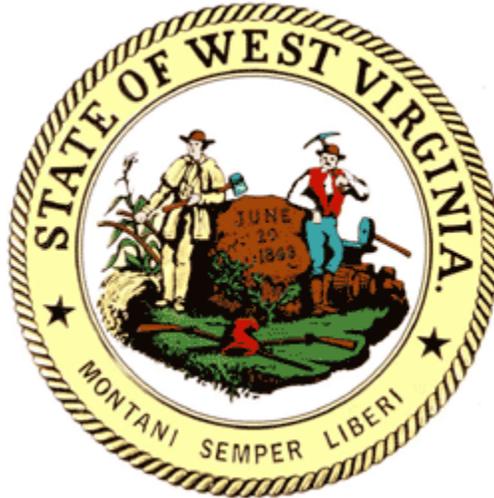




**CCRC**  
Actuaries, LLC

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# STATE OF WEST VIRGINIA



## **PUBLIC EMPLOYEES INSURANCE AGENCY**

### **Financial Plan**

**Fiscal Years 2016-2020**

*March 2016*



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Finance Board  
West Virginia Public Employees Insurance Agency  
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”).

CCRC Actuaries has been retained by the West Virginia Public Employees Insurance Agency Finance Board (“Board”) to assist it as provided under Code of the West Virginia 1931 (“Code”), as amended. The Board has asked CCRC Actuaries to review the financial plan prepared and proposed by the Board in January 2016 for the fiscal year 2017 (“FY 2017”) and to provide quarterly financial reports for current FY 2016 and thereafter. Our analysis is developed on an accrued and incurred reporting basis for a projection period of five years as required by the Code.

Under the statutory Code provisions, it is the Board’s responsibility to prepare a proposed financial plan designed to generate revenues sufficient to meet all insurance program and administrative costs of the West Virginia Public Employees Insurance Agency (“PEIA”). The Board is required to provide a financing plan in which the State Fund revenue costs are financed 80% by state employers and 20% by state employees in FY 2016 and in subsequent fiscal years. In subsequent fiscal years, future transfers of employer and employee funds may be needed to obtain the 80% and 20% split between employer and employee, depending on future enrollment and coverage elections by insureds.

The Board is also charged with the responsibility to review actual costs incurred, any revised cost estimates, expenditures, and other factors affecting the fiscal stability of the plan and to make any modifications to the plan necessary to insure that the total financial requirements of PEIA are met for the projection period. We have been asked to review the proposed financial plan, and as supported by our work, to render an actuarial opinion stating whether the plan may be reasonably expected to generate sufficient revenues to meet estimated insurance program and administrative costs of PEIA through FY 2020.

The Medicaid / PEIA Hospital Bill (“Bill”) has been extended and is anticipated to continue to provide PEIA with hospital charge savings through discounts for all non-Medicare coverages. These hospital savings are assumed to increase by the medical trend assumptions in Fiscal Year 2016 and subsequently. We are assuming that the Bill will continue throughout the five year forecast period.

CCRC Actuaries has provided preliminary forecasts for fiscal years ending June 30, 2016 (“FY 2016”), June 30, 2017 (“FY 2017”), June 30, 2018 (“FY 2018”), June 30, 2019 (“FY 2019”) and June 30, 2020 (“FY 2020”). Our opinion of plan adequacy is based on the projections through FY 2020 using updated future revenue and plan modifications provided by the Board in the financial plan adopted in January 2016. This forecast is prepared for the Public Employee Insurance Agency, and does not include actuarial projections for the West Virginia Retiree Health Benefit Trust Fund.

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 PEIA, 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. Additional details of the benefit reductions can be found later in this report. In addition, it is noteworthy that some current PEIA members have become eligible for the West Virginia Children Health Insurance Plan effective in Fiscal Year 2016.

In FY 2016 the Pay-Go is equivalent to \$294 per retiree per month. In future years, the Pay Go premium may increase by a maximum of 3% per retiree per year, indexed to the initial fixed subsidy determined in FY 2013. The new Pay-Go premium formula is based on the financial plan approved by the Financial Board in January 2016.

This report includes updated claim trend assumptions as recommended in the report titled, “Detailed Medical and Prescription Drugs Claim Trend Report - September 2015”. In the circumstances and subject to the conditions described herein, we believe the financial plan approved by the Board for FY 2016 through FY 2020 may be reasonably expected to generate sufficient revenues, when combined with the existing surplus, to meet estimated insurance program and administrative costs of PEIA. In addition, we are forecasting that PEIA will meet the minimum 20% employee cost share requirement for state revenue in FY 2016 based on the scheduled revenue increases of the financial plan approved and amended by the Board in January 2016.

The conclusion of long-term solvency for the program over the five-year forecast is based on significant revenue increases in employer and employee premiums in later fiscal years of the plan through FY 2020 as approved by the Board.

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 of the framework of the managed care options, as are contemplated in the Board's proposed plan, increase the level of uncertainty of such estimates. As such, the estimate of insurance program costs contains considerable uncertainty and variability and actual experience may not conform to the assumptions used.

Respectfully,



Dave Bond, F.S.A., F.C.A., M.A.A.A.  
Managing Partner



Chris Borcik, F.S.A., F.C.A., M.A.A.A.  
Senior Actuarial Consultant

**West Virginia Public Employees Insurance Agency**  
**Report of Independent Actuary**  
**Financial Plan for FY 2016 – FY 2020**

**OVERVIEW**

This report analyzes revenues and expenses related to funding the health and life insurance benefits of active employees of the State 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 PEIA's third party administrators through December 2015 for prescription drugs and medical claims. Enrollment data, administrative expenses, managed care capitations, and plan revenues were provided at special request from PEIA. Revenue assumptions are based on premium rates, assumed investment income and significant general and special revenue allocations provided by the Governor, some of which have not been approved by the West Virginia Legislature. In addition, other information became available through presentations made at the Board meetings, which has been used in arriving at our conclusions.

The Code of the State of West Virginia establishes the actuarial reporting requirements for PEIA 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 separation of employees into two funds: Active Local Employee Fund and State Employee Fund. The Active Local Fund represents local governmental agencies, county governmental agencies and other public entities. The State Fund represents active state employees, college and university employees and county boards of education employees. The Active Local Fund and the State Fund are allocated administrative costs based on each fund's proportionate total revenue levels.

## **KEY ASSUMPTIONS**

### **A. Enrollment Changes**

These projections include the assumption that Preferred Provider Benefit (“PPB”) and managed care enrollment will not change from January 2016 enrollment levels for the duration of these forecasts for active employees.

In aggregate, January 2016 enrollment for active employees has decreased by 368 coverages since the end of FY 2015. Aggregate PPB enrollment has decreased by 526 in total over the same period, while managed care enrollment experienced an increase of 158 coverages.

In the State Fund, the overall active State enrollment decreased by 100 coverages from the end of FY 2015 to January 2016. And in the Local Fund, the overall active Local enrollment decreased by 268 coverages from the end of FY 2015 to January 2016.

