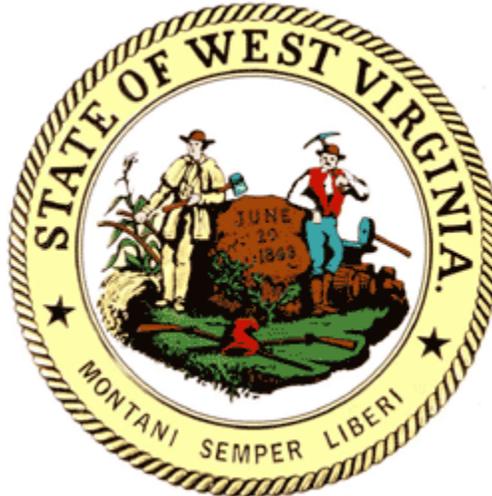




CCRC
Actuaries, LLC

STATE OF WEST VIRGINIA



RETIREE HEALTH BENEFIT TRUST FUND

Financial Plan

Fiscal Years 2014-2018

December 2013



415 Main Street
Reisterstown, MD 21136

Phone: 410-833-4220
Fax: 410-833-4229

Email: info@ccrcactuaries.com

Finance Board
West Virginia Retiree Health Benefit Trust Fund
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”).

During the 2006 Regular Session of the West Virginia Legislature, House Bill 4654 was enacted creating the West Virginia Retiree Health Benefit Trust Fund (“Trust Fund” or “RHBT”) for the purpose of providing for and administering retiree post-employment health care benefits, and the respective revenues and costs of those benefits as a cost sharing multiple employer plan. The Public Employees Insurance Agency (“PEIA”), on behalf of the Public Employees Insurance Agency Finance Board (“Board”), is responsible for the day-to-day operation of the Trust Fund, including all administrative functions.

Statutory provisions governing the Trust Fund require the actuary retained by the PEIA to provide technical advice regarding the operation of the Trust Fund. Using the actuarial assumptions most recently adopted by the Board, the actuary is required to develop actuarial valuations of normal cost, actuarial liability, actuarial value of assets, and related actuarial present values for the West Virginia plan for other post-employment benefits including health insurance. Consequently, the Board has requested CCRC Actuaries to prepare a report separating the actuarial projections for the Trust Fund from the PEIA forecast report. The West Virginia Retiree Health Benefit Trust Fund has assumed the financial liabilities of the retiree programs previously under the PEIA effective July 1, 2006.

The provisions of the Code of West Virginia (“Code”), 1931, as amended, charge the Board with the responsibility to prepare a proposed financial plan designed to generate revenues sufficient to meet all estimated program and administrative costs of the RHBT, including incurred but unreported claims, for the fiscal year for which the plan is proposed. CCRC Actuaries has been retained by the RHBT to review the proposed financial plan for FY 2015, 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 the plan through FY 2018. Our analysis is developed on an accrued and incurred reporting basis for a projection period of five years as required by the Code.

The Code provisions also require the Board to establish and maintain a reserve fund for PEIA for the purposes of offsetting unanticipated claim losses in any fiscal year. Beginning with the Fiscal Year 2002 plan and for each succeeding fiscal year plan, the Board shall transfer ten percent of the projected total plan costs for that year into the reserve fund, which is to be certified by the actuary and included in the final, approved financial plan submitted to the Governor and Legislature in accordance with the provisions of the Code. Any moneys saved in a plan year shall be transferred into the reserve fund. At the close of any fiscal year in which the balance in the reserve fund exceeds the recommended reserve amount by fifteen percent, these excess funds shall be transferred to the West Virginia Retiree Health Benefit Trust Fund.

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 plan adopted in December 2013.

Effective July 1, 2012, RHBT has contracted with Humana to provide a Medicare Advantage Plan (“Humana MAPD”) benefit to Medicare-eligible retired employees and their Medicare-eligible dependents. Under this arrangement, Humana has assumed the financial risk of providing comprehensive medical and drug coverage with limited copayments. Non-Medicare retirees will continue enrollment in PEIA's Preferred Provider Benefit or the Managed Care Option.

Current Medicare coverages are transferred from a self-insured secondary basis by RHBT to the Humana MAPD plan. However, it should be noted that new Medicare eligible retirees, who become Medicare eligible during the plan year, which ends in June, will be covered on a secondary basis by the PPB Plan until the beginning of the next plan year.

The Medicaid / RHBT Hospital Bill (“Bill”) has been extended and is anticipated to continue to provide RHBT with hospital charge savings through discounts for all retiree 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.

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 RHBT, 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 enhancements and costs can be found later in this report. In addition, it is noteworthy that some current RHBT 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 \$335 per retiree 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 Financial Board in December 2013.

Senate Bill 469, effective July 1, 2012, amended West Virginia code (the Code) section 11-21-96 by dedicating \$30 million to be transferred annually from personal income tax previously collected for payment of the unfunded liability of the Workers' Compensation fund to the Retiree Health Benefit Trust fund (RHBT). Transfers will not commence until the Workers' Compensation fund has been certified by the Governor to the Legislature to be paid or provided for in its entirety. Thereafter, transfers will be made until the RHBT fund has been provided for in its entirety or July 1, 2037, whichever date is later. Presently RHBT estimates that the aforementioned \$30 million transfers will likely commence in 2016. All Employers will receive benefit of these contributions.

Based on our review, 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 the Trust Fund.

This conclusion is based on significant revenue increases in employer, employee, and retiree premiums in later fiscal years of the plan through FY 2018 as approved by the Board in December 2013.

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 and changes of the framework of MAPD plan and other managed care options impacting Non-Medicare retirees, as are contemplated in the Board's proposed plan, increase the level of uncertainty of such estimates. As such, the estimate costs of insurance program contain considerable uncertainty and variability and actual experience may not conform to the assumptions utilized in this report.

