

FILE COPY

JOINT COMMITTEE ON  
GOVERNMENT AND FINANCE

Materials Distributed

August 21, 2007

July 29, 2007

12:00 - 1:00 p.m.

Joint Committee on Government and Finance

Senate

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

House

Thompson, Chair  
Caputo  
DeLong  
Webster  
White  
Armstead  
Border

President Tomblin, Cochair, presided.

1. Approval of Minutes

Upon motion by Speaker Thompson, properly adopted, the minutes of the June 5, 2007, meeting were approved.

2. Committee Reports/Requests

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

Upon motion by Speaker Thompson, properly adopted, expense reimbursement was granted for members and staff of the Parks, Recreation and Natural Resources Subcommittee for site visitations to Tygart Lake State Park, Prickett's Fort State Park and Audra State Park on July 15, 16 and 17.

**Joint Committee on Pensions and Retirement - Senator Foster**

Upon motion by Speaker Thompson, properly adopted, authorization was granted for payment, not to exceed \$60,000, to Buck Consultants for an actuarial study relating to HCR 35, requesting the Joint Committee on Pensions and Retirement study the effects of the contested merger between the Teachers' Defined Contribution Retirement System and the State Teachers Retirement System. Payment to be made after approval by the Legislative Manager.

**Joint Committee on Pensions and Retirement - Senator Foster**

Upon motion by Speaker Thompson, properly adopted, authorization was granted for Dean Baker, co-director of the Center for Economic and Policy Research in Washington D. C., to address the Joint Committee on Pensions and Retirement at the August 20, 2007 interim meeting and that reimbursement of travel, lodging and other expenses, not to exceed \$700, is authorized.

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

Distributed to members of the Committee were the following: Lottery Operations report for the month ended May 31, 2007; the General Revenue Fund status report as of June 30, 2007; and the Unemployment Compensation Trust Fund report for the month ended May 31, 2007. Distributed with each of the reports were an analysis and a summary of the reports.

4. **PEIA, BRIM and CHIP Reports**

The following monthly PEIA reports were distributed: Monthly Management Report, Prescription Drug Report and Financial Report for May 2007. Robert Ferguson, Jr., Cabinet Secretary, Department of Administration, said medical expenses trend is good but pharmacy expenses are almost 11% higher than it was the year before.

The following BRIM reports were distributed: An unaudited balance sheet and unaudited income statement for the period ending May 31, 2007. Secretary Ferguson reported investment income for BRIM was about \$6.8 million for all of FY 06 and so far, with 11 months in FY 07, investment income is \$18.4 million. There are no overall unfunded liabilities except Senate Bill 3 liabilities.

The following reports from CHIP were distributed: A report of enrollment for July 2007 and financial statements for period ending May 31, 2007. Sharon Carte, Executive Director, said CHIP's enrollment this month is relatively stable. The May trend for claims overall was up about 11%. Hospital admission services are up 58%.

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

A leasing report for the period of June 1, 2007 through July 15, 2007 was distributed. Secretary Ferguson said there has been 13 changes for the month with 2 new contracts, 8 straight renewals, 3 lease changes, rent increase and rent increase with adding square footage.

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

A Medicaid report dated July 2007 was distributed. John Law, DHHR, said that Medicaid is doing well and is within budget.

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

Shana Phares, Chair of the Pharmaceutical Cost Management Council and the Governor's Pharmaceutical Advocate, discussed the federal legislation that is pending that would expand the 340-B program. In September the Council will be looking at the Pharmaceutical Benefit Manager (PBM) disclosure legislation. The Council is also looking at a Consolidated Generic Formulary that would look at posting on the web a generic formulary. In response to questions from President Tomblin, Ms. Phares stated that the Central Fill Pharmacy does not currently have \$1 million in the bank.

8. **Scheduled Interim Dates**

August 19 - 21  
September 9 - 11 (Martinsburg)  
October 7 - 9  
November 16 - 18 (Friday, Saturday and Sunday)  
December 9 - 11  
January 6 - 8, 2008

The meeting was adjourned.

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

*Budget Division*  
*Building 1, Room 332-West Wing*  
*1900 Kanawha Blvd. East*  
*Charleston, WV 25305-0590*  
August 17, 2007



304-347-4870

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

**Lottery Commission as of June 30, 2007 :**

Appears to be in good condition. Gross profit was 5.03 % higher in 2007 than in 2006. Total distributions to the state were \$639.1 million for the fiscal year 2007; distributions to the state in 2006 were \$610.0 million.

**General Revenue Fund as of July 31, 2007:**

Collections were at 111.63% of the yearly estimate as of July 31, 2007.

**State Road Fund as of July 31, 2007:**

Fund collections were at 105.58% of the yearly estimate.

**Unemployment Compensation Trust as of June 30, 2007:**

Overall ending trust fund balance was \$ 12.1 million greater on June 30, 2007 than on June 30, 2006.

*Joint Committee on Government and Finance*

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

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



304-347-4870

MEMORANDUM

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

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

Date: August 17, 2007

Re: Review of West Virginia Lottery Financial Information  
As of June 30, 2007 (FY 2007)

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

**Lottery Revenues:**

Gross lottery revenues are receipts from on-line games, instant games and video lottery. These gross receipts totaled \$1,562,259,000.00 for the fiscal year 2006-2007. These gross receipts were 2.61 % ABOVE the preceding fiscal year, 2005-2006. This number does not include commission and prize deductions. Gross profit (Gross revenues minus commissions and prize costs) for July 2006 - June 2007 was \$ 696,621,000.00; for the previous fiscal year it was \$663,258,000.00. Expressed as a percentage, gross profit is **5.03% higher** for fiscal year 2007 than for fiscal year 2006.

*Joint Committee on Government and Finance*

Lottery continued

**Operating Income:**

Operating income was \$ 683,613,000.00 for fiscal year 2007. For fiscal year 2006 it was \$ 651,761,000.00. This was an increase of 4.89%. After additions and subtractions of non-operating income and expenses, distributions to the state were \$639,151,000.00.

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

A total of \$ 639,151,000.00 has been accrued to the state of West Virginia for fiscal year 2006-2007. 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	\$ 42,136,000.00
Department of Education	\$ 32,704,000.00
Educational Broadcasting Authority	
Library Commission	\$ 10,522,000.00
Higher Education-Central Office	\$ 38,834,000.00
Tourism	\$ 7,868,000.00
Department of Natural Resources	\$ 3,428,000.00
Division of Culture and History	\$ 5,222,000.00
Department of Education and Arts	\$ 1,385,000.00
State Building Commission	\$ 9,998,000.00

Lottery continued

School Building Authority	\$ 18,000,000.00
<b><u>SUBTOTAL BUDGETARY TRANSFERS</u></b>	<b>\$170,097,000.00</b>

**Excess Lottery Fund**

General Purpose Fund	65,000,000.00
Economic Development Fund	19,000,000.00
Traffic Fund	0
Excess Lottery Surplus	96,200,000.00
Education Improvement Fund	10,000,000.00
WV Infrastructure Council Fund	40,000,000.00
Higher Education Improvement Fund	27,000,000.00
State Park Improvement Fund	5,000,000.00
Refundable Credit	3,991,000.00
School Building Authority	19,000,000.00
<b>TOTAL EXCESS LOTTERY FUND</b>	<b>285,191,000.00</b>

Senate Bill 1010 and 1017  
 (2006 lottery surplus to TRAFFIC,  
 Development Office, Office of  
 Technology, Capital Outlay Parks) 104,253,000.00

Veterans Instant Ticket Fund 909,000.00

<b>RACETRACK VIDEO LOTTERY TRANSFERS:</b>	
Tourism Promotion Fund 1.375%	\$12,099,000.00
Development Office Promo Fund	\$3,300,000.00
Research Challenge Fund .5%	\$4,400,000.00

Lottery continued

Capitol Renovation and Improvement Fund .6875%	\$6,050,000.00
Parking Garage Fund .0625%	\$550,000.00
Parking Garage Fund 1%	\$500,000.00
Cultural Facilities and Cap. Resources Fund .5%	\$1,500,000.00
Capitol Dome & Cap. Improvements Fund .5%	\$6,800,000.00
Workers Compensation Debt Reduction Fund 7%	\$11,000,000.00
<b>SUBTOTAL VIDEO LOTTERY TRANSFERS:</b>	<b>\$46,199,000.00</b>
<b>TOTAL TRANSFERS</b>	<b>*\$606,649,000.00</b>

\* CASH BASIS

Total Applicable to last FY 2006:	147,676,000.00
Total Cash Distributions July -June 2007.	606,649,000.00
Applied to FY 2006:	147,676,000.00
Total Applied to FY 2007:	458,973,000.00
Total Accrued for FY 2007:	180,178,000.00



Budget

P.O. BOX 2067  
CHARLESTON, WV 25327

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

Joe Manchin III  
Governor

John C. Musgrave  
Director

MEMORANDUM

TO: Joint Committee on Government and Finance

FROM: John C. Musgrave, Director

RE: Monthly Report on Lottery Operations  
Month Ending June 30, 2007



DATE: July 20, 2007

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

Financial statements of the Lottery for the month ending June 30, 2007 are attached. Lottery revenue, which includes on-line, instant and video lottery sales, was \$126,705,541 for the month of June.

Transfers of lottery revenue totaling \$3,830,475 made for the month of June to the designated state agencies per Senate Bill 125, Veterans Instant Ticket Fund and the Racetrack Video Lottery Act (§29-22A-10). The amount transferred to each agency is shown in Note 8 on pages 14 and 15 of the attached financial statements.

The number of traditional and limited retailers active as of June 30, 2007 was 1,590 and 1,659 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/jt  
Attachment

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



WEST VIRGINIA LOTTERY

STATE OF WEST VIRGINIA

FINANCIAL STATEMENTS  
-UNAUDITED-

June 30, 2007

WEST VIRGINIA LOTTERY

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

ASSETS	June 30, 2007	June 30, 2006
Current assets:		
Cash and cash equivalents	\$ 234,489	\$ 197,719
Accounts receivable	33,095	24,790
Inventory	433	588
Current portion of investments held in trust	23	57
Other assets	1,163	999
Total current assets	<u>269,203</u>	<u>224,153</u>
Noncurrent assets:		
Capital assets	13,065	12,175
Less accumulated depreciation and amortization	<u>(11,615)</u>	<u>(11,046)</u>
	1,450	1,129
Investments held in trust, less current portion	<u>282</u>	<u>612</u>
Total assets	<u>\$ 270,935</u>	<u>\$ 225,894</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 180,178	\$ 147,676
Estimated prize claims	13,592	15,992
Accounts payable	1,452	2,745
Other accrued liabilities	31,926	38,579
Current portion of deferred jackpot prize obligations	159	336
Total current liabilities	<u>227,307</u>	<u>205,328</u>
Deferred jackpot prize obligations, less current portion	<u>139</u>	<u>316</u>
Total liabilities	<u>227,446</u>	<u>205,644</u>
Net assets:		
Invested in capital assets	1,450	1,129
Restricted assets ( see note 9)	30,367	20,000
Unrestricted (deficit)	(950)	(879)
Unrestricted - Committed ( see note 14)	12,622	-
Total net assets	<u>43,489</u>	<u>20,250</u>
Total liabilities and net assets	<u>\$ 270,935</u>	<u>\$ 225,894</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, 2007**

(In Thousands)  
- Unaudited -

	CURRENT MONTH		YEAR TO DATE	
	2007	2006	2007	2006
Lottery revenues				
On-line games	\$ 6,589	\$ 6,221	\$ 86,157	\$ 98,959
Instant games	7,886	9,349	106,493	119,124
Racetrack video lottery	79,626	79,004	972,592	942,250
Limited video lottery	32,604	31,257	397,017	362,181
	<u>126,705</u>	<u>125,831</u>	<u>1,562,259</u>	<u>1,522,514</u>
Less commissions				
On-line games	449	444	6,019	6,937
Instant games	552	654	7,454	8,339
Racetrack video lottery	37,839	37,543	522,745	508,326
Limited video lottery	15,976	16,541	206,127	195,112
	<u>54,816</u>	<u>55,182</u>	<u>742,345</u>	<u>718,714</u>
Less on-line prizes	3,413	3,017	43,380	50,459
Less instant prizes	5,383	6,432	72,412	81,444
Less ticket costs	204	144	1,724	2,092
Less vendor fees and costs	429	471	5,777	6,547
	<u>9,429</u>	<u>10,064</u>	<u>123,293</u>	<u>140,542</u>
Gross profit	<u>62,460</u>	<u>60,585</u>	<u>696,621</u>	<u>663,258</u>
Administrative expenses				
Advertising and promotions	881	659	9,035	7,794
Wages and related benefits	568	606	5,939	5,742
Telecommunications	117	200	2,298	2,366
Contractual and professional	319	471	3,507	3,632
Rental	59	42	662	592
Depreciation and amortization	48	111	569	1,351
Other administrative expenses	96	170	1,395	1,213
	<u>2,088</u>	<u>2,259</u>	<u>23,405</u>	<u>22,690</u>
Other Operating Income	<u>107</u>	<u>244</u>	<u>10,397</u>	<u>11,193</u>
Operating Income	<u>60,479</u>	<u>58,570</u>	<u>683,613</u>	<u>651,761</u>
Nonoperating income (expense)				
Investment income	849	1,021	7,591	5,240
Interest expense	(2)	(9)	(35)	(87)
Distributions to municipalities and counties	(639)	(613)	(7,782)	(7,099)
Distributions to racetracks-capital reinvestment	(3,211)	(3,185)	(20,997)	(19,774)
Distributions to the State of West Virginia	(34,972)	(35,784)	(639,151)	(610,041)
	<u>(37,975)</u>	<u>(38,570)</u>	<u>(660,374)</u>	<u>(631,761)</u>
Net income	<u>22,504</u>	<u>20,000</u>	<u>23,239</u>	<u>20,000</u>
Net assets, beginning of year	20,250	250	20,250	250
Net assets, end of year	<u>\$ 42,754</u>	<u>\$ 20,250</u>	<u>\$ 43,489</u>	<u>\$ 20,250</u>

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

**WEST VIRGINIA LOTTERY  
STATEMENTS OF CASH FLOWS  
FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2007**

(In Thousands)  
-Unaudited-

	2007	2006
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 1,564,350	\$ 1,535,862
Cash payments for:		
Personnel costs	(5,922)	(5,705)
Suppliers	(27,085)	(14,440)
Other operating costs	(857,462)	(863,909)
Cash provided by operating activities	<u>673,881</u>	<u>651,808</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(606,649)	(551,101)
Distributions to municipalities and counties	(7,755)	(7,007)
Distributions to racetrack from racetrack cap. reinv. fund	(29,724)	(15,870)
Deferred jackpot prize obligations and related interest paid	(35)	(87)
Cash used in noncapital financing activities	<u>(644,163)</u>	<u>(574,065)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>(904)</u>	<u>-</u>
Cash flows from investing activities:		
Maturities of investments held in trust	387	1,026
Investment earnings received	<u>7,569</u>	<u>5,208</u>
Cash provided by investing activities	<u>7,956</u>	<u>6,234</u>
Increase (decrease) in cash and cash equivalents	36,770	83,977
Cash and cash equivalents - beginning of period	<u>197,719</u>	<u>113,742</u>
Cash and cash equivalents - end of period	<u>\$ 234,489</u>	<u>\$ 197,719</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 683,613	\$ 651,761
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	569	1,351
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(8,305)	2,155
(Increase) decrease in inventory	155	(117)
(Increase) decrease in other assets	(151)	(606)
Increase (decrease) in estimated prize claims	(2,400)	(5,321)
Increase (decrease) in accounts payable	(1,294)	1,506
Increase (decrease) in other accrued liabilities	1,694	1,079
Cash provided by operating activities	<u>\$ 673,881</u>	<u>\$ 651,808</u>

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

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

**NOTE 1 - LEGISLATIVE ENACTMENT**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies of the Lottery is presented below.

**BASIS OF PRESENTATION** – The West Virginia Lottery is an enterprise fund of the State of West Virginia, and is accounted for as a proprietary fund special purpose government engaged in business type activities. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments," and with accounting principles generally accepted in the United States of America, the financial statements are prepared on the accrual basis of accounting which requires recognition of revenue when earned and expenses when incurred. As permitted by Governmental Accounting Standards Board (GASB) Statement No. 20, "*Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*," the Lottery has elected not to adopt Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989 unless the GASB specifically adopts such FASB statements or interpretations.

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

**USE OF ESTIMATES** – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and develop assumptions that affect the amounts reported in the financial statements and related notes to financial statements. Actual results could differ from management's estimates.

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

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

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

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

Revenue from instant games is recognized when game tickets are sold to the retailers, and the related prize expense is recorded based on the specific game prize structure. Instant ticket sales and related prizes do not include the value of free plays issued for the purpose of increasing the odds of winning a prize.

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

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

Racetrack video lottery is a self-activated video version of lottery games. The board-operated games allow a player to place bets for the chance to be awarded credits which can either be redeemed for cash or be replayed as additional bets. The coin operated games allow a player to use coins, currency, or tokens to place bets for the chance to receive coin or token awards which may be redeemed for cash or used for replay in the coin operated games. The racetrack video lottery games’ prize structures are designed to award prizes, or credits, at a stipulated rate of total bets played, and prize expense is netted against total video credits played. The Lottery recognizes as racetrack video lottery revenue “gross terminal income” equivalent to all wagers, net of related prizes. Amounts required by statute to be paid to the private and local government entities are reported as commissions. Racetrack video lottery legislation has established specific requirements for racetrack video lottery and imposed certain restrictions limiting the licensing for operation of racetrack video lottery games to horse and dog

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

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

racetracks in West Virginia, subject to local county elections permitting the same. The legislation further stipulates the distribution of revenues from racetrack video lottery games, and requires any licensed racetrack to be responsible for acquiring the necessary equipment and bearing the risk associated with the costs of operating and marketing the games.

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

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

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

**OTHER ASSETS** – Other assets consist primarily of deposits restricted for payment of certain Multi-State Lottery Association activities.

**CAPITAL ASSETS** – The Lottery leases, under a cancelable operating lease, its office and warehouse facilities. Portions of these facilities were subleased to the Lottery's game vendor until January 31, 2007 at which time the Lottery took occupancy of the total facility. The Lottery also leases various office equipment under agreements considered to be cancelable operating leases. Rental expense for the twelve months ended June 30, 2007 and June 30, 2006 approximated \$662,349 and \$592,711, respectively. Sublease rental income for the twelve months ended June 30, 2007 and June 30, 2006 approximated \$60,508 and \$103,728, respectively.

The Lottery has adopted a policy of capitalizing assets with individual amounts exceeding \$25,000. These assets include leasehold improvements, contributed and purchased equipment, comprised principally of technology property, office furnishings and equipment necessary to administer lottery games, are carried at cost. Depreciation is computed by the straight-line method using three to ten year lives.

**COMPENSATED ABSENCES** – The Lottery has accrued \$298,548 and \$281,146 of vacation and \$467,954 and \$468,058 of sick leave at June 30, 2007 and 2006, respectively, for estimated obligations that may arise in connection with compensated absences for vacation and sick leave at the current rate of employee pay. Employees fully vest in all earned but unused vacation. In accordance with State personnel policies, employees hired prior to July 1, 2001, vest in unused sick leave only upon

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

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

retirement, at which time such unused leave can be converted into employer paid premiums for post-retirement health care coverage or additional periods of credited service for purposes of determining retirement benefits. For employees hired prior to July 1, 1988, the Lottery pays 100% of the post-retirement health care premium. The Lottery pays 50% of the premium for employees hired after June 30, 1988 through July 1, 2001. The estimated obligation for sick leave is based on historical retirement rates and current health care premiums applicable to employee hire dates. Employees hired after June 30, 2001 do not vest in unused sick leave upon retirement.

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

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

**NOTE 3 - CASH AND CASH EQUIVALENTS**

At June 30, 2007 the carrying amounts of deposits (overdraft) with financial institutions were (\$8) thousand with a bank balance of \$14 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 Investment Management Board (IMB) is as follows (in thousands):

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Amount on deposit with the IMB	<u>\$234,497</u>	<u>\$197,734</u>

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

**NOTE 4 – CAPITAL ASSETS**

A summary of capital asset activity for the month ended June 30, 2007 is as follows (in thousands):

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

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

Capital Assets:	Historical Cost At June 30, 2006	Additions	Deletions	Historical Cost At June 30, 2007
Construction in Progress	\$ 456	\$ 442	\$ 456	\$ 442
Improvements	1,119	-	-	1,119
Equipment	10,600	904	-	11,504
	<u>\$ 12,175</u>	<u>\$ 1,346</u>	<u>\$ 456</u>	<u>\$ 13,065</u>
Accumulated Depreciation:	Historical Cost At June 30, 2006	Additions	Deletions	Historical Cost At June 30, 2007
Improvements	\$ 848	\$ 77	\$ -	\$ 925
Equipment	10,198	492	-	10,690
	<u>\$ 11,046</u>	<u>\$ 569</u>	<u>\$ -</u>	<u>\$ 11,615</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, 2007 were \$3,819,878 and \$51,729,318 while related prize costs for the same periods were \$1,852,923 and \$25,867,651.

Revenues derived from the Lottery's participation in the HOT LOTTO game for the month and year-to-date periods ended June 30, 2007 were \$424,756 and \$4,726,225 while related prize costs for the same periods were \$210,723 and \$2,488,245.

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, 2007 the POWERBALL prize reserve funds had a balance

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

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

of \$94,481,002 of which the Lottery's share was \$2,279,750. The Lottery has charged amounts placed into the prize reserve funds to prize costs as the related sales have occurred.

**NOTE 6 - RACETRACK VIDEO LOTTERY**

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

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

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

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

Amounts from the capital reinvestment fund may be distributed to each racetrack if qualifying expenditures are made within the statutory timeframe; otherwise amounts accumulated in the fund revert to the state excess lottery revenue fund.

The WV Lottery, along with the Rhode Island and Delaware lotteries, participate in Multi-Jurisdictional Wide Area Progressive (MWAP) video games. This allows each of the lotteries to offer a higher progressive jackpot than they could generate alone. MUSL manages the progressive games and charges each participant a MWAP contribution fee of 4% of the amount wagered. A summary of racetrack video lottery revenues for the month ended June 30, 2007 and year-to-date follows (in thousands):

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

**NOTE 6 - RACETRACK VIDEO LOTTERY (continued)**

	<u>Current</u> <u>2007</u>	<u>Month</u> <u>2006</u>	<u>Year- to -Date</u> <u>2007</u>	<u>2006</u>
Total credits played	\$839,911	\$845,656	\$10,259,511	\$10,099,703
Credits (prizes) won	(759,943)	(766,652)	(9,282,448)	(9,157,453)
MWAP Contributions	(341)	-	(4,471)	-
Gross terminal income	<u>\$79,627</u>	<u>\$79,004</u>	<u>\$972,592</u>	<u>\$942,250</u>
Administrative costs	-	-	(17,524)	(17,524)
Net Terminal Income	<u>\$79,627</u>	<u>\$79,004</u>	<u>\$955,068</u>	<u>\$924,726</u>
Less distribution to agents	<u>(37,839)</u>	<u>(37,543)</u>	<u>(522,745)</u>	<u>(508,326)</u>
Racetrack video lottery revenues	<u>\$41,788</u>	<u>\$41,461</u>	<u>\$432,323</u>	<u>\$416,400</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, 2007</u>	<u>Year-to Date</u>
State Lottery Fund	-	\$130,125
State Excess Lottery Revenue Fund	\$35,825	234,853
Capital Reinvestment Fund	3,211	20,997
Tourism Promotion Fund 1.375%	946	12,151
Development Office Promotion Fund .375 %	258	3,314
Research Challenge Fund .5 %	344	4,418
Capitol Renovation & Improvement Fund .6875 %	473	6,075
Parking Garage Fund .0625 %	43	553
Parking Garage Fund 1 %	-	500
Cultural Facilities & Capitol Resources Fund .5 %	-	1,500
Capitol Dome & Capitol Improvements Fund .5 %	688	6,837
Worker's Compensation Debt Reduction Fund 7 %	-	11,000
Total nonoperating distributions	<u>\$41,788</u>	<u>\$432,323</u>

**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

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

**NOTE 7 - LIMITED VIDEO LOTTERY (continued)**

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, 2007 and year-to-date follows (in thousands):

	<u>Current</u> <u>2007</u>	<u>Month</u> <u>2006</u>	<u>Year- to -Date</u> <u>2007</u>	<u>2006</u>
Total credits played	\$401,598	\$379,412	\$4,832,651	\$4,414,998
Credits (prizes) won	(368,994)	(348,155)	(4,435,634)	(4,052,817)
Gross terminal income	<u>\$32,604</u>	<u>\$31,257</u>	<u>\$397,017</u>	<u>\$362,181</u>
Administrative costs	(652)	(625)	(7,940)	(7,244)
Gross Profit	<u>\$31,952</u>	<u>\$30,632</u>	<u>\$389,077</u>	<u>\$354,937</u>
Commissions	(15,976)	(16,541)	(206,127)	(195,112)
Municipalities and Counties	(639)	(613)	(7,782)	(7,099)
Limited video lottery revenues	<u>\$15,337</u>	<u>\$13,478</u>	<u>\$175,168</u>	<u>\$152,726</u>

**NOTE 8 - 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, 2007 the State Legislature budgeted \$170,100,000 of estimated profits of the Lottery for distributions to designated special revenue accounts of the State of West Virginia. With regard to the State Lottery Fund, legislation stipulates that debt service payments be given a priority over all other transfers in instances where estimated profits are not sufficient to provide for payment of all appropriated distributions. Debt service payments of \$1,800,000 and \$1,000,000 per month for the first ten months of each fiscal year currently have such priority. Transfers made pursuant to the State Excess Lottery Revenue Fund have similar requirements; currently payments are \$2,900,000 per month for the first ten months of each fiscal year, with \$1,000,000 of this amount beginning September 2004. In addition, Legislation provides that, if in any month, there is a shortage of funds in the State Excess Lottery Revenue Fund to make debt service payments, the necessary amount shall be transferred from the State Lottery Fund to cover such shortfall, after the State Lottery Fund debt service payments have been made. Repayments to the State Lottery Fund are required to be made in subsequent months as funds become available. During the month ended June 30, 2007 the Lottery made such distributions and accrued additional distributions of \$32,219,961. The Lottery is a non-appropriated state agency and therefore does not have a budget adopted by the Legislature.

