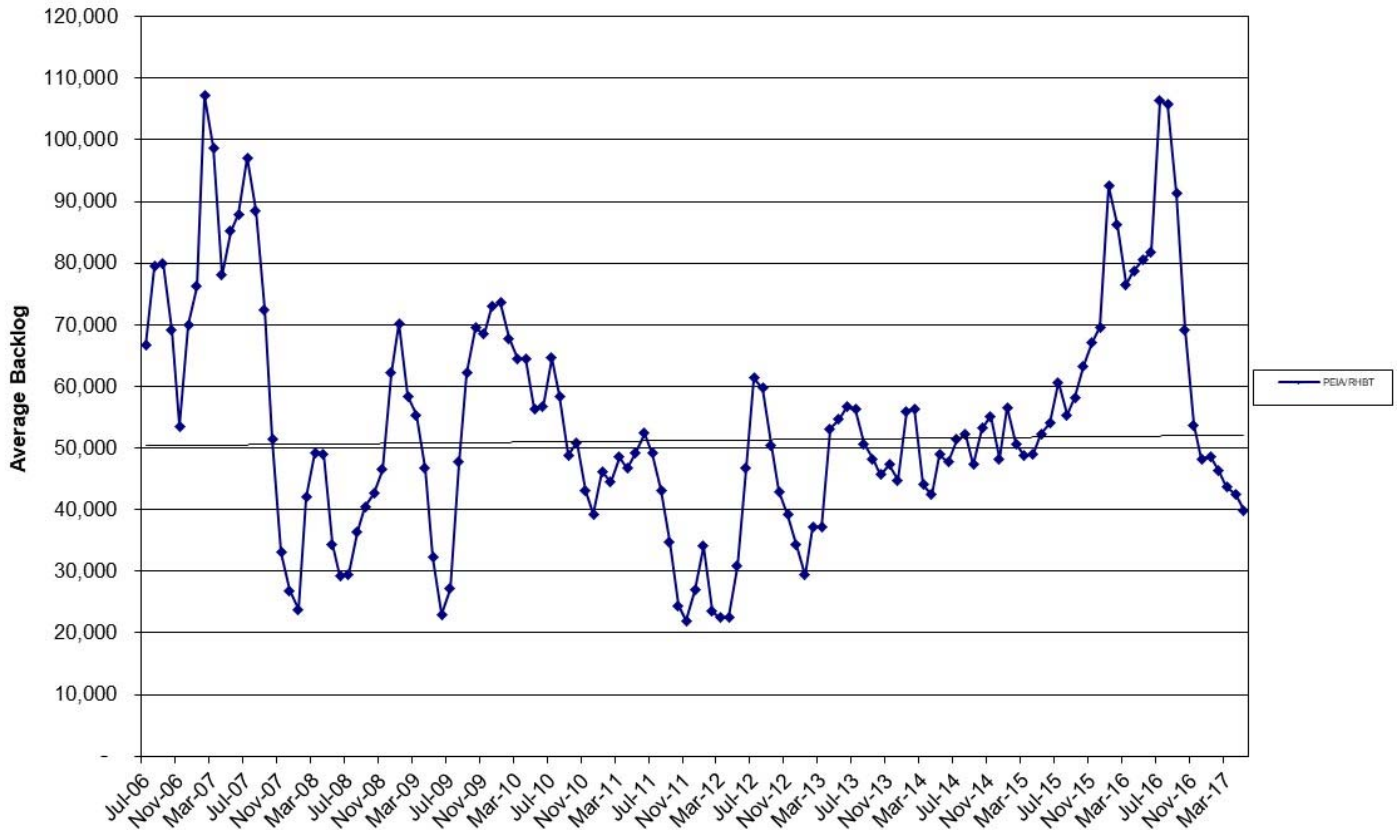
The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2015, June 2016 and May 2017 for purposes of comparison:

PEIA Fund	Coverage	Preferred Provider Benefit			Managed Care		
		Jun-15	Jun-16	May-17	Jun-15	Jun-16	May-17
State Active	Single	22,080	22,035	21,591	1,889	1,946	2,171
	Children	6,295	6,250	6,043	571	591	599
	Family	30,344	29,925	29,074	2,759	2,782	2,874
	Total	58,719	58,210	56,708	5,219	5,319	5,644
Local Active	Single	5,474	5,204	5,418	371	399	424
	Children	1,013	959	968	102	106	105
	Family	5,720	5,724	5,663	149	187	195
	Total	12,207	11,887	12,049	622	692	724
Plan Total		70,926	70,097	68,757	5,841	6,011	6,368
Grand Total					76,767	76,108	75,125

B. Changes in Claim Backlog

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

WV PEIA&RHBT Claim Backlog July 2006 through May 2017



C. Trend Analysis

PEIA experienced slightly higher medical and prescription drug trends in FY 2016, but over the past few years, trends have been beneficial to the plan. Continuing Care Actuaries performed the detailed medical and prescription drugs trend analysis in the report titled, “PEIA FY2016 Detailed Medical and Prescription Drugs Claim Trend Report - November 2016”. This report includes the detailed trend analysis of PEIA experience by medical and prescription drugs. Based on the analysis, we have maintained the FY 2017 medical claim trend assumption at 7.0%, and we have increased the FY 2017 prescription drug claim trend assumption from 9.0% to 11.0%.

