



**CCRC**  
Actuaries, LLC

## STATE OF WEST VIRGINIA



### **RETIREE HEALTH BENEFIT TRUST FUND**

**Quarterly Report  
December 31, 2014**

**Fiscal Years 2015-2019**

*March 2015*

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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 2016, 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 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 2019 using updated future revenue and plan modifications provided by the Board in the plan adopted in December 2014.

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 2015 the Pay-Go is equivalent to \$305 per retiree per month. In future years, the Pay Go premium may increase by a maximum of 3% per retiree per year, indexed to the initial fixed subsidy determined in FY 2013. The new Pay-Go premium formula is based on the financial plan approved by the Financial Board in December 2014.

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 2017. 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 2015 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 2014.

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., F.C.A., M.A.A.A.  
Managing Partner



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

# **West Virginia Retiree Health Benefit Trust Fund**

## **Report of Independent Actuary**

### **Financial Plan for FY 2015 – 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 February 2015 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 1,129 retirees from June 2014 to March 2015, approximating our current assumption. CCRC Actuaries has updated the claims analysis based on the enrollment through March 2015.

In aggregate, March 2015 enrollment has increased by 1,129 coverages since the end of FY 2014. Aggregate Preferred Provider Benefit (“PPB”) enrollment has increased by 1,140 in total over the same period, while managed care enrollment continues to cover fewer participants, with a slight decrease of 11 coverages. For MAPD Capitations, 40,987 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 March 2015 for purposes of comparison:

| Trust Fund  | Coverage                   | Preferred Provider Benefit* |               |               | Managed Care |            |            |
|-------------|----------------------------|-----------------------------|---------------|---------------|--------------|------------|------------|
|             |                            | Jun-13                      | Jun-14        | Mar-15        | Jun-13       | Jun-14     | Mar-15     |
| Retirees    | Medicare Single            | 17,845                      | 18,429        | 18,851        | 60           | -          | -          |
|             | <u>Medicare Family</u>     | <u>12,592</u>               | <u>13,316</u> | <u>13,803</u> | <u>54</u>    | -          | -          |
|             | Medicare Total             | 30,437                      | 31,745        | 32,654        | 114          | -          | -          |
|             | Non Medicare Single        | 3,488                       | 3,517         | 3,651         | 151          | 159        | 156        |
|             | <u>Non Medicare Family</u> | <u>4,346</u>                | <u>4,384</u>  | <u>4,481</u>  | <u>185</u>   | <u>176</u> | <u>168</u> |
|             | Non Medicare Total         | 7,834                       | 7,901         | 8,132         | 336          | 335        | 324        |
|             | Retiree Total              | 38,271                      | 39,646        | 40,786        | 450          | 335        | 324        |
| Grand Total |                            |                             |               | 38,721        | 39,981       | 41,110     |            |

\* The majority of PPB is capitated through Humana. As of February 2015, there are approximately 773 Medicare retiree coverages under PEIA.

## B. Changes in Claim Backlog

Detail of the medical claim backlog is presented in the PEIA report titled “PEIA Financial Plan 12-31-2014 Quarterly 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<br>FY 2015 Trend | Updated Assumption<br>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 February 2015. 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)**

| <b><u>Fiscal Year</u></b> | <b><u>Medical Medicare</u></b> | <b><u>Medical Non-Medicare</u></b> | <b><u>Drugs Medicare</u></b> | <b><u>Drugs Non-Medicare</u></b> | <b><u>Total</u></b> |
|---------------------------|--------------------------------|------------------------------------|------------------------------|----------------------------------|---------------------|
| 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                      | 21%                            | -3%                                | -3%                          | -8%                              | -2%                 |
| 2014                      | N/A                            | 7%                                 | N/A                          | 6%                               | N/A                 |
| 2015*                     | N/A                            | 6%                                 | N/A                          | 8%                               | N/A                 |

\* Fiscal Year 2015 results are through the first eight months ending February 2015. 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 February 2015 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 2015 revenue and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

| 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 | 32,457   |                           |                           | \$ 123**              | \$ 206**             | \$ 331                   |
|                             | Non-Medicare                        | 8,203    |                           |                           | \$ 711                | \$ 290               |                          |
|                             | Total                               | 40,660   | \$ -                      | \$ 166                    |                       |                      |                          |
|                             | Non-Medicare Managed Care           | 327      | \$ -                      | \$ 564                    |                       |                      | \$ 1,151                 |
|                             | Total                               | 40,987   |                           |                           |                       |                      |                          |

\*Net of rebates and subsidies.

\*\* As of February 2015, there are approximately 773 Medicare coverages that were not capitated through Humana.

Projected plan revenues and administrative expenses were provided by RHBT. The following chart summarizes assumptions used in preparation of the attached forecasts. Both Medicare and Non-Medicare retirees premium received no increases in Fiscal Year 2015 and 2016.

#### Board Decisions – December 2014

| Source  | Fiscal Year 2015 | Fiscal Year 2016 | Fiscal Year 2017 | Fiscal Year 2018 | Fiscal Year 2019 |
|---|------------------|------------------|------------------|------------------|------------------|
| Additional Retiree Premium                                  | \$0              | \$0              | \$17,579,942     | \$10,158,800     | \$16,316,446     |
| General Revenue Transfer                                    | \$0              | \$0              | \$30,000,000     | \$30,000,000     | \$30,000,000     |
| Benefit Reductions/(Increase) - Retiree Non-Medicare        | \$0              | \$3,900,000      | \$0              | \$0              | \$0              |
| Benefit Reductions/(Increase) - Managed Care Capitations    | \$0              | \$590,621        | \$0              | \$0              | \$0              |
| Benefit Reductions/(Increase) - Humana MAPD (calendar year) | \$0              | \$2,568,218      | \$1,531,782      | \$0              | \$0              |
| ACA Reinsurance Contributions (Cost)                        | (\$850,000)      | (\$550,000)      | (\$200,000)      | \$0              | \$0              |
| ACA Comparative Effectiveness Research Fees (Cost)          | (\$31,918)       | (\$32,775)       | (\$33,664)       | (\$34,586)       | (\$35,543)       |
| Pay Go Premium Transfer                                     | \$150,000,000    | \$150,000,000    | \$180,000,000    | \$195,000,000    | \$210,000,000    |
| Actuarial Accrued Liability*                                | \$3,585,500,000  | \$3,743,700,000  | \$3,899,600,000  | \$4,044,600,000  | \$4,181,000,000  |
| Funded Status   | 19.6%            | 19.2%            | 20.2%            | 21.3%            | 22.3%            |

\*Projected Result

The \$3,900,000 of Retiree Non-Medicare benefit reductions in Fiscal Year 2016 is comprised of the following:

|                | <u>Included in 2016 Claim Cost</u> |
|----------------|------------------------------------|
| Medical Claims | (\$2.2 M)                          |
| Drug Claims    | (\$1.7 M)                          |

A detailed list of the benefit reductions for the Non-Medicare Retirees as voted on by the Board consists of the following:

|  | <u>Savings</u> |
|--|----------------|
| Increase Primary Care Office Visit copayment from \$15 to \$20 per visit   | \$0.15 M       |
| Increase Specialist Office Visit copayment from \$25 to \$40 per visit   | \$0.52 M       |
| Increase deductible by \$25 for single coverage and \$50 for family coverage   | \$0.26 M       |
| Increase outpatient surgery copay from \$50 to \$100   | \$0.25 M       |
| Increase emergency room copay to \$100 with no discount  | \$0.07 M       |
| Increase family out-of-pocket maximum for PEIA PPB Plans A and D to twice the employee only amount                                 | \$0.84 M       |
| Add \$100 copay per admission to existing deductible and 20% coinsurance for inpatient hospital care                               | \$0.15 M       |
| Increase Generic Drug Copay for 30 day supply from \$5 to \$10 and for 90 day supply (maintenance only) from \$10 to \$20          | \$1.27 M       |
| Increase Preferred Brand Drug Copay for 30 day supply from \$15 to \$25 and for 90 day supply (maintenance only) from \$30 to \$50 | \$0.42 M       |

The \$4,100,000 of Humana MAPD benefit reductions occurs in calendar year 2016, and can be translated to the following savings in FY 2016 and FY2017:

|                  |          |
|------------------|----------|
| Fiscal Year 2016 | \$2.57 M |
| Fiscal Year 2017 | \$1.53 M |

A detailed listing of the Medicare CY 2016 benefit reductions are comprised of the following:

|   | <u>Savings</u> |
|---|----------------|
| Increase copayment for office visits PCP/Specialist from \$10/\$20 to \$20/\$40 | \$2.0 M        |
| Increase Outpatient Surgery copayment by \$50 from \$50 to \$100                | \$0.3 M        |
| Increase deductible by \$75 per person from \$25 to \$100                       | \$1.8 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 approximately \$1,600,000, with \$850,000 in FY 2015.

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 would accrue and pay these fees in FY 2014 through FY 2019. The fee would be \$2 per member per year. The total comparative effectiveness research fees for the financial projection are estimated to be approximately \$168,000, with \$31,918 in FY 2015.

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 \$2.1 million in FY 2015 to approximately \$2.8 million in FY 2019, based on the Board's direction and projected retiree enrollment growth in the financial plan.

In FY 2015 the Pay-Go is equivalent to \$305 per retiree per month. In future years, the Pay Go premium may increase by a maximum of 3% per retiree per year, indexed to the initial fixed subsidy determined in FY 2013. The new Pay-Go premium formula is based on the financial plan approved by the Financial Board in December 2014.

### **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 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 \$292,346,632 and incurred plan expenses of \$271,146,632 to produce a fiscal year surplus of \$9,646,760 after the Premium Stabilization Reserve drawdown of \$11,553,240. 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 \$331,435,866 and incurred plan expenses of \$287,735,866 to produce a fiscal year surplus of \$16,649,505 after the Premium Stabilization Reserve drawdown of \$27,050,495. The PEIA local and state agencies Pay Go premiums for FY 2016 are assumed to be \$150,000,000.

## **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 \$386,815,831 and incurred plan expenses of \$312,990,504 to produce a fiscal year surplus of \$70,770,889 after the Premium Stabilization Reserve drawdown of \$3,054,438. The PEIA local and state agencies Pay Go premiums for FY 2017 are assumed to be \$180,000,000.

