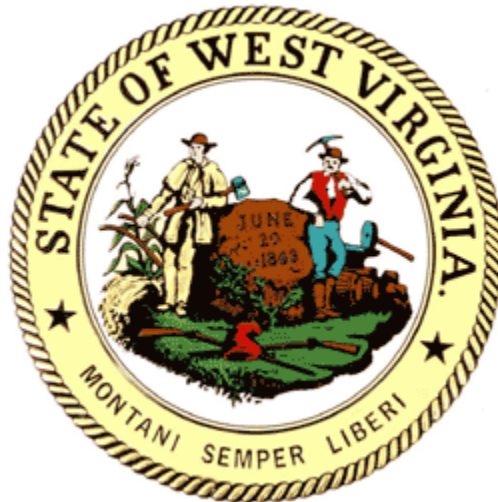




CCRC
Actuaries, LLC

STATE OF WEST VIRGINIA



RETIREE HEALTH BENEFIT TRUST FUND

**Fiscal Year 2014
Financial Report**

Fiscal Years 2014-2019

November 2014

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Finance Board
West Virginia Retiree Health Benefit Trust Fund
601 57th St., SE, Suite 2
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 CCRC Actuaries, LLC (“CCRC Actuaries”).

During the 2006 Regular Session of the West Virginia Legislature, House Bill 4654 was enacted creating the West Virginia Retiree Health Benefit Trust Fund (“Trust Fund” or “RHBT”) for the purpose of providing for and administering retiree post-employment health care benefits, and the respective revenues and costs of those benefits as a cost sharing multiple employer plan. The Public Employees Insurance Agency (“PEIA”), on behalf of the Public Employees Insurance Agency Finance Board (“Board”), is responsible for the day-to-day operation of the Trust Fund, including all administrative functions.

Statutory provisions governing the Trust Fund require the actuary retained by the PEIA to provide technical advice regarding the operation of the Trust Fund. Using the actuarial assumptions most recently adopted by the Board, the actuary is required to develop actuarial valuations of normal cost, actuarial liability, actuarial value of assets, and related actuarial present values for the West Virginia plan for other post-employment benefits including health insurance. Consequently, the Board has requested CCRC Actuaries to prepare a report separating the actuarial projections for the Trust Fund from the PEIA forecast report. The West Virginia Retiree Health Benefit Trust Fund has assumed the financial liabilities of the retiree programs previously under the PEIA effective July 1, 2006.

The provisions of the Code of West Virginia (“Code”), 1931, as amended, charge the Board with the responsibility to prepare a proposed financial plan designed to generate revenues sufficient to meet all estimated program and administrative costs of the RHBT, including incurred but unreported claims, for the fiscal year for which the plan is proposed. CCRC Actuaries has been retained by the RHBT to review the proposed financial plan for FY 2015, 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 the plan through FY 2019. Our analysis is developed on an accrued and incurred reporting basis for a projection period of five years as required by the Code.

The Code provisions also require the Board to establish and maintain a reserve fund for PEIA for the purposes of offsetting unanticipated claim losses in any fiscal year. Beginning with the Fiscal Year 2002 plan and for each succeeding fiscal year plan, the Board shall transfer ten percent of the projected total plan costs for that year into the reserve fund, which is to be certified by the actuary and included in the final, approved financial plan submitted to the Governor and Legislature in accordance with the provisions of the Code. Any moneys saved in a plan year shall be transferred into the reserve fund. At the close of any fiscal year in which the balance in the reserve fund exceeds the recommended reserve amount by fifteen percent, these excess funds shall be transferred to the West Virginia Retiree Health Benefit Trust Fund.

CCRC Actuaries has provided financial report for fiscal year ending June 30, 2014 (“FY 2014”), and preliminary forecasts for fiscal years ending June 30, 2015 (“FY 2015”), June 30, 2016 (“FY 2016”), June 30, 2017 (“FY 2017”), June 30, 2018 (“FY 2018”) and June 30, 2019 (“FY 2019”). Our opinion of plan adequacy is based on the projections through FY 2018 using updated future revenue and plan modifications provided by the Board in the plan adopted in December 2013.

Effective July 1, 2012, RHBT has contracted with Humana to provide a Medicare Advantage Plan (“Humana MAPD”) benefit to Medicare-eligible retired employees and their Medicare-eligible dependents. Under this arrangement, Humana has assumed the financial risk of providing comprehensive medical and drug coverage with limited copayments. Non-Medicare retirees will continue enrollment in PEIA's Preferred Provider Benefit or the Managed Care Option.

Current Medicare coverages are transferred from a self-insured secondary basis by RHBT to the Humana MAPD plan. However, it should be noted that new Medicare eligible retirees, who become Medicare eligible during the calendar year, will be covered on a secondary basis by the PPB Plan until the beginning of the next calendar year.

The Medicaid / RHBT Hospital Bill (“Bill”) has been extended and is anticipated to continue to provide RHBT with hospital charge savings through discounts for all retiree non-Medicare coverages. These hospital savings are assumed to increase by the medical trend assumptions in Fiscal Year 2015 and subsequently. We are assuming that the Bill will continue throughout the five year forecast period.

In reviewing the plan, CCRC Actuaries utilized information concerning the plan’s prior experience, covered individuals, plan revenues, plan benefits, plan administrative costs, and other expenses. This information was developed and provided by RHBT, 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 enhancements and costs can be found later in this report. In addition, it is noteworthy that some current RHBT members may become eligible for the West Virginia Children Health Insurance Plan effective in Fiscal Year 2015. This report does not include anticipated savings from this eligibility change since the proposal has not been finalized and approved by CMS.

In FY 2014 the Pay-Go is equivalent to \$338 per retiree per month. In future years, the Pay Go premium may increase by a maximum of 3% per retiree per year. The new Pay-Go premium formula is based on the financial plan approved by the Finance Board in December 2013.

Senate Bill 469, effective July 1, 2012, amended West Virginia code (the Code) section 11-21-96 by dedicating \$30 million to be transferred annually from personal income tax previously collected for payment of the unfunded liability of the Workers' Compensation fund to the Retiree Health Benefit Trust fund (RHBT). Transfers will not commence until the Workers' Compensation fund has been certified by the Governor to the Legislature to be paid or provided for in its entirety. Thereafter, transfers will be made until the RHBT fund has been provided for in its entirety or July 1, 2037, whichever date is later. Presently RHBT estimates that the aforementioned \$30 million transfers will likely commence in 2016. All Employers will receive benefit of these contributions.

Based on our review, and subject to the conditions described herein, we believe the financial plan approved by the Board for FY 2014 through FY 2019 may be reasonably expected to generate sufficient revenues, when combined with the existing surplus, to meet estimated insurance program and administrative costs of the Trust Fund.

This conclusion is based on significant revenue increases in employer, employee, and retiree premiums in later fiscal years of the plan through FY 2019 as approved by the Board in December 2013.

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 and changes of the framework of MAPD plan and other managed care options impacting Non-Medicare retirees, as are contemplated in the Board's proposed plan, increase the level of uncertainty of such estimates. As such, the estimate costs of insurance program contain considerable uncertainty and variability and actual experience may not conform to the assumptions utilized in this report.

Respectfully,



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



Chris Borcik, F.S.A., M.A.A.A.
Senior Actuarial Consultant

West Virginia Retiree Health Benefit Trust Fund

Report of Independent Actuary

Financial Plan for FY 2014 – FY 2019

OVERVIEW

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

This report was compiled utilizing claims data collected by RHBT's third party administrators through August 2014 for prescription drugs and medical claims. Enrollment data, administrative expenses, managed care capitations, and plan revenues were provided at special request from RHBT. Revenue assumptions are based on premium rates, assumed investment income and significant general and special revenue allocations provided by the Governor, some which have not been approved by the West Virginia Legislature. In addition, other information became available through presentations made at Board meetings, which has been used in arriving at our conclusions.

The Code of West Virginia establishes the actuarial reporting requirements for the Trust Fund on an incurred basis for medical claims, prescription drug claims and capitations, and on an accrued basis for administrative expenses and revenue for a period of five years. The Fund represents state and local agency retirees and their survivors. The Trust Fund is allocated its share of administrative costs from PEIA.

KEY ASSUMPTIONS

A. Enrollment Changes

The Board has requested that the projection assume retiree enrollment growth consistent with the experience of the plan. These projections assume that the Trust Fund will annually have 1,000 additional retirees. We have observed a net increase of 1,260 retirees from June 2013 to June 2014, approximating our current assumption. CCRC Actuaries has updated the claims analysis based on the enrollment through September 2014.

