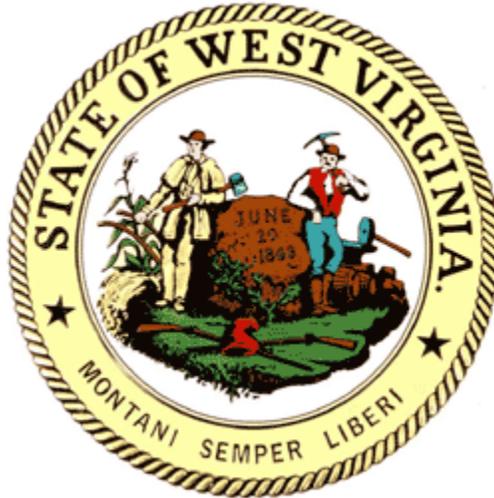




CCRC
Actuaries, LLC

STATE OF WEST VIRGINIA



PUBLIC EMPLOYEES INSURANCE AGENCY

**Quarterly Report
March 31, 2015**

Fiscal Years 2015-2019

June 2015



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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 2014 for the fiscal year 2016 (“FY 2016”) and to provide quarterly financial reports for current FY 2015 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 2015 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 2015 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, 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 2014. 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 2015 the Pay-Go is equivalent to \$305 per retiree per month. In future years, the Pay Go premium may increase by a maximum of 3% per retiree per year, indexed to the initial fixed subsidy determined in FY 2013. The new Pay-Go premium formula is based on the financial plan approved by the Financial Board in December 2014.

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 2015 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 2014.

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., F.C.A., M.A.A.A.
Managing Partner



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

West Virginia Public Employees Insurance Agency

Report of Independent Actuary

Financial Plan for FY 2015 – 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 May 2015 for prescription drugs and medical claims. Enrollment data, administrative expenses, managed care capitations, and plan revenues were provided at special request from PEIA. Revenue assumptions are based on premium rates, assumed investment income and significant general and special revenue allocations provided by the Governor, some of which have not been approved by the West Virginia Legislature. In addition, other information became available through presentations made at the Board meetings, which has been used in arriving at our conclusions.

The Code of the State of West Virginia establishes the actuarial reporting requirements for PEIA on an incurred basis for medical claims and capitations and on an accrued basis for administrative expenses and revenue for a period not to exceed five years. At the request of the Board, the reporting basis is based upon the separation of employees into two funds: Active Local Employee Fund and State Employee Fund. The Active Local Fund represents local governmental agencies, county governmental agencies and other public entities. The State Fund represents active state employees, college and university employees and county boards of education employees. The Active Local Fund and the State Fund are allocated administrative costs based on each fund's proportionate total revenue levels.

KEY ASSUMPTIONS

A. Enrollment Changes

These projections include the assumption that Preferred Provider Benefit (“PPB”) and managed care enrollment will not change from June 2015 enrollment levels for the duration of these forecasts for active employees.

In aggregate, June 2015 enrollment for active employees has increased by 16 coverages since the end of FY 2014. Aggregate PPB enrollment has increased by 162 in total over the same period, while managed care enrollment experienced a decrease of 146 coverages.

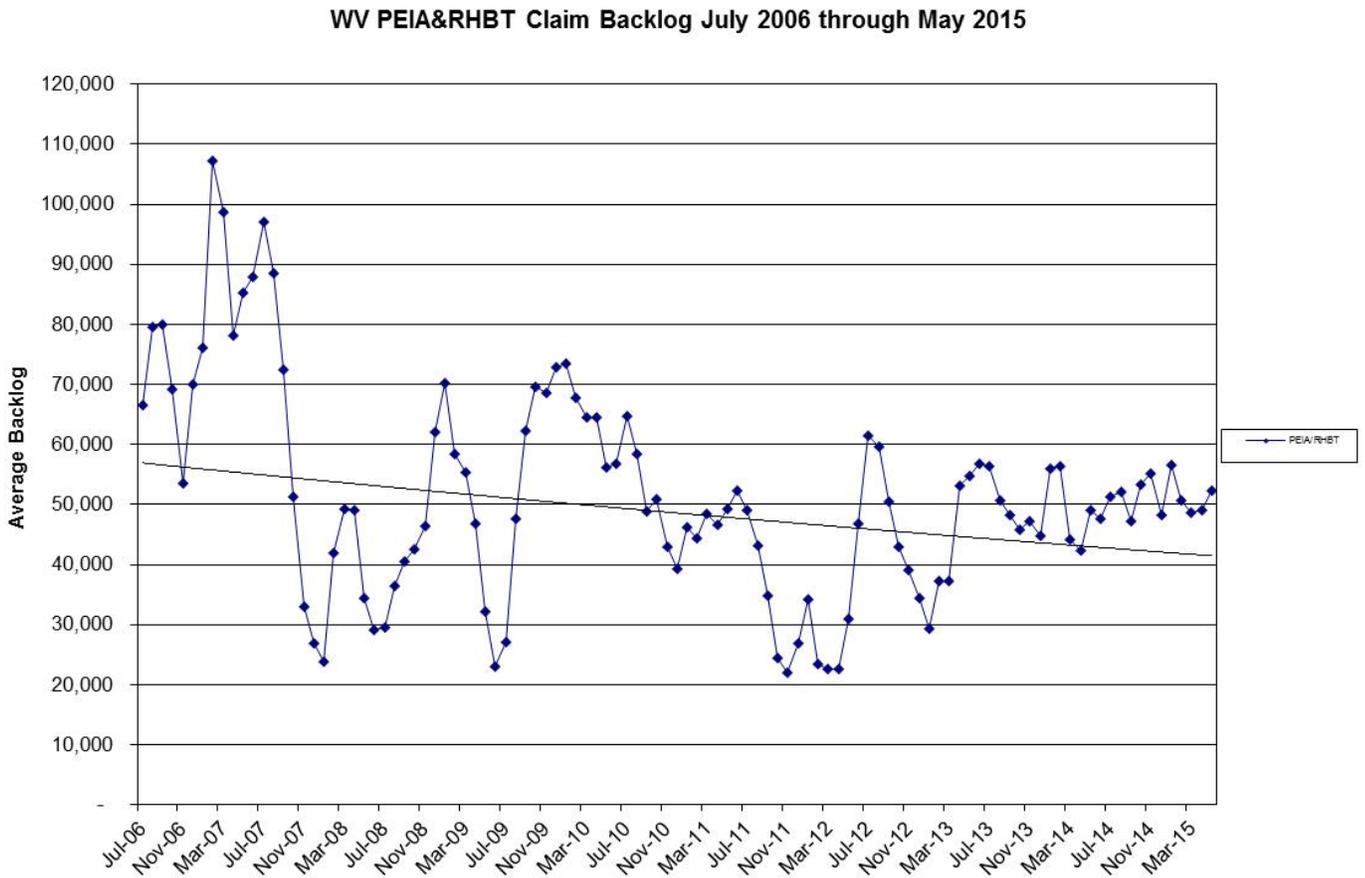
In the State Fund, the overall active State enrollment decreased by 480 coverages from the end of FY 2014 to June 2015. And in the Local Fund, the overall active Local enrollment increased by 496 coverages from the end of FY 2014 to June 2015.

