

FILE COPY

JOINT COMMITTEE ON  
GOVERNMENT AND FINANCE

Materials Distributed

October 9, 2007

September 11, 2007

11:00 - 12:00 p.m.

Joint Committee on Government and Finance

Senate

Tomblin, Chair  
Chafin (absent)  
Helmick  
Kessler (absent)  
Sharpe (absent)  
Caruth  
Deem

House

Thompson, Chair  
Caputo  
DeLong  
Webster  
White  
Armstead  
Border (absent)

President Tomblin, Cochair, presided.

1. Approval of Minutes

Upon motion by Speaker Thompson, properly adopted, the minutes of the August 21, 2007, meeting were approved.

2. Committee Reports/Requests

3. Lottery, General Revenue Reports and Unemployment Compensation Trust Fund

Distributed to members of the Committee were the following: Lottery Operations report for the month ended July 31, 2007 and the General Revenue Fund status report as of August 31, 2007. Distributed with each of the reports were an analysis and a summary of the reports.

4. PEIA, BRIM and CHIP Reports

The following monthly PEIA reports were distributed: Monthly Management Report, Prescription Drug Report and Prescription Drug Report for July 2007. Donna Lipscomb, Department of Administration, said PEIA did well. At the request of Senator Deem, Ms. Lipscomb said she would provide a side by side comparison of the PEIA benefits for retirees.

The following BRIM reports were distributed: An unaudited balance sheet and unaudited income statement for the period ending July 31, 2007.

The following reports from CHIP were distributed: A report of enrollment for September 2007 and financial statements for period ending July 31, 2007. Enrollment is down 1 percent and cost is up 2 percent.

5. Leasing Report, Department of Administration

A leasing report for the period of July 16, 2007 through August 31, 2007 was distributed. Donna Lipscomb said there has been 8 changes for the month with 4 new contracts and 2 straight renewals.

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

A Medicaid report dated September 2007 was distributed. John Law, DHHR, said that Medicaid should come in at or below budget.

7. **Monthly Report on the Pharmaceutical Cost Management Council**

Donna Lipscomb said that the legislative rules are out.

8. **Scheduled Interim Dates**

October 7 - 9

November 16 - 18 (Friday, Saturday and Sunday)

December 9 - 11

January 6 - 8, 2008

The meeting was adjourned.

**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

October 7, 2007

**Executive Summary of Lottery, Unemployment, General Revenue and State Road Fund Reports to Joint Committee**

**Lottery Commission as of August 31, 2007 :**

Appears to be in good condition. Gross profit for the months of July - August of fiscal year 2007-2008, was \$ 114.5 million which was approximately 1% above the same months of fiscal year 2006-2007.

**General Revenue Fund as of September 30, 2007:**

Collections were at 110.21% of the yearly estimate as of September 30, 2007.

**State Road Fund as of September 30, 2007:**

Fund collections were at 99.91% of the yearly estimate.

**Unemployment Compensation Trust as of July 31, 2007:**

Overall ending trust fund balance was \$ 12.1 million greater on July 31, 2007 than on July 31, 2006. Receipts were \$ 884 thousand greater as of July 31, 2007 than on July 31, 2006.

*Joint Committee on Government and Finance*

**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 Senate President Tomblin  
Honorable House of Delegates Speaker Thompson  
Honorable Members of the Joint Committee on Government and  
Finance

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

Date: October 5, 2007

Re: Review of West Virginia Lottery Financial Information  
As of August 31, 2007 (FY 2008)

We performed an analysis of the Statement of Revenues, Expenses and Retained Earnings for the month of August for fiscal year ended June 30, 2008, from monthly unaudited financial reports furnished to our office by the West Virginia Lottery Commission. This report covers two months of FY 2008. The results are as follows:

**Lottery Revenues:**

Gross lottery revenues are receipts from on-line games, instant games and video lottery. These gross receipts totaled \$ 263,637,000.00 for the months of July - August 2007. These gross receipts were \$269,649,000.00 for July - August of the preceding fiscal year, 2006-2007. This number does not include commission and prize deductions. Gross profit (Gross revenues minus commissions and prize costs) for July - August 2007 was \$ 114,578,000.00; for the previous July - August it was \$113,453,000.00. Expressed as a percentage, gross profit is 0.99% higher for the first two months of fiscal year 2008 than for

*Joint Committee on Government and Finance*

Lottery continued

fiscal year 2007. (Lottery income is expected to decrease this fiscal year and the FY 2008 budget appropriations in the excess lottery revenue surplus section were decreased approximately \$ 60 million dollars from the FY 2007 appropriations in anticipation of this decrease. The decreases will be caused by competition from neighboring states that have just legalized their lotteries or are expanding their lottery business.)

**Operating Income:**

Operating income was \$ 112,217,000.00 for July - August 2007. For July - August 2006 it was \$ 110,454,000.00. This was an increase of 1.60%. After additions and subtractions of non-operating income and expenses, distributions to the state were \$112,670,000.00.

**Operating Transfers to the State of West Virginia:**

A total of \$ 112,670,000.00 has been accrued to the state of West Virginia for fiscal year 2007-2008. 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	\$ 25,429,000.00
Department of Education	\$ 15,094,000.00
Educational Broadcasting Authority	
Library Commission	\$ 4,557,000.00
Higher Education-Central Office	\$ 8,367,000.00
Tourism	\$ 3,434,000.00
Department of Natural Resources	\$ 1,486,000.00

Lottery continued

Division of Culture and History	\$ 2,389,000.00
Department of Education and Arts	\$ 617,000.00
State Building Commission	\$ 2,000,000.00
School Building Authority	\$ 3,600,000.00
<b><u>SUBTOTAL BUDGETARY TRANSFERS</u></b>	<b>\$ 66,973,000.00</b>

**Excess Lottery Fund**

General Purpose Fund	0
Economic Development Fund	3,800,000.00
Traffic Fund	0
Excess Lottery Surplus	0
Education Improvement Fund	2,000,000.00
WV Infrastructure Council Fund	0
Higher Education Improvement Fund	12,773,000.00
State Park Improvement Fund	0
Refundable Credit	157,000.00
School Building Authority	0.00
<b>TOTAL EXCESS LOTTERY FUND</b>	<b>18,730,000.00</b>

House Bill 2007 2,000,000.00

Veterans Instant Ticket Fund 88,000.00

<b>RACETRACK VIDEO LOTTERY TRANSFERS:</b>	
Tourism Promotion Fund 1.375%	\$2,173,000.00

Lottery continued

Development Office Promo Fund	\$593,000.00
Research Challenge Fund .5%	\$790,000.00
Capitol Renovation and Improvement Fund .6875%	\$1,087,000.00
Parking Garage Fund .0625%	\$99,000.00
Parking Garage Fund 1%	\$500,000.00
Cultural Facilities and Cap. Resources Fund .5%	\$460,000.00
Capitol Dome & Cap. Improvements Fund .5%	\$621,000.00
Workers Compensation Debt Reduction Fund 7%	\$9,932,000.00
<b>SUBTOTAL VIDEO LOTTERY TRANSFERS:</b>	<b>\$16,255,000.00</b>
<b>TOTAL TRANSFERS</b>	<b>*\$104,046,000.00</b>

\* CASH BASIS

Total Accrued last FY 2007:	180,178,000.00
Total Cash Distributions July-Aug :	104,046,000.00
Applied to FY 2007:	104,046,000.00
Accrued for FY 2007 as of August 2007:	76,132,000.00
Total Accrued for FY 2008:	112,670,000.00
Total Applied to FY 2008:	-0-



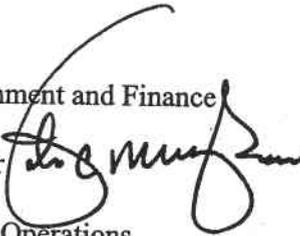
P.O. BOX 2067  
CHARLESTON, WV 25327

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

Joe Manchin III  
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 August 31, 2007  
DATE: September 20, 2007

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

Financial statements of the Lottery for the month ending August 31, 2007 are attached. Lottery revenue, which includes on-line, instant and video lottery sales, was \$131,337,510 for the month of August.

Transfers of lottery revenue totaling \$52,211,455 made for the month of August to the designated state agencies per House Bill 2007, Veterans Instant Ticket Fund and the Racetrack Video Lottery Act (§29-22A-10). The amount transferred to each agency is shown in Note 8 on pages 14 and 15 of the attached financial statements.

The number of traditional and limited retailers active as of August 31, 2007 was 1,635 and 1,661 respectively.

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/rd  
Attachment

pc: Honorable Joe Manchin III  
James Robert Alsop, Cabinet Secretary – Dept. of Revenue  
John Perdue, Treasurer  
Glen B. Gainer III, Auditor  
Members of the West Virginia Lottery Commission

[www.wvlottery.com](http://www.wvlottery.com)





WEST VIRGINIA LOTTERY

STATE OF WEST VIRGINIA

FINANCIAL STATEMENTS  
-UNAUDITED-

August 31, 2007

**WEST VIRGINIA LOTTERY**

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**WEST VIRGINIA LOTTERY**  
**BALANCE SHEETS**  
(In Thousands)  
-Unaudited-

ASSETS	August 31, 2007	June 30, 2007
<b>Current assets:</b>		
Cash and cash equivalents	\$ 219,012	\$ 204,122
Accounts receivable	26,505	33,095
Inventory	352	433
Current portion of investments held in trust	14	23
Other assets	1,163	1,163
Total current assets	<u>247,046</u>	<u>238,836</u>
<b>Noncurrent assets:</b>		
Restricted cash and cash equivalents	30,551	30,367
Investments held in trust, less current portion	136	281
Capital assets	13,066	13,066
Less accumulated depreciation and amortization	(11,710)	(11,615)
Net Capital Assets	<u>1,356</u>	<u>1,451</u>
Total noncurrent assets	<u>32,043</u>	<u>32,099</u>
Total assets	<u>\$ 279,089</u>	<u>\$ 270,935</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Accrued nonoperating distributions to the State of West Virginia	\$ 188,802	\$ 180,178
Estimated prize claims	14,827	13,592
Accounts payable	1,021	1,452
Other accrued liabilities	30,594	31,926
Current portion of deferred jackpot prize obligations	172	159
Total current liabilities	<u>235,416</u>	<u>227,307</u>
Deferred jackpot prize obligations, less current portion	<u>-</u>	<u>139</u>
Total liabilities	<u>235,416</u>	<u>227,446</u>
<b>Net assets:</b>		
Invested in capital assets	1,356	1,451
Unrestricted assets (deficit)	(856)	(951)
Unrestricted assets- Committed ( see note 14)	12,622	12,622
Restricted assets ( see note 9)	30,551	30,367
Total net assets	<u>43,673</u>	<u>43,489</u>
Total liabilities and net assets	<u>\$ 279,089</u>	<u>\$ 270,935</u>

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

**WEST VIRGINIA LOTTERY**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**FOR THE TWO MONTH PERIOD ENDED AUGUST 31, 2007**

(In Thousands)

-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	2007	2006	2007	2006
Lottery revenues				
On-line games	\$ 11,453	\$ 7,534	\$ 17,797	\$ 15,136
Instant games	8,426	9,919	18,590	18,971
Racetrack video lottery	77,711	82,385	161,105	173,001
Limited video lottery	33,747	31,625	66,145	62,541
	<u>131,337</u>	<u>131,463</u>	<u>263,637</u>	<u>269,649</u>
Less commissions				
On-line games	802	527	1,246	1,060
Instant games	590	694	1,301	1,328
Racetrack video lottery	44,016	47,289	91,251	98,613
Limited video lottery	16,536	16,736	32,411	33,096
	<u>61,944</u>	<u>65,246</u>	<u>126,209</u>	<u>134,097</u>
Less on-line prizes	5,761	3,942	8,757	7,754
Less instant prizes	5,808	6,804	12,790	13,028
Less ticket costs	112	140	267	268
Less vendor fees and costs	700	550	1,036	1,049
	<u>12,381</u>	<u>11,436</u>	<u>22,850</u>	<u>22,099</u>
Gross profit	<u>57,012</u>	<u>54,781</u>	<u>114,578</u>	<u>113,453</u>
Administrative expenses				
Advertising and promotions	928	912	1,635	1,736
Wages and related benefits	510	469	1,030	998
Telecommunications	117	181	238	383
Contractual and professional	373	121	469	268
Rental	55	52	109	103
Depreciation and amortization	47	23	95	136
Other administrative expenses	98	56	238	190
	<u>2,128</u>	<u>1,814</u>	<u>3,814</u>	<u>3,814</u>
Other Operating Income	<u>1,365</u>	<u>765</u>	<u>1,453</u>	<u>815</u>
Operating Income	<u>56,249</u>	<u>53,732</u>	<u>112,217</u>	<u>110,454</u>
Nonoperating income (expense)				
Investment income	1,019	741	1,937	1,464
Interest expense	(2)	(24)	(4)	(28)
Distributions to municipalities and counties	(661)	(619)	(1,296)	(1,226)
Distributions to racetracks-capital reinvestment	-	-	-	-
Distributions to the State of West Virginia	(56,510)	(53,830)	(112,670)	(110,664)
	<u>(56,154)</u>	<u>(53,732)</u>	<u>(112,033)</u>	<u>(110,454)</u>
Net income	<u>95</u>	<u>-</u>	<u>184</u>	<u>-</u>
Net assets, beginning of period	<u>43,578</u>	<u>20,250</u>	<u>43,489</u>	<u>20,250</u>
Net assets, end of period	<u>\$ 43,673</u>	<u>\$ 20,250</u>	<u>\$ 43,673</u>	<u>\$ 20,250</u>

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

**WEST VIRGINIA LOTTERY**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE TWO MONTH PERIOD ENDED AUGUST 31, 2007**

(In Thousands)  
- Unaudited -

	2007	2006
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 271,680	\$ 270,860
Cash payments for:		
Personnel costs	(1,030)	(998)
Suppliers	(3,124)	(2,375)
Other operating costs	(149,219)	(155,164)
Cash provided by operating activities	<u>118,307</u>	<u>112,323</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(104,047)	(138,877)
Distributions to municipalities and counties	(1,274)	(1,219)
Distributions to racetrack from racetrack cap. reinv. fund	-	-
Deferred jackpot prize obligations and related interest paid	(4)	(28)
Cash used in noncapital financing activities	<u>(105,325)</u>	<u>(140,124)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>-</u>	<u>-</u>
Cash flows from investing activities:		
Maturities of investments held in trust	157	157
Investment earnings received	1,934	1,457
Cash provided by investing activities	<u>2,091</u>	<u>1,614</u>
Increase (decrease) in cash and cash equivalents	15,073	(26,187)
Cash and cash equivalents - beginning of period	234,489	197,719
Cash and cash equivalents - end of period	<u>\$ 249,562</u>	<u>\$ 171,532</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 112,217	\$ 110,454
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	95	136
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	6,590	(396)
(Increase) decrease in inventory	80	33
(Increase) decrease in other assets	-	(20)
Increase (decrease) in estimated prize claims	1,236	102
Increase (decrease) in accounts payable	(430)	(213)
Increase (decrease) in other accrued liabilities	(1,481)	2,227
Cash provided by operating activities	<u>\$ 118,307</u>	<u>\$ 112,323</u>

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

**WEST VIRGINIA LOTTERY**  
**NOTES TO FINANCIAL STATEMENTS**  
**-Unaudited-**

**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." 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% of the gross amount received from each lottery shall be allocated for prizes and also provides for certain limitations on expenses necessary for operation and administration of the Lottery. To the extent available, remaining net profits are to be distributed to the State of West Virginia. As the State is able to impose its will over the Lottery, the Lottery is considered an enterprise fund 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.

**BASIS OF PRESENTATION** – The West Virginia Lottery is an enterprise fund of the State of West Virginia, and is accounted for as a proprietary fund special purpose government engaged in business type activities. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments," and with accounting principles generally accepted in the United States of America, 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.

The Lottery is included in the State's basic financial statements as a proprietary fund and business type activity using the accrual basic of accounting. Because of the Lottery's presentation in these financial statements as a special purpose government engaged in business type activities, there may be differences in presentation of amounts reported in these financial statements and the basic financial statements of the State as a result of major fund determination.

**USE OF ESTIMATES** – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America 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.

**WEST VIRGINIA LOTTERY**  
**NOTES TO FINANCIAL STATEMENTS**  
**-Unaudited-**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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. All bonded retailers and 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.

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

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 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 seven 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 board-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, currency, 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 racetrack 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 racetrack 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 racetrack video lottery and imposed certain restrictions limiting the licensing for operation of racetrack video lottery games to horse and dog

**WEST VIRGINIA LOTTERY**  
**NOTES TO FINANCIAL STATEMENTS**  
**-Unaudited-**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

racetracks in West Virginia, subject to local county elections permitting the same. The legislation further stipulates the distribution of revenues from racetrack 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.

Limited video lottery is also a self-activated video version of lottery games, which were first placed in operation in December 2001, located in limited licensed retailer areas restricted for adult amusement. The games allow a player to use currency to place bets for the chance to receive free games or vouchers which may be redeemed for cash. The limited video lottery games' prize structures are designed to award prizes, at a stipulated rate of total bets played, and prize expense is netted against total video credits played. The Lottery recognizes as limited video lottery revenue "gross terminal income" equivalent to all wagers, net of related prizes. Amounts required by statute to be paid to private entities are reported as commissions. Limited video lottery permit holders are statutorily responsible for acquiring equipment and bearing the risk associated with the costs of operating the games.

**CASH AND CASH EQUIVALENTS** – Cash and cash equivalents primarily consist of interest-earning deposits with the West Virginia Board of Treasury Investments (BTI) 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.

**CAPITAL ASSETS** – The Lottery leases, under a cancelable operating lease, its office and warehouse facilities. Portions of these facilities were subleased to the Lottery's game vendor until January 31, 2007 at which time the Lottery took occupancy of the total facility. The Lottery also leases various office equipment under agreements considered to be cancelable operating leases. Rental expense for the two months ended August 31, 2007 and August 31, 2006 approximated \$109,499 and \$102,652, respectively. Sublease rental income for the two months ended August 31, 2007 and August 31, 2006 approximated \$0 and \$17,288, respectively.

The Lottery has adopted a policy of capitalizing assets with individual amounts exceeding \$25,000. These assets include leasehold improvements, contributed and purchased equipment, comprised principally of technology property, 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 \$298,548 and \$281,146 of vacation and \$467,954 and \$468,058 of sick leave at June 30, 2007 and 2006, 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 hired prior to July 1, 2001, vest in unused sick leave only upon

**WEST VIRGINIA LOTTERY**  
**NOTES TO FINANCIAL STATEMENTS**  
**-Unaudited-**

**NOTE 4 – CAPITAL ASSETS (continued)**

Capital Assets:

	Historical Cost At June 30, 2007	Additions	Deletions	Historical Cost At August 31, 2007
Construction in Progress	\$ 443	\$ -	\$ -	\$ 443
Improvements	1,119	-	-	1,119
Equipment	11,504	-	-	11,504
	<u>\$ 13,066</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,066</u>
Accumulated Depreciation:				
	Historical Cost At June 30, 2007	Additions	Deletions	Historical Cost At August 31, 2007
Improvements	\$ 925	\$ 13	\$ -	\$ 938
Equipment	10,690	82	-	10,772
	<u>\$ 11,615</u>	<u>\$ 95</u>	<u>\$ -</u>	<u>\$ 11,710</u>

**NOTE 5 - 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 August 31, 2007 were \$8,634,160 and \$12,288,848 while related prize costs for the same periods were \$4,364,080 and \$6,057,475.

Revenues derived from the Lottery's participation in the HOT LOTTO game for the month and year-to-date periods ended August 31, 2007 were \$331,498 and \$641,693 while related prize costs for the same periods were \$167,011 and \$314,702.

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 \$75,000,000 limit on the POWERBALL Prize Reserve Fund and a \$25,000,000 limit on the Set 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 August 31, 2007 the POWERBALL prize reserve funds had a

**WEST VIRGINIA LOTTERY**  
**NOTES TO FINANCIAL STATEMENTS**  
**-Unaudited-**

**NOTE 5 - PARTICIPATION IN THE MULTI-STATE LOTTERY (continued)**

balance of \$95,309,837 of which the Lottery's share was \$2,279,750. The Lottery has charged amounts placed into the prize reserve funds to prize costs as the related sales have occurred.

