

FILE COPY

JOINT COMMITTEE ON  
GOVERNMENT AND FINANCE

Materials Distributed

July 29, 2007

**June 5, 2007**

3:00 - 4:00 p.m.

**Joint Committee on Government and Finance**

**Senate**

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

**House**

Thompson, Chair  
Caputo  
DeLong  
Webster  
White  
Armstead  
Border

Speaker Thompson, Cochair, presided.

**1. Approval of Minutes**

Upon motion by Senate President, properly adopted, the minutes of the May 8, 2007, meeting were approved.

**2. Committee Reports/Requests**

**Legislative Intern Committee - Sara Jones**

Upon motion by President Tomblin, properly adopted, the proposed FY 2008 budget for the Legislative Intern Committee is approved.

**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 April 30, 2007; the General Revenue Fund status report as of May 31, 2007; and the Unemployment Compensation Trust Fund report for the month ended March 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 April 2007. Robert Ferguson, Jr., Cabinet Secretary, Department of Administration, said medical expenses trend is good but pharmacy expenses are 11.4% 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 April 30, 2007. Secretary Ferguson reported investment income for BRIM was about \$6.8 million for all of FY 06 and so far, with 10 months in FY 07, investment income is \$18.3 million. There is no overall unfunded liabilities except Senate Bill 3 liabilities.

The following reports from CHIP were distributed: A report of enrollment for June 2007 and financial statements for period ending April 30, 2007. Secretary Ferguson said hospital services are up significantly and research is being done on this increase.

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

A leasing report for the month of May 2007 was distributed. Secretary Ferguson said there has been 20 changes for the month with 7 new contracts, 10 straight renewals, 2 renewals with a rent increase and 1 renewal adding square footage and increasing rent.

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

A Medicaid report dated June 2007 was distributed. Martha Walker, Cabinet Secretary, DHHR, said that Medicaid is doing well and expected to come in a little under budget.

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

Shana Phares, Acting Pharmaceutical Advocate and Chair of the Pharmaceutical Cost Management Council, discussed the Advertising Rule and the Central Fill Pharmacy.

**8. Lottery Commission**

John Musgrave, Director, Lottery Commission, discussed and answered questions on the Problem Gamblers Help Network. Director Musgrave explained the Lottery is going from a grant to an RFP for accountability and also said there are no program changes to the Problem Gamblers Help Network. The Committee requested to talk to Mia Moran-Cooper, Director of First Choice Health Systems. Ms. Moran-Cooper expressed her concern for the way that the RFP is currently drafted. Ms. Moran-Cooper said the Lottery logo on the help line billboards is a deterrent to people seeking treatment and for many compulsive gamblers it can actually serve as a trigger for them to gamble more. There have been other concerns raised and addressed when First Choice met with the Lottery and DHHR. Ms. Moran-Cooper also said some of the concerns have been raised via email communication, which she has copies of. The Committee requested to have a copy of Ms. Moran-Cooper's statement.

**9. Other Business**

Upon motion by Senate President, properly adopted, the July interims were changed to July 27, 28 and 29, 2007, and was approved.

Upon motion by Senate President, properly adopted, the September 9-11, 2007 out-of-town interims be held in Martinsburg, WV, and was approved.

**10. Scheduled Interim Dates**

- July 27 - 29 (Friday, Saturday and Sunday)
- August 19 - 21
- September 9 - 11
- 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*  
July 27, 2007



304-347-4870

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

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

Appears to be in good condition. Gross receipts for the months of July - May of fiscal year 2006-2007, were \$ 1,435,553,000.00 which was 2.78% above the same months of fiscal year 2005-2006.

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

Collections were at 102.61% of the yearly estimate as of June 30, 2007.

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

Fund collections were at 106.63% of the yearly estimate.

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

Overall ending trust fund balance was \$ 9 million greater on May 31, 2007 than on May 31, 2006. Receipts were \$ 390 thousand greater on May 31, 2007 than on May 31, 2006.

Note: Senator Deem inquired concerning the solvency of this fund last month. This fund is solvent; this is the fund that pays the unemployment benefits to unemployed workers. Net assets as of June 30, 2006 were reflected as \$ 262 million in the annual WV Financial Report. The fund that Workforce West Virginia uses to administer the worker investment and training programs had a deficit of \$ 6.4 million as of last fiscal year's financial statements for June 30, 2006. This deficit was caused by federal audit issues. The legislature addressed this issue during the 2007 session with passage of a supplemental appropriation ( House Bill 103) for Workforce West Virginia to be used specifically to reconcile federal audit issues in the amount of \$ 6.5 million.

*Joint Committee on Government and Finance*

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

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*Charleston, WV 25305-0590*



304-347-4870

MEMORANDUM

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

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

Date: July 27, 2007

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

We performed an analysis of the Statement of Revenues, Expenses and Retained Earnings for the month ended May 31, 2007, from monthly unaudited financial reports furnished to our office by the West Virginia Lottery Commission. This report is for eleven months of fiscal year 2006-2007. 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 \$1,435,553,000.00. These gross receipts were 2.78 % ABOVE the total as of May 31, 2006 of 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 - May 2007 was \$ 634,160,000.00; for the previous fiscal year it was \$602,674,000.00. Expressed as a percentage, gross profit is **5.22% higher** for July - May 2007 than for July - May 2006.

*Joint Committee on Government and Finance*

Lottery continued

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

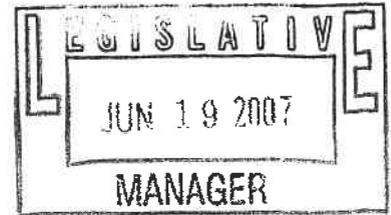
**Excess Lottery Fund**

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	3,406,000.00
School Building Authority	19,000,000.00
<b>TOTAL EXCESS LOTTERY FUND</b>	<b>284,606,000.00</b>

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

Veterans Instant Ticket Fund 861,000.00

<b>RACETRACK VIDEO LOTTERY TRANSFERS:</b>	
Tourism Promotion Fund	\$11,001,000.00
Development Office Promo Fund	\$3,000,000.00
Research Challenge Fund .5%	\$4,000,000.00



P.O. BOX 2067  
CHARLESTON, WV 25327

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Joe Manchin III  
Governor

John C. Musgrave  
Director

MEMORANDUM

TO: Joint Committee on Government and Finance  
FROM: *James M. Toney*  
James M. Toney, CPA/MBA, Deputy Director of Finance & Administration  
FOR: John C. Musgrave, Director  
RE: Monthly Report on Lottery Operations  
Month Ending May 31, 2007  
DATE: June 19, 2007

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

Financial statements of the Lottery for the month ending May 31, 2007 are attached. Lottery revenue, which includes on-line, instant and video lottery sales, was \$132,654,255 for the month of May.

Transfers of lottery revenue totaling \$43,983,654 made for the month of May 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 May 31, 2007 was 1,643 and 1,677 respectively.

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

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

JCM/rd  
Attachment

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

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

(In Thousands)

-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	2007	2006	2007	2006
Lottery revenues				
On-line games	\$ 6,017	\$ 7,091	\$ 79,569	\$ 92,737
Instant games	9,500	11,365	98,607	109,775
Racetrack video lottery	82,814	82,927	892,964	863,247
Limited video lottery	34,323	32,087	364,413	330,924
	<u>132,654</u>	<u>133,470</u>	<u>1,435,553</u>	<u>1,396,683</u>
Less commissions				
On-line games	422	496	5,570	6,492
Instant games	665	796	6,903	7,684
Racetrack video lottery	39,353	39,407	484,906	470,784
Limited video lottery	16,818	16,981	190,151	178,571
	<u>57,258</u>	<u>57,680</u>	<u>687,530</u>	<u>663,531</u>
Less on-line prizes	3,117	3,734	39,966	47,442
Less instant prizes	6,446	7,804	67,029	75,012
Less ticket costs	212	170	1,520	1,948
Less vendor fees and costs	432	553	5,348	6,076
	<u>10,207</u>	<u>12,261</u>	<u>113,863</u>	<u>130,478</u>
Gross profit	<u>65,189</u>	<u>63,529</u>	<u>634,160</u>	<u>602,674</u>
Administrative expenses				
Advertising and promotions	547	682	8,154	7,135
Wages and related benefits	486	462	5,371	5,136
Telecommunications	188	299	2,181	2,166
Contractual and professional	263	270	3,188	3,161
Rental	55	62	603	550
Depreciation and amortization	48	111	520	1,241
Other administrative expenses	104	71	1,300	1,043
	<u>1,691</u>	<u>1,957</u>	<u>21,317</u>	<u>20,432</u>
Other Operating Income	<u>3,989</u>	<u>8,004</u>	<u>10,290</u>	<u>10,949</u>
Operating Income	<u>67,487</u>	<u>69,576</u>	<u>623,133</u>	<u>593,191</u>
Nonoperating income (expense)				
Investment income	783	845	6,743	4,219
Interest expense	(2)	-	(33)	(78)
Distributions to municipalities and counties	(673)	(629)	(7,142)	(6,486)
Distributions to racetracks-capital reinvestment	(3,339)	(3,343)	(17,787)	(16,589)
Distributions to the State of West Virginia	(64,165)	(66,449)	(604,179)	(574,257)
	<u>(67,396)</u>	<u>(69,576)</u>	<u>(622,398)</u>	<u>(593,191)</u>
Net income	<u>91</u>	<u>-</u>	<u>735</u>	<u>-</u>
Net assets, beginning of year	20,250	250	20,250	250
Net assets, end of year	<u>\$ 20,341</u>	<u>\$ 250</u>	<u>\$ 20,985</u>	<u>\$ 250</u>

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

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

(In Thousands)

-Unaudited-

	2007	2006
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 1,445,380	\$ 1,398,185
Cash payments for:		
Personnel costs	(5,371)	(5,153)
Suppliers	(28,869)	(647)
Other operating costs	(783,986)	(804,244)
Cash provided by operating activities	<u>627,154</u>	<u>588,141</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(602,818)	(449,522)
Distributions to municipalities and counties	(7,083)	(6,378)
Distributions to racetrack from racetrack cap. reinv. fund	(29,725)	(15,870)
Deferred jackpot prize obligations and related interest paid	(33)	(78)
Cash used in noncapital financing activities	<u>(639,659)</u>	<u>(471,848)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>(904)</u>	-
Cash flows from investing activities:		
Maturities of investments held in trust	387	926
Investment earnings received	6,722	4,191
Cash provided by investing activities	<u>7,109</u>	<u>5,117</u>
Increase (decrease) in cash and cash equivalents	(6,300)	121,410
Cash and cash equivalents - beginning of period	197,719	113,742
Cash and cash equivalents - end of period	<u>\$ 191,419</u>	<u>\$ 235,152</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 623,133	\$ 593,191
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	520	1,241
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(463)	9,446
(Increase) decrease in inventory	(48)	261
(Increase) decrease in other assets	(134)	65
Increase (decrease) in estimated prize claims	(2,303)	4,797
Increase (decrease) in accounts payable	(1,629)	(311)
Increase (decrease) in other accrued liabilities	8,078	(20,549)
Cash provided by operating activities	<u>\$ 627,154</u>	<u>\$ 588,141</u>

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

**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 eleven months ended May 31, 2007 and May 31, 2006 approximated \$603,194 and \$550,370, respectively. Sublease rental income for the eleven months ended May 31, 2007 and May 31, 2006 approximated \$60,508 and \$95,084, 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 \$281,146 and \$241,126 of vacation and \$468,058 and \$452,850 of sick leave at June 30, 2006 and 2005, 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 May 31, 2007 the carrying amounts of deposits (overdraft) with financial institutions were (\$199) thousand with a bank balance of \$19 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>May 31, 2007</u>	<u>June 30, 2006</u>
Amount on deposit with the IMB	\$191,618	\$197,734

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 May 31, 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 May 31, 2007
Improvements	\$ 1,119	\$ -	\$ -	\$ 1,119
Equipment	10,600	904	-	11,504
	<u>\$ 11,719</u>	<u>\$ 904</u>	<u>\$ -</u>	<u>\$ 12,623</u>
Accumulated Depreciation:				
	Historical Cost At June 30, 2006	Additions	Deletions	Historical Cost At May 31, 2007
Improvements	\$ 848	\$ 70	\$ -	\$ 918
Equipment	10,198	450	-	10,648
	<u>\$ 11,046</u>	<u>\$ 520</u>	<u>\$ -</u>	<u>\$ 11,566</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 May 31, 2007 were \$3,162,894 and \$47,909,440 while related prize costs for the same periods were \$1,596,256 and \$24,014,728.

Revenues derived from the Lottery's participation in the HOT LOTTO game for the month and year-to-date periods ended May 31, 2007 were \$373,908 and \$4,301,469 while related prize costs for the same periods were \$188,249 and \$2,277,522.

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 May 31, 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 \$93,513,867 of which the Lottery's share was \$2,279,067. 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 May 31, 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>Month</u>	<u>Year- to -Date</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Total credits played	\$869,402	\$875,691	\$9,419,600	\$9,254,048
Credits (prizes) won	(786,181)	(792,764)	(8,522,506)	(8,390,801)
MWAP Contributions	(407)	-	(4,130)	-
Gross terminal income	<u>\$82,814</u>	<u>\$82,927</u>	<u>\$892,964</u>	<u>\$863,247</u>
Administrative costs	-	-	(17,523)	(17,524)
Net Terminal Income	<u>\$82,814</u>	<u>\$82,927</u>	<u>\$875,441</u>	<u>\$845,723</u>
Less distribution to agents	(39,353)	(39,407)	(484,906)	(470,784)
Racetrack video lottery revenues	<u>\$43,461</u>	<u>\$43,520</u>	<u>\$390,535</u>	<u>\$374,939</u>

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

	<u>May 31, 2007</u>	<u>Year-to Date</u>
State Lottery Fund	-	\$130,125
State Excess Lottery Revenue Fund	\$37,260	199,028
Capital Reinvestment Fund	3,339	17,786
Tourism Promotion Fund 1.375%	984	11,205
Development Office Promotion Fund .375 %	268	3,056
Research Challenge Fund .5 %	358	4,074
Capitol Renovation & Improvement Fund .6875 %	492	5,602
Parking Garage Fund .0625 %	45	510
Parking Garage Fund 1 %	-	500
Cultural Facilities & Capitol Resources Fund .5 %	-	1,500
Capitol Dome & Capitol Improvements Fund .5 %	715	6,149
Worker's Compensation Debt Reduction Fund 7 %	-	11,000
Total nonoperating distributions	<u>\$43,461</u>	<u>\$390,535</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 May 31, 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	\$412,427	\$395,285	\$4,431,051	\$4,035,586
Credits (prizes) won	(378,104)	(363,198)	(4,066,638)	(3,704,662)
Gross terminal income	<u>\$34,323</u>	<u>\$32,087</u>	<u>\$364,413</u>	<u>\$330,924</u>
Administrative costs	(686)	(642)	(7,289)	(6,619)
Gross Profit	<u>\$33,637</u>	<u>\$31,445</u>	<u>\$357,124</u>	<u>\$324,305</u>
Commissions	(16,818)	(16,981)	(190,151)	(178,571)
Municipalities and Counties	(673)	(629)	(7,142)	(6,486)
Limited video lottery revenues	<u>\$16,146</u>	<u>\$13,835</u>	<u>\$159,831</u>	<u>\$139,248</u>

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

As required under its enabling legislation, net assets of the Lottery may not exceed \$250,000. On June 14, 2006 House Bill 106 established additional capitalization up to \$20,000,000, in each year beginning with FY 2006 and continuing for the next six years. Therefore, the Lottery periodically distributes surplus funds, exclusive of amounts 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 May 31, 2007 the Lottery made such distributions and accrued additional distributions of \$61,303,169. The Lottery does not have a legally adopted annual budget.

**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 May 31, 2007 the Lottery accrued additional distributions relating to racetrack video lottery operations of \$1,091,229.

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>May 31, 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	416	3,406
Excess Lottery Surplus	40,870	96,200
West Va. Infrastructure Council	-	40,000
Total State Excess Lottery Revenue Fund	\$ 41,286	\$ 284,606
<u>Senate Bill 1010, 1016 &amp; 1017</u>	\$ -	\$ 104,253
Total Budgetary distributions:	\$ 41,286	\$ 558,956
Veterans Instant Ticket Fund	\$ 61	\$ 861

**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%	\$ 907	\$ 11,001
Development Office Promotion Fund .375%	247	3,000
Research Challenge Fund .5%	329	4,000
Capitol Renovation & Improvement Fund .6875%	453	5,500
Parking Garage Fund .0625 %	41	500
Parking Garage Fund 1 %	-	500
Cultural Facilities & Cap. Resources Fund .5%	-	1,500
Capitol Dome & Cap. Improvements Fund .5%	659	6,000
Workers Compensation Debt Reduction Fund 7%	-	11,000
Total	\$ 2,636	\$ 43,001
Total nonoperating distributions to the State of West Virginia (cash basis)	\$43,983	\$602,818
Accrued nonoperating distributions, beginning	(128,855)	(147,676)
Accrued nonoperating distributions, end	149,037	149,037
Total nonoperating distributions to the State of West Virginia	\$ 64,165	\$604,179

**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.

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

Prior to becoming a member of the Multi-State Lottery in 1988, the prize structure of certain games operated solely by the Lottery included jackpot prizes. The Lottery, at its discretion, could choose to award such prizes in the form of either a lump sum payment or in equal installments over a period of 10 or 20 years, through May 31, 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>May 31, 2007</u>	<u>June 30, 2006</u>
Present value of deferred prize award obligations:		
Discounted obligations outstanding	\$ 279	\$ 615
Imputed interest accrued	<u>17</u>	<u>37</u>
	296	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>\$ 137</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>	<u>Original Discounted Obligations Outstanding</u>	<u>Imputed 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 May 31, 2007 are as follows (in thousands):

	<u>May 31, 2007</u>	<u>Year-to Date</u>
Lottery contributions	\$37	\$409
Employee contributions	16	176
Total contributions	\$53	\$585

**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.

**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: July 27, 2007

Re: Status of General Revenue Fund June 30, 2007

We have reviewed the cash revenue flows of the West Virginia general revenue fund for the fiscal year 2006-2007. The status of the fund collections are as follows:

The net collections were **102.61%** of the estimate for the fiscal year. **The amount ABOVE estimate was \$ 95.6 million for the year.**

Corporate income/business franchise tax was \$ 57.6 million above the estimate.

Personal income tax collections were \$42.2 million above the estimate.

*Joint Committee on Government and Finance*

Balance July 1, 2006	36,619,318.96
Revenues July 2006-June 2007	8,400,000.00
Balance June 30, 2007	45,019,318.96

**STATE ROAD FUND**

FINAL

STATE ROAD FUND FY 2006-2007

Monthly Estimates July 2006 - Revised February 2007

as of June 29, 2007 WVFIMS

SOURCE OF REVENUE	MONTH ESTIMATES	NET MONTH COLLECTIONS	MONTHLY OVER/ UNDER ESTIMATES VS ACTUAL COLLECTIONS	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY OVER/UNDER ESTIMATES VS ACTUAL YTD COLLECTIONS
Gasoline & Motor Carrier Rd Tax	24,676,738	24,676,738	0	315,000,000	349,171,785	34,171,785
Privilege Tax	14,888,000	15,258,289	370,289	168,422,000	173,306,253	4,884,253
Licenses & Registration	15,282,000	15,456,022	174,022	88,008,000	87,057,668	-950,332
Highway Litter Control Fund	289,000	194,114	-94,886	1,664,000	1,549,254	-114,746
<b>TOTALS</b>	<b>55,135,738</b>	<b>55,585,162</b>	<b>449,424</b>	<b>573,094,000</b>	<b>611,084,960</b>	<b>37,990,960</b>

Percent of Estimates

100.82%

106.63%

Collections this day

18,942,263

REVENUE SHORTFALL RESERVE FUND A as of June 1, 2007 : \$232,020,709.02

REVENUE SHORTFALL RESERVE FUND B as of June 1, 2007 : \$273,550,992.60

SPECIAL INCOME TAX REFUND RESERVE FUND as of June 1, 2007: \$36,619,318.96

**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: July 27, 2007

Re: West Virginia Unemployment Compensation Trust Fund

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

For these eleven months of 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	\$161,314,851.29
Disbursements July 1, 2006 thru June 30, 2007	\$144,521,058.71
Balance May 31, 2007	\$261,712,331.75

ITEMS OF NOTE:

Regular benefits paid for July 2006- May 2007 were \$ 7.2 million more than the same time period in fiscal year 2006. Total disbursements were \$ 3.0 million more than in July 2005- May 2006.

