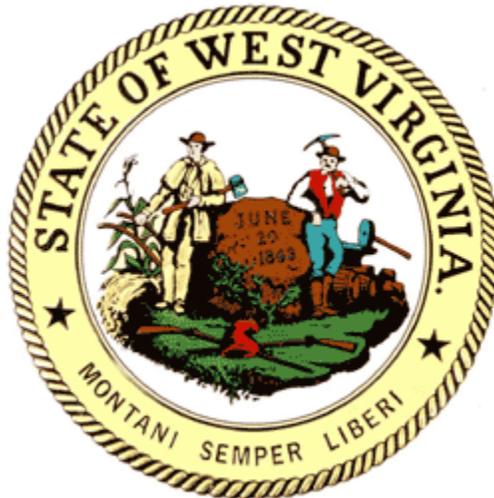




CCRC
Actuaries, LLC

STATE OF WEST VIRGINIA



PUBLIC EMPLOYEES INSURANCE AGENCY

**Fiscal Year 2014
Financial Report**

Fiscal Years 2014-2019

November 2014



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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 December 2013 for the fiscal year 2015 (“FY 2015”) and to provide quarterly financial reports for current FY 2014 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 2014 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 2019.

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 2014 and subsequently. We are assuming that the Bill will continue throughout the five year forecast period.

CCRC Actuaries has provided financial report for fiscal year ending June 30, 2014 (“FY 2014”), and preliminary forecasts for fiscal years ending June 30, 2015 (“FY 2015”), June 30, 2016 (“FY 2016”), June 30, 2017 (“FY 2017”), June 30, 2018 (“FY 2018”) and June 30, 2019 (“FY 2019”). Our opinion of plan adequacy is based on the projections through FY 2019 using updated future revenue and plan modifications provided by the Board in the financial plan adopted in December 2013. 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 may become eligible for the West Virginia Children Health Insurance Plan effective in Fiscal Year 2015. This report does not include anticipated savings from this eligibility change since the proposal has not been finalized and approved by CMS.

In FY 2014 the Pay-Go is equivalent to \$176 per employee per month. In future years, the Pay Go premium may increase by a maximum of 3% per retiree per year. The new Pay-Go premium formula is based on the financial plan approved by the Finance Board in December 2013.

This report includes updated claim trend assumptions as recommended in the report titled, “Detailed Medical and Prescription Drugs Claim Trend Report - September 2014”. In the circumstances and subject to the conditions described herein, we believe the financial plan approved by the Board for FY 2014 through FY 2019 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 2015 based on the scheduled revenue increases of the financial plan approved and amended by the Board in December 2013.

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 2019 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 2014 – FY 2019

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 August 2014 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 September 2014 enrollment levels for the duration of these forecasts for active employees.

In aggregate, September 2014 enrollment for active employees has decreased by 789 coverages since the end of FY 2014. Aggregate PPB enrollment has decreased by 621 in total over the same period, while managed care enrollment experienced a decrease of 168 coverages.

In the State Fund, the overall active State enrollment decreased by 982 coverages from the end of FY 2014 to September 2014. And in the Local Fund, the overall active Local enrollment increased by 193 coverages from the end of FY 2014 to September 2014.

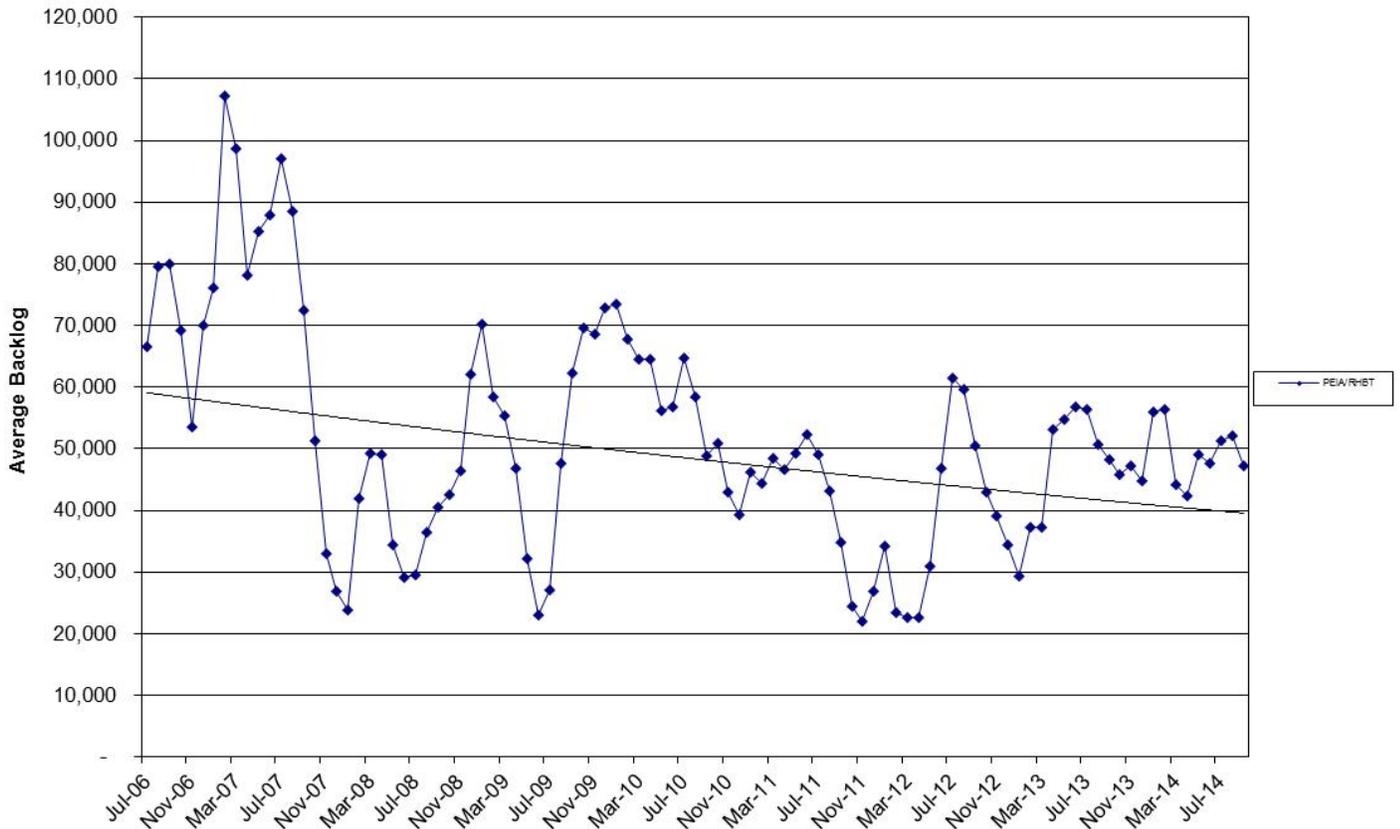
The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2013, June 2014 and September 2014 for purposes of comparison:

PEIA Fund	Coverage	Preferred Provider Benefit			Managed Care		
		Jun-13	Jun-14	Sep-14	Jun-13	Jun-14	Sep-14
State Active	Single	22,367	22,043	21,948	1,887	1,903	1,870
	Children	6,479	6,582	6,174	648	627	578
	Family	30,573	30,446	30,125	2,899	2,817	2,741
	Total	59,419	59,071	58,247	5,434	5,347	5,189
Local Active	Single	5,206	5,207	5,350	322	372	370
	Children	976	975	960	106	112	106
	Family	5,352	5,511	5,586	131	156	154
	Total	11,534	11,693	11,896	559	640	630
Plan Total		70,953	70,764	70,143	5,993	5,987	5,819
Grand Total					76,946	76,751	75,962

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, has displayed the duration of claim payments has been gradually declining for the self-insured block of non-Medicare coverages and backlog has shown an overall decreasing trend since July 2006, it indicates a slightly higher backlog in recent months.

WV PEIA&RHBT Claim Backlog July 2006 through September 2014



C. Trend Analysis

PEIA experienced favorable medical and prescription drug trends in FY 2014, and 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 2014”. This report includes the detailed trend analysis of PEIA experience by medical and prescription drugs. Based on the analysis, we have decreased the FY 2015 medical claim trend to 5%. Additionally, due to PEIA’s favorable FY 2014 prescription drug experience, we have decreased our trend assumption for all prescription drugs coverage to 8% in FY 2015.

The current projection assumes the trends in the following table:

Claim Type	Previous Assumption FY 2015 Trend	Updated Assumption FY 2015 Trend
Active Local – Medical	5.5%	5.0%
State – Medical	5.5%	5.0%
Active Local – Drugs	8.5%	8.0%
State – Drugs	8.5%	8.0%

In addition, we have assumed that trends will increase by 0.5% in each successive fiscal year beginning in FY 2016. At the Board’s request, the baseline trend assumptions have been established to reflect the most likely or expected trends. In order to provide information on the impact of varying trend assumptions, two alternative trend scenarios were developed. The Optimistic Scenario incorporates trend assumptions 2.0% below the Baseline Scenario and the Pessimistic Scenario incorporates trend assumptions 2.0% above the Baseline Scenario.

The following chart summarizes the trend results observed for the plan using data through August 2014. 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	Active Local	State	Active Local	State	
<u>Year</u>	<u>Medical</u>	<u>Medical</u>	<u>Drugs</u>	<u>Drugs</u>	<u>Total</u>
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%	-14%	-10%	2%
2009	-8%	3%	5%	4%	2%
2010	10%	1%	9%	9%	4%
2011	10%	8%	15%	15%	8%
2012	5%	5%	8%	6%	5%
2013	-3%	-3%	1%	4%	-3%
2014	8%	6%	9%	8%	7%
2015*	9%	3%	11%	8%	5%

* Fiscal Year 2015 results are through the first two months ending August 2014.

D. Enrollment, Claim, Expense and Revenue Assumptions

Using PEIA paid claim data through August 2014 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 result of FY 2014 and the projection of FY 2015 claims and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

Fiscal Year 2014 Result			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	59,063	\$ 476	\$ 126	\$ 461	\$ 154	
	<u>Managed Care</u>	5,336	\$ 489	\$ 135			\$ 543
	Total	64,399					
Local	PPB	11,660	\$ 587	\$ -	\$ 443	\$ 126	
	<u>Managed Care</u>	619	\$ 439	\$ -			\$ 445
	Total	12,279					

*Net of rebates and subsidies.

Fiscal Year 2015 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	58,282	\$ 485	\$ 122	\$ 483	\$ 165	
	<u>Managed Care</u>	5,191	\$ 499	\$ 144			\$ 592
	Total	63,473					
Local	PPB	11,898	\$ 588	\$ -	\$ 465	\$ 135	
	<u>Managed Care</u>	631	\$ 495	\$ -			\$ 463
	Total	12,529					

*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 the additional revenues from employers, employees and direct transfers assumed in the report.

Board Decisions – December 2013

Source	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019
Additional State Employer Revenue	\$0	\$0	\$50,000,000	\$50,000,000	\$46,000,000	\$48,000,000
Additional Local Agency Revenue	\$0	(\$1,200,000)	\$0	\$10,000,000	\$17,000,000	\$15,000,000
Additional Employee Premium	\$0	(\$5,400,000)	\$12,500,000	\$12,500,000	\$11,500,000	12,000,000
State Direct Transfer	\$4,000,000	\$0	\$0	\$0	\$0	\$0
Benefit Reductions/(Increase)	\$0	(\$1,600,000)	\$0	\$0	\$0	\$0
PPACA Savings/(Cost)	(\$5,364,463)	(\$8,817,312)	(\$5,705,423)	(\$2,105,784)	(\$306,192)	(\$306,649)
Pay Go Premium Transfer	\$161,660,723	\$150,000,000	\$153,500,000	\$190,000,000	\$210,000,000	\$220,000,000

The \$5,364,463 of PPACA benefit enhancements in Fiscal Year 2014 is comprised of the following:

	<u>Included in 2014 Claim Cost</u>
Reinsurance Contributions (Cost)	(\$5,059,625)
Comparative Effectiveness Research Fees (Cost)	(\$304,838)

The \$1,600,000 increase in benefits in Fiscal Year 2015 is comprised of the following:

	<u>Included in 2015 Claim Cost</u>
SB-22 Dependent Maternity and Contraceptives (Cost)	(\$2.9 M)
Out of State Copayment - Savings	\$850 K
Specialty Drugs Copay - Savings	\$450 K

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 2015 and 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 \$20,800,000, with \$5,059,625 in FY 2014.

