

FILE COPY

JOINT COMMITTEE ON
GOVERNMENT AND FINANCE

Materials Distributed

April 18, 2007

January 9, 2007

3:00 - 4:00 p.m.

Joint Committee on Government and Finance

Senate

Tomblin, Chair
Chafin
Helmick
Kessler
Sharpe
Deem
Sprouse

House

Kiss, Chair (absent)
Amores (absent)
Mahan
Michael (absent)
Staton (absent)
Hall
Trump (absent)

President Tomblin, Cochair, presided.

1. Approval of Minutes

Upon motion, properly adopted, the minutes of the December 12, 2006, meeting were approved.

2. Interim reports for 2006 were received from the following committees:

- a. **Agriculture and Agri-business Committee** (Senator Edgell and Delegate Stemple, Cochairs)
- b. **Joint Commission on Economic Development** (Senator McCabe and Delegate Cann, Cochairs)
- c. **Education Subcommittee A - Public Education** (Senator Edgell and Delegate Williams, Cochairs)
- d. **Education Subcommittee B - No Child Left Behind** (Senator Hunter and Delegate Paxton, Cochairs)
- e. **Education Subcommittee C - School Aid Formula** (Senator Plymale and Delegate Campbell, Cochairs)
- f. **Joint Standing Committee on Finance** (Senator Helmick and Delegate Michael, Cochairs)
- g. **Forest Management Review Commission** (Senator Helmick and Delegate Morgan, Cochairs)
- h. **Legislative Oversight Commission on Health and Human Resources Accountability** (Senator Prezioso and Delegate Leach, Cochairs)
- i. **Insurance Availability and Medical Malpractice Insurance Committee** (Senator Minard and Delegate Kominar, Cochairs)
- j. **Commission on Interstate Cooperation** (Senator Jenkins and Delegate Caputo, Cochairs)
- k. **Parks, Recreation and Natural Resources Subcommittee** (Senator Fanning, Delegate Paxton and Delegate Richard Thompson, Chairs)
- l. **Joint Standing Committee on Pensions and Retirement** (Senator Foster and Delegate Stalnaker, Cochairs)
- m. **Select Committee A - Committee on Children, Juveniles, and other Issues** (Senator Prezioso and Delegate Mahan, Cochairs)
- n. **Select Committee B - Minority Issues** (Senator Hunter and Delegate Webster, Cochairs)
- o. **Select Committee C - Infrastructure** (Senator Unger and Delegate Browning, Cochairs)

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

Distributed to members of the Committee were the following: Lottery Financial report for the month ended November 30, 2006; the General Revenue Fund status report as of December 31, 2006; and the Unemployment Compensation Trust Fund report for the month ended November 30, 2006. Distributed with each of the reports were an analysis and a summary of the reports.

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

The following monthly PEIA reports were distributed: Monthly Management Report, Financial Report, and Prescription Drug Report for November 2006. Robert Ferguson, Jr., Cabinet Secretary, Department of Administration, said medical expenses are ½ percent lower and drugs are up \$8 million higher than last year. Revenues over expenses from July through November are \$51 million. Ted Cheatham, Director, PEIA, said PEIA coordinates with medicare for retirees so there is almost 100% benefit. For the plan year beginning July 1, 2007, employees will be at 80/20 with no increases for employers or employees.

The following BRIM reports were distributed: An unaudited balance sheet and unaudited income statement for the period ending November 30, 2006. Secretary Ferguson said the financial position continues to improve. Investment earnings are up from \$2.8 million last year to \$11 million this year. Chuck Jones, Executive Director, BRIM, was requested to see if there is an advantage to the State to move approximately 660 physicians from BRIM to Physicians Mutual.

The following reports from CHIP were distributed: A report of enrollment for November 2006 and the financial statements for period ending November 30, 2006. Secretary Ferguson said currently there is an enrollment of 25,573 enrollees, which is an increase from a year ago. The claim costs are up 5%. CHIP is currently 11% under budget for the first five months of the budget year.

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

A leasing report for December 5, 2006, through December 21, 2006, was distributed. Robert Ferguson, Jr., Cabinet Secretary, Department of Administration, said there has been 10 changes for the month with 3 new contracts, 4 straight renewals, 1 renewal adding some square footage and 2 renewals with rent increases.

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

A Medicaid Report dated January 2007 was distributed.

7. **Pharmaceutical Cost Management Council**

A Pharmaceutical Cost Management Council handout was distributed. Shana Phares, Acting Pharmaceutical Advocate and Chair of the Pharmaceutical Cost Management Council, reported several highlights from the annual report.

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

A Board of Treasury Investments Report dated November 2006 was distributed.

9. **WVU Unrestricted Investment Funds Distribution**

A WVU Foundation Report dated December 18, 2006 was distributed.

10. **Mental Health Parity Analysis Report for 2006 Distribution**

A Mental Health Parity Analysis Report for 2006 was distributed.

The meeting was adjourned.

2007 STUDY RESOLUTIONS ADOPTED

- HCR 42 Requesting the Joint Committee on Government and Finance reconstitute Select Committee A on Children, Juveniles and Other Matters
- HCR 48 Requesting the Joint Committee on Government and Finance to study sustainable funding methods to conserve land important to West Virginia's natural resources and economy
- HCR 75 Requesting the Joint Committee on Government and Finance to make a study of the needs of soldiers and veterans who have been injured in the Iraq/Afghanistan wars
- HCR 82 Requesting that the Joint Committee on Government and Finance conduct a study of municipal annexation under article six, chapter eight of the West Virginia Code to facilitate a more effective and responsive annexation process
- SCR 15 Requesting Joint Committee on Government and Finance study effects of coal slurry
- SCR 52 Requesting Joint Committee on Government and Finance study feasibility of constructing covered promenades and handicapped ramps on Capitol second floor outdoor walkways
- SCR 55 Requesting Joint Committee on Government and Finance study authorizing municipalities means to satisfy liens
- SCR 63 Requesting Joint Committee on Government and Finance study regulating Professional Employer Organization industry
- SCR 78 Requesting Joint Committee on Government and Finance study animal protection laws for horses
- SCR 82 Requesting Joint Committee on Government and Finance appoint select interim committee to study health care reform options
- SCR 83 Requesting Joint Committee on Government and Finance study permitting public recreational use of certified managed timberland

2007 STUDY RESOLUTIONS PASSED HOUSE ONLY

- HCR 5 Requesting the Joint Committee on Government and Finance to study the Office of Miners' Health Safety and Training

- HCR 11 Requesting the Joint Committee on Government and Finance to study the effects of underground injection of coal slurry on human health and the environment
- HCR 14 Requesting the Joint Committee on Government and Finance to study the state of the delivery of health care in West Virginia
- HCR 28 Requesting the Joint Committee on Government and Finance to study the potential revenue generating system referred to as the "automatic transaction fee"
- HCR 29 Requesting the Joint Committee on Government and Finance to study the establishment of partnerships between the state's colleges and employers
- HCR 35 Requesting the Joint Committee on Pensions and Retirement study the effects of the contested merger between the Teachers' Defined Contribution Retirement System and the State Teachers Retirement System
- HCR 45 Requesting the Committee on Government and Finance to conduct a study on the adequacy and the abuse of laws regulating the availability of motor vehicle parking facilities for persons with mobility impairments
- HCR 46 Requesting the Committee on Government and Finance to conduct a study on making the offense of operating a passenger vehicle in which the operator and passengers are not wearing a safety belt a primary offense
- HCR 53 Exploring option to improve school health and healthy lifestyles
Requesting the Legislative Oversight Commission on Education Accountability and the Legislative Oversight Commission on Health and Human Resources work with entities within state government of West Virginia to explore options to improve school health and healthy lifestyles
- HCR 54 Requesting the Joint Committee on Government and Finance study the provision of medical care to inmates of the Regional Jails and the Department of Corrections
- HCR 55 Requesting the Joint Committee on Government and Finance undertake a study of alternative processes to ensure the viability of smaller water and sewer utilities
- HCR 57 Requesting the Joint Committee on Government and Finance to conduct a study on the need to eliminate mercury and mercury preservatives in vaccines
- HCR 58 Requesting the Joint Committee on Government and Finance direct the Legislative Oversight Commission on Health and Human Resources Accountability study rebalancing the long-term care system

- HCR 60 Requesting the Committee on Government and Finance to conduct a study of the requirements and restrictions for a license to operate a motor vehicle by individuals with impaired vision
- HCR 62 Requesting the Joint Committee on Government and Finance study large land holdings, county by county, to determine the value taxation of deed holders of lands in excess of one thousand acres
- HCR 66 Requesting the Joint Committee on Government and Finance to study the cost efficiency and effectiveness of employers, self insured for purposes of workers' compensation coverage, who self administer claims
- HCR 68 Requesting the Joint Committee on Government and Finance to make a study on developing an efficient system to promote universal access to comprehensive services that provide quality early childhood development
- HCR 69 Requesting the Joint Committee on Government and Finance to study the closing times of establishments licensed to sell alcoholic beverages for consumption on the premises
- HCR 70 Requesting the Joint Committee on Government and Finance to study the necessity for additional public defender corporations for the delivery of indigent defense services
- HCR 73 Requesting the Joint Committee on Government and Finance to conduct a study on the need to modify the exemptions allowed in bankruptcy proceedings
- HCR 76 Requesting the Joint Committee on Government and Finance to study the feasibility, effectiveness and desirability of granting salary increases to Division of Corrections employees based on years of service
- HCR 77 Requesting the Joint Standing Committee on Government and Finance to conduct a study of the effects of the REAL ID Act of 2005
- HCR 78 Requesting the Joint Committee on Government and Finance to study what the appropriate amount for the homestead exemption in the State should be, as well as, the appropriate means for placing a value on the exemption
- HCR 79 Requesting the Joint Committee on Government and Finance to study West Virginia's costs for incarceration
- HCR 80 Requesting the Committee on Government and Finance to conduct a study on transportation safety in West Virginia

- HCR 84 Requesting the Joint Committee on Government and Finance study prohibiting oil and gas drillers from "daylighting" roads and sites except under certain conditions
- HCR 85 Requesting the Joint Committee on Government and Finance to conduct a study of community colleges and four-year colleges and universities in the State of West Virginia
- HCR 86 Requesting the Joint Committee on Government and Finance to conduct a study of the criminal laws and administrative procedures relating to drunk and drugged driving on the roadways of our state
- HCR 87 Requesting the Joint Committee on Government and Finance to study consumer lending practices and mortgage lending practices
- HCR 88 Requesting that the Joint Committee on Government and Finance to authorize the study of hardships facing West Virginia's agriculture community
- HCR 89 Requesting that the Joint Committee on Government and Finance authorize the study of a monetary incentive program to recruit and retain qualified workers to critically understaffed classifications
- HCR 90 Requesting the Joint Committee on Government and Finance to conduct an interim study on the improvement of access to oral health care services in states that allow dental hygienists to administer services to patients
- HCR 91 Requesting the Joint Committee on Government and Finance to make a study on minimizing the school bus transportation times for students in the pre-kindergarten and elementary grade
- HCR 92 Requesting that the Joint Committee on Government and Finance authorize the study of the need for legislative review of agency rules currently exempt from legislative rule-making and review
- HCR 93 Requesting the Joint Committee on Government and Finance to study what the appropriate amount for the homestead exemption in the state should be
- HCR 94 Requesting the Joint Committee on Government and Finance to study the impact state law and court decisions have on insurance company practices and policies
- HCR 95 Requesting the Joint Committee on Government and Finance to study the implementation of the Uniform Emergency Volunteer Healthcare Practitioners Act

2007 STUDY RESOLUTIONS PASSED SENATE ONLY

- SCR 54 Requesting Joint Committee on Government and Finance study sequestration of carbon dioxide
- SCR 56 Requesting Joint Committee on Government and Finance study practices related to asbestos and silica exposure litigation
- SCR 57 Requesting Joint Committee on Government and Finance study intrastate natural and methane gas pipeline capacity
- SCR 58 Requesting the Joint Committee on Government and Finance study methods to encourage PROMISE scholarship recipients to remain in West Virginia
- SCR 60 Requesting Joint Committee on Government and Finance study role of principals in public schools
- SCR 65 Requesting Joint Committee on Government and Finance study developing tourism attractions in less-developed counties
- SCR 68 Requesting Joint Committee on Government and Finance study economic impact of state and federal prevailing wage laws
- SCR 69 Requesting Joint Committee on Government and Finance study statutory provisions for annexation of unincorporated municipal corporations
- SCR 77 Requesting Joint Committee on Government and Finance study certificate of need review process within Health Care Authority
- SCR 80 Requesting Joint Committee on Government and Finance study cost and benefits of daily physical education classes for students
- SCR 84 Requesting Joint Committee on Government and Finance study vehicle weights on interstates
- SCR 85 Requesting Joint Committee on Government and Finance study acquisition of a failed water or sewer utility

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

April 16, 2007

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

Lottery Commission as of February 28, 2007 :

Appears to be in good condition. Gross receipts for the months of July -February of fiscal year 2006-2007, were \$ 653.3 million; which was 3.90% above the same months of fiscal year 2005-2006.

General Revenue Fund as of March 31, 2007:

Collections were at 103.08% of the yearly estimate as of March 31, 2007.

State Road Fund as of March 31, 2007:

Fund collections were at 108.91% of the yearly estimate.

Unemployment Compensation Trust as of February 28, 2007:

The overall ending trust fund balance was \$16.1 million more on February 28, 2007 than on February 28, 2006.

Joint Committee on Government and Finance

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor

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



304-347-4870

MEMORANDUM

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

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

Date: April 16, 2007

Re: Review of West Virginia Lottery Financial Information
As of February 28, 2007 (FY 2007)

We performed an analysis of the Statement of Revenues, Expenses and Retained Earnings for the month ended February 28, 2007, from monthly unaudited financial reports furnished to our office by the West Virginia Lottery Commission. This report is for eight 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 \$653,346,000.00. These gross receipts were 3.90 % ABOVE the total as of February 28, 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 - February 2007 was \$ 435,613,000.00; for the previous fiscal year it was \$409,664,000.00. Expressed as a percentage, gross profit is **6.33% higher** for July - February 2007 than for July - February 2006.

Joint Committee on Government and Finance

Lottery continued

Operating Income:

Operating income was \$ 421,473,000.00 for July 2006 - February 2007. For July 2005- February 2006 it was \$ 396,924,000.00. This was an increase of 6.18%.

Operating Transfers to the State of West Virginia:

A total of \$ 412,852,000.00 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	\$ 8,000,000.00
School Building Authority	\$ 14,400,000.00

Lottery continued

SUBTOTAL BUDGETARY TRANSFERS	\$164,499,000.00
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Excess Lottery Fund

General Purpose Fund	65,000,000.00
Economic Development Fund	15,200,000.00
Traffic Fund	0
Excess Lottery Surplus	0
Education Improvement Fund	8,000,000.00
WV Infrastructure Council Fund	34,018,000.00
Higher Education Improvement Fund	27,000,000.00
State Park Improvement Fund	4,252,000.00
Refundable Credit	1,640,000.00
School Building Authority	16,159,000.00
TOTAL EXCESS LOTTERY FUND	171,269,000.00

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 604,000.00

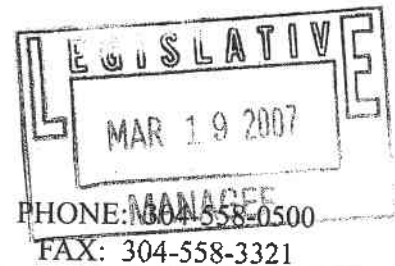
RACETRACK VIDEO LOTTERY TRANSFERS:	
Tourism Promotion Fund	\$7,999,000.00
Development Office Promo Fund	\$2,182,000.00
Research Challenge Fund .5%	\$2,909,000.00
Capitol Renovation and Improvement Fund .6875%	\$3,999,000.00

Lottery continued

Workers Compensation Debt Reduction Fund 7%	\$11,000,000.00
SUBTOTAL VIDEO LOTTERY TRANSFERS:	\$34,270,000.00
TOTAL TRANSFERS	*\$474,895,000.00

* CASH BASIS

Total Applicable to last FY 2006:	147,676,000.00
Total Cash Distributions July -Feb 2007.	474,895,000.00
Total Applied to FY 2006:	147,676,000.00
Total Applied to FY 2007:	327,219,000.00
Total Accrued for FY 2007:	85,632,000.00



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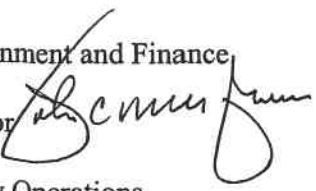
Joe Manchin III
Governor

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

John C. Musgrave
Director

MEMORANDUM

TO: Joint Committee on Government and Finance

FROM: John C. Musgrave, Director 

RE: Monthly Report on Lottery Operations
Month Ending February 28, 2007

DATE: March 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 February 28, 2007 are attached. Lottery revenue, which includes on-line, instant and video lottery sales, was \$119,433,160 for the month of February.

Transfers of lottery revenue totaling \$43,446,010 made for the month of February 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 February 28, 2007 was 1,648 and 1,698 respectively.

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

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

JCM/jt
Attachment

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



WEST VIRGINIA LOTTERY

STATE OF WEST VIRGINIA

**FINANCIAL STATEMENTS
-UNAUDITED-**

FEBRUARY 28, 2007

WEST VIRGINIA LOTTERY

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

ASSETS	February 28, 2007	June 30, 2006
Current assets:		
Cash and cash equivalents	\$ 130,148	\$ 197,719
Accounts receivable	25,478	24,790
Inventory	845	588
Current portion of investments held in trust	27	57
Other assets	1,208	1,455
Total current assets	<u>157,706</u>	<u>224,609</u>
Noncurrent assets:		
Capital assets	12,623	11,719
Less accumulated depreciation and amortization	<u>(11,422)</u>	<u>(11,046)</u>
	1,201	673
Investments held in trust, less current portion	273	612
Total assets	<u>\$ 159,180</u>	<u>\$ 225,894</u>
 LIABILITIES AND NET ASSETS		
Current liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 85,634	\$ 147,676
Estimated prize claims	13,699	15,992
Accounts payable	1,571	2,745
Other accrued liabilities	37,206	38,579
Current portion of deferred jackpot prize obligations	195	336
Total current liabilities	<u>138,305</u>	<u>205,328</u>
Deferred jackpot prize obligations, less current portion	161	316
Total liabilities	<u>138,466</u>	<u>205,644</u>
Net assets:		
Invested in capital assets	1,201	673
Restricted assets (see note 8)	20,464	20,000
Unrestricted (deficit)	<u>(951)</u>	<u>(423)</u>
Total net assets	<u>20,714</u>	<u>20,250</u>
Total liabilities and net assets	<u>\$ 159,180</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 EIGHT MONTH PERIOD ENDED FEBRUARY 28, 2007

(In Thousands)

-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	2007	2006	2007	2006
Lottery revenues				
On-line games	\$ 6,089	\$ 14,301	\$ 59,187	\$ 69,197
Instant games	8,475	11,887	72,015	76,291
Racetrack video lottery	72,010	74,901	639,613	612,097
Limited video lottery	32,859	31,229	258,294	232,848
	<u>119,433</u>	<u>132,318</u>	<u>1,029,109</u>	<u>990,433</u>
Less commissions				
On-line games	426	1,001	4,144	4,844
Instant games	593	832	5,041	5,340
Racetrack video lottery	37,893	39,616	363,772	350,276
Limited video lottery	17,389	16,526	136,689	126,669
	<u>56,301</u>	<u>57,975</u>	<u>509,646</u>	<u>487,129</u>
Less on-line prizes	3,040	7,247	29,851	34,958
Less instant prizes	5,721	8,183	49,017	52,909
Less ticket costs	123	207	1,044	1,408
Less vendor fees and costs	473	786	3,938	4,365
	<u>9,357</u>	<u>16,423</u>	<u>83,850</u>	<u>93,640</u>
Gross profit	<u>53,775</u>	<u>57,920</u>	<u>435,613</u>	<u>409,664</u>
Administrative expenses				
Advertising and promotions	700	998	5,939	5,107
Wages and related benefits	484	472	3,894	3,689
Telecommunications	375	300	1,716	1,533
Contractual and professional	257	181	2,592	2,350
Rental	59	50	419	385
Depreciation and amortization	48	111	375	909
Other administrative expenses	180	61	961	660
	<u>2,103</u>	<u>2,173</u>	<u>15,896</u>	<u>14,633</u>
Other Operating Income	96	47	1,755	1,893
Operating Income	<u>51,768</u>	<u>55,794</u>	<u>421,472</u>	<u>396,924</u>
Nonoperating income (expense)				
Investment income	492	411	4,696	2,214
Interest expense	(5)	(5)	(29)	(67)
Distributions to municipalities and counties	(644)	(612)	(5,063)	(4,564)
Distributions to racetracks-capital reinvestment	(1,968)	(1,996)	(7,760)	(6,758)
Distributions to the State of West Virginia	(49,561)	(53,592)	(412,852)	(387,749)
	<u>(51,686)</u>	<u>(55,794)</u>	<u>(421,008)</u>	<u>(396,924)</u>
Net income	<u>82</u>	<u>-</u>	<u>464</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>\$ 20,332</u>	<u>\$ 250</u>	<u>\$ 20,714</u>	<u>\$ 250</u>

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

**WEST VIRGINIA LOTTERY
STATEMENTS OF CASH FLOWS
FOR THE EIGHT MONTH PERIOD ENDED FEBRUARY 28, 2007**

(In Thousands)
-Unaudited-

	2007	2006
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 1,030,176	\$ 983,338
Cash payments for:		
Personnel costs	(3,894)	(3,707)
Suppliers	(22,550)	2,065
Other operating costs	(577,579)	(585,207)
Cash provided by operating activities	<u>426,153</u>	<u>396,489</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(474,895)	(375,716)
Distributions to municipalities and counties	(5,031)	(4,473)
Distributions to racetrack from racetrack cap. reinv. fund	(17,931)	(15,870)
Deferred jackpot prize obligations and related interest paid	(29)	(67)
Cash used in noncapital financing activities	<u>(497,886)</u>	<u>(396,126)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>(904)</u>	-
Cash flows from investing activities:		
Maturities of investments held in trust	387	816
Investment earnings received	4,679	2,194
Cash provided by investing activities	<u>5,066</u>	<u>3,010</u>
Increase (decrease) in cash and cash equivalents	(67,571)	3,373
Cash and cash equivalents - beginning of period	<u>197,719</u>	<u>113,742</u>
Cash and cash equivalents - end of period	<u>\$ 130,148</u>	<u>\$ 117,115</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 421,472	\$ 363,297
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	375	909
Changes in operating assets and liabilities:		
Increase (decrease) in accounts receivable	(688)	8,988
Decrease (increase) in inventory	(256)	149
Increase (decrease) in other assets	247	7
Increase (decrease) in estimated prize claims	(2,293)	1,927
Increase (decrease) in accounts payable	(1,174)	(753)
Decrease (increase) in other accrued liabilities	8,470	21,965
Cash provided by operating activities	<u>\$ 426,153</u>	<u>\$ 396,489</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 eight months ended February 28, 2007 and February 28, 2006 approximated \$419,628 and \$385,112, respectively. Sublease rental income for the eight months ended February 28, 2007 and February 28, 2006 approximated \$51,864 and \$69,152, 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 February 28, 2007 the carrying amounts of deposits (overdraft) with financial institutions were (\$27) thousand with a bank balance of \$15 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>February 28, 2007</u>	<u>June 30, 2006</u>
Amount on deposit with the IMB	<u>\$130,175</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 February 28, 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 February 28, 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 February 28, 2007
Improvements	\$ 848	\$ 51	\$ -	\$ 899
Equipment	10,198	325	-	10,523
	<u>\$ 11,046</u>	<u>\$ 376</u>	<u>\$ -</u>	<u>\$ 11,422</u>

NOTE 5 - PARTICIPATION IN THE MULTI-STATE LOTTERY

The Lottery is a member of the Multi-State Lottery (MUSL), which operates the semi-weekly POWERBALL jackpot lotto game and HOT LOTTO game, on behalf of participating state lotteries. Each MUSL member sells game tickets through its agents and makes weekly wire transfers to the MUSL in an amount equivalent to the total prize pool less the amount of prizes won in each state. Lesser prizes are paid directly to the winners by each member lottery. The prize pool for POWERBALL, and HOT LOTTO is 50% of each drawing period's sales, with minimum jackpot levels.

Revenues derived from the Lottery's participation in the MUSL POWERBALL jackpot game for the month and year-to-date periods ended February 28, 2007 were \$3,433,741 and \$36,366,493 while related prize costs for the same periods were \$1,719,869 and \$18,263,675.

Revenues derived from the Lottery's participation in the HOT LOTTO game for the month and year-to-date periods ended February 28, 2007 were \$299,921 and \$3,200,616 while related prize costs for the same periods were \$150,173 and \$1,729,993.