In aggregate, September 2014 enrollment has increased by 915 coverages since the end of FY 2014. Aggregate Preferred Provider Benefit (“PPB”) enrollment has increased by 920 in total over the same period, while managed care enrollment continues to cover fewer participants, with a slight decrease of 5 coverages. For MAPD Capitations, 39,785 Medicare policyholders were projected to forecast the monthly capitation cost shown on Page 8 of this report.

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

Trust Fund	Coverage	Preferred Provider Benefit*			Managed Care		
		Jun-13	Jun-14	Sep-14	Jun-13	Jun-14	Sep-14
Retirees	Medicare Single	17,845	18,429	18,662	60	-	-
	<u>Medicare Family</u>	<u>12,592</u>	<u>13,316</u>	<u>13,556</u>	<u>54</u>	<u>-</u>	<u>1</u>
	Medicare Total	30,437	31,745	32,218	114	-	1
	Non Medicare Single	3,488	3,517	3,691	151	159	157
	<u>Non Medicare Family</u>	<u>4,346</u>	<u>4,384</u>	<u>4,657</u>	<u>185</u>	<u>176</u>	<u>172</u>
	Non Medicare Total	7,834	7,901	8,348	336	335	329
	Retiree Total	38,271	39,646	40,566	450	335	330
Grand Total				38,721	39,981	40,896	

* The majority of PPB is capitated through Humana. As of August 2014, there are approximately 1,741 Medicare retiree coverages under PEIA.

B. Changes in Claim Backlog

Detail of the medical claim backlog is presented in the PEIA report titled “PEIA Fiscal Year 2014 Financial Report”.

C. Trend Analysis

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

The current projection assumes the trends on the following table:

Claim Type	Previous Assumption FY 2015 Trend	Updated Assumption FY 2015 Trend
Non-Medicare – Medical	5.5%	5.0%
Medicare – Medical	5.5%	5.0%
Non-Medicare – Drugs	8.5%	8.0%
Medicare – Drugs	8.5%	8.0%

In addition, we have assumed that trends will increase by 0.5% in each successive fiscal year beginning in FY 2016. At the Board’s request, the baseline trend assumptions have been established to reflect the most likely or expected trends.

The following chart summarizes the trend results observed for the plan using data through August 2014. 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 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.

Aggregate Trust Fund Historical Trends (Retirees)

<u>Fiscal Year</u>	<u>Medical Medicare</u>	<u>Medical Non-Medicare</u>	<u>Drugs Medicare</u>	<u>Drugs Non-Medicare</u>	<u>Total</u>
2004	9%	2%	3%	-2%	6%
2005	6%	-2%	16%	1%	8%
2006	6%	5%	11%	17%	9%
2007	6%	1%	6%	6%	5%
2008	N/A	6%	N/A	-9%	N/A
2009	N/A	-1%	N/A	5%	N/A
2010	N/A	3%	N/A	7%	N/A
2011	N/A	11%	N/A	16%	N/A
2012	-6%	-6%	2%	8%	-2%
2013	22%	-3%	-3%	-8%	-2%
2014	N/A	9%	N/A	6%	N/A
2015*	N/A	7%	N/A	7%	N/A

* Fiscal Year 2015 results are through the first two months ending August 2014. It should be noted that Humana’s plan year starts in January in calendar year basis (not starting in July as in PEIA plan year basis) and the Medicare trends are not statistically credible.

Effective July 1, 2007, PEIA had contracted with Coventry Advantra Freedom to provide Medicare Advantage/Prescription Drug Plan (“Coventry MA and PDP”) Benefits to Medicare-eligible retired employees and dependents. Under this arrangement, Coventry Advantra Freedom had assumed the financial risk of providing comprehensive medical and prescription drug coverage with limited copayments. This arrangement expired on June 30, 2010. As a result, Fiscal Year 2008 through 2011 Medicare trends are not statistically credible.

It should be noted that RHBT left the Coventry MA and PDP program as of June 30, 2012, and RHBT assigned Medicare eligible retirees to the Humana MAPD program starting July 1, 2012.

D. Enrollment, Claim, Expense and Revenue Assumptions

Using aggregate PEIA and Trust Fund paid claim data through August 2014 for medical claims and for prescription drugs claims, average annualized incurred unit claim costs were developed for the Trust Fund for both self-funded and managed care coverages. CCRC Actuaries has developed the claim cost on an adjusted exposure basis using the respective expected claim cost for each coverage type. The adjusted exposure methodology weighs the expected claim cost under each coverage type for single, member and children, and family coverages based on observed differences in health care cost. For example, under this methodology single coverage types are given a weight of 1.0 exposure, whereas member and children coverages are given a greater weighting based on historical expected health care cost relationships. Based on this methodology, the result of FY 2014 and the projection of FY 2015 revenue and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

Fiscal Year 2014 Result			Revenue		Expenses		
Fund	Program	Policies	Monthly Employer Premiums	Monthly Employee Premiums	Monthly Medical Costs	Monthly Drugs Costs*	Monthly Capitation Costs
Retiree	Medicare Humana and Express Scripts	31,244			\$ 183**	\$ 192**	\$ 334
	<u>Non-Medicare</u>	8,193			\$ 672	\$ 240	
	Total	39,437	\$ -	\$ 162			
	<u>Non-Medicare Managed Care</u>	348	\$ -	\$ 559			\$ 1,157
	Total	39,785					

*Net of rebates and subsidies.

** As of June 2014, there are approximately 1,260 Medicare coverages that were not capitated through Humana.

Fiscal Year 2015 Projection			Revenue		Expenses		
Fund	Program	Policies	Monthly Employer Premiums	Monthly Employee Premiums	Monthly Medical Costs	Monthly Drugs Costs*	Monthly Capitation Costs
Retiree	Medicare Humana and Express Scripts	32,340			\$ 200**	\$ 216**	\$ 347
	<u>Non-Medicare</u>	8,494			\$ 695	\$ 255	
	Total	40,834	\$ -	\$ 166			
	<u>Non-Medicare Managed Care</u>	329	\$ -	\$ 565			\$ 1,322
	Total	41,163					

*Net of rebates and subsidies.

** As of August 2014, there are approximately 1,741 Medicare coverages that were not capitated through Humana.

Projected plan revenues and administrative expenses were provided by RHBT. The following chart summarizes the Financial Plan adopted by the Board in December 2013. Both Medicare and Non-Medicare retirees premium received no increases in Fiscal Year 2014.

Board Decisions – December 2013

Source	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019
Additional Retiree Premium	\$0	\$0	\$2,510,471	\$15,389,432	\$15,540,821	\$27,293,836
General Revenue Transfer	\$0	\$0	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000
ACA Reinsurance Contributions (Cost)	(\$505,549)	(\$850,000)	(\$550,000)	(\$200,000)	\$0	\$0
ACA Comparative Effectiveness Research Fees (Cost)	(\$35,893)	(\$38,451)	(\$38,090)	(\$39,246)	(\$40,443)	(\$41,682)
Pay Go Premium Transfer	\$161,660,723	\$150,000,000	\$153,500,000	\$190,000,000	\$210,000,000	\$220,000,000
Actuarial Accrued Liability*	\$3,426,200,000	\$3,585,500,000	\$3,743,700,000	\$3,899,600,000	\$4,044,600,000	\$4,181,000,000
Funded Status	20.2%	20.0%	20.4%	21.4%	22.7%	24.2%

*Projected Result

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

Under the final rule, issuers would be required to pay a reinsurance contribution of \$5.25 per member per month to HHS in 2014. The \$5.25 contribution rate would gradually decrease in 2015 and 2016. From 2017 and beyond, no further reinsurance contributions will be collected. RHBT will not receive any benefit payments from the national reinsurance program. RHBT will be subject to paying the reinsurance contributions through FY 2017 and the projected expenses of the reinsurance contributions are included in the current financial plan. The total reinsurance contributions for the financial projection are estimated to be approximately \$2,105,549, with \$505,549 in FY 2014.

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 RHBT will accrue and pay these fees in FY 2014 through FY 2019. The fee will be \$2 per member per year. The total comparative effectiveness research fees for the financial projection are estimated to be \$233,805, with \$35,893 in FY 2014.