*Joint Committee on Government and Finance*



*Monthly Management Report*

**TOTAL CLAIMS**

**MAY 2007**

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
MONTHLY MANAGEMENT REPORT - TOTAL CLAIMS  
MAY 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	203,704.88	179,359.48	187,063.59	165,552.96	1,995,315.48	1,863,382.48
	MATERNITY	140,101.67	158,379.64	155,466.85	136,890.75	1,689,206.11	1,534,167.69
	MEDICAL AND SURGICAL	6,332,323.76	6,035,140.52	5,815,937.34	6,173,208.43	65,396,621.69	69,370,030.49
	NEONATAL COMPLICATIONS	6,287.81	97,634.75	54,549.17	55,822.09	1,068,933.04	626,848.70
*****							
sum		6,682,418.12	6,470,514.39	6,213,016.95	6,531,474.22	70,150,076.32	73,394,429.36
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	42,618.29	47,413.26	47,962.23	45,629.08	495,774.74	513,847.83
	DIALYSIS	163,792.36	236,109.91	277,252.33	207,573.77	2,458,296.28	2,470,620.89
	EMERGENCY ROOM	457,757.24	431,373.58	494,956.99	414,716.31	4,522,025.45	4,670,132.65
	MATERNITY	39,153.15	44,235.01	41,932.11	37,981.81	456,438.43	440,004.08
	MEDICAL AND SURGICAL	7,339,172.59	7,399,509.59	7,565,666.52	7,189,708.21	78,506,165.70	81,374,807.64
*****							
sum		8,042,493.63	8,158,641.35	8,427,770.18	7,895,609.17	86,438,700.60	89,469,413.09
PHARMACY	PRESCRIPTION DRUGS	20,531,199.80	16,870,152.71	15,954,342.06	15,125,250.08	186,698,154.01	165,166,263.57
*****							
sum		20,531,199.80	16,870,152.71	15,954,342.06	15,125,250.08	186,698,154.01	165,166,263.57
PROFESSIONAL SERVICES	ADVANCED IMAGING	511,021.62	523,020.64	501,160.52	500,103.10	5,592,510.97	5,566,591.68
	AMBULANCE	262,390.69	274,352.84	267,077.65	253,886.77	2,919,355.69	2,830,707.74
	ANESTHESIA	603,355.01	640,834.21	641,244.82	634,322.43	6,814,903.65	7,102,860.65
	BEHAVIORAL	363,925.79	347,099.66	399,021.12	334,513.12	3,662,238.91	3,759,140.03
	CARDIOVASCULAR MEDICINE	461,425.79	425,782.32	437,397.54	433,885.65	4,505,249.31	4,841,582.67
	CERVICAL CANCER SCREENING	18,359.88	25,476.42	25,905.41	32,438.38	263,846.65	355,741.47
	DIALYSIS	10,280.13	11,169.62	10,761.37	26,926.81	116,670.14	258,519.95
	DME	487,357.89	457,112.33	417,433.91	465,504.44	4,885,521.07	5,242,168.00

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  
MAY 2007

Page: 2

Reporting Category	Type of Service	Current Period	Current	12 Months Prior	12 Months Prior	Current Fiscal Yr	Previous Fiscal Yr
		PEIA Payments	Rolling Avg PEIA Payments	Rolling Avg PEIA Payments	PEIA Payments	PEIA Payments	PEIA Payments
PROFESSIONAL SERVICES	EVALUATION AND MANAGEMENT	4,635,283.52	4,687,918.98	4,438,129.50	4,411,819.02	50,952,348.74	49,322,279.24
	IMMUNIZATION	247,486.04	224,922.61	117,087.28	147,094.60	2,688,832.15	1,716,435.80
	INJECTION	698,119.19	805,150.91	758,034.55	780,227.04	8,585,443.57	8,659,820.19
	LAB AND PATHOLOGY	702,202.84	636,929.77	662,510.90	595,792.56	6,680,064.03	6,642,732.29
	MAMMOGRAPHY	2,312.61	71,856.61	82,163.49	96,131.61	669,478.67	1,065,598.14
	OTHER	405,040.64	418,562.24	378,679.43	481,018.47	4,470,734.42	5,300,914.42
	OTHER IMAGING	966,744.77	933,678.70	860,359.74	837,753.79	9,892,626.37	9,345,069.95
	OTHER MEDICINE	624,745.14	675,203.87	622,921.82	645,334.87	7,284,844.20	7,042,817.32
	PHYSICAL MEDICINE	592,245.02	594,077.90	579,998.35	550,043.51	6,376,167.99	6,182,700.98
	PROSTATE CANCER SCREENING	15,980.46	16,460.21	21,639.18	14,514.81	166,160.74	171,795.57
	SURGICAL	2,515,751.91	2,647,137.08	2,613,457.92	2,544,169.17	28,136,410.11	28,579,439.54
*****							
sum		14,124,028.94	14,416,746.90	13,834,984.50	13,785,480.13	154,663,407.38	153,986,915.63
sum		49,380,140.49	45,916,055.36	44,430,113.69	43,337,813.61	497,950,338.31	482,017,021.65

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*

*MAY 2007*

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
 MONTHLY MANAGEMENT REPORT - PER CAPITA CLAIMS  
 MAY 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	1.0863	.9858	1.0031	.9111	10.6782	10.0214
	MATERNITY	.7471	.8704	.8337	.7534	9.0400	8.2509
	MEDICAL AND SURGICAL	33.7677	33.1665	31.1878	33.9753	349.9794	373.0775
	NEONATAL COMPLICATIONS	.0335	.5368	.2925	.3071	5.7205	3.3712
	***** sum	35.6346	35.5596	33.3172	35.9470	375.4182	394.7210
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.2273	.2606	.2572	.2511	2.6532	2.7635
	DIALYSIS	.8734	1.2976	1.4868	1.1423	13.1559	13.2872
	EMERGENCY ROOM	2.4410	2.3706	2.6542	2.2824	24.2003	25.1163
	MATERNITY	.2088	.2431	.2249	.2090	2.4427	2.3664
	MEDICAL AND SURGICAL	39.1368	40.6650	40.5707	39.5674	420.1370	437.6401
***** sum	42.8874	44.8369	45.1937	43.4522	462.5891	481.1736	
PHARMACY	PRESCRIPTION DRUGS	109.4846	92.7211	85.5548	83.2354	999.1419	888.2772
***** sum	109.4846	92.7211	85.5548	83.2354	999.1419	888.2772	
PROFESSIONAL SERVICES	ADVANCED IMAGING	2.7251	2.8744	2.6875	2.7520	29.9291	29.9376
	AMBULANCE	1.3992	1.5078	1.4322	1.3972	15.6233	15.2238
	ANESTHESIA	3.2174	3.5218	3.4387	3.4911	36.4709	38.1997
	BEHAVIORAL	1.9407	1.9074	2.1397	1.8407	19.5990	20.2170
	CARDIOVASCULAR MEDICINE	2.4606	2.3399	2.3455	2.3876	24.1105	26.0384
	CERVICAL CANCER SCREENING	.0979	.1400	.1389	.1785	1.4120	1.9132
	DIALYSIS	.0548	.0614	.0577	.1482	.6244	1.3903
	DME	2.5989	2.5122	2.2385	2.5619	26.1456	28.1928

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  
 MAY 2007

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Reporting Category	Type of Service	Current Period PEIA Payments	Current Rolling Avg PEIA Payments	12 Months Prior PEIA Payments	12 Months Prior Rolling Avg PEIA Payments	Current Fiscal Yr PEIA Payments	Previous Fiscal Yr PEIA Payments
PROFESSIONAL SERVICES	EVALUATION AND MANAGEMENT	24.7181	25.7625	23.7994	24.2787	272.6788	265.2591
	IMMUNIZATION	1.3197	1.2361	.6279	.8093	14.3897	9.2311
	INJECTION	3.7228	4.4249	4.0649	4.2940	45.9462	46.5732
	LAB AND PATHOLOGY	3.7446	3.5001	3.5527	3.2783	35.7493	35.7251
	MAMMOGRAPHY	.0123	.3951	.4406	.5291	3.5828	5.7309
	OTHER	2.1599	2.3004	2.0307	2.6477	23.9258	28.5087
	OTHER IMAGING	5.1553	5.1307	4.6137	4.6101	52.9418	50.2585
	OTHER MEDICINE	3.3315	3.7106	3.3404	3.5512	38.9859	37.8768
	PHYSICAL MEDICINE	3.1582	3.2646	3.1102	3.0269	34.1230	33.2511
	PROSTATE CANCER SCREENING	.0852	.0905	.1160	.0799	.8892	.9239
	SURGICAL	13.4155	14.5478	14.0146	14.0021	150.5760	153.7025
*****							
sum		75.3177	79.2282	74.1898	75.8645	827.7034	828.1538
sum		263.3242	252.3457	238.2554	238.4991	2,664.8525	2,592.3256

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**

**MAY 2007**

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
 MONTHLY MANAGEMENT REPORT - PER CAPITA UTILIZATION  
 MAY 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
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	.0014	.0015	.0123	.0106
	MATERNITY	.0007	.0006	.0068	.0069
	MEDICAL AND SURGICAL	.0219	.0189	.2203	.2042
	NEONATAL COMPLICATIONS	.0001	.0002	.0019	.0024
	*****				
sum		.0241	.0213	.2414	.2240
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.0038	.0033	.0413	.0399
	DIALYSIS	.0068	.0054	.0648	.0647
	EMERGENCY ROOM	.0254	.0268	.2776	.2854
	MATERNITY	.0015	.0017	.0170	.0164
	MEDICAL AND SURGICAL	.2414	.2271	2.6271	2.6143
*****					
sum		.2789	.2643	3.0278	3.0206
PHARMACY	PRESCRIPTION DRUGS	1.2990	1.0156	12.3181	11.5217
*****					
sum		1.2990	1.0156	12.3181	11.5217
PROFESSIONAL SERVICES	ADVANCED IMAGING	.0292	.0260	.3063	.3041
	AMBULANCE	.0109	.0111	.1158	.1134
	ANESTHESIA	.0212	.0229	.2465	.2592
	BEHAVIORAL	.0349	.0373	.3786	.3858
	CARDIOVASCULAR MEDICINE	.0512	.0507	.5689	.5970
	CERVICAL CANCER SCREENING	.0048	.0058	.0637	.0828
	DIALYSIS	.0011	.0010	.0134	.0220
	DME	.0456	.0364	.4699	.4986
	EVALUATION AND MANAGEMENT	.5716	.5918	6.5083	6.6168
	IMMUNIZATION	.0134	.0086	.2889	.2186

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  
 MAY 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	INJECTION	.0329	.0317	.3613	.3368
	LAB AND PATHOLOGY	.1549	.1349	1.6287	1.5377
	MAMMOGRAPHY	.0009	.0135	.1129	.1768
	OTHER	.0361	.0402	.4799	.4576
	OTHER IMAGING	.1386	.1267	1.4576	1.4781
	OTHER MEDICINE	.0862	.1326	.9727	.9648
	PHYSICAL MEDICINE	.0979	.0983	1.1404	1.1536
	PROSTATE CANCER SCREENING	.0051	.0059	.0553	.0538
	SURGICAL	.0975	.1011	1.1265	1.1295
*****					
sum		1.4339	1.4763	16.2953	16.3868
sum		3.0359	2.7775	31.8826	31.1532

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***

***MAY 2007***

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

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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	20,640.76	24,442.52	22,179.74	22,811.34	262,113.96	257,882.58
	MEDICAL AND SURGICAL	1,199,545.77	1,144,322.91	1,071,679.48	1,059,024.53	12,377,228.38	11,644,195.98
***** sum		1,220,186.53	1,168,765.43	1,093,859.22	1,081,835.87	12,639,342.34	11,902,078.56
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	9,418.78	9,227.67	7,122.59	6,138.56	100,657.30	70,447.46
	DIALYSIS	64,549.06	67,910.92	57,786.01	64,927.62	718,232.65	729,325.38
	EMERGENCY ROOM	45,333.36	44,624.61	37,966.37	39,736.75	479,629.71	438,675.02
	MEDICAL AND SURGICAL	911,871.02	927,582.07	801,201.74	903,175.61	9,931,201.27	9,993,637.32
***** sum		1,031,172.22	1,049,345.27	904,076.71	1,013,978.53	11,229,720.93	11,232,085.18
PHARMACY	PRESCRIPTION DRUGS	8,118,694.85	6,675,255.61	6,262,423.19	6,213,895.22	74,042,716.44	67,710,091.84
***** sum		8,118,694.85	6,675,255.61	6,262,423.19	6,213,895.22	74,042,716.44	67,710,091.84
PROFESSIONAL SERVICES	ADVANCED IMAGING	47,925.92	57,095.26	47,663.73	53,685.39	604,875.77	586,823.97
	AMBULANCE	105,521.99	110,961.02	92,782.03	96,098.07	1,214,626.74	1,073,307.09
	ANESTHESIA	33,666.53	36,617.92	32,421.96	37,481.64	384,375.31	416,882.61
	BEHAVIORAL	21,075.88	24,847.31	22,018.78	19,501.79	261,239.48	224,262.77
	CARDIOVASCULAR MEDICINE	67,006.43	66,501.24	56,404.01	65,186.73	710,897.81	708,344.20
	CERVICAL CANCER SCREENING	78.39	96.09	90.47	105.83	1,041.77	1,241.80
	DIALYSIS	1,694.99	1,938.86	1,889.81	6,391.21	20,496.26	61,447.77
	DME	137,031.57	148,109.81	104,899.03	147,791.06	1,628,304.62	1,656,214.08
	EVALUATION AND MANAGEMENT	673,053.36	666,690.60	578,887.12	622,579.34	7,269,358.05	6,835,866.49
	IMMUNIZATION	4,834.20	2,642.19	790.47	748.45	34,824.28	9,007.29
	INJECTION	133,543.26	143,925.22	131,472.70	117,496.55	1,527,362.56	1,306,009.83

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 - MEDICARE ELIGIBLE  
MAY 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	.5701	.6629	.5977	.6064	7.1416	6.8700
	MEDICAL AND SURGICAL	33.1330	31.0691	28.8777	28.1246	337.2312	310.2017
*****							
sum		33.7031	31.7320	29.4753	28.7310	344.3728	317.0717
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.2602	.2506	.1919	.1632	2.7425	1.8767
	DIALYSIS	1.7829	1.8442	1.5571	1.7242	19.5690	19.4292
	EMERGENCY ROOM	1.2522	1.2120	1.0230	1.0552	13.0680	11.6863
	MEDICAL AND SURGICAL	25.1870	25.1818	21.5893	23.9803	270.5865	266.2308
*****							
sum		28.4823	28.4885	24.3614	26.9229	305.9661	299.2230
PHARMACY	PRESCRIPTION DRUGS	224.2486	181.2268	168.7484	165.0650	2,017.3753	1,803.7987
*****							
sum		224.2486	181.2268	168.7484	165.0650	2,017.3753	1,803.7987
PROFESSIONAL SERVICES	ADVANCED IMAGING	1.3238	1.5498	1.2844	1.4263	16.4805	15.6330
	AMBULANCE	2.9147	3.0126	2.5001	2.5535	33.0938	28.5929
	ANESTHESIA	.9299	.9943	.8736	.9952	10.4727	11.1058
	BEHAVIORAL	.5821	.6746	.5933	.5183	7.1178	5.9744
	CARDIOVASCULAR MEDICINE	1.8508	1.8056	1.5199	1.7318	19.3692	18.8703
	CERVICAL CANCER SCREENING	.0022	.0026	.0024	.0028	.0284	.0331
	DIALYSIS	.0468	.0527	.0509	.1694	.5584	1.6370
	DME	3.7850	4.0233	2.8266	3.9271	44.3650	44.1216
	EVALUATION AND MANAGEMENT	18.5906	18.1166	15.5988	16.5471	198.0617	182.1077
	IMMUNIZATION	.1335	.0720	.0213	.0199	.9488	.2400
	INJECTION	3.6886	3.9077	3.5427	3.1204	41.6147	34.7921

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 - MEDICARE ELIGIBLE  
 MAY 2007

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Reporting Category	Type of Service	Current Period	Current	12 Months Prior	12 Months Prior	Current Fiscal Yr	Previous Fiscal Yr
		PEIA Payments	Rolling Avg PEIA Payments	PEIA Payments	Rolling Avg PEIA Payments	PEIA Payments	PEIA Payments
PROFESSIONAL SERVICES	LAB AND PATHOLOGY	.9230	.8966	.5427	.7801	9.7281	8.5097
	MAMMOGRAPHY	.0055	.1244	.1362	.1625	1.1530	1.7607
	OTHER	2.4285	2.0234	1.6529	2.1752	22.3574	22.4841
	OTHER IMAGING	3.7232	3.3874	2.8173	3.0883	37.1364	33.4437
	OTHER MEDICINE	2.1084	2.0840	2.5714	1.5264	21.5203	18.0602
	PHYSICAL MEDICINE	1.5140	1.6574	1.3097	1.5047	17.7698	16.7255
	PROSTATE CANCER SCREENING	.0093	.0121	.0128	.0048	.1247	.0620
	SURGICAL	7.2027	7.8227	6.3672	7.3473	84.2440	80.7314
*****							
sum		51.7626	52.2199	44.2244	47.6009	566.1445	524.8850
-----							
sum		338.1965	293.6672	266.8096	268.3197	3,233.8586	2,944.9784

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

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*Monthly Management Report*

***MEDICARE ELIGIBLE***

***PER CAPITA UTILIZATION***

***MAY 2007***

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
 MONTHLY MANAGEMENT REPORT - PER CAPITA UTILIZATION - MEDICARE ELIGIBLE  
 MAY 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
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	.0041	.0051	.0362	.0281
	MEDICAL AND SURGICAL	.0813	.0623	.7692	.6566
*****		-----			
sum		.0855	.0674	.8054	.6847
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.0071	.0052	.0817	.0566
	DIALYSIS	.0204	.0127	.1639	.1707
	EMERGENCY ROOM	.0363	.0316	.4050	.3978
	MEDICAL AND SURGICAL	.4656	.3348	4.8110	4.2604
*****		-----			
sum		.5294	.3842	5.4617	4.8855
PHARMACY	PRESCRIPTION DRUGS	2.4448	1.8367	22.7274	20.9617
*****		-----			
sum		2.4448	1.8367	22.7274	20.9617
PROFESSIONAL SERVICES	ADVANCED IMAGING	.0627	.0551	.6438	.6130
	AMBULANCE	.0435	.0409	.4393	.4107
	ANESTHESIA	.0417	.0461	.4757	.4899
	BEHAVIORAL	.0243	.0238	.2559	.2491
	CARDIOVASCULAR MEDICINE	.1420	.1356	1.5304	1.5330
	CERVICAL CANCER SCREENING	.0005	.0005	.0069	.0059
	DIALYSIS	.0032	.0030	.0358	.0683
	DME	.1495	.0981	1.4476	1.4909
	EVALUATION AND MANAGEMENT	1.1063	1.1149	12.1353	12.1469
	IMMUNIZATION	.0053	.0045	.1721	.1266
	INJECTION	.0688	.0633	.7328	.6777
	LAB AND PATHOLOGY	.1266	.0955	1.3066	1.3587
	MAMMOGRAPHY	.0017	.0198	.1642	.2398

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  
 MAY 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	.0905	.0769	1.0535	1.0790
	OTHER IMAGING	.2957	.2573	2.9054	2.8529
	OTHER MEDICINE	.1538	.3778	1.6392	1.6062
	PHYSICAL MEDICINE	.1241	.1165	1.4452	1.4617
	PROSTATE CANCER SCREENING	.0022	.0016	.0228	.0143
	SURGICAL	.2121	.2124	2.3914	2.3347
*****					
sum		2.6546	2.7435	28.8038	28.5593
sum		5.7142	5.0318	57.7983	55.0913

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**

**MAY 2007**

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

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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	183,064.12	154,916.96	164,883.85	142,741.61	1,733,201.52	1,605,499.90
	MATERNITY	140,101.67	158,379.64	155,466.85	136,890.75	1,689,206.11	1,534,167.69
	MEDICAL AND SURGICAL	5,132,777.99	4,890,817.60	4,744,257.86	5,114,183.90	53,019,393.31	57,725,834.51
	NEONATAL COMPLICATIONS	6,287.81	97,634.75	54,549.17	55,822.09	1,068,933.04	626,848.70
*****							
sum		5,462,231.59	5,301,748.96	5,119,157.73	5,449,638.35	57,510,733.98	61,492,350.80
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	33,199.51	38,185.59	40,839.64	39,490.52	395,117.44	443,400.37
	DIALYSIS	99,243.30	168,198.99	219,466.32	142,646.15	1,740,063.63	1,741,295.51
	EMERGENCY ROOM	412,423.88	386,748.97	456,990.62	374,979.56	4,042,395.74	4,231,457.63
	MATERNITY	39,153.15	44,235.01	41,932.11	37,975.02	456,438.43	439,959.33
	MEDICAL AND SURGICAL	6,427,301.57	6,471,927.52	6,764,464.78	6,286,532.60	68,574,964.43	71,381,170.32
*****							
sum		7,011,321.41	7,109,296.08	7,523,693.47	6,881,623.85	75,208,979.67	78,237,283.16
PHARMACY	PRESCRIPTION DRUGS	12,412,504.95	10,194,897.10	9,691,918.87	8,911,354.87	112,655,437.57	97,456,171.73
*****							
sum		12,412,504.95	10,194,897.10	9,691,918.87	8,911,354.87	112,655,437.57	97,456,171.73
PROFESSIONAL SERVICES	ADVANCED IMAGING	463,095.70	465,925.38	453,496.79	446,417.71	4,987,635.20	4,979,767.71
	AMBULANCE	156,868.70	163,391.82	174,295.62	157,788.70	1,704,728.95	1,757,400.65
	ANESTHESIA	569,688.48	604,216.29	608,822.86	596,840.79	6,430,528.34	6,685,978.04
	BEHAVIORAL	342,849.91	322,252.35	377,002.34	315,011.33	3,400,999.43	3,534,877.26
	CARDIOVASCULAR MEDICINE	394,419.36	359,281.08	380,993.53	368,698.92	3,794,351.50	4,133,238.47
	CERVICAL CANCER SCREENING	18,281.49	25,380.33	25,814.94	32,332.54	262,804.88	354,499.67
	DIALYSIS	8,585.14	9,230.76	8,871.56	20,535.60	96,173.88	197,072.18
	DME	350,326.32	309,002.52	312,534.88	317,713.38	3,257,216.45	3,585,953.92

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 - NON MEDICARE ELIGIBLE  
 MAY 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	3,962,230.16	4,021,228.38	3,859,242.38	3,789,239.68	43,682,990.69	42,486,412.75
	IMMUNIZATION	242,651.84	222,280.42	116,296.81	146,346.14	2,654,007.87	1,707,428.51
	INJECTION	564,575.93	661,225.69	626,561.85	662,730.49	7,058,081.01	7,353,810.36
	LAB AND PATHOLOGY	668,786.77	603,914.47	642,370.48	566,423.23	6,323,020.20	6,323,299.88
	MAMMOGRAPHY	2,112.92	67,261.10	77,109.38	90,011.39	627,162.24	999,507.74
	OTHER	317,120.61	344,057.00	317,337.73	399,068.02	3,650,162.76	4,456,917.24
	OTHER IMAGING	831,949.91	808,928.29	755,806.05	721,470.56	8,529,628.48	8,089,677.70
	OTHER MEDICINE	548,411.50	598,451.20	527,493.55	587,928.71	6,494,996.85	6,364,882.23
	PHYSICAL MEDICINE	537,431.25	533,030.08	531,393.89	493,381.14	5,723,973.53	5,554,868.89
	PROSTATE CANCER SCREENING	15,643.21	16,013.68	21,163.71	14,334.78	161,582.34	169,468.45
	SURGICAL	2,254,986.71	2,359,025.93	2,377,164.46	2,267,587.34	25,044,446.01	25,548,984.53
*****							
sum		12,250,015.91	12,494,096.77	12,193,772.81	11,993,860.46	133,884,490.61	134,284,046.18
sum		37,136,073.86	35,100,038.91	34,528,542.88	33,236,477.53	379,259,641.83	371,469,851.87

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

29 rows selected.