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

**NOTE 8 - NONOPERATING DISTRIBUTIONS TO THE STATE OF WEST VIRGINIA**  
**(continued)**

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, 2007 the Lottery accrued additional distributions relating to racetrack video lottery operations of \$645,531.

Note 7 describes the Limited Video Lottery Act and the statutory distributions required to be made from limited video lottery 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, 2007</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Bureau of Senior Services	\$ -	\$ 42,136
Department of Education	-	32,704
Library Commission	-	10,522
Higher Education-Policy Commission	-	38,834
Tourism	-	7,868
Natural Resources	-	3,428
Division of Culture & History	-	5,222
Department of Education & Arts	-	1,385
Building Commission	-	9,998
School Building Authority	-	18,000
Total State Lottery Fund	\$ -	\$170,097
<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	586	3,991
Excess Lottery Surplus	-	96,200
West Va. Infrastructure Council	-	40,000
Total State Excess Lottery Revenue Fund	\$ 586	\$ 285,191
<u>Senate Bill 1010, 1016 &amp; 1017</u>	\$ -	\$ 104,253
Total Budgetary distributions:	\$ 586	\$ 559,541
Veterans Instant Ticket Fund	\$ 47	\$ 909

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

**NOTE 8 - NONOPERATING DISTRIBUTIONS TO THE STATE OF WEST VIRGINIA**  
(continued)

<u>Other Racetrack Video Lottery distributions:</u>		
Tourism Promotion Fund 1.375%	\$ 1,098	\$ 12,099
Development Office Promotion Fund .375%	300	3,300
Research Challenge Fund .5%	400	4,400
Capitol Renovation & Improvement Fund .6875%	550	6,050
Parking Garage Fund .0625 %	50	550
Parking Garage Fund 1 %	-	500
Cultural Facilities & Cap. Resources Fund .5%	-	1,500
Capitol Dome & Cap. Improvements Fund .5%	800	6,800
Workers Compensation Debt Reduction Fund 7%	-	11,000
Total	<u>\$ 3,198</u>	<u>\$ 46,199</u>
Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 3,831	\$606,649
Accrued nonoperating distributions, beginning	(149,037)	(147,676)
Accrued nonoperating distributions, end	<u>180,178</u>	<u>180,178</u>
Total nonoperating distributions to the State of West Virginia	<u>\$ 34,972</u>	<u>\$639,151</u>

**NOTE 9 - RESTRICTED NET ASSETS**

On June 14, 2006, House Bill 106 was enacted by the West Virginia State Legislature to set aside unexpended administrative expenses of the Lottery up to the limits for such expenses established by the enabling legislation of traditional, racetrack video lottery, and limited video lottery games in an amount not to exceed \$20,000,000 beginning in fiscal year 2006 and each year through fiscal year 2012. These assets are to be set aside for the design and construction of a building for the use of the Lottery and certain other State of West Virginia governmental entities. The lottery contributed \$20,000,000 to the fund in fiscal year 2006 plus \$9,539,860 and related interest of \$827,008 in fiscal year 2007.

**NOTE 10 - DEFERRED JACKPOT OBLIGATIONS AND INVESTMENTS HELD IN TRUST**

Prior to becoming a member of the Multi-State Lottery in 1988, the prize structure of certain games operated solely by the Lottery included jackpot prizes. The Lottery, at its discretion, could choose to award such prizes in the form of either a lump sum payment or in equal installments over a period of 10 or 20 years, through June 30, 2007, 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

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

**NOTE 10 - DEFERRED JACKPOT OBLIGATIONS AND INVESTMENTS HELD IN TRUST**  
**(continued)**

the date prizes were won. The imputed interest portion of the deferred prize awards is calculated using the effective interest method at rates ranging from 7.11% to 9.13%. A summary of the present value of the remaining obligations for deferred jackpot prize awards follows (in thousands):

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Present value of deferred prize award obligations:		
Discounted obligations outstanding	\$ 279	\$ 615
Imputed interest accrued	<u>19</u>	<u>37</u>
	298	652
Less current portion of discounted obligations and accrued interest	<u>(159)</u>	<u>(336)</u>
Long-term portion of deferred prize award obligations	<u>\$ 139</u>	<u>\$ 316</u>

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

<u>Year Ended</u>	Original Discounted Obligations <u>Outstanding</u>	Imputed <u>Interest</u>	<u>Total</u>
June 30, 2007	-	-	-
June 30, 2008	159	23	182
June 30, 2009	<u>120</u>	<u>10</u>	<u>130</u>
	<u>\$ 279</u>	<u>\$ 33</u>	<u>\$ 312</u>

The Lottery has purchased long-term investments consisting principally of zero coupon government securities to fund deferred jackpot prize award obligations. Such investments are maintained in a separate trust fund administered by the West Virginia Investment Management Board on behalf of the Lottery and the jackpot prize winners, with investment maturities approximating deferred prize obligation installment 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.

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

**NOTE 11 - RETIREMENT BENEFITS**

All full-time Lottery employees are eligible to participate in the State of West Virginia Public Employees' Retirement System (PERS), a cost-sharing multiple-employer 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.

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, 2007 are as follows (in thousands):

	<u>June 30, 2007</u>	<u>Year-to Date</u>
Lottery contributions	\$43	\$452
Employee contributions	16	192
Total contributions	<u>\$59</u>	<u>\$644</u>

**NOTE 12 - RISK MANAGEMENT**

The Lottery is exposed to various risks of loss related to torts; theft of, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Lottery participates in several risk management programs administered by the State of West Virginia. Each of these risk pools have issued separate audited financial reports on 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 LOTTERY**  
**NOTES TO FINANCIAL STATEMENTS**  
**-Unaudited-**

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

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

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

**PUBLIC EMPLOYEES' INSURANCE AGENCY (PEIA)**

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

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

**BOARD OF RISK AND INSURANCE MANAGEMENT (BRIM)**

The Lottery participates in the West Virginia Board of Risk and Insurance Management (BRIM), a common risk pool currently operating as a common risk management and insurance program for all State agencies, component units, and other local governmental agencies who wish to participate. The Lottery pays an annual premium to BRIM for its general insurance coverage. Fund underwriting and rate setting policies are established by BRIM. The cost of all coverage as determined by BRIM shall be

WEST VIRGINIA LOTTERY  
NOTES TO FINANCIAL STATEMENTS  
-Unaudited-

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

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

**NOTE 13 – POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS**

The GASB has issued Statement No. 43, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans," and Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" (OPEB). The State nor the Lottery has previously reported in its financial statements costs associated with future participation of retirees in health benefit plans. The GASB statements are based on the premise that the "costs" of employee services should be reported during the periods when the services are rendered. Beginning with the fiscal year ending June 30, 2007, the State will implement financial reporting requirements for OPEB "substantive plans" under GASB Statement No. 43; beginning with fiscal year ending June 30, 2008, the State will implement accounting and financial reporting requirements as an employer under GASB Statement No. 45. The financial statements will report OPEB funded status and funding progress and any "premium subsidy" resulting from the pooling of retiree participants with active employees in the health benefit plans. For "employer" OPEB reporting the State will report "expense" on an accrual basis in the amount of the "annual required contribution" and a "liability" for the amount of the "annual required contribution" that was not actually paid.

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

**NOTE 14 – COMMITMENTS**

The Lottery has set aside funds as Unrestricted net assets for the acquisition of future assets. As of June 30, 2007 the lottery has set aside \$12.622M for future assets.

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

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



304-347-4870

Memorandum

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

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

Date: August 17, 2007

Re: Status of General Revenue Fund July 31, 2007

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

The net collections were **111.63%** of the estimate for the fiscal year. **The amount ABOVE estimate was \$ 32.8 million for the year.**

Corporate income/business franchise tax was \$5 million above the estimate.

Severance tax was \$ 6.2 million above the estimate as of July 31, 2007.

*Joint Committee on Government and Finance*

### State Road Fund

The state road fund was collected at 105.58% of the estimate for the month of July 2007. The entire fund was \$ 3.8 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 \$ \$179,993,229.86 as of July 31, 2007.

Balance July 1, 2007	235,075,887.42
Cash flow loan to General Revenue on July 3, 2007 To be repaid 90 days. This is a normal occurrence in July due to cash flow demands; will be repaid in September.	- 56,000,000.00
Revenues July 1, 2006-June 30,2007 (Surplus from FY 2007 to be transferred in August 2007.)	0
Earnings	917,342.44
Balance July 31, 2007	179,993,229.86

Revenue Shortfall Reserve Fund B (Tobacco Settlement Monies) had a cash balance of \$ 284,996,595.21 as of July 31, 2007.

Balance July 1, 2007	279,869,087.79
Earnings	5,127,507.42
Balance July 31, 2007	284,996,595.21

The Special Income Tax Reserve Fund had a cash balance of \$45,019,318.96 as of July 31, 2007.

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

**GENERAL REVENUE FUND FY 2007-2008**

Monthly Revenue Estimates July 2007

as of July 31, 2007 WVFIMS

SOURCE OF REVENUE	MONTH ESTIMATES	NET MONTH COLLECTIONS	FINAL	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY
			MONTHLY OVER/ UNDER ESTIMATES VS ACTUAL COLLECTIONS			OVER/UNDER ESTIMATES VS ACTUAL YTD COLLECTIONS
Personal Income Tax	111,900,000	123,749,133	11,849,133	111,900,000	123,749,133	11,849,133
Consumer Sales Tax	93,200,000	98,101,040	4,901,040	93,200,000	98,101,040	4,901,040
Insurance Tax	22,100,000	22,441,655	341,655	22,100,000	22,441,655	341,655
Use Tax	14,000,000	14,106,916	106,916	14,000,000	14,106,916	106,916
Corp Income /Business Franchise	11,300,000	16,307,661	5,007,661	11,300,000	16,307,661	5,007,661
Business and Occupation	10,200,000	13,462,932	3,262,932	10,200,000	13,462,932	3,262,932
Cigarette Tax	9,000,000	8,333,089	-666,911	9,000,000	8,333,089	-666,911
Interest income	3,000,000	4,643,671	1,643,671	3,000,000	4,643,671	1,643,671
Charter Tax	2,120,000	1,579,105	-540,895	2,120,000	1,579,105	-540,895
Property Transfer Tax	1,340,000	1,224,675	-115,325	1,340,000	1,224,675	-115,325
Liquor Profit Transfers	1,300,000	1,517,750	217,750	1,300,000	1,517,750	217,750
Beer Tax and Licenses	810,000	777,670	-32,330	810,000	777,670	-32,330
Departmental Collections	700,000	820,685	120,685	700,000	820,685	120,685
Smokeless Tobacco Tax	470,000	434,418	-35,582	470,000	434,418	-35,582
Business Franchise Fees	340,000	786,198	446,198	340,000	786,198	446,198
Miscellaneous Receipts	130,000	94,294	-35,706	130,000	94,294	-35,706
Senior Citizen Tax Credit Reimb.	90,000	0	-90,000	90,000	0	-90,000
Property Tax	80,000	100,311	20,311	80,000	100,311	20,311
Severance Tax	0	6,266,316	6,266,316	0	6,266,316	6,266,316
HB 102 - Lottery Transfers	0	0	0	0	0	0
Racing Fees	0	0	0	0	0	0
Miscellaneous Transfers	0	0	0	0	0	0
Telecommunications Tax	0	12,148	12,148	0	12,148	12,148
Estate and Inheritance Tax	0	49,028	49,028	0	49,028	49,028
Refundable Credit Reim LTY	0	0	0	0	0	0
Video Lottery Transfers	0	72,218	72,218	0	72,218	72,218
Special Revenue Transfer	0	0	0	0	0	0
Cash Flow Transfer	0	56,000,000	0	0	56,000,000	0
<b>TOTALS</b>	<b>282,080,000</b>	<b>370,880,914</b>	<b>88,800,914</b>	<b>282,080,000</b>	<b>370,880,914</b>	<b>88,800,914</b>
Minus Cash Flow Transfer	0	56,000,000	0	0	56,000,000	0
Percent of Estimates		111.63%			111.63%	
<b>TOTALS</b>	<b>282,080,000</b>	<b>314,880,914</b>	<b>32,800,914</b>	<b>282,080,000</b>	<b>314,880,914</b>	<b>32,800,914</b>
Collections this day		<b>75,812,750</b>				

Prepared by Legislative Auditor's Office, Budget Division

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

FINAL

<b>SOURCE OF REVENUE</b>	<b>MONTH ESTIMATES</b>	<b>NET MONTH COLLECTIONS</b>	<b>MONTHLY OVER/ UNDER ESTIMATES VS ACTUAL COLLECTIONS</b>	<b>YTD ESTIMATES</b>	<b>NET YTD COLLECTIONS</b>	<b>YEARLY OVER/UNDER ESTIMATES VS ACTUAL YTD COLLECTIONS</b>
Gasoline & Motor Carrier Rd Tax	41,500,000	44,460,799	2,960,799	41,500,000	44,460,799	2,960,799
Privilege Tax	17,188,000	17,611,679	423,679	17,188,000	17,611,679	423,679
Licenses & Registration	9,533,000	9,972,710	439,710	9,533,000	9,972,710	439,710
Highway Litter Control Fund	180,000	170,094	-9,906	180,000	170,094	-9,906
<b>TOTALS</b>	<b>68,401,000</b>	<b>72,215,282</b>	<b>3,814,282</b>	<b>68,401,000</b>	<b>72,215,282</b>	<b>3,814,282</b>
<b>Percent of Estimates</b>		<b>105.58%</b>			<b>105.58%</b>	
<b>Collections this day</b>		<b>18,569,341</b>				

**REVENUE SHORTFALL RESERVE FUND A as of July 31, 2007: \$179,993,229.86**  
 \*\*\*\$56 million on loan to general revenue for cash flow loan; will be repaid in 90 days.

**REVENUE SHORTFALL RESERVE FUND B as of July 31, 2007 : \$284,996,595.21**

**SPECIAL INCOME TAX REFUND RESERVE FUND as of July 31, 2007: \$45,019,318.96**

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

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



304-347-4870

To: Honorable 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 17, 2007

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the June 2007 monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia. June is the final month of fiscal year 2006-2007.

For the fiscal year 2006-2007, the trust fund cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2006	\$244,918,539.17
Receipts July 1, 2006 thru June 30, 2007	\$165,756,147.03
Disbursements July 1, 2006 thru June 30, 2007	\$153,561,947.52
Balance June 30, 2007	\$257,112,738.68

ITEMS OF NOTE:

Regular benefits paid for July 2006- June 2007 were \$ 6.1 million more than in fiscal year 2006. Total disbursements were \$ 125 thousand more than in fiscal year 2006.

*Joint Committee on Government and Finance*

Receipts were \$ 612 thousand greater than in 2006. Overall ending trust fund balance was \$ 12.1 million more in June 2007 than in June 2006.

West Virginia's unemployment rate for the month of June 2007 was 4.5 percent. National unadjusted employment rate was 4.7 %.

Seasonally adjusted unemployment rates were 4.3 percent for West Virginia and 4.5 percent nationally.

Since June 2006 employment has risen 4,100 with gains in the following areas: 2,300 in trade, transportation and utilities, 500 in leisure and hospitality, 1,300 in professional and business services, 900 in government, 600 in other services, 400 in natural resources and mining, 400 in educational and health services and 100 in information. Declines included 1,600 in manufacturing, 600 in construction, and 200 in financial activities.

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

	APRIL 06	MAY 06	JUNE 06	APRIL 07	MAY 07	JUNE 07	THREE MONTH TOTAL VARIANCE *
<b>Balance Forward</b>	<u>198,638,753.03</u>	<u>206,059,091.21</u>	<u>252,627,692.33</u>	<u>212,472,170.88</u>	<u>216,384,859.03</u>	<u>261,712,331.75</u>	<u>33,343,825.09</u>
Add Receipts:							
1. Bond Assessment	2.52	455.90	\$1,872.01	903.39	0.00	12.11	(1,414.93)
2. Regular Contributions:	19,007,333.92	56,940,074.84	\$1,160,056.80	20,312,469.21	55,941,409.31	824,106.30	(29,480.74)
3. Extended Benefit Funds	0.00	0.00	\$0.00	0.00	0.00	0.00	0.00
4. Emergency Unemployment Fu	0.00	0.00	\$0.00	0.00	0.00	0.00	0.00
5. TEUC Unemployment Funds	0.00	0.00	\$0.00	0.00	0.00	0.00	0.00
6. UCFE (Federal Agencies)	0.00	100,000.00	\$100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
7. Reduced Tax Credits	0.00	0.00	\$0.00	0.00	0.00	0.00	0.00
8. Reed Act Funds	0.00	0.00	\$0.00	0.00	0.00	0.00	0.00
9. Treasury Interest Credits	0.00	0.00	\$2,658,014.91	0.00	0.00	305,395.46	305,395.46
10. UCX (Military Agencies)	<u>100,000.00</u>	<u>500,000.00</u>	<u>\$300,000.00</u>	<u>200,000.00</u>	<u>0.00</u>	<u>2,611,781.87</u>	<u>(46,233.04)</u>
<b>Total Monthly Receipts</b>	<u>19,107,336.44</u>	<u>57,540,530.74</u>	<u>\$4,219,943.72</u>	<u>20,613,372.60</u>	<u>56,041,409.31</u>	<u>4,441,295.74</u>	<u>228,266.75</u>
Less Disbursements:							
Debt Bond Repayment	(Retired)	(Retired)		(Retired)	(Retired)	(Retired)	NA
Regular Benefits:	11,160,814.50	10,562,427.69	\$9,840,533.77	16,295,771.08	10,403,002.52	8,752,274.61	3,867,272.25
Extended Benefits	0.00	0.00	(\$1,648.00)	0.00	0.00	0.00	1,648.00
Emergency Benefits	(1,909.25)	(2,312.50)	\$82,914.96	(1,214.00)	(2,102.00)	(477.00)	(82,466.21)
UCFE (Federal Workers)Benefits	89,388.78	91,838.76	\$312,296.15	86,214.26	59,978.75	58,471.14	(288,859.54)
UCX (Military Workers)Benefits	338,704.23	319,975.67	\$1,695,000.00	319,913.11	253,057.32	230,620.06	(1,550,089.41)
Reed Act Funds	0.00	0.00	\$0.00	0.00	0.00	0.00	0.00
Other Adjustments	<u>0.00</u>	<u>0.00</u>	<u>\$0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Total Monthly Disbursemei</b>	<u>11,586,998.26</u>	<u>10,971,929.62</u>	<u>11,929,096.88</u>	<u>16,700,684.45</u>	<u>10,713,936.59</u>	<u>9,040,888.81</u>	<u>1,967,485.09</u>
<b>Trust Fund Balance</b>	<u>206,059,091.21</u>	<u>252,627,692.33</u>	<u>244,918,539.17</u>	<u>216,384,859.03</u>	<u>261,712,331.75</u>	<u>257,112,738.68</u>	<u>31,604,606.75</u>

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



*Monthly Management Report*

**TOTAL CLAIMS**

**JUNE 2007**

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
MONTHLY MANAGEMENT REPORT - TOTAL CLAIMS  
JUNE 2007

Page: 1

Reporting Category	Type of Service	Current		12 Months Prior		Current Fiscal Yr PEIA Payments	Previous Fiscal Yr PEIA Payments
		Current Period PEIA Payments	Rolling Avg PEIA Payments	12 Months Prior PEIA Payments	Rolling Avg PEIA Payments		
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	254,388.75	180,746.25	173,639.53	166,403.73	2,249,704.23	2,037,022.01
	MATERNITY	188,308.23	157,099.21	195,984.44	139,537.91	1,877,514.34	1,730,152.13
	MEDICAL AND SURGICAL	7,324,188.46	6,078,172.72	7,541,450.94	6,237,777.56	72,720,810.15	76,911,481.43
	NEONATAL COMPLICATIONS	76,885.34	93,612.97	54,422.64	56,462.55	1,145,818.38	681,271.34
***** sum		7,843,770.78	6,509,631.16	7,965,497.55	6,600,181.75	77,993,847.10	81,359,926.91
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	45,157.76	46,967.94	67,840.48	46,181.35	540,932.50	581,688.31
	DIALYSIS	204,407.22	226,654.91	261,562.64	216,704.93	2,662,703.50	2,732,183.53
	EMERGENCY ROOM	549,617.91	428,273.60	617,257.78	419,453.32	5,071,643.36	5,287,390.43
	MATERNITY	45,075.73	44,003.43	71,602.71	38,549.60	501,514.16	511,606.79
	MEDICAL AND SURGICAL	8,202,240.07	7,380,635.10	10,061,455.45	7,251,981.01	86,708,405.77	91,436,263.09
***** sum		9,046,498.69	8,126,534.97	11,079,719.06	7,972,870.22	95,485,199.29	100,549,132.15
PHARMACY	PRESCRIPTION DRUGS	16,995,233.77	17,251,557.53	20,320,536.29	15,283,474.13	203,693,387.78	185,486,799.86
***** sum		16,995,233.77	17,251,557.53	20,320,536.29	15,283,474.13	203,693,387.78	185,486,799.86
PROFESSIONAL SERVICES	ADVANCED IMAGING	645,173.16	523,842.40	693,597.78	501,172.48	6,237,684.13	6,260,189.46
	AMBULANCE	306,701.14	273,962.26	368,191.48	256,535.77	3,226,056.83	3,198,899.22
	ANESTHESIA	827,689.97	637,676.73	837,217.05	638,523.81	7,642,593.62	7,940,077.70
	BEHAVIORAL	394,626.68	344,175.05	467,861.63	339,401.49	4,056,865.59	4,227,001.66
	CARDIOVASCULAR MEDICINE	557,817.87	427,784.68	628,166.79	433,854.78	5,063,067.18	5,469,749.46
	CERVICAL CANCER SCREENING	24,694.09	24,847.63	34,324.87	31,821.20	288,540.74	390,066.34
	DIALYSIS	8,014.85	11,129.52	16,884.05	24,284.65	124,684.99	275,404.00
	DME	554,629.11	462,939.33	669,750.88	468,107.67	5,440,150.18	5,911,918.88

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

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
 MONTHLY MANAGEMENT REPORT - TOTAL CLAIMS  
 JUNE 2007

Page: 2

Reporting Category	Type of Service	Current		12 Months Prior		Current Fiscal Yr PEIA Payments	Previous Fiscal Yr PEIA Payments
		Current Period PEIA Payments	Rolling Avg PEIA Payments	12 Months Prior PEIA Payments	Rolling Avg PEIA Payments		
PROFESSIONAL SERVICES	EVALUATION AND MANAGEMENT	5,485,953.83	4,704,348.48	5,499,833.01	4,428,646.04	56,438,302.57	54,822,112.25
	IMMUNIZATION	282,710.61	235,789.17	140,637.91	149,359.13	2,971,542.76	1,857,073.71
	INJECTION	1,049,883.47	800,157.96	1,016,451.93	782,302.04	9,635,327.04	9,676,272.12
	LAB AND PATHOLOGY	856,013.95	640,237.44	1,002,785.19	598,543.55	7,536,077.98	7,645,517.48
	MAMMOGRAPHY	766.38	65,202.37	112,949.73	95,439.60	670,245.05	1,178,547.87
	OTHER	481,750.77	420,759.01	578,373.68	476,026.93	4,952,485.19	5,879,288.10
	OTHER IMAGING	1,302,703.45	942,544.12	1,417,903.03	839,815.33	11,195,329.82	10,762,972.98
	OTHER MEDICINE	770,495.46	675,355.81	819,425.54	634,757.69	8,055,339.66	7,862,242.86
	PHYSICAL MEDICINE	681,670.64	595,098.45	765,013.43	555,716.65	7,057,838.63	6,947,714.41
	PROSTATE CANCER SCREENING	22,658.90	15,988.65	25,703.02	15,234.13	188,819.64	197,498.59
	SURGICAL	3,128,727.13	2,638,994.92	3,531,528.89	2,571,845.50	31,265,137.24	32,110,968.43
*****							
sum		17,382,681.46	14,440,833.94	18,626,599.89	13,841,388.43	172,046,088.84	172,613,515.52
-----							
sum		51,268,184.70	46,328,557.59	57,992,352.79	43,697,914.53	549,218,523.01	540,009,374.44

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

29 rows selected.



