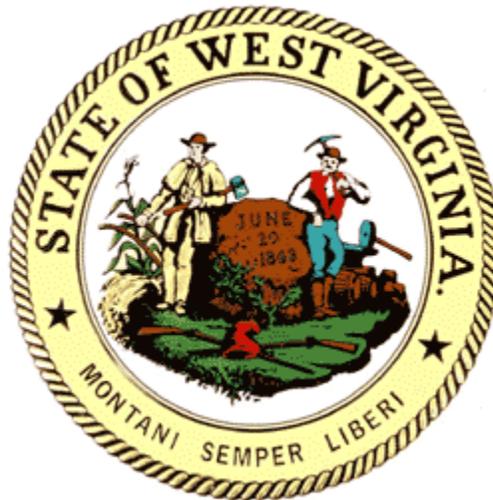




**CCRC**  
Actuaries, LLC

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## **STATE OF WEST VIRGINIA**



### **RETIREE HEALTH BENEFIT TRUST FUND**

**Financial Plan**

**Fiscal Years 2009-2013**

*December 2008*



415 Main Street  
Reisterstown, MD 21136

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

Email: [info@ccrcactuaries.com](mailto:info@ccrcactuaries.com)

Finance Board  
West Virginia Retiree Health Benefit Trust Fund  
State Capitol Complex  
Building 5, Room 1001  
1900 Kanawha Boulevard, East  
Charleston, WV 25305-0710

Ladies and Gentlemen:

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

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

Statutory provisions governing the Trust Fund require the actuary retained by the PEIA to provide technical advice regarding the operation of the Trust Fund. Using the actuarial assumptions most recently adopted by the Board, the actuary is required to develop actuarial valuations of normal cost, actuarial liability, actuarial value of assets, and related actuarial present values for the West Virginia plan for other post-employment benefits including health insurance. Consequently, the Board has requested CCRC Actuaries to prepare a report separating the actuarial projections for the Trust Fund from the PEIA forecast report. The West Virginia Retiree Health Benefit Trust Fund will assume the financial liabilities of the retiree programs currently under the PEIA effective July 1, 2007.

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 PEIA, including incurred but unreported claims, for the fiscal year for which the plan is proposed. CCRC Actuaries has been retained by the PEIA to review the proposed financial plan, and as supported by our work, to render an opinion stating whether the plan may be reasonably expected to generate sufficient revenues to meet estimated insurance program and administrative costs of the plan through FY 2013. The analysis is to be prepared on an accrued and incurred reporting basis for a projection period not to exceed five years.

The Code provisions also require the Board to establish and maintain a reserve fund for PEIA for the purposes of offsetting unanticipated claim losses in any fiscal year. Beginning with the Fiscal Year 2002 plan and for each succeeding fiscal year plan, the Board shall transfer ten percent of the projected total plan costs for that year into the reserve fund, which is to be certified by the actuary and included in the final, approved financial plan submitted to the Governor and Legislature in accordance with the provisions of the Code. Any moneys saved in a plan year shall be transferred into the reserve fund. At the close of any fiscal year in which the balance in the reserve fund exceeds the recommended reserve amount by fifteen percent, these excess funds shall be transferred to the West Virginia Retiree Health Benefit Trust Fund. Additionally, during the 2007 Regular Session, the West Virginia Legislature enacted House Bill 2007 (“HB 2007”) requiring an appropriation of \$39,674,000 to the Other Post Employment Benefit (“OPEB”) Contribution Accumulation Fund in FY 2008.

CCRC Actuaries has provided preliminary forecasts for the Trust Fund for fiscal years ending June 30, 2009 (“FY 2009”), June 30, 2010 (“FY 2010”), June 30, 2011 (“FY 2011”), June 30, 2012 (“FY 2012”) and June 30, 2013 (“FY 2013”). This opinion of plan adequacy is based on the projections through FY 2013 using updated future revenue and plan modifications provided by the Board in the plan adopted in December 2008.

Effective July 1, 2007, PEIA has contracted with Coventry Advantra Freedom to provide Medicare Advantage/Prescription Drug Plan (“MAPD”) Benefits to Medicare-eligible retired employees and dependents. Under this arrangement, Coventry Advantra Freedom has assumed the financial risk of providing comprehensive medical and prescription drug coverage with limited copayments. Accordingly, this report assumes that the Trust Fund will not continue to participate in the Retiree Drug Subsidy (“RDS”) program under CMS Medicare Part D, the enactment of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, after Fiscal Year 2007.

