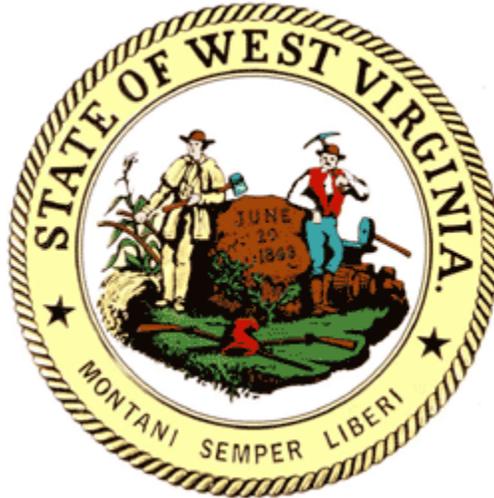




CCRC
Actuaries, LLC

STATE OF WEST VIRGINIA



PUBLIC EMPLOYEES INSURANCE AGENCY

Financial Plan

Fiscal Years 2013-2017

December 2012



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Finance Board
West Virginia Public Employees Insurance Agency
601 57th St., SE, Suite 2
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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 December 2012 for the fiscal year 2014 (“FY 2014”) and to provide quarterly financial reports for current FY 2013 and thereafter. Our analysis is developed on an accrued and incurred reporting basis for a projection period of five years.

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 2013 and in subsequent fiscal years. In subsequent fiscal years, future transfers of employer 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 for the fiscal year are met. We have been asked to review the proposed financial plan, and as supported by our work, to render an opinion stating whether the plan may be reasonably expected to generate sufficient revenues to meet estimated insurance program and administrative costs of PEIA through FY 2017.

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 2013 and subsequently. We are assuming that the Bill will continue throughout the forecast periods. Additionally, PEIA has been granted direct transfers of \$3,500,000 in FY 2013 and subsequent years to offset employee premium increases. There is also an additional one-time \$4,000,000 direct transfer in FY 2014.

CCRC Actuaries has provided preliminary forecasts for the fiscal years ending June 30, 2013 (“FY 2013”), June 30, 2014 (“FY 2014”), June 30, 2015 (“FY 2015”), June 30, 2016 (“FY 2016”) and June 30, 2017 (“FY 2017”). Our opinion of plan adequacy is based on the projections through FY 2017 using updated future revenue and plan modifications provided by the Board in the financial plan adopted in December 2012. This forecast is prepared for the Public Employee Insurance Agency, and does not include actuarial projections for the 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. 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 \$9.5 million in FY 2013 and \$9.2 million in FY 2014. In addition, the estimated cost of the Autism expansion bill enacted by the state legislature is \$3 million in FY 2013. The PEIA benefit reductions passed by the Finance Board on December 13, 2011 are projected to reduce claims by an aggregate of \$22.5 million in FY 2013. Additional details of the benefit reductions 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 2012.

This report includes updated claim trend assumptions as recommended in the report titled, “Detailed Medical and Prescription Drug Claim Trend Report - September 2012”. In the circumstances and subject to the conditions described herein, we believe the financial plan approved by the Board for FY 2013 through FY 2017 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 2013 based on the scheduled revenue increases of the financial plan approved and amended by the Board in December 2012.

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 2017 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., M.A.A.A.

Managing Partner



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

Senior Actuarial Consultant

West Virginia Public Employees Insurance Agency
Report of Independent Actuary
Financial Plan for FY 2013 – FY 2017

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 September 2012 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 interest 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 October 2012 enrollment levels for the duration of these forecasts for active employees.

In aggregate, October 2012 enrollment for active employees has decreased by 286 coverages since the end of FY 2012. Aggregate PPB enrollment has decreased by 157 in total over the same period, while managed care enrollment also experienced a decrease of 129 coverages.

In the State Fund, the overall active State enrollment decreased by 428 coverages from the end of FY 2012 to October 2012. And in the Local Fund, the overall active Local enrollment increased by 142 coverages from the end of FY 2012 to October 2012.

