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

Thursday, December 10, 2015, 2:00 p.m.

Canaan Valley Room 1041, DEP Building, 601 57th Street, SE
Charleston, WV 25304

Agenda

- Roll Call
- Call to Order
- Approval of Minutes
- 5 Year Plan
- Proposed Benefit Adjustments
- Other Issues Discussed at Public Hearings
- Public Comment
- 5 Year Plan Adoption
- Director Update
- Old Business
- New Business
- Schedule Next Meeting
- Adjourn

Roll Call

Jason Pizatella, Chairman

Members:

- James W. Dailey, II
- Brian Donat
- Troy Giatras
- Elaine Harris
- William “Bill” Ihlenfeld
- William “Bill” Milam
- Michael T. Smith
- Joshua Sword

Approval of Minutes

October 15, 2015

Jason Pizatella, Chairman

5 Year Plan

Ted Cheatham, PEIA Director

5 Year Plan

Recommendation:

Adopt plan taken to Public Hearings for Actives, Non-states and Retirees as follows:

5 Year Plan: State and Non-State

WV PEIA Financial Plan FY 2016 - FY 2020

	2016	2017	2018	2019	2020
Additional Employer Premium	$ -	$ -	$ 38,000,000	$ 37,000,000	$ 43,000,000
Increase	0%	0%	8%	7%	8%
Local Fund Premium Increase	$ (3,000,000)	$ 3,150,000	$ 8,000,000	$ 14,000,000	$ 16,000,000
Increase	-3%	3%	7%	12%	12%
Employee Premium	$ -	$ -	$ 7,000,000	$ 9,300,000	$ 10,800,000
Increase	0%	0%	6%	7%	8%
Board Decision Benefit Reduction - Active State Medical	$ 13,500,000	$ 56,825,000	$ -	$ -	$ -
Board Decision Benefit Reduction - Active State Drugs	$ 10,700,000	$ 17,116,000			
Board Decision Benefit Reduction - Active Local Medical	$ 3,900,000	$ 1,575,000	$ -	$ -	$ -
Board Decision Benefit Reduction - Active Local Drugs	$ 1,800,000	$ -			
Board Decision Benefit Reduction - Managed Care Capitations	$ 5,124,387	$ 4,300,000	$ -	$ -	$ -
PPACA Reinsurance Contributions (Cost)	$ (5,400,000)	$ (1,800,000)	$ -	$ -	$ -
PPACA Comparative Effectiveness Research Fees (Cost)	$ (315,719)	$ (315,506)	$ (315,364)	$ (315,295)	$ -
Pay Go Premium Transfer	$ 150,000,000	$ 160,000,000	$ 170,000,000	$ 180,000,000	$ 190,000,000

Total Fund	2016	2017	2018	2019	2020
Beginning Reserve	$ 172,454,821	$ 134,842,312	$ 132,643,301	$ 134,268,607	$ 136,775,377
Fiscal Year Results	(37,612,509)	(2,199,010)	1,625,306	2,506,770	8,989,625
Ending Reserve	134,842,312	132,643,301	134,268,607	136,775,377	145,765,002
Percent of Expenses	19%	17%	16%	15%	15%
State Fund	2016	2017	2018	2019	2020
Beginning Reserve	$ 125,916,799	$ 92,330,919	$ 96,891,710	$ 105,955,398	$ 112,489,717
Fiscal Year Results	(33,585,880)	4,560,791	9,063,688	6,534,319	8,196,945
Ending Reserve	92,330,919	96,891,710	105,955,398	112,489,717	120,686,662
Percent of Expenses	15%	15%	15%	15%	15%
Local Fund	2016	2017	2018	2019	2020
Beginning Reserve	$ 46,538,023	$ 42,511,394	$ 35,751,593	$ 28,313,211	$ 24,285,662
Fiscal Year Results	(4,026,629)	(6,759,801)	(7,438,382)	(4,027,549)	792,681
Ending Reserve	42,511,394	35,751,593	28,313,211	24,285,662	25,078,343
Percent of Expenses	34%	27%	20%	16%	15%
State Share	79.7%	79.7%	80.0%	80.0%	80.0%
Employee Share	20.3%	20.3%	20.0%	20.0%	20.0%
Growth In Program Expenses	-2.9%	-4.3%	6.9%	7.8%	7.7%

CCRC Actuaries, LLC *10/9/2015*

Proposed Benefit Adjustments

Ted Cheatham

PEIA Director

Proposed Benefit Adjustments

- **Non-State**
  - 3% Premium Increase = *$3,150,000 Plan savings*
  - Plan B to 70/30 for all services requiring coinsurance = *$350, 000 Plan savings*

