

File

**JOINT COMMITTEE ON
GOVERNMENT AND FINANCE**

Materials Distributed

July 16, 2002

Tuesday, June 11, 2002

3:00 - 4:00 p.m.

Joint Committee on Government and Finance

Senate

Tomblin, Chair
Chafin (absent)
Craig
Sharpe
Wooton
Deem (absent)
Sprouse

House

Kiss, Chair
Amores
Mezzatesta (absent)
Michael
Staton
Hall
Trump

Speaker Kiss, Cochair, presided.

1. Approval of Minutes.

Upon motion by President Tomblin, properly seconded and adopted, the minutes of the May 21, 2002, meeting were approved.

2. Legislative Intern Committee.

On behalf of the Subcommittee, Mr. Sammy Gray distributed and briefly discussed the proposed budget for FY 2003.

Upon motion by Delegate Staton, properly seconded and adopted, the Legislative Intern Committee budget for FY 2003 in the amount of \$133,600.00 was approved.

3. Corporate Net Income Tax Collections.

At the request of the Joint Committee, Mr. Mark Muchow, Department of Tax and Revenue, updated the Committee on the corporate net income tax collections. He distributed a document entitled "Corporate Tax Trends" consisting of various graphs showing data from FY 1992 to FY 2001. He responded to questions from members of the Committee.

4. **Mountaintop Mining.**

Mr. Mike Robinson, U. S. Office of Surface Mining, briefed the Committee on the status of the Economic Impact Statement (EIS). He said a draft of the EIS is expected to be completed after the first of next year.

Distributed to the Committee was a "Joint Statement of Mark L. Burton and Michael J. Hicks," both from the Center for Business and Economic Research, Marshall University, dated June 6, 2002. Mr. Burton spoke briefly and said that some things had changed, but believes their study released in 2001 is still valid.

Dr. Tom Witt, WVU, said they are awaiting the completion of phases 1 and 2 of the EIS before they can complete phase 3.

5. **Department of Health and Human Resources (DHHR) Monthly Reports.**

Because of the short time span between the May and June interim meetings, the regular monthly DHHR reports were not distributed.

Mr. Paul Nusbaum, Secretary of DHHR, distributed and briefly discussed a document entitled "Refocusing for TANF Reauthorization."

6. **Lottery, Unemployment Compensation and Workers' Compensation Status Reports.**

Distributed to members of the Committee were the following: Lottery Operations report for month ended April 2002; Unemployment Compensation Trust Fund report for month ended April 2002; and Workers' Compensation Trust Fund report for month ended March 2002. Attached with each of these reports was an analysis prepared by legislative staff.

7. **General Revenue Report.**

Distributed to members was a report on the status of the state's general revenue as of May 31, 2002.

8. **Public Employees Insurance Agency.**

Mr. Philip Shimer, Deputy Director of the Public Employees Insurance Agency, distributed the following information: (1) Brochure on "PEIA Notification Requirements for Medical Necessity and Out-of-state Care, Draft"; (2) PEIA Monthly Management Report, Per Capita Claims, April 2002; (3) PEIA Monthly Management Report, Per Capita Utilization, April 2002; (4) PEIA Monthly Management Report, Total Claims, April 2002; (5) Balance Sheets, April 30, 2002 and 2001, Accrual Basis; (6) Migration Report dated May 21, 2002.

Mr. Shimer responded to questions from members of the Committee.

9. **Interim Meeting Dates.**

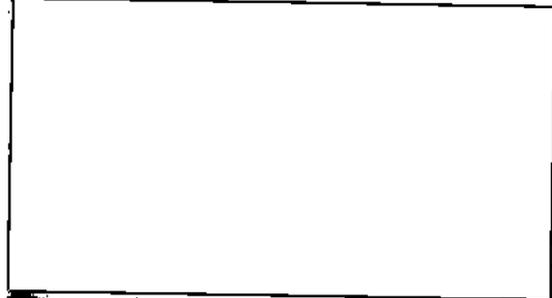
The next interim meeting dates are July 14 - 16, 2002.

10. **Other Business.**

Senator Sharpe said that he was concerned about the metal detectors scheduled to be installed at the Capitol Complex.

Upon motion by President Tomblin, properly seconded and adopted, staff was directed to invite Mr. C. R. "Jay" Smithers, Deputy Director of the Division of Protective Services, to the next meeting of the Committee to discuss this matter.

The meeting was adjourned.



Joint Committee on Government and Finance

July 16, 2002

Department of Health and Human Resources

MEDICAID REPORT

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 MEDICAID CASH REPORT
 SFY2002

	MONTH OF MAY 2002		TOTAL SFY2002
	ACTUALS 07/01/01 THRU 05/31/02	PROJECTED 06/01/02 THRU 06/30/02	
REVENUE SOURCES			
BEG. BAL. 7/01/01	\$17,934,047		\$17,934,047
MATCHING FUNDS			
GENERAL REVENUE	167,025,608	13,481,979	180,507,587
LOTTERY - WAIVER	11,566,666	1,033,334	12,600,000
LOTTERY - TRANSFER	9,533,333	766,667	10,300,000
TRUST FUND APPROPRIATION	28,904,370	3,034,560	31,938,930
TRUST FUND BACKLOG	0	0	0
PROVIDER TAX	134,900,000	12,200,000	147,100,000
MCH TRANSFER	1,122,643	977,357	2,100,000
OTHER FUNDS	3,619,388	(1,519,388)	2,100,000
TOTAL MATCHING FUNDS	374,606,055	29,974,509	404,580,564
FEDERAL FUNDS	1,095,008,576	99,662,860	1,194,671,436
TOTAL REVENUE SOURCES	\$1,469,614,631	\$129,637,369	\$1,599,252,000
TOTAL EXPENDITURES:			
PROVIDER PAYMENTS	\$1,460,600,464	\$110,461,963	\$1,571,062,417
SUB - TOTAL	\$9,014,167.08	\$19,175,406	\$28,189,582.83
ACCOUNTS PAYABLE 05/31/02			(\$26,389,675.00)
BALANCE	\$9,014,167.08	\$19,175,406	\$1,799,907.83

DEPARTMENT OF HEALTH AND HUMAN RESOURCES
BUREAU FOR MEDICAL SERVICES
MONTHLY FINANCIAL SUMMARY
MONTH OF MAY 2002
FISCAL YEAR 2001-2002

CATEGORY OF EXPENDITURES	ACTUALS SFY 2001	ORIGINAL ESTIMATE SFY 2002	CURRENT ESTIMATE SFY 2002	ESTIMATE MAY 2002	ACTUAL MAY 2002	ESTIMATE YEAR TO DATE MAY 2002	ACTUAL YEAR TO DATE MAY 2002	(Over/Under ESTIMATE)	PERCENT
INPATIENT HOSPITALS	\$148,711,003	\$154,744,896	147,062,048	\$9,140,349	\$15,709,350	\$136,077,858	\$132,284,771	(\$3,813,087)	-2.80%
MENTAL HEALTH HOSPITALS	36,154,352	30,634,361	32,687,196	3,230,864	\$8,044,486	29,456,333	\$34,681,734	\$5,225,401	17.74%
OUTPATIENT HOSPITALS	85,545,731	74,159,061	78,847,806	6,133,271	\$8,332,566	70,714,536	\$71,449,100	\$734,564	1.04%
CLINICS	18,570,690	20,507,263	15,455,378	514,745	1,270,752	14,944,632	\$13,222,421	(\$1,722,211)	-11.52%
PHYSICIANS	121,231,871	133,881,484	136,897,517	8,828,020	9,110,642	117,769,496	\$112,128,366	(\$5,641,130)	-4.79%
LABS	6,064,464	6,147,295	6,140,093	466,801	524,708	5,673,291	\$5,527,062	(\$146,229)	-2.58%
DRUGS	246,498,703	286,730,491	294,158,053	28,293,415	24,726,497	265,864,638	\$255,732,946	(\$10,131,692)	-3.81%
OTHER PRACTITIONERS	15,275,872	11,555,096	15,491,278	2,512,611	1,231,856	12,978,667	\$13,700,998	\$722,331	5.57%
DENTIST	22,917,233	29,343,470	29,029,973	2,334,615	2,913,751	26,695,159	\$26,727,029	\$31,870	0.12%
NURSING HOMES	281,627,475	292,075,715	300,102,162	25,133,550	1,818,757	274,968,613	\$276,390,446	\$1,421,833	0.52%
GROUP HOMES	47,442,066	50,112,045	44,607,683	1,894,455	2,183,855	42,713,228	\$41,450,669	(\$1,262,559)	-2.96%
OTHER CARE	119,559,800	119,298,066	112,966,211	6,913,864	10,665,738	106,052,328	\$106,078,484	\$26,156	0.02%
EPSDT	4,094,361	4,177,766	4,238,983	332,220	400,007	3,906,764	\$3,855,007	(\$51,757)	-1.32%
MEDICARE BUY-IN	40,262,943	42,931,501	42,339,055	3,380,143	3,806,420	38,958,911	\$39,354,603	\$395,692	1.02%
FAMILY PLANNING	2,197,482	2,308,871	1,823,259	189,356	241,535	2,153,355	\$1,574,996	(\$578,359)	-26.86%
HOME HEALTH	20,933,348	22,212,981	23,086,685	1,805,797	2,016,346	21,280,888	\$21,430,465	\$149,577	0.70%
RURAL HEALTH	24,447,227	24,883,231	26,006,175	2,771,474	2,403,851	23,234,700	\$24,033,987	\$799,287	3.44%
HOME & COMMUNITY - AGED/DISABLED	40,239,220	46,664,016	49,331,158	3,630,895	4,302,476	45,906,015	\$45,404,696	(\$501,319)	-1.09%
HOME & COMMUNITY - MR/DD	97,574,478	113,153,708	120,315,797	8,803,678	10,126,452	111,306,370	\$108,299,758	(\$3,006,612)	-2.70%
PASARR	10,780	253,608	149,911	21,134	500	232,147	\$8,300	(\$223,847)	-96.42%
PERSONAL CARE	24,841,977	26,429,712	23,505,323	1,137,101	1,013,910	22,368,222	\$19,709,727	(\$2,658,495)	-11.89%
HOSPICE	1,347,397	1,832,660	1,912,860	141,142	45,179	2,055,937	\$1,249,066	(\$806,871)	-39.25%
TARGETED CASE MANAGEMENT	12,273,989	14,623,622	10,283,325	33,966	900,366	10,229,359	\$8,683,343	(\$1,546,016)	-15.11%
GROUP HEALTH PLAN MANAGED CARE	10,239 56,509,694	0 58,242,703	33,622 61,927,147	11,207 6,081,705	7,641 5,864,003	22,414 55,845,441	\$48,097 \$59,581,428	\$25,683 \$3,735,987	 6.69%
SUB-TOTAL	1,452,342,485	1,566,903,628	1,566,082,698	123,745,596	115,382,062	1,441,409,302	\$1,422,587,503	(\$18,821,799)	-1.31%
LESS: DRUG REBATES	(44,602,190)	(53,052,739)	(58,024,003)	(6,124,753)	(271,853)	(50,971,447)	(\$50,320,680)	\$642,764	-1.36%
DSH PAYMENTS PRIVATE INSTITUTIONS	56,558,131	80,478,828	82,788,403	0	14,392,879	45,358,895	\$80,080,519	\$14,731,624	32.48%
DSH PAYMENTS STATE-INSTITUTIONS	17,114,405	25,501,839	28,620,989	0	0	18,126,300	\$27,792,739	\$9,666,439	45.10%
TOTAL	\$1,481,412,631	\$1,599,831,254	\$1,597,452,093	\$117,620,843	\$134,623,265	\$1,454,523,130	\$1,480,102,075	\$25,178,945	0.36%

NOTE: This report is based on estimates of approved claims to be received during the year.

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 MEDICAL SERVICES TRUST FUND AND INTEREST REPORT
 FOR THE MONTH OF MAY 2002
 SFY 2002

TRANSFER DATE	ACTIVITY	DESCRIPTION	DEPOSIT (WITHDRAWAL) PRINCIPAL	INTEREST & DSH DEPOSITS (WITHDRAWAL)	TRUST FUND BALANCE
07/01/01	DEPOSIT	BEG BAL	5,358,862.34		5,358,862.34
07/01/01	WITHDRAWAL	Eligibility Expansion		(106,171.34)	5,252,691.00
07/01/01	WITHDRAWAL	Facilities DSH Match	(1,455,834.00)		3,796,857.00
07/01/01	WITHDRAWAL	Private DSH Backlog	(323,846.00)		3,473,011.00
07/31/01	INTEREST	Rate AT 4.92 %		17,080.17	3,490,091.17
08/01/01	DEPOSIT	Facilities DSH Payment		9,577,580.50	13,067,671.67
08/01/01	WITHDRAWAL	Facilities DSH Match	(1,425,436.00)		11,642,235.67
08/31/01	INTEREST	Rate AT 4.2 %		26,435.36	11,668,671.03
09/01/01	WITHDRAWAL	Private DSH Backlog	(3,290,917.00)		8,377,754.03
09/01/01	DEPOSIT	DSH Cost Settlement		284,388.00	8,662,142.03
09/30/01	INTEREST	Rate AT 4.2 %		33,171.86	8,695,313.89
10/01/01	DEPOSIT	Special Appropriation	366,667.00		9,061,980.89
10/31/01	INTEREST	Rate AT 3.1 %		23,117.83	9,085,098.72
11/01/01	WITHDRAWAL	Facilities DSH Match	(1,317,248.60)		7,767,850.12
11/01/01	WITHDRAWAL	Private DSH Backlog	(271,728.00)		7,496,122.12
11/01/01	DEPOSIT	Special Appropriation	366,667.00		7,862,789.12
11/30/01	INTEREST	Rate AT 3.1 %		21,090.58	7,883,879.70
12/01/01	DEPOSIT	Facilities DSH Payment		5,326,517.50	13,210,397.20
12/01/01	WITHDRAWAL	Match Drop	(5,236,000.00)		7,974,397.20
12/01/01	DEPOSIT	Special Appropriation	366,667.00		8,341,064.20
12/01/01	WITHDRAWAL	Private DSH Backlog	(3,393,717.00)		4,947,347.20
12/31/01	INTEREST	Rate AT 3.1 %		12,577.12	4,959,924.32
01/01/02	DEPOSIT	Special Appropriation	600,000.00		5,559,924.32
01/01/02	DEPOSIT	Facilities DSH Payment		5,678,041.50	11,237,965.82
01/01/02	WITHDRAWAL	Facilities DSH Match	(1,404,180.00)		9,833,785.82
01/01/02	WITHDRAWAL	Match Drop	(2,618,000.00)		7,215,785.82
01/01/02	WITHDRAWAL	Special Appropriation	(1.00)		7,215,784.82
01/31/02	INTEREST	Rate AT 2.7 %		12,345.24	7,228,130.06
02/01/02	DEPOSIT	Special Appropriation	600,000.00		7,828,130.06
02/28/02	INTEREST	Rate AT 2.6 %		14,469.83	7,842,599.89
03/01/02	WITHDRAWAL	Eligibility Expansion		(385,506.00)	7,457,093.89
03/01/02	DEPOSIT	Special Appropriation	600,000.00		8,057,093.89
03/01/02	WITHDRAWAL	Private DSH Backlog	(227,313.00)		7,829,780.89
03/31/02	INTEREST	Rate AT 2.2 %		14,710.30	7,844,491.19
04/01/02	DEPOSIT	Special Appropriation	700,000.00		8,544,491.19
04/01/02	WITHDRAWAL	Match Drop	(2,618,000.00)		5,926,491.19
04/30/02	INTEREST	Rate AT 2.1 %		12,793.03	5,939,284.22
05/01/02	WITHDRAWAL	Facilities DSH Match	(991,071.40)		4,948,212.82
05/01/02	WITHDRAWAL	Eligibility Expansion		(280,043.19)	4,668,169.63
05/01/02	WITHDRAWAL	Private DSH Backlog	(3,559,358.23)		1,108,811.40
05/01/02	DEPOSIT	Special Appropriation	700,000.00		1,808,811.40
05/31/02	INTEREST	Rate AT 2.1 %		9,209.80	1,818,021.20
06/01/02	WITHDRAWAL	Facilities DSH Payment		4,677,363.00	6,495,384.20
06/01/02	WITHDRAWAL	Private DSH Backlog	(258,498.98)		6,236,885.22
06/01/02	WITHDRAWAL	Hospice		(203,895.31)	6,032,989.91
06/01/02	WITHDRAWAL	Special Appropriation	700,000.00		6,732,989.91
06/30/02	INTEREST	Rate AT 2.1 %		34,281.89	6,767,271.80
TOTALS			(18,032,285.87)	24,799,557.67	6,767,271.80

DEPARTMENT OF HEALTH AND HUMAN RESOURCES
BUREAU FOR MEDICAL SERVICES
MOUNTAIN HEALTH TRUST

May 2002

HMO	PAYMENT	RECIPIENTS ENROLLED	AVERAGE COST PER RECIPIENT
THE HEALTH PLAN	\$2,938,622	32,257	\$91.10
CARELINK	\$1,512,762	16,653	\$90.84
TOTAL	\$4,451,405	48,910	\$91.01
ESTIMATED COMPOSITE ACTUARY RATE (THE 95% RATE IS \$92.08)			\$66.92
PERCENT ESTIMATED SAVINGS			6.10%



Joint Committee on Government and Finance

June 2002

Department of Health and Human Resources

MEDICAID REPORT

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 MEDICAID CASH REPORT
 SFY2002

