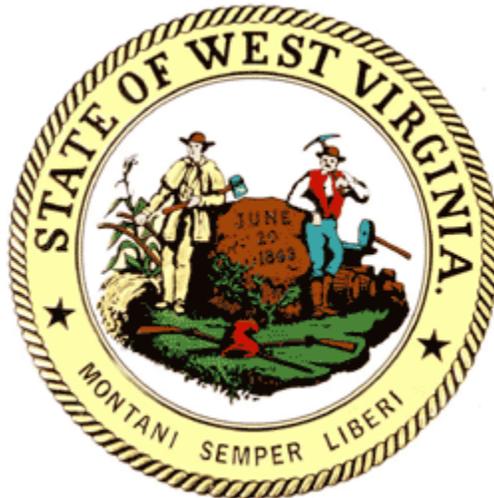




**CCRC**  
Actuaries, LLC

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# STATE OF WEST VIRGINIA



## **PUBLIC EMPLOYEES INSURANCE AGENCY**

**Quarterly Report  
March 31, 2014**

**Fiscal Years 2014-2018**

*July 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 2018.

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 preliminary forecasts for fiscal years ending June 30, 2014 (“FY 2014”), June 30, 2015 (“FY 2015”), June 30, 2016 (“FY 2016”), June 30, 2017 (“FY 2017”) and June 30, 2018 (“FY 2018”). Our opinion of plan adequacy is based on the projections through FY 2018 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 \$336 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 2013”. In the circumstances and subject to the conditions described herein, we believe the financial plan approved by the Board for FY 2014 through FY 2018 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 2014 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 2018 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 2018**

#### **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 May 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 June 2014 enrollment levels for the duration of these forecasts for active employees.

In aggregate, June 2014 enrollment for active employees has decreased by 195 coverages since the end of FY 2013. Aggregate PPB enrollment has decreased by 189 in total over the same period, while managed care enrollment experienced a decrease of 6 coverages.

In the State Fund, the overall active State enrollment decreased by 435 coverages from the end of FY 2013 to June 2014. And in the Local Fund, the overall active Local enrollment increased by 240 coverages from the end of FY 2013 to June 2014.

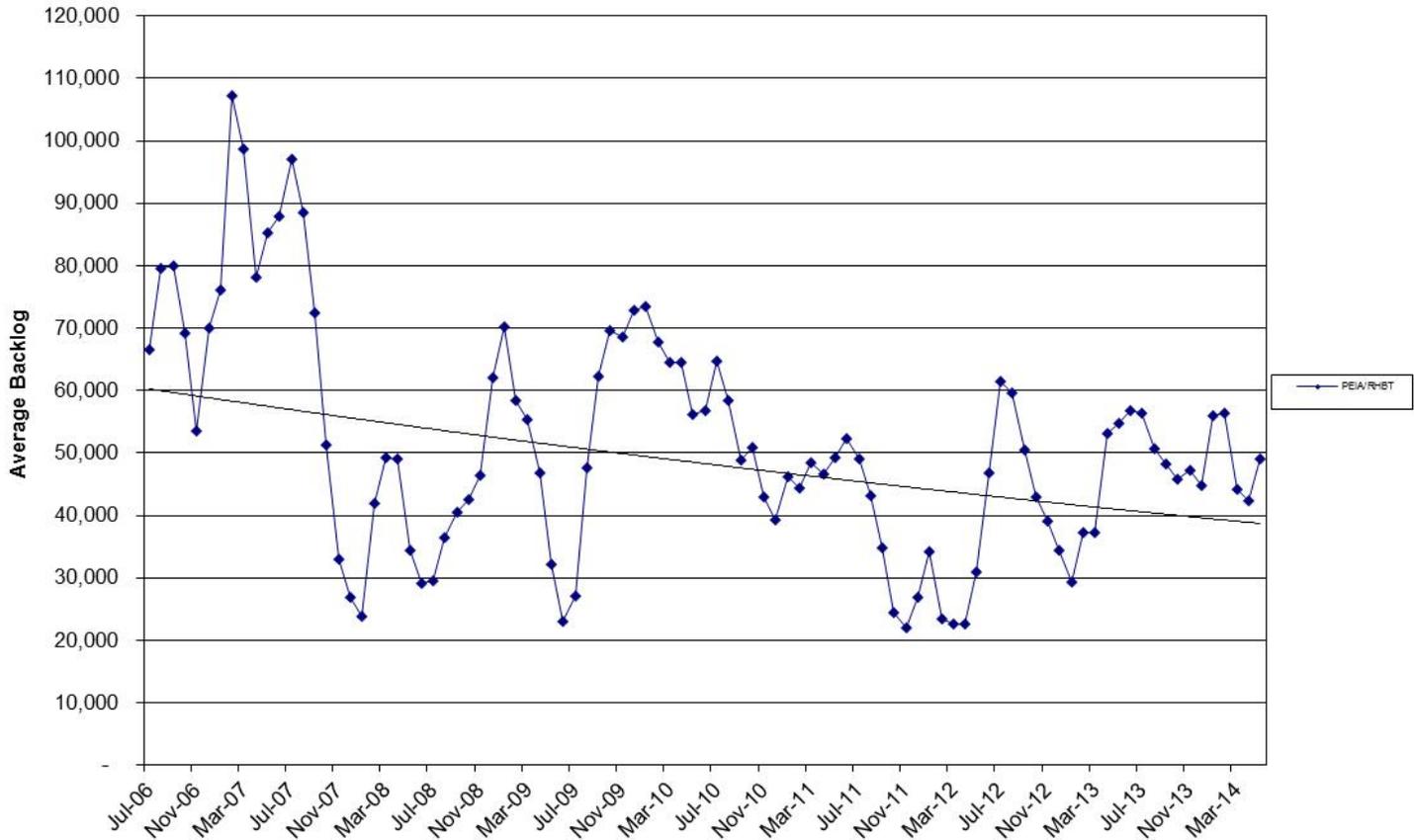
The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2012, June 2013 and June 2014 for purposes of comparison:

PEIA Fund	Coverage	Preferred Provider Benefit			Managed Care		
		Jun-12	Jun-13	Jun-14	Jun-12	Jun-13	Jun-14
State Active	Single	22,488	22,367	22,043	1,960	1,887	1,903
	Children	6,247	6,479	6,582	622	648	627
	Family	30,358	30,573	30,446	2,984	2,899	2,817
	Total	59,093	59,419	59,071	5,566	5,434	5,347
Local Active	Single	5,014	5,206	5,207	300	322	372
	Children	863	976	975	98	106	112
	Family	5,208	5,352	5,511	109	131	156
	Total	11,085	11,534	11,693	507	559	640
Plan Total		70,178	70,953	70,764	6,073	5,993	5,987
Grand Total					76,251	76,946	76,751

## 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 May 2014



### C. Trend Analysis

PEIA experienced favorable medical and prescription drug trends in FY 2013, 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 2013”. This report includes the detailed trend analysis of PEIA experience by medical and prescription drugs. Based on the analysis, we have decreased the FY 2014 medical claim trend to 5%. Additionally, due to PEIA’s favorable FY 2013 prescription drug experience, we have decreased our trend assumption for all prescription drugs coverage to 8% in FY 2014.

The current projection assumes the trends in the following table:

Claim Type	Previous Assumption FY 2014 Trend	Updated Assumption FY 2014 Trend
Active Local – Medical	6.0%	5.0%
State – Medical	6.0%	5.0%
Active Local – Drugs	9.0%	8.0%
State – Drugs	9.0%	8.0%

In addition, we have assumed that trends will increase by 0.5% in FY 2015 and FY 2016, and then increase by 1.0% in each successive fiscal year beginning in FY 2017. At the Board’s request, the baseline trend assumptions have been established to reflect the most likely or expected trends. In order to provide information on the impact of varying trend assumptions, two alternative trend scenarios were developed. The Optimistic Scenario incorporates trend assumptions 2.0% below the Baseline Scenario and the Pessimistic Scenario incorporates trend assumptions 2.0% above the Baseline Scenario.

The following chart summarizes the trend results observed for the plan using data through May 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)**

<b>Fiscal Year</b>	<b>Active Local Medical</b>	<b>State Medical</b>	<b>Active Local Drugs</b>	<b>State Drugs</b>	<b>Total</b>
2004	-1%	12%	9%	7%	9%
2005	16%	7%	7%	20%	11%
2006	1%	2%	18%	7%	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	8%	6%	9%	8%	6%
2012	5%	5%	8%	6%	5%
2013	-3%	-3%	-11%	-7%	-3%
2014*	5%	6%	6%	6%	6%

\* Fiscal Year 2014 results are through the first eleven months ending May 2014.

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

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

<b>Fiscal Year 2014 Projection</b>			<b>Net Revenue Excluding Pay Go</b>		<b>Expenses</b>		
<b>Fund</b>	<b>Program</b>	<b>Policies</b>	<b>Monthly Employer Premiums</b>	<b>Monthly Employee Premiums</b>	<b>Monthly Medical Costs</b>	<b>Monthly Drugs Costs*</b>	<b>Monthly Capitation Costs</b>
State	PPB	59,063	\$ 475	\$ 126	\$ 454	\$ 151	
	Managed Care	5,336	\$ 488	\$ 135			\$ 544
	Total	64,399					
Local	PPB	11,660	\$ 591	\$ -	\$ 437	\$ 124	
	Managed Care	619	\$ 443	\$ -			\$ 445
	Total	12,279					

\*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
<b>Additional State Employer Revenue</b>	\$0	\$0	\$55,000,000	\$51,000,000	\$50,000,000
<b>Additional Local Agency Revenue</b>	\$0	(\$1,200,000)	\$0	\$10,000,000	\$17,000,000
<b>Additional Employee Premium</b>	\$0	(\$5,400,000)	\$13,800,000	\$12,800,000	\$12,500,000
<b>State Direct Transfer</b>	\$4,000,000	\$0	\$0	\$0	\$0
<b>Benefit Reductions/(Increase)</b>	\$0	(\$1,600,000)	(\$1,691,200)	(\$1,804,352)	(\$1,942,945)
<b>PPACA Savings/(Cost)</b>	(\$5,242,636)	(\$8,844,687)	(\$5,746,749)	(\$2,148,824)	(\$350,912)
<b>Pay Go Premium Transfer</b>	\$161,541,144	\$150,000,000	\$153,500,000	\$190,000,000	\$210,000,000

The \$5,242,636 of PPACA benefit enhancements in Fiscal Year 2014 is comprised of the following:

	<u>Included in 2014 Claim Cost</u>
Reinsurance Contributions (Cost)	(\$4.9 M)
Comparative Effectiveness Research Fees (Cost)	(\$342,636)

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 \$20,600,000. FY 2014 is projected to be \$4,900,000.

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 \$2,086,822, with an expected \$342,636 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 \$336 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 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 \$744,471,427 and incurred plan expenses of \$735,506,057 to produce a fiscal year surplus of \$8,965,370. It should be noted that this is an increase from the projected deficit of (\$3,088,695) in the PEIA Financial Plan 12-31-2013 Quarterly Report due to the higher investment income and the addition of State direct transfer revenue. The PEIA local and state agencies Pay Go premiums for FY 2014 are assumed to be \$161,541,144.

Under the Baseline Scenario, FY 2014 is projected to end with a reserve of \$223,302,928 and the FY 2015 expenditures of \$762,858,446, which represents 29% 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 \$723,820,432 and incurred plan expenses of \$762,858,446 to produce a fiscal year deficit of (\$39,038,014). 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 \$184,264,914 and the FY 2016 expenditures of \$801,525,319, which represents 23% 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 \$199,913,018 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$168,555,004.

## **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 \$794,685,096 and incurred plan expenses of \$801,525,319 to produce a fiscal year deficit of (\$6,840,223). 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 \$177,424,691 and the FY 2017 expenditures of \$879,686,213, 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 \$217,959,430 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$136,218,906.

## **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 \$868,805,701 and incurred plan expenses of \$879,686,213 to produce a fiscal year deficit of (\$10,880,512). 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 \$166,544,179 and the FY 2018 expenditures of \$952,657,585, 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 \$245,730,973 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$85,025,701.

## **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 \$948,516,618 and incurred plan expenses of \$952,657,585 to produce a fiscal year deficit of (\$4,140,967). 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 \$162,403,213 and the FY 2019 expenditures of \$1,030,004,130, which represents 16% 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 \$296,450,661 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$22,647,083.

