

**West Virginia
PEIA/RHBT Finance Board
Thursday, March 19, 2019
DEP Building, Coopers Rock Room, 601 57th Street, SE, Charleston, WV 25304**

MINUTES

PLACE OF MEETING:

The meeting of the Finance Board of the West Virginia Public Employees Insurance Agency (PEIA) and Retiree Health Benefits Trust (RHBT) Fund was via teleconference on March 19, 2020 at 1:00 p.m., pursuant to the online notice filed with the Office of West Virginia Secretary of State Mac Warner. The meeting was held via teleconference in light of the Coronavirus (Covid-19) Pandemic and federal and state guidance for social distancing.

BOARD MEMBERS PRESENT:

Allan McVey, Chairman
Lee Diznoff
Jason Myers
Amanda Meadows
William Milam
Michael Smith
Geoff Christian
Jared Robertson

MEETING BEGAN AT APPROXIMATELY 1:00 P.M. WITH A QUORUM PRESENT

TOPIC: Approval of Minutes from the December 5, 2019 Board Meeting

DISCUSSION: None.

MOTION: A motion was offered by Jason Myers to approve the December 5, 2019 minutes. That motion was seconded by Bill Milam.

ACTION: The motion to approve the minutes was passed unanimously.

TOPIC: Discussion of the FY 2020 Finance Plan Update- Chris Borcik

DISCUSSION: Chris Borcik gave an overview from CCA Financial update for PEIA and RHBT.

West Virginia Public Employee Insurance Agency

	Fiscal Year 2020 (millions)			Fiscal Year 2021 (millions)		
	Mar-20			Mar-20		
	Financial Plan	Update	Change	Financial Plan	Update	Change
Revenue						
Premiums	\$ 743.8	\$ 745.7	\$ 1.9	\$ 743.8	\$ 745.7	\$ 1.9
Investment Income	5.0	11.9	6.9	11.7	13.1	1.4
Other	37.0	37.0	0.1	61.0	61.1	0.1
Total	\$ 785.8	\$ 794.6	\$ 8.9	\$ 816.5	\$ 819.9	\$ 3.4
Expenses						
Medical Claims	\$ 419.4	\$ 410.6	\$ (8.8)	\$ 454.9	\$ 445.7	\$ (9.2)
Drug Claims	151.4	139.6	(11.8)	170.3	157.2	(13.1)
Capitations	49.5	49.8	0.3	52.4	52.7	0.3
Administration & Wellness	32.2	26.3	(5.9)	33.2	23.2	(10.0)
WV RHBT Pay Go Premiums	140.6	141.1	0.5	135.0	135.0	-
ACA Expenses	-	-	-	-	-	-
Other Expenses	3.0	2.4	(0.6)	3.1	3.4	0.3
Total	\$ 796.1	\$ 769.9	\$ (26.2)	\$ 848.9	\$ 817.2	\$ (31.7)
Fiscal Year Results	\$ (10.3)	\$ 24.8	\$ 35.1	\$ (32.4)	\$ 2.6	\$ 35.1
Ending Fund Balance	\$ 229.4	\$ 264.5	\$ 35.1	\$ 197.0	\$ 267.1	\$ 70.1
Required Reserve	\$ 120.9	\$ 116.5	\$ (4.4)	\$ 130.9	\$ 125.7	\$ (5.2)
Surplus/(Shortfall)	\$ 108.5	\$ 148.0	\$ 39.4	\$ 66.1	\$ 141.5	\$ 75.4

*The annual Medical Trend through February was 2.4%, while the plan assumption was 8.0%

*The annual Drug Trend through February was 8.9%, while the plan assumption was 12.0%

