



CCRC
Actuaries, LLC

STATE OF WEST VIRGINIA



RETIREE HEALTH BENEFIT TRUST FUND

**Quarterly Report
March 31, 2013**

Fiscal Years 2013-2017

June 2013

ARCHIVE: Maintained for historical reference only.

May not meet current accessibility standards. For an accessible version, contact peia.help@wv.gov.



415 Main Street
Reisterstown, MD 21136

Phone: 410-833-4220
Fax: 410-833-4229

Email: info@ccrcactuaries.com

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 2014, and as supported by our work, to render an 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 2017. The analysis is to be prepared on an accrued and incurred reporting basis for a projection period not to exceed five years.

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 preliminary forecasts for the Trust Fund for fiscal years ending June 30, 2013 (“FY 2013”), June 30, 2014 (“FY 2014”), June 30, 2015 (“FY 2015”), June 30, 2016 (“FY 2016”) and June 30, 2017 (“FY 2017”). This opinion of plan adequacy is based on the projections through FY 2017 using updated future revenue and plan modifications provided by the Board in the plan adopted in December 2012.

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 plan year, which ends in June, will be covered on a secondary basis by the PPB Plan until the beginning of the next plan 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 2013 and subsequently. We are assuming that the Bill will continue throughout the forecast and RHBT will not receive any future direct transfers in lieu of the savings resulting from the Bill.

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. Based on the PPACA requirements to expand coverage, the estimated “grandfathering” cost of eliminating lifetime limitations, offering free preventive services, and covering children to age 26 is approximately \$4.6 million in FY 2013. In addition, RHBT is expecting to spend \$3.9 million through the Early Retiree Reinsurance Program from CMS in FY 2013. Additional details of the benefit enhancements and costs can be found later in this report.

In FY 2013 the Pay-Go is equivalent to \$343 per retiree per month. In future years, the Pay Go premium may continue to increase each year by a maximum of 3% per retiree per year. The new Pay-Go premium formula is based on the financial plan approved by the Financial Board in December 2012.

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 2013 through FY 2017 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 2017 as approved by the Board in December 2012.

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 2013 – FY 2017

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 April 2013 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 interest 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 1,127 retirees from June 2012 to May 2013, approximating our current assumption. CCRC Actuaries has updated the claims analysis based on the enrollment through May 2013.

In aggregate, May 2013 enrollment has increased by 1,127 coverages since the end of FY 2012. Aggregate Preferred Provider Benefit (“PPB”) enrollment has increased by 1,083 in total over the same period, while managed care enrollment continues to cover fewer participants, with a slight increase of 44 coverages. For MAPD Capitations, 38,544 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 2011, June 2012 and May 2013 for purposes of comparison:

Trust Fund	Coverage	Preferred Provider Benefit*			Managed Care		
		Jun-11	Jun-12	May-13	Jun-11	Jun-12	May-13
Retirees	Medicare Single	16,838	17,341	17,793	18	44	61
	<u>Medicare Family</u>	<u>11,372</u>	<u>12,004</u>	<u>12,592</u>	16	35	53
	Medicare Total	28,210	29,345	30,385	34	79	114
	Non Medicare Single	3,585	3,467	3,510	160	154	150
	<u>Non Medicare Family</u>	<u>4,388</u>	<u>4,376</u>	<u>4,376</u>	162	170	183
	Non Medicare Total	7,973	7,843	7,886	322	324	333
	Retiree Total	36,183	37,188	38,271	356	403	447
Grand Total				36,539	37,591	38,718	

* The majority of PPB is capitated through Humana. As of May 2013, there were approximately 2,374 Medicare retiree coverages under PEIA.

B. Changes in Claim Backlog

Detail of the medical claim backlog is presented in the PEIA report titled “PEIA March 31, 2013 Quarterly Report”.

C. Trend Analysis

RHBT has experienced favorable medical and prescription drug trends in FY 2012, over the long term, trends have been favorable. CCRC Actuaries performed the detailed medical and prescription drugs trend analysis in the report titled, “Detailed Medical and Prescription Drug Claim Trend Report - September 2012”. This report includes the detailed trend analysis of PEIA experience by medical and prescription drugs. Based on the analysis, we have decreased the FY 2013 medical claim trend to 5.5%. Additionally, due to PEIA’s favorable prescription drug experience, we have decreased our trend assumption for all prescription drugs coverage to 8.5 in FY 2013.

The current projection assumes the trends on the following table:

Claim Type	Previous Assumption FY 2013 Trend	Updated Assumption FY 2013 Trend
Non-Medicare – Medical	6.5%	5.5%
Medicare – Medical	6.5%	5.5%
Non-Medicare – Drugs	10.0%	8.5%
Medicare – Drugs	10.0%	8.5%

In addition, we have assumed that trends will increase by 0.5% in each successive fiscal year beginning in FY 2014. 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 April 2013. 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	-2%	N/A
2009	N/A	-2%	N/A	5%	N/A
2010	N/A	3%	N/A	7%	N/A
2011	N/A	11%	N/A	16%	N/A
2012	-5%	-6%	2%	8%	-2%
2013*	12%	-7%	-9%	-4%	-5%

* Fiscal Year 2013 results are through the first ten months ending April 2013.