Future fiscal year State revenue increases will require legislative appropriation. Additional retiree premiums represent premiums paid by retirees either directly or through sick and annual leave conversion credits. Additionally, RHBT management has assumed that the Retiree Premium Assistance Program will grow as a direct result from the required retiree premium increases in the financial plan. The program's cost is currently projected to grow from approximately \$1.6 million in FY 2014 to approximately \$2.4 million in FY 2019, based on the Board's direction and projected retiree enrollment growth in the financial plan.

In FY 2014 the Pay-Go is equivalent to \$338 per retiree per month. In future years, the Pay Go premium may increase by a maximum of 3% per retiree per year. The new Pay-Go premium formula is based on the financial plan approved by the Finance Board in December 2013.

E. Provider Reimbursement Changes

Effective July 1, 2012, RHBT has contracted with Humana to provide a Medicare Advantage Plan ("Humana MAPD") benefit to Medicare-eligible retired employees and their Medicare-eligible dependents. Under this arrangement, Humana has assumed the financial risk of providing comprehensive medical and drug coverage with limited copayments. Non-Medicare retirees will continue enrollment in PEIA's Preferred Provider Benefit or the Managed Care Option.

It should be noted that RHBT left the Coventry MA and PDP program as of June 30, 2012, and RHBT assigned Medicare eligible retirees to the Humana MAPD program starting July 1, 2012.

FISCAL YEAR 2014 RESULT

The financial forecast for FY 2014 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2014 projects accrued revenue of \$355,946,152 and incurred plan expenses of \$254,617,563 to produce a fiscal year surplus of \$101,328,589. The PEIA local and state agencies Pay Go premiums for FY 2014 are assumed to be \$161,660,723.

FISCAL YEAR 2015 FORECAST

The financial forecast for FY 2015 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2015 projects accrued revenue of \$319,226,242 and incurred plan expenses of \$276,803,729 to produce a fiscal year surplus of \$42,422,513. The PEIA local and state agencies Pay Go premiums for FY 2015 are assumed to be \$150,000,000.

FISCAL YEAR 2016 FORECAST

The financial forecast for FY 2016 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2016 projects accrued revenue of \$377,414,504 and incurred plan expenses of \$300,040,261 to produce a fiscal year surplus of \$77,374,244. The PEIA local and state agencies Pay Go premiums for FY 2016 are assumed to be \$153,500,000.

FISCAL YEAR 2017 FORECAST

The financial forecast for FY 2017 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2017 projects accrued revenue of \$408,249,903 and incurred plan expenses of \$327,872,721 to produce a fiscal year surplus of \$80,377,182. The PEIA local and state agencies Pay Go premiums for FY 2017 are assumed to be \$190,000,000.

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 \$445,412,264 and incurred plan expenses of \$360,158,736 to produce a fiscal year surplus of \$85,253,528. The PEIA local and state agencies Pay Go premiums for FY 2018 are assumed to be \$210,000,000.

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 \$488,483,896 and incurred plan expenses of \$397,704,929 to produce a fiscal year surplus of \$90,778,967. The PEIA local and state agencies Pay Go premiums for FY 2019 are assumed to be \$220,000,000.

LITIGATION

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

SUMMARY

It should be noted that the aggregate PEIA and Trust Fund reserves will meet or exceed the 10% of program expense requirement under the Baseline Scenario assumptions. With projected changes to the plan as adopted in the Board, we are forecasting that the plan will meet the minimum 10% reserve target set by West Virginia Statute through the projection period ending with the Fiscal Year 2019. These projections are based on significant revenue increases as contained in the Financial Plan adopted by the Board in December 2013 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 Medicare 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
RHBT - MEDICARE AND NON-MEDICARE**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL REPORT
FISCAL YEAR 2014**

PERIOD 7/1/2013 - 6/30/2014

	7/1/2013 to 12/31/2013	1/1/2014 to 6/30/2014	TRUST Total
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 80,508,158	\$ 81,152,565	\$ 161,660,723
Retiree Premiums - PPB	38,949,893	37,908,941	76,858,834
Retiree Premiums - MCO	1,248,383	1,087,643	2,336,026
Annual Required Contributions	954,190	27,484	981,674
Non Par Premiums	1,628,147	1,628,147	3,256,294
Life Insurance	11,187,776	11,187,776	22,375,552
Investment Income	88,477,049	-	88,477,049
Transfer from Premium Stabilization Reserve	-	-	-
Total Revenue	\$ 222,953,596	\$ 132,992,557	\$ 355,946,152
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 32,081,102	\$ 33,988,867	\$ 66,069,969
Non-Medicare Prescription Drug Claims	11,683,941	11,925,013	23,608,954
Medicare Medical Claims	1,399,986	1,613,577	3,013,563
Medicare Prescription Drug Claims	1,579,028	1,722,558	3,301,586
Non-Medicare Managed Care Capitations	2,415,893	2,415,893	4,831,785
Humana MAPD Program	64,549,720	60,581,700	125,131,420
Administration	2,247,770	2,164,890	4,412,660
Life Insurance	11,045,471	11,045,471	22,090,941
Retiree Assistance Program	807,622	807,622	1,615,243
ACA Reinsurance Contributions	254,162	251,387	505,549
ACA Comparative Effectiveness Research Fees	17,916	17,977	35,893
Director's Discretionary Fund	-	-	-
Total Expenses	\$ 128,082,609	\$ 126,534,954	\$ 254,617,563
Fiscal Year Results	\$ 94,870,987	\$ 6,457,603	\$ 101,328,589
Beginning Restricted Reserve			\$ 545,672,194
Ending Restricted Reserve			<u>\$ 634,149,243</u>
Beginning Premium Stabilization Reserve			\$ 44,557,642
PSR Addition/(Drawdown)			\$ 12,851,540
Ending Premium Stabilization Reserve			<u>\$ 57,409,182</u>
Total Beginning Plan Reserve			\$ 590,229,837
Total Ending Plan Reserve			<u>\$ 691,558,426</u>
Accrued Actuarial Liability (AAL)			\$ 3,426,200,000
Funded Status			20.2%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 175.69	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 338.10	Non-Medicare	5.0%	8.0%
		Medicare	5.0%	8.0%
		Capitations		8.0%
		Administrative Expense		-3.6%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		-2.9%

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**APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL REPORT
FISCAL YEAR 2014**

PERIOD 7/1/2013 - 6/30/2014

Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 96,913,625		\$ 96,913,625
Employer Premiums - PPB	7,472,494		7,472,494
Employer Premiums - MCO	32,614		32,614
Retiree Premiums - PPB	32,869,727	-	32,869,727
Retiree Premiums - MCO	79,950	-	79,950
Annual Required Contributions	-		-
Non Par Premiums	1,663,399		1,663,399
Life Insurance	11,430,011		11,430,011
Investment Income	68,057,604		68,057,604
Transfer from Premium Stabilization Reserve	-		-
Total Revenue	\$ 218,519,424	\$ -	\$ 218,519,424
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 3,013,563	\$ -	\$ 3,013,563
Medicare Prescription Drug Claims	3,301,586	-	3,301,586
Humana MAPD Program	125,131,420		125,131,420
Administration	1,628,833		1,628,833
Life Insurance	11,284,625		11,284,625
Retiree Assistance Program	825,108		825,108
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	26,491		26,491
Director's Discretionary Fund	-		-
Total Expenses	\$ 145,211,626	\$ -	\$ 145,211,626
Fiscal Year Results	\$ 73,307,799		\$ 73,307,799
Beginning Restricted Reserve	\$ 260,841,906		\$ 260,841,906
Ending Restricted Reserve	<u>\$ 324,621,385</u>		<u>\$ 324,621,385</u>
Beginning Premium Stabilization Reserve	\$ 33,035,689		\$ 33,035,689
PSR Addition/(Drawdown)	\$ 9,528,320		\$ 9,528,320
Ending Premium Stabilization Reserve	<u>\$ 42,564,009</u>		<u>\$ 42,564,009</u>
Total Beginning Plan Reserve	293,877,595		\$ 293,877,595
Total Ending Plan Reserve	<u>\$ 367,185,394</u>		<u>\$ 367,185,394</u>
Accrued Actuarial Liability (AAL)	\$ 3,426,200,000		\$ 3,426,200,000
Funded Status	20.2%		20.2%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 175.69	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 257.98	Medicare	5.0%	8.0%
		Capitations		8.0%
		Administrative Expense		-3.6%
Number of Net New Retirees	700	Pay Go Monthly Premium		-2.9%

