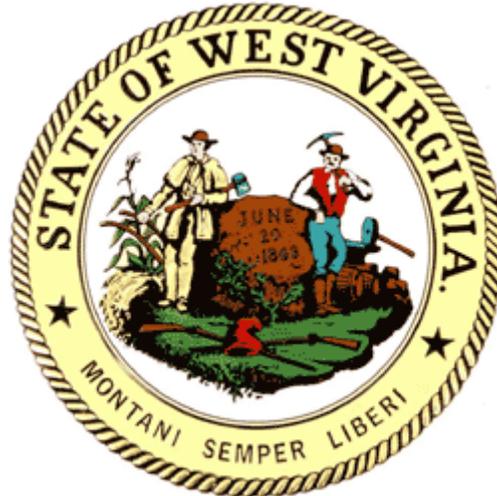




**CCRC**  
Actuaries, LLC

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# STATE OF WEST VIRGINIA



## **RETIREE HEALTH BENEFIT TRUST FUND**

**Fiscal Year 2011  
Financial Report**

**Fiscal Years 2011-2016**

*November 2011*



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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, 2007.

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, and as supported by our work, to render an 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 2016. The analysis is to be prepared on an accrued and incurred reporting basis for a projection period not to exceed five years.

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 the Trust Fund for fiscal years ending June 30, 2011 (“FY 2011”), June 30, 2012 (“FY 2012”), June 30, 2013 (“FY 2013”), June 30, 2014 (“FY 2014”), June 30, 2015 (“FY 2015”) and June 30, 2016 (“FY 2016”). This opinion of plan adequacy is based on the projections through FY 2015 using updated future revenue and plan modifications provided by the Board in the plan adopted in December 2010.

Effective July 1, 2010, RHBT has contracted Humana to provide Medicare Advantage/Prescription Drug Plan (“MAPD”) benefits to Medicare-eligible retired employees and dependents. In addition, plan members can coordinate their prescription drug benefits through RHBT’s Prescription Drug Plan (“PDP”). Under this arrangement, Humana has assumed the financial risk of providing comprehensive medical coverage with limited copayments. Non-Medicare retirees are currently enrolled in PEIA’s Health Plan.

Current Medicare coverages are transferred from a self-insured secondary basis by RHBT to MAPD. However, it should be noted that new Medicare eligible retirees, who became Medicare eligible during the plan year, which ends each June, will be covered on a secondary basis by the PPB Plan until July 1, 2011, at which time they will be covered under the MAPD. In addition to newly eligible Medicare retirees, RHBT will continue to provide coverage under the original self-insured secondary basis for those Medicare retirees with access issues to the Humana and PDP program.

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 2012 and subsequently. We are assuming that the Bill will continue throughout the forecast and RHBT will not receive any future direct transfers in lieu of the savings resulting from the Bill.

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. Based on the PPACA/Health Care Reform requirements to expand coverage, the estimated cost of eliminating lifetime limitations is a total of \$200,000 in FY 2012. In addition, RHBT is expecting to collect an additional drug rebate of \$10 million in FY 2012 from its payment of drug claims through the Medicare Part D coverage gap, informally known as the Medicare donut hole.

Since the adoption of the financial plan in December 2010, RHBT has experienced unfavorable claim expense. In the circumstances, and subject to the conditions described herein, based on our review, we believe the financial plan approved by the Board for FY 2011 through FY 2016 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 and employee premiums in later fiscal years of the plan through FY 2016 as approved by the Board in December 2010.

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 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., M.A.A.A.

Managing Partner



Chris Borcik, A.S.A., M.A.A.A.

Senior Actuarial Consultant

**West Virginia Retiree Health Benefit Trust Fund**  
**Report of Independent Actuary**  
**Financial Plan for FY 2011 – FY 2016**

**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 August 2011 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 interest 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 and capitations and on an accrued basis for administrative expenses and revenue for a period not to exceed five years. At the request of the Board, the reporting basis is based upon the Trust Fund. The Trust Fund represents all state and local agency retirees and their survivors. The Trust Fund has been allocated the anticipated administrative costs incurred by RHBT for retiree coverages.

## 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 1,207 retirees from June 2010 to June 2011, approximating our current assumption. CCRC Actuaries has updated the claims analysis based on the enrollment through September 2011.

In aggregate, September 2011 enrollment has increased by 1,086 coverages since the end of FY 2011. Aggregate Preferred Provider Benefit (“PPB”) enrollment has increased by 1,055 in total over the same period, while managed care enrollment continues to cover fewer participants, with a slight increase of 31 coverages. For MAPD Capitations, 36,623 Medicare policyholders were provided by RHBT management 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 2010, June 2011 and September 2011 for purposes of comparison:

| Trust Fund  | Coverage                   | Preferred Provider Benefit |               |               | Managed Care |            |            |
|-------------|----------------------------|----------------------------|---------------|---------------|--------------|------------|------------|
|             |                            | Jun-10                     | Jun-11        | Sep-11        | Jun-10       | Jun-11     | Sep-11     |
| Retirees    | Medicare Single            | 16,261                     | 16,838        | 17,065        | 14           | 18         | 19         |
|             | <u>Medicare Family</u>     | <u>11,202</u>              | <u>11,372</u> | <u>11,656</u> | <u>20</u>    | <u>16</u>  | <u>21</u>  |
|             | Medicare Total             | 27,463                     | 28,210        | 28,721        | 34           | 34         | 40         |
|             | Non Medicare Single        | 3,363                      | 3,585         | 3,782         | 233          | 160        | 173        |
|             | <u>Non Medicare Family</u> | <u>4,046</u>               | <u>4,388</u>  | <u>4,735</u>  | <u>193</u>   | <u>162</u> | <u>174</u> |
|             | Non Medicare Total         | 7,409                      | 7,973         | 8,517         | 426          | 322        | 347        |
|             | Retiree Total              | 34,872                     | 36,183        | 37,238        | 460          | 356        | 387        |
| Grand Total |                            |                            |               | 35,332        | 36,539       | 37,625     |            |

## B. Changes in Claim Backlog

Detail of the medical claim backlog is presented in the PEIA report titled “PEIA Fiscal Year 2011 Financial Report”.

## C. Trend Analysis

While RHBT has experienced unfavorable medical and prescription drug trends in FY 2011, over the long term, trends have been favorable. CCRC Actuaries performed the detailed medical and prescription drugs trend analysis in the report titled, “Detailed Medical and Prescription Drug Claim Trend Report - September 2011”. This report includes the detailed trend analysis of PEIA experience by medical and prescription drugs. Based on the analysis, we have increased the FY 2012 and FY 2013 medical claim trend to 6.5%. Additionally, due to PEIA’s unfavorable prescription drug experience, we have increased our trend assumption for all prescription drugs coverage to 10.0% in FY 2012 and FY 2013.

The current projection assumes the trends on the following table:

| Claim Type             | Previous Assumption<br>FY 2012 Trend | Updated Assumption<br>FY 2012 Trend |
|------------------------|--------------------------------------|-------------------------------------|
| Non-Medicare – Medical | 5.5%                                 | 6.5%                                |
| Medicare – Medical     | 5.5%                                 | 6.5%                                |
| Non-Medicare – Drugs   | 9.0%                                 | 10.0%                               |
| Medicare – Drugs       | 9.0%                                 | 10.0%                               |

In addition, we have assumed that trends will increase by 0.5% in each successive fiscal year beginning in FY 2014. At the Board’s request, the baseline trend assumptions have been established to reflect the most likely or expected trends. In order to provide information on the impact of varying trend assumptions, two alternative trend scenarios were developed. The Optimistic Scenario incorporates trend assumptions 2.0% below the Baseline Scenario and the Pessimistic Scenario incorporates trend assumptions 2.0% above the Baseline Scenario.

The following chart summarizes the trend results observed for the plan using data through August 2011. 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> |
|---------------------------|--------------------------------|------------------------------------|------------------------------|----------------------------------|---------------------|
| 2003                      | -5%                            | -9%                                | 11%                          | 1%                               | 3%                  |
| 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                          | -2%                              | 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                          | 15%                              | N/A                 |
| 2012*                     | N/A                            | 12%                                | N/A                          | 13%                              | N/A                 |

\* Fiscal Year 2012 results are through the first two months ending August 2011.