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 April 2013 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 projection of FY 2013 revenue and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

Fiscal Year 2013 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	30,079			\$ 141**	\$ 93**	\$ 290
	Non-Medicare	8,131			\$ 608	\$ 231	
	Total	38,210	\$ -	\$ 168			
	Non-Medicare Managed Care	334	\$ -	\$ 601			\$ 1,168
	Total	38,544					

*Net of rebates and subsidies.

** As of May 2013, there were approximately 2,374 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 2012. Medicare retirees premium will be increased by approximately \$3.1 million in Fiscal Year 2013, while Non-Medicare retirees premium will not receive an increase. This total retiree premium increase of 4% is an effective increase of 9% for the Medicare retirees.

Board Decisions – December 2012

Source	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017
Additional Retiree Premium	\$3,055,115	\$0	\$5,507,055	\$14,234,741	\$17,566,896
Benefit Reductions/(Increase)	(\$4,596,000)	\$0	\$0	\$0	\$0
Early Retiree Reinsurance Program (CMS)	\$3,913,548	\$0	\$0	\$0	\$0
General Revenue Transfer	\$0	\$0	\$0	\$30,000,000	\$30,000,000
ACA Reinsurance Contributions (Cost)	\$0	(\$1,800,000)	(\$3,100,000)	(\$1,900,000)	(\$700,000)
ACA Comparative Effectiveness Research Fees (Cost)	(\$57,276)	(\$118,150)	(\$121,867)	(\$125,707)	(\$129,675)
Pay Go Premium Transfer	\$163,111,603	\$160,822,000	\$169,716,818	\$179,963,312	\$190,139,316
Actuarial Accrued Liability*	\$4,250,900,000	\$4,454,000,000	\$4,607,800,000	\$4,745,900,000	\$4,868,100,000
Funded Status	13.9%	14.3%	14.7%	15.9%	17.1%

*Projected Result

RHBT is expecting to utilize \$3.9 million through the Early Retiree Reinsurance Program from CMS, and reduce benefit coverage with the addition of “grandfathering” cost at approximately \$4.6 million in FY 2013.

The \$4,596,000 of enhancements of benefits in Fiscal Year 2013 is comprised of the following changes:

	<u>Decrease in 2013 Claim Cost</u>
Remove Acupuncture Coverage	\$13 K
Change Physical, Occupational, and Speech Therapy Coverage to Medical Necessary with \$10 Copay	\$0.3 M
Increase Emergency Room Copay to \$100	\$0.4 M
Increase Urgent Care to \$25 Co-Pay	\$0.13 M
Specialty Co-Pay increase to \$25 from \$20	\$0.22 M
Introduce \$500 Copay for Gastric Bypass	\$0.2 M
Introduce \$500 Copay for Dental Procedures that are Medically Necessary	\$0.12 M
Pharmacy Option 75% Copay Tier 3 (\$5/\$15/75%/\$50 Sp)	\$2.02 M
Cost of Losing Grandfathering Status	-\$7.999 M

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

Under the final rule, issuers would be required to pay a reinsurance contribution of \$5.25 per member per month to HHS in 2014. The \$5.25 contribution rate would gradually decrease in 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 \$7,500,000.

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. The fees will 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.

RHBT will pay the fees for the FY 2013 through FY 2019 plan years. In the first year it applies, the fee will be \$1 multiplied by the average number of lives covered under the plan (including dependents). In subsequent years, the multiplier is \$2 times the average number of covered lives, but this number will be reviewed annually and could change. We assume \$2 for future years after FY 2013 in the projection. The total comparative effectiveness research fees for the financial projection are estimated to be \$824,459.

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 \$2.5 million in FY 2013 to approximately \$3.4 million in FY 2017, based on the Board's direction and projected retiree enrollment growth in the financial plan.

In FY 2013 the Pay-Go is equivalent to \$343 per retiree per month. In future years, the Pay Go premium may continue to increase each year by a maximum of 3% per retiree per year. The new Pay-Go premium formula is based on the financial plan approved by the Financial Board in December 2012.

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 2013 FORECAST

The financial forecast for FY 2013 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2013, projects accrued revenue of \$303,983,146 and incurred plan expenses of \$204,735,309 to produce a fiscal year surplus of \$99,247,837. The PEIA local and state agencies Pay Go premiums for FY 2013 are assumed to be \$163,111,603.

FISCAL YEAR 2014 FORECAST

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 \$283,014,740 and incurred plan expenses of \$240,325,630 to produce a fiscal year surplus of \$42,689,111. The PEIA local and state agencies Pay Go premiums for FY 2014 are assumed to be \$160,822,000.

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 \$300,544,331 and incurred plan expenses of \$258,196,463 to produce a fiscal year surplus of \$42,347,869. The PEIA local and state agencies Pay Go premiums for FY 2015 are assumed to be \$169,716,818.

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 \$358,360,315 and incurred plan expenses of \$283,139,789 to produce a fiscal year surplus of \$75,220,526. The PEIA local and state agencies Pay Go premiums for FY 2016 are assumed to be \$179,963,312.

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 \$391,682,441 and incurred plan expenses of \$311,439,327 to produce a fiscal year surplus of \$80,243,114. The PEIA local and state agencies Pay Go premiums for FY 2017 are assumed to be \$190,139,316.