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 Retiree Health Benefit Trust Fund

Report of Independent Actuary

Financial Plan for FY 2014 – FY 2018

OVERVIEW

This report analyzes revenues and expenses related to funding the health insurance benefits of retired employees of the State of West Virginia 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 RHBT's third party administrators through November 2013 for prescription drugs and medical claims. Enrollment data, administrative expenses, managed care capitations, and plan revenues were provided at special request from RHBT. Revenue assumptions are based on premium rates, assumed interest income and significant general and special revenue allocations provided by the Governor, some which have not been approved by the West Virginia Legislature. In addition, other information became available through presentations made at Board meetings, which has been used in arriving at our conclusions.

The Code of West Virginia establishes the actuarial reporting requirements for the Trust Fund on an incurred basis for medical claims, prescription drug claims and capitations, and on an accrued basis for administrative expenses and revenue for a period of five years. The Fund represents state and local agency retirees and their survivors. The Trust Fund is allocated its share of administrative costs from PEIA.

KEY ASSUMPTIONS

A. Enrollment Changes

The Board has requested that the projection assume retiree enrollment growth consistent with the experience of the plan. These projections assume that the Trust Fund will annually have 1,000 additional retirees. We have observed a net increase of 1,130 retirees from June 2012 to June 2013, approximating our current assumption. CCRC Actuaries has updated the claims analysis based on the enrollment through December 2013.

In aggregate, December 2013 enrollment has increased by 1,146 coverages since the end of FY 2013. Aggregate Preferred Provider Benefit (“PPB”) enrollment has increased by 1,122 in total over the same period, while managed care enrollment continues to cover fewer participants, with a slight increase of 24 coverages. For MAPD Capitations, 39,826 Medicare policyholders were projected to forecast the monthly capitation cost shown on Page 8 of this report.

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

Trust Fund	Coverage	Preferred Provider Benefit*			Managed Care		
		Jun-12	Jun-13	Dec-13	Jun-12	Jun-13	Dec-13
Retirees	Medicare Single	17,341	17,845	18,183	44	60	64
	<u>Medicare Family</u>	<u>12,004</u>	<u>12,592</u>	<u>13,018</u>	<u>35</u>	<u>54</u>	<u>59</u>
	Medicare Total	29,345	30,437	31,201	79	114	123
	Non Medicare Single	3,467	3,488	3,649	154	151	156
	<u>Non Medicare Family</u>	<u>4,376</u>	<u>4,346</u>	<u>4,543</u>	<u>170</u>	<u>185</u>	<u>195</u>
	Non Medicare Total	7,843	7,834	8,192	324	336	351
	Retiree Total	37,188	38,271	39,393	403	450	474
Grand Total				37,591	38,721	39,867	

* The majority of PPB is capitated through Humana. As of December 2013, there are approximately 1,326 Medicare retiree coverages under PEIA.

B. Changes in Claim Backlog

Detail of the medical claim backlog is presented in the PEIA report titled “PEIA Financial Plan Fiscal Years 2014-2018 Report”.

C. Trend Analysis

RHBT 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 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 on the following table:

Claim Type	Previous Assumption FY 2014 Trend	Updated Assumption FY 2014 Trend
Non-Medicare – Medical	6.0%	5.0%
Medicare – Medical	6.0%	5.0%
Non-Medicare – Drugs	9.0%	8.0%
Medicare – 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 November 2013. 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 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.

Aggregate Trust Fund Historical Trends (Retirees)

<u>Fiscal Year</u>	<u>Medical Medicare</u>	<u>Medical Non-Medicare</u>	<u>Drugs Medicare</u>	<u>Drugs Non-Medicare</u>	<u>Total</u>
2004	9%	2%	3%	-2%	6%
2005	6%	-2%	16%	1%	8%
2006	6%	5%	11%	17%	9%
2007	6%	1%	6%	6%	5%
2008	N/A	6%	N/A	-9%	N/A
2009	N/A	-1%	N/A	5%	N/A
2010	N/A	3%	N/A	7%	N/A
2011	N/A	3%	N/A	7%	N/A
2012	-4%	-6%	2%	8%	-2%
2013	12%	5%	-6%	-11%	0%
2014*	19%	6%	5%	-11%	2%

* Fiscal Year 2014 results are through the first five months ending November 2013.

Effective July 1, 2007, PEIA had contracted with Coventry Advantra Freedom to provide Medicare Advantage/Prescription Drug Plan (“Coventry MA and PDP”) Benefits to Medicare-eligible retired employees and dependents. Under this arrangement, Coventry Advantra Freedom had assumed the financial risk of providing comprehensive medical and prescription drug coverage with limited copayments. This arrangement expired on June 30, 2010. As a result, Fiscal Year 2008 through 2011 Medicare trends are not statistically credible.

It should be noted that RHBT left the Coventry MA and PDP program as of June 30, 2012, and RHBT assigned Medicare eligible retirees to the Humana MAPD program starting July 1, 2012.

D. Enrollment, Claim, Expense and Revenue Assumptions

Using aggregate PEIA and Trust Fund paid claim data through November 2013 for medical claims and for prescription drugs claims, average annualized incurred unit claim costs were developed for the Trust 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 revenue and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

Fiscal Year 2014 Projection			Revenue		Expenses		
Fund	Program	Policies	Monthly Employer Premiums	Monthly Employee Premiums	Monthly Medical Costs	Monthly Drugs Costs*	Monthly Capitation Costs
Retiree	Medicare Humana and Express Scripts	31,146			\$ 173**	\$ 159**	\$ 347
	Non-Medicare	8,328			\$ 626	\$ 222	
	Total	39,474	\$ -	\$ 168			
	Non-Medicare Managed Care	352	\$ -	\$ 604			\$ 1,205
	Total	39,826					

*Net of rebates and subsidies.

