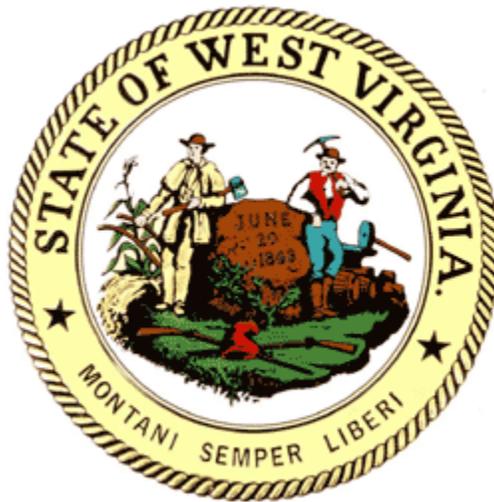


STATE OF WEST VIRGINIA



PUBLIC EMPLOYEES INSURANCE AGENCY

Financial Plan

Fiscal Years 2016-2020

Report Date: June 2016



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Finance Board
West Virginia Public Employees Insurance Agency
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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 Continuing Care Actuaries.

Continuing Care Actuaries has been retained by the West Virginia Public Employees Insurance Agency Finance Board (“Board”) to assist it as provided under Code of the West Virginia 1931 (“Code”), as amended. The Board has asked Continuing Care Actuaries to review the financial plan prepared and proposed by the Board in January 2016 for the fiscal year 2017 (“FY 2017”) and to provide quarterly financial reports for current FY 2016 and thereafter. Our analysis is developed on an accrued and incurred reporting basis for a projection period of five years as required by the Code.

Under the statutory Code provisions, it is the Board’s responsibility to prepare a proposed financial plan designed to generate revenues sufficient to meet all insurance program and administrative costs of the West Virginia Public Employees Insurance Agency (“PEIA”). The Board is required to provide a financing plan in which the State Fund revenue costs are financed 80% by state employers and 20% by state employees in FY 2016 and in subsequent fiscal years. In subsequent fiscal years, future transfers of employer and employee funds may be needed to obtain the 80% and 20% split between employer and employee, depending on future enrollment and coverage elections by insureds.

The Board is also charged with the responsibility to review actual costs incurred, any revised cost estimates, expenditures, and other factors affecting the fiscal stability of the plan and to make any modifications to the plan necessary to insure that the total financial requirements of PEIA are met for the projection period. We have been asked to review the proposed financial plan, and as supported by our work, to render an actuarial opinion stating whether the plan may be reasonably expected to generate sufficient revenues to meet estimated insurance program and administrative costs of PEIA through FY 2020.

The Medicaid / PEIA Hospital Bill (“Bill”) has been extended and is anticipated to continue to provide PEIA with hospital charge savings through discounts for all non-Medicare coverages. These hospital savings are assumed to increase by the medical trend assumptions in Fiscal Year 2016 and subsequently. We are assuming that the Bill will continue throughout the five year forecast period.

Continuing Care Actuaries has provided preliminary forecasts for fiscal years ending June 30, 2016 (“FY 2016”), June 30, 2017 (“FY 2017”), June 30, 2018 (“FY 2018”), June 30, 2019 (“FY 2019”) and June 30, 2020 (“FY 2020”). Our opinion of plan adequacy is based on the projections through FY 2020 using updated future revenue and plan modifications provided by the Board in the financial plan adopted in January 2016. This forecast is prepared for the Public Employee Insurance Agency, and does not include actuarial projections for the West Virginia Retiree Health Benefit Trust Fund.

In reviewing the plan, Continuing Care Actuaries utilized information concerning the plan’s prior experience, covered individuals, plan revenues, plan benefits, plan administrative costs, and other expenses. This information was developed and provided by PEIA, the plan’s third party administrators and other sources. In our review, we completely relied on the accuracy of this information and did not perform any due diligence on the information. The enclosed forecasts include anticipated changes from the federal statute Patient Protection and Affordable Care Act (“PPACA”) signed into law on March 23, 2010. Additional details of the benefit reductions can be found later in this report. In addition, it is noteworthy that some current PEIA members have become eligible for the West Virginia Children Health Insurance Plan effective in Fiscal Year 2016.

In FY 2016 the Pay-Go is equivalent to \$295 per retiree per month. In future years, the Pay Go premium may increase by a maximum of 3% per retiree per year, indexed to the initial fixed subsidy determined in FY 2013. The new Pay-Go premium formula is based on the financial plan approved by the Financial Board in January 2016.

This report includes updated claim trend assumptions as recommended in the report titled, “Detailed Medical and Prescription Drugs Claim Trend Report - September 2015”. In the circumstances and subject to the conditions described herein, we believe the financial plan approved by the Board for FY 2016 through FY 2020 may be reasonably expected to generate sufficient revenues, when combined with the existing surplus, to meet estimated insurance program and administrative costs of PEIA. In addition, we are forecasting that PEIA will meet the minimum 20% employee cost share requirement for state revenue in FY 2016 based on the scheduled revenue increases of the financial plan approved and amended by the Board in January 2016.

The conclusion of long-term solvency for the program over the five-year forecast is based on significant revenue increases in employer and employee premiums in later fiscal years of the plan through FY 2020 as approved by the Board.

The preparation of any estimate of future health costs requires consideration of a broad array of complex social and economic events. Changes in reimbursement methodology, the emergence of new and expensive medical procedures and prescription drugs options, and the continuing evolution of the framework of the managed care options, as are contemplated in the Board's proposed plan, increase the level of uncertainty of such estimates. As such, the estimate of insurance program costs contains considerable uncertainty and variability and actual experience may not conform to the assumptions used.

Respectfully,



Dave Bond, F.S.A., F.C.A., M.A.A.A.
Managing Partner



Chris Borcik, F.S.A., F.C.A., M.A.A.A.
Principal

West Virginia Public Employees Insurance Agency

Report of Independent Actuary

Financial Plan for FY 2016 – FY 2020

OVERVIEW

This report analyzes revenues and expenses related to funding the health and life insurance benefits of active employees of the State and various Local Agencies, together with their dependents. This report is intended for the sole use of the Board, and any other use requires written approval by Continuing Care Actuaries.

This report was compiled utilizing claims data collected by PEIA's third party administrators through February 2016 for prescription drugs and medical claims. Enrollment data, administrative expenses, managed care capitations, and plan revenues were provided at special request from PEIA. Revenue assumptions are based on premium rates, assumed investment income and significant general and special revenue allocations provided by the Governor, some of which have not been approved by the West Virginia Legislature. In addition, other information became available through presentations made at the Board meetings, which has been used in arriving at our conclusions.

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

KEY ASSUMPTIONS

A. Enrollment Changes

These projections include the assumption that Preferred Provider Benefit (“PPB”) and managed care enrollment will not change from March 2016 enrollment levels for the duration of these forecasts for active employees.

In aggregate, March 2016 enrollment for active employees has decreased by 499 coverages since the end of FY 2015. Aggregate PPB enrollment has decreased by 652 in total over the same period, while managed care enrollment experienced an increase of 153 coverages.