The current trend projection is shown in the following table:

Claim Type	Previous Assumption FY 2017 Trend	Updated Assumption FY 2017 Trend
Active Local – Medical	7.0%	7.0%
State – Medical	7.0%	7.0%
Active Local – Drugs	9.0%	11.0%
State – Drugs	9.0%	11.0%

In addition, we have assumed that trends will increase by 0.5% in each successive fiscal year beginning in FY 2018. 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 2017. It is important to note that these trends *have not* been adjusted to reflect savings as a result of the expansion of the drug rebate program or the claim savings due to changes in provider reimbursement methodologies, nor the changes in the benefit structure. In developing the claim cost projection, we have reflected for benefit and reimbursement changes as an adjustment to the gross trend assumption.

PEIA Historical Trends (Active Local and State)

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%	10%	12%	13%	11%
2017*	9%	2%	9%	9%	5%

* Fiscal Year 2017 results are through the first eleven months ending May 2017.

D. Enrollment, Claim, Expense and Revenue Assumptions

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

Fiscal Year 2017 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	56,891	\$562	\$138	\$496	\$186	
	Managed Care	<u>5,598</u>	\$574	\$155			\$566
	Total	62,489					
Local	PPB	11,984	\$589	\$0	\$479	\$172	
	Managed Care	<u>727</u>	\$483	\$0			\$428
	Total	12,711					

*Net of rebates and subsidies.

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

Board Decisions – December 2016
(Revised for plan performance)

Source	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Additional State Employer Revenue	\$66,800,000	\$0	\$37,000,000	\$52,000,000	\$55,500,000
Additional Local Agency Revenue	\$4,150,000	\$6,600,000	\$16,000,000	\$16,000,000	\$14,500,000
Additional Employee Premium	\$14,500,000	\$0	\$9,300,000	\$13,000,000	\$13,900,000
State Direct Transfer	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
Benefit Reductions and Savings / (Increase) - Active State	\$27,475,000	\$31,765,000	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active Local	\$825,000	\$7,174,000	\$0	\$0	\$0
PPACA Reinsurance Contributions (Cost)	(\$1,800,000)	\$0	\$0	\$0	\$0
PPACA Comparative Effectiveness Research Fees (Cost)	(\$315,469)	(\$322,586)	(\$320,561)	\$0	\$0
Pay Go Premium Transfer	\$150,000,000	\$160,000,000	\$170,000,000	\$180,000,000	\$190,000,000

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

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

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

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

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

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

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

Under the final rule, issuers would be required to pay a reinsurance contribution of \$5.25 per member per month to HHS in 2014. The \$5.25 contribution rate would gradually decrease in 2016. From 2017 and beyond, no further reinsurance contributions will be collected. PEIA will not receive any benefit payments from the national reinsurance program. PEIA will be subject to paying the reinsurance contributions through FY 2017 and the projected expenses of the reinsurance contributions are included in the current financial plan. The total reinsurance contributions for the financial projection are estimated to be approximately \$1,800,000 in FY 2017.

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

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

It is anticipated that PEIA would accrue and pay these fees through FY 2019. The fee would be \$2 per member per year. The total comparative effectiveness research fees for the financial projection are estimated to be approximately \$960,000, with \$315,469 in FY 2017.

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

E. Provider Reimbursement Changes

Beyond the extension of the Medicaid / PEIA Hospital Bill throughout the forecast, there are no assumed changes in provider reimbursement for physicians, hospitals and pharmaceutical charges beyond the annual cost updates that PEIA has implemented historically.

FISCAL YEAR 2017 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 \$793,942,472 and incurred plan expenses of \$773,357,518 to produce a fiscal year surplus of \$20,584,954. The PEIA local and state agencies Pay Go premiums for FY 2017 are assumed to be \$150,000,000.

Under the Baseline Scenario, FY 2017 is projected to end with a reserve of \$125,744,448 and the FY 2018 PEIA/RHBT combined, projected plan expenditures of \$900,359,902, which represents 14% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$122,770,955. 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 \$128,602,593 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$122,908,470.

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 \$799,049,349 and incurred plan expenses of \$788,410,768 to produce a fiscal year surplus of \$10,638,581. The PEIA local and state agencies Pay Go premiums for FY 2018 are assumed to be \$160,000,000.

Under the Baseline Scenario, FY 2018 is projected to end with a reserve of \$136,383,028 and the FY 2019 PEIA/RHBT combined, projected plan expenditures of \$908,390,221, which represents 15% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$123,840,868. 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 \$152,598,124 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$120,107,097.

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 \$862,331,211 and incurred plan expenses of \$854,287,892 to produce a fiscal year surplus of \$8,043,319. The PEIA local and state agencies Pay Go premiums for FY 2019 are assumed to be \$170,000,000.

Under the Baseline Scenario, FY 2019 is projected to end with a reserve of \$144,426,347 and the FY 2020 PEIA/RHBT combined, projected plan expenditures of \$995,408,767, which represents 15% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$135,523,642. This reserve is comprised of 15% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending reserve is expected to increase to \$186,718,886 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$101,447,909.

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 \$944,287,767 and incurred plan expenses of \$925,243,241 to produce a fiscal year surplus of \$19,044,526. The PEIA local and state agencies Pay Go premiums for FY 2020 are assumed to be \$180,000,000.

Under the Baseline Scenario, FY 2020 is projected to end with a reserve of \$163,470,873 and the FY 2021 PEIA/RHBT combined, projected plan expenditures of \$1,096,885,052, which represents 15% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$149,113,188. 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 \$247,045,112 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$77,472,897.

FISCAL YEAR 2021 FORECAST

The financial forecast for FY 2021 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2021 projects accrued revenue of \$1,029,634,785 and incurred plan expenses of \$1,005,727,972 to produce a fiscal year surplus of \$23,906,813. The PEIA local and state agencies Pay Go premiums for FY 2021 are assumed to be \$190,000,000.