MONTH OF APRIL 2002	ACTUALS	PROJECTED	TOTAL
	07/01/01 THRU 04/30/02	05/01/02 THRU 06/30/02	SFY2002
REVENUE SOURCES			
BEG. BAL. 7/01/01	\$17,934,047		\$17,934,047
MATCHING FUNDS			
GENERAL REVENUE	150,839,203	29,668,384	180,507,587
LOTTERY - WAIVER	10,483,333	2,116,667	12,600,000
LOTTERY - TRANSFER	8,666,666	1,633,334	10,300,000
TRUST FUND APPROPRIATION	24,073,897	7,865,033	31,938,930
TRUST FUND BACKLOG	0	0	0
PROVIDER TAX	122,800,000	24,300,000	147,100,000
MCH TRANSFER	1,122,643	977,357	2,100,000
OTHER FUNDS	2,718,772	(618,772)	2,100,000
TOTAL MATCHING FUNDS	338,638,561	65,942,003	404,580,564
FEDERAL FUNDS	1,006,558,649	188,112,787	1,194,671,436
TOTAL REVENUE SOURCES	\$1,345,197,210	\$254,054,790	\$1,599,252,000
TOTAL EXPENDITURES:			
PROVIDER PAYMENTS	\$1,343,633,345	\$245,085,309	\$1,588,718,654
SUB - TOTAL	\$1,563,864.50		\$10,533,345.83
ACCOUNTS PAYABLE 04/30/02			(\$8,733,441.00)
BALANCE	\$1,563,864.50		\$1,799,904.83

DEPARTMENT OF HEALTH AND HUMAN RESOURCES
BUREAU FOR MEDICAL SERVICES
MONTHLY FINANCIAL SUMMARY
MONTH OF APRIL 2002
FISCAL YEAR 2001-2002

CATEGORY OF EXPENDITURES	ACTUALS SFY 2001	ORIGINAL ESTIMATE SFY 2002	CURRENT ESTIMATE SFY 2002	ESTIMATE APRIL 2002	ACTUAL APRIL 2002	ESTIMATE YEAR TO DATE APRIL 2002	ACTUAL YEAR TO DATE APRIL 2002	Incr/(Dec) Over ESTIMATE	PERCENT
INPATIENT HOSPITALS	\$146,711,093	\$154,744,896	147,062,048	\$12,974,633	\$9,518,698	\$127,529,097	\$116,555,425	(\$10,973,672)	-8.60%
MENTAL HEALTH HOSPITALS	36,154,352	30,634,361	32,687,196	3,818,462	\$2,340,521	26,225,469	\$26,637,248	\$411,779	1.57%
OUTPATIENT HOSPITALS	65,545,731	74,159,061	76,847,808	7,629,125	9,088,000	645,812,655	\$65,416,114	\$834,849	1.29%
CLINICS	18,570,690	20,507,263	15,459,376	852,062	541,663	14,429,887	\$11,951,689	(\$2,478,218)	-17.17%
PHYSICIANS	121,231,871	133,881,464	126,597,517	11,375,719	10,316,439	108,941,476	\$103,017,724	(\$5,923,752)	-5.44%
LABS	6,064,464	6,147,295	6,140,093	587,910	475,167	5,206,490	\$5,002,354	(\$204,136)	-3.92%
DRUGS	248,498,703	286,730,491	294,158,053	33,752,772	22,893,638	237,571,223	\$231,006,449	(\$6,564,774)	-2.78%
OTHER PRACTITIONERS	15,275,872	11,555,096	15,491,278	2,712,754	1,253,952	10,466,056	\$12,489,142	\$2,003,086	19.14%
DENTIST	22,917,233	29,343,470	29,029,973	3,241,087	2,476,337	24,360,344	\$23,813,278	(\$547,066)	-2.25%
NURSING HOMES	281,627,475	292,075,715	300,102,162	30,901,900	46,821,090	249,835,063	\$274,571,689	\$24,736,626	9.90%
GROUP HOMES	47,442,066	50,112,045	44,607,683	2,963,097	5,744,053	40,818,773	\$39,266,814	(\$1,551,959)	-3.80%
OTHER CARE	119,559,800	119,298,096	112,966,211	9,298,273	9,354,554	99,138,444	\$95,412,748	(\$3,725,696)	-3.76%
EPSDT	4,094,361	4,177,766	4,238,983	414,091	311,498	3,574,544	\$3,455,000	(\$119,544)	-3.34%
MEDICARE BUY-IN	40,262,943	42,931,501	42,339,055	3,380,143	3,617,775	35,578,768	\$35,548,183	(\$30,585)	-0.09%
FAMILY PLANNING	2,197,482	2,308,871	1,348,600	132,115	120,265	1,633,903	\$1,333,461	(\$300,442)	-18.39%
HOME HEALTH	20,933,348	22,212,981	23,086,685	2,256,817	2,153,854	19,475,091	\$19,414,119	(\$60,972)	-0.31%
RURAL HEALTH	24,447,227	24,883,231	26,006,175	3,199,776	2,240,105	20,463,226	\$21,630,136	\$1,166,910	5.70%
HOME & COMMUNITY - AGED/DISABLED	40,239,220	46,664,016	49,331,158	4,349,427	3,807,387	42,275,120	\$41,102,220	(\$1,172,900)	-2.77%
HOME & COMMUNITY - MR/DD	97,574,478	113,153,706	120,315,797	10,545,872	10,756,785	102,502,694	\$98,173,306	(\$4,329,388)	-4.22%
PASARR	10,780	253,606	6,478	375	1,385	128,777	\$7,800	(\$120,977)	-93.94%
PERSONAL CARE	24,841,977	26,429,712	23,505,323	1,653,839	2,503,584	21,231,121	\$18,695,817	(\$2,535,304)	-11.94%
HOSPICE	1,347,397	1,832,660	1,603,150	43,673	184,271	1,726,539	\$1,203,887	(\$522,652)	-30.27%
TARGETED CASE MANAGEMENT	12,273,989	14,623,622	10,263,325	282,970	643,434	10,195,393	\$7,782,977	(\$2,412,416)	-23.66%
GROUP HEALTH PLAN	10,239	0	33,622	11,207	7,159	11,207	\$40,456	\$29,249	
MANAGED CARE	56,509,694	58,242,703	61,927,147	6,081,705	5,435,325	49,763,736	\$53,717,425	\$3,953,689	7.94%
SUB-TOTAL	1,452,342,485	1,566,903,628	1,565,154,896	152,459,804	152,608,939	1,317,663,706	\$1,307,225,441	(\$10,438,265)	-0.79%
LESS- DRUG REBATES	(44,602,150)	(53,052,739)	(57,096,201)	(7,134,879)	(7,821,427)	(44,846,694)	(\$50,057,130)	(\$5,210,436)	11.62%
DSH PAYMENTS PRIVATE INSTITUTIONS	56,558,131	60,478,526	62,769,408	0	0	45,358,894	\$45,697,643	\$338,749	0.75%
DSH PAYMENTS STATE-INSTITUTIONS	17,114,495	25,501,839	26,623,989	0	0	19,126,380	\$22,612,769	\$3,486,389	18.23%
TOTAL	\$1,481,412,981	\$1,589,831,254	\$1,594,452,092	\$145,324,925	\$144,787,512	\$1,337,302,286	\$1,325,478,723	(\$11,823,563)	-0.88%

NOTE: This report is based on estimates of approved claims to be received during the year.

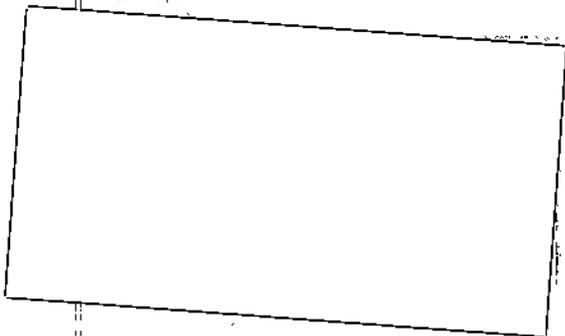
WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 MEDICAL SERVICES TRUST FUND AND INTEREST REPORT
 FOR THE MONTH OF APRIL 2002
 SFY 2002

TRANSFER DATE	ACTIVITY	DESCRIPTION	DEPOSIT (WITHDRAWAL) PRINCIPAL	INTEREST & DSH DEPOSITS (WITHDRAWAL)	TRUST FUND BALANCE
07/01/01	DEPOSIT	BEG BAL	5,358,862 34		5,358,862 34
07/01/01	WITHDRAWAL	Eligibility Expansion		(106,171 34)	5,252,691 00
07/01/01	WITHDRAWAL	Facilities DSH Match	(1,455,834 00)		3,796,857 00
07/01/01	WITHDRAWAL	Private DSH Backlog	(323,846 00)		3,473,011 00
07/31/01	INTEREST	Rate AT 4.92 %		17,080 17	3,490,091 17
08/01/01	DEPOSIT	Facilities DSH Payment		9,577,580.50	13,067,671 67
08/01/01	WITHDRAWAL	Facilities DSH Match	(1,415,436 00)		11,642,235 67
08/31/01	INTEREST	Rate AT 4.2 %		26,435 36	11,668,671 03
09/01/01	WITHDRAWAL	Private DSH Backlog	(3,290,917 00)		8,377,754 03
09/01/01	DEPOSIT	DSH Cost Settlement		284,368 00	8,662,142 03
09/30/01	INTEREST	Rate AT 4.2 %		33,171 86	8,695,313 89
10/01/01	DEPOSIT	Special Appropriation	366,667 00		9,061,980 89
10/31/01	INTEREST	Rate AT 3.1 %		23,117 83	9,085,098 72
11/01/01	WITHDRAWAL	Facilities DSH Match	(1,317,248 60)		7,767,850 12
11/01/01	WITHDRAWAL	Private DSH Backlog	(271,728 00)		7,496,122 12
11/01/01	DEPOSIT	Special Appropriation	366,667 00		7,862,789 12
11/30/01	INTEREST	Rate AT 3.1 %		21,090 58	7,883,879 70
12/01/01	DEPOSIT	Facilities DSH Payment		5,326,517 50	13,210,397 20
12/01/01	WITHDRAWAL	Match Drop	(5,236,000 00)		7,974,397 20
12/01/01	DEPOSIT	Special Appropriation	366,667 00		8,341,064 20
12/01/01	WITHDRAWAL	Private DSH Backlog	(3,393,717 00)		4,947,347 20
12/31/01	INTEREST	Rate AT 3.1 %		12,577 12	4,959,924 32
01/01/02	DEPOSIT	Special Appropriation	600,000 00		5,559,924 32
01/01/02	DEPOSIT	Facilities DSH Payment		5,678,041 50	11,237,965 82
01/01/02	WITHDRAWAL	Facilities DSH Match	(1,404,180 00)		9,833,785 82
01/01/02	WITHDRAWAL	Match Drop	(2,618,000 00)		7,215,785 82
01/01/02	WITHDRAWAL	Special Appropriation	(1 00)		7,215,784 82
01/31/02	INTEREST	Rate AT 2.7 %		12,345 24	7,228,130 06
02/01/02	DEPOSIT	Special Appropriation	600,000 00		7,828,130 06
02/28/02	INTEREST	Rate AT 2.6 %		14,469 83	7,842,599 89
03/01/02	WITHDRAWAL	Eligibility Expansion		(385,506 00)	7,457,093 89
03/01/02	DEPOSIT	Special Appropriation	600,000 00		8,057,093 89
03/01/02	WITHDRAWAL	Private DSH Backlog	(227,313 00)		7,829,780 89
03/31/02	INTEREST	Rate AT 2.2 %		14,710 30	7,844,491 19
04/01/02	DEPOSIT	Special Appropriation	700,000 00		8,544,491 19
04/01/02	WITHDRAWAL	Match Drop	(2,618,000 00)		5,926,491 19
04/30/02	INTEREST	Rate AT 2.1 %		12,793 03	5,939,284 22
05/01/02	WITHDRAWAL	Facilities DSH Match	(991,071 40)		4,948,212 82
05/01/02	WITHDRAWAL	Eligibility Expansion		(280,043 19)	4,668,169 63
05/01/02	WITHDRAWAL	Private DSH Backlog	(3,559,358 23)		1,108,811 40
05/01/02	DEPOSIT	Special Appropriation	700,000 00		1,808,811 40
05/31/02	INTEREST	Rate AT 2.1 %		3,904 53	1,812,715 93
06/01/02	WITHDRAWAL	Facilities DSH Payment		5,139,970 00	6,952,685 93
06/01/02	WITHDRAWAL	Hospice		(342,975 00)	6,609,710 93
06/01/02	WITHDRAWAL	Special Appropriation	700,000 00		7,309,710 93
06/30/02	INTEREST	Rate AT 2.1 %		15,778 87	7,325,489 80
TOTALS			(17,773,786 89)	25,099,276 69	7,325,489 80

DEPARTMENT OF HEALTH AND HUMAN RESOURCES
BUREAU FOR MEDICAL SERVICES
MOUNTAIN HEALTH TRUST

May 2002

HMO	PAYMENT	RECIPIENTS ENROLLED	AVERAGE COST PER RECIPIENT
THE HEALTH PLAN	\$2,942,485	32,257	\$91.22
CARELINK	\$1,512,782	16,653	\$90.84
TOTAL	\$4,455,267	48,910	\$91.09
ESTIMATED COMPOSITE ACTUARY RATE (THE 95% RATE IS \$92.08)			\$96.92
PERCENT ESTIMATED SAVINGS			6.01%



Joint Committee on Government and Finance

July 16, 2002

Department of Health and Human Resources

WELFARE REFORM REPORT

WV WORKS Caseload 2002

County	Jan	Feb	Mar	Apr	May	Jun
Barbour (01)	208	208	206	207	203	192
Berkeley (02)	415	422	441	453	445	420
Boone (03)	371	388	385	371	341	324
Braxton (04)	149	153	151	151	122	117
Brooke (05)	106	110	107	90	85	83
Cabell (06)	705	700	695	714	665	633
Calhoun (07)	110	107	111	104	91	92
Clay (08)	115	109	114	107	106	100
Doddridge (09)	66	66	61	67	57	60
Fayette (10)	531	502	498	507	484	461
Gilmer (11)	55	55	58	60	54	54
Grant (12)	44	40	37	36	36	37
Greenbrier (13)	167	169	169	161	141	135
Hampshire (14)	93	93	97	100	94	94
Hancock (15)	198	194	182	189	164	157
Hardy (16)	49	53	48	49	49	50
Harrison (17)	625	629	630	627	574	562
Jackson (18)	143	139	142	145	124	115
Jefferson (19)	162	168	174	174	172	166
Kanawha (20)	1,279	1,278	1,292	1,248	1,168	1,130
Lewis (21)	179	185	190	195	178	178
Lincoln (22)	349	333	334	345	329	323
Logan (23)	404	378	388	391	376	364
Marion (24)	299	295	299	295	268	275

County	Jan	Feb	Mar	Apr	May	Jun
Marshall (25)	297	307	288	293	257	263
Mason (26)	266	261	251	248	252	245
Mercer (27)	894	905	926	908	880	830
Mineral (28)	100	100	100	93	91	90
Mingo (29)	574	553	541	525	523	500
Monongalia (30)	123	121	120	106	108	104
Monroe (31)	82	79	85	93	87	80
Morgan (32)	85	96	93	95	95	88
McDowell (33)	864	839	818	806	806	762
Nicholas (34)	156	156	156	158	153	138
Ohio (35)	308	286	283	282	272	258
Pendleton (36)	37	32	33	31	25	24
Pleasants (37)	49	51	52	45	44	38
Pocahontas (38)	26	27	31	36	30	29
Preston (39)	125	125	132	125	125	105
Putnam (40)	169	185	178	170	140	131
Raleigh (41)	700	705	713	716	671	646
Randolph (42)	113	118	120	128	110	111
Ritchie (43)	65	62	65	64	56	54
Roane (44)	119	123	132	124	106	101
Summers (45)	165	158	174	174	171	176
Taylor (46)	98	97	94	87	73	74
Tucker (47)	28	26	24	26	23	20
Tyler (48)	38	36	35	32	33	31
Upshur (49)	316	314	309	302	267	255
Wayne (50)	584	552	554	551	523	507
Webster (51)	181	182	177	175	164	160

County	Jan	Feb	Mar	Apr	May	Jun
Wetzel (52)	113	112	109	112	100	85
Wirt (53)	43	45	46	45	42	45
Wood (54)	750	760	785	788	707	688
Wyoming (55)	404	391	406	388	390	382
Total	14,694	14,578	14,639	14,512	13,650	13,142

Characteristics of the Current WV WORKS Caseload

- ✓ **4,366 Child Only Cases—parents are not in the home and children are living with a relative, or parents are in the home, receive SSI and are excluded from the WV WORKS payment.**
- ✓ **574 cases currently receiving WV WORKS received TANF in another state before moving to West Virginia.**
- ✓ **120 cases in which the parents are excluded from the payment because they were convicted of a drug related felony after August 22, 1996.**
- ✓ **438 cases receive Medicaid but do not receive Food Stamps.**
- ✓ **940 cases receive Food Stamps but adults do not receive Medicaid.**
- ✓ **1,459 cases receive the Marriage Incentive. The Incentive was increased to \$100 monthly effective July 1, 2000.**
- ✓ **1,614 adults receiving WV WORKS are employed.**

7/02

Supportive Services Payments: Types and Amounts
June 2002

Type	Current WV WORKS	Former WV WORKS	Number of Payments	Average Payment	Total Amount
Clothing: Work or dress clothing when there is a verified offer of employment or short term training. <i>\$600 lifetime</i>	\$91,403	\$33,905	827	\$152	\$125,308
Collateral: Items include grooming expenses, test fees and other expenses related to employment. <i>\$150 lifetime</i>	\$12,725	\$3,114	220	\$72	\$15,839
Car Repair: For personally owned vehicles; includes tires, mufflers, or brakes necessary to pass state inspection, state inspection stickers, license plates, vehicle insurance, and driver's education classes. Funds cannot be used to purchase a vehicle. <i>\$1,500 lifetime</i>	\$193,628	\$58,238	527	\$478	\$251,866
Contract Training: A training contract may be written when training is not available on a no-cost basis and the training will be provided to an individual or a group of participants. There is an expectation that the individuals will be able to find employment when they successfully complete the training course. <i>\$5,000 year</i>	\$1,679	\$150	9	\$203	\$1,829
Commercial Driver's License: Payment to purchase license. <i>\$300 lifetime</i>	\$150	\$0	1	\$150	\$150
Driver/Chauffeurs License: Does not include payment for test required due to traffic violations or classes required for DUI convictions. <i>\$60 lifetime</i>	\$53	\$150	8	\$25	\$203
Employer Incentive: Agreements between employers and local DHHR offices placing WV WORKS recipients in jobs. Employers are reimbursed ½ of the employee's wages for the first 200-600 work hours under these contracts.	\$5,319	\$588	17	\$347	\$5,907

Type	Current WV WORKS	Former WV WORKS	Number of Payments	Average Payment	Total Amount
Professional License: When the cost of the license is not paid by the employer or is not included in the cost of a training course, and obtaining the license is part of the course completion. <i>\$300 lifetime</i>	\$1,960	\$300	12	\$188	\$2,260
Relocation: When there is a verified offer of employment, the family can be relocated to a different state, a different area of the state, or to the same area if the move reduces travel time to one hour or less. <i>\$1,500 lifetime</i>	\$27,377	\$21,250	41	\$1,186	\$48,627
Tools/Equipment: When needed for a verified offer of employment or for specialized training. <i>\$1,000 lifetime</i>	\$10,694	\$8,562	62	\$311	\$19,256
Transportation: Payments are made based on miles traveled to employment or a work activity when there is a cost involved. Public transportation is reimbursed at actual cost. <i>(2-40 miles-\$5 day; 40+ -\$8) \$200 month limit</i>	\$522,387	\$277,194	5,427	\$147	\$799,581
Vehicle Insurance: Payment for vehicle insurance premium. Does not include vehicle insurance premium for vehicles leased through WV WHEELS as vendor is responsible for payment as part of the lease. <i>\$500 lifetime</i>	\$35,767	\$9,736	179	\$254	\$45,503
DUI offenses: Costs related to reinstatement of driver's license which have been revoked due to substance abuse. Includes DUI classes, license reinstatement fees, new license, ignition interlock system. Does not include fines, treatment programs or tests for drug and alcohol use. <i>\$500 lifetime</i>	\$1,918	\$250	9	\$241	\$2,168
Total	\$905,060	\$413,437	7,339	\$180	\$1,318,497

Length of Time on Assistance

Number of Months	Number of Cases
12 months or less	3,204
13-24	2,541
25-36	1,507
37-48	904
49-60	461
Total	8,617

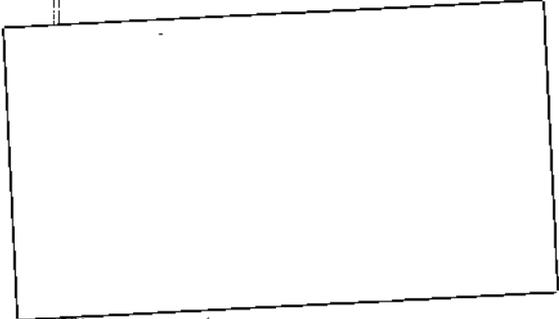
Does not include child only cases.