## **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 \$421,475,844 and incurred plan expenses of \$343,321,319 to produce a fiscal year surplus of \$71,513,831 after the Premium Stabilization Reserve drawdown of \$6,640,694. The PEIA local and state agencies Pay Go premiums for FY 2018 are assumed to be \$195,000,000.

## **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 \$461,443,660 and incurred plan expenses of \$378,906,236 to produce a fiscal year surplus of \$73,427,109 after the Premium Stabilization Reserve drawdown of \$9,110,315. The PEIA local and state agencies Pay Go premiums for FY 2019 are assumed to be \$210,000,000.

## **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 2014 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 2015**

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

|   | 7/1/2014<br>to 12/31/2014 | 1/1/2015<br>to 6/30/2015 | TRUST<br>Total        |
|---|---------------------------|--------------------------|-----------------------|
| <u>Revenues</u>                             |                           |                          |                       |
| WV PEIA Pay Go Premiums                     | \$ 75,000,000             | \$ 75,000,000            | \$ 150,000,000        |
| Retiree Premiums - PPB                      | 40,345,713                | 40,722,374               | 81,068,087            |
| Retiree Premiums - MCO                      | 1,108,824                 | 1,105,443                | 2,214,267             |
| Annual Required Contributions               | 61,776                    | 61,776                   | 123,552               |
| Non Par Premiums                            | 1,620,165                 | 1,620,165                | 3,240,330             |
| Life Insurance                              | 11,473,578                | 11,473,578               | 22,947,156            |
| Investment Income                           | 10,600,000                | 10,600,000               | 21,200,000            |
| Transfer from Premium Stabilization Reserve | 5,719,925                 | 5,833,315                | 11,553,240            |
| <b>Total Revenue</b>                        | <b>\$ 145,929,980</b>     | <b>\$ 146,416,652</b>    | <b>\$ 292,346,632</b> |
| <u>Program Expenses</u>                     |                           |                          |                       |
| Non-Medicare Medical Claims                 | \$ 34,020,699             | \$ 35,951,944            | \$ 69,972,643         |
| Non-Medicare Prescription Drug Claims       | 13,165,343                | 15,337,240               | 28,502,583            |
| Medicare Medical Claims                     | 2,165,497                 | 1,039,791                | 3,205,288             |
| Medicare Prescription Drug Claims           | 3,752,530                 | 1,827,821                | 5,580,351             |
| Non-Medicare Managed Care Capitations       | 2,259,235                 | 2,259,235                | 4,518,469             |
| Humana MAPD Program                         | 62,898,716                | 66,043,652               | 128,942,369           |
| Administration                              | 2,306,189                 | 2,306,189                | 4,612,378             |
| Life Insurance                              | 11,356,851                | 11,356,851               | 22,713,702            |
| Retiree Assistance Program                  | 1,033,644                 | 1,033,644                | 2,067,288             |
| ACA Reinsurance Contributions               | 500,000                   | 350,000                  | 850,000               |
| ACA Comparative Effectiveness Research Fees | 15,959                    | 15,959                   | 31,918                |
| Director's Discretionary Fund               | 74,822                    | 74,822                   | 149,643               |
| <b>Total Expenses</b>                       | <b>\$ 133,549,485</b>     | <b>\$ 137,597,147</b>    | <b>\$ 271,146,632</b> |
| <b>Fiscal Year Results</b>                  | <b>\$ 12,380,495</b>      | <b>\$ 8,819,505</b>      | <b>\$ 21,200,000</b>  |
| Beginning Restricted Reserve                |                           |                          | \$ 634,149,243        |
| Ending Restricted Reserve                   |                           |                          | \$ 655,349,243        |
| Beginning Premium Stabilization Reserve     |                           |                          | \$ 57,409,182         |
| PSR Addition/(Drawdown)                     |                           |                          | \$ (11,553,240)       |
| Ending Premium Stabilization Reserve        |                           |                          | \$ 45,855,942         |
| Total Beginning Plan Reserve                |                           |                          | \$ 691,558,426        |
| Total Ending Plan Reserve                   |                           |                          | \$ 701,205,186        |
| Accrued Actuarial Liability (AAL)           |                           |                          | \$ 3,585,500,000      |
| Funded Status                               |                           |                          | 19.6%                 |

**KEY ASSUMPTIONS**

|                                    |           |                                       |                |              |
|------------------------------------|-----------|---------------------------------------|----------------|--------------|
| Pay Go Monthly Premium for Actives | \$ 163.04 | <b>Claim and Other Expense Trends</b> |                |              |
| Additional Retiree Premiums        | \$ -      | <u>Eligibility</u>                    | <u>Medical</u> | <u>Drugs</u> |
| Pay Go PEPM Subsidy for Retirees   | \$ 304.97 | Non-Medicare                          | 5.0%           | 8.0%         |
|                                    |           | Medicare                              | 5.0%           | 8.0%         |
|                                    |           | Capitations                           |                | -6.5%        |
|                                    |           | Administrative Expense                |                | 4.5%         |
| Number of Net New Retirees         | 1,000     | Pay Go Monthly Premium                |                | -7.2%        |

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**APPENDIX - BASELINE SCENARIO  
RHBT - MEDICARE**

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

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

| <b>Medicare Retiree</b>                     | <b>Baseline Projection</b> | <b>Board Decision</b> | <b>Ending Projection</b> |
|---|----------------------------|-----------------------|--------------------------|
| <u>Revenues</u>                             |                            |                       |                          |
| WV PEIA Pay Go Premiums                     | \$ 86,654,858              |                       | \$ 86,654,858            |
| Employer Premiums - PPB                     | 7,799,018                  |                       | 7,799,018                |
| Employer Premiums - MCO                     | -                          |                       | -                        |
| Retiree Premiums - PPB                      | 35,784,858                 | -                     | 35,784,858               |
| Retiree Premiums - MCO                      | -                          | -                     | -                        |
| Annual Required Contributions               | -                          |                       | -                        |
| Non Par Premiums                            | 1,655,244                  |                       | 1,655,244                |
| Life Insurance                              | 11,722,001                 |                       | 11,722,001               |
| Investment Income                           | 11,256,215                 |                       | 11,256,215               |
| Transfer from Premium Stabilization Reserve | 8,496,913                  |                       | 8,496,913                |
| <b>Total Revenue</b>                        | <b>\$ 163,369,107</b>      | <b>\$ -</b>           | <b>\$ 163,369,107</b>    |
| <u>Program Expenses</u>                     |                            |                       |                          |
| Medicare Medical Claims                     | \$ 3,205,288               | \$ -                  | \$ 3,205,288             |
| Medicare Prescription Drug Claims           | 5,580,351                  | -                     | 5,580,351                |
| Humana MAPD Program                         | 128,942,369                |                       | 128,942,369              |
| Administration                              | 1,702,555                  |                       | 1,702,555                |
| Life Insurance                              | 11,602,747                 |                       | 11,602,747               |
| Retiree Assistance Program                  | 1,056,024                  |                       | 1,056,024                |
| ACA Reinsurance Contributions               | -                          |                       | -                        |
| ACA Comparative Effectiveness Research Fees | 23,557                     |                       | 23,557                   |
| Director's Discretionary Fund               | -                          |                       | -                        |
| <b>Total Expenses</b>                       | <b>\$ 152,112,891</b>      | <b>\$ -</b>           | <b>\$ 152,112,891</b>    |
| <b>Fiscal Year Results</b>                  | <b>\$ 11,256,216</b>       |                       | <b>\$ 11,256,216</b>     |
| Beginning Restricted Reserve                | \$ 324,621,385             |                       | \$ 324,621,385           |
| Ending Restricted Reserve                   | <u>\$ 335,877,601</u>      |                       | <u>\$ 335,877,601</u>    |
| Beginning Premium Stabilization Reserve     | \$ 42,564,009              |                       | \$ 42,564,009            |
| PSR Addition/(Drawdown)                     | \$ (8,496,913)             |                       | \$ (8,496,913)           |
| Ending Premium Stabilization Reserve        | <u>\$ 34,067,096</u>       |                       | <u>\$ 34,067,096</u>     |
| Total Beginning Plan Reserve                | 367,185,394                |                       | 367,185,394              |
| Total Ending Plan Reserve                   | <u>\$ 369,944,697</u>      |                       | <u>\$ 369,944,697</u>    |
| Accrued Actuarial Liability (AAL)           | \$ 3,585,500,000           |                       | \$ 3,585,500,000         |
| Funded Status                               | 19.6%                      |                       | 19.6%                    |

**KEY ASSUMPTIONS**

|                                    |           |                                       |                |              |
|------------------------------------|-----------|---------------------------------------|----------------|--------------|
| Pay Go Monthly Premium for Actives | \$ 163.04 | <b>Claim and Other Expense Trends</b> |                |              |
| Additional Retiree Premiums        | \$ -      | <u>Eligibility</u>                    | <u>Medical</u> | <u>Drugs</u> |
| Pay Go PEPM Subsidy for Retirees   | \$ 222.48 | Medicare                              | 5.0%           | 8.0%         |
|                                    |           | Capitations                           |                | -6.5%        |
|                                    |           | Administrative Expense                |                | 4.5%         |
| Number of Net New Retirees         | 700       | Pay Go Monthly Premium                |                | -7.2%        |

