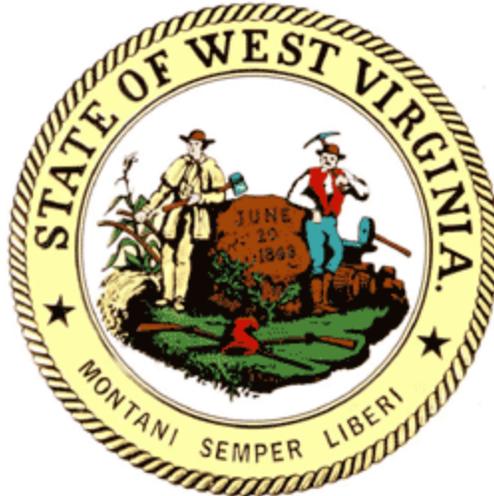




**CCRC**  
Actuaries, LLC

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## STATE OF WEST VIRGINIA



### **RETIREE HEALTH BENEFIT TRUST FUND**

**Quarterly Report  
December 31, 2011**

**Fiscal Years 2012-2016**

*May 2012*



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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, 2006.

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 for FY 2013, 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, 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 2016 using updated future revenue and plan modifications provided by the Board in the plan adopted in December 2011.

Effective July 1, 2012, RHBT has contracted with Humana to provide a Medicare Advantage/Prescription Drug Plan (“MAPD”) benefit to Medicare-eligible retired employees and their Medicare-eligible dependents. Under this arrangement, Humana has assumed the financial risk of providing comprehensive medical and drug coverage with limited copayments. Non-Medicare retirees will continue enrollment in PEIA's Preferred Provider Benefit or the Managed Care Option.

Current Medicare coverages are transferred from a self-insured secondary basis by RHBT to the Humana MAPD plan. However, it should be noted that new Medicare eligible retirees, who become Medicare eligible during the plan year, which ends in June, will be covered on a secondary basis by the PPB Plan until the beginning of the next plan year.

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 requirements to expand coverage, the estimated “grandfathering” cost of eliminating lifetime limitations, offering free preventive services, and covering children to age 26 is approximately \$3.7 million in FY 2013. In addition, RHBT is expecting to collect \$3.9 million through the Early Retiree Reinsurance Program from CMS in FY 2013. Additional details of the benefit enhancements and costs can be found later in this report.

In FY 2013 the Pay-Go is equivalent to \$343 per retiree per month. In future years, the Pay Go premium will continue to increase each year by a maximum of 3% per retiree per year. The new Pay-Go premium formula is based on the financial plan approved by the Financial Board in December 2011.

Based on our review, and subject to the conditions described herein, we believe the financial plan approved by the Board for FY 2012 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, employee, and retiree premiums in later fiscal years of the plan through FY 2016 as approved by the Board in December 2011.

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, F.S.A., M.A.A.A.  
Senior Actuarial Consultant

**West Virginia Retiree Health Benefit Trust Fund**  
**Report of Independent Actuary**  
**Financial Plan for FY 2012 – 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 March 2012 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, prescription drug claims and capitations, and on an accrued basis for administrative expenses and revenue for a period of five years. The Fund represents state and local agency retirees and their survivors. The Trust Fund is allocated its share of administrative costs from PEIA.

## **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 1,220 retirees from June 2011 to March 2012, approximating our current assumption. CCRC Actuaries has updated the claims analysis based on the enrollment through March 2012.

In aggregate, March 2012 enrollment has increased by 1,220 coverages since the end of FY 2011. Aggregate Preferred Provider Benefit (“PPB”) enrollment has increased by 1,175 in total over the same period, while managed care enrollment continues to cover fewer participants, with a slight increase of 45 coverages. For MAPD Capitations, 37,634 Medicare policyholders were projected 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 March 2012 for purposes of comparison:

Trust Fund	Coverage	Preferred Provider Benefit			Managed Care		
		Jun-10	Jun-11	Mar-12	Jun-10	Jun-11	Mar-12
Retirees	Medicare Single	16,261	16,838	17,260	14	18	32
	<u>Medicare Family</u>	<u>11,202</u>	<u>11,372</u>	<u>11,934</u>	<u>20</u>	<u>16</u>	<u>31</u>
	Medicare Total	27,463	28,210	29,194	34	34	63
	Non Medicare Single	3,363	3,585	3,643	233	160	165
	<u>Non Medicare Family</u>	<u>4,046</u>	<u>4,388</u>	<u>4,521</u>	<u>193</u>	<u>162</u>	<u>173</u>
	Non Medicare Total	7,409	7,973	8,164	426	322	338
	Retiree Total	34,872	36,183	37,358	460	356	401
Grand Total				35,332	36,539	37,759	

## B. Changes in Claim Backlog

Detail of the medical claim backlog is presented in the PEIA report titled “PEIA December 31, 2011 Quarterly 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 FY 2012 Trend	Updated Assumption 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 March 2012. 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	-2%	N/A	5%	N/A
2010	N/A	3%	N/A	7%	N/A
2011	N/A	11%	N/A	15%	N/A
2012*	2%	4%	13%	10%	5%

\* Fiscal Year 2012 results are through the first nine months ending March 2012.

Effective July 1, 2007, PEIA had contracted with Coventry Advantra Freedom to provide Medicare Advantage/Prescription Drug Plan (“MAPD”) Benefits to Medicare-eligible retired employees and dependents. Under this arrangement, Coventry Advantra Freedom had assumed the financial risk of providing comprehensive medical and prescription drug coverage with limited copayments. This arrangement expired on June 30, 2010. As a result, Fiscal Year 2008 through 2011 Medicare trends are not statistically credible.

It should be noted that RHBT will leave current MAPD and PDP program as of June 30, 2012, and RHBT will assign Medicare eligible retirees to the Humana MAPD program starting July 1, 2012.