Effective July 1, 2010, RHBT has contracted Humana to provide MAPD benefits to Medicare-eligible retired employees and dependents. In addition, plan members can coordinate their prescription drug benefits through RHBT's PDP. Under this arrangement, Humana has assumed the financial risk of providing comprehensive medical coverage with limited copayments. Non-Medicare retirees are currently enrolled in PEIA's Health Plan. As a result, Fiscal Year 2008 through 2012 Medicare trends are non-credible.

**D. Enrollment, Claim, Expense and Revenue Assumptions**

Using aggregate PEIA and Trust Fund paid claim data through August 2011 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 result of FY 2011 and the projection of FY 2012 revenue and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

| Fiscal Year 2011 Result |                                     |          | 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 | 28,009   |                           |                           | \$ 288                | \$ 84               |                          |
|                         | Non-Medicare                        | 8,098    |                           |                           | \$ 627                | \$ 237              |                          |
|                         | Total                               | 36,107   | \$ -                      | \$ 159                    |                       |                     |                          |
|                         | Non-Medicare Managed Care           | 314      | \$ -                      | \$ 519                    |                       |                     | \$ 1,163                 |
|                         | Total                               | 36,421   |                           |                           |                       |                     |                          |

| Fiscal Year 2012 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 | 28,848   |                           |                           | \$ 280                | \$ 80               |                          |
|                             | Non-Medicare                        | 8,647    |                           |                           | \$ 656                | \$ 256              |                          |
|                             | Total                               | 37,495   | \$ -                      | \$ 160                    |                       |                     |                          |
|                             | Non-Medicare Managed Care           | 347      | \$ -                      | \$ 536                    |                       |                     | \$ 1,137                 |
|                             | Total                               | 37,842   |                           |                           |                       |                     |                          |

Projected plan revenues and administrative expenses were provided by RHBT. The following chart summarizes the Financial Plan adopted by the Board in December 2010. Non-Medicare retirees premium increased by approximately \$2.5 million in Fiscal Year 2011, while Medicare retirees premium did not receive an increase.

### Board Decisions – December 2010

| Source                                     | Fiscal Year<br>2011 | Fiscal Year<br>2012 | Fiscal Year<br>2013 | Fiscal Year<br>2014 | Fiscal Year<br>2015 | Fiscal Year<br>2016 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Additional Retiree Premiums</b>         | \$2,500,000         | \$0                 | \$10,900,000        | \$9,200,000         | \$9,200,000         | \$9,200,000         |
| <b>Benefit Reductions / (Increase)</b>     | \$7,000,000         | \$0                 | \$0                 | \$0                 | \$0                 | \$0                 |
| <b>PPACA Cost / (Savings) Adjustment</b>   | \$0                 | \$200,000           | \$0                 | \$0                 | \$0                 | \$0                 |
| <b>Medicare Part D Coverage Gap Rebate</b> | \$0                 | \$10,000,000        | \$0                 | \$0                 | \$0                 | \$0                 |
| <b>Pay Go Premium Transfer</b>             | \$146,022,922       | \$150,000,000       | \$165,238,648       | \$186,491,321       | \$215,607,395       | \$248,305,330       |
| <b>Actuarial Accrued Liability*</b>        | \$8,718,100,000     | \$9,397,200,000     | \$10,108,000,000    | \$10,848,500,000    | \$11,619,900,000    | \$12,422,100,000    |
| <b>Funded Status</b>                       | 5.4%                | 5.1%                | 5.1%                | 5.0%                | 5.0%                | 5.0%                |

\*Projected Result

The \$7,000,000 reduction in benefits in Fiscal Year 2011 are comprised of the following changes:

|  | <u>Change in 2011 Claim Cost</u> |
|--|----------------------------------|
| Increase Family out of pocket to 1.5x Single and \$25 increase to deductible | \$5.0 M                          |
| Implement ESI High Performance Formulary                                     | \$2.0 M                          |

The \$200,000 PPACA/Health Care Reform cost requirement in Fiscal Year 2012 is comprised of the following change:

|                                  | <u>Change in 2012 Claim Cost</u> |
|----------------------------------|----------------------------------|
| Eliminating Lifetime Limitations | \$200,000                        |

The \$10,000,000 rebate of Medicare Part D coverage gap in Fiscal Year 2012 is comprised of the following change:

|                            | <u>Change in 2012 Claim Cost</u> |
|----------------------------|----------------------------------|
| Medicare donut hole rebate | \$10,000,000                     |

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 \$2.3 million in FY 2011 to approximately \$3.4 million in FY 2016, based on the Board's direction and projected retiree enrollment growth in the financial plan.

In FY2011 and future years, the Pay Go premium will continue to increase each year based on retiree subsidy for FY 2011 through FY 2016, based on the financial plan approved by the Board in December 2010.

### **E. Provider Reimbursement Changes**

Effective July 1, 2010, RHBT has contracted Humana to provide MAPD benefits to Medicare-eligible retired employees and dependents. In addition, plan members can coordinate their prescription drug benefits through RHBT's PDP. Under this arrangement, Humana has assumed the financial risk of providing comprehensive medical coverage with limited copayments. Non-Medicare retirees are currently enrolled in PEIA's Health Plan.

### **FISCAL YEAR 2011 RESULT**

The financial result for FY 2011 under the Baseline scenario is presented in the Appendix. The Baseline result for FY 2011, projects accrued revenue of \$264,513,367 and incurred plan expenses of \$215,070,421 to produce a fiscal year surplus of \$49,442,946. It should be noted that this is a decline from the projected surplus of \$58,073,695 in the RHBT March 31, 2011 Quarterly Report due to the lower investment income and higher Non-Medicare medical claims expense. The PEIA local and state agencies Pay Go premiums for FY 2011 are assumed to be \$146,022,922.

### **FISCAL YEAR 2012 FORECAST**

The financial forecast for FY 2012 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2012, projects accrued revenue of \$238,543,137 and incurred plan expenses of \$228,772,667 to produce a fiscal year surplus of \$9,770,471. The PEIA local and state agencies Pay Go premiums for FY 2012 are assumed to be \$150,000,000.

### **FISCAL YEAR 2013 FORECAST**

The financial forecast for FY 2013 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2013, projects accrued revenue of \$285,373,627 and incurred plan expenses of \$253,230,718 to produce a fiscal year surplus of \$32,142,909. The PEIA local and state agencies Pay Go premiums for FY 2013 are assumed to be \$165,238,648.

## **FISCAL YEAR 2014 FORECAST**

The financial forecast for FY 2014 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2014, projects accrued revenue of \$317,114,151 and incurred plan expenses of \$282,784,521 to produce a fiscal year surplus of \$34,329,630. The PEIA local and state agencies Pay Go premiums for FY 2014 are assumed to be \$186,491,321.

## **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 \$356,846,327 and incurred plan expenses of \$320,177,119 to produce a fiscal year surplus of \$36,669,208. The PEIA local and state agencies Pay Go premiums for FY 2015 are assumed to be \$215,607,395.

## **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 \$400,207,732 and incurred plan expenses of \$361,034,977 to produce a fiscal year surplus of \$39,172,754. The PEIA local and state agencies Pay Go premiums for FY 2016 are assumed to be \$248,305,330.

