



CCRC
Actuaries, LLC

STATE OF WEST VIRGINIA



RETIREE HEALTH BENEFIT TRUST FUND

**Quarterly Report
March 31, 2012**

Fiscal Years 2012-2016

July 2012



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Finance Board
West Virginia Retiree Health Benefit Trust Fund
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Ladies and Gentlemen:

I, Dave Bond, am a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries, and the Managing Partner in the firm of CCRC Actuaries, LLC (“CCRC Actuaries”).

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 2013, and as supported by our work, to render an opinion stating whether the plan may be reasonably expected to generate sufficient revenues to meet estimated insurance program and administrative costs of the plan through FY 2016. The analysis is to be prepared on an accrued and incurred reporting basis for a projection period not to exceed five years.

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 the Trust Fund for fiscal years ending June 30, 2012 (“FY 2012”), June 30, 2013 (“FY 2013”), June 30, 2014 (“FY 2014”), June 30, 2015 (“FY 2015”) and June 30, 2016 (“FY 2016”). This opinion of plan adequacy is based on the projections through FY 2016 using updated future revenue and plan modifications provided by the Board in the plan adopted in December 2011.

Effective July 1, 2012, RHBT has contracted with Humana to provide a Medicare Advantage Plan (“MA”) 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 MA 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 2012 and subsequently. We are assuming that the Bill will continue throughout the forecast and RHBT will not receive any future direct transfers in lieu of the savings resulting from the Bill.

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. Based on the PPACA requirements to expand coverage, the estimated “grandfathering” cost of eliminating lifetime limitations, offering free preventive services, and covering children to age 26 is approximately \$4.6 million in FY 2013. In addition, RHBT is expecting to spend \$3.9 million through the Early Retiree Reinsurance Program from CMS in FY 2013. Additional details of the benefit enhancements and costs can be found later in this report.

In FY 2013 the Pay-Go is equivalent to \$343 per retiree per month. In future years, the Pay Go premium will continue to increase each year by a maximum of 3% per retiree per year. The new Pay-Go premium formula is based on the financial plan approved by the Financial Board in December 2011.

Based on our review, and subject to the conditions described herein, we believe the financial plan approved by the Board for FY 2012 through FY 2016 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 2016 as approved by the Board in December 2011.

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 MA 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 2012 – FY 2016

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 May 2012 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 1,052 retirees from June 2011 to June 2012, approximating our current assumption. CCRC Actuaries has updated the claims analysis based on the enrollment through June 2012.

In aggregate, June 2012 enrollment has increased by 1,052 coverages since the end of FY 2011. Aggregate Preferred Provider Benefit (“PPB”) enrollment has increased by 1,005 in total over the same period, while managed care enrollment continues to cover fewer participants, with a slight increase of 47 coverages. For MA Capitations, 37,562 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 2010, June 2011 and June 2012 for purposes of comparison:

Trust Fund	Coverage	Preferred Provider Benefit			Managed Care		
		Jun-10	Jun-11	Jun-12	Jun-10	Jun-11	Jun-12
Retirees	Medicare Single	16,261	16,838	17,341	14	18	44
	<u>Medicare Family</u>	<u>11,202</u>	<u>11,372</u>	<u>12,004</u>	<u>20</u>	<u>16</u>	<u>35</u>
	Medicare Total	27,463	28,210	29,345	34	34	79
	Non Medicare Single	3,363	3,585	3,467	233	160	154
	<u>Non Medicare Family</u>	<u>4,046</u>	<u>4,388</u>	<u>4,376</u>	<u>193</u>	<u>162</u>	<u>170</u>
	Non Medicare Total	7,409	7,973	7,843	426	322	324
	Retiree Total	34,872	36,183	37,188	460	356	403
Grand Total				35,332	36,539	37,591	

B. Changes in Claim Backlog

Detail of the medical claim backlog is presented in the PEIA report titled “PEIA March 31, 2012 Quarterly Report”.

C. Trend Analysis

While RHBT has experienced unfavorable medical and prescription drug trends in FY 2011, over the long term, trends have been favorable. CCRC Actuaries performed the detailed medical and prescription drugs trend analysis in the report titled, “Detailed Medical and Prescription Drug Claim Trend Report - September 2011”. This report includes the detailed trend analysis of PEIA experience by medical and prescription drugs. Based on the analysis, we have increased the FY 2012 and FY 2013 medical claim trend to 6.5%. Additionally, due to PEIA’s unfavorable prescription drug experience, we have increased our trend assumption for all prescription drugs coverage to 10.0% in FY 2012 and FY 2013.

The current projection assumes the trends on the following table:

Claim Type	Previous Assumption FY 2012 Trend	Updated Assumption FY 2012 Trend
Non-Medicare – Medical	5.5%	6.5%
Medicare – Medical	5.5%	6.5%
Non-Medicare – Drugs	9.0%	10.0%
Medicare – Drugs	9.0%	10.0%

In addition, we have assumed that trends will increase by 0.5% in each successive fiscal year beginning in FY 2014. At the Board’s request, the baseline trend assumptions have been established to reflect the most likely or expected trends. In order to provide information on the impact of varying trend assumptions, two alternative trend scenarios were developed. The Optimistic Scenario incorporates trend assumptions 2.0% below the Baseline Scenario and the Pessimistic Scenario incorporates trend assumptions 2.0% above the Baseline Scenario.

The following chart summarizes the trend results observed for the plan using data through May 2012. It is important to note that these trends *have not* been adjusted to reflect savings as a result of the expansion of the drug rebate program or the claim savings due to changes in provider reimbursement methodologies nor 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>
2003	-5%	-9%	11%	1%	3%
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	-2%	N/A
2009	N/A	-2%	N/A	5%	N/A
2010	N/A	3%	N/A	7%	N/A
2011	N/A	11%	N/A	15%	N/A
2012*	-3%	-6%	7%	8%	-2%

* Fiscal Year 2012 results are through the first eleven months ending May 2012.

