

STATE OF WEST VIRGINIA



PUBLIC EMPLOYEES INSURANCE AGENCY

**Quarterly Report
December 31, 2017**

Fiscal Years 2018-2022

Report Date: March 2018

YOUR ACTUARIES FOR THE LONG-TERM!
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Finance Board
West Virginia Public Employees Insurance Agency
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Charleston, West Virginia 25304-2345

Ladies and Gentlemen:

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

Continuing Care Actuaries has been retained by the West Virginia Public Employees Insurance Agency Finance Board (“Board”) to assist it as provided under Code of the West Virginia 1931 (“Code”), as amended. The Board has asked Continuing Care Actuaries to review the financial plan prepared and proposed by the Board in December 2017 for the fiscal year 2019 (“FY 2019”) and to provide quarterly financial reports for current FY 2018 and thereafter. Our analysis is developed on an accrued and incurred reporting basis for a projection period of five years as required by the Code.

Under the statutory Code provisions, it is the Board’s responsibility to prepare a proposed financial plan designed to generate revenues sufficient to meet all insurance program and administrative costs of the West Virginia Public Employees Insurance Agency (“PEIA”). The Board is required to provide a financing plan in which the State Fund revenue costs are financed 80% by state employers and 20% by state employees in FY 2018 and in subsequent fiscal years. In subsequent fiscal years, future transfers of employer and employee funds may be needed to obtain the 80% and 20% split between employer and employee, depending on future enrollment and coverage elections by insureds.

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

The Medicaid / PEIA Hospital Bill (“Bill”) has been extended and is anticipated to continue to provide PEIA with hospital charge savings through discounts for all non-Medicare coverages. These hospital savings are assumed to increase by the medical trend assumptions in Fiscal Year 2018 and subsequently. We are assuming that the Bill will continue throughout the five year forecast period.

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

In reviewing the plan, Continuing Care Actuaries utilized information concerning the plan’s prior experience, covered individuals, plan revenues, plan benefits, plan administrative costs, and other expenses. This information was developed and provided by PEIA, the plan’s third party administrators and other sources. In our review, we completely relied on the accuracy of this information and did not perform any due diligence on the information. The enclosed forecasts include anticipated changes from the federal statute Patient Protection and Affordable Care Act (“PPACA”) signed into law on March 23, 2010. Additional details of the benefit reductions can be found later in this report. In addition, 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 2018 the Pay-Go is equivalent to \$300 per retiree per month. In future years, the Pay Go premium may increase by a maximum of 3% per retiree per year, indexed to the initial fixed subsidy determined in FY 2013. The new Pay-Go premium formula is based on the financial plan approved by the Financial Board in December 2017.

This report includes updated claim trend assumptions as recommended in the report titled, “PEIA FY2017 Detailed Medical and Prescription Drugs Claim Trend Report - December 2017”. In the circumstances and subject to the conditions described herein, we believe the financial plan approved by the Board for FY 2018 through FY 2022 may be reasonably expected to generate sufficient revenues, when combined with the existing surplus, to meet estimated insurance program and administrative costs of PEIA. In addition, we are forecasting that PEIA will meet the minimum 20% employee cost share requirement for state revenue in FY 2018 based on the scheduled revenue increases of the financial plan approved and amended by the Board in December 2017.

The conclusion of long-term solvency for the program over the five-year forecast is based on significant revenue increases in employer and employee premiums in later fiscal years of the plan through FY 2022 as approved by the Board.

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

Respectfully,



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



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

West Virginia Public Employees Insurance Agency

Report of Independent Actuary

Financial Plan for FY 2018 – FY 2022

OVERVIEW

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

This report was compiled utilizing claims data collected by PEIA's third party administrators through February 2018 for prescription drugs and medical claims. Enrollment data, administrative expenses, managed care capitations, and plan revenues were provided at special request from PEIA. Revenue assumptions are based on premium rates, assumed investment income and significant general and special revenue allocations provided by the Governor, some of which have not been approved by the West Virginia Legislature. In addition, other information became available through presentations made at the Board meetings, which has been used in arriving at our conclusions.

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

KEY ASSUMPTIONS

A. Enrollment Changes

These projections include the assumption that Preferred Provider Benefit (“PPB”) and managed care enrollment will not change from March 2018 enrollment levels for the duration of these forecasts for active employees.

In aggregate, March 2018 enrollment for active employees has decreased by 1,511 coverages since the end of FY 2017. Aggregate PPB enrollment has decreased by 1,460 in total over the same period, while managed care enrollment experienced a decrease of 51 coverages.

In the State Fund, the overall active State enrollment decreased by 1,559 coverages from the end of FY 2017 to March 2018. And in the Local Fund, the overall active Local enrollment increased by 48 coverages from the end of FY 2017 to March 2018.

