

FILE COPY

JOINT COMMITTEE ON
GOVERNMENT AND FINANCE

Materials Distributed

May 8, 2007

April 18, 2007

12:00 - 1:00 p.m.

Joint Committee on Government and Finance

Senate

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

House

Thompson, Chair
Caputo
DeLong
Webster
White
Armstead
Border

Speaker Thompson, Cochair, presided.

1. Approval of Minutes

Upon motion by President Tomblin, properly adopted, the minutes of the January 9, 2007, meeting were approved.

2. 2007 Interim Studies

Upon motion by President Tomblin, properly adopted, the President and Speaker were authorized to establish interim committees as they deem appropriate and to appoint as many members as desired to any committee other than statutory committees.

Upon motion by President Tomblin, properly adopted, the committee co-chairs were authorized to establish subcommittees with the approval of the President and the Speaker, study additional issues approved by the President and Speaker and assign studies to appropriate subcommittees with approval to the President and Speaker.

Upon motion by President Tomblin, properly adopted, the following committees were authorized to meet during the 2007 Interim Period:

Statutory Committees:

Commission on Interstate Cooperation
Commission on Special Investigations
Council of Finance and Administration
Employee Suggestion Award Board
Equal Pay Commission
Joint Commission on Economic Development
Joint Committee on Government Operations
Joint Committee on Government and Finance
Joint Legislative Oversight Commission on State Water Resources
Legislative Oversight Commission on Education Accountability
Legislative Oversight Commission on Health and Human Resources Accountability
Legislative Oversight Committee on Regional Jail and Correctional Facility Authority

Legislative Oversight Commission on Workforce Investment for Economic Development
Legislative Rule-Making Review Committee
Forest Management Review Commission
WV Law Institute

Standing Committees:

Joint Standing Committee on Education
Joint Standing Committee on Finance
Joint Standing Committee on Government Organization
Joint Standing Committee on the Judiciary

Upon motion by President Tomblin, properly adopted, the following committees were created and authorized to meet during the 2007 Interim Period:

Agriculture and Agri-business Committee
Joint Committee on Technology
Legislative Intern Committee
Parks, Recreation and Natural Resources Subcommittee
Post Audits Subcommittee
Select Committee A - Committee on Children, Juveniles and other Issues
Select Committee B - Veterans' Issues
Select Committee C - Infrastructure
Select Committee D - Health
Select Committee E - Broadband

Upon motion by President Tomblin, properly adopted, the **Joint Committee on Agriculture and Agri-business** was assigned SCR 78.

Upon motion by President Tomblin, properly adopted, the **Joint Commission on Economic Development** was assigned SCR 83, HCR 48 and SCR 65.

Upon motion by President Tomblin, properly adopted, the **Joint Standing Committee on Education** was assigned SCR 58, SCR 60, SCR 80, HCR 68, HCR 85 and HCR 91.

Upon motion by President Tomblin, properly adopted, the **Joint Standing Committee on Finance** was assigned HCR 62, HCR 70, HCR 89 and HCR 50.

Upon motion by President Tomblin, properly adopted, the **Joint Standing Committee on Government Organization** was assigned SCR 52, SCR 55 and SCR 63.

Upon motion by President Tomblin, properly adopted, the **Joint Standing Committee on Pensions and Retirement** was assigned HCR 35.

Upon motion by President Tomblin, properly adopted, the **Joint Standing Committee on Judiciary** was assigned HCR 82, SCR 69, HCR 45, HCR 60, HCR 66, HCR 86, HCR 94, SCR 76, HB 2346, HCR 83 and HCR 92.

Upon motion by President Tomblin, properly adopted, the **Legislative Oversight Committee on Regional Jail and Correctional Facility Authority** was assigned HCR 54 and HCR 79.

Upon motion by President Tomblin, properly adopted, the **Select Committee A - Committee on Children, Juveniles, and Other Issues** was assigned HCR 42 and HCR 40

Upon motion by President Tomblin, properly adopted, the **Select Committee B - Veterans' Issues** was assigned HCR 75.

Upon motion by President Tomblin, properly adopted, the **Select Committee C - Infrastructure** was assigned HCR 77, HCR 84, HCR 80 and SCR 84

Upon motion by President Tomblin, properly adopted, the **Select Committee D - Health** was assigned SCR 82, SCR 77, HCR 14, HCR 53, HCR 58 and HCR 81.

Upon motion by President Tomblin, properly adopted, the **Joint Legislative Oversight Commission on State Water Resources** was assigned SCR 15, SCR 85, HCR 55 and HB 3210.

Upon motion by President Tomblin, properly adopted, the **Joint Commission on Economic Development** was directed to study Tax Increment Financing for Class III and IV cities.

Upon motion by President Tomblin, properly adopted, the **Joint Standing Committee on Finance** was directed to study the Soft Drinks Tax.

Upon motion by President Tomblin, properly adopted, the **Joint Standing Committee on Judiciary** was directed to study the Administrative Expenses, Policies and Procedures of Brickstreet Insurance Company.

Upon motion by President Tomblin, properly adopted, the **Joint Standing Committee on Finance** was directed to study the Insurance Coverage for County Replacement Costs for courthouses and other facilities and GASB Implementation.

Upon motion by President Tomblin, properly adopted, the **Select Committee A - Committee on Children, Juveniles and other Issues** was directed to study the Family Court System.

Upon motion by President Tomblin, properly adopted, the **Select Committee D - Health** was directed to study the issue of access to oral health services.

Upon motion by President Tomblin, properly adopted, the **Select Committee E - Broadband** was directed to study and review the practices, policies and procedures used to expand broadband infrastructure and other issues identified in §5B-4-11 of Enrolled Senate Bill No. 748.

Upon motion by President Tomblin, properly adopted, all interim committees for which there are an unequal number of Delegates and Senators, all motions considered must be adopted by a separate majority vote of the committee members from each legislative body.

3. **Lottery, Workers' Compensation Trust Fund and General Revenue Reports**

Distributed to members of the Committee were the following: Lottery Operations report for the month ended February 28, 2007; the General Revenue Fund status report as of March 31, 2007; and the Unemployment Compensation Trust Fund report for the month ended February 28, 2007. Distributed with each of the reports were an analysis and a summary of the reports.

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

A Medicaid report dated April 2007 was distributed. Martha Walker, Cabinet Secretary, DHHR, responded to questions about DHHR's \$14 million change order with Unisys for the Medicaid Management System. The Federal government paid 90% of the system's planning and implementation costs. The system was certified in October 2006. Unisys underestimated costs of the system. They asked for a price increase when the contract came up for renewal. The increase requested was \$5.82 per member per month from a previous \$2.07 per member per month. The contract has been in existence for four years. Now there are four one year options to renew the contract.

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

The following BRIM reports were distributed: An unaudited balance sheet and unaudited income statement for the period ending February 28, 2007.

Robert Ferguson, Jr., Cabinet Secretary, Department of Administration, reported BRIM last year made \$6.8 million on investment income and this year has made \$15.1 million over the first eight months. There is no overall unfunded liabilities except Senate Bill 3 liabilities. Secretary Ferguson said that he will take a look into possibly starting to move physicians that are with the State medical schools from BRIM to a private carrier.

The following reports from CHIP were distributed: A report of enrollment for March 2007 and financial statements for period ending February 28, 2007. Secretary Ferguson said there is a 1.4% increase over last year. Hospice claims were \$29,000 and until this year, there has been no usage of hospice.

The following monthly PEIA reports were distributed: Monthly Management Report, Financial Report and Prescription Drug Report for February 2007.

6. **General Services Division - Five Year Facilities Master Plan**

A five year facilities master plan dated March 19, 2007, was distributed. David Oliverio, Executive Director, General Services Division, responded to questions on the HVAC upgrade for the Capitol building. The expected target date for the Capitol cafeteria to open is December 2007.

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

A leasing report for December 22, 2006, through March 31, 2007, was distributed.

8. **Department of Transportation**

Marvin Murphy, State Highway Engineer, answered questions on the equipment sale planned for May 12, 2007. Mr. Murphy reported that there is \$22 million in idle equipment each year. The May 12, 2007, sale is expected to bring in about \$1.7 million.

Upon motion by President Tomblin, properly adopted, the Joint Committee on Government and Finance will request Paul Mattox, Jr., Cabinet Secretary, Department of Transportation, be present at the next interim meeting in May.

9. **Bureau of Senior Services**

Dr. Sandra Vanin, Commissioner, Bureau of Senior Services, responded to questions regarding the LIFE monies and how they are allocated.

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

Shana Phares, Acting Pharmaceutical Advocate and Chair of the Pharmaceutical Cost Management Council, discussed electronic prescribing. The initial reporting date has been moved back from July 1, 2008 to March 1, 2008. The initial reporting period has been changed from calendar year 2007 and has been moved to July 1, 2007 to December 31, 2007. The Council's sunset date is July 1, 2008.

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

A Board of Treasury Investments Report dated March 2007 was distributed.

12. **Scheduled Interim Dates:** Upon motion by President Tomblin, properly adopted, interim meetings for 2007 were scheduled on:

May 6 - 8
June 3 - 5
July 8 - 10
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



304-347-4870

May 4, 2007

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

Lottery Commission as of March 31, 2007 :

Appears to be in good condition. Gross receipts for the months of July - March of fiscal year 2006-2007, were \$ 1,171,701,000.00 which was 3.58% above the same months of fiscal year 2005-2006.

General Revenue Fund as of April 30, 2007:

Collections were at 100.77% of the yearly estimate as of April 30, 2007.

State Road Fund as of April 30, 2007:

Fund collections were at 107.42% of the yearly estimate.

Unemployment Compensation Trust as of March 31, 2007:

Report not available for review; due to interims early in month; will be included in next month's interim reports.

Joint Committee on Government and Finance

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor

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



304-347-4870

MEMORANDUM

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

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

Date: May 7, 2007

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

We performed an analysis of the Statement of Revenues, Expenses and Retained Earnings for the month ended March 31, 2007, from monthly unaudited financial reports furnished to our office by the West Virginia Lottery Commission. This report is for nine 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 \$1,171,701,000.00. These gross receipts were 3.58 % ABOVE the total as of March 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 - March 2007 was \$ 503,866,000.00; for the previous fiscal year it was \$476,313,000.00. Expressed as a percentage, gross profit is **5.78% higher** for July - March 2007 than for July - March 2006.

Joint Committee on Government and Finance

Lottery continued

Operating Income:

Operating income was \$ 488,751,000.00 for July 2006 - March 2007. For July 2005- March 2006 it was \$ 461,780,000.00. This was an increase of 5.84%.

Operating Transfers to the State of West Virginia:

A total of \$ 476,576,000.00 has been accrued to the state of West Virginia for fiscal year 2006-2007. This is on an accrual basis and may not correspond to the actual cash transfers made during the same time period. (Amounts owed to the different accounts according to the Lottery Act are calculated monthly and accrued to the state; actual cash transfers are often made based upon actual cash flow needs of the day-to-day operation of the lottery.)

A schedule of cash transfers follows:

Bureau of Senior Services	\$ 42,136,000.00
Department of Education	\$ 32,704,000.00
Educational Broadcasting Authority	
Library Commission	\$ 10,522,000.00
Higher Education-Central Office	\$ 38,834,000.00
Tourism	\$ 7,868,000.00
Department of Natural Resources	\$ 3,428,000.00
Division of Culture and History	\$ 5,222,000.00
Department of Education and Arts	\$ 1,385,000.00
State Building Commission	\$ 9,000,000.00
School Building Authority	\$ 16,200,000.00

Lottery continued

SUBTOTAL BUDGETARY TRANSFERS	\$167,299,000.00
-------------------------------------	-------------------------

Excess Lottery Fund

General Purpose Fund	65,000,000.00
Economic Development Fund	17,100,000.00
Traffic Fund	0
Excess Lottery Surplus	23,648,000.00
Education Improvement Fund	9,000,000.00
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	2,594,000.00
School Building Authority	19,000,000.00
TOTAL EXCESS LOTTERY FUND	208,342,000.00

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

Veterans Instant Ticket Fund 746,000.00

RACETRACK VIDEO LOTTERY TRANSFERS:	
Tourism Promotion Fund	\$9,184,000.00
Development Office Promo Fund	\$2,505,000.00
Research Challenge Fund .5%	\$3,340,000.00
Capitol Renovation and Improvement Fund .6875%	\$4,592,000.00

Lottery continued

Parking Garage Fund .0625%	\$417,000.00
Parking Garage Fund 1%	\$500,000.00
Cultural Facilities and Cap. Resources Fund .5%	\$1,500,000.00
Capitol Dome & Cap. Improvements Fund .5%	\$4,679,000.00
Workers Compensation Debt Reduction Fund 7%	\$11,000,000.00
SUBTOTAL VIDEO LOTTERY TRANSFERS:	\$37,717,000.00
TOTAL TRANSFERS	*\$518,358,000.00

* CASH BASIS

Total Applicable to last FY 2006:	147,676,000.00
Total Cash Distributions July -March 2007.	518,358,000.00
Total Applied to FY 2006:	147,676,000.00
Total Applied to FY 2007:	370,682,000.00
Total Accrued for FY 2007:	105,894,000.00



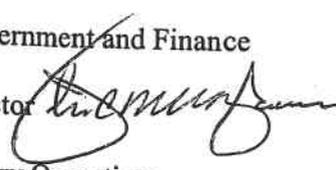
P.O. BOX 2067
CHARLESTON, WV 25327

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

Joe Manchin III
Governor

John C. Musgrave
Director

MEMORANDUM

TO: Joint Committee on Government and Finance
FROM: John C. Musgrave, Director 
RE: Monthly Report on Lottery Operations
Month Ending March 31, 2007
DATE: April 20, 2007



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

Financial statements of the Lottery for the month ending March 31, 2007 are attached. Lottery revenue, which includes on-line, instant and video lottery sales, was \$142,591,634 for the month of March.

Transfers of lottery revenue totaling \$43,463,244 made for the month of March 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 March 31, 2007 was 1,655 and 1,693 respectively.

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

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

JCM/rd
Attachment

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

www.wvlottery.com



WEST VIRGINIA LOTTERY

STATE OF WEST VIRGINIA

**FINANCIAL STATEMENTS
-UNAUDITED-**

MARCH 31, 2007

WEST VIRGINIA LOTTERY

TABLE OF CONTENTS

	Page
BALANCE SHEETS	3
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS.....	4
STATEMENTS OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6 - 19

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

ASSETS	March 31, 2007	June 30, 2006
Current assets:		
Cash and cash equivalents	\$ 139,036	\$ 197,719
Accounts receivable	32,884	24,790
Inventory	761	588
Current portion of investments held in trust	29	57
Other assets	1,592	1,455
Total current assets	<u>174,302</u>	<u>224,609</u>
Noncurrent assets:		
Capital assets	12,623	11,719
Less accumulated depreciation and amortization	<u>(11,470)</u>	<u>(11,046)</u>
	1,153	673
Investments held in trust, less current portion	<u>274</u>	<u>612</u>
Total assets	<u>\$ 175,729</u>	<u>\$ 225,894</u>
 LIABILITIES AND NET ASSETS		
Current liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 105,894	\$ 147,676
Estimated prize claims	13,463	15,992
Accounts payable	976	2,745
Other accrued liabilities	34,232	38,579
Current portion of deferred jackpot prize obligations	195	336
Total current liabilities	<u>154,760</u>	<u>205,328</u>
Deferred jackpot prize obligations, less current portion	<u>161</u>	<u>316</u>
Total liabilities	<u>154,921</u>	<u>205,644</u>
Net assets:		
Invested in capital assets	1,153	673
Restricted assets (see note 8)	20,558	20,000
Unrestricted (deficit)	(903)	(423)
Total net assets	<u>20,808</u>	<u>20,250</u>
Total liabilities and net assets	<u>\$ 175,729</u>	<u>\$ 225,894</u>

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

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

(In Thousands)

-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	2007	2006	2007	2006
Lottery revenues				
On-line games	\$ 8,301	\$ 8,413	\$ 67,489	\$ 77,609
Instant games	9,026	11,873	81,040	88,164
Racetrack video lottery	87,924	86,009	727,537	698,106
Limited video lottery	37,341	34,486	295,635	267,334
	<u>142,592</u>	<u>140,781</u>	<u>1,171,701</u>	<u>1,131,213</u>
Less commissions				
On-line games	581	589	4,725	5,433
Instant games	632	831	5,673	6,171
Racetrack video lottery	42,522	42,033	406,294	392,309
Limited video lottery	19,761	18,250	156,450	144,919
	<u>63,496</u>	<u>61,703</u>	<u>573,142</u>	<u>548,832</u>
Less on-line prizes	4,076	4,476	33,928	39,434
Less instant prizes	6,102	7,137	55,118	60,046
Less ticket costs	142	207	1,186	1,614
Less vendor fees and costs	522	609	4,461	4,974
	<u>10,842</u>	<u>12,429</u>	<u>94,693</u>	<u>106,068</u>
Gross profit	<u>68,254</u>	<u>66,649</u>	<u>503,866</u>	<u>476,313</u>
Administrative expenses				
Advertising and promotions	1,104	720	7,043	5,827
Wages and related benefits	475	468	4,369	4,157
Telecommunications	52	60	1,768	1,594
Contractual and professional	(178)	452	2,414	2,803
Rental	57	52	477	437
Depreciation and amortization	48	111	424	1,019
Other administrative expenses	94	80	1,054	739
	<u>1,652</u>	<u>1,943</u>	<u>17,549</u>	<u>16,576</u>
Other Operating Income	<u>679</u>	<u>149</u>	<u>2,434</u>	<u>2,043</u>
Operating Income	<u>67,281</u>	<u>64,855</u>	<u>488,751</u>	<u>461,780</u>
Nonoperating income (expense)				
Investment income	626	506	5,323	2,720
Interest expense	0	(6)	(29)	(73)
Distributions to municipalities and counties	(732)	(676)	(5,794)	(5,240)
Distributions to racetracks-capital reinvestment	(3,357)	(3,172)	(11,117)	(9,930)
Distributions to the State of West Virginia	(63,724)	(61,507)	(476,576)	(449,257)
	<u>(67,187)</u>	<u>(64,855)</u>	<u>(488,193)</u>	<u>(461,780)</u>
Net income	<u>94</u>	<u>-</u>	<u>558</u>	<u>-</u>
Net assets, beginning of year	<u>20,250</u>	<u>250</u>	<u>20,250</u>	<u>250</u>
Net assets, end of year	<u>\$ 20,344</u>	<u>\$ 250</u>	<u>\$ 20,808</u>	<u>\$ 250</u>

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

WEST VIRGINIA LOTTERY
STATEMENTS OF CASH FLOWS
FOR THE NINE MONTH PERIOD ENDED MARCH 31, 2007

(In Thousands)
- Unaudited -

	2007	2006
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 1,166,041	\$ 1,131,796
Cash payments for:		
Personnel costs	(4,369)	(4,175)
Suppliers	(21,354)	(5,055)
Other operating costs	(661,795)	(665,591)
Cash provided by operating activities	<u>478,523</u>	<u>456,975</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(518,358)	(401,883)
Distributions to municipalities and counties	(5,675)	(5,085)
Distributions to racetrack from racetrack cap. reinv. fund	(17,931)	(15,870)
Deferred jackpot prize obligations and related interest paid	(29)	(73)
Cash used in noncapital financing activities	<u>(541,993)</u>	<u>(422,911)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>(904)</u>	<u>-</u>
Cash flows from investing activities:		
Maturities of investments held in trust	387	816
Investment earnings received	5,304	2,698
Cash provided by investing activities	<u>5,691</u>	<u>3,514</u>
Increase (decrease) in cash and cash equivalents	(58,683)	37,578
Cash and cash equivalents - beginning of period	<u>197,719</u>	<u>113,742</u>
Cash and cash equivalents - end of period	<u>\$ 139,036</u>	<u>\$ 151,320</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 488,751	\$ 461,780
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	424	1,019
Changes in operating assets and liabilities:		
Increase (decrease) in accounts receivable	(8,095)	1,459
Decrease (increase) in inventory	(173)	(57)
Increase (decrease) in other assets	(137)	72
Increase (decrease) in estimated prize claims	(2,529)	5,201
Increase (decrease) in accounts payable	(1,770)	15
Decrease (increase) in other accrued liabilities	2,052	(12,514)
Cash provided by operating activities	<u>\$ 478,523</u>	<u>\$ 456,975</u>

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 1 - LEGISLATIVE ENACTMENT

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS

-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

LOTTERY GAME OPERATIONS – The West Virginia Lottery derives its revenues from 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. The Lottery also leases various office equipment under agreements considered to be cancelable operating leases. Rental expense for the nine months ended March 31, 2007 and March 31, 2006 approximated \$477,080 and \$437,034, respectively. Sublease rental income for the nine months ended March 31, 2007 and March 31, 2006 approximated \$60,508 and \$77,796, 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 March 31, 2007 the carrying amounts of deposits (overdraft) with financial institutions were (\$28) thousand with a bank balance of \$20 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>March 31, 2007</u>	<u>June 30, 2006</u>
Amount on deposit with the IMB	<u>\$139,064</u>	<u>\$197,734</u>

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

NOTE 4 - CAPITAL ASSETS

A summary of capital asset activity for the month ended March 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 March 31, 2007
Improvements	\$ 1,121	\$ -	\$ -	\$ 1,121
Equipment	10,598	904	-	11,502
	<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 March 31, 2007
Improvements	\$ 848	\$ 58	\$ -	\$ 906
Equipment	10,198	366	-	10,564
	<u>\$ 11,046</u>	<u>\$ 424</u>	<u>\$ -</u>	<u>\$ 11,470</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 March 31, 2007 were \$5,152,667 and \$41,519,160 while related prize costs for the same periods were \$2,585,859 and \$20,849,535.

Revenues derived from the Lottery's participation in the HOT LOTTO game for the month and year-to-date periods ended March 31, 2007 were \$387,816 and \$3,588,432 while related prize costs for the same periods were \$194,565 and \$1,924,558.

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 March 31, 2007 the POWERBALL prize reserve funds had a

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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

balance of \$96,826,624 of which the Lottery's share was \$2,282,390. 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. A summary of racetrack video lottery revenues for the month ended March 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>2007</u>	<u>Month</u> <u>2006</u>	<u>Year- to -Date</u> <u>2007</u>	<u>2006</u>
Total credits played	\$922,543	\$915,066	\$7,681,250	\$7,506,589
Credits (prizes) won	(834,140)	(829,057)	(6,950,454)	(6,808,483)
MWAP Contributions	(479)	-	(3,259)	-
Gross terminal income	<u>\$87,924</u>	<u>\$86,009</u>	<u>\$727,537</u>	<u>\$698,106</u>
Administrative costs	(127)	(139)	(17,525)	(17,524)
Net Terminal Income	<u>\$87,797</u>	<u>\$85,870</u>	<u>\$710,012</u>	<u>\$680,582</u>
Less distribution to agents	(42,522)	(42,033)	(406,294)	(392,309)
Racetrack video lottery revenues	<u>\$45,275</u>	<u>\$43,837</u>	<u>303,718</u>	<u>\$288,273</u>

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

	<u>March 31, 2007</u>	<u>Year-to Date</u>
State Lottery Fund	\$1,346	\$130,127
State Excess Lottery Revenue Fund	37,516	124,602
Capital Reinvestment Fund	3,357	11,117
Tourism Promotion Fund 1.375%	1,051	9,234
Development Office Promotion Fund .375 %	286	2,520
Research Challenge Fund .5 %	382	3,359
Capitol Renovation & Improvement Fund .6875 %	525	4,620
Parking Garage Fund .0625 %	48	420
Parking Garage Fund 1 %	-	500
Cultural Facilities & Capitol Resources Fund .5 %	-	1,500
Capitol Dome & Capitol Improvements Fund .5 %	764	4,719
Worker's Compensation Debt Reduction Fund 7 %	-	11,000
Total nonoperating distributions	<u>\$45,275</u>	<u>\$303,718</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 March 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	\$455,755	\$421,257	\$3,599,980	\$3,253,982
Credits (prizes) won	(418,414)	(386,771)	(3,304,345)	(2,986,648)
Gross terminal income	\$37,341	\$34,486	\$295,635	\$267,334
Administrative costs	(747)	(690)	(5,913)	(5,347)
Gross Profit	\$36,594	\$33,796	\$289,722	\$261,987
Commissions	(19,761)	(18,250)	(156,450)	(144,919)
Municipalities and Counties	(732)	(676)	(5,794)	(5,240)
Limited video lottery revenues	<u>\$16,101</u>	<u>\$14,870</u>	<u>\$127,478</u>	<u>\$111,828</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 March 31, 2007 the Lottery made such distributions and accrued additional distributions of \$60,668,099. 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 March 31, 2007 the Lottery accrued additional distributions relating to racetrack video lottery operations of \$658,392.

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>March 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	1,000	9,000
School Building Authority	1,800	16,200
Total State Lottery Fund	\$ 2,800	\$167,299
<u>State Excess Lottery Revenue Fund:</u>		
Economic Development Fund	\$ 1,900	\$ 17,100
Higher Education Improvement Fund	1,000	9,000
General Purpose Account	-	65,000
Higher Education Improvement Fund	-	27,000
State Park Improvement Fund	748	5,000
School Building Authority	2,841	19,000
Refundable Credit	955	2,594
Excess Lottery Surplus	23,648	23,648
West Va. Infrastructure Council	5,982	40,000
Total State Excess Lottery Revenue Fund	\$ 37,074	\$ 208,342
<u>Senate Bill 1010, 1016 & 1017</u>	\$ -	\$ 104,253
Total Budgetary distributions:	\$ 39,874	\$ 479,895
Veterans Instant Ticket Fund	\$ 142	\$ 746

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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

Other Racetrack Video Lottery distributions:

Tourism Promotion Fund 1.375%	\$ 1,185	\$ 9,184
Development Office Promotion Fund .375%	323	2,505
Research Challenge Fund .5%	431	3,340
Capitol Renovation & Improvement Fund .6875%	593	4,592
Parking Garage Fund .0625 %	53	417
Parking Garage Fund 1 %	-	500
Cultural Facilities & Cap. Resources Fund .5%	-	1,500
Capitol Dome & Cap. Improvements Fund .5%	862	4,679
Workers Compensation Debt Reduction Fund 7%	-	11,000
Total	<u>\$ 3,447</u>	<u>\$ 37,717</u>
 Total nonoperating distributions to the State of West Virginia (cash basis)	 \$43,463	 \$518,358
Accrued nonoperating distributions, beginning	(85,633)	(147,676)
Accrued nonoperating distributions, end	<u>105,894</u>	<u>105,894</u>
 Total nonoperating distributions to the State of West Virginia	 <u>\$ 63,724</u>	 <u>\$476,576</u>

NOTE 9 - 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 March 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 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):

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 9 - DEFERRED JACKPOT OBLIGATIONS AND INVESTMENTS HELD IN TRUST
(continued)

	<u>March 31, 2007</u>	<u>June 30, 2006</u>
Present value of deferred prize award obligations:		
Discounted obligations outstanding	\$ 338	\$ 615
Imputed interest accrued	<u>18</u>	<u>37</u>
	356	652
Less current portion of discounted obligations and accrued interest	<u>(195)</u>	<u>(336)</u>
Long-term portion of deferred prize award obligations	<u>\$ 161</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	59	5	64
June 30, 2008	159	23	182
June 30, 2009	<u>120</u>	<u>10</u>	<u>130</u>
	<u>\$ 338</u>	<u>\$ 38</u>	<u>\$ 376</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 10 - 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 March 31, 2007 are as follows (in thousands):

	<u>March 31, 2007</u>	<u>Year-to Date</u>
Lottery contributions	\$37	\$335
Employee contributions	16	144
Total contributions	\$53	\$479

NOTE 11 - 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 11 - 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 11 - 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: May 4, 2007

Re: Status of General Revenue Fund April 30, 2007

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

The net collections were **100.77%** of the estimate for the fiscal year. **The amount ABOVE estimate was \$ 22.8 million for the year.**

Corporate income/business franchise tax was \$ 44 million above the estimate.

Severance tax was \$ 9.4 million above the estimate as of April 30, 2007.

Joint Committee on Government and Finance

State Road Fund

The state road fund was collected at 107.42% of the estimate for the months of July - April. The entire fund was \$ 34.7 million above the estimate for the year.

Rainy Day and Personal Income Tax Reserve

Revenue Shortfall Reserve Fund A(Rainy Day Fund) had a cash balance of \$ 228,171,928.14 as of April 30, 2007.

Balance July 1, 2006	124,153,400.18
Cash flow loan to General Revenue on July 6, 2006 To be repaid 90 days. This is a normal occurrence in July due to cash flow demands; will be repaid in September. Loan repaid on September 28, 2006.	- 50,000,000.00 + 50,000,000.00
Revenues July 1, 2005-June 30,2006 (Surplus from FY 2006 to be transferred in August 2006.)	88,817,007.83
Earnings	15,201,520.13
Balance April 30, 2007	228,171,928.14

Revenue Shortfall Reserve Fund B (Tobacco Settlement Monies) had a cash balance of \$ 266,258,496.96 as of April 30, 2007.

Balance July 1, 2006	234,897,671.95
Earnings	31,360,825.01
Balance April 30, 2007	266,258,496.96

The Special Income Tax Reserve Fund had a cash balance of \$36,619,318.96 as of April 30, 2007.