**APPENDIX - BASELINE SCENARIO
RHBT - NON-MEDICARE**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL REPORT
FISCAL YEAR 2014**

PERIOD 7/1/2013 - 6/30/2014

Non-Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 64,747,098		\$ 64,747,098
Employer Premiums - PPB	15,769,988		15,769,988
Employer Premiums - MCO	1,415,001		1,415,001
Retiree Premiums - PPB	20,746,625	-	20,746,625
Retiree Premiums - MCO	808,461	-	808,461
Annual Required Contributions	981,674		981,674
Non Par Premiums	1,592,895		1,592,895
Life Insurance	10,945,541		10,945,541
Investment Income	20,419,446		20,419,446
Transfer from Premium Stabilization Reserve	-		-
Total Revenue	\$ 137,426,729	\$ -	\$ 137,426,729
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 66,069,969	\$ -	\$ 66,069,969
Non-Medicare Prescription Drug Claims	23,608,954	-	23,608,954
Non-Medicare Managed Care Capitations	4,831,785		4,831,785
Administration	2,783,827		2,783,827
Life Insurance	10,806,316		10,806,316
Retiree Assistance Program	790,135		790,135
ACA Reinsurance Contributions	505,549		505,549
ACA Comparative Effectiveness Research Fees	9,402		9,402
Director's Discretionary Fund	-		-
Total Expenses	\$ 109,405,937	\$ -	\$ 109,405,937
Fiscal Year Results	\$ 28,020,791		\$ 28,020,791
Beginning Restricted Reserve	\$ 284,830,289		\$ 284,830,289
Ending Restricted Reserve	<u>\$ 309,527,860</u>		<u>\$ 309,527,860</u>
Beginning Premium Stabilization Reserve	\$ 11,521,953		\$ 11,521,953
PSR Addition/(Drawdown)	\$ 3,323,220		\$ 3,323,220
Ending Premium Stabilization Reserve	<u>\$ 14,845,173</u>		<u>\$ 14,845,173</u>
Total Beginning Plan Reserve	296,352,242		296,352,242
Total Ending Plan Reserve	<u>\$ 324,373,033</u>		<u>\$ 324,373,033</u>
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 175.69	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 631.79	Non-Medicare	5.0%	8.0%
		Capitations		8.0%
		Administrative Expense		-3.6%
Number of Net New Retirees	300	Pay Go Monthly Premium		-2.9%

**APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE AND NON-MEDICARE**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2015**

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

	7/1/2014 to 12/31/2014	1/1/2015 to 6/30/2015	TRUST Total
Revenues			
WV PEIA Pay Go Premiums	\$ 75,000,000	\$ 75,000,000	\$ 150,000,000
Retiree Premiums - PPB	40,452,238	40,999,138	81,451,376
Retiree Premiums - MCO	1,115,216	1,115,779	2,230,995
Annual Required Contributions	-	-	-
Non Par Premiums	1,579,303	1,579,303	3,158,605
Life Insurance	11,747,165	11,747,165	23,494,330
Investment Income	21,211,257	21,211,257	42,422,513
Transfer from Premium Stabilization Reserve	8,168,269	8,300,154	16,468,423
Total Revenue	\$ 159,273,447	\$ 159,952,795	\$ 319,226,242
Program Expenses			
Non-Medicare Medical Claims	\$ 34,448,070	\$ 36,403,576	\$ 70,851,646
Non-Medicare Prescription Drug Claims	12,028,096	14,012,381	26,040,477
Medicare Medical Claims	2,968,120	1,499,374	4,467,494
Medicare Prescription Drug Claims	3,320,827	1,701,730	5,022,557
Non-Medicare Managed Care Capitations	2,609,164	2,609,164	5,218,327
Humana MAPD Program	65,621,985	68,903,084	134,525,069
Administration	2,272,520	2,272,520	4,545,040
Life Insurance	11,597,744	11,597,744	23,195,488
Retiree Assistance Program	872,231	872,231	1,744,462
ACA Reinsurance Contributions	500,000	350,000	850,000
ACA Comparative Effectiveness Research Fees	19,226	19,226	38,451
Director's Discretionary Fund	152,359	152,359	304,718
Total Expenses	\$ 136,410,342	\$ 140,393,387	\$ 276,803,729
Fiscal Year Results	\$ 22,863,105	\$ 19,559,408	\$ 42,422,513
Beginning Restricted Reserve			\$ 634,149,243
Ending Restricted Reserve			\$ 676,571,756
Beginning Premium Stabilization Reserve			\$ 57,409,182
PSR Addition/(Drawdown)			\$ (16,468,423)
Ending Premium Stabilization Reserve			\$ 40,940,759
Total Beginning Plan Reserve			\$ 691,558,426
Total Ending Plan Reserve			\$ 717,512,515
Accrued Actuarial Liability (AAL)			\$ 3,585,500,000
Funded Status			20.0%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 164.47	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 303.67	Non-Medicare	5.0%	8.0%
		Medicare	5.0%	8.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		-6.4%

ARCHIVE: Maintained for historical reference only.

**APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2015**

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

Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 89,651,730		\$ 89,651,730
Employer Premiums - PPB	7,804,431		7,804,431
Employer Premiums - MCO	-		-
Retiree Premiums - PPB	35,232,511	-	35,232,511
Retiree Premiums - MCO	-	-	-
Annual Required Contributions	-		-
Non Par Premiums	1,613,497		1,613,497
Life Insurance	12,001,512		12,001,512
Investment Income	22,524,383		22,524,383
Transfer from Premium Stabilization Reserve	12,157,686		12,157,686
Total Revenue	\$ 180,985,751	\$ -	\$ 180,985,751
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 4,467,494	\$ -	\$ 4,467,494
Medicare Prescription Drug Claims	5,022,557	-	5,022,557
Humana MAPD Program	134,525,069		134,525,069
Administration	1,677,698		1,677,698
Life Insurance	11,848,856		11,848,856
Retiree Assistance Program	891,117		891,117
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	28,578		28,578
Director's Discretionary Fund	-		-
Total Expenses	\$ 158,461,369	\$ -	\$ 158,461,369
Fiscal Year Results	\$ 22,524,382		\$ 22,524,382
Beginning Restricted Reserve	\$ 324,621,385		\$ 324,621,385
Ending Restricted Reserve	<u>\$ 347,145,767</u>		<u>\$ 347,145,767</u>
Beginning Premium Stabilization Reserve	\$ 42,564,009		\$ 42,564,009
PSR Addition/(Drawdown)	\$ (12,157,686)		\$ (12,157,686)
Ending Premium Stabilization Reserve	<u>\$ 30,406,323</u>		<u>\$ 30,406,323</u>
Total Beginning Plan Reserve	367,185,394		367,185,394
Total Ending Plan Reserve	<u>\$ 377,552,090</u>		<u>\$ 377,552,090</u>
Accrued Actuarial Liability (AAL)	\$ 3,585,500,000		\$ 3,585,500,000
Funded Status	20.0%		20.0%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 164.47	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 231.01	Medicare	5.0%	8.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		-6.4%

**APPENDIX - BASELINE SCENARIO
RHBT - NON-MEDICARE**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2015**

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

Non-Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 60,348,270		\$ 60,348,270
Employer Premiums - PPB	16,074,310		16,074,310
Employer Premiums - MCO	1,411,556		1,411,556
Retiree Premiums - PPB	22,340,124	-	22,340,124
Retiree Premiums - MCO	819,439	-	819,439
Annual Required Contributions	-		-
Non Par Premiums	1,545,108		1,545,108
Life Insurance	11,492,818		11,492,818
Investment Income	19,898,130		19,898,130
Transfer from Premium Stabilization Reserve	4,310,737		4,310,737
Total Revenue	\$ 138,240,492	\$ -	\$ 138,240,492
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 70,851,646	\$ -	\$ 70,851,646
Non-Medicare Prescription Drug Claims	26,040,477	-	26,040,477
Non-Medicare Managed Care Capitations	5,218,327		5,218,327
Administration	2,867,342		2,867,342
Life Insurance	11,346,632		11,346,632
Retiree Assistance Program	853,346		853,346
ACA Reinsurance Contributions	850,000		850,000
ACA Comparative Effectiveness Research Fees	9,874		9,874
Director's Discretionary Fund	304,718		304,718
Total Expenses	\$ 118,342,362	\$ -	\$ 118,342,362
Fiscal Year Results	\$ 19,898,130		\$ 19,898,130
Beginning Restricted Reserve	\$ 309,527,860		\$ 309,527,860
Ending Restricted Reserve	<u>\$ 329,425,990</u>		<u>\$ 329,425,990</u>
Beginning Premium Stabilization Reserve	\$ 14,845,173		\$ 14,845,173
PSR Addition/(Drawdown)	\$ (4,310,737)		\$ (4,310,737)
Ending Premium Stabilization Reserve	<u>\$ 10,534,436</u>		<u>\$ 10,534,436</u>
Total Beginning Plan Reserve	324,373,033		324,373,033
Total Ending Plan Reserve	<u>\$ 339,960,426</u>		<u>\$ 339,960,426</u>
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 164.47	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 570.00	Non-Medicare	5.0%	8.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		-6.4%

**APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE AND NON-MEDICARE**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2016**

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

	7/1/2015 to 12/31/2015	1/1/2016 to 6/30/2016	TRUST Total
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 76,750,000	\$ 76,750,000	\$ 153,500,000
Retiree Premiums - PPB	41,806,244	42,308,646	84,114,890
Retiree Premiums - MCO	1,135,933	1,135,933	2,271,866
Annual Required Contributions	-	-	-
Non Par Premiums	1,531,924	1,531,924	3,063,847
Life Insurance	12,334,523	12,334,523	24,669,046
Investment Income	23,687,122	23,687,122	47,374,244
Transfer from Premium Stabilization Reserve	16,067,856	16,352,755	32,420,612
General Revenue Transfer	15,000,000	15,000,000	30,000,000
Total Revenue	\$ 188,313,602	\$ 189,100,903	\$ 377,414,504
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 37,066,139	\$ 39,170,264	\$ 76,236,403
Non-Medicare Prescription Drug Claims	13,308,843	15,504,413	28,813,256
Medicare Medical Claims	3,121,133	1,580,479	4,701,612
Medicare Prescription Drug Claims	3,591,657	1,844,839	5,436,496
Non-Medicare Managed Care Capitations	2,817,897	2,817,897	5,635,794
Humana MAPD Program	71,174,616	76,222,646	147,397,262
Administration	2,340,696	2,340,696	4,681,391
Life Insurance	12,177,631	12,177,631	24,355,262
Retiree Assistance Program	942,010	942,010	1,884,019
ACA Reinsurance Contributions	350,000	200,000	550,000
ACA Comparative Effectiveness Research Fees	19,045	19,045	38,090
Director's Discretionary Fund	155,338	155,338	310,676
Total Expenses	\$ 147,065,004	\$ 152,975,257	\$ 300,040,261
Fiscal Year Results	\$ 41,248,598	\$ 36,125,646	\$ 77,374,244
Beginning Restricted Reserve			\$ 676,571,756
Ending Restricted Reserve			<u>\$ 753,946,000</u>
Beginning Premium Stabilization Reserve			\$ 40,940,759
PSR Addition/(Drawdown)			\$ (32,420,612)
Ending Premium Stabilization Reserve			<u>\$ 8,520,147</u>
Total Beginning Plan Reserve			\$ 717,512,515
Total Ending Plan Reserve			<u>\$ 762,466,147</u>
Accrued Actuarial Liability (AAL)			\$ 3,743,700,000
Funded Status			20.4%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 168.31	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 2,510,471	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 303.14	Non-Medicare	5.5%	8.5%
		Medicare	5.5%	8.5%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		2.3%

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**APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2016**

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

Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 91,999,871		\$ 91,999,871
Employer Premiums - PPB	7,820,963		7,820,963
Employer Premiums - MCO	-		-
Retiree Premiums - PPB	35,307,144	1,514,764	36,821,908
Retiree Premiums - MCO	-	-	-
Annual Required Contributions	-		-
Non Par Premiums	1,565,092		1,565,092
Life Insurance	12,601,588		12,601,588
Investment Income	24,928,129		24,928,129
Transfer from Premium Stabilization Reserve	21,886,185		21,886,185
General Revenue Transfer	16,729,021		16,729,021
Total Revenue	\$ 212,837,993	\$ 1,514,764	\$ 214,352,757
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 4,701,612	\$ -	\$ 4,701,612
Medicare Prescription Drug Claims	5,436,496	-	5,436,496
Humana MAPD Program	147,397,262		147,397,262
Administration	1,728,029		1,728,029
Life Insurance	12,441,299		12,441,299
Retiree Assistance Program	962,406		962,406
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	28,503		28,503
Director's Discretionary Fund	-		-
Total Expenses	\$ 172,695,607	\$ -	\$ 172,695,607
Fiscal Year Results	\$ 40,142,386		\$ 41,657,150
Beginning Restricted Reserve	\$ 347,145,767		\$ 347,145,767
Ending Restricted Reserve	<u>\$ 387,288,153</u>		<u>\$ 388,802,917</u>
Beginning Premium Stabilization Reserve	\$ 30,406,323		\$ 30,406,323
PSR Addition/(Drawdown)	\$ (21,886,185)		\$ (21,886,185)
Ending Premium Stabilization Reserve	<u>\$ 8,520,138</u>		<u>\$ 8,520,138</u>
Total Beginning Plan Reserve	377,552,090		377,552,090
Total Ending Plan Reserve	<u>\$ 395,808,291</u>		<u>\$ 397,323,055</u>
Accrued Actuarial Liability (AAL)	\$ 3,743,700,000		\$ 3,743,700,000
Funded Status	20.3%		20.4%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 168.31	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 1,514,764	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 233.28	Medicare	5.5%	8.5%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		2.3%

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**APPENDIX - BASELINE SCENARIO
RHBT - NON-MEDICARE**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2016**

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

Non-Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 61,500,129		\$ 61,500,129
Employer Premiums - PPB	16,114,944		16,114,944
Employer Premiums - MCO	1,415,125		1,415,125
Retiree Premiums - PPB	22,396,598	960,477	23,357,075
Retiree Premiums - MCO	821,511	35,230	856,741
Annual Required Contributions	-		-
Non Par Premiums	1,498,755		1,498,755
Life Insurance	12,067,459		12,067,459
Investment Income	22,446,114		22,446,114
Transfer from Premium Stabilization Reserve	10,534,427		10,534,427
General Revenue Transfer	13,270,979		13,270,979
Total Revenue	\$ 162,066,041	\$ 995,707	\$ 163,061,748
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 76,236,403	\$ -	\$ 76,236,403
Non-Medicare Prescription Drug Claims	28,813,256	-	28,813,256
Non-Medicare Managed Care Capitations	5,635,794		5,635,794
Administration	2,953,362		2,953,362
Life Insurance	11,913,964		11,913,964
Retiree Assistance Program	921,614		921,614
ACA Reinsurance Contributions	550,000		550,000
ACA Comparative Effectiveness Research Fees	9,587		9,587
Director's Discretionary Fund	310,675		310,675
Total Expenses	\$ 127,344,655	\$ -	\$ 127,344,655
Fiscal Year Results	\$ 34,721,386		\$ 35,717,093
Beginning Restricted Reserve	\$ 329,425,990		\$ 329,425,990
Ending Restricted Reserve	<u>\$ 364,147,376</u>		<u>\$ 365,143,083</u>
Beginning Premium Stabilization Reserve	\$ 10,534,436		\$ 10,534,436
PSR Addition/(Drawdown)	\$ (10,534,427)		\$ (10,534,427)
Ending Premium Stabilization Reserve	<u>\$ 10</u>		<u>\$ 10</u>
Total Beginning Plan Reserve	339,960,426		339,960,426
Total Ending Plan Reserve	<u>\$ 364,147,386</u>		<u>\$ 365,143,093</u>
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 168.31	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 995,707	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 549.18	Non-Medicare	5.5%	8.5%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		2.3%

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**APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE AND NON-MEDICARE**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2017**