Under the Baseline Scenario, FY 2021 is projected to end with a reserve of \$187,377,687 and the FY 2022 PEIA/RHBT combined, projected plan expenditures of \$1,215,402,575, which represents 15% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$164,946,381. 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 \$330,461,144 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$38,276,336.

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 2021, using the Baseline assumptions. These projections are based on significant revenue increases as contained in the Financial Plan adopted by the Board in December 2016 and are contingent on legislative approval. These forecasts are based on assumptions including the estimated cost and savings of plan changes, expected trend levels and exposure levels. The continued enrollment changes of the managed care options, changes in physician, ambulatory and hospital provider reimbursement, possible changes in methodology of managed care premium calculation, and changes in the prescription drugs program, can be expected to further exacerbate the difficulty of projecting future medical and drugs claim levels and lags. These projections do not incorporate any anticipated effects of national or state health care reform, such as universal health insurance initiatives and Medicaid reform. As such, actual results deviating from those amounts projected in these pages should not be unexpected. With the legislatively mandated requirement of a five-year projection, it should be assumed that constant modifications would be required.

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 108,546,061	\$ 474,766,611	\$ 583,312,672
Employer Premiums - MCO	5,662,090	47,527,305	53,189,395
Employee Premiums - PPB	-	117,164,896	117,164,896
Employee Premiums - MCO	-	12,645,235	12,645,235
Life Insurance	242,931	1,296,433	1,539,364
Direct Transfers	-	10,000,000	10,000,000
Investment Income	2,800,524	6,910,225	9,710,749
Litigation Settlement	-	-	-
COBRA Premiums	311,065	1,291,596	1,602,661
Administrative Fees	730,426	4,047,074	4,777,500
Total Revenue	\$ 118,293,097	\$ 675,649,375	\$ 793,942,472
<u>Program Expenses</u>			
Medical Claims	\$ 68,827,300	\$ 338,756,270	\$ 407,583,570
Prescription Drug Claims	24,736,534	126,911,208	151,647,742
Managed Care Capitations	3,733,176	37,990,807	41,723,983
Administration	2,352,940	12,556,776	14,909,716
Life Insurance	243,269	1,298,236	1,541,505
Wellness	257,409	1,373,698	1,631,107
ACA Reinsurance Contributions	284,063	1,515,937	1,800,000
ACA Comparative Effectiveness Research Fees	48,780	266,689	315,469
Computer Software Reserve	278,743	1,487,549	1,766,292
Director's Discretionary Fund	72,336	365,798	438,134
WV RHBT Pay Go Premiums	25,353,946	124,646,054	150,000,000
Total Expenses	\$ 126,188,496	\$ 647,169,023	\$ 773,357,518
Fiscal Year Results	\$ (7,895,399)	\$ 28,480,352	\$ 20,584,954
Beginning Plan Reserve	38,762,272	66,397,222	105,159,494
Ending Plan Reserve	\$ 30,866,874	\$ 94,877,574	\$ 125,744,448
Reserve as a Percent of Expenses			14%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 66,800,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 4,150,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 14,500,000	Active Local	7.0%	11.0%
Direct Transfers	\$ 10,000,000	State	7.0%	11.0%
		Capitations		13.3%
		Administrative Expense		-9.7%

**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	\$ 108,546,061	\$ -	\$ 108,546,061
Employer Premiums - MCO	5,662,090	-	5,662,090
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	242,931		242,931
Direct Transfers	-		-
Investment Income	2,800,524		2,800,524
Litigation Settlement	-		-
COBRA Premiums	311,065		311,065
Administrative Fees	730,426		730,426
Total Revenue	\$ 118,293,097	\$ -	\$ 118,293,097
<u>Program Expenses</u>			
Medical Claims	\$ 69,652,300	\$ (825,000)	\$ 68,827,300
Prescription Drug Claims	24,736,534	\$ -	24,736,534
Managed Care Capitations	3,733,176		3,733,176
Administration	2,352,940		2,352,940
Life Insurance	243,269		243,269
Wellness	257,409		257,409
ACA Reinsurance Contributions	284,063		284,063
ACA Comparative Effectiveness Research Fees	48,780		48,780
Computer Software Reserve	278,743		278,743
Director's Discretionary Fund	72,336		72,336
WV RHBT Pay Go Premiums	25,353,946		25,353,946
Total Expenses	\$ 127,013,496	\$ (825,000)	\$ 126,188,496
Fiscal Year Results	\$ (8,720,399)		\$ (7,895,399)
Beginning Plan Reserve	38,762,272		38,762,272
Ending Plan Reserve	\$ 30,041,873		\$ 30,866,873
Reserve as a Percent of Expenses			21%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 4,150,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	7.0%	11.0%
		Capitations		13.3%
		Administrative Expense		-9.7%

