

FILE COPY

JOINT COMMITTEE ON  
GOVERNMENT AND FINANCE

**Materials Distributed**

**August 12, 2009**

July 16, 2009

3:00 - 4:00 p.m.

Joint Committee on Government and Finance

Senate

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

House

Thompson, Chair  
Boggs  
Caputo  
Webster  
White  
Armstead  
Border

President Tomblin, Cochair, presided.

1. Approval of Minutes

Upon motion by Speaker Thompson, properly adopted, the minutes of the June 17, 2009, meeting were approved.

2. Committee Reports/Requests:

**Parks, Recreation and Natural Resources Subcommittee - John Homburg**

Upon motion by Speaker Thompson, properly adopted, the expense reimbursement for members for site visitations to Stonewall Jackson State Park, Holly River State Park and Cedar Creek State Park on July 27, 28 and 29, 2009, is approved.

**Equal Pay Commission - Joe Altizer**

Upon motion by Speaker Thompson, properly adopted, the expense reimbursement in the amount of \$500 for guest speaker, Dr. Alkaldry, is approved.

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

Distributed to members of the Committee were the following: Lottery Commission reports for the month ended May 31, 2009; General Revenue Fund report for the month ended June 30, 2009; and the Unemployment Compensation Trust Fund report as of May 31, 2009. Distributed with each of the reports were an analysis and a summary of the reports.

4. PEIA, BRIM and CHIP Reports

The following BRIM reports were distributed: An unaudited balance sheet and unaudited income statement for the period ending May 31, 2009. Donna Lipscomb said the financial market is better.

The following reports from CHIP were distributed: A report of enrollment for June 2009 and financial statements for period ending May 31, 2009. Donna Lipscomb said the full FY09 allotment was received. Sharon Carte, Director, said children can stay in the CHIP program through age 18.

The following monthly PEIA reports were distributed: Monthly Management Report and Prescription Drug Report for May 2009.

5. **Real Estate Report, Department of Administration**

A leasing report for June 1, 2009, through June 30, 2009, was distributed. Chuck Lawrence, Director, said he will get back to President Tomblin on why the tax lease jumped so high.

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

A Medicaid report dated June 2009 was distributed. Marsha Morris, Medicaid Commissioner, said they requested 300 additional slots and there is a wait list on the MRDD waiver. There has been no change in procedure on who provides services in the MRDD waiver. There is a program of personal options to allow people to choose options of service. There has not been any complaints on change of procedure. Ms. Morris said the waiver program is growing and an accurate count is needed because "x" number of slots are requested from CMS and anyone that is served over that number, after the close of the fiscal year if we don't have slots, is all state money. Because of the growth in the waiver program, an accurate count is needed and the way to do that is to not deliver services until financial and medical eligibility are determined and a slot is assigned to the person. There is a change in how enrollment is managed. People who have applied after July 1, 2009 are affected by this change if there are not the number of slots that are needed to serve them. Ms. Morris responded to several questions about court cases and requested pay backs by the federal government.

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

Shana Phares, Acting Pharmaceutical Advocate and Chair of the Pharmaceutical Cost Management Council, gave a verbal report. Ms. Phares said the WV Rx will be adding an additional 10,000 eligible members. This will be the largest charitable fill pharmacy in the United States.

8. **Investment Management Board**

A Investment Management Board report dated May 31, 2009, was distributed. Craig Slaughter, Executive Director, said June numbers should be positive and the fiscal year will end up about 16.5 % down for the year.

9. **Workers' Compensation**

A Workers' Compensation report dated July 16, 2009, was distributed. Bill Kenny, Deputy Insurance Commissioner, discussed the report and answered questions from Committee members.

10. **Board of Treasury Investments Report Distribution**

A Board of Treasury Investments Report dated May 2009 was distributed. Diana Stout, Treasurer's Office, discussed the report.

11. Mike Sizemore, State Auditor's Office, discussed the three invoices that were paid to two state vendors in error resulting in theft of the payments.

The meeting was adjourned.

**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

August 8, 2009

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

**Lottery Commission as of June 30, 2009 :**

Appears to be in good condition. Gross profit for fiscal year 2009 was 1.26% lower than for fiscal year 2008.

**General Revenue Fund as of July 30, 2009:**

Collections were at 100.35% of the yearly estimate as of July 30, 2009. (FY 2009-2010)

**State Road Fund as of July 30, 2009:**

Fund collections were at 102.50 % of the yearly estimate. (FY 2009-2010)

**Unemployment Compensation Trust as of June 30, 2009:**

Regular benefits paid in fiscal year 2009 were \$ 97.8 million more than in fiscal year 2008. Total revenues for 2009 were \$ 117 million more than in 2008. Trust fund ending balance on June 30, 2009 was \$ 193,165,088.22. \*

**Note:**

\*Senate Bill 246 passed on April 11, 2009 addressed this declining balance in the Unemployment Trust Fund. On or before July 1, 2009, the Insurance Commissioner shall make a one time transfer of \$ 40 million dollars from Workers' Compensation Debt Reduction Fund to the Bureau of Employment Program's Commissioner for deposit to the Federal Unemployment Trust Fund. The bill also raised the wage threshold on which premiums are calculated from \$8,000.00 per year to \$ 12,000.00 per year when the balance of the Unemployment Trust Fund is below \$ 220 million on February 15, of each fiscal year.

*Joint Committee on Government and Finance*

WEST VIRGINIA LEGISLATURE  
*Office of the Legislative Auditor*

*Budget Division  
Building 1, Room 314-West Wing  
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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: August 5, 2009

Re: Review of West Virginia Lottery Financial Information  
As of June 30, 2009 (FY 2009)

We performed an analysis of the Statement of Revenues, Expenses and Retained Earnings for the end of fiscal year 2009 (July - June 30, 2009) 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, table games and video lottery. These gross receipts totaled \$ 1,493,036,000.00 for fiscal year 2009. Table games accounted for \$34,219,000.00 of this total. These gross receipts were \$ 1,523,456,000.00 for the preceding fiscal year, 2007-2008. Gross lottery revenue is down by 2.00% from the preceding fiscal year. This number does not include commission and prize deductions. Gross profit (Gross revenues minus commissions and prize costs) for July - June 2009 was \$673,026,000.00; for the

Lottery

*Joint Committee on Government and Finance*  
Page -1-

Lottery continued

previous fiscal year it was \$681,644,000.00. Expressed as a percentage, gross profit is 1.26% lower for fiscal year 2009 than for fiscal year 2008.

**Operating Income:**

Operating income was \$ 656,675,000.00 for 2009. For the preceding fiscal year it was \$ 667,707,000.00. This was a decrease of 1.65%. After additions and subtractions of non-operating income and expenses, distributions to the state were \$616,623,000.00 for fiscal year 2009.

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

A total of \$616,623,000.00 has been accrued to the state of West Virginia for fiscal year 2008-2009. 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	\$ 58,815,000.00
Community and Technical College	\$5,000,000.00
Department of Education	\$ 35,191,000.00
Library Commission	\$ 11,554,000.00
Higher Education-Central Office	\$ 11,049,000.00
Tourism	\$ 7,961,000.00
Department of Natural Resources	\$ 3,492,000.00

Lottery

Lottery continued

Division of Culture and History	\$ 5,880,000.00
Department of Education and Arts	\$ 1,213,000.00
State Building Commission	\$ 9,997,000.00
School Building Authority	\$ 18,000,000.00
<b><u>SUBTOTAL BUDGETARY TRANSFERS</u></b>	<b>\$168,152,000.00</b>

**Excess Lottery Fund**

General Purpose Fund	65,000,000.00
Economic Development Fund	19,000,000.00
Excess Lottery Surplus	135,700,000.00
Education Improvement Fund	27,000,000.00
WV Infrastructure Council Fund	40,000,000.00
Higher Education Improvement Fund	10,000,000.00
State Park Improvement Fund	5,000,000.00
Refundable Credit	7,372,000.00
School Building Authority	19,000,000.00
<b>TOTAL EXCESS LOTTERY FUND</b>	<b>\$328,072,000.00</b>

Veterans Instant Ticket Fund 862,000.00

Table Games State Debt Reduction Fund 17,440,000.00

RACETRACK VIDEO LOTTERY TRANSFERS:	
------------------------------------	--

Lottery



Lottery continued

Tourism Promotion Fund 1.375%	\$10,668,000.00
Development Office Promo Fund	\$2,910,000.00
Research Challenge Fund .5%	\$3,879,000.00
Capitol Renovation and Improvement Fund .6875%	\$5,334,000.00
Parking Garage Fund .0625%	\$485,000.00
Parking Garage Fund 1%	\$500,000.00
Cultural Facilities and Cap. Resources Fund .5%	\$1,500,000.00
Capitol Dome & Cap. Improvements Fund .5%	\$5,759,000.00
Workers Compensation Debt Reduction Fund 7%	\$11,000,000.00
<b>SUBTOTAL VIDEO LOTTERY TRANSFERS:</b>	<b>\$42,035,000.00</b>
<b>TOTAL TRANSFERS</b>	<b>*\$581,406,000.00</b>

\* CASH BASIS

Total Accrued last FY 2008:	166,967,000.00
Total Cash Distributions July-June :	581,406,000.00
Applied to FY 2008:	166,967,000.00
Total Applied to FY 2009	414,439,000.00
Accrued for FY 2008 as of June 30	000.00
Accrued for FY 2009 as of June 30	202,184,000.00

Lottery



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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 June 30, 2009

**LEGISLATIVE**

JUL 20 2009

**MANAGER**

DATE: July 20, 2009

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

Financial statements of the Lottery for the month ending June 30, 2009 are attached. Lottery revenue, which includes on-line, instant, video lottery sales and table games, was \$116,960,088 for the month of June.

Transfers of lottery revenue totaling \$71,556,574 made for the month of June to the designated state agencies per Senate Bill 150, 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 June 30, 2009 was 1,555 and 1,618 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

WEST VIRGINIA LOTTERY

STATE OF WEST VIRGINIA

FINANCIAL STATEMENTS  
-UNAUDITED-

June 30, 2009

WEST VIRGINIA LOTTERY

**WEST VIRGINIA LOTTERY**

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

ASSETS	June 30, 2009	June 30, 2008
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 225,355	\$ 180,463
Accounts receivable	33,311	36,846
Inventory	649	300
Current portion of investments held in trust	-	10
Other assets	<u>2,555</u>	<u>2,595</u>
Total Current Assets	<u>261,870</u>	<u>220,214</u>
<b>Noncurrent Assets:</b>		
Restricted cash and cash equivalents	69,870	58,487
Investments held in trust, less current portion	-	126
Capital assets	17,641	17,598
Less accumulated depreciation and amortization	<u>(14,335)</u>	<u>(12,347)</u>
Net Capital Assets	<u>3,306</u>	<u>5,251</u>
Total Noncurrent Assets	<u>73,176</u>	<u>63,864</u>
Total Assets	<u>\$ 335,046</u>	<u>\$ 284,078</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accrued nonoperating distributions to the State of West Virginia	\$ 202,184	\$ 166,967
Estimated prize claims	12,939	12,967
Accounts payable	1,716	2,693
Other accrued liabilities	35,019	36,837
Current portion of deferred jackpot prize obligations	-	129
Total Current Liabilities	<u>251,858</u>	<u>219,593</u>
Deferred jackpot prize obligations, less current portion	<u>-</u>	<u>-</u>
Total Liabilities	<u>251,858</u>	<u>219,593</u>
<b>Net Assets:</b>		
Invested in capital assets	3,306	5,251
Unrestricted assets (deficit)	(2,806)	(4,751)
Unrestricted assets- Committed ( see note 11)	12,818	5,498
Restricted assets ( see note 10)	<u>69,870</u>	<u>58,487</u>
Total Net Assets	<u>83,188</u>	<u>64,485</u>
Total Liabilities and Net Assets	<u>\$ 335,046</u>	<u>\$ 284,078</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 TWELVE MONTH PERIOD ENDED JUNE 30, 2009**

(In Thousands)

-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	2009	2008	2009	2008
Lottery revenues				
On-line games	\$ 6,286	\$ 5,754	\$ 84,241	\$ 87,177
Instant games	7,798	9,408	113,854	110,862
Racetrack video lottery	67,607	71,955	848,233	897,953
Limited video lottery	32,350	33,547	412,489	411,587
Table games	2,919	2,129	34,219	15,877
	<u>116,960</u>	<u>122,793</u>	<u>1,493,036</u>	<u>1,523,456</u>
Less commissions				
On-line games	443	414	5,901	6,114
Instant games	545	658	7,969	7,762
Racetrack video lottery	32,127	34,193	463,649	487,276
Limited video lottery	15,852	16,438	202,120	205,637
Table games	1,148	838	13,458	6,249
	<u>50,115</u>	<u>52,541</u>	<u>693,097</u>	<u>713,038</u>
Less on-line prizes	3,117	2,910	42,451	44,544
Less instant prizes	5,271	6,501	76,999	76,626
Less ticket costs	108	132	1,528	1,676
Less vendor fees and costs	492	438	5,935	5,928
	<u>8,988</u>	<u>9,981</u>	<u>126,913</u>	<u>128,774</u>
Gross profit	<u>57,857</u>	<u>60,271</u>	<u>673,026</u>	<u>681,644</u>
Administrative expenses				
Advertising and promotions	868	378	7,160	8,658
Wages and related benefits	1,459	1,349	9,645	7,885
Telecommunications	57	345	2,208	2,275
Contractual and professional	72	304	5,030	4,099
Rental	60	65	727	685
Depreciation and amortization	167	168	1,988	732
Other administrative expenses	146	82	994	1,540
	<u>2,829</u>	<u>2,691</u>	<u>27,752</u>	<u>25,874</u>
Other Operating Income	<u>242</u>	<u>(369)</u>	<u>11,401</u>	<u>11,937</u>
Operating Income	<u>55,270</u>	<u>57,211</u>	<u>656,675</u>	<u>667,707</u>
Nonoperating income (expense)				
Investment income	69	400	2,721	9,572
Nonoperating income - OPEB	-	472	-	472
Interest expense	-	(1)	(2)	(13)
Distributions to municipalities and counties	(634)	(658)	(8,085)	(8,067)
Distributions to racetracks-capital reinvestment	(2,726)	(2,901)	(15,983)	(17,988)
Distributions to the State of West Virginia	(33,828)	(35,270)	(616,623)	(631,155)
	<u>(37,119)</u>	<u>(37,958)</u>	<u>(637,972)</u>	<u>(647,179)</u>
Net income	<u>18,151</u>	<u>19,253</u>	<u>18,703</u>	<u>20,528</u>
Net assets, beginning of period	65,037	45,232	64,485	43,957
Net assets, end of period	<u>\$ 83,188</u>	<u>\$ 64,485</u>	<u>\$ 83,188</u>	<u>\$ 64,485</u>

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

**WEST VIRGINIA LOTTERY**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2009**

(In Thousands)  
- Unaudited -

	2009	2008
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 1,507,972	\$ 1,531,642
Cash payments for:		
Personnel costs	(9,364)	(7,813)
Suppliers	(19,978)	(10,808)
Other operating costs	(819,998)	(840,186)
Cash provided by operating activities	<u>658,632</u>	<u>672,835</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(581,406)	(644,366)
Distributions to municipalities and counties	(8,108)	(8,049)
Distributions to racetrack from racetrack cap. reinv. fund	(15,370)	(20,997)
Deferred jackpot prize obligations and related interest paid	(1)	(12)
Cash used in noncapital financing activities	<u>(604,885)</u>	<u>(673,424)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>(329)</u>	<u>(4,690)</u>
Cash flows from investing activities:		
Maturities of investments held in trust	136	182
Investment earnings received	2,721	9,558
Cash provided by investing activities	<u>2,857</u>	<u>9,740</u>
Increase (decrease) in cash and cash equivalents	56,275	4,461
Cash and cash equivalents - beginning of period	<u>238,950</u>	<u>234,489</u>
Cash and cash equivalents - end of period	<u>\$ 295,225</u>	<u>\$ 238,950</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 656,675	\$ 667,707
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	1,988	732
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	3,535	(3,751)
(Increase) decrease in inventory	(348)	132
(Increase) decrease in other assets	40	(1,432)
Increase (decrease) in estimated prize claims	(29)	(625)
Increase (decrease) in accounts payable	(976)	1,241
Increase (decrease) in other accrued liabilities	(2,253)	8,831
Cash provided by operating activities	<u>\$ 658,632</u>	<u>\$ 672,835</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. The Lottery also leases various office equipment under agreements considered to be

**WEST VIRGINIA LOTTERY**  
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**-Unaudited-**

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

cancelable operating leases. Rental expense for the twelve months ended June 30, 2009 and June 30, 2008 approximated \$727,138 and \$685,268, 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 \$467,815 and \$371,165 of at June 30, 2009 and 2008, respectively, for estimated obligations that may arise in connection with compensated absences for vacation at the current rate of employee pay. Employees fully vest in all earned but unused vacation. To the extent that accumulated sick leave is expected to be converted to benefits on termination or retirement, the Lottery participates in an other postemployment benefits plan (see Note 15).

**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 June 30, 2009 the carrying amounts of deposits (overdraft) with financial institutions were (\$23) thousand with a bank balance (overdraft) of \$29 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**  
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**NOTE 3 - CASH AND CASH EQUIVALENTS (continued)**

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Amount on deposit with the BTI	<u>\$295,248</u>	<u>\$239,002</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 period ended June 30, 2009 is as follows (in thousands):

<b>Capital Assets:</b>				
	<u>Historical Cost</u> <u>At June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Historical Cost</u> <u>At June 30, 2009</u>
Construction in Progress	\$ 285	\$ -	\$ (285)	\$ -
Improvements	1,120	50	-	1,170
Equipment	16,193	278	-	16,471
	<u>\$ 17,598</u>	<u>\$ 328</u>	<u>\$ (285)</u>	<u>\$ 17,641</u>
<b>Accumulated Depreciation:</b>				
	<u>Historical Cost</u> <u>At June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Historical Cost</u> <u>At June 30, 2009</u>
Improvements	\$ 1,002	\$ 78	\$ -	\$ 1,080
Equipment	11,345	1,910	-	13,255
	<u>\$ 12,347</u>	<u>\$ 1,988</u>	<u>\$ -</u>	<u>\$ 14,335</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 June 30, 2009 were \$3,360,983 and \$51,016,100

**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 \$1,635,722 and \$25,510,333. Revenues derived from the Lottery's participation in the HOT LOTTO® game for the month and year-to-date periods ended June 30, 2009 were \$548,206 and \$4,881,127 while related prize costs for the same periods were \$272,755 and \$2,440,802.

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 June 30, 2009 the POWERBALL® prize reserve fund had a balance of \$104,973,137 of which the Lottery's share was \$2,380,055. 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 June 30, 2009 and year-to-date follows (in thousands):

	<u>Current</u> <u>2009</u>	<u>Month</u> <u>2008</u>	<u>Year- to -Date</u> <u>2009</u>	<u>2008</u>
Total credits played	\$ 693,189	\$ 742,763	\$ 8,690,994	\$9,309,132
Credits (prizes) won	(625,228)	(670,468)	(7,838,424)	(8,407,279)
MWAP Contributions	(354)	(340)	(4,337)	(3,900)
Gross terminal income	<u>67,607</u>	<u>71,955</u>	<u>848,233</u>	<u>897,953</u>
Administrative costs	-	-	(17,524)	(17,524)
Net Terminal Income	<u>67,607</u>	<u>71,955</u>	<u>830,709</u>	<u>880,429</u>
Less distribution to agents	(32,127)	(34,193)	(463,649)	(487,276)
Racetrack video lottery revenues	<u>\$ 35,480</u>	<u>\$ 37,762</u>	<u>\$367,060</u>	<u>\$ 393,153</u>

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

	<u>June 30, 2009</u>	<u>Year-to Date</u>
State Lottery Fund	\$ -	\$130,125
State Excess Lottery Revenue Fund	30,418	178,902
Capital Reinvestment Fund	2,726	15,983
Tourism Promotion Fund 1.375%	803	10,673
Development Office Promotion Fund .375 %	219	2,911
Research Challenge Fund .5 %	292	3,881
Capitol Renovation & Improvement Fund .6875 %	402	5,337
Parking Garage Fund .0625 %	36	485
Parking Garage Fund 1 %	-	500
Cultural Facilities & Capitol Resources Fund .5 %	-	1,500
Capitol Dome & Capitol Improvements Fund .5 %	584	5,763
Worker's Compensation Debt Reduction Fund 7 %	-	11,000
Total nonoperating distributions	<u>\$35,480</u>	<u>\$ 367,060</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 June 30, 2009 and year-to-date follows (in thousands):

	<u>Current</u> <u>2009</u>	<u>Month</u> <u>2008</u>	<u>Year- to -Date</u> <u>2009</u>	<u>2008</u>
Total credits played	\$382,191	\$410,962	\$4,925,431	\$5,003,696
Credits (prizes) won	(349,841)	(377,415)	(4,512,942)	(4,592,109)
Gross terminal income	<u>\$32,350</u>	<u>\$33,547</u>	<u>\$412,489</u>	<u>\$411,587</u>
Administrative costs	(646)	(670)	(8,249)	(8,231)
Gross Profit	<u>31,704</u>	<u>32,877</u>	<u>\$404,240</u>	<u>\$403,356</u>
Commissions	(15,852)	(16,438)	(202,120)	(205,637)
Municipalities and Counties	(634)	(658)	(8,085)	(8,067)
Limited video lottery revenues	<u>\$15,218</u>	<u>\$15,781</u>	<u>\$194,035</u>	<u>\$189,652</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 June 30, 2009 were \$8,338,708 and \$97,768,861, 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>Current</u>	<u>Month</u>	<u>Year- to -Date</u>	
	2009	2008	2009	2008
Table Games Privilege Tax	\$ 2,919	\$ 2,129	\$34,219	\$15,877
Interest on Table Games Fund	-	3	22	29
Administrative Costs	<u>(250)</u>	<u>(182)</u>	<u>(2,933)</u>	<u>(1,361)</u>
Total Available for Distribution	2,669	1,950	31,308	14,545
<u>Less Distributions:</u>				
Racetrack Purse Funds	209	153	2,444	1,134
Thoroughbred & Greyhound Development Funds	167	121	1,955	907
Racing Commission Pension Plan	80	59	939	437
Municipalities/Counties	<u>692</u>	<u>505</u>	<u>8,120</u>	<u>3,771</u>
Total Distributions	1,148	838	13,458	6,249
State Debt Reduction Fund	<u>\$1,521</u>	<u>\$1,112</u>	<u>\$17,850</u>	<u>\$8,296</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, 2009 the State Legislature budgeted \$168,151,542 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 \$3,608,834 per month for the first ten months of each fiscal year. 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 June 30, 2009 the Lottery made such distributions and accrued additional distributions of \$29,970,243. 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 June 30, 2009 the Lottery accrued additional distributions relating to racetrack video lottery operations of \$766,084.

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>June 30, 2009</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ 5,000	\$ 5,000
Bureau of Senior Services	-	58,815
Department of Education	-	35,191
Library Commission	-	11,554
Higher Education-Policy Commission	-	11,049
Tourism	-	7,961
Natural Resources	-	3,492
Division of Culture & History	-	5,880
Department of Education & Arts	-	1,213
Building Commission	-	9,997
School Building Authority	-	18,000
Total State Lottery Fund	\$ 5,000	\$ 168,152

**WEST VIRGINIA LOTTERY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 9- NONOPERATING DISTRIBUTIONS TO THE STATE OF WEST VIRGINIA**  
**(continued)**

<u>State Excess Lottery Revenue Fund:</u>		
Economic Development Fund	\$ -	\$ 19,000
Higher Education Improvement Fund	-	10,000
General Purpose Account	-	65,000
Higher Education Improvement Fund	-	27,000
State Park Improvement Fund	-	5,000
School Building Authority	-	19,000
Refundable Credit	315	7,372
Excess Lottery Surplus	37,025	135,700
West Va. Infrastructure Council	-	40,000
Total State Excess Lottery Revenue Fund	\$ 37,340	\$ 328,072
SB 1015, 2001	24,845	24,845
Total Budgetary distributions:	\$ 67,185	\$ 521,069
Veterans Instant Ticket Fund	\$ 44	\$ 862
<u>Other Racetrack Video Lottery distributions:</u>		
Tourism Promotion Fund 1.375%	\$ 995	\$ 10,668
Development Office Promotion Fund .375%	272	2,910
Research Challenge Fund .5%	362	3,879
Capitol Renovation & Improvement Fund .6875%	498	5,334
Parking Garage Fund .0625 %	45	485
Parking Garage Fund 1 %	-	500
Cultural Facilities & Cap. Resources Fund .5%	-	1,500
Capitol Dome & Cap. Improvements Fund .5%	724	5,759
Workers Compensation Debt Reduction Fund 7%	-	11,000
Total	\$ 2,896	\$ 42,035
Table Games State Debt Reduction Fund	\$ 1,431	17,440
Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 71,556	\$ 581,406
Accrued nonoperating distributions, beginning	(239,912)	(166,967)
Accrued nonoperating distributions, end	202,184	202,184
Total nonoperating distributions to the State of West Virginia	\$ 33,828	\$ 616,623

**WEST VIRGINIA LOTTERY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**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 \$10,817,386 to the fund for fiscal year 2009 plus related interest of \$566,293.

**NOTE 11 – COMMITMENTS**

The Lottery Commission has set aside funds as unrestricted net assets for the acquisition of future assets. As of June 30, 2009, a balance of \$12,817,601 is available 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 June 30, 2009, 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>June 30, 2009</u>	<u>June 30, 2008</u>
Present value of deferred prize award obligations:		
Discounted obligations outstanding	\$ -	\$ 120
Imputed interest accrued	-	<u>9</u>
		129
Less current portion of discounted obligations and accrued interest	-	<u>(129)</u>
Long-term portion of deferred prize award obligations	<u>\$ -</u>	<u>\$ -</u>

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

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

Cash payments on deferred prize obligations for the year are as follows (in thousands):

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

\*Paid 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 June 30, 2009 are as follows (in thousands):

	<u>June 30, 2009</u>	<u>Year-to Date</u>
Lottery contributions	\$58	\$666
Employee contributions	26	290
Total contributions	\$84	\$956

**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 education, 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 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

The Lottery participates in the West Virginia Other Postemployment Benefits Plan (OPEB Plan) of the West Virginia Retiree Health Benefit Trust Fund (Trust), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the West Virginia Public Employee Insurance Agency (WVPEIA). The OPEB Plan provides retiree post-employment health care benefits for participating state and local government employers. The provisions of the Code of West Virginia, 1931, as amended (the Code), assigns the authority to establish and amend benefit provisions to the WVPEIA board of trustees. The WVPEIA issues a publicly available financial report that includes financial statements and required supplementary information for the OPEB Plan. That report may be obtained by writing to Public Employees Insurance Agency, 601 57<sup>th</sup> Street, South East, Suite 2, Charleston, West Virginia, or by calling 1-888-680-7342.

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

**NOTE 15 – OTHER POSTEMPLOYMENT BENEFITS (continued)**

Funding Policy

The Code requires the OPEB Plan bill the participating employers 100% of the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. State of West Virginia plan employers are billed per active health policy per month.

The ARC rate is \$388 and \$461 per employee per month for the years ending June 30, 2009 and 2008 respectively. Through June 30, 2009 and 2008, the Lottery has paid premiums of \$185,563 and \$98,625. For year ended June 30, 2008 (initial year of the Lottery's participation in the Trust), the State of West Virginia, on the Lottery's behalf, paid \$472,247 towards the Annual Required Contribution. As of June 30, 2009 and 2008, the Lottery has recorded a liability of \$251,867 and \$10,073 on its balance sheet for OPEB.

**NOTE 16 – NEW ACCOUNTING PRONOUNCEMENTS**

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 the 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: August 8, 2009

Re: Status of General Revenue Fund July 31, 2009 (FY 2010)

We have reviewed the cash revenue flows of the West Virginia general revenue fund for the end of the first month of fiscal year 2009-2010. The status of the fund collections are as follows:

The net collections were **100.35%** of the estimate for the fiscal year as of July 31, 2009. **The amount ABOVE estimate was \$ 56 million for the year.**

Personal Income Tax collections were \$ 8.1 million under the estimate for the fiscal year.

Severance tax collections were \$ 8.6 million over the estimate for the fiscal year.

Corporate income and business franchise collections were \$ 2 million above the estimate for the year.

Consumer sales and use tax was \$ 3.0 million below the estimate for the fiscal year.

Gen Rev /Stat ~~Joint~~ *Joint* Committee on Government and Finance



**State Road Fund**

The state road fund was collected at 102.50% of the estimate for the fiscal year 2009-2010. The entire fund was \$ 1.4 million above 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 \$ 181,924,718.11 as of July 31, 2009.

Balance July 1, 2009	236,619,572.54
Cash flow loan to General Revenue on July 1, 2009. To be repaid 90 days. This is a normal occurrence in July due to cash flow demands; will be repaid in September.	- 56,000,000.00
Revenues July 1, 2008-June 30,2009 (Surplus from FY 2009 transferred in August 2009.)	-0-
Earnings and Revenues	1,305,145.57
Balance July 31, 2009	181,924,718.11

Revenue Shortfall Reserve Fund B (Tobacco Settlement Monies) had a cash balance of \$ 237,834,893.71 as of July 31, 2009.

Balance July 1, 2009	236,006,002.65
Earnings	1,828,891.06
Balance July 31, 2009	237,834,893.71

The Special Income Tax Reserve Fund had a cash balance of \$45,019,319.21 as of July 31, 2009.

Balance July 1, 2009	45,019,319.21
Transfers for tax refunds	0
Transfers in from General Revenue	0
Balance July 31, 2009	45,019,319.21

Gen Rev /State Road

**MOTOR FUEL EXCISE TAX SHORTFALL RESERVE FUND**

Motor Fuel Excise Tax Shortfall Reserve Fund had a cash balance of \$ 27,319,224.03 on July 31, 2009. This fund was created by HB 218 during the June 2008 special session to act as a reserve fund when the highways motor fuel excise tax fails to meet monthly revenue estimates.

Balance July 1, 2009	\$ 27,319,224.03
Transfers out to Highways Fund for FY 2009-2010	- 0-
Balance July 31, 2009	27,319,224.03

Monthly Revenue Estimates  
as of July 31, 2009, WV FIMS

	MONTH ESTIMATES	NET MONTH COLLECTIONS	UNDER ESTIMATES VS ACTUAL COLLECTIONS	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY OVER UNDER ESTIMATES VS ACTUAL COLLECTIONS
Personal Income Tax	111,000,000	102,856,941	-8,143,059	111,000,000	102,856,941	-8,143,059
Consumer Sales Tax & Use Tax	100,500,000	97,492,243	-3,007,757	100,500,000	97,492,243	-3,007,757
Insurance Tax	24,500,000	24,544,598	44,598	24,500,000	24,544,598	44,598
Cigarette Tax	9,400,000	10,622,468	1,222,468	9,400,000	10,622,468	1,222,468
Business and Occupation	9,200,000	10,247,536	1,047,536	9,200,000	10,247,536	1,047,536
Corp Income /Business Franchise	5,000,000	7,099,892	2,099,892	5,000,000	7,099,892	2,099,892
Severance Tax	2,200,000	10,872,196	8,672,196	2,200,000	10,872,196	8,672,196
Interest Income	2,000,000	1,040,181	-959,819	2,000,000	1,040,181	-959,819
Liquor Profit Transfers	1,300,000	1,663,000	363,000	1,300,000	1,663,000	363,000
Property Transfer Tax	1,100,000	813,069	-286,931	1,100,000	813,069	-286,931
Departmental Collections	800,000	773,928	-26,072	800,000	773,928	-26,072
Beer Tax and Licenses	800,000	849,857	49,857	800,000	849,857	49,857
Business Franchise Fees	470,000	366,566	-103,435	470,000	366,566	-103,435
Smokeless Tobacco Tax	450,000	472,144	22,144	450,000	472,144	22,144
Property Tax	100,000	83,698	-16,302	100,000	83,698	-16,302
Miscellaneous Receipts	100,000	104,558	4,558	100,000	104,558	4,558
Racing Fees	40,000	43,300	3,300	40,000	43,300	3,300
HB 102 - Lottery Transfers	0	0	0	0	0	0
Refundable Credit Reim LTY	0	0	0	0	0	0
Miscellaneous Transfers	0	0	0	0	0	0
Charter Tax	0	25,008	25,008	0	25,008	25,008
Telecommunications Tax	0	-58,293	-58,293	0	-58,293	-58,293
Estate and Inheritance Tax	0	0	0	0	0	0
Video Lottery Transfers	0	1,807	1,807	0	1,807	1,807
Special Revenue Transfer	0	0	0	0	0	0
Cash Flow Transfer	0	56,000,000	56,000,000	0	56,000,000	56,000,000
<b>TOTALS</b>	<b>268,960,000</b>	<b>325,914,699</b>	<b>56,954,699</b>	<b>268,960,000</b>	<b>325,914,699</b>	<b>56,954,699</b>
Minus Cash Flow Transfer	0	56,000,000	0	0	56,000,000	0
Percent of Estimates		121.18%			121.18%	
<b>TOTALS</b>	<b>268,960,000</b>	<b>269,914,699</b>	<b>56,954,699</b>	<b>268,960,000</b>	<b>269,914,699</b>	<b>56,954,699</b>
Percent of Estimates		100.35%			100.35%	
Collections this day		46,259,646				

Prepared by Legislative Auditor's Office, Budget Division

STATE ROAD FUND FY 2009-2010  
 Monthly Revenue Estimates July 2009  
 as of July 31, 2009 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	33,500,000	36,074,118	2,574,118	33,500,000	36,074,118	2,574,118
Privilege Tax	15,865,000	14,158,878	-1,706,123	15,865,000	14,158,878	-1,706,123
Licenses & Registration	9,060,000	9,659,890	599,890	9,060,000	9,659,890	599,890
Highway Litter Control	171,000	167,238	-3,762	171,000	167,238	-3,762
<b>TOTALS</b>	<b>58,596,000</b>	<b>60,060,124</b>	<b>1,464,124</b>	<b>58,596,000</b>	<b>60,060,124</b>	<b>1,464,124</b>

Percent of Estimates

102.50%

102.50%

Collections this day

17,641,405

MOTOR FUEL EXCISE TAX SHORTFALL RESERVE FUND  
 CASH BALANCE WITH TREASURER  
 AS OF July 1, 2009: \$27,319,224.03

REVENUE SHORTFALL RESERVE FUND A AS OF July 1, 2009 : \$236,619,572.54

REVENUE SHORTFALL RESERVE FUND B AS OF July 1, 2009 : \$236,006,002.65

PERSONAL INCOME TAX REFUND RESERVE FUND AS OF July 1, 2009: \$45,019,319.21

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: August 5, 2009

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the June 30, 2009 monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia. June is the end of fiscal year 2008-2009.

For the fiscal year 2008-2009, the trust fund cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2008	\$251,821,729.58
Receipts July 1, 2007 thru June 30, 2009	\$279,210,484.23
Disbursements July 1, 2007 thru June 30, 2009	\$337,867,125.59
Balance June 30, 2009	\$193,165,088.22

ITEMS OF NOTE:

Regular benefits paid for fiscal year 2009 were \$97.8 million more than in fiscal year 2008.

Unemployment *Joint Committee on Government and Finance*

Total disbursements were \$ 171,067,722.49 million more than the same months of the preceding fiscal year.

Receipts in fiscal year 2009 were \$ 117.7 million more than in fiscal year 2008. Overall ending trust fund balance was \$ 58.6 million less on June 30, 2009 than on June 30, 2008. \*

West Virginia's unemployment rate for the month of June 2009 was 9.4 percent. National unadjusted employment rate was 9.7 percent.

Seasonally adjusted unemployment rates were 9.2 percent for West Virginia and 9.5 percent nationally.

Since June 2008 employment has decreased by 22,700. Gains were 1,600 in educational and health services, and 1,000 in government. Declines included 5,600 in trade, transportation, and utilities, 6,200 in manufacturing, 2,800 in construction, 3,800 in mining and logging, 2,300 in professional and business services, 1,600 in leisure and hospitality, 1,400 in financial activities, 700 in other services, and 900 in information.

\*Senate Bill 246 passed on April 11, 2009 addressed this declining balance in the Unemployment Trust Fund. On or before July 1, 2009, the Insurance Commissioner shall make a one time transfer of \$ 40 million dollars from Workers' Compensation Debt Reduction Fund to the Bureau of Employment Program's Commissioner for deposit to the Federal Unemployment Trust Fund. The bill also raised the wage threshold on which premiums are calculated from \$8,000.00 per year to \$ 12,000.00 per year when the balance of the Unemployment Trust Fund is below \$ 220 million on February 15, of each fiscal year.