**NOTE 6 - RACETRACK VIDEO LOTTERY**

The Racetrack Video Lottery legislation stipulates the distribution of racetrack video lottery revenues. This legislation has been amended since inception to restate revenue distribution based on revenue benchmarks. Initially, four percent (4%) of gross terminal revenue is allocated for lottery administrative costs. Sixty-six percent (66%) of net terminal revenue (gross less 4%) is allocated in lieu of commissions to: the racetracks (47%); other private entities associated with the racing industry (17%); and the local county and municipal governments (2%). The remaining revenues (34%) of net terminal revenue is allocated for distribution to State as specified in the Racetrack Video Lottery Act or subsequent State budget, as described in the Note 8 titled "Nonoperating Distributions to the State of West Virginia."

The first benchmark occurs when the current year net terminal revenue meets the fiscal year 1999 net terminal revenue. The counties and incorporated municipalities split 50/50 the two percent (2%) net terminal revenue.

The second benchmark occurs when the current year gross terminal revenue meets the fiscal year 2001 gross terminal revenue. The four percent (4%) is no longer allocated for lottery administrative costs; instead the State receives this for distribution as specified by legislation or the State budget.

The final benchmark occurs when the current year net terminal revenue meets the fiscal year 2001 net terminal revenue. At this point a 10% surcharge is applied to net terminal revenue, with 58% of the surcharge allocated for distribution to the State as specified by legislation or the State budget, and 42% of the surcharge allocated to separate capital reinvestment funds for each licensed racetrack. After deduction of the surcharge, 55% of net terminal revenue is allocated in lieu of commissions to: the racetracks (42%); other private entities associated with the racing industry (11%); and the local county and incorporated municipality governments (2%). The remaining net terminal revenue (45%) is allocated for distribution to the State as specified in the Racetrack Video Lottery Act or subsequent State budget, as described in Note 8.

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.

The WV Lottery, along with the Rhode Island and Delaware lotteries, participate in Multi-Jurisdictional Wide Area Progressive (MWAP) video games. This allows each of the lotteries to offer a higher progressive jackpot than they could generate alone. MUSL manages the progressive games and charges each participant a MWAP contribution fee of 4% of the amount wagered. A summary of racetrack video lottery revenues for the month ended August 31, 2007 and year-to-date follows (in thousands):

**WEST VIRGINIA LOTTERY**  
**NOTES TO FINANCIAL STATEMENTS**  
**-Unaudited-**

**NOTE 12 - RISK MANAGEMENT (continued)**

**WEST VIRGINIA WORKERS' COMPENSATION COMMISSION (WCC)**

The State of West Virginia operated an exclusive state-managed workers' compensation insurance program (WCC) prior to December 31, 2005. A framework for the privatization of workers' compensation insurance in West Virginia was established with the passage of Senate Bill 1004 and the WCC trust fund was terminated effective December 31, 2005. A privatized business entity, BrickStreet Administrative Services (BAS), was established and became the administrator of the WCC Old Fund, beginning January 1, 2006, and thereafter for seven years, and will have all administrative and adjudicatory authority previously vested in the WCC trust fund in administering old law liabilities and otherwise processing and deciding old law claims. BAS will be paid a monthly administrative fee and rated premium to provide a prompt and equitable system for compensation for injury sustained in the course of and growing out of employment. The monthly administrative fee for the West Virginia Lottery has been set at a level consistent with prior year payments and the new rate or premium will be established on an experience rated basis. The West Virginia Lottery is required to participate in the new BrickStreet Administrative Services (BAS) experience rated pool, which is expected to be rate adjusted on a quarterly basis.

**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 and level of compensation. 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

**WEST VIRGINIA LEGISLATURE**  
*Office of the Legislative Auditor*

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



304-347-4870

Memorandum

To: Honorable Senate President Tomblin  
Honorable House of Delegates Speaker Thompson  
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: October 5, 2007

Re: Status of General Revenue Fund September 30, 2007

We have reviewed the cash revenue flows of the West Virginia general revenue fund for the months of July through September of fiscal year 2007-2008. The status of the fund collections are as follows:

The net collections were **110.21%** of the estimate for the fiscal year. **The amount ABOVE estimate was \$ 91.8 million for the year.**

Personal income tax was \$31 million over the estimate for the year to date as of September 30, 2007.

Severance tax was \$ 12.6 million above the estimate as of September 30, 2007.

Consumer sales tax was \$ 6.8 million above the estimate as of September 30, 2007.

*Joint Committee on Government and Finance*

**State Road Fund**

The state road fund was collected at 99.91% of the estimate for the year as of September 30, 2007. The entire fund was \$ 149 thousand below the estimate for the year.

**Rainy Day and Personal Income Tax Reserve**

Revenue Shortfall Reserve Fund A(Rainy Day Fund) had a cash balance of \$ \$286,182,536.77 as of September 30, 2007.

Balance July 1, 2007	235,075,887.42
Cash flow loan to General Revenue on July 3, 2007 To be repaid 90 days. This is a normal occurrence in July due to cash flow demands; will be repaid in September. Paid back September 24, 2007.	- 56,000,000.00 +56,000,000.00
Revenues July 1, 2006-June 30,2007 (Surplus from FY 2007)	53,363,287.82
Earnings	2,256,638.46
Balance September 30, 2007	286,182,536.77

Revenue Shortfall Reserve Fund B (Tobacco Settlement Monies) had a cash balance of \$ 280,061,249.19 as of September 30, 2007.

Balance July 1, 2007	279,869,087.79
Earnings	192,261.40
Balance September 30, 2007	280,061,249.19

The Special Income Tax Reserve Fund had a cash balance of \$45,019,318.96 as of September 30, 2007.

Balance July 1, 2007	45,019,318.96
Revenues July 2007-June 2008	-0-
Balance September 30, 2007	45,019,318.96

**GENERAL REVENUE FUND FY 2007-2008**

Monthly Revenue Estimates July 2007  
as of SEPTEMBER 28, 2007 WVFIMS

SOURCE OF REVENUE	MONTH ESTIMATES	NET MONTH COLLECTIONS	FINAL	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY OVER/UNDER ESTIMATES VS ACTUAL YTD COLLECTIONS
			MONTHLY OVER/UNDER ESTIMATES VS ACTUAL COLLECTIONS			
Personal Income Tax	128,300,000	146,961,726	18,661,726	337,100,000	368,771,855	31,671,855
Consumer Sales Tax	85,900,000	85,147,346	-752,654	265,800,000	272,657,665	6,857,665
Severance Tax	26,800,000	32,867,197	6,067,197	60,300,000	72,970,793	12,670,793
Business and Occupation	8,100,000	7,267,706	-832,294	31,800,000	32,701,003	901,003
Insurance Tax	1,100,000	210,247	-889,753	24,000,000	24,331,298	331,298
Use Tax	9,400,000	8,707,512	-692,488	31,900,000	32,670,467	770,467
Cigarette Tax	8,700,000	8,806,274	106,274	27,900,000	27,190,061	-709,939
Corp Income /Business Franchise	75,200,000	102,328,506	27,128,506	92,500,000	125,083,523	32,583,523
Interest Income	4,000,000	5,360,031	1,360,031	11,000,000	14,873,318	3,873,318
Property Transfer Tax	1,290,000	1,118,190	-171,810	3,750,000	3,479,136	-270,864
Charter Tax	100,000	-37,186	-137,186	2,550,000	2,176,710	-373,290
Departmental Collections	800,000	782,531	-17,469	2,400,000	2,998,722	598,722
Beer Tax and Licenses	470,000	563,989	93,989	1,980,000	2,144,537	164,537
Liquor Profit Transfers	1,600,000	1,612,976	12,976	2,920,000	3,175,798	255,798
Miscellaneous Transfers	100,000	0	-100,000	200,000	991,093	791,093
Smokeless Tobacco Tax	350,000	486,170	136,170	1,250,000	1,370,536	120,536
Business Franchise Fees	30,000	36,410	6,410	450,000	955,208	505,208
Property Tax	1,440,000	1,682,994	242,994	1,760,000	2,056,495	296,495
Miscellaneous Receipts	120,000	85,171	-34,829	400,000	259,592	-140,408
Senior Citizen Tax Credit Reimb.	0	0	0	90,000	0	-90,000
HB 102 - Lottery Transfers	0	500,728	500,728	0	500,728	500,728
Racing Fees	0	0	0	0	140,000	140,000
Telecommunications Tax	0	13,998	0	0	77,732	77,732
Estate and Inheritance Tax	0	-1,401	-1,401	0	44,200	44,200
Refundable Credit Reim LTY	0	0	0	0	157,365	157,365
Video Lottery Transfers	0	83,657	83,657	0	155,875	155,875
Special Revenue Transfer	0	0	0	0	0	0
Cash Flow Transfer	0	0	0	0	0	0
<b>TOTALS</b>	<b>353,800,000</b>	<b>404,584,770</b>	<b>50,784,770</b>	<b>900,050,000</b>	<b>991,933,711</b>	<b>91,883,711</b>
Minus Cash Flow Transfer	0	56,000,000	0	0	0	0
Percent of Estimates		<b>98.53%</b>			<b>110.21%</b>	
<b>TOTALS</b>	<b>353,800,000</b>	<b>348,584,770</b>	<b>-5,215,230</b>	<b>900,050,000</b>	<b>991,933,711</b>	<b>91,883,711</b>
<b>Collections this day</b>		<b>35,191,821</b>				

**STATE ROAD FUND**  
**STATE ROAD FUND FY 2007-2008**  
**Monthly Estimates July 2007**  
**as of September 28, 2007 WVFIMS**

**FINAL**

<b>SOURCE OF REVENUE</b>	<b>MONTH ESTIMATES</b>	<b>NET MONTH COLLECTIONS</b>	<b>MONTHLY OVER/ UNDER ESTIMATES VS ACTUAL COLLECTIONS</b>	<b>YTD ESTIMATES</b>	<b>NET YTD COLLECTIONS</b>	<b>YEARLY OVER/UNDER ESTIMATES VS ACTUAL YTD COLLECTIONS</b>
Gasoline & Motor Carrier Rd Tax	31,600,000	22,259,869	-9,340,131	99,600,000	99,482,795	-117,205
Privilege Tax	15,080,000	13,534,268	-1,545,732	49,164,000	48,350,660	-813,340
Licenses & Registration	6,054,000	6,256,214	202,214	21,904,000	22,639,112	735,112
Highway Litter Control Fund	115,000	172,824	57,824	415,000	461,073	46,073
<b>TOTALS</b>	<b>52,849,000</b>	<b>42,223,174</b>	<b>-10,625,826</b>	<b>171,083,000</b>	<b>170,933,640</b>	<b>-149,360</b>
<b>Percent of Estimates</b>		<b>79.89%</b>			<b>99.91%</b>	
<b>Collections this day</b>		<b>19,993,551</b>				

**REVENUE SHORTFALL RESERVE FUND A as of September 1, 2007:\$229,333,335.83**

**REVENUE SHORTFALL RESERVE FUND B as of September 1, 2007 : \$279,875,140.10**

**SPECIAL INCOME TAX REFUND RESERVE FUND as of September 1, 2007: \$45,019,318.96**

**WEST VIRGINIA LEGISLATURE**  
*Office of the Legislative Auditor*

*Budget Division*  
*Building 1, Room 332-West Wing*  
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*Charleston, WV 25305-0590*



304-347-4870

To: Honorable Senate President Tomblin  
Honorable House of Delegates Speaker Thompson  
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: October 5, 2007

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the July 2007 monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia. July is the first month of fiscal year 2007-2008.

For the fiscal year 2007-2008, the trust fund cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2007	\$257,112,738.68
Receipts July 1, 2007 thru June 30, 2008	\$12,672,078.88
Disbursements July 1, 2007 thru June 30, 2008	\$12,832,057.94
Balance July 31, 2007	\$256,952,759.62

ITEMS OF NOTE:

Regular benefits paid for July 2007 were \$1 million more than in July 2006. Total disbursements were \$ 917 thousand more than in July 2006.

*Joint Committee on Government and Finance*

Receipts were \$ 884 thousand greater than in July 2006. Overall ending trust fund balance was \$ 12.1 million more in July 2007 than in July 2006.

West Virginia's unemployment rate for the month of July 2007 was 4.6 percent. National unadjusted employment rate was 4.9 %.

Seasonally adjusted unemployment rates were 4.8 percent for West Virginia and 4.6 percent nationally.

Since July 2006 employment has risen 5,300 with gains in the following areas: 1,700 in trade, transportation and utilities, 1,200 in leisure and hospitality, 1,500 in professional and business services, 700 in other services, 400 in natural resources and mining, 800 in construction, 100 in financial activities, 700 in educational and health services and 100 in information. Declines included 1,600 in manufacturing, and 300 government.

**FINANCIAL CONDITION OF THE UNEMPLOYMENT COMPENSATION TRUST FUND  
MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE  
FOR THREE MONTHS STARTING MAY 2006 AND MAY 2007**

	MAY 06	JUNE 06	JULY 06	MAY 07	JUNE 07	JULY 07	THREE MONTH TOTAL VARIANCE *
<b>Balance Forward</b>	<u>209,959,091.21</u>	<u>262,627,692.33</u>	<u>244,918,539.17</u>	<u>216,384,859.03</u>	<u>261,712,331.75</u>	<u>267,112,738.68</u>	<u>31,804,606.75</u>
Add Receipts:							
1. Bond Assessment	455.90	\$1,872.01	\$578.30	0.00	12.11	0.00	(2,894.10)
2. Regular Contributions:	58,940,074.84	\$1,160,056.80	\$11,586,993.47	55,941,409.31	824,106.30	12,672,078.88	(249,530.62)
3. Extended Benefit Funds	0.00	\$0.00	\$0.00	0.00	0.00	0.00	0.00
4. Emergency Unemployment Funds	0.00	\$0.00	\$0.00	0.00	0.00	0.00	0.00
5. TEUC Unemployment Funds	0.00	\$0.00	\$0.00	0.00	0.00	0.00	0.00
6. UCFE (Federal Agencies)	100,000.00	\$100,000.00	\$50,000.00	100,000.00	100,000.00	0.00	(50,000.00)
7. Reduced Tax Credits	0.00	\$0.00	\$0.00	0.00	0.00	0.00	0.00
8. Reed Act Funds	0.00	\$0.00	\$0.00	0.00	0.00	0.00	0.00
9. Treasury Interest Credits	0.00	\$2,658,014.91	\$0.00	0.00	305,395.46	0.00	305,395.46
10. UCX (Military Agencies)	500,000.00	\$300,000.00	\$150,000.00	0.00	600,000.00	0.00	(350,000.00)
<b>Total Monthly Receipts</b>	<u>57,540,530.74</u>	<u>\$4,219,943.72</u>	<u>\$11,767,571.77</u>	<u>56,041,409.31</u>	<u>4,441,295.74</u>	<u>12,672,078.88</u>	<u>(393,262.30)</u>
Less Disbursements:							
Debt Bond Repayment	(Retired)		(Retired)	(Retired)	(Retired)	(Retired)	NA
Regular Benefits:	10,562,427.69	\$9,640,533.77	\$11,459,232.68	10,403,002.52	8,752,274.61	12,515,684.69	(191,222.32)
Extended Benefits	0.00	(\$1,648.00)	\$0.00	0.00	0.00	0.00	1,648.00
Emergency Benefits	(2,312.50)	\$0.00	\$0.00	(2,102.00)	(477.00)	(5,704.00)	(5,970.50)
UCFE (Federal Workers)Benefits	91,838.76	\$82,914.96	\$88,675.70	59,978.75	58,471.14	68,445.47	(76,534.06)
UCX (Military Workers)Benefits	319,975.87	\$312,296.15	\$366,192.18	253,057.32	230,620.06	253,621.78	(261,164.84)
Reed Act Funds	0.00	\$1,695,000.00	0.00	0.00	0.00	0.00	(1,695,000.00)
Other Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Monthly Disbursements</b>	<u>10,971,929.62</u>	<u>11,929,096.88</u>	<u>11,914,100.56</u>	<u>10,713,936.59</u>	<u>9,040,888.81</u>	<u>12,832,057.94</u>	<u>(2,228,243.72)</u>
<b>Trust Fund Balance</b>	<u>252,627,692.33</u>	<u>244,918,539.17</u>	<u>244,792,010.38</u>	<u>261,712,331.75</u>	<u>267,112,738.68</u>	<u>266,952,759.62</u>	<u>33,439,568.16</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.



# *Monthly Management Report*

**TOTAL CLAIMS**

**AUGUST 2007**

WV PEIA  
Monthly Management Report Total Claims  
August 2007

Reporting Category	Type of Service	Current Period PEIA Payments	Current Rolling Avg PEIA Payments	12 Months Prior PEIA Payments	12 Months Prior Rolling Avg PEIA Payments	Current Fiscal Yr PEIA Payments	Previous Fiscal Yr PEIA Payments
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	133,459.47	162,165.81	149,014.90	135,285.29	271,270.03	286,608.23
	MATERNITY	126,562.39	159,156.72	177,441.94	143,228.16	304,024.34	322,537.65
	MEDICAL AND SURGICAL	5,762,819.53	5,060,496.58	4,292,956.25	5,146,089.91	11,168,315.56	7,994,809.74
	NEONATAL COMPLICATIONS	25,565.90	97,419.80	173,735.58	54,501.82	136,010.66	260,961.08
*****							
sum		6,048,407.29	5,479,238.90	4,793,148.67	5,479,115.17	11,879,620.59	8,864,914.70
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	28,724.80	35,179.27	28,608.44	39,489.19	53,579.72	59,536.79
	DIALYSIS	127,111.04	157,610.26	189,135.78	158,905.41	263,319.37	314,906.55
	EMERGENCY ROOM	409,513.13	387,080.24	323,745.00	385,381.69	792,293.46	599,257.07
	MATERNITY	38,043.58	42,004.92	36,512.04	39,151.05	63,272.85	59,196.48
	MEDICAL AND SURGICAL	6,631,246.66	6,422,980.06	5,369,188.44	6,425,250.49	13,350,608.08	10,720,632.18
*****							
sum		7,234,639.21	7,044,854.74	5,947,189.70	7,048,177.82	14,523,073.48	11,753,529.07
PHARMACY	PRESCRIPTION DRUGS	9,659,554.27	10,241,390.04	10,308,153.49	9,258,358.66	16,046,239.17	16,692,388.07
*****							
sum		9,659,554.27	10,241,390.04	10,308,153.49	9,258,358.66	16,046,239.17	16,692,388.07
PROFESSIONAL SERVICES	ADVANCED IMAGING	528,324.92	469,351.14	351,686.03	458,026.69	999,409.09	759,963.14
	AMBULANCE	204,807.11	161,975.14	146,048.95	161,949.91	381,816.15	261,030.18
	ANESTHESIA	710,278.01	610,599.81	525,682.62	607,164.54	1,420,522.67	1,128,989.04
	BEHAVIORAL	265,137.80	315,881.29	192,303.60	321,911.54	516,920.78	427,767.05
	CARDIOVASCULAR MEDICINE	359,117.63	359,787.06	276,534.12	376,745.75	691,975.25	567,851.15
	CERVICAL CANCER SCREENING	31,318.47	23,055.17	27,299.40	31,061.12	47,815.35	54,571.92
	DIALYSIS	10,493.97	8,277.52	5,447.16	16,657.59	16,313.75	13,934.75
	DME	321,602.31	319,035.16	240,144.26	328,916.51	779,350.73	548,132.59
	EVALUATION AND MANAGEMENT	4,783,759.94	4,048,903.37	3,411,621.13	3,858,431.53	8,188,483.08	6,635,518.22
	IMMUNIZATION	393,783.28	257,001.81	121,750.94	152,904.91	646,067.45	221,364.23
	INJECTION	757,829.01	671,746.91	496,776.60	660,645.32	1,445,029.87	1,066,887.33
	LAB AND PATHOLOGY	549,617.27	598,379.78	353,157.47	590,576.26	1,130,368.84	891,974.64
	MAMMOGRAPHY	771.23	45,668.59	83,399.84	89,265.14	1,675.00	164,012.05
	OTHER	424,608.48	341,601.63	322,679.75	396,187.83	757,387.47	607,294.70
	OTHER IMAGING	992,728.98	816,281.51	571,751.46	761,618.17	1,782,204.56	1,251,713.72
	OTHER MEDICINE	478,063.00	635,544.30	352,689.85	584,944.01	1,716,221.38	1,150,921.45
	PHYSICAL MEDICINE	531,683.98	528,483.98	321,484.65	512,009.94	982,430.68	765,278.81
	PROSTATE CANCER SCREENING	15,905.27	15,232.18	12,517.80	16,193.71	31,428.67	28,561.57
	SURGICAL	2,559,601.46	2,321,322.90	1,863,910.32	2,343,135.43	4,846,459.81	4,136,987.74
*****							
sum		13,919,432.12	12,548,129.22	9,676,885.95	12,268,325.90	26,381,880.58	20,682,754.28
*****							
sum		36,862,032.89	35,313,612.90	30,725,377.81	34,053,977.55	68,830,813.82	57,993,586.12



