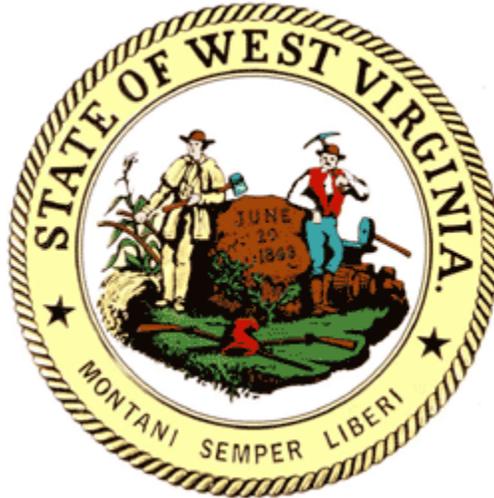




CCRC
Actuaries, LLC

STATE OF WEST VIRGINIA



RETIREE HEALTH BENEFIT TRUST FUND

**Quarterly Report
December 31, 2012**

Fiscal Years 2013-2017

March 2013



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Finance Board
West Virginia Retiree Health Benefit Trust Fund
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Charleston, West Virginia 25304-2345

Ladies and Gentlemen:

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

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

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

The provisions of the Code of West Virginia (“Code”), 1931, as amended, charge the Board with the responsibility to prepare a proposed financial plan designed to generate revenues sufficient to meet all estimated program and administrative costs of the RHBT, including incurred but unreported claims, for the fiscal year for which the plan is proposed. CCRC Actuaries has been retained by the RHBT to review the proposed financial plan for FY 2014, 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 2017. The analysis is to be prepared on an accrued and incurred reporting basis for a projection period not to exceed five years.

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

CCRC Actuaries has provided preliminary forecasts for the Trust Fund for fiscal years ending June 30, 2013 (“FY 2013”), June 30, 2014 (“FY 2014”), June 30, 2015 (“FY 2015”), June 30, 2016 (“FY 2016”) and June 30, 2017 (“FY 2017”). This opinion of plan adequacy is based on the projections through FY 2017 using updated future revenue and plan modifications provided by the Board in the plan adopted in December 2012.

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

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

The Medicaid / RHBT Hospital Bill (“Bill”) has been extended and is anticipated to continue to provide RHBT with hospital charge savings through discounts for all retiree non-Medicare coverages. These hospital savings are assumed to increase by the medical trend assumptions in Fiscal Year 2013 and subsequently. We are assuming that the Bill will continue throughout the forecast and RHBT will not receive any future direct transfers in lieu of the savings resulting from the Bill.

In reviewing the plan, CCRC Actuaries utilized information concerning the plan’s prior experience, covered individuals, plan revenues, plan benefits, plan administrative costs, and other expenses. This information was developed and provided by RHBT, the plan’s third party administrators and other sources. In our review, we completely relied on the accuracy of this information and did not perform any due diligence on the information. The enclosed forecasts include anticipated changes from the federal statute Patient Protection and Affordable Care Act (“PPACA”) signed into law on March 23, 2010. Based on the PPACA requirements to expand coverage, the estimated “grandfathering” cost of eliminating lifetime limitations, offering free preventive services, and covering children to age 26 is approximately \$4.6 million in FY 2013. In addition, RHBT is expecting to spend \$3.9 million through the Early Retiree Reinsurance Program from CMS in FY 2013. Additional details of the benefit enhancements and costs can be found later in this report.

In FY 2013 the Pay-Go is equivalent to \$343 per retiree per month. In future years, the Pay Go premium may continue to increase each year by a maximum of 3% per retiree per year. The new Pay-Go premium formula is based on the financial plan approved by the Financial Board in December 2012.

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

Based on our review, and subject to the conditions described herein, we believe the financial plan approved by the Board for FY 2013 through FY 2017 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 2017 as approved by the Board in December 2012.

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

Respectfully,



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



Chris Borcik, F.S.A., M.A.A.A.
Senior Actuarial Consultant

West Virginia Retiree Health Benefit Trust Fund
Report of Independent Actuary
Financial Plan for FY 2013 – FY 2017

OVERVIEW

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

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

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

KEY ASSUMPTIONS

A. Enrollment Changes

The Board has requested that the projection assume retiree enrollment growth consistent with the experience of the plan. These projections assume that the Trust Fund will annually have 1,000 additional retirees. We have observed a net increase of 1,052 retirees from June 2011 to June 2012, approximating our current assumption. CCRC Actuaries has updated the claims analysis based on the enrollment through March 2013.

In aggregate, March 2013 enrollment has increased by 1,152 coverages since the end of FY 2012. Aggregate Preferred Provider Benefit (“PPB”) enrollment has increased by 1,113 in total over the same period, while managed care enrollment continues to cover fewer participants, with a slight increase of 39 coverages. For MAPD Capitations, 38,585 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 2011, June 2012 and March 2013 for purposes of comparison:

Trust Fund	Coverage	Preferred Provider Benefit*			Managed Care		
		Jun-11	Jun-12	Mar-13	Jun-11	Jun-12	Mar-13
Retirees	Medicare Single	16,838	17,341	17,744	18	44	60
	<u>Medicare Family</u>	<u>11,372</u>	<u>12,004</u>	<u>12,516</u>	<u>16</u>	<u>35</u>	<u>51</u>
	Medicare Total	28,210	29,345	30,260	34	79	111
	Non Medicare Single	3,585	3,467	3,563	160	154	147
	<u>Non Medicare Family</u>	<u>4,388</u>	<u>4,376</u>	<u>4,478</u>	<u>162</u>	<u>170</u>	<u>184</u>
	Non Medicare Total	7,973	7,843	8,041	322	324	331
	Retiree Total	36,183	37,188	38,301	356	403	442
Grand Total				36,539	37,591	38,743	

* The majority of PPB is capitated through Humana. As of March 2013, there were approximately 2,047 Medicare retiree coverages under PEIA.