## **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 2018 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 FORECAST  
FISCAL YEAR 2014**

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

	<b>Active Local Fund</b>	<b>State Fund</b>	<b>PEIA Total</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 106,952,594	\$ 435,136,798	\$ 542,089,392
Employer Premiums - MCO	4,250,678	40,388,225	44,638,903
Employee Premiums - PPB	-	115,470,708	115,470,708
Employee Premiums - MCO	-	11,150,632	11,150,632
Life Insurance	332,984	1,796,271	2,129,255
Direct Transfers	-	4,000,000	4,000,000
Investment Income	3,574,298	14,725,702	18,300,000
COBRA Premiums	366,222	1,520,615	1,886,837
Administrative Fees	734,738	4,070,962	4,805,700
<b>Total Revenue</b>	<b>\$ 116,211,514</b>	<b>\$ 628,259,913</b>	<b>\$ 744,471,427</b>
<u>Program Expenses</u>			
Medical Claims	\$ 61,179,864	\$ 321,924,513	\$ 383,104,377
Prescription Drug Claims	17,348,119	107,373,623	124,721,742
Managed Care Capitations	3,308,000	34,860,191	38,168,191
Administration	2,863,070	15,444,763	18,307,833
Life Insurance	333,216	1,797,525	2,130,741
Wellness	291,270	1,571,247	1,862,517
ACA Reinsurance Contributions	700,000	4,200,000	4,900,000
ACA Comparative Effectiveness Research Fees	49,631	293,005	342,636
Director's Discretionary Fund	66,010	360,866	426,876
WV RHBT Pay Go Premiums	25,185,039	136,356,105	161,541,144
<b>Total Expenses</b>	<b>\$ 111,324,220</b>	<b>\$ 624,181,838</b>	<b>\$ 735,506,057</b>
<b>Fiscal Year Results</b>	<b>\$ 4,887,294</b>	<b>\$ 4,078,075</b>	<b>\$ 8,965,370</b>
<b>Beginning Plan Reserve</b>	<b>43,977,120</b>	<b>170,360,438</b>	<b>214,337,559</b>
<b>Ending Plan Reserve</b>	<b>\$ 48,864,414</b>	<b>\$ 174,438,514</b>	<b>\$ 223,302,928</b>

**KEY ASSUMPTIONS**

Additional State Employer Premiums	\$ -	<b>Claim and Other Expense Trends</b>		
Additional Local Agency Revenue	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ -	Active Local	5.0%	8.0%
Direct Transfers	\$ 4,000,000	State	5.0%	8.0%
		Capitations		-2.4%
		Administrative Expense		-3.8%

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

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

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

<b>Local Fund</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 106,952,594	\$ -	\$ 106,952,594
Employer Premiums - MCO	4,250,678	-	4,250,678
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	332,984		332,984
Direct Transfers	-		-
Investment Income	3,574,298		3,574,298
COBRA Premiums	366,222		366,222
Administrative Fees	734,738		734,738
<b>Total Revenue</b>	<b>\$ 116,211,514</b>	<b>\$ -</b>	<b>\$ 116,211,514</b>
<u>Program Expenses</u>			
Medical Claims	\$ 61,179,864	\$ -	\$ 61,179,864
Prescription Drug Claims	17,348,119	-	17,348,119
Managed Care Capitations	3,308,000		3,308,000
Administration	2,863,070		2,863,070
Life Insurance	333,216		333,216
Wellness	291,270		291,270
ACA Reinsurance Contributions	700,000		700,000
ACA Comparative Effectiveness Research Fees	49,631		49,631
Director's Discretionary Fund	66,010		66,010
WV RHBT Pay Go Premiums	25,185,039		25,185,039
<b>Total Expenses</b>	<b>\$ 111,324,219</b>	<b>\$ -</b>	<b>\$ 111,324,219</b>
Fiscal Year Results	\$ 4,887,295		\$ 4,887,295
Beginning Plan Reserve	43,977,120		43,977,120
Ending Plan Reserve	\$ 48,864,415		\$ 48,864,415

**KEY ASSUMPTIONS**

Additional Local Agency Revenue	\$ -	<b>Claim and Other Expense Trends</b>		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	5.0%	8.0%
		Capitations		-2.4%
		Administrative Expense		-3.8%

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

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

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

<b>State Fund</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 435,136,798	\$ -	\$ 435,136,798
Employer Premiums - MCO	40,388,225	-	40,388,225
Employee Premiums - PPB	115,470,708	-	115,470,708
Employee Premiums - MCO	11,150,632	-	11,150,632
Life Insurance	1,796,271		1,796,271
Direct Transfers	4,000,000		4,000,000
Investment Income	14,725,702		14,725,702
COBRA Premiums	1,520,615		1,520,615
Administrative Fees	4,070,962		4,070,962
<b>Total Revenue</b>	<b>\$ 628,259,913</b>	<b>\$ -</b>	<b>\$ 628,259,913</b>
<u>Program Expenses</u>			
Medical Claims	\$ 321,924,513	\$ -	\$ 321,924,513
Prescription Drug Claims	107,373,623	-	107,373,623
Managed Care Capitations	34,860,191		34,860,191
Administration	15,444,763		15,444,763
Life Insurance	1,797,525		1,797,525
Wellness	1,571,247		1,571,247
ACA Reinsurance Contributions	4,200,000		4,200,000
ACA Comparative Effectiveness Research Fees	293,005		293,005
Director's Discretionary Fund	360,866		360,866
WV RHBT Pay Go Premiums	136,356,105		136,356,105
<b>Total Expenses</b>	<b>\$ 624,181,838</b>	<b>\$ -</b>	<b>\$ 624,181,838</b>
Fiscal Year Results	\$ 4,078,075		\$ 4,078,075
Beginning Plan Reserve	170,360,438		170,360,438
Ending Plan Reserve	\$ 174,438,513		\$ 174,438,513

**KEY ASSUMPTIONS**

Additional State Employer Premiums	\$ -	<b>Claim and Other Expense Trends</b>		
Additional State Employee Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ 4,000,000	State	5.0%	8.0%
		Capitations		-2.4%
		Administrative Expense		-3.8%