Balance July 1, 2006	36,619,318.96
Revenues July 2006-June 2007	
Balance April 30, 2007	36,619,318.96

GENERAL REVENUE FUND FY 2006-2007
 Monthly Revenue Estimates - Revised: March 18, 2007
 as of April 30, 2007 WVFIMS

SOURCE OF REVENUE	MONTH ESTIMATES	FINAL		MONTHLY OVER/ UNDER ESTIMATES VS ACTUAL COLLECTIONS	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY OVER/ UNDER ESTIMATES VS ACTUAL YTD COLLECTIONS
		NET MONTH COLLECTIONS	YTD COLLECTIONS				
Personal Income Tax	176,100,000	141,736,277	-34,363,723	1,065,400,000	1,016,498,321	-48,901,679	
Consumer Sales Tax	81,000,000	69,794,576	-11,205,424	838,000,000	818,463,574	-19,536,426	
Severance Tax	32,400,000	28,959,783	-3,440,217	256,100,000	265,523,968	9,423,968	
Corp Income /Business Franchise	52,700,000	55,062,001	2,362,001	238,000,000	282,289,502	44,289,502	
Business and Occupation	26,800,000	23,936,713	-2,863,287	140,200,000	155,150,833	14,950,833	
Insurance Tax	22,400,000	23,071,280	671,280	103,400,000	98,041,049	-5,358,951	
Use Tax	12,200,000	10,157,204	-2,042,796	97,700,000	106,692,389	8,992,389	
Cigarette Tax	7,300,000	8,054,194	754,194	85,500,000	87,136,851	1,636,851	
HB 102 - Lottery Transfers	2,800,000	0	-2,800,000	67,800,000	77,900,000	10,100,000	
Interest Income	6,900,000	5,010,810	-1,889,190	33,900,000	44,660,180	10,760,180	
Departmental Collections	900,000	862,665	-37,335	14,000,000	12,709,861	-1,290,139	
Property Transfer Tax	1,200,000	823,410	-376,590	13,400,000	10,193,357	-3,206,643	
Liquor Profit Transfers	610,000	659,704	49,704	7,380,000	7,644,726	264,726	
Beer Tax and Licenses	700,000	570,458	-129,542	6,400,000	6,228,787	-171,213	
Senlor Citizen Tax Credit Reimb.	1,200,000	0	-1,200,000	5,100,000	0	-5,100,000	
Property Tax	400,000	448,839	48,839	4,400,000	4,422,326	22,326	
Smokeless Tobacco Tax	400,000	446,837	46,837	4,000,000	4,126,541	126,541	
Charter Tax	100,000	74,426	-25,575	3,800,000	4,285,281	485,281	
Racing Fees	0	235,000	235,000	1,300,000	880,000	-420,000	
Miscellaneous Transfers	100,000	0	-100,000	800,000	2,817,177	2,017,177	
Miscellaneous Receipts	100,000	123,677	23,677	800,000	955,309	155,309	
Business Franchise Fees	20,000	19,117	-883	680,000	591,427	-88,573	
Telecommunications Tax	0	45,248	45,248	0	-416,869	-416,869	
Estate and Inheritance Tax	0	-11,495	-11,495	0	209,670	209,670	
Refundable Credit Reim LTY	0	393,741	393,741	0	2,988,919	2,988,919	
Video Lottery Transfers	0	-56,939	-56,939	0	937,813	937,813	
Special Revenue Transfer	0	0	0	0	0	0	
Cash Flow Transfer	0	0	0	0	0	0	
TOTALS	426,330,000	370,417,523	-55,912,477	2,988,060,000	3,010,930,989	22,870,989	
Minus Cash Flow Transfer	0	0	0	0	0	0	
Percent of Estimates		86.89%			100.77%		
TOTALS	426,330,000	370,417,523	-55,912,477	2,988,060,000	3,010,930,989	22,870,989	
Collections this day		68,104,163					

Prepared by Legislative Auditor's Office, Budget Division

STATE ROAD FUND

FINAL

STATE ROAD FUND FY 2006-2007

Monthly Estimates July 2006 - Revised February 2007

as of April 30, 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	36,000,000	31,873,901	-4,126,099	261,000,000	295,136,898	34,136,898
Privilege Tax	13,383,000	15,349,165	1,966,165	139,974,000	142,724,711	2,750,711
Licenses & Registration	6,439,000	6,612,752	173,752	65,350,000	63,188,070	-2,161,930
Highway Litter Control Fund	122,000	135,059	13,059	1,235,000	1,221,841	-13,159
TOTALS	55,944,000	53,970,878	-1,973,123	467,559,000	502,271,520	34,712,520
Percent of Estimates		96.47%			107.42%	
Collections this day		18,877,192				

REVENUE SHORTFALL RESERVE FUND A as of April 2, 2007 : \$226,153,435.74

REVENUE SHORTFALL RESERVE FUND B as of April 2, 2007 : \$262,846,664.59

SPECIAL INCOME TAX REFUND RESERVE FUND as of April 2, 2007: \$36,619,318.96



Monthly Management Report

TOTAL CLAIMS

MARCH 2007

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

Page: 1

Reporting Category	Type of Service	Current		12 Months Prior		Current Fiscal Yr PEIA Payments	Previous Fiscal Yr PEIA Payments
		Current Period PEIA Payments	Rolling Avg PEIA Payments	12 Months Prior PEIA Payments	Rolling Avg PEIA Payments		
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	219,074.80	177,425.88	232,999.15	162,478.40	1,618,361.20	1,540,196.97
	MATERNITY	142,878.24	157,172.38	176,140.67	136,786.22	1,380,496.63	1,257,842.68
	MEDICAL AND SURGICAL	8,441,584.36	5,904,721.02	7,821,058.01	6,235,743.51	52,806,315.14	58,240,617.97
	NEONATAL COMPLICATIONS	218,824.90	87,731.50	84,806.57	64,473.96	1,047,000.89	541,475.95
	***** sum		9,022,362.30	6,327,050.77	8,315,004.40	6,599,482.08	56,852,173.86
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	44,126.18	50,380.28	64,263.59	42,548.63	407,323.44	404,585.75
	DIALYSIS	302,629.57	232,803.22	311,222.33	199,674.01	2,085,644.48	2,032,782.16
	EMERGENCY ROOM	547,300.51	421,275.39	515,669.28	414,334.59	3,611,362.58	3,811,817.13
	MATERNITY	61,074.64	43,230.51	48,936.60	37,412.38	377,360.23	358,062.81
	MEDICAL AND SURGICAL	9,767,907.33	7,286,569.63	9,621,067.15	7,086,603.59	63,644,839.28	67,495,426.61
***** sum		10,723,038.23	8,034,259.04	10,561,158.95	7,780,573.20	70,126,530.01	74,102,674.46
PHARMACY	PRESCRIPTION DRUGS	21,327,230.94	16,611,455.58	19,510,586.11	14,845,043.26	149,466,116.53	133,798,804.56
***** sum		21,327,230.94	16,611,455.58	19,510,586.11	14,845,043.26	149,466,116.53	133,798,804.56
PROFESSIONAL SERVICES	ADVANCED IMAGING	718,549.06	529,055.08	772,972.07	472,747.25	4,586,654.45	4,552,605.95
	AMBULANCE	334,332.92	274,149.56	310,830.36	241,120.19	2,384,519.60	2,270,121.59
	ANESTHESIA	941,867.05	625,952.72	814,837.48	638,132.19	5,671,192.53	5,972,807.97
	BEHAVIORAL	482,488.82	351,120.44	497,229.77	327,639.83	2,975,310.48	3,003,607.82
	CARDIOVASCULAR MEDICINE	545,011.20	438,019.88	660,804.86	418,899.71	3,636,925.00	3,966,229.62
	CERVICAL CANCER SCREENING	24,975.91	26,749.49	32,284.34	34,654.08	226,206.79	302,587.64
	DIALYSIS	14,808.53	12,187.49	24,548.41	29,958.04	98,534.60	237,428.62
	DME	637,376.13	452,348.80	596,687.99	462,264.92	3,991,598.89	4,434,644.04

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
MARCH 2007

Page: 2

Reporting Category	Type of Service	Current		12 Months Prior		Current Fiscal Yr PEIA Payments	Previous Fiscal Yr PEIA Payments
		Current Period PEIA Payments	Rolling Avg PEIA Payments	12 Months Prior PEIA Payments	Rolling Avg PEIA Payments		
PROFESSIONAL SERVICES	EVALUATION AND MANAGEMENT	6,631,274.55	4,617,564.69	6,178,318.01	4,332,741.56	41,671,011.65	40,629,391.10
	IMMUNIZATION	275,701.41	185,731.92	197,972.36	137,533.74	1,921,040.39	1,471,602.07
	INJECTION	1,031,610.55	788,354.24	1,008,283.16	794,797.42	7,067,180.02	7,259,873.91
	LAB AND PATHOLOGY	923,620.18	638,279.27	916,975.72	561,355.09	5,270,286.42	5,249,808.24
	MAMMOGRAPHY	8,146.07	87,091.80	117,667.19	98,318.08	665,025.61	907,993.01
	OTHER	559,598.64	414,122.61	522,197.60	496,944.23	3,735,755.21	4,608,170.96
	OTHER IMAGING	1,191,624.93	935,418.50	1,240,416.59	799,661.59	8,020,409.55	7,607,152.17
	OTHER MEDICINE	800,837.02	698,133.27	750,117.26	627,483.09	6,094,587.24	5,528,511.08
	PHYSICAL MEDICINE	758,016.17	592,423.65	731,580.64	534,705.59	5,237,411.96	5,049,607.05
	PROSTATE CANCER SCREENING	21,253.39	16,992.31	24,028.67	13,081.97	135,934.88	132,301.04
	SURGICAL	3,776,035.45	2,594,657.67	3,305,410.87	2,508,972.11	23,175,961.96	23,680,413.83

sum		19,677,127.98	14,278,353.37	18,703,163.35	13,531,010.69	126,565,547.23	126,864,857.71

sum		60,749,759.45	45,251,118.76	57,089,912.81	42,756,109.24	403,010,367.63	396,346,470.30

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
PER CAPITA CLAIMS

MARCH 2007

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

Page: 1

Reporting Category	Type of Service	Current		12 Months Prior		Current Fiscal Yr PEIA Payments	Previous Fiscal Yr PEIA Payments
		Current Period PEIA Payments	Rolling Avg PEIA Payments	12 Months Prior PEIA Payments	Rolling Avg PEIA Payments		
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	1.1691	.9752	1.2505	.8947	8.6638	8.2868
	MATERNITY	.7625	.8638	.9453	.7533	7.3904	6.7676
	MEDICAL AND SURGICAL	45.0506	32.4514	41.9756	34.3383	282.6959	313.3532
	NEONATAL COMPLICATIONS	1.1678	.4825	.4552	.3550	5.6051	2.9133

sum		48.1501	34.7728	44.6266	36.3412	304.3552	331.3209
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.2355	.2769	.3449	.2343	2.1806	2.1768
	DIALYSIS	1.6151	1.2795	1.6703	1.0994	11.1654	10.9370
	EMERGENCY ROOM	2.9208	2.3152	2.7676	2.2815	19.3332	20.5088
	MATERNITY	.3259	.2376	.2626	.2060	2.0202	1.9265
	MEDICAL AND SURGICAL	52.1289	40.0460	51.6362	39.0219	340.7193	363.1471

sum		57.2262	44.1552	56.6817	42.8431	375.4187	398.6962
PHARMACY	PRESCRIPTION DRUGS	113.8181	91.3026	104.7132	81.7432	800.1591	719.8806

sum		113.8181	91.3026	104.7132	81.7432	800.1591	719.8806
PROFESSIONAL SERVICES	ADVANCED IMAGING	3.8347	2.9076	4.1485	2.6031	24.5544	24.4945
	AMBULANCE	1.7843	1.5067	1.6682	1.3277	12.7654	12.2140
	ANESTHESIA	5.0265	3.4402	4.3732	3.5140	30.3604	32.1356
	BEHAVIORAL	2.5749	1.9295	2.6686	1.8040	15.9282	16.1604
	CARDIOVASCULAR MEDICINE	2.9086	2.4071	3.5465	2.3066	19.4701	21.3396
	CERVICAL CANCER SCREENING	.1333	.1470	.1733	.1908	1.2110	1.6280
	DIALYSIS	.0790	.0670	.1318	.1650	.5275	1.2774
	DME	3.4015	2.4861	3.2024	2.5455	21.3688	23.8598

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

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

Page: 2

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
PROFESSIONAL SERVICES	EVALUATION AND MANAGEMENT	35.3894	25.3769	33.1590	23.8580	223.0836	218.5992
	IMMUNIZATION	1.4713	1.0211	1.0625	.7571	10.2842	7.9177
	INJECTION	5.5054	4.3328	5.4115	4.3766	37.8338	39.0605
	LAB AND PATHOLOGY	4.9291	3.5076	4.9214	3.0909	28.2142	28.2457
	MAMMOGRAPHY	.0435	.4787	.6315	.5414	3.5602	4.8853
	OTHER	2.9864	2.2761	2.8026	2.7366	19.9992	24.7934
	OTHER IMAGING	6.3594	5.1404	6.6573	4.4033	42.9368	40.9289
	OTHER MEDICINE	4.2739	3.8365	4.0259	3.4552	32.6271	29.7452
	PHYSICAL MEDICINE	4.0453	3.2556	3.9264	2.9442	28.0382	27.1685
	PROSTATE CANCER SCREENING	.1134	.0934	.1290	.0720	.7277	.7118
	SURGICAL	20.1518	14.2600	17.7401	13.8161	124.0713	127.4082

sum		105.0119	78.4703	100.3798	74.5082	677.5621	682.5737

sum		324.2062	248.7009	306.4013	235.4357	2,157.4951	2,132.4714

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

PER CAPITA UTILIZATION

MARCH 2007

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

Page: 1

Reporting Category	Type of Service	Current Period Encounters	12 Months Prior Encounters	Current Fiscal Yr Encounters	Previous Fiscal Yr Encounters
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	.0016	.0014	.0101	.0084
	MATERNITY	.0007	.0007	.0055	.0057
	MEDICAL AND SURGICAL	.0258	.0220	.1788	.1687
	NEONATAL COMPLICATIONS	.0002	.0002	.0017	.0020
*****		-----			
sum		.0283	.0243	.1960	.1847
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.0043	.0048	.0340	.0324
	DIALYSIS	.0097	.0072	.0511	.0549
	EMERGENCY ROOM	.0303	.0323	.2271	.2356
	MATERNITY	.0018	.0020	.0138	.0130
	MEDICAL AND SURGICAL	.2990	.3022	2.1419	2.1827
*****		-----			
sum		.3451	.3485	2.4680	2.5186
PHARMACY	PRESCRIPTION DRUGS	1.3445	1.2968	9.9616	9.4905
*****		-----			
sum		1.3445	1.2968	9.9616	9.4905
PROFESSIONAL SERVICES	ADVANCED IMAGING	.0364	.0399	.2504	.2525
	AMBULANCE	.0134	.0122	.0946	.0919
	ANESTHESIA	.0319	.0298	.2056	.2189
	BEHAVIORAL	.0460	.0453	.3117	.3161
	CARDIOVASCULAR MEDICINE	.0653	.0703	.4703	.4953
	CERVICAL CANCER SCREENING	.0064	.0073	.0543	.0706
	DIALYSIS	.0015	.0021	.0110	.0200
	DME	.0588	.0623	.3851	.4203
	EVALUATION AND MANAGEMENT	.7671	.7706	5.3716	5.4624
	IMMUNIZATION	.0181	.0155	.2496	.2017

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
 MARCH 2007

Page: 2

Reporting Category	Type of Service	Current Period Encounters	12 Months Prior Encounters	Current Fiscal Yr Encounters	Previous Fiscal Yr Encounters
PROFESSIONAL SERVICES	INJECTION	.0427	.0426	.2956	.2762
	LAB AND PATHOLOGY	.2158	.1844	1.3274	1.2638
	MAMMOGRAPHY	.0022	.0190	.1113	.1508
	OTHER	.0456	.0435	.4119	.3885
	OTHER IMAGING	.1743	.1685	1.1874	1.2293
	OTHER MEDICINE	.1099	.1076	.8033	.7523
	PHYSICAL MEDICINE	.1249	.1251	.9517	.9598
	PROSTATE CANCER SCREENING	.0069	.0066	.0456	.0432
	SURGICAL	.1336	.1319	.9325	.9392

sum		1.9009	1.8846	13.4708	13.5529

sum		3.6188	3.5541	26.0965	25.7467

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

MARCH 2007

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
MONTHLY MANAGEMENT REPORT - TOTAL CLAIMS - MEDICARE ELIGIBLE
MARCH 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	27,491.96	26,267.86	40,678.05	20,496.18	226,124.84	211,636.54
	MEDICAL AND SURGICAL	1,615,007.77	1,118,588.12	1,379,596.47	1,064,326.29	10,078,952.33	9,547,192.44

sum		1,642,499.73	1,144,855.98	1,420,274.52	1,084,822.48	10,305,077.17	9,758,828.98
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	10,137.80	9,186.07	10,471.06	5,993.37	82,881.49	55,800.36
	DIALYSIS	97,651.32	66,862.87	66,025.21	64,608.00	610,423.04	609,229.27
	EMERGENCY ROOM	70,545.29	42,104.31	50,863.79	40,917.55	389,824.13	366,798.55
	MEDICAL AND SURGICAL	1,260,830.83	912,697.05	1,183,141.52	901,815.33	8,166,039.71	8,440,075.91

sum		1,439,165.24	1,030,850.31	1,310,501.58	1,013,334.26	9,249,168.37	9,471,904.09
PHARMACY	PRESCRIPTION DRUGS	8,322,862.74	6,586,549.81	7,715,025.80	6,143,151.61	59,380,776.01	55,361,055.69

sum		8,322,862.74	6,586,549.81	7,715,025.80	6,143,151.61	59,380,776.01	55,361,055.69
PROFESSIONAL SERVICES	ADVANCED IMAGING	74,422.95	58,984.15	86,873.38	50,933.55	512,682.25	484,676.47
	AMBULANCE	151,994.36	110,624.47	135,382.48	90,102.00	1,009,865.16	868,712.23
	ANESTHESIA	52,482.82	36,170.86	57,944.31	36,947.36	316,019.61	360,597.67
	BEHAVIORAL	35,600.40	24,252.15	31,892.67	18,647.49	216,707.70	182,222.26
	CARDIOVASCULAR MEDICINE	90,501.46	67,410.60	98,475.80	63,075.93	583,959.53	589,070.40
	CERVICAL CANCER SCREENING	66.28	113.55	283.66	98.12	808.81	1,004.57
	DIALYSIS	2,756.80	1,953.21	4,221.69	7,296.04	16,241.08	58,290.49
	DME	218,086.09	149,475.38	227,811.16	139,999.62	1,362,653.80	1,416,034.00
	EVALUATION AND MANAGEMENT	1,068,192.79	652,474.50	982,894.18	606,340.44	5,895,207.24	5,641,176.56
	IMMUNIZATION	4,417.44	1,870.17	803.16	719.61	23,742.49	7,619.18
	INJECTION	217,418.16	138,837.77	173,553.41	117,072.15	1,270,829.60	1,068,732.02

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 - MEDICARE ELIGIBLE
 MARCH 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	PEIA Payments	Rolling Avg PEIA Payments	PEIA Payments	PEIA Payments
PROFESSIONAL SERVICES	LAB AND PATHOLOGY	52,204.94	31,996.75	45,890.44	28,445.65	291,295.11	272,867.51
	MAMMOGRAPHY	1,166.01	5,542.04	7,713.60	6,175.12	41,825.12	55,933.83
	OTHER	114,862.28	71,803.78	95,196.77	89,293.48	665,889.05	728,644.94
	OTHER IMAGING	149,403.63	124,745.00	164,158.40	111,712.68	1,109,894.50	1,047,349.65
	OTHER MEDICINE	106,868.05	75,829.14	100,114.92	53,297.32	642,332.96	515,655.27
	PHYSICAL MEDICINE	76,088.87	60,417.85	74,409.16	55,976.09	545,049.34	532,776.18
	PROSTATE CANCER SCREENING	241.29	438.17	266.47	183.99	4,004.19	1,740.15
	SURGICAL	405,078.43	286,870.29	393,778.03	266,304.52	2,566,341.66	2,532,894.31

sum		2,821,853.05	1,899,809.82	2,681,663.69	1,742,621.16	17,075,349.20	16,365,997.69
sum		14,226,380.76	10,662,065.91	13,127,465.59	9,983,929.50	96,010,370.75	90,957,786.45

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

26 rows selected.



Monthly Management Report

MEDICARE ELIGIBLE

PER CAPITA CLAIMS

MARCH 2007

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
 MONTHLY MANAGEMENT REPORT - PER CAPITA CLAIMS - MEDICARE ELIGIBLE
 MARCH 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	Rolling Avg PEIA Payments	PEIA Payments	PEIA Payments	PEIA Payments
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	.7612	.7171	1.1011	.5479	6.2011	5.6760
	MEDICAL AND SURGICAL	44.7185	30.5515	37.3439	28.4331	276.4007	256.0530

sum		45.4797	31.2686	38.4450	28.9810	282.6019	261.7290
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.2807	.2511	.2834	.1601	2.2729	1.4965
	DIALYSIS	2.7039	1.8277	1.7872	1.7267	16.7400	16.3394
	EMERGENCY ROOM	1.9534	1.1502	1.3768	1.0931	10.6904	9.8374
	MEDICAL AND SURGICAL	34.9116	24.9284	32.0261	24.0915	223.9419	226.3605

sum		39.8495	28.1574	35.4736	27.0714	253.6451	254.0338
PHARMACY	PRESCRIPTION DRUGS	230.4545	179.9213	208.8359	164.1624	1,628.4321	1,484.7679

sum		230.4545	179.9213	208.8359	164.1624	1,628.4321	1,484.7679
PROFESSIONAL SERVICES	ADVANCED IMAGING	2.0607	1.6108	2.3516	1.3607	14.0596	12.9989
	AMBULANCE	4.2086	3.0216	3.6646	2.4079	27.6941	23.2986
	ANESTHESIA	1.4532	.9878	1.5685	.9870	8.6664	9.6711
	BEHAVIORAL	.9858	.6624	.8633	.4984	5.9429	4.8871
	CARDIOVASCULAR MEDICINE	2.5059	1.8410	2.6656	1.6855	16.0142	15.7987
	CERVICAL CANCER SCREENING	.0018	.0031	.0077	.0026	.0222	.0269
	DIALYSIS	.0763	.0533	.1143	.1948	.4454	1.5633
	DME	6.0387	4.0838	6.1666	3.7422	37.3688	37.9776
	EVALUATION AND MANAGEMENT	29.5775	17.8255	26.6057	16.2064	161.6676	151.2948
	IMMUNIZATION	.1223	.0512	.0217	.0192	.6511	.2043
	INJECTION	6.0202	3.7926	4.6979	3.1272	34.8507	28.6631

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
 MARCH 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	PEIA Payments	Rolling Avg PEIA Payments	PEIA Payments	PEIA Payments
PROFESSIONAL SERVICES	LAB AND PATHOLOGY	1.4455	.8739	1.2422	.7600	7.9883	7.3182
	MAMMOGRAPHY	.0323	.1513	.2088	.1650	1.1470	1.5001
	OTHER	3.1805	1.9617	2.5769	2.3849	18.2610	19.5421
	OTHER IMAGING	4.1369	3.4081	4.4436	2.9847	30.4373	28.0896
	OTHER MEDICINE	2.9591	2.0712	2.7100	1.4247	17.6151	13.8297
	PHYSICAL MEDICINE	2.1068	1.6508	2.0142	1.4957	14.9472	14.2889
	PROSTATE CANCER SCREENING	.0067	.0120	.0072	.0049	.1098	.0467
	SURGICAL	11.2163	7.8350	10.6591	7.1163	70.3782	67.9315

sum		78.1352	51.8971	72.5892	46.5682	468.2668	438.9314
sum		393.9189	291.2444	355.3438	266.7830	2,632.9459	2,439.4622

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

26 rows selected.



Monthly Management Report

MEDICARE ELIGIBLE

PER CAPITA UTILIZATION

MARCH 2007

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

Page: 1

Reporting Category	Type of Service	Current Period Encounters	12 Months Prior Encounters	Current Fiscal Yr Encounters	Previous Fiscal Yr Encounters
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	.0036	.0043	.0300	.0214
	MEDICAL AND SURGICAL	.0909	.0693	.6242	.5426

sum		.0945	.0735	.6541	.5640
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.0091	.0084	.0678	.0447
	DIALYSIS	.0228	.0139	.1312	.1482
	EMERGENCY ROOM	.0476	.0448	.3374	.3367
	MEDICAL AND SURGICAL	.5621	.4989	3.9447	3.6032

sum		.6416	.5661	4.4811	4.1328
PHARMACY	PRESCRIPTION DRUGS	2.4725	2.2959	18.5012	17.4603

sum		2.4725	2.2959	18.5012	17.4603
PROFESSIONAL SERVICES	ADVANCED IMAGING	.0771	.0843	.5298	.5102
	AMBULANCE	.0538	.0456	.3613	.3329
	ANESTHESIA	.0607	.0618	.3967	.4186
	BEHAVIORAL	.0317	.0286	.2103	.2055
	CARDIOVASCULAR MEDICINE	.1718	.1768	1.2701	1.2741
	CERVICAL CANCER SCREENING	.0007	.0007	.0058	.0047
	DIALYSIS	.0044	.0063	.0282	.0632
	DME	.1884	.2038	1.1859	1.2641
	EVALUATION AND MANAGEMENT	1.3921	1.3761	10.0758	10.0642
	IMMUNIZATION	.0105	.0069	.1616	.1192
	INJECTION	.0845	.0853	.6062	.5610
	LAB AND PATHOLOGY	.1568	.1383	1.0861	.9750
	MAMMOGRAPHY	.0056	.0263	.1621	.2028

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
 MARCH 2007

Page: 2

Reporting Category	Type of Service	Current Period Encounters	12 Months Prior Encounters	Current Fiscal Yr Encounters	Previous Fiscal Yr Encounters
PROFESSIONAL SERVICES	OTHER	.1147	.1092	.8959	.9420
	OTHER IMAGING	.3381	.3321	2.3660	2.3683
	OTHER MEDICINE	.1921	.1811	1.3596	1.1079
	PHYSICAL MEDICINE	.1620	.1594	1.2148	1.2493
	PROSTATE CANCER SCREENING	.0025	.0019	.0189	.0118
	SURGICAL	.2736	.2787	2.0035	1.9446

sum		3.3209	3.3033	23.9385	23.6193

sum		6.5295	6.2388	47.5749	45.7764

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

MARCH 2007

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

Page: 1

Reporting Category	Type of Service	Current Period PEIA Payments	Current Rolling Avg PEIA Payments	12 Months Prior PEIA Payments	12 Months Prior Rolling Avg PEIA Payments	Current Fiscal Yr PEIA Payments	Previous Fiscal Yr PEIA Payments
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	191,582.84	151,158.03	192,321.10	141,982.21	1,392,236.36	1,328,560.43
	MATERNITY	142,878.24	157,172.38	176,140.67	136,786.22	1,380,496.63	1,257,842.68
	MEDICAL AND SURGICAL	6,826,576.59	4,786,132.90	6,441,461.54	5,171,417.22	42,727,362.81	48,693,425.53
	NEONATAL COMPLICATIONS	218,824.90	87,731.50	84,806.57	64,473.96	1,047,000.89	541,475.95
	***** sum	7,379,862.57	5,182,194.80	6,894,729.88	5,514,659.61	46,547,096.69	51,821,304.59
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	33,988.38	41,194.22	53,792.53	36,555.26	324,441.95	348,785.39
	DIALYSIS	204,978.25	165,940.34	245,197.12	135,066.01	1,475,221.44	1,423,552.89
	EMERGENCY ROOM	476,755.22	379,171.08	464,805.49	373,417.04	3,221,538.45	3,445,018.58
	MATERNITY	61,074.64	43,226.79	48,936.60	37,409.32	377,360.23	358,062.81
	MEDICAL AND SURGICAL	8,507,076.50	6,373,872.58	8,437,925.63	6,184,788.26	55,478,799.57	59,055,350.70
***** sum	9,283,872.99	7,003,405.00	9,250,657.37	6,767,235.89	60,877,361.64	64,630,770.37	
PHARMACY	PRESCRIPTION DRUGS	13,004,368.20	10,024,905.77	11,795,560.31	8,701,891.65	90,085,340.52	78,437,748.87
***** sum		13,004,368.20	10,024,905.77	11,795,560.31	8,701,891.65	90,085,340.52	78,437,748.87
PROFESSIONAL SERVICES	ADVANCED IMAGING	644,126.11	470,070.94	686,098.69	421,813.70	4,073,972.20	4,067,929.48
	AMBULANCE	182,338.56	163,525.09	175,447.88	151,018.19	1,374,654.44	1,401,409.36
	ANESTHESIA	889,384.23	589,781.87	756,893.17	601,184.83	5,355,172.92	5,612,210.30
	BEHAVIORAL	446,888.42	326,868.29	465,337.10	308,992.34	2,758,602.78	2,821,385.56
	CARDIOVASCULAR MEDICINE	454,509.74	370,609.28	562,329.06	355,823.78	3,052,965.47	3,377,159.22
	CERVICAL CANCER SCREENING	24,909.63	26,635.94	32,000.68	34,555.96	225,397.98	301,583.07
	DIALYSIS	12,051.73	10,234.28	20,326.72	22,662.00	82,293.52	179,138.13
	DME	419,290.04	302,873.42	368,876.83	322,265.30	2,628,945.09	3,018,610.04