- **Non-State, State, Non-Medicare Retirees, Special Medicare:**
  - Increase Medical Home Program (MHP) copay to $20 = *$1,000,000 Plan savings*
    - Keep one free visit per year
  - Increase Urgent Care copay to $50 = *$1,500,000 plan savings*
  - Add Telehealth at $40 copay (Legislation Needed) = *savings TBD*
  - For CCP members, charge $40 copay for ANY non-CCP office visit = *savings TBD*
  - 70/30 co-insurance for all out-of-state services (Plans A, B and C) = *$2,500,000 Plan savings*
  - Remove Living Will Discount
  - Remove out-of-network benefits = *$1,400,000 Plan savings*

Proposed Benefit Adjustments

- **Non-State, State, Non-Medicare Retirees, Special Medicare**
  - Add $500 emergency room copay for high risk behaviors: = *savings TBD*
    - Accidents while driving motorcycle or UTV/ATV without a helmet
    - DUI/DWI or Drug -related accidents
    - Failure to wear seatbelt(s)
  - New fee schedule for select items = $2,000,000 Plan savings
  - Provider Reimbursement adjusted to 100% Medicare over 3 years = *$4,000,000 per year Plan savings over the next 3 years*
  - Diabetic Face-2-Face Program becomes a two year program

Proposed Fee Schedule for Selected Items

PROCEDURE	FACILITY COMPONENT
Colonoscopy (no biopsy)	$768
Colonoscopy (with biopsy)	$780
Upper Gastrointestinal Endoscopy (no biopsy)	$550
Upper Gastrointestinal Endoscopy (with biopsy)	$692
Transthoracic Echocardiogram (TTE)	$108
Heart Perfusion Imaging	$576
Sleep Study	$603
Cataract Surgery	$1,070
Cholecystectomy (laparoscopic)	$3,905
Complex Ear Drum Repair	$3,648
Ear Tube Placement (Tympanostomy)	$1,910
Hernia Repair - Laparoscopic (inguinal, umbilical or ventral)	$4,158
Hernia Repair (inguinal, umbilical or ventral)	$2,696
Lithotripsy	$3,202
Nasal Septum Repair	$3,996
Tonsillectomy	$2,007
Appendectomy (laparoscopic)	$3,893
Breast Biopsy (with stereotactic or ultrasound guidance)	$694
Excise Lesions (laparoscopic)	$3,871
Hysteroscopy (lesion removal and tubal ligation)	$2,990
Hysteroscopy (with biopsy)	$1,949
Laparoscopic Hysterectomy	$3,924
Vaginal Hysterectomy	$3,034
Vaginal Delivery	$1,305
Cesarean Section	$2,156
Anterior Cruciate Ligament Knee Surgery (ACL)	$6,631
Carpal Tunnel Surgery	$1,493
Knee Arthroscopy	$2,397
Rotator Cuff Repair (non-arthroscopic)	$4,074
Spinal Fusion (lumbar)	$12,148
Brain MRI (with and without contrast)	$729
Arm CT (no contrast)	$217
Knee MRI (with contrast)	$572
Neck CT (with and without contrast)	$395
CT Angiography of Head or Neck	$465
Leg MRI (no contrast)	$404
Hip MRI (with and without contrast)	$664
Brain CT (no contrast)	$207
Leg CT (with contrast)	$345
Spine CT (with and without contrast)	$385
Spine MRI (with contrast)	$582
Abdominal CT (no contrast)	$229
Face and Jaw CT (with contrast)	$358
Elbow MRI (no contrast)	$405
Shoulder MRI (with and without contrast)	$664
Chest CT (with contrast)	$350

Proposed Benefit Adjustments

Active State

- Plan B to 70/30 for all services requiring coinsurance = *$800,000 Plan savings*

- Increase Deductible by = *$30,000,000 Plan savings*
  - $500 – Single Coverage
  - $1,000 – Family Coverage

- Increase Out-of-pocket Maximum by = *$16,000,000 Plan savings*
  - $1,500 – Single Coverage
  - $3,000 – Family Coverage

- Prescription Benefit Changes = *$17,116,148 Plan savings*

NOTE: Plan C Varies (See Chart)