Effective July 1, 2007, PEIA had contracted with Coventry Advantra Freedom to provide Medicare Advantage/Prescription Drug Plan (“MAPD”) 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 will leave current MAPD and PDP program as of June 30, 2012, and RHBT will assign Medicare eligible retirees to the Humana MA program starting July 1, 2012.

D. Enrollment, Claim, Expense and Revenue Assumptions

Using aggregate PEIA and Trust Fund paid claim data through May 2012 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 2012 revenue and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

Fiscal Year 2012 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	28,988				\$ 244	\$ 129
	Non-Medicare	8,232			\$ 585	\$ 259	
	Total	37,220	\$ -	\$ 160			
	Non-Medicare Managed Care	342	\$ -	\$ 550			\$ 1,204
	Total	37,562					

*Net of rebates and subsidies.

Projected plan revenues and administrative expenses were provided by RHBT. The following chart summarizes the Financial Plan adopted by the Board in December 2011. Medicare retirees premium will be increased by approximately \$3.1 million in Fiscal Year 2013, while Non-Medicare retirees premium will not receive an increase. This total retiree premium increase of 4% is an effective increase of 9% for the Medicare retirees.

Board Decisions – December 2011

Source	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
Additional Retiree Premium	\$0	\$3,055,115	\$0	\$10,892,731	\$20,165,633
Benefit Reductions/(Increase)	\$0	(\$4,596,000)	\$687,000	\$0	\$0
PPACA Savings/(Cost)	(\$200,000)	\$0	\$0	\$0	\$0
Early Retiree Reinsurance Program (CMS)	\$0	\$3,900,000	\$0	\$0	\$0
Pay Go Premium Transfer	\$152,261,858	\$158,120,257	\$168,004,019	\$178,973,055	\$190,181,211
Actuarial Accrued Liability*	\$4,007,900,000	\$4,250,900,000	\$4,454,000,000	\$4,607,800,000	\$4,745,900,000
Funded Status	11.6%	12.2%	12.5%	12.9%	13.4%

*Projected Result

The \$200,000 PPACA requirement in Fiscal Year 2012 is comprised of the estimated “grandfathering” cost of eliminating lifetime limitations, offering free preventive services, and covering children to age 26. In addition, RHBT is expecting to utilize \$3.9 million through the Early Retiree Reinsurance Program from CMS, and reduce benefit coverage with the addition of “grandfathering” cost at approximately -\$4.596 million in FY 2013.

The \$4,596,000 of enhancements of benefits in Fiscal Year 2013 is comprised of the following changes:

	<u>Decrease in 2013 Claim Cost</u>
Remove Acupuncture Coverage	\$13 K
Change Physical, Occupational, and Speech Therapy Coverage to Medical Necessary with \$10 Copay	\$0.3 M
Increase Emergency Room Copay to \$100	\$0.4 M
Increase Urgent Care to \$25 Co-Pay	\$0.13 M
Specialty Co-Pay increase to \$25 from \$20	\$0.22 M
Introduce \$500 Copay for Gastric Bypass	\$0.2 M
Introduce \$500 Copay for Dental Procedures that are Medically Necessary	\$0.12 M
Pharmacy Option 75% Copay Tier 3 (\$5/\$15/75%/\$50 Sp)	\$2.02 M
Cost of Losing Grandfathering Status	-\$7.999 M

In addition, the Finance board elected to delay increasing the out of pocket maximum for families to FY 2014. The estimated savings is projected to be \$0.7M. 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 \$2.1 million in FY 2012 to approximately \$2.9 million in FY 2016, based on the Board’s direction and projected retiree enrollment growth in the financial plan.

In FY 2013 the Pay-Go is equivalent to \$343 per retiree per month. In future years, the Pay Go premium will continue to increase each year by a maximum of 3% per retiree per year. The new Pay-Go premium formula is based on the financial plan approved by the Financial Board in December 2011.

E. Provider Reimbursement Changes

Effective July 1, 2012, RHBT has contracted with Humana to provide a Medicare Advantage Plan (“MA”) 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 will leave current MAPD and PDP program as of June 30, 2012, and RHBT will assign Medicare eligible retirees to the Humana MA program starting July 1, 2012.

FISCAL YEAR 2012 FORECAST

The financial forecast for FY 2012 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2012, projects accrued revenue of \$228,717,519 and incurred plan expenses of \$236,642,327 to produce a fiscal year deficit of (\$7,924,808). The PEIA local and state agencies Pay Go premiums for FY 2012 are assumed to be \$152,261,858.

FISCAL YEAR 2013 FORECAST

The financial forecast for FY 2013 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2013, projects accrued revenue of \$273,022,806 and incurred plan expenses of \$220,151,672 to produce a fiscal year surplus of \$52,871,134. The PEIA local and state agencies Pay Go premiums for FY 2013 are assumed to be \$158,120,257.

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 \$283,677,781 and incurred plan expenses of \$243,498,259 to produce a fiscal year surplus of \$40,179,522. The PEIA local and state agencies Pay Go premiums for FY 2014 are assumed to be \$168,004,019.

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 \$309,202,885 and incurred plan expenses of \$271,893,243 to produce a fiscal year surplus of \$37,309,642. The PEIA local and state agencies Pay Go premiums for FY 2015 are assumed to be \$178,973,055.

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 \$344,366,316 and incurred plan expenses of \$304,511,500 to produce a fiscal year surplus of \$39,854,816. The PEIA local and state agencies Pay Go premiums for FY 2016 are assumed to be \$190,181,211.

