

STATE OF WEST VIRGINIA



PUBLIC EMPLOYEES INSURANCE AGENCY

**Quarterly Report
December 31, 2019**

Fiscal Years 2020-2024

Report Date: March 2020

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 2019 for the fiscal year 2021 (“FY 2021”) and to provide quarterly financial reports for current FY 2020 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 2020 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 2024.

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 2020 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, 2020 (“FY 2020”), June 30, 2021 (“FY 2021”), June 30, 2022 (“FY 2022”), June 30, 2023 (“FY 2023”) and June 30, 2024 (“FY 2024”). Our opinion of plan adequacy is based on the projections through FY 2024 using updated future revenue and plan modifications provided by the Board in the financial plan adopted in December 2019. This forecast is prepared for the Public Employee Insurance Agency, and does not include actuarial projections for the West Virginia Retiree Health Benefit Trust Fund.

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

In FY 2020 the Pay-Go is equivalent to \$270 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 2019.

This report includes updated claim trend assumptions as recommended in the report titled, “PEIA FY2019 Detailed Medical and Prescription Drugs Claim Trend Report”. In the circumstances and subject to the conditions described herein, we believe the financial plan approved by the Board for FY 2020 through FY 2024 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 2020 based on the scheduled revenue increases of the financial plan approved and amended by the Board in December 2019.

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 2024 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 2020 – FY 2024

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 2020 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 2020 enrollment levels for the duration of these forecasts for active employees.

In aggregate, March 2020 enrollment for active employees has increased by 1,175 coverages since the end of FY 2019. Aggregate PPB enrollment has increased by 1,164 in total over the same period, while managed care enrollment experienced an increase of 11 coverages.

In the State Fund, the overall active State enrollment increased by 483 coverages from the end of FY 2019 to March 2020. And in the Local Fund, the overall active Local enrollment increased by 692 coverages from the end of FY 2019 to March 2020.

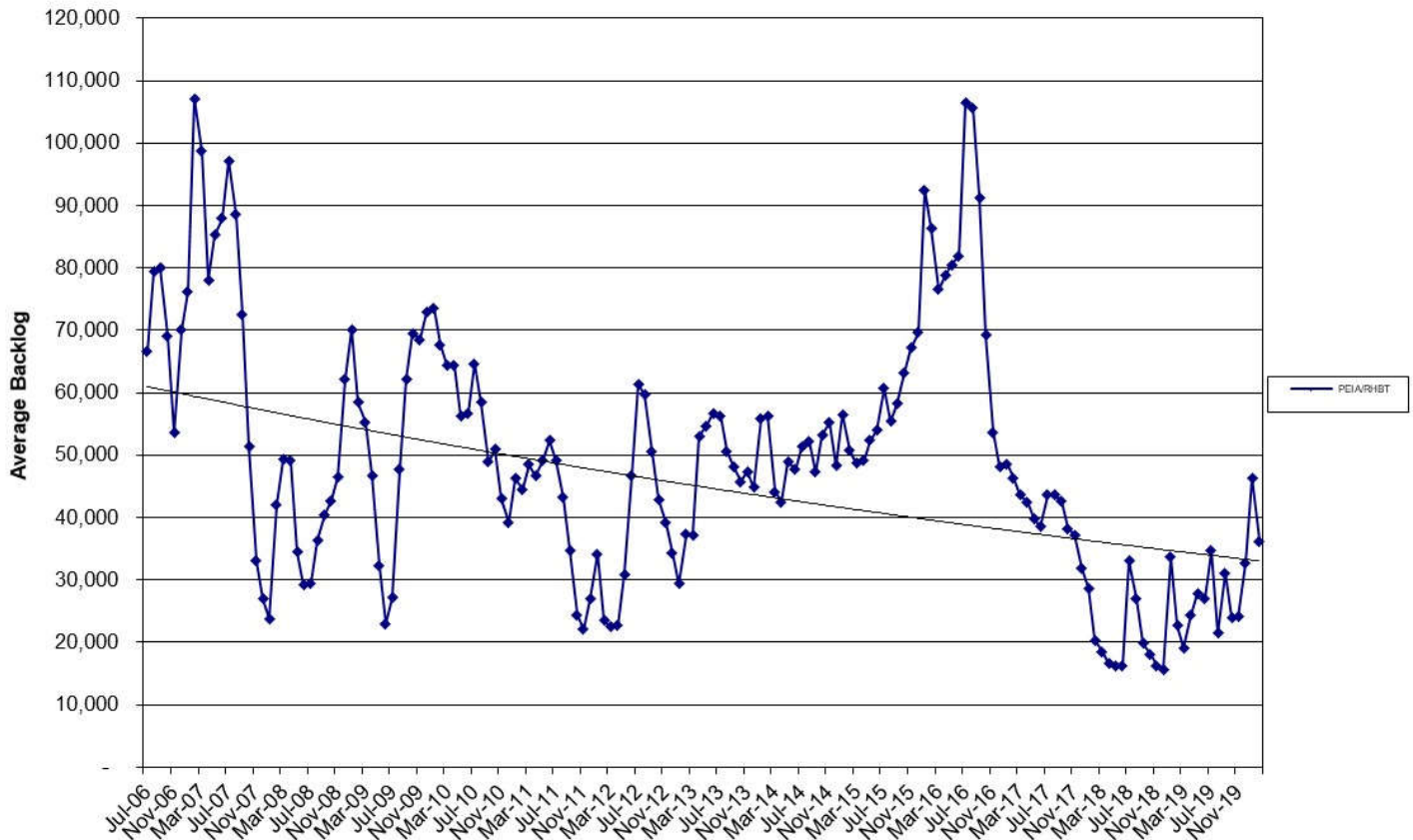
The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2018, June 2019 and March 2020 for purposes of comparison:

PEIA Fund	Coverage	Preferred Provider Benefit			Managed Care		
		Jun-18	Jun-19	Mar-20	Jun-18	Jun-19	Mar-20
State Active	Single	20,927	21,216	21,610	2,175	2,381	2,417
	Children	5,920	5,912	5,980	627	665	671
	Family	27,782	26,894	26,917	2,784	2,805	2,761
	Total	54,629	54,022	54,507	5,586	5,851	5,849
Local Active	Single	5,520	5,723	6,133	407	419	429
	Children	955	996	1,086	94	99	97
	Family	5,614	5,576	5,755	190	186	191
	Total	12,089	12,295	12,974	691	704	717
Plan Total		66,718	66,317	67,481	6,277	6,555	6,566
Grand Total					72,995	72,872	74,047

B. Changes in Claim Backlog

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

WV PEIA&RHBT Claim Backlog July 2006 through February 2020



C. Trend Analysis

PEIA experienced higher medical and prescription drug trends in FY 2019, and over the past few years, trends have been beneficial to the plan. Continuing Care Actuaries performed the detailed medical and prescription drugs trend analysis in the report titled, “PEIA FY2019 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 2020 medical claim trend is 8.0% and the prescription drug claim trend is 12.0%.