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

	7/1/2016 to 12/31/2016	1/1/2017 to 6/30/2017	TRUST Total
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 95,000,000	\$ 95,000,000	\$ 190,000,000
Retiree Premiums - PPB	49,587,330	50,169,254	99,756,584
Retiree Premiums - MCO	1,251,393	1,251,393	2,502,786
Annual Required Contributions	-	-	-
Non Par Premiums	1,485,966	1,485,966	2,971,932
Life Insurance	12,951,249	12,951,249	25,902,498
Investment Income	25,188,591	25,188,591	50,377,182
Transfer from Premium Stabilization Reserve	3,337,243	3,401,678	6,738,921
General Revenue Transfer	15,000,000	15,000,000	30,000,000
Total Revenue	\$ 203,801,772	\$ 204,448,131	\$ 408,249,903
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 40,073,601	\$ 42,348,449	\$ 82,422,050
Non-Medicare Prescription Drug Claims	14,794,529	17,235,193	32,029,722
Medicare Medical Claims	3,297,641	1,673,876	4,971,517
Medicare Prescription Drug Claims	3,902,534	2,009,208	5,911,742
Non-Medicare Managed Care Capitations	3,043,329	3,043,329	6,086,657
Humana MAPD Program	78,735,482	84,730,113	163,465,595
Administration	2,410,917	2,410,917	4,821,833
Life Insurance	12,786,513	12,786,513	25,573,026
Retiree Assistance Program	1,017,371	1,017,371	2,034,741
ACA Reinsurance Contributions	200,000	-	200,000
ACA Comparative Effectiveness Research Fees	19,623	19,623	39,246
Director's Discretionary Fund	158,296	158,296	316,592
Total Expenses	\$ 160,439,834	\$ 167,432,887	\$ 327,872,721
Fiscal Year Results	\$ 43,361,937	\$ 37,015,245	\$ 80,377,182
Beginning Restricted Reserve			\$ 753,946,000
Ending Restricted Reserve			\$ 834,323,182
Beginning Premium Stabilization Reserve			\$ 8,520,147
PSR Addition/(Drawdown)			\$ (6,738,921)
Ending Premium Stabilization Reserve			\$ 1,781,226
Total Beginning Plan Reserve			\$ 762,466,147
Total Ending Plan Reserve			\$ 836,104,408
Accrued Actuarial Liability (AAL)			\$ 3,899,600,000
Funded Status			21.4%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 208.33	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 15,389,432	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 366.46	Non-Medicare	6.0%	9.0%
		Medicare	6.0%	9.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		23.8%

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**APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2017**

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

Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 114,643,982		\$ 114,643,982
Employer Premiums - PPB	7,850,108		7,850,108
Employer Premiums - MCO	-		-
Retiree Premiums - PPB	36,994,069	9,284,174	46,278,243
Retiree Premiums - MCO	-	-	-
Annual Required Contributions	-		-
Non Par Premiums	1,518,140		1,518,140
Life Insurance	13,231,667		13,231,667
Investment Income	26,251,678		26,251,678
Transfer from Premium Stabilization Reserve	6,738,911		6,738,911
General Revenue Transfer	16,737,234		16,737,234
Total Revenue	\$ 223,965,790	\$ 9,284,174	\$ 233,249,964
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 4,971,517	\$ -	\$ 4,971,517
Medicare Prescription Drug Claims	5,911,742	-	5,911,742
Humana MAPD Program	163,465,595		163,465,595
Administration	1,779,870		1,779,870
Life Insurance	13,063,364		13,063,364
Retiree Assistance Program	1,039,398		1,039,398
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	29,566		29,566
Director's Discretionary Fund	-		-
Total Expenses	\$ 190,261,052	\$ -	\$ 190,261,052
Fiscal Year Results	\$ 33,704,738		\$ 42,988,912
Beginning Restricted Reserve	\$ 388,802,917		\$ 388,802,917
Ending Restricted Reserve	<u>\$ 422,507,655</u>		<u>\$ 431,791,829</u>
Beginning Premium Stabilization Reserve	\$ 8,520,138		\$ 8,520,138
PSR Addition/(Drawdown)	\$ (6,738,911)		\$ (6,738,911)
Ending Premium Stabilization Reserve	<u>\$ 1,781,226</u>		<u>\$ 1,781,226</u>
Total Beginning Plan Reserve	397,323,055		397,323,055
Total Ending Plan Reserve	<u>\$ 424,288,881</u>		<u>\$ 433,573,055</u>
Accrued Actuarial Liability (AAL)	\$ 3,899,600,000		\$ 3,899,600,000
Funded Status	21.0%		21.4%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 208.33	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 9,284,174	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 286.34	Medicare	6.0%	9.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		23.8%

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**APPENDIX - BASELINE SCENARIO
RHBT - NON-MEDICARE**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2017**

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

Non-Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 75,356,018		\$ 75,356,018
Employer Premiums - PPB	16,214,875		16,214,875
Employer Premiums - MCO	1,423,900		1,423,900
Retiree Premiums - PPB	23,524,118	5,889,239	29,413,357
Retiree Premiums - MCO	862,868	216,018	1,078,886
Annual Required Contributions	-		-
Non Par Premiums	1,453,792		1,453,792
Life Insurance	12,670,832		12,670,832
Investment Income	24,125,504		24,125,504
Transfer from Premium Stabilization Reserve	10		10
General Revenue Transfer	13,262,766		13,262,766
Total Revenue	\$ 168,894,682	\$ 6,105,257	\$ 174,999,939
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 82,422,050	\$ -	\$ 82,422,050
Non-Medicare Prescription Drug Claims	32,029,722	-	32,029,722
Non-Medicare Managed Care Capitations	6,086,657		6,086,657
Administration	3,041,963		3,041,963
Life Insurance	12,509,662		12,509,662
Retiree Assistance Program	995,343		995,343
ACA Reinsurance Contributions	200,000		200,000
ACA Comparative Effectiveness Research Fees	9,680		9,680
Director's Discretionary Fund	316,592		316,592
Total Expenses	\$ 137,611,669	\$ -	\$ 137,611,669
Fiscal Year Results	\$ 31,283,013		\$ 37,388,270
Beginning Restricted Reserve	\$ 365,143,083		\$ 365,143,083
Ending Restricted Reserve	<u>\$ 396,426,096</u>		<u>\$ 402,531,353</u>
Beginning Premium Stabilization Reserve	\$ 10		\$ 10
PSR Addition/(Drawdown)	\$ (10)		\$ (10)
Ending Premium Stabilization Reserve	<u>\$ -</u>		<u>\$ -</u>
Total Beginning Plan Reserve	365,143,093		365,143,093
Total Ending Plan Reserve	<u>\$ 396,426,096</u>		<u>\$ 402,531,353</u>
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 208.33	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 6,105,258	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 638.07	Non-Medicare	6.0%	9.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		23.8%

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**APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE AND NON-MEDICARE**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2018**

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

	7/1/2017 to 12/31/2017	1/1/2018 to 6/30/2018	TRUST Total
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 105,000,000	\$ 105,000,000	\$ 210,000,000
Retiree Premiums - PPB	57,452,891	58,111,658	115,564,549
Retiree Premiums - MCO	1,366,283	1,366,283	2,732,566
Annual Required Contributions	-	-	-
Non Par Premiums	1,441,387	1,441,387	2,882,774
Life Insurance	13,598,812	13,598,812	27,197,623
Investment Income	27,626,763	27,626,763	55,253,526
Transfer from Premium Stabilization Reserve	881,413	899,813	1,781,226
General Revenue Transfer	15,000,000	15,000,000	30,000,000
Total Revenue	\$ 222,367,548	\$ 223,044,716	\$ 445,412,264
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 43,529,963	\$ 46,001,019	\$ 89,530,982
Non-Medicare Prescription Drug Claims	16,521,690	19,247,285	35,768,975
Medicare Medical Claims	3,500,621	1,781,161	5,281,782
Medicare Prescription Drug Claims	4,259,834	2,198,269	6,458,103
Non-Medicare Managed Care Capitations	3,286,795	3,286,795	6,573,590
Humana MAPD Program	87,523,415	94,643,160	182,166,575
Administration	2,483,244	2,483,244	4,966,488
Life Insurance	13,425,839	13,425,839	26,851,677
Retiree Assistance Program	1,098,760	1,098,760	2,197,520
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	20,221	20,221	40,443
Director's Discretionary Fund	161,301	161,301	322,601
Total Expenses	\$ 175,811,683	\$ 184,347,053	\$ 360,158,736
Fiscal Year Results	\$ 46,555,866	\$ 38,697,663	\$ 85,253,528
Beginning Restricted Reserve			\$ 834,323,182
Ending Restricted Reserve			\$ 919,576,710
Beginning Premium Stabilization Reserve			\$ 1,781,226
PSR Addition/(Drawdown)			\$ (1,781,226)
Ending Premium Stabilization Reserve			\$ -
Total Beginning Plan Reserve			\$ 836,104,408
Total Ending Plan Reserve			\$ 919,576,710
Accrued Actuarial Liability (AAL)			\$ 4,044,600,000
Funded Status			22.7%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 230.26	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 15,540,821	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 395.78	Non-Medicare	6.5%	9.5%
		Medicare	6.5%	9.5%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		10.5%