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 2017. These projections are based on significant revenue increases as contained in the Financial Plan adopted by the Board in December 2012 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 FORECAST
FISCAL YEAR 2013**

PERIOD 7/1/2012 - 6/30/2013

	TRUST Total
<u>Revenues</u>	
WV PEIA Pay Go Premiums	\$ 163,111,603
Retiree Premiums - PPB	76,983,929
Retiree Premiums - MCO	2,407,362
Annual Required Contributions	438,961
Non Par Premiums	3,235,851
Early Retiree Reinsurance Program (CMS)	3,913,548
Investment Income	53,891,892
Total Revenue	\$ 303,983,146
<u>Program Expenses</u>	
Non-Medicare Medical Claims	59,288,984
Non-Medicare Prescription Drug Claims	22,580,825
Medicare Medical Claims	3,647,013
Medicare Prescription Drug Claims	2,493,668
Medicare (PDP) Prescription Drug Claims	-
CMS Direct and Low Income Drug Subsidy	-
Non-Medicare Managed Care Capitations	4,681,552
Humana MAPD Program	104,669,872
Administration	4,770,612
Life Insurance	-
Retiree Assistance Program	2,471,856
ACA Reinsurance Contributions	-
ACA Comparative Effectiveness Research Fees	57,276
Director's Discretionary Fund	73,651
Total Expenses	\$ 204,735,309
Fiscal Year Results	\$ 99,247,837
Beginning Plan Reserve	492,778,860
Ending Plan Reserve	\$ 592,026,697
Accrued Actuarial Liability (AAL)	\$ 4,250,900,000
Funded Status	13.9%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 180.58	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 3,055,115	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 351.73	Non-Medicare	5.5%	8.5%
		Medicare	5.5%	8.5%
		Capitations		8.0%
		Administrative Expense		-58.7%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		7.1%

APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2013

PERIOD 7/1/2012 - 6/30/2013

Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 96,821,219		\$ 96,821,219
Employer Premiums - PPB	7,528,583		7,528,583
Employer Premiums - MCO	68,330		68,330
Retiree Premiums - PPB	32,364,210	-	32,364,210
Retiree Premiums - MCO	147,370	-	147,370
Annual Required Contributions	-		-
Non Par Premiums	1,634,752		1,634,752
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	41,454,287		41,454,287
Total Revenue	\$ 180,018,751	\$ -	\$ 180,018,751
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 3,647,013	\$ -	\$ 3,647,013
Medicare Prescription Drug Claims	2,493,668	-	2,493,668
Medicare (PDP) Prescription Drug Claims	-		-
CMS Direct and Low Income Drug Subsidy	-		-
Humana MAPD Program	104,669,872		104,669,872
Administration	2,410,114		2,410,114
Life Insurance	-		-
Retiree Assistance Program	1,248,782		1,248,782
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	41,849		41,849
Director's Discretionary Fund	-		-
Total Expenses	\$ 114,511,298	\$ -	\$ 114,511,298
Fiscal Year Results	\$ 65,507,454		\$ 65,507,454
Beginning Plan Reserve	229,648,258		229,648,258
Ending Plan Reserve	\$ 295,155,712		\$ 295,155,712
Accrued Actuarial Liability (AAL)	\$ 4,250,900,000		\$ 4,250,900,000
Funded Status	14.0%		13.9%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 180.58	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 208.79	Medicare	5.5%	8.5%
		Capitations		8.0%
		Administrative Expense		-58.7%
Number of Net New Retirees	700	Pay Go Monthly Premium		7.1%

APPENDIX - BASELINE SCENARIO
RHBT - NON-MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2013

PERIOD 7/1/2012 - 6/30/2013

Non-Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 66,290,384		\$ 66,290,384
Employer Premiums - PPB	16,765,266		16,765,266
Employer Premiums - MCO	1,418,521		1,418,521
Retiree Premiums - PPB	20,325,870		20,325,870
Retiree Premiums - MCO	773,140		773,140
Annual Required Contributions	438,961		438,961
Non Par Premiums	1,601,098		1,601,098
Early Retiree Reinsurance Program (CMS)	3,913,548		3,913,548
Investment Income	12,437,605		12,437,605
Total Revenue	\$ 123,964,393	\$ -	\$ 123,964,393
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 53,994,738	\$ 5,294,246	\$ 59,288,984
Non-Medicare Prescription Drug Claims	23,419,924	(839,099)	22,580,825
CMS Direct and Low Income Drug Subsidy	-		-
Non-Medicare Managed Care Capitations	4,681,552		4,681,552
Administration	2,360,498		2,360,498
Life Insurance	-		-
Retiree Assistance Program	1,223,074		1,223,074
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	15,427		15,427
Director's Discretionary Fund	73,651		73,651
Total Expenses	\$ 85,768,864	\$ 4,455,147	\$ 90,224,011
Fiscal Year Results	\$ 38,195,528		\$ 33,740,381
Beginning Plan Reserve	263,130,604		263,130,604
Ending Plan Reserve	\$ 301,326,132		\$ 296,870,985
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 180.58	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 142.95	Non-Medicare	5.5%	8.5%
		Capitations		8.0%
		Administrative Expense		-58.7%
Number of Net New Retirees	300	Pay Go Monthly Premium		7.1%