The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2013, June 2014 and June 2015 for purposes of comparison:

PEIA Fund	Coverage	Preferred Provider Benefit			Managed Care		
		Jun-13	Jun-14	Jun-15	Jun-13	Jun-14	Jun-15
State Active	Single	22,367	22,043	22,080	1,887	1,903	1,889
	Children	6,479	6,582	6,295	648	627	571
	Family	30,573	30,446	30,344	2,899	2,817	2,759
	Total	59,419	59,071	58,719	5,434	5,347	5,219
Local Active	Single	5,206	5,207	5,474	322	372	371
	Children	976	975	1,013	106	112	102
	Family	5,352	5,511	5,720	131	156	149
	Total	11,534	11,693	12,207	559	640	622
Plan Total		70,953	70,764	70,926	5,993	5,987	5,841
Grand Total					76,946	76,751	76,767

B. Changes in Claim Backlog

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



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 May 2015. It is important to note that these trends *have not* been adjusted to reflect savings as a result of the expansion of the drug rebate program or the claim savings due to changes in provider reimbursement methodologies, nor the changes in the benefit structure. In developing the claim cost projection, we have reflected for benefit and reimbursement changes as an adjustment to the gross trend assumption.

PEIA Historical Trends (Active Local and State)

Fiscal Year	Active Local Medical	State Medical	Active Local Drugs	State Drugs	Total
2004	-1%	12%	9%	7%	9%
2005	16%	7%	7%	20%	11%
2006	1%	2%	18%	7%	4%
2007	15%	2%	13%	8%	5%
2008	3%	8%	-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%	7%	7%
2015*	9%	9%	15%	10%	10%

* Fiscal Year 2015 results are through eleven months ending May 2015.

D. Enrollment, Claim, Expense and Revenue Assumptions

Using PEIA paid claim data through May 2015 for medical claims and for prescription drugs claims, average annualized incurred unit claim costs were developed for the State Fund and the Local Fund for both self-funded and managed care coverages. CCRC Actuaries has developed the claim cost on an adjusted exposure basis using the respective expected claim cost for each coverage type. The adjusted exposure methodology weighs the expected claim cost under each coverage type for single, member and children, and family coverages based on observed differences in health care cost. For example, under this methodology single coverage types are given a weight of 1.0 exposure, whereas member and children coverages are given a greater weighting based on historical expected health care cost relationships. Based on this methodology, the projection of FY 2015 claims and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

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	58,727	\$ 481	\$ 122	\$ 502	\$ 159	
	Managed Care	5,218	\$ 495	\$ 143			\$ 570
	Total	63,945					
Local	PPB	12,067	\$ 591	\$ -	\$ 464	\$ 125	
	Managed Care	634	\$ 495	\$ -			\$ 461
	Total	12,701					

*Net of rebates and subsidies.

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

Board Decisions – December 2014

Source	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019
Additional State Employer Revenue	\$0	\$0	\$88,000,000	\$28,000,000	\$43,000,000
Additional Local Agency Revenue	(\$1,200,000)	(\$3,000,000)	\$0	\$15,000,000	\$19,500,000
Additional Employee Premium	(\$5,400,000)	\$0	\$22,000,000	\$7,000,000	\$10,800,000
Benefit Reductions/(Increase) - SB-22 and Copay Changes	(\$1,600,000)	\$0	\$0	\$0	\$0
Benefit Reductions/(Increase) - Active State	\$0	\$26,200,000	\$0	\$0	\$0
Benefit Reductions/(Increase) - Active Local	\$0	\$3,700,000	\$0	\$0	\$0
Benefit Reductions/(Increase) - Managed Care Capitations	\$0	\$5,122,725	\$0	\$0	\$0
PPACA Reinsurance Contributions (Cost)	(\$8,500,000)	(\$5,400,000)	(\$1,800,000)	\$0	\$0
PPACA Comparative Effectiveness Research Fees (Cost)	(\$345,000)	(\$344,693)	(\$344,461)	(\$344,306)	(\$344,230)
Pay Go Premium Transfer	\$150,000,000	\$150,000,000	\$180,000,000	\$195,000,000	\$210,000,000

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 \$26,200,000 of Active State benefit reductions in Fiscal Year 2016 is comprised of the following:

	<u>Included in 2016 Claim Cost</u>
Medical Claims	(\$15.5 M)
Drug Claims	(\$10.7 M)

The \$3,700,000 of Active Local benefit reductions in Fiscal Year 2016 is comprised of the following:

	<u>Included in 2016 Claim Cost</u>
Medical Claims	(\$1.9 M)
Drug Claims	(\$1.8 M)

The \$5,122,725 of Managed Care Capitation benefit reductions in Fiscal Year 2016 is comprised of the following:

	<u>Included in 2016 Claim Cost</u>
Active State	(\$4.664 M)
Active Local	(\$0.458 M)

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

	<u>Savings</u>
Increase Primary Care Office Visit copayment from \$15 to \$20 per visit	\$1.1 M
Increase Specialist Office Visit copayment from \$25 to \$40 per visit	\$3.9 M
Increase deductible by \$25 for single coverage and \$50 for family coverage	\$2.1 M
Increase outpatient surgery copay from \$50 to \$100	\$1.9 M
Increase emergency room copay to \$100 with no discount	\$0.5 M
Increase family out-of-pocket maximum for PEIA PPB Plans A and D to twice the employee only amount	\$6.75 M
Add \$100 copay per admission to existing deductible and 20% coinsurance for inpatient hospital care	\$1.1 M
Increase Generic Drug Copay for 30 day supply from \$5 to \$10 and for 90 day supply (maintenance only) from \$10 to \$20	\$9.4 M
Increase Preferred Brand Drug Copay for 30 day supply from \$15 to \$25 and for 90 day supply (maintenance only) from \$30 to \$50	\$3.1 M

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

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

Under the final rule, issuers would be required to pay a reinsurance contribution of \$5.25 per member per month to HHS in 2014. The \$5.25 contribution rate would gradually decrease in 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 approximately \$15,700,000, with \$8,500,000 in FY 2015.

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

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

It is anticipated that PEIA would accrue and pay these fees in FY 2014 through FY 2019. The fee would be \$2 per member per year. The total comparative effectiveness research fees for the financial projection are estimated to be approximately \$1,720,000, with \$345,000 in FY 2015.

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 2015 the Pay-Go is equivalent to \$305 per retiree per month. In future years, the Pay Go premium may increase by a maximum of 3% per retiree per year, indexed to the initial fixed subsidy determined in FY 2013. The new Pay-Go premium formula is based on the financial plan approved by the Financial Board in December 2014.

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 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 \$718,105,000 and incurred plan expenses of \$772,037,310 to produce a fiscal year deficit of (\$53,932,310). It should be noted that this is a decrease in deficit from the projected deficit of (\$64,850,470) in the PEIA December 31, 2014 Quarterly Report due to the favorable medical claims experience and drug rebates. 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 \$176,163,507 and the FY 2016 expenditures of \$758,165,013, which represents 23% of projected expenditures. This projected reserve meets the 10% of program expense requirement under the Baseline Scenario assumptions.

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 \$718,231,060 and incurred plan expenses of \$758,165,013 to produce a fiscal year deficit of (\$39,933,953). The PEIA local and state agencies Pay Go premiums for FY 2016 are assumed to be \$150,000,000.

Under the Baseline Scenario, FY 2016 is projected to end with a reserve of \$136,229,554 and the FY 2017 expenditures of \$822,555,617, 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 \$152,232,625 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$120,165,938.

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 \$828,755,930 and incurred plan expenses of \$822,555,617 to produce a fiscal year surplus of \$6,200,313. The PEIA local and state agencies Pay Go premiums for FY 2017 are assumed to be \$180,000,000.

Under the Baseline Scenario, FY 2017 is projected to end with a reserve of \$142,429,867 and the FY 2018 expenditures of \$879,149,421, 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 \$183,490,072 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$100,694,949.

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 \$879,564,596 and incurred plan expenses of \$879,149,421 to produce a fiscal year surplus of \$415,175. The PEIA local and state agencies Pay Go premiums for FY 2018 are assumed to be \$195,000,000.

Under the Baseline Scenario, FY 2018 is projected to end with a reserve of \$142,845,042 and the FY 2019 expenditures of \$943,712,678, 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 \$222,712,836 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$60,632,251.

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 \$953,551,618 and incurred plan expenses of \$943,712,678 to produce a fiscal year surplus of \$9,838,940. The PEIA local and state agencies Pay Go premiums for FY 2019 are assumed to be \$210,000,000.

Under the Baseline Scenario, FY 2019 is projected to end with a reserve of \$152,683,981 and the FY 2020 expenditures of \$1,011,209,249, 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 \$287,294,359 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$12,349,041.

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, except in FY 2016 due to unfavorable medical and drug claims experience through May 2015. These projections are based on significant revenue increases as contained in the Financial Plan adopted by the Board in December 2014 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 2015**

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 109,347,778	\$ 430,068,011	\$ 539,415,789
Employer Premiums - MCO	4,811,222	39,367,989	44,179,211
Employee Premiums - PPB	-	109,047,471	109,047,471
Employee Premiums - MCO	-	11,343,529	11,343,529
Life Insurance	331,739	1,795,261	2,127,000
Investment Income	852,390	3,341,610	4,194,000
Litigation Settlement	121,186	655,814	777,000
COBRA Premiums	423,122	1,756,878	2,180,000
Administrative Fees	740,135	4,100,865	4,841,000
Total Revenue	\$ 116,627,572	\$ 601,477,428	\$ 718,105,000
<u>Program Expenses</u>			
Medical Claims	\$ 67,180,565	\$ 353,499,814	\$ 420,680,380
Prescription Drug Claims	18,118,396	112,141,138	130,259,533
Managed Care Capitations	3,506,082	35,686,918	39,193,000
Administration	2,857,295	15,462,705	18,320,000
Life Insurance	332,051	1,796,949	2,129,000
Wellness	274,032	1,482,968	1,757,000
ACA Reinsurance Contributions	1,325,710	7,174,290	8,500,000
ACA Comparative Effectiveness Research Fees	51,553	293,447	345,000
Director's Discretionary Fund	132,127	721,270	853,397
WV RHBT Pay Go Premiums	24,855,830	125,144,170	150,000,000
Total Expenses	\$ 118,633,641	\$ 653,403,669	\$ 772,037,310
Fiscal Year Results	\$ (2,006,069)	\$ (51,926,241)	\$ (53,932,310)
Beginning Plan Reserve	49,341,943	180,753,874	230,095,817
Ending Plan Reserve	\$ 47,335,874	\$ 128,827,633	\$ 176,163,507