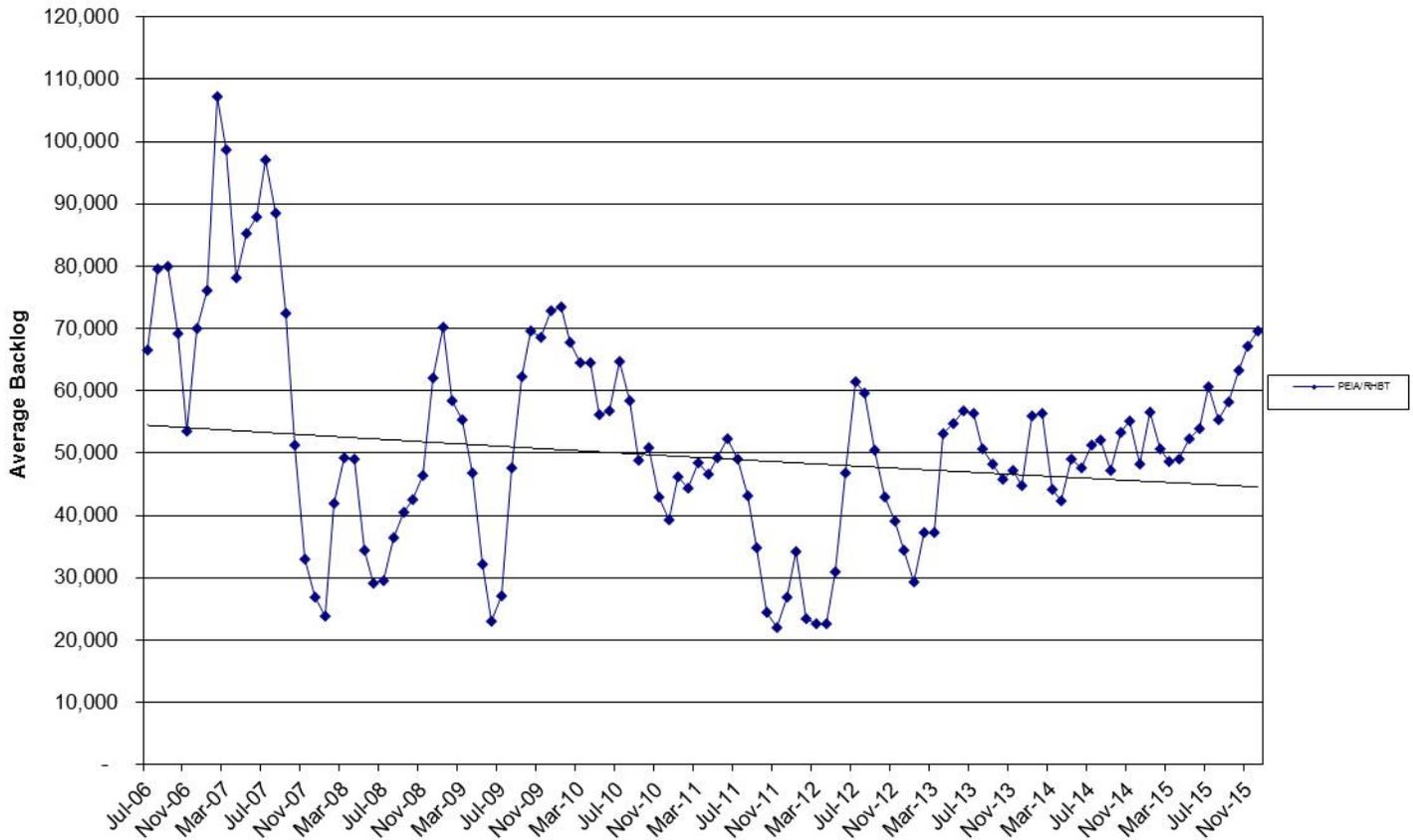
The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2014, June 2015 and January 2016 for purposes of comparison:

PEIA Fund	Coverage	Preferred Provider Benefit			Managed Care		
		Jun-14	Jun-15	Jan-16	Jun-14	Jun-15	Jan-16
State Active	Single	22,043	22,080	22,092	1,903	1,889	1,934
	Children	6,582	6,295	6,211	627	571	580
	Family	30,446	30,344	30,235	2,817	2,759	2,786
	Total	59,071	58,719	58,538	5,347	5,219	5,300
Local Active	Single	5,207	5,474	5,181	372	371	408
	Children	975	1,013	928	112	102	103
	Family	5,511	5,720	5,753	156	149	188
	Total	11,693	12,207	11,862	640	622	699
Plan Total		70,764	70,926	70,400	5,987	5,841	5,999
Grand Total					76,751	76,767	76,399

## B. Changes in Claim Backlog

It should be noted that on July 1, 2006, all retirees were transferred to the RHBT. The chart below has not been adjusted to reflect the smaller risk pool. It has displayed the duration of claim payments that has been gradually declining for the self-insured block of non-Medicare coverages. Backlog has shown a historically decreasing trend since July 2006. However, it indicates an upward trend since the beginning of FY 2015.

WV PEIA&RHBT Claim Backlog July 2006 through December 2015



### C. Trend Analysis

PEIA experienced slightly higher medical and prescription drug trends in FY 2015, but over the past few years, trends have been beneficial to the plan. CCRC Actuaries performed the detailed medical and prescription drugs trend analysis in the report titled, “Detailed Medical and Prescription Drugs Claim Trend Report - September 2015”. This report includes the detailed trend analysis of PEIA experience by medical and prescription drugs. Based on the analysis, we have increased the FY 2016 medical claim trend assumption from 5.5% to 6.5%, and we have maintained the FY 2016 prescription drug claim trend assumption at 8.5%.

The current projection assumes the trends in the following table:

Claim Type	Previous Assumption FY 2016 Trend	Updated Assumption FY 2016 Trend
Active Local – Medical	5.5%	6.5%
State – Medical	5.5%	6.5%
Active Local – Drugs	8.5%	8.5%
State – Drugs	8.5%	8.5%

In addition, we have assumed that trends will increase by 0.5% in each successive fiscal year beginning in FY 2017. 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 December 2015. 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 the 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.

**PEIA Historical Trends (Active Local and State)**

<b>Fiscal Year</b>	<b>Active Local Medical</b>	<b>State Medical</b>	<b>Active Local Drugs</b>	<b>State Drugs</b>	<b>Total</b>
2004	-1%	12%	9%	7%	9%
2005	16%	7%	7%	20%	11%
2006	1%	2%	18%	7%	3%
2007	15%	2%	13%	8%	5%
2008	3%	8%	-5%	-1%	4%
2009	-8%	3%	5%	4%	2%
2010	10%	1%	9%	9%	4%
2011	11%	8%	16%	15%	8%
2012	5%	5%	8%	6%	5%
2013	-3%	-3%	2%	6%	-3%
2014	8%	6%	9%	7%	7%
2015	6%	10%	14%	10%	10%
2016*	-6%	4%	14%	12%	3%

\* Fiscal Year 2016 results are through the first six months ending December 2015.

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

Using PEIA paid claim data through December 2015 for medical claims and for prescription drugs claims, average annualized incurred unit claim costs were developed for the State Fund and the Local 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 2016 claims and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

Fiscal Year 2016 Projection			Net Revenue Excluding Pay Go		Expenses		
Fund	Program	Policies	Monthly Employer Premiums	Monthly Employee Premiums	Monthly Medical Costs	Monthly Drugs Costs*	Monthly Capitation Costs
State	PPB	58,399	\$ 479	\$ 121	\$ 478	\$ 168	
	Managed Care	5,275	\$ 498	\$ 143			\$ 516
	Total	63,674					
Local	PPB	11,838	\$ 571	\$ -	\$ 448	\$ 134	
	Managed Care	700	\$ 434	\$ -			\$ 477
	Total	12,538					

\*Net of rebates and subsidies.

Projected plan revenues, administrative expenses, life insurance premiums, and the amount to be spent on wellness programs were provided by PEIA. Investment income is currently allocated to each fund based on average reserve levels for each fund. The following chart summarizes assumptions used in preparation of the attached forecasts.