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

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

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

	TRUST Total
<u>Revenues</u>	
WV PEIA Pay Go Premiums	\$ 160,822,000
Retiree Premiums - PPB	77,175,682
Retiree Premiums - MCO	2,413,358
Annual Required Contributions	-
Non Par Premiums	3,138,775
Early Retiree Reinsurance Program (CMS)	-
Investment Income	39,464,925
Total Revenue	\$ 283,014,740
<u>Program Expenses</u>	
Non-Medicare Medical Claims	\$ 61,933,473
Non-Medicare Prescription Drug Claims	24,259,716
Medicare Medical Claims	3,859,606
Medicare Prescription Drug Claims	2,713,864
Medicare (PDP) Prescription Drug Claims	-
CMS Direct and Low Income Drug Subsidy	-
Non-Medicare Managed Care Capitations	5,056,076
Humana MAPD Program	132,615,168
Administration	5,009,143
Life Insurance	-
Retiree Assistance Program	2,669,604
ACA Reinsurance Contributions	1,800,000
ACA Comparative Effectiveness Research Fees	118,150
Director's Discretionary Fund	290,830
Total Expenses	\$ 240,325,630
Fiscal Year Results	\$ 42,689,111
Beginning Plan Reserve	592,026,697
Ending Plan Reserve	\$ 634,715,808
Accrued Actuarial Liability (AAL)	\$ 4,454,000,000
Funded Status	14.3%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 178.04	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 340.50	Non-Medicare	6.0%	9.0%
		Medicare	6.0%	9.0%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		-1.4%

APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
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	\$ 104,676,640		\$ 104,676,640
Employer Premiums - PPB	7,547,336		7,547,336
Employer Premiums - MCO	68,501		68,501
Retiree Premiums - PPB	32,444,823	-	32,444,823
Retiree Premiums - MCO	147,737	-	147,737
Annual Required Contributions	-		-
Non Par Premiums	1,585,710		1,585,710
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	30,356,892		30,356,892
Total Revenue	\$ 176,827,639	\$ -	\$ 176,827,639
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 3,859,606	\$ -	\$ 3,859,606
Medicare Prescription Drug Claims	2,713,864	-	2,713,864
Medicare (PDP) Prescription Drug Claims	-		-
CMS Direct and Low Income Drug Subsidy	-		-
Humana MAPD Program	132,615,168		132,615,168
Administration	2,530,620		2,530,620
Life Insurance	-		-
Retiree Assistance Program	1,348,685		1,348,685
ACA Reinsurance Contributions	1,300,000		1,300,000
ACA Comparative Effectiveness Research Fees	86,702		86,702
Director's Discretionary Fund	-		-
Total Expenses	\$ 144,454,645	\$ -	\$ 144,454,645
Fiscal Year Results	\$ 32,372,994		\$ 32,372,994
Beginning Plan Reserve	295,155,712		295,155,712
Ending Plan Reserve	\$ 327,528,706		\$ 327,528,706
Accrued Actuarial Liability (AAL)	\$ 4,454,000,000		\$ 4,454,000,000
Funded Status	14.3%		14.3%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 178.04	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 221.63	Medicare	6.0%	9.0%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		-1.4%

APPENDIX - BASELINE SCENARIO
RHBT - NON-MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
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	\$ 56,145,360		\$ 56,145,360
Employer Premiums - PPB	16,807,025		16,807,025
Employer Premiums - MCO	1,422,054		1,422,054
Retiree Premiums - PPB	20,376,498	-	20,376,498
Retiree Premiums - MCO	775,066	-	775,066
Annual Required Contributions	-		-
Non Par Premiums	1,553,065		1,553,065
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	9,108,033		9,108,033
Total Revenue	\$ 106,187,101	\$ -	\$ 106,187,101
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 61,933,473	\$ -	\$ 61,933,473
Non-Medicare Prescription Drug Claims	24,259,716	-	24,259,716
CMS Direct and Low Income Drug Subsidy	-		-
Non-Medicare Managed Care Capitations	5,056,076		5,056,076
Administration	2,478,523		2,478,523
Life Insurance	-		-
Retiree Assistance Program	1,320,920		1,320,920
ACA Reinsurance Contributions	500,000		500,000
ACA Comparative Effectiveness Research Fees	31,448		31,448
Director's Discretionary Fund	290,830		290,830
Total Expenses	\$ 95,870,986	\$ -	\$ 95,870,986
Fiscal Year Results	\$ 10,316,115		\$ 10,316,115
Beginning Plan Reserve	296,870,985		296,870,985
Ending Plan Reserve	\$ 307,187,100		\$ 307,187,100
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 178.04	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 118.88	Non-Medicare	6.0%	9.0%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		-1.4%

