



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

Thursday, October 17, 2013, 1:00 p.m.

**Canaan Valley Room 1041, DEP Building, 601 57th Street, SE
Charleston, WV 25304**

Agenda

- Roll Call
- Call to Order
- Approval of Minutes
- Financial Update
- Public Hearing
- Public Comment
- Vote on Content for Public Hearings
- Director Update
- Old Business
- New Business
- Schedule Next Meeting

Roll Call



Ross Taylor, Chairman

Members:

- ☐ James W. Dailey, II
- ☐ Troy Giatras
- ☐ Elaine Harris
- ☐ William “Bill” Ihlenfeld
- ☐ William “Bill” Milam
- ☐ John R. Ruddick
- ☐ Michael T. Smith
- ☐ Joshua Sword

Approval of Minutes

July 18, 2013



Ross Taylor, Chairman

Financial Update



Jason Haught, CPA, PEIA CFO
Dave Bond, CCRC Actuaries

Public Hearing



Ted Cheatham, PEIA Director

PEIA PUBLIC HEARINGS

NOVEMBER 2013



FINANCE BOARD MEMBERS

Ross Taylor, Chairman

Members:

James W. Dailey, II

Troy Giatras

Elaine Harris

William (Bill) Ihlenfeld

Bill Milam

John R. Ruddick

Michael T. Smith

Joshua Sword

THE GOOD

A \$10 rate reduction to Standard Premium for ACTIVE Employee Premiums (PPB Plans)

- The Improve Your Score/Engagement Discount will be discontinued, and the premium increase that supported the discount program will be rescinded.
- The “living will” discount will remain at \$4 per month.
- The “tobacco-free” discount will remain at \$25 single/\$50 family per month.

Allow a second attempt at the Face 2 Face Diabetes Management Program (12-month waiting period after the first attempt) (applies to active employees and Non-Medicare retirees)

TRANSITION TO PATIENT CENTERED MEDICAL HOME

Encourage people to pick a medical home physician with goal of improved healthcare and healthier lifestyles.

1. Benefits for patients
 1. Central point of access to health care system
 2. Better coordination of care between health care providers
 3. Increased access to care
2. Benefits for providers
 1. Enhanced physician – patient relationship
 2. Focus on prevention and early detection
 3. Ability to use more effective care management

PPB PLAN CHANGES – ACTIVE AND NON-MEDICARE RETIREES*

Specialty drug will become a two tier benefit.

- \$50 co-pay for preferred specialty drugs.
- \$100 co-pay for non-preferred specialty drugs.
- Same use for treatment guidelines with different cost structures
 - Growth Hormone A \$2,141
 - Growth Hormone B \$3,626

Specialty Pharmacy

- Specialty drugs are the fastest growing portion of the plan.
 - The average cost for a specialty drug is now \$3,200
 - Some can cost as much as \$25,000 per month

Added \$25 out-of-state co-pay to several procedures:

- Applies to everyone living in WV and contiguous counties.
 - CT/MRI/MRA
 - Dialysis
 - Outpatient Surgery
 - DME purchases

***DOES NOT APPLY TO HUMANA AND SPECIAL MEDICARE PLAN MEMBERS**

WHY CHANGE?

**OUT-OF-STATE CARE COSTS SUBSTANTIALLY MORE
THAN IN-STATE CARE, WITH NO SIGNIFICANT
DIFFERENCE IN QUALITY FOR THESE SERVICES**

CODE	DESCRIPTION	WV ALLOWANCE	OOS AVG ALLOW	% DIFFERENCE
G0105	Screening Colonoscopy	\$ 932.95	\$ 2,317.90	148%
43239	Upper GI Endoscopy	\$ 888.81	\$ 2,078.26	134%
72193	CT Pelvis	\$ 389.12	\$ 586.69	51%
72141	MRI Spine	\$ 457.53	\$ 2,618.33	472%
70553	MRI (Proton)	\$ 729.47	\$ 3,395.28	365%
74176	CT Abdomen	\$ 427.76	\$ 2,726.75	540%