## **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 10% reserve target through the projection period ending with the Fiscal Year 2016. These projections are based on significant revenue increases as contained in the Financial Plan adopted by the Board in December 2010 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 - NON-MEDICARE AND MEDICARE**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST  
FINANCIAL REPORT  
FISCAL YEAR 2011**

**PERIOD 7/1/2010 - 6/30/2011**

|  | <b>TRUST<br/>Total</b> |
|--|------------------------|
| <u>Revenues</u>                              |                        |
| WV PEIA Pay Go Premiums                      | \$ 146,022,922         |
| Retiree Premiums - PPB                       | 68,909,085             |
| Retiree Premiums - MCO                       | 1,953,789              |
| Annual Required Contributions                | 1,075,382              |
| Non Par Premiums                             | 3,415,156              |
| Investment Income                            | 43,137,033             |
| <b>Total Revenue</b>                         | <b>\$ 264,513,367</b>  |
| <u>Program Expenses</u>                      |                        |
| Non-Medicare Medical Claims                  | \$ 60,546,499          |
| Non-Medicare Prescription Drug Claims        | 23,035,686             |
| Medicare Medical Claims                      | 3,528,444              |
| Medicare Prescription Drug Claims (with PDP) | 96,733,827             |
| CMS Direct and Low Income Drug Subsidy       | (22,661,592)           |
| Non-Medicare Managed Care Capitations        | 4,383,962              |
| MAPD Capitations                             | 36,892,680             |
| Administration                               | 10,326,595             |
| Life Insurance                               | -                      |
| Retiree Assistance Program                   | 2,284,320              |
| Director's Discretionary Fund                | -                      |
| <b>Total Expenses</b>                        | <b>\$ 215,070,421</b>  |
| Fiscal Year Results                          | \$ 49,442,946          |
| Beginning Plan Reserve                       | 422,635,843            |
| Ending Plan Reserve                          | \$ 472,078,789         |
| Accrued Actuarial Liability (AAL)            | \$ 8,718,100,000       |
| Funded Status                                | 5.4%                   |

**KEY ASSUMPTIONS**

|                             |              |                                       |                |              |
|-----------------------------|--------------|---------------------------------------|----------------|--------------|
| Pay Go Monthly Premium      | \$ 161.66    | <b>Claim and Other Expense Trends</b> |                |              |
| Additional Retiree Premiums | \$ 2,500,000 | <u>Eligibility</u>                    | <u>Medical</u> | <u>Drugs</u> |
|                             |              | Non-Medicare                          | 5.5%           | 9.0%         |
|                             |              | Medicare                              | 5.5%           | 9.0%         |
|                             |              | Capitations                           |                | 8.0%         |
|                             |              | Administrative Expense                |                | 5.0%         |
| Number of Net New Retirees  | 1,000        | Pay Go Monthly Premium                |                | 16.1%        |

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

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST**  
**FINANCIAL FORECAST**  
**FISCAL YEAR 2012**

**PERIOD 7/1/2011 - 6/30/2012**

| <b>Medicare Retiree</b>                      | <b>Baseline Projection</b> | <b>Board Decision</b> | <b>Ending Projection</b> |
|--|----------------------------|-----------------------|--------------------------|
| <u>Revenues</u>                              |                            |                       |                          |
| WV PEIA Pay Go Premiums                      | \$ 67,615,544              |                       | \$ 67,615,544            |
| Employer Premiums - PPB                      | 6,675,263                  |                       | 6,675,263                |
| Employer Premiums - MCO                      | 34,749                     |                       | 34,749                   |
| Retiree Premiums - PPB                       | 26,730,131                 | -                     | 26,730,131               |
| Retiree Premiums - MCO                       | 51,242                     | -                     | 51,242                   |
| Annual Required Contributions                | -                          |                       | -                        |
| Non Par Premiums                             | 1,724,185                  |                       | 1,724,185                |
| Early Retiree Reinsurance Program (CMS)      | -                          |                       | -                        |
| Investment Income                            | 8,015,220                  |                       | 8,015,220                |
| <b>Total Revenue</b>                         | <b>\$ 110,846,334</b>      | <b>\$ -</b>           | <b>\$ 110,846,334</b>    |
| <u>Program Expenses</u>                      |                            |                       |                          |
| Medicare Medical Claims                      | \$ 3,763,582               | \$ 3,653              | \$ 3,767,235             |
| Medicare Prescription Drug Claims (with PDP) | 106,578,179                | (9,797,267)           | 96,780,912               |
| CMS Direct and Low Income Drug Subsidy       | (22,672,622)               |                       | (22,672,622)             |
| MAPD Capitations                             | 36,137,883                 |                       | 36,137,883               |
| Administration                               | 5,644,260                  |                       | 5,644,260                |
| Life Insurance                               | -                          |                       | -                        |
| Retiree Assistance Program                   | 1,112,080                  |                       | 1,112,080                |
| Director's Discretionary Fund                | -                          |                       | -                        |
| <b>Total Expenses</b>                        | <b>\$ 130,563,362</b>      | <b>\$ (9,793,614)</b> | <b>\$ 120,769,748</b>    |
| Fiscal Year Results                          | \$ (19,717,028)            |                       | \$ (9,923,414)           |
| Beginning Plan Reserve                       | 212,361,848                |                       | 212,361,848              |
| Ending Plan Reserve                          | \$ 192,644,820             |                       | \$ 202,438,434           |
| Accrued Actuarial Liability (AAL)            | \$ 9,397,200,000           |                       | \$ 9,397,200,000         |
| Funded Status                                | 5.0%                       |                       | 5.1%                     |

**KEY ASSUMPTIONS**

|                             |           |                                       |                |              |
|-----------------------------|-----------|---------------------------------------|----------------|--------------|
| Pay Go Monthly Premium      | \$ 166.06 | <b>Claim and Other Expense Trends</b> |                |              |
| Additional Retiree Premiums | \$ -      | <u>Eligibility</u>                    | <u>Medical</u> | <u>Drugs</u> |
|                             |           | Medicare                              | 6.5%           | 10.0%        |
|                             |           | Capitations                           |                | 8.0%         |
|                             |           | Administrative Expense                |                | 5.0%         |
| Number of Net New Retirees  | 1,000     | Pay Go Monthly Premium                |                | 2.7%         |

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

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST**  
**FINANCIAL FORECAST**  
**FISCAL YEAR 2012**

**PERIOD 7/1/2011 - 6/30/2012**

| <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                 | \$ 82,384,456              |                       | \$ 82,384,456            |
| Employer Premiums - PPB                 | 18,070,851                 |                       | 18,070,851               |
| Employer Premiums - MCO                 | 1,329,739                  |                       | 1,329,739                |
| Retiree Premiums - PPB                  | 20,591,915                 | -                     | 20,591,915               |
| Retiree Premiums - MCO                  | 814,230                    | -                     | 814,230                  |
| Annual Required Contributions           | -                          |                       | -                        |
| Non Par Premiums                        | 2,100,790                  |                       | 2,100,790                |
| Early Retiree Reinsurance Program (CMS) | -                          |                       | -                        |
| Investment Income                       | 2,404,821                  |                       | 2,404,821                |
| <b>Total Revenue</b>                    | <b>\$ 127,696,802</b>      | <b>\$ -</b>           | <b>\$ 127,696,802</b>    |
| <u>Program Expenses</u>                 |                            |                       |                          |
| Non-Medicare Medical Claims             | \$ 68,055,910              | \$ 66,060             | \$ 68,121,970            |
| Non-Medicare Prescription Drug Claims   | 26,576,538                 | 25,797                | 26,602,335               |
| CMS Direct and Low Income Drug Subsidy  | -                          |                       | -                        |
| Non-Medicare Managed Care Capitations   | 4,734,679                  |                       | 4,734,679                |
| Administration                          | 6,877,106                  |                       | 6,877,106                |
| Life Insurance                          | -                          |                       | -                        |
| Retiree Assistance Program              | 1,354,986                  |                       | 1,354,986                |
| Director's Discretionary Fund           | 316,299                    |                       | 311,843                  |
| <b>Total Expenses</b>                   | <b>\$ 107,915,518</b>      | <b>\$ 91,857</b>      | <b>\$ 108,002,919</b>    |
| Fiscal Year Results                     | \$ 19,781,284              |                       | \$ 19,693,883            |
| Beginning Plan Reserve                  | 258,746,941                |                       | 258,746,941              |
| Ending Plan Reserve                     | \$ 278,528,225             |                       | \$ 278,440,824           |
| Accrued Actuarial Liability (AAL)       | \$ -                       |                       | \$ -                     |
| Funded Status                           | N/A                        |                       | N/A                      |