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 2016. These projections are based on significant revenue increases as contained in the Financial Plan adopted by the Board in December 2011 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 2012**

PERIOD 7/1/2011 - 6/30/2012

	TRUST Total
<u>Revenues</u>	
WV PEIA Pay Go Premiums	\$ 152,261,858
Retiree Premiums - PPB	71,299,777
Retiree Premiums - MCO	2,255,335
Annual Required Contributions	1,045,000
Non Par Premiums	3,159,756
Early Retiree Reinsurance Program (CMS)	-
Investment Income	(1,304,207)
Total Revenue	\$ 228,717,519
<u>Program Expenses</u>	
Non-Medicare Medical Claims	\$ 57,909,349
Non-Medicare Prescription Drug Claims	25,635,531
Medicare Medical Claims	3,671,532
Medicare Prescription Drug Claims	3,691,781
Medicare (PDP) Prescription Drug Claims	104,172,013
CMS Direct and Low Income Drug Subsidy	(22,853,768)
Non-Medicare Managed Care Capitations	4,941,213
MAPD Capitations	44,906,974
Administration	12,386,000
Life Insurance	-
Retiree Assistance Program	2,108,868
Director's Discretionary Fund	72,833
Total Expenses	\$ 236,642,327
Fiscal Year Results	\$ (7,924,808)
Beginning Plan Reserve	472,078,789
Ending Plan Reserve	\$ 464,153,982
Accrued Actuarial Liability (AAL)	\$ 4,007,900,000
Funded Status	11.6%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 168.56	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 206.44	Non-Medicare	6.5%	10.0%
		Medicare	6.5%	10.0%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		3.6%

APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2012

PERIOD 7/1/2011 - 6/30/2012

Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 99,399,003		\$ 99,399,003
Employer Premiums - PPB	6,617,563		6,617,563
Employer Premiums - MCO	42,758		42,758
Retiree Premiums - PPB	27,049,405	-	27,049,405
Retiree Premiums - MCO	69,394	-	69,394
Annual Required Contributions	-		-
Non Par Premiums	1,451,072		1,451,072
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	(1,003,212)		(1,003,212)
Total Revenue	\$ 133,625,983	\$ -	\$ 133,625,983
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 3,662,421	\$ 9,112	\$ 3,671,533
Medicare Prescription Drug Claims	3,683,133	8,648	3,691,781
Medicare (PDP) Prescription Drug Claims	104,172,013		104,172,013
CMS Direct and Low Income Drug Subsidy	(22,853,768)		(22,853,768)
MAPD Capitations	44,906,974		44,906,974
Administration	5,688,091		5,688,091
Life Insurance	-		-
Retiree Assistance Program	968,467		968,467
Director's Discretionary Fund	-		-
Total Expenses	\$ 140,227,331	\$ 17,760	\$ 140,245,091
Fiscal Year Results	\$ (6,601,348)		\$ (6,619,108)
Beginning Plan Reserve	216,795,345		216,795,345
Ending Plan Reserve	\$ 210,193,997		\$ 210,176,237
Accrued Actuarial Liability (AAL)	\$ 4,007,900,000		\$ 4,007,900,000
Funded Status	11.6%		11.6%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 168.56	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 134.77	Medicare	6.5%	10.0%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		3.6%

APPENDIX - BASELINE SCENARIO
RHBT - NON-MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2012

PERIOD 7/1/2011 - 6/30/2012

Non-Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 52,862,855		\$ 52,862,855
Employer Premiums - PPB	17,558,116		17,558,116
Employer Premiums - MCO	1,314,849		1,314,849
Retiree Premiums - PPB	20,074,694	-	20,074,694
Retiree Premiums - MCO	828,334	-	828,334
Annual Required Contributions	1,045,000		1,045,000
Non Par Premiums	1,708,684		1,708,684
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	(300,995)		(300,995)
Total Revenue	\$ 95,091,537	\$ -	\$ 95,091,537
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 57,779,130	\$ 130,220	\$ 57,909,350
Non-Medicare Prescription Drug Claims	25,583,511	52,020	25,635,531
CMS Direct and Low Income Drug Subsidy	-		-
Non-Medicare Managed Care Capitations	4,941,213		4,941,213
Administration	6,697,909		6,697,909
Life Insurance	-		-
Retiree Assistance Program	1,140,401		1,140,401
Director's Discretionary Fund	72,833		72,833
Total Expenses	\$ 96,214,997	\$ 182,240	\$ 96,397,237
Fiscal Year Results	\$ (1,123,460)		\$ (1,305,700)
Beginning Plan Reserve	255,283,445		255,283,445
Ending Plan Reserve	\$ 254,159,985		\$ 253,977,745
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 168.56	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 71.67	Non-Medicare	6.5%	10.0%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		3.6%

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

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2013**

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

	TRUST Total
<u>Revenues</u>	
WV PEIA Pay Go Premiums	\$ 158,120,257
Retiree Premiums - PPB	74,614,657
Retiree Premiums - MCO	2,323,479
Annual Required Contributions	-
Non Par Premiums	3,538,927
Early Retiree Reinsurance Program (CMS)	3,900,000
Investment Income	30,525,486
Total Revenue	\$ 273,022,806
<u>Program Expenses</u>	
Non-Medicare Medical Claims	\$ 68,475,169
Non-Medicare Prescription Drug Claims	29,014,676
Medicare Medical Claims	3,911,000
Medicare Prescription Drug Claims	4,062,376
Medicare (PDP) Prescription Drug Claims	-
CMS Direct and Low Income Drug Subsidy	-
Non-Medicare Managed Care Capitations	5,534,472
MAPD Capitations	-
Humana MAPD Program	99,982,080
Administration	6,580,385
Life Insurance	-
Retiree Assistance Program	2,277,577
Director's Discretionary Fund	313,937
Total Expenses	\$ 220,151,672
Fiscal Year Results	\$ 52,871,134
Beginning Plan Reserve	464,153,982
Ending Plan Reserve	\$ 517,025,116
Accrued Actuarial Liability (AAL)	\$ 4,250,900,000
Funded Status	12.2%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 175.05	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 3,055,115	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 207.56	Non-Medicare	6.5%	10.0%
		Medicare	6.5%	10.0%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		3.8%

APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2013

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

Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 82,870,416		\$ 82,870,416
Employer Premiums - PPB	6,643,279		6,643,279
Employer Premiums - MCO	42,924		42,924
Retiree Premiums - PPB	27,154,521	2,998,002	30,152,523
Retiree Premiums - MCO	69,663	57,113	126,776
Annual Required Contributions	-		-
Non Par Premiums	1,625,201		1,625,201
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	23,480,569		23,480,569
Total Revenue	\$ 141,886,573	\$ 3,055,115	\$ 144,941,688
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 3,911,000	\$ -	\$ 3,911,000
Medicare Prescription Drug Claims	4,062,376	-	4,062,376
Medicare (PDP) Prescription Drug Claims	-		-
CMS Direct and Low Income Drug Subsidy	-		-
MAPD Capitations	-		-
Humana MAPD Program	99,982,080		99,982,080
Administration	3,021,946		3,021,946
Life Insurance	-		-
Retiree Assistance Program	1,045,944		1,045,944
Director's Discretionary Fund	-		-
Total Expenses	\$ 112,023,346	\$ -	\$ 112,023,346
Fiscal Year Results	\$ 29,863,227		\$ 32,918,342
Beginning Plan Reserve	210,193,997		210,176,237
Ending Plan Reserve	\$ 240,057,223		\$ 243,094,578
Accrued Actuarial Liability (AAL)	\$ 4,250,900,000		\$ 4,250,900,000
Funded Status	12.2%		12.2%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 175.05	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 3,055,115	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 108.78	Medicare	6.5%	10.0%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		3.8%

APPENDIX - BASELINE SCENARIO
RHBT - NON-MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2013

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

Non-Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 75,249,840		\$ 75,249,840
Employer Premiums - PPB	17,644,918		17,644,918
Employer Premiums - MCO	1,321,349		1,321,349
Retiree Premiums - PPB	20,173,936		20,173,936
Retiree Premiums - MCO	832,429		832,429
Annual Required Contributions	-		-
Non Par Premiums	1,913,726		1,913,726
Early Retiree Reinsurance Program (CMS)	3,900,000		3,900,000
Investment Income	7,044,917		7,044,917
Total Revenue	\$ 128,081,115	\$ -	\$ 128,081,115
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 63,059,019	\$ 5,416,150	\$ 68,475,169
Non-Medicare Prescription Drug Claims	29,834,827	(820,150)	29,014,677
CMS Direct and Low Income Drug Subsidy	-		-
Non-Medicare Managed Care Capitations	5,534,472		5,534,472
Administration	3,558,439		3,558,439
Life Insurance	-		-
Retiree Assistance Program	1,231,633		1,231,633
Director's Discretionary Fund	313,937		313,937
Total Expenses	\$ 103,532,327	\$ 4,596,000	\$ 108,128,327
Fiscal Year Results	\$ 24,548,788		\$ 19,952,788
Beginning Plan Reserve	254,159,985		253,977,745
Ending Plan Reserve	\$ 278,708,773		\$ 273,930,533
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 175.05	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 98.78	Non-Medicare	6.5%	10.0%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		3.8%

**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	\$ 168,004,019
Retiree Premiums - PPB	74,792,449
Retiree Premiums - MCO	2,327,893
Annual Required Contributions	-
Non Par Premiums	3,963,598
Early Retiree Reinsurance Program (CMS)	-
Investment Income	34,589,822
Total Revenue	\$ 283,677,781
<u>Program Expenses</u>	
Non-Medicare Medical Claims	\$ 74,004,297
Non-Medicare Prescription Drug Claims	32,677,936
Medicare Medical Claims	4,177,719
Medicare Prescription Drug Claims	4,481,647
Medicare (PDP) Prescription Drug Claims	-
CMS Direct and Low Income Drug Subsidy	-
Non-Medicare Managed Care Capitations	5,977,230
MAPD Capitations	-
Humana MAPD Program	112,489,465
Administration	6,909,404
Life Insurance	-
Retiree Assistance Program	2,459,784
Director's Discretionary Fund	320,777
Total Expenses	\$ 243,498,259
Fiscal Year Results	\$ 40,179,522
Beginning Plan Reserve	517,025,116
Ending Plan Reserve	\$ 557,204,638
Accrued Actuarial Liability (AAL)	\$ 4,454,000,000
Funded Status	12.5%

KEY ASSUMPTIONS

		Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go Monthly Premium for Actives	\$ 185.99			
Additional Retiree Premiums	\$ -			
Pay Go PMPM Subsidy for Retirees	\$ 214.01	Non-Medicare	7.0%	10.5%
		Medicare	7.0%	10.5%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		6.3%

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	\$ 90,599,076		\$ 90,599,076
Employer Premiums - PPB	6,650,492		6,650,492
Employer Premiums - MCO	42,971		42,971
Retiree Premiums - PPB	28,961,562	-	28,961,562
Retiree Premiums - MCO	74,299	-	74,299
Annual Required Contributions	-		-
Non Par Premiums	1,820,225		1,820,225
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	26,606,905		26,606,905
Total Revenue	\$ 154,755,530	\$ -	\$ 154,755,530
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 4,177,719	\$ -	\$ 4,177,719
Medicare Prescription Drug Claims	4,481,647	-	4,481,647
Medicare (PDP) Prescription Drug Claims	-		-
CMS Direct and Low Income Drug Subsidy	-		-
MAPD Capitations	-		-
Humana MAPD Program	112,489,465		112,489,465
Administration	3,173,044		3,173,044
Life Insurance	-		-
Retiree Assistance Program	1,129,620		1,129,620
Director's Discretionary Fund	-		-
Total Expenses	\$ 125,451,495	\$ -	\$ 125,451,495
Fiscal Year Results	\$ 29,304,035		\$ 29,304,035
Beginning Plan Reserve	240,057,223		243,094,578
Ending Plan Reserve	\$ 269,361,258		\$ 272,398,613
Accrued Actuarial Liability (AAL)	\$ 4,454,000,000		\$ 4,454,000,000
Funded Status	12.5%		12.5%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 185.99	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 115.41	Medicare	7.0%	10.5%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		6.3%