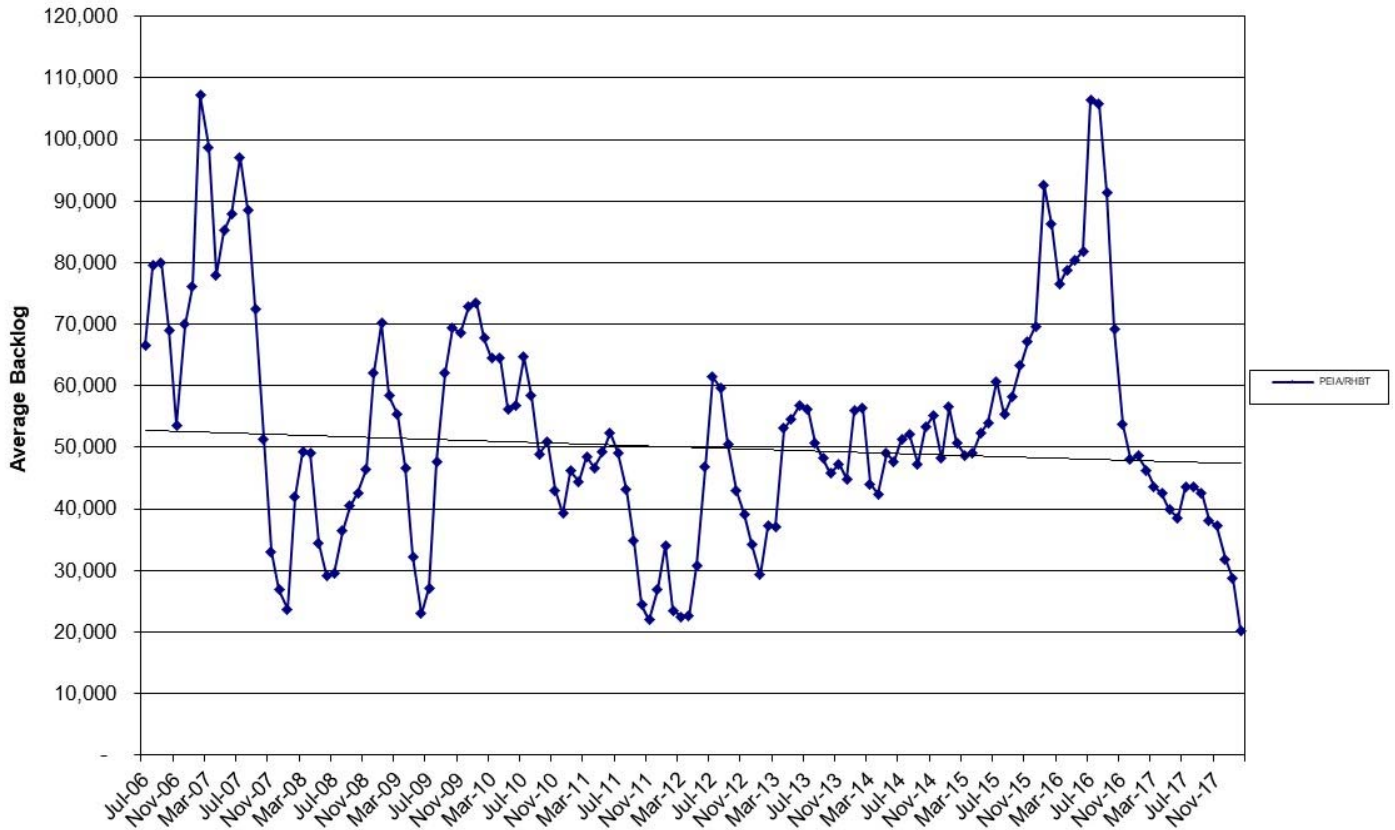
The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2016, June 2017 and March 2018 for purposes of comparison:

PEIA Fund	Coverage	Preferred Provider Benefit			Managed Care		
		Jun-16	Jun-17	Mar-18	Jun-16	Jun-17	Mar-18
State Active	Single	22,035	21,482	20,918	1,946	2,160	2,187
	Children	6,250	6,017	5,876	591	603	620
	Family	29,925	28,946	28,122	2,782	2,850	2,776
	Total	58,210	56,445	54,916	5,319	5,613	5,583
Local Active	Single	5,204	5,391	5,479	399	422	412
	Children	959	961	946	106	104	97
	Family	5,724	5,658	5,654	187	194	190
	Total	11,887	12,010	12,079	692	720	699
Plan Total		70,097	68,455	66,995	6,011	6,333	6,282
Grand Total					76,108	74,788	73,277

B. Changes in Claim Backlog

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

WV PEIA&RHBT Claim Backlog July 2006 through February 2018



C. Trend Analysis

PEIA experienced slightly higher medical and prescription drug trends in FY 2017, but over the past few years, trends have been beneficial to the plan. Continuing Care Actuaries performed the detailed medical and prescription drugs trend analysis in the report titled, “PEIA FY2017 Detailed Medical and Prescription Drugs Claim Trend Report”. This report includes the detailed trend analysis of PEIA experience by medical and prescription drugs. Based on the analysis, the FY 2018 medical claim trend is 7.5% and the prescription drug claim trend is 11.5%.

The current trend projection is shown in the following table:

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

In addition, we have assumed that trends will increase by 0.5% in each successive fiscal year beginning in FY 2019. At the Board’s request, the baseline trend assumptions have been established to reflect the most likely or expected trends. In order to provide information on the impact of varying trend assumptions, two alternative trend scenarios were developed. The Optimistic Scenario incorporates trend assumptions 2.0% below the Baseline Scenario and the Pessimistic Scenario incorporates trend assumptions 2.0% above the Baseline Scenario.

The following chart summarizes the trend results observed for the plan using data through February 2018. It is important to note that these trends have not been adjusted to reflect savings as a result of the expansion of the drug rebate program or the claim savings due to changes in provider reimbursement methodologies, nor the changes in the benefit structure. In developing the claim cost projection, we have reflected for benefit and reimbursement changes as an adjustment to the gross trend assumption.

PEIA Historical Trends (Active Local and State)

Fiscal Year	Active Local Medical	State Medical	Active Local Drugs	State Drugs	Total
2004	-1%	12%	9%	7%	9%
2005	16%	7%	7%	20%	11%
2006	1%	2%	18%	7%	3%
2007	15%	2%	13%	8%	5%
2008	3%	8%	-5%	-1%	4%
2009	-8%	3%	5%	4%	2%
2010	10%	1%	9%	9%	4%
2011	11%	8%	16%	15%	8%
2012	5%	5%	8%	6%	5%
2013	-3%	-3%	2%	6%	-3%
2014	8%	6%	9%	7%	7%
2015	6%	10%	14%	10%	10%
2016	9%	11%	12%	13%	12%
2017	4%	0%	10%	9%	3%
2018*	-4%	3%	23%	18%	7%

* Fiscal Year 2018 results are through the first eight months ending February 2018.

D. Enrollment, Claim, Expense and Revenue Assumptions

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

Fiscal Year 2018 Projection			Net Revenue Excluding Pay Go		Expenses		
Fund	Program	Policies	Monthly Employer Premiums	Monthly Employee Premiums	Monthly Medical Costs	Monthly Drugs Costs*	Monthly Capitation Costs
State	PPB	55,135	\$546	\$138	\$471	\$194	
	<u>Managed Care</u>	<u>5,571</u>	\$558	\$150			\$589
	Total	60,706					
Local	PPB	12,049	\$637	\$0	\$434	\$186	
	<u>Managed Care</u>	<u>707</u>	\$527	\$0			\$456
	Total	12,756					

*Net of rebates and subsidies.