The current trend projection is shown in the following table:

Claim Type	Previous Assumption FY 2020 Trend	Updated Assumption FY 2020 Trend
Active Local – Medical	8.0%	8.0%
State – Medical	8.0%	8.0%
Active Local – Drugs	12.0%	12.0%
State – Drugs	12.0%	12.0%

In addition, we have assumed that trends will increase by 0.5% in each successive fiscal year beginning in FY 2021. 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 2020. 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	6%	1%	11%	9%	4%
2018	0%	4%	16%	15%	7%
2019	7%	7%	15%	16%	10%
2020*	1%	3%	16%	18%	7%

* Fiscal Year 2020 results are through the first eight months ending February 2020.

D. Enrollment, Claim, Expense and Revenue Assumptions

Using PEIA paid claim data through February 2020 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 2020 claims and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

Fiscal Year 2020 Projection			Net Revenue Excluding Pay Go		Expenses		
Fund	Program	Policies	Monthly Employer Premiums	Monthly Policyholder Premiums	Monthly Medical Costs	Monthly Drugs Costs*	Monthly Capitation Costs
State	PPB	54,286	\$520	\$166	\$520	\$177	
	<u>Managed Care</u>	5,810	\$528	\$174			\$650
	Total	60,096					
Local	PPB	12,845	\$662	\$0	\$465	\$156	
	<u>Managed Care</u>	718	\$562	\$0			\$517
	Total	13,563					

*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 2019

Source	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Additional State Employer Revenue	\$0	\$0	\$66,000,000	\$91,000,000	\$65,000,000
Additional Local Agency Revenue	\$0	\$0	\$14,500,000	\$14,500,000	\$30,000,000
Additional Employee Premium	\$0	\$0	\$16,500,000	\$22,800,000	\$16,300,000
State Direct Transfers (State Budget Appropriations)	\$31,000,000	\$21,000,000	\$21,000,000	\$21,000,000	\$21,000,000
State Direct Transfers (PEIA Rainy Day Fund)	\$0	\$34,000,000	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active State	(\$4,380,000)	\$0	\$0	\$0	\$0
Benefit Reductions and Savings / (Increase) - Active Local	(\$1,030,000)	\$0	\$0	\$0	\$0
Pay Go Premium Transfer	\$141,148,464	\$135,000,000	\$140,000,000	\$150,000,000	\$160,000,000

The \$4,380,000 of Active State benefit additions and costs in Fiscal Year 2020 is comprised of the following:

	<u>Benefit Cost/(Savings)</u>
Medical Claims	\$2.890 M
Drug Claims	\$1.490 M

The \$1,030,000 of Active Local benefit additions and costs in Fiscal Year 2020 is comprised of the following:

	<u>Benefit Cost/(Savings)</u>
Medical Claims	\$0.770 M
Drug Claims	\$0.260 M

A detailed list of the 2020 benefit additions and costs for the Active Employee plan as voted on by the Board consists of the following:

	<u>State Saving</u>	<u>Local Saving</u>
Plan A out of state coverage 80/20 for Contig Providers	\$1.800 M	\$0.500 M
Plan B out of state coverage 70/30 for Contig Providers	\$0.170 M	\$0.100 M
Remove facility fee max (RBP)	\$7.300 M	\$1.500 M
Remove \$25 copay from out of state services	\$2.400 M	\$0.500 M
End Healthy Tomorrows blood work	\$0.320 M	\$0.070 M
<u>UMR OOS Network Savings</u>	<u>(\$9.100 M)</u>	<u>(\$1.900 M)</u>
Total Medical Benefit Additions	\$2.890 M	\$0.770 M
<u>Third tier non-preferred drug appeals process</u>	<u>\$1.490 M</u>	<u>\$0.260 M</u>
Total Drugs Costs	\$1.490 M	\$0.260 M
Total Benefit Additions and Costs	\$4.380 M	\$1.030 M

In FY 2020, the additional administrative costs are \$2,400,000 for the Active State and \$400,000 for the Active Local, and PEIA will receive \$31,000,000 in State direct transfers.

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 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 \$787,742,305 and incurred plan expenses of \$769,870,454 to produce a fiscal year surplus of \$17,871,851. The PEIA local and state agencies Pay Go premiums for FY 2020 are assumed to be \$141,148,464.

Under the Baseline Scenario, FY 2020 is projected to end with a reserve of \$257,619,110 and the FY 2020 PEIA/RHBT combined, projected plan expenditures of \$850,765,939, which represents 30% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$116,541,177. 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 \$262,976,204 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$252,292,666.

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 \$819,611,121 and incurred plan expenses of \$817,240,256 to produce a fiscal year surplus of \$2,370,865. The PEIA local and state agencies Pay Go premiums for FY 2021 are assumed to be \$135,000,000.

Under the Baseline Scenario, FY 2021 is projected to end with a reserve of \$259,989,975 and the FY 2021 PEIA/RHBT combined, projected plan expenditures of \$906,215,647, which represents 29% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$124,759,610. 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 \$282,344,922 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$237,486,558.

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 \$883,294,564 and incurred plan expenses of \$885,378,956 to produce a fiscal year deficit of (\$2,084,392). The PEIA local and state agencies Pay Go premiums for FY 2022 are assumed to be \$140,000,000.