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	\$ 77,404,944		\$ 77,404,944
Employer Premiums - PPB	17,664,666		17,664,666
Employer Premiums - MCO	1,322,828		1,322,828
Retiree Premiums - PPB	21,515,730	-	21,515,730
Retiree Premiums - MCO	887,795	-	887,795
Annual Required Contributions	-		-
Non Par Premiums	2,143,373		2,143,373
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	7,982,918		7,982,918
Total Revenue	\$ 128,922,254	\$ -	\$ 128,922,254
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 74,691,297	\$ (687,000)	\$ 74,004,297
Non-Medicare Prescription Drug Claims	32,677,936	-	32,677,936
CMS Direct and Low Income Drug Subsidy	-		-
Non-Medicare Managed Care Capitations	5,977,230		5,977,230
Administration	3,736,360		3,736,360
Life Insurance	-		-
Retiree Assistance Program	1,330,164		1,330,164
Director's Discretionary Fund	320,777		320,777
Total Expenses	\$ 118,733,764	\$ (687,000)	\$ 118,046,764
Fiscal Year Results	\$ 10,188,490		\$ 10,875,490
Beginning Plan Reserve	278,708,773		273,930,533
Ending Plan Reserve	\$ 288,897,264		\$ 284,806,024
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 185.99	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 98.60	Non-Medicare	7.0%	10.5%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		6.3%

**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	\$ 178,973,055
Retiree Premiums - PPB	85,933,506
Retiree Premiums - MCO	2,547,452
Annual Required Contributions	-
Non Par Premiums	4,439,230
Early Retiree Reinsurance Program (CMS)	-
Investment Income	37,309,642
Total Revenue	\$ 309,202,885
<u>Program Expenses</u>	
Non-Medicare Medical Claims	\$ 81,103,566
Non-Medicare Prescription Drug Claims	36,977,670
Medicare Medical Claims	4,483,522
Medicare Prescription Drug Claims	4,966,606
Medicare (PDP) Prescription Drug Claims	-
CMS Direct and Low Income Drug Subsidy	-
Non-Medicare Managed Care Capitations	6,455,409
MAPD Capitations	-
Humana MAPD Program	127,667,990
Administration	7,254,874
Life Insurance	-
Retiree Assistance Program	2,656,566
Director's Discretionary Fund	327,040
Total Expenses	\$ 271,893,243
Fiscal Year Results	\$ 37,309,642
Beginning Plan Reserve	557,204,638
Ending Plan Reserve	\$ 594,514,280
Accrued Actuarial Liability (AAL)	\$ 4,607,800,000
Funded Status	12.9%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 198.14	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 10,892,731	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 220.68	Non-Medicare	7.5%	11.0%
		Medicare	7.5%	11.0%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		6.5%

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	\$ 97,198,222		\$ 97,198,222
Employer Premiums - PPB	6,684,512		6,684,512
Employer Premiums - MCO	43,191		43,191
Retiree Premiums - PPB	29,109,712	6,132,859	35,242,571
Retiree Premiums - MCO	74,679	15,734	90,413
Annual Required Contributions	-		-
Non Par Premiums	2,038,652		2,038,652
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	28,699,023		28,699,023
Total Revenue	\$ 163,847,991	\$ 6,148,593	\$ 169,996,584
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 4,483,522	\$ -	\$ 4,483,522
Medicare Prescription Drug Claims	4,966,606	-	4,966,606
Medicare (PDP) Prescription Drug Claims	-		-
CMS Direct and Low Income Drug Subsidy	-		-
MAPD Capitations	-		-
Humana MAPD Program	127,667,990		127,667,990
Administration	3,331,696		3,331,696
Life Insurance	-		-
Retiree Assistance Program	1,219,990		1,219,990
Director's Discretionary Fund	-		-
Total Expenses	\$ 141,669,804	\$ -	\$ 141,669,804
Fiscal Year Results	\$ 22,178,187		\$ 28,326,780
Beginning Plan Reserve	269,361,258		272,398,613
Ending Plan Reserve	\$ 291,539,445		\$ 300,725,393
Accrued Actuarial Liability (AAL)	\$ 4,607,800,000		\$ 4,607,800,000
Funded Status	12.7%		12.9%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 198.14	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 6,148,593	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 119.85	Medicare	7.5%	11.0%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		6.5%

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	\$ 81,774,834		\$ 81,774,834
Employer Premiums - PPB	17,786,345		17,786,345
Employer Premiums - MCO	1,331,940		1,331,940
Retiree Premiums - PPB	21,663,937	4,556,140	26,220,077
Retiree Premiums - MCO	893,911	187,998	1,081,909
Annual Required Contributions	-		-
Non Par Premiums	2,400,578		2,400,578
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	8,610,620		8,610,620
Total Revenue	\$ 134,462,165	\$ 4,744,138	\$ 139,206,303
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 81,103,566	\$ -	\$ 81,103,566
Non-Medicare Prescription Drug Claims	36,977,670	-	36,977,670
CMS Direct and Low Income Drug Subsidy	-		-
Non-Medicare Managed Care Capitations	6,455,409		6,455,409
Administration	3,923,178		3,923,178
Life Insurance	-		-
Retiree Assistance Program	1,436,577		1,436,577
Director's Discretionary Fund	327,040		327,040
Total Expenses	\$ 130,223,440	\$ -	\$ 130,223,440
Fiscal Year Results	\$ 4,238,725		\$ 8,982,863
Beginning Plan Reserve	288,897,264		284,806,024
Ending Plan Reserve	\$ 293,135,989		\$ 293,788,887
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 198.14	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 4,744,138	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 100.83	Non-Medicare	7.5%	11.0%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		6.5%

