



**West Virginia Retiree Health Benefit Trust Fund
and
PEIA Finance Board Meeting**

Thursday, October 15, 2020, 1:00 p.m.

Cooper's Rock Conference Room No. 1203, DEP Building, 601 57th Street, SE
Charleston, WV 25304

Agenda

- Roll Call
- Call to Order
- Approval of Minutes
- Financial Statements Year-to-Date
- PEIA FY 2022 Plan Discussion
- Public Comments
- Old Business
- New Business – Public Hearings
- Next Meeting – December 17, 2020

Roll Call

Chairman

Members:

- Allan McVey - Chairman
- Geoff Christian
- Melody A. Duke
- Amanda Meadows
- William "Bill" Milam
- Jason Myers
- Jared Robertson
- Michael T. Smith

Approval of Minutes

June 25, 2020

Chairman



Financial Statements Year to Date

- Financial Statements

By: Jason Haught, CFO, PEIA

West Virginia Public Employees Insurance Agency
Statement of Net Position
 Tuesday, June 30, 2020
 (Dollars in Thousands)
 (Unaudited-For Internal Use Only)

	CURRENT YR	PRIOR YR	VARIANCE	
			\$	%
Assets				
Current assets:				
Cash and cash equivalents	\$7,411	\$11,957	(\$4,546)	(38%)
Equity position in internal investment pool	30,436	36,592	(6,156)	(17%)
Premiums receivable:				
Other, less allowance for doubtful accounts	9,407	8,643	764	9%
Due From RHBT	6,457	10,533	(4,076)	(39%)
Accounts receivable:				
Provider refunds, less allowance for doubtful accounts		585	(585)	(100%)
Prescription rebates	40,924	31,683	9,241	29%
Other	11,570	1,199	10,373	865%
Total current assets	106,205	101,192	5,015	5%
Noncurrent assets:				
Equity position in internal investment pools	260,386	225,314	35,072	16%
Equity position in internal investment pool – restricted	13,817	12,774	1,043	8%
Capital assets, net of accumulated depreciation	101	146	(45)	(31%)
Total noncurrent assets	274,304	238,234	36,070	15%
Total assets	380,509	339,426	41,083	12%
Deferred Outflows of Resources Related to Pensions & OPEB				
	358	432	(74)	(17%)
Liabilities				
Current liabilities:				
IBNR	67,800	59,690	8,110	14%
Current claims payable	5,566	5,207	359	7%
Premium deficiency reserve	46,535	13,359	33,176	248%
Accounts payable	4,104	4,546	(442)	(10%)
Unearned revenue	13,854	13,614	240	2%
Other accrued liabilities	2,538	2,842	(304)	(11%)
Total current liabilities	140,397	99,258	41,139	41%
Noncurrent liabilities:				
Other Liabilities	819	938	(119)	(13%)
Other accrued liabilities: Premium stabilization fund	13,817	12,774	1,043	8%
Total liabilities	166,033	112,970	42,063	37%
Deferred Inflows of Resources Related to Pensions & OPEB				
	432	499	(67)	(13%)
Net position				
Invested in capital assets	101	146	(45)	(31%)
Actuarially Required Reserve	121,708	122,694	(986)	(1%)
PEIA PSR, Unrestricted	103,593	103,547	46	0%
Total net position	226,402	226,387	(15)	(0%)

West Virginia Public Employees Insurance Agency
Statement of Changes in Plan Net Position
For the Twelve Months Ending Tuesday, June 30, 2020
(Dollars in Thousands)
(Unaudited-For Internal Use Only)