MUSL places 2% of each POWERBALL drawing period's sales in separate prize reserve funds that serve as a contingency reserve to protect the respective MUSL Product Groups from unforeseen prize liabilities. Currently, the MUSL Board of Directors has placed a \$75,000,000 limit on the POWERBALL Prize Reserve Fund and a \$25,000,000 limit on the Set Prize Reserve Fund. These funds can only be used at the discretion of the respective MUSL Product Group. Once the prize reserve funds exceed the designated limit, the excess becomes part of that particular prize pool. Prize reserve fund monies are refundable to MUSL Product Group members if the MUSL disbands or, after one year, if a member leaves the MUSL. At February 28, 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 \$96,029,748 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 February 28, 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	\$757,802	\$805,383	\$6,758,707	\$6,591,523
Credits (prizes) won	(685,393)	(730,482)	(6,116,314)	(5,979,426)
MWAP Contributions	(399)	-	(2,780)	-
Gross terminal income	<u>\$72,010</u>	<u>\$74,901</u>	<u>\$639,613</u>	<u>\$612,097</u>
Administrative costs	(728)	(911)	(17,398)	(17,385)
Net Terminal Income	<u>\$71,282</u>	<u>\$73,990</u>	<u>\$622,215</u>	<u>\$594,712</u>
Less distribution to agents	(37,893)	(39,616)	(363,772)	(350,276)
Racetrack video lottery revenues	<u>\$33,389</u>	<u>\$34,374</u>	<u>258,443</u>	<u>\$244,436</u>

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

	<u>February 28, 2007</u>	<u>Year-to Date</u>
State Lottery Fund	\$6,679	\$128,781
State Excess Lottery Revenue Fund	22,165	87,087
Capital Reinvestment Fund	1,968	7,759
Tourism Promotion Fund 1.375%	886	8,183
Development Office Promotion Fund .375 %	242	2,234
Research Challenge Fund .5 %	322	2,977
Capitol Renovation & Improvement Fund .6875 %	443	4,095
Parking Garage Fund .0625 %	40	372
Parking Garage Fund 1 %	-	500
Cultural Facilities & Capitol Resources Fund .5 %	-	1,500
Capitol Dome & Capitol Improvements Fund .5 %	644	3,955
Worker's Compensation Debt Reduction Fund 7 %	-	11,000
Total nonoperating distributions	<u>\$33,389</u>	<u>\$258,443</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 February 28, 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	\$396,129	\$380,284	\$3,144,224	\$2,832,725
Credits (prizes) won	(363,270)	(349,055)	(2,885,930)	(2,599,877)
Gross terminal income	<u>\$32,859</u>	<u>\$31,229</u>	<u>\$258,294</u>	<u>\$232,848</u>
Administrative costs	(657)	(625)	(5,165)	(4,657)
Gross Profit	<u>\$32,202</u>	<u>\$30,604</u>	<u>\$253,129</u>	<u>\$228,191</u>
Commissions	(17,389)	(16,526)	(136,689)	(126,669)
Municipalities and Counties	(644)	(612)	(5,063)	(4,564)
Limited video lottery revenues	<u>\$14,169</u>	<u>\$13,466</u>	<u>\$111,377</u>	<u>\$96,958</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 February 28, 2007 the Lottery made such distributions and accrued additional distributions of \$46,983,894. 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 February 28, 2007 the Lottery accrued additional distributions relating to racetrack video lottery operations of \$1,049,035.

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>February 28, 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	8,000
School Building Authority	1,800	14,400
Total State Lottery Fund	\$ 2,800	\$164,499
<u>State Excess Lottery Revenue Fund:</u>		
Economic Development Fund	\$ 1,900	\$ 15,200
Higher Education Improvement Fund	1,000	8,000
General Purpose Account	-	65,000
Higher Education Improvement Fund	-	27,000
State Park Improvement Fund	2,652	4,252
School Building Authority	10,079	16,159
Refundable Credit	1,431	1,640
Excess Lottery Surplus	-	-
West Va. Infrastructure Council	21,219	34,018
Total State Excess Lottery Revenue Fund	\$ 38,281	\$ 171,269
<u>Senate Bill 1010, 1016 & 1017</u>	\$ -	\$ 104,253
Total Budgetary distributions:	\$ 41,081	\$ 440,021
Veterans Instant Ticket Fund	\$ 32	\$ 604

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%	\$ 802	\$ 7,999
Development Office Promotion Fund .375%	219	2,182
Research Challenge Fund .5%	292	2,909
Capitol Renovation & Improvement Fund .6875%	400	3,999
Parking Garage Fund .0625 %	37	364
Parking Garage Fund 1 %	-	500
Cultural Facilities & Cap. Resources Fund .5%	-	1,500
Capitol Dome & Cap. Improvements Fund .5%	583	3,817
Workers Compensation Debt Reduction Fund 7%	-	11,000
Total	\$ 2,333	\$ 34,270
 Total nonoperating distributions to the State of West Virginia (cash basis)	\$43,446	\$474,895
Accrued nonoperating distributions, beginning	(79,517)	(147,675)
Accrued nonoperating distributions, end	85,632	85,632
 Total nonoperating distributions to the State of West Virginia	\$ 49,561	\$412,852

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 February 28, 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>February 28, 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>	Original Discounted Obligations Outstanding	Imputed Interest	Total
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 February 28, 2007 are as follows (in thousands):

	<u>February 28, 2007</u>	<u>Year-to Date</u>
Lottery contributions	\$37	\$297
Employee contributions	16	129
Total contributions	<u>\$53</u>	<u>\$426</u>

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)

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: April 16, 2007

Re: Status of General Revenue Fund March 31, 2007

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

The net collections were **103.08%** of the estimate for the fiscal year. **The amount ABOVE estimate was \$ 78 million for the year.**

Corporate income/business franchise tax was \$ 41 million above the estimate.

Severance tax was \$ 12 million above the estimate as of March 31, 2006.

Joint Committee on Government and Finance

State Road Fund

The state road fund was collected at 108.91% of the estimate for the months of July - March. The entire fund was \$ 36.6 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 \$ 226,153,435.74 as of March 31, 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	13,183,027.73
Balance March 31, 2007	226,153,435.74

Revenue Shortfall Reserve Fund B (Tobacco Settlement Monies) had a cash balance of \$ 262,846,664.59 as of March 31, 2007.

Balance July 1, 2006	234,897,671.95
Earnings	27,948,992.64
Balance March 31, 2007	262,846,664.59

The Special Income Tax Reserve Fund had a cash balance of \$36,619,318.96 as of March 31, 2007.

Balance July 1, 2006	36,619,318.96
Revenues July 2006-June 2007	
Balance March 31, 2007	36,619,318.96

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor

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



304-347-4870

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

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

Date: April 16, 2007

Re: West Virginia Unemployment Compensation Trust Fund

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

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

Trust Fund Beginning Cash Balance 7-1-2006	\$244,918,539.17
Receipts July 1, 2006 thru June 30, 2007	\$80,589,265.30
Disbursements July 1, 2006 thru June 30, 2007	\$102,177,992.12
Balance February 28, 2007	\$223,329,812.35

ITEMS OF NOTE:

Regular benefits paid for July 2006- February 2007 were \$ 422 thousand more than the same time period in fiscal year 2006. Total disbursements were \$ 4.6 million less than in July 2005-February 2006.

Joint Committee on Government and Finance

Receipts were \$ 202 thousand less than in July 2005 - February 2006. Overall ending trust fund balance was \$ 16.1 million more in February 2007 than in February 2006.

West Virginia's unemployment rate for the month of February 2007 was 5.4 percent. National unadjusted employment rate was 4.9 %.

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

Since February 2006 employment has risen 5,300 with gains in the following areas: 3,400 in trade, transportation and utilities, 2,100 in leisure and hospitality, 600 in natural resources and mining, 600 in construction, 500 in other services and 200 in government. Declines included 1,900 in manufacturing, and 200 in professional and business services.

**FINANCIAL CONDITION OF THE UNEMPLOYMENT COMPENSATION TRUST FUND
MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE
FOR THREE MONTHS STARTING DECEMBER 2005 AND DECEMBER 2006**

	DECEMBER 05	JANUARY 06	FEBRUARY 06	DECEMBER 06	JANUARY 07	FEBRUARY 07	THREE MONTH TOTAL VARIANCE *
Balance Forward	<u>\$231,203,743.97</u>	<u>\$220,211,648.82</u>	<u>\$210,890,000.67</u>	<u>\$248,435,191.68</u>	<u>\$240,863,618.99</u>	<u>\$231,312,111.17</u>	<u>\$58,305,528.39</u>
Add Receipts:							
1. Bond Assessment	\$3,184.03	\$2.52	\$0.00	\$0.00	\$85.07	\$0.00	(\$3,101.48)
2. Regular Contributions:	\$727,810.23	\$6,895,265.86	\$10,350,286.47	\$457,767.22	\$6,735,490.89	\$11,586,319.51	\$806,235.06
3. Extended Benefit Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
4. Emergency Unemployment Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
5. TEUC Unemployment Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
6. UCFE (Federal Agencies)	\$50,000.00	\$100,000.00	\$150,000.00	\$0.00	\$100,000.00	\$300,000.00	\$100,000.00
7. Reduced Tax Credits	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
8. Reed Act Funds	\$310,713.53	\$0.00	\$0.00	\$313,928.64	\$0.00	\$0.00	\$3,215.11
9. Treasury Interest Credits	\$2,355,354.57	\$0.00	\$0.00	\$2,596,726.06	\$0.00	\$0.00	\$241,371.49
10. UCX (Military Agencies)	\$300,000.00	\$450,000.00	\$400,000.00	\$400,000.00	\$200,000.00	\$500,000.00	(\$50,000.00)
Total Monthly Receipts	<u>\$3,747,062.36</u>	<u>\$7,445,268.38</u>	<u>\$10,900,266.47</u>	<u>\$3,768,421.92</u>	<u>\$7,035,575.96</u>	<u>\$12,386,319.51</u>	<u>\$1,097,720.18</u>
Less Disbursements:							
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	NA
Regular Benefits:	\$14,313,317.96	\$16,234,119.66	\$14,106,155.05	\$10,952,627.53	\$16,078,417.89	\$19,930,025.12	\$2,307,477.87
Extended Benefits	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Emergency Benefits	(\$2,129.00)	(\$4,334.00)	(\$6,415.00)	(\$213.00)	(\$1,245.00)	(\$2,420.00)	\$9,000.00
UCFE (Federal Workers)Benefits - 211	\$77,751.29	\$100,077.52	\$98,640.47	\$96,806.99	\$123,181.63	\$109,374.17	\$52,893.51
UCX (Military Workers)Benefits - 21	\$350,217.26	\$437,053.35	\$385,480.92	\$290,773.09	\$386,729.26	\$331,639.04	(\$163,610.14)
Reed Act Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Adjustments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Monthly Disbursements	<u>\$14,739,157.51</u>	<u>\$16,766,916.53</u>	<u>\$14,583,861.44</u>	<u>\$11,339,994.61</u>	<u>\$16,587,083.78</u>	<u>\$20,368,618.33</u>	<u>\$2,205,761.24</u>
Trust Fund Balance	<u>\$220,211,648.82</u>	<u>\$210,890,000.67</u>	<u>\$207,206,405.70</u>	<u>\$240,863,618.99</u>	<u>\$231,312,111.17</u>	<u>\$223,329,812.35</u>	<u>\$57,197,487.33</u>

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



Monthly Management Report

TOTAL CLAIMS

FEBRUARY 2007

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
 MONTHLY MANAGEMENT REPORT - TOTAL CLAIMS
 FEBRUARY 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	141,701.74	174,843.70	110,715.50	163,167.13	1,399,286.40	1,307,197.82
	MATERNITY	126,511.86	154,137.26	90,090.47	137,231.66	1,237,618.39	1,081,702.01
	MEDICAL AND SURGICAL	4,679,143.26	5,983,474.29	5,624,182.43	6,219,328.70	44,364,730.78	50,419,559.96
	NEONATAL COMPLICATIONS	14,603.62	95,247.80	104,799.21	61,456.87	828,175.99	456,669.38
***** sum		4,961,960.48	6,407,703.04	5,929,787.61	6,581,184.35	47,829,811.56	53,265,129.17
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	42,132.42	49,733.84	34,375.04	42,426.56	363,197.26	340,322.16
	DIALYSIS	246,239.81	231,241.33	227,497.13	196,549.79	1,783,014.91	1,721,559.83
	EMERGENCY ROOM	366,903.99	419,246.82	342,561.12	407,926.91	3,064,062.07	3,296,147.85
	MATERNITY	31,810.46	43,767.70	38,256.73	36,380.66	316,285.59	309,126.21
	MEDICAL AND SURGICAL	6,097,027.76	7,277,340.27	5,986,275.41	7,039,935.82	53,876,931.95	57,874,359.46
***** sum		6,784,114.44	8,021,329.95	6,628,965.43	7,723,219.75	59,403,491.78	63,541,515.51
PHARMACY	PRESCRIPTION DRUGS	16,410,539.92	16,518,975.20	15,300,775.28	14,705,678.67	128,138,885.59	114,288,218.45
***** sum		16,410,539.92	16,518,975.20	15,300,775.28	14,705,678.67	128,138,885.59	114,288,218.45
PROFESSIONAL SERVICES	ADVANCED IMAGING	515,204.73	525,925.02	477,643.95	470,410.48	3,868,105.39	3,779,633.88
	AMBULANCE	238,686.51	275,028.81	249,237.53	235,834.87	2,050,186.68	1,959,291.23
	ANESTHESIA	534,301.69	629,514.11	577,038.35	633,267.76	4,729,325.48	5,157,970.49
	BEHAVIORAL	376,679.02	347,558.54	333,936.20	328,172.09	2,492,821.66	2,506,378.05
	CARDIOVASCULAR MEDICINE	458,805.85	433,608.15	405,865.13	420,039.30	3,091,913.80	3,305,424.76
	CERVICAL CANCER SCREENING	25,508.83	26,754.73	25,571.62	36,128.77	201,230.88	270,303.30
	DIALYSIS	8,861.07	12,818.28	16,430.58	32,445.08	83,726.07	212,880.21
	DME	439,202.53	455,132.45	472,606.31	459,081.21	3,354,222.76	3,837,956.05

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

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

Page: 2

Reporting Category	Type of Service	Current		12 Months Prior		Current Fiscal Yr PEIA Payments	Previous Fiscal Yr PEIA Payments
		Current Period PEIA Payments	Rolling Avg PEIA Payments	12 Months Prior PEIA Payments	Rolling Avg PEIA Payments		
PROFESSIONAL SERVICES	EVALUATION AND MANAGEMENT	5,850,848.85	4,511,725.32	4,580,776.44	4,307,852.62	35,039,737.10	34,451,073.09
	IMMUNIZATION	172,202.02	184,673.96	159,506.50	134,059.88	1,645,338.98	1,273,629.71
	INJECTION	720,998.70	786,178.36	694,888.13	799,020.90	6,035,569.47	6,251,590.75
	LAB AND PATHOLOGY	713,541.56	626,565.18	572,972.55	552,383.17	4,346,666.24	4,332,832.52
	MAMMOGRAPHY	26,989.43	92,112.23	87,234.65	99,763.95	656,879.54	790,325.82
	OTHER	349,801.15	416,271.85	375,592.08	496,934.33	3,176,156.57	4,085,973.36
	OTHER IMAGING	1,072,379.65	908,774.86	752,655.99	798,610.94	6,828,784.62	6,366,735.58
	OTHER MEDICINE	623,884.85	688,254.36	505,337.89	621,719.24	5,293,750.22	4,778,393.82
	PHYSICAL MEDICINE	660,274.17	581,891.74	533,891.24	530,512.23	4,479,395.79	4,318,026.41
	PROSTATE CANCER SCREENING	15,823.92	16,797.36	13,484.56	12,923.35	114,681.49	108,272.37
	SURGICAL	2,195,590.28	2,612,244.97	2,406,637.97	2,495,626.95	19,399,926.51	20,375,002.96

sum		14,999,584.81	14,131,830.27	13,241,307.67	13,464,787.11	106,888,419.25	108,161,694.36
sum		43,156,199.65	45,079,838.46	41,100,835.99	42,474,869.88	342,260,608.18	339,256,557.49

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

29 rows selected.



Monthly Management Report

PER CAPITA CLAIMS

FEBRUARY 2007

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
 MONTHLY MANAGEMENT REPORT - PER CAPITA CLAIMS
 FEBRUARY 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	.7571	.9609	.5948	.8985	7.4942	7.0362
	MATERNITY	.6759	.8469	.4840	.7558	6.6283	5.8224
	MEDICAL AND SURGICAL	24.9998	32.8783	30.2127	34.2523	237.6054	271.3903
	NEONATAL COMPLICATIONS	.0780	.5237	.5630	.3384	4.4355	2.4581
***** sum		26.5109	35.2097	31.8544	36.2450	256.1634	286.7069
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.2251	.2733	.1847	.2337	1.9452	1.8318
	DIALYSIS	1.3156	1.2707	1.2221	1.0824	9.5493	9.2665
	EMERGENCY ROOM	1.9603	2.3037	1.8402	2.2464	16.4103	17.7420
	MATERNITY	.1700	.2405	.2055	.2003	1.6939	1.6639
***** sum		36.2463	44.0761	35.6103	42.5320	318.1489	342.0210
PHARMACY	PRESCRIPTION DRUGS	87.6786	90.7790	82.1946	80.9880	686.2769	615.1721
***** sum		87.6786	90.7790	82.1946	80.9880	686.2769	615.1721
PROFESSIONAL SERVICES	ADVANCED IMAGING	2.7526	2.8899	2.5659	2.5906	20.7165	20.3444
	AMBULANCE	1.2753	1.5113	1.3389	1.2988	10.9802	10.5462
	ANESTHESIA	2.8547	3.4592	3.0998	3.4876	25.3290	27.7635
	BEHAVIORAL	2.0125	1.9096	1.7939	1.8072	13.3509	13.4909
	CARDIOVASCULAR MEDICINE	2.4513	2.3825	2.1803	2.3133	16.5594	17.7919
	CERVICAL CANCER SCREENING	.1363	.1470	.1374	.1990	1.0777	1.4549
	DIALYSIS	.0473	.0704	.0883	.1787	.4484	1.1459
	DME	2.3466	2.5009	2.5388	2.5283	17.9643	20.6583

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

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
 MONTHLY MANAGEMENT REPORT - PER CAPITA CLAIMS
 FEBRUARY 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	31.2600	24.7913	24.6076	23.7248	187.6633	185.4377
	IMMUNIZATION	.9200	1.0151	.8569	.7381	8.8120	6.8555
	INJECTION	3.8522	4.3201	3.7329	4.4004	32.3249	33.6501
	LAB AND PATHOLOGY	3.8123	3.4427	3.0780	3.0419	23.2796	23.3221
	MAMMOGRAPHY	.1442	.5062	.4686	.5494	3.5181	4.2540
	OTHER	1.8689	2.2875	2.0177	2.7368	17.0106	21.9933
	OTHER IMAGING	5.7295	4.9931	4.0432	4.3981	36.5731	34.2698
	OTHER MEDICINE	3.3333	3.7815	2.7146	3.4238	28.3519	25.7204
	PHYSICAL MEDICINE	3.5277	3.1972	2.8680	2.9216	23.9904	23.2424
	PROSTATE CANCER SCREENING	.0845	.0923	.0724	.0712	.6142	.5828
	SURGICAL	11.7306	14.3541	12.9283	13.7446	103.9007	109.6713

sum		80.1401	77.6518	71.1313	74.1542	572.4652	582.1953
sum		230.5759	247.7167	220.7906	233.9192	1,833.0545	1,826.0953

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

29 rows selected.



Monthly Management Report

PER CAPITA UTILIZATION

FEBRUARY 2007

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
 MONTHLY MANAGEMENT REPORT - PER CAPITA UTILIZATION
 FEBRUARY 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	.0010	.0007	.0085	.0070
	MATERNITY	.0005	.0004	.0048	.0050
	MEDICAL AND SURGICAL	.0160	.0178	.1529	.1466
	NEONATAL COMPLICATIONS	.0001	.0001	.0015	.0017

sum		.0177	.0190	.1678	.1604
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.0037	.0030	.0297	.0275
	DIALYSIS	.0035	.0057	.0414	.0477
	EMERGENCY ROOM	.0225	.0222	.1968	.2033
	MATERNITY	.0014	.0014	.0120	.0110
	MEDICAL AND SURGICAL	.1960	.1997	1.8428	1.8806

sum		.2270	.2319	2.1227	2.1702
PHARMACY	PRESCRIPTION DRUGS	1.0540	1.0200	8.6166	8.1940

sum		1.0540	1.0200	8.6166	8.1940
PROFESSIONAL SERVICES	ADVANCED IMAGING	.0295	.0207	.2140	.2126
	AMBULANCE	.0100	.0099	.0812	.0798
	ANESTHESIA	.0194	.0200	.1737	.1891
	BEHAVIORAL	.0367	.0303	.2656	.2708
	CARDIOVASCULAR MEDICINE	.0526	.0484	.4049	.4251
	CERVICAL CANCER SCREENING	.0058	.0059	.0479	.0633
	DIALYSIS	.0012	.0014	.0095	.0179
	DME	.0364	.0388	.3263	.3581
	EVALUATION AND MANAGEMENT	.6543	.5634	4.6040	4.6919
	IMMUNIZATION	.0200	.0217	.2316	.1862

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

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
 MONTHLY MANAGEMENT REPORT - PER CAPITA UTILIZATION
 FEBRUARY 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	.0299	.0274	.2528	.2335
	LAB AND PATHOLOGY	.1611	.1280	1.1113	1.0794
	MAMMOGRAPHY	.0060	.0141	.1091	.1318
	OTHER	.0338	.0315	.3662	.3450
	OTHER IMAGING	.1447	.1201	1.0130	1.0609
	OTHER MEDICINE	.0859	.0747	.6934	.6447
	PHYSICAL MEDICINE	.1014	.0863	.8268	.8347
	PROSTATE CANCER SCREENING	.0052	.0040	.0387	.0365
	SURGICAL	.0925	.0912	.7988	.8073

sum		1.5266	1.3377	11.5689	11.6687
sum		2.8254	2.6087	22.4759	22.1933

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

29 rows selected.