In the State Fund, the overall active State enrollment decreased by 274 coverages from the end of FY 2015 to March 2016. And in the Local Fund, the overall active Local enrollment decreased by 225 coverages from the end of FY 2015 to March 2016.

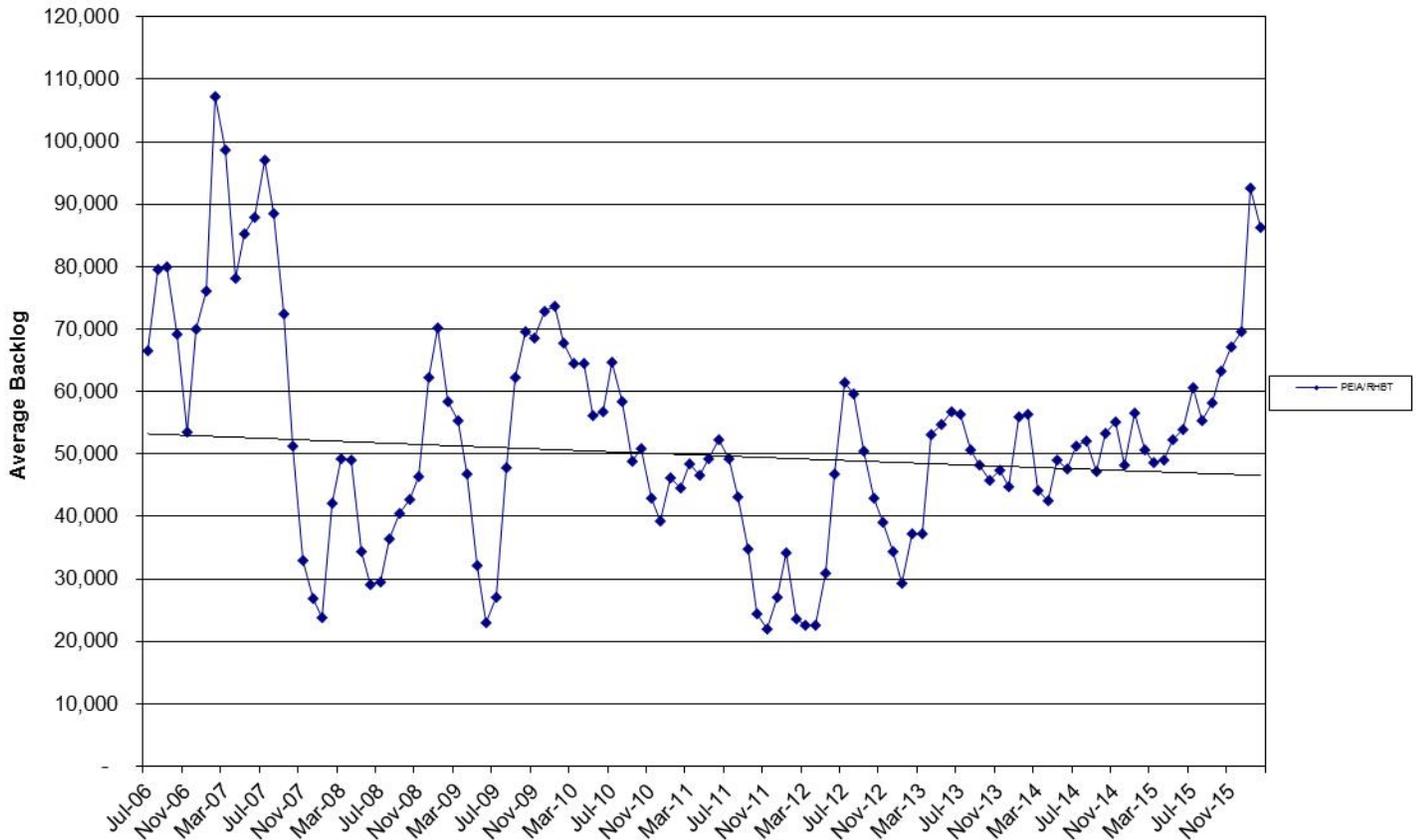
The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2014, June 2015 and March 2016 for purposes of comparison:

PEIA Fund	Coverage	Preferred Provider Benefit			Managed Care		
		Jun-14	Jun-15	Mar-16	Jun-14	Jun-15	Mar-16
State Active	Single	22,043	22,080	22,065	1,903	1,889	1,936
	Children	6,582	6,295	6,227	627	571	584
	Family	30,446	30,344	30,068	2,817	2,759	2,784
	Total	59,071	58,719	58,360	5,347	5,219	5,304
Local Active	Single	5,207	5,474	5,202	372	371	400
	Children	975	1,013	936	112	102	100
	Family	5,511	5,720	5,776	156	149	190
	Total	11,693	12,207	11,914	640	622	690
Plan Total		70,764	70,926	70,274	5,987	5,841	5,994
Grand Total					76,751	76,767	76,268

B. Changes in Claim Backlog

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

WV PEIA&RHBT Claim Backlog July 2006 through February 2016



C. Trend Analysis

PEIA experienced slightly higher medical and prescription drug trends in FY 2015, but over the past few years, trends have been beneficial to the plan. Continuing Care Actuaries performed the detailed medical and prescription drugs trend analysis in the report titled, “Detailed Medical and Prescription Drugs Claim Trend Report - September 2015”. This report includes the detailed trend analysis of PEIA experience by medical and prescription drugs. Based on the analysis, we have increased the FY 2016 medical claim trend assumption from 5.5% to 6.5%, and we have maintained the FY 2016 prescription drug claim trend assumption at 8.5%.

The current projection assumes the trends in the following table:

Claim Type	Previous Assumption FY 2016 Trend	Updated Assumption FY 2016 Trend
Active Local – Medical	5.5%	6.5%
State – Medical	5.5%	6.5%
Active Local – Drugs	8.5%	8.5%
State – Drugs	8.5%	8.5%

In addition, we have assumed that trends will increase by 0.5% 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 February 2016. It is important to note that these trends *have not* been adjusted to reflect savings as a result of the expansion of the drug rebate program or the claim savings due to changes in provider reimbursement methodologies, nor the changes in the benefit structure. In developing the claim cost projection, we have reflected for benefit and reimbursement changes as an adjustment to the gross trend assumption.

PEIA Historical Trends (Active Local and State)

<u>Fiscal</u> <u>Year</u>	<u>Active Local</u> <u>Medical</u>	<u>State</u> <u>Medical</u>	<u>Active Local</u> <u>Drugs</u>	<u>State</u> <u>Drugs</u>	<u>Total</u>
2004	-1%	12%	9%	7%	9%
2005	16%	7%	7%	20%	11%
2006	1%	2%	18%	7%	3%
2007	15%	2%	13%	8%	5%
2008	3%	8%	-5%	-1%	4%
2009	-8%	3%	5%	4%	2%
2010	10%	1%	9%	9%	4%
2011	11%	8%	16%	15%	8%
2012	5%	5%	8%	6%	5%
2013	-3%	-3%	2%	6%	-3%
2014	8%	6%	9%	7%	7%
2015	6%	10%	14%	10%	10%
2016*	-5%	7%	12%	11%	4%

* Fiscal Year 2016 results are through the first eight months ending February 2016.

