

West Virginia
PEIA/RHBT Finance Board
June 17, 2021
DEP/PEIA Building, Coopers Rock Room 1203
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 held in the Cooper's Rock Conference Room No. 1203 at 601 57th Street SE, Charleston, WV 25304, on Thursday, June 17, 2021, 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 in person and via teleconference.

BOARD MEMBERS PRESENT:

Allan McVey, Chairman
Geoff Christian
Melody A. Duke
Amanda Meadows
William "Bill" Milam
Jason Myers
Jared Robertson
Michael "Mike" T. Smith

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

TOPIC: **Approval of Minutes from the March 25, 2021 Board Meeting**

DISCUSSION: Secretary McVey pointed out a correction to the Minutes.

MOTION: A motion was offered by Bill Milam, to approve the March 25, 2021 minutes. That motion was seconded by Jason Myers.

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

TOPIC: **Discussion of the FY 2021 Finance Plan Update**

DISCUSSION: Chris Borcik gave an overview from CCA of the financial update for PEIA and RHBT.

West Virginia Public Employee Insurance Agency

	Fiscal Year 2021 (millions)			Fiscal Year 2022 (millions)		
	Financial Plan	Jun-21 Update	Change	Financial Plan	Jun-21 Update	Change
Revenue						
Premiums	\$ 761.0	\$ 762.0	\$ 1.0	\$ 761.1	\$ 762.2	\$ 1.0
Investment Income	20.0	36.4	16.4	12.6	12.1	(0.6)
Other	28.7	28.6	(0.1)	28.9	28.7	(0.1)
Total	\$ 809.7	\$ 827.0	\$ 17.3	\$ 802.6	\$ 803.0	\$ 0.3
Expenses						
Medical Claims	\$ 450.2	\$ 467.8	\$ 17.6	\$ 470.2	\$ 492.2	\$ 22.0
Drug Claims	170.7	184.8	14.1	186.7	208.0	21.3
Capitations	53.1	53.9	0.7	56.3	57.1	0.8
Administration & Wellness	25.0	24.8	(0.3)	27.6	27.3	(0.3)
WV RHBT Pay Go Premiums	137.2	137.2	(0.1)	100.0	99.7	(0.3)
ACA Expenses	0.4	0.4	-	0.4	0.4	(0.0)
Other Expenses	3.9	3.0	(1.0)	4.0	4.4	0.4
Total	\$ 840.7	\$ 871.8	\$ 31.1	\$ 845.3	\$ 889.2	\$ 43.9
Fiscal Year Results	\$ (31.0)	\$ (44.8)	\$ (13.8)	\$ (42.7)	\$ (86.2)	\$ (43.5)
Ending Fund Balance	\$ 241.0	\$ 227.1	\$ (13.8)	\$ 198.3	\$ 140.9	\$ (57.4)
Required Reserve	\$ 126.7	\$ 131.5	\$ 4.8	\$ 133.2	\$ 139.9	\$ 6.7
Surplus/(Shortfall)	\$ 114.2	\$ 95.6	\$ (18.6)	\$ 65.1	\$ 1.0	\$ (64.1)

*The annual Medical Trend through June was 16.1%, while the plan assumption was 5.0%

*The annual Gross Drug Trend through June was 13.5%, while the plan assumption was 13.0%

West Virginia Retiree Health Benefit Trust

	Fiscal Year 2021 (millions)			Fiscal Year 2022 (millions)		
	Financial Plan	Jun-21 Update	Change	Financial Plan	Jun-21 Update	Change
Revenue						
Premiums	\$ 221.2	\$ 220.3	\$ (0.9)	\$ 186.3	\$ 183.5	\$ (2.8)
Annual Required Contributions	-	-	-	-	-	-
Life Insurance	27.3	27.3	(0.0)	28.6	28.6	(0.0)
Investment Income	95.8	299.5	203.7	104.4	119.6	15.2
Transfer from Premium Stabilization Reserve	(30.0)	(30.0)	-	3.3	5.5	2.2
General Revenue Transfer	30.0	30.0	-	30.0	30.0	-
Total	\$ 344.2	\$ 547.0	\$ 202.8	\$ 352.7	\$ 367.3	\$ 14.6
Expenses						
Medical Claims	\$ 49.9	\$ 50.9	\$ 1.0	\$ 52.2	\$ 54.2	\$ 2.1
Drug Claims	23.3	24.7	1.4	25.4	27.8	2.4
Capitations	109.7	106.9	(2.8)	105.8	100.0	(5.8)
Administration & Wellness	4.4	4.5	0.2	4.7	4.9	0.2
Life Insurance	26.8	27.4	0.6	28.1	28.7	0.6
Retiree Assistance Program	1.7	1.7	(0.1)	1.9	1.8	(0.1)
ACA Expenses	0.0	0.0	0.0	0.0	0.0	(0.0)
Other Expenses	0.2	0.0	(0.2)	0.2	0.2	(0.0)
Total	\$ 216.0	\$ 216.1	\$ 0.2	\$ 218.2	\$ 217.7	\$ (0.6)
Fiscal Year Results	\$ 128.3	\$ 330.8	\$ 202.6	\$ 134.4	\$ 149.6	\$ 15.2
Ending Fund Balance	\$ 1,314.8	\$ 1,517.4	\$ 202.6	\$ 1,449.2	\$ 1,667.0	\$ 217.8

