West Virginia

Children's Health Insurance Program

Annual Report 2020

West Virginia
Children's Health Insurance Program

2020 Annual Report

Bill J. Crouch, Cabinet Secretary
West Virginia Department of Health & Human Resources

Jean Kranz, Executive Director
West Virginia Children's Health Insurance Program

Prepared by:
Stacey L. Shamblin, MHA
Chief Financial Officer
West Virginia Children's Health Insurance Program

Our Mission

To provide quality health insurance to eligible children in a way that improves child population health and promotes healthy kids and healthy communities.

Our Vision

West Virginia CHIP will be a leader in value driven and innovative child health care.

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Introductory Section

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December 19, 2020

Board of Directors
West Virginia Children's Health Insurance Program

Bill J. Crouch, Cabinet Secretary
West Virginia Department of Health and Human Resources

Jean Kranz, Executive Director
West Virginia Children's Health Insurance Program

Ladies and Gentlemen:

It is a privilege to submit to you the Annual Report of the West Virginia Children's Health Insurance Program (WVCHIP) for the state fiscal year (SFY) ended June 30, 2020. This report was prepared by the Financial Officer of WVCHIP pursuant to West Virginia Code §5-16B-3(a). Management of WVCHIP is responsible for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures. We believe the data, as presented, are accurate in all material respects and presented in a manner that fairly reports the financial position and results of operations of WVCHIP. All disclosures necessary to enable the reader to gain an understanding of WVCHIP's financial activities have been included. It should be noted that these financial reports are unaudited and for management purposes only.

This Annual Report is presented in three sections: introductory, financial, and statistical. The introductory section contains this transmittal letter, a list of the principal officers of WVCHIP, and WVCHIP's organizational chart as of December 2020. The financial section includes the basic financial statements and footnotes as well as certain supplementary information as required by West Virginia State Code. Also included in the financial section is management's discussion and analysis (MD&A) which provides the reader a narrative introduction, overview and further analysis of the financial information presented. The statistical section includes selected enrollment and quality measurement data.

The financial statements are presented for SFY 2020. The federal fiscal year (FFY) ended September 30, 2020, and further documentation has been submitted to the Centers for Medicare and Medicaid Services (CMS), WVCHIP's federal oversight agency, based on that period. Certain statistical information such as pediatric quality reports, by nature, is presented on a calendar-year basis as required.

FINANCIAL PERFORMANCE AND OUTLOOK

WVCHIP is funded by both federal and state monies. Each year the program receives an allotment of federal money that may be used to fund program expenditures at a set percentage. Currently, federal allotments are available for a period of two years. State money is provided through general appropriations that are approved by both the Governor and the West Virginia Legislature. State money that is not used in the current year is carried-over to the next year. Effective October 1, 2015, the Affordable Care Act (ACA) added 23 percent to the enhanced federal matching assistance percentage (FMAP) rate for Children's Health Insurance Programs (CHIP) nationwide. This increase ended on September 30, 2019. During this time, WVCHIP was 100 percent federally funded. The ACA added an 11.5 percent increase to the match rate which was effective October 1, 2019 through September 30, 2020, making WVCHIP's federal match rate 93.96 percent. On March 18, 2020, the President signed the Families First Corona Virus Response Act (FFRCA) in response to the public health emergency caused by the COVID-19 pandemic. FFRCA added an additional 6.2 percent to WVCHIP's match rate, retroactive to January 1, 2020. This 6.2 percent additional match will remain through the end of the quarter in which the public health emergency ends. WVCHIP's FMAP January 1, 2020, through June 30, 2020, was 98.3 percent. When the additional match under FFRCA ends, WVCHIP will return to its regular enhanced FMAP, currently 82.49 percent.

West Virginia State Code requires that estimated program claims and administrative costs, including incurred but not reported claims, not exceed 90 percent of the total funding available to the program, and provides for an actuarial opinion to ensure that this requirement will be met. The Actuarial Report dated June 30, 2020, confirms this requirement will be met through SFY 2022 for state funding, assuming federal funding amounts remain the same as they are in 2020 and considering projected enrollment and program costs trends. The program will not meet this requirement beginning in SFY 2023 without additional state funding that will be required because of the decreased FMAP. The report projects a shortfall in state funding of $4.8 million to cover its share of program expenditures in SFY 2023, and $11.7 million in SFY 2024 to comply with West Virginia State Code. The report projects no federal funding shortfalls through SFY 2026 based on current approved 2020 levels of federal funding of $81,735,803 and after adjustments for the CHIP-Medicaid expansion of approximately $24 million. It should be noted, however, that final federal allotments have not been issued past 2021. The June 30, 2020, Actuarial Report is included as an appendix to this report.

ACKNOWLEDGMENTS

Gratitude is expressed to the members of WVCHIP's Board of Directors for their leadership and direction. Our most sincere appreciation is extended to WVCHIP Executive Director, Jean G. Kranz, and to West Virginia Department of Health and Human Resources (DHHR) Cabinet Secretary Bill J. Crouch and Deputy Secretary Jeremiah Samples. Respectfully, we submit this Annual Report for the West Virginia Children's Health Insurance Program for the year ended June 30, 2020.

Sincerely,

Stacey L. Shamblin, MHA
Financial Officer

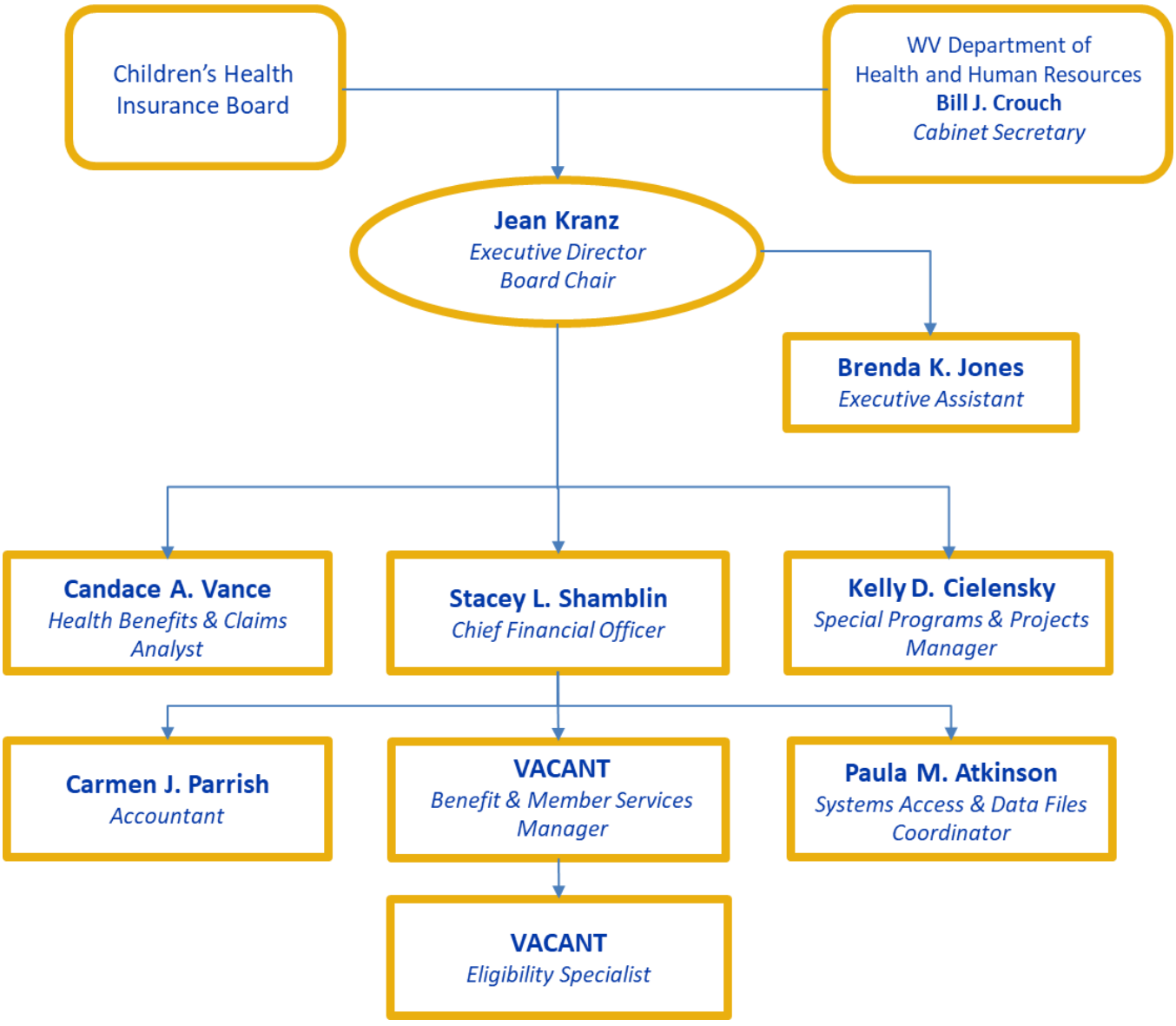
Board Members

Jean Kranz, WVCHIP Executive Director and Chair of the Board
Ted Cheatham, Public Employees Insurance Agency, Director
Jeremiah Samples, Deputy Secretary, Designee for Bill J. Crouch, Cabinet Secretary, DHHR
The Honorable Tom Takubo, West Virginia Senate, Ex-Officio
The Honorable Joe Ellington, West Virginia House of Delegates, Ex-Officio
Janet Allio, Citizen Member
Kelli Caseman, Citizen Member
Lisa M. Costello, MD, Citizen Member
Jill Griffith, Citizen Member
Robert Whitler, Citizen Member
Kellie Wooten-Willis, Citizen Member

Staff

Jean Kranz, Executive Director
Stacey L. Shamblin, Chief Financial Officer
Paula M. Atkinson, Systems Access & Data Files Coordinator
Kelly D. Cielensky, Special Programs and Projects Manager
Brenda K. Jones, Executive Assistant
Carmen J. Parrish, Accountant
Candace A. Vance, Health Benefits & Claims Analyst

Staff Organizational Chart



Financial Section

MANAGEMENT'S DISCUSSION AND ANALYSIS

WEST VIRGINIA CHILDREN'S HEALTH INSURANCE PROGRAM
For the Year Ended June 30, 2020

Management of the WVCHIP provides this Management Discussion and Analysis (MD&A) for readers of WVCHIP's financial statements. This narrative overview of the financial statements of WVCHIP is for the SFY ended June 30, 2020. We encourage readers to consider this information in conjunction with the additional information that is furnished in the footnotes, which are found following the financial statements. Please note that these financial statements are unaudited and for management purposes only.

HISTORY AND BACKGROUND

WVCHIP's primary purpose is to provide health insurance coverage to uninsured children in families whose income disqualifies them from coverage available through the Medicaid Program, but is less than or equal to 300 percent of the current Federal Poverty Level (FPL). When Congress amended the Social Security Act in 1997 to create Title XXI "State Children's Health Insurance Program," federal funding was allocated to the states for such programs over a 10-year period through 2007. CHIP was funded based on a complex allotment formula that considered the state's population of uninsured, low-income children. On February 4, 2009, the Children's Health Insurance Reauthorization Act (CHIPRA) was signed into law reauthorizing and funding the program through 2013. This bill revised the formula used to calculate each state's annual allotment to consider each state's actual projected spending and demographics, as well as national trends. On March 3, 2010, the program was once again reauthorized through 2015 with the passage of the Affordable Care Act (ACA). This legislation also increased the share of the program's federal funding from 2016 through 2019, by adding a 23 percent "bump" to FMAP. The program was 100 percent federally funded during this time. The ACA mandated that children ages 6 through 18 under 133 percent FPL served under WVCHIP transfer to Medicaid. Approximately 10,000 children transitioned to Medicaid throughout calendar year 2014. Although the ACA mandated this change, West Virginia exercised its option to continue financing these children with the Title XXI funds, and in October 2013, the program became a "combination" CHIP using Title XXI funding for both a CHIP/ Medicaid expansion (MCHIP) and a separate CHIP (SCHIP). The Medicare Access and CHIP Reauthorization Act (MACRA), passed on March 26, 2015, extended CHIP funding through FFY 2017. On January 22, 2018, Congress passed a Continuing Resolution (CR) that included the Helping Ensure Access for Little Ones, Toddlers, and Hopeful Youth by Keeping Insurance Delivery Stable (HEALTHY KIDS) Act which provided funding for CHIP for six years through 2023. Another CR passed on February 8, 2018, included the Advancing Chronic Care, Extenders, and Social Services (ACCESS) Act that funded CHIP an additional four years through 2027.

The West Virginia Legislature passed House Bill 4299 on April 19, 1998, to create WVCHIP. Since its inception, it has undergone several changes that include transfer of the program from DHHR and establishing the Children's Health Insurance Agency within the Department of Administration, with the passage of Senate Bill 565 in 2000. WVCHIP is governed by a Board of Directors of up to 11 members, through approval of an annual financial plan and modifications to benefits. Day-to-day operations of WVCHIP are managed by the Executive Director who is responsible for the implementation of policies and procedures established by the Board of Directors. The West Virginia Children's Health Insurance Agency is responsible for the administration of the WVCHIP. On February 19, 2015, the West Virginia Legislature passed Senate Bill 262 moving the West Virginia Children's Health Insurance Agency from the Department of Administration to the DHHR effective July 1, 2015. Amendments to West Virginia Code §5-16B-6d and §9-5-12 passed by the West Virginia Legislature on March 9, 2019, expanded WVCHIP to pregnant women who do not qualify for Medicaid, up to 300 percent FPL through 60-days post-partum.

To use federal monies allotted for SCHIP, each state is required to file a state plan with CMS that outlines the individuals responsible for program administration, where the program is housed within state government, the program's enrollment policies, how it proposes to use the federal monies, as well as other policies and processes used by the state to administer the program. Once the state plan is approved, the state may use its federal allotment, at the federal matching percentage, to finance program expenditures according to the plan.

Since inception in 1998, WVCHIP has undergone several changes of its state plan to reach its current form. These changes include:

- Phase I: In July 1998, the program began as a Medicaid expansion by covering children from ages 1 to 5 in households with incomes from 131 percent FPL to 150 percent FPL.

- Phase II: On April 1, 2000, coverage for children from ages 6 through 18 in households from 100 percent to 150 percent FPL was added. WVCHIP also adopted PEIA's Preferred Benefit Plan to serve as the benchmark equivalent coverage program.

- In June 2000, WVCHIP notified the federal government that it was withdrawing the Medicaid expansion program and combining it with Phase II to create a separate state program.

- Phase III: In October 2000, WVCHIP expanded coverage for all children through age 18 in families with incomes between 151 percent and 200 percent FPL.

- In June 2002, WVCHIP modified its co-payment requirements for pharmacy benefits to eliminate copays for generic drugs and expand co-pay requirements for brand name drugs. It also adopted an annual benefit limit of $200,000 and a lifetime benefit limit of $1,000,000.

- In January 2006, WVCHIP modified its pharmacy benefits by implementing a Preferred Drug List which encouraged utilization of generic drugs and increased the amount of drug rebates received from drug manufacturers.

- In January 2007, WVCHIP expanded its upper income limit for program eligibility to 220 percent FPL. This expanded program from 200-220 percent FPL is called WVCHIP Premium. Families enrolled in this group are required to make monthly premium payments based on the number of children enrolled. Children in this group receive full medical and drug benefits, limited dental, and no vision coverage.

- In January 2008, WVCHIP modified its state plan to allow the program to secure federal match to pay for comprehensive well-child exams for uninsured children entering kindergarten using administrative funds.

- In January 2009, WVCHIP further expanded its upper income limit for program eligibility to 250 percent FPL. Children covered under this expanded group are enrolled in WVCHIP Premium.

- In July 2010, WVCHIP removed restrictions on dental and vision benefits for members in WVCHIP Premium. Members in this group now receive full dental benefits, but with copayments for some services. They also receive full vision benefits.

- On July 1, 2011, WVCHIP once again expanded its upper income limits for program eligibility to 300 percent FPL. These children are enrolled in WVCHIP Premium. The program also eliminated annual and lifetime plan limits and made service limit changes to comply with mental health parity.

- Effective October 1, 2011, WVCHIP changed its reimbursement methodology to Federally Qualified Health Centers (FQHCs) and Rural Health Centers (RHCs) from fee-for-service to prospective payment.

- On October 1, 2013, WVCHIP incorporated the Modified Adjusted Gross Income (MAGI)-based eligibility process requirements in accordance with the Affordable Care Act.

- On January 1, 2014, WVCHIP opted to allow coverage for children of state employees covered under the Public Employees Insurance Agency (PEIA) and began to transition children aged 6 to 18 under 133 percent FPL from WVCHIP to Medicaid (approximately 10,000 children).

- In October 2017, WVCHIP reaffirmed its compliance with mental health parity based on benefit changes made in 2011.

- On July 1, 2019, WVCHIP expanded coverage to pregnant women over age 19 who do not qualify for Medicaid and meet other WVCHIP eligibility criteria up to 300 percent FPL.

- On March 1, 2020, CMS approved WVCHIP's "Disaster" State Plan Amendment. Under this amendment, WVCHIP has flexibilities on enrollment processes, and can waive prior authorizations and cost-sharing in response to a public emergency declared by either the federal or state governments. Once declared, WVCHIP will notify CMS that it is exercising these flexibilities through the end of the emergency.

OVERVIEW OF THE FINANCIAL STATEMENTS

WVCHIP's financial statements are prepared on a cash basis of accounting. Two basic statements in this section are as follows:

Comparative Statement of Revenues, Expenditures, Changes in Fund Balance, and Budget-to-Actual: This statement reflects WVCHIP's operating revenue and expenditures. The major source of revenue is federal grant awards, while the major expenditures include medical, dental, and prescription drug claims costs. This statement shows changes in the West Virginia Children's Health Fund balances from the beginning to the end of the SFY. It also reflects program expenditures that occur outside of this fund, mainly staff salaries and benefits and amounts necessary to determine program eligibility for children. Annual budget amounts and variances are also reflected on this statement.

Changes in Federal Allotment Balance: This statement reflects federal allotment monies available to cover program expenditures under both the SCHIP and MCHIP.

In addition to these two basic statements and the accompanying notes, supplementary information is presented in this MD&A.

FINANCIAL HIGHLIGHTS

The following financial statements summarize the financial position and the results of operations for the SFYs ended June 30, 2020 and 2019. (See pages 14 and 15.)

- Total fund balance increased approximately $955,662, or 18 percent, in comparison to the previous SFY end amount. Because these statements are on a cash-basis and most program expenditures are financed through this fund prior to "draw-down" of federal revenues, this increase results from federal funds received July 2, 2020, for June 2019 expenditures.

- Total revenues reflect a 5 percent increase when compared to the prior year. The increase was due to increased federal revenues. Investment revenues decreased 5 percent and premium revenues were down 28 percent. WVCHIP exercised flexibilities in waiving member premiums and copayments in response to the COVID-19 public health emergency, resulting in a decrease in premium revenues.

- Medical, dental, and prescription drug expenditures comprise approximately 90 percent of WVCHIP's total costs. These expenditures decreased 1 percent compared to the prior year. This decrease is the result of utilization of medical and dental services changes in response to the COVID-19 public health emergency. Medical, dental, and prescription drug costs are further analyzed in the following section.