Prescription Drug Report

FEBRUARY 2007

WV PEIA - Monthly Trend

Plan Demographics	Jan-07	Feb-07	2006 - 2007 Fiscal	2005 - 2006 Fiscal	% Change
Total Drug Cost	\$22,161,172	\$19,882,565	\$185,327,865	\$152,531,303	8.39%
Amount Paid By Plan Sponsor	\$18,210,378	\$16,389,281	\$129,993,561	\$116,871,043	11.23%
Amount Paid By Members	\$3,950,794	\$3,493,285	\$35,334,304	\$35,660,259	-0.91%
Total Claims	332,303	294,485	2,443,981	2,336,722	4.59%
Average Eligible Member	187,582	187,731	187,797	186,722	0.58%
Average # of Rx's Per Member Per Month	1.77	1.57	1.83	1.56	3.99%
Plan Paid Per Member Per Month (PMPM)	\$97.08	\$87.30	\$86.53	\$78.24	10.59%
Average Eligible Enrollees	97,208	97,253	96,903	95,886	1.06%
Average # of Rx's Per Enrollee Per Month	3.42	3.03	3.15	3.05	3.49%
Plan Paid Per Enrollee Per Month (PEPM)	\$187.33	\$187.33	\$167.89	\$152.36	10.06%
Rx Cost Share					
Avg. Claim Cost to Plan	\$54.80	\$55.65	\$53.19	\$50.01	6.35%
AVg. Member Cost/Claim	\$11.89	\$11.86	\$14.46	\$15.26	-5.26%
Percent member Cost Share	17.8%	17.6%	21.4%	23.4%	-8.58%
Average Ingredient Costs					
Single Source (no generics available)	\$138.35	\$142.04	\$135.00	\$121.31	11.29%
Multi-Source Brand (generics available)	\$39.48	\$39.57	\$38.77	\$32.87	17.95%
Generic Drugs	\$24.04	\$22.88	\$25.47	\$19.79	28.71%
Brand/Generic Dispensing Rates					
Single Source (no generics)	35.33%	35.54%	36.42%	42.54%	-14.37%
Multi-Source Brand (generics available)	1.17%	1.15%	1.26%	1.39%	-9.62%
Generic Drug	63.50%	63.31%	62.32%	56.08%	11.14%
Generics Dispensed when available	98.19%	98.22%	98.02%	97.58%	0.45%
Percent of Plan Cost for Single Source	76.29%	77.97%	75.83%	82.96%	-8.60%
Retail Pharmacy Program					
Avg. Day Supply	33.4	33.5	33.9	33.4	1.48%
Avg. Plan Cost/Day Supply	\$1.63	\$1.65	\$1.55	\$1.48	4.91%
Avg. Claim Cost to Plan	\$54.34	\$55.18	\$52.72	\$49.52	6.47%
Avg. Member Cost / Claim	\$11.82	\$11.79	\$14.37	\$15.16	-5.23%
Percent Member Cost Share	17.87%	17.61%	21.42%	23.44%	-8.64%
Special Maint Netwk (% of claims filled)	12.55%	12.83%	12.78%	11.94%	7.06%
Other Maint (% of claims filled)	1.45%	1.12%	1.52%	1.62%	-6.13%
Avg. Days Supply for Maint. Netwks	87.9	88.0	87.9	87.9	-0.01%
Total # Claims Fills 1-34 Days Supply	282,975	250,827	2,073,086	2,000,507	3.63%
Total # Claims Fills 35-60 Day Supply	2,357	2,008	17,775	16,693	6.48%
Total # Claims Fills 61-90 Day Supply	43,892	38,688	328,473	297,022	10.59%
Total # Claims Fills 91+ Day Supply	64	46	333	277	20.22%
Mail Service Program					
Avg. Days Supply	73.5	74.1	74.1	74.4	-0.40%
Avg. Plan Cost/Days Supply	\$1.39	\$1.39	\$1.35	\$1.37	-1.60%
Avg. Cost to Plan	\$102.04	\$103.09	\$99.77	\$101.80	-1.99%
Avg. Member Cost/Claim	\$18.50	\$18.91	\$23.07	\$25.26	-8.66%
Percent Member Cost Share	15.35%	15.50%	18.78%	19.88%	-5.53%
Total # Claims Fill 1-34 Days Supply	893	775	6509	5848	11.30%
Total # Claims Fills 35-60 Days Supply	10	18	76	55	38.18%
Total # Claims Fills 61-90 Days Supply	2,312	2,125	17,729	16,320	8.63%
Total # Claims Fills 91+ Day Supply					
Formulary Program					
S/S Formulary Drugs (% by claim)	24.57%	24.86%	24.56%	29.28%	-16.12%
S/S Non-Formulary Drugs (% by claim)	10.76%	10.68%	11.86%	13.25%	-10.50%
M/S Drugs (% by claim)	0.03%	0.04%	0.04%	0.02%	94.47%
Generic Drugs (% by Claim)	63.50%	63.31%	62.32%	56.08%	11.14%
S/S Formulary Drugs (% by \$)	59.76%	60.95%	58.48%	64.34%	-9.11%
s/s non-Formulary Drugs (% by \$)	16.52%	17.01%	17.35%	18.63%	-6.83%
M/S Drugs (% by \$)	0.01%	0.10%	0.09%	0.03%	236.90%
Generic Drugs (% by \$)	23.36%	21.69%	23.80%	16.74%	42.21%
Specialty Drugs					
Total Drug Cost	\$1,515,493	\$1,500,632	\$11,994,877	\$10,321,660	16.21%
Amount Paid by Plan Sponsor	\$1,466,393	\$1,455,108	\$11,527,809	\$9,906,784	16.36%
Amount Paid by Members	\$49,101	\$45,524	\$467,067	\$414,876	12.58%
Total Claims	1003	934	8572	8,967	-4.41%
Avg # of Rx's per Member per Month	0.01	0.00	0.01	0.01	-15.32%
Plan Paid Per Member Per Month (PMPM)	\$7.82	\$7.75	\$6.70	\$6.63	1.09%
Avg Claim Cost to Plan	\$1,462.01	\$1,557.93	\$1,318.84	\$1,104.80	19.37%
Avg Claim Cost to Member	\$48.95	\$48.74	\$55.19	\$46.27	19.29%
Percent of Member Cost Share	3.24%	3.03%	4.02%	4.02%	-0.07%

WV PEIA - Monthly Trend

Plan Demographics	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
Total Drug Cost	\$18,455,690	\$20,744,896	\$20,296,400	\$21,214,854	\$20,975,356	\$21,596,933
Amount Paid By Plan Sponsor	\$11,153,737	\$15,960,566	\$16,209,092	\$17,205,672	\$17,119,076	\$17,745,759
Amount Paid By Members	\$7,301,953	\$4,784,330	\$4,087,308	\$4,009,182	\$3,856,279	\$3,851,173
Total Claims	274,622	302,930	298,842	313,529	310,499	316,771
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	\$86.06	\$91.32	\$90.74	\$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	\$167.30	\$177.36	\$176.05	\$182.47
Rx Cost Share						
Avg. Claim Cost to Plan	\$40.61	\$52.69	\$54.24	\$54.88	\$55.13	\$56.02
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	\$132.49	\$133.17	\$135.82
Multi-Source Brand (generics available)	\$35.01	\$50.99	\$36.08	\$34.97	\$36.47	\$35.39
Generic Drugs	\$23.52	\$25.96	\$26.89	\$26.81	\$26.65	\$26.76
Brand/Generic Dispensing Rates						
Single Source (no generics)	38.2%	37.23%	36.57%	36.5%	36.31%	35.96%
Multi-Source Brand % (generics available)	1.4%	1.48%	1.23%	1.2%	1.22%	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%	74.48%	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	\$1.62	\$1.65
Avg. Claim Cost to Plan	\$40.20	\$52.21	\$53.83	\$54.39	\$54.63	\$55.52
Avg. Member Cost / Claim	\$26.45	\$15.67	\$13.59	\$12.71	\$12.35	\$12.35
Percent Member Cost Share	39.7%	23.08%	20.16%	18.9%	18.43%	18.19%
Special Maint Netwk (% of claims filled)	12.5%	13.13%	12.90%	12.8%	12.84%	12.73%
Other Maint (% of claims filled)	1.7%	1.75%	1.59%	1.6%	1.50%	1.54%
Avg. Days Supply for Maint. Netwks	87.9	87.9	87.9	87.9	87.9	88.0
Total # Claims Fills 1-34 Days Supply	233,134	255,173	253,014	265,843	263,204	268,916
Total # Claims Fills 35-60 Day Supply	2,054	2,301	2,249	2,289	2,278	2,239
Total # Claims Fills 61-90 Day Supply	36,575	42,246	40,671	42,226	41,807	42,570
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	\$108.94
Avg. Member Cost/Claim	\$39.84	\$27.94	\$22.49	\$20.06	\$19.46	\$19.46
Percent Member Cost Share	33.0%	22.19%	18.88%	16.3%	15.80%	15.15%
Total # Claims Fill 1-34 Days Supply	767	786	821	828	818	821
Total # Claims Fills 35-60 Days Supply	8	13	9	5	6	7
Total # Claims Fills 61-90 Days Supply	2,054	2,369	2,050	2,304	2,345	2,170
Total # Claims Fills 91+ Day Supply						
Formulary Program						
S/S Formulary Drugs (% by claim)	25.2%	24.79%	24.41%	24.4%	24.22%	24.13%
S/S Non-Formulary Drugs (% by claim)	13.0%	12.45%	12.16%	12.1%	12.09%	12.09%
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%	62.47%
S/S Formulary Drugs (% by \$)	63.6%	58.21%	57.16%	56.7%	56.36%	56.91%
S/S non-Formulary Drugs (% by \$)	18.1%	17.98%	17.31%	17.5%	17.63%	17.63%
M/S Drugs (% by \$)	0.0%	0.46%	0.02%	0.0%	0.01%	0.01%
Generic Drugs (% by \$)	18.0%	23.03%	25.24%	25.6%	25.69%	25.69%
Specialty Drugs						
Total Drug Cost	\$1,364,512	\$1,570,302	\$1,538,436	\$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	\$1,407,988	\$1,508,096
Amount Paid by Members	\$85,156	\$61,019	\$58,238	\$55,737	\$54,483	\$57,810
Total Claims	1022	1139	1132	1094	1087	1161
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	\$1,381.09	\$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

Comprehensive Indicators

WV Public Employees Ins - w/o AccessWV

Current Period: 02/2007 - 02/2007
Previous Period: 02/2006 - 02/2006

	Current Period	Previous Period	% Change
Overall Performance			
Plan Cost PMPM	\$87.48	\$82.43	6.1 %
Average Mbrs/Month	187,731	186,913	0.4 %
Average Subs/Month	97,253	96,191	1.1 %
% Utilizing Members	50.7 %	50.5 %	0.3 %
% Retail Utilizing Members	50.3 %	50.2 %	0.3 %
% Mail Utilizing Members	0.7 %	0.7 %	6.4 %
Rx Measures			
Rxs PMPM	1.57	1.55	1.5 %
Retail Rxs PMPM	1.56	1.53	1.5 %
Mail Rxs PMPM	0.02	0.01	4.7 %
Average Admin Fee/Rx	\$0.00	\$0.00	-93.4 %
Avg Retail Admin Fee/Rx	\$0.00	\$0.00	-93.4 %
Avg Mail Admin Fee/Rx	\$0.00	\$0.00	0.0 %
Average Plan Cost/Rx	\$55.66	\$53.22	4.6 %
Avg Retail Plan Cost/Rx	\$55.18	\$52.65	4.8 %
Avg Mail Plan Cost/Rx	\$103.22	\$112.28	-8.1 %
Average Mbr Contrib/Rx	\$11.88	\$13.08	-9.2 %
Avg Retail Mbr Contrib/Rx	\$11.81	\$13.00	-9.2 %
Avg Mail Mbr Contrib/Rx	\$18.96	\$21.37	-11.3 %
Average Ing Cost/Rx	\$65.44	\$64.18	2.0 %
Avg Retail Ing Cost/Rx	\$64.89	\$63.53	2.2 %
Avg Mail Ing Cost/Rx	\$120.68	\$132.15	-8.7 %
Average AWP/Rx	\$102.78	\$95.38	7.8 %
Avg Retail AWP/Rx	\$101.81	\$94.44	7.8 %
Avg Mail AWP/Rx	\$200.06	\$193.53	3.4 %
Average Days Supply/Rx	33.9	33.5	1.1 %
Avg Retail Days/Rx	33.5	33.1	1.1 %
Avg Mail Days/Rx	74.2	75.8	-2.0 %
Average Plan Cost/Day	\$1.64	\$1.59	3.5 %
Avg Retail Plan Cost/Day	\$1.65	\$1.59	3.7 %
Avg Mail Plan Cost/Day	\$1.39	\$1.48	-6.2 %
% Plan Cost	82.4 %	80.3 %	2.7 %
% Member Contribution	17.6 %	19.7 %	-10.9 %
% Retail Plan Cost	82.4 %	80.2 %	2.7 %
% Retail Mbr Contrib	17.6 %	19.8 %	-11.0 %
% Mail Plan Cost	84.5 %	84.0 %	0.6 %
% Mail Member Contrib	15.5 %	16.0 %	-2.9 %



Key Performance Indicators

Comprehensive Indicators

WV Public Employees Ins - w/o AccessWV

Current Period: 02/2007 - 02/2007
Previous Period: 02/2006 - 02/2006

	Current Period	Previous Period	% Change
Rx Sources			
% Mail Rxs	1.0 %	1.0 %	3.2 %
% Retail Rxs	99.0 %	98.9 %	0.1 %
% Member Submit Rxs	0.0 %	0.1 %	-95.5 %
Rx Types			
Avg SSB Plan Cost/Rx	\$122.07	\$105.97	15.2 %
Avg Retail SSB Plan Cost/Rx	\$121.29	\$104.96	15.6 %
Avg Mail SSB Plan Cost/Rx	\$189.27	\$190.85	-0.8 %
Avg MSB Plan Cost/Rx	\$16.73	\$10.93	53.1 %
Avg Retail MSB Plan Cost/Rx	\$16.72	\$10.86	54.0 %
Avg Mail MSB Plan Cost/Rx	\$18.20	\$20.66	-11.9 %
Avg GEN Plan Cost/Rx	\$19.05	\$16.32	16.8 %
Avg Retail GEN Plan Cost/Rx	\$18.84	\$16.19	16.4 %
Avg Mail GEN Plan Cost/Rx	\$42.66	\$32.49	31.3 %
% Single-Source Brand Rxs	35.6 %	41.2 %	-13.8 %
% Multi-Source Brand Rxs	1.1 %	1.3 %	-12.3 %
% Generic Rxs	63.3 %	57.4 %	10.2 %
% Retail Single-Source Brand	35.5 %	41.2 %	-13.7 %
% Retail Multi-Source Brand	1.2 %	1.3 %	-12.1 %
% Retail Generic	63.3 %	57.5 %	10.1 %
% Mail Single-Source Brand	41.4 %	50.5 %	-17.9 %
% Mail Multi-Source Brand	0.7 %	0.9 %	-27.7 %
% Mail Generic	57.9 %	48.6 %	19.1 %
% Formulary Rxs	87.5 %	83.4 %	5.0 %
% Retail Formulary Rxs	87.6 %	83.4 %	5.0 %
% Mail Formulary Rxs	86.7 %	83.8 %	3.5 %
% DAW Rxs	0.8 %	0.8 %	-5.2 %
% Retail DAW Rxs	0.8 %	0.8 %	-6.1 %
% Mail DAW Rxs	1.8 %	1.0 %	67.2 %
% Generic Conversion	98.2 %	97.8 %	0.5 %
% Retail GEN Conversion	98.2 %	97.8 %	0.5 %
% Mail GEN Conversion	98.9 %	98.2 %	0.7 %
Period Totals			
Total Plan Cost	\$16,422,842.01	\$15,407,494.78	6.6 %
Retail Plan Cost	\$16,122,264.71	\$15,096,598.41	6.8 %
Mail Plan Cost	\$300,577.30	\$310,896.37	-3.3 %
Total Member Contribution	\$3,504,299.86	\$3,787,678.08	-7.5 %
Retail Member Contrib	\$3,449,079.32	\$3,728,502.41	-7.5 %



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

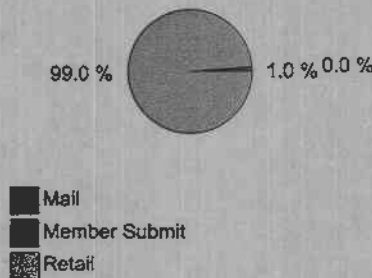
Current Period: 02/2007 - 02/2007
Previous Period: 02/2006 - 02/2006

	Current Period	Previous Period	% Change
Mail Member Contrib	\$55,220.54	\$59,175.67	-6.7 %
Total Rx Count	295,063	289,484	1.9 %
Retail Rx Count	292,137	286,412	2.0 %
Member Submit Rxs	14	303	-95.4 %
Mail Rx Count	2,912	2,769	5.2 %
Total Admin Fee	\$30.00	\$448.50	-93.3 %
Total UC Savings	\$10,449,338.84	\$8,780,355.33	19.0 %
Total Lost Savings	\$17,755.67	\$15,230.95	16.6 %

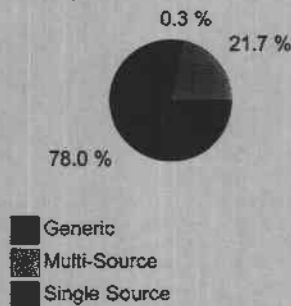
Demographics			
Average Age	45.6	45.3	0.6 %
% Male Members	45.2 %	45.1 %	0.1 %
% Female Members	54.8 %	54.9 %	-0.1 %

Graphs based on Current Period: 02/2007 - 02/2007

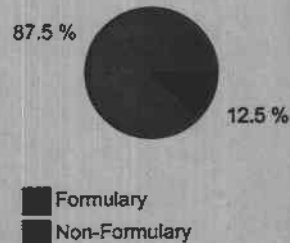
Claim Source by Rx Count



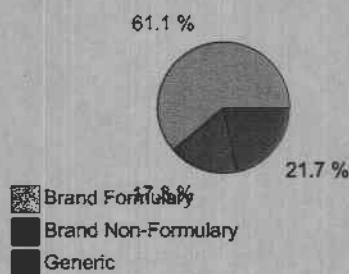
Drug Type by Plan Cost



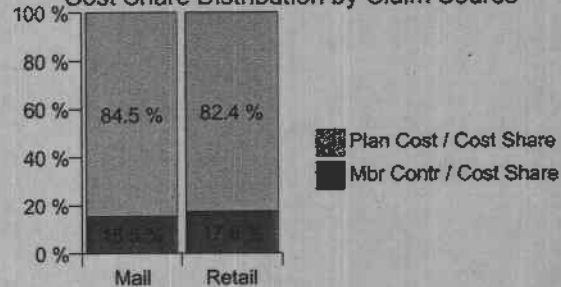
Formulary Status by Rx Count



Drug Formulary Status by Plan Cost



Cost Share Distribution by Claim Source



Utilization Report by Population Level
Prescriptions Filled From 02/2007 - 02/2007
WV Public Employees Ins - w/o AccessWV



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Div Name (DIV)	Avg Mbr Count	Avg Util Mbr/Mnth	Rx Count	Plan Cost	Member Contr/Rx	Plan Cost/Rx	Mail % Rxs	Gen % Rxs	Form % Rxs	Gen Conv %	PMPM Plan Cost
WV PUBLIC EMPLOYEES INSURANCE (WVA)	187,731	95,189	295,063	\$16,422,842	\$11.88	\$55.66	1.0 %	63.3 %	87.5 %	98.2 %	\$87.48
Grand Total	187,731		295,063	\$16,422,842	\$11.88	\$55.66	1.0 %	63.3 %	87.5 %	98.2 %	\$87.48

**Utilization Report by Population Level
 Prescriptions Filled From 02/2007 - 02/2007
 WV Public Employees Ins - w/o AccessWV**



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WV PUBLIC EMPLOYEES INSURANCE (WVA)

Reporting Level 1	Avg Mbr Count	Avg Util Mbr/Mnth	Rx Count	Plan Cost	Member Contr/Rx	Plan Cost/Rx	Mail % Rxs	Gen % Rxs	Form % Rxs	Gen Conv %	PMPM Plan Cost
STATE (1000)	164,493	84,177	261,516	\$14,667,934.79	\$11.92	\$56.09	1.0 %	63.1 %	87.4 %	98.2 %	\$89.17
NON STATE (2000)	22,856	10,822	32,896	\$1,705,258.91	\$11.50	\$51.84	0.9 %	65.3 %	88.5 %	98.5 %	\$74.61
COBRA (3000)	382	190	651	\$49,648.31	\$13.76	\$76.26	0.5 %	56.1 %	87.3 %	99.2 %	\$129.97
Grand Total	187,731		295,063	\$16,422,842	\$11.88	\$55.66	1.0 %	63.3 %	87.5 %	98.2 %	\$87.48

**Utilization Report by Population Level
Prescriptions Filled From 02/2007 - 02/2007
WV Public Employees Ins - w/o AccessWV**



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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)	116,930	51,212	134,892	\$7,426,527.41	\$12.09	\$55.06	0.9 %	63.3 %	87.5 %	98.4 %	\$63.51
STATE RETIREES (07)	37,692	26,856	101,587	\$5,853,549.31	\$12.68	\$57.62	1.2 %	62.1 %	86.9 %	97.9 %	\$155.30
NON STATE AGENCIES (02)	17,120	7,401	20,305	\$1,026,273.81	\$11.66	\$50.54	0.7 %	65.6 %	88.5 %	98.7 %	\$59.95
STATE RETIREES ASST 60 (0760)	4,268	3,310	14,800	\$868,432.40	\$6.76	\$58.68	0.6 %	64.5 %	88.7 %	98.3 %	\$203.48
NON STATE RETIREES (08)	2,626	1,913	7,604	\$433,786.24	\$12.06	\$57.05	1.3 %	62.8 %	87.4 %	97.9 %	\$165.19
STATE RETIREES ASST 40 (0740)	2,250	1,775	7,610	\$406,480.41	\$8.19	\$53.41	1.6 %	66.4 %	89.6 %	98.1 %	\$180.66
NON STATE RETIREES 60 (0860)	605	451	2,050	\$122,615.41	\$6.79	\$59.81	0.8 %	63.7 %	89.1 %	98.8 %	\$202.67
NON STATE AGENCIES PLAN B (02B)	2,185	811	1,991	\$74,384.05	\$14.22	\$37.36	0.6 %	72.4 %	91.7 %	99.4 %	\$34.04
STATE RETIREES ASST 20 (0720)	423	317	1,307	\$68,931.27	\$9.26	\$52.74	2.5 %	66.6 %	89.5 %	97.9 %	\$162.96
COBRA (COBRA)	382	190	651	\$49,648.31	\$13.76	\$76.26	0.5 %	56.1 %	87.3 %	99.2 %	\$129.97
STATE AGENCIES (01B)	2,930	707	1,320	\$44,013.99	\$17.30	\$33.34	1.1 %	70.3 %	90.2 %	98.8 %	\$15.02
NON STATE RETIREES 40 (0840)	260	201	788	\$39,972.15	\$7.79	\$50.73	0.6 %	66.6 %	90.5 %	97.8 %	\$153.74
NON STATE RETIREES 20 (0820)	60	45	158	\$8,227.25	\$9.50	\$52.07	1.9 %	69.0 %	87.3 %	99.1 %	\$137.12
Grand Total	187,731		295,063	\$16,422,842	\$11.88	\$55.66	1.0 %	63.3 %	87.5 %	98.2 %	\$87.48



Financials

FEBRUARY 2007

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

Balance Sheets

**February 28, 2007 and 2006
Accrual Basis
(Unaudited-For Internal Use Only)**

Assets	February 2007	February 2006	Increase <Decrease>
Cash and cash equivalents	\$ 139,977,228	\$ 100,569,552	\$ 39,407,676
Deposits with third-party administrators	820,472	619,139	201,333
Premium accounts receivable-net of allowance for doubtful accounts	29,040,526	26,837,587	2,202,939
Other accounts receivable	19,604,145	4,859,006	14,745,139
Total current assets	189,442,371	132,885,284	56,557,087
Investments	168,717,475	156,150,715	12,566,760
Furniture and equipment, net of accumulated depreciation	224,888	159,965	64,923
Restricted cash-premium stabilization life insurance	3,942,839	3,942,680	159
Restricted cash-new computer system	3,614,640	3,833,000	(218,360)
Total assets	\$ 365,942,213	\$ 296,971,644	\$ 68,970,569
Liabilities and Retained Earnings			
Claims payable	\$ 53,140,000	\$ 53,960,000	\$ (820,000)
Current claims payable	4,156,366	10,014,040	(5,857,674)
Unearned revenue	8,881,080	4,480,696	4,400,384
Accounts payable	10,725,843	11,111,856	(386,013)
Other accrued liabilities	1,184,634	1,065,466	119,168
Due to over-reserve fund	27,679,595	27,679,595	
Total liabilities	105,767,518	80,632,058	25,135,460
Retained earnings	260,174,695	216,339,586	43,835,109
Total liabilities and retained earnings	\$ 365,942,213	\$ 296,971,644	\$ 68,970,569

For internal use only. See financial comments.
Prepared March 22, 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)

February 28, 2007 and 2006
Accrual Basis
(Unaudited-For Internal Use Only)

	Budgeted Eight Months Ended 28-Feb-07	Actual Eight Months Ended 28-Feb-07	Budget Variance Percent	Actual Eight Months Ended 28-Feb-06	This Year vs Last Year Increase <Decrease>	This Year vs Last Year Variance Percent
Operating Revenue						
Premiums						
Employer Premiums-State	\$ 275,551,258	#####	-0.33%	\$ 274,589,411	\$ 65,674	0.02%
Employee Premiums-State	63,967,989	64,072,048	0.16%	54,413,454	9,658,594	17.75%
Local Premiums	47,799,481	48,368,944	1.19%	45,900,340	2,468,604	5.38%
Retiree Premiums	44,328,724	42,996,240	-3.01%	36,480,248	6,515,992	17.86%
Basic Life Insurance	4,513,495	4,106,368	-9.02%	4,291,756	(185,388)	-4.32%
Other Premiums and Adjustments	1,060,120	1,015,933	-4.17%	3,433,682	(2,417,749)	-70.41%
Medicare Part D	13,333,333	13,333,000	0.00%		13,333,000	N/A
Total Premiums	450,554,401	448,547,618	-0.45%	419,108,891	29,438,727	7.02%
Less:						
Payments to managed care organizations	(41,080,566)	(38,416,547)	-6.48%	(37,403,344)	(1,013,203)	2.71%
Life insurance premiums-basic	(4,513,495)	(4,083,151)	-9.53%	(4,292,412)	209,261	-4.88%
Net premium revenue	404,960,340	406,047,920	0.27%	377,413,135	28,634,785	7.59%
Administrative fees, net of refunds	4,039,299	3,972,844	-1.65%	3,962,386	10,458	0.26%
Net operating revenue	408,999,639	410,020,764	0.25%	381,375,521	28,645,243	7.51%
Operating Expenses						
Claims expense-medical	235,012,222	221,514,133	-5.74%	220,688,942	825,191	0.37%
Claims expense-drugs	124,642,042	124,098,787	-0.44%	109,395,780	14,703,007	13.44%
Administrative service fees	11,150,856	11,517,800	3.29%	10,748,146	769,654	7.16%
Wellness and disease management	1,091,717	1,185,035	8.55%	991,172	193,863	19.56%
Other operating expenses	4,986,418	5,205,446	4.39%	5,017,667	187,779	3.74%
Total operating expense	376,883,256	366,521,201	-3.55%	346,841,707	11,041,559	4.81%
Operating surplus	32,116,384	46,499,563	44.78%	34,533,814	11,965,748	34.65%
Nonoperating Revenues and Transfers						
Interest income,banks, net of fees	-		N/A	15,810	(15,810)	-100.00%
Interest and investment income	6,945,469	18,340,767	164.07%	8,319,313	10,021,454	120.46%
Transfer in	4,466,667	4,466,618	0.00%	4,887,369	(420,751)	-8.61%
Total nonoperating revenues and transfers	11,412,136	22,807,385	99.85%	13,222,492	11,389,677	72.49%
Net Surplus	\$ 43,528,520	69,306,948	59.22%	47,756,306	21,549,942	45.13%
Retained Earnings, beginning of period		190,867,747		168,583,280	22,284,467	
Retained Earnings, end of period		#####		\$ 216,339,586	\$ 43,835,109	