6/02

WORKS Closures Due to Expiration of 60 Months

Month	Number of Closures
12/01	108
1/02	40
2/02	23
3/02	29
4/02	21
5/02	25
6/02	44
Total	290

7/2/02



Joint Committee on Government and Finance

June 2002

Department of Health and Human Resources

WELFARE REFORM REPORT

WV WORKS Caseload 2002

County	January	February	March	April	May
Barbour (01)	208	208	206	207	203
Berkeley (02)	415	422	441	453	445
Boone (03)	371	388	385	371	341
Braxton (04)	149	153	151	151	122
Brooke (05)	106	110	107	90	85
Cabell (06)	705	700	695	714	665
Calhoun (07)	110	107	111	104	91
Clay (08)	115	109	114	107	106
Doddridge (09)	66	66	61	67	57
Fayette (10)	531	502	498	507	484
Gilmer (11)	55	55	58	60	54
Grant (12)	44	40	37	36	36
Greenbrier (13)	167	169	169	161	141
Hampshire (14)	93	93	97	100	94
Hancock (15)	198	194	182	189	164
Hardy (16)	49	53	48	49	49
Harrison (17)	625	629	630	627	574
Jackson (18)	143	139	142	145	124
Jefferson (19)	162	168	174	174	172
Kanawha (20)	1,279	1,278	1,292	1,248	1,168
Lewis (21)	179	185	190	195	178
Lincoln (22)	349	333	334	345	329
Logan (23)	404	378	388	391	376
Marion (24)	299	295	299	295	268

County	January	February	March	April	May
Marshall (25)	297	307	288	293	257
Mason (26)	266	261	251	248	252
Mercer (27)	894	905	926	908	880
Mineral (28)	100	100	100	93	91
Mingo (29)	574	553	541	525	523
Monongalia (30)	123	121	120	106	108
Monroe (31)	82	79	85	93	87
Morgan (32)	85	96	93	95	95
McDowell (33)	864	839	818	806	806
Nicholas (34)	156	156	156	158	153
Ohio (35)	308	286	283	282	272
Pendleton (36)	37	32	33	31	25
Pleasants (37)	49	51	52	45	44
Pocahontas (38)	26	27	31	36	30
Preston (39)	125	125	132	125	125
Putnam (40)	169	185	178	170	140
Raleigh (41)	700	705	713	716	671
Randolph (42)	113	118	120	128	110
Ritchie (43)	65	62	65	64	56
Roane (44)	119	123	132	124	106
Summers (45)	165	158	174	174	171
Taylor (46)	98	97	94	87	73
Tucker (47)	28	26	24	26	23
Tyler (48)	38	36	35	32	33
Upshur (49)	316	314	309	302	267
Wayne (50)	584	552	554	551	523
Webster (51)	181	182	177	175	164

County	January	February	March	April	May
Wetzel (52)	113	112	109	112	100
Wirt (53)	43	45	46	45	42
Wood (54)	750	760	785	788	707
Wyoming (55)	404	391	406	388	390
Total	14,694	14,578	14,639	14,512	13,650

Characteristics of the Current WV WORKS Caseload

- ✓ **4,469 Child Only Cases—parents are not in the home and children are living with a relative, or parents are in the home, receive SSI and are excluded from the WV WORKS payment.**
- ✓ **564 cases currently receiving WV WORKS received TANF in another state before moving to West Virginia.**
- ✓ **109 cases in which the parents are excluded from the payment because they were convicted of a drug related felony after August 22, 1996.**
- ✓ **423 cases receive Medicaid but do not receive Food Stamps.**
- ✓ **1,013 cases receive Food Stamps but adults do not receive Medicaid.**
- ✓ **1,729 cases receive the Marriage Incentive. The incentive was increased to \$100 monthly effective July 1, 2000.**
- ✓ **1,749 adults receiving WV WORKS are employed.**

6/02

**Supportive Services Payments: Types and Amounts
May 2002**

Type	Current WV WORKS	Former WV WORKS	Number of Payments	Average Payment	Total Amount
Clothing: Work or dress clothing when there is a verified offer of employment or short term training. <i>\$600 year</i>	\$114,584	\$32,152	929	\$158	\$146,736
Collateral: Items include grooming expenses, test fees and other expenses related to employment. <i>\$300 year</i>	\$21,264	\$5,357	267	\$100	\$26,621
Car Repair: For personally owned vehicles; includes tires, mufflers, or brakes necessary to pass state inspection, state inspection stickers, license plates, vehicle insurance, and driver's education classes. Funds cannot be used to purchase a vehicle. <i>\$1,500 lifetime</i>	\$208,470	\$69,982	573	\$486	\$278,452
Contract Training: A training contract may be written when training is not available on a no-cost basis and the training will be provided to an individual or a group of participants. There is an expectation that the individuals will be able to find employment when they successfully complete the training course. <i>\$5,000 year</i>	\$2,608	\$150	11	\$251	\$2,756
Commercial Driver's License: Payment to purchase license. <i>\$600 lifetime</i>	\$645	\$0	2	\$323	\$645
Driver/Chauffeurs License: Does not include payment for test required due to traffic violations or classes required for DUI convictions. <i>\$120 lifetime</i>	\$269	\$123	7	\$56	\$392
Employer Incentive: Agreements between employers and local DHHR offices placing WV WORKS recipients in jobs. Employers are reimbursed ½ of the employee's wages for the first 200-600 work hours under these contracts.	\$4,069	\$0	15	\$271	\$4,069
Professional License: When the cost of the license is not paid by the employer or is not included in the cost of a training course, and obtaining the license is part of the course completion. <i>\$600 lifetime</i>	\$1,115	\$105	11	\$111	\$1,220

Type	Current WV WORKS	Former WV WORKS	Number of Payments	Average Payment	Total Amount
Relocation: When there is a verified offer of employment, the family can be relocated to a different state, a different area of the state, or to the same area if the move reduces travel time to one hour or less. <i>\$1,500 year</i>	\$12,846	\$9,286	18	\$1,230	\$22,131
Tools/Equipment: When needed for a verified offer of employment or for specialized training. <i>\$1,000 year</i>	\$10,999	\$6,382	51	\$341	\$17,381
Transportation: Payments are made based on miles traveled to employment or a work activity when there is a cost involved. Public transportation is reimbursed at actual cost. <i>(2-40 miles-\$10 day; 40+ -\$16) \$400 month limit</i>	\$677,986	\$302,047	6,104	\$161	\$980,033
Vehicle Insurance: Payment for vehicle insurance premium. Does not include vehicle insurance premium for vehicles leased through WV WHEELS as vendor is responsible for payment as part of the lease. <i>\$500 lifetime</i>	\$44,644	\$11,928	212	\$267	\$56,572
DUI offenses: Costs related to reinstatement of driver's license which have been revoked due to substance abuse. Includes DUI classes, license reinstatement fees, new license, ignition interlock system. Does not include fines, treatment programs or tests for drug and alcohol use. <i>\$500 lifetime</i>	\$1,265	\$0	5	\$253	\$1,265
Total	\$1,100,762	\$437,511	8,205	\$187	\$1,538,273

Length of Time on Assistance

Number of Months	Number of Cases
12 months or less	3,303
13-24	2,609
25-36	1,563
37-48	932
49-60	483
Total	8,890

Does not include child only cases.

5/02

WORKS Closures Due to Expiration of 60 Months

Month	Number of Closures
12/01	108
1/02	40
2/02	23
3/02	29
4/02	21
5/02	25
Total	246

6/5/02

Joint Committee on Government and Finance

July 2002

Department of Health and Human Resources

COLIN ANDERSON CENTER REPORT

Colin Anderson Center Report

July 2002

**West Virginia Department of Health
and Human Resources**

Paul L. Nusbaum, Secretary

Colin Anderson Center Summary Report – July 2002

The Colin Anderson Center (Center) was successfully closed on April 3, 1998. The Department of Health and Human Resources (Department) has completed all required monitoring for persons who left the Center.

Seventy-eight people were discharged from the Center into community settings in West Virginia, and one person was discharged from Ruby Memorial Hospital to Lakin Hospital. The individual who was discharged to Lakin Hospital expired four months after admission.

Two people were discharged to out-of-state placements at the request of their legal representatives. One of those individuals returned to West Virginia and resides at Pinecrest Hospital at the request of their legal representative.

Twelve people have died (all due to natural causes) since being discharged from the Center.

Therefore, sixty-six people continue to receive services and supports in West Virginia communities. Twenty people receive residential services in an ICF/MR facility. The ICF/MR facilities are between six and eight bed homes. Forty-six people receive residential services through the Home and Community-Based MR/DD Waiver Program. Home and Community-Based residential services are between one and four bed homes.

All those discharged from the Center receive day habilitation services from day programs, community-based day programs, volunteering, senior centers, supported employment and competitive employment.

Sixty-six people have had compliance clocks successfully completed. The compliance clock is the list of services identified prior to discharge by Center staff and community staff as needed services for the individual. Each compliance clock service is required to complete eighteen consecutive months of service. Zero compliance clocks remain active. The Department continues to monitor, on an individual basis, those who were discharged from the Colin Anderson Center.

**Colln Anderson Center
 Summary Report - July 2002
 Division of Developmental Disabilities
 Bureau for Behavioral Health and Health Facilities**

Date of Closure: April 3, 1998

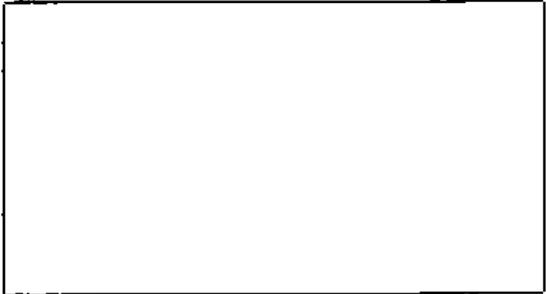
Status	Total
Number Discharged in Community Settings	78
Number Discharged in Medical Settings	1
Total Number of Individuals Discharged	79

Total Number of Individuals Deceased Since Discharge (all due to natural causes)	12
---------------------------------------------------------------------------------------------	-----------

Number in ICF/MR Group Homes (6-8 Beds)	20
Number in MR/DD Waiver Residences (1-4 beds)	46
Total Currently in Community Settings	66

Number of Individuals with Compliance Clocks* Closed	66
Number of Individuals with Compliance Clocks* Open	0
Total Number of Individuals with Compliance Clocks*	66

*A compliance clock is a list of services an individual's treatment team identified prior to discharge as needed services for the individual. In order for a compliance clock to be closed, all of the identified services must be provided for a period of eighteen consecutive months. Zero compliance clocks remain active.



Joint Committee on Government and Finance

June 2002

Department of Health and Human Resources

COLIN ANDERSON CENTER REPORT

Colin Anderson Center Report

June 2002

**West Virginia Department of Health
and Human Resources**

Paul L. Nusbaum, Secretary

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Twelve people have died (all due to natural causes) since being discharged from the Center.

Therefore, sixty-six people continue to receive services and supports in West Virginia communities. Twenty people receive residential services in an ICF/MR facility. The ICF/MR facilities are between six and eight bed homes. Forty-six people receive residential services through the Home and Community-Based MR/DD Waiver Program. Home and Community-Based residential services are between one and four bed homes.

All those discharged from the Center receive day habilitation services from day programs, community-based day programs, volunteering, senior centers, supported employment and competitive employment.

Sixty-six people have had compliance clocks successfully completed. The compliance clock is the list of services identified prior to discharge by Center staff and community staff as needed services for the individual. Each compliance clock service is required to complete eighteen consecutive months of service. Zero compliance clocks remain active. The Department continues to monitor, on an individual basis, those who were discharged from the Colin Anderson Center.

**Colln Anderson Center
 Summary Report - June 2002
 Division of Developmental Disabilities
 Bureau for Behavioral Health and Health Facilities**

Date of Closure: April 3, 1998

Status	Total
Number Discharged in Community Settings	78
Number Discharged in Medical Settings	1
Total Number of Individuals Discharged	79

Total Number of Individuals Deceased Since Discharge (all due to natural causes)	12
---------------------------------------------------------------------------------------------	-----------

Number in ICF/MR Group Homes (6-8 Beds)	20
Number in MR/DD Waiver Residences (1-4 beds)	46
Total Currently In Community Settings	66

Number of Individuals with Compliance Clocks* Closed	66
Number of Individuals with Compliance Clocks* Open	0
Total Number of Individuals with Compliance Clocks*	66

*A compliance clock is a list of services an individual's treatment team identified prior to discharge as needed services for the individual. In order for a compliance clock to be closed, all of the identified services must be provided for a period of eighteen consecutive months. Zero compliance clocks remain active.

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor

Budget Division
Building 1, Room 332-West Wing
1900 Kanawha Blvd. East
Charleston, WV 25305-0590

304-347-4870

MEMORANDUM

To: Joint Committee on Government and Finance
Honorable Senator Tomblin, Senate President
Honorable Delegate Robert Kiss, Speaker of the House

From: Ellen Clark, CPA *ec*
Director Budget Division
Legislative Auditor's Office

Date: July 12, 2002

Re: Review of West Virginia Lottery Financial Information
As of May 31, 2002. (FY 2002)

We performed an analysis of the Statement of Revenues, Expenses and Retained Earnings for the period ended May 31, 2002 from monthly unaudited financial reports furnished to our office by the West Virginia Lottery Commission. The results are as follows:

Lottery Revenues:

Gross lottery revenues are receipts from on-line games, instant games and video lottery. These gross receipts were 42.31% ABOVE the preceding July - May of fiscal year 2000-2001. This number does not include commission and prize deductions. Gross profit for July- May 2002 was \$291,421,000.00; for the previous fiscal year, July - May 2001 it was \$186,900,000.00. Expressed as a percentage, gross profit is **55.92% higher** in 2001-2002 than in fiscal year 2000-2001.

Joint Committee on Government and Finance

Net Income:

Net income for months of July - May 2002 was \$282,731,000.00; the previous fiscal year it was \$170,275,000.00 This is an increase of 66.04%.

Operating Transfers to the State of West Virginia:

A total of \$ 282,731,000.00 has been accrued to the state of West Virginia for fiscal year 2001-2002. This is on an accrual basis and may not correspond to the actual cash transfers made during the same time period. (Amounts owed to the different accounts according to the Lottery Act are calculated monthly and accrued to the state; actual cash transfers are often made based upon actual cash flow needs of the day-to-day operation of the lottery.)

A schedule of cash transfers follows:

Bureau of Senior Services	\$ 38,361,000.00
Department of Education	\$ 34,737,000.00
Educational Broadcasting Authority	\$ 2,600,000.00
Library Commission	\$ 9,752,000.00
Higher Education-Central Office	\$ 39,679,000.00
Tourism	\$ 12,870,000.00
Department of Natural Resources	\$ 6,503,000.00
Division of Culture and History	\$ 7,531,000.00
Department of Education and Arts	\$ 7,652,000.00
State Building Commission	\$ 9,848,000.00
School Building Authority	\$ 18,000,000.00
SUBTOTAL BUDGETARY TRANSFERS	\$187,533,000.00

Excess Lottery Fund General Revenue

33,119,000.00

Veterans Instant Ticket Fund

1,098,000.00

VIDEO LOTTERY TRANSFERS:	
Tourism Promotion Fund	\$15,533,000.00
Veterans Memorial Archives	\$100,000.00
John F. "Jack" Bennett Fund	\$20,000.00
Department of Administration	\$5,338,000.00
SUBTOTAL VIDEO LOTTERY TRANSFERS:	\$20,991,000.00
TOTAL TRANSFERS OF CASH	*\$242,741,000.00

* CASH BASIS

Actual accrual based accounting FY 2002: \$282,731,000.00.