### Board Decisions – January 2016

Source	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
<b>Additional State Employer Revenue</b>	\$0	\$66,800,000	\$31,000,000	\$37,000,000	\$47,000,000
<b>Additional Local Agency Revenue</b>	(\$3,000,000)	\$4,150,000	\$8,000,000	\$24,000,000	\$12,000,000
<b>Additional Employee Premium</b>	\$0	\$14,500,000	\$7,800,000	\$9,300,000	\$11,800,000
<b>Benefit Reductions and Savings / (Increase) - Active State</b>	\$36,838,000	\$27,475,000	\$0	\$0	\$0
<b>Benefit Reductions / (Increase) - Active Local</b>	\$5,722,000	\$825,000	\$0	\$0	\$0
<b>Benefit Reductions / (Increase) - Managed Care Capitations</b>	\$4,889,416	\$0	\$0	\$0	\$0
<b>PPACA Reinsurance Contributions (Cost)</b>	(\$5,400,000)	(\$1,800,000)	\$0	\$0	\$0
<b>PPACA Comparative Effectiveness Research Fees (Cost)</b>	(\$344,693)	(\$315,469)	(\$315,327)	(\$315,258)	\$0
<b>Pay Go Premium Transfer</b>	\$148,278,710	\$180,000,000	\$190,000,000	\$200,000,000	\$210,000,000

The \$27,475,000 of Active State benefit reductions and savings in Fiscal Year 2017 is comprised of the following:

	<u>2017 Claim Cost Savings</u>
Medical Claims	\$4.075 M
Drug Claims	\$23.400 M

The \$825,000 of Active Local benefit reductions in Fiscal Year 2017 is comprised of the following:

	<u>2017 Claim Cost Savings</u>
Medical Claims	\$0.825 M
Drug Claims	\$0 M

A detailed list of the 2017 benefit reductions and savings for the Active Employee plan as voted on by the Board consists of the following:

	<u>State Saving</u>	<u>Local Saving</u>
Reference Based Pricing	\$1.700 M	\$0.300 M
Increase Urgent Care Copay to \$50	\$1.275 M	\$0.225 M
<u>Removal of Non-network Out-of-state Benefits</u>	<u>\$1.100 M</u>	<u>\$0.300 M</u>
<b>Total Medical Benefit Reductions</b>	<b>\$4.075 M</b>	<b>\$0.825 M</b>
<u>New CVS Pharmacy Benefit Contract</u>	<u>\$23.400 M</u>	<u>\$0 M</u>
<b>Total Drugs Savings</b>	<b>\$23.400 M</b>	<b>\$0 M</b>
<b>Total Benefit Reductions and Savings</b>	<b>\$27.475 M</b>	<b>\$0.825 M</b>

Beginning March 1, 2015, PEIA returned to Aetna Signature Administrators as the PPB plans' out of state health care network provider. This arrangement was to achieve savings in relation to the FY 2015 claims costs. The anticipated trend for FY2016 reflected these assumptions.

The Centers for Medicare & Medicaid Services ("CMS") and the United States Department of Health and Human Services ("HHS") released the final rule containing further detail and parameters related to the risk adjustment, reinsurance, and risk corridors programs in the ACA on November 26, 2012. Section 1341 of the ACA provides that health insurance issuers and third party administrators on behalf of group health plans must make payments to an applicable reinsurance entity.

Under the final rule, issuers would be required to pay a reinsurance contribution of \$5.25 per member per month to HHS in 2014. The \$5.25 contribution rate would gradually decrease in 2016. From 2017 and beyond, no further reinsurance contributions will be collected. PEIA will not receive any benefit payments from the national reinsurance program. PEIA will be subject to paying the reinsurance contributions through FY 2017 and the projected expenses of the reinsurance contributions are included in the current financial plan. The total reinsurance contributions for the financial projection are estimated to be approximately \$7,200,000, with \$5,400,000 in FY 2016.

The Treasury Department and the Internal Revenue Service recently issued a final rule implementing a new tax added by the Affordable Care Act: The Comparative Effectiveness Research Fees. These fees are currently expected to be paid by health insurers and plan sponsors of self-insured group health plans.

The Affordable Care Act created a new Patient-Centered Outcomes Research Institute (PCORI) to conduct research evaluating and comparing health outcomes and assess the clinical effectiveness, risks and benefits of medical treatments. The PCORI's work will be paid for by a new Patient-Centered Outcomes Research Trust Fund, which will be funded in part through the comparative effectiveness research fees.

It is anticipated that PEIA would accrue and pay these fees through FY 2019. The fee would be \$2 per member per year. The total comparative effectiveness research fees for the financial projection are estimated to be approximately \$1,290,000, with \$344,693 in FY 2016.

Future fiscal year state revenue increases will require legislative appropriation. Additional local agency revenue represents premium increases to be charged to local agencies. Additional employee premiums represent employee premiums paid by active employees participating in the State Fund.

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

Beyond the extension of the Medicaid / PEIA Hospital Bill throughout the forecast, there are no assumed changes in provider reimbursement for physicians, hospitals and pharmaceutical charges beyond the annual cost updates that PEIA has implemented historically.

### **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 \$711,154,682 and incurred plan expenses of \$749,762,937 to produce a fiscal year deficit of (\$38,608,255). The PEIA local and state agencies Pay Go premiums for FY 2016 are assumed to be \$148,278,710.

Under the Baseline Scenario, FY 2016 is projected to end with a reserve of \$132,898,477 and the FY 2017 expenditures of \$790,397,482, which represents 17% of projected expenditures. This projected reserve meets the 10% of program expense requirement under the Baseline Scenario assumptions.

### **FISCAL YEAR 2017 FORECAST**

The financial forecast for FY 2017 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2017 projects accrued revenue of \$797,103,691 and incurred plan expenses of \$790,397,482 to produce a fiscal year surplus of \$6,706,209. The PEIA local and state agencies Pay Go premiums for FY 2017 are assumed to be \$180,000,000.

Under the Baseline Scenario, FY 2017 is projected to end with a reserve of \$139,604,686 and the FY 2018 expenditures of \$843,668,744, which represents 17% of projected expenditures. This projected reserve meets the 10% of program expense requirement under the Baseline Scenario assumptions. Under the Optimistic Scenario, the ending reserve is expected to increase to \$161,036,337 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$118,027,892.

### **FISCAL YEAR 2018 FORECAST**

The financial forecast for FY 2018 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2018 projects accrued revenue of \$844,734,119 and incurred plan expenses of \$843,668,744 to produce a fiscal year surplus of \$1,065,375. The PEIA local and state agencies Pay Go premiums for FY 2018 are assumed to be \$190,000,000.

Under the Baseline Scenario, FY 2018 is projected to end with a reserve of \$140,670,061 and the FY 2019 expenditures of \$907,905,582, which represents 15% of projected expenditures. This projected reserve meets the 10% of program expense requirement under the Baseline Scenario assumptions. Under the Optimistic Scenario, the ending reserve is expected to increase to \$190,517,355 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$89,848,582.

## **FISCAL YEAR 2019 FORECAST**

The financial forecast for FY 2019 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2019 projects accrued revenue of \$915,749,624 and incurred plan expenses of \$907,905,582 to produce a fiscal year surplus of \$7,844,042. The PEIA local and state agencies Pay Go premiums for FY 2019 are assumed to be \$200,000,000.

Under the Baseline Scenario, FY 2019 is projected to end with a reserve of \$148,514,103 and the FY 2020 expenditures of \$976,733,516, which represents 15% of projected expenditures. This projected reserve meets the 10% of program expense requirement under the Baseline Scenario assumptions. Under the Optimistic Scenario, the ending reserve is expected to increase to \$241,421,585 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$52,583,359.

## **FISCAL YEAR 2020 FORECAST**

The financial forecast for FY 2020 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2020 projects accrued revenue of \$987,581,459 and incurred plan expenses of \$976,733,516 to produce a fiscal year surplus of \$10,847,943. The PEIA local and state agencies Pay Go premiums for FY 2020 are assumed to be \$210,000,000.

Under the Baseline Scenario, FY 2020 is projected to end with a reserve of \$159,362,047 and the FY 2021 expenditures of \$1,054,463,710, which represents 15% of projected expenditures. This projected reserve meets the 15% of program expense requirement under the Baseline Scenario assumptions. Under the Optimistic Scenario, the ending reserve is expected to increase to \$312,581,650 and under the Pessimistic Scenario, the ending reserve is expected to decrease to (\$870,838).

## **LITIGATION**

The forecasts presented in the attached tables do not contemplate any additional revenues or expenses to be generated from litigation activities.