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		2.9%
		Administrative Expense		1.7%

**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	\$ 109,347,778	\$ -	\$ 109,347,778
Employer Premiums - MCO	4,811,222	-	4,811,222
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	331,739		331,739
Investment Income	852,390		852,390
Litigation Settlement	121,186		121,186
COBRA Premiums	423,122		423,122
Administrative Fees	740,135		740,135
Total Revenue	\$ 116,627,572	\$ -	\$ 116,627,572
<u>Program Expenses</u>			
Medical Claims	\$ 66,899,502	\$ 281,063	\$ 67,180,565
Prescription Drug Claims	18,140,651	(22,255)	18,118,396
Managed Care Capitations	3,506,082		3,506,082
Administration	2,857,295		2,857,295
Life Insurance	332,051		332,051
Wellness	274,032		274,032
ACA Reinsurance Contributions	1,325,710		1,325,710
ACA Comparative Effectiveness Research Fees	51,553		51,553
Director's Discretionary Fund	132,127		132,127
WV RHBT Pay Go Premiums	24,855,830		24,855,830
Total Expenses	\$ 118,374,833	\$ 258,808	\$ 118,633,641
Fiscal Year Results	\$ (1,747,261)		\$ (2,006,069)
Beginning Plan Reserve	49,341,943		49,341,943
Ending Plan Reserve	\$ 47,594,682		\$ 47,335,874

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		2.9%
		Administrative Expense		1.7%

**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	\$ 430,068,011	\$ -	\$ 430,068,011
Employer Premiums - MCO	39,367,989	-	39,367,989
Employee Premiums - PPB	109,047,471	-	109,047,471
Employee Premiums - MCO	11,343,529	-	11,343,529
Life Insurance	1,795,261		1,795,261
Investment Income	3,341,610		3,341,610
Litigation Settlement	655,814		655,814
COBRA Premiums	1,756,878		1,756,878
Administrative Fees	4,100,865		4,100,865
Total Revenue	\$ 601,477,428	\$ -	\$ 601,477,428
<u>Program Expenses</u>			
Medical Claims	\$ 352,020,878	\$ 1,478,937	\$ 353,499,814
Prescription Drug Claims	112,278,882	(137,745)	112,141,137
Managed Care Capitations	35,686,918		35,686,918
Administration	15,462,705		15,462,705
Life Insurance	1,796,949		1,796,949
Wellness	1,482,968		1,482,968
ACA Reinsurance Contributions	7,174,290		7,174,290
ACA Comparative Effectiveness Research Fees	293,447		293,447
Director's Discretionary Fund	721,270		721,270
WV RHBT Pay Go Premiums	125,144,170		125,144,170
Total Expenses	\$ 652,062,477	\$ 1,341,192	\$ 653,403,669
Fiscal Year Results	\$ (50,585,049)		\$ (51,926,240)
Beginning Plan Reserve	180,753,874		180,753,874
Ending Plan Reserve	\$ 130,168,825		\$ 128,827,634

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		2.9%
		Administrative Expense		1.7%

**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	\$ 106,474,213	\$ 430,068,011	\$ 536,542,224
Employer Premiums - MCO	4,684,787	39,367,989	44,052,776
Employee Premiums - PPB	-	109,047,471	109,047,471
Employee Premiums - MCO	-	11,343,529	11,343,529
Life Insurance	348,326	1,885,024	2,233,350
Investment Income	1,926,899	6,073,101	8,000,000
Litigation Settlement	-	-	-
COBRA Premiums	421,319	1,749,391	2,170,710
Administrative Fees	740,135	4,100,865	4,841,000
Total Revenue	\$ 114,595,679	\$ 603,635,381	\$ 718,231,060
<u>Program Expenses</u>			
Medical Claims	\$ 67,464,468	\$ 345,431,902	\$ 412,896,370
Prescription Drug Claims	18,000,757	110,530,292	128,531,049
Managed Care Capitations	3,258,184	33,163,671	36,421,855
Administration	3,010,695	15,858,905	18,869,600
Life Insurance	348,654	1,886,796	2,235,450
Wellness	274,032	1,482,968	1,757,000
ACA Reinsurance Contributions	800,000	4,600,000	5,400,000
ACA Comparative Effectiveness Research Fees	53,319	291,373	344,692
Director's Discretionary Fund	269,768	1,439,229	1,708,997
WV RHBT Pay Go Premiums	24,855,830	125,144,170	150,000,000
Total Expenses	\$ 118,335,707	\$ 639,829,306	\$ 758,165,013
Fiscal Year Results	\$ (3,740,028)	\$ (36,193,925)	\$ (39,933,953)
Beginning Plan Reserve	47,335,874	128,827,633	176,163,507
Ending Plan Reserve	\$ 43,595,846	\$ 92,633,708	\$ 136,229,554

