CONTINUING CARE ACTUARIES

STATE OF WEST VIRGINIA

RETIREE HEALTH BENEFIT TRUST FUND

Financial Plan
December 31, 2015

Fiscal Years 2016-2020

Report Date: June 2016

YOUR ACTUARIES FOR THE LONG-TERM!

CONTINUING CARE ACTUARIES

415 Main Street
Reisterstown, MD 21136-1905
410-833-4220
410-833-4229 (fax)
www.continuingcareactuaries.com

Finance Board
West Virginia Retiree Health Benefit Trust Fund
601 57th St., SE, Suite 2
Charleston, West Virginia 25304-2345

Ladies and Gentlemen:

I, Dave Bond, am a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries, and the Managing Partner in the firm of Continuing Care 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 Continuing Care 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. Continuing Care Actuaries has been retained by the RHBT to review the proposed financial plan for FY 2017, and as supported by our work, to render an actuarial opinion stating whether the plan may be reasonably expected to generate sufficient revenues to meet estimated insurance program and administrative costs of the plan through FY 2020. Our analysis is developed on an accrued and incurred reporting basis for a projection period of five years as required by the Code.

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

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 plan adopted in January 2016.

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

Current Medicare coverages are transferred from a self-insured secondary basis by RHBT to the Humana MAPD plan. However, it should be noted that new Medicare eligible retirees, who become Medicare eligible during the calendar year, will be covered on a secondary basis by the PPB Plan until the beginning of the next calendar 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 2016 and subsequently. We are assuming that the Bill will continue throughout the five year forecast period.

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 RHBT, the plan's third party administrators and other sources. In our review, we completely relied on the accuracy of this information and did not perform any due diligence on the information. The enclosed forecasts include anticipated changes from the federal statute Patient Protection and Affordable Care Act ("PPACA") signed into law on March 23, 2010. Additional details of the benefit enhancements and costs can be found later in this report. In addition, it is noteworthy that some current RHBT members 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.

Senate Bill 469, effective July 1, 2012, amended West Virginia code (the Code) section 11-21-96 by dedicating $30 million to be transferred annually from personal income tax previously collected for payment of the unfunded liability of the Workers' Compensation fund to the Retiree Health Benefit Trust fund (RHBT). Transfers will not commence until the Workers' Compensation fund has be certified by the Governor to the Legislature to be paid or provided for in its entirety. Thereafter, transfers will be made until the RHBT fund has been provided for in its entirety or July 1, 2037, whichever date is later. Presently RHBT estimates that the aforementioned $30 million transfers will likely commence in 2017. All employers will receive benefit of these contributions.

Based on our review, and subject to the conditions described herein, we believe the financial plan approved by the Board for FY 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 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 2020 as approved by the Board in January 2016.

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

Respectfully,

Dave Bond

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

Christopher J. Borcik

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

West Virginia Retiree Health Benefit Trust Fund
Report of Independent Actuary
Financial Plan for FY 2016 – FY 2020

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 Continuing Care Actuaries.

This report was compiled utilizing claims data collected by RHBT'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 RHBT. Revenue assumptions are based on premium rates, assumed investment 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 1,030 retirees from June 2014 to June 2015, approximating our current assumption. Continuing Care Actuaries has updated the claims analysis based on the enrollment through March 2016.

In aggregate, March 2016 enrollment has increased by 896 coverages since the end of FY 2015. Aggregate Preferred Provider Benefit ("PPB") enrollment has increased by 891 in total over the same period, while managed care enrollment continues to cover fewer participants, with a slight increase of 5 coverages. For MAPD Capitations, 41,901 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 2014, June 2015 and March 2016 for purposes of comparison:

Trust Fund		Preferred Provider Benefit*			Managed Care		
	Coverage	Jun-14	Jun-15	Mar-16	Jun-14	Jun-15	Mar-16
Retirees	Medicare Single	18,429	19,018	19,516	-	-	-
	Medicare Family	13,316	13,860	14,303	-	-	-
	Medicare Total	31,745	32,878	33,819	-	-	-
	Non Medicare Single	3,517	3,462	3,387	159	149	144
	Non Medicare Family	4,384	4,356	4,381	176	166	176
	Non Medicare Total	7,901	7,818	7,768	335	315	320
	Retiree Total	39,646	40,696	41,587	335	315	320
	Grand Total				39,981	41,011	41,907

* The majority of PPB is capitated through Humana. As of March 2016, there are approximately 926 Medicare retiree coverages under PEIA.

B. Changes in Claim Backlog

Detail of the medical claim backlog is presented in the PEIA report titled "PEIA Financial Plan 12-31-2015 Quarterly Report".

C. Trend Analysis

RHBT experienced 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 on the following table:

Claim Type	Previous Assumption FY 2016 Trend	Updated Assumption FY 2016 Trend
Non-Medicare – Medical	5.5%	6.5%
Medicare – Medical	5.5%	6.5%
Non-Medicare – Drugs	8.5%	8.5%
Medicare – 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.

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 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)

Fiscal Year	Medical Medicare	Medical Non-Medicare	Drugs Medicare	Drugs Non-Medicare	Total
2004	9%	2%	3%	-2%	6%
2005	6%	-2%	16%	1%	8%
2006	6%	5%	11%	17%	8%
2007	6%	1%	6%	6%	5%
2008	N/A	6%	N/A	-1%	N/A
2009	N/A	-2%	N/A	5%	N/A
2010	N/A	3%	N/A	7%	N/A
2011	N/A	12%	N/A	16%	N/A
2012	-5%	-6%	2%	8%	-2%
2013	23%	-3%	-3%	-7%	-2%
2014	N/A	7%	N/A	6%	N/A
2015	N/A	6%	N/A	6%	N/A
2016*	-6%	3%	5%	4%	2%

* Fiscal Year 2016 results are through the first eight months ending February 2016. It should be noted that Humana's plan year starts in January 2014 in calendar year basis (not starting in July as in PEIA plan year basis) and the Medicare trends are not statistically credible in 2014 and 2015.

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

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

D. Enrollment, Claim, Expense and Revenue Assumptions

Using aggregate PEIA and Trust Fund paid claim data through February 2016 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. 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 revenue and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

Fiscal Year 2016 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	33,578			$ 85**	$ 245**	$ 355
	Non-Medicare	7,995			$ 700	$ 242	
	Total	41,573	$ -	$ 164			
	Non-Medicare Managed Care	328	$ -	$ 567			$ 986
	Total	41,901					

*Net of rebates and subsidies.

** As of March 2016, there are approximately 926 Medicare coverages that were not capitated through Humana.

Projected plan revenues and administrative expenses were provided by RHBT. The following chart summarizes assumptions used in preparation of the attached forecasts. Both Medicare and Non-Medicare retirees premium received no increases in Fiscal Year 2016.

Board Decisions – January 2016

Source	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
Additional Non-Medicare Retiree Premium	$0	$2,254,468	$0	$0	$0
Additional Medicare Retiree Premium	$0	$3,500,600	$22,898,078	$20,907,075	$26,923,208
General Revenue Transfer	$0	$35,000,000	$35,000,000	$35,000,000	$35,000,000
Benefit Reductions and Savings / (Increase) - Retiree Non-Medicare	$3,900,000	$3,600,000	$0	$0	$0
Benefit Reductions / (Increase) - Managed Care Capitations	$385,284	$0	$0	$0	$0
ACA Reinsurance Contributions (Cost)	($550,000)	($200,000)	$0	$0	$0
ACA Comparative Effectiveness Research Fees (Cost)	($30,108)	($31,601)	($32,408)	($33,249)	$0
Pay Go Premium Transfer	$148,516,790	$180,000,000	$190,000,000	$200,000,000	$210,000,000
Actuarial Accrued Liability*	$3,743,700,000	$3,899,600,000	$4,044,600,000	$4,181,000,000	$4,297,300,000
Funded Status	18.5%	19.7%	21.0%	22.4%	24.0%

*Projected Result

The $3,600,000 of Retiree Non-Medicare benefit reductions and savings in Fiscal Year 2017 is comprised of the following:

	2017 Claim Cost Savings
Medical Claims	$0.824 M
Drug Claims	$2.776 M

A detailed list of the 2017 benefit reductions and savings for the Non-Medicare Retirees as voted on by the Board consists of the following:

	Non-Medicare Savings
Reference Based Pricing	$0.337 M
Increase Urgent Care Copay to $50	$0.252 M
Removal of Non-network Out-of-state Benefits	$0.235 M
Total Medical Benefit Reductions	**$0.824 M**
New CVS Pharmacy Benefit Contract	$2.776 M
Total Drugs Benefit Savings	**$2.776 M**
Total Benefit Reductions and Savings	**$3.600 M**

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. RHBT will not receive any benefit payments from the national reinsurance program. RHBT will be subject to paying the reinsurance contributions through FY 2017 and the projected expenses of the reinsurance contributions are included in the current financial plan. The total reinsurance contributions for the financial projection are estimated to be approximately $750,000, with $550,000 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 RHBT would accrue and pay these fees in FY 2016 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 $127,000, with $30,108 in FY 2016.