## **SUMMARY**

With projected changes to the plan as adopted by the PEIA Finance Board, we are forecasting that the plan will meet the minimum 10% reserve target set by West Virginia Statute and the 15% actuarial reserve target through the projection period ending with the Fiscal Year 2020 using the Baseline assumptions. These projections are based on significant revenue increases as contained in the Financial Plan adopted by the Board in January 2016 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 universal health insurance initiatives 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  
PEIA - ACTIVE LOCAL AND STATE**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
FINANCIAL FORECAST  
FISCAL YEAR 2016**

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

	<b>Active Local Fund</b>	<b>State Fund</b>	<b>PEIA Total</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 104,185,340	\$ 426,806,219	\$ 530,991,559
Employer Premiums - MCO	5,003,764	39,752,417	44,756,181
Employee Premiums - PPB	-	107,423,336	107,423,336
Employee Premiums - MCO	-	11,113,485	11,113,485
Life Insurance	341,281	1,763,821	2,105,102
Investment Income	1,911,572	6,088,428	8,000,000
Litigation Settlement	-	-	-
COBRA Premiums	407,521	1,692,097	2,099,618
Administrative Fees	713,288	3,952,113	4,665,401
<b>Total Revenue</b>	<b>\$ 112,562,766</b>	<b>\$ 598,591,916</b>	<b>\$ 711,154,682</b>
<u>Program Expenses</u>			
Medical Claims	\$ 63,635,768	\$ 334,823,201	\$ 398,458,969
Prescription Drug Claims	19,049,606	117,894,939	136,944,545
Managed Care Capitations	4,004,245	32,643,353	36,647,598
Administration	2,940,822	15,198,886	18,139,708
Life Insurance	341,958	1,767,320	2,109,278
Wellness	281,632	1,455,546	1,737,178
ACA Reinsurance Contributions	875,452	4,524,548	5,400,000
ACA Comparative Effectiveness Research Fees	51,507	293,186	344,693
Director's Discretionary Fund	262,889	1,439,369	1,702,258
WV RHBT Pay Go Premiums	24,393,628	123,885,082	148,278,710
<b>Total Expenses</b>	<b>\$ 115,837,507</b>	<b>\$ 633,925,430</b>	<b>\$ 749,762,937</b>
<b>Fiscal Year Results</b>	<b>\$ (3,274,741)</b>	<b>\$ (35,333,514)</b>	<b>\$ (38,608,255)</b>
Beginning Plan Reserve	46,347,365	125,159,367	171,506,732
Ending Plan Reserve	\$ 43,072,624	\$ 89,825,853	\$ 132,898,477

**KEY ASSUMPTIONS**

Additional State Employer Premiums	\$ -	<b>Claim and Other Expense Trends</b>		
Additional Local Agency Revenue	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ -	Active Local	6.5%	8.5%
Direct Transfers	\$ -	State	6.5%	8.5%
		Capitations		-6.3%
		Administrative Expense		1.2%

**APPENDIX - BASELINE SCENARIO  
PEIA - LOCAL FUND**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
FINANCIAL FORECAST  
FISCAL YEAR 2016**

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

<b>Local Fund</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 104,185,340	\$ -	\$ 104,185,340
Employer Premiums - MCO	5,003,764	-	5,003,764
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	341,281		341,281
Investment Income	1,911,572		1,911,572
Litigation Settlement	-		-
COBRA Premiums	407,521		407,521
Administrative Fees	713,288		713,288
<b>Total Revenue</b>	<b>\$ 112,562,766</b>	<b>\$ -</b>	<b>\$ 112,562,766</b>
<u>Program Expenses</u>			
Medical Claims	\$ 67,557,768	\$ (3,922,000)	\$ 63,635,768
Prescription Drug Claims	20,849,606	(1,800,000)	19,049,606
Managed Care Capitations	3,716,447	287,798	4,004,245
Administration	2,940,822		2,940,822
Life Insurance	341,958		341,958
Wellness	281,632		281,632
ACA Reinsurance Contributions	875,452		875,452
ACA Comparative Effectiveness Research Fees	51,507		51,507
Director's Discretionary Fund	262,889		262,889
WV RHBT Pay Go Premiums	24,393,628		24,393,628
<b>Total Expenses</b>	<b>\$ 121,271,709</b>	<b>\$ (5,434,202)</b>	<b>\$ 115,837,507</b>
Fiscal Year Results	\$ (8,708,943)		\$ (3,274,741)
Beginning Plan Reserve	46,347,365		46,347,365
Ending Plan Reserve	\$ 37,638,422		\$ 43,072,624

**KEY ASSUMPTIONS**

Additional Local Agency Revenue	\$ -	<b>Claim and Other Expense Trends</b>		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	6.5%	8.5%
		Capitations		-6.3%
		Administrative Expense		1.2%

**APPENDIX - BASELINE SCENARIO  
PEIA - STATE FUND**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
FINANCIAL FORECAST  
FISCAL YEAR 2016**

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

<b>State Fund</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 426,806,219	\$ -	\$ 426,806,219
Employer Premiums - MCO	39,752,417	-	39,752,417
Employee Premiums - PPB	107,423,336	-	107,423,336
Employee Premiums - MCO	11,113,485	-	11,113,485
Life Insurance	1,763,821		1,763,821
Investment Income	6,088,428		6,088,428
Litigation Settlement	-		-
COBRA Premiums	1,692,097		1,692,097
Administrative Fees	3,952,113		3,952,113
<b>Total Revenue</b>	<b>\$ 598,591,916</b>	<b>\$ -</b>	<b>\$ 598,591,916</b>
<u>Program Expenses</u>			
Medical Claims	\$ 360,961,201	\$ (26,138,000)	\$ 334,823,201
Prescription Drug Claims	128,594,939	(10,700,000)	117,894,939
Managed Care Capitations	37,820,567	(5,177,214)	32,643,353
Administration	15,198,886		15,198,886
Life Insurance	1,767,320		1,767,320
Wellness	1,455,546		1,455,546
ACA Reinsurance Contributions	4,524,548		4,524,548
ACA Comparative Effectiveness Research Fees	293,186		293,186
Director's Discretionary Fund	1,439,369		1,439,369
WV RHBT Pay Go Premiums	123,885,082		123,885,082
<b>Total Expenses</b>	<b>\$ 675,940,644</b>	<b>\$ (42,015,214)</b>	<b>\$ 633,925,430</b>
<b>Fiscal Year Results</b>	<b>\$ (77,348,728)</b>		<b>\$ (35,333,514)</b>
Beginning Plan Reserve	125,159,367		125,159,367
Ending Plan Reserve	\$ 47,810,639		\$ 89,825,853

**KEY ASSUMPTIONS**

Additional State Employer Premiums	\$ -	<b>Claim and Other Expense Trends</b>		
Additional State Employee Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ -	State	6.5%	8.5%
		Capitations		-6.3%
		Administrative Expense		1.2%

**APPENDIX - BASELINE SCENARIO  
PEIA - ACTIVE LOCAL AND STATE**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
FINANCIAL FORECAST  
FISCAL YEAR 2017**