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

Using aggregate PEIA and Trust Fund paid claim data through March 2012 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 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 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	28,980				\$ 251	\$ 129
	Non-Medicare	8,310			\$ 599	\$ 258	
	Total	37,290	\$ -	\$ 157			
	Non-Medicare Managed Care	344	\$ -	\$ 536			\$ 1,170
	Total	37,634					

\*Net of rebates and subsidies.

Projected plan revenues and administrative expenses were provided by RHBT. The following chart summarizes the Financial Plan adopted by the Board in December 2011. Medicare retirees premium will be increased by approximately \$3.1 million in Fiscal Year 2013, while Non-Medicare retirees premium will not receive an increase. This total retiree premium increase of 4% is an effective increase of 9% for the Medicare retirees.

#### Board Decisions – December 2011

Source	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
<b>Additional Retiree Premium</b>	\$0	\$3,033,090	\$0	\$14,156,233	\$21,651,329
<b>Benefit Reductions/(Increase)</b>	\$0	(\$3,686,000)	\$687,000	\$0	\$0
<b>PPACA Savings/(Cost)</b>	(\$200,000)	\$0	\$0	\$0	\$0
<b>Early Retiree Reinsurance Program (CMS)</b>	\$0	\$3,900,000	\$0	\$0	\$0
<b>Pay Go Premium Transfer</b>	\$152,046,000	\$162,000,000	\$172,900,000	\$184,000,000	\$195,200,000
<b>Actuarial Accrued Liability*</b>	\$4,007,900,000	\$4,250,900,000	\$4,454,000,000	\$4,607,800,000	\$4,745,900,000
<b>Funded Status</b>	11.9%	12.5%	12.8%	13.2%	13.7%

\*Projected Result

The \$200,000 PPACA requirement in Fiscal Year 2012 is comprised of the estimated “grandfathering” cost of eliminating lifetime limitations, offering free preventive services, and covering children to age 26. In addition, RHBT is expecting to utilize \$3.9 million through the Early Retiree Reinsurance Program from CMS, and reduce benefit coverage with the addition of “grandfathering” cost at approximately -\$3.686 million in FY 2013.

The \$3,686,000 of enhancements of benefits in Fiscal Year 2013 is comprised of the following changes:

	<u>Decrease in 2013 Claim Cost</u>
Remove Acupuncture Coverage	\$13 K
Change Physical, Occupational, and Speech Therapy Coverage to Medical Necessary with \$10 Copay	\$0.3 M
Increase Emergency Room Copay to \$100	\$0.4 M
Increase Urgent Care to \$25 Co-Pay	\$0.13 M
Specialty Co-Pay increase to \$25 from \$20	\$0.22 M
Introduce \$500 Copay for Gastric Bypass	\$0.2 M
Introduce \$500 Copay for Dental Procedures that are Medically Necessary	\$0.12 M
Pharmacy Option 75% Copay Tier 3 (\$5/\$15/75%/\$50 Sp)	\$2.02 M
West Virginia Option D Closed Network	\$0.91 M
Cost of Losing Grandfathering Status	-\$7.999 M

In addition, the Finance board elected to delay increasing the out of pocket maximum for families to FY 2014. The estimated savings is projected to be \$0.7M. 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 million in FY 2012 to approximately \$2.7 million in FY 2016, based on the Board’s direction and projected retiree enrollment growth in the financial plan.

In FY 2013 the Pay-Go is equivalent to \$343 per retiree per month. In future years, the Pay Go premium will continue to increase each year by a maximum of 3% per retiree per year. The new Pay-Go premium formula is based on the financial plan approved by the Financial Board in December 2011.

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

Effective July 1, 2012, RHBT has contracted with Humana to provide a Medicare Advantage/Prescription Drug Plan (“MAPD”) benefit to Medicare-eligible retired employees and their Medicare-eligible dependents. Under this arrangement, Humana has assumed the financial risk of providing comprehensive medical and drug coverage with limited copayments. Non-Medicare retirees will continue enrollment in PEIA's Preferred Provider Benefit or the Managed Care Option.

It should be noted that RHBT will leave current MAPD and PDP program as of June 30, 2012, and RHBT will assign Medicare eligible retirees to the Humana MAPD program starting July 1, 2012.

## **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 \$245,221,487 and incurred plan expenses of \$240,665,339 to produce a fiscal year surplus of \$4,556,148. The PEIA local and state agencies Pay Go premiums for FY 2012 are assumed to be \$152,046,000.

## **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 \$278,359,483 and incurred plan expenses of \$224,437,733 to produce a fiscal year surplus of \$53,921,750. The PEIA local and state agencies Pay Go premiums for FY 2013 are assumed to be \$162,000,000.

## **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 \$289,917,835 and incurred plan expenses of \$248,791,517 to produce a fiscal year surplus of \$41,126,318. The PEIA local and state agencies Pay Go premiums for FY 2014 are assumed to be \$172,900,000.

## **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 \$319,160,663 and incurred plan expenses of \$280,909,927 to produce a fiscal year surplus of \$38,250,736. The PEIA local and state agencies Pay Go premiums for FY 2015 are assumed to be \$184,000,000.

## **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 \$356,104,010 and incurred plan expenses of \$315,246,928 to produce a fiscal year surplus of \$40,857,082. The PEIA local and state agencies Pay Go premiums for FY 2016 are assumed to be \$195,200,000.