# *Monthly Management Report*

**PER CAPITA CLAIMS**

**AUGUST 2007**

WV PEIA  
 Monthly Management Report Per Capita Claims  
 August 2007

Reporting Category	Type of Service	Current Period PEIA Payments	Current Rolling Avg PEIA Payments	12 Months Prior PEIA Payments	12 Months Prior Rolling Avg PEIA Payments	Current Fiscal Yr PEIA Payments	Previous Fiscal Yr PEIA Payments
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	0.8769	1.1179	1.0032	0.9403	1.7833	1.9297
	MATERNITY	0.8316	1.097	1.1946	0.9856	1.9986	2.1716
	MEDICAL AND SURGICAL	37.8642	34.8753	28.9022	35.78	73.4183	53.8282
	NEONATAL COMPLICATIONS	0.168	0.6724	1.1697	0.3786	0.8941	1.757
	sum	39.7406	37.7625	32.2697	38.0946	78.0943	59.6865
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	0.1887	0.2426	0.1926	0.2744	0.3522	0.4009
	DIALYSIS	0.8352	1.087	1.2734	1.1045	1.731	2.1202
	EMERGENCY ROOM	2.6907	2.6677	2.1796	2.6784	5.2084	4.0347
	MATERNITY	0.25	0.2897	0.2458	0.272	0.4159	0.3986
	MEDICAL AND SURGICAL	43.5702	44.2689	36.1479	44.6576	87.7642	72.1809
sum	47.5347	48.5559	40.0392	48.9869	95.4718	79.1353	
PHARMACY	PRESCRIPTION DRUGS	63.4674	70.6303	69.3993	64.3397	105.4848	112.3881
sum		63.4674	70.6303	69.3993	64.3397	105.4848	112.3881
PROFESSIONAL SERVICES	ADVANCED IMAGING	3.4713	3.2347	2.3677	3.1829	6.5699	5.1168
	AMBULANCE	1.3457	1.1165	0.9833	1.1255	2.51	1.7575
	ANESTHESIA	4.6568	4.2075	3.5391	4.2207	9.3382	7.6014
	BEHAVIORAL	1.7421	2.1773	1.2947	2.2365	3.3961	2.8801
	CARDIOVASCULAR MEDICINE	2.3596	2.4795	1.8618	2.618	4.5489	3.8233
	CERVICAL CANCER SCREENING	0.2058	0.159	0.1838	0.216	0.3143	0.3674
	DIALYSIS	0.0689	0.0571	0.0367	0.1159	0.1072	0.0938
	DME	2.1131	2.1975	1.6168	2.2864	5.1233	3.6905
	EVALUATION AND MANAGEMENT	31.4314	27.9107	22.9686	26.8186	53.8295	44.6763
	IMMUNIZATION	2.5873	1.771	0.8197	1.0629	4.2471	1.4904
	INJECTION	4.9793	4.6297	3.3445	4.5925	9.4993	7.1832
	LAB AND PATHOLOGY	3.6112	4.1225	2.3776	4.1021	7.4308	6.0056
	MAMMOGRAPHY	0.0051	0.316	0.5615	0.6207	0.011	1.1043
	OTHER	2.7899	2.355	2.1724	2.7555	4.9789	4.0889
	OTHER IMAGING	6.5227	5.6244	3.8493	5.2918	11.7159	8.4277
	OTHER MEDICINE	3.1411	4.3757	2.3745	4.0648	11.2821	7.749
	PHYSICAL MEDICINE	3.4934	3.6428	2.1644	3.5583	6.4583	5.1525
	PROSTATE CANCER SCREENING	0.1045	0.105	0.0843	0.1125	0.2086	0.1923
SURGICAL	16.8177	15.9992	12.5487	16.2873	31.8597	27.8539	
sum		91.4567	86.4812	65.1493	85.2688	173.4292	139.2548
sum		242.1995	243.4299	206.8575	236.69	452.4801	390.4648



# *Monthly Management Report*

**PER CAPITA UTILIZATION**

**AUGUST 2007**

WV PEIA  
 Monthly Management Report Per Capita Utilization  
 August 2007

Reporting Category	Type of Service	Current Period Encounters	12 Months Prior Encounters	Current Fiscal Yr Encounters	Previous Fiscal Yr Encounters
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	0.0007	0.0004	0.0011	0.0009
	MATERNITY	0.0009	0.0007	0.0017	0.0015
	MEDICAL AND SURGICAL	0.0097	0.0079	0.0176	0.0147
	NEONATAL COMPLICATIONS	0.0003	0.0003	0.0006	0.0005
*****					
sum		0.0116	0.0093	0.0209	0.0176
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	0.0026	0.0027	0.0048	0.0046
	DIALYSIS	0.0026	0.0038	0.0063	0.0066
	EMERGENCY ROOM	0.024	0.0229	0.0452	0.0395
	MATERNITY	0.0019	0.0021	0.0034	0.0036
	MEDICAL AND SURGICAL	0.2326	0.1877	0.4189	0.338
*****					
sum		0.2637	0.2191	0.4786	0.3923
PHARMACY	PRESCRIPTION DRUGS	0.9642	0.9575	1.719	1.6972
*****					
sum		0.9642	0.9575	1.719	1.6972
PROFESSIONAL SERVICES	ADVANCED IMAGING	0.0263	0.0184	0.046	0.0363
	AMBULANCE	0.0047	0.0035	0.0084	0.0062
	ANESTHESIA	0.022	0.0176	0.0411	0.0346
	BEHAVIORAL	0.0454	0.0317	0.079	0.0626
	CARDIOVASCULAR MEDICINE	0.0379	0.0288	0.0667	0.0566
	CERVICAL CANCER SCREENING	0.0093	0.0086	0.0144	0.0165
	DIALYSIS	0.0008	0.0004	0.0012	0.001
	DME	0.0251	0.019	0.0471	0.0372
	EVALUATION AND MANAGEMENT	0.5516	0.4191	0.938	0.8134
	IMMUNIZATION	0.0257	0.011	0.0429	0.0207
	INJECTION	0.0276	0.0206	0.0494	0.0407
	LAB AND PATHOLOGY	0.187	0.1364	0.3362	0.2668
	MAMMOGRAPHY	0.0002	0.0139	0.0005	0.026
	OTHER	0.0364	0.0212	0.0618	0.0431
	OTHER IMAGING	0.1366	0.0883	0.2314	0.1716
	OTHER MEDICINE	0.093	0.0708	0.1576	0.1361
	PHYSICAL MEDICINE	0.1293	0.089	0.2215	0.175
	PROSTATE CANCER SCREENING	0.0071	0.0054	0.013	0.0113
SURGICAL	0.0955	0.069	0.1664	0.1366	
*****					
sum		1.4615	1.0724	2.5228	2.0924
*****					
sum		2.7009	2.2583	4.7412	4.1994



# *Prescription Drug Report*

*AUGUST 2007*

WV PEIA - Monthly Trend

Plan Demographics	Jul-07	Aug-07	2007 - 2008 Fiscal	2006 - 2007 Fiscal	Percent Change
Total Drug Cost	\$10,955,099	\$12,290,459	\$23,245,558	\$23,839,558	-2.49%
Amount Paid By Plan Sponsor	\$6,212,479	\$8,946,587	\$15,159,066	\$16,105,454	-5.88%
Amount Paid By Members	\$4,742,620	\$3,343,872	\$8,086,492	\$7,734,203	4.55%
Total Claims	173,199	189,175	362,374	352,107	2.92%
Average Eligible Member	153,233	153,346	153,290	155,228	-1.25%
Average # of Rx's Per Member Per Month	1.13	1.23	1.18	1.13	4.21%
Plan Paid Per Member Per Month (PMPM)	\$40.54	\$58.34	\$49.45	\$51.88	-4.69%
Average Eligible Enrollees	71,040	71,016	71,028	72,467	-1.99%
Average # of Rx's Per Enrollee Per Month	2.44	2.66	2.55	\$2.43	5.00%
Plan Paid Per Enrollee Per Month (PEPM)	\$87.45	\$125.98	\$106.71	\$111.12	-3.97%
<b>Rx Cost Share</b>					
Avg. Claim Cost to Plan	\$35.87	\$47.29	\$41.83	\$45.74	-8.54%
Avg. Member Cost/Claim	\$27.38	\$17.68	\$22.32	\$21.97	1.59%
Percent member Cost Share	43.3%	27.2%	34.8%	32.4%	7.23%
<b>Average Ingredient Costs</b>					
Single Source (no generics available)	\$148.16	\$153.58	\$150.97	\$132.52	13.93%
Multi-Source Brand (generics available)	\$36.83	\$35.44	\$36.12	\$42.04	-14.07%
Generic Drugs	\$19.54	\$20.27	\$19.92	\$23.97	-16.88%
<b>Brand/Generic Dispensing Rates</b>					
Single Source (no generics)	32.49%	32.12%	32.29%	38.1%	-15.14%
Multi-Source Brand % (generics available)	1.11%	1.05%	1.08%	1.3%	-18.54%
Generic Drug	66.40%	66.84%	66.63%	60.6%	9.91%
Generics Dispensed when available	98.35%	98.46%	98.41%	97.9%	0.56%
Percent of Plan Cost for Single Source	86.20%	82.31%	83.90%	80.5%	4.26%
<b>Retail Pharmacy Program</b>					
Avg. Day Supply	32.4	32.9	32.7	32.4	0.80%
Avg. Plan Cost/Day Supply	\$1.09	\$1.42	\$1.27	\$ 1.39	-8.70%
Avg. Claim Cost to Plan	\$35.46	\$46.80	\$41.38	\$ 45.00	-8.05%
Avg. Member Cost / Claim	\$27.23	\$17.53	\$22.17	\$ 22.12	0.18%
Percent Member Cost Share	43.43%	27.25%	34.88%	33.0%	5.55%
Special Maint Netwk (% of claims filled)	11.09%	12.04%	11.58%	11.0%	4.91%
Other Maint (% of claims filled)	1.14%	0.93%	1.03%	1.3%	-22.74%
Avg. Days Supply for Maint. Netwks	87.6	87.6	87.6	87.6	-0.06%
Total # Claims Fills 1-34 Days Supply	150,712	163,155	313,867	152,753	105.47%
Total # Claims Fills 35-60 Day Supply	1,147	1,351	2,498	1,214	105.77%
Total # Claims Fills 61-90 Day Supply	19,751	22,815	42,566	20,377	108.90%
Total # Claims Fills 91+ Day Supply	7	7	16	36	-54.93%
<b>Mail Service Program</b>					
Avg. Days Supply	70.9	72.1	71.5	72.9	-1.91%
Avg. Plan Cost/Days Supply	\$1.13	\$1.36	\$1.25	\$ 1.21	3.23%
Avg. Cost to Plan	\$79.94	\$97.78	\$89.54	\$ 88.48	1.20%
Avg. Member Cost/Claim	\$44.16	\$32.73	\$38.00	\$ 35.54	6.92%
Percent Member Cost Share	35.58%	25.08%	29.80%	28.8%	3.48%
Total # Claims Fill 1-34 Days Supply	512	553	1065	482	121.18%
Total # Claims Fills 35-60 Days Supply	2	5	7	5	40.00%
Total # Claims Fills 61-90 Days Supply	1,068	1,287	2,355	1,189	98.15%
Total # Claims Fills 91+ Day Supply					
<b>Formulary Program</b>					
S/S Formulary Drugs (% by claim)	23.72%	23.56%	23.63%	25.2%	-6.21%
S/S Non-Formulary Drugs (% by claim)	8.77%	8.56%	8.66%	12.9%	-32.64%
M/S Drugs (% by claim)	0.02%	0.01%	0.02%	0.1%	-81.65%
Generic Drugs (% by Claim)	66.40%	66.84%	66.63%	60.6%	9.91%
S/S Formulary Drugs (% by \$)	74.86%	70.28%	72.15%	62.9%	14.69%
s/s non-Formulary Drugs (% by \$)	11.35%	11.35%	11.75%	17.6%	-33.10%
M/S Drugs (% by \$)	0.09%	0.09%	0.05%	0.2%	-70.69%
Generic Drugs (% by \$)	13.52%	13.52%	15.86%	19.1%	-16.74%
<b>Specialty Drugs</b>					
Total Drug Cost	\$1,085,981	\$1,166,904	\$2,252,886	\$2,128,122	5.86%
Amount Paid by Plan Sponsor	\$1,030,966	\$1,129,726	\$2,160,692	\$2,024,137	6.75%
Amount Paid by Members	\$55,016	\$37,178	\$92,194	\$103,986	-11.34%
Total Claims	622	673	1,295	1,505	-13.95%
Avg # of Rx's per Member per Month	0.00	0.00	0.00	0.5%	-12.87%
Plan Paid Per Member Per Month (PMPM)	\$6.73	\$7.37	\$7.05	\$6.52	8.10%
Avg Claim Cost to Plan	\$1,657.50	\$1,678.64	\$1,668.49	\$1,344.94	24.06%
Avg Claim Cost to Member	\$88.45	\$55.24	\$71.19	\$69.09	3.04%
Percent of Member Cost Share	5.07%	3.19%	4.09%	4.89%	-16.25%
Percent of Overall Drug Spend	9.91%	9.49%	9.69%	8.93%	8.57%



## Key Performance Indicators

## Comprehensive Indicators

## WV Public Employees Ins - w/o AccessWV

Current Period: 07/2007 - 08/2007

Previous Period: 07/2006 - 08/2006

	Current Period	Previous Period	% Change
<b>Overall Performance</b>			
Plan Cost PMPM	\$49.46	\$72.46	-31.7 %
Average Mbrs/Month	153,290	187,113	-18.1 %
Average Subs/Month	71,028	96,184	-26.2 %
% Utilizing Members	42.5 %	48.7 %	-12.8 %
% Retail Utilizing Members	42.2 %	48.4 %	-12.7 %
% Mail Utilizing Members	0.5 %	0.7 %	-26.6 %
<b>Rx Measures</b>			
Rxs PMPM	1.18	1.54	-23.4 %
Retail Rxs PMPM	1.17	1.53	-23.3 %
Mail Rxs PMPM	0.01	0.02	-30.3 %
Average Admin Fee/Rx	\$0.00	\$0.00	165.4 %
Avg Retail Admin Fee/Rx	\$0.00	\$0.00	165.1 %
Avg Mail Admin Fee/Rx	\$0.00	\$0.00	0.0 %
Average Plan Cost/Rx	\$41.82	\$46.95	-10.9 %
Avg Retail Plan Cost/Rx	\$41.36	\$46.49	-11.0 %
Avg Mail Plan Cost/Rx	\$89.56	\$89.94	-0.4 %
Average Mbr Contrib/Rx	\$22.33	\$20.93	6.7 %
Avg Retail Mbr Contrib/Rx	\$22.18	\$20.79	6.7 %
Avg Mail Mbr Contrib/Rx	\$38.02	\$33.55	13.3 %
Average Ing Cost/Rx	\$62.42	\$65.74	-5.1 %
Avg Retail Ing Cost/Rx	\$61.81	\$65.15	-5.1 %
Avg Mail Ing Cost/Rx	\$126.08	\$121.99	3.3 %
Average AWP/Rx	\$104.31	\$99.58	4.7 %
Avg Retail AWP/Rx	\$103.32	\$98.63	4.8 %
Avg Mail AWP/Rx	\$207.88	\$190.55	9.1 %
Average Days Supply/Rx	33.0	34.9	-5.4 %
Avg Retail Days/Rx	32.7	34.5	-5.3 %
Avg Mail Days/Rx	71.5	74.6	-4.1 %
Average Plan Cost/Day	\$1.27	\$1.34	-5.9 %
Avg Retail Plan Cost/Day	\$1.27	\$1.35	-6.1 %
Avg Mail Plan Cost/Day	\$1.25	\$1.21	3.8 %
% Plan Cost	65.2 %	69.2 %	-5.7 %
% Member Contribution	34.8 %	30.8 %	12.9 %
% Retail Plan Cost	65.1 %	69.1 %	-5.8 %
% Retail Mbr Contrib	34.9 %	30.9 %	12.9 %
% Mail Plan Cost	70.2 %	72.8 %	-3.6 %
% Mail Member Contrib	29.8 %	27.2 %	9.7 %



## Key Performance Indicators

### Comprehensive Indicators

#### WV Public Employees Ins - w/o AccessWV

Current Period: 07/2007 - 08/2007

Previous Period: 07/2006 - 08/2006

	Current Period	Previous Period	% Change
<b>Rx Sources</b>			
% Mail Rxs	0.9 %	1.0 %	-9.0 %
% Retail Rxs	99.0 %	98.9 %	0.2 %
% Member Submit Rxs	0.0 %	0.1 %	-79.0 %
<b>Rx Types</b>			
Avg SSB Plan Cost/Rx	\$108.60	\$97.71	11.1 %
Avg Retail SSB Plan Cost/Rx	\$107.81	\$96.96	11.2 %
Avg Mail SSB Plan Cost/Rx	\$175.39	\$159.36	10.1 %
Avg MSB Plan Cost/Rx	\$9.02	\$19.23	-53.1 %
Avg Retail MSB Plan Cost/Rx	\$9.00	\$19.22	-53.2 %
Avg Mail MSB Plan Cost/Rx	\$12.76	\$20.36	-37.4 %
Avg GEN Plan Cost/Rx	\$9.95	\$16.16	-38.4 %
Avg Retail GEN Plan Cost/Rx	\$9.76	\$15.97	-38.9 %
Avg Mail GEN Plan Cost/Rx	\$32.39	\$36.53	-11.3 %
% Single-Source Brand Rxs	32.3 %	37.7 %	-14.3 %
% Multi-Source Brand Rxs	1.1 %	1.4 %	-25.0 %
% Generic Rxs	66.6 %	60.9 %	9.4 %
% Retail Single-Source Brand	32.2 %	37.6 %	-14.3 %
% Retail Multi-Source Brand	1.1 %	1.4 %	-24.8 %
% Retail Generic	66.7 %	60.9 %	9.4 %
% Mail Single-Source Brand	40.1 %	43.6 %	-8.2 %
% Mail Multi-Source Brand	0.6 %	1.2 %	-50.7 %
% Mail Generic	59.4 %	55.2 %	7.6 %
% Formulary Rxs	89.6 %	85.2 %	5.3 %
% Retail Formulary Rxs	89.7 %	85.2 %	5.3 %
% Mail Formulary Rxs	88.1 %	85.3 %	3.3 %
% DAW Rxs	0.7 %	0.9 %	-18.5 %
% Retail DAW Rxs	0.7 %	0.9 %	-18.8 %
% Mail DAW Rxs	1.5 %	1.3 %	9.4 %
% Generic Conversion	98.4 %	97.7 %	0.7 %
% Retail GEN Conversion	98.4 %	97.7 %	0.7 %
% Mail GEN Conversion	99.0 %	97.9 %	1.2 %
<b>Period Totals</b>			
Total Plan Cost	\$15,163,315.72	\$27,115,374.09	-44.1 %
Retail Plan Cost	\$14,856,577.57	\$26,576,007.48	-44.1 %
Mail Plan Cost	\$306,738.15	\$539,366.61	-43.1 %
Total Member Contribution	\$8,095,728.09	\$12,086,702.17	-33.0 %
Retail Member Contrib	\$7,965,511.30	\$11,885,474.21	-33.0 %