West Virginia Retiree Health Benefit Trust

	Fiscal Year 2020 (millions)			Fiscal Year 2021 (millions)		
	Mar-20			Mar-20		
	Financial Plan	Update	Change	Financial Plan	Update	Change
Revenue						
Premiums	\$ 229.9	\$ 229.6	\$ (0.3)	\$ 223.0	\$ 222.0	\$ (1.0)
Annual Required Contributions	-	-	-	-	-	-
Life Insurance	24.9	25.0	0.0	26.2	26.2	0.0
Investment Income	21.7	56.4	34.6	89.1	92.0	2.9
Transfer from Premium Stabilization Reserve	-	-	-	-	-	-
General Revenue Transfer	35.0	35.0	-	30.0	30.0	-
Total	\$ 311.6	\$ 345.9	\$ 34.4	\$ 368.3	\$ 370.2	\$ 1.9
Expenses						
Medical Claims	\$ 55.1	\$ 54.3	\$ (0.8)	\$ 56.0	\$ 53.9	\$ (2.0)
Drug Claims	27.1	23.7	(3.4)	28.3	23.9	(4.4)
Capitations	111.5	111.4	(0.1)	121.7	121.5	(0.2)
Administration	5.5	5.3	(0.2)	5.4	5.2	(0.2)
Life Insurance	24.8	25.4	0.6	26.0	26.6	0.6
Retiree Assistance Program	1.9	1.8	(0.0)	2.0	2.0	(0.0)
ACA Expenses	-	-	-	-	-	-
Other Expenses	0.2	0.1	(0.1)	0.2	0.2	(0.0)
Total	\$ 226.1	\$ 222.0	\$ (4.0)	\$ 239.7	\$ 233.3	\$ (6.3)
Fiscal Year Results	\$ 85.5	\$ 123.9	\$ 38.4	\$ 128.7	\$ 136.9	\$ 8.3
Ending Fund Balance	\$ 1,177.1	\$ 1,215.5	\$ 38.4	\$ 1,305.8	\$ 1,352.5	\$ 46.7

*The annual Non-Med Medical Trend through February was -6.1%, while the plan assumption was 8.0%

*The annual Non-Med Drug Trend through February was 9.1%, while the plan assumption was 12.0%

TOPIC: Financial Updates – Year to date
DISCUSSION: Jason Haught- CFO, PEIA

West Virginia Public Employees Insurance Agency
Statement of Net Position
Friday, January 31, 2020
(Dollars in Thousands)
(Unaudited-For Internal Use Only)

	CURRENT YR	PRIOR YR	VARIANCE	
			\$	%
Assets				
Current assets:				
Cash and cash equivalents	\$6,597	\$10,583	(\$3,986)	(38%)
Equity position in internal investment pool	37,684	53,101	(15,417)	(29%)
Premiums receivable:				
Other, less allowance for doubtful accounts	10,054	7,125	2,929	41%
Due From RHBT	5,096	5,180	(84)	(2%)
Accounts receivable:				
Provider refunds, less allowance for doubtful accounts	664	424	240	57%
Prescription rebates	26,842	19,458	7,384	38%
Other	13,487	15,897	(2,410)	(15%)
Total current assets	100,424	111,768	(11,344)	(10%)
Noncurrent assets:				
Equity position in internal investment pools	276,514	215,010	61,504	29%
Equity position in internal investment pool – restricted	11,645	10,143	1,502	15%
Capital assets, net of accumulated depreciation	113	162	(49)	(30%)
Total noncurrent assets	288,272	225,315	62,957	28%
Total assets	388,696	337,083	51,613	15%
Deferred Outflows of Resources Related to Pensions & OPEB	432	562	(130)	(23%)
Liabilities				
Current liabilities:				
IBNR	73,120	50,050	23,070	46%
Current claims payable	10,288	8,825	1,463	17%
Premium deficiency reserve	13,359		13,359	0%
Accounts payable	4,739	3,893	846	22%
Unearned revenue	12,417	18,735	(6,318)	(34%)
Other accrued liabilities	2,842	2,320	522	23%
Total current liabilities	116,765	83,823	32,942	39%
Noncurrent liabilities:				
Other Liabilities	938	1,151	(213)	(19%)
Other accrued liabilities: Premium stabilization fund	10,269	11,085	(816)	(7%)
Total liabilities	127,972	96,059	31,913	33%
Deferred Inflows of Resources Related to Pensions & OPEB	499	577	(78)	(14%)
Net position				
Invested in capital assets	113	162	(49)	(30%)
Actuarially Required Reserve	120,902	117,161	3,741	(0%)
PEIA PSR, Unrestricted	139,642	123,685	15,957	13%
Total net position	260,657	241,008	19,649	8%

West Virginia Public Employees Insurance Agency
Statement of Changes in Plan Net Position
For the Seven Months Ending Friday, January 31, 2020
(Dollars in Thousands)
(Unaudited-For Internal Use Only)