# *Monthly Management Report*

***NON MEDICARE ELIGIBLE***

***PER CAPITA CLAIMS***

***MAY 2007***

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
 MONTHLY MANAGEMENT REPORT - PER CAPITA CLAIMS - NON MEDICARE ELIGIBLE  
 MAY 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	1.2098	1.0677	1.1039	.9911	11.5427	10.8186
	MATERNITY	.9259	1.0915	1.0408	.9505	11.2497	10.3379
	MEDICAL AND SURGICAL	33.9196	33.6992	31.7618	35.5095	353.0954	388.9816
	NEONATAL COMPLICATIONS	.0416	.6733	.3652	.3874	7.1188	4.2240
*****							
sum		36.0967	36.5316	34.2717	37.8385	383.0066	414.3620
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.2194	.2632	.2734	.2741	2.6314	2.9878
	DIALYSIS	.6558	1.1591	1.4693	.9901	11.5884	11.7336
	EMERGENCY ROOM	2.7255	2.6649	3.0595	2.6034	26.9213	28.5134
	MATERNITY	.2587	.3048	.2807	.2636	3.0398	2.9646
	MEDICAL AND SURGICAL	42.4743	44.5957	45.2866	43.6440	456.6915	480.9971
*****							
sum		46.3338	48.9877	50.3695	47.7752	500.8723	527.1965
PHARMACY	PRESCRIPTION DRUGS	82.0271	70.2530	64.8853	61.8472	750.2560	656.7017
*****							
sum		82.0271	70.2530	64.8853	61.8472	750.2560	656.7017
PROFESSIONAL SERVICES	ADVANCED IMAGING	3.0603	3.2105	3.0361	3.0984	33.2164	33.5558
	AMBULANCE	1.0367	1.1259	1.1669	1.0954	11.3531	11.8421
	ANESTHESIA	3.7647	4.1638	4.0759	4.1441	42.8257	45.0530
	BEHAVIORAL	2.2657	2.2202	2.5239	2.1861	22.6498	23.8195
	CARDIOVASCULAR MEDICINE	2.6065	2.4756	2.5507	2.5591	25.2694	27.8515
	CERVICAL CANCER SCREENING	.1208	.1750	.1728	.2245	1.7502	2.3888
	DIALYSIS	.0567	.0636	.0594	.1426	.6405	1.3280
	DME	2.3151	2.1295	2.0924	2.2061	21.6922	24.1637

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 - NON MEDICARE ELIGIBLE  
 MAY 2007

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Reporting Category	Type of Service	Current Period	Current	12 Months Prior	12 Months Prior	Current Fiscal Yr	Previous Fiscal Yr
		PEIA Payments	Rolling Avg PEIA Payments	PEIA Payments	Rolling Avg PEIA Payments	PEIA Payments	PEIA Payments
PROFESSIONAL SERVICES	EVALUATION AND MANAGEMENT	26.1841	27.7070	25.8368	26.3033	290.9174	286.2918
	IMMUNIZATION	1.6035	1.5307	.7786	1.0155	17.6750	11.5054
	INJECTION	3.7310	4.5563	4.1947	4.6012	47.0050	49.5531
	LAB AND PATHOLOGY	4.4196	4.1605	4.3005	3.9305	42.1097	42.6091
	MAMMOGRAPHY	.0140	.4641	.5162	.6250	4.1767	6.7351
	OTHER	2.0957	2.3712	2.1245	2.7717	24.3091	30.0326
	OTHER IMAGING	5.4979	5.5733	5.0600	5.0077	56.8051	54.5117
	OTHER MEDICINE	3.6241	4.1241	3.5315	4.0807	43.2550	42.8893
	PHYSICAL MEDICINE	3.5516	3.6726	3.5576	3.4246	38.1202	37.4311
	PROSTATE CANCER SCREENING	.1034	.1104	.1417	.0994	1.0761	1.1420
	SURGICAL	14.9019	16.2561	15.9146	15.7440	166.7895	172.1601
*****							
sum		80.9533	86.0905	81.6347	83.2601	891.6360	904.8638
sum		245.4109	241.8629	231.1612	230.7210	2,525.7708	2,503.1239

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*

*MAY 2007*

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
 MONTHLY MANAGEMENT REPORT - PER CAPITA UTILIZATION - NON MEDICARE ELIGIBLE  
 MAY 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
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	.0007	.0005	.0065	.0061
	MATERNITY	.0009	.0008	.0085	.0086
	MEDICAL AND SURGICAL	.0077	.0081	.0862	.0898
	NEONATAL COMPLICATIONS	.0001	.0003	.0024	.0030
*****					
sum		.0094	.0098	.1035	.1076
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.0030	.0028	.0314	.0356
	DIALYSIS	.0035	.0036	.0406	.0379
	EMERGENCY ROOM	.0228	.0256	.2465	.2570
	MATERNITY	.0019	.0022	.0212	.0205
	MEDICAL AND SURGICAL	.1878	.2003	2.0934	2.1980
*****					
sum		.2190	.2346	2.4331	2.5490
PHARMACY	PRESCRIPTION DRUGS	1.0249	.8116	9.7739	9.1339
*****					
sum		1.0249	.8116	9.7739	9.1339
PROFESSIONAL SERVICES	ADVANCED IMAGING	.0211	.0187	.2238	.2260
	AMBULANCE	.0031	.0037	.0367	.0382
	ANESTHESIA	.0163	.0171	.1905	.2009
	BEHAVIORAL	.0374	.0407	.4086	.4204
	CARDIOVASCULAR MEDICINE	.0294	.0296	.3339	.3604
	CERVICAL CANCER SCREENING	.0058	.0071	.0776	.1022
	DIALYSIS	.0006	.0005	.0079	.0103
	DME	.0208	.0210	.2309	.2476
	EVALUATION AND MANAGEMENT	.4436	.4619	5.1331	5.2185
	IMMUNIZATION	.0153	.0096	.3174	.2419

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  
 MAY 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	INJECTION	.0244	.0239	.2705	.2506
	LAB AND PATHOLOGY	.1616	.1446	1.7075	1.6337
	MAMMOGRAPHY	.0007	.0119	.1003	.1608
	OTHER	.0231	.0311	.3398	.3004
	OTHER IMAGING	.1010	.0942	1.1038	1.1306
	OTHER MEDICINE	.0701	.0716	.8099	.8026
	PHYSICAL MEDICINE	.0917	.0938	1.0659	1.0758
	PROSTATE CANCER SCREENING	.0058	.0069	.0632	.0638
	SURGICAL	.0701	.0734	.8173	.8247
***** sum		1.1419	1.1616	13.2387	13.3093
sum		2.3952	2.2175	25.5491	25.0998

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

29 rows selected.



# *Prescription Drug Report*

*MAY 2007*

### WV PEIA - Monthly Trend

Plan Demographics	Jan-07	Feb-07	Mar-07	Apr-07	May-07	2006 - 2007 Fiscal	2005 - 2006 Fiscal	Percent Change
Total Drug Cost	\$22,166,912	\$19,962,589	\$22,693,550	\$21,319,741	\$21,836,197	\$231,275,060	\$215,662,203	7.24%
Amount Paid By Plan Sponsor	\$18,213,364	\$16,455,062	\$18,789,742	\$17,714,559	\$18,151,650	\$184,726,200	\$168,092,907	9.90%
Amount Paid by Members	\$3,953,548	\$3,507,528	\$3,903,808	\$3,605,182	\$3,684,548	\$46,548,860	\$47,569,296	-2.15%
Total Claims	332,576	296,340	334,453	313,783	326,637	3,421,334	3,275,167	4.46%
Average Eligible Member	187,582	187,731	187,986	188,096	187,907	187,852	186,863	0.53%
Average # of Rx's Per Member Per Month	1.77	1.58	1.78	1.67	1.74	1.66	1.59	3.91%
Plan Paid Per Member Per Month (PMPM)	\$97.10	\$87.65	\$99.95	\$94.18	\$96.60	\$89.40	\$81.78	9.32%
Average Eligible Enrollees	97,208	97,253	97,325	97,367	97,357	97,025	95,974	1.09%
Average # of Rx's Per Enrollee Per Month	3.42	3.05	3.44	3.22	3.36	3.21	3.10	3.33%
Plan Paid Per Enrollee Per Month (PEPM)	\$187.36	\$169.20	\$193.06	\$181.94	\$186.44	\$173.06	\$159.22	8.71%
<b>Rx Cost Share</b>								
Avg. Claim Cost to Plan	\$54.76	\$55.53	\$56.18	\$56.45	\$55.57	\$53.99	\$51.32	5.20%
Avg. Member Cost/Claim	\$11.89	\$11.84	\$11.67	\$11.49	\$11.28	\$13.61	\$14.52	-6.33%
Percent member Cost Share	17.8%	17.6%	17.2%	16.9%	16.9%	20.1%	22.1%	-8.75%
<b>Average Ingredient Costs</b>								
Single Source (no generics available)	\$138.24	\$141.85	\$143.02	\$144.18	\$146.88	\$137.62	\$123.77	11.18%
Multi-Source Brand (generics available)	\$39.52	\$39.89	\$42.62	\$38.08	\$36.31	\$38.91	\$33.63	15.72%
Generic Drugs	\$24.06	\$23.11	\$23.54	\$23.63	\$21.94	\$24.78	\$19.98	24.05%
<b>Brand/Generic Dispensing Rates</b>								
Single Source (no generics)	35.32%	35.42%	35.16%	34.91%	34.30%	35.95%	41.97%	-14.35%
Multi-Source Brand (generics available)	1.18%	1.18%	1.24%	1.20%	1.11%	1.24%	1.37%	-9.55%
Generic Drug	63.50%	63.41%	63.61%	63.89%	64.58%	62.82%	56.66%	10.86%
Generics Dispensed when available	98.18%	98.18%	98.09%	98.16%	98.31%	96.07%	97.64%	0.44%
Percent of Plan Cost for Single Source	76.25%	77.63%	77.23%	77.19%	78.74%	76.35%	82.59%	-7.56%
<b>Retail Pharmacy Program</b>								
Avg. Day Supply	33.4	33.8	33.5	34.0	34.1	33.9	33.5	1.16%
Avg. Plan Cost/Day Supply	\$1.63	\$1.63	\$1.66	\$1.64	\$1.62	\$1.58	\$1.51	4.12%
Avg. Claim Cost to Plan	\$54.30	\$56.06	\$56.70	\$55.96	\$55.09	\$53.52	\$50.81	5.33%
Avg. Member Cost / Claim	\$11.82	\$11.77	\$11.61	\$11.42	\$11.21	\$13.52	\$14.43	-6.30%
Percent Member Cost Share	17.88%	17.61%	17.25%	16.94%	16.91%	20.17%	22.12%	-8.81%
Special Maint Netwk (% of claims filled)	12.53%	12.73%	12.44%	12.89%	5.83%	12.08%	12.01%	0.59%
Other Maint (% of claims filled)	1.49%	1.58%	1.56%	1.47%	0.52%	1.48%	1.77%	-16.37%
Avg. Days Supply for Maint. Netwks	87.9	88.0	88.0	88.0	88.0	88.0	87.9	0.00%
Total # Claims Fills 1-34 Days Supply	283,102	251,348	284,874	265,961	277,688	2,902,410	2,796,780	3.78%
Total # Claims Fills 35-60 Day Supply	2,359	2,057	2,307	2,229	2,314	24,687	23,610	4.56%
Total # Claims Fills 61-90 Day Supply	43,839	39,973	44,128	42,431	43,540	460,193	423,060	8.78%
Total # Claims Fills 91+ Day Supply	64	46	44	45	23	449	377	19.10%
<b>Mail Service Program</b>								
Avg. Days Supply	73.5	74.1	74.2	74.1	73.8	74.1	74.3	-0.32%
Avg. Plan Cost/Days Supply	\$1.39	\$1.39	\$1.46	\$1.42	\$1.43	\$1.37	\$1.40	-2.14%
Avg. Cost to Plan	\$102.08	\$102.96	\$108.06	\$105.58	\$105.81	\$101.62	\$104.18	-2.46%
Avg. Member Cost/Claim	\$18.51	\$18.89	\$18.02	\$18.76	\$18.18	\$21.76	\$23.87	-8.83%
Percent Member Cost Share	15.35%	15.50%	14.29%	15.09%	14.66%	17.64%	18.64%	-5.38%
Total # Claims Fill 1-34 Days Supply	893	775	826	836	837	9008	8293	8.62%
Total # Claims Fills 35-60 Days Supply	10	19	7	7	B	99	78	26.92%
Total # Claims Fills 61-90 Days Supply	2,309	2,122	2,267	2,274	2,227	24,488	22,969	6.61%
Total # Claims Fills 91+ Day Supply								
<b>Formulary Program</b>								
S/S Formulary Drugs (% by claim)	24.56%	24.77%	24.80%	24.99%	24.33%	24.60%	28.54%	-13.83%
S/S Non-Formulary Drugs (% by claim)	10.76%	10.65%	10.36%	9.93%	9.97%	11.35%	13.42%	-15.44%
M/S Drugs (% by claim)	0.03%	0.05%	0.03%	0.02%	0.01%	0.04%	0.02%	104.56%
Generic Drugs (% by Claim)	63.50%	63.41%	63.61%	63.89%	64.58%	62.82%	56.66%	10.86%
S/S Formulary Drugs (% by \$)	59.73%	60.69%	60.98%	61.49%	62.38%	59.38%	63.66%	-6.72%
s/s non-Formulary Drugs (% by \$)	16.52%	16.94%	16.25%	15.70%	16.36%	16.98%	18.94%	-10.36%
M/S Drugs (% by \$)	0.07%	0.10%	0.06%	0.05%	0.03%	0.08%	0.02%	285.10%
Generic Drugs (% by \$)	23.40%	22.01%	22.37%	22.50%	20.99%	23.29%	17.10%	36.17%
<b>Specialty Drugs</b>								
Total Drug Cost	\$1,511,730	\$1,493,512	\$1,762,965	\$1,635,946	\$1,757,098	\$17,140,001	\$14,765,031	16.08%
Amount Paid by Plan Sponsor	\$1,462,679	\$1,447,788	\$1,709,469	\$1,585,923	\$1,706,081	\$16,518,249	\$14,183,460	16.38%
Amount Paid by Members	\$49,051	\$45,724	\$53,495	\$50,023	\$51,016	\$621,752	\$571,572	8.78%
Total Claims	1,002	936	1,093	1,018	1,072	11,756	12,561	-6.41%
Avg # of Rx's per Member per Month	0.01	0.00	0.01	0.01	0.01	0.01	0.01	-6.90%
Plan Paid Per Member Per Month (PMPM)	\$7.80	\$7.71	\$9.09	\$8.43	\$9.08	\$7.99	\$6.91	15.77%
Avg Claim Cost to Plan	\$1,459.76	\$1,546.78	\$1,564.02	\$1,557.88	\$1,591.49	\$1,405.09	\$1,129.96	24.35%
Avg Claim Cost to Member	\$48.95	\$48.85	\$48.94	\$49.14	\$47.59	\$52.89	\$45.50	16.23%
Percent of Member Cost Share	3.24%	3.06%	3.03%	3.06%	2.90%	3.63%	3.87%	-6.29%
Percent of Overall Drug Spend	6.82%	7.48%	7.77%	7.67%	8.05%	7.41%	6.85%	8.26%

WV PEIA - Monthly Trend

Plan Demographics	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
<b>Total Drug Cost</b>	\$18,456,426	\$20,745,426	\$20,296,736	\$21,217,078	\$20,977,317	\$21,601,085
Amount Paid By Plan Sponsor	\$11,154,257	\$15,960,859	\$16,210,925	\$17,207,009	\$17,120,210	\$17,748,564
Amount Paid By Members	\$7,302,169	\$4,784,567	\$4,087,813	\$4,010,069	\$3,857,108	\$3,852,521
<b>Total Claims</b>	274,637	302,944	298,894	313,590	310,583	316,897
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	\$182.50
<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	\$13.66	\$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	\$1.66
Avg. Claim Cost to Plan	\$40.19	\$62.21	\$53.82	\$54.38	\$54.62	\$55.50
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	233,147	255,181	253,026	265,877	263,233	268,973
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	36,577	42,252	40,709	42,250	41,861	42,633
Total # Claims Fills 91+ Day Supply	30	42	26	38	41	46
<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	\$60.94	\$97.98	\$86.61	\$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	826	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%	56.36%	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	\$58,238	\$55,737	\$54,483	\$57,810
Total Claims	1,022	1,139	1,132	1,094	1,087	1,151
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	\$51.45	\$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%

Utilization Report by Population Level  
 Prescriptions Filled From 05/2007 - 05/2007  
 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)	187,907	98,667	327,114	\$18,181,258	\$11.29	\$55.58	0.9 %	64.6 %	88.3 %	98.3 %	\$96.76
Grand Total	187,907		327,114	\$18,181,258	\$11.29	\$55.58	0.9 %	64.6 %	88.3 %	98.3 %	\$96.76

Utilization Report by Population Level  
 Prescriptions Filled From 05/2007 - 05/2007  
 WV Public Employees Ins - w/o AccessWV

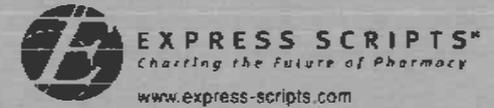


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WV PUBLIC EMPLOYEES INSURANCE (WVA)

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)	164,564	87,404	290,629	\$16,242,500.77	\$11.34	\$55.89	0.9 %	64.4 %	88.2 %	98.3 %	\$98.70
NON STATE (2000)	22,969	11,072	35,790	\$1,891,078.15	\$10.90	\$52.84	0.9 %	66.1 %	89.1 %	98.6 %	\$82.33
COBRA (3000)	374	191	695	\$47,679.20	\$11.22	\$68.60	0.7 %	61.6 %	86.8 %	98.4 %	\$127.48
Grand Total	187,907		327,114	\$18,181,258	\$11.29	\$55.58	0.9 %	64.6 %	88.3 %	98.3 %	\$96.76