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

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

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

| <b>Non-Medicare Retiree</b>                 | <b>Baseline Projection</b> | <b>Board Decision</b> | <b>Ending Projection</b> |
|---|----------------------------|-----------------------|--------------------------|
| <b>Revenues</b>                             |                            |                       |                          |
| WV PEIA Pay Go Premiums                     | \$ 63,345,142              |                       | \$ 63,345,142            |
| Employer Premiums - PPB                     | 15,642,751                 |                       | 15,642,751               |
| Employer Premiums - MCO                     | 1,394,549                  |                       | 1,394,549                |
| Retiree Premiums - PPB                      | 21,841,460                 | -                     | 21,841,460               |
| Retiree Premiums - MCO                      | 819,718                    | -                     | 819,718                  |
| Annual Required Contributions               | 123,552                    |                       | 123,552                  |
| Non Par Premiums                            | 1,585,086                  |                       | 1,585,086                |
| Life Insurance                              | 11,225,155                 |                       | 11,225,155               |
| Investment Income                           | 9,943,785                  |                       | 9,943,785                |
| Transfer from Premium Stabilization Reserve | 3,056,327                  |                       | 3,056,327                |
| <b>Total Revenue</b>                        | <b>\$ 128,977,525</b>      | <b>\$ -</b>           | <b>\$ 128,977,525</b>    |
| <b>Program Expenses</b>                     |                            |                       |                          |
| Non-Medicare Medical Claims                 | \$ 69,972,643              | \$ -                  | \$ 69,972,643            |
| Non-Medicare Prescription Drug Claims       | 28,502,583                 | -                     | 28,502,583               |
| Non-Medicare Managed Care Capitations       | 4,518,469                  |                       | 4,518,469                |
| Administration                              | 2,909,823                  |                       | 2,909,823                |
| Life Insurance                              | 11,110,955                 |                       | 11,110,955               |
| Retiree Assistance Program                  | 1,011,264                  |                       | 1,011,264                |
| ACA Reinsurance Contributions               | 850,000                    |                       | 850,000                  |
| ACA Comparative Effectiveness Research Fees | 8,361                      |                       | 8,361                    |
| Director's Discretionary Fund               | 149,642                    |                       | 149,642                  |
| <b>Total Expenses</b>                       | <b>\$ 119,033,740</b>      | <b>\$ -</b>           | <b>\$ 119,033,740</b>    |
| <b>Fiscal Year Results</b>                  | <b>\$ 9,943,785</b>        |                       | <b>\$ 9,943,785</b>      |
| Beginning Restricted Reserve                | \$ 309,527,860             |                       | \$ 309,527,860           |
| Ending Restricted Reserve                   | <u>\$ 319,471,645</u>      |                       | <u>\$ 319,471,645</u>    |
| Beginning Premium Stabilization Reserve     | \$ 14,845,173              |                       | \$ 14,845,173            |
| PSR Addition/(Drawdown)                     | \$ (3,056,327)             |                       | \$ (3,056,327)           |
| Ending Premium Stabilization Reserve        | <u>\$ 11,788,846</u>       |                       | <u>\$ 11,788,846</u>     |
| Total Beginning Plan Reserve                | 324,373,033                |                       | 324,373,033              |
| Total Ending Plan Reserve                   | <u>\$ 331,260,491</u>      |                       | <u>\$ 331,260,491</u>    |
| Accrued Actuarial Liability (AAL)           | \$ -                       |                       | \$ -                     |
| Funded Status                               | N/A                        |                       | N/A                      |

**KEY ASSUMPTIONS**

|                                    |           |                                       |                |              |
|------------------------------------|-----------|---------------------------------------|----------------|--------------|
| Pay Go Monthly Premium for Actives | \$ 163.04 | <b>Claim and Other Expense Trends</b> |                |              |
| Additional Retiree Premiums        | \$ -      | <u>Eligibility</u>                    | <u>Medical</u> | <u>Drugs</u> |
| Pay Go PEPM Subsidy for Retirees   | \$ 618.82 | Non-Medicare                          | 5.0%           | 8.0%         |
|                                    |           | Capitations                           |                | -6.5%        |
|                                    |           | Administrative Expense                |                | 4.5%         |
| Number of Net New Retirees         | 300       | Pay Go Monthly Premium                |                | -7.2%        |

**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<br>to 12/31/2015 | 1/1/2016<br>to 6/30/2016 | TRUST<br>Total        |
|---|---------------------------|--------------------------|-----------------------|
| <u>Revenues</u>                             |                           |                          |                       |
| WV PEIA Pay Go Premiums                     | \$ 75,000,000             | \$ 75,000,000            | \$ 150,000,000        |
| Retiree Premiums - PPB                      | 40,370,320                | 40,858,753               | 81,229,073            |
| Retiree Premiums - MCO                      | 1,109,332                 | 1,109,332                | 2,218,664             |
| Annual Required Contributions               | -                         | -                        | -                     |
| Non Par Premiums                            | 1,571,560                 | 1,571,560                | 3,143,120             |
| Life Insurance                              | 12,047,257                | 12,047,257               | 24,094,514            |
| Investment Income                           | 21,850,000                | 21,850,000               | 43,700,000            |
| Transfer from Premium Stabilization Reserve | 13,415,081                | 13,635,415               | 27,050,495            |
| General Revenue Transfer                    | -                         | -                        | -                     |
| <b>Total Revenue</b>                        | <b>\$ 165,363,550</b>     | <b>\$ 166,072,317</b>    | <b>\$ 331,435,866</b> |
| <u>Program Expenses</u>                     |                           |                          |                       |
| Non-Medicare Medical Claims                 | \$ 34,333,519             | \$ 36,282,521            | \$ 70,616,040         |
| Non-Medicare Prescription Drug Claims       | 13,310,058                | 15,505,828               | 28,815,886            |
| Medicare Medical Claims                     | 2,277,184                 | 1,096,064                | 3,373,248             |
| Medicare Prescription Drug Claims           | 4,058,656                 | 1,981,580                | 6,040,236             |
| Non-Medicare Managed Care Capitations       | 2,144,663                 | 2,144,663                | 4,289,326             |
| Humana MAPD Program                         | 69,226,175                | 73,654,428               | 142,880,603           |
| Administration                              | 2,375,375                 | 2,375,375                | 4,750,749             |
| Life Insurance                              | 11,924,694                | 11,924,694               | 23,849,387            |
| Retiree Assistance Program                  | 1,116,336                 | 1,116,336                | 2,232,671             |
| ACA Reinsurance Contributions               | 350,000                   | 200,000                  | 550,000               |
| ACA Comparative Effectiveness Research Fees | 16,388                    | 16,388                   | 32,775                |
| Director's Discretionary Fund               | 152,473                   | 152,473                  | 304,945               |
| <b>Total Expenses</b>                       | <b>\$ 141,285,518</b>     | <b>\$ 146,450,348</b>    | <b>\$ 287,735,866</b> |
| <b>Fiscal Year Results</b>                  | <b>\$ 24,078,031</b>      | <b>\$ 19,621,969</b>     | <b>\$ 43,700,000</b>  |
| Beginning Restricted Reserve                |                           |                          | \$ 655,349,243        |
| Ending Restricted Reserve                   |                           |                          | <u>\$ 699,049,243</u> |
| Beginning Premium Stabilization Reserve     |                           |                          | \$ 45,855,942         |
| PSR Addition/(Drawdown)                     |                           |                          | \$ (27,050,495)       |
| Ending Premium Stabilization Reserve        |                           |                          | <u>\$ 18,805,447</u>  |
| Total Beginning Plan Reserve                |                           |                          | \$ 701,205,186        |
| Total Ending Plan Reserve                   |                           |                          | <u>\$ 717,854,691</u> |
| Accrued Actuarial Liability (AAL)           |                           |                          | \$ 3,743,700,000      |
| Funded Status                               |                           |                          | 19.2%                 |

**KEY ASSUMPTIONS**

|                                    |           | Claim and Other Expense Trends |         |       |
|------------------------------------|-----------|--------------------------------|---------|-------|
|                                    |           | Eligibility                    | Medical | Drugs |
| Pay Go Monthly Premium for Actives | \$ 163.04 |                                |         |       |
| Additional Retiree Premiums        | \$ -      |                                |         |       |
| Pay Go PEPM Subsidy for Retirees   | \$ 298.25 | Non-Medicare                   | 5.5%    | 8.5%  |
|                                    |           | Medicare                       | 5.5%    | 8.5%  |
|                                    |           | Capitations                    |         | -5.1% |
|                                    |           | Administrative Expense         |         | 3.0%  |
| Number of Net New Retirees         | 1,000     | Pay Go Monthly Premium         |         | 0.0%  |

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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

| <b>Medicare Retiree</b>                     | <b>Baseline Projection</b> | <b>Board Decision</b> | <b>Ending Projection</b> |
|---|----------------------------|-----------------------|--------------------------|
| <u>Revenues</u>                             |                            |                       |                          |
| WV PEIA Pay Go Premiums                     | \$ 90,846,032              |                       | \$ 90,846,032            |
| Employer Premiums - PPB                     | 7,814,506                  |                       | 7,814,506                |
| Employer Premiums - MCO                     | -                          |                       | -                        |
| Retiree Premiums - PPB                      | 35,855,920                 | -                     | 35,855,920               |
| Retiree Premiums - MCO                      | -                          | -                     | -                        |
| Annual Required Contributions               | -                          |                       | -                        |
| Non Par Premiums                            | 1,605,587                  |                       | 1,605,587                |
| Life Insurance                              | 12,308,102                 |                       | 12,308,102               |
| Investment Income                           | 23,055,424                 |                       | 23,055,424               |
| Transfer from Premium Stabilization Reserve | 18,965,385                 |                       | 18,965,385               |
| General Revenue Transfer                    | -                          |                       | -                        |
| <b>Total Revenue</b>                        | <b>\$ 190,450,956</b>      | <b>\$ -</b>           | <b>\$ 190,450,956</b>    |
| <u>Program Expenses</u>                     |                            |                       |                          |
| Medicare Medical Claims                     | \$ 3,373,248               | \$ -                  | \$ 3,373,248             |
| Medicare Prescription Drug Claims           | 6,040,236                  | -                     | 6,040,236                |
| Humana MAPD Program                         | 145,448,821                | (2,568,218)           | 142,880,603              |
| Administration                              | 1,753,631                  |                       | 1,753,631                |
| Life Insurance                              | 12,182,884                 |                       | 12,182,884               |
| Retiree Assistance Program                  | 1,140,506                  |                       | 1,140,506                |
| ACA Reinsurance Contributions               | -                          |                       | -                        |
| ACA Comparative Effectiveness Research Fees | 24,424                     |                       | 24,424                   |
| Director's Discretionary Fund               | -                          |                       | -                        |
| <b>Total Expenses</b>                       | <b>\$ 169,963,750</b>      | <b>\$ (2,568,218)</b> | <b>\$ 167,395,532</b>    |
| <b>Fiscal Year Results</b>                  | <b>\$ 20,487,206</b>       |                       | <b>\$ 23,055,424</b>     |
| Beginning Restricted Reserve                | \$ 335,877,601             |                       | \$ 335,877,601           |
| Ending Restricted Reserve                   | <u>\$ 356,364,807</u>      |                       | <u>\$ 358,933,025</u>    |
| Beginning Premium Stabilization Reserve     | \$ 34,067,096              |                       | \$ 34,067,096            |
| PSR Addition/(Drawdown)                     | \$ (18,965,385)            |                       | \$ (18,965,385)          |
| Ending Premium Stabilization Reserve        | <u>\$ 15,101,711</u>       |                       | <u>\$ 15,101,711</u>     |
| Total Beginning Plan Reserve                | 369,944,697                |                       | 369,944,697              |
| Total Ending Plan Reserve                   | <u>\$ 371,466,518</u>      |                       | <u>\$ 374,034,736</u>    |
| Accrued Actuarial Liability (AAL)           | \$ 3,743,700,000           |                       | \$ 3,743,700,000         |
| Funded Status                               | 19.0%                      |                       | 19.2%                    |