**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	\$ 190,181,211
Retiree Premiums - PPB	106,413,457
Retiree Premiums - MCO	2,944,895
Annual Required Contributions	-
Non Par Premiums	4,971,937
Early Retiree Reinsurance Program (CMS)	-
Investment Income	39,854,816
Total Revenue	\$ 344,366,316
<u>Program Expenses</u>	
Non-Medicare Medical Claims	\$ 89,294,955
Non-Medicare Prescription Drug Claims	42,024,103
Medicare Medical Claims	4,834,136
Medicare Prescription Drug Claims	5,528,883
Medicare (PDP) Prescription Drug Claims	-
CMS Direct and Low Income Drug Subsidy	-
Non-Medicare Managed Care Capitations	6,971,841
MAPD Capitations	-
Humana MAPD Program	145,037,491
Administration	7,617,618
Life Insurance	-
Retiree Assistance Program	2,869,092
Director's Discretionary Fund	333,381
Total Expenses	\$ 304,511,500
Fiscal Year Results	\$ 39,854,816
Beginning Plan Reserve	594,514,280
Ending Plan Reserve	\$ 634,369,097
Accrued Actuarial Liability (AAL)	\$ 4,745,900,000
Funded Status	13.4%

KEY ASSUMPTIONS

		Claim and Other Expense Trends		
		Eligibility	Medical	Drugs
Pay Go Monthly Premium for Actives	\$ 210.54			
Additional Retiree Premiums	\$ 20,165,633			
Pay Go PMPM Subsidy for Retirees	\$ 227.53			
		Non-Medicare	8.0%	11.5%
		Medicare	8.0%	11.5%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		6.3%

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	\$ 103,764,689		\$ 103,764,689
Employer Premiums - PPB	6,697,896		6,697,896
Employer Premiums - MCO	43,277		43,277
Retiree Premiums - PPB	35,531,213	11,346,308	46,877,521
Retiree Premiums - MCO	91,153	29,108	120,261
Annual Required Contributions	-		-
Non Par Premiums	2,283,290		2,283,290
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	30,656,801		30,656,801
Total Revenue	\$ 179,068,319	\$ 11,375,416	\$ 190,443,735
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 4,834,136	\$ -	\$ 4,834,136
Medicare Prescription Drug Claims	5,528,883	-	5,528,883
Medicare (PDP) Prescription Drug Claims	-		-
CMS Direct and Low Income Drug Subsidy	-		-
MAPD Capitations	-		-
Humana MAPD Program	145,037,491		145,037,491
Administration	3,498,281		3,498,281
Life Insurance	-		-
Retiree Assistance Program	1,317,589		1,317,589
Director's Discretionary Fund	-		-
Total Expenses	\$ 160,216,380	\$ -	\$ 160,216,380
Fiscal Year Results	\$ 18,851,939		\$ 30,227,355
Beginning Plan Reserve	291,539,445		300,725,393
Ending Plan Reserve	\$ 310,391,384		\$ 330,952,748
Accrued Actuarial Liability (AAL)	\$ 4,745,900,000		\$ 4,745,900,000
Funded Status	12.7%		13.4%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 210.54	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 11,375,416	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 124.14	Medicare	8.0%	11.5%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		6.3%

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	\$ 86,416,523		\$ 86,416,523
Employer Premiums - PPB	17,878,299		17,878,299
Employer Premiums - MCO	1,338,826		1,338,826
Retiree Premiums - PPB	26,517,859	8,441,883	34,959,742
Retiree Premiums - MCO	1,094,196	348,334	1,442,530
Annual Required Contributions	-		-
Non Par Premiums	2,688,647		2,688,647
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	9,198,015		9,198,015
Total Revenue	\$ 145,132,365	\$ 8,790,217	\$ 153,922,582
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 89,294,955	\$ -	\$ 89,294,955
Non-Medicare Prescription Drug Claims	42,024,103	-	42,024,103
CMS Direct and Low Income Drug Subsidy	-		-
Non-Medicare Managed Care Capitations	6,971,841		6,971,841
Administration	4,119,337		4,119,337
Life Insurance	-		-
Retiree Assistance Program	1,551,503		1,551,503
Director's Discretionary Fund	333,382		333,382
Total Expenses	\$ 144,295,121	\$ -	\$ 144,295,121
Fiscal Year Results	\$ 837,244		\$ 9,627,461
Beginning Plan Reserve	293,135,989		293,788,887
Ending Plan Reserve	\$ 293,973,233		\$ 303,416,348
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 210.54	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 8,790,217	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 103.39	Non-Medicare	8.0%	11.5%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		6.3%

**Attachment - Trust Fund
Historical Monthly Medical and Drug Trends
FY 2010 to FY 2012**

Fiscal Year 2010

Exposure

	<u>Jul-09</u>	<u>Aug-09</u>	<u>Sep-09</u>	<u>Oct-09</u>	<u>Nov-09</u>	<u>Dec-09</u>	<u>Jan-10</u>	<u>Feb-10</u>	<u>Mar-10</u>	<u>Apr-10</u>	<u>May-10</u>	<u>Jun-10</u>
NonMed_NonDrug	18,470	19,167	19,133	18,994	19,016	18,991	18,968	18,857	18,836	18,739	18,523	18,333
Med_NonDrug	983	1,130	1,348	1,375	1,664	1,848	2,042	2,259	2,392	2,488	2,667	2,920
NonMed_Drug	17,122	17,761	17,731	17,606	17,625	17,600	17,580	17,478	17,459	17,370	17,171	16,998
Med_Drug	1,024	1,177	1,404	1,432	1,733	1,925	2,127	2,353	2,492	2,592	2,778	3,041