**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

	TRUST Total
<u>Revenues</u>	
WV PEIA Pay Go Premiums	\$ 169,716,818
Retiree Premiums - PPB	82,915,902
Retiree Premiums - MCO	2,519,131
Annual Required Contributions	-
Non Par Premiums	3,044,612
Early Retiree Reinsurance Program (CMS)	-
Investment Income	42,347,868
Total Revenue	\$ 300,544,331
<u>Program Expenses</u>	
Non-Medicare Medical Claims	\$ 65,171,598
Non-Medicare Prescription Drug Claims	26,245,020
Medicare Medical Claims	4,103,897
Medicare Prescription Drug Claims	2,967,077
Medicare (PDP) Prescription Drug Claims	-
CMS Direct and Low Income Drug Subsidy	-
Non-Medicare Managed Care Capitations	5,460,562
Humana MAPD Program	142,595,148
Administration	5,259,600
Life Insurance	-
Retiree Assistance Program	2,883,173
ACA Reinsurance Contributions	3,100,000
ACA Comparative Effectiveness Research Fees	121,867
Director's Discretionary Fund	288,521
Total Expenses	\$ 258,196,463
Fiscal Year Results	\$ 42,347,869
Beginning Plan Reserve	634,715,808
Ending Plan Reserve	\$ 677,063,676
Accrued Actuarial Liability (AAL)	\$ 4,607,800,000
Funded Status	14.7%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 187.89	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 5,507,055	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 350.29	Non-Medicare	6.5%	9.5%
		Medicare	6.5%	9.5%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		5.5%

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	\$ 110,486,887		\$ 110,486,887
Employer Premiums - PPB	7,575,984		7,575,984
Employer Premiums - MCO	68,761		68,761
Retiree Premiums - PPB	32,567,977	3,324,558	35,892,535
Retiree Premiums - MCO	148,297	15,138	163,435
Annual Required Contributions	-		-
Non Par Premiums	1,538,138		1,538,138
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	32,574,486		32,574,486
Total Revenue	\$ 184,960,530	\$ 3,339,696	\$ 188,300,226
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 4,103,897	\$ -	\$ 4,103,897
Medicare Prescription Drug Claims	2,967,077	-	2,967,077
Medicare (PDP) Prescription Drug Claims	-		-
CMS Direct and Low Income Drug Subsidy	-		-
Humana MAPD Program	142,595,148		142,595,148
Administration	2,657,151		2,657,151
Life Insurance	-		-
Retiree Assistance Program	1,456,579		1,456,579
ACA Reinsurance Contributions	2,300,000		2,300,000
ACA Comparative Effectiveness Research Fees	89,813		89,813
Director's Discretionary Fund	-		-
Total Expenses	\$ 156,169,665	\$ -	\$ 156,169,665
Fiscal Year Results	\$ 28,790,865		\$ 32,130,561
Beginning Plan Reserve	327,528,706		327,528,706
Ending Plan Reserve	\$ 356,319,571		\$ 359,659,267
Accrued Actuarial Liability (AAL)	\$ 4,607,800,000		\$ 4,607,800,000
Funded Status	14.6%		14.7%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 187.89	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 3,339,696	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 228.04	Medicare	6.5%	9.5%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		5.5%

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	\$ 59,229,932		\$ 59,229,932
Employer Premiums - PPB	16,886,541		16,886,541
Employer Premiums - MCO	1,428,782		1,428,782
Retiree Premiums - PPB	20,472,902	2,087,940	22,560,842
Retiree Premiums - MCO	778,733	79,420	858,153
Annual Required Contributions	-		-
Non Par Premiums	1,506,473		1,506,473
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	9,773,382		9,773,382
Total Revenue	\$ 110,076,745	\$ 2,167,360	\$ 112,244,105
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 65,171,598	\$ -	\$ 65,171,598
Non-Medicare Prescription Drug Claims	26,245,020	-	26,245,020
CMS Direct and Low Income Drug Subsidy	-		-
Non-Medicare Managed Care Capitations	5,460,562		5,460,562
Administration	2,602,449		2,602,449
Life Insurance	-		-
Retiree Assistance Program	1,426,593		1,426,593
ACA Reinsurance Contributions	800,000		800,000
ACA Comparative Effectiveness Research Fees	32,053		32,053
Director's Discretionary Fund	288,521		288,521
Total Expenses	\$ 102,026,796	\$ -	\$ 102,026,796
Fiscal Year Results	\$ 8,049,948		\$ 10,217,308
Beginning Plan Reserve	307,187,100		307,187,100
Ending Plan Reserve	\$ 315,237,049		\$ 317,404,409
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 187.89	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 2,167,359	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 122.25	Non-Medicare	6.5%	9.5%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		5.5%

**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

	TRUST Total
Revenues	
WV PEIA Pay Go Premiums	\$ 179,963,312
Retiree Premiums - PPB	97,443,282
Retiree Premiums - MCO	2,779,920
Annual Required Contributions	-
Non Par Premiums	2,953,274
Early Retiree Reinsurance Program (CMS)	-
Investment Income	45,220,527
General Revenue Transfer	30,000,000
Total Revenue	\$ 358,360,315
Program Expenses	
Non-Medicare Medical Claims	\$ 68,702,399
Non-Medicare Prescription Drug Claims	28,443,142
Medicare Medical Claims	4,384,175
Medicare Prescription Drug Claims	3,258,756
Medicare (PDP) Prescription Drug Claims	-
CMS Direct and Low Income Drug Subsidy	-
Non-Medicare Managed Care Capitations	5,897,407
Humana MAPD Program	161,506,270
Administration	5,522,580
Life Insurance	-
Retiree Assistance Program	3,113,827
ACA Reinsurance Contributions	1,900,000
ACA Comparative Effectiveness Research Fees	125,707
Director's Discretionary Fund	285,526
Total Expenses	\$ 283,139,789
Fiscal Year Results	\$ 75,220,526
Beginning Plan Reserve	677,063,676
Ending Plan Reserve	\$ 752,284,203
Accrued Actuarial Liability (AAL)	\$ 4,745,900,000
Funded Status	15.9%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 199.23	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 14,234,741	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 362.32	Non-Medicare	7.0%	10.0%
		Medicare	7.0%	10.0%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		6.0%