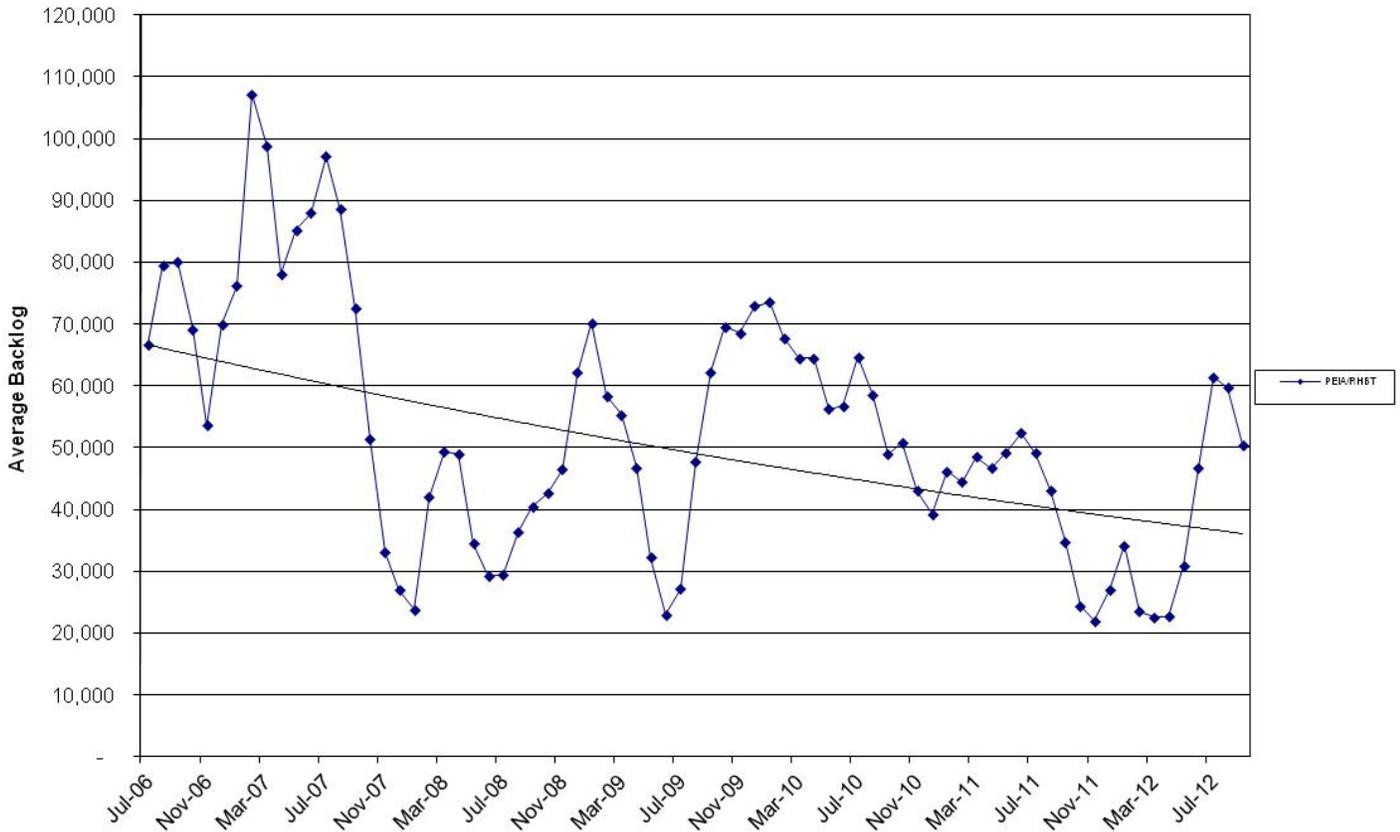
The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2011, June 2012 and October 2012 for purposes of comparison:

PEIA Fund	Coverage	Preferred Provider Benefit			Managed Care		
		Jun-11	Jun-12	Oct-12	Jun-11	Jun-12	Oct-12
State Active	Single	22,737	22,488	22,235	1,792	1,960	1,894
	Children	5,889	6,247	6,217	535	622	612
	Family	30,651	30,358	30,384	2,943	2,984	2,889
	Total	59,277	59,093	58,836	5,270	5,566	5,395
Local Active	Single	5,036	5,014	5,017	247	300	324
	Children	865	863	886	81	98	102
	Family	5,194	5,208	5,282	98	109	123
	Total	11,095	11,085	11,185	426	507	549
Plan Total		70,372	70,178	70,021	5,696	6,073	5,944
Grand Total					76,068	76,251	75,965

B. Changes in Claim Backlog

It should be noted that on July 1, 2006, all retirees were transferred to the RHBT. While the chart below, which has not been adjusted to reflect the smaller risk pool, indicates a lower backlog, the duration of claim payments has been gradually declining for the self-insured block of non-Medicare coverages, and backlog has been decreasing since July 2012.

WV PEIA&RHBT Claim Backlog July 2006 through September 2012



C. Trend Analysis

PEIA has experienced favorable medical and prescription drug trends in FY 2012, and 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 2012”. This report includes the detailed trend analysis of PEIA experience by medical and prescription drugs. Based on the analysis, we have decreased the FY 2013 medical claim trend to 5.5%. Additionally, due to PEIA’s favorable FY 2012 prescription drug experience, we have decreased our trend assumption for all prescription drugs coverage to 8.5% in FY 2013.

The current projection assumes the trends in the following table:

Claim Type	Previous Assumption FY 2013 Trend	Updated Assumption FY 2013 Trend
Active Local – Medical	6.5%	5.5%
State – Medical	6.5%	5.5%
Active Local – Drugs	10.0%	8.5%
State – Drugs	10.0%	8.5%

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 September 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 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)

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

* Fiscal Year 2013 results are through the first three months ending September 2012.