**KEY ASSUMPTIONS**

|                                    |           |                                       |                |              |
|------------------------------------|-----------|---------------------------------------|----------------|--------------|
| Pay Go Monthly Premium for Actives | \$ 163.04 | <b>Claim and Other Expense Trends</b> |                |              |
| Additional Retiree Premiums        | \$ -      | <u>Eligibility</u>                    | <u>Medical</u> | <u>Drugs</u> |
| Pay Go PEPM Subsidy for Retirees   | \$ 229.06 | Medicare                              | 5.5%           | 8.5%         |
|                                    |           | Capitations                           |                | -5.1%        |
|                                    |           | Administrative Expense                |                | 3.0%         |
| Number of Net New Retirees         | 700       | Pay Go Monthly Premium                |                | 0.0%         |

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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

| <b>Non-Medicare Retiree</b>                 | <b>Baseline Projection</b>   | <b>Board Decision</b> | <b>Ending Projection</b>     |
|---|------------------------------|-----------------------|------------------------------|
| <u>Revenues</u>                             |                              |                       |                              |
| WV PEIA Pay Go Premiums                     | \$ 59,153,968                |                       | \$ 59,153,968                |
| Employer Premiums - PPB                     | 15,673,814                   |                       | 15,673,814                   |
| Employer Premiums - MCO                     | 1,397,318                    |                       | 1,397,318                    |
| Retiree Premiums - PPB                      | 21,884,833                   | -                     | 21,884,833                   |
| Retiree Premiums - MCO                      | 821,346                      | -                     | 821,346                      |
| Annual Required Contributions               | -                            |                       | -                            |
| Non Par Premiums                            | 1,537,533                    |                       | 1,537,533                    |
| Life Insurance                              | 11,786,412                   |                       | 11,786,412                   |
| Investment Income                           | 20,644,576                   |                       | 20,644,576                   |
| Transfer from Premium Stabilization Reserve | 8,085,110                    |                       | 8,085,110                    |
| General Revenue Transfer                    | -                            |                       | -                            |
| <b>Total Revenue</b>                        | <b>\$ 140,984,910</b>        | <b>\$ -</b>           | <b>\$ 140,984,910</b>        |
| <u>Program Expenses</u>                     |                              |                       |                              |
| Non-Medicare Medical Claims                 | \$ 72,816,040                | \$ (2,200,001)        | \$ 70,616,039                |
| Non-Medicare Prescription Drug Claims       | 30,515,886                   | (1,699,999)           | 28,815,887                   |
| Non-Medicare Managed Care Capitations       | 4,879,947                    | (590,621)             | 4,289,326                    |
| Administration                              | 2,997,118                    |                       | 2,997,118                    |
| Life Insurance                              | 11,666,503                   |                       | 11,666,503                   |
| Retiree Assistance Program                  | 1,092,165                    |                       | 1,092,165                    |
| ACA Reinsurance Contributions               | 550,000                      |                       | 550,000                      |
| ACA Comparative Effectiveness Research Fees | 8,351                        |                       | 8,351                        |
| Director's Discretionary Fund               | 304,945                      |                       | 304,945                      |
| <b>Total Expenses</b>                       | <b>\$ 124,830,956</b>        | <b>\$ (4,490,621)</b> | <b>\$ 120,340,334</b>        |
| <b>Fiscal Year Results</b>                  | <b>\$ 16,153,955</b>         |                       | <b>\$ 20,644,576</b>         |
| Beginning Restricted Reserve                | \$ 319,471,645               |                       | \$ 319,471,645               |
| Ending Restricted Reserve                   | <u>\$ 335,625,600</u>        |                       | <u>\$ 340,116,221</u>        |
| Beginning Premium Stabilization Reserve     | \$ 11,788,846                |                       | \$ 11,788,846                |
| PSR Addition/(Drawdown)                     | \$ (8,085,110)               |                       | \$ (8,085,110)               |
| Ending Premium Stabilization Reserve        | <u>\$ 3,703,736</u>          |                       | <u>\$ 3,703,736</u>          |
| <b>Total Beginning Plan Reserve</b>         | <b>331,260,491</b>           |                       | <b>331,260,491</b>           |
| <b>Total Ending Plan Reserve</b>            | <b><u>\$ 339,329,336</u></b> |                       | <b><u>\$ 343,819,957</u></b> |
| Accrued Actuarial Liability (AAL)           | \$ -                         |                       | \$ -                         |
| Funded Status                               | N/A                          |                       | N/A                          |

**KEY ASSUMPTIONS**

|                                    |           |                                       |                |              |
|------------------------------------|-----------|---------------------------------------|----------------|--------------|
| Pay Go Monthly Premium for Actives | \$ 163.04 | <b>Claim and Other Expense Trends</b> |                |              |
| Additional Retiree Premiums        | \$ -      | <u>Eligibility</u>                    | <u>Medical</u> | <u>Drugs</u> |
| Pay Go PEPM Subsidy for Retirees   | \$ 556.32 | Non-Medicare                          | 5.5%           | 8.5%         |
|                                    |           | Capitations                           |                | -5.1%        |
|                                    |           | Administrative Expense                |                | 3.0%         |
| Number of Net New Retirees         | 300       | Pay Go Monthly Premium                |                | 0.0%         |

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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<br>to 12/31/2016 | 1/1/2017<br>to 6/30/2017 | TRUST<br>Total   |
|---|---------------------------|--------------------------|------------------|
| <u>Revenues</u>                             |                           |                          |                  |
| WV PEIA Pay Go Premiums                     | \$ 90,000,000             | \$ 90,000,000            | \$ 180,000,000   |
| Retiree Premiums - PPB                      | 49,261,205                | 49,843,126               | 99,104,331       |
| Retiree Premiums - MCO                      | 1,241,835                 | 1,241,835                | 2,483,670        |
| Annual Required Contributions               | -                         | -                        | -                |
| Non Par Premiums                            | 1,524,413                 | 1,524,413                | 3,048,826        |
| Life Insurance                              | 12,649,620                | 12,649,620               | 25,299,239       |
| Investment Income                           | 21,912,663                | 21,912,663               | 43,825,327       |
| Transfer from Premium Stabilization Reserve | 1,515,239                 | 1,539,199                | 3,054,438        |
| General Revenue Transfer                    | 15,000,000                | 15,000,000               | 30,000,000       |
| <b>Total Revenue</b>                        | \$ 193,104,975            | \$ 193,710,856           | \$ 386,815,831   |
| <u>Program Expenses</u>                     |                           |                          |                  |
| Non-Medicare Medical Claims                 | \$ 35,892,947             | \$ 37,930,473            | \$ 73,823,420    |
| Non-Medicare Prescription Drug Claims       | 14,312,643                | 16,673,811               | 30,986,454       |
| Medicare Medical Claims                     | 2,406,019                 | 1,160,862                | 3,566,881        |
| Medicare Prescription Drug Claims           | 4,410,050                 | 2,158,183                | 6,568,233        |
| Non-Medicare Managed Care Capitations       | 2,316,236                 | 2,316,236                | 4,632,472        |
| Humana MAPD Program                         | 77,203,700                | 83,327,006               | 160,530,706      |
| Administration                              | 2,446,636                 | 2,446,636                | 4,893,272        |
| Life Insurance                              | 12,520,928                | 12,520,928               | 25,041,856       |
| Retiree Assistance Program                  | 1,205,643                 | 1,205,643                | 2,411,285        |
| ACA Reinsurance Contributions               | 200,000                   | -                        | 200,000          |
| ACA Comparative Effectiveness Research Fees | 16,832                    | 16,832                   | 33,664           |
| Director's Discretionary Fund               | 151,131                   | 151,131                  | 302,261          |
| <b>Total Expenses</b>                       | \$ 153,082,764            | \$ 159,907,741           | \$ 312,990,504   |
| <b>Fiscal Year Results</b>                  | \$ 40,022,211             | \$ 33,803,116            | \$ 73,825,327    |
| Beginning Restricted Reserve                |                           |                          | \$ 699,049,243   |
| Ending Restricted Reserve                   |                           |                          | \$ 772,874,570   |
| Beginning Premium Stabilization Reserve     |                           |                          | \$ 18,805,447    |
| PSR Addition/(Drawdown)                     |                           |                          | \$ (3,054,438)   |
| Ending Premium Stabilization Reserve        |                           |                          | \$ 15,751,009    |
| Total Beginning Plan Reserve                |                           |                          | \$ 717,854,691   |
| Total Ending Plan Reserve                   |                           |                          | \$ 788,625,579   |
| Accrued Actuarial Liability (AAL)           |                           |                          | \$ 3,899,600,000 |
| Funded Status                               |                           |                          | 20.2%            |