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	\$ 120,446,507		\$ 120,446,507
Employer Premiums - PPB	7,597,933		7,597,933
Employer Premiums - MCO	68,960		68,960
Retiree Premiums - PPB	36,121,355	8,590,424	44,711,779
Retiree Premiums - MCO	164,478	39,116	203,594
Annual Required Contributions	-		-
Non Par Premiums	1,491,994		1,491,994
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	34,784,170		34,784,170
General Revenue Transfer	18,795,919		18,795,919
Total Revenue	\$ 219,471,316	\$ 8,629,540	\$ 228,100,856
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 4,384,175	\$ -	\$ 4,384,175
Medicare Prescription Drug Claims	3,258,756	-	3,258,756
Medicare (PDP) Prescription Drug Claims	-		-
CMS Direct and Low Income Drug Subsidy	-		-
Humana MAPD Program	161,506,270		161,506,270
Administration	2,790,008		2,790,008
Life Insurance	-		-
Retiree Assistance Program	1,573,106		1,573,106
ACA Reinsurance Contributions	1,400,000		1,400,000
ACA Comparative Effectiveness Research Fees	93,036		93,036
Director's Discretionary Fund	-		-
Total Expenses	\$ 175,005,351	\$ -	\$ 175,005,351
Fiscal Year Results	\$ 44,465,965		\$ 53,095,505
Beginning Plan Reserve	359,659,267		359,659,267
Ending Plan Reserve	\$ 404,125,232		\$ 412,754,772
Accrued Actuarial Liability (AAL)	\$ 4,745,900,000		\$ 4,745,900,000
Funded Status	15.6%		15.9%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 199.23	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 8,629,541	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 242.49	Medicare	7.0%	10.0%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		6.0%

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	\$ 59,516,806		\$ 59,516,806
Employer Premiums - PPB	16,975,526		16,975,526
Employer Premiums - MCO	1,436,311		1,436,311
Retiree Premiums - PPB	22,758,237	5,399,807	28,158,044
Retiree Premiums - MCO	865,661	205,394	1,071,055
Annual Required Contributions	-		-
Non Par Premiums	1,461,279		1,461,279
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	10,436,357		10,436,357
General Revenue Transfer	11,204,081		11,204,081
Total Revenue	\$ 124,654,258	\$ 5,605,201	\$ 130,259,459
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 68,702,399	\$ -	\$ 68,702,399
Non-Medicare Prescription Drug Claims	28,443,142	-	28,443,142
CMS Direct and Low Income Drug Subsidy	-		-
Non-Medicare Managed Care Capitations	5,897,407		5,897,407
Administration	2,732,572		2,732,572
Life Insurance	-		-
Retiree Assistance Program	1,540,721		1,540,721
ACA Reinsurance Contributions	500,000		500,000
ACA Comparative Effectiveness Research Fees	32,670		32,670
Director's Discretionary Fund	285,526		285,526
Total Expenses	\$ 108,134,437	\$ -	\$ 108,134,437
Fiscal Year Results	\$ 16,519,820		\$ 22,125,021
Beginning Plan Reserve	317,404,409		317,404,409
Ending Plan Reserve	\$ 333,924,229		\$ 339,529,430
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 199.23	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 5,605,201	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 119.82	Non-Medicare	7.0%	10.0%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		6.0%

**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

	TRUST Total
Revenues	
WV PEIA Pay Go Premiums	\$ 190,139,316
Retiree Premiums - PPB	115,337,914
Retiree Premiums - MCO	3,097,422
Annual Required Contributions	-
Non Par Premiums	2,864,675
Early Retiree Reinsurance Program (CMS)	-
Investment Income	50,243,114
General Revenue Transfer	30,000,000
Total Revenue	\$ 391,682,441
Program Expenses	
Non-Medicare Medical Claims	\$ 72,974,966
Non-Medicare Prescription Drug Claims	31,052,497
Medicare Medical Claims	4,705,524
Medicare Prescription Drug Claims	3,595,408
Medicare (PDP) Prescription Drug Claims	-
CMS Direct and Low Income Drug Subsidy	-
Non-Medicare Managed Care Capitations	6,369,200
Humana MAPD Program	182,467,161
Administration	5,798,709
Life Insurance	-
Retiree Assistance Program	3,362,933
ACA Reinsurance Contributions	700,000
ACA Comparative Effectiveness Research Fees	129,675
Director's Discretionary Fund	283,254
Total Expenses	\$ 311,439,327
Fiscal Year Results	\$ 80,243,114
Beginning Plan Reserve	752,284,203
Ending Plan Reserve	\$ 832,527,317
Accrued Actuarial Liability (AAL)	\$ 4,868,100,000
Funded Status	17.1%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 210.50	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 17,566,896	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 373.62	Non-Medicare	7.5%	10.5%
		Medicare	7.5%	10.5%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		5.7%