Current Medicare coverages were transferred from a self-insured secondary basis by PEIA to MAPD. However, it should be noted that new Medicare eligible retirees, who become Medicare eligible between July 1, 2007 and June 30, 2008, were covered on a secondary basis by the PPB Plan until July 1, 2008, at which time they will be covered under the MAPD. For the purposes of these projections we have assumed that the MAPD remains in effect throughout the forecast. In addition to newly eligible Medicare retirees, PEIA will continue to provide coverage under the original self-insured secondary basis for those Medicare retirees with access issues to the Coventry Advantra Freedom program.

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 retiree non-Medicare coverages. These hospital savings are assumed to increase by the medical trend assumptions in Fiscal Year 2009 and subsequently. We are assuming that the Bill will continue throughout the forecast and PEIA will not receive any future direct transfers in lieu of the savings resulting from the Bill.

In reviewing the plan, CCRC Actuaries utilized information concerning the plan’s prior experience, covered individuals, plan revenues, plan benefits, plan administrative costs, and other expenses. This information was developed and provided by 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.

Since the adoption of the financial plan in December 2008, PEIA has experienced favorable claim expense. In the circumstances, and subject to the conditions described herein, based on our review, we believe the financial plan approved by the Board for FY 2009 through FY 2013 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 and employee premiums in later fiscal years of the plan through FY 2013 as approved by the Board in December 2008.

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

Respectfully,



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



Bradley Paulis  
Reviewing Partner

# **West Virginia Retiree Health Benefit Trust Fund**

## **Report of Independent Actuary**

### **Financial Plan for FY 2009 – FY 2013**

#### **OVERVIEW**

This report analyzes revenues and expenses related to funding the health insurance benefits of retired employees of the State of West Virginia and various local agencies, together with their dependents. This report is intended for the sole use of the Board, and any other use requires written approval by CCRC Actuaries.

This report was compiled utilizing claims data collected by PEIA's third party administrators through December 2008 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 interest income and significant general and special revenue allocations provided by the Governor, some which have not been approved by the West Virginia Legislature. In addition, other information became available through presentations made at Board meetings, which has been used in arriving at our conclusions.

The Code of West Virginia establishes the actuarial reporting requirements for the Trust Fund on an incurred basis for medical claims 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 Trust Fund. The Trust Fund represents all state and local agency retirees and their survivors. The Trust Fund has been allocated the anticipated administrative costs incurred by PEIA for retiree coverages.

## **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. While we have recently observed a net increase of 1,018 retirees from June 2006 to June 2007, we note that from June 2005 through June 2007, the average annual increase in retirees was 1,006, approximating our current assumption. It should be noted that PEIA had recently changed the new enrollment system after March 2008 and only limited enrollment information is available at this time. CCRC Actuaries has only updated the claims analysis based on the prorated enrollment through December 2008.

In aggregate, March 2008 enrollment has decreased by 422 coverages since the end of FY 2007. Aggregate Preferred Provider Benefit (“PPB”) enrollment has decreased by 419 in total over the same period, while managed care enrollment continues to cover fewer participants, with a slight decrease of 3 coverages.

The following chart summarizes the current enrollment as of the selected monthly billing dates of June 2006, June 2007 and March 2008 for purposes of comparison:

Trust Fund	Coverage	Preferred Provider Benefit			Managed Care		
		Jun-06	Jun-07	Mar-08	Jun-06	Jun-07	Mar-08
Retirees	Medicare Single	16,007	16,273	15,584	-	-	-
	Medicare Family	9,385	9,636	9,623	-	-	-
	Medicare Total	25,392	25,909	25,207	-	-	-
	Non Medicare Single	2,914	3,120	3,191	191	214	214
	Non Medicare Family	4,234	4,491	4,703	181	196	193
	Non Medicare Total	7,148	7,611	7,894	372	410	407
	Retiree Total	32,540	33,520	33,101	372	410	407
	Grand Total				32,912	33,930	33,508

## B. Changes in Claim Backlog

Detail of the medical claim backlog is presented in the PEIA report titled “PEIA Financial Plan Fiscal Years 2009-2013 Report”.