B. Changes in Claim Backlog

Detail of the medical claim backlog is presented in the PEIA report titled “PEIA Financial Plan Fiscal Years 2013-2017 Report”.

C. Trend Analysis

RHBT has experienced favorable medical and prescription drug trends in FY 2012, over the long term, trends have been favorable. CCRC Actuaries performed the detailed medical and prescription drugs trend analysis in the report titled, “Detailed Medical and Prescription Drug Claim Trend Report - September 2012”. This report includes the detailed trend analysis of PEIA experience by medical and prescription drugs. Based on the analysis, we have decreased the FY 2013 medical claim trend to 5.5%. Additionally, due to PEIA’s favorable prescription drug experience, we have decreased our trend assumption for all prescription drugs coverage to 8.5 in FY 2013.

The current projection assumes the trends on the following table:

Claim Type	Previous Assumption FY 2013 Trend	Updated Assumption FY 2013 Trend
Non-Medicare – Medical	6.5%	5.5%
Medicare – Medical	6.5%	5.5%
Non-Medicare – Drugs	10.0%	8.5%
Medicare – Drugs	10.0%	8.5%

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

The following chart summarizes the trend results observed for the plan using data through February 2013. It is important to note that these trends ***have not*** been adjusted to reflect savings as a result of the expansion of the drug rebate program or the claim savings due to changes in provider reimbursement methodologies nor changes in the benefit structure. In developing the claim cost projection, we have reflected for benefit and reimbursement changes as an adjustment to the gross trend assumption.

Aggregate Trust Fund Historical Trends (Retirees)

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

* Fiscal Year 2013 results are through the first eight months ending February 2013.

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

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

D. Enrollment, Claim, Expense and Revenue Assumptions

Using aggregate PEIA and Trust Fund paid claim data through February 2013 for medical claims and for prescription drugs claims, average annualized incurred unit claim costs were developed for the Trust Fund for both self-funded and managed care coverages. CCRC Actuaries has developed the claim cost on an adjusted exposure basis using the respective expected claim cost for each coverage type. The adjusted exposure methodology weighs the expected claim cost under each coverage type for single, member and children, and family coverages based on observed differences in health care cost. For example, under this methodology single coverage types are given a weight of 1.0 exposure, whereas member and children coverages are given a greater weighting based on historical expected health care cost relationships. Based on this methodology, the projection of FY 2013 revenue and expenses are summarized in the following chart. It should be noted that the chart reflects per policy information.

Fiscal Year 2013 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	30,071			\$ 146**	\$ 90**	\$ 299
	Non-Medicare	8,180			\$ 632	\$ 231	
	Total	38,251	\$ -	\$ 169			
	Non-Medicare Managed Care	334	\$ -	\$ 604			\$ 1,174
	Total	38,585					

*Net of rebates and subsidies.

** As of March 2013, there were approximately 2,047 Medicare coverages that were not capitated through Humana.

Projected plan revenues and administrative expenses were provided by RHBT. The following chart summarizes the Financial Plan adopted by the Board in December 2012. Medicare retirees premium will be increased by approximately \$3.1 million in Fiscal Year 2013, while Non-Medicare retirees premium will not receive an increase. This total retiree premium increase of 4% is an effective increase of 9% for the Medicare retirees.

Board Decisions – December 2012

Source	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017
Additional Retiree Premium	\$3,055,115	\$0	\$6,342,044	\$14,302,396	\$17,148,244
Benefit Reductions/(Increase)	(\$4,596,000)	\$0	\$0	\$0	\$0
Early Retiree Reinsurance Program (CMS)	\$3,913,548	\$0	\$0	\$0	\$0
General Revenue Transfer	\$0	\$0	\$0	\$30,000,000	\$30,000,000
ACA Reinsurance Contributions (Cost)	\$0	(\$1,800,000)	(\$3,100,000)	(\$1,900,000)	(\$700,000)
ACA Comparative Effectiveness Research Fees (Cost)	(\$57,276)	(\$118,150)	(\$121,867)	(\$125,707)	(\$129,675)
Pay Go Premium Transfer	\$162,818,000	\$160,822,000	\$169,796,566	\$180,473,485	\$190,699,021
Actuarial Accrued Liability*	\$4,250,900,000	\$4,454,000,000	\$4,607,800,000	\$4,745,900,000	\$4,868,100,000
Funded Status	13.3%	13.6%	14.0%	15.2%	16.4%

*Projected Result

RHBT is expecting to utilize \$3.9 million through the Early Retiree Reinsurance Program from CMS, and reduce benefit coverage with the addition of “grandfathering” cost at approximately \$4.6 million in FY 2013.

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

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

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

Under the final rule, issuers would be required to pay a reinsurance contribution of \$5.25 per member per month to HHS in 2014. The \$5.25 contribution rate would gradually decrease in 2015 and 2016. From 2017 and beyond, no further reinsurance contributions will be collected. RHBT will not receive any benefit payments from the national reinsurance program. RHBT will be subject to paying the reinsurance contributions through FY 2017 and the projected expenses of the reinsurance contributions are included in the current financial plan. The total reinsurance contributions for the financial projection are estimated to be \$7,500,000.

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. The fees will 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.

RHBT will pay the fees for the FY 2013 through FY 2019 plan years. In the first year it applies, the fee will be \$1 multiplied by the average number of lives covered under the plan (including dependents). In subsequent years, the multiplier is \$2 times the average number of covered lives, but this number will be reviewed annually and could change. We assume \$2 for future years after FY 2013 in the projection. The total comparative effectiveness research fees for the financial projection are estimated to be \$824,459.