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 will accrue and pay these fees in FY 2014 through FY 2019. The fee will be \$2 per members in FY 2014 and in subsequent years. The total comparative effectiveness research fees for the financial projection are estimated to be \$1,846,197, with \$304,838 in FY 2014.

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 2014 the Pay-Go is equivalent to \$176 per employee per month. In future years, the Pay Go premium may increase by a maximum of 3% per retiree per year. The new Pay-Go premium formula is based on the financial plan approved by the Finance Board in December 2013.

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 2014 RESULT

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 \$757,950,922 and incurred plan expenses of \$742,192,664 to produce a fiscal year surplus of \$15,758,258. It should be noted that this is an increase from the projected surplus of \$8,965,370 in the PEIA Financial Plan 3-31-2014 Quarterly Report due to the higher investment income and the Litigation Settlement revenue. The PEIA local and state agencies Pay Go premiums for FY 2014 are assumed to be \$161,660,723.

Under the Baseline Scenario, FY 2014 is projected to end with a reserve of \$230,095,817 and the FY 2015 expenditures of \$762,617,216, which represents 30% of projected expenditures. This projected reserve meets the 10% of program expense requirement under the Baseline Scenario assumptions.

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 \$721,109,365 and incurred plan expenses of \$762,617,216 to produce a fiscal year deficit of (\$41,507,851). The PEIA local and state agencies Pay Go premiums for FY 2015 are assumed to be \$150,000,000.

Under the Baseline Scenario, FY 2015 is projected to end with a reserve of \$188,587,966 and the FY 2016 expenditures of \$798,254,337, which represents 24% 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 \$194,154,961 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$183,052,723.

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 \$784,201,549 and incurred plan expenses of \$798,254,337 to produce a fiscal year deficit of (\$14,052,788). The PEIA local and state agencies Pay Go premiums for FY 2016 are assumed to be \$153,500,000.

Under the Baseline Scenario, FY 2016 is projected to end with a reserve of \$174,535,177 and the FY 2017 expenditures of \$871,762,869, which represents 20% 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 \$196,894,110 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$152,020,881.

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 \$856,752,802 and incurred plan expenses of \$871,762,869 to produce a fiscal year deficit of (\$15,010,067). The PEIA local and state agencies Pay Go premiums for FY 2017 are assumed to be \$190,000,000.

Under the Baseline Scenario, FY 2017 is projected to end with a reserve of \$159,525,111 and the FY 2018 expenditures of \$936,333,118, 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 \$211,526,181 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$106,495,096.

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 \$931,306,743 and incurred plan expenses of \$936,333,118 to produce a fiscal year deficit of (\$5,026,375). The PEIA local and state agencies Pay Go premiums for FY 2018 are assumed to be \$210,000,000.

Under the Baseline Scenario, FY 2018 is projected to end with a reserve of \$154,498,735 and the FY 2019 expenditures of \$999,284,603, 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 \$250,952,752 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$54,878,681.

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 \$1,006,799,569 and incurred plan expenses of \$999,284,603 to produce a fiscal year surplus of \$7,514,966. The PEIA local and state agencies Pay Go premiums for FY 2019 are assumed to be \$220,000,000.

Under the Baseline Scenario, FY 2019 is projected to end with a reserve of \$162,013,701 and the FY 2020 expenditures of \$1,072,452,121, 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 \$320,088,407 and under the Pessimistic Scenario, the ending reserve is expected to decrease to (\$3,345,092).

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 2019 using the Baseline assumptions. These projections are based on significant revenue increases as contained in the Financial Plan adopted by the Board in December 2013 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 REPORT
FISCAL YEAR 2014**

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 107,025,903	\$ 435,318,098	\$ 542,344,001
Employer Premiums - MCO	4,253,592	40,405,053	44,658,645
Employee Premiums - PPB	-	115,344,917	115,344,917
Employee Premiums - MCO	-	11,138,485	11,138,485
Life Insurance	332,373	1,798,691	2,131,064
Direct Transfers	-	4,000,000	4,000,000
Investment Income	4,015,343	16,542,863	20,558,206
Litigation Settlement	1,647,567	8,916,066	10,563,633
COBRA Premiums	450,620	1,871,051	2,321,671
Administrative Fees	747,672	4,142,628	4,890,300
Total Revenue	\$ 118,473,070	\$ 639,477,852	\$ 757,950,922
<u>Program Expenses</u>			
Medical Claims	\$ 62,030,219	\$ 326,399,025	\$ 388,429,244
Prescription Drug Claims	17,612,107	109,007,536	126,619,643
Managed Care Capitations	3,308,000	34,791,538	38,099,538
Administration	2,809,455	15,203,810	18,013,265
Life Insurance	332,730	1,800,620	2,133,350
Wellness	292,036	1,580,402	1,872,438
ACA Reinsurance Contributions	789,129	4,270,496	5,059,625
ACA Comparative Effectiveness Research Fees	45,552	259,286	304,838
Director's Discretionary Fund	-	-	-
WV RHBT Pay Go Premiums	25,889,019	135,771,704	161,660,723
Total Expenses	\$ 113,108,247	\$ 629,084,417	\$ 742,192,664
Fiscal Year Results	\$ 5,364,823	\$ 10,393,435	\$ 15,758,258
Beginning Plan Reserve	43,977,120	170,360,438	214,337,559
Ending Plan Reserve	\$ 49,341,943	\$ 180,753,874	\$ 230,095,817

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	5.0%	8.0%
Direct Transfers	\$ 4,000,000	State	5.0%	8.0%
		Capitations		-2.6%
		Administrative Expense		-5.3%

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

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

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 107,025,903	\$ -	\$ 107,025,903
Employer Premiums - MCO	4,253,592	-	4,253,592
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	332,373		332,373
Direct Transfers	-		-
Investment Income	4,015,343		4,015,343
Litigation Settlement	1,647,567		1,647,567
COBRA Premiums	450,620		450,620
Administrative Fees	747,672		747,672
Total Revenue	\$ 118,473,070	\$ -	\$ 118,473,070
<u>Program Expenses</u>			
Medical Claims	\$ 62,030,219	\$ -	\$ 62,030,219
Prescription Drug Claims	17,612,107	-	17,612,107
Managed Care Capitations	3,308,000		3,308,000
Administration	2,809,455		2,809,455
Life Insurance	332,730		332,730
Wellness	292,036		292,036
ACA Reinsurance Contributions	789,129		789,129
ACA Comparative Effectiveness Research Fees	45,552		45,552
Director's Discretionary Fund	-		-
WV RHBT Pay Go Premiums	25,889,019		25,889,019
Total Expenses	\$ 113,108,247	\$ -	\$ 113,108,247
Fiscal Year Results	\$ 5,364,823		\$ 5,364,823
Beginning Plan Reserve	43,977,120		43,977,120
Ending Plan Reserve	\$ 49,341,943		\$ 49,341,943