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
 MARCH 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	PEIA Payments	Rolling Avg PEIA Payments	PEIA Payments	PEIA Payments
PROFESSIONAL SERVICES	EVALUATION AND MANAGEMENT	5,563,081.76	3,965,090.19	5,195,423.83	3,726,401.12	35,775,804.41	34,988,214.54
	IMMUNIZATION	271,283.97	183,861.74	197,169.20	136,814.13	1,897,297.90	1,463,982.89
	INJECTION	814,192.39	649,516.47	834,729.75	677,725.27	5,796,350.42	6,191,141.89
	LAB AND PATHOLOGY	871,415.24	606,282.52	871,085.28	532,909.44	4,978,991.31	4,976,940.73
	MAMMOGRAPHY	6,980.06	81,549.76	109,953.59	92,142.96	623,200.49	852,059.18
	OTHER	444,736.36	342,318.83	427,000.83	407,650.75	3,069,866.16	3,879,526.02
	OTHER IMAGING	1,042,221.30	810,673.50	1,076,258.19	687,948.91	6,910,515.05	6,559,802.52
	OTHER MEDICINE	693,968.97	622,304.13	650,002.34	574,185.77	5,452,254.28	5,012,855.81
	PHYSICAL MEDICINE	681,927.30	532,005.80	657,171.48	478,729.51	4,692,362.62	4,516,830.87
	PROSTATE CANCER SCREENING	21,012.10	16,554.14	23,762.20	12,897.98	131,930.69	130,560.89
	SURGICAL	3,370,957.02	2,307,787.38	2,911,632.84	2,242,667.59	20,609,620.30	21,147,519.52
*****	sum	16,855,274.93	12,378,543.55	16,021,499.66	11,788,389.53	109,490,198.03	110,498,860.02
sum		46,523,378.69	34,589,049.12	43,962,447.22	32,772,176.68	306,999,996.88	305,388,683.85

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

MARCH 2007

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
 MONTHLY MANAGEMENT REPORT - PER CAPITA CLAIMS - NON MEDICARE ELIGIBLE
 MARCH 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	1.2665	1.0402	1.2875	.9849	9.2612	8.9419
	MATERNITY	.9446	1.0814	1.1791	.9490	9.1831	8.4660
	MEDICAL AND SURGICAL	45.1299	32.9317	43.1210	35.8727	284.2228	327.7330
	NEONATAL COMPLICATIONS	1.4466	.6040	.5677	.4470	6.9647	3.6444
***** sum		48.7876	35.6574	46.1553	38.2536	309.6318	348.7853
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.2247	.2834	.3601	.2536	2.1582	2.3475
	DIALYSIS	1.3551	1.1418	1.6414	.9367	9.8132	9.5813
	EMERGENCY ROOM	3.1518	2.6089	3.1115	2.5901	21.4297	23.1868
	MATERNITY	.4038	.2974	.3276	.2594	2.5102	2.4100
	MEDICAL AND SURGICAL	56.2396	43.8567	56.4859	42.8997	369.0455	397.4744
***** sum		61.3749	48.1882	61.9266	46.9396	404.9568	435.0000
PHARMACY	PRESCRIPTION DRUGS	85.9708	68.9782	78.9629	60.3492	599.2486	527.9284
***** sum		85.9708	68.9782	78.9629	60.3492	599.2486	527.9284
PROFESSIONAL SERVICES	ADVANCED IMAGING	4.2583	3.2345	4.5929	2.9256	27.1001	27.3794
	AMBULANCE	1.2054	1.1251	1.1745	1.0475	9.1442	9.4322
	ANESTHESIA	5.8796	4.0583	5.0669	4.1702	35.6227	37.7732
	BEHAVIORAL	2.9543	2.2488	3.1151	2.1429	18.3503	18.9894
	CARDIOVASCULAR MEDICINE	3.0047	2.5499	3.7644	2.4680	20.3084	22.7301
	CERVICAL CANCER SCREENING	.1647	.1833	.2142	.2397	1.4993	2.0298
	DIALYSIS	.0797	.0704	.1361	.1572	.5474	1.2057
	DME	2.7719	2.0841	2.4694	2.2355	17.4878	20.3169

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

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
 MONTHLY MANAGEMENT REPORT - PER CAPITA CLAIMS - NON MEDICARE ELIGIBLE
 MARCH 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	PEIA Payments	Rolling Avg PEIA Payments	PEIA Payments	PEIA Payments
PROFESSIONAL SERVICES	EVALUATION AND MANAGEMENT	36.7771	27.2808	34.7797	25.8464	237.9810	235.4896
	IMMUNIZATION	1.7934	1.2650	1.3199	.9484	12.6208	9.8534
	INJECTION	5.3826	4.4691	5.5879	4.7009	38.5574	41.6697
	LAB AND PATHOLOGY	5.7609	4.1713	5.8313	3.6959	33.1203	33.4975
	MAMMOGRAPHY	.0461	.5613	.7361	.6392	4.1455	5.7348
	OTHER	2.9401	2.3554	2.8585	2.8279	20.4208	26.1113
	OTHER IMAGING	6.8900	5.5771	7.2048	4.7718	45.9688	44.1510
	OTHER MEDICINE	4.5878	4.2814	4.3513	3.9827	36.2685	33.7392
	PHYSICAL MEDICINE	4.5082	3.6600	4.3993	3.3203	31.2136	30.4007
	PROSTATE CANCER SCREENING	.1389	.1139	.1591	.0894	.8776	.8787
	SURGICAL	22.2851	15.8798	19.4913	15.5570	137.0954	142.3342

sum		111.4288	85.1694	107.2526	81.7665	728.3299	743.7169

sum		307.5621	237.9932	294.2974	227.3089	2,042.1671	2,055.4306

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

MARCH 2007

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

Page: 1

Reporting Category	Type of Service	Current Period Encounters	12 Months Prior Encounters	Current Fiscal Yr Encounters	Previous Fiscal Yr Encounters
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	.0011	.0007	.0053	.0051
	MATERNITY	.0008	.0009	.0068	.0071
	MEDICAL AND SURGICAL	.0103	.0103	.0707	.0749
	NEONATAL COMPLICATIONS	.0002	.0003	.0021	.0024

sum		.0124	.0121	.0849	.0896
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.0031	.0039	.0258	.0293
	DIALYSIS	.0065	.0055	.0317	.0315
	EMERGENCY ROOM	.0262	.0292	.2004	.2102
	MATERNITY	.0023	.0024	.0171	.0162
	MEDICAL AND SURGICAL	.2361	.2536	1.7047	1.8264

sum		.2743	.2947	1.9798	2.1136
PHARMACY	PRESCRIPTION DRUGS	1.0752	1.0497	7.8903	7.4905

sum		1.0752	1.0497	7.8903	7.4905
PROFESSIONAL SERVICES	ADVANCED IMAGING	.0267	.0289	.1827	.1879
	AMBULANCE	.0037	.0039	.0299	.0315
	ANESTHESIA	.0250	.0220	.1592	.1689
	BEHAVIORAL	.0495	.0494	.3363	.3438
	CARDIOVASCULAR MEDICINE	.0399	.0439	.2763	.3000
	CERVICAL CANCER SCREENING	.0077	.0090	.0660	.0871
	DIALYSIS	.0008	.0011	.0069	.0091
	DME	.0278	.0273	.1909	.2086
	EVALUATION AND MANAGEMENT	.6180	.6209	4.2307	4.3080
	IMMUNIZATION	.0199	.0176	.2710	.2224

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
 MARCH 2007

Page: 2

Reporting Category	Type of Service	Current Period Encounters	12 Months Prior Encounters	Current Fiscal Yr Encounters	Previous Fiscal Yr Encounters
PROFESSIONAL SERVICES	INJECTION	.0328	.0321	.2202	.2047
	LAB AND PATHOLOGY	.2300	.1959	1.3860	1.3365
	MAMMOGRAPHY	.0014	.0171	.0990	.1378
	OTHER	.0292	.0273	.2945	.2496
	OTHER IMAGING	.1353	.1281	.9017	.9437
	OTHER MEDICINE	.0903	.0895	.6684	.6631
	PHYSICAL MEDICINE	.1160	.1167	.8879	.8872
	PROSTATE CANCER SCREENING	.0080	.0078	.0521	.0510
	SURGICAL	.1002	.0956	.6728	.6870

sum		1.5621	1.5340	10.9325	11.0280

sum		2.9240	2.8905	20.8875	20.7217

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

29 rows selected.



*Prescription
Drug Report*

MARCH 2007

WV PEIA - Monthly Trend

Plan Demographics	Jan-07	Feb-07	Mar-07	2006 - 2007 Fiscal	2005 - 2006 Fiscal	% Change
Total Drug Cost	\$22,165,708	\$19,971,808	\$22,796,533	\$188,223,999	\$174,101,906	8.11%
Amount Paid By Plan Sponsor	\$18,213,353	\$16,463,627	\$18,884,443	\$148,958,707	\$134,267,563	10.94%
Amount Paid By Members	\$3,952,354	\$3,508,180	\$3,912,090	\$39,265,291	\$39,834,343	-1.43%
Total Claims	332,452	296,301	334,008	2,780,153	2,661,419	4.46%
Average Eligible Member	187,582	187,731	187,986	187,818	186,765	0.56%
Average # of Rx's Per Member Per Month	1.77	1.58	1.78	1.64	1.58	3.88%
Plan Paid Per Member Per Month (PMPM)	\$97.10	\$87.70	\$100.46	\$88.12	\$79.88	10.32%
Average Eligible Enrollees	97,208	97,253	97,326	96,950	95,922	1.07%
Average # of Rx's Per Enrollee Per Month	3.42	3.05	3.43	3.19	3.08	3.35%
Plan Paid Per Enrollee Per Month (PEPM)	\$187.36	\$159.29	\$194.03	\$170.72	\$155.53	9.77%
Rx Cost Share						
Avg. Claim Cost to Plan	\$54.78	\$55.56	\$56.54	\$53.58	\$50.45	6.20%
Avg. Member Cost/Claim	\$11.89	\$11.84	\$11.71	\$14.12	\$14.97	-5.64%
Percent member Cost Share	17.8%	17.6%	17.2%	20.9%	22.9%	-8.82%
Average Ingredient Costs						
Single Source (no generics available)	\$138.30	\$141.75	\$143.88	\$136.00	\$122.12	11.37%
Multi-Source Brand (generics available)	\$39.49	\$39.88	\$42.78	\$39.28	\$33.08	18.75%
Generic Drugs	\$24.05	\$23.09	\$23.42	\$25.24	\$19.82	27.34%
Brand/Generic Dispensing Rates						
Single Source (no generics)	35.32%	35.42%	35.29%	36.27%	42.32%	-14.28%
Multi-Source Brand (generics available)	1.17%	1.18%	1.21%	1.25%	1.38%	-8.87%
Generic Drug	63.50%	63.40%	63.50%	62.47%	56.31%	10.95%
Generics Dispensed when available	98.18%	98.18%	98.13%	98.03%	97.61%	0.43%
Percent of Plan Cost for Single Source	76.27%	77.66%	77.55%	76.01%	82.83%	-8.24%
Retail Pharmacy Program						
Avg. Day Supply	33.4	33.7	33.3	33.9	33.4	1.51%
Avg. Plan Cost/Day Supply	\$1.63	\$1.63	\$1.68	\$1.57	\$1.50	4.75%
Avg. Claim Cost to Plan	\$54.32	\$55.09	\$56.06	\$53.11	\$49.95	6.33%
Avg. Member Cost / Claim	\$11.82	\$11.77	\$11.65	\$14.04	\$14.87	-5.60%
Percent Member Cost Share	17.88%	17.60%	17.21%	20.91%	22.95%	-8.88%
Special Maint Netwk (% of claims filled)	12.54%	12.74%	12.54%	12.74%	11.93%	6.82%
Other Maint (% of claims filled)	1.47%	1.56%	1.17%	1.53%	1.64%	-6.46%
Avg. Days Supply for Maint. Netwks	87.9	88.0	88.0	87.9	87.9	-0.01%
Total # Claims Fills 1-34 Days Supply	283,047	251,380	285,437	2,358,256	2,278,426	3.55%
Total # Claims Fills 35-60 Day Supply	2,360	2,057	2,306	20,141	18,943	6.32%
Total # Claims Fills 61-90 Day Supply	43,789	39,900	43,115	372,963	338,496	10.18%
Total # Claims Fills 91+ Day Supply	64	46	44	377	304	24.01%
Mail Service Program						
Avg. Days Supply	73.5	74.1	74.2	74.1	74.3	-0.27%
Avg. Plan Cost/Days Supply	\$1.39	\$1.39	\$1.45	\$1.36	\$1.39	-1.92%
Avg. Cost to Plan	\$102.08	\$103.09	\$107.93	\$100.70	\$102.95	-2.19%
Avg. Member Cost/Claim	\$18.51	\$18.91	\$18.01	\$22.50	\$24.75	-9.09%
Percent Member Cost Share	15.35%	15.50%	14.30%	18.26%	19.38%	-5.77%
Total # Claims Fill 1-34 Days Supply	893	775	827	7336	6684	9.75%
Total # Claims Fills 35-60 Days Supply	10	19	8	85	61	39.34%
Total # Claims Fills 61-90 Days Supply	2,309	2,124	2,271	19,995	18,505	8.05%
Total # Claims Fills 91+ Day Supply						
Formulary Program						
S/S Formulary Drugs (% by claim)	24.57%	24.77%	24.89%	24.59%	28.95%	-15.05%
S/S Non-Formulary Drugs (% by claim)	10.76%	10.65%	10.41%	11.68%	13.37%	-12.60%
M/S Drugs (% by claim)	0.03%	0.05%	0.03%	0.04%	0.02%	99.57%
Generic Drugs (% by Claim)	63.50%	63.40%	63.50%	62.47%	56.31%	10.95%
S/S Formulary Drugs (% by \$)	59.75%	60.72%	61.28%	58.80%	64.00%	-8.12%
s/s non-Formulary Drugs (% by \$)	16.52%	16.94%	16.27%	17.21%	18.83%	-8.63%
M/S Drugs (% by \$)	0.07%	0.10%	0.06%	0.09%	0.02%	256.75%
Generic Drugs (% by \$)	23.38%	21.98%	22.06%	23.62%	16.87%	39.97%
Specialty Drugs						
Total Drug Cost	\$1,514,615	\$1,501,882	\$1,842,962	\$13,838,210	\$11,820,365	17.07%
Amount Paid by Plan Sponsor	\$1,465,565	\$1,456,158	\$1,786,281	\$13,314,312	\$11,349,618	17.31%
Amount Paid by Members	\$49,051	\$45,724	\$56,681	\$523,898	\$470,747	11.29%
Total Claims	1,002	938	1,152	9,727	10,209	-4.72%
Avg # of Rx's per Member per Month	0.01	0.00	0.01	0.01	0.01	-5.26%
Plan Paid Per Member Per Month (PMPM)	\$7.81	\$7.76	\$9.50	\$7.88	\$6.75	16.65%
Avg Claim Cost to Plan	\$1,462.64	\$1,552.41	\$1,550.59	\$1,368.80	\$1,111.73	23.12%
Avg Claim Cost to Member	\$48.95	\$48.75	\$49.20	\$53.86	\$46.11	16.61%
Percent of Member Cost Share	3.24%	3.04%	3.08%	3.79%	3.98%	-4.94%

WV PEIA - Monthly Trend

Plan Demographics	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
Total Drug Cost	\$18,455,969	\$20,745,041	\$20,298,436	\$21,216,715	\$20,976,542	\$21,597,246
Amount Paid By Plan Sponsor	\$11,153,961	\$15,960,622	\$16,210,726	\$17,206,780	\$17,119,708	\$17,745,487
Amount Paid By Members	\$7,302,008	\$4,784,420	\$4,087,710	\$4,009,935	\$3,856,834	\$3,851,759
Total Claims	274,629	302,935	298,887	313,582	310,542	316,817
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	\$85.31	\$86.07	\$91.32	\$90.75	\$94.68
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	\$177.37	\$177.37	\$182.46
Rx Cost Share						
Avg. Claim Cost to Plan	\$40.61	\$52.69	\$54.24	\$54.87	\$55.13	\$56.01
Avg. Member Cost/Claim	\$26.59	\$15.79	\$13.68	\$12.79	\$12.42	\$12.16
Percent member Cost Share	39.6%	23.1%	20.1%	18.9%	18.4%	17.8%
Average Ingredient Costs						
Single Source (no generics available)	\$131.88	\$133.45	\$132.92	\$132.48	\$133.16	\$135.81
Multi-Source Brand (generics available)	\$35.01	\$50.99	\$36.12	\$34.98	\$36.49	\$35.41
Generic Drugs	\$23.52	\$25.96	\$26.89	\$26.82	\$26.65	\$26.76
Brand/Generic Dispensing Rates						
Single Source (no generics)	38.2%	37.23%	36.56%	36.5%	36.30%	35.96%
Multi-Source Brand % (generics available)	1.4%	1.46%	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%	98.08%
Percent of Plan Cost for Single Source	81.7%	76.19%	74.47%	74.1%	73.99%	74.04%
Retail Pharmacy Program						
Avg. Day Supply	34.3	34.7	34.2	34.0	33.8	33.7
Avg. Plan Cost/Day Supply	\$1.17	\$1.51	\$1.58	\$1.60	\$1.61	\$1.65
Avg. Claim Cost to Plan	\$40.19	\$52.21	\$53.82	\$54.39	\$54.63	\$55.51
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%	12.6%	12.84%	12.73%
Other Maint (% of claims filled)	1.7%	1.75%	1.60%	1.6%	1.50%	1.55%
Avg. Days Supply for Maint. Netwks	87.9	87.9	87.9	87.9	87.9	87.9
Total # Claims Fills 1-34 Days Supply	233,141	255,178	253,027	265,880	283,228	268,938
Total # Claims Fills 35-60 Day Supply	2,054	2,301	2,251	2,289	2,278	2,245
Total # Claims Fills 61-90 Day Supply	36,575	42,246	40,701	42,242	41,826	42,589
Total # Claims Fills 91+ Day Supply	30	42	28	34	41	48
Mail Service Program						
Avg. Days Supply	73.8	75.3	73.1	74.4	74.7	73.7
Avg. Plan Cost/Days Supply	\$1.10	\$1.30	\$1.32	\$1.39	\$1.39	\$1.48
Avg. Cost to Plan	\$80.94	\$97.98	\$96.61	\$103.31	\$103.67	\$108.97
Avg. Member Cost/Claim	\$39.84	\$27.94	\$22.49	\$20.06	\$19.46	\$18.59
Percent Member Cost Share	33.0%	22.19%	18.88%	16.3%	15.80%	14.57%
Total # Claims Fill 1-34 Days Supply	767	786	821	828	818	821
Total # Claims Fills 35-60 Days Supply	8	13	9	5	6	6
Total # Claims Fills 61-90 Days Supply	2,054	2,369	2,050	2,304	2,345	2,345
Total # Claims Fills 91+ Day Supply						
Formulary Program						
M/S Formulary Drugs (% by claim)	25.2%	24.79%	24.41%	24.4%	24.21%	24.13%
M/S Non-Formulary Drugs (% by claim)	13.0%	12.45%	12.16%	12.1%	12.09%	11.83%
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%
M/S Formulary Drugs (% by \$)	63.6%	58.21%	57.16%	56.7%	56.36%	56.36%
M/S non-Formulary Drugs (% by \$)	18.1%	17.98%	17.31%	17.5%	17.63%	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%	25.69%	25.67%
Specialty Drugs						
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	1,161
Avg # of Rx's per Member per Month	0.01	0.01	0.01	0.01	0.01	0.01
Plan Paid Per Member Per Month (PMPM)	\$6.84	\$8.07	\$7.85	\$7.55	\$7.46	\$8.05
Avg Claim Cost to Plan	\$1,251.82	\$1,325.10	\$1,305.83	\$1,301.09	\$1,295.30	\$1,298.96
Avg Claim Cost to Member	\$83.32	\$53.57	\$51.45	\$50.95	\$50.12	\$49.79
Percent of Member Cost Share	6.24%	3.89%	3.79%	3.77%	3.73%	3.69%



Key Performance Indicators

Primary Indicators

WV Public Employees Ins - w/o AccessWV

Current Period: 03/2007 - 03/2007
 Previous Period: 03/2006 - 03/2006

	Current Period	Previous Period	% Change
Overall Performance			
Plan Cost PMPM	\$100.40	\$92.93	8.0 %
Average Mbrs/Month	187,986	187,111	0.5 %
Average Subs/Month	97,326	96,205	1.2 %
Rx Measures			
Average Plan Cost/Rx	\$56.57	\$53.56	5.6 %
Average Mbr Contrib/Rx	\$11.72	\$12.84	-8.8 %
Average Ing Cost/Rx	\$66.20	\$64.27	3.0 %
% Plan Cost	82.8 %	80.7 %	2.7 %
% Member Contribution	17.2 %	19.3 %	-11.3 %
Rx Sources			
% Mail Rxs	0.9 %	0.9 %	-0.2 %
% Retail Rxs	99.1 %	99.0 %	0.1 %
% Member Submit Rxs	0.0 %	0.1 %	-88.6 %
Rx Types			
Avg SSB Plan Cost/Rx	\$124.28	\$107.67	15.4 %
Avg MSB Plan Cost/Rx	\$18.54	\$11.41	62.5 %
Avg GEN Plan Cost/Rx	\$19.60	\$16.43	19.3 %
% Single-Source Brand Rxs	35.3 %	40.8 %	-10.1 %
% Multi-Source Brand Rxs	1.2 %	1.3 %	-6.1 %
% Generic Rxs	63.5 %	58.0 %	9.5 %
% Formulary Rxs	87.8 %	83.9 %	4.7 %
% Generic Conversion	98.1 %	97.8 %	0.3 %
Period Totals			
Total Plan Cost	\$18,874,431.41	\$17,388,975.14	8.5 %
Total Member Contribution	\$3,910,169.89	\$4,169,448.03	-6.2 %
Total Rx Count	333,672	324,660	2.8 %
Total Admin Fee	\$231.00	\$432.00	-46.5 %
Total UC Savings	\$11,531,160.59	\$9,865,199.30	16.9 %



Key Performance Indicators

Expanded Indicators

WV Public Employees Ins - w/o AccessWV

Current Period: 03/2007 - 03/2007
 Previous Period: 03/2006 - 03/2006

	Current Period	Previous Period	% Change
Overall Performance			
Plan Cost PMPM	\$100.40	\$92.93	8.0 %
Average Mbrs/Month	187,986	187,111	0.5 %
Average Subs/Month	97,326	96,205	1.2 %
% Utilizing Members	53.5 %	53.1 %	0.8 %

Rx Measures			
Rxs PMPM	1.77	1.74	2.3 %
Average Admin Fee/Rx	\$0.00	\$0.00	-48.0 %
Average Plan Cost/Rx	\$56.57	\$53.56	5.6 %
Avg Retail Plan Cost/Rx	\$56.08	\$53.02	5.8 %
Avg Mail Plan Cost/Rx	\$107.95	\$111.49	-3.2 %
Average Mbr Contrib/Rx	\$11.72	\$12.84	-8.8 %
Avg Retail Mbr Contrib/Rx	\$11.66	\$12.77	-8.7 %
Avg Mail Mbr Contrib/Rx	\$18.01	\$21.03	-14.3 %
Average Ing Cost/Rx	\$66.20	\$64.27	3.0 %
Avg Retail Ing Cost/Rx	\$65.65	\$63.65	3.2 %
Avg Mail Ing Cost/Rx	\$124.46	\$131.01	-5.0 %
% Plan Cost	82.8 %	80.7 %	2.7 %
% Member Contribution	17.2 %	19.3 %	-11.3 %
% Retail Plan Cost	82.8 %	80.6 %	2.7 %
% Retail Mbr Contrib	17.2 %	19.4 %	-11.3 %
% Mail Plan Cost	85.7 %	84.1 %	1.9 %
% Mail Member Contrib	14.3 %	15.9 %	-9.9 %

Rx Sources			
% Mail Rxs	0.9 %	0.9 %	-0.2 %
% Retail Rxs	99.1 %	99.0 %	0.1 %
% Member Submit Rxs	0.0 %	0.1 %	-88.6 %

Rx Types			
Avg SSB Plan Cost/Rx	\$124.28	\$107.67	15.4 %
Avg MSB Plan Cost/Rx	\$18.54	\$11.41	62.5 %
Avg GEN Plan Cost/Rx	\$19.60	\$16.43	19.3 %
% Single-Source Brand Rxs	35.3 %	40.8 %	-13.3 %
% Multi-Source Brand Rxs	1.2 %	1.3 %	-6.1 %
% Generic Rxs	63.5 %	58.0 %	9.5 %



Key Performance Indicators

Expanded Indicators

WV Public Employees Ins - w/o AccessWV

Current Period: 03/2007 - 03/2007

Previous Period: 03/2006 - 03/2006

	Current Period	Previous Period	% Change
% Retail Single-Source Brand	35.3 %	40.7 %	-13.5 %
% Retail Multi-Source Brand	1.2 %	1.3 %	-6.9 %
% Retail Generic	63.5 %	58.0 %	9.4 %
% Mail Single-Source Brand	40.1 %	50.9 %	-21.1 %
% Mail Multi-Source Brand	0.8 %	1.1 %	-26.2 %
% Mail Generic	59.1 %	48.0 %	23.0 %
% Formulary Rxs	87.8 %	83.9 %	4.7 %
% Retail Formulary Rxs	87.8 %	83.9 %	4.7 %
% Mail Formulary Rxs	88.2 %	83.6 %	5.5 %
% DAW Rxs	0.8 %	0.8 %	-6.2 %
% Retail DAW Rxs	0.8 %	0.8 %	-6.2 %
% Mail DAW Rxs	1.1 %	1.2 %	-8.1 %
% Generic Conversion	98.1 %	97.8 %	0.3 %

Period Totals

Total Plan Cost	\$18,874,431.41	\$17,388,975.14	8.5 %
Retail Plan Cost	\$18,539,244.62	\$17,051,617.12	8.7 %
Mail Plan Cost	\$335,186.79	\$337,358.02	-0.6 %
Total Member Contribution	\$3,910,169.89	\$4,169,448.03	-6.2 %
Retail Member Contrib	\$3,854,241.32	\$4,105,821.16	-6.1 %
Mail Member Contrib	\$55,928.57	\$63,626.87	-12.1 %
Total Rx Count	333,672	324,660	2.8 %
Retail Rx Count	330,533	321,344	2.9 %
Member Submit Rxs	34	290	-88.3 %
Mail Rx Count	3,105	3,026	2.6 %
Total Admin Fee	\$231.00	\$432.00	-46.5 %
Total UC Savings	\$11,531,160.59	\$9,865,199.30	16.9 %
Total Lost Savings	\$20,709.05	\$18,710.58	10.7 %

Demographics

Average Age	45.5	45.3	0.6 %
% Male Members	45.2 %	45.1 %	0.2 %
% Female Members	54.8 %	54.9 %	-0.2 %



Key Performance Indicators

Comprehensive Indicators

WV Public Employees Ins - w/o AccessWV

Current Period: 03/2007 - 03/2007

Previous Period: 03/2006 - 03/2006

	Current Period	Previous Period	% Change
Overall Performance			
Plan Cost PMPM	\$100.40	\$92.93	8.0 %
Average Mbrs/Month	187,986	187,111	0.5 %
Average Subs/Month	97,326	96,205	1.2 %
% Utilizing Members	53.5 %	53.1 %	0.8 %
% Retail Utilizing Members	53.2 %	52.8 %	0.8 %
% Mail Utilizing Members	0.7 %	0.7 %	-1.4 %
Rx Measures			
Rxs PMPM	1.77	1.74	2.3 %
Retail Rxs PMPM	1.76	1.72	2.3 %
Mail Rxs PMPM	0.02	0.02	2.1 %
Average Admin Fee/Rx	\$0.00	\$0.00	-48.0 %
Avg Retail Admin Fee/Rx	\$0.00	\$0.00	-48.0 %
Avg Mail Admin Fee/Rx	\$0.00	\$0.00	0.0 %
Average Plan Cost/Rx	\$56.57	\$53.56	5.6 %
Avg Retail Plan Cost/Rx	\$56.08	\$53.02	5.8 %
Avg Mail Plan Cost/Rx	\$107.95	\$111.49	-3.2 %
Average Mbr Contrib/Rx	\$11.72	\$12.84	-8.8 %
Avg Retail Mbr Contrib/Rx	\$11.66	\$12.77	-8.7 %
Avg Mail Mbr Contrib/Rx	\$18.01	\$21.03	-14.3 %
Average Ing Cost/Rx	\$66.20	\$64.27	3.0 %
Avg Retail Ing Cost/Rx	\$65.65	\$63.65	3.2 %
Avg Mail Ing Cost/Rx	\$124.46	\$131.01	-5.0 %
Average AWP/Rx	\$103.12	\$95.60	7.9 %
Avg Retail AWP/Rx	\$102.17	\$94.69	7.9 %
Avg Mail AWP/Rx	\$204.12	\$192.44	6.1 %
Average Days Supply/Rx	33.6	33.3	0.9 %
Avg Retail Days/Rx	33.2	33.0	0.9 %
Avg Mail Days/Rx	74.2	73.6	0.8 %
Average Plan Cost/Day	\$1.68	\$1.61	4.7 %
Avg Retail Plan Cost/Day	\$1.69	\$1.61	4.9 %
Avg Mail Plan Cost/Day	\$1.45	\$1.51	-3.9 %
% Plan Cost	82.8 %	80.7 %	2.7 %
% Member Contribution	17.2 %	19.3 %	-11.3 %
% Retail Plan Cost	82.8 %	80.6 %	2.7 %
% Retail Mbr Contrib	17.2 %	19.4 %	-11.3 %
% Mail Plan Cost	85.7 %	84.1 %	1.9 %
% Mail Member Contrib	14.3 %	15.9 %	-9.9 %