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 $1.8 million in FY 2016 to approximately $2.5 million in FY 2020, based on the Board's direction and projected retiree enrollment growth in the financial plan.

E. Provider Reimbursement Changes

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

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

FISCAL YEAR 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 $294,710,952 and incurred plan expenses of $276,665,674 to produce a fiscal year deficit of ($10,154,722) after the Premium Stabilization Reserve drawdown of $28,200,000. The PEIA local and state agencies Pay Go premiums for FY 2016 are assumed to be $148,516,790.

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 $390,811,500 and incurred plan expenses of $295,824,600 to produce a fiscal year surplus of $75,547,564 after the Premium Stabilization Reserve drawdown of $19,439,335. The PEIA local and state agencies Pay Go premiums for FY 2017 are assumed to be $180,000,000.

FISCAL YEAR 2018 FORECAST

The financial forecast for FY 2018 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2018 projects accrued revenue of $402,813,103 and incurred plan expenses of $323,299,312 to produce a fiscal year surplus of $79,513,791 after the Premium Stabilization Reserve drawdown of $0. The PEIA local and state agencies Pay Go premiums for FY 2018 are assumed to be $190,000,000.

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 $443,302,196 and incurred plan expenses of $355,644,141 to produce a fiscal year surplus of $87,658,055 after the Premium Stabilization Reserve drawdown of $0. The PEIA local and state agencies Pay Go premiums for FY 2019 are assumed to be $200,000,000.

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 $486,339,454 and incurred plan expenses of $393,499,138 to produce a fiscal year surplus of $92,840,316 after the Premium Stabilization Reserve drawdown of $0. The PEIA local and state agencies Pay Go premiums for FY 2020 are assumed to be $210,000,000.

LITIGATION

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

SUMMARY

It should be noted that the aggregate PEIA and Trust Fund reserves will meet or exceed the 10% of program expense requirement under the Baseline Scenario assumptions. With projected changes to the plan as adopted in the Board, we are forecasting that the plan will meet the minimum 10% reserve target set by West Virginia Statute through the projection period ending with the Fiscal Year 2020. 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 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.

CONTINUING CARE ACTUARIES

415 Main Street
Reisterstown, MD 21136-1905
410-833-4220
410-833-4229 (fax)
www.continuingcareactuaries.com

Finance Board
West Virginia Retiree Health Benefit Trust Fund
601 57th St., SE, Suite 2
Charleston, West Virginia 25304-2345

Ladies and Gentlemen:

I, Dave Bond, am a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries, and the Managing Partner in the firm of Continuing Care 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 Continuing Care 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. Continuing Care Actuaries has been retained by the RHBT to review the proposed financial plan for FY 2017, and as supported by our work, to render an actuarial opinion stating whether the plan may be reasonably expected to generate sufficient revenues to meet estimated insurance program and administrative costs of the plan through FY 2020. Our analysis is developed on an accrued and incurred reporting basis for a projection period of five years as required by the Code.

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

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 plan adopted in January 2016.

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

Current Medicare coverages are transferred from a self-insured secondary basis by RHBT to the Humana MAPD plan. However, it should be noted that new Medicare eligible retirees, who become Medicare eligible during the calendar year, will be covered on a secondary basis by the PPB Plan until the beginning of the next calendar 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 2016 and subsequently. We are assuming that the Bill will continue throughout the five year forecast period.

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 RHBT, the plan's third party administrators and other sources. In our review, we completely relied on the accuracy of this information and did not perform any due diligence on the information. The enclosed forecasts include anticipated changes from the federal statute Patient Protection and Affordable Care Act ("PPACA") signed into law on March 23, 2010. Additional details of the benefit enhancements and costs can be found later in this report. In addition, it is noteworthy that some current RHBT members 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.

Senate Bill 469, effective July 1, 2012, amended West Virginia code (the Code) section 11-21-96 by dedicating $30 million to be transferred annually from personal income tax previously collected for payment of the unfunded liability of the Workers' Compensation fund to the Retiree Health Benefit Trust fund (RHBT). Transfers will not commence until the Workers' Compensation fund has be certified by the Governor to the Legislature to be paid or provided for in its entirety. Thereafter, transfers will be made until the RHBT fund has been provided for in its entirety or July 1, 2037, whichever date is later. Presently RHBT estimates that the aforementioned $30 million transfers will likely commence in 2017. All employers will receive benefit of these contributions.

Based on our review, and subject to the conditions described herein, we believe the financial plan approved by the Board for FY 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 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 2020 as approved by the Board in January 2016.

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

Respectfully,

Dave Bond

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

Christopher J. Borcik

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

West Virginia Retiree Health Benefit Trust Fund
Report of Independent Actuary
Financial Plan for FY 2016 – FY 2020

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 Continuing Care Actuaries.

This report was compiled utilizing claims data collected by RHBT'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 RHBT. Revenue assumptions are based on premium rates, assumed investment 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 1,030 retirees from June 2014 to June 2015, approximating our current assumption. Continuing Care Actuaries has updated the claims analysis based on the enrollment through March 2016.

In aggregate, March 2016 enrollment has increased by 896 coverages since the end of FY 2015. Aggregate Preferred Provider Benefit ("PPB") enrollment has increased by 891 in total over the same period, while managed care enrollment continues to cover fewer participants, with a slight increase of 5 coverages. For MAPD Capitations, 41,901 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 2014, June 2015 and March 2016 for purposes of comparison:

Trust Fund		Preferred Provider Benefit*			Managed Care		
	Coverage	Jun-14	Jun-15	Mar-16	Jun-14	Jun-15	Mar-16
Retirees	Medicare Single	18,429	19,018	19,516	-	-	-
	Medicare Family	13,316	13,860	14,303	-	-	-
	Medicare Total	31,745	32,878	33,819	-	-	-
	Non Medicare Single	3,517	3,462	3,387	159	149	144
	Non Medicare Family	4,384	4,356	4,381	176	166	176
	Non Medicare Total	7,901	7,818	7,768	335	315	320
	Retiree Total	39,646	40,696	41,587	335	315	320
	Grand Total				39,981	41,011	41,907

* The majority of PPB is capitated through Humana. As of March 2016, there are approximately 926 Medicare retiree coverages under PEIA.

B. Changes in Claim Backlog

Detail of the medical claim backlog is presented in the PEIA report titled "PEIA Financial Plan 12-31-2015 Quarterly Report".

C. Trend Analysis

RHBT experienced 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 on the following table:

Claim Type	Previous Assumption FY 2016 Trend	Updated Assumption FY 2016 Trend
Non-Medicare – Medical	5.5%	6.5%
Medicare – Medical	5.5%	6.5%
Non-Medicare – Drugs	8.5%	8.5%
Medicare – 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.

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 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)

Fiscal Year	Medical Medicare	Medical Non-Medicare	Drugs Medicare	Drugs Non-Medicare	Total
2004	9%	2%	3%	-2%	6%
2005	6%	-2%	16%	1%	8%
2006	6%	5%	11%	17%	8%
2007	6%	1%	6%	6%	5%
2008	N/A	6%	N/A	-1%	N/A
2009	N/A	-2%	N/A	5%	N/A
2010	N/A	3%	N/A	7%	N/A
2011	N/A	12%	N/A	16%	N/A
2012	-5%	-6%	2%	8%	-2%
2013	23%	-3%	-3%	-7%	-2%
2014	N/A	7%	N/A	6%	N/A
2015	N/A	6%	N/A	6%	N/A
2016*	-6%	3%	5%	4%	2%

* Fiscal Year 2016 results are through the first eight months ending February 2016. It should be noted that Humana's plan year starts in January 2014 in calendar year basis (not starting in July as in PEIA plan year basis) and the Medicare trends are not statistically credible in 2014 and 2015.