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ -	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	5.0%	8.0%
		Capitations		-2.6%
		Administrative Expense		-5.3%

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

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

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 435,318,098	\$ -	\$ 435,318,098
Employer Premiums - MCO	40,405,053	-	40,405,053
Employee Premiums - PPB	115,344,917	-	115,344,917
Employee Premiums - MCO	11,138,485	-	11,138,485
Life Insurance	1,798,691		1,798,691
Direct Transfers	4,000,000		4,000,000
Investment Income	16,542,863		16,542,863
Litigation Settlement	8,916,066		8,916,066
COBRA Premiums	1,871,051		1,871,051
Administrative Fees	4,142,628		4,142,628
Total Revenue	\$ 639,477,852	\$ -	\$ 639,477,852
<u>Program Expenses</u>			
Medical Claims	\$ 326,399,025	\$ -	\$ 326,399,025
Prescription Drug Claims	109,007,536	-	109,007,536
Managed Care Capitations	34,791,538		34,791,538
Administration	15,203,810		15,203,810
Life Insurance	1,800,620		1,800,620
Wellness	1,580,402		1,580,402
ACA Reinsurance Contributions	4,270,496		4,270,496
ACA Comparative Effectiveness Research Fees	259,286		259,286
Director's Discretionary Fund	-		-
WV RHBT Pay Go Premiums	135,771,704		135,771,704
Total Expenses	\$ 629,084,417	\$ -	\$ 629,084,417
Fiscal Year Results	\$ 10,393,435		\$ 10,393,435
Beginning Plan Reserve	170,360,438		170,360,438
Ending Plan Reserve	\$ 180,753,873		\$ 180,753,873

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	\$ 4,000,000	State	5.0%	8.0%
		Capitations		-2.6%
		Administrative Expense		-5.3%

**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	\$ 107,668,029	\$ 430,496,031	\$ 538,164,060
Employer Premiums - MCO	4,804,623	39,457,883	44,262,506
Employee Premiums - PPB	-	108,279,923	108,279,923
Employee Premiums - MCO	-	11,360,445	11,360,445
Life Insurance	348,992	1,888,625	2,237,617
Investment Income	1,964,847	7,665,153	9,630,000
Litigation Settlement	-	-	-
COBRA Premiums	443,408	1,841,106	2,284,514
Administrative Fees	747,672	4,142,628	4,890,300
Total Revenue	\$ 115,977,571	\$ 605,131,794	\$ 721,109,365
<u>Program Expenses</u>			
Medical Claims	\$ 66,437,946	\$ 337,894,722	\$ 404,332,668
Prescription Drug Claims	19,297,607	115,423,117	134,720,724
Managed Care Capitations	3,506,082	36,879,030	40,385,112
Administration	2,984,026	15,569,637	18,553,663
Life Insurance	349,366	1,890,651	2,240,017
Wellness	292,036	1,580,402	1,872,438
ACA Reinsurance Contributions	1,300,000	7,200,000	8,500,000
ACA Comparative Effectiveness Research Fees	48,784	268,528	317,312
Director's Discretionary Fund	269,632	1,425,650	1,695,282
WV RHBT Pay Go Premiums	24,727,450	125,272,550	150,000,000
Total Expenses	\$ 119,212,929	\$ 643,404,287	\$ 762,617,216
Fiscal Year Results	\$ (3,235,358)	\$ (38,272,493)	\$ (41,507,851)
Beginning Plan Reserve	49,341,943	180,753,874	230,095,817
Ending Plan Reserve	\$ 46,106,585	\$ 142,481,381	\$ 188,587,966

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ (1,200,000)	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ (5,400,000)	Active Local	5.0%	8.0%
Direct Transfers	\$ -	State	5.0%	8.0%
		Capitations		6.0%
		Administrative Expense		3.0%

**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	\$ 107,668,029	\$ -	\$ 107,668,029
Employer Premiums - MCO	4,804,623	-	4,804,623
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	348,992		348,992
Investment Income	1,964,847		1,964,847
Litigation Settlement	-		-
COBRA Premiums	443,408		443,408
Administrative Fees	747,672		747,672
Total Revenue	\$ 115,977,571	\$ -	\$ 115,977,571
<u>Program Expenses</u>			
Medical Claims	\$ 66,156,883	\$ 281,063	\$ 66,437,946
Prescription Drug Claims	19,319,862	(22,255)	19,297,607
Managed Care Capitations	3,506,082		3,506,082
Administration	2,984,026		2,984,026
Life Insurance	349,366		349,366
Wellness	292,036		292,036
ACA Reinsurance Contributions	1,300,000		1,300,000
ACA Comparative Effectiveness Research Fees	48,784		48,784
Director's Discretionary Fund	269,632		269,632
WV RHBT Pay Go Premiums	24,727,450		24,727,450
Total Expenses	\$ 118,954,121	\$ 258,808	\$ 119,212,929
Fiscal Year Results	\$ (2,976,550)		\$ (3,235,358)
Beginning Plan Reserve	49,341,943		49,341,943
Ending Plan Reserve	\$ 46,365,393		\$ 46,106,585

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ (1,200,000)	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	5.0%	8.0%
		Capitations		6.0%
		Administrative Expense		3.0%

