

FILE COPY

JOINT COMMITTEE ON
GOVERNMENT AND FINANCE

Materials Distributed

April 8, 2008

January 8, 2008

3:00 - 4:00 p.m.

Joint Committee on Government and Finance

Senate

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

House

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

President Tomblin, Cochair, presided.

1. Approval of Minutes

Upon motion by Speaker Thompson, properly adopted, the minutes of the December 11, 2007, meeting were approved.

2. Committee Reports

Upon motion by Speaker Thompson, properly adopted, the following committee reports for the 2007 interim period were accepted:

Agriculture & Agribusiness Committee (Senator Edgell and Delegate Stemple, Chairs)
Joint Commission on Economic Development (Senator McCabe and Delegate Marshall, Chairs)
Joint Standing Committee on Finance (Senator Helmick and Delegate White, Chairs)
 Finance Subcommittee B (Senator Helmick and Delegate Campbell, Chairs)
Forest Management Review Commission (Senator Helmick and Delegate Crosier, Chairs)
Joint Standing Committee on Government Organization (Senator Bowman and Delegate Morgan, Chairs)
Legislative Oversight Commission on Health and Human Resources Accountability (Senator Prezioso and Delegate Perdue, Chairs)
Commission on Interstate Cooperation (Senator Jenkins and Delegate Pino, Chairs)
Joint Committee of Pensions and Retirement (Senator Foster and Delegate Spencer, Chairs)
Select Committee A - Children, Juveniles and Other Issues (Senator Prezioso and Delegate Mahan, Chairs)
Select Committee B - Veterans' Issues (Senator Hunter and Delegate Fleischauer, Chairs)
Select Committee C- Infrastructure (Senator Unger and Delegate Hrutkay, Chairs)
Select Committee D - Health (Senator Prezioso and Delegate Perdue, Chairs)
Select Committee E - Broadband (Senator Unger and Delegate Browning, Chairs)
Legislative Oversight Commission on Workforce Investment for Economic Development (Senator McCabe and Delegate Tucker, Chairs)

3. Parks, Recreation and Natural Resources Subcommittee

On behalf of the Subcommittee, John Homburg, Counsel, requested expense reimbursement for site visitations to Canaan Valley State Park and Blackwater Falls State Park on January 25, 26 and 27. Upon motion by Speaker Thompson, properly adopted, the request was granted.

4. Equal Pay Commission

On behalf of the Commission, Senator C. Randy White, Chair, requested an increase in budget funding for the Commission from \$250,000 to \$600,000. Upon motion by Speaker Thompson, properly adopted, the request for increased funding was forwarded to the two finance committees.

5. Select Committee B - Veterans' Issues

On behalf of the Committee, Delegate Richard J. Iaquina, Chair, requested to the Joint Committee to recommend to the Higher Education Policy Commission to consider declaring the social work and clinical psychology disciplines as "shortage fields" so that they may be eligible for Health Sciences Scholarship Program established under West Virginia Code §18C-3-3. Upon motion by Speaker Thompson, properly adopted, the request was approved for recommendation to the Higher Education Policy Commission.

6. 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 November 30, 2007; General Revenue Fund status report as of December 31, 2007 and the Unemployment Compensation Trust Fund status report as of October 31, 2007. Distributed with each of the reports was an analysis and summary of the reports as well as State Road Fund collections reported at 95.57% of the yearly estimate.

7. PEIA, BRIM and CHIP Reports

The following monthly PEIA reports were distributed: Financials for October 2007 and the Prescription Drug Report for November 2007. Robert Ferguson, Cabinet Secretary, Department of Administration, reported the 2009 financial plan for PEIA has been approved. He said changes in the plan include elimination of the coinsurance for surgery and hospital visits to be replaced by a straight fee. He said certain Tier II drugs would be grandfathered.

The following reports from CHIP were distributed: A report of enrollment for December 2007; financial statements for period ending November 30, 2007; and the CHIP 2007 Annual Report. Sharon Carte, CHIP Director, said there are two reasons for a slight downward enrollment trend: more children enrolled in CHIP have qualified for MEDICAID, and some children have been disenrolled because it was found they had another insurance. Responding to questions, Director Carte said she will look at new county numbers and extrapolate for each county which she believes will show all counties in a much more favorable light.

The following BRIM reports were distributed: An unaudited balance sheet and unaudited income statement for the period ending November 30, 2007. Secretary Ferguson reported no unfunded liabilities in BRIM, and they are continuing to work on Senate Bill 3 entities which is about \$3 million in deficit.

In response to questions, Chuck Jones, Director, BRIM, said there has been no movement trying to get physicians out of BRIM. He said in his estimation the costs to provide coverage for physicians individually would be far surpassed under Physicians Mutual especially with the per claim deductible paid into medical malpractice and the allocated loss adjustment expenses.

In response to questions, Tamara Lively Huffman, Chief Operating Officer, West Virginia Mutual Insurance Company, discussed the difference in insurance coverage and costs under BRIM and the Mutual. She agreed to work with Director Jones, BRIM, to assess whether there would be an advantage to the State to change

the laws to put the BRIM covered doctors under the Mutual or another insurance and to report that information to the finance committees.

8. **Leasing Report, Department of Administration**

A leasing report for the period of December 5, 2007, through December 31, 2007, was distributed. Secretary Ferguson reported one new contract, five renewals, two renewals with a rent increase, one adding square footage and one adding square footage and renewing.

9. **Board of Treasury Report Distribution**

The Board of Treasury Investments Operating Report, November 2007, was distributed.

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

The Medicaid Report, January 2008, containing data from the fiscal year first quarter ending September 2007 was distributed. There were no questions or comments from committee members.

Speaker Thompson, Cochair, assumed the chair.

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

Distributed was a report on the status of promulgation of a rule to collect pharmaceutical advertising data as required by §5A-3C-13. The 2007 Annual Report of the Council was distributed. Shana Phares, Council Chair, responded to questions about distribution of drugs through state agencies and how drug contracts for those services are awarded. She agreed to provide information on which state agencies are buying drugs, how much they are spending on drugs annually and the names of the manufacturers providing those drugs. She said she would provide the information to the Legislative Manager during the legislative session for distribution to those interested.

12. **Workers' Compensation**

Workers' Compensation Board of Review monthly report for November 2007 was distributed. Jane Cline, Insurance Commissioner, responded to questions about handling of old fund claims and the use of third-party administrators. Concerns were expressed about reports that BrickStreet is offering unrealistically small claim settlements to injured workers. Commission Cline said the Insurance Commission has authority to review any settlement offered on the part of an insurance company and can take action if it is found people are being treated unfairly. There was a suggestion that the Insurance Commission should warn companies that unfair settlement offers would not be tolerated.

MaryJane Pickens, General Counsel, Insurance Commission, stated that BrickStreet is subject to the Unfair Claims Settlement Practices Act, and if a pattern or practice of violating the Act is developed, the insurance regulator can act. She said that an injury claimant would have the right to file a complaint for violation of the Act, and the Insurance Commission can look at any settlement and determine if it was unconscionable.

Ms. Pickens explained the process of market conduct exams by which the Insurance Commission can review a sampling of claims files for the appropriateness of their handling. When questioned about whether a market conduct exam had been made or is in the process, Commissioner Cline said a market conduct exam is confidential and not publicized and discussed until the adoption of the report. She agreed to provide an analysis

of claims, complaint files and information from the complaints files and to provide an overview of settlements by BrickStreet.

The possibility of a legislative oversight committee for workers' compensation was briefly discussed.

The meeting was adjourned.

NOTE: The following reports were received after the January 2008 meeting and are available upon request at the Office of the Legislative Manager:

Finance Subcommittee A (Senator Bowman and Delegate Boggs, Chairs)

Finance Subcommittee C (Senator Bailey and Delegate Kominar, Chairs)

Parks, Recreation and Natural Resources Interim Subcommittee (Senator Fanning, Chair;
Delegate Eldridge and Delegate Wells, Cochairs)

2008 Proposed Study Assignments

Joint Commission on Economic Development

- SCR2 Requesting Joint Committee on Government and Finance study tourism opportunities in less-developed counties
- SCR70 Requesting Joint Committee on Government and Finance study West Virginia Tax Increment Financing Act
- HCR28 Requesting the Joint Committee on Government and Finance to study the development of clean coal technologies such as coal liquefaction
- HCR61 Requesting the Joint Committee on Government and Finance to study the development of an intermodal transportation facility to promote economic development in Southern West Virginia
- HB3188 Creating a means by which effectiveness of economic development incentives can be measured
- Study of Alternative Funding Methods for Highways Maintenance and Construction
- Study of the Economic and Environmental Impact of the Coal Industry

Legislative Oversight Commission on Education Accountability

- SCR3 Requesting Legislative Oversight Commission on Education Accountability explore options to improve school health

Joint Standing Committee on Education

- SCR32 Requesting Joint Committee on Government and Finance study daily physical education classes
- HCR80 Requesting the Joint Committee on Government and Finance to make a study on promoting a safe and productive learning environment
- HCR81 Requesting the Joint Committee on Government and Finance to make a study on providing supplemental state aid for the instruction of English as a second language
- HCR101 Requesting the Joint Committee on Government and Finance to make a study on the condition, role and function of county boards of education
- HB4588 Relating to public school support

Study of Teachers Mentor Programs

Study of the Promise Scholarship Program

Committee on Higher Education Capital Project and Facilities

SB777 Authorizing Marshall University and West Virginia University to manage certain real property

HB3215 Removing the administrative link between Shepherd University and Blue Ridge Community and Technical College

Joint Standing Committee on Finance

SCR53 Requesting Joint Committee on Government and Finance study convention and visitors bureaus

SCR59 Requesting Joint Committee on Government and Finance study simplified tax structure for communications

SCR74 Requesting Joint Committee on Government and Finance review property tax assessment and appeals system

HCR50 Requesting the Joint Committee on Government and Finance to study the impact of changing the funding formula for local health department services

HCR99 Requesting the Joint Committee on Government and Finance to make a study on a funding mechanism to increase the salaries of teachers and school service personnel

HB4568 Lyme Disease Bill

Study of Short and Long Term Road Funding Needs

Study of Short and Long Term State Water and Sewer Infrastructure Needs

Study of Short and Long Term Other Post-Retirement Benefit Funding Needs

Study to Monitor TDC to TRS Merger

Monitor Water Trust Fund and new reclamation fund tax

Study of Evaluation of Enterprise Resource Planning System (replacement for state financial platform)

Study of Distribution of Lottery/Gaming Revenues

Study of Fairs and Festivals distributions

Study of Tax Issues Generally

Study of Home Rule Impact on State Revenues

Joint Standing Committee on Government Organization

- SB554 Relating to osteopathic physician and surgeon licensing requirements
- HCR34 Requesting that the Joint Committee on Government and Finance study a four day work week consisting of ten hour days for city, county and state employees
- HCR73 Requesting that the Joint Committee on Government and Finance authorize a study of the structure and organization of the West Virginia Racing Commission, Athletic Commission and Lottery
- HCR87 Requesting that the Joint Committee on Government and Finance authorize a study of the adoption of green building standards
- HCR88 Requesting that the Joint Committee on Government and Finance authorize a study of the policies and procedures for awarding vendor preferences in state purchasing contracts
- HCR89 Requesting that the Joint Committee on Government and Finance authorize a study of the authority and structure of professional regulatory boards
- HCR90 Requesting that the Joint Committee on Government and Finance authorize a study of the law governing the West Virginia Board of Pharmacy
- HCR91 Requesting that the Joint Committee on Government and Finance to authorize a study of the law governing the West Virginia Board of Occupational Therapy
- HCR92 Requesting that the Joint Committee on Government and Finance authorize a study of the law governing the Board of Registration for Sanitarians
- HCR93 Requesting that the Joint Committee on Government and Finance authorize a study of the advisability and feasibility of the creation of a new professional licensure category of marriage and family therapy

- HCR94 Requesting that the Joint Committee on Government and Finance authorize a study of the law governing the Board of Barbers and Cosmetologists
- HCR95 Requesting that the Joint Committee on Government and Finance authorize a study of the law governing the Board of Registration for Foresters
- HCR96 Requesting that the Joint Committee on Government and Finance authorize a study of the law governing the West Virginia Board of Veterinary Medicine
- HCR97 Requesting that the Joint Committee on Government and Finance authorize a study on whether the West Virginia Partnership to Promote Community Well-Being established by Executive Order 8-04 should be codified
- HCR113 Requesting that the Joint Committee on Government and Finance authorize a study of the impact of climate change
- HCR117 Requesting that the Joint Committee on Government and Finance study inclusion of athletic trainer licensure and regulation under the laws governing the West Virginia Board of Physical Therapists
- HB4079 A study of Professional Employer Organization (PEO) sponsorship of and involvement in employee health plans and other issues related to the operation of PEOs
- HB4525 Weatherization Program under the Department of Energy
- Study the impact on private businesses of state contracts awarded to the West Virginia Association of Rehabilitation Facilities
- Study of Television Cable Company Oversight
- Study of the WV 211 Program

Legislative Oversight Commission on Health and Human Resources Accountability

- HCR72 Requesting the Joint Committee on Government and Finance to study existing autism services.
- HCR74 Requesting the Joint Committee on Government and Finance to study West Virginia's response to the problem of substance abuse
- Study the Public Health Impact of DEP Rules

Joint Standing Committee on Judiciary

- SCR11 Requesting Joint Committee on Government and Finance study sequestration of greenhouse gases
- SCR57 Requesting the Joint Committee on Government and Finance study the administration and enforcement of oil and gas wells relating to the rights of surface owners
- SCR67 Requesting Joint Committee on Government and Finance study joint parenting
- SCR68 Requesting Joint Committee on Government and Finance study Alcohol and Drug Mental Health Courts
- SCR69 Requesting Joint Committee on Government and Finance study judicial elections
- SCR78 Requesting Joint Committee on Government and Finance study impact of Chesapeake Bay restoration
- SCR79 Requiring the State Superintendent of the Department of Education develop and present a plan to implement a new quality-driven process improvement philosophy that will address the redesign of the state's public education system
- SCR90 Requesting Joint Committee on Government and Finance study severance tax effects on natural gas and oil industry
- SB676 A study of municipal, county and legislatively created park commissions' liability for recreational activities
- HCR14 Requesting that the Joint Committee on Government and Finance authorize a study of the feasibility of requiring legislative rules to be filed electronically
- HCR33 Requesting that the Joint Committee on Government and Finance authorize the study of an increase in the prevalence of coal workers' pneumoconiosis
- HCR65 Requesting a study establishing drug and mental health courts in each judicial district
- HCR76 Requesting the Joint Committee on Government and Finance to study the feasibility of providing for the motor vehicle registration and licensing of mini trucks for restricted use on public roads and highways

HCR77 Requesting the Joint Committee on Government and Finance to study the existing law and regulation of oil and gas drilling by the State of West Virginia regarding the balance of existing rights between surface owners and operators and what mechanisms now exist or can be enacted in law so that the rights of both parties and the public are recognized

HCR79 Requesting the Joint Committee on Government and Finance to study the feasibility of election day registration and its potential impact on elections and on voter turnout in the state of West Virginia

HCR114 Requesting that the Joint Committee on Government and Finance authorize a study of litter and landfill avoidance, beverage container recycling and litter control systems

Study Pharmacy Data Mining

Study of Alternate Process for Rule-Making Review

Study the Creation of a System of Data Collection to Allow a factual Analysis of the West Virginia Court System

Joint Standing Committee on Pensions and Retirement

SCR6 Requesting Joint Committee on Government and Finance study Universal Voluntary Accounts Program

SCR60 Requesting Joint Committee on Government and Finance study armed forces retirement service credit

SB650 Relating to the Emergency Medical Services Retirement System; making a correction to the time period for which the Joint Committee on Government and Finance shall conduct an interim study on the potential effects of the implementation of this plan

HCR52 Requesting that the Joint Committee on Government and Finance authorize the study of the creation of a new retirement system for correctional officers

HCR119 Requesting that the Joint Committee on Government and Finance authorize the study of the financial stability and investment strategies of the police and fire pension funds

Select Committee A - Committee on Children, Juveniles, and other Issues

HCR3 Requesting the Joint Committee on Government and Finance to study current trends in juvenile crime and the impact of "boot camp" and "scared straight" disciplinary programs in reducing juvenile crime

Select Committee B - Veterans' Issues

SCR56 Requesting Joint Committee on Government and Finance study certain veterans' eligibility for Veterans Memorial Monument

Select Committee C - Infrastructure

HCR109 Requesting the Joint Committee on Government and Finance study the cost benefit analysis of engineering services and engineer retention within the West Virginia Department of Highways

HCR111 Requesting the Joint Committee on Government and Finance to study the condition, fitness, and safety of bridges in the state

Select Committee E - Broadband

SCR16 Requesting Joint Committee on Government and Finance study elimination of wireless coverage dead spots

Select Committee F - Volunteer Fire Departments

SCR50 Requesting Joint Committee on Government and Finance study recruitment and retention of volunteer firefighters

HCR17 Requesting the Joint Committee on Government and Finance to study the recruitment, retention and value of volunteer firefighters in the State of West Virginia

HCR 83 Requesting that the Joint Committee on Government and Finance authorize a study of meeting and conference rights for members of certain fire departments

Select Committee on PEIA, Seniors and Long Term Care

SCR21 Requesting Joint Committee on Government and Finance study utilizing social work services in public schools

HCR21 Requesting the Joint Committee on Government and Finance to undertake a study of long-term care as it relates to the number of state residents in out-of-state long-term health facilities

HCR104 Requesting that the Joint Committee on Government and Finance authorize the study of the feasibility of establishing a Silver Alert notification network for missing elderly citizens in West Virginia

HCR116 Requesting that the Joint Committee on Government and Finance authorize the study of the impact that increasing real estate taxes are having on the middle class, elderly and disabled citizens of this state and to study the effects on education and county and municipal services funding of limiting the increases of real property assessments and levy rates

Joint Legislative Oversight Commission on State Water Resources

HCR84 Requesting that the Joint Committee on Government and Finance authorize the study to improve the state's efforts to better promote the availability of safe drinking water projects funding

HCR110 Requesting the Joint Committee on Government and Finance to study mitigation practices and resources in wetland areas

HCR115 Requesting the Joint Committee on Government and Finance study the feasibility of requiring residential, business and industrial water connections along newly established waterlines

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor

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. 304-347-4870

April 5, 2008

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

Lottery Commission as of February 29, 2008 :

Appears to be in good condition. Gross profit for the months of July - February of fiscal year 2007-2008, was \$ 428.5 million which was 1.62% below the same months of fiscal year 2006-2007.

General Revenue Fund as of March 31, 2008:

Collections were at 105.69% of the yearly estimate as of March 31, 2008.

State Road Fund as of March 31, 2008:

Fund collections were at 99.84% of the yearly estimate.

Unemployment Compensation Trust as of February 29, 2008:

Overall ending trust fund balance was \$3.6 million greater on February 29, 2008 than on February 28, 2007. Receipts were \$ 3.7 million less as of February 29, 2008 than on February 28, 2007.

Joint Committee on Government and Finance

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor

*Budget Division
Building I, Room 314-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: April 5, 2008

Re: Review of West Virginia Lottery Financial Information
As of February 29, 2008 (FY 2008)

We performed an analysis of the Statement of Revenues, Expenses and Retained Earnings for the fiscal year months July 2007 - February 29, 2008, for fiscal year ended June 30, 2008, from monthly unaudited financial reports furnished to our office by the West Virginia Lottery Commission. The results are as follows:

Lottery Revenues:

Gross lottery revenues are receipts from on-line games, instant games and video lottery. These gross receipts totaled \$997,800,000.00 for the months of July 2007 - February 2008. Table games accounted for \$6,348,000.00 of this total. These gross receipts were \$1,029,109,000.00 for the same months 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 - February 2008 was \$428,551,000.00; for the previous July - February 2007 it was \$435,613,000.00. Expressed as a percentage, gross profit is

Joint Committee on Government and Finance

Lottery continued

-1.62% lower for fiscal year 2008 than for 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 \$ 414,322,000.00 for July 2007 - February 2008. For July - February 2007 it was \$ 421,472,000.00. This was a decrease of -1.70%. After additions and subtractions of non-operating income and expenses, distributions to the state were \$408,750,000.00.

Operating Transfers to the State of West Virginia:

A total of \$408,750,000.00 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	\$ 58,811,000.00
Department of Education	\$ 34,908,000.00
Library Commission	\$ 10,538,000.00
Higher Education-Central Office	\$ 19,351,000.00
Tourism	\$ 7,943,000.00
Department of Natural Resources	\$ 3,436,000.00

Lottery continued

Division of Culture and History	\$ 5,526,000.00
Department of Education and Arts	\$ 1,427,000.00
State Building Commission	\$ 8,000,000.00
School Building Authority	\$ 14,400,000.00
<u>SUBTOTAL BUDGETARY TRANSFERS</u>	\$164,340,000.00

Excess Lottery Fund

General Purpose Fund	65,000,000.00
Economic Development Fund	15,200,000.00
Traffic Fund	0
Excess Lottery Surplus	0
Education Improvement Fund	8,000,000.00
WV Infrastructure Council Fund	36,557,000.00
Higher Education Improvement Fund	27,000,000.00
State Park Improvement Fund	4,570,000.00
Refundable Credit	539,000.00
School Building Authority	17,365,000.00
TOTAL EXCESS LOTTERY FUND	174,231,000.00

House Bill 2007	2,000,000.00
Veterans Instant Ticket Fund	340,571.00
Table Games State Debt Reduction Fund	2,119,000.00

RACETRACK VIDEO LOTTERY TRANSFERS:	
Tourism Promotion Fund 1.375%	\$5,041,000.00

Lottery continued

Tourism Promotion Fund 1.375%	\$7,669,000.00
Development Office Promo Fund	\$2,092,000.00
Research Challenge Fund .5%	\$2,789,000.00
Capitol Renovation and Improvement Fund .6875%	\$3,835,000.00
Parking Garage Fund .0625%	\$348,000.00
Parking Garage Fund 1%	\$500,000.00
Cultural Facilities and Cap. Resources Fund .5%	\$1,500,000.00
Capitol Dome & Cap. Improvements Fund .5%	\$3,578,000.00
Workers Compensation Debt Reduction Fund 7%	\$11,000,000.00
SUBTOTAL VIDEO LOTTERY TRANSFERS:	\$33,311,000.00
TOTAL TRANSFERS	*\$376,508,000.00

* CASH BASIS

Total Accrued last FY 2007:	180,178,000.00
Total Cash Distributions July-Feb :	376,508,000.00
Applied to FY 2007:	180,178,000.00
Total Applied to FY 2008	196,330,000.00
Accrued for FY 2008 as of Feb. 29, 2008:	212,420,000.00



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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 February 29, 2008

DATE: March 20, 2008

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

Financial statements of the Lottery for the month ending February 29, 2008 are attached. Lottery revenue, which includes on-line, instant, video lottery sales and table games, was \$126,699,075 for the month of February.

Transfers of lottery revenue totaling \$42,041,641 made for the month of February to the designated state agencies per House Bill 2007, Veterans Instant Ticket Fund, Racetrack Video Lottery Act (§29-22A-10), and the Racetrack Table Games Act (§29-22C-27). The amount transferred to each agency is shown in Note 9 on pages 15 and 16 of the attached financial statements.