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
			OPERATING REVENUE				
			Premium Revenue				
\$378,090	\$376,744	\$368,446	Health Insurance - State Gov. - Employers	\$1,346	0%	\$9,644	3%
120,501	122,153	122,596	Health Insurance - State Gov. - Employees	(1,652)	(1%)	(2,095)	(2%)
105,810	100,933	99,439	Health Insurance - Local Gov. - All	4,877	5%	6,371	6%
4,817	4,531	4,775	Administrative Fees, Net of Refunds	286	6%	42	1%
2,115	1,541	1,894	Other Premium Revenue	574	37%	221	12%
<u>611,333</u>	<u>605,902</u>	<u>597,150</u>	Total Operating Revenue	<u>5,431</u>	<u>1%</u>	<u>14,183</u>	<u>2%</u>
			NON-OPERATING REVENUE				
636	1,399	1,227	Life Insurance	(763)	(55%)	(591)	(48%)
31,000	10,000	31,000	Direct Transfer	21,000	210%	0	0%
4,969	10,856	12,241	Interest and Investment Income	(5,887)	(54%)	(7,272)	(59%)
<u>36,605</u>	<u>22,255</u>	<u>44,468</u>	Total Non-Operating Revenue	<u>14,350</u>	<u>64%</u>	<u>(7,863)</u>	<u>(18%)</u>
<u>647,938</u>	<u>628,157</u>	<u>641,618</u>	TOTAL REVENUE	<u>19,781</u>	<u>3%</u>	<u>6,320</u>	<u>1%</u>
			EXPENSES				
429,565	441,712	405,153	Claims Expense - Medical	12,147	3%	(24,412)	(6%)
141,471	154,880	137,521	Claims Expense - Drugs	13,409	9%	(3,950)	(3%)
49,905	49,142	46,714	Payments to Managed Care Org.	(763)	(2%)	(3,191)	(7%)
20,209	13,811	11,829	Administrative Service Fees	(6,398)	(46%)	(8,380)	(71%)
195	1,500	558	Wellness and Disease Management	1,305	87%	363	65%
5,251	5,436	6,461	Other Operating Expenses	185	3%	1,210	19%
1,759	1,287	1,228	Life Insurance Expense	(472)	(37%)	(531)	(43%)
570	0	321	ACA Comparative Effectiveness Fee	(570)	0%	(249)	(78%)
<u>648,925</u>	<u>667,768</u>	<u>609,785</u>	TOTAL EXPENSES	<u>18,843</u>	<u>3%</u>	<u>(39,140)</u>	<u>(6%)</u>
<u>(987)</u>	<u>(39,611)</u>	<u>31,833</u>	YTD Surplus (Deficit)	<u>38,624</u>	<u>(98%)</u>	<u>(32,820)</u>	<u>(103%)</u>
226,389	226,389	194,554	Total Net Position, Beginning of Period	0	0%	31,835	16%
121,708	121,708	122,694	End of Period Net Position, Actuarially Required Reserve	0	0%	(986)	(1%)
103,694	65,070	103,693	End of Period Net Position, PEIA PSR	38,624	59%	1	0%
<u>\$225,402</u>	<u>\$186,778</u>	<u>\$226,387</u>	Total Net Position, End of Period	<u>\$38,624</u>	<u>21%</u>	<u>(\$985)</u>	<u>(0%)</u>

West Virginia Retiree Health Benefit Trust Fund
STATEMENT OF PLAN NET POSITION
 Tuesday, June 30, 2020
 PRELIMINARY

	CURRENT YR	PRIOR YR	VARIANCE \$	%
ASSETS				
Cash - Operating Fund	\$6,411,409	\$3,805,003	\$2,606,406	68%
INVESTMENTS				
WV Board of Treasury Investments	43,446,727	107,183,424	(63,736,697)	(59%)
WV Investment Management Board	1,150,227,614	1,001,570,270	148,657,344	15%
Total Investments	1,193,674,341	1,108,753,694	84,920,647	8%
Due From / (To) WV PEIA	(6,456,911)	(10,532,032)	4,075,121	(39%)
PREMIUM ACCOUNTS RECEIVABLE				
Premium Accounts Receivable	2,808,726	3,064,099	(255,373)	8%
Less: Allowance for Doubtful Accounts	(143,073)	(467,729)	324,656	(59%)
Net - Premium Accounts Receivable	2,665,653	2,596,370	69,283	3%
Other Receivables	40,608,267	8,193,169	32,415,098	396%
TOTAL ASSETS	1,236,902,759	1,112,816,204	124,086,555	11%
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows of Resources Related to Pension	112,076	178,544	(66,468)	(37%)
Deferred Outflows of Resources Related to OPEB	79,482	68,725	10,757	16%
TOTAL DEFERRED OUTFLOWS OF RESOURCES	191,558	247,269	(55,711)	(23%)
LIABILITIES				
Claims payable	8,490,000	8,490,000	-	0%
Accounts payable	22,473	19,566	2,907	15%
Accrued Liabilities	3,705,411	12,618,499	(8,913,088)	(71%)
TOTAL LIABILITIES	12,217,884	21,128,065	(8,910,181)	(42%)
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows of Resources Related to Pension	84,423	171,496	(87,073)	(51%)
Deferred Inflows of Resources Related to OPEB	150,666	103,108	47,558	46%
TOTAL DEFERRED INFLOWS OF RESOURCES	235,089	274,604	(39,515)	(14%)
Net Position- PSR	38,106,504	38,106,504	-	0%
Net Position- Restricted	1,186,534,840	1,091,660,804	94,874,036	9%
NET POSITION RESTRICTED FOR POST EMPLOYMENT BENEFITS	\$1,224,641,344	\$1,091,660,804	\$132,980,540	12%