P.O. BOX 2067
CHARLESTON, WV 25327

PHONE: 304-558-0500
FAX: 304-558-3321

Bob Wise
Governor

John C. Musgrave
Director

MEMORANDUM

TO: Joint Committee on Government and Finance

FROM: John C. Musgrave, Director

RE: Monthly Report on Lottery Operations
Month Ending May 31, 2002

DATE: June 19, 2002

This report of the Lottery operations is provided pursuant to the State Lottery Act.

Financial statements of the Lottery for the month ending May 31, 2002 are attached. Lottery revenue, which includes on-line, instant and video lottery sales, was \$84,105,669 for the month of May.

Transfers of lottery revenue totaling \$22,426,997 were made for the month of May to the designated state agencies per House Bill 101, 102, Veterans' Fund and the Racetrack Video Lottery Act (§29-22A-10). The amount transferred to each agency is shown in Note 9 on page 13 of the attached financial statements.

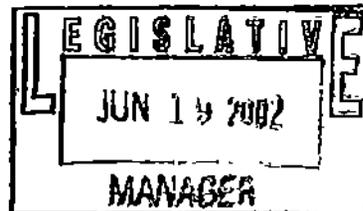
The number of active lottery retailers as of May 31, 2002, was 1632.

A listing of the names and amounts of prize winners has been provided to the Clerk of the Senate, the Clerk of the House and Legislative Services.

If any member of the Committee has questions concerning the Lottery, please call me. Also if any members of the Legislature wish to visit the Lottery offices, I would be pleased to show them our facilities and discuss the Lottery with them.

JCM/jt
Attachment

pc: Honorable Bob Wise
Brian Kastick, Cabinet Secretary - Tax & Revenue
John Perdue, Treasurer
Glen B. Gainer III, Auditor
Members of the West Virginia Lottery Commission





WEST VIRGINIA LOTTERY

STATE OF WEST VIRGINIA

FINANCIAL STATEMENTS

MAY 31, 2002

WEST VIRGINIA LOTTERY

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WEST VIRGINIA LOTTERY
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
FOR THE ELEVEN MONTH PERIOD ENDED MAY 31, 2002
(Expressed in Thousands)

	CURRENT MONTH		YEAR TO DATE	
	2002	2001	2002	2001
Lottery revenues				
On-line games	\$ 8,161	\$ 7,203	\$ 106,837	\$ 78,448
Instant games	9,173	6,853	86,425	68,344
Racetrack video lottery	56,296	42,845	541,547	394,471
Limited video lottery	10,475	-	35,462	-
	<u>84,105</u>	<u>56,901</u>	<u>770,271</u>	<u>541,263</u>
Direct Costs				
Commissions				
On-line games	510	450	6,680	4,905
Instant games	573	428	5,403	4,272
Racetrack video lottery	26,752	27,960	328,912	257,776
Limited video lottery	7,186	-	24,326	-
	<u>35,021</u>	<u>28,838</u>	<u>365,321</u>	<u>266,953</u>
Prizes				
On-line prizes	4,121	3,620	53,119	39,266
Instant prizes	6,235	4,757	58,607	46,695
	<u>10,356</u>	<u>8,377</u>	<u>111,726</u>	<u>85,961</u>
Ticket Costs	<u>195</u>	<u>145</u>	<u>1,803</u>	<u>1,449</u>
Total Direct Costs	<u>45,572</u>	<u>37,360</u>	<u>478,850</u>	<u>354,363</u>
Gross profit	<u>38,533</u>	<u>19,541</u>	<u>291,421</u>	<u>186,900</u>
Operating expenses				
Vendor fees and costs	701	560	7,645	5,872
Advertising and promotions	718	496	7,408	6,510
Wages and related benefits	363	237	3,124	2,228
Telecommunications	326	393	3,299	2,929
Contractual and professional	123	189	1,779	1,430
Rental	54	32	529	342
Depreciation and amortization	62	48	635	454
Other general expenses	64	31	800	483
	<u>2,411</u>	<u>1,986</u>	<u>25,219</u>	<u>20,248</u>
Other Operating Income	<u>3,854</u>	<u>502</u>	<u>15,058</u>	<u>1,101</u>
Operating Income	<u>39,976</u>	<u>18,057</u>	<u>281,260</u>	<u>167,753</u>
Nonoperating income(expense)				
Investment income	276	358	1,891	3,021
Interest expense	(35)	(58)	(420)	(499)
	<u>241</u>	<u>300</u>	<u>1,471</u>	<u>2,522</u>
Income before nonoperating distributions	<u>40,217</u>	<u>18,357</u>	<u>282,731</u>	<u>170,275</u>
Nonoperating distributions to the State of West Virginia	<u>40,217</u>	<u>18,357</u>	<u>282,731</u>	<u>170,275</u>
Net income	-	-	-	-
Retained earnings, beginning of period	250	250	250	250
Retained earnings, end of period	<u>\$ 250</u>	<u>\$ 250</u>	<u>\$ 250</u>	<u>\$ 250</u>

The accompanying notes are an integral part of these financial statements.

WEST VIRGINIA LOTTERY
STATEMENTS OF CASH FLOWS
FOR THE ELEVEN MONTH PERIOD ENDED MAY 31, 2002
(Expressed in Thousands)

	2002	2001
Cash received from customers	\$ 783,116	\$ 542,364
Cash paid to employees	(3,129)	(2,235)
Cash paid to suppliers	(28,286)	(13,647)
Other operating cash payments	(478,751)	(353,661)
Net cash provided by (used for) operating activities	<u>272,950</u>	<u>172,821</u>
Cash flows from noncapital financing activities		
Transfers to the State of West Virginia	(242,741)	(148,202)
Deferred jackpot prize obligations and related interest paid	(1,403)	(1,403)
Cash used in noncapital financing activities	<u>(244,144)</u>	<u>(149,605)</u>
Cash flows from capital and related financing activities		
Purchase of fixed assets	<u>(699)</u>	<u>(2,189)</u>
Cash flows from investing activities		
Maturities of investments held in trust	1,426	1,426
Investment earnings received	1,966	2,411
Cash provided by investing activities	<u>3,392</u>	<u>3,837</u>
Increase (Decrease) in cash and cash equivalents	31,499	24,864
Cash and Cash Equivalents - beginning of period	101,966	62,630
Cash and Cash Equivalents - end of period	<u>\$ 133,465</u>	<u>\$ 87,494</u>

The accompanying notes are an integral
part of these financial statements.

WEST VIRGINIA LOTTERY
BALANCE SHEETS
(Expressed in Thousands)

	May 31, 2002	June 30, 2001
ASSETS		
Current assets		
Cash and cash equivalents	\$ 133,465	\$ 101,966
Accounts receivable	10,331	8,118
Ticket Inventory	472	692
Other assets	826	1,169
Total current assets	<u>145,094</u>	<u>111,945</u>
Leasehold improvements and equipment	4,912	4,213
Less accumulated depreciation and amortization	<u>(2,942)</u>	<u>(2,308)</u>
	<u>1,970</u>	<u>1,905</u>
Investments held in trust	5,535	6,568
Total assets	<u>\$ 152,599</u>	<u>\$ 120,418</u>
 LIABILITIES AND FUND EQUITY		
Current liabilities		
Accrued nonoperating distributions to the State of West Virginia	\$ 112,407	\$ 86,972
Estimated prize claims	12,469	9,907
Accounts payable	2,252	1,532
Other accrued liabilities	20,184	15,737
Total current liabilities	<u>147,312</u>	<u>114,148</u>
Deferred jackpot prize obligations	5,037	6,020
Fund equity		
Retained earnings	250	250
Total liabilities and fund equity	<u>\$ 152,599</u>	<u>\$ 120,418</u>

The accompanying notes are an integral
part of these financial statements.

**WEST VIRGINIA LOTTERY
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1. LEGISLATIVE ENACTMENT

The West Virginia Lottery (Lottery) was established by the State Lottery Act (Act) passed April 13, 1985, which created a special fund in the State Treasury designated as the "State Lottery Fund," a component unit of the State of West Virginia. The purpose of the Act was to establish and implement a state-operated lottery under the supervision of a state lottery commission (Commission) and a director. The Commission, consisting of seven members, and the Director are appointed by the Governor. Under the Act, the Commission has certain powers and the duty to establish rules for conducting games, to select the type and number of gaming systems or games and to enter into contracts and agreements, and to do all acts necessary or incidental to the performance of its duties and exercise of its power and duty to operate the Lottery in a highly efficient manner. The Act provides that a minimum annual average of 45 percent of the gross amount received from each lottery shall be allocated for prizes and provides for certain limitations on expenses necessary for operation and administration of the Lottery. To the extent available, remaining net profits are to be transferred to the State of West Virginia. As the State is able to impose its will over the Lottery, the Lottery is considered a component unit of the State and its financial statements are discretely presented in the comprehensive annual financial report of the State.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies of the Lottery is presented below. These policies were applied on a basis consistent with that of the preceding year.

BASIS OF PRESENTATION – The West Virginia Lottery is a component unit of the State of West Virginia, and is accounted for as a proprietary type enterprise fund. In accordance with generally accepted accounting principles, the financial statements are prepared on the accrual basis of accounting which requires recognition of revenue when earned and expenses when incurred. As permitted by Governmental Accounting Standards Board (GASB) Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting," the Lottery has elected not to adopt Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989 unless the GASB specifically adopts such FASB statements or interpretations.

USE OF ESTIMATES – The preparation of the financial statements requires management to make certain estimates and develop assumptions that affect the amounts reported in the financial statements and related notes to financial statements. Actual results could differ from management's estimates.

LOTTERY GAME OPERATIONS – The West Virginia Lottery derives its revenues from three basic types of lottery games: instant, on-line, and video type games. The Lottery develops multiple game themes and prize structures to comply with its enabling legislation, including aggregate annual minimum prize provisions. Retailers and bonded agents comprised principally of grocery and convenience stores serve as the primary distribution channel for instant and on-line lottery sales to the general public.

Revenue from instant games is recognized when game tickets are sold to the retailers, and the related prize expense is recorded based on the specific game prize structure. Instant ticket sales and related

**WEST VIRGINIA LOTTERY
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

prizes do not include the value of free plays issued for the purpose of increasing the odds of winning a prize.

Sales of on-line lottery tickets are made by licensed agents to the public with the use of computerized terminals. On-line games include POWERBALL, a multi-state "jackpot" game, HOT LOTTO, a multi-state "lotto" game, Cash25 "lotto" game, Daily 3 and 4 "numbers" games, and Travel, a daily "keno" game. Revenue is recognized when the agent sells the tickets to the public. Prize expense is recognized on the basis of actual drawing results.

Commissions are paid to instant game retailers and on-line agents at the rate of six and one quarter percent of gross sales. A portion of the commission not to exceed one and one quarter percent of gross sales may be paid from unclaimed prize moneys. The amount paid from unclaimed prize moneys is credited against prize costs. In addition, retailers and agents are paid limited bonus incentives that include prize shares on winning tickets they sold and a ticket cashing bonus on winning tickets they cash. On a weekly basis, retailers and agents must remit amounts due to the Lottery. Retailers may not be able to order additional instant tickets if payment has not been made for the previous billing period, while an agent's on-line terminal may be rendered inactive if payment is not received each week. No one retailer or agent accounts for a significant amount of the Lottery's sales or accounts receivable. Historically credit losses have been nominal and no allowance for doubtful accounts receivable is considered necessary.

Racetrack video lottery is a self-activated video version of lottery games. The keyboard operated games allow a player to place bets for the chance to be awarded credits which can either be redeemed for cash or be replayed as additional bets. The coin operated games allow a player to use coins or tokens to place bets for the chance to receive coin or token awards which may be redeemed for cash or used for replay in the coin operated games. The video lottery games' prize structures are designed to award prizes, or credits, at a stipulated rate of total bets played, and prize expense is netted against total video credits played. The Lottery recognizes as video lottery revenue "gross terminal income" equivalent to all wagers, net of related prizes. Amounts required by statute to be paid to the private and local government entities are reported as commissions.

Racetrack video lottery legislation has established specific requirements for video lottery and imposed certain restrictions limiting the licensing for operation of video lottery games to horse and dog racetracks in West Virginia, subject to local county elections permitting the same. The legislation further stipulates the distribution of revenues from video lottery games, and requires any licensed racetrack to be responsible for acquiring the necessary equipment and bearing the risk associated with the costs of operating and marketing the games.

The Lottery has contracted with a private vendor to manufacture, distribute and provide data processing support for instant and on-line lottery games. Under the terms of the agreement the Lottery pays a percentage of gross revenues for the processing and maintenance of the games.

**WEST VIRGINIA LOTTERY
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CASH AND CASH EQUIVALENTS – Cash and cash equivalents consist of interest-earning deposits with the West Virginia Investment Management Board (IMB) and are recorded at fair value.

INVENTORY – Inventory consists of instant game tickets available for sale to approved Lottery retailers and are carried at cost.

OTHER ASSETS – Other assets consist primarily of deposits restricted for payment of certain Multi-State Lottery Association activities, and promotional items for which re-sale is not intended.

LEASEHOLD IMPROVEMENTS AND EQUIPMENT – The Lottery leases, under a cancelable operating lease, its office and warehouse facilities. A portion of these facilities are subleased to the Lottery's game vendors. The Lottery also leases various office equipment under agreements considered to be cancelable operating leases. Rental expense for the eleven months ended May 31, 2002 and May 31, 2001 approximated \$529,344 and \$341,658, respectively. Sublease rental income for the eleven months ended May 31, 2002 and May 31, 2001 approximated \$95,084 and \$94,919, respectively.

Leasehold improvements and purchased equipment, comprised principally of office furnishings and equipment necessary to administer lottery games, are carried at cost. Depreciation is computed by the straight-line method using three to ten year lives.

COMPENSATED ABSENCES – The Lottery has accrued \$404,000 and \$351,000 for fiscal years 2001 and 2000, respectively, for estimated obligations that may arise in connection with compensated absences for vacation and sick leave at the current rate of employee pay. Employees fully vest in all earned but unused vacation. In accordance with State personnel policies, employees vest in unused sick leave only upon retirement, at which time such unused leave can be converted into employer paid premiums for post-retirement health care coverage or additional periods of credited service for purposes of determining retirement benefits.

NOTE 3. ACCOUNTING PRONOUNCEMENT

In June 1999, the GASB issued Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments". This statement establishes financial reporting standards for state and local governments by revising the basic financial statement requirements and also requiring a management's discussion and analysis to introduce the basic financial statements and to provide an analytical overview of the entity's financial activities. The Lottery intends to adopt the provisions of this statement for the fiscal year ending June 30, 2002, which is consistent with the State of West Virginia's planned adoption period. Because the Lottery is an enterprise fund, the adoption of GASB Statement No. 34 is not expected to have a material effect on the financial statements.

**WEST VIRGINIA LOTTERY
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 4. LEGISLATIVE ENACTMENT

During the fiscal year ended June 30, 2001 the West Virginia Legislature approved House Bill 102, which included the Limited Video Lottery Act. Under this bill, up to 9,000 video lottery terminals will be placed in limited licensed retailer areas restricted for adult amusement. These licensed retailers must hold a qualifying permit for the sale on premises of alcohol or non-intoxicating beer. The Lottery has been charged with the administration, monitoring and regulation of these machines. The addition of these responsibilities in future years is expected to generate a substantial increase in video lottery revenues and related expenses, including commission, personnel and administrative.

House Bill 102 also contains language that changes, for fiscal years beginning on or after July 1, 2001, the State's share of racetrack video lottery revenue as well as the distribution percentage paid to racetracks and one other private entity associated with the racing industry (See Note 7) after the net terminal income benchmark amount for fiscal year ending June 30, 2001 has been met.

NOTE 5. CASH AND CASH EQUIVALENTS

A summary of the amount on deposit with the West Virginia Investment Management Board (IMB) follows (in thousands):

	<u>May 31, 2002</u>	<u>June 30, 2001</u>
Amount on deposit with the IMB	<u>\$133,465</u>	<u>\$101,966</u>

The deposits with the IMB are part of the State of West Virginia's consolidated investment cash liquidity pool and are not separately identifiable as to specific types of securities. Investment income is pro-rated to the Lottery at rates specified by the IMB based on the balance of the deposits maintained in relation to the total deposits of all state agencies participating in the pool. Such funds are available to the Lottery with overnight notice.

NOTE 6. PARTICIPATION IN THE MULTI-STATE LOTTERY

The Lottery is a member of the Multi-State Lottery (MUSL), which operates the semi-weekly POWERBALL jackpot lotto game and HOT LOTTO game, on behalf of participating state lotteries. Each MUSL member sells game tickets through its agents and makes weekly wire transfers to the MUSL in an amount equivalent to the total prize pool less the amount of prizes won in each state. Lesser prizes are paid directly to the winners by each member lottery. The prize pool for POWERBALL, and HOT LOTTO is 50% of each drawing period's sales, with minimum jackpot levels.

Revenues derived from the Lottery's participation in the MUSL POWERBALL jackpot game for the month and year-to-date periods ended May 31, 2002 were \$4,715,647 and \$73,119,511 while related prize costs for the same periods were \$2,410,141 and \$36,460,105.

**WEST VIRGINIA LOTTERY
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 6. PARTICIPATION IN THE MULTI-STATE LOTTERY (continued)

Revenues derived from the Lottery's participation in the HOT LOTTO game for the month and year-to-date periods ended May 31, 2002 were \$362,382 and \$587,126 while related prize costs for the same periods were \$180,670 and \$282,752.

MUSL places 2% of each POWERBALL drawing period's sales in separate prize reserve funds that serve as a contingency reserve to protect the respective MUSL Product Groups from unforeseen prize liabilities. Currently, the MUSL Board of Directors has placed a \$52,000,000 limit on the POWERBALL prize reserve fund. These funds can only be used at the discretion of the respective MUSL Product Group. Once the prize reserve funds exceed the designated limit, the excess becomes part of that particular prize pool. Prize reserve fund monies are refundable to MUSL Product Group members if the MUSL disbands or, after one year, if a member leaves the MUSL. At May 31, 2002 the POWERBALL prize reserve funds had a balance of \$77,000,000 of which the Lottery's share was \$2,979,140. The Lottery has charged amounts placed into the prize reserve funds to prize costs as the related sales have occurred.