**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**

	<b>Active Local Fund</b>	<b>State Fund</b>	<b>PEIA Total</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 105,798,463	\$ 435,136,798	\$ 540,935,261
Employer Premiums - MCO	4,204,809	40,388,225	44,593,034
Employee Premiums - PPB	-	110,546,247	110,546,247
Employee Premiums - MCO	-	10,675,093	10,675,093
Life Insurance	349,633	1,886,085	2,235,718
Investment Income	1,679,181	6,480,819	8,160,000
COBRA Premiums	362,833	1,506,546	1,869,379
Administrative Fees	734,738	4,070,962	4,805,700
<b>Total Revenue</b>	<b>\$ 113,129,657</b>	<b>\$ 610,690,775</b>	<b>\$ 723,820,432</b>
<u>Program Expenses</u>			
Medical Claims	\$ 64,861,426	\$ 339,420,346	\$ 404,281,772
Prescription Drug Claims	18,811,666	115,790,172	134,601,837
Managed Care Capitations	3,506,082	36,951,802	40,457,884
Administration	2,947,269	15,909,799	18,857,068
Life Insurance	349,877	1,887,401	2,237,278
Wellness	291,270	1,571,247	1,862,517
ACA Reinsurance Contributions	1,300,000	7,200,000	8,500,000
ACA Comparative Effectiveness Research Fees	50,072	294,615	344,687
Director's Discretionary Fund	266,353	1,449,050	1,715,403
WV RHBT Pay Go Premiums	23,385,720	126,614,280	150,000,000
<b>Total Expenses</b>	<b>\$ 115,769,734</b>	<b>\$ 647,088,712</b>	<b>\$ 762,858,446</b>
<b>Fiscal Year Results</b>	<b>\$ (2,640,077)</b>	<b>\$ (36,397,937)</b>	<b>\$ (39,038,014)</b>
Beginning Plan Reserve	48,864,414	174,438,514	223,302,928
Ending Plan Reserve	\$ 46,224,337	\$ 138,040,577	\$ 184,264,914

**KEY ASSUMPTIONS**

Additional State Employer Premiums	\$ -	<b>Claim and Other Expense Trends</b>		
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	5.5%	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 2015**

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

<b>Local Fund</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 106,952,594	\$ (1,154,131)	\$ 105,798,463
Employer Premiums - MCO	4,250,678	(45,869)	4,204,809
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	349,633		349,633
Investment Income	1,679,181		1,679,181
COBRA Premiums	362,833		362,833
Administrative Fees	734,738		734,738
<b>Total Revenue</b>	<b>\$ 114,329,657</b>	<b>\$ (1,200,000)</b>	<b>\$ 113,129,657</b>
<u>Program Expenses</u>			
Medical Claims	\$ 64,580,362	\$ 281,063	\$ 64,861,425
Prescription Drug Claims	18,833,921	(22,255)	18,811,666
Managed Care Capitations	3,506,082		3,506,082
Administration	2,947,269		2,947,269
Life Insurance	349,877		349,877
Wellness	291,270		291,270
ACA Reinsurance Contributions	1,300,000		1,300,000
ACA Comparative Effectiveness Research Fees	50,072		50,072
Director's Discretionary Fund	266,353		266,353
WV RHBT Pay Go Premiums	23,385,720		23,385,720
<b>Total Expenses</b>	<b>\$ 115,510,926</b>	<b>\$ 258,808</b>	<b>\$ 115,769,734</b>
<b>Fiscal Year Results</b>	<b>\$ (1,181,269)</b>		<b>\$ (2,640,077)</b>
Beginning Plan Reserve	48,864,415		48,864,415
Ending Plan Reserve	\$ 47,683,146		\$ 46,224,338

**KEY ASSUMPTIONS**

Additional Local Agency Revenue	\$ (1,200,000)	<b>Claim and Other Expense Trends</b>		
		<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 2015**

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

<b>State Fund</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 435,136,798	\$ -	\$ 435,136,798
Employer Premiums - MCO	40,388,225	-	40,388,225
Employee Premiums - PPB	115,470,708	(4,924,461)	110,546,247
Employee Premiums - MCO	11,150,632	(475,539)	10,675,093
Life Insurance	1,886,085		1,886,085
Investment Income	6,480,819		6,480,819
COBRA Premiums	1,506,546		1,506,546
Administrative Fees	4,070,962		4,070,962
<b>Total Revenue</b>	<b>\$ 616,090,775</b>	<b>\$ (5,400,000)</b>	<b>\$ 610,690,775</b>
<u>Program Expenses</u>			
Medical Claims	\$ 337,941,410	\$ 1,478,937	\$ 339,420,346
Prescription Drug Claims	115,927,916	(137,745)	115,790,171
Managed Care Capitations	36,951,802		36,951,802
Administration	15,909,799		15,909,799
Life Insurance	1,887,401		1,887,401
Wellness	1,571,247		1,571,247
ACA Reinsurance Contributions	7,200,000		7,200,000
ACA Comparative Effectiveness Research Fees	294,615		294,615
Director's Discretionary Fund	1,449,050		1,449,050
WV RHBT Pay Go Premiums	126,614,280		126,614,280
<b>Total Expenses</b>	<b>\$ 645,747,520</b>	<b>\$ 1,341,192</b>	<b>\$ 647,088,711</b>
<b>Fiscal Year Results</b>	<b>\$ (29,656,745)</b>		<b>\$ (36,397,937)</b>
Beginning Plan Reserve	174,438,513		174,438,513
Ending Plan Reserve	\$ 144,781,768		\$ 138,040,576

**KEY ASSUMPTIONS**

Additional State Employer Premiums	\$ -	<b>Claim and Other Expense Trends</b>		
Additional State Employee Premiums	\$ (5,400,000)	<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 2016**