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ (3,000,000)	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ -	Active Local	5.5%	8.5%
Direct Transfers	\$ -	State	5.5%	8.5%
		Capitations		-7.1%
		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	\$ 109,347,778	\$ (2,873,565)	\$ 106,474,213
Employer Premiums - MCO	4,811,222	(126,435)	4,684,787
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	348,326		348,326
Investment Income	1,926,899		1,926,899
Litigation Settlement	-		-
COBRA Premiums	421,319		421,319
Administrative Fees	740,135		740,135
Total Revenue	\$ 117,595,679	\$ (3,000,000)	\$ 114,595,679
<u>Program Expenses</u>			
Medical Claims	\$ 71,386,468	\$ (3,922,000)	\$ 67,464,468
Prescription Drug Claims	19,800,757	(1,800,000)	18,000,757
Managed Care Capitations	3,716,447	(458,263)	3,258,184
Administration	3,010,695		3,010,695
Life Insurance	348,654		348,654
Wellness	274,032		274,032
ACA Reinsurance Contributions	800,000		800,000
ACA Comparative Effectiveness Research Fees	53,319		53,319
Director's Discretionary Fund	269,768		269,768
WV RHBT Pay Go Premiums	24,855,830		24,855,830
Total Expenses	\$ 124,515,970	\$ (6,180,263)	\$ 118,335,707
Fiscal Year Results	\$ (6,920,291)		\$ (3,740,028)
Beginning Plan Reserve	47,335,874		47,335,874
Ending Plan Reserve	\$ 40,415,583		\$ 43,595,846

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ (3,000,000)	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	5.5%	8.5%
		Capitations		-7.1%
		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	\$ 430,068,011	\$ -	\$ 430,068,011
Employer Premiums - MCO	39,367,989	-	39,367,989
Employee Premiums - PPB	109,047,471	-	109,047,471
Employee Premiums - MCO	11,343,529	-	11,343,529
Life Insurance	1,885,024		1,885,024
Investment Income	6,073,101		6,073,101
Litigation Settlement	-		-
COBRA Premiums	1,749,391		1,749,391
Administrative Fees	4,100,865		4,100,865
Total Revenue	\$ 603,635,381	\$ -	\$ 603,635,381
<u>Program Expenses</u>			
Medical Claims	\$ 371,569,902	\$ (26,138,000)	\$ 345,431,902
Prescription Drug Claims	121,230,292	(10,700,000)	110,530,292
Managed Care Capitations	37,828,133	(4,664,462)	33,163,671
Administration	15,858,905		15,858,905
Life Insurance	1,886,796		1,886,796
Wellness	1,482,968		1,482,968
ACA Reinsurance Contributions	4,600,000		4,600,000
ACA Comparative Effectiveness Research Fees	291,373		291,373
Director's Discretionary Fund	1,439,229		1,439,229
WV RHBT Pay Go Premiums	125,144,170		125,144,170
Total Expenses	\$ 681,331,768	\$ (41,502,462)	\$ 639,829,306
Fiscal Year Results	\$ (77,696,387)		\$ (36,193,925)
Beginning Plan Reserve	128,827,634		128,827,634
Ending Plan Reserve	\$ 51,131,247		\$ 92,633,709

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	\$ -	State	5.5%	8.5%
		Capitations		-7.1%
		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	\$ 106,474,213	\$ 510,688,127	\$ 617,162,340
Employer Premiums - MCO	4,684,787	46,747,873	51,432,660
Employee Premiums - PPB	-	128,974,579	128,974,579
Employee Premiums - MCO	-	13,416,421	13,416,421
Life Insurance	365,743	1,979,275	2,345,018
Investment Income	2,157,628	5,914,942	8,072,570
Litigation Settlement	-	-	-
COBRA Premiums	487,434	2,023,908	2,511,342
Administrative Fees	740,135	4,100,865	4,841,000
Total Revenue	\$ 114,909,940	\$ 713,845,990	\$ 828,755,930
<u>Program Expenses</u>			
Medical Claims	\$ 71,359,766	\$ 365,376,724	\$ 436,736,490
Prescription Drug Claims	19,580,092	120,227,903	139,807,995
Managed Care Capitations	3,453,675	35,153,491	38,607,166
Administration	2,694,827	16,740,861	19,435,688
Life Insurance	366,087	1,981,136	2,347,223
Wellness	274,032	1,482,968	1,757,000
ACA Reinsurance Contributions	300,000	1,500,000	1,800,000
ACA Comparative Effectiveness Research Fees	55,146	289,314	344,460
Director's Discretionary Fund	271,236	1,448,359	1,719,595
WV RHBT Pay Go Premiums	29,826,990	150,173,010	180,000,000
Total Expenses	\$ 128,181,852	\$ 694,373,766	\$ 822,555,617
Fiscal Year Results	\$ (13,271,912)	\$ 19,472,224	\$ 6,200,313
Beginning Plan Reserve	43,595,846	92,633,708	136,229,554
Ending Plan Reserve	\$ 30,323,935	\$ 112,105,932	\$ 142,429,867

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 88,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ -	<u>Eligibility</u>		
Additional State Employee Premiums	\$ 22,000,000	<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	\$ 106,474,213	\$ -	\$ 106,474,213
Employer Premiums - MCO	4,684,787	-	4,684,787
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	365,743		365,743
Investment Income	2,157,628		2,157,628
Litigation Settlement	-		-
COBRA Premiums	487,434		487,434
Administrative Fees	740,135		740,135
Total Revenue	\$ 114,909,940	\$ -	\$ 114,909,940
<u>Program Expenses</u>			
Medical Claims	\$ 71,359,766		\$ 71,359,766
Prescription Drug Claims	19,580,092		19,580,092
Managed Care Capitations	3,453,675		3,453,675
Administration	2,694,827		2,694,827
Life Insurance	366,087		366,087
Wellness	274,032		274,032
ACA Reinsurance Contributions	300,000		300,000
ACA Comparative Effectiveness Research Fees	55,146		55,146
Director's Discretionary Fund	271,236		271,236
WV RHBT Pay Go Premiums	29,826,990		29,826,990
Total Expenses	\$ 128,181,851	\$ -	\$ 128,181,851
Fiscal Year Results	\$ (13,271,911)		\$ (13,271,911)
Beginning Plan Reserve	43,595,846		43,595,846
Ending Plan Reserve	\$ 30,323,935		\$ 30,323,935