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

Board Decisions – December 2017

Source	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
Additional State Employer Revenue	\$0	\$8,000,000	\$55,000,000	\$77,500,000	\$60,000,000
Additional Local Agency Revenue	\$6,600,000	\$0	\$19,000,000	\$20,500,000	\$16,500,000
Additional Employee Premium	\$0	\$0	\$13,800,000	\$19,400,000	\$15,000,000
State Direct Transfers	\$10,000,000	\$31,000,000	\$10,000,000	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active State	\$31,765,000	\$0	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active Local	\$7,174,000	\$0	\$0	\$0	\$0
PPACA Reinsurance Contributions (Cost)	\$0	\$0	\$0	\$0	\$0
PPACA Comparative Effectiveness Research Fees (Cost)	(\$322,587)	(\$320,561)	\$0	\$0	\$0
Pay Go Premium Transfer	\$155,648,060	\$154,000,000	\$160,000,000	\$170,000,000	\$180,000,000

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

The 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 would be collected. PEIA would not receive any benefit payments from the national reinsurance program. PEIA was subject to paying the reinsurance contributions through FY 2017 and the expenses of the reinsurance contributions were included in the financial plan. The total reinsurance contributions for the financial projection were \$2,110,659 in FY 2017.

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

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

It is anticipated that PEIA would accrue and pay these fees through FY 2019. The fee would be \$2 per member per year. The total comparative effectiveness research fees for the financial projection are estimated to be approximately \$643,000, with \$322,587 in FY 2018.

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

E. Provider Reimbursement Changes

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

FISCAL YEAR 2018 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 \$780,948,703 and incurred plan expenses of \$749,100,821 to produce a fiscal year surplus of \$31,847,882. The PEIA local and state agencies Pay Go premiums for FY 2018 are assumed to be \$155,648,060.

Under the Baseline Scenario, FY 2018 is projected to end with a reserve of \$180,892,073 and the FY 2018 PEIA/RHBT combined, projected plan expenditures of \$848,883,918, which represents 21% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$115,760,134. 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 \$186,009,900 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$175,803,923.

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 \$808,961,770 and incurred plan expenses of \$796,555,581 to produce a fiscal year surplus of \$12,406,189. The PEIA local and state agencies Pay Go premiums for FY 2019 are assumed to be \$154,000,000.

Under the Baseline Scenario, FY 2019 is projected to end with a reserve of \$193,298,262 and the FY 2019 PEIA/RHBT combined, projected plan expenditures of \$914,776,415, which represents 21% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$124,869,838. 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 \$214,622,253 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$171,833,625.

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 \$876,918,232 and incurred plan expenses of \$860,104,932 to produce a fiscal year surplus of \$16,813,300. The PEIA local and state agencies Pay Go premiums for FY 2020 are assumed to be \$160,000,000.

Under the Baseline Scenario, FY 2020 is projected to end with a reserve of \$210,111,562 and the FY 2020 PEIA/RHBT combined, projected plan expenditures of \$1,007,354,435, which represents 21% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$137,335,431. 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 \$260,966,189 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$158,279,603.

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 \$985,783,985 and incurred plan expenses of \$936,662,684 to produce a fiscal year surplus of \$49,121,301. The PEIA local and state agencies Pay Go premiums for FY 2021 are assumed to be \$170,000,000.

Under the Baseline Scenario, FY 2021 is projected to end with a reserve of \$259,232,863 and the FY 2021 PEIA/RHBT combined, projected plan expenditures of \$1,115,378,394, which represents 23% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$151,849,264. 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 \$355,660,429 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$159,711,624.

FISCAL YEAR 2022 FORECAST

The financial forecast for FY 2022 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2022 projects accrued revenue of \$1,079,969,801 and incurred plan expenses of \$1,023,394,987 to produce a fiscal year surplus of \$56,574,814. The PEIA local and state agencies Pay Go premiums for FY 2022 are assumed to be \$180,000,000.

Under the Baseline Scenario, FY 2022 is projected to end with a reserve of \$315,807,677 and the FY 2022 PEIA/RHBT combined, projected plan expenditures of \$1,241,349,538, which represents 25% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$168,749,678. 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 \$477,167,603 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$147,152,692.

LITIGATION

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

SUMMARY

With projected changes to the plan as adopted by the PEIA Finance Board, we are forecasting that the plan will meet the minimum 10% reserve target set by West Virginia Statute and the minimum actuarial required reserve target through the projection period ending with the Fiscal Year 2022, using the Baseline assumptions. These projections are based on significant revenue increases as contained in the Financial Plan adopted by the Board in December 2017 and are contingent on legislative approval. These forecasts are based on assumptions including the estimated cost and savings of plan changes, expected trend levels and exposure levels. The continued enrollment changes of the managed care options, changes in physician, ambulatory and hospital provider reimbursement, possible changes in methodology of managed care premium calculation, and changes in the prescription drugs program, can be expected to further exacerbate the difficulty of projecting future medical and drugs claim levels and lags. These projections do not incorporate any anticipated effects of national or state health care reform, such as universal health insurance initiatives and Medicaid reform. As such, actual results deviating from those amounts projected in these pages should not be unexpected. With the legislatively mandated requirement of a five-year projection, it should be assumed that constant modifications would be required.

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 92,152,771	\$ 361,036,876	\$ 453,189,647
Employer Premiums - MCO	4,466,741	37,273,480	41,740,220
Employee Premiums - PPB	-	91,356,306	91,356,306
Employee Premiums - MCO	-	10,011,643	10,011,643
WV RHBT Pay Go Premiums	27,026,292	128,621,768	155,648,060
Life Insurance	197,305	1,123,070	1,320,375
Direct Transfers	-	10,000,000	10,000,000
Investment Income	2,462,579	8,142,849	10,605,428
Litigation Settlement	-	-	-
COBRA Premiums	475,755	1,975,419	2,451,174
Administrative Fees	707,241	3,918,609	4,625,850
Total Revenue	\$ 127,488,684	\$ 653,460,019	\$ 780,948,703
<u>Program Expenses</u>			
Medical Claims	\$ 62,720,299	\$ 311,621,901	\$ 374,342,200
Prescription Drug Claims	26,955,389	128,494,537	155,449,926
Managed Care Capitations	3,868,367	39,366,590	43,234,957
Administration	2,368,414	13,481,143	15,849,557
Life Insurance	185,157	1,053,926	1,239,083
Wellness	320,563	1,824,659	2,145,222
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	49,881	272,706	322,587
Computer Software Reserve	-	-	-
Director's Discretionary Fund	147,131	722,098	869,229
WV RHBT Pay Go Premiums	27,026,292	128,621,768	155,648,060
Total Expenses	\$ 123,641,493	\$ 625,459,327	\$ 749,100,821
Fiscal Year Results	\$ 3,847,191	\$ 28,000,692	\$ 31,847,882
Beginning Plan Reserve	37,838,456	111,205,735	149,044,191
Ending Plan Reserve	\$ 41,685,646	\$ 139,206,427	\$ 180,892,073
Reserve as a Percent of Expenses			21%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 6,600,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ -	Active Local	7.5%	11.5%
Direct Transfers	\$ 10,000,000	State	7.5%	11.5%
		Capitations		3.7%
		Administrative Expense		13.9%