**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	\$ 430,496,031	\$ -	\$ 430,496,031
Employer Premiums - MCO	39,457,883	-	39,457,883
Employee Premiums - PPB	108,279,923	-	108,279,923
Employee Premiums - MCO	11,360,445	-	11,360,445
Life Insurance	1,888,625		1,888,625
Investment Income	7,665,153		7,665,153
Litigation Settlement	-		-
COBRA Premiums	1,841,106		1,841,106
Administrative Fees	4,142,628		4,142,628
Total Revenue	\$ 605,131,794	\$ -	\$ 605,131,794
<u>Program Expenses</u>			
Medical Claims	\$ 336,415,785	\$ 1,478,937	\$ 337,894,722
Prescription Drug Claims	115,560,862	(137,745)	115,423,117
Managed Care Capitations	36,879,030		36,879,030
Administration	15,569,637		15,569,637
Life Insurance	1,890,651		1,890,651
Wellness	1,580,402		1,580,402
ACA Reinsurance Contributions	7,200,000		7,200,000
ACA Comparative Effectiveness Research Fees	268,528		268,528
Director's Discretionary Fund	1,425,650		1,425,650
WV RHBT Pay Go Premiums	125,272,550		125,272,550
Total Expenses	\$ 642,063,095	\$ 1,341,192	\$ 643,404,287
Fiscal Year Results	\$ (36,931,301)		\$ (38,272,493)
Beginning Plan Reserve	180,753,873		180,753,873
Ending Plan Reserve	\$ 143,822,572		\$ 142,481,380

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ (5,400,000)	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ -	State	5.0%	8.0%
		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 2016**

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 107,668,029	\$ 476,297,973	\$ 583,966,002
Employer Premiums - MCO	4,804,623	43,655,941	48,460,564
Employee Premiums - PPB	-	119,592,986	119,592,986
Employee Premiums - MCO	-	12,547,382	12,547,382
Life Insurance	366,442	1,983,056	2,349,498
Investment Income	2,219,964	7,686,966	9,906,930
Litigation Settlement	-	-	-
COBRA Premiums	482,881	2,005,006	2,487,887
Administrative Fees	747,672	4,142,628	4,890,300
Total Revenue	\$ 116,289,611	\$ 667,911,938	\$ 784,201,549
<u>Program Expenses</u>			
Medical Claims	\$ 69,916,871	\$ 355,511,055	\$ 425,427,927
Prescription Drug Claims	20,886,864	124,901,851	145,788,716
Managed Care Capitations	3,716,447	39,091,772	42,808,219
Administration	2,833,871	16,276,402	19,110,273
Life Insurance	366,835	1,985,184	2,352,019
Wellness	292,036	1,580,402	1,872,438
ACA Reinsurance Contributions	800,000	4,600,000	5,400,000
ACA Comparative Effectiveness Research Fees	48,304	257,118	305,422
Director's Discretionary Fund	268,544	1,420,780	1,689,324
WV RHBT Pay Go Premiums	25,304,420	128,195,580	153,500,000
Total Expenses	\$ 124,434,193	\$ 673,820,145	\$ 798,254,337
Fiscal Year Results	\$ (8,144,582)	\$ (5,908,207)	\$ (14,052,788)
Beginning Plan Reserve	46,106,585	142,481,381	188,587,966
Ending Plan Reserve	\$ 37,962,003	\$ 136,573,174	\$ 174,535,177

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 50,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 12,500,000	Active Local	5.5%	8.5%
Direct Transfers	\$ -	State	5.5%	8.5%
		Capitations		6.0%
		Administrative Expense		3.0%

**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	\$ 107,668,029	\$ -	\$ 107,668,029
Employer Premiums - MCO	4,804,623	-	4,804,623
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	366,442		366,442
Investment Income	2,219,964		2,219,964
Litigation Settlement	-		-
COBRA Premiums	482,881		482,881
Administrative Fees	747,672		747,672
Total Revenue	\$ 116,289,611	\$ -	\$ 116,289,611
<u>Program Expenses</u>			
Medical Claims	\$ 69,916,872	\$ -	\$ 69,916,872
Prescription Drug Claims	20,886,864	-	20,886,864
Managed Care Capitations	3,716,447		3,716,447
Administration	2,833,871		2,833,871
Life Insurance	366,835		366,835
Wellness	292,036		292,036
ACA Reinsurance Contributions	800,000		800,000
ACA Comparative Effectiveness Research Fees	48,304		48,304
Director's Discretionary Fund	268,544		268,544
WV RHBT Pay Go Premiums	25,304,420		25,304,420
Total Expenses	\$ 124,434,193	\$ -	\$ 124,434,193
Fiscal Year Results	\$ (8,144,582)		\$ (8,144,582)
Beginning Plan Reserve	46,106,585		46,106,585
Ending Plan Reserve	\$ 37,962,003		\$ 37,962,003

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		3.0%

**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	\$ 430,496,031	\$ 45,801,941	\$ 476,297,972
Employer Premiums - MCO	39,457,883	4,198,059	43,655,942
Employee Premiums - PPB	108,279,923	11,313,063	119,592,986
Employee Premiums - MCO	11,360,445	1,186,937	12,547,382
Life Insurance	1,983,056		1,983,056
Investment Income	7,686,966		7,686,966
Litigation Settlement	-		-
COBRA Premiums	2,005,006		2,005,006
Administrative Fees	4,142,628		4,142,628
Total Revenue	\$ 605,411,938	\$ 62,500,000	\$ 667,911,938
<u>Program Expenses</u>			
Medical Claims	\$ 355,511,055	\$ -	\$ 355,511,055
Prescription Drug Claims	124,901,852	-	124,901,852
Managed Care Capitations	39,091,772		39,091,772
Administration	16,276,402		16,276,402
Life Insurance	1,985,184		1,985,184
Wellness	1,580,402		1,580,402
ACA Reinsurance Contributions	4,600,000		4,600,000
ACA Comparative Effectiveness Research Fees	257,118		257,118
Director's Discretionary Fund	1,420,780		1,420,780
WV RHBT Pay Go Premiums	128,195,580		128,195,580
Total Expenses	\$ 673,820,145	\$ -	\$ 673,820,145
Fiscal Year Results	\$ (68,408,207)		\$ (5,908,207)
Beginning Plan Reserve	142,481,380		142,481,380
Ending Plan Reserve	\$ 74,073,173		\$ 136,573,173

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 50,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 12,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ -	State	5.5%	8.5%
		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 2017**