**KEY ASSUMPTIONS**

|                                    |               |                                       |                |              |
|------------------------------------|---------------|---------------------------------------|----------------|--------------|
| Pay Go Monthly Premium for Actives | \$ 195.65     | <b>Claim and Other Expense Trends</b> |                |              |
| Additional Retiree Premiums        | \$ 17,579,942 | <u>Eligibility</u>                    | <u>Medical</u> | <u>Drugs</u> |
| Pay Go PEPM Subsidy for Retirees   | \$ 349.49     | 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

| <b>Medicare Retiree</b>                     | <b>Baseline Projection</b> | <b>Board Decision</b> | <b>Ending Projection</b> |
|---|----------------------------|-----------------------|--------------------------|
| <u>Revenues</u>                             |                            |                       |                          |
| WV PEIA Pay Go Premiums                     | \$ 112,270,796             |                       | \$ 112,270,796           |
| Employer Premiums - PPB                     | 7,855,601                  |                       | 7,855,601                |
| Employer Premiums - MCO                     | -                          |                       | -                        |
| Retiree Premiums - PPB                      | 36,044,480                 | 10,763,702            | 46,808,182               |
| Retiree Premiums - MCO                      | -                          | -                     | -                        |
| Annual Required Contributions               | -                          |                       | -                        |
| Non Par Premiums                            | 1,557,420                  |                       | 1,557,420                |
| Life Insurance                              | 12,923,507                 |                       | 12,923,507               |
| Investment Income                           | 22,834,976                 |                       | 22,834,976               |
| Transfer from Premium Stabilization Reserve | 5,105,653                  |                       | 5,105,653                |
| General Revenue Transfer                    | 16,901,493                 |                       | 16,901,493               |
| <b>Total Revenue</b>                        | <b>\$ 215,493,925</b>      | <b>\$ 10,763,702</b>  | <b>\$ 226,257,627</b>    |
| <u>Program Expenses</u>                     |                            |                       |                          |
| Medicare Medical Claims                     | \$ 3,566,881               | \$ -                  | \$ 3,566,881             |
| Medicare Prescription Drug Claims           | 6,568,233                  | -                     | 6,568,233                |
| Humana MAPD Program                         | 162,062,488                | (1,531,782)           | 160,530,706              |
| Administration                              | 1,806,240                  |                       | 1,806,240                |
| Life Insurance                              | 12,792,029                 |                       | 12,792,029               |
| Retiree Assistance Program                  | 1,231,747                  |                       | 1,231,747                |
| ACA Reinsurance Contributions               | -                          |                       | -                        |
| ACA Comparative Effectiveness Research Fees | 25,322                     |                       | 25,322                   |
| Director's Discretionary Fund               | -                          |                       | -                        |
| <b>Total Expenses</b>                       | <b>\$ 188,052,940</b>      | <b>\$ (1,531,782)</b> | <b>\$ 186,521,158</b>    |
| <b>Fiscal Year Results</b>                  | <b>\$ 27,440,985</b>       |                       | <b>\$ 39,736,469</b>     |
| Beginning Restricted Reserve                | \$ 358,933,025             |                       | \$ 358,933,025           |
| Ending Restricted Reserve                   | <u>\$ 386,374,010</u>      |                       | <u>\$ 398,669,494</u>    |
| Beginning Premium Stabilization Reserve     | \$ 15,101,711              |                       | \$ 15,101,711            |
| PSR Addition/(Drawdown)                     | \$ (5,105,653)             |                       | \$ (5,105,653)           |
| Ending Premium Stabilization Reserve        | <u>\$ 9,996,058</u>        |                       | <u>\$ 9,996,058</u>      |
| Total Beginning Plan Reserve                | 374,034,736                |                       | 374,034,736              |
| Total Ending Plan Reserve                   | <u>\$ 396,370,068</u>      |                       | <u>\$ 408,665,552</u>    |
| Accrued Actuarial Liability (AAL)           | \$ 3,899,600,000           |                       | \$ 3,899,600,000         |
| Funded Status                               | 19.7%                      |                       | 20.2%                    |

**KEY ASSUMPTIONS**

|                                    |               |                                       |                |              |
|------------------------------------|---------------|---------------------------------------|----------------|--------------|
| Pay Go Monthly Premium for Actives | \$ 195.65     | <b>Claim and Other Expense Trends</b> |                |              |
| Additional Retiree Premiums        | \$ 10,763,702 | <u>Eligibility</u>                    | <u>Medical</u> | <u>Drugs</u> |
| Pay Go PEPM Subsidy for Retirees   | \$ 278.87     | 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

| <b>Non-Medicare Retiree</b>                 | <b>Baseline Projection</b> | <b>Board Decision</b> | <b>Ending Projection</b> |
|---|----------------------------|-----------------------|--------------------------|
| <u>Revenues</u>                             |                            |                       |                          |
| WV PEIA Pay Go Premiums                     | \$ 67,729,204              |                       | \$ 67,729,204            |
| Employer Premiums - PPB                     | 15,804,109                 |                       | 15,804,109               |
| Employer Premiums - MCO                     | 1,408,934                  |                       | 1,408,934                |
| Retiree Premiums - PPB                      | 22,066,760                 | 6,569,677             | 28,636,437               |
| Retiree Premiums - MCO                      | 828,174                    | 246,562               | 1,074,736                |
| Annual Required Contributions               | -                          |                       | -                        |
| Non Par Premiums                            | 1,491,407                  |                       | 1,491,407                |
| Life Insurance                              | 12,375,733                 |                       | 12,375,733               |
| Investment Income                           | 20,990,351                 |                       | 20,990,351               |
| Transfer from Premium Stabilization Reserve | (2,051,215)                |                       | (2,051,215)              |
| General Revenue Transfer                    | 13,098,507                 |                       | 13,098,507               |
| <b>Total Revenue</b>                        | <b>\$ 153,741,965</b>      | <b>\$ 6,816,239</b>   | <b>\$ 160,558,204</b>    |
| <u>Program Expenses</u>                     |                            |                       |                          |
| Non-Medicare Medical Claims                 | \$ 73,823,420              | \$ -                  | \$ 73,823,420            |
| Non-Medicare Prescription Drug Claims       | 30,986,454                 | -                     | 30,986,454               |
| Non-Medicare Managed Care Capitations       | 4,632,472                  |                       | 4,632,472                |
| Administration                              | 3,087,032                  |                       | 3,087,032                |
| Life Insurance                              | 12,249,828                 |                       | 12,249,828               |
| Retiree Assistance Program                  | 1,179,538                  |                       | 1,179,538                |
| ACA Reinsurance Contributions               | 200,000                    |                       | 200,000                  |
| ACA Comparative Effectiveness Research Fees | 8,342                      |                       | 8,342                    |
| Director's Discretionary Fund               | 302,261                    |                       | 302,261                  |
| <b>Total Expenses</b>                       | <b>\$ 126,469,347</b>      | <b>\$ -</b>           | <b>\$ 126,469,347</b>    |
| <b>Fiscal Year Results</b>                  | <b>\$ 27,272,618</b>       |                       | <b>\$ 34,088,857</b>     |
| Beginning Restricted Reserve                | \$ 340,116,221             |                       | \$ 340,116,221           |
| Ending Restricted Reserve                   | <u>\$ 367,388,839</u>      |                       | <u>\$ 374,205,078</u>    |
| Beginning Premium Stabilization Reserve     | \$ 3,703,736               |                       | \$ 3,703,736             |
| PSR Addition/(Drawdown)                     | \$ 2,051,215               |                       | \$ 2,051,215             |
| Ending Premium Stabilization Reserve        | <u>\$ 5,754,951</u>        |                       | <u>\$ 5,754,951</u>      |
| Total Beginning Plan Reserve                | 343,819,957                |                       | 343,819,957              |
| Total Ending Plan Reserve                   | <u>\$ 373,143,790</u>      |                       | <u>\$ 379,960,029</u>    |
| Accrued Actuarial Liability (AAL)           | \$ -                       |                       | \$ -                     |
| Funded Status                               | N/A                        |                       | N/A                      |

**KEY ASSUMPTIONS**

|                                    |              |                                       |                |              |
|------------------------------------|--------------|---------------------------------------|----------------|--------------|
| Pay Go Monthly Premium for Actives | \$ 195.65    | <b>Claim and Other Expense Trends</b> |                |              |
| Additional Retiree Premiums        | \$ 6,816,240 | <u>Eligibility</u>                    | <u>Medical</u> | <u>Drugs</u> |
| Pay Go PEPM Subsidy for Retirees   | \$ 602.34    | 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<br>to 12/31/2017 | 1/1/2018<br>to 6/30/2018 | TRUST<br>Total   |
|---|---------------------------|--------------------------|------------------|
| <b>Revenues</b>                             |                           |                          |                  |
| WV PEIA Pay Go Premiums                     | \$ 97,500,000             | \$ 97,500,000            | \$ 195,000,000   |
| Retiree Premiums - PPB                      | 54,448,734                | 55,077,089               | 109,525,823      |
| Retiree Premiums - MCO                      | 1,316,620                 | 1,316,620                | 2,633,239        |
| Annual Required Contributions               | -                         | -                        | -                |
| Non Par Premiums                            | 1,478,681                 | 1,478,681                | 2,957,362        |
| Life Insurance                              | 13,282,101                | 13,282,101               | 26,564,201       |
| Investment Income                           | 24,077,263                | 24,077,263               | 48,154,525       |
| Transfer from Premium Stabilization Reserve | 3,295,322                 | 3,345,373                | 6,640,694        |
| General Revenue Transfer                    | 15,000,000                | 15,000,000               | 30,000,000       |
| <b>Total Revenue</b>                        | \$ 210,398,719            | \$ 211,077,126           | \$ 421,475,844   |
| <b>Program Expenses</b>                     |                           |                          |                  |
| Non-Medicare Medical Claims                 | \$ 37,700,650             | \$ 39,840,794            | \$ 77,541,444    |
| Non-Medicare Prescription Drug Claims       | 15,461,522                | 18,012,222               | 33,473,744       |
| Medicare Medical Claims                     | 2,554,173                 | 1,235,297                | 3,789,470        |
| Medicare Prescription Drug Claims           | 4,813,920                 | 2,361,318                | 7,175,238        |
| Non-Medicare Managed Care Capitations       | 2,501,535                 | 2,501,535                | 5,003,069        |
| Humana MAPD Program                         | 87,342,382                | 94,723,580               | 182,065,962      |
| Administration                              | 2,520,035                 | 2,520,035                | 5,040,070        |
| Life Insurance                              | 13,146,975                | 13,146,975               | 26,293,949       |
| Retiree Assistance Program                  | 1,302,094                 | 1,302,094                | 2,604,188        |
| ACA Reinsurance Contributions               | -                         | -                        | -                |
| ACA Comparative Effectiveness Research Fees | 17,293                    | 17,293                   | 34,586           |
| Director's Discretionary Fund               | 149,800                   | 149,800                  | 299,599          |
| <b>Total Expenses</b>                       | \$ 167,510,379            | \$ 175,810,941           | \$ 343,321,319   |
| <b>Fiscal Year Results</b>                  | \$ 42,888,340             | \$ 35,266,185            | \$ 78,154,525    |
| Beginning Restricted Reserve                |                           |                          | \$ 772,874,570   |
| Ending Restricted Reserve                   |                           |                          | \$ 851,029,095   |
| Beginning Premium Stabilization Reserve     |                           |                          | \$ 15,751,009    |
| PSR Addition/(Drawdown)                     |                           |                          | \$ (6,640,694)   |
| Ending Premium Stabilization Reserve        |                           |                          | \$ 9,110,315     |
| Total Beginning Plan Reserve                |                           |                          | \$ 788,625,579   |
| Total Ending Plan Reserve                   |                           |                          | \$ 860,139,410   |
| Accrued Actuarial Liability (AAL)           |                           |                          | \$ 4,044,600,000 |
| Funded Status                               |                           |                          | 21.3%            |