**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	\$ 474,766,611	\$ -	\$ 474,766,611
Employer Premiums - MCO	47,527,305	-	47,527,305
Employee Premiums - PPB	117,164,896	-	117,164,896
Employee Premiums - MCO	12,645,235	-	12,645,235
Life Insurance	1,296,433		1,296,433
Direct Transfers	10,000,000		10,000,000
Investment Income	6,910,225		6,910,225
Litigation Settlement	-		-
COBRA Premiums	1,291,596		1,291,596
Administrative Fees	4,047,074		4,047,074
Total Revenue	\$ 675,649,375	\$ -	\$ 675,649,375
<u>Program Expenses</u>			
Medical Claims	\$ 342,831,270	\$ (4,075,000)	\$ 338,756,270
Prescription Drug Claims	150,311,208	\$ (23,400,000)	126,911,208
Managed Care Capitations	37,990,807	-	37,990,807
Administration	12,556,776		12,556,776
Life Insurance	1,298,236		1,298,236
Wellness	1,373,698		1,373,698
ACA Reinsurance Contributions	1,515,937		1,515,937
ACA Comparative Effectiveness Research Fees	266,689		266,689
Computer Software Reserve	1,487,549		1,487,549
Director's Discretionary Fund	365,798		365,798
WV RHBT Pay Go Premiums	124,646,054		124,646,054
Total Expenses	\$ 674,644,022	\$ (27,475,000)	\$ 647,169,022
Fiscal Year Results	\$ 1,005,353		\$ 28,480,353
Beginning Plan Reserve	66,397,222		66,397,222
Ending Plan Reserve	\$ 67,402,575		\$ 94,877,575
Reserve as a Percent of Expenses			13%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 66,800,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 14,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ 10,000,000	State	7.0%	11.0%
		Capitations		13.3%
		Administrative Expense		-9.7%

**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	\$ 114,818,853	\$ 474,766,611	\$ 589,585,464
Employer Premiums - MCO	5,989,298	47,527,305	53,516,603
Employee Premiums - PPB	-	117,164,896	117,164,896
Employee Premiums - MCO	-	12,645,235	12,645,235
Life Insurance	255,077	1,361,255	1,616,332
Direct Transfers	-	10,000,000	10,000,000
Investment Income	1,750,484	6,372,198	8,122,682
Litigation Settlement	-	-	-
COBRA Premiums	329,041	1,291,596	1,620,637
Administrative Fees	730,426	4,047,074	4,777,500
Total Revenue	\$ 123,873,179	\$ 675,176,170	\$ 799,049,349
<u>Program Expenses</u>			
Medical Claims	\$ 68,175,727	\$ 337,378,067	\$ 405,553,794
Prescription Drug Claims	25,875,150	132,520,804	158,395,954
Managed Care Capitations	3,957,166	40,270,256	44,227,422
Administration	2,077,530	11,087,016	13,164,546
Life Insurance	255,432	1,363,148	1,618,580
Wellness	257,409	1,373,698	1,631,107
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	49,352	273,235	322,587
Computer Software Reserve	278,743	1,487,549	1,766,292
Director's Discretionary Fund	288,596	1,441,890	1,730,486
WV RHBT Pay Go Premiums	27,780,184	132,219,816	160,000,000
Total Expenses	\$ 128,995,290	\$ 659,415,478	\$ 788,410,768
Fiscal Year Results	\$ (5,122,111)	\$ 15,760,692	\$ 10,638,581
Beginning Plan Reserve	30,866,874	94,877,574	125,744,448
Ending Plan Reserve	\$ 25,744,763	\$ 110,638,266	\$ 136,383,028
Reserve as a Percent of Expenses			15%

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		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	\$ 108,546,061	\$ 6,272,792	\$ 114,818,853
Employer Premiums - MCO	5,662,090	327,208	5,989,298
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	255,077		255,077
Direct Transfers	-		-
Investment Income	1,750,484		1,750,484
Litigation Settlement	-		-
COBRA Premiums	329,041		329,041
Administrative Fees	730,426		730,426
Total Revenue	\$ 117,273,179	\$ 6,600,000	\$ 123,873,179
<u>Program Expenses</u>			
Medical Claims	\$ 68,175,727		\$ 68,175,727
Prescription Drug Claims	25,875,150		25,875,150
Managed Care Capitations	3,957,166		3,957,166
Administration	2,077,530		2,077,530
Life Insurance	255,432		255,432
Wellness	257,409		257,409
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	49,352		49,352
Computer Software Reserve	278,743		278,743
Director's Discretionary Fund	288,596		288,596
WV RHBT Pay Go Premiums	27,780,184		27,780,184
Total Expenses	\$ 128,995,289	\$ -	\$ 128,995,289
Fiscal Year Results	\$ (11,722,110)		\$ (5,122,110)
Beginning Plan Reserve	30,866,874		30,866,874
Ending Plan Reserve	\$ 19,144,764		\$ 25,744,764
Reserve as a Percent of Expenses			17%

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		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	\$ 474,766,611	\$ -	\$ 474,766,611
Employer Premiums - MCO	47,527,305	-	47,527,305
Employee Premiums - PPB	117,164,896	-	117,164,896
Employee Premiums - MCO	12,645,235	-	12,645,235
Life Insurance	1,361,255		1,361,255
Direct Transfers	10,000,000		10,000,000
Investment Income	6,372,198		6,372,198
Litigation Settlement	-		-
COBRA Premiums	1,291,596		1,291,596
Administrative Fees	4,047,074		4,047,074
Total Revenue	\$ 675,176,170	\$ -	\$ 675,176,170
<u>Program Expenses</u>			
Medical Claims	\$ 337,378,066		\$ 337,378,066
Prescription Drug Claims	132,520,804		132,520,804
Managed Care Capitations	40,270,256		40,270,256
Administration	11,087,016		11,087,016
Life Insurance	1,363,148		1,363,148
Wellness	1,373,698		1,373,698
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	273,235		273,235
Computer Software Reserve	1,487,549		1,487,549
Director's Discretionary Fund	1,441,890		1,441,890
WV RHBT Pay Go Premiums	132,219,816		132,219,816
Total Expenses	\$ 659,415,478	\$ -	\$ 659,415,478
Fiscal Year Results	\$ 15,760,692		\$ 15,760,692
Beginning Plan Reserve	94,877,574		94,877,574
Ending Plan Reserve	\$ 110,638,266		\$ 110,638,266
Reserve as a Percent of Expenses			15%