**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	\$ 92,152,771	\$ -	\$ 92,152,771
Employer Premiums - MCO	4,466,741	-	4,466,741
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	27,026,292		27,026,292
Life Insurance	197,305		197,305
Direct Transfers	-		-
Investment Income	2,462,579		2,462,579
Litigation Settlement	-		-
COBRA Premiums	475,755		475,755
Administrative Fees	707,241		707,241
Total Revenue	\$ 127,488,684	\$ -	\$ 127,488,684
<u>Program Expenses</u>			
Medical Claims	\$ 68,280,299	\$ (5,560,000)	\$ 62,720,299
Prescription Drug Claims	28,569,389	\$ (1,614,000)	26,955,389
Managed Care Capitations	3,868,367		3,868,367
Administration	2,368,414		2,368,414
Life Insurance	185,157		185,157
Wellness	320,563		320,563
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	49,881		49,881
Computer Software Reserve	-		-
Director's Discretionary Fund	147,131		147,131
WV RHBT Pay Go Premiums	27,026,292		27,026,292
Total Expenses	\$ 130,815,493	\$ (7,174,000)	\$ 123,641,493
Fiscal Year Results	\$ (3,326,809)		\$ 3,847,191
Beginning Plan Reserve	37,838,456		37,838,456
Ending Plan Reserve	\$ 34,511,647		\$ 41,685,647
Reserve as a Percent of Expenses			30%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 6,600,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	7.5%	11.5%
		Capitations		3.7%
		Administrative Expense		13.9%

**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	\$ 361,036,876	\$ -	\$ 361,036,876
Employer Premiums - MCO	37,273,480	-	37,273,480
Employee Premiums - PPB	91,356,306	-	91,356,306
Employee Premiums - MCO	10,011,643	-	10,011,643
WV RHBT Pay Go Premiums	128,621,768		128,621,768
Life Insurance	1,123,070		1,123,070
Direct Transfers	10,000,000		10,000,000
Investment Income	8,142,849		8,142,849
Litigation Settlement	-		-
COBRA Premiums	1,975,419		1,975,419
Administrative Fees	3,918,609		3,918,609
Total Revenue	\$ 653,460,019	\$ -	\$ 653,460,019
<u>Program Expenses</u>			
Medical Claims	\$ 335,508,901	\$ (23,887,000)	\$ 311,621,901
Prescription Drug Claims	136,372,537	\$ (7,878,000)	128,494,537
Managed Care Capitations	39,366,590		39,366,590
Administration	13,481,143		13,481,143
Life Insurance	1,053,926		1,053,926
Wellness	1,824,659		1,824,659
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	272,706		272,706
Computer Software Reserve	-		-
Director's Discretionary Fund	722,098		722,098
WV RHBT Pay Go Premiums	128,621,768		128,621,768
Total Expenses	\$ 657,224,328	\$ (31,765,000)	\$ 625,459,328
Fiscal Year Results	\$ (3,764,309)		\$ 28,000,691
Beginning Plan Reserve	111,205,735		111,205,735
Ending Plan Reserve	\$ 107,441,426		\$ 139,206,426
Reserve as a Percent of Expenses			20%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ 10,000,000	State	7.5%	11.5%
		Capitations		3.7%
		Administrative Expense		13.9%

**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	\$ 91,742,537	\$ 369,841,861	\$ 461,584,398
Employer Premiums - MCO	4,462,539	38,118,491	42,581,030
Employee Premiums - PPB	-	91,743,966	91,743,966
Employee Premiums - MCO	-	10,036,481	10,036,481
WV RHBT Pay Go Premiums	27,440,728	126,559,272	154,000,000
Life Insurance	207,170	1,179,224	1,386,394
Direct Transfers	-	31,000,000	31,000,000
Investment Income	2,055,009	7,459,726	9,514,735
Litigation Settlement	-	-	-
COBRA Premiums	473,715	2,015,200	2,488,915
Administrative Fees	707,241	3,918,609	4,625,850
Total Revenue	\$ 127,088,939	\$ 681,872,831	\$ 808,961,770
<u>Program Expenses</u>			
Medical Claims	\$ 67,561,693	\$ 333,881,961	\$ 401,443,655
Prescription Drug Claims	30,114,564	142,793,795	172,908,359
Managed Care Capitations	4,100,469	41,728,586	45,829,055
Administration	2,488,218	14,163,070	16,651,288
Life Insurance	194,415	1,106,623	1,301,038
Wellness	352,619	2,007,125	2,359,744
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	48,781	271,780	320,561
Computer Software Reserve	-	-	-
Director's Discretionary Fund	296,230	1,445,652	1,741,882
WV RHBT Pay Go Premiums	27,440,728	126,559,272	154,000,000
Total Expenses	\$ 132,597,717	\$ 663,957,864	\$ 796,555,581
Fiscal Year Results	\$ (5,508,778)	\$ 17,914,967	\$ 12,406,189
Beginning Plan Reserve	41,685,646	139,206,427	180,892,073
Ending Plan Reserve	\$ 36,176,868	\$ 157,121,394	\$ 193,298,262
Reserve as a Percent of Expenses			21%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 8,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ -	Active Local	8.0%	12.0%
Direct Transfers	\$ 31,000,000	State	8.0%	12.0%
		Capitations		6.0%
		Administrative Expense		3.0%