Unemployment

**MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE  
FOR THREE MONTHS STARTING APRIL 2008 AND APRIL 2009**

	APRIL 08	MAY 08	JUNE 08	APRIL 09	MAY 09	JUNE 09	THREE MONTH TOTAL VARIANCE *
<b>Balance Forward</b>	<b><u>\$213,031,221.10</u></b>	<b><u>\$221,084,408.88</u></b>	<b><u>\$280,118,108.83</u></b>	<b><u>\$171,885,880.24</u></b>	<b><u>\$188,009,076.81</u></b>	<b><u>\$188,380,768.98</u></b>	<b><u>(\$171,217,933.81)</u></b>
<b>Add Receipts:</b>							
1. Bond Assessment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2. Regular Contributions:	\$23,212,888.72	\$54,075,440.72	\$973,861.38	\$23,632,864.48	\$53,988,142.48	\$1,841,208.73	\$1,300,705.87
3. Federal Extended Benefits (EUC08)	\$0.00	\$0.00	\$0.00	\$3,818,889.78	\$4,988,142.62	\$13,477,889.00	\$22,261,621.40
4. Emergency Unemployment Funds (TEUC)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
5. Temp Federal Additional Comp (FAC)	\$0.00	\$0.00	\$0.00	\$4,435,872.00	\$4,831,821.00	\$4,686,839.00	\$14,033,232.00
6. UCFE (Federal Agencies)	\$0.00	\$0.00	\$58,900.00	\$104,141.24	\$108,110.81	\$134,716.38	\$288,887.13
7. Special Administrative Transfer **	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
8. Reed Act Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
9. Treasury Interest Credits	\$0.00	\$0.00	\$2,907,214.07	\$0.00	\$0.00	\$1,840,527.75	(\$888,686.32)
10. UCX (Military Agencies)	\$0.00	\$25,000.00	\$188,000.00	\$278,420.48	\$257,858.84	\$334,173.19	\$858,249.49
11. WV Insurance Committee-Senate Bill 248	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$40,000,000.00	\$40,000,000.00
<b>Total Monthly Receipts</b>	<b><u>\$23,212,888.72</u></b>	<b><u>\$54,100,440.72</u></b>	<b><u>4,127,766.46</u></b>	<b><u>\$32,287,777.98</u></b>	<b><u>\$64,261,655.45</u></b>	<b><u>\$62,483,861.06</u></b>	<b><u>\$77,572,089.57</u></b>
<b>Less Disbursements:</b>							
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)
Regular Benefits:	14,863,824.77	14,738,704.89	12,133,133.04	\$29,848,712.86	\$31,422,777.17	\$37,196,430.82	\$88,742,458.05
Federal Extended Benefits (EUC08)	0.00	0.00	0.00	\$3,767,131.88	\$6,088,188.72	\$12,748,801.00	\$22,588,202.40
Emergency Benefits (TEUC)	(3,254.03)	(1,321.08)	(252.00)	(\$880.00)	(\$392.00)	(\$330.00)	\$3,735.00
Temp Federal Additional Comp (FAC)	0.00	0.00	0.00	\$4,838,849.00	\$4,837,891.00	\$4,393,011.00	\$14,169,281.00
UCFE (Federal Workers) Benefits	63,608.78	76,883.47	73,338.61	\$111,780.50	\$127,642.77	\$137,128.22	\$142,724.78
UCX (Military Workers) Benefits	225,736.75	183,211.37	217,229.97	\$300,757.48	\$317,077.48	\$343,349.95	\$328,010.78
Reed Act Funds	20,000.00	41,280.00	889.88	\$0.00	\$0.00	\$895,177.87	\$833,227.89
Special Administrative Transfer**	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$8,880.42	\$8,880.42
<b>Total Monthly Disbursements</b>	<b><u>\$18,179,703.24</u></b>	<b><u>16,048,738.87</u></b>	<b><u>12,424,144.60</u></b>	<b><u>\$38,864,681.89</u></b>	<b><u>\$42,669,888.11</u></b>	<b><u>\$55,719,628.78</u></b>	<b><u>\$94,783,470.07</u></b>
<b>Trust Fund Balance</b>	<b><u>\$221,084,408.88</u></b>	<b><u>280,118,108.83</u></b>	<b><u>251,821,729.59</u></b>	<b><u>\$188,009,076.81</u></b>	<b><u>\$188,380,768.81</u></b>	<b><u>\$193,188,088.22</u></b>	<b><u>(\$188,439,314.01)</u></b>

\* 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.

\*\*The Assistance for Unemployed Workers and Struggling Families Act, Title II of Division B of Public Law No. 111-5, enacted February 17, 2009, provided a special administrative transfer to states' accounts of \$500 million to be used for certain administrative purposes. On February 27, 2009, the U.S. Treasury distributed West Virginia's amount of \$2,869,758 to the Unemployment Insurance Trust Fund, Attachment IV to the Unemployment Insurance Program Letter No. 14-09 issued by the U.S. Department of Labor on February 26, 2009 (regarding the permissible uses of the administrative transfer). This special administrative transfer is not available for the payment of Unemployment Compensation (UC) benefits; therefore the Trust Fund Balance must be reduced by the Special Administrative Transfer on the 31st to obtain the balance available for UC benefits.



STATE OF WEST VIRGINIA  
DEPARTMENT OF HEALTH AND HUMAN RESOURCES

Joe Manchin III  
Governor

Office of the Secretary  
State Capitol Complex, Building 3, Room 206  
Charleston, West Virginia 25305  
Telephone: (304) 558-0684 Fax: (304) 558-1130

Martha Yeager Walker  
Secretary

August 3, 2009

The Honorable Earl Ray Tomblin, President  
West Virginia Senate  
Room 227M, Building 1  
State Capitol Complex  
Charleston, West Virginia 25305

The Honorable Richard Thompson, Speaker  
West Virginia House of Delegates  
Room 228M, Building 1  
State Capitol Complex  
Charleston, West Virginia 25305

Dear Mr. President and Mr. Speaker:

The West Virginia Legislature approved Senate Concurrent Resolution 15 on March 10, 2007. The study required by SCR-15 was divided into two phases. Phase One requires the Department of Environmental Protection (DEP) to develop and conduct a study regarding the chemical composition of coal slurry and the impacts on ground or surface waters from disposing of slurry by underground injection into abandoned coal mines. DEP has completed a comprehensive report that evaluates chemical constituents of the slurry and the migration of those constituents in the hydrologic regime. It is my understanding that the final report was submitted to the Joint Committee on Government and Finance by DEP in May 2009. Two copies of the Phase One Report were provided to the Bureau for Public Health (BPH), Office of Environmental Health Services, on May 29, 2009.

Phase Two of SCR-15 requires BPH to review data collected from Phase One to determine if slurry injection poses a health threat to coalfield residents. With the completion of Phase One, BPH will take the data collected by DEP and conduct a Public Health Assessment (PHA) of the study sites. As a first step in the evaluation, scientists will review all of the environmental data collected during Phase One to determine if there is contamination, the level of contamination, the location, and how people might come into contact with it. If the review of the environmental data indicates people have, could, or may come into contact with any hazardous substances, scientists then will evaluate whether or not these substances may pose a threat to human health.



**AGREEMENT  
BETWEEN  
THE WEST VIRGINIA DEPARTMENT OF HEALTH AND  
HUMAN RESOURCES  
BUREAU FOR PUBLIC HEALTH  
OFFICE OF ENVIRONMENTAL HEALTH SERVICES  
and  
WEST VIRGINIA UNIVERSITY**

THIS AGREEMENT, by and between the West Virginia Department of Health and Human Resources, Bureau for Public Health, Office of Environmental Health Services, hereinafter referred to as the DEPARTMENT and West Virginia University, hereinafter referred to as PROVIDER, is effective April 1, 2009 and continues through March 31, 2010 for the purpose of performing the tasks and functions for conducting a Public Health Assessment.

WHEREAS, the West Virginia State Legislature Concurrent Resolution No. 15 (SCR-15) mandated the Department of Environmental Protection (WVDEP) and the DEPARTMENT to jointly design and conduct, or contract to have conducted, a comprehensive study on the effects of underground injection of coal slurry.

WHEREAS, Phase I of this comprehensive study is being conducted by the WVDEP and the federal Office of Surface Mining (OSM), with some assistance from the DEPARTMENT, for the purpose of gathering and presenting environmental and hydrogeological data from Phase I slurry-injection sites.

WHEREAS, the DEPARTMENT is responsible for the oversight of Phase II of the comprehensive study, which is to include analyzing data collected during Phase I and conducting the Public Health Assessment.

WHEREAS, the interagency agreement with the PROVIDER is an excellent example of collaboration between state agencies and the use of the developed facilities at the PROVIDER.

WHEREAS, this collaborative project will allow for the development of a Public Health Assessment necessary to make critical public health decisions.

WHEREAS, the PROVIDER can provide the specialized and unique requirements for developing and conducting a Public Health Assessment.

WHEREAS, the PROVIDER has provided technical support, similar to this request, due to the specialized and unique requirements to other state agencies.

- that they consider pertinent to the human health effects of slurry injection.
4. The PROVIDER will create and make available a news story to the Central Appalachian media about the effort, and invite public or private submission of data. (Accept all materials submitted, and focus on data.)
- C. The PROVIDER may visit federal and state agencies and up to three foundations as needed for input into report creation.
  - D. The PROVIDER may invite stakeholder visits.
  - E. The PROVIDER will consult with leaders at the Environmental Protection Administration, the Agency for Toxic Substances and Disease Registry, the US Geological Survey, and other relevant federal agencies, and independent risk-assessment experts, as appropriate, to identify reviewers to participate on a expert panel:
    1. The PROVIDER will invite no fewer than three and no more than six reviewers to participate on the expert panel.
    2. The PROVIDER will submit the names of the expert panel to the DHPARTMENT, but the right to request the review and to choose the reviewers remains with the PROVIDER.
  - F. The PROVIDER and affiliated consultants will analyze the Phase I environmental and hydrogeological data and the public health data to draft a Public Health Assessment Report addressing the following five issues.
    1. What are the known health hazards of the components of coal slurry (its major constituent contaminants) on human health? This assessment will be useful in the event that human exposure occurs following slurry underground injection. This component of the review does not presume that sufficient exposures to cause health hazards actually exist. It simply reviews what are the population health hazards should such exposure occur.
    2. What data already exist about human community health hazards from exposures to coal slurries contaminating water, soil, or air? This part of the Phase II study will review existing local, national, or international literature to determine what is currently known about data to determine the actual known or reported effects of coal slurry and its constituent contaminants on public health in communities, where it is determined that coal slurry or its constituent contaminants have migrated from injection sites into ground waters currently or historically used for domestic purposes, or habitated soils, and then into humans, or into air in breathing zones of communities and then into humans.
    3. The study will briefly recapitulate what is known about effects of coal slurry injection on surface water and aquatic ecosystems. This phase of the assessment project is directed at known human health effects, whereas this Phase II study is designed primarily as a human health risk

N. The PROVIDER will participate in presentation of the final Public Health Assessment Report to the West Virginia State Legislature, if requested.

### III. Timeline

#### A. April 01, 2009-June 30, 2009

1. Receive and review Phase I and any other environmental and hydrogeological data.
2. Gather public health data from all sources.
3. Form expert panel.

#### B. July 1, 2009-September 30, 2009

1. Analyze data.
2. Identify data gaps, if present.
3. Create an initial draft report based on preliminary findings.
4. Schedule meetings with DEPARTMENT and interested parties to present initial draft report and collect feedback.
5. Revise draft report based on feedback, if necessary.

#### C. October 1, 2009-October 31, 2009

1. Revise draft report based on feedback.
2. Submit draft report to the DEPARTMENT.
3. Submit draft report to expert panel.

#### D. November 1, 2009-December 31, 2009

1. Receive comments from the DEPARTMENT and expert panel.
2. Revise draft document based on comments.
3. Submit final report to the DEPARTMENT.

#### E. January 1, 2010-March 31, 2010

Participate in presentation to West Virginia State Legislature, if requested.

### IV. Terms of AGREEMENT

- A. The PROVIDER further agrees that all subcontracts entered into by the PROVIDER shall be subjected to prior approval of the DEPARTMENT. In addition, any and all subcontracts entered into by the PROVIDER to perform work or provide services in furtherance of the successful completion of this AGREEMENT shall be subject to review and approval of the DEPARTMENT.

**EXHIBIT B  
SOURCE OF FUNDS SCHEDULE**

**Exhibit B**

The Department estimates the funds for this Grant Agreement shall be paid from the following federal and/or state sources:

<b>FEDERAL FUNDS</b>			
1. CFDA Number	2. Account Number (Fund/Activity)	3. WVFIMS Grant Name	4. Amount
<b>TOTAL FEDERAL FUNDS</b>			\$ -

<b>STATE FUNDS</b>			
6. Appropriation Type	6. Account Number (Fund/Activity)	7. Activity Name	8. Amount
Appropriated General Revenue			
Special Revenue: Appropriated or Unappropriated	5139-099	Health Services Fees	\$ 221,519.00
<b>TOTAL STATE FUNDS</b>			\$ 221,519.00

<b>TOTAL FEDERAL AND STATE FUNDS</b>	<b>\$ 221,519.00</b>
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If at the end of the Grant Agreement period the Department determines the funding sources for all payments to the Grantee for this Grant Agreement are different than reflected above, a revised Source of Funds Schedule shall be sent to the Grantee by the Department that reflects the final source of funds.

**EXHIBIT I**  
**NO DEBT REQUIREMENT**

**Exhibit I**

**West Virginia Code §5A-3-10a states:**

*No contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and the debt owed is an amount greater than one thousand dollars in the aggregate.*

**Definitions:**

"Debt" means any assessment, premium, penalty, fine, tax or other amount of money owed to the state or any of its political subdivisions because of a judgment, fine, permit violation, license assessment, defaulted workers' compensation premium, penalty or other assessment presently delinquent or due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon.

"Debtor" means any individual, corporation, partnership, association, limited liability company or any other form or business association owing a debt to the state or any of its political subdivisions.

"Political subdivision" means any county commission; municipality; county board of education; any instrumentality established by a county or municipality; any separate corporation or instrumentality established by one or more counties or municipalities, as permitted by law; or any public body charged by law with the performance of a government function or whose jurisdiction is coextensive with one or more counties or municipalities.

"Related party" means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor, so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceeds five percent of the total contract amount.

**Licensing:**

Vendors must be licensed and in good standing in accordance with any and all state and local laws and requirements by any state or local agency of West Virginia, including, but not limited to, the West Virginia Secretary of State's Office, the West Virginia Tax Department, West Virginia Insurance Commission, or any other state agencies or political subdivision. Furthermore, the vendor must provide all necessary releases to obtain information to enable the Director or spending unit to verify that the vendor is licensed and in good standing with the above entities.

Under penalty of law for false swearing (West Virginia Code §61-5-3), Grantee certifies that by signing this grant agreement on the signature page that Grantee and all related parties do not owe any debts.



WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
GRANT AGREEMENT WITHIN OR BETWEEN STATE AGENCIES

(Other than a Federal Subrecipient Agreement within or between State Agencies)

1. Agreement Number: G 090951

2. WV FIMS Encumbrance Number: C317145

3. Grantee FEIN # 558000842 4. WV FIMS Vendor # 46886 5. Date Prepared April 16, 2009

6. Grantee Name and Address  
West Virginia University  
686 Chestnut Ridge Road  
Morgantown, WV 26507

7. Spending Unit Name and Address  
DHHR/BPH/Office of Environmental Health Services  
Capitol and Washington Streets  
1 Davis Square, Suite 200  
Charleston, WV 25301-1708

8. Grantee Remittance Name and Address  
WVU  
PO Box 6216  
Morgantown, WV 26507-6216

9. Spending Unit Contact Person Name and Telephone Number  
Program: Walter Ivey (304) 658-6715  
Fiscal: Lisa Brightwell (304) 658-8247

10. Auditor's Information:

Fund	FY	State Level Org	Act	State Level Obj	Amount
5139	2009	0506	088	026	55,379.00
5139	2010	0508	088	026	166,140.00
Total:					\$221,519.00

11. Start Date: April 1, 2009 12. End Date: March 31, 2010

13. Description of Program:  
Preparation of a comprehensive study on the effects of underground injection of coal slurry.

14. Spending Unit

WV FIMS Coding Fund	FY	Extended Org	Act	Extended Obj	Grant	Project	Amount
5139	2009	3180	099	269			55,379.00
5139	2010	3180	099	269			166,140.00
Total:							\$221,519.00

15. Review and Approval Recommended:

GAAR: mb 4/29/09 Grants: Y.P.N 4/29/09  
Initials Date Initials Date



# *Prescription Drug Report*

***JUNE 2009***

### WV PEIA - Monthly Trend

Plan Demographics	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	2008 - 2009		% Change
							Fiscal	2007 - 2008 Fiscal	
Total Drug Cost	\$13,709,041	\$12,857,313	\$14,484,717	\$13,859,584	\$13,720,623	\$18,478,042	\$182,148,314	\$163,327,177	5.75%
Amount Paid By Plan Sponsor	\$11,222,488	\$10,489,574	\$11,842,062	\$11,441,791	\$11,355,371	\$13,772,858	\$129,238,766	\$118,959,790	7.70%
Amount Paid by Members	\$2,486,578	\$2,337,739	\$2,622,655	\$2,417,794	\$2,365,252	\$2,703,184	\$32,911,568	\$33,327,387	-1.25%
Total Claims	216,818	209,163	235,395	221,223	219,846	242,945	2,568,693	2,432,162	5.63%
Average Eligible Member	160,787	161,469	161,568	161,865	162,263	163,809	160,448	156,140	2.78%
Average # of Rx's Per Member Per Month	1.34	1.30	1.48	1.37	1.36	1.49	1.33	1.30	2.69%
Plan Paid Per Member Per Month (PMPM)	\$69.78	\$68.03	\$73.29	\$70.69	\$69.68	\$84.08	\$87.12	\$84.05	4.81%
Average Eligible Enrollees	74,034	74,348	74,678	74,763	74,934	75,677	73,933	72,203	2.40%
Average # of Rx's Per Enrollee Per Month	2.91	2.81	3.18	2.98	2.93	3.21	2.89	2.81	3.06%
Plan Paid Per Enrollee Per Month (PEPM)	\$151.69	\$141.22	\$158.78	\$153.06	\$151.54	\$182.00	\$145.67	\$138.50	6.18%
<b>Rx Cost Share</b>									
Avg. Claim Cost to Plan	\$52.07	\$50.20	\$50.31	\$51.72	\$51.68	\$58.68	\$50.38	\$49.34	2.06%
Avg. Member Cost/Claim	\$11.54	\$11.18	\$11.14	\$10.93	\$10.79	\$11.13	\$12.62	\$13.70	-8.42%
Percent member Cost Share	18.1%	18.2%	18.1%	17.4%	17.2%	18.4%	20.3%	21.7%	-6.62%
<b>Average Ingredient Costs</b>									
Single Source (no generics available)	\$178.68	\$178.69	\$179.23	\$182.94	\$183.01	\$189.58	\$178.44	\$158.62	12.28%
Multi-Source Brand (generics available)	\$49.88	\$53.22	\$53.47	\$57.98	\$58.35	\$63.40	\$50.13	\$38.81	28.18%
Generic Drugs	\$19.20	\$17.78	\$17.53	\$18.04	\$17.93	\$21.14	\$18.92	\$20.06	-5.84%
<b>Brand/Generics Dispensing Rates</b>									
Single Source (no generics)	26.6%	25.82%	26.03%	26.0%	25.84%	26.68%	26.69%	29.81%	-10.20%
Multi-Source Brand (generics available)	1.0%	0.91%	0.89%	0.9%	0.93%	0.97%	0.96%	0.99%	-3.37%
Generic Drug	72.4%	73.27%	73.08%	73.1%	73.23%	72.35%	72.45%	69.40%	4.40%
Generics Dispensed when available	98.7%	98.77%	98.78%	98.7%	98.75%	98.68%	98.70%	98.60%	0.10%
Percent of Plan Cost for Single Source	78.2%	80.07%	80.57%	80.0%	80.10%	78.32%	80.13%	79.26%	1.10%
<b>Retail Pharmacy Program</b>									
Avg. Day Supply	32.7	31.7	31.8	32.5	33.1	34.3	32.8	32.1	1.65%
Avg. Plan Cost/Day Supply	\$1.58	\$1.57	\$1.57	\$1.58	\$1.55	\$1.64	\$1.63	\$1.52	0.81%
Avg. Claim Cost to Plan	\$81.68	\$49.78	\$49.68	\$51.35	\$51.19	\$56.31	\$49.88	\$48.84	2.27%
Avg. Member Cost / Claim	\$11.47	\$11.11	\$11.07	\$10.88	\$10.69	\$11.04	\$12.74	\$13.61	-8.40%
Percent Member Cost Share	18.2%	18.24%	18.17%	17.8%	17.27%	18.40%	20.32%	21.80%	-8.78%
Special Maint Netwk (% of claims filled)	11.6%	11.27%	11.38%	11.6%	11.96%	13.42%	11.75%	11.42%	2.92%
Other Maint (% of claims filled)	0.6%	0.59%	0.62%	0.6%	0.65%	0.74%	0.62%	0.58%	7.16%
Avg. Days Supply for Maint. Netwks	87.8	87.5	87.5	87.4	87.5	87.5	87.5	87.8	-0.08%
Total # Claims Fills 1-34 Days Supply	184,885	180,763	203,033	190,470	188,072	203,758	2,204,403	2,105,512	4.70%
Total # Claims Fills 35-60 Day Supply	1,633	1,462	1,652	1,637	1,654	2,051	18,678	16,418	13.17%
Total # Claims Fills 61-90 Day Supply	27,206	26,138	28,689	27,248	28,098	34,877	321,091	288,290	11.37%
Total # Claims Fills 91+ Day Supply	15	23	27	29	28	48	185	81	203.28%
<b>Mail Service Program</b>									
Avg. Days Supply	71.1	72.1	71.8	71.7	71.0	71.7	72.0	72.1	-0.11%
Avg. Plan Cost/Days Supply	\$1.38	\$1.37	\$1.44	\$1.34	\$1.44	\$1.37	\$1.34	\$1.45	-7.59%
Avg. Cost to Plan	\$96.84	\$98.62	\$102.97	\$96.40	\$102.63	\$98.62	\$96.21	\$104.22	-7.69%
Avg. Member Cost/Claim	\$19.28	\$19.45	\$19.31	\$19.07	\$18.66	\$20.34	\$22.23	\$23.72	-6.25%
Percent Member Cost Share	18.6%	18.48%	18.79%	18.5%	18.40%	17.11%	18.77%	18.54%	1.24%
Total # Claims Fill 1-34 Days Supply	567	609	689	543	608	648	6,452	6,671	-1.81%
Total # Claims Fills 35-60 Days Supply	11	5	6	3	10	13	78	66	41.82%
Total # Claims Fills 61-90 Days Supply	1,299	1,255	1,397	1,296	1,391	1,582	16,816	16,257	3.66%
Total # Claims Fills 91+ Day Supply	0	0	0	0	0	0	-	-	-
<b>Formulary Program</b>									
S/S Formulary Drugs (% by claim)	21.5%	20.91%	21.17%	21.2%	21.11%	21.69%	21.78%	23.13%	-8.92%
S/S Non-Formulary Drugs (% by claim)	5.2%	4.91%	4.88%	4.8%	4.73%	4.99%	4.83%	6.48%	-25.47%
M/S Drugs (% by claim)	1.0%	0.81%	0.89%	0.9%	0.93%	0.97%	0.96%	0.98%	-3.37%
Generic Drugs (% by claim)	72.4%	73.27%	73.08%	73.1%	73.23%	72.38%	72.45%	69.40%	4.40%
S/S Formulary Drugs (% by \$)	69.9%	70.69%	71.38%	70.8%	70.77%	68.64%	71.58%	69.71%	2.69%
S/S Non-Formulary Drugs (% by \$)	8.2%	8.18%	8.19%	8.3%	8.33%	8.78%	8.66%	9.66%	-10.46%
M/S Drugs (% by \$)	0.4%	0.48%	0.47%	0.6%	0.61%	0.46%	0.44%	0.26%	72.93%
Generic Drugs (% by \$)	20.4%	18.45%	18.98%	19.4%	19.39%	21.22%	19.42%	20.48%	-8.16%
<b>Specialty Drugs</b>									
Total Drug Cost	\$1,413,998	\$1,363,648	\$1,449,348	\$1,538,778	\$1,486,504	\$1,872,682	\$17,278,378	\$14,800,567	20.81%
Amount Paid by Plan Sponsor	\$1,377,342	\$1,328,712	\$1,413,425	\$1,503,384	\$1,462,238	\$1,830,614	\$16,818,980	\$13,890,482	21.08%
Amount Paid by Members	\$36,656	\$34,934	\$35,923	\$35,411	\$34,266	\$42,068	\$45,738	\$410,085	11.54%
Total Claims	734	698	740	732	726	917	8,727	7,847	11.21%
Avg # of Rx's per Member per Month	0.00	0.00	0.00	0.00	0.00	0.01	0.005	0.004	8.23%
Plan Paid Per Member Per Month (PMPM)	\$8.67	\$8.23	\$8.75	\$9.29	\$8.86	\$11.18	\$8.74	\$7.41	17.63%
Avg Claim Cost to Plan	\$1,878.49	\$1,809.07	\$1,910.03	\$2,053.78	\$2,003.08	\$1,996.31	\$1,827.24	\$1,770.18	8.87%
Avg Claim Cost to Member	\$49.94	\$50.18	\$48.54	\$48.38	\$47.27	\$45.66	\$52.41	\$52.28	0.29%
Percent of Member Cost Share	2.59%	2.66%	2.46%	2.30%	2.31%	2.65%	2.66%	2.67%	-7.63%
Percent of Overall Drug Spend	10.31%	10.62%	10.02%	11.10%	10.83%	11.37%	10.65%	9.39%	14.24%



WV PEIA - Monthly Trend

Plan Demographics	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08
Total Drug Cost	\$11,890,888	\$12,318,636	\$12,686,768	\$13,428,543	\$12,562,598	\$13,893,788
Amount Paid By Plan Sponsor	\$7,168,587	\$8,287,712	\$10,135,407	\$10,830,800	\$10,220,726	\$11,469,703
Amount Paid By Members	\$4,722,068	\$3,031,923	\$2,753,381	\$2,688,043	\$2,341,888	\$2,534,088
Total Claims	187,040	183,048	205,400	213,007	200,781	223,241
Average Eligible Member	167,501	167,888	168,843	168,282	169,876	160,408
Average # of Rx's Per Member Per Month	1.19	1.22	1.29	1.34	1.28	1.39
Plan Paid Per Member Per Month (PMPM)	\$48.61	\$58.91	\$63.81	\$67.99	\$63.83	\$71.44
Average Eligible Enrollees	72,418	72,528	73,131	73,381	73,588	73,849
Average # of Rx's Per Enrollee Per Month	2.58	2.68	2.81	2.90	2.73	3.02
Plan Paid Per Enrollee Per Month (PEPM)	\$98.89	\$128.08	\$138.89	\$147.63	\$138.88	\$155.18
<b>Rx Cost Share</b>						
Avg. Claim Cost to Plan	\$38.33	\$48.11	\$49.34	\$50.85	\$50.90	\$51.33
Avg. Member Cost/Claim	\$25.28	\$18.71	\$13.40	\$12.18	\$11.88	\$11.35
Percent member Cost Share	39.7%	24.6%	21.4%	19.3%	18.6%	18.1%
<b>Average Ingredient Costs</b>						
Single Source (no generics available)	\$173.12	\$171.81	\$173.78	\$175.21	\$174.87	\$177.22
Multi-Source Brand (generics available)	\$61.09	\$41.22	\$43.84	\$43.06	\$47.48	\$50.21
Generic Drugs	\$18.24	\$19.88	\$19.17	\$18.19	\$19.10	\$19.22
<b>Brand/Generic Dispensing Rates</b>						
Single Source (no generics)	27.86%	27.85%	27.02%	28.9%	26.78%	26.32%
Multi-Source Brand % (generics available)	1.04%	0.97%	0.87%	1.0%	0.86%	0.88%
Generic Drug	71.40%	71.18%	72.02%	72.1%	72.26%	72.70%
Generics Dispensed when available	88.67%	88.86%	88.88%	88.7%	88.88%	88.87%
Percent of Plan Cost for Single Source	85.83%	81.52%	80.51%	79.8%	79.42%	78.88%
<b>Retail Pharmacy Program</b>						
Avg. Day Supply	32.8	33.3	32.8	32.3	32.3	32.3
Avg. Plan Cost/Day Supply	\$1.16	\$1.43	\$1.48	\$1.58	\$1.68	\$1.59
Avg. Claim Cost to Plan	\$37.88	\$47.78	\$48.98	\$50.48	\$50.48	\$50.98
Avg. Member Cost / Claim	\$25.11	\$18.58	\$13.32	\$12.11	\$11.89	\$11.28
Percent Member Cost Share	39.87%	24.60%	21.38%	19.3%	18.68%	18.13%
Special Maint Netwk (% of claims filed)	10.86%	11.95%	11.80%	11.4%	11.53%	11.57%
Other Maint (% of claims filed)	0.83%	0.59%	0.69%	0.6%	0.56%	0.62%
Avg. Days Supply for Maint. Netwks	87.8	87.4	87.8	87.4	87.8	87.8
Total # Claims Fills 1-34 Days Supply	182,190	185,883	178,489	183,891	172,984	182,205
Total # Claims Fills 35-60 Day Supply	1,284	1,438	1,453	1,628	1,404	1,816
Total # Claims Fills 61-90 Day Supply	21,884	24,298	26,804	26,628	24,818	27,830
Total # Claims Fills 91+ Day Supply	4	6	2	2	2	2
<b>Mail Service Program</b>						
Avg. Days Supply	76.0	73.8	72.4	71.8	71.5	70.7
Avg. Plan Cost/Days Supply	\$1.14	\$1.17	\$1.33	\$1.29	\$1.38	\$1.38
Avg. Cost to Plan	\$88.00	\$88.38	\$93.68	\$92.27	\$98.71	\$95.41
Avg. Member Cost/Claim	\$39.77	\$29.49	\$24.30	\$20.88	\$19.63	\$19.41
Percent Member Cost Share	31.40%	25.45%	20.11%	18.3%	18.59%	18.90%
Total # Claims Fill 1-34 Days Supply	397	459	473	547	530	584
Total # Claims Fills 35-60 Days Supply	5	6	3	8	1	8
Total # Claims Fills 61-90 Days Supply	1,306	1,288	1,198	1,305	1,242	1,288
Total # Claims Fills 91+ Day Supply	0	0	0	0	0	0
<b>Formulary Program</b>						
S/S Formulary Drugs (% by claim)	22.60%	22.81%	22.18%	22.2%	22.21%	21.85%
S/S Non-Formulary Drugs (% by claim)	4.96%	4.83%	4.83%	4.8%	4.57%	4.47%
M/S Drugs (% by claim)	1.04%	0.97%	0.97%	1.0%	0.86%	0.88%
Generic Drugs (% by Claim)	71.40%	71.19%	72.02%	72.1%	72.26%	72.70%
S/S Formulary Drugs (% by \$)	78.15%	74.08%	72.86%	72.3%	71.87%	71.32%
S/S Non-Formulary Drugs (% by \$)	7.76%	7.44%	7.85%	7.5%	7.55%	7.58%
M/S Drugs (% by \$)	0.82%	0.30%	0.33%	0.3%	0.38%	0.44%
Generic Drugs (% by \$)	13.48%	18.18%	19.16%	19.6%	20.20%	20.68%
<b>Specialty Drugs</b>						
Total Drug Cost	\$1,373,629	\$1,220,429	\$1,363,475	\$1,432,132	\$1,275,030	\$1,488,734
Amount Paid by Plan Sponsor	\$1,310,984	\$1,184,613	\$1,328,282	\$1,398,112	\$1,242,387	\$1,449,889
Amount Paid by Members	\$62,645	\$35,816	\$34,193	\$34,020	\$32,643	\$38,736
Total Claims	720	683	673	728	680	741
Avg # of Rx's per Member per Month	0.00	0.00	0.00	0.005	0.004	0.005
Plan Paid Per Member Per Month (PMPM)	\$8.32	\$7.81	\$8.37	\$8.78	\$7.77	\$9.04
Avg Claim Cost to Plan	\$1,820.81	\$1,788.60	\$1,976.17	\$1,923.02	\$1,882.42	\$1,988.81
Avg Claim Cost to Member	\$87.01	\$84.17	\$60.79	\$49.61	\$49.44	\$49.57
Percent of Member Cost Share	4.58%	2.94%	2.81%	2.52%	2.59%	2.47%
Percent of Overall Drug Spend	11.55%	8.91%	10.58%	10.87%	10.18%	10.62%



### Key Performance Indicators

#### Comprehensive Indicators

#### WVA - WV Public Employees Ins

Current Period: 08/2009 - 08/2009  
Previous Period: 08/2008 - 08/2008

	Current Period	Previous Period	% Change
<b>Overall Performance</b>			
Plan Cost PMPM	\$84.29	\$74.38	13.3 %
Average Mbre/Month	163,809	167,914	3.7 %
Average Subs/Month	76,677	73,034	3.6 %
% Utilizing Members	48.8 %	45.9 %	2.0 %
% Retail Utilizing Members	48.6 %	45.6 %	2.0 %
% Mail Utilizing Members	0.6 %	0.6 %	1.6 %
<b>Rx Measures</b>			
Rxs PMPM	1.49	1.38	7.6 %
Retail Rxs PMPM	1.47	1.37	7.6 %
Mail Rxs PMPM	0.01	0.01	5.3 %
Average Admin Fee/Rx	\$0.00	\$0.00	-97.9 %
Avg Retail Admin Fee/Rx	\$0.00	\$0.00	-97.9 %
Avg Mail Admin Fee/Rx	\$0.00	\$0.00	0.0 %
Average Plan Cost/Rx	\$66.68	\$63.81	5.3 %
Avg Retail Plan Cost/Rx	\$66.29	\$63.30	6.6 %
Avg Mail Plan Cost/Rx	\$98.68	\$108.54	-9.1 %
Average Mbr Contrib/Rx	\$11.14	\$11.22	-0.7 %
Avg Retail Mbr Contrib/Rx	\$11.06	\$11.14	-0.7 %
Avg Mail Mbr Contrib/Rx	\$20.35	\$19.40	4.9 %
Average Ing Cost/Rx	\$68.39	\$63.43	4.7 %
Avg Retail Ing Cost/Rx	\$65.91	\$62.84	4.9 %
Avg Mail Ing Cost/Rx	\$119.02	\$126.44	-6.9 %
Average AWP/Rx	\$121.32	\$111.34	9.0 %
Avg Retail AWP/Rx	\$120.33	\$110.39	9.0 %
Avg Mail AWP/Rx	\$229.39	\$212.93	7.7 %
Average Days Supply/Rx	34.6	34.1	1.5 %
Avg Retail Days/Rx	34.3	33.7	1.6 %
Avg Mail Days/Rx	71.7	73.1	-1.9 %
Average Plan Cost/Day	\$1.64	\$1.58	3.7 %
Avg Retail Plan Cost/Day	\$1.64	\$1.58	3.9 %
Avg Mail Plan Cost/Day	\$1.38	\$1.49	-7.4 %
% Plan Cost	83.6 %	82.8 %	1.0 %
% Member Contribution	16.4 %	17.2 %	-4.8 %
% Retail Plan Cost	83.6 %	82.7 %	1.1 %
% Retail Mbr Contrib	16.4 %	17.3 %	-5.0 %
% Mail Plan Cost	82.9 %	84.8 %	-2.3 %
% Mail Member Contrib	17.1 %	15.2 %	12.8 %



## Key Performance Indicators

## Comprehensive Indicators

## WVA - WV Public Employees Ins

Current Period: 08/2009 - 08/2009

Previous Period: 08/2008 - 08/2008

	Current Period	Previous Period	% Change
<b>Rx Sources</b>			
% Mail Rxs	0.9 %	0.9 %	-2.1 %
% Retail Rxs	99.1 %	99.0 %	0.0 %
% Member Submit Rxs	0.0 %	0.0 %	-87.2 %
<b>Rx Types</b>			
Avg SSB Plan Cost/Rx	\$166.20	\$147.28	12.8 %
Avg Retail SSB Plan Cost/Rx	\$166.43	\$146.33	13.0 %
Avg Mail SSB Plan Cost/Rx	\$237.88	\$227.20	4.7 %
Avg MSB Plan Cost/Rx	\$27.29	\$11.75	132.3 %
Avg Retail MSB Plan Cost/Rx	\$28.60	\$11.59	131.3 %
Avg Mail MSB Plan Cost/Rx	\$94.72	\$28.30	234.7 %
Avg GEN Plan Cost/Rx	\$16.62	\$15.80	5.2 %
Avg Retail GEN Plan Cost/Rx	\$16.47	\$15.59	5.6 %
Avg Mail GEN Plan Cost/Rx	\$34.28	\$40.64	-15.7 %
% Single-Source Brand Rxs	26.7 %	28.9 %	-7.7 %
% Multi-Source Brand Rxs	1.0 %	0.9 %	3.5 %
% Generic Rxs	72.3 %	70.1 %	3.1 %
% Retail Single-Source Brand	26.7 %	28.9 %	-7.6 %
% Retail Multi-Source Brand	1.0 %	0.9 %	3.7 %
% Retail Generic	72.4 %	70.2 %	3.1 %
% Mail Single-Source Brand	31.4 %	38.6 %	-13.9 %
% Mail Multi-Source Brand	0.8 %	1.0 %	-22.2 %
% Mail Generic	67.8 %	62.5 %	8.5 %
% Formulary Rxs	93.7 %	93.5 %	0.3 %
% Retail Formulary Rxs	93.7 %	93.5 %	0.3 %
% Mail Formulary Rxs	93.5 %	92.5 %	1.1 %
% DAW Rxs	0.5 %	0.6 %	-13.9 %
% Retail DAW Rxs	0.5 %	0.5 %	-12.3 %
% Mail DAW Rxs	0.8 %	2.0 %	-81.1 %
% Generic Conversion	98.7 %	98.7 %	-0.0 %
% Retail GEN Conversion	98.7 %	98.7 %	-0.0 %
% Mail GEN Conversion	98.9 %	98.4 %	0.4 %
<b>Period Totals</b>			
Total Plan Cost	\$13,806,719.73	\$11,744,906.65	17.6 %
Retail Plan Cost	\$13,588,636.49	\$11,525,218.14	17.9 %
Mail Plan Cost	\$218,181.24	\$219,688.51	-0.7 %
Total Member Contribution	\$2,713,856.01	\$2,447,976.94	10.9 %



### Key Performance Indicators

Comprehensive Indicators

WVA - WV Public Employees Ins

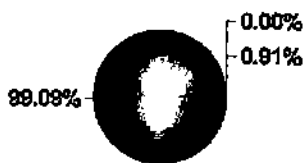
Current Period: 06/2009 - 06/2009

Previous Period: 06/2008 - 06/2008

	Current Period	Previous Period	
Retail Member Contrib	\$2,668,852.29	\$2,408,718.35	10.8 %
Mail Member Contrib	\$45,002.72	\$39,258.89	14.6 %
<b>Total Rx Count</b>	<b>243,596</b>	<b>218,265</b>	<b>11.6 %</b>
Retail Rx Count	241,375	216,171	11.7 %
Member Submit Rxs	10	70	-85.7 %
Mail Rx Count	2,211	2,024	9.2 %
<b>Total Admin Fee</b>	<b>\$25.00</b>	<b>\$1,053.00</b>	<b>-97.8 %</b>
<b>Total UC Savings</b>	<b>\$10,031,693.66</b>	<b>\$8,140,054.32</b>	<b>23.2 %</b>
<b>Total Lost Savings</b>	<b>\$22,808.83</b>	<b>\$13,304.55</b>	<b>71.4 %</b>
<b>Demographics</b>			
Average Age	39.1	39.0	0.2 %
% Male Members	46.5 %	46.5 %	0.0 %
% Female Members	53.5 %	53.5 %	-0.0 %

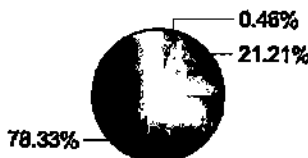
### Graphs based on Current Period: 06/2009 - 06/2009

Claim Source by Rx Count



■ Mail □ Mem... ■ Retail

Drug Type by Plan Cost



□ Gen... ■ MS... ■ SS...