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ -	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	6.0%	9.0%
		Capitations		6.0%
		Administrative Expense		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	\$ 430,068,011	\$ 80,620,116	\$ 510,688,127
Employer Premiums - MCO	39,367,989	7,379,884	46,747,873
Employee Premiums - PPB	109,047,471	19,927,107	128,974,578
Employee Premiums - MCO	11,343,529	2,072,893	13,416,422
Life Insurance	1,979,275		1,979,275
Investment Income	5,914,942		5,914,942
Litigation Settlement	-		-
COBRA Premiums	2,023,908		2,023,908
Administrative Fees	4,100,865		4,100,865
Total Revenue	\$ 603,845,990	\$ 110,000,000	\$ 713,845,990
<u>Program Expenses</u>			
Medical Claims	\$ 365,376,724		\$ 365,376,724
Prescription Drug Claims	120,227,903		120,227,903
Managed Care Capitations	35,153,491		35,153,491
Administration	16,740,861		16,740,861
Life Insurance	1,981,136		1,981,136
Wellness	1,482,968		1,482,968
ACA Reinsurance Contributions	1,500,000		1,500,000
ACA Comparative Effectiveness Research Fees	289,314		289,314
Director's Discretionary Fund	1,448,359		1,448,359
WV RHBT Pay Go Premiums	150,173,010		150,173,010
Total Expenses	\$ 694,373,766	\$ -	\$ 694,373,766
Fiscal Year Results	\$ (90,527,776)		\$ 19,472,224
Beginning Plan Reserve	92,633,709		92,633,709
Ending Plan Reserve	\$ 2,105,933		\$ 112,105,933

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 88,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 22,000,000	<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	\$ 120,842,039	\$ 536,339,982	\$ 657,182,021
Employer Premiums - MCO	5,316,961	49,096,018	54,412,979
Employee Premiums - PPB	-	135,315,022	135,315,022
Employee Premiums - MCO	-	14,075,978	14,075,978
Life Insurance	384,030	2,078,238	2,462,268
Investment Income	1,671,918	6,937,236	8,609,154
Litigation Settlement	-	-	-
COBRA Premiums	517,485	2,148,689	2,666,174
Administrative Fees	740,135	4,100,865	4,841,000
Total Revenue	\$ 129,472,568	\$ 750,092,028	\$ 879,564,596
<u>Program Expenses</u>			
Medical Claims	\$ 75,836,913	\$ 388,300,742	\$ 464,137,655
Prescription Drug Claims	21,395,932	131,377,723	152,773,655
Managed Care Capitations	3,660,896	37,262,701	40,923,597
Administration	2,946,776	17,071,982	20,018,758
Life Insurance	384,391	2,080,193	2,464,584
Wellness	274,032	1,482,968	1,757,000
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	57,036	287,270	344,306
Director's Discretionary Fund	272,648	1,457,218	1,729,866
WV RHBT Pay Go Premiums	32,312,580	162,687,420	195,000,000
Total Expenses	\$ 137,141,204	\$ 742,008,217	\$ 879,149,421
Fiscal Year Results	\$ (7,668,636)	\$ 8,083,811	\$ 415,175
Beginning Plan Reserve	30,323,935	112,105,932	142,429,867
Ending Plan Reserve	\$ 22,655,298	\$ 120,189,743	\$ 142,845,042

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 28,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 15,000,000	<u>Eligibility</u>		
Additional State Employee Premiums	\$ 7,000,000	<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	\$ 106,474,213	\$ 14,367,826	\$ 120,842,039
Employer Premiums - MCO	4,684,787	632,174	5,316,961
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	384,030		384,030
Investment Income	1,671,918		1,671,918
Litigation Settlement	-		-
COBRA Premiums	517,485		517,485
Administrative Fees	740,135		740,135
Total Revenue	\$ 114,472,568	\$ 15,000,000	\$ 129,472,568
<u>Program Expenses</u>			
Medical Claims	\$ 75,836,913		\$ 75,836,913
Prescription Drug Claims	21,395,932		21,395,932
Managed Care Capitations	3,660,896		3,660,896
Administration	2,946,776		2,946,776
Life Insurance	384,391		384,391
Wellness	274,032		274,032
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	57,036		57,036
Director's Discretionary Fund	272,648		272,648
WV RHBT Pay Go Premiums	32,312,580		32,312,580
Total Expenses	\$ 137,141,204	\$ -	\$ 137,141,204
Fiscal Year Results	\$ (22,668,636)		\$ (7,668,636)
Beginning Plan Reserve	30,323,935		30,323,935
Ending Plan Reserve	\$ 7,655,299		\$ 22,655,299

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 15,000,000	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	\$ 510,688,127	\$ 25,651,855	\$ 536,339,982
Employer Premiums - MCO	46,747,873	2,348,145	49,096,018
Employee Premiums - PPB	128,974,579	6,340,443	135,315,022
Employee Premiums - MCO	13,416,421	659,557	14,075,978
Life Insurance	2,078,238		2,078,238
Investment Income	6,937,236		6,937,236
Litigation Settlement	-		-
COBRA Premiums	2,148,689		2,148,689
Administrative Fees	4,100,865		4,100,865
Total Revenue	\$ 715,092,028	\$ 35,000,000	\$ 750,092,028
<u>Program Expenses</u>			
Medical Claims	\$ 388,300,742		\$ 388,300,742
Prescription Drug Claims	131,377,723		131,377,723
Managed Care Capitations	37,262,701		37,262,701
Administration	17,071,982		17,071,982
Life Insurance	2,080,193		2,080,193
Wellness	1,482,968		1,482,968
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	287,270		287,270
Director's Discretionary Fund	1,457,218		1,457,218
WV RHBT Pay Go Premiums	162,687,420		162,687,420
Total Expenses	\$ 742,008,217	\$ -	\$ 742,008,217
Fiscal Year Results	\$ (26,916,189)		\$ 8,083,811
Beginning Plan Reserve	112,105,933		112,105,933
Ending Plan Reserve	\$ 85,189,744		\$ 120,189,744