## C. Trend Analysis

CCRC Actuaries performed the detailed medical and prescription drugs trend analysis in the report titled, “Detailed Medical and Prescription Drug Claim Trend Report - September 2008”. This report includes the detailed trend analysis in aggregate for both PEIA and Trust Fund experience by medical and prescription drugs category and whether the PEIA, the Trust Fund or Medicare was primary. Based on the analysis, we have increased the FY 2009 Non-Medicare medical claim trend to 7.0%, and the FY 2009 Medicare medical claim trend to 7.0%. Based on Trust Fund’s favorable prescription drug experience, we have reduced our trend assumption for all prescription drugs coverage to 12.0% in FY 2009.

The current projection assumes the trends on the following table:

Claim Type	Previous Assumption FY 2009 Trend	Updated Assumption FY 2009 Trend
Non-Medicare – Medical	6.5%	7.0%
Medicare – Medical	6.5%	7.0%
Non-Medicare – Drugs	12.5%	12.0%
Medicare – Drugs	12.5%	12.0%

In addition, we have assumed that trends will increase by 0.5% in each successive fiscal year beginning in FY 2010. 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 December 2008. 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)**

<b>Fiscal Year</b>	<b>Non-Medicare Medical</b>	<b>Medicare Medical</b>	<b>Non-Medicare Drugs</b>	<b>Medicare Drugs</b>	<b>Total</b>
2003	-18%	3%	0%	11%	0%
2004	0%	10%	-2%	3%	5%
2005	-2%	6%	1%	16%	8%
2006	5%	6%	17%	11%	9%
2007	1%	6%	6%	6%	5%
2008	7%	N/A	-9%	N/A	N/A
2009*	9%	N/A	7%	N/A	N/A

\* Fiscal Year 2009 results are through the first six months.

PEIA has contracted with Coventry Advantra Freedom to provide MAPD Benefits to Medicare-eligible retired employees and dependents. Under this arrangement, Coventry Advantra Freedom has assumed the financial risk of providing comprehensive medical and prescription drug coverage with limited copayments. As a result, Fiscal Year 2008 and 2009 Medicare trends are non-credible.

**D. Enrollment, Claim, Expense and Revenue Assumptions**

Using aggregate PEIA and Trust Fund paid claim data through December 2008 for medical claims and for prescription drugs claims, average annualized incurred unit claim costs were developed for the Trust Fund for both self-funded and managed care coverages. CCRC Actuaries has developed the claim cost on an adjusted exposure basis using the respective expected claim cost for each coverage type. The adjusted exposure methodology weighs the expected claim cost under each coverage type for single, member and children, and family coverages based on observed differences in health care cost. For example, under this methodology single coverage types are given a weight of 1.0 exposure, whereas member and children coverages are given a greater weighting based on historical expected health care cost relationships. Based on this methodology, the reporting of FY 2008 and the projection of FY 2009 claims and expenses are summarized in the following charts. It should be noted that the chart reflects per policy information. Due to the implementation of a new enrollment system at PEIA in March 2008, updated enrollment information is not available.

Fiscal Year 2008 Results			Revenue		Expenses		
Fund	Program	Policies	Monthly Employer Premiums	Monthly Employee Premiums	Monthly Medical Costs	Monthly Drugs Costs	Monthly Capitation Costs
Retiree	Medicare Coventry Advantra Freedom	25,234					\$ 135
	<u>Non-Medicare</u>	7,936			\$ 507	\$ 189	
	Total	33,170	\$ -	\$ 141			
	<u>Non-Medicare Managed Care</u>	408	\$ -	\$ 477			\$ 935
	Total	33,578					

Fiscal Year 2009 Projection			Revenue		Expenses		
Fund	Program	Policies	Monthly Employer Premiums	Monthly Employee Premiums	Monthly Medical Costs	Monthly Drugs Costs	Monthly Capitation Costs
Retiree	Medicare Coventry Advantra Freedom	25,603					\$ 169
	<u>Non-Medicare</u>	8,290			\$ 553	\$ 218	
	Total	33,893	\$ -	\$ 138			
	<u>Non-Medicare Managed Care</u>	407	\$ -	\$ 514			\$ 1,032
	Total	34,300					

Projected plan revenues and administrative expenses were provided by PEIA. The following chart summarizes the Financial Plan adopted by the Board in December 2008. Non-Medicare retirees premium will be increased by approximately \$2.7 million in Fiscal Year 2010, while Medicare retirees premium will not receive an increase.