Formulary Status by Rx Count



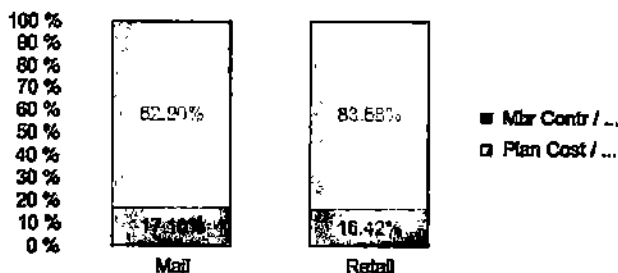
■ For... □ Non...

Drug Formulary Status by Plan Cost



□ Bra... □ Bra... ■ Gen...

Cost Share Distribution by Claim Source



# Utilization Report by Population Level

WVA - WV Public Employees Ins

Prescriptions Filled From 06/2009 - 06/2009



Reporting Level 2	Avg Mbr Count	Avg Util Mbr/Month	Rx Count	Plan Cost	Member Contr/Rx	Plan Cost/Rx	Mail % Rxs	Gen % Rxs	Form % Rxs	Gen Conv %	PMPM Plan Cost
COBRA (COBRA)	335	187	650	\$51,245	\$10.66	\$78.84	2.0 %	69.1 %	94.9 %	89.1 %	\$152.97
NON STATE AGENCIES (02)	18,688	8,262	25,825	\$1,353,168	\$10.70	\$52.40	0.9 %	73.6 %	94.4 %	89.0 %	\$72.42
NON STATE AGENCIES PLAN B (02B)	3,674	1,242	3,373	\$119,603	\$16.31	\$35.48	5.1 %	78.8 %	95.0 %	89.4 %	\$32.55
NON STATE RETIREES (06)	1,415	851	4,012	\$207,838	\$10.60	\$51.60	1.3 %	73.0 %	94.3 %	88.9 %	\$148.88
NON STATE RETIREES 60 (0660)	31	29	117	\$8,711	\$3.16	\$57.36	0.0 %	73.5 %	91.5 %	88.9 %	\$218.48
STATE AGENCIES (01)	120,965	64,834	168,164	\$9,633,455	\$11.08	\$57.29	0.8 %	72.1 %	93.5 %	88.6 %	\$79.64
STATE AGENCIES (01B)	4,041	1,119	2,613	\$101,841	\$13.21	\$38.97	1.0 %	76.2 %	93.3 %	89.1 %	\$25.20
STATE RETIREES (07)	14,534	9,905	38,249	\$2,301,477	\$11.43	\$60.17	1.1 %	71.5 %	94.0 %	88.5 %	\$158.35
STATE RETIREES ASST 60 (0760)	129	102	593	\$31,353	\$1.66	\$52.87	2.2 %	77.2 %	96.1 %	89.3 %	\$248.63
TEST GROUP (17022)	2	NA	NA	\$0	NA	NA	NA	NA	NA	NA	NA
<b>Grand Total</b>	<b>163,809</b>		<b>243,598</b>	<b>\$13,606,720</b>	<b>\$11.14</b>	<b>\$56.68</b>	<b>0.9 %</b>	<b>72.3 %</b>	<b>93.7 %</b>	<b>88.7 %</b>	<b>\$84.29</b>

*Monthly Management Report*  
*TOTAL CLAIMS*  
*JUNE 2009*



WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
MONTHLY MANAGEMENT REPORT - TOTAL CLAIMS  
JUNE 2009

Page: 1

Reporting Category	Type of Service	Current Period	Current	12 Months Prior	12 Months Prior	Current Fiscal Yr	Previous Fiscal Yr
		PEIA Payments	Rolling Avg PEIA Payments	PEIA Payments	Rolling Avg PEIA Payments	PEIA Payments	PEIA Payments
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	180,063.09	191,280.18	139,396.57	153,207.45	2,340,068.66	1,761,277.11
	MATERNITY	120,576.10	171,635.89	207,367.33	160,001.41	1,972,839.40	1,939,076.06
	MEDICAL AND SURGICAL	6,519,879.38	6,376,909.30	7,792,577.65	5,942,528.44	75,250,213.38	73,099,995.88
	NEONATAL COMPLICATIONS	29,197.23	40,847.08	29,626.04	47,138.93	489,736.16	518,407.84
	***** sum	6,849,715.80	6,780,672.45	8,164,927.59	6,302,876.24	80,052,857.60	77,318,756.89
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	64,013.43	41,822.28	45,037.48	35,722.01	520,843.32	440,594.46
	DIALYSIS	162,937.92	120,158.31	115,035.75	143,611.02	1,489,801.89	1,697,545.96
	EMERGENCY ROOM	700,882.92	498,898.57	512,841.53	451,360.77	6,174,824.24	5,433,871.85
	MATERNITY	42,797.92	44,155.84	43,900.10	45,206.53	528,767.92	541,302.74
	MEDICAL AND SURGICAL	9,985,196.26	7,916,894.26	8,141,766.13	7,397,175.29	96,846,161.26	89,774,991.08
***** sum	10,955,828.45	8,621,929.26	8,858,580.99	8,073,075.62	105,560,398.63	97,888,306.09	
PHARMACY	PRESCRIPTION DRUGS	10,831,379.20	10,197,007.49	10,101,394.83	9,704,596.24	123,094,074.30	116,317,757.07
***** sum		10,831,379.20	10,197,007.49	10,101,394.83	9,704,596.24	123,094,074.30	116,317,757.07
PROFESSIONAL SERVICES	ADVANCED IMAGING	477,313.36	524,178.08	630,878.77	545,966.58	6,136,571.56	6,561,769.81
	AMBULANCE	237,370.09	195,549.74	252,221.70	179,894.40	2,331,745.22	2,235,209.56
	ANESTHESIA	683,632.06	684,916.70	691,823.19	685,369.70	8,210,809.26	8,126,528.53
	BEHAVIORAL	369,923.53	318,089.92	387,396.35	321,166.14	3,828,606.22	3,838,133.56
	CARDIOVASCULAR MEDICINE	401,736.43	365,686.23	421,442.52	371,029.81	4,368,528.67	4,392,247.68
	CERVICAL CANCER SCREENING	16,235.32	17,897.09	18,144.95	21,776.88	212,855.43	254,834.32
	DIALYSIS	13,678.35	7,504.54	7,247.82	4,750.38	96,485.02	58,428.25
	DME	526,775.17	416,674.49	486,867.76	396,411.52	5,040,001.23	4,802,634.30

SOURCE: WELLS FARGO 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  
 JUNE 2009

Page: 2

Reporting Category	Type of Service	Current Period	Current	12 Months Prior	12 Months Prior	Current Fiscal Yr	Previous Fiscal Yr
		PEIA Payments	Rolling Avg PEIA Payments	PEIA Payments	Rolling Avg PEIA Payments	PEIA Payments	PEIA Payments
PROFESSIONAL SERVICES	EVALUATION AND MANAGEMENT	4,875,388.69	4,551,681.58	4,298,943.15	4,380,574.61	58,186,622.47	52,142,816.76
	IMMUNIZATION	225,432.21	305,881.39	238,684.24	305,210.76	3,657,324.61	3,623,870.45
	INJECTION	680,585.91	770,686.51	877,820.33	714,421.39	9,051,003.74	8,565,085.24
	LAB AND PATHOLOGY	921,715.01	688,752.36	777,399.24	651,792.49	8,409,344.08	7,783,306.36
	MAMMOGRAPHY	61,626.92	77,560.10	67,706.28	94,622.03	924,641.87	1,102,948.96
	OTHER	476,237.29	440,868.60	454,012.67	377,666.52	5,312,647.85	4,604,844.53
	OTHER IMAGING	842,551.79	754,327.88	823,349.92	806,413.11	9,073,836.37	9,482,659.78
	OTHER MEDICINE	694,279.77	711,399.90	697,809.02	715,854.56	8,533,269.59	8,596,455.72
	PHYSICAL MEDICINE	805,301.94	604,870.03	633,409.71	572,630.83	7,426,732.53	6,894,094.44
	PROSTATE CANCER SCREENING	29,481.61	15,105.46	21,474.61	14,853.00	189,272.51	177,986.49
	SURGICAL	2,846,509.89	2,447,440.13	2,770,063.71	2,471,919.17	29,447,727.69	29,635,445.97
*****							
sum		18,186,775.34	13,898,970.71	14,526,697.94	13,632,423.55	167,447,725.92	162,879,300.71
sum		43,823,698.79	39,498,579.92	41,651,601.35	37,712,971.64	476,155,056.45	454,404,120.76

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

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*Monthly Management Report*  
*PER CAPITA CLAIMS*  
*JUNE 2009*



WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
 MONTHLY MANAGEMENT REPORT - PER CAPITA CLAIMS  
 JUNE 2009

Page: 1

Reporting Category	Type of Service	Current Period	Current	12 Months Prior	12 Months Prior	Current Fiscal Yr	Previous Fiscal Yr
		FEIA Payments	Rolling Avg FEIA Payments	FEIA Payments	Rolling Avg FEIA Payments	FEIA Payments	FEIA Payments
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	1.1280	1.2776	.8882	1.0585	14.9502	11.7284
	MATERNITY	.7584	1.1471	1.3607	1.1052	12.6041	12.9091
	MEDICAL AND SURGICAL	40.8452	42.6802	51.1344	41.0227	480.7583	486.6504
	NEONATAL COMPLICATIONS	.1829	.2740	.1944	.3263	3.1288	3.4512
	SUM	42.9116	45.3488	53.5777	43.5126	511.4414	514.7360
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.4010	.2796	.2858	.2464	3.3276	2.9332
	DIALYSIS	1.0208	.8028	.7849	.9913	9.5180	11.3011
	EMERGENCY ROOM	4.3908	3.3320	3.3632	3.1154	39.4497	36.1750
	MATERNITY	.2681	.2951	.2881	.3118	3.3782	3.6036
	MEDICAL AND SURGICAL	62.5845	52.8984	53.4258	51.0488	618.7304	597.6612
SUM	68.6352	57.6079	58.1295	55.7137	674.4039	651.6742	
PHARMACY	PRESCRIPTION DRUGS	67.8556	68.1590	66.2847	66.9827	786.4230	774.3650
SUM		67.8556	68.1590	66.2847	66.9827	786.4230	774.3650
PROFESSIONAL SERVICES	ADVANCED IMAGING	2.9902	3.5068	4.1398	3.7702	39.2053	43.6838
	AMBULANCE	1.4871	1.3083	1.6551	1.2432	14.8970	14.8805
	ANESTHESIA	4.2828	4.5790	4.5397	4.7354	52.4372	54.1009
	BEHAVIORAL	2.3112	2.1255	2.3452	2.2166	24.4602	25.5517
	CARDIOVASCULAR MEDICINE	2.5168	2.4451	2.7655	2.5621	27.9096	29.2406
	CERVICAL CANCER SCREENING	.1017	.1198	.1191	.1505	1.3599	1.6965
	DIALYSIS	.0857	.0500	.0476	.0328	.6164	.3890
	DME	3.3001	2.7855	3.1948	2.7380	32.1995	31.9727

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

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

JUNE 2009

Page: 2

Reporting Category	Type of Service	Current Period	Current	12 Months Prior	12 Months Prior	Current Fiscal Yr	Previous Fiscal Yr
		FEIA Payments	Rolling Avg FEIA Payments	FEIA Payments	Rolling Avg FEIA Payments	FEIA Payments	FEIA Payments
PROFESSIONAL SERVICES	EVALUATION AND MANAGEMENT	30.5430	30.4180	28.2094	30.2452	352.6400	347.1316
	IMMUNIZATION	1.4123	2.0446	1.5662	2.1095	23.3659	24.1253
	INJECTION	4.2637	5.1530	5.7602	4.9357	57.8250	57.0205
	LAB AND PATHOLOG	5.7743	4.6014	5.1012	4.4992	53.7256	51.8160
	MAMMOGRAPHY	.3861	.5190	.4443	.6545	5.9073	7.3427
	OTHER	2.9835	2.9483	2.9792	2.6089	33.9414	30.6559
	OTHER IMAGING	5.2784	5.0409	5.4028	5.5702	57.9690	63.1291
	OTHER MEDICINE	4.3495	4.7542	4.5790	4.9454	54.5173	57.2294
	PHYSICAL MEDICINE	5.0450	4.0389	4.1564	3.9524	47.4479	45.8962
	PROSTATE CANCER SCREENING	.1847	.1011	.1409	.1026	1.2092	1.1849
	SURGICAL	17.8451	16.3685	18.1770	17.0717	188.1355	197.2928
*****							
sum		95.1409	92.9049	95.3233	94.1444	1,069.7895	1,084.3403
sum		274.5433	264.0206	273.3152	260.3534	3,042.0578	3,025.1186

SOURCE: WELLS FARGO AND EXPRESS SCRIPTS PAID CLAIMS TAXES  
 NOTE: CLAIMS LISTED ARE ON A PAID BASIS  
 NOTE: DOES NOT INCLUDE REBATES, PHARMACY ADMINISTRATIVE FEES, OR RECOVERIES

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# *Monthly Management Report*

**PER CAPITA UTILIZATION**

**JUNE 2009**

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
 MONTHLY MANAGEMENT REPORT - PER CAPITA UTILIZATION  
 JUNE 2009

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	.0006	.0006	.0068	.0073
	MATERNITY	.0006	.0008	.0096	.0101
	MEDICAL AND SURGICAL	.0070	.0087	.0987	.1009
	NEONATAL COMPLICATIONS	.0001	.0003	.0023	.0038
*****					
sum		.0083	.0104	.1175	.1220
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.0039	.0029	.0334	.0318
	DIALYSIS	.0046	.0029	.0378	.0380
	EMERGENCY ROOM	.0283	.0248	.2889	.2999
	MATERNITY	.0019	.0023	.0243	.0278
	MEDICAL AND SURGICAL	.2207	.2113	2.4376	2.5158
*****					
sum		.2593	.2439	2.8220	2.9134
PHARMACY	PRESCRIPTION DRUGS	.8638	.8493	10.8707	10.8716
*****					
sum		.8638	.8493	10.8707	10.8716
PROFESSIONAL SERVICES	ADVANCED IMAGING	.0209	.0220	.2736	.2785
	AMBULANCE	.0035	.0042	.0448	.0482
	ANESTHESIA	.0182	.0181	.2298	.2276
	BEHAVIORAL	.0401	.0380	.4542	.4755
	CARDIOVASCULAR MEDICINE	.0318	.0327	.4034	.3999
	CERVICAL CANCER SCREENING	.0040	.0048	.0557	.0734
	DIALYSIS	.0008	.0003	.0047	.0047
	DME	.0243	.0257	.2858	.2975
	EVALUATION AND MANAGEMENT	.4761	.4560	5.8111	5.8941
	IMMUNIZATION	.0171	.0164	.4312	.3947

SOURCE: WELLS FARGO AND EXPRESS SCRIPTS PAID CLAIMS TAPES  
 NOTE: CLAIMS LISTED ARE ON A PAID BASIS

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WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
 MONTHLY MANAGEMENT REPORT - PER CAPITA UTILIZATION  
 JUNE 2009

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	.0291	.0276	.3278	.3318
	LAB AND PATHOLOGY	.1619	.1531	1.9017	1.9924
	MAMMOGRAPHY	.0129	.0150	.1928	.2049
	OTHER	.0342	.0312	.4418	.4076
	OTHER IMAGING	.0890	.0903	1.1157	1.1483
	OTHER MEDICINE	.0741	.0764	.9060	.9212
	PHYSICAL MEDICINE	.1068	.1049	1.2135	1.2519
	PROSTATE CANCER SCREENING	.0071	.0068	.0717	.0720
	SURGICAL	.0808	.0790	.9463	.9522
*****					
sum		1.2326	1.2023	15.1116	15.3784
sum		2.3639	2.3059	28.9218	29.2854

SOURCE: WELLS FARGO AND EXPRESS SCRIPTS PAID CLAIMS TAPES  
 NOTE: CLAIMS LISTED ARE ON A PAID BASIS

91

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

**DRAFT**

	June 30	
	2009	2008
	(In thousands)	
<b>ASSETS</b>		
Short Term Assets		
Cash and Equivalents	\$ 32,181	\$ 30,595
Advance Deposit with Carrier/Trustee	174,214	158,436
Receivables - Net	541	1,709
Prepaid Insurance	-	-
<b>Total Short Term Assets</b>	<b>206,936</b>	<b>190,740</b>
Long Term Assets		
Investments	105,461	109,325
<b>Total Long Term Assets</b>	<b>105,461</b>	<b>109,325</b>
<b>TOTAL ASSETS</b>	<b>312,397</b>	<b>300,065</b>
<b>LIABILITIES</b>		
Short Term Liabilities		
Accounts payable	385	781
Claims Payable	158	13
OPEB Liability	35	35
Agents Commissions Payable	1,247	1,621
Unearned Revenue	7,236	7,705
Current Estimated Claim Reserve	54,360	50,693
<b>Total Short Term Liabilities</b>	<b>63,420</b>	<b>60,848</b>
Long Term Liabilities		
Compensated Absences	52	52
Estimated Noncurrent Claim Reserve	114,040	111,535
<b>Total Long Term Liabilities</b>	<b>114,092</b>	<b>111,587</b>
<b>TOTAL LIABILITIES</b>	<b>177,512</b>	<b>172,435</b>
Prior Year Net Assets	127,630	97,547
Change in accounting principle for OPEB	-	148
Current Year Earnings	7,255	29,935
<b>TOTAL NET ASSETS</b>	<b>134,885</b>	<b>127,630</b>
<b>TOTAL LIABILITIES AND RETAINED EARNINGS</b>	<b>\$ 312,397</b>	<b>\$ 300,065</b>

DRAFT - Unaudited - Management Purposes Only

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

**DRAFT**

	June 30	
	2009	2008
	(in thousands)	
Operating Revenues		
Premium Revenues	\$ 62,427	\$ 72,986
Less - Excess Insurance	(6,137)	(6,394)
Total Operating Revenues	56,290	66,592
Operating Expenses		
Claims Expense	47,090	40,991
Property & MS Claims Expense	5,400	1,991
Personal Services	1,298	1,260
Operating Expenses	2,539	2,987
Total Operating Expenses	56,327	47,229
Operating Income	(37)	19,363
Nonoperating Revenues		
Court Fees	31	30
Other post employment benefits	-	30
Investment Income	7,261	10,512
Total Nonoperating Revenues	7,292	10,572
Net Income	7,255	29,935

DRAFT - Unaudited - Management Purposes Only





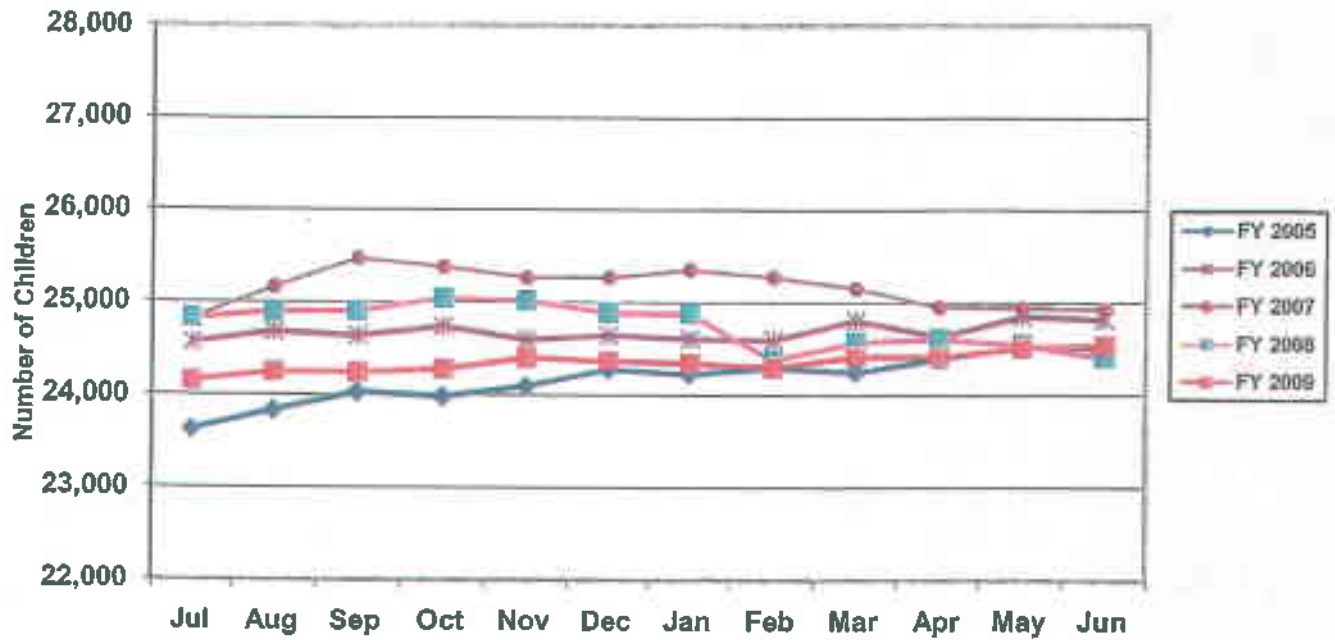
**West Virginia  
Children's Health Insurance Program  
1018 Kanawha Boulevard East  
Suite 209  
Charleston, WV 25301**

**Phone: 304-558-2732  
Toll-Free: 1-877-WVA CHIP  
Fax: 304-558-2741  
[www.wvchip.org](http://www.wvchip.org)**

**Joint Committee on  
Government and Finance  
Report**

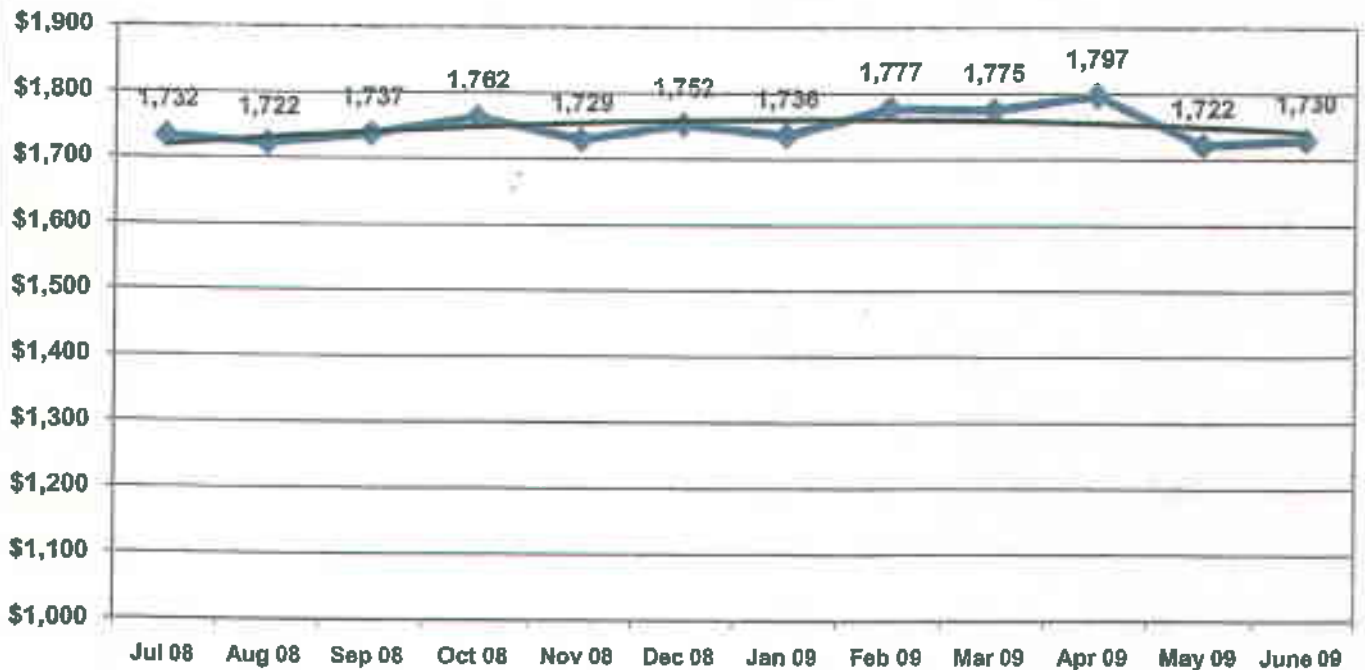
**August 2009**

## WV CHIP Enrollment



July 31, 2009 Enrollment 24,533

## Annualized Health Care Expenditures (Cost per Child)



**West Virginia Children's Health Insurance Program**  
**Comparative Balance Sheet**  
**June 2009 and 2008**  
**(Accrual Basis)**

	June 30, 2009	June 30, 2008	Variance	
<b>Assets:</b>				
Cash & Cash Equivalents	\$10,952,407	\$8,254,028	\$2,698,379	33%
Due From Federal Government	\$3,215,434	\$2,912,490	\$302,944	10%
Due From Other Funds	\$771,761	\$640,194	\$131,567	21%
Accrued Interest Receivable	\$3,500	\$14,753	(\$11,253)	-76%
Fixed Assets, at Historical Cost	<u>\$70,282</u>	<u>\$71,379</u>	<u>(\$1,097)</u>	<u>-2%</u>
<b>Total Assets</b>	<b><u>\$15,013,384</u></b>	<b><u>\$11,892,845</u></b>	<b><u>\$3,120,539</u></b>	<b><u>26%</u></b>
<b>Liabilities:</b>				
Due to Other Funds	\$256,634	\$102,684	\$153,950	150%
Deferred Revenue	\$3,311,555	\$1,514,347	\$1,797,208	119%
Unpaid Insurance Claims Liability	<u>\$3,940,000</u>	<u>\$3,450,000</u>	<u>\$490,000</u>	<u>14%</u>
<b>Total Liabilities</b>	<b><u>\$7,508,190</u></b>	<b><u>\$5,067,031</u></b>	<b><u>\$2,441,159</u></b>	<b><u>48%</u></b>
Fund Equity	<u>\$7,505,195</u>	<u>\$6,825,814</u>	<u>\$679,381</u>	<u>10%</u>
<b>Total Liabilities and Fund Equity</b>	<b><u>\$15,013,384</u></b>	<b><u>\$11,892,845</u></b>	<b><u>\$3,120,539</u></b>	<b><u>26%</u></b>

**PRELIMINARY FINANCIAL STATEMENTS**

Unaudited - For Management Purposes Only - Unaudited

**West Virginia Children's Health Insurance Program**  
**Comparative Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Twelve Months Ending June 30, 2009 and June 30, 2008**  
**(Modified Accrual Basis)**

	June 30, 2009	June 30, 2008	Variance	
<b>Revenues:</b>				
Federal Grants	38,090,330	35,895,264	2,195,066	6%
State Appropriations	10,971,688	10,968,995	2,693	0%
Premium Revenues	150,892	88,681	62,211	70%
Investment Earnings	<u>106,999</u>	<u>237,746</u>	<u>(130,747)</u>	-55%
<b>Total Operating Revenues</b>	<b><u>49,319,909</u></b>	<b><u>47,190,686</u></b>	<b><u>2,129,223</u></b>	<b><u>5%</u></b>
<b>Operating Expenditures:</b>				
<b>Claims:</b>				
Outpatient Services	12,224,125	10,951,787	1,272,338	12%
Physicians & Surgical	9,842,181	9,354,186	487,995	5%
Prescribed Drugs	8,330,498	8,168,467	162,031	2%
Dental	5,001,530	4,884,107	117,423	2%
Inpatient Hospital Services	3,940,702	3,795,569	145,133	4%
Outpatient Mental Health	1,324,451	1,258,980	65,471	5%
Durable & Disposable Med. Equip.	1,199,893	1,131,598	68,295	6%
Inpatient Mental Health	751,596	570,603	180,993	32%
Vision	620,112	597,657	22,455	4%
Therapy	470,990	378,309	92,681	24%
Medical Transportation	346,864	235,160	111,704	48%
Other Services	148,881	92,190	56,691	61%
Less: Collections*	<u>(709,494)</u>	<u>(601,431)</u>	<u>(108,063)</u>	<u>18%</u>
<b>Total Claims</b>	<b><u>43,492,329</u></b>	<b><u>40,817,182</u></b>	<b><u>2,675,147</u></b>	<b><u>7%</u></b>
<b>General and Admin Expenses:</b>				
Salaries and Benefits	490,749	471,346	19,403	4%
Program Administration	2,178,074	2,045,437	132,637	6%
Eligibility	318,877	303,426	15,451	5%
Outreach & Health Promotion	128,013	80,419	47,594	59%
Current	<u>184,039</u>	<u>132,180</u>	<u>51,859</u>	<u>39%</u>
<b>Total Administrative</b>	<b><u>3,299,752</u></b>	<b><u>3,032,808</u></b>	<b><u>266,944</u></b>	<b><u>9%</u></b>
<b>Total Expenditures</b>	<b><u>46,792,081</u></b>	<b><u>43,849,990</u></b>	<b><u>2,942,091</u></b>	<b><u>7%</u></b>
<b>Excess of Revenues</b>				
Over (Under) Expenditures	2,527,829	3,340,696	(812,867)	-24%
<b>Fund Equity, Beginning</b>	<b><u>4,977,366</u></b>	<b><u>3,485,118</u></b>	<b><u>1,492,248</u></b>	<b><u>43%</u></b>
<b>Fund Equity, Ending</b>	<b><u>7,505,195</u></b>	<b><u>6,825,814</u></b>	<b><u>679,381</u></b>	<b><u>10%</u></b>

\* Collections are primarily drug rebates and subrogation

## PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

West Virginia Children's Health Insurance Program  
 Budget to Actual Statement  
 State Fiscal Year 2009  
 For the Twelve Months Ended June 30, 2009

	Budgeted for Year	Year to Date Budgeted Amt	Year to Date Actual Amt	Year to Date Variance*		Monthly Budgeted Amt	Jun-09	May-09	Apr-09
Projected Cost	\$42,533,167	\$42,533,167	\$43,081,286	(\$1,148,119)	-3%	\$3,544,431	\$3,580,395	\$3,639,125	\$5,133,053
Premiums	136,290	136,290	150,892	(\$14,602)	11%	11,358	\$20,786	\$18,087	\$16,052
Subrogation & Rebates	<u>539,625</u>	<u>539,625</u>	<u>709,151</u>	<u>(169,526)</u>	<u>31%</u>	<u>44,969</u>	<u>43,452</u>	<u>8,186</u>	<u>78,263</u>
Net Benefit Cost	41,857,252	\$41,857,252	\$42,821,243	(\$963,991)	-2%	3,488,104	3,516,157	3,612,852	5,038,738
Salaries & Benefits	\$515,488	\$515,488	\$490,751	\$24,735	5%	\$42,957	\$39,895	\$40,492	\$40,615
Program Administration	2,080,170	2,080,170	2,093,227	(13,057)	-1%	173,348	205,072	179,685	93,944
Eligibility	318,670	318,670	296,484	22,206	7%	26,556	60,771	6,418	0
Outreach	81,895	81,895	121,866	(39,971)	-49%	6,825	15,020	10,670	3,760
Current Expense	<u>140,409</u>	<u>140,400</u>	<u>143,671</u>	<u>(3,271)</u>	<u>-2%</u>	<u>11,700</u>	<u>13,584</u>	<u>8,488</u>	<u>16,774</u>
Total Admin Cost	\$3,136,622	\$3,136,622	\$3,145,979	(\$9,357)	0%	\$261,385	\$334,342	\$245,751	\$155,113
Total Program Cost	<u>\$44,993,874</u>	<u>\$44,993,874</u>	<u>\$45,967,222</u>	<u>(\$973,348)</u>	<u>-2%</u>	<u>\$3,749,489</u>	<u>\$3,850,499</u>	<u>\$3,858,603</u>	<u>\$5,193,851</u>
Federal Share 81.98%	36,485,532	\$36,485,532	\$37,550,029	(1,064,497)	-3%	3,040,461	3,142,392	3,149,006	4,238,702
State Share 18.02%	<u>8,508,342</u>	<u>\$8,508,342</u>	<u>\$8,417,193</u>	<u>91,149</u>	<u>1%</u>	<u>709,028</u>	<u>708,107</u>	<u>709,597</u>	<u>955,149</u>
Total Program Cost *	<u>\$44,993,874</u>	<u>\$44,993,874</u>	<u>\$45,967,222</u>	<u>(\$973,348)</u>	<u>-2%</u>	<u>\$3,749,489</u>	<u>\$3,850,499</u>	<u>\$3,858,603</u>	<u>\$5,193,851</u>

\* Positive percentages indicate favorable variances  
 \*\* Budgeted Year Based on CCRC Actuary 6/30/2008 Report.

Unaudited - Cash Basis For Management Purposes Only - Unaudited

Memo for Calcs Above:

Notes:

- 1/. Total budgeted for Year Program costs are CCRC Actuary's Base Line Scenario dated 6/30/08 Final worksheet Net Paid Program Costs.
- 2/. Federal Share for FFY 2008 is 81.98%. Federal Share for FFY 2009 (10/1/08 - 9/30/09) is set at 81.61%.