D. Enrollment, Claim, Expense and Revenue Assumptions

Using PEIA paid claim data through February 2016 for medical claims and for prescription drugs claims, average annualized incurred unit claim costs were developed for the State Fund and the Local Fund for both self-funded and managed care coverages. Continuing Care 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 2016 claims and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

Fiscal Year 2016 Projection			Net Revenue Excluding Pay Go		Expenses		
Fund	Program	Policies	Monthly Employer Premiums	Monthly Employee Premiums	Monthly Medical Costs	Monthly Drugs Costs*	Monthly Capitation Costs
State	PPB	58,330	\$ 478	\$ 120	\$ 482	\$ 168	
	<u>Managed Care</u>	<u>5,276</u>	\$ 498	\$ 143			\$ 516
	Total	63,606					
Local	PPB	11,859	\$ 570	\$ -	\$ 450	\$ 133	
	<u>Managed Care</u>	<u>696</u>	\$ 443	\$ -			\$ 479
	Total	12,555					

*Net of rebates and subsidies.

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

Board Decisions – January 2016

Source	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
Additional State Employer Revenue	\$0	\$66,800,000	\$20,000,000	\$42,000,000	\$45,000,000
Additional Local Agency Revenue	(\$3,000,000)	\$4,150,000	\$11,000,000	\$21,000,000	\$13,000,000
Additional Employee Premium	\$0	\$14,500,000	\$5,000,000	\$10,500,000	\$11,300,000
State Direct Transfer	\$0	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
Benefit Reductions and Savings / (Increase) - Active State	\$36,838,000	\$27,475,000	\$0	\$0	\$0
Benefit Reductions / (Increase) - Active Local	\$5,722,000	\$825,000	\$0	\$0	\$0
Benefit Reductions / (Increase) - Managed Care Capitations	\$4,889,416	\$0	\$0	\$0	\$0
PPACA Reinsurance Contributions (Cost)	(\$5,400,000)	(\$1,800,000)	\$0	\$0	\$0
PPACA Comparative Effectiveness Research Fees (Cost)	(\$344,691)	(\$315,469)	(\$315,327)	(\$315,258)	\$0
Pay Go Premium Transfer	\$148,516,790	\$180,000,000	\$190,000,000	\$200,000,000	\$210,000,000

The \$27,475,000 of Active State benefit reductions and savings in Fiscal Year 2017 is comprised of the following:

	<u>2017 Claim Cost Savings</u>
Medical Claims	\$4.075 M
Drug Claims	\$23.400 M

The \$825,000 of Active Local benefit reductions in Fiscal Year 2017 is comprised of the following:

	<u>2017 Claim Cost Savings</u>
Medical Claims	\$0.825 M
Drug Claims	\$0 M

A detailed list of the 2017 benefit reductions and savings for the Active Employee plan as voted on by the Board consists of the following:

	<u>State Saving</u>	<u>Local Saving</u>
Reference Based Pricing	\$1.700 M	\$0.300 M
Increase Urgent Care Copay to \$50	\$1.275 M	\$0.225 M
<u>Removal of Non-network Out-of-state Benefits</u>	<u>\$1.100 M</u>	<u>\$0.300 M</u>
Total Medical Benefit Reductions	\$4.075 M	\$0.825 M
<u>New CVS Pharmacy Benefit Contract</u>	<u>\$23.400 M</u>	<u>\$0 M</u>
Total Drugs Savings	\$23.400 M	\$0 M
Total Benefit Reductions and Savings	\$27.475 M	\$0.825 M

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

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

Under the final rule, issuers would be required to pay a reinsurance contribution of \$5.25 per member per month to HHS in 2014. The \$5.25 contribution rate would gradually decrease in 2016. From 2017 and beyond, no further reinsurance contributions will be collected. PEIA will not receive any benefit payments from the national reinsurance program. PEIA will be subject to paying the reinsurance contributions through FY 2017 and the projected expenses of the reinsurance contributions are included in the current financial plan. The total reinsurance contributions for the financial projection are estimated to be approximately \$7,200,000, with \$5,400,000 in FY 2016.

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

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

It is anticipated that PEIA would accrue and pay these fees through FY 2019. The fee would be \$2 per member per year. The total comparative effectiveness research fees for the financial projection are estimated to be approximately \$1,290,000, with \$344,691 in FY 2016.

Future fiscal year state revenue increases will require legislative appropriation. Additional local agency revenue represents premium increases to be charged to local agencies. Additional employee premiums represent employee premiums paid by active employees participating in the State Fund.

E. Provider Reimbursement Changes

Beyond the extension of the Medicaid / PEIA Hospital Bill throughout the forecast, there are no assumed changes in provider reimbursement for physicians, hospitals and pharmaceutical charges beyond the annual cost updates that PEIA has implemented historically.

FISCAL YEAR 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 \$704,419,277 and incurred plan expenses of \$750,199,787 to produce a fiscal year deficit of (\$45,780,510). The PEIA local and state agencies Pay Go premiums for FY 2016 are assumed to be \$148,516,785.

Under the Baseline Scenario, FY 2016 is projected to end with a reserve of \$125,726,222 and the FY 2017 expenditures of \$790,377,280, which represents 16% of projected expenditures. This projected reserve meets the 10% of program expense requirement under the Baseline Scenario assumptions.

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 \$805,746,355 and incurred plan expenses of \$790,377,280 to produce a fiscal year surplus of \$15,369,075. The PEIA local and state agencies Pay Go premiums for FY 2017 are assumed to be \$180,000,000.

Under the Baseline Scenario, FY 2017 is projected to end with a reserve of \$141,095,297 and the FY 2018 expenditures of \$843,688,674, which represents 17% of projected expenditures. This projected reserve meets the 10% of program expense requirement under the Baseline Scenario assumptions. Under the Optimistic Scenario, the ending reserve is expected to increase to \$162,177,907 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$119,874,435.

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 \$842,897,116 and incurred plan expenses of \$843,688,674 to produce a fiscal year deficit of (\$791,558). The PEIA local and state agencies Pay Go premiums for FY 2018 are assumed to be \$190,000,000.

Under the Baseline Scenario, FY 2018 is projected to end with a reserve of \$140,303,739 and the FY 2019 expenditures of \$907,974,429, which represents 15% of projected expenditures. This projected reserve meets the 10% of program expense requirement under the Baseline Scenario assumptions. Under the Optimistic Scenario, the ending reserve is expected to increase to \$189,649,129 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$90,004,856.

FISCAL YEAR 2019 FORECAST

The financial forecast for FY 2019 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2019 projects accrued revenue of \$917,061,002 and incurred plan expenses of \$907,974,429 to produce a fiscal year surplus of \$9,086,573. The PEIA local and state agencies Pay Go premiums for FY 2019 are assumed to be \$200,000,000.