West Virginia Retiree Health Benefit Trust Fund
STATEMENT OF CHANGES IN PLAN NET POSITION
For the Fiscal Year Ended Tuesday, June 30, 2020
PRELIMINARY

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
			ADDITIONS				
			Employer Premiums:				
\$2,874,099	\$2,909,176	\$3,073,247	Health premiums - Non Par	(\$35,077)	(1%)	(\$199,148)	(6%)
14,021,151	14,603,118	15,586,961	Health Premiums - RLC Health, Life	(581,967)	(4%)	(1,565,810)	(10%)
141,510,284	140,000,000	152,367,996	Pay Go Premiums	1,510,284	1%	(10,857,712)	(7%)
30,000,000	30,000,000	30,000,000	State appropriation - OPEB	-	0%	-	0%
5,000,000	5,000,000	5,000,000	State appropriation - Premium	-	0%	-	0%
193,405,534	192,512,294	206,028,204	Total Employer Premiums	893,240	0%	(12,622,670)	(6%)
			Other Additions:				
643,446	1,000,000	882,385	Retiree Drug Subsidy	(356,554)	(36%)	(238,939)	(27%)
19	-	-	Other Revenue	19	100%	19	100%
29,920,646	61,316,814	59,498,185	Investment Income	(31,396,168)	(51%)	(29,577,539)	(50%)
223,969,645	254,829,108	266,408,774	TOTAL ADDITIONS	(30,859,463)	(12%)	(42,439,129)	(16%)
			DEDUCTIONS				
82,445,036	113,970,549	122,075,538	Payments to Managed Care Org.	31,525,513	28%	39,630,502	32%
25,684,515	24,900,009	23,725,272	Life Insurance Expense	(784,506)	(3%)	(1,959,243)	(8%)
49,318,247	68,532,797	52,782,149	Medical Claims Expense	19,214,550	28%	3,463,902	7%
21,799,082	31,404,064	25,561,256	Pharmacy Claims Expense	9,604,982	31%	3,762,174	15%
16,000	-	34,600	Comparative Effectiveness Research Fee	(16,000)	100%	18,600	54%
1,985,700	1,709,673	1,436,305	Administrative Service Fees (External)	(276,027)	(16%)	(549,395)	(38%)
(67,776,107)	(71,638,266)	(66,817,534)	Member Health premiums	(3,862,159)	5%	958,573	(1%)
(24,969,518)	(24,915,202)	(23,834,143)	Member Life Insurance Premiums	54,316	(0%)	1,135,375	(5%)
2,486,150	3,855,451	2,899,128	Other Operating Expenses	1,369,301	36%	412,978	14%
90,989,105	147,819,075	137,862,571	TOTAL DEDUCTIONS	56,829,970	38%	46,873,466	34%
132,980,540	107,010,033	128,546,203	NET POSITION INCREASE	25,970,507	24%	4,434,337	3%
			Net Position Restricted for Post Employment Benefits				
1,091,660,804	1,091,660,804	963,114,601	Beginning of Period Total Net Position	-	0%	128,546,203	13%
1,186,534,840	1,160,564,333	1,053,554,300	End of Period Net Position - Restricted	25,970,507	2%	132,980,540	13%
38,106,504	38,106,504	38,106,504	End of Period Net Position - PSR	-	0%	-	0%
\$1,224,641,344	\$1,198,670,837	\$1,091,660,804	End of Period Total Net Position	\$25,970,507	2%	\$132,980,540	12%

FY 2022 Plan Discussion

- Public Hearings Presentation



PEIA Public Hearings for FY 22 (July 2021 – June 2022)

November 2020

PEIA FY 2022 Plan Discussion - Premiums

- State Employees
 - No Change
- Non-State Employees
 - No change
- Non-Medicare Retirees
 - No change
- Medicare Retirees
 - No change

PEIA FY 2022 Plan Discussion

- Evaluating online programs for Pre-Diabetes and Diabetes.
- Evaluating Naturally Slim Weight Loss Program for on-going enrollment and adding eligibility for dependents of policy holders.
- Offering CDC Work@Health training for Worksite Wellness Coordinators.
- Re-bid solicitation for the Humana/PEIA Medicare Advantage Prescription Drug program. If there is a change, it will be effective 1/1/2022.
Note: There are no proposed changes to the benefits.
- We are looking at additional Managed Care options.