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

	<b>Active Local Fund</b>	<b>State Fund</b>	<b>PEIA Total</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 105,798,463	\$ 485,465,430	\$ 591,263,893
Employer Premiums - MCO	4,204,809	45,059,593	49,264,402
Employee Premiums - PPB	-	123,130,980	123,130,980
Employee Premiums - MCO	-	11,890,360	11,890,360
Life Insurance	367,114	1,980,389	2,347,503
Investment Income	2,246,235	7,684,665	9,930,900
COBRA Premiums	398,154	1,653,204	2,051,358
Administrative Fees	734,738	4,070,962	4,805,700
<b>Total Revenue</b>	<b>\$ 113,749,513</b>	<b>\$ 680,935,583</b>	<b>\$ 794,685,096</b>
<u>Program Expenses</u>			
Medical Claims	\$ 68,606,419	\$ 359,017,945	\$ 427,624,364
Prescription Drug Claims	20,462,155	125,949,312	146,411,466
Managed Care Capitations	3,716,447	39,168,911	42,885,358
Administration	2,780,135	16,642,645	19,422,780
Life Insurance	367,371	1,981,771	2,349,142
Wellness	291,270	1,571,247	1,862,517
ACA Reinsurance Contributions	800,000	4,600,000	5,400,000
ACA Comparative Effectiveness Research Fees	50,517	296,232	346,749
Director's Discretionary Fund	267,335	1,455,608	1,722,943
WV RHBT Pay Go Premiums	23,931,390	129,568,610	153,500,000
<b>Total Expenses</b>	<b>\$ 121,273,039</b>	<b>\$ 680,252,281</b>	<b>\$ 801,525,319</b>
<b>Fiscal Year Results</b>	<b>\$ (7,523,526)</b>	<b>\$ 683,302</b>	<b>\$ (6,840,223)</b>
Beginning Plan Reserve	46,224,337	138,040,577	184,264,914
Ending Plan Reserve	\$ 38,700,811	\$ 138,723,879	\$ 177,424,691

**KEY ASSUMPTIONS**

Additional State Employer Premiums	\$ 55,000,000	<b>Claim and Other Expense Trends</b>		
Additional Local Agency Revenue	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 13,800,000	Active Local	6.0%	9.0%
Direct Transfers	\$ -	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 2016**

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

<b>Local Fund</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 105,798,463	\$ -	\$ 105,798,463
Employer Premiums - MCO	4,204,809	-	4,204,809
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	367,114		367,114
Investment Income	2,246,235		2,246,235
COBRA Premiums	398,154		398,154
Administrative Fees	734,738		734,738
<b>Total Revenue</b>	<b>\$ 113,749,513</b>	<b>\$ -</b>	<b>\$ 113,749,513</b>
<u>Program Expenses</u>			
Medical Claims	\$ 68,308,492	\$ 297,927	\$ 68,606,419
Prescription Drug Claims	20,486,413	(24,258)	20,462,155
Managed Care Capitations	3,716,447		3,716,447
Administration	2,780,135		2,780,135
Life Insurance	367,371		367,371
Wellness	291,270		291,270
ACA Reinsurance Contributions	800,000		800,000
ACA Comparative Effectiveness Research Fees	50,517		50,517
Director's Discretionary Fund	267,335		267,335
WV RHBT Pay Go Premiums	23,931,390		23,931,390
<b>Total Expenses</b>	<b>\$ 120,999,370</b>	<b>\$ 273,669</b>	<b>\$ 121,273,039</b>
Fiscal Year Results	\$ (7,249,857)		\$ (7,523,526)
Beginning Plan Reserve	46,224,338		46,224,338
Ending Plan Reserve	\$ 38,974,481		\$ 38,700,812

**KEY ASSUMPTIONS**

Additional Local Agency Revenue	\$ -	<b>Claim and Other Expense Trends</b>		
		<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 2016**

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

<b>State Fund</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 435,136,798	\$ 50,328,632	\$ 485,465,430
Employer Premiums - MCO	40,388,225	4,671,368	45,059,593
Employee Premiums - PPB	110,546,247	12,584,733	123,130,980
Employee Premiums - MCO	10,675,093	1,215,267	11,890,360
Life Insurance	1,980,389		1,980,389
Investment Income	7,684,665		7,684,665
COBRA Premiums	1,653,204		1,653,204
Administrative Fees	4,070,962		4,070,962
<b>Total Revenue</b>	<b>\$ 612,135,583</b>	<b>\$ 68,800,000</b>	<b>\$ 680,935,583</b>
<u>Program Expenses</u>			
Medical Claims	\$ 357,450,272	\$ 1,567,673	\$ 359,017,945
Prescription Drug Claims	126,099,454	(150,142)	125,949,312
Managed Care Capitations	39,168,911		39,168,911
Administration	16,642,645		16,642,645
Life Insurance	1,981,771		1,981,771
Wellness	1,571,247		1,571,247
ACA Reinsurance Contributions	4,600,000		4,600,000
ACA Comparative Effectiveness Research Fees	296,232		296,232
Director's Discretionary Fund	1,455,608		1,455,608
WV RHBT Pay Go Premiums	129,568,610		129,568,610
<b>Total Expenses</b>	<b>\$ 678,834,750</b>	<b>\$ 1,417,531</b>	<b>\$ 680,252,281</b>
Fiscal Year Results	\$ (66,699,167)		\$ 683,302
Beginning Plan Reserve	138,040,576		138,040,576
Ending Plan Reserve	\$ 71,341,409		\$ 138,723,878

**KEY ASSUMPTIONS**

Additional State Employer Premiums	\$ 55,000,000	<b>Claim and Other Expense Trends</b>		
Additional State Employee Premiums	\$ 13,800,000	<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 2017**

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

	<b>Active Local Fund</b>	<b>State Fund</b>	<b>PEIA Total</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 115,416,219	\$ 532,133,798	\$ 647,550,017
Employer Premiums - MCO	4,587,053	49,391,225	53,978,278
Employee Premiums - PPB	-	134,803,776	134,803,776
Employee Premiums - MCO	-	13,017,564	13,017,564
Life Insurance	385,470	2,079,409	2,464,879
Investment Income	1,988,681	7,950,244	9,938,925
COBRA Premiums	436,042	1,810,520	2,246,562
Administrative Fees	734,738	4,070,962	4,805,700
<b>Total Revenue</b>	<b>\$ 123,548,203</b>	<b>\$ 745,257,498</b>	<b>\$ 868,805,701</b>
<u>Program Expenses</u>			
Medical Claims	\$ 73,098,552	\$ 382,525,352	\$ 455,623,904
Prescription Drug Claims	22,415,781	137,974,330	160,390,110
Managed Care Capitations	3,939,434	41,519,045	45,458,479
Administration	2,844,870	17,160,594	20,005,464
Life Insurance	385,739	2,080,860	2,466,599
Wellness	291,270	1,571,247	1,862,517
ACA Reinsurance Contributions	300,000	1,500,000	1,800,000
ACA Comparative Effectiveness Research Fees	50,966	297,859	348,825
Director's Discretionary Fund	268,289	1,462,026	1,730,315
WV RHBT Pay Go Premiums	29,621,910	160,378,090	190,000,000
<b>Total Expenses</b>	<b>\$ 133,216,811</b>	<b>\$ 746,469,402</b>	<b>\$ 879,686,213</b>
<b>Fiscal Year Results</b>	<b>\$ (9,668,608)</b>	<b>\$ (1,211,904)</b>	<b>\$ (10,880,512)</b>
Beginning Plan Reserve	38,700,811	138,723,879	177,424,691
Ending Plan Reserve	\$ 29,032,204	\$ 137,511,975	\$ 166,544,179