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

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

D. Enrollment, Claim, Expense and Revenue Assumptions

Using aggregate PEIA and Trust Fund paid claim data through February 2016 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. 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 revenue and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

Fiscal Year 2016 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	33,578			$ 85**	$ 245**	$ 355
	Non-Medicare	7,995			$ 700	$ 242	
	Total	41,573	$ -	$ 164			
	Non-Medicare Managed Care	328	$ -	$ 567			$ 986
	Total	41,901					

*Net of rebates and subsidies.

** As of March 2016, there are approximately 926 Medicare coverages that were not capitated through Humana.

Projected plan revenues and administrative expenses were provided by RHBT. The following chart summarizes assumptions used in preparation of the attached forecasts. Both Medicare and Non-Medicare retirees premium received no increases in Fiscal Year 2016.

Board Decisions – January 2016

Source	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
Additional Non-Medicare Retiree Premium	$0	$2,254,468	$0	$0	$0
Additional Medicare Retiree Premium	$0	$3,500,600	$22,898,078	$20,907,075	$26,923,208
General Revenue Transfer	$0	$35,000,000	$35,000,000	$35,000,000	$35,000,000
Benefit Reductions and Savings / (Increase) - Retiree Non-Medicare	$3,900,000	$3,600,000	$0	$0	$0
Benefit Reductions / (Increase) - Managed Care Capitations	$385,284	$0	$0	$0	$0
ACA Reinsurance Contributions (Cost)	($550,000)	($200,000)	$0	$0	$0
ACA Comparative Effectiveness Research Fees (Cost)	($30,108)	($31,601)	($32,408)	($33,249)	$0
Pay Go Premium Transfer	$148,516,790	$180,000,000	$190,000,000	$200,000,000	$210,000,000
Actuarial Accrued Liability*	$3,743,700,000	$3,899,600,000	$4,044,600,000	$4,181,000,000	$4,297,300,000
Funded Status	18.5%	19.7%	21.0%	22.4%	24.0%

*Projected Result

The $3,600,000 of Retiree Non-Medicare benefit reductions and savings in Fiscal Year 2017 is comprised of the following:

	2017 Claim Cost Savings
Medical Claims	$0.824 M
Drug Claims	$2.776 M

A detailed list of the 2017 benefit reductions and savings for the Non-Medicare Retirees as voted on by the Board consists of the following:

	Non-Medicare Savings
Reference Based Pricing	$0.337 M
Increase Urgent Care Copay to $50	$0.252 M
Removal of Non-network Out-of-state Benefits	$0.235 M
Total Medical Benefit Reductions	**$0.824 M**
New CVS Pharmacy Benefit Contract	$2.776 M
Total Drugs Benefit Savings	**$2.776 M**
Total Benefit Reductions and Savings	**$3.600 M**

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. RHBT will not receive any benefit payments from the national reinsurance program. RHBT will be subject to paying the reinsurance contributions through FY 2017 and the projected expenses of the reinsurance contributions are included in the current financial plan. The total reinsurance contributions for the financial projection are estimated to be approximately $750,000, with $550,000 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 RHBT would accrue and pay these fees in FY 2016 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 $127,000, with $30,108 in FY 2016.

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 $1.8 million in FY 2016 to approximately $2.5 million in FY 2020, based on the Board's direction and projected retiree enrollment growth in the financial plan.

E. Provider Reimbursement Changes

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

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

FISCAL YEAR 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 $294,710,952 and incurred plan expenses of $276,665,674 to produce a fiscal year deficit of ($10,154,722) after the Premium Stabilization Reserve drawdown of $28,200,000. The PEIA local and state agencies Pay Go premiums for FY 2016 are assumed to be $148,516,790.

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 $390,811,500 and incurred plan expenses of $295,824,600 to produce a fiscal year surplus of $75,547,564 after the Premium Stabilization Reserve drawdown of $19,439,335. The PEIA local and state agencies Pay Go premiums for FY 2017 are assumed to be $180,000,000.

FISCAL YEAR 2018 FORECAST

The financial forecast for FY 2018 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2018 projects accrued revenue of $402,813,103 and incurred plan expenses of $323,299,312 to produce a fiscal year surplus of $79,513,791 after the Premium Stabilization Reserve drawdown of $0. The PEIA local and state agencies Pay Go premiums for FY 2018 are assumed to be $190,000,000.

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 $443,302,196 and incurred plan expenses of $355,644,141 to produce a fiscal year surplus of $87,658,055 after the Premium Stabilization Reserve drawdown of $0. The PEIA local and state agencies Pay Go premiums for FY 2019 are assumed to be $200,000,000.

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 $486,339,454 and incurred plan expenses of $393,499,138 to produce a fiscal year surplus of $92,840,316 after the Premium Stabilization Reserve drawdown of $0. The PEIA local and state agencies Pay Go premiums for FY 2020 are assumed to be $210,000,000.

LITIGATION

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

SUMMARY

It should be noted that the aggregate PEIA and Trust Fund reserves will meet or exceed the 10% of program expense requirement under the Baseline Scenario assumptions. With projected changes to the plan as adopted in the Board, we are forecasting that the plan will meet the minimum 10% reserve target set by West Virginia Statute through the projection period ending with the Fiscal Year 2020. 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 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
F I S C A L Y E A R 2 0 1 6

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

	7/1/2015 to 12/31/2015	1/1/2016 to 6/30/2016	TRUST Total
Revenues			
WV PEIA Pay Go Premiums	$ 74,258,395	$ 74,258,395	$ 148,516,790
Retiree Premiums - PPB	40,698,867	40,922,196	81,621,063
Retiree Premiums - MCO	1,137,310	1,093,110	2,230,420
Annual Required Contributions	67,251	67,251	134,501
Non Par Premiums	1,598,568	1,598,568	3,197,136
Life Insurance	11,820,910	11,820,910	23,641,819
Investment Income	3,584,611	3,584,611	7,169,223
Transfer from Premium Stabilization Reserve	14,018,744	14,181,256	28,200,000
General Revenue Transfer	-	-	-
Total Revenue	$ 147,184,655	$ 147,526,296	$ 294,710,952
Program Expenses			
Non-Medicare Medical Claims	$ 32,646,157	$ 34,499,374	$ 67,145,531
Non-Medicare Prescription Drug Claims	10,729,506	12,499,560	23,229,066
Medicare Medical Claims	1,461,867	694,944	2,156,811
Medicare Prescription Drug Claims	4,395,149	2,109,530	6,504,679
Non-Medicare Managed Care Capitations	1,940,010	1,940,010	3,880,020
Humana MAPD Program	69,322,865	73,856,267	143,179,133
Administration	2,310,923	2,310,923	4,621,846
Life Insurance	11,696,728	11,696,728	23,393,455
Retiree Assistance Program	915,564	915,564	1,831,128
ACA Reinsurance Contributions	350,000	200,000	550,000
ACA Comparative Effectiveness Research Fees	15,054	15,054	30,108
Director's Discretionary Fund	71,949	71,949	143,897
Total Expenses	$ 135,855,771	$ 140,809,903	$ 276,665,674
Fiscal Year Results	$ 11,328,885	$ 6,716,393	$ 18,045,278
Beginning Restricted Reserve			$ 656,952,927
Ending Restricted Reserve			$ 674,998,205
Beginning Premium Stabilization Reserve			$ 47,639,335
PSR Addition/(Drawdown)			$ (28,200,000)
Ending Premium Stabilization Reserve			$ 19,439,335
Total Beginning Plan Reserve			$ 704,592,263
Total Ending Plan Reserve			$ 694,437,540
Accrued Actuarial Liability (AAL)			$ 3,743,700,000
Funded Status			18.5%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	$	162.50
Additional Retiree Premiums	$	-
Pay Go PEPM Subsidy for Retirees	$	295.37
Number of Net New Retirees		1,000

Claim and Other Expense Trends

Eligibility	Medical	Drugs
Non-Medicare	6.5%	8.5%
Medicare	6.5%	8.5%
Capitations		-13.1%
Administrative Expense		1.2%
Pay Go Monthly Premium		-1.4%

APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
F I S C A L Y E A R 2 0 1 6

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

Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
Revenues			
WV PEIA Pay Go Premiums	$ 93,603,706		$ 93,603,706
Employer Premiums - PPB	7,854,448		7,854,448
Employer Premiums - MCO	403		403
Retiree Premiums - PPB	37,426,425	-	37,426,425
Retiree Premiums - MCO	157	-	157
Annual Required Contributions	-		-
Non Par Premiums	1,677,493		1,677,493
Life Insurance	12,404,532		12,404,532
Investment Income	3,778,552		3,778,552
Transfer from Premium Stabilization Reserve	18,700,000		18,700,000
General Revenue Transfer	-		-
Total Revenue	$ 175,445,716	$ -	$ 175,445,716
Program Expenses			
Medicare Medical Claims	$ 2,156,811	$ -	$ 2,156,811
Medicare Prescription Drug Claims	6,504,679	-	6,504,679
Humana MAPD Program	145,545,511	(2,366,378)	143,179,133
Administration	1,706,049		1,706,049
Life Insurance	12,274,218		12,274,218
Retiree Assistance Program	960,767		960,767
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	22,221		22,221
Director's Discretionary Fund	-		-
Total Expenses	$ 169,170,257	$ (2,366,378)	$ 166,803,878
Fiscal Year Results	$ 6,275,460		$ 8,641,838
Beginning Restricted Reserve	$ 335,372,294		$ 335,372,294
Ending Restricted Reserve	$ 341,647,754		$ 344,014,132
Beginning Premium Stabilization Reserve	$ 35,984,316		$ 35,984,316
PSR Addition/(Drawdown)	$ (18,700,000)		$ (18,700,000)
Ending Premium Stabilization Reserve	$ 17,284,316		$ 17,284,316
Total Beginning Plan Reserve	371,356,611		371,356,611
Total Ending Plan Reserve	$ 358,932,070		$ 361,298,449
Accrued Actuarial Liability (AAL)	$ 3,743,700,000		$ 3,743,700,000
Funded Status	18.4%		18.5%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	$	162.50
Additional Retiree Premiums	$	-
Pay Go PEPM Subsidy for Retirees	$	232.30
Number of Net New Retirees		700

Claim and Other Expense Trends

Eligibility	Medical	Drugs
Medicare	6.5%	8.5%
Capitations		-13.1%
Administrative Expense		1.2%
Pay Go Monthly Premium		-1.4%

APPENDIX - BASELINE SCENARIO
RHBT - NON-MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
F I S C A L Y E A R 2 0 1 6

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

Non-Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
Revenues			
WV PEIA Pay Go Premiums	$ 54,913,079		$ 54,913,079
Employer Premiums - PPB	14,355,081		14,355,081
Employer Premiums - MCO	1,308,911		1,308,911
Retiree Premiums - PPB	21,985,109	-	21,985,109
Retiree Premiums - MCO	920,949	-	920,949
Annual Required Contributions	134,501		134,501
Non Par Premiums	1,519,643		1,519,643
Life Insurance	11,237,287		11,237,287
Investment Income	3,390,671		3,390,671
Transfer from Premium Stabilization Reserve	9,500,000		9,500,000
General Revenue Transfer	-		-
Total Revenue	$ 119,265,231	$ -	$ 119,265,231
Program Expenses			
Non-Medicare Medical Claims	$ 69,345,531	$ (2,200,000)	$ 67,145,531
Non-Medicare Prescription Drug Claims	24,929,066	(1,700,000)	23,229,066
Non-Medicare Managed Care Capitations	4,265,304	(385,284)	3,880,020
Administration	2,915,797		2,915,797
Life Insurance	11,119,237		11,119,237
Retiree Assistance Program	870,361		870,361
ACA Reinsurance Contributions	550,000		550,000
ACA Comparative Effectiveness Research Fees	7,887		7,887
Director's Discretionary Fund	143,897		143,897
Total Expenses	$ 114,147,079	$ (4,285,284)	$ 109,861,796
Fiscal Year Results	$ 5,118,152		$ 9,403,435
Beginning Restricted Reserve	$ 321,580,632		$ 321,580,632
Ending Restricted Reserve	$ 326,698,784		$ 330,984,067
Beginning Premium Stabilization Reserve	$ 11,655,019		$ 11,655,019
PSR Addition/(Drawdown)	$ (9,500,000)		$ (9,500,000)
Ending Premium Stabilization Reserve	$ 2,155,019		$ 2,155,019
Total Beginning Plan Reserve	333,235,651		333,235,651
Total Ending Plan Reserve	$ 328,853,803		$ 333,139,086
Accrued Actuarial Liability (AAL)	$ -		$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	$	162.50
Additional Retiree Premiums	$	-
Pay Go PEPM Subsidy for Retirees	$	549.81
Number of Net New Retirees		300

Claim and Other Expense Trends

Eligibility	Medical	Drugs
Non-Medicare	6.5%	8.5%
Capitations		-13.1%
Administrative Expense		1.2%
Pay Go Monthly Premium		-1.4%

APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE AND NON-MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
F I S C A L Y E A R 2 0 1 7

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

	7/1/2016 to 12/31/2016	1/1/2017 to 6/30/2017	TRUST Total
Revenues			
WV PEIA Pay Go Premiums	$ 90,000,000	$ 90,000,000	$ 180,000,000
Retiree Premiums - PPB	40,761,007	42,882,393	83,643,400
Retiree Premiums - MCO	1,158,101	1,158,101	2,316,202
Annual Required Contributions	-	-	-
Non Par Premiums	1,550,611	1,550,611	3,101,222
Life Insurance	12,411,955	12,411,955	24,823,910
Investment Income	21,243,715	21,243,715	42,487,430
Transfer from Premium Stabilization Reserve	9,696,626	9,742,709	19,439,335
General Revenue Transfer	17,500,000	17,500,000	35,000,000
Total Revenue	$ 194,322,016	$ 196,489,484	$ 390,811,500
Program Expenses			
Non-Medicare Medical Claims	$ 33,210,053	$ 35,095,281	$ 68,305,334
Non-Medicare Prescription Drug Claims	9,967,253	11,611,558	21,578,811
Medicare Medical Claims	1,559,185	743,001	2,302,186
Medicare Prescription Drug Claims	4,775,649	2,297,604	7,073,253
Non-Medicare Managed Care Capitations	2,095,211	2,095,211	4,190,422
Humana MAPD Program	77,001,860	83,558,166	160,560,027
Administration	2,380,251	2,380,251	4,760,501
Life Insurance	12,281,564	12,281,564	24,563,128
Retiree Assistance Program	988,809	988,809	1,977,618
ACA Reinsurance Contributions	200,000	-	200,000
ACA Comparative Effectiveness Research Fees	15,801	15,801	31,601
Director's Discretionary Fund	140,860	140,860	281,719
Total Expenses	$ 144,616,495	$ 151,208,104	$ 295,824,600
Fiscal Year Results	$ 49,705,520	$ 45,281,380	$ 94,986,899
Beginning Restricted Reserve			$ 674,998,205
Ending Restricted Reserve			$ 769,985,104
Beginning Premium Stabilization Reserve			$ 19,439,335
PSR Addition/(Drawdown)			$ (19,439,335)
Ending Premium Stabilization Reserve			$ -
Total Beginning Plan Reserve			$ 694,437,540
Total Ending Plan Reserve			$ 769,985,104
Accrued Actuarial Liability (AAL)			$ 3,899,600,000
Funded Status			19.7%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	$	194.44
Additional Retiree Premiums	$	2,254,468
Pay Go PEPM Subsidy for Retirees	$	351.22
Number of Net New Retirees		1,000

Claim and Other Expense Trends

Eligibility	Medical	Drugs
Non-Medicare	7.0%	9.0%
Medicare	7.0%	9.0%
Capitations		8.0%
Administrative Expense		3.0%
Pay Go Monthly Premium		23.8%

APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
F I S C A L Y E A R 2 0 1 7