*Monthly Management Report*  
**PER CAPITA CLAIMS**

**JUNE 2007**

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
 MONTHLY MANAGEMENT REPORT - PER CAPITA CLAIMS  
 JUNE 2007

Page: 1

Reporting Category	Type of Service	Current	Current	12 Months Prior	12 Months Prior	Current Fiscal Yr	Previous Fiscal Yr
		Current Period PEIA Payments	Rolling Avg PEIA Payments	12 Months Prior PEIA Payments	Rolling Avg PEIA Payments	PEIA Payments	PEIA Payments
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	1.3538	.9933	.9310	.9155	12.0272	10.9546
	MATERNITY	1.0021	.8633	1.0509	.7678	10.0374	9.3043
	MEDICAL AND SURGICAL	38.9777	33.3992	40.4367	34.3225	388.7743	413.6104
	NEONATAL COMPLICATIONS	.4092	.5147	.2918	.3106	6.1257	3.6637
*****							
sum		41.7428	35.7705	42.7104	36.3165	416.9646	437.5330
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.2403	.2581	.3638	.2541	2.8919	3.1282
	DIALYSIS	1.0878	1.2456	1.4025	1.1922	14.2351	14.6930
	EMERGENCY ROOM	2.9249	2.3534	3.3097	2.3078	27.1136	28.4342
	MATERNITY	.2399	.2418	.3839	.2121	2.6812	2.7513
	MEDICAL AND SURGICAL	43.6505	40.5571	53.9488	39.8998	463.5537	491.7210
*****							
sum		48.1435	44.6559	59.4087	43.8659	510.4755	540.7277
PHARMACY	PRESCRIPTION DRUGS	90.4449	94.8043	108.9573	84.0843	1,088.9695	997.5010
*****							
sum		90.4449	94.8043	108.9573	84.0843	1,088.9695	997.5010
PROFESSIONAL SERVICES	ADVANCED IMAGING	3.4335	2.8786	3.7190	2.7572	33.3474	33.6657
	AMBULANCE	1.6322	1.5055	1.9742	1.4114	17.2469	17.2029
	ANESTHESIA	4.4048	3.5041	4.4891	3.5134	40.8582	42.6997
	BEHAVIORAL	2.1001	1.8911	2.5086	1.8670	21.6885	22.7317
	CARDIOVASCULAR MEDICINE	2.9686	2.3506	3.3682	2.3869	27.0678	29.4149
	CERVICAL CANCER SCREENING	.1314	.1366	.1840	.1751	1.5426	2.0977
	DIALYSIS	.0427	.0611	.0905	.1337	.6666	1.4811
	DME	2.9516	2.5439	3.5912	2.5757	29.0837	31.7928

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

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
 MONTHLY MANAGEMENT REPORT - PER CAPITA CLAIMS  
 JUNE 2007

Page: 2

Reporting Category	Type of Service	Current		12 Months Prior		Current Fiscal Yr PEIA Payments	Previous Fiscal Yr PEIA Payments
		Current Period PEIA Payments	Rolling Avg PEIA Payments	12 Months Prior PEIA Payments	Rolling Avg PEIA Payments		
PROFESSIONAL SERVICES	EVALUATION AND MANAGEMENT	29.1950	25.8499	29.4897	24.3652	301.7260	294.8194
	IMMUNIZATION	1.5045	1.2956	.7541	.8216	15.8862	9.9869
	INJECTION	5.5873	4.3970	5.4501	4.3043	51.5116	52.0365
	LAB AND PATHOLOGY	4.5555	3.5179	5.3769	3.2925	40.2888	41.1157
	MAMMOGRAPHY	.0041	.3585	.6056	.5252	3.5832	6.3379
	OTHER	2.5638	2.3122	3.1012	2.6197	26.4766	31.6173
	OTHER IMAGING	6.9327	5.1788	7.6027	4.6203	59.8516	57.8805
	OTHER MEDICINE	4.1004	3.7111	4.3937	3.4921	43.0648	42.2811
	PHYSICAL MEDICINE	3.6277	3.2699	4.1019	3.0573	37.7321	37.3630
	PROSTATE CANCER SCREENING	.1206	.0879	.1378	.0838	1.0095	1.0621
	SURGICAL	16.6504	14.5016	18.9358	14.1506	167.1472	172.6846
*****							
sum		92.5068	79.3521	99.8745	76.1531	919.7793	928.2717
sum		272.8381	254.5828	310.9510	240.4197	2,936.1888	2,904.0334

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

29 rows selected.



*Monthly Management Report*

**PER CAPITA UTILIZATION**

**JUNE 2007**

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

JUNE 2007

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	.0017	.0013	.0140	.0119
	MATERNITY	.0008	.0009	.0076	.0078
	MEDICAL AND SURGICAL	.0255	.0241	.2457	.2283
	NEONATAL COMPLICATIONS	.0001	.0003	.0021	.0026
*****		-----			
sum		.0281	.0265	.2694	.2506
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.0038	.0045	.0451	.0444
	DIALYSIS	.0130	.0080	.0778	.0727
	EMERGENCY ROOM	.0297	.0354	.3071	.3209
	MATERNITY	.0018	.0025	.0188	.0189
	MEDICAL AND SURGICAL	.2798	.3130	2.9055	2.9280
*****		-----			
sum		.3281	.3634	3.3543	3.3849
PHARMACY	PRESCRIPTION DRUGS	1.0767	1.2525	13.3870	12.7772
*****		-----			
sum		1.0767	1.2525	13.3870	12.7772
PROFESSIONAL SERVICES	ADVANCED IMAGING	.0344	.0353	.3405	.3394
	AMBULANCE	.0129	.0137	.1286	.1272
	ANESTHESIA	.0262	.0320	.2725	.2913
	BEHAVIORAL	.0387	.0436	.4171	.4295
	CARDIOVASCULAR MEDICINE	.0610	.0703	.6296	.6675
	CERVICAL CANCER SCREENING	.0066	.0074	.0702	.0902
	DIALYSIS	.0010	.0016	.0144	.0236
	DME	.0460	.0571	.5157	.5558
	EVALUATION AND MANAGEMENT	.6779	.7456	7.1826	7.3642
	IMMUNIZATION	.0161	.0112	.3047	.2299

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

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
 MONTHLY MANAGEMENT REPORT - PER CAPITA UTILIZATION  
 JUNE 2007

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	.0391	.0444	.4002	.3813
	LAB AND PATHOLOGY	.1881	.1796	1.8159	1.7177
	MAMMOGRAPHY	.0006	.0183	.1133	.1951
	OTHER	.0472	.0514	.5269	.5091
	OTHER IMAGING	.1653	.1693	1.6221	1.6478
	OTHER MEDICINE	.1027	.1390	1.0749	1.1041
	PHYSICAL MEDICINE	.1169	.1311	1.2567	1.2851
	PROSTATE CANCER SCREENING	.0073	.0072	.0626	.0611
	SURGICAL	.1206	.1376	1.2464	1.2674
*****					
sum		1.7086	1.8958	17.9949	18.2872
-----					
sum		3.1415	3.5383	35.0056	34.7000

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

29 rows selected.



# *Monthly Management Report*

***MEDICARE ELIGIBLE***

***TOTAL CLAIMS***

***JUNE 2007***

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
 MONTHLY MANAGEMENT REPORT - TOTAL CLAIMS - MEDICARE ELIGIBLE  
 JUNE 2007

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Reporting Category	Type of Service	Current		12 Months Prior		Current Fiscal Yr PEIA Payments	Previous Fiscal Yr PEIA Payments
		Current Period PEIA Payments	Rolling Avg PEIA Payments	12 Months Prior PEIA Payments	Rolling Avg PEIA Payments		
PROFESSIONAL SERVICES	LAB AND PATHOLOGY	40,411.17	34,121.61	52,415.49	28,836.34	397,455.00	371,847.90
	MAMMOGRAPHY	197.05	4,190.97	7,975.20	6,027.21	42,513.48	74,065.60
	OTHER	80,858.05	76,720.10	100,069.58	78,268.36	901,429.71	944,066.76
	OTHER IMAGING	146,467.18	127,270.50	164,248.14	114,574.63	1,509,465.07	1,419,640.39
	OTHER MEDICINE	78,887.45	75,161.45	112,090.08	60,924.19	868,734.80	790,025.17
	PHYSICAL MEDICINE	70,789.01	61,565.26	86,588.64	56,604.27	722,983.47	714,420.73
	PROSTATE CANCER SCREENING	934.74	435.01	641.72	205.64	5,513.14	2,968.84
	SURGICAL	331,079.31	290,150.47	389,841.48	273,425.83	3,423,043.41	3,420,296.49
*****							
sum		2,146,201.60	1,942,050.25	2,525,686.20	1,781,554.62	22,925,118.37	22,228,555.65
sum		11,465,044.39	11,011,224.44	13,443,996.77	10,128,399.96	130,155,740.87	123,991,121.80

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

26 rows selected.



# *Monthly Management Report*

***MEDICARE ELIGIBLE***

***PER CAPITA CLAIMS***

***JUNE 2007***

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
 MONTHLY MANAGEMENT REPORT - PER CAPITA CLAIMS - MEDICARE ELIGIBLE  
 JUNE 2007

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Reporting Category	Type of Service	Current		12 Months Prior		Current Fiscal Yr PEIA Payments	Previous Fiscal Yr PEIA Payments
		Current Period PEIA Payments	Rolling Avg PEIA Payments	12 Months Prior PEIA Payments	Rolling Avg PEIA Payments		
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	1.1516	.6577	.7981	.6099	8.2499	7.6410
	MEDICAL AND SURGICAL	36.3825	31.2812	39.8965	27.9651	371.8274	348.8270
***** sum		37.5340	31.9389	40.6946	28.5750	380.0773	356.4680
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.3318	.2551	.3329	.1694	3.0593	2.2008
	DIALYSIS	1.7509	1.8546	2.7843	1.7177	21.2214	22.1303
	EMERGENCY ROOM	1.4957	1.2255	1.7017	1.0473	14.4933	13.3376
	MEDICAL AND SURGICAL	29.4460	25.3662	35.2661	23.8308	298.5957	300.3930
***** sum		33.0245	28.7014	40.0850	26.7652	337.3697	338.0618
PHARMACY	PRESCRIPTION DRUGS	186.0459	185.0077	213.0472	165.7947	2,193.1858	2,009.6919
***** sum		186.0459	185.0077	213.0472	165.7947	2,193.1858	2,009.6919
PROFESSIONAL SERVICES	ADVANCED IMAGING	1.7458	1.5460	2.1672	1.4116	18.1395	17.7341
	AMBULANCE	3.5730	3.0333	3.4889	2.5497	36.4915	31.9671
	ANESTHESIA	1.0452	.9945	1.5147	.9983	11.4637	12.5739
	BEHAVIORAL	.5885	.6707	.9684	.5325	7.6711	6.9158
	CARDIOVASCULAR MEDICINE	2.1000	1.8249	2.6298	1.7089	21.3665	21.4202
	CERVICAL CANCER SCREENING	.0017	.0026	.0027	.0029	.0299	.0356
	DIALYSIS	.0603	.0521	.0693	.1546	.6158	1.7013
	DME	3.6674	4.0845	4.8749	3.9135	47.8133	48.8257
	EVALUATION AND MANAGEMENT	21.0081	18.2825	22.2045	16.3626	218.0258	203.5811
	IMMUNIZATION	.1478	.0810	.0249	.0208	1.0910	.2640
	INJECTION	4.5184	3.9021	5.4310	3.1575	45.9123	40.0686

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



*Monthly Management Report*

*MEDICARE ELIGIBLE*

*PER CAPITA UTILIZATION*

*JUNE 2007*

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
 MONTHLY MANAGEMENT REPORT - PER CAPITA UTILIZATION - MEDICARE ELIGIBLE  
 JUNE 2007

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	.0062	.0040	.0421	.0320
	MEDICAL AND SURGICAL	.0953	.0794	.8603	.7334
***** sum		.1015	.0835	.9024	.7654
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.0086	.0087	.0900	.0650
	DIALYSIS	.0473	.0191	.2099	.1891
	EMERGENCY ROOM	.0410	.0523	.4440	.4484
	MEDICAL AND SURGICAL	.5659	.5605	5.3508	4.8033
***** sum		.6629	.6405	6.0946	5.5058
PHARMACY	PRESCRIPTION DRUGS	2.0514	2.2348	24.6641	23.1164
***** sum		2.0514	2.2348	24.6641	23.1164
PROFESSIONAL SERVICES	ADVANCED IMAGING	.0762	.0812	.7165	.6916
	AMBULANCE	.0502	.0513	.4871	.4604
	ANESTHESIA	.0510	.0714	.5242	.5592
	BEHAVIORAL	.0236	.0329	.2782	.2810
	CARDIOVASCULAR MEDICINE	.1656	.1950	1.6879	1.7217
	CERVICAL CANCER SCREENING	.0006	.0007	.0075	.0065
	DIALYSIS	.0036	.0045	.0392	.0725
	DME	.1340	.1752	1.5743	1.6601
	EVALUATION AND MANAGEMENT	1.3163	1.5082	13.3872	13.6060
	IMMUNIZATION	.0056	.0052	.1769	.1314
	INJECTION	.0854	.0978	.8142	.7726
	LAB AND PATHOLOGY	.1527	.1712	1.4522	1.3248
	MAMMOGRAPHY	.0015	.0289	.1650	.2677

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

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
 MONTHLY MANAGEMENT REPORT - PER CAPITA UTILIZATION - MEDICARE ELIGIBLE  
 JUNE 2007

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Reporting Category	Type of Service	Current Period Encounters	12 Months Prior Encounters	Current Fiscal Yr Encounters	Previous Fiscal Yr Encounters
PROFESSIONAL SERVICES	OTHER	.1029	.1216	1.1509	1.1965
	OTHER IMAGING	.3499	.3585	3.2394	3.1998
	OTHER MEDICINE	.1823	.3365	1.8127	1.9345
	PHYSICAL MEDICINE	.1574	.1854	1.5949	1.6412
	PROSTATE CANCER SCREENING	.0038	.0030	.0265	.0173
	SURGICAL	.2604	.3093	2.6392	2.6344
*****					
sum		3.1230	3.7377	31.7741	32.1792
-----					
sum		5.9388	6.6965	63.4352	61.5669

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

26 rows selected.



*Monthly Management Report*

***NON MEDICARE ELIGIBLE***

***TOTAL CLAIMS***

***JUNE 2007***

WEST VIRGINIA PUBLIC EMPLOYERS INSURANCE AGENCY  
MONTHLY MANAGEMENT REPORT - TOTAL CLAIMS - NON MEDICARE ELIGIBLE  
JUNE 2007

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	212,568.91	156,431.98	143,982.23	143,397.71	1,945,770.43	1,749,482.13
	MATERNITY	188,308.23	157,099.21	195,984.44	139,537.91	1,877,514.34	1,730,152.13
	MEDICAL AND SURGICAL	6,002,923.05	4,923,194.28	6,058,938.07	5,182,094.30	59,022,316.36	63,784,772.58
	NEONATAL COMPLICATIONS	76,885.34	93,612.97	54,422.64	56,462.55	1,145,818.38	681,271.34
*****							
sum		6,480,685.53	5,330,338.45	6,453,327.38	5,521,492.48	63,991,419.51	67,945,678.18
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	33,107.17	37,548.91	55,469.51	39,791.47	428,224.61	498,869.88
	DIALYSIS	140,821.97	158,180.40	158,101.19	151,846.90	1,880,885.60	1,899,396.70
	EMERGENCY ROOM	495,298.87	383,035.07	554,025.13	379,910.04	4,537,694.61	4,785,482.76
	MATERNITY	45,075.73	44,003.43	71,602.71	38,545.87	501,514.16	511,562.04
	MEDICAL AND SURGICAL	7,132,878.56	6,443,830.59	8,751,002.65	6,352,014.35	75,707,842.99	80,132,172.97
*****							
sum		7,847,182.30	7,066,598.41	9,590,201.19	6,962,108.63	83,056,161.97	87,827,484.35
PHARMACY	PRESCRIPTION DRUGS	10,238,792.62	10,421,612.61	12,403,913.76	9,026,075.92	122,894,230.19	109,860,085.49
*****							
sum		10,238,792.62	10,421,612.61	12,403,913.76	9,026,075.92	122,894,230.19	109,860,085.49
PROFESSIONAL SERVICES	ADVANCED IMAGING	581,771.44	466,725.28	613,068.21	447,894.93	5,569,406.64	5,592,835.92
	AMBULANCE	176,944.92	161,939.58	238,546.02	160,325.95	1,881,673.87	1,995,946.67
	ANESTHESIA	789,731.08	600,955.09	780,932.79	600,819.71	7,220,259.42	7,466,910.83
	BEHAVIORAL	373,256.48	319,406.32	431,876.35	319,315.91	3,774,255.91	3,966,753.61
	CARDIOVASCULAR MEDICINE	481,552.58	360,399.90	530,447.28	369,357.27	4,275,904.08	4,663,685.75
	CERVICAL CANCER SCREENING	24,632.79	24,752.54	34,225.65	31,712.28	287,437.67	388,725.32
	DIALYSIS	5,824.12	9,206.89	14,308.84	18,432.48	101,998.00	211,381.02
	DME	421,445.35	312,151.81	488,605.25	320,391.10	3,678,661.80	4,074,559.17

SOURCE: ACORDIA NATIONAL 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 - TOTAL CLAIMS - NON MEDICARE ELIGIBLE  
 JUNE 2007

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Reporting Category	Type of Service	Current		12 Months Prior		Current Fiscal Yr PEIA Payments	Previous Fiscal Yr PEIA Payments
		Current Period PEIA Payments	Rolling Avg PEIA Payments	12 Months Prior PEIA Payments	Rolling Avg PEIA Payments		
PROFESSIONAL SERVICES	EVALUATION AND MANAGEMENT	4,723,023.68	4,029,810.69	4,674,737.61	3,811,379.80	48,406,014.37	47,161,150.36
	IMMUNIZATION	277,342.91	232,810.00	139,712.18	148,572.42	2,931,350.78	1,847,140.69
	INJECTION	885,791.79	656,060.20	814,641.33	663,119.05	7,943,872.80	8,168,451.69
	LAB AND PATHOLOGY	815,602.78	606,115.83	950,369.70	569,707.20	7,138,622.98	7,273,669.58
	MAMMOGRAPHY	569.33	61,011.40	104,974.53	89,412.39	627,731.57	1,104,482.27
	OTHER	400,892.72	344,038.91	478,304.10	397,758.57	4,051,055.48	4,935,221.34
	OTHER IMAGING	1,156,236.27	815,273.61	1,253,654.89	725,240.70	9,685,864.75	9,343,332.59
	OTHER MEDICINE	691,608.01	600,194.36	707,335.46	573,833.50	7,186,604.86	7,072,217.69
	PHYSICAL MEDICINE	610,881.63	533,533.19	678,424.79	499,112.39	6,334,855.16	6,233,293.68
	PROSTATE CANCER SCREENING	21,724.16	15,553.64	25,061.30	15,028.49	183,306.50	194,529.75
	SURGICAL	2,797,647.82	2,348,844.45	3,141,687.41	2,298,419.68	27,842,093.83	28,690,671.94
*****							
sum		15,236,479.86	12,498,783.69	16,100,913.69	12,059,833.81	149,120,970.47	150,384,959.87
sum		39,803,140.31	35,317,333.15	44,548,356.02	33,569,510.84	419,062,782.14	416,018,207.89

SOURCE: ACORDIA NATIONAL AND EXPRESS SCRIPTS PAID CLAIMS TAPES  
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29 rows selected.



# *Monthly Management Report*

***NON MEDICARE ELIGIBLE***

***PER CAPITA CLAIMS***

***JUNE 2007***

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
 MONTHLY MANAGEMENT REPORT - PER CAPITA CLAIMS - NON MEDICARE ELIGIBLE  
 JUNE 2007

Page: 1

Reporting Category	Type of Service	Current	Current	12 Months Prior	12 Months Prior	Current Fiscal Yr	Previous Fiscal Yr
		Current Period PEIA Payments	Rolling Avg PEIA Payments	12 Months Prior PEIA Payments	Rolling Avg PEIA Payments	Current Fiscal Yr PEIA Payments	Previous Fiscal Yr PEIA Payments
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	1.4023	1.0786	.9641	.9959	12.9536	11.7953
	MATERNITY	1.2422	1.0833	1.3123	.9692	12.4992	11.6650
	MEDICAL AND SURGICAL	39.5995	33.9386	40.5712	35.9958	392.9307	430.0469
	NEONATAL COMPLICATIONS	.5072	.6462	.3644	.3920	7.6281	4.5932
*****							
sum		42.7511	36.7467	43.2120	38.3529	426.0116	458.1004
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.2184	.2589	.3714	.2763	2.8508	3.3635
	DIALYSIS	.9290	1.0908	1.0587	1.0541	12.5217	12.8060
	EMERGENCY ROOM	3.2673	2.6405	3.7098	2.6382	30.2089	32.2645
	MATERNITY	.2974	.3034	.4795	.2676	3.3387	3.4490
MEDICAL AND SURGICAL	47.0534	44.4244	58.5975	44.1129	504.0117	540.2636	
*****							
sum		51.7655	48.7180	64.2168	48.3492	552.9318	592.1466
PHARMACY	PRESCRIPTION DRUGS	67.5422	71.8447	83.0577	62.6637	818.1467	740.6939
*****							
sum		67.5422	71.8447	83.0577	62.6637	818.1467	740.6939
PROFESSIONAL SERVICES	ADVANCED IMAGING	3.8378	3.2177	4.1052	3.1098	37.0773	37.7078
	AMBULANCE	1.1673	1.1165	1.5973	1.1134	12.5269	13.4570
	ANESTHESIA	5.2096	4.1435	5.2292	4.1732	48.0676	50.3431
	BEHAVIORAL	2.4623	2.2016	2.8919	2.2165	25.1264	26.7445
	CARDIOVASCULAR MEDICINE	3.1767	2.4844	3.5519	2.5645	28.4661	31.4433
	CERVICAL CANCER SCREENING	.1625	.1707	.2292	.2203	1.9136	2.6208
	DIALYSIS	.0384	.0635	.0958	.1281	.6790	1.4252
	DME	2.7801	2.1521	3.2717	2.2255	24.4900	27.4713

SOURCE: ACORDIA NATIONAL 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 CLAIMS - NON MEDICARE ELIGIBLE  
 JUNE 2007

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Reporting Category	Type of Service	Current		12 Months Prior		Current Fiscal Yr PEIA Payments	Previous Fiscal Yr PEIA Payments
		Current Period PEIA Payments	Rolling Avg PEIA Payments	12 Months Prior PEIA Payments	Rolling Avg PEIA Payments		
PROFESSIONAL SERVICES	EVALUATION AND MANAGEMENT	31.1564	27.7805	31.3024	26.4664	322.2545	317.9678
	IMMUNIZATION	1.8295	1.6040	.9355	1.0315	19.5150	12.4537
	INJECTION	5.8433	4.5233	5.4549	4.6057	52.8849	55.0730
	LAB AND PATHOLOGY	5.3803	4.1775	6.3638	3.9544	47.5241	49.0402
	MAMMOGRAPHY	.0038	.4214	.7029	.6211	4.1790	7.4466
	OTHER	2.6446	2.3724	3.2028	2.7640	26.9692	33.2740
	OTHER IMAGING	7.6273	5.6198	8.3946	5.0356	64.4819	62.9942
	OTHER MEDICINE	4.5623	4.1384	4.7364	3.9844	47.8436	47.6820
	PHYSICAL MEDICINE	4.0298	3.6779	4.5428	3.4655	42.1732	42.0258
	PROSTATE CANCER SCREENING	.1433	.1072	.1678	.1043	1.2203	1.3115
	SURGICAL	18.4552	16.1944	21.0370	15.9635	185.3538	193.4370
***** sum		100.5105	86.1671	107.8131	83.7477	992.7466	1,013.9189
sum		262.5693	243.4764	298.2996	233.1136	2,789.8368	2,804.8598

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

29 rows selected.