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	\$ 130,489,561		\$ 130,489,561
Employer Premiums - PPB	7,596,359		7,596,359
Employer Premiums - MCO	68,946		68,946
Retiree Premiums - PPB	45,025,595	10,593,233	55,618,828
Retiree Premiums - MCO	205,023	48,236	253,259
Annual Required Contributions	-		-
Non Par Premiums	1,447,234		1,447,234
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	38,647,604		38,647,604
General Revenue Transfer	19,095,378		19,095,378
Total Revenue	\$ 242,575,700	\$ 10,641,469	\$ 253,217,169
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 4,705,524	\$ -	\$ 4,705,524
Medicare Prescription Drug Claims	3,595,408	-	3,595,408
Medicare (PDP) Prescription Drug Claims	-		-
CMS Direct and Low Income Drug Subsidy	-		-
Humana MAPD Program	182,467,161		182,467,161
Administration	2,929,509		2,929,509
Life Insurance	-		-
Retiree Assistance Program	1,698,954		1,698,954
ACA Reinsurance Contributions	500,000		500,000
ACA Comparative Effectiveness Research Fees	96,375		96,375
Director's Discretionary Fund	-		-
Total Expenses	\$ 195,992,931	\$ -	\$ 195,992,931
Fiscal Year Results	\$ 46,582,769		\$ 57,224,238
Beginning Plan Reserve	412,754,772		412,754,772
Ending Plan Reserve	\$ 459,337,541		\$ 469,979,010
Accrued Actuarial Liability (AAL)	\$ 4,868,100,000		\$ 4,868,100,000
Funded Status	16.7%		17.1%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 210.50	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 10,641,469	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 256.41	Medicare	7.5%	10.5%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		5.7%

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	\$ 59,649,756		\$ 59,649,756
Employer Premiums - PPB	17,018,536		17,018,536
Employer Premiums - MCO	1,439,951		1,439,951
Retiree Premiums - PPB	28,432,535	6,671,656	35,104,191
Retiree Premiums - MCO	1,081,496	253,772	1,335,268
Annual Required Contributions	-		-
Non Par Premiums	1,417,441		1,417,441
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	11,595,510		11,595,510
General Revenue Transfer	10,904,622		10,904,622
Total Revenue	\$ 131,539,847	\$ 6,925,428	\$ 138,465,275
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 72,974,966	\$ -	\$ 72,974,966
Non-Medicare Prescription Drug Claims	31,052,497	-	31,052,497
CMS Direct and Low Income Drug Subsidy	-		-
Non-Medicare Managed Care Capitations	6,369,200		6,369,200
Administration	2,869,200		2,869,200
Life Insurance	-		-
Retiree Assistance Program	1,663,979		1,663,979
ACA Reinsurance Contributions	200,000		200,000
ACA Comparative Effectiveness Research Fees	33,299		33,299
Director's Discretionary Fund	283,254		283,254
Total Expenses	\$ 115,446,395	\$ -	\$ 115,446,395
Fiscal Year Results	\$ 16,093,451		\$ 23,018,879
Beginning Plan Reserve	339,529,430		339,529,430
Ending Plan Reserve	\$ 355,622,882		\$ 362,548,310
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 210.50	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 6,925,428	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 117.21	Non-Medicare	7.5%	10.5%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		5.7%

**Attachment - Trust Fund
Historical Monthly Medical and Drug Trends
FY 2012 to FY 2013**

Fiscal Year 2012

Exposure

	<u>Jul-11</u>	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>
NonMed_NonDrug	20,498	21,221	21,302	21,202	20,967	20,793	20,605	20,503	20,371	20,064	19,869	19,658
Med_NonDrug	913	1,215	1,462	1,726	1,962	1,999	2,486	2,731	2,743	3,107	3,301	3,587
NonMed_Drug	18,997	19,666	19,739	19,646	19,427	19,267	19,092	18,999	18,879	18,592	18,410	18,214
Med_Drug	951	1,266	1,523	1,798	2,044	2,082	2,589	2,845	2,858	3,236	3,438	3,736

	<u>Jul-11</u>	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>
NonMed_NonDrug	\$171.70	\$206.06	\$205.01	\$226.80	\$244.80	\$208.38	\$234.59	\$238.53	\$256.08	\$241.56	\$237.97	\$257.46
Med_NonDrug	122.65	139.50	141.83	151.92	129.33	140.39	165.43	123.70	137.55	120.28	113.90	129.64
NonMed_Drug	86.48	110.06	113.32	115.21	115.70	128.22	129.03	125.04	135.50	134.27	139.01	145.20
Med_Drug	<u>155.03</u>	<u>226.06</u>	<u>207.55</u>	<u>189.72</u>	<u>195.68</u>	<u>216.60</u>	<u>203.42</u>	<u>183.12</u>	<u>203.25</u>	<u>182.80</u>	<u>193.05</u>	<u>192.74</u>
Total	\$535.86	\$681.68	\$667.71	\$683.65	\$685.52	\$693.59	\$732.47	\$670.39	\$732.38	\$678.91	\$683.92	\$725.05