**KEY ASSUMPTIONS**

|                             |           |                                       |                |              |
|-----------------------------|-----------|---------------------------------------|----------------|--------------|
| Pay Go Monthly Premium      | \$ 166.06 | <b>Claim and Other Expense Trends</b> |                |              |
| Additional Retiree Premiums | \$ -      | <u>Eligibility</u>                    | <u>Medical</u> | <u>Drugs</u> |
|                             |           | Non-Medicare                          | 6.5%           | 10.0%        |
|                             |           | Capitations                           |                | 8.0%         |
|                             |           | Administrative Expense                |                | 5.0%         |
| Number of Net New Retirees  | 1,000     | Pay Go Monthly Premium                |                | 2.7%         |

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

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST**  
**FINANCIAL FORECAST**  
**FISCAL YEAR 2013**

**PERIOD 7/1/2012 - 6/30/2013**

| <b>Medicare Retiree</b>                      | <b>Baseline Projection</b> | <b>Board Decision</b> | <b>Ending Projection</b> |
|--|----------------------------|-----------------------|--------------------------|
| <u>Revenues</u>                              |                            |                       |                          |
| WV PEIA Pay Go Premiums                      | \$ 85,221,130              |                       | \$ 85,221,130            |
| Employer Premiums - PPB                      | 6,707,314                  |                       | 6,707,314                |
| Employer Premiums - MCO                      | 34,916                     |                       | 34,916                   |
| Retiree Premiums - PPB                       | 26,858,474                 | 8,838,355             | 35,696,829               |
| Retiree Premiums - MCO                       | 51,489                     | 161,645               | 213,134                  |
| Annual Required Contributions                | -                          |                       | -                        |
| Non Par Premiums                             | 1,931,087                  |                       | 1,931,087                |
| Early Retiree Reinsurance Program (CMS)      | -                          |                       | -                        |
| Investment Income                            | 24,724,709                 |                       | 24,724,709               |
| <b>Total Revenue</b>                         | <b>\$ 145,529,119</b>      | <b>\$ 9,000,000</b>   | <b>\$ 154,529,119</b>    |
| <u>Program Expenses</u>                      |                            |                       |                          |
| Medicare Medical Claims                      | \$ 4,012,105               | \$ -                  | \$ 4,012,105             |
| Medicare Prescription Drug Claims (with PDP) | 106,459,002                | -                     | 106,459,002              |
| CMS Direct and Low Income Drug Subsidy       | (24,939,885)               |                       | (24,939,885)             |
| MAPD Capitations                             | 37,145,669                 |                       | 37,145,669               |
| Administration                               | 5,926,473                  |                       | 5,926,473                |
| Life Insurance                               | -                          |                       | -                        |
| Retiree Assistance Program                   | 1,201,046                  |                       | 1,201,046                |
| Director's Discretionary Fund                | -                          |                       | -                        |
| <b>Total Expenses</b>                        | <b>\$ 129,804,410</b>      | <b>\$ -</b>           | <b>\$ 129,804,410</b>    |
| Fiscal Year Results                          | \$ 15,724,709              |                       | \$ 24,724,709            |
| Beginning Plan Reserve                       | 192,644,820                |                       | 202,438,434              |
| Ending Plan Reserve                          | \$ 208,369,529             |                       | \$ 227,163,143           |
| Accrued Actuarial Liability (AAL)            | \$ 10,108,000,000          |                       | \$ 10,108,000,000        |
| Funded Status                                | 4.9%                       |                       | 5.1%                     |

**KEY ASSUMPTIONS**

|                             |              |                                       |                |              |
|-----------------------------|--------------|---------------------------------------|----------------|--------------|
| Pay Go Monthly Premium      | \$ 182.93    | <b>Claim and Other Expense Trends</b> |                |              |
| Additional Retiree Premiums | \$ 9,000,000 | <u>Eligibility</u>                    | <u>Medical</u> | <u>Drugs</u> |
|                             |              | Medicare                              | 6.5%           | 10.0%        |
|                             |              | Capitations                           |                | 8.0%         |
|                             |              | Administrative Expense                |                | 5.0%         |
| Number of Net New Retirees  | 1,000        | Pay Go Monthly Premium                |                | 10.2%        |

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

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST**  
**FINANCIAL FORECAST**  
**FISCAL YEAR 2013**

**PERIOD 7/1/2012 - 6/30/2013**

| <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                 | \$ 80,017,518              |                       | \$ 80,017,518            |
| Employer Premiums - PPB                 | 18,181,195                 |                       | 18,181,195               |
| Employer Premiums - MCO                 | 1,337,858                  |                       | 1,337,858                |
| Retiree Premiums - PPB                  | 20,717,653                 |                       | 20,717,653               |
| Retiree Premiums - MCO                  | 819,202                    |                       | 819,202                  |
| Annual Required Contributions           | -                          |                       | -                        |
| Non Par Premiums                        | 2,352,885                  |                       | 2,352,885                |
| Early Retiree Reinsurance Program (CMS) | -                          |                       | -                        |
| Investment Income                       | 7,418,199                  |                       | 7,418,199                |
| <b>Total Revenue</b>                    | <b>\$ 130,844,510</b>      | <b>\$ -</b>           | <b>\$ 130,844,510</b>    |
| <u>Program Expenses</u>                 |                            |                       |                          |
| Non-Medicare Medical Claims             | \$ 77,884,830              | \$ -                  | \$ 77,884,830            |
| Non-Medicare Prescription Drug Claims   | 31,412,403                 | -                     | 31,412,403               |
| CMS Direct and Low Income Drug Subsidy  | -                          |                       | -                        |
| Non-Medicare Managed Care Capitations   | 5,113,454                  |                       | 5,113,454                |
| Administration                          | 7,220,962                  |                       | 7,220,962                |
| Life Insurance                          | -                          |                       | -                        |
| Retiree Assistance Program              | 1,463,385                  |                       | 1,463,385                |
| Director's Discretionary Fund           | 331,274                    |                       | 331,274                  |
| <b>Total Expenses</b>                   | <b>\$ 123,426,308</b>      | <b>\$ -</b>           | <b>\$ 123,426,308</b>    |
| Fiscal Year Results                     | \$ 7,418,202               |                       | \$ 7,418,202             |
| Beginning Plan Reserve                  | 278,528,225                |                       | 278,440,824              |
| Ending Plan Reserve                     | \$ 285,946,427             |                       | \$ 285,859,026           |
| Accrued Actuarial Liability (AAL)       | \$ -                       |                       | \$ -                     |
| Funded Status                           | N/A                        |                       | N/A                      |

**KEY ASSUMPTIONS**

|                             |           | <b>Claim and Other Expense Trends</b> |                |              |
|-----------------------------|-----------|---------------------------------------|----------------|--------------|
|                             |           | <u>Eligibility</u>                    | <u>Medical</u> | <u>Drugs</u> |
| Pay Go Monthly Premium      | \$ 182.93 |                                       |                |              |
| Additional Retiree Premiums | \$ -      |                                       |                |              |
|                             |           | Non-Medicare                          | 6.5%           | 10.0%        |
|                             |           | Capitations                           |                | 8.0%         |
|                             |           | Administrative Expense                |                | 5.0%         |
| Number of Net New Retirees  | 1,000     | Pay Go Monthly Premium                |                | 10.2%        |

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

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST**  
**FINANCIAL FORECAST**  
**FISCAL YEAR 2014**