Utilization Report by Population Level  
 Prescriptions Filled From 05/2007 - 05/2007  
 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)	117,087	53,089	147,605	\$8,064,122.59	\$11.56	\$54.63	0.8 %	64.5 %	87.8 %	98.4 %	\$68.87
STATE RETIREES (07)	37,596	27,971	114,660	\$6,609,653.84	\$11.99	\$57.65	1.1 %	63.6 %	88.1 %	98.1 %	\$175.81
NON STATE AGENCIES (02)	17,209	7,596	21,905	\$1,153,413.50	\$11.07	\$52.66	0.8 %	66.1 %	88.7 %	98.7 %	\$67.02
STATE RETIREES ASST 60 (0760)	4,241	3,417	16,712	\$955,009.81	\$6.45	\$57.15	0.7 %	66.3 %	89.7 %	98.6 %	\$225.19
NON STATE RETIREES (08)	2,628	1,933	8,461	\$473,744.67	\$11.49	\$55.99	1.3 %	64.0 %	88.9 %	98.2 %	\$180.27
STATE RETIREES ASST 40 (0740)	2,204	1,816	8,527	\$452,054.18	\$7.77	\$53.01	1.3 %	67.9 %	90.6 %	98.6 %	\$205.11
NON STATE RETIREES 60 (0860)	600	456	2,250	\$125,388.25	\$6.23	\$55.73	0.4 %	66.6 %	90.7 %	99.1 %	\$208.98
STATE AGENCIES (01B)	3,032	795	1,688	\$86,359.27	\$15.83	\$51.16	1.7 %	70.9 %	89.9 %	99.4 %	\$28.48
NON STATE AGENCIES PLAN B (02B)	2,212	842	2,083	\$79,302.27	\$13.43	\$38.07	1.0 %	72.1 %	91.0 %	99.5 %	\$35.85
STATE RETIREES ASST 20 (0720)	404	316	1,437	\$75,301.08	\$9.07	\$52.40	1.4 %	67.0 %	90.0 %	98.2 %	\$186.39
COBRA (COBRA)	374	191	695	\$47,679.20	\$11.22	\$68.60	0.7 %	61.6 %	86.8 %	98.4 %	\$127.48
NON STATE RETIREES 40 (0840)	257	199	893	\$44,819.57	\$7.47	\$50.19	2.0 %	67.9 %	91.5 %	98.5 %	\$174.40
NON STATE RETIREES 20 (0820)	61	46	198	\$14,409.89	\$9.11	\$72.78	0.0 %	67.7 %	91.4 %	99.3 %	\$236.23
TEST GROUP (XXXX)	2	NA	NA	\$0.00	NA	NA	NA	NA	NA	NA	NA
<b>Grand Total</b>	<b>187,907</b>		<b>327,114</b>	<b>\$18,181,258</b>	<b>\$11.29</b>	<b>\$55.58</b>	<b>0.9 %</b>	<b>64.6 %</b>	<b>88.3 %</b>	<b>98.3 %</b>	<b>\$96.76</b>



**Key Performance Indicators**

Comprehensive Indicators

WV Public Employees Ins - w/o AccessWV

Current Period: 05/2007 - 05/2007  
Previous Period: 05/2006 - 05/2006

	Current Period	Previous Period	% Change
<b>Overall Performance</b>			
Plan Cost PMPM	\$96.76	\$94.36	2.5 %
Average Mbrs/Month	187,907	187,330	0.3 %
Average Subs/Month	97,357	96,222	1.2 %
% Utilizing Members	52.5 %	51.5 %	2.0 %
% Retail Utilizing Members	52.1 %	51.1 %	2.0 %
% Mail Utilizing Members	0.7 %	0.7 %	0.6 %
<b>Rx Measures</b>			
Rxs PMPM	1.74	1.68	3.4 %
Retail Rxs PMPM	1.72	1.67	3.5 %
Mail Rxs PMPM	0.02	0.02	-1.7 %
Average Admin Fee/Rx	\$0.00	\$0.00	-92.1 %
Avg Retail Admin Fee/Rx	\$0.00	\$0.00	-92.1 %
Avg Mail Admin Fee/Rx	\$0.00	\$0.00	0.0 %
Average Plan Cost/Rx	\$55.58	\$56.06	-0.8 %
Avg Retail Plan Cost/Rx	\$55.10	\$55.52	-0.7 %
Avg Mail Plan Cost/Rx	\$105.80	\$110.02	-3.8 %
Average Mbr Contrib/Rx	\$11.29	\$12.56	-10.1 %
Avg Retail Mbr Contrib/Rx	\$11.22	\$12.48	-10.1 %
Avg Mail Mbr Contrib/Rx	\$18.18	\$20.19	-9.9 %
Average Ing Cost/Rx	\$64.98	\$66.49	-2.3 %
Avg Retail Ing Cost/Rx	\$64.43	\$65.87	-2.2 %
Avg Mail Ing Cost/Rx	\$122.49	\$128.71	-4.8 %
Average AWP/Rx	\$104.36	\$99.03	5.4 %
Avg Retail AWP/Rx	\$103.44	\$98.12	5.4 %
Avg Mail AWP/Rx	\$201.14	\$189.76	6.0 %
Average Days Supply/Rx	34.4	34.6	-0.5 %
Avg Retail Days/Rx	34.1	34.2	-0.4 %
Avg Mail Days/Rx	73.8	74.2	-0.6 %
Average Plan Cost/Day	\$1.61	\$1.62	-0.4 %
Avg Retail Plan Cost/Day	\$1.62	\$1.62	-0.3 %
Avg Mail Plan Cost/Day	\$1.43	\$1.48	-3.2 %
% Plan Cost	83.1 %	81.7 %	1.7 %
% Member Contribution	16.9 %	18.3 %	-7.8 %
% Retail Plan Cost	83.1 %	81.6 %	1.8 %
% Retail Mbr Contrib	16.9 %	18.4 %	-7.8 %
% Mail Plan Cost	85.3 %	84.5 %	1.0 %
% Mail Member Contrib	14.7 %	15.5 %	-5.4 %



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

Current Period: 05/2007 - 05/2007  
 Previous Period: 05/2006 - 05/2006

	Current Period	Previous Period	% Change
<b>Rx Sources</b>			
% Mail Rxs	0.9 %	1.0 %	-5.0 %
% Retail Rxs	99.1 %	98.9 %	0.1 %
% Member Submit Rxs	0.0 %	0.1 %	-94.8 %
<b>Rx Types</b>			
Avg SSB Plan Cost/Rx	\$127.55	\$112.98	12.9 %
Avg Retail SSB Plan Cost/Rx	\$126.69	\$112.06	13.1 %
Avg Mail SSB Plan Cost/Rx	\$203.70	\$188.39	8.1 %
Avg MSB Plan Cost/Rx	\$13.26	\$15.46	-14.2 %
Avg Retail MSB Plan Cost/Rx	\$13.31	\$15.34	-13.3 %
Avg Mail MSB Plan Cost/Rx	\$4.92	\$33.61	-85.4 %
Avg GEN Plan Cost/Rx	\$18.06	\$17.32	4.3 %
Avg Retail GEN Plan Cost/Rx	\$17.89	\$17.19	4.1 %
Avg Mail GEN Plan Cost/Rx	\$38.52	\$33.39	15.4 %
% Single-Source Brand Rxs	34.3 %	40.5 %	-15.3 %
% Multi-Source Brand Rxs	1.1 %	1.3 %	-16.3 %
% Generic Rxs	64.6 %	58.2 %	11.0 %
% Retail Single-Source Brand	34.3 %	40.4 %	-15.3 %
% Retail Multi-Source Brand	1.1 %	1.3 %	-16.2 %
% Retail Generic	64.6 %	58.2 %	11.0 %
% Mail Single-Source Brand	40.9 %	49.4 %	-17.4 %
% Mail Multi-Source Brand	0.6 %	0.9 %	-31.1 %
% Mail Generic	58.5 %	49.7 %	17.8 %
% Formulary Rxs	88.3 %	84.3 %	4.6 %
% Retail Formulary Rxs	88.3 %	84.3 %	4.6 %
% Mail Formulary Rxs	87.9 %	84.2 %	4.4 %
% DAW Rxs	0.8 %	0.8 %	-4.1 %
% Retail DAW Rxs	0.8 %	0.8 %	-4.1 %
% Mail DAW Rxs	1.5 %	1.5 %	-2.8 %
% Generic Conversion	98.3 %	97.8 %	0.6 %
% Retail GEN Conversion	98.3 %	97.8 %	0.6 %
% Mail GEN Conversion	99.0 %	98.2 %	0.7 %
<b>Period Totals</b>			
Total Plan Cost	\$18,181,258.12	\$17,677,302.42	2.9 %
Retail Plan Cost	\$17,856,022.45	\$17,334,140.90	3.0 %
Mail Plan Cost	\$325,235.67	\$343,161.52	-5.2 %
Total Member Contribution	\$3,692,679.08	\$3,960,376.01	-6.8 %
Retail Member Contrib	\$3,636,779.59	\$3,897,402.77	-6.7 %

**Key Performance Indicators**  
Comprehensive Indicators  
WW Public Employees Ins - w/o AccessWW

Current Period: 05/2007 - 05/2007  
Previous Period: 05/2006 - 05/2006

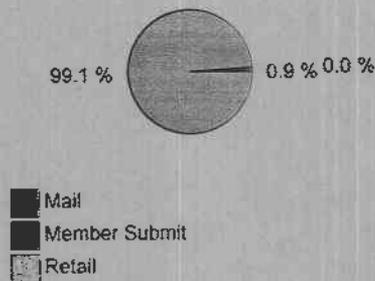
	Current Period	Previous Period	% Change
Mail Member Contrib	\$55,899.49	\$62,973.24	-11.2 %
Total Rx Count	327,114	315,352	3.7 %
Retail Rx Count	324,027	311,990	3.9 %
Member Submit Rxs	13	243	-94.7 %
Mail Rx Count	3,074	3,119	-1.4 %
Total Admin Fee	\$31.50	\$384.00	-91.8 %
Total UC Savings	\$11,093,294.35	\$9,922,593.67	11.8 %
Total Lost Savings	\$19,189.36	\$19,569.25	-1.9 %

**Demographics**

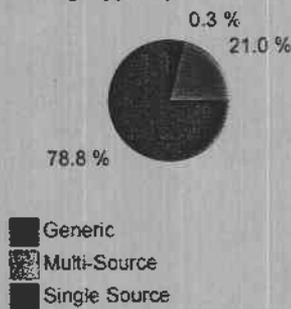
Average Age	45.6	45.3	0.6 %
% Male Members	45.2 %	45.1 %	0.2 %
% Female Members	54.8 %	54.9 %	-0.1 %

Graphs based on Current Period: 05/2007 - 05/2007

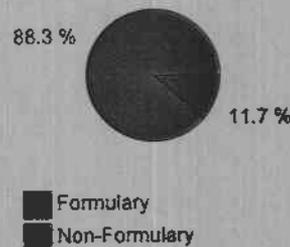
Claim Source by Rx Count



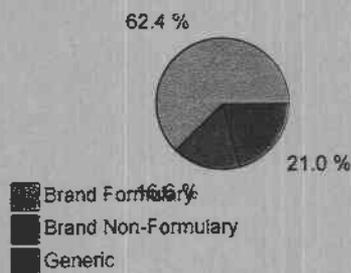
Drug Type by Plan Cost



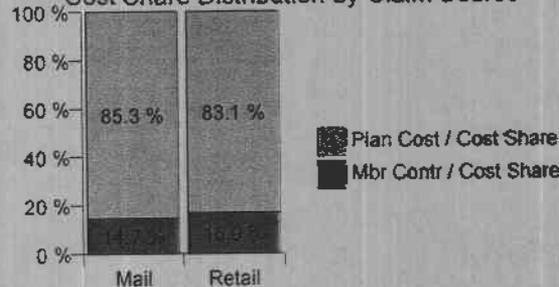
Formulary Status by Rx Count



Drug Formulary Status by Plan Cost



Cost Share Distribution by Claim Source





# *Financials*

MAY 2007

## Public Employees Insurance Agency and Retiree Health Benefit Trust Fund

## Balance Sheets

May 31, 2007 and 2006

Accrual Basis

(Unaudited-For Internal Use Only)

Assets	May 2007	May 2006	Increase <Decrease>
Cash and cash equivalents	\$ 155,952,380	\$ 93,570,646	\$ 62,381,734
Deposits with third-party administrators	820,472	535,703	284,769
Premium accounts receivable-net of allowance for doubtful accounts	27,715,197	27,636,558	78,639
Other accounts receivable	6,042,066	6,728,942	(686,876)
	<hr/>	<hr/>	
Total current assets	190,530,115	128,471,849	62,058,266
Investments	171,428,449	154,378,420	17,050,029
Furniture and equipment, net of accumulated depreciation	383,308	164,148	219,160
Restricted cash-premium stabilization life insurance	3,942,868	3,942,715	153
Restricted cash-new computer system	3,441,220	3,833,000	(391,780)
	<hr/>	<hr/>	
Total assets	<u>\$ 369,725,960</u>	<u>\$ 290,790,132</u>	<u>\$ 78,935,828</u>
<b>Liabilities and Retained Earnings</b>			
Claims payable	\$ 51,280,000	\$ 56,500,000	\$ (5,220,000)
Current claims payable	7,784,395	3,986,214	3,798,181
Unearned revenue	6,968,304	3,388,696	3,579,608
Accounts payable	14,416,129	9,550,960	4,865,169
Other accrued liabilities	1,190,634	944,770	245,864
Due to over-reserve fund	27,679,595	-	27,679,595
	<hr/>	<hr/>	
Total liabilities	109,319,057	74,370,640	34,948,417
Retained earnings	260,406,903	216,419,492	43,987,411
	<hr/>	<hr/>	
Total liabilities and retained earnings	<u>\$ 369,725,960</u>	<u>\$ 290,790,132</u>	<u>\$ 78,935,828</u>

For internal use only. See financial comments.  
Prepared June 29, 2007

State of West Virginia  
Public Employees Insurance Agency and Retiree Health Benefit Trust Fund  
**Statements of Revenues, Expenses and  
Changes in Retained Earnings (continued)**

May 31, 2007 and 2006  
Accrual Basis  
(Unaudited-For Internal Use Only)

	Budgeted Eleven Months Ended 31-May-07	Actual Eleven Months Ended 31-May-07	Budget Variance Percent	Actual Eleven Months Ended 31-May-06	This Year vs Last Year Increase <Decrease>	This Year vs Last Year Variance Percent
<b>Operating Revenue</b>						
Premiums						
Employer Premiums-State	\$ 377,590,208	\$377,986,452	0.10%	\$ 377,463,947	\$ 522,505	0.14%
Employee Premiums-State	88,064,371	87,905,626	-0.18%	75,573,766	12,331,860	16.32%
Local Premiums	65,777,908	66,707,644	1.41%	63,424,887	3,282,757	5.18%
Retiree Premiums	60,904,952	60,601,035	-0.50%	51,143,981	9,457,054	18.49%
Basic Life Insurance	5,614,333	5,660,161	0.82%	5,908,391	(248,230)	-4.20%
Other Premiums and Adjustments	1,375,000	1,345,614	-2.14%	4,258,852	(2,913,238)	-68.40%
Medicare Part D	18,333,333	18,333,333	0.00%	7,225,389	18,333,333	253.73%
<b>Total Premiums</b>	<b>617,660,106</b>	<b>618,539,865</b>	<b>0.14%</b>	<b>584,999,213</b>	<b>33,540,652</b>	<b>5.73%</b>
Less:						
Payments to managed care organizations	(53,346,268)	(52,915,666)	-0.81%	(51,372,183)	(1,543,483)	3.00%
Life insurance premiums-basic	(5,614,333)	(5,657,468)	0.77%	(5,909,363)	251,895	-4.26%
<b>Net premium revenue</b>	<b>558,699,505</b>	<b>559,966,731</b>	<b>0.23%</b>	<b>527,717,667</b>	<b>32,249,064</b>	<b>6.11%</b>
Administrative fees, net of refunds	3,960,631	4,039,464	1.99%	5,494,282	(1,454,818)	-26.48%
<b>Net operating revenue</b>	<b>562,660,136</b>	<b>564,006,195</b>	<b>0.24%</b>	<b>533,211,949</b>	<b>30,794,246</b>	<b>5.78%</b>
<b>Operating Expenses</b>						
Claims expense-medical	319,156,667	321,447,165	0.72%	315,877,595	5,569,570	1.76%
Claims expense-drugs	172,160,523	176,526,290	2.54%	159,338,752	17,187,538	10.79%
Administrative service fees	15,889,175	15,809,593	-0.50%	14,854,675	954,918	6.43%
Wellness and disease management	1,629,424	1,749,180	7.35%	1,512,437	236,743	15.65%
Other operating expenses	7,105,290	7,420,130	4.43%	6,346,157	1,073,973	16.92%
<b>Total operating expense</b>	<b>515,941,079</b>	<b>522,952,358</b>	<b>1.36%</b>	<b>497,929,616</b>	<b>25,022,742</b>	<b>5.03%</b>
<b>Operating surplus</b>	<b>46,719,056</b>	<b>41,053,837</b>	<b>-12.13%</b>	<b>35,282,333</b>	<b>5,771,504</b>	<b>16.36%</b>

**State of West Virginia**  
**Public Employees Insurance Agency and Retiree Health Benefit Trust Fund**  
**Statements of Revenues, Expenses and**  
**Changes in Retained Earnings (continued)**  
**May 31, 2007 and 2006**  
**Accrual Basis**  
**(Unaudited-For Internal Use Only)**

	Budgeted Eleven Months Ended 31-May-07	Actual Eleven Months Ended 31-May-07	Budget Variance Percent	Actual Eleven Months Ended 31-May-06	This Year vs Last Year Increase <Decrease>	This Year vs Last Year Variance Percent
<b>Nonoperating Revenues and Transfers</b>						
Interest income, banks, net of fees	-	-	N/A	15,810	(15,810)	-100.00%
Interest and investment income	18,333,333	22,344,701	21.88%	7,650,700	14,694,001	192.06%
Transfer in	6,141,667	6,140,618	-0.02%	4,887,369	1,253,249	25.64%
<b>Total nonoperating revenues and transfers</b>	<b>24,475,000</b>	<b>28,485,319</b>	<b>16.39%</b>	<b>12,553,879</b>	<b>15,931,440</b>	<b>126.90%</b>
<b>Net Surplus</b>	<b>\$ 71,194,056</b>	<b>69,539,156</b>	<b>-2.32%</b>	<b>47,836,212</b>	<b>21,702,944</b>	<b>45.37%</b>
Retained Earnings, beginning of period		190,867,747		168,583,280	22,284,467	
<b>Retained Earnings, end of period</b>		<b>\$260,406,903</b>		<b>\$216,419,492</b>	<b>\$ 43,987,411</b>	

For internal use only. See financial comments.  
 Prepared June 29, 2007

**State of West Virginia  
Public Employees Insurance Agency and Retiree Health Benefit Trust Fund  
Financial Comments**

**Year-to-Date May 31, 2007 and 2006  
Accrual Basis**

**(Unaudited-For Internal Use Only)**

Amounts indicated in the attached financial statements include the accounts of the West Virginia Public Insurance Agency (PEIA) and the West Virginia Retiree Health Benefit Trust Fund (RHBT).

The Budgeted amounts reflected in these statements have been adjusted to incorporate the changes in premium and expense estimates which resulted from policyholder enrollment changes which took place during open enrollment and other changes in commitments which have occurred. Amounts reported in the Budgeted Column in the attached Statements of Revenues, Expenses, and Changes in Retained Earnings represent a one twelfth per month recognition of the annual budget except for claims expenses, which are from a seasonal budget that was developed by PEIA's Actuary.

PEIA's consulting actuaries have prepared an updated Actuarial Baseline Forecast dated May 22, 2007 which indicates a surplus of \$70,754,257 for Plan Year 2007. The Budget Column indicated in these reports has been adjusted to reflect this update.