# WVCHIP Enrollment Report

ATTACHMENT 1

July 2009

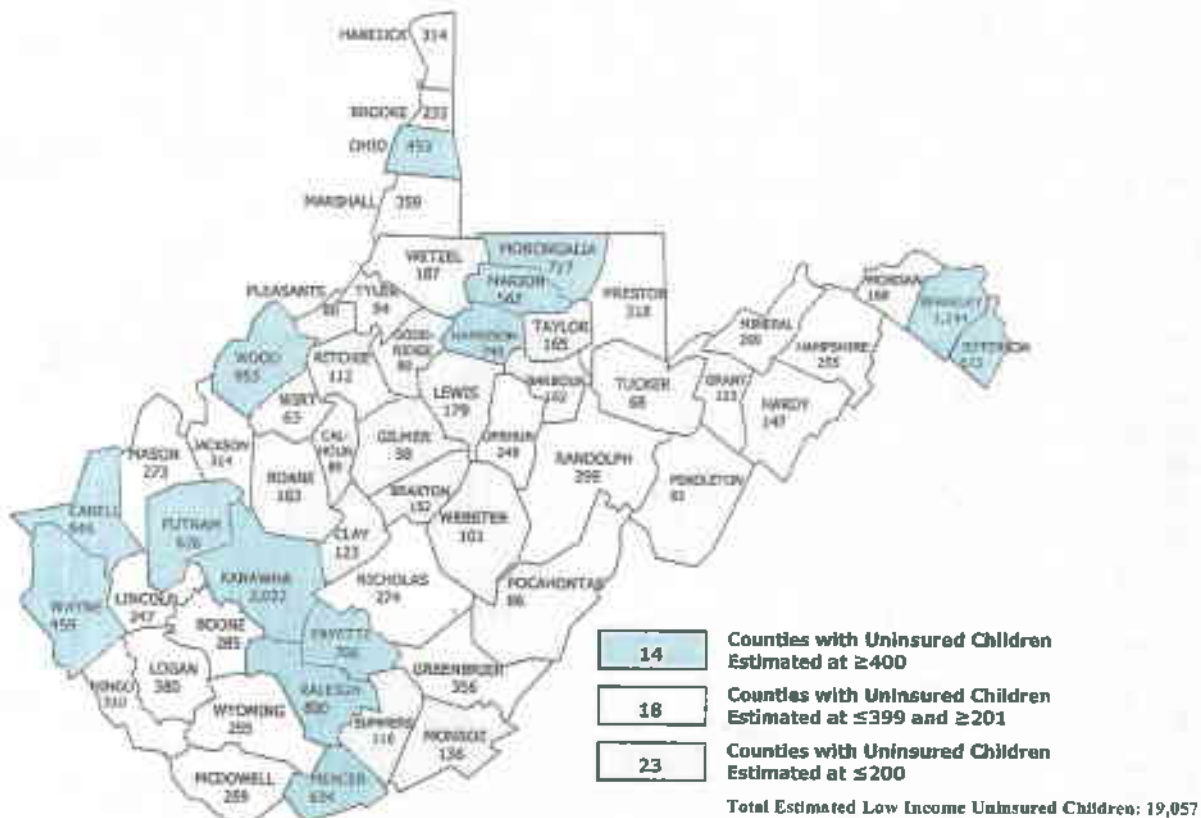
County	County Pop.	Total CHIP	Total Medicaid	Total	CHIP/Medicaid	2007	2007
	2005 Est. (0-18 Yrs)	Enrollment Jul-09	Enrollment Jul-09	CHIP/Medicaid Enrollment	% of Population	Est. Uninsured 5%	# Children Uninsured Ranking*
Kanawha	40,647	2,217	16,575	18,792	46.2%	2,032	1
Berkeley	22,882	1,265	6,941	8,206	35.9%	1,144	2
Wood	19,063	1,139	7,976	9,115	47.8%	953	3
Cabell	18,900	995	8,179	9,174	48.5%	945	4
Raleigh	15,992	1,264	7,067	8,331	52.1%	800	5
Harrison	14,973	910	5,753	6,663	44.5%	749	6
Monongalia	14,346	736	4,105	4,841	33.7%	717	7
Mercer	12,687	1,108	6,620	7,728	60.9%	634	8
Putnam	12,522	721	3,185	3,906	31.2%	626	9
Jefferson	11,465	414	2,531	2,945	25.7%	573	10
Marion	11,245	722	4,240	4,962	44.1%	562	11
Fayette	9,692	884	4,739	5,623	58.0%	485	12
Wayne	9,176	552	4,129	4,681	51.0%	459	13
Ohio	9,068	551	2,987	3,538	39.0%	453	14
Logan	7,810	585	3,903	4,468	58.7%	380	15
Marshall	7,176	362	2,740	3,102	43.2%	359	16
Greenbrier	7,110	559	2,817	3,376	47.5%	356	17
Preston	6,354	474	2,327	2,801	44.1%	318	18
Jackson	6,277	383	2,585	2,968	47.3%	314	19
Hancock	6,270	361	2,338	2,699	43.0%	314	20
Mingo	6,204	394	3,078	3,472	56.0%	310	21
Mineral	5,973	283	2,015	2,298	38.5%	299	22
Randolph	5,971	436	2,619	3,055	51.2%	299	23
Boone	5,706	308	2,579	2,887	50.6%	285	24
Nicholas	5,478	413	2,559	2,972	54.3%	274	25
Mason	5,461	279	2,550	2,829	51.8%	273	26
McDowell	5,170	359	3,300	3,659	70.8%	259	27
Hampshire	5,110	281	2,064	2,345	45.9%	255	28
Wyoming	5,092	412	2,647	3,059	60.1%	255	29
Upshur	4,956	427	2,222	2,649	53.5%	248	30
Lincoln	4,945	398	2,623	3,021	61.1%	247	31
Brooke	4,658	313	1,514	1,827	39.2%	233	32
Wetzel	3,732	214	1,655	1,869	50.1%	187	33
Lewis	3,577	295	1,765	2,060	57.6%	179	34
Morgan	3,365	248	1,184	1,430	42.5%	168	35
Taylor	3,307	232	1,372	1,604	48.5%	165	36
Roane	3,266	263	1,710	1,973	60.4%	163	37
Barbour	3,248	294	1,535	1,829	56.3%	162	38
Braxton	3,044	197	1,534	1,731	56.9%	152	39
Hardy	2,950	153	1,157	1,310	44.4%	147	40
Monroe	2,728	194	1,047	1,241	45.5%	136	41
Grant	2,463	153	940	1,093	44.4%	123	42
Clay	2,454	199	1,395	1,594	64.9%	123	43
Summers	2,322	218	1,132	1,350	58.1%	118	44
Ritchie	2,234	141	954	1,095	49.0%	112	45
Webster	2,020	169	1,155	1,324	65.6%	101	46
Tyler	1,887	128	754	882	46.7%	94	47
Pocahontas	1,717	145	675	820	47.8%	88	48

# WVCHIP Enrollment Report

ATTACHMENT 1

July 2009

County	County Pop. 2005 Est. (0-18 Yrs)	Total CHIP Enrollment Jul-09	Total Medicaid Enrollment Jul-09	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2007 Est. Uninsured 5%	2007 # Children Uninsured Ranking*
Pendleton	1,632	104	467	571	35.0%	82	49
Doddridge	1,607	131	740	871	54.2%	80	50
Pleasants	1,593	98	540	638	40.0%	80	51
Calhoun	1,389	128	847	975	70.2%	69	52
Tucker	1,354	144	497	641	47.3%	68	53
Wirt	1,268	109	550	659	52.0%	63	54
Gilmer	1,154	93	563	656	56.9%	58	55
<b>Totals</b>	<b>382,490</b>	<b>24,533</b>	<b>155,675</b>	<b>180,208</b>	<b>47.1%</b>	<b>19,125</b>	



**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.

Legislative Oversight Commission on  
Health and Human Resources Accountability

*AUGUST 2009*

Department of Administration

State Children's Health Insurance Program  
UPDATE





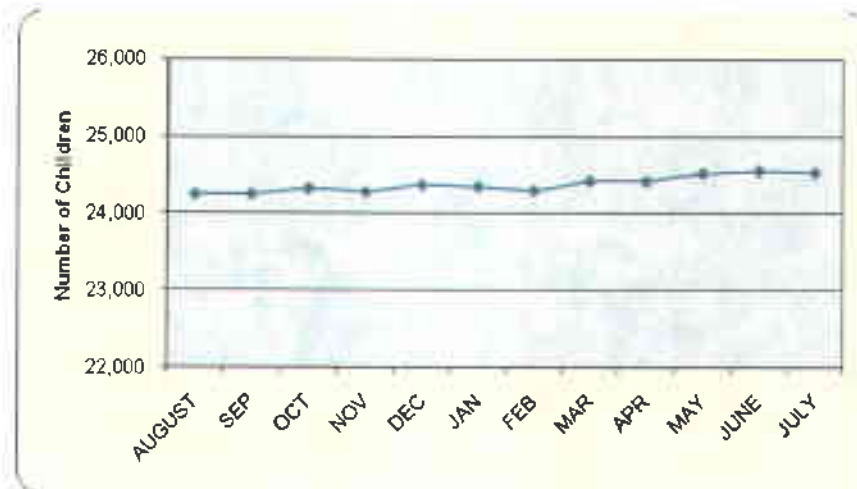
# WV CHILDREN'S HEALTH INSURANCE AGENCY

## REPORT FOR AUGUST 2009

### I. Enrollment on July 2009: 24,533

See Attachment 1 for enrollment by county.

Current 12-Month Enrollment Period: August 2008 through July 2009



### Enrollee Totals: May 2009 to July 2009

Month	Total	1 Year	Total
May	1,771	Average	1,782
June	1,548	High	2,082
July	1,609	Low	1,481

### New Enrollee (Never Before on CHIP) Totals: May 2009 to July 2009

Month	Total	1 Year	Total
May	648	Average	725
June	543	High	838
July	639	Low	612

### II. Re-enrollment for 3 Month Period: April 2009 to June 2009

Total Forms Mailed		Enrolled within Notice Period		Reopened Cases After Closure		Final Closures	
Month	Total	#	%	#	%	#	%
April	1,705	1,098	64%	168	10%	439	26%
May	1,615	994	62%	119	7%	468	29%
June	1,714	1,052	61%	129	8%	496	29%

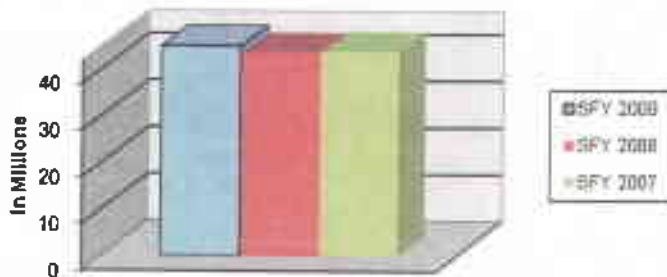
**III. Financial Activity**

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

*The average annualized claims cost per child for the month ended June 2009 was \$1,862.*

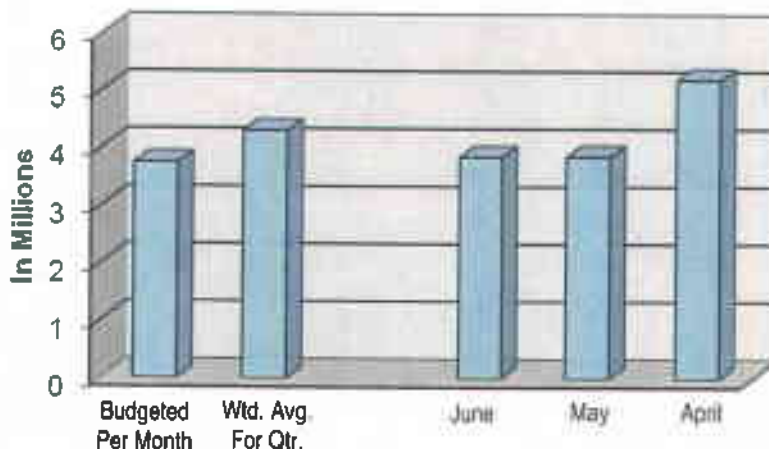
**Annual Expenditures for a 3 Year Period: SFY 2007 – SFY 2009**

	SFY 2009	FFP% 2009	SFY 2008	FFP% 2008	SFY 2007	FFP% 2007
Federal	37,550,029	81.61	35,626,232	81.98	35,472,537	80.97
State	8,417,193	18.39	7,947,861	18.02	8,336,944	19.03
<b>Total Costs</b>	<b>45,967,222</b>	<b>100.00</b>	<b>43,574,093</b>	<b>100.00</b>	<b>43,809,481</b>	<b>100.00</b>



**Monthly Budgeted and Current 3 Month Period: April 2009 – June 2009**

	Budgeted Per Month	Wtd. Avg. For Qtr.	Actual		
			June 2009	May 2009	April 2009
Federal	3,040,461	3,510,033	3,142,392	3,149,006	4,238,702
State	709,028	790,951	708,107	709,597	955,149
<b>Total</b>	<b>3,749,489</b>	<b>4,300,984</b>	<b>3,850,499</b>	<b>3,858,603</b>	<b>5,193,851</b>



**IV. Other Highlights**

- ◆ At its July 30, 2009 meeting, the Children's Health Insurance Board approved the WVCHIP 2010 Financial Plan with total projected expenditures of \$52.4 million for the coming fiscal year. The Board also made changes to the dental and vision benefit for CHIP Premium to comply with new CHIPRA law.
- ◆ Also at its July 30, 2009 meeting, the Board and the agency committed to identifying and enrolling more children at the current eligibility levels before considering further expansion.
- ◆ WVCHIP Premium (those children in households from 201% to 250% FPL) enrollment increased from 473 to 673 at the end of July. This increase came during an advertising campaign that began in April and will conclude in September at the end of the back-to-school period.

# WVCHIP Enrollment Report

ATTACHMENT 1

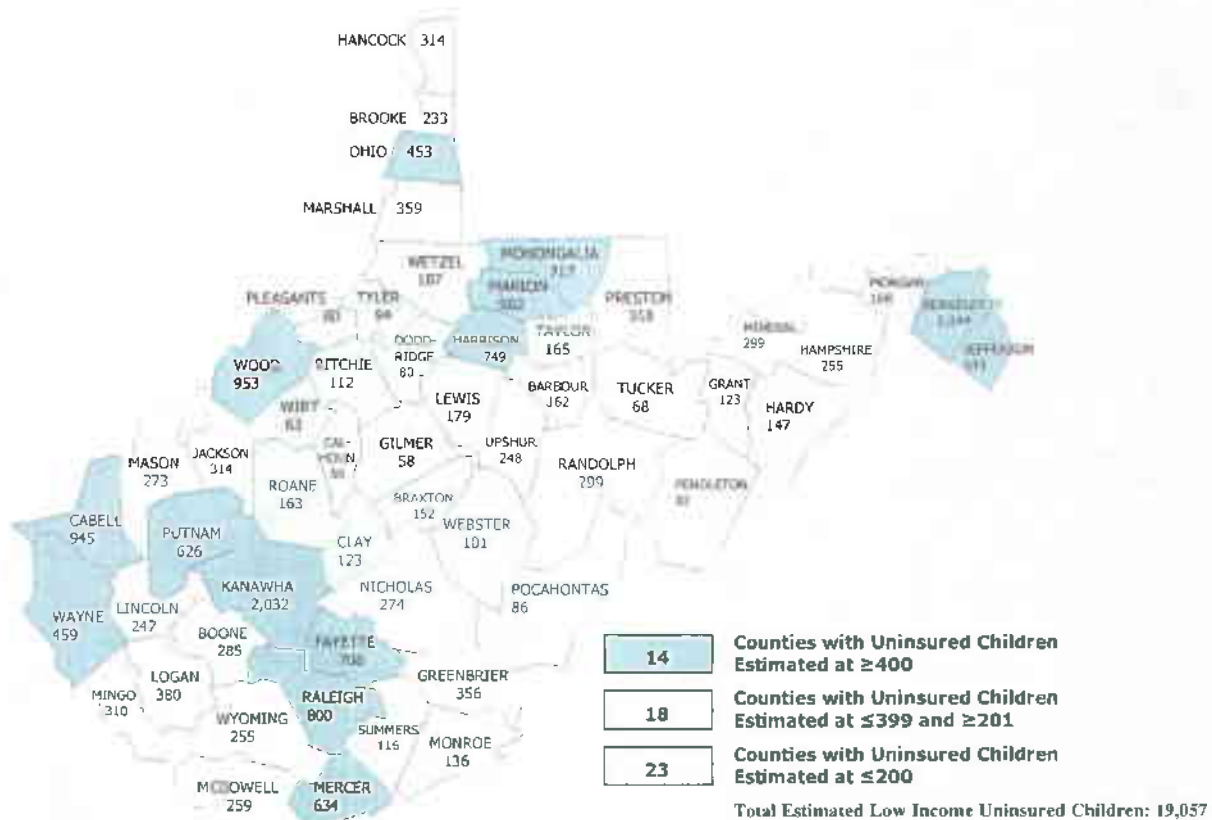
July 2009

County	County Pop. 2005 Est. (0-18 Yrs)	Total CHIP Enrollment Jul-09	Total Medicaid Enrollment Jul-09	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2007 Est. Uninsured 5%	2007 # Children Uninsured Ranking*
Kanawha	40,647	2,217	16,575	18,792	46.2%	2,032	1
Berkeley	22,882	1,265	6,941	8,206	35.9%	1,144	2
Wood	19,063	1,139	7,976	9,115	47.8%	953	3
Cabell	18,900	995	8,179	9,174	48.5%	945	4
Raleigh	15,992	1,264	7,067	8,331	52.1%	800	5
Harrison	14,973	910	5,753	6,663	44.5%	749	6
Monongalia	14,346	736	4,105	4,841	33.7%	717	7
Mercer	12,687	1,108	6,620	7,728	60.9%	634	8
Putnam	12,522	721	3,185	3,906	31.2%	626	9
Jefferson	11,465	414	2,531	2,945	25.7%	573	10
Marion	11,245	722	4,240	4,962	44.1%	562	11
Fayette	9,692	884	4,739	5,623	58.0%	485	12
Wayne	9,176	552	4,129	4,681	51.0%	459	13
Ohio	9,068	551	2,987	3,538	39.0%	453	14
Logan	7,610	565	3,903	4,468	58.7%	380	15
Marshall	7,176	362	2,740	3,102	43.2%	359	16
Greenbrier	7,110	559	2,817	3,376	47.5%	356	17
Preston	6,354	474	2,327	2,801	44.1%	318	18
Jackson	6,277	383	2,585	2,968	47.3%	314	19
Hancock	6,270	361	2,338	2,699	43.0%	314	20
Mingo	6,204	394	3,078	3,472	56.0%	310	21
Mineral	5,973	283	2,015	2,298	38.5%	299	22
Randolph	5,971	436	2,619	3,055	51.2%	299	23
Boone	5,706	308	2,579	2,887	50.6%	285	24
Nicholas	5,478	413	2,559	2,972	54.3%	274	25
Mason	5,461	279	2,550	2,829	51.8%	273	26
McDowell	5,170	359	3,300	3,659	70.8%	259	27
Hampshire	5,110	281	2,064	2,345	45.9%	255	28
Wyoming	5,092	412	2,647	3,059	60.1%	255	29
Upshur	4,956	427	2,222	2,649	53.5%	248	30
Lincoln	4,945	398	2,623	3,021	61.1%	247	31
Brooke	4,658	313	1,514	1,827	39.2%	233	32
Wetzel	3,732	214	1,655	1,869	50.1%	187	33
Lewis	3,577	295	1,765	2,060	57.6%	179	34
Morgan	3,365	246	1,184	1,430	42.5%	168	35
Taylor	3,307	232	1,372	1,604	48.5%	165	36
Roane	3,266	263	1,710	1,973	60.4%	163	37
Barbour	3,248	294	1,535	1,829	56.3%	162	38
Braxton	3,044	197	1,534	1,731	56.9%	152	39
Hardy	2,950	153	1,157	1,310	44.4%	147	40
Monroe	2,728	194	1,047	1,241	45.5%	136	41
Grant	2,463	153	940	1,093	44.4%	123	42
Clay	2,454	199	1,395	1,594	64.9%	123	43
Summers	2,322	218	1,132	1,350	58.1%	116	44
Ritchie	2,234	141	954	1,095	49.0%	112	45
Webster	2,020	169	1,155	1,324	65.6%	101	46
Tyler	1,887	128	754	882	46.7%	94	47
Pocahontas	1,717	145	675	820	47.8%	86	48

# WVCHIP Enrollment Report

July 2009

County	County Pop 2005 Est. (0-18 Yrs)	Total CHIP Enrollment Jul-09	Total Medicaid Enrollment Jul-09	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2007	2007
						Est. Uninsured 5%	# Children Uninsured Ranking*
Pendleton	1,632	104	467	571	35.0%	82	49
Doddridge	1,607	131	740	871	54.2%	80	50
Pleasants	1,593	98	540	638	40.0%	80	51
Calhoun	1,389	128	847	975	70.2%	69	52
Tucker	1,354	144	497	641	47.3%	68	53
Wirt	1,268	109	550	659	52.0%	63	54
Gilmer	1,154	93	563	656	56.9%	58	55
<b>Totals</b>	<b>382,490</b>	<b>24,533</b>	<b>155,675</b>	<b>180,208</b>	<b>47.1%</b>	<b>19,125</b>	



**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.

**West Virginia Children's Health Insurance Program**  
**Comparative Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Twelve Months Ending June 30, 2009 and June 30, 2008**  
**(Modified Accrual Basis)**

	June 30, 2009	June 30, 2008	Variance	
<b>Revenues:</b>				
Federal Grants	38,090,330	35,895,264	2,195,066	6%
State Appropriations	10,971,688	10,968,995	2,693	0%
Premium Revenues	150,892	88,681	62,211	70%
Investment Earnings	<u>106,999</u>	<u>237,746</u>	<u>(130,747)</u>	-55%
<b>Total Operating Revenues</b>	<b><u>49,319,909</u></b>	<b><u>47,190,686</u></b>	<b><u>2,129,223</u></b>	<b><u>5%</u></b>
<b>Operating Expenditures:</b>				
<b>Claims:</b>				
Outpatient Services	12,224,125	10,951,787	1,272,338	12%
Physicians & Surgical	9,842,181	9,354,186	487,995	5%
Prescribed Drugs	8,330,498	8,168,467	162,031	2%
Dental	5,001,530	4,884,107	117,423	2%
Inpatient Hospital Services	3,940,702	3,795,569	145,133	4%
Outpatient Mental Health	1,324,451	1,258,980	65,471	5%
Durable & Disposable Med. Equip.	1,199,893	1,131,598	68,295	6%
Inpatient Mental Health	751,596	570,603	180,993	32%
Vision	620,112	597,657	22,455	4%
Therapy	470,990	378,309	92,681	24%
Medical Transportation	346,864	235,160	111,704	48%
Other Services	148,881	92,190	56,691	61%
Less: Collections*	<u>(709,494)</u>	<u>(601,431)</u>	<u>(108,063)</u>	<u>18%</u>
<b>Total Claims</b>	<b><u>43,492,329</u></b>	<b><u>40,817,182</u></b>	<b><u>2,675,147</u></b>	<b><u>7%</u></b>
<b>General and Admin Expenses:</b>				
Salaries and Benefits	490,749	471,346	19,403	4%
Program Administration	2,178,074	2,045,437	132,637	6%
Eligibility	318,877	303,426	15,451	5%
Outreach & Health Promotion	128,013	80,419	47,594	59%
Current	<u>184,039</u>	<u>132,180</u>	<u>51,859</u>	<u>39%</u>
<b>Total Administrative</b>	<b><u>3,299,752</u></b>	<b><u>3,032,808</u></b>	<b><u>266,944</u></b>	<b><u>9%</u></b>
<b>Total Expenditures</b>	<b><u>46,792,081</u></b>	<b><u>43,849,990</u></b>	<b><u>2,942,091</u></b>	<b><u>7%</u></b>
<b>Excess of Revenues</b>				
Over (Under) Expenditures	2,527,829	3,340,696	(812,867)	-24%
<b>Fund Equity, Beginning</b>	<b><u>4,977,366</u></b>	<b><u>3,485,118</u></b>	<b><u>1,492,248</u></b>	<b><u>43%</u></b>
<b>Fund Equity, Ending</b>	<b><u>7,505,195</u></b>	<b><u>6,825,814</u></b>	<b><u>679,381</u></b>	<b><u>10%</u></b>

\* Collections are primarily drug rebates and subrogation

**PRELIMINARY FINANCIAL STATEMENTS**

Unaudited - For Management Purposes Only - Unaudited

**West Virginia Children's Health Insurance Program  
Comparative Balance Sheet  
June 2009 and 2008  
(Accrual Basis)**

	June 30, 2009	June 30, 2008	Variance	
<b>Assets:</b>				
Cash & Cash Equivalents	\$10,952,407	\$8,254,028	\$2,698,379	33%
Due From Federal Government	\$3,215,434	\$2,912,490	\$302,944	10%
Due From Other Funds	\$771,761	\$640,194	\$131,567	21%
Accrued Interest Receivable	\$3,500	\$14,753	(\$11,253)	-76%
Fixed Assets, at Historical Cost	<u>\$70,282</u>	<u>\$71,379</u>	<u>(\$1,097)</u>	<u>-2%</u>
<b>Total Assets</b>	<b><u>\$15,013,384</u></b>	<b><u>\$11,892,845</u></b>	<b><u>\$3,120,539</u></b>	<b><u>26%</u></b>
<b>Liabilities:</b>				
Due to Other Funds	\$256,634	\$102,684	\$153,950	150%
Deferred Revenue	\$3,311,555	\$1,514,347	\$1,797,208	119%
Unpaid Insurance Claims Liability	<u>\$3,940,000</u>	<u>\$3,450,000</u>	<u>\$490,000</u>	<u>14%</u>
<b>Total Liabilities</b>	<b><u>\$7,508,190</u></b>	<b><u>\$5,067,031</u></b>	<b><u>\$2,441,159</u></b>	<b><u>48%</u></b>
<b>Fund Equity</b>	<b><u>\$7,505,195</u></b>	<b><u>\$6,825,814</u></b>	<b><u>\$679,381</u></b>	<b><u>10%</u></b>
<b>Total Liabilities and Fund Equity</b>	<b><u>\$15,013,384</u></b>	<b><u>\$11,892,845</u></b>	<b><u>\$3,120,539</u></b>	<b><u>26%</u></b>

**PRELIMINARY FINANCIAL STATEMENTS**

Unaudited - For Management Purposes Only - Unaudited

**West Virginia Children's Health Insurance Program**  
**WVFIMS Fund 2154**  
**For the Month Ended June 30, 2009**  
**(Accrual Basis)**

**Investment Account**

Funds Invested	\$10,742,482
Interest Earned	<u>106,999</u>
<b>Total</b>	<b><u>\$10,849,481</u></b>

Unaudited - For Management Purposes Only - Unaudited



**Department of Administration Real Estate Division Leasing Report**  
For the period of July 1, 2009 through July 31, 2009

**NEW CONTRACT OF LEASE**

**DEPARTMENT OF HEALTH AND HUMAN RESOURCES**

**HHR-195** New contract of lease for 10 years containing 10,037 square feet of office space at the annual PSF rate of \$13.50, including parking, in the City of Philippi, Barbour County, West Virginia.

**DIVISION OF REHABILITATION SERVICES**

**DRS-097** New contract of lease for 10 years containing 3,000 square feet of office space at the annual PSF rate of \$13.50, in the City of Elkins, Randolph County, West Virginia.

**EDUCATIONAL BROADCASTING AUTHORITY**

**EBA-086** New contract of lease for 4 years containing 1 acre of land for tower/monitoring site at no cost, in the Allegheny Wildlife Management Area, Mineral County, West Virginia.

**NEW CONTRACT OF LEASE-DOA/RED OWNED BUILDINGS**

**DEPARTMENT OF ADMINISTRATION-OFFICE OF TECHNOLOGY**

**F&A-026** New contract of lease for 1 year containing 2,800 square feet of office space at the annual PSF rate of \$8.50, full service including parking in the City of Charleston, Kanawha County, West Virginia.

**DIVISION OF NATURAL RESOURCES**

**NAT-131** New contract of lease containing 36,270 square feet of office space at the annual PSF rate of \$9.50, full service including parking, in the City of South Charleston, Kanawha County, West Virginia.

**STRAIGHT RENEWALS**

**DIVISION OF NATURAL RESOURCES**

**NAT-127** Renewal for 3 years containing 3,460 square feet of office space at the current annual PSF rate of \$9.00, including parking, in the City of Nitro, Kanawha County, West Virginia.

## CONTINUATION OF STRAIGHT RENEWALS

### **DIVISION OF VETERANS AFFAIRS**

**VET-003** Renewal for 1 year containing 499 square feet of office space at the current rate of \$300.00 per month, full service, in the City of Lewisburg, Greenbrier County, West Virginia.

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

**NRC-013** Renewal for 1 year containing 5,400 square feet of classroom space at the current annual PSF rate of \$6.42, including water/sewer, in the City of Lewisburg, Greenbrier County, West Virginia.

### **OFFICE OF ECONOMIC OPPORTUNITY – GOVERNOR’S OFFICE**

**GCC-005** Renewal for 3 years containing 80 square feet of office space at the current rate of \$86.68 per month, full service, in the City of Moorefield, Hardy County, West Virginia.

### **STATE TAX DEPARTMENT**

**TAX-027** Renewal for 3 years containing 2,756 square feet of office space at the current annual PSF rate of \$9.68, full service, in the City of Wheeling, Ohio County, West Virginia.

### **WEST VIRGINIA DIVISION OF CULTURE AND HISTORY**

**DCH-002** Renewal for 1 year containing 270 square feet of warehousing/storage space at the current monthly rate of \$340.00, full service, in the City of Charleston, Kanawha County, West Virginia.

### **WEST VIRGINIA STATE POLICE**

**PSA-107** Renewal for 3 years containing 2,750 square feet of office and storage space at the current rate of \$700.00 per month, in the City of Gilbert, Mingo County, West Virginia.

### **WEST VIRGINIA CONSERVATION AGENCY**

**SCC-002** Renewal for 5 years containing 590 square feet of office space at the current rate of \$472.00 per month, full service including parking, in the City of Moorefield, Hardy County, West Virginia.

## **STRAIGHT RENEWALS-DOA/RED OWNED BUILDINGS**

### **DEPARTMENT OF ADMINISTRATION-FINANCE AND ACCOUNTING**

**F&A-027** Renewal for 1 year containing 9,640 square feet of office space at the current annual PSF rate of \$11.50, full service including parking, in the City of Charleston, Kanawha County, West Virginia.

### **DEPARTMENT OF EDUCATION**

**EDU-021** Renewal for 1 year containing 4,917 square feet of office space at the current annual PSF rate of \$9.50, full service, in the City of Charleston, Kanawha County, West Virginia.

**EDU-002** Renewal for 1 year containing 59,598 square feet of office space at the current annual PSF rate of \$9.50, full service, in the City of Charleston, Kanawha County, West Virginia.

### **DEPARTMENT OF EDUCATION AND THE ARTS**

**E&A-001** Renewal for 1 year containing 576 square feet of office space at the current rate of \$3,892.62 per month, full service, in the City of Charleston, Kanawha County, West Virginia.

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

**HHR-194** Renewal on a month-to-month basis containing 26,823 square feet of office space at the current annual PSF rate of \$10.00, full service, in the City of Charleston, Kanawha County, West Virginia.

**HHR-168** Renewal for 1 year containing 32,016 square feet of office space at the current annual PSF rate of \$15.50, full service, in the City of Parkersburg, Wood County, West Virginia.

### **DEPARTMENT OF MILITARY AFFAIRS AND PUBLIC SAFETY**

**MAP-001** Renewal for 1 year containing 2,520 square feet of office space at the current annual PSF rate of \$9.50, full service, in the City of Charleston, Kanawha County, West Virginia.

### **DEPARTMENT OF TRANSPORTATION**

**DOT-001** Renewal for 1 year containing 1,521 square feet of office space at the current annual PSF rate of \$9.50, full service, in the City of Charleston, Kanawha County, West Virginia.

**CONTINUATION OF STRAIGHT RENEWALS-DOA/RED OWNED BUILDINGS**

**DIVISION OF LABOR**

**LAB-001** Renewal for 1 year containing 11,285 square feet of office space at the current annual PSF rate of \$9.50, full service, in the City of Charleston, Kanawha County, West Virginia.

**DIVISION OF MOTOR VEHICLES**

**DMV-050-SUB** Renewal for 1 year containing 7,096 square feet of office space at the current annual PSF rate of \$13.00, full service, in the City of Weirton, Hancock County, West Virginia.

**DIVISION OF PERSONNEL**

**DOP-002** Renewal for 1 year containing 20,120 square feet of office space at the current annual PSF rate of \$9.50, full service, in the City of Charleston, Kanawha County, West Virginia.

**DIVISION OF PROTECTIVE SERVICES**

**DPS-001** Renewal for 1 year containing 790 square feet of office space at the current annual PSF rate of \$5.00, full service including parking, in the City of Charleston, Kanawha County, West Virginia.

**DIVISION OF PUBLIC TRANSIT**

**PTA-001** Renewal for 1 year containing 2,356 square feet of office space at the current annual PSF rate of \$9.50, full service, in the City of Charleston, Kanawha County, West Virginia.

**DIVISION OF REHABILITATION SERVICES**

**DRS-089** Renewal for 1 year containing 3,048 square feet of office space at the current annual PSF rate of \$13.00, full service, in the City of Weirton, Hancock County, West Virginia.

**DRS-054** Renewal for 1 year containing 4,386 square feet of office space at the current annual PSF rate of \$14.50, full service, in the City of Parkersburg, Wood County, West Virginia.

**CONTINUATION OF STRAIGHT RENEWALS-DOA/RED OWNED BUILDINGS**

**INSURANCE COMMISSION**

**INS-019** Renewal for 1 year containing 952 square feet of office space at the current annual PSF rate of \$9.50, full service, in the City of Parkersburg, Wood County, West Virginia.

**PUBLIC EMPLOYEES INSURANCE AGENCY**

**PEI-003** Renewal for 1 year containing 17,962 square feet of office space at the current annual PSF rate of \$16.68, full service including parking, in the City of Charleston, Kanawha County, West Virginia.

**STATE AERONAUTICS COMMISSION**

**AER-003** Renewal for 1 year containing 696 square feet of office space at the current annual PSF rate of \$9.50, full service, in the City of Charleston, Kanawha County, West Virginia.

**STATE TAX DEPARTMENT**

**TAX-030** Renewal for 1 year containing 7,799 square feet of office space at the current annual PSF rate of \$9.50, full service, in the City of Charleston, Kanawha County, West Virginia.

**TAX-010** Renewal for 1 year containing 3,506 square feet of office space at the current annual PSF rate of \$14.75, full service, in the City of Beckley, Raleigh County, West Virginia.

**TAX-007** Renewal for 1 year containing 63,297 square feet of office space at the current annual PSF of \$5.50, in the City of Charleston, Kanawha County, West Virginia.

**WEST VIRGINIA BOARD OF SOCIAL WORK EXAMINERS**

**SOC-001** Renewal for 1 year containing 669 square feet of office space at current annual PSF rate of \$8.75, full services, in the City of Charleston, Kanawha County, West Virginia.

**WEST VIRGINIA DEVELOPMENT OFFICE**

**CID-002** Renewal for 1 year containing 33,773 square feet of office space at the current annual PSF rate of \$9.50, full service, in the City of Charleston, Kanawha County, West Virginia.

**CONTINUATION OF STRAIGHT RENEWALS-DOA/RED OWNED BUILDINGS**

**WORKFORCE WEST VIRGINIA**

**WWV-008** Renewal for 1 year containing 5,342 square feet of office space at the current annual PSF rate of \$13.00, full service including parking, in the City of Weirton, Hancock County, West Virginia.

**RENEWAL/RENT INCREASE**

**DIVISION OF VETERANS AFFAIRS**

**VET-008** Renewal for 3 years containing 405 square feet of office space, with an increase in rent from \$236.25 per month to \$253.13 per month, full service, in the City of Wheeling, Ohio County, West Virginia.

**FAIRMONT STATE UNIVERSITY**

**FSC-024** Renewal for 10 months containing 1,400 square feet of office space, with an increase in rent from \$4.42 per square foot to \$4.67 per square foot, in the City of Fairmont, Marion County, West Virginia.

**NEW RIVER COMMUNITY AND TECHNICAL COLLEGE**

**NRC-011** Renewal for 3 years containing 9,500 square feet of office space, with an increase in rent from \$11.90 per square foot to \$12.50 per square foot, including parking, in the City of Beckley, Raleigh County, West Virginia.

**DEPARTMENT OF HEALTH AND HUMAN RESOURCES**

**HHR-156** Renewal for 1 year and increasing square footage by 200 square feet of storage space for a total of 1,000 square feet and increasing rent from \$134.00 per month (\$2.01 annual per square foot rate) to \$167.50 per month (\$2.01 annual per square foot rate), in the City of Charleston, Kanawha County, West Virginia.

**RENEWAL AND INCREASING SQUARE FOOTAGE/RENT**

**DEPARTMENT OF ENVIRONMENTAL PROTECTION**

**DEP-081** Renewal on a month-to-month basis increasing office space from 553 square feet to 576 square feet, and with an increase in rent from \$278.80 per month to \$432.00 per month, in the City of French Creek, Upshur County, West Virginia.

## **INCREASING SQUARE FOOTAGE/RENT**

### **STATE FIRE MARSHAL**

**SFM-002** Increasing square footage by 851 square feet of office space for a total of 8,996 square feet and increasing rent from \$9.79 per square foot to \$9.95 per square foot , full service, in the City of Charleston, Kanawha County, West Virginia.

## **DECREASING SQUARE FOOTAGE**

### **DIVISION OF HOMELAND SECURITY AND EMERGENCY MANAGEMENT**

**OES-015** Decreasing square footage by 4,000 square feet for a total of 9,000 square feet of office space at the PSF rate of \$4.89, in the City of Big Chimney, Kanawha County, West Virginia.

## **CANCELLATION**

### **DIVISION OF REHABILITATION SERVICES**

**DRS-076** Lease cancellation of 1,800 square feet of office space located at 1087 Beverly Pike in the City of Elkins, Randolph County, West Virginia due to agency space requirements. New location in Elkins, West Virginia (contract of lease DRS-097).