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

Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
Revenues			
WV PEIA Pay Go Premiums	$ 117,806,215		$ 117,806,215
Employer Premiums - PPB	7,675,032	234,090	7,909,122
Employer Premiums - MCO	-	-	-
Retiree Premiums - PPB	37,570,822	1,145,919	38,716,741
Retiree Premiums - MCO	-	-	-
Annual Required Contributions	-		-
Non Par Premiums	1,627,168		1,627,168
Life Insurance	13,024,758		13,024,758
Investment Income	22,393,076		22,393,076
Transfer from Premium Stabilization Reserve	15,259,335		15,259,335
General Revenue Transfer	20,584,895		20,584,895
Total Revenue	$ 235,941,302	$ 1,380,009	$ 237,321,311
Program Expenses			
Medicare Medical Claims	$ 2,302,186	$ -	$ 2,302,186
Medicare Prescription Drug Claims	7,073,253	-	7,073,253
Humana MAPD Program	162,293,649	(1,733,622)	160,560,027
Administration	1,757,231		1,757,231
Life Insurance	12,887,929		12,887,929
Retiree Assistance Program	1,037,629		1,037,629
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	23,877		23,877
Director's Discretionary Fund	-		-
Total Expenses	$ 187,375,754	$ (1,733,622)	$ 185,642,132
Fiscal Year Results	$ 48,565,548		$ 51,679,178
Beginning Restricted Reserve	$ 344,014,132		$ 344,014,132
Ending Restricted Reserve	$ 392,579,680		$ 395,693,311
Beginning Premium Stabilization Reserve	$ 17,284,316		$ 17,284,316
PSR Addition/(Drawdown)	$ (15,259,335)		$ (15,259,335)
Ending Premium Stabilization Reserve	$ 2,024,981		$ 2,024,981
Total Beginning Plan Reserve	361,298,449		361,298,449
Total Ending Plan Reserve	$ 394,604,661		$ 397,718,292
Accrued Actuarial Liability (AAL)	$ 3,899,600,000		$ 3,899,600,000
Funded Status	19.5%		19.7%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	$	194.44
Additional Retiree Premiums	$	1,398,530
Pay Go PEPM Subsidy for Retirees	$	286.93
Number of Net New Retirees		700

Claim and Other Expense Trends

Eligibility	Medical	Drugs
Medicare	7.0%	9.0%
Capitations		8.0%
Administrative Expense		3.0%
Pay Go Monthly Premium		23.8%

APPENDIX - BASELINE SCENARIO
RHBT - NON-MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
F I S C A L Y E A R 2 0 1 7

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

Non-Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
Revenues			
WV PEIA Pay Go Premiums	$ 62,193,785		$ 62,193,785
Employer Premiums - PPB	13,671,346	831,236	14,502,581
Employer Premiums - MCO	1,214,799	73,861	1,288,660
Retiree Premiums - PPB	21,224,480	1,290,476	22,514,955
Retiree Premiums - MCO	968,647	58,895	1,027,542
Annual Required Contributions	-		-
Non Par Premiums	1,474,054		1,474,054
Life Insurance	11,799,152		11,799,152
Investment Income	20,094,354		20,094,354
Transfer from Premium Stabilization Reserve	4,180,000		4,180,000
General Revenue Transfer	14,415,104		14,415,104
Total Revenue	$ 151,235,721	$ 2,254,468	$ 153,490,188
Program Expenses			
Non-Medicare Medical Claims	$ 69,129,333	$ (824,000)	$ 68,305,333
Non-Medicare Prescription Drug Claims	24,354,811	(2,776,000)	21,578,811
Non-Medicare Managed Care Capitations	4,190,422		4,190,422
Administration	3,003,270		3,003,270
Life Insurance	11,675,198		11,675,198
Retiree Assistance Program	939,990		939,990
ACA Reinsurance Contributions	200,000		200,000
ACA Comparative Effectiveness Research Fees	7,724		7,724
Director's Discretionary Fund	281,719		281,719
Total Expenses	$ 113,782,467	$ (3,600,000)	$ 110,182,467
Fiscal Year Results	$ 37,453,254		$ 43,307,721
Beginning Restricted Reserve	$ 330,984,067		$ 330,984,067
Ending Restricted Reserve	$ 368,437,321		$ 374,291,789
Beginning Premium Stabilization Reserve	$ 2,155,019		$ 2,155,019
PSR Addition/(Drawdown)	$ (4,180,000)		$ (4,180,000)
Ending Premium Stabilization Reserve	$ (2,024,981)		$ (2,024,981)
Total Beginning Plan Reserve	333,139,086		333,139,086
Total Ending Plan Reserve	$ 366,412,340		$ 372,266,808
Accrued Actuarial Liability (AAL)	$ -		$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	$	194.44
Additional Retiree Premiums	$	855,937
Pay Go PEPM Subsidy for Retirees	$	610.26
Number of Net New Retirees		300

Claim and Other Expense Trends

Eligibility	Medical	Drugs
Non-Medicare	7.0%	9.0%
Capitations		8.0%
Administrative Expense		3.0%
Pay Go Monthly Premium		23.8%

APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE AND NON-MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
F I S C A L Y E A R 2 0 1 8

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

	7/1/2017 to 12/31/2017	1/1/2018 to 6/30/2018	TRUST Total
Revenues			
WV PEIA Pay Go Premiums	$ 95,000,000	$ 95,000,000	$ 190,000,000
Retiree Premiums - PPB	43,739,898	55,498,172	99,238,070
Retiree Premiums - MCO	1,195,565	1,195,565	2,391,129
Annual Required Contributions	-	-	-
Non Par Premiums	1,504,093	1,504,093	3,008,185
Life Insurance	13,032,553	13,032,553	26,065,105
Investment Income	23,555,307	23,555,307	47,110,614
Transfer from Premium Stabilization Reserve	-	-	-
General Revenue Transfer	17,500,000	17,500,000	35,000,000
Total Revenue	$ 195,527,414	$ 207,285,688	$ 402,813,103
Program Expenses			
Non-Medicare Medical Claims	$ 34,340,192	$ 36,289,573	$ 70,629,765
Non-Medicare Prescription Drug Claims	10,493,887	12,225,071	22,718,958
Medicare Medical Claims	1,670,778	798,097	2,468,875
Medicare Prescription Drug Claims	5,212,971	2,513,935	7,726,906
Non-Medicare Managed Care Capitations	2,262,828	2,262,828	4,525,655
Humana MAPD Program	87,116,970	94,976,377	182,093,348
Administration	2,451,658	2,451,658	4,903,316
Life Insurance	12,895,642	12,895,642	25,791,284
Retiree Assistance Program	1,067,914	1,067,914	2,135,828
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	16,204	16,204	32,408
Director's Discretionary Fund	136,485	136,485	272,969
Total Expenses	$ 157,665,528	$ 165,633,784	$ 323,299,312
Fiscal Year Results	$ 37,861,886	$ 41,651,905	$ 79,513,791
Beginning Restricted Reserve			$ 769,985,104
Ending Restricted Reserve			$ 849,498,895
Beginning Premium Stabilization Reserve			$ -
PSR Addition/(Drawdown)			$ -
Ending Premium Stabilization Reserve			$ -
Total Beginning Plan Reserve			$ 769,985,104
Total Ending Plan Reserve			$ 849,498,895
Accrued Actuarial Liability (AAL)			$ 4,044,600,000
Funded Status			21.0%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	$	202.88
Additional Retiree Premiums	$	-
Pay Go PEPM Subsidy for Retirees	$	362.18
Number of Net New Retirees		1,000

Claim and Other Expense Trends

Eligibility	Medical	Drugs
Non-Medicare	7.5%	9.5%
Medicare	7.5%	9.5%
Capitations		8.0%
Administrative Expense		3.0%
Pay Go Monthly Premium		10.5%

APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
F I S C A L Y E A R 2 0 1 8