Under the Baseline Scenario, FY 2022 is projected to end with a reserve of \$257,905,583 and the FY 2022 PEIA/RHBT combined, projected plan expenditures of \$973,049,863, which represents 27% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$134,463,581. This reserve is comprised of 15% of self-insured claim expenses, and 10% of all other program expenses under the Baseline Scenario. Under the Optimistic Scenario, the ending reserve is expected to increase to \$311,301,719 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$203,482,214.

FISCAL YEAR 2023 FORECAST

The financial forecast for FY 2023 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2023 projects accrued revenue of \$1,012,200,980 and incurred plan expenses of \$968,039,635 to produce a fiscal year surplus of \$44,161,345. The PEIA local and state agencies Pay Go premiums for FY 2023 are assumed to be \$150,000,000.

Under the Baseline Scenario, FY 2023 is projected to end with a reserve of \$302,066,928 and the FY 2023 PEIA/RHBT combined, projected plan expenditures of \$1,062,706,083, which represents 28% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$146,937,274. 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 \$403,492,926 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$197,386,809.

FISCAL YEAR 2024 FORECAST

The financial forecast for FY 2024 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2024 projects accrued revenue of \$1,125,955,923 and incurred plan expenses of \$1,061,874,610 to produce a fiscal year surplus of \$64,081,313. The PEIA local and state agencies Pay Go premiums for FY 2024 are assumed to be \$160,000,000.

Under the Baseline Scenario, FY 2024 is projected to end with a reserve of \$366,148,241 and the FY 2024 PEIA/RHBT combined, projected plan expenditures of \$1,166,382,457, which represents 31% of projected expenditures based on the current reserve methodology. The projected reserve meets the minimum actuarial required reserve of \$161,383,940. 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 \$536,194,211 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$188,416,567.

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 2024, using the Baseline assumptions. These projections are based on significant revenue increases as contained in the Financial Plan adopted by the Board in December 2019 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 2020**

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 101,990,389	\$ 338,937,587	\$ 440,927,976
Employer Premiums - MCO	4,841,909	36,809,873	41,651,781
Employee Premiums - PPB	-	108,255,342	108,255,342
Employee Premiums - MCO	-	12,115,677	12,115,677
WV RHBT Pay Go Premiums	25,990,061	115,158,403	141,148,464
Life Insurance	236,868	1,125,210	1,362,078
Direct Transfers	-	31,000,000	31,000,000
Investment Income	1,149,124	3,891,876	5,041,000
Litigation Settlement	-	-	-
COBRA Premiums	306,354	1,272,033	1,578,387
Administrative Fees	712,706	3,948,894	4,661,600
Total Revenue	\$ 135,227,410	\$ 652,514,895	\$ 787,742,305
<u>Program Expenses</u>			
Medical Claims	\$ 71,718,054	\$ 338,919,393	\$ 410,637,447
Prescription Drug Claims	24,030,276	115,603,211	139,633,487
Managed Care Capitations	4,452,068	45,306,642	49,758,710
Administration	4,536,084	21,548,018	26,084,102
Life Insurance	264,654	1,257,200	1,521,854
Wellness	35,650	169,350	205,000
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Director's Discretionary Fund	153,364	728,026	881,390
WV RHBT Pay Go Premiums	25,990,061	115,158,403	141,148,464
Total Expenses	\$ 131,180,211	\$ 638,690,243	\$ 769,870,454
Fiscal Year Results	\$ 4,047,199	\$ 13,824,652	\$ 17,871,851
Beginning Plan Reserve	57,715,171	182,032,088	239,747,259
Minimum Actuarial Reserve Required	\$ 19,857,533	\$ 96,683,644	\$ 116,541,177
<u>Ending Premium Stabilization Reserve</u>	41,904,837	99,173,096	141,077,933
Ending Plan Reserve	\$ 61,762,370	\$ 195,856,740	\$ 257,619,110
Reserve as a Percent of Expenses			35%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	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		6.5%
		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	\$ 101,990,389	\$ -	\$ 101,990,389
Employer Premiums - MCO	4,841,909	-	4,841,909
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	25,990,061		25,990,061
Life Insurance	236,868		236,868
Direct Transfers	-		-
Investment Income	1,149,124		1,149,124
Litigation Settlement	-		-
COBRA Premiums	306,354		306,354
Administrative Fees	712,706		712,706
Total Revenue	\$ 135,227,410	\$ -	\$ 135,227,410
<u>Program Expenses</u>			
Medical Claims	\$ 71,718,054	\$ -	\$ 71,718,054
Prescription Drug Claims	24,030,276	-	24,030,276
Managed Care Capitations	4,452,068		4,452,068
Administration	4,136,084	400,000	4,536,084
Life Insurance	264,654		264,654
Wellness	35,650		35,650
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Director's Discretionary Fund	153,364		153,364
WV RHBT Pay Go Premiums	25,990,061		25,990,061
Total Expenses	\$ 130,780,211	\$ 400,000	\$ 131,180,211
Fiscal Year Results	\$ 4,447,199		\$ 4,047,199
Beginning Plan Reserve	57,715,171		57,715,171
Minimum Actuarial Reserve Required	\$ 19,857,533	\$ -	\$ 19,857,533
<u>Ending Premium Stabilization Reserve</u>	<u>42,304,837</u>	<u>-</u>	<u>41,904,837</u>
Ending Plan Reserve	\$ 62,162,370		\$ 61,762,370
Reserve as a Percent of Expenses			43%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ -	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	8.0%	12.0%
		Capitations		6.5%
		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	\$ 338,937,587	\$ -	\$ 338,937,587
Employer Premiums - MCO	36,809,873	-	36,809,873
Employee Premiums - PPB	108,255,342	-	108,255,342
Employee Premiums - MCO	12,115,677	-	12,115,677
WV RHBT Pay Go Premiums	115,158,403		115,158,403
Life Insurance	1,125,210		1,125,210
Direct Transfers	31,000,000		31,000,000
Investment Income	3,891,876		3,891,876
Litigation Settlement	-		-
COBRA Premiums	1,272,033		1,272,033
Administrative Fees	3,948,894		3,948,894
Total Revenue	\$ 652,514,895	\$ -	\$ 652,514,895
<u>Program Expenses</u>			
Medical Claims	\$ 338,919,393	\$ -	\$ 338,919,393
Prescription Drug Claims	115,603,211	\$ -	115,603,211
Managed Care Capitations	45,306,642		45,306,642
Administration	19,148,018	2,400,000	21,548,018
Life Insurance	1,257,200		1,257,200
Wellness	169,350		169,350
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Director's Discretionary Fund	728,026		728,026
WV RHBT Pay Go Premiums	115,158,403		115,158,403
Total Expenses	\$ 636,290,243	\$ 2,400,000	\$ 638,690,243
Fiscal Year Results	\$ 16,224,652		\$ 13,824,652
Beginning Plan Reserve	182,032,088		182,032,088
Minimum Actuarial Reserve Required	\$ 96,683,644	\$ -	\$ 96,683,644
<u>Ending Premium Stabilization Reserve</u>	<u>101,573,096</u>	<u>-</u>	<u>99,173,096</u>
Ending Plan Reserve	\$ 198,256,740		\$ 195,856,740
Reserve as a Percent of Expenses			28%