- Administrative costs accounted for 10 percent of overall expenditures. These expenditures increased $1,819,262, representing an increase of 51 percent. Since these statements are on a cash basis, it should be noted that outstanding payables on June 30, 2019, were higher than usual, $678,415. Also, WVCHIP had approximately $1,000,000 in additional administrative costs resulting from implementation of enrollment and claims system and process changes necessary to expand coverage to pregnant women over age 19.

- The program was 6 percent under its budgeted amount for the year, by $3,647,067. This high variance resulted from the unforeseen circumstances related to the COVID-19 pandemic.

- The program has $44,627,345 federal dollars available at the end of SFY 2020. Draw-downs for SCHIP totaled $53,753,670 (including $235,503 in-transit) and MCHIP totaled $34,131,267 (including $6,065,074 in-transit).

FINANCIAL ANALYSIS

Costs

A -1 percent trend in medical, dental, and prescription drug claims is similar to the relatively flat spending experienced by plans nationally. Although many plans are experiencing higher costs related to testing and treatment for COVID-19, these additional costs are being more than offset by decreased costs of delayed care in other areas resulting from the COVID-19 pandemic. Some experts are projecting increases in future years as the demand for medical care returns. After adjusting for a 5.2 percent increase in enrollment, WVCHIP's expenditures appear to be in line with national trends. Three factors affect total claims expenditures; enrollment, utilization of services, and fees paid to providers for services they render to WVCHIP members. Each of these factors contributed to the following increases in WVCHIP's claims costs:

Enrollment:	+5.2%
Service Utilization:	-13.1%
Price/Fee Increases	+7.9%

Note: These percentages are composites and not further broken down by service line items.

Enrollment

Monthly enrollment increased steadily over the year, with an overall increase in enrollment of 5.2 percent compared to last year. The new coverage for pregnant women over the age 19 added 253 new members to WVCHIP throughout the year. Also, enrollment standards were relaxed in response to COVID-19 pandemic. During the public health emergency, eligibility redeterminations were delayed resulting in increased enrollment throughout the year. Members are only disenrolled from the program if they age-out at 19, or have reached their 60-day post-partum coverage for pregnant women over 19, move out of state, gain other health insurance coverage, or die during the COVID-19 public health emergency.

WVCHIP has three enrollment groups, categorized by the differing levels of family financial participation (i.e., copayments and/or monthly premiums) based on family income levels as compared to the FPL. Pregnant women over 19 are included in the group in which they are enrolled. Because pregnant women over 19 are not eligible for Medicaid, their income eligibility for WVCHIP starts at over 185 percent FPL and, therefore, are only enrolled in either the Blue or Premium groups. The following chart identifies these three groups, as well as enrollment changes in each:

GROUP	FPL	AVG MONTHLY ENROLLMENT	PERCENT CHANGE
Gold	100% - 150%	4,006	+32.4%
Blue	151% - 211%	11,998	-6.7%
Premium	212% - 300%	7,329	+16.6%

Most of WVCHIP's enrollment growth this past SFY was in the highest and lowest level income groups, and the middle-level income group declined. Because eligibility is based on family income compared to FPL and FPL's generally trend up annually, these increases and decreases in the enrollment groups are expected.

Utilization

It is easy to assume that a health plan would incur higher costs with increased enrollment: more members = payments for more services = increased costs. This is not WVCHIP's experience this year. Increases or decreases in payments due to service utilization changes are caused by factors more dynamic than simply the number of members covered by the plan. Not only do changes in plan membership cause the plan to pay for more or less services, but other factors including provider practices and service guidelines; services mandated or recommended by either law or professional organizations; the benefit package and utilization management strategies adopted by the plan. One of the most unique situations this past year resulted from the COVID-19 public health emergency. WVCHIP's claims payments decreased dramatically at the start of the pandemic in late March through June. WVCHIP had only negligible costs related to COVID-19 treatment and testing during the year. The decrease in total claims costs resulting from delayed care had the most impact on program costs, as people were discouraged from visiting hospitals or doctors while medical practices devised ways to treat patients and reduce the risk of contagion from COVID-19 for their patients and staff. While WVCHIP expanded its telehealth coverage to help providers address issues treating members during the COVID-19 pandemic, it wasn't enough to offset a decrease in overall utilization of medical care. A combination of these many factors contributed a decrease of 13.1 percent in claims expenditures for the year.

Prices/Fees

The amount WVCHIP pays providers for particular services is also determined by a number of factors; fee schedules adopted by the plan or rates negotiated with providers, whether the service is provided in West Virginia or outside the state; and service availability, among others. A combination of all these factors contributed to price inflation. During SFY 2020, prices increased around 7.9 percent. The increase in prices appears to be a result of regular fee schedule updates.

Average Cost Per Child

WVCHIP's average cost per child for SFY 2020 was $2,399. This amount represents the average cost per child based on a "rolling enrollment" calculation and is not adjusted for the total unduplicated enrollment in the program for the year. This average increased by 3.3 percent over the prior year and resulted from all factors discussed above. The fluctuation in the average cost per child during the year is illustrated in a chart on page 20.

MAJOR INITIATIVES

WVCHIP had a very busy year. WVCHIP started groundwork necessary to assure its membership a smooth transition to managed care on January 1, 2021. To assure the smooth implementation of both initiatives, WVCHIP found it necessary to make changes to the eligibility and enrollment systems and processes. COVID-19 lead to WVCHIP filing a "Disaster" State Plan Amendment (SPA) and making program changes necessary to help with response to the public health emergency. WVCHIP looks forward to implementing childhood health initiatives in the coming years to assure West Virginia children receive quality health care that will lead to better health outcomes so they may enjoy happy and healthy lives.

Coverage for Pregnant Women over 19

WVCHIP was successful in meeting the legislative mandate that pregnant women over age 19 be covered by the program. This coverage continues through 60-days post-partum. The program submitted a SPA to CMS and was approved to implement this coverage July 1, 2019. State Code now mandates that Medicaid expand its coverage for pregnant women up to 185 percent FPL, a necessary step required for WVCHIP to get CMS approval for this new coverage group. WVCHIP coordinated with the state's eligibility system to build a new enrollment group to facilitate WVCHIP coverage for this new population. This new enrollment group was implemented in November 2019. During July 2019 through November 2019, WVCHIP worked with the enrollment system and policy staff to develop eligibility policy for this new group to distribute to DHHR eligibility workers throughout the state and a manual work-around for enrollment and claims processing until the new enrollment group in the eligibility system was ready. These start-up costs were approximately $1 million. WVCHIP was successful in serving 253 pregnant women over the age 19 throughout the year who may have otherwise not had coverage. Claims costs for this new coverage group were $1,477,027.

Managed Care Transition

On January 1, 2021, WVCHIP will transition its benefit delivery system from a fee-for-service model to a managed care model. This transition should benefit members, providers, and the program. Members will have their choice of three managed care companies to enroll and receive benefits under West Virginia Mountain Health Trust. Members will benefit from enhanced health care access and services available under managed care. Members who move between Medicaid and WVCHIP coverage should gain improvement in any gaps of care.

Providers should benefit from a reduced administrative burden by an alignment of prior authorization and billing processes with larger health care payers. The program should benefit from efficiencies gained from managed care related to provider enrollment, utilization management, and more predictive program costs. To help assure a successful transition, WVCHIP began addressing enrollment processes in the fall of 2019. These changes involved removing a step in the transfer of enrollment date from the eligibility determination system to the claims processing system and developing a reconciliation of enrollment data between the two systems. To remove this additional step in the process, the eligibility system had to directly interface with the claims processing system, and determine what enrollment group, Gold, Blue, or Premium, the member should be enrolled in and transmit this additional data. Additional changes planned prior to the start of managed care includes WVCHIP changing its member ID numbers to Medicaid ID number format. The member ID should not change as members move between Medicaid and WVCHIP.

COVID-19 Public Health Emergency

COVID-19 hit hard in March 2020 and presented many challenges not only to WVCHIP, but to its members, providers, administrative vendors, and the public at large. As medical providers, researchers, and health authorities scrambled to understand the virus and how to address the risks of contagion, hospitalizations, and death, WVCHIP scrambled to prepare its systems to do its part in responding to the pandemic. CMS approved WVCHIP's Disaster SPA in June 2020. This SPA allows WVCHIP to reduce burden on eligibility and enrollment processes, cost-sharing, and prior authorizations. Under this SPA, WVCHIP can exercise these flexibilities under any federal or state declared public health emergency simply by notifying CMS. The flexibilities are effective until the official end of the public health emergency. WVCHIP wanted to help assure children could remain covered throughout the pandemic by extending timelines on program eligibility redeterminations. During the public health emergency, members only lose coverage if they age out at 19 for children, reach 60-days post-partum coverage for pregnant women, move out of state, obtain other health insurance coverage, or die. Prior authorization requirements were waived temporarily to ease provider burden and they redesigned medical care delivery to assure patient safety. The program waived co-payments and premiums throughout the emergency to help families who may have experienced a decrease in income during this time. WVCHIP reviewed its telemedicine policies and expanded coverage for telemedicine, as well as implemented new billing codes and fees for COVID-19 testing and treatments. Communications were sent to members, providers, and other administrative partners outlining WVCHIP's response. Staff learned how to telework from home beginning the last week of March 2020 to keep safe and help reduce the spread of the virus. Staff continue to telework as of the date of this report, as well as many of our administrative partners. Please refer to the prior *Utilization* section in this MD&A for discussion on COVID-19's impacts to program expenditures.

CONTACTING WVCHIP'S MANAGEMENT

This report is designed to provide our member families, residents, governing officials, and legislators with a general overview of WVCHIP's finances and accountability. If you have questions about this report or need additional information, please contact WVCHIP's Financial Officer at 304-558-2732. General information is available on our website at http://www.chip.wv.gov. Electronic application to the program is available at www.wvinroads.org.

West Virginia Children's Health Insurance Program
Comparative Statement of Revenues, Expenditures, Changes in Fund Balance, and Budget-to-Actual
For the Twelve Months Ended June 30, 2020 and June 30, 2019

	Annual Budget 2020	Actual June 30, 2020	Actual June 30, 2019	Actual Variance		Budget Variance	
Beginning Operating Fund Balance		**$5,262,948**	**$5,541,320**	**($278,372)**	**-5%**		
Revenues							
Federal Grants		$52,042,651	$50,584,639	$1,458,012	3%		
State Appropriations		$0	$0	$0	0%		
Premium Revenues	$1,529,958	$1,129,537	$1,575,299	($445,762)	-28%	$400,421	-26%
Investment Earnings (Interest)		$187,745	$197,398	($9,653)	-5%		
Total Operating Fund Revenues		**$53,359,934**	**$52,357,336**	**$1,002,598**	**2%**		
Expenditures:							
Claims:							
Physicians & Surgical		$13,172,915	$13,902,271	($729,356)	-5%		
Prescribed Drugs		$11,218,055	$9,507,918	$1,710,137	18%		
Outpatient Services		$8,584,482	$8,502,536	$81,946	1%		
Dental		$6,843,113	$7,561,134	($718,021)	-9%		
Inpatient Hospital Services		$3,620,492	$4,025,981	($405,489)	-10%		
Other Services		$3,312,420	$3,015,199	$297,221	10%		
Therapy		$2,047,610	$2,076,513	($28,903)	-1%		
Inpatient Mental Health		$569,995	$637,804	($67,809)	-11%		
Vision		$545,328	$680,659	($135,331)	-20%		
Outpatient Mental Health		$440,321	$380,733	$59,588	16%		
Medical Transportation		$423,551	$439,516	($15,965)	-4%		
Durable & Disposable Med. Equip.		$342,267	$419,495	($77,228)	-18%		
Less: Other Collections**		($66,972)	($139,654)	$72,682	-52%		
Drug Rebates	($2,168,732)	($2,421,110)	($1,695,346)	($725,764)	43%	$319,350	-15%
Total Claims	**$50,481,331**	**$48,632,467**	**$49,314,759**	**$682,292**	**-1%**	**($1,848,864)**	**-4%**
Administrative Expenses:							
Salaries and Benefits		$23,863	$0	$23,863			
Program Administration	$5,679,624	$3,552,617	$2,815,419	$737,198	26%	($2,127,007)	-37%
Eligibility		$0	$1,958	($1,958)	100%		
Outreach & Health Promotion	$100,000	$0	$640	($640)	-100%	($100,000)	-100%
Current	$350,000	$165,528	$83,254	$82,274	99%	($184,472)	-53%
Total Administrative Expenses in Operating Fund	**$6,129,624**	**$3,742,008**	**$2,901,271**	**$840,737**	**29%**	**($2,387,616)**	**-39%**
Total Operating Fund Expenditures	**$56,610,955**	**$52,374,474**	**$52,216,030**	**$158,444**	**0%**	**($4,236,481)**	**-7%**
Adjustments		**($29,796)**	**($419,677)**				
Ending Operating Fund Expenditures		**$6,218,611**	**$5,262,949**	**$955,662**	**18%**		
Money Market		$1,011,736	$684,209				
Bond Pool		$3,696,120	$4,550,946				
Cash on Deposit		$1,510,754	$27,794				
Unrealized Gain/Loss on Investment		$36,747	($88,045)	($124,792)	142%		
Ending Fund Balance (Accrued Basis)		**$6,255,358**	**$5,350,994**	**$904,364**	**17%**		
Revenues Outside of Operating Funds:							
Federal Grants		$1,602,173	$950,021	$652,152	69%		
Total WVCHIP Revenues		**$54,962,106**	**$53,307,357**	**$1,654,749**	**3%**		
Program Expenses outside of Operating Funds:							
Salaries and Benefits	$702,625	$551,487	$521,841	$29,646	6%	($127,275)	-18%
Eligibility	$350,000	$1,090,552	$141,673	$948,879	670%	$740,552	212%
Total Administrative Expenses	**$7,182,249**	**$5,384,047**	**$3,564,785**	**$1,819,262**	**51%**	**($1,798,202)**	**-25%**
Total WVCHIP Expenditures	**$57,663,580**	**$54,016,513**	**$52,879,544**	**$1,136,969**	**2%**	**($3,647,067)**	**-6%**

FOOTNOTES:

1) Statement is on cash basis.
2) Estimate of Incurred but Not Reported (IBNR) claims on June 30, 2020 is $3,611,072. The June 30, 2019 estimate was $3,903,155.
3) Administrative Accounts Payable balance on June 30, 2020 $492,754. The June 30, 2019 balance was $678,415.
4) 2020 and 2019 adjustments to fund balance represent timing issues between the payment of expense and the draw-down of federal revenues.
5) Revenues are primarily federal funds. WVCHIP's Federal Matching Assistance Percentage (FMAP) was 100% 07/01/2019 through 09/30/2019; 93.96% 10/01/2019 through 12/31/2019; and 98.3% 01/01/2020 through 06/30/2020; and FMAP was 100% in SFY2019.
6) Other Collections are primarily provider refunds and subrogation (amounts received from other insurers responsible for bills WVCHIP paid (primarily auto).
7) Physician & Surgical services include physicians, clinics, lab, Federally Qualified Health Centers (FQHC), and vaccine payments.
8) Other Services include home health, chiropractors, psychologists, podiatrists, and nurse practitioners.
9) In response to the COVID-19 pandemic, CMS increased the FMAP to 98.03% starting 01/01/2020 through 09/30/2020.

Unaudited—For Management Purposes Only

West Virginia Children's Health Insurance Program
Changes in Federal Allotment Balance
For the Twelve Months Ending June 30, 2020

Beginning Balance 07/01/2019	
CHP19	$50,778,487
	$50,778,847
New Allotments	
CHP20	$81,735,803
Total Allotment Available	$132,514,290
Adjustments	$0
Adjusted Available Allotments	$132,514,290
Draw-downs	
SCHIP	($53,518,175)
MCHIP	($28,066,193)
Ending Balance 06/30/2020	$50,929,922
Draws In-Transit	
MCHIP QE 06/30/2020 (Projected)	($6,065,074)
SCHIP QE 06/30/2019 Eligibility Expenses	($235,503)
Adjusted Ending Balance 06/30/2020	$44,629,345

FOOTNOTES:
1) WVCHIP is federally funded by annual block grants
2) SCHIP = the state's separate CHIP (children over 133% FPL up to 300%)
3) MCHIP = the state's CHIP-Medicaid expansion (Medicaid children ages 6 to 18 over 108% FPL up to 133% FPL without other insurance)

West Virginia Children's Health Insurance Program
Notes to Financial Statements
For the Twelve Months Ended June 30, 2020

Note 1

Financial Reporting Entity

The West Virginia Children's Health Insurance Program (WVCHIP) provides access to health services for eligible children and pregnant women. CHIP in West Virginia is a combination program. Children ages 6 through 18, between 108 percent and 133 percent of the FPL, are served under a CHIP/Medicaid Expansion (MCHIP). Financial reporting for those children is submitted by West Virginia Medicaid. Only amounts drawn down from the Title XXI CHIP allotment for MCHIP expenditures are reflected on the Statement of Changes in Allotment Balance attached. The accompanying financial statements reflect revenues and expenditures for the separate CHIP (SCHIP) that serves children ages 0 through 18, over 133 percent FPL up to 300 percent FPL, and pregnant women ages 19 and up, over 185 percent FPL to 300 percent FPL. Major revenue sources are federal awards and state appropriations. WVCHIP uses third party administrators to process claims, pay providers, and review utilization of health services. An 11-member board develops plans for health insurance specific to the needs of children and annual financial plans which promote fiscal stability.

Note 2

Summary of Significant Accounting Policies

Basis of Reporting and Accounting

The accompanying financial statements of the WVCHIP are presented on a cash basis. Operating expenses consist primarily of claims and administrative costs. Operating revenues consist mainly of federal allotments (block grants) and state appropriations. Revenues are recognized when they become both measurable and available in the "West Virginia Children's Health Fund," the operating fund. State appropriations are recognized when they are made available (deposited into the operating fund) and federal revenues are recognized when they are drawn down to cover related expenses. Premium revenues are recognized when received and investment earnings are recognized when deposited into the fund.

Annual Financial Plan

West Virginia Code §5-16B-6 requires the WVCHIP Board to adopt an annual financial plan. This plan is formally adopted by the Board at its July meeting each year, so the plan reflects the most accurate actuarial forecast. By statute, WVCHIP's financial plan may spend no more than 90 percent of total funding including incurred but not reported claims. The financial plan for SFY 2020 is reflected in the Annual Budget column on the Comparative Statement of Revenues, Expenditures, Changes in Fund Balance, and Budget-to-Actual.

Fund Balance

WVCHIP's financial statements reflect program expenditures made through the "West Virginia Children's Health Fund." This is a special revolving fund and an interest-bearing account. State general appropriations, federal financial participation, and any private money contributed to the program are deposited into this fund that is used to cover the claims, outreach, and administrative expenses of WVCHIP. The balance remaining in this fund at the end of the state fiscal year remains in this fund and does not revert to the State Treasury.