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
OPERATING REVENUE							
Premium Revenue							
\$220,097	\$219,767	\$215,125	Health Insurance - State Gov. - Employees	\$330	0%	\$4,972	2%
70,216	71,256	71,617	Health Insurance - State Gov. - Employees	(1,040)	(1%)	(1,401)	(2%)
61,408	58,878	57,796	Health Insurance - Local Gov. - All	2,530	4%	3,612	6%
2,719	2,643	2,680	Administrative Fees, Net of Refunds	76	3%	39	1%
921	899	871	Other Premium Revenue	22	2%	50	6%
355,361	353,443	348,089	Total Operating Revenue	1,918	1%	7,272	2%
NON-OPERATING REVENUE							
795	816	783	Life Insurance	(21)	(3%)	12	2%
18,083	5,833	18,083	Direct Transfer	12,250	210%	0	0%
11,923	6,333	1,680	Interest and Investment Income	5,590	88%	10,243	610%
82,337	81,667	88,784	WV RHBT Pay Go Premiums	670	1%	(6,447)	(7%)
113,138	94,649	109,330	Total Non-Operating Revenue	18,489	20%	3,808	3%
468,499	448,092	457,419	TOTAL REVENUE	20,407	5%	11,080	2%
EXPENSES							
226,166	239,532	209,922	Claims Expense - Medical	13,366	6%	(16,244)	(8%)
80,381	85,147	74,392	Claims Expense - Drugs	4,766	6%	(5,989)	(8%)
29,026	28,666	27,106	Payments to Managed Care Org.	(360)	(1%)	(1,920)	(7%)
12,539	8,057	6,814	Administrative Service Fees	(4,482)	(56%)	(5,725)	(84%)
218	875	300	Wellness and Disease Management	657	75%	82	27%
2,676	3,171	2,747	Other Operating Expenses	495	16%	71	3%
888	750	713	Life Insurance Expense	(138)	(18%)	(175)	(25%)
0	0	187	ACA Comparative Effectiveness Fee	0	0%	187	100%
82,337	81,667	88,784	WV RHBT Pay Go Premiums	(670)	(1%)	6,447	7%
434,231	447,865	410,965	TOTAL EXPENSES	13,634	3%	(23,266)	(6%)
34,268	227	46,454	YTD Surplus (Deficit)	34,041	14,996%	(12,186)	(26%)
226,389	226,389	194,554	Total Net Position, Beginning of Period		0%	31,835	16%
120,902	120,902	117,161	End of Period Net Position, Actuarially Required Reserve	0	0%	3,741	3%
139,755	105,714	123,847	End of Period Net Position, PEIA PSR	34,041	32%	15,908	13%
\$260,657	\$226,616	\$241,008	Total Net Position, End of Period	\$34,041	15%	\$19,649	8%

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West Virginia Retiree Health Benefit Trust Fund
STATEMENT OF PLAN NET POSITION
Friday, January 31, 2020
In Thousands

	CURRENT YR	PRIOR YR	VARIANCE	
			\$	%
ASSETS				
Cash - Operating Fund	\$1,674	\$15,727	(\$14,053)	(89%)
INVESTMENTS				
WV Board of Treasury Investments	73,108	75,833	(2,725)	(4%)
WV Investment Management Board	1,147,012	929,118	217,894	23%
Total Investments	1,220,120	1,004,951	215,169	21%
Due From / (To) WV PEIA	(5,077)	(5,179)	102	(2%)
PREMIUM ACCOUNTS RECEIVABLE				
Premium Accounts Receivable	2,981	1,126	1,855	165%
Less: Allowance for Doubtful Accounts	(468)	(468)	-	0%
Net - Premium Accounts Receivable	2,513	658	1,855	282%
Other Receivables	3,588	1,962	1,626	83%
TOTAL ASSETS	1,222,818	1,018,119	204,699	20%
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows of Resources Related to Pension	179	269	(90)	(33%)
Deferred Outflows of Resources Related to OPEB	69	34	35	103%
TOTAL DEFERRED OUTFLOWS OF RESOURCES	248	303	(55)	(18%)
LIABILITIES				
Claims payable	8,990	9,540	550	6%
Accounts payable	20	31	11	35%
Accrued Liabilities	22,069	12,650	(9,419)	(74%)
TOTAL LIABILITIES	31,079	22,221	(8,858)	(40%)
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows of Resources Related to Pension	171	239	68	28%
Deferred Inflows of Resources Related to OPEB	103	77	(26)	(34%)
TOTAL DEFERRED INFLOWS OF RESOURCES	274	316	42	13%
Net Position- PSR	38,107	38,107	-	0%
Net Position- Restricted	1,153,606	957,675	195,828	20%
NET POSITION RESTRICTED				
FOR POST EMPLOYMENT BENEFITS	\$1,191,713	\$995,885	\$195,828	20%

West Virginia Retiree Health Benefit Trust Fund
STATEMENT OF CHANGES IN PLAN NET POSITION
For Seven Months Ending Friday, January 31, 2020
In Thousands