D. Enrollment, Claim, Expense and Revenue Assumptions

Using PEIA paid claim data through September 2012 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 2013 claims and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

Fiscal Year 2013 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	58,756	\$ 479	\$ 125	\$ 473	\$ 152	
	Managed Care	5,384	\$ 486	\$ 144			\$ 563
	Total	64,140					
Local	PPB	11,174	\$ 589	\$ -	\$ 473	\$ 129	
	Managed Care	547	\$ 455	\$ -			\$ 392
	Total	11,721					

*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. Interest income is currently allocated to each fund based on average reserve levels for each fund. The following chart summarizes the additional revenues from employers, employees and direct transfers assumed in the report.

Board Decisions – December 2012

Source	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017
Additional State Employer Revenue	\$18,500,000	\$0	\$90,000,000	\$29,000,000	\$43,000,000
Additional Local Agency Revenue	\$0	\$0	\$4,000,000	\$20,500,000	\$10,000,000
Additional Employee Premium	\$0	\$0	\$15,900,000	\$7,300,000	\$10,800,000
Direct Transfer	\$3,500,000	\$7,500,000	\$3,500,000	\$3,500,000	\$3,500,000
Benefit Reductions/(Increase)	\$22,489,000	\$0	\$0	\$0	\$0
Autism Bill (Cost)	(\$3,000,000)	\$0	\$0	\$0	\$0
PPACA Savings/(Cost)	(\$9,534,000)	\$0	\$0	\$0	\$0
Pay Go Premium Transfer	\$162,207,000	\$160,822,000	\$169,686,240	\$180,362,308	\$190,344,590

The \$22,489,000 reduction in benefits in Fiscal Year 2013 is comprised of the following changes:

	<u>Decrease in 2013 Claim Cost</u>
Remove Acupuncture Coverage	\$75 K
Change Physical, Occupational, and Speech Therapy Coverage to Medical Necessary with \$10 Copay	\$1.8 M
Increase Emergency Room Copay to \$100	\$2.4 M
Increase Urgent Care to \$25 Co-Pay	\$0.8 M
Specialty Co-Pay increase to \$25 from \$20	\$1.4 M
Introduce \$500 Copay for Gastric Bypass	\$0.1 M
Introduce \$500 Copay for Dental Procedures that are Medically Necessary	\$0.7 M
Pharmacy Option 75% Copay Tier 3 (\$5/\$15/75%/\$50 Sp)	\$15.214 M

The \$9,534,000 of PPACA benefit enhancements is comprised of the estimated “grandfathering” cost of eliminating lifetime limitations, offering free preventive services, and covering children coverage to age 26. The Autism Bill enacted by the state legislature is estimated to cost \$3 million in Fiscal Year 2013.

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.

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 2012.

Reinsurance Contributions

The Centers for Medicare & Medicaid Services (“CMS”) and the United States Department of Health and Human Services (“HHS”) released proposed rules 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 proposed rules, 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 2015 and 2016. From 2017 and beyond, no further reinsurance contributions will be collected.

As of the date of this report, the rules are still in the proposal phase and not finalized. While it is clear that PEIA will not receive any benefit payments from the national reinsurance program, it remains uncertain if PEIA will be subject to paying the reinsurance contributions. Should PEIA be required to make these contributions, the estimated expenses are projected to be incurred in the following plan years:

Total Cost	
FY 2014	\$4,900,000
FY 2015	\$8,500,000
FY 2016	\$5,400,000
FY 2017	\$1,800,000

The current financial plan does not include the projected expenses of the reinsurance contributions at this time. When the final rules are published in the spring of 2013, the reinsurance contributions will be included in the financial projections, should PEIA be required to pay them.

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 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 \$731,347,334 and incurred plan expenses of \$749,526,836 to produce a fiscal year deficit of (\$18,179,502). It should be noted that this is an improvement from the projected deficit of (\$23,074,706) in the PEIA Fiscal Year 2012 Financial Report due to the favorable medical and drug claims experience. The PEIA local and state agencies Pay Go premiums for FY 2013 are assumed to be \$162,207,000.

Under the Baseline Scenario, FY 2013 is projected to end with a reserve of \$172,298,174 and the FY 2014 expenditures of \$786,010,384, which represents 22% of projected expenditures. This projected reserve meets the 10% of program expense requirement under the Baseline Scenario assumptions.

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 \$740,735,177 and incurred plan expenses of \$786,010,384 to produce a fiscal year deficit of (\$45,275,207). The PEIA local and state agencies Pay Go premiums for FY 2014 are assumed to be \$160,822,000.

Under the Baseline Scenario, FY 2014 is projected to end with a reserve of \$127,022,967 and the FY 2015 expenditures of \$837,463,702, 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 \$148,775,285 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$105,120,568.

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 \$848,548,995 and incurred plan expenses of \$837,463,702 to produce a fiscal year surplus of \$11,085,293. The PEIA local and state agencies Pay Go premiums for FY 2015 are assumed to be \$169,686,241.