The fund balance principally consists of amounts on deposit in the State Treasurer's Office (STO) that are pooled funds managed by the West Virginia Board of Treasury Investments (BTI). WVCHIP makes interest earning deposits in the West Virginia Money Market Pool as excess cash is available. Deposit and withdrawal transactions can be completed with overnight notice. WVCHIP also has funds invested in the West Virginia Short Term Bond Pool. This Pool is structured as a mutual fund and is limited to monthly withdrawals and deposits by participants. Interest income from these investments is prorated to WVCHIP at rates specified by BTI based on the balance of WVCHIP's deposits maintained in relation to the total deposits of all state agencies participating in the pools. The carrying value of the deposits reflected in the financial statements approximates fair value.

On June 30, 2020, information concerning the amount of deposits with the State Treasurer's Office (fund balance) was as follows:

	Carrying Amount	Bank Balance	Collateralized Amount
Cash			
Deposits with Treasurer	$1,510,754	———	———

Investments	Amount Unrestricted	Fair Value	Investments Pool
Investment with Board of Treasury Investments	$1,011,736	$1,011,736	Money Market
	$3,696,120	$3,696,120	Short-Term Bond Pool
June 30, 2020 Ending Fund Balance	$6,218,611		

Program Expenses Outside of Operating Funds

Program salaries and benefits, as well as expenses for member eligibility determinations, are paid outside the operating fund and are reflected in these statements. This change became effective June 2017. Program salaries and benefits are direct costs, while expenses for program eligibility determinations are based on a statewide cost allocation plan and reflect amounts charged to WVCHIP. Federal grant monies (revenues) drawn down to cover these expenses are not deposited in the program's operating fund, but are reflected in these statements.

Note 3

Accounts Payable and Unpaid Claims Liabilities

Administrative Payables and Unpaid Claims Liabilities (IBNR) are reported as footnotes on the Comparative Statement of Revenues, Expenditures, Changes in Fund Balance, and Budget-to-Actual.

	2020	2019
Administrative Accounts Payable (A/P):		
Program Administration Contracts	$ 492,754	$ 678,415
Eligibility	0	0
Other	0	0
Total A/P	$ 492,754	$ 678,415

Unpaid Claims Liabilities:

Claims payable, beginning of year	$ 3,903,155
Incurred claims expense	$51,120,549
Payments:	
Claim payments for current year	$45,844,716
Claim payments for prior year	$ 5,567,916
Claims payable, year to date	$ 3,611,072

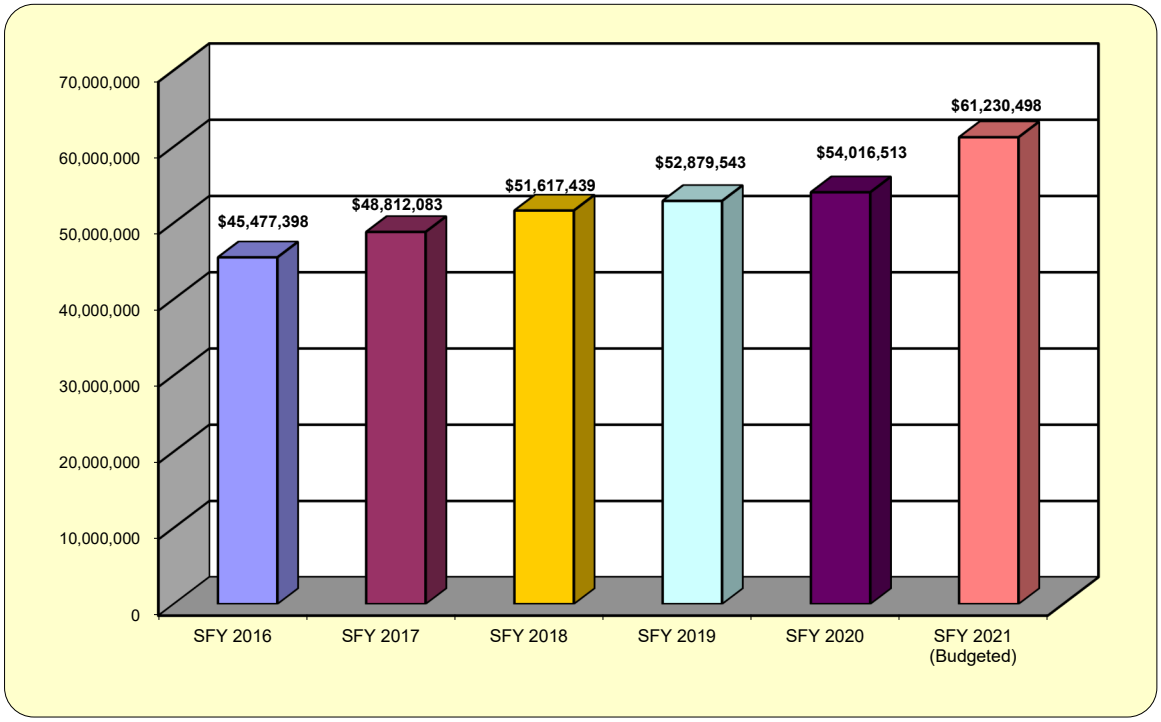
Note 4

Contingencies and Subsequent Events

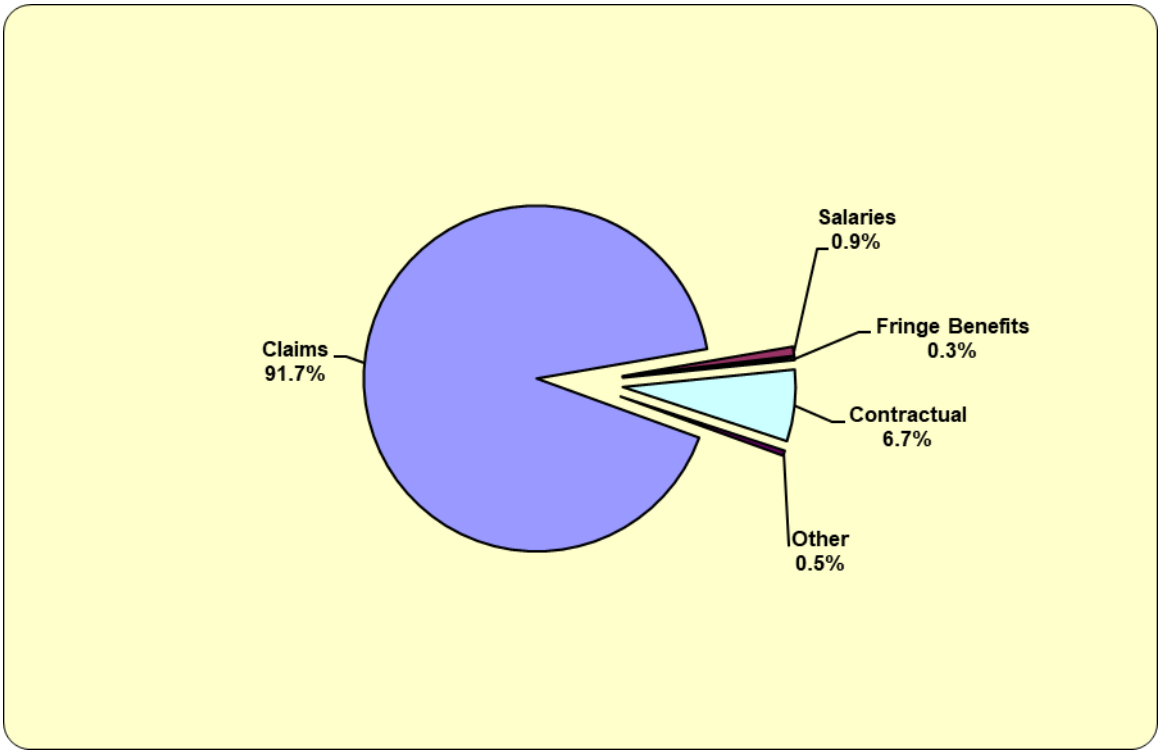
WVCHIP receives significant financial assistance from the federal government in the form of grants and other federal financial assistance. Entitlement to those resources is generally contingent upon compliance with the terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for allowable purposes. Federal financial assistance awards are subject to financial and compliance audits under either the federal Single Audit Act or by grantor agencies of the federal government or their designees. Any obligations that may arise from cost disallowance or sanctions as a result of those audits are not expected to be material to the financial statements of WVCHIP.

WVCHIP evaluated events and transactions for potential recognition or disclosure through December 19, 2020, the date these financial statements are made available to the Board, Legislature, Governor, and general public.

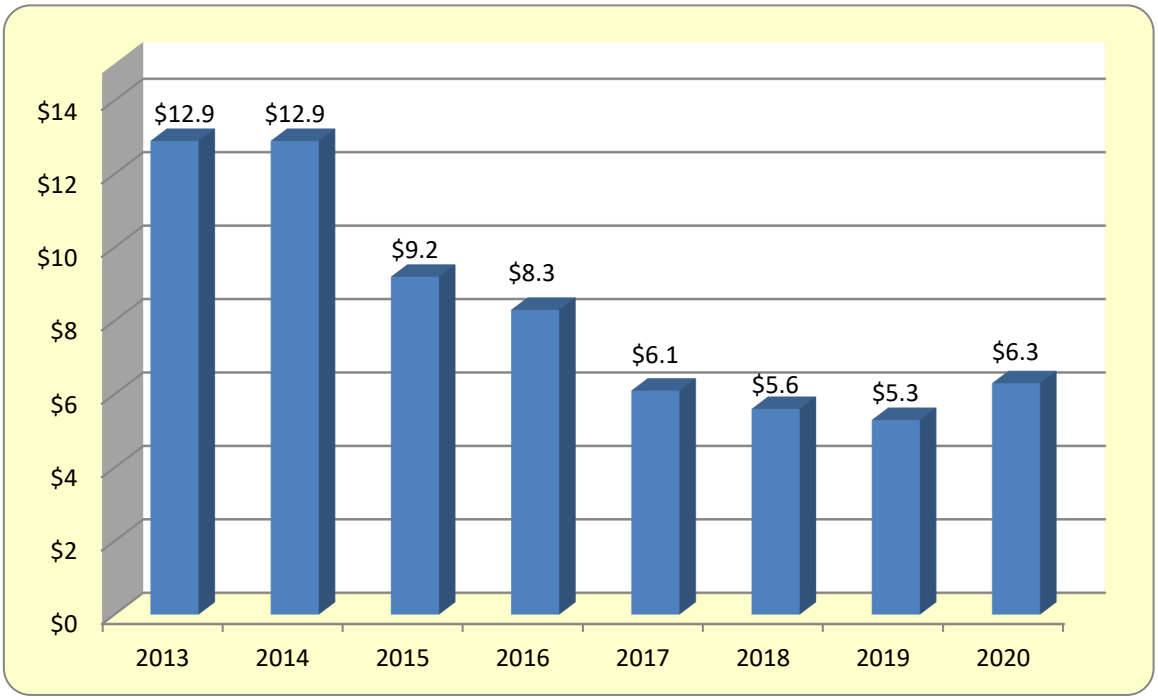
Total Program Expenditures



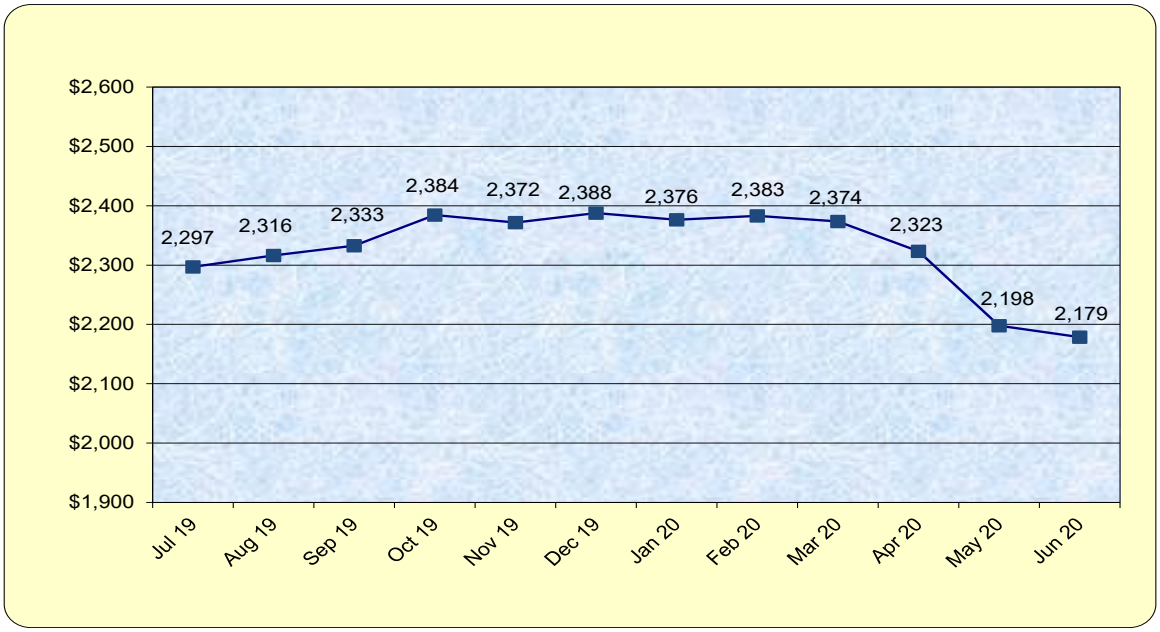
SFY 2020 Expenditures



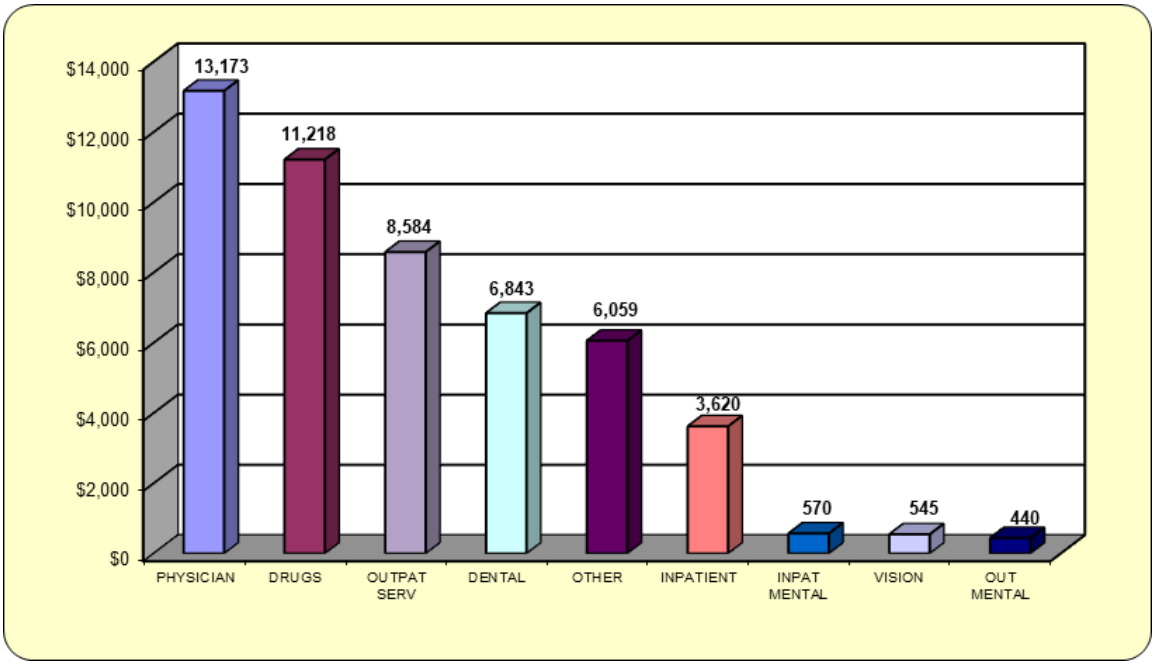
SFY Ending Fund Balances
(In Millions)



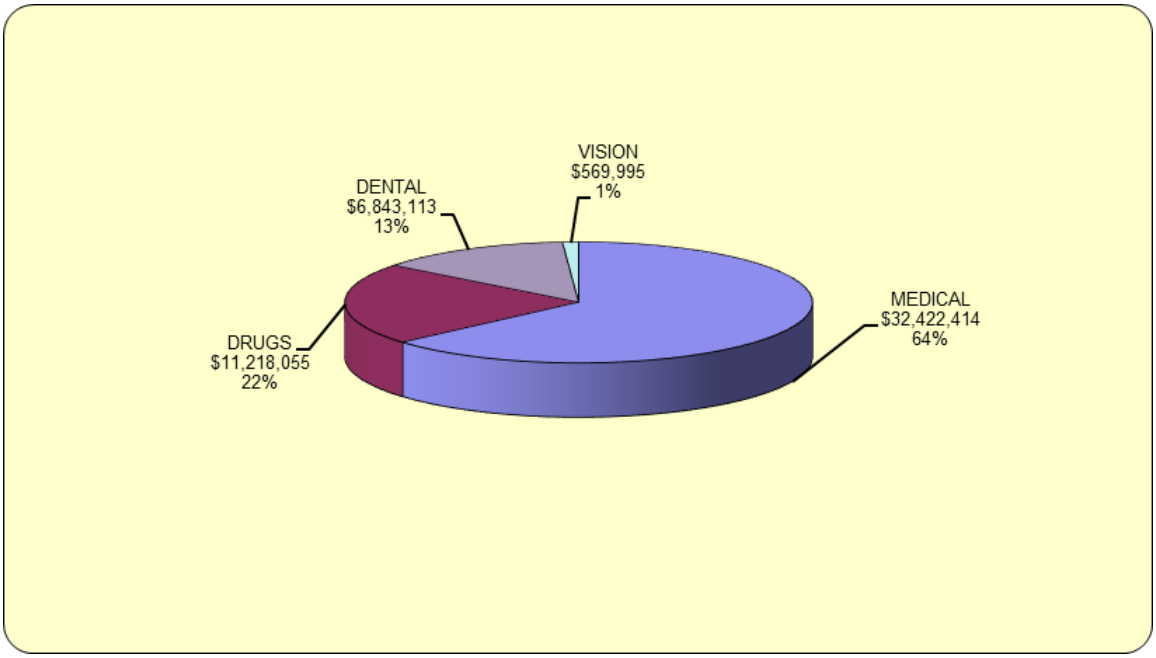
Annualized Health Care Expenditures
(Cost per Child)
SFY 2020