Future fiscal year State revenue increases will require legislative appropriation. Additional retiree premiums represent premiums paid by retirees either directly or through sick and annual leave conversion credits. Additionally, RHBT management has assumed that the Retiree Premium Assistance Program will grow as a direct result from the required retiree premium increases in the financial plan. The program's cost is currently projected to grow from approximately \$2.4 million in FY 2013 to approximately \$3.3 million in FY 2017, based on the Board's direction and projected retiree enrollment growth in the financial plan.

In FY 2013 the Pay-Go is equivalent to \$343 per retiree per month. In future years, the Pay Go premium may continue to increase each year by a maximum of 3% per retiree per year. The new Pay-Go premium formula is based on the financial plan approved by the Financial Board in December 2012.

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 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 \$285,037,580 and incurred plan expenses of \$211,256,216 to produce a fiscal year surplus of \$73,781,364. The PEIA local and state agencies Pay Go premiums for FY 2013 are assumed to be \$162,818,000.

FISCAL YEAR 2014 FORECAST

The financial forecast for FY 2014 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2014, projects accrued revenue of \$282,456,536 and incurred plan expenses of \$242,544,705 to produce a fiscal year surplus of \$39,911,831. The PEIA local and state agencies Pay Go premiums for FY 2014 are assumed to be \$160,822,000.

FISCAL YEAR 2015 FORECAST

The financial forecast for FY 2015 under the Baseline scenario is presented in the Appendix. The Baseline forecast for FY 2015, projects accrued revenue of \$301,265,876 and incurred plan expenses of \$260,753,852 to produce a fiscal year surplus of \$40,512,025. The PEIA local and state agencies Pay Go premiums for FY 2015 are assumed to be \$169,796,566.

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 \$360,036,422 and incurred plan expenses of \$286,771,069 to produce a fiscal year surplus of \$73,265,353. The PEIA local and state agencies Pay Go premiums for FY 2016 are assumed to be \$180,473,485.

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 \$393,482,242 and incurred plan expenses of \$315,321,388 to produce a fiscal year surplus of \$78,160,854. The PEIA local and state agencies Pay Go premiums for FY 2017 are assumed to be \$190,699,021.

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 2017. These projections are based on significant revenue increases as contained in the Financial Plan adopted by the Board in December 2012 and are contingent on legislative approval. These forecasts are based on assumptions including the estimated cost and savings of plan changes, expected trend levels and exposure levels. The continued enrollment changes of the managed care options, changes in physician, ambulatory and hospital provider reimbursement; possible changes in methodology of managed care premium calculation; and changes in the prescription drugs program, can be expected to further exacerbate the difficulty of projecting future medical and drugs claim levels and lags. These projections do not incorporate any anticipated effects of national or state health care reform, such as Medicare and Medicaid reform. As such, actual results deviating from those amounts projected in these pages should not be unexpected. With the legislatively mandated requirement of a five-year projection, it should be assumed that constant modifications would be required.

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

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

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

	TRUST Total
<u>Revenues</u>	
WV PEIA Pay Go Premiums	\$ 162,818,000
Retiree Premiums - PPB	77,595,414
Retiree Premiums - MCO	2,419,380
Annual Required Contributions	67,702
Non Par Premiums	3,225,346
Early Retiree Reinsurance Program (CMS)	3,913,548
Investment Income	34,998,190
Total Revenue	\$ 285,037,580
<u>Program Expenses</u>	
Non-Medicare Medical Claims	\$ 62,043,208
Non-Medicare Prescription Drug Claims	22,723,291
Medicare Medical Claims	3,816,432
Medicare Prescription Drug Claims	2,452,299
Medicare (PDP) Prescription Drug Claims	-
CMS Direct and Low Income Drug Subsidy	-
Non-Medicare Managed Care Capitations	4,704,633
Humana MAPD Program	108,040,826
Administration	4,800,710
Life Insurance	-
Retiree Assistance Program	2,471,856
ACA Reinsurance Contributions	-
ACA Comparative Effectiveness Research Fees	57,276
Director's Discretionary Fund	145,685
Total Expenses	\$ 211,256,216
Fiscal Year Results	\$ 73,781,364
Beginning Plan Reserve	492,778,860
Ending Plan Reserve	\$ 566,560,224
Accrued Actuarial Liability (AAL)	\$ 4,250,900,000
Funded Status	13.3%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 180.25	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 3,055,115	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 215.83	Non-Medicare	5.5%	8.5%
		Medicare	5.5%	8.5%
		Capitations		8.0%
		Administrative Expense		-58.5%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		6.9%

APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2013

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

Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 96,384,124		\$ 96,384,124
Employer Premiums - PPB	7,562,813		7,562,813
Employer Premiums - MCO	67,654		67,654
Retiree Premiums - PPB	32,545,846	-	32,545,846
Retiree Premiums - MCO	148,647	-	148,647
Annual Required Contributions	-		-
Non Par Premiums	1,625,474		1,625,474
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	26,921,026		26,921,026
Total Revenue	\$ 165,255,584	\$ -	\$ 165,255,584
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 3,816,432	\$ -	\$ 3,816,432
Medicare Prescription Drug Claims	2,452,299	-	2,452,299
Medicare (PDP) Prescription Drug Claims	-		-
CMS Direct and Low Income Drug Subsidy	-		-
Humana MAPD Program	108,040,826		108,040,826
Administration	2,419,408		2,419,408
Life Insurance	-		-
Retiree Assistance Program	1,245,738		1,245,738
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	41,849		41,849
Director's Discretionary Fund	-		-
Total Expenses	\$ 118,016,552	\$ -	\$ 118,016,552
Fiscal Year Results	\$ 47,239,032		\$ 47,239,032
Beginning Plan Reserve	229,648,258		229,648,258
Ending Plan Reserve	\$ 276,887,291		\$ 276,887,291
Accrued Actuarial Liability (AAL)	\$ 4,250,900,000		\$ 4,250,900,000
Funded Status	13.4%		13.3%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 180.25	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 127.76	Medicare	5.5%	8.5%
		Capitations		8.0%
		Administrative Expense		-58.5%
Number of Net New Retirees	700	Pay Go Monthly Premium		6.9%