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Prepared March 22, 2007

State of West Virginia
Public Employees Insurance Agency

State of West Virginia
Public Employees Insurance Agency
Balance Sheet
February 28, 2007
Accrual Basis
(Unaudited-For Internal Use Only)

	Fiscal Year-Ended 2/28/07	Actual Fiscal Month February 2007	Budget Fiscal Month February 2007
Assets			
Operating Assets			
Premiums			
Cash and cash equivalents	\$ 222,261,949	\$ 217,789,819	820,472
Deposits with third-party administrators	\$ 51,468,827	\$ 50,722,202	
Premium accounts receivable-net of allowance for doubtful accounts	\$ 57,790,990	\$ 37,145,212	20,909,179
Other accounts receivable	\$ 4,513,475	\$ 4,109,312	4,683,963
Due from WV Retiree Trust	\$ 1,368,120	\$ 1,015,497	128,751,122
Total Premiums	347,393,471	316,782,042	295,141,964
Less:			
Payments to third-party administrators	(36,078,598)	\$ (36,335,112)	168,717,475
Life insurance	(4,512,495)	\$ (4,083,112)	
Net premium		271,360,222	224,888
Administrative		\$ 2,886,499	3,942,839
Non operating		277,518,884	3,614,640
Furniture and equipment, net of accumulated depreciation			224,888
Restricted cash-premium stabilization life insurance			3,942,839
Restricted cash-new computer system			3,614,640
Total assets		\$ 471,641,806	
Operating Liabilities			
Claims expense-medical	172,272,817	\$ 161,473,189	6,117,444
Claims expense-other	89,788,839	\$ 63,077,656	9,437,444
Administrative	2,287,000	\$ 2,180,000	36,700,000
Wellness and other	1,094,317	\$ 1,185,000	4,156,366
Other operating	4,026,250	\$ 3,400,000	8,856,080
Total operating	269,469,223	\$ 231,311,845	10,725,843
Operating Liabilities			
Accounts payable			1,184,634
Other accrued liabilities			27,679,595
Due to over-reserve fund			134,071,121
Due to WV Retiree Trust			
Total operating			243,935,350
Nonoperating Liabilities			
Interest and investment	(6,915,409)	\$ (8,240,712)	223,373,639
Transfer in	(4,458,657)	\$ (4,466,000)	248,268,167
Total nonoperating	(11,374,066)	\$ (12,706,712)	
Total liabilities and retained earnings		\$ 471,641,806	

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Prepared March 30, 2007

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Prepared March 30, 2007

West Virginia Board of Risk and Insurance Management
UNAUDITED BALANCE SHEET



February 28

	2007	2006
ASSETS		
Short Term Assets		
Cash and Equivalents	\$ 35,010,550	\$ 48,290,156
Advance Deposit with Carrier/Trustee	113,300,275	70,516,174
Receivables - Net	1,603,890	1,462,461
Prepaid Insurance	2,048,026	1,386,955
Total Short Term Assets	<u>151,962,741</u>	<u>121,655,746</u>
Long Term Assets		
Investments	115,702,811	106,697,829
Total Long Term Assets	<u>115,702,811</u>	<u>106,697,829</u>
TOTAL ASSETS	<u><u>267,665,552</u></u>	<u><u>228,353,575</u></u>
LIABILITIES		
Short Term Liabilities		
Accounts payable	951,578	243,544
Claims Payable	1,226,857	129,670
Agents Commissions Payable	1,336,295	1,386,890
Unearned Revenue	15,730,726	15,377,907
Current Estimated Claim Reserve	54,432,394	49,774,054
Total Short Term Liabilities	<u>73,677,850</u>	<u>66,912,065</u>
Long Term Liabilities		
Compensated Absences	163,620	166,554
Estimated Noncurrent Claim Reserve	122,833,520	129,910,124
Total Long Term Liabilities	<u>122,997,140</u>	<u>130,076,678</u>
TOTAL LIABILITIES	196,674,990	196,988,743
Prior Year Net Assets (Deficiency)	44,843,685	526,803
Current Year Earnings (Loss)	26,146,877	30,838,029
TOTAL NET ASSETS (DEFICIENCY)	<u>70,990,562</u>	<u>31,364,832</u>
TOTAL LIABILITIES AND RETAINED EARNINGS (DEFICIENCY)	<u><u>\$ 267,665,552</u></u>	<u><u>\$ 228,353,575</u></u>

DRAFT - Unaudited - Management Purposes Only

04/11/07

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

DRAFT

	February 28	
	2007	2006
Operating Revenues		
Premium Revenues	\$ 53,955,912	\$ 56,991,617
Less - Excess Insurance	(4,096,052)	(2,757,772)
Total Operating Revenues	<u>49,859,860</u>	<u>54,233,845</u>
Operating Expenses		
Claims Expense	32,184,555	25,928,556
Property & MS Claims Expense	3,942,242	1,469,120
Personal Services	848,002	806,300
Operating Expenses	2,005,710	2,023,906
Total Operating Expenses	<u>38,980,509</u>	<u>30,227,882</u>
Operating Income (Loss)	<u>10,879,351</u>	<u>24,005,963</u>
Nonoperating Revenues		
Court Fees	15,180	20,296
Claim Interest Income	189,219	-
Investment Income	15,063,127	6,811,770
Total Nonoperating Revenues	<u>15,267,526</u>	<u>6,832,066</u>
Net Income (Loss)	<u><u>26,146,877</u></u>	<u><u>30,838,029</u></u>

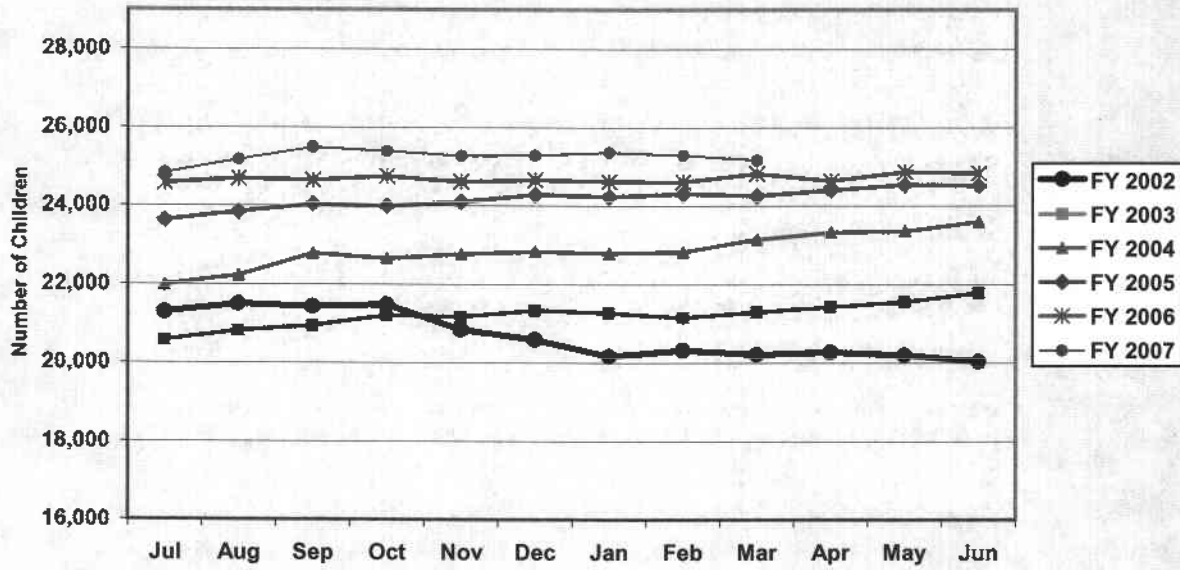


**West Virginia
Children's Health Insurance Program
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**Joint Committee on
Government and Finance
Report**

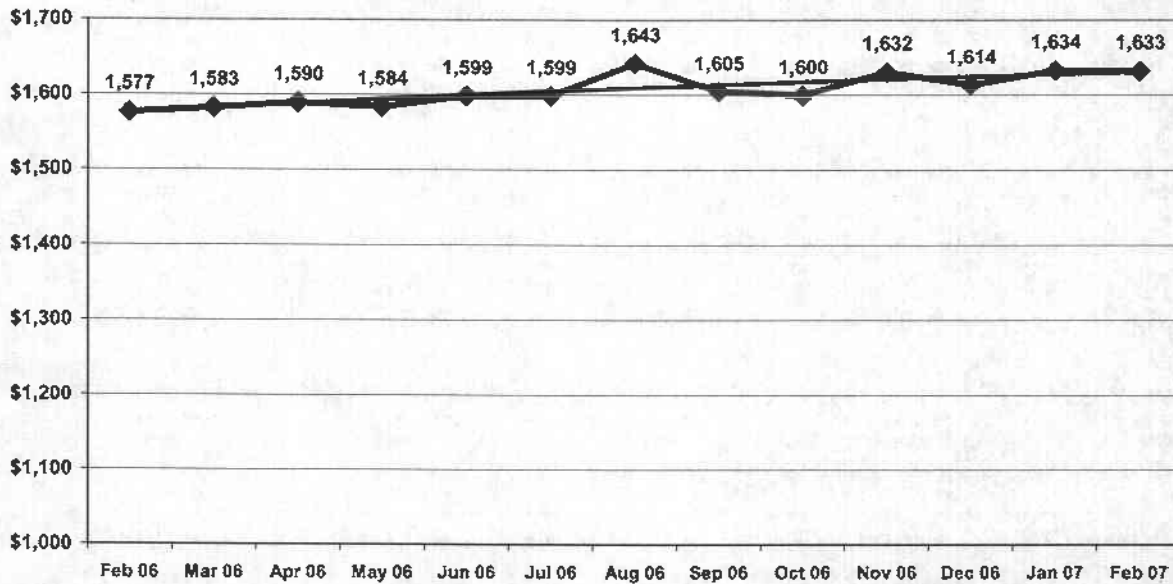
April 2007

WV CHIP Enrollment



March 31, 2007 Enrollment 25,158

Annualized Health Care Expenditures (Cost per Child)



**West Virginia Children's Health Insurance Program
Comparative Balance Sheet
February 28, 2007 and 2006
(Accrual Basis)**

	February 28, 2007	February 28, 2006	Variance	
Assets:				
Cash & Cash Equivalents	\$4,487,954	\$1,899,303	\$2,588,651	136%
Due From Federal Government	\$3,241,846	\$3,531,421	-\$289,575	-8%
Due From Other Funds	\$761,916	\$756,913	\$5,002	1%
Accrued Interest Receivable	\$16,763	\$6,118	\$10,645	174%
Fixed Assets, at Historical Cost	<u>\$66,070</u>	<u>\$79,512</u>	<u>-\$13,442</u>	<u>-17%</u>
Total Assets	<u>\$8,574,550</u>	<u>\$6,273,268</u>	<u>\$2,301,282</u>	<u>37%</u>
Liabilities:				
Due to Other Funds	\$173,762	\$257,425	-\$83,663	-33%
Deferred Revenue	\$3,449,176	\$1,323,212	\$2,125,965	161%
Unpaid Insurance Claims Liability	<u>\$3,830,000</u>	<u>\$3,745,290</u>	<u>\$84,710</u>	<u>2%</u>
Total Liabilities	<u>\$7,452,938</u>	<u>\$5,325,927</u>	<u>\$2,127,011</u>	<u>40%</u>
Fund Equity	<u>\$1,121,612</u>	<u>\$947,341</u>	<u>\$174,271</u>	<u>18%</u>
Total Liabilities and Fund Equity	<u>\$8,574,550</u>	<u>\$6,273,268</u>	<u>\$2,301,282</u>	<u>37%</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 Eight Months Ended February 28, 2007 and February 28, 2006
(Modified Accrual Basis)

	February 28, 2007	February 28, 2006	Variance	
Revenues:				
Federal Grants	22,549,234	20,360,964	2,188,270	11%
State Appropriations	5,389,006	6,773,626	(1,384,620)	-20%
Premium Revenues	1,656	-	1,656	
Investment Earnings	<u>92,579</u>	<u>31,996</u>	<u>60,583</u>	189%
Total Operating Revenues	<u>28,032,475</u>	<u>27,166,586</u>	<u>865,889</u>	<u>3%</u>
Operating Expenditures:				
Claims:				
Outpatient Services	6,544,461	6,718,018	(173,557)	-3%
Prescribed Drugs	5,650,858	5,036,692	614,166	12%
Physicians & Surgical	5,616,069	5,713,063	(96,994)	-2%
Dental	3,204,291	3,176,456	27,835	1%
Inpatient Hospital Services	2,351,188	1,919,617	431,571	22%
Outpatient Mental Health	931,700	935,661	(3,961)	0%
Vision	798,497	865,615	(67,118)	-8%
Inpatient Mental Health	596,763	366,389	230,374	63%
Durable & Disposable Med. Equip.	282,187	259,569	22,618	9%
Medical Transportation	246,513	167,597	78,916	47%
Therapy	229,375	221,934	7,441	3%
Other Services	95,889	51,661	44,228	86%
Less: Collections*	<u>(459,143)</u>	<u>(295,207)</u>	<u>(163,936)</u>	56%
Total Claims	<u>26,088,648</u>	<u>25,137,065</u>	<u>951,583</u>	<u>4%</u>
General and Admin Expenses:				
Salaries and Benefits	303,272	299,102	4,170	1%
Program Administration	1,276,193	1,210,405	65,788	5%
Eligibility	190,340	253,794	(63,454)	-25%
Outreach & Health Promotion	13,731	80,623	(66,892)	-83%
Current	<u>66,056</u>	<u>153,601</u>	<u>(87,545)</u>	-57%
Total Administrative	<u>1,849,592</u>	<u>1,997,525</u>	<u>(147,933)</u>	<u>-7%</u>
Total Expenditures	<u>27,938,240</u>	<u>27,134,590</u>	<u>803,650</u>	<u>3%</u>
Excess of Revenues				
Over (Under) Expenditures	94,235	31,996	62,239	185%
Fund Equity, Beginning	<u>1,027,377</u>	<u>974,341</u>	<u>53,036</u>	<u>5%</u>
Fund Equity, Ending	<u>1,121,612</u>	<u>1,006,337</u>	<u>115,275</u>	<u>11%</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 Eight Months Ended February 28, 2007

	Budgeted for Year	Year to Date Budgeted Amt	Year to Date Actual Amt	Year to Date Variance*		Monthly Budgeted Amt	Feb-07	Jan-07	Dec-06
Projected Cost	\$44,518,706	\$29,679,137	\$25,499,744	\$4,179,393	14%	\$3,709,892	\$3,289,571	\$2,593,068	\$3,309,422
Medical Copays	560,000	\$373,333	\$0	373,333	-100%	46,667	0	0	0
Drug Copays	475,000	\$316,667	\$0	316,667	-100%	39,583	0	0	0
Subrogation & Rebates	<u>300,000</u>	<u>\$200,000</u>	<u>\$461,634</u>	<u>(261,634)</u>	131%	<u>25,000</u>	<u>37,180</u>	<u>71,015</u>	<u>36,157</u>
Net Benefit Cost	43,183,706	\$28,789,137	\$25,038,110	\$3,751,027	13%	3,598,842	3,252,391	2,522,053	3,273,265
Salaries & Benefits	\$600,000	\$400,000	\$303,273	\$96,727	24%	\$50,000	\$39,293	\$39,097	\$36,736
Program Administration	1,951,762	\$1,301,175	\$1,145,752	155,422	12%	162,647	146,717	28,379	186,046
Eligibility	324,000	\$216,000	\$214,082	1,918	1%	27,000	104,686	2,790	2,698
Outreach	100,000	\$66,667	\$13,302	53,365	80%	8,333	0	3,389	97
Current Expense	<u>169,480</u>	<u>\$112,987</u>	<u>\$77,341</u>	<u>35,646</u>	32%	<u>14,123</u>	<u>20,779</u>	<u>7,495</u>	<u>6,384</u>
Total Admin Cost	\$3,145,242	\$2,096,828	\$1,753,750	\$343,078	16%	\$262,104	\$311,475	\$81,150	\$231,961
Total Program Cost	<u>\$46,328,948</u>	<u>\$30,885,965</u>	<u>\$26,791,860</u>	<u>\$4,094,105</u>	13%	<u>\$3,860,746</u>	<u>\$3,563,866</u>	<u>\$2,603,203</u>	<u>\$3,505,226</u>
Federal Share 80.97%	37,526,448	\$25,017,632	\$21,705,389	3,312,243	13%	3,127,204	2,885,662	2,107,813	2,838,181
State Share 19.03%	<u>8,802,500</u>	<u>\$5,868,333</u>	<u>\$5,086,471</u>	<u>781,862</u>	13%	<u>733,542</u>	<u>678,204</u>	<u>495,389</u>	<u>667,044</u>
Total Program Cost **	<u>\$46,328,948</u>	<u>\$30,885,965</u>	<u>\$26,791,860</u>	<u>\$4,094,105</u>	13%	<u>\$3,860,746</u>	<u>\$3,563,866</u>	<u>\$2,603,203</u>	<u>\$3,505,226</u>

* Positive percentages indicate favorable variances

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

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

Unaudited - Cash Basis For Management Purposes Only - Unaudited

WV CHIP Enrollment Report

ATTACHMENT 1

March 2007

County Ranking	County Pop. 2005 Est. (0-18 Yrs)	Total CHIP Enrollment Mar-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	311	1,606	1,917	59.0%	92.5%	34	255
Berkeley	22,882	1,132	5,559	6,691	29.2%	93.9%	21	1,084
Boone	5,706	348	2,579	2,927	51.3%	97.9%	4	133
Braxton	3,044	214	1,560	1,774	58.3%	95.6%	13	155
Brooke	4,658	291	1,453	1,744	37.4%	98.5%	3	0**
Cabell	18,900	991	7,912	8,903	47.1%	91.6%	39	1,218
Calhoun	1,389	146	836	982	70.7%	88.0%	52	207
Clay	2,454	194	1,364	1,558	63.5%	95.1%	15	94
Doddridge	1,607	141	741	882	54.9%	96.4%	6	60
Fayette	9,692	984	4,721	5,705	58.9%	92.1%	36	706
Gilmer	1,154	107	559	666	57.7%	92.8%	32	115
Grant	2,463	171	908	1,079	43.8%	95.8%	11	82
Greenbrier	7,110	576	2,823	3,399	47.8%	94.8%	17	306
Hampshire	5,110	303	1,804	2,107	41.2%	91.3%	40	295
Hancock	6,270	401	2,189	2,590	41.3%	92.9%	31	443
Hardy	2,950	142	993	1,135	38.5%	93.6%	26	200
Harrison	14,973	975	5,975	6,950	46.4%	99.9%	1	0**
Jackson	6,277	379	2,332	2,711	43.2%	93.9%	22	340
Jefferson	11,465	395	2,104	2,499	21.8%	93.9%	23	651
Kanawha	40,647	2,091	16,711	18,802	46.3%	96.4%	7	772
Lewis	3,577	331	1,750	2,081	58.2%	88.0%	53	431
Lincoln	4,945	436	2,561	2,997	60.6%	93.3%	27	327
Logan	7,610	490	3,860	4,350	57.2%	92.1%	37	654
Marion	11,245	782	4,277	5,059	45.0%	95.9%	10	516
Marshall	7,176	427	2,731	3,158	44.0%	97.5%	5	217
Mason	5,461	312	2,510	2,822	51.7%	95.7%	12	249
McDowell	5,170	426	3,561	3,987	77.1%	93.8%	25	373
Mercer	12,687	1,142	6,552	7,694	60.6%	91.0%	41	1,268
Mineral	5,973	278	2,017	2,295	38.4%	90.7%	43	251
Mingo	6,204	436	3,332	3,768	60.7%	88.5%	51	566
Monongalia	14,346	693	4,112	4,805	33.5%	92.6%	33	1,144
Monroe	2,728	264	916	1,180	43.2%	93.1%	29	196
Morgan	3,365	240	955	1,195	35.5%	89.2%	49	285
Nicholas	5,478	474	2,486	2,960	54.0%	94.4%	19	324
Ohio	9,068	474	3,099	3,573	39.4%	95.6%	14	480
Pendleton	1,632	131	430	561	34.4%	99.0%	2	19
Pleasants	1,593	105	473	578	36.3%	93.9%	24	88
Pocahontas	1,717	153	650	803	46.8%	87.7%	54	224
Preston	6,354	554	2,391	2,945	46.3%	90.2%	47	236
Putnam	12,522	616	3,168	3,784	30.2%	93.2%	28	486
Raleigh	15,992	1,308	6,879	8,187	51.2%	91.7%	38	1,395
Randolph	5,971	480	2,428	2,908	48.7%	89.7%	48	653
Ritchie	2,234	148	791	939	42.0%	96.2%	9	81
Roane	3,266	317	1,644	1,961	60.0%	90.5%	44	336
Summers	2,322	204	1,183	1,387	59.7%	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	106	870	976	51.7%	94.9%	16	93

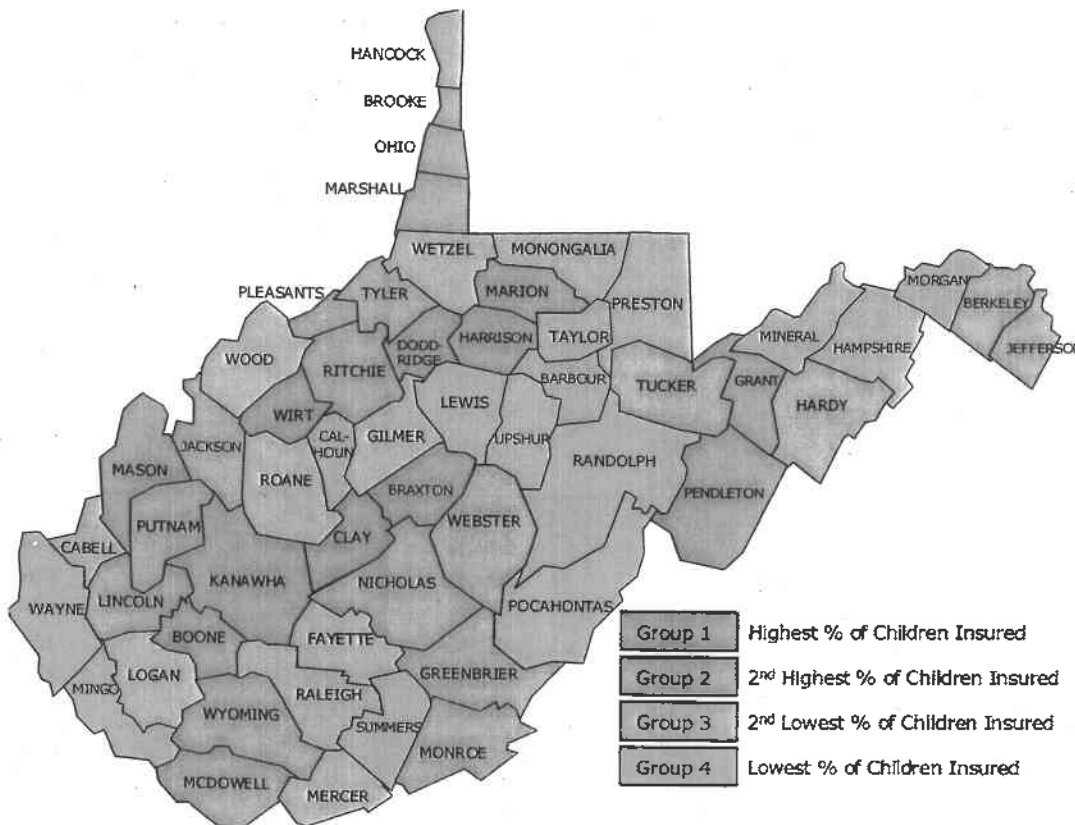
WV CHIP Enrollment Report

March 2007

County Ranking	County Pop. 2005 Est. (0-18 Yrs)	Total CHIP Enrollment Mar-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	588	4,182	4,770	52.0%	87.7%	55	1,034
Webster	2,020	206	1,074	1,280	63.4%	94.7%	18	103
Wetzel	3,732	235	1,641	1,876	50.3%	92.5%	35	334
Wirt	1,268	141	568	709	55.9%	96.3%	8	46
Wood	19,063	1,116	7,586	8,702	45.6%	90.5%	45	1,624
Wyoming	5,092	449	2,812	3,261	64.0%	94.0%	20	231
Totals	382,490	25,158	152,369	177,527	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.