**KEY ASSUMPTIONS**

|                                    |               |                                       |                |              |
|------------------------------------|---------------|---------------------------------------|----------------|--------------|
| Pay Go Monthly Premium for Actives | \$ 211.95     | <b>Claim and Other Expense Trends</b> |                |              |
| Additional Retiree Premiums        | \$ 10,158,800 | <u>Eligibility</u>                    | <u>Medical</u> | <u>Drugs</u> |
| Pay Go PEPM Subsidy for Retirees   | \$ 369.91     | 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

| <b>Medicare Retiree</b>                     | <b>Baseline Projection</b> | <b>Board Decision</b> | <b>Ending Projection</b> |
|---|----------------------------|-----------------------|--------------------------|
| <u>Revenues</u>                             |                            |                       |                          |
| WV PEIA Pay Go Premiums                     | \$ 125,338,915             |                       | \$ 125,338,915           |
| Employer Premiums - PPB                     | 7,841,320                  |                       | 7,841,320                |
| Employer Premiums - MCO                     | -                          |                       | -                        |
| Retiree Premiums - PPB                      | 47,041,065                 | 6,214,182             | 53,255,247               |
| Retiree Premiums - MCO                      | -                          | -                     | -                        |
| Annual Required Contributions               | -                          |                       | -                        |
| Non Par Premiums                            | 1,510,697                  |                       | 1,510,697                |
| Life Insurance                              | 13,569,682                 |                       | 13,569,682               |
| Investment Income                           | 24,953,661                 |                       | 24,953,661               |
| Transfer from Premium Stabilization Reserve | 8,163,405                  |                       | 8,163,405                |
| General Revenue Transfer                    | 17,321,038                 |                       | 17,321,038               |
| <b>Total Revenue</b>                        | <b>\$ 245,739,784</b>      | <b>\$ 6,214,182</b>   | <b>\$ 251,953,966</b>    |
| <u>Program Expenses</u>                     |                            |                       |                          |
| Medicare Medical Claims                     | \$ 3,789,470               | \$ -                  | \$ 3,789,470             |
| Medicare Prescription Drug Claims           | 7,175,238                  | -                     | 7,175,238                |
| Humana MAPD Program                         | 182,065,962                |                       | 182,065,962              |
| Administration                              | 1,860,427                  |                       | 1,860,427                |
| Life Insurance                              | 13,431,630                 |                       | 13,431,630               |
| Retiree Assistance Program                  | 1,330,286                  |                       | 1,330,286                |
| ACA Reinsurance Contributions               | -                          |                       | -                        |
| ACA Comparative Effectiveness Research Fees | 26,254                     |                       | 26,254                   |
| Director's Discretionary Fund               | -                          |                       | -                        |
| <b>Total Expenses</b>                       | <b>\$ 209,679,267</b>      | <b>\$ -</b>           | <b>\$ 209,679,267</b>    |
| <b>Fiscal Year Results</b>                  | <b>\$ 36,060,517</b>       |                       | <b>\$ 42,274,699</b>     |
| Beginning Restricted Reserve                | \$ 398,669,494             |                       | \$ 398,669,494           |
| Ending Restricted Reserve                   | <u>\$ 434,730,010</u>      |                       | <u>\$ 440,944,192</u>    |
| Beginning Premium Stabilization Reserve     | \$ 9,996,058               |                       | \$ 9,996,058             |
| PSR Addition/(Drawdown)                     | \$ (8,163,405)             |                       | \$ (8,163,405)           |
| Ending Premium Stabilization Reserve        | <u>\$ 1,832,653</u>        |                       | <u>\$ 1,832,653</u>      |
| Total Beginning Plan Reserve                | 408,665,552                |                       | 408,665,552              |
| Total Ending Plan Reserve                   | <u>\$ 436,562,663</u>      |                       | <u>\$ 442,776,845</u>    |
| Accrued Actuarial Liability (AAL)           | \$ 4,044,600,000           |                       | \$ 4,044,600,000         |
| Funded Status                               | 21.0%                      |                       | 21.3%                    |

**KEY ASSUMPTIONS**

|                                    |              |                                       |                |              |
|------------------------------------|--------------|---------------------------------------|----------------|--------------|
| Pay Go Monthly Premium for Actives | \$ 211.95    | <b>Claim and Other Expense Trends</b> |                |              |
| Additional Retiree Premiums        | \$ 6,214,182 | <u>Eligibility</u>                    | <u>Medical</u> | <u>Drugs</u> |
| Pay Go PEPM Subsidy for Retirees   | \$ 306.75    | 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

| <b>Non-Medicare Retiree</b>                 | <b>Baseline Projection</b> | <b>Board Decision</b> | <b>Ending Projection</b> |
|---|----------------------------|-----------------------|--------------------------|
| <u>Revenues</u>                             |                            |                       |                          |
| WV PEIA Pay Go Premiums                     | \$ 69,661,085              |                       | \$ 69,661,085            |
| Employer Premiums - PPB                     | 15,801,614                 |                       | 15,801,614               |
| Employer Premiums - MCO                     | 1,408,712                  |                       | 1,408,712                |
| Retiree Premiums - PPB                      | 28,825,711                 | 3,801,930             | 32,627,641               |
| Retiree Premiums - MCO                      | 1,081,840                  | 142,688               | 1,224,528                |
| Annual Required Contributions               | -                          |                       | -                        |
| Non Par Premiums                            | 1,446,665                  |                       | 1,446,665                |
| Life Insurance                              | 12,994,520                 |                       | 12,994,520               |
| Investment Income                           | 23,200,864                 |                       | 23,200,864               |
| Transfer from Premium Stabilization Reserve | (1,522,711)                |                       | (1,522,711)              |
| General Revenue Transfer                    | 12,678,962                 |                       | 12,678,962               |
| <b>Total Revenue</b>                        | <b>\$ 165,577,262</b>      | <b>\$ 3,944,618</b>   | <b>\$ 169,521,880</b>    |
| <u>Program Expenses</u>                     |                            |                       |                          |
| Non-Medicare Medical Claims                 | \$ 77,541,444              | \$ -                  | \$ 77,541,444            |
| Non-Medicare Prescription Drug Claims       | 33,473,744                 | -                     | 33,473,744               |
| Non-Medicare Managed Care Capitations       | 5,003,069                  |                       | 5,003,069                |
| Administration                              | 3,179,643                  |                       | 3,179,643                |
| Life Insurance                              | 12,862,319                 |                       | 12,862,319               |
| Retiree Assistance Program                  | 1,273,901                  |                       | 1,273,901                |
| ACA Reinsurance Contributions               | -                          |                       | -                        |
| ACA Comparative Effectiveness Research Fees | 8,332                      |                       | 8,332                    |
| Director's Discretionary Fund               | 299,599                    |                       | 299,599                  |
| <b>Total Expenses</b>                       | <b>\$ 133,642,051</b>      | <b>\$ -</b>           | <b>\$ 133,642,051</b>    |
| <b>Fiscal Year Results</b>                  | <b>\$ 31,935,210</b>       |                       | <b>\$ 35,879,828</b>     |
| Beginning Restricted Reserve                | \$ 374,205,078             |                       | \$ 374,205,078           |
| Ending Restricted Reserve                   | <u>\$ 406,140,289</u>      |                       | <u>\$ 410,084,907</u>    |
| Beginning Premium Stabilization Reserve     | \$ 5,754,951               |                       | \$ 5,754,951             |
| PSR Addition/(Drawdown)                     | \$ 1,522,711               |                       | \$ 1,522,711             |
| Ending Premium Stabilization Reserve        | <u>\$ 7,277,662</u>        |                       | <u>\$ 7,277,662</u>      |
| Total Beginning Plan Reserve                | 379,960,029                |                       | 379,960,029              |
| Total Ending Plan Reserve                   | <u>\$ 413,417,950</u>      |                       | <u>\$ 417,362,568</u>    |
| Accrued Actuarial Liability (AAL)           | \$ -                       |                       | \$ -                     |
| Funded Status                               | N/A                        |                       | N/A                      |

**KEY ASSUMPTIONS**

|                                    |              |                                       |                |              |
|------------------------------------|--------------|---------------------------------------|----------------|--------------|
| Pay Go Monthly Premium for Actives | \$ 211.95    | <b>Claim and Other Expense Trends</b> |                |              |
| Additional Retiree Premiums        | \$ 3,944,618 | <u>Eligibility</u>                    | <u>Medical</u> | <u>Drugs</u> |
| Pay Go PEPM Subsidy for Retirees   | \$ 587.56    | 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<br>to 12/31/2018 | 1/1/2019<br>to 6/30/2019 | TRUST<br>Total        |
|---|---------------------------|--------------------------|-----------------------|
| <u>Revenues</u>                             |                           |                          |                       |
| WV PEIA Pay Go Premiums                     | \$ 105,000,000            | \$ 105,000,000           | \$ 210,000,000        |
| Retiree Premiums - PPB                      | 62,725,320                | 63,432,859               | 126,158,179           |
| Retiree Premiums - MCO                      | 1,438,345                 | 1,438,345                | 2,876,689             |
| Annual Required Contributions               | -                         | -                        | -                     |
| Non Par Premiums                            | 1,434,321                 | 1,434,321                | 2,868,641             |
| Life Insurance                              | 13,946,206                | 13,946,206               | 27,892,412            |
| Investment Income                           | 26,268,712                | 26,268,712               | 52,537,424            |
| Transfer from Premium Stabilization Reserve | 4,522,255                 | 4,588,060                | 9,110,315             |
| General Revenue Transfer                    | 15,000,000                | 15,000,000               | 30,000,000            |
| <b>Total Revenue</b>                        | <b>\$ 230,335,157</b>     | <b>\$ 231,108,502</b>    | <b>\$ 461,443,660</b> |
| <u>Program Expenses</u>                     |                           |                          |                       |
| Non-Medicare Medical Claims                 | \$ 39,785,779             | \$ 42,044,289            | \$ 81,830,068         |
| Non-Medicare Prescription Drug Claims       | 16,779,077                | 19,547,134               | 36,326,211            |
| Medicare Medical Claims                     | 2,724,223                 | 1,320,681                | 4,044,904             |
| Medicare Prescription Drug Claims           | 5,278,848                 | 2,595,379                | 7,874,227             |
| Non-Medicare Managed Care Capitations       | 2,701,658                 | 2,701,658                | 5,403,315             |
| Humana MAPD Program                         | 99,288,136                | 108,194,430              | 207,482,566           |
| Administration                              | 2,595,636                 | 2,595,636                | 5,191,272             |
| Life Insurance                              | 13,804,324                | 13,804,324               | 27,608,647            |
| Retiree Assistance Program                  | 1,406,262                 | 1,406,262                | 2,812,523             |
| ACA Reinsurance Contributions               | -                         | -                        | -                     |
| ACA Comparative Effectiveness Research Fees | 17,771                    | 17,771                   | 35,543                |
| Director's Discretionary Fund               | 148,480                   | 148,480                  | 296,960               |
| <b>Total Expenses</b>                       | <b>\$ 184,530,193</b>     | <b>\$ 194,376,043</b>    | <b>\$ 378,906,236</b> |
| <b>Fiscal Year Results</b>                  | <b>\$ 45,804,964</b>      | <b>\$ 36,732,460</b>     | <b>\$ 82,537,424</b>  |
| Beginning Restricted Reserve                |                           |                          | \$ 851,029,095        |
| Ending Restricted Reserve                   |                           |                          | \$ 933,566,519        |
| Beginning Premium Stabilization Reserve     |                           |                          | \$ 9,110,315          |
| PSR Addition/(Drawdown)                     |                           |                          | \$ (9,110,315)        |
| Ending Premium Stabilization Reserve        |                           |                          | \$ 0                  |
| Total Beginning Plan Reserve                |                           |                          | 860,139,410           |
| Total Ending Plan Reserve                   |                           |                          | \$ 933,566,519        |
| Accrued Actuarial Liability (AAL)           |                           |                          | \$ 4,181,000,000      |
| Funded Status                               |                           |                          | 22.3%                 |