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

Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
Revenues			
WV PEIA Pay Go Premiums	$ 130,459,757		$ 130,459,757
Employer Premiums - PPB	8,275,580	1,867,086	10,142,666
Employer Premiums - MCO	-	-	-
Retiree Premiums - PPB	40,510,625	9,139,763	49,650,388
Retiree Premiums - MCO	-	-	-
Annual Required Contributions	-		-
Non Par Premiums	1,578,353		1,578,353
Life Insurance	13,675,996		13,675,996
Investment Income	24,829,733		24,829,733
Transfer from Premium Stabilization Reserve	-		-
General Revenue Transfer	20,584,895		20,584,895
Total Revenue	$ 239,914,939	$ 11,006,850	$ 250,921,788
Program Expenses			
Medicare Medical Claims	$ 2,468,875	$ -	$ 2,468,875
Medicare Prescription Drug Claims	7,726,906	-	7,726,906
Humana MAPD Program	182,093,348	-	182,093,348
Administration	1,809,948		1,809,948
Life Insurance	13,532,326		13,532,326
Retiree Assistance Program	1,120,639		1,120,639
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	24,761		24,761
Director's Discretionary Fund	-		-
Total Expenses	$ 208,776,803	$ -	$ 208,776,803
Fiscal Year Results	$ 31,138,135		$ 42,144,985
Beginning Restricted Reserve	$ 395,693,311		$ 395,693,311
Ending Restricted Reserve	$ 426,831,446		$ 437,838,296
Beginning Premium Stabilization Reserve	$ -		$ -
PSR Addition/(Drawdown)	$ -		$ -
Ending Premium Stabilization Reserve	$ -		$ -
Total Beginning Plan Reserve	397,718,292		397,718,292
Total Ending Plan Reserve	$ 426,831,446		$ 437,838,296
Accrued Actuarial Liability (AAL)	$ 4,044,600,000		$ 4,044,600,000
Funded Status	20.7%		21.0%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	$	202.88
Additional Retiree Premiums	$	-
Pay Go PEPM Subsidy for Retirees	$	313.17
Number of Net New Retirees		700

Claim and Other Expense Trends

Eligibility	Medical	Drugs
Medicare	7.5%	9.5%
Capitations		8.0%
Administrative Expense		3.0%
Pay Go Monthly Premium		10.5%

APPENDIX - BASELINE SCENARIO
RHBT - NON-MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
F I S C A L Y E A R 2 0 1 8

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

Non-Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
Revenues			
WV PEIA Pay Go Premiums	$ 59,540,243		$ 59,540,243
Employer Premiums - PPB	15,453,609	-	15,453,609
Employer Premiums - MCO	1,330,347	-	1,330,347
Retiree Premiums - PPB	23,991,406	-	23,991,406
Retiree Premiums - MCO	1,060,782	-	1,060,782
Annual Required Contributions	-		-
Non Par Premiums	1,429,833		1,429,833
Life Insurance	12,389,109		12,389,109
Investment Income	22,280,880		22,280,880
Transfer from Premium Stabilization Reserve	-		-
General Revenue Transfer	14,415,104		14,415,104
Total Revenue	$ 151,891,314	$ -	$ 151,891,314
Program Expenses			
Non-Medicare Medical Claims	$ 70,629,765	$ -	$ 70,629,765
Non-Medicare Prescription Drug Claims	22,718,958	-	22,718,958
Non-Medicare Managed Care Capitations	4,525,655		4,525,655
Administration	3,093,369		3,093,369
Life Insurance	12,258,958		12,258,958
Retiree Assistance Program	1,015,189		1,015,189
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	7,647		7,647
Director's Discretionary Fund	272,970		272,970
Total Expenses	$ 114,522,511	$ -	$ 114,522,511
Fiscal Year Results	$ 37,368,804		$ 37,368,804
Beginning Restricted Reserve	$ 374,291,789		$ 374,291,789
Ending Restricted Reserve	$ 411,660,592		$ 411,660,592
Beginning Premium Stabilization Reserve	$ -		$ -
PSR Addition/(Drawdown)	$ -		$ -
Ending Premium Stabilization Reserve	$ -		$ -
Total Beginning Plan Reserve	372,266,808		372,266,808
Total Ending Plan Reserve	$ 411,660,592		$ 411,660,592
Accrued Actuarial Liability (AAL)	$ -		$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	$	202.88
Additional Retiree Premiums	$	-
Pay Go PEPM Subsidy for Retirees	$	551.17
Number of Net New Retirees		300

Claim and Other Expense Trends

Eligibility	Medical	Drugs
Non-Medicare	7.5%	9.5%
Capitations		8.0%
Administrative Expense		3.0%
Pay Go Monthly Premium		10.5%

APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE AND NON-MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
F I S C A L Y E A R 2 0 1 9

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

	7/1/2018 to 12/31/2018	1/1/2019 to 6/30/2019	TRUST Total
Revenues			
WV PEIA Pay Go Premiums	$ 100,000,000	$ 100,000,000	$ 200,000,000
Retiree Premiums - PPB	56,449,338	67,117,542	123,566,879
Retiree Premiums - MCO	1,233,655	1,233,655	2,467,309
Annual Required Contributions	-	-	-
Non Par Premiums	1,458,970	1,458,970	2,917,940
Life Insurance	13,684,181	13,684,181	27,368,361
Investment Income	25,990,853	25,990,853	51,981,707
Transfer from Premium Stabilization Reserve	-	-	-
General Revenue Transfer	17,500,000	17,500,000	35,000,000
Total Revenue	$ 216,316,996	$ 226,985,200	$ 443,302,196
Program Expenses			
Non-Medicare Medical Claims	$ 35,674,359	$ 37,699,477	$ 73,373,836
Non-Medicare Prescription Drug Claims	11,098,919	12,929,916	24,028,835
Medicare Medical Claims	1,798,713	861,269	2,659,982
Medicare Prescription Drug Claims	5,716,408	2,763,204	8,479,612
Non-Medicare Managed Care Capitations	2,443,854	2,443,854	4,887,708
Humana MAPD Program	99,021,491	108,457,021	207,478,512
Administration	2,525,208	2,525,208	5,050,416
Life Insurance	13,540,424	13,540,424	27,080,848
Retiree Assistance Program	1,153,347	1,153,347	2,306,694
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	16,624	16,624	33,249
Director's Discretionary Fund	132,225	132,225	264,449
Total Expenses	$ 173,121,572	$ 182,522,569	$ 355,644,141
Fiscal Year Results	$ 43,195,424	$ 44,462,631	$ 87,658,055
Beginning Restricted Reserve			$ 849,498,895
Ending Restricted Reserve			$ 937,156,950
Beginning Premium Stabilization Reserve			$ -
PSR Addition/(Drawdown)			$ -
Ending Premium Stabilization Reserve			$ -
Total Beginning Plan Reserve			849,498,895
Total Ending Plan Reserve			$ 937,156,950
Accrued Actuarial Liability (AAL)			$ 4,181,000,000
Funded Status			22.4%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	$	211.08
Additional Retiree Premiums	$	0
Pay Go PEPM Subsidy for Retirees	$	372.63
Number of Net New Retirees		1,000

Claim and Other Expense Trends

Eligibility	Medical	Drugs
Non-Medicare	8.0%	10.0%
Medicare	8.0%	10.0%
Capitations		8.0%
Administrative Expense		3.0%
Pay Go Monthly Premium		5.3%

APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
F I S C A L Y E A R 2 0 1 9

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

Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
Revenues			
WV PEIA Pay Go Premiums	$ 139,263,782		$ 139,263,782
Employer Premiums - PPB	12,189,113	1,668,780	13,857,893
Employer Premiums - MCO	-	-	-
Retiree Premiums - PPB	59,668,157	8,169,012	67,837,169
Retiree Premiums - MCO	-	-	-
Annual Required Contributions	-		-
Non Par Premiums	1,531,002		1,531,002
Life Insurance	14,359,796		14,359,796
Investment Income	27,397,051		27,397,051
Transfer from Premium Stabilization Reserve	-		-
General Revenue Transfer	20,963,975		20,963,975
Total Revenue	$ 275,372,876	$ 9,837,792	$ 285,210,668
Program Expenses			
Medicare Medical Claims	$ 2,659,982	$ -	$ 2,659,982
Medicare Prescription Drug Claims	8,479,612	-	8,479,612
Humana MAPD Program	207,478,512		207,478,512
Administration	1,864,246		1,864,246
Life Insurance	14,208,942		14,208,942
Retiree Assistance Program	1,210,290		1,210,290
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	25,678		25,678
Director's Discretionary Fund	-		-
Total Expenses	$ 235,927,262	$ -	$ 235,927,262
Fiscal Year Results	$ 39,445,614		$ 49,283,406
Beginning Restricted Reserve	$ 437,838,296		$ 437,838,296
Ending Restricted Reserve	$ 477,283,910		$ 487,121,701
Beginning Premium Stabilization Reserve	$ -		$ -
PSR Addition/(Drawdown)	$ -		$ -
Ending Premium Stabilization Reserve	$ -		$ -
Total Beginning Plan Reserve	437,838,296		437,838,296
Total Ending Plan Reserve	$ 477,283,910		$ 487,121,701
Accrued Actuarial Liability (AAL)	$ 4,181,000,000		$ 4,181,000,000
Funded Status	22.2%		22.4%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	$	211.08
Additional Retiree Premiums	$	-
Pay Go PEPM Subsidy for Retirees	$	329.56
Number of Net New Retirees		700

