

WEST VIRGINIA LEGISLATURE

2026 REGULAR SESSION

Introduced

Senate Bill 434

**FISCAL
NOTE**

By Senator Deeds

[Introduced January 16, 2026; referred
to the Committee on Banking and Insurance; and
then to the Committee on Finance]

1 A BILL to amend the Code of West Virginia, 1931, as amended, by adding a new article,
2 designated §5-16E-1, §5-16E-2, §5-16E-3, §5-16E-4, §5-16E-5, §5-16E-6, §5-16E-7, §5-
3 16E-8, §5-16E-9, §5-16E-10, §5-16E-11, and §5-16E-12, relating to establishing the PEIA
4 Stability and Sustainability Act of 2026; providing legislative findings; creating a permanent
5 PEIA Stabilization Reserve Fund; setting employer and employee cost-sharing ratios;
6 providing for retiree premium protections; increasing transparency and accountability in
7 plan management; authorizing reference-based pricing and cost-containment initiatives;
8 establishing an independent oversight board; permitting rulemaking; providing effective
9 dates; and providing a severability provision.

Be it enacted by the Legislature of West Virginia:

ARTICLE 16E. PEIA STABILITY AND SUSTAINABILITY ACT OF 2026.

§5-16E-1. Short Title.

1 This article may be cited as the "PEIA Stability and Sustainability Act of 2026."

§5-16E-2. Legislative Findings and Purpose.

1 (a) The Legislature finds that:

2 (1) The Public Employees Insurance Agency (PEIA) provides essential health benefits to
3 more than 200,000 West Virginians, including state employees, teachers, public service workers,
4 and retirees;

5 (2) Repeated funding shortfalls, rising healthcare costs, and shifting premium burdens
6 have created instability that threatens both the solvency of the program and the financial security
7 of public employees;

8 (3) A sustainable and equitable funding model must ensure that costs are shared fairly
9 among the state, public employers, employees, and retirees; and

10 (4) Long-term planning, transparency, and accountability are essential to prevent recurring
11 fiscal crises and maintain affordable, high-quality care for beneficiaries.

12 (b) The purpose of this act is to stabilize PEIA funding, protect employees and retirees from

13 excessive premium increases, and ensure the program's long-term sustainability through prudent
14 management, cost transparency, and health system reform.

§5-16E-3. Definitions.

1 As used in this article, unless the context otherwise requires:

2 "Agency" means the West Virginia Public Employees Insurance Agency (PEIA);

3 "Board" means the PEIA Finance Board or its successor entity;

4 "Employer contribution" means the portion of total premium cost paid by the state or other
5 participating public employer;

6 "Employee contribution" means the portion of total premium cost paid by the covered
7 employee;

8 "Plan year" means the 12-month period designated by the agency for coverage and rate
9 setting;

10 "Reserve fund" means the PEIA Stabilization Reserve Fund established in §5-16-3 of this
11 code.

§5-16E-4. PEIA Stabilization Reserve Fund; annual funding mechanism.

1 (a) There is hereby created in the State Treasury a special revenue account to be known
2 as the "PEIA Stabilization Reserve Fund."

3 (b) The fund shall consist of:

4 (1) Annual appropriations by the Legislature equal to not less than two percent (2%) of the
5 prior fiscal year's General Revenue Fund;

6 (2) Transfers from year-end budget surpluses as directed by the Secretary of the West
7 Virginia Department of Revenue;

8 (3) Investment earnings; and

9 (4) Any other funds appropriated, donated, or accrued for the purpose of maintaining rate
10 stability.

11 (c) Monies in the fund shall be used solely to:

12 (1) Offset projected premium increases exceeding the medical inflation rate;
13 (2) Stabilize plan design costs; and
14 (3) Maintain the solvency of the PEIA plan for a minimum of five years as certified by an
15 independent actuary.

16 (d) Expenditures from the fund require approval of the PEIA Finance Board and the
17 Secretary of Administration and must be reported quarterly to the Legislative Oversight
18 Commission on Health and Human Resources Accountability.