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

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

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 91,742,537	\$ -	\$ 91,742,537
Employer Premiums - MCO	4,462,539	-	4,462,539
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	27,440,728		27,440,728
Life Insurance	207,170		207,170
Direct Transfers	-		-
Investment Income	2,055,009		2,055,009
Litigation Settlement	-		-
COBRA Premiums	473,715		473,715
Administrative Fees	707,241		707,241
Total Revenue	\$ 127,088,939	\$ -	\$ 127,088,939
<u>Program Expenses</u>			
Medical Claims	\$ 67,561,693	\$ -	\$ 67,561,693
Prescription Drug Claims	30,114,564	\$ -	30,114,564
Managed Care Capitations	4,100,469		4,100,469
Administration	2,488,218		2,488,218
Life Insurance	194,415		194,415
Wellness	352,619		352,619
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	48,781		48,781
Computer Software Reserve	-		-
Director's Discretionary Fund	296,230		296,230
WV RHBT Pay Go Premiums	27,440,728		27,440,728
Total Expenses	\$ 132,597,717	\$ -	\$ 132,597,717
Fiscal Year Results	\$ (5,508,778)		\$ (5,508,778)
Beginning Plan Reserve	41,685,646		41,685,646
Ending Plan Reserve	\$ 36,176,868		\$ 36,176,868
Reserve as a Percent of Expenses			24%

KEY ASSUMPTIONS

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

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

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

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 362,587,519	\$ 7,254,342	\$ 369,841,861
Employer Premiums - MCO	37,372,833	745,658	38,118,491
Employee Premiums - PPB	91,743,966	-	91,743,966
Employee Premiums - MCO	10,036,481	-	10,036,481
WV RHBT Pay Go Premiums	126,559,272		126,559,272
Life Insurance	1,179,224		1,179,224
Direct Transfers	10,000,000	21,000,000	31,000,000
Investment Income	7,459,726		7,459,726
Litigation Settlement	-		-
COBRA Premiums	2,015,200		2,015,200
Administrative Fees	3,918,609		3,918,609
Total Revenue	\$ 652,872,831	\$ 29,000,000	\$ 681,872,831
<u>Program Expenses</u>			
Medical Claims	\$ 333,881,961	\$ -	\$ 333,881,961
Prescription Drug Claims	142,793,795	\$ -	142,793,795
Managed Care Capitations	41,728,586		41,728,586
Administration	14,163,070		14,163,070
Life Insurance	1,106,623		1,106,623
Wellness	2,007,125		2,007,125
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	271,780		271,780
Computer Software Reserve	-		-
Director's Discretionary Fund	1,445,652		1,445,652
WV RHBT Pay Go Premiums	126,559,272		126,559,272
Total Expenses	\$ 663,957,864	\$ -	\$ 663,957,864
Fiscal Year Results	\$ (11,085,033)		\$ 17,914,967
Beginning Plan Reserve	139,206,427		139,206,427
Ending Plan Reserve	\$ 128,121,394		\$ 157,121,394
Reserve as a Percent of Expenses			21%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 8,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ 31,000,000	State	8.0%	12.0%
		Capitations		6.0%
		Administrative Expense		3.0%

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 108,240,013	\$ 416,576,873	\$ 524,816,886
Employer Premiums - MCO	5,287,153	42,925,808	48,212,960
Employee Premiums - PPB	-	103,415,902	103,415,902
Employee Premiums - MCO	-	11,300,128	11,300,128
WV RHBT Pay Go Premiums	29,118,638	130,881,362	160,000,000
Life Insurance	217,529	1,238,185	1,455,714
Direct Transfers	-	10,000,000	10,000,000
Investment Income	1,877,406	8,384,272	10,261,678
Litigation Settlement	-	-	-
COBRA Premiums	559,009	2,270,105	2,829,114
Administrative Fees	707,241	3,918,609	4,625,850
Total Revenue	\$ 146,006,989	\$ 730,911,243	\$ 876,918,232
<u>Program Expenses</u>			
Medical Claims	\$ 73,151,631	\$ 361,506,777	\$ 434,658,408
Prescription Drug Claims	33,811,229	160,322,216	194,133,445
Managed Care Capitations	4,346,497	44,232,301	48,578,798
Administration	2,562,864	14,587,963	17,150,827
Life Insurance	204,136	1,161,954	1,366,090
Wellness	370,250	2,107,482	2,477,732
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Computer Software Reserve	-	-	-
Director's Discretionary Fund	295,926	1,443,707	1,739,633
WV RHBT Pay Go Premiums	29,118,638	130,881,362	160,000,000
Total Expenses	\$ 143,861,171	\$ 716,243,762	\$ 860,104,932
Fiscal Year Results	\$ 2,145,818	\$ 14,667,481	\$ 16,813,300
Beginning Plan Reserve	36,176,868	157,121,394	193,298,262
Ending Plan Reserve	\$ 38,322,686	\$ 171,788,875	\$ 210,111,562
Reserve as a Percent of Expenses			21%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 55,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 19,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 13,800,000	Active Local	8.5%	12.5%
Direct Transfers	\$ 10,000,000	State	8.5%	12.5%
		Capitations		6.0%
		Administrative Expense		3.0%

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

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

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 90,156,414	\$ 18,083,599	\$ 108,240,013
Employer Premiums - MCO	4,370,752	916,401	5,287,153
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	29,118,638		29,118,638
Life Insurance	217,529		217,529
Direct Transfers	-		-
Investment Income	1,877,406		1,877,406
Litigation Settlement	-		-
COBRA Premiums	559,009		559,009
Administrative Fees	707,241		707,241
Total Revenue	\$ 127,006,989	\$ 19,000,000	\$ 146,006,989
<u>Program Expenses</u>			
Medical Claims	\$ 73,151,631		\$ 73,151,631
Prescription Drug Claims	33,811,229		33,811,229
Managed Care Capitations	4,346,497		4,346,497
Administration	2,562,864		2,562,864
Life Insurance	204,136		204,136
Wellness	370,250		370,250
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	295,926		295,926
WV RHBT Pay Go Premiums	29,118,638		29,118,638
Total Expenses	\$ 143,861,171	\$ -	\$ 143,861,171
Fiscal Year Results	\$ (16,854,182)		\$ 2,145,818
Beginning Plan Reserve	36,176,868		36,176,868
Ending Plan Reserve	\$ 19,322,686		\$ 38,322,686
Reserve as a Percent of Expenses			22%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 19,000,000	Claim and Other Expense Trends	
		<u>Eligibility</u>	<u>Medical</u>
		Local	8.5%
			<u>Drugs</u>
		Capitations	6.0%
		Administrative Expense	3.0%