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	\$ 31,000,000	State	8.0%	12.0%
		Capitations		6.5%
		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	\$ 102,451,620	\$ 344,062,436	\$ 446,514,056
Employer Premiums - MCO	4,882,798	37,331,367	42,214,165
Employee Premiums - PPB	-	108,255,342	108,255,342
Employee Premiums - MCO	-	12,115,677	12,115,677
WV RHBT Pay Go Premiums	25,487,940	109,512,060	135,000,000
Life Insurance	248,712	1,181,470	1,430,182
Direct Transfers	-	55,000,000	55,000,000
Investment Income	2,910,297	9,915,499	12,825,796
Litigation Settlement	-	-	-
COBRA Premiums	307,793	1,286,510	1,594,303
Administrative Fees	712,706	3,948,894	4,661,600
Total Revenue	\$ 137,001,866	\$ 682,609,255	\$ 819,611,121
<u>Program Expenses</u>			
Medical Claims	\$ 78,059,553	\$ 367,682,983	\$ 445,742,536
Prescription Drug Claims	27,119,973	130,046,539	157,166,512
Managed Care Capitations	4,719,192	48,025,040	52,744,232
Administration	4,105,666	18,898,459	23,004,125
Life Insurance	277,886	1,320,060	1,597,946
Wellness	36,000	169,000	205,000
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Director's Discretionary Fund	310,510	1,469,395	1,779,905
WV RHBT Pay Go Premiums	25,487,940	109,512,060	135,000,000
Total Expenses	\$ 140,116,720	\$ 677,123,536	\$ 817,240,256
Fiscal Year Results	\$ (3,114,854)	\$ 5,485,719	\$ 2,370,865
Beginning Plan Reserve	61,762,370	195,856,740	257,619,110
Minimum Actuarial Reserve Required	\$ 21,325,702	\$ 103,433,907	\$ 124,759,610
<u>Ending Premium Stabilization Reserve</u>	<u>37,321,815</u>	<u>97,908,551</u>	<u>135,230,365</u>
Ending Plan Reserve	\$ 58,647,517	\$ 201,342,458	\$ 259,989,975
Reserve as a Percent of Expenses			33%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ -	Active Local	8.5%	12.5%
Direct Transfers	\$ 55,000,000	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 2021**

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 102,451,620	\$ -	\$ 102,451,620
Employer Premiums - MCO	4,882,798	-	4,882,798
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	25,487,940		25,487,940
Life Insurance	248,712		248,712
Direct Transfers	-		-
Investment Income	2,910,297		2,910,297
Litigation Settlement	-		-
COBRA Premiums	307,793		307,793
Administrative Fees	712,706		712,706
Total Revenue	\$ 137,001,866	\$ -	\$ 137,001,866
<u>Program Expenses</u>			
Medical Claims	\$ 78,059,553		\$ 78,059,553
Prescription Drug Claims	27,119,973		27,119,973
Managed Care Capitations	4,719,192		4,719,192
Administration	4,105,666		4,105,666
Life Insurance	277,886		277,886
Wellness	-	36,000	36,000
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Director's Discretionary Fund	310,510		310,510
WV RHBT Pay Go Premiums	25,487,940		25,487,940
Total Expenses	\$ 140,080,720	\$ 36,000	\$ 140,116,720
Fiscal Year Results	\$ (3,078,854)		\$ (3,114,854)
Beginning Plan Reserve	61,762,370		61,762,370
Minimum Actuarial Reserve Required	\$ 21,325,702	\$ -	\$ 21,325,702
<u>Ending Premium Stabilization Reserve</u>	<u>37,357,814</u>	<u>-</u>	<u>37,321,814</u>
Ending Plan Reserve	\$ 58,683,516		\$ 58,647,516
Reserve as a Percent of Expenses			38%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ -	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 2021**

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 344,062,436	\$ -	\$ 344,062,436
Employer Premiums - MCO	37,331,367	-	37,331,367
Employee Premiums - PPB	108,255,342	-	108,255,342
Employee Premiums - MCO	12,115,677	-	12,115,677
WV RHBT Pay Go Premiums	109,512,060		109,512,060
Life Insurance	1,181,470		1,181,470
Direct Transfers	55,000,000		55,000,000
Investment Income	9,915,499		9,915,499
Litigation Settlement	-		-
COBRA Premiums	1,286,510		1,286,510
Administrative Fees	3,948,894		3,948,894
Total Revenue	\$ 682,609,255	\$ -	\$ 682,609,255
<u>Program Expenses</u>			
Medical Claims	\$ 367,682,983		\$ 367,682,983
Prescription Drug Claims	130,046,539		130,046,539
Managed Care Capitations	48,025,040		48,025,040
Administration	18,898,459		18,898,459
Life Insurance	1,320,060		1,320,060
Wellness	-	169,000	169,000
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Director's Discretionary Fund	1,469,395		1,469,395
WV RHBT Pay Go Premiums	109,512,060		109,512,060
Total Expenses	\$ 676,954,536	\$ 169,000	\$ 677,123,536
Fiscal Year Results	\$ 5,654,719		\$ 5,485,719
Beginning Plan Reserve	195,856,740		195,856,740
Minimum Actuarial Reserve Required	\$ 103,433,907	\$ -	\$ 103,433,907
<u>Ending Premium Stabilization Reserve</u>	<u>98,077,551</u>	<u>-</u>	<u>97,908,551</u>
Ending Plan Reserve	\$ 201,511,459		\$ 201,342,459
Reserve as a Percent of Expenses			27%