	<u>Jul-09</u>	<u>Aug-09</u>	<u>Sep-09</u>	<u>Oct-09</u>	<u>Nov-09</u>	<u>Dec-09</u>	<u>Jan-10</u>	<u>Feb-10</u>	<u>Mar-10</u>	<u>Apr-10</u>	<u>May-10</u>	<u>Jun-10</u>
NonMed_NonDrug	\$245.14	\$186.84	\$201.79	\$251.01	\$225.48	\$213.62	\$211.67	\$237.05	\$284.87	\$237.27	\$221.69	\$286.84
Med_NonDrug	226.29	195.85	165.90	183.28	133.98	140.86	184.34	126.94	134.25	137.40	121.77	142.83
NonMed_Drug	75.32	92.74	101.68	103.49	100.71	110.58	102.22	100.87	122.02	112.48	118.41	135.97
Med_Drug	<u>110.26</u>	<u>146.55</u>	<u>160.26</u>	<u>180.07</u>	<u>147.09</u>	<u>174.65</u>	<u>160.89</u>	<u>159.71</u>	<u>179.51</u>	<u>184.37</u>	<u>189.84</u>	<u>215.14</u>
Total	\$657.01	\$621.97	\$629.64	\$717.85	\$607.26	\$639.72	\$659.12	\$624.58	\$720.65	\$671.53	\$651.71	\$780.78

Change From Prior Year - Month to Month Analysis

NonMed_NonDrug	23.1%	-9.2%	-5.5%	16.3%	14.4%	9.0%	-14.0%	1.9%	7.0%	-5.4%	-8.9%	7.3%
Med_NonDrug	112.2%	-11.4%	-18.7%	-11.4%	-26.6%	-33.4%	-17.0%	-34.9%	-47.8%	-25.9%	-21.1%	-8.4%
NonMed_Drug	4.6%	2.9%	6.2%	-1.8%	5.3%	4.7%	-3.0%	5.5%	12.8%	7.9%	15.5%	14.9%
Med_Drug	<u>19.5%</u>	<u>4.2%</u>	<u>-8.8%</u>	<u>4.9%</u>	<u>-7.3%</u>	<u>-12.6%</u>	<u>-10.0%</u>	<u>-1.4%</u>	<u>-5.6%</u>	<u>11.2%</u>	<u>5.7%</u>	<u>6.4%</u>
Total	39.8%	-5.4%	-8.6%	2.6%	-4.2%	-10.2%	-12.4%	-8.9%	-12.3%	-4.9%	-4.1%	5.0%

Change From Prior Year - Quarter to Quarter Analysis

NonMed_NonDrug			2.5%			13.3%			-1.5%			-2.1%
Med_NonDrug			10.6%			-23.7%			-34.0%			-18.9%
NonMed_Drug			4.6%			2.6%			5.2%			12.9%
Med_Drug			2.1%			-5.4%			-5.8%			7.7%
Total			5.1%			-4.0%			-11.3%			-1.2%

Change From Prior Year - Year to Year Analysis

NonMed_NonDrug			-2.3%			2.4%			3.1%			2.5%
Med_NonDrug			57.9%			21.2%			-6.3%			-17.8%
NonMed_Drug			3.5%			1.7%			3.8%			6.5%
Med_Drug			<u>5.6%</u>			<u>0.4%</u>			<u>-0.7%</u>			<u>-0.4%</u>
Total			12.8%			6.2%			-0.2%			-3.3%

**Attachment - Trust Fund
Historical Monthly Medical and Drug Trends
FY 2010 to FY 2012**

Fiscal Year 2011

Exposure

	<u>Jul-10</u>	<u>Aug-10</u>	<u>Sep-10</u>	<u>Oct-10</u>	<u>Nov-10</u>	<u>Dec-10</u>	<u>Jan-11</u>	<u>Feb-11</u>	<u>Mar-11</u>	<u>Apr-11</u>	<u>May-11</u>	<u>Jun-11</u>
NonMed_NonDrug	19,188	19,757	20,465	20,414	20,429	20,477	20,436	20,365	20,304	20,167	20,009	19,821
Med_NonDrug	936	1,130	1,402	1,583	1,755	1,939	2,124	2,308	2,315	2,623	2,784	2,864
NonMed_Drug	17,788	18,313	18,964	18,916	18,931	18,976	18,941	18,884	18,823	18,695	18,548	18,373
Med_Drug	975	1,177	1,461	1,648	1,828	2,020	2,212	2,404	2,411	2,732	2,900	2,983

	<u>Jul-10</u>	<u>Aug-10</u>	<u>Sep-10</u>	<u>Oct-10</u>	<u>Nov-10</u>	<u>Dec-10</u>	<u>Jan-11</u>	<u>Feb-11</u>	<u>Mar-11</u>	<u>Apr-11</u>	<u>May-11</u>	<u>Jun-11</u>
NonMed_NonDrug	\$214.58	\$188.82	\$202.59	\$221.12	\$229.41	\$200.09	\$270.68	\$214.80	\$273.82	\$293.34	\$276.22	\$287.11
Med_NonDrug	130.66	156.54	121.87	135.30	143.67	116.65	164.77	153.31	170.17	140.38	148.03	128.19
NonMed_Drug	81.76	104.74	106.50	109.10	114.20	114.64	116.26	109.43	128.08	119.30	121.64	138.10
Med_Drug	<u>137.19</u>	<u>173.39</u>	<u>184.09</u>	<u>183.67</u>	<u>180.29</u>	<u>185.91</u>	<u>198.94</u>	<u>176.83</u>	<u>213.64</u>	<u>188.36</u>	<u>224.10</u>	<u>247.98</u>
Total	\$564.19	\$623.49	\$615.05	\$649.19	\$667.57	\$617.29	\$750.65	\$654.37	\$785.71	\$741.38	\$769.99	\$801.38