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

Current Period: 03/2007 - 03/2007
 Previous Period: 03/2006 - 03/2006

	Current Period	Previous Period	% Change
Rx Sources			
% Mail Rxs	0.9 %	0.9 %	-0.2 %
% Retail Rxs	99.1 %	99.0 %	0.1 %
% Member Submit Rxs	0.0 %	0.1 %	-60.0 %
Rx Types			
Avg SSB Plan Cost/Rx	\$124.28	\$107.67	15.4 %
Avg Retail SSB Plan Cost/Rx	\$123.38	\$106.71	15.6 %
Avg Mail SSB Plan Cost/Rx	\$208.97	\$189.66	10.2 %
Avg MSB Plan Cost/Rx	\$18.54	\$11.41	62.5 %
Avg Retail MSB Plan Cost/Rx	\$18.57	\$11.49	61.6 %
Avg Mail MSB Plan Cost/Rx	\$13.69	\$0.71	1836.6 %
Avg GEN Plan Cost/Rx	\$19.60	\$16.43	19.3 %
Avg Retail GEN Plan Cost/Rx	\$19.42	\$16.32	19.0 %
Avg Mail GEN Plan Cost/Rx	\$40.61	\$31.14	30.4 %
% Single-Source Brand Rxs	35.3 %	40.8 %	-13.3 %
% Multi-Source Brand Rxs	1.2 %	1.3 %	-6.1 %
% Generic Rxs	63.5 %	58.0 %	9.5 %
% Retail Single-Source Brand	35.3 %	40.7 %	-13.3 %
% Retail Multi-Source Brand	1.2 %	1.3 %	-5.9 %
% Retail Generic	63.5 %	58.0 %	9.4 %
% Mail Single-Source Brand	40.1 %	50.9 %	-21.1 %
% Mail Multi-Source Brand	0.8 %	1.1 %	-26.2 %
% Mail Generic	59.1 %	48.0 %	23.0 %
% Formulary Rxs	87.8 %	83.9 %	4.7 %
% Retail Formulary Rxs	87.8 %	83.9 %	4.7 %
% Mail Formulary Rxs	88.2 %	83.6 %	5.5 %
% DAW Rxs	0.8 %	0.8 %	-6.2 %
% Retail DAW Rxs	0.8 %	0.8 %	-6.2 %
% Mail DAW Rxs	1.1 %	1.2 %	-8.1 %
% Generic Conversion	98.1 %	97.8 %	0.3 %
% Retail GEN Conversion	98.1 %	97.8 %	0.3 %
% Mail GEN Conversion	98.7 %	97.8 %	0.9 %
Period Totals			
Total Plan Cost	\$18,874,431.41	\$17,388,975.14	8.5 %
Retail Plan Cost	\$18,539,244.62	\$17,051,617.12	8.7 %
Mail Plan Cost	\$335,186.79	\$337,358.02	-0.6 %
Total Member Contribution	\$3,910,169.89	\$4,169,448.03	-6.2 %
Retail Member Contrib	\$3,854,241.32	\$4,105,821.16	-6.1 %



Key Performance Indicators

Comprehensive Indicators

WV Public Employees Ins - w/o AccessWV

Current Period: 03/2007 - 03/2007

Previous Period: 03/2006 - 03/2006

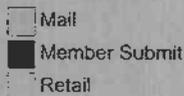
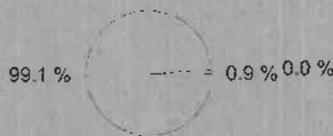
	Current Period	Previous Period	% Change
Mail Member Contrib	\$55,928.57	\$63,626.87	-12.1 %
Total Rx Count	333,672	324,660	2.8 %
Retail Rx Count	330,533	321,344	2.9 %
Member Submit Rxs	34	290	-88.3 %
Mail Rx Count	3,105	3,026	2.6 %
Total Admin Fee	\$231.00	\$432.00	-46.5 %
Total UC Savings	\$11,531,160.59	\$9,865,199.30	16.9 %
Total Lost Savings	\$20,709.05	\$18,710.58	10.7 %

Demographics

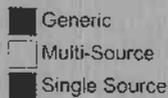
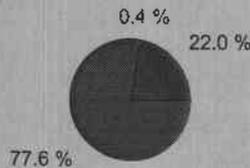
Average Age	45.5	45.3	0.6 %
% Male Members	45.2 %	45.1 %	0.2 %
% Female Members	54.8 %	54.9 %	-0.2 %

Graphs based on Current Period: 03/2007 - 03/2007

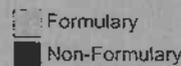
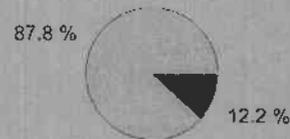
Claim Source by Rx Count



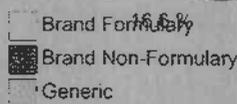
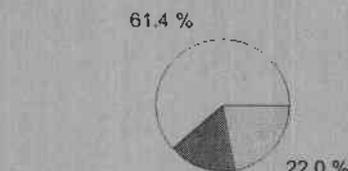
Drug Type by Plan Cost



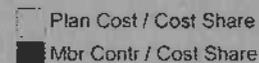
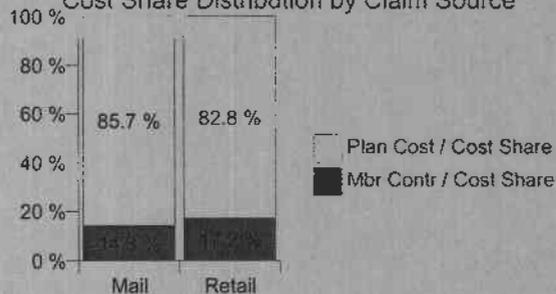
Formulary Status by Rx Count



Drug Formulary Status by Plan Cost



Cost Share Distribution by Claim Source



Utilization Report by Population Level
Prescriptions Filled From 03/2007 - 03/2007
WV Public Employees Ins - w/o AccessWV



EXPRESS SCRIPTSSM
Charting the Future of Pharmacy
www.express-scripts.com

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)	187,986	100,635	333,672	\$18,874,431	\$11.72	\$56.57	0.9 %	63.5 %	87.8 %	98.1 %	\$100.40
Grand Total	187,986		333,672	\$18,874,431	\$11.72	\$56.57	0.9 %	63.5 %	87.8 %	98.1 %	\$100.40

Utilization Report by Population Level
 Prescriptions Filled From 03/2007 - 03/2007
 WV Public Employees Ins - w/o AccessWV

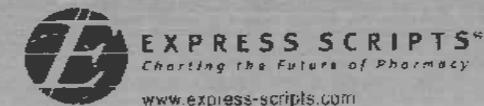


EXPRESS SCRIPTS[®]
 Charting the Future of Pharmacy
 www.express-scripts.com

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)	164,681	89,037	295,961	\$16,890,490.22	\$11.78	\$57.07	0.9 %	63.2 %	87.6 %	98.1 %	\$102.56
NON STATE (2000)	22,918	11,389	36,959	\$1,931,137.77	\$11.19	\$52.25	0.9 %	65.6 %	88.9 %	98.5 %	\$84.26
COBRA (3000)	387	209	752	\$52,803.42	\$12.62	\$70.22	0.8 %	61.4 %	89.2 %	98.3 %	\$136.44
Grand Total	187,986		333,672	\$18,874,431	\$11.72	\$56.57	0.9 %	63.5 %	87.8 %	98.1 %	\$100.40

Utilization Report by Population Level
 Prescriptions Filled From 03/2007 - 03/2007
 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)	117,121	54,695	153,661	\$8,529,193.86	\$11.96	\$55.51	0.8 %	63.4 %	87.6 %	98.3 %	\$72.82
STATE RETIREES (07)	37,674	27,972	113,939	\$6,723,953.84	\$12.51	\$59.01	1.1 %	62.5 %	87.2 %	97.7 %	\$178.48
NON STATE AGENCIES (02)	17,152	7,851	22,996	\$1,177,746.62	\$11.25	\$51.22	0.9 %	65.8 %	88.8 %	98.7 %	\$68.67
STATE RETIREES ASST 60 (0760)	4,268	3,449	16,851	\$1,022,328.00	\$6.69	\$60.67	1.0 %	64.6 %	89.1 %	98.4 %	\$239.53
NON STATE RETIREES (08)	2,637	1,971	8,505	\$487,088.39	\$11.92	\$57.27	1.4 %	62.9 %	87.9 %	97.9 %	\$184.71
STATE RETIREES ASST 40 (0740)	2,237	1,825	8,526	\$477,325.29	\$8.12	\$55.98	1.1 %	66.4 %	89.7 %	98.3 %	\$213.38
NON STATE RETIREES 60 (0860)	602	473	2,288	\$137,271.53	\$6.79	\$60.00	0.3 %	65.2 %	89.4 %	98.7 %	\$228.03
NON STATE AGENCIES PLAN B (02B)	2,206	840	2,085	\$76,657.18	\$14.18	\$36.77	0.6 %	73.4 %	91.8 %	99.2 %	\$34.75
STATE RETIREES ASST 20 (0720)	422	322	1,393	\$75,096.30	\$9.49	\$53.91	1.1 %	63.7 %	88.1 %	97.7 %	\$177.95
STATE AGENCIES (01B)	2,959	774	1,591	\$62,592.93	\$17.61	\$39.34	0.8 %	70.0 %	90.1 %	99.1 %	\$21.15
COBRA (COBRA)	387	209	752	\$52,803.42	\$12.62	\$70.22	0.8 %	61.4 %	89.2 %	98.3 %	\$136.44
NON STATE RETIREES 40 (0840)	261	207	896	\$43,570.63	\$7.59	\$48.63	1.5 %	66.9 %	91.0 %	98.5 %	\$166.94
NON STATE RETIREES 20 (0820)	60	47	189	\$8,803.42	\$8.40	\$46.58	0.0 %	70.4 %	87.8 %	99.3 %	\$146.72
Grand Total	187,986		333,672	\$18,874,431	\$11.72	\$56.57	0.9 %	63.5 %	87.8 %	98.1 %	\$100.40

State of West Virginia
Public Employees Insurance Agency and Retiree Health Benefit Trust Fund
Balance Sheets

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

DRAFT

Assets	March 2007	March 2006	Increase <Decrease>
Cash and cash equivalents	\$ 143,377,500	\$ 104,534,698	\$ 38,842,802
Deposits with third-party administrators	820,472	619,139	201,333
Premium accounts receivable-net of allowance for doubtful accounts	24,900,736	17,152,834	7,747,902
Advance to Retiree Trust Fund	6,440,773	-	6,440,773
Other accounts receivable	13,700,746	7,155,930	6,544,816
Total current assets	189,240,227	129,462,601	59,777,626
Investments	169,251,684	155,192,747	14,058,937
Furniture and equipment, net of accumulated depreciation	303,909	162,822	141,087
Restricted cash-premium stabilization life insurance	3,942,852	3,942,691	161
Restricted cash-new computer system	3,530,621	3,833,000	(302,379)
Total assets	\$ 366,269,293	\$ 292,593,861	\$ 73,675,432
Liabilities and Retained Earnings			
Claims payable	\$ 48,200,000	\$ 53,080,000	\$ (4,880,000)
Current claims payable	17,127,839	16,327,309	800,530
Unearned revenue	7,965,080	4,119,696	3,845,384
Accounts payable	9,316,610	9,325,733	(9,123)
Other accrued liabilities	1,186,634	1,025,234	161,400
Due to over-reserve fund	27,679,595	-	27,679,595
Total liabilities	111,475,758	83,877,972	27,597,786
Retained earnings	254,793,535	208,715,889	46,077,646
Total liabilities and retained earnings	\$ 366,269,293	\$ 292,593,861	\$ 73,675,432

For internal use only. See financial comments.
Prepared April 24, 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)
 March 31, 2007 and 2006
 Accrual Basis
 (Unaudited-For Internal Use Only)

DRAFT

	Budgeted Eight Months Ended 31-Mar-07	Actual Eight Months Ended 31-Mar-07	Budget Variance Percent	Actual Eight Months Ended 31-Mar-06	This Year vs Last Year Increase <Decrease>	This Year vs Last Year Variance Percent
Operating Revenue						
Premiums						
Employer Premiums-State	\$ 309,995,165	\$ 309,090,944	-0.29%	\$ 308,912,159	\$ 178,785	0.06%
Employee Premiums-State	71,963,988	72,023,037	0.08%	61,477,322	10,545,715	17.15%
Local Premiums	53,774,417	54,474,099	1.30%	51,756,438	2,717,661	5.25%
Retiree Premiums	49,869,815	48,389,997	-2.97%	41,388,541	7,001,456	16.92%
Basic Life Insurance	5,077,682	4,624,071	-8.93%	4,830,577	(206,506)	-4.27%
Other Premiums and Adjustments Medicare Part D	1,192,635 15,000,000	1,118,299 15,000,000	-6.23% 0.00%	3,900,776 3,669,000	(2,782,477) 15,000,000	-71.33% N/A
Total Premiums	506,873,702	504,720,447	-0.42%	475,934,813	28,785,634	6.05%
Less:						
Payments to managed care organizations	(46,215,637)	(43,238,926)	-6.44%	(42,072,271)	(1,166,655)	2.77%
Life insurance premiums-basic	(5,077,682)	(4,621,397)	-8.99%	(4,831,338)	209,941	-4.35%
Net premium revenue	455,580,383	456,860,124	0.28%	429,031,204	27,828,920	6.49%
Administrative fees, net of refunds	4,544,212	4,484,788	-1.31%	4,468,632	16,156	0.36%
Net operating revenue	460,124,594	461,344,912	0.27%	433,499,836	27,845,076	6.42%
Operating Expenses						
Claims expense-medical	268,690,255	259,062,989	-3.58%	259,781,130	(718,141)	-0.28%
Claims expense-drugs	142,627,132	142,018,125	-0.43%	127,344,615	14,673,510	11.52%
Administrative service fees	12,544,713	13,396,634	6.79%	12,086,535	1,310,099	10.84%
Wellness and disease management	1,228,182	1,386,430	12.88%	1,159,387	227,043	19.58%
Other operating expenses	5,609,720	5,987,363	6.73%	5,573,112	414,251	7.43%
Total operating expense	430,700,003	421,851,541	-2.05%	405,944,779	15,906,762	3.92%
Operating surplus	29,424,591	39,493,371	34.22%	27,555,057	11,938,314	43.33%

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

Statements of Revenues, Expenses and
Changes in Retained Earnings (continued)

March 31, 2007 and 2006

Accrual Basis
(Unaudited-For Internal Use Only)

DRAFT

	Budgeted Eight Months Ended 31-Mar-07	Actual Eight Months Ended 31-Mar-07	Budget Variance Percent	Actual Eight Months Ended 31-Mar-06	This Year vs Last Year Increase <Decrease>	This Year vs Last Year Variance Percent
Nonoperating Revenues and Transfers						
Interest income, banks, net of fees	-	-	N/A	15,810	(15,810)	-100.00%
Interest and investment income	7,813,653	19,407,799	148.38%	7,674,373	11,733,426	152.89%
Transfer in	5,025,000	5,024,618	-0.01%	4,887,369	137,249	2.81%
Total nonoperating revenues and transfers	12,838,653	24,432,417	90.30%	12,577,552	11,854,865	94.25%
Net Surplus	\$ 42,263,244	63,925,788	51.26%	40,132,609	23,793,179	59.29%
Retained Earnings, beginning of period	=====	190,867,747	=====	168,583,280	22,284,467	=====
Retained Earnings, end of period	\$	254,793,535	\$	208,715,889	\$ 46,077,646	\$

For internal use only. See financial comments.
Prepared April 24, 2007

DRAFT

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

Year-to-Date March 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 December 29, 2006 which indicates a surplus of \$40,447,263 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

DRAFT

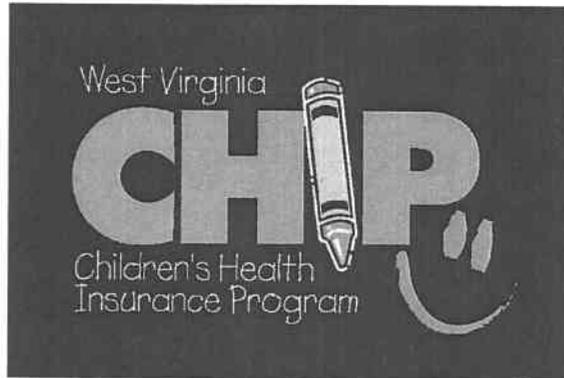
	March 31	
	2007	2006
ASSETS		
Short Term Assets		
Cash and Equivalents	\$ 29,620,655	\$ 37,987,858
Advance Deposit with Carrier/Trustee	115,243,658	74,440,962
Receivables - Net	1,620,191	2,802,671
Prepaid Insurance	1,536,019	1,040,220
Total Short Term Assets	148,020,523	116,271,711
Long Term Assets		
Investments	116,190,835	106,055,324
Total Long Term Assets	116,190,835	106,055,324
TOTAL ASSETS	264,211,358	222,327,035
LIABILITIES		
Short Term Liabilities		
Accounts payable	781,001	1,688,450
Claims Payable	99,415	274,658
Agents Commissions Payable	1,504,151	1,560,251
Unearned Revenue	10,511,081	10,876,203
Current Estimated Claim Reserve	51,095,304	49,711,175
Total Short Term Liabilities	63,990,952	64,110,737
Long Term Liabilities		
Compensated Absences	163,620	166,553
Estimated Noncurrent Claim Reserve	117,919,572	128,810,597
Total Long Term Liabilities	118,083,192	128,977,150
TOTAL LIABILITIES	182,074,144	193,087,887
Prior Year Net Assets (Deficiency)	44,843,685	526,803
Current Year Earnings (Loss)	37,293,529	28,712,345
TOTAL NET ASSETS (DEFICIENCY)	82,137,214	29,239,148
TOTAL LIABILITIES AND RETAINED EARNINGS (DEFICIENCY)	\$ 264,211,358	\$ 222,327,035

DRAFT - Unaudited - Management Purposes Only

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

DRAFT

	March 31	
	2007	2006
Operating Revenues		
Premium Revenues	\$ 60,676,445	\$ 63,108,603
Less - Excess Insurance	(4,608,058)	(3,104,507)
Total Operating Revenues	56,068,387	60,004,096
Operating Expenses		
Claims Expense	27,521,316	32,682,592
Property & MS Claims Expense	4,322,374	1,927,716
Personal Services	952,362	900,037
Operating Expenses	2,273,304	2,291,233
Total Operating Expenses	35,069,356	37,801,578
Operating Income (Loss)	20,999,031	22,202,518
Nonoperating Revenues		
Court Fees	16,335	22,110
Claim Interest Income	189,219	-
Investment Income	16,088,944	6,487,717
Total Nonoperating Revenues	16,294,498	6,509,827
Net Income (Loss)	37,293,529	28,712,345



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

**Joint Committee on
Government and Finance
Report**

May 2007

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

	March 31, 2007	March 31, 2006	Variance	
Assets:				
Cash & Cash Equivalents	\$2,493,928	\$423,568	\$2,070,360	489%
Due From Federal Government	\$3,039,767	\$4,064,359	(\$1,024,592)	-25%
Due From Other Funds	\$716,390	\$844,938	(\$128,548)	-15%
Accrued Interest Receivable	\$15,052	\$3,810	\$11,242	295%
Fixed Assets, at Historical Cost	<u>\$66,070</u>	<u>\$75,128</u>	<u>(\$9,058)</u>	<u>-12%</u>
Total Assets	<u>\$6,331,208</u>	<u>\$5,411,803</u>	<u>\$919,405</u>	<u>17%</u>
Liabilities:				
Due to Other Funds	\$214,532	\$158,206	\$56,326	36%
Deferred Revenue	\$1,431,668	(\$69,384)	\$1,501,052	-2163%
Unpaid Insurance Claims Liability	<u>\$3,550,000</u>	<u>\$4,310,000</u>	<u>(\$760,000)</u>	<u>-18%</u>
Total Liabilities	<u>\$5,196,200</u>	<u>\$4,398,822</u>	<u>\$797,378</u>	<u>18%</u>
Fund Equity	<u>\$1,135,008</u>	<u>\$1,012,981</u>	<u>\$122,027</u>	<u>12%</u>
Total Liabilities and Fund Equity	<u>\$6,331,208</u>	<u>\$5,411,803</u>	<u>\$919,405</u>	<u>17%</u>

PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

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

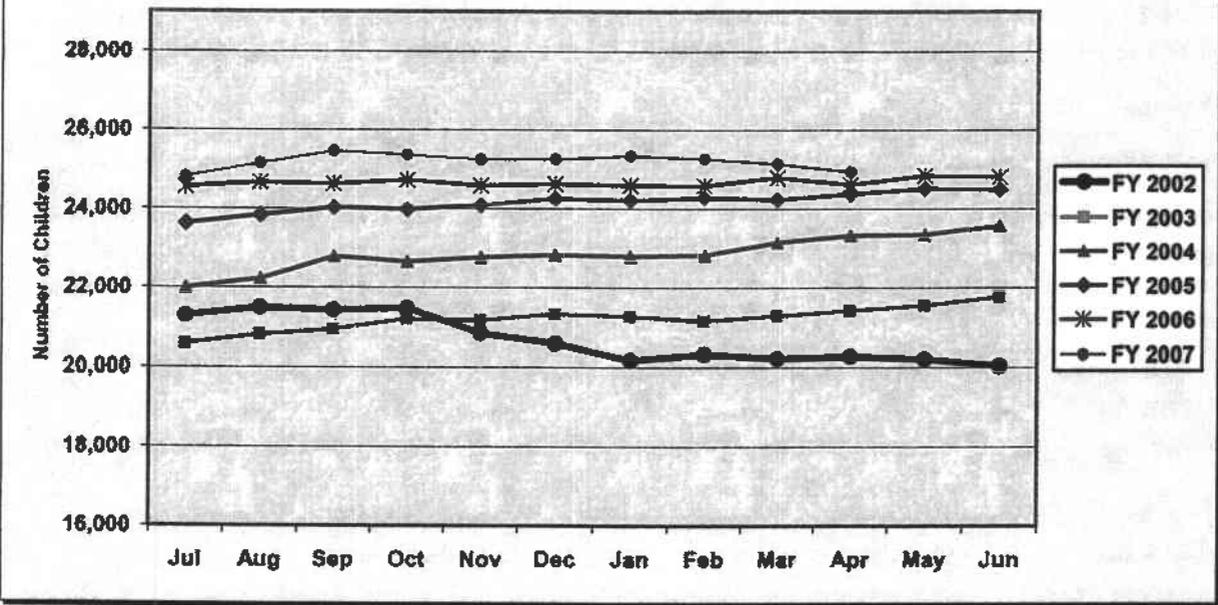
	March 31, 2007	March 31, 2006	Variance	
Revenues:				
Federal Grants	26,249,907	24,596,417	1,653,490	7%
State Appropriations	6,300,935	7,037,844	(736,909)	-10%
Other Revenues				
Premium Revenues	2,182	-	2,182	
Investment Earnings	<u>107,631</u>	<u>38,640</u>	<u>68,991</u>	179%
Total Operating Revenues	<u>32,660,655</u>	<u>31,672,901</u>	<u>987,754</u>	<u>3%</u>
Operating Expenditures:				
Claims:				
Outpatient Services	7,532,116	7,788,398	(256,282)	-3%
Physicians & Surgical	6,690,897	6,832,530	(141,633)	-2%
Prescribed Drugs	6,446,966	5,948,099	498,867	8%
Dental	3,697,852	3,705,049	(7,197)	0%
Inpatient Hospital Services	2,887,956	2,137,634	750,322	35%
Outpatient Mental Health	1,119,295	1,180,377	(61,082)	-5%
Vision	934,565	1,018,339	(83,774)	-8%
Inpatient Mental Health	685,032	440,984	244,048	55%
Durable & Disposable Med. Equip.	331,075	284,135	46,940	17%
Medical Transportation	268,376	177,928	90,448	51%
Therapy	262,495	257,053	5,442	2%
Other Services	111,502	82,342	29,160	35%
Less: Collections*	<u>(526,396)</u>	<u>(310,072)</u>	<u>(216,323)</u>	70%
Total Claims	<u>30,441,732</u>	<u>29,542,796</u>	<u>898,936</u>	<u>3%</u>
General and Admin Expenses:				
Salaries and Benefits	343,820	336,255	7,565	2%
Program Administration	1,458,670	1,315,189	143,481	11%
Eligibility	222,013	203,698	18,315	9%
Outreach & Health Promotion	13,778	81,346	(67,568)	-83%
Current	<u>73,011</u>	<u>154,977</u>	<u>(81,966)</u>	-53%
Total Administrative	<u>2,111,292</u>	<u>2,091,465</u>	<u>19,828</u>	<u>1%</u>
Total Expenditures	<u>32,553,024</u>	<u>31,634,261</u>	<u>918,764</u>	<u>3%</u>
Excess of Revenues				
Over (Under) Expenditures	107,631	38,641	68,991	179%
Fund Equity, Beginning	<u>1,027,377</u>	<u>974,341</u>	<u>53,036</u>	<u>5%</u>
Fund Equity, Ending	<u>1,135,008</u>	<u>1,012,982</u>	<u>122,027</u>	<u>12%</u>

* Collections are primarily drug rebates and subrogation

PRELIMINARY FINANCIAL STATEMENTS

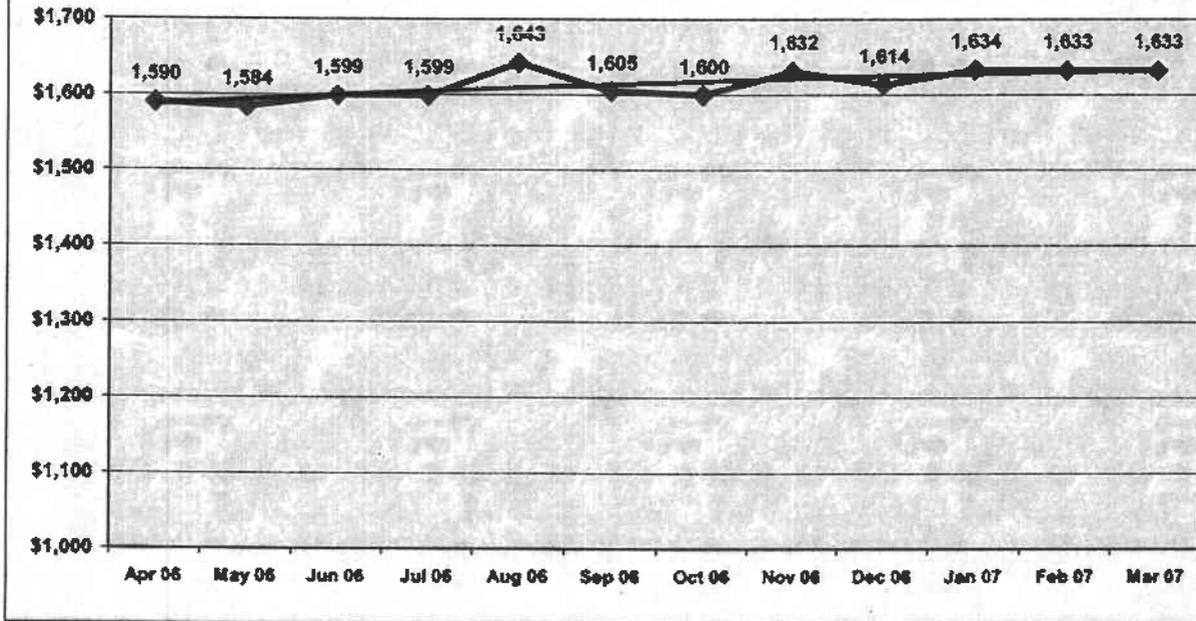
Unaudited - For Management Purposes Only - Unaudited

WV CHIP Enrollment



April 30, 2007 Enrollment 24,991

Annualized Health Care Expenditures (Cost per Child)