Under the Baseline Scenario, FY 2019 is projected to end with a reserve of \$149,390,312 and the FY 2020 expenditures of \$976,861,324, which represents 15% of projected expenditures. This projected reserve meets the 10% of program expense requirement under the Baseline Scenario assumptions. Under the Optimistic Scenario, the ending reserve is expected to increase to \$241,650,367 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$54,149,250.

FISCAL YEAR 2020 FORECAST

The financial forecast for FY 2020 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2020 projects accrued revenue of \$987,450,269 and incurred plan expenses of \$976,861,324 to produce a fiscal year surplus of \$10,588,945. The PEIA local and state agencies Pay Go premiums for FY 2020 are assumed to be \$210,000,000.

Under the Baseline Scenario, FY 2020 is projected to end with a reserve of \$159,979,256 and the FY 2021 expenditures of \$1,054,683,740, which represents 15% of projected expenditures. This projected reserve meets the 15% of program expense requirement under the Baseline Scenario assumptions. Under the Optimistic Scenario, the ending reserve is expected to increase to \$312,414,534 and under the Pessimistic Scenario, the ending reserve is expected to decrease to \$603,106.

LITIGATION

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

SUMMARY

With projected changes to the plan as adopted by the PEIA Finance Board, we are forecasting that the plan will meet the minimum 10% reserve target set by West Virginia Statute and the 15% actuarial reserve target through the projection period ending with the Fiscal Year 2020 using the Baseline assumptions. These projections are based on significant revenue increases as contained in the Financial Plan adopted by the Board in January 2016 and are contingent on legislative approval. These forecasts are based on assumptions including the estimated cost and savings of plan changes, expected trend levels and exposure levels. The continued enrollment changes of the managed care options, changes in physician, ambulatory and hospital provider reimbursement, possible changes in methodology of managed care premium calculation, and changes in the prescription drugs program, can be expected to further exacerbate the difficulty of projecting future medical and drugs claim levels and lags. These projections do not incorporate any anticipated effects of national or state health care reform, such as universal health insurance initiatives and Medicaid reform. As such, actual results deviating from those amounts projected in these pages should not be unexpected. With the legislatively mandated requirement of a five-year projection, it should be assumed that constant modifications would be required.

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2016**

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 104,217,311	\$ 425,838,333	\$ 530,055,644
Employer Premiums - MCO	5,057,583	39,745,290	44,802,873
Employee Premiums - PPB	-	107,044,593	107,044,593
Employee Premiums - MCO	-	11,106,502	11,106,502
Life Insurance	342,034	1,767,715	2,109,749
Direct Transfers	-	-	-
Investment Income	561,562	1,788,505	2,350,067
Litigation Settlement	-	-	-
COBRA Premiums	430,061	1,785,689	2,215,750
Administrative Fees	723,791	4,010,308	4,734,099
Total Revenue	\$ 111,332,342	\$ 593,086,935	\$ 704,419,277
<u>Program Expenses</u>			
Medical Claims	\$ 64,088,045	\$ 337,229,924	\$ 401,317,969
Prescription Drug Claims	18,966,605	117,390,998	136,357,603
Managed Care Capitations	4,004,245	32,643,353	36,647,598
Administration	2,748,265	14,203,706	16,951,971
Life Insurance	342,770	1,771,522	2,114,292
Wellness	274,434	1,418,341	1,692,775
ACA Reinsurance Contributions	875,452	4,524,548	5,400,000
ACA Comparative Effectiveness Research Fees	51,507	293,184	344,691
Director's Discretionary Fund	132,242	723,861	856,103
WV RHBT Pay Go Premiums	24,484,074	124,032,711	148,516,785
Total Expenses	\$ 115,967,639	\$ 634,232,148	\$ 750,199,787
Fiscal Year Results	\$ (4,635,297)	\$ (41,145,213)	\$ (45,780,510)
Beginning Plan Reserve	46,347,365	125,159,367	171,506,732
Ending Plan Reserve	\$ 41,712,068	\$ 84,014,154	\$ 125,726,222

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ -	Active Local	6.5%	8.5%
Direct Transfers	\$ -	State	6.5%	8.5%
		Capitations		-6.2%
		Administrative Expense		-5.4%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2016**

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 104,217,311	\$ -	\$ 104,217,311
Employer Premiums - MCO	5,057,583	-	5,057,583
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	342,034		342,034
Direct Transfers	-		-
Investment Income	561,562		561,562
Litigation Settlement	-		-
COBRA Premiums	430,061		430,061
Administrative Fees	723,791		723,791
Total Revenue	\$ 111,332,342	\$ -	\$ 111,332,342
<u>Program Expenses</u>			
Medical Claims	\$ 68,010,045	\$ (3,922,000)	\$ 64,088,045
Prescription Drug Claims	20,766,605	(1,800,000)	18,966,605
Managed Care Capitations	3,716,447	287,798	4,004,245
Administration	2,748,265		2,748,265
Life Insurance	342,770		342,770
Wellness	274,434		274,434
ACA Reinsurance Contributions	875,452		875,452
ACA Comparative Effectiveness Research Fees	51,507		51,507
Director's Discretionary Fund	132,242		132,242
WV RHBT Pay Go Premiums	24,484,074		24,484,074
Total Expenses	\$ 121,401,841	\$ (5,434,202)	\$ 115,967,639
Fiscal Year Results	\$ (10,069,499)		\$ (4,635,297)
Beginning Plan Reserve	46,347,365		46,347,365
Ending Plan Reserve	\$ 36,277,866		\$ 41,712,068

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ -	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	6.5%	8.5%
		Capitations		-6.2%
		Administrative Expense		-5.4%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2016**

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 425,838,333	\$ -	\$ 425,838,333
Employer Premiums - MCO	39,745,290	-	39,745,290
Employee Premiums - PPB	107,044,593	-	107,044,593
Employee Premiums - MCO	11,106,502	-	11,106,502
Life Insurance	1,767,715		1,767,715
Direct Transfers	-		-
Investment Income	1,788,505		1,788,505
Litigation Settlement	-		-
COBRA Premiums	1,785,689		1,785,689
Administrative Fees	4,010,308		4,010,308
Total Revenue	\$ 593,086,935	\$ -	\$ 593,086,935
<u>Program Expenses</u>			
Medical Claims	\$ 363,367,924	\$ (26,138,000)	\$ 337,229,924
Prescription Drug Claims	128,090,998	(10,700,000)	117,390,998
Managed Care Capitations	37,820,567	(5,177,214)	32,643,353
Administration	14,203,706		14,203,706
Life Insurance	1,771,522		1,771,522
Wellness	1,418,341		1,418,341
ACA Reinsurance Contributions	4,524,548		4,524,548
ACA Comparative Effectiveness Research Fees	293,184		293,184
Director's Discretionary Fund	723,861		723,861
WV RHBT Pay Go Premiums	124,032,711		124,032,711
Total Expenses	\$ 676,247,362	\$ (42,015,214)	\$ 634,232,148
Fiscal Year Results	\$ (83,160,427)		\$ (41,145,213)
Beginning Plan Reserve	125,159,367		125,159,367
Ending Plan Reserve	\$ 41,998,940		\$ 84,014,154