WV PEIA Financial Plan FY 2021 - FY 2025

	2021	2022	2023	2024	2025
Additional Employer Premium	\$ -	\$ -	\$ 41,000,000	\$ 76,000,000	\$ 53,000,000
Increase	0.0%	0.0%	8.4%	14.4%	8.9%
Local Fund Premium Increase	\$ -	\$ -	\$ 10,000,000	\$ 27,000,000	\$ 15,000,000
Increase	0.0%	0.0%	7.3%	17.9%	6.5%
Employee Premium	\$ -	\$ -	\$ 10,300,000	\$ 19,000,000	\$ 13,300,000
Increase	0.0%	0.0%	8.6%	14.6%	8.9%
State Direct Transfer (State Budget Appropriations)	\$ 21,000,000	\$ 21,000,000	\$ 21,000,000	\$ 21,000,000	\$ 21,000,000
State Direct Transfer (PEIA Romy Day Fund)	\$ -	\$ -	\$ -	\$ -	\$ -
Board Decision Benefit Reduce/(Add) - Active State Medical					
Board Decision Benefit Reduce/(Add) - Active State Drugs					
Board Decision Benefit Reduce/(Add) - Active Local Medical					
Board Decision Benefit Reduce/(Add) - Active Local Drugs					
ACA PCORI Fees (Cost)	\$ (583,592)	\$ (583,744)	\$ (583,744)	\$ (583,744)	\$ (583,744)
Pay Go Premium Transfer	\$ 135,000,000	\$ 100,000,000	\$ 110,000,000	\$ 120,000,000	\$ 130,000,000
Total Fund	2021	2022	2023	2024	2025
State Reserve	177,592,829	145,461,070	114,892,318	122,998,212	134,026,918
Local Reserve	50,722,018	39,716,659	27,325,401	29,042,902	31,219,802
RHBT Reserve	68,106,504	59,719,406	48,570,123	38,147,707	23,859,593
Total Reserve	296,421,351	244,897,135	192,787,842	190,188,821	188,106,313
Minimum Actuarial Reserve Required	125,060,869	130,475,308	140,096,215	151,270,162	164,066,611
PEIA/RHBT Expenses	907,383,146	944,766,004	1,014,044,936	1,094,257,032	1,185,947,772
Reserve as a Percent of Expenses	33%	26%	19%	17%	16%
State Fund	2021	2022	2023	2024	2025
Beginning Reserve	209,600,065	177,592,829	145,461,070	114,892,318	122,998,211
Fiscal Year Results	(32,007,236)	(32,131,759)	(30,568,752)	8,105,894	11,028,707
Ending Reserve	177,592,829	145,461,070	114,892,318	122,998,212	134,026,918
Minimum Actuarial Reserve Required	101,558,981	105,946,692	113,772,516	122,856,128	133,256,434
PEIA/RHBT Expenses	738,457,986	768,847,488	825,298,062	890,608,416	965,240,346
Reserve as a Percent of Expenses	24%	19%	14%	14%	14%
Local Fund	2021	2022	2023	2024	2025
Beginning Reserve	62,336,503	50,722,018	39,716,659	27,325,401	29,042,902
Fiscal Year Results	(11,614,485)	(11,005,359)	(13,391,258)	1,717,501	2,176,900
Ending Reserve	50,722,018	39,716,659	27,325,401	29,042,902	31,219,802
Minimum Actuarial Reserve Required	22,501,898	24,528,314	26,223,699	28,414,034	30,810,177
PEIA/RHBT Expenses	168,925,160	175,918,516	188,746,874	203,648,616	230,707,427
Reserve as a Percent of Expenses	30%	23%	14%	14%	14%
State Share	80.2%	80.2%	80.2%	80.2%	80.2%
Employee Share	19.8%	19.8%	19.8%	19.8%	19.8%
Growth In Program Expenses	8.5%	0.0%	7.5%	7.0%	8.2%