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

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

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 366,703,272	\$ 49,873,601	\$ 416,576,873
Employer Premiums - MCO	37,799,409	5,126,399	42,925,808
Employee Premiums - PPB	90,959,320	12,456,582	103,415,902
Employee Premiums - MCO	9,956,710	1,343,418	11,300,128
WV RHBT Pay Go Premiums	130,881,362		130,881,362
Life Insurance	1,238,185		1,238,185
Direct Transfers	10,000,000		10,000,000
Investment Income	8,384,272		8,384,272
Litigation Settlement	-		-
COBRA Premiums	2,270,105		2,270,105
Administrative Fees	3,918,609		3,918,609
Total Revenue	\$ 662,111,243	\$ 68,800,000	\$ 730,911,243
<u>Program Expenses</u>			
Medical Claims	\$ 361,506,777		\$ 361,506,777
Prescription Drug Claims	160,322,216		160,322,216
Managed Care Capitations	44,232,301		44,232,301
Administration	14,587,963		14,587,963
Life Insurance	1,161,954		1,161,954
Wellness	2,107,482		2,107,482
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	1,443,707		1,443,707
WV RHBT Pay Go Premiums	130,881,362		130,881,362
Total Expenses	\$ 716,243,762	\$ -	\$ 716,243,762
Fiscal Year Results	\$ (54,132,519)		\$ 14,667,481
Beginning Plan Reserve	157,121,394		157,121,394
Ending Plan Reserve	\$ 102,988,875		\$ 171,788,875
Reserve as a Percent of Expenses			21%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 55,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 13,800,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ 10,000,000	State	8.5%	12.5%
		Capitations		6.0%
		Administrative Expense		3.0%

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 125,483,646	\$ 481,333,548	\$ 606,817,194
Employer Premiums - MCO	6,144,677	49,588,207	55,732,883
Employee Premiums - PPB	-	119,547,388	119,547,388
Employee Premiums - MCO	-	13,048,410	13,048,410
WV RHBT Pay Go Premiums	31,517,481	138,482,519	170,000,000
Life Insurance	228,405	1,300,094	1,528,499
Direct Transfers	-	-	-
Investment Income	2,010,704	9,201,779	11,212,483
Litigation Settlement	-	-	-
COBRA Premiums	648,139	2,623,138	3,271,277
Administrative Fees	707,241	3,918,609	4,625,850
Total Revenue	\$ 166,740,293	\$ 819,043,692	\$ 985,783,985
<u>Program Expenses</u>			
Medical Claims	\$ 79,569,969	\$ 393,225,450	\$ 472,795,419
Prescription Drug Claims	38,130,790	180,804,218	218,935,008
Managed Care Capitations	4,607,287	46,886,239	51,493,526
Administration	2,639,750	15,025,601	17,665,351
Life Insurance	214,343	1,220,051	1,434,394
Wellness	388,762	2,212,856	2,601,618
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Computer Software Reserve	-	-	-
Director's Discretionary Fund	295,620	1,441,748	1,737,368
WV RHBT Pay Go Premiums	31,517,481	138,482,519	170,000,000
Total Expenses	\$ 157,364,002	\$ 779,298,681	\$ 936,662,684
Fiscal Year Results	\$ 9,376,291	\$ 39,745,011	\$ 49,121,301
Beginning Plan Reserve	38,322,686	171,788,875	210,111,562
Ending Plan Reserve	\$ 47,698,977	\$ 211,533,886	\$ 259,232,863
Reserve as a Percent of Expenses			23%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 77,500,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 20,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 19,400,000	Active Local	9.0%	13.0%
Direct Transfers	\$ -	State	9.0%	13.0%
		Capitations		6.0%
		Administrative Expense		3.0%

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

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

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 105,972,395	\$ 19,511,251	\$ 125,483,646
Employer Premiums - MCO	5,155,928	988,749	6,144,677
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	31,517,481		31,517,481
Life Insurance	228,405		228,405
Direct Transfers	-		-
Investment Income	2,010,704		2,010,704
Litigation Settlement	-		-
COBRA Premiums	648,139		648,139
Administrative Fees	707,241		707,241
Total Revenue	\$ 146,240,293	\$ 20,500,000	\$ 166,740,293
<u>Program Expenses</u>			
Medical Claims	\$ 79,569,969		\$ 79,569,969
Prescription Drug Claims	38,130,790		38,130,790
Managed Care Capitations	4,607,287		4,607,287
Administration	2,639,750		2,639,750
Life Insurance	214,343		214,343
Wellness	388,762		388,762
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	295,620		295,620
WV RHBT Pay Go Premiums	31,517,481		31,517,481
Total Expenses	\$ 157,364,002	\$ -	\$ 157,364,002
Fiscal Year Results	\$ (11,123,709)		\$ 9,376,291
Beginning Plan Reserve	38,322,686		38,322,686
Ending Plan Reserve	\$ 27,198,977		\$ 47,698,977
Reserve as a Percent of Expenses			25%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 20,500,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	9.0%	13.0%
		Capitations		6.0%
		Administrative Expense		3.0%

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

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

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 411,057,110	\$ 70,276,438	\$ 481,333,548
Employer Premiums - MCO	42,364,645	7,223,562	49,588,207
Employee Premiums - PPB	102,035,961	17,511,427	119,547,388
Employee Premiums - MCO	11,159,837	1,888,573	13,048,410
WV RHBT Pay Go Premiums	138,482,519		138,482,519
Life Insurance	1,300,094		1,300,094
Direct Transfers	-		-
Investment Income	9,201,779		9,201,779
Litigation Settlement	-		-
COBRA Premiums	2,623,138		2,623,138
Administrative Fees	3,918,609		3,918,609
Total Revenue	\$ 722,143,692	\$ 96,900,000	\$ 819,043,692
<u>Program Expenses</u>			
Medical Claims	\$ 393,225,450		\$ 393,225,450
Prescription Drug Claims	180,804,218		180,804,218
Managed Care Capitations	46,886,239		46,886,239
Administration	15,025,601		15,025,601
Life Insurance	1,220,051		1,220,051
Wellness	2,212,856		2,212,856
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	1,441,748		1,441,748
WV RHBT Pay Go Premiums	138,482,519		138,482,519
Total Expenses	\$ 779,298,682	\$ -	\$ 779,298,682
Fiscal Year Results	\$ (57,154,990)		\$ 39,745,010
Beginning Plan Reserve	171,788,875		171,788,875
Ending Plan Reserve	\$ 114,633,885		\$ 211,533,885
Reserve as a Percent of Expenses			23%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 77,500,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 19,400,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ -	State	9.0%	13.0%
		Capitations		6.0%
		Administrative Expense		3.0%