WV PEIA Financial Plan FY 2013 - FY 2018

DRAFT

	2014	2015	2016	2017	2018
Additional Employer Premium	\$ -	\$ -	\$ 57,000,000	\$ 62,000,000	\$ 50,000,000
Increase	0%	0%	12%	12%	8%
Local Fund Premium Increase	\$ -	\$ (1,200,000)	\$ -	\$ 10,000,000	\$ 24,000,000
Increase	0%	-1%	0%	9%	20%
Employee Premium	\$ -	\$ (5,400,000)	\$ 14,300,000	\$ 15,500,000	\$ 12,500,000
Increase	0%	-4%	12%	11%	8%
State Direct Transfer	\$ -	\$ -	\$ -	\$ -	\$ -
Managed Care Capitations	\$ 891,046	\$ 2,400,000	\$ 2,544,000	\$ 2,696,640	\$ 2,858,438
Increase	2%	6%	6%	6%	6%
Benefit Reductions/(Increase)	\$ -	\$ (1,600,000)	\$ -	\$ -	\$ -
PPACA Savings/(Cost)	\$ (5,242,637)	\$ (8,844,687)	\$ (5,746,749)	\$ (2,148,824)	\$ (350,912)
Administrative Increases	\$ 563,733	\$ 587,645	\$ 605,274	\$ 623,432	\$ 642,135
Increase	3%	3%	3%	3%	3%
Pay Go Premium Transfer	\$ 160,822,000	\$ 150,000,000	\$ 153,500,000	\$ 190,000,000	\$ 210,000,000
Total Fund	2014	2015	2016	2017	2018
Beginning Reserve	\$ 214,337,562	\$ 203,058,888	\$ 158,073,203	\$ 146,356,699	\$ 144,700,124
Fiscal Year Results	(11,278,674)	(44,985,685)	(11,716,504)	(1,656,574)	12,482,876
Ending Reserve	203,058,888	158,073,203	146,356,699	144,700,124	157,183,000
Percent of Expenses	26%	20%	17%	15%	15%
State Fund	2014	2015	2016	2017	2018
Beginning Reserve	\$ 169,593,103	\$ 156,680,190	\$ 115,395,267	\$ 112,829,933	\$ 122,355,118
Fiscal Year Results	(12,912,913)	(41,284,923)	(2,565,334)	9,525,185	11,109,540
Ending Reserve	156,680,190	115,395,267	112,829,933	122,355,118	133,464,658
Percent of Expenses	24%	17%	15%	15%	15%
Local Fund	2014	2015	2016	2017	2018
Beginning Reserve	\$ 44,744,459	\$ 46,378,698	\$ 42,677,936	\$ 33,526,765	\$ 22,345,007
Fiscal Year Results	1,634,239	(3,700,762)	(9,151,171)	(11,181,758)	1,373,336
Ending Reserve	46,378,698	42,677,936	33,526,765	22,345,007	23,718,343
Percent of Expenses	40%	35%	25%	15%	15%
State Share	79%	80%	80%	80%	80%
Employee Share	21%	20%	20%	20%	20%
Growth In Program Expenses	3.9%	3.7%	5.1%	9.7%	8.3%

CCRC Actuaries, LLC

10/15/2013

WV RHBT Financial Plan FY 2013 - FY 2018

DRAFT

	2014	2015	2016	2017	2018
Retiree Premium Increase	\$ -	\$ -	\$ 2,463,710	\$ 8,484,885	\$ 6,273,948
Increase	0%	0%	3%	10%	7%
Non-Medicare Managed Care Capitation Increase	\$ 373,665	\$ 403,558	\$ 435,843	\$ 470,710	\$ 508,367
Increase	8%	8%	8%	8%	8%
Medicare Claims and MAPD Capitation Increase	\$ 15,954,229	\$ 5,453,936	\$ 12,450,887	\$ 15,960,554	\$ 19,331,059
Increase	14%	4%	9%	11%	12%
Administrative Increases	\$ 137,360	\$ 141,481	\$ 145,726	\$ 150,097	\$ 154,600
	3%	3%	3%	3%	3%
General Revenue Transfer	\$ -	\$ -	\$ 30,000,000	\$ 30,000,000	\$ 30,000,000
Reinsurance Contributions (Cost)	\$ (500,000)	\$ (800,000)	\$ (500,000)	\$ (200,000)	\$ -
Comparative Effectiveness Research Fees (Cost)	\$ (36,015)	\$ (37,150)	\$ (38,322)	\$ (39,533)	\$ (40,784)
Pay Go Premium Transfer	\$ 160,822,000	\$ 150,000,000	\$ 153,500,000	\$ 190,000,000	\$ 210,000,000