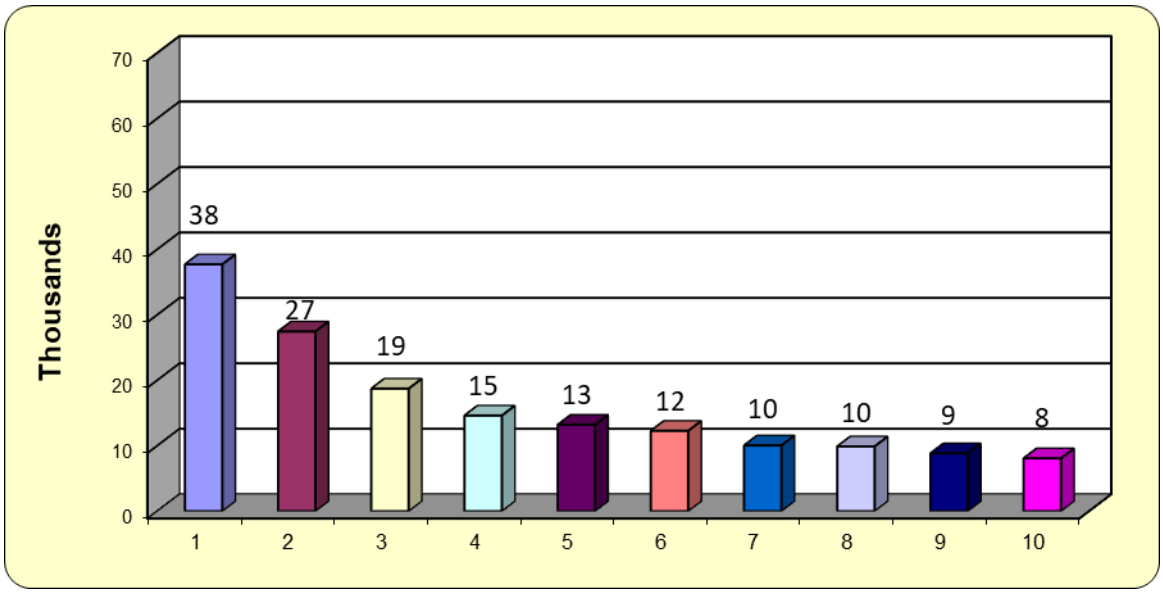
SFY 2020 Expenditures by Provider Type



SFY 2020 Claims Expenditures

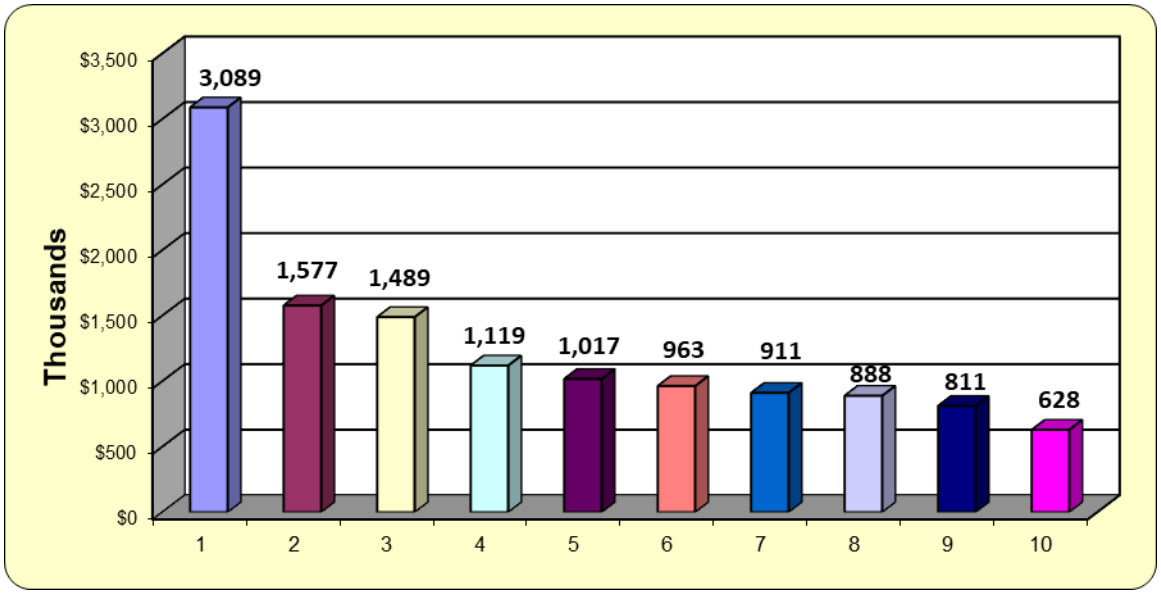


Top Ten Physician Services
By Number of Transactions



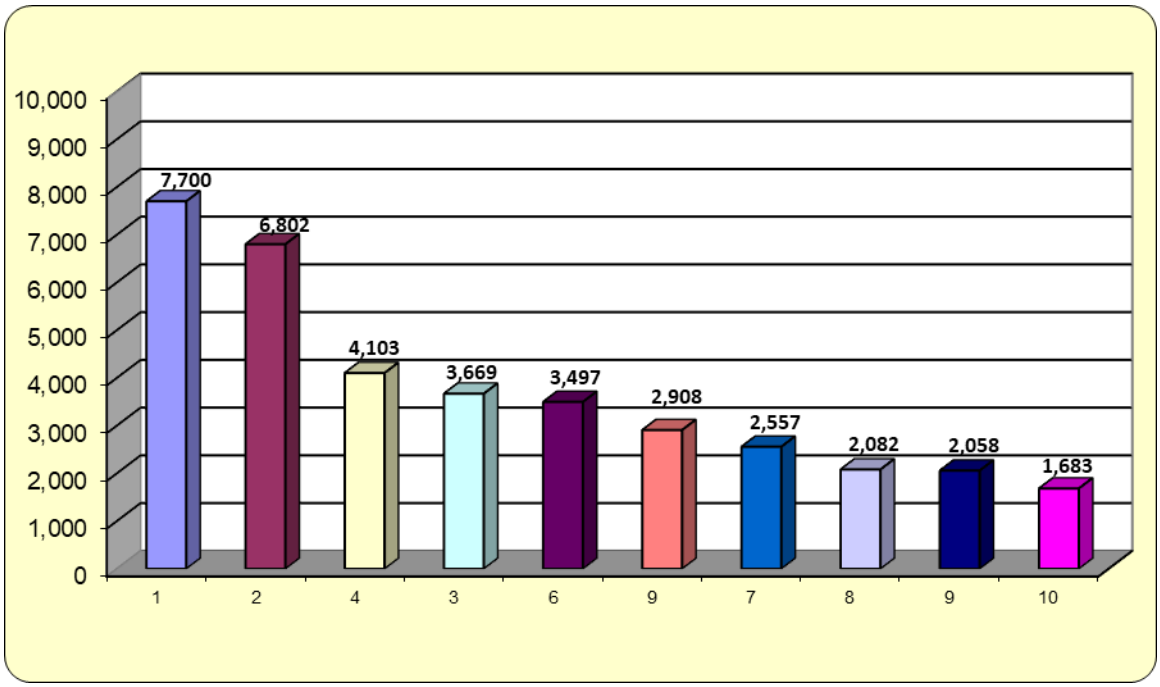
		CPT Code
1	Office Visits Limited—Est. Patient	99213
2	FQHC/RHC Encounter	T1015
3	Office Visit Intermediate—Est. Patient	99214
4	Periodic Oral Evaluation	D0120
5	Topical Application of Fluoride—Excluding Varnish	D1208
6	Dental Prophylazis	D1120
7	Streptococus	87880
8	Immunization Administration	90471
9	Therapeutic Activities, 15 Minutes	97530
10	ER Exam; New Patient; Intermediate	99283

Top Ten Physician Services
By Amounts Paid



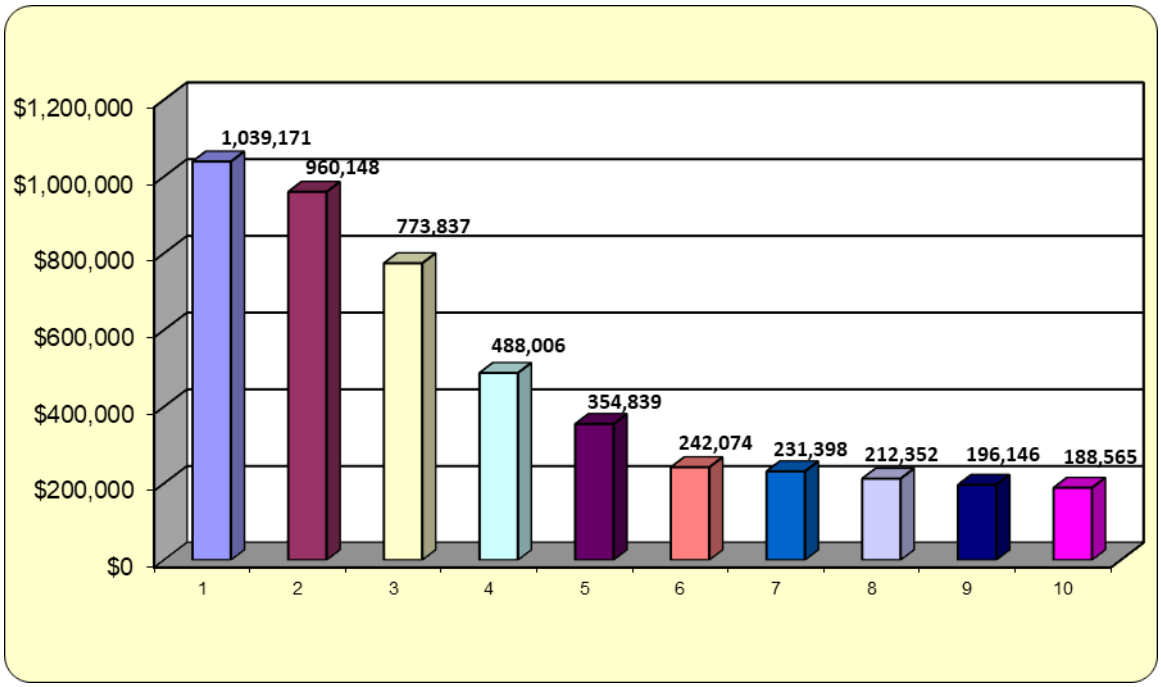
		CPT Code
1	FQHC/RHC Encounter	T1015
2	Office Visit Intermediate—Est. Patient	99214
3	Office Visits Limited—Est. Patient	99213
4	Therapeutic Activities, 15 Minutes	97530
5	ER Exam; New Patient; Extended	99284
6	ER Exam; New Patient; Intermediate	99283
7	Psychotherapy, 60 Minutes with Patient	90837
8	Comprehensive Orthodontic Treatment	D8090
9	Injection, nusinersen, 0.1 mg	J2326
10	Tonsillectomy and Adenoidectomy	42820

Top Ten Prescription Drugs
By Number of Transactions



	Drug Brand Name	Major Use Indication
1	Amoxicillin	Antibiotic
2	Montelukast Sodium	Asthma
3	Fluticasone Propionate	Allergies
4	Cefdinir	Antibiotic
5	Vyvanse	Attention Deficit Hyperactivity Disorder (ADHD)
6	Oseltamivir Phosphate	Influenza
7	Cetirizine Hydrochloride	Allergies
8	Loratadine	Antihistamine
9	Prednisolone	Allergies
10	Albuterol Sulfate HFA	Asthma

Top Ten Prescription Drugs
By Ingredient Cost



	Drug Brand Name	Major Use Indication
2	Vyvanse	Attention Deficit Hyperactivity Disorder (ADHD)
1	Norditropin	Growth Hormone
3	Humira	Autoimmune Disease
5	Oseltamivir Phosphate	Influenza
4	Strensiq	Metabolic Disorder
6	Stelara	Immunosuppresant
9	Dupixent	Monoclonal Antibodies
8	Novolog Flexpen	Diabetes
7	Novolog	Diabetes
10	Orkambi	Cystic Fibrosis

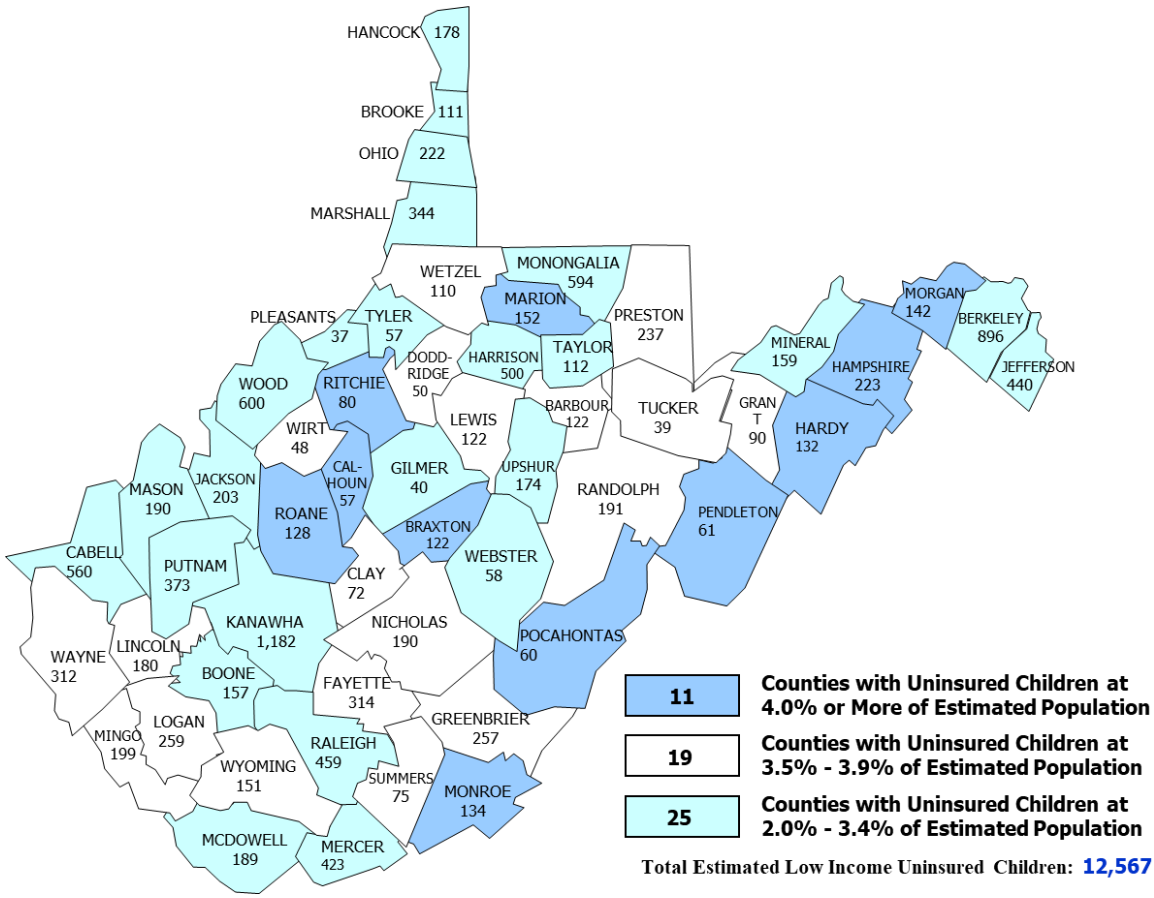
Outreach Section

Uninsured Children, Program Outreach, and Health Initiatives

WVCHIP continues to work with many types of community partners and entities as identified in its State Plan; however, as enrollment has stabilized, efforts to promote public awareness of the program have shifted from an enrollment focus to one of promoting child health awareness and prevention messaging on topics such as childhood health screening, child development, immunizations, quality improvement and the importance of a medical home.

Rate of Uninsured Children

Based on health insurance survey data from the U.S. Census Bureau's 2019 Annual Community Survey (ACS), WVCHIP continues to monitor uninsured rates for West Virginia children in its monthly reports to the legislative health committees reflecting both WVCHIP and Medicaid enrollment data for children at the county level. The uninsured rate for West Virginia children rose in 2019 slightly to 3.5 percent, approximately 13,000 children. West Virginia ranks 7th in the nation in the percentage of uninsured children. West Virginia's 2018 rate was 3.4 percent, again around 13,000 kids, and West Virginia ranked 14th in the nation. The U.S. Census Bureau Small Area Health Insurance Estimates (SAHIE) provides uninsured information for children under 19 broken down to the county level, based on ACS estimates. The SAHIE data reflects more accurately the variation from county to county depending on the availability of employer sponsored insurance and should be a more accurate way to target outreach activities to the county level. The ACS information is more widely cited by researchers and advocates. The map below depicts uninsured estimates by county using the most current SAHIE that are based on 2018 ACS uninsured estimates.



Public Information via the HelpLine, Website, WVPATH, and Health Care.gov

WVCHIP makes application and program information available through its 1-877-982-2447 toll-free HelpLine, which averages 1,200 calls a month and mails out applications and program materials upon request. Information is also available through the Agency's website at www.chip.wv.gov where program guidelines and applications can be downloaded and printed. The WVCHIP website provides a wealth of information to the public about the agency, its governance, applying and enrolling for benefits, major annual reports, program statistics, and other program and health-related information.

An online application process that allows people to apply from the convenience of home and print out their own applications is available by DHHR at www.wvpath.org. Many WVPATH users who have evaluated the online application process have commented on its ease of use, costs avoided from travel to pick-up applications, and time savings from having to wait in line at local offices. Since the implementation of the ACA in 2013, the inROADS and now the WVPATH application, the replacement for inROADS, is also linked to the www.healthcare.gov website. This linkage of the federal state insurance marketplace with the WVPATH online application process for both WVCHIP and Medicaid provides a "no wrong door" approach for any member of the public interested in health care coverage.

Health Collaborative Efforts

Collaborations are important to allow multiple agencies and entities inside and outside state government to integrate efforts related to a statewide mission for the health of West Virginia children. WVCHIP prioritizes prevention efforts to support West Virginia's Healthy People objectives for children. WVCHIP hopes to expand these collaborations jointly with the contracted managed care organizations to support the healthy development of West Virginia's children. Implementation of a child-focused Member Advisory Council will help to facilitate future work for children in West Virginia. The basis for the Council's work will focus on the following areas: Access, Service Delivery, Gaps in Support System, Engagement with System Staff, Cultural Competency, and Consumer Knowledge of Services and Supports.

Statistical Section

WVCHIP Set of Pediatric Core Measures 2020

In early 2010, the Secretary of the U.S. Department of Health and Human Services identified 24 pediatric core measures for which state CHIP and Medicaid programs could begin voluntarily reporting. WVCHIP extracts this information to the extent possible from administrative and claims data. Most of the data is extracted according to specifications developed for the Health Care Effectiveness Data and Information Set (HEDIS®). Some core measures were developed by other states who are the measure steward (the expert group setting the measure specifications) and were recommended for inclusion in the core set by national panels of experts. The most common measure steward is the National Committee of Quality Assurance (NCQA). The NCQA oversees and revises its HEDIS® specification sets annually. Since 2010, WVCHIP has expanded the number of reported pediatric core measures to include 17 the 24 national child core measures set which is reported annually to the CMS. This set of measures is expected to be studied and evaluated and become a mandatory reporting set for all states' CHIP and Medicaid child health programs sometime in the future. In addition, West Virginia's Medicaid program requires reporting of specific pediatric measures through its managed care contracts to drive measurement and improvement in child population health.

HEDIS® is the registered trademark set of standardized health performance measures that identifies only those individuals with continuous 12-months enrollment for the measurement period before treatment or visit data can be included in calculating the measure. This helps to assure that the population measured is comparable from one health plan to another. It also only captures a subset of the child enrollees in the CHIP program each year as the denominator. Continuous 12-month enrollment is defined as those members with no more than a 45-day break in enrollment throughout the measurement year. Measures are based on prior calendar year data. Therefore, 2020 measures are based on calendar year 2019 data.