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ -	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ -	State	6.5%	8.5%
		Capitations		-6.2%
		Administrative Expense		-5.4%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2017**

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 108,175,236	\$ 486,935,844	\$ 595,111,080
Employer Premiums - MCO	5,249,658	45,447,779	50,697,437
Employee Premiums - PPB	-	120,181,556	120,181,556
Employee Premiums - MCO	-	12,469,539	12,469,539
Life Insurance	359,136	1,856,101	2,215,237
Direct Transfers	-	10,000,000	10,000,000
Investment Income	2,123,869	5,724,580	7,848,449
Litigation Settlement	-	-	-
COBRA Premiums	483,089	2,005,869	2,488,958
Administrative Fees	723,791	4,010,308	4,734,099
Total Revenue	\$ 117,114,779	\$ 688,631,576	\$ 805,746,355
<u>Program Expenses</u>			
Medical Claims	\$ 67,845,836	\$ 355,547,271	\$ 423,393,106
Prescription Drug Claims	20,703,338	104,131,745	124,835,083
Managed Care Capitations	4,244,500	34,601,954	38,846,454
Administration	2,261,071	13,295,034	15,556,105
Life Insurance	359,909	1,860,098	2,220,007
Wellness	274,434	1,418,341	1,692,775
ACA Reinsurance Contributions	300,000	1,500,000	1,800,000
ACA Comparative Effectiveness Research Fees	50,505	264,964	315,469
Director's Discretionary Fund	277,535	1,440,746	1,718,281
WV RHBT Pay Go Premiums	30,475,187	149,524,813	180,000,000
Total Expenses	\$ 126,792,315	\$ 663,584,965	\$ 790,377,280
Fiscal Year Results	\$ (9,677,536)	\$ 25,046,611	\$ 15,369,075
Beginning Plan Reserve	41,712,068	84,014,154	125,726,222
Ending Plan Reserve	\$ 32,034,532	\$ 109,060,765	\$ 141,095,297

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 66,800,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 4,150,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 14,500,000	Active Local	7.0%	9.0%
Direct Transfers	\$ 10,000,000	State	7.0%	9.0%
		Capitations		6.0%
		Administrative Expense		3.0%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2017**

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 104,217,311	\$ 3,957,925	\$ 108,175,236
Employer Premiums - MCO	5,057,583	192,075	5,249,658
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	359,136		359,136
Direct Transfers	-		-
Investment Income	2,123,869		2,123,869
Litigation Settlement	-		-
COBRA Premiums	483,089		483,089
Administrative Fees	723,791		723,791
Total Revenue	\$ 112,964,779	\$ 4,150,000	\$ 117,114,779
<u>Program Expenses</u>			
Medical Claims	\$ 68,670,836	\$ (825,000)	\$ 67,845,836
Prescription Drug Claims	20,703,338	\$ -	20,703,338
Managed Care Capitations	4,244,500		4,244,500
Administration	2,261,071		2,261,071
Life Insurance	359,909		359,909
Wellness	274,434		274,434
ACA Reinsurance Contributions	300,000		300,000
ACA Comparative Effectiveness Research Fees	50,505		50,505
Director's Discretionary Fund	277,535		277,535
WV RHBT Pay Go Premiums	30,475,187		30,475,187
Total Expenses	\$ 127,617,315	\$ (825,000)	\$ 126,792,315
Fiscal Year Results	\$ (14,652,536)		\$ (9,677,536)
Beginning Plan Reserve	41,712,068		41,712,068
Ending Plan Reserve	\$ 27,059,532		\$ 32,034,532

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 4,150,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	7.0%	9.0%
		Capitations		6.0%
		Administrative Expense		3.0%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2017**

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 425,838,333	\$ 61,097,511	\$ 486,935,844
Employer Premiums - MCO	39,745,290	5,702,489	45,447,779
Employee Premiums - PPB	107,044,593	13,136,963	120,181,556
Employee Premiums - MCO	11,106,502	1,363,037	12,469,539
Life Insurance	1,856,101		1,856,101
Direct Transfers	10,000,000		10,000,000
Investment Income	5,724,580		5,724,580
Litigation Settlement	-		-
COBRA Premiums	2,005,869		2,005,869
Administrative Fees	4,010,308		4,010,308
Total Revenue	\$ 607,331,576	\$ 81,300,000	\$ 688,631,576
<u>Program Expenses</u>			
Medical Claims	\$ 359,622,271	\$ (4,075,000)	\$ 355,547,271
Prescription Drug Claims	127,531,745	\$ (23,400,000)	104,131,745
Managed Care Capitations	34,601,954	-	34,601,954
Administration	13,295,034		13,295,034
Life Insurance	1,860,098		1,860,098
Wellness	1,418,341		1,418,341
ACA Reinsurance Contributions	1,500,000		1,500,000
ACA Comparative Effectiveness Research Fees	264,964		264,964
Director's Discretionary Fund	1,440,746		1,440,746
WV RHBT Pay Go Premiums	149,524,813		149,524,813
Total Expenses	\$ 691,059,966	\$ (27,475,000)	\$ 663,584,966
Fiscal Year Results	\$ (83,728,390)		\$ 25,046,610
Beginning Plan Reserve	84,014,154		84,014,154
Ending Plan Reserve	\$ 285,764		\$ 109,060,764

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 66,800,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 14,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ 10,000,000	State	7.0%	9.0%
		Capitations		6.0%
		Administrative Expense		3.0%

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

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

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

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 118,666,122	\$ 505,228,512	\$ 623,894,634
Employer Premiums - MCO	5,758,772	47,155,111	52,913,883
Employee Premiums - PPB	-	124,711,543	124,711,543
Employee Premiums - MCO	-	12,939,552	12,939,552
Life Insurance	377,092	1,948,906	2,325,998
Direct Transfers	-	10,000,000	10,000,000
Investment Income	1,786,917	6,986,429	8,773,346
Litigation Settlement	-	-	-
COBRA Premiums	505,430	2,098,631	2,604,061
Administrative Fees	723,791	4,010,308	4,734,099
Total Revenue	\$ 127,818,124	\$ 715,078,992	\$ 842,897,116
<u>Program Expenses</u>			
Medical Claims	\$ 72,780,562	\$ 381,407,789	\$ 454,188,351
Prescription Drug Claims	22,623,409	113,789,141	136,412,551
Managed Care Capitations	4,499,170	36,678,071	41,177,241
Administration	2,402,666	13,441,724	15,844,390
Life Insurance	377,904	1,953,103	2,331,007
Wellness	274,434	1,418,341	1,692,775
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	52,236	263,092	315,328
Director's Discretionary Fund	278,980	1,448,051	1,727,031
WV RHBT Pay Go Premiums	32,952,149	157,047,851	190,000,000
Total Expenses	\$ 136,241,511	\$ 707,447,163	\$ 843,688,674
Fiscal Year Results	\$ (8,423,387)	\$ 7,631,829	\$ (791,558)
Beginning Plan Reserve	32,034,532	109,060,765	141,095,297
Ending Plan Reserve	\$ 23,611,145	\$ 116,692,594	\$ 140,303,739