# *Monthly Management Report*

***NON MEDICARE ELIGIBLE***

***PER CAPITA UTILIZATION***

***JUNE 2007***

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
 MONTHLY MANAGEMENT REPORT - PER CAPITA UTILIZATION - NON MEDICARE ELIGIBLE  
 JUNE 2007

Page: 1

Reporting Category	Type of Service	Current Period Encounters	12 Months Prior Encounters	Current Fiscal Yr Encounters	Previous Fiscal Yr Encounters
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	.0007	.0006	.0071	.0068
	MATERNITY	.0009	.0011	.0095	.0098
	MEDICAL AND SURGICAL	.0088	.0103	.0950	.1002
	NEONATAL COMPLICATIONS	.0002	.0003	.0025	.0033
***** sum		.0106	.0124	.1142	.1201
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.0027	.0035	.0341	.0392
	DIALYSIS	.0049	.0052	.0455	.0432
	EMERGENCY ROOM	.0270	.0312	.2736	.2885
	MATERNITY	.0022	.0031	.0234	.0236
	MEDICAL AND SURGICAL	.2113	.2514	2.3059	2.4524
***** sum		.2480	.2945	2.6825	2.8470
PHARMACY	PRESCRIPTION DRUGS	.8432	1.0081	10.6213	10.1541
***** sum		.8432	1.0081	10.6213	10.1541
PROFESSIONAL SERVICES	ADVANCED IMAGING	.0243	.0238	.2483	.2501
	AMBULANCE	.0039	.0043	.0407	.0426
	ANESTHESIA	.0202	.0223	.2108	.2234
	BEHAVIORAL	.0423	.0463	.4511	.4672
	CARDIOVASCULAR MEDICINE	.0360	.0393	.3701	.4001
	CERVICAL CANCER SCREENING	.0080	.0091	.0856	.1114
	DIALYSIS	.0004	.0009	.0083	.0112
	DME	.0250	.0277	.2560	.2757
	EVALUATION AND MANAGEMENT	.5251	.5559	5.6611	5.7811
	IMMUNIZATION	.0186	.0127	.3360	.2548

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

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
 MONTHLY MANAGEMENT REPORT - PER CAPITA UTILIZATION - NON MEDICARE ELIGIBLE  
 JUNE 2007

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	.0280	.0311	.2987	.2821
	LAB AND PATHOLOGY	.1966	.1818	1.9053	1.8176
	MAMMOGRAPHY	.0004	.0156	.1007	.1767
	OTHER	.0339	.0339	.3739	.3347
	OTHER IMAGING	.1210	.1222	1.2256	1.2543
	OTHER MEDICINE	.0836	.0899	.8939	.8936
	PHYSICAL MEDICINE	.1073	.1176	1.1738	1.1948
	PROSTATE CANCER SCREENING	.0082	.0083	.0714	.0722
	SURGICAL	.0871	.0949	.9049	.9207
*****					
sum		1.3698	1.4376	14.6163	14.7641
sum		2.4716	2.7526	28.0342	27.8852

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

29 rows selected.



# *Prescription Drug Report*

**JUNE 2007**

WV PEIA - Monthly Trend

Plan Demographics	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	2006 - 2007 Fiscal	2005 - 2006 Fiscal	Percent Change
Total Drug Cost	\$22,166,936	\$19,963,225	\$22,694,088	\$21,335,938	\$21,866,868	\$22,622,379	\$253,944,767	\$238,146,413	6.63%
Amount Paid By Plan Sponsor	\$18,213,255	\$16,455,420	\$18,790,866	\$17,727,706	\$18,178,040	\$18,823,092	\$203,588,771	\$186,574,952	9.12%
Amount Paid By Members	\$3,953,681	\$3,507,805	\$3,904,022	\$3,608,232	\$3,688,827	\$3,799,287	\$50,355,997	\$51,571,461	-2.36%
Total Claims	332,596	296,363	334,489	314,131	327,415	338,024	3,760,553	3,596,876	4.55%
Average Eligible Member	187,582	187,731	187,986	188,096	187,907	188,347	187,893	186,882	0.54%
Average # of Rx's Per Member Per Month	1.77	1.58	1.78	1.67	1.74	1.79	1.67	1.60	3.99%
Plan Paid Per Member Per Month (PMPM)	\$97.09	\$87.65	\$99.95	\$94.25	\$96.74	\$99.94	\$90.29	\$83.20	8.53%
Average Eligible Enrollees	97,208	97,253	97,326	97,367	97,357	97,535	97,067	95,990	1.12%
Average # of Rx's Per Enrollee Per Month	3.42	3.05	3.44	3.23	3.36	3.47	3.23	3.12	3.39%
Plan Paid Per Enrollee Per Month (PEPM)	\$187.36	\$169.20	\$193.06	\$182.07	\$188.72	\$192.99	\$174.78	\$161.87	7.91%
<b>Rx Cost Share</b>									
Avg. Claim Cost to Plan	\$54.76	\$55.52	\$56.18	\$56.43	\$55.52	\$55.69	\$54.14	\$51.87	4.37%
Avg. Member Cost/Claim	\$11.89	\$11.84	\$11.67	\$11.49	\$11.27	\$11.24	\$13.39	\$14.34	-6.60%
Percent member Cost Share	17.8%	17.6%	17.2%	16.9%	16.9%	16.8%	19.8%	21.7%	-8.43%
<b>Average Ingredient Costs</b>									
Single Source (no generics available)	\$138.23	\$141.64	\$143.00	\$144.12	\$146.74	\$149.34	\$138.62	\$124.75	11.12%
Multi-Source Brand (generics available)	\$39.52	\$39.89	\$42.62	\$38.33	\$36.51	\$38.58	\$38.90	\$33.74	15.29%
Generic Drugs	\$24.06	\$23.11	\$23.54	\$23.66	\$22.03	\$20.36	\$24.38	\$20.11	21.24%
<b>Brand/Generic Dispensing Rates</b>									
Single Source (no generics)	35.32%	35.42%	35.16%	34.89%	34.25%	34.60%	35.82%	41.85%	-14.41%
Multi-Source Brand (generics available)	1.18%	1.18%	1.24%	1.20%	1.13%	1.08%	1.23%	1.36%	-8.92%
Generic Drug	63.51%	63.41%	63.61%	63.91%	64.63%	64.32%	62.96%	56.79%	10.85%
Generics Dispensed when available	98.18%	98.18%	98.09%	98.16%	98.28%	98.35%	98.09%	97.68%	0.44%
Percent of Plan Cost for Single Source	76.25%	77.63%	77.23%	77.15%	78.68%	80.81%	76.75%	82.49%	-6.96%
<b>Retail Pharmacy Program</b>									
Avg. Day Supply	33.4	33.8	33.5	34.1	34.1	35.1	34.0	33.7	1.17%
Avg. Plan Cost/Day Supply	\$1.63	\$1.63	\$1.66	\$1.64	\$1.61	\$1.57	\$1.58	\$1.53	3.28%
Avg. Claim Cost to Plan	\$54.30	\$55.05	\$55.69	\$55.94	\$55.04	\$55.10	\$53.66	\$51.35	4.48%
Avg. Member Cost / Claim	\$11.82	\$11.77	\$11.61	\$11.41	\$11.20	\$11.17	\$13.31	\$14.25	-6.56%
Percent Member Cost Share	17.88%	17.61%	17.25%	16.95%	16.91%	16.85%	19.88%	21.72%	-8.48%
Special Maint Netwk (% of claims filled)	12.53%	12.73%	12.44%	12.88%	5.82%		11.00%	12.18%	-9.70%
Other Maint (% of claims filled)	1.49%	1.59%	1.56%	1.53%	0.71%		1.37%	1.73%	-21.13%
Avg. Days Supply for Maint. Netwks	87.9	88.0	88.0	88.0	88.0		88.0	88.0	0.00%
Total # Claims Fills 1-34 Days Supply	283,119	251,363	284,905	266,114	277,903	282,048	3,164,880	3,066,879	3.85%
Total # Claims Fills 35-60 Day Supply	2,359	2,057	2,307	2,234	2,320	2,491	27,189	26,051	4.37%
Total # Claims Fills 61-90 Day Supply	43,842	39,981	44,133	42,621	44,099	49,838	510,795	469,048	8.90%
Total # Claims Fills 91+ Day Supply	64	46	44	45	25	8	459	430	6.74%
<b>Mail Service Program</b>									
Avg. Days Supply	73.5	74.1	74.2	74.1	73.8	74.3	74.1	74.4	-0.32%
Avg. Plan Cost/Days Supply	\$1.39	\$1.39	\$1.46	\$1.42	\$1.43	\$1.47	\$1.38	\$1.41	-2.25%
Avg. Cost to Plan	\$102.08	\$102.96	\$108.06	\$105.58	\$105.82	\$109.19	\$102.36	\$105.06	-2.56%
Avg. Member Cost/Claim	\$18.51	\$18.89	\$18.02	\$18.76	\$18.15	\$17.63	\$21.35	\$23.48	-9.04%
Percent Member Cost Share	15.35%	15.50%	14.29%	15.09%	14.64%	13.90%	17.26%	18.26%	-5.50%
Total # Claims Fill 1-34 Days Supply	893	775	826	836	837	960	9968	9134	9.13%
Total # Claims Fills 35-60 Days Supply	10	19	7	7	7	10	108	88	22.73%
Total # Claims Fills 61-90 Days Supply	2,309	2,122	2,267	2,274	2,224	2,669	27,154	25,346	7.13%
Total # Claims Fills 91+ Day Supply									
<b>Formulary Program</b>									
S/S Formulary Drugs (% by claim)	24.56%	24.77%	24.80%	24.97%	24.30%	24.63%	24.59%	28.43%	-13.49%
S/S Non-Formulary Drugs (% by claim)	10.76%	10.65%	10.36%	9.92%	9.95%	9.97%	11.22%	13.42%	-16.36%
M/S Drugs (% by claim)	0.03%	0.05%	0.03%	0.02%	0.01%	0.01%	0.03%	0.02%	98.21%
Generic Drugs (% by Claim)	63.51%	63.41%	63.61%	63.91%	64.63%	64.32%	62.96%	56.79%	10.85%
S/S Formulary Drugs (% by \$)	59.73%	60.68%	60.98%	61.46%	62.28%	63.92%	59.78%	63.53%	-5.80%
S/S Non-Formulary Drugs (% by \$)	16.52%	16.94%	16.25%	15.69%	16.32%	16.89%	16.96%	18.96%	-10.52%
M/S Drugs (% by \$)	0.07%	0.10%	0.06%	0.05%	0.03%	0.04%	0.07%	0.02%	288.96%
Generic Drugs (% by \$)	23.40%	22.01%	22.37%	22.54%	21.12%	18.89%	22.90%	17.21%	33.04%
<b>Specialty Drugs</b>									
Total Drug Cost	\$1,511,730	\$1,493,512	\$1,762,965	\$1,635,946	\$1,757,666	\$1,719,807	\$18,860,376	\$16,327,593	15.51%
Amount Paid by Plan Sponsor	\$1,462,679	\$1,447,788	\$1,709,469	\$1,585,923	\$1,705,580	\$1,670,507	\$18,189,255	\$15,705,809	15.81%
Amount Paid by Members	\$49,051	\$45,724	\$53,496	\$50,023	\$51,086	\$49,300	\$671,121	\$621,784	7.93%
Total Claims	1,002	936	1,093	1,018	1,074	1,068	12,826	13,808	-7.11%
Avg # of Rx's per Member per Month	0.01	0.00	0.01	0.01	0.01	0.01	0.01	0.01	-92.30%
Plan Paid Per Member Per Month (PMPM)	\$7.80	\$7.71	\$9.09	\$8.43	\$9.08	\$8.67	\$8.07	\$7.00	15.19%
Avg Claim Cost to Plan	\$1,459.76	\$1,546.78	\$1,564.02	\$1,557.88	\$1,588.99	\$1,564.14	\$1,418.16	\$1,137.44	24.68%
Avg Claim Cost to Member	\$48.95	\$48.85	\$48.94	\$49.14	\$47.57	\$46.16	\$52.33	\$45.03	16.20%
Percent of Member Cost Share	3.24%	3.06%	3.03%	3.06%	2.91%	2.87%	3.56%	3.81%	-6.55%
Percent of Overall Drug Spend	6.82%	7.48%	7.77%	7.67%	8.04%	7.60%	7.43%	6.86%	8.33%

WV PEIA - Monthly Trend

Plan Demographics	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
Total Drug Cost	\$18,465,944	\$20,745,378	\$20,298,717	\$21,217,078	\$20,977,316	\$21,600,960
Amount Paid By Plan Sponsor	\$11,153,822	\$15,960,831	\$16,210,890	\$17,207,009	\$17,120,236	\$17,748,404
Amount Paid By Members	\$7,302,122	\$4,784,547	\$4,087,828	\$4,010,069	\$3,857,081	\$3,852,496
<b>Total Claims</b>	<b>274,633</b>	<b>302,942</b>	<b>298,894</b>	<b>313,590</b>	<b>310,583</b>	<b>316,893</b>
Average Eligible Member	187,147	187,079	188,336	188,420	188,654	187,429
Average # of Rx's Per Member Per Month	1.47	1.62	1.59	1.66	1.65	1.69
Plan Paid Per Member Per Month (PMPM)	\$59.60	\$85.32	\$86.07	\$91.32	\$90.75	\$94.69
Average Eligible Enrollees	96,213	96,155	96,889	97,008	97,240	97,255
Average # of Rx's Per Enrollee Per Month	2.85	3.15	3.08	3.23	3.19	3.26
Plan Paid Per Enrollee Per Month (PEPM)	\$115.93	\$165.99	\$167.31	\$177.38	\$176.06	\$182.49
<b>Rx Cost Share</b>						
Avg. Claim Cost to Plan	\$40.61	\$52.69	\$54.24	\$54.87	\$55.12	\$56.01
Avg. Member Cost/Claim	\$26.59	\$15.79	\$13.68	\$12.79	\$12.42	\$12.16
Percent member Cost Share	39.6%	23.1%	20.1%	18.9%	18.4%	17.8%
<b>Average Ingredient Costs</b>						
Single Source (no generics available)	\$131.88	\$133.44	\$132.92	\$132.47	\$133.14	\$135.79
Multi-Source Brand (generics available)	\$35.01	\$50.99	\$36.11	\$34.98	\$36.49	\$35.41
Generic Drugs	\$23.52	\$25.96	\$26.89	\$26.82	\$26.65	\$26.77
<b>Brand/Generic Dispensing Rates</b>						
Single Source (no generics)	38.2%	37.23%	36.56%	36.5%	36.30%	35.96%
Multi-Source Brand % (generics available)	1.4%	1.48%	1.23%	1.2%	1.23%	1.23%
Generic Drug	60.4%	61.28%	62.20%	62.3%	62.47%	62.81%
Generics Dispensed when available	97.8%	97.64%	98.06%	98.1%	98.08%	98.07%
Percent of Plan Cost for Single Source	81.7%	76.19%	74.47%	74.1%	73.98%	74.03%
<b>Retail Pharmacy Program</b>						
Avg. Day Supply	34.3	34.7	34.2	34.0	33.8	33.7
Avg. Plan Cost/Day Supply	\$1.17	\$1.51	\$1.58	\$1.60	\$1.61	\$1.65
Avg. Claim Cost to Plan	\$40.19	\$52.21	\$53.82	\$54.38	\$54.62	\$56.50
Avg. Member Cost / Claim	\$26.45	\$15.67	\$13.59	\$12.71	\$12.35	\$12.10
Percent Member Cost Share	39.7%	23.08%	20.16%	18.9%	18.44%	17.89%
Special Maint Netwk (% of claims filled)	12.5%	13.13%	12.90%	12.8%	12.84%	12.72%
Other Maint (% of claims filled)	1.7%	1.75%	1.60%	1.6%	1.52%	1.56%
Avg. Days Supply for Maint. Netwks	87.9	87.9	87.9	87.9	87.9	88.0
Total # Claims Fills 1-34 Days Supply	233,144	255,179	253,025	265,877	263,233	268,970
Total # Claims Fills 35-60 Day Supply	2,054	2,301	2,251	2,290	2,279	2,246
Total # Claims Fills 61-90 Day Supply	36,576	42,252	40,710	42,250	41,861	42,632
Total # Claims Fills 91+ Day Supply	30	42	28	38	41	48
<b>Mail Service Program</b>						
Avg. Days Supply	73.8	75.3	73.1	74.4	74.7	73.7
Avg. Plan Cost/Days Supply	\$1.10	\$1.30	\$1.32	\$1.39	\$1.39	\$1.48
Avg. Cost to Plan	\$80.94	\$97.98	\$96.61	\$103.38	\$103.67	\$108.97
Avg. Member Cost/Claim	\$39.84	\$27.94	\$22.49	\$20.07	\$19.46	\$18.59
Percent Member Cost Share	33.0%	22.19%	18.88%	16.3%	15.80%	14.57%
Total # Claims Fill 1-34 Days Supply	767	786	821	828	818	821
Total # Claims Fills 35-60 Days Supply	8	13	9	5	6	7
Total # Claims Fills 61-90 Days Supply	2,054	2,369	2,050	2,302	2,345	2,169
Total # Claims Fills 91+ Day Supply						
<b>Formulary Program</b>						
S/S Formulary Drugs (% by claim)	25.2%	24.79%	24.41%	24.4%	24.21%	24.13%
S/S Non-Formulary Drugs (% by claim)	13.0%	12.45%	12.15%	12.1%	12.09%	11.82%
M/S Drugs (% by claim)	0.1%	0.16%	0.01%	0.0%	0.01%	0.01%
Generic Drugs (% by Claim)	60.4%	61.28%	62.20%	62.3%	62.47%	62.81%
S/S Formulary Drugs (% by \$)	63.6%	58.21%	57.16%	56.7%	56.38%	56.91%
S/S non-Formulary Drugs (% by \$)	18.1%	17.98%	17.31%	17.5%	17.62%	17.12%
M/S Drugs (% by \$)	0.0%	0.46%	0.02%	0.0%	0.01%	0.01%
Generic Drugs (% by \$)	18.0%	23.03%	25.25%	25.6%	25.70%	25.68%
<b>Specialty Drugs</b>						
Total Drug Cost	\$1,364,512	\$1,570,302	\$1,536,436	\$1,479,126	\$1,462,469	\$1,565,906
Amount Paid by Plan Sponsor	\$1,279,356	\$1,509,284	\$1,478,197	\$1,423,389	\$1,407,986	\$1,508,096
Amount Paid by Members	\$85,156	\$61,019	\$58,239	\$55,737	\$54,483	\$57,810
Total Claims	1,022	1,139	1,132	1,094	1,087	1,161
Avg # of Rx's per Member per Month	0.01	0.01	0.01	0.01	0.01	0.01
Plan Paid Per Member Per Month (PMPM)	\$6.84	\$8.07	\$7.85	\$7.55	\$7.46	\$8.05
Avg Claim Cost to Plan	\$1,251.82	\$1,325.10	\$1,305.83	\$1,301.09	\$1,295.30	\$1,298.96
Avg Claim Cost to Member	\$83.32	\$53.57	\$51.46	\$50.95	\$50.12	\$49.79
Percent of Member Cost Share	6.24%	3.89%	3.79%	3.77%	3.73%	3.69%
Percent of Overall Drug Spend	7.39%	7.57%	7.57%	6.97%	6.97%	7.25%



## Key Performance Indicators

### Comprehensive Indicators

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

Current Period: 06/2007 - 06/2007

Previous Period: 06/2006 - 06/2006

	Current Period	Previous Period	% Change
<b>Overall Performance</b>			
Plan Cost PMPM	\$100.06	\$98.74	1.3 %
Average Mbrs/Month	188,347	187,093	0.7 %
Average Subs/Month	97,535	96,160	1.4 %
% Utilizing Members	52.3 %	51.4 %	1.6 %
% Retail Utilizing Members	51.9 %	51.1 %	1.6 %
% Mail Utilizing Members	0.8 %	0.7 %	5.8 %
<b>Rx Measures</b>			
Rxs PMPM	1.80	1.72	4.3 %
Retail Rxs PMPM	1.78	1.71	4.2 %
Mail Rxs PMPM	0.02	0.02	11.8 %
Average Admin Fee/Rx	\$0.00	\$0.00	-95.2 %
Avg Retail Admin Fee/Rx	\$0.00	\$0.00	-95.2 %
Avg Mail Admin Fee/Rx	\$0.00	\$0.00	0.0 %
Average Plan Cost/Rx	\$55.68	\$57.32	-2.8 %
Avg Retail Plan Cost/Rx	\$55.10	\$56.75	-2.9 %
Avg Mail Plan Cost/Rx	\$109.23	\$113.57	-3.8 %
Average Mbr Contrib/Rx	\$11.24	\$12.41	-9.4 %
Avg Retail Mbr Contrib/Rx	\$11.17	\$12.33	-9.4 %
Avg Mail Mbr Contrib/Rx	\$17.64	\$19.71	-10.5 %
Average Ing Cost/Rx	\$65.19	\$67.60	-3.6 %
Avg Retail Ing Cost/Rx	\$64.53	\$66.95	-3.6 %
Avg Mail Ing Cost/Rx	\$125.37	\$131.78	-4.9 %
Average AWP/Rx	\$107.20	\$100.82	6.3 %
Avg Retail AWP/Rx	\$106.15	\$99.86	6.3 %
Avg Mail AWP/Rx	\$203.45	\$195.51	4.1 %
Average Days Supply/Rx	35.5	35.3	0.6 %
Avg Retail Days/Rx	35.1	34.9	0.5 %
Avg Mail Days/Rx	74.4	74.6	-0.4 %
Average Plan Cost/Day	\$1.57	\$1.62	-3.4 %
Avg Retail Plan Cost/Day	\$1.57	\$1.62	-3.4 %
Avg Mail Plan Cost/Day	\$1.47	\$1.52	-3.5 %
% Plan Cost	83.2 %	82.2 %	1.2 %
% Member Contribution	16.8 %	17.8 %	-5.6 %
% Retail Plan Cost	83.1 %	82.1 %	1.2 %
% Retail Mbr Contrib	16.9 %	17.9 %	-5.6 %
% Mail Plan Cost	86.1 %	85.2 %	1.0 %
% Mail Member Contrib	13.9 %	14.8 %	-6.0 %