Change From Prior Year - Month to Month Analysis

NonMed_NonDrug	-20.2%	8.9%	0.7%	2.4%	6.3%	3.8%	-13.6%	10.0%	-7.5%	-19.0%	-14.6%	-11.2%
Med_NonDrug	-6.8%	-11.0%	16.4%	12.8%	-9.2%	22.9%	1.5%	-20.3%	-18.5%	-12.8%	-22.3%	3.2%
NonMed_Drug	5.5%	4.9%	6.3%	5.7%	1.2%	11.7%	10.9%	14.1%	5.7%	12.5%	14.2%	5.0%
Med_Drug	<u>12.9%</u>	<u>30.3%</u>	<u>12.7%</u>	<u>3.2%</u>	<u>8.5%</u>	<u>16.5%</u>	<u>2.2%</u>	<u>3.5%</u>	<u>-4.9%</u>	<u>-3.0%</u>	<u>-13.9%</u>	<u>-22.3%</u>
Total	-5.3%	9.2%	8.4%	5.3%	2.7%	12.6%	-2.3%	1.8%	-7.0%	-8.7%	-11.3%	-9.6%

Change From Prior Year - Quarter to Quarter Analysis

NonMed_NonDrug			-4.1%			4.2%			-4.7%			-15.0%
Med_NonDrug			-1.5%			7.7%			-12.4%			-11.3%
NonMed_Drug			5.6%			6.2%			10.0%			10.3%
Med_Drug			<u>18.9%</u>			<u>9.4%</u>			<u>0.0%</u>			<u>-13.9%</u>
Total			4.4%			6.8%			-2.8%			-9.9%

Change From Prior Year - Year to Year Analysis

NonMed_NonDrug			3.1%			5.5%			3.1%			-5.7%
Med_NonDrug			-3.6%			1.6%			-1.7%			-4.9%
NonMed_Drug			6.2%			5.9%			6.3%			8.2%
Med_Drug			<u>14.5%</u>			<u>14.3%</u>			<u>9.7%</u>			<u>2.3%</u>
Total			5.1%			7.1%			4.5%			-1.0%

**Attachment - Trust Fund
Historical Monthly Medical and Drug Trends
FY 2012 to FY 2013**

Fiscal Year 2013

Exposure

	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Jan-13</u>	<u>Feb-13</u>	<u>Mar-13</u>	<u>Apr-13</u>
NonMed_NonDrug	20,464	21,016	21,018	20,733	20,642	20,475	20,438	20,393	20,132	19,910
Med_NonDrug	793	1,074	1,292	1,295	1,767	1,968	2,576	2,799	2,776	2,863
NonMed_Drug	18,959	19,469	19,470	19,205	19,124	18,970	18,936	18,894	18,654	18,450
Med_Drug	826	1,119	1,346	1,349	1,841	2,050	2,683	2,916	2,891	2,982

	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Jan-13</u>	<u>Feb-13</u>	<u>Mar-13</u>	<u>Apr-13</u>
NonMed_NonDrug	\$184.44	\$219.24	\$211.68	\$234.48	\$244.74	\$198.49	\$294.60	\$220.15	\$211.39	\$241.89
Med_NonDrug	170.01	172.62	144.71	188.05	136.19	113.26	136.34	128.15	136.08	149.90
NonMed_Drug	81.26	102.76	97.51	117.77	111.82	115.05	113.40	106.36	109.76	123.17
Med_Drug	<u>142.31</u>	<u>178.76</u>	<u>155.30</u>	<u>237.80</u>	<u>196.35</u>	<u>202.40</u>	<u>171.97</u>	<u>143.84</u>	<u>160.32</u>	<u>180.07</u>
Total	\$578.02	\$673.39	\$609.20	\$778.10	\$689.10	\$629.19	\$716.30	\$598.51	\$617.54	\$695.03

Change From Prior Year - Month to Month Analysis

NonMed_NonDrug	7.4%	6.4%	3.3%	3.4%	0.0%	-4.7%	25.6%	-7.7%	-17.5%	0.1%
Med_NonDrug	38.6%	23.7%	2.0%	23.8%	5.3%	-19.3%	-17.6%	3.6%	-1.1%	24.6%
NonMed_Drug	-6.0%	-6.6%	-14.0%	2.2%	-3.4%	-10.3%	-12.1%	-14.9%	-19.0%	-8.3%
Med_Drug	<u>-8.2%</u>	<u>-20.9%</u>	<u>-25.2%</u>	<u>25.3%</u>	<u>0.3%</u>	<u>-6.6%</u>	<u>-15.5%</u>	<u>-21.5%</u>	<u>-21.1%</u>	<u>-1.5%</u>
Total	7.9%	-1.2%	-8.8%	13.8%	0.5%	-9.3%	-2.2%	-10.7%	-15.7%	2.4%

Change From Prior Year - Quarter to Quarter Analysis

NonMed_NonDrug	5.6%					-0.3%			-0.4%	
Med_NonDrug			20.6%			3.8%			-6.1%	
NonMed_Drug			-9.1%			-4.0%			-15.4%	
Med_Drug			<u>-19.1%</u>			<u>5.7%</u>			<u>-19.3%</u>	
Total			-1.3%			1.6%			-9.5%	

Change From Prior Year - Year to Year Analysis

NonMed_NonDrug	-3.7%					-4.7%			-3.6%	
Med_NonDrug			0.4%			-0.4%			1.6%	
NonMed_Drug			4.9%			2.3%			-4.4%	
Med_Drug			<u>-6.4%</u>			<u>-7.0%</u>			<u>-11.6%</u>	
Total			-2.2%			-3.3%			-5.0%	