The number of traditional and limited retailers active as of February 29, 2008 was 1,617 and 1,655 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
Virgil T. Helton, Cabinet Secretary - Dept. of Revenue
John Perdue, Treasurer
Glen B. Gainer III, Auditor
Members of the West Virginia Lottery Commission



WEST VIRGINIA LOTTERY

STATE OF WEST VIRGINIA

FINANCIAL STATEMENTS
-UNAUDITED-

February 29, 2008

WEST VIRGINIA LOTTERY

TABLE OF CONTENTS

	Page
BALANCE SHEETS	3
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS.....	4
STATEMENTS OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6 - 21

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

ASSETS	February 29, 2008	June 30, 2007
Current Assets:		
Cash and cash equivalents	\$ 230,000	\$ 204,122
Accounts receivable	30,437	33,095
Inventory	385	433
Current portion of investments held in trust	10	23
Other assets	1,591	1,163
Total Current Assets	<u>262,423</u>	<u>238,836</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	41,793	30,367
Investments held in trust, less current portion	120	281
Capital assets	13,066	13,066
Less accumulated depreciation and amortization	<u>(11,936)</u>	<u>(11,615)</u>
Net Capital Assets	<u>1,130</u>	<u>1,451</u>
Total Noncurrent Assets	<u>43,043</u>	<u>32,099</u>
Total Assets	<u>\$ 305,466</u>	<u>\$ 270,935</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 212,420	\$ 180,178
Estimated prize claims	13,076	13,592
Accounts payable	1,523	1,452
Other accrued liabilities	33,867	31,926
Current portion of deferred jackpot prize obligations	125	159
Total Current Liabilities	<u>261,011</u>	<u>227,307</u>
Deferred jackpot prize obligations, less current portion	-	139
Total Liabilities	<u>261,011</u>	<u>227,446</u>
Net Assets:		
Invested in capital assets	1,130	1,451
Unrestricted assets (deficit)	(630)	(951)
Unrestricted assets- Committed (see note 11)	2,162	12,622
Restricted assets (see note 10)	41,793	30,367
Total Net Assets	<u>44,455</u>	<u>43,489</u>
Total Liabilities and Net Assets	<u>\$ 305,466</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 EIGHT MONTH PERIOD ENDED FEBRUARY 29, 2008

(In Thousands)

-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	2008	2007	2008	2007
Lottery revenues				
On-line games	\$ 7,064	\$ 6,089	\$ 56,457	\$ 59,187
Instant games	9,430	8,475	72,676	72,013
Racetrack video lottery	71,937	72,010	593,411	639,613
Limited video lottery	35,985	32,859	268,908	258,294
Table games	2,283	-	6,348	-
	<u>126,699</u>	<u>119,433</u>	<u>997,800</u>	<u>1,029,109</u>
Less commissions				
On-line games	495	426	3,952	4,144
Instant games	661	593	5,090	5,041
Racetrack video lottery	39,690	37,893	338,259	363,772
Limited video lottery	17,633	17,389	135,724	136,689
Table games	900	-	2,499	-
	<u>59,379</u>	<u>56,301</u>	<u>485,524</u>	<u>509,646</u>
Less on-line prizes	3,477	3,040	28,572	29,851
Less instant prizes	6,526	5,721	50,144	49,017
Less ticket costs	187	123	1,111	1,044
Less vendor fees and costs	516	473	3,898	3,938
	<u>10,706</u>	<u>9,357</u>	<u>83,725</u>	<u>83,850</u>
Gross profit	<u>56,614</u>	<u>53,775</u>	<u>428,551</u>	<u>435,613</u>
Administrative expenses				
Advertising and promotions	761	700	6,401	5,939
Wages and related benefits	617	484	4,493	3,894
Telecommunications	181	375	1,452	1,716
Contractual and professional	396	257	2,525	2,592
Rental	57	59	447	419
Depreciation and amortization	37	48	322	375
Other administrative expenses	67	180	1,168	961
	<u>2,116</u>	<u>2,103</u>	<u>16,808</u>	<u>15,896</u>
Other Operating Income	<u>62</u>	<u>96</u>	<u>2,579</u>	<u>1,755</u>
Operating Income	<u>54,560</u>	<u>51,768</u>	<u>414,322</u>	<u>421,472</u>
Nonoperating income (expense)				
Investment income	755	492	7,477	4,696
Interest expense	(1)	(5)	(9)	(29)
Distributions to municipalities and counties	(705)	(644)	(5,271)	(5,063)
Distributions to racetracks-capital reinvestment	(1,499)	(1,968)	(6,803)	(7,760)
Distributions to the State of West Virginia	<u>(52,987)</u>	<u>(49,562)</u>	<u>(408,750)</u>	<u>(412,852)</u>
	<u>(54,437)</u>	<u>(51,687)</u>	<u>(413,356)</u>	<u>(421,008)</u>
Net income	<u>123</u>	<u>81</u>	<u>966</u>	<u>464</u>
Net assets, beginning of period	<u>44,332</u>	<u>20,633</u>	<u>43,489</u>	<u>20,250</u>
Net assets, end of period	<u>\$ 44,455</u>	<u>\$ 20,714</u>	<u>\$ 44,455</u>	<u>\$ 20,714</u>

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

WEST VIRGINIA LOTTERY
STATEMENTS OF CASH FLOWS
FOR THE EIGHT MONTH PERIOD ENDED FEBRUARY 29, 2008

(In Thousands)

-Unaudited-

	2008	2007
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 1,003,036	\$ 1,030,176
Cash payments for:		
Personnel costs	(4,493)	(3,894)
Suppliers	(12,347)	(22,550)
Other operating costs	(570,751)	(571,579)
Cash provided by operating activities	<u>415,445</u>	<u>426,153</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(376,507)	(474,895)
Distributions to municipalities and counties	(5,205)	(5,031)
Distributions to racetrack from racetrack cap. retriv. fund	(4,070)	(17,931)
Deferred jackpot prize obligations and related interest paid	(9)	(29)
Cash used in noncapital financing activities	<u>(385,791)</u>	<u>(497,886)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	-	(904)
Cash flows from investing activities:		
Maturities of investments held in trust	182	387
Investment earnings received	7,468	4,679
Cash provided by investing activities	<u>7,650</u>	<u>5,066</u>
Increase (decrease) in cash and cash equivalents	37,304	(67,571)
Cash and cash equivalents - beginning of period	234,489	197,719
Cash and cash equivalents - end of period	<u>\$ 271,793</u>	<u>\$ 130,148</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 414,322	\$ 421,472
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	322	375
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	2,658	(688)
(Increase) decrease in inventory	48	(256)
(Increase) decrease in other assets	(428)	247
Increase (decrease) in estimated prize claims	(516)	(2,293)
Increase (decrease) in accounts payable	71	(1,174)
Increase (decrease) in other accrued liabilities	(1,032)	8,470
Cash provided by operating activities	<u>\$ 415,445</u>	<u>\$ 426,153</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 a component unit of the State and its financial statements are presented in the comprehensive annual financial report of the State as a blended proprietary fund component unit.

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 a component unit 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 four basic types of lottery games: instant, on-line, video type games, and table 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.

Table games are lotteries as each game involves consideration, the possibility of a prize, and their outcome is determined predominantly by chance, which the common law of West Virginia has long held are the three essential elements of a lottery. Table games are the exclusive intangible intellectual property of the state of West Virginia. Table games legislation has established specific requirements for table games and imposed certain restrictions limiting the licensing for operation of table games to horse and dog racetracks in West Virginia, subject to local county elections permitting the same. Each racetrack licensed as an agent of the Lottery Commission to operate West Virginia table games shall have written rules of play for each table game it operates which must be approved by the Commission. All wagers and pay-offs of winning wagers shall be made according to those rules of play. For the privilege of holding a table games license, there is levied a privilege tax of thirty-five percent of each licensee's adjusted gross receipts for the operation of West Virginia Lottery table games. Amounts required by statute to be paid to private and local government entities are reported as commissions. The legislation further stipulates the distribution of revenues from West Virginia table 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.

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

equipment under agreements considered to be cancelable operating leases. Rental expense for the eight months ended February 29, 2008 and February 28, 2007 approximated \$446,567 and \$419,628, respectively. Sublease rental income for the eight months ended February 29, 2008 and February 28, 2007 approximated \$0 and \$51,864, 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 retirement, at which time such unused leave can be converted into employer paid premiums for post-retirement health care coverage or additional periods of credited service for purposes of determining retirement benefits. For employees hired prior to July 1, 1988, the Lottery pays 100% of the post-retirement health care premium. The Lottery pays 50% of the premium for employees hired after June 30, 1988 through July 1, 2001. The estimated obligation for sick leave is based on historical retirement rates and current health care premiums applicable to employee hire dates. Employees hired after June 30, 2001 do not vest in unused sick leave upon retirement.

NET ASSETS – Net assets are presented as restricted, unrestricted and invested in capital assets which represents the net book value of all property and equipment of the Lottery.

OPERATING REVENUES AND EXPENSES – Operating revenues and expenses for proprietary funds such as the Lottery are revenues and expenses that result from providing services and producing and delivering goods and/or services. Operating revenues for the Lottery are derived from providing various types of lottery games. Operating expenses include commissions, prize costs, other direct costs of providing lottery games, and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 3 - CASH AND CASH EQUIVALENTS

At February 29, 2008 the carrying amounts of deposits (overdraft) with financial institutions were (\$9) thousand with a bank balance of \$54 thousand. Of this balance \$100 thousand was covered by federal depository insurance with the remaining balance collateralized with securities held by the State of West Virginia's agent in the State's name.

A summary of the amount on deposit with the West Virginia Board of Treasury Investments (BTI) is as follows (in thousands):

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 3 - CASH AND CASH EQUIVALENTS (continued)

	<u>February 29, 2008</u>	<u>June 30, 2007</u>
Amount on deposit with the BTI	<u>\$271,803</u>	<u>\$234,497</u>

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

NOTE 4 - CAPITAL ASSETS

A summary of capital asset activity for the month ended February 29, 2008 is as follows (in thousands):

Capital Assets:

	<u>Historical Cost</u> <u>At June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Historical Cost</u> <u>At February 29, 2008</u>
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:				
	<u>Historical Cost</u> <u>At June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Historical Cost</u> <u>At February 29, 2008</u>
Improvements	\$. 925	\$ 51	\$ -	\$ 976
Equipment	10,690	270	-	10,960
	<u>\$ 11,615</u>	<u>\$ 321</u>	<u>\$ -</u>	<u>\$ 11,936</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 February 29, 2008 were \$4,301,582 and \$34,540,561

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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

while related prize costs for the same periods were \$2,020,288 and \$17,108,170. Revenues derived from the Lottery's participation in the HOT LOTTO® game for the month and year-to-date periods ended February 29, 2008 were \$335,641 and \$2,609,023 while related prize costs for the same periods were \$163,263 and \$1,296,414.

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 February 29, 2008 the POWERBALL® prize reserve fund had a balance of \$96,685,298, 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 9 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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS

-Unaudited-

NOTE 6 - RACETRACK VIDEO LOTTERY (continued)

allocated for distribution to the State as specified in the Racetrack Video Lottery Act or subsequent State budget, as described in Note 9. 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 February 29, 2008 and year-to-date follows (in thousands):

	<u>Current</u> <u>2008</u>	<u>Month</u> <u>2007</u>	<u>Year- to -Date</u> <u>2008</u>	<u>2007</u>
Total credits played	\$738,310	\$757,802	\$6,175,116	\$6,758,707
Credits (prizes) won	(666,022)	(685,393)	(5,579,206)	(6,116,314)
MWAP Contributions	(351)	(399)	(2,499)	(2,780)
Gross terminal income	\$71,937	\$72,010	\$593,411	\$639,613
Administrative costs	(1,282)	(728)	(16,712)	(17,398)
Net Terminal Income	\$70,655	\$71,282	\$576,699	\$622,215
Less distribution to agents	(39,690)	(37,893)	(338,259)	(363,772)
Racetrack video lottery revenues	<u>\$30,965</u>	<u>\$33,389</u>	<u>\$238,440</u>	<u>\$258,443</u>

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

	<u>February 29, 2008</u>	<u>Year-to Date</u>
State Lottery Fund	\$10,010	\$122,312
State Excess Lottery Revenue Fund	16,837	76,187
Capital Reinvestment Fund	1,499	6,803
Tourism Promotion Fund 1.375%	900	7,610
Development Office Promotion Fund .375 %	246	2,077
Research Challenge Fund .5 %	327	2,767
Capitol Renovation & Improvement Fund .6875 %	450	3,805
Parking Garage Fund .0625 %	41	346
Parking Garage Fund 1 %	-	500
Cultural Facilities & Capitol Resources Fund .5 %	-	1,500
Capitol Dome & Capitol Improvements Fund .5 %	655	3,533
Worker's Compensation Debt Reduction Fund 7 %	-	11,000
Total nonoperating distributions	<u>\$30,965</u>	<u>\$238,440</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
 -Unaudited-

NOTE 7 - LIMITED VIDEO LOTTERY

Limited video lottery legislation passed in 2001 has established specific requirements imposing certain restrictions limiting the licensing for the operation of limited video lottery games to 9,000 terminals placed in licensed retailers. These licensed retailers must hold a qualifying permit for the sale and consumption on premises of alcohol or non-intoxicating beer. The Lottery has been charged with the administration, monitoring and regulation of these machines. The legislation further stipulates the distribution of revenues from the limited video lottery games, and requires any licensees to comply with all related rules and regulations of the Lottery in order to continue its retailer status. The Limited Video Lottery legislation stipulates that 2% of gross terminal income be deposited into the state lottery fund for administrative costs. Then, the state share percentage of gross profit is to be transferred to the State Excess Lottery Revenue Fund. Such percentage is between 30 and 50 percent and is subject to change on a quarterly basis. Two percent is distributed to counties and incorporated municipalities in the manner prescribed by the statute. The remaining amount of gross profit is paid to retailers and/or operators as prescribed in the Act, and is recorded as limited video lottery commissions in the financial statements. Municipal and county distributions are accounted for as nonoperating expenses. A summary of limited video lottery revenues for the month ended February 29, 2008 and year-to-date follows (in thousands):

	<u>Current</u> <u>2008</u>	<u>Month</u> <u>2007</u>	<u>Year- to -Date</u> <u>2008</u>	<u>2007</u>
Total credits played	\$438,932	\$396,129	\$3,260,977	\$3,144,224
Credits (prizes) won	(402,947)	(363,270)	(2,992,069)	(2,885,930)
Gross terminal income	\$35,985	\$32,859	\$268,908	\$258,294
Administrative costs	(720)	(657)	(5,378)	(5,165)
Gross Profit	35,265	\$32,202	\$263,530	\$253,129
Commissions	(17,633)	(17,389)	(135,724)	(136,689)
Municipalities and Counties	(705)	(644)	(5,271)	(5,063)
Limited video lottery revenues	<u>\$16,927</u>	<u>\$14,169</u>	<u>\$122,535</u>	<u>\$111,377</u>

NOTE 8 - TABLE GAMES

Table Games legislation passed in 2007 per House Bill 2718. Table games include blackjack, roulette, craps, and various types of poker. Each racetrack licensee is subject to a privilege tax of thirty five percent (35%) of adjusted gross receipts which will be deposited weekly into the Racetrack Table Games Fund.

From the gross amounts deposited into the Racetrack Table Games Fund, the Commission, on a monthly basis shall:

Retain 3% of the adjusted gross receipts for administrative expenses of which at least \$100,000 and not more than \$500,000 annually will be transferred to the Compulsive Gambling Treatment Fund. Transfer two and one-half percent of adjusted gross receipts from all thoroughbred racetracks with West Virginia

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 8 – TABLE GAMES (continued)

Lottery table games to the special funds established by each thoroughbred racetrack table games licensee for the payment of regular racetrack purses to be divided equally among each licensee and transfer two and one-half percent of adjusted gross receipts from all greyhound racetracks with West Virginia Lottery table games to the special funds established by each greyhound racetrack table games licensee for the payment of regular racetrack purses to be divided equally among each licensee. Transfer two percent of the adjusted gross receipts from all licensed racetracks to the Thoroughbred Development Fund and the Greyhound Breeding Development Fund to be divided pro rata among the development funds. Transfer one percent of the adjusted gross receipts from each licensed racetrack to the county commissions of the counties where racetracks with West Virginia Lottery table games are located to be divided pro rata among the counties. Transfer two percent of the adjusted gross receipts from each licensed racetrack to the governing bodies of municipalities within counties where racetracks with West Virginia Lottery table games are located as prescribed by statute. And transfer one-half of one percent of the adjusted gross receipts to the governing bodies of municipalities in which a racetrack table games licensee is located to be divided equally among the municipalities. The Commission will distribute the remaining amounts, hereinafter referred to as the net amounts in the Racetrack Table Games Funds as follows:

- 1) Transfer four percent into a special fund to be established by the Racing Commission to be used for payment into the pension plan for all employees of each licensed racing association;
- 2) Transfer ten percent, to be divided and paid in equal shares, to each county commission in the state where table games are not located;
- 3) Transfer ten percent, to be divided and paid in equal shares, to the governing bodies of each municipality in the state where table games are not located; and
- 4) Transfer seventy-six percent to the State Debt Reduction Fund.

The cash transferred to the State Debt Reduction Fund in the current month is included in Note 9- Nonoperating Distributions to the State of West Virginia. The table games adjusted gross receipts for the month and year-to-date periods ended February 29, 2008 were \$6,521,770 and \$18,136,589, respectively. The following table shows the month and year -to- date totals of the privilege tax and the accrued distributions (in thousands) to be transferred in the subsequent month:

	<u>Month</u>	<u>YTD</u>
Table Games Privilege Tax	\$ 2,283	\$6,348
Interest on Table Games Fund	13	13
Administrative Costs	(196)	(544)
Total Available for Distribution	2,100	5,817
<u>Less Distributions:</u>		
Racetrack Purse Funds	163	453
Thoroughbred & Greyhound Development Funds	130	363
Racing Commission Pension Plan	63	175
Municipalities/Counties	544	1,508
Total Distributions	900	2,499
State Debt Reduction Fund	<u>\$ 1,200</u>	<u>\$3,318</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
 -Unaudited-

NOTE 9- NONOPERATING DISTRIBUTIONS TO THE STATE OF WEST VIRGINIA

The Lottery periodically distributes surplus funds, exclusive of amounts incurred and derived from limited video lottery and a portion of racetrack video lottery funds, to the State of West Virginia in accordance with the legislation. For the year ending June 30, 2008 the State Legislature budgeted \$169,932,463 of estimated profits of the Lottery for distributions to designated special revenue accounts of the State of West Virginia. With regard to the State Lottery Fund, legislation stipulates that debt service payments be given a priority over all other transfers in instances where estimated profits are not sufficient to provide for payment of all appropriated distributions. Debt service payments of \$1,800,000 and \$1,000,000 per month for the first ten months of each fiscal year currently have such priority. Transfers made pursuant to the State Excess Lottery Revenue Fund have similar requirements; currently payments are \$2,900,000 per month for the first ten months of each fiscal year, with \$1,000,000 of this amount beginning September 2004. In addition, Legislation provides that, if in any month, there is a shortage of funds in the State Excess Lottery Revenue Fund to make debt service payments, the necessary amount shall be transferred from the State Lottery Fund to cover such shortfall, after the State Lottery Fund debt service payments have been made. Repayments to the State Lottery Fund are required to be made in subsequent months as funds become available. During the month ended February 29, 2008 the Lottery made such distributions and accrued additional distributions of \$49,168,207. The Lottery is a non-appropriated state agency and therefore does not have a budget adopted by the Legislature. Since the enactment of the Racetrack Video Lottery Act, the Lottery is also statutorily required to distribute income from racetrack video lottery operations as described in Note 6. As of February 29, 2008 the Lottery accrued additional distributions relating to racetrack video lottery operations of \$474,036.

Note 7 describes the Limited Video Lottery Act and the statutory distributions required to be made from limited video lottery operations. Note 8 describes the Table Games Act and the statutory distributions required to be made from table games operations.

A summary of the cash distributions made to certain state agencies to conform to the legislation follows (in thousands):

<u>BUDGETARY DISTRIBUTIONS</u>	<u>February 29, 2008</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Bureau of Senior Services	\$ 855	\$ 58,811
Department of Education	508	34,908
Library Commission	153	10,538
Higher Education-Policy Commission	281	19,351
Tourism	115	7,943
Natural Resources	50	3,436
Division of Culture & History	81	5,526
Department of Education & Arts	21	1,427
Building Commission	1,000	8,000
School Building Authority	1,800	14,400
Total State Lottery Fund	\$ 4,864	\$ 164,340

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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

State Excess Lottery Revenue Fund:

Economic Development Fund	\$ 1,900	\$ 15,200
Higher Education Improvement Fund	1,000	8,000
General Purpose Account	-	65,000
Higher Education Improvement Fund	-	27,000
State Park Improvement Fund	2,316	4,570
School Building Authority	8,802	17,365
Refundable Credit	232	539
Excess Lottery Surplus	-	-
West Va. Infrastructure Council	18,530	36,557
Total State Excess Lottery Revenue Fund	<u>\$ 32,780</u>	<u>\$ 174,231</u>

House Bill 2007	\$ -	\$ 2,000
Total Budgetary distributions:	<u>\$ 37,644</u>	<u>\$ 340,571</u>

Veterans Instant Ticket Fund	\$ 66	\$ 507
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Other Racetrack Video Lottery distributions:

Tourism Promotion Fund 1.375%	\$ 1,078	\$ 7,669
Development Office Promotion Fund .375%	295	2,092
Research Challenge Fund .5%	392	2,789
Capitol Renovation & Improvement Fund .6875%	540	3,835
Parking Garage Fund .0625 %	48	348
Parking Garage Fund 1 %	-	500
Cultural Facilities & Cap. Resources Fund .5%	-	1,500
Capitol Dome & Cap. Improvements Fund .5%	785	3,578
Workers Compensation Debt Reduction Fund 7%	-	11,000
Total	<u>\$ 3,138</u>	<u>\$ 33,311</u>

Table Games State Debt Reduction Fund	\$ 1,194	2,119
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Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 42,042	\$ 376,508
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Accrued nonoperating distributions, beginning	(201,475)	(180,178)
Accrued nonoperating distributions, end	<u>212,420</u>	<u>212,420</u>

Total nonoperating distributions to the State of West Virginia	<u>\$ 52,987</u>	<u>\$ 408,750</u>
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WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 10 – RESTRICTED NET ASSETS

On June 14, 2006, House Bill 106 was enacted by the West Virginia State Legislature to set aside unexpended administrative expenses of the Lottery up to the limits for such expenses established by the enabling legislation of traditional, racetrack video lottery, and limited video lottery games in an amount not to exceed \$20,000,000 beginning in fiscal year 2006 and each year through fiscal year 2012. These assets are to be set aside for the design and construction of a building for the use of the Lottery and certain other State of West Virginia governmental entities. The lottery contributed \$20,000,000 to the fund for fiscal year 2006 plus \$20,000,000 and related interest of \$827,008 for fiscal year 2007.

NOTE 11 – COMMITMENTS

The Lottery has set aside funds as unrestricted net assets for the acquisition of future assets. During FY2007 the lottery set aside \$2,162,294 for this purpose.

NOTE 12 - DEFERRED JACKPOT OBLIGATIONS AND INVESTMENTS HELD IN TRUST

Prior to becoming a member of the Multi-State Lottery in 1988, the prize structure of certain games operated solely by the Lottery included jackpot prizes. The Lottery, at its discretion, could choose to award such prizes in the form of either a lump sum payment or in equal installments over a period of 10 or 20 years, through February 29, 2008, the Lottery has awarded twenty-one deferred jackpot prizes totaling approximately \$28,868,786. Deferred prize awards were recognized as prize liabilities equivalent to the present value of future prize payments discounted at interest rates for government securities in effect on the date prizes were won. The imputed interest portion of the deferred prize is calculated using the effective interest method at rates ranging from 7.11% to 9.13%.

A summary of the present value of the remaining obligations for deferred jackpot prize awards follows (in thousands):

	<u>February 29, 2008</u>	<u>June 30, 2007</u>
Present value of deferred prize award obligations:		
Discounted obligations outstanding	\$ 120	\$ 279
Imputed interest accrued	<u>5</u>	<u>19</u>
	125	298
Less current portion of discounted obligations and accrued interest	<u>(125)</u>	<u>(159)</u>
Long-term portion of deferred prize award obligations	<u>\$ -</u>	<u>\$ 139</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
 -Unaudited-

NOTE 12 - DEFERRED JACKPOT OBLIGATIONS AND INVESTMENTS HELD IN TRUST
 (continued)

Future cash payments on deferred prize obligations for each of the remaining two years are as follows (in thousands):

<u>Year Ended</u>	<u>Original Discounted Obligations Outstanding</u>	<u>Imputed Interest</u>	<u>Total</u>
June 30, 2008	-	-	-
June 30, 2009*	<u>120</u>	<u>10</u>	<u>130</u>
	<u>\$ 120</u>	<u>\$ 10</u>	<u>\$ 130</u>

*Due 8/15/2008

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

NOTE 13 - RETIREMENT BENEFITS

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

Employees who retire at or after age sixty with five or more years of contributory service or who retire at or after age fifty-five and have completed twenty-five years of credited service with age and credited service equal to eighty or greater are eligible for retirement benefits as established by State statute. Retirement benefits are payable monthly for life, in the form of a straight-line annuity equal to two percent of the employee's average annual salary from the highest 36 consecutive months within the last 10 years of employment, multiplied by the number of years of the employee's credited service at the time of retirement.

**WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS**

-Unaudited-

NOTE 13 - RETIREMENT BENEFITS (continued)

Covered employees are required to contribute 4.5% of their salary to the PERS. The Lottery is required to contribute 10.5% of covered employees' salaries to the PERS. The required employee and employer contribution percentages have been established and changed from time to time by action of the State Legislature. The required contributions are not actuarially determined; however, actuarial valuations are performed to assist the Legislature in determining appropriate contributions. The Lottery and employee contributions, for the period ending February 29, 2008 are as follows (in thousands):

	<u>February 29, 2008</u>	<u>Year-to Date</u>
Lottery contributions	\$48	\$348
Employee contributions	21	152
Total contributions	\$69	\$500

NOTE 14 - RISK MANAGEMENT

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 14 - RISK MANAGEMENT (continued)

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 paid by the participants. The BRIM risk pool retains the risk of the first \$1 million per property event and purchases excess insurance on losses above that level. Excess coverage, through an outside insurer under this program is limited to \$200 million per event, subject to limits on certain property. BRIM has \$1 million per occurrence coverage maximum on all third-party liability claims.

NOTE 15 - NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 43, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans," and Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" (OPEB). The State nor the Lottery has previously reported in its financial statements costs associated with future participation of retirees in health benefit plans. The GASB statements are based on the premise that the "costs" of employee services should be reported during the periods when the services are rendered. Beginning with the fiscal year ending June 30, 2007, the State will implement financial reporting requirements for OPEB "substantive plans" under GASB Statement No. 43; beginning with fiscal year ending June 30, 2008, the State will implement accounting and financial reporting requirements as an employer under GASB Statement No. 45. The financial statements will report OPEB funded status and funding progress and any "premium subsidy" resulting from the pooling of retiree participants with active employees in the health benefit plans. For "employer" OPEB reporting the State will report "expense" on an accrual basis in the amount of the

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 15 - NEW ACCOUNTING PRONOUNCEMENTS (continued)

"annual required contribution" and a "liability" for the amount of the "annual required contribution" that was not actually paid.

Funds have not been set aside to pay future costs of retirees, but the Legislature in response to the GASB statements, has made statutory changes to create the West Virginia Retiree Health Benefit Trust Fund (RHBT), an irrevocable trust fund, in which employer contributions for future retiree health costs may be accumulated and invested, and which is expected to facilitate the separate financial reporting of OPEB. The legislation requires the RHBT to determine through an actuarial study, as prescribed by GASB No. 43, the ARC (Annual Required Contribution) which shall be sufficient to maintain the RHBT in an actuarially sound manner. The ARC shall be allocated to respective employers including the Lottery who are required by law to remit at least the minimum annual premium component of the ARC. Revenues collected by RHBT shall be used to fund current OPEB healthcare claims and administrative expenses with residue funds held in trust for future OPEB costs. Because the necessary actuarial study has not yet been completed, the annual required contribution rates are not yet available. The Lottery expects to remit the annual required contribution to the State. The impact of this statement on these financial statements has not yet been determined by management.

The Governmental Accounting Standards Board (GASB) issued statement No. 47, Accounting for Termination Benefits, in June 2005. This Statement establishes accounting standards for termination benefits and requires employers to disclose a description of the termination benefit arrangement, the cost of the termination benefits (required in the period in which the employer becomes obligated if that information is not otherwise identifiable from information displayed on the face of the financial statements, and significant methods and assumptions used to determine termination benefit liabilities. The requirements of this Statement are effective in two parts. For termination benefits provided through an existing defined benefit OPEB plan, the provisions of this Statement should be implemented simultaneously with the requirements of Statement 45. For all other termination benefits, this Statement is effective for financial statements for periods beginning after June 15, 2005. No other termination benefits are offered or provided that required implementation in the years ended June 30, 2007 and 2006. The impact of this statement on the financial statements is not expected to have a material effect.

The Governmental Accounting Standards Board (GASB) issued Statement No. 50, Pension Disclosures, an amendment of GASB Statements No. 25 and No. 27, in 2007. This Statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The reporting changes required by this Statement amend applicable note disclosure and RSI requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 27, Accounting for Pensions by State and Local Governmental Employers, to conform with requirements of Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, and No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. This Statement is effective for periods beginning after June 15, 2007, and management has not yet determined what impact, if any, it will have on the financial statements.

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor

*Budget Division
Building 1, Room 314-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: April 5, 2008

Re: Status of General Revenue Fund March 31, 2008

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

The net collections were **105.69%** of the estimate for the fiscal year. **The amount ABOVE estimate was \$152.4 million for the year.**

Corporate income/business franchise tax was \$65 million above the estimate.