### Board Decisions – December 2008

Source	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013
<b>Additional Retiree Premiums</b>	\$0	\$2,694,586	\$10,900,000	\$8,100,000	\$8,200,000
<b>Mandatory Transfer From General Revenue</b>	\$77,330,000	\$0	\$0	\$0	\$0
<b>Pay Go Premium Transfer</b>	\$144,469,996	\$122,799,496	\$139,991,425	\$159,590,225	\$181,932,857

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, PEIA management has assumed that the Retiree Premium Assistance Program will grow as a direct result from the required retiree premium increases in the financial plan. The program's cost is currently projected to grow from approximately \$2.3 million in FY 2009 to approximately \$3.1 million in FY 2013, based on the Board's direction and projected retiree enrollment growth in the financial plan.

It should be noted that we have adjusted the Pay Go premium transfers in FY 2010 and later years to cover the investment losses for PEIA. We have reduced FY 2009 Pay Go premium by 15% for FY 2010, and we have assumed that the Pay Go premium will increase by 14% each year for FY 2011 through FY 2013, since the adoption of the plan.

#### **E. Provider Reimbursement Changes**

Effective July 1, 2007, PEIA has contracted with Coventry Advantra Freedom to provide Medicare Advantage/Prescription Drug Plan ("MAPD") Benefits to Medicare-eligible retired employees and dependents. Under this arrangement, Coventry Advantra Freedom has assumed the financial risk of providing comprehensive medical and prescription drug coverage with limited copayments. Accordingly, this report assumes that the Trust Fund will not continue to participate in the Retiree Drug Subsidy ("RDS") program under CMS Medicare Part D, the enactment of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, after Fiscal Year 2007.

#### **FISCAL YEAR 2009 FORECAST**

The financial forecast for FY 2009 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2009, projects accrued revenue of \$298,332,026 and incurred plan expenses of \$160,578,642 to produce a fiscal year surplus of \$137,753,384.

## **FISCAL YEAR 2010 FORECAST**

The financial forecast for FY 2010 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2010, projects accrued revenue of \$229,857,228 and incurred plan expenses of \$183,301,899 to produce a fiscal year surplus of \$46,555,329.

## **FISCAL YEAR 2011 FORECAST**

The financial forecast for FY 2011 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2011, projects accrued revenue of \$262,366,253 and incurred plan expenses of \$209,099,277 to produce a fiscal year surplus of \$53,266,976.

## **FISCAL YEAR 2012 FORECAST**

The financial forecast for FY 2012 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2012, projects accrued revenue of \$294,886,819 and incurred plan expenses of \$238,744,425 to produce a fiscal year surplus of \$56,142,394.

## **FISCAL YEAR 2013 FORECAST**

The financial forecast for FY 2013 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2013, projects accrued revenue of \$330,553,209 and incurred plan expenses of \$272,797,712 to produce a fiscal year surplus of \$57,755,497.

## **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 10% reserve target through the projection period ending with the Fiscal Year 2013. These projections are based on significant MAPD savings effective in FY 2009 and significant revenue increases projected by PEIA 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. On the national level, it would not be surprising to see significant changes in the MAPD program, which will impact Trust Fund financial projections. 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**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST  
FINANCIAL FORECAST  
FISCAL YEAR 2009**

**PERIOD 7/1/2008 - 6/30/2009**

	<b>TRUST Total</b>
<u>Revenues</u>	
Local Agencies - Pay Go Premiums	\$ 18,979,808
State Agencies Employers - Pay Go Premiums	101,446,036
State Agencies Employees - Pay Go Premiums	24,044,152
Retiree Premiums - PPB	56,160,049
Retiree Premiums - MCO	2,510,516
Local Agencies - Initial UAAL OPEB Funding	-
State Agencies - Initial UAAL OPEB Funding	-
Debt Reduction Fund	13,700,000
Mandatory Transfer from General Revenue	30,730,000
Mandatory Transfer from Excess Lottery	46,600,000
PEIA Mandatory Transfer to WV RHBT 2008	-
Non Par Premiums	4,161,465
Investment Income	-
<b>Total Revenue</b>	<b>\$ 298,332,026</b>
<u>Program Expenses</u>	
Non-Medicare Medical Claims	\$ 55,051,593
Non-Medicare Prescription Drug Claims	21,728,166
Medicare Medical Claims	1,009,751
Medicare Prescription Drug Claims	1,117,834
Non-Medicare Managed Care Capitations	5,038,063
MAPD Capitations	68,507,059
Administration	5,527,014
Retiree Assistance Program	2,287,194
Director's Discretionary Fund	311,968
<b>Total Expenses</b>	<b>\$ 160,578,642</b>
<b>Fiscal Year Results</b>	<b>\$ 137,753,384</b>
Beginning Plan Reserve	257,842,139
Ending Plan Reserve	\$ 395,595,523