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



	May 31	
	2007	2006
<b>ASSETS</b>		
Short Term Assets		
Cash and Equivalents	\$ 32,053,055	\$ 43,661,814
Advance Deposit with Carrier/Trustee	116,462,789	82,213,589
Receivables - Net	3,276,133	1,394,389
Prepaid Insurance	512,561	346,750
Total Short Term Assets	152,304,538	127,616,542
Long Term Assets		
Investments	118,143,580	105,341,653
Total Long Term Assets	118,143,580	105,341,653
<b>TOTAL ASSETS</b>	270,448,118	232,958,195
<b>LIABILITIES</b>		
Short Term Liabilities		
Accounts payable	2,957,619	255,362
Claims Payable	28,243	58,564
Agents Commissions Payable	1,839,865	1,906,974
Unearned Revenue	7,371,158	13,808,112
Current Estimated Claim Reserve	51,156,080	49,048,127
Total Short Term Liabilities	63,352,965	65,077,139
Long Term Liabilities		
Compensated Absences	163,620	166,553
Estimated Noncurrent Claim Reserve	121,788,881	129,501,683
Total Long Term Liabilities	121,952,501	129,668,236
<b>TOTAL LIABILITIES</b>	185,305,466	194,745,375
Prior Year Net Assets	44,843,685	526,803
Current Year Earnings	40,298,967	37,686,017
<b>TOTAL NET ASSETS</b>	85,142,652	38,212,820
<b>TOTAL LIABILITIES AND RETAINED EARNINGS</b>	\$ 270,448,118	\$ 232,958,195

DRAFT - Unaudited - Management Purposes Only

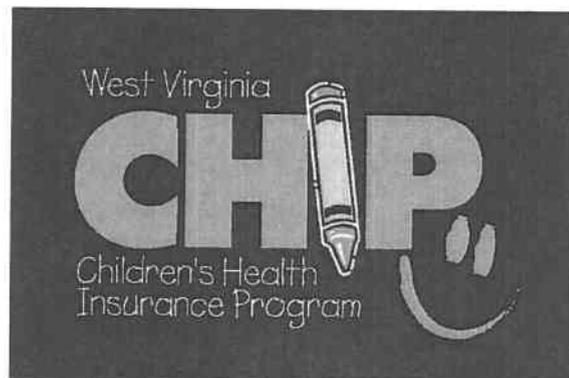
West Virginia Board of Risk and Insurance Management  
**UNAUDITED INCOME STATEMENT**  
 For the eleven months ending

**DRAFT**

	May 31	
	2007	2006
Operating Revenues		
Premium Revenues	\$ 73,870,954	\$ 76,485,332
Less - Excess Insurance	(5,638,176)	(3,797,977)
Total Operating Revenues	68,232,778	72,687,355
Operating Expenses		
Claims Expense	37,965,384	34,242,927
Property & MS Claims Expense	4,680,511	3,273,060
Personal Services	1,172,771	1,111,683
Operating Expenses	2,772,867	2,777,007
Total Operating Expenses	46,591,533	41,404,677
Operating Income	21,641,245	31,282,678
Nonoperating Revenues		
Court Fees	21,615	26,045
Claim Interest Income	189,219	-
Investment Income	18,446,888	6,377,294
Total Nonoperating Revenues	18,657,722	6,403,339
Net Income	40,298,967	37,686,017

DRAFT - Unaudited - Management Purposes Only

07/11/07

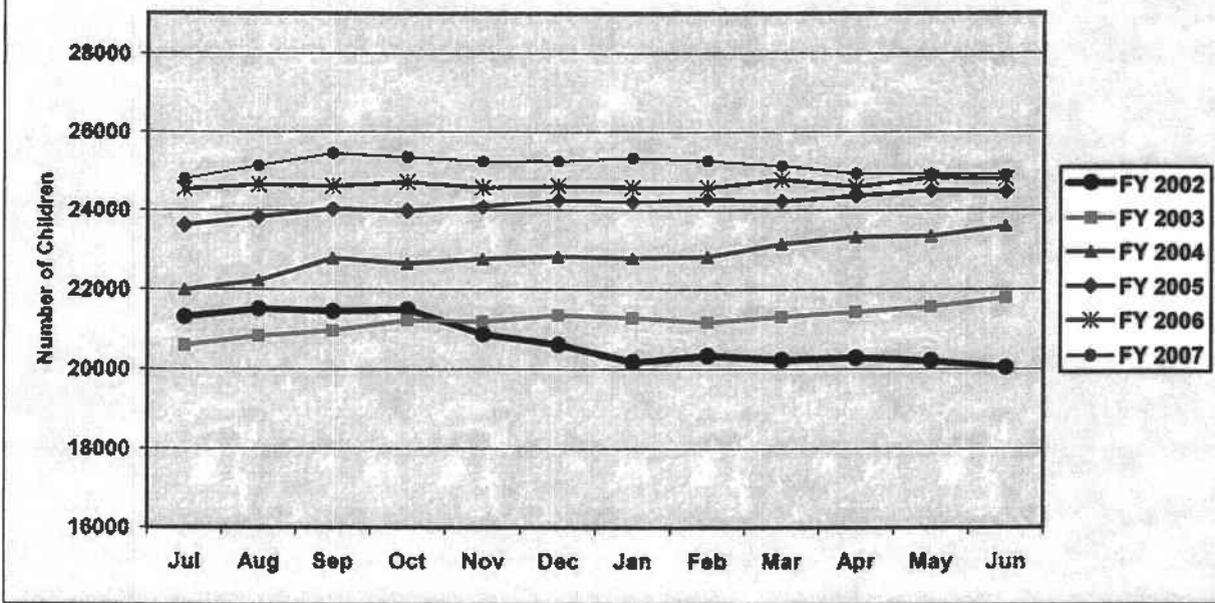


**West Virginia  
Children's Health Insurance Program  
1018 Kanawha Boulevard East  
Suite 208  
Charleston, WV 25301  
Phone: 304-558-2732  
Toll-Free: 1-877-WVA CHIP  
Fax: 304-558-2741  
[www.wvchip.org](http://www.wvchip.org)**

**Joint Committee on  
Government and Finance  
Report**

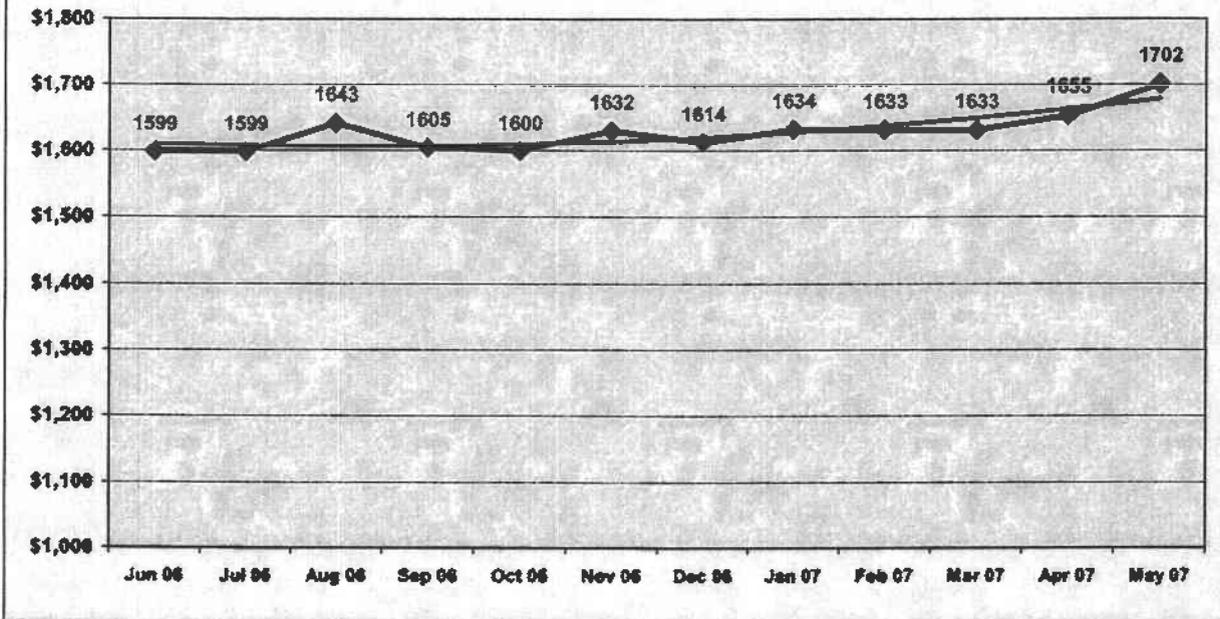
**July 2007**

### WV CHIP Enrollment



June 30, 2007 Enrollment 24,939

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



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

	May 31, 2007	May 31, 2006	Variance	
<b>Assets:</b>				
Cash & Cash Equivalents	\$5,268,372	\$1,860,875	\$3,407,497	183%
Due From Federal Government	\$3,216,038	\$3,318,090	(\$102,052)	-3%
Due From Other Funds	\$755,850	\$683,376	\$72,474	11%
Accrued Interest Receivable	\$23,182	\$6,162	\$17,020	276%
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>\$9,328,375</u></b>	<b><u>\$5,943,631</u></b>	<b><u>\$3,384,744</u></b>	<b><u>57%</u></b>
<b>Liabilities:</b>				
Due to Other Funds	\$151,888	\$93,832	\$58,056	62%
Deferred Revenue	\$4,181,185	\$1,308,584	\$2,872,601	220%
Unpaid Insurance Claims Liability	<u>\$3,820,000</u>	<u>\$3,520,000</u>	<u>\$300,000</u>	<u>9%</u>
<b>Total Liabilities</b>	<b><u>\$8,153,072</u></b>	<b><u>\$4,922,416</u></b>	<b><u>\$3,230,656</u></b>	<b><u>66%</u></b>
Fund Equity	<u>\$1,175,303</u>	<u>\$1,021,215</u>	<u>\$154,088</u>	<u>15%</u>
<b>Total Liabilities and Fund Equity</b>	<b><u>\$9,328,375</u></b>	<b><u>\$5,943,631</u></b>	<b><u>\$3,384,744</u></b>	<b><u>57%</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 Eleven Months Ended May 31, 2007 and May 31, 2006**  
**(Modified Accrual Basis)**

	May 31, 2007	May 31, 2006	Variance	
<b>Revenues:</b>				
Federal Grants	33,242,489	28,844,729	4,397,760	15%
State Appropriations	7,936,885	8,535,085	(598,200)	-7%
Premium Revenues	7,456	0	7,456	
Investment Earnings	<u>147,926</u>	<u>46,874</u>	<u>101,052</u>	216%
<b>Total Operating Revenues</b>	<b><u>41,334,756</u></b>	<b><u>37,426,688</u></b>	<b><u>3,908,068</u></b>	<b><u>10%</u></b>
<b>Operating Expenditures:</b>				
<b>Claims:</b>				
Outpatient Services	9,564,929	9,240,238	324,691	4%
Physicians & Surgical	8,609,109	7,966,281	642,828	8%
Prescribed Drugs	7,924,218	7,234,338	689,880	10%
Dental	4,674,791	4,383,357	291,434	7%
Inpatient Hospital Services	3,888,174	2,468,466	1,419,708	58%
Outpatient Mental Health	1,421,729	1,423,528	(1,799)	0%
Vision	1,155,513	1,155,275	238	0%
Inpatient Mental Health	822,171	503,320	318,851	63%
Durable & Disposable Med. Equip.	429,981	322,444	107,537	33%
Medical Transportation	336,161	211,730	124,432	59%
Therapy	321,927	284,035	37,892	13%
Other Services	124,810	96,111	28,699	30%
Less: Collections*	<u>(687,002)</u>	<u>(414,429)</u>	<u>(272,573)</u>	66%
<b>Total Claims</b>	<b><u>38,586,511</u></b>	<b><u>34,874,694</u></b>	<b><u>3,711,817</u></b>	<b><u>11%</u></b>
<b>General and Admin Expenses:</b>				
Salaries and Benefits	423,067	415,814	7,253	2%
Program Administration	1,782,392	1,603,392	179,000	11%
Eligibility	275,620	292,564	(16,944)	-6%
Outreach & Health Promotion	24,148	87,401	(63,253)	-72%
Current	<u>95,092</u>	<u>105,949</u>	<u>(10,857)</u>	-10%
<b>Total Administrative</b>	<b><u>2,600,319</u></b>	<b><u>2,505,120</u></b>	<b><u>95,199</u></b>	<b><u>4%</u></b>
<b>Total Expenditures</b>	<b><u>41,186,830</u></b>	<b><u>37,379,814</u></b>	<b><u>3,807,016</u></b>	<b><u>10%</u></b>
<b>Excess of Revenues</b>				
Over (Under) Expenditures	147,926	46,874	101,052	216%
<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>1,175,303</u></b>	<b><u>1,021,215</u></b>	<b><u>154,088</u></b>	<b><u>15%</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 Eleven Months Ended May 31, 2007

	Budgeted for Year	Year to Date Budgeted Amt	Year to Date Actual Amt	Year to Date Variance*		Monthly Budgeted Amt	May-07	Apr-07	Mar-07
Projected Cost	\$44,518,706	\$40,808,814	\$38,187,498	\$2,641,318	6%	\$3,709,892	\$4,453,373	\$3,515,383	\$4,698,153
Premiums	0	\$0	7,456	\$0	n/a	0	\$2,949	\$2,184	1,480
Medical Copays	560,000	\$513,333	0	513,333	-100%	46,867	0	0	0
Drug Copays	475,000	\$435,417	0	435,417	-100%	39,583	0	0	0
Subrogation & Rebates	<u>300,000</u>	<u>\$275,000</u>	<u>692,494</u>	<u>(417,494)</u>	152%	<u>25,000</u>	<u>120,967</u>	<u>42,641</u>	<u>67,252</u>
Net Benefit Cost	43,183,706	\$39,585,064	\$37,467,546	\$2,117,518	5%	3,598,642	4,329,457	3,470,558	4,629,421
Salaries & Benefits	\$600,000	\$550,000	\$423,068	\$126,932	23%	\$50,000	\$39,908	\$39,339	\$40,548
Program Administration	1,951,762	\$1,789,115	1,761,165	27,950	2%	162,647	257,212	177,960	168,054
Eligibility	324,000	\$297,000	226,067	70,933	24%	27,000	3,160	5,160	3,665
Outreach	100,000	\$91,867	19,725	71,942	78%	8,333	4,565	1,381	477
Current Expense	<u>169,480</u>	<u>\$155,357</u>	<u>96,326</u>	<u>59,031</u>	38%	<u>14,123</u>	<u>11,475</u>	<u>11,511</u>	<u>8,185</u>
Total Admin Cost	\$3,145,242	\$2,883,139	\$2,526,351	\$356,787	12%	\$262,104	\$316,320	\$235,351	\$220,929
Total Program Cost	<u>\$46,328,948</u>	<u>\$42,468,202</u>	<u>\$39,993,897</u>	<u>\$2,474,305</u>	6%	<u>\$3,860,746</u>	<u>\$4,645,777</u>	<u>\$3,705,909</u>	<u>\$4,850,350</u>
Federal Share 80.97%	37,526,448	\$34,309,244	\$32,395,078	2,004,166	6%	3,127,204	3,761,686	3,000,674	3,927,328
State Share 19.03%	<u>8,802,500</u>	<u>\$8,098,958</u>	<u>\$7,598,819</u>	<u>470,139</u>	6%	<u>733,542</u>	<u>884,091</u>	<u>705,234</u>	<u>923,022</u>
Total Program Cost **	<u>\$46,328,948</u>	<u>\$42,468,202</u>	<u>\$39,993,897</u>	<u>\$2,474,305</u>	6%	<u>\$3,860,746</u>	<u>\$4,645,777</u>	<u>\$3,705,909</u>	<u>\$4,850,350</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

June 2007

County Ranking	County Pop. 2005 Est. (0-18 Yrs)	Total CHIP Enrollment Jun-07	Total Medicaid Enrollment Jun-07	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	Total % Insured 3/2002*	# Children Insured Ranking*	Est. # Uninsured Eligible*
Barbour	3,248	304	1,593	1,897	58.4%	92.5%	34	255
Berkeley	22,882	1,164	5,833	6,797	29.7%	93.9%	21	1,084
Boone	5,706	326	2,549	2,875	50.4%	97.9%	4	133
Braxton	3,044	211	1,568	1,779	58.4%	95.6%	13	155
Brooke	4,658	303	1,430	1,733	37.2%	98.5%	3	0**
Cabell	18,900	958	8,048	9,006	47.7%	91.6%	39	1,218
Calhoun	1,389	139	820	959	69.1%	88.0%	52	207
Clay	2,454	194	1,377	1,571	64.0%	95.1%	15	94
Doddridge	1,607	127	752	879	54.7%	96.4%	6	60
Fayette	9,692	1,000	4,759	5,759	59.4%	92.1%	36	706
Gilmer	1,154	105	582	687	59.5%	92.6%	32	115
Grant	2,463	179	907	1,086	44.1%	95.8%	11	82
Greenbrier	7,110	577	2,831	3,408	47.9%	94.8%	17	306
Hampshire	5,110	297	1,817	2,114	41.4%	91.3%	40	295
Hancock	6,270	412	2,217	2,629	41.9%	92.9%	31	443
Hardy	2,950	136	1,040	1,176	39.9%	93.6%	28	200
Harrison	14,973	968	5,913	6,881	46.0%	99.9%	1	0**
Jackson	6,277	383	2,311	2,694	42.9%	93.9%	22	340
Jefferson	11,465	425	2,128	2,553	22.3%	93.9%	23	651
Kanawha	40,647	2,082	16,643	18,725	46.1%	96.4%	7	772
Lewis	3,577	313	1,755	2,068	57.8%	88.0%	53	431
Lincoln	4,945	405	2,549	2,954	59.7%	93.3%	27	327
Logan	7,610	518	3,911	4,429	58.2%	92.1%	37	654
Marion	11,245	784	4,292	5,076	45.1%	95.9%	10	516
Marshall	7,176	413	2,711	3,124	43.5%	97.5%	5	217
Mason	5,461	326	2,506	2,832	51.9%	95.7%	12	249
McDowell	5,170	429	3,477	3,906	75.5%	93.8%	25	373
Mercer	12,687	1,075	6,521	7,596	59.9%	91.0%	41	1,268
Mineral	5,973	295	2,037	2,332	39.0%	90.7%	43	251
Mingo	6,204	427	3,298	3,725	60.0%	88.5%	51	566
Monongalia	14,346	873	4,066	4,739	33.0%	92.6%	33	1,144
Monroe	2,728	258	930	1,188	43.5%	93.1%	29	196
Morgan	3,365	220	963	1,183	35.2%	89.2%	49	285
Nicholas	5,478	456	2,471	2,927	53.4%	94.4%	19	324
Ohio	9,068	482	3,081	3,563	39.3%	95.6%	14	480
Pendleton	1,632	130	410	540	33.1%	98.0%	2	19
Pleasants	1,593	102	473	575	36.1%	93.9%	24	88
Pocahontas	1,717	151	645	796	46.4%	87.7%	54	224
Preston	6,354	558	2,397	2,955	46.5%	90.2%	47	236
Putnam	12,522	620	3,160	3,780	30.2%	93.2%	28	486
Raleigh	15,992	1,295	6,826	8,121	50.8%	91.7%	38	1,395
Randolph	5,971	487	2,438	2,925	49.0%	89.7%	48	653
Ritchie	2,234	141	787	928	41.5%	96.2%	9	81
Roane	3,266	306	1,669	1,975	60.5%	90.5%	44	336
Summers	2,322	222	1,164	1,386	59.7%	88.9%	50	315
Taylor	3,307	215	1,436	1,653	50.0%	90.9%	42	356
Tucker	1,354	175	468	643	47.5%	93.1%	30	103
Tyler	1,897	109	887	996	52.6%	94.9%	18	93



Legislative Oversight Commission on  
Health and Human Resources Accountability

*July 2007*

Department of Administration

State Children's Health Insurance Program  
UPDATE



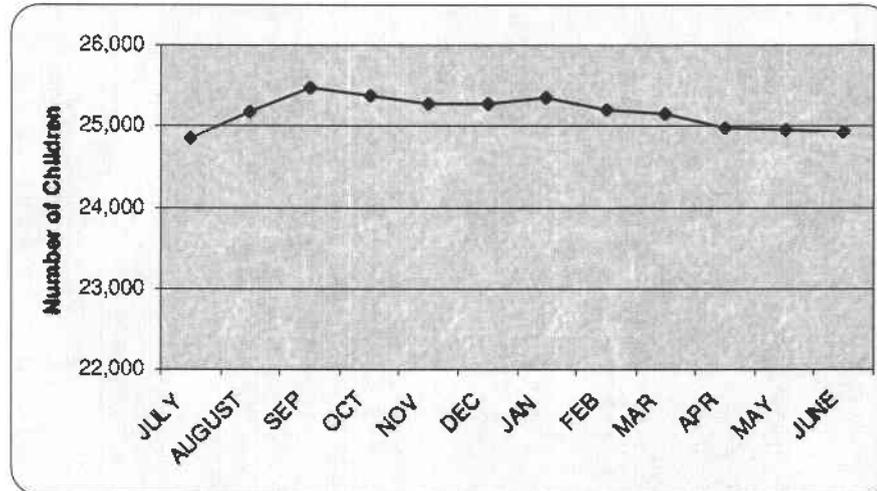
# WV CHILDREN'S HEALTH INSURANCE AGENCY

## REPORT FOR JULY 2007

### I. Enrollment on June 30, 2007: 24,939

See Attachment 1 for enrollment by county.