APPENDIX - BASELINE SCENARIO
RHBT - NON-MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2013

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

Non-Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 66,433,876		\$ 66,433,876
Employer Premiums - PPB	16,981,776		16,981,776
Employer Premiums - MCO	1,430,482		1,430,482
Retiree Premiums - PPB	20,504,979		20,504,979
Retiree Premiums - MCO	772,597		772,597
Annual Required Contributions	67,702		67,702
Non Par Premiums	1,599,872		1,599,872
Early Retiree Reinsurance Program (CMS)	3,913,548		3,913,548
Investment Income	8,077,164		8,077,164
Total Revenue	\$ 119,781,996	\$ -	\$ 119,781,996
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 56,503,022	\$ 5,540,187	\$ 62,043,209
Non-Medicare Prescription Drug Claims	23,567,684	(844,393)	22,723,291
CMS Direct and Low Income Drug Subsidy	-		-
Non-Medicare Managed Care Capitations	4,704,633		4,704,633
Administration	2,381,302		2,381,302
Life Insurance	-		-
Retiree Assistance Program	1,226,118		1,226,118
ACA Reinsurance Contributions	-		-
ACA Comparative Effectiveness Research Fees	15,427		15,427
Director's Discretionary Fund	145,685		145,685
Total Expenses	\$ 88,543,871	\$ 4,695,794	\$ 93,239,665
Fiscal Year Results	\$ 31,238,125		\$ 26,542,331
Beginning Plan Reserve	263,130,604		263,130,604
Ending Plan Reserve	\$ 294,368,729		\$ 289,672,935
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 180.25	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 88.06	Non-Medicare	5.5%	8.5%
		Capitations		8.0%
		Administrative Expense		-58.5%
Number of Net New Retirees	300	Pay Go Monthly Premium		6.9%

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

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

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

	TRUST Total
<u>Revenues</u>	
WV PEIA Pay Go Premiums	\$ 160,822,000
Retiree Premiums - PPB	77,787,184
Retiree Premiums - MCO	2,425,359
Annual Required Contributions	-
Non Par Premiums	3,612,388
Early Retiree Reinsurance Program (CMS)	-
Investment Income	37,809,605
Total Revenue	\$ 282,456,536
<u>Program Expenses</u>	
Non-Medicare Medical Claims	\$ 65,928,423
Non-Medicare Prescription Drug Claims	24,830,440
Medicare Medical Claims	4,038,942
Medicare Prescription Drug Claims	2,668,868
Medicare (PDP) Prescription Drug Claims	-
CMS Direct and Low Income Drug Subsidy	-
Non-Medicare Managed Care Capitations	5,081,004
Humana MAPD Program	130,076,755
Administration	5,040,746
Life Insurance	-
Retiree Assistance Program	2,669,604
ACA Reinsurance Contributions	1,800,000
ACA Comparative Effectiveness Research Fees	118,150
Director's Discretionary Fund	291,773
Total Expenses	\$ 242,544,705
Fiscal Year Results	\$ 39,911,831
Beginning Plan Reserve	566,560,224
Ending Plan Reserve	\$ 606,472,055
Accrued Actuarial Liability (AAL)	\$ 4,454,000,000
Funded Status	13.6%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 178.04	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 206.95	Non-Medicare	6.0%	9.0%
		Medicare	6.0%	9.0%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		-1.2%

APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2014

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

Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 101,061,946		\$ 101,061,946
Employer Premiums - PPB	7,581,504		7,581,504
Employer Premiums - MCO	67,821		67,821
Retiree Premiums - PPB	32,626,280	-	32,626,280
Retiree Premiums - MCO	149,014	-	149,014
Annual Required Contributions	-		-
Non Par Premiums	1,820,531		1,820,531
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	29,083,600		29,083,600
Total Revenue	\$ 172,390,696	\$ -	\$ 172,390,696
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 4,038,942	\$ -	\$ 4,038,942
Medicare Prescription Drug Claims	2,668,868	-	2,668,868
Medicare (PDP) Prescription Drug Claims	-		-
CMS Direct and Low Income Drug Subsidy	-		-
Humana MAPD Program	130,076,755		130,076,755
Administration	2,540,379		2,540,379
Life Insurance	-		-
Retiree Assistance Program	1,345,397		1,345,397
ACA Reinsurance Contributions	1,300,000		1,300,000
ACA Comparative Effectiveness Research Fees	86,702		86,702
Director's Discretionary Fund	-		-
Total Expenses	\$ 142,057,043	\$ -	\$ 142,057,043
Fiscal Year Results	\$ 30,333,654		\$ 30,333,654
Beginning Plan Reserve	276,887,291		276,887,291
Ending Plan Reserve	\$ 307,220,944		\$ 307,220,944
Accrued Actuarial Liability (AAL)	\$ 4,454,000,000		\$ 4,454,000,000
Funded Status	13.6%		13.6%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 178.04	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 130.05	Medicare	6.0%	9.0%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		-1.2%

APPENDIX - BASELINE SCENARIO
RHBT - NON-MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2014