**Key Performance Indicators**  
 Comprehensive Indicators

WV Public Employees Ins - w/o AccessWV

Current Period: 07/2007 - 08/2007  
 Previous Period: 07/2006 - 08/2006

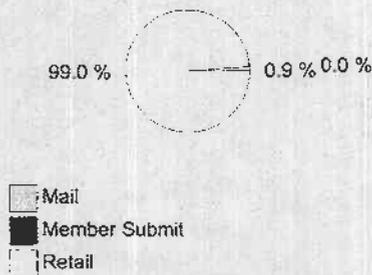
	Current Period	Previous Period	% Change
<b>Mail Member Contrib</b>	\$130,216.79	\$201,227.96	-35.3 %
<b>Total Rx Count</b>	362,589	577,586	-37.2 %
<b>Retail Rx Count</b>	359,111	571,187	-37.1 %
<b>Member Submit Rxs</b>	53	402	-86.8 %
<b>Mail Rx Count</b>	3,425	5,997	-42.9 %
<b>Total Admin Fee</b>	\$1,294.50	\$777.00	66.6 %
<b>Total UC Savings</b>	\$12,639,188.79	\$19,032,647.51	-33.6 %
<b>Total Lost Savings</b>	\$18,857.27	\$35,225.69	-46.5 %

**Demographics**

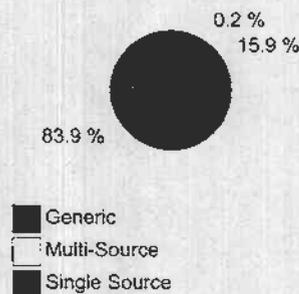
<b>Average Age</b>	38.7	45.4	-14.7 %
<b>% Male Members</b>	46.5 %	45.2 %	3.0 %
<b>% Female Members</b>	53.5 %	54.8 %	-2.5 %

**Graphs based on Current Period: 07/2007 - 08/2007**

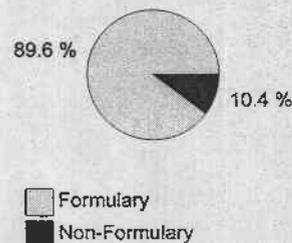
Claim Source by Rx Count



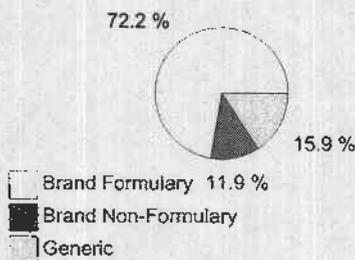
Drug Type by Plan Cost



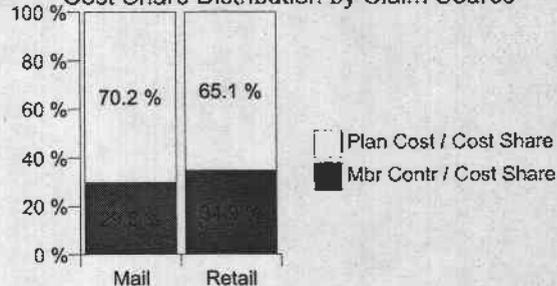
Formulary Status by Rx Count



Drug Formulary Status by Plan Cost



Cost Share Distribution by Claim Source



**Utilization Report by Population Level**  
**Prescriptions Filled From 07/2007 - 08/2007**  
**WV Public Employees Ins - w/o AccessWV**



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Div Name (DIV)	Avg Mbr Count	Avg Util Mbr/Mnth	Rx Count	Plan Cost	Member Contr/Rx	Plan Cost/Rx	Mail % Rxs	Gen % Rxs	Form % Rxs	Gen Conv %	PMPM Plan Cost
WV PUBLIC EMPLOYEES INSURANCE (WVA)	153,290	65,150	362,589	\$15,163,316	\$22.33	\$41.82	0.9 %	66.6 %	89.6 %	98.4 %	\$49.46
<b>Grand Total</b>	<b>153,290</b>		<b>362,589</b>	<b>\$15,163,316</b>	<b>\$22.33</b>	<b>\$41.82</b>	<b>0.9 %</b>	<b>66.6 %</b>	<b>89.6 %</b>	<b>98.4 %</b>	<b>\$49.46</b>

**Utilization Report by Population Level**  
**Prescriptions Filled From 07/2007 - 08/2007**  
**WV Public Employees Ins - w/o AccessWV**



**WV PUBLIC EMPLOYEES INSURANCE (WVA)**

Reporting Level 1	Avg Mbr Count	Avg Util Mbr/Mnth	Rx Count	Plan Cost	Member Contr/Rx	Plan Cost/Rx	Mail % Rxs	Gen % Rxs	Form % Rxs	Gen Conv %	PMPM Plan Cost
STATE (1000)	132,334	56,697	315,106	\$13,329,400.63	\$22.46	\$42.30	0.9 %	66.2 %	89.5 %	98.4 %	\$50.36
NON STATE (2000)	20,599	8,277	46,292	\$1,747,169.24	\$21.38	\$37.74	0.9 %	69.3 %	90.7 %	98.8 %	\$42.41
COBRA (3000)	357	177	1,191	\$86,745.85	\$22.90	\$72.83	0.6 %	61.5 %	88.7 %	98.8 %	\$121.49
<b>Grand Total</b>	<b>153,290</b>		<b>362,589</b>	<b>\$15,163,316</b>	<b>\$22.33</b>	<b>\$41.82</b>	<b>0.9 %</b>	<b>66.6 %</b>	<b>89.6 %</b>	<b>98.4 %</b>	<b>\$49.46</b>

**Utilization Report by Population Level**  
**Prescriptions Filled From 07/2007 - 08/2007**  
**WV Public Employees Ins - w/o AccessWV**



**WV PUBLIC EMPLOYEES INSURANCE (WVA)**

Reporting Level 2	Avg Mbr Count	Avg Util Mbr/Mnth	Rx Count	Plan Cost	Member Contr/Rx	Plan Cost/Rx	Mail % Rxs	Gen % Rxs	Form % Rxs	Gen Conv %	PMPM Plan Cost
STATE AGENCIES (01)	116,883	48,430	260,976	\$10,811,840.73	\$22.52	\$41.43	0.9 %	66.4 %	89.3 %	98.4 %	\$46.25
STATE RETIREES (07)	12,291	7,527	51,084	\$2,449,330.99	\$21.79	\$47.95	1.0 %	65.1 %	90.2 %	98.2 %	\$99.64
NON STATE AGENCIES (02)	17,527	7,016	38,829	\$1,496,517.58	\$21.07	\$38.54	0.9 %	69.1 %	90.4 %	98.7 %	\$42.69
NON STATE RETIREES (08)	849	527	3,872	\$169,098.00	\$19.77	\$43.67	1.8 %	66.7 %	92.7 %	98.9 %	\$99.65
COBRA (COBRA)	357	177	1,191	\$86,745.85	\$22.90	\$72.83	0.6 %	61.5 %	88.7 %	98.8 %	\$121.49
NON STATE AGENCIES PLAN B (02B)	2,221	735	3,591	\$81,553.66	\$26.53	\$22.71	0.5 %	73.9 %	92.1 %	99.3 %	\$18.36
STATE AGENCIES (01B)	3,159	741	3,046	\$68,228.91	\$28.60	\$22.40	1.5 %	72.8 %	90.6 %	99.0 %	\$10.80
NON STATE RETIREES 60 (0860)	1	NA	NA	\$0.00	NA	NA	NA	NA	NA	NA	NA
STATE RETIREES ASST 60 (0760)	2	NA	NA	\$0.00	NA	NA	NA	NA	NA	NA	NA
TEST GROUP (XXXX)	2	NA	NA	\$0.00	NA	NA	NA	NA	NA	NA	NA
<b>Grand Total</b>	<b>153,290</b>		<b>362,589</b>	<b>\$15,163,316</b>	<b>\$22.33</b>	<b>\$41.82</b>	<b>0.9 %</b>	<b>66.6 %</b>	<b>89.6 %</b>	<b>98.4 %</b>	<b>\$49.46</b>

West Virginia Board of Risk and Insurance Management  
UNAUDITED BALANCE SHEET

**DRAFT**

	August 31	
	2007	2006
<b>ASSETS</b>		
Short Term Assets		
Cash and Equivalents	\$ 36,618,539	\$ 37,046,528
Advance Deposit with Carrier/Trustee	122,506,477	95,573,459
Receivables - Net	2,666,121	1,618,026
Prepaid Insurance	3,383,095	1,953,341
<b>Total Short Term Assets</b>	<u>165,174,232</u>	<u>136,191,354</u>
Long Term Assets		
Investments	117,134,328	108,806,782
<b>Total Long Term Assets</b>	<u>117,134,328</u>	<u>108,806,782</u>
<b>TOTAL ASSETS</b>	<u>282,308,560</u>	<u>244,998,136</u>
<b>LIABILITIES</b>		
Short Term Liabilities		
Accounts payable	746,631	150,132
Claims Payable	90,402	62,211
Agents Commissions Payable	2,316,074	352,359
Unearned Revenue	14,871,479	16,389,887
Current Estimated Claim Reserve	52,632,279	53,637,014
<b>Total Short Term Liabilities</b>	<u>70,656,865</u>	<u>70,591,603</u>
Long Term Liabilities		
Compensated Absences	200,147	163,620
Estimated Noncurrent Claim Reserve	109,153,232	130,447,716
<b>Total Long Term Liabilities</b>	<u>109,353,379</u>	<u>130,611,336</u>
<b>TOTAL LIABILITIES</b>	180,010,244	201,202,939
Prior Year Net Assets	97,546,878	44,843,685
Current Year Earnings	4,751,438	(1,048,488)
<b>TOTAL NET ASSETS</b>	<u>102,298,316</u>	<u>43,795,197</u>
<b>TOTAL LIABILITIES AND RETAINED EARNINGS</b>	<u>\$ 282,308,560</u>	<u>\$ 244,998,136</u>

West Virginia Board of Risk and Insurance Management  
**UNAUDITED INCOME STATEMENT**  
 For the two months ending

**DRAFT**

	August 31	
	2007	2006
Operating Revenues		
Premium Revenues	\$ 12,344,446	\$ 14,360,881
Less - Excess Insurance	(676,229)	(1,005,934)
Total Operating Revenues	11,668,217	13,354,947
Operating Expenses		
Claims Expense	8,915,248	17,092,111
Property & MS Claims Expense	(108,394)	1,463,892
Personal Services	235,721	218,877
Operating Expenses	421,102	497,763
Total Operating Expenses	9,463,677	19,272,643
Operating Income	2,204,540	(5,917,696)
Nonoperating Revenues		
Court Fees	5,755	4,505
Claim Interest Income	-	-
Investment Income	2,541,143	4,864,703
Total Nonoperating Revenues	2,546,898	4,869,208
Net Income	4,751,438	(1,048,488)

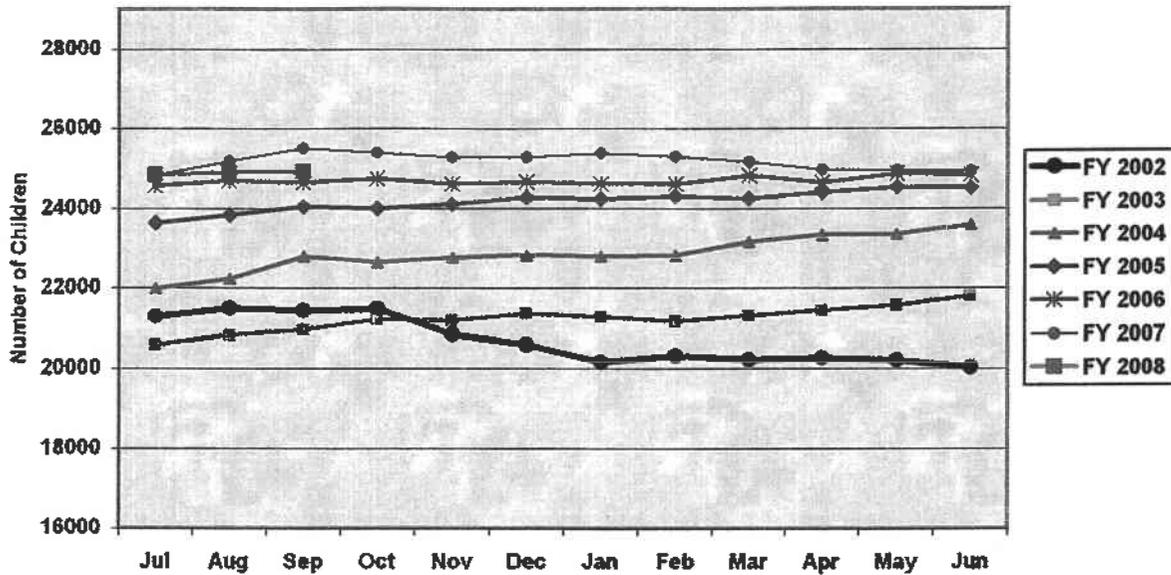


**West Virginia  
Children's Health Insurance Program  
1018 Kanawha Boulevard East  
Suite 209  
Charleston, WV 25301  
Phone: 304-558-2732  
Toll-Free: 1-877-WVA CHIP  
Fax: 304-558-2741  
[www.wvchip.org](http://www.wvchip.org)**

**Joint Committee on  
Government and Finance  
Report**

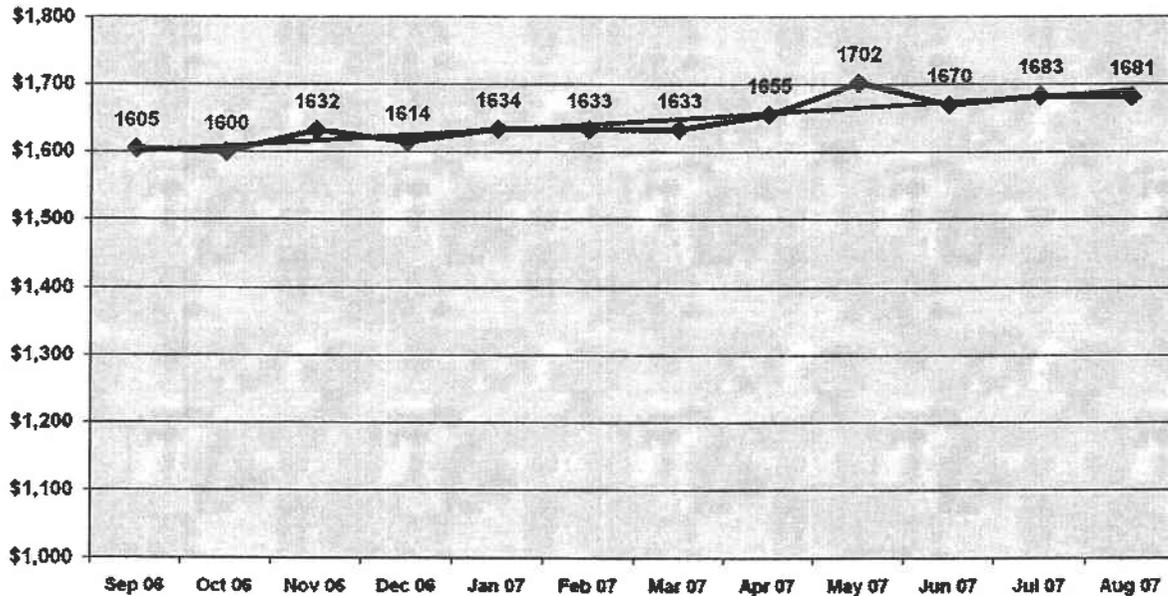
**October 2007**

### WV CHIP Enrollment



September 30, 2007 Enrollment 24,913

### Annualized Health Care Expenditures (Cost per Child)



**West Virginia Children's Health Insurance Program  
Comparative Balance Sheet  
August 31, 2007 and 2006  
(Accrual Basis)**

	August 31, 2007	August 31, 2006	Variance	
<b>Assets:</b>				
Cash & Cash Equivalents	\$5,346,262	\$2,471,576	\$2,874,686	116%
Due From Federal Government	\$3,018,036	\$3,000,824	\$17,212	1%
Due From Other Funds	\$709,315	\$577,933	\$131,382	23%
Accrued Interest Receivable	\$25,250	\$8,106	\$17,144	211%
Fixed Assets, at Historical Cost	<u>\$63,011</u>	<u>\$63,071</u>	(\$60)	0%
<b>Total Assets</b>	<b><u>\$9,161,875</u></b>	<b><u>\$8,121,510</u></b>	<b><u>\$3,040,365</u></b>	<b><u>50%</u></b>
<b>Liabilities:</b>				
Due to Other Funds	\$187,351	\$36,227	\$151,124	417%
Deferred Revenue	\$3,570,001	\$2,148,124	\$1,421,877	66%
Unpaid Insurance Claims Liability	<u>\$3,540,000</u>	<u>\$2,754,085</u>	<u>\$785,915</u>	<u>29%</u>
<b>Total Liabilities</b>	<b><u>\$7,297,352</u></b>	<b><u>\$4,938,436</u></b>	<b><u>\$2,358,916</u></b>	<b><u>48%</u></b>
Fund Equity	<u>\$1,864,523</u>	<u>\$1,183,074</u>	<u>\$681,449</u>	<u>58%</u>
<b>Total Liabilities and Fund Equity</b>	<b><u>\$9,161,875</u></b>	<b><u>\$8,121,510</u></b>	<b><u>\$3,040,365</u></b>	<b><u>50%</u></b>

**PRELIMINARY FINANCIAL STATEMENTS**

Unaudited - For Management Purposes Only - Unaudited

**West Virginia Children's Health Insurance Program**  
**Comparative Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Two Months Ending August 31, 2007 and August 31, 2006**  
**(Modified Accrual Basis)**

	August 31, 2007	August 31, 2006	Variance	
<b>Revenues:</b>				
Federal Grants	5,224,902	5,009,113	215,789	4%
State Appropriations	2,193,799	2,193,340	459	0%
Premium Revenues	9,646	-	9,646	
Investment Earnings	<u>43,997</u>	<u>8,106</u>	<u>35,891</u>	443%
<b>Total Operating Revenues</b>	<b><u>7,472,345</u></b>	<b><u>7,210,559</u></b>	<b><u>261,786</u></b>	<b>4%</b>
<b>Operating Expenditures:</b>				
<b>Claims:</b>				
Outpatient Services	1,773,147	1,644,966	128,181	8%
Physicians & Surgical	1,252,686	1,486,478	(233,792)	-16%
Prescribed Drugs	1,245,473	1,152,972	92,501	8%
Dental	915,491	787,073	128,418	16%
Inpatient Hospital Services	571,169	940,180	(369,011)	-39%
Vision	191,749	214,207	(22,458)	-10%
Outpatient Mental Health	175,361	224,372	(49,011)	-22%
Durable & Disposable Med. Equip.	85,507	65,840	19,667	30%
Inpatient Mental Health	63,938	150,977	(87,039)	-58%
Therapy	63,061	72,328	(9,267)	-13%
Medical Transportation	58,216	84,104	(25,888)	-31%
Other Services	7,195	23,534	(16,339)	-69%
Less: Collections*	<u>(170,712)</u>	<u>(168,212)</u>	<u>(2,500)</u>	<u>1%</u>
<b>Total Claims</b>	<b><u>6,232,281</u></b>	<b><u>6,678,819</u></b>	<b><u>(446,538)</u></b>	<b>-7%</b>
<b>General and Admin Expenses:</b>				
Salaries and Benefits	89,146	85,179	3,967	5%
Program Administration	392,693	290,234	102,459	35%
Eligibility	60,052	(4,025)	64,077	-1592%
Outreach & Health Promotion	1,637	3,805	(2,168)	-57%
Current	<u>27,956</u>	<u>850</u>	<u>27,106</u>	<u>3189%</u>
<b>Total Administrative</b>	<b><u>571,484</u></b>	<b><u>376,043</u></b>	<b><u>195,441</u></b>	<b>52%</b>
<b>Total Expenditures</b>	<b><u>6,803,765</u></b>	<b><u>7,054,862</u></b>	<b><u>(251,097)</u></b>	<b>-4%</b>
<b>Excess of Revenues</b>				
Over (Under) Expenditures	668,580	155,697	512,883	329%
<b>Fund Equity, Beginning</b>	<b><u>1,195,943</u></b>	<b><u>1,027,377</u></b>	<b><u>168,566</u></b>	<b>16%</b>
<b>Fund Equity, Ending</b>	<b><u>1,864,523</u></b>	<b><u>1,183,074</u></b>	<b><u>681,449</u></b>	<b>58%</b>

\* Collections are primarily drug rebates and subrogation

\* State Appropriations restated in prior year to actual draw deposited

## PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

**West Virginia Children's Health Insurance Program  
Budget to Actual Statement  
Fiscal Year 2008  
for the Two Months Ended August 31, 2007**

	<u>Budgeted for Year</u>	<u>Year to Date Budgeted Amt</u>	<u>Year to Date Actual Amt</u>	<u>Year to Date Variance*</u>		<u>Monthly Budgeted Amt</u>	<u>Aug-07</u>	<u>Jul-07</u>
Projected Cost	\$49,020,492	\$8,170,082	\$6,514,090	\$1,655,992	20%	\$4,085,041	\$3,680,106	\$2,833,964
Premiums	136,290	\$22,715	9,646	\$13,069	58%	11,358	5,529	4,117
Medical Copays	576,800	\$96,133	0	96,133	-100%	48,067		
Drug Copays	489,250	\$81,542	0	81,542	-100%	40,771		
Subrogation & Rebates	<u>760,000</u>	<u>\$128,887</u>	<u>170,712</u>	<u>(44,048)</u>	<u>35%</u>	<u>93,333</u>	<u>72,324</u>	<u>96,388</u>
Net Benefit Cost	47,058,152	\$7,843,025	\$6,343,377	\$1,499,648	19%	3,921,513	3,607,782	2,735,596
Salaries & Benefits	\$519,673	\$88,812	\$89,146	(\$2,534)	-3%	\$43,306	\$41,241	\$47,805
Program Administration	2,166,796	\$381,133	346,080	13,052	4%	180,566	306,071	42,009
Eligibility	340,055	\$58,676	6,646	50,030	88%	28,338	0	6,646
Outreach	27,157	\$4,526	1,272	3,254	72%	2,263	611	661
Current Expense	<u>287,741</u>	<u>\$47,957</u>	<u>18,935</u>	<u>29,022</u>	<u>61%</u>	<u>23,878</u>	<u>7,534</u>	<u>11,401</u>
Total Admin Cost	\$3,341,422	\$556,904	\$484,079	\$92,825	17%	\$278,452	\$355,457	\$108,622
Total Program Cost	<u>\$50,399,574</u>	<u>\$8,399,929</u>	<u>\$6,807,456</u>	<u>\$1,592,473</u>	<u>19%</u>	<u>\$4,199,965</u>	<u>\$3,963,239</u>	<u>\$2,844,218</u>
Federal Share 80.97%	40,823,655	\$6,803,942	\$5,520,166	1,283,776	19%	3,401,971	3,213,790	2,306,376
State Share 19.03%	<u>9,575,919</u>	<u>\$1,595,987</u>	<u>\$1,287,290</u>	<u>308,697</u>	<u>19%</u>	<u>797,993</u>	<u>749,448</u>	<u>537,842</u>
Total Program Cost *	<u>\$50,399,574</u>	<u>\$8,399,929</u>	<u>\$6,807,456</u>	<u>\$1,592,473</u>	<u>19%</u>	<u>\$4,199,965</u>	<u>\$3,963,239</u>	<u>\$2,844,218</u>

Positive percentages indicate favorable variances  
 \* Budgeted Year Based on CCRC Actuary 6/30/2007 Report.  
 Please note: Medical and Drug Co-pay figures are incomplete.

