



**West Virginia Retiree Health Benefit Trust Fund
and
PEIA Finance Board Meeting**

Thursday, March 25, 2021, 1:00 p.m.

Cooper's Rock Conference Room, DEP/PEIA Building, 601 57th Street, SE
Charleston, WV 25304

Agenda

- Roll Call
- Call to Order
- Approval of Minutes
- Plan Year 2021 Financial Update
- Update on Legislative Session
- Public Comments
- Old Business
- New Business
- Next Meeting – June 17, 2021

Roll Call

Chairman

Members:

- Mary Jane Pickens – Chairwoman on behalf of Allan McVey
- Geoff Christian
- Melody A. Duke
- Amanda Meadows
- William “Bill” Milam
- Jason Myers
- Jared Robertson
- Michael T. Smith

Approval of Minutes

December 17, 2020

Chairman



Financial Plan Updates

Chris Borcik, Continuing Care Actuaries



West Virginia Public Employee Insurance Agency

	Fiscal Year 2021 (millions)			Fiscal Year 2022 (millions)		
	Mar-21			Mar-21		
	Financial Plan	Update	Change	Financial Plan	Update	Change
<u>Revenue</u>						
Premiums	\$ 761.0	\$ 762.3	\$ 1.3	\$ 761.1	\$ 762.4	\$ 1.3
Investment Income	20.0	27.0	7.0	12.6	13.3	0.6
Other	28.7	28.5	(0.2)	28.9	28.6	(0.3)
Total	\$ 809.7	\$ 817.8	\$ 8.1	\$ 802.6	\$ 804.3	\$ 1.7
<u>Expenses</u>						
Medical Claims	\$ 450.2	\$ 439.1	\$ (11.1)	\$ 470.2	\$ 458.5	\$ (11.8)
Drug Claims	170.7	173.9	3.2	186.7	190.5	3.7
Capitations	53.1	53.6	0.5	56.3	56.9	0.5
Administration & Wellness	25.0	24.3	(0.7)	27.6	26.9	(0.7)
WV RHBT Pay Go Premiums	137.2	137.5	0.2	100.0	100.3	0.3
ACA Expenses	0.4	0.4	-	0.4	0.4	(0.0)
Other Expenses	3.9	3.9	(0.0)	4.0	4.5	0.5
Total	\$ 840.7	\$ 832.8	\$ (7.9)	\$ 845.3	\$ 837.8	\$ (7.5)
Fiscal Year Results	\$ (31.0)	\$ (15.0)	\$ 15.9	\$ (42.7)	\$ (33.5)	\$ 9.1
Ending Fund Balance	\$ 241.0	\$ 256.9	\$ 15.9	\$ 198.3	\$ 223.4	\$ 25.1
Required Reserve	\$ 126.7	\$ 125.4	\$ (1.3)	\$ 133.2	\$ 132.0	\$ (1.2)
Surplus/(Shortfall)	\$ 114.2	\$ 131.5	\$ 17.3	\$ 65.1	\$ 91.3	\$ 26.2

*The annual Medical Trend through February was -6.3%, while the plan assumption was 5.0%

*The annual Gross Drug Trend through February was 13.3%, while the plan assumption was 13.0%

West Virginia Retiree Health Benefit Trust

	Fiscal Year 2021 (millions)			Fiscal Year 2022 (millions)		
	Financial Plan	Mar-21 Update	Change	Financial Plan	Mar-21 Update	Change
Revenue						
Premiums	\$ 221.2	\$ 221.1	\$ (0.1)	\$ 186.3	\$ 185.4	\$ (0.8)
Annual Required Contributions	-	-	-	-	-	-
Life Insurance	27.3	27.3	0.0	28.6	28.6	0.0
Investment Income	95.8	190.5	94.7	104.4	111.5	7.1
Transfer from Premium Stabilization Reserve	(30.0)	(30.0)	-	3.3	5.5	2.1
General Revenue Transfer	30.0	30.0	-	30.0	30.0	-
Total	\$ 344.2	\$ 438.8	\$ 94.6	\$ 352.7	\$ 361.1	\$ 8.4
Expenses						
Medical Claims	\$ 49.9	\$ 48.5	\$ (1.3)	\$ 52.2	\$ 50.7	\$ (1.4)
Drug Claims	23.3	22.8	(0.5)	25.4	24.7	(0.7)
Capitations	109.7	111.1	1.4	105.8	108.5	2.7
Administration & Wellness	4.4	4.4	0.0	4.7	4.7	0.0
Life Insurance	26.8	27.5	0.7	28.1	28.8	0.7
Retiree Assistance Program	1.7	1.7	(0.0)	1.9	1.8	(0.0)
ACA Expenses	0.0	0.0	0.0	0.0	0.0	(0.0)
Other Expenses	0.2	0.1	(0.1)	0.2	0.2	(0.0)
Total	\$ 216.0	\$ 216.0	\$ 0.1	\$ 218.2	\$ 219.5	\$ 1.3
Fiscal Year Results	\$ 128.3	\$ 222.8	\$ 94.5	\$ 134.4	\$ 141.5	\$ 7.1
Ending Fund Balance	\$ 1,314.8	\$ 1,409.3	\$ 94.5	\$ 1,449.2	\$ 1,550.8	\$ 101.6