## **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 minimum 10% reserve target set by West Virginia Statute 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 2011 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 - MEDICARE AND NON-MEDICARE**

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

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

	<b>TRUST Total</b>
<u>Revenues</u>	
WV PEIA Pay Go Premiums	\$ 152,046,000
Retiree Premiums - PPB	70,283,520
Retiree Premiums - MCO	2,212,031
Annual Required Contributions	1,168,000
Non Par Premiums	4,410,063
Early Retiree Reinsurance Program (CMS)	-
Investment Income	15,101,873
<b>Total Revenue</b>	<b>\$ 245,221,487</b>
<u>Program Expenses</u>	
Non-Medicare Medical Claims	\$ 59,820,268
Non-Medicare Prescription Drug Claims	25,815,702
Medicare Medical Claims	3,679,693
Medicare Prescription Drug Claims	3,627,735
Medicare (PDP) Prescription Drug Claims	106,354,081
CMS Direct and Low Income Drug Subsidy	(22,853,768)
Non-Medicare Managed Care Capitations	4,828,132
MAPD Capitations	44,971,508
Administration	12,307,000
Life Insurance	-
Retiree Assistance Program	1,969,614
Director's Discretionary Fund	145,373
<b>Total Expenses</b>	<b>\$ 240,665,339</b>
<b>Fiscal Year Results</b>	<b>\$ 4,556,148</b>
<b>Beginning Plan Reserve</b>	<b>472,078,789</b>
<b>Ending Plan Reserve</b>	<b>\$ 476,634,938</b>
<b>Accrued Actuarial Liability (AAL)</b>	<b>\$ 4,007,900,000</b>
<b>Funded Status</b>	<b>11.9%</b>

**KEY ASSUMPTIONS**

Pay Go Monthly Premium for Actives	\$ 168.33	<b>Claim and Other Expense Trends</b>		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 206.13	Non-Medicare	6.5%	10.0%
		Medicare	6.5%	10.0%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		3.6%

**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	\$ 98,547,462		\$ 98,547,462
Employer Premiums - PPB	6,589,847		6,589,847
Employer Premiums - MCO	40,669		40,669
Retiree Premiums - PPB	26,651,051	-	26,651,051
Retiree Premiums - MCO	67,090	-	67,090
Annual Required Contributions	-		-
Non Par Premiums	2,028,672		2,028,672
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	11,616,541		11,616,541
<b>Total Revenue</b>	<b>\$ 145,541,332</b>	<b>\$ -</b>	<b>\$ 145,541,332</b>
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 3,671,775	\$ 7,918	\$ 3,679,693
Medicare Prescription Drug Claims	3,619,928	7,806	3,627,734
Medicare (PDP) Prescription Drug Claims	106,354,081		106,354,081
CMS Direct and Low Income Drug Subsidy	(22,853,768)		(22,853,768)
MAPD Capitations	44,971,508		44,971,508
Administration	5,661,339		5,661,339
Life Insurance	-		-
Retiree Assistance Program	906,042		906,042
Director's Discretionary Fund	-		-
<b>Total Expenses</b>	<b>\$ 142,330,905</b>	<b>\$ 15,724</b>	<b>\$ 142,346,629</b>
Fiscal Year Results	\$ 3,210,427		\$ 3,194,703
Beginning Plan Reserve	217,160,823		217,160,823
Ending Plan Reserve	\$ 220,371,250		\$ 220,355,526
Accrued Actuarial Liability (AAL)	\$ 4,007,900,000		\$ 4,007,900,000
Funded Status	11.9%		11.9%

**KEY ASSUMPTIONS**

Pay Go Monthly Premium for Actives	\$ 168.33	<b>Claim and Other Expense Trends</b>		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 133.60	Medicare	6.5%	10.0%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		3.6%

**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	\$ 53,498,538		\$ 53,498,538
Employer Premiums - PPB	17,321,290		17,321,290
Employer Premiums - MCO	1,289,117		1,289,117
Retiree Premiums - PPB	19,721,332	-	19,721,332
Retiree Premiums - MCO	815,155	-	815,155
Annual Required Contributions	1,168,000		1,168,000
Non Par Premiums	2,381,391		2,381,391
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	3,485,332		3,485,332
<b>Total Revenue</b>	<b>\$ 99,680,155</b>	<b>\$ -</b>	<b>\$ 99,680,155</b>
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 59,691,543	\$ 128,724	\$ 59,820,267
Non-Medicare Prescription Drug Claims	25,760,151	55,552	25,815,703
CMS Direct and Low Income Drug Subsidy	-		-
Non-Medicare Managed Care Capitations	4,828,132		4,828,132
Administration	6,645,661		6,645,661
Life Insurance	-		-
Retiree Assistance Program	1,063,572		1,063,572
Director's Discretionary Fund	145,106		145,373
<b>Total Expenses</b>	<b>\$ 98,134,165</b>	<b>\$ 184,276</b>	<b>\$ 98,318,708</b>
<b>Fiscal Year Results</b>	<b>\$ 1,545,990</b>		<b>\$ 1,361,447</b>
Beginning Plan Reserve	254,917,966		254,917,966
Ending Plan Reserve	\$ 256,463,956		\$ 256,279,413
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 for Actives	\$ 168.33			
Additional Retiree Premiums	\$ -			
Pay Go PMPM Subsidy for Retirees	\$ 72.53	Non-Medicare	6.5%	10.0%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		3.6%

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

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

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

	<b>TRUST Total</b>
<u>Revenues</u>	
WV PEIA Pay Go Premiums	\$ 162,000,000
Retiree Premiums - PPB	73,566,963
Retiree Premiums - MCO	2,279,339
Annual Required Contributions	-
Non Par Premiums	4,939,270
Early Retiree Reinsurance Program (CMS)	3,900,000
Investment Income	31,673,911
<b>Total Revenue</b>	<b>\$ 278,359,483</b>
<u>Program Expenses</u>	
Non-Medicare Medical Claims	\$ 71,553,785
Non-Medicare Prescription Drug Claims	30,100,900
Medicare Medical Claims	3,918,873
Medicare Prescription Drug Claims	3,990,508
Medicare (PDP) Prescription Drug Claims	-
CMS Direct and Low Income Drug Subsidy	-
Non-Medicare Managed Care Capitations	5,534,472
MAPD Capitations	-
Humana MAPD Program	100,393,920
Administration	6,497,435
Life Insurance	-
Retiree Assistance Program	2,127,183
Director's Discretionary Fund	320,657
<b>Total Expenses</b>	<b>\$ 224,437,733</b>
Fiscal Year Results	\$ 53,921,750
Beginning Plan Reserve	476,634,938
Ending Plan Reserve	\$ 530,556,688
Accrued Actuarial Liability (AAL)	\$ 4,250,900,000
Funded Status	12.5%