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 20,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 11,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 5,000,000	Active Local	7.5%	9.5%
Direct Transfers	\$ 10,000,000	State	7.5%	9.5%
		Capitations		6.0%
		Administrative Expense		3.0%

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

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

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

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 108,175,236	\$ 10,490,886	\$ 118,666,122
Employer Premiums - MCO	5,249,658	509,114	5,758,772
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	377,092		377,092
Direct Transfers	-		-
Investment Income	1,786,917		1,786,917
Litigation Settlement	-		-
COBRA Premiums	505,430		505,430
Administrative Fees	723,791		723,791
Total Revenue	\$ 116,818,124	\$ 11,000,000	\$ 127,818,124
<u>Program Expenses</u>			
Medical Claims	\$ 72,780,562		\$ 72,780,562
Prescription Drug Claims	22,623,409		22,623,409
Managed Care Capitations	4,499,170		4,499,170
Administration	2,402,666		2,402,666
Life Insurance	377,904		377,904
Wellness	274,434		274,434
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	52,236		52,236
Director's Discretionary Fund	278,980		278,980
WV RHBT Pay Go Premiums	32,952,149		32,952,149
Total Expenses	\$ 136,241,510	\$ -	\$ 136,241,510
Fiscal Year Results	\$ (19,423,386)		\$ (8,423,386)
Beginning Plan Reserve	32,034,532		32,034,532
Ending Plan Reserve	\$ 12,611,146		\$ 23,611,146

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 11,000,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	7.5%	9.5%
		Capitations		6.0%
		Administrative Expense		3.0%

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

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

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

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 486,935,844	\$ 18,292,668	\$ 505,228,512
Employer Premiums - MCO	45,447,779	1,707,332	47,155,111
Employee Premiums - PPB	120,181,556	4,529,987	124,711,543
Employee Premiums - MCO	12,469,539	470,013	12,939,552
Life Insurance	1,948,906		1,948,906
Direct Transfers	10,000,000		10,000,000
Investment Income	6,986,429		6,986,429
Litigation Settlement	-		-
COBRA Premiums	2,098,631		2,098,631
Administrative Fees	4,010,308		4,010,308
Total Revenue	\$ 690,078,992	\$ 25,000,000	\$ 715,078,992
<u>Program Expenses</u>			
Medical Claims	\$ 381,407,789		\$ 381,407,789
Prescription Drug Claims	113,789,141		113,789,141
Managed Care Capitations	36,678,071		36,678,071
Administration	13,441,724		13,441,724
Life Insurance	1,953,103		1,953,103
Wellness	1,418,341		1,418,341
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	263,092		263,092
Director's Discretionary Fund	1,448,051		1,448,051
WV RHBT Pay Go Premiums	157,047,851		157,047,851
Total Expenses	\$ 707,447,163	\$ -	\$ 707,447,163
Fiscal Year Results	\$ (17,368,171)		\$ 7,631,829
Beginning Plan Reserve	109,060,765		109,060,765
Ending Plan Reserve	\$ 91,692,594		\$ 116,692,594

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 20,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 5,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ 10,000,000	State	7.5%	9.5%
		Capitations		6.0%
		Administrative Expense		3.0%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2019**

PERIOD 7/1/2018 - 6/30/2019

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 138,694,176	\$ 543,643,115	\$ 682,337,291
Employer Premiums - MCO	6,730,718	50,740,508	57,471,226
Employee Premiums - PPB	-	134,224,517	134,224,517
Employee Premiums - MCO	-	13,926,578	13,926,578
Life Insurance	395,947	2,046,351	2,442,298
Direct Transfers	-	10,000,000	10,000,000
Investment Income	1,505,655	7,580,278	9,085,933
Litigation Settlement	-	-	-
COBRA Premiums	551,041	2,288,019	2,839,060
Administrative Fees	723,791	4,010,308	4,734,099
Total Revenue	\$ 148,601,328	\$ 768,459,674	\$ 917,061,002
<u>Program Expenses</u>			
Medical Claims	\$ 78,438,257	\$ 411,057,035	\$ 489,495,292
Prescription Drug Claims	24,834,712	124,911,347	149,746,059
Managed Care Capitations	4,769,120	38,878,755	43,647,875
Administration	3,061,610	15,832,452	18,894,062
Life Insurance	396,800	2,050,758	2,447,558
Wellness	274,434	1,418,341	1,692,775
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	54,025	261,232	315,257
Director's Discretionary Fund	280,388	1,455,163	1,735,551
WV RHBT Pay Go Premiums	35,527,435	164,472,565	200,000,000
Total Expenses	\$ 147,636,781	\$ 760,337,648	\$ 907,974,429
Fiscal Year Results	\$ 964,547	\$ 8,122,026	\$ 9,086,573
Beginning Plan Reserve	23,611,145	116,692,594	140,303,739
Ending Plan Reserve	\$ 24,575,692	\$ 124,814,619	\$ 149,390,312

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 42,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 21,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 10,500,000	Active Local	8.0%	10.0%
Direct Transfers	\$ 10,000,000	State	8.0%	10.0%
		Capitations		6.0%
		Administrative Expense		3.0%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2019**

PERIOD 7/1/2018 - 6/30/2019

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 118,666,122	\$ 20,028,054	\$ 138,694,176
Employer Premiums - MCO	5,758,772	971,946	6,730,718
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	395,947		395,947
Direct Transfers	-		-
Investment Income	1,505,655		1,505,655
Litigation Settlement	-		-
COBRA Premiums	551,041		551,041
Administrative Fees	723,791		723,791
Total Revenue	\$ 127,601,328	\$ 21,000,000	\$ 148,601,328
<u>Program Expenses</u>			
Medical Claims	\$ 78,438,257		\$ 78,438,257
Prescription Drug Claims	24,834,712		24,834,712
Managed Care Capitations	4,769,120		4,769,120
Administration	3,061,610		3,061,610
Life Insurance	396,800		396,800
Wellness	274,434		274,434
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	54,025		54,025
Director's Discretionary Fund	280,388		280,388
WV RHBT Pay Go Premiums	35,527,435		35,527,435
Total Expenses	\$ 147,636,781	\$ -	\$ 147,636,781
Fiscal Year Results	\$ (20,035,453)		\$ 964,547
Beginning Plan Reserve	23,611,145		23,611,145
Ending Plan Reserve	\$ 3,575,692		\$ 24,575,692

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 21,000,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	8.0%	10.0%
		Capitations		6.0%
		Administrative Expense		3.0%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2019**