**PERIOD 7/1/2013 - 6/30/2014**

| <b>Medicare Retiree</b>                      | <b>Baseline Projection</b> | <b>Board Decision</b> | <b>Ending Projection</b> |
|--|----------------------------|-----------------------|--------------------------|
| <u>Revenues</u>                              |                            |                       |                          |
| WV PEIA Pay Go Premiums                      | \$ 98,562,194              |                       | \$ 98,562,194            |
| Employer Premiums - PPB                      | 6,707,731                  |                       | 6,707,731                |
| Employer Premiums - MCO                      | 34,918                     |                       | 34,918                   |
| Retiree Premiums - PPB                       | 32,037,636                 | 4,102,801             | 36,140,437               |
| Retiree Premiums - MCO                       | 61,417                     | 7,865                 | 69,282                   |
| Annual Required Contributions                | -                          |                       | -                        |
| Non Par Premiums                             | 2,162,818                  |                       | 2,162,818                |
| Early Retiree Reinsurance Program (CMS)      | -                          |                       | -                        |
| Investment Income                            | 26,406,762                 |                       | 26,406,762               |
| <b>Total Revenue</b>                         | <b>\$ 165,973,476</b>      | <b>\$ 4,110,666</b>   | <b>\$ 170,084,142</b>    |
| <u>Program Expenses</u>                      |                            |                       |                          |
| Medicare Medical Claims                      | \$ 4,285,567               | \$ -                  | \$ 4,285,567             |
| Medicare Prescription Drug Claims (with PDP) | 117,442,479                | -                     | 117,442,479              |
| CMS Direct and Low Income Drug Subsidy       | (27,512,956)               |                       | (27,512,956)             |
| MAPD Capitations                             | 41,942,363                 |                       | 41,942,363               |
| Administration                               | 6,222,797                  |                       | 6,222,797                |
| Life Insurance                               | -                          |                       | -                        |
| Retiree Assistance Program                   | 1,297,130                  |                       | 1,297,130                |
| Director's Discretionary Fund                | -                          |                       | -                        |
| <b>Total Expenses</b>                        | <b>\$ 143,677,380</b>      | <b>\$ -</b>           | <b>\$ 143,677,380</b>    |
| Fiscal Year Results                          | \$ 22,296,096              |                       | \$ 26,406,762            |
| Beginning Plan Reserve                       | 208,369,529                |                       | 227,163,143              |
| Ending Plan Reserve                          | \$ 230,665,625             |                       | \$ 253,569,905           |
| Accrued Actuarial Liability (AAL)            | \$ 10,848,500,000          |                       | \$ 10,848,500,000        |
| Funded Status                                | 4.8%                       |                       | 5.0%                     |

**KEY ASSUMPTIONS**

|                             |              |                                       |                |              |
|-----------------------------|--------------|---------------------------------------|----------------|--------------|
| Pay Go Monthly Premium      | \$ 206.46    | <b>Claim and Other Expense Trends</b> |                |              |
| Additional Retiree Premiums | \$ 4,110,667 | <u>Eligibility</u>                    | <u>Medical</u> | <u>Drugs</u> |
|                             |              | Medicare                              | 7.0%           | 10.5%        |
|                             |              | Capitations                           |                | 8.0%         |
|                             |              | Administrative Expense                |                | 5.0%         |
| Number of Net New Retirees  | 1,000        | Pay Go Monthly Premium                |                | 12.9%        |

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

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST**  
**FINANCIAL FORECAST**  
**FISCAL YEAR 2014**

**PERIOD 7/1/2013 - 6/30/2014**

| <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                 | \$ 87,929,127              |                       | \$ 87,929,127            |
| Employer Premiums - PPB                 | 18,202,004                 |                       | 18,202,004               |
| Employer Premiums - MCO                 | 1,339,389                  |                       | 1,339,389                |
| Retiree Premiums - PPB                  | 24,734,040                 | 3,164,216             | 27,898,256               |
| Retiree Premiums - MCO                  | 978,015                    | 125,117               | 1,103,132                |
| Annual Required Contributions           | -                          |                       | -                        |
| Non Par Premiums                        | 2,635,231                  |                       | 2,635,231                |
| Early Retiree Reinsurance Program (CMS) | -                          |                       | -                        |
| Investment Income                       | 7,922,869                  |                       | 7,922,869                |
| <b>Total Revenue</b>                    | <b>\$ 143,740,675</b>      | <b>\$ 3,289,333</b>   | <b>\$ 147,030,008</b>    |
| <u>Program Expenses</u>                 |                            |                       |                          |
| Non-Medicare Medical Claims             | \$ 87,596,854              | \$ -                  | \$ 87,596,854            |
| Non-Medicare Prescription Drug Claims   | 36,479,229                 | -                     | 36,479,229               |
| CMS Direct and Low Income Drug Subsidy  | -                          |                       | -                        |
| Non-Medicare Managed Care Capitations   | 5,522,530                  |                       | 5,522,530                |
| Administration                          | 7,582,010                  |                       | 7,582,010                |
| Life Insurance                          | -                          |                       | -                        |
| Retiree Assistance Program              | 1,580,455                  |                       | 1,580,455                |
| Director's Discretionary Fund           | 346,063                    |                       | 346,063                  |
| <b>Total Expenses</b>                   | <b>\$ 139,107,141</b>      | <b>\$ -</b>           | <b>\$ 139,107,141</b>    |
| Fiscal Year Results                     | \$ 4,633,534               |                       | \$ 7,922,867             |
| Beginning Plan Reserve                  | 285,946,427                |                       | 285,859,026              |
| Ending Plan Reserve                     | \$ 290,579,961             |                       | \$ 293,781,893           |
| Accrued Actuarial Liability (AAL)       | \$ -                       |                       | \$ -                     |
| Funded Status                           | N/A                        |                       | N/A                      |

**KEY ASSUMPTIONS**

|                             |              |                                       |                |              |
|-----------------------------|--------------|---------------------------------------|----------------|--------------|
| Pay Go Monthly Premium      | \$ 206.46    | <b>Claim and Other Expense Trends</b> |                |              |
| Additional Retiree Premiums | \$ 3,289,333 | <u>Eligibility</u>                    | <u>Medical</u> | <u>Drugs</u> |
|                             |              | Non-Medicare                          | 7.0%           | 10.5%        |
|                             |              | Capitations                           |                | 8.0%         |
|                             |              | Administrative Expense                |                | 5.0%         |
| Number of Net New Retirees  | 1,000        | Pay Go Monthly Premium                |                | 12.9%        |

**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                      | \$ 110,289,233             |                       | \$ 110,289,233           |
| Employer Premiums - PPB                      | 6,714,230                  |                       | 6,714,230                |
| Employer Premiums - MCO                      | 34,952                     |                       | 34,952                   |
| Retiree Premiums - PPB                       | 36,321,043                 | 4,045,658             | 40,366,701               |
| Retiree Premiums - MCO                       | 69,629                     | 7,756                 | 77,385                   |
| Annual Required Contributions                | -                          |                       | -                        |
| Non Par Premiums                             | 2,422,356                  |                       | 2,422,356                |
| Early Retiree Reinsurance Program (CMS)      | -                          |                       | -                        |
| Investment Income                            | 28,206,393                 |                       | 28,206,393               |
| <b>Total Revenue</b>                         | <b>\$ 184,057,836</b>      | <b>\$ 4,053,414</b>   | <b>\$ 188,111,250</b>    |
| <u>Program Expenses</u>                      |                            |                       |                          |
| Medicare Medical Claims                      | \$ 4,599,102               | \$ -                  | \$ 4,599,102             |
| Medicare Prescription Drug Claims (with PDP) | 130,146,540                | -                     | 130,146,540              |
| CMS Direct and Low Income Drug Subsidy       | (30,489,105)               |                       | (30,489,105)             |
| MAPD Capitations                             | 47,713,483                 |                       | 47,713,483               |
| Administration                               | 6,533,937                  |                       | 6,533,937                |
| Life Insurance                               | -                          |                       | -                        |
| Retiree Assistance Program                   | 1,400,900                  |                       | 1,400,900                |
| Director's Discretionary Fund                | -                          |                       | -                        |
| <b>Total Expenses</b>                        | <b>\$ 159,904,857</b>      | <b>\$ -</b>           | <b>\$ 159,904,857</b>    |
| Fiscal Year Results                          | \$ 24,152,979              |                       | \$ 28,206,393            |
| Beginning Plan Reserve                       | 230,665,625                |                       | 253,569,905              |
| Ending Plan Reserve                          | \$ 254,818,604             |                       | \$ 281,776,298           |
| Accrued Actuarial Liability (AAL)            | \$ 11,619,900,000          |                       | \$ 11,619,900,000        |
| Funded Status                                | 4.7%                       |                       | 5.0%                     |