Claim and Other Expense Trends

Eligibility	Medical	Drugs
Medicare	8.0%	10.0%
Capitations		8.0%
Administrative Expense		3.0%
Pay Go Monthly Premium		5.3%

APPENDIX - BASELINE SCENARIO
RHBT - NON-MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
F I S C A L Y E A R 2 0 1 9

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

Non-Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
Revenues			
WV PEIA Pay Go Premiums	$ 60,736,218		$ 60,736,218
Employer Premiums - PPB	16,404,372	-	16,404,372
Employer Premiums - MCO	1,372,731	-	1,372,731
Retiree Premiums - PPB	25,467,445	-	25,467,445
Retiree Premiums - MCO	1,094,578	-	1,094,578
Annual Required Contributions	-		-
Non Par Premiums	1,386,938		1,386,938
Life Insurance	13,008,565		13,008,565
Investment Income	24,584,655		24,584,655
Transfer from Premium Stabilization Reserve	-		-
General Revenue Transfer	14,036,025		14,036,025
Total Revenue	$ 158,091,527	$ -	$ 158,091,527
Program Expenses			
Non-Medicare Medical Claims	$ 73,373,836	$ -	$ 73,373,836
Non-Medicare Prescription Drug Claims	24,028,835	-	24,028,835
Non-Medicare Managed Care Capitations	4,887,708		4,887,708
Administration	3,186,170		3,186,170
Life Insurance	12,871,906		12,871,906
Retiree Assistance Program	1,096,404		1,096,404
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	7,570		7,570
Director's Discretionary Fund	264,450		264,450
Total Expenses	$ 119,716,879	$ -	$ 119,716,879
Fiscal Year Results	$ 38,374,648		$ 38,374,648
Beginning Restricted Reserve	$ 411,660,592		$ 411,660,592
Ending Restricted Reserve	$ 450,035,240		$ 450,035,240
Beginning Premium Stabilization Reserve	$ -		$ -
PSR Addition/(Drawdown)	$ -		$ -
Ending Premium Stabilization Reserve	$ -		$ -
Total Beginning Plan Reserve	411,660,592		411,660,592
Total Ending Plan Reserve	$ 450,035,240		$ 450,035,240
Accrued Actuarial Liability (AAL)	$ -		$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	$	211.08
Additional Retiree Premiums	$	-
Pay Go PEPM Subsidy for Retirees	$	532.12
Number of Net New Retirees		300

Claim and Other Expense Trends

Eligibility	Medical	Drugs
Non-Medicare	8.0%	10.0%
Capitations		8.0%
Administrative Expense		3.0%
Pay Go Monthly Premium		5.3%

APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE AND NON-MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
F I S C A L Y E A R 2 0 2 0

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

	7/1/2019 to 12/31/2019	1/1/2020 to 6/30/2020	TRUST Total
Revenues			
WV PEIA Pay Go Premiums	$ 105,000,000	$ 105,000,000	$ 210,000,000
Retiree Premiums - PPB	68,150,611	81,725,757	149,876,368
Retiree Premiums - MCO	1,271,710	1,271,710	2,543,419
Annual Required Contributions	-	-	-
Non Par Premiums	1,415,201	1,415,201	2,830,402
Life Insurance	14,368,390	14,368,390	28,736,779
Investment Income	28,676,242	28,676,242	57,352,485
Transfer from Premium Stabilization Reserve	-	-	-
General Revenue Transfer	17,500,000	17,500,000	35,000,000
Total Revenue	$ 236,382,153	$ 249,957,300	$ 486,339,454
Program Expenses			
Non-Medicare Medical Claims	$ 37,232,364	$ 39,345,924	$ 76,578,288
Non-Medicare Prescription Drug Claims	11,792,322	13,737,711	25,530,033
Medicare Medical Claims	1,945,438	933,748	2,879,186
Medicare Prescription Drug Claims	6,297,048	3,051,007	9,348,055
Non-Medicare Managed Care Capitations	2,639,362	2,639,362	5,278,724
Humana MAPD Program	113,076,286	124,424,363	237,500,648
Administration	2,600,964	2,600,964	5,201,928
Life Insurance	14,217,446	14,217,446	28,434,891
Retiree Assistance Program	1,245,615	1,245,615	2,491,229
ACA Reinsurance Contributions	-	-	-
ACA Comparative Effectiveness Research Fees	-	-	-
Director's Discretionary Fund	128,078	128,078	256,156
Total Expenses	$ 191,174,921	$ 202,324,217	$ 393,499,138
Fiscal Year Results	$ 45,207,232	$ 47,633,083	$ 92,840,316
Beginning Restricted Reserve			$ 937,156,950
Ending Restricted Reserve			$ 1,029,997,266
Beginning Premium Stabilization Reserve			$ -
PSR Addition/(Drawdown)			$ -
Ending Premium Stabilization Reserve			$ -
Total Beginning Plan Reserve			937,156,950
Total Ending Plan Reserve			$ 1,029,997,266
Accrued Actuarial Liability (AAL)			$ 4,297,300,000
Funded Status			24.0%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	$	219.04
Additional Retiree Premiums	$	0
Pay Go PEPM Subsidy for Retirees	$	382.63
Number of Net New Retirees		1,000

Claim and Other Expense Trends

Eligibility	Medical	Drugs
Non-Medicare	8.5%	10.5%
Medicare	8.5%	10.5%
Capitations		8.0%
Administrative Expense		3.0%
Pay Go Monthly Premium		5.0%

APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
F I S C A L Y E A R 2 0 2 0

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

Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
Revenues			
WV PEIA Pay Go Premiums	$ 146,146,588		$ 146,146,588
Employer Premiums - PPB	15,763,514	2,150,077	17,913,591
Employer Premiums - MCO	-	-	-
Retiree Premiums - PPB	77,165,568	10,525,058	87,690,626
Retiree Premiums - MCO	-	-	-
Annual Required Contributions	-		-
Non Par Premiums	1,485,072		1,485,072
Life Insurance	15,077,786		15,077,786
Investment Income	30,227,730		30,227,730
Transfer from Premium Stabilization Reserve	-		-
General Revenue Transfer	21,918,173		21,918,173
Total Revenue	$ 307,784,431	$ 12,675,135	$ 320,459,566
Program Expenses			
Medicare Medical Claims	$ 2,879,186	$ -	$ 2,879,186
Medicare Prescription Drug Claims	9,348,055	-	9,348,055
Humana MAPD Program	237,500,648		237,500,648
Administration	1,920,174		1,920,174
Life Insurance	14,919,389		14,919,389
Retiree Assistance Program	1,307,113		1,307,113
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Director's Discretionary Fund	-		-
Total Expenses	$ 267,874,565	$ -	$ 267,874,565
Fiscal Year Results	$ 39,909,866		$ 52,585,001
Beginning Restricted Reserve	$ 487,121,701		$ 487,121,701
Ending Restricted Reserve	$ 527,031,567		$ 539,706,702
Beginning Premium Stabilization Reserve	$ -		$ -
PSR Addition/(Drawdown)	$ -		$ -
Ending Premium Stabilization Reserve	$ -		$ -
Total Beginning Plan Reserve	487,121,701		487,121,701
Total Ending Plan Reserve	$ 527,031,567		$ 539,706,702
Accrued Actuarial Liability (AAL)	$ 4,297,300,000		$ 4,297,300,000
Funded Status	23.7%		24.0%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	$	219.04
Additional Retiree Premiums	$	-
Pay Go PEPM Subsidy for Retirees	$	341.00
Number of Net New Retirees		700

Claim and Other Expense Trends

Eligibility	Medical	Drugs
Medicare	8.5%	10.5%
Capitations		8.0%
Administrative Expense		3.0%
Pay Go Monthly Premium		5.0%