§5-16E-5. Cost-sharing ratios; premium fairness.

1 (a) Beginning July 1, 2026, the employer-employee premium cost-sharing ratio shall be
2 maintained at 82 percent for the employer and 18 percent for the employee.

3 (b) The employers share of the ratio may not be less than 80 percent without specific
4 legislative authorization.

5 (c) The board shall adopt rules ensuring equitable distribution of premium costs among
6 employee categories, including family, single, and retiree coverage, to prevent disproportionate
7 impacts.

§5-16E-6. Retiree protection provisions.

1 (a) No retiree shall be charged a premium exceeding \$100 per month for individual
2 coverage if the retiree's annual pension income is less than \$40,000.

3 (b) The state shall pay the full premium for any retiree enrolled in a Medicare Advantage
4 plan sponsored by PEIA.

5 (c) The agency shall coordinate with the West Virginia Consolidated Public Retirement
6 Board to implement automatic verification of pension income thresholds for premium calculation.

§5-16E-7. Transparency and public accountability.

1 (a) The board shall provide 30 days' public notice and comment before adopting any
2 change in:

3 (1) Premium rates;

4 (2) Copayments or deductibles; or

5 (3) Plan design or coverage modifications.

6 (b) Each proposed change shall include an actuarial justification and a five-year impact

7 projection and be submitted to the Legislative Oversight Commission on Health and Human

8 Resources Accountability.

9 (c) All meetings of the board shall be open to the public and recorded. Minutes and data

10 shall be posted on the agency's website within 10 days.

§5-16E-8. Independent PEIA Oversight Board.

1 (a) There is hereby established an Independent PEIA Oversight Board consisting of:

2 (1) Two active state employees;

3 (2) One public school employee;

4 (3) One retiree representative;

5 (4) One healthcare provider;

6 (5) One representative of the State Auditor's Office; and

7 (6) One member of the public with actuarial or financial expertise.

8 (b) Members shall serve staggered three-year terms without compensation other than
9 reimbursement for necessary expenses.

10 (c) The board shall review actuarial projections, solvency reports, and plan changes, and

11 shall submit an annual PEIA Accountability Report to the Governor and Legislature.

§5-16E-9. Healthcare cost management and reference pricing.

1 (a) The agency is authorized to establish reference-based pricing agreements with West
2 Virginia hospitals, clinics, and healthcare networks to achieve cost transparency and limit
3 excessive billing.

4 (b) The agency may negotiate direct-care contracts with primary care and preventive
5 health providers to improve member outcomes and reduce long-term costs.

6 (c) The agency shall design wellness incentive programs offering reduced deductibles or

7 premium credits for employees who participate in preventive care, chronic disease management,
8 or wellness screenings.

§5-16E-10. Reporting requirements.

1 (a) The agency shall submit an annual report to the Legislature by December 1 of each
2 year detailing:

3 (1) Five-year and 10-year solvency projections;
4 (2) Premium and cost trends;
5 (3) Utilization of the PEIA Stabilization Reserve Fund;
6 (4) Program participation rates; and
7 (5) Progress toward transparency, wellness, and affordability benchmarks.

§5-16E-11. Rulemaking authority; effective date.

1 (a) The PEIA Finance Board shall propose emergency rules for implementation of this act
2 in accordance with §29A-3-15 of this code.

3 (b) Full implementation of all provisions shall take effect January 1, 2027.

§5-16E-12. Severability.

1 If any provision of this act or its application is held invalid, such invalidity shall not affect
2 other provisions or applications of this act which can be given effect without the invalid provision or
3 application.

NOTE: The purpose of this bill is to stabilize and sustain the Public Employees Insurance Agency (PEIA) by establishing a permanent reserve fund, protecting retirees, requiring transparency in rate-setting, and promoting fair cost-sharing and responsible management.

Strike-throughs indicate language that would be stricken from a heading or the present law and underscoring indicates new language that would be added.