PERIOD 7/1/2018 - 6/30/2019

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 505,228,512	\$ 38,414,603	\$ 543,643,115
Employer Premiums - MCO	47,155,111	3,585,397	50,740,508
Employee Premiums - PPB	124,711,543	9,512,973	134,224,516
Employee Premiums - MCO	12,939,552	987,027	13,926,579
Life Insurance	2,046,351		2,046,351
Direct Transfers	10,000,000		10,000,000
Investment Income	7,580,278		7,580,278
Litigation Settlement	-		-
COBRA Premiums	2,288,019		2,288,019
Administrative Fees	4,010,308		4,010,308
Total Revenue	\$ 715,959,674	\$ 52,500,000	\$ 768,459,674
<u>Program Expenses</u>			
Medical Claims	\$ 411,057,035		\$ 411,057,035
Prescription Drug Claims	124,911,347		124,911,347
Managed Care Capitations	38,878,755		38,878,755
Administration	15,832,452		15,832,452
Life Insurance	2,050,758		2,050,758
Wellness	1,418,341		1,418,341
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	261,232		261,232
Director's Discretionary Fund	1,455,163		1,455,163
WV RHBT Pay Go Premiums	164,472,565		164,472,565
Total Expenses	\$ 760,337,648	\$ -	\$ 760,337,648
Fiscal Year Results	\$ (44,377,974)		\$ 8,122,026
Beginning Plan Reserve	116,692,594		116,692,594
Ending Plan Reserve	\$ 72,314,620		\$ 124,814,620

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 42,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 10,500,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ 10,000,000	State	8.0%	10.0%
		Capitations		6.0%
		Administrative Expense		3.0%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2020**

PERIOD 7/1/2019 - 6/30/2020

	Active Local Fund	State Fund	PEIA Total
<u>Revenues</u>			
Employer Premiums - PPB	\$ 151,092,496	\$ 584,801,618	\$ 735,894,114
Employer Premiums - MCO	7,332,398	54,582,005	61,914,403
Employee Premiums - PPB	-	144,462,288	144,462,288
Employee Premiums - MCO	-	14,988,807	14,988,807
Life Insurance	415,744	2,148,669	2,564,413
Direct Transfers	-	10,000,000	10,000,000
Investment Income	1,606,041	8,225,471	9,831,512
Litigation Settlement	-	-	-
COBRA Premiums	594,047	2,466,586	3,060,633
Administrative Fees	723,791	4,010,308	4,734,099
Total Revenue	\$ 161,764,517	\$ 825,685,752	\$ 987,450,269
<u>Program Expenses</u>			
Medical Claims	\$ 84,928,103	\$ 445,067,183	\$ 529,995,285
Prescription Drug Claims	27,386,377	137,745,476	165,131,852
Managed Care Capitations	5,055,267	41,211,481	46,266,748
Administration	3,188,090	16,272,794	19,460,884
Life Insurance	416,640	2,153,296	2,569,936
Wellness	274,434	1,418,341	1,692,775
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Director's Discretionary Fund	281,760	1,462,084	1,743,844
WV RHBT Pay Go Premiums	38,203,513	171,796,487	210,000,000
Total Expenses	\$ 159,734,183	\$ 817,127,141	\$ 976,861,324
Fiscal Year Results	\$ 2,030,334	\$ 8,558,611	\$ 10,588,945
Beginning Plan Reserve	24,575,692	124,814,619	149,390,312
Ending Plan Reserve	\$ 26,606,026	\$ 133,373,230	\$ 159,979,256

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 45,000,000	Claim and Other Expense Trends		
Additional Local Agency Revenue	\$ 13,000,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Additional State Employee Premiums	\$ 11,300,000	Active Local	8.5%	10.5%
Direct Transfers	\$ 10,000,000	State	8.5%	10.5%
		Capitations		6.0%
		Administrative Expense		3.0%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2020**

PERIOD 7/1/2019 - 6/30/2020

Local Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 138,694,176	\$ 12,398,319	\$ 151,092,495
Employer Premiums - MCO	6,730,718	601,681	7,332,399
Employee Premiums - PPB	-	-	-
Employee Premiums - MCO	-	-	-
Life Insurance	415,744		415,744
Direct Transfers	-		-
Investment Income	1,606,041		1,606,041
Litigation Settlement	-		-
COBRA Premiums	594,047		594,047
Administrative Fees	723,791		723,791
Total Revenue	\$ 148,764,517	\$ 13,000,000	\$ 161,764,517
<u>Program Expenses</u>			
Medical Claims	\$ 84,928,103		\$ 84,928,103
Prescription Drug Claims	27,386,377		27,386,377
Managed Care Capitations	5,055,267		5,055,267
Administration	3,188,090		3,188,090
Life Insurance	416,640		416,640
Wellness	274,434		274,434
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Director's Discretionary Fund	281,760		281,760
WV RHBT Pay Go Premiums	38,203,513		38,203,513
Total Expenses	\$ 159,734,184	\$ -	\$ 159,734,184
Fiscal Year Results	\$ (10,969,667)		\$ 2,030,333
Beginning Plan Reserve	24,575,692		24,575,692
Ending Plan Reserve	\$ 13,606,025		\$ 26,606,025

KEY ASSUMPTIONS

Additional Local Agency Revenue	\$ 13,000,000	Claim and Other Expense Trends		
		<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Local	8.5%	10.5%
		Capitations		6.0%
		Administrative Expense		3.0%

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

**WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
FINANCIAL FORECAST
FISCAL YEAR 2020**

PERIOD 7/1/2019 - 6/30/2020

State Fund	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
Employer Premiums - PPB	\$ 543,643,115	\$ 41,158,503	\$ 584,801,618
Employer Premiums - MCO	50,740,508	3,841,497	54,582,005
Employee Premiums - PPB	134,224,517	10,237,771	144,462,288
Employee Premiums - MCO	13,926,578	1,062,229	14,988,807
Life Insurance	2,148,669		2,148,669
Direct Transfers	10,000,000		10,000,000
Investment Income	8,225,471		8,225,471
Litigation Settlement	-		-
COBRA Premiums	2,466,586		2,466,586
Administrative Fees	4,010,308		4,010,308
Total Revenue	\$ 769,385,752	\$ 56,300,000	\$ 825,685,752
<u>Program Expenses</u>			
Medical Claims	\$ 445,067,183		\$ 445,067,183
Prescription Drug Claims	137,745,476		137,745,476
Managed Care Capitations	41,211,481		41,211,481
Administration	16,272,794		16,272,794
Life Insurance	2,153,296		2,153,296
Wellness	1,418,341		1,418,341
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Director's Discretionary Fund	1,462,084		1,462,084
WV RHBT Pay Go Premiums	171,796,487		171,796,487
Total Expenses	\$ 817,127,142	\$ -	\$ 817,127,142
Fiscal Year Results	\$ (47,741,390)		\$ 8,558,610
Beginning Plan Reserve	124,814,619		124,814,619
Ending Plan Reserve	\$ 77,073,229		\$ 133,373,229

KEY ASSUMPTIONS

Additional State Employer Premiums	\$ 45,000,000	Claim and Other Expense Trends		
Additional State Employee Premiums	\$ 11,300,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Direct Transfers	\$ 10,000,000	State	8.5%	10.5%
		Capitations		6.0%
		Administrative Expense		3.0%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2015 to FY 2016**