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 117,240,847	\$ 522,099,914	\$ 639,340,761
Employer Premiums - MCO	5,231,805	47,854,000	53,085,805
Employee Premiums - PPB	-	130,906,049	130,906,049
Employee Premiums - MCO	-	13,734,319	13,734,319
Life Insurance	384,764	2,082,209	2,466,973
Investment Income	1,935,212	7,669,582	9,604,794
Litigation Settlement	-	-	-
COBRA Premiums	528,670	2,195,131	2,723,801
Administrative Fees	747,672	4,142,628	4,890,300
Total Revenue	\$ 126,068,970	\$ 730,683,832	\$ 856,752,802
<u>Program Expenses</u>			
Medical Claims	\$ 73,953,743	\$ 376,037,731	\$ 449,991,475
Prescription Drug Claims	22,719,427	135,860,426	158,579,853
Managed Care Capitations	3,939,434	41,437,278	45,376,712
Administration	2,896,388	16,787,193	19,683,581
Life Insurance	385,176	2,084,443	2,469,619
Wellness	292,036	1,580,402	1,872,438
ACA Reinsurance Contributions	300,000	1,500,000	1,800,000
ACA Comparative Effectiveness Research Fees	49,742	256,041	305,783
Director's Discretionary Fund	267,414	1,415,994	1,683,408
WV RHBT Pay Go Premiums	31,321,430	158,678,570	190,000,000
Total Expenses	\$ 136,124,791	\$ 735,638,078	\$ 871,762,869
Fiscal Year Results	\$ (10,055,821)	\$ (4,954,246)	\$ (15,010,067)
Beginning Plan Reserve	37,962,003	136,573,174	174,535,177
Ending Plan Reserve	\$ 27,906,183	\$ 131,618,928	\$ 159,525,111

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 50,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 10,000,000	<u>Eligibility</u>		
Additional State Employee Premiums	\$ 12,500,000	<u>Medical</u>		
Direct Transfers	\$ -	<u>Drugs</u>		
		Active Local	6.0%	9.0%
		State	6.0%	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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 107,668,029	\$ 9,572,819	\$ 117,240,848
Employer Premiums - MCO	4,804,623	427,181	5,231,804
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	384,764		384,764
Investment Income	1,935,212		1,935,212
Litigation Settlement	-		-
COBRA Premiums	528,670		528,670
Administrative Fees	747,672		747,672
Total Revenue	\$ 116,068,970	\$ 10,000,000	\$ 126,068,970
<u>Program Expenses</u>			
Medical Claims	\$ 73,953,743		\$ 73,953,743
Prescription Drug Claims	22,719,427		22,719,427
Managed Care Capitations	3,939,434		3,939,434
Administration	2,896,388		2,896,388
Life Insurance	385,176		385,176
Wellness	292,036		292,036
ACA Reinsurance Contributions	300,000		300,000
ACA Comparative Effectiveness Research Fees	49,742		49,742
Director's Discretionary Fund	267,414		267,414
WV RHBT Pay Go Premiums	31,321,430		31,321,430
Total Expenses	\$ 136,124,790	\$ -	\$ 136,124,790
Fiscal Year Results	\$ (20,055,820)		\$ (10,055,820)
Beginning Plan Reserve	37,962,003		37,962,003
Ending Plan Reserve	\$ 17,906,183		\$ 27,906,183

KEY ASSUMPTIONS

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 476,297,973	\$ 45,801,941	\$ 522,099,914
Employer Premiums - MCO	43,655,941	4,198,059	47,854,000
Employee Premiums - PPB	119,592,986	11,313,063	130,906,049
Employee Premiums - MCO	12,547,382	1,186,937	13,734,319
Life Insurance	2,082,209		2,082,209
Investment Income	7,669,582		7,669,582
Litigation Settlement	-		-
COBRA Premiums	2,195,131		2,195,131
Administrative Fees	4,142,628		4,142,628
Total Revenue	\$ 668,183,832	\$ 62,500,000	\$ 730,683,832
<u>Program Expenses</u>			
Medical Claims	\$ 376,037,732		\$ 376,037,732
Prescription Drug Claims	135,860,426		135,860,426
Managed Care Capitations	41,437,278		41,437,278
Administration	16,787,193		16,787,193
Life Insurance	2,084,443		2,084,443
Wellness	1,580,402		1,580,402
ACA Reinsurance Contributions	1,500,000		1,500,000
ACA Comparative Effectiveness Research Fees	256,041		256,041
Director's Discretionary Fund	1,415,994		1,415,994
WV RHBT Pay Go Premiums	158,678,570		158,678,570
Total Expenses	\$ 735,638,079	\$ -	\$ 735,638,079
Fiscal Year Results	\$ (67,454,247)		\$ (4,954,247)
Beginning Plan Reserve	136,573,173		136,573,173
Ending Plan Reserve	\$ 69,118,926		\$ 131,618,926

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 50,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 12,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ -	State	6.0%	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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 133,514,639	\$ 564,237,700	\$ 697,752,339
Employer Premiums - MCO	5,958,013	51,716,214	57,674,227
Employee Premiums - PPB	-	141,314,068	141,314,068
Employee Premiums - MCO	-	14,826,300	14,826,300
Life Insurance	404,002	2,186,320	2,590,322
Investment Income	1,578,488	7,714,476	9,292,964
Litigation Settlement	-	-	-
COBRA Premiums	575,723	2,390,500	2,966,223
Administrative Fees	747,672	4,142,628	4,890,300
Total Revenue	\$ 142,778,537	\$ 788,528,206	\$ 931,306,743
<u>Program Expenses</u>			
Medical Claims	\$ 78,593,612	\$ 399,630,520	\$ 478,224,132
Prescription Drug Claims	24,826,415	148,460,039	173,286,454
Managed Care Capitations	4,175,800	43,923,515	48,099,315
Administration	3,108,218	17,165,870	20,274,088
Life Insurance	404,435	2,188,665	2,593,100
Wellness	292,036	1,580,402	1,872,438
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	51,223	254,969	306,192
Director's Discretionary Fund	266,268	1,411,131	1,677,399
WV RHBT Pay Go Premiums	34,618,420	175,381,580	210,000,000
Total Expenses	\$ 146,336,427	\$ 789,996,691	\$ 936,333,118
Fiscal Year Results	\$ (3,557,890)	\$ (1,468,485)	\$ (5,026,375)
Beginning Plan Reserve	27,906,183	131,618,928	159,525,111
Ending Plan Reserve	\$ 24,348,293	\$ 130,150,443	\$ 154,498,735