Unaudited - Cash Basis For Management Purposes Only - Unaudited

# WV CHIP Enrollment Report

ATTACHMENT 1

September 2007

County Ranking	County Pop. 2005 Est. (0-18 Yrs)	Total CHIP Enrollment Sep-07	Total Medicaid Enrollment Sep-07	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	Total % Insured 3/2002*	# Children Insured Ranking*	Est. # Uninsured Eligible*
Barbour	3,248	313	1,614	1,927	59.3%	92.5%	34	255
Berkeley	22,882	1,152	5,738	6,890	30.1%	93.9%	21	1,084
Boone	5,706	322	2,627	2,949	51.7%	97.9%	4	133
Braxton	3,044	219	1,601	1,820	59.8%	95.6%	13	155
Brooke	4,658	302	1,492	1,794	38.5%	98.5%	3	0**
Cabell	18,900	962	8,164	9,126	48.3%	91.6%	39	1,218
Calhoun	1,389	134	853	987	71.1%	88.0%	52	207
Clay	2,454	204	1,383	1,587	64.7%	95.1%	15	94
Doddridge	1,607	122	714	836	52.0%	96.4%	6	60
Fayette	9,692	951	4,857	5,808	59.9%	92.1%	36	706
Gilmer	1,154	97	587	684	59.3%	92.8%	32	115
Grant	2,463	160	925	1,085	44.1%	95.8%	11	82
Greenbrier	7,110	565	2,822	3,387	47.6%	94.8%	17	306
Hampshire	5,110	285	1,854	2,139	41.9%	91.3%	40	295
Hancock	6,270	405	2,283	2,688	42.9%	92.9%	31	443
Hardy	2,950	128	1,036	1,164	39.5%	93.6%	26	200
Harrison	14,973	946	8,029	6,975	46.6%	99.9%	1	0**
Jackson	6,277	379	2,388	2,767	44.1%	93.9%	22	340
Jefferson	11,485	434	2,174	2,608	22.7%	93.9%	23	651
Kanawha	40,647	2,079	16,833	18,912	46.5%	96.4%	7	772
Lewis	3,577	302	1,831	2,133	59.6%	88.0%	53	431
Lincoln	4,945	417	2,550	2,967	60.0%	93.3%	27	327
Logan	7,610	539	3,957	4,496	59.1%	92.1%	37	654
Marion	11,245	787	4,373	5,160	45.9%	95.9%	10	516
Marshall	7,176	416	2,764	3,180	44.3%	97.5%	5	217
Mason	5,461	356	2,527	2,883	52.8%	95.7%	12	249
McDowell	5,170	426	3,499	3,925	75.9%	93.8%	25	373
Mercer	12,687	1,116	6,761	7,877	62.1%	91.0%	41	1,268
Mineral	5,973	300	2,074	2,374	39.7%	90.7%	43	251
Mingo	6,204	417	3,377	3,794	61.2%	88.5%	51	566
Monongalia	14,346	899	4,108	4,805	33.5%	92.6%	33	1,144
Monroe	2,728	254	930	1,184	43.4%	93.1%	29	196
Morgan	3,365	218	1,031	1,249	37.1%	89.2%	49	285
Nicholas	5,478	483	2,552	3,015	55.0%	94.4%	19	324
Ohio	9,068	484	3,120	3,604	39.7%	95.6%	14	480
Pendleton	1,632	120	414	534	32.7%	96.0%	2	19
Pleasants	1,593	105	505	610	38.3%	93.9%	24	88
Pocahontas	1,717	147	685	812	47.3%	87.7%	54	224
Preston	6,354	538	2,396	2,934	46.2%	90.2%	47	236
Putnam	12,522	624	3,212	3,836	30.6%	93.2%	28	486
Raleigh	15,992	1,288	6,993	8,281	51.8%	91.7%	38	1,395
Randolph	5,971	489	2,444	2,933	49.1%	89.7%	48	653
Richie	2,234	155	836	991	44.4%	96.2%	9	81
Roane	3,268	287	1,677	1,964	60.1%	90.5%	44	336
Summers	2,322	234	1,168	1,402	60.4%	88.9%	50	315
Taylor	3,307	225	1,461	1,686	51.0%	90.9%	42	358
Tucker	1,354	176	480	656	48.5%	93.1%	30	103
Tyler	1,887	105	879	984	52.2%	94.9%	16	93

# WV CHIP Enrollment Report

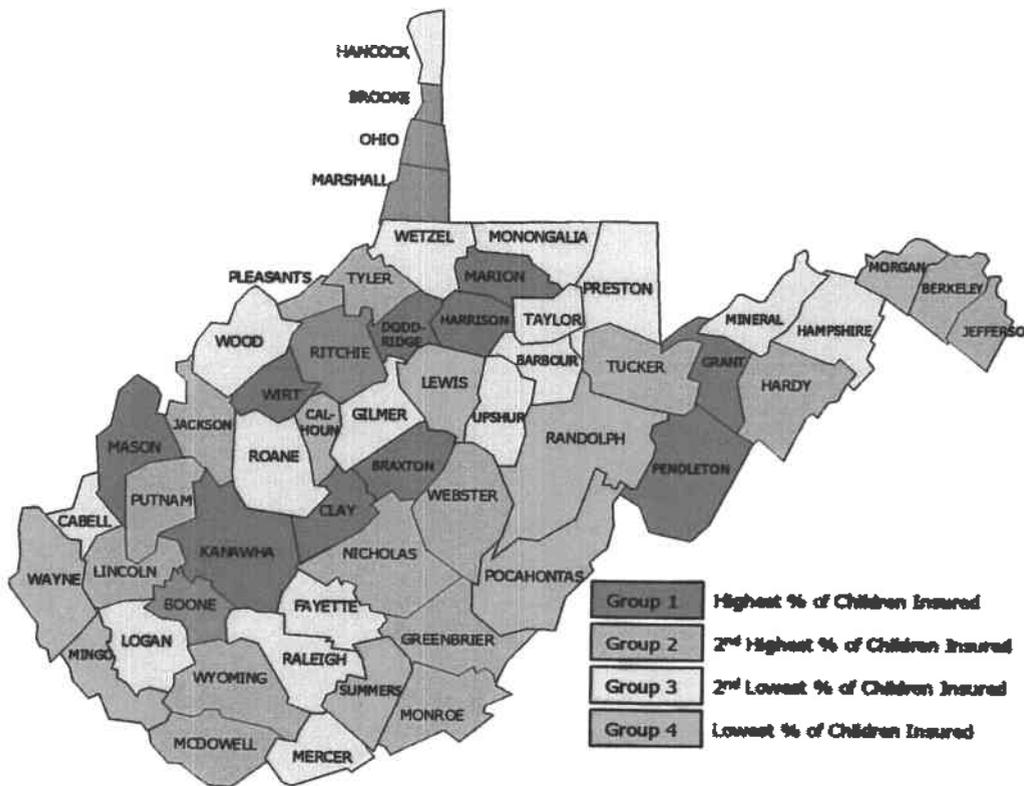
ATTACHMENT 1

September 2007

County Ranking	County Pop. 2005 Est. (0-18 Yrs)	Total CHIP Enrollment Sep-07	Total Medicaid Enrollment Sep-07	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	Total % Insured 3/2002*	# Children Insured Banking*	Est. # Uninsured Eligible*
Upshur	4,956	403	2,277	2,680	54.1%	90.4%	46	547
Wayne	9,178	572	4,246	4,818	52.5%	87.7%	55	1,034
Webster	2,020	202	1,095	1,297	64.2%	94.7%	18	103
Wetzel	3,732	227	1,664	1,891	50.7%	92.5%	35	334
Wirt	1,268	133	556	689	54.4%	96.3%	8	48
Wood	19,063	1,092	7,922	9,014	47.3%	90.5%	45	1,624
Wyoming	5,092	438	2,848	3,286	64.5%	94.0%	20	231
<b>Totals</b>	<b>382,490</b>	<b>24,913</b>	<b>155,164</b>	<b>180,077</b>	<b>47.1%</b>	<b>93.4%</b>		<b>22,446</b>

\*Based on data from "Health Insurance in West Virginia: The Children's Report" - a survey by The Institute for Health Policy Research at the West Virginia University Robert C. Byrd Science Center

\*\*There may be some uninsured eligible children in these counties, but according to the results of the survey sampling none were found.



Legislative Oversight Commission on  
Health and Human Resources Accountability

*October 2007*

Department of Administration

State Children's Health Insurance Program  
UPDATE



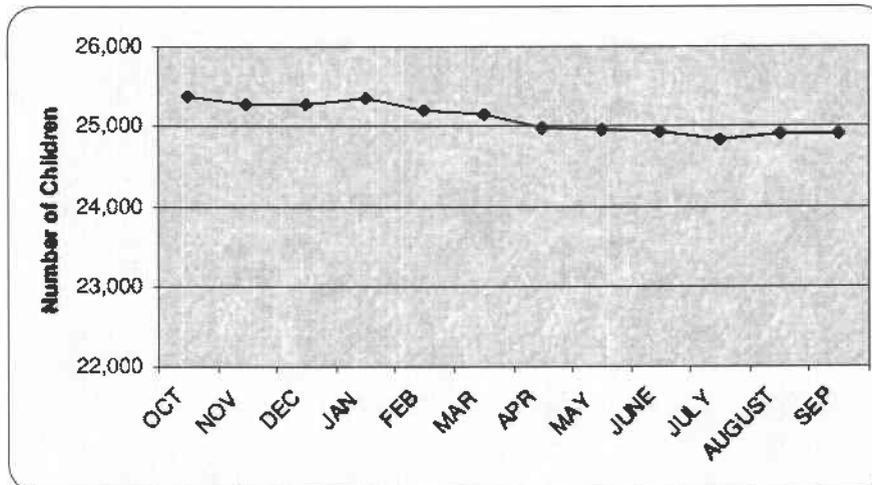
# WV CHILDREN'S HEALTH INSURANCE AGENCY

## REPORT FOR OCTOBER 2007

### I. Enrollment on September 30, 2007: 24,913

See Attachment 1 for enrollment by county.

Current 12-Month Enrollment Period: October 2006 through September 2007



#### Enrollee Totals: July 2007 to September 2007

Month	Total	1 Year	Total
July	1,707	Average	1,768
August	1,856	High	2,035
September	1,778	Low	1,501

#### New Enrollee (Never Before on CHIP) Totals: July 2007 to September 2007

Month	Total	1 Year	Total
July	714	Average	764
August	750	High	860
September	812	Low	668

### II. Re-enrollment for 3 Month Period: June 2007 to August 2007

Total Forms Mailed		Enrolled within Notice Period		Reopened Cases After Closure		Final Closures	
Month	Total	#	%	#	%	#	%
June	1,903	1,071	56%	204	11%	628	33%
July	2,016	1,109	55%	276	14%	631	31%
August	2,150	1,283	60%	252	12%	615	29%

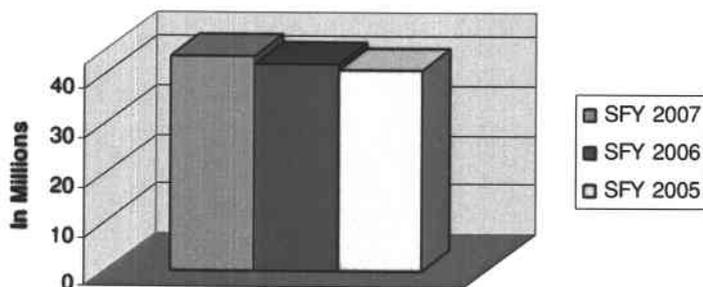
### III. Financial Activity

Please see this month's financial statement at Attachment 2.

The average annualized claims cost per child for the month ended August 2007 was \$1,806.

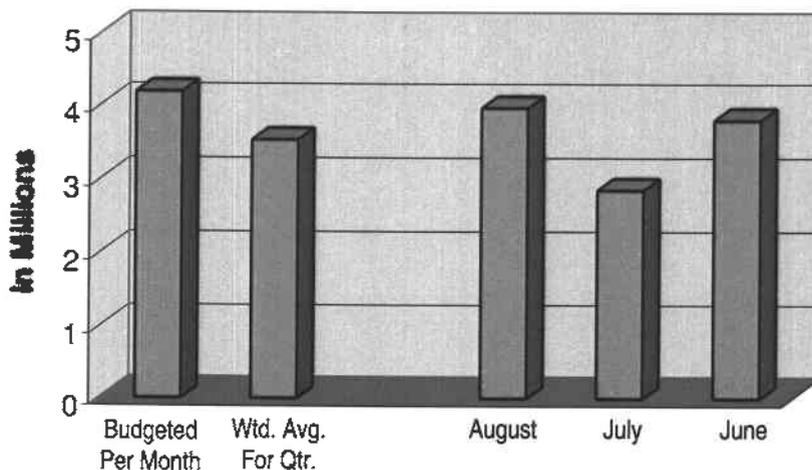
#### Annual Expenditures for a 3 Year Period: SFY 2005 – SFY 2007

	SFY 2007	FFP% 2007	SFY 2006	FFP% 2006	SFY 2005	FFP% 2005
Federal	35,472,537	80.97	34,247,276	81.09	33,767,136	82.26
State	8,336,944	19.03	7,986,385	18.91	7,235,862	17.74
<b>Total Costs</b>	<b>43,809,481</b>	<b>100.00</b>	<b>42,233,661</b>	<b>100.00</b>	<b>41,002,998</b>	<b>100.00</b>



#### Monthly Budgeted and Current 3 Month Period: June 2007 – August 2007

	Budgeted Per Month	Wtd. Avg. For Qtr.	Actual		
			August 2007	July 2007	June 2007
Federal	3,401,971	2,868,744	3,213,790	2,302,963	3,089,478
State	797,994	672,270	749,449	541,255	726,106
<b>Total</b>	<b>4,199,965</b>	<b>3,541,014</b>	<b>3,963,239</b>	<b>2,844,218</b>	<b>3,815,584</b>



**IV. Other Highlights**

**PRESIDENTIAL VETO AND FEDERAL FUNDS LEVEL**

WVCHIP has been receiving emails and phone calls even before the Presidential veto of October 3, 2007, asking what will happen to children's coverage. Since WVCHIP is starting the current '09 Federal Fiscal Year with \$23 million remaining from last year's appropriation that we can still draw from, we want to reassure the public that we are in good fiscal condition until some compromise or settlement of the federal budget is determined.

# WV CHIP Enrollment Report

ATTACHMENT 1

September 2007

County Ranking	County Pop. 2005 Est. (0-18 Yrs)	Total CHIP Enrollment Sep-07	Total Medicaid Enrollment Sep-07	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	Total % Insured 3/2002*	# Children Insured Ranking*	Est. # Uninsured Eligible*
Barbour	3,248	313	1,614	1,927	59.3%	92.5%	34	255
Berkeley	22,882	1,152	5,738	6,890	30.1%	93.9%	21	1,084
Boone	5,706	322	2,627	2,949	51.7%	97.9%	4	133
Braxton	3,044	219	1,601	1,820	59.8%	95.6%	13	155
Brooke	4,658	302	1,492	1,794	38.5%	98.5%	3	0**
Cabell	18,900	962	8,164	9,126	48.3%	91.6%	39	1,218
Calhoun	1,389	134	853	987	71.1%	88.0%	52	207
Clay	2,454	204	1,383	1,587	64.7%	95.1%	15	94
Doddridge	1,607	122	714	836	52.0%	96.4%	6	60
Fayette	9,692	951	4,857	5,808	59.9%	92.1%	36	706
Gilmer	1,154	97	587	684	59.3%	92.8%	32	115
Grant	2,463	160	925	1,085	44.1%	95.8%	11	82
Greenbrier	7,110	565	2,822	3,387	47.6%	94.8%	17	306
Hampshire	5,110	285	1,854	2,139	41.9%	91.3%	40	295
Hancock	6,270	405	2,283	2,688	42.9%	92.9%	31	443
Hardy	2,950	128	1,036	1,164	39.5%	93.6%	26	200
Harrison	14,973	946	6,029	6,975	46.6%	99.9%	1	0**
Jackson	6,277	379	2,388	2,767	44.1%	93.9%	22	340
Jefferson	11,465	434	2,174	2,608	22.7%	93.9%	23	651
Kanawha	40,647	2,079	16,833	18,912	46.5%	96.4%	7	772
Lewis	3,577	302	1,831	2,133	59.6%	88.0%	53	431
Lincoln	4,945	417	2,550	2,967	60.0%	93.3%	27	327
Logan	7,610	539	3,957	4,496	59.1%	92.1%	37	654
Marion	11,245	787	4,373	5,160	45.9%	95.9%	10	516
Marshall	7,176	416	2,764	3,180	44.3%	97.5%	5	217
Mason	5,461	356	2,527	2,883	52.8%	95.7%	12	249
McDowell	5,170	426	3,499	3,925	75.9%	93.8%	25	373
Mercer	12,687	1,116	6,761	7,877	62.1%	91.0%	41	1,268
Mineral	5,973	300	2,074	2,374	39.7%	90.7%	43	251
Mingo	6,204	417	3,377	3,794	61.2%	88.5%	51	566
Monongalia	14,346	699	4,106	4,805	33.5%	92.6%	33	1,144
Monroe	2,728	254	930	1,184	43.4%	93.1%	29	196
Morgan	3,365	218	1,031	1,249	37.1%	89.2%	49	285
Nicholas	5,478	463	2,552	3,015	55.0%	94.4%	19	324
Ohio	9,068	484	3,120	3,604	39.7%	95.6%	14	480
Pendleton	1,632	120	414	534	32.7%	99.0%	2	19
Pleasants	1,593	105	505	610	38.3%	93.9%	24	88
Pocahontas	1,717	147	665	812	47.3%	87.7%	54	224
Preston	6,354	538	2,396	2,934	46.2%	90.2%	47	236
Putnam	12,522	624	3,212	3,836	30.6%	93.2%	28	486
Raleigh	15,992	1,288	6,993	8,281	51.8%	91.7%	38	1,395
Randolph	5,971	489	2,444	2,933	49.1%	89.7%	48	653
Ritchie	2,234	155	836	991	44.4%	96.2%	9	81
Roane	3,266	287	1,677	1,964	60.1%	90.5%	44	336
Summers	2,322	234	1,168	1,402	60.4%	88.9%	50	315
Taylor	3,307	225	1,461	1,686	51.0%	90.9%	42	356
Tucker	1,354	176	480	656	48.5%	93.1%	30	103
Tyler	1,887	105	879	984	52.2%	94.9%	16	93