Severance tax was \$ 32.6 million above the estimate as of March 31, 2008.

Personal Income Tax collections were \$77 million above the estimate as if March 31, 2008.

Joint Committee on Government and Finance

State Road Fund

The state road fund was collected at 99.84% of the estimate for the months of July 2007 - March 2008. The entire fund was \$ 779,314.00 under 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 \$ \$282,618,818.83 as of March 31, 2008.

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; was repaid in September.	- 56,000,000.00 +56,000,000.00
Revenues July 1, 2006-June 30,2007 (Surplus from FY 2007 to be transferred in August 2007.)	53,363,287.82
Earnings	- 5,820,356.41
Balance March 31, 2008	282,618,818.83

Revenue Shortfall Reserve Fund B (Tobacco Settlement Monies) had a cash balance of \$ 271,709,092.11 as of March 31, 2008.

Balance July 1, 2007	279,869,087.79
Earnings	- 8,159,995.68
Balance March 31, 2008	271,709,092.11

The Special Income Tax Reserve Fund had a cash balance of \$45,019,318.96 as of March 31, 2008.

Balance July 1, 2007	45,019,318.96
Revenues July 2007-June 2008	-0-
Balance March 31, 2008	45,019,318.96

GENERAL REVENUE FUND FY 2007-2008
 Monthly Revenue Estimates July 2007
 as of March 31, 2008, WVFIMS

FINAL

	MONTH ESTIMATES	NET MONTH COLLECTIONS	MONTHLY OVER	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY OVER
			UNDER ESTIMATES VS ACTUAL COLLECTIONS			UNDER ESTIMATES VS ACTUAL COLLECTIONS
Personal Income Tax	76,500,000	110,171,217	103,704,114	904,600,000	981,943,513	77,343,513
Consumer Sales Tax	75,900,000	73,747,897	-2,152,103	779,600,000	756,062,784	-23,537,216
Corp Income /Business Franchise	50,600,000	91,484,020	40,884,020	228,500,000	293,958,638	65,458,638
Severance Tax	32,500,000	31,067,661	-1,432,339	226,400,000	259,039,085	32,639,085
Business and Occupation Use Tax	16,100,000	11,739,562	-4,360,438	117,500,000	113,108,598	-4,391,402
Insurance Tax	8,200,000	7,539,482	-660,518	99,500,000	91,358,231	-8,141,769
Cigarette Tax	20,900,000	20,638,732	-261,268	83,700,000	78,944,762	-4,755,238
HB 102 - Lottery Transfers	8,900,000	8,080,442	-819,558	80,500,000	79,992,595	-507,405
Interest Income	3,000,000	12,900,000	9,900,000	68,000,000	77,900,000	9,900,000
Departmental Collections	4,000,000	4,421,983	421,983	35,000,000	45,515,138	10,515,138
Property Transfer Tax	1,000,000	978,175	-21,825	11,500,000	13,427,370	1,927,370
Liquor Profit Transfers	760,000	723,087	-36,913	9,750,000	9,032,668	-717,332
Beer Tax and Licenses	30,000	75,226	45,226	7,880,000	8,214,524	334,524
Senior Citizen Tax Credit Reimb.	650,000	618,651	-31,349	5,860,000	5,901,739	41,739
Property Tax	1,560,000	0	-1,560,000	4,670,000	0	-4,670,000
Charter Tax	940,000	1,014,126	74,126	4,160,000	4,404,646	244,646
Smokeless Tobacco Tax	90,000	44,239	-45,761	3,890,000	3,512,323	-377,677
Miscellaneous Receipts	390,000	476,934	86,934	3,800,000	4,007,944	207,944
Racing Fees	140,000	120,871	-19,129	1,170,000	843,843	-326,157
Miscellaneous Transfers	200,000	0	-200,000	1,100,000	451,500	-648,500
Business Franchise Fees	100,000	0	-100,000	700,000	991,093	291,093
Telecommunications Tax	20,000	21,547	1,547	640,000	1,101,504	461,504
Estate and Inheritance Tax	0	33,830	33,830	0	256,125	256,125
Refundable Credit Reim LTY	0	28,431	28,431	0	71,254	71,254
Video Lottery Transfers	0	0	0	0	539,338	539,338
Special Revenue Transfer	0	33,085	33,085	0	307,504	307,504
Cash Flow Transfer	0	0	0	0	0	0
TOTALS	302,480,000	375,959,196	73,479,196	2,678,420,000	2,830,886,718	152,466,718
Minus Cash Flow Transfer						
Percent of Estimates		124.29%			105.69%	
TOTALS	302,480,000	375,959,196	73,479,196	2,678,420,000	2,830,886,718	152,466,718
Collections this day		56,107,918				

Prepared by Legislative Auditor's Office, Budget Division

STATE ROAD FUND FY 2007-2008
 Monthly Revenue Estimates July 2007
 as of March 31, 2008, WVFIMS

FINAL

	MONTH ESTIMATES	NET MONTH COLLECTIONS	MONTHLY OVER UNDER ESTIMATES VS ACTUAL COLLECTIONS	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY OVER UNDER ESTIMATES VS ACTUAL COLLECTIONS
Gasoline & Motor Carrier Rd Tax	39,700,000	30,932,054	-8,767,946	305,800,000	305,253,107	-546,893
Privilege Tax	14,988,000	13,569,619	-1,418,381	123,780,000	124,970,051	1,190,051
Licenses & Registration	8,920,000	7,060,032	-1,859,968	58,804,000	57,230,347	-1,573,653
Highway Litter Control	169,000	245,879	76,879	1,113,000	1,264,182	151,182
TOTALS	63,777,000	51,807,584	-11,969,416	489,497,000	488,717,686	-779,314
Percent of Estimates		81.23%			99.84%	
Collections this day		16,610,200				

REVENUE SHORTFALL RESERVE FUND A AS OF March 3, 2008: \$283,758,791.34

REVENUE SHORTFALL RESERVE FUND B AS OF March 3, 2008: \$273,884,943.50

REVENUE SHORTFALL RESERVE FUND A AS OF March 3, 2008: \$45,019,318.96

Prepared by Legislative Auditor's Office, Budget Division

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor

*Budget Division
Building 1, Room 314-West Wing
1900 Kanawha Blvd. East
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: April 5, 2008

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the February 29, 2008 monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia. February is the end of the eighth 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	\$76,796,437.55
Disbursements July 1, 2007 thru June 30, 2008	\$106,954,279.44
Balance February 29, 2008	\$226,954,896.79

ITEMS OF NOTE:

Regular benefits paid for July 2007 to February 29, 2008 were \$4.8 million more than in July 2006 to February 28, 2007.

Joint Committee on Government and Finance

Total disbursements were \$ 4.7 million more than the same months of the preceding fiscal year.

Receipts were \$ 3.7 million less than in July 2006 - February 2007. Overall ending trust fund balance was \$ 3.6 million more as of February 29, 2008 than on February 28, 2007.

West Virginia's unemployment rate for the month of February 2008 was 5.8 percent. National unadjusted employment rate was 5.2 %.

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

Since February 2007 employment has risen 2,300 with gains in the following areas: 2,700 in educational and health services, 1,900 in leisure and hospitality, 1,100 in professional and business services, and 500 in natural resources and mining. Declines included 1,500 in manufacturing, 1,400 in construction, 600 in trade, transportation and utilities, 200 in financial activities, 100 in other services and 100 in government.

**MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE
FOR THREE MONTHS STARTING DECEMBER 2008 AND DECEMBER 2007**

	<u>DECEMBER 08</u>	<u>JANUARY 07</u>	<u>FEBRUARY 07</u>	<u>DECEMBER 07</u>	<u>JANUARY 08</u>	<u>FEBRUARY 08</u>	<u>THREE MONTH TOTAL VARIANCE *</u>
Balance Forward	<u>248,438,191.68</u>	<u>240,863,618.89</u>	<u>231,312,111.17</u>	<u>252,672,284.33</u>	<u>243,787,349.26</u>	<u>233,170,391.82</u>	<u>9,019,103.68</u>
Add Receipts:							
1. Bond Assessment	\$0.00	\$85.07	\$0.00	0.00	0.00	0.00	(85.07)
2. Regular Contributions:	\$457,767.22	\$6,735,490.89	\$11,586,319.51	470,468.51	6,811,463.32	10,354,193.89	(1,343,434.10)
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)	\$0.00	\$100,000.00	\$300,000.00	0.00	380,100.00	347,600.00	327,700.00
7. Reduced Tax Credits	\$0.00	\$0.00	\$0.00	0.00	0.00	0.00	0.00
8. Read Act Funds	\$313,928.64	\$0.00	\$0.00	0.00	0.00	0.00	0.00
9. Treasury Interest Credits	\$2,698,728.08	\$0.00	\$0.00	0.00	0.00	0.00	(313,928.64)
10. UCX (Military Agencies)	\$400,000.00	\$200,000.00	\$500,000.00	3,076,635.02	0.00	0.00	479,908.98
Total Monthly Receipts	<u>\$3,768,421.92</u>	<u>7,035,575.98</u>	<u>12,388,319.51</u>	<u>3,547,121.53</u>	<u>7,980,163.32</u>	<u>11,556,793.69</u>	<u>(127,238.85)</u>
Less Disbursements:							
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	NA
Regular Benefits:	\$10,952,627.53	\$18,078,417.88	\$19,830,025.12	11,804,509.41	18,124,480.89	17,394,144.85	362,044.61
Extended Benefits	\$0.00	\$0.00	\$0.00	0.00	0.00	0.00	0.00
Emergency Benefits	(\$213.00)	(\$1,245.00)	(\$2,420.00)	(680.00)	(1,530.00)	(2,011.00)	(223.00)
UCFE (Federal Workers) Benefits	\$86,808.89	\$123,181.63	\$109,374.17	101,806.88	103,401.76	88,262.28	(27,891.77)
UCX (Military Workers) Benefits	\$290,773.09	\$386,729.26	\$331,639.04	289,414.12	279,693.40	241,642.68	(218,391.19)
Read Act Funds	0.00	\$0.00	\$0.00	256,866.09	71,094.82	41,260.00	369,230.71
Other Adjustments	0.00	\$0.00	\$0.00	0.00	0.00	0.00	0.00
Total Monthly Disbursements	<u>11,339,994.61</u>	<u>\$16,587,083.78</u>	<u>\$20,368,618.33</u>	<u>12,432,056.60</u>	<u>18,577,120.66</u>	<u>17,771,288.82</u>	<u>484,769.36</u>
Trust Fund Balance	<u>240,863,618.89</u>	<u>231,312,111.17</u>	<u>223,329,812.35</u>	<u>243,787,349.26</u>	<u>233,170,391.82</u>	<u>226,954,896.79</u>	<u>8,407,095.45</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.

Workers' Compensation Old Fund Balances

Cash Basis

(\$)

	Calendar Year 2006	Calendar Year 2007
Revenue		
Statutory Transfers*	266,613,362	261,975,877
Collections	8,316,798	1,041,116
Investment Income	50,201,026	40,659,223
Total Revenue	<u>325,131,186</u>	<u>303,676,215</u>
Expenditures		
Claim Payments	(355,245,366)	(284,445,313)
Administrative/Other Expense	(21,630,179)	(24,710,582)
Total Expenditures	<u>(376,875,545)</u>	<u>(309,155,895)</u>
* Workers' Compensation Commission Initial fund transfer January 2006	711,094,830	
<hr style="border: 1px solid black;"/>		
Invested Balance with WVIMB at year end	647,444,812	635,908,034

Workers' Compensation Old Fund Benefit Payments
Average Monthly Payments
(\$)

	Previous 12-Month Period <u>4/01/06 to 3/31/07</u>	Previous 12-Month Period <u>4/01/07 to 3/31/08</u>
Claims benefits paid:		
Medical	(6,270,484.93)	(4,338,475.70)
Permanent Total Disability	(13,198,073.24)	(12,803,840.06)
Permanent Partial Disability	(3,909,510.69)	(1,611,459.25)
Temporary Total Disability	(1,059,820.28)	(340,357.94)
Settlement Agreements	(603,770.24)	(482,146.33)
Fatals	(2,965,292.56)	(2,842,384.99)
104 weeks	(430,621.17)	(431,734.87)
Total	<u>(28,437,573.11)</u>	<u>(22,850,399.15)</u>
Claims credits and overpayments	426,622.81	382,539.56
Total claims paid	<u>(28,010,950.30)</u>	<u>(22,467,859.59)</u>

OIC Employer Coverage Unit Employer Exemption Statistics

Current 12 -Month Period	New Exemptions Issued	Renewals Granted	Total Exemptions Issued
Apr-07	141	41	182
May-07	151	147	298
Jun-07	128	239	367
Jul-07	133	100	233
Aug-07	128	126	254
Sep-07	125	171	296
Oct-07	161	107	268
Nov-07	97	55	152
Dec-07	170	35	214
Jan-08	139	54	193
Feb-08	125	103	228
Mar-08	155	84	239

CY06

Total Exemptions Issued	2,209
Total Denials	262
Number of Applications Received	2,471

CY07

Total Exemptions Issued	2,763
Total Denials	299
Number of Applications Received	3,062

CY08 - YTD

Total Exemptions Issued	660
Total Denials	71
Number of Applications Received	731

WV Offices of the Insurance Commissioner
 Worker's Compensation Revenue Recovery

Revenue Recovery Activity	February 2008
COLLECTION ACTIVITY	
Receipts - Old Fund (Employer out of business)	\$ 84,838.01
Receipts - PC & NU (Private Carrier Cancellation & Rogue Employers)	\$ 88,148.81
Receipts - Repayment Agreements	\$ 89,694.20
Receipts - Collection Agency	\$ 3,683.08
# of active accounts uninsured (cumulative)	1,101
\$ of active accounts uninsured (cumulative)	\$ 2,826,161.36
Telephone contacts	1,807
Walk-ins	8
LIENS	
Liens sent to county clerks for recordation	70
Liens sent to county clerks for release	58
Intent to Lien letters sent to employer/owner/officer/member	56
INJUNCTIONS	
Affidavits for injunction submitted to legal	24
Hearings attended	11
# of injunction compliants filed	14
REPAYMENT AGREEMENTS	
# of repayment agreements	8
Agreements set up	6
Total # of agreements on system (cumulative)	99
Intent to void letters mailed	18
Agreements voided	12
MISCELLANEOUS	
Rule 11 Letters Mailed	423
Rule 11 hearings	0
Uninsured Policies Resolved	489
All Cash Receipts from WC accounts	\$ 223,842.08

WEST VIRGINIA
OFFICES OF THE INSURANCE COMMISSIONER
SCHEDULE OF NET ASSETS
WORKERS' COMPENSATION INFORMATION
June 30, 2007
(In Thousands)

	WC Old Fund Debt Reduction	Coal Workers' Pneumoconiosis	Uninsured Fund	Self-Insured Funds	Private Carrier Fund	Total
Assets:						
Current Assets						
Cash and Cash Equivalents	\$ 695,483	\$ 266,699	\$ 7,533	\$ 3,408	\$ 2,000	\$ 975,123
Receivables, Net:						
Taxes and Fees	9,347	-	-	-	-	9,347
Assessments	-	-	129	-	-	129
Premiums	4,938	-	-	-	-	4,938
Total Current Assets	<u>709,768</u>	<u>266,699</u>	<u>7,662</u>	<u>3,408</u>	<u>2,000</u>	<u>989,537</u>
Noncurrent Assets:						
Surplus Note	185,000	-	-	-	-	185,000
Total Noncurrent Assets	<u>185,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>185,000</u>
Total Assets	<u>894,768</u>	<u>266,699</u>	<u>7,662</u>	<u>3,408</u>	<u>2,000</u>	<u>1,174,537</u>
Liabilities:						
Current Liabilities:						
Estimated Liability for Unpaid Claims and Claim Adjustment Expense	258,400	12,600	1,400	-	-	272,400
Excess Deposits	94	-	-	-	-	94
Accrued Expenses and Other Liabilities	3,223	72	55	4	7	3,361
Total Current Liabilities	<u>261,717</u>	<u>12,672</u>	<u>1,455</u>	<u>4</u>	<u>7</u>	<u>275,855</u>
Noncurrent Liabilities:						
Estimated Liability for Unpaid Claims and Claim Adjustment Expense	2,590,300	116,400	1,600	700	-	2,709,000
Total Noncurrent Liabilities	<u>2,590,300</u>	<u>116,400</u>	<u>1,600</u>	<u>700</u>	<u>-</u>	<u>2,709,000</u>
Total Liabilities	<u>2,852,017</u>	<u>129,072</u>	<u>3,055</u>	<u>704</u>	<u>7</u>	<u>2,984,855</u>
Net Assets:						
Restricted for:						
Coal Workers' Pneumoconiosis	-	137,627	-	-	-	137,627
Uninsured Fund	-	-	4,607	-	-	4,607
Self-Insured Fund	-	-	-	2,704	-	2,704
Private Carrier Guaranty Fund	-	-	-	-	1,993	1,993
Unrestricted	(1,957,249)	-	-	-	-	(1,957,249)
Total Net Assets	<u>\$ (1,957,249)</u>	<u>\$ 137,627</u>	<u>\$ 4,607</u>	<u>\$ 2,704</u>	<u>\$ 1,993</u>	<u>\$ (1,810,318)</u>

Joe Manchin, III
Governor

Rita Hedrick-Helmick
Chairperson

W. Jack Stevens
Member
James D. Gray
Member

Workers' Compensation Board of Review

Offices located at 104 Dee Drive, Charleston
All communications should be addressed to the Board of Review
at the address shown at the bottom of this page.
an equal opportunity/affirmative action employer

MEMORANDUM

To: Jane L. Cline, Commissioner
Charles Bayless, Chairman
Dan Marshall
Bill Dean
Walter Pellish
Honorable Carrie Webster, House Judiciary Chair
Honorable Brooks McCabe
Honorable Nancy Peoples Guthrie
Senator Don Caruth

From: Rita F. Hedrick-Helmick, Chairperson *RHH*

Date: March 6, 2008

Re: Workers' Compensation Board of Review Monthly Report

Attached, please find the Board of Review's February 2008 monthly report.

If you have any additional questions, please do not hesitate to contact me.

**WORKER COMPENSATION BOARD OF REVIEW
FOR FEBRUARY 2008**

Appealed By
CLAIMANT

BOR Disposition	Disposition Count	Disp %	Total %	Year to Date	Disp %	Total %
ABEYANCE	3	2.8%	1.4%	4	1.1%	0.6%
AFFIRMED	94	87.0%	43.5%	302	81.8%	45.2%
MODIFY				1	0.3%	0.1%
REMAND	7	6.5%	3.2%	22	6.0%	3.3%
REVERSE	4	3.7%	1.9%	28	7.6%	4.2%
REVERSE AND REMAND				8	2.2%	1.2%
REVERSE IN PART				2	0.5%	0.3%
VACATE				2	0.5%	0.3%
Total Appeals	108			369		

CLAIMANT/EMPLOYER

ABEYANCE				1	2.2%	0.1%
AFFIRMED	15	93.8%	6.9%	42	81.3%	6.3%
REMAND				2	4.3%	0.3%
REVERSE	1	6.3%	0.5%	1	2.2%	0.1%
Total Appeals	19			46		

EMPLOYER

ABEYANCE	1	2.4%	0.5%	2	1.9%	0.3%
AFFIRM AND MODIFY	1	2.4%	0.5%	2	1.9%	0.3%
AFFIRMED	28	68.7%	13.0%	64	60.4%	9.6%
DISMISSED				1	0.9%	0.1%
MODIFY	1	2.4%	0.5%	1	0.9%	0.1%
REMAND				5	4.7%	0.7%
REVERSE	5	11.8%	2.3%	24	22.6%	3.6%
REVERSE AND REMAND	1	2.4%	0.5%	1	0.9%	0.1%
REVERSE IN PART	5	11.8%	2.3%	6	5.7%	0.8%
Total Appeals	42			106		

DIVISION/OIC

ABEYANCE	1	2.0%	0.5%	3	2.0%	0.4%
AFFIRM AND MODIFY				3	2.0%	0.4%
AFFIRMED	30	60.0%	13.8%	72	49.0%	10.8%
MODIFY	1	2.0%	0.5%	1	0.7%	0.1%
REMAND				1	0.7%	0.1%
REVERSE	13	26.0%	6.0%	54	36.7%	8.1%
REVERSE AND REMAND	1	2.0%	0.5%	2	1.4%	0.3%
REVERSE IN PART	4	8.0%	1.9%	11	7.5%	1.6%
Total Appeals	50			147		

Grand Totals	218			688		
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OFFICE OF JUDGES' REPORT TO INDUSTRIAL COUNCIL

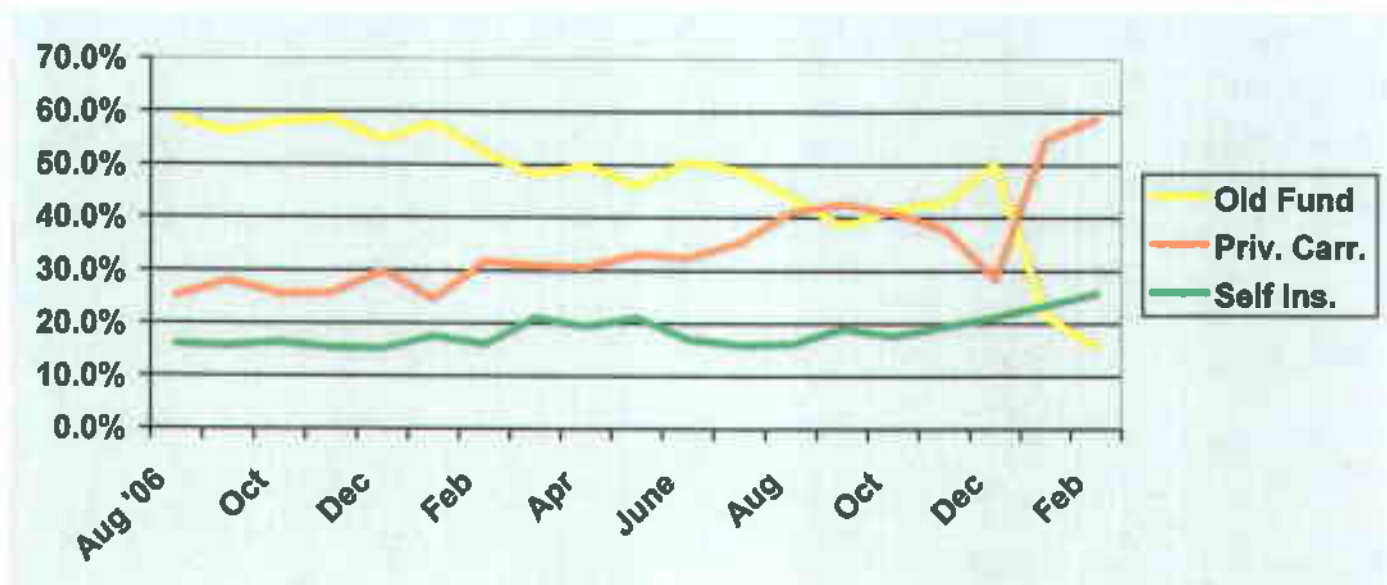
March 20, 2008

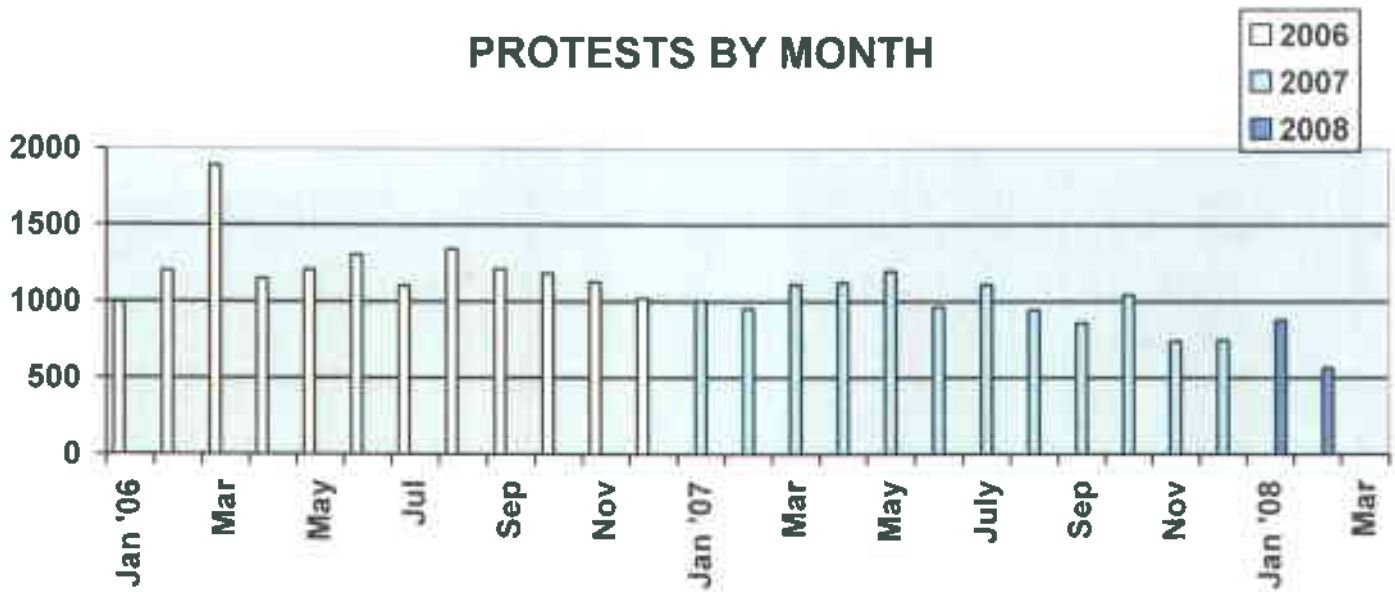
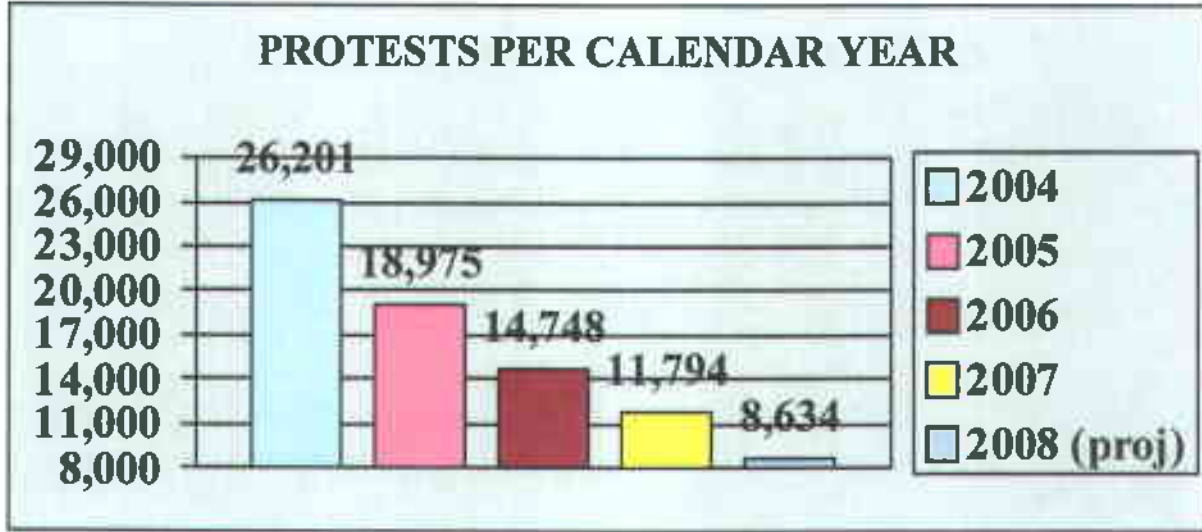
I. Statistical Analysis