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 46,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 17,000,000	<u>Eligibility</u>		
Additional State Employee Premiums	\$ 11,500,000	<u>Medical</u>		
Direct Transfers	\$ -	<u>Drugs</u>		
		Active Local	6.5%	9.5%
		State	6.5%	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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 117,240,847	\$ 16,273,792	\$ 133,514,639
Employer Premiums - MCO	5,231,805	726,208	5,958,013
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	404,002		404,002
Investment Income	1,578,488		1,578,488
Litigation Settlement	-		-
COBRA Premiums	575,723		575,723
Administrative Fees	747,672		747,672
Total Revenue	\$ 125,778,537	\$ 17,000,000	\$ 142,778,537
<u>Program Expenses</u>			
Medical Claims	\$ 78,593,612		\$ 78,593,612
Prescription Drug Claims	24,826,415		24,826,415
Managed Care Capitations	4,175,800		4,175,800
Administration	3,108,218		3,108,218
Life Insurance	404,435		404,435
Wellness	292,036		292,036
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	51,223		51,223
Director's Discretionary Fund	266,268		266,268
WV RHBT Pay Go Premiums	34,618,420		34,618,420
Total Expenses	\$ 146,336,427	\$ -	\$ 146,336,427
Fiscal Year Results	\$ (20,557,890)		\$ (3,557,890)
Beginning Plan Reserve	27,906,183		27,906,183
Ending Plan Reserve	\$ 7,348,293		\$ 24,348,293

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 17,000,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	6.5%	9.5%
		Capitations		6.0%
		Administrative Expense		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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 522,099,914	\$ 42,137,786	\$ 564,237,700
Employer Premiums - MCO	47,854,000	3,862,214	51,716,214
Employee Premiums - PPB	130,906,049	10,408,018	141,314,067
Employee Premiums - MCO	13,734,319	1,091,982	14,826,301
Life Insurance	2,186,320		2,186,320
Investment Income	7,714,476		7,714,476
Litigation Settlement	-		-
COBRA Premiums	2,390,500		2,390,500
Administrative Fees	4,142,628		4,142,628
Total Revenue	\$ 731,028,206	\$ 57,500,000	\$ 788,528,206
<u>Program Expenses</u>			
Medical Claims	\$ 399,630,520		\$ 399,630,520
Prescription Drug Claims	148,460,039		148,460,039
Managed Care Capitations	43,923,515		43,923,515
Administration	17,165,870		17,165,870
Life Insurance	2,188,665		2,188,665
Wellness	1,580,402		1,580,402
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	254,969		254,969
Director's Discretionary Fund	1,411,131		1,411,131
WV RHBT Pay Go Premiums	175,381,580		175,381,580
Total Expenses	\$ 789,996,691	\$ -	\$ 789,996,691
Fiscal Year Results	\$ (58,968,485)		\$ (1,468,485)
Beginning Plan Reserve	131,618,926		131,618,926
Ending Plan Reserve	\$ 72,650,441		\$ 130,150,441

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 46,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 11,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ -	State	6.5%	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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 147,873,867	\$ 608,207,564	\$ 756,081,431
Employer Premiums - MCO	6,598,785	55,746,350	62,345,135
Employee Premiums - PPB	-	152,174,608	152,174,608
Employee Premiums - MCO	-	15,965,760	15,965,760
Life Insurance	424,202	2,295,636	2,719,838
Investment Income	1,486,648	7,925,577	9,412,225
Litigation Settlement	-	-	-
COBRA Premiums	623,091	2,587,181	3,210,272
Administrative Fees	747,672	4,142,628	4,890,300
Total Revenue	\$ 157,754,265	\$ 849,045,304	\$ 1,006,799,569
<u>Program Expenses</u>			
Medical Claims	\$ 83,917,710	\$ 426,702,470	\$ 510,620,180
Prescription Drug Claims	27,252,983	162,970,715	190,223,698
Managed Care Capitations	4,426,348	46,558,926	50,985,274
Administration	3,272,025	17,610,286	20,882,311
Life Insurance	424,657	2,298,098	2,722,755
Wellness	292,036	1,580,402	1,872,438
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	52,748	253,901	306,649
Director's Discretionary Fund	265,108	1,406,190	1,671,298
WV RHBT Pay Go Premiums	36,266,920	183,733,080	220,000,000
Total Expenses	\$ 156,170,535	\$ 843,114,069	\$ 999,284,603
Fiscal Year Results	\$ 1,583,730	\$ 5,931,235	\$ 7,514,966
Beginning Plan Reserve	24,348,293	130,150,443	154,498,735
Ending Plan Reserve	\$ 25,932,023	\$ 136,081,678	\$ 162,013,701

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 48,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 15,000,000	<u>Eligibility</u>		
Additional State Employee Premiums	\$ 12,000,000	<u>Medical</u>		
Direct Transfers	\$ -	<u>Drugs</u>		
		Active Local	7.0%	10.0%
		State	7.0%	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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 133,514,639	\$ 14,359,228	\$ 147,873,867
Employer Premiums - MCO	5,958,013	640,772	6,598,785
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	424,202		424,202
Investment Income	1,486,648		1,486,648
Litigation Settlement	-		-
COBRA Premiums	623,091		623,091
Administrative Fees	747,672		747,672
Total Revenue	\$ 142,754,265	\$ 15,000,000	\$ 157,754,265
<u>Program Expenses</u>			
Medical Claims	\$ 83,917,709		\$ 83,917,709
Prescription Drug Claims	27,252,984		27,252,984
Managed Care Capitations	4,426,348		4,426,348
Administration	3,272,025		3,272,025
Life Insurance	424,657		424,657
Wellness	292,036		292,036
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	52,748		52,748
Director's Discretionary Fund	265,108		265,108
WV RHBT Pay Go Premiums	36,266,920		36,266,920
Total Expenses	\$ 156,170,535	\$ -	\$ 156,170,535
Fiscal Year Results	\$ (13,416,270)		\$ 1,583,730
Beginning Plan Reserve	24,348,293		24,348,293
Ending Plan Reserve	\$ 10,932,023		\$ 25,932,023