WV CHIP Enrollment Report

April 2007

County Ranking	County Pop. 2005 Est. (0-18 Yrs)	Total CHIP Enrollment Apr-07	Total Medicaid Enrollment Mar-07	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	Total % Insured 3/2002*	# Children Insured Ranking*	Est. # Uninsured Eligible*
Barbour	3,248	300	1,606	1,906	58.7%	92.5%	34	255
Berkeley	22,882	1,142	5,559	6,701	29.3%	93.9%	21	1,084
Boone	5,706	330	2,579	2,909	51.0%	97.9%	4	133
Braxton	3,044	221	1,560	1,781	58.5%	95.6%	13	155
Brooke	4,658	295	1,453	1,748	37.5%	98.5%	3	0**
Cabell	18,900	983	7,912	8,895	47.1%	91.6%	39	1,218
Calhoun	1,389	138	836	974	70.1%	88.0%	52	207
Clay	2,454	197	1,364	1,561	63.6%	95.1%	15	94
Doddridge	1,607	137	741	878	54.6%	96.4%	6	60
Fayette	9,692	993	4,721	5,714	59.0%	92.1%	36	706
Gilmer	1,154	103	559	662	57.4%	92.8%	32	115
Grant	2,463	173	908	1,081	43.9%	95.8%	11	82
Greenbrier	7,110	583	2,823	3,406	47.9%	94.8%	17	306
Hampshire	5,110	294	1,804	2,098	41.1%	91.3%	40	295
Hancock	6,270	407	2,189	2,596	41.4%	92.9%	31	443
Hardy	2,950	136	993	1,129	38.3%	93.6%	26	200
Harrison	14,973	972	5,975	6,947	46.4%	99.9%	1	0**
Jackson	6,277	372	2,332	2,704	43.1%	93.9%	22	340
Jefferson	11,465	407	2,104	2,511	21.9%	93.9%	23	651
Kanawha	40,647	2,084	16,711	18,795	46.2%	96.4%	7	772
Lewis	3,577	316	1,750	2,066	57.8%	88.0%	53	431
Lincoln	4,945	430	2,561	2,991	60.5%	93.3%	27	327
Logan	7,610	493	3,860	4,353	57.2%	92.1%	37	654
Marion	11,245	786	4,277	5,063	45.0%	95.9%	10	516
Marshall	7,176	415	2,731	3,146	43.8%	97.5%	5	217
Mason	5,461	313	2,510	2,823	51.7%	95.7%	12	249
McDowell	5,170	422	3,561	3,983	77.0%	93.8%	25	373
Mercer	12,687	1,116	6,552	7,668	60.4%	91.0%	41	1,268
Mineral	5,973	275	2,017	2,292	38.4%	90.7%	43	251
Mingo	6,204	432	3,332	3,764	60.7%	88.5%	51	566
Monongalia	14,346	679	4,112	4,791	33.4%	92.6%	33	1,144
Monroe	2,728	262	916	1,178	43.2%	93.1%	29	196
Morgan	3,365	225	955	1,180	35.1%	89.2%	49	285
Nicholas	5,478	474	2,486	2,960	54.0%	94.4%	19	324
Ohio	9,068	464	3,099	3,563	39.3%	95.6%	14	480
Pendleton	1,632	131	430	561	34.4%	99.0%	2	19
Pleasants	1,593	104	473	577	36.2%	93.9%	24	88
Pocahontas	1,717	157	650	807	47.0%	87.7%	54	224
Preston	6,354	556	2,391	2,947	46.4%	90.2%	47	236
Putnam	12,522	625	3,168	3,793	30.3%	93.2%	28	486
Raleigh	15,992	1,297	6,879	8,176	51.1%	91.7%	38	1,395
Randolph	5,971	481	2,428	2,909	48.7%	89.7%	48	653
Ritchie	2,234	141	791	932	41.7%	96.2%	9	81
Roane	3,266	304	1,644	1,948	59.6%	90.5%	44	336
Summers	2,322	215	1,183	1,398	60.2%	88.9%	50	315
Taylor	3,307	226	1,434	1,660	50.2%	90.9%	42	356
Tucker	1,354	179	469	648	47.9%	93.1%	30	103
Tyler	1,887	109	870	979	51.9%	94.9%	16	93

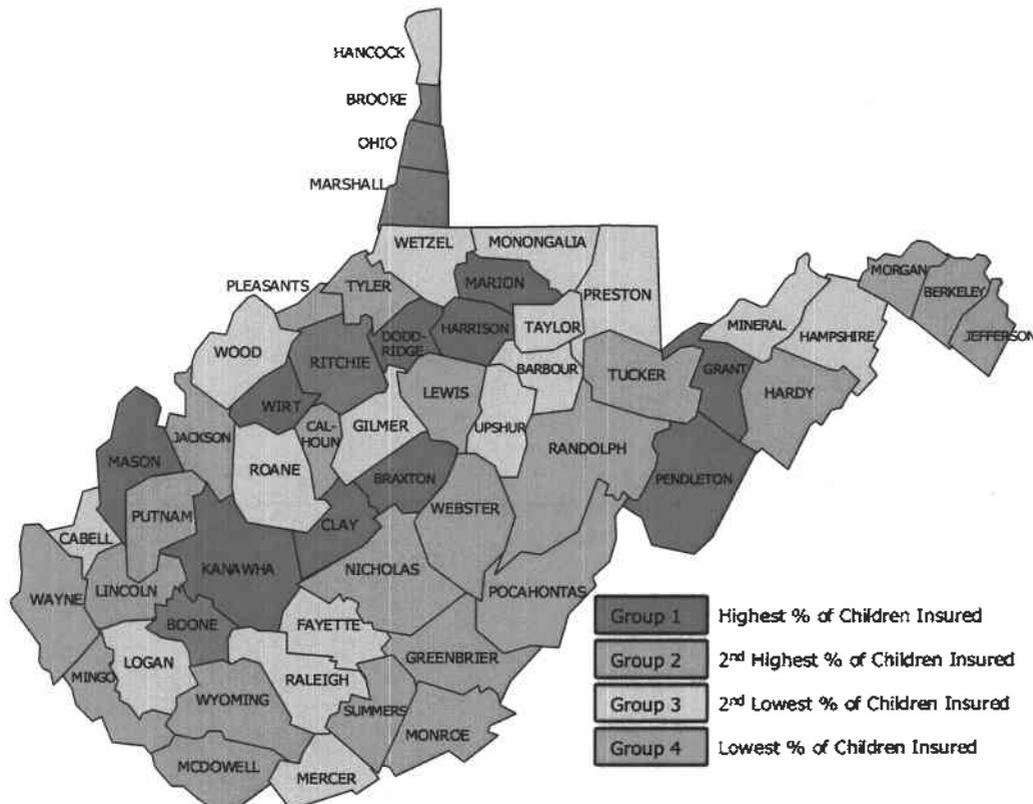
WV CHIP Enrollment Report

April 2007

County Ranking	County Pop. 2005 Est. (0-18 Yrs)	Total CHIP Enrollment Apr-07	Total Medicaid Enrollment Mar-07	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	Total % Insured 3/2002*	# Children Insured Ranking*	Est. # Uninsured Eligible*
Upshur	4,956	399	2,248	2,647	53.4%	90.4%	46	547
Wayne	9,176	582	4,182	4,764	51.9%	87.7%	55	1,034
Webster	2,020	209	1,074	1,283	63.5%	94.7%	18	103
Wetzel	3,732	238	1,641	1,879	50.4%	92.5%	35	334
Wirt	1,268	137	568	705	55.6%	96.3%	8	46
Wood	19,063	1,092	7,586	8,678	45.5%	90.5%	45	1,624
Wyoming	5,092	440	2,812	3,252	63.9%	94.0%	20	231
Totals	382,490	24,991	152,369	177,360	46.4%	93.4%		22,446

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

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



**Legislative Oversight Commission on
Health and Human Resources Accountability**

May 2007

Department of Administration

**State Children's Health Insurance Program
UPDATE**



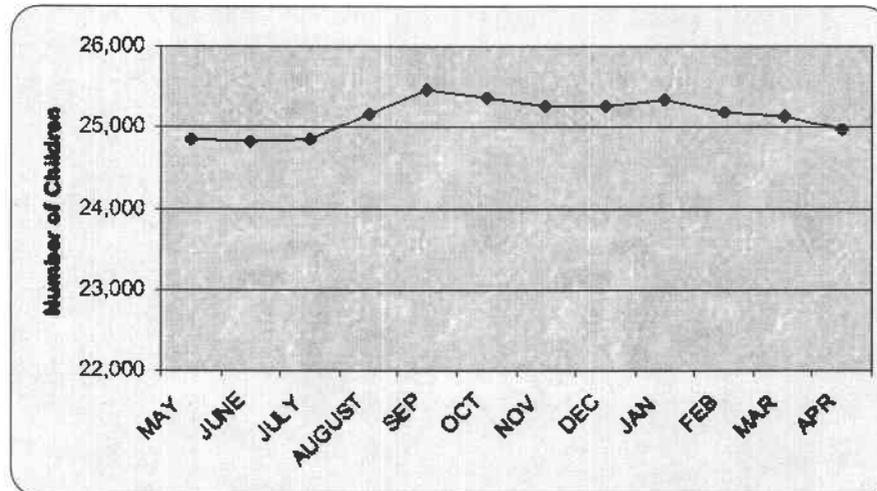
WV CHILDREN'S HEALTH INSURANCE AGENCY

REPORT FOR MAY 2007

I. Enrollment on April 30, 2007: 24,991

See Attachment 1 for enrollment by county.

Current 12-Month Enrollment Period: May 2006 through April 2007



Enrollee Totals: January 2007 to March 2007

Month	Total	1 Year	Total
January	1,749	Average	1,856
February	1,595	High	2,205
March	1,674	Low	1,507

New Enrollee (Never Before on CHIP) Totals: January 2007 to March 2007

Month	Total	1 Year	Total
January	787	Average	908
February	742	High	1,149
March	670	Low	667

II. Re-enrollment for 3 Month Period: January 2007 to March 2007

Total Forms Mailed		Enrolled within Notice Period		Reopened Cases After Closure		Final Closures	
Month	Total	#	%	#	%	#	%
January	1,749	1,030	59%	171	10%	548	31%
February	2,070	1,109	54%	297	14%	664	32%
March	2,084	1,218	58%	249	12%	617	30%

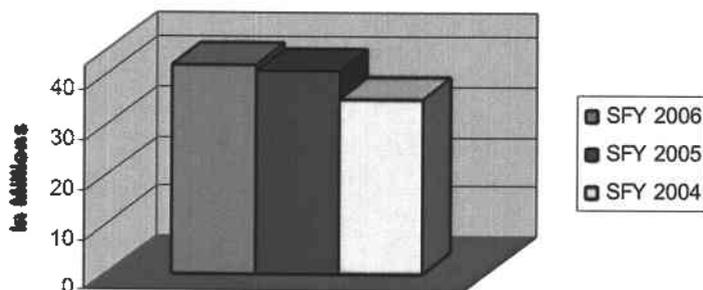
III. Financial Activity

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

The average annualized claims cost per child for the month ended March 2007 was \$1,633.

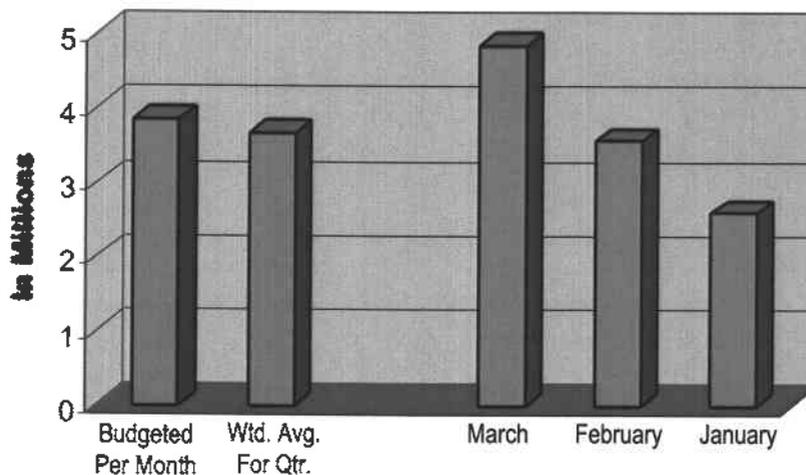
Annual Expenditures for a 3 Year Period: SFY 2004 – SFY 2006

	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
Total Costs	42,233,661	100.00	41,002,998	100.00	35,271,033	100.00



Monthly Budgeted and Current 3 Month Period: January 2007 – March 2007

	Budgeted Per Month	Wtd. Avg. For Qtr.	Actual		
			March 2007	February 2007	January 2007
Federal	3,127,204	2,973,601	3,927,328	2,885,662	2,107,813
State	733,542	698,872	923,022	678,204	495,389
Total	3,860,746	3,672,473	4,850,350	3,563,866	2,603,202



IV. Other Highlights

- February was the first month for enrollees to receive coverage under WVCHIP Premium. As of May 1, we estimate 58 enrollees.

- In the months of March and April, WVCHIP families were asked to designate their primary care providers from a directory of participating physicians to serve as their medical home. As of March 31, approximately 20% of all enrolled children have a designated medical home. Families have the incentive of having no copayments assessed for services in their medical home.

WV CHIP Enrollment Report

April 2007

County Ranking	County Pop. 2005 Est. (0-18 Yrs)	Total CHIP Enrollment Apr-07	Total Medicaid Enrollment Mar-07	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	Total % Insured 3/2002*	# Children Insured Ranking*	Est. # Uninsured Eligible*
Barbour	3,248	300	1,606	1,906	58.7%	92.5%	34	255
Berkeley	22,882	1,142	5,559	6,701	29.3%	93.9%	21	1,084
Boone	5,706	330	2,579	2,909	51.0%	97.9%	4	133
Braxton	3,044	221	1,560	1,781	58.5%	95.6%	13	155
Brooke	4,658	295	1,453	1,748	37.5%	98.5%	3	0**
Cabell	18,900	983	7,912	8,895	47.1%	91.6%	39	1,218
Calhoun	1,389	138	836	974	70.1%	88.0%	52	207
Clay	2,454	197	1,364	1,561	63.6%	95.1%	15	94
Doddridge	1,607	137	741	878	54.6%	96.4%	6	60
Fayette	9,692	993	4,721	5,714	59.0%	92.1%	36	706
Gilmer	1,154	103	559	662	57.4%	92.8%	32	115
Grant	2,463	173	908	1,081	43.9%	95.8%	11	82
Greenbrier	7,110	583	2,823	3,406	47.9%	94.8%	17	306
Hampshire	5,110	294	1,804	2,098	41.1%	91.3%	40	295
Hancock	6,270	407	2,189	2,596	41.4%	92.9%	31	443
Hardy	2,950	136	993	1,129	38.3%	93.6%	26	200
Harrison	14,973	972	5,975	6,947	46.4%	99.9%	1	0**
Jackson	6,277	372	2,332	2,704	43.1%	93.9%	22	340
Jefferson	11,465	407	2,104	2,511	21.9%	93.9%	23	651
Kanawha	40,647	2,084	16,711	18,795	46.2%	96.4%	7	772
Lewis	3,577	316	1,750	2,066	57.8%	88.0%	53	431
Lincoln	4,945	430	2,561	2,991	60.5%	93.3%	27	327
Logan	7,610	493	3,860	4,353	57.2%	92.1%	37	654
Marion	11,245	786	4,277	5,063	45.0%	95.9%	10	516
Marshall	7,176	415	2,731	3,146	43.8%	97.5%	5	217
Mason	5,461	313	2,510	2,823	51.7%	95.7%	12	249
McDowell	5,170	422	3,561	3,983	77.0%	93.8%	25	373
Mercer	12,687	1,116	6,552	7,668	60.4%	91.0%	41	1,268
Mineral	5,973	275	2,017	2,292	38.4%	90.7%	43	251
Mingo	6,204	432	3,332	3,764	60.7%	88.5%	51	566
Monongalia	14,346	679	4,112	4,791	33.4%	92.6%	33	1,144
Monroe	2,728	262	916	1,178	43.2%	93.1%	29	196
Morgan	3,365	225	955	1,180	35.1%	89.2%	49	285
Nicholas	5,478	474	2,486	2,960	54.0%	94.4%	19	324
Ohio	9,068	464	3,099	3,563	39.3%	95.6%	14	480
Pendleton	1,632	131	430	561	34.4%	99.0%	2	19
Pleasants	1,593	104	473	577	36.2%	93.9%	24	88
Pocahontas	1,717	157	650	807	47.0%	87.7%	54	224
Preston	6,354	556	2,391	2,947	46.4%	90.2%	47	236
Putnam	12,522	625	3,168	3,793	30.3%	93.2%	28	486
Raleigh	15,992	1,297	6,879	8,176	51.1%	91.7%	38	1,395
Randolph	5,971	481	2,428	2,909	48.7%	89.7%	48	653
Ritchie	2,234	141	791	932	41.7%	96.2%	9	81
Roane	3,266	304	1,644	1,948	59.6%	90.5%	44	336
Summers	2,322	215	1,183	1,398	60.2%	88.9%	50	315
Taylor	3,307	226	1,434	1,660	50.2%	90.9%	42	356
Tucker	1,354	179	469	648	47.9%	93.1%	30	103
Tyler	1,887	109	870	979	51.9%	94.9%	16	93

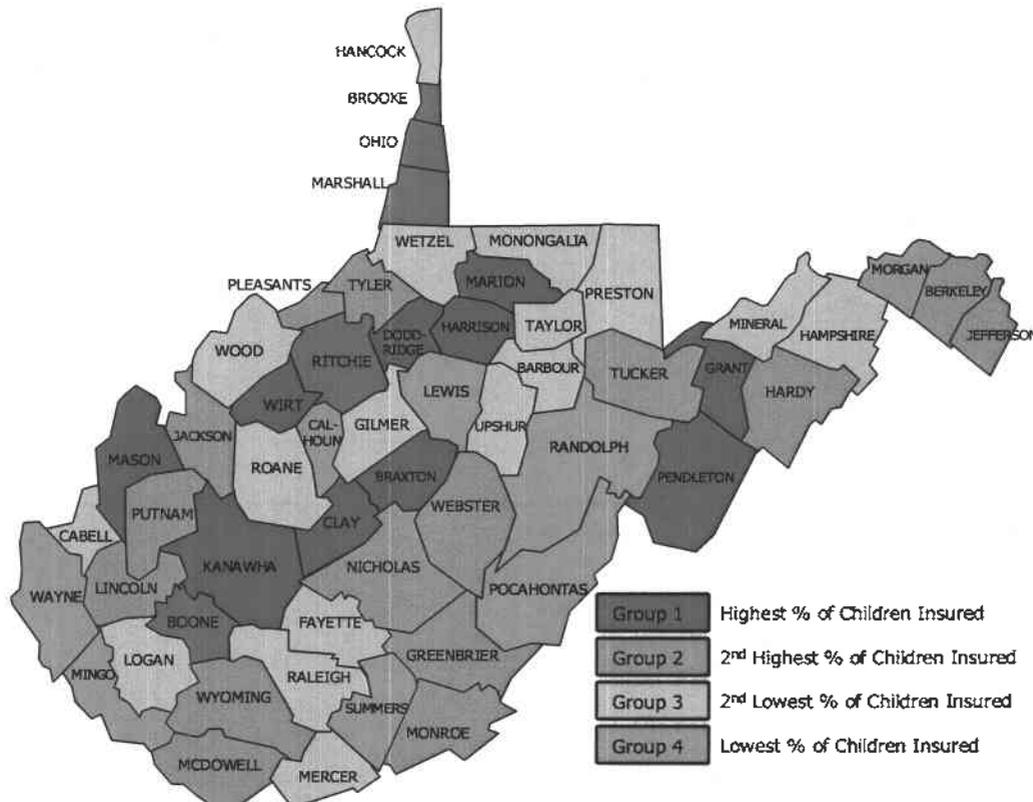
WV CHIP Enrollment Report

April 2007

County Ranking	County Pop. 2005 Est. (0-18 Yrs)	Total CHIP Enrollment Apr-07	Total Medicaid Enrollment Mar-07	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	Total % Insured 3/2002*	# Children Insured Ranking*	Est. # Uninsured Eligible*
Upshur	4,956	399	2,248	2,647	53.4%	90.4%	46	547
Wayne	9,176	582	4,182	4,764	51.9%	87.7%	55	1,034
Webster	2,020	209	1,074	1,283	63.5%	94.7%	18	103
Wetzel	3,732	238	1,641	1,879	50.4%	92.5%	35	334
Wirt	1,268	137	568	705	55.6%	96.3%	8	46
Wood	19,063	1,092	7,586	8,678	45.5%	90.5%	45	1,624
Wyoming	5,092	440	2,812	3,252	63.9%	94.0%	20	231
Totals	382,490	24,991	152,369	177,360	46.4%	93.4%		22,446

**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
WVFIMS Fund 2154
For the Month Ended March 31, 2007
(Accrual Basis)

Investment Account

Funds Invested	\$2,303,392
Interest Earned	<u>107,631</u>
Total	<u>\$2,411,023</u>

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 Nine Months Ended March 31, 2007 and March 31, 2006
(Modified Accrual Basis)

	March 31, 2007	March 31, 2006	Variance	
Revenues:				
Federal Grants	26,249,907	24,596,417	1,653,490	7%
State Appropriations	6,300,935	7,037,844	(736,909)	-10%
Other Revenues				
Premium Revenues	2,182	-	2,182	
Investment Earnings	<u>107,631</u>	<u>38,640</u>	<u>68,991</u>	179%
Total Operating Revenues	<u>32,660,655</u>	<u>31,672,901</u>	<u>987,754</u>	<u>3%</u>
Operating Expenditures:				
Claims:				
Outpatient Services	7,532,116	7,788,398	(256,282)	-3%
Physicians & Surgical	6,690,897	6,832,530	(141,633)	-2%
Prescribed Drugs	6,446,966	5,948,099	498,867	8%
Dental	3,697,852	3,705,049	(7,197)	0%
Inpatient Hospital Services	2,887,956	2,137,634	750,322	35%
Outpatient Mental Health	1,119,295	1,180,377	(61,082)	-5%
Vision	934,565	1,018,339	(83,774)	-8%
Inpatient Mental Health	685,032	440,984	244,048	55%
Durable & Disposable Med. Equip.	331,075	284,135	46,940	17%
Medical Transportation	268,376	177,928	90,448	51%
Therapy	262,495	257,053	5,442	2%
Other Services	111,502	82,342	29,160	35%
Less: Collections*	<u>(526,395)</u>	<u>(310,072)</u>	<u>(216,323)</u>	70%
Total Claims	<u>30,441,732</u>	<u>29,542,796</u>	<u>898,936</u>	<u>3%</u>
General and Admin Expenses:				
Salaries and Benefits	343,820	336,255	7,565	2%
Program Administration	1,458,670	1,315,189	143,481	11%
Eligibility	222,013	203,698	18,315	9%
Outreach & Health Promotion	13,778	81,346	(67,568)	-83%
Current	<u>73,011</u>	<u>154,977</u>	<u>(81,966)</u>	-53%
Total Administrative	<u>2,111,292</u>	<u>2,091,465</u>	<u>19,828</u>	<u>1%</u>
Total Expenditures	<u>32,553,024</u>	<u>31,634,261</u>	<u>918,764</u>	<u>3%</u>
Excess of Revenues Over (Under) Expenditures	107,631	38,641	68,991	179%
Fund Equity, Beginning	<u>1,027,377</u>	<u>974,341</u>	<u>53,036</u>	<u>5%</u>
Fund Equity, Ending	<u>1,135,008</u>	<u>1,012,982</u>	<u>122,027</u>	<u>12%</u>

* 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 Nine Months Ended March 31, 2007

	Budgeted for Year	Year to Date Budgeted Amt	Year to Date Actual Amt	Year to Date Variance*		Monthly Budgeted Amt	Mar-07	Feb-07	Jan-07
Projected Cost	\$44,518,706	\$33,389,030	\$30,198,589	\$3,190,431	10%	\$3,709,892	\$4,698,434	\$3,289,992	\$2,593,068
Premiums	0	0	2,182	\$0	n/a	0	1,761	421	0
Medical Copays	560,000	420,000	0	420,000	-100%	46,667	0	0	0
Drug Copays	475,000	356,250	0	356,250	-100%	39,583	0	0	0
Subrogation & Rebates	<u>300,000</u>	<u>225,000</u>	<u>528,886</u>	<u>(303,886)</u>	135%	<u>25,000</u>	<u>67,252</u>	<u>37,180</u>	<u>71,015</u>
Not Benefit Cost	43,183,706	\$32,387,780	\$29,667,531	\$2,720,248	8%	3,588,642	4,629,421	3,252,391	2,522,053
Salaries & Benefits	\$600,000	\$450,000	\$343,821	\$106,179	24%	\$50,000	\$40,548	\$39,293	\$39,097
Program Administration	1,951,762	1,463,822	1,325,993	137,829	9%	162,647	168,054	158,904	28,379
Eligibility	324,000	243,000	217,747	25,253	10%	27,000	3,665	104,686	2,790
Outreach	100,000	75,000	13,779	61,221	82%	8,333	477	0	3,389
Current Expense	<u>169,480</u>	127,110	73,340	<u>53,770</u>	42%	<u>14,123</u>	<u>8,185</u>	<u>8,593</u>	<u>7,495</u>
Total Admin Cost	\$3,145,242	\$2,358,932	\$1,974,680	\$384,251	16%	\$262,104	\$220,929	\$311,476	\$81,150
Total Program Cost	<u>\$46,328,948</u>	<u>\$34,746,711</u>	<u>\$31,642,211</u>	<u>\$3,104,500</u>	9%	<u>\$3,860,746</u>	<u>\$4,850,350</u>	<u>\$3,563,867</u>	<u>\$2,603,203</u>
Federal Share 80.97%	37,526,448	\$28,144,836	\$25,632,718	2,512,118	9%	3,127,204	3,927,328	2,885,663	2,107,813
State Share 19.03%	<u>8,802,500</u>	<u>\$6,601,875</u>	<u>\$6,009,493</u>	<u>592,382</u>	9%	<u>733,542</u>	<u>923,022</u>	<u>678,204</u>	<u>495,389</u>
Total Program Cost **	<u>\$46,328,948</u>	<u>\$34,746,711</u>	<u>\$31,642,211</u>	<u>\$3,104,500</u>	9%	<u>\$3,860,746</u>	<u>\$4,850,350</u>	<u>\$3,563,867</u>	<u>\$2,603,203</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

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

NEW CONTRACT OF LEASE

DIVISION OF REHABILITATION SERVICES

DRS-093 New contract of Lease for 10 years containing 7,000 square feet of office space at \$14.00 per square foot, full service, with an annual rent increase to \$15.00 per square foot years 5-10 with Cambridge Place, in Bridgeport, Harrison County.

MILITARY AFFAIRS AND PUBLIC SAFETY

MAPS-002 New contract of lease for 1 year containing 3,476 square feet of office space at \$9.50 per square foot, full service with the Department of Administration, in the City of Charleston, Kanawha County.

PSA-121 New contract of lease for 5 years containing 1,200 square feet of office space at \$10.30 per square foot, includes utilities, trash and snow removal, with Garland D. Miller, in the City of Union, Monroe County.

STRAIGHT RENEWALS

FORESTRY DIVISION

FOR-021 Renewal for 3 years, containing 5,121 square feet of office space, at the same rate of \$3.98 per square foot, between Tommy L. Harbour in the City of Milton, Cabell County.

FOR-062 Renewal for 1 year containing 550 square feet of office space at the same rate of \$4.58 per square foot, with the Webster Springs Municipal Building Commission in Webster Springs, Webster County.

BUREAU OF EMPLOYMENT PROGRAMS

EMS-077 Renewal for 1 year containing 2,700 square feet of office space at the same rate of \$12.42 per square foot full service with WORK4WV in the City of Roncevert, Greenbrier County.

EMS-079 Renewal for 1 year containing 3,836 square feet of office space at the same rate of \$12.52 per square foot, full service with WORK4WV in the City of Princeton, Mercer County.

EMS-071 Renewal for 1 year containing 4,633 square feet of office space at the same rental rate of \$12.50 per square foot, full service, with WORK4WV, in the City of Beckley, Raleigh County.

DIVISION OF REHABILITATION SERVICES

DRS-089 Renewal for 1 year containing 3,048 square feet of office space at the same rate of \$13.00 per square foot full service with Department of Administration in the City of Weirton, Hancock County.

DIVISION OF MOTOR VEHICLES

DMV-050 Renewal for 1 year containing 7,096 square feet of office space at the same rate of \$13.00 per square foot full service with Department of Administration in the City of Weirton, Hancock County.

DMV-005 Renewal for 3 years containing 4,400 square feet of office space at the same rental rate of \$6.50 per square foot with Frances Asseff, in the City of Charleston, Kanawha County.

DEPARTMENT OF EDUCATION

EDU-016 Renewal for 1 year containing 3,412 square feet of office space at the same rate of \$10.50 per square foot, full service with Eagan Management, in the City of Charleston, Kanawha County.

EDU-021 Renewal for 1 year containing 4,917 square feet of office space at the same rate of \$9.50 per square foot, full service with the Department of Administration, in the City of Charleston, Kanawha County.

FINANCE AND ACCOUNTING

F&A-026 Renewal for 1 year containing 2,800 square feet of office space at the same rate of \$8.50 per square foot, full service with the Department of Administration, in the City of Charleston, Kanawha County.

OFFICE OF EMERGENCY SERVICES

OES-017 Renewal for 1 year containing 8,000 square feet of warehouse space at same rate of \$4.25 per square foot, with O. V. Smith and Sons in Big Chimney, Kanawha County.

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

DHS-151 Renewal for 1 year containing 26,823 square feet of office space at the same rate of \$10.00 per square foot, full service with the Department of Administration, in the City of Charleston, Kanawha County.

DHS-080 Renewal for 1 year containing 32,016 square feet of office space at the same rate of \$15.50 per square foot, full service with the Department of Administration, in the City of Parkersburg, Wood County.

RENEWAL/RENT INCREASES

EDUCATIONAL BROADCASTING AUTHORITY

EBA-008 Renewal for 2 years for a communication tower site with a monthly rental increase from \$150.00 per month to \$250.00 per month with Herbert and Marsha Smith, in the Lincoln District, Marion County.

RENEWAL AND DECREASE IN SQUARE FOOTAGE

NAT-111 Renewal for 9 months and relinquishing one of the five boat storage units, at the same rate of \$50.00 per boat storage/\$200.00 per month, with Mountaineer Boat Storage, in the City of Beaver, Raleigh County.

DECREASING SQUARE FOOTAGE

BUREAU OF EMPLOYMENT PROGRAMS

EMS-004 Relinquished 599 square feet of storage space in the basement of building #4, at \$9.03 per square foot, full service with the Department of Administration, in the City of Charleston, Kanawha County.