**Key Performance Indicators**  
**Comprehensive Indicators**  
**WV Public Employees Ins - w/o AccessWV**

Current Period: 06/2007 - 06/2007  
 Previous Period: 06/2006 - 06/2006

	Current Period	Previous Period	% Change
<b>Rx Sources</b>			
% Mail Rxs	1.1 %	1.0 %	7.2 %
% Retail Rxs	98.9 %	98.9 %	-0.0 %
% Member Submit Rxs	0.0 %	0.1 %	-94.3 %
<b>Rx Types</b>			
Avg SSB Plan Cost/Rx	\$130.05	\$115.29	12.8 %
Avg Retail SSB Plan Cost/Rx	\$129.03	\$114.34	12.8 %
Avg Mail SSB Plan Cost/Rx	\$208.83	\$194.45	7.4 %
Avg MSB Plan Cost/Rx	\$15.27	\$14.12	8.1 %
Avg Retail MSB Plan Cost/Rx	\$15.27	\$14.09	8.4 %
Avg Mail MSB Plan Cost/Rx	\$15.69	\$20.12	-22.0 %
Avg GEN Plan Cost/Rx	\$16.36	\$18.01	-9.2 %
Avg Retail GEN Plan Cost/Rx	\$16.12	\$17.82	-9.5 %
Avg Mail GEN Plan Cost/Rx	\$40.01	\$39.62	1.0 %
% Single-Source Brand Rxs	34.6 %	40.5 %	-14.5 %
% Multi-Source Brand Rxs	1.1 %	1.4 %	-21.3 %
% Generic Rxs	64.3 %	58.2 %	10.6 %
% Retail Single-Source Brand	34.5 %	40.4 %	-14.5 %
% Retail Multi-Source Brand	1.1 %	1.4 %	-21.3 %
% Retail Generic	64.4 %	58.2 %	10.6 %
% Mail Single-Source Brand	41.1 %	47.9 %	-14.1 %
% Mail Multi-Source Brand	0.6 %	0.8 %	-18.3 %
% Mail Generic	58.3 %	51.4 %	13.4 %
% Formulary Rxs	88.3 %	84.7 %	4.3 %
% Retail Formulary Rxs	88.3 %	84.7 %	4.3 %
% Mail Formulary Rxs	88.2 %	84.3 %	4.7 %
% DAW Rxs	0.7 %	0.8 %	-7.8 %
% Retail DAW Rxs	0.7 %	0.8 %	-7.8 %
% Mail DAW Rxs	1.2 %	1.3 %	-11.1 %
% Generic Conversion	98.3 %	97.7 %	0.7 %
% Retail GEN Conversion	98.3 %	97.7 %	0.7 %
% Mail GEN Conversion	98.9 %	98.5 %	0.4 %
<b>Period Totals</b>			
Total Plan Cost	\$18,846,584.32	\$18,473,675.73	2.0 %
Retail Plan Cost	\$18,449,735.38	\$18,107,064.28	1.9 %
Mail Plan Cost	\$396,848.94	\$366,611.45	8.2 %
Total Member Contribution	\$3,805,418.12	\$3,998,937.63	-4.8 %
Retail Member Contrib	\$3,741,328.78	\$3,935,322.70	-4.9 %



**Key Performance Indicators**  
 Comprehensive Indicators

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

Current Period: 06/2007 - 06/2007  
 Previous Period: 06/2006 - 06/2006

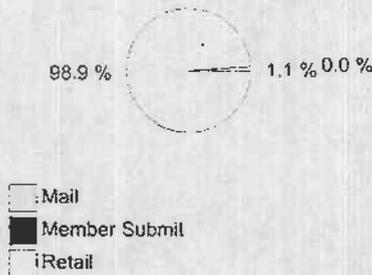
	Current Period	Previous Period	% Change
Mail Member Contrib	\$64,089.34	\$63,614.93	0.7 %
<b>Total Rx Count</b>	<b>338,453</b>	<b>322,316</b>	<b>5.0 %</b>
Retail Rx Count	334,809	318,903	5.0 %
Member Submit Rxs	11	185	-94.1 %
Mail Rx Count	3,633	3,228	12.5 %
Total Admin Fee	\$16.50	\$330.00	-95.0 %
Total UC Savings	\$12,337,427.39	\$10,392,008.28	18.7 %
Total Lost Savings	\$25,929.58	\$19,568.65	32.5 %

**Demographics**

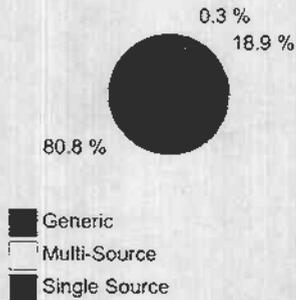
Average Age	45.6	45.3	0.5 %
% Male Members	45.2 %	45.1 %	0.2 %
% Female Members	54.8 %	54.9 %	-0.2 %

**Graphs based on Current Period: 06/2007 - 06/2007**

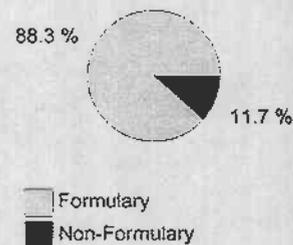
Claim Source by Rx Count



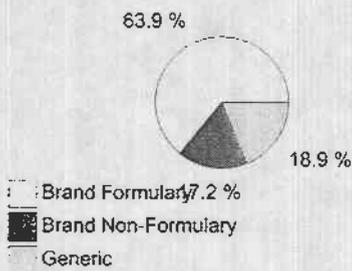
Drug Type by Plan Cost



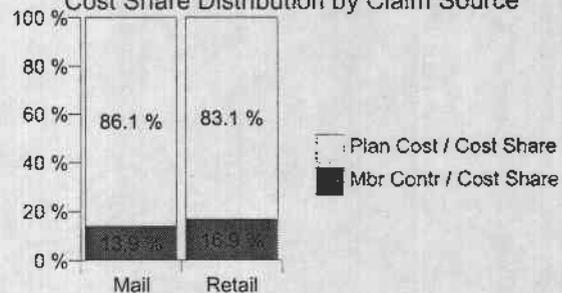
Formulary Status by Rx Count



Drug Formulary Status by Plan Cost



Cost Share Distribution by Claim Source



**Utilization Report by Population Level**  
**Prescriptions Filled From 06/2007 - 06/2007**  
**WV Public Employees Ins - w/o AccessWV**



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Div Name (DIV)	Avg Mbr Count	Avg Util Mbr/Mnth	Rx Count	Plan Cost	Member Contr/Rx	Plan Cost/Rx	Mail % Rxs	Gen % Rxs	Form % Rxs	Gen Conv %	PMPM Plan Cost
WV PUBLIC EMPLOYEES INSURANCE (WVA)	188,347	98,485	338,453	\$18,846,584	\$11.24	\$55.68	1.1 %	64.3 %	88.3 %	98.3 %	\$100.06
<b>Grand Total</b>	188,347		338,453	\$18,846,584	\$11.24	\$55.68	1.1 %	64.3 %	88.3 %	98.3 %	\$100.06

Utilization Report by Population Level  
 Prescriptions Filled From 06/2007 - 06/2007  
 WV Public Employees Ins - w/o AccessWV



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WV PUBLIC EMPLOYEES INSURANCE (WVA)

Reporting Level 1	Avg Mbr Count	Avg Util Mbr/Mnth	Rx Count	Plan Cost	Member Contr/Rx	Plan Cost/Rx	Mail % Rxs	Gen % Rxs	Form % Rxs	Gen Conv %	PMPM Plan Cost
STATE (1000)	164,582	87,240	300,999	\$16,875,496.44	\$11.30	\$56.06	1.1 %	64.1 %	88.2 %	98.3 %	\$102.54
NON STATE (2000)	23,409	11,051	36,746	\$1,912,815.97	\$10.77	\$52.06	1.2 %	66.2 %	89.3 %	98.6 %	\$81.71
COBRA (3000)	356	194	708	\$58,271.91	\$11.85	\$82.30	1.1 %	59.7 %	87.6 %	98.8 %	\$163.69
<b>Grand Total</b>	<b>188,347</b>		<b>338,453</b>	<b>\$18,846,584</b>	<b>\$11.24</b>	<b>\$55.68</b>	<b>1.1 %</b>	<b>64.3 %</b>	<b>88.3 %</b>	<b>98.3 %</b>	<b>\$100.06</b>

**Utilization Report by Population Level**  
**Prescriptions Filled From 06/2007 - 06/2007**  
**WV Public Employees Ins - w/o AccessWV**



**WV PUBLIC EMPLOYEES INSURANCE (WVA)**

Reporting Level 2	Avg Mbr Count	Avg Util Mbr/Mnth	Rx Count	Plan Cost	Member Contr/Rx	Plan Cost/Rx	Mail % Rxs	Gen % Rxs	Form % Rxs	Gen Conv %	PMPM Plan Cost
STATE AGENCIES (01)	117,067	52,690	152,948	\$8,468,761.52	\$11.54	\$55.37	0.8 %	64.0 %	87.8 %	98.4 %	\$72.34
STATE RETIREES (07)	37,653	28,248	118,985	\$6,783,186.16	\$11.92	\$57.01	1.3 %	63.7 %	88.2 %	98.1 %	\$180.15
NON STATE AGENCIES (02)	17,634	7,576	22,403	\$1,149,659.18	\$10.90	\$51.32	1.0 %	66.4 %	89.1 %	98.6 %	\$65.20
STATE RETIREES ASST 60 (0760)	4,229	3,409	17,251	\$1,016,475.55	\$6.58	\$58.92	1.1 %	65.5 %	89.9 %	98.7 %	\$240.36
NON STATE RETIREES (08)	2,625	1,981	8,788	\$483,415.08	\$11.55	\$55.01	1.6 %	64.0 %	88.8 %	98.2 %	\$184.16
STATE RETIREES ASST 40 (0740)	2,182	1,818	8,727	\$467,597.95	\$7.81	\$53.58	1.5 %	68.1 %	91.0 %	98.7 %	\$214.30
NON STATE RETIREES 60 (0860)	598	471	2,371	\$147,410.28	\$6.66	\$62.17	1.1 %	65.1 %	90.1 %	98.8 %	\$246.51
STATE RETIREES ASST 20 (0720)	399	317	1,462	\$72,897.93	\$9.18	\$49.86	2.1 %	66.1 %	88.8 %	97.8 %	\$182.70
NON STATE AGENCIES PLAN B (02B)	2,234	773	1,985	\$71,690.08	\$12.62	\$36.12	0.9 %	72.7 %	91.9 %	99.0 %	\$32.09
STATE AGENCIES (01B)	3,052	758	1,626	\$66,577.33	\$14.63	\$40.95	1.8 %	70.4 %	90.3 %	99.2 %	\$21.81
COBRA (COBRA)	356	194	708	\$58,271.91	\$11.85	\$82.30	1.1 %	59.7 %	87.6 %	98.8 %	\$163.69
NON STATE RETIREES 40 (0840)	255	202	964	\$46,651.19	\$7.80	\$48.39	2.1 %	68.3 %	90.8 %	98.7 %	\$182.95
NON STATE RETIREES 20 (0820)	61	48	235	\$13,990.16	\$8.46	\$59.53	0.0 %	69.4 %	90.2 %	99.4 %	\$229.35
TEST GROUP (XXXX)	2	NA	NA	\$0.00	NA	NA	NA	NA	NA	NA	NA
<b>Grand Total</b>	<b>188,347</b>		<b>338,453</b>	<b>\$18,846,584</b>	<b>\$11.24</b>	<b>\$55.68</b>	<b>1.1 %</b>	<b>64.3 %</b>	<b>88.3 %</b>	<b>98.3 %</b>	<b>\$100.06</b>

West Virginia Board of Risk and Insurance Management  
UNAUDITED BALANCE SHEET

**DRAFT**

June 30

	2007	2006
<b>ASSETS</b>		
Short Term Assets		
Cash and Equivalents	\$ 33,083,469	\$ 41,756,159
Advance Deposit with Carrier/Trustee	115,835,475	84,304,139
Receivables - Net	2,176,590	1,249,277
Prepaid Insurance	-	-
Total Short Term Assets	<u>151,095,534</u>	<u>127,309,575</u>
Long Term Assets		
Investments	117,127,099	105,465,485
Total Long Term Assets	<u>117,127,099</u>	<u>105,465,485</u>
<b>TOTAL ASSETS</b>	<u><u>268,222,633</u></u>	<u><u>232,775,060</u></u>
<b>LIABILITIES</b>		
Short Term Liabilities		
Accounts payable	544,003	756,714
Claims Payable	9,321	32,407
Agents Commissions Payable	1,839,864	2,014,278
Unearned Revenue	8,659,136	10,891,902
Current Estimated Claim Reserve	49,334,148	46,764,939
Total Short Term Liabilities	<u>60,386,472</u>	<u>60,460,240</u>
Long Term Liabilities		
Compensated Absences	200,147	163,620
Estimated Noncurrent Claim Reserve	121,296,707	127,307,515
Total Long Term Liabilities	<u>121,496,854</u>	<u>127,471,135</u>
<b>TOTAL LIABILITIES</b>	181,883,326	187,931,375
Prior Year Net Assets	44,843,685	526,803
Current Year Earnings	41,495,622	44,316,882
<b>TOTAL NET ASSETS</b>	<u>86,339,307</u>	<u>44,843,685</u>
<b>TOTAL LIABILITIES AND RETAINED EARNINGS</b>	<u><u>\$ 268,222,633</u></u>	<u><u>\$ 232,775,060</u></u>

DRAFT - Unaudited - Management Purposes Only

08/16/07

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

**DRAFT**

	June 30	
	2007	2006
Operating Revenues		
Premium Revenues	\$ 80,248,065	\$ 82,823,639
Less - Excess Insurance	(6,150,738)	(4,144,727)
Total Operating Revenues	74,097,327	78,678,912
Operating Expenses		
Claims Expense	41,608,869	33,685,054
Property & MS Claims Expense	4,875,296	3,391,603
Personal Services	1,281,615	1,215,032
Operating Expenses	2,863,792	2,964,735
Total Operating Expenses	50,629,572	41,256,424
Operating Income	23,467,755	37,422,488
Nonoperating Revenues		
Court Fees	24,585	28,381
Claim Interest Income	189,219	-
Investment Income	17,814,063	6,866,013
Total Nonoperating Revenues	18,027,867	6,894,394
Net Income	41,495,622	44,316,882

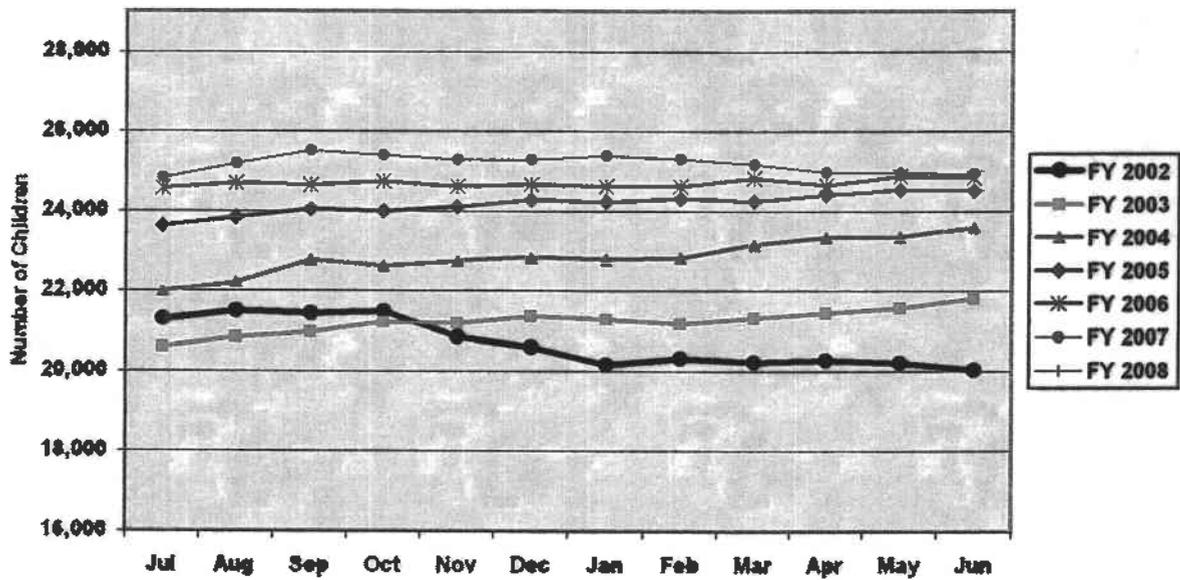


**West Virginia  
Children's Health Insurance Program  
1018 Kanawha Boulevard East  
Suite 208  
Charleston, WV 25301  
Phone: 304-558-2732  
Toll-Free: 1-877-WVA CHIP  
Fax: 304-558-2741  
[www.wvchip.org](http://www.wvchip.org)**

**Joint Committee on  
Government and Finance  
Report**

**August 2007**

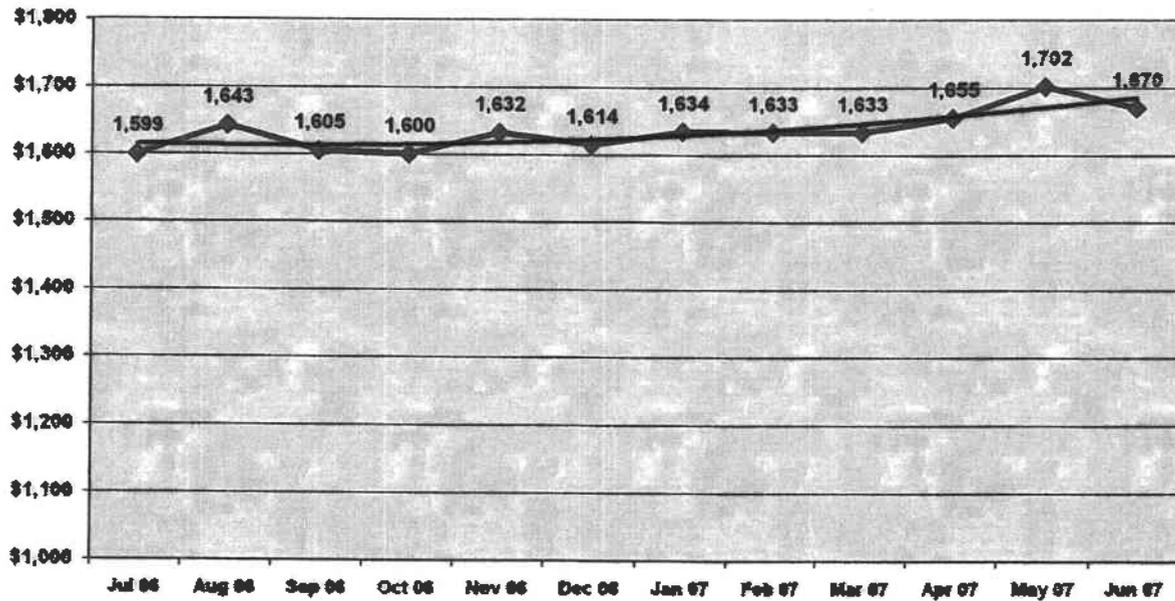
### WV CHIP Enrollment



July 31, 2007 Enrollment 24,833

### Annualized Health Care Expenditures

(Cost per Child)



**West Virginia Children's Health Insurance Program**  
**Comparative Balance Sheet**  
**June 30, 2007 and 2006**  
**(Accrual Basis)**

	June 30, 2007	June 30, 2006	Variance	
<b>Assets:</b>				
Cash & Cash Equivalents	\$4,977,366	\$876,406	\$4,100,960	468%
Due From Federal Government	\$3,392,599	\$3,082,902	\$309,697	10%
Due From Other Funds	\$797,347	\$535,419	\$261,928	49%
Accrued Interest Receivable	\$20,640	\$3,640	\$17,000	467%
Fixed Assets, at Historical Cost	<u>\$64,933</u>	<u>\$75,128</u>	<u>(\$10,195)</u>	<u>-14%</u>
<b>Total Assets</b>	<b><u>\$9,252,885</u></b>	<b><u>\$4,573,495</u></b>	<b><u>\$4,679,390</u></b>	<b><u>102%</u></b>
<b>Liabilities:</b>				
Due to Other Funds	\$79,946	\$77,919	\$2,027	3%
Deferred Revenue	\$3,866,996	\$714,710	\$3,152,286	441%
Unpaid Insurance Claims Liability	<u>\$4,110,000</u>	<u>\$2,753,490</u>	<u>\$1,356,510</u>	<u>49%</u>
<b>Total Liabilities</b>	<b><u>\$8,056,942</u></b>	<b><u>\$3,546,119</u></b>	<b><u>\$4,510,823</u></b>	<b><u>127%</u></b>
<b>Fund Equity</b>	<b><u>\$1,195,943</u></b>	<b><u>\$1,027,377</u></b>	<b><u>\$168,566</u></b>	<b><u>16%</u></b>
<b>Total Liabilities and Fund Equity</b>	<b><u>\$9,252,885</u></b>	<b><u>\$4,573,496</u></b>	<b><u>\$4,679,389</u></b>	<b><u>102%</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 Ended June 30, 2007 and June 30, 2006**  
**(Modified Accrual Basis)**

	June 30, 2007	June 30, 2006	Variance	
<b>Revenues:</b>				
Federal Grants	36,393,823	31,878,421	4,515,402	14%
State Appropriations	8,677,528	9,070,795	(393,267)	-4%
Premium Revenues	11,433	0	11,433	
Investment Earnings	<u>168,566</u>	<u>53,036</u>	<u>115,530</u>	218%
<b>Total Operating Revenues</b>	<b><u>45,251,349</u></b>	<b><u>41,002,252</u></b>	<b><u>4,249,097</u></b>	<b><u>10%</u></b>
<b>Operating Expenditures:</b>				
<b>Claims:</b>				
Outpatient Services	10,446,632	9,986,991	459,641	5%
Physicians & Surgical	9,403,916	8,722,688	681,228	8%
Prescribed Drugs	8,521,422	7,849,298	672,124	9%
Dental	4,987,934	4,787,135	200,799	4%
Inpatient Hospital Services	4,491,611	2,757,505	1,734,106	63%
Outpatient Mental Health	1,545,992	1,572,472	(26,480)	-2%
Vision	1,250,098	1,229,655	20,443	2%
Inpatient Mental Health	883,943	659,722	224,221	34%
Durable & Disposable Med. Equip.	484,416	352,985	131,431	37%
Medical Transportation	359,938	225,684	134,254	59%
Therapy	348,681	307,361	41,320	13%
Other Services	131,155	102,292	28,863	28%
Less: Collections*	<u>(747,894)</u>	<u>(441,856)</u>	<u>(306,038)</u>	69%
<b>Total Claims</b>	<b><u>42,107,844</u></b>	<b><u>38,111,932</u></b>	<b><u>3,995,912</u></b>	<b><u>10%</u></b>
<b>General and Admin Expenses:</b>				
Salaries and Benefits	462,360	455,119	7,241	2%
Program Administration	1,925,168	1,883,219	41,949	2%
Eligibility	304,118	296,682	7,436	3%
Outreach & Health Promotion	174,161	94,183	79,978	85%
Current	109,132	108,081	1,051	1%
<b>Total Administrative</b>	<b><u>2,974,939</u></b>	<b><u>2,837,284</u></b>	<b><u>137,655</u></b>	<b><u>5%</u></b>
<b>Total Expenditures</b>	<b><u>45,082,783</u></b>	<b><u>40,949,216</u></b>	<b><u>4,133,568</u></b>	<b><u>10%</u></b>
<b>Excess of Revenues</b>				
Over (Under) Expenditures	168,566	53,036	115,530	218%
<b>Fund Equity, Beginning</b>	<b><u>1,027,377</u></b>	<b><u>974,341</u></b>	<b><u>53,036</u></b>	<b><u>5%</u></b>
<b>Fund Equity, Ending</b>	<b><u>1,195,943</u></b>	<b><u>1,027,377</u></b>	<b><u>168,566</u></b>	<b><u>16%</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 2007  
 For the Twelve Months Ended June 30, 2007

	Budgeted for Year	Year to Date Budgeted Amt	Year to Date Actual Amt	Year to Date Variance*		Monthly Budgeted Amt	Jun-07	May-07	Apr-07
Projected Cost	\$44,518,706	\$44,518,706	\$41,601,386	\$2,917,320	7%	\$3,709,892	\$3,433,890	\$4,453,373	\$3,515,383
Premiums	0	\$0	11,433	\$0	n/a	0	\$3,977	\$2,949	\$2,184
Medical Copays	560,000	\$560,000	0	560,000	-100%	46,667	0	0	0
Drug Copays	475,000	\$475,000	0	475,000	-100%	39,583	0	0	0
Subrogation & Rebates	<u>300,000</u>	<u>\$300,000</u>	<u>753,385</u>	<u>(453,385)</u>	151%	<u>25,000</u>	<u>60,891</u>	<u>120,967</u>	<u>42,641</u>
Net Benefit Cost	43,183,706	\$43,183,706	\$40,836,568	\$2,347,138	5%	3,598,642	3,369,022	4,329,457	3,470,558
Salaries & Benefits	\$600,000	\$600,000	\$462,361	\$137,639	23%	\$50,000	\$39,293	\$39,908	\$39,339
Program Administration	1,951,762	\$1,951,762	1,927,831	23,931	1%	162,647	166,666	257,212	177,960
Eligibility	324,000	\$324,000	302,552	21,448	7%	27,000	76,485	3,160	5,160
Outreach	100,000	\$100,000	24,162	75,838	76%	8,333	4,437	4,565	1,381
Current Expense	<u>169,480</u>	<u>\$169,480</u>	<u>256,007</u>	<u>(86,527)</u>	-51%	<u>14,123</u>	<u>159,681</u>	<u>11,475</u>	<u>11,511</u>
Total Admin Cost	\$3,145,242	\$3,145,242	\$2,972,913	\$172,329	5%	\$262,104	\$446,562	\$316,320	\$235,351
Total Program Cost	<u>\$46,328,948</u>	<u>\$46,328,948</u>	<u>\$43,809,481</u>	<u>\$2,519,467</u>	5%	<u>\$3,860,746</u>	<u>\$3,815,584</u>	<u>\$4,645,777</u>	<u>\$3,705,909</u>
Federal Share 80.97%	37,526,448	\$37,526,448	\$35,484,556	2,041,891	5%	3,127,204	3,089,478	3,761,686	3,000,674
State Share 19.03%	<u>8,802,500</u>	<u>\$8,802,500</u>	<u>\$8,324,925</u>	<u>477,575</u>	5%	<u>733,542</u>	<u>726,106</u>	<u>884,091</u>	<u>705,234</u>
Total Program Cost **	<u>\$46,328,948</u>	<u>\$46,328,948</u>	<u>\$43,809,481</u>	<u>\$2,519,467</u>	5%	<u>\$3,860,746</u>	<u>\$3,815,584</u>	<u>\$4,645,777</u>	<u>\$3,705,909</u>

\* Positive percentages indicate favorable variances

\*\* Budgeted Year Based on CCRC Actuary 6/30/2006 Report.