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



Enrollee Totals: April 2007 to June 2007

Month	Total	1 Year	Total
April	1,731	Average	1,851
May	1,563	High	2,198
June	1,604	Low	1,503

New Enrollee (Never Before on CHIP) Totals: April 2007 to June 2007

Month	Total	1 Year	Total
April	721	Average	909
May	707	High	1,149
June	733	Low	668

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

Total Forms Mailed		Enrolled within Notice Period		Reopened Cases After Closure		Final Closures	
Month	Total	#	%	#	%	#	%
April	1,884	1,133	60%	210	11%	541	29%
May	1,744	1,049	60%	189	11%	506	29%
June	1,903	1,071	56%	204	11%	628	33%

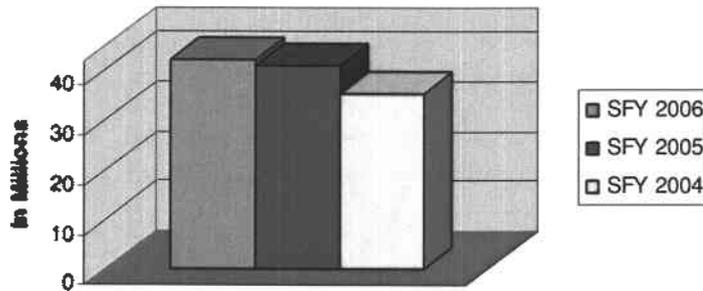
**III. Financial Activity**

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

*The average annualized claims cost per child for the month ended May 2007 was \$1,702.*

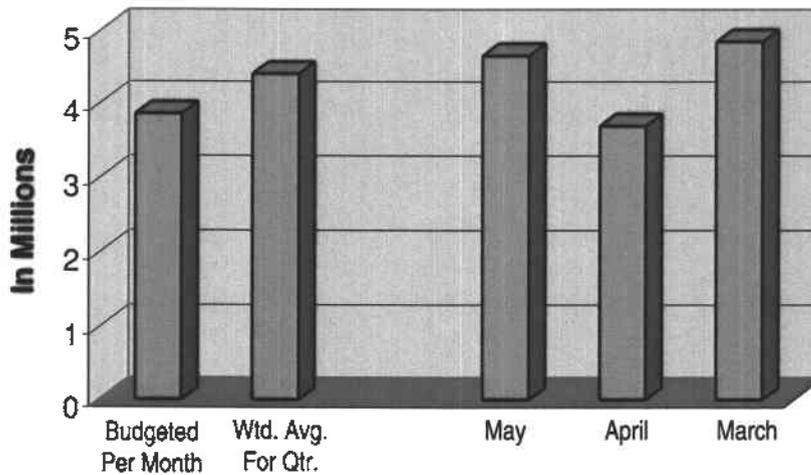
**Annual Expenditures for a 3 Year Period: SFY 2004 – SFY 2006**

	SFY 2006	FFP% 2006	SFY 2005	FFP% 2005	SFY 2004	FFP% 2004
Federal	34,247,276	81.09	33,767,136	82.26	29,144,455	82.63
State	7,986,385	18.91	7,235,862	17.74	6,126,578	17.37
<b>Total Costs</b>	<b>42,233,661</b>	<b>100.00</b>	<b>41,002,998</b>	<b>100.00</b>	<b>35,271,033</b>	<b>100.00</b>



**Monthly Budgeted and Current 3 Month Period: March 2007 – May 2007**

	Budgeted Per Month	Wtd. Avg. For Qtr.	Actual		
			May 2007	April 2007	March 2007
Federal	3,127,204	3,563,229	3,761,685	3,000,674	3,927,328
State	733,542	837,449	884,091	705,235	923,022
<b>Total</b>	<b>3,860,746</b>	<b>4,400,678</b>	<b>4,645,777</b>	<b>3,705,909</b>	<b>4,850,350</b>



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

- As of July 25<sup>th</sup>, bills for CHIP reauthorization have come out from both the House and Senate Committees of the United States Congress. The bill passed by the Senate Finance Committee projects \$43.9 million federal funds for West Virginia's Title XXI program. The House bill has not been scored.
- Premium participation in CHIP is at 100 as of June 30, 2007.
- Medical home participation by CHIP families continues to slowly increase and is now at 22% participation.

# WV CHIP Enrollment Report

ATTACHMENT 1

June 2007

County Ranking	County Pop. 2005 Est. (0-18 Yrs)	Total CHIP Enrollment Jun-07	Total Medicaid Enrollment Jun-07	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	Total % Insured 3/2002*	# Children Insured Ranking*	Est. # Uninsured Eligible*
Barbour	3,248	304	1,593	1,897	58.4%	92.5%	34	255
Berkeley	22,882	1,164	5,633	6,797	29.7%	93.9%	21	1,084
Boone	5,706	326	2,549	2,875	50.4%	97.9%	4	133
Braxton	3,044	211	1,568	1,779	58.4%	95.6%	13	155
Brooke	4,658	303	1,430	1,733	37.2%	98.5%	3	0**
Cabell	18,900	958	8,048	9,006	47.7%	91.6%	39	1,218
Calhoun	1,389	139	820	959	69.1%	88.0%	52	207
Clay	2,454	194	1,377	1,571	64.0%	95.1%	15	94
Doddridge	1,607	127	752	879	54.7%	96.4%	6	60
Fayette	9,692	1,000	4,759	5,759	59.4%	92.1%	36	706
Gilmer	1,154	105	582	687	59.5%	92.8%	32	115
Grant	2,463	179	907	1,086	44.1%	95.8%	11	82
Greenbrier	7,110	577	2,831	3,408	47.9%	94.8%	17	306
Hampshire	5,110	297	1,817	2,114	41.4%	91.3%	40	295
Hancock	6,270	412	2,217	2,629	41.9%	92.9%	31	443
Hardy	2,950	136	1,040	1,176	39.9%	93.6%	26	200
Harrison	14,973	968	5,913	6,881	46.0%	99.9%	1	0**
Jackson	6,277	383	2,311	2,694	42.9%	93.9%	22	340
Jefferson	11,465	425	2,128	2,553	22.3%	93.9%	23	651
Kanawha	40,647	2,082	16,643	18,725	46.1%	96.4%	7	772
Lewis	3,577	313	1,755	2,068	57.8%	88.0%	53	431
Lincoln	4,945	405	2,549	2,954	59.7%	93.3%	27	327
Logan	7,610	518	3,911	4,429	58.2%	92.1%	37	654
Marion	11,245	784	4,292	5,076	45.1%	95.9%	10	516
Marshall	7,176	413	2,711	3,124	43.5%	97.5%	5	217
Mason	5,461	326	2,506	2,832	51.9%	95.7%	12	249
McDowell	5,170	429	3,477	3,906	75.5%	93.8%	25	373
Mercer	12,687	1,075	6,521	7,596	59.9%	91.0%	41	1,268
Mineral	5,973	295	2,037	2,332	39.0%	90.7%	43	251
Mingo	6,204	427	3,298	3,725	60.0%	88.5%	51	566
Monongalia	14,346	673	4,066	4,739	33.0%	92.6%	33	1,144
Monroe	2,728	258	930	1,188	43.5%	93.1%	29	196
Morgan	3,365	220	963	1,183	35.2%	89.2%	49	285
Nicholas	5,478	456	2,471	2,927	53.4%	94.4%	19	324
Ohio	9,068	482	3,081	3,563	39.3%	95.6%	14	480
Pendleton	1,632	130	410	540	33.1%	99.0%	2	19
Pleasants	1,593	102	473	575	36.1%	93.9%	24	88
Pocahontas	1,717	151	645	796	46.4%	87.7%	54	224
Preston	6,354	558	2,397	2,955	46.5%	90.2%	47	236
Putnam	12,522	620	3,160	3,780	30.2%	93.2%	28	486
Raleigh	15,992	1,295	6,826	8,121	50.8%	91.7%	38	1,395
Randolph	5,971	487	2,438	2,925	49.0%	89.7%	48	653
Ritchie	2,234	141	787	928	41.5%	96.2%	9	81
Roane	3,266	306	1,669	1,975	60.5%	90.5%	44	336
Summers	2,322	222	1,164	1,386	59.7%	88.9%	50	315
Taylor	3,307	215	1,438	1,653	50.0%	90.9%	42	356
Tucker	1,354	175	468	643	47.5%	93.1%	30	103
Tyler	1,887	109	887	996	52.8%	94.9%	16	93

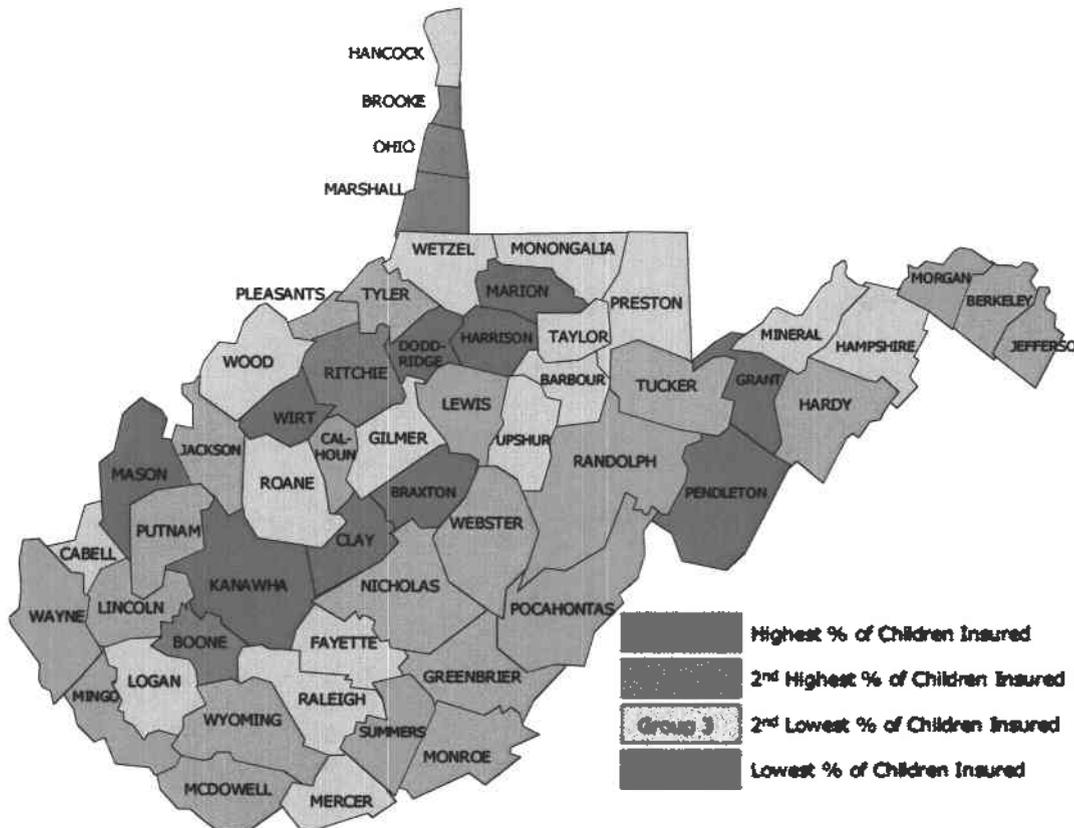
# WV CHIP Enrollment Report

June 2007

County Ranking	County Pop. 2005 Est. (0-18 Yrs)	Total CHIP Enrollment Jun-07	Total Medicaid Enrollment Jun-07	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	Total % Insured 3/2002*	# Children Insured Ranking*	Est. # Uninsured Eligible*
Upshur	4,956	402	2,225	2,627	53.0%	90.4%	46	547
Wayne	9,176	563	4,158	4,721	51.5%	87.7%	55	1,034
Webster	2,020	204	1,085	1,289	63.8%	94.7%	18	103
Wetzel	3,732	240	1,605	1,845	49.4%	92.5%	35	334
Wirt	1,268	130	568	698	55.1%	96.3%	8	46
Wood	19,063	1,081	7,715	8,796	46.1%	90.5%	45	1,624
Wyoming	5,092	444	2,786	3,230	63.4%	94.0%	20	231
<b>Totals</b>	<b>382,490</b>	<b>24,939</b>	<b>152,390</b>	<b>177,329</b>	<b>46.4%</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 Eleven Months Ended May 31, 2007 and May 31, 2006**  
**(Modified Accrual Basis)**

	May 31, 2007	May 31, 2006	Variance	
<b>Revenues:</b>				
Federal Grants	33,242,489	28,844,729	4,397,760	15%
State Appropriations	7,936,885	8,535,085	(598,200)	-7%
Premium Revenues	7,456	0	7,456	
Investment Earnings	<u>147,926</u>	<u>46,874</u>	<u>101,052</u>	216%
<b>Total Operating Revenues</b>	<b><u>41,334,756</u></b>	<b><u>37,426,688</u></b>	<b><u>3,908,068</u></b>	<b><u>10%</u></b>
<b>Operating Expenditures:</b>				
<b>Claims:</b>				
Outpatient Services	9,564,929	9,240,238	324,691	4%
Physicians & Surgical	8,609,109	7,966,281	642,828	8%
Prescribed Drugs	7,924,218	7,234,338	689,880	10%
Dental	4,674,791	4,383,357	291,434	7%
Inpatient Hospital Services	3,888,174	2,468,466	1,419,708	58%
Outpatient Mental Health	1,421,729	1,423,528	(1,799)	0%
Vision	1,155,513	1,155,275	238	0%
Inpatient Mental Health	822,171	503,320	318,851	63%
Durable & Disposable Med. Equip.	429,981	322,444	107,537	33%
Medical Transportation	336,161	211,730	124,432	59%
Therapy	321,927	284,035	37,892	13%
Other Services	124,810	96,111	28,699	30%
Less: Collections*	<u>(687,002)</u>	<u>(414,429)</u>	<u>(272,573)</u>	66%
<b>Total Claims</b>	<b><u>38,586,511</u></b>	<b><u>34,874,694</u></b>	<b><u>3,711,817</u></b>	<b><u>11%</u></b>
<b>General and Admin Expenses:</b>				
Salaries and Benefits	423,067	415,814	7,253	2%
Program Administration	1,782,392	1,603,392	179,000	11%
Eligibility	275,620	292,564	(16,944)	-6%
Outreach & Health Promotion	24,148	87,401	(63,253)	-72%
Current	<u>95,092</u>	<u>105,949</u>	<u>(10,857)</u>	-10%
<b>Total Administrative</b>	<b><u>2,600,319</u></b>	<b><u>2,505,120</u></b>	<b><u>95,199</u></b>	<b><u>4%</u></b>
<b>Total Expenditures</b>	<b><u>41,186,830</u></b>	<b><u>37,379,814</u></b>	<b><u>3,807,016</u></b>	<b><u>10%</u></b>
<b>Excess of Revenues</b>				
Over (Under) Expenditures	147,926	46,874	101,052	216%
<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>1,175,303</u></b>	<b><u>1,021,215</u></b>	<b><u>154,088</u></b>	<b><u>15%</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 Eleven Months Ended May 31, 2007**

	<b>Budgeted for Year</b>	<b>Year to Date Budgeted Amt</b>	<b>Year to Date Actual Amt</b>	<b>Year to Date Variance*</b>		<b>Monthly Budgeted Amt</b>	<b>May-07</b>	<b>Apr-07</b>
Projected Cost	\$44,518,706	\$44,518,706	\$41,601,386	\$2,917,320	7%	\$3,709,892	\$4,453,373	\$3,515,383
Premiums	0	\$0	11,433	\$0	n/a	0	\$2,949	\$2,184
Medical Copays	560,000	\$560,000	0	560,000	-100%	46,667	0	0
Drug Copays	475,000	\$475,000	0	475,000	-100%	39,583	0	0
Subrogation & Rebates	300,000	\$300,000	753,385	(453,385)	151%	25,000	120,967	42,641
Net Benefit Cost	43,183,706	\$43,183,706	\$40,836,568	\$2,347,138	5%	3,598,642	4,329,457	3,470,558
Salaries & Benefits	\$600,000	\$550,000	\$423,068	\$126,932	23%	\$50,000	\$39,908	\$39,339
Program Administration	1,951,762	\$1,799,115	1,761,165	27,950	2%	162,647	257,212	177,960
Eligibility	324,000	\$297,000	226,067	70,933	24%	27,000	3,160	5,160
Outreach	100,000	\$91,667	19,725	71,942	78%	8,333	4,565	1,381
Current Expense	169,480	\$155,357	96,326	59,031	38%	14,123	11,475	11,511
Total Admin Cost	\$3,145,242	\$2,883,139	\$2,526,351	\$356,787	12%	\$262,104	\$316,320	\$235,351
Total Program Cost	\$46,328,948	\$42,468,202	\$39,993,897	\$2,474,305	6%	\$3,860,746	\$4,645,777	\$3,705,908
Federal Share 80.97%	37,526,448	\$34,399,244	\$32,395,078	2,004,166	6%	3,127,204	3,761,686	3,000,674
State Share 19.03%	8,802,500	\$8,068,958	\$7,598,819	470,139	6%	733,542	884,091	705,234
Total Program Cost **	\$46,328,948	\$42,468,202	\$39,993,897	\$2,474,305	6%	\$3,860,746	\$4,645,777	\$3,705,908

\* 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

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

**Investment Account**

Funds Invested	\$4,394,774
Interest Earned	<u>147,926</u>
<b>Total</b>	<b><u>\$4,542,700</u></b>

Unaudited - For Management Purposes Only - Unaudited

**Department of Administration Leasing Report  
For The Period of June 1, 2007 through July 15, 2007**

**NEW CONTRACT OF LEASE**

**Department of Health and Human Resources**

**HHR-154** New contract of lease for 10 years, containing 4,200 square feet of office space at \$10.85 per square foot, or \$3,797.50 per month between Jeff and Sharon Kiess, in the City of Glenville, Gilmer County.

**State Treasurers Office**

**STO-009** New contract of lease for 3 years, containing 3,189 square feet of office space at \$9.41 per square foot or \$2,500.00 per month between WV Motor Truck Association, Inc, in the City of Charleston, Kanawha County.

**STRAIGHT RENEWALS**

**DIVISION OF FORESTRY**

**FOR-061** Renewal for 1 year, containing 544 square feet of office space, at the same rate of \$5.51 per square foot with the Town of Danville, in Boone County.

**FOR-047** Renewal for 5 years for a monitoring tower site at the same rate of \$100.00 per month with the Marion County Commission, in the City of Fairmont, Marion County.

**FOR-006** Renewal for 1 year containing 300 square feet of office space at the same rate of \$9.00 psf includes utilities with James and Dinah Courier in the City of Keyser, Mineral County.

**FOR-072** Renewal for 1 year containing 450 square feet of office space at the same rate of \$6.67 psf, full service with Kingwood Shopping Center in the City of Kingwood, Preston County.

**BLUEFIELD STATE COLLEGE**

**BSC-003** Renewal for 1 year, containing 2,240 square feet of classroom space at the same rate of \$3.75 psf with Fairview Holding, LLC in the City of Caldwell, in Greenbrier County.

## **STATE TAX DEPARTMENT**

**TAX-038** Renewal for 2 years containing 384 square feet of office space at the same rent of \$10.94 psf with Main Street Partners in the City of Princeton, Mercer County.

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

**NRC-009** Renewal for 1 year containing 4,590 square feet of office space at the same rate of \$10.49 psf, with WWL Properties in the City of Beckley, Raleigh County.

## **Division of Health and Human Resources**

**HHR-145** Renewal for 1 year containing 25,110 square feet of office space at the same rate of \$8.50 full service with the Department of Administration, in the City of Fairmont, Marion County.

## **RENEWAL/RENT INCREASES**

### **DIVISION OF NATURAL RESOURCES**

**NAT-116** Renewal for 1 year containing 480 square feet of warehouse space with a rental increase from \$3.00 psf to \$4.00 psf, with Danny Vickers dba A&H Storage in the City of Danville, Boone County.

### **VETERANS AFFAIRS**

**VET-021** Renewal for 3 years containing 636 square feet of office space with a rent increase from \$5.19 psf to \$5.47 psf with Roger and Linda McGraw in the City of Logan, Logan County.

## **RENEWAL AND ADDING SQUARE FOOTAGE**

**VET-031** Renewal for 2 years adding 300 square feet to the current 300 square feet for a total of 600 square feet of storage space at the rental rate of \$105 per month per unit for a total of \$210.00 per month with Rose Bud Inc., in the City of Clarksburg, Harrison County.