Proposed Benefit Adjustments

Active employees, non-Medicare retirees and Special Medicare Plan retirees

	PEIA PPB Plans A & D		PEIA PPB Plan B		PEIA PPB Plan C (active employees only)	
Tier of Coverage	**Current Annual**	**Proposed Annual**	**Current Annual**	**Proposed Annual**	**Current Annual**	**Proposed Annual**
Prescription Deductible						
Employee Only	$75	$100	$150	$200	$1,300	$2,100
Employee & Children and Family Coverages	$150	$200	$300	$400	$2,600	$4,500
Prescription Out-of-Pocket Maximum						
Employee Only	$1,750	$2,500	$1,750	$2,500	$2,500	$4,200
Employee & Children and Family Coverages	$3,500	$5,000	$3,500	$5,000	$5,000	$9,000
Cost Sharing						
Generic Drugs	$10	$10	$10	$10	$10	$10
Preferred Brand Drugs	$25	30%	$30	35%	$25	30%
Non-Preferred Brand Drugs	75%	75%	75%	75%	75%	75%
Preferred Specialty Drugs	$50	$100	$50	$100	$50	$100
Non-Preferred Specialty Drugs	$100	30%	$100	35%	$100	30%

5 Year Plan: Non-Medicare & Medicare

WV RHBT Financial Plan FY 2016 - FY 2020

	2016	2017	2018	2019	2020
Retiree Premium Increase- Non-Medicare (Fiscal Year)	$ -	$ 3,061,065	$ 5,232,967	$ 3,112,234	$ 3,170,325
Increase	0%	8%	11%	6%	5%
Retiree Premium Increase - Medicare (Calendar Year)	$ -	$ 4,225,352	$ 20,020,377	$ 20,009,969	$ 22,307,406
Increase	0%	8%	39%	27%	23%
General Revenue Transfer	$ -	$ -	$ 30,000,000	$ 30,000,000	$ 30,000,000
Board Decision Benefit Reduction - Retiree Non-Medicare	$ 3,900,000	$ 7,300,000	$ -	$ -	$ -
Board Decision Benefit Reduction - Managed Care Capitations	$ 584,102	$ -	$ -	$ -	$ -
Board Decision Benefit Reduction - Humana MAPD *(Calendar Year 2017)*	$ -	$ 14,969,440	$ -	$ -	$ -
Reinsurance Contributions (Cost)	$ (550,000)	$ (200,000)	$ -	$ -	$ -
Comparative Effectiveness Research Fees (Cost)	$ (30,826)	$ (31,601)	$ (32,408)	$ (33,249)	$ -
Pay Go Premium Transfer	$ 150,000,000	$ 160,000,000	$ 170,000,000	$ 180,000,000	$ 190,000,000
Maximum Allowable Pay-Go					

	2016	2017	2018	2019	2020
Beginning Reserve	$ 705,087,213	$ 732,803,426	$ 762,681,517	$ 834,290,483	$ 914,850,751
Fiscal Year Results	55,916,214	49,287,273	71,608,965	80,560,268	86,356,914
Ending Total Reserve	732,803,426	762,681,517	834,290,483	914,850,751	1,001,207,665
Ending Premium Stabilization Reserve	$ 19,409,182	$ -	$ -	$ -	$ -
*Actuarial Accrued Liability	$ 3,743,700,000	$ 3,899,600,000	$ 4,044,600,000	$ 4,181,000,000	$ 4,297,300,000
Funded Status	19.6%	19.6%	20.6%	21.9%	23.3%
Growth In Program Expenses	6.1%	3.9%	7.3%	10.4%	10.9%
Retiree Subsidy	$ 193,833,983	$ 200,235,092	$ 201,643,495	$ 208,448,254	$ 219,014,380
Percent Paid By Retiree	29.7%	30.1%	34.4%	38.7%	42.0%

* Estimated Result

CCRC Actuaries, LLC *Prepared 10/9/2015*

Proposed Benefit Adjustments

Non-Medicare Retiree

- 8% Premium Increase = *$2,900,000 Plan savings*
- Increase Deductible by = *$2,740,000 Plan savings*
  - $300 – Single Coverage
  - $600 – Family Coverage
- Increase Out-of-pocket Maximum by = *$510,000 Plan savings*
  - $1,500 – Single Coverage
  - $3,000 – Family Coverage
- Prescription Benefit Changes = *$4,092,811 Plan savings*
- Remove Living Will Discount