**PERIOD 7/1/2016 - 6/30/2017**

	<b>Active Local Fund</b>	<b>State Fund</b>	<b>PEIA Total</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 108,145,160	\$ 487,914,627	\$ 596,059,787
Employer Premiums - MCO	5,193,945	45,444,009	50,637,954
Employee Premiums - PPB	-	120,563,880	120,563,880
Employee Premiums - MCO	-	12,472,941	12,472,941
Life Insurance	358,345	1,852,013	2,210,358
Investment Income	2,176,311	5,959,028	8,135,339
Litigation Settlement	-	-	-
COBRA Premiums	457,677	1,900,354	2,358,031
Administrative Fees	713,288	3,952,113	4,665,401
<b>Total Revenue</b>	<b>\$ 117,044,726</b>	<b>\$ 680,058,965</b>	<b>\$ 797,103,691</b>
<u>Program Expenses</u>			
Medical Claims	\$ 67,213,826	\$ 353,978,273	\$ 421,192,099
Prescription Drug Claims	20,749,168	105,035,745	125,784,913
Managed Care Capitations	4,244,500	34,601,954	38,846,454
Administration	2,467,446	14,336,476	16,803,922
Life Insurance	359,055	1,855,686	2,214,741
Wellness	281,632	1,455,546	1,737,178
ACA Reinsurance Contributions	300,000	1,500,000	1,800,000
ACA Comparative Effectiveness Research Fees	50,505	264,964	315,469
Director's Discretionary Fund	273,823	1,428,883	1,702,706
WV RHBT Pay Go Premiums	30,319,893	149,680,107	180,000,000
<b>Total Expenses</b>	<b>\$ 126,259,849</b>	<b>\$ 664,137,634</b>	<b>\$ 790,397,482</b>
Fiscal Year Results	\$ (9,215,123)	\$ 15,921,331	\$ 6,706,209
Beginning Plan Reserve	43,072,624	89,825,853	132,898,477
Ending Plan Reserve	\$ 33,857,502	\$ 105,747,184	\$ 139,604,686

**KEY ASSUMPTIONS**

Additional State Employer Premiums	\$ 66,800,000	<b>Claim and Other Expense Trends</b>		
Additional Local Agency Revenue	\$ 4,150,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 14,500,000	Active Local	7.0%	9.0%
Direct Transfers	\$ -	State	7.0%	9.0%
		Capitations		6.0%
		Administrative Expense		3.0%

**APPENDIX - BASELINE SCENARIO  
PEIA - LOCAL FUND**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
FINANCIAL FORECAST  
FISCAL YEAR 2017**

**PERIOD 7/1/2016 - 6/30/2017**

<b>Local Fund</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 104,185,340	\$ 3,959,820	\$ 108,145,160
Employer Premiums - MCO	5,003,764	190,180	5,193,944
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	358,345		358,345
Investment Income	2,176,311		2,176,311
Litigation Settlement	-		-
COBRA Premiums	457,677		457,677
Administrative Fees	713,288		713,288
<b>Total Revenue</b>	<b>\$ 112,894,725</b>	<b>\$ 4,150,000</b>	<b>\$ 117,044,725</b>
<u>Program Expenses</u>			
Medical Claims	\$ 68,038,826	\$ (825,000)	\$ 67,213,826
Prescription Drug Claims	20,749,168	\$ -	20,749,168
Managed Care Capitations	4,244,500		4,244,500
Administration	2,467,446		2,467,446
Life Insurance	359,055		359,055
Wellness	281,632		281,632
ACA Reinsurance Contributions	300,000		300,000
ACA Comparative Effectiveness Research Fees	50,505		50,505
Director's Discretionary Fund	273,823		273,823
WV RHBT Pay Go Premiums	30,319,893		30,319,893
<b>Total Expenses</b>	<b>\$ 127,084,848</b>	<b>\$ (825,000)</b>	<b>\$ 126,259,848</b>
Fiscal Year Results	\$ (14,190,123)		\$ (9,215,123)
Beginning Plan Reserve	43,072,624		43,072,624
Ending Plan Reserve	\$ 28,882,501		\$ 33,857,501

**KEY ASSUMPTIONS**

Additional Local Agency Revenue	\$ 4,150,000	<b>Claim and Other Expense Trends</b>		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	7.0%	9.0%
		Capitations		6.0%
		Administrative Expense		3.0%

**APPENDIX - BASELINE SCENARIO  
PEIA - STATE FUND**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
FINANCIAL FORECAST  
FISCAL YEAR 2017**

**PERIOD 7/1/2016 - 6/30/2017**

<b>State Fund</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 426,806,219	\$ 61,108,408	\$ 487,914,627
Employer Premiums - MCO	39,752,417	5,691,592	45,444,009
Employee Premiums - PPB	107,423,336	13,140,544	120,563,880
Employee Premiums - MCO	11,113,485	1,359,456	12,472,941
Life Insurance	1,852,013		1,852,013
Investment Income	5,959,028		5,959,028
Litigation Settlement	-		-
COBRA Premiums	1,900,354		1,900,354
Administrative Fees	3,952,113		3,952,113
<b>Total Revenue</b>	<b>\$ 598,758,965</b>	<b>\$ 81,300,000</b>	<b>\$ 680,058,965</b>
<u>Program Expenses</u>			
Medical Claims	\$ 358,053,273	\$ (4,075,000)	\$ 353,978,273
Prescription Drug Claims	128,435,745	\$ (23,400,000)	105,035,745
Managed Care Capitations	34,601,954	-	34,601,954
Administration	14,336,476		14,336,476
Life Insurance	1,855,686		1,855,686
Wellness	1,455,546		1,455,546
ACA Reinsurance Contributions	1,500,000		1,500,000
ACA Comparative Effectiveness Research Fees	264,964		264,964
Director's Discretionary Fund	1,428,883		1,428,883
WV RHBT Pay Go Premiums	149,680,107		149,680,107
<b>Total Expenses</b>	<b>\$ 691,612,634</b>	<b>\$ (27,475,000)</b>	<b>\$ 664,137,634</b>
Fiscal Year Results	\$ (92,853,669)		\$ 15,921,331
Beginning Plan Reserve	89,825,853		89,825,853
Ending Plan Reserve	\$ (3,027,816)		\$ 105,747,184

**KEY ASSUMPTIONS**

Additional State Employer Premiums	\$ 66,800,000	<b>Claim and Other Expense Trends</b>		
Additional State Employee Premiums	\$ 14,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ -	State	7.0%	9.0%
		Capitations		6.0%
		Administrative Expense		3.0%

**APPENDIX - BASELINE SCENARIO  
PEIA - ACTIVE LOCAL AND STATE**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
FINANCIAL FORECAST  
FISCAL YEAR 2018**

**PERIOD 7/1/2017 - 6/30/2018**

	<b>Active Local Fund</b>	<b>State Fund</b>	<b>PEIA Total</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 115,778,547	\$ 516,273,319	\$ 632,051,866
Employer Premiums - MCO	5,560,557	48,085,316	53,645,873
Employee Premiums - PPB	-	127,632,587	127,632,587
Employee Premiums - MCO	-	13,204,234	13,204,234
Life Insurance	376,262	1,944,613	2,320,875
Investment Income	1,857,637	6,856,085	8,713,722
Litigation Settlement	-	-	-
COBRA Premiums	485,147	2,014,414	2,499,561
Administrative Fees	713,288	3,952,113	4,665,401
<b>Total Revenue</b>	<b>\$ 124,771,438</b>	<b>\$ 719,962,681</b>	<b>\$ 844,734,119</b>
<u>Program Expenses</u>			
Medical Claims	\$ 72,102,584	\$ 379,724,671	\$ 451,827,255
Prescription Drug Claims	22,673,490	114,776,981	137,450,470
Managed Care Capitations	4,499,170	36,678,071	41,177,241
Administration	2,530,133	14,599,508	17,129,641
Life Insurance	377,008	1,948,471	2,325,479
Wellness	281,632	1,455,546	1,737,178
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	52,236	263,092	315,328
Director's Discretionary Fund	274,408	1,431,744	1,706,152
WV RHBT Pay Go Premiums	32,785,063	157,214,937	190,000,000
<b>Total Expenses</b>	<b>\$ 135,575,724</b>	<b>\$ 708,093,020</b>	<b>\$ 843,668,744</b>
Fiscal Year Results	\$ (10,804,286)	\$ 11,869,661	\$ 1,065,375
Beginning Plan Reserve	33,857,502	105,747,184	139,604,686
Ending Plan Reserve	\$ 23,053,216	\$ 117,616,845	\$ 140,670,061