A. Protests Acknowledged: 2007
11,794 FEB
563 YTD
1,439

Fund Involved:

FUND	2005	2006	% of protests	2007	% of protests	FEB '08	% of protests	YTD '08	% of protests
Old Fund	n/a	8,146	64.56%	4,433	46.30%	74	15.48%	222	19.12%
New Fund	n/a	2,207	17.49%	3,370	35.20%	281	58.79%	655	56.42%
Others	n/a								
Self-Insured	228 (avg)	2,264	17.94%	1,772	18.51%	123	25.73%	284	24.46%
Subtotal		12,617		9,575		478		1,161	
Temporary		2,131		2,219		85		278	
Total	18,975	14,748		11,794		563		1,439	





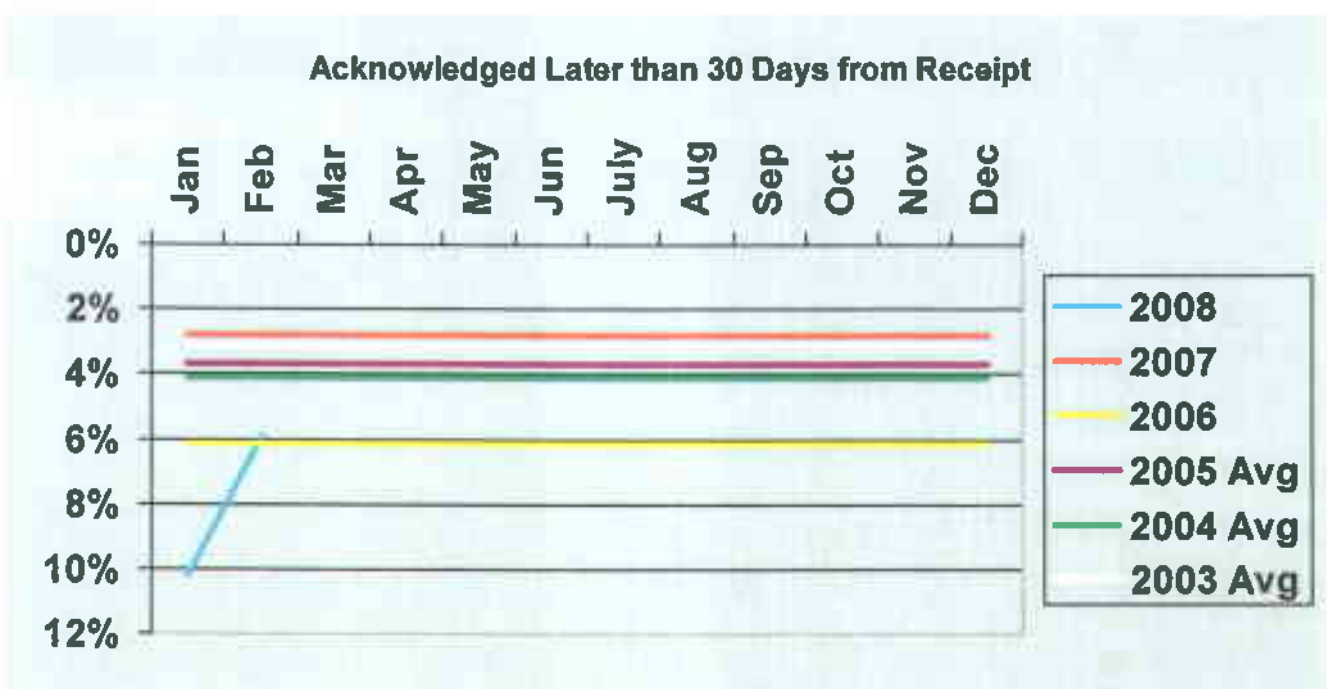
B. Issues Resolved: 2007 FEB YTD
 11,472 884 1,744

C. Pending Caseload Report

PENDING END OF FEBRUARY	5,829
PENDING 1 MONTH BEFORE	6,217
PENDING 2 MONTHS BEFORE	6,393
PENDING 3 MONTHS BEFORE	6,451
PENDING 6 MONTHS BEFORE	7,141
PENDING 12 MONTHS BEFORE	7,475

D. Acknowledgment Timeliness:

	<u>2007</u>	<u>FEB</u>	<u>YTD</u>
1. Protest Ackn. >30 days	2.8%	5.9%	8.4%
2. Protest Ackn. 24-30 days	1.5%	2.1%	2.6%
3. Protest Ackn. 11-23 days	13.7%	19.2%	20.8%
4. Protest Ackn. <11 days	82.0%	72.8%	68.2%

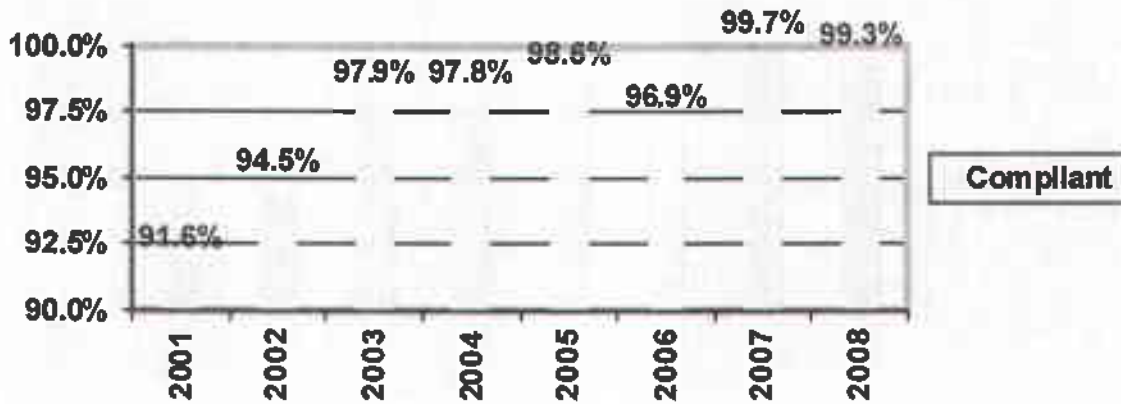


E. Decisions Mailed:

	<u>2007</u>	<u>FEB</u>	<u>YTD</u>
1. ALJ Decisions	6,599	512	1,018
2. Non-Attorney Adjudicator:	3,775	340	656
3. Withdrawals:	2,824	172	362
4. "No Evidence" Dismissals	1,366	111	209
	2,215	170	307

F. Final Decision Timeliness	2007	FEB	YTD
1. <30 days:	61.7%	63.1%	57.4%
2. 30-60 days:	26.9%	25.4%	24.9%
3. 60-90 days:	11.1%	11.0%	17.0%
4. +90 days:	0.3%	0.5%	0.7%

Decision Within Rule's Time Limits



G. Time Standard Compliance	2007	FEB	YTD
	92.6%	90.7%	90.5%

II. 2008 Legislative Amendment

At the time of the preparation of this report, amendments to the Code had not been finalized. I hope to be able to be able to present a summary of the changes, at least those which impact the Office of Judges and protest litigation, during my oral presentation at the meeting.

III. Office of Judges' Procedural Rule Amendment

The Office of Judges Procedural Rule, 93 CSR 1, will require amendment following the passage of legislation making some changes in the appeal/protest process. The process will require drafting of proposed amendments, circulation and publication for public comment, possibly a public hearing, and filing of the final version with the Secretary of State.

The Industrial Council does not approve the Office of Judges' procedural rule. However, I keep you informed and welcome comments and suggestions.

Because we anticipate that the 2008 amendments will require us to develop an entirely new process by which disputes between carriers will be resolved, we expect this process to be somewhat initially delayed.



Monthly Management Report

TOTAL CLAIMS

FEBRUARY 2008

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
 MONTHLY MANAGEMENT REPORT - TOTAL CLAIMS
 FEBRUARY 2008

Page: 1

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	132,091 51	158,561 54	120,990 06	148,592 69	1,168,723 03	1,200,653 52
	MATERNITY	169,544 94	156,153 98	126,511 86	154,137 26	1,276,984 84	1,237,618 39
	MEDICAL AND SURGICAL	6,414,374 23	5,479,220 51	3,790,732 46	4,859,765 59	45,252,757 70	35,900,786 22
	NEONATAL COMPLICATIONS	25,923 93	53,967 08	14,603 62	95,247 80	341,282 87	828,175 99

sum		6,741,934.61	5,847,903.10	4,052,838.00	5,257,743.33	48,039,748.44	39,167,234.12
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	26,072 72	33,246 76	34,146 70	40,690 03	251,116 09	290,451 57
	DIALYSIS	98,269 20	145,532 38	174,707 74	163,311 85	1,059,307 55	1,270,243 19
	EMERGENCY ROOM	406,503 14	414,485 31	328,462 29	377,051 57	3,258,953 23	2,744,783 23
	MATERNITY	45,539 74	42,755 66	31,810 46	43,763 97	341,568 66	316,285 59
	MEDICAL AND SURGICAL	7,140,187 62	6,842,566 75	5,440,615 90	6,354,651 52	55,074,252 77	46,971,723 07

sum		7,716,572.42	7,478,586.86	6,009,743.09	6,979,470.94	59,987,198.30	51,591,488.65
PHARMACY	PRESCRIPTION DRUGS	9,870,939 30	10,124,467 88	10,062,370 25	9,958,225 04	75,488,925 75	77,080,972 32

sum		9,870,939.30	10,124,467.88	10,062,370.25	9,958,225.04	75,488,925.75	77,080,972.32
PROFESSIONAL SERVICES	ADVANCED IMAGING	499,941 57	485,979 13	448,042 79	468,820 51	3,744,087 79	3,429,846 09
	AMBULANCE	229,772 95	168,734 77	125,785 50	164,749 51	1,439,446 65	1,192,315 88
	ANESTHESIA	775,034 68	659,373 69	491,640 69	593,911 09	5,441,407 56	4,465,788 69
	BEHAVIORAL	305,195 99	319,191 08	351,795 12	323,809 32	2,321,176 28	2,311,714 36
	CARDIOVASCULAR MEDICINE	386,506 60	360,463 16	374,720 45	367,681 81	2,659,895 74	2,598,455 73
	CERVICAL CANCER SCREENING	18,065 71	22,410 55	25,396 67	26,634 76	174,646 37	200,488 35
	DIALYSIS	3,974 92	5,826 64	6,593 22	10,777 25	35,545 14	70,241 79
	DME	343,053 24	355,653 41	235,516 63	305,537 20	2,906,370 81	2,209,655 05

SOURCE: ACORDIA NATIONAL AND EXPRESS SCRIPTS PAID CLAIMS TAPES

NOTE: CLAIMS LISTED ARE ON A PAID BASIS

NOTE: DOES NOT INCLUDE REBATES, PHARMACY ADMINISTRATIVE FEES, OR RECOVERIES

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
 MONTHLY MANAGEMENT REPORT - TOTAL CLAIMS
 FEBRUARY 2008

Page: 2

Reporting Category	Type of Service	Current		12 Months Prior		Current Fiscal Yr PEIA Payments	Previous Fiscal Yr PEIA Payments
		Current Period PEIA Payments	Rolling Avg PEIA Payments	12 Months Prior PEIA Payments	Rolling Avg PEIA Payments		
PROFESSIONAL SERVICES	EVALUATION AND MANAGEMENT	4,208,296.27	4,284,858.92	4,760,607.44	3,880,740.03	32,672,704.19	10,212,722.65
	IMMUNIZATION	222,729.53	324,116.97	170,414.55	182,882.78	2,636,381.76	1,626,013.93
	INJECTION	667,799.03	694,771.32	604,698.70	647,589.72	5,438,641.36	4,982,158.03
	LAB AND PATHOLOGY	657,807.10	639,627.32	678,866.59	594,963.92	4,623,421.43	4,107,576.07
	MAMMOGRAPHY	83,648.63	99,190.15	104,068.38	86,421.67	794,442.12	697,868.82
	OTHER	363,530.79	376,940.04	290,328.05	344,054.87	3,170,557.59	2,625,129.89
	OTHER IMAGING	776,697.23	820,132.94	830,222.09	788,766.24	6,334,408.15	5,786,645.36
	OTHER MEDICINE	529,030.53	661,845.39	533,095.29	613,586.36	5,509,760.35	4,758,285.31
	PHYSICAL MEDICINE	531,767.22	550,417.03	585,024.56	522,549.33	4,227,327.22	4,010,435.32
	PROSTATE CANCER SCREENING	9,356.50	15,513.99	15,650.83	16,358.85	107,485.63	110,918.59
	SURGICAL	2,367,245.31	2,398,283.74	1,882,738.49	2,326,949.64	18,660,481.10	17,238,663.28
Sum		12,979,453.80	13,243,332.24	12,515,206.04	12,266,784.87	102,898,187.24	92,634,923.10
Sum		37,308,900.13	36,694,290.08	32,640,157.38	34,462,224.18	286,414,059.73	260,476,618.19

SOURCE: ACORDIA NATIONAL AND EXPRESS SCRIPTS PAID CLAIMS TAPES

NOTE: CLAIMS LISTED ARE ON A PAID BASIS

NOTE: DOES NOT INCLUDE REBATES, PHARMACY ADMINISTRATIVE FEES, OR RECOVERIES

29 rows selected



Monthly Management Report

PER CAPITA CLAIMS

FEBRUARY 2008

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

FEBRUARY 2008
Page 1

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	8523	1 0859	8113	1 0356	7 6402	8 0924
	MATERNITY	1 0940	1 0684	8483	1 0740	8 3479	8 3416
	MEDICAL AND SURGICAL	41 3884	37 5030	25 4173	33 8653	295 8257	241 9720
	NEONATAL COMPLICATIONS	1673	3705	0979	6641	2 2310	5 5819
	***** SUM	43 5020	40 0278	27 1747	36 6390	314 0448	263 9880
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	1682	2276	2290	2835	1 6547	1 9577
	DIALYSIS	6341	9969	1 1714	1 1382	6 9249	8 5615
	EMERGENCY ROOM	2 6229	2 8376	2 2024	2 6273	21 3044	18 4999
	MATERNITY	2938	2925	2133	3049	2 2329	2 1318
	MEDICAL AND SURGICAL	46 0717	46 8377	36 4799	44 2817	360 0307	316 5904
***** SUM	49 7908	51 1923	40 2960	48 6357	392 1475	347 7412	
PHARMACY	PRESCRIPTION DRUGS	63 6917	69 3324	67 4693	69 3988	493 4852	519 5273
***** SUM		63 6917	69 3324	67 4693	69 3988	493 4852	519 5273
PROFESSIONAL SERVICES	ADVANCED IMAGING	3 2258	3 3294	3 0042	3 2671	24 4758	23 1172
	AMBULANCE	1 4826	1 1553	8434	1 1480	9 4099	8 0362
	ANESTHESIA	5 0009	4 5141	3 2965	4 1389	15 5715	30 0995
	BEHAVIORAL	1 9693	2 1870	2 3588	2 2563	15 1740	15 5810
	CARDIOVASCULAR MEDICINE	2 4939	2 4706	2 5125	2 5621	17 3882	17 5136
	CERVICAL CANCER SCREENING	1166	1535	1703	1856	1 1417	1 3513
	DIALYSIS	0256	0400	0442	0751	2324	4734
	DME	2 2135	2 4336	1 5792	2 1292	18 9995	14 8931

SOURCE: ACORDIA NATIONAL AND EXPRESS SCRIPTS PAID CLAIMS TAPES
NOTE: CLAIMS LISTED ARE ON A PAID BASIS
NOTE: DOES NOT INCLUDE REBATES, PHARMACY ADMINISTRATIVE FEES, OR RECOVERIES

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
 MONTHLY MANAGEMENT REPORT - PER CAPITA CLAIMS
 FEBRUARY 2008

Page: 2

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
PROFESSIONAL SERVICES	EVALUATION AND MANAGEMENT	27.1538	29.3527	31.9204	27.0445	213.5876	203.6344
	IMMUNIZATION	1.4372	2.2166	1.1426	1.2745	17.2345	10.9594
	INJECTION	4.3089	4.7573	4.0546	4.5128	35.5534	33.5798
	LAB AND PATHOLOGY	4.2445	4.3840	4.5519	4.1458	30.2242	27.6851
	MAMMOGRAPHY	.5397	.6793	.6978	.6023	5.1934	4.7037
	OTHER	2.3457	2.5784	1.9467	2.3977	20.7265	17.6934
	OTHER IMAGING	5.0116	5.6157	5.5667	5.4958	41.4092	39.0021
	OTHER MEDICINE	3.4135	4.5287	3.5745	4.2752	16.0183	32.0709
	PHYSICAL MEDICINE	3.4312	3.7692	3.9227	3.6411	27.6348	27.0304
	PROSTATE CANCER SCREENING	.0604	.1063	.1049	.1140	.7027	.7476
	SURGICAL	15.2745	16.4244	12.6240	16.2159	121.9871	116.1889

sum		83.7492	90.6961	83.9158	85.4820	672.6647	624.3613
sum		240.7336	251.2486	218.8558	240.1555	1,872.3422	1,755.6178

SOURCE: ACORDIA NATIONAL AND EXPRESS SCRIPTS PAID CLAIMS TAPES
 NOTE: CLAIMS LISTED ARE ON A PAID BASIS
 NOTE: DOES NOT INCLUDE REBATES, PHARMACY ADMINISTRATIVE FEES, OR RECOVERIES

29 rows selected.



Monthly Management Report

PER CAPITA UTILIZATION

FEBRUARY 2008

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
 MONTHLY MANAGEMENT REPORT - PER CAPITA UTILIZATION
 FEBRUARY 2008

Page: 1

Reporting Category	Type of Service	Current Period Encounters	12 Months Prior Encounters	Current Fiscal Yr Encounters	Previous Fiscal Yr Encounters
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	0005	0005	0039	0043
	MATERNITY	.0010	.0007	0067	0061
	MEDICAL AND SURGICAL	0093	.0064	0655	0612
	NEONATAL COMPLICATIONS	0003	0002	.0025	0019
	***** sum	0110	0078	.0785	0734
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	0022	0029	0200	0230
	DIALYSIS	.0028	.0013	0242	0255
	EMERGENCY ROOM	0227	0208	1873	1763
	MATERNITY	0024	0017	0171	0151
	MEDICAL AND SURGICAL	1933	1689	1 5931	1 4865
***** sum	2234	1956	1 8420	1 7263	
PHARMACY	PRESCRIPTION DRUGS	.9027	.8559	7 1317	6 8985
***** sum	.9027	.8559	7 1317	6 8985	
PROFESSIONAL SERVICES	ADVANCED IMAGING	.0217	.0225	1725	1579
	AMBULANCE	.0051	.0026	0335	0265
	ANESTHESIA	.0203	.0141	1530	1358
	BEHAVIORAL	.0353	.0406	3012	2903
	CARDIOVASCULAR MEDICINE	0331	0326	2539	2393
	CERVICAL CANCER SCREENING	0051	0072	0512	0590
	DIALYSIS	0003	0007	0033	0061
	DME	0216	0169	1886	1650
	EVALUATION AND MANAGEMENT	.4631	.5478	3 7084	3 6566
	IMMUNIZATION	0200	0227	3182	2543

SOURCE: ACORDIA NATIONAL AND EXPRESS SCRIPTS PAID CLAIMS TAPES
 NOTE: CLAIMS LISTED ARE ON A PAID BASIS

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
 MONTHLY MANAGEMENT REPORT - PER CAPITA UTILIZATION
 FEBRUARY 2008

Page: 2

Reporting Category	Type of Service	Current Period Encounters	12 Months Prior Encounters	Current Fiscal Yr Encounters	Previous Fiscal Yr Encounters
PROFESSIONAL SERVICES	INJECTION	0249	0231	2041	1897
	LAB AND PATHOLOGY	1523	1763	12828	11699
	MAMMOGRAPHY	0142	0185	1386	1134
	OTHER	0301	0237	2813	2686
	OTHER IMAGING	0915	1009	7401	7621
	OTHER MEDICINE	0669	0752	5903	5852
	PHYSICAL MEDICINE	0856	0978	8013	7814
	PROSTATE CANCER SCREENING	0040	0062	0465	0447
	SURGICAL	0689	0686	6072	5795
.....					
sum		1 1639	1 2980	9 8760	9 4855
sum		2 3009	2 3572	18 9283	18 1837

SOURCE ACORDIA NATIONAL AND EXPRESS SCRIPTS PAID CLAIMS TAPES
 NOTE: CLAIMS LISTED ARE ON A PAID BASIS

29 rows selected.



Prescription Drug Report

FEBRUARY 2008

WV PEIA - Monthly Trend

Plan Demographics	Jan 08	Feb 08	2007 Fiscal	2008 Fiscal	% Change
Total Drug Cost	\$11,435,100	\$11,185,100	\$9,214,723	\$10,177,110	2.07%
Amount Paid by Plan Sponsor	\$10,888,000	\$10,553,500	\$7,547,511	\$7,930,592	4.74%
Amount Paid by Members	\$2,570,740	\$2,572,320	\$2,370,700	\$2,246,329	4.59%
Total Claims	212,798	216,286	158,000	151,585	4.08%
Average Eligible Member	156,941	157,386	155,278	154,906	2.1%
Average # of Rx's Per Member Per Month	1.14	1.13	1.27	1.2	1.1%
Plan Paid Per Member Per Month (PMPM)	\$69.31	\$67.09	\$49.82	\$51.90	4.17%
Average Eligible Enrollees	72,153	72,748	71,807	72,495	10.8%
Average # of Rx's Per Enrollee Per Month	2.43	2.47	2.75	2.62	0.08%
Plan Paid Per Enrollee Per Month (PEPM)	\$149.75	\$145.07	\$131.55	\$136.74	10.1%
Rx Cost Share					
Avg. Claim Cost to Plan	\$51.06	\$48.79	\$47.80	\$52.23	8.48%
Avg. Member Cost/Claim	\$12.08	\$11.66	\$15.00	\$14.9	0.49%
Percent Member Cost Share	18.1%	19.1%	28.9%	22.2%	7.46%
Average Ingredient Costs					
Single Source (no generics available)	\$160.58	\$158.82	\$154.98	\$144.15	15.53%
Multi-Source Brand (generics available)	\$37.03	\$40.13	\$37.81	\$38.27	1.20%
Generic Drugs	\$20.43	\$19.51	\$20.26	\$24.72	18.04%
Brand/Generic Dispensing Rates					
Single Source (no generics)	29.2%	28.02%	30.18%	36.72%	17.81%
Multi-Source Brand (generics available)	0.9%	0.88%	1.00%	1.15%	12.50%
Generic Drug	69.9%	71.10%	68.82%	62.14%	10.76%
Generics Dispensed when available	98.7%	98.78%	98.57%	98.10%	3.10%
Percent of Plan Cost for Single Source	78.1%	78.2%	79.50%	77.11%	3.10%
Retail Pharmacy Program					
Avg. Days Supply	21.5	21.4	21.4	21.8	0.23%
Avg. Plan Cost/Day Supply	\$1.60	\$1.62	\$1.48	\$1.38	8.52%
Avg. Claim Cost to Plan	\$50.56	\$48.25	\$47.31	\$1.56	8.25%
Avg. Member Cost / Claim	\$12.01	\$11.56	\$14.90	\$15.09	1.27%
Percent Member Cost Share	19.2%	19.35%	23.95%	22.63%	8.1%
Special Maint Netwk (% of claims filled)	11.2%	10.00%	11.26%	11.0%	2.25%
Other Maint (% of claims filled)	0.6%	0.52%	0.57%	1.21%	52.76%
Avg. Days Supply for Maint Netwks	87.5	87.5	87.8	87.7	0.11%
Total # Claims Fills 1-34 Days Supply	185,079	190,406	1,372,312	1,321,029	1.88%
Total # Claims Fills 35-60 Day Supply	1,408	1,357	10,448	10,073	3.72%
Total # Claims Fills 61-90 Day Supply	24,443	22,645	181,592	173,656	5.72%
Total # Claims Fills 91+ Day Supply	5	6	46	332	86.14%
Mail Service Program					
Avg. Days Supply	71.7	72.9	71.8	72	-0.53%
Avg. Plan Cost/Days Supply	\$1.49	\$1.52	\$1.42	\$1.38	3.01%
Avg. Cost to Plan	\$106.87	\$110.81	\$101.75	\$99.28	2.48%
Avg. Member Cost/Claim	\$20.42	\$21.27	\$26.05	\$24.39	6.80%
Percent Member Cost Share	16.0%	16.10%	20.38%	19.8%	3.19%
Total # Claims Fills 1-34 Days Supply	571	539	4,142	4,058	7.00%
Total # Claims Fills 35-60 Days Supply	9	4	40	37	8.11%
Total # Claims Fills 61-90 Days Supply	1,283	1,129	9,828	9,400	4.55%
Total # Claims Fills 91+ Day Supply	0	0	0	0	
Formulary Program					
S/S Formulary Drugs (% by claim)	23.2%	22.88%	22.96%	24.77%	7.29%
S/S Non Formulary Drugs (% by claim)	0.0%	5.14%	7.22%	11.95%	39.62%
M/S Drugs (% by claim)	0.9%	0.88%	1.00%	1.15%	12.90%
Generic Drugs (% by Claim)	69.9%	71.10%	68.82%	62.14%	10.76%
S/S Formulary Drugs (% by \$)	69.2%	69.80%	69.04%	60.27%	14.56%
s/s non Formulary Drugs (% by \$)	8.9%	8.02%	10.46%	16.85%	37.89%
M/S Drugs (% by \$)	0.2%	0.26%	0.24%	0.33%	25.13%
Generic Drugs (% by \$)	21.7%	21.92%	20.25%	22.56%	10.25%
Specialty Drugs					
Total Drug Cost	\$1,284,475	\$1,189,707	\$9,150,463	\$8,596,757	6.44%
Amount Paid by Plan Sponsor	\$1,251,392	\$1,158,226	\$8,859,238	\$8,273,496	7.20%
Amount Paid by Members	\$33,083	\$31,481	\$281,225	\$323,261	13.00%
Total Claims	673	647	5,122	\$5,864	12.65%
Avg # of Rx's per Member per Month	0.00	0.00	0.004	0.005	12.85%
Plan Paid Per Member Per Month (PMPM)	\$7.97	\$7.36	\$7.14	\$6.68	6.94%
Avg Claim Cost to Plan	\$1,859.42	\$1,790.15	\$1,731.60	\$1,410.90	22.73%
Avg Claim Cost to Member	\$49.14	\$48.66	\$54.91	\$55.13	0.40%
Percent of Member Cost Share	2.58%	2.65%	3.07%	3.76%	18.27%
Percent of Overall Drug Spend	9.56%	9.10%	9.22%	8.43%	9.36%