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

Non-Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 59,760,054		\$ 59,760,054
Employer Premiums - PPB	17,023,745		17,023,745
Employer Premiums - MCO	1,434,017		1,434,017
Retiree Premiums - PPB	20,555,655	-	20,555,655
Retiree Premiums - MCO	774,507	-	774,507
Annual Required Contributions	-		-
Non Par Premiums	1,791,857		1,791,857
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	8,726,005		8,726,005
Total Revenue	\$ 110,065,840	\$ -	\$ 110,065,840
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 65,928,423	\$ -	\$ 65,928,423
Non-Medicare Prescription Drug Claims	24,830,440	-	24,830,440
CMS Direct and Low Income Drug Subsidy	-		-
Non-Medicare Managed Care Capitations	5,081,004		5,081,004
Administration	2,500,367		2,500,367
Life Insurance	-		-
Retiree Assistance Program	1,324,207		1,324,207
ACA Reinsurance Contributions	500,000		500,000
ACA Comparative Effectiveness Research Fees	31,448		31,448
Director's Discretionary Fund	291,773		291,773
Total Expenses	\$ 100,487,662	\$ -	\$ 100,487,662
Fiscal Year Results	\$ 9,578,178		\$ 9,578,178
Beginning Plan Reserve	289,672,935		289,672,935
Ending Plan Reserve	\$ 299,251,112		\$ 299,251,112
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 178.04	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ -	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 76.90	Non-Medicare	6.0%	9.0%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		-1.2%

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

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

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

	TRUST Total
<u>Revenues</u>	
WV PEIA Pay Go Premiums	\$ 169,796,566
Retiree Premiums - PPB	84,365,955
Retiree Premiums - MCO	2,545,457
Annual Required Contributions	-
Non Par Premiums	4,045,874
Early Retiree Reinsurance Program (CMS)	-
Investment Income	40,512,024
Total Revenue	\$ 301,265,876
<u>Program Expenses</u>	
Non-Medicare Medical Claims	\$ 69,682,447
Non-Medicare Prescription Drug Claims	26,980,671
Medicare Medical Claims	4,294,627
Medicare Prescription Drug Claims	2,917,912
Medicare (PDP) Prescription Drug Claims	-
CMS Direct and Low Income Drug Subsidy	-
Non-Medicare Managed Care Capitations	5,487,484
Humana MAPD Program	139,702,323
Administration	5,292,783
Life Insurance	-
Retiree Assistance Program	2,883,173
ACA Reinsurance Contributions	3,100,000
ACA Comparative Effectiveness Research Fees	121,867
Director's Discretionary Fund	290,565
Total Expenses	\$ 260,753,852
Fiscal Year Results	\$ 40,512,025
Beginning Plan Reserve	606,472,055
Ending Plan Reserve	\$ 646,984,080
Accrued Actuarial Liability (AAL)	\$ 4,607,800,000
Funded Status	14.0%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 187.98	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 6,342,044	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 213.34	Non-Medicare	6.5%	9.5%
		Medicare	6.5%	9.5%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		5.6%

APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2015

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

Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 106,463,160		\$ 106,463,160
Employer Premiums - PPB	7,611,276		7,611,276
Employer Premiums - MCO	68,088		68,088
Retiree Premiums - PPB	32,754,399	3,824,334	36,578,733
Retiree Premiums - MCO	149,599	17,467	167,066
Annual Required Contributions	-		-
Non Par Premiums	2,038,994		2,038,994
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	31,162,333		31,162,333
Total Revenue	\$ 180,247,849	\$ 3,841,801	\$ 184,089,650
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 4,294,627	\$ -	\$ 4,294,627
Medicare Prescription Drug Claims	2,917,912	-	2,917,912
Medicare (PDP) Prescription Drug Claims	-		-
CMS Direct and Low Income Drug Subsidy	-		-
Humana MAPD Program	139,702,323		139,702,323
Administration	2,667,397		2,667,397
Life Insurance	-		-
Retiree Assistance Program	1,453,029		1,453,029
ACA Reinsurance Contributions	2,300,000		2,300,000
ACA Comparative Effectiveness Research Fees	89,813		89,813
Director's Discretionary Fund	-		-
Total Expenses	\$ 153,425,101	\$ -	\$ 153,425,101
Fiscal Year Results	\$ 26,822,748		\$ 30,664,549
Beginning Plan Reserve	307,220,944		307,220,944
Ending Plan Reserve	\$ 334,043,692		\$ 337,885,493
Accrued Actuarial Liability (AAL)	\$ 4,607,800,000		\$ 4,607,800,000
Funded Status	13.9%		14.0%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 187.98	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 3,841,801	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 133.76	Medicare	6.5%	9.5%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		5.6%

APPENDIX - BASELINE SCENARIO
RHBT - NON-MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2015

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

Non-Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 63,333,407		\$ 63,333,407
Employer Premiums - PPB	17,108,497		17,108,497
Employer Premiums - MCO	1,441,156		1,441,156
Retiree Premiums - PPB	20,657,991	2,409,459	23,067,450
Retiree Premiums - MCO	778,362	90,785	869,147
Annual Required Contributions	-		-
Non Par Premiums	2,006,880		2,006,880
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	9,349,691		9,349,691
Total Revenue	\$ 114,675,984	\$ 2,500,244	\$ 117,176,228
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 69,682,447	\$ -	\$ 69,682,447
Non-Medicare Prescription Drug Claims	26,980,671	-	26,980,671
CMS Direct and Low Income Drug Subsidy	-		-
Non-Medicare Managed Care Capitations	5,487,484		5,487,484
Administration	2,625,385		2,625,385
Life Insurance	-		-
Retiree Assistance Program	1,430,144		1,430,144
ACA Reinsurance Contributions	800,000		800,000
ACA Comparative Effectiveness Research Fees	32,053		32,053
Director's Discretionary Fund	290,565		290,565
Total Expenses	\$ 107,328,749	\$ -	\$ 107,328,749
Fiscal Year Results	\$ 7,347,234		\$ 9,847,478
Beginning Plan Reserve	299,251,112		299,251,112
Ending Plan Reserve	\$ 306,598,347		\$ 309,098,591
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 187.98	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 2,500,244	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 79.57	Non-Medicare	6.5%	9.5%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		5.6%