**KEY ASSUMPTIONS**

Additional State Employer Premiums	\$ 31,000,000	<b>Claim and Other Expense Trends</b>		
Additional Local Agency Revenue	\$ 8,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 7,800,000	Active Local	7.5%	9.5%
Direct Transfers	\$ -	State	7.5%	9.5%
		Capitations		6.0%
		Administrative Expense		3.0%

**APPENDIX - BASELINE SCENARIO  
PEIA - LOCAL FUND**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
FINANCIAL FORECAST  
FISCAL YEAR 2018**

**PERIOD 7/1/2017 - 6/30/2018**

<b>Local Fund</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 108,145,160	\$ 7,633,387	\$ 115,778,547
Employer Premiums - MCO	5,193,945	366,613	5,560,558
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	376,262		376,262
Investment Income	1,857,637		1,857,637
Litigation Settlement	-		-
COBRA Premiums	485,147		485,147
Administrative Fees	713,288		713,288
<b>Total Revenue</b>	<b>\$ 116,771,439</b>	<b>\$ 8,000,000</b>	<b>\$ 124,771,439</b>
<u>Program Expenses</u>			
Medical Claims	\$ 72,102,584		\$ 72,102,584
Prescription Drug Claims	22,673,490		22,673,490
Managed Care Capitations	4,499,170		4,499,170
Administration	2,530,133		2,530,133
Life Insurance	377,008		377,008
Wellness	281,632		281,632
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	52,236		52,236
Director's Discretionary Fund	274,408		274,408
WV RHBT Pay Go Premiums	32,785,063		32,785,063
<b>Total Expenses</b>	<b>\$ 135,575,724</b>	<b>\$ -</b>	<b>\$ 135,575,724</b>
Fiscal Year Results	\$ (18,804,285)		\$ (10,804,285)
Beginning Plan Reserve	33,857,502		33,857,502
Ending Plan Reserve	\$ 15,053,217		\$ 23,053,217

**KEY ASSUMPTIONS**

Additional Local Agency Revenue	\$ 8,000,000	<b>Claim and Other Expense Trends</b>		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	7.5%	9.5%
		Capitations		6.0%
		Administrative Expense		3.0%

**APPENDIX - BASELINE SCENARIO  
PEIA - STATE FUND**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
FINANCIAL FORECAST  
FISCAL YEAR 2018**

**PERIOD 7/1/2017 - 6/30/2018**

<b>State Fund</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 487,914,627	\$ 28,358,692	\$ 516,273,319
Employer Premiums - MCO	45,444,009	2,641,308	48,085,317
Employee Premiums - PPB	120,563,880	7,068,707	127,632,587
Employee Premiums - MCO	12,472,941	731,293	13,204,234
Life Insurance	1,944,613		1,944,613
Investment Income	6,856,085		6,856,085
Litigation Settlement	-		-
COBRA Premiums	2,014,414		2,014,414
Administrative Fees	3,952,113		3,952,113
<b>Total Revenue</b>	<b>\$ 681,162,682</b>	<b>\$ 38,800,000</b>	<b>\$ 719,962,682</b>
<u>Program Expenses</u>			
Medical Claims	\$ 379,724,671		\$ 379,724,671
Prescription Drug Claims	114,776,981		114,776,981
Managed Care Capitations	36,678,071		36,678,071
Administration	14,599,508		14,599,508
Life Insurance	1,948,471		1,948,471
Wellness	1,455,546		1,455,546
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	263,092		263,092
Director's Discretionary Fund	1,431,744		1,431,744
WV RHBT Pay Go Premiums	157,214,937		157,214,937
<b>Total Expenses</b>	<b>\$ 708,093,021</b>	<b>\$ -</b>	<b>\$ 708,093,021</b>
Fiscal Year Results	\$ (26,930,339)		\$ 11,869,661
Beginning Plan Reserve	105,747,184		105,747,184
Ending Plan Reserve	\$ 78,816,845		\$ 117,616,845

**KEY ASSUMPTIONS**

Additional State Employer Premiums	\$ 31,000,000	<b>Claim and Other Expense Trends</b>		
Additional State Employee Premiums	\$ 7,800,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ -	State	7.5%	9.5%
		Capitations		6.0%
		Administrative Expense		3.0%

**APPENDIX - BASELINE SCENARIO  
PEIA - ACTIVE LOCAL AND STATE**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
FINANCIAL FORECAST  
FISCAL YEAR 2019**

**PERIOD 7/1/2018 - 6/30/2019**

	<b>Active Local Fund</b>	<b>State Fund</b>	<b>PEIA Total</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 138,678,709	\$ 550,120,790	\$ 688,799,499
Employer Premiums - MCO	6,660,395	51,237,845	57,898,240
Employee Premiums - PPB	-	136,060,660	136,060,660
Employee Premiums - MCO	-	14,076,161	14,076,161
Life Insurance	395,075	2,041,844	2,436,919
Investment Income	1,480,894	7,619,691	9,100,585
Litigation Settlement	-	-	-
COBRA Premiums	526,411	2,185,748	2,712,159
Administrative Fees	713,288	3,952,113	4,665,401
<b>Total Revenue</b>	<b>\$ 148,454,772</b>	<b>\$ 767,294,852</b>	<b>\$ 915,749,624</b>
<u>Program Expenses</u>			
Medical Claims	\$ 77,707,575	\$ 409,243,078	\$ 486,950,652
Prescription Drug Claims	24,889,688	125,995,742	150,885,430
Managed Care Capitations	4,769,120	38,878,755	43,647,875
Administration	3,277,577	16,940,295	20,217,872
Life Insurance	395,859	2,045,894	2,441,753
Wellness	281,632	1,455,546	1,737,178
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	54,025	261,232	315,257
Director's Discretionary Fund	274,987	1,434,578	1,709,565
WV RHBT Pay Go Premiums	35,348,202	164,651,798	200,000,000
<b>Total Expenses</b>	<b>\$ 146,998,664</b>	<b>\$ 760,906,917</b>	<b>\$ 907,905,582</b>
Fiscal Year Results	\$ 1,456,108	\$ 6,387,935	\$ 7,844,042
Beginning Plan Reserve	23,053,216	117,616,845	140,670,061
Ending Plan Reserve	\$ 24,509,324	\$ 124,004,779	\$ 148,514,103

**KEY ASSUMPTIONS**

Additional State Employer Premiums	\$ 37,000,000	<b>Claim and Other Expense Trends</b>		
Additional Local Agency Revenue	\$ 24,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 9,300,000	Active Local	8.0%	10.0%
Direct Transfers	\$ -	State	8.0%	10.0%
		Capitations		6.0%
		Administrative Expense		3.0%

**APPENDIX - BASELINE SCENARIO  
PEIA - LOCAL FUND**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
FINANCIAL FORECAST  
FISCAL YEAR 2019**

**PERIOD 7/1/2018 - 6/30/2019**

<b>Local Fund</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 115,778,547	\$ 22,900,162	\$ 138,678,709
Employer Premiums - MCO	5,560,557	1,099,838	6,660,395
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	395,075		395,075
Investment Income	1,480,894		1,480,894
Litigation Settlement	-		-
COBRA Premiums	526,411		526,411
Administrative Fees	713,288		713,288
<b>Total Revenue</b>	<b>\$ 124,454,772</b>	<b>\$ 24,000,000</b>	<b>\$ 148,454,772</b>
<u>Program Expenses</u>			
Medical Claims	\$ 77,707,575		\$ 77,707,575
Prescription Drug Claims	24,889,688		24,889,688
Managed Care Capitations	4,769,120		4,769,120
Administration	3,277,577		3,277,577
Life Insurance	395,859		395,859
Wellness	281,632		281,632
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	54,025		54,025
Director's Discretionary Fund	274,987		274,987
WV RHBT Pay Go Premiums	35,348,202		35,348,202
<b>Total Expenses</b>	<b>\$ 146,998,665</b>	<b>\$ -</b>	<b>\$ 146,998,665</b>
Fiscal Year Results	\$ (22,543,893)		\$ 1,456,107
Beginning Plan Reserve	23,053,216		23,053,216
Ending Plan Reserve	\$ 509,323		\$ 24,509,323