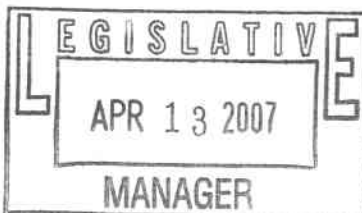


Legislative Oversight Commission on
Health and Human Resources Accountability

APRIL 2007

Department of Administration

State Children's Health Insurance Program
UPDATE



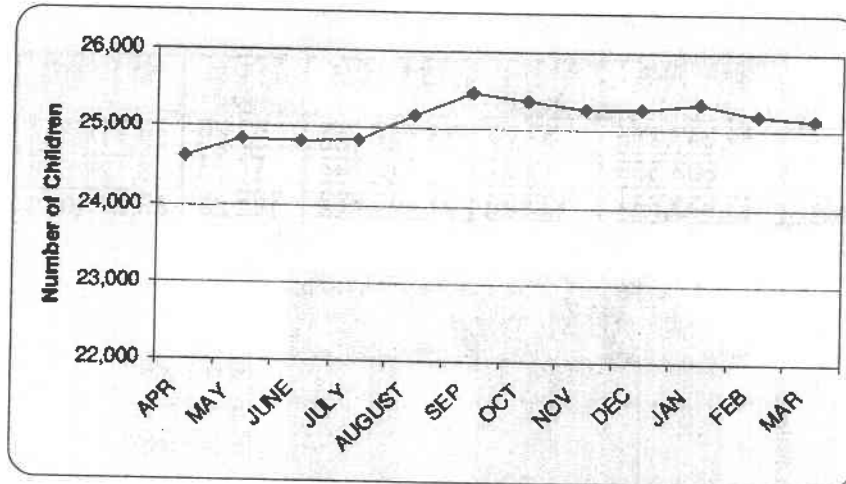
WV CHILDREN'S HEALTH INSURANCE AGENCY

REPORT FOR APRIL 2007

I. Enrollment on March 30, 2007: 25,158

See Attachment 1 for enrollment by county.

Current 12-Month Enrollment Period: April 2006 through March 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%

IV. WVCHIP Premium

- February was the first month for enrollees to receive coverage under WVCHIP Premium. There have been approximately 123 applicants for the months of February and March with 23 enrolled.
- March is the month in which the qualifying income index increases, so some families that applied in January or February were dropped back into regular CHIP after one month because of these changes.

WV CHIP Enrollment Report

March 2007

County Ranking	County Pop. 2005 Est. (0-18 Yrs)	Total CHIP Enrollment Mar-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	311	1,608	1,917	59.0%	92.5%	34	255
Berkeley	22,882	1,132	5,559	6,691	29.2%	93.9%	21	1,084
Boone	5,706	348	2,579	2,927	51.3%	97.9%	4	133
Braxton	3,044	214	1,560	1,774	58.3%	95.6%	13	155
Brooke	4,658	291	1,453	1,744	37.4%	98.5%	3	0**
Cabell	18,900	991	7,912	8,903	47.1%	91.6%	39	1,218
Calhoun	1,389	146	836	982	70.7%	88.0%	52	207
Clay	2,454	194	1,364	1,558	63.5%	95.1%	15	94
Doddridge	1,607	141	741	882	54.9%	96.4%	6	60
Fayette	9,892	984	4,721	5,705	58.9%	92.1%	36	706
Gilmer	1,154	107	559	666	57.7%	92.8%	32	115
Grant	2,463	171	908	1,079	43.8%	95.8%	11	82
Greenbrier	7,110	576	2,823	3,399	47.8%	94.8%	17	306
Hampshire	5,110	303	1,804	2,107	41.2%	91.3%	40	295
Hancock	6,270	401	2,189	2,590	41.3%	92.9%	31	443
Hardy	2,950	142	993	1,135	38.5%	93.6%	26	200
Harrison	14,973	975	5,975	6,950	46.4%	99.9%	1	0**
Jackson	6,277	379	2,332	2,711	43.2%	93.9%	22	340
Jefferson	11,465	395	2,104	2,499	21.8%	93.9%	23	651
Kanawha	40,647	2,091	16,711	18,802	46.3%	96.4%	7	772
Lewis	3,577	331	1,750	2,081	58.2%	88.0%	53	431
Lincoln	4,945	436	2,561	2,997	60.6%	93.3%	27	327
Logan	7,610	490	3,860	4,350	57.2%	92.1%	37	654
Marion	11,245	782	4,277	5,059	45.0%	95.9%	10	516
Marshall	7,176	427	2,731	3,158	44.0%	97.5%	5	217
Mason	5,461	312	2,510	2,822	51.7%	95.7%	12	249
McDowell	5,170	426	3,561	3,987	77.1%	93.8%	25	373
Mercer	12,687	1,142	6,552	7,694	60.6%	91.0%	41	1,268
Mineral	5,973	278	2,017	2,295	38.4%	90.7%	43	251
Mingo	6,204	436	3,332	3,768	60.7%	88.5%	51	566
Monongalia	14,346	693	4,112	4,805	33.5%	92.6%	33	1,144
Monroe	2,728	264	916	1,180	43.2%	93.1%	29	196
Morgan	3,365	240	955	1,195	35.5%	89.2%	49	285
Nicholas	5,478	474	2,486	2,960	54.0%	94.4%	19	324
Ohio	9,068	474	3,099	3,573	39.4%	95.6%	14	480
Pendleton	1,632	131	430	561	34.4%	99.0%	2	19
Pleasants	1,593	105	473	578	36.3%	93.9%	24	88
Pocahontas	1,717	153	650	803	46.8%	87.7%	54	224
Preston	6,354	554	2,391	2,945	46.3%	90.2%	47	236
Putnam	12,522	616	3,168	3,784	30.2%	93.2%	28	486
Raleigh	15,992	1,308	6,879	8,187	51.2%	91.7%	38	1,395
Randolph	5,971	480	2,428	2,908	48.7%	89.7%	48	653
Ritchie	2,234	148	791	939	42.0%	96.2%	9	81
Roane	3,266	317	1,644	1,961	60.0%	90.5%	44	336
Summers	2,322	204	1,183	1,387	59.7%	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	106	870	976	51.7%	94.9%	16	93

West Virginia Children's Health Insurance Program
Comparative Statement of Revenues, Expenditures and Changes In Fund Balances
For the Eight Months Ended February 28, 2007 and February 28, 2006
(Modified Accrual Basis)

ATTACHMENT 2

	February 28, 2007	February 28, 2006	Variance	
Revenues:				
Federal Grants	22,549,234	20,360,964	2,188,270	11%
State Appropriations	5,389,006	6,773,626	(1,384,620)	-20%
Premium Revenues	1,656	-	-	-
Investment Earnings	<u>92,579</u>	<u>31,996</u>	<u>60,583</u>	189%
Total Operating Revenues	<u>28,032,475</u>	<u>27,166,586</u>	<u>865,889</u>	<u>3%</u>
Operating Expenditures:				
Claims:				
Outpatient Services	6,544,461	6,718,018	(173,557)	-3%
Prescribed Drugs	5,650,858	5,036,692	614,166	12%
Physicians & Surgical	5,616,069	5,713,063	(96,994)	-2%
Dental	3,204,291	3,176,456	27,835	1%
Inpatient Hospital Services	2,351,188	1,919,617	431,571	22%
Outpatient Mental Health	931,700	935,661	(3,961)	0%
Vision	798,497	865,615	(67,118)	-8%
Inpatient Mental Health	596,763	366,389	230,374	63%
Durable & Disposable Med. Equip.	282,187	259,569	22,618	9%
Medical Transportation	246,513	167,597	78,916	47%
Therapy	229,375	221,934	7,441	3%
Other Services	95,889	51,661	44,228	86%
Less: Collections*	<u>(459,143)</u>	<u>(295,207)</u>	<u>(163,936)</u>	56%
Total Claims	<u>26,088,648</u>	<u>25,137,065</u>	<u>951,583</u>	<u>4%</u>
General and Admin Expenses:				
Salaries and Benefits	303,272	299,102	4,170	1%
Program Administration	1,276,193	1,210,405	65,788	5%
Eligibility	190,340	253,794	(63,454)	-25%
Outreach & Health Promotion	13,731	80,623	(66,892)	-83%
Current	<u>66,056</u>	<u>153,601</u>	<u>(87,545)</u>	-57%
Total Administrative	<u>1,849,592</u>	<u>1,997,525</u>	<u>(147,933)</u>	<u>-7%</u>
Total Expenditures	<u>27,938,240</u>	<u>27,134,590</u>	<u>803,650</u>	<u>3%</u>
Excess of Revenues				
Over (Under) Expenditures	94,235	31,996	62,239	195%
Fund Equity, Beginning	<u>1,027,377</u>	<u>974,341</u>	<u>53,036</u>	<u>5%</u>
Fund Equity, Ending	<u>1,121,612</u>	<u>1,006,337</u>	<u>115,275</u>	<u>11%</u>

* Collections are primarily drug rebates and subrogation

PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

West Virginia Children's Health Insurance Program
WVFIMS Fund 2154
For the Month Ended February 28, 2007
(Accrual Basis)

Investment Account

Funds Invested	\$4,273,030
Interest Earned	<u>92,579</u>
Total	<u>\$4,365,609</u>

Unaudited - For Management Purposes Only - Unaudited

**West Virginia Children's Health Insurance Program
Budget to Actual Statement
State Fiscal Year 2007
For the Eight Months Ended February 28, 2007**

	<u>Budgeted for Year</u>	<u>Year to Date Budgeted Amt</u>	<u>Year to Date Actual Amt</u>	<u>Year to Date Variance*</u>		<u>Monthly Budgeted Amt</u>	<u>Feb-07</u>	<u>Jan-07</u>	<u>Dec-06</u>
Projected Cost	\$44,518,706	\$29,679,137	\$25,499,744	\$4,179,393	14%	\$3,709,892	\$3,289,571	\$2,593,068	\$3,309,422
Medical Copays	560,000	\$373,333	\$0	373,333	-100%	46,667	0	0	0
Drug Copays	475,000	\$316,667	\$0	316,667	-100%	39,583	0	0	0
Subrogation & Rebates	<u>300,000</u>	\$200,000	<u>\$461,634</u>	<u>(261,634)</u>	131%	<u>25,000</u>	<u>37,180</u>	<u>71,015</u>	<u>36,157</u>
Net Benefit Cost	43,183,706	\$28,789,137	\$25,038,110	\$3,751,027	13%	3,598,642	3,252,391	2,522,053	3,273,285
Salaries & Benefits	\$600,000	\$400,000	\$303,273	\$96,727	24%	\$50,000	\$39,293	\$39,097	\$36,736
Program Administration	1,951,762	\$1,301,175	\$1,145,752	155,422	12%	162,647	146,717	28,379	186,046
Eligibility	324,000	\$216,000	\$214,082	1,918	1%	27,000	104,686	2,790	2,698
Outreach	100,000	\$66,667	\$13,302	53,365	80%	8,333	0	3,389	97
Current Expense	<u>169,480</u>	<u>\$112,987</u>	<u>\$77,341</u>	<u>35,646</u>	32%	<u>14,123</u>	<u>20,779</u>	<u>7,495</u>	<u>6,384</u>
Total Admin Cost	\$3,145,242	\$2,096,828	\$1,753,750	\$343,078	16%	\$262,104	\$311,475	\$81,150	\$231,961
Total Program Cost	<u>\$46,328,948</u>	<u>\$30,885,965</u>	<u>\$26,791,860</u>	<u>\$4,094,105</u>	13%	<u>\$3,860,746</u>	<u>\$3,563,866</u>	<u>\$2,603,203</u>	<u>\$3,505,226</u>
Federal Share 80.97%	37,526,448	\$25,017,632	\$21,705,389	3,312,243	13%	3,127,204	2,885,662	2,107,813	2,838,181
State Share 19.03%	<u>8,802,500</u>	\$5,868,333	<u>\$5,086,471</u>	<u>781,862</u>	13%	<u>733,542</u>	<u>678,204</u>	<u>495,389</u>	<u>667,044</u>
Total Program Cost **	<u>\$46,328,948</u>	<u>\$30,885,965</u>	<u>\$26,791,860</u>	<u>\$4,094,105</u>	13%	<u>\$3,860,746</u>	<u>\$3,563,866</u>	<u>\$2,603,203</u>	<u>\$3,505,226</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 December 22, 2006 through March 31, 2007

NEW CONTRACT OF LEASE

DIVISION OF REHABILITATION SERVICES

DRS-092 New contract of Lease for 5 years containing 5,436 square feet of office space at \$14.00 per square foot, full service, with a 2% annual rent increase with Berkeley Business Park, in Martinsburg, Berkeley County.

BUREAU OF EMPLOYMENT PROGRAMS

EMS-104 New Contract of Lease for 5 years, containing 5,153 square feet of office space at \$14.00 per square foot, full service with a 2% annual rent increase with Berkeley Business Park in the City of Martinsburg, Berkeley County.

EMS-103 New Contract of Lease for 10 years containing 7,210 square feet of office space at \$9.03 per square foot with a 5% rental increase every 2 years, with Parkersburg Center, in the City of Parkersburg, Wood County.

SOUTHERN WEST VIRGINIA COMMUNITY COLLEGE

SWV-015 New Contract of Lease for 3 years, containing 2,300 square feet of classroom space at \$4.17 per square foot, with 5% annual rent increase with D B & P Properties in the City of Madison, Boone County.

DIVISION OF CORRECTIONS

COR-081 New Contract of Lease for 1 year, containing of classroom space, meals and lodging for \$8,500 per month full service with WV Baptist Conference Center in the City of Ripley, Jackson County.

COR-080 New Contract of Lease for 3 years containing 1,776 square feet of office space at \$9.85 per square foot, includes utilities trash and snow removal, with CGP Development, in the City of Elkins, Randolph County.

MILITARY AFFAIRS AND PUBLIC SAFETY

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

NEW CONTRACT OF LEASE CONTINUED

WEST VIRGINIA STATE COLLEGE

WVS-002 New contract of lease for 1 year containing 1,694 square feet of office space at \$10.00 per square foot full service, with WVSU- R&D Corp., in the City of Institute, Kanawha County.

DIVISION OF HIGHWAYS

HWY-022 New Contract of lease for 4 years containing 1,088 square feet of office space at \$6.62 per square foot includes utilities with Cameron Holding, in the City of Cameron, Marshal County.

COAL HERITAGE HIGHWAYS

CHH-003 New Contract of Lease containing 450 square feet of warehouse space at \$3.00 per square foot, full service with Bluefield College, in the City of Bluefield, Mercer County.

DEPARTMENT OF EDUCATION

EDU-022 New Contract of Lease containing 216 square feet of office space at \$5.56 per square foot, full service with RESA I, in the City of Beckley, Raleigh County.

STRAIGHT RENEWALS

DEPARMENT OF ENVIRONMENTAL PROTECTION

DEP-109 Renewal for 2 years, containing 1,521 square feet of warehouse space, at the same rate of \$1.00 per square foot, between Philippi Municipal Building Commission, in the City of Philippi, Barbour County.

DEP-173 Renewal for 1 year containing 100 square feet of storage space, at the same rate of \$7.20 per square foot or \$60.00 per month with Bridgeport Storage in the City of Clarksburg, Harrison County.

DEP-175 Renewal for 2 years containing 300 square feet of warehouse space for \$4.60 per square foot, full service with Secure Storage, LLC in the City of Summersville, Nicholas County.

STRAIGHT RENEWALS CONTINUED

DIVISION OF NATURAL RESOURCES

NAT-102 Renewal for 3 years, containing 241 square feet of office space at the same rate of \$10.00 per square foot, full service with the Department Agriculture in the City of Inwood, Berkeley County.

NAT-112 Renewal for 3 years containing 1,000 square feet of office space at the same rate of \$8.20 per square foot full service, with Elkins Metro Corporation, in the City of Elkins, Randolph County.

NAT-107 Renewal for 1 year containing 300 square feet of storage warehouse space at the same rental rate of \$4.60 per square foot, includes trash and snow removal with Southern Mini Storage, in the City of Nitro, Kanawha County.

MILITARY AFFAIRS AND PUBLIC SAFETY

PSA-078 Renewal for 3 years containing 2,670 square feet of office space at \$3.00 per square foot, full service with Boone County Commission in the City of Danville, Boone County.

PSA-098 Renewal for 1 year containing 1,000 square feet of office space at \$11.40 per square foot, full service with Donnie Turner, in the City of Bluefield, Mercer County.

PSA-104 Renewal for 3 years containing 1,200 square feet of office space at the same rental rate of \$8.00 per square foot, with Samuel L. Baxa, in the City of Buckhannon, Upshur County.

PSA-108 Renewal for 3 years containing 4,800 square feet of office space at the same rental rate of \$1.03 per square foot, with Columbia Gas Transmission, in the City of Hundred, Wetzel County.

DIVISION OF FORESTRY

FOR-071 Renewal for 1 year tower site at the same rental rate of \$150.00 month with F & L Electronics, in the City of Milton, Cabell County.

FOR-078 Renewal for 3 years for monitoring tower site at same rental rate of \$150.00 per month with Lloyd Hoff Holding in the City of Glenville, Gilmer County.

STRAIGHT RENEWALS CONTINUED

HUMAN RIGHTS COMMISSION

HRC-002 Renewal for 1 year containing 489 square feet of office space at the same rate of \$7.36 per square foot full service except custodial with WV Division of Highways in the City of Huntington, Cabell County.

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-102 Renewal for 1 year containing 100 square feet of warehouse space at the same rental rate of \$4.56 per square foot with Preston Parts, in the City of Kingwood, Preston County.

HHR-150 Renewal month to month containing 2,825 square feet of office space at the same rate of \$5.71 per square foot (full service except janitorial) with Stalnaker Rentals in the City of Glenville, Gilmer County.

HHR-149 Renewal for 3 years containing 6,652 square feet of office space at the same rental rate of \$6.25 per square foot (includes water, sewer and trash removal) with Bruce Hyre, Jr. in the City of Petersburg, Grant County.

HHR-148 Renewal for 5 years containing 21,280 square feet of office space the same rental rate of \$8.47 per square foot with J & S Partnership in the City of Fairlea, Greenbrier County.

HHR-147 Renewal for 1 year containing 19,850 square feet of office space at the same rental rate of \$9.50 per square foot, full service with the Department of Administration, in the City of Charleston, Kanawha County.

HHR-146 Renewal for 2 years containing 2,800 square feet of office space at the same rental rate of \$8.00 per square foot includes now removal, with Michael J. Lewis, in the City of St. Marys, Pleasants County.

HHR-151 Renewal for 2 years containing 480 square feet of office space at the same rental rate of \$9.75 per square foot, full service with Riverview Presbyterian Church, in the City of Charleston, Kanawha County.

HHR-035 Renewal for 1 year containing 52,143 square feet of office space at the same rental rate of \$9.50 per square foot, full service with the Department of Administration, in the City of Charleston, Kanawha County.

DHS-089 Renewal for 1 year containing 11,480 square feet of office space at the same rental rate of \$7.50 per square foot, includes snow removal with Charles McElfish, in the City of Teays Valley, Putnam County.

STRAIGHT RENEWALS CONTINUED

SUPREME COURT OF APPEALS

SCA-004 Renewal for 1 year containing an entire house for office and storage space at the same rental rate of \$325.00 per month, with the Department of Administration, in the City of Charleston, Kanawha County.

BLUEFIELD STATE COLLEGE

BSC-005 Renewal for 1 year containing 3,743 square feet of office space at the same rate of \$8.66 per square foot with Jefferson Office Park in the City of Lewisburg, Greenbrier County.

BSC-001 Renewal for 1 year containing 12,552 square feet of classroom space at the same rate of \$10.49 per square foot with W. W. L. Properties in the City of Beckley, Raleigh County.

BUREAU OF EMPLOYMENT PROGRAMS

EMS-091 Renewal month to month containing 10,000 square feet of office space at the same rate of \$10.00 per square foot full service with Harrison Holdings, Inc. in the City of Clarksburg, Harrison County.

DIVISION OF CORRECTIONS

COR-049 Renewal for 1 year containing 2,143 square feet of office space at the same rate of \$11.00 per square foot full service with Grandeotto, Inc. in the City of Clarksburg, Harrison County.

DIVISION OF HIGHWAYS

HWY-001 Renewal for 1 year containing 207,499 square feet of office space at the same rate of \$9.50 per square foot full service with Department of Administration in the City of Charleston, Kanawha County.

BANKING COMMISSION

BAN-001 Renewal month to month containing 6,720 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.

STRAIGHT RENEWALS CONTINUED

PUBLIC EMPLOYEES INSURANCE

PEI-002 Renewal for 1 year containing 4,000 square feet of storage space at the same rental rate of \$1.20 per square foot with Corey Realty Company in the City of Charleston, Kanawha County.

GOVERNORS' CABINET ON CHILDREN AND FAMILY

GCC-004 Renewal for 3 years containing 8,000 square feet of office space at the same rental rate of \$11.00 per square foot with Atlantic Development in the City of Charleston, Kanawha County.

FINANCE AND ACCOUNTING

F&A-029 Renewal for 1 year containing 2,490 square feet of warehouse space at the same rental rate of \$9.50 per square foot, full service with the Department of Administration, in the City of Charleston, Kanawha County.

DIVISION OF MOTOR VEHICLES

DMV-049 Renewal for 3 years containing 4,576 square feet of office space at the same rental rate of \$12.00 per square foot, full service with Miller Systems, Inc. in the City of Charleston, Kanawha County.

BORAD OF FUNERAL SERVICE EXAMINERS

EMB-001 Renewal for 1 year containing 973 square feet of office space at the same rental rate of \$11.08 per square foot, full service with Kanawha Investment, Inc, in the City of Charleston, Kanawha County.

SOUTHERN WEST VIRGINIA AND COMMUNITY COLLEGE

SWV-014 Renewal for 2 years containing 39,000 square feet of office space/classroom space for the same rental rate of \$0.92 per square foot or \$3,000.00 per month, full service with Hill Realty, Inc., in the City of Logan, Logan County.

FAIRMONT STATE COLLEGE

FSC-024 Renewal for 1 year containing 1,400 square feet of office space at the same rental rate of \$4.29 per square foot with Teresa Puccio, in the City of Fairmont, Marion County.

DECREASING SQUARE FOOTAGE

INSURANCE COMMISSION

INS-012 Decreasing space by 2,500 square feet leaving a total square footage of 9,906 square foot of office and storage space at the same rental rate of \$5.95 per square foot, with O. V. Smith and Sons, in the City of Big Chimney, Kanawha County.

ADDING SQUARE FOOTAGE

HEALTH CARE AUTHORITY

HCA-001 Adding 756 square feet of office space for a total of 16,795 square feet of office space at the same rental rate of \$11.04 per square foot, with IRISH Inc., in the City of Charleston, Kanawha County.

BUREAU OF EMPLOYMENT PROGRAMS

EMS-101 Adding 312 square feet of storage space for a total of 4,012 square feet of storage at a blended rate of \$2.77 per square foot, includes electric, with PP&B Properties, in the City of Charleston, Kanawha County.

REAL ESTATE COMMISSION

REC-002 Adding 220 square feet of office space for a total of 3,606 square feet of office space at \$11.25 per square foot, full service with KVB partners in the City of Charleston, Kanawha County.

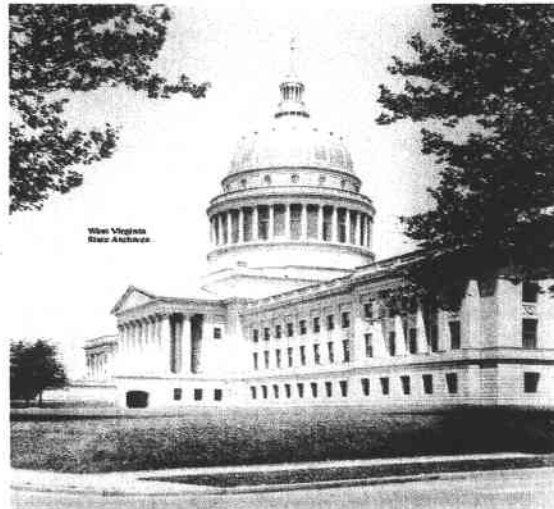
RENEWAL AND ADDING SQUARE FEET

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-145 Renewal for 1 year and adding 2,820 square feet of office space for a total of 25,110 square feet at the same per square foot rate of \$8.50, full service, with the Department of Administration, in the City of Fairmont, Marion County.

**STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION**

General Services Division



FIVE YEAR FACILITIES MASTER PLAN

March 19, 2007

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Introduction

EXECUTIVE SUMMARY

For nearly 75 years the State Capitol, at its current location, has served as the cornerstone of state government in West Virginia. Laws are passed; programs are administered; and history continues to be made within the confines of the interior marble walls and the Indiana limestone exterior of this structure.

Since the construction of the State Capitol started in 1923, additional buildings have been added to create a campus environment conducive to providing centralized and effective state government operations. Many of these buildings were constructed between the 1940s and 1960s and have had only limited upgrades since their construction. Maintenance and improvements to these aging facilities is a critical focal point of this administration.

The General Services Division is charged with the maintenance, operation and construction of all facilities owned by the Department of Administration. The 28 state office buildings located in various cities throughout West Virginia, include the State Capitol, the Governor's Mansion and the Holly Grove Mansion.

As the gatekeepers of these buildings, it is the goal of the Department of Administration's General Services Division to provide a functional, safe and aesthetically pleasing environment for all state employees and visitors. To assure this goal is met, there are many projects which must be completed to insure the structural integrity and safety within these state-owned buildings.

Previous administrations have provided Capitol master plans which focus on future expansion of the campus. This administration concurs with recommendations to expand in an eastward direction along Washington Street toward the 35th Street Bridge should additional buildings be constructed in the future. However, expansion of the Capitol campus should not be pursued until the existing buildings can be upgraded to current standards.

Within this *Five-Year Facilities Master Plan*, critical projects have been categorized as 'Priority 1; Necessary as 'Priority 2' and other projects as 'Priority 3', with proposed schedules, budgets and current status included. These categories are based on such factors as structural integrity, security, electrical, mechanical, and fire safety needs.