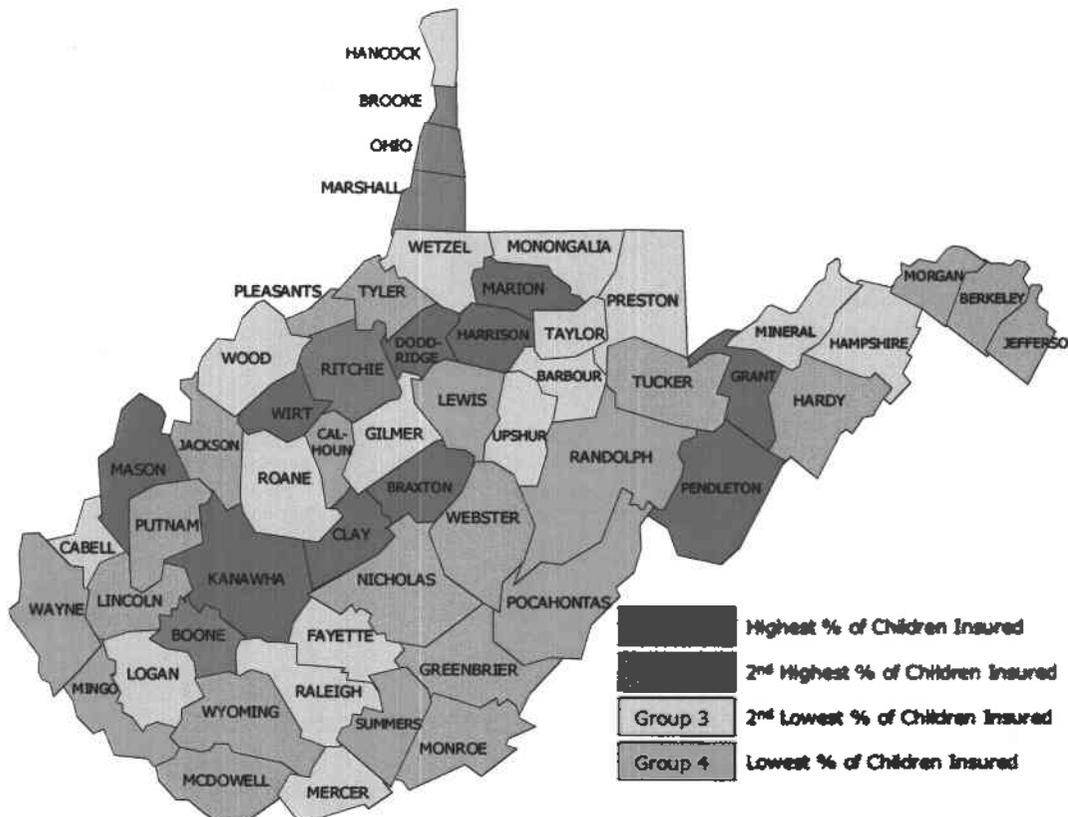
# WV CHIP Enrollment Report

September 2007

County Ranking	County Pop. 2005 Est. (0-18 Yrs)	Total CHIP Enrollment Sep-07	Total Medicaid Enrollment Sep-07	Total CHIP/Medicaid Enrollment	CHIP/Medicaid % of Population	Total % Insured 3/2002*	# Children Insured Ranking*	Est. # Uninsured Eligible*
Upshur	4,956	403	2,277	2,680	54.1%	90.4%	46	547
Wayne	9,176	572	4,246	4,818	52.5%	87.7%	55	1,034
Webster	2,020	202	1,095	1,297	64.2%	94.7%	18	103
Wetzel	3,732	227	1,664	1,891	50.7%	92.5%	35	334
Wirt	1,268	133	556	689	54.4%	96.3%	8	46
Wood	19,063	1,092	7,922	9,014	47.3%	90.5%	45	1,624
Wyoming	5,092	438	2,848	3,286	64.5%	94.0%	20	231
<b>Totals</b>	<b>382,490</b>	<b>24,913</b>	<b>155,164</b>	<b>180,077</b>	<b>47.1%</b>	<b>93.4%</b>		<b>22,446</b>

*\*Based on data from "Health Insurance in West Virginia: The Children's Report" – a survey by The Institute for Health Policy Research at the West Virginia University Robert C. Byrd Science Center*

*\*\*There may be some uninsured eligible children in these counties, but according to the results of the survey sampling none were found.*



**West Virginia Children's Health Insurance Program**  
**Comparative Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Two Months Ending August 31, 2007 and August 31, 2006**  
**(Modified Accrual Basis)**

	#####	#####	Variance	
Revenues:				
Federal Grants	5,224,902	5,009,113	215,789	4%
State Appropriations	2,193,799	2,193,340	459	0%
Premium Revenues	9,646	-	9,646	
Investment Earnings	<u>43,997</u>	<u>8,106</u>	<u>35,891</u>	443%
<b>Total Operating Revenues</b>	<b><u>7,472,345</u></b>	<b><u>7,210,559</u></b>	<b><u>261,786</u></b>	<b><u>4%</u></b>
Operating Expenditures:				
Claims:				
Outpatient Services	1,773,147	1,644,966	128,181	8%
Physicians & Surgical	1,252,686	1,486,478	(233,792)	-16%
Prescribed Drugs	1,245,473	1,152,972	92,501	8%
Dental	915,491	787,073	128,418	16%
Inpatient Hospital Services	571,169	940,180	(369,011)	-39%
Vision	191,749	214,207	(22,458)	-10%
Outpatient Mental Health	175,361	224,372	(49,011)	-22%
Durable & Disposable Med. Equip.	85,507	65,840	19,667	30%
Inpatient Mental Health	63,938	150,977	(87,039)	-58%
Therapy	63,061	72,328	(9,267)	-13%
Medical Transportation	58,216	84,104	(25,888)	-31%
Other Services	7,195	23,534	(16,339)	-69%
Less: Collections*	<u>(170,712)</u>	<u>(168,212)</u>	<u>(2,500)</u>	1%
<b>Total Claims</b>	<b><u>6,232,281</u></b>	<b><u>6,678,819</u></b>	<b><u>(446,538)</u></b>	<b><u>-7%</u></b>
General and Admin Expenses:				
Salaries and Benefits	89,146	85,179	3,967	5%
Program Administration	392,693	290,234	102,459	35%
Eligibility	60,052	(4,025)	64,077	-1592%
Outreach & Health Promotion	1,637	3,805	(2,168)	-57%
Current	<u>27,956</u>	<u>850</u>	<u>27,106</u>	<u>3189%</u>
<b>Total Administrative</b>	<b><u>571,484</u></b>	<b><u>376,043</u></b>	<b><u>195,441</u></b>	<b><u>52%</u></b>
<b>Total Expenditures</b>	<b><u>6,803,765</u></b>	<b><u>7,054,862</u></b>	<b><u>(251,097)</u></b>	<b><u>-4%</u></b>
Excess of Revenues Over (Under) Expenditures	668,580	155,697	512,883	329%
Fund Equity, Beginning	<u>1,195,943</u>	<u>1,027,377</u>	<u>168,566</u>	<u>16%</u>
Fund Equity, Ending	<u>1,864,523</u>	<u>1,183,074</u>	<u>681,449</u>	<u>58%</u>

\* Collections are primarily drug rebates and subrogation

\* State Appropriations restated in prior year to actual draw deposited

## PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

**West Virginia Children's Health Insurance Program  
Budget to Actual Statement  
Fiscal Year 2008  
for the Two Months Ended August 31, 2007**

	<u>Budgeted for Year</u>	<u>Year to Date Budgeted Amt</u>	<u>Year to Date Actual Amt</u>	<u>Year to Date Variance*</u>		<u>Monthly Budgeted Amt</u>	<u>Aug-07</u>	<u>Jul-07</u>
Projected Cost	\$49,020,492	\$8,170,082	\$6,514,000	\$1,655,992	20%	\$4,085,041	\$3,680,106	\$2,833,984
Premiums	136,290	\$22,715	9,646	\$13,069	n/a	11,358	5,529	4,117
Medical Copays	576,800	\$96,133	0	96,133	-100%	48,067		
Drug Copays	489,250	\$81,542	0	81,542	-100%	40,771		
Subrogation & Rebates	<u>760,000</u>	<u>\$126,667</u>	<u>170,712</u>	<u>(44,046)</u>	35%	<u>63,333</u>	<u>72,324</u>	<u>98,388</u>
Total Benefit Cost	47,058,152	\$7,843,025	\$6,343,377	\$1,499,648	19%	3,921,513	3,607,782	2,735,596
Salaries & Benefits	\$519,673	\$86,612	\$89,146	(\$2,534)	-3%	\$43,306	\$41,241	\$47,905
Program Administration	2,166,796	\$361,133	348,080	13,052	4%	180,566	306,071	42,009
Eligibility	340,055	\$56,676	6,646	50,030	88%	28,338	0	6,646
Outreach	27,157	\$4,526	1,272	3,254	72%	2,263	611	661
Interest Expense	<u>287,741</u>	<u>\$47,957</u>	<u>18,835</u>	<u>29,022</u>	61%	<u>23,978</u>	<u>7,534</u>	<u>11,401</u>
Total Admin Cost	\$3,341,422	\$556,904	\$464,079	\$92,825	17%	\$278,452	\$355,457	\$108,622
Total Program Cost	<u>\$50,399,574</u>	<u>\$8,399,929</u>	<u>\$6,807,456</u>	<u>\$1,592,473</u>	19%	<u>\$4,199,965</u>	<u>\$3,963,239</u>	<u>\$2,844,218</u>
Federal Share 80.97%	40,823,655	\$6,803,942	\$5,520,166	1,283,776	19%	3,401,971	3,213,790	2,306,376
State Share 19.03%	<u>9,575,919</u>	<u>\$1,595,987</u>	<u>\$1,287,290</u>	<u>308,697</u>	19%	<u>797,993</u>	<u>749,448</u>	<u>537,842</u>
Total Program Cost	<u>\$50,399,574</u>	<u>\$8,399,929</u>	<u>\$6,807,456</u>	<u>\$1,592,473</u>	19%	<u>\$4,199,965</u>	<u>\$3,963,239</u>	<u>\$2,844,218</u>

Positive percentages indicate favorable variances

Budgeted Year Based on CCRC Actuary 6/30/2007 Report.

Base note: Medical and Drug Co-pay figures are incomplete.

Unaudited - Cash Basis For Management Purposes Only - Unaudited

West Virginia Children's Health Insurance Program  
WVFIMS Fund 2154  
For the Month Ended August 31, 2007  
(Accrual Basis)

**Investment Account**

Funds Invested	\$5,094,607
Interest Earned	<u>43,997</u>
<b>Total</b>	<b><u>\$5,138,604</u></b>

Unaudited - For Management Purposes Only - Unaudited

**Department of Administration Leasing Report  
For The Period of September 1, 2007 through September 30, 2007**

**NEW CONTRACT OF LEASE**

**WV CONSERVATION AGENCY**

**SCC-010** New contract of lease for 1 year containing 190 square feet of office Space at \$10.42 psf includes utilities, trash and snow removal with Greenbrier County Economic Dev. Auth., in the City of Maxwelton, Greenbrier County.

**BOARD OF SPEECH, PATHOLOGY AND AUDIOLOGY**

**SPA-001** New contract of lease For 2 years containing 660 square feet of office space at \$10.00 psf, rate full service with Upshur County Development Auth. in the City of Buckhannon, Upshur County.

**INSURANCE COMMISSION**

**INS-022** New contract of lease for 5 years containing 700 square feet of climate controlled storage space for computer equipment at \$7.50 psf, full service with O. V. Smith and Sons in the City of Big Chimney, Kanawha County.

**EDUCATION AND THE ARTS**

**E&A 002** New contract of lease for 4 years containing 3,928 square feet of office space at \$11.50 psf, full service with McCabe Land Company in the City of Charleston, Kanawha County.

**STRAIGHT RENEWALS**

**DEPARTMENT OF HEALTH AND HUMAN RESOURCES**

**HHR-155** Renewal for 1 year containing 5,600 square feet of office space at the current psf rate of \$6.30 with Mason-Stewart Properties in the City of Kingwood, Preston County.

**HHR-156** Renewal for 1 year containing 800 square feet of storage at the same \$2.01 psf rate with Burdette Realty, in the City of Charleston, Kanawha County.

## STRAIGHT RENEWALS CONTINUED

**HHR-137** Renewal for 1 year containing 6,917 square feet of office space at the same rate of \$1.39 psf, with William Horne, in the City of Welch, McDowell County.

## **WORKFORCE WEST VIRGINIA**

**WWV-002** Renewal for 3 years containing 4,700 square feet of office space at the same \$7.50 psf rate, with Anbu and Carole Nadar in the City of Williamson, Mingo County.

## **WEST VIRGINIA STATE COLLEGE**

**WVS-002** Renewal for 1 year containing 1,694 square feet of office space at the same \$10.00 psf. rate, full service with WVSU R&D Corp. in the City of Institute, Kanawha County.

## **DENTAL EXAMINERS BOARD**

**DEB-002** Renewal for 4 years containing 1,600 square feet of office space at the same rate of \$6.75 psf, includes trash and snow removal, with Priddy's Enterprises in the City of Crab Orchard, Raleigh County.

## RENEWAL/RENT INCREASES

### **ETHICS COMMISSION**

**ETH-002** Renewal for 3 years containing 3,140 square feet of office space with a rental increase from \$11.28 psf to \$11.78 psf, full service with Brooks Quarrier Associates, in the City of Charleston, Kanawha County.

### **APPRAISER BOARD**

**APR-002** Renewal for 3 years containing 900 square feet of office space with a rental increase from \$13.00 psf to \$15.00 psf, full service with Real Estate Associations Services, in the City of Charleston, Kanawha County.

### **PUBLIC SAFETY**

**PSA-008** Renewal for 3 years containing 1,980 square feet of office space with a rental increase from \$5.36 psf to \$5.45 psf with Darlene Morris in the City of Clay, Clay County.

## RENEWAL/RENT INCREASES CONTINUED

### **CORRECTIONS**

**COR-077** Renewal for 1 year containing 1,600 square feet of office space with a rental increase from \$12.49 psf to \$13.32 psf includes utilities, trash and snow removal with Twelve-O-Six Virginia, Inc. in the City of Charleston, Kanawha County.

### **BOARD OF PROFESSIONAL SURVEYORS**

**PEB-002** Renewal for 5 years containing 3,231 square feet of office and storage space with a rental increase from \$12.00 psf to \$13.20 psf, full service with KVB Partners, in the City of Charleston, Kanawha County.

### **DEPARTMENT OF HEALTH AND HUMAN RESOURCES**

**DHS-022** Renewal for 2 years containing 17,881 square feet of office space with a rental increase from \$6.05 psf to \$6.20 psf, includes water and sewer with George and Rose Yates, in the City of Wheeling, Ohio County.

### **NEW RIVER COMMUNITY AND TECHNICAL COLLEGE**

**NRC-009** Renewal for 1 year containing 4,590 square feet of office space with a rental increase from \$10.49 psf to \$10.80 psf, with WWL Properties, in the City of Beckley, Raleigh County.

Joint Committee on Government and Finance

*October 2007*

Department of Health and Human Resources

**MEDICAID REPORT**

**WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES**  
**BUREAU FOR MEDICAL SERVICES**  
**SFY 2007 MEDICAID CASH REPORT**  
**AS OF SEPTEMBER 26, 2007**

DESCRIPTION	ACTUALS	PROJECTED
	SFY2007 To Date	SFY2007
<b>REVENUE SOURCES</b>		
Beg. Bal. 7/01/06 (5084/1020 prior mth)	\$22,969,601	\$22,969,601
<b>MATCHING FUNDS</b>		
Medical Services	394,405,687	394,405,687
Rural Hospitals Under 150 Beds (0403/940)	2,596,000	2,596,000
Tertiary Funding (0403/547)	3,356,000	3,356,000
Lottery Waiver (Less 450,000) (5405/539)	12,550,000	12,550,000
Lottery Transfer (5405/871)	10,300,000	10,300,000
Trust Fund Appropriation (5185/189)	0	30,556,594
Provider Tax (5090/189)	157,259,353	155,600,000
Certified Match	21,036,252	22,881,010
Reimbursables <sup>(1)</sup>	3,996,057	5,099,481
CMS - 64 Adjustments	(2,423,890)	0
<b>TOTAL MATCHING FUNDS</b>	<b>\$626,045,060</b>	<b>\$660,314,373</b>
<b>FEDERAL FUNDS</b>	<b>\$1,562,997,558</b>	<b>\$1,645,670,917</b>
<b>TOTAL REVENUE SOURCES</b>	<b>\$2,189,042,618</b>	<b>\$2,305,985,290</b>
<b>TOTAL EXPENDITURES:</b>		
Provider Payments	\$2,162,476,230	\$2,218,560,229
<b>TOTAL</b>	<b>\$26,566,388</b>	<b>\$87,425,061</b>

Note: Proj. FMAP (06' - 72.99% applicable July - Sept. 2006) ( 07' - 72.82% applicable Oct. 2006 - June 2007)

(1) This amount will revert to State Only if not reimbursed.

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
 BUREAU FOR MEDICAL SERVICES  
 SFY 2007 EXPENDITURES BY PROVIDER TYPE  
 AS OF SEPTEMBER 26, 2007

DESCRIPTION	TOTAL	ESTIMATED	ACTUALS
	SFY 2006	SFY 2007	SFY 2007 To-Date
<b>EXPENDITURES:</b>			
Inpatient Hospital Services	223,854,909	248,593,096	226,282,408
Inpatient Hospital Services - DSH Adjustment Payments	53,916,150	53,935,110	54,096,937
Mental Health Facilities	36,085,565	42,090,761	40,250,781
Mental Health Facilities - DSH Adjustment Payments	20,354,226	18,887,045	18,924,239
Nursing Facility Services	402,903,863	416,786,290	413,063,985
Intermediate Care Facilities - Public Providers	160	-	-
Intermediate Care Facilities - Private Providers	53,642,336	59,538,870	58,706,822
Physicians Services	126,950,184	117,945,021	128,612,962
Outpatient Hospital Services	93,921,521	103,013,506	98,279,923
Prescribed Drugs	378,095,030	310,458,195	305,342,895
Drug Rebate Offset - National Agreement	(112,878,531)	(116,033,400)	(93,163,811)
Drug Rebate Offset - State Sidebar Agreement	(29,528,976)	(29,276,640)	(31,467,242)
Dental Services	38,320,543	40,972,725	37,032,509
Other Practitioners Services	20,069,824	21,174,205	20,319,941
Clinic Services	46,750,545	37,478,034	38,178,813
Lab & Radiological Services	13,045,112	13,892,145	7,948,506
Home Health Services	26,490,072	27,896,140	27,688,972
Hysterectomies/Sterilizations	682,237	693,464	571,881
Pregnancy Terminations	-	39,092	-
EPSDT Services	3,450,995	10,881,433	2,458,929
Rural Health Clinic Services	7,652,987	7,621,694	6,602,490
Medicare Health Insurance Payments - Part A Premiums	17,903,197	17,191,600	16,768,356
Medicare Health Insurance Payments - Part B Premiums	61,584,326	64,000,000	62,881,209
120% - 134% Of Poverty	2,861,904	-	3,492,445
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	213,950,846	241,784,020	241,130,268
Medicaid Health Insurance Payments: Group Health Plan Payments	289,548	346,380	360,065
Home & Community-Based Services (MR/DD)	185,607,767	207,361,030	200,535,722
Home & Community-Based Services (Aged/Disabled)	60,658,000	59,874,724	56,417,341

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
 BUREAU FOR MEDICAL SERVICES  
 SFY 2007 EXPENDITURES BY PROVIDER TYPE  
 AS OF SEPTEMBER 26, 2007

DESCRIPTION	TOTAL	ESTIMATED	ACTUALS
	SFY 2006	SFY 2007	SFY 2007 To-Date
Community Supported Living Services	-	-	38
Personal Care Services	27,037,173	36,554,021	36,793,019
Targeted Case Management Services	9,026,219	9,285,672	7,800,004
Primary Care Case Management Services	599,865	796,780	738,666
Hospice Benefits	6,545,960	9,357,560	9,736,788
Federally Qualified Health Center	17,133,735	16,681,010	15,204,205
Other Care Services	117,082,516	132,236,166	126,149,153
Less: Recoupments	0	-	(1)
<b>NET EXPENDITURES: (line 6 on CMS-64)</b>	<b>2,124,059,808</b>	<b>2,182,055,749</b>	<b>2,137,739,218</b>
Collections: Third Party Liability (line 9A on CMS-64)	(6,144,253)		(4,618,212)
Collections: Probate (line 9B on CMS-64)	(117,505)		(98,465)
Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)	(246)		(389,328)
Collections: Other (line 9D on CMS-64)	(7,731,974)		(6,565,965)
<b>NET EXPENDITURES and CMS-64 ADJUSTMENTS:</b>	<b>2,110,065,831</b>	<b>2,182,055,749</b>	<b>2,126,067,248</b>
Plus: Medicaid Part D Expenditures	8,942,213	29,504,480	28,577,768
Plus: State Only Medicaid Expenditures	4,507,995	3,500,000	4,557,527
<b>TOTAL MEDICAID EXPENDITURES</b>	<b>\$2,123,516,039</b>	<b>2,215,060,229</b>	<b>2,159,202,543</b>
Plus: Reimbursables <sup>(1)</sup>	4,446,206	3,500,000	3,273,687
<b>TOTAL EXPENDITURES</b>	<b>\$2,127,962,245</b>	<b>\$2,218,560,229</b>	<b>\$2,162,476,230</b>

(1) This amount will revert to State Only if not reimbursed.