	2014	2015	2016	2017	2018
Beginning Reserve	\$ 590,229,840	\$ 645,084,133	\$ 687,614,890	\$ 762,976,178	\$ 843,309,245
Fiscal Year Results	54,854,293	42,530,757	75,361,288	80,333,067	85,636,074
Ending Total Reserve	645,084,133	687,614,890	762,976,178	843,309,245	928,945,318
Ending Premium Stabilization Reserve	\$ 60,506,196	\$ 50,900,395	\$ 24,846,249	\$ 16,126,193	\$ 0
*Actuarial Accrued Liability	\$ 4,454,000,000	\$ 4,607,800,000	\$ 4,745,900,000	\$ 4,868,100,000	\$ 4,973,400,000
Funded Status	14.5%	14.9%	16.1%	17.3%	18.7%
Growth In Program Expenses	12.2%	6.4%	9.2%	10.5%	11.5%
Retiree Subsidy	\$ 144,873,446	\$ 159,605,801	\$ 179,554,147	\$ 198,720,056	\$ 226,126,193
Percent Paid By Retiree	35.0%	32.8%	31.0%	31.0%	29.8%

* Estimated Result

PUBLIC COMMENTS

- **Please state your name, and your relationship to the PEIA plan (Employee, Employee Representative, Physician, Legislator etc...).**
- **Please make your comments when called upon and at the microphone so that an accurate representation of your comments can be captured for the board.**
- **In the interest of full participation, you are limited to FIVE (5) minutes per speaker.**
- **Questions may be addressed at the conclusion of all public comments.**
- **Thank you in advance for your cooperation.**

PUBLIC HEARING SCHEDULE

Customer Service: 5:00 - 6:00 pm

Registration: 5:00 – 6:00 pm

Public Hearing: 6:00 – 8:00 pm

DATE	LOCATION
Monday, November 4, 2013	Holiday Inn, 301 Fox Croft Avenue, Martinsburg, WV
Tuesday, November 5, 2013	Ramada Inn, 20 Scott Avenue, Morgantown, WV
Wednesday, November 6, 2013	WV Northern Community College, Auditorium, 1704 Market Street, Wheeling, WV
Monday, November 11, 2013	Tamarack Ballroom A, One Tamarack Park, Beckley, WV
Tuesday, November 12, 2013	Civic Center, Little Theater, 200 Civic Center Drive, Charleston, West Virginia
Wednesday, November 13, 2013	Marshall University Medical School, Harless Auditorium, 1600 Medical Center Drive, Huntington, WV

NEXT BOARD MEETING

Thursday, December 5, 2013, 1:00 p.m.

**PEIA/DEP Building
601 57th Street SE
Canaan Valley Room 1041
Kanawha City**

QUESTIONS?

Send written comments to:

**Public Comment
West Virginia Public Employees Insurance Agency
601 57th Street SE, Suite 2
Charleston WV 25304**

Public Comment



Ross Taylor, Chairman

Vote on Content for Public Hearings



Ross Taylor, Chairman

Members:

- ☐ James W. Dailey, II
- ☐ Troy Giatras
- ☐ Elaine Harris
- ☐ William "Bill" Ihlenfeld
- ☐ William "Bill" Milam
- ☐ John R. Ruddick
- ☐ Michael T. Smith
- ☐ Joshua Sword

Director Update



Ted Cheatham, PEIA Director

Old Business



Ross Taylor, Chairman

New Business



Ross Taylor, Chairman

Schedule Next Meeting

December 5, 2013, 1:00 pm



Ross Taylor, Chairman

Adjourn



Ross Taylor, Chairman

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

Twila Neil
(304) 957-2620
twila.j.neil@wv.gov