** As of December 2013, there are approximately 1,326 Medicare coverages that were not capitated through Humana.

Projected plan revenues and administrative expenses were provided by RHBT. The following chart summarizes the Financial Plan adopted by the Board in December 2013. Both Medicare and Non-Medicare retirees premium received no increases in Fiscal Year 2014.

Board Decisions – December 2013

Source	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018
Additional Retiree Premium	\$0	\$0	\$2,475,027	\$7,671,529	\$6,531,304
General Revenue Transfer	\$0	\$0	\$30,000,000	\$30,000,000	\$30,000,000
ACA Reinsurance Contributions (Cost)	(\$512,487)	(\$800,000)	(\$500,000)	(\$200,000)	\$0
ACA Comparative Effectiveness Research Fees (Cost)	(\$35,742)	(\$37,150)	(\$38,322)	(\$39,533)	(\$40,784)
Pay Go Premium Transfer	\$160,822,000	\$150,000,000	\$153,500,000	\$190,000,000	\$210,000,000
Actuarial Accrued Liability*	\$4,454,000,000	\$4,607,800,000	\$4,745,900,000	\$4,868,100,000	\$4,973,400,000
Funded Status	14.4%	14.9%	16.0%	17.3%	18.6%

*Projected Result

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. RHBT will not receive any benefit payments from the national reinsurance program. RHBT 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 \$2,000,000. FY 2014 is projected to be \$512,487.

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 RHBT 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 \$251,065, with an expected \$35,742 in FY 2014.

Future fiscal year State revenue increases will require legislative appropriation. Additional retiree premiums represent premiums paid by retirees either directly or through sick and annual leave conversion credits. Additionally, RHBT management has assumed that the Retiree Premium Assistance Program will grow as a direct result from the required retiree premium increases in the financial plan. The program’s cost is currently projected to grow from approximately \$2.4 million in FY 2014 to approximately \$3.3 million in FY 2018, based on the Board’s direction and projected retiree enrollment growth in the financial plan.

In FY 2014 the Pay-Go is equivalent to \$335 per retiree 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 Financial Board in December 2013.

E. Provider Reimbursement Changes

Effective July 1, 2012, RHBT has contracted with Humana to provide a Medicare Advantage Plan (“Humana MAPD”) benefit to Medicare-eligible retired employees and their Medicare-eligible dependents. Under this arrangement, Humana has assumed the financial risk of providing comprehensive medical and drug coverage with limited copayments. Non-Medicare retirees will continue enrollment in PEIA's Preferred Provider Benefit or the Managed Care Option.

It should be noted that RHBT left the Coventry MA and PDP program as of June 30, 2012, and RHBT assigned Medicare eligible retirees to the Humana MAPD program starting July 1, 2012.

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 \$286,543,545 and incurred plan expenses of \$234,553,343 to produce a fiscal year surplus of \$51,990,202. The PEIA local and state agencies Pay Go premiums for FY 2014 are assumed to be \$160,822,000.

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 \$287,877,945 and incurred plan expenses of \$245,455,432 to produce a fiscal year surplus of \$42,422,513. The PEIA local and state agencies Pay Go premiums for FY 2015 are assumed to be \$150,000,000.

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 \$342,296,336 and incurred plan expenses of \$267,041,757 to produce a fiscal year surplus of \$75,254,579. The PEIA local and state agencies Pay Go premiums for FY 2016 are assumed to be \$153,500,000.

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 \$374,435,147 and incurred plan expenses of \$294,206,211 to produce a fiscal year surplus of \$80,228,936. The PEIA local and state agencies Pay Go premiums for FY 2017 are assumed to be \$190,000,000.

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 \$412,832,641 and incurred plan expenses of \$327,296,905 to produce a fiscal year surplus of \$85,535,736. The PEIA local and state agencies Pay Go premiums for FY 2018 are assumed to be \$210,000,000.

LITIGATION

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

SUMMARY

It should be noted that the aggregate PEIA and Trust Fund reserves will meet or exceed the 10% of program expense requirement under the Baseline Scenario assumptions. With projected changes to the plan as adopted in the Board, we are forecasting that the plan will meet the minimum 10% reserve target set by West Virginia Statute through the projection period ending with the Fiscal Year 2018. 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 Medicare 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
RHBT - MEDICARE AND NON-MEDICARE**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2014**

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

	TRUST Total
<u>Revenues</u>	
WV PEIA Pay Go Premiums	\$ 160,822,000
Retiree Premiums - PPB	79,755,738
Retiree Premiums - MCO	2,551,707
Annual Required Contributions	948,456
Non Par Premiums	3,283,185
Transfer from Premium Stabilization Reserve	-
Investment Income	39,182,459
Total Revenue	\$ 286,543,545
<u>Program Expenses</u>	
Non-Medicare Medical Claims	\$ 62,528,215
Non-Medicare Prescription Drug Claims	22,169,558
Medicare Medical Claims	3,846,266
Medicare Prescription Drug Claims	3,677,532
Non-Medicare Managed Care Capitations	5,091,151
Humana MAPD Program	129,550,288
Administration	4,434,312
Retiree Assistance Program	2,418,138
ACA Reinsurance Contributions	512,487
ACA Comparative Effectiveness Research Fees	35,742
Director's Discretionary Fund	289,654
Total Expenses	\$ 234,553,343
Fiscal Year Results	\$ 51,990,202
Beginning Plan Reserve	590,229,840
Ending Plan Reserve	\$ 642,220,042
Ending Premium Stabilization Reserve	\$ 57,365,385
Accrued Actuarial Liability (AAL)	\$ 4,454,000,000
Funded Status	14.4%