Fiscal Year 2015												
Exposure	<u>Jul-14</u>	<u>Aug-14</u>	<u>Sep-14</u>	<u>Oct-14</u>	<u>Nov-14</u>	<u>Dec-14</u>	<u>Jan-15</u>	<u>Feb-15</u>	<u>Mar-15</u>	<u>Apr-15</u>	<u>May-15</u>	<u>Jun-15</u>
Local Medical	25,820	25,754	25,731	25,764	25,823	25,823	26,080	26,460	26,446	26,453	26,349	26,318
State Medical	132,621	132,295	132,029	133,050	133,053	133,126	133,227	133,139	133,103	133,069	132,908	132,644
Local Drugs	25,820	25,754	25,731	25,764	25,823	25,823	26,080	26,460	26,446	26,453	26,349	26,318
State Drugs	132,621	132,295	132,029	133,050	133,053	133,126	133,227	133,139	133,103	133,069	132,908	132,644
Local Medical	\$193.58	\$188.96	\$204.28	\$218.91	\$212.13	\$222.36	\$205.81	\$211.93	\$224.07	\$221.92	\$236.90	\$204.82
State Medical	\$202.00	\$195.60	\$219.07	\$227.49	\$189.58	\$224.36	\$223.92	\$204.66	\$229.66	\$234.70	\$229.52	\$263.41
Local Drugs	\$50.60	\$63.23	\$69.15	\$73.02	\$69.11	\$82.54	\$81.15	\$72.02	\$80.59	\$82.47	\$81.76	\$92.25
State Drugs	<u>61.29</u>	<u>71.48</u>	<u>73.92</u>	<u>76.56</u>	<u>72.12</u>	<u>84.02</u>	<u>83.32</u>	<u>77.38</u>	<u>86.83</u>	<u>84.90</u>	<u>85.18</u>	<u>95.20</u>
Total	\$507.48	\$519.27	\$566.42	\$595.99	\$542.94	\$613.27	\$594.20	\$565.97	\$621.14	\$624.00	\$633.35	\$655.68
Change From Prior Year - Month to Month Analysis												
Local Medical	17.2%	9.6%	-5.9%	1.0%	27.0%	38.4%	1.9%	14.7%	0.7%	-6.2%	2.8%	-6.5%
State Medical	15.1%	3.6%	18.7%	19.6%	1.2%	22.4%	8.3%	7.8%	10.0%	7.6%	10.7%	8.1%
Local Drugs	13.5%	11.3%	22.6%	9.9%	14.2%	19.8%	13.5%	11.9%	12.4%	13.5%	8.9%	11.9%
State Drugs	<u>11.8%</u>	<u>7.8%</u>	<u>13.2%</u>	<u>8.7%</u>	<u>6.4%</u>	<u>11.3%</u>	<u>7.3%</u>	<u>12.0%</u>	<u>12.9%</u>	<u>7.8%</u>	<u>6.8%</u>	<u>9.2%</u>
Total	15.3%	7.2%	8.2%	9.6%	12.5%	25.6%	6.5%	11.4%	7.1%	2.9%	6.9%	3.7%
Change From Prior Year - Quarter to Quarter Analysis												
Local Medical			5.8%			20.0%			5.3%			-3.3%
State Medical			12.3%			14.4%			8.7%			8.7%
Local Drugs			16.0%			14.7%			12.6%			11.4%
State Drugs			<u>10.9%</u>			<u>8.9%</u>			<u>10.7%</u>			<u>8.0%</u>
Total			10.0%			15.7%			8.2%			4.5%
Change From Prior Year - Year to Year Analysis												
Local Medical			7.2%			11.7%			11.9%			6.3%
State Medical			5.9%			8.2%			10.0%			10.9%
Local Drugs			11.7%			14.2%			14.8%			13.5%
State Drugs			<u>8.2%</u>			<u>9.8%</u>			<u>10.4%</u>			<u>9.5%</u>
Total			7.4%			10.4%			11.3%			9.3%

**Attachment - PEIA
Historical Monthly Medical and Drug Trends
FY 2015 to FY 2016**

Fiscal Year 2016								
Exposure								
	<u>Jul-15</u>	<u>Aug-15</u>	<u>Sep-15</u>	<u>Oct-15</u>	<u>Nov-15</u>	<u>Dec-15</u>	<u>Jan-16</u>	<u>Feb-16</u>
Local Medical	25,512	25,655	25,752	25,676	25,687	25,650	25,727	25,823
State Medical	131,127	130,588	130,166	130,973	131,327	131,400	131,326	130,973
Local Drugs	25,512	25,655	25,752	25,676	25,687	25,650	25,727	25,823
State Drugs	131,127	130,588	130,166	130,973	131,327	131,400	131,326	130,973
	<u>Jul-15</u>	<u>Aug-15</u>	<u>Sep-15</u>	<u>Oct-15</u>	<u>Nov-15</u>	<u>Dec-15</u>	<u>Jan-16</u>	<u>Feb-16</u>
Local Medical	\$159.88	\$172.64	\$187.61	\$181.06	\$169.37	\$190.71	\$195.89	\$209.18
State Medical	\$186.43	\$193.40	\$212.53	\$220.40	\$204.49	\$212.46	\$209.10	\$215.71
Local Drugs	\$56.35	\$65.96	\$69.63	\$74.09	\$72.13	\$79.15	\$76.75	\$78.00
State Drugs	<u>62.35</u>	<u>71.17</u>	<u>74.20</u>	<u>78.38</u>	<u>78.70</u>	<u>84.83</u>	<u>82.08</u>	<u>80.95</u>
Total	\$465.02	\$503.17	\$543.97	\$553.92	\$524.69	\$567.15	\$563.82	\$583.83
Change From Prior Year - Month to Month Analysis								
Local Medical	-17.4%	-8.6%	-8.2%	-17.3%	-20.2%	-14.2%	-4.8%	-1.3%
State Medical	-7.7%	-1.1%	-3.0%	-3.1%	7.9%	-5.3%	-6.6%	5.4%
Local Drugs	11.4%	4.3%	0.7%	1.5%	4.4%	-4.1%	-5.4%	8.3%
State Drugs	<u>1.7%</u>	<u>-0.4%</u>	<u>0.4%</u>	<u>2.4%</u>	<u>9.1%</u>	<u>1.0%</u>	<u>-1.5%</u>	<u>4.6%</u>
Total	-8.4%	-3.1%	-4.0%	-7.1%	-3.4%	-7.5%	-5.1%	3.2%
Change From Prior Year - Quarter to Quarter Analysis								
Local Medical			-11.4%			-17.2%		
State Medical			-3.9%			-0.6%		
Local Drugs			4.9%			0.3%		
State Drugs			<u>0.5%</u>			<u>4.0%</u>		
Total			-5.1%			-6.1%		
Change From Prior Year - Year to Year Analysis								
Local Medical			2.1%			-6.7%		
State Medical			6.8%			3.3%		
Local Drugs			11.1%			7.3%		
State Drugs			<u>7.1%</u>			<u>5.9%</u>		
Total			5.7%			0.4%		