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

Unaudited - Cash Basis For Management Purposes Only - Unaudited

# WV CHIP Enrollment Report

ATTACHMENT 1

July 2007

County Ranking	County Pop. 2005 Est. (0-18 Yrs)	Total CHIP Enrollment Jul-07	Total Medicaid Enrollment Jul-07	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	Total % Insured 3/2002*	# Children Insured Ranking*	Est. # Uninsured Eligible*
Barbour	3,248	314	1,583	1,897	58.4%	92.5%	34	255
Berkeley	22,882	1,166	5,639	6,805	29.7%	93.9%	21	1,084
Boone	5,706	324	2,565	2,889	50.6%	97.9%	4	133
Braxton	3,044	203	1,597	1,800	59.1%	95.6%	13	155
Brooke	4,658	301	1,453	1,754	37.7%	98.5%	3	0**
Cabell	18,900	965	8,035	9,000	47.6%	91.6%	39	1,218
Calhoun	1,389	137	856	993	71.5%	88.0%	52	207
Clay	2,454	194	1,375	1,569	63.9%	95.1%	15	94
Doddridge	1,607	127	741	868	54.0%	96.4%	6	60
Fayette	9,692	985	4,793	5,778	59.6%	92.1%	36	706
Gilmer	1,154	104	591	695	60.2%	92.8%	32	115
Grant	2,463	179	904	1,083	44.0%	95.8%	11	82
Greenbrier	7,110	582	2,832	3,414	48.0%	94.8%	17	306
Hampshire	5,110	286	1,825	2,111	41.3%	91.3%	40	295
Hancock	6,270	400	2,214	2,614	41.7%	92.9%	31	443
Hardy	2,950	136	1,034	1,170	39.7%	93.6%	26	200
Harrison	14,973	975	5,905	6,880	45.9%	99.9%	1	0**
Jackson	6,277	375	2,340	2,715	43.3%	93.9%	22	340
Jefferson	11,465	430	2,150	2,580	22.5%	93.9%	23	651
Kanawha	40,647	2,072	16,719	18,791	46.2%	96.4%	7	772
Lewis	3,577	305	1,772	2,077	58.1%	88.0%	53	431
Lincoln	4,945	407	2,550	2,957	59.8%	93.3%	27	327
Logan	7,610	523	3,945	4,468	58.7%	92.1%	37	654
Marion	11,245	788	4,338	5,126	45.6%	95.9%	10	516
Marshall	7,176	409	2,717	3,126	43.6%	97.5%	5	217
Mason	5,461	320	2,510	2,830	51.8%	95.7%	12	249
McDowell	5,170	422	3,456	3,878	75.0%	93.8%	25	373
Mercer	12,687	1,085	6,562	7,647	60.3%	91.0%	41	1,268
Mineral	5,973	292	2,035	2,327	39.0%	90.7%	43	251
Mingo	6,204	430	3,296	3,726	60.1%	88.5%	51	566
Monongalia	14,346	667	4,076	4,743	33.1%	92.6%	33	1,144
Monroe	2,728	255	933	1,188	43.5%	93.1%	29	196
Morgan	3,365	219	988	1,207	35.9%	89.2%	49	285
Nicholas	5,478	466	2,483	2,949	53.8%	94.4%	19	324
Ohio	9,068	467	3,114	3,581	39.5%	95.6%	14	480
Pendleton	1,632	125	423	548	33.6%	99.0%	2	19
Pleasants	1,593	99	478	577	36.2%	93.9%	24	88
Pocahontas	1,717	147	657	804	46.8%	87.7%	54	224
Preston	6,354	563	2,375	2,938	46.2%	90.2%	47	236
Putnam	12,522	607	3,221	3,828	30.6%	93.2%	28	486
Raleigh	15,992	1,255	6,820	8,075	50.5%	91.7%	38	1,395
Randolph	5,971	482	2,451	2,933	49.1%	89.7%	48	653
Ritchie	2,234	152	800	952	42.6%	96.2%	9	81
Roane	3,266	312	1,680	1,992	61.0%	90.5%	44	336
Summers	2,322	223	1,154	1,377	59.3%	88.9%	50	315
Taylor	3,307	215	1,470	1,685	51.0%	90.9%	42	356
Tucker	1,354	181	474	655	48.4%	93.1%	30	103
Tyler	1,887	105	887	992	52.6%	94.9%	16	93

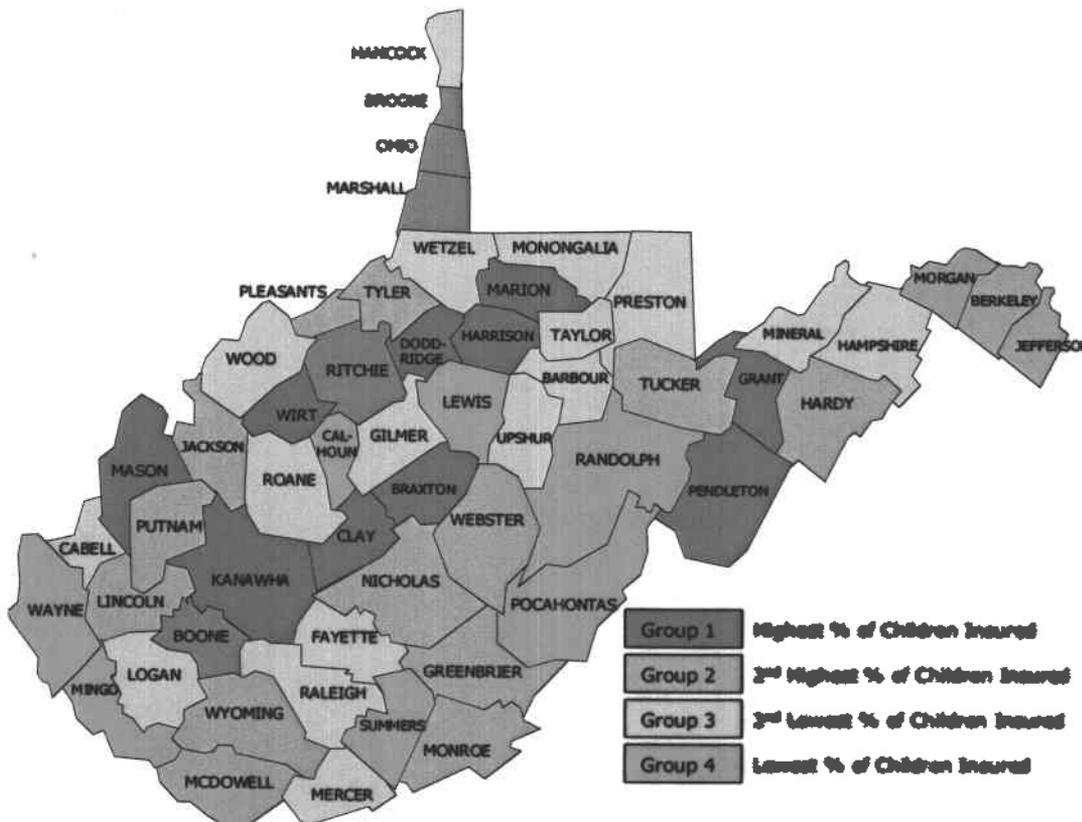
# WV CHIP Enrollment Report

July 2007

County Ranking	County Pop. 2005 Est. (0-18 Yrs)	Total CHIP Enrollment Jul-07	Total Medicaid Enrollment Jul-07	Total CHIP/Medicaid Enrollment	CHIP/Medicaid % of Population	Total % Insured 3/2002*	# Children Insured Banking*	Est. # Uninsured Eligible*
Upshur	4,956	406	2,227	2,633	53.1%	90.4%	46	547
Wayne	9,176	570	4,168	4,738	51.6%	87.7%	55	1,034
Webster	2,020	195	1,094	1,289	63.8%	94.7%	18	103
Wetzel	3,732	227	1,645	1,872	50.2%	92.5%	35	334
Wirt	1,268	132	566	698	55.1%	96.3%	8	46
Wood	19,063	1,094	7,726	8,820	46.3%	90.5%	45	1,624
Wyoming	5,092	433	2,811	3,244	63.7%	94.0%	20	231
<b>Totals</b>	<b>382,490</b>	<b>24,833</b>	<b>153,053</b>	<b>177,886</b>	<b>46.5%</b>	<b>93.4%</b>		<b>22,446</b>

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

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



Legislative Oversight Commission on  
Health and Human Resources Accountability

*August 2007*

Department of Administration

State Children's Health Insurance Program  
UPDATE



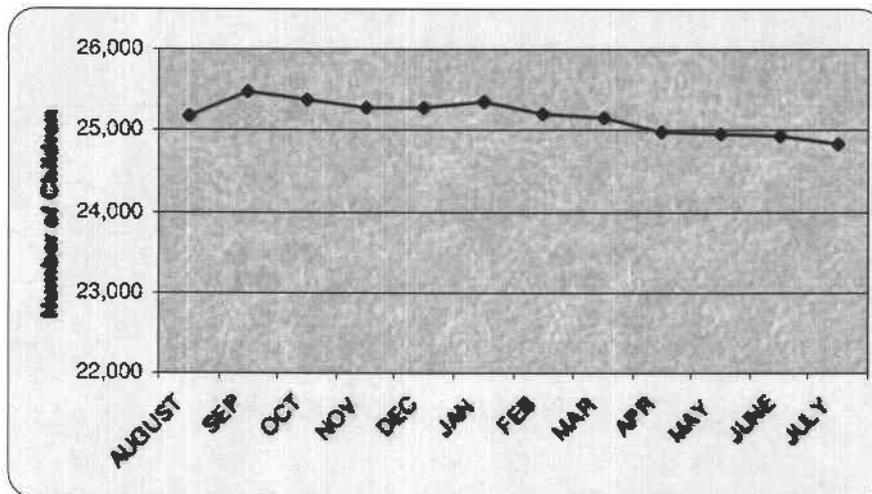
# WV CHILDREN'S HEALTH INSURANCE AGENCY

## REPORT FOR AUGUST 2007

### I. Enrollment on July 31, 2007: 24,833

See Attachment 1 for enrollment by county.

Current 12-Month Enrollment Period: August 2006 through July 2007



Enrollee Totals: May 2007 to July 2007

Month	Total	1 Year	Total
May	1,563	Average	1,854
June	1,604	High	2,205
July	1,707	Low	1,502

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

Month	Total	1 Year	Total
May	707	Average	909
June	733	High	1,149
July	714	Low	668

### II. Re-enrollment for 3 Month Period: May 2007 to July 2007

Total Forms Mailed		Enrolled within Notice Period		Reopened Cases After Closure		Final Closures	
Month	Total	#	%	#	%	#	%
May	1,744	1,049	60%	189	11%	506	29%
June	1,903	1,071	56%	204	11%	628	33%
July	2,016	1,109	55%	276	14%	631	31%

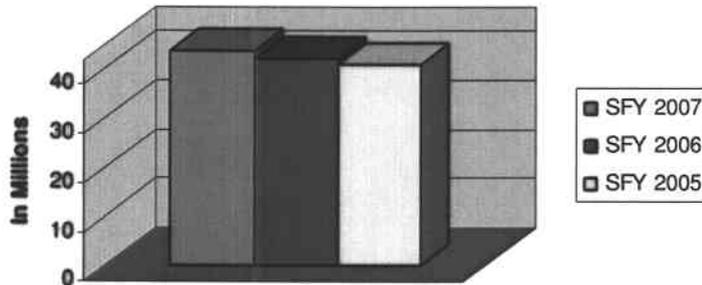
**III. Financial Activity**

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

The average annualized claims cost per child for the month ended June 2007 was \$1,793.

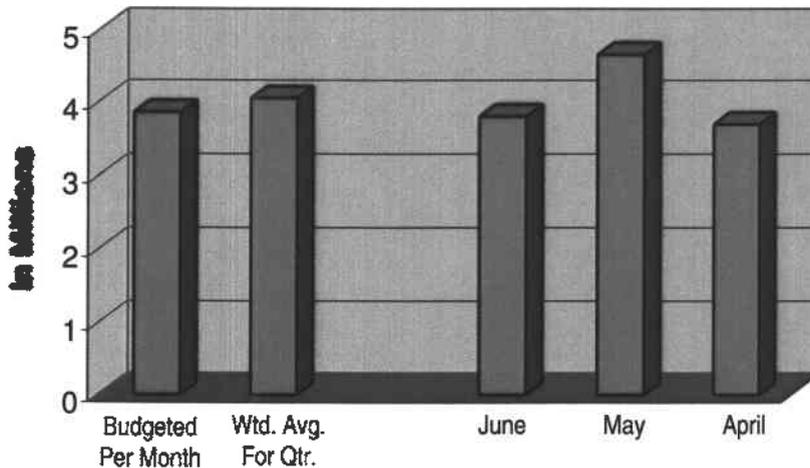
**Annual Expenditures for a 3 Year Period: SFY 2005 – SFY 2007**

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



**Monthly Budgeted and Current 3 Month Period: April 2007 – June 2007**

	Budgeted Per Month	Wtd. Avg. For Qtr.	Actual		
			June 2007	May 2007	April 2007
Federal	3,127,204	3,283,946	3,089,478	3,761,685	3,000,674
State	733,542	771,811	726,106	884,091	705,235
<b>Total</b>	<b>3,860,746</b>	<b>4,055,756</b>	<b>3,815,584</b>	<b>4,645,777</b>	<b>3,705,909</b>



#### **IV. Other Highlights**

##### **UPDATE: CHIP REAUTHORIZATION BY CONGRESS**

In early August both the Senate and the House of Representatives voted on bills to reauthorize CHIP for the next five years. When they return from recess, a conference committee will be formed to send a conference bill to the President. The President has threatened a veto. If a veto were sustained, it is likely that the Congress would provide a one year continuing resolution for the program.

##### **STATE FISCAL YEAR 2007 BUDGET**

Projections for fiscal year ending show CHIP at 5% under budget.

##### **WVCHIP PREMIUM**

Premium participation in CHIP is at 148 as of July 31, 2007.

# WV CHIP Enrollment Report

ATTACHMENT 1

July 2007

County <u>Ranking</u>	County Pop. 2005 Est. <u>(0-18 Yrs)</u>	Total CHIP Enrollment <u>Jul-07</u>	Total Medicaid Enrollment <u>Jul-07</u>	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment <u>% of Population</u>	Total % Insured <u>3/2002*</u>	# Children Insured <u>Ranking*</u>	Est. # Uninsured <u>Eligible*</u>
Barbour	3,248	314	1,583	1,897	58.4%	92.5%	34	255
Berkeley	22,882	1,166	5,639	6,805	29.7%	93.9%	21	1,084
Boone	5,706	324	2,565	2,889	50.6%	97.9%	4	133
Braxton	3,044	203	1,597	1,800	59.1%	95.6%	13	155
Brooke	4,658	301	1,453	1,754	37.7%	98.5%	3	0**
Cabell	18,900	965	8,035	9,000	47.6%	91.6%	39	1,218
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# WV CHIP Enrollment Report

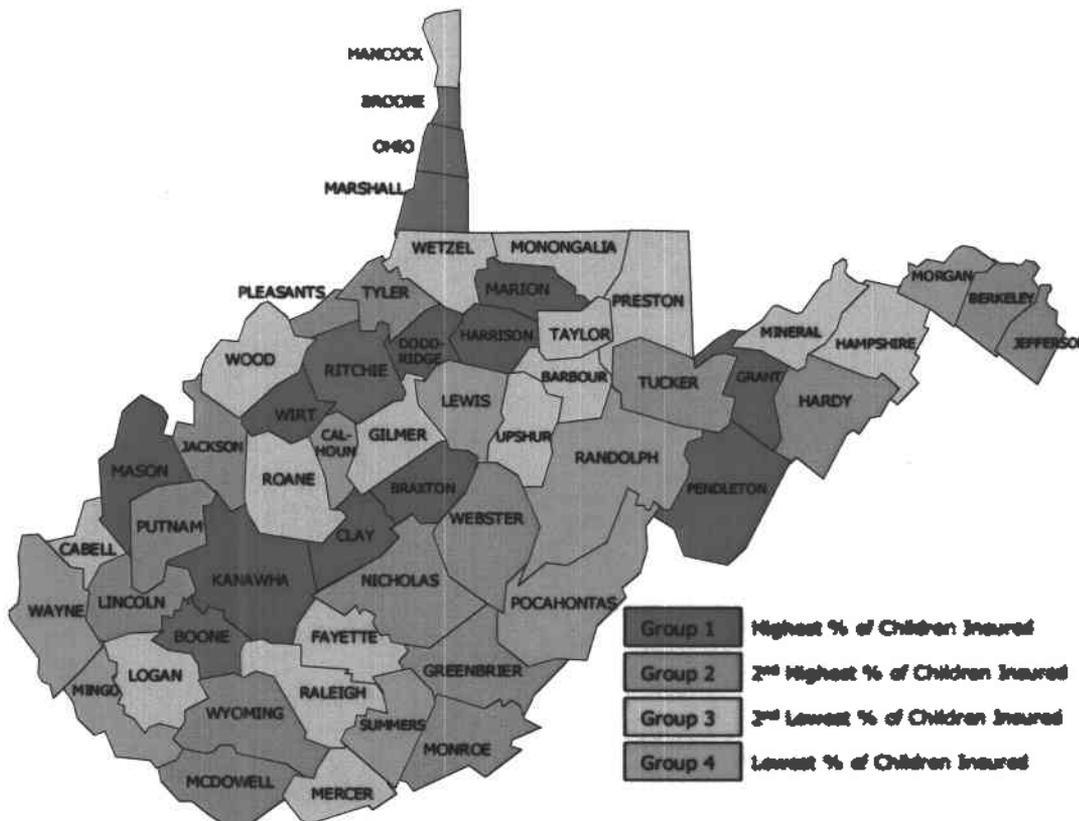
ATTACHMENT 1

July 2007

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Wetzel	3,732	227	1,645	1,872	50.2%	92.5%	35	334
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Wood	19,063	1,094	7,726	8,820	46.3%	90.5%	45	1,624
Wyoming	5,092	433	2,811	3,244	63.7%	94.0%	20	231
<b>Totals</b>	<b>382,490</b>	<b>24,833</b>	<b>153,053</b>	<b>177,886</b>	<b>46.5%</b>	<b>93.4%</b>		<b>22,446</b>

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

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



**West Virginia Children's Health Insurance Program**  
**Comparative Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Twelve Months Ended June 30, 2007 and June 30, 2006**  
 (Modified Accrual Basis)

	June 30, 2007	June 30, 2006	Variance	
<b>Revenues:</b>				
Federal Grants	36,393,823	31,878,421	4,515,402	14%
State Appropriations	8,677,528	9,070,795	(393,267)	-4%
Premium Revenues	11,433	0	11,433	
Investment Earnings	<u>168,566</u>	<u>53,036</u>	<u>115,530</u>	218%
<b>Total Operating Revenues</b>	<b><u>45,251,349</u></b>	<b><u>41,002,252</u></b>	<b><u>4,249,097</u></b>	<b><u>10%</u></b>
<b>Operating Expenditures:</b>				
<b>Claims:</b>				
Outpatient Services	10,446,632	9,986,991	459,641	5%
Physicians & Surgical	9,403,916	8,722,688	681,228	8%
Prescribed Drugs	8,521,422	7,849,298	672,124	9%
Dental	4,987,934	4,787,135	200,799	4%
Inpatient Hospital Services	4,491,611	2,757,505	1,734,106	63%
Outpatient Mental Health	1,545,992	1,572,472	(26,480)	-2%
Vision	1,250,098	1,229,655	20,443	2%
Inpatient Mental Health	883,943	659,722	224,221	34%
Durable & Disposable Med. Equip.	484,416	352,985	131,431	37%
Medical Transportation	359,938	225,684	134,254	59%
Therapy	348,681	307,361	41,320	13%
Other Services	131,155	102,292	28,863	28%
Less: Collections*	<u>(747,894)</u>	<u>(441,856)</u>	<u>(306,038)</u>	69%
<b>Total Claims</b>	<b><u>42,107,844</u></b>	<b><u>38,111,932</u></b>	<b><u>3,995,912</u></b>	<b><u>10%</u></b>
<b>General and Admin Expenses:</b>				
Salaries and Benefits	462,360	455,119	7,241	2%
Program Administration	1,925,168	1,883,219	41,949	2%
Eligibility	304,118	296,682	7,436	3%
Outreach & Health Promotion	174,161	94,183	79,978	85%
Current	<u>109,132</u>	<u>108,081</u>	<u>1,051</u>	<u>1%</u>
<b>Total Administrative</b>	<b><u>2,974,939</u></b>	<b><u>2,837,284</u></b>	<b><u>137,655</u></b>	<b><u>5%</u></b>
<b>Total Expenditures</b>	<b><u>45,082,783</u></b>	<b><u>40,949,216</u></b>	<b><u>4,133,568</u></b>	<b><u>10%</u></b>
<b>Excess of Revenues</b>				
Over (Under) Expenditures	168,566	53,036	115,530	218%
<b>Fund Equity, Beginning</b>	<b><u>1,027,377</u></b>	<b><u>974,341</u></b>	<b><u>53,036</u></b>	<b><u>5%</u></b>
<b>Fund Equity, Ending</b>	<b><u>1,195,943</u></b>	<b><u>1,027,377</u></b>	<b><u>168,566</u></b>	<b><u>16%</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 2007  
For the Twelve Months Ended June 30, 2007**

	Budgeted for Year	Year to Date		Year to Date Actual Amt	Year to Date Variance*	Monthly			
		Budgeted Amt	Actual Amt			Budgeted Amt	Jun-07	May-07	Apr-07
Projected Cost	\$44,518,706	\$44,518,706	\$41,601,386	\$2,917,320	7%	\$3,709,892	\$3,433,890	\$4,453,373	\$3,515,383
Premiums	0	\$0	11,433	\$0	n/a	0	\$3,977	\$2,949	\$2,184
Medical Copays	560,000	\$560,000	0	560,000	-100%	46,667	0	0	0
Drug Copays	475,000	\$475,000	0	475,000	-100%	39,583	0	0	0
Subrogation & Rebates	300,000	\$300,000	753,385	(453,385)	151%	25,000	60,891	120,967	42,641
Net Benefit Cost	43,183,706	\$43,183,706	\$40,836,568	\$2,347,138	5%	3,558,642	3,369,022	4,329,457	3,470,558
Salaries & Benefits	\$600,000	\$600,000	\$462,361	\$137,639	23%	\$50,000	\$39,293	\$39,908	\$39,339
Program Administration	1,951,762	\$1,951,762	1,927,831	23,931	1%	162,647	166,666	257,212	177,960
Eligibility	324,000	\$324,000	302,552	21,448	7%	27,000	76,485	3,160	5,160
Outreach	100,000	\$100,000	24,162	75,838	76%	8,333	4,437	4,565	1,381
Current Expense	169,480	\$169,480	256,007	(86,527)	-51%	14,123	159,681	11,475	11,511
Total Admin Cost	\$3,145,242	\$3,145,242	\$2,972,913	\$172,329	5%	\$262,104	\$446,562	\$316,320	\$235,351
Total Program Cost	\$46,328,948	\$46,328,948	\$43,809,481	\$2,519,467	5%	\$3,860,746	\$3,815,584	\$4,645,777	\$3,705,909
Federal Share 80.97%	37,526,448	\$37,526,448	\$35,484,556	2,041,891	5%	3,127,204	3,089,478	3,761,686	3,000,674
State Share 19.03%	8,802,500	\$8,802,500	\$8,324,925	477,575	5%	733,542	726,106	884,091	705,234
Total Program Cost **	\$46,328,948	\$46,328,948	\$43,809,481	\$2,519,467	5%	\$3,860,746	\$3,815,584	\$4,645,777	\$3,705,909

\* Positive percentages indicate favorable variances  
 \*\* Budgeted Year Based on CCRC Actuary 6/30/2006 Report.  
 Please note: Medical and Drug Co-pay figures are incomplete.