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

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

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

	TRUST Total
Revenues	
WV PEIA Pay Go Premiums	\$ 180,473,485
Retiree Premiums - PPB	98,960,744
Retiree Premiums - MCO	2,805,460
Annual Required Contributions	-
Non Par Premiums	4,531,379
Early Retiree Reinsurance Program (CMS)	-
Investment Income	43,265,354
General Revenue Transfer	30,000,000
Total Revenue	\$ 360,036,422
Program Expenses	
Non-Medicare Medical Claims	\$ 74,731,684
Non-Medicare Prescription Drug Claims	29,744,913
Medicare Medical Claims	4,587,977
Medicare Prescription Drug Claims	3,204,788
Medicare (PDP) Prescription Drug Claims	-
CMS Direct and Low Income Drug Subsidy	-
Non-Medicare Managed Care Capitations	5,926,483
Humana MAPD Program	157,586,449
Administration	5,557,422
Life Insurance	-
Retiree Assistance Program	3,113,827
ACA Reinsurance Contributions	1,900,000
ACA Comparative Effectiveness Research Fees	125,707
Director's Discretionary Fund	291,819
Total Expenses	\$ 286,771,069
Fiscal Year Results	\$ 73,265,353
Beginning Plan Reserve	646,984,080
Ending Plan Reserve	\$ 720,249,433
Accrued Actuarial Liability (AAL)	\$ 4,745,900,000
Funded Status	15.2%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 199.80	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 14,302,396	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 219.96	Non-Medicare	7.0%	10.0%
		Medicare	7.0%	10.0%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		6.3%

APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2016

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

Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 115,014,528		\$ 115,014,528
Employer Premiums - PPB	7,630,320		7,630,320
Employer Premiums - MCO	68,258		68,258
Retiree Premiums - PPB	36,812,623	8,621,234	45,433,857
Retiree Premiums - MCO	168,134	39,376	207,510
Annual Required Contributions	-		-
Non Par Premiums	2,283,674		2,283,674
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	33,280,227		33,280,227
General Revenue Transfer	18,331,613		18,331,613
Total Revenue	\$ 213,589,377	\$ 8,660,610	\$ 222,249,987
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 4,587,977	\$ -	\$ 4,587,977
Medicare Prescription Drug Claims	3,204,788	-	3,204,788
Medicare (PDP) Prescription Drug Claims	-		-
CMS Direct and Low Income Drug Subsidy	-		-
Humana MAPD Program	157,586,449		157,586,449
Administration	2,800,767		2,800,767
Life Insurance	-		-
Retiree Assistance Program	1,569,272		1,569,272
ACA Reinsurance Contributions	1,400,000		1,400,000
ACA Comparative Effectiveness Research Fees	93,036		93,036
Director's Discretionary Fund	-		-
Total Expenses	\$ 171,242,289	\$ -	\$ 171,242,289
Fiscal Year Results	\$ 42,347,088		\$ 51,007,698
Beginning Plan Reserve	337,885,493		337,885,493
Ending Plan Reserve	\$ 380,232,581		\$ 388,893,191
Accrued Actuarial Liability (AAL)	\$ 4,745,900,000		\$ 4,745,900,000
Funded Status	14.9%		15.2%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 199.80	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 8,660,610	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 140.18	Medicare	7.0%	10.0%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		6.3%

APPENDIX - BASELINE SCENARIO
RHBT - NON-MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2016

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

Non-Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 65,458,958		\$ 65,458,958
Employer Premiums - PPB	17,191,061		17,191,061
Employer Premiums - MCO	1,448,111		1,448,111
Retiree Premiums - PPB	23,268,576	5,436,931	28,705,507
Retiree Premiums - MCO	876,725	204,856	1,081,581
Annual Required Contributions	-		-
Non Par Premiums	2,247,705		2,247,705
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	9,985,127		9,985,127
General Revenue Transfer	11,668,387		11,668,387
Total Revenue	\$ 132,144,650	\$ 5,641,787	\$ 137,786,437
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 74,731,684	\$ -	\$ 74,731,684
Non-Medicare Prescription Drug Claims	29,744,913	-	29,744,913
CMS Direct and Low Income Drug Subsidy	-		-
Non-Medicare Managed Care Capitations	5,926,483		5,926,483
Administration	2,756,655		2,756,655
Life Insurance	-		-
Retiree Assistance Program	1,544,555		1,544,555
ACA Reinsurance Contributions	500,000		500,000
ACA Comparative Effectiveness Research Fees	32,670		32,670
Director's Discretionary Fund	291,819		291,819
Total Expenses	\$ 115,528,779	\$ -	\$ 115,528,779
Fiscal Year Results	\$ 16,615,870		\$ 22,257,657
Beginning Plan Reserve	309,098,591		309,098,591
Ending Plan Reserve	\$ 325,714,461		\$ 331,356,248
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 199.80	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 5,641,787	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 79.78	Non-Medicare	7.0%	10.0%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		6.3%

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

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

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

	TRUST Total
Revenues	
WV PEIA Pay Go Premiums	\$ 190,699,021
Retiree Premiums - PPB	116,433,672
Retiree Premiums - MCO	3,113,550
Annual Required Contributions	-
Non Par Premiums	5,075,144
Early Retiree Reinsurance Program (CMS)	-
Investment Income	48,160,855
General Revenue Transfer	30,000,000
Total Revenue	\$ 393,482,242
Program Expenses	
Non-Medicare Medical Claims	\$ 79,730,509
Non-Medicare Prescription Drug Claims	32,616,609
Medicare Medical Claims	4,924,312
Medicare Prescription Drug Claims	3,535,898
Medicare (PDP) Prescription Drug Claims	-
CMS Direct and Low Income Drug Subsidy	-
Non-Medicare Managed Care Capitations	6,400,601
Humana MAPD Program	177,794,946
Administration	5,835,293
Life Insurance	-
Retiree Assistance Program	3,362,933
ACA Reinsurance Contributions	700,000
ACA Comparative Effectiveness Research Fees	129,675
Director's Discretionary Fund	290,612
Total Expenses	\$ 315,321,388
Fiscal Year Results	\$ 78,160,854
Beginning Plan Reserve	720,249,433
Ending Plan Reserve	\$ 798,410,287
Accrued Actuarial Liability (AAL)	\$ 4,868,100,000
Funded Status	16.4%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 211.12	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 17,148,244	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 226.74	Non-Medicare	7.5%	10.5%
		Medicare	7.5%	10.5%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	1,000	Pay Go Monthly Premium		5.7%