**Joint Committee on Government and Finance**

**August 2009**

**Department of Health and Human Resources**

**MEDICAID REPORT**

June 2009 Data



WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
 BUREAU FOR MEDICAL SERVICES  
 EXPENDITURES BY PROVIDER TYPE  
 SFY2009

MONTH OF JUNE 2008	ACTUALS	TOTAL	ACTUALS	ESTIMATED	ACTUALS	PROJECTED
	SFY2008	SFY2008	Current Month Jun-08	Current Month Jun-09	Year To-Date Thru 06/30/09	07/01/09 Thru 08/30/09
<b>EXPENDITURES:</b>						
Inpatient Hospital Services	224,743,080	233,875,834	30,843,809	28,312,558	268,170,441	(24,484,807)
Inpatient Hospital Services - DSH Adjustment Payments	85,868,017	87,782,400	-	-	84,483,948	3,288,455
Mental Health Facilities	44,424,999	47,803,433	3,837,190	3,886,869	47,980,442	(357,009)
Mental Health Facilities - DSH Adjustment Payments	18,788,880	18,774,000	-	-	18,798,489	(24,489)
Nursing Facility Services	431,721,837	481,013,785	38,470,191	38,445,475	484,022,110	(3,008,325)
Intermediate Care Facilities - Public Providers	-	-	-	-	-	(198,261)
Intermediate Care Facilities - Private Providers	88,149,869	83,080,810	8,133,924	8,203,974	83,248,071	(18,030,266)
Physicians Services ***	122,789,471	128,162,823	13,578,882	8,884,842	143,182,782	(8,343,689)
Outpatient Hospital Services	104,588,493	111,471,368	10,412,895	8,880,988	120,814,938	13,378,771
Prescribed Drugs	337,815,190	353,800,438	23,708,170	27,278,223	340,221,665	28,786,843
Drug Rebate Offset - National Agreement	(107,877,804)	(102,185,200)	(12,482,831)	(8,288,773)	(130,982,049)	(812,772)
Drug Rebate Offset - State Sidebar Agreement	(28,028,517)	(31,823,600)	(804,338)	(1,839,489)	(30,810,828)	2,033,382
Dental Services ***	37,877,318	42,380,662	3,820,909	3,293,785	40,347,170	8,517,971
Other Practitioners Services	28,888,342	28,893,748	1,978,278	2,240,948	22,378,777	(8,464,080)
Clinic Services	38,381,526	34,754,833	3,838,432	2,675,977	41,218,992	(971,482)
Lab & Radiological Services	8,222,298	8,200,888	877,121	712,718	10,172,347	(893,410)
Home Health Services	28,870,379	31,950,050	2,163,311	2,471,782	32,833,481	3,881
Hysterectomies/Sterilizations	518,828	820,120	88,818	40,048	818,289	-
Pregnancy Terminations	-	-	-	-	-	888,488
EPSDT Services	2,419,032	2,943,119	182,788	226,492	2,247,830	(354,983)
Rural Health Clinic Services	8,710,171	7,433,086	652,043	573,315	7,788,017	3,848,842
Medicare Health Insurance Payments - Part A Premiums	17,124,133	18,871,400	1,080,803	1,588,650	14,921,468	5,088,788
Medicare Health Insurance Payments - Part B Premiums	87,960,223	78,461,100	5,985,017	8,288,428	70,371,344	(4,408,874)
120% - 134% Of Poverty	4,004,182	-	381,168	-	4,405,674	-
138% - 176% Of Poverty	-	-	-	-	-	-
Coinurance And Deductibles	-	-	-	-	-	-
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	287,013,387	287,942,700	28,778,532	22,328,568	284,897,487	(28,754,787)
Medicaid Health Insurance Payments: Group Health Plan Payments	338,298	488,200	33,017	35,788	383,790	71,410
Home & Community-Based Services (MR/DD)	218,374,534	280,704,640	19,381,424	20,054,248	233,488,853	27,235,787
Home & Community-Based Services (Aged/Disabled)	88,832,881	88,888,233	8,426,428	8,812,018	80,027,988	8,528,248
Community Supported Living Services	-	-	-	-	-	-
Programs Of All-Inclusive Care Elderly	-	-	-	-	-	-
Personal Care Services	37,789,605	42,173,580	3,080,988	3,244,223	37,878,861	4,487,988
Targeted Case Management Services	6,438,815	7,817,808	403,738	803,831	4,309,086	3,808,513
Primary Care Case Management Services	718,206	810,600	44,034	82,348	608,744	200,788
Hospice Benefits	12,383,108	13,480,400	1,188,881	1,038,415	14,488,070	(1,038,870)
Emergency Services Undocumented Aliens	-	-	22,371	-	89,318	(89,318)
Federally Qualified Health Center	17,476,447	18,888,888	988,479	1,609,785	18,781,149	2,828,848
Other Care Services	121,772,880	137,481,187	10,878,334	10,809,584	128,472,436	8,008,732
Less: Recoupments	-	-	(88,801)	-	(891,388)	881,388
<b>NET EXPENDITURES:</b>	<b>2,238,331,734</b>	<b>2,428,823,282</b>	<b>202,374,314</b>	<b>188,308,488</b>	<b>2,408,329,222</b>	<b>23,184,030</b>

Collections: Third Party Liability (line 0A on CMS-64)  
 Collections: Probate (line 0B on CMS-64)  
 Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)  
 Collections: Other (line 0D on CMS-64)

(4,589,459)				(3,311,829)	3,311,825
(178,773)				(95,637)	95,637
(169,810)				(13,241)	13,241
(4,108,827)				(2,073,875)	2,073,875
<b>2,220,251,268</b>	<b>2,429,523,252</b>	<b>202,374,314</b>	<b>196,309,488</b>	<b>2,399,634,544</b>	<b>28,588,708</b>
26,322,509	29,988,500	186,488	2,305,260	27,747,662	2,220,848
4,078,869	3,634,585	382,129	278,607	4,383,431	(948,836)
<b>2,262,652,643</b>	<b>\$2,463,126,847</b>	<b>\$202,892,928</b>	<b>\$187,894,354</b>	<b>\$2,432,268,628</b>	<b>\$30,861,018</b>
<b>3,830,907</b>	<b>4,042,671</b>	<b>365,348</b>	<b>310,976</b>	<b>4,320,882</b>	<b>(287,211)</b>
<b>\$2,268,483,550</b>	<b>\$2,467,169,518</b>	<b>\$203,258,278</b>	<b>\$188,205,330</b>	<b>\$2,436,589,510</b>	<b>\$30,573,808</b>

**NET EXPENDITURES and CMS-64 ADJUSTMENTS:**

Plus: Medicaid Part D Expenditures  
 Plus: State Only Medicaid Expenditures \*\*\*

**TOTAL MEDICAID EXPENDITURES**

Plus: Reimbursables (1)

**TOTAL EXPENDITURES**

(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.

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
 BUREAU FOR MEDICAL SERVICES  
 MEDICAID CASH REPORT  
 SFY2009

12 Months Actuals      0 Months Remaining

MONTH OF JUNE 2009

REVENUE SOURCES

Beg. Bal. (5084/1020 prior mth)

MATCHING FUNDS

General Revenue (0403/189)  
 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 & 4016  
 CMS - 64 Adjustments

TOTAL MATCHING FUNDS

FEDERAL FUNDS

TOTAL REVENUE SOURCES

TOTAL EXPENDITURES:

Provider Payments

TOTAL

	ACTUALS SFY2008	ACTUALS Current Month Ended 6/30/09	ACTUALS Year-To-Date Thru 6/30/09	PROJECTED 6/1/2009 Thru 06/30/09	TOTAL SFY2009
Beg. Bal. (5084/1020 prior mth)	26,483,079	96,979,308	\$34,833,055		\$34,933,055
<b>MATCHING FUNDS</b>					
General Revenue (0403/189)	393,708,687	31,840,959	393,705,687	0	393,705,687
Rural Hospitals Under 150 Beds (0403/940)	2,596,001	218,333	2,596,000	0	2,596,000
Tertiary Funding (0403/547)	4,858,000	404,666	4,858,000	0	4,858,000
Lottery Waiver (Less 550,000) (5405/539)	23,272,578	1,082,175	23,272,578	100,000	23,372,578
Lottery Transfer (5405/871)	10,300,000		10,300,000	0	10,300,000
Trust Fund Appropriation (5185/189)	14,337,873		19,784,219	10,772,375	30,556,594
Provider Tax (5090/189)	171,363,868	18,965,609	165,400,000	260,004	165,660,004
Certified Match	18,347,764	1,340,460	19,763,776	3,452,222	23,205,998
Reimbursables - Amount Reimbursed	3,721,481	435,736	4,348,608	-308,236	4,042,871
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4016	301,154	38,494	428,344	(428,344)	0
CMS - 64 Adjustments	(5,688,538)		1,961,444	-1,981,444	0
<b>TOTAL MATCHING FUNDS</b>	664,348,748	\$151,103,742	\$681,360,011	\$11,868,577	\$693,228,587
<b>FEDERAL FUNDS</b>	1,630,783,428	168,804,395	1,874,489,691	-\$75,214,850	\$1,799,274,841
<b>TOTAL REVENUE SOURCES</b>	<b>2,295,130,176</b>	<b>\$318,908,137</b>	<b>\$2,555,849,702</b>	<b>-\$63,346,273</b>	<b>\$2,492,503,428</b>
<b>TOTAL EXPENDITURES:</b>					
Provider Payments	2,286,483,550	\$203,258,278	\$2,438,595,510	\$30,573,808	\$2,467,169,318
<b>TOTAL</b>	<b>28,846,626</b>	<b>\$116,649,859</b>	<b>\$119,254,181</b>		<b>\$25,334,111</b>

Note: FMAP (08' - 74.25% applicable July - Sept. 2008) ( 09' - 80.45% applicable Oct. 2008 - June 2009)  
 (1) This amount will revert to State Only if not reimbursed.

**Presentation to the Joint Committee on  
Government and Finance**

**August 12, 2009**

**Shana Phares  
WV Pharmaceutical Cost Management Council  
304-558-0079**

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# Using the Executive Branch to Increase Access to 340b Drug Pricing

*Shana Kay Phares*  
*Governor's Pharmaceutical Advocate*  
*Office of Governor Joe Manchin III*  
*July 14, 2009*



# Brief History of State Involvement in 340b

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- **2003**

  - 340b Working Group Established

- **2004 – 2005**

  - Benedum Grant to Primary Care Division for 340b TA

- **2005 – 2006**

  - West Virginia Pharmaceutical Cost Management Council promotes use of 340b and supports federal legislation

- **2006 -**

  - Governor's Office begins making 340b seed grants and looking at ways for state agencies to employ 340b



# FQHC enrollment in 340b

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- 28 FQHCs with 152 sites
- May 2004 - 340b pharmacy operations at 15 sites
- June 2009 - 340b pharmacy operations at 40 sites
  - 17 in-house sites
  - 23 contract sites
- Increase of 267%



# Medicaid Enhanced Dispensing Fee/Savings

- Enhanced dispensing fee of \$8.25 approved by CMS May 19, 2006
- State Fiscal Year 2007 Estimated Cost Avoidance \$725,000
- State Fiscal Year 2008 Estimated Cost Avoidance \$411,506
- Cost-avoidance decrease unclear – the dollar amount paid by Medicaid in SFY 2008 increased more than three times the amount paid in SFY 2007





# Seed Grants for In-House Pharmacies

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- Small startup grants from Governor's Office to Federally Qualified Health Centers
- Grants primarily to buy drug inventory, hardware and security systems
- Return on investment in the first year in the form of savings to Medicaid and consumers



# Seed Grants for In-House Pharmacies

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## Primary Care Clinics who Received Grants to Establish 340b Pharmacies

Clinic	Grant	Savings	#Rxs	#Patients	ROI
River Valley Health and Wellness Center	\$55K				
Preston-Taylor Health Services	\$65K	\$559,406.00	10,860	4,177	8.6
Family Care	\$60K	\$1,696,576.71	20,295	2,615	28.3
Access Health*	\$60K	\$427,891.87	9,227	1,083	7.1
Clay Battelle Health Care Services**	\$60K	\$96,000.00	459	233	1.6

*Savings are for calendar year except \*new start 02/01/08 and \*\*new start 10/01/08 which are estimated first year savings.*



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# Seed Grants – A Closer Look

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- River Valley Health and Wellness Center, Ravenswood  
Patient base of 4,900 with growth of 120 patients per month
- \$50K grant issued May 2006 – pharmacy open September 2006
- Estimated cost avoidance to Medicaid      SFY 2007 - \$17,010.17  
   SFY 2008 - \$26,200.63
- Calendar year 2008 savings for consumers \$1,228,891.00
- Revenue from pharmacy carried clinic during economic downturn



# Public Employees' Pilot

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- Public Employees' Insurance Agency ~220,000 covered lives
- ~10% use federally qualified health centers
- MOU with the West Virginia Primary Care Association established a profit-sharing agreement and reduced co-pays (generics free)
- PEIA mailed out 45,000 postcards to zip codes provided by clinics
- 3 participating FQHCs – 8 months in duration 09/01/06 – 4/30/07



# Public Employees' Pilot

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<b>DATA</b>	<b>8 months prior to pilot</b>	<b>8 months of pilot program</b>
<b>Number of Scripts</b>	3,285	5,291
<b>Average Member cost/Rx</b>	\$12.64	\$4.92
<b>Average Plan cost/Rx</b>	\$40.85	\$36.84
<b>Member Cost</b>	\$41,521.80	\$26,038.67
<b>Plan Cost</b>	\$134,183.23	\$194,930.00
<b>% Generic Rxs</b>	65.2%	71.5%
<b>% Preferred Brand Rxs</b>	24.6%	20.9%
<b>% Non-Preferred Brand Rxs</b>	10.2%	7.5%
<b>Hospital Admissions</b>	26	37



# Public Employees' Pilot

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- No significant changes in medical costs
- No appreciable increase in traffic to the FQHCs (pilot had 246 participants)
- Some concerns expressed by local independent pharmacists
- Very sick patients accessed the pilot -- the average risk index for participants increased at all three pilot sites
- Change in leadership at the agency



# Public Employees' Pilot

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- Pilot yielded strong working relationship between agency staff and the West Virginia Primary Care Association
- New 3-year pilot program between the agency and one of the FQHCs beginning March 1, 2009
- Agency pays global capitated rate for primary medical care
- FQHC keeps all 340b revenue and has opportunity to earn up to 10% on global capitation rates if specific measures are met



# Hemophilia

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- By statute, state bureau for public health responsible for ensuring a safe and adequate supply of clotting factor – it buys, stores and sells factor to third party payors
- ~250 people on the West Virginia Hemophilia Registry
- ~47-54 covered by public payors (Medicaid ~35-40, CHIP ~4, ~8-10 as public employees)
- Hemophilia expenses for Medicaid members for 5 months \$18.1M





# Hemophilia

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- Federally Designated Hemophilia Treatment Centers located in Disproportionate Share Hospitals which use 340b via DSH but not HTC
- HTCs receive grants from revenue generated by the state sale of factor
- CMS Region III raised “freedom of choice” concerns about requiring Medicaid members to use the HTCs – Medicaid tabled
- Public Employees Insurance Agency needs savings for SFY '10



# Corrections

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- ~10,000 inmates in regional jails and state prisons
- Regional Jails and Division of Corrections each have a global contract for health care services
- Combined annual drug spend ~\$2.2M
- Working with Heinz Family Philanthropies to assess savings available via 340b and the possibility of contracting with a 340b eligible entity to provide inmate care



# Expanding and moving forward

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- 340b Pharmacy Practice Conference September 18-19, 2009  
West Virginia Primary Care Association with Governor's Office  
and the West Virginia Hospital Association
- Provide 340b "101" courses to those remaining FQHCs and DSH  
hospitals that do not use it.
- Explore ways to ensure patients discharged from ineligible  
hospitals (*i.e.* Critical Access Hospitals) connect with needed drugs  
either via a contract with a 340b entity or via WVRx (statewide  
charitable central fill pharmacy)



# Expanding and moving forward

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- Use collected data to secure seed money for entities interested in starting a 340b pharmacy program
- Improve existing 340b contracts by aggregating clinic volume and expanding the number of pharmacies eligible to enter contracts – would require state demonstration project



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***To chat further or share ideas:***

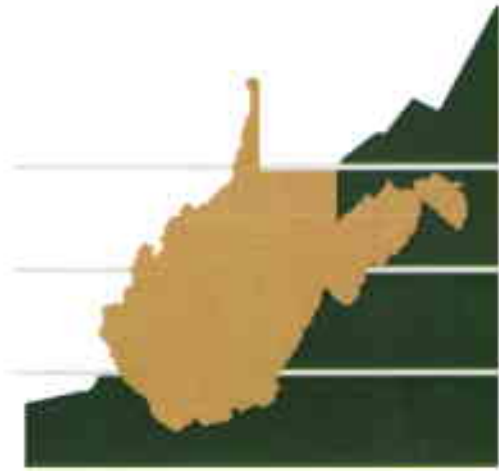
Shana Kay Phares

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## **West Virginia Investment Management Board**

Monthly Performance Report

June 30, 2009

## West Virginia Investment Management Board

Participant Plans Allocation & Performance

As of June 30, 2009

	Asset \$	%	Performance %						
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
<b>WVIMB Fund Assets</b>	<b>9,178,609,484</b>	<b>100.0</b>							
<b>Pension Assets</b>	<b>7,342,235,314</b>	<b>80.0</b>							
Public Employees' Retirement System	3,243,754,270	35.3	1.0	15.4	-15.6	-15.6	-2.5	2.4	3.6
Teachers' Retirement System	3,513,001,236	38.3	0.9	14.4	-16.1	-16.1	-3.1	2.0	3.4
Teachers' Employers Cont. Collection A/C	5,677	0.0	0.0	0.1	1.1	1.1	-	-	-
EMS Retirement System	16,869,699	0.2	0.9	15.2	-15.1	-15.1	-	-	-
Public Safety Retirement System	362,924,037	4.0	1.0	15.4	-15.6	-15.6	-2.6	2.2	3.7
Judges' Retirement System	88,309,783	1.0	1.0	15.1	-15.5	-15.5	-2.6	2.3	3.6
State Police Retirement System	40,320,623	0.4	1.0	15.3	-15.2	-15.2	-2.4	2.4	3.6
Deputy Sheriffs' Retirement System	77,049,989	0.8	1.0	15.4	-15.4	-15.4	-2.5	2.3	3.6
<b>Insurance Assets</b>	<b>1,331,404,147</b>	<b>14.5</b>							
Workers' Compensation Old Fund	670,648,289	7.3	1.1	12.2	-9.4	-9.4	0.2	-	-
Workers' Comp. Self-Insured Guaranty Risk Pool	6,794,049	0.1	0.0	0.1	1.1	1.1	3.6	-	-
Workers' Comp. Uninsured Employers Fund	8,536,634	0.1	0.0	0.1	1.1	1.1	3.6	-	-
Pnuemoconiosis	224,353,728	2.4	1.3	11.3	-7.5	-7.5	0.9	-	-
Board of Risk & Insurance Mgmt.	105,460,893	1.1	1.4	11.8	-3.9	-3.9	2.2	-	-
Public Employees' Insurance Agency	115,072,492	1.3	1.4	11.2	-5.9	-5.9	1.5	-	-
WV Retiree Health Benefit Trust Fund	200,538,062	2.2	1.5	10.7	0.6	0.6	-	-	-
<b>Endowment Assets</b>	<b>504,970,023</b>	<b>5.5</b>							
Wildlife Fund	30,069,376	0.3	1.0	15.4	-15.6	-15.6	-2.4	2.3	4.6
Prepaid Tuition Trust	73,291,450	0.8	1.0	18.2	-13.2	-13.2	-1.5	2.9	4.4
Prepaid Tuition Trust Escrow	11,343	0.0	-	-	-	-	-	-	-
Revenue Shortfall Reserve Fund	163,762,960	1.8	0.9	15.2	-17.5	-17.5	-3.9	-	-
Revenue Shortfall Reserve Fund - Part B	237,834,894	2.6	0.8	14.9	-17.9	-17.9	-3.3	-	-

## West Virginia Investment Management Board

Composite Asset Allocation & Performance Net of Fees

As of June 30, 2009

	Asset \$	%	Performance %						
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
<b>Investment Pools Composite</b>	9,182,776,369	100.00							
Total Equity Composite	4,348,133,788	47.35	0.44	22.60	-25.57	-25.57	-7.03	0.85	1.83
<i>Total Equity Policy Index</i>			-0.37	22.36	-28.40	-28.40	-8.05	0.08	0.84
Excess Return			0.81	0.24	2.83	2.83	1.02	0.77	0.99
US Equity Composite	2,088,104,148	22.74	0.71	15.39	-27.92	-27.92	-8.98	-1.56	0.21
<i>Russell 3000 Index</i>			0.34	16.82	-26.56	-26.56	-8.35	-1.84	-1.46
Excess Return			0.37	-1.43	-1.36	-1.36	-0.63	0.28	1.67
Large Cap Composite	1,775,004,628	19.33	0.81	15.40	-27.28	-27.28	-8.64	-2.20	-2.25
<i>S&amp;P 500</i>			0.20	15.93	-26.21	-26.21	-8.22	-2.24	-2.22
Excess Return			0.61	-0.53	-1.07	-1.07	-0.42	0.04	-0.03
Non-Large Cap Composite	313,099,520	3.41	0.17	15.39	-30.09	-30.09	-9.70	-0.64	4.29
<i>Russell 2500 Index</i>			1.13	20.27	-26.72	-26.72	-9.31	-0.93	3.67
Excess Return			-0.96	-4.88	-3.37	-3.37	-0.39	0.29	0.62
International Equity Composite	2,260,029,640	24.61	0.19	29.81	-23.52	-23.52	-3.74	5.21	5.17
<i>MSCI AC World ex USA</i>			-1.07	27.94	-30.54	-30.54	-5.35	4.95	2.94
Excess Return			1.26	1.87	7.02	7.02	1.61	0.26	2.23
Fixed Income Composite	2,638,048,244	28.73	1.81	11.38	-0.65	-0.65	3.46	3.78	5.89
<i>Fixed Income Policy</i>			0.76	2.94	4.93	4.93	6.13	4.84	5.89
Excess Return			1.05	8.44	-5.58	-5.58	-2.67	-1.06	0.00
TRS Annuity	198,915,431	2.17	0.36	1.04					
Cash Composite	264,639,612	2.88	0.02	0.10	1.16	1.16	3.57	3.42	3.39
<i>Citigroup 90 Day T-Bill + 15bps</i>			0.02	0.09	0.93	0.93	3.20	3.18	3.30
Excess Return			0.00	0.01	0.23	0.23	0.37	0.24	0.09
Private Equity Composite	583,008,191	6.35	N/A	N/A	N/A	N/A			
Real Estate Composite	37,455,424	0.41	N/A	N/A	N/A	N/A			
Hedge Funds Composite	1,112,575,680	12.12	1.66	6.40	-7.29	-7.29			



## West Virginia Investment Management Board

Participant Plans Allocation vs. Targets

As of June 30, 2009

	Large Cap		Non-Large Cap		Int'l Equity		Fixed Income		Private Equity		Real Estate		Hedge Funds		Cash	
	Actual %	Target %	Actual %	Target %	Actual %	Target %	Actual %	Target %	Actual %	Target %	Actual %	Target %	Actual %	Target %	Actual %	Target %
<b><u>Pension Assets</u></b>																
Public Employees' Retirement System	21.0	21.3	3.8	3.8	26.6	25.0	28.3	30.0	7.8	10.0	0.5	0.0	11.5	10.0	0.5	0.0
Teachers' Retirement System	20.8	21.3	3.7	3.8	26.4	25.0	20.6	30.0	7.8	10.0	0.5	0.0	10.9	10.0	3.7	0.0
Teachers' Employers Cont. Collection A/C	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0
EMS Retirement System	20.6	21.3	3.6	3.8	26.2	25.0	28.3	30.0	9.1	10.0	0.5	0.0	9.6	10.0	2.1	0.0
Public Safety Retirement System	21.1	21.3	3.7	3.8	26.8	25.0	28.2	30.0	9.3	10.0	0.6	0.0	9.8	10.0	0.5	0.0
Judges' Retirement System	21.0	21.3	3.7	3.8	26.7	25.0	28.6	30.0	9.3	10.0	0.5	0.0	9.8	10.0	0.3	0.0
State Police Retirement System	20.6	21.3	3.6	3.8	26.2	25.0	28.5	30.0	9.1	10.0	0.5	0.0	9.6	10.0	1.8	0.0
Deputy Sheriffs' Retirement System	20.9	21.3	3.7	3.8	26.6	25.0	28.8	30.0	9.3	10.0	0.5	0.0	9.7	10.0	0.4	0.0
<b><u>Insurance Assets</u></b>																
Workers' Compensation Old Fund	12.9	12.8	2.3	2.3	16.4	15.0	40.4	40.0	0.0	0.0	0.0	0.0	20.0	20.0	8.0	10.0
Workers' Comp. Self-Insured Guaranty Risk Pool	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0
Workers' Comp. Uninsured Employers Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0
Pneumoconiosis	8.5	8.5	1.5	1.5	10.9	10.0	54.9	55.0	0.0	0.0	0.0	0.0	19.8	20.0	4.3	5.0
Board of Risk & Insurance Mgmt.	8.4	8.5	1.5	1.5	10.7	10.0	59.8	60.0	0.0	0.0	0.0	0.0	19.6	20.0	0.0	0.0
Public Employees' Insurance Agency	6.4	6.4	1.1	1.1	8.1	7.5	64.7	65.0	0.0	0.0	0.0	0.0	19.7	20.0	0.0	0.0
WV Retiree Health Benefit Trust Fund	2.1	2.1	0.4	0.3	2.7	2.5	94.8	95.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b><u>Endowment Assets</u></b>																
Wildlife Fund	20.9	21.3	3.7	3.8	26.6	25.0	28.7	30.0	9.3	10.0	0.6	0.0	9.7	10.0	0.5	0.0
Prepaid Tuition Trust	24.8	25.5	4.4	4.5	31.5	30.0	37.9	40.0	0.0	0.0	0.0	0.0	0.0	0.0	1.4	0.0
Prepaid Tuition Trust Escrow	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue Shortfall Reserve Fund	23.0	25.5	3.4	4.5	30.0	30.0	17.5	20.0	0.0	0.0	0.0	0.0	18.5	20.0	7.7	0.0
Revenue Shortfall Reserve Fund - Part B	22.0	25.5	3.3	4.5	29.3	30.0	17.4	20.0	0.0	0.0	0.0	0.0	18.4	20.0	9.5	0.0

### Statutory Limitations

- Public Equity - 75%
- International Equity - 30%
- Real Estate - 25%
- Private Equity and Hedge Funds - 20% in aggregate

## West Virginia Investment Management Board

### Footnotes

As of June 30, 2009

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PERS Policy is 30% Russell 3000, 30% MSCI ACW ex USA, and 40% Barclays Capital Universal as of 4/1/08. Prior periods, 42% Russell 3000, 30% MSCI ACW ex USA, and 40% Barclays Capital Aggregate.

Total Equity Policy is 50% Russell 3000 and 50% MSCI ACW ex USA as of April 2008. Prior periods were 40% S&P 500, 30% Russell 2500, and 30% MSCI ACW ex USA.

Fixed Income Policy is 100% Barclays Capital Universal as of April 2008. Prior periods were the Barclays Capital Aggregate.

AXA Policy Index is 100% S&P Developed ex USA Small Cap as of April 2007. Prior periods were 100% MSCI World ex USA Small Cap.

Western Policy Index is 100% Barclays Capital Universal as of April 2008. Prior periods were a custom index.

Returns are net of manager fees. Returns shorter than one year are unannualized.

## DISCLAIMER

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**Status Report**  
**Workers' Compensation**

Joint Committee on  
Government & Finance

8/12/09

*Provided by the West Virginia Offices of the Insurance Commissioner*



## Old Fund / Debt Reduction

	1st Quarter	Y-T-D FY2010	Y-T-D FY2009	Change
<b>Revenues</b>				
Personal Income Tax	-	-	-	-
Severance Tax	7,253,815	7,253,815	8,913,078	(1,659,262)
Debt Reduction Surcharge	8,014,948	8,014,948	10,175,454	(2,160,506)
Self-Insured Debt Reduction Surcharge	874,595	874,695	1,396,792	(522,197)
Video Lottery	4,186,365	4,186,365	4,588,235	(401,871)
Employer Premium	61,252	61,252	207,660	(146,408)
Other Income - Return of Unclaimed Property	-	-	-	-
<b>Total Revenues</b>	<b>20,390,976</b>	<b>20,390,976</b>	<b>25,281,220</b>	<b>(4,890,244)</b>
Surplus Note Principal Payments	-	-	60,000,000	(60,000,000)
Investment / Interest Earnings (Losses)	6,672,199	6,672,199	(18,928,919)	25,601,118
<b>Expenditures</b>				
Public Employees Insurance	-	-	10,453	(10,453)
Payment of Claims	21,899,562	21,899,562	21,849,692	49,871
Contractual/Professional	1,722,127	1,722,127	1,734,021	(11,894)
<b>Total Expenditures</b>	<b>23,621,689</b>	<b>23,621,689</b>	<b>23,594,165</b>	<b>27,524</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>3,441,486</b>	<b>3,441,486</b>	<b>42,758,135</b>	<b>(39,316,650)</b>
Cash Beginning Balances	795,869,972	796,869,972		
Cash Ending Balances	799,311,458	799,311,458		

# Old Fund Liability Estimate

(excluding LAE)  
(discounted)  
July FY2010

	FY2010	July
<b>Beginning Reserve Amount</b>		2,269,917,586
<b>Claim Payments</b>		21,899,562
<b>Estimated Ending Reserve Amount</b>		2,257,221,384

**Note:**

The interim estimate of the Old Fund liabilities is derived using a formula that reduces the reserve amount at the beginning of each month by the amount of claims payments made during the month.

The formula makes an adjustment for the time value of money, assuming that claim payments are evenly distributed through the month. The estimate is updated monthly.

WEST VIRGINIA  
OFFICES OF THE INSURANCE COMMISSIONER  
SCHEDULE OF NET ASSETS  
Workers' Compensation Old Fund - Debt Reduction  
(In Thousands)  
July, FY2010

	June 30, 2009	July 31, 2009	Change
<b>Assets:</b>			
Cash and Cash Equivalents	795,870	799,311	3,441
Receivables, Net:	24,256	24,256	0
Surplus Note	17,759	17,759	0
Total Assets	<u>837,885</u>	<u>841,326</u>	<u>3,441</u>
<b>Liabilities:</b>			
Estimated Liability for Unpaid Claims and Claim Adjustment Expense	2,269,918	2,257,221	(12,697)
Other Liabilities	490	490	0
Total Liabilities	<u>2,270,408</u>	<u>2,257,711</u>	<u>(12,697)</u>
<b>Net Assets:</b>			
Unrestricted	<u>(1,432,523)</u>	<u>(1,416,385)</u>	16,138
Total Net Assets	<u><u>(1,432,523)</u></u>	<u><u>(1,416,385)</u></u>	<u>16,138</u>

\*Debt Reduction estimates are updated on a monthly basis. See note on "Old Fund Liability Estimate" sheet.

## Workers' Compensation Old Revenue & Expenditures

Cash Basis

July 2009 Report

	Calendar Year 2006	Calendar Year 2007	Calendar Year 2008	Calendar Year 2009 January 1 - July 31
<b>Revenue</b>				
Statutory Transfers*	\$ 266,613,362	\$ 261,975,877	\$ 287,088,650	\$ 275,585,420
Collections	8,316,798	1,041,116	3,265,870	818,726
Investment Income	50,201,026	40,659,223	(168,342,828)	76,435,430
<b>Total Revenue</b>	<b>\$ 325,131,186</b>	<b>\$ 303,676,215</b>	<b>\$ 122,011,692</b>	<b>\$ 352,839,576</b>
<b>Expenditures</b>				
Claim Payments	\$ 355,245,366	\$ 284,445,313	\$ 249,839,063	\$ 146,400,054
Administrative/Other Expense	21,630,179	24,710,582	23,576,238	11,871,968
<b>Total Expenditures</b>	<b>\$ 376,875,545</b>	<b>\$ 309,155,895</b>	<b>\$ 273,415,301</b>	<b>\$ 158,272,023</b>
* Workers' Compensation Commission Initial fund transfer January 2006	711,094,830			
* Payments from BrickStreet Insurance on Surplus Note		8,841,297	102,782,602	87,093,151
<b>Invested Balance with WVIMB</b>				
<b>at year end</b>	647,444,812	635,908,034	591,375,200	663,688,289
<b>Invested Balance with BTI</b>				
<b>at year end</b>	-	-	-	129,650,342



**Workers' Compensation Old Fund Benefit Payments**  
**Average Monthly Payments**

**July 2009 Report**

	<b>7/1/07 : 6/30/08</b>	<b>7/1/08 : 6/30/09</b>	<b>7/1/09 : 6/30/10</b>
	Previous 12 month period.	Previous 12 month period.	Current 12 month period.
<b>Claims benefits paid:</b>			
Medical	4,216,466.10	4,296,649.61	5,112,305.96
Permanent Total Disability	12,705,096.33	12,512,742.53	12,687,368.76
Permanent Partial Disability	1,251,457.90	680,987.68	475,956.04
Temporary Total Disability	274,448.93	169,475.85	276,940.39
Settlement Agreements	371,246.66	268,303.45	436,146.99
Fatals	2,831,376.60	2,711,468.71	2,642,471.38
104 weeks	435,527.13	551,281.78	440,441.48
<b>Total</b>	<b>22,085,819.64</b>	<b>21,190,909.62</b>	<b>22,071,631.00</b>
Claims credits and overpayments	(369,925.10)	(217,740.97)	(172,068.59)
<b>Average Total claims paid</b>	<b>21,715,894.54</b>	<b>20,973,168.65</b>	<b>21,899,562.41</b>

# Coal Workers Fund

	1st Quarter	YTD FY 2010	YTD FY 2009	Change
<b>Revenues</b>				
Investment Earnings (Losses)	2,538,560	2,538,560	-	2,538,560
Other Income - Return of Unclaimed Property	-	-	-	
<hr/>				
<b>Total Revenues</b>	<b>2,538,560</b>	<b>2,538,560</b>	<b>-</b>	<b>2,538,560</b>
<hr/>				
<b>Expenditures</b>				
Payment of Claims	1,013,165	1,013,165	1,226,140	(212,975)
Deposit Refunds	-	-		-
<hr/>				
<b>Total Expenditures</b>	<b>1,013,165</b>	<b>1,013,165</b>	<b>1,226,140</b>	<b>(212,975)</b>
<hr/>				
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>1,525,395</b>	<b>1,525,395</b>	<b>(1,226,140)</b>	<b>2,751,535</b>
<hr/>				
Cash Beginning Balances	221,866,212	221,866,212		
<hr/>				
<b>Cash Ending Balances</b>	<b>223,391,607</b>	<b>223,391,607</b>		

# UNINSURED

	1st Quarter	YTD FY 2010	YTD FY 2009	Change
<b>Revenues</b>				
Fines and Penalties	97,446	97,446	109,461	(12,015)
Investment Earnings (Losses)	1,665	1,665		1,665
	<hr/>			
<b>Total Revenues</b>	<b>99,112</b>	<b>99,112</b>	<b>109,461</b>	<b>(10,349)</b>
	<hr/>			
<b>Expenditures</b>				
Payment of Claims	29,978	29,978	52,955	(22,976)
	<hr/>			
<b>Total Expenditures</b>	<b>29,978</b>	<b>29,978</b>	<b>52,955</b>	<b>(22,976)</b>
	<hr/>			
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>69,133</b>	<b>69,133</b>	<b>56,507</b>	<b>12,627</b>
	<hr/>			
Cash Beginning Balances	8,588,268	8,588,268		
	<hr/>			
Cash Ending Balances	8,667,402	8,657,402		

# Self Insured Fund

	1st Quarter	YTD FY 2010	YTD FY 2009	Change
<b>Revenues</b>				
Guaranty Risk Pool Assessments	265,352	265,352	333,111	(67,759)
Investment Earnings (Losses)	1,325	1,325	-	1,325
<b>Total Revenues</b>	<b>266,677</b>	<b>266,677</b>	<b>333,111</b>	<b>(66,433)</b>
<b>Expenditures</b>				
Payment of Claims	2,325	2,325	512	1,814
<b>Total Expenditures</b>	<b>2,325</b>	<b>2,325</b>	<b>512</b>	<b>1,814</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>264,352</b>	<b>264,352</b>	<b>332,599</b>	<b>(68,247)</b>
Cash Beginning Balances	6,969,308	6,969,308		
<b>Cash Ending Balances</b>	<b>7,233,660</b>	<b>7,233,660</b>		

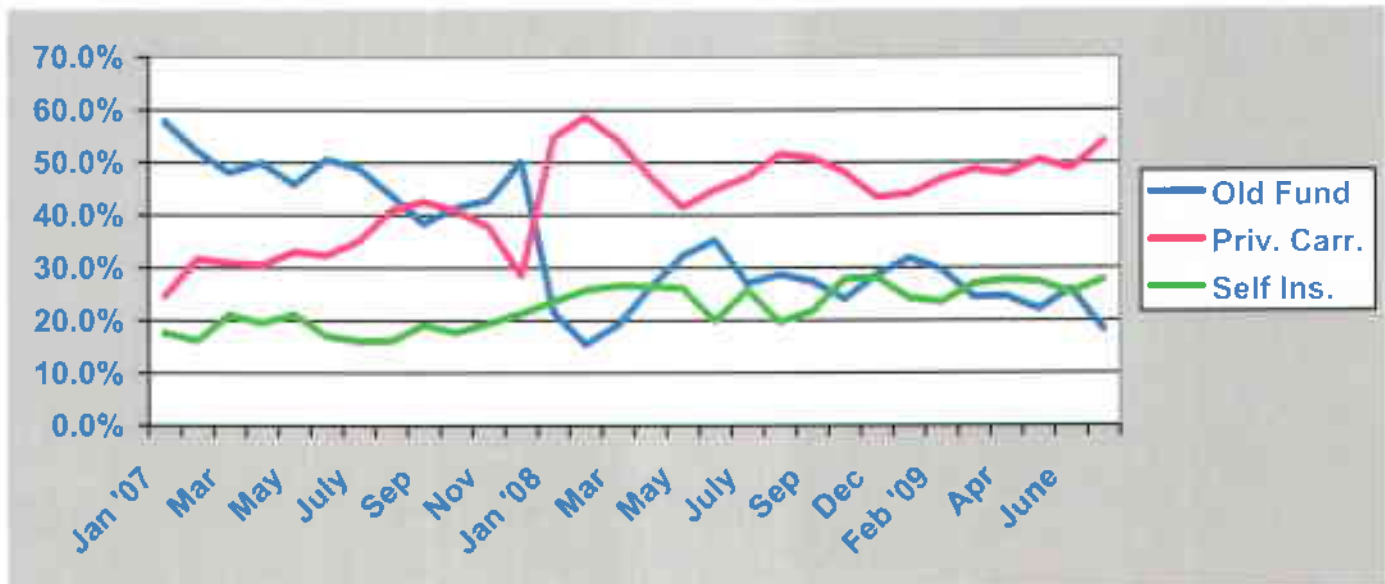
# OFFICE OF JUDGES' REPORT July 2009 & YTD Statistics