West Virginia Children's Health Insurance Program  
WVFIMS Fund 2154  
For the Month Ended June 30, 2007  
(Accrual Basis)

**Investment Account**

Funds Invested	\$3,747,094
Interest Earned	<u>168,566</u>
<b>Total</b>	<b><u>\$3,915,660</u></b>

Unaudited - For Management Purposes Only - Unaudited

Joint Committee on Government and Finance

*August 2007*

Department of Health and Human Resources

**MEDICAID REPORT**

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
 BUREAU FOR MEDICAL SERVICES  
 SFY 2007 MEDICAID CASH REPORT  
 As of August 8, 2007

11 Months Actuals      1 Month Remaining

<b>MONTH OF MAY 2007</b>	<b>ACTUALS</b>	<b>ACTUALS</b>	<b>PROJECTED</b>	<b>TOTAL</b>
	5/1/07 Thru 5/31/07	Year-To-Date Thru 5/31/07	6/1/2007 Thru 06/30/07	SFY2007
<b>REVENUE SOURCES</b>				
Beg. Bal. 7/01/06 (5084/1020 prior mth)	25,891,648	\$22,969,601		\$22,969,601
<b>MATCHING FUNDS</b>				
Medical Services	41,717,959	352,687,729	41,717,958	394,405,687
Rural Hospitals Under 150 Beds (0403/940)	216,333	2,379,667	216,333	2,596,000
Tertiary Funding (0403/547)	258,833	3,097,167	258,833	3,356,000
Lottery Waiver (Less 450,000) (5405/539)	0	12,550,000	0	12,550,000
Lottery Transfer (5405/871)	0	10,300,000	0	10,300,000
Trust Fund Appropriation (5185/189)	0	0	30,556,594	30,556,594
Provider Tax (5090/189)	13,800,000	143,659,353	11,940,647	155,600,000
Certified Match	1,927,430	20,175,038	2,705,972	22,881,010
Reimbursables <sup>(1)</sup>	73,893	3,508,466		5,099,481
CMS - 64 Adjustments		(8,654,944)	8,654,944	0
<b>TOTAL MATCHING FUNDS</b>	<b>\$83,886,096</b>	<b>\$562,672,077</b>	<b>\$96,051,281</b>	<b>\$660,314,373</b>
<b>FEDERAL FUNDS</b>	<b>154,197,769</b>	<b>1,437,963,348</b>	<b>\$207,707,569</b>	<b>\$1,645,670,917</b>
<b>TOTAL REVENUE SOURCES</b>	<b>\$238,083,865</b>	<b>\$2,000,635,425</b>	<b>\$305,349,865</b>	<b>\$2,305,985,290</b>
<b>TOTAL EXPENDITURES:</b>				
Provider Payments	\$222,646,886	\$1,993,132,860	\$225,427,369	\$2,218,560,229
<b>TOTAL</b>	<b>\$15,436,979</b>	<b>\$7,502,565</b>		<b>\$87,425,061</b>

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

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

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
 BUREAU FOR MEDICAL SERVICES  
 SFY 2007 EXPENDITURES BY PROVIDER TYPE  
 As of August 8, 2007

MONTH OF MAY 2007	TOTAL	TOTAL	ESTIMATED	ACTUALS	ACTUALS	PROJECTED
	SFY2006	SFY2007	Current Month May-07	Current Month May-07	Year To-Date Thru 05/31/07	06/01/07 Thru 06/30/07
<b>EXPENDITURES:</b>						
Inpatient Hospital Services	223,854,909	248,593,096	23,903,182	15,282,843	202,338,678	46,254,418
Inpatient Hospital Services - DSH Adjustment Payments	53,916,150	53,935,110	13,483,778	13,567,949	54,227,942	(292,832)
Mental Health Facilities	36,085,565	42,090,761	4,047,189	4,064,169	37,347,018	4,743,743
Mental Health Facilities - DSH Adjustment Payments	20,354,226	18,887,045	4,721,761	4,690,354	18,800,405	86,640
Nursing Facility Services	402,903,863	416,786,290	34,732,191	33,875,053	378,637,025	38,149,265
Intermediate Care Facilities - Public Providers	160	-	-	-	-	-
Intermediate Care Facilities - Private Providers	53,642,336	59,538,870	4,961,573	4,833,392	53,922,206	5,616,664
Physicians Services	126,950,184	117,945,021	11,340,867	11,054,253	120,813,565	(2,868,544)
Outpatient Hospital Services	93,921,521	103,013,506	9,905,145	9,929,959	90,874,795	12,138,711
Prescribed Drugs	378,095,030	310,458,195	29,851,750	31,285,228	284,075,850	26,382,345
Drug Rebate Offset - National Agreement	(112,878,531)	(116,033,400)	(3,626,044)	(284,418)	(85,802,104)	(30,231,296)
Drug Rebate Offset - State Sidebar Agreement	(29,528,976)	(29,276,640)	(4,611,071)	(758,817)	(30,945,790)	1,669,150
Dental Services	38,320,543	40,972,725	3,939,685	3,487,864	34,214,512	6,758,213
Other Practitioners Services	20,069,824	21,174,205	2,035,981	1,900,865	18,934,717	2,239,488
Clinic Services	46,750,545	37,478,034	3,603,657	4,486,452	37,658,726	(180,692)
Lab & Radiological Services	13,045,112	13,892,145	1,335,783	787,528	7,345,015	6,547,130
Home Health Services	26,490,072	27,896,140	2,682,321	2,753,556	25,668,041	2,228,099
Hysterectomies/Sterilizations	682,237	693,464	66,679	48,587	543,051	150,413
Pregnancy Terminations	-	39,092	3,759	-	-	39,092
EPSDT Services	3,450,995	10,881,433	1,046,292	238,022	2,291,867	8,589,566
Rural Health Clinic Services	7,652,987	7,621,694	732,855	636,885	6,149,466	1,472,228
Medicare Health Insurance Payments - Part A Premiums	17,903,197	17,191,600	1,432,633	1,398,772	15,333,298	1,858,302
Medicare Health Insurance Payments - Part B Premiums	61,584,326	64,000,000	5,333,333	5,610,459	57,375,111	6,624,889
120% - 134% Of Poverty	2,861,904	-	-	299,668	3,179,033	(3,179,033)
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	213,950,846	241,784,020	20,148,668	28,397,579	220,178,369	21,605,651
Medicaid Health Insurance Payments: Group Health Plan Payments	289,548	346,380	28,865	28,134	331,021	15,359
Home & Community-Based Services (MR/DD)	185,607,767	207,361,030	19,938,561	18,970,173	183,275,342	24,085,688
Home & Community-Based Services (Aged/Disabled)	60,658,000	59,874,724	5,757,185	5,527,942	51,676,455	8,198,269
Community Supported Living Services	-	-	-	-	38	(38)
Personal Care Services	27,037,173	36,554,021	3,514,810	3,424,626	33,939,797	2,614,224

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
 BUREAU FOR MEDICAL SERVICES  
 SFY 2007 EXPENDITURES BY PROVIDER TYPE  
 As of August 8, 2007

MONTH OF MAY 2007	TOTAL	TOTAL	ESTIMATED	ACTUALS	ACTUALS	PROJECTED
	SFY2006	SFY2007	Current Month May-07	Current Month May-07	Year To-Date Thru 05/31/07	06/01/07 Thru 06/30/07
Targeted Case Management Services	9,026,219	9,285,672	892,853	601,314	7,195,739	2,089,933
Primary Care Case Management Services	599,865	796,780	66,398	61,752	676,845	119,935
Hospice Benefits	6,545,960	9,357,560	899,765	1,017,093	8,853,349	504,211
Federally Qualified Health Center	17,133,735	16,681,010	1,603,943	1,412,035	14,412,643	2,268,367
Other Care Services	117,082,516	132,236,166	12,715,016	10,957,203	116,766,433	15,469,733
Less: Recoupments	0	-	-	(151,599)	(2,385,898)	2,385,898
<b>NET EXPENDITURES:</b>	<b>2,124,059,808</b>	<b>2,182,055,749</b>	<b>216,489,364</b>	<b>219,434,875</b>	<b>1,967,902,559</b>	<b>214,153,190</b>
Collections: Third Party Liability (line 9A on CMS-64)	(6,144,253)				(3,454,934)	3,454,934
Collections: Probate (line 9B on CMS-64)	(117,505)				(36,206)	36,206
Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)	(246)				(389,328)	389,328
Collections: Other (line 9D on CMS-64)	(7,731,974)				(4,511,742)	4,511,742
Plus: Medicaid Part D Expenditures	8,942,213	29,504,480	2,458,707	2,478,100	26,094,456	3,410,024
Plus: State Only Medicaid Expenditures	4,507,995	3,500,000	336,538	411,465	4,200,930	(700,930)
<b>TOTAL MEDICAID EXPENDITURES</b>	<b>\$2,123,516,039</b>	<b>\$2,215,060,229</b>	<b>219,284,609</b>	<b>\$222,324,440</b>	<b>\$1,989,805,735</b>	<b>\$225,254,494</b>
Plus: Reimbursables (1)	4,446,206	3,500,000	269,231	322,445	3,327,125	172,875
<b>TOTAL EXPENDITURES</b>	<b>\$2,127,962,245</b>	<b>\$2,218,560,229</b>	<b>219,553,840</b>	<b>\$222,646,886</b>	<b>\$1,993,132,860</b>	<b>\$225,427,369</b>

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

**BUREAU FOR MEDICAL SERVICES**  
**SFY 2007 Medicaid Approved Claims Report**  
**As of August 8, 2007**

REF#	CMS 64 Category Of Service	SFY 2006	SFY 2007 TENTATIVE				Year to Date
			JUL-SEP 2006	OCT-DEC 2006	JAN-MAR 2007	APR-MAY 2007	
1A	Inpatient Hospital Services	229,707,885	59,004,884	45,420,674	66,749,428	33,535,794	204,710,780
1B	Inpatient Hospital Services - DSH	53,908,979	13,487,307	13,398,746	13,766,769	13,567,949	54,220,771
2A	Mental Health Facilities	39,229,124	9,611,035	9,654,320	10,474,752	7,544,280	37,284,387
2B	Mental Health Facilities - DSH	20,354,226	4,707,635	4,689,840	4,712,576	4,690,354	18,800,405
3	<b>Nursing Facility Services</b>	393,536,290	97,869,357	102,858,858	101,811,138	68,890,024	371,429,377
4B	Intermediate Care Facilities - Private Providers	53,659,229	14,866,833	14,906,183	14,332,092	9,786,832	53,891,940
5	<b>Physicians Services</b>	131,707,310	22,184,181	27,917,656	31,403,555	22,503,939	104,009,331
6	Outpatient Hospital Services	98,443,210	24,854,201	24,036,809	26,181,656	17,307,503	92,380,169
7	Prescribed Drugs	378,942,276	73,996,679	79,099,520	82,648,402	51,514,783	287,259,384
7	Part D Premium - State Only	13,703,710	7,036,703	6,973,263	9,606,390	4,912,814	28,529,170
7A1	Drug Rebate Offset - National	(112,874,193)	(31,036,177)	(23,748,198)	(23,588,007)	(18,416,761)	(96,789,143)
7A2	Drug Rebate Offset - State	(29,533,312)	(6,167,738)	(7,473,084)	(2,805,535)	(9,742,643)	(26,189,000)
///	<b>Total Rebates</b>	<b>(142,407,505)</b>	<b>(37,203,915)</b>	<b>(31,221,282)</b>	<b>(26,393,542)</b>	<b>(28,159,404)</b>	<b>(122,978,143)</b>
///	<b>NET DRUG COST</b>	<b>250,238,481</b>	<b>43,829,467</b>	<b>54,851,501</b>	<b>65,861,250</b>	<b>84,587,001</b>	<b>249,129,219</b>
8	Dental Services	39,749,744	9,747,640	10,030,108	8,754,914	6,627,128	35,159,790
9	Other Practitioners Services	22,526,001	5,011,125	4,708,250	5,290,755	3,347,967	18,358,097
10	Clinic Services	37,348,651	7,646,097	8,289,028	9,205,518	5,973,458	31,114,101
11	Lab & Radiological Services	12,711,427	4,266,918	4,334,075	4,531,502	2,337,635	15,470,130
12	Home Health Services	29,135,956	6,685,878	6,548,543	8,638,345	4,575,689	26,448,455
13	Hysterectomies/Sterilizations	693,327	156,636	161,379	132,905	73,330	524,250
14	Pregnancy Termination	347,900	64,402	34,849	84,150	31,533	214,934
15	EPSDT Services	6,954,084	6,283,348	5,972,258	507,684	409,300	13,172,590
16	Rural Health Clinic Services	8,033,096	1,690,077	1,651,481	1,790,771	1,101,384	6,233,713
17A	Medicare - Part A Premiums	18,143,564	2,784,018	4,185,821	4,245,061	2,833,830	14,048,730
17B	Medicare - Part B Premiums	60,608,011	10,649,879	16,255,310	17,021,684	11,729,637	55,656,510
18A	Managed Care Organizations	213,951,922	60,065,446	68,259,290	53,713,498	42,223,686	224,261,920
18C	Group Health Plan Payments	289,547	85,876	0	159,219	104,189	349,284
19	Home & Community-Based Services (MR/DD)	185,718,505	46,908,117	47,174,803	53,073,494	36,292,008	183,448,422
20	Home & Community-Based Services (Aged/Disabled)	60,771,882	13,700,224	13,512,164	14,314,401	10,158,257	51,685,046
23	Personal Care Services	26,844,048	8,931,805	8,741,934	8,865,553	6,370,216	32,909,508
24	Targeted Case Management	9,487,138	2,125,578	2,022,280	1,906,926	1,221,508	7,276,292
25	Primary Care Case Management	596,073	187,035	234,915	186,249	67,686	675,885
26	Hospice Benefits	6,762,433	2,525,227	2,043,527	2,869,003	1,831,407	9,269,164

**BUREAU FOR MEDICAL SERVICES**  
**SFY 2007 Medicaid Approved Claims Report**  
**As of August 8, 2007**

REF#	CMS 64 Category Of Service	SFY 2006	SFY 2007 TENTATIVE				Year to Date
			JUL-SEP 2006	OCT-DEC 2006	JAN-MAR 2007	APR-MAY 2007	
28	Federally Qualified Health Center	17,851,263	3,423,360	3,928,153	4,478,179	2,746,777	14,576,469
29	Other Care Services	111,635,012	28,700,010	30,004,526	27,072,764	18,010,501	103,787,801
	Unclassified	28,398	211,611	53	(20)	0	211,644
///	TOTALS *	2,140,972,716	512,265,207	535,827,334	562,135,771	364,161,994	1,974,390,306

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

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

REF#	CMS 64 Category Of Service	SFY 2006	SFY 2007 TENTATIVE				Year to Date
			JUL-SEP 2006	OCT-DEC 2006	JAN-MAR 2007	APR-MAY 2007	
7	Medicaid Prescribed Drugs	378,942,276	73,996,679	79,099,520	82,648,402	51,514,783	287,259,384
7.2	Medicare Part D (Estimated)	56,372,986	28,946,904	28,506,512	40,013,131	20,463,157	117,929,704
///	Estimated Medicaid & Medicare Prescribed Drug Payments	435,315,262	102,943,583	107,606,032	122,661,533	71,977,940	405,189,088

\* SFY 2006 Total adjusted as the result of a formula error.

# BOARD OF TREASURY INVESTMENTS

**CALENDAR NOTES**

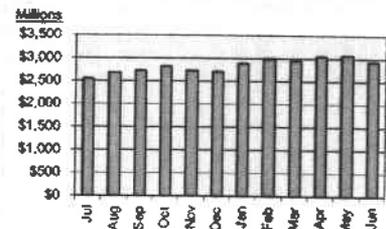
CD Auction  
September 12, 2007

LEGISLATIVE  
JUL 18 2007

## OPERATING REPORT JUNE 2007

MANAGED

**Total Net Assets Under Management**  
**\$2,923,563,000**



Last Month  
**\$3,073,472,000**

Beginning of Fiscal Year  
**\$2,481,176,000**

**17.8% Growth This Fiscal Year**

**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

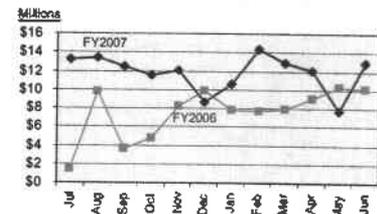
Martin Glasser, Esq. Attorney Appointed by the Governor

Jack Rossi, CPA Appointed by the Governor

**Executive Staff**  
Executive Director  
Glenda Probst, CPA, CTP

Chief Financial Officer  
Kara K. Brewer, CPA, MBA

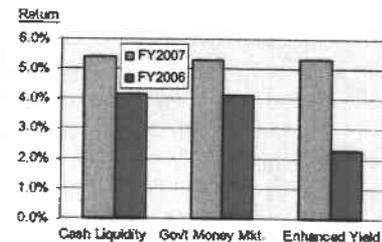
**Total Net Income & Gains**  
**This Month \$12,867,000**  
**Fiscal Year \$141,760,000**



**Outpacing Last Year**

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

	June 2007	Fiscal Year 2007	Fiscal Year 2006
Cash Liquidity	5.5%	5.4%	4.2%
Gov't Money Mkt	5.3%	5.3%	4.1%
	Fiscal Year 2007	Fiscal Year 2006	
Enhanced Yield	5.3%	2.3%	



Returns are annualized fiscal year to date for Cash Liquidity & Gov't Money Mkt; past 12 months for Enhanced Yield

**Returns Exceed Prior Year's**

# WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

## THE ECONOMIC STATE

### JUNE 2007

## Housing Slump, Trade Deficit Hold Back Economic Growth

The U.S. unemployment rate remained at 4.5% in June as U.S. job growth accelerated. Job growth increased by 132,000 in June, more than predicted. During the first quarter, the U.S. economy grew at a finalized 0.7% annual growth rate, the slowest pace in four years, restrained by the housing slump and a larger trade deficit. The previous GDP estimate for the first quarter was 0.6%. Consumer spending remained the key driver, expanding at a 4.2% annual pace in the first quarter. Home construction fell at an annual rate of 15.8% after contracting by 19.8% in the fourth quarter of 2006. U.S. consumer prices rose 0.7% in May, the biggest increase since September 2005, led by a jump in gasoline costs. The core CPI, which excludes food and energy, rose 0.1% in May and 2.2% for the trailing twelve months. The Producer Price Index rose more than forecast in May, jumping 0.9% on higher fuel costs. Excluding food and energy costs, prices climbed 0.2%. The PPI rose 4.1% from May 2006 while the core PPI only rose 1.6% from a year earlier. Housing starts fell 3.7% in May as sluggish demand has created a large inventory of unsold new homes. Sales of previously owned homes also fell in May to the lowest level in almost four years. The housing recession is the worst since 1991 and continues to be the biggest threat, but has yet to spill over much into other parts of the economy.

### *CD Auction Success Continues*

The first CD auction held under the newly expanded schedule continued the ongoing success of the program. The July auction garnered \$64 million in bids for the \$25 million offered. The program places short term investment funds with the highest bidding West Virginia banks. The competitive bidding results in additional interest earnings for the state. The auction has deposited more than \$153 million since its inception last year and has earned more than \$4 million to date. Awards were issued to the following banks:

BB&T – Charleston	\$5,000,000
Chase Bank – Charleston	\$2,000,000
Citizens National Bank – Berkeley Springs	\$2,500,000
Fifth Third Bank – Huntington	\$1,000,000
Freedom Bank, Inc. – Belington	\$5,000,000
Harrison County Bank – Lost Creek	\$4,500,000
United Bank, Inc. – Parkersburg	\$5,000,000

The next CD auction will be September 12, 2007

For the month of June, Treasury yields shifted higher across the curve with the exception of the 6-month and 2-year Treasuries, which fell between 1 and 5 bps to 4.94% and 4.86%, respectively. The yield curve remained slightly inverted at the short end of the curve. The 3-year Treasury yield rose only 2 bps in June to 4.88%, while the 5-year Treasury picked up 7 bps to 4.92%. The 10-year Treasury yield rose the most for the month, increasing 14 bps to 5.02% as the 30-year Treasury yield rose 11 bps to 5.12%. The yield spread between the 30-year Treasury and the 2-year Treasury widened to 27 bps.

### *Board Receives Financial Reporting Award*

The Board of Treasury Investments has received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association, a professional association of more than 17,000 state/provincial and local finance officers in the United States and Canada. The award is nationally recognized and its attainment represents a significant accomplishment for a government and its management.

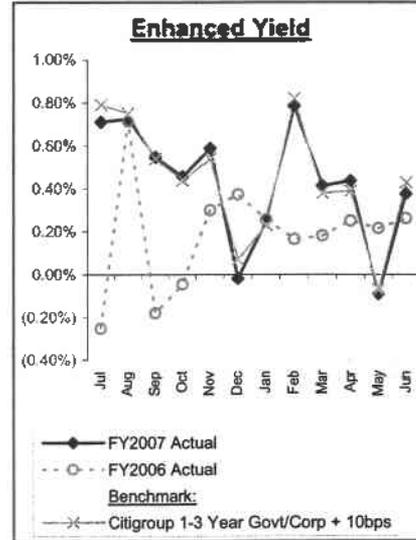
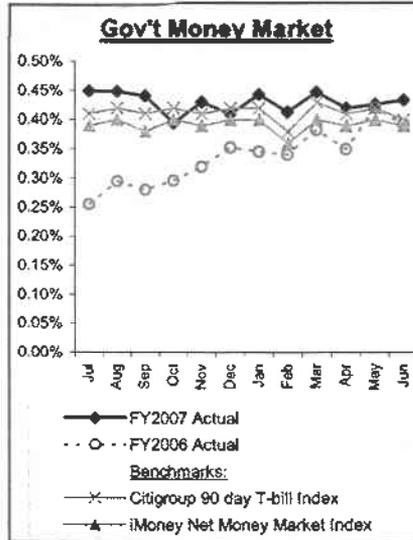
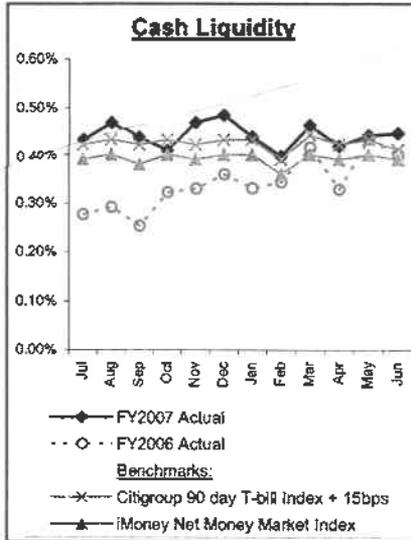
This is the first time that the state has submitted its application for the short term investment funds. Only eight other West Virginia government programs have achieved this honor.

Year-to-date in 2007, 90-Day T-bills have earned 2.54%, while 1-3 Year Government Bonds have returned 2.13%. For the last 12 months, T-bills outperformed with a 5.20% return as 1-3 Year Government Bonds earned 5.08%.