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	\$ 55,000,000	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 2022**

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 114,700,216	\$ 400,599,856	\$ 515,300,072
Employer Premiums - MCO	5,474,653	43,453,496	48,928,149
Employee Premiums - PPB	-	123,094,571	123,094,571
Employee Premiums - MCO	-	13,776,448	13,776,448
WV RHBT Pay Go Premiums	27,147,489	112,852,511	140,000,000
Life Insurance	261,148	1,240,544	1,501,692
Direct Transfers	-	21,000,000	21,000,000
Investment Income	2,834,031	10,363,913	13,197,944
Litigation Settlement	-	-	-
COBRA Premiums	344,615	1,489,473	1,834,088
Administrative Fees	712,706	3,948,894	4,661,600
Total Revenue	\$ 151,474,858	\$ 731,819,706	\$ 883,294,564
<u>Program Expenses</u>			
Medical Claims	\$ 84,908,513	\$ 399,943,558	\$ 484,852,071
Prescription Drug Claims	30,584,691	146,660,664	177,245,356
Managed Care Capitations	5,002,343	50,906,542	55,908,885
Administration	4,228,836	19,465,412	23,694,248
Life Insurance	291,781	1,386,063	1,677,844
Wellness	36,000	169,000	205,000
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Director's Discretionary Fund	313,208	1,482,344	1,795,552
WV RHBT Pay Go Premiums	27,147,489	112,852,511	140,000,000
Total Expenses	\$ 152,512,861	\$ 732,866,094	\$ 885,378,956
Fiscal Year Results	\$ (1,038,003)	\$ (1,046,388)	\$ (2,084,392)
Beginning Plan Reserve	58,647,517	201,342,458	259,989,975
Minimum Actuarial Reserve Required	\$ 22,989,696	\$ 111,473,885	\$ 134,463,581
<u>Ending Premium Stabilization Reserve</u>	<u>34,619,817</u>	<u>88,822,185</u>	<u>123,442,002</u>
Ending Plan Reserve	\$ 57,609,513	\$ 200,296,070	\$ 257,905,583
Reserve as a Percent of Expenses			30%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 66,000,000	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	\$ 16,500,000	Active Local	9.0%	13.0%
Direct Transfers	\$ 21,000,000	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 2022**

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 100,878,982	\$ 13,821,234	\$ 114,700,216
Employer Premiums - MCO	4,795,887	678,766	5,474,653
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	27,147,489		27,147,489
Life Insurance	261,148		261,148
Direct Transfers	-		-
Investment Income	2,834,031		2,834,031
Litigation Settlement	-		-
COBRA Premiums	344,615		344,615
Administrative Fees	712,706		712,706
Total Revenue	\$ 136,974,858	\$ 14,500,000	\$ 151,474,858
<u>Program Expenses</u>			
Medical Claims	\$ 84,908,513		\$ 84,908,513
Prescription Drug Claims	30,584,691		30,584,691
Managed Care Capitations	5,002,343		5,002,343
Administration	4,228,836		4,228,836
Life Insurance	291,781		291,781
Wellness	36,000		36,000
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Director's Discretionary Fund	313,208		313,208
WV RHBT Pay Go Premiums	27,147,489		27,147,489
Total Expenses	\$ 152,512,861	\$ -	\$ 152,512,861
Fiscal Year Results	\$ (15,538,003)		\$ (1,038,003)
Beginning Plan Reserve	58,647,517		58,647,517
Minimum Actuarial Reserve Required	\$ 22,989,696	\$ -	\$ 22,989,696
<u>Ending Premium Stabilization Reserve</u>	<u>20,119,818</u>	<u>-</u>	<u>34,619,818</u>
Ending Plan Reserve	\$ 43,109,514		\$ 57,609,514
Reserve as a Percent of Expenses			35%

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 2022**

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 341,045,703	\$ 59,554,153	\$ 400,599,856
Employer Premiums - MCO	37,007,649	6,445,847	43,453,496
Employee Premiums - PPB	108,255,342	14,839,229	123,094,571
Employee Premiums - MCO	12,115,677	1,660,771	13,776,448
WV RHBT Pay Go Premiums	112,852,511		112,852,511
Life Insurance	1,240,544		1,240,544
Direct Transfers	21,000,000		21,000,000
Investment Income	10,363,913		10,363,913
Litigation Settlement	-		-
COBRA Premiums	1,489,473		1,489,473
Administrative Fees	3,948,894		3,948,894
Total Revenue	\$ 649,319,706	\$ 82,500,000	\$ 731,819,706
<u>Program Expenses</u>			
Medical Claims	\$ 399,943,558		\$ 399,943,558
Prescription Drug Claims	146,660,664		146,660,664
Managed Care Capitations	50,906,542		50,906,542
Administration	19,465,412		19,465,412
Life Insurance	1,386,063		1,386,063
Wellness	169,000		169,000
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Director's Discretionary Fund	1,482,344		1,482,344
WV RHBT Pay Go Premiums	112,852,511		112,852,511
Total Expenses	\$ 732,866,094	\$ -	\$ 732,866,094
Fiscal Year Results	\$ (83,546,388)		\$ (1,046,388)
Beginning Plan Reserve	201,342,458		201,342,458
Minimum Actuarial Reserve Required	\$ 111,473,885	\$ -	\$ 111,473,885
<u>Ending Premium Stabilization Reserve</u>	<u>6,322,185</u>	<u>-</u>	<u>88,822,185</u>
Ending Plan Reserve	\$ 117,796,070		\$ 200,296,070
Reserve as a Percent of Expenses			25%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 66,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 16,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ 21,000,000	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 2023**