NOTE 7. RACETRACK VIDEO LOTTERY

The Racetrack Video Lottery legislation stipulates that sixty-six percent (66%) of racetrack video lottery revenues, net of prizes (gross terminal income) and lottery administrative costs (such costs limited to 4% of revenues), shall be allocated, in lieu of commissions, to: the racetracks (47%); other private entities associated with the racing industry (17%); and the local county governments (2%). The remaining income (34% of gross terminal revenues less administrative costs) from racetrack video lottery shall be made available for transfers to the State as specified in the Racetrack Video Lottery Act or subsequent State budget, as described in the Note 9 titled "Nonoperating Distributions to the State of West Virginia."

The Racetrack Video Lottery Act was amended in 1999 and requires for fiscal years beginning July 1, 1999 the local county government share (2%) be split 50-50 with incorporated municipalities for certain tracks after the effected tracks have met their fiscal year 1999 net terminal revenue benchmark.

The Racetrack Video Lottery Act was further also amended in 2001 and requires for fiscal years beginning on or after July 1, 2001 that each tracks share be reduced to 42% and the regular purse fund to 8% after each tracks net terminal revenue has reached the fiscal year 2001 net terminal revenue benchmark. In addition, after the fiscal year 2001 benchmark is met, the 4% for administrative costs is to be transferred to the excess lottery revenue fund; a 10% surcharge is deducted (58% will be transferred to the state excess lottery revenue fund and 42% will be held by the Lottery in a separate capital reinvestment fund) from gross terminal revenue. Amounts from the capital reinvestment fund may be distributed to each racetrack if qualifying expenditures are made within the statutory timeframe; otherwise amounts accumulated in the fund revert to the state excess lottery revenue fund. A summary of racetrack video lottery revenues for the month ended May 31, 2002 and year-to-date follows (in thousands):

**WEST VIRGINIA LOTTERY
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 7. RACETRACK VIDEO LOTTERY (continued)

	<u>Current</u> <u>2002</u>	<u>Month</u> <u>2001</u>	<u>Year- to -Date</u> <u>2002</u>	<u>2001</u>
Total credits played	\$661,358	\$503,776	\$6,328,884	\$4,629,194
Credits (prizes) won	(605,062)	(460,931)	(5,787,335)	(4,234,723)
Gross terminal income	<u>\$56,296</u>	<u>\$42,845</u>	<u>\$541,549</u>	<u>\$394,471</u>
Administrative costs	-	(482)	(17,524)	(3,898)
Excess Lottery Fund	<u>(2,252)</u>	<u>-</u>	<u>(4,138)</u>	<u>-</u>
Net Terminal Income	<u>\$54,044</u>	<u>\$42,363</u>	<u>\$519,887</u>	<u>\$390,573</u>
Less distribution to agents	<u>(26,752)</u>	<u>(27,960)</u>	<u>(328,912)</u>	<u>(257,777)</u>
Racetrack video lottery revenues	<u>\$27,292</u>	<u>\$14,403</u>	<u>\$190,975</u>	<u>\$132,796</u>

A summary of video lottery revenues accrued or deferred for certain state funds to conform with the legislation follows (in thousands):

	<u>May 31, 2002</u>	<u>Year-to Date</u>
Lottery Fund	\$ -	\$130,125
Excess Lottery Fund	23,077	36,779
Capital Reinvestment Fund	2,270	3,618
Tourism Promotion Fund	1,459	15,338
Veterans Memorial Archives	-	100
John F."Jack" Bennett Fund	-	20
Department of Administration	486	4,995
Total transfers	<u>\$27,292</u>	<u>\$190,975</u>

NOTE 8. LIMITED VIDEO LOTTERY

The Limited Video Lottery legislation stipulates that two percent (2%) of gross terminal income be deposited into the state lottery fund for administrative costs. Then, thirty percent (30%) of gross profits are to be transferred to the excess lottery fund. The remaining 70% of gross profit is paid to retailers and/or operators as prescribed in the Act, these amounts are recorded as limited video lottery commissions in the financial statements. A summary of limited video lottery revenues for the month ended May 31, 2002 and year-to-date follows (in thousands):

**WEST VIRGINIA LOTTERY
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 8. LIMITED VIDEO LOTTERY (continued)

	<u>Current Month</u>	<u>Year-to-Date</u>
Total credits played	118,493	\$385,531
Credits (prizes) won	(108,018)	(350,069)
Gross terminal income	<u>\$10,475</u>	<u>\$35,462</u>
Administrative costs	(209)	(709)
Gross Profit	<u>\$10,266</u>	<u>\$34,753</u>
Commissions	(7,186)	(24,327)
Limited video lottery revenues	<u>\$3,080</u>	<u>\$10,426</u>

NOTE 9. NONOPERATING DISTRIBUTIONS TO THE STATE OF WEST VIRGINIA

As required under its enabling legislation, retained earnings of the Lottery may not exceed \$250,000. Therefore, the Lottery periodically transfers surplus funds, exclusive of amounts derived from racetrack video lottery, to the State of West Virginia in accordance with the legislation. For the year ending June 30, 2002 the State Legislature budgeted \$186,562,158 of estimated profits of the Lottery for distributions to designated special revenue accounts of the State of West Virginia. The enabling legislation specifies that required payments to the West Virginia State Building Commission and School Building Authority for debt service have priority for payment in instances when estimated profits are not sufficient to provide for payment of all budgeted distributions. During the month ended May 31, 2002 the Lottery made such distributions and accrued additional distributions of \$38,271,887. The Lottery does not have a legally adopted annual budget.

Since the enactment of the Racetrack Video Lottery Act, the Lottery is also statutorily required to distribute income from racetrack video lottery operations as described in Note 7. As of May 31, 2002 the Lottery accrued additional distributions relating to racetrack video lottery operations of \$365,416.

The Racetrack Video Lottery Act stipulates that video lottery revenue will be distributed as follows: Lottery Fund distributions as specified in the State budget (30%); Tourism Promotion Fund (3%); and the Veterans Memorial Fund, the Veterans Memorial Archives, the John F. "Jack" Bennett Fund, or the Department of Administration (1%). A summary of the cash distributions made to certain state agencies to conform with the legislation follows (in thousands):

**WEST VIRGINIA LOTTERY
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 9. NONOPERATING DISTRIBUTIONS TO THE STATE OF WEST VIRGINIA
(continued)**

<u>BUDGETARY DISTRIBUTIONS</u>	<u>May 31, 2002</u>	<u>Year-to-Date</u>
<u>Lottery Fund:</u>		
Bureau of Senior Services	\$ -	\$38,361
Department of Education	-	34,737
Educational Broadcasting Authority	-	2,600
Library Commission	-	9,752
Higher Education-Central Office	-	39,679
Tourism	-	12,870
Natural Resources	-	6,503
Division of Culture & History	-	7,531
Department of Education & Arts	-	7,652
Building Commission	-	9,848
School Building Authority	-	18,000
Total Lottery Fund	-	\$187,533
 <u>Excess Lottery Fund:</u>		
General Revenue Fund	20,004	33,119
Total Excess Lottery Fund	\$20,004	\$33,119
 Total Budgetary distributions:	 \$20,004	 \$220,652
Veterans Instant Ticket Fund	\$224	\$1,098
 <u>Racetrack Video Lottery distributions:</u>		
Tourism Promotion Fund	1,649	15,533
Veterans Memorial Archives	-	100
John F. "Jack" Bennett Fund	-	20
Department of Administration	550	5,338
Total	2,199	20,991
Total nonoperating distributions to the State of West Virginia (cash basis)	22,427	242,741
Accrued nonoperating distributions, beginning	(109,171)	(86,971)
Accrued nonoperating distributions, end	126,961	126,961
Total nonoperating distributions to the State of West Virginia	\$40,217	\$282,731

**WEST VIRGINIA LOTTERY
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 10. DEFERRED JACKPOT OBLIGATIONS AND INVESTMENTS HELD IN TRUST

Prior to becoming a member of the Multi-State Lottery in 1988, the prize structure of certain games operated solely by the Lottery included jackpot prizes. The Lottery, at its discretion, could choose to award such prizes in the form of either a lump sum payment or in equal installments over a period of 10 or 20 years, through May 31, 2002, the Lottery has awarded twenty-one deferred jackpot prizes totaling approximately \$28,868,786. Deferred prize awards were recognized as prize liabilities equivalent to the present value of future prize payments discounted at interest rates for government securities in effect on the date prizes were won. The imputed interest portion of the deferred prize awards is calculated using the effective interest method at rates ranging from 7.11% to 9.13%. A summary of the present value of the remaining obligations for deferred jackpot prize awards follows (in thousands):

	<u>May 31, 2002</u>	<u>June 30, 2001</u>
Present value of deferred prize award obligations:		
Discounted obligations outstanding	\$4,861	\$5,784
Imputed interest accrued	<u>176</u>	<u>236</u>
Total Deferred Jackpot Prize Award Obligations	<u>\$5,037</u>	<u>\$6,020</u>

The Lottery has purchased long-term investments consisting principally of zero coupon government securities to fund deferred jackpot prize award obligations. Such investments are maintained in a separate trust fund administered by the West Virginia Investment Management Board on behalf of the Lottery and the jackpot prize winners, with investment maturities approximating deferred prize obligation installment dates. Investments are carried at fair value determined by quoted market prices for the specific obligation or for similar obligations. Changes in fair value are included as part of investment income. In accordance with Statement No. 3 of the Government Accounting Standards Board, these investments are classified as to level of risk in Category 1, which includes investments that are insured or registered, or for which the securities are held by the State or its agent in the State's name.

NOTE 11. RETIREMENT BENEFITS

All full-time Lottery employees are eligible to participate in the State of West Virginia Public Employees' Retirement System (PERS), a cost-sharing multiple-employer public employee retirement system. The PERS is one of several plans administered by the West Virginia Consolidated Public Retirement (CPRB) under the direction of its Board of Trustees, which consists of the Governor, State Auditor, State Treasurer, Secretary of the Department of Administration, and nine members appointed by the Governor. CPRB prepares separately issued financial statements covering all retirement systems it administers, which can be obtained from Consolidated Public Retirement Board, Building 5, Room 1000, State Capitol Complex, Charleston, West Virginia 25305-0720.

**WEST VIRGINIA LOTTERY
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 11. RETIREMENT BENEFITS (continued)

Employees who retire at or after age sixty with five or more years of contributory service or who retire at or after age fifty-five and have completed twenty-five years of credited service are eligible for retirement benefits as established by state statute. Retirement benefits are payable monthly for life, in the form of a straight-line annuity equal to two percent of the employee's final average salary, multiplied by the number of years of the employee's credited service at the time of retirement.

Covered employees are required to contribute 4.5% of their salary to the PERS. The Lottery is required to contribute 9.5% of covered employees' salaries to the PERS. The required employee and employer contribution percentages have been established and changed from time to time by action of the State Legislature. The required contributions are actuarially determined; however actuarial valuations are performed to assist the Legislature in determining appropriate values. The Lottery and employees contributions, for the period ending May 31, 2002 are as follows (in thousands) :

	<u>May 31, 2002</u>	<u>Year-to Date</u>
Lottery contributions (9.5%)	\$50	\$244
Employee contributions (4.5%)	11	105
Total contributions	\$61	\$349

NOTE 12. RISK MANAGEMENT

The Lottery is exposed to various risks of loss related to torts; theft of, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Lottery participates in several risk management programs administered by the State of West Virginia. Each of these risk pools have issued separate audited financial reports on its operations. Those reports include the required supplementary information concerning the reconciliation of claims liabilities by type of contract and ten-year claim development information. Complete financial statements of the individual insurance enterprise funds can be obtained directly from their respective administrative offices.

WORKERS' COMPENSATION FUND (WCF)

West Virginia operates an exclusive state-managed Workers' Compensation Insurance Fund (WCF), which means that private insurance companies cannot offer coverage to employers. In accordance with Chapter 23 of the Workers' Compensation Law (the Law), generally, every employer who has a payroll must have coverage except for employers in the agricultural industry with five or fewer employees, volunteer organizations, domestic workers and employers qualifying for territorial coverage. WCF's general objective is to provide a prompt and equitable system for compensation for injury sustained in the course of and growing out of employment. West Virginia Code §21A-3 established the Compensation Programs Performance Council (the Performance Council) to oversee the unemployment compensation system and the workers' compensation system. The Performance Council is responsible for recommending legislation and establishing regulations designed to ensure the effective administration and financial viability of WCF; approval of base premium rates and analyzing

**WEST VIRGINIA LOTTERY
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 12. RISK MANAGEMENT (continued)

opportunities for internal operational improvements. The WCF risk pool retains all risk related to the compensation of injured employees under the program.

PUBLIC EMPLOYEES' INSURANCE AGENCY (PEIA)

The Lottery participates in the Public Employees' Insurance Agency which provides an employee benefit insurance program to employees. PEIA was established by the State of West Virginia for State agencies, institutions of higher educations, Boards of Education and component units of the State. In addition, local governmental entities and certain charitable and public service organizations may request to be covered by PEIA. PEIA provides a base employee benefit insurance program which includes hospital, surgical, major medical, prescription drug and basic life and accidental death. Underwriting and rate setting policies are established by PEIA. The cost of all coverage as determined by PEIA shall be paid by the participants. Premiums are established by PEIA and are paid monthly, and are dependent upon, among other things, coverage required, number of dependents, state vs. non state employees and active employees vs. retired employees. Coverage under these programs is limited to \$1 million lifetime for health and \$10,000 of life insurance coverage.

The PEIA risk pool retains all risks for the health and prescription features of its indemnity plan. PEIA has fully transferred the risks of coverage to the Managed Care Organization (MCO) Plan to the plan provider, and has transferred the risks of the life insurance coverage to a third party insurer. PEIA presently charges equivalent premiums for participants in either the indemnity plan or the MCO Plan. Altogether, PEIA insures approximately 205,000 individuals, including participants and dependents.

BOARD OF RISK AND INSURANCE MANAGEMENT (BRIM)

The Lottery participates in the West Virginia Board of Risk and Insurance Management (BRIM), a common risk pool currently operating as a common risk management and insurance program for all State agencies, component units, and other local governmental agencies who wish to participate. The Lottery pays an annual premium to BRIM for its general insurance coverage. Fund underwriting and rate setting policies are established by BRIM. The cost of all coverage as determined by BRIM shall be paid by the participants. The BRIM risk pool retains the risk of the first \$1 million per property event and purchases excess insurance on losses above that level. Excess coverage, through an outside insurer, under this program is limited to \$200 million per event, subject to limits on certain property. BRIM has \$1 million per occurrence coverage maximum on all third-party liability claims.

NOTE 13. SUBSEQUENT EVENT

The Lottery was named, among other parties, in a civil action filed on July 19, 2001, whereby a request for a preliminary injunction was made by a group of plaintiffs which requested the Lottery discontinue all video lottery operations as a result of the passage of House Bill 102, which included the Limited Video Lottery Act (see Note 4), which was enacted and became effective April 21, 2001. The United States District Court of Southern West Virginia, by order dated August 31, 2001, dismissed the case for

**WEST VIRGINIA LOTTERY
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 13. SUBSEQUENT EVENT (continued)

lack of jurisdiction. On September 24, 2001, the plaintiffs appealed this order in the United States Court of Appeals for the Fourth Circuit. The financial statements of the Lottery have not been adjusted for the effect of this matter, if any, as the likelihood of an unfavorable outcome is not determinable.

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor

Budget Division
Building 1, Room 332-West Wing
1900 Kanawha Blvd. East
Charleston, WV 25305-0590

304-347-4870

To: Honorable Earl Ray Tomblin, Senate President
Honorable Robert Kiss, Speaker of the House
Honorable Members of the Joint Committee on Government
and Finance

From: Ellen Clark, C.P.A.
Director Budget Division
Legislative Auditor's Office

Date: July 14, 2002

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the monthly reports of the Unemployment
Compensation Trust Fund we received from the Bureau of Employment
Programs.

For the eleven month (May 2002) of year 2001-2002, the trust fund
cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2001	\$237,250,143.78
Receipts July 1, 2001 thro May 31, 2002	\$200,526,721.79
Disbursements July 1 thro May 31, 2002	\$146,232,750.99
Balance May 31, 2002	\$291,544,114.58

(This balance is \$ 47,605,205.35 higher than at same time
period in the last fiscal year.)

Joint Committee on Government and Finance

ITEMS OF NOTE:

Regular benefits paid for July - May 2002 are \$17,677,668.38 HIGHER than the preceding July - May 2001.

Receipts are \$ 47,124,497.75 HIGHER than the previous July- May 2001. Overall disbursements are \$25,939,400.24 HIGHER than July - May 2001.

UNEMPLOYMENT RATES:

West Virginia's unemployment rate for the month of May 2002 was 6.0 percent. National unadjusted unemployment rate was 5.5 percent. Seasonally adjusted unemployment rates were 6.2 percent for West Virginia and 5.8 percent nationally.

During the past year (since May 2001) West Virginia's economy has declined by 5,300 jobs. The gains were 1,800 jobs in services, 200 in mining, and 100 in construction. Losses include 4,600 in manufacturing, 1,400 in trade, 800 in government, and 600 in transportation and public utilities.