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		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	\$ 130,025,622	\$ 508,399,713	\$ 638,425,335
Employer Premiums - MCO	6,782,529	50,894,203	57,676,732
Employee Premiums - PPB	-	125,558,952	125,558,952
Employee Premiums - MCO	-	13,551,179	13,551,179
Life Insurance	267,831	1,429,318	1,697,149
Direct Transfers	-	10,000,000	10,000,000
Investment Income	1,602,217	7,286,227	8,888,444
Litigation Settlement	-	-	-
COBRA Premiums	372,620	1,383,300	1,755,920
Administrative Fees	730,426	4,047,074	4,777,500
Total Revenue	\$ 139,781,245	\$ 722,549,966	\$ 862,331,211
<u>Program Expenses</u>			
Medical Claims	\$ 73,475,459	\$ 363,604,603	\$ 437,080,062
Prescription Drug Claims	28,921,989	148,125,330	177,047,319
Managed Care Capitations	4,194,596	42,686,471	46,881,067
Administration	2,546,119	13,587,704	16,133,823
Life Insurance	268,204	1,431,305	1,699,509
Wellness	257,409	1,373,698	1,631,107
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	48,781	271,780	320,561
Computer Software Reserve	278,743	1,487,549	1,766,292
Director's Discretionary Fund	288,146	1,440,006	1,728,152
WV RHBT Pay Go Premiums	30,161,713	139,838,287	170,000,000
Total Expenses	\$ 140,441,158	\$ 713,846,734	\$ 854,287,892
Fiscal Year Results	\$ (659,913)	\$ 8,703,232	\$ 8,043,319
Beginning Plan Reserve	25,744,763	110,638,266	136,383,028
Ending Plan Reserve	\$ 25,084,849	\$ 119,341,498	\$ 144,426,347
Reserve as a Percent of Expenses			15%

KEY ASSUMPTIONS

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

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

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

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 114,818,853	\$ 15,206,769	\$ 130,025,622
Employer Premiums - MCO	5,989,298	793,231	6,782,529
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	267,831		267,831
Direct Transfers	-		-
Investment Income	1,602,217		1,602,217
Litigation Settlement	-		-
COBRA Premiums	372,620		372,620
Administrative Fees	730,426		730,426
Total Revenue	\$ 123,781,245	\$ 16,000,000	\$ 139,781,245
<u>Program Expenses</u>			
Medical Claims	\$ 73,475,459		\$ 73,475,459
Prescription Drug Claims	28,921,989		28,921,989
Managed Care Capitations	4,194,596		4,194,596
Administration	2,546,119		2,546,119
Life Insurance	268,204		268,204
Wellness	257,409		257,409
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	48,781		48,781
Computer Software Reserve	278,743		278,743
Director's Discretionary Fund	288,146		288,146
WV RHBT Pay Go Premiums	30,161,713		30,161,713
Total Expenses	\$ 140,441,159	\$ -	\$ 140,441,159
Fiscal Year Results	\$ (16,659,914)		\$ (659,914)
Beginning Plan Reserve	25,744,763		25,744,763
Ending Plan Reserve	\$ 9,084,849		\$ 25,084,849
Reserve as a Percent of Expenses			15%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 16,000,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	8.0%	12.0%
		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	\$ 474,766,611	\$ 33,633,102	\$ 508,399,713
Employer Premiums - MCO	47,527,305	3,366,898	50,894,203
Employee Premiums - PPB	117,164,896	8,394,056	125,558,952
Employee Premiums - MCO	12,645,235	905,944	13,551,179
Life Insurance	1,429,318		1,429,318
Direct Transfers	10,000,000		10,000,000
Investment Income	7,286,227		7,286,227
Litigation Settlement	-		-
COBRA Premiums	1,383,300		1,383,300
Administrative Fees	4,047,074		4,047,074
Total Revenue	\$ 676,249,966	\$ 46,300,000	\$ 722,549,966
<u>Program Expenses</u>			
Medical Claims	\$ 363,604,603		\$ 363,604,603
Prescription Drug Claims	148,125,330		148,125,330
Managed Care Capitations	42,686,471		42,686,471
Administration	13,587,704		13,587,704
Life Insurance	1,431,305		1,431,305
Wellness	1,373,698		1,373,698
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	271,780		271,780
Computer Software Reserve	1,487,549		1,487,549
Director's Discretionary Fund	1,440,006		1,440,006
WV RHBT Pay Go Premiums	139,838,287		139,838,287
Total Expenses	\$ 713,846,733	\$ -	\$ 713,846,733
Fiscal Year Results	\$ (37,596,767)		\$ 8,703,233
Beginning Plan Reserve	110,638,266		110,638,266
Ending Plan Reserve	\$ 73,041,499		\$ 119,341,499
Reserve as a Percent of Expenses			14%