**KEY ASSUMPTIONS**

Pay Go Monthly Premium for Actives	\$ 179.34	<b>Claim and Other Expense Trends</b>		
Additional Retiree Premiums	\$ 3,033,090	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 211.10	Non-Medicare	6.5%	10.0%
		Medicare	6.5%	10.0%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		6.5%

**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	\$ 82,599,019		\$ 82,599,019
Employer Premiums - PPB	6,614,859		6,614,859
Employer Premiums - MCO	40,824		40,824
Retiree Premiums - PPB	26,752,206	2,976,462	29,728,668
Retiree Premiums - MCO	67,344	56,628	123,972
Annual Required Contributions	-		-
Non Par Premiums	2,272,112		2,272,112
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	24,363,951		24,363,951
<b>Total Revenue</b>	<b>\$ 142,710,315</b>	<b>\$ 3,033,090</b>	<b>\$ 145,743,405</b>
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 3,918,873	\$ -	\$ 3,918,873
Medicare Prescription Drug Claims	3,990,508	-	3,990,508
Medicare (PDP) Prescription Drug Claims	-		-
CMS Direct and Low Income Drug Subsidy	-		-
MAPD Capitations	-		-
Humana MAPD Program	100,393,920		100,393,920
Administration	2,988,883		2,988,883
Life Insurance	-		-
Retiree Assistance Program	978,525		978,525
Director's Discretionary Fund	-		-
<b>Total Expenses</b>	<b>\$ 112,270,709</b>	<b>\$ -</b>	<b>\$ 112,270,709</b>
Fiscal Year Results	\$ 30,439,606		\$ 33,472,696
Beginning Plan Reserve	220,371,250		220,355,526
Ending Plan Reserve	\$ 250,810,856		\$ 253,828,222
Accrued Actuarial Liability (AAL)	\$ 4,250,900,000		\$ 4,250,900,000
Funded Status	12.5%		12.5%

**KEY ASSUMPTIONS**

Pay Go Monthly Premium for Actives	\$ 179.34	<b>Claim and Other Expense Trends</b>		
Additional Retiree Premiums	\$ 3,033,090	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 107.64	Medicare	6.5%	10.0%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		6.5%

**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	\$ 79,400,981		\$ 79,400,981
Employer Premiums - PPB	17,405,839		17,405,839
Employer Premiums - MCO	1,295,410		1,295,410
Retiree Premiums - PPB	19,817,596		19,817,596
Retiree Premiums - MCO	819,133		819,133
Annual Required Contributions	-		-
Non Par Premiums	2,667,158		2,667,158
Early Retiree Reinsurance Program (CMS)	3,900,000		3,900,000
Investment Income	7,309,960		7,309,960
<b>Total Revenue</b>	<b>\$ 132,616,077</b>	<b>\$ -</b>	<b>\$ 132,616,077</b>
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 67,047,635	\$ 4,506,150	\$ 71,553,785
Non-Medicare Prescription Drug Claims	30,921,050	(820,150)	30,100,900
CMS Direct and Low Income Drug Subsidy	-		-
Non-Medicare Managed Care Capitations	5,534,472		5,534,472
Administration	3,508,552		3,508,552
Life Insurance	-		-
Retiree Assistance Program	1,148,658		1,148,658
Director's Discretionary Fund	304,933		320,657
<b>Total Expenses</b>	<b>\$ 108,465,300</b>	<b>\$ 3,686,000</b>	<b>\$ 112,167,024</b>
Fiscal Year Results	\$ 24,150,777		\$ 20,449,053
Beginning Plan Reserve	256,463,956		256,279,413
Ending Plan Reserve	\$ 280,614,732		\$ 276,728,465
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

**KEY ASSUMPTIONS**

Pay Go Monthly Premium for Actives	\$ 179.34	<b>Claim and Other Expense Trends</b>		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 103.47	Non-Medicare	6.5%	10.0%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		6.5%

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

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

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

	<b>TRUST Total</b>
<u>Revenues</u>	
WV PEIA Pay Go Premiums	\$ 172,900,000
Retiree Premiums - PPB	73,733,034
Retiree Premiums - MCO	2,283,443
Annual Required Contributions	-
Non Par Premiums	5,531,983
Early Retiree Reinsurance Program (CMS)	-
Investment Income	35,469,375
<b>Total Revenue</b>	<b>\$ 289,917,835</b>
<u>Program Expenses</u>	
Non-Medicare Medical Claims	\$ 77,842,876
Non-Medicare Prescription Drug Claims	34,111,523
Medicare Medical Claims	4,185,944
Medicare Prescription Drug Claims	4,402,174
Medicare (PDP) Prescription Drug Claims	-
CMS Direct and Low Income Drug Subsidy	-
Non-Medicare Managed Care Capitations	5,977,230
MAPD Capitations	-
Humana MAPD Program	112,822,763
Administration	6,822,307
Life Insurance	-
Retiree Assistance Program	2,297,358
Director's Discretionary Fund	329,342
<b>Total Expenses</b>	<b>\$ 248,791,517</b>
Fiscal Year Results	\$ 41,126,318
Beginning Plan Reserve	530,556,688
Ending Plan Reserve	\$ 571,683,005
Accrued Actuarial Liability (AAL)	\$ 4,454,000,000
Funded Status	12.8%