*The annual Non-Med Medical Trend through June was 10.6%, while the plan assumption was 5.0%

*The annual Non-Med Gross Drug Trend through June was 6.0%, while the plan assumption was 13.0%

TOPIC: Financial Updates – Year to Date

DISCUSSION: Jason Haight, PEIA’s CFO gave an overview of financials.

West Virginia Public Employees Insurance Agency
Statement of Net Position
 Friday, April 30, 2021
 (Dollars in Thousands)
 (Unaudited-For Internal Use Only)

	CURRENT YR	PRIOR YR	VARIANCE	
			\$	%
Assets				
Current assets:				
Cash and cash equivalents	\$11,074	\$8,153	\$2,921	36%
Equity position in Internal Investment pool	26,905	74,348	(47,443)	(64%)
Premiums receivable:				
Other, less allowance for doubtful accounts	3,380	9,193	(5,813)	(63%)
Due From RHBT	14,420	6,173	8,247	134%
Accounts receivable:				
Provider refunds, less allowance for doubtful accounts		664	(664)	(100%)
Prescription rebates	29,049	25,866	3,183	12%
Other	18,173	27,560	(9,387)	(34%)
Total current assets	103,001	151,957	(48,956)	(32%)
Noncurrent assets:				
Equity position in Internal Investment pools	266,715	200,322	66,393	33%
Equity position in Internal Investment pool – restricted	12,625	10,073	2,552	25%
Capital assets, net of accumulated depreciation	54	98	(44)	(45%)
Total noncurrent assets	279,394	210,493	68,901	33%
Total assets	382,395	362,450	19,945	6%
Deferred Outflows of Resources Related to Pensions & OPEB	358	432	(74)	(17%)
Liabilities				
Current liabilities:				
IBNR	76,110	83,260	(7,150)	(9%)
Current claims payable	5,816	4,724	1,092	23%
Premium deficiency reserve	46,535	13,359	33,176	248%
Accounts payable	3,519	4,992	(1,473)	(30%)
Unearned revenue	12,236	10,374	1,862	18%
Other accrued liabilities	2,538	2,842	(304)	(11%)
Total current liabilities	146,754	119,551	27,203	23%
Noncurrent liabilities:				
Other Liabilities	819	938	(119)	(13%)
Other accrued liabilities: Premium stabilization fund	13,817	8,756	5,061	58%
Total liabilities	161,390	129,245	32,145	25%
Deferred Inflows of Resources Related to Pensions & OPEB	432	499	(67)	(13%)
Net position				
Invested in capital assets	54	98	(44)	(45%)
Actuarially Required Reserve	126,749	120,902	5,847	0%
PEIA PSR, Unrestricted	94,125	112,139	(18,014)	(16%)
Total net position	220,928	233,139	(12,211)	(5%)

West Virginia Public Employees Insurance Agency
Statement of Changes in Plan Net Position
For the Ten Months Ending Friday, April 30, 2021
(Dollars in Thousands)
(Unaudited-For Internal Use Only)