Under the Baseline Scenario, FY 2015 is projected to end with a reserve of \$138,108,260 and the FY 2016 expenditures of \$896,730,686, 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 \$189,299,975 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$85,914,962.

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 \$907,050,585 and incurred plan expenses of \$896,730,686 to produce a fiscal year surplus of \$10,319,899. The PEIA local and state agencies Pay Go premiums for FY 2016 are assumed to be \$180,362,309.

Under the Baseline Scenario, FY 2016 is projected to end with a reserve of \$148,428,159 and the FY 2017 expenditures of \$962,192,485, 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 \$244,427,543 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$49,319,993.

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 \$972,603,199 and incurred plan expenses of \$962,192,485 to produce a fiscal year surplus of \$10,410,714. The PEIA local and state agencies Pay Go premiums for FY 2017 are assumed to be \$190,344,590.

Under the Baseline Scenario, FY 2017 is projected to end with a reserve of \$158,838,873 and the FY 2018 expenditures of \$1,037,606,406, 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 \$317,862,969 and under the Pessimistic Scenario, the ending reserve is expected to decrease to (\$7,401,090).

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 2017 using the Baseline assumptions. These projections are based on significant revenue increases projected by PEIA 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 2013**

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 102,586,935	\$ 437,250,350	\$ 539,837,285
Employer Premiums - MCO	3,883,597	40,637,118	44,520,715
Employee Premiums - PPB	-	113,927,230	113,927,230
Employee Premiums - MCO	-	12,078,770	12,078,770
Life Insurance	448,513	2,494,487	2,943,000
Direct Transfers	-	3,500,000	3,500,000
Investment Income	1,406,352	5,893,648	7,300,000
COBRA Premiums	474,981	1,972,203	2,447,184
Administrative Fees	732,819	4,060,331	4,793,150
Total Revenue	\$ 109,533,197	\$ 621,814,137	\$ 731,347,334
<u>Program Expenses</u>			
Medical Claims	\$ 63,409,657	\$ 333,657,540	\$ 397,067,197
Prescription Drug Claims	17,339,284	107,318,942	124,658,226
Managed Care Capitations	2,572,649	36,364,351	38,937,000
Administration	2,862,986	15,923,014	18,786,000
Life Insurance	483,260	2,687,740	3,171,000
Wellness	456,174	2,537,091	2,993,265
Director's Discretionary Fund	264,220	1,442,928	1,707,148
WV RHBT Pay Go Premiums	24,526,929	137,680,071	162,207,000
Total Expenses	\$ 111,915,159	\$ 637,611,677	\$ 749,526,836
Fiscal Year Results	\$ (2,381,962)	\$ (15,797,540)	\$ (18,179,502)
Beginning Plan Reserve	39,375,010	151,102,666	190,477,676
Ending Plan Reserve	\$ 36,993,048	\$ 135,305,127	\$ 172,298,174

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ -	Active Local	5.5%	8.5%
Direct Transfers	\$ 3,500,000	State	5.5%	8.5%
		Capitations		6.0%
		Administrative Expense		-7.2%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2013**

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 102,586,935	\$ -	\$ 102,586,935
Employer Premiums - MCO	3,883,597	-	3,883,597
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	448,513		448,513
Direct Transfers	-		-
Investment Income	1,406,352		1,406,352
COBRA Premiums	474,981		474,981
Administrative Fees	732,819		732,819
Total Revenue	\$ 109,533,197	\$ -	\$ 109,533,197
<u>Program Expenses</u>			
Medical Claims	\$ 62,798,201	\$ 611,456	\$ 63,409,657
Prescription Drug Claims	19,256,550	(1,917,266)	17,339,284
Managed Care Capitations	2,572,649		2,572,649
Administration	2,862,986		2,862,986
Life Insurance	483,260		483,260
Wellness	456,174		456,174
Director's Discretionary Fund	264,220		264,220
WV RHBT Pay Go Premiums	24,526,929		24,526,929
Total Expenses	\$ 113,220,969	\$ (1,305,810)	\$ 111,915,159
Fiscal Year Results	\$ (3,687,772)		\$ (2,381,962)
Beginning Plan Reserve	39,375,010		39,375,010
Ending Plan Reserve	\$ 35,687,238		\$ 36,993,048

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ -	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	5.5%	8.5%
		Capitations		6.0%
		Administrative Expense		-7.2%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2013**