**FINANCIAL CONDITION OF THE UNEMPLOYMENT COMPENSATION TRUST FUND
MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE
FOR THREE MONTHS STARTING MARCH 2001 AND MARCH 2002**

	MARCH 01	APRIL 01	MAY 01	MARCH 02	APRIL 02	MAY 02 JUNE 02	THREE MONTH TOTAL VARIANCE *
Balance Forward	<u>\$207,882,810.66</u>	<u>\$198,845,768.09</u>	<u>\$204,441,973.87</u>	<u>\$224,493,131.14</u>	<u>\$249,381,014.81</u>	<u>\$258,731,163.51</u>	<u>\$121,634,958.87</u>
Add Receipts:							
Bond Assessment	\$383.43	\$547.81	\$467.07	\$834.71	\$255.52	\$242.71	(\$45.37)
Regular Contributions	\$598,809.53	\$18,570,908.81	\$50,859,689.84	\$637,435.05	\$22,818,788.71	\$48,759,680.87	\$288,698.15
Extended Benefit Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Emergency Unemployment Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TEUC Unemployment Funds	\$0.00	\$0.00	\$75,000.00	\$1,075,000.00	\$2,875,000.00	\$5,025,000.00	\$8,900,000.00
UCFE (Federal Agencies)	\$100,000.00	\$100,000.00	\$0.00	\$100,000.00	\$25,000.00	\$50,000.00	(\$25,000.00)
Reduced Tax Credits	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Reed Act Funds	\$0.00	\$0.00	\$0.00	\$36,210,088.00	\$0.00	\$0.00	\$36,210,088.00
Treasury Interest Credits	\$3,489,959.84	\$0.00	\$0.00	\$3,707,963.50	\$0.00	\$0.00	\$238,003.66
UCX (Military Agencies)	\$100,000.00	\$200,000.00	\$150,000.00	\$200,000.00	\$100,000.00	\$150,000.00	\$0.00
Total Monthly Receipts	<u>\$4,266,932.80</u>	<u>\$18,871,458.62</u>	<u>\$51,085,157.01</u>	<u>\$41,931,301.25</u>	<u>\$25,919,044.23</u>	<u>\$51,984,923.38</u>	<u>\$45,611,722.44</u>
Less Disbursements:							
Debt Bond Repayment	(Retired) \$14,824,474.89	(Retired) \$10,998,284.18	(Retired) \$11,370,820.36	(Retired) \$15,947,380.62	(Retired) \$14,803,792.28	(Retired) \$13,099,177.28	NA \$8,658,800.98
Regular Benefits	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Extended Benefits	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Emergency Benefits	(\$605.00)	(\$480.00)	(\$715.00)	\$867,748.00	\$3,636,814.00	\$3,895,798.00	\$8,302,156.00
UCFE (Federal Workers)Benefits	\$118,255.03	\$100,799.68	\$70,450.70	\$70,070.79	\$82,016.52	\$51,138.28	(\$108,280.82)
UCX (Military Workers)Benefits	\$181,650.88	\$178,868.87	\$147,665.69	\$158,210.18	\$168,273.72	\$125,860.75	(\$37,638.59)
Reed Act Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Adjustments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Monthly Disbursements	<u>\$16,103,776.40</u>	<u>\$11,275,250.81</u>	<u>\$11,688,221.65</u>	<u>\$17,043,417.59</u>	<u>\$18,588,895.53</u>	<u>\$17,171,972.31</u>	<u>\$14,817,037.57</u>
Trust Fund Balance	<u>\$186,849,788.06</u>	<u>\$204,441,973.87</u>	<u>\$243,938,909.23</u>	<u>\$249,381,014.81</u>	<u>\$258,731,163.51</u>	<u>\$291,544,114.58</u>	<u>\$152,428,641.74</u>

* Three month total variance column is the difference between the sum of the previous year's three months data for each category and the current year's three months data. The purpose of the report is to show significant changes in receipts, disbursements, or balances.

WEST VIRGINIA LEGISLATURE

Office of the Legislative Auditor

*Budget Division
Building 1, Room 332-West Wing
1900 Kanawha Blvd. East
Charleston, WV 25305-0590*

304-347-4870

MEMORANDUM

To: Honorable Senator Earl Ray Tomblin, Senate President
Honorable Delegate Robert Kiss, Speaker of the House
Honorable Members of the Joint Committee on Government and Finance

From: Ellen Clark, CPA
Director Budget Division
Legislative Auditor's Office

Date: July 14, 2002

Re: Workers' Compensation Trust Fund

We have reviewed the monthly report of receipts and disbursements for the Workers' Compensation Fund for the month ended April 30, 2002. (FY 2001-2002)

Total receipts for the fiscal year are \$532,435,342.90. This amount is \$ 17,962,693.14 HIGHER than the receipts reported for fiscal year 2000-2001 during the July to April time period.

Disbursements paid out for the fiscal year are \$ 628,326,252.67. This amount is \$ 84,277,238.85 HIGHER than the same time period last fiscal year.

Total administrative expenses for this ten month period are \$ 42,153,149.97; which is \$4,042,425.82 HIGHER than the same ten months of the previous fiscal year.

The ending cash balance as of April 30, 2002 was \$ 1,006,694,361.89. At the same date the previous fiscal year the cash balance was \$ 1,107,491,264.07. The difference is a \$ 100,796,902.18 DECREASE in ending cash balance.

These calculations are based upon cash received and cash disbursed, (i.e. similar to a checkbook register). Accrual based calculations would change the financial data significantly.

Joint Committee on Government and Finance

**WORKERS' COMPENSATION FUND
UNAUDITED STATEMENT OF RECEIPTS AND DISBURSEMENTS (CASH BASIS)
FOR THE THREE MONTHS STARTING FEBRUARY 2001 AND FEBRUARY 2002**

RECEIVED
EMPLOYMENT PROGRAMS

2002 MAY -8 A 9 22

FAM ACCOUNT NO. 5496

RECEIPTS AND DISBURSEMENTS				BENEFITS			ADMINISTRATIVE EXPENSE
MONTH	RECEIPTS	DISBURSEMENTS	ENDING BALANCE	WCF	SELF-INSURERS	TOTAL	
BALANCE FORWARD *			\$1,182,932,724.32				
FEB 2001	\$ 103,873,740.81	\$ 50,400,802.11	1,238,205,863.02	\$ 46,201,262.67	\$ 8,240,725.43	\$54,441,988.00	\$ 4,199,339.54
MAR 2001	(33,704,067.71)	63,765,238.59	1,138,738,558.72	59,019,743.80	9,633,944.90	68,653,688.70	4,745,484.79
APR 2001	22,028,072.80	53,274,365.46	1,107,491,264.07	51,185,795.77	8,424,391.80	59,610,187.57	2,088,569.68
TOTALS	\$91,998,745.90	\$187,440,206.16	N/A	\$166,406,802.14	\$26,299,062.13	\$192,705,864.27	\$11,033,404.01

RECEIPTS AND DISBURSEMENTS				BENEFITS			ADMINISTRATIVE EXPENSE
MONTH	RECEIPTS	DISBURSEMENTS	ENDING BALANCE	WCF	SELF-INSURERS	TOTAL	
BALANCE FORWARD *			\$1,001,889,220.14				
FEB 2002	69,715,782.36	60,033,679.56	1,011,571,322.84	55,802,908.49	9,269,126.82	\$65,072,035.41	4,230,771.07
MAR 2002	3,828,952.74	63,578,154.77	951,822,120.91	59,370,808.83	11,068,107.97	70,438,916.80	4,205,345.94
APR 2002	124,213,884.05	89,341,843.07	1,006,894,361.89	64,711,963.47	9,578,171.82	74,290,135.28	4,829,879.80
TOTALS	\$197,758,619.15	\$182,951,477.40	N/A	\$179,885,680.79	\$28,816,406.71	\$209,802,087.50	\$13,065,798.61

* Balance forward amount includes \$210,000,000 transferred from the Coal-Workers' Pneumoconiosis Fund in December 1990

Notes: Accrual basis financial information could significantly change the data provided.

This report includes the Workers' Compensation Fund and the Disabled Workers' Relief Fund. It does not include the Employers' Excess Liability Fund or the Coal-Workers' Pneumoconiosis Fund.

WEST VIRGINIA LEGISLATURE

Office of the Legislative Auditor

*Budget Division
Building 1, Room 332-West Wing
1900 Kanawha Blvd. East
Charleston, WV 25305-0590*

304-347-4870

Memorandum

To: Honorable Senator Earl Ray Tomblin, Senate President
Honorable Delegate Robert Kiss, Speaker of the House
Honorable Members of the Joint Committee on Government and
Finance

From: Ellen Clark, C.P.A. *EC*
Director Budget Division
Legislative Auditor's Office

Date: July 12, 2002

Re: Status of General Revenue Fund Year Ended June 30, 2002

We have reviewed the cash revenue flows of the West Virginia general revenue fund for the fiscal year 2001 -2002. The status of the fund collections are as follows:

The net year-to-date collections are **100.52%** of the estimate for the fiscal year as of June 30, 2002. **The amount over estimate is \$ 14,617,382.00 for the year.**

A chart indicating the performance of collections compared to estimates from the fiscal year ended June 30, 1991 to June 30, 2002 is attached.

Items Noted:

There were two major categories that performed under the estimate for the year. Those major categories were the personal income tax and corporate net income tax.

Joint Committee on Government and Finance

Personal income tax collections were \$ 14,334,797.00 BELOW the estimate for the year. Collections of consumer sales tax were at 98.63 % of the yearly estimate.

An analysis of personal income tax collections for fiscal years 1996 through 2002 is attached. This fiscal year is the first fiscal year since 1997 in which personal income tax collections did not make the estimate.

Corporate net income tax collections for fiscal year 2002 were at 76.26% of the estimate. This translates to an under collection of \$27,183,902.00 for the fiscal year.

An analysis of corporate net income tax collections for fiscal years 1995 through 2002 is attached. For the most recent five years corporate net income tax has been collected under the estimate. The most recent three years have seen collections in the seventy percentiles of estimate.

Smokeless tobacco tax collections which began January 1, 2002 were \$1,217,252.00 over the year estimate of \$1,000,000.00.

The Special Income Tax Reserve Fund had a cash balance of \$27,391,035.96 as of June 30, 2002.

Balance July 1, 2001	23,625,035.96
Revenues July 2001-June 2002	13,775,816.00
Disbursements July 2001 - June 2002	9,999,816.00
Other adjustments	00,000,000.00
Balance June 30, 2002	27,391,035.96

The Rainy Day Fund (Revenue Shortfall Reserve Fund) had a cash balance of \$56,178,308.63 as of June 30, 2002.

Balance July 1, 2001	79,085,243.86
Revenues July 1-June 30, 2002 Surplus from 2001 (transferred 8-1-2001)	+ 15,755,064.77
Disbursements July 1-June 30, 2002 Loan to General Revenue (transferred 7-6-2001) Loan repaid on September 27, 2001	- 40,000,000.00 + 40,000,000.00

Legislative Appropriation for flood relief (House Bill 402) Passed August 8, 2001.	- 30,162,000.00
Legislative Appropriation for flood relief (House Bill 512) to Governors Civil Contingent Fund October 1, 2001 (signed by Governor 9-25-01)	- 1,500,000.00
Legislative Appropriation for flood relief (Senate Bill 2008) on June 25, 2002	- 7,000,000.00
Balance June 30, 2002	56,178,308.63

State Road Fund

The collections in the state road fund are at 104.06% of the yearly estimate as of June 30, 2002. This translates to a \$21,990,392.00 excess over the estimate.

GENERAL REVENUE FUND FY 2001-2002 FINAL

Monthly Revenue Estimates, revised March 2002
as of June 28, 2002

SOURCE OF REVENUE	MONTH ESTIMATES	NET MONTH COLLECTIONS	MONTHLY OVER/ UNDER ESTIMATES VS ACTUAL COLLECTIONS	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY OVER/UNDER ESTIMATES VS ACTUAL YTD COLLECTIONS
Business & Occupation Tax	22,000,000	25,008,745	3,006,745	174,800,000	173,712,450	-1,087,550
Consumer Sales Tax	84,800,000	79,074,257	-5,725,743	878,200,000	885,943,323	7,743,323
Personal Income Tax	103,220,000	71,089,976	-32,130,024	1,049,000,000	1,034,665,203	-14,334,797
Liquor Profit Transfers	600,000	600,000	0	7,300,000	7,337,593	37,593
Racing Fees	625,000	1,093,000	468,000	2,500,000	2,593,000	93,000
Beer Tax and Licenses	1,000,000	987,541	-12,459	7,800,000	8,267,253	467,253
Cigarette Tax	2,680,000	2,023,976	-656,024	31,500,000	32,219,157	719,157
Estate and Inheritance Tax	2,870,000	760,239	-1,909,761	19,000,000	13,321,684	-5,678,316
Business Franchise Fees	1,100,000	871,459	-228,541	1,900,000	1,923,972	23,972
Charter Tax	2,100,000	1,286,841	-813,159	5,200,000	4,959,290	-240,710
Use Tax	4,600,000	3,597,028	-1,002,972	77,500,000	76,812,587	-687,413
Property Transfer Tax	580,000	637,078	57,078	6,700,000	7,314,554	614,554
Property Tax	260,000	248,155	-11,845	4,000,000	3,819,371	-180,629
Cash Flow Transfer	0	0	0	0	0	0
Insurance Tax	500,000	407,491	-92,509	74,900,000	81,398,255	6,498,255
Departmental Collections	820,000	451,486	-368,514	12,200,000	9,518,087	-2,681,913
Corporate net Income Tax	20,500,000	19,059,807	-1,440,193	114,500,000	87,316,098	-27,183,902
Carrier Income Tax	0	0	0	0	0	0
Miscellaneous Receipts	800,000	49,299	-750,701	3,500,000	2,479,141	-1,020,859
Miscellaneous Transfers	0	309	309	500,000	555,105	55,105
Interest Income	1,920,000	1,778,470	-141,530	23,000,000	21,707,563	-1,292,437
Video Lottery Transfers	0	398,843	398,843	0	1,490,708	1,490,708
Severance Tax	17,800,000	9,839,649	-7,960,351	153,700,000	166,513,100	12,813,100
Business Franchise Tax	15,200,000	27,507,035	12,307,035	97,000,000	132,842,399	35,842,399
Telecommunications Tax	2,000,000	337,867	-1,662,133	11,800,000	13,189,742	1,389,742
Special Revenue Transfer	3,000,000	3,000,000	0	3,000,000	3,000,495	495
Smokeless Tobacco Tax	200,000	467,442	267,442	1,000,000	2,217,252	1,217,252
HB 102 - Lottery Transfers	0	15,881,462	15,881,462	49,000,000	49,000,000	0
TOTALS	288,975,000	266,455,455	-22,519,545	2,809,500,000	2,824,117,382	14,617,382
Minus Cash Flow Transfer		0	0		0	0
TOTALS	288,975,000	266,455,455	-22,519,545	2,809,500,000	2,824,117,382	14,617,382
Percent of Estimates		92.21%			100.52%	
Collections this day		-2,291,877				

Prepared by Legislative Auditor's Office, Budget Division

STATE ROAD FUND FY 2001-2002 FINAL

Monthly REVENUE ESTIMATES, July 2001

as of June 28, 2002 WVFIMS

SOURCE OF REVENUE	MONTH ESTIMATES	NET MONTH COLLECTIONS	MONTHLY OVER/ UNDER ESTIMATES VS ACTUAL COLLECTIONS	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY OVER/UNDER ESTIMATES VS ACTUAL YTD COLLECTIONS
Licenses & Registration	15,500,000	13,853,048	-1,646,952	82,000,000	85,929,273	3,929,273
Privilege Tax	15,000,000	15,244,023	244,023	159,050,000	172,471,532	13,421,532
Gasoline & Motor Carrier Rd T	20,000,000	18,557,750	-1,442,250	226,505,000	230,141,153	3,636,153
Wholesale Fuel & Use Tax	5,770,000	5,466,536	-303,464	72,370,000	73,229,713	859,713
Highway Litter Control Fund	200,000	176,828	-23,172	1,600,000	1,743,722	143,722
TOTALS	56,470,000	53,298,184	-3,171,816	541,525,000	563,515,392	21,990,392

Percent of Estimates

94.38%

104.06%

Collections this day

9,865,481

REVENUE SHORTFALL RESERVE FUND as of June 28, 2002: \$56,178,308.63

SPECIAL INCOME TAX REFUND RESERVE FUND as of June 28, 2002: \$27,391,035.96

GENERAL REVENUE FUND FY 2001-2002
 Monthly Revenue Estimates, Revised March 2002
 as of JUNE 30, 2002

SOURCE OF REVENUE	MONTH ESTIMATES	NET MONTH COLLECTIONS	MONTHLY PERCENT OF ESTIMATE COLLECTED	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY PERCENT OF ESTIMATE COLLECTED
Business and Occupation Tax	22,000,000	25,006,745	113.67%	174,800,000	173,712,450	99.38%
Consumer's Sales Tax	84,800,000	79,074,257	93.25%	878,200,000	885,943,323	100.88%
Personal Income Tax	103,220,000	71,089,976	68.87%	1,049,000,000	1,034,685,203	98.63%
Liquor Profit Transfers	800,000	800,000	100.00%	7,300,000	7,337,593	100.61%
Racing Fees	625,000	1,093,000		2,500,000	2,593,000	103.72%
Beer Tax and Licenses	1,000,000	987,541	98.75%	7,800,000	8,287,253	105.99%
Cigarette Tax	2,680,000	2,023,978	75.52%	31,500,000	32,219,167	102.28%
Estate and Inheritance Tax	2,670,000	780,239	28.47%	19,000,000	13,321,884	70.11%
Business Franchise Registration	1,100,000	871,459	79.22%	1,900,000	1,823,972	101.26%
Charter Tax	2,100,000	1,286,841	61.28%	5,200,000	4,959,290	95.37%
Use Tax	4,800,000	3,597,028	78.20%	77,500,000	78,812,587	99.11%
Property Transfer Tax	580,000	837,078	109.84%	6,700,000	7,314,554	109.17%
Property Tax	260,000	248,155	95.44%	4,000,000	3,819,371	95.48%
Cash Flow Transfer	0	0		0	0	
Insurance Tax	500,000	407,491	81.50%	74,900,000	81,398,255	108.68%
Departmental Collections	820,000	451,486	55.06%	12,200,000	8,518,087	78.02%
Corporate Net Income Tax	20,500,000	19,059,807	92.97%	114,500,000	87,318,098	76.26%
Carrier Income Tax	0	0		0	0	
Miscellaneous Receipts	800,000	49,299	6.16%	3,500,000	2,479,141	70.83%
Miscellaneous Transfers	0	309		500,000	555,105	111.02%
Interest Income	1,920,000	1,778,470	92.63%	23,000,000	21,707,583	94.38%
Video Lottery Transfers	0	398,843		0	1,490,708	
Severance Tax	17,800,000	9,839,849	55.28%	153,700,000	168,513,100	108.34%
Business Franchise Tax	15,200,000	27,507,036	180.97%	97,000,000	132,842,399	136.95%
Telecommunications Tax	2,000,000	337,867	16.89%	11,800,000	13,189,742	111.78%
Special Revenue	3,000,000	3,000,000		3,000,000	3,000,495	
Smokeless Tobacco Tax	200,000	467,442	233.72%	1,000,000	2,217,252	221.73%
H.B. 102- Lottery Transfers	0	15,881,462		49,000,000	49,000,000	100.00%
TOTALS	288,975,000	268,455,455	92.21%	2,809,500,000	2,824,117,382	100.52%
Minus Cash Flow Transfers						
TOTALS	288,975,000	268,455,455	92.21%	2,809,500,000	2,824,117,382	100.52%
Percent of Estimates		92.21%			100.52%	