Our valuable state facilities must be upgraded to meet modern building standards with respect to asbestos, environmental, electrical, fire safety, mechanical, plumbing, heating, ventilation and air conditioning requirements.

This five-year plan outlines the efforts of this administration to restore our facilities to more effectively serve the citizens of the State of West Virginia.



David M. Oliverio
Director - General Services Division

Priority One Projects:

Revenue Funded Projects:

Building 1 - Main Capitol	
Exterior Cleaning	\$ 1,500,000
Parapet Repairs	\$ 307,000
Plaster Repairs / Painting	\$ 350,000
Senate and House Bulkheads	\$ 55,000
Governor's Portrait Restoration	\$ 200,000
Capitol Cafeteria	\$ 2,323,334
Senate Air Conditioning	\$ 1,600,000
Supreme Court Heating and Cooling	\$ 123,000
Loading Dock Water Infiltration	\$ 500,000
Transformer / Electrical Upgrades	\$ 10,000,000
Capitol Campus	
Energy Savings Project	\$ 3,500,000
Standpipes /Sprinkler Service & Repair	\$ 150,000
Sprinkler Systems	TBD
Building 5	
Steam Boiler	\$ 400,000
Buildings 5, 6,& 7	
Fire Panel Service and Testing	\$ 180,000
Building 11 - Central Chiller Plant	
Secondary power Upgrade	\$ 125,000
Building 13 - Capitol Parking Garage	
Repairs	\$ 380,000
Building 22 - Tax & Revenue Building	
Repairs	\$ 245,000
All Buildings -	
Elevators	<u>\$ 2,579,031</u>

TOTAL Revenue Funded Priority One Projects:

\$ 24,517,365

Special Funding Projects:

Building 3	
Refurbishment	<u>\$ 30,000,000</u>

TOTAL Priority One Projects:

\$ 54,517,365

BUILDING 1 – MAIN CAPITOL

Exterior Cleaning



All exterior stone of the State Capitol will be cleaned and repaired in a manner consistent with preservation techniques prescribed by the National Parks Service. Auxiliary components of the project will include replacement of failing joint compounds between stone to preclude water penetration, and a comprehensive survey (to include construction plans) for repairs to the upper dome lights, Capitol windows, and yellow terra cotta portico roofing.

Project Schedule: 2007

Project Budget: \$1.5M

Priority 1

BUILDING 1 – MAIN CAPITOL

Capitol Cafeteria



The Capitol cafeteria was closed in September of 2006 due to health and safety concerns. Furnishings and equipment were not salvageable. The kitchen, service area and dining room have been demolished and prepared for new construction. Significant infrastructure issues must be addressed, including electrical, plumbing, mechanical, and ventilation.

Construction of the new space will require upgrades to the existing infrastructure, including electrical plumbing, HVAC, lighting, fire alarm, sprinkler systems and communication wiring. These upgrades will allow the cafeteria to be in compliance with standards acceptable throughout the food service industry, while complying with all health regulations.

Project Schedule: 2007

Design Budget \$323,334

Construction Budget: \$2M

Priority 1

BUILDING 1 – MAIN CAPITOL

Senate Air Conditioning



The system providing heating and air conditioning to the Senate is not able to maintain comfort. In addition the overflow or drain pans and the constant drip of non-insulated piping are damaging the plaster ceilings and wall of the office areas. The General Services Division developed a project to replace the current fan coil system with an air system located in one of four existing air handler rooms located on the first and second floors of the main unit. The project will be completed in 4 phases. The system will confine the hot, chilled, and condensate water in the mechanical spaces.

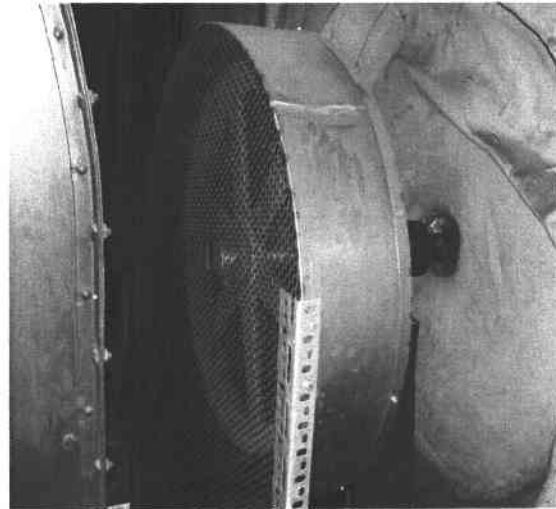
Project Schedule: 2007-2008

Project Budget: \$1.6M

Priority 1

BUILDING 1 – MAIN CAPITOL

Supreme Court Heating and Cooling



The current system providing heating and air conditioning to the Supreme Court Chambers/Court Room does not have the ability to maintain appropriate comfort levels.

The General Services Division has developed a project to rebuild the current air system, provide new cooling coils and connect the system to the central chilled water system. This project will allow the existing dedicated chiller to be used as a standby unit. The cooler water of the central system will allow for a rebalance of the air system reducing noise, providing additional comfort, and reducing maintenance.

Project Schedule: June, 2007

Project Budget: \$123,000

Priority 1

BUILDING 1 – MAIN CAPITOL

East / West Loading Dock Excessive Water Infiltration



The east and west loading dock areas in the State Capitol are subjected to flooding during heavy rains. Exterior storm water overloads the old pumps and piping located in the Capitol basement.

The initial short-term project intends to address the flooding issue by correcting piping problems and providing separate exterior pumps for storm water. Long-term aspects of this project must address issues such as the separation of storm and sanitary sewage flows in the Capitol, planning for future growth and impending regulatory issues.

To be proactive for future campus needs, this project must be extended to address the overall storm water issues on campus, identification of sanitary sewers and planning for the replacement of old deteriorated lines.

Project Schedule: 2007-2011

Project Budget: \$500,000

Priority 1

BUILDING 1 – MAIN CAPITOL

Transformer / Electrical Upgrades



During a recent scheduled maintenance of the Primary Electrical Feed significant cable deterioration was discovered. The result was the inability of Appalachian Power Company to return Building 1 to the normal feed after the maintenance period was complete.

Additional problems were discovered in the transformer vault of Building 1. Years of neglect have rendered the main transformers undependable. The General Services Division is working with Appalachian Power Company and General Electric to provide short-term solutions. The cables were spliced and the transformers were tested and serviced; Appalachian Power Company is providing an additional service for the Chiller Plant (Building 11).

A goal for General Services Division is to remove transformers from Building 1. This action will involve a pad-mounted transformer located adjacent to Building 4 and a duct bank to route 4160 volts under California Avenue to the Building 1 east wing mechanical room. The basement of Building 4 will be used to house a generating plant to provide emergency power for Buildings 1, 4 and 11. The large oil-filled transformers located in the Building 1 basement will be eliminated. Smaller and safer dry-type transformers will reduce the 4160 volts to the 208/3/60 used by Building 1.

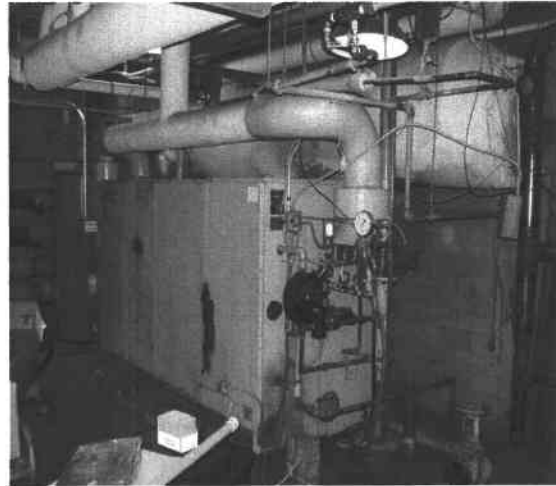
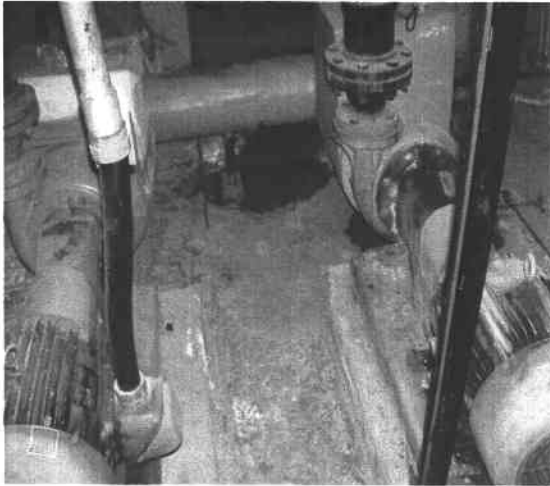
Project Schedule: 2007-2009

Project Budget: \$10M

Priority 1

Energy Savings Project . . . (Contd)

A change order for \$1,800,000 was executed to connect the Cultural Center to the Governor's Mansion and Holly Grove, resulting in enhanced energy efficiency and the reduction of maintenance intensive equipment. Also, as forethought, distribution piping was installed for future expansion of the system.



Unreliable equipment to be retired upon completion of the Energy Savings Project.

Project Schedule: July 2007

Project Budget: \$12 M

Remaining: \$ 3.5 M

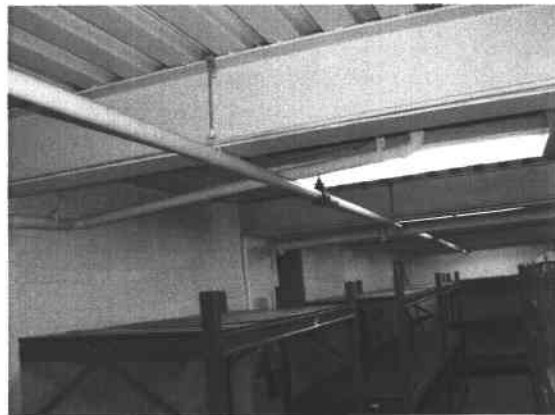
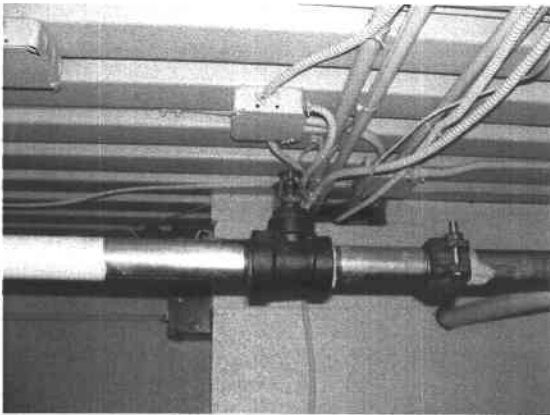
Priority 1

In Progress

Department of Administration...

All Buildings

Standpipes / Sprinkler Service and Repair



This modified service contract is designed to have all fire panels and associated equipment properly tested, documented, repaired and brought to current NFPA code compliance to enhance the life-safety of all occupants and visitors in all Department of Administration owned facilities.

Since there has been no inspection or maintenance of these systems since installation, the current condition is unknown. Therefore, inspection and associated maintenance must be performed to ensure code compliance.

Project Schedule: 2007

Project Budget: \$150,000

Priority 1

CAPITOL CAMPUS...

Capitol Complex Sprinkler Systems



Building 3



Building 4



Building 5



Building 6

The buildings of the Capitol Complex are under orders from the West Virginia Fire Marshalls Office to have our High Rise structures equipped with fire protection sprinkler systems no later than the year 2016. The buildings on the main campus that are considered high rises by the fire code are buildings #3, #4, #5, and #6. As each building on the campus is renovated, fire protection sprinklers will be included as part of the renovation. As recommended by BRIM, fire sprinkler systems will ultimately be installed in all buildings.

Project Schedule: 2006-2016

Project Budget: TBD

Priority 1

BUILDING 3...

Renovation



Documented reports dating more than 15 years detail the outdated and failing systems in this facility, including electrical, HVAC, plumbing, and office layout systems. There is a lack of adequate electrical capacity, causing safety concerns.

Some of the tasks necessary in this refurbishment include asbestos abatement, installation of fire alarms and sprinkler systems, HVAC, electrical upgrades, and engineered smoke control system.

This project calls for a complete overhaul of the facility to be performed within historic preservation guidelines. The building, which was designed by Cass Gilbert, Jr., is on the National Historic Register.

It will be necessary to temporarily relocate employees while working on this project. Relocation issues will be coordinated and communicated with the affected agencies in advance for proper planning.

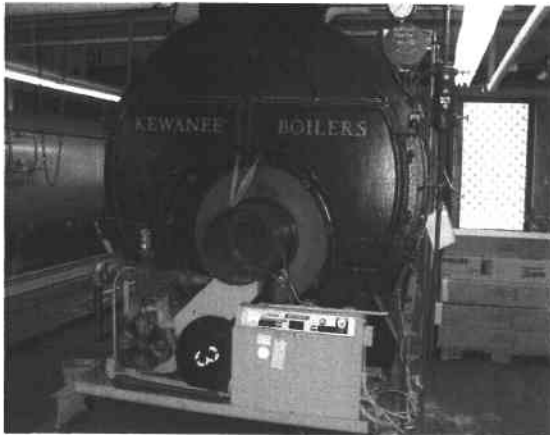
Project Schedule: 2007-2009

Project Budget: \$30M

Priority 1

BUILDING 5...

Steam Boiler



The boiler plant project, provided by the Energy Savings Contract, is currently in the construction phase. Three high pressure steam boilers are provided under the contract and will occupy the 11th floor of Building 5.

However, due to the critical nature of the heating requirements and for the continued operation of state government, an additional steam boiler will be installed to serve as a standby for the three boilers currently provided by the contract.

The additional boiler will allow for the rotation of run time and allow for outages during scheduled maintenance.

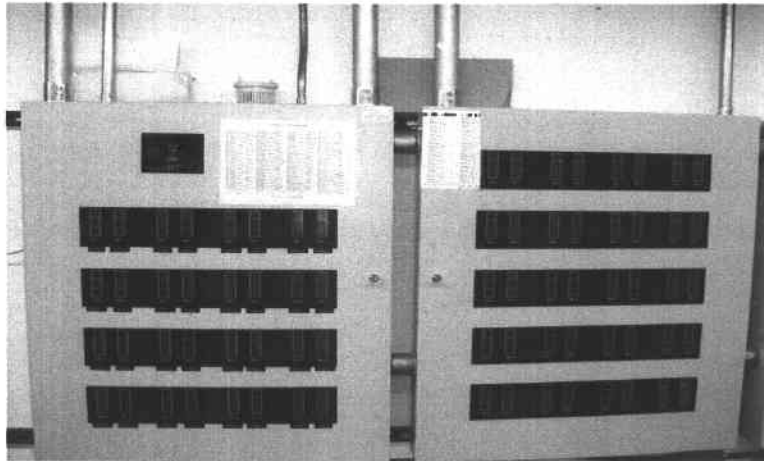
Project Schedule: July 2007

Project Budget: \$400,000

Priority 1

BUILDINGS 5, 6, 7...

Fire Panel Service and Testing



This is a modified service contract designed for all fire panels and associated equipment to be properly tested, documented, and, when necessary, repaired and brought to current NFPA code compliance to enhance the life-safety of all occupants and visitors.

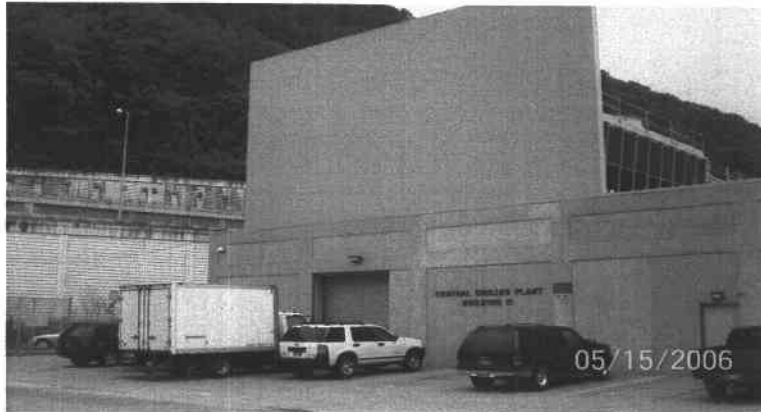
Project Schedule: 2007-2008

Project Budget: \$180,000

Priority 1

BUILDING 11-CENTRAL CHILLER PLANT

Secondary Power Upgrade



Major problems with the campus medium voltage electrical system have recently been discovered through recent upgrades by Appalachian Power Company.

Being the only major building on campus not having a second feed from Appalachian Power Company, Building 11 (Chiller Plant) experienced a scheduled outage affecting several areas on campus, including computer/server rooms in the State Capitol, which are dependent on cooling year-round. The proposed upgrade will provide a second primary feeder as a backup to the chiller plant.

As an additional precaution, the basement of Building 4 will be used to house a generating plant to provide emergency power for Building 11 as part of the State Capitol electrical upgrade.

Project Schedule: 2007-2009

Project Budget: \$125,000

Priority 1

BUILDING 13 - PARKING GARAGE

Parking Garage Repairs



Although approximately seven years old, this building has fallen into disrepair. Poor quality of materials coupled with deferred maintenance have allowed the building to deteriorate at an accelerated rate.

The scope of this work includes project investigation and the preparation of a repair specification and construction management.

The sequential tasks involved in this project include a detailed inspection followed with design of repairs to extend the building life.

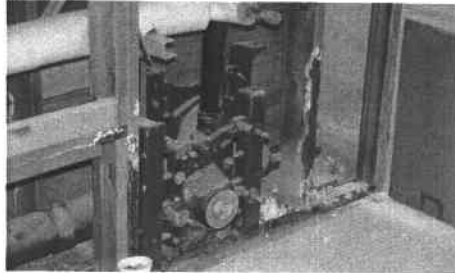
Project Schedule: 2006-2008

Project Budget: \$380,000

Priority 1

BUILDING 22 - TAX & REVENUE

Repairs



For more than 20 years, the Tax & Revenue Building has not realized any significant rehabilitation.

In addition to a separate elevator project, water and mold damaged drywall and framing are currently being replaced by General Service Division.

Some of the problematic issues include the ductwork of the HVAC system, which has dirt particles noticeable on the ceiling tiles and surrounding surfaces. In addition to maintenance problems and higher energy costs, the dirt is becoming a safety concern.

The roof of this building was installed approximately 20 years ago when the building was acquired; the estimated life for the existing roof was 10-15 years. The existing roof is in early stages of failure.

Although some emergency repairs have recently been completed, a roof replacement is necessary and is currently in the planning stages before this issue becomes a more serious problem causing property depreciation.

Project Schedule:	2007-2008
Project Budget	
(Duct Cleaning):	\$45,000
(Roof Replacement):	\$200,000
	In Progress
	Priority 1

Elevators...

Elevator Consulting Services

Elevators in most State Buildings are in serious condition and will require extensive repairs. Due to the highly specialized nature of elevator systems and the elevator code requirements, the General Services Division must call on the expertise of an elevator consultant to properly evaluate the condition, code deficiencies and future needs. This expertise is being used in planning and preparing drawings and specifications for the following projects.

Project Schedule: 2007-2008

Project Budget: \$100 per hour

Priority 1

BUILDINGS 5, 6 & 7...

Building 5: Install a card security system for allowing authorized personnel access to mechanical and electrical floors.

Building 6 & 7: These elevators were all installed during the late 1960's and have long exceeded their life expectancy. The current elevators condition requires full replacement. Two Building 6 elevators are currently being replaced with the remaining two to follow. Both Building 7 elevators will also be replaced. All replacements will be completed in 2007.

Project Schedule: 2007-2008

Project Budget: \$748,588

Priority 1

Building 36:

One Davis Square: While the three passenger elevators were installed in the mid 1980's and do not require replacement, safety systems must be updated. The freight elevator, installed in the mid-1950's, will be replaced.

Project Schedule: 2007-2008

Project Budget: \$750,000

Priority 1

Elevators...(contd)

BUILDINGS 4, 15, 17...

Building 4: Both elevators were installed in 1953 with limited upgrades completed in 1991. New safety systems, control panels, mechanical systems and cab upgrades are needed.

Building 15, 17: The Building 15 elevator was installed in 1997 and Building 17's was installed in 1978. Both elevators require mechanical and safety upgrades to be brought to current standards.

Project Schedule: 2007-2008
Project Budget: \$300,000
Priority 1

BUILDING 22...

WV Department of Tax (Charleston): All three elevators in Building 22 will be replaced. This elevator project is approximately one third complete with one new elevator certified for use, a second to be completed near the beginning of March and the final replacement completed by June 2007.

Project Schedule: 2007
Project Budget: \$331,443
Priority 1

BUILDING 20...

WV Supreme Court Storage (Charleston): Both of Building 20's elevators were installed in 1955. One of these elevators, out of operation for more than ten years, must be replaced. No upgrades are planned for the second functioning elevator.

Project Schedule: 2007
Project Budget: \$449,000
Priority 1

Priority Two Projects:

Revenue Funded Projects:

Building 1 - Main Capitol	
Public Restroom Facilities	\$ 500,000
General Services Division Office	\$ 500,000
Capitol Campus -	
Sidewalk Repair / Replacement	\$ 300,000
Building 4 -	
Window Replacement	\$ 500,000
Building 8 - Governor's Mansion	
Driveway Repair	\$ 155,000
Building 11 - Central Chiller Plant	
Air Conditioning Installation	\$ 50,000
Building 21 - Fairmont State Office Building	
Structural Renovations	\$ 1,000,000
Building 29 - Airport Hanger	
Renovations	\$ 40,000
Building 34 - Weirton State Office Building	
Heating / Cooling & Security	\$ <u>5,050</u>

Total Revenue Funded Priority Two Projects:

\$ 3,050,050

Special Funding Projects:

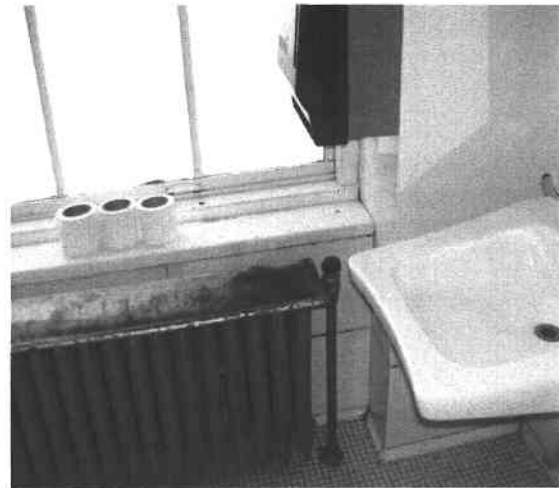
Buildings 5, 6 & 7 -	
Refurbishment	\$ <u>85,300,000</u>

TOTAL Priority Two Projects:

\$ 88,350,050

BUILDING 1 – MAIN CAPITOL

Public Accessible Restroom Facilities



Public restrooms in the main unit of the State Capitol were designed and constructed during the early 1930's. Cass Gilbert, a renowned master of design and function, was the architect for the State Capitol.

The restrooms have been used extensively for more than 70 years. Over these years, few repairs have been confirmed in accordance with the original design and architectural intent.

The scheduled repairs to four restrooms on the ground floor of the main unit include ventilation, plumbing, fixtures, and "milkglass" walls. Original lighting fixtures will be maintained for historical purposes.

The renovation and repairs are intended to maintain both the historic and architectural integrity of the Capitol Building.

Project Schedule: 2007

Project Budget: \$500,000

Priority 2

BUILDING 1 – MAIN CAPITOL

General Services Division Office



Due to changes in staff and in the mission of the General Services Division, the division has outgrown its existing office space. The current proposal to remodel the Capitol cafeteria will extend the cafeteria dining space across the existing corridor into the area currently occupied by the division office staff. The area of the main basement, currently occupied by the crafts shop and inventory, will be remodeled to provide an efficient office for the division.

Currently, the General Services Division offices consist of numerous isolated poorly designed spaces throughout the Capitol basement. Office, shop and storeroom space will be renovated to house all division administrative offices in one central area.

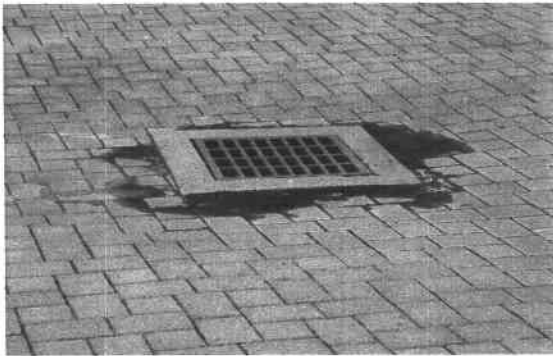
Project Schedule: 2007-2008

Project Budget: \$500,000

Priority 2

CAPITOL CAMPUS...

Sidewalk Repair / Replacement



The Capitol campus sidewalks provide pedestrian access to buildings, as well as serve many other functions, including delivery routes and access for heavy loads for maintenance, special events and emergency needs. Over the years, damage has resulted on most of the campus walkways.

An immediate project to replace damaged sidewalks in the area of Buildings 5, 6 and 7 must be expanded to evaluate all campus sidewalks. The initial project work will include new design standards and an evaluation of campus traffic needs. In order to minimize future damage and maintenance, the design standards must be reevaluated to recognize the higher traffic loadings. Damage to brick paving has resulted in ADA non-compliance for handicapped accessibility, drainage problems and potential tripping hazards.