**KEY ASSUMPTIONS**

Additional State Employer Premiums	\$ 51,000,000	<b>Claim and Other Expense Trends</b>		
Additional Local Agency Revenue	\$ 10,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 12,800,000	Active Local	7.0%	10.0%
Direct Transfers	\$ -	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 2017**

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

<b>Local Fund</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 105,798,463	\$ 9,617,756	\$ 115,416,219
Employer Premiums - MCO	4,204,809	382,244	4,587,053
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	385,470		385,470
Investment Income	1,988,681		1,988,681
COBRA Premiums	436,042		436,042
Administrative Fees	734,738		734,738
<b>Total Revenue</b>	<b>\$ 113,548,203</b>	<b>\$ 10,000,000</b>	<b>\$ 123,548,203</b>
<u>Program Expenses</u>			
Medical Claims	\$ 72,779,770	\$ 318,782	\$ 73,098,552
Prescription Drug Claims	22,442,464	(26,684)	22,415,780
Managed Care Capitations	3,939,434		3,939,434
Administration	2,844,870		2,844,870
Life Insurance	385,739		385,739
Wellness	291,270		291,270
ACA Reinsurance Contributions	300,000		300,000
ACA Comparative Effectiveness Research Fees	50,966		50,966
Director's Discretionary Fund	268,289		268,289
WV RHBT Pay Go Premiums	29,621,910		29,621,910
<b>Total Expenses</b>	<b>\$ 132,924,712</b>	<b>\$ 292,098</b>	<b>\$ 133,216,810</b>
Fiscal Year Results	\$ (19,376,509)		\$ (9,668,607)
Beginning Plan Reserve	38,700,812		38,700,812
Ending Plan Reserve	\$ 19,324,303		\$ 29,032,205

**KEY ASSUMPTIONS**

Additional Local Agency Revenue	\$ 10,000,000	<b>Claim and Other Expense Trends</b>		
		<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 2017**

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

<b>State Fund</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 485,465,430	\$ 46,668,368	\$ 532,133,798
Employer Premiums - MCO	45,059,593	4,331,632	49,391,225
Employee Premiums - PPB	123,130,980	11,672,796	134,803,776
Employee Premiums - MCO	11,890,360	1,127,204	13,017,564
Life Insurance	2,079,409		2,079,409
Investment Income	7,950,244		7,950,244
COBRA Premiums	1,810,520		1,810,520
Administrative Fees	4,070,962		4,070,962
<b>Total Revenue</b>	<b>\$ 681,457,498</b>	<b>\$ 63,800,000</b>	<b>\$ 745,257,498</b>
<u>Program Expenses</u>			
Medical Claims	\$ 380,847,942	\$ 1,677,410	\$ 382,525,352
Prescription Drug Claims	138,139,486	(165,156)	137,974,330
Managed Care Capitations	41,519,045		41,519,045
Administration	17,160,594		17,160,594
Life Insurance	2,080,860		2,080,860
Wellness	1,571,247		1,571,247
ACA Reinsurance Contributions	1,500,000		1,500,000
ACA Comparative Effectiveness Research Fees	297,859		297,859
Director's Discretionary Fund	1,462,026		1,462,026
WV RHBT Pay Go Premiums	160,378,090		160,378,090
<b>Total Expenses</b>	<b>\$ 744,957,149</b>	<b>\$ 1,512,254</b>	<b>\$ 746,469,403</b>
Fiscal Year Results	\$ (63,499,651)		\$ (1,211,905)
Beginning Plan Reserve	138,723,878		138,723,878
Ending Plan Reserve	\$ 75,224,227		\$ 137,511,973

**KEY ASSUMPTIONS**

Additional State Employer Premiums	\$ 51,000,000	<b>Claim and Other Expense Trends</b>		
Additional State Employee Premiums	\$ 12,800,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ -	State	7.0%	10.0%
		Capitations		6.0%
		Administrative Expense		3.0%

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

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

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

	<b>Active Local Fund</b>	<b>State Fund</b>	<b>PEIA Total</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 131,766,404	\$ 577,887,100	\$ 709,653,504
Employer Premiums - MCO	5,236,868	53,637,923	58,874,791
Employee Premiums - PPB	-	146,202,991	146,202,991
Employee Premiums - MCO	-	14,118,349	14,118,349
Life Insurance	404,744	2,183,379	2,588,123
Investment Income	1,650,060	8,166,257	9,816,317
COBRA Premiums	476,856	1,979,987	2,456,843
Administrative Fees	734,738	4,070,962	4,805,700
<b>Total Revenue</b>	<b>\$ 140,269,670</b>	<b>\$ 808,246,948</b>	<b>\$ 948,516,618</b>
<u>Program Expenses</u>			
Medical Claims	\$ 78,616,378	\$ 411,400,226	\$ 490,016,604
Prescription Drug Claims	24,780,258	152,528,230	177,308,488
Managed Care Capitations	4,175,800	44,010,188	48,185,988
Administration	3,047,226	17,558,401	20,605,627
Life Insurance	405,026	2,184,903	2,589,929
Wellness	291,270	1,571,247	1,862,517
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	51,418	299,494	350,912
Director's Discretionary Fund	269,215	1,468,305	1,737,520
WV RHBT Pay Go Premiums	32,740,010	177,259,990	210,000,000
<b>Total Expenses</b>	<b>\$ 144,376,601</b>	<b>\$ 808,280,984</b>	<b>\$ 952,657,585</b>
<b>Fiscal Year Results</b>	<b>\$ (4,106,931)</b>	<b>\$ (34,036)</b>	<b>\$ (4,140,967)</b>
Beginning Plan Reserve	29,032,204	137,511,975	166,544,179
Ending Plan Reserve	\$ 24,925,273	\$ 137,477,939	\$ 162,403,213