**KEY ASSUMPTIONS**

Pay Go Monthly Premium	\$ 166.19	<b>Claim and Other Expense Trends</b>		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Non-Medicare	7.0%	12.0%
		Medicare	7.0%	12.0%
		Capitations		24.0%
		Administrative Expense		5.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		10.0%

**APPENDIX - BASELINE SCENARIO**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST  
FINANCIAL FORECAST  
FISCAL YEAR 2010**

**PERIOD 7/1/2009 - 6/30/2010**

	<b>TRUST Total</b>
<u>Revenues</u>	
Local Agencies - Pay Go Premiums	\$ 16,132,836
State Agencies Employers - Pay Go Premiums	85,854,223
State Agencies Employees - Pay Go Premiums	20,812,437
Retiree Premiums - PPB	59,031,104
Retiree Premiums - MCO	2,638,660
Local Agencies - Initial UAAL OPEB Funding	-
State Agencies - Initial UAAL OPEB Funding	-
Debt Reduction Fund	13,700,000
Mandatory Transfer from General Revenue	-
Mandatory Transfer from Excess Lottery	-
PEIA Mandatory Transfer to WV RHBT 2009	-
Non Par Premiums	4,660,840
Investment Income	27,027,128
<b>Total Revenue</b>	<b>\$ 229,857,228</b>
<u>Program Expenses</u>	
Non-Medicare Medical Claims	\$ 62,953,687
Non-Medicare Prescription Drug Claims	26,124,634
Medicare Medical Claims	1,029,479
Medicare Prescription Drug Claims	1,192,801
Non-Medicare Managed Care Capitations	5,718,202
MAPD Capitations	77,679,629
Administration	5,803,365
Retiree Assistance Program	2,470,169
Director's Discretionary Fund	329,933
<b>Total Expenses</b>	<b>\$ 183,301,899</b>
Fiscal Year Results	\$ 46,555,329
Beginning Plan Reserve	395,595,523
Ending Plan Reserve	\$ 442,150,852

**KEY ASSUMPTIONS**

Pay Go Monthly Premium	\$ 141.26	<b>Claim and Other Expense Trends</b>		
Additional Retiree Premiums	\$ 2,694,586	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Non-Medicare	7.5%	12.5%
		Medicare	7.5%	12.5%
		Capitations		13.5%
		Administrative Expense		5.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		-15.0%

**APPENDIX - BASELINE SCENARIO**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST  
FINANCIAL FORECAST  
FISCAL YEAR 2011**

**PERIOD 7/1/2010 - 6/30/2011**

	<b>TRUST Total</b>
<u>Revenues</u>	
Local Agencies - Pay Go Premiums	\$ 18,391,433
State Agencies Employers - Pay Go Premiums	97,792,582
State Agencies Employees - Pay Go Premiums	23,807,410
Retiree Premiums - PPB	70,121,769
Retiree Premiums - MCO	3,135,218
Local Agencies - Initial UAAL OPEB Funding	-
State Agencies - Initial UAAL OPEB Funding	-
Debt Reduction Fund	13,700,000
Mandatory Transfer from General Revenue	-
Mandatory Transfer from Excess Lottery	-
PEIA Mandatory Transfer to WV RHBT 2010	-
Non Par Premiums	5,220,141
Investment Income	30,197,700
<b>Total Revenue</b>	<b>\$ 262,366,253</b>
<u>Program Expenses</u>	
Non-Medicare Medical Claims	\$ 72,048,439
Non-Medicare Prescription Drug Claims	31,412,376
Medicare Medical Claims	1,066,730
Medicare Prescription Drug Claims	1,294,476
Non-Medicare Managed Care Capitations	6,175,658
MAPD Capitations	87,992,685
Administration	6,093,533
Retiree Assistance Program	2,667,783
Director's Discretionary Fund	347,597
<b>Total Expenses</b>	<b>\$ 209,099,277</b>
Fiscal Year Results	\$ 53,266,976
Beginning Plan Reserve	442,150,852
Ending Plan Reserve	\$ 495,417,828