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 437,250,350	\$ -	\$ 437,250,350
Employer Premiums - MCO	40,637,118	-	40,637,118
Employee Premiums - PPB	113,927,230	-	113,927,230
Employee Premiums - MCO	12,078,770	-	12,078,770
Life Insurance	2,494,487		2,494,487
Direct Transfers	3,500,000		3,500,000
Investment Income	5,893,648		5,893,648
COBRA Premiums	1,972,203		1,972,203
Administrative Fees	4,060,331		4,060,331
Total Revenue	\$ 621,814,137	\$ -	\$ 621,814,137
<u>Program Expenses</u>			
Medical Claims	\$ 330,440,096	\$ 3,217,444	\$ 333,657,540
Prescription Drug Claims	119,185,576	(11,866,634)	107,318,942
Managed Care Capitations	36,364,351		36,364,351
Administration	15,923,014		15,923,014
Life Insurance	2,687,740		2,687,740
Wellness	2,537,091		2,537,091
Director's Discretionary Fund	1,442,928		1,442,928
WV RHBT Pay Go Premiums	137,680,071		137,680,071
Total Expenses	\$ 646,260,867	\$ (8,649,190)	\$ 637,611,677
Fiscal Year Results	\$ (24,446,730)		\$ (15,797,540)
Beginning Plan Reserve	151,102,666		151,102,666
Ending Plan Reserve	\$ 126,655,936		\$ 135,305,126

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ 3,500,000	State	5.5%	8.5%
		Capitations		6.0%
		Administrative Expense		-7.2%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2014**

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 102,586,935	\$ 437,250,350	\$ 539,837,285
Employer Premiums - MCO	3,883,597	40,637,118	44,520,715
Employee Premiums - PPB	-	113,927,230	113,927,230
Employee Premiums - MCO	-	12,078,770	12,078,770
Life Insurance	470,939	2,619,211	3,090,150
Direct Transfers	-	7,500,000	7,500,000
Investment Income	2,456,813	10,083,880	12,540,693
COBRA Premiums	474,981	1,972,203	2,447,184
Administrative Fees	732,819	4,060,331	4,793,150
Total Revenue	\$ 110,606,084	\$ 630,129,093	\$ 740,735,177
<u>Program Expenses</u>			
Medical Claims	\$ 67,137,089	\$ 353,291,413	\$ 420,428,502
Prescription Drug Claims	18,879,225	116,857,121	135,736,346
Managed Care Capitations	2,727,008	38,546,212	41,273,220
Administration	3,006,136	16,719,164	19,725,300
Life Insurance	507,423	2,822,127	3,329,550
Wellness	456,174	2,537,091	2,993,265
Director's Discretionary Fund	263,262	1,438,939	1,702,201
WV RHBT Pay Go Premiums	24,317,508	136,504,493	160,822,000
Total Expenses	\$ 117,293,825	\$ 668,716,559	\$ 786,010,384
Fiscal Year Results	\$ (6,687,741)	\$ (38,587,466)	\$ (45,275,207)
Beginning Plan Reserve	36,993,048	135,305,127	172,298,174
Ending Plan Reserve	\$ 30,305,307	\$ 96,717,661	\$ 127,022,967

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ -	Active Local	6.0%	9.0%
Direct Transfers	\$ 7,500,000	State	6.0%	9.0%
		Capitations		6.0%
		Administrative Expense		5.0%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2014**

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 102,586,935	\$ -	\$ 102,586,935
Employer Premiums - MCO	3,883,597	-	3,883,597
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	470,939	-	470,939
Direct Transfers	-	-	-
Investment Income	2,456,813	-	2,456,813
COBRA Premiums	474,981	-	474,981
Administrative Fees	732,819	-	732,819
Total Revenue	\$ 110,606,084	\$ -	\$ 110,606,084
<u>Program Expenses</u>			
Medical Claims	\$ 67,137,089	\$ -	\$ 67,137,089
Prescription Drug Claims	18,879,225	-	18,879,225
Managed Care Capitations	2,727,008	-	2,727,008
Administration	3,006,136	-	3,006,136
Life Insurance	507,423	-	507,423
Wellness	456,174	-	456,174
Director's Discretionary Fund	263,262	-	263,262
WV RHBT Pay Go Premiums	24,317,508	-	24,317,508
Total Expenses	\$ 117,293,825	\$ -	\$ 117,293,825
Fiscal Year Results	\$ (6,687,741)		\$ (6,687,741)
Beginning Plan Reserve	36,993,048		36,993,048
Ending Plan Reserve	\$ 30,305,307		\$ 30,305,307

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ -	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	6.0%	9.0%
		Capitations		6.0%
		Administrative Expense		5.0%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2014**

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 437,250,350	\$ -	\$ 437,250,350
Employer Premiums - MCO	40,637,118	-	40,637,118
Employee Premiums - PPB	113,927,230	-	113,927,230
Employee Premiums - MCO	12,078,770	-	12,078,770
Life Insurance	2,619,211		2,619,211
Direct Transfers	7,500,000		7,500,000
Investment Income	10,083,880		10,083,880
COBRA Premiums	1,972,203		1,972,203
Administrative Fees	4,060,331		4,060,331
Total Revenue	\$ 630,129,093	\$ -	\$ 630,129,093
<u>Program Expenses</u>			
Medical Claims	\$ 353,291,413	\$ -	\$ 353,291,413
Prescription Drug Claims	116,857,121	-	116,857,121
Managed Care Capitations	38,546,212		38,546,212
Administration	16,719,164		16,719,164
Life Insurance	2,822,127		2,822,127
Wellness	2,537,091		2,537,091
Director's Discretionary Fund	1,438,939		1,438,939
WV RHBT Pay Go Premiums	136,504,493		136,504,493
Total Expenses	\$ 668,716,560	\$ -	\$ 668,716,560
Fiscal Year Results	\$ (38,587,467)		\$ (38,587,467)
Beginning Plan Reserve	135,305,126		135,305,126
Ending Plan Reserve	\$ 96,717,659		\$ 96,717,659