Prepared by Legislative Auditor's Office, Budget Division

STATE ROAD FUND FY 2001-2002
 REVENUE ESTIMATES AS OF JULY 2001
 as of June 30, 2002

SOURCE OF REVENUE	MONTH ESTIMATES	NET MONTH COLLECTIONS	PERCENT OF MONTH ESTIMATE COLLECTED	YTD ESTIMATES	NET YTD COLLECTIONS	PERCENT OF YEAR ESTIMATE COLLECTED
Licenses and Registration	15,500,000	13,853,048	89.37%	82,000,000	85,929,273	104.79%
Privilege Tax	15,000,000	15,244,023	101.63%	159,050,000	172,471,532	108.44%
Gasoline and Motor Carrier Road Tax	20,000,000	18,557,750	92.79%	228,505,000	230,141,153	101.61%
Wholesale Fuel and Use Tax	5,770,000	5,468,536	94.74%	72,370,000	73,229,713	101.18%
Highway Litter Control Fund	200,000	176,828	88.41%	1,600,000	1,743,722	108.98%
TOTALS	56,470,000	53,298,185	94.38%	541,525,000	563,515,393	104.06%

**WEST VIRGINIA GENERAL REVENUE FUND
HISTORY OF REVENUE ESTIMATES VERSUS ACTUAL
COLLECTIONS**

FISCAL YEAR ENDING JUNE 30	AMOUNT OF ESTIMATE	AMOUNT ACTUALLY COLLECTED	PERCENTAGE OF ESTIMATE COLLECTED
1991	1,836,100,000	1,877,340,000	102.25%
1992	1,964,900,000	1,926,510,845	98.00%
1993	2,061,845,000	2,042,688,491	99.10%
1994	2,090,500,000	2,118,335,380	101.30%
1995	2,227,100,000	2,308,673,931	103.70%
1996	2,295,300,000	2,333,678,630	101.67%
1997	2,407,930,000	2,424,772,739	100.70%
1998	2,498,500,000	2,503,343,023	100.19%
1999	2,592,900,000	2,617,867,778	100.96%
2000	2,664,159,000	2,638,495,566	99.04%
2001	2,717,350,000	2,718,379,146	100.04%
2002	2,809,500,000	2,824,177,382	100.52%

Personal Income Tax State of West Virginia

Estimate VS Actual Collections

YEAR	ESTIMATE	AMT RECEIVED	AMOUNT OVER OR UNDER	PERCENT OF ESTIMATE RECEIVED
2002	1,049,000,000.00	1,034,665,203.00	(14,334,797.00)	98.63%
2001	1,003,500,000.00	1,020,689,767.05	17,189,767.05	101.71%
2000	940,200,000.00	965,720,755.45	25,520,755.45	102.71%
1999	893,000,000.00	919,880,000.00	26,880,000.00	103.01%
1998	843,200,000.00	866,107,054.68	22,907,054.68	102.72%
1997	787,000,000.00	786,190,006.40	(809,993.60)	99.90%
1996	739,000,000.00	750,889,200.61	11,889,200.61	101.61%

Prepared by Budget Division Legislative Auditor's Office

Corporate Net Income Tax State of West Virginia

Estimate VS Actual Collections

YEAR	ESTIMATE	AMT RECEIVED	AMOUNT OVER OR UNDER	PERCENT OF ESTIMATE RECEIVED
2002	114,500,000.00	87,316,098.00	(27,183,902.00)	76.26%
2001	152,500,000.00	112,894,062.55	(39,605,937.45)	74.03%
2000	153,000,000.00	117,005,072.82	(35,994,927.18)	76.47%
1999	170,000,000.00	167,695,000.00	(2,305,000.00)	98.64%
1998	153,100,000.00	140,105,619.28	(12,994,380.72)	91.51%
1997	148,500,000.00	160,649,490.95	12,149,490.95	108.18%
1996	130,950,000.00	156,258,038.96	25,308,038.96	119.33%
1995	127,000,000.00	145,362,694.43	18,362,694.43	114.46%

Prepared by Budget Division Legislative Auditor's Office

State of West Virginia
Public Employees Insurance Agency
Balance Sheets

May 31, 2002 and 2001
Accrual Basis
(Unaudited-For Internal Use Only)

"WORKING DRAFT"

Assets	May 2002	May 2001	Increase <Decrease>
Cash and cash equivalents	\$ 96,007,120	\$ 112,381,887	\$ (16,374,767)
Deposits with third-party administrators	1,432,954	2,359,540	(926,586)
Premium accounts receivable-net of allowance for doubtful accounts	9,209,892	6,335,063	2,874,829
Other accounts receivable	2,532,639	2,244,367	288,272
Total current assets	109,182,605	123,320,857	(14,138,252)
 Furniture and equipment, net of accumulated depreciation	 128,561	 192,963	 (64,402)
Restricted cash-premium stabilization life insurance	2,898,196	3,607,547	(709,351)
Restricted cash-new computer system	916,667		916,667
Total assets	\$ 113,126,029	\$ 127,121,367	\$ (13,995,338)
 Liabilities and Retained Earnings			
Claims payable	\$ 48,970,000	\$ 46,945,154	\$ 2,024,846
Premium deficiency reserve	7,242,000	0	7,242,000
Unearned revenue	772,000	1,119,820	(347,820)
Current claims payable	9,483,496	8,512,797	970,699
Accounts payable	8,921,890	9,232,530	(310,640)
Other accrued liabilities	961,157	629,531	331,626
Total liabilities	76,350,543	66,439,832	9,910,711
 Retained earnings	 36,775,486	 60,681,535	 (23,906,049)
Total liabilities and retained earnings	\$ 113,126,029	\$ 127,121,367	\$ (13,995,338)

For internal use only. See financial comments.
Prepared June 19, 2002

"WORKING DRAFT"

State of West Virginia
Public Employees Insurance Agency
Statement of Revenues, Expenses and
Changes in Retained Earnings
May 31, 2002 and 2001
Accrual Basis
(Unaudited-For Internal Use Only)

	Budgeted Eleven Months Ended May 31, 2002	Actual Eleven Months Ended May 31, 2002	Budget Variance Percent	Actual Eleven Months Ended May 31, 2001	This Year vs Last Year Increase <Decrease>	This Year vs Last Year Variance Percent
Operating Revenue						
Premiums						
Employer	\$ 316,800,750	\$ 316,930,779	0.04%	\$ 305,244,669	11,686,110	3.83%
Employee	66,968,856	66,395,878	-0.86%	59,265,502	7,130,376	12.03%
Total Premiums	383,769,606	383,326,657	-0.12%	364,510,171	18,816,486	5.16%
Less:						
Payments to managed care organizations	(44,000,000)	(42,898,432)	-2.50%	(65,469,121)	22,570,689	-34.48%
Life insurance premiums-basic	(4,858,062)	(4,712,542)	-3.00%	(4,624,383)	(88,159)	1.91%
Net premium revenue	334,911,544	335,715,683	0.24%	294,416,667	41,299,016	14.03%
Administrative fees, net of refunds	3,208,337	3,183,415	-0.78%	3,148,059	35,356	1.12%
Net operating revenue	338,119,881	338,899,098	0.23%	297,564,726	41,334,372	13.89%
Operating Expenses						
Claims expense-medical	245,171,147	256,431,061	4.59%	213,147,561	43,283,500	20.31%
Claims expense-drugs	89,950,927	96,050,000	6.78%	73,770,437	22,279,563	30.20%
Administrative service fees	11,251,141	10,486,920	-6.79%	10,389,040	97,880	0.94%
Other operating expenses	4,656,157	5,184,234	11.34%	4,586,642	597,592	13.03%
Total operating expense	351,029,372	368,152,215	4.88%	301,893,680	66,258,535	21.95%
Operating (deficit) surplus	(12,909,490)	(29,253,117)	126.60%	(4,328,954)	(24,924,163)	575.75%
Nonoperating Revenues						
Interest income,banks, net of fees	183,333	143,882	-21.52%	285,299	(141,417)	-49.57%
Interest income IMB	3,483,330	2,796,627	-19.71%	5,829,769	(3,033,142)	-52.03%
Operating transfers in	4,583,326	5,317,000	16.01%	9,167,000	(3,850,000)	-42.00%
Total nonoperating revenues	8,249,989	8,257,509	0.09%	15,282,068	(7,024,559)	-45.97%
Net Surplus (Deficiency)	\$ (4,659,501)	(20,995,608)	350.60%	10,953,114	(31,948,722)	-291.69%
Retained Earnings, (deficiency) beginning of period		57,771,094		49,729,471	8,042,673	
Retained Earnings, end of period		\$ 36,775,486		\$ 60,681,535	\$ (23,906,049)	

For internal use only. See financial comments.
Prepared June 19, 2002

State of West Virginia
Public Employees Insurance Agency
Statement of Revenues, Expenses and
Net Income (Loss)
Month of May 2002 and 2001
Accrual Basis
(Unaudited-For Internal Use Only)

"WORKING DRAFT"

	Actual Month of May 2002	Actual Month of May 2001	Increase (Decrease)
Operating Revenue			
Premiums			
Employer	\$ 29,080,192	\$ 28,083,826	\$ 996,366
Employee	6,049,188	5,377,618	671,570
	35,129,380	33,461,444	1,667,936
Less:			
Payments to managed care organizations	(3,885,480)	(5,987,489)	2,102,009
Life insurance premiums-basic	(432,000)	(422,784)	(9,216)
	30,811,900	27,051,171	3,760,729
Administrative fees, net of refunds	301,440	290,650	10,790
	31,113,340	27,341,821	3,771,519
Operating Expenses			
Claims expense-medical	29,989,275	25,534,109	4,455,166
Claims expense-drugs	9,146,220	7,488,134	1,658,086
Administrative service fees	1,155,187	810,571	344,616
Other operating expenses	423,521	508,865	(85,344)
	40,714,203	34,341,679	6,372,524
	(9,600,863)	(6,999,858)	(2,601,005)
Operating income (loss)			
Nonoperating Revenues			
Interest income, from banks, net of fees	10,899	144,964	(134,065)
Interest income from IMB	188,354	421,411	(233,057)
Operating transfers in	484,000	867,000	(383,000)
	683,253	1,433,375	(750,122)
	\$ (8,917,610)	\$ (5,566,483)	\$ (3,351,127)

For internal use only. See financial comments.
Prepared June 19, 2002

State of West Virginia
Public Employees Insurance Agency
Financial Comments

"WORKING DRAFT"

Month of May 2002 and 2001
Accrual Basis
(Unaudited-For Internal Use Only)

- 1) Effective July 1, 2000, the PEIA changed third party administrators. The process of medical claims adjudication and payment was taken over by Acordia National from Mountain State Blue Cross Blue Shield. Merck-Medco through its subsidiary, Paid Prescriptions Plus, took over the adjudication and payment of prescription drug claims. Because of the many complexities involved in the adjudication and payment of medical and drug claims, it took the new third party administrators quite some time to begin paying these claims on a timely basis.
- 2) The new third party administrators also had difficulty adjusting their systems of reporting to the PEIA's actuary. Consequently the actuary was unable to develop credible estimates of claims which had been incurred but not yet paid, claims payable, until late in the spring of year 2001.
- 3) Because of the difficulties discussed above, the amounts reported in these financial statements may not accurately reflect the PEIA's financial position and the results of its operations for the periods indicated.
- 4) Because these financial statements were prepared very shortly after the end of the month, there may be some unknown expenses attributable to these periods.
- 5) At the plan year end June 30, 2001 approximately 6,800 health policyholders transferred from managed care coverage to the preferred provider benefit plan. This resulted in total enrollment increase of approximately 10% from the prior year and is expected to produce a similar increase in claims expense in the year ending in 2002.

PEIA

MONTHLY MANAGEMENT REPORT

TOTAL CLAIMS

MAY 2002

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
MONTHLY MANAGEMENT REPORT - TOTAL CLAIMS

MAY 2002

Page: 1

Reporting Category	Type of Service	Current		12 Months Prior		Current Fiscal Yr		Previous Fiscal Yr	
		PEIA Payments	Rolling Avg PEIA Payments	PEIA Payments	Rolling Avg PEIA Payments	PEIA Payments	Rolling Avg PEIA Payments	PEIA Payments	Rolling Avg PEIA Payments
INPATIENT HOSPITAL FACILITY									
	BEHAVIORAL	217,547.46	173,206.81	194,445.31	154,706.01	1,919,209.94	1,510,796.03	1,703,969.32	1,296,861.96
	MATERNITY	202,037.92	136,515.57	162,165.69	115,918.99	1,510,796.03	1,510,796.03	1,296,861.96	1,296,861.96
	MEDICAL AND SURGICAL	7,752,615.27	6,517,412.54	7,942,630.30	7,757,162.15	70,791,680.86	70,791,680.86	54,324,159.29	54,324,159.29
	NEONATAL COMPLICATIONS	170,423.31	62,096.96	109,047.06	61,274.04	710,187.44	710,187.44	556,380.20	556,380.20

sum		8,342,623.96	6,889,231.89	8,408,288.36	5,089,061.20	74,931,874.27	74,931,874.27	57,881,330.77	57,881,330.77
OUTPATIENT HOSPITAL FACILITY									
	BEHAVIORAL	21,160.24	16,258.16	14,041.03	16,086.24	181,471.09	181,471.09	181,143.76	181,143.76
	DIALYSIS	379,438.72	200,737.20	178,834.05	151,920.74	2,420,743.79	2,420,743.79	1,703,927.33	1,703,927.33
	EMERGENCY ROOM	225,006.51	176,283.65	153,145.61	109,555.25	2,021,864.04	2,021,864.04	1,277,333.41	1,277,333.41
	MATERNITY	37,369.17	21,579.34	10,706.29	14,736.01	253,911.47	253,911.47	166,117.34	166,117.34
	MEDICAL AND SURGICAL	4,532,774.47	3,234,765.26	2,988,682.26	2,632,605.74	36,770,769.99	36,770,769.99	28,483,367.31	28,483,367.31

sum		5,195,749.11	3,649,623.62	3,345,409.24	2,924,903.97	41,648,760.38	41,648,760.38	31,811,889.15	31,811,889.15
PHARMACY									
	PRESCRIPTION DRUGS	9,938,971.59	9,145,625.80	7,782,338.54	6,862,532.15	103,769,865.60	103,769,865.60	75,870,718.86	75,870,718.86

sum		9,938,971.59	9,145,625.80	7,782,338.54	6,862,532.15	103,769,865.60	103,769,865.60	75,870,718.86	75,870,718.86
PROFESSIONAL SERVICES									
	ADVANCED IMAGING	773,382.01	673,058.52	695,222.56	573,617.15	7,346,490.50	7,346,490.50	6,457,715.37	6,457,715.37
	AMBULANCE	344,323.42	219,440.69	248,132.88	190,008.49	2,417,693.82	2,417,693.82	2,239,106.68	2,239,106.68
	ANESTHESIA	676,530.87	548,540.80	423,827.16	441,467.16	6,242,414.16	6,242,414.16	4,847,807.07	4,847,807.07
	CARDIOVASCULAR MEDICINE	235,643.05	196,211.88	224,643.98	174,411.81	2,129,587.92	2,129,587.92	2,001,775.77	2,001,775.77
	CERVICAL CANCER SCREENING	53,654.08	41,713.64	30,002.04	22,669.64	485,303.08	485,303.08	263,917.77	263,917.77
	DME	581,945.84	358,329.68	443,382.38	284,168.83	3,969,128.08	3,969,128.08	3,280,544.46	3,280,544.46
	EVALUATION AND MANAGEMENT	3,864,229.73	3,284,672.80	2,935,345.00	2,872,708.17	36,603,283.28	36,603,283.28	31,766,042.90	31,766,042.90
	IMMUNIZATION	99,604.12	84,912.63	79,310.31	73,501.19	947,507.46	947,507.46	845,804.17	845,804.17
	INJECTION	586,851.69	545,673.64	566,445.45	420,406.72	5,818,325.16	5,818,325.16	4,678,161.89	4,678,161.89

SOURCE: MOUNTAIN STATE, ACORDIA NATIONAL, PCS HEALTH, AND MERCK-MEDCO PAID CLAIMS TAPES
NOTE: CLAIMS LISTED ARE ON A PAID BASIS

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
 MONTHLY MANAGEMENT REPORT - TOTAL CLAIMS
 MAY 2002

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Reporting Category	Type of Service	Current		12 Months Prior		Current Fiscal Yr		Previous Fiscal Yr	
		Rolling Avg PEIA Payments	PEIA Payments	PEIA Payments	PEIA Payments	PEIA Payments			
PROFESSIONAL SERVICES	LAB AND PATHOLOGY	1,040,799.66	785,041.41	829,534.72	610,137.19	8,632,296.16	6,775,403.08		
	MAMMOGRAPHY	162,006.53	162,362.46	143,491.04	134,362.53	1,808,228.25	1,543,069.81		
	OTHER	301,517.72	255,673.06	200,844.04	157,038.62	2,904,867.53	1,726,864.94		
	OTHER IMAGING	1,282,671.12	1,019,358.64	1,056,224.62	876,110.67	11,152,601.72	9,983,291.71		
	OTHER MEDICINE	1,560,322.30	1,201,948.63	1,184,737.30	1,022,794.03	13,289,237.96	11,239,377.74		
	PHYSICAL MEDICINE	442,466.53	339,474.43	335,427.21	261,848.97	3,800,366.82	2,970,110.50		
	PROSTATE CANCER SCREENING	22,822.03	17,076.58	20,119.33	14,268.30	183,054.29	158,617.37		
	SURGICAL	2,267,212.84	1,911,938.07	1,906,051.35	1,688,285.45	20,980,255.51	18,925,131.67		

SUM		14,295,983.54	11,645,427.56	11,322,741.37	9,817,805.10	128,710,641.70	109,700,742.90		

SUM		37,773,328.20	31,329,908.87	30,858,777.51	24,694,302.43	349,061,241.95	275,264,681.68		
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SOURCE: MOUNTAIN STATE, ACCORDIA NATIONAL, PCS HEALTH, AND MERCK-MEDCO PAID CLAIMS TAPES
 NOTE: CLAIMS LISTED ARE ON A PAID BASIS