KEY ASSUMPTIONS

		Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go Monthly Premium for Actives	\$ 178.04			
Additional Retiree Premiums	\$ -			
Pay Go PMPM Subsidy for Retirees	\$ 335.48	Non-Medicare	5.0%	8.0%
		Medicare	5.0%	8.0%
		Capitations		8.0%
		Administrative Expense		-3.2%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		-1.6%

APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2014

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

Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 104,667,323		\$ 104,667,323
Employer Premiums - PPB	7,748,821		7,748,821
Employer Premiums - MCO	62,919		62,919
Retiree Premiums - PPB	33,859,862	-	33,859,862
Retiree Premiums - MCO	160,313	-	160,313
Annual Required Contributions	-		-
Non Par Premiums	1,658,923		1,658,923
Transfer from Premium Stabilization Reserve	-		-
Investment Income	30,139,616		30,139,616
Total Revenue	\$ 178,297,777	\$ -	\$ 178,297,777
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 3,846,266	\$ -	\$ 3,846,266
Medicare Prescription Drug Claims	3,677,532	-	3,677,532
Humana MAPD Program	129,550,288		129,550,288
Administration	2,240,563		2,240,563
Retiree Assistance Program	1,221,833		1,221,833
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	26,194		26,194
Director's Discretionary Fund	-		-
Total Expenses	\$ 140,562,676	\$ -	\$ 140,562,676
Fiscal Year Results	\$ 37,735,101		\$ 37,735,101
Beginning Plan Reserve	293,877,596		293,877,596
Ending Plan Reserve	\$ 331,612,697		\$ 331,612,697
Accrued Actuarial Liability (AAL)	\$ 4,454,000,000		\$ 4,454,000,000
Funded Status	14.4%		14.4%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 178.04	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 278.95	Medicare	5.0%	8.0%
		Capitations		8.0%
		Administrative Expense		-3.2%
Number of Net New Retirees	700	Pay Go Monthly Premium		-1.6%

APPENDIX - BASELINE SCENARIO
RHBT - NON-MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2014

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

Non-Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 56,154,677		\$ 56,154,677
Employer Premiums - PPB	16,552,696		16,552,696
Employer Premiums - MCO	1,491,902		1,491,902
Retiree Premiums - PPB	21,594,359	-	21,594,359
Retiree Premiums - MCO	836,572	-	836,572
Annual Required Contributions	948,456		948,456
Non Par Premiums	1,624,262		1,624,262
Transfer from Premium Stabilization Reserve	-		-
Investment Income	9,042,843		9,042,843
Total Revenue	\$ 108,245,767	\$ -	\$ 108,245,767
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 62,528,215	\$ -	\$ 62,528,215
Non-Medicare Prescription Drug Claims	22,169,558	-	22,169,558
Non-Medicare Managed Care Capitations	5,091,151		5,091,151
Administration	2,193,749		2,193,749
Retiree Assistance Program	1,196,305		1,196,305
ACA Reinsurance Contributions	512,487		512,487
ACA Comparative Effectiveness Research Fees	9,548		9,548
Director's Discretionary Fund	289,654		289,654
Total Expenses	\$ 93,990,667	\$ -	\$ 93,990,667
Fiscal Year Results	\$ 14,255,100		\$ 14,255,100
Beginning Plan Reserve	296,352,247		296,352,247
Ending Plan Reserve	\$ 310,607,347		\$ 310,607,347
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

		Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go Monthly Premium for Actives	\$ 178.04			
Additional Retiree Premiums	\$ -			
Pay Go PMPM Subsidy for Retirees	\$ 539.12	Non-Medicare	5.0%	8.0%
		Capitations		8.0%
		Administrative Expense		-3.2%
Number of Net New Retirees	300	Pay Go Monthly Premium		-1.6%

**APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE AND NON-MEDICARE**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2015**

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

	TRUST Total
<u>Revenues</u>	
WV PEIA Pay Go Premiums	\$ 150,000,000
Retiree Premiums - PPB	79,943,192
Retiree Premiums - MCO	2,557,704
Annual Required Contributions	-
Non Par Premiums	3,184,689
Transfer from Premium Stabilization Reserve	9,769,847
Investment Income	42,422,513
Total Revenue	\$ 287,877,945
<u>Program Expenses</u>	
Non-Medicare Medical Claims	\$ 66,103,192
Non-Medicare Prescription Drug Claims	24,112,225
Medicare Medical Claims	4,051,325
Medicare Prescription Drug Claims	3,983,957
Non-Medicare Managed Care Capitations	5,498,443
Humana MAPD Program	133,400,500
Administration	4,567,341
Retiree Assistance Program	2,611,589
ACA Reinsurance Contributions	800,000
ACA Comparative Effectiveness Research Fees	37,150
Director's Discretionary Fund	289,710
Total Expenses	\$ 245,455,432
Fiscal Year Results	\$ 42,422,513
Beginning Plan Reserve	642,220,042
Ending Plan Reserve	\$ 684,642,555
Ending Premium Stabilization Reserve	\$ 47,595,539
Accrued Actuarial Liability (AAL)	\$ 4,607,800,000
Funded Status	14.9%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 166.06	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 305.46	Non-Medicare	5.5%	8.5%
		Medicare	5.5%	8.5%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		-6.7%

APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2015

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

Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 94,959,338		\$ 94,959,338
Employer Premiums - PPB	7,767,034		7,767,034
Employer Premiums - MCO	63,067		63,067
Retiree Premiums - PPB	33,939,444	-	33,939,444
Retiree Premiums - MCO	160,690	-	160,690
Annual Required Contributions	-		-
Non Par Premiums	1,609,155		1,609,155
Transfer from Premium Stabilization Reserve	6,613,887		6,613,887
Investment Income	32,631,904		32,631,904
Total Revenue	\$ 177,744,519	\$ -	\$ 177,744,519
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 4,051,325	\$ -	\$ 4,051,325
Medicare Prescription Drug Claims	3,983,957	-	3,983,957
Humana MAPD Program	133,400,500		133,400,500
Administration	2,307,780		2,307,780
Retiree Assistance Program	1,319,580		1,319,580
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	27,460		27,460
Director's Discretionary Fund	-		-
Total Expenses	\$ 145,090,602	\$ -	\$ 145,090,602
Fiscal Year Results	\$ 32,653,917		\$ 32,653,917
Beginning Plan Reserve	331,612,697		331,612,697
Ending Plan Reserve	\$ 364,266,615		\$ 364,266,615
Accrued Actuarial Liability (AAL)	\$ 4,607,800,000		\$ 4,607,800,000
Funded Status	14.9%		14.9%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 166.06	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 248.47	Medicare	5.5%	8.5%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		-6.7%

APPENDIX - BASELINE SCENARIO
RHBT - NON-MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2015

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

Non-Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 55,040,662		\$ 55,040,662
Employer Premiums - PPB	16,591,601		16,591,601
Employer Premiums - MCO	1,495,409		1,495,409
Retiree Premiums - PPB	21,645,113	-	21,645,113
Retiree Premiums - MCO	838,539	-	838,539
Annual Required Contributions	-		-
Non Par Premiums	1,575,534		1,575,534
Transfer from Premium Stabilization Reserve	3,155,960		3,155,960
Investment Income	9,790,609		9,790,609
Total Revenue	\$ 110,133,427	\$ -	\$ 110,133,427
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 66,103,192	\$ -	\$ 66,103,192
Non-Medicare Prescription Drug Claims	24,112,225	-	24,112,225
Non-Medicare Managed Care Capitations	5,498,443		5,498,443
Administration	2,259,562		2,259,562
Retiree Assistance Program	1,292,009		1,292,009
ACA Reinsurance Contributions	800,000		800,000
ACA Comparative Effectiveness Research Fees	9,690		9,690
Director's Discretionary Fund	289,711		289,711
Total Expenses	\$ 100,364,832	\$ -	\$ 100,364,832
Fiscal Year Results	\$ 9,768,595		\$ 9,768,595
Beginning Plan Reserve	310,607,347		310,607,347
Ending Plan Reserve	\$ 320,375,941		\$ 320,375,941
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

		Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go Monthly Premium for Actives	\$ 166.06			
Additional Retiree Premiums	\$ -			
Pay Go PMPM Subsidy for Retirees	\$ 505.50	Non-Medicare	5.5%	8.5%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		-6.7%

**APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE AND NON-MEDICARE**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2016**

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

	TRUST Total
<u>Revenues</u>	
WV PEIA Pay Go Premiums	\$ 153,500,000
Retiree Premiums - PPB	82,629,203
Retiree Premiums - MCO	2,610,003
Annual Required Contributions	-
Non Par Premiums	3,089,149
Transfer from Premium Stabilization Reserve	25,213,402
Investment Income	45,254,579
General Revenue Transfer	30,000,000
Total Revenue	\$ 342,296,336
<u>Program Expenses</u>	
Non-Medicare Medical Claims	\$ 70,207,271
Non-Medicare Prescription Drug Claims	26,341,933
Medicare Medical Claims	4,287,579
Medicare Prescription Drug Claims	4,335,840
Non-Medicare Managed Care Capitations	5,938,318
Humana MAPD Program	147,576,648
Administration	4,704,362
Retiree Assistance Program	2,820,516
ACA Reinsurance Contributions	500,000
ACA Comparative Effectiveness Research Fees	38,322
Director's Discretionary Fund	290,968
Total Expenses	\$ 267,041,757
Fiscal Year Results	\$ 75,254,579
Beginning Plan Reserve	684,642,555
Ending Plan Reserve	\$ 759,897,134
Ending Premium Stabilization Reserve	\$ 22,382,137
Accrued Actuarial Liability (AAL)	\$ 4,745,900,000
Funded Status	16.0%

KEY ASSUMPTIONS

		Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go Monthly Premium for Actives	\$ 169.93			
Additional Retiree Premiums	\$ 2,475,027			
Pay Go PMPM Subsidy for Retirees	\$ 305.03	Non-Medicare	6.0%	9.0%
		Medicare	6.0%	9.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		2.3%

APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2016

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

Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 98,349,471		\$ 98,349,471
Employer Premiums - PPB	7,790,295		7,790,295
Employer Premiums - MCO	63,256		63,256
Retiree Premiums - PPB	34,041,090	1,484,543	35,525,633
Retiree Premiums - MCO	161,171	7,029	168,200
Annual Required Contributions	-		-
Non Par Premiums	1,560,881		1,560,881
Transfer from Premium Stabilization Reserve	17,262,469		17,262,469
Investment Income	34,810,363		34,810,363
General Revenue Transfer	18,522,904		18,522,904
Total Revenue	\$ 212,561,901	\$ 1,491,572	\$ 214,053,473
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 4,287,579	\$ -	\$ 4,287,579
Medicare Prescription Drug Claims	4,335,840	-	4,335,840
Humana MAPD Program	147,576,648		147,576,648
Administration	2,377,013		2,377,013
Retiree Assistance Program	1,425,146		1,425,146
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	28,445		28,445
Director's Discretionary Fund	-		-
Total Expenses	\$ 160,030,671	\$ -	\$ 160,030,671
Fiscal Year Results	\$ 52,531,229		\$ 54,022,801
Beginning Plan Reserve	364,266,615		364,266,615
Ending Plan Reserve	\$ 416,797,844		\$ 418,289,416
Accrued Actuarial Liability (AAL)	\$ 4,745,900,000		\$ 4,745,900,000
Funded Status	16.0%		16.0%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 169.93	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 1,491,571	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 253.33	Medicare	6.0%	9.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		2.3%