**KEY ASSUMPTIONS**

|                             |              |                                       |                |              |
|-----------------------------|--------------|---------------------------------------|----------------|--------------|
| Pay Go Monthly Premium      | \$ 238.69    | <b>Claim and Other Expense Trends</b> |                |              |
| Additional Retiree Premiums | \$ 4,053,413 | <u>Eligibility</u>                    | <u>Medical</u> | <u>Drugs</u> |
|                             |              | Medicare                              | 7.5%           | 11.0%        |
|                             |              | Capitations                           |                | 8.0%         |
|                             |              | Administrative Expense                |                | 5.0%         |
| Number of Net New Retirees  | 1,000        | Pay Go Monthly Premium                |                | 15.6%        |

**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> |
|---|----------------------------|-----------------------|--------------------------|
| <u>Revenues</u>                         |                            |                       |                          |
| WV PEIA Pay Go Premiums                 | \$ 105,318,162             |                       | \$ 105,318,162           |
| Employer Premiums - PPB                 | 18,238,210                 |                       | 18,238,210               |
| Employer Premiums - MCO                 | 1,342,054                  |                       | 1,342,054                |
| Retiree Premiums - PPB                  | 28,066,026                 | 3,123,095             | 31,189,121               |
| Retiree Premiums - MCO                  | 1,109,766                  | 123,491               | 1,233,257                |
| Annual Required Contributions           | -                          |                       | -                        |
| Non Par Premiums                        | 2,951,458                  |                       | 2,951,458                |
| Early Retiree Reinsurance Program (CMS) | -                          |                       | -                        |
| Investment Income                       | 8,462,815                  |                       | 8,462,815                |
| <b>Total Revenue</b>                    | <b>\$ 165,488,491</b>      | <b>\$ 3,246,586</b>   | <b>\$ 168,735,077</b>    |
| <u>Program Expenses</u>                 |                            |                       |                          |
| Non-Medicare Medical Claims             | \$ 100,887,932             | \$ -                  | \$ 100,887,932           |
| Non-Medicare Prescription Drug Claims   | 43,384,923                 | -                     | 43,384,923               |
| CMS Direct and Low Income Drug Subsidy  | -                          |                       | -                        |
| Non-Medicare Managed Care Capitations   | 5,964,332                  |                       | 5,964,332                |
| Administration                          | 7,961,110                  |                       | 7,961,110                |
| Life Insurance                          | -                          |                       | -                        |
| Retiree Assistance Program              | 1,706,892                  |                       | 1,706,892                |
| Director's Discretionary Fund           | 367,073                    |                       | 367,073                  |
| <b>Total Expenses</b>                   | <b>\$ 160,272,262</b>      | <b>\$ -</b>           | <b>\$ 160,272,262</b>    |
| Fiscal Year Results                     | \$ 5,216,229               |                       | \$ 8,462,815             |
| Beginning Plan Reserve                  | 290,579,961                |                       | 293,781,893              |
| Ending Plan Reserve                     | \$ 295,796,190             |                       | \$ 302,244,708           |
| Accrued Actuarial Liability (AAL)       | \$ -                       |                       | \$ -                     |
| Funded Status                           | N/A                        |                       | N/A                      |

**KEY ASSUMPTIONS**

|                             |              |                                       |                |              |
|-----------------------------|--------------|---------------------------------------|----------------|--------------|
| Pay Go Monthly Premium      | \$ 238.69    | <b>Claim and Other Expense Trends</b> |                |              |
| Additional Retiree Premiums | \$ 3,246,587 | <u>Eligibility</u>                    | <u>Medical</u> | <u>Drugs</u> |
|                             |              | Non-Medicare                          | 7.5%           | 11.0%        |
|                             |              | Capitations                           |                | 8.0%         |
|                             |              | Administrative Expense                |                | 5.0%         |
| Number of Net New Retirees  | 1,000        | Pay Go Monthly Premium                |                | 15.6%        |

**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                      | \$ 124,595,203             |                       | \$ 124,595,203           |
| Employer Premiums - PPB                      | 6,721,620                  |                       | 6,721,620                |
| Employer Premiums - MCO                      | 34,990                     |                       | 34,990                   |
| Retiree Premiums - PPB                       | 40,552,967                 | 3,933,223             | 44,486,190               |
| Retiree Premiums - MCO                       | 77,741                     | 7,540                 | 85,281                   |
| Annual Required Contributions                | -                          |                       | -                        |
| Non Par Premiums                             | 2,713,038                  |                       | 2,713,038                |
| Early Retiree Reinsurance Program (CMS)      | -                          |                       | -                        |
| Investment Income                            | 30,132,150                 |                       | 30,132,150               |
| <b>Total Revenue</b>                         | <b>\$ 204,827,709</b>      | <b>\$ 3,940,763</b>   | <b>\$ 208,768,472</b>    |
| <u>Program Expenses</u>                      |                            |                       |                          |
| Medicare Medical Claims                      | \$ 4,958,579               | \$ -                  | \$ 4,958,579             |
| Medicare Prescription Drug Claims (with PDP) | 144,875,782                | -                     | 144,875,782              |
| CMS Direct and Low Income Drug Subsidy       | (33,939,688)               |                       | (33,939,688)             |
| MAPD Capitations                             | 54,368,044                 |                       | 54,368,044               |
| Administration                               | 6,860,633                  |                       | 6,860,633                |
| Life Insurance                               | -                          |                       | -                        |
| Retiree Assistance Program                   | 1,512,972                  |                       | 1,512,972                |
| Director's Discretionary Fund                | -                          |                       | -                        |
| <b>Total Expenses</b>                        | <b>\$ 178,636,322</b>      | <b>\$ -</b>           | <b>\$ 178,636,322</b>    |
| Fiscal Year Results                          | \$ 26,191,387              |                       | \$ 30,132,150            |
| Beginning Plan Reserve                       | 254,818,604                |                       | 281,776,298              |
| Ending Plan Reserve                          | \$ 281,009,991             |                       | \$ 311,908,448           |
| Accrued Actuarial Liability (AAL)            | \$ 12,422,100,000          |                       | \$ 12,422,100,000        |
| Funded Status                                | 4.7%                       |                       | 5.0%                     |

**KEY ASSUMPTIONS**

|                             |              |                                       |                |              |
|-----------------------------|--------------|---------------------------------------|----------------|--------------|
| Pay Go Monthly Premium      | \$ 274.89    | <b>Claim and Other Expense Trends</b> |                |              |
| Additional Retiree Premiums | \$ 3,940,763 | <u>Eligibility</u>                    | <u>Medical</u> | <u>Drugs</u> |
|                             |              | Medicare                              | 8.0%           | 11.5%        |
|                             |              | Capitations                           |                | 8.0%         |
|                             |              | Administrative Expense                |                | 5.0%         |
| Number of Net New Retirees  | 1,000        | Pay Go Monthly Premium                |                | 15.2%        |

**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                 | \$ 123,710,127             |                       | \$ 123,710,127           |
| Employer Premiums - PPB                 | 18,275,806                 |                       | 18,275,806               |
| Employer Premiums - MCO                 | 1,344,820                  |                       | 1,344,820                |
| Retiree Premiums - PPB                  | 31,362,904                 | 3,039,068             | 34,401,972               |
| Retiree Premiums - MCO                  | 1,240,129                  | 120,169               | 1,360,298                |
| Annual Required Contributions           | -                          |                       | -                        |
| Non Par Premiums                        | 3,305,633                  |                       | 3,305,633                |
| Early Retiree Reinsurance Program (CMS) | -                          |                       | -                        |
| Investment Income                       | 9,040,603                  |                       | 9,040,603                |
| <b>Total Revenue</b>                    | <b>\$ 188,280,022</b>      | <b>\$ 3,159,237</b>   | <b>\$ 191,439,259</b>    |
| <u>Program Expenses</u>                 |                            |                       |                          |
| Non-Medicare Medical Claims             | \$ 114,531,495             | \$ -                  | \$ 114,531,495           |
| Non-Medicare Prescription Drug Claims   | 50,839,976                 | -                     | 50,839,976               |
| CMS Direct and Low Income Drug Subsidy  | -                          |                       | -                        |
| Non-Medicare Managed Care Capitations   | 6,441,479                  |                       | 6,441,479                |
| Administration                          | 8,359,166                  |                       | 8,359,166                |
| Life Insurance                          | -                          |                       | -                        |
| Retiree Assistance Program              | 1,843,443                  |                       | 1,843,443                |
| Director's Discretionary Fund           | 383,095                    |                       | 383,095                  |
| <b>Total Expenses</b>                   | <b>\$ 182,398,654</b>      | <b>\$ -</b>           | <b>\$ 182,398,654</b>    |
| Fiscal Year Results                     | \$ 5,881,368               |                       | \$ 9,040,605             |
| Beginning Plan Reserve                  | 295,796,190                |                       | 302,244,708              |
| Ending Plan Reserve                     | \$ 301,677,558             |                       | \$ 311,285,313           |
| Accrued Actuarial Liability (AAL)       | \$ -                       |                       | \$ -                     |
| Funded Status                           | N/A                        |                       | N/A                      |