The Center for Medicaid and CHIP Services (CMCS) decided that the Child Core Health Care Quality Measure Sets for reporting year 2020 would retire three measures: 1) Use of Multiple Concurrent Antipsychotics in Children and Adolescents (APC-CH); 2) Children and Adolescents' Access to Primary Care Practitioners (CAP-CH); and 3) Pediatric Central Line–Associated Bloodstream Infections (CLABSI-CH). One new measure was added to the 2020 Core Set: Metabolic Monitoring for Children and Adolescents on Antipsychotics (APM-CH). West Virginia uses all reportable measures to assess, monitor, and identify areas for improvement in the care being provided to its members. Even though the APM-CH measure was retired this year, WVCHIP opted to include this measure in this Annual Report.

The measures are broken out into six domains: Primary Care Access and Preventive Care (9 measures), Maternal and Perinatal Health (6 measures), Care of Acute and Chronic Conditions (2 measures), Behavioral Health Care (4 measures), Dental and Oral Health Services (2 measures), and Experience of Care (1 measure).

The measures on the following pages are the ones that WVCHIP reports to CMS, with the exception of the APM -CH measure, which is included here, but not reported to CMS. More information on CMS core measures is located on www.medicaid.gov.

Health Care Quality Measures
Centers for Medicare and Medicaid Services—Child Core Set 2020

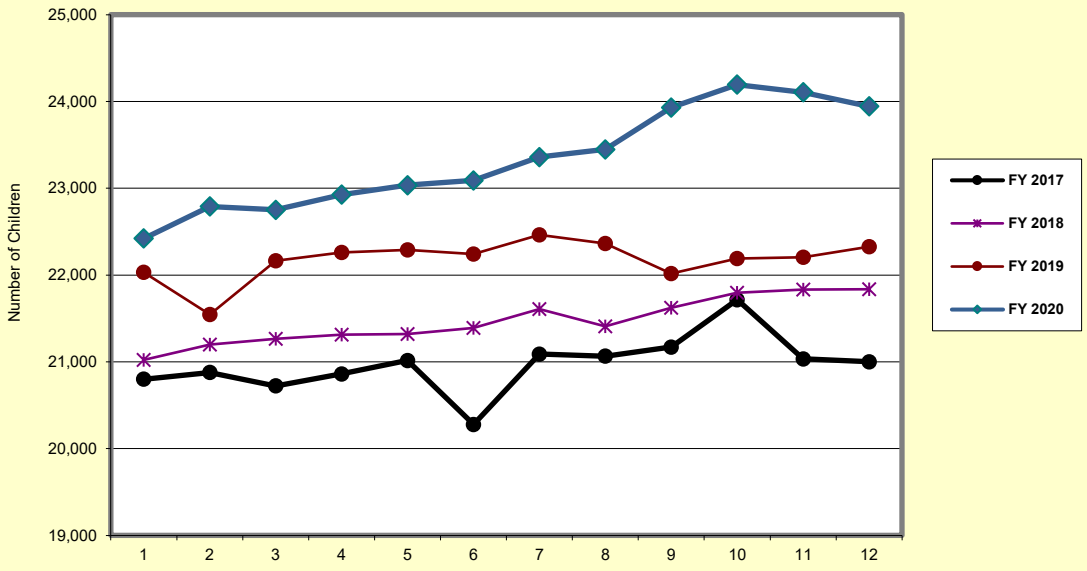
	Measure	Numerator	Denominator	Rate
WCC-CH	Weight Assessment & Counseling for Nutrition and Physical Activity for Children/Adolescents - Body Mass Index Assessment for Children/Adolescents	2,466	9,299	26.5%
CHL-CH	Chlamydia Screening in Women Ages 16 - 20	155	659	23.5%
CIS-CH	Childhood Immunization Status	410	461	88.9%
W15-CH	Well-Child Visits in the First 15 Months of Life	189	276	68.5%
IMA-CH	Immunizations for Adolescents	537	764	70.3%
DEV-CH	Developmental Screening in the First Three Years of Life	695	1,136	61.2%
W34-CH	Well-Child Visits in the Third, Fourth, Fifth, and Sixth Years of Life	1,519	2,419	62.8%
AWC-CH	Adolescent Well-Child Visits	3,073	5,883	52.2%
CCW-CH	Contraceptive Care - All Effective Method	669	1,627	41.1%
APM-CH	Antipsychotic Metabolic Monitoring	35	82	42.7%
AMB-CH	Ambulatory Care: Emergency Department (ED) Visits	4,930	163,985	3.0%
ADD-CH	Follow-up Care for Children Prescribed Attention-Deficit/Hyperactivity Disorder (ADHD) Medication	136	342	39.8%
FUH-CH	Follow-up After Hospitalization for Mental Illness: Ages 6-20	7	42	16.7%
APP-CH	Use of First-Line Psychosocial Care for Children and Adolescents on Antipsychotics	14	23	60.9%
CDF-CH	Depression Screening and Follow-up Plan	92	4665	2.0%
SEAL-CH	Dental Sealants for 6-9 Year-Old Children at Elevated Caries Risk	287	1,332	21.5%
PDENT-CH	Percentage of Eligibles Who Received Preventive Dental Services	15,084	27,257	55.3%

NR = Not Reported. *Changes are being made to the calculations of these measures and results are not available.*

Health Care Quality Measures
Centers for Medicare and Medicaid Services—Child Core Set 2020

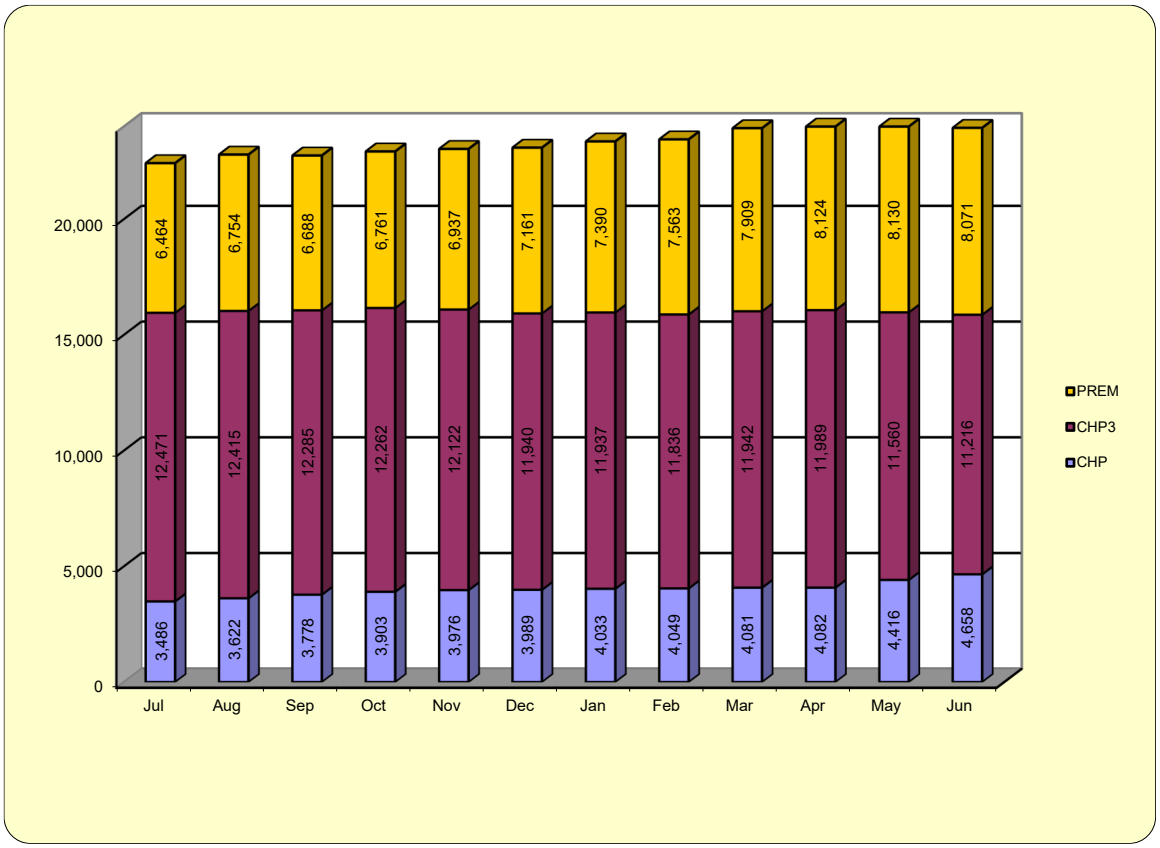
	Measure	Description
WCC-CH	Weight Assessment & Counseling for Nutrition and Physical Activity for Children/Adolescents - Body Mass Index Assessment for Children/Adolescents	Percentage of children continuously enrolled throughout the year ages 3 to 17 who had an outpatient visit with a primary care practitioner (PCP) or obstetrical/gynecological (OB/GYN) practitioner and who had evidence of body mass index (BMI) precentile documentation during the measurement year.
CHL-CH	Chlamydia Screening in Women Ages 16-20	Percentage of women ages 16 to 20 who were identified as sexually active and who had at least one test for chlamydia during the measurement year. WVCHIP covers children through age 19.
CIS-CH	Childhood Immunization Status	Percentage of children age 2 who had four diphtheria, tetanus and acellular pertussis (DTaP); three polio (IPV); one measles, mumps and rubella (MMR); three haemophilus influenza type B (HiB); three hepatitis B (Hep B), one chicken pox (VZV); four pneumococcal conjugate (PCV); one hepatitis A (HepA); two or three rotavirus (RV); and two influenza (flu) vaccines by their second birthday. The measure calculates a rate for each vaccine and nine separate combination rates. WVCHIP publishes one rate in its Annual Report and results of other rates are available upon request.
W15-CH	Well-Child Visits in the First 15 Months of Life	Percentage of children who turned 15 months old during the measurement year and who had the following number of well-child visits with a primary care practitioner (PCP) during their 15 months of life: 0, 1, 2, 3, 4, 5, 6 or more well-child visits.WVCHIP publishes one combined rate in its Annual Report and results of other rates are available upon request.
IMA-CH	Immunizations for Adolescents	Percentage of adolescents age 13 who had one dose of meningococcal vaccine, one tetanus, diphtheria toxoids and acellular pertussis (Tdap) vaccine, and have completed the human papillomavirus (HPV) vaccine series by their 13th birthday. The measure calculates a rate for each vaccine and two combinations rates. WVCHIP publishes one rate in its Annual Report and other rates are available upon request.
DEV-CH	Developmental Screening in the First Three Years of Life	Percentage of children screened for risk of developmental, behavioral, and social delays using a standardized screening tool in the 12 months preceding or on their first, second, or third birthday. WVCHIP publishes an overall rate in its Annual Report and other rates are available upon request.
W34-CH	Well-Child Visits in the Third, Fourth, Fifth and Sixth Years of Life	Percentage of children ages 3 to 6 who had one or more well-child visits with a primary care practitioner (PCP) during the measurement year.
AWC-CH	Adolescent Well-Child Visits	Percentage of adolescents ages 12 to 21 who had at least one comprehensive well-care visit with a primary care practitioner (PCP) or an obstetric/gynecologic (OB/GYN) practitioner during the measurement year. WVCHIP covers children through age 19.
CCW-CH	Contraceptive Care All Effective Method	The percentage of women, aged 15-20 years, who are at risk of unintended pregnancy and were provided a 'most effective' or a 'moderately effective' method of contraception during the measurement year. Excludes women who are infecund due to non-contraceptive reasons (e.g., hysterectomy, oophorectomy, menopause), those who had a live birth during the last two months of the measurement year, and those who were still pregnant at the end of the measurement year.
APM-CH	Antipsychotic Metabolic Monitoring	The percentage of children and adolescents 1–17 years of age who had two or more anti-psychotic prescriptions and had metabolic testing
AMB-CH	Ambulatory Care: Emergency Department (ED) Visits	Rate of emergency department (ED) visits per 1,000 beneficiary months among children up to age 19.
ADD-CH	Follow-up Care for Children Prescribed Attention-Deficit/Hyperactivity Disorder (ADHD) Medication	Percentage of children newly prescribed attention-deficit/hyperactivity disorder (ADHD) medication who had at least three follow-up care visits within a 10-month period, one of which was within 30 days of when the first ADHD medication was dispensed. Two rates are reported: Initiation Phase and Continuation and Maintenance (C&M) Phase
FUH-CH	Follow-Up After Hospitalization for Mental Illness: Ages 6-20	Percentage of discharges for children ages 6 to 17 who were hospitalized for treatment of selected mental illness or intentional self-harm and who had a follow-up visit with a mental health practitioner. Two rates are reported: 1) percentage of discharges for which children received follow-up within 30 days after discharge; and 2) percentage of discharges for which children received follow-up within 7 days after discharge
APP-CH	Use of First-Line Psychosocial Care for Children and Adolescents on Antipsychotics	Percentage of children and adolescents ages 1 to 17 who had a new prescription for an antipsychotic medication and had documentation of psychosocial care as first-line treatment.
CDF-CH	Depression Screening and Follow-up Plan	The percentage of patients aged 12 to 17 years screened for depression on the date of the encounter using an age appropriate standardized depression screening tool, and if positive, a follow-up plan is documented on the date of the positive screen. Excludes patients who have an active diagnosis of depression, bipolar disorder or who used hospice services anytime during the measurement year.
SEAL-CH	Dental Sealants for 6-9 Year-Old Children at Elevated Caries Risk	Percentage of enrolled children ages 6 to 9 at elevated risk of dental caries (i.e., "moderate" or "high" risk) who received a sealant on a permanent first molar tooth within the measurement year.
PDENT-CH	Percentage of Eligibles Who Received Preventive Dental Services	Percentage of individuals ages 1 to 20 who are enrolled in Medicaid or CHIP Medicaid Expansion programs for at least 90 continuous days, are eligible for Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) services, and who received at least one preventive dental service during the reporting period. WVCHIP covers children through age 19.