**KEY ASSUMPTIONS**

		<b>Claim and Other Expense Trends</b>		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go Monthly Premium for Actives	\$ 191.41			
Additional Retiree Premiums	\$ -			
Pay Go PMPM Subsidy for Retirees	\$ 218.35	Non-Medicare	7.0%	10.5%
		Medicare	7.0%	10.5%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		6.7%

**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	\$ 90,393,544		\$ 90,393,544
Employer Premiums - PPB	6,621,615		6,621,615
Employer Premiums - MCO	40,865		40,865
Retiree Premiums - PPB	28,543,468	-	28,543,468
Retiree Premiums - MCO	71,853	-	71,853
Annual Required Contributions	-		-
Non Par Premiums	2,544,766		2,544,766
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	27,283,467		27,283,467
<b>Total Revenue</b>	<b>\$ 155,499,578</b>	<b>\$ -</b>	<b>\$ 155,499,578</b>
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 4,185,944	\$ -	\$ 4,185,944
Medicare Prescription Drug Claims	4,402,174	-	4,402,174
Medicare (PDP) Prescription Drug Claims	-		-
CMS Direct and Low Income Drug Subsidy	-		-
MAPD Capitations	-		-
Humana MAPD Program	112,822,763		112,822,763
Administration	3,138,327		3,138,327
Life Insurance	-		-
Retiree Assistance Program	1,056,807		1,056,807
Director's Discretionary Fund	-		-
<b>Total Expenses</b>	<b>\$ 125,606,015</b>	<b>\$ -</b>	<b>\$ 125,606,015</b>
Fiscal Year Results	\$ 29,893,563		\$ 29,893,563
Beginning Plan Reserve	250,810,856		253,828,222
Ending Plan Reserve	\$ 280,704,419		\$ 283,721,785
Accrued Actuarial Liability (AAL)	\$ 4,454,000,000		\$ 4,454,000,000
Funded Status	12.8%		12.8%

**KEY ASSUMPTIONS**

Pay Go Monthly Premium for Actives	\$ 191.41	<b>Claim and Other Expense Trends</b>		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 114.15	Medicare	7.0%	10.5%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		6.7%

**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	\$ 82,506,456		\$ 82,506,456
Employer Premiums - PPB	17,424,184		17,424,184
Employer Premiums - MCO	1,296,775		1,296,775
Retiree Premiums - PPB	21,143,767	-	21,143,767
Retiree Premiums - MCO	873,949	-	873,949
Annual Required Contributions	-		-
Non Par Premiums	2,987,217		2,987,217
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	8,185,908		8,185,908
<b>Total Revenue</b>	<b>\$ 134,418,256</b>	<b>\$ -</b>	<b>\$ 134,418,256</b>
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 78,529,876	\$ (687,000)	\$ 77,842,876
Non-Medicare Prescription Drug Claims	34,111,523	-	34,111,523
CMS Direct and Low Income Drug Subsidy	-		-
Non-Medicare Managed Care Capitations	5,977,230		5,977,230
Administration	3,683,979		3,683,979
Life Insurance	-		-
Retiree Assistance Program	1,240,551		1,240,551
Director's Discretionary Fund	328,574		329,342
<b>Total Expenses</b>	<b>\$ 123,871,733</b>	<b>\$ (687,000)</b>	<b>\$ 123,185,501</b>
Fiscal Year Results	\$ 10,546,523		\$ 11,232,755
Beginning Plan Reserve	280,614,732		276,728,465
Ending Plan Reserve	\$ 291,161,255		\$ 287,961,220
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

**KEY ASSUMPTIONS**

Pay Go Monthly Premium for Actives	\$ 191.41	<b>Claim and Other Expense Trends</b>		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 104.19	Non-Medicare	7.0%	10.5%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		6.7%

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

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST  
FINANCIAL FORECAST  
FISCAL YEAR 2015**

PERIOD 7/1/2014 - 6/30/2015

	<b>TRUST Total</b>
<u>Revenues</u>	
WV PEIA Pay Go Premiums	\$ 184,000,000
Retiree Premiums - PPB	88,147,708
Retiree Premiums - MCO	2,566,398
Annual Required Contributions	-
Non Par Premiums	6,195,821
Early Retiree Reinsurance Program (CMS)	-
Investment Income	38,250,736
<b>Total Revenue</b>	<b>\$ 319,160,663</b>
<u>Program Expenses</u>	
Non-Medicare Medical Claims	\$ 87,861,513
Non-Medicare Prescription Drug Claims	39,761,869
Medicare Medical Claims	4,492,153
Medicare Prescription Drug Claims	4,878,326
Medicare (PDP) Prescription Drug Claims	-
CMS Direct and Low Income Drug Subsidy	-
Non-Medicare Managed Care Capitations	6,455,409
MAPD Capitations	-
Humana MAPD Program	127,472,023
Administration	7,163,422
Life Insurance	-
Retiree Assistance Program	2,481,146
Director's Discretionary Fund	344,066
<b>Total Expenses</b>	<b>\$ 280,909,927</b>
Fiscal Year Results	\$ 38,250,736
Beginning Plan Reserve	571,683,005
Ending Plan Reserve	\$ 609,933,741
Accrued Actuarial Liability (AAL)	\$ 4,607,800,000
Funded Status	13.2%

**KEY ASSUMPTIONS**

		Claim and Other Expense Trends		
		Eligibility	Medical	Drugs
Pay Go Monthly Premium for Actives	\$ 203.70			
Additional Retiree Premiums	\$ 14,156,233			
Pay Go PMPM Subsidy for Retirees	\$ 223.32			
		Non-Medicare	7.5%	11.0%
		Medicare	7.5%	11.0%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		6.4%