**KEY ASSUMPTIONS**

Additional Local Agency Revenue	\$ 24,000,000	<b>Claim and Other Expense Trends</b>		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	8.0%	10.0%
		Capitations		6.0%
		Administrative Expense		3.0%

**APPENDIX - BASELINE SCENARIO  
PEIA - STATE FUND**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
FINANCIAL FORECAST  
FISCAL YEAR 2019**

**PERIOD 7/1/2018 - 6/30/2019**

<b>State Fund</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 516,273,319	\$ 33,847,471	\$ 550,120,790
Employer Premiums - MCO	48,085,316	3,152,529	51,237,845
Employee Premiums - PPB	127,632,587	8,428,073	136,060,660
Employee Premiums - MCO	13,204,234	871,927	14,076,161
Life Insurance	2,041,844		2,041,844
Investment Income	7,619,691		7,619,691
Litigation Settlement	-		-
COBRA Premiums	2,185,748		2,185,748
Administrative Fees	3,952,113		3,952,113
<b>Total Revenue</b>	<b>\$ 720,994,852</b>	<b>\$ 46,300,000</b>	<b>\$ 767,294,852</b>
<u>Program Expenses</u>			
Medical Claims	\$ 409,243,078		\$ 409,243,078
Prescription Drug Claims	125,995,742		125,995,742
Managed Care Capitations	38,878,755		38,878,755
Administration	16,940,295		16,940,295
Life Insurance	2,045,894		2,045,894
Wellness	1,455,546		1,455,546
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	261,232		261,232
Director's Discretionary Fund	1,434,578		1,434,578
WV RHBT Pay Go Premiums	164,651,798		164,651,798
<b>Total Expenses</b>	<b>\$ 760,906,918</b>	<b>\$ -</b>	<b>\$ 760,906,918</b>
Fiscal Year Results	\$ (39,912,066)		\$ 6,387,934
Beginning Plan Reserve	117,616,845		117,616,845
Ending Plan Reserve	\$ 77,704,779		\$ 124,004,779

**KEY ASSUMPTIONS**

Additional State Employer Premiums	\$ 37,000,000	<b>Claim and Other Expense Trends</b>		
Additional State Employee Premiums	\$ 9,300,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ -	State	8.0%	10.0%
		Capitations		6.0%
		Administrative Expense		3.0%

**APPENDIX - BASELINE SCENARIO  
PEIA - ACTIVE LOCAL AND STATE**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
FINANCIAL FORECAST  
FISCAL YEAR 2020**

**PERIOD 7/1/2019 - 6/30/2020**

	<b>Active Local Fund</b>	<b>State Fund</b>	<b>PEIA Total</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 150,128,790	\$ 593,116,227	\$ 743,245,017
Employer Premiums - MCO	7,210,315	55,242,408	62,452,723
Employee Premiums - PPB	-	146,754,345	146,754,345
Employee Premiums - MCO	-	15,182,476	15,182,476
Life Insurance	414,829	2,143,936	2,558,765
Investment Income	1,600,671	8,195,792	9,796,463
Litigation Settlement	-	-	-
COBRA Premiums	567,968	2,358,301	2,926,269
Administrative Fees	713,288	3,952,113	4,665,401
<b>Total Revenue</b>	<b>\$ 160,635,861</b>	<b>\$ 826,945,598</b>	<b>\$ 987,581,459</b>
<u>Program Expenses</u>			
Medical Claims	\$ 84,136,965	\$ 443,103,142	\$ 527,240,107
Prescription Drug Claims	27,447,001	138,941,287	166,388,288
Managed Care Capitations	5,055,267	41,211,481	46,266,748
Administration	3,387,211	17,437,197	20,824,408
Life Insurance	415,652	2,148,189	2,563,841
Wellness	281,632	1,455,546	1,737,178
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Director's Discretionary Fund	275,562	1,437,384	1,712,946
WV RHBT Pay Go Premiums	38,011,779	171,988,221	210,000,000
<b>Total Expenses</b>	<b>\$ 159,011,069</b>	<b>\$ 817,722,447</b>	<b>\$ 976,733,516</b>
Fiscal Year Results	\$ 1,624,792	\$ 9,223,151	\$ 10,847,943
Beginning Plan Reserve	24,509,324	124,004,779	148,514,103
Ending Plan Reserve	\$ 26,134,116	\$ 133,227,931	\$ 159,362,047

**KEY ASSUMPTIONS**

Additional State Employer Premiums	\$ 47,000,000	<b>Claim and Other Expense Trends</b>		
Additional Local Agency Revenue	\$ 12,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 11,800,000	Active Local	8.5%	10.5%
Direct Transfers	\$ -	State	8.5%	10.5%
		Capitations		6.0%
		Administrative Expense		3.0%

**APPENDIX - BASELINE SCENARIO  
PEIA - LOCAL FUND**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
FINANCIAL FORECAST  
FISCAL YEAR 2020**

**PERIOD 7/1/2019 - 6/30/2020**

<b>Local Fund</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 138,678,709	\$ 11,450,081	\$ 150,128,790
Employer Premiums - MCO	6,660,395	549,919	7,210,314
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	414,829		414,829
Investment Income	1,600,671		1,600,671
Litigation Settlement	-		-
COBRA Premiums	567,968		567,968
Administrative Fees	713,288		713,288
<b>Total Revenue</b>	<b>\$ 148,635,860</b>	<b>\$ 12,000,000</b>	<b>\$ 160,635,860</b>
<u>Program Expenses</u>			
Medical Claims	\$ 84,136,965		\$ 84,136,965
Prescription Drug Claims	27,447,001		27,447,001
Managed Care Capitations	5,055,267		5,055,267
Administration	3,387,211		3,387,211
Life Insurance	415,652		415,652
Wellness	281,632		281,632
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Director's Discretionary Fund	275,562		275,562
WV RHBT Pay Go Premiums	38,011,779		38,011,779
<b>Total Expenses</b>	<b>\$ 159,011,069</b>	<b>\$ -</b>	<b>\$ 159,011,069</b>
Fiscal Year Results	\$ (10,375,209)		\$ 1,624,791
Beginning Plan Reserve	24,509,324		24,509,324
Ending Plan Reserve	\$ 14,134,115		\$ 26,134,115

**KEY ASSUMPTIONS**

Additional Local Agency Revenue	\$ 12,000,000	<b>Claim and Other Expense Trends</b>		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	8.5%	10.5%
		Capitations		6.0%
		Administrative Expense		3.0%

**APPENDIX - BASELINE SCENARIO  
PEIA - STATE FUND**

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
FINANCIAL FORECAST  
FISCAL YEAR 2020**

**PERIOD 7/1/2019 - 6/30/2020**

<b>State Fund</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 550,120,790	\$ 42,995,437	\$ 593,116,227
Employer Premiums - MCO	51,237,845	4,004,563	55,242,408
Employee Premiums - PPB	136,060,660	10,693,684	146,754,344
Employee Premiums - MCO	14,076,161	1,106,316	15,182,477
Life Insurance	2,143,936		2,143,936
Investment Income	8,195,792		8,195,792
Litigation Settlement	-		-
COBRA Premiums	2,358,301		2,358,301
Administrative Fees	3,952,113		3,952,113
<b>Total Revenue</b>	<b>\$ 768,145,598</b>	<b>\$ 58,800,000</b>	<b>\$ 826,945,598</b>
<u>Program Expenses</u>			
Medical Claims	\$ 443,103,142		\$ 443,103,142
Prescription Drug Claims	138,941,287		138,941,287
Managed Care Capitations	41,211,481		41,211,481
Administration	17,437,197		17,437,197
Life Insurance	2,148,189		2,148,189
Wellness	1,455,546		1,455,546
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Director's Discretionary Fund	1,437,384		1,437,384
WV RHBT Pay Go Premiums	171,988,221		171,988,221
<b>Total Expenses</b>	<b>\$ 817,722,447</b>	<b>\$ -</b>	<b>\$ 817,722,447</b>
Fiscal Year Results	\$ (49,576,849)		\$ 9,223,151
Beginning Plan Reserve	124,004,779		124,004,779
Ending Plan Reserve	\$ 74,427,930		\$ 133,227,930