**KEY ASSUMPTIONS**

Additional State Employer Premiums	\$ 50,000,000	<b>Claim and Other Expense Trends</b>		
Additional Local Agency Revenue	\$ 17,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 12,500,000	Active Local	8.0%	11.0%
Direct Transfers	\$ -	State	8.0%	11.0%
		Capitations		6.0%
		Administrative Expense		3.0%

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

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

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

<b>Local Fund</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 115,416,219	\$ 16,350,185	\$ 131,766,404
Employer Premiums - MCO	4,587,053	649,815	5,236,868
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	404,744		404,744
Investment Income	1,650,060		1,650,060
COBRA Premiums	476,856		476,856
Administrative Fees	734,738		734,738
<b>Total Revenue</b>	<b>\$ 123,269,670</b>	<b>\$ 17,000,000</b>	<b>\$ 140,269,670</b>
<u>Program Expenses</u>			
Medical Claims	\$ 78,272,094	\$ 344,284	\$ 78,616,378
Prescription Drug Claims	24,809,877	(29,619)	24,780,258
Managed Care Capitations	4,175,800		4,175,800
Administration	3,047,226		3,047,226
Life Insurance	405,026		405,026
Wellness	291,270		291,270
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	51,418		51,418
Director's Discretionary Fund	269,215		269,215
WV RHBT Pay Go Premiums	32,740,010		32,740,010
<b>Total Expenses</b>	<b>\$ 144,061,936</b>	<b>\$ 314,665</b>	<b>\$ 144,376,601</b>
Fiscal Year Results	\$ (20,792,266)		\$ (4,106,931)
Beginning Plan Reserve	29,032,205		29,032,205
Ending Plan Reserve	\$ 8,239,939		\$ 24,925,274

**KEY ASSUMPTIONS**

Additional Local Agency Revenue	\$ 17,000,000	<b>Claim and Other Expense Trends</b>		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	8.0%	11.0%
		Capitations		6.0%
		Administrative Expense		3.0%

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

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

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

<b>State Fund</b>	<b>Baseline Projection</b>	<b>Board Decision</b>	<b>Ending Projection</b>
<u>Revenues</u>			
Employer Premiums - PPB	\$ 532,133,798	\$ 45,753,302	\$ 577,887,100
Employer Premiums - MCO	49,391,225	4,246,698	53,637,923
Employee Premiums - PPB	134,803,776	11,399,215	146,202,991
Employee Premiums - MCO	13,017,564	1,100,785	14,118,349
Life Insurance	2,183,379		2,183,379
Investment Income	8,166,257		8,166,257
COBRA Premiums	1,979,987		1,979,987
Administrative Fees	4,070,962		4,070,962
<b>Total Revenue</b>	<b>\$ 745,746,948</b>	<b>\$ 62,500,000</b>	<b>\$ 808,246,948</b>
<u>Program Expenses</u>			
Medical Claims	\$ 409,588,623	\$ 1,811,603	\$ 411,400,226
Prescription Drug Claims	152,711,553	(183,323)	152,528,230
Managed Care Capitations	44,010,188		44,010,188
Administration	17,558,401		17,558,401
Life Insurance	2,184,903		2,184,903
Wellness	1,571,247		1,571,247
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	299,494		299,494
Director's Discretionary Fund	1,468,305		1,468,305
WV RHBT Pay Go Premiums	177,259,990		177,259,990
<b>Total Expenses</b>	<b>\$ 806,652,704</b>	<b>\$ 1,628,280</b>	<b>\$ 808,280,984</b>
Fiscal Year Results	\$ (60,905,756)		\$ (34,036)
Beginning Plan Reserve	137,511,973		137,511,973
Ending Plan Reserve	\$ 76,606,217		\$ 137,477,937

**KEY ASSUMPTIONS**

Additional State Employer Premiums	\$ 50,000,000	<b>Claim and Other Expense Trends</b>		
Additional State Employee Premiums	\$ 12,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ -	State	8.0%	11.0%
		Capitations		6.0%
		Administrative Expense		3.0%