## I. Statistical Analysis

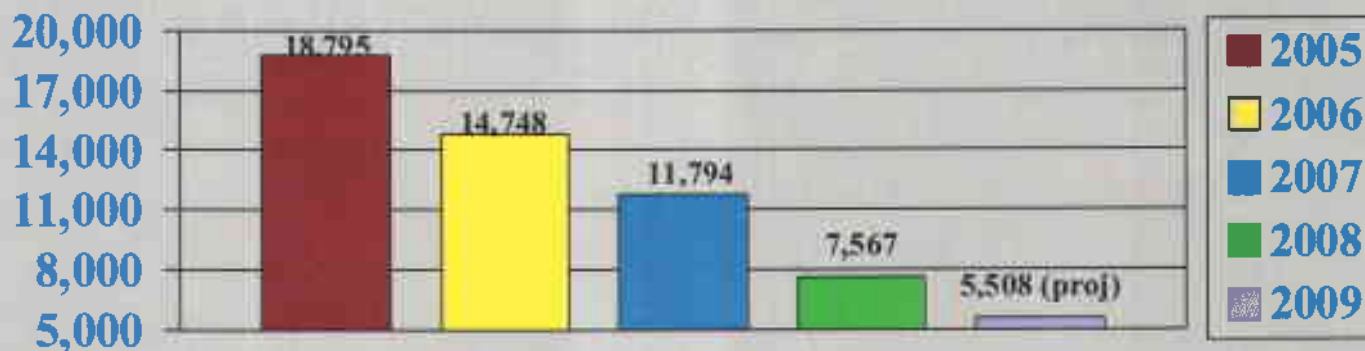
A. Protests Acknowledged: 2008  
7567 July  
474 2009  
3872

### Fund Involved:

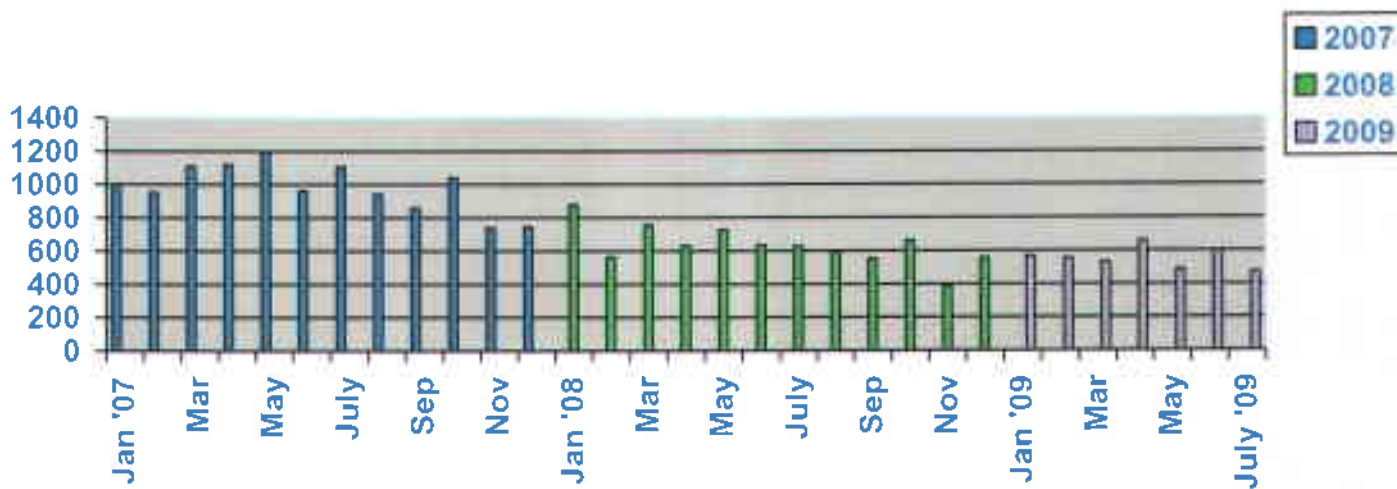
FUND	2006	2007	% of protests	2008	% of protests	July '09	% of protests	2009	% of protests
Old Fund	8,146	4,433	56.68%	1,592	26.18%	72	18.27%	819	25.43%
Priv. Carrier	2,207	3,370	25.13%	2,971	48.86%	213	54.06%	1,563	48.54%
Others									
Self-Insured	2,264	1,772	18.19%	1,518	24.96%	109	27.66%	838	26.02%
Subtotal	12,617	9,575		6,081		394		3,220	
Temporary	2,131	2,219		1,486		80		652	
Total	14,748	11,794		7,567		474		3,872	



## PROTESTS PER CALENDAR YEAR



## PROTESTS BY MONTH



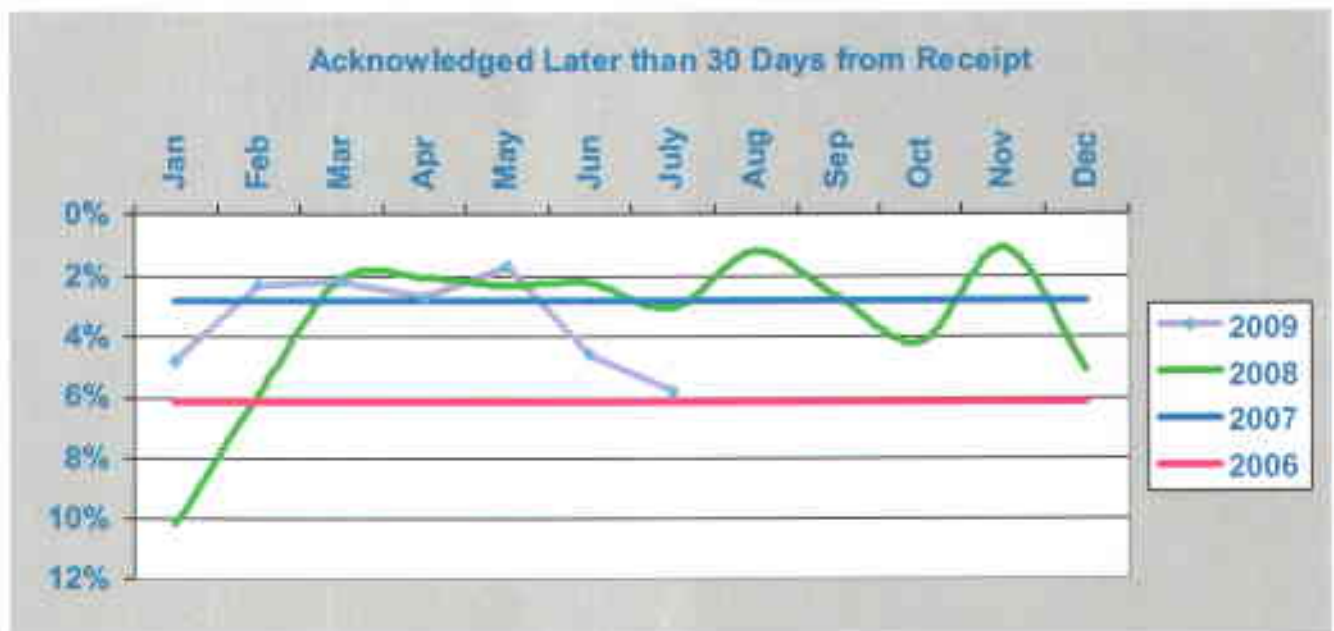
B. Issues Resolved:      2008                      July                      2009  
    8,094                      456

**C. Pending Caseload Report**

<b>PENDING END OF JULY</b>	<b>4,113</b>
PENDING 1 MONTH BEFORE	4,173
PENDING 2 MONTHS BEFORE	4,134
PENDING 3 MONTHS BEFORE	4,122
PENDING 6 MONTHS BEFORE	4,285
PENDING 12 MONTHS BEFORE	5,248

**D. Acknowledgment Timeliness:**

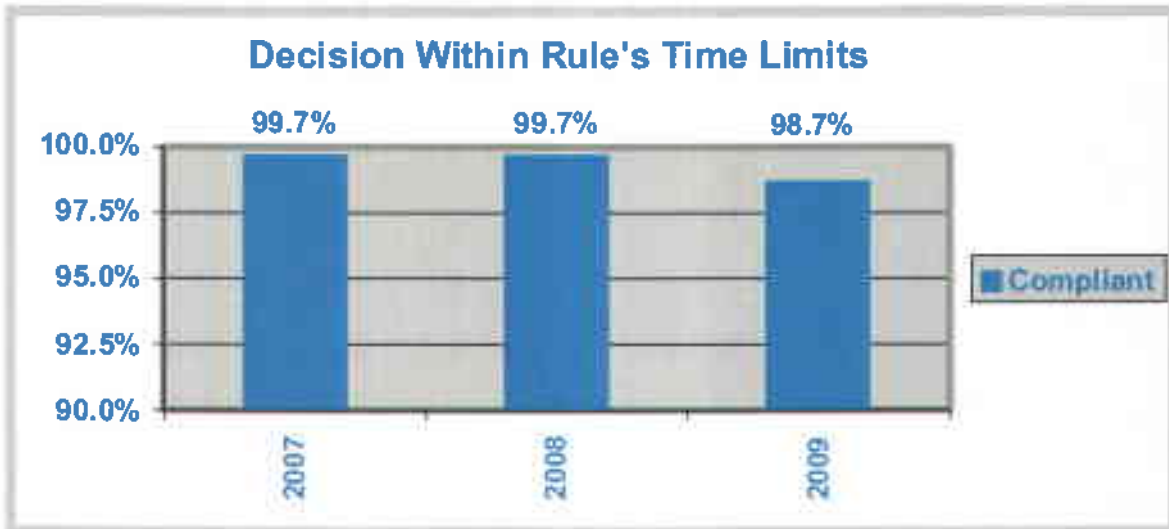
	<u>2008</u>	<u>July</u>	<u>YTD</u>
1. Protest Ackn. >30 days	3.6%	5.8%	3.4%
2. Protest Ackn. 24-30 days	2.3%	2.8%	2.3%
3. Protest Ackn. 11-23 days	19.0%	40.1%	23.2%
4. Protest Ackn. <11 days	75.1%	51.3%	71.1%



**E. Protests Resolved:**

	<u>July '09</u>	<u>2009</u>
1. Protests decided:	279	2377
2. Withdrawals:	89	368
3. "No Evidence" Dismissals:	59	402

<b>F. Final Decision Timeliness</b>	<b><u>2008</u></b>	<b><u>July</u></b>	<b><u>2009</u></b>
1. <30 days:	59.6%	54.4%	52.1%
2. 30-60 days:	26.2%	32.8%	31.9%
3. 60-90 days:	13.9%	11.6%	14.6%
4. +90 days:	0.3%	1.2%	1.3%



<b>G. Time Standard Compliance</b>	<b><u>2008</u></b>	<b><u>July</u></b>	<b><u>2009</u></b>
	91.2%	88.2%	82.6%



Monday, August 03, 2009

### Time Standard Compliance

Report Dates: From 7/1/2009 thru 7/30/2009

Time Standard	Total Closed	Timely		Late	
		Count	Percent	Count	Percent
COMPENSABILITY	27	27	100%	0	0%
DEP BEN FATAL	3	1	33.3%	2	66.7%
TRMT/EQUIP EM	2	2	100%	0	0%
BENEFIT OVERPAYMENT	1	1	100%	0	0%
OP NON-MED	4	4	100%	0	0%
OPBD	28	19	67.9%	9	32.1%
PPD	32	32	100%	0	0%
REOPENING	9	8	88.9%	1	11.1%
TRMT/EQUIP CL	48	44	91.7%	4	8.3%
TTD	12	12	100%	0	0%
<b>Total Motions</b>	<b>166</b>	<b>150</b>	<b>88.2%</b>	<b>16</b>	<b>11.8%</b>

Monday, August 03, 2009

### Final Decision Compliance

Report Dates: From 7/1/2009 thru 7/30/2009

Description	Issues Resolved	Days to Decision							
		< 30 Days		30 - 60		61 - 90		> 90	
		Count	%	Count	%	Count	%	Count	%
DEP BEN FATAL	4	2	50.0%	0	0.0%	1	25.0%	1	25.0%
OPBD	37	25	67.6%	7	18.9%	5	13.5%	0	0.0%
TRMT/EQUIP CL	66	33	50.0%	30	45.5%	3	4.5%	0	0.0%
TRMT/EQUIP EM	2	0	0.0%	2	100.0%	0	0.0%	0	0.0%
TTD	24	13	54.2%	7	29.2%	4	16.7%	0	0.0%
COMPENSABILITY	47	26	55.3%	15	31.9%	6	12.8%	0	0.0%
FAILURE TO ACT 10 DAY	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
OP NON-MED	4	3	75.0%	1	25.0%	0	0.0%	0	0.0%
PPD	44	27	61.4%	13	29.5%	4	9.1%	0	0.0%
PTD ENTITLEMENT	3	0	0.0%	1	33.3%	1	33.3%	1	33.3%
REOPENING	18	7	38.9%	6	33.3%	5	27.8%	0	0.0%
<b>Totals</b>	<b>250</b>	<b>136</b>	<b>54.4%</b>	<b>82</b>	<b>32.8%</b>	<b>29</b>	<b>11.6%</b>	<b>3</b>	<b>1.2%</b>

Monday, August 03, 2009

### Motion Resolution Compliance

Report Dates: From 7/1/2009 thru 7/30/2009

Time Standard	Total Motions	Timely *		Late **	
		Count	Percent	Count	Percent
COMPENSABILITY	233	225	96.6%	8	3.4%
DEP BEN FATAL	27	24	88.9%	3	11.1%
IEB DETERMINATION	10	10	100%	0	0%
OP NON-MED	16	13	81.3%	3	18.8%
OPBD	75	58	77.3%	17	22.7%
PPD	207	201	97.1%	6	2.9%
BENEFIT OVERPAYMENT	1	1	100%	0	0%
PTD ENTITLEMENT	13	13	100%	0	0%
PTD SUSPENSION/TERMINATION	1	1	100%	0	0%
REOPENING	79	75	94.9%	4	5.1%
TRMT/EQUIP CL	182	171	94%	11	6%
TTD	88	87	98.9%	1	1.1%
<b>Total Motions</b>	<b>932</b>	<b>879</b>	<b>94.1%</b>	<b>53</b>	<b>5.9%</b>

\* Action Date < Motion Date

\*\* Action Date > Motion Date

Monday, August 03, 2009

### Acknowledgement Goal

Report Dates: From 7/1/2009 thru 7/31/2009

Description	Protests Acknowledged	Days to Acknowledge Protests							
		> 30		30-24		23-11		< 11	
		Count	Percent	Count	Percent	Count	Percent	Count	Percent
<b>APPLICATION THRESHOLD</b>	Total: 1	0	0.0%	1	100.0%	0	0.0%	0	0.0%
CZA - CL SI APP.THRESHOLD	1	0	0.0%	1	100.0%	0	0.0%	0	0.0%
<b>BENEFIT OVERPAYMENT</b>	Total: 1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CBO - CL BEN. OVERPAYMENT	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
<b>BENEFIT RATE</b>	Total: 3	0	0.0%	1	33.3%	2	66.7%	0	0.0%
CBR - CL PRSTS BEN RATE	2	0	0.0%	1	50.0%	1	50.0%	0	0.0%
CS2 - CL SI PRSTS BEN RATE	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
<b>COMPENSABILITY</b>	Total: 67	5	7.5%	2	3.0%	38	56.7%	22	32.8%
CCS - CL SEC.CONDITION	7	0	0.0%	1	14.3%	1	14.3%	5	71.4%
CHC - CL COMPENSABILITY	1	1	100.0%	0	0.0%	0	0.0%	0	0.0%
CIS - CL SI SEC.CONDITION	7	1	14.3%	0	0.0%	1	14.3%	5	71.4%
CPI - CL SI REJECT CLAIM	8	0	0.0%	0	0.0%	6	75.0%	2	25.0%
CPJ - CL REJECT CLAIM	42	3	7.1%	1	2.4%	29	69.0%	9	21.4%
CRZ - CL REJ OCC DISEASE	2	0	0.0%	0	0.0%	1	50.0%	1	50.0%
<b>DEP BEN FATAL</b>	Total: 9	0	0.0%	0	0.0%	6	66.7%	3	33.3%
CDF - CL DENY/GRNT DTH BEN	8	0	0.0%	0	0.0%	5	62.5%	3	37.5%
EIF - EM SI DY/GNT DTH BEN	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
<b>FAILURE TO ACT 15 DAY</b>	Total: 4	4	100.0%	0	0.0%	0	0.0%	0	0.0%
C01 - CL FTA INJ COMPENSAB	4	4	100.0%	0	0.0%	0	0.0%	0	0.0%
<b>IEB DETERMINATION</b>	Total: 3	0	0.0%	1	33.3%	2	66.7%	0	0.0%
CEB - CL IEB DETERMINATION	1	0	0.0%	1	100.0%	0	0.0%	0	0.0%
CZB - CL SI IEB DETRM'TION	2	0	0.0%	0	0.0%	2	100.0%	0	0.0%
<b>OP NON-MED</b>	Total: 4	0	0.0%	0	0.0%	4	100.0%	0	0.0%
CIR - CL SI NON-MED ORDER	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
CNR - CL NON-MED ORDER	3	0	0.0%	0	0.0%	3	100.0%	0	0.0%
<b>OPBD</b>	Total: 18	1	5.6%	1	5.6%	6	33.3%	10	55.6%
CAO - CL ADD BOARD FINDING	6	0	0.0%	1	16.7%	2	33.3%	3	50.0%
CBF - CL % BOARD FINDING	4	0	0.0%	0	0.0%	0	0.0%	4	100.0%
CSF - CL% SI BOARD FINDING	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%

Description	Protests Acknowledged	Days to Acknowledge Protests							
		> 30		30-24		23-11		< 11	
		Count	Percent	Count	Percent	Count	Percent	Count	Percent
CSO - CL SI AD.BRD FINDING	3	0	0.0%	0	0.0%	2	66.7%	1	33.3%
EBF - EM % BOARD FINDING	3	1	33.3%	0	0.0%	2	66.7%	0	0.0%
<b>PPD</b>	Total: 100	1	1.0%	1	1.0%	48	48.0%	50	50.0%
CAA - CL ADDL % AWARD D/G	11	0	0.0%	0	0.0%	3	27.3%	8	72.7%
CAD - CL % AWARD DENY/GRNT	65	0	0.0%	1	1.5%	34	52.3%	30	46.2%
CIE - CL SI ADD% AWARD D/G	5	0	0.0%	0	0.0%	2	40.0%	3	60.0%
CIG - CL SI %AWARD DNY/GNT	18	0	0.0%	0	0.0%	9	50.0%	9	50.0%
EAD - EM % AWARD DENY/GRNT	1	1	100.0%	0	0.0%	0	0.0%	0	0.0%
<b>REHABILITATION</b>	Total: 2	0	0.0%	0	0.0%	2	100.0%	0	0.0%
CPV - CL DY/GRNT REHAB PLN	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
CTP - CL GRNT/DNY TP REHAB	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
<b>REOPENING</b>	Total: 21	3	14.3%	1	4.8%	5	23.8%	12	57.1%
CIQ - CL SI DY/GNT R/O PPD	2	0	0.0%	0	0.0%	1	50.0%	1	50.0%
CIY - CL SI DY/GNT R/O TTD	4	1	25.0%	0	0.0%	1	25.0%	2	50.0%
CIZ - CL SI D/G R/O TRTMT	3	0	0.0%	0	0.0%	1	33.3%	2	66.7%
CJV - CL DNY/GRNT R/O PPD	3	1	33.3%	0	0.0%	0	0.0%	2	66.7%
CLH - CL DNY/GRNT R/O PTD	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CRD - CL DENY/GRNT R/O TTD	5	0	0.0%	1	20.0%	1	20.0%	3	60.0%
CRO - CL DY/GRNT R/O TRTMT	3	1	33.3%	0	0.0%	1	33.3%	1	33.3%
<b>TRMT/EQUIP CL</b>	Total: 103	4	3.9%	1	1.0%	27	26.2%	71	68.9%
CBX - CL TRMT DENY	61	3	4.9%	0	0.0%	16	26.2%	42	68.9%
CSX - CL SI TRMT DENY	42	1	2.4%	1	2.4%	11	26.2%	29	69.0%
<b>TRMT/EQUIP EM</b>	Total: 1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
EYY - EM TRMT GRANT	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
<b>TTD</b>	Total: 57	5	8.8%	2	3.5%	18	31.6%	32	56.1%
CCC - CL CLOSING THE CLAIM	38	1	2.6%	1	2.6%	12	31.6%	24	63.2%
CIC - CL SI CLSING THE CLM	7	0	0.0%	0	0.0%	4	57.1%	3	42.9%
CIJ - CL SI TTD	2	0	0.0%	0	0.0%	1	50.0%	1	50.0%
CJS - CL TTD	5	2	40.0%	1	20.0%	1	20.0%	1	20.0%
CPX - CL INITIAL TTD	5	2	40.0%	0	0.0%	0	0.0%	3	60.0%
<b>Totals:</b>	<b>394</b>	<b>23</b>	<b>5.8%</b>	<b>11</b>	<b>2.8%</b>	<b>158</b>	<b>40.1%</b>	<b>202</b>	<b>51.3%</b>

Monday, August 03, 2009

### Resolution of Issues

Report Dates: Decision Date from 7/1/2009 thru 7/31/2009

Time Standard Categories	Decisions Issued	Reversed		Affirmed		Affirmed by Rule		Dismissed		Modified		Moot		Other		Remanded	
		Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%
BENEFIT RATE	1	0	0	0	0	1	100	0	0	0	0	0	0	0	0	0	0
FAILURE TO ACT 10 DAY	1	0	0	0	0	0	0	1	100	0	0	0	0	0	0	0	0
OP NON-MED	5	0	0	4	80	0	0	1	20	0	0	0	0	0	0	0	0
TTD	36	4	11.1	18	50	2	5.6	8	22.2	2	5.6	2	5.6	0	0	0	0
COMPENSABILITY	88	19	21.6	30	34.1	9	10.2	23	26.1	4	4.5	3	3.4	0	0	0	0
DEP BEN FATAL	8	1	12.5	3	37.5	2	25	2	25	0	0	0	0	0	0	0	0
OPBD	53	3	5.7	38	71.7	4	7.5	8	15.1	0	0	0	0	0	0	0	0
PPD	111	18	16.2	36	32.4	14	12.6	40	36	0	0	3	2.7	0	0	0	0
PTD ENTITLEMENT	3	2	66.7	1	33.3	0	0	0	0	0	0	0	0	0	0	0	0
REOPENING	25	7	28	12	48	2	8	3	12	1	4	0	0	0	0	0	0
TRMT/EQUIP CL	121	18	14.9	46	38	23	19	23	19	7	5.8	4	3.3	0	0	0	0
TRMT/EQUIP EM	4	0	0	2	50	2	50	0	0	0	0	0	0	0	0	0	0
<b>Totals</b>	<b>456</b>	<b>72</b>	<b>15.8</b>	<b>190</b>	<b>41.7</b>	<b>59</b>	<b>12.9</b>	<b>109</b>	<b>23.9</b>	<b>14</b>	<b>3.1</b>	<b>12</b>	<b>2.6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## OOJ – Petition for Attorney Fees for Unreasonable Denial

<b>Petitions received 9/1/2005 through 7/31/09</b>	<b>33</b>
Petitions denied on face:	13
Petitions denied by ALJ Decision:	13
Petitions granted:	3
Petitions withdrawn through settlement:	2
Petitions currently pending:	2

## Failure to Timely Act Process

### Petitions filed 9/1/05 through 6/30/09

Filed:	<b>105</b>
Denied/dismissed:	48
Withdrawn:	7
Reports to OIC:	39
Pending:	11

## Expedited Hearings Scheduled

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	TOTAL
<b>2005</b>	13	13	14	25	16	9	9	19	11	10	16	4	<b>159</b>
<b>2006</b>	7	0	2	1	7	4	8	2	5	7	6	3	<b>52</b>
<b>2007</b>	12	4	5	5	1	12	9	4	5	5	4	2	<b>68</b>
<b>2008</b>	3	2	1	11	1	6	11	8	6	4	8	4	<b>65</b>
<b>2009</b>	5	6	5	4	10	14	10	6					<b>60</b>

Joe Manchin, III  
Governor

James D. Gray  
Chairman

W. Jack Stevens  
Member

Rita Hedrick-Helmick  
Member

## Workers' Compensation Board of Review

Offices located at 1207 Quarrier St, Charleston  
All communications should be addressed to the Board of Review  
at the address shown at the bottom of this page.

### 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:** James D. Gray, Chairman

**Date:** August 4, 2009

**Re:** Workers' Compensation Board of Review Monthly Report

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Attached, please find the Board of Review's July 2009 monthly report.

A number of changes have been made to the Board's reports. You will find a total of eight reports as opposed to the two reports you previously received. These reports include the following:

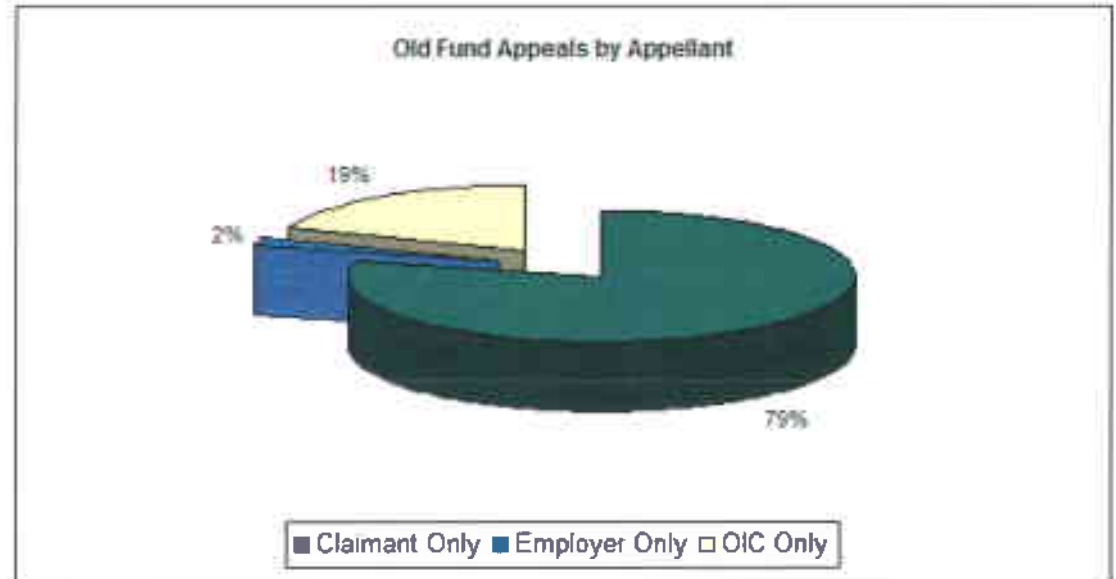
1. Monthly Report of Appeals Received
2. Yearly Report of Appeals Received
3. Monthly Report of Appeals Received by Issue
4. Yearly Report of Appeals Received by Issue
5. Monthly Appeals Received by Issue and Appellant
6. Monthly Summary of Dispositions by Party
7. Monthly Summary of Dispositions by Issue
8. Yearly Summary of Dispositions by Issue

Please do not hesitate to contact me in the event of any questions.

## Appeals Received From July 1, 2009 Thru July 31, 2009

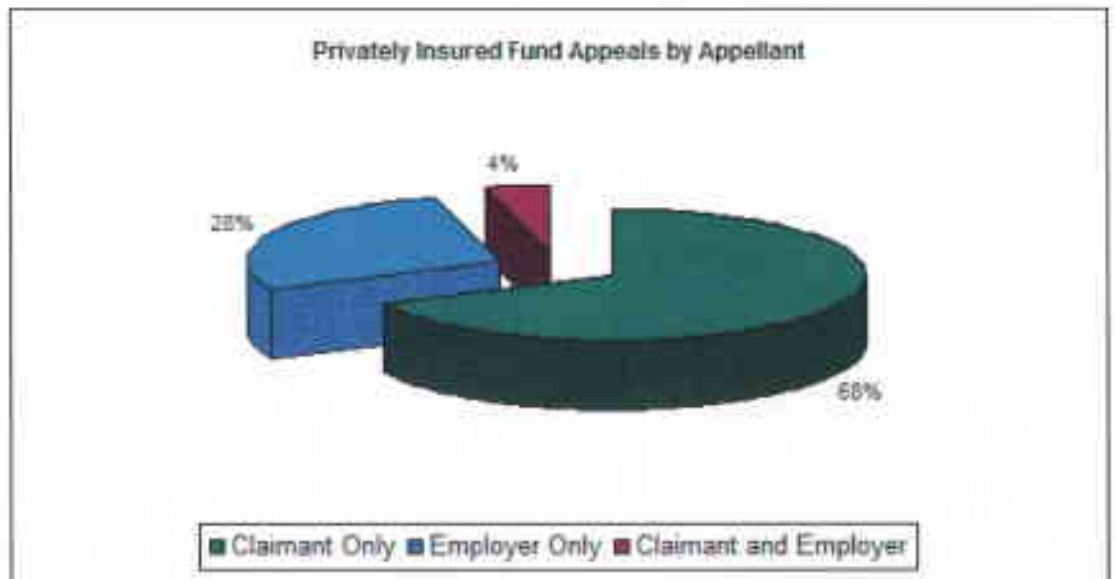
### Old Fund Appeals (DOI < Jul-1-2005)

Appellant	Count
Claimant Only	41
Employer Only	1
OIC Only	10
<b>Old Fund Total</b>	<b>52</b>



### New Fund Appeals (DOI > Jun-30-2005)

Appellant	Count
Claimant Only	32
Employer Only	13
Claimant and Employer	2
<b>New Fund Total</b>	<b>47</b>
<b>Total Appeals</b>	<b>99</b>



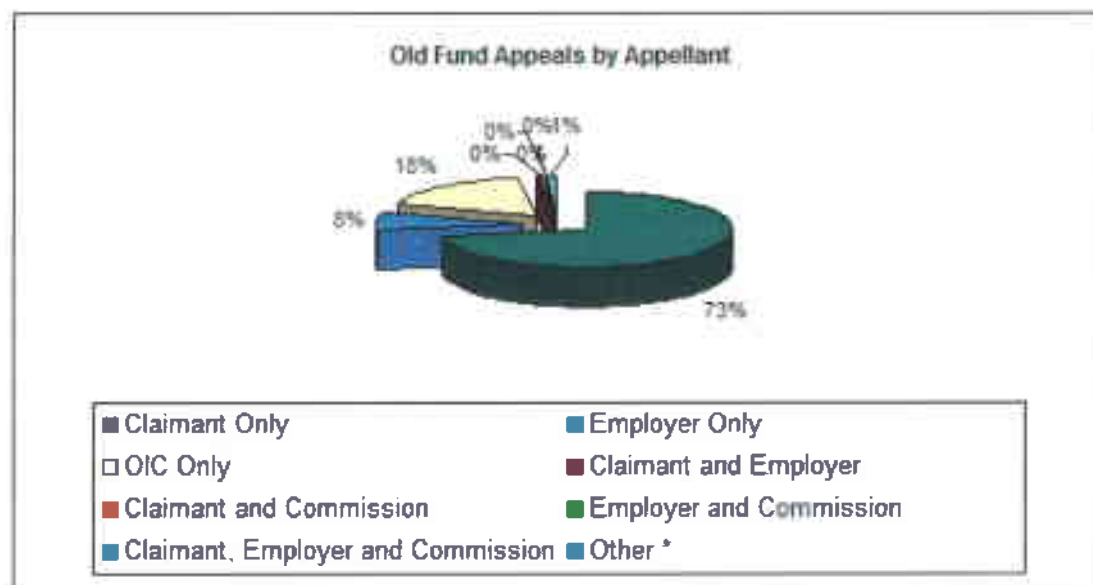
Appeals counted more than once:



## Yearly Appeals Received From June 1, 2008 Thru July 31, 2009

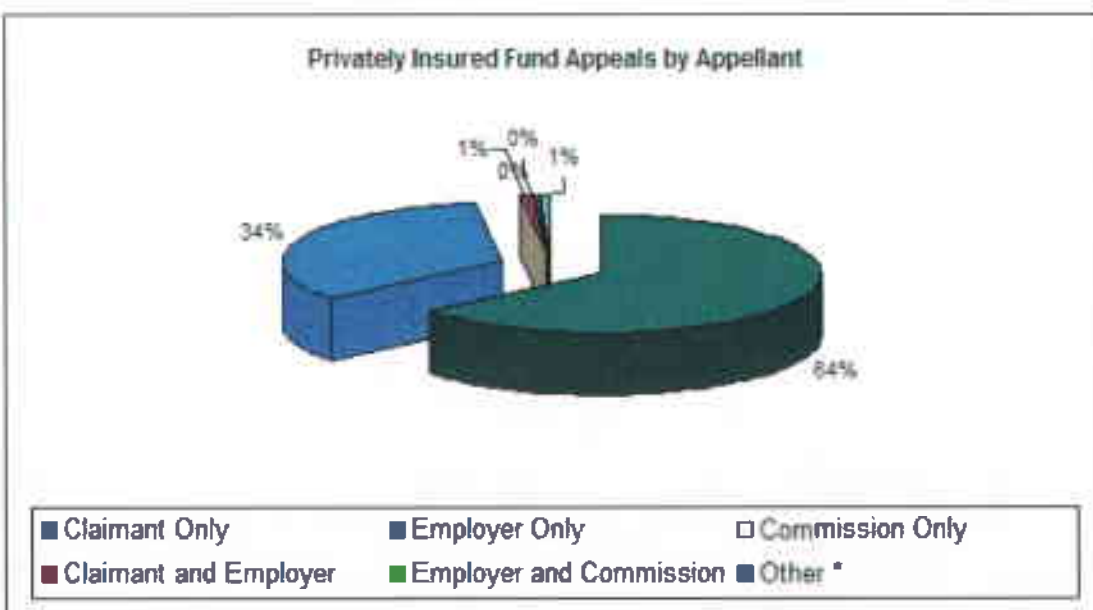
### Old Fund Appeals (DOI < Jul-1-2005)

Appellant	Count
Claimant Only	783
Employer Only	86
OIC Only	194
Claimant and Employer	5
Claimant and Commission	2
Employer and Commission	1
Claimant, Employer and Commission	1
Other *	11
<b>Old Fund Total</b>	<b>1083</b>



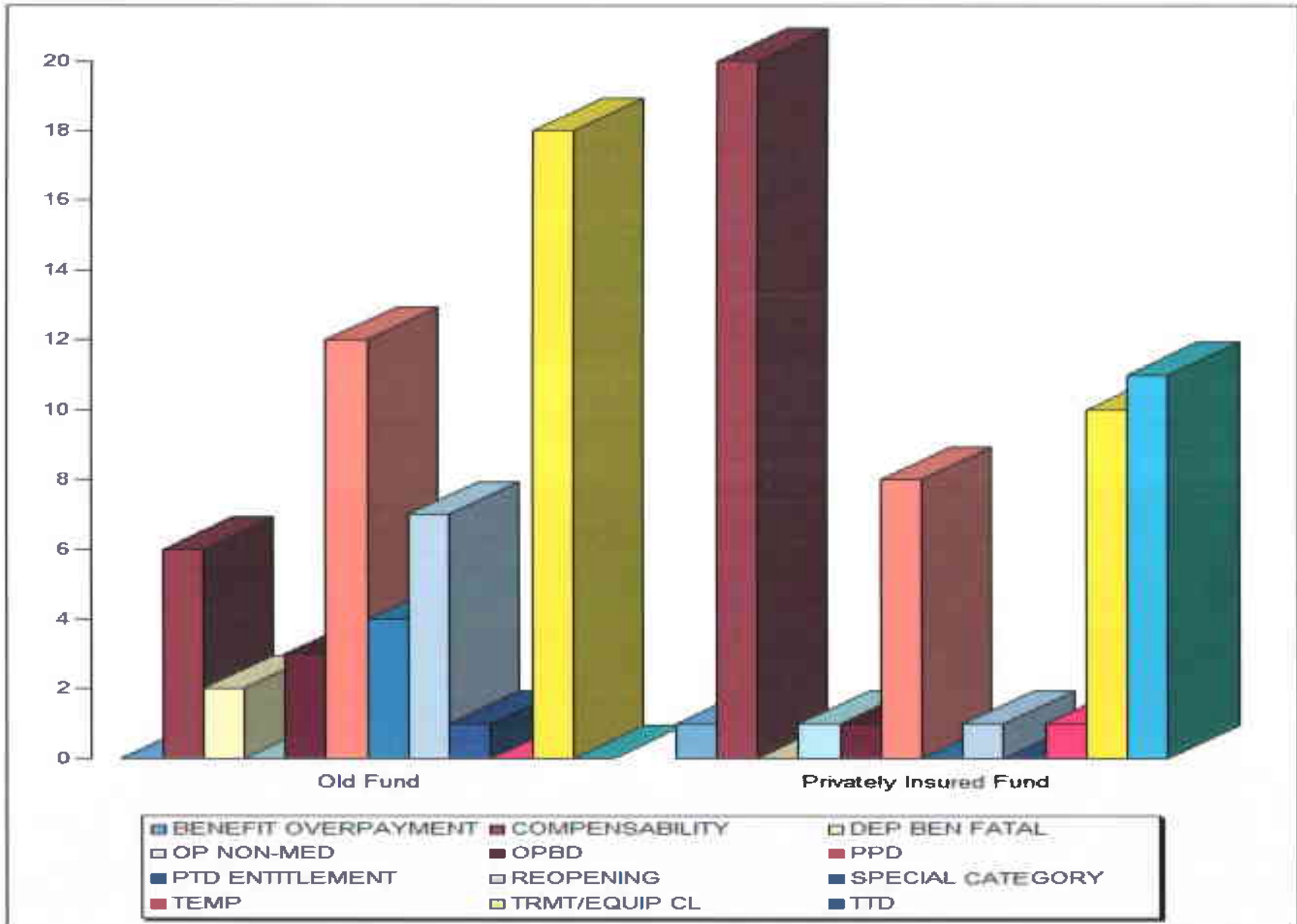
### New Fund Appeals (DOI > Jun-30-2005)