Enrollment

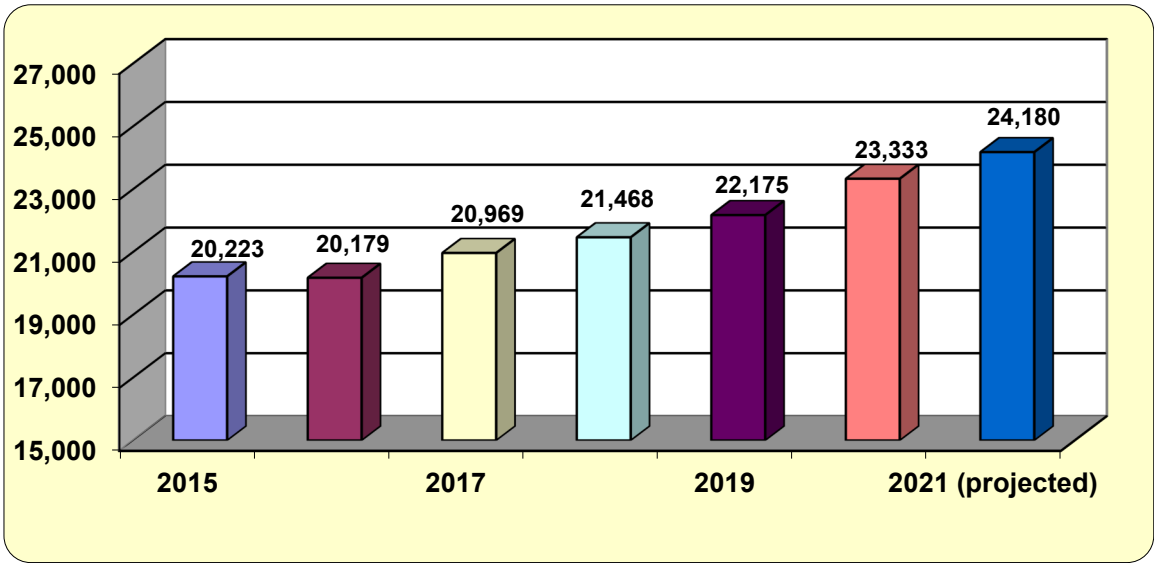


Monthly Enrollment SFY 2020

Monthly Enrollment by Group
SFY 2020



Average Enrollment
SFY 2020

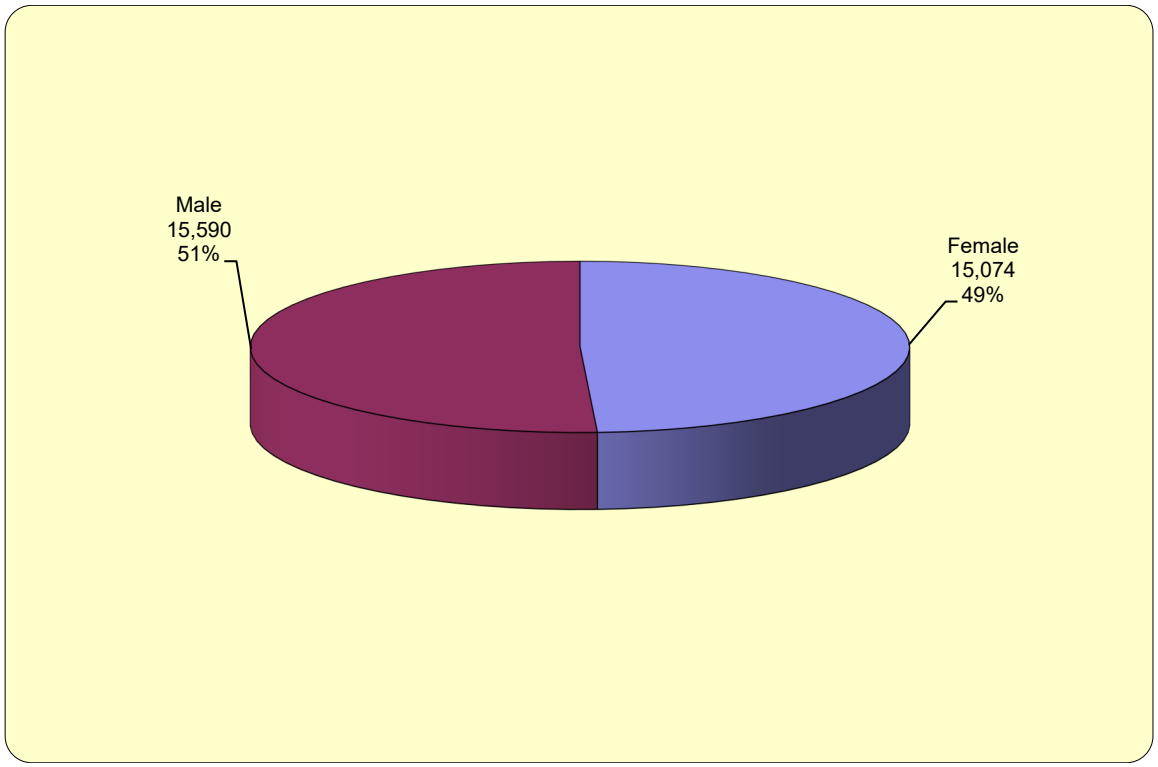


Unduplicated Count of Children Served In WVCHIP Each Year on June 30

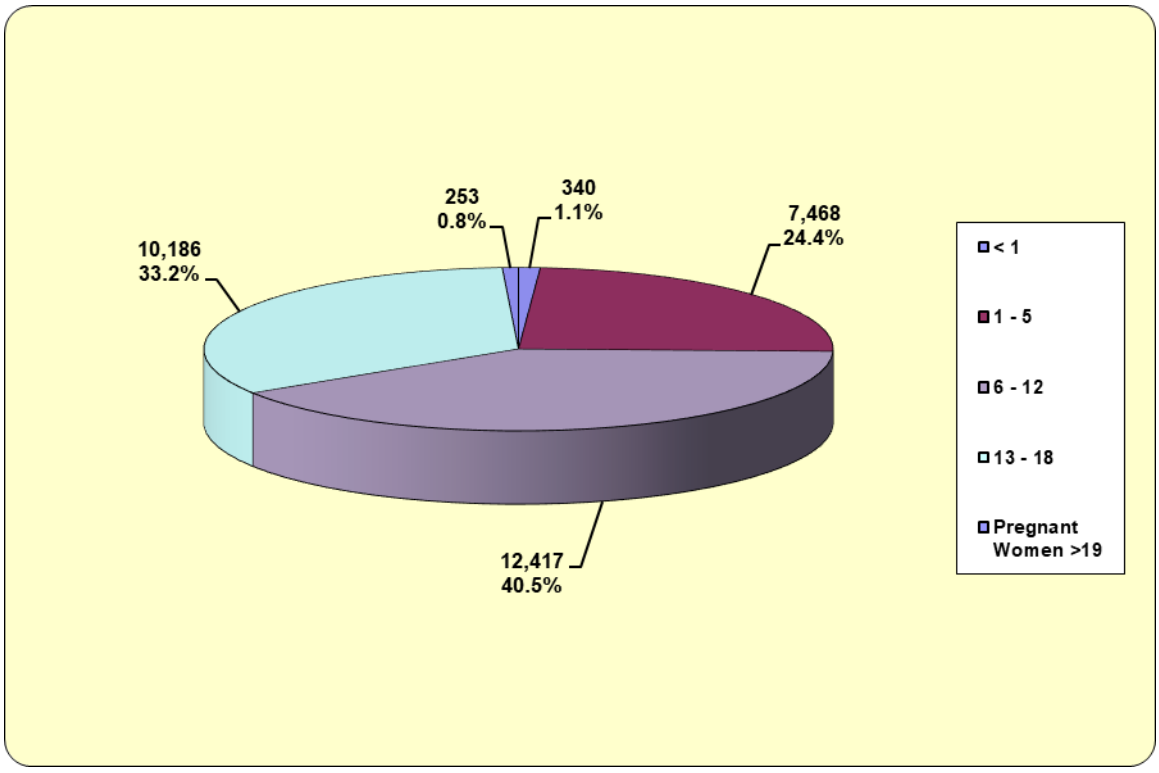
Year	Number	% Change
2001	30,006	
2002	33,569	+11.9%
2003	33,709	+0.4%
2004	35,495	+5.3%
2005	36,978	+4.2%
2006	38,064	+2.9%
2007	38,471	+1.1%
2008	37,707	-0.7%
2009	37,874	+0.4%
2010	37,758	-0.3%
2011	37,835	-0.2%
2012	37,608	-0.5%
2013	37,413	-0.5%
2014	34,438	-8.0%
2015	34,729	+0.8%
2016	30,829	-11.2%
2017	30,989	+0.5%
2018	32,147	+3.7%
2019	33,005	+0.3%
2020	30,411	-7.9%

Total unduplicated number of children ever enrolled as of June 30, 2020, in WVCHIP since inception:
201,903

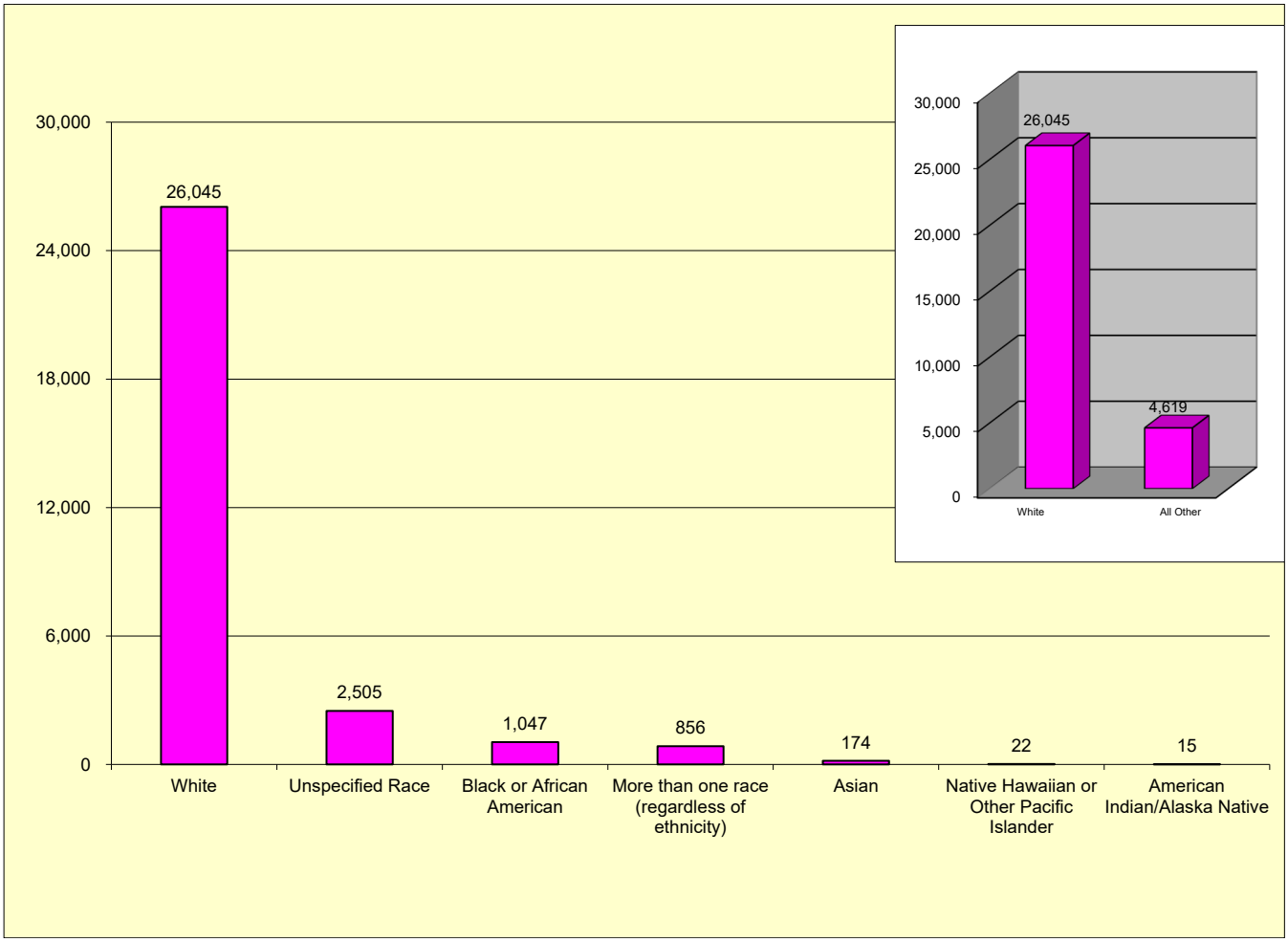
SYF 2020 Enrollment by Gender



SFY 2020 Enrollment by Age

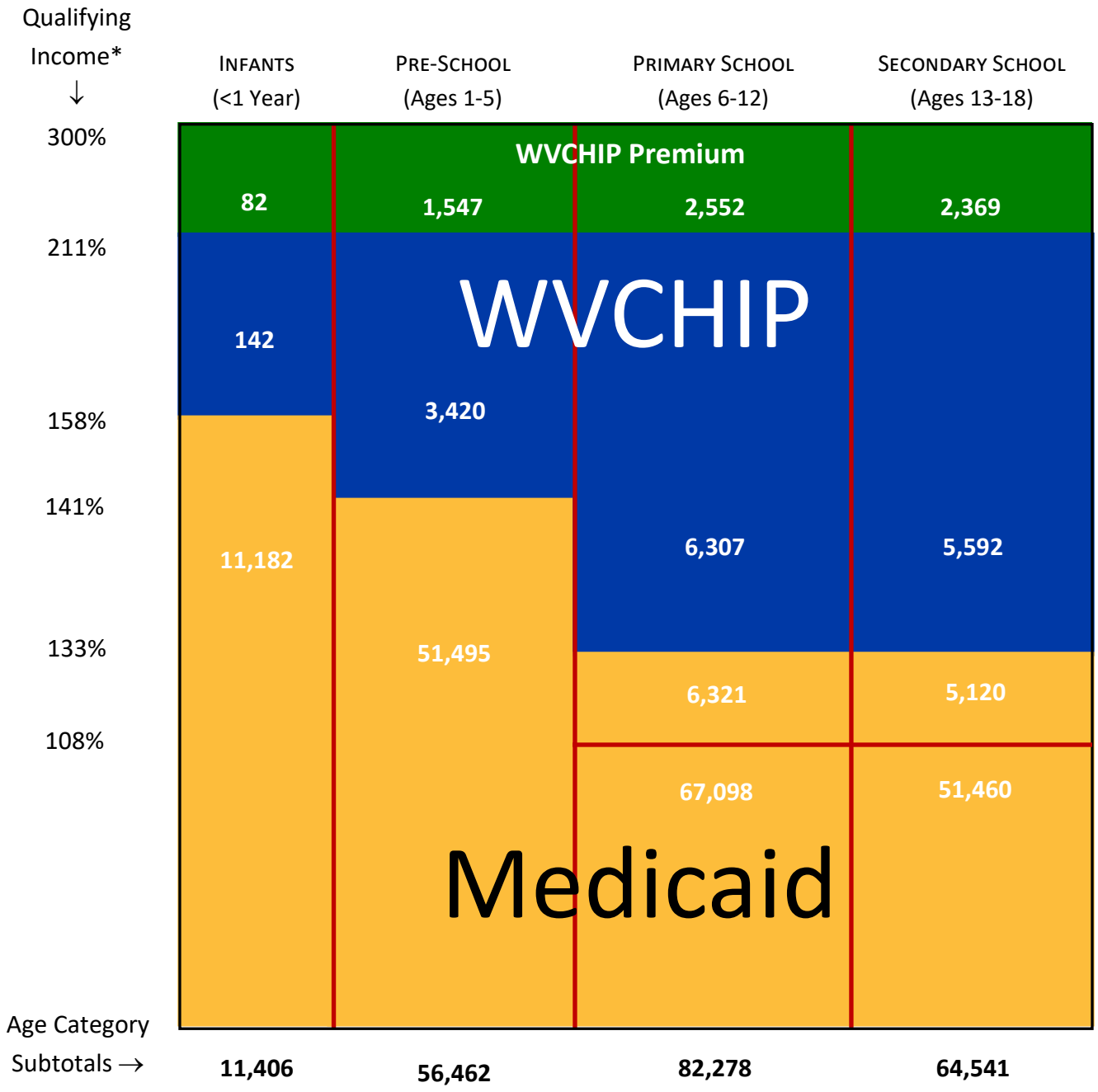


SFY 2020 Enrollment by Race



Race/Ethnicity	**WVCHIP Population**	**% of WVCHIP Population**	**WV Population Under 18 Years**	**% of WV Population Under 18 Years**
White	26,045	84.9%	342,576	93.6%
Unspecified Race	2,505	8.2%	732	0.2%
Black or African American	1,047	3.4%	11,712	3.2%
More than one race (regardless of ethnicity)	856	2.8%	7,320	2.0%
Asian	174	0.6%	2,562	0.7%
Native Hawaiian or Other Pacific Islander	22	0.1%	366	0.1%
American Indian/Alaska Native	15	0.0%	732	0.2%
Total	**30,664**	**100.0%**	**366,000**	**100.0%**

Health Coverage of West Virginia Children
By WVCHIP and Medicaid
June 30, 2020



*Household incomes through 300% of the Federal Poverty Level (FPL)

Total CHIP-Medicaid Expansion 11,441

Total WVCHIP Enrollment 22,011 **Total WV Medicaid Enrollment** 181,235

Total # of Children Covered by WVCHIP and Medicaid 214,687

Enrollment Changes By County
As % Difference from July 2019 through June 2020

County	Total Enrollees July 2019	Total Enrollees June 2020	Difference	% Change
Webster	104	133	29	22%
Preston	389	464	75	16%
Lincoln	260	307	47	15%
Mercer	852	990	138	14%
Upshur	353	403	50	12%
Ohio	381	432	51	12%
Harrison	881	994	113	11%
Tucker	110	124	14	11%
Mineral	269	301	32	11%
Raleigh	1,067	1,193	126	11%
Pendleton	95	106	11	10%
Randolph	426	472	46	10%
Putnam	668	737	69	9%
Wyoming	283	312	29	9%
Wayne	421	462	41	9%
Monongalia	909	997	88	9%
Cabell	871	955	84	9%
Roane	258	282	24	9%
Mason	258	281	23	8%
Nicholas	338	365	27	7%
Pocahontas	114	123	9	7%
Wetzel	153	165	12	7%
Logan	396	425	29	7%
Kanawha	2,132	2,282	150	7%
Hardy	215	230	15	7%
Greenbrier	588	629	41	7%
Jefferson	695	739	44	6%
Barbour	244	259	15	6%
Monroe	261	275	14	5%
Marion	676	710	34	5%
Berkeley	1,877	1,970	93	5%
Hampshire	284	298	14	5%
Summers	170	178	8	4%
Marshall	298	311	13	4%
Wood	1,060	1,097	37	3%
Fayette	717	742	25	3%
Taylor	201	206	5	2%
Gilmer	88	90	2	2%
Mingo	254	256	2	1%
Brooke	1	1	0	0%
Doddridge	95	95	0	0%
Tyler	93	93	0	0%
Jackson	318	312	-6	-2%
Hancock	556	539	-17	-3%
Boone	257	247	-10	-4%
Calhoun	104	99	-5	-5%
McDowell	208	196	-12	-6%
Lewis	241	227	-14	-6%
Braxton	159	149	-10	-7%
Morgan	269	250	-19	-8%
Wirt	68	62	-6	-10%
Grant	121	109	-12	-11%
Pleasants	80	71	-9	-13%
Ritchie	100	87	-13	-15%
Clay	135	113	-22	-19%
Totals	**22,421**	**23,945**	**1,524**	**6%**
12-Mo. Avg.		***23,183***	***127***	***4%***

Median

Enrollment Changes By County

As % of Children Never Before Enrolled from July 2019 through June 2020

County	Total Enrollees July 2019	Total Enrollees June 2020	New Enrollees Never in Program	New Enrollees As % of June 2020	
Brooke	1	1	1	100%	
Grant	121	109	43	39%	
Mingo	254	256	94	37%	
Marshall	298	311	113	36%	
Braxton	159	149	52	35%	
Mineral	269	301	104	35%	
Berkeley	1,877	1,970	669	34%	
Marion	676	710	239	34%	
Tyler	93	93	31	33%	
Logan	396	425	141	33%	
Wyoming	283	312	103	33%	
Wayne	421	462	152	33%	
Mercer	852	990	324	33%	
Hardy	215	230	73	32%	
Monroe	261	275	86	31%	
Jefferson	695	739	231	31%	
Morgan	269	250	78	31%	
McDowell	208	196	60	31%	
Nicholas	338	365	110	30%	
Lincoln	260	307	91	30%	
Taylor	201	206	61	30%	
Putnam	668	737	218	30%	
Kanawha	2,132	2,282	672	29%	
Hancock	556	539	157	29%	
Lewis	241	227	66	29%	
Upshur	353	403	116	29%	
Raleigh	1,067	1,193	341	29%	
Webster	104	133	38	29%	
Hampshire	284	298	85	29%	**Median**
Cabell	871	955	271	28%	
Ohio	381	432	122	28%	
Preston	389	464	131	28%	
Jackson	318	312	87	28%	
Gilmer	88	90	25	28%	
Harrison	881	994	275	28%	
Wirt	68	62	17	27%	
Mason	258	281	76	27%	
Wood	1,060	1,097	294	27%	
Pendleton	95	106	28	26%	
Calhoun	104	99	26	26%	
Boone	257	247	63	26%	
Randolph	426	472	119	25%	
Greenbrier	588	629	158	25%	
Tucker	110	124	31	25%	
Clay	135	113	28	25%	
Monongalia	909	997	245	25%	
Pleasants	80	71	16	23%	
Summers	170	178	38	21%	
Barbour	244	259	55	21%	
Ritchie	100	87	18	21%	
Wetzel	153	165	34	21%	
Pocahontas	114	123	25	20%	
Doddridge	95	95	19	20%	
Roane	258	282	56	20%	
Fayette	717	742	55	7%	
Totals	**22,421**	**23,945**	**6,861**	**29%**	
12-Mo. Avg.		***23,183***	***572***	***2.5%***	

APPENDIX A

CONTINUING CARE ACTUARIES

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

November 16, 2020

Ms. Stacey L. Shamblin
Financial Officer
West Virginia Children's Health Insurance Program
350 Capitol Street, Room 251
Charleston, WV 25301

Subject: West Virginia Children's Health Insurance Program – Review of Experience

Dear Stacey:

Continuing Care Actuaries was engaged by the management of West Virginia Children's Health Insurance Program ("CHIP Program") to assist the West Virginia CHIP Board in the analysis of actual and projected plan experience and review the claim experience through September 2020. We conclude that the plan will continue to meet the statutory requirement of 10% reserve in FY 2021 based on the updated information. CHIP Program's financial projections continue to improve primarily due to a steady enrollment increase and a lower overall claims trend.

It is noteworthy that we are not projecting a shortfall in State funding based on funding levels provided by CHIP management through FY 2021 based on the assumption that future funding remains constant. Comparing the September 30, 2020 Quarterly Report to the June 30, 2020 Quarterly Report, several changes have occurred in the program:

- Fiscal Year 2021 average enrollment for the CHIP Program has increased from 23,945 in the June 30, 2020 Quarterly Report to 24,036 in the September 30, 2020 Quarterly Report.

- September 2020 claim experience showed the projected incurred FY 2021 expenditures to be $57,095,125 in the September 30, 2020 Quarterly Report, a decrease of $4,167,706 from $61,262,831 in the June 30, 2020 Quarterly Report.

- The categories of FY 2021 medical, dental and prescription drug expenses in the current claim experience through September 2020 showed favorable experience over the June 30, 2020 Quarterly Report.

- FY 2021 Overall PMPM cost in the September 30, 2020 Quarterly Report is projected to be $197.95, a decrease from the projected $213.21 PMPM cost in the June 30, 2020 Quarterly Report.

- FY 2021 Medical PMPM cost in the September 30, 2020 Quarterly Report is projected to be $130.50, a decrease from the projected $140.92 PMPM cost in the June 30, 2020 Quarterly Report.

- FY 2021 Dental PMPM cost in the September 30, 2020 Quarterly Report is projected to be $28.57, a decrease from the projected $30.22 PMPM cost in the June 30, 2020 Quarterly Report.

- FY 2021 Prescription Drugs PMPM cost in the September 30, 2020 Quarterly Report is projected to be $38.88, a decrease from the projected $42.06 PMPM cost in the June 30, 2020 Quarterly Report.