**BUREAU FOR MEDICAL SERVICES**  
**SFY 2007 Medicaid Approved Claims Report**  
**As of September 28, 2007**

REF#	CMS 64 Category Of Service	SFY 2006	SFY 2007 APPROVED CLAIMS				Year to Date
			JUL-SEP 2006	OCT-DEC 2006	JAN-MAR 2007	APR-JUN 2007	
1A	Inpatient Hospital Services	229,707,885	59,005,876	45,421,002	66,720,735	58,217,912	229,365,525
1B	Inpatient Hospital Services - DSH	53,908,979	13,487,307	13,398,746	13,766,769	13,567,949	54,220,771
2A	Mental Health Facilities	39,229,124	9,611,036	9,654,321	10,474,049	10,889,353	40,628,759
2B	Mental Health Facilities - DSH	20,354,226	4,707,635	4,689,840	4,712,576	4,690,354	18,800,405
3	Nursing Facility Services	393,536,290	97,869,357	102,858,858	101,811,138	103,254,835	405,794,188
4B	Intermediate Care Facilities - Private Providers	53,659,229	14,866,833	14,906,184	14,332,092	14,592,632	58,697,741
5	Physicians Services	131,707,310	27,270,085	32,865,572	31,412,893	30,779,096	122,327,646
6	Outpatient Hospital Services	98,443,210	24,877,119	24,044,406	26,344,955	25,604,096	100,870,576
7	Prescribed Drugs	378,942,276	73,996,270	79,099,519	83,977,772	80,229,349	317,302,910
7	Part D Premium - State Only	13,703,710	7,036,703	6,973,264	7,171,635	7,396,166	28,577,768
7A1	Drug Rebate Offset - National	(112,874,193)	(24,866,438)	(23,717,131)	(18,757,397)	(26,070,352)	(93,411,318)
7A2	Drug Rebate Offset - State	(29,533,312)	(6,169,739)	(7,473,084)	(7,636,145)	(9,960,309)	(31,239,277)
///	Total Rebates	(142,407,505)	(31,036,177)	(6,434,124)	(26,393,542)	(36,030,661)	(99,894,504)
///	NET DRUG COST	250,238,481	49,996,796	79,638,659	64,755,865	51,594,854	245,986,174
8	Dental Services	39,749,744	9,747,726	10,030,160	8,767,992	9,400,102	37,945,980
9	Other Practitioners Services	22,526,001	5,427,284	5,064,183	5,315,974	4,955,486	20,762,927
10	Clinic Services	37,348,651	7,646,302	8,289,217	9,205,678	10,001,742	35,142,939
11	Lab & Radiological Services	12,711,427	4,271,178	4,337,276	4,538,777	3,003,612	16,150,843
12	Home Health Services	29,135,956	6,686,817	6,549,259	8,644,136	6,678,251	28,558,463
13	Hysterectomies/Sterilizations	693,327	156,700	161,378	132,905	109,132	560,115
14	Pregnancy Termination	347,900	64,401	34,849	84,150	36,778	220,178
15	EPSDT Services	6,954,084	738,892	643,606	507,950	560,470	2,450,918
16	Rural Health Clinic Services	8,033,096	1,691,196	1,651,828	1,792,683	1,560,779	6,696,486
17A	Medicare - Part A Premiums	18,143,564	2,784,018	4,185,821	4,245,061	4,251,010	15,465,910
17B	Medicare - Part B Premiums	60,608,011	10,649,879	16,255,310	17,021,684	17,570,119	61,496,992
18A	Managed Care Organizations	213,951,922	60,065,447	68,259,290	53,713,498	75,862,421	257,900,656
18C	Group Health Plan Payments	289,547	85,876	0	159,219	84,633	329,728
19	Home & Community-Based Services (MR/DD)	185,718,505	46,908,118	47,174,803	53,073,494	53,999,834	201,156,249
20	Home & Community-Based Services (Aged/Disabled)	60,771,882	13,700,224	13,512,164	14,314,401	14,978,868	56,505,657
23	Personal Care Services	26,844,048	8,931,805	8,741,935	8,865,553	9,450,009	35,989,302
24	Targeted Case Management	9,487,138	2,125,577	2,022,279	1,907,015	1,796,125	7,850,996
25	Primary Care Case Management	596,073	187,173	234,987	186,357	191,622	800,139
26	Hospice Benefits	6,762,433	2,525,227	2,043,526	2,869,003	2,553,635	9,991,391

**BUREAU FOR MEDICAL SERVICES**  
**SFY 2007 Medicaid Approved Claims Report**  
**As of September 28, 2007**

REF#	CMS 64 Category Of Service	SFY 2006	SFY 2007 APPROVED CLAIMS				Year to Date
			JUL-SEP 2006	OCT-DEC 2006	JAN-MAR 2007	APR-JUN 2007	
28	Federally Qualified Health Center	17,851,263	3,423,359	3,928,177	4,478,858	3,639,172	15,469,566
29	Other Care Services	111,635,012	28,703,280	30,005,089	27,072,310	26,072,486	111,853,165
	Unclassified	28,398	211,611	53	(20)	0	211,644
///	<b>TOTALS</b>	<b>2,140,972,716</b>	<b>518,424,134</b>	<b>535,846,687</b>	<b>561,227,750</b>	<b>559,947,367</b>	<b>2,175,445,938</b>

This report's data is prepared based on claims received and approved for payment (Modified Accrual basis of Accounting). Therefore, the data presented in this report will not match the CMS-64 Quarterly Reports which are prepared on a cash basis.

The following report approximates the Medicare Part-D Prescription Drug Expenditures related to WV's Part-D Premium (clawback) payments.

REF#	CMS 64 Category Of Service	SFY 2006	SFY 2007 APPROVED CLAIMS				Year to Date
			JUL-SEP 2006	OCT-DEC 2006	JAN-MAR 2007	APR-JUN 2007	
7	Medicaid Prescribed Drugs	378,942,276	73,996,270	79,099,519	83,977,772	80,229,349	317,302,910
7.2	Medicare Part D (Estimated)	56,372,986	28,946,904	29,045,471	29,871,738	30,806,969	118,671,082
///	<b>Estimated Medicaid &amp; Medicare Prescription Drug Payments</b>	<b>435,315,262</b>	<b>102,943,174</b>	<b>108,144,990</b>	<b>113,849,510</b>	<b>111,036,318</b>	<b>435,973,992</b>

# BOARD OF TREASURY INVESTMENTS

CALENDAR NOTES  
1 Year CD Auction  
October 10, 2007

## OPERATING REPORT AUGUST 2007

**Board of Treasury Investments**

1900 Kanawha Boulevard East  
Suite E-122  
Charleston WV 25305  
(304) 340-1578  
www.wvbf.com

**Board of Directors**

John D. Perdue,  
State Treasurer,  
Chairman

Joe Manchin III,  
Governor

Glen B. Gainer III,  
State Auditor

Martin Glasser,  
Esq. Attorney  
Appointed by  
the Governor

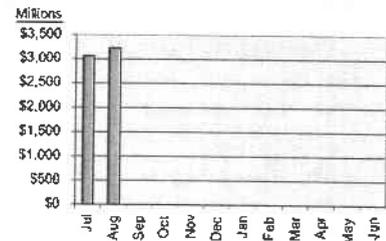
Jack Rossi, CPA  
Appointed by  
the Governor

**Executive Staff**

Executive Director  
Glenda Probst,  
CPA, CTP

Chief Financial Officer  
Kara K. Brewer,  
CPA, MBA

**Total Net Assets Under Management**  
**\$3,236,513,000**

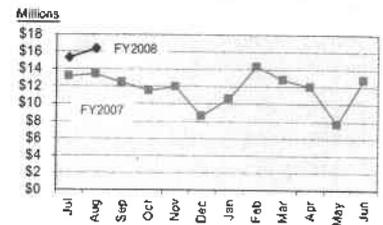


Last Month  
**\$3,075,673,000**

Beginning of Fiscal Year  
**\$2,923,172,000**

**10.7% Growth This Fiscal Year**

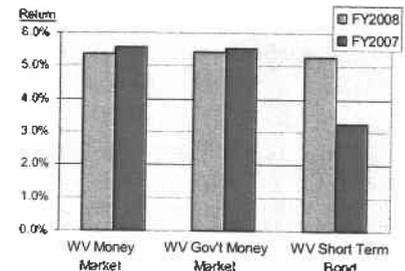
**Total Net Income & Gains**  
**This Month \$16,364,000**  
**Fiscal Year \$31,729,000**



**Outpacing Last Year**

**Effective Rates of Return**  
*Time Weighted, Annualized, Net of All Fees*

	August <u>2007</u>	Fiscal Year <u>2008</u>	Fiscal Year <u>2007</u>
WV Money Market	5.4%	5.4%	5.6%
WV Gov't Money Market	5.4%	5.4%	5.5%
	Fiscal Year <u>2008</u> <i>(Past 12 Months)</i>	Fiscal Year <u>2007</u> <i>(Past 12 Months)</i>	
WV Short Term Bond	5.3%	3.3%	



Returns are annualized fiscal year to date for WV Money Mkt & WV Gov't Money Mkt, past 12 months for WV Short Term Bond

**Fiscal Year Return Comparisons**

**WEST VIRGINIA BOARD OF TREASURY INVESTMENTS**  
**THE ECONOMIC STATE**  
**AUGUST 2007**

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**U.S. Economy Picks Up Pace Despite Layoffs  
& Slower Consumer Spending**

The U.S. unemployment rate held at 4.6% in August, but the U.S. economy unexpectedly lost jobs for the first time in four years as employers cut 4,000 workers. Job growth was also revised to a lower 68,000 in July from a previous estimate of 92,000. During the second quarter, the U.S. economy grew at a revised 4.0% annual growth rate, the fastest pace in more than a year. Consumer spending slowed to a 1.4% annual pace from 3.7% the previous quarter. Housing starts slumped to a ten-year low, dropping 6.1% in July and the index of signed purchase agreements dropped 12.2% after gaining 5% in June. The glut of unsold properties is expected to drag down construction and the economy for the rest of the year. Rising mortgage rates and stricter lending rules are also impeding a rebound in housing. U.S. consumer prices rose 0.1% in July, the smallest gain in eight months, as gasoline prices declined 1.7%. The core CPI, which excludes food and energy, rose 0.2% in July and 2.2% for the trailing twelve months. The Producer Price Index rose 0.6% in July on higher gasoline and natural gas costs. July's increase followed a 0.2% decline in June. Excluding food and energy costs, producer prices rose less than forecast, up 0.1% in July. Over the last twelve months, producer prices jumped 4.0% while the core PPI rose 2.3%.

*September CD Auction Results*

The following awards were issued as a result of the September 12, 2007, Board of Treasury Investments, certificate of deposit (CD) auction:

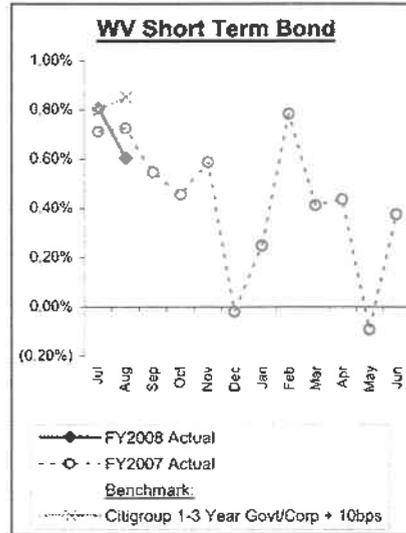
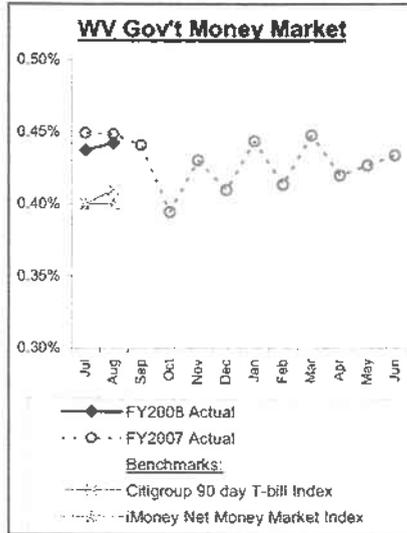
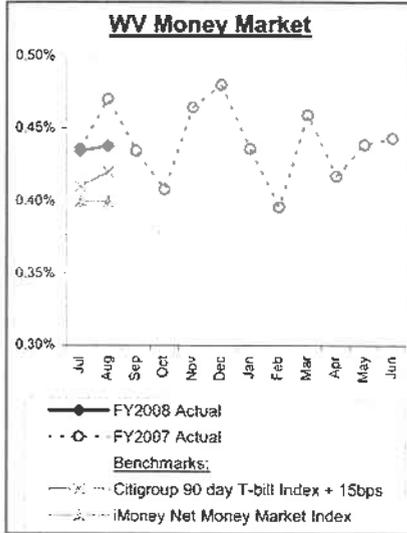
Main Street Bank – Wheeling	\$2,000,000
Chase Bank – Charleston	\$2,000,000
Jefferson Security Bank – Shepherdstown	\$3,000,000
Monongahela Valley Bank – Fairmont	\$3,000,000
BB&T – Charleston	\$5,000,000
Huntington National Bank – Charleston	\$5,000,000
United Bank, Inc. – Parkersburg	\$5,000,000

Thirteen West Virginia banks bid for a portion of the \$25,000,000 offered for six month CDs. The minimum rate required to bid was 4.172%. Winning bids ranged from 4.80% to 5.16%, and they will earn the state an additional \$88,856 over the benchmark. To date, this program has placed \$178.8 million with state banks and earned \$4.6 million in interest.

The overnight lending rate remained at 5.25% in August after the Fed left rates unchanged at its last nine meetings. Fed officials acknowledged that financial market turmoil and declines in housing have increased the risks to growth, but maintained that inflation remained the biggest threat. However, given a sudden spike in short-term lending rates and the loan market seizing, the Fed injected liquidity and dropped the discount rate 50 bps. The market is expecting the Fed to reduce the overnight lending rate by at least 25 bps on September 18, 2007. For the month of August, yields shifted lower across the curve with 3- and 6-month Treasuries falling 84 and 77 bps to 4.11% and 4.20%, respectively. The 2-year Treasury yield declined 39 bps in August to 4.13%, while the 3-year Treasury dropped 36 bps to 4.15%. The 10-year Treasury yield fell 21 bps to 4.53% as the 30-year Treasury yield declined 8 bps to 4.82%, widening the yield spread between the 30-year and the 2-year Treasury to 69 bps. Ninety-day T-Bills returned 0.56% in August, underperforming the 1.03% return of 1-3 Year Government Bonds. Year-to-date in 2007, 90-Day T-bills have earned 3.51%, while 1-3 Year Government Bonds have returned 4.12%. For the last 12 months, T-bills underperformed with a 5.29% return as 1-3 Year Government Bonds earned 5.61%.

# West Virginia Board of Treasury Investments Financial Highlights as of August 31, 2007

## Monthly Rates of Return for Operating Pools *(Net of Fees)*



## Summary of Value and Earnings *(In Thousands)*

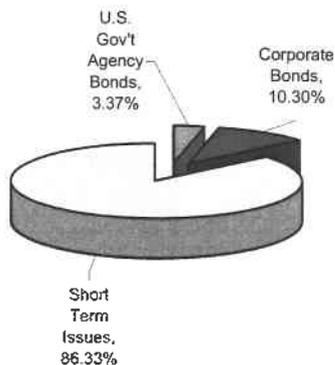
Pool	Asset Value	August Net Income (Loss)	Fiscal YTD Net Income (Loss)
WV Money Market	\$ 2,300,312	\$ 9,857	\$ 19,142
WV Gov't Money Market	262,045	1,057	2,037
WV Short Term Bond	233,003	1,424	3,269
WV Bank	50,573	224	224
Loss Amortization	159,633	2,961	5,356
Loans	131,083	448	896
Participant Accounts	99,864	393	805
	<b>\$ 3,236,513</b>	<b>\$ 16,364</b>	<b>\$ 31,729</b>

### Percent of Total Net Asset Value

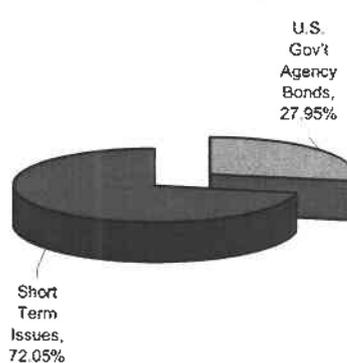


## Securities by Type for Operating Pools *(Percentage of Asset Value)*

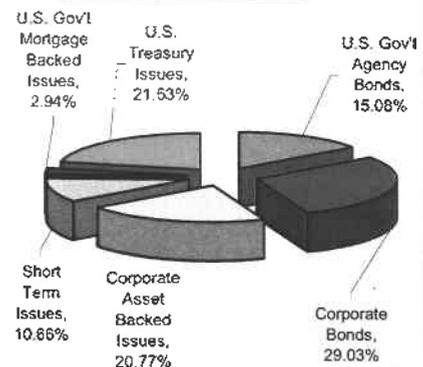
### WV Money Market



### WV Gov't Money Market



### WV Short Term Bond



**WEST VIRGINIA BOARD OF TREASURY INVESTMENTS**  
**SCHEDULE OF NET ASSETS, OPERATIONS & CHANGES IN NET ASSETS –**  
**UNAUDITED**