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 138,696,567	\$ 530,393,150	\$ 669,089,716
Employer Premiums - MCO	6,796,332	54,636,944	61,433,276
Employee Premiums - PPB	-	131,750,160	131,750,160
Employee Premiums - MCO	-	14,372,723	14,372,723
WV RHBT Pay Go Premiums	34,152,905	145,847,095	180,000,000
Life Insurance	239,825	1,365,099	1,604,924
Direct Transfers	-	-	-
Investment Income	2,438,456	11,047,761	13,486,217
Litigation Settlement	-	-	-
COBRA Premiums	716,408	2,890,526	3,606,934
Administrative Fees	707,241	3,918,609	4,625,850
Total Revenue	\$ 183,747,734	\$ 896,222,067	\$ 1,079,969,801
<u>Program Expenses</u>			
Medical Claims	\$ 86,949,455	\$ 429,694,004	\$ 516,643,459
Prescription Drug Claims	43,192,922	204,807,257	248,000,179
Managed Care Capitations	4,883,725	49,699,413	54,583,138
Administration	2,718,943	15,476,369	18,195,312
Life Insurance	225,060	1,281,054	1,506,114
Wellness	408,200	2,323,499	2,731,699
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Computer Software Reserve	-	-	-
Director's Discretionary Fund	295,312	1,439,774	1,735,086
WV RHBT Pay Go Premiums	34,152,905	145,847,095	180,000,000
Total Expenses	\$ 172,826,522	\$ 850,568,464	\$ 1,023,394,987
Fiscal Year Results	\$ 10,921,212	\$ 45,653,603	\$ 56,574,814
Beginning Plan Reserve	47,698,977	211,533,886	259,232,863
Ending Plan Reserve	\$ 58,620,189	\$ 257,187,489	\$ 315,807,677
Reserve as a Percent of Expenses			25%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 60,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 16,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 15,000,000	Active Local	9.5%	13.5%
Direct Transfers	\$ -	State	9.5%	13.5%
		Capitations		6.0%
		Administrative Expense		3.0%

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

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

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 122,992,389	\$ 15,704,178	\$ 138,696,567
Employer Premiums - MCO	6,000,510	795,822	6,796,332
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	34,152,905		34,152,905
Life Insurance	239,825		239,825
Direct Transfers	-		-
Investment Income	2,438,456		2,438,456
Litigation Settlement	-		-
COBRA Premiums	716,408		716,408
Administrative Fees	707,241		707,241
Total Revenue	\$ 167,247,734	\$ 16,500,000	\$ 183,747,734
<u>Program Expenses</u>			
Medical Claims	\$ 86,949,455		\$ 86,949,455
Prescription Drug Claims	43,192,922		43,192,922
Managed Care Capitations	4,883,725		4,883,725
Administration	2,718,943		2,718,943
Life Insurance	225,060		225,060
Wellness	408,200		408,200
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	295,312		295,312
WV RHBT Pay Go Premiums	34,152,905		34,152,905
Total Expenses	\$ 172,826,522	\$ -	\$ 172,826,522
Fiscal Year Results	\$ (5,578,788)		\$ 10,921,212
Beginning Plan Reserve	47,698,977		47,698,977
Ending Plan Reserve	\$ 42,120,189		\$ 58,620,189
Reserve as a Percent of Expenses			27%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 16,500,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	9.5%	13.5%
		Capitations		6.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2022

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 475,985,585	\$ 54,407,565	\$ 530,393,150
Employer Premiums - MCO	49,044,509	5,592,435	54,636,944
Employee Premiums - PPB	118,210,397	13,539,763	131,750,160
Employee Premiums - MCO	12,912,486	1,460,237	14,372,723
WV RHBT Pay Go Premiums	145,847,095		145,847,095
Life Insurance	1,365,099		1,365,099
Direct Transfers	-		-
Investment Income	11,047,761		11,047,761
Litigation Settlement	-		-
COBRA Premiums	2,890,526		2,890,526
Administrative Fees	3,918,609		3,918,609
Total Revenue	\$ 821,222,067	\$ 75,000,000	\$ 896,222,067
<u>Program Expenses</u>			
Medical Claims	\$ 429,694,004		\$ 429,694,004
Prescription Drug Claims	204,807,257		204,807,257
Managed Care Capitations	49,699,413		49,699,413
Administration	15,476,369		15,476,369
Life Insurance	1,281,054		1,281,054
Wellness	2,323,499		2,323,499
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Computer Software Reserve	-		-
Director's Discretionary Fund	1,439,774		1,439,774
WV RHBT Pay Go Premiums	145,847,095		145,847,095
Total Expenses	\$ 850,568,465	\$ -	\$ 850,568,465
Fiscal Year Results	\$ (29,346,398)		\$ 45,653,602
Beginning Plan Reserve	211,533,886		211,533,886
Ending Plan Reserve	\$ 182,187,488		\$ 257,187,488
Reserve as a Percent of Expenses			25%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 60,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 15,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ -	State	9.5%	13.5%
		Capitations		6.0%
		Administrative Expense		3.0%