APPENDIX - BASELINE SCENARIO
RHBT - NON-MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2016

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

Non-Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 55,150,529		\$ 55,150,529
Employer Premiums - PPB	16,647,916		16,647,916
Employer Premiums - MCO	1,500,485		1,500,485
Retiree Premiums - PPB	21,718,581	946,777	22,665,358
Retiree Premiums - MCO	841,385	36,678	878,063
Annual Required Contributions	-		-
Non Par Premiums	1,528,268		1,528,268
Transfer from Premium Stabilization Reserve	7,950,932		7,950,932
Investment Income	10,444,216		10,444,216
General Revenue Transfer	11,477,096		11,477,096
Total Revenue	\$ 127,259,408	\$ 983,455	\$ 128,242,863
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 70,207,271	\$ -	\$ 70,207,271
Non-Medicare Prescription Drug Claims	26,341,933	-	26,341,933
Non-Medicare Managed Care Capitations	5,938,318		5,938,318
Administration	2,327,348		2,327,348
Retiree Assistance Program	1,395,370		1,395,370
ACA Reinsurance Contributions	500,000		500,000
ACA Comparative Effectiveness Research Fees	9,877		9,877
Director's Discretionary Fund	290,968		290,968
Total Expenses	\$ 107,011,085	\$ -	\$ 107,011,085
Fiscal Year Results	\$ 20,248,324		\$ 21,231,779
Beginning Plan Reserve	320,375,941		320,375,941
Ending Plan Reserve	\$ 340,624,265		\$ 341,607,720
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 169.93	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 983,456	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 479.54	Non-Medicare	6.0%	9.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		2.3%

**APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE AND NON-MEDICARE**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2017**

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

	TRUST Total
<u>Revenues</u>	
WV PEIA Pay Go Premiums	\$ 190,000,000
Retiree Premiums - PPB	90,546,565
Retiree Premiums - MCO	2,757,772
Annual Required Contributions	-
Non Par Premiums	2,996,474
Transfer from Premium Stabilization Reserve	7,905,400
Investment Income	50,228,936
General Revenue Transfer	30,000,000
Total Revenue	\$ 374,435,147
<u>Program Expenses</u>	
Non-Medicare Medical Claims	\$ 75,110,995
Non-Medicare Prescription Drug Claims	28,982,608
Medicare Medical Claims	4,573,263
Medicare Prescription Drug Claims	4,754,896
Non-Medicare Managed Care Capitations	6,413,384
Humana MAPD Program	165,947,654
Administration	4,845,492
Retiree Assistance Program	3,046,157
ACA Reinsurance Contributions	200,000
ACA Comparative Effectiveness Research Fees	39,533
Director's Discretionary Fund	292,229
Total Expenses	\$ 294,206,211
Fiscal Year Results	\$ 80,228,936
Beginning Plan Reserve	759,897,134
Ending Plan Reserve	\$ 840,126,071
Ending Premium Stabilization Reserve	\$ 14,476,737
Accrued Actuarial Liability (AAL)	\$ 4,868,100,000
Funded Status	17.3%

KEY ASSUMPTIONS

		Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go Monthly Premium for Actives	\$ 210.34			
Additional Retiree Premiums	\$ 7,671,529			
Pay Go PMPM Subsidy for Retirees	\$ 368.65	Non-Medicare	7.0%	10.0%
		Medicare	7.0%	10.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		23.8%

APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2017

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

Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 123,834,518		\$ 123,834,518
Employer Premiums - PPB	7,813,577		7,813,577
Employer Premiums - MCO	63,445		63,445
Retiree Premiums - PPB	35,684,346	4,600,728	40,285,074
Retiree Premiums - MCO	168,951	21,783	190,734
Annual Required Contributions	-		-
Non Par Premiums	1,514,054		1,514,054
Transfer from Premium Stabilization Reserve	5,472,434		5,472,434
Investment Income	38,636,698		38,636,698
General Revenue Transfer	18,760,365		18,760,365
Total Revenue	\$ 231,948,388	\$ 4,622,511	\$ 236,570,899
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 4,573,263	\$ -	\$ 4,573,263
Medicare Prescription Drug Claims	4,754,896	-	4,754,896
Humana MAPD Program	165,947,654		165,947,654
Administration	2,448,324		2,448,324
Retiree Assistance Program	1,539,158		1,539,158
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	29,466		29,466
Director's Discretionary Fund	-		-
Total Expenses	\$ 179,292,761	\$ -	\$ 179,292,761
Fiscal Year Results	\$ 52,655,627		\$ 57,278,138
Beginning Plan Reserve	418,289,416		418,289,416
Ending Plan Reserve	\$ 470,945,043		\$ 475,567,554
Accrued Actuarial Liability (AAL)	\$ 4,868,100,000		\$ 4,868,100,000
Funded Status	17.1%		17.3%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 210.34	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 4,622,511	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 314.09	Medicare	7.0%	10.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		23.8%

APPENDIX - BASELINE SCENARIO
RHBT - NON-MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2017