WV PEIA - Monthly Trend

Plan Demographics	Jul 07	Aug 07	Sep 07	Oct 07	Nov 07	Dec 07
Total Drug Cost	\$10,963,868	\$11,279,621	\$11,749,294	\$12,867,962	\$12,164,824	\$12,577,649
Amount Paid by Plan Sponsor	\$6,217,111	\$8,943,419	\$8,981,422	\$10,133,046	\$9,821,799	\$10,031,703
Amount Paid by Members	\$4,746,758	\$3,336,206	\$2,777,872	\$2,734,916	\$2,533,021	\$2,485,946
Total Claims	171,483	189,349	186,748	202,846	198,388	201,210
Average Eligible Member	153,233	153,346	153,830	155,178	155,827	156,474
Average # of Rx's Per Member Per Month	1.13	1.23	1.21	1.31	1.27	1.24
Plan Paid Per Member Per Month (PMPM)	\$40.57	\$58.31	\$58.19	\$65.30	\$63.01	\$64.11
Average Eligible Enrollees	71,040	71,016	71,168	71,701	71,971	72,260
Average # of Rx's Per Enrollee Per Month	2.44	2.67	2.62	2.83	2.76	2.78
Plan Paid Per Enrollee Per Month (PEPM)	\$87.52	\$125.94	\$126.20	\$141.23	\$136.47	\$138.83
Rx Cost Share						
Avg. Claim Cost to Plan	\$35.84	\$47.23	\$48.22	\$49.96	\$49.51	\$49.86
Avg. Member Cost/Claim	\$27.36	\$17.62	\$14.91	\$13.48	\$12.77	\$12.35
Percent member Cost Share	43.3%	27.2%	23.6%	21.2%	20.5%	19.9%
Average Ingredient Costs						
Single Source (no generics available)	\$147.98	\$153.35	\$152.26	\$155.46	\$154.77	\$155.89
Multi Source Brand (generics available)	\$36.91	\$35.76	\$35.98	\$42.01	\$38.34	\$36.12
Generic Drugs	\$19.58	\$20.44	\$20.66	\$20.61	\$20.52	\$20.26
Brand/Generic Dispensing Rates						
Single Source (no generics)	32.47%	32.00%	30.86%	30.3%	29.70%	29.56%
Multi Source Brand (% generics available)	1.12%	1.06%	1.01%	1.1%	0.99%	1.00%
Generic Drug	66.41%	66.93%	68.12%	68.6%	69.31%	69.44%
Generics Dispensed when available	98.35%	98.44%	98.54%	98.5%	98.59%	98.58%
Percent of Plan Cost for Single Source	86.11%	82.05%	79.73%	78.9%	78.08%	78.18%
Retail Pharmacy Program						
Avg. Days Supply	32.4	33.1	32.4	32.2	31.8	32.2
Avg. Plan Cost/Days Supply	\$1.09	\$1.41	\$1.47	\$1.54	\$1.54	\$1.54
Avg. Claim Cost to Plan	\$35.43	\$46.71	\$47.80	\$49.43	\$48.92	\$49.44
Avg. Member Cost / Claim	\$27.21	\$17.47	\$14.82	\$13.38	\$12.68	\$12.28
Percent Member Cost Share	43.43%	27.21%	23.67%	21.3%	20.58%	19.90%
Special Maint Netwk (% of claims filled)	10.98%	11.87%	11.62%	11.4%	11.1%	11.62%
Other Maint (% of claims filled)	0.59%	0.64%	0.56%	0.6%	0.58%	0.55%
Avg. Days Supply for Maint. Netwks	87.6	87.6	87.7	87.5	87.6	87.7
Total # Claims Fills 1-34 Days Supply	150,852	162,856	160,971	175,773	172,372	174,003
Total # Claims Fills 35-60 Day Supply	150	1,355	1,214	1,392	1,288	1,284
Total # Claims Fills 61-90 Day Supply	19,894	23,285	22,434	23,830	22,882	24,179
Total # Claims Fills 91+ Day Supply	1	11	3	3	4	4
Mail Service Program						
Avg. Days Supply	71.5	72.0	70.8	72.0	71.5	72.1
Avg. Plan Cost/Days Supply	\$1.11	\$1.38	\$1.36	\$1.50	\$1.57	\$1.35
Avg. Cost to Plan	\$79.94	\$97.90	\$96.21	\$107.78	\$111.18	\$98.111
Avg. Member Cost/Claim	\$44.20	\$32.72	\$25.81	\$23.32	\$22.47	\$20.57
Percent Member Cost Share	35.60%	25.05%	21.16%	17.8%	16.69%	17.32%
Total # Claims Fills 1-34 Days Supply	510	550	524	559	577	509
Total # Claims Fills 35-60 Days Supply	2	1	1	1	1	1
Total # Claims Fills 61-90 Days Supply	1,068	1,284	1,096	1,284	1,254	1,230
Total # Claims Fills 91+ Day Supply	0	0	0	0	0	0
Formulary Program						
S/S Formulary Drugs (% by claim)	23.70%	23.50%	22.84%	22.7%	22.41%	22.55%
S/S Non-Formulary Drugs (% by claim)	8.77%	8.50%	8.02%	7.6%	7.29%	7.01%
M/S Drugs (% by claim)	1.12%	1.06%	1.01%	1.0%	0.99%	1.00%
Generic Drugs (% by Claim)	66.41%	66.93%	68.12%	68.6%	69.31%	69.44%
S/S Formulary Drugs (% by \$)	74.77%	70.11%	68.09%	67.9%	67.20%	67.35%
s/s non-Formulary Drugs (% by \$)	11.34%	11.95%	11.64%	11.0%	10.88%	10.83%
M/S Drugs (% by \$)	0.28%	0.21%	0.21%	0.3%	0.25%	0.21%
Generic Drugs (% by \$)	13.61%	17.74%	20.06%	20.7%	21.67%	21.61%
Specialty Drugs						
Total Drug Cost	\$1,085,982	\$1,164,601	\$1,015,053	\$1,192,421	\$1,133,637	\$1,084,587
Amount Paid by Plan Sponsor	\$1,030,966	\$1,127,423	\$985,618	\$1,159,420	\$1,101,330	\$1,054,663
Amount Paid by Members	\$55,016	\$37,178	\$29,435	\$33,001	\$32,307	\$29,724
Total Claims	622	673	590	655	657	605
Avg # of Rx's per Member per Month	0.00	0.00	0.00	0.004	0.004	0.004
Plan Paid Per Member Per Month (PMPM)	\$6.73	\$7.35	\$6.41	\$7.47	\$7.07	\$6.74
Avg Claim Cost to Plan	\$1,657.50	\$1,675.22	\$1,670.54	\$1,770.11	\$1,676.30	\$1,743.68
Avg Claim Cost to Member	\$88.45	\$55.24	\$49.89	\$50.38	\$49.17	\$49.13
Percent of Member Cost Share	5.07%	3.19%	2.90%	2.7%	2.85%	2.74%
Percent of Overall Drug Spend	9.91%	9.48%	8.63%	9.27%	9.18%	8.66%



Key Performance Indicators

Comprehensive Indicators

WV Public Employees Ins - w/o AccessWV

Current Period: 02/2008 - 02/2008

Previous Period: 02/2007 - 02/2007

	Current Period	Previous Period	% Change
Overall Performance			
Plan Cost PMPM	\$66.99	\$87.67	
Average Mbrs/Month	157,396	187,731	
Average Subs/Month	72,748	97,253	
% Utilizing Members	48.2 %	51.0 %	
% Retail Utilizing Members	47.9 %	50.6 %	
% Mail Utilizing Members	0.6 %	0.7 %	
Rx Measures			
Rxs PMPM	1.37	1.58	
Retail Rxs PMPM	1.36	1.56	
Mail Rxs PMPM	0.01	0.02	
Average Admin Fee/Rx	\$0.00	\$0.01	
Avg Retail Admin Fee/Rx	\$0.00	\$0.01	
Avg Mail Admin Fee/Rx	\$0.00	\$0.00	0.0 %
Average Plan Cost/Rx	\$48.79	\$55.51	
Avg Retail Plan Cost/Rx	\$48.25	\$55.04	
Avg Mail Plan Cost/Rx	\$110.81	\$102.96	7.6 %
Average Mbr Contrib/Rx	\$11.65	\$11.84	
Avg Retail Mbr Contrib/Rx	\$11.57	\$11.77	
Avg Mail Mbr Contrib/Rx	\$21.26	\$18.89	12.5 %
Average Ing Cost/Rx	\$58.76	\$65.27	
Avg Retail Ing Cost/Rx	\$58.13	\$64.72	
Avg Mail Ing Cost/Rx	\$130.57	\$120.35	8.5 %
Average AWP/Rx	\$101.79	\$102.80	
Avg Retail AWP/Rx	\$100.77	\$101.83	
Avg Mail AWP/Rx	\$218.51	\$199.90	9.3 %
Average Days Supply/Rx	30.2	34.2	
Avg Retail Days/Rx	29.8	33.8	
Avg Mail Days/Rx	72.9	74.1	
Average Plan Cost/Day	\$1.62	\$1.62	
Avg Retail Plan Cost/Day	\$1.62	\$1.63	
Avg Mail Plan Cost/Day	\$1.52	\$1.39	9.4 %
% Plan Cost	80.7 %	82.4 %	
% Member Contribution	19.3 %	17.6 %	9.7 %
% Retail Plan Cost	80.7 %	82.4 %	
% Retail Mbr Contrib	19.3 %	17.6 %	9.8 %
% Mail Plan Cost	83.9 %	84.5 %	
% Mail Member Contrib	16.1 %	15.5 %	3.8 %



Key Performance Indicators

Comprehensive Indicators

WV Public Employees Ins - w/o AccessWV

Current Period: 02/2008 - 02/2008

Previous Period: 02/2007 - 02/2007

	Current Period	Previous Period	% Change
Rx Sources			
% Mail Rxs	0.9 %	1.0 %	-11.2 %
% Retail Rxs	99.1 %	99.0 %	0.2 %
% Member Submit Rxs	0.0 %	0.0 %	0.0 %
Rx Types			
Avg SSB Plan Cost/Rx	\$135.57	\$121.68	11.4 %
Avg Retail SSB Plan Cost/Rx	\$134.52	\$120.90	11.3 %
Avg Mail SSB Plan Cost/Rx	\$226.23	\$189.05	19.7 %
Avg MSB Plan Cost/Rx	\$14.53	\$16.87	-14.5 %
Avg Retail MSB Plan Cost/Rx	\$14.50	\$16.86	-14.6 %
Avg Mail MSB Plan Cost/Rx	\$18.41	\$18.20	1.2 %
Avg GEN Plan Cost/Rx	\$15.04	\$19.29	-22.0 %
Avg Retail GEN Plan Cost/Rx	\$14.82	\$19.07	-22.3 %
Avg Mail GEN Plan Cost/Rx	\$43.77	\$42.87	2.1 %
% Single-Source Brand Rxs	28.0 %	35.4 %	-20.9 %
% Multi-Source Brand Rxs	0.9 %	1.2 %	-25.0 %
% Generic Rxs	71.1 %	63.4 %	12.1 %
% Retail Single-Source Brand	27.9 %	35.3 %	-20.9 %
% Retail Multi-Source Brand	0.9 %	1.2 %	-25.0 %
% Retail Generic	71.2 %	63.5 %	12.2 %
% Mail Single-Source Brand	36.8 %	41.2 %	-10.9 %
% Mail Multi-Source Brand	0.7 %	0.7 %	6.5 %
% Mail Generic	62.5 %	58.1 %	7.5 %
% Formulary Rxs	93.5 %	87.6 %	6.7 %
% Retail Formulary Rxs	93.5 %	87.6 %	6.7 %
% Mail Formulary Rxs	92.3 %	86.8 %	6.3 %
% DAW Rxs	0.6 %	0.8 %	-25.0 %
% Retail DAW Rxs	0.6 %	0.8 %	-25.0 %
% Mail DAW Rxs	2.0 %	1.7 %	16.0 %
% Generic Conversion	98.8 %	98.2 %	0.6 %
% Retail GEN Conversion	98.8 %	98.2 %	0.6 %
% Mail GEN Conversion	98.9 %	98.9 %	0.0 %
Period Totals			
Total Plan Cost	\$10,544,402.46	\$16,457,913.20	-35.9 %
Retail Plan Cost	\$10,336,848.58	\$16,157,672.95	-35.4 %
Mail Plan Cost	\$207,553.88	\$300,240.25	-30.9 %
Total Member Contribution	\$2,518,625.71	\$3,508,797.41	-28.2 %



Key Performance Indicators

Comprehensive Indicators

WV Public Employees Ins - w/o AccessWV

Current Period: 02/2008 - 02/2008
Previous Period: 02/2007 - 02/2007

	Current Period	Previous Period	
Retail Member Contrib	\$2,478,814.79	\$3,453,708.11	-28.2%
Mail Member Contrib	\$39,810.92	\$55,089.30	
Total Rx Count	216,103	296,473	-27.1%
Retail Rx Count	214,212	293,427	
Member Submit Rxs	18	130	
Mail Rx Count	1,873	2,916	
Total Admin Fee	\$27.00	\$3,523.50	-99.9%
Total UC Savings	\$8,120,071.69	\$10,415,091.88	
Total Lost Savings	\$12,266.87	\$17,916.12	
Demographics			
Average Age	38.8	45.6	-14.8%
% Male Members	46.5%	45.2%	3.0%
% Female Members	53.5%	54.8%	-2.3%

Graphs based on Current Period: 02/2008 - 02/2008

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

WV Public Employees Ins - w/o AccessWV

Prescriptions Filled From 02/2008 - 02/2008

Reporting Level 1	Avg Mtr Count	Avg Util Mtr/Mnth	Rx Count	Plan Cost	Member Contrib/Rx	Plan Cost/Rx	Mail % Rx	Gen % Rx	Form % Rx	Gen Conv %	PMPM Plan Cost
COBRA (3000)	373	201	711	\$53,771	\$12.80	\$75.63	2.0%	65.4%	92.0%	98.9%	\$144.16
NON STATE (2000)	21,430	10,058	28,818	\$1,282,592	\$11.36	\$44.51	0.9%	72.9%	94.0%	99.1%	\$59.85
STATE (1000)	135,593	65,638	186,574	\$9,208,039	\$11.70	\$49.35	0.9%	70.9%	93.4%	98.7%	\$67.91
Grand Total	157,396		216,103	\$10,544,402	\$11.65	\$48.79	0.9%	71.1%	93.5%	98.8%	\$66.99



EXPRESS SCRIPTS[®]

Utilization Report by Population Level

WV Public Employees Ins - w/o AccessWV

Prescriptions Filled From 02/2008 - 02/2008

Reporting Level 1	Avg Mbr Count	Avg Dtl Mbr/Mnth	Rx Count	Plan Cost	Member Cost/Rx	Plan Cost/Rx	Mail % Rx	Gen % Rx	Form % Rx	Gen Cost %	PMPM Plan Cost
COBRA (COBRA)	373	201	711	\$53,771	\$12.80	\$75.63	2.0%	65.4%	92.0%	98.9%	\$144.16
NON STATE AGENCIES (02)	18,124	8,454	23,913	\$1,068,338	\$11.17	\$44.68	0.8%	72.9%	93.9%	99.0%	\$58.96
NON STATE AGENCIES PLAN B (02B)	2,336	971	2,446	\$80,539	\$14.10	\$32.93	1.1%	76.1%	93.5%	99.4%	\$34.48
NON STATE RETIREES (08)	968	632	2,454	\$133,519	\$10.41	\$54.41	1.3%	70.5%	95.7%	99.6%	\$137.93
NON STATE RETIREES 60 (0860)	2	1	5	\$196	\$14.40	\$39.16	0.0%	60.0%	80.0%	100.0%	\$97.91
STATE AGENCIES (01)	118,732	56,002	154,847	\$7,492,405	\$11.60	\$48.39	0.8%	71.1%	93.3%	98.8%	\$63.10
STATE AGENCIES (01B)	3,507	1,028	2,186	\$79,718	\$15.29	\$36.47	1.1%	76.0%	93.0%	99.0%	\$22.73
STATE RETIREES (07)	13,350	8,608	29,541	\$1,635,916	\$11.92	\$55.38	1.1%	69.0%	93.8%	98.5%	\$122.54
STATE RETIREES ASST 60 (0760)	4	NA	NA	\$0	NA	NA	NA	NA	NA	NA	NA
Grand Total	157,396		216,103	\$10,544,402	\$11.65	\$46.79	0.9%	71.1%	93.5%	98.8%	\$66.99



FINANCIALS

PEIA

JANUARY 2008

State of West Virginia
Public Employees Insurance Agency
Balance Sheets
January 31, 2008 and 2007
Accrual Basis
(Unaudited-For Internal Use Only)

DRAFT

Assets	January 2008	January 2007	Increase <Decrease>
Cash and cash equivalents	\$ 113,384,057	\$ 151,782,661	\$ (38,398,604)
Deposits with third-party administrators	1,302,710	820,472	482,246
Premium accounts receivable-net of allowance for doubtful accounts	18,345,353	17,967,722	377,631
Other accounts receivable	287,463	5,489,160	(5,201,697)
	<hr/>	<hr/>	<hr/>
Total current assets	133,319,591	176,060,015	(42,740,424)
Investments	174,719,046	166,265,695	8,453,351
	<hr/>	<hr/>	<hr/>
Furniture and equipment, net of accumulated depreciation	887,683	213,503	674,180
Restricted cash premium stabilization life insurance	3,943,040	3,942,810	230
	<hr/>	<hr/>	<hr/>
Total assets	\$ 312,869,360	\$ 346,482,023	\$ (33,612,663)
	<hr/>	<hr/>	<hr/>
Liabilities and Retained Earnings			
Claims payable	\$ 36,410,000	\$ 35,220,000	\$ 1,190,000
Current claims payable	2,562,509	9,366,930	(6,804,421)
Unearned revenue	5,015,194	9,796,765	(4,781,571)
Accounts payable	16,984,337	14,742,964	2,241,373
Other accrued liabilities	1,211,755	1,182,634	29,121
Due to RHBF	75,098,532	34,120,368	40,978,164
	<hr/>	<hr/>	<hr/>
Total liabilities	137,282,327	104,429,661	32,852,666
Retained earnings	175,587,033	242,052,362	(66,465,329)
	<hr/>	<hr/>	<hr/>
Total liabilities and retained earnings	\$ 312,869,360	\$ 346,482,023	\$ (33,612,663)
	<hr/>	<hr/>	<hr/>

For internal use only. See financial comments.
Prepared February 25, 2008.

State of West Virginia
Public Employees Insurance Agency
Statements of Revenue, Expenses and
Changes in Retained Earnings (continued)
January 31, 2008 and 2007

DRAFT

Accrual Basis
(Unaudited-For Internal Use Only)

	Budgeted		Actual		Budget Variance Percent	Actual Seven Months Ended 31-Jan-07	This Year vs Last Year Increase <Decrease>	This Year vs Last Year Variance Percent
	Seven Months Ended 31-Jan-08	Seven Months Ended 31-Jan-08	Seven Months Ended 31-Jan-07	Seven Months Ended 31-Jan-07				
Operating Revenue								
Premiums								
Employer Premiums-State	\$ 165,559,452	\$ 167,301,208	\$ 100,482,873	\$ 1,05%	(23,181,665)	-12.17%		
Employee Premiums-State	44,670,155	43,651,957	44,428,049	-2.28%	(776,992)	-1.75%		
Local Premiums	30,709,592	30,557,534	32,523,277	-0.79%	(1,965,743)	-6.04%		
Basic Life Insurance	3,604,872	3,641,337	3,589,403	1.01%	51,934	1.45%		
Other Premiums and Adjustments	931,583	704,162	869,459	-24.41%	(165,297)	-19.01%		
Total premiums	245,865,654	245,855,298	271,893,061	0.12%	(26,037,763)	-9.58%		
Less								
Payments to managed care organizations	(12,494,092)	(12,035,304)	(30,889,996)	-1.41%	(1,145,308)	3.71%		
Life insurance premiums-basic	(3,604,872)	(3,696,110)	(3,566,151)	2.53%	(129,959)	3.64%		
Net premium revenue	209,466,690	210,123,884	237,436,914	0.31%	(27,313,030)	-11.50%		
Administrative fees, net of refunds	2,595,833	2,550,260	2,515,022	-1.76%	35,238	1.40%		
Net operating revenue	212,062,524	212,674,144	239,951,936	0.29%	(27,277,792)	-11.17%		
Operating Expenses								
Claims expense-medical	159,976,244	157,784,404	143,878,805	-1.37%	13,905,599	9.66%		
Claims expense-drugs	51,224,069	50,445,947	52,528,742	-1.52%	(2,082,795)	-3.97%		
Administrative service fees	7,793,315	7,545,422	7,431,119	-3.18%	114,303	1.54%		
Wellness and disease management	1,138,284	1,050,634	1,013,910	-7.70%	36,724	3.62%		
Other operating expenses	3,402,922	3,666,772	3,102,736	7.75%	564,036	18.18%		
Total operating expense	223,534,834	220,493,179	207,955,312	-1.36%	12,537,867	6.03%		
Operating surplus	(11,472,310)	(7,819,035)	(31,996,624)	-31.84%	(39,815,659)	-124.44%		

State of West Virginia
 Public Employees Insurance Agency
 Statements of Revenues, Expenses and
 Changes in Retained Earnings (continued)
 January 31, 2008 and 2007

DP A FT

Accrual Basis
 (Unaudited-For Internal Use Only)

	Budgeted	Actual	Budget	Actual	This Year vs	This Year vs
	Seven Months Ended 31-Jan-08	Seven Months Ended 31-Jan-08	Variance Percent	Seven Months Ended 31-Jan-07	Last Year Increase <Decrease>	Last Year Variance Percent
Nonoperating Revenues and Transfers						
Interest and investment income	9,391,463	9,331,499	-0.66%	15,284,373	(5,952,874)	-38.95%
Transfer in			N/A	3,903,618	(3,903,618)	-100.00%
Total nonoperating revenues and transfers	9,391,463	9,331,499	-0.66%	19,187,991	(9,856,492)	-51.37%
Net Surplus	(2,078,847)	1,512,464	-172.75%	51,184,615	(49,672,151)	-97.05%
Retained Earnings, beginning of period		174,074,569		190,867,747	(16,793,178)	
Retained Earnings, end of period		\$ 175,587,033		\$ 242,052,362	(66,465,329)	

For internal use only. See financial comments
 Prepared February 25, 2008

**West Virginia Board of Risk and Insurance Management
UNAUDITED BALANCE SHEET**

DRAFT

	February 29	
	2008	2007
ASSETS		
Short Term Assets		
Cash and Equivalents	\$ 35,809,110	\$ 35,010,550
Advance Deposit with Carrier/Trustee	152,186,277	113,300,275
Receivables - Net	3,304,356	1,603,890
Prepaid Insurance	2,131,440	2,048,026
Total Short Term Assets	193,431,183	151,962,741
Long Term Assets		
Investments	110,921,350	115,702,811
Total Long Term Assets	110,921,350	115,702,811
TOTAL ASSETS	304,352,533	267,665,552
LIABILITIES		
Short Term Liabilities		
Accounts payable	2,373,974	951,578
Claims Payable	322,692	1,226,857
Agents Commissions Payable	1,323,471	1,336,295
Unearned Revenue	13,638,424	15,730,726
Current Estimated Claim Reserve	53,299,196	54,432,394
Total Short Term Liabilities	70,957,757	73,677,850
Long Term Liabilities		
Compensated Absences	200,147	163,620
Estimated Noncurrent Claim Reserve	109,806,397	122,833,520
Total Long Term Liabilities	110,006,544	122,997,140
TOTAL LIABILITIES	180,964,301	196,674,990
Prior Year Net Assets	97,546,877	44,843,685
Current Year Earnings	25,841,355	26,146,877
TOTAL NET ASSETS	123,388,232	70,990,562
TOTAL LIABILITIES AND RETAINED EARNINGS	\$ 304,352,533	\$ 267,665,552

DRAFT - Unaudited - Management Purposes Only

03/31/08

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

DRAFT

	February 29	
	2008	2007
Operating Revenues		
Premium Revenues	\$ 49,435,006	\$ 53,955,912
Less - Excess Insurance	(4,262,882)	(4,096,052)
Total Operating Revenues	45,172,124	49,859,860
Operating Expenses		
Claims Expense	27,955,914	32,184,555
Property & MS Claims Expense	1,944,309	3,942,242
Personal Services	884,126	848,002
Operating Expenses	2,179,275	2,005,710
Total Operating Expenses	32,963,624	38,980,509
Operating Income	12,208,500	10,879,351
Nonoperating Revenues		
Court Fees	18,975	15,180
Claim Interest Income	-	189,219
Investment Income	13,613,880	15,063,127
Total Nonoperating Revenues	13,632,855	15,267,526
Net Income	25,841,355	26,146,877