**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	\$ 94,608,996		\$ 94,608,996
Employer Premiums - PPB	6,660,305		6,660,305
Employer Premiums - MCO	41,104		41,104
Retiree Premiums - PPB	28,710,244	7,980,323	36,690,567
Retiree Premiums - MCO	72,273	20,089	92,362
Annual Required Contributions	-		-
Non Par Premiums	2,850,138		2,850,138
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	29,422,923		29,422,923
<b>Total Revenue</b>	<b>\$ 162,365,983</b>	<b>\$ 8,000,412</b>	<b>\$ 170,366,395</b>
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 4,492,153	\$ -	\$ 4,492,153
Medicare Prescription Drug Claims	4,878,326	-	4,878,326
Medicare (PDP) Prescription Drug Claims	-		-
CMS Direct and Low Income Drug Subsidy	-		-
MAPD Capitations	-		-
Humana MAPD Program	127,472,023		127,472,023
Administration	3,295,244		3,295,244
Life Insurance	-		-
Retiree Assistance Program	1,141,351		1,141,351
Director's Discretionary Fund	-		-
<b>Total Expenses</b>	<b>\$ 141,279,097</b>	<b>\$ -</b>	<b>\$ 141,279,097</b>
Fiscal Year Results	\$ 21,086,886		\$ 29,087,298
Beginning Plan Reserve	280,704,419		283,721,785
Ending Plan Reserve	\$ 301,791,305		\$ 312,809,083
Accrued Actuarial Liability (AAL)	\$ 4,607,800,000		\$ 4,607,800,000
Funded Status	12.9%		13.2%

**KEY ASSUMPTIONS**

Pay Go Monthly Premium for Actives	\$ 203.70	<b>Claim and Other Expense Trends</b>		
Additional Retiree Premiums	\$ 8,000,412	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 114.83	Medicare	7.5%	11.0%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		6.4%

**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	\$ 89,391,004		\$ 89,391,004
Employer Premiums - PPB	17,567,582		17,567,582
Employer Premiums - MCO	1,307,447		1,307,447
Retiree Premiums - PPB	21,317,777	5,911,478	27,229,255
Retiree Premiums - MCO	881,141	244,343	1,125,484
Annual Required Contributions	-		-
Non Par Premiums	3,345,683		3,345,683
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	8,827,813		8,827,813
<b>Total Revenue</b>	<b>\$ 142,638,447</b>	<b>\$ 6,155,821</b>	<b>\$ 148,794,268</b>
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 87,861,513	\$ -	\$ 87,861,513
Non-Medicare Prescription Drug Claims	39,761,869	-	39,761,869
CMS Direct and Low Income Drug Subsidy	-		-
Non-Medicare Managed Care Capitations	6,455,409		6,455,409
Administration	3,868,178		3,868,178
Life Insurance	-		-
Retiree Assistance Program	1,339,795		1,339,795
Director's Discretionary Fund	344,066		344,066
<b>Total Expenses</b>	<b>\$ 139,630,830</b>	<b>\$ -</b>	<b>\$ 139,630,830</b>
Fiscal Year Results	\$ 3,007,617		\$ 9,163,438
Beginning Plan Reserve	291,161,255		287,961,220
Ending Plan Reserve	\$ 294,168,872		\$ 297,124,658
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

**KEY ASSUMPTIONS**

Pay Go Monthly Premium for Actives	\$ 203.70	<b>Claim and Other Expense Trends</b>		
Additional Retiree Premiums	\$ 6,155,821	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 108.49	Non-Medicare	7.5%	11.0%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		6.4%

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

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST  
FINANCIAL FORECAST  
FISCAL YEAR 2016**

**PERIOD 7/1/2015 - 6/30/2016**

	<b>TRUST Total</b>
<u>Revenues</u>	
WV PEIA Pay Go Premiums	\$ 195,200,000
Retiree Premiums - PPB	110,116,161
Retiree Premiums - MCO	2,991,448
Annual Required Contributions	-
Non Par Premiums	6,939,319
Early Retiree Reinsurance Program (CMS)	-
Investment Income	40,857,082
<b>Total Revenue</b>	<b>\$ 356,104,010</b>
<u>Program Expenses</u>	
Non-Medicare Medical Claims	\$ 97,330,973
Non-Medicare Prescription Drug Claims	45,468,481
Medicare Medical Claims	4,843,229
Medicare Prescription Drug Claims	5,430,379
Medicare (PDP) Prescription Drug Claims	-
CMS Direct and Low Income Drug Subsidy	-
Non-Medicare Managed Care Capitations	6,971,841
MAPD Capitations	-
Humana MAPD Program	144,648,346
Administration	7,521,593
Life Insurance	-
Retiree Assistance Program	2,679,638
Director's Discretionary Fund	352,448
<b>Total Expenses</b>	<b>\$ 315,246,928</b>
<b>Fiscal Year Results</b>	<b>\$ 40,857,082</b>
<b>Beginning Plan Reserve</b>	<b>609,933,741</b>
<b>Ending Plan Reserve</b>	<b>\$ 650,790,823</b>
<b>Accrued Actuarial Liability (AAL)</b>	<b>\$ 4,745,900,000</b>
<b>Funded Status</b>	<b>13.7%</b>

**KEY ASSUMPTIONS**

		<b>Claim and Other Expense Trends</b>		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go Monthly Premium for Actives	\$ 216.10			
Additional Retiree Premiums	\$ 21,651,329			
Pay Go PMPM Subsidy for Retirees	\$ 229.58			
		Non-Medicare	8.0%	11.5%
		Medicare	8.0%	11.5%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		6.1%