# West Virginia Board of Treasury Investments

## Financial Highlights as of June 30, 2007

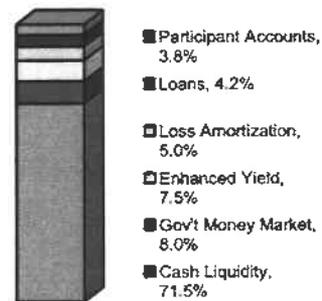
### Monthly Rates of Return for Operating Pools *(Net of Fees)*



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

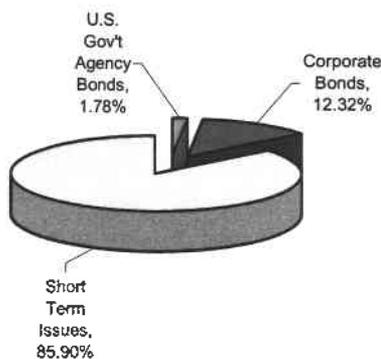
Pool	Asset Value	June Net Income (Loss)	Fiscal YTD Net Income (Loss)
Cash Liquidity	\$ 2,071,394	\$ 9,936	\$ 103,892
Gov't Money Market	229,917	1,003	10,860
Enhanced Yield	229,727	857	13,231
Loss Amortization	154,277	207	8,334
Loans	130,578	475	1,842
Participant Accounts	107,670	389	3,601
	<b>\$ 2,923,563</b>	<b>\$ 12,867</b>	<b>\$ 141,760</b>

**Percent of Total Net Asset Value**

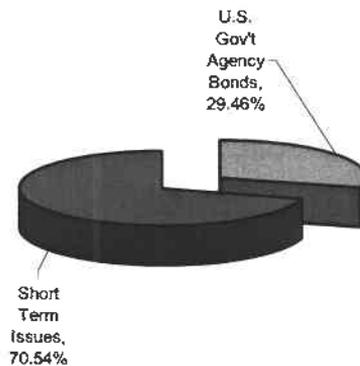


### Securities by Type for Operating Pools *(Percentage of Asset Value)*

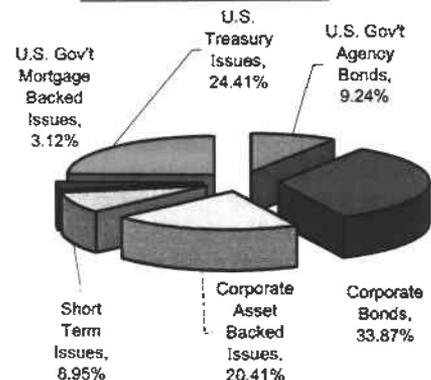
**Cash Liquidity Pool**



**Gov't Money Market Pool**



**Enhanced Yield Pool**



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

**JUNE 30, 2007**

*(IN THOUSANDS)*

	<u>Cash Liquidity</u>	<u>Government Money Market</u>	<u>Enhanced Yield</u>	<u>Other Pools</u>	<u>Participant Directed Accounts</u>
<b>Assets</b>					
<b>Investments:</b>					
At amortized cost	\$ 2,077,831	\$ 229,551		\$ 130,231	\$ 46,269
At fair value	-	-	\$ 228,920	154,277	60,667
Collateral for securities loaned	357,574	55,233	43,869	-	-
Other assets	3,842	397	1,823	352	735
<b>Total assets</b>	<u>2,439,247</u>	<u>285,181</u>	<u>274,612</u>	<u>284,860</u>	<u>107,671</u>
<b>Liabilities</b>					
Payable for securities loaned	357,574	55,233	43,869	-	-
Other liabilities	10,279	31	1,016	5	1
<b>Total liabilities</b>	<u>367,853</u>	<u>55,264</u>	<u>44,885</u>	<u>5</u>	<u>1</u>
<b>Net Assets</b>	<u>\$ 2,071,394</u>	<u>\$ 229,917</u>	<u>\$ 229,727</u>	<u>\$ 284,855</u>	<u>\$ 107,670</u>
<b>Investment income</b>					
Interest and dividends	\$ 3,988	\$ 503	\$ 907	\$ 480	\$ 421
Securities lending income	1,464	189	305	-	-
Net accretion (amortization)	5,971	503	78	555	(10)
Provision for uncollectible loans	-	-	-	-	-
<b>Total investment income</b>	<u>11,423</u>	<u>1,195</u>	<u>1,290</u>	<u>1,035</u>	<u>411</u>
<b>Expenses</b>					
Fees	213	23	24	5	1
Securities lending borrower rebates	1,278	169	288	-	-
<b>Total expenses</b>	<u>1,491</u>	<u>192</u>	<u>312</u>	<u>5</u>	<u>1</u>
<b>Net investment income</b>	<u>9,932</u>	<u>1,003</u>	<u>978</u>	<u>1,030</u>	<u>410</u>
Net realized gain (loss)					
from investments	4	-	(55)	-	-
Net increase (decrease)					
in fair value of investments	-	-	(66)	(348)	(21)
<b>Net gain (loss) from investments</b>	<u>4</u>	<u>-</u>	<u>(121)</u>	<u>(348)</u>	<u>(21)</u>
<b>Net increase (decrease) in net assets from operations</b>	<u>9,936</u>	<u>1,003</u>	<u>857</u>	<u>682</u>	<u>389</u>
<b>Distributions to participants</b>	<u>9,936</u>	<u>1,003</u>	<u>978</u>	<u>475</u>	<u>-</u>
<b>Participant activity</b>					
Purchases, reinvestment of units and contributions	712,661	24,146	924	475	19
Redemptions and withdrawals	839,388	40,973	-	-	8,248
<b>Net increase (decrease) in net assets from participant activity</b>	<u>(126,727)</u>	<u>(16,827)</u>	<u>924</u>	<u>475</u>	<u>(8,229)</u>
Increase (decrease) in net assets	(126,727)	(16,827)	803	682	(7,840)
Net assets at beginning of period	2,198,121	246,744	228,924	284,173	115,510
<b>Net assets at end of period</b>	<u>\$ 2,071,394</u>	<u>\$ 229,917</u>	<u>\$ 229,727</u>	<u>\$ 284,855</u>	<u>\$ 107,670</u>

(Speaker Thompson presides)

**AGENDA**  
**JOINT COMMITTEE ON GOVERNMENT AND FINANCE**  
**August 21, 2007**

3:00 - 4:00 p.m.

Senate Finance Room

1. Approval of July 29, 2007, minutes
2. Committee Reports/Requests:
3. Monthly/Quarterly Reports Distribution:  
Status Reports on the Lottery Commission, Unemployment Compensation Trust Fund,  
and General Revenue Fund
4. Monthly/Quarterly Reports Distribution:  
PEIA, BRIM and CHIP - *Robert Ferguson, Jr., Secretary, Dept. of Administration*
5. Discussion of PEIA's Contract With Advantra
6. Monthly/Quarterly Report Distribution from Department of Health and Human Resources:  
Medicaid Report - *Martha Walker, Cabinet Secretary, DHHR*
7. Monthly Report on the Pharmaceutical Cost Management Council: *Robert Ferguson, Jr., Secretary, Dept. of Administration*
8. Board of Treasury Investments Report Distribution
9. Vision Share: *Tom Haywood*
10. Other Business
11. Scheduled Interim Dates: September 9 - 11 (Martinsburg)  
October 7 - 9  
November 16 - 18 (Friday, Saturday and Sunday)  
December 9 - 11  
January 6 - 8, 2008
12. Adjournment

Tape: August 21, 2007

Speaker Thompson: Call the meeting to order, clerk will take a silent roll. First item on the agenda is approval of the July 29, 2007 minutes.

President: So move.

Speaker Thompson: Senate President moves approval of the minutes. All in favor say I.

Committee: I

Speaker Thompson: Oppose? The I's have it. Minutes are approved. Second on the agenda is the committee reports. We have a limited time here to do some things today, if the members don't have a problem with it what I would like to do is receive these reports and hold up questions until the next meeting on any of these reports. Any objection? Then we will get straight to the discussion of the PEIA Contract with Advantra. Who is here to speak regarding Advantra?

Secretary Ferguson: I have with me Ted Cheatham, the Executive Director of PEIA, he is going to give a little quick background of where we started with unfunded liabilities, how we got the MAPD and where we stand today.

Ted Cheatham: Thank you for having us and giving us the opportunity to talk about the issues going on with PEIA today. I will take you back in time to 2006 the state of WV high (?) public resource advisory group, known as PRAG, to assess the OPEB liability for the state of WV (?) 45. OPEB being other post employment benefits (not clear on tape) which primarily health insurance we are offering to people who retire from the state of WV. That liability was assessed in 2006 at \$8 billion and they recommended a plan of action for the state of action for the state of WV and notably PEIA to undertake to address those liabilities. They had a two prong plan. First was, reduce the benefits for the retirees. They recommended we take the retirees from a pretty much 100% paid program into a plan very similar to the active employees where they would have a \$1000 out of pocket co-pays and co-insurance and deductibles. Second thing they recommended was that we put people into a medicare advantage prescription drug program or MAPD is the term that is being bantered around today. We took both of their suggestions at full 100% and we took them out to public hearing in November/December 2006 for public comment. After public comment with a lot of concern by retirees we changed the recommendations, took it to the PEIA board. It was unanimously approved for a new plan for this year beginning in July. Those changes, first off, there were plan changes to the retirees. Retirees effectively have a \$10 co-pay for physician office visit, \$20 for specialty visit, \$50 emergency room co-pay and 20% co-insurance on lab services and hospital services up to a maximum of \$500 out of pocket on the medical side. So it was about half of what was initially proposed by PRAG that was approved by the finance board. To off-set that change which we thought was a significant impact on our retirees, who have not have a cost of living increase and expressed their concerns about being able to afford to pay for co-payments. They were also given a \$22 a month refund or reduction in their monthly premium to off-set those additional out of pocket expenditures. The second

program change that was made was to change non-preferred pharmacy co-pay from \$30 to \$50, those were the changes we made to the plan. Please understand that when I go forward whether retirees would stay with PEIA or go to medicare advantage program, the plan of benefits that I just described is the plan of benefits they would get because the plan of benefits changed.

Second suggestion is the MAPD, again moving to the medicare advantage prescription drug program that was universally approved by the finance board unanimously and we put that out for RFP in January of 2007 was awarded to Coventry, advantage freedom contract in March and we began the implementation. I just need to take one moment that Coventry Health Care who does medicare advantage and the staff at PEIA did a very, very good job in implementing and putting that program together in a short space of time to make this happen by July 1<sup>st</sup>. The final thing we did for the retirees still concerned about the affordability of this change to the retirees is the finance board aggressively redesigned the retiree assistance program so that people under 250% of the poverty level with more than 15 years of service could get premium reductions as well as co-pay and co-insurance assistance and lower out of pocket. That is where we are today. We at this point have moved 37,000 retirees to Coventry's Advantra Freedom program in an MAPD. There is three on going issues which is probably why you want to talk to me today. So let me highlight what those are. The first one and the big one is that we changed the plan of benefits. I am getting a lot of calls from retirees, literally thousands of calls from retirees saying I now have to pay for a physician's visit, I now have to pay when I go to the doctor. I now have more out of pocket expenses and the answer is yes that is a true statement. You've got a \$15, excuse me a \$22 premium reduction but you do have out of pocket expenses for physician co-pays and co-insurance under the plan change that was made July 1. It has nothing to do with Advantra Freedom. The retirees are saying it is Advantra Freedom's fault that it is a lousy plan because they have to pay now and that is not the issue. The issue is the plan was changed. Has nothing to do with Advantra Freedom. Second thing we are getting a call on, again the third tier drug co-pay changed from \$30 to \$50. I assure you over 2000 - 3000 letters were mailed to both active employees and retirees that were affected by this change. Anybody that was on a \$30 drug that needed a change that the co-pay was going to change to \$50 was notified that, that change was going to occur July 1<sup>st</sup> based on the Board's recommendation and here is a substitute drug that is available to you at a lower co-pay please see your physician and see if you can change to another drug. The third issue which is also significant is Access. There have been some Access issues. Most notably today the largest Access issues for this plan is the state of Florida. That is where we are hearing most of the issues in Florida. If you have had any calls from any constituents in Florida, that is where we are getting it. There was several pockets in Florida that have been issues. We have established specific criteria based on wellness of the patient, need for on going continued treatment based on medical conditions, access to physicians and Coventry Health Care is calling physicians, we are asking each member to give us the names of all the doctors they see and their facilities and we are calling, they are outreaching to those physicians and facilities to try to get them into Advantra Freedom. Some of the reasons for you to understand, this is a fee for service product which means there is no physician contracts involved. They present their Advantra Freedom card, Coventry pays medicare reimbursement and it should be done. Some doctors offices don't recognize the card and think they need a contract and when Coventry calls them and says no no it is medicare fee for service, all you need to do is give us this billing code and we will pay it. Several physicians have done it and we have resolved many, many people's issues there. For those people that can not get resolved and some have not been resolved, we

have providing them with alternate coverage with PEIA. I think that is where we stand today. I hope that was helpful.

Speaker: Questions? Gentleman of the 1<sup>st</sup>.

Delegate DeLong: Thank you Mr. Chairman. I have seen copies of letters sent out that says Advantra no longer covers renal failure. Can you tell me how that decision was arrived and how it was approved?

Ted Cheatham: I am not aware of that at all. Renal failure, if you are in renal failure today your typically staying with the PEIA program until you reach your 30 months qualification for medicare and that is what happens. Renal failure initially for the first 30 months has to be covered by the PEIA or another insurance before your eligible for CMS - medicare coverage.

Delegate DeLong: Now I am confused cause I actually have copies of these letters sent out from Advantra saying that renal failure is no longer covered. So what's...

Ted Cheatham: I will have to look into that and get back with you sir, I don't know.

Delegate DeLong: Do you know, you talked a little bit about Florida. Aside from Florida, what other states are you hearing from that are not accepting, for example I have heard although I have not followed up on it are we having a problem as well with the Cleveland Clinic?

Ted Cheatham: Today we are not having a problem with the Cleveland Clinic. Cleveland Clinic has got a letter of agreement with Coventry. They have received all the patients we have, that are currently in treatment right now with the same is true with UPMC which is another major carrier for us.

Delegate DeLong: Thank you and then perhaps Mr. Chairman that this question may be better for Mr. Ferguson, I am not sure. But the legislature had a, when we enacted this legislation had a safety net to allow people to be taken back into PEIA if they were not receiving the proper coverage. Can you tell me how many people that we have taken back into PEIA due to that safety net that we had in legislation?

Secretary Ferguson: We can give you a rough number.

Ted Cheatham: 68

Delegate DeLong: 68, how many people have applied or how many cases are ongoing that we are looking into?

Ted Cheatham: There is about 50 active people that are looking for Access providers at the moment.

Delegate DeLong: Any, I guess that would be a very small percentage or any rough percentage

number?

Ted Cheatham: Yes sir, out of 37,000 retirees.

Secretary Ferguson: I think that is important to recognize that we have a communication issue on board. We are diligently working on that. When this plan went out we had no less than 7 direct mails between PEIA and Coventry talking about this plan and how you use it. So when someone says they are surprised when a card showed up in the mail then they haven't been reading over 6 pieces of mail that showed up before. But nonetheless, that doesn't relieve our responsibility. We are tackling these things as they come in and again I think we have about 50 people that have indicated that there is a problem, we assume that there are probably several hundred more that haven't tried to get access to some of those pockets of resistance in NC and FL. Again, as we communicate with those doctors and they understand that this is a medicare program we are resolving those. For those that can't be resolved we will take them back into PEIA. There is a cost associated with that but right now it is a small cost. We are going to try and diligently work and make the program work. Less than 1 % had trouble getting access out of 37,000. We take it seriously, we are actively working the phones and for those, no one out there is being denied coverage. They need to simply call us when it happens and we make sure they get coverage.

Delegate DeLong: Just as a follow up I would like, I will get you copies of those letters but as quickly as you can, I would like a follow up as this renal failure issue because I think it is odd that people just arbitrarily get these letters that say a certain condition is no longer covered. Thank you.

Ted Cheatham: Absolutely. If I may point out and probably wasn't clear. The other impact of this medicare advantage transfer is that we have taken the OPEB liability from \$8 billion down to \$3.4 billion for the state of WV. So it is working.

Speaker: Delegate Armstead.

Delegate Armstead: Thank you Mr. Speaker. I am just wondering sir, if you have had any conversations with, you talked about the Florida problem. Have you have any conversations with your sister agency down there or any other medical associates or anyone to try to get any assistance in educating doctors down there.

Ted Cheatham: Absolutely we have, we have actually solicited the assistance of both our medical association and our hospital association here to talk with their counter parts. I personally have talked to the MAYO clinic, personally wrote a letter to the CEO and have received a response from the CEO of the MAYO clinic. So yes we have been actively involved. We have also involved all the federal leadership, Senator Byrd, Senator Rockefeller and the three delegates are also aware of the issues that we are facing and the access issues in Florida.

Delegate Armstead: Are they putting out anything maybe that all the doctors down in Florida, I mean I am sure they have publications that go out and different things to them.

Ted Cheatham: I don't know what they are doing yet sir. But we are trying to outreach to people and we did prepare a letter for Senator Byrd to send to the centers for medicaid and medicare services as well.

Delegate Armstead: Thank you. Thank you Mr. Speaker.

Speaker: Delegate Caputo.

Delegate Caputo: Thank you Mr. Chairman. Of the 68 that were put back under the PEIA plan are they spread out throughout the country or is there a portion of them in one state, a large portion of them?

Ted Cheatham: Yeah, they are primarily in Florida and North Carolina.

Delegate Caputo: Could you outline what some of the problems are and why they were put back into PEIA, I don't need you to get into great detail but just some basic problems.

Ted Cheatham: A great example is the MAYO clinic in Florida was having some issues with Access and we had some patients that had some ongoing treatment with the MAYO clinic that was very serious medical conditions that needed to get assistance and it was not appropriate to change physicians and to change facilities in mid treatment so we brought them back to PEIA.

Delegate Caputo: So for an individual who is having problems to get back into PEIA, do they need to make application or how is that process?

Ted Cheatham: They absolutely do. For the people that we have identified in specific zip codes, like NC that are having an Access issue, we have sent a letter to them to say we understand there are Access issues in your region and we offer you other coverage if you'd like to do that fill out this form and return it to us. Because they have to do a positive opt out, out of medicare.

Delegate Caputo: And then, then it is determined by whom if they are accepted back into PEIA?

Ted Cheatham: Ultimately it is PEIA's decision.

Delegate Caputo: The board or?

Ted Cheatham: The staff at PEIA, it is an administrative decision, yes.

Delegate Caputo: Has anyone been denied that you know of.

Ted Cheatham: No sir.

Delegate Caputo: So we have reached out to our retirees all across the country or just in certain problem areas?

Ted Cheatham: Just in the problem areas.

Delegate Caputo: Do you intend to reach out to the employees?

Ted Cheatham: I intend to reach out to the people in the problem areas and we have identified two or three more specific areas in Florida that we need to send letters to those people to bring them other coverage options.

Delegate Caputo: Thank you.

Speaker: Are there any further questions by members of the Committee? If not thank you. Is Tom Haywood here?

Audience: We were told to take him off the agenda.

Speaker: Ok that is fine we were unclear that is the reason I asked. Senator Hunter.

Senator Hunter: Thank you Mr. Chairman, Members of the Committee. As a co-chair along with Delegate Iaquinta and Delegate Fleischauer of the Veterans' Affairs Interim Committee we had passed a resolution to present to you. A proposal for us to negotiate final contract with WVU to do a survey of returning veterans. Basically a survey will talk to them about problems that they have, services that they are receiving etc. and recommendations from the returning veterans from Iraq and Afganastan. There is about 6000 of them that have been returned that served over there and give us some ideas of what we might be recommending that could be done to help them and their families and their children etc. when they return. The estimate which is not final, says I'll have to negotiate the final contract from WVU is for \$21,558 of which they are matching almost \$6000 with staff support you know for that proposal. We'd like to request approval for the project so it can go forward so we can gather the data and get it back in time before the next session.

President: Speaker and I move that the Committee authorize payment \$21,500 toward the study (inaudible)

Speaker: Questions on the Senate Presidents motion? Discussion? All in favor say I.

Committee: I

Speaker: Opposed? The I's have it, the motion adopted. Any further business to come before the Committee? Delegate DeLong

Delegate DeLong: I wondered if we could get Senator Hunter to answer a question from me. I apologize somewhat unrelated but I thought while I had you hear you may or may not know the answer to this. I am sure you are familiar with this, the efforts to bring in the veterans cemetery to WV. Do you know Senator, whether or not, I have not been able to get a straight answer on this, I know that there is federal money that we have to build the cemetery, is there money out there

that has been earmarked or identified to maintain it? To your knowledge?

Senator Hunter: I don't know. I don't know the answer to that question.

Delegate DeLong: Well perhaps we can...perhaps Mr. Chairman we can get Larry Lynch to come to the next meeting if the agenda would allow for it to address that.

Senator Hunter: I do know Mr. Chairman that, that was one of the issues that we had hoped to take up during the interims and of course the meeting was cancelled so we weren't able to do that so I think we will probably be doing that at the next interim session ourself and we could report to you if that is more convenient for the Committee.

Delegate DeLong: Ok that would be fine, Mr. Lynch being here wouldn't be necessary then. Thank you.

Speaker: Any further business to come before the Committee? Next meeting is in Martinsburg, scheduled interim dates September 9-11th. Senate President moves that we adjourn, all in favor say I.

Committee: I

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



WEST VIRGINIA LEGISLATURE  
STATE CAPITOL  
CHARLESTON, WEST VIRGINIA 25305

Select Committee B- Veterans' Issues  
West Virginia State Legislature  
Building 1, Room 200E-A  
1900 Kanawha Blvd East  
Charleston, WV 25305

August 21, 2007

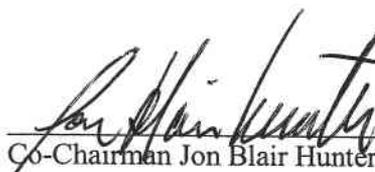
Joint Committee on Government and Finance  
West Virginia Legislature  
1900 Kanawha Boulevard, East  
State Capitol Complex  
Charleston, WV 25305

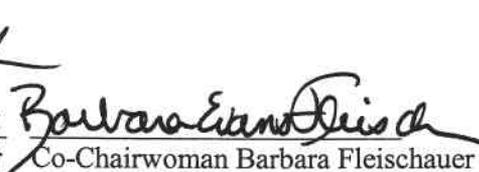
Dear Members:

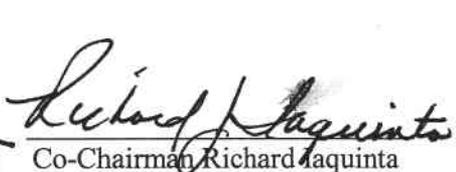
During the Select Committee B-Veterans' Issues interim meeting on June 4, 2007, the Committee adopted a motion to request the Joint Committee authorize payment for a survey of West Virginia veterans. Dr. Virginia Majewski, Chairperson, Division of Social Work, West Virginia University, submitted a preliminary cost estimate of \$21,558.

Thank you for your consideration of and attention to this request.

Sincerely,

  
Co-Chairman Jon Blair Hunter

  
Co-Chairwoman Barbara Fleischauer

  
Co-Chairman Richard Laquinta

**AUGUST INTERIM ATTENDANCE**  
**Legislative Interim Meetings**  
**August 19, 20 and 21, 2007**

**Tuesday, August 21, 2007**

3:00 pm - 4:00 pm

**Joint Committee on Government and Finance**

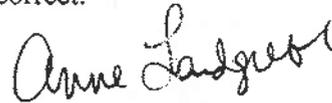
Senate

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

House

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

I certify that the attendance as noted above  
is correct.



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

Anne Landgrebe

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

Joint Committee on Government and Finance Meeting Checklist

Items for Booklet:

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

8/21/15  
7:44  
24100

Tuesday, August 21, 2007

3:00 pm - 4:00 pm

Joint Committee on Government and Finance

(Code §4-3)

Senate Finance Room

Senate

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

House

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

Speaker calls meeting to order.  
4. Upon motion of Tomblin  
July minutes were approved.

5. Plan of action to address  
unpaid liability for retirees.  
New plan beginning in July  
Retirees - \$10 copay office visit  
\$500 cap on payments  
\$22 reduction in premiums

Nonpreferred pharmacy copay  
increased ~~to~~ <sup>from \$30</sup> to \$50

Medicare advantage implemented  
Coventry Medical

Moved 37,000 retirees to Coventry  
advanced MAPD - Adentra Freedom  
not involved in plan changes

Access issues - Problems in  
Florida

68 people taken back in PEIA as safety  
net

Sen. Hunter - Survey of returning  
veterans of Iraq & Afghanistan  
\$21,558 dollars cost

Tomblin's moves - Adopted