KEY ASSUMPTIONS

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

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 145,232,391	\$ 555,667,857	\$ 700,900,248
Employer Premiums - MCO	7,575,760	55,626,059	63,201,819
Employee Premiums - PPB	-	137,292,579	137,292,579
Employee Premiums - MCO	-	14,817,552	14,817,552
Life Insurance	281,223	1,500,783	1,782,006
Direct Transfers	-	10,000,000	10,000,000
Investment Income	1,638,652	7,949,169	9,587,821
Litigation Settlement	-	-	-
COBRA Premiums	416,199	1,512,043	1,928,242
Administrative Fees	730,426	4,047,074	4,777,500
Total Revenue	\$ 155,874,651	\$ 788,413,116	\$ 944,287,767
<u>Program Expenses</u>			
Medical Claims	\$ 79,554,691	\$ 393,688,619	\$ 473,243,310
Prescription Drug Claims	32,472,261	166,308,216	198,780,476
Managed Care Capitations	4,446,272	45,247,659	49,693,931
Administration	2,622,503	13,995,335	16,617,838
Life Insurance	281,614	1,502,871	1,784,485
Wellness	257,409	1,373,698	1,631,107
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Computer Software Reserve	278,743	1,487,549	1,766,292
Director's Discretionary Fund	287,693	1,438,109	1,725,802
WV RHBT Pay Go Premiums	32,591,433	147,408,567	180,000,000
Total Expenses	\$ 152,792,618	\$ 772,450,623	\$ 925,243,241
Fiscal Year Results	\$ 3,082,033	\$ 15,962,493	\$ 19,044,526
Beginning Plan Reserve	25,084,849	119,341,498	144,426,347
Ending Plan Reserve	\$ 28,166,882	\$ 135,303,991	\$ 163,470,873
Reserve as a Percent of Expenses			15%

KEY ASSUMPTIONS

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

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

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

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 130,025,622	\$ 15,206,769	\$ 145,232,391
Employer Premiums - MCO	6,782,529	793,231	7,575,760
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	281,223		281,223
Direct Transfers	-		-
Investment Income	1,638,652		1,638,652
Litigation Settlement	-		-
COBRA Premiums	416,199		416,199
Administrative Fees	730,426		730,426
Total Revenue	\$ 139,874,651	\$ 16,000,000	\$ 155,874,651
<u>Program Expenses</u>			
Medical Claims	\$ 79,554,691		\$ 79,554,691
Prescription Drug Claims	32,472,261		32,472,261
Managed Care Capitations	4,446,272		4,446,272
Administration	2,622,503		2,622,503
Life Insurance	281,614		281,614
Wellness	257,409		257,409
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	278,743		278,743
Director's Discretionary Fund	287,693		287,693
WV RHBT Pay Go Premiums	32,591,433		32,591,433
Total Expenses	\$ 152,792,619	\$ -	\$ 152,792,619
Fiscal Year Results	\$ (12,917,968)		\$ 3,082,032
Beginning Plan Reserve	25,084,849		25,084,849
Ending Plan Reserve	\$ 12,166,881		\$ 28,166,881
Reserve as a Percent of Expenses			15%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 16,000,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	8.5%	12.5%
		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	\$ 508,399,713	\$ 47,268,144	\$ 555,667,857
Employer Premiums - MCO	50,894,203	4,731,856	55,626,059
Employee Premiums - PPB	125,558,952	11,733,627	137,292,579
Employee Premiums - MCO	13,551,179	1,266,373	14,817,552
Life Insurance	1,500,783		1,500,783
Direct Transfers	10,000,000		10,000,000
Investment Income	7,949,169		7,949,169
Litigation Settlement	-		-
COBRA Premiums	1,512,043		1,512,043
Administrative Fees	4,047,074		4,047,074
Total Revenue	\$ 723,413,116	\$ 65,000,000	\$ 788,413,116
<u>Program Expenses</u>			
Medical Claims	\$ 393,688,619		\$ 393,688,619
Prescription Drug Claims	166,308,216		166,308,216
Managed Care Capitations	45,247,659		45,247,659
Administration	13,995,335		13,995,335
Life Insurance	1,502,871		1,502,871
Wellness	1,373,698		1,373,698
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	1,487,549		1,487,549
Director's Discretionary Fund	1,438,109		1,438,109
WV RHBT Pay Go Premiums	147,408,567		147,408,567
Total Expenses	\$ 772,450,623	\$ -	\$ 772,450,623
Fiscal Year Results	\$ (49,037,507)		\$ 15,962,493
Beginning Plan Reserve	119,341,498		119,341,498
Ending Plan Reserve	\$ 70,303,991		\$ 135,303,991
Reserve as a Percent of Expenses			15%