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 28,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 7,000,000	<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	\$ 139,520,213	\$ 575,733,903	\$ 715,254,116
Employer Premiums - MCO	6,138,787	52,702,097	58,840,884
Employee Premiums - PPB	-	145,097,420	145,097,420
Employee Premiums - MCO	-	15,093,580	15,093,580
Life Insurance	403,231	2,182,150	2,585,381
Investment Income	1,415,266	7,530,811	8,946,077
Litigation Settlement	-	-	-
COBRA Premiums	561,542	2,331,618	2,893,160
Administrative Fees	740,135	4,100,865	4,841,000
Total Revenue	\$ 148,779,174	\$ 804,772,444	\$ 953,551,618
<u>Program Expenses</u>			
Medical Claims	\$ 80,974,293	\$ 414,605,299	\$ 495,579,591
Prescription Drug Claims	23,487,191	144,218,705	167,705,896
Managed Care Capitations	3,880,549	39,498,463	43,379,012
Administration	3,217,157	17,402,164	20,619,321
Life Insurance	403,611	2,184,202	2,587,813
Wellness	274,032	1,482,968	1,757,000
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	58,990	285,240	344,230
Director's Discretionary Fund	274,005	1,465,810	1,739,815
WV RHBT Pay Go Premiums	34,798,160	175,201,840	210,000,000
Total Expenses	\$ 147,367,988	\$ 796,344,691	\$ 943,712,678
Fiscal Year Results	\$ 1,411,186	\$ 8,427,753	\$ 9,838,940
Beginning Plan Reserve	22,655,298	120,189,743	142,845,042
Ending Plan Reserve	\$ 24,066,485	\$ 128,617,496	\$ 152,683,981

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 43,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 19,500,000	<u>Eligibility</u>		
Additional State Employee Premiums	\$ 10,800,000	<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	\$ 120,842,039	\$ 18,678,174	\$ 139,520,213
Employer Premiums - MCO	5,316,961	821,826	6,138,787
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	403,231		403,231
Investment Income	1,415,266		1,415,266
Litigation Settlement	-		-
COBRA Premiums	561,542		561,542
Administrative Fees	740,135		740,135
Total Revenue	\$ 129,279,174	\$ 19,500,000	\$ 148,779,174
<u>Program Expenses</u>			
Medical Claims	\$ 80,974,292		\$ 80,974,292
Prescription Drug Claims	23,487,191		23,487,191
Managed Care Capitations	3,880,549		3,880,549
Administration	3,217,157		3,217,157
Life Insurance	403,611		403,611
Wellness	274,032		274,032
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	58,990		58,990
Director's Discretionary Fund	274,005		274,005
WV RHBT Pay Go Premiums	34,798,160		34,798,160
Total Expenses	\$ 147,367,987	\$ -	\$ 147,367,987
Fiscal Year Results	\$ (18,088,813)		\$ 1,411,187
Beginning Plan Reserve	22,655,299		22,655,299
Ending Plan Reserve	\$ 4,566,486		\$ 24,066,486

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 19,500,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	7.0%	10.0%
		Capitations		6.0%
		Administrative Expense		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	\$ 536,339,982	\$ 39,393,921	\$ 575,733,903
Employer Premiums - MCO	49,096,018	3,606,079	52,702,097
Employee Premiums - PPB	135,315,022	9,782,398	145,097,420
Employee Premiums - MCO	14,075,978	1,017,602	15,093,580
Life Insurance	2,182,150		2,182,150
Investment Income	7,530,811		7,530,811
Litigation Settlement	-		-
COBRA Premiums	2,331,618		2,331,618
Administrative Fees	4,100,865		4,100,865
Total Revenue	\$ 750,972,444	\$ 53,800,000	\$ 804,772,444
<u>Program Expenses</u>			
Medical Claims	\$ 414,605,299		\$ 414,605,299
Prescription Drug Claims	144,218,705		144,218,705
Managed Care Capitations	39,498,463		39,498,463
Administration	17,402,164		17,402,164
Life Insurance	2,184,202		2,184,202
Wellness	1,482,968		1,482,968
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	285,240		285,240
Director's Discretionary Fund	1,465,810		1,465,810
WV RHBT Pay Go Premiums	175,201,840		175,201,840
Total Expenses	\$ 796,344,691	\$ -	\$ 796,344,691
Fiscal Year Results	\$ (45,372,247)		\$ 8,427,753
Beginning Plan Reserve	120,189,744		120,189,744
Ending Plan Reserve	\$ 74,817,497		\$ 128,617,497