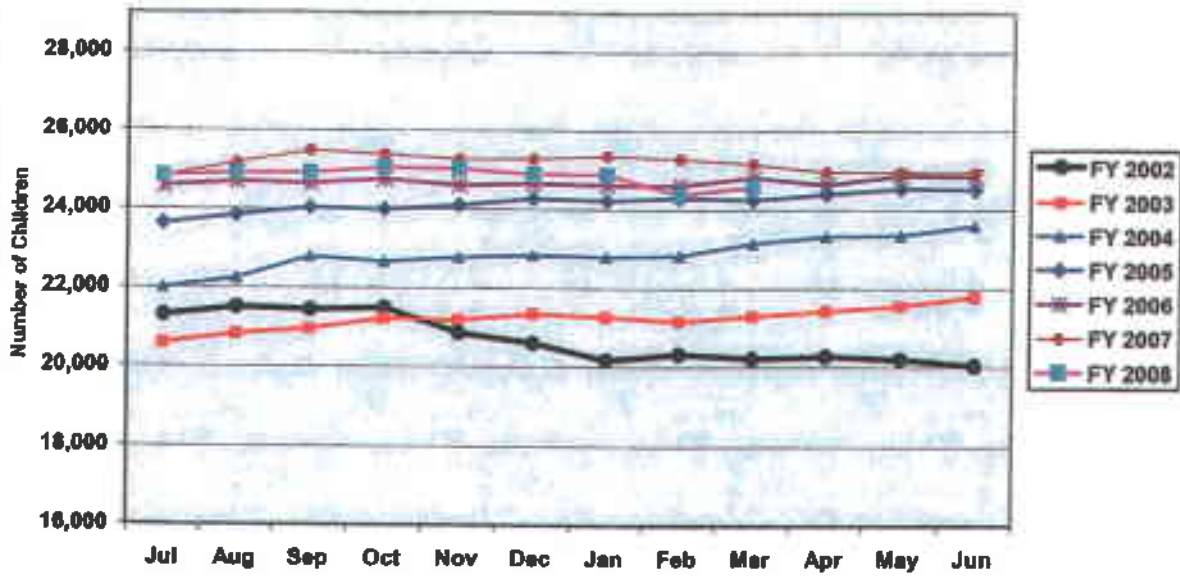
West Virginia Children's Health Insurance Program
1900 Kanawha Boulevard East
Building 3, Room 554
Charleston, WV 25305

304-558-2732 voice / 304-558-2741 fax
Helpline 877-982-2447
www.wvchip.org

JOINT COMMITTEE ON GOVERNMENT AND FINANCE REPORT

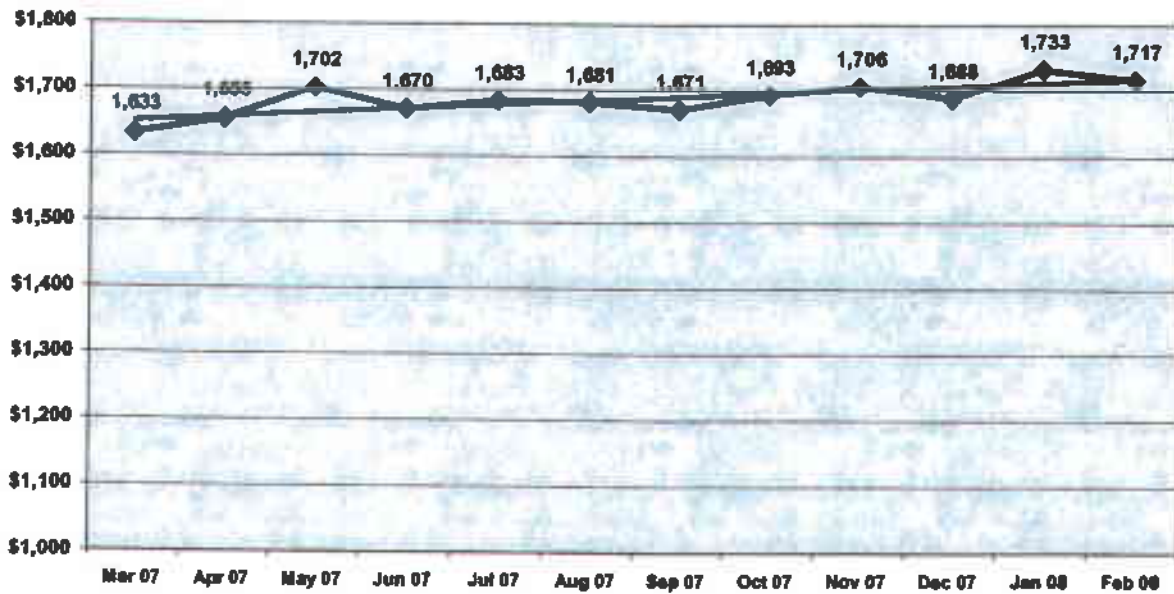
MARCH 2008

WV CHIP Enrollment



March 2008 Enrollment 24,588

Annualized Health Care Expenditures (Cost per Child)



**West Virginia Children's Health Insurance Program
Comparative Balance Sheet
February 29 2008 and 2007
(Accrual Basis)**

	February 29, 2008	February 28, 2007	Variance	
Assets:				
Cash & Cash Equivalents	\$7,047,221	\$4,487,954	\$2,559,267	57%
Due From Federal Government	\$2,315,595	\$3,241,846	(\$926,252)	-29%
Due From Other Funds	\$508,990	\$761,916	(\$252,926)	-33%
Accrued Interest Receivable	\$20,658	\$16,763	\$3,895	23%
Fixed Assets, at Historical Cost	<u>\$61,569</u>	<u>\$66,070</u>	<u>(\$4,501)</u>	<u>-7%</u>
Total Assets	<u>\$9,954,033</u>	<u>\$8,574,550</u>	<u>\$1,379,483</u>	<u>16%</u>
Liabilities:				
Due to Other Funds	\$304,585	\$173,762	\$130,823	75%
Deferred Revenue	\$1,000,044	\$1,518,068	(\$518,024)	-34%
Unpaid Insurance Claims Liability	<u>\$2,520,000</u>	<u>\$3,830,000</u>	<u>(\$1,310,000)</u>	<u>-34%</u>
Total Liabilities	<u>\$3,824,629</u>	<u>\$5,521,830</u>	<u>(\$1,697,201)</u>	<u>-31%</u>
Fund Equity	<u>\$6,129,404</u>	<u>\$3,052,720</u>	<u>\$3,076,684</u>	<u>101%</u>
Total Liabilities and Fund Equity	<u>\$9,954,033</u>	<u>\$8,574,550</u>	<u>\$1,379,483</u>	<u>16%</u>

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 Seven Months Ending February 29, 2008 and February 28, 2007
(Modified Accrual Basis)

	February 29, 2008	February 28, 2007	Variance	
Revenues:				
Federal Grants	22,284,623	22,522,893	(238,270)	-1%
State Appropriations	7,349,227	7,347,691	1,536	0%
Premium Revenues	53,155	421	52,734	12526%
Investment Earnings	<u>169,354</u>	<u>92,579</u>	<u>76,775</u>	83%
Total Operating Revenues	<u>29,856,359</u>	<u>29,963,584</u>	<u>(107,225)</u>	<u>0%</u>
Operating Expenditures:				
Claims:				
Outpatient Services	6,478,084	6,493,299	(15,215)	0%
Prescribed Drugs	5,478,936	5,650,858	(171,922)	-3%
Physicians & Surgical	5,465,034	5,666,642	(201,608)	-4%
Dental	3,225,652	3,204,291	21,361	1%
Inpatient Hospital Services	2,294,649	2,351,777	(57,128)	-2%
Vision	772,090	798,497	(26,407)	-3%
Outpatient Mental Health	730,935	931,700	(200,765)	-22%
Inpatient Mental Health	376,521	596,763	(220,242)	-37%
Durable & Disposable Med. Equip	311,851	282,187	29,664	11%
Therapy	246,421	229,375	17,046	7%
Medical Transportation	169,469	246,513	(77,044)	-31%
Other Services	62,026	95,889	(33,863)	-35%
Less: Collections*	<u>(465,485)</u>	<u>(459,143)</u>	<u>(6,342)</u>	1%
Total Claims	<u>25,146,183</u>	<u>26,088,648</u>	<u>(942,465)</u>	<u>-4%</u>
General and Admin Expenses:				
Salaries and Benefits	325,229	303,272	21,957	7%
Program Administration	1,397,945	1,288,381	109,564	9%
Eligibility	218,556	190,340	28,216	15%
Outreach & Health Promotion	42,701	13,731	28,970	211%
Current	<u>81,459</u>	<u>53,869</u>	<u>27,590</u>	<u>51%</u>
Total Administrative	<u>2,065,890</u>	<u>1,849,593</u>	<u>216,297</u>	<u>12%</u>
Total Expenditures	<u>27,212,073</u>	<u>27,938,241</u>	<u>(726,168)</u>	<u>-3%</u>
Excess of Revenues				
Over (Under) Expenditures	2,644,286	2,025,343	618,943	31%
Fund Equity, Beginning	<u>3,485,118</u>	<u>1,027,377</u>	<u>2,457,741</u>	<u>239%</u>
Fund Equity, Ending	<u>6,129,404</u>	<u>3,052,720</u>	<u>3,076,684</u>	<u>101%</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
State Fiscal Year 2008
For the Eight Months Ended February 29, 2008**

	Budgeted for Year	Year to Date Budgeted Amt	Year to Date Actual Amt	Year to Date Variance*		Monthly Budgeted Amt	Feb-08	Jan-08	Dec-07
Projected Cost	\$49,020,492	\$32,680,328	\$26,244,628	\$6,435,700	20%	\$4,085,041	\$2,771,454	\$3,685,834	\$2,629,556
Premiums	136,290	90,860	53,155	\$37,705	-41%	11,358	8,862	9,581	5,006
Subrogation & Rebates	<u>760,000</u>	<u>506,667</u>	<u>465,485</u>	<u>41,182</u>	-8%	<u>63,333</u>	<u>24,016</u>	<u>84,844</u>	<u>40,800</u>
Net Benefit Cost	47,058,152	\$31,372,101	\$25,755,183	\$5,616,919	18%	3,921,513	2,738,577	3,600,990	2,588,756
Salaries & Benefits	\$519,673	\$346,449	\$325,227	\$21,221	6%	\$43,306	\$36,583	\$37,801	\$40,243
Program Administration	2,166,796	1,444,531	1,290,431	154,099	11%	180,566	166,875	210,564	146,295
Eligibility	340,055	226,703	170,830	55,873	25%	28,338	650	80,533	780
Outreach	27,157	18,105	39,981	(21,876)	-121%	2,263	713	8,527	1,535
Current Expense	<u>287,741</u>	<u>191,827</u>	<u>84,781</u>	<u>107,047</u>	<u>56%</u>	<u>23,978</u>	<u>8,587</u>	<u>9,689</u>	<u>10,525</u>
Total Admin Cost	\$3,341,422	\$2,227,815	\$1,911,250	\$316,365	14%	\$278,452	\$213,408	\$347,114	\$199,378
Total Program Cost	<u>\$50,399,574</u>	<u>\$33,599,716</u>	<u>\$27,666,433</u>	<u>\$5,933,283</u>	<u>18%</u>	<u>\$4,199,965</u>	<u>\$2,951,985</u>	<u>\$3,948,104</u>	<u>\$2,788,134</u>
Federal Share 81.98%	40,823,855	\$27,215,770	\$22,585,132	4,630,638	17%	3,401,971	2,420,037	3,236,655	2,285,712
State Share 18.02%	<u>9,575,919</u>	<u>\$6,383,946</u>	<u>\$5,081,301</u>	<u>1,302,645</u>	<u>20%</u>	<u>797,993</u>	<u>531,948</u>	<u>711,448</u>	<u>502,422</u>
		0							
Total Program Cost **	<u>\$50,399,574</u>	<u>\$33,599,716</u>	<u>\$27,666,433</u>	<u>\$5,933,283</u>	<u>18%</u>	<u>\$4,199,965</u>	<u>\$2,951,985</u>	<u>\$3,948,104</u>	<u>\$2,788,134</u>

* Positive percentages indicate favorable variances

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

Unaudited - Cash Basis For Management Purposes Only - Unaudited

WV CHIP Enrollment Report

ATTACHMENT 1

February 2008

County Ranking	County Pop. 2005 Est. (0-19 Yrs)	Total CHIP Enrollment Feb-08	Total Medicaid Enrollment Feb-08	Total CHIP/Medicaid Enrollment	CHIP/Medicaid % of Population	Total % Insured 3/2002*	# Children Insured Ranking*	Est. # Uninsured Eligible*
Barbour	3,248	333	1,448	1,779	54.8%	92.5%	34	255
Berkeley	22,882	1,141	5,290	6,431	28.1%	93.9%	21	1,084
Boone	5,706	305	2,387	2,672	46.8%	97.9%	4	133
Braxton	3,044	205	1,508	1,713	56.3%	95.6%	13	155
Brooke	4,658	291	1,413	1,704	36.6%	98.5%	3	0**
Cabell	18,900	961	7,475	8,436	44.6%	91.6%	39	1,218
Calhoun	1,389	124	768	892	64.2%	88.0%	52	207
Clay	2,454	187	1,296	1,483	60.4%	95.1%	15	94
Doddridge	1,607	124	669	793	49.3%	96.4%	6	60
Fayette	9,692	919	4,418	5,337	55.1%	92.1%	36	706
Gilmer	1,154	85	529	614	53.2%	92.8%	32	115
Grant	2,463	140	666	1,006	40.8%	95.8%	11	82
Greenbrier	7,110	589	2,547	3,136	44.1%	94.8%	17	306
Hampshire	5,110	257	1,705	1,962	38.4%	91.3%	40	295
Hancock	6,270	374	2,090	2,464	39.3%	92.9%	31	443
Hardy	2,950	142	998	1,140	38.6%	93.6%	26	200
Harrison	14,973	926	5,550	6,476	43.3%	98.9%	1	0**
Jackson	6,277	368	2,302	2,670	42.5%	93.9%	22	340
Jefferson	11,465	400	1,982	2,382	20.8%	93.9%	23	651
Kanawha	40,647	2,083	15,378	17,461	43.0%	96.4%	7	772
Lewis	3,577	294	1,713	2,007	56.1%	88.0%	53	431
Lincoln	4,945	398	2,317	2,715	54.9%	93.3%	27	327
Logan	7,610	528	3,718	4,246	55.8%	92.1%	37	654
Marion	11,245	774	4,017	4,791	42.6%	95.9%	10	516
Marshall	7,176	408	2,498	2,906	40.5%	97.5%	5	217
Mason	5,461	334	2,267	2,601	47.6%	95.7%	12	249
McDowell	5,170	416	3,170	3,586	69.4%	93.8%	25	373
Mercer	12,687	1,043	6,053	7,096	55.9%	91.0%	41	1,268
Mineral	5,973	288	1,824	2,112	35.4%	90.7%	43	251
Mingo	6,204	399	3,092	3,491	56.3%	88.5%	51	566
Monongalia	14,346	699	3,817	4,516	31.5%	92.8%	33	1,144
Monroe	2,728	252	846	1,098	40.2%	93.1%	29	196
Morgan	3,365	238	926	1,164	34.6%	89.2%	49	285
Nicholas	5,478	466	2,364	2,830	51.7%	94.4%	19	324
Ohio	9,068	523	2,839	3,362	37.1%	95.6%	14	480
Pendleton	1,632	99	389	488	29.9%	99.0%	2	19
Pleasants	1,593	94	474	568	35.7%	93.9%	24	88
Pocahontas	1,717	146	623	769	44.8%	87.7%	54	224
Preston	6,354	520	2,195	2,715	42.7%	90.2%	47	236
Putnam	12,522	592	2,965	3,557	28.4%	93.2%	28	486
Raleigh	15,992	1,278	6,537	7,815	48.9%	91.7%	38	1,395
Randolph	5,971	480	2,286	2,766	46.3%	89.7%	48	653
Ritchie	2,234	150	803	953	42.6%	96.2%	9	81
Roane	3,266	269	1,544	1,813	55.5%	90.5%	44	336
Summers	2,322	226	1,073	1,299	55.9%	88.9%	50	315
Taylor	3,307	233	1,339	1,572	47.5%	90.9%	42	358
Tucker	1,354	170	432	602	44.5%	93.1%	30	103
Tyler	1,887	97	791	888	47.1%	94.9%	16	93

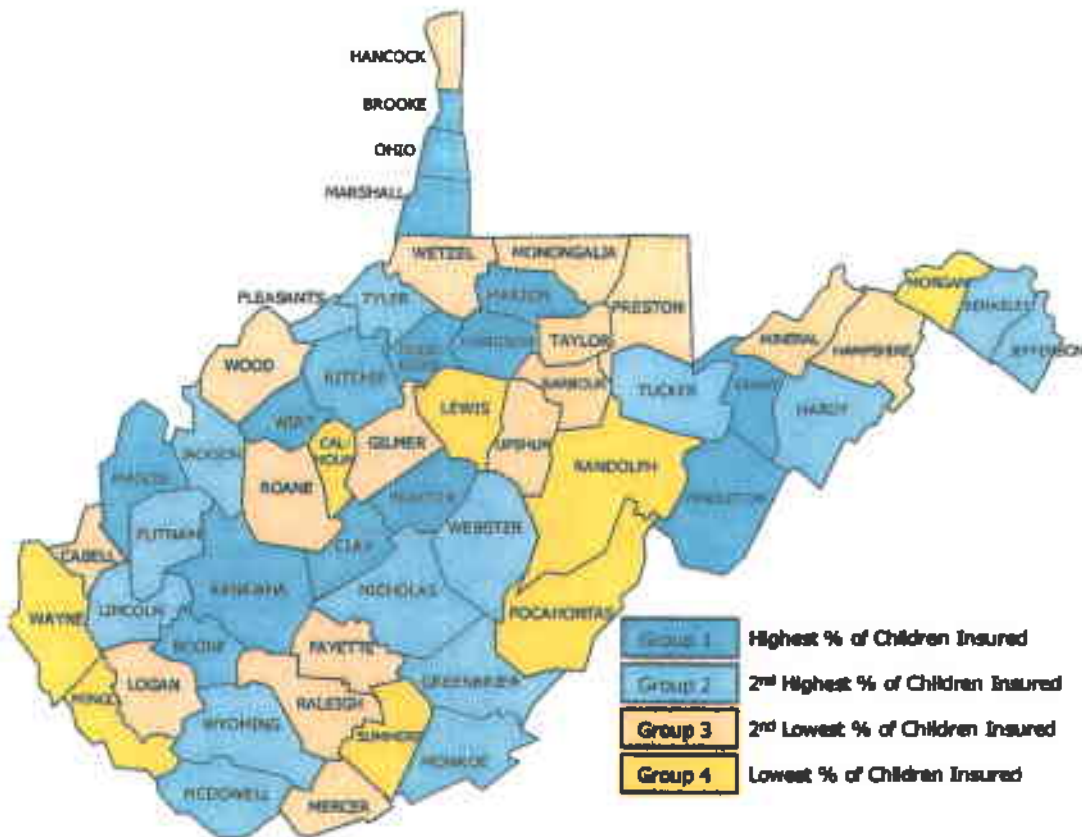
WV CHIP Enrollment Report

February 2008

County Ranking	County Pop. 2005 Est. (0-18 Yrs)	Total CHIP Enrollment Feb-08	Total Medicaid Enrollment Feb-08	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	Total % Insured 3/2002*	# Children Insured Ranking*	Est. # Uninsured Eligible*
Upshur	4,956	383	2,147	2,530	51.1%	90.4%	48	547
Wayne	9,176	580	3,839	4,419	48.2%	87.7%	55	1,034
Webster	2,020	181	1,040	1,221	60.5%	94.7%	18	103
Wetzel	3,732	220	1,507	1,727	46.3%	92.5%	35	334
Wirt	1,268	118	536	654	51.8%	96.3%	8	48
Wood	19,063	1,114	7,324	8,438	44.3%	90.5%	45	1,624
Wyoming	5,092	426	2,608	3,034	59.6%	94.0%	20	231
Totals	382,490	24,390	142,510	166,900	43.6%	93.4%		22,448

*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.



WV CHIP Enrollment Report

ATTACHMENT 1

March 2008

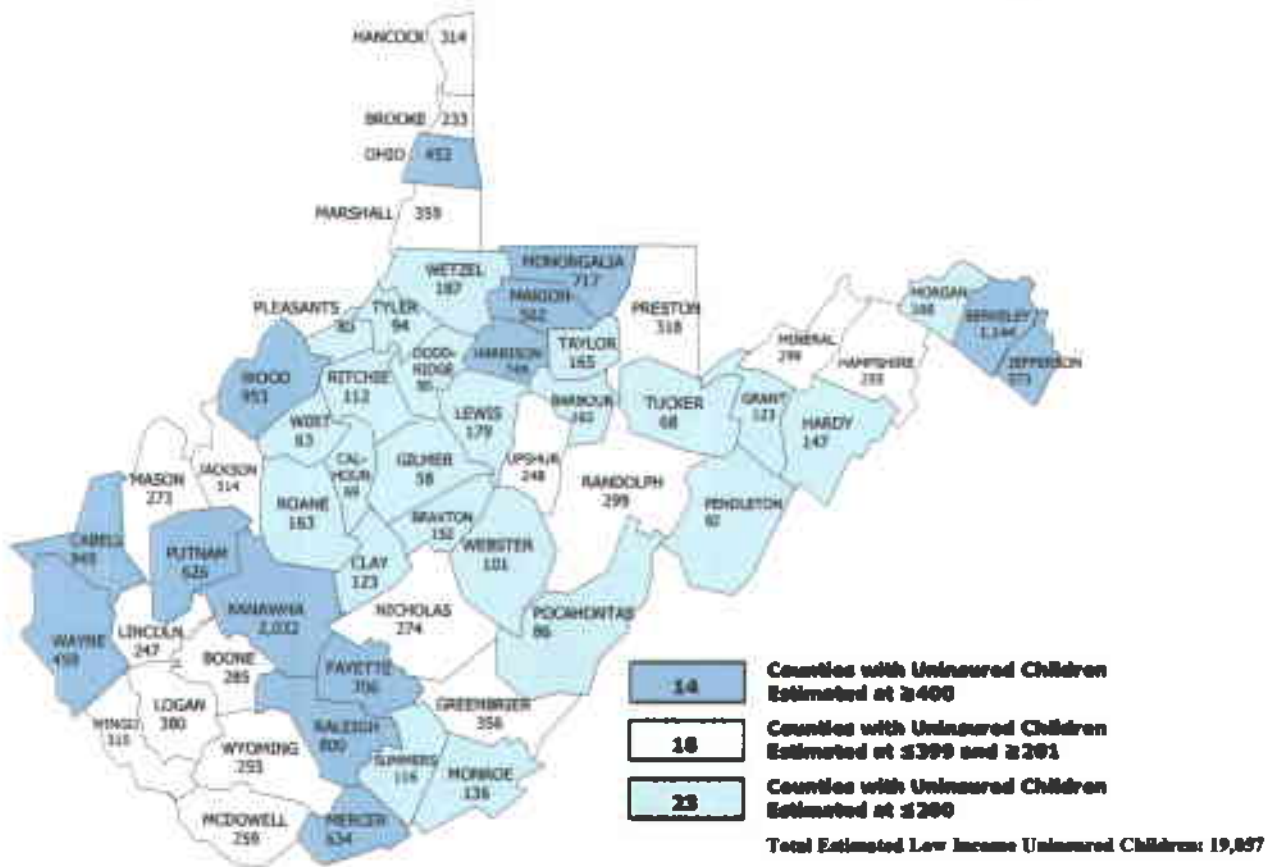
County Ranking	County Pop. 2005 Est. (0-18 Yrs)	Total CHIP Enrollment Mar-08	Total Medicaid Enrollment Mar-08	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2007	2007
						Est. Uninsured 5%	# Children Uninsured Ranking*
Kanawha	40,647	2,087	15,586	17,673	43.5%	2,032	1
Berkeley	22,882	1,177	5,359	6,536	28.6%	1,144	2
Wood	19,063	1,150	7,393	8,543	44.8%	953	3
Cabell	18,900	973	7,457	8,430	44.6%	945	4
Raleigh	15,992	1,262	6,643	7,905	49.4%	800	5
Harrison	14,973	932	5,562	6,494	43.4%	749	6
Monongalia	14,346	718	3,837	4,555	31.8%	717	7
Mercer	12,687	1,050	6,117	7,167	56.5%	634	8
Putnam	12,522	600	2,984	3,584	28.6%	626	9
Jefferson	11,465	382	2,005	2,387	20.8%	573	10
Marion	11,245	779	3,995	4,774	42.5%	562	11
Fayette	9,692	899	4,492	5,391	55.6%	485	12
Wayne	9,176	581	3,858	4,439	48.4%	459	13
Ohio	9,068	540	2,820	3,360	37.1%	453	14
Logan	7,610	538	3,748	4,286	56.3%	380	15
Marshall	7,176	397	2,532	2,929	40.8%	359	16
Greenbrier	7,110	595	2,547	3,142	44.2%	356	17
Preston	6,354	524	2,194	2,718	42.8%	318	18
Jackson	6,277	358	2,305	2,663	42.4%	314	19
Hancock	6,270	383	2,085	2,468	39.4%	314	20
Mingo	6,204	403	3,079	3,482	56.1%	310	21
Mineral	5,973	292	1,868	2,160	36.2%	299	22
Randolph	5,971	483	2,290	2,773	46.4%	299	23
Boone	5,706	308	2,398	2,704	47.4%	285	24
Nicholas	5,478	447	2,379	2,826	51.6%	274	25
Mason	5,481	338	2,259	2,595	47.5%	273	26
McDowell	5,170	415	3,131	3,546	68.6%	259	27
Hampshire	5,110	258	1,724	1,982	38.8%	255	28
Wyoming	5,092	448	2,584	3,030	59.5%	255	29
Upshur	4,958	390	2,166	2,556	51.6%	248	30
Lincoln	4,945	412	2,350	2,762	55.9%	247	31
Brooke	4,658	291	1,411	1,702	36.5%	233	32
Wetzel	3,732	214	1,538	1,752	47.0%	187	33
Lewis	3,577	299	1,726	2,025	56.6%	179	34
Morgan	3,385	237	939	1,176	35.0%	188	35
Taylor	3,307	232	1,313	1,545	46.7%	185	36
Roane	3,286	270	1,521	1,791	54.8%	163	37
Barbour	3,248	332	1,471	1,803	55.5%	162	38
Braxton	3,044	215	1,530	1,745	57.3%	152	39
Hardy	2,950	158	1,003	1,161	39.4%	147	40
Monroe	2,728	264	826	1,090	39.9%	136	41
Grant	2,463	139	880	1,019	41.4%	123	42
Clay	2,454	180	1,312	1,492	60.8%	123	43
Summers	2,322	224	1,074	1,298	55.9%	116	44
Ritchie	2,234	156	818	974	43.6%	112	45
Webster	2,020	183	1,072	1,255	62.1%	101	46
Tyler	1,887	108	798	906	48.0%	94	47
Pocahontas	1,717	148	618	766	44.6%	86	48

WV CHIP Enrollment Report

ATTACHMENT 1

March 2008

County Ranking	County Pop. 2005 Est. (0-18 Yrs)	Total CHIP Enrollment Mar-08	Total Medicaid Enrollment Mar-08	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2007 Est. Uninsured 5%	2007 # Children Uninsured Ranking*
Pendleton	1,632	100	388	488	29.8%	82	49
Doddridge	1,607	128	682	810	50.4%	80	50
Pleasants	1,593	95	488	583	36.6%	80	51
Calhoun	1,389	130	760	890	64.1%	69	52
Tucker	1,354	187	433	600	44.3%	68	53
Wirt	1,268	115	530	645	50.9%	63	54
Gilmer	1,154	88	528	614	53.2%	58	55
Totals	382,490	24,586	143,402	167,988	43.9%	19,125	



Note 1: The most recent estimate for uninsured children statewide from the US Census Current Population Survey is 8%. CHIP uses a 5% estimate to reflect the percentage of uninsured children for outreach purposes who could qualify for CHIP or Medicaid. It should be noted that even this five percent extrapolation to the county level could vary significantly from county to county depending on the availability of employee sponsored insurance. However, it remains our best gross estimate of the remaining uninsured children.