**KEY ASSUMPTIONS**

|                             |              |                                       |                |              |
|-----------------------------|--------------|---------------------------------------|----------------|--------------|
| Pay Go Monthly Premium      | \$ 274.89    | <b>Claim and Other Expense Trends</b> |                |              |
| Additional Retiree Premiums | \$ 3,159,237 | <u>Eligibility</u>                    | <u>Medical</u> | <u>Drugs</u> |
|                             |              | Non-Medicare                          | 8.0%           | 11.5%        |
|                             |              | Capitations                           |                | 8.0%         |
|                             |              | Administrative Expense                |                | 5.0%         |
| Number of Net New Retirees  | 1,000        | Pay Go Monthly Premium                |                | 15.2%        |

**Attachment - Trust Fund  
Historical Monthly Medical and Drug Trends  
FY 2010 to FY 2012**

**Fiscal Year 2010**

**Exposure**

|                       | <u>Jul-09</u> | <u>Aug-09</u> | <u>Sep-09</u> | <u>Oct-09</u> | <u>Nov-09</u> | <u>Dec-09</u> | <u>Jan-10</u> | <u>Feb-10</u> | <u>Mar-10</u> | <u>Apr-10</u> | <u>May-10</u> | <u>Jun-10</u> |
|-----------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>NonMed_NonDrug</b> | 18,470        | 19,167        | 19,133        | 18,994        | 19,016        | 18,991        | 18,968        | 18,857        | 18,836        | 18,739        | 18,523        | 18,333        |
| <b>Med_NonDrug</b>    | 983           | 1,130         | 1,348         | 1,375         | 1,664         | 1,848         | 2,042         | 2,259         | 2,392         | 2,488         | 2,667         | 2,920         |
| <b>NonMed_Drug</b>    | 17,122        | 17,761        | 17,731        | 17,606        | 17,625        | 17,600        | 17,580        | 17,478        | 17,459        | 17,370        | 17,171        | 16,998        |
| <b>Med_Drug</b>       | 1,024         | 1,177         | 1,404         | 1,432         | 1,733         | 1,925         | 2,127         | 2,353         | 2,492         | 2,592         | 2,778         | 3,041         |

|                       | <u>Jul-09</u> | <u>Aug-09</u> | <u>Sep-09</u> | <u>Oct-09</u> | <u>Nov-09</u> | <u>Dec-09</u> | <u>Jan-10</u> | <u>Feb-10</u> | <u>Mar-10</u> | <u>Apr-10</u> | <u>May-10</u> | <u>Jun-10</u> |
|-----------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>NonMed_NonDrug</b> | \$245.11      | \$187.18      | \$202.21      | \$251.18      | \$225.69      | \$213.86      | \$215.62      | \$236.96      | \$285.61      | \$238.10      | \$220.59      | \$289.73      |
| <b>Med_NonDrug</b>    | 226.73        | 197.25        | 166.60        | 183.17        | 132.53        | 139.81        | 185.79        | 126.52        | 131.79        | 137.20        | 119.34        | 141.32        |
| <b>NonMed_Drug</b>    | 75.32         | 92.74         | 101.68        | 103.49        | 100.71        | 110.60        | 102.25        | 100.91        | 122.06        | 112.52        | 118.47        | 136.01        |
| <b>Med_Drug</b>       | <u>110.26</u> | <u>146.55</u> | <u>160.26</u> | <u>180.07</u> | <u>147.09</u> | <u>174.65</u> | <u>160.89</u> | <u>159.66</u> | <u>179.45</u> | <u>184.31</u> | <u>189.77</u> | <u>215.07</u> |
| <b>Total</b>          | \$657.43      | \$623.71      | \$630.75      | \$717.91      | \$606.02      | \$638.92      | \$664.55      | \$624.05      | \$718.92      | \$672.12      | \$648.18      | \$782.12      |

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

|                       |              |             |              |             |              |               |               |              |              |              |             |             |
|-----------------------|--------------|-------------|--------------|-------------|--------------|---------------|---------------|--------------|--------------|--------------|-------------|-------------|
| <b>NonMed_NonDrug</b> | 23.1%        | -9.0%       | -5.3%        | 16.3%       | 14.5%        | 9.1%          | -12.5%        | 1.8%         | 7.0%         | -5.1%        | -9.4%       | 8.4%        |
| <b>Med_NonDrug</b>    | 112.6%       | -10.7%      | -23.3%       | -11.9%      | -27.5%       | -33.7%        | -16.4%        | -35.9%       | -48.9%       | -26.2%       | -22.9%      | -9.6%       |
| <b>NonMed_Drug</b>    | 4.6%         | 2.9%        | 6.5%         | -1.8%       | 5.3%         | 4.7%          | -2.9%         | 5.5%         | 12.9%        | 7.9%         | 15.6%       | 15.0%       |
| <b>Med_Drug</b>       | <u>19.5%</u> | <u>4.2%</u> | <u>-8.7%</u> | <u>4.9%</u> | <u>-7.3%</u> | <u>-12.6%</u> | <u>-10.0%</u> | <u>-1.4%</u> | <u>-5.6%</u> | <u>11.2%</u> | <u>5.7%</u> | <u>6.4%</u> |
| <b>Total</b>          | 39.9%        | -5.1%       | -10.1%       | 2.4%        | -4.5%        | -10.3%        | -11.7%        | -9.3%        | -12.6%       | -4.9%        | -4.7%       | 5.1%        |

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

|                       |  |  |             |  |  |              |  |  |              |  |  |             |
|-----------------------|--|--|-------------|--|--|--------------|--|--|--------------|--|--|-------------|
| <b>NonMed_NonDrug</b> |  |  | 2.6%        |  |  | 13.4%        |  |  | -1.0%        |  |  | -1.7%       |
| <b>Med_NonDrug</b>    |  |  | 8.4%        |  |  | -24.3%       |  |  | -34.5%       |  |  | -20.0%      |
| <b>NonMed_Drug</b>    |  |  | 4.7%        |  |  | 2.7%         |  |  | 5.2%         |  |  | 12.9%       |
| <b>Med_Drug</b>       |  |  | <u>2.1%</u> |  |  | <u>-5.4%</u> |  |  | <u>-5.8%</u> |  |  | <u>7.6%</u> |
| <b>Total</b>          |  |  | 4.5%        |  |  | -4.1%        |  |  | -11.3%       |  |  | -1.3%       |

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

|                       |  |  |             |  |  |             |  |  |              |  |  |              |
|-----------------------|--|--|-------------|--|--|-------------|--|--|--------------|--|--|--------------|
| <b>NonMed_NonDrug</b> |  |  | -2.2%       |  |  | 2.5%        |  |  | 3.3%         |  |  | 2.8%         |
| <b>Med_NonDrug</b>    |  |  | 57.0%       |  |  | 20.6%       |  |  | -7.0%        |  |  | -18.7%       |
| <b>NonMed_Drug</b>    |  |  | 3.5%        |  |  | 1.7%        |  |  | 3.8%         |  |  | 6.5%         |
| <b>Med_Drug</b>       |  |  | <u>5.6%</u> |  |  | <u>0.4%</u> |  |  | <u>-0.6%</u> |  |  | <u>-0.4%</u> |
| <b>Total</b>          |  |  | 12.8%       |  |  | 6.1%        |  |  | -0.4%        |  |  | -3.5%        |