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 43,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 10,800,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ -	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	\$165.33	\$172.38	\$217.16	\$217.13	\$167.31	\$160.92	\$202.39	\$185.34	\$223.01	\$237.36	\$230.55	\$218.55
State Medical	\$175.64	\$188.88	\$184.77	\$190.33	\$187.54	\$183.59	\$207.05	\$190.08	\$206.83	\$218.55	\$207.69	\$244.32
Local Drugs	\$44.59	\$56.82	\$56.41	\$66.45	\$60.53	\$68.93	\$71.53	\$64.34	\$71.73	\$72.62	\$75.02	\$82.35
State Drugs	<u>54.81</u>	<u>66.30</u>	<u>65.27</u>	<u>70.43</u>	<u>67.79</u>	<u>75.47</u>	<u>77.66</u>	<u>69.10</u>	<u>76.94</u>	<u>78.70</u>	<u>79.66</u>	<u>87.09</u>
Total	\$440.37	\$484.39	\$523.61	\$544.34	\$483.18	\$488.91	\$558.62	\$508.86	\$578.52	\$607.23	\$592.91	\$632.31
Change From Prior Year - Month to Month Analysis												
Local Medical	15.2%	-17.8%	35.0%	9.2%	-6.0%	0.2%	0.2%	1.9%	10.1%	14.7%	18.8%	17.5%
State Medical	20.6%	13.2%	12.8%	4.0%	2.2%	9.0%	1.3%	-0.9%	3.6%	6.0%	0.4%	10.0%
Local Drugs	6.6%	-1.6%	1.2%	6.9%	1.1%	6.8%	8.9%	6.5%	14.7%	12.0%	11.4%	25.0%
State Drugs	<u>12.4%</u>	<u>2.5%</u>	<u>7.9%</u>	<u>-0.1%</u>	<u>2.3%</u>	<u>6.5%</u>	<u>8.2%</u>	<u>5.6%</u>	<u>10.3%</u>	<u>10.4%</u>	<u>8.5%</u>	<u>14.1%</u>
Total	16.0%	-2.9%	18.8%	5.8%	-0.9%	5.3%	2.7%	1.9%	8.2%	10.5%	9.5%	14.9%
Change From Prior Year - Quarter to Quarter Analysis												
Local Medical			7.9%			1.4%			4.2%			17.0%
State Medical			15.3%			5.0%			1.3%			5.5%
Local Drugs			1.6%			5.0%			10.0%			16.1%
State Drugs			<u>7.2%</u>			<u>2.9%</u>			<u>8.1%</u>			<u>11.1%</u>
Total			9.8%			3.4%			4.3%			11.6%
Change From Prior Year - Year to Year Analysis												
Local Medical			-0.7%			0.7%			1.8%			7.8%
State Medical			2.3%			4.1%			4.6%			6.4%
Local Drugs			-8.8%			-6.9%			-0.4%			8.6%
State Drugs			<u>-4.7%</u>			<u>-3.7%</u>			<u>1.3%</u>			<u>7.4%</u>
Total			-1.2%			0.3%			2.5%			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>	<u>Sep-14</u>	<u>Oct-14</u>	<u>Nov-14</u>	<u>Dec-14</u>	<u>Jan-15</u>	<u>Feb-15</u>	<u>Mar-15</u>	<u>Apr-15</u>	<u>May-15</u>
Local Medical	25,820	25,754	25,731	25,764	25,823	25,823	26,080	26,460	26,446	26,453	26,349
State Medical	132,621	132,295	132,029	133,050	133,053	133,126	133,227	133,139	133,103	133,069	132,924
Local Drugs	25,820	25,754	25,731	25,764	25,823	25,823	26,080	26,460	26,446	26,453	26,349
State Drugs	132,621	132,295	132,029	133,050	133,053	133,126	133,227	133,139	133,103	133,069	132,924
	<u>Jul-14</u>	<u>Aug-14</u>	<u>Sep-14</u>	<u>Oct-14</u>	<u>Nov-14</u>	<u>Dec-14</u>	<u>Jan-15</u>	<u>Feb-15</u>	<u>Mar-15</u>	<u>Apr-15</u>	<u>May-15</u>
Local Medical	\$193.53	\$188.97	\$206.94	\$220.20	\$214.08	\$227.63	\$213.38	\$221.21	\$228.50	\$229.16	\$223.91
State Medical	\$202.79	\$195.64	\$213.31	\$220.94	\$188.59	\$225.66	\$225.51	\$202.35	\$218.06	\$232.03	\$220.68
Local Drugs	\$50.51	\$63.13	\$69.05	\$72.91	\$69.04	\$82.47	\$81.04	\$71.93	\$80.38	\$82.27	\$83.25
State Drugs	<u>61.16</u>	<u>71.32</u>	<u>73.77</u>	<u>76.39</u>	<u>71.95</u>	<u>83.82</u>	<u>83.13</u>	<u>77.14</u>	<u>86.49</u>	<u>84.64</u>	<u>85.91</u>
Total	\$507.99	\$519.06	\$563.08	\$590.44	\$543.65	\$619.57	\$603.07	\$572.63	\$613.43	\$628.10	\$613.75
Change From Prior Year - Month to Month Analysis											
Local Medical	17.1%	9.6%	-4.7%	1.4%	28.0%	41.5%	5.4%	19.4%	2.5%	-3.5%	-2.9%
State Medical	15.5%	3.6%	15.4%	16.1%	0.6%	22.9%	8.9%	6.5%	5.4%	6.2%	6.3%
Local Drugs	13.3%	11.1%	22.4%	9.7%	14.1%	19.6%	13.3%	11.8%	12.1%	13.3%	11.0%
State Drugs	<u>11.6%</u>	<u>7.6%</u>	<u>13.0%</u>	<u>8.5%</u>	<u>6.1%</u>	<u>11.1%</u>	<u>7.0%</u>	<u>11.6%</u>	<u>12.4%</u>	<u>7.6%</u>	<u>7.9%</u>
Total	15.4%	7.2%	7.5%	8.5%	12.5%	26.7%	8.0%	12.5%	6.0%	3.4%	3.5%
Change From Prior Year - Quarter to Quarter Analysis											
Local Medical			6.2%			21.4%			8.6%		
State Medical			11.4%			13.1%			6.9%		
Local Drugs			15.8%			14.6%			12.4%		
State Drugs			<u>10.7%</u>			<u>8.6%</u>			<u>10.3%</u>		
Total			9.8%			15.6%			8.7%		
Change From Prior Year - Year to Year Analysis											
Local Medical			7.3%			12.1%			13.2%		
State Medical			5.7%			7.7%			9.1%		
Local Drugs			11.6%			14.1%			14.6%		
State Drugs			<u>8.2%</u>			<u>9.6%</u>			<u>10.2%</u>		
Total			7.3%			10.3%			11.4%		