KEY ASSUMPTIONS

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

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 159,013,526	\$ 606,117,510	\$ 765,131,036
Employer Premiums - MCO	8,294,625	60,676,406	68,971,031
Employee Premiums - PPB	-	149,838,534	149,838,534
Employee Premiums - MCO	-	16,171,597	16,171,597
Life Insurance	295,284	1,575,823	1,871,107
Direct Transfers	-	10,000,000	10,000,000
Investment Income	1,831,660	8,937,127	10,768,787
Litigation Settlement	-	-	-
COBRA Premiums	455,692	1,649,501	2,105,193
Administrative Fees	730,426	4,047,074	4,777,500
Total Revenue	\$ 170,621,213	\$ 859,013,572	\$ 1,029,634,785
<u>Program Expenses</u>			
Medical Claims	\$ 86,534,835	\$ 428,230,933	\$ 514,765,768
Prescription Drug Claims	36,620,762	187,554,960	224,175,722
Managed Care Capitations	4,713,048	47,962,519	52,675,567
Administration	2,701,178	14,415,195	17,116,373
Life Insurance	295,695	1,578,014	1,873,709
Wellness	257,409	1,373,698	1,631,107
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Computer Software Reserve	278,743	1,487,549	1,766,292
Director's Discretionary Fund	287,236	1,436,198	1,723,434
WV RHBT Pay Go Premiums	35,012,220	154,987,780	190,000,000
Total Expenses	\$ 166,701,125	\$ 839,026,846	\$ 1,005,727,972
Fiscal Year Results	\$ 3,920,088	\$ 19,986,726	\$ 23,906,813
Beginning Plan Reserve	28,166,882	135,303,991	163,470,873
Ending Plan Reserve	\$ 32,086,970	\$ 155,290,717	\$ 187,377,687
Reserve as a Percent of Expenses			15%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 55,500,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 14,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 13,900,000	Active Local	9.0%	13.0%
Direct Transfers	\$ 10,000,000	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	\$ 145,232,391	\$ 13,781,134	\$ 159,013,525
Employer Premiums - MCO	7,575,760	718,866	8,294,626
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	295,284		295,284
Direct Transfers	-		-
Investment Income	1,831,660		1,831,660
Litigation Settlement	-		-
COBRA Premiums	455,692		455,692
Administrative Fees	730,426		730,426
Total Revenue	\$ 156,121,213	\$ 14,500,000	\$ 170,621,213
<u>Program Expenses</u>			
Medical Claims	\$ 86,534,835		\$ 86,534,835
Prescription Drug Claims	36,620,762		36,620,762
Managed Care Capitations	4,713,048		4,713,048
Administration	2,701,178		2,701,178
Life Insurance	295,695		295,695
Wellness	257,409		257,409
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	278,743		278,743
Director's Discretionary Fund	287,236		287,236
WV RHBT Pay Go Premiums	35,012,220		35,012,220
Total Expenses	\$ 166,701,126	\$ -	\$ 166,701,126
Fiscal Year Results	\$ (10,579,913)		\$ 3,920,087
Beginning Plan Reserve	28,166,882		28,166,882
Ending Plan Reserve	\$ 17,586,969		\$ 32,086,969
Reserve as a Percent of Expenses			16%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 14,500,000	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	\$ 555,667,857	\$ 50,449,653	\$ 606,117,510
Employer Premiums - MCO	55,626,059	5,050,347	60,676,406
Employee Premiums - PPB	137,292,579	12,545,955	149,838,534
Employee Premiums - MCO	14,817,552	1,354,045	16,171,597
Life Insurance	1,575,823		1,575,823
Direct Transfers	10,000,000		10,000,000
Investment Income	8,937,127		8,937,127
Litigation Settlement	-		-
COBRA Premiums	1,649,501		1,649,501
Administrative Fees	4,047,074		4,047,074
Total Revenue	\$ 789,613,572	\$ 69,400,000	\$ 859,013,572
<u>Program Expenses</u>			
Medical Claims	\$ 428,230,933		\$ 428,230,933
Prescription Drug Claims	187,554,960		187,554,960
Managed Care Capitations	47,962,519		47,962,519
Administration	14,415,195		14,415,195
Life Insurance	1,578,014		1,578,014
Wellness	1,373,698		1,373,698
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	1,487,549		1,487,549
Director's Discretionary Fund	1,436,198		1,436,198
WV RHBT Pay Go Premiums	154,987,780		154,987,780
Total Expenses	\$ 839,026,846	\$ -	\$ 839,026,846
Fiscal Year Results	\$ (49,413,274)		\$ 19,986,726
Beginning Plan Reserve	135,303,991		135,303,991
Ending Plan Reserve	\$ 85,890,717		\$ 155,290,717
Reserve as a Percent of Expenses			15%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 55,500,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 13,900,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ 10,000,000	State	9.0%	13.0%
		Capitations		6.0%
		Administrative Expense		3.0%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2016 to FY 2017**

Fiscal Year 2016												
Exposure	<u>Jul-15</u>	<u>Aug-15</u>	<u>Sep-15</u>	<u>Oct-15</u>	<u>Nov-15</u>	<u>Dec-15</u>	<u>Jan-16</u>	<u>Feb-16</u>	<u>Mar-16</u>	<u>Apr-16</u>	<u>May-16</u>	<u>Jun-16</u>
Local Medical	25,512	25,655	25,752	25,676	25,687	25,650	25,727	25,823	25,824	25,808	25,717	25,696
State Medical	131,127	130,588	130,166	130,973	131,327	131,400	131,326	130,961	130,685	130,633	130,558	130,228
Local Drugs	25,512	25,655	25,752	25,676	25,687	25,650	25,727	25,823	25,824	25,808	25,717	25,696
State Drugs	131,127	130,588	130,166	130,973	131,327	131,400	131,326	130,961	130,685	130,633	130,558	130,228
	<u>Jul-15</u>	<u>Aug-15</u>	<u>Sep-15</u>	<u>Oct-15</u>	<u>Nov-15</u>	<u>Dec-15</u>	<u>Jan-16</u>	<u>Feb-16</u>	<u>Mar-16</u>	<u>Apr-16</u>	<u>May-16</u>	<u>Jun-16</u>
Local Medical	\$162.53	\$172.96	\$191.76	\$183.48	\$190.80	\$200.23	\$196.14	\$233.78	\$272.10	\$277.54	\$254.04	\$274.18
State Medical	\$185.92	\$193.64	\$213.59	\$231.14	\$211.92	\$214.53	\$213.58	\$216.71	\$248.63	\$241.94	\$252.19	\$272.48
Local Drugs	\$56.39	\$65.89	\$69.52	\$74.11	\$72.42	\$79.14	\$76.59	\$79.62	\$85.44	\$81.74	\$85.60	\$87.40
State Drugs	<u>62.31</u>	<u>71.09</u>	<u>74.10</u>	<u>78.33</u>	<u>78.60</u>	<u>84.93</u>	<u>82.21</u>	<u>83.21</u>	<u>92.05</u>	<u>86.41</u>	<u>90.74</u>	<u>98.57</u>
Total	\$467.16	\$503.59	\$548.97	\$567.07	\$553.73	\$578.83	\$568.52	\$613.32	\$698.21	\$687.62	\$682.58	\$732.62
Change From Prior Year - Month to Month Analysis												
Local Medical	-16.0%	-8.6%	-6.3%	-16.5%	-10.0%	-10.0%	-4.9%	10.1%	21.2%	24.6%	6.8%	32.6%
State Medical	-7.9%	-1.1%	-2.4%	1.7%	11.7%	-4.1%	-4.4%	6.0%	8.6%	3.1%	10.0%	3.7%
Local Drugs	11.4%	4.2%	0.5%	1.5%	4.9%	-4.1%	-5.6%	10.7%	6.1%	-0.8%	4.7%	-5.3%
State Drugs	<u>1.7%</u>	<u>-0.5%</u>	<u>0.3%</u>	<u>2.3%</u>	<u>9.0%</u>	<u>1.1%</u>	<u>-1.3%</u>	<u>7.6%</u>	<u>6.1%</u>	<u>1.8%</u>	<u>6.6%</u>	<u>3.6%</u>
Total	-7.9%	-3.1%	-3.1%	-4.9%	2.0%	-5.5%	-4.3%	8.3%	12.5%	10.1%	7.7%	11.5%
Change From Prior Year - Quarter to Quarter Analysis												
Local Medical			-10.3%			-12.2%			9.2%			20.7%
State Medical			-3.8%			2.6%			3.4%			5.5%
Local Drugs			4.8%			0.5%			3.4%			-0.7%
State Drugs			<u>0.4%</u>			<u>4.0%</u>			<u>4.1%</u>			<u>4.0%</u>
Total			-4.6%			-3.0%			5.6%			9.8%
Change From Prior Year - Year to Year Analysis												
Local Medical			2.6%			-5.0%			-3.9%			2.2%
State Medical			6.7%			4.0%			2.8%			2.1%
Local Drugs			11.0%			7.4%			5.1%			1.8%
State Drugs			<u>7.1%</u>			<u>5.9%</u>			<u>4.3%</u>			<u>3.2%</u>
Total			5.8%			1.3%			0.8%			2.3%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2016 to FY 2017**