Note 2: Since it has been estimated that 7 of 10 uninsured children qualify or may have qualified for CHIP or Medicaid in the past, WVCHIP asserts that a 5% uninsured estimate is a more realistic target number for outreach.

**JOINT COMMITTEE REAL ESTATE DIVISION REPORT
JANUARY 1, 2008 THROUGH MARCH 30, 2008**

NEW CONTRACT OF LEASE

AVIATION DIVISION

AVD-001 New 2 year office space lease containing 2,040 square feet at \$16.00 per square foot, includes electric, water and sewage with Executive Air Terminal, Inc., in the City of Charleston, Kanawha County

DIVISION OF JUVENILE SERVICES

DJS-013 New 1 year lease containing 1,485 square feet of office space at \$9.70 per square foot, full service with HOPE Community Development Corporation, in the City of Charleston, Kanawha County

DJS-012 New 1 year lease containing 2,464 square feet of office space at \$6.33 per square foot with Phillip and Roberta S. Brown and Arthur J. and Janet Recht, in the City of Weirton, Hancock County

DIVISION OF MOTOR VEHICLES

DMV-023 New 5 year lease containing 10,412 square feet of office space at \$10.00 per square foot with increase to \$10.50 after first 5 years and increase to \$11.00 per square foot at year 7, with KM Associates, LLC, in the City of Charleston, Kanawha County

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-163 New 1 year lease containing 189 square feet of storage space at \$6.35 per square foot, full service with Riverview Presbyterian Church, in the City of Charleston, Kanawha County

HHR-164 New 1 year lease containing 189 square feet of office space at \$10.30 per square foot, full service with Volunteer Action Center of the Mid-Ohio Valley, in the City of Parkersburg, Wood County

MINERS HEALTH & SAFETY

MHS-031 New contract of lease for 10 years consisting of 4,000 square feet of office space at \$12.00 psf, in the City of Westover, Monongalia County with Atkins Rental, LLC.

**JOINT COMMITTEE REAL ESTATE DIVISION REPORT
JANUARY 1, 2008 THROUGH MARCH 30, 2008**

NEW CONTRACT OF LEASE CONTINUED

STATE TREASURERS OFFICE

STO-010 New contract of lease for 3 years consisting of 3,488 square feet of office space at \$9.41 psf, in the City of Charleston, Kanawha County with Triple M LLC.

DIVISION OF TOURISM

TOR-006 New contract of lease for 1 year consisting of 2,400 square feet of welcome center space at \$13.75 psf, full service except janitorial, in the City of Morgantown, Monongalia County with Morgantown Mall.

WORKFORCE WEST VIRGINIA (formerly Bureau of Employment Programs)

WWV-006-SUB New contract of sub-lease for ten (10) months consisting of 300 square feet of office space at \$12.00 psf, full service, includes office furniture and equipment, in the City of Williamson, Mingo County with South Western Region 2 Workforce Investment Board.

STRAIGHT RENEWALS

EDUCATIONAL BROADCASTING AUTHORITY

EBA-008 Renewal for 1 year containing 2 acres of land at the current monthly rent of \$250 dollars with Herbert and Marsha Smith, in the City of Phillippi, Marion County

DEPARTMENT OF EDUCATION

EDU-022 Renewal for 5 years containing 216 square feet of office space at the current psf rate of \$5.56 with RESA I, in the City of Beckley, Raleigh County.

DIVISION OF FORESTRY

FOR-063 Renewal for 5 years containing 2201 square feet of office and storage space at the current psf rate of \$7.36 with L. M. McCown and Sons, Inc., in the City of Dunbar, Kanawha County.

**JOINT COMMITTEE REAL ESTATE DIVISION REPORT
JANUARY 1, 2008 THROUGH MARCH 30, 2008**

STRAIGHT RENEWALS CONTINUED

FOR-062 Renewal for 5 years containing 550 square feet of office space at the current psf rate of \$4.58 with Municipal Building Commission in the City of Webster Springs, Webster County.

FOR-040 Renewal for 2 years containing 168 square feet of office space at the current psf rate of \$8.93 with Neal W. and Helen G. Kellison, in the city of Marlinton, Pocahontas County.

FOR-065 Renewal for 5 years consisting of a tower site at the current yearly rent of \$900.00 with Two Way Radio, Inc., in the city of Layland, Fayette County.

FOR-076 Renewal for 3 years consisting of a Antenna monitoring site at the current monthly rent of \$100.00 with Mason County Commission 911, in the city of Point Pleasant, Mason County.

FOR-049 Renewal for 5 years consisting of a Antenna site at the current monthly rent of \$190.00 with Lloyd Hoff Holding Corporation DBA:Portapage, in the city of Salem, Harrison County.

FOR-061 Renewal for 5 years consisting of a Antenna site at the current monthly rent of \$170.00 with Lloyd Hoff Holding Corporation DBA:Portapage, in the city of Salem, Harrison County.

FOR-044 Renewal for 1 year containing 751 square feet of office and storage space at the current psf rate of \$5.99 with Court Street Properties, LLC, in the city of Fayetteville, Fayette County.

FAIRMONT STATE COLLEGE

FSC-028 Renewal for 3 years containing 100 square feet of office space at the current psf rate of \$6.60 with Climate Control Storage Plus, LLC, dba K & K Storage, in the City of Fairmont, Marion County.

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-166 Renewal for 1 years containing 800 square feet of storage space at the current psf rate of \$2.01 with Burdette Realty Improvement, Inc., in the City of Charleston, Kanawha County.

**JOINT COMMITTEE REAL ESTATE DIVISION REPORT
JANUARY 1, 2008 THROUGH MARCH 30, 2008**

STRAIGHT RENEWALS CONTINUED

DHS-154 Renew for 1 year containing 1,000 square feet of storage space at same rate of \$250.00 per month, with O. V. Smith & Sons of Big Chimney in the City of Big Chimney, Kanawha County.

HUMAN RIGHTS COMMISSION

HRC-002 Renewal for 1 year containing 489 square feet of office space at the current psf rate of \$7.36 with West Virginia Division of Highways, in the City of Huntington, Cabell County.

ATTORNEY GENERALS OFFICE

AGO-013 Renewal for 1 year containing 4000 square feet of office space at the current psf rate of \$2.25 with First Charleston Corporation, LLC, in the City of Charleston, Kanawha County.

WEST VIRGINIA DEPARTMENT OF AGRICULTURE

AGR-047 Renewal for 5 year containing 502 square feet of office space at the current psf rate of \$11.95 with Human Resource Development, in the City of Hinton, Summers County.

AGR-046 Renewal for 5 year containing 900 square feet of office space at the current psf rate of \$10.00 with Bearclaw Properties, in Star City, Monongalia County

DEPARTMENT OF ENVIRONMENTAL PROTECTION

DEP-171 Renew for 1 year containing 300 square feet of storage space at same rate of \$85.00 per month, with Climate Control Storage Plus, LLC in the City of Fairmont, Marion County.

DIVISION OF PROTECTIVE SERVICES

DPS-001 Renew for 1 year containing 790 square feet of office space at same rate of \$5.00 per square foot, with Department of Administration, in the City of Charleston, Kanawha County.

**JOINT COMMITTEE REAL ESTATE DIVISION REPORT
JANUARY 1, 2008 THROUGH MARCH 30, 2008**

STRAIGHT RENEWALS CONTINUED

DEPARTMENT OF TRANSPORTATION

DOT-001 Renew for 1 year containing 1,521 square feet of office space at same rate of \$9.50 per square foot, with Department of Administration, in the City of Charleston, Kanawha County.

GOVERNORS OFFICE

MAN-001 Renewal for 1 year containing hanger space at the same monthly rate of \$115.00, full service, in the City of Charleston, Kanawha County, with the Department of Administration Real Estate Division.

MILITARY AFFAIRS AND PUBLIC SAFETY

MAP-002 Renewal for 1 year containing 3,476 square feet of office space at \$9.50 psf, full service, in the City of Charleston, Kanawha County, with the Department of Administration Real Estate Division.

MAP-001 Renewal for 1 year containing 2,520 square feet of office space at \$9.50 psf., full service, in Building #6, in the City of Charleston, Kanawha County with the Department of Administration Real Estate Division.

DIVISION OF NATURAL RESOURCES

NAT-119 Renewal for 1 year containing 1,900 square feet of office space at \$11.31psf, full service, in the City of Charleston, Kanawha County with Young's Inc.

NAT-081 Renewal for 1 year containing 40,299 square feet of office space at \$9.50 psf, full service, in Building #3, in the City of Charleston, Kanawha County, with the Department of Administration Real Estate Division .

PUBLIC EMPLOYEES INSURANCE

PEI-002 Renewal for 1 year containing 4,000 square feet of storage space at \$1.20 psf full service, in the City of Charleston, Kanawha County with Corey Realty Company.

**JOINT COMMITTEE REAL ESTATE DIVISION REPORT
JANUARY 1, 2008 THROUGH MARCH 30, 2008**

STRAIGHT RENEWALS CONTINUED

PUBLIC DEFENDER SERVICES

PLS-001 Renewal for 1 year containing 3,960 square feet of office space at \$9.50psf, full service, in Building #3, in the City of Charleston, Kanawha County, with the Department of Administration Real Estate Division

PUBLIC PORT AUTHORITY

PPA-001 Renewal for 1 year containing 696 square feet of office space at \$9.50 psf, full service, in Building #5, in the City of Charleston, Kanawha County with the Department of Administration Real Estate Division.

SOIL CONSERVATION AGENCY

SCC-010 Renewal for 1 year containing 190 square feet of office space at \$10.42 psf includes utilities, in the City of Philippi, Greenbrier County with the Greenbrier Valley Economic Development Authority

BOARD OF SOCIAL WORK EXAMINERS

SOC-001 Renewal for 1 year containing 669 square feet of office space at \$8.75 psf, full service, in building #1, In the City of Charleston, Kanawha County with the Department of Administration Real Estate Division.

TAX DEPARTMENT

TAX-030 Renewal for 1 year containing 7,799 square feet of office space at the same \$9.50 psf rate, full service in building #1, the City of Charleston, Kanawha County, with the Department of Administration Real Estate Division.

TAX-050 Renewal for 1 year containing 2,671 square feet of office space at the same \$9.50 psf rate, full service in the City of Huntington, Cabell County, with the Department of Administration Real Estate Division.

TAX-028 Renewal for 3 years containing 406 square feet of office space at the same \$7.83 psf rate, includes utilities, In the City of Logan, Logan County, with Mike Allie.

**JOINT COMMITTEE REAL ESTATE DIVISION REPORT
JANUARY 1, 2008 THROUGH MARCH 30, 2008**

STRAIGHT RENEWALS CONTINUED

WORKFORCE WV

WWV-004 Renewal for 1 year containing 11,534 square feet of office Real Estate Division space at the same rate of \$13.00 psf, full service, in the City of Huntington, Cabell County, with the Department of Administration Real Estate Division.

RENEWAL/RENT INCREASES

WEST VIRGINIA ACCOUNTANCY BOARD

ACC-004 Renewal for 3 years containing 6,500 square feet of Office space with a rental increase from \$4.80 psf to \$5.08 psf, with Riggs Corporation in the City of Charleston, Kanawha County.

DIVISION OF CORRECTIONS

COR-075 Renew for 3 years containing 1,094 square feet of office space with an increase from \$11.69 to \$12.61, with Jackie Sue Tomblin, in the City of Logan, Logan County.

COR-046 Renewal for 3 year using a portion of the "Ohio County Jail" at a rate of \$15.00 per day per inmate, with Ohio County Commission, in the City of Wheeling, Ohio County

EDUCATIONAL BROADCASTING AUTHORITY

EBA-022 Renewal for 3 years containing 1.6 acres of land with a rental increase from \$250.00 dollars per month to \$312.50 per month, with Enviro Con Ltd. in the City of Graysville, Greene County.

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-144 Renewal for 1 year containing 3,837 square feet of Class Room and Training space with a rental increase from \$11.30 psf to \$11.80 psf, with Work4WV-Region I, Inc. in the City of Summersville, Nicholas County

**JOINT COMMITTEE REAL ESTATE DIVISION REPORT
JANUARY 1, 2008 THROUGH MARCH 30, 2008**

RENEWAL/RENT INCREASES CONTINUED

DIVISION OF MOTOR VEHICLES

DMV-044 Renewal for 3 years containing 4,772 square feet of office space adding janitorial to escalation clause at same rate of \$11.59 per square foot, with J & S Partnership, in the City of Lewisburg, Greenbrier County.

OCCUPATIONAL THERAPY BOARD

OTB-005 Renewal for 3 years containing of 500 square feet of office space with a rental increase from \$9.60 psf to \$12.00 psf, full service, in the City of Morgantown, Monongalia County, with Terry and Michael Gocke.

STATE TREASURERS OFFICE

STO-003 Renewal for 4 years consisting of 15,376 square feet for office space with an increase from \$11.50 psf to \$12.00 psf, full service in the City of Charleston, Kanawha County with S. A. A. C., LLC

TAX DEPARTMENT

TAX-002 Renewal for 3 years consisting of 14,400 square feet of storage space with an increase from \$1.75 psf to \$1.79 psf includes water and sewer, in the City of Charleston, Kanawha County with R. H. Kyle Furniture.

VETERINARY MEDICINE BOARD

VET-003 Renewal for 3 years consisting of 800 square feet of office space with an increase from \$8.19 psf to \$8.44 psf, includes water, sewer, trash an snow removal in Cross Lanes, Kanawha County with TMJS, LLC

ADDING SQUARE FOOTAGE

DIVISION OF JUVENILE SERVICES

DJS-003 Added 5 parking spaces to the existing lease at \$35.00 dollars per month per space, with L. A. Development Company, in the City of Charleston, Kanawha County

**JOINT COMMITTEE REAL ESTATE DIVISION REPORT
JANUARY 1, 2008 THROUGH MARCH 30, 2008**

ADDING SQUARE FOOTAGE CONTINUED

DIVISION OF REHABILITATION SERVICES

DRS-077 Adding 673 square feet of office space at \$11.77 psf and renovation cost in lump sum of \$5,000 dollars paid by Division of Rehabilitation Services, with Work4WV-Region I, Inc. in the City of Beckley, Raleigh County West Virginia.

MINERS HEALTH & SAFETY

MHS-029 Added 1,153 square feet of office space at \$7.15 psf, for a total of 7,125 square feet at a combined rate of \$6.34 psf, in the City of Danville, Boone County with Jackaline Roberts Barker.

VETERANS AFFAIRS

VET-031 Added 300 square feet of storage for a total of 900 square feet at \$4.40 psf, in the City of Clarksburg, Harrison County with Rose Bud Inc.

WEST VIRGINIA WORKFORCE

WWV-002 Added 666 square feet of office space for a total of 2,360 square feet at \$10.00 psf rate full service, in the City of Charleston, Kanawha County with WVSU R&D Corp.

STATE AUDITORS OFFICE

SA0-008 Added 3,000 square feet of office space for a total of 19,443 square feet at \$3.50 psf, in the City of Clarksburg, Harrison County with Grandeotto, Inc.

ADDING SQUARE FOOTAGE WITH RENEWAL

DEPARTMENT OF AGRICULTURE

AGR-030 Renew for 5 years Adding 491 square feet of office space at same rate of \$12.45 psf, with Southern Conservation District. in the City of Beckley, Raleigh County West Virginia.

**JOINT COMMITTEE REAL ESTATE DIVISION REPORT
JANUARY 1, 2008 THROUGH MARCH 30, 2008**

ADDING SQUARE FOOTAGE WITH RENEWAL CONTINUED

PUBLIC TRANSIT AUTHORITY

PTA-001 Renewal for 1 year and adding 600 square feet for a total of 2,356 square feet of office space at \$9.50 psf, full service in building #5, in the City of Charleston, Kanawha County with the Department of Administration Real Estate Division.

DECREASED SQUARE FOOTAGE

OFFICE OF EMERGENCY SERVICES

OES-006 Decrease square footage by 2,000 square feet leaving a total of 21,000 square feet of office and storage space at \$4.89 psf, in the City of Charleston, Kanawha County, with O. V. Smith and Sons of Big Chimney.

RENEWAL/ DECREASES SQUARE FOOTAGE

GOVERNORS OFFICE OF TECHNOLOGY

F&A-030 Renew for 1 year with a decrease in square footage from 46,587 to 39,585 at same per square foot rate of \$10.00, with Department of Administration, in the city of Charleston, Kanawha County

RENEWAL/ DECREASES SQUARE FOOTAGE INCREASE IN RENT

DIVISION OF CORRECTIONS

COR-012 Reduction in square footage from 740 to 578 with an increase in rent from \$7.99 per square foot to \$8.30 per square foot with a 3 year renewal, with Virginian Land Company, in the City of Lewisburg, Greenbrier County.

Joint Committee on Government and Finance

April 2008

Department of Health and Human Resources

MEDICAID REPORT

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 MEDICAID CASH REPORT
 SFY2008

8 Months Actuals 4 Months Remaining

MONTH OF FEBRUARY 2008

REVENUE SOURCES

Beg. Bal. (5084/1020 prior mth)

MATCHING FUNDS

General Reven

Rural Hospitals Under 150 Beds (0403/940)

Tertiary Funding (0403/547)

Lottery Waiver (Less 550,000) (5405/539)

Lottery Transfer (5405/871)

Trust Fund Appropriation (5185/189)

Provider Tax (5090/189)

Certified Match

Reimbursables - Amount Reimbursed

Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015

CMS - 64 Adjustments

TOTAL MATCHING FUNDS

FEDERAL FUNDS

TOTAL REVENUE SOURCES

TOTAL EXPENDITURES:

Provider Payments

TOTAL

	ACTUALS 2/1/08 Thru 2/29/08	ACTUALS Year-To-Date Thru 2/29/08	PROJECTED 3/1/2008 Thru 06/30/08	TOTAL SFY2008
Beg. Bal. (5084/1020 prior mth)	12,332,216	\$26,493,079		\$26,493,079
MATCHING FUNDS				
General Reven	32,808,807	230,974,003	162,731,684	393,705,687
Rural Hospitals Under 150 Beds (0403/940)	216,333	1,730,668	865,332	2,596,000
Tertiary Funding (0403/547)	404,667	3,237,334	1,618,666	4,856,000
Lottery Waiver (Less 550,000) (5405/539)	0	20,272,578	3,000,000	23,272,578
Lottery Transfer (5405/871)	0	8,500,000	1,800,000	10,300,000
Trust Fund Appropriation (5185/189)	3,675,265	12,732,286	17,824,308	30,556,594
Provider Tax (5090/189)	15,107,453	111,358,149	43,941,923	155,300,072
Certified Match	1,755,543	13,673,245	8,882,315	22,555,560
Reimbursables - Amount Reimbursed	97,504	2,030,998	1,766,153	3,797,151
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	17,349	167,548	(167,548)	0
CMS - 64 Adjustments		(4,202,259)	4,202,259	0
TOTAL MATCHING FUNDS	\$66,415,137	\$426,967,629	\$246,465,093	\$673,432,721
FEDERAL FUNDS	145,739,996	1,096,905,589	\$629,105,734	\$1,726,011,323
TOTAL REVENUE SOURCES	\$212,155,133	\$1,523,873,217	\$875,570,827	\$2,399,444,044
TOTAL EXPENDITURES:				
Provider Payments	\$209,404,992	\$1,528,144,858	\$844,257,364	\$2,372,402,222
TOTAL	\$2,750,141	(\$4,271,641)		\$27,041,822

Note: FMAP (07' - 72.82% applicable July - Sept. 2007) (08' - 74.25% applicable Oct. 2007 - June 2008)

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

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2008

MONTH OF FEBRUARY 2008	TOTAL	TOTAL	ESTIMATED	ACTUALS	ACTUALS	PROJECTED
	SFY2007	SFY2008	Current Month Feb-08	Current Month Feb-08	Year To-Date Thru 2/28/08	03/01/08 Thru 06/30/08
EXPENDITURES:						
Inpatient Hospital Services	226,282,408	229,804,865	13,698,376	10,908,830	147,624,385	82,180,480
Inpatient Hospital Services - DSH Adjustment Payments	54,096,937	54,331,200	13,582,800	13,341,926	42,125,614	12,205,586
Mental Health Facilities	40,250,781	42,231,954	3,257,669	3,229,987	29,013,560	13,218,395
Mental Health Facilities - DSH Adjustment Payments	18,924,239	18,811,200	4,702,800	4,647,212	14,111,468	4,699,732
Nursing Facility Services	413,083,985	437,881,637	36,507,645	38,310,513	293,294,871	144,586,766
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	58,706,822	61,221,903	5,106,900	4,948,979	39,284,591	21,937,312
Physicians Services ***	128,612,962	131,675,987	9,028,127	12,040,913	78,858,484	52,817,503
Outpatient Hospital Services	98,279,923	105,465,915	8,123,708	8,220,146	70,759,578	34,706,338
Prescribed Drugs	305,342,895	340,245,439	26,293,031	29,802,538	221,774,079	118,471,361
Drug Rebate Offset - National Agreement	(93,163,811)	(85,011,600)	(3,460,053)	(915,569)	(66,353,155)	(18,658,445)
Drug Rebate Offset - State Sidebar Agreement	(31,467,242)	(30,218,400)	(1,229,889)	(238,957)	(22,473,289)	(7,745,111)
Dental Services ***	37,032,509	39,606,038	3,053,746	2,736,912	24,997,234	14,608,804
Other Practitioners Services	20,319,941	21,707,667	1,704,631	1,859,577	19,687,647	2,020,020
Clinic Services	38,178,813	38,539,490	2,968,477	3,706,614	23,763,858	14,775,632
Lab & Radiological Services	7,948,506	8,697,854	680,069	598,839	5,268,014	3,429,840
Home Health Services	27,688,972	31,413,779	2,449,808	2,854,883	18,500,844	12,912,935
Hysterectomies/Sterilizations	571,881	628,069	48,369	38,049	342,062	286,007
Abortions	-	-	-	-	-	-
EPSDT Services	2,458,929	2,696,948	207,700	194,128	1,699,827	997,321
Rural Health Clinic Services	6,602,490	7,245,819	559,823	573,656	4,440,634	2,805,184
Medicare Health Insurance Payments - Part A Premiums	16,768,356	17,586,200	1,465,517	1,425,067	11,423,945	6,162,255
Medicare Health Insurance Payments - Part B Premiums	62,881,209	70,281,400	5,856,783	5,763,691	44,726,849	25,554,551
120% - 134% Of Poverty	3,492,445	-	-	294,020	2,694,887	(2,694,887)
135% - 175% Of Poverty	-	-	-	-	-	-
Coinsurance And Deductibles	-	-	-	-	-	-
Medicaid Health Insurance Payments Managed Care Organizations (MCO)	241,130,268	254,923,200	21,243,600	21,518,784	173,939,061	80,984,139
Medicaid Health Insurance Payments Group Health Plan Payments	360,065	482,900	37,146	30,433	212,163	270,737
Home & Community-Based Services (MR/DD)	200,535,722	230,116,182	17,703,415	19,227,850	148,401,935	81,714,247
Home & Community-Based Services (Aged/Disabled)	56,417,341	89,132,815	6,856,370	5,335,124	43,545,223	45,587,592
Community Supported Living Services	38	-	-	-	-	-
Programs Of All-Inclusive Care Elderly	-	-	-	-	-	-
Personal Care Services	36,793,019	40,243,200	3,095,631	3,257,355	25,551,701	14,691,499
Targeted Case Management Services	7,800,004	8,609,312	668,169	591,918	4,484,582	4,124,730
Primary Care Case Management Services	738,666	882,800	67,908	60,147	482,406	400,394
Hospice Benefits	9,736,788	10,297,200	792,092	944,488	7,777,393	2,519,807
Emergency Services Undocumented Aliens	-	-	-	-	-	-
Federally Qualified Health Center	15,204,205	17,522,314	1,355,500	1,409,740	11,384,715	6,137,599
Other Care Services	126,149,153	136,183,348	10,532,142	9,725,252	81,907,207	54,276,142
Less Recoupments	(1)	-	-	(98,561)	(149,001)	149,001
NET EXPENDITURES:	2,137,739,218	2,333,236,637	196,958,010	206,344,484	1,503,103,171	830,133,466

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2008

MONTH OF FEBRUARY 2008	TOTAL	TOTAL	ESTIMATED	ACTUALS	ACTUALS	PROJECTED
	SFY2007	SFY2008	Current Month Feb-08	Current Month Feb-08	Year To-Date Thru 2/29/08	03/01/08 Thru 06/30/08
Collections: Third Party Liability (line 9A on CMS-64)	(4,818,212)	-			(2,138,900)	2,138,900
Collections: Probate (line 9B on CMS-64)	(98,465)	-			(155,274)	155,274
Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)	(389,328)	-				-
Collections: Other (line 9D on CMS-64)	(6,565,965)	-			(1,960,849)	1,960,849
	2,126,067,248					
Plus: Medicaid Part D Expenditures	28,577,768	31,440,000	2,418,462	2,403,608	19,753,797	1,686,203
Plus: State Only Medicaid Expenditures	4,557,527	3,928,434	302,187	337,293	7,163,428	(3,234,994)
TOTAL MEDICAID EXPENDITURES	2,159,202,543	\$2,368,805,071	199,678,659	\$209,085,384	\$1,525,765,374	\$842,839,897
Plus: Reimbursables ⁽¹⁾	3,273,687	3,797,151	292,089	319,698	3,379,454	1,417,667
TOTAL EXPENDITURES	2,162,476,230	\$2,372,402,222	199,970,747	\$209,404,982	\$1,529,144,828	\$844,257,564

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

***CMS is currently reviewing portions of these payments. Until review is completed these expenses will be classified as state-only on the CMS-64. With all outside reviews, there is a potential for a portion of these costs to remain state-only if any of them are disallowed.