Joint Committee on Government and Finance

*July 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 July 20, 2007

10 Months Actuals      2 Months Remaining

<b>MONTH OF APRIL 2007</b>	<b>ACTUALS</b>	<b>ACTUALS</b>	<b>PROJECTED</b>	<b>TOTAL</b>
	4/1/07 Thru 4/30/07	Year-To-Date Thru 4/30/07	5/1/2007 Thru 06/30/07	SFY2007
<b>REVENUE SOURCES</b>				
Beg. Bal. 7/01/06 (5084/1020 prior mth)	12,777,943	\$22,969,601		\$22,969,601
<b>MATCHING FUNDS</b>				
Medical Services	41,717,960	310,969,770	83,435,917	394,405,687
Rural Hospitals Under 150 Beds (0403/940)	216,334	2,163,334	432,666	2,596,000
Tertiary Funding (0403/547)	321,334	2,838,334	517,666	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)	13,100,000	129,859,353	25,740,647	155,600,000
Certified Match	1,880,321	18,247,608	4,633,402	22,881,010
Reimbursables <sup>(1)</sup>	284,671	3,434,574		5,099,481
CMS - 64 Adjustments		(8,654,944)	8,654,944	0
<b>TOTAL MATCHING FUNDS</b>	<b>\$70,298,562</b>	<b>\$504,677,629</b>	<b>\$153,971,836</b>	<b>\$660,314,373</b>
<b>FEDERAL FUNDS</b>	<b>126,797,556</b>	<b>1,283,765,579</b>	<b>\$361,905,338</b>	<b>\$1,645,670,917</b>
<b>TOTAL REVENUE SOURCES</b>	<b>\$197,096,118</b>	<b>\$1,788,443,208</b>	<b>\$517,542,082</b>	<b>\$2,305,985,290</b>
<b>TOTAL EXPENDITURES:</b>				
Provider Payments	\$171,203,060	1,770,485,974	\$448,074,255	\$2,218,560,229
<b>TOTAL</b>	<b>\$25,893,058</b>	<b>\$17,957,234</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  
 EXPENDITURES BY PROVIDER TYPE  
 As of July 20, 2007

MONTH OF APRIL 2007	ACTUALS	ESTIMATED	ESTIMATED	ACTUALS	ACTUALS	PROJECTED
	SFY 2006	SFY 2007	Current Month Apr-07	Current Month Apr-07	Year To-Date Thru 04/30/07	04/01/07 Thru 06/30/07
<b>EXPENDITURES:</b>						
Inpatient Hospital Services	223,854,909	248,593,096	19,122,546	18,091,104	187,055,835	61,537,261
Inpatient Hospital Services - DSH Adjustment Payments	53,916,150	53,935,110	-	-	40,659,993	13,275,117
Mental Health Facilities	36,085,565	42,090,761	3,237,751	3,231,964	33,282,849	8,807,912
Mental Health Facilities - DSH Adjustment Payments	20,354,226	18,887,045	-	-	14,110,051	4,776,994
Nursing Facility Services	402,903,863	416,786,290	34,732,191	36,547,104	344,761,972	72,024,318
Intermediate Care Facilities - Public Providers	160	-	-	-	-	-
Intermediate Care Facilities - Private Providers	53,642,336	59,538,870	4,961,573	5,053,343	49,088,814	10,450,056
Physicians Services	126,950,184	117,945,021	9,072,694	14,089,334	109,759,312	8,185,709
Outpatient Hospital Services	93,921,521	103,013,506	7,924,116	8,609,600	80,944,836	22,068,670
Prescribed Drugs	378,095,030	310,458,195	23,881,400	26,571,474	252,790,622	57,667,573
Drug Rebate Offset - National Agreement	(112,878,531)	(116,033,400)	(21,756,263)	(18,132,343)	(85,517,686)	(30,515,714)
Drug Rebate Offset - State Sidebar Agreement	(29,528,976)	(29,276,640)	(2,634,898)	(8,983,826)	(30,186,973)	910,333
Dental Services	38,320,543	40,972,725	3,151,748	3,209,471	30,726,648	10,246,077
Other Practitioners Services	20,069,824	21,174,205	1,628,785	1,726,372	17,033,852	4,140,353
Clinic Services	46,750,545	37,478,034	2,882,926	3,815,117	33,172,274	4,305,760
Lab & Radiological Services	13,045,112	13,892,145	1,068,627	702,334	6,557,487	7,334,658
Home Health Services	26,490,072	27,896,140	2,145,857	2,324,774	22,914,485	4,981,655
Hysterectomies/Sterilizations	682,237	693,464	53,343	37,587	494,464	199,000
Pregnancy Terminations	-	39,092	3,007	-	-	39,092
EPSDT Services	3,450,995	10,881,433	837,033	169,412	2,053,845	8,827,588
Rural Health Clinic Services	7,652,987	7,621,694	586,284	599,167	5,512,581	2,109,113
Medicare Health Insurance Payments - Part A Premiums	17,903,197	17,191,600	1,432,633	1,418,675	13,934,526	3,257,074
Medicare Health Insurance Payments - Part B Premiums	61,584,326	64,000,000	5,333,333	5,349,359	51,764,652	12,235,348
120% - 134% Of Poverty	2,861,904	-	-	286,858	2,879,365	(2,879,365)
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	213,950,846	241,784,020	20,148,668	23,893,604	191,780,790	50,003,230
Medicaid Health Insurance Payments: Group Health Plan Payments	289,548	346,380	28,865	27,457	302,887	43,493
Home & Community-Based Services (MR/DD)	185,607,767	207,361,030	15,950,848	17,504,737	164,305,169	43,055,961
Home & Community-Based Services (Aged/Disabled)	60,658,000	69,874,724	4,605,748	4,744,407	46,148,513	13,726,211
Community Supported Living Services	-	-	-	-	38	(38)
Personal Care Services	27,037,173	36,554,021	2,811,848	3,221,160	30,515,171	6,038,850
Targeted Case Management Services	9,026,219	9,285,672	714,282	695,734	6,594,425	2,691,247
Primary Care Case Management Services	599,865	796,780	66,398	61,425	615,093	181,687
Hospice Benefits	6,545,960	9,357,560	719,812	939,411	7,836,256	1,521,304
Federally Qualified Health Center	17,133,735	16,681,010	1,283,155	2,027,758	13,000,608	3,680,402
Other Care Services	117,082,516	132,236,166	10,172,013	10,347,838	105,809,230	26,426,936
Less: Recoupments	0	-	-	(66,087)	(2,234,300)	
<b>NET EXPENDITURES:</b>	<b>2,124,059,808</b>	<b>2,182,055,749</b>	<b>154,166,324</b>	<b>168,014,324</b>	<b>1,748,467,683</b>	<b>433,588,066</b>

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
 BUREAU FOR MEDICAL SERVICES  
 EXPENDITURES BY PROVIDER TYPE  
 As of July 20, 2007

MONTH OF APRIL 2007	ACTUALS	ESTIMATED	ESTIMATED	ACTUALS	ACTUALS	PROJECTED
	SFY 2006	SFY 2007	Current Month Apr-07	Current Month Apr-07	Year To-Date Thru 04/30/07	04/01/07 Thru 06/30/07
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	2,434,755	23,616,356	5,888,124
Plus: State Only Medicaid Expenditures	4,507,995	3,500,000	269,231	452,507	3,789,465	(289,465)
<b>TOTAL MEDICAID EXPENDITURES</b>	<b>\$2,123,516,039</b>	<b>\$2,215,060,229</b>	<b>\$156,894,262</b>	<b>\$170,901,586</b>	<b>\$1,767,481,294</b>	<b>\$447,578,935</b>
Plus: Reimbursables <sup>(1)</sup>	4,446,206	3,500,000	336,538	301,474	3,004,680	495,320
<b>TOTAL EXPENDITURES</b>	<b>\$2,127,962,245</b>	<b>\$2,218,560,229</b>	<b>\$157,230,800</b>	<b>\$171,203,060</b>	<b>\$1,770,485,974</b>	<b>\$448,074,255</b>

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

**BUREAU FOR MEDICAL SERVICES**  
**Medicaid Approved Claims Report**  
**As of July 20, 2007**

REF# CMS 64 Category Of Service	SFY 2006	SFY 2007 TENTATIVE			
		JUL-SEP 2006	OCT-DEC 2006	JAN-MAR 2007	APR 2007
1A Inpatient Hospital Services	229,707,885	59,004,884	45,420,674	66,749,428	19,817,690
1B Inpatient Hospital Services - DSH	53,908,979	13,487,307	13,398,746	13,766,769	0
2A Mental Health Facilities	39,229,124	9,611,035	9,654,320	10,474,752	3,750,669
2B Mental Health Facilities - DSH	20,354,226	4,707,635	4,689,840	4,712,576	0
3 Nursing Facility Services	393,536,290	97,869,357	102,858,858	101,811,138	35,888,745
4B Intermediate Care Facilities - Private Providers	53,659,229	14,866,833	14,906,183	14,332,092	4,959,403
5 Physicians Services	131,707,310	22,184,181	27,917,656	31,403,555	12,992,711
6 Outpatient Hospital Services	98,443,210	24,854,201	24,036,809	26,181,656	8,520,542
7 Prescribed Drugs	378,942,276	73,996,679	79,099,520	82,648,402	26,605,710
7 Part D Premium - State Only	13,703,710	7,036,703	6,973,263	9,606,390	2,434,714
7A1 Drug Rebate Offset - National	(112,874,193)	(31,036,177)	(23,748,198)	(23,588,007)	(18,132,343)
7A2 Drug Rebate Offset - State	(29,533,312)	(6,167,738)	(7,473,084)	(2,805,535)	(8,983,826)
/// Total Rebates	(142,407,505)	(37,203,915)	(31,221,282)	(26,393,542)	(27,116,169)
/// NET DRUG COST	250,238,481	43,829,467	54,851,501	65,861,250	1,924,255
8 Dental Services	39,749,744	9,747,640	10,030,108	8,754,914	3,154,635
9 Other Practitioners Services	22,526,001	5,011,125	4,708,250	5,290,755	1,658,020
10 Clinic Services	37,348,651	7,646,097	8,289,028	9,205,518	2,883,018
11 Lab & Radiological Services	12,711,427	4,266,918	4,334,075	4,531,502	1,462,973
12 Home Health Services	29,135,956	6,685,878	6,548,543	8,638,345	2,387,217
13 Hysterectomies/Sterilizations	693,327	156,636	161,379	132,905	36,510
14 Pregnancy Termination	347,900	64,402	34,849	84,150	17,667
15 EPSDT Services	6,954,084	6,283,348	5,972,258	507,684	187,790
16 Rural Health Clinic Services	8,033,096	1,690,077	1,651,481	1,790,771	565,482
17A Medicare - Part A Premiums	18,143,564	2,784,018	4,185,821	4,245,061	1,398,772
17B Medicare - Part B Premiums	60,608,011	10,649,879	16,255,310	17,021,684	5,910,126
18A Managed Care Organizations	213,951,922	60,065,446	68,259,290	53,713,498	29,531,023
18C Group Health Plan Payments	289,547	85,876	0	159,219	70,843
19 Home & Community-Based Services (MR/DD)	185,718,505	46,908,117	47,174,803	53,073,494	18,285,408
20 Home & Community-Based Services (Aged/Disabled)	60,771,882	13,700,224	13,512,164	14,314,401	4,830,132
23 Personal Care Services	26,844,048	8,931,805	8,741,934	8,865,553	3,056,339
24 Targeted Case Management	9,487,138	2,125,578	2,022,280	1,906,926	610,121
25 Primary Care Case Management	596,073	187,035	234,915	186,249	67,686
26 Hospice Benefits	6,762,433	2,525,227	2,043,527	2,869,003	645,779
28 Federally Qualified Health Center	17,851,263	3,423,360	3,928,153	4,478,179	1,600,669
29 Other Care Services	111,635,012	28,700,010	30,004,526	27,072,764	8,348,429
Unclassified	28,398	211,611	53	(20)	0
/// TOTALS	2,248,803,692	512,265,207	535,827,334	562,135,771	174,562,654

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.

	SFY 2006	SFY 2007 TENTATIVE			
		JUL-SEP 2006	OCT-DEC 2006	JAN-MAR 2007	APR 2007
7 Medicaid Prescribed Drugs	378,942,276	73,996,679	79,099,520	82,648,402	26,605,710
7.2 Medicare Part D (Estimated)	56,372,986	28,946,904	28,506,512	40,013,131	10,141,222
/// Estimated Medicaid & Medicare Prescribed Drug Payments	435,315,262	102,943,583	107,606,032	122,661,533	36,746,932

# BOARD OF TREASURY INVESTMENTS

**CALENDAR NOTES**

CD Auction  
September 12, 2007

## OPERATING REPORT

### JUNE 2007

**Board of Treasury Investments**

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

**Board of Directors**

John D. Perdue, State Treasurer, Chairman

Joe Manchin III, Governor

Glen B. Gainer III, State Auditor

Martin Glasser, Esq. Attorney Appointed by the Governor

Jack Rossi, CPA Appointed by the Governor

**Executive Staff**

Executive Director  
Glenda Probst, CPA, CTP

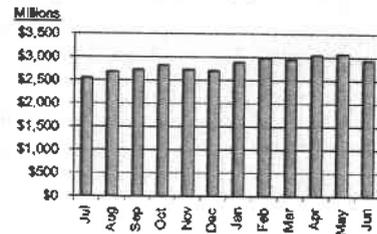
Chief Financial Officer  
Kara K. Brewer, CPA, MBA

### Total Net Assets Under Management

**\$2,923,563,000**

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

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

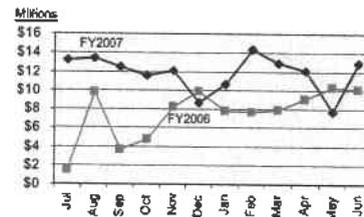


**17.8% Growth This Fiscal Year**

### Total Net Income & Gains

**This Month \$12,867,000**

**Fiscal Year \$141,760,000**

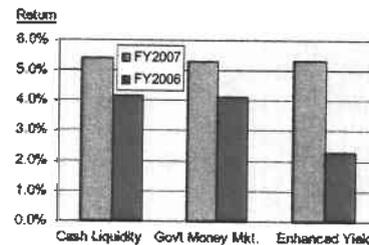


**Outpacing Last Year**

### 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.

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.

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%.

### *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

### *Board Receives Financial Reporting Award*

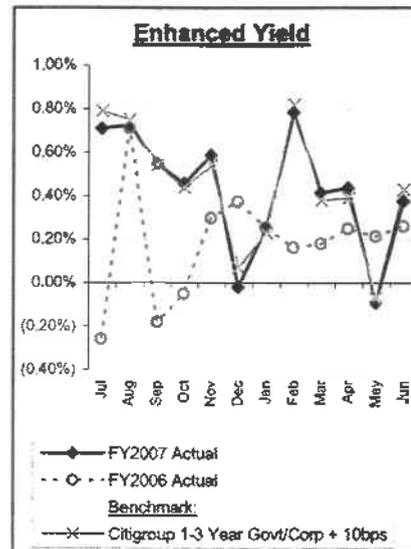
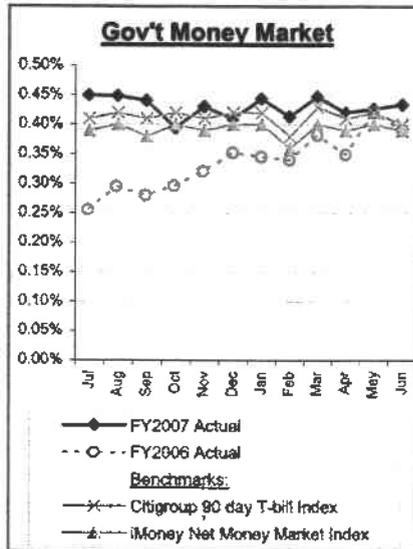
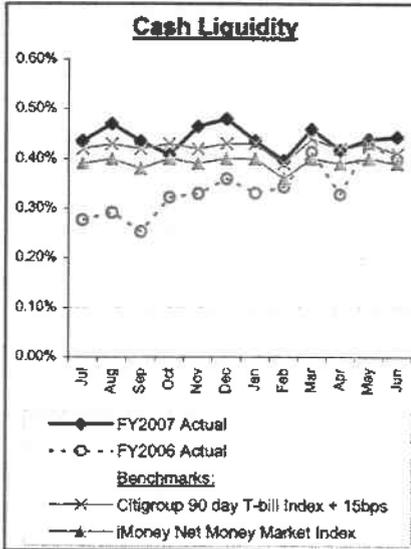
The Board of Treasury Investments has received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association, a professional association of more than 17,000 state/provincial and local finance officers in the United States and Canada. The award is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

# 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
	\$ 2,923,563	\$ 12,867	\$ 141,760

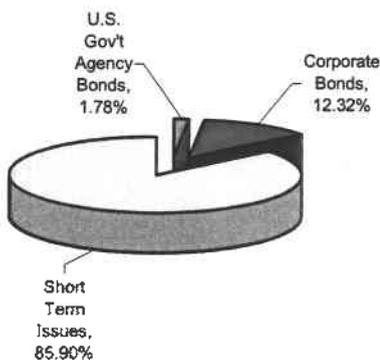
#### Percent of Total Net Asset Value



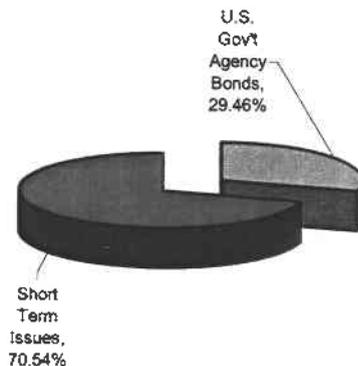
- Participant Accounts, 3.8%
- Loans, 4.2%
- Loss Amortization, 5.0%
- Enhanced Yield, 7.5%
- Gov't Money Market, 8.0%
- Cash Liquidity, 71.5%

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

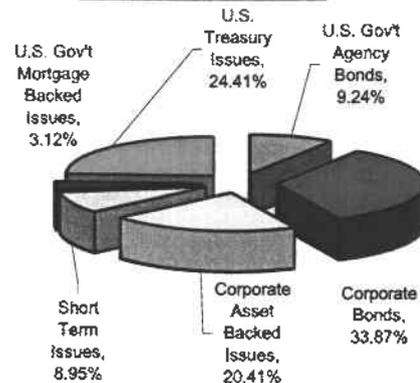
#### Cash Liquidity Pool



#### 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>
<b>Net realized gain (loss)</b>					
from investments	4	-	(55)	-	-
<b>Net increase (decrease)</b>					
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>
<b>Increase (decrease) in net assets</b>	<u>(126,727)</u>	<u>(16,827)</u>	<u>803</u>	<u>682</u>	<u>(7,840)</u>
<b>Net assets at beginning of period</b>	<u>2,198,121</u>	<u>246,744</u>	<u>228,924</u>	<u>284,173</u>	<u>115,510</u>
<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>

(President Tomblin presides)

**AGENDA**  
**JOINT COMMITTEE ON GOVERNMENT AND FINANCE**  
**July 29, 2007**

12:00 - 1:00 p.m.

Senate Finance Room

1. Approval of June 5, 2007, minutes

2. Committee Reports/Requests:

**Parks, Recreation and Natural Resources Subcommittee** (Senator Fanning, Chair; Delegate Eldridge and Delegate Wells, Cochairs) *Requests expense reimbursement for members and staff for site visitations to Tygart Lake State Park, Prickett's Fort State Park and Audra State Park on July 15, 16 and 17. - John Homburg*

**MOVE** that expense reimbursement be 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 and Delegate Spencer, Chairs) *Requests authorization for reimbursement of travel, lodging and other expenses, not to exceed \$700, 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. - Senator Foster*

**MOVE** that Dean Baker, co-director of the Center for Economic and Policy Research in Washington D. C., be authorized 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, be authorized.

**Joint Committee on Pensions and Retirement** (Senator Foster and Delegate Spencer, Chairs) *Requests authorization 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. - Senator Foster*

**MOVE** that payment, not to exceed \$60,000, to Buck Consultants for an actuarial study relating to HCR 35, be authorized.

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, CHIP and Leases & Contracts Report - *Robert Ferguson, Jr., Secretary, Dept. of Administration*
5. **Monthly/Quarterly Report Distribution from Department of Health and Human Resources:**  
Medicaid Report - *Martha Walker, Cabinet Secretary, DHHR*
6. **Monthly Report on the Pharmaceutical Cost Management Council:** *Shana Phares, Chair*
7. **Other Business**
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
9. **Adjournment**

Tape: July 29, 2007

President Tomblin presided.

President Tomblin: Parks, Recreation and Natural Resources Subcommittee. John are you doing that?

John Homburg: Parks members request expense reimbursement for site visitations to Tygart Lake State Park, Prickett's Fort State Park and Audra State Park on July 15, 16 and 17.

Speaker: Mr. President, I move.

President: Speaker moves, all those in favor will say I.

Committee: I

President: Oppose no, the I's have it, I declare the motion adopted. It has already happened. Next report is on Joint Committee on Pensions and Retirement. Senator Foster.

Senator Foster: Thank you Mr. Chairman. We have two requests from the Chairmen of the House Pensions and Retirement and from myself Chair of the Senate Pensions. First, the Joint Committee on Government and Finance authorize payment not to exceed \$60,000 to Buck Consultants for an actuarial study related 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.

Speaker: I move.

President: Speaker moves, all those in favor will say I.

Committee: I

President: Oppose no, the I's have it. I declare the motion adopted. Senator Foster.

Senator Foster: Second request from the two chairs, co-chairs on Joint Committee on Pensions and Retirement request the Joint Committee on Government and Finance to authorize and finance travel, lodging and other expenses, not to exceed \$700, for Dean Baker, co-director for the Center for Economic and Policy Research in Washington, D. C., to address the Joint Committee on Pensions and Retirement in our August interims on the subject of universal voluntary retirement accounts.

Speaker: I move.

President: Speaker moves, all those in favor will say I.