**AUGUST 31, 2007**

*(IN THOUSANDS)*

	<b>WV Money Market Pool</b>	<b>WV Government Money Market Pool</b>	<b>WV Short Term Bond Pool</b>	<b>WV Bank Pool</b>	<b>Other Pools</b>	<b>Participant Directed Accounts</b>
<b>Assets</b>						
<b>Investments:</b>						
At amortized cost	\$ 2,296,589	\$ 261,586			\$ 130,639	\$ 46,708
At fair value	-	-	\$ 232,138	\$ -	159,633	52,323
Collateral for securities loaned	381,566	34,632	43,881	-	-	-
Other assets	3,933	482	1,865	573	448	834
<b>Total assets</b>	<b>2,682,088</b>	<b>296,700</b>	<b>277,884</b>	<b>573</b>	<b>290,720</b>	<b>99,865</b>
<b>Liabilities</b>						
Payable for securities loaned	381,566	34,632	43,881	-	-	-
Other liabilities	210	23	1,000	-	4	1
<b>Total liabilities</b>	<b>381,776</b>	<b>34,655</b>	<b>44,881</b>	<b>-</b>	<b>4</b>	<b>1</b>
<b>Net Assets</b>	<b>\$ 2,300,312</b>	<b>\$ 262,045</b>	<b>\$ 233,003</b>	<b>\$ 573</b>	<b>\$ 290,716</b>	<b>\$ 99,864</b>
<b>Investment income</b>						
Interest and dividends	\$ 4,098	\$ 625	\$ 896	\$ 224	\$ 452	\$ 384
Securities lending income	1,741	254	311	-	-	-
Net accretion (amortization)	5,691	425	76	-	541	(18)
Provision for uncollectible loans	-	-	-	-	-	-
<b>Total investment income</b>	<b>11,530</b>	<b>1,304</b>	<b>1,283</b>	<b>224</b>	<b>993</b>	<b>366</b>
<b>Expenses</b>						
Fees	244	26	28	-	4	1
Securities lending borrower rebates	1,432	222	284	-	-	-
<b>Total expenses</b>	<b>1,676</b>	<b>248</b>	<b>312</b>	<b>-</b>	<b>4</b>	<b>1</b>
<b>Net investment income</b>	<b>9,854</b>	<b>1,056</b>	<b>971</b>	<b>224</b>	<b>989</b>	<b>365</b>
<b>Net realized gain (loss)</b>						
from investments	3	1	466	-	-	-
<b>Net increase (decrease)</b>						
in fair value of investments	-	-	(13)	-	2,420	28
<b>Net gain (loss) from investments</b>	<b>3</b>	<b>1</b>	<b>453</b>	<b>-</b>	<b>2,420</b>	<b>28</b>
<b>Net increase (decrease) in net assets from operations</b>	<b>9,857</b>	<b>1,057</b>	<b>1,424</b>	<b>224</b>	<b>3,409</b>	<b>393</b>
<b>Distributions to participants</b>	<b>9,857</b>	<b>1,057</b>	<b>971</b>	<b>224</b>	<b>447</b>	<b>-</b>
<b>Participant activity</b>						
Purchases, reinvestment of units and contributions	898,427	49,590	924	224	447	17
Redemptions and withdrawals	760,507	26,932	-	-	-	5,158
Inter-pool transfers in	25,662	-	-	76,011	-	-
Inter-pool transfers out	76,011	-	-	25,662	-	-
<b>Net increase (decrease) in net assets from participant activity</b>	<b>87,571</b>	<b>22,658</b>	<b>924</b>	<b>50,573</b>	<b>447</b>	<b>(5,141)</b>
<b>Increase (decrease) in net assets</b>	<b>87,571</b>	<b>22,658</b>	<b>1,377</b>	<b>50,573</b>	<b>3,409</b>	<b>(4,748)</b>
<b>Net assets at beginning of period</b>	<b>2,212,741</b>	<b>239,387</b>	<b>231,626</b>	<b>-</b>	<b>287,307</b>	<b>104,612</b>
<b>Net assets at end of period</b>	<b>\$ 2,300,312</b>	<b>\$ 262,045</b>	<b>\$ 233,003</b>	<b>\$ 50,573</b>	<b>\$ 290,716</b>	<b>\$ 99,864</b>

(Speaker Thompson presides)

**AGENDA**  
**JOINT COMMITTEE ON GOVERNMENT AND FINANCE**  
**October 9, 2007**

3:00 - 4:00 p.m.

Senate Finance Room

1. Approval of September 11, 2007, minutes

2. Committee Reports/Requests:

Legislative Intern Committee (Senator Prezioso and Delegate Varner, Chairs) Requests authorization for reimbursement of expenses for members of the Legislative Intern Committee to attend the legislative intern interviews in the Capitol building in November for the Rollins-Burk graduate selection subcommittee, the Public Information selection subcommittee, the Herndon selection subcommittee and Frasure-Singleton Selection subcommittee. —Sara Jones

Pres. moves

MOVE that reimbursement of expenses for members of the Legislative Intern Committee, to attend the legislative intern interviews in November 2007, is authorized.

3. Monthly/Quarterly Reports Distribution:

Status Reports on the Lottery Commission, General Revenue Fund and Unemployment Compensation Trust Fund

4. Monthly/Quarterly Reports Distribution:

PEIA, BRIM, CHIP and Lease Report - Donna Lipscomb

5. Monthly/Quarterly Report Distribution from Department of Health and Human Resources:

Medicaid Report - Martha Walker, Cabinet Secretary, DHHR

6. Monthly Report on the Pharmaceutical Cost Management Council: Shana Phares, Chair

Limited update (improve resistant prescription pads across the board)

7. Board of Treasury Investments Report Distribution

Sen Deem wants Shana to go into mail order

8. Other Business

9. Changing Interim Dates from November 16-18 to November 26-28

Pres. move change interim dates

10. Scheduled Interim Dates: Proposed November 26 - 28 (Monday, Tuesday and Wednesday)

December 9 - 11

January 6 - 8, 2008

11. Adjournment Sen Pres

## Joint Committee on Government and Finance Meeting Checklist

### Items for Booklet:

- Minutes (MAKE SURE THEY ARE APPROVED BY HOMBURG & AARON)
- Reports Summary
- Lottery
- General Revenue
- Unemployment Compensation
- PEIA
- BRIM
- CHIP
- Lease Report
- Medicaid Report
- Pharmaceutical Cost Management Council
- Board of Treasury Investments Report
- Detailed Agenda for President, Speaker, Aaron, Homburg and File Copy
- Shortened Agenda for Members 12 Copies
- Shortened Agenda for Public 30 Copies
- Requests from other committees (make sure motion is in detailed agenda and a copy of the request on colored paper is in all booklets)
- Call committee staff to check on reports or requests
- Call offices that distribute monthly reports to determine who will be presenting the report.
- After meeting give Brenda, Donna, Judy Schultz (Senate) and Carolyn Epling (House) a copy of the approved minutes.

Tape: October 9, 2007

Speaker: Call the meeting to order. Senate President moves the approval of the September 11, 2007 minutes. All in favor say I.

Committee: I

Speaker: Oppose? The I's have it, the minutes are approved. First thing on the agenda is Committee reports. Legislative Intern Committee, Senator Prezioso...Sara, how about Sara.

Sara: Legislative Internship Committee requests approval for an additional day of reimbursement of expenses for members of the selection committee to conduct legislative interviews in the Capitol, prior to or after the November Interim dates.

Speaker: Any questions from members of the Committee?

President: So move Mr. Speaker.

Speaker: President's motion, all in favor say I.

Committee: I

Speaker: Oppose? The I's have it, it is approved. We have monthly report distributions in your files. Quarterly reports, Donna you going to speak to those?

Donna: Hi, Donna Lipscomb with the Department of Administration, Secretary Ferguson is out of town so you guys get stuck with me again this month. I will just do a real brief, point out some high notes here and then I have the division directors are all here if you all have specific questions. PEIA there is no significant items to report. The MAPD implementations progressing, the financial plan discussions for FYI 09 are under way and the pharmacy benefit management RFP process is also progressing. For CHIP, the enrollment is slightly down 2% this year from last year. The claims costs are down 7% and that is because there is less in patient hospital admissions and less in patient mental health admissions. The administrative costs are up 52%, that is because several months activity and there are some late entries so they are all coming in at one time. BRIM, the premium....

President: Can you say that again?

Donna: The administrative costs are up 52% but it is because the invoices that are retroactive and they are for several months activity and some late entries so they are all coming in now.

President: So why is the administrative costs up?

Donna: Well like there is a big invoice for medical home administrative invoice, that was for \$17,000. Rational drug therapy cost are a little over \$17,000. The DHHR quarterly contract is a

little higher than in past years, that is \$36,000 and then the single audit invoice was almost \$10,000. So that is why the administrative costs are higher right now. Sharon Carte is here if you want to inquire further.

President: Am I missing something....administrative costs should be the same....did you hire extra people to pay these big invoices or what?

Sharon Carte: Mr. President, Sharon Carte for CHIP. As Donna was trying to explain we had a number of invoices that hadn't been paid on an ongoing monthly basis as they should have and then they came in all at once is why it is contributed that at high level. We were having some issues with the rational drug therapy contract and reporting's so that was several months. Medical home administrative invoice was a brand new process that we started last Spring then we got that invoice for several months there was a late entry on the DHHR quarterly contract and we had a single audit invoice that comes in at regular periods so they all kind of landed on our desk at once. It won't continue that way, it is a one month blip and it will level out over the year.

President: Ok

Speaker: Senator Helmick.

Senator Helmick: That is not necessarily administrative costs at any one time because if there weren't activity in the month of June for the instance then the cost would be nil at that particular time. But if the activity was held up with bundled until August then the administration cost would be the same cause you are not hiring new people are you? You were using the term administrative cost being significant higher and you showed a percentage but that should not be the cost, is that right?

Sharon: I'd have to get clarification from my financial officer.

Senator Helmick: It may just be a mis-entry, it must be (?).

Sharon: I'll be glad to get

President: Double the amount of people you've got over there?

Sharon: No we didn't do any of that sir. But remember, CHIP operates through a number of contracts and some things like the single audit invoice, that we just get that once a year.

President: Why don't you tell us, give us a break down of what is happening because of the President's veto on this CHIP and where we are going.

Sharon: Well I wish I knew for certain but right now basically CHIP is kind of caught between this tug of war between the President's budget and the compromise bill that was passed by the House and vetoed. It looks like it is a long shot that the veto would be over-ridden and there is considerable difference between the CHIP budget if that veto were to be over-ridden and the

President's budget currently under funds all the CHIP programs nationally if they were to stay status quo. It looks like this could go on for sometime. But presently, where CHIP stands fiscally is we are fine because we had over \$23million in carry forward funds from previous years allotments plus the House and the Senate did pass a continuing resolution that added approximately \$5.7 million that will be good for us to draw down from now until that resolution ends on November 15<sup>th</sup>. So we have \$29 million for the year and you know I assume we will get something worked out, we are not going to be left with zero funds going forward after November.

President: November is not very far away. How long will \$29 million carry you?

Sharon: At least until next April. At least six months.

President: And in order, if the thing is still kind of dead locked January/February what do you have to do? Obviously you are going to have to start cutting that program.

Sharon: No sir, I'd probably work with the board if it looked like we were facing a real deficit we would work to close enrollment. I don't think we would, the only place we would have to cut would be to cut from benefits. I wouldn't see any point in decreasing the effectiveness of the program or its payment rates I think we would just, we are a block granted program and we will reach a finite limit at some point.

President: To be quite honest with you it looks to me like, you got to have some contingencies out there within the uncertainties you've got here in the next several months on what you are going to do whether you roll back the eligibility, you know the people that is eligible for the program or whether you cut benefits or something you can't keep rolling full speed ahead with no money coming in.

Sharon: Well, quite honestly Mr. President, I don't expect to have to authorize those contingencies I think you can see the reaction of the public even to the veto that there will be a continuation of funding. I just don't see the Congress giving CHIP zero dollars after November. They will do another continuing resolution and our Federal funding would remain at least adequate to see us through the year.

President: But you don't have any kind of plans in case things head south on you.

Sharon: I don't have a plan laid out.

President: Have you ever thought about getting a plan?

Sharon: I remember three years ago we had talked about that in the event that we were facing inadequate funding but we have not moved into that kind of plan yet.

President: Do you think it is time maybe that you should just think about it occasionally?

Sharon: I certainly will discuss it when the Board meets later this month.

President: Ok.

Speaker: Is the federal funding running out or is it just the excess federal funding? We are 220% of poverty level, right? Correct?

Sharon: Mr. Speaker the appropriation, the regular appropriation that was in place for a ten year period has ended on September 30. The Congress has already given us continuing operating funds through 11/15. If we come to 11/15 and no compromise I expect we would be provided with additional continuing resolution funds. Part of the reason for that is that right now there are at least 12 or 13 states that have no federal funds with which to operate at all. They don't have a \$23 million like West Virginia does. So if there are no continuing funds those programs would either have to stop and close right away or they could possibly consider putting children into the Medicaid program.

Speaker: Senator Caruth um Senator Deem.

Senator Deem: Yeh you know this is a big national issue and the Administration whether you agree with it or not feels that what the Congress passed is gone too far in bringing people in under CHIP who could afford it without government help and if we extended the money that passed the house and the senate that a lot of people now that are insured who have their own insurance would fall back into CHIP, now whether that is true or not I don't know but one of the propositions I think the Administration put forth was that you couldn't increase the poverty level until you covered at least 90% of the people that is currently under the federal guidelines which is what do we have 220% of the federal?

Sharon: Yes sir we are at 220% of the federal poverty level.

Senator Deem: What percentage of the people who qualify were under that 220% do we have covered?

Sharon: It's difficult to estimate because nobody had really estimated that before at a federal level. The federal, the CMS send out to members and we had a conference call and they said that the highest state was Vermont with 90% but they didn't publish where all the other state's were. Then they had another conference call where they called all the state's and they had us look at the number of children enrolled in CHIP and Medicaid together and they said, I mean clearly WV when you add the Children's CHIP and Medicaid's numbers together you come up at a level that is almost equivalent to all the 200% income children or more. So they themselves have not defined where the state's are in regard to their bench mark which is actually 95%.

Senator Deem: Would that include Medicaid and CHIP?

Sharon: Yes sir, it does include Medicaid and CHIP and both...

Senator Deem: And you feel that you are close to that number?

Sharon: I feel that we are close but we would still have to put more emphasis on outreach. I'd ask the Committee to remember that of the children who are not covered right now there is still a number who are eligible for CHIP and Medicaid even as it stands. It is just that they have either dropped off the program or they have never heard about it or thought that it applies to them or they don't qualify.

Senator Deem: But you feel that's less than 10%.

Sharon: Oh yes.

Senator Deem: Very good. So you have done a good job as far as getting the people covered who are eligible under today's.

Sharon: I believe that we have so.

Senator Deem: Thank you.

Speaker: Further questions? The rest of the report please.

Donna: Yes, um BRIM collections are down compared to last year. We don't expect any problems because of that. We think they are just slow coming in this year. The claims expenses are also down this year compared to last year so there is an increase in revenues for new and existing claims. BRIM overall has no unfunded liability but in the Senate Bill 3 program we still have a deficit of \$5.7 million. Leasing, there were 17 new leases, 4 were new contracts to lease, 6 were straight renewals and 7 were renewals with rent increases.

Speaker: Questions? If not, thank you. We have quarterly report distribution for Department of Health and Human Resources. Secretary Walker or someone on Secretary Walker's behalf.

Warren: Mr. Chairman, Secretary Walker is unable to be here. I am Warren Keefer. The report is in your booklet and we have staff here who would be willing to answer the questions you may have.

Speaker: Questions by members of the Committee? If not, thank you. The next thing on the agenda is the monthly report for Pharmaceutical Cost Management Council.

Shana: I am Shana Phares, I am the Governor's Pharmaceutical Advocate and I am also the designated Chair of the Pharmaceutical Cost Management Council. I have a very limited update for you this month because the Council had to move its meeting. We will be meeting next week and will be looking at PBM legislation that has been passed in other states and also PBM model legislation. As previously reported to you we are also looking at federal, I am sorry Pharmaceutical Benefit Manager, we are also looking at federal legislation that would extend federal pricing to a number of hospitals in this state and I will share with you a report prepared by

the hospital association that will show the benefits of that federal legislation should it pass. Um, we are also considering another a couple of other topics specifically looking at tamper resistant prescription pads. They will be required federally from Medicaid only on January 1, 2008 but other states have required it across the board so we will look at the effect of requiring tamper resistant prescription pads across the board. I am happy to take any questions.

Speaker: Senator Deem.

Senator Deem: We have a committee on PEIA and we met yesterday and we talked about prescription drugs and the fact that some of the what they are paying under the Advantra for prescription drugs is less than what the pharmacists cost to supply those drugs and we were told that is because they couldn't, PEIA couldn't pay more than the mail order drugs that were supplied. Do you know what I am talking about?

Shana: No

Senator Deem: Well it seems to me that you know if somebody out there who is paying for the cost of drugs they are not paying more than what the mail order cost that we ought to be doing the same thing in WV except I don't want to lose the pharmacist. Who is it Delegate Border you know

Speaker: Delegate Border.

Delegate Border: What the discussion about yesterday was the fact that the 90 day mail order under the Medicare Part D Advantage program, the reimbursements for some medications are below the actual acquisition price and that is what he is referring to.

Shana: So it is actually a federal, I mean the Advantage program is a federal program and not under state proview.

Senator Deem: Yes but if they can mandate that we don't pay more under PEIA than the mail order rate is why can't you do the same thing?

Shana: Well cause we are not as big a purchaser as Medicare is across the board and we can definitely look at it um but.

Senator Deem: But your not even familiar with the mail order prices?

Shana: I am familiar with mail order prices, I am not familiar with all the Medicare Part D regulations.

Senator Deem: Would you look into it and see if PEIA or if Health and Human Resources I guess

Shana: Or any state program.

Senator Deem: could also reach, except I think it is not fair to require pharmacists to supply drugs to whomever for less than what it cost them because if we continue to do that we are not going to have any pharmacists in WV. I think we don't want to do that.

Senator Helmick: Senator your not price control right?

Senator Deem: Um, depends on who's paying the price. Would it save me money?

Senator Helmick: I have always been concerned about you (?) Price. Thank you Mr. Chairman.

Speaker: Next order of business is future interim dates. Chair recognizes Senate President.

President: Mr. Speaker I move that we change the November interim dates to November 16 - 18 that would be, no the 26-28 which would be Monday, Tuesday and Wednesday after Thanksgiving.

Speaker: Questions on the motion, all in favor say I.

Committee: I

Speaker: Oppose, the I's have it. Interim dates are moved. Any other business to come before the Committee? If not Senate President moves that we adjourn, all in favor say I.

Committee: I

Speaker: Oppose? The I's have it we are adjourned.

**OCTOBER INTERIM ATTENDANCE**  
**Legislative Interim Meetings**  
**October 7, 8 and 9, 2007**

**Tuesday, October 9, 2007**

3:00 pm - 4:00 pm

**Joint Committee on Government and Finance**

Senate

Tomblin, Chair	<input checked="" type="checkbox"/>
Chafin	<input checked="" type="checkbox"/>
Helmick	<input checked="" type="checkbox"/>
Kessler	<input checked="" type="checkbox"/>
Sharpe	<input type="checkbox"/>
Caruth	<input checked="" type="checkbox"/>
Deem	<input checked="" type="checkbox"/>

House

Thompson, Chair	<input checked="" type="checkbox"/>
Caputo	<input checked="" type="checkbox"/>
DeLong	<input type="checkbox"/>
Webster	<input checked="" type="checkbox"/>
White	<input checked="" type="checkbox"/>
Armstead	<input checked="" type="checkbox"/>
Border	<input checked="" type="checkbox"/>

I certify that the attendance as noted above is correct.

  
\_\_\_\_\_  
Staff Person

Anne Landgrebe

**Please return to Brenda in Room 132-E or Fax to 347-4819 ASAP, due to payroll deadline.**

Tuesday, October 9, 2007

3:00 pm - 4:00 pm

Joint Committee on Government and Finance

(Code §4-3)

Senate Finance Room

Senate

✓ Tomblin, Chair  
✓ Chafin  
✓ Helmick  
✓ Kessler  
✓ Sharpe  
✓ Caruth  
✓ Deem

House

✓ Thompson, Chair  
✓ Caputo  
DeLong  
✓ Webster  
✓ White  
✓ Armstead  
✓ Border

Shompson presided

1. Upon motion of Tomblin, the September minutes were approved.

2. Legislative Intern Committee:  
Kara Jones - President removed.

3.

4. PEIA - no report

CHIP - enrollment down 27% - Shoon tote for " - Invoices paid all at once

BPM collections and clients expenses down \$5.7 mil deficit in J.B. 3 program

5.

6. PCMC - Pharma Choices - PBM legislation being looked at Pharmacy Benefit Management - Some resistant prescriptions pads being looked at -

Deem asks about reimbursing at mail order prices

Tomblin moves change Nov. interim dates to Nov. 26-28 - Adopted  
Adjourn