**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	\$ 100,030,183		\$ 100,030,183
Employer Premiums - PPB	6,667,852		6,667,852
Employer Premiums - MCO	41,151		41,151
Retiree Premiums - PPB	37,000,095	12,195,445	49,195,540
Retiree Premiums - MCO	93,142	30,700	123,842
Annual Required Contributions	-		-
Non Par Premiums	3,192,154		3,192,154
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	31,427,755		31,427,755
<b>Total Revenue</b>	<b>\$ 178,452,332</b>	<b>\$ 12,226,145</b>	<b>\$ 190,678,477</b>
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 4,843,229	\$ -	\$ 4,843,229
Medicare Prescription Drug Claims	5,430,379	-	5,430,379
Medicare (PDP) Prescription Drug Claims	-		-
CMS Direct and Low Income Drug Subsidy	-		-
MAPD Capitations	-		-
Humana MAPD Program	144,648,346		144,648,346
Administration	3,460,006		3,460,006
Life Insurance	-		-
Retiree Assistance Program	1,232,660		1,232,660
Director's Discretionary Fund	-		-
<b>Total Expenses</b>	<b>\$ 159,614,620</b>	<b>\$ -</b>	<b>\$ 159,614,620</b>
Fiscal Year Results	\$ 18,837,712		\$ 31,063,857
Beginning Plan Reserve	301,791,305		312,809,083
Ending Plan Reserve	\$ 320,629,017		\$ 343,872,940
Accrued Actuarial Liability (AAL)	\$ 4,745,900,000		\$ 4,745,900,000
Funded Status	13.0%		13.7%

**KEY ASSUMPTIONS**

Pay Go Monthly Premium for Actives	\$ 216.10	<b>Claim and Other Expense Trends</b>		
Additional Retiree Premiums	\$ 12,226,145	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 117.65	Medicare	8.0%	11.5%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		6.1%

**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	\$ 95,169,817		\$ 95,169,817
Employer Premiums - PPB	17,648,436		17,648,436
Employer Premiums - MCO	1,313,465		1,313,465
Retiree Premiums - PPB	27,553,262	9,051,071	36,604,333
Retiree Premiums - MCO	1,138,877	374,114	1,512,991
Annual Required Contributions	-		-
Non Par Premiums	3,747,165		3,747,165
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	9,429,326		9,429,326
<b>Total Revenue</b>	<b>\$ 156,000,348</b>	<b>\$ 9,425,185</b>	<b>\$ 165,425,533</b>
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 97,330,973	\$ -	\$ 97,330,973
Non-Medicare Prescription Drug Claims	45,468,481	-	45,468,481
CMS Direct and Low Income Drug Subsidy	-		-
Non-Medicare Managed Care Capitations	6,971,841		6,971,841
Administration	4,061,587		4,061,587
Life Insurance	-		-
Retiree Assistance Program	1,446,979		1,446,979
Director's Discretionary Fund	352,448		352,448
<b>Total Expenses</b>	<b>\$ 155,632,309</b>	<b>\$ -</b>	<b>\$ 155,632,309</b>
Fiscal Year Results	\$ 368,039		\$ 9,793,224
Beginning Plan Reserve	294,168,872		297,124,658
Ending Plan Reserve	\$ 294,536,911		\$ 306,917,882
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 for Actives	\$ 216.10			
Additional Retiree Premiums	\$ 9,425,184			
Pay Go PMPM Subsidy for Retirees	\$ 111.93	Non-Medicare	8.0%	11.5%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		6.1%

**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>	\$245.15	\$186.81	\$202.14	\$251.01	\$225.82	\$213.69	\$215.23	\$237.09	\$285.85	\$238.11	\$220.73	\$288.17
<b>Med_NonDrug</b>	226.34	196.00	165.93	183.27	134.02	140.94	184.51	126.30	133.70	137.34	122.41	142.38
<b>NonMed_Drug</b>	75.32	92.74	101.68	103.49	100.71	110.58	102.22	100.87	122.02	112.48	118.41	135.97
<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>159.71</u>	<u>179.51</u>	<u>184.37</u>	<u>189.84</u>	<u>215.14</u>
<b>Total</b>	\$657.08	\$622.10	\$630.02	\$717.83	\$607.64	\$639.86	\$662.84	\$623.97	\$721.08	\$672.30	\$651.39	\$781.66

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

<b>NonMed_NonDrug</b>	23.2%	-9.2%	-5.4%	16.3%	14.6%	9.1%	-12.6%	1.9%	7.3%	-5.0%	-9.3%	7.8%
<b>Med_NonDrug</b>	112.2%	-11.3%	-18.7%	-11.4%	-26.6%	-33.3%	-17.0%	-35.3%	-48.0%	-26.1%	-20.7%	-8.7%
<b>NonMed_Drug</b>	4.6%	2.9%	6.2%	-1.8%	5.3%	4.7%	-3.0%	5.5%	12.8%	7.9%	15.5%	14.9%
<b>Med_Drug</b>	<u>19.5%</u>	<u>4.2%</u>	<u>-8.8%</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>	39.8%	-5.4%	-8.6%	2.6%	-4.2%	-10.2%	-11.9%	-9.0%	-12.3%	-4.9%	-4.2%	5.1%

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

<b>NonMed_NonDrug</b>			2.5%			13.4%			-0.9%			-1.9%
<b>Med_NonDrug</b>			10.6%			-23.7%			-34.1%			-19.0%
<b>NonMed_Drug</b>			4.6%			2.6%			5.2%			12.9%
<b>Med_Drug</b>			2.1%			<u>-5.4%</u>			<u>-5.8%</u>			<u>7.7%</u>
<b>Total</b>			5.1%			-4.0%			-11.1%			-1.2%

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

<b>NonMed_NonDrug</b>			-2.3%			2.4%			3.3%			2.8%
<b>Med_NonDrug</b>			57.9%			21.3%			-6.3%			-17.8%
<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>-0.7%</u>			<u>-0.4%</u>
<b>Total</b>			12.8%			6.2%			-0.1%			-3.2%