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

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>	<u>Jun-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	25,574
State Medical	127,982	126,855	126,815	127,206	126,991	126,883	126,364	126,394	126,242	126,016	125,897	125,335
Local Drugs	25,684	25,659	25,660	25,722	25,661	25,642	25,521	25,719	25,768	25,727	25,636	25,574
State Drugs	127,982	126,855	126,815	127,206	126,991	126,883	126,364	126,394	126,242	126,016	125,897	125,335
	<u>Jul-16</u>	<u>Aug-16</u>	<u>Sep-16</u>	<u>Oct-16</u>	<u>Nov-16</u>	<u>Dec-16</u>	<u>Jan-17</u>	<u>Feb-17</u>	<u>Mar-17</u>	<u>Apr-17</u>	<u>May-17</u>	<u>Jun-17</u>
Local Medical	\$166.95	\$186.61	\$187.84	\$200.93	\$213.74	\$229.17	\$252.39	\$228.75	\$238.04	\$234.63	\$237.76	\$251.59
State Medical	173.14	224.87	192.45	203.66	202.13	195.50	219.03	206.12	244.48	240.91	248.32	264.09
Local Drugs	58.50	79.13	75.74	87.23	85.78	91.18	92.83	89.79	106.82	99.34	108.45	108.62
State Drugs	<u>63.87</u>	<u>83.09</u>	<u>80.90</u>	<u>90.41</u>	<u>91.68</u>	<u>94.79</u>	<u>99.23</u>	<u>96.93</u>	<u>110.04</u>	<u>100.25</u>	<u>108.76</u>	<u>113.84</u>
Total	\$462.46	\$573.69	\$536.93	\$582.23	\$593.34	\$610.63	\$663.48	\$621.59	\$699.37	\$675.14	\$703.30	\$738.14
Change From Prior Year - Month to Month Analysis												
Local Medical	2.8%	7.8%	-1.9%	9.7%	12.1%	14.5%	28.7%	-2.3%	-12.7%	-15.4%	-6.0%	-8.3%
State Medical	-6.9%	16.3%	-9.9%	-11.8%	-4.7%	-8.9%	2.5%	-5.2%	-1.9%	-0.7%	-1.7%	-3.3%
Local Drugs	3.7%	20.1%	9.0%	17.7%	18.5%	15.2%	21.2%	12.8%	25.0%	21.5%	26.7%	24.3%
State Drugs	<u>2.5%</u>	<u>16.9%</u>	<u>9.2%</u>	<u>15.4%</u>	<u>16.6%</u>	<u>11.6%</u>	<u>20.7%</u>	<u>16.5%</u>	<u>19.5%</u>	<u>16.0%</u>	<u>19.9%</u>	<u>15.5%</u>
Total	-1.0%	14.0%	-2.2%	2.8%	7.2%	5.5%	16.7%	1.2%	0.0%	-1.9%	3.1%	0.6%
Change From Prior Year - Quarter to Quarter Analysis												
Local Medical			2.7%			12.2%			2.3%			-10.0%
State Medical			-0.4%			-8.5%			-1.6%			-2.0%
Local Drugs			11.2%			17.1%			19.8%			24.2%
State Drugs			<u>9.8%</u>			<u>14.5%</u>			<u>18.9%</u>			<u>17.1%</u>
Total			3.5%			5.1%			5.4%			0.6%
Change From Prior Year - Year to Year Analysis												
Local Medical			5.2%			11.7%			9.6%			0.8%
State Medical			3.0%			0.2%			-1.0%			-3.1%
Local Drugs			3.2%			7.3%			11.6%			18.6%
State Drugs			<u>5.3%</u>			<u>7.9%</u>			<u>11.8%</u>			<u>15.4%</u>
Total			4.2%			6.2%			6.1%			3.6%

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

Fiscal Year 2018								
Exposure	<u>Jul-17</u>	<u>Aug-17</u>	<u>Sep-17</u>	<u>Oct-17</u>	<u>Nov-17</u>	<u>Dec-17</u>	<u>Jan-18</u>	<u>Feb-18</u>
Local Medical	25,740	25,586	25,604	25,583	25,558	25,466	25,575	25,507
State Medical	124,443	123,087	122,276	122,287	122,223	122,170	121,889	121,733
Local Drugs	25,740	25,586	25,604	25,583	25,558	25,466	25,575	25,507
State Drugs	124,443	123,087	122,276	122,287	122,223	122,170	121,889	121,733
Local Medical	<u>\$149.11</u>	<u>\$183.64</u>	<u>\$177.96</u>	<u>\$207.18</u>	<u>\$182.67</u>	<u>\$170.49</u>	<u>\$220.18</u>	<u>\$219.86</u>
State Medical	<u>169.54</u>	<u>187.36</u>	<u>183.89</u>	<u>193.86</u>	<u>200.68</u>	<u>192.56</u>	<u>225.82</u>	<u>207.70</u>
Local Drugs	<u>115.63</u>	<u>98.47</u>	<u>77.35</u>	<u>119.06</u>	<u>88.89</u>	<u>89.38</u>	<u>113.41</u>	<u>90.83</u>
State Drugs	<u>119.10</u>	<u>99.95</u>	<u>80.35</u>	<u>121.63</u>	<u>88.32</u>	<u>87.41</u>	<u>116.37</u>	<u>97.32</u>
Total	<u>\$553.39</u>	<u>\$569.41</u>	<u>\$519.54</u>	<u>\$641.73</u>	<u>\$560.55</u>	<u>\$539.84</u>	<u>\$675.78</u>	<u>\$615.70</u>
Change From Prior Year - Month to Month Analysis								
Local Medical	-10.7%	-1.6%	-5.3%	3.1%	-14.5%	-25.6%	-12.8%	-3.9%
State Medical	-2.1%	-16.7%	-4.4%	-4.8%	-0.7%	-1.5%	3.1%	0.8%
Local Drugs	97.7%	24.4%	2.1%	36.5%	3.6%	-2.0%	22.2%	1.2%
State Drugs	<u>86.5%</u>	<u>20.3%</u>	<u>-0.7%</u>	<u>34.5%</u>	<u>-3.7%</u>	<u>-7.8%</u>	<u>17.3%</u>	<u>0.4%</u>
Total	19.7%	-0.7%	-3.2%	10.2%	-5.5%	-11.6%	1.9%	-0.9%
Change From Prior Year - Quarter to Quarter Analysis								
Local Medical			-5.7%			-13.0%		
State Medical			-8.4%			-2.4%		
Local Drugs			36.6%			12.5%		
State Drugs			<u>31.4%</u>			<u>7.4%</u>		
Total			4.4%			-2.5%		
Change From Prior Year - Year to Year Analysis								
Local Medical			-1.0%			-6.6%		
State Medical			-4.9%			-3.4%		
Local Drugs			24.2%			22.7%		
State Drugs			<u>20.2%</u>			<u>18.1%</u>		
Total			3.7%			1.9%		