RENEWAL AND ADDING SQUARE FEET & INCREASING RENT

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

DHS-143 Renewal for 5 years and adding 3,822 square feet of climate controlled storage space for a total of 26,322 square feet of storage space with a rent increase from \$4.00 per square foot to \$4.25 per square foot, with James F. Love, III, in the City of Charleston, Kanawha County.

Joint Committee on Government and Finance

May 2007

Department of Health and Human Resources

**MEDICAID REPORT
STATE PLAN
AMENDMENTS 07-01, 07-02 & 07-04**

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 SFY 2007 MEDICAID CASH REPORT
 As of April 28, 2007

7 Months Actuals 5 Months Remaining

MONTH OF JANUARY 2007	ACTUALS	ACTUALS	PROJECTED	TOTAL
	1/1/07 Thru 1/31/07	Year-To-Date Thru 1/31/07	2/1/2007 Thru 06/30/07	SFY2007
REVENUE SOURCES				
Beg. Bal. 7/01/05 (5084/1020 prior mth)	14,409,394	\$22,969,601		\$22,969,601
MATCHING FUNDS				
Medical Services	29,367,141	205,017,529	189,388,158	394,405,687
Rural Hospitals Under 150 Beds (0403/940 & 046)	216,334	1,514,334	1,081,666	2,596,000
Tertiary Funding (0403/547 & 074)	321,334	1,999,334	1,356,666	3,356,000
Lottery Waiver (Less 450,000) (5405/539)	2,000,000	12,550,000	0	12,550,000
Lottery Transfer (5405/871)	2,300,000	10,300,000	0	10,300,000
Trust Fund Appropriation (5185/all activities)	0	0	30,556,594	30,556,594
Provider Tax (5090/096)	10,105,283	86,704,455	87,111,545	173,816,000
Certified Match	1,653,149	12,460,663	11,900,741	24,361,404
Reimbursables ⁽¹⁾	1,479,120	2,702,858		5,099,481
CMS - 64 Adjustments		(2,168,464)	2,168,464	0
TOTAL MATCHING FUNDS	\$61,851,755	\$354,050,310	\$323,563,834	\$680,010,767
FEDERAL FUNDS	115,325,354	864,030,820	\$781,640,097	\$1,645,670,917
TOTAL REVENUE SOURCES	\$177,177,109	\$1,218,081,131	\$1,107,600,553	\$2,325,681,684
TOTAL EXPENDITURES:				
Provider Payments	\$165,882,172	\$1,210,068,039	\$1,008,492,190	\$2,218,560,229
TOTAL	\$11,294,937	\$8,013,092	\$107,121,455	

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

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

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 SFY 2007 EXPENDITURES BY PROVIDER TYPE
 As of April 28, 2007

MONTH OF JANUARY 2007	ACTUALS	ESTIMATED	ESTIMATED	ACTUALS	ACTUALS	PROJECTED
	SFY 2006	Estimated SFY 2007	Estimated Current Month Jan-07	Current Month Jan-07	Year To-Date Thru 1/31/07	02/01/07 Thru 06/30/07
EXPENDITURES:						
Inpatient Hospital Services	223,854,909	248,593,096	23,903,182	24,510,231	128,362,908	120,230,188
Inpatient Hospital Services - DSH Adjustment Payments	53,916,150	53,935,110	-	-	26,886,053	27,049,057
Mental Health Facilities	36,085,565	42,090,761	4,047,189	2,726,086	22,326,596	19,764,165
Mental Health Facilities - DSH Adjustment Payments	20,354,226	18,887,045	-	-	9,397,475	9,489,570
Nursing Facility Services	402,903,863	416,786,290	34,732,191	36,074,954	240,643,531	176,142,759
Intermediate Care Facilities - Public Providers	160	-	-	-	-	-
Intermediate Care Facilities - Private Providers	53,642,336	59,538,870	4,961,573	4,938,457	34,708,617	24,830,253
Physicians Services	126,950,184	117,945,021	11,340,867	11,522,400	74,589,225	43,355,796
Outpatient Hospital Services	93,921,521	103,013,506	9,905,145	5,216,236	53,180,012	49,833,494
Prescribed Drugs	378,095,030	310,458,195	29,851,750	20,987,570	166,112,708	144,345,487
Drug Rebate Offset - National Agreement	(112,878,531)	(116,033,400)	(21,756,263)	(12,700,127)	(61,376,970)	(54,656,430)
Drug Rebate Offset - State Sidebar Agreement	(29,528,976)	(29,276,640)	(2,634,898)	(2,088,516)	(15,606,621)	(13,670,019)
Dental Services	38,320,543	40,972,725	3,939,685	2,405,869	21,449,312	19,523,413
Other Practitioners Services	20,069,824	21,174,205	2,035,981	1,338,633	11,556,097	9,618,108
Clinic Services	46,750,545	37,478,034	3,603,657	3,282,676	21,394,533	16,083,501
Lab & Radiological Services	13,045,112	13,892,145	1,335,783	536,036	4,311,872	9,580,273
Home Health Services	26,490,072	27,896,140	2,682,321	1,970,213	14,664,693	13,231,447
Hysterectomies/Sterilizations	682,237	693,464	66,679	36,403	352,109	341,355
Pregnancy Terminations	-	39,092	3,759	-	-	39,092
EPSDT Services	3,450,995	10,881,433	1,046,292	177,954	1,524,323	9,357,110
Rural Health Clinic Services	7,652,987	7,621,694	732,855	395,104	3,671,997	3,949,697
Medicare Health Insurance Payments - Part A Premiums	17,903,197	17,191,600	1,432,633	1,422,530	9,689,465	7,502,135
Medicare Health Insurance Payments - Part B Premiums	61,584,326	64,000,000	5,333,333	5,333,738	35,579,045	28,420,955
120% - 134% Of Poverty	2,861,904	-	-	307,989	2,043,288	(2,043,288)
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	213,950,846	241,784,020	20,148,668	16,241,565	130,979,363	110,804,657
Medicaid Health Insurance Payments: Group Health Plan Payments	289,548	346,380	28,865	103,909	189,785	156,595
Home & Community-Based Services (MR/DD)	185,607,767	207,361,030	19,938,561	19,035,350	112,327,457	95,033,573
Home & Community-Based Services (Aged/Disabled)	60,658,000	59,874,724	5,757,185	4,886,848	32,139,146	27,735,578
Community Supported Living Services	-	-	-	-	38	(38)
Personal Care Services	27,037,173	36,554,021	3,514,810	3,057,173	21,163,787	15,390,234
Targeted Case Management Services	9,026,219	9,285,672	892,853	680,449	4,696,182	4,589,490
Primary Care Case Management Services	599,865	796,780	66,398	62,694	429,039	367,741
Hospice Benefits	6,545,960	9,357,560	899,765	643,149	4,883,993	4,473,567
Federally Qualified Health Center	17,133,735	16,681,010	1,603,943	1,077,834	8,133,048	8,547,962
Other Care Services	117,082,516	132,236,166	12,715,016	8,829,960	74,147,083	58,089,083
Less: Recoupments	0	-	-	(83,701)	(1,879,555)	1,879,555
NET EXPENDITURES:	2,124,059,808	2,182,055,749	182,129,780	162,929,666	1,192,669,631	989,386,118

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 SFY 2007 EXPENDITURES BY PROVIDER TYPE
 As of April 28, 2007

MONTH OF JANUARY 2007	ACTUALS	ESTIMATED	ESTIMATED	ACTUALS	ACTUALS	PROJECTED
	SFY 2006	Estimated SFY 2007	Estimated Current Month Jan-07	Current Month Jan-07	Year To-Date Thru 1/31/07	02/01/07 Thru 06/30/07
Collections: Third Party Liability (line 9A on CMS-64)	(6,144,253)				(2,379,318)	2,379,318
Collections: Probate (line 9B on CMS-64)	(117,505)				(24,888)	24,888
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)				(766,824)	766,824
Plus: Medicaid Part D Expenditures	8,942,213	29,504,480	2,458,707	2,360,461	16,370,428	13,134,052
Plus: State Only Medicaid Expenditures	4,507,995	3,500,000	336,538	292,954	2,539,398	960,602
TOTAL MEDICAID EXPENDITURES	\$2,123,516,039	\$2,215,060,229	\$184,925,025	\$165,583,082	\$1,208,019,099	\$1,007,041,130
Plus: Reimbursables ⁽¹⁾	4,446,206	3,500,000	336,538	299,090	2,048,940	1,451,060
TOTAL EXPENDITURES	\$2,127,962,245	\$2,218,560,229	\$185,261,563	\$165,882,172	\$1,210,068,039	\$1,008,492,190

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

BUREAU FOR MEDICAL SERVICES
Medicaid Approved Claims Report
As of April 28, 2007

REF#	CMS 64 Category Of Service	---- SFY 2006 ----				SFY 2007 TENTATIVE		
		JUL-SEP 2005	OCT-DEC 2005	JAN-MAR 2006	APR-JUN 2006	JUL-SEP 2006	OCT-DEC 2006	JAN 2007
1A	Inpatient Hospital Services	50,660,147	44,239,858	46,342,049	88,465,831	59,004,884	45,420,674	29,955,993
1B	Inpatient Hospital Services - DSH	13,494,023	13,466,678	13,470,677	13,477,601	13,487,307	13,398,746	221,040
2A	Mental Health Facilities	6,454,836	6,912,113	13,562,413	12,299,762	9,611,035	9,654,320	3,714,342
2B	Mental Health Facilities - DSH	4,684,394	6,274,180	4,694,816	4,700,836	4,707,635	4,689,840	1,740,917
3	Nursing Facility Services	98,020,447	98,903,504	100,422,510	96,189,829	97,869,357	102,858,858	34,877,442
4B	Intermediate Care Facilities - Private Providers	12,722,547	13,147,300	14,288,039	13,501,343	14,866,833	14,906,183	4,895,203
5	Physicians Services	33,583,781	30,844,222	32,178,805	35,100,502	22,184,181	27,917,656	13,037,774
6	Outpatient Hospital Services	24,086,719	23,085,591	23,092,102	28,178,798	24,854,201	24,036,809	8,296,852
7	Prescribed Drugs	109,529,189	119,401,991	77,862,448	72,148,648	73,996,679	79,099,520	28,677,914
7	Part D Premium - State Only	0	0	6,871,393	6,832,317	7,036,703	6,973,263	2,463,833
7A1	Drug Rebate Offset - National	(26,479,767)	(34,649,872)	(28,295,179)	(23,449,375)	(31,036,177)	(23,748,198)	(12,700,127)
7A2	Drug Rebate Offset - State	(6,074,088)	(6,473,002)	(6,236,973)	(10,749,249)	(6,167,738)	(7,473,084)	(2,088,516)
	Total Rebates	(32,553,855)	(41,122,874)	(34,532,152)	(34,198,624)	(37,203,915)	(31,221,282)	(14,788,643)
	NET DRUG COST	76,975,334	78,279,117	50,201,689	44,782,341	43,829,467	54,851,501	16,353,104
8	Dental Services	9,309,731	10,225,378	9,538,773	10,675,862	9,747,640	10,030,108	2,398,628
9	Other Practitioners Services	5,745,239	5,127,471	5,390,387	6,262,904	5,011,125	4,708,250	1,830,100
10	Clinic Services	9,029,258	9,030,351	11,577,234	7,711,808	7,646,097	8,289,028	2,746,645
11	Lab & Radiological Services	3,086,682	3,614,604	3,834,362	2,175,779	4,266,918	4,334,075	1,356,046
12	Home Health Services	6,908,765	7,280,231	7,528,844	7,418,116	6,685,878	6,548,543	3,282,616
13	Hysterectomies/Sterilizations	165,370	161,149	207,520	159,288	156,636	161,379	30,565
14	Pregnancy Termination	96,251	70,984	90,137	90,528	64,402	34,849	43,128
15	EPSDT Services	1,151,400	882,248	691,405	4,229,031	6,283,348	5,972,258	184,312
16	Rural Health Clinic Services	2,005,835	1,747,828	2,179,575	2,099,858	1,690,077	1,651,481	522,029
17A	Medicare - Part A Premiums	3,620,829	6,261,928	4,152,571	4,108,236	2,784,018	4,185,821	1,404,907
17B	Medicare - Part B Premiums	14,211,799	14,560,223	15,692,417	16,143,572	10,649,879	16,255,310	0
18A	Managed Care Organizations	42,730,774	51,288,669	60,115,171	59,817,308	60,065,446	68,259,290	2,667,747
18C	Group Health Plan Payments	58,739	96,095	58,501	76,212	85,876	0	537
19	Home & Community-Based Services (MR/DD)	46,486,558	45,677,907	45,757,241	47,796,799	46,908,117	47,174,803	17,889,653
20	Home & Community-Based Services (Aged/Disabled)	15,894,777	15,026,274	15,203,425	14,647,406	13,700,224	13,512,164	4,621,448
23	Personal Care Services	5,982,676	5,952,653	6,417,084	8,491,635	8,931,805	8,741,934	2,925,852
24	Targeted Case Management	2,210,932	2,398,029	2,284,222	2,593,955	2,125,578	2,022,280	637,112
25	Primary Care Case Management	140,880	122,019	140,814	192,360	187,035	234,915	6,195
26	Hospice Benefits	1,148,368	1,818,491	1,720,716	2,074,858	2,525,227	2,043,527	1,038,881

BUREAU FOR MEDICAL SERVICES
Medicaid Approved Claims Report
As of April 28, 2007

REF# CMS 64 Category Of Service	--- SFY 2006 ---				SFY 2007 TENTATIVE		
	JUL-SEP 2005	OCT-DEC 2005	JAN-MAR 2006	APR-JUN 2006	JUL-SEP 2006	OCT-DEC 2006	JAN 2007
28 Federally Qualified Health Center	4,022,834	4,348,762	5,572,223	3,907,444	3,423,360	3,928,153	1,251,247
29 Other Care Services	26,938,503	25,585,317	26,768,853	32,342,339	28,700,010	30,004,526	9,146,307
Unclassified	9,229	1,855	6,837	10,477	211,611	53	(54)
/// TOTALS	521,637,657	526,431,029	523,181,412	569,722,618	512,265,207	535,827,334	167,075,568

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.

7 Medicaid Prescribed Drugs	109,529,189	119,401,991	77,862,448	72,148,648	73,996,679	79,099,520	28,677,914
7.2 Medicare Part D (Estimated)	0	0	28,266,867	28,106,119	28,946,904	28,506,512	10,072,083
/// Estimated Medicaid & Medicare Prescribed Drug Payments	109,529,189	119,401,991	106,129,315	100,254,767	102,943,583	107,606,032	38,749,997



State of West Virginia
Joe Manchin III
Governor

Office of the Governor
State Capitol
1900 Kanawha Boulevard, East
Charleston, WV 25305

Telephone: (304) 558-2000
Toll Free: 1-888-438-2731
FAX: (304) 342-7025
www.wv.gov

April 3, 2007

Ted Gallagher, Acting Regional Administrator
U.S. Department of Health and Human Services
Center for Medicare and Medicaid Services
Division of Medicaid and State Operations
Suite 216, The Public Ledger Building
150 S. Independence Mall West
Philadelphia, Pennsylvania 19106-3499

Dear Mr. Gallagher:

I am pleased to submit Transmittal Number 07-01 as an amendment to West Virginia's State Plan.

This plan amendment will deny reimbursement for nursing facility and other long term care services when an individual's equity interest in his/her home exceeds \$500,000.

This plan amendment will result in a savings of federal financial participation in federal year 2007 of \$35,070. The plan provisions are in conformance with the Social Security Act 1917 (f).

New plan pages are: Supplement 17 to Attachment 2.6, page 1

If there are any questions or if additional information regarding this material is needed, please do not hesitate to write or call Shelley Baston, Deputy Commissioner, Bureau for Medical Services, West Virginia Department of Health and Human Resources, 350 Capitol Street Room 251, Charleston, West Virginia 25301-3706, telephone (304) 558-1700.

With warmest regards,


Joe Manchin III
Governor

JM/jd

Attachment

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION		1. TRANSMITTAL NUMBER: 0 7 - 0 1	2. STATE: West Virginia
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE 1-Jan-07	
5. TYPE OF PLAN MATERIAL (Check One)			
<input checked="" type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: SSA 1917 (f)		7. FEDERAL BUDGET IMPACT:	
		a. FFY 2007 \$ 35,170 (savings)	
		b. FFY 2008 \$ 49,124 (savings)	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Supplement 17 to Attachment 2.6A Page 1		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable).	
10. SUBJECT OF AMENDMENT: This plan amendment will deny reimbursement for nursing facility and other long term care services when an individual's equity interest in his/her home exceeds \$500,000.			
11. GOVERNOR'S REVIEW (Check One):			
<input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED:			
<input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED			
<input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: <i>Shelley Baston, Dep. Commissioner</i>		16 RETURN TO:	
13. TYPED NAME: Shelley Baston		Bureau for Medical Services	
14. TITLE: Deputy Commissioner		350 Capitol Street Room 251	
15. DATE SUBMITTED:		Charleston West Virginia 25301	
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED		18. DATE APPROVED	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL		20. SIGNATURE OF REGIONAL OFFICIAL:	
21. TYPED NAME:		22. TITLE	
23. REMARKS:			

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State West Virginia

HOME EQUITY

1917(f) The State agency denies reimbursement for nursing facility services and other long-term care services covered under the State plan for an individual who does not have a spouse, child under 21 or adult disabled child residing in the individual's home, when the individual's equity interest in the home exceeds the following amount:

\$500,000 (increased by the annual percentage increase in the urban component of the consumer price index beginning with 2011, rounded to the nearest \$1,000).

An amount that exceeds \$500,000 but does not exceed \$750,000 (increased by the annual percentage increase in the urban component of the consumer price index beginning with 2011, rounded to the nearest \$1,000).

The amount chosen by the State is _____.

This higher standard applies statewide.

This higher standard does not apply statewide. It only applies in the following areas of the State:

This higher standard applies to all eligibility groups.

This higher standard only applies to the following eligibility groups:

The State has a process under which this limitation will be waived in cases of undue hardship.

TN No. 07-01

Supersedes _____

TN No. NEW

Approval Date _____

Effective Date _____



State of West Virginia
Joe Manchin III
Governor

Office of the Governor
State Capitol
1900 Kanawha Boulevard, East
Charleston, WV 25305

Telephone: (304) 558-2000
Toll Free: 1-888-438-2731
FAX: (304) 342-7025
www.wvgov.org

April 3, 2007

Ted Gallagher, Acting Regional Administrator
U.S. Department of Health and Human Services
Center for Medicare and Medicaid Services
Division of Medicaid and State Operations
Suite 216, The Public Ledger Building
150 S. Independence Mall West
Philadelphia, Pennsylvania 19106-3499

Dear Mr. Gallagher:

I am pleased to submit Transmittal Number 07-02 as an amendment to West Virginia's State Plan.

This plan amendment increases the look back period for transfer of assets for less than fair market value in long care programs and revises calculations of penalty dates and undue hardship provisions.

The plans provisions are in conformance with the Social Security Act 1917 (c).

New plan pages are: Supplement 9(b) to Attachment 2.6A, pages 1 through 6.

If there are any questions or if additional information regarding this material is needed, please do not hesitate to write or call Shelley Baston, Deputy Commissioner, Bureau for Medical Services, West Virginia Department of Health and Human Resources, 350 Capitol Street Room 251, Charleston, West Virginia 25301-3706, telephone (304) 558-1700.

With warmest regards,

Joe Manchin III
Governor

JM/jd

Attachments

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION		1. TRANSMITTAL NUMBER: 0 7 - 0 2	2. STATE: West Virginia
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE 1-Jan-07	
5. TYPE OF PLAN MATERIAL (Check One)			
<input checked="" type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: SSA 1917 (c)		7. FEDERAL BUDGET IMPACT:	
		a. FFY 2007 \$ 70,178 (savings)	
		b. FFY 2008 \$ 95,408 (savings)	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Supplement 17 to Attachment 2.6A Page 1 through 6		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable).	
10. SUBJECT OF AMENDMENT: This plan amendment increases the look back period for transfer of assets for less than fair market value in long care programs and revises calculations of penalty dates and undue hardship provisions.			
11. GOVERNOR'S REVIEW (Check One):			
<input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED:			
<input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED			
<input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: <i>Shelley Baston, Deputy Commissioner</i>		16. RETURN TO: Bureau for Medical Services 350 Capitol Street Room 251 Charleston West Virginia 25301	
13. TYPED NAME: Shelley Baston			
14. TITLE: Deputy Commissioner			
15. DATE SUBMITTED:			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED		18. DATE APPROVED	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL:		20. SIGNATURE OF REGIONAL OFFICIAL:	
21. TYPED NAME:		22. TITLE:	
23. REMARKS:			

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: West Virginia**TRANSFER OF ASSETS**

1917(c) **FOR TRANSFERS OF ASSETS FOR LESS THAN FAIR MARKET VALUE MADE ON OR AFTER FEBRUARY 8, 2006**, the agency provides for the denial of certain Medicaid services.

1. Institutionalized individuals are denied coverage of certain Medicaid services upon disposing of assets for less than fair market value on or after the look-back date.

The agency does not provide medical assistance coverage for institutionalized individuals for the following services:

Nursing facility services;

Nursing facility level of care provided in a medical institution;

Home and community-based services under a 1915(c) or (d) waiver.

2. Non-institutionalized individuals:

The agency applies these provisions to the following non-institutionalized eligibility groups. These groups can be no more restrictive than those set forth in section 1905(a) of the Social Security Act:

The agency withholds payment to non-institutionalized individuals for the following services:

Home health services (section 1905(a)(7));

Home and community care for functionally disabled elderly adults (section 1905(a)(22));

Personal care services furnished to individuals who are not inpatients in certain medical institutions, as

TN No. 07-02

Supersedes _____

TN No. NEW

Approval Date _____

Effective Date _____

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: West Virginia

TRANSFER OF ASSETS

recognized under agency law and specified in section 1905(a)(24).

The following other long-term care services for which payment for medical assistance is otherwise made under the agency plan:

3. Penalty Date--The beginning date of each penalty period imposed for an uncompensated transfer of assets is the later of:

 the first day of a month during or after which assets have been transferred for less than fair market value;

 The State uses the first day of the month in which the assets were transferred

 X The State uses the first day of the month after the month in which the assets were transferred

or

the date on which the individual is eligible for medical assistance under the State plan and is receiving institutional level care services described in paragraphs 1 and 2 that, were it not for the imposition of the penalty period, would be covered by Medicaid;

AND

which does not occur during any other period of ineligibility for services by reason of a transfer of assets penalty.

4. Penalty Period - Institutionalized Individuals--

TN No. 07-02

Supersedes NEW

TN No.

Approval Date _____

Effective Date _____

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: West Virginia

TRANSFER OF ASSETS

In determining the penalty for an institutionalized individual, the agency uses:

the average monthly cost to a private patient of nursing facility services in the State at the time of application;

the average monthly cost to a private patient of nursing facility services in the community in which the individual is institutionalized at the time of application.

5. Penalty Period - Non-institutionalized Individuals--

The agency imposes a penalty period determined by using the same method as is used for an institutionalized individual, including the use of the average monthly cost of nursing facility services;

imposes a shorter penalty period than would be imposed for institutionalized individuals, as outlined below:

6. Penalty period for amounts of transfer less than cost of nursing facility care--

Where the amount of the transfer is less than the monthly cost of nursing facility care, the agency imposes a penalty for less than a full month, based on the option selected in item 4.

The state adds together all transfers for less than fair market value made during the look-back period in more than one month and calculates a single period of ineligibility, that begins on the earliest date that would otherwise apply if the transfer had been made in a single lump sum.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: West VirginiaTRANSFER OF ASSETS7. Penalty periods - transfer by a spouse that results in a penalty period for the individual--

- (a) The agency apportions any existing penalty period between the spouses using the method outlined below, provided the spouse is eligible for Medicaid. A penalty

can be assessed against the spouse, and some portion of the penalty against the individual remains.

- (b) If one spouse is no longer subject to a penalty, the remaining penalty period must be served by the remaining spouse.

8. Treatment of a transfer of income—

When income has been transferred as a lump sum, the agency will calculate the penalty period on the lump sum value.

When a stream of income or the right to a stream of income has been transferred, the agency will impose a penalty period for each income payment.

For transfers of individual income payments, the agency will impose partial month penalty periods using the methodology selected in 6. above.

For transfers of the right to an income stream, the agency will base the penalty period on the combined actuarial value of all payments transferred.

9. Imposition of a penalty would work an undue hardship--

The agency does not impose a penalty for transferring assets for less than fair market value in any case in which the agency

TN No. 07-02

Supersedes NEW

TN No.

Approval Date _____

Effective Date _____

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: West Virginia

TRANSFER OF ASSETS

determines that such imposition would work an undue hardship. The agency will use the following criteria in making undue hardship determinations:

Application of a transfer of assets penalty would deprive the individual:

(a) Of medical care such that the individual's health or life would be endangered; or

(b) Of food, clothing, shelter, or other necessities of life.

10. Procedures for Undue Hardship Waivers

The agency has established a process under which hardship waivers may be requested that provides for:

(a) Notice to a recipient subject to a penalty that an undue hardship exception exists;

(b) A timely process for determining whether an undue hardship waiver will be granted; and

(c) A process, which is described in the notice, under which an adverse determination can be appealed.

These procedures shall permit the facility in which the institutionalized individual is residing to file an undue hardship waiver application on behalf of the individual with the consent of the individual or the individual's personal representative.

11. Bed Hold Waivers For Hardship Applicants

TN No. 07-02

Supersedes _____

TN No. NEW

Approval Date _____

Effective Date _____

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: West Virginia

TRANSFER OF ASSETS

The agency provides that while an application for an undue hardship waiver is pending in the case of an individual who is a resident of a nursing facility:

X Payments to the nursing facility to hold the bed for the individual will be made for a period not to exceed 30 days (may not be greater than 30).

TN No. 07-02

Supersedes NEW

TN No.

Approval Date _____

Effective Date _____



State of West Virginia
Joe Manchin III
Governor

Office of the Governor
State Capitol
1900 Kanawha Boulevard, East
Charleston, WV 25305

Telephone: (304) 558-2000
Toll Free: 1-888-438-2731
FAX: (304) 342-7025
www.wvgov.org

April 6, 2007

Rob Weaver
National Institutional Reimbursement Team
CMS, CMSO
7500 Security Boulevard, MS S3-13-15
Baltimore Maryland 21244-1850

Dear Mr. Weaver:

I am pleased to submit Transmittal Number 07-04 as an amendment to West Virginia's State Plan.

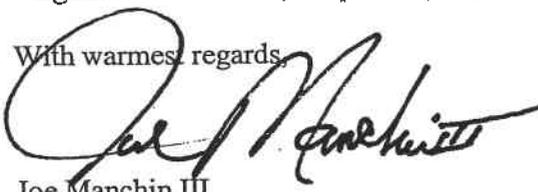
This plan amendment revises payment amounts for special payments to prospective payment system (PPS) and safety net hospitals.

The plans provisions are in conformance with 42 CFR 440.10.

Revised plan pages are: Attachment 4.19-A, page 24 through 24c.

If there are any questions or if additional information regarding this material is needed, please do not hesitate to write or call Shelley Baston, Deputy Commissioner, Bureau for Medical Services, West Virginia Department of Health and Human Resources, 350 Capitol Street Room 251, Charleston West Virginia 25301-3706, telephone (304) 558-1700.

With warmest regards,


Joe Manchin III
Governor

JM/dgg

Attachments

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION		1. TRANSMITTAL NUMBER: 0 7 - 0 4	2. STATE: West Virginia
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE 1-Mar-07	
5. TYPE OF PLAN MATERIAL (Check One) <input checked="" type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 440.10		7. FEDERAL BUDGET IMPACT: a. FFY 2007 \$ 32,623,239.50 b. FFY 2008 \$ 33,084,424.47	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-A Pages 24 through 24c		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable).	
10. SUBJECT OF AMENDMENT: This plan amendment revises payment amounts to PPS and safety net hospitals.			
11. GOVERNOR'S REVIEW (Check One): <input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: <i>Shelley Baston</i>		16 RETURN TO: Bureau for Medical Services 350 Capitol Street Room 251 Charleston West Virginia 25301	
13. TYPED NAME: Shelley Baston			
14. TITLE: Deputy Commissioner			
15. DATE SUBMITTED:			
FOR REGIONAL OFFICE USE ONLY:			
17. DATE RECEIVED		18. DATE APPROVED	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL:		20. SIGNATURE OF REGIONAL OFFICIAL:	
21. TYPED NAME:		22. TITLE:	
23. REMARKS:			

4.19 Payments for Remedial Care and Services

Inpatient Hospital Services

Updating of Payment for Transfer Cases: The Bureau will evaluate the need to modify the level of payment for transfer cases on an annual basis using the methodology as described in Sections 11 and 12.

J. Special Payments to Prospective Payment System (PPS) Hospitals

Providing a Special Payment plan to enhance payments statewide to all hospitals participating in the West Virginia-PPS.

A. General Criteria for Hospital Participation:

1. Must be a West Virginia licensed inpatient acute care hospital;
2. Must be enrolled as a WV Medicaid provider;
3. Must be a participant in the WV Medicaid's PPS; and,
4. Must be designated as a Rural PPS or Urban PPS hospital by the Bureau. Designation will be pursuant to the Core Based Statistical Area (CBSA) classification as an Urban PPS hospital. The Bureau will designate a hospital as a Urban PPS hospital based on the CBSA's Metropolitan Core Based Statistical Area (MCBSA) classification. Hospitals outside the MCBSA classification will be designated rural hospitals. The State's MCBSAs will be updated at the beginning of the State Fiscal Year (SFY) following the U.S. Census Bureau's reconfiguration approval date.