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

Non-Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 66,165,482		\$ 66,165,482
Employer Premiums - PPB	16,718,127		16,718,127
Employer Premiums - MCO	1,506,813		1,506,813
Retiree Premiums - PPB	22,794,484	2,935,303	25,729,787
Retiree Premiums - MCO	883,066	113,715	996,781
Annual Required Contributions	-		-
Non Par Premiums	1,482,420		1,482,420
Transfer from Premium Stabilization Reserve	2,432,966		2,432,966
Investment Income	11,592,238		11,592,238
General Revenue Transfer	11,239,635		11,239,635
Total Revenue	\$ 134,815,230	\$ 3,049,018	\$ 137,864,248
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 75,110,995	\$ -	\$ 75,110,995
Non-Medicare Prescription Drug Claims	28,982,608	-	28,982,608
Non-Medicare Managed Care Capitations	6,413,384		6,413,384
Administration	2,397,169		2,397,169
Retiree Assistance Program	1,506,999		1,506,999
ACA Reinsurance Contributions	200,000		200,000
ACA Comparative Effectiveness Research Fees	10,067		10,067
Director's Discretionary Fund	292,230		292,230
Total Expenses	\$ 114,913,452	\$ -	\$ 114,913,452
Fiscal Year Results	\$ 19,901,779		\$ 22,950,797
Beginning Plan Reserve	341,607,720		341,607,720
Ending Plan Reserve	\$ 361,509,499		\$ 364,558,517
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 210.34	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 3,049,018	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 546.23	Non-Medicare	7.0%	10.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		23.8%

**APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE AND NON-MEDICARE**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2018**

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

	TRUST Total
<u>Revenues</u>	
WV PEIA Pay Go Premiums	\$ 210,000,000
Retiree Premiums - PPB	97,339,288
Retiree Premiums - MCO	2,882,438
Annual Required Contributions	-
Non Par Premiums	2,906,580
Transfer from Premium Stabilization Reserve	14,168,599
Investment Income	55,535,736
General Revenue Transfer	30,000,000
Total Revenue	\$ 412,832,641
<u>Program Expenses</u>	
Non-Medicare Medical Claims	\$ 81,112,023
Non-Medicare Prescription Drug Claims	32,179,308
Medicare Medical Claims	4,923,743
Medicare Prescription Drug Claims	5,262,033
Non-Medicare Managed Care Capitations	6,926,454
Humana MAPD Program	188,278,355
Administration	4,990,857
Retiree Assistance Program	3,289,850
ACA Reinsurance Contributions	-
ACA Comparative Effectiveness Research Fees	40,784
Director's Discretionary Fund	293,498
Total Expenses	\$ 327,296,905
Fiscal Year Results	\$ 85,535,736
Beginning Plan Reserve	840,126,071
Ending Plan Reserve	\$ 925,661,806
Ending Premium Stabilization Reserve	\$ 308,139
Accrued Actuarial Liability (AAL)	\$ 4,973,400,000
Funded Status	18.6%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 232.48	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 6,531,304	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 398.05	Non-Medicare	8.0%	11.0%
		Medicare	8.0%	11.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		10.5%

APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2018

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

Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 138,898,298		\$ 138,898,298
Employer Premiums - PPB	7,818,308		7,818,308
Employer Premiums - MCO	63,483		63,483
Retiree Premiums - PPB	40,479,371	3,915,195	44,394,566
Retiree Premiums - MCO	191,654	18,537	210,191
Annual Required Contributions	-		-
Non Par Premiums	1,468,633		1,468,633
Transfer from Premium Stabilization Reserve	9,914,095		9,914,095
Investment Income	42,718,752		42,718,752
General Revenue Transfer	18,954,222		18,954,222
Total Revenue	\$ 260,506,816	\$ 3,933,732	\$ 264,440,548
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 4,923,743	\$ -	\$ 4,923,743
Medicare Prescription Drug Claims	5,262,033	-	5,262,033
Humana MAPD Program	188,278,355		188,278,355
Administration	2,521,773		2,521,773
Retiree Assistance Program	1,662,291		1,662,291
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	30,523		30,523
Director's Discretionary Fund	-		-
Total Expenses	\$ 202,678,718	\$ -	\$ 202,678,718
Fiscal Year Results	\$ 57,828,097		\$ 61,761,829
Beginning Plan Reserve	475,567,554		475,567,554
Ending Plan Reserve	\$ 533,395,652		\$ 537,329,384
Accrued Actuarial Liability (AAL)	\$ 4,973,400,000		\$ 4,973,400,000
Funded Status	18.5%		18.6%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 232.48	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 3,933,732	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 346.97	Medicare	8.0%	11.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		10.5%

APPENDIX - BASELINE SCENARIO
RHBT - NON-MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2018

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

Non-Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 71,101,702		\$ 71,101,702
Employer Premiums - PPB	16,745,472		16,745,472
Employer Premiums - MCO	1,509,277		1,509,277
Retiree Premiums - PPB	25,880,248	2,500,694	28,380,942
Retiree Premiums - MCO	1,002,609	96,878	1,099,487
Annual Required Contributions	-		-
Non Par Premiums	1,437,947		1,437,947
Transfer from Premium Stabilization Reserve	4,254,504		4,254,504
Investment Income	12,816,984		12,816,984
General Revenue Transfer	11,045,778		11,045,778
Total Revenue	\$ 145,794,521	\$ 2,597,572	\$ 148,392,093
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 81,112,023	\$ -	\$ 81,112,023
Non-Medicare Prescription Drug Claims	32,179,308	-	32,179,308
Non-Medicare Managed Care Capitations	6,926,454		6,926,454
Administration	2,469,084		2,469,084
Retiree Assistance Program	1,627,559		1,627,559
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	10,260		10,260
Director's Discretionary Fund	293,498		293,498
Total Expenses	\$ 124,618,186	\$ -	\$ 124,618,186
Fiscal Year Results	\$ 21,176,335		\$ 23,773,907
Beginning Plan Reserve	364,558,517		364,558,517
Ending Plan Reserve	\$ 385,734,852		\$ 388,332,424
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 232.48	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 2,597,572	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 558.71	Non-Medicare	8.0%	11.0%
		Capitations		8.0%
		Administrative Expense		3.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		10.5%