WV RHBT Financial Plan FY 2021 - FY 2025

	2021	2022	2023	2024	2025
Retiree Premium Increase- Non-Medicare (Fiscal Year)	\$ -	\$ 0	\$ 1,355,374	\$ 1,371,855	\$ 1,386,935
<i>Increases</i>	0.0%	0.0%	5.0%	5.0%	5.0%
Retiree Premium Increase - Medicare (Calendar Year)	\$ -	\$ -	\$ 4,899,788	\$ 5,240,404	\$ 5,507,651
<i>Increases</i>	0.0%	0.0%	5.0%	5.0%	5.0%
General Revenue Transfer (OPEB Funding)	\$ 30,000,000	\$ 30,000,000	\$ 30,000,000	\$ 30,000,000	\$ 30,000,000
General Revenue Transfer (Premium Offset)	\$ -	\$ -	\$ -	\$ -	\$ -
Board Decision Benefit Reduce/(Add) - Retiree Non-Medicare					
Board Decision Benefit Reduce/(Add) - Retiree Medicare					
Board Decision Benefit Reduce/(Add) - Humans MAPD (Calendar Year)					
ACA PCORI Fees (Cost)	\$ (15,634)	\$ (16,286)	\$ (16,917)	\$ (17,533)	\$ (18,136)
Pay Co Premium Transfer	\$ 135,000,000	\$ 100,000,000	\$ 110,000,000	\$ 120,000,000	\$ 130,000,000
Total RHBT Fund	2021	2022	2023	2024	2025
Beginning Reserve	\$ 1,224,641,344	\$ 1,373,660,425	\$ 1,499,004,852	\$ 1,631,065,272	\$ 1,773,843,759
Fiscal Year Results	119,019,081	133,731,325	143,209,904	153,200,813	164,005,069
Ending Total Reserve	1,373,660,425	1,499,004,852	1,631,065,272	1,773,843,759	1,922,560,623
Ending Premium Stabilization Reserve	\$ 68,106,504	\$ 59,719,606	\$ 48,570,123	\$ 38,147,797	\$ 22,859,593
Medicare Fund (Fiscal Year)	2021	2022	2023	2024	2025
Beginning Reserve	\$ 684,675,241	\$ 757,473,877	\$ 821,083,750	\$ 888,347,295	\$ 961,378,547
Fiscal Year Results	46,150,111	70,200,652	76,035,192	81,240,056	87,889,549
Ending Total Reserve	757,473,877	821,083,750	888,347,295	961,378,547	1,037,213,335
Ending Premium Stabilization Reserve	\$ 47,178,978	\$ 40,588,109	\$ 31,816,552	\$ 23,607,748	\$ 11,552,987
Non-Medicare Fund	2021	2022	2023	2024	2025
Beginning Reserve	\$ 539,966,103	\$ 616,186,550	\$ 677,921,105	\$ 742,719,021	\$ 812,467,284
Fiscal Year Results	72,868,972	63,530,673	67,175,753	71,961,784	76,116,528
Ending Total Reserve	616,186,550	677,921,105	742,719,021	812,467,284	885,350,367
Ending Premium Stabilization Reserve	\$ 20,927,526	\$ 19,131,408	\$ 16,753,571	\$ 14,540,049	\$ 11,306,605
* Actuarial Accrued Liability	\$ 3,268,136,134	\$ 3,337,849,000	\$ 3,402,102,207	\$ 3,461,788,072	\$ 3,517,233,874
Funded Status	37.6%	41.2%	44.1%	47.1%	50.4%
Growth In Program Expenses	18.9%	1.2%	8.0%	8.5%	9.0%
Retiree Subsidy	\$ 134,683,764	\$ 135,915,792	\$ 150,054,822	\$ 160,772,631	\$ 177,156,340
Percent Paid By Retiree	37.2%	37.4%	36.2%	37.1%	36.5%

Questions and Public Comments

- Please limit your time to 5 minutes.

Public Comments

Chairman



Approval of Public Hearing Presentation

Chairman



Old Business

New Business

○ Public Hearings

○ Tentative Schedule

- Teleconference – Dial in
 - November 10, 2020
- Beckley-Raleigh County Convention Center, Beckley, WV
 - November 12, 2018
- WVU Erickson Alumni Center, Morgantown, WV
 - November 16, 2020
- Cultural Center- Charleston, WV
 - November 17, 2018
- Holiday Inn- Martinsburg, WV
 - November 18, 2018

Schedule Next Meeting

Chairman

December 17, 2020

Adjourn

Chairman



If you want to request a copy of today's meeting materials, please contact:

Kenna DeRaimo

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