B. Payment Methodology:

1. Payment will be calculated based on each provider's percentage of its Medicaid paid DRG days to its assigned groups. Medicaid paid DRG days times the distribution amount designated to that particular group.
2. Using the payment calculation J.B.1. above, interim payments will be determined and issued to each provider on an interim basis. Interim payments will be calculated using the historic Medicaid paid DRG days and exclude Medicare/Medicaid crossover days, for each providers' paid days count and each pools' total paid days count. Subsequent years interim payments will likewise use the most recently completed data from the preceding plan's settlement data to establish the interim payment amounts for each following year.

TN No. 07-04
Supersedes
TN No. 05-04

Approved _____

Effective Date _____

4.19 Payments for Remedial Care and Services

Inpatient Hospital Services

3. An annual final settlement for each year of the plan will be determined by the Bureau. The final settlement adjustment amounts will be calculated utilizing the difference between the providers' interim payments and the providers' final settlement amount. The final settlement amounts for each SFY will be determined using the Bureau's annual claims processed data for the specific year's settlement in the formula described in Section J.B.1.
 4. Collection or disbursement of final settlement payment amounts will be conducted annually. Final settlement adjustment amounts, that is, overpayments and under payments, may be collected or disbursed in accordance with Bureau's current overpayment recovery policy and settlement procedures. However, when practical, collections and disbursement may be offset or added to subsequent interim payments.
- C. Distribution amounts per State Fiscal Year 2007 (SFY) for these PPS hospitals is \$15,077,377 for urban and \$7,767,133 for rural.

K. Special Payment to Safety Net Hospitals

Provides special payments to qualified Tertiary Safety Net and Rural Safety Net hospitals. The special payments will be made as described below:

- A. General Criteria for Hospital Participation:
1. Must be a West Virginia licensed inpatient acute care hospital;
 2. Must be enrolled as a WV Medicaid provider;
 3. Must be a participant in the WV Medicaid's PPS;
 4. Must be designated as a Rural PPS or Urban PPS hospital by the Bureau. Designation will be pursuant to the Core Based Statistical Area (CBSA) classification as an Urban PPS hospital. The Bureau will designate a hospital as an Urban PPS hospital based on the CBSA's Metropolitan Core Based Statistical Area (MCBSA) classification. Hospitals outside the MCBSA classification will be designated rural hospitals. The State's MCBSAs will be updated at the beginning of the State Fiscal Year (SFY) following the U.S. Census Bureau's reconfiguration approval date.

TN No. 07-04
Supersedes
TN No. 05-04

Approved _____

Effective Date _____

4.19 Payments for Remedial Care and Services

Inpatient Hospital Services

B. Specific Criteria for Tertiary Safety Net Providers

In addition to the general criteria above, a Tertiary Safety Net provider must meet one of the following criteria:

1. Provides Level I or Level II Trauma Center services as designated by the WV Department of Health and Human Resources' Office of Emergency Medical Services; or,
2. Provides Neonatal Intensive Care Unit, Level III services (NICU) as defined by the WV State Health Plan; or,
3. Provides Pediatric Intensive Care Unit services (PICU) as defined by the WV State Health Plan; or,
4. Hospital must have at least fifty (50) interns and residence in an approved teaching program.

C. Specific Criteria for Payment for Rural Safety Net Services:

In addition to the general criteria above, Rural Safety Net providers must meet all of the following criteria:

1. Hospital must be classified as a Rural PPS hospital as defined in Section K.A.4;
2. Hospital must have less than one-hundred fifty (150) general acute care beds; count will exclude psychiatric, nursery, observation, swing, and distinct part unit beds.

D. In the event that a hospital's qualifying status changes during the period and it will no longer meet the criteria for safety net participation, it will be immediately removed from its safety net group. If the provider is removed as a participant, it will be entitled to a final settlement adjustment based on the actual days incurred prior to its disqualification. The group's distribution percentages will be recalculated for the following payments as appropriate. If a provider becomes eligible for participation in the Tertiary or Rural Safety Net group, entry into that group will begin on the first State Fiscal Year following certification/designation effective date.

TN No. 07-04
Supersedes
TN No. 05-04

Approved _____

Effective Date _____

4.19 Payments for Remedial Care and Services

Inpatient Hospital Services

E. Payment Methodology for Qualified Tertiary and Rural Safety Net Hospitals:

1. Payment will be calculated based on each provider's percentage of its Medicaid paid DRG days to its assigned groups' Medicaid paid DRG days times the distribution amount designated to that particular group.
2. Payment will be made on an interim basis based on the state fiscal year and estimated due. Interim payments will be distributed based on the provider's percentage of the group's WV Medicaid paid DRG days (as defined above) times the groups' total funds to be distributed for the specified period.
3. Using the payment calculation K.E.1. above, interim payments will be determined and issued to each provider. The interim payments issued in year one of the plan will be calculated using the historic Medicaid paid DRG days and exclude Medicare/Medicaid crossover days, for each providers' paid days count and each pools' total paid days count. Subsequent years' interim payments will likewise use the most recently completed data from the preceding plan's settlement data to establish the interim payment amounts for each following year.
4. An annual final settlement for each year of the plan will be determined by the Bureau. The final settlement adjustment amounts will be the calculated using the difference between the providers' interim special payments and the providers' final settlement amount. The final settlement amounts for each SFY will be determined using the Bureau's annual claims processed data for the specific year's settlement in the formula described in Section K.E.1.
5. Collection or disbursement of final settlement special payment amounts will be conducted annually. Final settlement adjustment amounts, that is, overpayments and under payments, may be collected or disbursed in accordance with Bureau's current overpayment recovery policy and settlement procedures. However, when practical, collections and disbursement may be offset or added to subsequent interim payments.

- F. Distribution Amounts for each State Fiscal Year 2007 (SFY) for these safety net hospitals will not exceed \$12,365,512 for tertiary and \$9,565,217 million for rural.

TN No. 07-04
Supersedes
TN No. 05-04

Approved _____

Effective Date _____

(President Tomblin presides)

AGENDA
JOINT COMMITTEE ON GOVERNMENT AND FINANCE
May 8, 2007

3:00 - 4:00 p.m.

Senate Finance Room

1. **Approval of April 18, 2007, minutes**
2. **Monthly/Quarterly Reports Distribution:**
Status Reports on the Lottery Commission and General Revenue Fund
3. **Monthly/Quarterly Reports Distribution:**
PEIA, BRIM, CHIP and Leases & Contracts Report - *Robert Ferguson, Jr., Secretary, Dept. of Administration*
4. **Monthly/Quarterly Report Distribution from Department of Health and Human Resources:**
Medicaid Report - *Martha Walker, Cabinet Secretary, DHHR*
5. **Monthly Report on the Pharmaceutical Cost Management Council:** *Shana Phares, Acting Pharmaceutical Advocate*
6. **Department of Transportation: Secretary Mattox**
7. **Approval of DOH Audit Contract**
8. **Other Business**
9. **Scheduled Interim Dates:** June 3 - 5
July 8 - 10
August 19 - 21
September 9 - 11
October 7 - 9
November 16 - 18 (Friday, Saturday and Sunday)
December 9 - 11
January 6 - 8, 2008
10. **Adjournment**

AGENDA
JOINT COMMITTEE ON GOVERNMENT AND FINANCE
May 8, 2007

3:00 - 4:00 p.m.

Senate Finance Room

1. **Approval of April 18, 2007, minutes**
2. **Monthly/Quarterly Reports Distribution:**
Status Reports on the Lottery Commission and General Revenue Fund
3. **Monthly/Quarterly Reports Distribution:**
PEIA
BRIM
CHIP
Lease Report
4. **Monthly/Quarterly Report Distribution from Department of Health and Human Resources:**
Medicaid Report
5. **Monthly Report on the Pharmaceutical Cost Management Council**
6. **Department of Transportation**
7. **DOH Audit Contract**
8. **Other Business**
9. **Scheduled Interim Dates:** June 3 - 5
July 8 - 10
August 19 - 21
September 9 - 11
October 7 - 9
November 16 - 18 (Friday, Saturday and Sunday)
December 9 - 11
January 6 - 8, 2008
10. **Adjournment**

Tape: May 8, 2007

President Tomblin presided.

President Tomblin: The Committee will come to order. The Speaker moves the approval of April 18 minutes. All those in favor will say I.

Committee: I

President: Oppose, no. The I's have it. In your booklets you have your monthly and quarterly reports of the lottery commission and the general revenue fund. The first reports today will be, I guess, Secretary Ferguson doing PEIA, BRIM, CHIP and Leases and Contracts.

Secretary Ferguson: Mr. President, Mr. Speaker and members of the Committee, you should have in front of you a copy of the reports for each. Let me start and give you an over view of the Board of Risk. Last year and again this is a real highlight for the department and for BRIM. Last years investment income was about \$6.8 million for all FY 06. So far, 9 months in FY 07, our investment income is \$60.1 million so we have done extremely well. We have no overall, unfunded liabilities. Senate Bill 3 we continue to draw down the unfunded liabilities and I think we have gone from about \$15 million to \$7 million in a period of about 9 months. So, aggressive loss control initiatives and applying proper premiums have significantly, positively impacted BRIM. Questions on BRIM?

President: Questions? If not, ... Senator Chafin.

Senator Chafin: Did BRIM pay that \$125,000 settlement to the Attorney General's fired employee the other day? Do you know about that?

Secretary Ferguson: Yes sir, they did.

Senator Chafin: What was their bases of that?

Secretary Ferguson: I am going to invite Chuck Jones up.

Chuck Jones: Good afternoon sir. Yes, BRIM did pay that claim and on the advice of counsel.

Senator Chafin: What counsel?

Chuck Jones: Counsel for the Attorney General's office, Mr. Bailey, I believe it was.

Senator Chafin: They had outside counsel?

Chuck Jones: Yes sir.

Senator Chafin: All the lawyers they have and they felt they needed outside counsel.

Chuck Jones: Yes sir. Normally

Senator Chafin: Who was paying the outside counsel?

Chuck Jones: Normally counsel is appointed by AIG and that is generally outside counsel as opposed to staff counsel.

Senator Chafin: Who was paying the outside counsel?

Chuck Jones: We paid that as well.

Senator Chafin: Ok, and as I understand they fired her and said that she didn't have any authority to buy all these things. What was the factual basis for paying that kind of an award, that kind of settlement.

Chuck Jones: Well it was, as I said, on the advice of counsel. It was questionable whether or not she would be able to prevail. As you know that it is very difficult to determine what the jury is going to do and so upon our reviewing it and the Attorney General's office reviewing it, the AIG, BRIM, it was decided that the best approach in that particular situation was to try to settle that claim, so we did do that.

Senator Chafin: I understand that but was there some factual basis, was she wrongfully discharged or was what they said about her incorrect? There has got to be some factual basis there.

Chuck Jones: She alleges that she was wrongfully discharged. Our insured, the Attorney General's office says that she was not, that she was not wrongfully discharged. So, you have a difference of opinion right there and the only way to really accurately determine what happened is to go through the jury system and let the jury decide it. So rather than take that chance we decided to go ahead and try to settle it. Again, with the full knowledge and consent of the Attorney General's office, counsel and AIG.

Senator Chafin: Who made the, did you make the final call on the settlement?

Chuck Jones: Yes sir.

Senator Chafin: And then they present you with the facts on both sides of it before you sign on it?

Chuck Jones: Yes sir.

Senator Chafin: What one side says what the other side is going to say?

Chuck Jones: Correct.

Senator Chafin: Ok, thank you.

President Tomblin: Further questions? This was a suit that was actually filed, not just threatened right?

Chuck Jones: This was a suit actually filed where an attorney represented both sides, sir.

President Tomblin: \$50,000 for ones that just threaten a suit. Never mind. Mr. Secretary.

Secretary Ferguson: Gentlemen next up is the Children's Health Insurance Program. We are pretty much remain unchanged from last month. We are stable with less than one percent change over the March enrollment which was up about 1.4%. We have 25,158 children in the program. We have had some increase in, we have had a hospice claim service for the first time which was \$29,000. Any questions on the Children's Health Insurance Program?

President Tomblin: Senator Kessler.

Senator Kessler: Thank you Mr. President. Just trying to remember. I have read in the paper that there has been, through the Governor's office, some initiative to get more screening type eligibility for children involved, obesity other things. Is that apart from CHIP or?

Secretary Ferguson: Yes sir, we are looking at CHIP to be the lead on that. In general what we are looking to do is to pre-screen kindergardners and at other phases during the elementary school process to try and catch problems early. Preventative maintenance if you will. We are looking to cover those children that aren't covered by other insurance programs. It is a small number and we think that the return on investment is significant and we are looking for the Federal Government to help us with that.

Senator Kessler: So is the program actually to make more children eligible for CHIPS or those that are already enrolled in CHIPS be subject to periodic screening for various types of...

Secretary Ferguson: A blend of both. What it does is for those children that, it would force a pre-screening that will lean on this is K-12. It would involve the boards of education. So when the student hits the classroom they get the pre-screening check. They are either in Medicaid or they have private insurance. For those that don't have private insurance that kind of falls in the gap that captures that and allows us to get those children screened. Let me invite our CHIP representative up and she can kind of.

Senator Kessler: I am trying to determine if there are new kids being enrolled cause if I understand correctly we passed something to make it like 300 % of poverty level then I think it backed down to 220. We are currently at 220 and there are so many kids in the state that are involved in CHIP. I have seen the Governor's new initiative that I read in the paper the other day. Is that to add additional ramping up to get that 220 to 230 or....

CHIP representative: The purpose is not to add but there could be additional children added to

our rolls through that project.

Senator Kessler: So we are still at 220 and we are going to pick up other kids but...

CHIP representative: We are still at 220, we are scheduled annually to...

Senator Kessler: Get up to 300 or whatever?

CHIP representative: Right.

Senator Kessler: I understand there maybe some federal legislation in 07 or 09 and CHIPS may die on a federal grapevine.

CHIP representative: We are waiting on the re-authorization.

Secretary Ferguson: That is September, right?

CHIP representative: We hope this fall they will have that finalized.

Senator Kessler: I thought it was in 07. I know that Senator Rockefeller has been advocating to get that passed but I don't have all the confidence in the world in what they can do in DC sometimes so I sure hope they do for the benefit of the children of this state. So we are still at 220 and this other program is just basically in addition to that.

CHIP representative: It would be in addition and I guess the easiest way to think of it. If a child shows up at kindergarten and they have not had this health check screening, we would or the schools would determine why they are not covered under other insurance. If they are not covered under other insurance then we would pick up just the cost for that screen. But the second piece to that would be to actually screen the child for either Medicaid or CHIP eligibility. Then if they are eligible we would enroll them.

Senator Kessler: Get them enrolled and then if they aren't enrolled you'd do the screening anyway and pay it out of some of the CHIP funds.

CHIP representative: Right.

Secretary Ferguson: Are there any other questions on Children's Health Insurance Program? Next up is the Public Employees Insurance Agency. You have the financials in your package. Plan continues to do well. Our medical expenses are really trending at zero, actually a little bit down from that which is a great thing. Pharmacy as we would expect is a little bit higher than it was, 11 ½ % higher than it was the year before. Questions on Public Employees Insurance Agency?

Speaker Thompson: You say prescription drugs are 11 ½ % higher than last year?

Secretary Ferguson: Yes sir, 11 ½ %.

Speaker Thompson: That is pretty steep isn't it? Why?

Secretary Ferguson: Cost of drugs and they continue to climb and our Pharmaceutical Advocate with the new rules that have been filed hopefully will have an impact on that. This is the part where I look back and grab the experts. Mr. Cheatham and Ms. Phares you want to talk to any of this?

Mr. Cheatham: Well the drug trend, national averages are still running somewhere between 8 and 13 % so we are on the little upper end of that. We have an open formulary an extremely generous drug plan, extremely low co-pays that haven't changed in almost 8 years. As a result we have a higher utilization. 7% of that 11 % is increased cost in drugs, the ingredient cost of drugs. About 3.4% is utilization, more people getting drugs or more people getting additional scripts. Our average age of the population is 49 and we need drugs, we are getting older. So we are doing our best to put in step therapy's and protocols to help curb that spend. We have diverted close to \$12 million in the last 6 months out of the drug plan through our programs that haven't gone into the expenditures. The trend should be much higher if we weren't doing this program.

Speaker Thompson: Are you doing all you can with generic drugs?

Mr. Cheatham: We are currently a 62 % generic fill which is pretty good.

Speaker Thompson: Compared to what?

Mr. Cheatham: Compared to the average, the average runs about 55% in the United States. We are running at 62%. Hopefully we can get it up even more with some other programs we are going to put in place.

Senator Deem: Are you working with any of the things that the legislature has done to address the high cost of drugs through forcing drug companies to tell us how much money they are spending for advertising and how much money they are paying doctors?

Mr. Cheatham: Felise Joseph (?) our pharmD at PEIA, she is on the council and works very closely with Shana Phares to do those things. She represents us on the council.

Senator Deem: Are you working toward that end to have the drug companies reveal to us how much they spend for advertising, how much they spend on doctors? I know when Speaker Kiss was here that was a big issue with him.

Shana Phares: As we talked about a couple weeks ago, the Joint Committee met the day after the Council voted to re-file those emergency rules. They were re-filed with the Secretary of State on April the 24th and that comment period, because the emergency rules and the legislative rules are filed concurrently. Secretary of State has 42 days to either approve, disapprove those rules or

allow them to go into affect without her signature. Of course the legislative rules will run concurrently and that public comment period ends on May 25th. So yes we do continue to do that. The emergency rules call for the first reporting to occur on March 31, 2008.

Senator Kessler: Follow up if I could on Senator Deem's question. The rule that is being proposed though requires reporting in the aggregate. Is that correct or is it individual doctors, Dr. Jones, Dr. Smith, Dr. Kessler whoever it may be this is what they got from this pharmaceutical company etc. Is it just going to be we spent \$5 million on doctors?

Shana: It is broken down from aggregate, it is not a full sum number and the rule that was given out to you last month has the form on the back. The form actually has thresholds and categories. Each company has to report on how many doctors in that year that they gave between \$100 and \$2500. So they gave 5 doctors that amount and then there are different categories, up to \$10,000 and in \$10,000 is \$10,000 and over.

Senator Kessler: But they will never identify the doctors?

Shana: There is not a provision to identify the doctors.

Senator Chafin: What is the pharmaceutical companies argument against disclosure? Full disclosure? In short, what do they actually claim?

Shana: They claim that it is proprietary that it involves a number of trade secrets and it is primarily not the business of state government.

Senator Kessler: You know, I know it is not the business of state government but when you have medicare and medicaid, CHIPS all paying for prescriptions, correct? All on tax payer dollars, all being 60% of the industry probably if not better being paid by governmental entities which are tax payer funded and those that are private pay through insurance are getting the cost shift over to them from the increase cost from the private sector but their argument is that it's all nobody's business because it is proprietary and there

Shana: And it would involve disclosing trade secrets, yes.

Senator Kessler: We want to know how is the name of what doctor got what a trade secret? Now if you tell me what their ingredients are in making this little pill, I could surely see that is a trade secret subject to patent but they are suggesting by disclosing the name of the doctor that somehow or other that is infringing on a trade secret that may infringe upon their ability to have their product copied or not be marketed properly?

Shana: I think that particular piece of it goes more toward how they deploy their detailers. What kinds of methods they use and how they determine those volumes in sending people out to the field, what those people say, what kind of pitches they make.

Senator Kessler: You know it just seems sort of silly to us. We take a pen for \$25 or more, we

got an ethics charge filed against us and you know doctors can take thousands of dollars that is funded. I don't care the truth of the matter is, it is funded by the tax payers of the state and of the country that are paying the freight yet then we see things like that and Congress yesterday refusing to act to let folks buy the exact same pill from Canada or Mexico or out of state where they can buy prescriptions for 1/3 of the cost, the exact same pill, you just wonder you know what is going on here. It is frustrating at best but you know it is a tragedy at worst but hopefully we can get our arms around that.

Secretary Ferguson: Last up sir is the leasing report. You have that information in front of you. Very quickly, we had 21 changes, 3 new contracts, 14 straight renewals, 1 with a decrease in square footage, 1 with a rent increase, 1 adding square footage and increasing rent and 1 decreasing. I can go through the details and that if you would like but I would like to take this time to introduce Chuck Lawrence if you would stand. Chuck is the new director of the real estate division which takes effect on 1 July. He has 20 plus years experience in commercial real estate, he's got a bachelor and MBA from Xavier University and a welcomed addition to the Executive Branch and hopefully will save us lots of money.

President Tomblin: Is he going to be working any with the public land corporation?

Secretary Ferguson: We haven't quite figured that out but on the periphery, yes. The way I like to think of the public land corporation deals with earth and we are really dealing with leases and buildings. But there will be some cross over. For instance we will be leasing out cell tower space and those kind of things and we'd be yet to figure out that road map on how they will joint together but it is our intent that the overarching theme will be to consolidate and save money.

President Tomblin: I assume they also will be working with Highways since there is a lot of I guess excess right of way and so forth.

Secretary Ferguson: Not really sir, they are exempted out of that because they are the masters of that piece of the business. Again, our focus is the leases we have out there and trying to consolidate space. Having boiler plate leases and watching where the money goes.

President Tomblin: On page 1 of 3 who is Work for WV? Is that a...

Secretary Ferguson: That is under the Department of Commerce, that is the old Bureau of Employment Programs.

President Tomblin: What do they do? Do you have any idea?

Secretary Ferguson: They manage the one stop shopping for welfare and county commission kind of things and they

President Tomblin: Welfare and County Commission?

Secretary Ferguson: Well what they do is they are consolidated employment programs, I would

really have to defer that to Commerce but you know it is, Ron Radcliff is the director.

Jimmy: Workforce WV under the Department of Commerce is a combination of the old Unemployment Compensation and the employment duties and you have like regions around the State and they have what they call Workforce Investment (WIBS) have you ever heard the term WIB? The WIB's are under that and they do all the employment duties. Unemployment and employment, they do the grants, training grants all the training and just combine it into one office.

President Tomblin: Ok thanks. Senator Chafin.

Senator Chafin: You said their new real estate is hopefully going to save us some money. Have you consulted or talked with him on how your going to do that?

Secretary Ferguson: Oh yes sir. Right now

Senator Chafin: Let me interrupt you, how much are we paying out in leases a year? Isn't it about \$30 million?

Secretary Ferguson: I think that is a close number, yes sir.

Senator Chafin: Are you all planning to reduce that and start building buildings or how are you...

Secretary Ferguson: We have had a very decentralized system before. Each department migrated to their own leases. They would go out and negotiate leases. Those things had a coordination point in the Department of Administration but had no oversight. The intent is to do similar to what we have done with the Governor's office of Technology. Instead of having 15 different help desks in GOT we have one and those people are under the leadership of one director that understands the IT field, the same thing will happen with leasing. For instance, using the Kanawha Valley area. There are 85 separate locations in the Kanawha Valley that rents office space, 85. With that comes infrastructure that goes with it. Conactivity and T-1 lines for the internet. Kyle Schaffer is going to work closely to identify all those locations so some of those things we have had poor record keeping in the past. We will look to consolidate space to go out and have one person that is a seasoned negotiator to go out and negotiate lease spaces. To bring the cost down and to consolidate space is the focus.

Senator Chafin: Does that include the million dollars that the senior citizens are paying out to the Town Center Mall? Are you familiar with that?

Secretary Ferguson: I am sir but I don't think it is a million dollars.

Senator Chafin: Somewhere it was report a million dollars.

Secretary Ferguson: I think we clarified that last year but I will get back with the Senate I am not sure what the number is.

Senator Chafin: High price rent for office space to me.

Secretary Ferguson: Yes sir, I don't think that is the number sir but I will get back with you.

President Tomblin: Further questions? If not thank you sir. Secretary Walker to give the Medicaid report.

Secretary Walker: Thank you. You have in the packets the report for the month. We have seven months accumulative totals in the report which is 58% of the fiscal year. We have spent 55% of the budget for the fiscal year so medicaid is in pretty good financial shape in borrowing any unforeseen circumstances we ought to finish the year in pretty good shape.

President Tomblin: Any questions? If not thank you Madam Secretary. Next the Pharmaceutical Advocate, you have an update for us?

Shana: Since we were just together a couple of weeks ago, I did just have two points. One of them was on the advertising rule which we have discussed fairly thoroughly. The other two points are on the central fill pharmacy as you know that has been a project underway. They met again on April 18 and they have decided on a operational model. Where Beckley Health Right would do the eligibility for patient assistance programs. Access Health in Beckley would actually do the dispensing and there would be an Executive Director located in Charleston. They are now in the process of revising a budget so they would have three years of budget projections. We have a number of business people that help out with that board and they have advised that they really need three years of budget projections that are incremental over time and until they are up to full capacity and part of that was also going to be to develop revenue needs and revenue streams. As many of you know the Governor has said that he really wants this project to be self sustaining. So we will keep you apprised as that goes forward.

President Tomblin: Do you have an estimated cost of what it will cost to run the central fill pharmacy when up and running?

Shana: They are currently in the process of revising the estimate, I'd be, I am low to kind of share that publicly till they go back and refine that a bit more. Because even as of this morning there was some email discussion about where there could be some savings and in a couple pieces that were underestimated. So if it is immuable to you can I share that with you next month?

President Tomblin: Yes ma'am.

Shana: The Council has been kind of focused on this advertising rule but there are a number of other issues that we really would like to continue to explore. One of them which the Speaker knows about that Chairman Perdue has been especially interested in is the rule of Pharmacy benefit managers and it goes to Senator Deem's concerns about using people to do bulk buying and whether or not those entities really A: Do they provide cost savings or B: do they really add to the cost of the prescription drugs. So we will be looking at pharmacy benefit managers in late summer and early fall. We are also going to be following up on a report that was issued by

PERD in September 2004. This Council has been very focused on expanding the number of entities that can offer 340-B drugs. Those are drugs that are offered through specific federally funded entities that are available to people who are uninsured of any income level and there also available to businesses who are self insured. Those drugs are typically 18% below Canadian prices and they run about 51% off of the average whole sale price. We have a number of hospitals and a number of primary care centers that have expanded to include that service either the primary care center some of them have pharmacies in house and others contract for that service. We are interested in being sure that the people state wide have access to the drugs at those prices. Of course the legislative recommendation that was made to the legislature the legislature passed and the governor signed, we will be working on the implementation of electronic prescribing and have currently reached out to the Board of Pharmacy to assist them with developing the rules that are necessary to implement that particular piece of legislation and I am happy to answer any questions.

President Tomblin: Any questions? If not thank you ma'am. Next on the agenda is Secretary Mattox from the Department of Transportation.

Secretary Mattox: Good afternoon Mr. President, Mr. Speaker and members of the Committee. I came this afternoon prepared to talk about our Core Maintenance Program. Governor Manchin has issued initiatives for his administration to practice responsible government. The kind of government the residents of our state deserves. Perfect example of this effort is in the Division of Highways Core Maintenance Program. This has been in effect for the past 18 months, in all 55 Counties. By having our county organizations we focus through efforts and energy in routine maintenance activities. We are being practical with what our budget can tolerate today and in the future. Routine maintenance includes the following: ditching, litter control, shoulders, skip patching, pot hole patching, brush cutting, snow removal and ice control. In the case of disasters and or emergencies the county organizations will be on hand as they always are, to work along with the local office of emergency services and the national guard with recovery and clean up efforts. Our newly organized disports units in all 10 districts will handle the heavy equipment work. Projects such as slides and drainage issues will allow the county organizations to devote their time to carry out their original responsibility of routine maintenance. The plan offers a detailed system for each of the routine maintenance functions carried out by the counties. For example, mowing takes place from May through September. Paved roads are scheduled to be mowed once every 5 weeks at the production rate of 4 miles per mower, while traffic bound roads are mowed every other month at the production rate of 6 miles per day per mower. Therefore, a mower will be used 25 work days on paved roads and 40 work days for traffic bound roads. A crew and equipment will be a mower and operator plus pick up truck and driver for traffic warning. Following these procedures not only gets the work done on a routine basis but it also cuts down on idle equipment, which can erode a county's maintenance budget quickly. The division's greatest resources are hard working, dedicated employees. The Core Maintenance Plan is not an excuse for out-sourcing routine maintenance work or as a means by which management is looking to cut employees from the payroll. What the plan does do is make us efficient and accountable. With our limited resources, not any to ourselves but also to the citizens of the state, who expect and deserve good customer service. You see crews work throughout the winter plowing the roads of snow and ice. With the first breasts of spring,

mowers and brush trimmers to keep our roads looking well trimmed for the upcoming travel season. Such work is giving us a degree of esteem that all work is and should be given. That is to assume that it is done timely and properly. Through the practice of accountability and efficiency WV's tax payers can continue to rely up on the Division of Highways to utilize it's county Core Maintenance Program to provide them with what they deserve, an efficient and accountable highway system. With that I'd be glad Mr. President to answer any questions from the Committee.