Sidewalk replacement must also be coordinated with future utility needs and replacement and other remodeling work on campus buildings. With design, planning and critical replacement projects planned within the next year, this project addressing all campus walkways will continue over the next five years.

Project Schedule: 2007-2011

Project Budget: \$300,000

Priority 2

BUILDING 4...

Window Replacement



The windows in Building 4 need replacement due to age, disrepair, lack of efficiency and functionality. These windows are primarily single-paned, allowing the inflow of air in all seasons, which is not conducive to the weatherization required to efficiently maintain air quality and occupant comfort.

Project Schedule: 2008

Project Budget: \$500,000

Priority 2

BUILDINGS 5, 6 and 7...

Refurbishment



Outdated and failing systems are prevalent in this facility. The project requires complete refurbishment of all systems including, but not limited to, electrical, HVAC, plumbing, and life-safety.

In addition, other tasks are necessary such as asbestos abatement and emergency power. Because these structures are not on the National Historic Register, there is an increase latitude in forward-thinking refurbishment options.

It will be necessary to temporarily relocate employees while working on this project. Relocation issues will be coordinated and communicated with the affected agencies in advance for proper planning.

Project Schedule: 2007-2008

Project Budget: \$85.3M

Priority 2

BUILDING 8 – GOVERNOR’S MANSION

Governor’s Driveway



This project is being undertaken to resolve issues, including water leaking into the garage, other drainage issues, potential tripping hazards and replacement of old surfacing. Elevation must be corrected to ensure positive drainage away from the Governor’s Mansion.

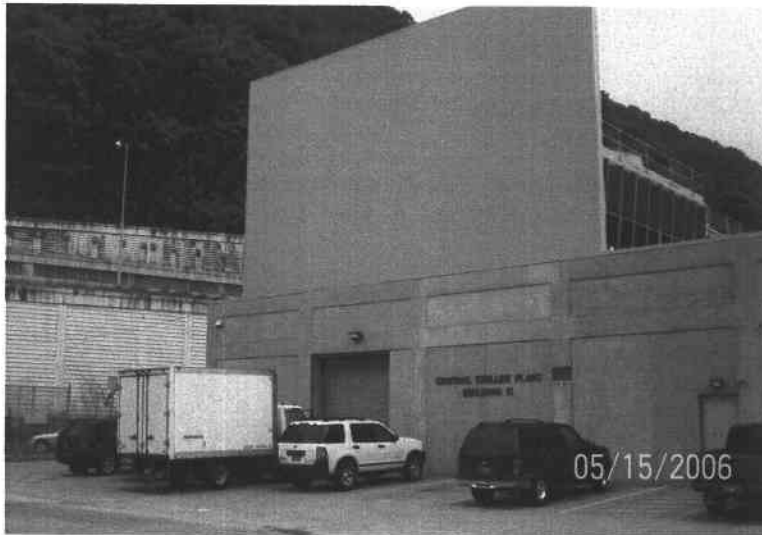
Project Schedule: 2007

Project Budget: \$155,000

Priority 2

BUILDING 11-CENTRAL CHILLER PLANT

Central Plant Air Conditioning Installation



This project is targeted to add heating and cooling to the office areas located inside the plant. The available space located inside this building will be restructured to provide office space for the expanding staff of the General Services Division.

The project will not only add HVAC to these areas, but is designed to bring all life-safety systems inside the plant into full code compliance.

Project Schedule: 2007

Project Budget: \$50,000

Priority 2

BUILDING 21 - FAIRMONT STATE OFFICE BUILDING

Structural Renovation



The Fairmont State Office Building was purchased by the State and remodeled in 1986. Other than build-outs of unused space, little long-term maintenance or refurbishment has been performed on this building since 1987.

Necessary work includes roof replacement, structural repairs, plaza deck replacement, extensive repairs to the exterior finish and caulking, resolution of moisture problems in the basement, and exterior drainage issues. Moisture issues have resulted in complaints and indoor air quality problems.

The roof, originally estimated to serve the building for 10-15 years, has been in place more than 20 years. The plaza decking had a life expectancy of 5-10 years; after 20 years without maintenance, the decking is extensively damaged. Areas of the exterior finish (EIFS) system that cover the original brick are damaged or failing. In addition, the caulking has not been replaced and is failing.

Aside from repairs required to weatherproof the building, the existing interior finishes need refurbishment. Multiple projects are being planned to resolve these issues.

Project Schedule: 2007-2008

Project Budget: \$1M

Priority 2

BUILDING 29- Airport Hanger

Yeager Airport Hanger



The current hanger owned by the Department of Administration at Yeager Airport has had office space added intermittently over several years. The ever-increasing size and scope of the office space has created space that does not meet current building codes, causing fire and life safety concerns.

This project will include the removal of the office space and the reconstruction using code compliant construction techniques.

Project Schedule: 2007-2008

Project Budget: \$40,000

Priority 2

BUILDING 34 - WEIRTON STATE OFFICE BUILDING

Heating/Cooling and Security Program



This small-scale project will allow the remote access of heating and cooling (HVAC) controls and security programming software from the offices of General Services Division in Charleston. Currently, only designated General Services Division maintenance personnel may access the system, and must remain on a "full-time, on-call" basis to provide response to customer requests.

This project will allow the system to be fully monitored and adjusted from remote computers in Charleston.

Project Schedule: 2007

Project Budget: \$5,050

Priority 2

Priority Three Projects:

Revenue Funded Projects:

Building 1 - Main Capitol	
Governor's Press Conference Room	\$ 50,000
Lighting Upgrades	\$ 395,000
Building 10 - Holley Grove	
Restoration	\$ 3,800,000
Building 53 - Governor's Drive Guardhouse	
Repairs	\$ <u>45,000</u>

Total Revenue Funded Priority Three Projects:

\$ 4,290,000

Special Funding Projects:

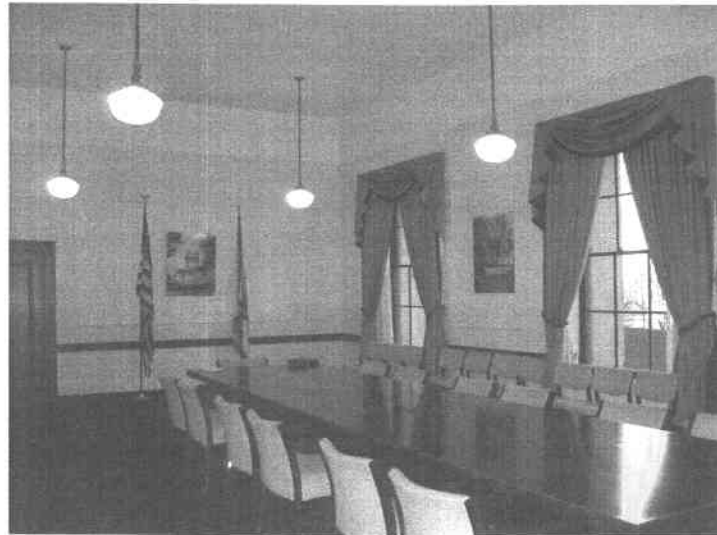
Building 4 -	
Refurbishment	\$ 19,000,000

TOTAL Priority Three Projects:

\$ 23,290,000

BUILDING 1 – MAIN CAPITOL

Governor's Press Conference Room



The Governor's Press Conference Room is located in the Secretary of State's office. Access to the Governor's Press Conference Room is from the internal Secretary of State area and, more directly, from the rotunda area via a hallway in the Secretary of State area. A more private and secure entrance is necessary.

The work necessary to this area includes upgraded telecommunications, improvements in the HVAC system, and new furnishings.

A redesigned entrance is necessary to eliminate intrusion to the Secretary of State's office.

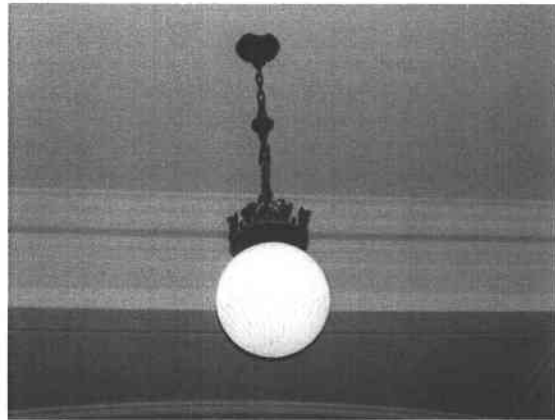
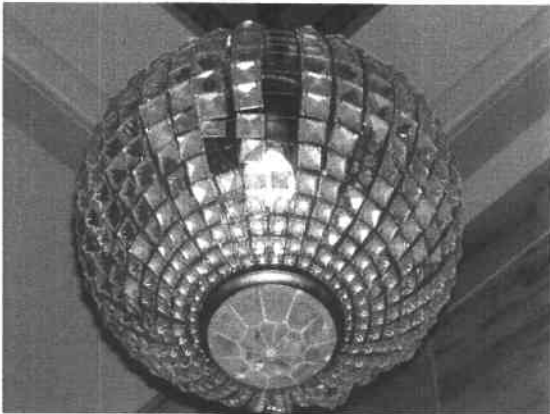
Project Schedule: 2009

Project Budget: \$50,000

Priority 3

BUILDING 1 – MAIN CAPITOL

Lighting Upgrades



This task includes new wiring and wiring sockets and light fixtures throughout the Capitol common areas.

The overall condition of the lighting wiring is in poor condition. The wiring for some light fixtures is spliced and visible when looking at the light fixture. The structural conditions of the fixtures and their connections to the building must also be corrected. This condition raises serious safety concerns.

Project Schedule: 2007-2008

Project Budget: \$395,000

Priority 3

BUILDING 10 - HOLLY GROVE

Restoration



The original structure of the Holly Grove Mansion was constructed in 1815, as the home of Daniel Ruffner, whose family helped develop the early salt industry in the Kanawha Valley. The mansion underwent several remodeling iterations, the first occurring in 1832 and the second in 1903, when the third floor and porches were added.

The building was acquired by the State in 1975 for office space usage. The last tenant of this building was the Commission on Aging, which relocated their office in September of 2004. The facility has since remained unoccupied.

The facility is in a significant state of disrepair due to deferred maintenance. This project consists of a complete renovation, in accordance with historic preservation techniques, to fully update the existing structural, mechanical, electrical, plumbing, and interior/exterior deficiencies. Specific usage of Holly Grove Mansion has not yet been determined. The immediate objective is to 'mothball' the building and stabilize the structure until a future use is determined.

Project Schedule: 2008

Project Budget: \$3.8M

Priority 3

BUILDING 4...

Refurbishment



Documented reports dating back 10 years detail the outdated and failing systems in this facility including electrical, HVAC, plumbing, and office layout systems. The project calls for a complete overhaul of facility systems including the fire alarm, emergency power and sprinkler systems.

It will be necessary to temporarily relocate employees while working on this project. Relocation issues will be coordinated and communicated with the affected agencies in advance for proper planning.

Project Schedule: 2008-2011

Project Budget: \$19M

Priority 3

BUILDING 53 – GOVERNOR’S DRIVE GUARDHOUSE

Repair



The Governor’s Drive guardhouse plays an important role in the security of the western edge of the campus.

This current project will include electrical upgrades, security concerns and improved communications capabilities. This project is currently being coordinated with proposed Protective Services projects at the Governor’s Drive entrance.

Project Schedule: 2007

Project Budget: \$45,000

Priority 3

Appendix 1:

PROJECTED CASH FLOW

Projected Cash Flow:

Current Balance as of 3/1/07: \$26,550,000

Projected Revenue*:

3/07 to 6/07	3,400,000
FY '08	9,360,000
FY '09	8,253,000
FY '10	8,427,000
FY '11	<u>8,631,000</u>

\$38,071,000

Total Funding Through FY'11 \$64,621,000

Project Priority Subtotals:

Priority One	24,517,365
Priority Two	3,050,050
Priority Three	4,290,000

\$31,857,415

Special Funding Projects:

Building 3 - Priority One	30,000,000
Buildings 5, 6 & 7	
- Priority Two	85,300,000
Building 4 - Priority Three	<u>19,000,000</u>

\$134,300,000

* Projections provided by West Virginia Lottery

Appendix 2:

PROPOSED FIVE YEAR SCHEDULE

Joint Committee on Government and Finance

April 2007

Department of Health and Human Resources

**MEDICAID REPORT
STATE PLAN AMENDMENT 07-03**

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
BUREAU FOR MEDICAL SERVICES
SFY 2007 MEDICAID CASH REPORT
As Of April 5, 2007

6 Months Actuals

6 Months Remaining

<div style="border: 1px solid black; padding: 2px;">MONTH OF DECEMBER 2006</div>	ACTUALS	ACTUALS	PROJECTED	TOTAL
	12/1/06 Thru 12/31/06	Year-To-Date Thru 12/31/06	1/1/2007 Thru 06/30/07	SFY2007
REVENUE SOURCES				
Beg. Bal. 12/01/06 (5084/1020 prior mth)	18,462,605	\$22,969,601		\$22,969,601
MATCHING FUNDS				
General Revenue (0403/189)	28,923,083	175,650,388	218,755,299	394,405,687
Rural Hospitals Under 150 Beds (0403/940 & 046)	216,333	1,298,000	1,298,000	2,596,000
Tertiary Funding (0403/547 & 074)	258,833	1,678,000	1,678,000	3,356,000
Lottery Waiver (Less 450,000) (5405/539)	0	10,550,000	2,000,000	12,550,000
Lottery Transfer (5405/871)	0	8,000,000	2,300,000	10,300,000
Trust Fund Appropriation (5185/all activities)		0	30,556,594	30,556,594
Provider Tax (5090/096)	12,152,113	76,599,172	97,216,828	173,816,000
Certified Match	2,268,735	11,025,826	13,335,578	24,361,404
Reimbursables ⁽¹⁾	1,412	1,223,739	3,875,742	5,099,481
CMS - 64 Adjustments		(435,563)	435,563	0
TOTAL MATCHING FUNDS	\$62,283,115	\$308,559,163	\$371,451,604	\$680,010,767
FEDERAL FUNDS	129,920,018	748,705,466	\$896,965,451	\$1,645,670,917
TOTAL REVENUE SOURCES	\$192,203,133	\$1,057,264,629	\$1,268,417,055	\$2,325,681,684
TOTAL EXPENDITURES:				
Provider Payments	\$178,161,806	\$1,042,877,872	\$1,250,865,906	\$2,293,743,778
TOTAL	\$14,041,326	\$14,386,757		\$31,937,906

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 5, 2007

MONTH OF DECEMBER 2006	ACTUALS	ESTIMATED	ESTIMATED	ACTUALS	ACTUALS	PROJECTED
	Actual SFY2006	SFY2007	Current Month Dec-06	Current Month Dec-06	Year To-Date Thru 12/31/06	01/01/06 Thru 06/30/07
EXPENDITURES:						
Inpatient Hospital Services	209,860,932	248,593,096	19,122,546	12,696,058	101,954,568	146,638,528
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	3,237,751	2,220,031	19,266,821	22,823,940
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	37,504,173	204,358,365	212,427,925
Intermediate Care Facilities - Public Providers	160	-	-	-	-	-
Intermediate Care Facilities - Private Providers	53,642,336	59,538,870	4,961,573	4,991,943	29,770,160	29,768,710
Physicians Services	126,950,184	117,945,021	9,072,694	15,502,976	63,053,933	54,891,088
Outpatient Hospital Services	93,921,521	103,013,506	7,924,116	8,515,687	47,963,141	55,050,365
Prescribed Drugs	378,095,030	310,458,195	23,881,400	26,280,987	145,125,143	165,333,052
Drug Rebate Offset - National Agreement	(112,878,531)	(116,033,400)	(3,626,044)	(6,171,740)	(48,422,148)	(67,611,252)
Drug Rebate Offset - State Sidebar Agreement	(29,528,976)	(29,276,640)	(73,192)	(262,384)	(13,773,177)	(15,503,463)
Dental Services	38,320,543	40,972,725	3,151,748	3,288,969	19,039,628	21,933,097
Other Practitioners Services	20,069,824	21,174,205	1,628,785	1,648,397	10,215,994	10,958,211
Clinic Services	46,750,545	37,478,034	2,882,926	3,263,637	18,915,070	18,562,964
Lab & Radiological Services	13,045,112	13,892,145	1,068,627	705,450	3,775,938	10,116,207
Home Health Services	26,490,072	27,896,140	2,145,857	2,474,612	12,694,480	15,201,660
Hysterectomies/Sterilizations	682,237	693,464	53,343	56,429	315,706	377,758
Pregnancy Terminations	-	39,092	3,007	-	-	39,092
EPSDT Services	3,450,995	10,881,433	837,033	202,085	1,346,369	9,535,064
Rural Health Clinic Services	7,652,987	7,621,694	586,284	480,521	3,276,893	4,344,801
Medicare Health Insurance Payments - Part A Premiums	17,903,197	17,191,600	1,432,633	1,394,595	8,266,935	8,924,665
Medicare Health Insurance Payments - Part B Premiums	61,584,326	64,000,000	5,333,333	4,999,154	30,245,307	33,754,693
120% - 134% Of Poverty	2,861,904	-	-	307,615	1,735,299	(1,735,299)
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	213,950,846	241,784,020	20,148,668	18,858,740	114,737,796	127,046,222
Medicaid Health Insurance Payments: Group Health Plan Payments	289,548	346,380	28,865	-	85,876	260,504
Home & Community-Based Services (MR/DD)	185,607,767	207,361,030	15,950,848	16,001,927	93,291,984	114,069,046
Home & Community-Based Services (Aged/Disabled)	60,658,000	59,874,724	4,605,748	4,674,864	27,251,814	32,622,910
Community Supported Living Services	-	-	-	13	38	(38)
Personal Care Services	27,037,173	36,554,021	2,811,848	3,168,046	18,104,416	18,449,605
Targeted Case Management Services	9,026,219	9,285,672	714,282	625,409	4,015,733	5,269,939
Primary Care Case Management Services	599,865	796,780	66,398	61,275	366,345	430,435
Hospice Benefits	6,545,960	9,357,560	719,812	656,249	4,240,844	5,116,716
Federally Qualified Health Center	17,133,735	16,681,010	1,283,155	1,438,542	7,049,063	9,631,947
Other Care Services	117,082,516	132,236,166	10,172,013	9,707,955	65,306,623	66,929,543
Less: Recoupments	-	-	-	(78,254)	(3,323,123)	3,323,123
NET EXPENDITURES:	2,110,065,831	2,182,055,749	174,858,249	175,213,961	1,026,535,361	1,155,520,388

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
BUREAU FOR MEDICAL SERVICES
SFY 2007 EXPENDITURES BY PROVIDER TYPE
As of April 5, 2007

MONTH OF DECEMBER 2006	ACTUALS	ESTIMATED	ESTIMATED	ACTUALS	ACTUALS	PROJECTED
	Actual SFY2006	SFY2007	Current Month Dec-06	Current Month Dec-06	Year To-Date Thru 12/31/06	01/01/06 Thru 06/30/07
Plus: Medicaid Part D Expenditures	8,942,213	29,504,480	2,458,707	2,328,131	14,009,987	15,494,513
Plus: State Only Medicaid Expenditures	4,507,995	3,500,000	269,231	365,738	2,252,141	1,247,859
TOTAL MEDICAID EXPENDITURES	\$2,123,516,039	\$2,215,060,229	\$177,586,187	\$177,907,831	\$1,042,797,469	\$1,172,262,760
Plus: Reimbursables ⁽¹⁾	4,446,206	3,500,000	269,231	253,976	1,744,154	1,755,846
TOTAL EXPENDITURES	\$2,127,962,245	\$2,218,560,229	\$177,855,418	\$178,161,806	\$1,044,541,623	\$1,174,018,606

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

BUREAU FOR MEDICAL SERVICES
Medicaid Approved Claims Report
As of April 5, 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
1A	Inpatient Hospital Services	50,660,147	44,239,858	46,342,049	88,465,831	59,004,884	45,420,674
1B	Inpatient Hospital Services - DSH	13,494,023	13,466,678	13,470,677	13,477,601	13,487,307	13,398,746
2A	Mental Health Facilities	6,454,836	6,912,113	13,562,413	12,299,762	9,611,035	9,654,320
2B	Mental Health Facilities - DSH	4,684,394	6,274,180	4,694,816	4,700,836	4,707,635	4,689,840
3	Nursing Facility Services	98,020,447	98,903,504	100,422,510	96,189,829	97,869,357	102,858,858
4B	Intermediate Care Facilities - Private Providers	12,722,547	13,147,300	14,288,039	13,501,343	14,866,833	14,906,183
5	Physicians Services	33,583,781	30,844,222	32,178,805	35,100,502	22,184,181	27,917,656
6	Outpatient Hospital Services	24,086,719	23,085,591	23,092,102	28,178,798	24,854,201	24,036,809
7	Prescribed Drugs	109,529,189	119,401,991	77,862,448	72,148,648	73,996,679	79,099,520
7	Part D Premium - State Only	0	0	6,871,393	6,832,317	7,036,703	6,973,263
7A1	Drug Rebate Offset - National	(26,479,767)	(34,649,872)	(28,295,179)	(23,449,375)	(31,036,177)	(23,748,198)
7A2	Drug Rebate Offset - State	(6,074,088)	(6,473,002)	(6,236,973)	(10,749,249)	(6,167,738)	(7,473,084)
	Total Rebates	(32,553,855)	(41,122,874)	(34,532,152)	(34,198,624)	(37,203,915)	(31,221,282)
	NET DRUG COST	76,975,334	78,279,117	50,201,689	44,782,341	43,829,467	54,851,501
8	Dental Services	9,309,731	10,225,378	9,538,773	10,675,862	9,747,640	10,030,108
9	Other Practitioners Services	5,745,239	5,127,471	5,390,387	6,262,904	5,011,125	4,708,250
10	Clinic Services	9,029,258	9,030,351	11,577,234	7,711,808	7,646,097	8,289,028
11	Lab & Radiological Services	3,086,682	3,614,604	3,834,362	2,175,779	4,266,918	4,334,075
12	Home Health Services	6,908,765	7,280,231	7,528,844	7,418,116	6,685,878	6,548,543
13	Hysterectomies/Sterilizations	165,370	161,149	207,520	159,288	156,636	161,379
14	Pregnancy Termination	96,251	70,984	90,137	90,528	64,402	34,849
15	EPSDT Services	1,151,400	882,248	691,405	4,229,031	6,283,348	5,972,258
16	Rural Health Clinic Services	2,005,835	1,747,828	2,179,575	2,099,858	1,690,077	1,651,481
17A	Medicare - Part A Premiums	3,620,829	6,261,928	4,152,571	4,108,236	2,784,018	4,185,821
17B	Medicare - Part B Premiums	14,211,799	14,560,223	15,692,417	16,143,572	10,649,879	16,255,310
18A	Managed Care Organizations	42,730,774	51,288,669	60,115,171	59,817,308	60,065,446	68,259,290
18C	Group Health Plan Payments	58,739	96,095	58,501	76,212	85,876	0
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
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
23	Personal Care Services	5,982,676	5,952,653	6,417,084	8,491,635	8,931,805	8,741,934
24	Targeted Case Management	2,210,932	2,398,029	2,284,222	2,593,955	2,125,578	2,022,280
25	Primary Care Case Management	140,880	122,019	140,814	192,360	187,035	234,915
26	Hospice Benefits	1,148,368	1,818,491	1,720,716	2,074,858	2,525,227	2,043,527
28	Federally Qualified Health Center	4,022,834	4,348,762	5,572,223	3,907,444	3,423,360	3,928,153
29	Other Care Services	26,938,503	25,585,317	26,768,853	32,342,339	28,700,010	30,004,526
	Unclassified	9,229	1,855	6,837	10,477	211,611	53
///	TOTALS	521,637,657	526,431,029	523,181,412	569,722,618	512,265,207	546,849,368

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
7.2	Medicare Part D (Estimated)	0	0	28,266,867	28,106,119	28,946,904	28,506,512
///	Estimated Medicaid & Medicare Prescribed Drug Payments	109,529,189	119,401,991	106,129,315	100,254,767	102,943,583	107,606,032



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

March 28, 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 07-03 as an amendment to West Virginia's State Plan.

This plan sets forth the provisions of the employee education about the False Claims Act and provides for the Medicaid agency's oversight and monitoring of providers' compliance.

The Plan provisions are in conformance with the SSA 1902 (a)(68), P.L. 109-171, section 6032.

New Plan pages are: Pages 79y1 - 79y3 and Attachment 4.42 A, 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
Attach.



STATE OF WEST VIRGINIA
DEPARTMENT OF HEALTH AND HUMAN RESOURCES

Joe Manchin III
Governor

Bureau for Medical Services
Commissioner's Office
350 Capitol Street - Room 251
Charleston, West Virginia 25301-3706
Telephone: (304) 558-1700 Fax: (304) 558-1509

Martha Yeager Walker
Secretary

MEMORANDUM

DATE: March 26, 2007

TO: The Honorable Joe Manchin III Governor
State of West Virginia

FROM: Martha Yeager Walker, Secretary *myw*
Department of Health and Human Resources

RE: Medicaid State Plan Amendment
Transmittal Number 07-03

Attached is State Plan amendment (SPA) 07-03.