Change From Prior Year - Month to Month Analysis

NonMed_NonDrug	-12.5%	1.1%	0.4%	-11.9%	1.7%	-6.3%	27.9%	-9.4%	-3.9%	23.6%	24.6%	0.1%
Med_NonDrug	-42.3%	-20.1%	-26.5%	-26.2%	7.2%	-17.2%	-10.6%	20.8%	26.8%	2.2%	21.6%	-10.2%
NonMed_Drug	8.5%	12.9%	4.7%	5.4%	13.4%	3.7%	13.7%	8.5%	5.0%	6.1%	2.7%	1.6%
Med_Drug	<u>24.4%</u>	<u>18.3%</u>	<u>14.9%</u>	<u>2.0%</u>	<u>22.6%</u>	<u>6.4%</u>	<u>23.7%</u>	<u>10.7%</u>	<u>19.0%</u>	<u>2.2%</u>	<u>18.0%</u>	<u>15.3%</u>
Total	-14.1%	0.2%	-2.3%	-9.6%	9.9%	-3.5%	13.9%	4.8%	9.0%	10.4%	18.1%	2.6%

Change From Prior Year - Quarter to Quarter Analysis

NonMed_NonDrug			-4.4%			-5.7%			3.5%			14.9%
Med_NonDrug			-30.4%			-13.6%			9.6%			3.6%
NonMed_Drug			8.6%			7.4%			8.8%			3.3%
Med_Drug			<u>18.6%</u>			<u>9.6%</u>			<u>17.9%</u>			<u>12.1%</u>
Total			-5.5%			-1.6%			9.3%			9.9%

Change From Prior Year - Year to Year Analysis

NonMed_NonDrug			1.0%			-3.3%			-2.0%			2.5%
Med_NonDrug			-27.3%			-25.5%			-14.7%			-9.7%
NonMed_Drug			7.4%			8.5%			9.5%			6.8%
Med_Drug			<u>3.0%</u>			<u>6.9%</u>			<u>13.1%</u>			<u>14.2%</u>
Total			-5.6%			-5.1%			0.3%			3.2%

**Attachment - Trust Fund
Historical Monthly Medical and Drug Trends
FY 2010 to FY 2012**

Fiscal Year 2012

Exposure

	<u>Jul-11</u>	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>
NonMed_NonDrug	20,498	21,221	21,302	21,202	20,967	20,793	20,605	20,503	20,371	20,064	19,869
Med_NonDrug	913	1,215	1,462	1,726	1,962	1,999	2,486	2,731	2,743	3,107	3,301
NonMed_Drug	18,997	19,666	19,739	19,646	19,427	19,267	19,092	18,999	18,879	18,592	18,410
Med_Drug	951	1,266	1,523	1,798	2,044	2,082	2,589	2,845	2,858	3,236	3,438

	<u>Jul-11</u>	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>
NonMed_NonDrug	\$168.83	\$202.81	\$202.88	\$225.66	\$243.92	\$205.08	\$228.03	\$227.07	\$231.76	\$221.49	\$242.71
Med_NonDrug	132.42	142.80	137.54	146.95	127.53	137.41	163.74	127.76	142.65	136.36	146.42
NonMed_Drug	86.09	109.81	113.10	114.84	115.31	127.49	128.93	124.94	135.62	134.41	131.08
Med_Drug	<u>156.00</u>	<u>225.96</u>	<u>207.69</u>	<u>189.66</u>	<u>195.57</u>	<u>216.45</u>	<u>203.22</u>	<u>182.94</u>	<u>203.09</u>	<u>182.71</u>	<u>183.15</u>
Total	\$543.35	\$681.38	\$661.21	\$677.11	\$682.33	\$686.43	\$723.93	\$662.72	\$713.12	\$674.97	\$703.36

Change From Prior Year - Month to Month Analysis

NonMed_NonDrug	-21.3%	7.4%	0.1%	2.1%	6.3%	2.5%	-15.8%	5.7%	-15.4%	-24.5%	-12.1%
Med_NonDrug	1.3%	-8.8%	12.9%	8.6%	-11.2%	17.8%	-0.6%	-16.7%	-16.2%	-2.9%	-1.1%
NonMed_Drug	5.3%	4.8%	6.2%	5.3%	1.0%	11.2%	10.9%	14.2%	5.9%	12.7%	7.8%
Med_Drug	<u>13.7%</u>	<u>30.3%</u>	<u>12.8%</u>	<u>3.3%</u>	<u>8.5%</u>	<u>16.4%</u>	<u>2.2%</u>	<u>3.5%</u>	<u>-4.9%</u>	<u>-3.0%</u>	<u>-18.3%</u>
Total	-3.7%	9.3%	7.5%	4.3%	2.2%	11.2%	-3.6%	1.3%	-9.2%	-9.0%	-8.7%

Change From Prior Year - Quarter to Quarter Analysis

NonMed_NonDrug			-5.2%			3.7%			-9.5%		
Med_NonDrug			0.9%			4.1%			-11.1%		
NonMed_Drug			5.5%			5.8%			10.1%		
Med_Drug			<u>19.2%</u>			<u>9.4%</u>			<u>0.0%</u>		
Total			4.6%			5.8%			-4.2%		

Change From Prior Year - Year to Year Analysis

NonMed_NonDrug			2.4%			4.7%			1.1%		
Med_NonDrug			-0.1%			4.7%			-1.2%		
NonMed_Drug			6.2%			5.8%			6.2%		
Med_Drug			<u>14.5%</u>			<u>14.4%</u>			<u>9.8%</u>		
Total			5.7%			7.5%			3.9%		