**KEY ASSUMPTIONS**

|                                    |               |                                       |                |              |
|------------------------------------|---------------|---------------------------------------|----------------|--------------|
| Pay Go Monthly Premium for Actives | \$ 228.25     | <b>Claim and Other Expense Trends</b> |                |              |
| Additional Retiree Premiums        | \$ 16,316,446 | <u>Eligibility</u>                    | <u>Medical</u> | <u>Drugs</u> |
| Pay Go PEPM Subsidy for Retirees   | \$ 389.41     | 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                |                | 7.7%         |

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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

| <b>Medicare Retiree</b>                     | <b>Baseline Projection</b> | <b>Board Decision</b> | <b>Ending Projection</b> |
|---|----------------------------|-----------------------|--------------------------|
| <u>Revenues</u>                             |                            |                       |                          |
| WV PEIA Pay Go Premiums                     | \$ 139,140,045             |                       | \$ 139,140,045           |
| Employer Premiums - PPB                     | 7,853,168                  |                       | 7,853,168                |
| Employer Premiums - MCO                     | -                          |                       | -                        |
| Retiree Premiums - PPB                      | 53,498,894                 | 9,975,333             | 63,474,227               |
| Retiree Premiums - MCO                      | -                          | -                     | -                        |
| Annual Required Contributions               | -                          |                       | -                        |
| Non Par Premiums                            | 1,465,376                  |                       | 1,465,376                |
| Life Insurance                              | 14,248,166                 |                       | 14,248,166               |
| Investment Income                           | 27,044,866                 |                       | 27,044,866               |
| Transfer from Premium Stabilization Reserve | 12,000,222                 |                       | 12,000,222               |
| General Revenue Transfer                    | 17,654,535                 |                       | 17,654,535               |
| <b>Total Revenue</b>                        | <b>\$ 272,905,272</b>      | <b>\$ 9,975,333</b>   | <b>\$ 282,880,605</b>    |
| <u>Program Expenses</u>                     |                            |                       |                          |
| Medicare Medical Claims                     | \$ 4,044,904               | \$ -                  | \$ 4,044,904             |
| Medicare Prescription Drug Claims           | 7,874,227                  | -                     | 7,874,227                |
| Humana MAPD Program                         | 207,482,566                |                       | 207,482,566              |
| Administration                              | 1,916,240                  |                       | 1,916,240                |
| Life Insurance                              | 14,103,212                 |                       | 14,103,212               |
| Retiree Assistance Program                  | 1,436,709                  |                       | 1,436,709                |
| ACA Reinsurance Contributions               | -                          |                       | -                        |
| ACA Comparative Effectiveness Research Fees | 27,220                     |                       | 27,220                   |
| Director's Discretionary Fund               | -                          |                       | -                        |
| <b>Total Expenses</b>                       | <b>\$ 236,885,078</b>      | <b>\$ -</b>           | <b>\$ 236,885,078</b>    |
| <b>Fiscal Year Results</b>                  | <b>\$ 36,020,194</b>       |                       | <b>\$ 45,995,527</b>     |
| Beginning Restricted Reserve                | \$ 440,944,192             |                       | \$ 440,944,192           |
| Ending Restricted Reserve                   | <u>\$ 476,964,386</u>      |                       | <u>\$ 486,939,719</u>    |
| Beginning Premium Stabilization Reserve     | \$ 1,832,653               |                       | \$ 1,832,653             |
| PSR Addition/(Drawdown)                     | \$ (12,000,222)            |                       | \$ (12,000,222)          |
| Ending Premium Stabilization Reserve        | <u>\$ (10,167,569)</u>     |                       | <u>\$ (10,167,569)</u>   |
| Total Beginning Plan Reserve                | 442,776,845                |                       | 442,776,845              |
| Total Ending Plan Reserve                   | <u>\$ 466,796,818</u>      |                       | <u>\$ 476,772,151</u>    |
| Accrued Actuarial Liability (AAL)           | \$ 4,181,000,000           |                       | \$ 4,181,000,000         |
| Funded Status                               | 21.9%                      |                       | 22.3%                    |

**KEY ASSUMPTIONS**

|                                    |              |                                       |                |              |
|------------------------------------|--------------|---------------------------------------|----------------|--------------|
| Pay Go Monthly Premium for Actives | \$ 228.25    | <b>Claim and Other Expense Trends</b> |                |              |
| Additional Retiree Premiums        | \$ 9,975,333 | <u>Eligibility</u>                    | <u>Medical</u> | <u>Drugs</u> |
| Pay Go PEPM Subsidy for Retirees   | \$ 335.60    | Medicare                              | 7.0%           | 10.0%        |
|                                    |              | Capitations                           |                | 8.0%         |
|                                    |              | Administrative Expense                |                | 3.0%         |
| Number of Net New Retirees         | 700          | Pay Go Monthly Premium                |                | 7.7%         |

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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

| <b>Non-Medicare Retiree</b>                 | <b>Baseline Projection</b> | <b>Board Decision</b> | <b>Ending Projection</b> |
|---|----------------------------|-----------------------|--------------------------|
| <u>Revenues</u>                             |                            |                       |                          |
| WV PEIA Pay Go Premiums                     | \$ 70,859,955              |                       | \$ 70,859,955            |
| Employer Premiums - PPB                     | 15,863,568                 |                       | 15,863,568               |
| Employer Premiums - MCO                     | 1,414,235                  |                       | 1,414,235                |
| Retiree Premiums - PPB                      | 32,855,479                 | 6,111,736             | 38,967,215               |
| Retiree Premiums - MCO                      | 1,233,078                  | 229,376               | 1,462,454                |
| Annual Required Contributions               | -                          |                       | -                        |
| Non Par Premiums                            | 1,403,265                  |                       | 1,403,265                |
| Life Insurance                              | 13,644,245                 |                       | 13,644,245               |
| Investment Income                           | 25,492,558                 |                       | 25,492,558               |
| Transfer from Premium Stabilization Reserve | (2,889,907)                |                       | (2,889,907)              |
| General Revenue Transfer                    | 12,345,465                 |                       | 12,345,465               |
| <b>Total Revenue</b>                        | <b>\$ 172,221,941</b>      | <b>\$ 6,341,112</b>   | <b>\$ 178,563,053</b>    |
| <u>Program Expenses</u>                     |                            |                       |                          |
| Non-Medicare Medical Claims                 | \$ 81,830,068              | \$ -                  | \$ 81,830,068            |
| Non-Medicare Prescription Drug Claims       | 36,326,211                 | -                     | 36,326,211               |
| Non-Medicare Managed Care Capitations       | 5,403,315                  |                       | 5,403,315                |
| Administration                              | 3,275,032                  |                       | 3,275,032                |
| Life Insurance                              | 13,505,435                 |                       | 13,505,435               |
| Retiree Assistance Program                  | 1,375,813                  |                       | 1,375,813                |
| ACA Reinsurance Contributions               | -                          |                       | -                        |
| ACA Comparative Effectiveness Research Fees | 8,323                      |                       | 8,323                    |
| Director's Discretionary Fund               | 296,960                    |                       | 296,960                  |
| <b>Total Expenses</b>                       | <b>\$ 142,021,157</b>      | <b>\$ -</b>           | <b>\$ 142,021,157</b>    |
| <b>Fiscal Year Results</b>                  | <b>\$ 30,200,784</b>       |                       | <b>\$ 36,541,896</b>     |
| Beginning Restricted Reserve                | \$ 410,084,907             |                       | \$ 410,084,907           |
| Ending Restricted Reserve                   | <u>\$ 440,285,691</u>      |                       | <u>\$ 446,626,803</u>    |
| Beginning Premium Stabilization Reserve     | \$ 7,277,662               |                       | \$ 7,277,662             |
| PSR Addition/(Drawdown)                     | \$ 2,889,907               |                       | \$ 2,889,907             |
| Ending Premium Stabilization Reserve        | <u>\$ 10,167,569</u>       |                       | <u>\$ 10,167,569</u>     |
| Total Beginning Plan Reserve                | 417,362,568                |                       | 417,362,568              |
| Total Ending Plan Reserve                   | <u>\$ 450,453,259</u>      |                       | <u>\$ 456,794,371</u>    |
| Accrued Actuarial Liability (AAL)           | \$ -                       |                       | \$ -                     |
| Funded Status                               | N/A                        |                       | N/A                      |