APPENDIX - BASELINE SCENARIO
RHBT - NON-MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
F I S C A L Y E A R 2 0 2 0

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

Non-Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
Revenues			
WV PEIA Pay Go Premiums	$ 63,853,412		$ 63,853,412
Employer Premiums - PPB	17,344,765	-	17,344,765
Employer Premiums - MCO	1,415,077	-	1,415,077
Retiree Premiums - PPB	26,927,386	-	26,927,386
Retiree Premiums - MCO	1,128,343	-	1,128,343
Annual Required Contributions	-		-
Non Par Premiums	1,345,329		1,345,329
Life Insurance	13,658,993		13,658,993
Investment Income	27,124,755		27,124,755
Transfer from Premium Stabilization Reserve	-		-
General Revenue Transfer	13,081,827		13,081,827
Total Revenue	$ 165,879,887	$ -	$ 165,879,887
Program Expenses			
Non-Medicare Medical Claims	$ 76,578,288	$ -	$ 76,578,288
Non-Medicare Prescription Drug Claims	25,530,033	-	25,530,033
Non-Medicare Managed Care Capitations	5,278,724		5,278,724
Administration	3,281,755		3,281,755
Life Insurance	13,515,502		13,515,502
Retiree Assistance Program	1,184,116		1,184,116
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	-		-
Director's Discretionary Fund	256,156		256,156
Total Expenses	$ 125,624,574	$ -	$ 125,624,574
Fiscal Year Results	$ 40,255,313		$ 40,255,313
Beginning Restricted Reserve	$ 450,035,240		$ 450,035,240
Ending Restricted Reserve	$ 490,290,553		$ 490,290,553
Beginning Premium Stabilization Reserve	$ -		$ -
PSR Addition/(Drawdown)	$ -		$ -
Ending Premium Stabilization Reserve	$ -		$ -
Total Beginning Plan Reserve	450,035,240		450,035,240
Total Ending Plan Reserve	$ 490,290,553		$ 490,290,553
Accrued Actuarial Liability (AAL)	$ -		$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	$	219.04
Additional Retiree Premiums	$	-
Pay Go PEPM Subsidy for Retirees	$	530.98
Number of Net New Retirees		300

Claim and Other Expense Trends

Eligibility	Medical	Drugs
Non-Medicare	8.5%	10.5%
Capitations		8.0%
Administrative Expense		3.0%
Pay Go Monthly Premium		5.0%

Attachment - Trust Fund
Historical Monthly Medical and Drug Trends
FY 2015 to FY 2016

Fiscal Year 2015

Exposure

	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
NonMed_NonDrug	20,714	20,861	20,922	20,660	20,420	20,263	20,330	20,206	20,231	19,976	19,802	19,579
Med_NonDrug	2,065	2,361	2,604	2,863	3,108	3,371	848	1,048	1,248	1,437	1,631	1,862
NonMed_Drug	19,191	19,328	19,385	19,146	18,924	18,777	18,838	18,723	18,752	18,512	18,352	18,142
Med_Drug	2,151	2,459	2,712	2,982	3,238	3,512	883	1,092	1,300	1,497	1,699	1,939

	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
NonMed_NonDrug	$232.51	$218.55	$250.68	$303.73	$236.62	$265.31	$296.86	$234.52	$285.10	$294.39	$303.83	$334.67
Med_NonDrug	181.03	193.60	193.37	192.62	144.49	157.17	299.54	195.07	222.68	247.99	206.62	220.40
NonMed_Drug	95.59	117.06	118.22	119.23	117.51	132.42	128.26	119.23	128.61	127.52	128.29	142.67
Med_Drug	220.15	234.23	249.18	232.70	218.79	263.80	253.80	228.41	250.44	243.61	235.63	249.12
Total	$729.28	$763.43	$811.45	$848.28	$717.41	$818.71	$978.45	$777.23	$886.82	$913.51	$874.37	$946.86

Change From Prior Year - Month to Month Analysis

NonMed_NonDrug	2.7%	-3.7%	6.9%	22.5%	-14.5%	16.6%	3.9%	-7.2%	11.3%	1.7%	16.8%	19.9%
Med_NonDrug	-21.3%	-8.5%	-0.9%	-9.4%	-15.2%	-1.5%	54.9%	-37.7%	-8.7%	5.7%	5.7%	-1.0%
NonMed_Drug	8.0%	11.6%	12.1%	-1.0%	8.6%	5.7%	3.5%	10.5%	6.8%	-0.3%	2.8%	2.0%
Med_Drug	29.4%	3.2%	34.4%	5.5%	5.6%	1.0%	74.2%	1.5%	10.7%	8.0%	5.0%	-0.9%
Total	2.0%	-0.9%	12.6%	5.8%	-5.9%	5.9%	30.7%	-13.5%	4.7%	4.1%	8.6%	6.0%

Change From Prior Year - Quarter to Quarter Analysis

NonMed_NonDrug	2.0%	7.1%	2.7%	12.6%
Med_NonDrug	-10.8%	-8.9%	-4.4%	3.4%
NonMed_Drug	10.7%	4.3%	6.8%	1.5%
Med_Drug	20.8%	3.8%	22.7%	3.9%
Total	4.4%	2.0%	6.0%	6.2%

Change From Prior Year - Year to Year Analysis

NonMed_NonDrug	5.3%	4.9%	4.9%	6.3%
Med_NonDrug	24.9%	16.5%	2.9%	-5.0%
NonMed_Drug	7.1%	7.4%	7.4%	5.5%
Med_Drug	16.6%	15.2%	17.3%	12.1%
Total	13.2%	10.8%	8.1%	4.7%

Attachment - Trust Fund
Historical Monthly Medical and Drug Trends
FY 2015 to FY 2016

Fiscal Year 2016								
Exposure								
	Jul-15	**Aug-15**	**Sep-15**	**Oct-15**	**Nov-15**	**Dec-15**	**Jan-16**	**Feb-16**
NonMed_NonDrug	20,325	20,533	20,656	20,437	20,400	20,298	20,052	19,850
Med_NonDrug	2,284	2,575	2,604	3,099	3,317	3,558	782	1,055
NonMed_Drug	18,831	19,021	19,133	18,932	18,899	18,807	18,574	18,385
Med_Drug	2,379	2,682	2,712	3,228	3,455	3,707	815	1,099
	Jul-15	**Aug-15**	**Sep-15**	**Oct-15**	**Nov-15**	**Dec-15**	**Jan-16**	**Feb-16**
NonMed_NonDrug	$242.21	$250.79	$224.89	$238.70	$222.86	$212.52	$273.70	$276.00
Med_NonDrug	178.39	183.35	144.95	155.10	125.01	148.48	233.08	240.86
NonMed_Drug	95.49	106.22	115.56	116.55	118.79	134.14	126.10	123.87
Med_Drug	223.65	221.50	253.25	257.80	241.53	278.29	271.68	239.63
Total	$739.74	$761.85	$738.65	$768.16	$708.19	$773.44	$904.56	$880.36
Change From Prior Year - Month to Month Analysis								
NonMed_NonDrug	4.2%	14.8%	-10.3%	-21.4%	-5.8%	-19.9%	-7.8%	17.7%
Med_NonDrug	-1.5%	-5.3%	-25.0%	-19.5%	-13.5%	-5.5%	-22.2%	23.5%
NonMed_Drug	-0.1%	-9.3%	-2.2%	-2.2%	1.1%	1.3%	-1.7%	3.9%
Med_Drug	1.6%	-5.4%	1.6%	10.8%	10.4%	5.5%	7.0%	4.9%
Total	1.4%	-0.2%	-9.0%	-9.4%	-1.3%	-5.5%	-7.6%	13.3%
Change From Prior Year - Quarter to Quarter Analysis								
NonMed_NonDrug			2.3%			-16.3%		
Med_NonDrug			-10.8%			-13.3%		
NonMed_Drug			-4.1%			0.1%		
Med_Drug			-0.7%			8.7%		
Total			-2.8%			-5.6%		
Change From Prior Year - Year to Year Analysis								
NonMed_NonDrug			6.3%			0.3%		
Med_NonDrug			-4.8%			-5.6%		
NonMed_Drug			2.2%			1.1%		
Med_Drug			6.8%			8.1%		
Total			3.0%			1.1%		