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**APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2018**

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

Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 127,532,260		\$ 127,532,260
Employer Premiums - PPB	7,851,321		7,851,321
Employer Premiums - MCO	-		-
Retiree Premiums - PPB	46,508,377	9,368,069	55,876,446
Retiree Premiums - MCO	-	-	-
Annual Required Contributions	-		-
Non Par Premiums	1,472,595		1,472,595
Life Insurance	13,893,250		13,893,250
Investment Income	28,652,450		28,652,450
Transfer from Premium Stabilization Reserve	1,781,226		1,781,226
General Revenue Transfer	16,939,511		16,939,511
Total Revenue	\$ 244,630,990	\$ 9,368,069	\$ 253,999,059
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 5,281,782	\$ -	\$ 5,281,782
Medicare Prescription Drug Claims	6,458,103	-	6,458,103
Humana MAPD Program	182,166,575		182,166,575
Administration	1,833,266		1,833,266
Life Insurance	13,716,532		13,716,532
Retiree Assistance Program	1,122,550		1,122,550
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	30,668		30,668
Director's Discretionary Fund	-		-
Total Expenses	\$ 210,609,476	\$ -	\$ 210,609,476
Fiscal Year Results	\$ 34,021,514		\$ 43,389,583
Beginning Restricted Reserve	\$ 431,791,829		\$ 431,791,829
Ending Restricted Reserve	<u>\$ 465,813,344</u>		<u>\$ 475,181,413</u>
Beginning Premium Stabilization Reserve	\$ 1,781,226		\$ 1,781,226
PSR Addition/(Drawdown)	\$ (1,781,226)		\$ (1,781,226)
Ending Premium Stabilization Reserve	<u>\$ 0</u>		<u>\$ 0</u>
Total Beginning Plan Reserve	433,573,055		433,573,055
Total Ending Plan Reserve	<u>\$ 465,813,344</u>		<u>\$ 475,181,413</u>
Accrued Actuarial Liability (AAL)	\$ 4,044,600,000		\$ 4,044,600,000
Funded Status	22.4%		22.7%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 230.26	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 9,368,069	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 313.82	Medicare	6.5%	9.5%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		10.5%

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**APPENDIX - BASELINE SCENARIO
RHBT - NON-MEDICARE**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2018**

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

Non-Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 82,467,740		\$ 82,467,740
Employer Premiums - PPB	16,254,957		16,254,957
Employer Premiums - MCO	1,427,420		1,427,420
Retiree Premiums - PPB	29,627,480	5,954,346	35,581,826
Retiree Premiums - MCO	1,086,740	218,406	1,305,146
Annual Required Contributions	-		-
Non Par Premiums	1,410,178		1,410,178
Life Insurance	13,304,373		13,304,373
Investment Income	26,601,076		26,601,076
Transfer from Premium Stabilization Reserve	-		-
General Revenue Transfer	13,060,489		13,060,489
Total Revenue	\$ 185,240,453	\$ 6,172,752	\$ 191,413,205
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 89,530,982	\$ -	\$ 89,530,982
Non-Medicare Prescription Drug Claims	35,768,975	-	35,768,975
Non-Medicare Managed Care Capitations	6,573,590		6,573,590
Administration	3,133,222		3,133,222
Life Insurance	13,135,145		13,135,145
Retiree Assistance Program	1,074,970		1,074,970
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	9,775		9,775
Director's Discretionary Fund	322,601		322,601
Total Expenses	\$ 149,549,260	\$ -	\$ 149,549,260
Fiscal Year Results	\$ 35,691,193		\$ 41,863,945
Beginning Restricted Reserve	\$ 402,531,353		\$ 402,531,353
Ending Restricted Reserve	<u>\$ 438,222,546</u>		<u>\$ 444,395,298</u>
Beginning Premium Stabilization Reserve	\$ -		\$ -
PSR Addition/(Drawdown)	\$ -		\$ -
Ending Premium Stabilization Reserve	<u>\$ -</u>		<u>\$ -</u>
Total Beginning Plan Reserve	402,531,353		402,531,353
Total Ending Plan Reserve	<u>\$ 438,222,546</u>		<u>\$ 444,395,298</u>
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 230.26	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 6,172,752	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 663.90	Non-Medicare	6.5%	9.5%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		10.5%

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**APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE AND NON-MEDICARE**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2019**

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

	7/1/2018 to 12/31/2018	1/1/2019 to 6/30/2019	TRUST Total
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 110,000,000	\$ 110,000,000	\$ 220,000,000
Retiree Premiums - PPB	71,208,248	72,006,432	143,214,680
Retiree Premiums - MCO	1,568,228	1,568,228	3,136,456
Annual Required Contributions	-	-	-
Non Par Premiums	1,398,145	1,398,145	2,796,290
Life Insurance	14,278,752	14,278,752	28,557,504
Investment Income	30,389,483	30,389,483	60,778,966
Transfer from Premium Stabilization Reserve	-	-	-
General Revenue Transfer	15,000,000	15,000,000	30,000,000
Total Revenue	\$ 243,842,856	\$ 244,641,040	\$ 488,483,896
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 47,506,993	\$ 50,203,811	\$ 97,710,804
Non-Medicare Prescription Drug Claims	18,534,940	21,592,663	40,127,603
Medicare Medical Claims	3,733,600	1,904,230	5,637,830
Medicare Prescription Drug Claims	4,671,148	2,416,112	7,087,260
Non-Medicare Managed Care Capitations	3,549,739	3,549,739	7,099,477
Humana MAPD Program	97,763,266	106,225,240	203,988,506
Administration	2,557,741	2,557,741	5,115,482
Life Insurance	14,097,131	14,097,131	28,194,261
Retiree Assistance Program	1,186,661	1,186,661	2,373,322
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	20,841	20,841	41,682
Director's Discretionary Fund	164,351	164,351	328,702
Total Expenses	\$ 193,786,410	\$ 203,918,519	\$ 397,704,929
Fiscal Year Results	\$ 50,056,446	\$ 40,722,522	\$ 90,778,967
Beginning Restricted Reserve			\$ 919,576,710
Ending Restricted Reserve			\$ <u>1,010,355,677</u>
Beginning Premium Stabilization Reserve			\$ -
PSR Addition/(Drawdown)			\$ -
Ending Premium Stabilization Reserve			\$ <u>-</u>
Total Beginning Plan Reserve			919,576,710
Total Ending Plan Reserve			\$ <u>1,010,355,677</u>
Accrued Actuarial Liability (AAL)			\$ 4,181,000,000
Funded Status			24.2%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 241.22	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 27,293,836	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 405.37	Non-Medicare	7.0%	10.0%
		Medicare	7.0%	10.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		4.8%

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**APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2019**

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

Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 134,577,055		\$ 134,577,055
Employer Premiums - PPB	7,865,902		7,865,902
Employer Premiums - MCO	-		-
Retiree Premiums - PPB	56,185,539	16,440,337	72,625,876
Retiree Premiums - MCO	-	-	-
Annual Required Contributions	-		-
Non Par Premiums	1,428,418		1,428,418
Life Insurance	14,587,913		14,587,913
Investment Income	31,406,879		31,406,879
Transfer from Premium Stabilization Reserve	-		-
General Revenue Transfer	17,064,362		17,064,362
Total Revenue	\$ 263,116,068	\$ 16,440,337	\$ 279,556,405
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 5,637,830	\$ -	\$ 5,637,830
Medicare Prescription Drug Claims	7,087,260	-	7,087,260
Humana MAPD Program	203,988,506		203,988,506
Administration	1,888,264		1,888,264
Life Insurance	14,402,358		14,402,358
Retiree Assistance Program	1,212,354		1,212,354
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	31,811		31,811
Director's Discretionary Fund	-		-
Total Expenses	\$ 234,248,383	\$ -	\$ 234,248,383
Fiscal Year Results	\$ 28,867,684		\$ 45,308,021
Beginning Restricted Reserve	\$ 475,181,413		\$ 475,181,413
Ending Restricted Reserve	<u>\$ 504,049,097</u>		<u>\$ 520,489,434</u>
Beginning Premium Stabilization Reserve	\$ 0		\$ 0
PSR Addition/(Drawdown)	\$ -		\$ -
Ending Premium Stabilization Reserve	<u>\$ 0</u>		<u>\$ 0</u>
Total Beginning Plan Reserve	475,181,413		475,181,413
Total Ending Plan Reserve	<u>\$ 504,049,097</u>		<u>\$ 520,489,434</u>
Accrued Actuarial Liability (AAL)	\$ 4,181,000,000		\$ 4,181,000,000
Funded Status	23.5%		24.2%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 241.22	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 16,440,337	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 326.34	Medicare	7.0%	10.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		4.8%