Fiscal Year 2017											
Exposure	<u>Jul-16</u>	<u>Aug-16</u>	<u>Sep-16</u>	<u>Oct-16</u>	<u>Nov-16</u>	<u>Dec-16</u>	<u>Jan-17</u>	<u>Feb-17</u>	<u>Mar-17</u>	<u>Apr-17</u>	<u>May-17</u>
Local Medical	25,684	25,659	25,660	25,722	25,661	25,642	25,521	25,719	25,768	25,727	25,636
State Medical	127,982	126,855	126,815	127,206	126,991	126,883	126,364	126,394	126,242	126,016	125,872
Local Drugs	25,684	25,659	25,660	25,722	25,661	25,642	25,521	25,719	25,768	25,727	25,636
State Drugs	127,982	126,855	126,815	127,206	126,991	126,883	126,364	126,394	126,242	126,016	125,872
Local Medical	\$166.84	\$187.63	\$188.90	\$199.92	\$211.88	\$216.93	\$251.61	\$239.66	\$247.39	\$242.67	\$252.86
State Medical	\$172.47	\$224.21	\$191.76	\$203.94	\$199.37	\$196.21	\$225.64	\$210.47	\$258.82	\$238.70	\$262.19
Local Drugs	\$58.50	\$79.14	\$75.77	\$87.24	\$85.84	\$91.27	\$92.77	\$89.79	\$106.85	\$99.31	\$104.98
State Drugs	<u>64.03</u>	<u>83.04</u>	<u>80.96</u>	<u>90.45</u>	<u>91.70</u>	<u>94.81</u>	<u>99.18</u>	<u>96.96</u>	<u>109.91</u>	<u>100.03</u>	<u>106.27</u>
Total	\$461.84	\$574.02	\$537.39	\$581.54	\$588.79	\$599.23	\$669.21	\$636.88	\$722.97	\$680.71	\$726.30
Change From Prior Year - Month to Month Analysis											
Local Medical	2.7%	8.5%	-1.5%	9.0%	11.1%	8.3%	28.3%	2.5%	-9.1%	-12.6%	-0.5%
State Medical	-7.2%	15.8%	-10.2%	-11.8%	-5.9%	-8.5%	5.6%	-2.9%	4.1%	-1.3%	4.0%
Local Drugs	3.7%	20.1%	9.0%	17.7%	18.5%	15.3%	21.1%	12.8%	25.1%	21.5%	22.6%
State Drugs	<u>2.8%</u>	<u>16.8%</u>	<u>9.3%</u>	<u>15.5%</u>	<u>16.7%</u>	<u>11.6%</u>	<u>20.6%</u>	<u>16.5%</u>	<u>19.4%</u>	<u>15.8%</u>	<u>17.1%</u>
Total	-1.1%	14.0%	-2.1%	2.6%	6.3%	3.5%	17.7%	3.8%	3.5%	-1.0%	6.4%
Change From Prior Year - Quarter to Quarter Analysis											
Local Medical			3.1%			9.4%			5.2%		
State Medical			-0.8%			-8.8%			2.4%		
Local Drugs			11.3%			17.1%			19.8%		
State Drugs			<u>9.9%</u>			<u>14.5%</u>			<u>18.9%</u>		
Total			3.5%			4.1%			7.9%		
Change From Prior Year - Year to Year Analysis											
Local Medical			5.4%			11.1%			9.9%		
State Medical			2.8%			0.0%			-0.3%		
Local Drugs			3.2%			7.3%			11.6%		
State Drugs			<u>5.3%</u>			<u>7.9%</u>			<u>11.8%</u>		
Total			4.1%			5.9%			6.6%		