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ 7,500,000	State	6.0%	9.0%
		Capitations		6.0%
		Administrative Expense		5.0%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2015**

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 106,441,032	\$ 519,597,208	\$ 626,038,240
Employer Premiums - MCO	4,029,500	48,290,260	52,319,760
Employee Premiums - PPB	-	128,303,077	128,303,077
Employee Premiums - MCO	-	13,602,923	13,602,923
Life Insurance	494,486	2,750,172	3,244,658
Direct Transfers	-	3,500,000	3,500,000
Investment Income	2,845,374	11,076,026	13,921,400
COBRA Premiums	548,465	2,277,322	2,825,787
Administrative Fees	732,819	4,060,331	4,793,150
Total Revenue	\$ 115,091,676	\$ 733,457,319	\$ 848,548,995
<u>Program Expenses</u>			
Medical Claims	\$ 71,348,632	\$ 375,453,559	\$ 446,802,192
Prescription Drug Claims	20,630,124	127,694,696	148,324,820
Managed Care Capitations	2,890,629	40,858,984	43,749,613
Administration	3,156,443	17,555,122	20,711,565
Life Insurance	532,795	2,963,233	3,496,028
Wellness	456,174	2,537,091	2,993,265
Director's Discretionary Fund	262,737	1,437,241	1,699,978
WV RHBT Pay Go Premiums	25,657,848	144,028,393	169,686,241
Total Expenses	\$ 124,935,383	\$ 712,528,319	\$ 837,463,702
Fiscal Year Results	\$ (9,843,707)	\$ 20,929,000	\$ 11,085,293
Beginning Plan Reserve	30,305,307	96,717,661	127,022,967
Ending Plan Reserve	\$ 20,461,600	\$ 117,646,661	\$ 138,108,260

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 90,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 4,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 15,900,000	Active Local	6.5%	9.5%
Direct Transfers	\$ 3,500,000	State	6.5%	9.5%
		Capitations		6.0%
		Administrative Expense		5.0%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2015**

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 102,586,935	\$ 3,854,097	\$ 106,441,032
Employer Premiums - MCO	3,883,597	145,903	4,029,500
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	494,486		494,486
Direct Transfers	-		-
Investment Income	2,845,374		2,845,374
COBRA Premiums	548,465		548,465
Administrative Fees	732,819		732,819
Total Revenue	\$ 111,091,676	\$ 4,000,000	\$ 115,091,676
<u>Program Expenses</u>			
Medical Claims	\$ 71,348,632	\$ -	\$ 71,348,632
Prescription Drug Claims	20,630,124	-	20,630,124
Managed Care Capitations	2,890,629		2,890,629
Administration	3,156,443		3,156,443
Life Insurance	532,795		532,795
Wellness	456,174		456,174
Director's Discretionary Fund	262,737		262,737
WV RHBT Pay Go Premiums	25,657,848		25,657,848
Total Expenses	\$ 124,935,382	\$ -	\$ 124,935,382
Fiscal Year Results	\$ (13,843,706)		\$ (9,843,706)
Beginning Plan Reserve	30,305,307		30,305,307
Ending Plan Reserve	\$ 16,461,601		\$ 20,461,601

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 4,000,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	6.5%	9.5%
		Capitations		6.0%
		Administrative Expense		5.0%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2015**

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 437,250,350	\$ 82,346,858	\$ 519,597,208
Employer Premiums - MCO	40,637,118	7,653,142	48,290,260
Employee Premiums - PPB	113,927,230	14,375,847	128,303,077
Employee Premiums - MCO	12,078,770	1,524,153	13,602,923
Life Insurance	2,750,172		2,750,172
Direct Transfers	3,500,000		3,500,000
Investment Income	11,076,026		11,076,026
COBRA Premiums	2,277,322		2,277,322
Administrative Fees	4,060,331		4,060,331
Total Revenue	\$ 627,557,319	\$ 105,900,000	\$ 733,457,319
<u>Program Expenses</u>			
Medical Claims	\$ 375,453,559	\$ -	\$ 375,453,559
Prescription Drug Claims	127,694,696	-	127,694,696
Managed Care Capitations	40,858,984		40,858,984
Administration	17,555,122		17,555,122
Life Insurance	2,963,233		2,963,233
Wellness	2,537,091		2,537,091
Director's Discretionary Fund	1,437,241		1,437,241
WV RHBT Pay Go Premiums	144,028,393		144,028,393
Total Expenses	\$ 712,528,319	\$ -	\$ 712,528,319
Fiscal Year Results	\$ (84,971,000)		\$ 20,929,000
Beginning Plan Reserve	96,717,659		96,717,659
Ending Plan Reserve	\$ 11,746,659		\$ 117,646,659