Appellant	Count
Claimant Only	692
Employer Only	363
Commission Only	2
Claimant and Employer	9
Employer and Commission	1
Other *	10
<b>New Fund Total</b>	<b>1077</b>
<b>Total Appeals</b>	<b>2160</b>



\* Appeals requiring research  
Appeals counted more than once: 4

**Appeals Received By Issue**  
**Old Fund Appeals (DOI < July 1, 2005) vs New Fund Appeals (DOI > June-30-2005)**  
**From July 1, 2009 Thru July 31, 2009**



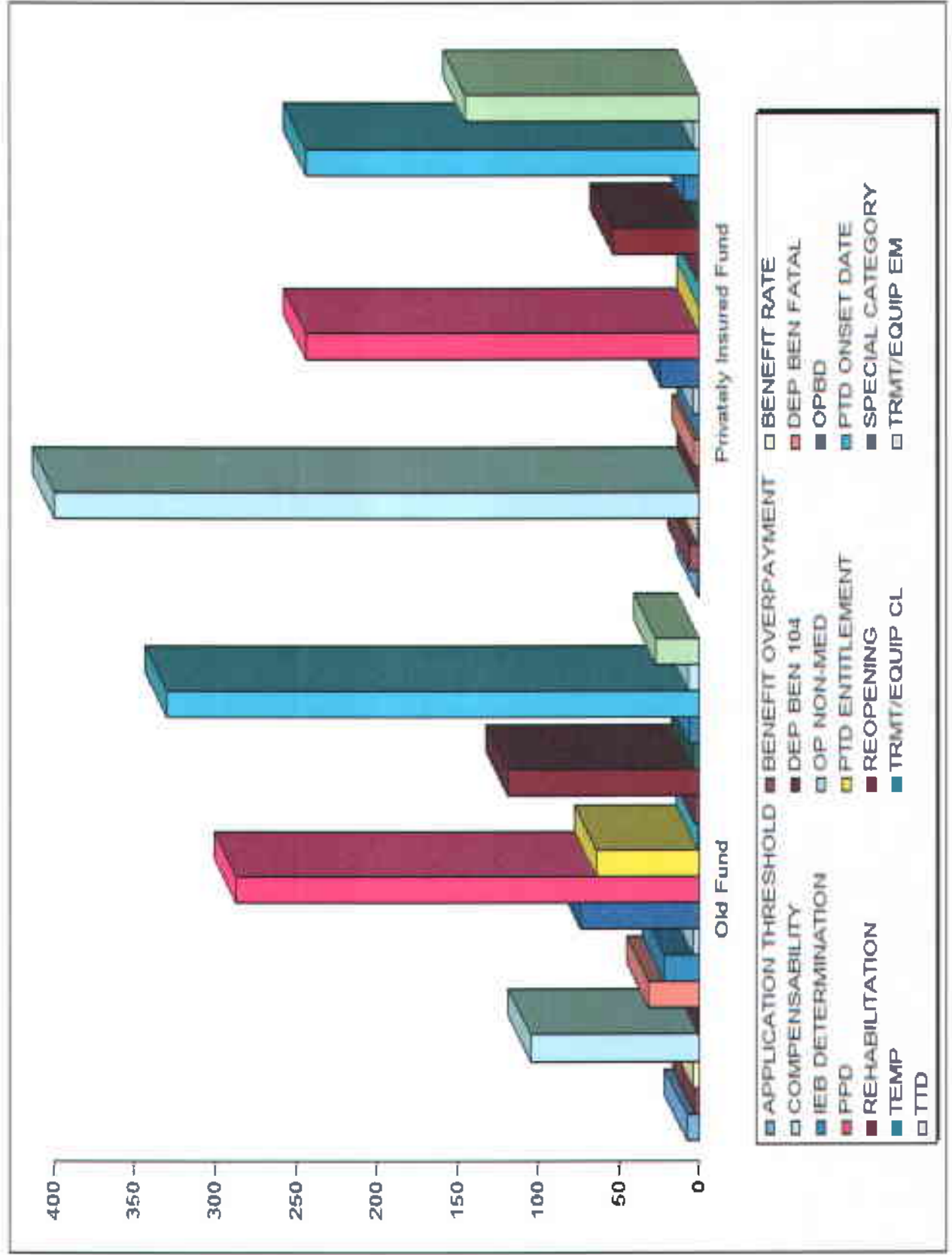
**Appeals Received By Issue**  
**Old Fund Appeals (DOI < July-1-2005) vs New Fund Appeals (DOI > Jun-3-2005)**  
**From July 1, 2009 Thru July 31, 2009**

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
BENEFIT					
OVERPAYMENT	1	0	0.0	1	100.0
COMPENSABILITY	26	6	23.1	20	76.9
DEP BEN FATAL	2	2	100.0	0	0.0
OP NON-MED	1	0	0.0	1	
OPBD	4	3	75.0	1	25.0
PPD	20	12	60.0	8	40.0
PTD ENTITLEMENT	4	4	100.0	0	0.0
REOPENING	8	7	87.5	1	12.5
SPECIAL CATEGORY	1	1	100.0	0	0.0
TEMP	1	0	0.0	1	100.0
TRMT/EQUIP CL	28	18	64.3	10	35.7
TTD	11	0	0.0	11	100.0
<b>Totals</b>	<b>107</b>	<b>53</b>	<b>49.5</b>	<b>54</b>	<b>50.5</b>

Appeals counted more than once:

- 2043276 (2009051901 DOI: 07/07/2008 TRMT/EQUIP CL)
- 2043276 (2009051901 DOI: 07/07/2008 TTD)
- 2043283 (2007212900 DOI: 10/13/2006 BENEFIT OVERPAYMENT)
- 2043283 (2007212900 DOI: 10/13/2006 COMPENSABILITY)
- 2043308 (2004010260 DOI: 08/20/2003 REOPENING)
- 2043308 (2004010260 DOI: 08/20/2003 TRMT/EQUIP CL)
- 2043313 (2006019092 DOI: 11/24/2005 COMPENSABILITY)
- 2043313 (2006019092 DOI: 11/24/2005 TRMT/EQUIP CL)
- 2043318 (2008017193 DOI: 08/31/2007 OP NON-MED)
- 2043318 (2008017193 DOI: 08/31/2007 OPBD)
- 2043328 (2008043594 DOI: 05/09/2008 COMPENSABILITY)
- 2043328 (2008043594 DOI: 05/09/2008 TTD)
- 2043340 (2007220252 DOI: 03/23/2007 TRMT/EQUIP CL)
- 2043340 (2007220252 DOI: 03/23/2007 TTD)
- 2043354 (2008033956 DOI: 02/12/2008 COMPENSABILITY)
- 2043354 (2008033956 DOI: 02/12/2008 TTD)

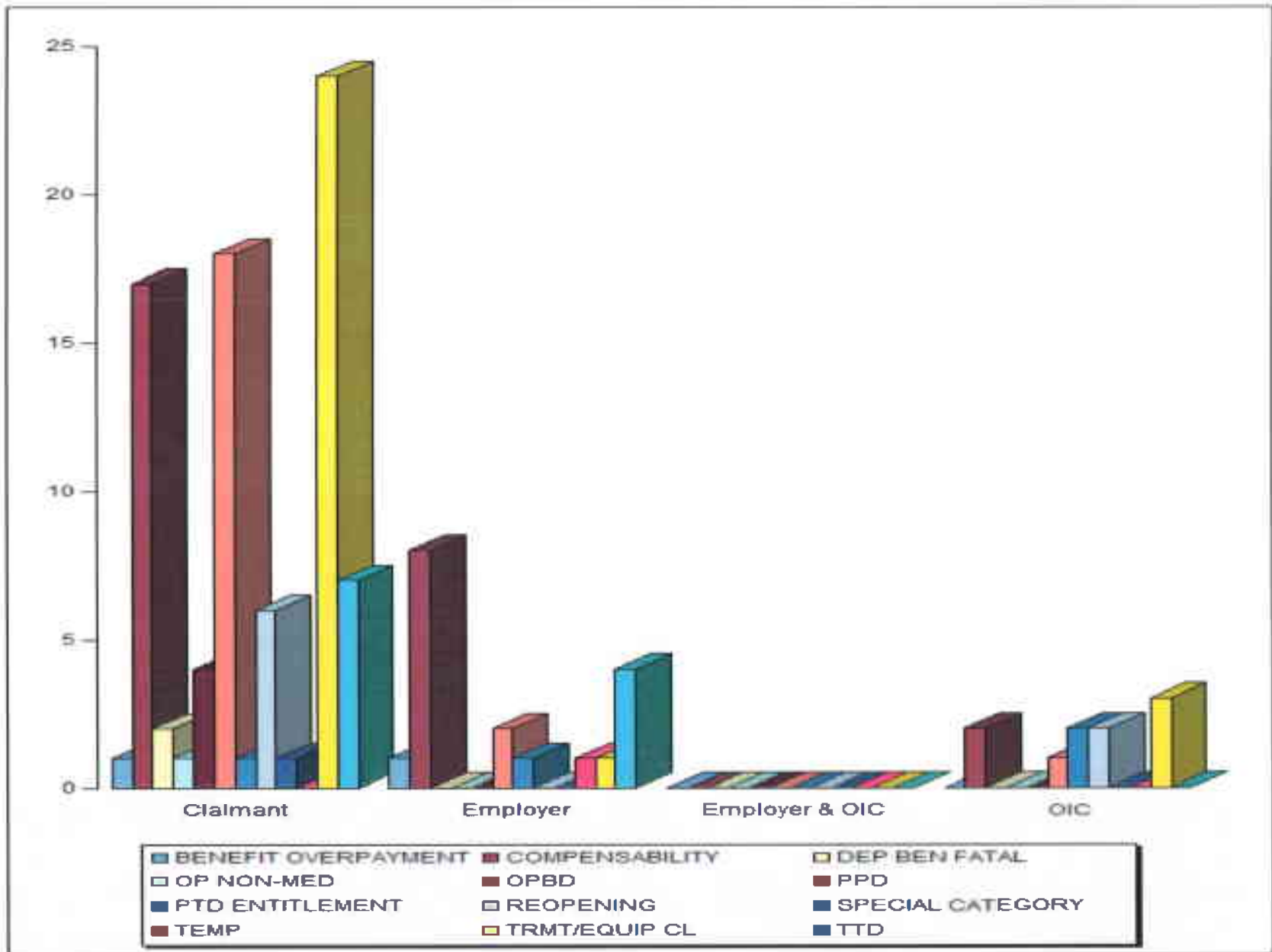
**Yearly Appeals Received By Issue**  
**Old Fund Appeals (DOI < July-1-2005) vs Privately Insured Appeals (DOI > June-30-2005)**  
**From June 1, 2008 Thru July 31, 2009**



**Yearly Appeals Received By Issue**  
**Old Fund Appeals (DOI < July-1-2005) vs Privately Insured Appeals (DOI > June-30-2005)**  
**From June 1, 2008 Thru July 31, 2009**

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
APPLICATION THRESHOLD	9	8	88.9	1	11.1
BENEFIT OVERPAYMENT	9	3	33.3	6	66.7
BENEFIT RATE	5	4	80.0	1	20.0
COMPENSABILITY	505	105	20.8	400	79.2
DEP BEN 104	1	1	100.0	0	0.0
DEP BEN FATAL	35	32	91.4	3	8.6
IEB DETERMINATION	22	22	100.0	0	0.0
OP NON-MED	8	4	50.0	4	50.0
OPBD	98	74	75.5	24	24.5
PPD	531	287	54.0	244	46.0
PTD ENTITLEMENT	64	64	100.0	0	0.0
PTD ONSET DATE	1	1	100.0	0	0.0
REHABILITATION	5	3	60.0	2	40.0
REOPENING	173	119	68.8	54	31.2
SPECIAL CATEGORY	4	4	100.0	0	0.0
TEMP	16	6	37.5	10	62.5
TRMT/EQUIP CL	574	330	57.5	244	42.5
TRMT/EQUIP EM	10	7	70.0	3	30.0
TTD	172	27	15.7	145	84.3
<b>Totals</b>	<b>2242</b>	<b>1101</b>	<b>49.1</b>	<b>1141</b>	<b>50.9</b>

## Appeals Received By Issue From July 1, 2009 Thru July 31, 2009



**Appeals Received By Issue**  
**From July 1, 2009 Thru July 31, 2009**

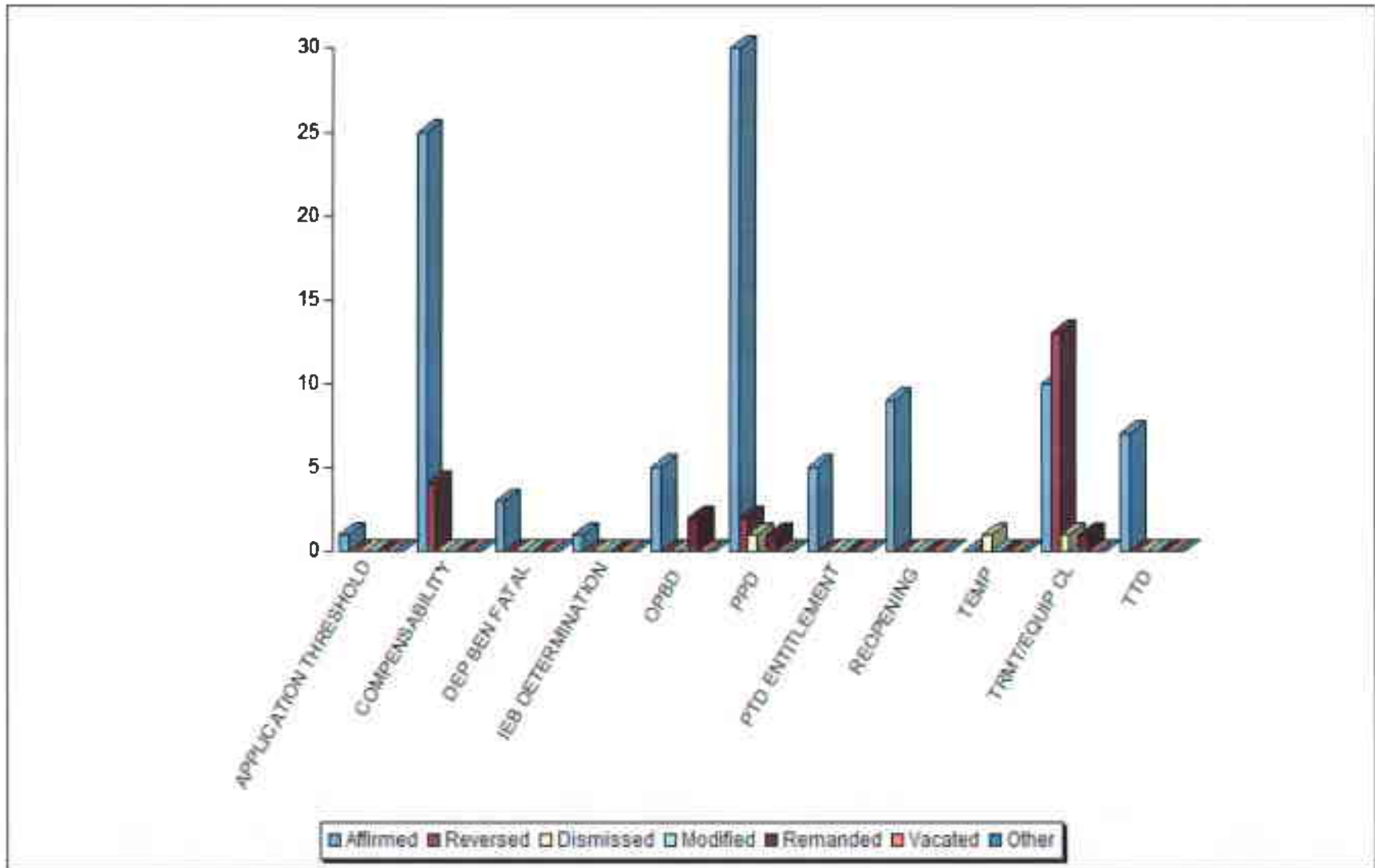
Type of Issue	Total Issues	Claimant		Employer		OIC		Emp and OIC	
		#	%	#	%	#	%	#	%
BENEFIT OVERPAYMENT	2	1	50.0	1	50.0	0	0.0	0	0.0
COMPENSABILITY	27	17	63.0	8	29.6	0	0.0	2	7.4
DEP BEN FATAL	2	2	100.0	0	0.0	0	0.0	0	0.0
OP NON-MED	1	1	100.0	0	0.0	0	0.0	0	0.0
OPBD	4	4	100.0	0	0.0	0	0.0	0	0.0
PPD	21	18	85.7	2	9.5	0	0.0	1	4.8
PTD ENTITLEMENT	4	1	25.0	1	25.0	0	0.0	2	50.0
REOPENING	8	6	75.0	0	0.0	0	0.0	2	25.0
SPECIAL CATEGORY	1	1	100.0	0	0.0	0	0.0	0	0.0
TEMP	1	0	0.0	1	100.0	0	0.0	0	0.0
TRMT/EQUIP CL	28	24	85.7	1	3.6	0	0.0	3	10.7
TTD	11	7	63.6	4	36.4	0	0.0	0	0.0
<b>Totals</b>	<b>110</b>	<b>82</b>	<b>74.5</b>	<b>18</b>	<b>16.4</b>	<b>0</b>	<b>0.0</b>	<b>10</b>	<b>9.1</b>

**WORKER COMPENSATION BOARD OF REVIEW  
FOR JULY 2009**

Appealed By	BOR Disposition	Disposition Count	Disp %	Total %	Year to Date	Disp %	Total %
CLAIMANT	AFFIRMED	59	89.4%	51.3%	676	88.8%	58.6%
	DISMISSED				4	0.5%	0.3%
	MODIFY				2	0.3%	0.2%
	MOOT				2	0.3%	0.2%
	REMAND	2	3.0%	1.7%	23	3.0%	2.0%
	REVERSE	5	7.6%	4.3%	53	7.0%	4.6%
	VACATE				1	0.1%	0.1%
	Total Dispositions	66			761		
CLAIMANT/EMPLOYER	AFFIRMED	1	100.0%	0.9%	6	66.7%	0.5%
	DISMISSED				1	11.1%	0.1%
	REVERSE				2	22.2%	0.2%
	Total Dispositions	1			9		
EMPLOYER	ABEYANCE	1	3.3%	0.9%	2	0.8%	0.2%
	AFFIRMED	21	70.0%	18.3%	191	72.6%	16.6%
	DISMISSED				4	1.5%	0.3%
	MODIFY				2	0.8%	0.2%
	MOOT				1	0.4%	0.1%
	REMAND	1	3.3%	0.9%	6	2.3%	0.5%
	REVERSE	7	23.3%	6.1%	57	21.7%	4.9%
	Total Dispositions	30			263		
DIVISION/OIC	ABEYANCE	1	5.6%	0.9%	2	1.7%	0.2%
	AFFIRMED	9	50.0%	7.8%	63	52.1%	5.5%
	MODIFY				2	1.7%	0.2%
	REMAND	1	5.6%	0.9%	4	3.3%	0.3%
	REVERSE	7	38.9%	6.1%	49	40.5%	4.2%
	VACATE				1	0.8%	0.1%
	Total Dispositions	18			121		
Grand Totals	115			1154			



**Dispositions By Issues**  
**BOR Orders Mailed From July 1, 2009 Thru July 31, 2009**

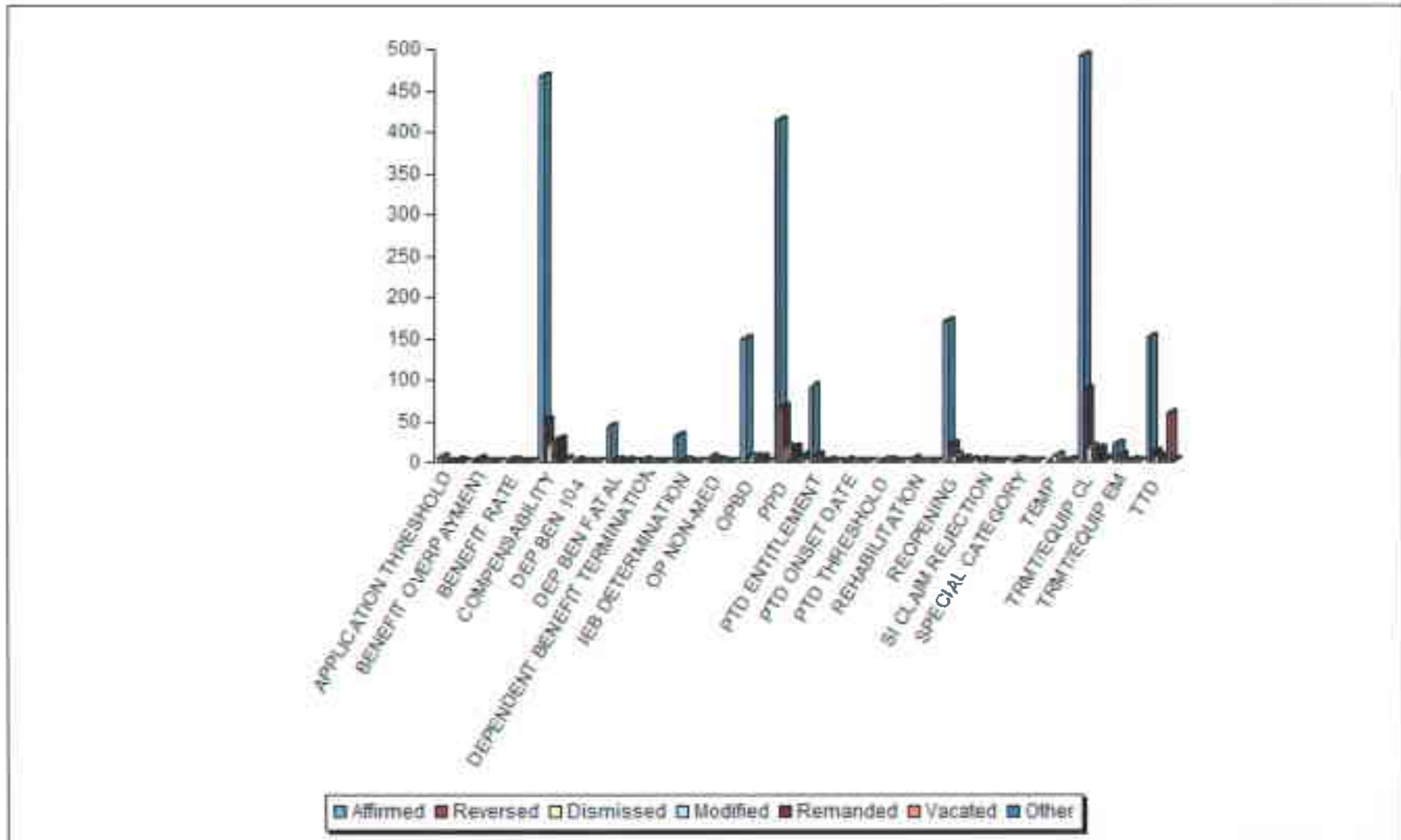


**Dispositions By Issues**  
**BOR Orders Mailed From July 1, 2009 Thru July 31, 2009**

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
APPLICATION THRESHOLD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
COMPENSABILITY	29	25	86.2	4	13.8	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
DEP BEN FATAL	3	3	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
IEB DETERMINATION	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
OPBD	7	5	71.4	0	0.0	0	0.0	0	0.0	2	28.6	0	0.0	0	0.0
PPD	34	30	88.2	2	5.9	1	2.9	0	0.0	1	2.9	0	0.0	0	0.0
PTD ENTITLEMENT	5	5	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
REOPENING	9	9	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
TEMP	1	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0
TRMT/EQUIP CL	25	10	40.0	13	52.0	1	4.0	0	0.0	1	4.0	0	0.0	0	0.0
TTD	7	7	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>122</b>	<b>96</b>	<b>78.7</b>	<b>19</b>	<b>15.6</b>	<b>3</b>	<b>2.5</b>	<b>0</b>	<b>0.0</b>	<b>4</b>	<b>3.3</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>

Appeals counted in multiple categories: 6

## Yearly Dispositions By Issues BOR Orders Mailed From June 1, 2008 Thru July 31, 2009



**Yearly Dispositions By Issues**  
**BOR Orders Mailed From June 1, 2008 Thru July 31, 2009**

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
APPLICATION THRESHOLD	6	5	83.3	0	0.0	0	0.0	0	0.0	1	16.7	0	0.0	0	0.0
BENEFIT OVERPAYMENT	4	1	25.0	3	75.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
BENEFIT RATE	4	2	50.0	2	50.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
COMPENSABILITY	578	466	80.6	51	8.8	22	3.8	6	1.0	27	4.7	1	0.2	4	0.7
DEP BEN 104	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
DEP BEN FATAL	46	43	93.5	1	2.2	1	2.2	0	0.0	1	2.2	0	0.0	0	0.0
DEPENDENT BENEFIT TERMINATION	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
IEB DETERMINATION	34	31	91.2	2	5.9	1	2.9	0	0.0	0	0.0	0	0.0	0	0.0
OP NON-MED	7	5	71.4	1	14.3	1	14.3	0	0.0	0	0.0	0	0.0	0	0.0
OPBD	164	149	90.9	5	3.0	5	3.0	0	0.0	5	3.0	0	0.0	0	0.0
PPD	526	413	78.5	67	12.7	17	3.2	2	0.4	18	3.4	1	0.2	8	1.5
PTD ENTITLEMENT	99	91	91.9	7	7.1	0	0.0	0	0.0	1	1.0	0	0.0	0	0.0
PTD ONSET DATE	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
PTD THRESHOLD	2	0	0.0	1	50.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0
REHABILITATION	3	3	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
REOPENING	207	170	82.1	22	10.6	7	3.4	2	1.0	4	1.9	0	0.0	2	1.0
SI CLAIM REJECTION	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
SPECIAL CATEGORY	2	1	50.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
TEMP	12	0	0.0	2	16.7	7	58.3	0	0.0	0	0.0	1	8.3	2	16.7
TRMT/EQUIP CL	619	493	79.6	88	14.2	18	2.9	0	0.0	15	2.4	0	0.0	3	0.5
TRMT/EQUIP EM	30	22	73.3	7	23.3	0	0.0	0	0.0	1	3.3	0	0.0	0	0.0
TTD	237	151	63.7	12	5.1	6	2.5	1	0.4	8	3.4	58	24.5	1	0.4
<b>Totals</b>	<b>2585</b>	<b>2051</b>	<b>79.3</b>	<b>272</b>	<b>10.5</b>	<b>86</b>	<b>3.3</b>	<b>11</b>	<b>0.4</b>	<b>81</b>	<b>3.1</b>	<b>61</b>	<b>2.4</b>	<b>20</b>	<b>0.8</b>

<b>Revenue Recovery Activity</b>	<b>June 2009</b>
<b>COLLECTION ACTIVITY</b>	
Receipts - Old Fund (Employer out of business)	\$ 16,407.82
Receipts - PC & NU (Private Carrier Cancellation & Rogue Employers)	\$ 78,029.86
Receipts - Payment Agreements	\$ 22,574.81
Receipts - Collection Agency	\$ -
# of active accounts uninsured (cumulative)	845
\$ of active accounts uninsured (cumulative)	\$ 2,895,847.57
Telephone contacts	1,815
Walk-ins	16
<b>LIENS</b>	
Liens sent to county clerks for recordation	134
Liens sent to county clerks for release	54
Intent to lien letters sent to employer/owner/officer/member	39
<b>INJUNCTIONS</b>	
Affidavits for injunction submitted to legal	15
Hearings attended	5
# of injunction complaints filed	9
# of injunctions granted	4
# of agreed orders entered	0
<b>PAYMENT AGREEMENTS</b>	
# of repayment agreements applications	7
Agreements set up	7
Total # of agreements on system (cumulative)	105
Intent to void letters mailed	10
Agreements voided	7
<b>MISCELLANEOUS</b>	
Terminations Processed	180
Rule 11 Letters Mailed	261
Rule 11 hearings	1
Uninsured Policies Resolved	261
<b>All Cash Receipts from WC accounts</b>	<b>\$ 117,012.49</b>

## **Workers' Compensation Rules Update**

A public hearing was held regarding the proposed amendments to the Title 85, Series 1 - "Claims Management and Administration," Series 9 - "Workers' Compensation Uninsured Employers' Fund," and Series 32 - "State Agency Revocation Or Refusal To Grant, Issue Or Renew Contracts, Licenses, Permits, Certificates Or Other Authority To Conduct A Trade, Profession Or Business To Or With An Employing Unit In Default Of Its Workers' Compensation Obligations" workers' compensation rules during the Industrial Council ("INDC") meeting held on July 30, 2009 at 3:00 PM. The public comment period ended at that time. No comments were received. The final version of the Title 85, Series 1, 9 and 32 rules will be presented to the INDC during its meeting on September 10, 2009 at 3:00 PM for approval prior to filing with the Secretary of State.

## WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

### JUNE 30, 2009 ASSETS

By Pool (In Thousands)

West Virginia Money Market	\$	2,570,875
West Virginia Government Money Market		283,858
Short-Term Bond		326,976
Bank		100,215
Loss Amortization		184,107
Loans		128,428
Reserve		44,792
Participant Accounts		24,741
<b>TOTAL:</b>	<b>\$</b>	<b>3,663,992</b>

### FISCAL YEAR 2009 RETURNS

Month	Money Market Pool	Gov't Money Market Pool	Short-Term Bond Pool
July 2008	2.43%	2.25%	4.56%
August 2008	2.42%	2.28%	4.45%
September 2008	2.44%	2.33%	2.79%
October 2008	2.03%	1.79%	2.28%
November 2008	1.37%	1.16%	2.09%
December 2008	1.11%	0.87%	3.25%
January 2009	0.69%	0.51%	1.88%
February 2009	0.44%	0.42%	1.26%
March 2009	0.29%	0.28%	1.61%
April 2009	0.19%	0.22%	2.47%
May 2009	0.38%	0.18%	4.63%
June 2009	0.30%	0.16%	4.35%

**NOTES:**

West Virginia Money Market Pool -- Simple Money Market Yield

West Virginia Government Money Market Pool -- Simple Money Market Yield

West Virginia Sort-Term Bond Pool -- Previous 12- Month Rate of Return

# BOARD OF TREASURY INVESTMENTS

## OPERATING REPORT

### JUNE 2009

#### CALENDAR NOTES

ED Meeting

August 12, 2009

Board Meeting

August 13, 2009

#### Board of Treasury Investments

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

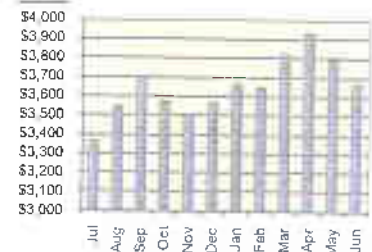
### Total Net Assets Under Management

**\$3,663,992,000**

Last Month  
**\$3,793,322,000**

Beginning of Fiscal Year  
**\$3,364,534,000**

Millions

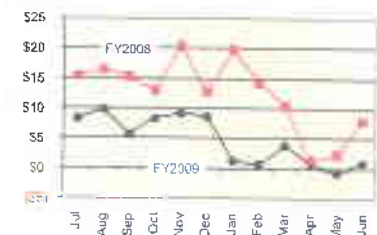


**8.9% Growth This Fiscal Year**

### Total Net Income & Gains

Fiscal Year  
**\$55,993,000**

Millions



**Fiscal Year Comparison**

### Money Market Pools

As of June 30, 2009

Pool	1-Day Yield *	7-Day Yield *	30-Day Avg. Yield *	W.A.M. **	Assets
WV Money Market	.2585%	.2650%	.2962%	47 Days	\$2.6 Billion
WV Gov't Money Market	.1108%	.1156%	.1579%	51 Days	\$283.9 Million

\* Yields represent the simple money market yield net of fees.

\*\* W.A.M. is the weighted average maturity.



# WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

## THE ECONOMIC STATE

### JUNE 2009

## Economy is "Less Worse" but Still Far from Recovery

"Less Worse" is the phrase now used as a basis for economic optimism. While things appear to be "less worse" or "moderating," leading many to believe that the recession will end later this year, the U.S. continues to face many hurdles:

- June unemployment rate jumped to 9.5% as we lost 407,000 additional jobs marking the 18th straight month of job losses
- This marks the highest unemployment level in 26 years with 6.5 million out of work since December 2007
- More devastating is the Underemployment Rate which spiked to 16.8% representing some 25 million people who have either stopped looking for work or are employed part-time

Without job growth, the U.S. economy cannot generate a sustainable recovery.

Banks continue to seem reluctant to lend money. Recent credit card data supports this. Over the first four months of 2009, banks issued 9.8 million new credit cards representing a sharp decline of 38% from one year earlier. Without access to credit, consumers and businesses cannot lead the economy towards expansion.

Although there are signs that the housing market may be bottoming, it remains stubbornly resistant to a turnaround:

- Foreclosures have climbed higher
- More than 15 million homeowners owe more on their homes than they are worth
- S&P Case-Shiller Index shows home prices fell at a lower than expected rate ("less worse") or 18.1% in the most recent release (April), but they have fallen 32.6% since their peak in July 2006.

While expectations were for a rebound in the housing market in 2009, many now believe the housing malaise will continue into 2011.

There is favorable news on the inflation front. The May CPI increased by 0.1% making it the smallest increase in 59 years. This reflects the fact that companies have very little pricing power in this recession. Consumer confidence dropped unexpectedly in June, decreasing to a level of 49.3 from its May level of 54.8. Still this is nearly two times the record low of 25.3 set in February of this year. While consumer confidence has never been a strong predictor of consumer behavior, this recession may prove this indicator stronger than previously thought. Historically, the consumer has driven approximately two-thirds of the U.S. GDP growth. With unemployment moving higher, credit hard to come by, and housing prices falling, it only makes sense that consumers remain concerned about the economy, reducing consumer confidence.

Retail sales rose 0.6% in June, but strip out sales for autos, machine parts, and gasoline, and the remaining sales are down 0.2%. Back to school sales are expected to be down 8%-10% from last year. Compounding the lower retail sales figures is the fact Americans are now saving more than they have in decades. They are saving more because they lack confidence in the economy. However they are saving more at a time when the economy needs them to spend more to help pull out of the current recession.

So while the economy has shown signs of stabilization and things do in fact appear to be "less worse," we continue to face headwinds which might draw out the current recession into 2010 rather than ending later this year.

Yields rose in early in June amid concerns over massive levels of Treasury debt issuance only to fall back later in the month as concerns over the economy took hold. Overall the yield on the 10-year note ended the month 7 basis points while the yield on the 30-year remained essentially unchanged at 4.33%. At month end, spreads on the front end of the curve (2yrs-10yrs) tightened by 12 basis points to 242 basis points while the back end (10 yrs-30yrs) narrowed by 8 basis points to 80 basis points.

The Barclays Capital Aggregate index returned 0.57% for the month, while spread sectors outperformed their same duration Treasuries. The credit sector rallied amid improving fundamentals and strengthening technicals. The Merrill Lynch 3-Month T-Bill Index returned 0.01% in June trailing the 0.3% return of the Merrill Lynch 1-3 Year Government / Corporate A+ Index. Year-to-date, the 3-Month T-Bills returned 0.10% while the 1-3 Year Government / Corporate Index A+ returned 1.29%.

### *Five Banks Win in Latest CD Auction*

Banks scattered across the state each successfully bid on \$5 million during the latest on-line certificate of deposit auction administered by the Board of Treasury Investments on July 8. Banks were bidding on a total of \$25 million.