Committee: I

President: Oppose no, the I's have it. I declare the motion adopted. Thank you sir. The monthly/quarterly reports for the Lottery, Unemployment Trust Fund and General Revenue Fund are in your booklet. Next item is the monthly reports from PEIA, BRIM, CHIP and Leases. Secretary Ferguson.

Secretary Ferguson: Thank you Mr. President. You should have in front of you, we will start with PEIA, the reports. PEIA in your packets should be the May year to date financials. Plan continues to do very well. Medical expense trend is good, trending above last year at this time by about 1.8%. Pharmacy trends are as expected at 10 almost 11% higher than they were last year at this time.

President: Mr. Secretary, is PEIA going to transfer a bunch of money from the trust fund or someplace.

Secretary Ferguson: Yes sir, \$104 million dollars. We are required by law to do that.

President: Ok and what will that money be used for?

Secretary Ferguson: It will go into the retiree trust fund to pay for, you know it is the first step towards accounting for our OPEB liability and it will be used because while it is other post employment benefits these people are already retired, so we will be spending that down but it is a requirement by law that we transfer that money.

President: So it will be used for OPEB?

Secretary Ferguson: Yes sir, well

President: I mean it is going into a separate account to where it will lay there and be used as necessary for the retirees, is that?

Secretary Ferguson: yes, that is correct sir.

President: Ok, thank you. Senator Kessler.

Senator Kessler: Thank you Mr. President. I know that we have switched there is some type of integration between medicare and advanta as part of PEIA for particularly for providing benefits for retirees and I have got several calls over the last week or two trying for these state retirees who are confused about the new policy or program. Particularly I am told and I can't seem to get to the bottom of it as to whether or not there are some distinction upon how employees who retired after one date that were teachers get one level of benefits and those that retired prior to that a certain date get a different level of benefits. I am told that what I call the old retirees medicare pays 80% and the state used to pick up through the PEIA pay the whole 20% and now they are being required to pay a portion of that premium of the 20%. Do you know anything

about that or?

Secretary Ferguson: Sir, you know I am not tracking with that one. The benefit, there are two issues that are different this year. We have the medicare advantage prescription drug plan. Which in essence saves the state money and it should be seamless to the users. We also as part of that we switched providers. So there is some issue in some other states that we are working through right now and we are diligently, there are some issues in Florida and Texas specifically, we are working through those issues. But those issues would have come up anyhow as the thing would have gone out to bid and there are different protocols for different drugs for based on who the manufacturer is and what the plan is with.

Senator Kessler: And this may be another sub-category of issues or problems but if you could look into that I .....sub-group of teacher and those type of retirees who in exchange for taking a less of a retirement benefit were promised or assured full payment of all their insurance premium coverage and somehow or other they are now being required to pay a premium that they never did before.

Secretary Ferguson: Yes sir, let me get with you off line and we will get someone from PEIA to answer that question for you.

President: Further questions? Delegate Webster.

Delegate Webster: To follow up with Senator Kessler's question. Do you think that you could identify the appropriate staff person that could actually do a memo that explains it, what we discussed in the session but I think PEIA did it in terms of the retirees and the switch and maybe even give us a contact person with a number that either if we have questions we could call or if we had constituents that called because it is not something that I have been able to answer either and maybe the memo will help me with questions.

Secretary Ferguson: Yes ma'am, we already have a brochure that has frequently asked questions but I will get a copy to all the members of the Committee plus we are putting together an information paper, one pager, with the exact information that you have that should give you the skeleton frame work. I mean the devils in the details and there is a a lot of details with it but I understand your question and I'll get that to you this week.

Delegate Webster: Just with the changes so if we were talking to a constituent we could explain what has taken place and then for what we couldn't answer the talking points or frequently answered questions would be great. Thank you.

President: Delegate Caputo.

Delegate Caputo: Thank you Mr. President. Mr. Ferguson, I want to follow up on the Senator's question as well. I have a former constituent living in Florida and him and his wife have been contacting me almost daily with a problem that you briefly mentioned. They can't even find a provider to take the advanta in Florida. They are looking at some surgery so time is of the

essence. So I would ask that you keep me and the rest of this Committee posted on that progress and someone contact me next week and let me know how that is going quite frankly cause him and his wife are in dire straights and they seem to be getting no where fast.

Secretary Ferguson: I'll have that information paper to the Committee on Monday and we will get specifically someone from PEIA to get with you on your Florida constituent at this point.

Delegate Caputo: Thank you. Thank you Mr. President.

President: Senator Deem.

Senator Deem: Yes, Mr. Ferguson did we change with PEIA from Acordia to this Advanta Freedom card?

Secretary Ferguson: I don't know sir I'll have to get you the answer to that. I would assume that if you are holding it...

Senator Deem: I don't know what the conversation was before but I know I got a huge pamphlet that I never will be able to read or understand but it changed apparently, it changed from Acordia to now we have this card and it came from Advantage Freedom Public Employee, PEIA. And it melts in Medicare which I am on Medicare. I never was certain who is primary coverage for me, Medicare or PEIA and I think that all comes in to the melt. People don't understand, do you?

Secretary Ferguson: Uhhh this is where I give the Ralph Crandon answer and go humna humna.

Senator Deem: But we are no longer affiliated with Acordia which is now bought out by investment company, the bank...

Secretary Ferguson: Wells Fargo.

Senator Deem: Wells Fargo, but we are no longer affiliated with PEIA and Acordia. Your not sure?

Secretary Ferguson: I am not sure.

President: Senator Kessler.

Senator Kessler: Just overall, the information I've for the Committee benefit, the information I have been able to glean from the limited complaints I've had that normally when I put the constituent in contact with PEIA they are satisfied with the response cause actually they are getting a better benefit ultimately at a reduced cost, I think it caps at \$500 per year, not the prescription but the regular out of pocket co-pay, expenses things of that nature. So if we could confirm that in a easy to understand for all of us.

Secretary Ferguson: Yes sir I can confirm that right now. It really is not \$500 out of pocket that

the rates, the premiums have gone down so it really is a number about ½ that size.

Senator Kessler: But I have again gotten that sub-group of folks that aren't still happy.

Secretary Ferguson: I will get this Committee and if the Speaker and President desire the entire legislature an information paper that talks about all those things to answer those questions. I will have that to you on Monday.

Senator Kessler: Thank you.

President: Further questions? If not, BRIM report.

Secretary Ferguson: On Brim overall we have investment income last year at this time was \$6.8 million, this year we are at \$18.4 million for the first 11 months. We are in great shape. We have no overall unfunded liability in BRIM. Our Senate Bill 3 does have an unfunded liability to \$6 million. However, we are continuing proper premiums for those Senate Bill 3 entities and aggressive loss control and we hope this year we will have no unfunded liabilities in Senate Bill 3.

President: Questions? If not, the CHIP report.

Secretary Ferguson: I am going to invite Sharon Carte to come up since there is a lot of things going on with CHIMP, CHIP and let her handle this.

Sharon Carte: I am Sharon Carte, Executive Director for CHIP. CHIP's enrollment this month is relatively stable, it is down just ½ percent. It stands at 24,939. The May trend for claims overall was up about 11 %. We have seen a relatively significant increase in hospital admission services they are up 58% but when we look at that and break it out we see that part of that is because admissions are up by 12.5%, the average cost per admit has gone up around 38%. We know that since this is accumulative over 11 months we had some rather large individual claims of \$100,000 or so for some out of state hospitals that were part of that. That is where we stand for CHIP.

Speaker: I think it was either last month or month before I inquired as to Wayne's status as 55<sup>th</sup> and why that might be an educational thing or whether you were going to get back to me with an answer to that.

Sharon Carte: Uh, yes you did sir and I haven't provided you with a formal response. However, my staff and I have started meeting with some of the folks down in Wayne County, we met with Steve Shaddells and some of his staff, the Health Department director to try to assess what they think might be helpful. In the Community Health Centers they talk about the difficulty of them providing outreach without in the past in the early days of CHIP there was, there were some additional monies that were made available that helped those centers and I promised them that we would get back and talk to some other folks in the county, the school nurses and so on. We will work up an outreach plan to try to get more attention from the public for CHIP for that

County and maybe some others as well.

Speaker: Thank you.

President: Couldn't help but notice also that there is two counties there that basically no eligible uninsured children. There is a foot note

Sharon Carte: That is right but I think there is some point an asterisk that explains that uh...

President: Just says none were found.

Sharon Carte: Right because it is drawn from a sample just because there were none, no uninsured found in the sample. Doesn't mean that you might not be able to find 3 or 4 uninsured kids in the county.

President: You'd think that a county as big as Harrison County would have some children that would be eligible for CHIP. I guess not.

Sharon Carte: You know without having, when this county survey was done it was a very expensive one. We were fortunate to do it so we could look at county level data. It hasn't been done for a number of years but Mr. Chairman I can only tell you what providers tell me and anecdotally even in the free clinics it is rare for them to see an uninsured child. The director for Lincoln County that they seldom see any uninsured children so it .... a child who has no insurance whatsoever no coverage source.

President: In Lincoln County?

Sharon Carte: That is what I was told.

President: Senator Chafin.

Senator Chafin: Why are the admissions, you say they are up 38%? Hospital admissions?

Sharon Carte: The cost overall are up 58% and of that yes, the average cost per admission in other words hospitals have increased costs by 38% in their billings to us.

Senator Chafin: Is there some reason? 58% is a pretty good increase.

Sharon Carte: Not 58, 38 was the...

Senator Chafin: Well that is still significant. Is there a reason or any trend you can figure out?

Sharon Carte: Right, no I don't know any other information other than that but I can have our financial officer look at it. As I said earlier we do know in CHIP that we have experienced a few singular, we had a child that went to Washington D.C. hospital for a fall that resulted in a very

large claim. Since we are a small program when those large claims hit...

Senator Chafin: One claim can make it go up, that might be the problem. Thanks.

Sharon Carte: Yes.

President: Further questions? If not, thank you ma'am. The Leases and Contracts.

Secretary Ferguson: Yes sir. We had 13 changes from the period of 1 June through 15 July. 2 new contracts, 8 straight renewals, 3 lease changes, rent increase and rent increase with adding square footage.

President: Any questions?

Senator Chafin: Is your lease program for FY 08 significantly increased or reduced or the same as it was for FY 07. In terms of money we are paying out for leased buildings?

Secretary Ferguson: I am going to ask Chuck Lawrence who is our new leasing director who took office on 1 July to come forward. We are in the process of gearing up now personnel wise, we do have a budget and we are doing.

Senator Chafin: We had a discussion some time ago that you all were going to try to reduce all the money the state paid out was huge amounts. I just wondered where we are, are we making any progress in this new year?

Chuck Lawrence: Is this an easy question?

Senator Chafin: I think it is. Are you spending more this year than last year? If so how much?

Chuck Lawrence: The general direction I have been given is to shrink the amount of space we are leasing. That includes not only square footage but also

Senator Chafin: Do you remember the amount we are paying for leased property for the state each year? Approximate amounts?

Chuck Lawrence: Off the top of my head it I want to say it is \$3 - \$4 million.

Senator Chafin: Where are we this year as compared to last year?

Chuck Lawrence: Um, the few projects that I have handled so far, we have been able to reduce cost. I am 28 days into the mission, I have been in a sprint since May 1. I am trying to get a handle on all the data that I have available. When I get into the weeds there is some inconsistency's in the lease documents that I am seeing so I don't know if I am in a position to really look forward that far other than general direction is to reduce cost.

Senator Chafin: Maybe in the coming months you can give us a trend or report and tell us what you are doing.

Chuck Lawrence: I am sorry I don't have that information.

Senator Chafin: I mean in the coming months perhaps you can do that.

Chuck Lawrence: Oh yes absolutely.

Senator Chafin: One thing that always irks me when I go to the mall you got the million dollar senior citizens down there at the food court and they have taken the whole thing over and it just seems like an odd place and a huge amount and you could build a pretty handsome building it seems to me like for what you are paying out down there. You might take a look at some of those things.

Chuck Lawrence: We will do that.

Senator Chafin: And now we got the other \$20 million corner of the mall. It is like your going to have nothing but office thru Brickstreet. So I mean people ask me like is the State taking over the mall. Just buy the mall. But you have got to have some better plan than a million dollars at the food court for the senior citizens agency to pay that kind of rent.

Chuck Lawrence: We will look at everything.

President: Further questions? If not, thank you gentlemen. Next item is the report from Secretary Walker, is she here? John Law.

John Law: She isn't here Mr. President, I am John Law from DHHR. Medicaid report is in your packet, really it looks pretty good. If you have any technical questions about what is going on with it we have people here who can answer.

President: Quick report, nothing going on?

John Law: The trends show things are, we are within budget and our enrollment is staying stable or decreasing a little.

President: Senator Chafin.

Senator Chafin: Mr. Law, I thought Secretary Walker might be here. This is kind of specific to my county. It is the Logan-Mingo mental health building down that serves Mingo and Logan County and they have a lot of traffic there, the sidewalks and the building is in a big state of disrepair. Those people came to see me earlier this week about some funds to take care of the sidewalks before you get sued. Ms. Walker said she was not going to pay for any sidewalks or nothing was budgeted for it. Would you make an inquiry as to where we can go or where I can tell these people they can go to get, I mean they are really in horrible condition.

John Law: Yes sir I will. I know we are aware of that but I will make the inquiry as to where you can go.

Senator Chafin: It is just really bad they brought the pictures and Delegate White probably knows. Well thank you very much if you will check on that.

President: Further questions? If not, thank you Mr. Law. Next is the Chair of the Pharmaceutical Cost Management Council. Ms. Phares. I didn't think you were going to be here so. At least the note I have said you weren't going to be here.

Shana Phares: I think you got that note last month too, right. I am Shana Phares, I am the designated Chair for the Pharmaceutical Cost Management Council and I am the Governor's Pharmaceutical Advocate. The Council will meet on August 13 to review federal legislation that is pending that would expand the 340-B program. This is a program that I have talked to you about before that allows fairly funded entities to purchase drugs at below Medicaid price. The pending legislation would extend that pricing program to critical access hospitals, sole community hospitals and medicare dependent hospitals. We are also working closely with the hospital association to take a look at that legislation. I met with all five congressional offices last week and they are all favorably disposed to the legislation as it is a cost saver and it is estimated to save Medicaid \$200 million nationwide each year or a billion dollars over 5 years. In September we will be looking at PBM disclosure legislation pharmaceutical benefit manager disclosure legislation. This is something that has come before the legislature twice and it is presumed that the legislature will take a look at it again next year. Since the time it was last considered the national association of insurance commissioners has come up with model legislation so we will be taking a look at that in September and hopefully will come back to you with a recommendation. The other major thing that we are looking at is a consolidated generic formulary that would look at posting on the web a generic formulary that Medicaid, PEIA, CHIP, Workers' Compensation and we have two private insurers that are in the conversation that they would all adhere to so that providers across the state could just go on the web, print off the generic formulary and they would know that it would apply to that wide spectrum of providers which would get the majority of citizens in the state and would help, you know the theory is to promote generic utilization, increase generic penetration and reduce costs. I am happy to take any questions.

President: Further questions? One question, like I said I don't have my notes with me cause I didn't think you were going to be here but, you told me last month that you had I guess the Central Fill Pharmacy had a million dollars, they had it in the bank.

Shana: No, I sent a clarification of that by email. It was my understanding that the attorney general has some money set aside for the Central Fill Pharmacy. They had presented a budget, which I think you have a copy of which they are still working on. It has a \$250,000 hole in that budget and as I discussed last month I think there are additional revenue sources that they could explore. They are working on several grant funders to get start up funding.

President: Well, I have been told that Pharma has not made a definite commitment. We have a

letter from the attorney general's office that says they have not made a commitment and I think part of that was a legislative appropriation which I understand is not there. That is the reason, like I said I don't have my notes in front of me but you know you had said the money was there and you said it was available and in the bank but not spent. That is what at least the recording says so.

Shana: I conferred with other members that were present last time and said is this what you heard because I had heard that was what was going around. No one else heard that and if that is what is on there, I apologize cause that is certainly not the case.

President: Who transcribed it.

Shana: I would be happy to review the transcription.

President: Ok, I mean there is a lot of inconsistency's here. At least maybe I am hearing things that other people don't but anyhow I asked the staff to check the tape just to make sure that I was correct and when they brought it back to me that is what it said.

Shana: And I followed up with staff by email and laid it out in the email it said that all the funding is not there.

President: But you told me it was.

Shana: Then I mis-spoke. If that is what is on the transcript that is incorrect, I spoke incorrectly.

President: Ok, further questions? Thank you. Our next meeting dates are listed on your agenda. If there is nothing else to come before the Committee the Speaker moves we adjourn. All those in favor will say I.

Committee: I

President: Oppose no? The I's have it I declare the meeting adjourned.

**JULY INTERIM ATTENDANCE**  
**Legislative Interim Meetings**  
**July 27, 28 and 29, 2007**

**Sunday, July 29, 2007**

12:00 pm - 1:00 pm

**Joint Committee on Government and Finance**

Senate

Tomblin, Chair

Chafin

Helmick

Kessler

Sharpe

Caruth

Deem

✓  
✓  
✓  
✓  
✓  
✓  
✓

House

Thompson, Chair

Caputo

DeLong

Webster

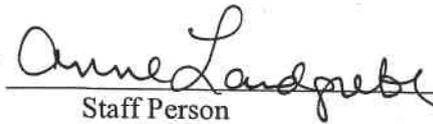
White

Armstead

Border

✓  
✓  
✓  
✓  
✓  
✓  
✓

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
- <sup>NO</sup> 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.

**WEST VIRGINIA LEGISLATURE**  
*Parks, Recreation and Natural Resources Subcommittee*

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



**John Pat Fanning, Chair  
State Senate**

**Jeff Eldridge, Cochair  
Danny Wells, Cochair  
House of Delegates**

DATE: JULY 29, 2007  
TO: JOINT COMMITTEE ON GOVERNMENT AND FINANCE  
FROM: PARKS, RECREATION AND NATURAL RESOURCES SUBCOMMITTEE  
RE: SITE VISITATION EXPENSE REIMBURSEMENT

The Parks, Recreation and Natural Resources Subcommittee requests expense reimbursement for site visitations to Tygart Lake State Park, Prickett's Fort State Park, Valley Falls State Park and Audra State Park on July 15, 16 and 17, 2007.



WEST VIRGINIA LEGISLATURE  
STATE CAPITOL  
CHARLESTON, WEST VIRGINIA 25305

July 27, 2007

Members  
Joint Committee on Government and Finance  
West Virginia Legislature

RE: TRAVEL EXPENSES

Dear Members:

Senator Dan Foster and Delegate Sharon Spencer, Co-Chairs of the Joint Committee on Pensions and Retirement, request the Joint Committee on Government and Finance to authorize and finance travel, lodging and other expenses not to exceed \$700 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 August 20, 2007, on the subject of universal voluntary retirement accounts.

Sincerely,

A handwritten signature in cursive script that reads "Dan Foster".

Dan Foster  
Senator, 17<sup>th</sup> District

A handwritten signature in cursive script that reads "Sharon Spencer".

Sharon Spencer  
Delegate, 30<sup>th</sup> District



WEST VIRGINIA LEGISLATURE  
STATE CAPITOL  
CHARLESTON, WEST VIRGINIA 25305

July 27, 2007

Members  
Joint Committee on Government and Finance  
West Virginia Legislature

RE: PAYMENT FOR ACTUARIAL STUDY

Dear Members:

Senator Dan Foster and Delegate Sharon Spencer, Co-Chairs of the Joint Committee on Pensions and Retirement, request the Joint Committee on Government and Finance to authorize payment not to exceed \$60,000 to Buck Consultants for an actuarial study relating to HCR35, 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.

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Sunday, July 29, 2007

12:00 pm - 1:00 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

Bres, Tomblin calls the meeting to order.

1. Upon motion of Speaker, the June minutes were approved.

2. Committee Reports:

Parks - Visit approved on motion of Speaker.

Jt. Comm of Ser & Ret.

1. Speaker moves - Adopted  
2. " " " - Adopted

3. Reports in booklet

4. PEIA - Robert Ferguson - Drug costs up but otherwise in good shape

Don Kessler? whether some retirees now must pay some of premium not required before

Webster asks if info could be provided to all of members

BRIM - 16.4 mil investment income for 11 months this year

CHIP - Sharon ~~Cook~~ Conte - enrollment stable - Claims up about 11%

Speaker - His inquiry why Vayre not enrolled

6:00 pm

in significant numbers

Leases - Chapin asks if lease cost is reducing - trying to reduce costs

Jenkins, Vice Chair

Brown

5. John Low - DADR - trend is good  
Chapin - Logan - Mingo Mental Health Center - sidewalks + buildings in disrepair - want to know where to get fix up money

6. Monthly Bohorn. Cost Mon. Council  
Bohona Bohorn - Bohorn, Ber. Manager  
Disclosure will be looked at in Sept.  
Consolidated Generic Formulary on Web apply to PFTD, medicine, workers Comp etc.

Tonblin says she said money in bank for Central Hill Pharmacy - not true

Adjourn