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 90,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 15,900,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ 3,500,000	State	6.5%	9.5%
		Capitations		6.0%
		Administrative Expense		5.0%

**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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 126,193,278	\$ 546,131,196	\$ 672,324,474
Employer Premiums - MCO	4,777,254	50,756,272	55,533,526
Employee Premiums - PPB	-	134,903,308	134,903,308
Employee Premiums - MCO	-	14,302,692	14,302,692
Life Insurance	519,210	2,887,680	3,406,890
Direct Transfers	-	3,500,000	3,500,000
Investment Income	2,301,165	12,963,919	15,265,084
COBRA Premiums	586,444	2,435,017	3,021,461
Administrative Fees	732,819	4,060,331	4,793,150
Total Revenue	\$ 135,110,170	\$ 771,940,415	\$ 907,050,585
<u>Program Expenses</u>			
Medical Claims	\$ 76,181,250	\$ 400,883,951	\$ 477,065,201
Prescription Drug Claims	22,646,595	140,176,086	162,822,681
Managed Care Capitations	3,064,067	43,310,523	46,374,590
Administration	3,314,265	18,432,879	21,747,144
Life Insurance	559,434	3,111,395	3,670,829
Wellness	456,174	2,537,091	2,993,265
Director's Discretionary Fund	261,734	1,432,932	1,694,666
WV RHBT Pay Go Premiums	27,272,151	153,090,159	180,362,309
Total Expenses	\$ 133,755,670	\$ 762,975,016	\$ 896,730,686
Fiscal Year Results	\$ 1,354,500	\$ 8,965,399	\$ 10,319,899
Beginning Plan Reserve	20,461,600	117,646,661	138,108,260
Ending Plan Reserve	\$ 21,816,100	\$ 126,612,060	\$ 148,428,159

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 29,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 20,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 7,300,000	Active Local	7.0%	10.0%
Direct Transfers	\$ 3,500,000	State	7.0%	10.0%
		Capitations		6.0%
		Administrative Expense		5.0%

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

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

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 106,441,032	\$ 19,752,246	\$ 126,193,278
Employer Premiums - MCO	4,029,500	747,754	4,777,254
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	519,210		519,210
Direct Transfers	-		-
Investment Income	2,301,165		2,301,165
COBRA Premiums	586,444		586,444
Administrative Fees	732,819		732,819
Total Revenue	\$ 114,610,170	\$ 20,500,000	\$ 135,110,170
<u>Program Expenses</u>			
Medical Claims	\$ 76,181,250	\$ -	\$ 76,181,250
Prescription Drug Claims	22,646,595	-	22,646,595
Managed Care Capitations	3,064,067		3,064,067
Administration	3,314,265		3,314,265
Life Insurance	559,434		559,434
Wellness	456,174		456,174
Director's Discretionary Fund	261,734		261,734
WV RHBT Pay Go Premiums	27,272,151		27,272,151
Total Expenses	\$ 133,755,670	\$ -	\$ 133,755,670
Fiscal Year Results	\$ (19,145,500)		\$ 1,354,500
Beginning Plan Reserve	20,461,601		20,461,601
Ending Plan Reserve	\$ 1,316,101		\$ 21,816,101

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 20,500,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	7.0%	10.0%
		Capitations		6.0%
		Administrative Expense		5.0%

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

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

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 519,597,208	\$ 26,533,988	\$ 546,131,196
Employer Premiums - MCO	48,290,260	2,466,012	50,756,272
Employee Premiums - PPB	128,303,077	6,600,232	134,903,309
Employee Premiums - MCO	13,602,923	699,768	14,302,691
Life Insurance	2,887,680		2,887,680
Direct Transfers	3,500,000		3,500,000
Investment Income	12,963,919		12,963,919
COBRA Premiums	2,435,017		2,435,017
Administrative Fees	4,060,331		4,060,331
Total Revenue	\$ 735,640,415	\$ 36,300,000	\$ 771,940,415
<u>Program Expenses</u>			
Medical Claims	\$ 400,883,951	\$ -	\$ 400,883,951
Prescription Drug Claims	140,176,086	-	140,176,086
Managed Care Capitations	43,310,523		43,310,523
Administration	18,432,879		18,432,879
Life Insurance	3,111,395		3,111,395
Wellness	2,537,091		2,537,091
Director's Discretionary Fund	1,432,932		1,432,932
WV RHBT Pay Go Premiums	153,090,159		153,090,159
Total Expenses	\$ 762,975,016	\$ -	\$ 762,975,016
Fiscal Year Results	\$ (27,334,601)		\$ 8,965,399
Beginning Plan Reserve	117,646,659		117,646,659
Ending Plan Reserve	\$ 90,312,058		\$ 126,612,058