The management of the CHIP Program provided the medical, dental and prescription drugs claim lag data, along with the program enrollment. I had reviewed the recent projections based on the gradually increasing projected enrollment and utilized our trend assumptions with the claim lag data. Actuarial methods, considerations and analyses relied on in forming my opinion conforms to the appropriate standard of practice as promulgated by the Actuarial Standards Board.

Please review this information and if you have any questions or comments about this letter, please feel free to call me at (410) 833-4220.

Sincerely,

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

APPENDIX B

West Virginia Children's Health Insurance Program
Report of Independent Actuary
June 30, 2020 Quarterly Report

OVERVIEW

Continuing Care Actuaries was engaged by the West Virginia Children's Health Insurance Program ("CHIP Program") to assist the West Virginia CHIP Board in the analysis of actual and projected plan experience for State Fiscal Year 2020 ("FY 2020") through Fiscal Year 2026 ("FY 2026"). West Virginia enabling legislation of the CHIP Program requires that an actuary provide a written opinion that all estimated program and administrative costs of the agency under the plan, including incurred but unreported claims, will not exceed ninety percent of the funding available to the program for the fiscal year for which the plan is proposed.

CHIP Program management has requested Continuing Care Actuaries ("CCA") to produce the Baseline Scenario which includes the current WVCHIP Premium expansion to 300% of the Federal Poverty Level ("FPL") and the PEIA and the Medicaid children transfer cost. State funding is assumed to be $0 in FY 2020, $7,090,665 in FY 2021 and the same in following years. At the Federal level, the Federal funding for West Virginia is assumed to be $81,735,803 in FY 2020 and in future years. The Federal funding is available to the CHIP Program directly and to the Medicaid program for CHIP children whose coverage transferred to Medicaid under the Affordable Care Act. Appendix A-Baseline Scenario, with Maternity Coverage Expansion that began on July 1, 2019, shows CHIP Program Federal funding continues after 2020 paying for the Medicaid Children Transfer Cost. The net 2020 Federal and State funding after the reductions for CHIP children that have transferred to Medicaid are assumed to be $59,081,004 and $0, respectively.

The Board has approved the expansion of coverage to 300% of the FPL and we have included the financial projection based on CMS' approval effective July 1, 2011. Under this scenario, participants' premiums are assumed to remain the same as of March 23, 2010 for children in the 250% to 300% FPL group under the Affordable Care Act's Maintenance of Effort provision.

PEIA children became eligible in the CHIP Program starting July 1, 2014. For the purposes of this report, we have assumed that the enrollment will remain constant in future years.

Under the Medicaid Children Transfer Cost Baseline Scenario, the State of West Virginia has elected to use the Title XXI funds to help cover the CHIP kids that moved to Medicaid because family income was between 100% and 133% of the Federal Poverty Level ("FPL"). Based on West Virginia Department of Health and Human Resources ("WVDHHR") preliminary estimate of kids now covered by Medicaid, the expected amount that the State of West Virginia will pay to transfer the CHIP kids to Medicaid is approximately $22.7 million in FY 2020, $23.1 million in FY 2021 and $23.6 million in FY 2022, with adjustments for inflation in the yearly projection thereafter.

Under the Baseline Scenario, the projected cost of the CHIP Program in FY 2020 will meet the 90% State funding requirement. Based on the Baseline Scenario and the 90% expenditure limitation on State funding of the program, we are projecting a shortfall in State funding beginning in FY 2023 based on funding levels provided by CHIP management. In addition, we are not projecting a shortfall in Federal funding based on the current approved funding levels under the assumption of Medicaid eligibility and an increase in Federal participation of the Patient Protection and Affordable Care Act ("PPACA").

The Affordable Care Act of 2010 maintains the CHIP eligibility standards in place as of enactment through 2019. The law extends CHIP funding until October 1, 2015, when the already enhanced CHIP federal matching rate will be increased by 23 percentage points, bringing the national average federal matching rate for CHIP to 93%. Under most likely scenarios, this would mean that WVCHIP will be 100% federally funded. The Affordable Care Act also provided an additional $40 million in federal funding to continue efforts to promote enrollment in Medicaid and CHIP.

Medicare Access and CHIP Reauthorization Act ("MACRA") was signed into law on April 16, 2015. MACRA allowed states to carry two-thirds of any remaining FY 2017 Federal allotment funds into 2018. Because of the new allotment for FY 2018, WV CHIP was no longer eligible for redistribution funds. MACRA contained a 2-year funding extension of the CHIP Program through September 2017.

On January 22, 2018, the President signed the "Helping Ensure Access for Little Ones, Toddlers, and Hopeful Youth by Keeping Insurance Delivery Stable Act" or "Healthy Kids Act" (Public law 115-120) into law. Among other things, the Healthy Kids Act extended appropriations for CHIP allotments for FY 2018 through FY 2023. Prior to enactment of the Healthy Kids Act, Congress passed legislation affecting FY 2018 that provided limited appropriations for FY 2018 CHIP allotments and established special rules for redistributing unspent allotments from prior years. The Healthy Kids Act keeps the 23% bump to FMAP for Federal Fiscal Years 2018 and 2019, then reduces the bump to 11.5% in 2020, and returns CHIP to its normal enhanced federal participation rates in 2021 and future years. It also has a provision that allows states that operate buy-in programs that look like CHIP to pool the children enrolled in CHIP along with the children enrolled in the buy-in program. As a result of these changes, the State of West Virginia will need to begin funding 3.87% of the cost of the program beginning in Federal Fiscal Year 2020, 13.58% in Federal Fiscal Year 2021, and 17.54% in Federal Fiscal Year 2022 and thereafter. Due to the COVID-19 outbreak, the FMAP is 98.3% effective January 1, 2020 through September 30, 2020.

On February 8, 2018, the President signed the Bipartisan Budget Act of 2018 which includes an additional four years of CHIP funding through Federal Fiscal Year 2027.

Under the Baseline Scenario, CCA has reflected the current information on the availability of Federal funding. We have not assumed any Federal redistribution funds in this projection. Due to the COVID-19 outbreak, the Federal share of program expenditure is an average of 96.13% for Federal Fiscal Year 2020 per the Healthy Kids Act. We have assumed the Federal funding to be $81,735,803 in FY 2020 and in future years. Detailed calculation can be found in Appendix A.

	2020	2021	2022	2023
Gross Federal Revenue	$81,735,803	$81,735,803	$81,735,803	$81,735,803
Federal Medicaid Cost	(22,654,799)	(23,098,352)	(23,594,422)	(24,136,788)
Net Federal Revenue	$59,081,004	$58,637,451	$58,141,381	$57,599,015

Enrollment for the program as of June 30, 2020 has increased since March 31, 2020. The current program enrollment as of June 30, 2020 consists of 23,945 children: 4,658 children as part of Phase I and Phase II that consists of children whose families are below 150% of the federal poverty level ("WVCHIP Gold"), 11,216 children as part of Phase III that consists of children whose families are between 150% and 200% of the federal poverty level ("WVCHIP Blue"), and 8,071 children as part of WVCHIP Premium.

Since the March 31, 2020 Quarterly Report with enrollment of 23,932 children, overall enrollment has increased by 13 children. WVCHIP Gold has increased enrollment by 577 children, WVCHIP Blue has decreased enrollment by 726 children and WVCHIP Premium has increased enrollment by 162 children.

The monitoring and analysis of claim trends is critical to the accurate forecast of future costs of the program. While the program's enrollment has slightly increased in recent months, there has been continual moderation of cost trends. Current claim trend experience has been financially favorable over the past several years. We have maintained the FY 2020 medical claim trend assumption at 5%, dental claim trend assumption at 5%, and prescription drugs claim trend assumption at 7%, based on trend experience that has been consistent with these assumptions.

Under the Baseline Scenario, administrative expenses for West Virginia CHIP are $5,293,496 in FY 2020, representing a 3% decrease from FY 2019 administrative expenses of $5,439,584. West Virginia CHIP management team assumes a 5% administrative expense trend in future years. In Fiscal Year 2020, reimbursement from subrogation and prescription drug rebates are projected to be totaled $2,421,110. West Virginia CHIP management team assumes a 4% trend on drugs rebates and subrogation in future years.

Included in FY 2020 are the assumption of the expected funding reductions for CHIP kids covered under Medicaid to be $5,702,120 for the Federal share in the first quarter, $4,822,531 in the second quarter, and $6,065,074 in the third and fourth quarter of 2020. We assume the expected amount that the State of West Virginia will pay to transfer the CHIP kids to Medicaid is approximately $22.7 million in FY 2020, $23.1 million in FY 2021 and $23.6 million in FY 2022, with adjustments for inflation in the yearly projection thereafter. And we have reduced the total Federal and State funding by these amounts to estimate the total funding available to West Virginia CHIP.

Under the State Fiscal Year basis, we have calculated that the incurred claim costs under the Baseline Scenario assumptions for FY 2020 to be $51,939,615. The updated projection for FY 2021 claims is $61,262,831. These projections are for the FFS program and do not consider WV CHIP's plan to move to managed care in the future.

CHILDREN'S HEALTH INSURANCE PROGRAM REAUTHORIZATION ACT

Under the Children's Health Insurance Program Reauthorization Act of 2009 ("CHIPRA") and PPACA that resulted in $69 billion in funding for the national program, plus the recently signed Healthy Kids Act on January 22, 2018, and the Bipartisan Budget Act that was signed on February 8, 2018, the following is the result of the passing of PPACA:

- Protects CHIP with Federal funding through Federal Fiscal Year 2027;
- Provides states with additional funding to ensure children have access to the program. Between FY 2018 and 2019, states would receive 23 percentage points increase in the CHIP federal match rate, subject to a 100 percent cap, then the 23 percentage points would decrease to 11.5% from October 1, 2019 through September 30, 2020, and the 23 percentage points would decrease to 0% from October 1, 2020 through September 30, 2027;
- Extends the qualifying state option, Express Lane Eligibility (ELE), the childhood obesity demonstration project, the pediatric quality measures program, and outreach and enrollment grants through 2027;

- Keeps and extends the Maintenance of Effort (MOE) through 2027, but after 2019 it would only apply to children in families up to 300% FPL;

- Allows states that operate buy-in programs that look like CHIP to pool the children enrolled in CHIP along with the children enrolled in the buy-in program;

- States are required to maintain current eligibility levels through June 30, 2020.

Due to the COVID-19 outbreak, the Federal share of program expenditure is currently at 96.13% for Federal Fiscal Year 2020. Our forecast assumes Federal funding to be $81,735,803 in FY 2020 and in future years. CHIPRA has several mechanisms to adjust Federal expenditures to levels required by the State programs. The Federal funds formula allows for re-basing of the allotment every two years, and there is a contingency fund established separate from the funds allotted to the State of West Virginia that will be used to offset any shortfalls it might experience in Federal funding.

There are several significant changes in the law that are designed to improve the health care that children receive in CHIP and impact the current benefit structure for WVCHIP. Under dental benefits, there are two provisions in the legislation that are designed to improve access to dental care for children.

CHIPRA requires states to include dental coverage in their CHIP benefit packages. States must offer a dental benefit that is equivalent to one of the following: the children's coverage that is provided in the Federal Employees Health Benefits Program ("FEHBP"), state employee dependent dental coverage, or dental coverage that is offered through the commercial dental plan in the state with the highest non-Medicaid enrollment. WVCHIP is required to cover Orthodontic, Prosthodontic, and Periodontic services under CHIPRA.

CHIPRA allows states to offer dental coverage for the first time to children who are enrolled in private or job-based plans that do not include dental coverage. As long as these children are otherwise eligible for CHIP, states can enroll them in CHIP exclusively for dental coverage. It should be noted that WV CHIP Program has not yet decided to implement this option.

In compliance with CHIPRA's requirements, the benefit design for coverages over 200% FPL changed effective July 1, 2009. Dental services for this group were limited to preventative services and subject to a maximum of $150 per year. The new dental benefit includes both preventative and restoration services. Services including all restoration, endodontics, prosthodontics, implants, dental surgeries and periodontics are subject to a co-payment of $25 per service and are capped at $150 per year per family.

Under mental health parity benefit, the new CHIP law also guarantees mental health parity in CHIP. This means that, as with job-based coverage, states must provide the same level of services for mental health benefits in CHIP as they provide for physical health benefits. States that operate CHIP as a Medicaid expansion and hence offer early and periodic screening, diagnosis and treatment ("EPSDT", which essentially guarantees all medically necessary health services for children) are considered to be in compliance with the mental health parity requirement.

PLAN ELIGIBILITY AND BENEFIT STRUCTURE

Under the submitted West Virginia CHIP Premium expansion plan ("WVCHIP Premium"), the CHIP expansion to 220% began enrollment effective in January 2007. Subsequently, WVCHIP Premium was expanded to 250% FPL

effective in January 2009 and to 300% FPL effective in July 2011. Premiums are assumed to cover 20% of the policy cost for children in the 200% to 300% FPL eligibility group. The monthly premiums are $35 for families with one child in the program and $71 for families with more than one child in the program. We have assumed the same premium level as of March 23, 2010 in all projection years to maintain the 20% cost share threshold in the 200% to 300% FPL group. As of June 30, 2020, there are 7,161 children enrolled in WVCHIP Premium.

Effective January 1, 2014, Medicaid eligibility expanded to individuals and families with income up to 133% FPL. The CHIP Program will continue to serve the remaining children from 133% FPL to 300% FPL, with the potential for additional members whose parents have applied for coverage through the Health Insurance Exchange program. In addition, the extended Health Care Reform ("HCR") Bill addresses a 23% increase in Federal participation for FY 2018 and 2019, which would make the CHIP Program 100% federally funded starting October 1, 2017, the first day of Federal FY 2018, through September 30, 2019, the last day of Federal FY 2019, assuming the enhanced match rate does not fall below 77%.

WVCHIP covers children from birth through age 18, with coverage ending the end of the month which the child turns 19. The program pays for a full range of health care services for children including doctor visits, check-ups, vision and dental visits, immunizations, prescriptions, hospital stays, mental health and special needs services. Some services require prior authorization to be eligible under the WVCHIP program. All benefits and prior authorization requirements are detailed in the WVCHIP Summary Plan Description updated for Fiscal Year 2020.

The benefit structure varies by copayments for each of the enrollment group for Medical, Dental and Prescription Drugs as summarized in the following chart:

Medical Services and Prescription Benefits	WVCHIP Gold	WVCHIP Blue	WVCHIP Premium
Generic Prescriptions	No Copay	No Copay	No Copay
Listed Brand Prescriptions	$5	$10	$15
Non-listed Brand Prescriptions	Full Retail Cost	Full Retail Cost	Full Retail Cost
Multisource Prescriptions	No Copay	$10	$15
Medical Home Physician Visit	No Copay	No Copay	No Copay
Physician Visit (Non-medical home)	$5	$15	$20
Preventive Services	No Copay	No Copay	No Copay
Immunizations	No Copay	No Copay	No Copay
Inpatient Hospital Admissions	No Copay	$25	$25
Outpatient Surgical Services	No Copay	$25	$25
Emergency Department (is waived if admitted)	No Copay	$35	$35
Vision Services	No Copay	No Copay	No Copay
Dental Benefit	No Copay	No Copay	$25 Copay for some non-preventive services

For each benefit year, there are maximum copayment amounts required based on the number of children in each family and whether the services are medical, dental or prescription drugs. The chart below summarizes the Out of Pocket Maximums by each eligibility group:

# of Children Copay Maximum	WVCHIP Gold	WVCHIP Blue	WVCHIP Premium
1 Child Medical Maximum	$150	$150	$200
1 Child Prescription Maximum	$100	$100	$150
2 Children Medical Maximum	$300	$300	$400
2 Children Prescription Maximum	$200	$200	$250
3 or more Children Medical Maximum	$450	$450	$600
3 or more Children Prescription Maximum	$300	$300	$350
Dental Services	Does not apply	Does not apply	$150 per family

In addition, there are maximum visit limitations for some services, as shown in the chart below:

Type of Service	Number of Visits per Year
Occupational Therapy Services	20
Physical Therapy Services	20
Speech Therapy Services	20
Vision Therapy Services	20
Primary Care Visits	26
Physician Specialist Visits	26
Mental Health Visits	26

A key component of the WVCHIP benefit program is the "Patient Centered" Medical Home. The key principle of the Medical Home is based on the patient and physician relationship, with the assumption that a good medical home creates the best health care value by offering an organized and caring atmosphere for the WVCHIP member. The benefit of a Medical Home is the delivery of high value health care in a setting of mutual respect and responsibility. Copayments vary based on the utilization of the designated Medical Home professional:

Enrollment Group	Copay (No Medical Home)	Copay (Medical Home)
WVCHIP Gold	$5	$0
WVCHIP Blue	$15	$0
WVCHIP Premium	$20	$0
WVCHIP Exempt	$0	$0

Medical costs have been adjusted to reflect the expense of the "Birth to Three" program, administered by WVDHHR that work with children identified as having developmental delays. The Birth-to-Three costs have been included in the WVCHIP financial plan for FY 2020 and beyond.

It should be noted that CHIPRA requires WVCHIP to pay Federally Qualified Health Centers (FQHC) and Rural Health Centers (RHC) a prospective payment for each visit based on the centers' reasonable costs. This regulation was applicable to services rendered by centers to WVCHIP members starting October 1, 2009. Retrospective payments were approximately $1,991,775 for claims with dates of services October 1, 2009 and after that were paid through December 31, 2011. Claims received after July 1, 2011 with dates of service on or after July 1, 2011 were processed under the new prospective payment methodology. Future PPS expenditures are projected as a component of medical and prescription drug per capita cost assumptions based on historical PPS payments.

This projection includes an additional $500,000 for vaccines purchased through the Vaccines for Children program ("VFC") using federally contracted rates. CHIP paid $2,999,878 to VFC in FY 2017 for vaccines. This amount was the result of a review conducted by CDC on billings for these services. Furthermore, we also included in the projection an additional $20,000 to allow primary care physicians to apply fluoride varnish in connection with a well-child exam for members ages 1 through 4.

In addition, this report includes the following anticipated costs from CHIPRA requirements and the FY 2011 State Plan Amendment:

- Reduction in the length of the waiting period from 6 to 3 months for WVCHIP Gold (Below 150% FPL) and WVCHIP Blue (Between 150% and 200% FPL), and from 12 to 3 months for WV CHIP Premium (Between 200% and 300% FPL). Effective October 1, 2013, there would be no more waiting periods for new members to assure that members do not experience a gap in coverage while their eligibility transitions from CHIP to APTC eligibility or other insurance.

- Elimination of annual and lifetime benefit maximums effective July 1, 2011.

- Removal of the limit in dental coverage for WV CHIP Premium members, and include coverage for Orthodontic services.

- Addition of the vision benefit for WV CHIP Premium members.

- Addition of approximately $400,000 due to legislatively mandated coverage of autistic medical services, effective July 1, 2011.

PLAN ENROLLMENT

We have updated our projection based on the enrollment through June 30, 2020. The program had enrollment at the end of FY 2019 of 22,327 children: 3,351 under WVCHIP Gold, 12,532 under WVCHIP Blue, and 6,444 under WVCHIP Premium. Current enrollment as of June 30, 2020 is 23,945 children, with 4,658 under WVCHIP Gold, 11,216 under WVCHIP Blue, and 8,071 under WVCHIP Premium. In total, this represents an increase of 7.2% over the same valuation month in prior year.