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

Fiscal Year 2013

Exposure

	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Jan-13</u>	<u>Feb-13</u>	<u>Mar-13</u>	<u>Apr-13</u>	<u>May-13</u>	<u>Jun-13</u>
NonMed_NonDrug	20,464	21,016	21,018	20,733	20,642	20,475	20,438	20,393	20,132	19,910	19,701	19,568
Med_NonDrug	793	1,074	1,292	1,295	1,767	1,968	2,247	2,497	2,689	2,863	2,730	3,341
NonMed_Drug	18,959	19,469	19,470	19,205	19,124	18,970	18,936	18,894	18,654	18,450	18,257	18,134
Med_Drug	826	1,119	1,346	1,349	1,841	2,050	2,341	2,601	2,801	2,982	2,843	3,481

	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Jan-13</u>	<u>Feb-13</u>	<u>Mar-13</u>	<u>Apr-13</u>	<u>May-13</u>	<u>Jun-13</u>
NonMed_NonDrug	\$186.05	\$221.52	\$215.85	\$235.14	\$255.46	\$199.79	\$291.92	\$251.43	\$237.88	\$256.30	\$246.51	\$274.40
Med_NonDrug	146.93	172.95	143.62	186.47	138.79	116.88	170.82	161.34	161.67	148.96	160.65	110.68
NonMed_Drug	81.15	102.64	97.40	117.66	111.67	114.93	113.28	106.26	109.59	116.52	122.83	123.50
Med_Drug	<u>142.24</u>	<u>178.68</u>	<u>155.23</u>	<u>237.70</u>	<u>196.26</u>	<u>202.31</u>	<u>196.99</u>	<u>161.01</u>	<u>165.73</u>	<u>172.94</u>	<u>203.83</u>	<u>187.35</u>
Total	\$556.38	\$675.78	\$612.10	\$776.96	\$702.17	\$633.91	\$773.00	\$680.04	\$674.87	\$694.72	\$733.81	\$695.93

Change From Prior Year - Month to Month Analysis

NonMed_NonDrug	8.5%	7.7%	5.7%	3.9%	4.5%	-4.0%	25.0%	6.6%	-6.7%	6.1%	3.7%	4.8%
Med_NonDrug	19.3%	22.7%	0.1%	21.7%	7.3%	-16.8%	1.2%	30.7%	19.0%	21.8%	41.9%	-16.1%
NonMed_Drug	-5.9%	-6.6%	-13.9%	2.2%	-3.4%	-9.9%	-12.1%	-14.9%	-19.0%	-13.1%	-11.5%	-14.8%
Med_Drug	<u>-8.1%</u>	<u>-20.9%</u>	<u>-25.1%</u>	<u>25.4%</u>	<u>0.4%</u>	<u>-6.5%</u>	<u>-3.1%</u>	<u>-12.0%</u>	<u>-18.4%</u>	<u>-5.3%</u>	<u>5.7%</u>	<u>-2.6%</u>
Total	3.9%	-1.0%	-8.4%	13.6%	2.5%	-8.5%	5.2%	1.9%	-7.4%	2.1%	7.5%	-4.8%

Change From Prior Year - Quarter to Quarter Analysis

NonMed_NonDrug			7.2%			1.7%			7.9%			4.9%
Med_NonDrug			13.7%			4.5%			15.4%			14.4%
NonMed_Drug			-9.1%			-3.9%			-15.4%			-13.2%
Med_Drug			<u>-19.0%</u>			<u>5.8%</u>			<u>-11.1%</u>			<u>-0.7%</u>
Total			-2.2%			2.5%			-0.1%			1.4%

Change From Prior Year - Year to Year Analysis

NonMed_NonDrug			-3.4%			-3.9%			-0.5%			5.4%
Med_NonDrug			-0.8%			-1.6%			5.8%			11.9%
NonMed_Drug			4.8%			2.3%			-4.4%			-10.7%
Med_Drug			<u>-6.4%</u>			<u>-6.9%</u>			<u>-9.6%</u>			<u>-6.2%</u>
Total			-2.4%			-3.3%			-2.6%			0.4%

**Attachment - Trust Fund
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>
NonMed_NonDrug	20,496	21,096	20,990	20,884	20,694
Med_NonDrug	711	965	1,162	1,166	1,613
NonMed_Drug	18,995	19,550	19,452	19,354	19,177
Med_Drug	740	1,005	1,211	1,215	1,681

	<u>Jul-13</u>	<u>Aug-13</u>	<u>Sep-13</u>	<u>Oct-13</u>	<u>Nov-13</u>
NonMed_NonDrug	\$222.94	\$231.76	\$234.45	\$265.98	\$252.93
Med_NonDrug	195.81	213.99	216.48	210.96	183.41
NonMed_Drug	88.40	104.71	105.07	119.66	63.34
Med_Drug	<u>190.16</u>	<u>255.44</u>	<u>216.73</u>	<u>301.15</u>	<u>137.44</u>
Total	\$697.32	\$805.90	\$772.73	\$897.75	\$637.12

Change From Prior Year - Month to Month Analysis

NonMed_NonDrug	19.8%	4.6%	8.6%	13.1%	-1.0%
Med_NonDrug	33.3%	23.7%	50.7%	13.1%	32.1%
NonMed_Drug	8.9%	2.0%	7.9%	1.7%	-43.3%
Med_Drug	<u>33.7%</u>	<u>43.0%</u>	<u>39.6%</u>	<u>26.7%</u>	<u>-30.0%</u>
Total	25.3%	19.3%	26.2%	15.5%	-9.3%

Change From Prior Year - Quarter to Quarter Analysis

NonMed_NonDrug	10.5%
Med_NonDrug	35.1%
NonMed_Drug	6.0%
Med_Drug	<u>39.1%</u>
Total	23.4%

Change From Prior Year - Year to Year Analysis

NonMed_NonDrug	6.2%
Med_NonDrug	17.9%
NonMed_Drug	-7.7%
Med_Drug	<u>6.8%</u>
Total	6.3%