PEIA

MONTHLY MANAGEMENT REPORT

PER CAPITA CLAIMS

MAY 2002

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
MONTHLY MANAGEMENT REPORT - PER CAPITA CLAIMS

MAY 2002
Page: 1

Reporting Category	Type of Service	Current		12 Months Prior		Current Fiscal Yr PEIA Payments	Previous Fiscal Yr PEIA Payments
		Current Period PEIA Payments	Rolling Avg PEIA Payments	12 Months Prior PEIA Payments	Rolling Avg PEIA Payments		
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	1.1906	.9701	1.1662	.9363	10.5713	10.2935
	MATERNITY	1.1057	.7658	.9726	.7019	8.3217	7.8342
	MEDICAL AND SURGICAL	42.4292	36.5433	47.6354	28.8028	389.9326	328.1671
	NEONATAL COMPLICATIONS	.9327	.3504	.6540	.3731	3.9118	3.3610

sum		45.6582	38.6296	50.4281	30.8141	412.7375	349.6559
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.1158	.0910	.0842	.0973	.9996	1.0943
	DIALYSIS	2.0766	1.1212	1.0725	.9190	13.3339	10.2933
	EMERGENCY ROOM	1.2314	.9845	.9185	.6623	11.1368	7.7163
	MATERNITY	.2045	.1205	.0642	.0891	1.3986	1.0035
	MEDICAL AND SURGICAL	24.8074	18.0973	17.9244	15.9455	202.5397	172.0654

sum		28.4357	20.4144	20.0639	17.7132	229.4085	192.1727
PHARMACY	PRESCRIPTION DRUGS	54.3948	51.0586	46.6741	41.5226	571.5826	458.3281

sum		54.3948	51.0586	46.6741	41.5226	571.5826	458.3281
PROFESSIONAL SERVICES	ADVANCED IMAGING	4.2326	3.7707	4.1696	3.4702	40.4657	39.0105
	AMBULANCE	1.8844	1.2325	1.4882	1.1483	13.3171	13.5262
	ANESTHESIA	3.7026	3.0651	2.5419	2.6708	34.3843	29.2852
	CARDIOVASCULAR MEDICINE	1.2896	1.1003	1.3473	1.0549	11.7301	12.0925
	CERVICAL CANCER SCREENING	.2936	.2326	.1799	.1371	2.6731	1.5943
	DME	3.1849	2.0118	2.6592	1.7193	21.8626	19.8175
	EVALUATION AND MANAGEMENT	21.1485	18.3748	17.6045	17.3818	201.6171	191.8958
	IMMUNIZATION	.5451	.4752	.4757	.4444	5.2190	5.1094
	INJECTION	3.2118	3.0612	3.3972	2.5445	32.0483	28.2604

SOURCE: MOUNTAIN STATE, ACORDIA NATIONAL, PCS HEALTH, AND MERCK-MEDCO PAID CLAIMS TAPES
NOTE: CLAIMS LISTED ARE ON A PAID BASIS

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
 MONTHLY MANAGEMENT REPORT - PER CAPITA CLAIMS
 MAY 2002

Page: 2

Reporting Category	Type of Service	Current		12 Months Prior		Current Fiscal Yr PEIA Payments	Previous Fiscal Yr PEIA Payments
		Current Period PEIA Payments	Rolling Avg PEIA Payments	12 Months Prior PEIA Payments	Rolling Avg PEIA Payments		
PROFESSIONAL SERVICES	LAB AND PATHOLOGY	5.6962	4.3994	4.9751	3.6926	47.5482	40.9296
	MAMMOGRAPHY	.8866	.9074	.8606	.8125	9.9600	9.3215
	OTHER	1.6502	1.4282	1.2045	.9512	16.0005	10.4318
	OTHER IMAGING	7.0199	5.7133	6.3346	5.2976	61.4304	60.2961
	OTHER MEDICINE	8.5395	6.7326	7.1054	6.1908	73.1994	67.8961
	PHYSICAL MEDICINE	2.4216	1.8999	2.0117	1.5838	20.9331	17.9422
	PROSTATE CANCER SCREENING	.1249	.0959	.1207	.0863	1.0083	.9582
	SURGICAL	12.4082	10.7104	11.4314	10.2164	115.5628	114.3250

sum		78.2403	65.2113	67.9074	59.4025	708.9601	662.6922
sum		206.7291	175.3138	185.0735	149.4524	1,922.6887	1,662.8489

SOURCE: MOUNTAIN STATE, ACORDIA NATIONAL, PCS HEALTH, AND MERCK-MEDCO PAID CLAIMS TAPES
 NOTE: CLAIMS LISTED ARE ON A PAID BASIS

PEIA

MONTHLY MANAGEMENT REPORT

PER CAPITA UTILIZATION

MAY 2002

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
 MONTHLY MANAGEMENT REPORT - PER CAPITA UTILIZATION
 MAY 2002

Page: 1

Reporting Category	Type of Service	Current Period Encounters	12 Months Prior Encounters	Current Fiscal Yr Encounters	Previous Fiscal Yr Encounters
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	.0007	.0007	.0070	.0070
	MATERNITY	.0007	.0008	.0065	.0055
	MEDICAL AND SURGICAL	.0196	.0207	.1814	.1716
	NEONATAL COMPLICATIONS	.0002	.0001	.0013	.0014

sum		.0211	.0223	.1962	.1855
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.0009	.0006	.0085	.0078
	DIALYSIS	.0082	.0029	.0429	.0187
	EMERGENCY ROOM	.0247	.0234	.2407	.2216
	MATERNITY	.0008	.0006	.0061	.0051
	MEDICAL AND SURGICAL	.0903	.0811	.8007	.7752

sum		.1248	.1086	1.0989	1.0283
PHARMACY	PRESCRIPTION DRUGS	.8844	.8593	10.2279	9.3090

sum		.8844	.8593	10.2279	9.3090
PROFESSIONAL SERVICES	ADVANCED IMAGING	.0294	.0259	.2829	.2528
	AMBULANCE	.0127	.0095	.0910	.0861
	ANESTHESIA	.0173	.0119	.1416	.1237
	CARDIOVASCULAR MEDICINE	.0101	.0091	.0891	.0891
	CERVICAL CANCER SCREENING	.0171	.0159	.1874	.1833
	DME	.0535	.0336	.3202	.3061
	EVALUATION AND MANAGEMENT	.6006	.4957	5.6017	5.5145
	IMMUNIZATION	.0226	.0107	.1797	.1626
	INJECTION	.0288	.0260	.2643	.2638
	LAB AND PATHOLOGY	.2004	.1778	1.9253	1.7673

SOURCE: MOUNTAIN STATE, ACORDIA NATIONAL, PCS HEALTH, AND MERCK-MEDCO PAID CLAIMS TAPES
 NOTE: CLAIMS LISTED ARE ON A PAID BASIS

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
 MONTHLY MANAGEMENT REPORT - PER CAPITA UTILIZATION
 MAY 2002

Page: 2

Reporting Category	Type of Service	Current Period Encounters	12 Months Prior Encounters	Current Fiscal Yr Encounters	Previous Fiscal Yr Encounters
PROFESSIONAL SERVICES	MAMMOGRAPHY	.0290	.0266	.3116	.3101
	OTHER	.0392	.0277	.3396	.3543
	OTHER IMAGING	.1600	.1403	1.5289	1.4951
	OTHER MEDICINE	.2270	.1918	2.0957	2.0004
	PHYSICAL MEDICINE	.0927	.0765	.8360	.7404
	PROSTATE CANCER SCREENING	.0069	.0065	.0674	.0653
	SURGICAL	.1026	.0834	.9364	.9293

sum		1.6500	1.3689	15.1986	14.6445
sum		2.6804	2.3591	26.7216	25.1673

SOURCE: MOUNTAIN STATE, ACORDIA NATIONAL, PCS HEALTH, AND MERCK-MEDCO PAID CLAIMS TAPES
 NOTE: CLAIMS LISTED ARE ON A PAID BASIS



Express Scripts National Preferred Formulary

Following is a list of the most commonly prescribed drugs. It represents an abbreviated version of the drug list (formulary) that's at the core of your pharmacy benefit plan. The list is not all-inclusive and does not guarantee coverage. In addition to using this list, you're encouraged to ask your doctor to prescribe generic drugs whenever appropriate.

PLEASE NOTE: Not all the drugs listed are covered by all pharmacy benefit programs, check your benefit materials for the specific drugs covered and the copay information for your pharmacy benefit program. For specific questions about your coverage, please call the phone number printed on your member ID card.

A	atenolol atenolol/ chlorthalidone	CIPRO HC CLARITIN CLARITIN-D CLIMARA [G] clindamycin clomiphene citrate clonidine clotrimazole cloxacillin sodium codeine sulfate COLAZAL COMBIPATCH COMBIVENT COMTAN CONCERTA CONDYLOX COPAXONE CORTIFOAM COSOPT COTAZYM, -S COVERA-HS [G] COZAAR CREON [G] CUTIVATE cyclobenzaprine cyproheptadine CYTADREN CYTOTEC	E	G	LEVILITE levobunolol levodopa levonorgestrel/ ethinyl estradiol LEXCEL LIDODERM lindane LIPITOR lithium carbonate lithium citrate LITHOBID LIVOSTIN LODOSYN LOESTRIN, -FE LOPROX lorazepam LOTEMAX LOTENSIN LOTENSIN HCT LOTREL LOTRISONE [G] LOVENOX loxapine succinate LUMIGAN LUSTRA, -AF [G]	MSIR [G] MUSE MYCELEX MYCELEX TROCHE MYCIBUTIN					
ACCOLATE ACCU-CHEK COMFORT CURVE ACCU-CHEK INSTANT TEST ACCU-CHEK ADVANTAGE KIT ACCU-CHEK COMPLETE CARE KIT ACCU-CHEK INSTANT CARE KIT ACCU-CHEK ADVANTAGE ACCU-CHEK EASY DIABETES KIT ACCU-CHEK EASY TEST ACCU-CHEK III DIABETES KIT ACCU-CHEK SIMPLICITY ACCU-PRIL ACCURETIC acebutolol acetazolamide ACLOVATE ACTONEL ACTOS ACULAR, PF acyclovir ADALAT CC [G] ADDERALL ADVAIR, -DISKUS AGGRENOX AGRYLIN albuterol ALLEGRA ALLEGRA-D ALOCRIL ALOMIDE ALORA [G] ALPHAGAN alprazolam ALTACE ALUPENT MDI [G] amantadine AMARYL AMBIEN AMERGE ampicillin ANDRODERM ANZEMET apap/codeine apap/hydrocodone ARICEPT ARTHROTEC asa/codeine ASACOL ASTELIN ATACAND ATACAND HCT	B BACTROBAN BECLOVENT BECONASE, -AQ belladonna alk/ phenobarb BENZAMYCIN betamethasone dipropionate BETASERON [INJ] BETIMOL [G] BETOPTIC, -S [G] BIAXIN, XL butalbital/asa/ cafi/codeine	D danazol DAYPRO [G] DEMADEX DEPAKOTE desonide DETROL, LA dexamethasone dexamethasone sod. phos. DIASTAT diazepam diclofenac sodium dicloxacillin sodium dicyclomine DIDRONEL DIFFERIN DIFLUCAN difunisal DILATRATE SR diltiazem DIOVAN DIOVAN HCT dipeptin DIPROLENE, -AF Cream [G] disopyramide phosphate disulfiram DITROPAN, -XL [G] DOVONEX doxazosin DRITHOCREME DRITHO-SCALP DURAGESIC	E EDEX EFFEXOR, -XR EFUDEK ELOCON EMADINE enalapril EPIFOAM ergotamine tartrate erythromycin erythromycin base erythromycin estolate erythromycin ethylsuccinate erythromycin stearate erythromycin/ sulfisoxazole esterified estrogens ESTINYL ESTRADERM [G] ESTRATAB [G] ESTRATEST, -HS [G] ESTRING estropipate ESTROSTEP FE ETHMOZINE ethynodiol diacet/ ethinyl estradiol etodolac EULEXIN EURAX EVISTA EXELON	G GABITRIL GANTRISIN SUSPENSION gemfibrozil GENOTROPIN (INJ) gentamicin sulfate GEODON GLUCAGON (INJ) GLUCOPHAGE, XR GLUCOTROL, -XL [G] GLUCOVANCE GOLYTELY [G] GONAL F (INJ) griseofulvin guanfacine	levobunolol levodopa levonorgestrel/ ethinyl estradiol LEXCEL LIDODERM lindane LIPITOR lithium carbonate lithium citrate LITHOBID LIVOSTIN LODOSYN LOESTRIN, -FE LOPROX lorazepam LOTEMAX LOTENSIN LOTENSIN HCT LOTREL LOTRISONE [G] LOVENOX loxapine succinate LUMIGAN LUSTRA, -AF [G]	N naphazoline NASONEX NATACYN neomycin neomycin/ hc acetate neomycin/polymy/ dexa/methasone neomycin/ polymyxin/hc NEURONTIN NEXIUM NIASPAN NIMOTOP nitrofurantoin macrocrystal NIZORAL (cream, shampoo) NOLVADEX (Zeneca brand only) NORCO [G] NORDITROPIN (INJ) norethindrone/ ethinyl estradiol norethindrone/ mestranol NORITATE NORVASC NOVACET [G] NOVOFINE NOVOLIN NULEV NULTELY [G] NUTROPIN DEPOT (INJ) NUTROPIN, AQ (INJ) nystatin vaginal					
	C CAPCIT SUSPENSION captopril carbachol carbamazepine carisoprodol/asa casodex CATAPRES, -TTS [G] cefaclor cefadroxil CEFTIN CEFZIL CELEBREX CELEXA CELLCEPT CELONTIN cephalexin CERUMENEX CETROTIDE (INJ) CHEM STRIP BG STRIPS CHEMSTRIP BG TEST KIT chlordiazepoxide chlorpromazine chlorthalidone cholestyramine CILOXAN CIPRO	D danazol DAYPRO [G] DEMADEX DEPAKOTE desonide DETROL, LA dexamethasone dexamethasone sod. phos. DIASTAT diazepam diclofenac sodium dicloxacillin sodium dicyclomine DIDRONEL DIFFERIN DIFLUCAN difunisal DILATRATE SR diltiazem DIOVAN DIOVAN HCT dipeptin DIPROLENE, -AF Cream [G] disopyramide phosphate disulfiram DITROPAN, -XL [G] DOVONEX doxazosin DRITHOCREME DRITHO-SCALP DURAGESIC	F famotidine FAMVIR FELBATOL FEMHRT fenopropen calcium FLOMAX FLONASE FLOVENT, -ROTADISK FLOXIN fluciclonide acetamide fluciclonide fluorometholone fluoroplex fluoxetine fluoxymesterone fluphenazine furbiprofen sodium FML FORTE FML-S FOLLISTIM (INJ) FORADIL FOSAMAX FURADANTIN SUSPENSION furosemide	G GABITRIL GANTRISIN SUSPENSION gemfibrozil GENOTROPIN (INJ) gentamicin sulfate GEODON GLUCAGON (INJ) GLUCOPHAGE, XR GLUCOTROL, -XL [G] GLUCOVANCE GOLYTELY [G] GONAL F (INJ) griseofulvin guanfacine	H HMS HUMALOG HUMATROPE (INJ) HUMULIN hydrocortisone hydrocortisone valerate hydrocortisone/ pramoxine hydromorphone hydroxychloroquine hydroxyurea hydroxyzine hyoscyamine hyoscyamine sulfate HYZAAR	I IMITREX indapamide INNOHEP INTAL INTRON-A (INJ) IOPIDINE 0.5% isosorbide dinitrate	J JAC-HYDRIN [G] LAMICTAL LAMISIL LANTUS leucovorin calcium LEVAQUIN LEVLEN	K K-DUR KEPPRA ketoprofen KLARON KYTRIL	L LAC-HYDRIN [G] LAMICTAL LAMISIL LANTUS leucovorin calcium LEVAQUIN LEVLEN	M MACROBID magrotilline MAXAIR, AUTOHALER MAXALT, MLT MAXIDONE [G] mebendazole medroxyprogesterone megestrol acetate MERIDIA METADATE ER, -CD methazolamide METHERGINE methotrexate methyldopa methylphenidate methyltestosterone metoprolol tartrate METRO LOTION METROCREAM METROGEL metronidazole (tablets/vials) mexiletine MIACALCIN MICARDIS MICARDIS HCT MICRONOR MIGRANAL minocycline MINTEZOL MIRAPEX MOBAN MODICON morphine sulfate MS CONTIN [G]	O OCUFLOX OMNICEF ONE TOUCH SURESTEP TEST ONE TOUCH BASIC SYSTEM ONE TOUCH ULTRASYSTEM ONE TOUCH SURESTEP SYSTEM ONE TOUCH FAST MONITORING SYSTEM

THIS DOCUMENT LIST IS EFFECTIVE JANUARY 1, 2002 THROUGH DECEMBER 31, 2002. THIS LIST IS SUBJECT TO CHANGE.

The symbol [G] next to a drug name signifies that a generic is available for at least one or more strengths of the brand medication. Most generics are usually available at the lowest copay.

You can get more information and updates to this document at our web site at www.express-scripts.com

CONTINUED

WEST VIRGINIA LEGISLATURE
Parks and Recreation Subcommittee

Building 1, Room E-132
1900 Kanawha Boulevard, East
Charleston, WV 25305-0610
(304) 347-4800
(304) 347-4819 FAX



Senator Walt Helmick
Co-Chairman

Delegate Tom Coleman
Co-Chairman

DATE: JULY 16, 2002
TO: JOINT COMMITTEE ON GOVERNMENT AND FINANCE
FROM: SUBCOMMITTEE ON PARKS AND RECREATION
RE: VISITATION AUTHORIZATION AND EXPENSE REIMBURSEMENT

The Subcommittee on Parks and Recreation requests authorization and expense reimbursement to visit the following sites on July 21, 22 and 23, 2002:

Twin Falls State Park
Little Beaver State Park
Pipstem State Park
Bluestone State Park

adopted