Senator Deem: Even though you indicated in your remarks that there is no attempt to lessen the responsibility of the Department of Highways for road maintenance, I believe you made that indication. I am not sure that you are aware of this or not but there is rumor that because of the selling of a lot of state road, so called surplus equipment, that the ultimate goal is to contract out a lot of the work that your department does. Now just hear me out, there was a recent article in the Parkersburg paper written by Allen Englkey, who is a former Division Superintendent up there, he is retired. But, he is very bright and very articulate and let me just read a little bit of his letter to the Editor. It is titled, Selling off Highway Equipment. "On May 12, there will be in Buckhannon a huge sale of Highway surplus equipment which will include all or most all the departments hydraulic excavators, bull dozers, track hoes, new tandem trucks and new FWD trucks, grass mowers, end loaders, road graders and so forth. After the sale all pipe installation, removal of rocks and slips from roadways, slide repair and so forth will be done by contractors as a money saving measure. Instead of the local crew coming out and removing rocks and dirt that have the road blocked, contractors will have to be contracted and one would assume bids obtained." In the end it said, "it is hoped that the Governor will see the erroneous obvious error being taken by the highway department before it is too late. In the past, money from the sale of old equipment has been put into the fund to buy new and thus maintain the rolling stock. Now the money is to be used for a one time spend on other items for which it is said there is no longer any money." Now, you know I am just presenting this to you as it was listed in the paper. I am not sure but what contracting out some of your work might be the right way to go. But, if that is what is happening or going to happen I think we should be made aware of it and not have to read it in the paper.

Mattox: What you read in the paper is one person's opinion. I do not know where he got his information

Senator Deem: He is a person that I respect and who has been an employee of the Highways. How long have you been with the Highway Department?

Mattox: I started my career with Highways and was with them for 4 ½ years and since coming back under this administration 2 ½ years.

Senator Deem: Well I am just saying, this is not somebody just off the street, this is a man who is a county supervisor and I believe he is intelligent, I know that. I know him personally and Delegate Border knows him personally. He is not somebody that you would take his remarks likely.

Mattox: Well he has got a lot of erroneous information in what he has written.

Senator Deem: Ok so let's start telling us what his erroneous statements are.

Mattox: Do I get a copy of the article so I can go through it?

Senator Deem: Well I mean while you are getting that, he says that the equipment you are selling off will include and he says, I didn't read this but he said it has been customary for the Wirt County to do their own highway mowing but you sold off the only mower that they have and now they don't know how they are going to get their highways mowed.

Mattox: Everyone will be given the equipment they need to deliver the Core Maintenance Program. "After the sale all pipe installation, removal of rocks, slips and roadways, slide repair will be done by contractors as a money saving measure." False. We are going to have two district forces in each and every district that their core function will be to do this type of work. We currently just as an example, and this is a pretty simple example, if you own 4 automobiles and you have them setting in your driveway. Yet you only need two of them and you only utilize two of them, the other one set idle most of the time. The two idle automobiles are still costing you a considerable amount of money. The same analogy goes towards the equipment that we have in the division of highways. We have a lot of idle equipment. The idle equipment is what we are selling. We will equip these county organizations and the dis-forces with the equipment that they need to carry out their duties which is the routine maintenance plan and for the dis-force units, the heavy construction units to take care of the slides, the drainage pipes, the larger projects that the county forces will not be asked to do anymore.

Senator Deem: So the county forces won't be doing it so who will be doing it?

Mattox: The district forces.

Senator Deem: So you are actually moving some of that work from the counties into the district headquarters perhaps?

Mattox: It is not necessarily district headquarters, they could be located out in the counties. That will be up to the district managers to decide where to locate their district dis-force.

Senator Deem: So you might be consolidating some of the work that the counties do and moving it to some other location.

Mattox: Yes sir.

Senator Deem: But not eliminating it.

Mattox: That is correct.

Senator Deem: What about the statement he makes where in the past the sale of the equipment

has gone back into buy new equipment and now it is going into the general fund, is that a change in policy or is that not accurate?

Mattox: No, we have a revolving fund for our equipment. That money will go back into the state road fund. But, we have \$15 million which this body has approved in our budget. It has been \$15 million for new equipment for years. That has not changed. The only thing that has changed is that we have identified idle equipment. The idle equipment is what we are proposing to sell. Not all of it but a portion of the idle equipment.

Senator Deem: So what you are saying is you have just consolidated and not given the county districts as much responsibility as maybe they had before in taking some of the equipment in those counties that haven't been used and not eliminating the work that they did but eliminating the equipment and getting from some other source.

Mattox: Yes Senator.

Senator Deem: I am not saying that contracting out some of the work is a bad thing necessarily. I was just concerned that if that is happening that we'd be informed of it.

Mattox: Another thing that I would like to point out is drainage pipe for example. Each and every county, if you go to one of the county maintenance organizations they have got drainage pipe stacked on their lot as well as with other materials. We are looking to consolidate areas in the state where you put material that you would need on a routine basis or at a time of a flood event and you could access it. You do not have to store it in all 55 counties and their sub headquarters and have it available for a flood or some type of an emergency. For example we have nearly 31 miles of drainage pipe within our inventory right now. We do not need 31 miles of drainage pipe in our inventory.

Senator Deem: I agree that there is no sense having that stuff out there, if it is not going to be used. Thank you.

President: Mr. Secretary, I understand that you have annual sales I guess surplus and excess equipment. How much does that normally bring in, do you have an idea?

Mattox: I can tell you Mr. President, that we are anticipating about \$1.7 million in our May 12 equipment sale.

President: I just wondered how that compared to a normal year when you weren't getting rid of all excess in addition to old equipment.

Mattox: Let me make one thing clear. We are not putting everything that we are proposing this year as idle equipment in this initial sale. There will be additional sale in the fall. This is a portion of what we have identified as idle equipment.

President: Are there further questions or comments? Senator Helmick.

Senator Helmick: Paul I think part of the problem came from county supervisors or county staff were concerned about the grade all equipment. I think this particular issue probably what initiated around the state because you were changing your approach toward the use of that equipment, is that right?

Mattox: That is correct. With our routine maintenance program we want them to utilize a grader to pull the ditches and do the shoulder work. It is much more efficient. We can cover more mileage and we have a back hoe that is new, much less expensive than the grade all, much less expensive to maintain than the grade all. Which will essentially do everything that a grade all will do. It is my understanding that the only difference between the two is that the grade all will reach one foot further than this new piece of equipment that each and every county will have at its disposal.

Senator Helmick: That new piece of equipment, you have to tell me a bit about it. The grade all has an oscillating head on it.

Mattox: So does the back hoe. It will have an articulated head or bucket.

Senator Helmick: But now will every county have one of those or will that particular piece of equipment be in the so called district that you are talking about and the district may not be in the district headquarters but in fact maybe located in some (?) within the district? Is that what you are saying?

Mattox: That is correct.

Senator Helmick: ok so that is where that particular piece of, not every county is going to have one of those things.

Mattox: And not every county has a grade all.

Senator Helmick: I realize that some do. A lot of the equipment you are selling off is in fact federal government surplus that is flowing into WV and then as the districts no longer or don't want it from the central office then it is being disposed of at Buckhannon this coming Saturday, is that right?

Mattox: Yes Senator that is correct. They have bought surplus equipment from the federal government over the years that has been used very sparingly. A lot of bull dozers for example and small crane units.

Senator Helmick: There is a significant sale there. I don't happen to think it is any larger than any previous sale. I think some of this did get started because of, similar things have happened in the past. Obviously in recent years we changed from painting stripes on our highways. We contract that now. Same thing with guard rails, we contract that particular piece of business and I think there is an assumption throughout WV that a lot of the maintenance work is now going to be contracted over time. I agree with Senator Deem, it may not all be bad but at the same time it

is a major concern for us because that issue is a major issue politically.

Mattox: Our goal Senator is to be more efficient with what we are doing as far as with routine maintenance and with our dis-forces and to do a very good job with the equipment and the manpower we have available to us today.

President: Mr. Secretary you said that this sale is going to be about the same as all other years, then why all of a sudden around the state is there such a roar from the local areas that you are selling off all our equipment? I mean I think everyone of us in this room has heard that and it is not, I know you have had sales in the past but I've never in my tenure here had the kind of calls and so forth that I have had this year about getting rid of their equipment. Maybe you can answer that for me or for the rest of us.

Mattox: I've explained the basis of the core maintenance plan. I would hope that our county organizations have bought into this concept because I believe that citizens of the state of WV when I go around and speak to chamber of commerce's and rotary clubs they like the concept. We are asking the counties to plan and schedule their work in advance and we are holding them accountable to these plans and schedules and to make sure that they adhere to these plans and schedules we are going to give them the equipment that they need to complete them in and efficient manner. Some of the things that we have heard in the past is that they don't have the resources available to them. We have looked and we have documentation of a lot of idle equipment and a lot of waste that we are focusing on and we are trying to refocus these counties to deliver routine maintenance. Too many times they are out, I call them putting out fires, where they get phone calls to do this or that and they are not really planning and scheduling their work and they become inefficient over time because they are not planning their work. Some would prefer to operate that way but we prefer not to.

Delegate Webster: Thank you Mr. Chairman. I was taking notes and you indicated that you are refocusing your efforts on what you termed as routine maintenance activities, correct?

Mattox: That is correct.

Delegate Webster: And in that it looks like ditching, litter control, shoulders, pot holes, brush cuttings, snow removal and ice control are some of those correct?

Mattox: That is correct.

Delegate Webster: Now why would mowing which is of course like snow seasonal, why would mowing not be viewed as a routine maintenance matter.

Mattox: It is and it should be included.

Delegate Webster: So it would be, ok. Will any of this work as a result of the phasing out of what you all are terming surplus equipment (TAPE ENDED CHANGE SIDES)

Mattox: Our goal is to keep our people highly utilized. If there is money left over at the end of the day to do additional projects, which we do not have the capacity to do because our people are utilized, then it will be like it always has been. Yes, we will put that work out to contract. That is what we currently have been doing and have always done.

Delegate Webster: Ok, any work that is currently being done in each district by employees of either the state of WV or those respective counties as a result of this reorganization, will anything that right now that is being done by a county as a result of shifting it to a district or reorganizing it, will that at a later point be potentially done by somebody that is not an employee of the state or of the county?

Mattox: Yes, and it currently is. If we are not spending the money. We have a budget. Our goal is to complete projects, to make the highway system safer. To do our work efficiently and if there is money left over that we can't do with state forces then yes, we will do like we have always done and we will contract out a project or projects to get the work completed. Nothing has changed.

Delegate Webster: Ok with respect to this letter that I am looking at, maybe this is incorrect, but all pipe installation, removal of rocks and slips from roadways, slide repair, etc. Right now who does that type of work for the state?

Mattox: We do that work unless there is ample money in our budget available that our folks can not get to it in a timely manner then we will contract that out. Nothing will change.

Delegate Webster: Ok so if, what I hear Mr. Secretary right now though, is you are narrowing the focus of the core maintenance plan, right? I mean there are less things that these same employees will be doing, is that correct?

Mattox: We want to get the work done.

Delegate Webster: That is not my question. Is that correct?

Mattox: That is correct.

Delegate Webster: So if we are narrowing the scope of these maintenance programs will there be a time that some of the work that is being conducted by them be privatized or otherwise done by people who are not employees? I am not talking about the work that is currently contracted out.

Mattox: Only if there is ample budget at the end of the day to pay for those activities.

Delegate Webster: Will this result in a loss of job or benefits to people that are currently performing this work?

Mattox: Absolutely not.

Delegate Webster: So we won't come back in a year or two and see that these counties have less full time employees?

Mattox: That is correct. And in fact let me state this, each county's quota is controlled by the snow removal and ice control. The routine maintenance that we are asking them to do, you don't need as many people as it takes to go out and treat the roads in the winter time. So we have ample staff to do what we want to do and we are giving them additional equipment to keep everybody busy, utilized and complete the routine maintenance on a schedule and time frame which is consistent throughout the state.

Delegate Webster: In those instances where there will or there is already contracting and maybe further contracting of work, who and how are those contracts analyzed and selected, the people that would perform the work?

Mattox: It would be by low bid like everything else we do. I said in my comments right up front, the divisions greatest resource is our hard working, dedicated employees. The core maintenance plan is not an excuse for outsourcing routine maintenance work or a means by which management is looking to cut employees from the payroll. I don't know how much plainer I can make my statements.

Delegate Webster: Sir, I understand what your saying but not always do we have the effect of words and my final question would be. In this letter to the editor it says retired employees have been contracted to work at \$8.50 an hour treating snow in the winter. Is that true or not true?

Mattox: We have asked our retired employees from time to time to help us during snow and ice removal. We are also taking a look at a concept of allowing the cap be raised for our retirees so that we can call them out, for example if they are an engineer that has retired and we have additional engineering work that needs to be done that we can bring them back on board for project specific type work and pay them a market wage for doing that work for us.

Delegate Webster: So the answer is yes. Thank you.

President: Further questions? Senator Chafin.

Senator Chafin: Mr. Mattox, what mechanism do you all have in place at the DOH to see that your hard working, dedicated if you will employees are actually out there doing their job? Do you have a review mechanism per district or do you do that yourself or your assistant? How does that work?

Mattox: I will certainly do it myself. When I am out I am not shy about calling folks if they are doing a good job let them know that I think they are doing a good job. But if they are not yes we do we have four regional maintenance engineers that look at the work that is being done out in the field and they report directly back to me and the deputy secretary. We do have a reporting mechanism in place to let us know that the core maintenance program is being followed.

Senator Chafin: And that includes overtime and things like that? You review that to see if it is in line? Do you review it monthly, weekly, quarterly? How is it done?

Mattox: Practically daily

Senator Chafin: Daily ok, thank you.

Delegate White: Mr. Mattox a couple different areas. We know you have a sale coming on May 12 with \$1.7 million. I think there is another sale coming in the fall. With the selling off of several pieces of equipment, if we would have a state disaster, flooding or whatever and the counties are supposed to be on hand to assist with the EMS and National Guard, could we get into a situation with what is happening in Kansas right now where they sit there for three days. They don't have equipment available to help clean up in a state of emergency. Could that possibly happen with selling off these other pieces of equipment?

Mattox: I do not foresee that happening to us. I believe we will have enough core heavy equipment in the 10 districts in the state of WV. We will have 20 heavy maintenance crews available to us to go to an area if needed to help with the recovery efforts.

Delegate White: We had several pieces of legislation this last session that brought additional dollars to highways. Along those same lines do you look in house internally in additional ways to do cost savings and I will use a couple of examples. I am sure you probably know a number of vehicles that are in your fleet. Who they are assigned to and how they are signed, the age and the list of equipment that I have looked at on these sales, you see several vehicles I understand they are wrecked, or they are junked or whatever. How do you determine at that point and time what vehicles go in to auctions and who they are assigned to and we were going through an audit process yesterday. One of our other agency's they just instituted an internal audit program and I just wondered maybe if highways does on internal sheets and point of departure and point of return, number of miles a day and any fill ups that exceed 3 in a 24 hour period. Do you all have those things that are instituted in house in highways?

Mattox: We do have all those within our equipment division. The equipment usage is tracked, the preventive maintenance's is completed on all the equipment. They have a very good tracking system as to what we have, how much it is costing us to maintain and how much in fuel it is costing us. You had mentioned cars, generally they get 100,000 miles they are flagged for sales. When a piece of equipment is costing us more to maintain than what it would if we went out and purchased that same type of equipment then we look at bringing it in and selling that piece of equipment. We would try to bring it in at a point in time when you get maximum value at an auction for that piece of equipment. We do have equipment personnel that do look at the things that you were asking.

Delegate White: But along those same lines what about internal controls on your fleet vehicles? Do you have an audit program in place that monitors the cost of the cars and trucks throughout the entire division that somebody in house monitors on a whether it be on a daily basis or a weekly basis on the cost of those vehicles to the department? Gasoline, trips I mean we see

vehicles sitting all over the place out there. You can drive up and down the road and they may be sitting in front of a supermarket, they maybe sitting wherever and I mean do you have internal, is there an internal audit program that is ongoing to monitor those types of things? That would have to go right along with all these other things that you are looking at because there has to be a tremendous amount of dollars involved in that.

Mattox: You are absolutely right Delegate. I don't know if we have an audit program that continuously monitors that but it was through an audit program that it identified to us that we had \$22 million worth of idle equipment. That is what initiated us to take a good hard look at what we have got and how we may alleviate that idle equipment from the division of highways.

Delegate White: Well I might suggest that you might wanna also take a hard look or if you want us to we can ask Aaron or somebody to take a look at some of that to see. But I really think from what we heard yesterday through another division you would make money by looking at an internal ongoing audit program with your fleet of vehicles that you have, particularly now with the cost of gasoline. Just a suggestion.

Mattox: If we do not have it, it is a point well taken and I will look into it.

Delegate White: Or maybe next month if we could get some kind of Mr. Chairman, some kind of report on an idea where we are on that. If \$22 million savings, might be a few million out there.

Mattox: A portion of that is in passenger vehicles. I believe I was told somewhere in the neighborhood of 200 over all we are looking at as far as putting into an auction.

Delegate White: The list that I looked at said wrecked or junked, I didn't see a good looking vehicle on that list.

Mattox: I don't know what list you looked at.

Delegate White: The first one coming up May 12. Your going on that you are expected to get \$1.7 million yall provided to us at this last meeting.

Mattox: Ok

President: I didn't see it, I just saw trucks on there. Delegate Border.

Delegate Border: In the development of this plan to dispose of this equipment, were the people at the county level, did they have any input into the development of this plan or was this decision made from the top and directed down.

Mattox: This decision was initiated at the top. We did get input from all levels of management. Did we go to each and every county, no sir we did not.

Delegate Border: Have you received any positive responses from the county levels?

Mattox: Yes, some counties believe this is going to make it so much easier for them to manage their county maintenance needs.

Delegate Border: I just wondered because I don't think any of the people around the table here received any positives but maybe you have.

President: Senator Helmick.

Senator Helmick: Thank you Mr. Chairman. Paul, again I visited the equipment location in Buckhannon this past week and went over and looked at a lot of equipment because I was interested in some of it to be quite honest about it. I followed them over the years. In all honesty there is not a great deal of difference in years gone by as far as the equipment is concerned. There is federal equipment that has been it flows through from the federal government to the state department of highways and then out to the different regions, the state a lot of it they didn't want and so there are several pieces that way. There are some automobiles in there both light trucks and cars that are for sale. A lot of junk ones, a lot of junk vehicles, totaled vehicles. Cars and trucks that have been involved in automobile accidents. It is a general sale. The issue that is before us simply centers around if you do the right amount of research. It is centered around one piece of equipment. That is called that grade all. When you remove that grade all from your fleet of different pieces of equipment it threw up a red flag. When you reduce the amount of work that your local division is going to do your county headquarters, that also threw up another flag and then so your going to do it but your going to do it through a different approach from a regional approach. So there in caused the problem I believe. But we are hearing another problem I think is greater than the immediate problem that we talked about here and that is the road situation. They are not in real good shape. I'll be right up front about things, the roads have a lot of necessary repair work to be done and you do have more money this year, right? You have \$75 million more than last year because last year the administration suspended the indexing of the per barrel cost and consequently cost us along with the concurrence of the legislature but it cost us \$60 million. So that money has been restored plus an additional \$15 million that we was able to maneuver through the budgetary process this past winter. So those two taken together is \$75 million more that you have this particular year. You are already meeting all the federal requirements to match prior to the additional \$75 million. Wouldn't you say that to be the case?

Mattox: That is the case but I want to make a point that the routine maintenance that we are asking these county organizations to perform will preserve the life of the roadways system and that is why we are adamant that they adopt these policies and this plan. Cause we do need to focus on preserving the existing system. Also,

Senator Helmick: So you are admitting, let me interrupt you here, so your admitting that the roads are in worse shape than years gone by.

Mattox: That is the case. Since 1993 our road fund, the purchasing power of the road fund continuously dwindles.

Senator Helmick: We have a rotation basis yearly, rotation basis that we use for (?) Some of them. Some maybe 6 some maybe 7 some maybe 4 or what ever. Don't you have a rotation that you generally use on roads in WV that turned out to be like 7 years that you paid every 7 years a certain, the road construction in WV?

Mattox: Over the past 10 years the average painting cycle has been 14.5 years. Last year it dipped to 22 years.

Senator Helmick: It dipped from 22 to 14, just give you an example. I am not saying that your number of years is correct, I am giving you an example. You do have a rotation, you have a cycle whereby you visit every road in WV that is a paved road for the purpose of maintaining that pavement. Now you do have observation of that particular partial road from time to time. But there is a time period that you throw into an average for that particular road.

Mattox: That average is for all years. We have to look at the roadway system like you would anything else. We have to set priorities.

Senator Helmick: Why would it go from 14 to 22 years, the rotation, why would it go 7 or 8 additional years?

Mattox: That is an easy question to answer. In 2002, a ton of asphalt cost \$37.28 per ton on average. In 2006, it is \$67.07. In the same period of time the state road fund continued to lose money, we weren't getting as much money into it. The paving program has been set through the statewide system at about \$50 million a year since back in the mid 80's is what I have been told.

Senator Helmick: But we willingly gave up \$60 million. You said the whole program is only 50 and we walk away from 60 here. With the indexing price that we dealt with.

Mattox: We will have additional funds. We are anticipating being able to come back and supplementing our paving program from the \$50 million level to the \$65 million level this year, because of the additional funds coming into the state road fund.

Senator Helmick: But you are admitting that \$75 million more this year.

Mattox: We also have small bridges that we have to replace.

Senator Helmick: No, no, no that is not what I am asking you. I am asking you that you agree to the fact that you are going to get a minimum of \$75 million more this year than you had last year for your road program.

Mattox: For the road fund yes.

Senator Helmick: \$75 million more. I could get into a lot of the details and say what percentage of 67-32 equates to the new percentage of dollars that is generated but I will ask that later time.

Mattox: I can to I have got revenue projections and expenditure projections for 2008, 2009 and 2010 that show that the funds available for state funded improvements, which include paving that you are talking about, go from \$193.6 million down to \$145.4 million even with all the increases that you are referring to.

Senator Helmick: So 195 to 184.

Mattox: Yes, 145 over the next 3 year period thru 2010.

Senator Helmick: But the cycle, the cycle regardless, I mean we don't have a significant amount of bond money. We haven't had any for some period of time. We had \$100 million that was unmatched money that I can never understand why the people of WV approved but that did happen back a few years ago under a different Administration. That money was spent and gone. However, you have as much money and now you have more money than years gone by. Now you do have some additional cost, you have cost in and your identifying it. But you don't have a huge additional cost in labor. You have additional cost in materials. But now that would tell you, your talking about it and I will close on this. That material and the bid process probably would have gone a little further had we had additional bidders in WV on a lot of our projects. Would you say that to be the case?

Mattox: I can only say that going and listening to other states at ASHTO conferences that other states are having similar problems as WV in getting competition, not only in their paving programs but also their highway construction.

Senator Helmick: But you will admit we have a lot less contractors in WV today than we have had in years gone by.

Mattox: It appears to be the case.

Senator Helmick: But you are using a very light word there. A very soft word, "appears" you know that we don't have nearly as many because they have been purchased by a big conglomerate groups. Thank you Paul, Thank you Mr. President.

President: Are there further questions? Mr. Secretary another matter away from the inventory. Can you tell the Committee what you do and recently we went through the flood what 2 weeks ago in Logan County. What is the state's procedure when there are I guess flooding occurs or whatever, there are public road that are not on the state system where a bridge has been washed out or the road has been washed out. Traditionally the EMS director in the county has certified for various reasons there is a elderly or ill person and so forth that lives on that road or several of them and during times of emergency, highways has basically been able to come in and get the road passable again for those people in case of emergencies. I am not talking about on a regular basis. I understand that position has changed, what happens now to those people that lives up these hollows on a road that is not on the system and it is not just single families but multiple families and school bus routes and so forth.

Mattox: It has to be identified as an emergency by the county OES director. The governor's office has to concur that it is an emergency. The governor's office has to contact me and tell me that it is an emergency and I have their permission to work all systems to open the road back up to traffic.

President: Last Wednesday, I got a copy of an email from the EMS director who says that, this apparently went out to the county ems directors, that save yourselves a lot of time don't send me these requests because DOH has told me that they couldn't get off the system so don't even bother sending us the requests, paraphrasing what the email says and after some conversations that we have had I thought that under certain emergency conditions that there was something in place and then when the homeland security and the emergency services director sends this out to the county ems directors to not send anything in if there is an emergency. Where do we turn. People call us and I don't know what to tell them these days.

Mattox: We have not changed the policy, it is the same policy that was dated 2000 or 2002. It is the same policy that we are looking at and operating under.

President: But that is not what. I mean Delegate White told me that it was on the radio down in his district.

Mattox: Well, the governor is the one that has the authority to tell me to work off the system and that it is an emergency.

President: I am being serious about it because in the past when the people would call the locals and somebody could get something done they would usually call a member of the legislature. I don't know who to call now.

Mattox: I think the definition of an emergency that some people use versus an inconvenience or something that is not truly a life or death situation.

President: Like swimming a river to get there. That is kind of an inconvenience I guess.

Mattox: Well I know where I live more than likely it would be up to the subdivision to pay for the cost of replacing the small drainage pipe or something to that magnitude.

President: But these are not subdivisions. Ok. No further questions? Thank you sir.

Mattox: Thank you.

President: Mr. Allred

Aaron: Thank you Mr. President. Staff has rebid the financial audit of the Division of Highways for the next two years. The accounting firm Hayflich and Steinberg of Huntington was both the low bidder and had the highest technical score. Thus, I request a motion to authorize me as the Legislative Manager to enter into a contract with Hayflich and Steinberg. Mike Sizemore of my

audit staff is here to answer any questions.

President: Are there questions for Mr. Sizemore about the new audit, DOH audit? If not Senator Helmick moves that Mr. Allred be authorized to enter into the contract for the DOH audit contract. All those in favor of the motion will say I.

Committee: I

President: Oppose no, the I's have it. Is there any other business to come before the Committee? The future interim dates are listed on your agenda. If there is nothing else to come before the Committee Senator Sharpe moves that we adjourn. All those in favor will say I.

Committee: I

President: Oppose no, the I's have it, I declare the meeting adourned.

MAY INTERIM ATTENDANCE
Legislative Interim Meetings
May 6, 7 and 8, 2007

Tuesday, May 8, 2007

3:00 pm - 4:00 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.

Anne Landgrebe

Staff Person

Anne Landgrebe

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

5/6/07

Selling off highway equipment

On May 12 there will be at Buckhannon a huge sale of Division of Highways "surplus equipment," which will include all or almost all the department's hydraulic excavators, bulldozers, track hoes, new tandem trucks and new FWD trucks, grass mowers, end loaders, road graders, etc.

After the sale, all pipe installation, removal of rocks and slips from roadways, slide repair, etc. will be done by contractors "as a money-saving measure." Instead of the local crew coming out and removing rocks and dirt that have the road blocked, contractors will have to be contacted and, one would assume, bids obtained.

The department's PR folks have stated this equipment has been "idle" and is not needed. As a now-retired Wirt County road supervisor, I know this is really a play on words and thus, technically, not a lie. If the local crew has been ordered to only cut brush and pick up beer bottles and cans, then all the heavy equipment is sitting "idle." Those who work for highways have been threatened with job loss if this new plan is discussed and Turman, the department's chief political officer, has visited local highways locations to assure compliance.

In Wirt County it has been customary that all main roads are grass mowed before Memorial Day. Since Wirt County will lose its only mower they are now out mowing even though by next month the grass and weeds will be back up again.

When asked what the men would do without equipment it was stated they would do "core maintenance" that is: litter pickup, dead animal removal, brush cutting, pulling ditches with a grader and patching potholes. Retired employees have been contacted to work at \$8.50/hr treating snow in winter, which means the plan is to not fill vacancies. Of course the flagmen for the contractors will make three times what the experienced snowplow operators will be making.

It would be hoped the governor will see the obvious error being taken by the highway department before it is too late. In the past money from the sale of old equipment was put in the fund to buy new and thus maintain the rolling stock. Now the money is to be used for a one time spend on other items for which, it is said, there is no longer any money.

**Alvin L. Engelke
Creston**

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
No Rpt Per Ellen
- PEIA
- BRIM
- CHIP
- Lease Report
- Medicaid Report
- Pharmaceutical Cost Management Council
NO
- Board of Treasury Investments Report
NO
- 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)
NO
- Call committee staff to check on reports or requests
NO
- 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.

Tuesday, May 8, 2007

3:00 pm - 4:00 pm

Joint Committee on Government and Finance

(Code §4-3)

Senate Finance Room

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

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

Pres Tomblin presides

1. Upon motion of Thompson, the April minutes were approved.

2. In booklet

3. Sect. Ferguson BRIM - Investment income has improved greatly - No unfunded liabilities

Shuk Jones - Paid claim against Att-Gen office
BRIM paid outside counsel (ATG appoints)

CHIP same as last month - Kessler

pre-screening program for health problems

Catch health problems early

PEIA - Med expenses down Pharmacy 11 1/2%
higher than last year

Leasing report

4. Medicaid Report - Sect Walker
In good financial shape

5. Pharmaceutical Advocate Phones

Central bill pharmacy - Working on plan centered in Berkeley - Role of pharmacy benefit managers - Do they help or increase costs

340d drug - 15% below Canadian prices
- available to uninsured
will work on electronic prescribing

6. Dept of Transportation - Sect, Mattox
Div. of Highways core maintenance
programs - Concentrating on routine
maintenance at county level
Slides etc, will be addressed by
regional offices

Will not outsource routine maintenance
work or cut back employment.

Deem - rumor that ultimate goal is to
contract out maintenance jobs to
private contracts

White - need monitor use of fleet
vehicles - gasoline usage etc. proper
use of vehicles

Gumbin - What is state procedure in
floods - Public, but not state,
roads have bridges flooded out
& people cannot get out of hollow.

County EMS services must certify
it is an emergency, must be approved
by Gov. office & then to Dept. of
Transportation - then contract it

Madrox says policy has not
been changed.

Gumbin says people told not
to call highways with requests
because will do no good.

? Highways audit - Helmick
moves Alfred enter into K
Adjourner