**APPENDIX - BASELINE SCENARIO
RHBT - MEDICARE**

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

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

Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 124,158,368		\$ 124,158,368
Employer Premiums - PPB	7,628,670		7,628,670
Employer Premiums - MCO	68,243		68,243
Retiree Premiums - PPB	45,742,586	10,328,914	56,071,500
Retiree Premiums - MCO	208,920	47,175	256,095
Annual Required Contributions	-		-
Non Par Premiums	2,557,714		2,557,714
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	37,045,905		37,045,905
General Revenue Transfer	18,518,959		18,518,959
Total Revenue	\$ 235,929,365	\$ 10,376,089	\$ 246,305,454
<u>Program Expenses</u>			
Medicare Medical Claims	\$ 4,924,312	\$ -	\$ 4,924,312
Medicare Prescription Drug Claims	3,535,898	-	3,535,898
Medicare (PDP) Prescription Drug Claims	-		-
CMS Direct and Low Income Drug Subsidy	-		-
Humana MAPD Program	177,794,946		177,794,946
Administration	2,940,806		2,940,806
Life Insurance	-		-
Retiree Assistance Program	1,694,813		1,694,813
ACA Reinsurance Contributions	500,000		500,000
ACA Comparative Effectiveness Research Fees	96,375		96,375
Director's Discretionary Fund	-		-
Total Expenses	\$ 191,487,150	\$ -	\$ 191,487,150
Fiscal Year Results	\$ 44,442,215		\$ 54,818,304
Beginning Plan Reserve	388,893,191		388,893,191
Ending Plan Reserve	\$ 433,335,406		\$ 443,711,495
Accrued Actuarial Liability (AAL)	\$ 4,868,100,000		\$ 4,868,100,000
Funded Status	16.0%		16.4%

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 211.12	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 10,376,089	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 147.62	Medicare	7.5%	10.5%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	700	Pay Go Monthly Premium		5.7%

APPENDIX - BASELINE SCENARIO
RHBT - NON-MEDICARE

WEST VIRGINIA RETIREE HEALTH BENEFIT TRUST
FINANCIAL FORECAST
FISCAL YEAR 2017

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

Non-Medicare Retiree	Baseline Projection	Board Decision	Ending Projection
<u>Revenues</u>			
WV PEIA Pay Go Premiums	\$ 66,540,654		\$ 66,540,654
Employer Premiums - PPB	17,232,163		17,232,163
Employer Premiums - MCO	1,451,573		1,451,573
Retiree Premiums - PPB	28,975,084	6,526,255	35,501,339
Retiree Premiums - MCO	1,091,738	245,900	1,337,638
Annual Required Contributions	-		-
Non Par Premiums	2,517,430		2,517,430
Early Retiree Reinsurance Program (CMS)	-		-
Investment Income	11,114,950		11,114,950
General Revenue Transfer	11,481,042		11,481,042
Total Revenue	\$ 140,404,633	\$ 6,772,155	\$ 147,176,788
<u>Program Expenses</u>			
Non-Medicare Medical Claims	\$ 79,730,509	\$ -	\$ 79,730,509
Non-Medicare Prescription Drug Claims	32,616,609	-	32,616,609
CMS Direct and Low Income Drug Subsidy	-		-
Non-Medicare Managed Care Capitations	6,400,601		6,400,601
Administration	2,894,487		2,894,487
Life Insurance	-		-
Retiree Assistance Program	1,668,120		1,668,120
ACA Reinsurance Contributions	200,000		200,000
ACA Comparative Effectiveness Research Fees	33,299		33,299
Director's Discretionary Fund	290,613		290,613
Total Expenses	\$ 123,834,238	\$ -	\$ 123,834,238
Fiscal Year Results	\$ 16,570,395		\$ 23,342,550
Beginning Plan Reserve	331,356,248		331,356,248
Ending Plan Reserve	\$ 347,926,643		\$ 354,698,798
Accrued Actuarial Liability (AAL)	\$ -		\$ -
Funded Status	N/A		N/A

KEY ASSUMPTIONS

Pay Go Monthly Premium for Actives	\$ 211.12	Claim and Other Expense Trends		
Additional Retiree Premiums	\$ 6,772,155	<u>Eligibility</u>	<u>Medical</u>	<u>Drugs</u>
Pay Go PMPM Subsidy for Retirees	\$ 79.12	Non-Medicare	7.5%	10.5%
		Capitations		8.0%
		Administrative Expense		5.0%
Number of Net New Retirees	300	Pay Go Monthly Premium		5.7%

**Attachment - Trust Fund
Historical Monthly Medical and Drug Trends
FY 2012 to FY 2013**

Fiscal Year 2012

Exposure

	<u>Jul-11</u>	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>
NonMed_NonDrug	20,498	21,221	21,302	21,202	20,967	20,793	20,605	20,503	20,371	20,064	19,869	19,658
Med_NonDrug	913	1,215	1,462	1,726	1,962	1,999	2,486	2,731	2,743	3,107	3,301	3,587
NonMed_Drug	18,997	19,666	19,739	19,646	19,427	19,267	19,092	18,999	18,879	18,592	18,410	18,214
Med_Drug	951	1,266	1,523	1,798	2,044	2,082	2,589	2,845	2,858	3,236	3,438	3,736