Banks with successful bids were WesBanco Bank, Inc., Wheeling; Fifth Third Bank, Huntington; BB&T, Charleston; Freedom Bank, Inc., Belington; and First Community Bank, Bluefield.

The BTI, whose chairman is State Treasurer John Perdue, has been holding such auctions since May of 2006. Any bank with a state presence may log on to the auction site for a 30-minute session.

The BTI has earned more than \$1 million than it would have had it simply invested in Treasury bills. It has earned a total of \$8.6 million on the deposits.

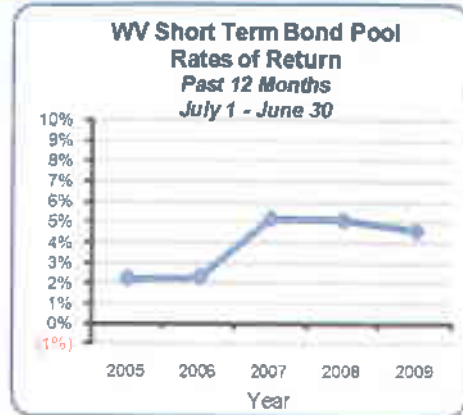
# West Virginia Board of Treasury Investments

## Financial Highlights as of June 30, 2009

### WV Short Term Bond Pool

#### Rates of Return for the Past 12 Months *Net of All Fees*

July 1 - June 30	Return	Net Assets At June 30 <i>(In Millions)</i>
2009	4.4%	\$ 327.0
2008	5.0%	\$ 356.7
2007	5.3%	\$ 229.7
2006	2.3%	\$ 266.5
2005	2.1%	\$ 261.0



*Prior to July 2007, the WV Short Term Bond Pool was known as the Enhanced Yield Pool*

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

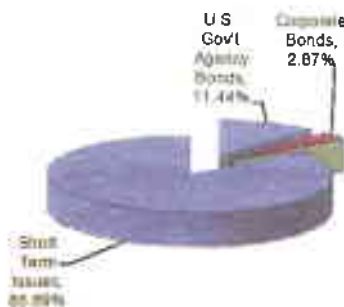
Pool	Net Asset Value	June Net Income <i>(Loss)</i>	Fiscal YTD Net Income <i>(Loss)</i>
WV Money Market	\$ 2,570,875	\$ 660	\$ 29,932
WV Gov't Money Market	283,858	39	2,373
WV Short Term Bond	326,976	64	10,101
WV Bank	100,215	63	2,033
Loss Amortization	184,107	(406)	12,030
Loans	128,428	327	(1,557)
Reserve	44,792	37	170
Participant Accounts	24,741	62	911
	<b>\$ 3,663,992</b>	<b>\$ 846</b>	<b>\$ 55,993</b>

#### Percent of Total Net Asset Value



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

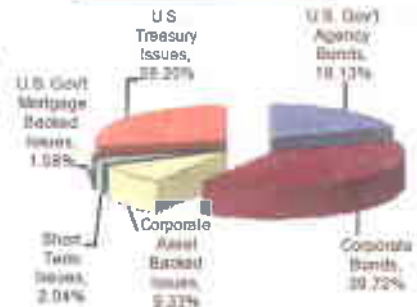
#### WV Money Market



#### WV Gov't Money Market



#### WV Short Term Bond



**WEST VIRGINIA BOARD OF TREASURY INVESTMENTS**

**SCHEDULE OF NET ASSETS, OPERATIONS & CHANGES IN NET ASSETS – UNAUDITED**

**JUNE 30, 2009**

*(IN THOUSANDS)*

	<b>WV Money Market Pool</b>	<b>WV Government Money Market Pool</b>	<b>WV Short Term Bond Pool</b>	<b>WV Bank Pool</b>	<b>Other Pools</b>	<b>Participant Directed Accounts</b>
<b>Assets</b>						
<b>Investments:</b>						
At amortized cost	\$ 2,570,261	\$ 283,826		\$ 100,000	\$ 172,800	\$ 21,469
At fair value			\$ 314,932	-	184,107	3,068
Cash						
Collateral for securities loaned	247,000		113,184			
Other assets	896	70	12,436	215	424	206
<b>Total assets</b>	<b>2,818,157</b>	<b>283,896</b>	<b>440,552</b>	<b>100,215</b>	<b>357,331</b>	<b>24,743</b>
<b>Liabilities</b>						
Payable for securities loaned	247,000		113,184			
Other liabilities	282	38	392		4	2
<b>Total liabilities</b>	<b>247,282</b>	<b>38</b>	<b>113,576</b>	<b>-</b>	<b>4</b>	<b>2</b>
<b>Net Assets</b>	<b>\$ 2,470,875</b>	<b>\$ 283,858</b>	<b>\$ 326,976</b>	<b>\$ 100,215</b>	<b>\$ 357,327</b>	<b>\$ 24,741</b>
<b>Investment income</b>						
Interest and dividends	\$ 428	\$ 49	\$ 911	\$ 63	\$ 424	\$ 70
Securities lending income						
Provision for securities lending loss	(189)	(63)	(144)			
Net accretion (amortization)	553	71	(101)		582	(15)
Provision for uncollectible loans					(56)	
<b>Total investment income</b>	<b>792</b>	<b>57</b>	<b>666</b>	<b>63</b>	<b>950</b>	<b>55</b>
<b>Expenses</b>						
Fees	136	18	35		4	1
Securities lending borrower rebates						
Bad debt expense						
<b>Total expenses</b>	<b>136</b>	<b>18</b>	<b>35</b>	<b>-</b>	<b>4</b>	<b>1</b>
<b>Net investment income</b>	<b>656</b>	<b>39</b>	<b>631</b>	<b>63</b>	<b>946</b>	<b>54</b>
Net realized gain (loss) from investments	4		(323)			
Net increase (decrease) in fair value of investments	-		(244)		(988)	8
<b>Net gain (loss) from investments</b>	<b>4</b>		<b>(567)</b>		<b>(988)</b>	<b>8</b>
<b>Net increase (decrease) in net assets from operations</b>	<b>660</b>	<b>39</b>	<b>64</b>	<b>63</b>	<b>(42)</b>	<b>62</b>
<b>Distributions to participants</b>	<b>669</b>	<b>41</b>	<b>419</b>	<b>63</b>	<b>364</b>	
<b>Participant activity</b>						
Purchases, reinvestment of units and contributions	870,658	36,948	1,088	63	10,298	13
Redemptions and withdrawals	958,341	85,669			1,000	2,677
Inter-pool transfers in						
Inter-pool transfers out						
<b>Net increase (decrease) in net assets from participant activity</b>	<b>(87,683)</b>	<b>(48,721)</b>	<b>1,088</b>	<b>63</b>	<b>9,298</b>	<b>(2,664)</b>
Increase (decrease) in net assets	(87,692)	(48,723)	733	63	8,892	(2,602)
Net assets at beginning of period	2,658,567	332,581	326,243	100,152	348,435	27,343
<b>Net assets at end of period</b>	<b>\$ 2,570,875</b>	<b>\$ 283,858</b>	<b>\$ 326,976</b>	<b>\$ 100,215</b>	<b>\$ 357,327</b>	<b>\$ 24,741</b>



Governor Joe Manchin III

**National Governor's Association  
Annual Meeting**

July 17-20, 2009  
Biloxi, Mississippi

West Virginia Rx:  
Charitable Mail Order Pharmacy for the Uninsured

Prescriptions **for** West Virginians



## West Virginia Rx patients in their own words...



*"I work a full time job but a barely have enough money to survive paycheck to paycheck. I'm not eligible to get insurance at work yet but even if I was, I could not afford it. I really need this free clinic to help with my prescriptions. I cannot afford doctor visits or prescriptions without the help of West Virginia Rx. I have to have my medicine.."*

Larry Graham, Beaver, WV 25813



*"I cannot afford the cost of \$1200 (a month) for prescription medicine. I am very, very, grateful for this program because if this program did not exist I don't know what very ill people would do. We would die. West Virginia Rx and this program is a blessing to us."*

Rita Shrou, Kingwood, WV 26537



*"I am a 29 year old single dad with 2 boys and even though I work, there is no way I could afford my medicine. I suffer from manic bipolar disorder... Without my meds I wouldn't be able to cope, my whole world would fall apart. I HAVE to be there for my boys. Think about what would happen to all the people and their families who cannot afford their medicine. It's almost as if you would be taking their lives from them."*

John Echard,  
Bridgeport, WV 26330



*"I have no health insurance. I have several health problems & I have to have medicine to live. My medicine would cost me of \$1,000 a month, I have no income. I'm also too sick to work. I don't have any other way to get my medicine. I would die without the help of the West Virginia Rx pharmacy."*

Christina Elliott,  
Pecks Mill, WV 25547



*"Without the prescription help I receive I couldn't get medicine as I don't make enough money at my job. I deliver pizzas...prices are just too much for me to pay retail prices for my medicine. I take six pills to survive, and that's every day."*

William Ashby,  
Wheeling, WV 26003

*The above quotes and pictures are from actual patients. Because West Virginia Rx is committed to protecting the privacy of our patients, the photos may or may represent the actual patient who is quoted. Permission has been granted by patients to use quotes and pictures.*

***West Virginia Rx is on track to be the largest charitable mail-order pharmacy, dispensing donated drugs in the United States by the end of 2009, its second year.***

## **West Virginia Rx Statistics**

### **BUDGET: \*\$240,000**

*Budget includes staffing, marketing, supplies and postage*

Inception to End of Year 1-April 2008 to March 2009

Total Year 1 Enrollments:	2,312
Total IPAP AWP Year 1	\$1,131,630.09
Total PAP AWP Year 1	\$1,386,916.49

---

**TOTAL AWP OF DRUGS DISPENSED** **\$2,518,546.58**

Year Two First Quarter—April 2009 to June 2009

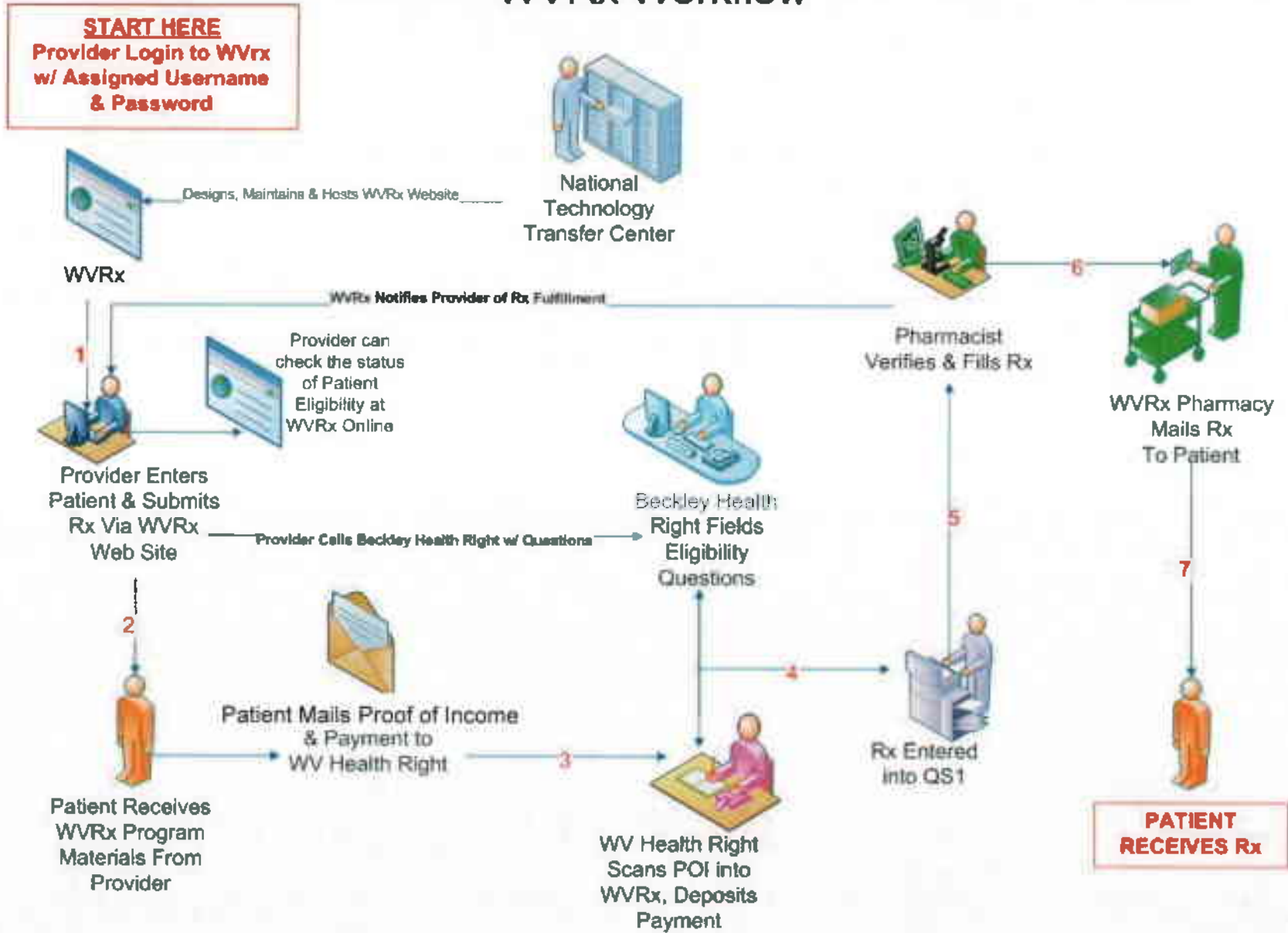
Total Enrollments to Date	
<b>12,312</b>	
Total <i>Projected</i> IPAP AWP Year 2	\$6,026,223.90
Total <i>Projected</i> PAP AWP Year 2	\$7,385,690.23

---

**TOTAL PROJECTED AWP OF DRUGS DISPENSED**  
**\$13,411,914.13**

*AWP=Average Wholesale Price  
PAP=Patient Assistance Program  
IPAP=Institutional Patient Assistance Program*

# WVRx Workflow



# Leveraging Public and Private Dollars to Maximize Access to Pharmaceuticals through a Statewide Charitable Mail Order Pharmacy

## AUDIENCE:

This paper is intended for Governors and their staff to introduce an innovative strategy for increasing pharmaceutical access to uninsured citizens and improving financial performance for dollars spent on health care access in medically vulnerable populations.

## CONTENTS:

1. Prescription Assistance for the Uninsured
2. Executive Summary
3. Background and Need
4. Objectives
5. West Virginia Rx Performance to Date
6. Implementation Strategy
7. Role of a Charitable Clinic Pharmacy
8. Assessing Impact
9. The Success of West Virginia Rx

## Prescription Assistance for the Uninsured

Many people who have no prescription drug coverage cannot afford their medications. They rely heavily on drug manufacturers' patient assistance programs (PAPs) for free medication. Each manufacturer has its own patient eligibility guidelines for PAPs.<sup>1</sup> Nearly all PAPs require the medical provider to send a patient-specific application form to the manufacturer.<sup>2</sup>

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<sup>1</sup> Chisholm MA, Reinhardt BO, Vollenweider LJ et al. Medication assistance programs for uninsured and indigent patients. *Am J Health-Syst Pharm*. 2000; 57:1121-36.

<sup>2</sup> McIntosh B, Richardson K. ACU comprehensive pharmaceutical services resource series: comprehensive pharmacy services. [www.clinicians.org](http://www.clinicians.org) (accessed 2001 Nov 1).



Safety net providers, which include free clinics, federally qualified health centers and disproportionate-share hospitals, frequently deal with the complex PAP application process because of their high volume of uninsured and/or poor patients. If any type of health care provider either chooses not to assist patients in PAP enrollment because of the amount of detail and time required for most PAP applications, or it simply does not have the capacity, they may bear some of the financial responsibility for the patients' medications. If they are unable to do so for any reason (capacity, staffing, administrative costs, *et cetera*) then the patient is left to figure out how to obtain their medications without assistance.

The traditional method of accessing patient assistance consists of completing patient application forms by hand and mailing or faxing them to the manufacturer. West Virginia Rx has developed and streamlined this process. Technological advances now allow systems to talk more efficiently with one another.<sup>3</sup> Manual application methods for patient assistance are costly, time-consuming and outdated.<sup>4, 5</sup> The computerized, paperless system for patient assistance has allowed West Virginia Rx to grow rapidly and provide eligible patients in need of medication an easy way to connect to them.

## Executive Summary

In March 2008, Governor Joe Manchin launched West Virginia Rx, a statewide program to provide prescription drugs at no cost to the nearly 400,000 West Virginians who are uninsured and/or underinsured due to the overwhelming need. Operating as a public/private partnership, the program streamlines the dispensing of brand name medications donated by major pharmaceutical manufacturers to West Virginia citizens who are at or below 200% of the Federal Poverty Level. The West Virginia Rx program operates as a statewide, charitable, mail order pharmacy. It is centrally located at West Virginia Health Right, the state's oldest and largest free clinic, in partnership with

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<sup>3</sup> Clinical pharmacy demonstration projects: [www.clinicians.org/rxdemos/indigentdrug.html](http://www.clinicians.org/rxdemos/indigentdrug.html) (accessed 2001 Jan 1).

<sup>4</sup> Decane BE, Chapman J. Program for procurement of drugs for indigent patients. *Am J Hosp Pharm.* 1994; 51:669-71.

<sup>5</sup> Baptist Memorial Hospital. Indigent care drug procurement program: large return on investment justifies salary outlay. *Formulary.* 2000; 35:918-21

Beckley Health Right as its eligibility center. The project also serves as a clearinghouse “point of entry” to assist people in finding a medical home for their primary care needs.

Governor Joe Manchin recognized the ongoing dilemma for the hundreds of thousands of West Virginians who have no way to pay for health insurance and prescription drugs, who pay out-of-pocket for their health care needs and do not qualify for Medicaid. Understanding that free clinics across West Virginia already had bulk replenishment relationships with major drug manufacturers and experience with individual prescription assistance programs, Governor Manchin called upon the West Virginia Free Clinic system to help. This resulted in the expansion of West Virginia Health Right's comprehensive pharmaceutical program to a statewide, charitable, mail order pharmacy. West Virginia Health Right and Beckley Health Right were selected by Governor Manchin to implement and administer this creative initiative that is replicable and cost-efficient. The overarching goal of West Virginia Rx is to improve the health status of uninsured West Virginians statewide.

## Background and Need

In 2003, more than 14 million American adults with such chronic conditions as diabetes, asthma and depression could not afford all of their prescribed medications.<sup>6</sup> In 2007, a congressionally mandated report from the Government Accountability Office found that the “usual and customary” prices for 122 of the most-prescribed medications increased 14 percent from January 2004 to January 2007, far outpacing the inflation rate.<sup>7</sup>

In 2008, there were 400,000 West Virginia residents between ages 18 to 65 who were uninsured with no prescription drug coverage at some point during the year. The individuals in this population are hard working men and women who struggle to make ends meet. Eighty-three percent (**83%**) of people who access services at WV Health Right are **employed**. The working poor cannot afford to get sick and, when they do, they cannot afford their prescribed medicines. For many, the choice is to wait until they

<sup>6</sup> Reed, M. (May 2005). *Issue Brief: Findings from HSC*. An update on Americans' access to prescription drugs. Center for Studying Health System Change.

<sup>7</sup> Daly, R. (December 7, 2007). *Health Care Economics*. Prescription drug prices far outpace U.S. inflation rate.

are symptomatic and use the emergency room for care and treatment, resulting in millions of dollars of uncompensated care and cost-shift to those with insurance. West Virginia Rx is designed to reverse this trend by keeping people connected to their medications and providing for a medical home so that the emergency room is not used to access primary care.

Lack of drug insurance can have adverse effects. A 2003 survey found that uninsured adults (51%) are twice as likely as insured adults (25%) to say that they or a family member cut pills, did not fill a prescription, or skipped medical treatment in the past year because of cost.<sup>8</sup>

Working people in the 21st century, living in one of the most productive nations history has ever recorded, should not be discouraged from or fear treating an illness because of the price of medication. That is what makes the introduction of the West Virginia program so worthwhile and meaningful.

## Objectives

Improving health status, reducing health disparity, increasing access to treatment for chronic diseases, and reducing uncompensated care are the primary objectives of the West Virginia program. A 2003 study by the National Institutes of Medicine revealed many reasons why uninsured individuals have a worse health status than their insured counterparts but the number one cause is their inability to fill a prescription because of cost.<sup>9</sup> In addition, difficulty in accessing health care services, lack of a regular health care provider, poor preventative care and screenings, and a lack of understanding of the treatment options available to them at low cost curtails people from seeking treatment even for serious conditions. Nearly all pharmaceutical manufacturers offer prescription assistance programs that provide free brand-name drugs to people who cannot afford to pay for them. These programs require considerable personnel time and clerical work on behalf of physicians' offices and other health care providers to help

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<sup>8</sup> US Census Bureau, *Income, Poverty, and Health Insurance Coverage in the United States: 2004*, August 2005, pp 16 and 60, at <http://www.census.gov/prod/2005pubs/p60-229.pdf>

<sup>9</sup> Groman, Rachel MPH (2004) *The Cost of Lack of Health Insurance*. American College of Physicians. White Paper, pp 10.

patients apply for the assistance. One study reported in 2007 that the annual cost for a clinic to assist a patient in obtaining drugs through prescription assistance programs ranged from \$10.42 for a drug requiring one application per year to \$46.30 for a drug requiring four applications per year.<sup>10</sup> One Montana clinic found it took 45 to 60 minutes to process each prescription assistance program drug request at a cost of \$11 per hour of medical assistant time, a cost that could be overwhelming for some smaller clinics.<sup>11</sup> These are expenses for which health care providers are not compensated, and the time staff members spend on such paperwork is time they are not spending on patient care.

To alleviate these costs, the West Virginia project has been designed as an online system, streamlining the data entry requirements of the pharmaceutical companies in less than two minutes and processing the application and eligibility requirements within two days of receipt. Medications are shipped immediately after that from the WV Health Right pharmacy. There is no delay of processing 'paperwork' to a drug manufacturer and waiting three to four weeks before the medication reaches the patient.

### West Virginia Rx to Date

To illustrate the importance of this prescription drug project, the following are offered:

1. In the past 10 years, the average cost of a prescription jumped from \$28 to \$64.<sup>12</sup>
2. In 2008, 47.9 percent of the state's population who were at or below 200% of the federal poverty level had no health insurance or prescription drug coverage.<sup>13</sup>
3. Of the 497,000 uninsured West Virginians, nearly three quarters (72.8%) went without health coverage for more than six months or longer during 2008. Also, the same percentage of uninsured residents does not have prescription drug coverage.<sup>14</sup>

The implementation of West Virginia has decreased the number of low-income, uninsured working people who go without needed medications. This enables the

<sup>10</sup> Clay, P., Vaught, E., Glaros, A., Magnum, S., Hansen, D., and Lindsey, C. (July/August 2007) *Journal of Managed Care Pharmacy*. Costs to physician offices of providing medications to medically indigent patients via pharmaceutical manufacturer prescription assistance programs.

<sup>11</sup> Taylor, B. (January/February 2004). *Health Affairs*. Giveaway drugs: good intentions, bad design.

<sup>12</sup> C. Borger et al., "Health Spending Projections Through 2015: Changes on the Horizon," *Health Affairs*, Web Exclusive, February 22, 2006, p.W70, at [http://www.cms.hhs.gov/NationalHealthExpendData/03\\_NationalHealthAccountsProjected.asp#TopOfPage](http://www.cms.hhs.gov/NationalHealthExpendData/03_NationalHealthAccountsProjected.asp#TopOfPage)

<sup>13</sup> West Virginians Without Health Insurance. (March 2009) Families USA. [www.familiesusa.org](http://www.familiesusa.org)

<sup>14</sup> West Virginians Without Health Insurance. (March 2009) Families USA. [www.familiesusa.org](http://www.familiesusa.org).

uninsured working poor to have a better quality of life by addressing health concerns in a timely manner, while reducing emergency room visits. West Virginia will help people live longer, more productive lives by providing them the means to maintain and improve their health.

### Implementation Strategy: Existing Resources Result in Lower Costs

Fortunately, most states and many communities across the country have free clinics which already have developed creative ways to keep costs low and put services together in one place. They exist to help patients who otherwise would fall through the cracks of the health care system, primarily the working poor.

Free clinics are ideal resources for this function, because:

1. A free clinic is experienced at determining patients' eligibility for drug manufacturer prescription assistance programs and completes the necessary paperwork to access needed medications.
2. Most have relationships with hospitals for providing patients with care at no cost.
3. They have the ability to keep people connected with their medications, as well as connected with preventive care, which ultimately reduces risk factors for chronic disease.

Another resource that can help keep pharmaceutical costs down is generic drugs. Many people do not realize that these lower-cost alternatives to the brand name drugs prescribed for them are available. Nor do they know where to get them. Helping those patients identify and obtain generic versions of drugs whenever possible is another means of maintaining their health and holding costs down. This is an ongoing process within West Virginia and has enabled quick access through various-type programs offered by many retail outlets such as Wal-Mart, K-Mart, Kroger, Target, Rite Aid, *et cetera*.

## The Role of a Charitable Pharmacy

A charitable pharmacy combines and leverages the resources of its community: free clinics, volunteers, hospital charity care, donated brand name drugs from manufacturers, coupled with links to state agency resources.

The charitable pharmacy's goals include:

- Keeping patients connected to their medications;
- Reducing hospital utilization by the uninsured poor;
- Providing prescribers and hospitals with a truly cost-effective way to help their patients receive the medications they could not otherwise afford; and
- Provide medically vulnerable and uninsured with information to navigate the health care system, assist them in obtaining the medicine they need and help them find a medical home.

Over the past decade, the use of central pharmacies has grown in the private sector as companies operating pharmacy chains have sought ways to reduce labor costs, improve staff productivity and allow pharmacists to spend more time attending to patient relationships rather than processing orders.

At the beginning of the 21<sup>st</sup> century, chain pharmacies became concerned about such statistics as this: Between 1993 and 2000, the prescription processing workload for pharmacists increased by thirty-two percent (32%).<sup>15</sup> In 2002, an article in *Drug Store News* stated: "The concept of filling or processing prescriptions from a central location – a groundbreaking idea as recently as three years ago – now has become a viable and almost preferred solution for retailers as they attempt to find ways to handle the ever-increasing workload behind the pharmacy counter." That article cited seven chains, including Kroger and Discount Drug Mart that were in the early stages of using central location pharmacies with apparently favorable results.<sup>16</sup>

<sup>15</sup> *The Pharmacist Workforce: A Study of the Supply and Demand for Pharmacists*. Washington, DC: Bureau of Health Professions, Health Resources and Services Administration, U.S. Department of Health and Human Services; 2001. Available at: <http://bhpr.hrsa.gov/healthworkforce/pharmacist.html>.

<sup>16</sup> Tosh, M. (March 4, 2002). Central fill increasingly pushes productivity envelope. *Drug Store News*. Available at: [http://findarticles.com/p/articles/mi\\_m3374/is\\_3\\_24/ai\\_83586459/](http://findarticles.com/p/articles/mi_m3374/is_3_24/ai_83586459/).

Such experiences demonstrated the efficiency of central-fill pharmacies in commercial operations. However, more recently, non-profit central-fill pharmacies have taken advantage of such efficiency and gone further to provide high-quality, charitable pharmaceutical care to uninsured people while reducing health disparities, improving health outcomes and reducing the cost of health care overall.

### Assessing Financial Impact and Return on Investment for West Virginia Rx

Hospitals, free clinics, health centers, community support agencies, individual physicians and other healthcare providers utilize West Virginia Rx to secure prescription drugs for uninsured and underinsured patients. As a point of entry, West Virginia Rx serves many diverse communities and patient populations across the state.

Governor Joe Manchin understands that health care providers, state agencies, non-profit community support agencies, and the pharmaceutical industry have divergent interests when it comes to administering patient assistance. By partnering with a free clinic, any fiscal interests and diversion issues are removed from the funding equation so that stakeholders can concentrate on the beneficiary population.

Regardless if the patient receives care through private pay, sliding scale fee, hospital charity care, or from a free clinic, West Virginia Rx is able to identify the impact of the donated medications through its delivery systems. This tracks and measures the magnitude of the effort and resources delivered to patient care and the value of that care overall.

Planning pharmaceutical services to meet the needs for a variety of organizations requires a common understanding of the costs and values of medication and related services. West Virginia Rx participates in bulk replenishment or IPAP (Institutional Patient Assistance Programs) or through individual PAP (Patient Assistance Programs) programs. The project does not purchase medications or receive donations. All pharmaceuticals dispensed to uninsured West Virginians are donated by major drug manufacturers. Each stakeholder involved in the transactions to medically vulnerable West Virginian Rx is interested in attributing the highest value to the medications to

show a return on investment for its efforts. Accounting for the labor, professional services, and other support required to make West Virginia Rx work is a challenge.

Many health care clinicians or institutions that provide health care services do not set aside specific individuals, allocate time, or account for volunteer efforts but there is a value to each of these areas. Regardless of where the stream of medications originates (Individual PAP or Institutional PAP) the charitable effort requires varying degrees of professional, clerical and management time to administer. It is the overarching goal of West Virginia Rx to remove the paperwork and financial burden of entities providing care to indigent patients through a streamlined eligibility process, increasing the time available for direct patient care.

Because pharmaceutical pricing varies widely across providers, cost and value comparisons between types of health care providers and across classes of service are difficult. Therefore, West Virginia Rx uses Average Wholesale Price (AWP), the only consistent publicly available cost benchmark, to place a value on the medications dispensed to patients who would otherwise need to purchase them as out-of-pocket costs. West Virginia Rx measures cost and value as essential to ensure an in depth understanding for return on invested dollars to support the continuation of the program.

The following measures are used to assess the program.

### Patient Focused Measurement

- Periodic patient surveys to assess:
  1. If patients feel they have obtained needed medications that they otherwise would not be able to afford;
  2. If they have utilized the emergency room or been admitted since being able to access their medication; and
  3. If the system is user-friendly and easy to understand.



## Cost-Avoidance Measurement

- Annual provider surveys to assess:
  1. Dollar value of medication dispensed as samples by doctors or hospitals to patients. This represents expanded access to pharmaceuticals because West Virginia Rx is now providing drugs to eligible patients, thus freeing up samples to go to other uninsured patients who do not qualify for West Virginia Rx.
  2. both the cost avoidance amount that West Virginia Rx has returned by supplying these medications, that would otherwise cost the institution and the dollar amount of free drug provided to the patients;
  3. Patient volume by time frame; and
  4. Referrals to medical homes.

## Patient Adherence

- Patient adherence is monitored through a physical inventory of prescriptions that have been ordered, dispensed, mailed, and received by patient.
  1. Monitoring refills identifies patients who are, or are not receiving their medications. When patients do not call for refills or pick up their prescriptions, it can be a good indicator that they are not receiving or complying with drug therapy.
  2. Monitoring ER usage, admissions, and readmissions is an indicated association between medication adherence and outcomes. Those that are less adherent may be more likely to have greater adverse outcomes leading to more hospital admissions.
  3. Uncompensated care costs are monitored yearly for those patients who report having utilized the hospital for emergency or primary care, or who have been hospitalized prior to enrollment with West Virginia Rx

The following principles are used to assess financial impact.

### Financial Impact Assessment

- ❖ Maintains regular prescription records in accordance with West Virginia Board of Pharmacy regulations. These records form the basis of business, regulatory and charitable assessments for the project. These records include patient eligibility profiles, costs, charges and other resource accounting (waste and disposal of expired and otherwise unusable medications).
- ❖ Maintains regular business records to ensure that costs of the program are appropriate and regularly reported to funders, and to ensure that program integrity is maintained.
- ❖ Secured professional pharmacy resources to ensure the appropriate handling and dispensing of medications. A Pharmacist-in-Charge provides program oversight and ensures that appropriate resources are used for positive pharmaceutical care outcomes.
- ❖ Includes in its reports program costs such as staff time, rent, utilities, supplies and other services. These costs valued at real local market cost. An effort is also made to identify real and avoided costs, including volunteer time.
- ❖ Reports medication value as prescriptions delivered to patients. Prescriptions filled, and indicators of scope and volume. The focus remains on patients treated rather than on intermediate program achievements.
- ❖ Reports medications value which is a reasonable representation of the value based on the prescription price that would have been paid by the patient at retail.

### Success of West Virginia Rx

West Virginia free pharmaceutical program for West Virginians without prescription drug coverage has grown rapidly. Governor Joe Manchin called for its creation in his January 2008 State of the State address to provide help for the nearly 400,000 West Virginians who were unable to afford the costs of their medications. The program began on March 27, 2008, and filled its first prescription on April 15, 2008.

In March 2009, West Virginia Rx began using a toll-free number, 1-877-388-WVRx (877-355-9879), which made access to the program easier for residents across the state. The development helped accelerate participation in the program.

To qualify for West Virginia Rx, a person must:

- Be a West Virginia resident;
- Have a yearly income that is 200 percent or less of the Federal Poverty Level (e.g., \$21,660 for one person, \$44,100 for a family of four); and
- Have no prescription drug coverage or government assistance (including not having Medicaid, Medicare Part D, or private insurance).

A participant must fill out an enrollment form; provide proof of income and pay a \$30 annual fee, although the fee is waived when the participant cannot afford it. The \$30 fee covers application processing and shipping of medications of all prescriptions for an entire year. A person remains eligible for one year from the date of having the first prescription filled. To continue in the program, the participant must re-qualify annually.

West Virginia lifts the paperwork and administrative burden associated with patient assistance programs for physicians, clinics, and hospitals. Basic patient demographics are completed online for each patient (2 minutes of data entry); West Virginia handles the rest. This saves health care providers valuable staff time and reduces charity costs. In addition, the West Virginia formulary is available for easy prescribing use. The program also provides prescribers with patient assistance program software for their staffs to use for prescription assistance programs and tracking medication refills.

West Virginia Rx has received no federal funding, but the state provided \$140,000 to get the program started. Since its beginning, funding for West Virginia also has come from: the Claude Worthington Benedum Foundation, the Heinz Family Philanthropies, the Greater Kanawha Valley Foundation, the West Virginia Attorney General's Office, the Rite Aid Foundation, the CVS Foundation, Chesapeake Energy Corporation, and Chesapeake Appalachia, LLC.

The program currently operates with an annual budget of less than \$250,000 by leveraging the resources of West Virginia Health Right, the free clinic that houses the West Virginia program and uses its pharmacy resources for the mail order component of West Virginia. The average cost of providing medication is estimated to be \$6 per mailing. West Virginia is able to reach patients statewide through mail order deliveries. In addition, the program helps put patients in contact with providers, linking them to medical homes.

The pharmaceutical manufacturers donating medications to West Virginia Rx include: Abbott Laboratories, Inc.; Alcon Laboratories, Inc.; Astra-Zeneca Pharmaceuticals, LP; Johnson & Johnson Family of Companies; King Pharmaceuticals; Eli Lilly & Company; Merck & Company, Inc.; Novartis Pharmaceuticals Corporation; and Sanofi-Aventis.



Prescriptions **for** West Virginians

West Virginia Rx  
1520 Washington St. E.  
Charleston, WV 25311  
877-388-9879(Phone)  
[www.wvrx.org](http://www.wvrx.org)

(Speaker Thompson presides)

**AGENDA**  
**JOINT COMMITTEE ON GOVERNMENT AND FINANCE**  
August 12, 2009

12:00 - 1:00 p.m.

Senate Finance Room

1. Approval of July 16, 2009, minutes

2. Committee Reports/Requests:

**Parks, Recreation and Natural Resources Subcommittee** (Senator Fanning, Chair; Delegate Eldridge, Chair) *Requests expense reimbursement for site visitations to Pipestem Resort State Park, Bluestone State Park, Pinnacle Rock State Park and Camp Creek State Park on August 30, 31 and September 1, 2009. - John Homburg*

**MOVE** that expense reimbursement be approved for site visitations for the Parks, Recreation and Natural Resources Subcommittee members.

**Judiciary Subcommittee A** (Senator Snyder, Chair; Delegate Brown, Chair) *Requests expense reimbursement of round trip air fair, transportation to and from the airport, meals and miscellaneous expenses, not to exceed \$550, for Micha Sherr from the University of Pennsylvania. - Rita Pauley*

**MOVE** that expense reimbursement be approved for Micha Sherr, not to exceed \$550.

3. Monthly/Quarterly Reports Distribution:

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

4. DHHR Report Distribution on Coal Slurry

5. Monthly/Quarterly Reports Distribution: Robert Ferguson, Cabinet Secretary

PEIA

BRIM

CHIP

Real Estate Report

6. Monthly/Quarterly Report Distribution from Department of Health and Human Resources; Martha Walker, Cabinet Secretary

Medicaid Report

7. **Monthly Report on the Pharmaceutical Cost Management Council:** *Shana Phares, Acting Pharmaceutical Advocate*
8. **Investment Management Board Distribution:** *Craig Slaughter*
9. **Workers' Compensation:** *Jane Cline, Insurance Commissioner*
10. **Board of Treasury Report Distribution**
11. **Other Business**
12. **Scheduled Interim Dates:** September 14-16 (Monday, Tuesday, and Wednesday)  
October 13-15 (Tuesday, Wednesday, and Thursday)  
November 17-19 (Tuesday, Wednesday, and Thursday)  
December 7-9 (Monday, Tuesday, and Wednesday)  
January 10-12 (Sunday, Monday, and Tuesday)
13. **Adjournment**