**KEY ASSUMPTIONS**

|                                    |              |                                       |                |              |
|------------------------------------|--------------|---------------------------------------|----------------|--------------|
| Pay Go Monthly Premium for Actives | \$ 228.25    | <b>Claim and Other Expense Trends</b> |                |              |
| Additional Retiree Premiums        | \$ 6,341,112 | <u>Eligibility</u>                    | <u>Medical</u> | <u>Drugs</u> |
| Pay Go PEPM Subsidy for Retirees   | \$ 568.34    | Non-Medicare                          | 7.0%           | 10.0%        |
|                                    |              | Capitations                           |                | 8.0%         |
|                                    |              | Administrative Expense                |                | 3.0%         |
| Number of Net New Retirees         | 300          | Pay Go Monthly Premium                |                | 7.7%         |

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

**Fiscal Year 2014**

| <b>Exposure</b>   | <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> |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>NonMed_NonDrug</b>                                       | 20,496        | 21,096        | 20,990        | 20,884        | 20,694        | 20,458        | 20,555        | 20,477        | 20,291        | 20,088        | 19,861        | 19,738        |
| <b>Med_NonDrug</b>  | 795           | 1,088         | 1,362         | 1,604         | 1,848         | 2,088         | 1,112         | 953           | 1,116         | 1,324         | 1,513         | 1,709         |
| <b>NonMed_Drug</b>  | 18,995        | 19,550        | 19,452        | 19,354        | 19,177        | 18,959        | 19,050        | 18,975        | 18,801        | 18,615        | 18,404        | 18,291        |
| <b>Med_Drug</b>   | 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> |
| <b>NonMed_NonDrug</b>                                       | \$226.26      | \$226.71      | \$234.74      | \$247.80      | \$276.71      | \$227.39      | \$288.70      | \$252.38      | \$256.68      | \$285.68      | \$260.98      | \$279.98      |
| <b>Med_NonDrug</b>  | 232.87        | 212.04        | 194.74        | 211.98        | 170.60        | 163.63        | 196.33        | 321.64        | 253.40        | 237.18        | 192.99        | 227.73        |
| <b>NonMed_Drug</b>  | 88.46         | 104.86        | 105.46        | 120.45        | 108.24        | 125.22        | 123.69        | 107.56        | 119.97        | 127.33        | 123.97        | 139.01        |
| <b>Med_Drug</b>   | <u>170.08</u> | <u>227.01</u> | <u>185.41</u> | <u>220.60</u> | <u>207.24</u> | <u>261.15</u> | <u>145.71</u> | <u>224.55</u> | <u>225.50</u> | <u>224.60</u> | <u>223.14</u> | <u>249.85</u> |
| <b>Total</b>  | \$717.66      | \$770.62      | \$720.35      | \$800.83      | \$762.80      | \$777.40      | \$754.44      | \$906.13      | \$855.55      | \$874.79      | \$801.07      | \$896.56      |
| <b>Change From Prior Year - Month to Month Analysis</b>     |               |               |               |               |               |               |               |               |               |               |               |               |
| <b>NonMed_NonDrug</b>                                       | 21.7%         | 2.0%          | 8.8%          | 5.4%          | 9.2%          | 13.8%         | 0.0%          | 0.9%          | 8.5%          | 11.6%         | 8.5%          | 3.3%          |
| <b>Med_NonDrug</b>  | 49.2%         | 28.0%         | 35.8%         | 15.6%         | 23.1%         | 42.1%         | 12.9%         | 93.9%         | 56.7%         | 55.1%         | 16.1%         | 106.3%        |
| <b>NonMed_Drug</b>  | 9.0%          | 2.2%          | 8.3%          | 2.4%          | -3.1%         | 8.9%          | 9.2%          | 1.2%          | 9.5%          | 9.2%          | 0.8%          | 12.6%         |
| <b>Med_Drug</b>   | <u>19.6%</u>  | <u>27.0%</u>  | <u>19.4%</u>  | <u>-7.2%</u>  | <u>5.6%</u>   | <u>29.1%</u>  | <u>-26.0%</u> | <u>39.5%</u>  | <u>36.1%</u>  | <u>29.9%</u>  | <u>9.5%</u>   | <u>33.4%</u>  |
| <b>Total</b>  | 26.9%         | 15.2%         | 17.7%         | 3.5%          | 9.0%          | 23.0%         | -2.4%         | 32.6%         | 27.0%         | 25.2%         | 9.2%          | 29.5%         |
| <b>Change From Prior Year - Quarter to Quarter Analysis</b> |               |               |               |               |               |               |               |               |               |               |               |               |
| <b>NonMed_NonDrug</b>                                       |               |               | 10.2%         |               |               | 9.3%          |               |               | 2.9%          |               |               | 7.7%          |
| <b>Med_NonDrug</b>  |               |               | 37.5%         |               |               | 25.0%         |               |               | 53.8%         |               |               | 53.2%         |
| <b>NonMed_Drug</b>  |               |               | 6.2%          |               |               | 2.8%          |               |               | 6.7%          |               |               | 7.5%          |
| <b>Med_Drug</b>   |               |               | <u>22.3%</u>  |               |               | <u>8.3%</u>   |               |               | <u>13.8%</u>  |               |               | <u>23.7%</u>  |
| <b>Total</b>  |               |               | 19.6%         |               |               | 11.2%         |               |               | 18.1%         |               |               | 21.1%         |
| <b>Change From Prior Year - Year to Year Analysis</b>       |               |               |               |               |               |               |               |               |               |               |               |               |
| <b>NonMed_NonDrug</b>                                       |               |               | 5.6%          |               |               | 7.5%          |               |               | 6.3%          |               |               | 7.3%          |
| <b>Med_NonDrug</b>  |               |               | 18.4%         |               |               | 24.1%         |               |               | 34.7%         |               |               | 42.6%         |
| <b>NonMed_Drug</b>  |               |               | -7.7%         |               |               | -6.1%         |               |               | -0.4%         |               |               | 5.8%          |
| <b>Med_Drug</b>   |               |               | <u>3.2%</u>   |               |               | <u>3.9%</u>   |               |               | <u>10.3%</u>  |               |               | <u>16.6%</u>  |
| <b>Total</b>  |               |               | 5.3%          |               |               | 7.6%          |               |               | 12.4%         |               |               | 17.4%         |

**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> | <u>Sep-14</u> | <u>Oct-14</u> | <u>Nov-14</u> | <u>Dec-14</u> | <u>Jan-15</u> | <u>Feb-15</u> |
|-----------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>NonMed_NonDrug</b> | 20,714        | 20,861        | 20,922        | 20,660        | 20,420        | 20,263        | 20,330        | 20,206        |
| <b>Med_NonDrug</b>    | 2,065         | 2,361         | 2,604         | 2,863         | 3,108         | 3,371         | 848           | 727           |
| <b>NonMed_Drug</b>    | 19,191        | 19,328        | 19,385        | 19,146        | 18,924        | 18,777        | 18,838        | 18,723        |
| <b>Med_Drug</b>       | 2,151         | 2,459         | 2,712         | 2,982         | 3,238         | 3,512         | 883           | 757           |

|                       | <u>Jul-14</u> | <u>Aug-14</u> | <u>Sep-14</u> | <u>Oct-14</u> | <u>Nov-14</u> | <u>Dec-14</u> | <u>Jan-15</u> | <u>Feb-15</u> |
|-----------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>NonMed_NonDrug</b> | \$233.50      | \$219.54      | \$253.78      | \$304.24      | \$241.20      | \$275.99      | \$283.30      | \$271.41      |
| <b>Med_NonDrug</b>    | 182.83        | 196.20        | 201.47        | 174.91        | 137.55        | 165.47        | 281.90        | 212.85        |
| <b>NonMed_Drug</b>    | 94.98         | 116.31        | 117.40        | 118.46        | 116.74        | 131.60        | 127.26        | 124.73        |
| <b>Med_Drug</b>       | <u>218.95</u> | <u>232.93</u> | <u>247.86</u> | <u>231.46</u> | <u>217.67</u> | <u>261.96</u> | <u>252.60</u> | <u>360.76</u> |
| <b>Total</b>          | \$730.27      | \$764.98      | \$820.51      | \$829.07      | \$713.17      | \$835.02      | \$945.05      | \$969.75      |

**Change From Prior Year - Month to Month Analysis**

|                       |              |             |              |             |             |             |              |              |
|-----------------------|--------------|-------------|--------------|-------------|-------------|-------------|--------------|--------------|
| <b>NonMed_NonDrug</b> | 3.2%         | -3.2%       | 8.1%         | 22.8%       | -12.8%      | 21.4%       | -1.9%        | 7.5%         |
| <b>Med_NonDrug</b>    | -21.5%       | -7.5%       | 3.5%         | -17.5%      | -19.4%      | 1.1%        | 43.6%        | -33.8%       |
| <b>NonMed_Drug</b>    | 7.4%         | 10.9%       | 11.3%        | -1.6%       | 7.8%        | 5.1%        | 2.9%         | 16.0%        |
| <b>Med_Drug</b>       | <u>28.7%</u> | <u>2.6%</u> | <u>33.7%</u> | <u>4.9%</u> | <u>5.0%</u> | <u>0.3%</u> | <u>73.4%</u> | <u>60.7%</u> |
| <b>Total</b>          | 1.8%         | -0.7%       | 13.9%        | 3.5%        | -6.5%       | 7.4%        | 25.3%        | 7.0%         |

**Change From Prior Year - Quarter to Quarter Analysis**

|                       |              |             |
|-----------------------|--------------|-------------|
| <b>NonMed_NonDrug</b> | 2.8%         | 9.2%        |
| <b>Med_NonDrug</b>    | -9.2%        | -12.5%      |
| <b>NonMed_Drug</b>    | 10.0%        | 3.6%        |
| <b>Med_Drug</b>       | <u>20.1%</u> | <u>3.2%</u> |
| <b>Total</b>          | 4.8%         | 1.5%        |

**Change From Prior Year - Year to Year Analysis**

|                       |              |              |
|-----------------------|--------------|--------------|
| <b>NonMed_NonDrug</b> | 5.6%         | 5.7%         |
| <b>Med_NonDrug</b>    | 27.3%        | 17.5%        |
| <b>NonMed_Drug</b>    | 6.7%         | 6.8%         |
| <b>Med_Drug</b>       | <u>16.3%</u> | <u>14.6%</u> |
| <b>Total</b>          | 13.7%        | 11.1%        |