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 15,000,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	7.0%	10.0%
		Capitations		6.0%
		Administrative Expense		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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 564,237,700	\$ 43,969,864	\$ 608,207,564
Employer Premiums - MCO	51,716,214	4,030,136	55,746,350
Employee Premiums - PPB	141,314,068	10,860,541	152,174,609
Employee Premiums - MCO	14,826,300	1,139,459	15,965,759
Life Insurance	2,295,636		2,295,636
Investment Income	7,925,577		7,925,577
Litigation Settlement	-		-
COBRA Premiums	2,587,181		2,587,181
Administrative Fees	4,142,628		4,142,628
Total Revenue	\$ 789,045,304	\$ 60,000,000	\$ 849,045,304
<u>Program Expenses</u>			
Medical Claims	\$ 426,702,470		\$ 426,702,470
Prescription Drug Claims	162,970,715		162,970,715
Managed Care Capitations	46,558,926		46,558,926
Administration	17,610,286		17,610,286
Life Insurance	2,298,098		2,298,098
Wellness	1,580,402		1,580,402
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	253,901		253,901
Director's Discretionary Fund	1,406,190		1,406,190
WV RHBT Pay Go Premiums	183,733,080		183,733,080
Total Expenses	\$ 843,114,068	\$ -	\$ 843,114,068
Fiscal Year Results	\$ (54,068,764)		\$ 5,931,236
Beginning Plan Reserve	130,150,441		130,150,441
Ending Plan Reserve	\$ 76,081,677		\$ 136,081,677

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 48,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 12,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ -	State	7.0%	10.0%
		Capitations		6.0%
		Administrative Expense		3.0%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2014 to FY 2015**

Fiscal Year 2014												
Exposure	<u>Jul-13</u>	<u>Aug-13</u>	<u>Sep-13</u>	<u>Oct-13</u>	<u>Nov-13</u>	<u>Dec-13</u>	<u>Jan-14</u>	<u>Feb-14</u>	<u>Mar-14</u>	<u>Apr-14</u>	<u>May-14</u>	<u>Jun-14</u>
Local Medical	25,169	25,156	25,304	25,259	25,298	25,330	25,439	25,501	25,445	25,375	25,394	25,410
State Medical	134,738	133,576	133,375	134,576	134,717	134,883	135,220	135,002	134,887	134,820	134,554	134,147
Local Drugs	25,169	25,156	25,304	25,259	25,298	25,330	25,439	25,501	25,445	25,375	25,394	25,410
State Drugs	134,738	133,576	133,375	134,576	134,717	134,883	135,220	135,002	134,887	134,820	134,554	134,147
	<u>Jul-13</u>	<u>Aug-13</u>	<u>Sep-13</u>	<u>Oct-13</u>	<u>Nov-13</u>	<u>Dec-13</u>	<u>Jan-14</u>	<u>Feb-14</u>	<u>Mar-14</u>	<u>Apr-14</u>	<u>May-14</u>	<u>Jun-14</u>
Local Medical	\$164.95	\$172.34	\$217.42	\$216.64	\$167.98	\$162.27	\$203.42	\$188.47	\$217.88	\$237.29	\$228.18	\$226.66
State Medical	\$175.62	\$188.73	\$184.89	\$190.52	\$187.76	\$183.01	\$205.63	\$191.19	\$206.45	\$219.67	\$208.19	\$234.68
Local Drugs	\$44.66	\$56.90	\$56.50	\$66.66	\$60.83	\$69.44	\$71.74	\$64.54	\$71.81	\$72.72	\$75.23	\$82.49
State Drugs	<u>54.86</u>	<u>66.40</u>	<u>65.39</u>	<u>70.58</u>	<u>68.09</u>	<u>75.86</u>	<u>78.02</u>	<u>69.26</u>	<u>77.06</u>	<u>78.86</u>	<u>79.83</u>	<u>87.17</u>
Total	\$440.09	\$484.38	\$524.20	\$544.39	\$484.66	\$490.59	\$558.81	\$513.46	\$573.20	\$608.55	\$591.43	\$631.01
Change From Prior Year - Month to Month Analysis												
Local Medical	14.7%	-17.9%	35.2%	8.7%	-5.8%	0.8%	0.7%	3.6%	9.5%	14.5%	17.4%	21.7%
State Medical	20.6%	13.1%	12.9%	4.1%	2.4%	8.8%	0.7%	-0.3%	3.4%	6.5%	0.6%	5.6%
Local Drugs	6.6%	-1.6%	1.3%	7.1%	1.5%	7.5%	9.1%	6.7%	14.7%	12.0%	11.6%	25.0%
State Drugs	<u>12.5%</u>	<u>2.6%</u>	<u>8.0%</u>	<u>0.0%</u>	<u>2.7%</u>	<u>6.9%</u>	<u>8.6%</u>	<u>5.8%</u>	<u>10.4%</u>	<u>10.5%</u>	<u>8.7%</u>	<u>14.1%</u>
Total	15.8%	-3.0%	18.9%	5.7%	-0.7%	5.6%	2.8%	2.8%	7.9%	10.7%	9.1%	14.6%
Change From Prior Year - Quarter to Quarter Analysis												
Local Medical			7.8%			1.5%			4.6%			17.7%
State Medical			15.3%			5.0%			1.3%			4.3%
Local Drugs			1.7%			5.4%			10.2%			16.2%
State Drugs			<u>7.3%</u>			<u>3.2%</u>			<u>8.3%</u>			<u>11.1%</u>
Total			9.7%			3.5%			4.5%			11.5%
Change From Prior Year - Year to Year Analysis												
Local Medical			-0.9%			0.5%			1.9%			8.1%
State Medical			2.3%			4.0%			4.6%			6.0%
Local Drugs			-8.8%			-6.7%			-0.2%			8.8%
State Drugs			<u>-4.6%</u>			<u>-3.6%</u>			<u>1.5%</u>			<u>7.6%</u>
Total			-1.3%			0.3%			2.6%			7.3%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2014 to FY 2015**

Fiscal Year 2015

Exposure

	<u>Jul-14</u>	<u>Aug-14</u>
Local Medical	25,820	25,754
State Medical	132,621	132,266
Local Drugs	25,820	25,754
State Drugs	132,621	132,266

	<u>Jul-14</u>	<u>Aug-14</u>
Local Medical	\$174.74	\$159.11
State Medical	\$182.77	\$172.13
Local Drugs	\$50.46	\$66.37
State Drugs	<u>61.35</u>	<u>74.01</u>
Total	\$469.31	\$471.62

Change From Prior Year - Month to Month Analysis

Local Medical	5.9%	-7.7%
State Medical	4.1%	-8.8%
Local Drugs	13.0%	16.6%
State Drugs	<u>11.8%</u>	<u>11.5%</u>
Total	6.6%	-2.6%

Change From Prior Year - Quarter to Quarter Analysis

Local Medical
State Medical
Local Drugs
State Drugs
Total

Change From Prior Year - Year to Year Analysis

Local Medical
State Medical
Local Drugs
State Drugs
Total