*The annual Non-Med Medical Trend through February was -7.8%, while the plan assumption was 5.0%

*The annual Non-Med Gross Drug Trend through February was 7.0%, while the plan assumption was 13.0%

Financial Statements Year to Date

- Financial Statements

By: Jason Haught, CFO, PEIA

West Virginia Public Employees Insurance Agency
Statement of Net Assets
Sunday, January 31, 2021
(Dollars in Thousands)
(Unaudited-For Internal Use Only)

	CURRENT YR	PRIOR YR	VARIANCE	
			\$	%
Assets				
Current assets:				
Cash and cash equivalents	\$37,609	\$6,597	\$31,012	470%
Equity position in Internal Investment pool	9,125	37,684	(28,559)	(76%)
Premiums receivable:				
Other, less allowance for doubtful accounts	11,371	10,054	1,317	13%
Due From RHBT	11,865	5,096	6,769	133%
Accounts receivable:				
Provider refunds, less allowance for doubtful accounts		664	(664)	(100%)
Prescription rebates	28,624	26,842	1,782	7%
Other	12,793	13,487	(694)	(5%)
Total current assets	111,387	100,424	10,963	11%
Noncurrent assets:				
Equity position in Internal Investment pools	287,363	276,514	10,849	4%
Equity position in Internal Investment pool – restricted	12,674	11,645	1,029	9%
Capital assets, net of accumulated depreciation	70	113	(43)	(38%)
Total noncurrent assets	300,107	288,272	11,835	4%
Total assets	411,494	388,696	22,798	6%
Deferred Outflows of Resources Related to Pensions & OPEB				
	358	432	(74)	(17%)
Liabilities				
Current liabilities:				
IBNR	69,890	73,120	(3,230)	(4%)
Current claims payable	5,867	10,288	(4,421)	(43%)
Premium deficiency reserve	46,535	13,359	33,176	248%
Accounts payable	6,463	4,739	1,724	36%
Unearned revenue	13,948	12,417	1,531	12%
Other accrued liabilities	2,538	2,842	(304)	(11%)
Total current liabilities	145,241	116,765	28,476	24%
Noncurrent liabilities:				
Other Liabilities	819	938	(119)	(13%)
Other accrued liabilities: Premium stabilization fund	13,817	10,269	3,548	35%
Total liabilities	159,877	127,972	31,905	25%
Deferred Inflows of Resources Related to Pensions & OPEB				
	432	499	(67)	(13%)
Net position				
Invested in capital assets	70	113	(43)	(38%)
Actuarially Required Reserve	126,749	120,902	5,847	5%
PEIA PSR, Unrestricted	124,724	139,642	(14,918)	(11%)
Total net position	251,543	260,857	(9,114)	(3%)

West Virginia Public Employees Insurance Agency
Statement of Changes in Plan Net Position
For the Seven Months Ending Sunday, January 31, 2021
(Dollars in Thousands)
(Unaudited-For Internal Use Only)