BUREAU FOR MEDICAL SERVICES
SFY 2008 Medicaid Approved Claims Report
As of March 31, 2008

REF#	CMS 64 Category Of Service	SFY 2007	YTD Totals			
			JUL-AUG 2007	OCT-DEC 2007	JAN-MAR 2008	Year to Date
1A	Inpatient Hospital Services	229,365,525	45,384,975	72,413,763	24,232,325	142,031,063
1B	Inpatient Hospital Services - DSH	54,220,771	15,322,603	13,553,805	13,341,926	42,218,334
2A	Mental Health Facilities	40,628,759	10,305,982	11,361,892	4,754,953	26,422,827
2B	Mental Health Facilities - DSH	18,800,405	4,690,367	4,681,169	4,647,212	14,018,748
3	Nursing Facility Services	405,794,188	104,487,658	109,227,700	73,580,938	287,296,296
4B	Intermediate Care Facilities - Private Providers	58,697,741	13,836,583	15,893,395	9,605,815	39,335,793
5	Physicians Services	122,327,646	27,705,071	28,707,974	14,842,275	71,255,320
6	Outpatient Hospital Services	100,870,576	27,432,207	26,338,072	9,087,237	62,857,516
7	Prescribed Drugs	317,302,910	78,673,627	85,797,662	28,757,272	193,228,561
7	Part D Premium - State Only	28,577,768	7,493,165	7,456,411	4,819,076	19,768,652
7A1	Drug Rebate Offset - National	(93,411,318)	(23,263,364)	(30,874,025)	(14,671,209)	(68,808,598)
7A2	Drug Rebate Offset - State	(31,239,277)	(7,013,277)	(8,798,756)	(7,725,761)	(23,537,794)
///	Total Rebates	(124,650,595)	(30,276,641)	(39,672,781)	(22,396,970)	(92,346,392)
///	NET DRUG COST	221,230,083	55,890,151	53,581,292	11,179,378	120,650,821
8	Dental Services	37,945,980	9,501,946	9,817,556	3,116,425	22,435,927
9	Other Practitioners Services	20,762,927	8,200,565	8,056,184	2,145,053	18,401,802
10	Clinic Services	35,142,939	6,559,195	5,907,951	3,318,117	15,785,263
11	Lab & Radiological Services	16,150,843	1,992,281	1,904,212	874,694	4,771,187
12	Home Health Services	28,558,463	7,061,258	6,868,025	3,278,982	17,208,265
13	Hysterectomies/Sterilizations	560,115	110,261	121,178	89,372	320,811
14	Pregnancy Termination	220,178	58,820	51,072	39,867	149,759
15	EPSDT Services	2,450,918	671,456	668,840	218,046	1,558,342
16	Rural Health Clinic Services	6,696,486	1,405,288	1,987,860	652,302	4,045,450
17A	Medicare - Part A Premiums	15,465,910	4,332,854	4,248,844	1,425,067	10,006,765
17B	Medicare - Part B Premiums	61,496,992	17,631,527	17,892,015	6,057,711	41,581,253
18A	Managed Care Organizations	257,900,656	63,670,736	67,660,986	25,841,829	157,173,551
18C	Group Health Plan Payments	329,728	102,770	77,393	54,916	235,079
19	Home & Community-Based Services (MR/DD)	201,156,249	55,069,847	55,451,290	36,741,410	147,262,547
20	Home & Community-Based Services (Aged/Disabled)	56,505,657	16,156,123	16,326,402	10,006,799	42,489,324
23	Personal Care Services	35,989,302	9,553,774	9,393,243	6,186,085	25,133,102
24	Targeted Case Management	7,850,996	1,726,965	1,714,653	715,530	4,157,148
25	Primary Care Case Management	800,139	185,565	174,252	60,117	419,934
26	Hospice Benefits	9,991,391	2,448,383	3,679,309	1,038,531	7,166,223
28	Federally Qualified Health Center	15,469,566	4,024,748	4,910,083	1,688,327	10,623,158
29	Other Care Services	111,853,165	28,778,194	25,633,974	9,470,810	63,882,978
	Unclassified	211,644	0	0	0	0
///	TOTALS	2,175,445,938	544,298,153	578,304,384	278,292,049	1,400,894,586

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.

Top 10 Drug Manufacturers by Agency Purchases

Agency	Manufacturer	Amount Paid	Agency	Manufacturer	Amount Paid
j4	Abbot Labs	\$ 41,728.35	m8	Lilly	\$ 11,490,996.93
sh4	Abbott	\$ 151,531.47	sh1	Lilly	\$ 422,633.40
p5	Abbott	\$ 6,814,430.00	p9	Lilly	\$ 6,171,186.00
	Abbott	\$ 7,007,689.82		Lilly	\$ 18,084,816.33
p10	Amgen	\$ 4,317,494.00	m4	Merck	\$ 18,546,786.11
m5	Astra Zeneca	\$ 18,537,267.14	p3	Merck	\$ 6,956,461.00
j9	Astra Zeneca	\$ 21,459.36	ph10	Merck	\$ 21,975.00
p8	Astra Zeneca	\$ 6,368,435.00	ph5	Merck Human Health	\$ 200,272.50
sh2	Astra Zeneca	\$ 304,645.78		Merck	\$ 25,725,494.61
p6	Astra Zeneca LP	\$ 6,559,987.00	p7	Merck/SP	\$ 6,428,273.00
	Astra Zeneca	\$ 31,791,794.28			
sh8	Aventis	\$ 68,437.18	j6	Mylan	\$ 35,320.77
ph8	Barr Labs	\$ 64,671.36	m10	Novartis	\$ 10,200,785.57
ph4	Bayer	\$ 695,842.08	p4	Novartis	\$ 6,937,528.00
sh5	BMS	\$ 143,811.59	j8	Novartis	\$ 22,321.70
j2	BMS	\$ 45,421.28		Novartis	\$ 17,160,635.27
	BMS	\$ 189,232.87	j5	Pasteur Merieux	\$ 38,062.16
sh10	Forest	\$ 36,565.32	sh3	Pfizer	\$ 177,918.17
j3	Gilead Sciences	\$ 42,055.19	p2	Pfizer	\$ 2,688,682.00
ph3	Grifols Biologicals	\$ 738,000.20	m6	Pfizer	\$ 17,670,548.07
j7	GSK	\$ 34,502.82		Pfizer	\$ 20,537,148.24
ph6	GSK	\$ 73,815.50	ph2	Roche	\$ 779,768.34
m2	GSK	\$ 23,671,210.33	ph7	Sanofi Pasteur	\$ 64,998.00
p1	GSK	\$ 16,086,660.00	sh9	TAP	\$ 39,493.32
sh6	GSK	\$ 123,552.13	m3	TAP	\$ 20,284,467.31
	GSK	\$ 39,989,740.78		TAP	\$ 20,323,960.63
j1	IVAX	\$ 80,344.85	m9	Teva	\$ 10,516,994.43
m1	J&J	\$ 24,945,074.73	sh7	UDL Labs	\$ 104,472.17
j10	Janssen	\$ 214,143.22	ph9	Wyeth	\$ 59,760.00
m7	Kos	\$ 12,068,676.83	ph1	Wyeth	\$ 972,420.24
				Wyeth	\$ 1,032,180.24
Subtotal Manufacturers		\$ 122,249,762.71	Subtotal Manufacturers		\$ 170,832,124.19
Total All Manufacturers		\$ 243,081,886.90	Total All Manufacturers		\$ 243,081,886.90

Manufacturers (alphabetical)	
Abbott	\$ 7,007,689.82
Amgen	\$ 4,317,494.00
Astra Zeneca	\$ 31,791,794.28
Aventis	\$ 68,437.18
Barr Labs	\$ 64,671.36
Bayer	\$ 695,842.08
BMS	\$ 189,232.87
Forest	\$ 36,565.32
Gilead Sciences	\$ 42,055.19
Grifols Biologicals	\$ 738,000.20
GSK	\$ 39,989,740.78
IVAX	\$ 80,344.85
J&J	\$ 24,945,074.73
Janssen	\$ 214,143.22
Kos	\$ 12,068,676.83
Lilly	\$ 18,084,816.33
Merck	\$ 25,725,494.61
Merck/SP	\$ 6,428,273.00
Mylan	\$ 35,320.77
Novartis	\$ 17,160,635.27
Pasteur Merieux	\$ 38,062.16
Pfizer	\$ 20,537,148.24
Roche	\$ 779,768.34
Sanofi Pasteur	\$ 64,998.00
TAP	\$ 20,323,960.63
Teva	\$ 10,516,994.43
UDL Labs	\$ 104,472.17
Wyeth	\$ 1,032,180.24
Total All Manufacturers	\$ 243,081,886.90

Manufacturers (by purchase amounts)	
GSK	\$ 39,989,740.78
Astra Zeneca	\$ 31,791,794.28
Merck	\$ 25,725,494.61
J&J	\$ 24,945,074.73
Pfizer	\$ 20,537,148.24
TAP	\$ 20,323,960.63
Lilly	\$ 18,084,816.33
Novartis	\$ 17,160,635.27
Kos	\$ 12,068,676.83
Teva	\$ 10,516,994.43
Abbott	\$ 7,007,689.82
Merck/SP	\$ 6,428,273.00
Amgen	\$ 4,317,494.00
Wyeth	\$ 1,032,180.24
Roche	\$ 779,768.34
Grifols Biologicals	\$ 738,000.20
Bayer	\$ 695,842.08
Janssen	\$ 214,143.22
BMS	\$ 189,232.87
UDL Labs	\$ 104,472.17
IVAX	\$ 80,344.85
Aventis	\$ 68,437.18
Sanofi Pasteur	\$ 64,998.00
Barr Labs	\$ 64,671.36
Gilead Sciences	\$ 42,055.19
Pasteur Merieux	\$ 38,062.16
Forest	\$ 36,565.32
Mylan	\$ 35,320.77
Total All Manufacturers	\$ 243,081,886.90

WEST VIRGINIA
**Pharmaceutical
Cost Management
COUNCIL**



STATE CAPITOL COMPLEX, BUILDING 1, ROOM M-146
TELEPHONE: 304-558-0079

CHARLESTON, WEST VIRGINIA 25305
FAX: 304-558-8158

January 17, 2008

Aaron Allred
Legislative Auditor
Office of the Legislative Auditor
Building 1, Room E-132
1900 Kanawha Boulevard, East
Charleston, West Virginia 25305

Dear Mr. Allred:

Per Senator Chafin's request at the January 8, 2008 Joint Committee on Government and Finance, attached is a listing of state government agencies which purchase drugs and the amount for state fiscal year 2007.

Should you have any questions, please call me at 558-0079.

Sincerely,

Shana Kay Phares /dkw

Shana Kay Phares
Designated Chair, WV Pharmaceutical Cost
Management Council
Acting Pharmaceutical Advocate, Governor's
Pharmaceutical Advocate Office

SKP:dkw

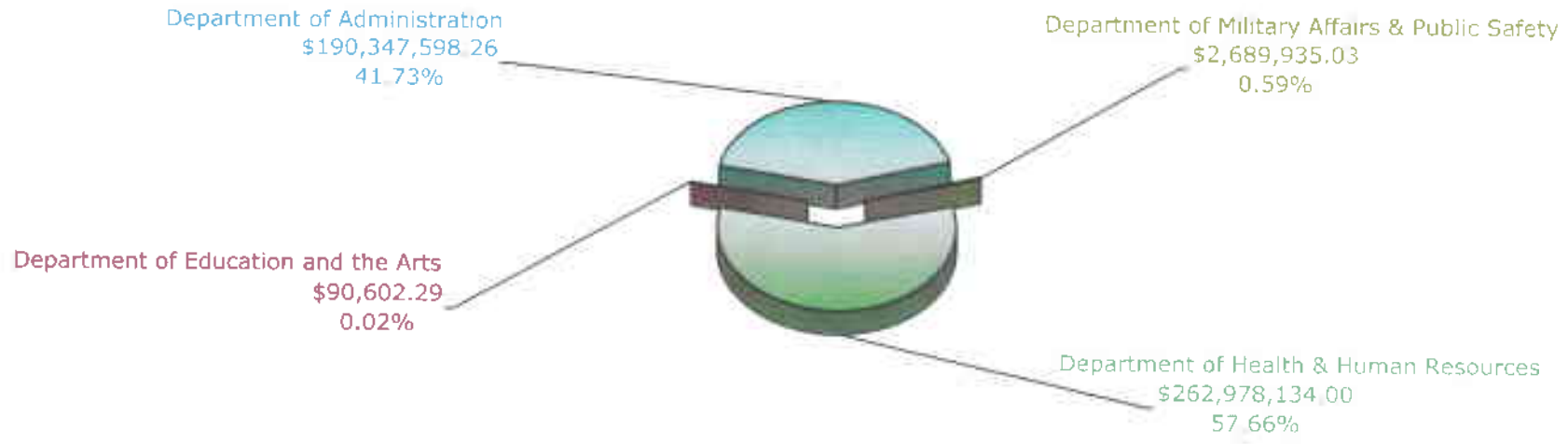
Attachment

cc: Jim Pitrolo
Carte Goodwin



Pharmaceutical Expenditures by Department and Agency for State Fiscal Year '07

		Expenditures Actual SFY07
Department of Administration		
\$262,978,134.00		
	Access WV	\$580,005.00
	Public Employees Insurance Agency	\$253,944,767.00
	West Virginia Children's Health Insurance Program	\$8,453,362.00
Department of Education and the Arts		
\$90,602.29		
	Division of Rehabilitation Services	\$90,602.29
Department of Health & Human Resources		
\$190,347,598.26		
	Bureau for Behavioral Health and Health Facilities	\$2,905,257.31
	Bureau for Medical Services	\$180,711,842.00
	Bureau for Public Health	\$6,730,498.95
Department of Military Affairs & Public Safety		
\$2,689,935.03		
	Division of Corrections	\$1,409,549.10
	Division of Juvenile Services	\$374,751.77
	Regional Jail and Correctional Facility Authority	\$855,335.12
	West Virginia State Police	\$50,299.04
Department of Revenue (no expenditure information submitted)		
		Insurance Commission
Total Identified Pharmaceuticals Expenditures:		\$456,106,269.58



WEST VIRGINIA

BOARD OF TREASURY INVESTMENTS

CALENDAR NOTES

CEA Announced
April 9, 2008
Board Meeting
April 30, 2008

OPERATING REPORT FEBRUARY 2008



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

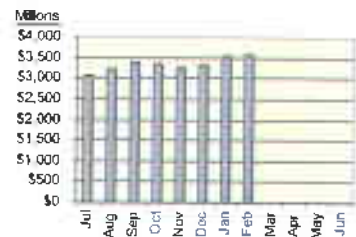
Chief Financial Officer
Kara K. Brewer, CPA, MBA

Total Net Assets Under Management

\$3,590,714,000

Last Month
\$3,549,119,000

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

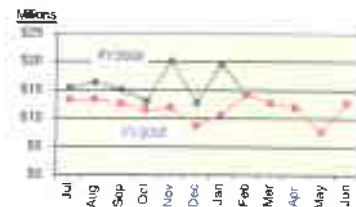


22.8% Growth This Fiscal Year

Total Net Income & Gains

This Month
\$14,454,000

Fiscal Year
\$127,277,000

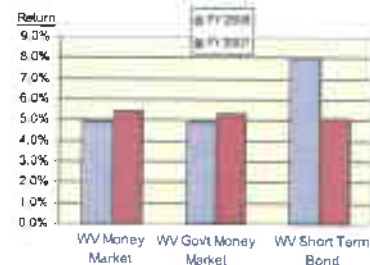


Outpacing Last Year

Effective Rates of Return

Time Weighted, Annualized, Net of All Fees

	<u>Feb. 2008</u>	<u>Fiscal Year 2008</u>	<u>Fiscal Year 2007</u>
WV Money Market	3.4%	4.9%	5.4%
WV Gov't Money Market	3.2%	4.9%	5.3%
	<u>Fiscal Year 2008</u> <i>(Past 12 Months)</i>	<u>Fiscal Year 2007</u> <i>(Past 12 Months)</i>	
WV Short Term Bond	8.0%	5.1%	



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
FEBRUARY 2008

Economic Growth Continues Slowdown

Decline in Home Construction, Consumer Spending Hold Down Growth

The U.S. unemployment rate declined to 4.8% in February from 4.9% the previous month. However, U.S. job growth unexpectedly fell in February for the second consecutive month, falling 63,000, the most in five years. GDP grew at an annual rate of 0.6% in the fourth quarter, down from 4.9% in the previous quarter. Growth was half that expected as home construction fell the most in 26 years and consumer spending only grew 1.9% during the quarter. First quarter growth is expected to be around 0.5%. U.S. consumer prices rose 0.4% from December with a jump in food and energy costs. Over the past twelve months, consumer prices rose 4.3%. The core CPI, which excludes food and energy, rose 0.3% in January and 2.5% in the 12-month period ending January. The Producer Price Index rose 1.0% in January, more than twice as much as expected due to higher fuel and food costs. Energy costs rose 1.5% in January after falling 1.9% in December. Over the past twelve months, producer prices rose 7.4%, the most since October 1981. Core prices, which exclude food and energy costs, rose 0.4% in January and 2.3% for the year ending January. Housing starts remained near their lowest level since 1991 and building permits, an indication of future construction, fell 3.0% in January.

Center for Public Finance Established

Ongoing requests for education on cash management and investment topics have given rise to the establishment of the Center for Public Finance sponsored by the Board of Treasury Investments and the State Treasurer's Office.

The kickoff will be a one-day free session offered April 25, 2008, at the Embassy Suites in Charleston from 8:30 a.m. – 2:30 p.m. The schedule of events includes courses on: Cash Management Fundamentals, Fixed Income Investing (called Behavioral Finance), Internal Control, and Financial Reporting. The program will provide public funds managers with finance and investment knowledge that goes beyond writing checks and making deposits.

Continuing education credits will be available. Registration is available at www.wvbt.org

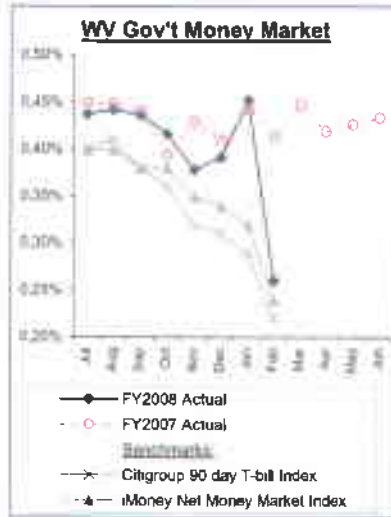
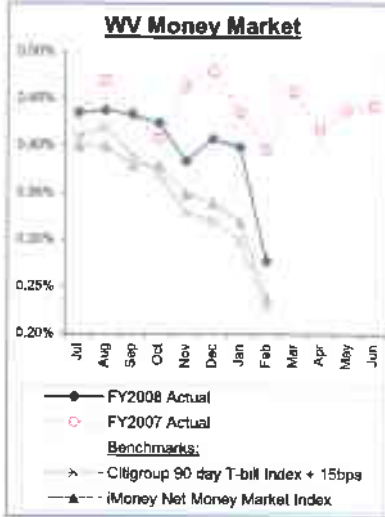
The Fed cut rates 125 bps in January, the fastest pace since 1990 as rising subprime defaults led to credit tightening and equity market losses. Since September, the Fed has lowered the fed funds rate 225 bps to 3.00%. The Fed will next meet on March 18, 2008 and the market is expecting another rate cut between 50 and 75 bps despite higher inflation. Yields dropped further on the short end of the curve in February. The curve steepened and was slightly inverted between 6-month and 2-year Treasuries. The 6-month Treasury yield fell 24 bps to 1.82% as the 2-year Treasury yield dropped the most, down 48 bps to 1.62%. The 5-year Treasury yield fell 29 bps to 2.47%, while the 10-year Treasury lost 8 bps to 3.51%. The 30-year Treasury yield rose 8 bps to 4.40%, widening the yield spread with the 2-year Treasury to 279 bps.

Ninety-day T-Bills returned 0.15% in February, underperforming the 1.00% return of 1-3 Year Government Bonds. For the last 12 months, 90-Day T-bills earned 4.85%, while 1-3 Year Government Bonds returned 9.18%.

West Virginia Board of Treasury Investments

Financial Highlights as of February 29, 2008

Monthly Rates of Return for Operating Pools (in % of Fees)



Summary of Value and Earnings (In Thousands)

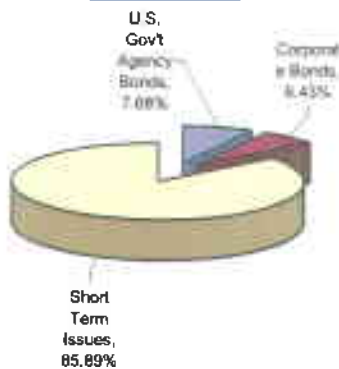
Pool	Asset Value	Feb. Net Income (Loss)	Fiscal YTD Net Income (Loss)
WV Money Market	\$ 2,497,950	\$ 7,288	\$ 74,825
WV Gov't Money Market	254,636	681	7,338
WV Short Term Bond	398,017	2,727	16,677
WV Bank	76,156	269	2,145
Loss Amortization	175,754	2,885	21,477
Loans	119,106	373	2,224
Participant Accounts	59,095	231	2,591
	<u>\$3,590,714</u>	<u>\$ 14,454</u>	<u>\$ 127,277</u>

Percent of Total Net Asset Value

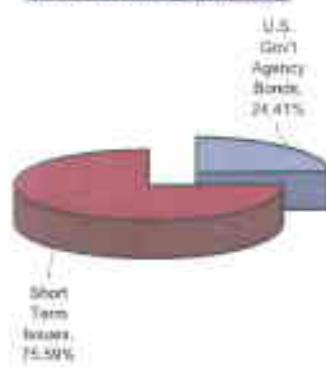


Securities by Type for Operating Pools (Percentage of Asset Value)

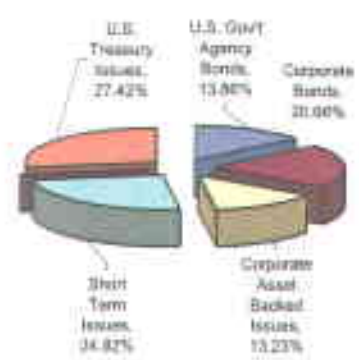
WV Money Market



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

FEBRUARY 29, 2008

(IN THOUSANDS)

	WV Money Market Pool	WV Government Money Market Pool	WV Short Term Bond Pool	WV Bank Pool	Other Pools	Participant Directed Accounts
Assets						
Investments:						
At amortized cost	\$ 2,512,452	\$ 260,107		\$ 75,000	\$ 118,731	\$ 41,076
At fair value	-	-	\$ 390,914	-	175,754	27,056
Collateral for securities loaned	478,059	25,854	134,368	-	-	-
Other assets	3,940	321	12,290	1,156	379	964
Total assets	<u>2,994,451</u>	<u>286,282</u>	<u>537,572</u>	<u>76,156</u>	<u>294,864</u>	<u>69,096</u>
Liabilities						
Payable for securities loaned	478,059	25,854	134,368	-	-	-
Other liabilities	18,442	5,792	5,187	-	4	1
Total liabilities	<u>496,501</u>	<u>31,646</u>	<u>139,555</u>	<u>-</u>	<u>4</u>	<u>1</u>
Net Assets	<u>\$ 2,497,950</u>	<u>\$ 254,636</u>	<u>\$ 398,017</u>	<u>\$ 76,156</u>	<u>\$ 294,860</u>	<u>\$ 69,095</u>
Investment income						
Interest and dividends	\$ 2,523	\$ 383	\$ 1,320	\$ 269	\$ 377	\$ 249
Securities lending income	1,495	120	315	-	-	-
Net accretion (amortization)	4,573	272	(145)	-	552	(19)
Provision for uncollectible loans	-	-	-	-	-	-
Total investment income	<u>8,591</u>	<u>775</u>	<u>1,490</u>	<u>269</u>	<u>929</u>	<u>230</u>
Expenses						
Fees	294	26	49	-	4	1
Securities lending borrower rebates	1,042	83	241	-	-	-
Bad debt expense	-	-	-	-	-	-
Total expenses	<u>1,336</u>	<u>109</u>	<u>290</u>	<u>-</u>	<u>4</u>	<u>1</u>
Net investment income	<u>7,255</u>	<u>666</u>	<u>1,200</u>	<u>269</u>	<u>925</u>	<u>229</u>
Net realized gain (loss) from investments	33	15	2,420	-	-	-
Net increase (decrease) in fair value of investments	-	-	(893)	-	2,333	2
Net gain (loss) from investments	<u>33</u>	<u>15</u>	<u>1,527</u>	<u>-</u>	<u>2,333</u>	<u>2</u>
Net increase (decrease) in net assets from operations	<u>7,288</u>	<u>681</u>	<u>2,727</u>	<u>269</u>	<u>3,258</u>	<u>231</u>
Distributions to participants	<u>7,288</u>	<u>681</u>	<u>3,620</u>	<u>-</u>	<u>374</u>	<u>-</u>
Participant activity						
Purchases, reinvestment of units and contributions	735,806	32,105	156,945	269	374	54
Redemptions and withdrawals	867,906	12,469	-	-	1,110	4,695
Inter-pool transfers in	-	-	-	-	-	-
Inter-pool transfers out	-	-	-	-	-	-
Net increase (decrease) in net assets from participant activity	<u>(132,100)</u>	<u>19,636</u>	<u>156,945</u>	<u>269</u>	<u>(736)</u>	<u>(4,641)</u>
Increase (decrease) in net assets	<u>(132,100)</u>	<u>19,636</u>	<u>156,052</u>	<u>269</u>	<u>2,148</u>	<u>(4,410)</u>
Net assets at beginning of period	<u>2,630,050</u>	<u>235,000</u>	<u>241,965</u>	<u>75,887</u>	<u>292,712</u>	<u>73,505</u>
Net assets at end of period	<u>\$ 2,497,950</u>	<u>\$ 254,636</u>	<u>\$ 398,017</u>	<u>\$ 76,156</u>	<u>\$ 294,860</u>	<u>\$ 69,095</u>