**KEY ASSUMPTIONS**

Pay Go Monthly Premium	\$ 161.04	<b>Claim and Other Expense Trends</b>		
Additional Retiree Premiums	\$ 10,900,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Non-Medicare	8.0%	13.0%
		Medicare	8.0%	13.0%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		14.0%

**APPENDIX - BASELINE SCENARIO**

**WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST  
FINANCIAL FORECAST  
FISCAL YEAR 2012**

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

	<b>TRUST Total</b>
<u>Revenues</u>	
Local Agencies - Pay Go Premiums	\$ 20,966,234
State Agencies Employers - Pay Go Premiums	111,418,968
State Agencies Employees - Pay Go Premiums	27,205,023
Retiree Premiums - PPB	78,422,931
Retiree Premiums - MCO	3,506,683
Local Agencies - Initial UAAL OPEB Funding	-
State Agencies - Initial UAAL OPEB Funding	-
Debt Reduction Fund	13,700,000
Mandatory Transfer from General Revenue	-
Mandatory Transfer from Excess Lottery	-
PEIA Mandatory Transfer to WV RHBT 2011	-
Non Par Premiums	5,846,558
Investment Income	33,820,422
<b>Total Revenue</b>	<b>\$ 294,886,819</b>
<u>Program Expenses</u>	
Non-Medicare Medical Claims	\$ 82,558,145
Non-Medicare Prescription Drug Claims	37,791,675
Medicare Medical Claims	1,155,222
Medicare Prescription Drug Claims	1,466,608
Non-Medicare Managed Care Capitations	6,669,711
MAPD Capitations	99,458,679
Administration	6,398,210
Retiree Assistance Program	2,881,205
Director's Discretionary Fund	364,970
<b>Total Expenses</b>	<b>\$ 238,744,425</b>
Fiscal Year Results	\$ 56,142,394
Beginning Plan Reserve	495,417,828
Ending Plan Reserve	\$ 551,560,222

**KEY ASSUMPTIONS**

Pay Go Monthly Premium	\$ 183.58	<b>Claim and Other Expense Trends</b>		
Additional Retiree Premiums	\$ 8,100,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Non-Medicare	8.5%	13.5%
		Medicare	8.5%	13.5%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		14.0%

**APPENDIX - BASELINE SCENARIO**

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

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

	<b>TRUST Total</b>
<u>Revenues</u>	
Local Agencies - Pay Go Premiums	\$ 23,901,507
State Agencies Employers - Pay Go Premiums	126,964,340
State Agencies Employees - Pay Go Premiums	31,067,010
Retiree Premiums - PPB	86,841,176
Retiree Premiums - MCO	3,883,345
Local Agencies - Initial UAAL OPEB Funding	-
State Agencies - Initial UAAL OPEB Funding	-
Debt Reduction Fund	13,700,000
Mandatory Transfer from General Revenue	-
Mandatory Transfer from Excess Lottery	-
PEIA Mandatory Transfer to WV RHBT 2012	-
Non Par Premiums	6,548,145
Investment Income	37,647,686
<b>Total Revenue</b>	<b>\$ 330,553,209</b>
<u>Program Expenses</u>	
Non-Medicare Medical Claims	\$ 94,749,445
Non-Medicare Prescription Drug Claims	45,511,219
Medicare Medical Claims	1,256,833
Medicare Prescription Drug Claims	1,668,965
Non-Medicare Managed Care Capitations	7,203,288
MAPD Capitations	112,196,080
Administration	6,718,120
Retiree Assistance Program	3,111,702
Director's Discretionary Fund	382,060
<b>Total Expenses</b>	<b>\$ 272,797,712</b>
Fiscal Year Results	\$ 57,755,497
Beginning Plan Reserve	551,560,222
Ending Plan Reserve	\$ 609,315,719

**KEY ASSUMPTIONS**

Pay Go Monthly Premium	\$ 209.28	<b>Claim and Other Expense Trends</b>		
Additional Retiree Premiums	\$ 8,200,000	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
		Non-Medicare	9.0%	14.0%
		Medicare	9.0%	14.0%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		14.0%