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
OPERATING REVENUE							
Premium Revenue							
\$223,684	\$221,619	\$220,097	Health Insurance - State Gov. - Employers	\$2,065	1%	\$3,587	2%
70,546	70,124	70,216	Health Insurance - State Gov. - Employees	422	1%	330	0%
69,162	62,387	61,408	Health Insurance - Local Gov. - All	6,775	11%	7,754	13%
2,774	2,653	2,719	Administrative Fees, Net of Refunds	121	5%	55	2%
1,088	990	921	Other Premium Revenue	98	10%	167	18%
367,254	357,773	355,361	Total Operating Revenue	9,481	3%	11,893	3%
NON-OPERATING REVENUE							
1,581	860	795	Life Insurance	721	84%	786	99%
12,250	32,083	18,083	Direct Transfer	(19,833)	(62%)	(5,833)	(32%)
27,023	6,824	11,923	Interest and Investment Income	20,199	296%	15,100	127%
80,194	78,750	82,337	WV RHBT Pay Go Premiums	1,444	2%	(2,143)	(3%)
121,048	118,517	113,138	Total Non-Operating Revenue	2,531	2%	7,910	7%
488,302	476,290	468,499	TOTAL REVENUE	12,012	3%	19,803	4%
EXPENSES							
236,747	254,343	226,166	Claims Expense - Medical	17,596	7%	(10,581)	(5%)
98,008	93,858	80,381	Claims Expense - Drugs	(4,150)	(4%)	(17,627)	(22%)
31,287	30,578	29,026	Payments to Managed Care Org.	(709)	(2%)	(2,261)	(8%)
11,053	14,689	12,539	Administrative Service Fees	3,636	25%	1,486	12%
131	4,667	218	Wellness and Disease Management	4,536	97%	87	40%
3,017	2,636	2,676	Other Operating Expenses	(381)	(14%)	(341)	(13%)
1,486	756	888	Life Insurance Expense	(730)	(97%)	(598)	(67%)
238	0	0	ACA Comparative Effectiveness Fee	(238)	0%	(238)	0%
80,194	78,750	82,337	WV RHBT Pay Go Premiums	(1,444)	(2%)	2,143	3%
462,161	480,277	434,231	TOTAL EXPENSES	18,116	4%	(27,930)	(6%)
26,141	(3,987)	34,268	YTD Surplus (Deficit)	30,128	(756%)	(8,127)	(24%)
225,402	225,402	226,389	Total Net Position, Beginning of Period	0	0%	(987)	(0%)
126,749	126,749	120,902	End of Period Net Position, Actuarially Required Reserve	0	0%	5,847	5%
124,794	94,666	139,755	End of Period Net Position, PEIA PSR	30,128	32%	(14,961)	(11%)
\$251,543	\$221,415	\$260,657	Total Net Position, End of Period	\$30,128	14%	(\$9,114)	(3%)

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West Virginia Retiree Health Benefit Trust Fund
STATEMENT OF PLAN NET POSITION
Sunday, January 31, 2021
In Thousands

	<u>CURRENT YR</u>	<u>PRIOR YR</u>	<u>VARIANCE</u>	
			\$	%
ASSETS				
Cash - Operating Fund	\$44,056	\$1,674	\$42,382	2,532%
INVESTMENTS				
WV Board of Treasury Investments	63,520	73,108	(9,588)	(13%)
WV Investment Management Board	1,370,643	1,147,012	223,631	19%
Total Investments	<u>1,434,163</u>	<u>1,220,120</u>	<u>214,043</u>	<u>18%</u>
Due From / (To) WV PEIA	(13,402)	(5,077)	(8,325)	164%
PREMIUM ACCOUNTS RECEIVABLE				
Premium Accounts Receivable	3,280	2,981	299	10%
Less: Allowance for Doubtful Accounts	(143)	(468)	325	(69%)
Net - Premium Accounts Receivable	<u>3,137</u>	<u>2,513</u>	<u>624</u>	<u>25%</u>
Other Receivables	3,973	3,588	385	11%
TOTAL ASSETS	<u>1,471,927</u>	<u>1,222,818</u>	<u>249,109</u>	<u>20%</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows of Resources Related to Pension	112	179	(67)	(37%)
Deferred Outflows of Resources Related to OPEB	79	69	10	14%
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>191</u>	<u>248</u>	<u>(57)</u>	<u>(23%)</u>
LIABILITIES				
Claims payable	8,120	8,990	870	10%
Accounts payable	19	22	3	14%
Accrued Liabilities	11,607	22,067	10,460	47%
TOTAL LIABILITIES	<u>19,746</u>	<u>31,079</u>	<u>11,333</u>	<u>36%</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows of Resources Related to Pension	84	171	87	51%
Deferred Inflows of Resources Related to OPEB	151	103	(48)	(47%)
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>235</u>	<u>274</u>	<u>39</u>	<u>14%</u>
Net Position- PSR	68,107	38,107	30,000	79%
Net Position- Restricted	1,384,030	1,153,503	260,424	23%
NET POSITION RESTRICTED	<u>1,384,030</u>	<u>1,153,503</u>	<u>260,424</u>	<u>23%</u>
FOR POST EMPLOYMENT BENEFITS	<u>\$1,452,137</u>	<u>\$1,191,713</u>	<u>\$260,424</u>	<u>22%</u>

West Virginia Retiree Health Benefit Trust Fund
STATEMENT OF CHANGES IN PLAN NET POSITION
For Seven Months Ending Sunday, January 31, 2021
In Thousands