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**APPENDIX - BASELINE SCENARIO
RHBT - NON-MEDICARE**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2019**

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

Non-Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 85,422,945		\$ 85,422,945
Employer Premiums - PPB	16,344,629		16,344,629
Employer Premiums - MCO	1,435,294		1,435,294
Retiree Premiums - PPB	35,908,796	10,469,476	46,378,272
Retiree Premiums - MCO	1,317,140	384,022	1,701,162
Annual Required Contributions	-		-
Non Par Premiums	1,367,873		1,367,873
Life Insurance	13,969,592		13,969,592
Investment Income	29,372,087		29,372,087
Transfer from Premium Stabilization Reserve	-		-
General Revenue Transfer	12,935,638		12,935,638
Total Revenue	\$ 198,073,994	\$ 10,853,498	\$ 208,927,492
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 97,710,804	\$ -	\$ 97,710,804
Non-Medicare Prescription Drug Claims	40,127,603	-	40,127,603
Non-Medicare Managed Care Capitations	7,099,477		7,099,477
Administration	3,227,218		3,227,218
Life Insurance	13,791,902		13,791,902
Retiree Assistance Program	1,160,968		1,160,968
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	9,870		9,870
Director's Discretionary Fund	328,702		328,702
Total Expenses	\$ 163,456,544	\$ -	\$ 163,456,544
Fiscal Year Results	\$ 34,617,450		\$ 45,470,948
Beginning Restricted Reserve	\$ 444,395,298		\$ 444,395,298
Ending Restricted Reserve	<u>\$ 479,012,748</u>		<u>\$ 489,866,246</u>
Beginning Premium Stabilization Reserve	\$ -		\$ -
PSR Addition/(Drawdown)	\$ -		\$ -
Ending Premium Stabilization Reserve	<u>\$ -</u>		<u>\$ -</u>
Total Beginning Plan Reserve	444,395,298		444,395,298
Total Ending Plan Reserve	<u>\$ 479,012,748</u>		<u>\$ 489,866,246</u>
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 241.22	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 10,853,498	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PEPM Subsidy for Retirees	\$ 655.40	Non-Medicare	7.0%	10.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		4.8%

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

Fiscal Year 2014

Exposure

	<u>Jul-13</u>	<u>Aug-13</u>	<u>Sep-13</u>	<u>Oct-13</u>	<u>Nov-13</u>	<u>Dec-13</u>	<u>Jan-14</u>	<u>Feb-14</u>	<u>Mar-14</u>	<u>Apr-14</u>	<u>May-14</u>	<u>Jun-14</u>
NonMed_NonDrug	20,496	21,096	20,990	20,884	20,694	20,458	20,555	20,477	20,291	20,088	19,861	19,738
Med_NonDrug	795	1,088	1,362	1,604	1,848	2,088	1,112	953	1,116	1,324	1,513	1,709
NonMed_Drug	18,995	19,550	19,452	19,354	19,177	18,959	19,050	18,975	18,801	18,615	18,404	18,291
Med_Drug	828	1,133	1,418	1,671	1,925	2,175	1,158	993	1,163	1,379	1,576	1,780

	<u>Jul-13</u>	<u>Aug-13</u>	<u>Sep-13</u>	<u>Oct-13</u>	<u>Nov-13</u>	<u>Dec-13</u>	<u>Jan-14</u>	<u>Feb-14</u>	<u>Mar-14</u>	<u>Apr-14</u>	<u>May-14</u>	<u>Jun-14</u>
NonMed_NonDrug	\$226.03	\$226.35	\$234.54	\$248.33	\$276.90	\$229.17	\$293.25	\$257.85	\$260.86	\$295.70	\$271.79	\$301.05
Med_NonDrug	229.34	208.96	191.70	206.05	172.70	163.31	197.61	337.40	240.47	210.98	184.78	212.58
NonMed_Drug	88.47	104.87	105.48	120.48	108.74	126.72	124.62	108.16	120.58	128.13	124.81	139.28
Med_Drug	<u>170.08</u>	<u>227.01</u>	<u>185.41</u>	<u>220.60</u>	<u>207.74</u>	<u>263.51</u>	<u>147.96</u>	<u>225.95</u>	<u>226.50</u>	<u>225.75</u>	<u>223.82</u>	<u>247.03</u>
Total	\$713.93	\$767.19	\$717.13	\$795.47	\$766.08	\$782.71	\$763.44	\$929.36	\$848.41	\$860.56	\$805.19	\$899.94

Change From Prior Year - Month to Month Analysis

NonMed_NonDrug	21.3%	1.9%	8.4%	5.5%	9.2%	14.5%	1.4%	3.1%	10.5%	15.8%	13.3%	11.0%
Med_NonDrug	60.7%	27.8%	35.2%	9.5%	25.7%	42.8%	16.1%	107.5%	51.5%	40.4%	14.6%	87.3%
NonMed_Drug	9.0%	2.2%	8.3%	2.4%	-2.6%	10.2%	10.0%	1.8%	10.0%	9.8%	1.5%	12.8%
Med_Drug	<u>19.6%</u>	<u>27.1%</u>	<u>19.4%</u>	<u>-7.2%</u>	<u>5.9%</u>	<u>30.3%</u>	<u>-24.9%</u>	<u>40.3%</u>	<u>36.7%</u>	<u>30.5%</u>	<u>9.8%</u>	<u>31.9%</u>
Total	29.2%	15.0%	17.4%	2.1%	9.6%	23.9%	-0.8%	36.7%	26.6%	23.8%	10.6%	29.4%

Change From Prior Year - Quarter to Quarter Analysis

NonMed_NonDrug		9.9%				9.5%			4.7%			13.3%
Med_NonDrug			40.6%			23.2%			57.8%			43.1%
NonMed_Drug			6.3%			3.4%			7.3%			8.0%
Med_Drug			<u>22.3%</u>			<u>8.7%</u>			<u>14.6%</u>			<u>23.5%</u>
Total			20.1%			11.1%			19.9%			21.1%

Change From Prior Year - Year to Year Analysis

NonMed_NonDrug			5.3%			7.3%			6.7%			9.3%
Med_NonDrug			20.0%			24.5%			36.3%			41.6%
NonMed_Drug			-7.7%			-6.0%			-0.1%			6.3%
Med_Drug			<u>3.2%</u>			<u>4.1%</u>			<u>10.7%</u>			<u>16.9%</u>
Total			5.4%			7.6%			13.0%			18.0%

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

Fiscal Year 2015

Exposure

	<u>Jul-14</u>	<u>Aug-14</u>
NonMed_NonDrug	20,714	20,861
Med_NonDrug	2,065	2,361
NonMed_Drug	19,191	19,328
Med_Drug	2,151	2,459

	<u>Jul-14</u>	<u>Aug-14</u>
NonMed_NonDrug	\$211.64	\$216.15
Med_NonDrug	221.11	228.01
NonMed_Drug	95.60	122.29
Med_Drug	<u>218.03</u>	<u>243.16</u>
Total	\$746.38	\$809.61

Change From Prior Year - Month to Month Analysis

NonMed_NonDrug	-6.4%	-4.5%
Med_NonDrug	-3.6%	9.1%
NonMed_Drug	8.1%	16.6%
Med_Drug	<u>28.2%</u>	<u>7.1%</u>
Total	4.5%	5.5%

Change From Prior Year - Quarter to Quarter Analysis

NonMed_NonDrug
Med_NonDrug
NonMed_Drug
Med_Drug
Total

Change From Prior Year - Year to Year Analysis

NonMed_NonDrug
Med_NonDrug
NonMed_Drug
Med_Drug
Total