**KEY ASSUMPTIONS**

Additional State Employer Premiums	\$ 47,000,000	<b>Claim and Other Expense Trends</b>		
Additional State Employee Premiums	\$ 11,800,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ -	State	8.5%	10.5%
		Capitations		6.0%
		Administrative Expense		3.0%

**Attachment - PEIA  
Historical Monthly Medical and Drug Trends  
FY 2015 to FY 2016**

Fiscal Year 2015												
Exposure	<u>Jul-14</u>	<u>Aug-14</u>	<u>Sep-14</u>	<u>Oct-14</u>	<u>Nov-14</u>	<u>Dec-14</u>	<u>Jan-15</u>	<u>Feb-15</u>	<u>Mar-15</u>	<u>Apr-15</u>	<u>May-15</u>	<u>Jun-15</u>
Local Medical	25,820	25,754	25,731	25,764	25,823	25,823	26,080	26,460	26,446	26,453	26,349	26,318
State Medical	132,621	132,295	132,029	133,050	133,053	133,126	133,227	133,139	133,103	133,069	132,908	132,644
Local Drugs	25,820	25,754	25,731	25,764	25,823	25,823	26,080	26,460	26,446	26,453	26,349	26,318
State Drugs	132,621	132,295	132,029	133,050	133,053	133,126	133,227	133,139	133,103	133,069	132,908	132,644
	<u>Jul-14</u>	<u>Aug-14</u>	<u>Sep-14</u>	<u>Oct-14</u>	<u>Nov-14</u>	<u>Dec-14</u>	<u>Jan-15</u>	<u>Feb-15</u>	<u>Mar-15</u>	<u>Apr-15</u>	<u>May-15</u>	<u>Jun-15</u>
Local Medical	\$193.38	\$188.97	\$204.52	\$219.38	\$212.22	\$222.70	\$206.27	\$212.21	\$224.09	\$221.38	\$234.61	\$204.77
State Medical	\$202.08	\$195.63	\$216.32	\$227.45	\$189.18	\$223.93	\$223.02	\$203.95	\$229.18	\$235.02	\$229.41	\$264.95
Local Drugs	\$50.61	\$63.24	\$69.16	\$73.03	\$69.12	\$82.54	\$81.16	\$72.03	\$80.60	\$82.48	\$81.77	\$92.27
State Drugs	<u>61.30</u>	<u>71.49</u>	<u>73.93</u>	<u>76.57</u>	<u>72.12</u>	<u>84.02</u>	<u>83.32</u>	<u>77.38</u>	<u>86.83</u>	<u>84.91</u>	<u>85.20</u>	<u>95.22</u>
Total	\$507.37	\$519.34	\$563.93	\$596.43	\$542.64	\$613.19	\$593.78	\$565.57	\$620.71	\$623.80	\$630.99	\$657.21
<b>Change From Prior Year - Month to Month Analysis</b>												
Local Medical	17.0%	9.5%	-5.8%	1.2%	27.0%	38.4%	2.1%	14.8%	0.8%	-6.5%	1.8%	-6.5%
State Medical	15.1%	3.6%	17.2%	19.6%	1.0%	22.1%	7.8%	7.4%	9.7%	7.8%	10.6%	8.7%
Local Drugs	13.5%	11.3%	22.6%	9.9%	14.2%	19.8%	13.5%	11.9%	12.4%	13.5%	8.9%	11.8%
State Drugs	<u>11.8%</u>	<u>7.8%</u>	<u>13.3%</u>	<u>8.7%</u>	<u>6.4%</u>	<u>11.3%</u>	<u>7.3%</u>	<u>12.0%</u>	<u>12.8%</u>	<u>7.8%</u>	<u>6.9%</u>	<u>9.2%</u>
Total	15.3%	7.2%	7.8%	9.7%	12.4%	25.5%	6.4%	11.3%	7.0%	2.9%	6.5%	3.9%
<b>Change From Prior Year - Quarter to Quarter Analysis</b>												
Local Medical			5.8%			20.1%			5.4%			-3.7%
State Medical			11.9%			14.2%			8.4%			9.0%
Local Drugs			16.0%			14.7%			12.6%			11.4%
State Drugs			<u>10.9%</u>			<u>8.9%</u>			<u>10.7%</u>			<u>8.0%</u>
Total			9.9%			15.7%			8.1%			4.4%
<b>Change From Prior Year - Year to Year Analysis</b>												
Local Medical			7.1%			11.6%			12.0%			6.2%
State Medical			5.8%			8.1%			9.8%			10.7%
Local Drugs			11.7%			14.2%			14.8%			13.5%
State Drugs			<u>8.3%</u>			<u>9.8%</u>			<u>10.4%</u>			<u>9.5%</u>
Total			7.3%			10.3%			11.3%			9.2%

**Attachment - PEIA  
Historical Monthly Medical and Drug Trends  
FY 2015 to FY 2016**

Fiscal Year 2016						
<b>Exposure</b>						
	<u>Jul-15</u>	<u>Aug-15</u>	<u>Sep-15</u>	<u>Oct-15</u>	<u>Nov-15</u>	<u>Dec-15</u>
Local Medical	25,512	25,655	25,752	25,676	25,687	25,650
State Medical	131,127	130,588	130,166	130,973	131,347	131,412
Local Drugs	25,512	25,655	25,752	25,676	25,687	25,650
State Drugs	131,127	130,588	130,166	130,973	131,347	131,412
	<u>Jul-15</u>	<u>Aug-15</u>	<u>Sep-15</u>	<u>Oct-15</u>	<u>Nov-15</u>	<u>Dec-15</u>
Local Medical	\$159.21	\$165.64	\$184.91	\$173.85	\$158.64	\$192.24
State Medical	\$187.33	\$192.43	\$205.65	\$198.06	\$175.73	\$206.40
Local Drugs	\$56.36	\$66.07	\$69.53	\$74.16	\$72.78	\$90.51
State Drugs	<u>62.37</u>	<u>71.19</u>	<u>74.27</u>	<u>78.44</u>	<u>78.73</u>	<u>97.56</u>
<b>Total</b>	\$465.27	\$495.34	\$534.37	\$524.51	\$485.89	\$586.72
<b>Change From Prior Year - Month to Month Analysis</b>						
Local Medical	-17.7%	-12.3%	-9.6%	-20.8%	-25.2%	-13.7%
State Medical	-7.3%	-1.6%	-4.9%	-12.9%	-7.1%	-7.8%
Local Drugs	11.4%	4.5%	0.5%	1.5%	5.3%	9.7%
State Drugs	<u>1.8%</u>	<u>-0.4%</u>	<u>0.5%</u>	<u>2.4%</u>	<u>9.2%</u>	<u>16.1%</u>
<b>Total</b>	-8.3%	-4.6%	-5.2%	-12.1%	-10.5%	-4.3%
<b>Change From Prior Year - Quarter to Quarter Analysis</b>						
Local Medical			-13.1%			-19.8%
State Medical			-4.7%			-9.4%
Local Drugs			4.9%			5.7%
State Drugs			<u>0.5%</u>			<u>9.5%</u>
<b>Total</b>			-6.0%			-8.9%
<b>Change From Prior Year - Year to Year Analysis</b>						
Local Medical			1.6%			-7.8%
State Medical			6.6%			0.9%
Local Drugs			11.0%			8.8%
State Drugs			<u>7.1%</u>			<u>7.3%</u>
<b>Total</b>			5.4%			-0.5%