Proposed Benefit Adjustments

Non-Medicare Retiree

Plan Tier	Current Deductible	Proposed Deductible	Current Out-of-Pocket Maximum	Proposed Out-of-Pocket Maximum
Retired Policyholder Only (Plan A)	$425	$725	$1,500	$3,000
Retired Policyholder Only (Plan B)	$825	$1,125	$3,000	$4,500
Retired Policyholder with non-Medicare Dependents (Plan A)	$850	$1,450	$3,000	$6,000
Retired Policyholder with non-Medicare Dependents (Plan B)	$1,650	$2,250	$6,000	$9,000
Retired Policyholder with Medicare Dependents (Plan A)	$475	$775	$2,000	$3,500

Proposed Benefit Adjustments

Active employees, non-Medicare retirees and Special Medicare Plan retirees

	PEIA PPB Plans A & D		PEIA PPB Plan B		PEIA PPB Plan C (active employees only)	
Tier of Coverage	**Current Annual**	**Proposed Annual**	**Current Annual**	**Proposed Annual**	**Current Annual**	**Proposed Annual**
Prescription Deductible						
Employee Only	$75	$100	$150	$200	$1,300	$2,100
Employee & Children and Family Coverages	$150	$200	$300	$400	$2,600	$4,500
Prescription Out-of-Pocket Maximum						
Employee Only	$1,750	$2,500	$1,750	$2,500	$2,500	$4,200
Employee & Children and Family Coverages	$3,500	$5,000	$3,500	$5,000	$5,000	$9,000
Cost Sharing						
Generic Drugs	$10	$10	$10	$10	$10	$10
Preferred Brand Drugs	$25	30%	$30	35%	$25	30%
Non-Preferred Brand Drugs	75%	75%	75%	75%	75%	75%
Preferred Specialty Drugs	$50	$100	$50	$100	$50	$100
Non-Preferred Specialty Drugs	$100	30%	$100	35%	$100	30%

Proposed Benefit Adjustments

Medicare Retiree

- Premium Increase = *$4,000,000 Plan savings*
  - 8%
- Increase Deductible by = *$1,600,000 Plan savings*
  - $50
- Increase Out-of-pocket Maximum by = *$2,100,000 Plan savings*
  - $350
- Prescription Benefit Changes = *$11,269,440 Plan savings*
  - (See Active Plan for Special Medicare)
- Remove Living Will Discount

Proposed Benefit Adjustments

Medicare Retiree

	Current Deductible	Proposed Deductible	Current Out-of-Pocket Maximum	Proposed Out-of-Pocket Maximum
Humana/PEIA Plan 1	$100	$150	$750	$1,100
Humana/PEIA Plan 2	$250	$300	$1,500	$1,850
Humana/PEIA Plan 1 with Benefit Assistance	$25	$35	$300	$420
Special Medicare Plan	$100	$150	$750	$1,100

Proposed Benefit Adjustments

Humana Prescription Benefit Changes

	Humana/PEIA Plan 1		Humana/PEIA Plan 2		Humana/PEIA Plan 1 with Benefit Assistance	
	Current Cost Sharing	Proposed Cost Sharing	Current Cost Sharing	Proposed Cost Sharing	Current Cost Sharing	Proposed Cost Sharing
Deductible	$75	$100	$150	$200	$75	$100
Out-of-Pocket Maximum	$1,750	$2,500	$1,750	$2,500	$250	$650
Generic Drugs	$5	$10	$5	$10	$3	$5
Preferred Brand Drugs	$15	$25	$20	$30	$10	$20
Non-Preferred Brand Drugs	$50	$85	$85	$100	$50	$85
Preferred Specialty Medications	$50	$85	$85	$100	$50	$85
Non-Preferred Specialty Medications	$50	$85	$85	$100	$50	$85

Other Issues Discussed at Public Hearings

Ted Cheatham

PEIA Director

Other Issues Discussed at Public Hearings

1. Remove Family with Employee Spouse Discount

2. Use Total Family Income

3. Conduct a Mandatory Open Enrollment

Public Comment

Ted Cheatham

PEIA Director

5 Year Plan Adoption

Jason Pizatella

Chairman

5 Year Plan Adoption

- Adopt plan as presented today and at Public Hearings with feedback.

- W.Va. Code §5-16-5(i): For any fiscal year in which legislative appropriations differ from the Governor's estimate of general and special revenues available to the agency, the finance board shall, within thirty days after passage of the budget bill, make any modifications to the plan necessary to ensure that the total financial requirements of the agency for the current fiscal year are met.

Director Update

Ted Cheatham

PEIA Director

Old Business

Jason Pizatella, Chairman

New Business

Jason Pizatella, Chairman

Schedule Next Meeting

January 21, 2016, 1:00 pm

Jason Pizatella, Chairman

Adjourn

Jason Pizatella, Chairman

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

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