**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>	\$215.30	\$189.34	\$203.08	\$221.68	\$229.97	\$200.44	\$271.39	\$215.21	\$274.19	\$292.99	\$276.96	\$286.98
<b>Med_NonDrug</b>	130.56	156.41	121.84	135.41	144.16	118.62	165.70	154.57	176.33	143.44	154.00	133.46
<b>NonMed_Drug</b>	81.76	104.74	106.50	109.10	114.20	114.63	116.25	109.43	128.07	119.29	121.63	138.10
<b>Med_Drug</b>	<u>137.19</u>	<u>173.39</u>	<u>184.09</u>	<u>183.67</u>	<u>180.29</u>	<u>185.91</u>	<u>198.94</u>	<u>176.83</u>	<u>213.64</u>	<u>188.24</u>	<u>223.94</u>	<u>247.86</u>
<b>Total</b>	\$564.81	\$623.88	\$615.51	\$649.85	\$668.61	\$619.61	\$752.28	\$656.04	\$792.24	\$743.95	\$776.53	\$806.40

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

<b>NonMed_NonDrug</b>	-12.2%	1.4%	0.5%	-11.7%	1.8%	-6.2%	26.1%	-9.2%	-4.1%	23.0%	25.5%	-0.4%
<b>Med_NonDrug</b>	-42.3%	-20.2%	-26.6%	-26.1%	7.6%	-15.8%	-10.2%	22.4%	31.9%	4.4%	25.8%	-6.3%
<b>NonMed_Drug</b>	8.5%	12.9%	4.7%	5.4%	13.4%	3.7%	13.7%	8.5%	5.0%	6.1%	2.7%	1.6%
<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>6.4%</u>	<u>23.7%</u>	<u>10.7%</u>	<u>19.0%</u>	<u>2.1%</u>	<u>18.0%</u>	<u>15.2%</u>
<b>Total</b>	-14.0%	0.3%	-2.3%	-9.5%	10.0%	-3.2%	13.5%	5.1%	9.9%	10.7%	19.2%	3.2%

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

<b>NonMed_NonDrug</b>			-4.2%			-5.6%			3.1%			14.7%
<b>Med_NonDrug</b>			-30.5%			-13.1%			11.7%			7.2%
<b>NonMed_Drug</b>			8.6%			7.4%			8.8%			3.3%
<b>Med_Drug</b>			<u>18.6%</u>			<u>9.6%</u>			<u>17.9%</u>			<u>12.0%</u>
<b>Total</b>			-5.5%			-1.4%			9.6%			10.5%

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

<b>NonMed_NonDrug</b>			1.2%			-3.0%			-2.0%			2.4%
<b>Med_NonDrug</b>			-27.4%			-25.4%			-14.2%			-8.4%
<b>NonMed_Drug</b>			7.4%			8.5%			9.5%			6.8%
<b>Med_Drug</b>			<u>3.0%</u>			<u>6.9%</u>			<u>13.1%</u>			<u>14.2%</u>
<b>Total</b>			-5.5%			-4.9%			0.4%			3.5%

**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>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>
<b>NonMed_NonDrug</b>	20,498	21,221	21,302	21,202	20,967	20,793	20,605	20,503	20,371
<b>Med_NonDrug</b>	913	1,215	1,462	1,726	1,962	1,999	2,486	2,731	2,743
<b>NonMed_Drug</b>	18,997	19,666	19,739	19,646	19,427	19,267	19,092	18,999	18,879
<b>Med_Drug</b>	951	1,266	1,523	1,798	2,044	2,082	2,589	2,845	2,858

	<u>Jul-11</u>	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>
<b>NonMed_NonDrug</b>	\$168.60	\$203.94	\$205.10	\$227.51	\$246.71	\$209.51	\$229.47	\$227.40	\$246.57
<b>Med_NonDrug</b>	135.99	143.16	141.09	150.60	127.79	134.86	172.64	157.14	151.05
<b>NonMed_Drug</b>	86.09	109.80	113.06	114.85	115.35	127.58	129.18	125.14	156.85
<b>Med_Drug</b>	<u>155.96</u>	<u>225.89</u>	<u>207.58</u>	<u>189.54</u>	<u>195.46</u>	<u>216.36</u>	<u>203.11</u>	<u>182.91</u>	<u>235.78</u>
<b>Total</b>	\$546.64	\$682.79	\$666.82	\$682.49	\$685.31	\$688.31	\$734.40	\$692.59	\$790.25

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

<b>NonMed_NonDrug</b>	-21.7%	7.7%	1.0%	2.6%	7.3%	4.5%	-15.4%	5.7%	-10.1%
<b>Med_NonDrug</b>	4.2%	-8.5%	15.8%	11.2%	-11.4%	13.7%	4.2%	1.7%	-14.3%
<b>NonMed_Drug</b>	5.3%	4.8%	6.2%	5.3%	1.0%	11.3%	11.1%	14.4%	22.5%
<b>Med_Drug</b>	<u>13.7%</u>	<u>30.3%</u>	<u>12.8%</u>	<u>3.2%</u>	<u>8.4%</u>	<u>16.4%</u>	<u>2.1%</u>	<u>3.4%</u>	<u>10.4%</u>
<b>Total</b>	-3.2%	9.4%	8.3%	5.0%	2.5%	11.1%	-2.4%	5.6%	-0.3%

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

<b>NonMed_NonDrug</b>			-5.0%			4.9%			-7.5%
<b>Med_NonDrug</b>			2.8%			3.8%			-3.2%
<b>NonMed_Drug</b>			5.4%			5.9%			16.2%
<b>Med_Drug</b>			<u>19.2%</u>			<u>9.4%</u>			<u>5.5%</u>
<b>Total</b>			5.1%			6.1%			0.8%

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

<b>NonMed_NonDrug</b>			2.3%			4.9%			2.0%
<b>Med_NonDrug</b>			1.9%			6.5%			2.3%
<b>NonMed_Drug</b>			6.1%			5.8%			7.8%
<b>Med_Drug</b>			<u>14.5%</u>			<u>14.4%</u>			<u>11.2%</u>
<b>Total</b>			6.1%			7.9%			5.6%