	<u>Jul-11</u>	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>
NonMed_NonDrug	\$171.41	\$206.06	\$205.18	\$227.55	\$245.98	\$209.57	\$236.10	\$240.41	\$258.38	\$244.11	\$240.27	\$259.76
Med_NonDrug	130.13	141.29	141.40	147.49	126.31	135.72	162.48	121.97	137.52	120.57	113.12	128.95
NonMed_Drug	86.49	110.07	113.32	115.21	115.72	128.24	129.03	125.05	135.50	134.28	139.01	145.23
Med_Drug	<u>155.03</u>	<u>226.06</u>	<u>207.55</u>	<u>189.72</u>	<u>195.68</u>	<u>216.60</u>	<u>203.42</u>	<u>183.12</u>	<u>203.25</u>	<u>182.80</u>	<u>193.05</u>	<u>192.74</u>
Total	\$543.06	\$683.48	\$667.46	\$679.97	\$683.70	\$690.13	\$731.04	\$670.55	\$734.65	\$681.76	\$685.45	\$726.68

Change From Prior Year - Month to Month Analysis

NonMed_NonDrug	-20.4%	8.8%	0.8%	2.7%	6.7%	4.4%	-13.0%	10.9%	-6.7%	-17.6%	-13.9%	-10.3%
Med_NonDrug	-1.2%	-9.9%	15.9%	9.4%	-11.4%	18.8%	-0.5%	-21.6%	-18.5%	-12.6%	-22.8%	2.6%
NonMed_Drug	5.5%	4.9%	6.3%	5.7%	1.3%	11.8%	10.9%	14.1%	5.7%	12.5%	14.2%	5.0%
Med_Drug	<u>12.9%</u>	<u>30.3%</u>	<u>12.7%</u>	<u>3.2%</u>	<u>8.5%</u>	<u>16.5%</u>	<u>2.2%</u>	<u>3.5%</u>	<u>-4.9%</u>	<u>-3.0%</u>	<u>-13.9%</u>	<u>-22.3%</u>
Total	-4.1%	9.4%	8.3%	4.7%	2.4%	12.1%	-2.6%	1.8%	-6.7%	-8.1%	-11.2%	-9.4%

Change From Prior Year - Quarter to Quarter Analysis

NonMed_NonDrug			-4.2%			4.7%			-4.0%			-14.0%
Med_NonDrug			0.5%			4.6%			-13.4%			-11.6%
NonMed_Drug			5.6%			6.2%			10.0%			10.3%
Med_Drug			<u>18.9%</u>			<u>9.4%</u>			<u>0.0%</u>			<u>-13.9%</u>
Total			4.8%			6.3%			-2.8%			-9.6%

Change From Prior Year - Year to Year Analysis

NonMed_NonDrug			3.0%			5.5%			3.3%			-5.1%
Med_NonDrug			-3.0%			1.5%			-2.1%			-5.5%
NonMed_Drug			6.2%			5.9%			6.3%			8.2%
Med_Drug			<u>14.5%</u>			<u>14.3%</u>			<u>9.7%</u>			<u>2.3%</u>
Total			5.2%			7.1%			4.4%			-0.9%

**Attachment - Trust Fund
Historical Monthly Medical and Drug Trends
FY 2012 to FY 2013**

Fiscal Year 2013

Exposure

	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Jan-13</u>	<u>Feb-13</u>
NonMed_NonDrug	20,464	21,016	21,018	20,733	20,642	20,475	20,438	20,393
Med_NonDrug	793	1,074	1,292	1,295	1,767	1,968	2,576	2,799
NonMed_Drug	18,959	19,469	19,470	19,205	19,124	18,970	18,936	18,894
Med_Drug	826	1,119	1,346	1,349	1,841	2,050	2,683	2,916

	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Jan-13</u>	<u>Feb-13</u>
NonMed_NonDrug	\$188.89	\$223.32	\$217.34	\$238.24	\$237.71	\$214.18	\$266.60	\$241.70
Med_NonDrug	169.83	162.56	132.13	182.72	131.13	117.35	136.73	150.15
NonMed_Drug	81.26	102.77	97.51	117.78	111.83	115.10	113.41	90.98
Med_Drug	<u>142.31</u>	<u>178.76</u>	<u>155.30</u>	<u>237.80</u>	<u>196.36</u>	<u>202.38</u>	<u>175.13</u>	<u>131.29</u>
Total	\$582.29	\$667.42	\$602.29	\$776.55	\$677.02	\$649.01	\$691.87	\$614.12

Change From Prior Year - Month to Month Analysis

NonMed_NonDrug	10.2%	8.4%	5.9%	4.7%	-3.4%	2.2%	12.9%	0.5%
Med_NonDrug	30.5%	15.1%	-6.6%	23.9%	3.8%	-13.5%	-15.8%	23.1%
NonMed_Drug	-6.0%	-6.6%	-13.9%	2.2%	-3.4%	-10.2%	-12.1%	-27.2%
Med_Drug	<u>-8.2%</u>	<u>-20.9%</u>	<u>-25.2%</u>	<u>25.3%</u>	<u>0.3%</u>	<u>-6.6%</u>	<u>-13.9%</u>	<u>-28.3%</u>
Total	7.2%	-2.4%	-9.8%	14.2%	-1.0%	-6.0%	-5.4%	-8.4%

Change From Prior Year - Quarter to Quarter Analysis

NonMed_NonDrug	8.0%	1.0%
Med_NonDrug	12.5%	5.3%
NonMed_Drug	-9.1%	-4.0%
Med_Drug	<u>-19.1%</u>	<u>5.7%</u>
Total	-2.2%	2.4%

Change From Prior Year - Year to Year Analysis

NonMed_NonDrug	-2.6%	-3.4%
Med_NonDrug	-2.6%	-2.3%
NonMed_Drug	4.9%	2.3%
Med_Drug	<u>-6.4%</u>	<u>-7.0%</u>
Total	-2.4%	-3.3%