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
			ADDITIONS				
			Employer Premiums:				
\$1,286	\$1,776	\$1,733	Health premiums - Non Par	(\$490)	(28%)	(\$447)	(26%)
7,668	7,786	8,421	Health Premiums - RLC Health, Life	(118)	(2%)	(753)	(9%)
80,194	78,750	82,337	Pay Go Premiums	1,444	2%	(2,143)	(3%)
17,500	17,500	20,417	State appropriation - OPEB	-	0%	(2,917)	(14%)
106,648	105,812	112,908	Total Employer Premiums	836	1%	(6,260)	(6%)
			Other Additions:				
467	583	467	Retiree Drug Subsidy	(116)	(20%)	-	0%
190,489	51,988	56,366	Investment Income	138,501	266%	134,123	238%
297,604	158,383	169,741	TOTAL ADDITIONS	139,221	88%	127,863	75%
			DEDUCTIONS				
64,781	71,002	64,983	Payments to Managed Care Org.	6,221	9%	202	0%
16,017	15,178	14,793	Life Insurance Expense	(839)	(6%)	(1,224)	(8%)
27,038	31,529	28,424	Medical Claims Expense	4,491	14%	1,386	5%
14,959	17,381	12,857	Pharmacy Claims Expense	2,422	14%	(2,102)	(16%)
882	1,246	1,307	Administrative Service Fees (External)	364	29%	425	33%
(39,332)	(40,611)	(39,918)	Member Health premiums	(1,279)	3%	(586)	1%
(15,907)	(15,259)	(14,556)	Member Life Insurance Premiums	648	(4%)	1,351	(9%)
1,670	2,029	1,799	Other Operating Expenses	359	18%	129	7%
70,108	82,495	69,689	TOTAL DEDUCTIONS	12,387	15%	(419)	(1%)
227,496	75,888	100,052	NET POSITION INCREASE (DECREASE)	151,608	200%	127,444	127%
			Net Position Restricted for Post Employment Benefits				
1,224,641	1,224,641	1,091,661	Beginning of Period Total Net Position	-	0%	132,980	12%
1,384,030	1,232,422	1,153,606	End of Period Net Position - Restricted	151,608	12%	230,424	20%
68,107	68,107	38,107	End of Period Net Position - PSR	-	0%	30,000	79%
\$1,452,137	\$1,300,529	\$1,191,713	End of Period Total Net Position	\$151,608	10%	\$260,424	22%

2021 Regular Legislative Session Update

2021 Regular Legislative Session - Potential Code Changes
Affecting PEIA as of March 17, 2021

(Legislative Session is Currently Active; Subject to Change)

William B. Hicks, General Counsel

- **SB 1**
 - Providing parity of payment for telehealth services between service in-person and service provided through telehealth platform
 - Creates new **W. Va. Code §9-5-28**
 - Amends **W. Va. Code §5-16-7b, §30-1-26, §30-3-13a, §30-14-12d, and §33-57-1**
- **SB 39**
 - Prohibits insurance coverage from requiring prior authorization for tests to stage cancer
 - Creates new **W. Va. Code §5-16-8b, §33-15-4x, §33-16-3kk, §33-24-7x, §33-25-8u, and §33-25A-8x**
- **SB 390**
 - Reorganizing Health Care Authority under DHHR and clarifying responsibilities for all-payer claims database
 - Amends W. Va. Code **§33-4A-1 through -8**
- **SB 395**
 - Expanding PEIA Finance Board Membership
 - Amends **W. Va. Code §5-16-4**
- **SB 398**
 - Limits eligibility of certain employers to participate in PEIA plans
 - Creates new **W. Va. Code §5-16-29**
- **SB 516**
 - Related to PEIA inpatient rates
 - Creates new **W. Va. Code §5-16-30**
- **HB 2005**
 - Relates to health care costs
 - Creates new **W. Va. Code §16-29B-6, §33-60-1 through -9, §33-61-1, §33-61-2, and §47-29-1**

- **HB 2263**
 - Updates the regulation of pharmacy benefit managers
 - Creates new **W. Va. Code §33-51-11**
 - Amends **W. Va. Code §5-16-9, §33-51-3, §33-51-8, and §33-51-9**
- **HB 2634**
 - Coverage for the treatment of chronic pain
 - Amends **W. Va. Code §16-54-8**
- **HB 2965**
 - Requires PEIA, Medicaid and other health insurance providers to cover treatment of pediatric autoimmune neuropsychiatric disorders
 - Creates new **W. Va. Code §5-16-7h, §9-5-28, §33-15-4x, §33-16-3ii, §33-24-7x, §33-25-8u, and §33-25A-8x**

Public Comments

Chairman



Old Business

New Business

Schedule Next Meeting

Chairman

June 17, 2021

Adjourn

Chairman



If you want to request a copy of today's meeting materials, please contact:

Kenna M. DeRaimo

(304) 957-2620

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