**Attachment - PEIA  
Historical Monthly Medical and Drug Trends  
FY 2013 to FY 2014**

<b>Fiscal Year 2013</b>												
<b>Exposure</b>	<u><b>Jul-12</b></u>	<u><b>Aug-12</b></u>	<u><b>Sep-12</b></u>	<u><b>Oct-12</b></u>	<u><b>Nov-12</b></u>	<u><b>Dec-12</b></u>	<u><b>Jan-13</b></u>	<u><b>Feb-13</b></u>	<u><b>Mar-13</b></u>	<u><b>Apr-13</b></u>	<u><b>May-13</b></u>	<u><b>Jun-13</b></u>
<b>Local Medical</b>	24,606	24,697	24,745	24,781	24,737	24,762	24,739	24,768	24,934	25,040	25,094	25,125
<b>State Medical</b>	135,434	134,637	134,570	135,532	136,105	136,202	136,338	136,175	136,358	136,477	136,238	135,952
<b>Local Drugs</b>	24,606	24,697	24,745	24,781	24,737	24,762	24,739	24,768	24,934	25,040	25,094	25,125
<b>State Drugs</b>	135,434	134,637	134,570	135,532	136,105	136,202	136,338	136,175	136,358	136,477	136,238	135,952
<b>Local Medical</b>	\$143.64	\$209.67	\$160.60	\$199.19	\$178.38	\$160.77	\$201.66	\$181.68	\$198.72	\$206.95	\$194.13	\$185.88
<b>State Medical</b>	\$145.62	\$166.77	\$163.76	\$183.01	\$183.43	\$168.22	\$204.19	\$191.74	\$199.72	\$206.31	\$207.07	\$222.73
<b>Local Drugs</b>	\$41.86	\$57.78	\$55.76	\$62.20	\$59.91	\$64.59	\$65.75	\$60.48	\$62.59	\$64.91	\$67.40	\$65.93
<b>State Drugs</b>	<u>48.76</u>	<u>64.70</u>	<u>60.51</u>	<u>70.56</u>	<u>66.27</u>	<u>70.93</u>	<u>71.81</u>	<u>65.47</u>	<u>69.78</u>	<u>71.33</u>	<u>73.45</u>	<u>76.41</u>
<b>Total</b>	\$379.88	\$498.92	\$440.64	\$514.96	\$487.99	\$464.51	\$543.41	\$499.36	\$530.82	\$549.50	\$542.05	\$550.95
<b>Change From Prior Year - Month to Month Analysis</b>												
<b>Local Medical</b>	12.8%	12.6%	-18.5%	-1.5%	-6.6%	-4.5%	2.7%	-6.2%	0.2%	7.5%	-8.8%	-12.6%
<b>State Medical</b>	-7.9%	-12.6%	-1.9%	2.2%	-1.3%	-7.8%	5.6%	-4.5%	-3.3%	3.0%	-1.7%	-2.1%
<b>Local Drugs</b>	-3.0%	-4.9%	-14.0%	-0.9%	-3.3%	-5.8%	-12.9%	-14.8%	-17.1%	-13.2%	-15.0%	-14.8%
<b>State Drugs</b>	<u>-0.5%</u>	<u>-4.7%</u>	<u>-10.0%</u>	<u>3.4%</u>	<u>-2.0%</u>	<u>-4.1%</u>	<u>-4.1%</u>	<u>-14.7%</u>	<u>-14.3%</u>	<u>-7.4%</u>	<u>-12.1%</u>	<u>-10.1%</u>
<b>Total</b>	0.6%	-1.3%	-11.2%	0.5%	-3.6%	-5.9%	0.6%	-7.9%	-5.5%	0.9%	-7.6%	-8.6%
<b>Change From Prior Year - Quarter to Quarter Analysis</b>												
<b>Local Medical</b>			0.6%			-4.1%			-1.1%			-5.0%
<b>State Medical</b>			-7.7%			-2.3%			-0.8%			-0.4%
<b>Local Drugs</b>			-7.9%			-3.4%			-14.9%			-14.4%
<b>State Drugs</b>			<u>-5.5%</u>			<u>-1.0%</u>			<u>-11.2%</u>			<u>-10.0%</u>
<b>Total</b>			-4.3%			-3.0%			-4.3%			-5.3%
<b>Change From Prior Year - Year to Year Analysis</b>												
<b>Local Medical</b>			3.4%			-0.4%			-0.8%			-2.5%
<b>State Medical</b>			1.9%			0.7%			-0.7%			-2.6%
<b>Local Drugs</b>			4.8%			3.0%			-3.9%			-10.6%
<b>State Drugs</b>			<u>3.0%</u>			<u>2.5%</u>			<u>-2.5%</u>			<u>-7.2%</u>
<b>Total</b>			3.0%			0.8%			-1.4%			-4.3%

**Attachment - PEIA  
Historical Monthly Medical and Drug Trends  
FY 2013 to FY 2014**

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>
Local Medical	25,169	25,156	25,304	25,259	25,298	25,330	25,439	25,501	25,445	25,375	25,394
State Medical	134,738	133,576	133,375	134,576	134,717	134,883	135,220	135,002	134,887	134,820	134,587
Local Drugs	25,169	25,156	25,304	25,259	25,298	25,330	25,439	25,501	25,445	25,375	25,394
State Drugs	134,738	133,576	133,375	134,576	134,717	134,883	135,220	135,002	134,887	134,820	134,587
	<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>
Local Medical	\$164.19	\$174.17	\$218.39	\$218.07	\$168.19	\$164.30	\$204.03	\$196.06	\$234.16	\$234.58	\$200.46
State Medical	\$175.92	\$189.09	\$180.81	\$191.05	\$188.30	\$182.94	\$208.55	\$196.75	\$218.86	\$227.63	\$203.89
Local Drugs	\$44.63	\$56.87	\$56.47	\$66.64	\$60.82	\$69.44	\$71.86	\$64.79	\$72.49	\$72.84	\$81.79
State Drugs	<u>54.84</u>	<u>66.37</u>	<u>65.38</u>	<u>70.53</u>	<u>68.07</u>	<u>75.82</u>	<u>78.03</u>	<u>69.30</u>	<u>77.28</u>	<u>78.61</u>	<u>86.31</u>
Total	\$439.58	\$486.50	\$521.05	\$546.30	\$485.37	\$492.50	\$562.47	\$526.90	\$602.79	\$613.67	\$572.46
<b>Change From Prior Year - Month to Month Analysis</b>											
Local Medical	14.3%	-16.9%	36.0%	9.5%	-5.7%	2.2%	1.2%	7.9%	17.8%	13.4%	3.3%
State Medical	20.8%	13.4%	10.4%	4.4%	2.7%	8.8%	2.1%	2.6%	9.6%	10.3%	-1.5%
Local Drugs	6.6%	-1.6%	1.3%	7.1%	1.5%	7.5%	9.3%	7.1%	15.8%	12.2%	21.4%
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>8.7%</u>	<u>5.9%</u>	<u>10.7%</u>	<u>10.2%</u>	<u>17.5%</u>
Total	15.7%	-2.5%	18.2%	6.1%	-0.5%	6.0%	3.5%	5.5%	13.6%	11.7%	5.6%
<b>Change From Prior Year - Quarter to Quarter Analysis</b>											
Local Medical			8.3%			2.3%			9.0%		
State Medical			14.6%			5.2%			4.8%		
Local Drugs			1.7%			5.5%			10.8%		
State Drugs			<u>7.3%</u>			<u>3.2%</u>			<u>8.5%</u>		
Total			9.7%			3.9%			7.5%		
<b>Change From Prior Year - Year to Year Analysis</b>											
Local Medical			-0.8%			0.8%			3.4%		
State Medical			2.2%			4.0%			5.5%		
Local Drugs			-8.8%			-6.7%			0.0%		
State Drugs			<u>-4.6%</u>			<u>-3.6%</u>			<u>1.5%</u>		
Total			-1.3%			0.4%			3.5%		