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
			ADDITIONS				
			Employer Premiums:				
\$1,733	\$1,697	\$1,761	Health premiums - Non Par	\$36	2%	(\$28)	(2%)
8,421	8,518	9,238	Health Premiums - RLC Health, Life	(97)	(1%)	(817)	(9%)
82,337	81,667	88,784	Pay Go Premiums	670	1%	(6,447)	(7%)
17,500	17,500	17,500	State appropriation - OPEB	-	0%	-	0%
2,917	2,917	2,917	State appropriation - Premium	-	0%	-	0%
112,908	112,299	120,200	Total Employer Premiums	609	1%	(7,292)	(6%)
			Other Additions:				
467	700	909	Retiree Drug Subsidy	(233)	(33%)	(442)	(49%)
56,366	35,768	1,195	Investment Income	20,598	58%	55,171	4,617%
169,741	148,767	122,304	TOTAL ADDITIONS	20,974	14%	47,437	39%
			DEDUCTIONS				
64,983	66,483	77,809	Payments to Managed Care Org.	1,500	2%	12,826	16%
14,793	14,525	13,846	Life Insurance Expense	(268)	(2%)	(947)	(7%)
28,424	37,749	31,096	Medical Claims Expense	9,325	25%	2,672	9%
12,857	18,661	17,001	Pharmacy Claims Expense	5,804	31%	4,144	24%
-	-	19	Comparative Effectiveness Research Fee	-	0%	19	100%
1,307	997	889	Administrative Service Fees (External)	(310)	(31%)	(418)	(47%)
(39,918)	(41,789)	(38,998)	Member Health premiums	(1,871)	4%	920	(2%)
(14,556)	(14,534)	(13,861)	Member Life Insurance Premiums	22	(0%)	695	(5%)
1,799	2,249	1,733	Other Operating Expenses	450	20%	(66)	(4%)
69,689	84,341	89,534	TOTAL DEDUCTIONS	14,652	17%	19,845	22%
100,052	64,426	32,770	NET POSITION INCREASE (DECREASE)	35,626	55%	67,282	205%
			Net Position Restricted for Post Employment Benefits				
1,091,661	1,091,661	963,115	Beginning of Period Total Net Position	-	0%	128,546	13%
1,153,606	1,117,980	957,778	End of Period Net Position - Restricted	35,626	3%	195,828	20%
38,107	38,107	38,107	End of Period Net Position - PSR	-	0%	-	0%
\$1,191,713	\$1,156,087	\$995,885	End of Period Total Net Position	\$35,626	3%	\$195,828	20%

TOPIC: Legislative Update

DISCUSSION: Bill Hicks discussed the Legislative updates that impact PEIA.

- **SB 291**
 - Requires PEIA and health insurance providers provide mental health parity.
 - Creates new **W. Va. Code §33-15-4u, §33-16-3ff, §33-24-7u, §33-25-8r, and §33-25A-8u.**
 - Amends **W. Va. Code §5-16-7, §33-24-4, and §33-35-6.**
 - Repeals **W. Va. Code §33-15-4a.**
- **HB 4003**
 - Relating to telehealth insurance requirements.
 - Creates new **W. Va. Code §30-1-25 and §33-53-3.**
- **HB 4198**
 - Permitting a person to obtain a 12-month supply of contraceptive drugs.
 - Creates new **W. Va. Code §33-53-2.**
- **HB 4543**
 - Relating to insurance coverage for diabetics.
 - Creates new **W. Va. Code §5A-3-1a, §5A-16-7, and §33-53-1.**
 - Repeals **W. Va. Code §33-15C-1 and §33-16-16.**

TOPIC: Public Comment

DISCUSSION: None

TOPIC: Old Business

DISCUSSION: None.

TOPIC: New Business

DISCUSSION: None.

TOPIC: Schedule Next Meeting – Chairman Allan McVey

DISCUSSION: The next scheduled meeting is June 25,2020 at 1:00 p.m.

TOPIC: Adjourn

ACTION: There being no further business, the March 19, 2020 meeting of the West Virginia RHBT Fund and PEIA Finance Board adjourned at approximately 1:30 p.m.

MOTION: A motion to adjourn the Finance Board was made by Geoff Christian and seconded by Jason Myers.

ACTION: **A motion to adjourn passed unanimously.**

These minutes were transcribed from recording by Kenna M. DeRaimo, Administrative Secretary to the Finance Board, and are respectfully submitted on the 19th day of March 2020.

Kenna M. DeRaimo
RHBT and PEIA Finance Board Secretary

Allan McVey
RHBT and PEIA Finance Board
Chairman Representative