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
			OPERATING REVENUE				
			Premium Revenue				
\$319,406	\$316,599	\$314,800	Health Insurance - State Gov. - Employers	\$2,807	1%	\$4,606	1%
100,830	100,177	100,357	Health Insurance - State Gov. - Employees	653	1%	473	0%
98,918	89,125	88,097	Health Insurance - Local Gov. - All	9,793	11%	10,821	12%
4,045	3,790	3,979	Administrative Fees, Net of Refunds	255	7%	66	2%
1,574	1,414	1,313	Other Premium Revenue	160	11%	261	20%
524,773	511,105	508,546	Total Operating Revenue	13,668	3%	16,227	3%
			NON-OPERATING REVENUE				
2,280	1,229	935	Life Insurance	1,051	86%	1,345	144%
17,500	45,833	25,833	Direct Transfer	(28,333)	(62%)	(8,333)	(32%)
36,382	9,748	(4,203)	Interest and Investment Income	26,634	273%	40,585	(966%)
114,306	112,500	117,825	WV RHBT Pay Go Premiums	1,806	2%	(3,510)	(3%)
170,468	169,310	140,390	Total Non-Operating Revenue	1,158	1%	30,078	21%
695,241	680,415	648,936	TOTAL REVENUE	14,826	2%	46,305	7%
			EXPENSES				
367,975	371,563	348,110	Claims Expense - Medical	3,588	1%	(19,865)	(6%)
149,483	138,624	111,561	Claims Expense - Drugs	(10,859)	(8%)	(37,922)	(34%)
44,878	43,684	41,549	Payments to Managed Care Org.	(1,194)	(3%)	(3,329)	(8%)
16,094	20,984	17,684	Administrative Service Fees	4,890	23%	1,590	9%
131	6,667	319	Wellness and Disease Management	6,536	98%	188	59%
4,418	3,786	3,727	Other Operating Expenses	(653)	(17%)	(692)	(19%)
2,089	1,081	1,411	Life Insurance Expense	(1,008)	(93%)	(678)	(48%)
340	0	0	ACA Comparative Effectiveness Fee	(340)	0%	(340)	0%
114,306	112,500	117,825	WV RHBT Pay Go Premiums	(1,806)	(2%)	3,510	3%
699,715	698,869	642,186	TOTAL EXPENSES	(846)	(0%)	(57,529)	(9%)
(4,474)	(18,454)	6,750	YTD Surplus (Deficit)	13,980	(76%)	(11,224)	(166%)
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%
94,179	80,199	112,237	End of Period Net Position, PEIA PSR	13,980	17%	(18,058)	(16%)
\$220,928	\$206,948	\$233,139	Total Net Position, End of Period	\$13,980	7%	(\$12,211)	(5%)

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West Virginia Retiree Health Benefit Trust Fund
STATEMENT OF PLAN NET POSITION
Friday, April 30, 2021
In Thousands

	CURRENT YR	PRIOR YR	VARIANCE	
			\$	%
ASSETS				
Cash - Operating Fund	\$12,627	\$11,466	\$1,161	10%
INVESTMENTS				
WV Board of Treasury Investments	68,534	123,339	(54,805)	(44%)
WV Investment Management Board	1,529,614	1,014,170	515,444	51%
Total Investments	1,598,148	1,137,509	460,639	40%
Due From / (To) WV PEIA	(14,420)	(6,173)	(8,247)	134%
PREMIUM ACCOUNTS RECEIVABLE				
Premium Accounts Receivable	866	2,852	(1,986)	(70%)
Less: Allowance for Doubtful Accounts	(143)	(468)	325	(69%)
Net - Premium Accounts Receivable	723	2,384	(1,661)	(70%)
Other Receivables	351	889	(538)	(61%)
TOTAL ASSETS	1,597,429	1,146,075	451,354	39%
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	191	248	(57)	(23%)
LIABILITIES				
Claims payable	7,650	11,170	3,520	32%
Accounts payable	17	21	4	19%
Accrued Liabilities	9,211	12,930	3,719	29%
TOTAL LIABILITIES	16,878	24,121	7,243	30%
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	235	274	39	14%
Net Position- PSR	68,107	38,107	30,000	79%
Net Position- Restricted	1,512,400	1,083,718	428,682	42%
NET POSITION RESTRICTED FOR POST EMPLOYMENT BENEFITS	\$1,580,507	\$1,121,928	\$458,579	41%

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PUBLIC COMMENTS AND QUESTIONS:

DISCUSSION: None.

TOPIC: Old Business

DISCUSSION: None.

TOPIC: New Business – Director Ted Cheatham

- Humana Contract – Hoping to have plan by September meeting.
- Proposed Public Hearing Dates
 - November 8 – Telephone Town Hall
 - November 9 – Charleston
 - November 10 – Beckley
 - November 16 – Martinsburg
 - November 17 – Morgantown
 - November 18 - Wheeling
- PBM is out to bid.

TOPIC: Next Meeting

DISCUSSION: September 23, 2021

TOPIC: Adjourn

ACTION: There being no further business, the June 17, 2021 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 Bill Milam and seconded by Jason Myers.

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

These minutes were transcribed from recording by Kenna DeRaimo, Finance Board Secretary, and are respectfully submitted on the 23rd day of September 2021.