**Attachment - Trust Fund  
Historical Monthly Medical and Drug Trends  
FY 2010 to FY 2012**

**Fiscal Year 2011**

**Exposure**

|                       | <u>Jul-10</u> | <u>Aug-10</u> | <u>Sep-10</u> | <u>Oct-10</u> | <u>Nov-10</u> | <u>Dec-10</u> | <u>Jan-11</u> | <u>Feb-11</u> | <u>Mar-11</u> | <u>Apr-11</u> | <u>May-11</u> | <u>Jun-11</u> |
|-----------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>NonMed_NonDrug</b> | 19,188        | 19,757        | 20,465        | 20,414        | 20,429        | 20,477        | 20,436        | 20,365        | 20,304        | 20,167        | 20,009        | 19,821        |
| <b>Med_NonDrug</b>    | 936           | 1,130         | 1,402         | 1,583         | 1,755         | 1,939         | 2,124         | 2,308         | 2,315         | 2,623         | 2,784         | 2,864         |
| <b>NonMed_Drug</b>    | 17,788        | 18,313        | 18,964        | 18,916        | 18,931        | 18,976        | 18,941        | 18,884        | 18,823        | 18,695        | 18,548        | 18,373        |
| <b>Med_Drug</b>       | 975           | 1,177         | 1,461         | 1,648         | 1,828         | 2,020         | 2,212         | 2,404         | 2,411         | 2,732         | 2,900         | 2,983         |

|                       | <u>Jul-10</u> | <u>Aug-10</u> | <u>Sep-10</u> | <u>Oct-10</u> | <u>Nov-10</u> | <u>Dec-10</u> | <u>Jan-11</u> | <u>Feb-11</u> | <u>Mar-11</u> | <u>Apr-11</u> | <u>May-11</u> | <u>Jun-11</u> |
|-----------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>NonMed_NonDrug</b> | \$216.38      | \$190.61      | \$204.01      | \$223.08      | \$232.32      | \$201.41      | \$273.31      | \$210.72      | \$274.40      | \$297.10      | \$268.09      | \$267.95      |
| <b>Med_NonDrug</b>    | 130.16        | 158.07        | 121.28        | 126.63        | 137.31        | 116.62        | 170.54        | 157.78        | 181.49        | 148.51        | 153.93        | 150.61        |
| <b>NonMed_Drug</b>    | 81.77         | 104.75        | 106.52        | 109.00        | 114.22        | 114.65        | 116.27        | 109.42        | 128.07        | 119.30        | 121.63        | 137.09        |
| <b>Med_Drug</b>       | <u>137.15</u> | <u>173.37</u> | <u>184.07</u> | <u>183.64</u> | <u>180.27</u> | <u>185.94</u> | <u>198.99</u> | <u>176.90</u> | <u>213.75</u> | <u>187.98</u> | <u>224.33</u> | <u>247.24</u> |
| <b>Total</b>          | \$565.46      | \$626.80      | \$615.87      | \$642.35      | \$664.12      | \$618.61      | \$759.11      | \$654.82      | \$797.71      | \$752.89      | \$767.97      | \$802.88      |

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

|                       |              |              |              |             |              |             |              |              |              |             |              |              |
|-----------------------|--------------|--------------|--------------|-------------|--------------|-------------|--------------|--------------|--------------|-------------|--------------|--------------|
| <b>NonMed_NonDrug</b> | -11.7%       | 1.8%         | 0.9%         | -11.2%      | 2.9%         | -5.8%       | 26.8%        | -11.1%       | -3.9%        | 24.8%       | 21.5%        | -7.5%        |
| <b>Med_NonDrug</b>    | -42.6%       | -19.9%       | -27.2%       | -30.9%      | 3.6%         | -16.6%      | -8.2%        | 24.7%        | 37.7%        | 8.2%        | 29.0%        | 6.6%         |
| <b>NonMed_Drug</b>    | 8.6%         | 13.0%        | 4.8%         | 5.3%        | 13.4%        | 3.7%        | 13.7%        | 8.4%         | 4.9%         | 6.0%        | 2.7%         | 0.8%         |
| <b>Med_Drug</b>       | <u>24.4%</u> | <u>18.3%</u> | <u>14.9%</u> | <u>2.0%</u> | <u>22.6%</u> | <u>6.5%</u> | <u>23.7%</u> | <u>10.8%</u> | <u>19.1%</u> | <u>2.0%</u> | <u>18.2%</u> | <u>15.0%</u> |
| <b>Total</b>          | -14.0%       | 0.5%         | -2.4%        | -10.5%      | 9.6%         | -3.2%       | 14.2%        | 4.9%         | 11.0%        | 12.0%       | 18.5%        | 2.7%         |

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

|                       |  |  |              |  |  |             |  |  |              |  |  |              |
|-----------------------|--|--|--------------|--|--|-------------|--|--|--------------|--|--|--------------|
| <b>NonMed_NonDrug</b> |  |  | -3.7%        |  |  | -4.9%       |  |  | 2.7%         |  |  | 11.3%        |
| <b>Med_NonDrug</b>    |  |  | -30.7%       |  |  | -16.5%      |  |  | 14.8%        |  |  | 13.9%        |
| <b>NonMed_Drug</b>    |  |  | 8.6%         |  |  | 7.3%        |  |  | 8.8%         |  |  | 3.0%         |
| <b>Med_Drug</b>       |  |  | <u>18.6%</u> |  |  | <u>9.6%</u> |  |  | <u>17.9%</u> |  |  | <u>11.9%</u> |
| <b>Total</b>          |  |  | -5.4%        |  |  | -1.9%       |  |  | 10.2%        |  |  | 10.5%        |

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

|                       |  |  |             |  |  |             |  |  |              |  |  |              |
|-----------------------|--|--|-------------|--|--|-------------|--|--|--------------|--|--|--------------|
| <b>NonMed_NonDrug</b> |  |  | 1.4%        |  |  | -2.8%       |  |  | -1.8%        |  |  | 1.7%         |
| <b>Med_NonDrug</b>    |  |  | -27.9%      |  |  | -26.5%      |  |  | -14.6%       |  |  | -7.2%        |
| <b>NonMed_Drug</b>    |  |  | 7.4%        |  |  | 8.6%        |  |  | 9.5%         |  |  | 6.7%         |
| <b>Med_Drug</b>       |  |  | <u>3.0%</u> |  |  | <u>6.8%</u> |  |  | <u>13.1%</u> |  |  | <u>14.2%</u> |
| <b>Total</b>          |  |  | -5.7%       |  |  | -5.2%       |  |  | 0.4%         |  |  | 3.6%         |

**Attachment - Trust Fund  
Historical Monthly Medical and Drug Trends  
FY 2010 to FY 2012**

Fiscal Year 2012

**Exposure**

|                | <u>Jul-11</u> | <u>Aug-11</u> |
|----------------|---------------|---------------|
| NonMed_NonDrug | 20,498        | 21,221        |
| Med_NonDrug    | 913           | 1,215         |
| NonMed_Drug    | 18,997        | 19,666        |
| Med_Drug       | 951           | 1,266         |

|                | <u>Jul-11</u>   | <u>Aug-11</u>   |
|----------------|-----------------|-----------------|
| NonMed_NonDrug | \$200.82        | \$248.50        |
| Med_NonDrug    | 159.95          | 159.71          |
| NonMed_Drug    | 86.18           | 106.44          |
| Med_Drug       | <u>156.24</u>   | <u>216.38</u>   |
| <b>Total</b>   | <b>\$603.18</b> | <b>\$731.02</b> |

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

|                |              |              |
|----------------|--------------|--------------|
| NonMed_NonDrug | -7.2%        | 30.4%        |
| Med_NonDrug    | 22.9%        | 1.0%         |
| NonMed_Drug    | 5.4%         | 1.6%         |
| Med_Drug       | <u>13.9%</u> | <u>24.8%</u> |
| <b>Total</b>   | <b>6.7%</b>  | <b>16.6%</b> |

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

NonMed\_NonDrug  
Med\_NonDrug  
NonMed\_Drug  
Med\_Drug  
Total

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

NonMed\_NonDrug  
Med\_NonDrug  
NonMed\_Drug  
Med\_Drug  
Total