Overall enrollment is slightly up compared to the March 31, 2020 Quarterly Report. Since the implementation of the Affordable Care Act, which resulted in children whose family income was below 138% of the FPL being transferred to Medicaid, the CHIP Program has grown by approximately 4,500 children. The Blue program have been declining, with the growth occurring in the Gold and Premium program.

Based on our observation of the historical enrollment movement, we have assumed that all enrollments will remain constant in future years. We will continue to monitor the projected enrollment by actual results and make adjustments as necessary.

The following table summarizes the FY 2020 enrollment information using end of month enrollment information by WVCHIP Gold, WVCHIP Blue, WVCHIP Premium and in total:

Date	WVCHIP Gold	WVCHIP Blue	WVCHIP Premium	Total	Annual % Growth
Jun-03	14,243	7,554		21,797	8.8%
Jun-04	15,015	8,417		23,432	7.5%
Jun-05	15,571	8,944		24,515	4.6%
Jun-06	15,907	8,928		24,835	1.3%
Jun-07	15,658	9,181	100	24,939	0.4%
Jun-08	15,227	8,902	289	24,418	-2.1%
Jun-09	14,727	9,164	664	24,555	0.6%
Jun-10	15,385	8,381	1,058	24,824	1.1%
Jun-11	14,649	8,505	1,386	24,540	-2.1%
Jun-12	14,241	8,691	2,182	25,114	2.3%
Jun-13	14,769	8,013	2,168	24,950	-0.7%
Jun-14	11,637	9,150	3,168	23,955	-4.0%
Jun-15	4,588	9,965	4,894	19,447	-18.8%
Jun-16	4,344	10,958	5,229	20,531	5.6%
Jun-17	3,681	11,597	5,722	21,000	2.3%
Jun-18	3,185	12,537	6,115	21,837	4.0%
Jun-19	3,351	12,532	6,444	22,327	2.2%
Jul-19	3,486	12,471	6,464	22,421	1.8%
Aug-19	3,622	12,415	6,754	22,791	5.8%
Sep-19	3,778	12,285	6,688	22,751	2.7%
Oct-19	3,903	12,262	6,761	22,926	3.0%
Nov-19	3,976	12,122	6,937	23,035	3.3%
Dec-19	3,989	11,940	7,161	23,090	3.8%
Jan-20	4,033	11,937	7,390	23,360	4.0%
Feb-20	4,049	11,836	7,563	23,448	4.8%
Mar-20	4,081	11,942	7,909	23,932	8.7%
Apr-20	4,082	11,989	8,124	24,195	9.0%
May-20	4,416	11,560	8,130	24,106	8.6%
Jun-20	4,658	11,216	8,071	23,945	7.2%

The table below summarizes the projected fiscal year June 30th ending enrollment assumptions for the Baseline Scenario by WVCHIP Gold & Blue and WVCHIP Premium.

Baseline Scenario (300% FPL)

Year End Enrollment	FY2020-FY2026
WVCHIP Gold & Blue	15,874
WVCHIP Premium	8,071
Total	23,945

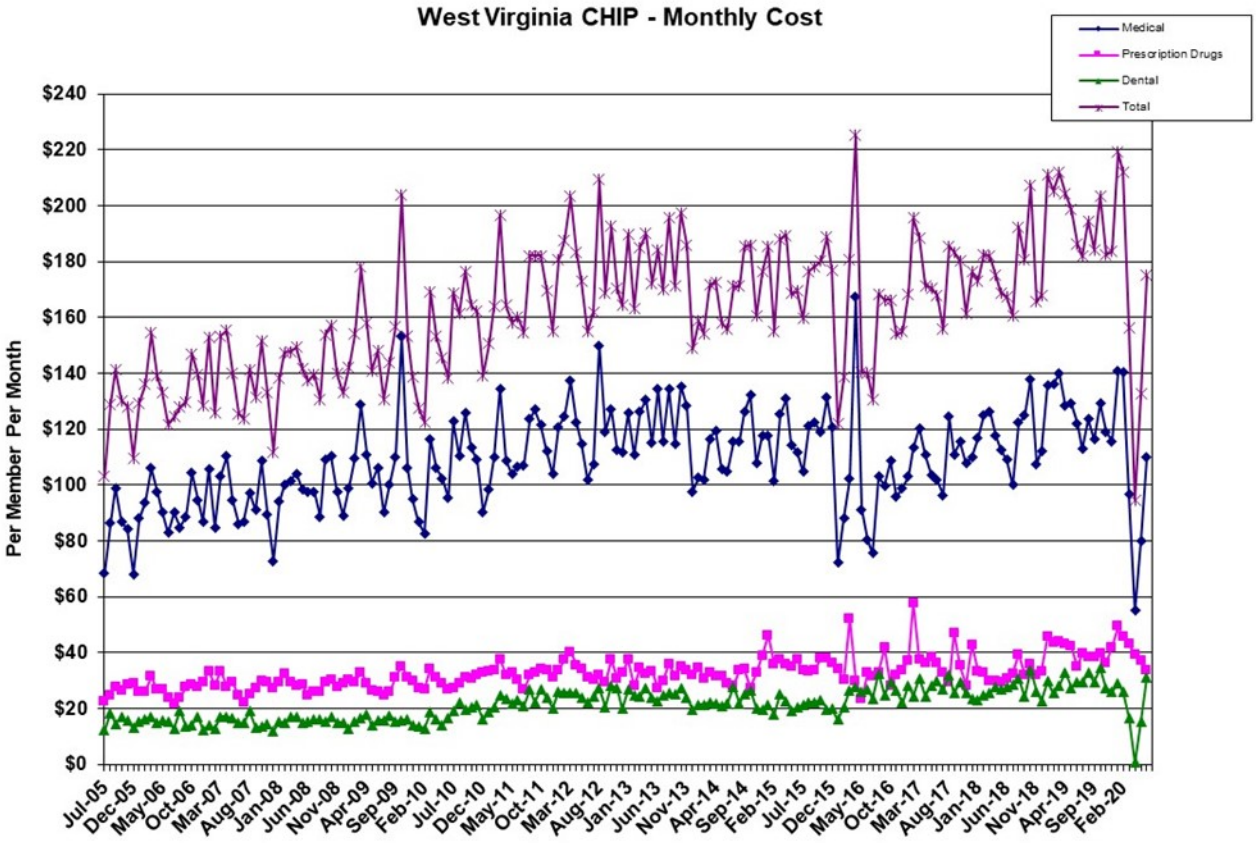
CLAIM COST AND TREND ANALYSIS

The plan has experienced an overall 12-month trend of -7.5%. We have maintained the medical, dental and prescription drugs trend assumptions from the March 31, 2020 Quarterly Report. The trend assumptions have been established as 5% for medical claims, 5% for dental claims and 7% for prescription drugs claims. Detail historical claim trend analysis for medical, dental and prescription drugs are summarized in the Attachments found at the end of the report.

Overall, the recent trend experience is not comparable to our composite trend assumptions for the medical, dental and prescription drug trend components due to the COVID-19 outbreak. We will continue to monitor the trend experience. The table below summarizes WV CHIP experience over the last six months, twelve months, three years, and seven years as of June 30, 2020. Note that prescription drugs trends are gross of prescription drug rebates received from CVS.

Trend Period	Six Months	Twelve Months	Three Years	Seven Years
Medical	-21.3%	-10.5%	2.8%	-1.3%
Dental	-31.6%	-12.2%	-2.8%	0.1%
Prescription Drugs	-2.0%	5.4%	2.8%	3.3%
Composite	-18.7%	-7.5%	1.9%	-0.2%

The following graph summarizes incurred claims on a per member per month ("PMPM") basis for the major categories of medical, dental and prescription drugs based on information received through June 30, 2020. The attachment at the end of this report shows the trends for WVCHIP Gold & Blue and an average for the same three categories.



Detailed claim trends for medical, dental and prescription drugs are summarized in the Attachment found at the end of the report.

FINANCIAL PROJECTION – STATE FISCAL YEARS 2020-2026

Under the Baseline Scenario, we have assumed that State funding to be $0 in FY 2020, $7,090,665 in FY 2021 and the same in following years. At the Federal level, the Federal funding for West Virginia is assumed to be $59,081,004 in FY 2020 after the reductions for the Federal funding share to be used for CHIP children that transferred to Medicaid, and we have assumed that the Federal funding remains constant in the future. Due to the COVID-19 outbreak, CHIP is projected to spend an additional $1,968,000 medical expenses in FY 2020.

The updated incurred claims for FY 2020 is $51,939,615 based on the FY 2020 average enrollment of 23,333 children and the incurred claim per member per month cost data assumption of $185.50, as summarized in the following table.

Category	Current Report FY2020 Baseline Incurred Claims	Current Report FY2020 Baseline Per Member Per Month	3/31/20 Report FY2020 Baseline Per Member Per Month	12/31/19 Report FY2020 Baseline Per Member Per Month
Medical	$ 34,193,782	$ 122.12	$ 142.55	$ 136.14
Prescription Drugs	11,006,090	39.31	41.59	41.71
Dental	$ 6,739,743	$ 24.07	$ 29.65	$ 29.88
Total	$ 51,939,615	$ 185.50	$ 213.79	$ 207.73

The Medicaid Children Transfer Cost Baseline Scenario financial forecast for the Federal and State Fiscal Years 2020 through 2026 can be found in Appendix A. This scenario is based on the assumption that Federal and State funding will be transferred to West Virginia Medicaid to cover transferred children. Based on the assumptions developed under the Baseline Scenario, we are projecting a shortfall in State funding beginning in FY 2023 under the 90% funding requirement based on funding levels provided by CHIP management through FY 2026.

At the Federal level, we are not projecting a shortfall in Federal funding for the Baseline Scenario, under the assumption that Medicaid eligibility is aligned with the recently signed Healthy Kids Act and the Bipartisan Budget Act of 2018. It should be noted that the most recent reauthorization continues the 23% increase in Federal participation for FY 2018 and 2019, which means that the CHIP Program remains 100% federally funded through September 30, 2019, the last day of Federal FY 2019. After FY 2019, based on the reauthorization, the State of West Virginia Share would increase to 6.04% from October 1, 2019 through September 30, 2020, and 17.54% from October 1, 2020 through September 30, 2027. Due to the COVID-19 outbreak, the FMAP is 98.3% for the second half of the FY 2020, with the program cost to be an average of 3.87% in FY 2020.

Appendix A shows the baseline scenario with a seven-year projection period as requested by CHIP management. The first section of the report is the beginning balances of both Federal and State funding sources. The middle section of the report projects and reports on incurred claim, paid claim and administrative expenses, as well as expected interest earnings and accrued prescription drugs rebates. This section also projects Federal and State shares of paid expenses, as well as incurred but not reported ("IBNR") claim liabilities. The last section of the report projects the ending balances of both Federal and State funding sources.

Appendix A also includes the Maternity Coverage Expansion that began on July 1, 2019. CHIP is currently 100% federally funded through September 30, 2019. Starting October 1, 2019, the federal share drops to 93.96% and drops further to 82.46% beginning October 1, 2020. The estimated cost of the Maternity Coverage Expansion is based on three assumptions as follows: 1) costs of newly eligible pregnant women between 185% FPL and 300% FPL expected to be around 218 women; 2) expanding maternity benefits to the current CHIP population estimated to be 65 members; and 3) newborn coverage resulting from the new CHIP population expected to be around 218 new members. The average cost of maternity and comprehensive care based on current rates is from $12,600 to $15,750. To add maternity benefits for the current CHIP population is $4,500 to $5,500 on average per pregnancy. The average cost of newborn coverage for a year is $740 to $930.

Total costs for populations 1, 2, and 3 above are as follows: 1) $2,746,800 (low estimate) $3,433,500 (high estimate); 2) $290,000 (low estimate) $360,000 (high estimate); and 3) $161,320 (low estimate) $202,740 (high estimate). Total costs for this bill could range from a low estimate of $3,198,120 ($144,875 in 2020 state share and $468,844 in 2021 state share and $560,950 in 2022 state share) to a high estimate of $3,996,240 ($181,030 in 2020 state share and $585,849 in 2021 state share and $699,940 in 2022 state share). State dollar amounts for 2020 are based on a hybrid rate of 95.47% FMAP. State dollar amounts for 2021 are based on a hybrid rate of 85.34% FMAP. State dollar amounts for 2022 and beyond are based on the projected 2022 FMAP of 82.46%.

It should be noted that the Congress has not provided projections of expected Federal funding in the final years of the projection and these estimates are subject to change.

Appendix B summarizes the original and restated IBNR claim liabilities for the CHIP Program in Fiscal Year 2019 to 2020. IBNR projections have been lower to reflect current claim backlog experience in recent months.

STATEMENT OF ACTUARIAL OPINION

I, Dave Bond, Managing Partner of Continuing Care Actuaries, hereby certify that I am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries. I meet the actuarial qualification standards to render Statements of Actuarial Opinion for the Children's Health Insurance Program and other self-insured entities. I have been retained by CHIP to render a Statement of Actuarial Opinion regarding the methods and underlying assumptions developed and used in this analysis.

This Statement of Actuarial Opinion was prepared in a manner consistent with the Code of Professional Conduct and Qualification Standards of the American Academy of Actuaries, and the Standards of Practice of the Actuarial Standards Board. Concerning the projection of health care expenses, I am of the opinion that the data and assumptions used are appropriate.

In my opinion, all estimated program and administrative costs of the agency under the plan, including incurred but unreported claims, will not exceed 90 percent of the funding available to the program for fiscal year 2020 for the State, based on current enrollment under the Baseline Scenario.

It should be noted that this opinion is based on State funding levels as illustrated in Appendix A, and FY 2020 through FY 2026 have not been appropriated by the West Virginia Legislature.

Respectfully,

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

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

APPENDIX A
West Virginia Children's Health Insurance Program
June 30, 2020 Quarterly Report
Medicaid Children Transfer Cost Baseline Scenario with Maternity Coverage Expansion

Available Funding - Beginning of the Year	2020	2021	2022	2023	2024	2025	2026
Federal 2019	$43,973,248	$0	$0	$0	$0	$0	$0
Federal 2020	59,081,004	50,929,922	0	0	0	0	0
Federal 2021	0	58,637,451	54,342,879	0	0	0	0
Federal 2022	0	0	58,141,381	57,745,629	664,856	0	0
Federal 2023	0	0	0	57,599,015	57,599,015	0	0
Federal 2024	0	0	0	0	57,035,241	55,061,442	0
Federal 2025	0	0	0	0	0	56,456,252	47,948,412
Federal 2026	0	0	0	0	0	0	55,861,560
State 2015	$5,419,532	$4,049,144	$0	$0	$0	$0	$0
State 2016	0	0	0	0	0	0	0
State 2017	0	0	0	0	0	0	0
State 2018	0	0	0	0	0	0	0
State 2019	0	0	0	0	0	0	0
State 2020	0	0	0	0	0	0	0
State 2021	0	7,090,665	4,593,715	0	0	0	0
State 2022	0	0	7,090,665	1,233,261	0	0	0
State 2023	0	0	0	7,090,665	0	0	0
State 2024	0	0	0	0	7,090,665	0	0
State 2025	0	0	0	0	0	7,090,665	0
State 2026	0	0	0	0	0	0	7,090,665

Program Costs	2020	2021	2022	2023	2024	2025	2026
WVCHIP Gold & Blue & Premium & PEIA Children							
Medical Expenses	$30,926,383	$38,680,584	$40,615,739	$42,647,650	$44,781,158	$47,021,341	$49,373,533
Prescription Drugs Expenses	11,006,090	12,085,229	12,931,196	13,836,379	14,804,926	15,841,271	16,950,159
Dental Expenses	6,739,743	8,684,521	9,118,747	9,574,685	10,053,419	10,556,090	11,083,894
Administrative Expenses	5,293,496	4,655,458	4,888,231	5,132,642	5,389,275	5,658,738	5,941,675
Maternity Coverage Expansion	1,299,399	1,812,496	1,903,121	1,998,277	2,098,191	2,203,100	2,313,255
Medical Expenses (COVID-19)	1,968,000	0	0	0	0	0	0
Premiums (WVCHIP Premium)	$1,129,537	$1,243,837	$1,243,837	$1,243,837	$1,243,837	$1,243,837	$1,243,837
Program Revenues-Interest	$187,746	$385,910	$404,775	$288,361	$245,638	$0	$0
Program Revenues-Drugs Rebates/Subrogation	2,421,110	2,517,954	2,618,672	2,723,419	2,832,356	2,945,650	3,063,476
Net Incurred Program Costs Excluding Interest	$53,682,464	$62,156,498	$65,594,525	$69,222,378	$73,050,775	$77,091,053	$81,355,205
Net Paid Program Costs	54,139,508	61,230,498	65,318,525	68,931,378	72,742,775	76,766,053	81,012,205
Federal Share of Expenses	$52,124,330	$55,224,495	$54,738,631	$57,080,773	$60,237,669	$63,569,283	$67,085,502
State Share of Expenses-Net of Interest	1,370,388	6,546,094	10,451,119	11,853,244	12,567,468	13,521,771	14,269,703
Beginning IBNR	$4,637,044	$4,180,000	$5,106,000	$5,382,000	$5,673,000	$5,981,000	$6,306,000
Ending IBNR	4,180,000	5,106,000	5,382,000	5,673,000	5,981,000	6,306,000	6,649,000

APPENDIX A
West Virginia Children's Health Insurance Program
June 30, 2020 Quarterly Report
Medicaid Children Transfer Cost Baseline Scenario with Maternity Coverage Expansion

Funding Sources - End of the Year	2020	2021	2022	2023	2024	2025	2026
Federal 2019	$0	$0	$0	$0	$0	$0	$0
Federal 2020	50,929,922	0	0	0	0	0	0
Federal 2021	0	54,342,879	0	0	0	0	0
Federal 2022	0	0	57,745,629	664,856	0	0	0
Federal 2023	0	0	0	57,599,015	0	0	0
Federal 2024	0	0	0	0	55,061,442	0	0
Federal 2025	0	0	0	0	0	47,948,412	0
Federal 2026	0	0	0	0	0	0	36,724,470
Yearly Federal Shortfall	***$0***	***$0***	***$0***	***$0***	***$0***	***$0***	***$0***
State 2015	$4,049,144	$0	$0	$0	$0	$0	$0
State 2016	0	0	0	0	0	0	0
State 2017	0	0	0	0	0	0	0
State 2018	0	0	0	0	0	0	0
State 2019	0	0	0	0	0	0	0
State 2020	0	0	0	0	0	0	0
State 2021	0	4,593,715	0	0	0	0	0
State 2022	0	0	1,233,261	0	0	0	0
State 2023	0	0	0	0	0	0	0
State 2024	0	0	0	0	0	0	0
State 2025	0	0	0	0	0	0	0
State 2026							
Accumulated State Shortfall	***$0***	***$0***	***$0***	***$3,529,319***	***$9,006,122***	***$15,437,228***	***$22,616,266***
State Shortfall – 90% Funding Requirement	***$0***	***$0***	***$0***	***$4,846,346***	***$11,719,535***	***$19,653,060***	***$28,417,620***