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 125,929,978	\$ 476,151,158	\$ 602,081,136
Employer Premiums - MCO	6,010,203	51,636,882	57,647,085
Employee Premiums - PPB	-	143,599,688	143,599,688
Employee Premiums - MCO	-	16,071,331	16,071,331
WV RHBT Pay Go Premiums	29,882,176	120,117,824	150,000,000
Life Insurance	274,205	1,302,571	1,576,776
Direct Transfers	-	21,000,000	21,000,000
Investment Income	2,846,149	10,576,238	13,422,387
Litigation Settlement	-	-	-
COBRA Premiums	378,353	1,762,624	2,140,977
Administrative Fees	712,706	3,948,894	4,661,600
Total Revenue	\$ 166,033,771	\$ 846,167,209	\$ 1,012,200,980
<u>Program Expenses</u>			
Medical Claims	\$ 92,783,107	\$ 437,035,163	\$ 529,818,270
Prescription Drug Claims	34,645,026	166,130,905	200,775,931
Managed Care Capitations	5,302,484	53,960,935	59,263,419
Administration	4,355,701	20,049,375	24,405,076
Life Insurance	306,370	1,455,366	1,761,736
Wellness	36,000	169,000	205,000
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Director's Discretionary Fund	315,730	1,494,473	1,810,203
WV RHBT Pay Go Premiums	29,882,176	120,117,824	150,000,000
Total Expenses	\$ 167,626,594	\$ 800,413,041	\$ 968,039,635
Fiscal Year Results	\$ (1,592,823)	\$ 45,754,168	\$ 44,161,345
Beginning Plan Reserve	57,609,513	200,296,070	257,905,583
Minimum Actuarial Reserve Required	\$ 25,134,806	\$ 121,802,469	\$ 146,937,274
<u>Ending Premium Stabilization Reserve</u>	30,881,885	124,247,769	155,129,654
Ending Plan Reserve	\$ 56,016,691	\$ 246,050,238	\$ 302,066,928
Reserve as a Percent of Expenses			32%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 91,000,000	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	\$ 22,800,000	Active Local	9.5%	13.5%
Direct Transfers	\$ 21,000,000	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 2023**

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 112,108,744	\$ 13,821,234	\$ 125,929,978
Employer Premiums - MCO	5,331,437	678,766	6,010,203
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	29,882,176		29,882,176
Life Insurance	274,205		274,205
Direct Transfers	-		-
Investment Income	2,846,149		2,846,149
Litigation Settlement	-		-
COBRA Premiums	378,353		378,353
Administrative Fees	712,706		712,706
Total Revenue	\$ 151,533,771	\$ 14,500,000	\$ 166,033,771
<u>Program Expenses</u>			
Medical Claims	\$ 92,783,107		\$ 92,783,107
Prescription Drug Claims	34,645,026		34,645,026
Managed Care Capitations	5,302,484		5,302,484
Administration	4,355,701		4,355,701
Life Insurance	306,370		306,370
Wellness	36,000		36,000
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Director's Discretionary Fund	315,730		315,730
WV RHBT Pay Go Premiums	29,882,176		29,882,176
Total Expenses	\$ 167,626,594	\$ -	\$ 167,626,594
Fiscal Year Results	\$ (16,092,823)		\$ (1,592,823)
Beginning Plan Reserve	57,609,513		57,609,513
Minimum Actuarial Reserve Required	\$ 25,134,806	\$ -	\$ 25,134,806
<u>Ending Premium Stabilization Reserve</u>	<u>16,381,884</u>	<u>-</u>	<u>30,881,884</u>
Ending Plan Reserve	\$ 41,516,690		\$ 56,016,690
Reserve as a Percent of Expenses			31%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 14,500,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	9.5%	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 2023

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 394,038,613	\$ 82,112,545	\$ 476,151,158
Employer Premiums - MCO	42,749,427	8,887,455	51,636,882
Employee Premiums - PPB	123,094,571	20,505,117	143,599,688
Employee Premiums - MCO	13,776,448	2,294,883	16,071,331
WV RHBT Pay Go Premiums	120,117,824		120,117,824
Life Insurance	1,302,571		1,302,571
Direct Transfers	21,000,000		21,000,000
Investment Income	10,576,238		10,576,238
Litigation Settlement	-		-
COBRA Premiums	1,762,624		1,762,624
Administrative Fees	3,948,894		3,948,894
Total Revenue	\$ 732,367,209	\$ 113,800,000	\$ 846,167,209
<u>Program Expenses</u>			
Medical Claims	\$ 437,035,163		\$ 437,035,163
Prescription Drug Claims	166,130,905		166,130,905
Managed Care Capitations	53,960,935		53,960,935
Administration	20,049,375		20,049,375
Life Insurance	1,455,366		1,455,366
Wellness	169,000		169,000
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Director's Discretionary Fund	1,494,473		1,494,473
WV RHBT Pay Go Premiums	120,117,824		120,117,824
Total Expenses	\$ 800,413,041	\$ -	\$ 800,413,041
Fiscal Year Results	\$ (68,045,832)		\$ 45,754,168
Beginning Plan Reserve	200,296,070		200,296,070
Minimum Actuarial Reserve Required	\$ 121,802,469	\$ -	\$ 121,802,469
<u>Ending Premium Stabilization Reserve</u>	10,447,770	-	124,247,770
Ending Plan Reserve	\$ 132,250,238		\$ 246,050,238
Reserve as a Percent of Expenses			28%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 91,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 22,800,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ 21,000,000	State	9.5%	13.5%
		Capitations		6.0%
		Administrative Expense		3.0%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2024**