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 29,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 7,300,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ 3,500,000	State	7.0%	10.0%
		Capitations		6.0%
		Administrative Expense		5.0%

**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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 135,828,520	\$ 585,474,695	\$ 721,303,215
Employer Premiums - MCO	5,142,012	54,412,773	59,554,785
Employee Premiums - PPB	-	144,668,035	144,668,035
Employee Premiums - MCO	-	15,337,965	15,337,965
Life Insurance	545,171	3,032,064	3,577,235
Direct Transfers	-	3,500,000	3,500,000
Investment Income	2,495,278	14,132,285	16,627,563
COBRA Premiums	629,104	2,612,147	3,241,251
Administrative Fees	732,819	4,060,331	4,793,150
Total Revenue	\$ 145,372,904	\$ 827,230,295	\$ 972,603,199
<u>Program Expenses</u>			
Medical Claims	\$ 81,722,248	\$ 430,042,006	\$ 511,764,254
Prescription Drug Claims	24,973,440	154,578,604	179,552,043
Managed Care Capitations	3,247,911	45,909,155	49,157,066
Administration	3,479,978	19,354,523	22,834,501
Life Insurance	587,406	3,266,964	3,854,370
Wellness	456,174	2,537,091	2,993,265
Director's Discretionary Fund	261,199	1,431,196	1,692,395
WV RHBT Pay Go Premiums	28,781,547	161,563,044	190,344,590
Total Expenses	\$ 143,509,902	\$ 818,682,583	\$ 962,192,485
Fiscal Year Results	\$ 1,863,002	\$ 8,547,712	\$ 10,410,714
Beginning Plan Reserve	21,816,100	126,612,060	148,428,159
Ending Plan Reserve	\$ 23,679,101	\$ 135,159,772	\$ 158,838,873

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 43,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 10,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 10,800,000	Active Local	7.5%	10.5%
Direct Transfers	\$ 3,500,000	State	7.5%	10.5%
		Capitations		6.0%
		Administrative Expense		5.0%

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

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

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 126,193,278	\$ 9,635,242	\$ 135,828,520
Employer Premiums - MCO	4,777,254	364,758	5,142,012
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	545,171		545,171
Direct Transfers	-		-
Investment Income	2,495,278		2,495,278
COBRA Premiums	629,104		629,104
Administrative Fees	732,819		732,819
Total Revenue	\$ 135,372,904	\$ 10,000,000	\$ 145,372,904
<u>Program Expenses</u>			
Medical Claims	\$ 81,722,248	\$ -	\$ 81,722,248
Prescription Drug Claims	24,973,440	-	24,973,440
Managed Care Capitations	3,247,911		3,247,911
Administration	3,479,978		3,479,978
Life Insurance	587,406		587,406
Wellness	456,174		456,174
Director's Discretionary Fund	261,199		261,199
WV RHBT Pay Go Premiums	28,781,547		28,781,547
Total Expenses	\$ 143,509,903	\$ -	\$ 143,509,903
Fiscal Year Results	\$ (8,136,999)		\$ 1,863,001
Beginning Plan Reserve	21,816,101		21,816,101
Ending Plan Reserve	\$ 13,679,102		\$ 23,679,102

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 10,000,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	7.5%	10.5%
		Capitations		6.0%
		Administrative Expense		5.0%

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

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

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 546,131,196	\$ 39,343,499	\$ 585,474,695
Employer Premiums - MCO	50,756,272	3,656,501	54,412,773
Employee Premiums - PPB	134,903,308	9,764,726	144,668,034
Employee Premiums - MCO	14,302,692	1,035,274	15,337,966
Life Insurance	3,032,064		3,032,064
Direct Transfers	3,500,000		3,500,000
Investment Income	14,132,285		14,132,285
COBRA Premiums	2,612,147		2,612,147
Administrative Fees	4,060,331		4,060,331
Total Revenue	\$ 773,430,295	\$ 53,800,000	\$ 827,230,295
<u>Program Expenses</u>			
Medical Claims	\$ 430,042,006	\$ -	\$ 430,042,006
Prescription Drug Claims	154,578,604	-	154,578,604
Managed Care Capitations	45,909,155		45,909,155
Administration	19,354,523		19,354,523
Life Insurance	3,266,964		3,266,964
Wellness	2,537,091		2,537,091
Director's Discretionary Fund	1,431,196		1,431,196
WV RHBT Pay Go Premiums	161,563,044		161,563,044
Total Expenses	\$ 818,682,583	\$ -	\$ 818,682,583
Fiscal Year Results	\$ (45,252,288)		\$ 8,547,712
Beginning Plan Reserve	126,612,058		126,612,058
Ending Plan Reserve	\$ 81,359,770		\$ 135,159,770

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 43,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 10,800,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ 3,500,000	State	7.5%	10.5%
		Capitations		6.0%
		Administrative Expense		5.0%