PERIOD 7/1/2023 - 6/30/2024

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 151,815,583	\$ 528,354,739	\$ 680,170,322
Employer Premiums - MCO	7,264,778	57,293,121	64,557,899
Employee Premiums - PPB	-	158,259,048	158,259,048
Employee Premiums - MCO	-	17,711,971	17,711,971
WV RHBT Pay Go Premiums	32,741,997	127,258,003	160,000,000
Life Insurance	287,915	1,367,700	1,655,615
Direct Transfers	-	21,000,000	21,000,000
Investment Income	2,841,967	12,688,552	15,530,519
Litigation Settlement	-	-	-
COBRA Premiums	456,181	1,952,768	2,408,949
Administrative Fees	712,706	3,948,894	4,661,600
Total Revenue	\$ 196,121,127	\$ 929,834,796	\$ 1,125,955,923
<u>Program Expenses</u>			
Medical Claims	\$ 101,852,099	\$ 479,752,729	\$ 581,604,828
Prescription Drug Claims	39,417,686	189,016,917	228,434,604
Managed Care Capitations	5,620,633	57,198,591	62,819,224
Administration	4,486,372	20,650,856	25,137,228
Life Insurance	321,688	1,528,134	1,849,822
Wellness	36,000	169,000	205,000
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Director's Discretionary Fund	318,086	1,505,818	1,823,904
WV RHBT Pay Go Premiums	32,741,997	127,258,003	160,000,000
Total Expenses	\$ 184,794,561	\$ 877,080,049	\$ 1,061,874,610
Fiscal Year Results	\$ 11,326,566	\$ 52,754,747	\$ 64,081,313
Beginning Plan Reserve	56,016,691	246,050,238	302,066,928
Minimum Actuarial Reserve Required	\$ 27,621,826	\$ 133,762,113	\$ 161,383,940
<u>Ending Premium Stabilization Reserve</u>	<u>39,721,430</u>	<u>165,042,872</u>	<u>204,764,302</u>
Ending Plan Reserve	\$ 67,343,256	\$ 298,804,985	\$ 366,148,241
Reserve as a Percent of Expenses			35%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 65,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 30,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 16,300,000	Active Local	10.0%	14.0%
Direct Transfers	\$ 21,000,000	State	10.0%	14.0%
		Capitations		6.0%
		Administrative Expense		3.0%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2024**

PERIOD 7/1/2023 - 6/30/2024

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 123,219,926	\$ 28,595,657	\$ 151,815,583
Employer Premiums - MCO	5,860,435	1,404,343	7,264,778
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
WV RHBT Pay Go Premiums	32,741,997		32,741,997
Life Insurance	287,915		287,915
Direct Transfers	-		-
Investment Income	2,841,967		2,841,967
Litigation Settlement	-		-
COBRA Premiums	456,181		456,181
Administrative Fees	712,706		712,706
Total Revenue	\$ 166,121,127	\$ 30,000,000	\$ 196,121,127
<u>Program Expenses</u>			
Medical Claims	\$ 101,852,099		\$ 101,852,099
Prescription Drug Claims	39,417,686		39,417,686
Managed Care Capitations	5,620,633		5,620,633
Administration	4,486,372		4,486,372
Life Insurance	321,688		321,688
Wellness	36,000		36,000
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Director's Discretionary Fund	318,086		318,086
WV RHBT Pay Go Premiums	32,741,997		32,741,997
Total Expenses	\$ 184,794,561	\$ -	\$ 184,794,561
Fiscal Year Results	\$ (18,673,434)		\$ 11,326,566
Beginning Plan Reserve	56,016,691		56,016,691
Minimum Actuarial Reserve Required	\$ 27,621,826	\$ -	\$ 27,621,826
<u>Ending Premium Stabilization Reserve</u>	<u>9,721,431</u>	<u>-</u>	<u>39,721,431</u>
Ending Plan Reserve	\$ 37,343,257		\$ 67,343,257
Reserve as a Percent of Expenses			34%

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 30,000,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	10.0%	14.0%
		Capitations		6.0%
		Administrative Expense		3.0%

APPENDIX - BASELINE SCENARIO
PEIA - STATE FUND

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2024

PERIOD 7/1/2023 - 6/30/2024

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 469,702,921	\$ 58,651,818	\$ 528,354,739
Employer Premiums - MCO	50,944,939	6,348,182	57,293,121
Employee Premiums - PPB	143,599,688	14,659,360	158,259,048
Employee Premiums - MCO	16,071,331	1,640,640	17,711,971
WV RHBT Pay Go Premiums	127,258,003		127,258,003
Life Insurance	1,367,700		1,367,700
Direct Transfers	21,000,000		21,000,000
Investment Income	12,688,552		12,688,552
Litigation Settlement	-		-
COBRA Premiums	1,952,768		1,952,768
Administrative Fees	3,948,894		3,948,894
Total Revenue	\$ 848,534,796	\$ 81,300,000	\$ 929,834,796
<u>Program Expenses</u>			
Medical Claims	\$ 479,752,729		\$ 479,752,729
Prescription Drug Claims	189,016,917		189,016,917
Managed Care Capitations	57,198,591		57,198,591
Administration	20,650,856		20,650,856
Life Insurance	1,528,134		1,528,134
Wellness	169,000		169,000
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Director's Discretionary Fund	1,505,818		1,505,818
WV RHBT Pay Go Premiums	127,258,003		127,258,003
Total Expenses	\$ 877,080,048	\$ -	\$ 877,080,048
Fiscal Year Results	\$ (28,545,252)		\$ 52,754,748
Beginning Plan Reserve	246,050,238		246,050,238
Minimum Actuarial Reserve Required	\$ 133,762,113	\$ -	\$ 133,762,113
<u>Ending Premium Stabilization Reserve</u>	<u>83,742,873</u>	<u>-</u>	<u>165,042,873</u>
Ending Plan Reserve	\$ 217,504,986		\$ 298,804,986
Reserve as a Percent of Expenses			31%

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 65,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 16,300,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ 21,000,000	State	10.0%	14.0%
		Capitations		6.0%
		Administrative Expense		3.0%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2019 to FY 2020**

Fiscal Year 2019												
Exposure	<u>Jul-18</u>	<u>Aug-18</u>	<u>Sep-18</u>	<u>Oct-18</u>	<u>Nov-18</u>	<u>Dec-18</u>	<u>Jan-19</u>	<u>Feb-19</u>	<u>Mar-19</u>	<u>Apr-19</u>	<u>May-19</u>	<u>Jun-19</u>
Local Medical	25,510	25,503	25,483	25,393	25,328	25,394	25,338	25,436	25,640	25,642	25,584	25,592
State Medical	118,778	118,216	117,851	118,181	118,212	118,213	118,043	117,739	117,803	117,677	117,702	117,545
Local Drugs	25,510	25,503	25,483	25,393	25,328	25,394	25,338	25,436	25,640	25,642	25,584	25,592
State Drugs	118,778	118,216	117,851	118,181	118,212	118,213	118,043	117,739	117,803	117,677	117,702	117,545
Local Medical	<u>\$153.15</u>	<u>\$182.11</u>	<u>\$197.37</u>	<u>\$217.90</u>	<u>\$231.66</u>	<u>\$198.67</u>	<u>\$264.06</u>	<u>\$220.34</u>	<u>\$237.82</u>	<u>\$264.65</u>	<u>\$226.68</u>	<u>\$240.10</u>
State Medical	207.06	199.02	181.42	244.77	215.50	212.37	255.46	225.96	246.35	239.97	251.84	244.31
Local Drugs	97.39	105.12	92.44	112.68	102.85	101.02	127.40	110.21	129.72	127.44	134.39	122.89
State Drugs	<u>102.39</u>	<u>107.79</u>	<u>100.15</u>	<u>119.69</u>	<u>106.94</u>	<u>107.99</u>	<u>131.88</u>	<u>116.78</u>	<u>129.15</u>	<u>141.19</u>	<u>134.26</u>	<u>132.91</u>
Total	\$559.99	\$594.03	\$571.38	\$695.05	\$656.95	\$620.04	\$778.80	\$673.30	\$743.03	\$773.25	\$747.17	\$740.21
Change From Prior Year - Month to Month Analysis												
Local Medical	-0.9%	-1.4%	9.5%	1.1%	12.7%	13.3%	18.0%	8.7%	14.5%	5.7%	-12.4%	14.2%
State Medical	17.2%	3.9%	-2.8%	22.9%	2.9%	11.3%	14.4%	12.5%	8.9%	1.3%	-2.5%	-2.5%
Local Drugs	-15.6%	6.8%	20.2%	-5.4%	16.5%	14.5%	13.8%	34.1%	42.9%	26.6%	22.0%	13.2%
State Drugs	<u>-13.5%</u>	<u>7.7%</u>	<u>24.5%</u>	<u>-1.7%</u>	<u>21.4%</u>	<u>25.2%</u>	<u>15.1%</u>	<u>31.1%</u>	<u>31.9%</u>	<u>34.7%</u>	<u>16.9%</u>	<u>14.6%</u>
Total	-0.9%	3.3%	9.0%	6.0%	11.1%	14.7%	15.6%	17.1%	19.4%	11.6%	0.7%	8.0%
Change From Prior Year - Quarter to Quarter Analysis												
Local Medical			2.5%			8.7%			13.9%			1.7%
State Medical			5.9%			12.2%			11.9%			-1.3%
Local Drugs			1.5%			7.1%			28.9%			20.5%
State Drugs			<u>3.8%</u>			<u>13.0%</u>			<u>25.2%</u>			<u>21.7%</u>
Total			3.7%			10.3%			17.3%			6.6%
Change From Prior Year - Year to Year Analysis												
Local Medical			-5.8%			-2.1%			4.7%			6.7%
State Medical			-0.4%			2.6%			6.5%			6.8%
Local Drugs			2.6%			1.7%			9.2%			14.5%
State Drugs			<u>2.9%</u>			<u>4.6%</u>			<u>11.3%</u>			<u>16.1%</u>
Total			-1.3%			1.2%			7.1%			9.5%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2019 to FY 2020**

Fiscal Year 2020

Exposure	<u>Jul-19</u>	<u>Aug-19</u>	<u>Sep-19</u>	<u>Oct-19</u>	<u>Nov-19</u>	<u>Dec-19</u>	<u>Jan-20</u>	<u>Feb-20</u>
Local Medical	25,896	26,417	26,500	26,626	26,640	26,612	26,689	26,637
State Medical	117,370	117,050	117,339	117,648	117,764	117,881	117,935	117,681
Local Drugs	25,896	26,417	26,500	26,626	26,640	26,612	26,689	26,637
State Drugs	117,370	117,050	117,339	117,648	117,764	117,881	117,935	117,681

	<u>Jul-19</u>	<u>Aug-19</u>	<u>Sep-19</u>	<u>Oct-19</u>	<u>Nov-19</u>	<u>Dec-19</u>	<u>Jan-20</u>	<u>Feb-20</u>
Local Medical	\$169.93	\$180.27	\$189.29	\$230.48	\$185.30	\$200.91	\$238.75	\$242.63
State Medical	211.44	200.68	197.93	241.11	232.30	233.96	254.01	236.06
Local Drugs	105.70	113.71	110.39	125.06	109.32	122.29	131.72	126.39
State Drugs	<u>113.40</u>	<u>119.60</u>	<u>122.73</u>	<u>132.04</u>	<u>123.78</u>	<u>134.69</u>	<u>147.01</u>	<u>135.37</u>
Total	\$600.47	\$614.25	\$620.33	\$728.69	\$650.70	\$691.85	\$771.49	\$740.45

Change From Prior Year - Month to Month Analysis

Local Medical	11.0%	-1.0%	-4.1%	5.8%	-20.0%	1.1%	-9.6%	10.1%
State Medical	2.1%	0.8%	9.1%	-1.5%	7.8%	10.2%	-0.6%	4.5%
Local Drugs	8.5%	8.2%	19.4%	11.0%	6.3%	21.1%	3.4%	14.7%
State Drugs	<u>10.8%</u>	<u>11.0%</u>	<u>22.5%</u>	<u>10.3%</u>	<u>15.7%</u>	<u>24.7%</u>	<u>11.5%</u>	<u>15.9%</u>
Total	7.2%	3.4%	8.6%	4.8%	-1.0%	11.6%	-0.9%	10.0%

Change From Prior Year - Quarter to Quarter Analysis

Local Medical	1.3%	-4.9%
State Medical	3.8%	5.2%
Local Drugs	11.8%	12.7%
State Drugs	<u>14.6%</u>	<u>16.7%</u>
Total	6.4%	5.0%

Change From Prior Year - Year to Year Analysis

Local Medical	6.4%	3.0%
State Medical	6.3%	4.7%
Local Drugs	17.0%	18.3%
State Drugs	<u>18.7%</u>	<u>19.5%</u>
Total	10.1%	8.8%