This plan sets forth the provisions of the employee education about the False Claims Act and provides for the Medicaid agency's oversight and monitoring of providers' compliance. This plan will apply to providers who received or made Medicaid payments of at least \$5,000,000 million dollars in federal fiscal year 2006. Federal budget impact in 2007 is \$910.47

A memorandum for your use in forwarding the proposed amendment to the Governor for his review and signature is attached.

NMA:jd

Attachments

cc: Leonard Kelley,
Deputy Commissioner, Finance & Administration

Shelley Baston
Deputy Commissioner, Policy Coordination

<p align="center">TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</p> <p align="center">FOR: HEALTH CARE FINANCING ADMINISTRATION</p>		1. TRANSMITTAL NUMBER: 0 7 - 0 3	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 1902 (a)(68), P.L. 109-171, section 6032		7. FEDERAL BUDGET IMPACT:	
		a. FFY 2007 \$ 910.47	
		b. FFY 2008 \$ 230.69	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Pages 79Y1, 79Y2, 79Y3 & Attachment 4.42-A Page 1		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable). NEW	
10. SUBJECT OF AMENDMENT: This plan sets forth the provisions of the employee education about the False Claims Act and provides for the Medicaid agency's oversight and monitoring of providers' compliance.			
11. GOVERNOR'S REVIEW (Check One):			
<input 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/Territory: West Virginia

Citation
1902(a)(68) of
the Act, P.L.
109-171
(section 6032)

4.4 Employee Education About False Claims Recoveries.

(a). The Medicaid agency meets the requirements regarding establishment of policies and procedures for the education of employees of entities covered by section 1902(a)(68) of the Social Security Act (the Act) regarding false claims recoveries and methodologies for oversight of entities' compliance with these requirements.

(1). Definitions

(A).

An "entity" includes a governmental agency, organization, unit, corporation, partnership, or other business arrangement (including any Medicaid managed care organization, irrespective of the form of business structure or arrangement by which it exists), whether for-profit or not-for-profit, which receives or makes payments, under a State Plan approved under title XIX or under any waiver of such plan, totaling at least \$5,000,000 annually.

If an entity furnishes items or services at more than a single location or under more than one contractual or other payment arrangement, the provisions of section 1902(a)(68) apply if the aggregate payments to that entity meet the \$5,000,000 annual threshold. This applies whether the entity submits claims for payments using one or more provider identification or tax identification numbers.

A government component providing Medicaid health care items or services for which Medicaid payments are made would qualify as an "entity" (e.g., a state mental health facility or school district)

TN No. 07-03
Supersedes
TN No. New

Approval Date: _____

Effective Date: _____

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State/Territory: West Virginia

providing school-based health services). A government agency which merely administers the Medicaid program, in whole or part (e.g., managing the claims processing system or determining beneficiary eligibility), is not, for these purposes, considered to be an entity.

An entity will have met the \$5,000,000 annual threshold as of January 1, 2007, if it received or made payments in that amount in Federal fiscal year 2006. Future determinations regarding an entity's responsibility stemming from the requirements of section 1902(a)(68) will be made by January 1 of each subsequent year, based upon the amount of payments an entity either received or made under the State Plan during the preceding Federal fiscal year.

- (B) An "employee" includes any officer or employee of the entity.
- (C) A "contractor" or "agent" includes any contractor, subcontractor, agent, or other person which or who, on behalf of the entity, furnishes, or otherwise authorizes the furnishing of, Medicaid health care items or services, performs billing or coding functions, or is involved in the monitoring of health care provided by the entity.
- (2) The entity must establish and disseminate written policies which must also be adopted by its contractors or agents. Written policies may be on paper or in electronic form, but must be readily available to all employees, contractors or agents. The entity need not create an employee handbook if none already exists.

TN No. 07-03
Supersedes
TN No. New

Approval Date: _____

Effective Date: _____

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State/Territory: West Virginia

- (3). An entity shall establish written policies for all employees (including management), and of any contractor or agent of the entity, that include detailed information about the False Claims Act and the other provisions named in section 1902(a)(68)(A). The entity shall include in those written policies detailed information about the entity's policies and procedures for detecting and preventing waste, fraud and abuse. The entity shall also include in any employee handbook a specific discussion of the laws described in the written policies, the rights of employees to be protected as whistleblowers and a specific discussion of the entity's policies and procedures for detecting and preventing fraud, waste and abuse.
- (4). The requirements of this law should be incorporated into each State's provider enrollment agreements.
- (5). The State will implement this State Plan amendment on three months from plan approval.
- (b). ATTACHMENT 4.42-A describes, in accordance with section 1902(a)(68) of the Act, the methodology of compliance oversight and the frequency with which the State will re-assess compliance on an outgoing basis.

TN No. 07-03
Supersedes
TN No. New

Approval Date: _____

Effective Date: _____

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: West Virginia**FALSE CLAIMS ACT ATTACHMENT**

1. The Bureau for Medical Services, the West Virginia single state agency, will incorporate into the provider enrollment agreement, the responsibilities of the affected providers in implementing Section 6032 of the Deficit Reduction Act of 2005, the "Employee Education About False Claims Recovery."
2. The Bureau for Medical Services will request copies of an affected provider's written policies, and the plan to disseminate those policies to staff, within three (3) months of State Plan approval.
3. The Bureau for Medical Services will conduct a desk review of the affected providers written policies and procedures and provide a written response of approval and/or suggestions to said policies and dissemination plan. Said policies and procedures will include explanation of the false claims act; the providers' policies and procedures for detecting and preventing waste, fraud and abuse; the rights of employees to be protected as whistle blowers and telephone numbers and/or addresses for reporting fraud and abuse.
4. Thereafter, the Bureau will contact affected providers on a yearly basis for any update or change to its written policies. The Bureau will accomplish this verification by provider survey.
5. New affected providers identified each year will be required to submit their policies and dissemination plan and will be handled per #2, 3, 4.
6. The Bureau for Medical Services has a range of sanctions contained in its administrative regulation for non-compliance with Medicaid policies. These sanctions range from requiring a plan of correction to termination from the Medicaid program. These sanctions will be applied to non-compliance with the "Employee Education About False Claims Recovery."

BOARD OF TREASURY INVESTMENTS

CALENDAR NOTES

Next Board Meeting
April 26, 2007
Next CD Auction
May 15, 2007

OPERATING REPORT MARCH 2007

**Board of
Treasury
Investments**

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

**Board of
Directors**

John D. Perdue,
State Treasurer,
Chairman

Joe Manchin III,
Governor

Glen B. Gainer
III, State Auditor

Martin Glasser,
Esq. Attorney
Appointed by
the Governor

Jack Rossi, CPA
Appointed by
the Governor

Executive Staff

Executive
Director

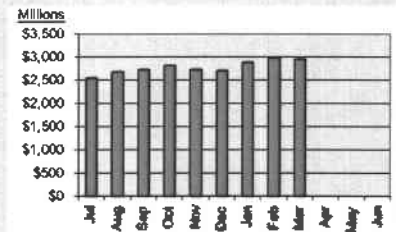
Glenda Probst,
CPA, CTP

Chief Financial
Officer

Kara K. Brewer,
CPA, MBA

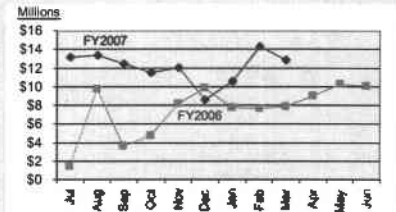
**Total Net Assets Under
Management**
\$2,959,809,000

Last Month	Beginning of Fiscal Year
\$2,980,570,000	\$2,481,176,000



**20.1% Growth This Fiscal
Year**

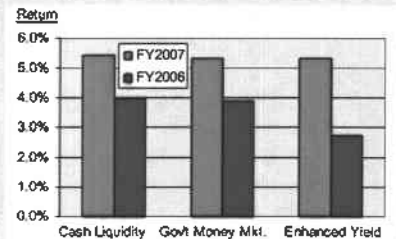
Total Net Income & Gains
This Month \$12,842,000
Fiscal Year \$109,215,000



Outpacing Last Year

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

	March 2007	Fiscal Year to Date 2007	Fiscal Year to Date 2006
Cash Liquidity	5.7%	5.4%	4.0%
Gov't Money Mkt	5.5%	5.3%	3.9%
	Fiscal Year 2007 (Past 12 Months)	Fiscal Year 2006 (Past 12 Months)	
Enhanced Yield	5.3%	2.7%	



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

**Returns Exceed Prior
Year's**

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS
THE ECONOMIC STATE
MARCH 2007

Consumer Spending Drives Economic Expansion

Fuel, food, tobacco costs lead rising consumer prices

The U.S. unemployment rate fell in March to 4.4%, matching the five-year low last seen in October. The U.S. economy added 180,000 jobs in March, following a revised 113,000 gain in February. The U.S. economy expanded at an annual rate of 2.5% in the fourth quarter, restrained by declines in home construction and business investment. Consumer spending remained the key driver, expanding at a 4.2% annual pace in the fourth quarter after a 2.8% gain in the previous quarter. U.S. consumer prices rose 0.4% in February, led by increases in fuel, food, and medical care. For the trailing twelve months, the CPI rose 2.4%. The core CPI, which excludes food and energy, rose 0.2% in February and 2.7% for the trailing twelve months. The Producer Price Index rose a higher-than-expected 1.3% in February, the most in three months. Higher energy, food and tobacco costs drove the index higher during the month and left the index up 2.5% over the last twelve months. Energy prices increased 3.5% in February, following a -4.6% drop, while gasoline jumped 5.3% and natural gas costs rose 4.1%, the most since October 2005. The core PPI also increased more than anticipated in February and rose 1.8% from a year earlier. Housing starts rebounded 9.0% in February from a nine-year low, easing fears that the real estate slump will worsen and hurt the economic expansion. However, increasing subprime loan defaults and foreclosures will likely deepen the housing slowdown.

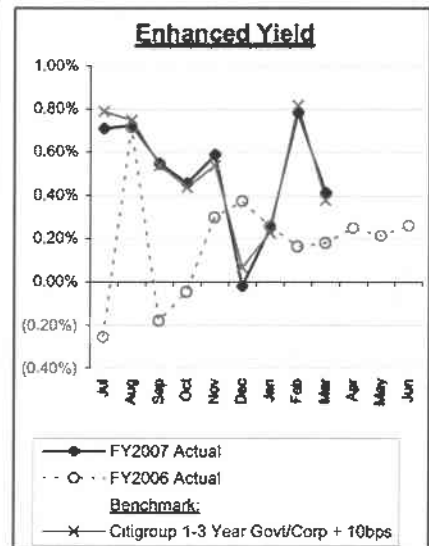
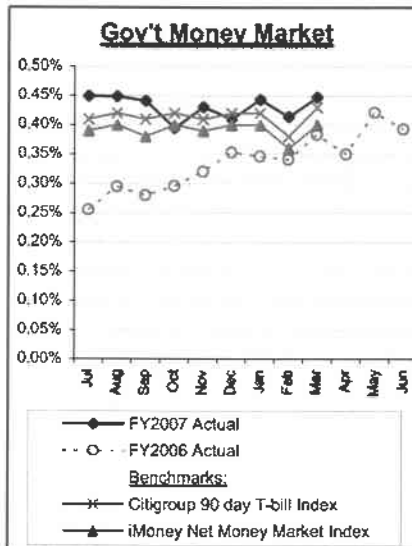
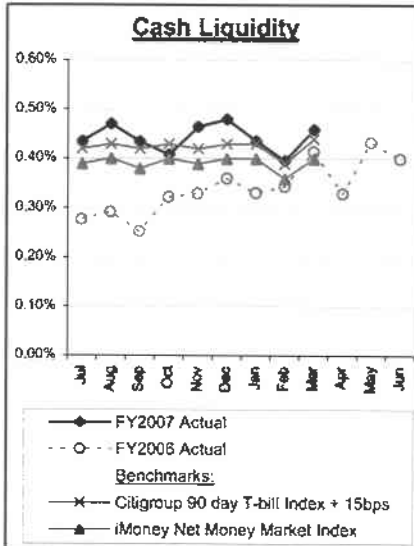
The overnight lending rate remained at 5.25% in March after the Fed left rates unchanged at its last six meetings. Higher inflation figures reduced the Fed's flexibility to respond to a crisis in subprime mortgages, where delinquencies have climbed to a four-year high. For the month of March, yields shifted lower over the short end of the curve while rising on the long end. The yield curve remained inverted at the belly of the curve. The 2-year Treasury yield dropped 7 bps to 4.57% while the 30-year Treasury yield jumped 16 bps to 4.84%. The 3-year Treasury yield fell 3 bps as the 5-year Treasury yield rose slightly, both yielding 4.53% at the end of March. The 10-year Treasury yield rose 8 bps to 4.64%. The yield spread between the 30-year Treasury and the 2-year Treasury widened to 27 bps.

Ninety-Day T-Bills returned 0.45% in March, outperforming the 0.38% return of 1-3 Year Government Bonds. Year-to-date in 2007, 90-Day T-bills have earned 1.25%, while 1-3 Year Government Bonds have returned 1.41%. For the last 12 months, T-bills outperformed slightly with a 5.07% return as 1-3 Year Government Bonds earned 5.01%.

West Virginia Board of Treasury Investments

Financial Highlights as of March 31, 2007

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



Summary of Value and Earnings (In Thousands)

Pool	Asset Value	March Net Income (Loss)	Fiscal YTD Net Income (Loss)
Cash Liquidity	\$ 2,088,404	\$ 9,818	\$ 75,477
Gov't Money Market	253,800	1,102	7,758
Enhanced Yield	227,946	930	11,556
Loss Amortization	155,239	320	9,296
Loans	132,114	320	2,711
Participant Accounts	102,306	352	2,417
	<u>\$ 2,959,809</u>	<u>\$ 12,842</u>	<u>\$ 109,215</u>

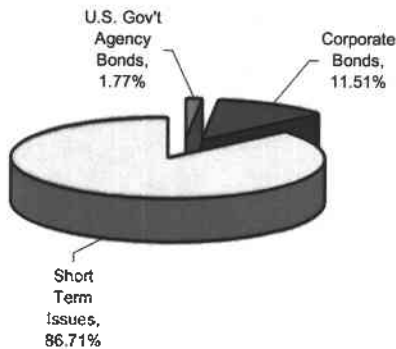
Percent of Total Net Asset Value



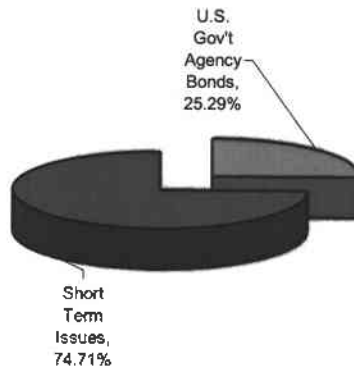
- Participant Accounts, 3.5%
- Loans, 4.5%
- Loss Amortization, 5.2%
- Enhanced Yield, 7.7%
- Gov't Money Market, 8.6%
- Cash Liquidity, 70.5%

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

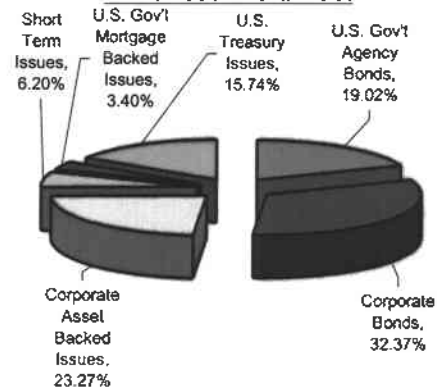
Cash Liquidity Pool



Gov't Money Market Pool



Enhanced Yield Pool



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

MARCH 31, 2007

(IN THOUSANDS)

	<u>Cash Liquidity</u>	<u>Government Money Market</u>	<u>Enhanced Yield</u>	<u>Other Pools</u>	<u>Participant Directed Accounts</u>
Assets					
Investments:					
At amortized cost	\$ 2,085,098	\$ 253,527		\$ 131,708	\$ 27,680
At fair value	-	-	\$ 229,015	155,239	73,998
Collateral for securities loaned	146,875	36,097	69,630	-	-
Other assets	3,573	303	1,953	411	629
Total assets	<u>2,235,546</u>	<u>289,927</u>	<u>300,598</u>	<u>287,358</u>	<u>102,307</u>
Liabilities					
Payable for securities loaned	146,875	36,097	69,630	-	-
Other liabilities	267	30	3,022	5	1
Total liabilities	<u>147,142</u>	<u>36,127</u>	<u>72,652</u>	<u>5</u>	<u>1</u>
Net Assets	<u>\$ 2,088,404</u>	<u>\$ 253,800</u>	<u>\$ 227,946</u>	<u>\$ 287,353</u>	<u>\$ 102,306</u>
Investment income					
Interest and dividends	\$ 3,843	\$ 530	\$ 934	\$ 370	\$ 393
Securities lending income	1,213	227	40	-	-
Net accretion (amortization)	6,109	587	34	549	(13)
Provision for uncollectible loans	-	-	-	(45)	-
Total investment income	<u>11,165</u>	<u>1,344</u>	<u>1,008</u>	<u>874</u>	<u>380</u>
Expenses					
Fees	165	20	24	5	1
Securities lending borrower rebates	1,182	222	41	-	-
Total expenses	<u>1,347</u>	<u>242</u>	<u>65</u>	<u>5</u>	<u>1</u>
Net investment income	<u>9,818</u>	<u>1,102</u>	<u>943</u>	<u>869</u>	<u>379</u>
Net realized gain (loss)					
from investments	-	-	25	-	-
Net increase (decrease)					
in fair value of investments	-	-	(38)	(229)	(27)
Net gain (loss) from investments	-	-	(13)	(229)	(27)
Net increase (decrease) in net assets from operations	<u>9,818</u>	<u>1,102</u>	<u>930</u>	<u>640</u>	<u>352</u>
Distributions to participants	<u>9,819</u>	<u>1,102</u>	<u>943</u>	<u>320</u>	<u>-</u>
Participant activity					
Purchases, reinvestment of units and contributions	639,837	63,877	876	320	18
Redemptions and withdrawals	671,224	50,684	-	326	4,115
Net increase (decrease) in net assets from participant activity	<u>(31,387)</u>	<u>13,193</u>	<u>876</u>	<u>(6)</u>	<u>(4,097)</u>
Increase (decrease) in net assets	(31,388)	13,193	863	314	(3,745)
Net assets at beginning of period	2,119,792	240,607	227,083	287,039	106,051
Net assets at end of period	<u>\$ 2,088,404</u>	<u>\$ 253,800</u>	<u>\$ 227,946</u>	<u>\$ 287,353</u>	<u>\$ 102,306</u>

AGENDA
JOINT COMMITTEE ON GOVERNMENT AND FINANCE
April 18, 2007

12:00 - 1:00 p.m.

Senate Finance Room

1. Approval of January 9, 2007, minutes
2. 2007 Interim Studies
3. Monthly/Quarterly Reports Distribution:
Status Reports on the Lottery Commission, Unemployment Compensation Trust Fund,
and General Revenue Fund
4. Monthly/Quarterly Report Distribution from Department of Health and Human Resources:
Medicaid Report
5. Monthly/Quarterly Reports Distribution:
PEIA
BRIM
CHIP
Lease Report
General Services Divison
6. Department of Transportation
7. Bureau of Senior Services
8. Monthly Report on the Pharmaceutical Cost Management Council
9. Other Business
10. Scheduled Interim Dates: 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
11. Adjournment

Tape: April 18, 2007

Speaker Thompson presided.

Speaker: Meeting will come to order. Chair recognizes Senate President.

President: Mr. Speaker I move the approval of the January 9, 2007 minutes.

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

Committee: I

Speaker: Oppose? The I's have it. Minutes are approved. The Chair recognizes Senate President.

President: Mr. Speaker, I move the President and the Speaker be authorized to establish interim committees as they deem appropriate and to appoint as many members as desired to any committee other than statutory committees.

Speaker: Questions on the motion? Is there any discussion? If not, all in favor say I.

Committee: I

Speaker: Oppose? The I's have it. Motion is adopted. Chair recognizes Senate President.

President: Mr. Speaker, I move the committee co-chairs be authorized to establish subcommittees with the approval of the President and Speaker, study additional issues as approved by the President and Speaker and assign duties to appropriate subcommittees with approval of the President and Speaker.

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

Committee: I

Speaker: The I's have it. Motion is adopted. Chair recognizes Senate President.

President: Mr. Speaker, I move that the following statutory committees be established to meet:

- 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

Speaker: Questions on adoption of the motion? Discussion? If not, all in favor say I.

Committee: I

Speaker: Opposed? The I's have it. Motion is adopted. Chair recognizes the Senate President.

President: Mr. Speaker, I move the following standing committees be authorized to meet:

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

Speaker: Questions on adoption of motion? Discussion? All in favor say I.

Committee: I

Speaker: Oppose? The I's have it. Motion is adopted. Chair recognizes Senate President.

President: Mr. Speaker, I move the following committees be 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

Speaker: Questions on adoption of motion? Discussion? All in favor say I.

Committee: I

Speaker: Oppose? The I's have it. Motion is adopted. Chair recognizes Senate President.

President: Mr. Speaker, I move the following study resolutions be assigned to interim committees as follows:

Joint Committee on Agriculture and Agri-business

SCR 78

Joint Commission on Economic Development

SCR 83, HCR 48 and SCR 65

Joint Standing Committee on Education

SCR 58, SCR 60, SCR 80, HCR 68, HCR 85 and HCR 91

Joint Standing Committee on Finance

HCR 62, HCR 70, HCR 89 and HCR 50

Joint Standing Committee on Government Organization

SCR 52, SCR 55 and SCR 63

Joint Standing Committee on Pensions and Retirement

HCR 35

Joint Standing Committee on Judiciary

HCR 82, SCR 69, HCR 45, HCR 60, HCR 66, HCR 86, HCR 94, SCR 76, HB 2346, HCR 83 and HCR 92

Legislative Oversight Committee on Regional Jail and Correctional Facility Authority

HCR 54 and HCR 79

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

HCR 42 and HCR 40

Select Committee B - Veterans' Issues

HCR 75

Select Committee C - Infrastructure

HCR 77, HCR 84, HCR 80 and SCR 84

Select Committee D - Health

SCR 82, SCR 77, HCR 14, HCR 53, HCR 58 and HCR 81

Joint Legislative Oversight Commission on State Water Resources

SCR 15, SCR 85, HCR 55 and HB 3210

Speaker: Questions on adoption of the motion? Discussion? All in favor say I.

Committee: I

Speaker: Oppose? The I's have it. The motion is adopted. Chair recognizes Senate President.

President: Mr. Speaker, I move that the Joint Commission on Economic Development be directed to study Tax Increment Financing issues for Class III and IV cities.

Speaker: Questions on adoption of the motion? Discussion? All in favor say I.

Committee: I

Speaker: Oppose? The I's have it. The motion is adopted. Chair recognizes Senate President.

President: Mr. Speaker, I move that the Joint Committee on Finance be directed to study the Soft Drinks Tax in the State of WV.

Speaker: Questions on adoption of the motion? Discussion? All in favor say I.

Committee: I

Speaker: Oppose? The I's have it. The motion is adopted. Chair recognizes Senate President.

President: Mr. Speaker, I move that the Joint Standing Committee on Judiciary be directed to study the Administrative Expenses, Policies, and Procedures of Brickstreet Insurance Company.

Speaker: Questions on adoption of the motion? Discussion? All in favor say I.

Committee: I

Speaker: Oppose? Question? Discussion.

Senator Helmick:: We are going to study, we are going to single out a private insurance company and study them?

President: Senator that is a quasi private insurance company until July of 2008.

Senator Helmick: I kinda figured that would be the answer. Thank you Mr. President.

President: Thank you for inquiring.

Speaker: Questions on adoption of the motion? Discussion? All in favor say I.

Committee: I

Speaker: Oppose? The I's have it. The motion is adopted. Chair recognizes Senate President.

President: Mr. Speaker, I move that the Joint Committee on Finance be directed to study the Insurance Coverage for County Replacement Costs for courthouses and other facilities as well as GASB Implementation.

Speaker: Questions on adoption of the motion? Discussion? All in favor say I.

Committee: I

Speaker: Oppose? The I's have it. The motion is adopted. Chair recognizes Senate President.

President: Mr. Speaker, I move that Select Committee A – Committee on Children, Juveniles, and other Issues be directed to study the Family Court System.

Speaker: Questions on adoption of the motion? Discussion? All in favor say I.

Committee: I

Speaker: Oppose? The I's have it. The motion is adopted. Chair recognizes Senate President.

President: Mr. Speaker, I move that Select Committee D - Health be directed to study the issue of access to oral health services.

Speaker: Questions on adoption of the motion? Discussion? All in favor say I.

Committee: I

Speaker: Oppose? The I's have it. The motion is adopted. Chair recognizes Senate President.

President: Mr. Speaker, I move that Select Committee E - Broadband be 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.

Speaker: Questions on adoption of the motion? Discussion? All in favor say I.

Committee: I

Speaker: Oppose? The I's have it. The motion is adopted. Chair recognizes Senate President.

President: Mr. Speaker, I move that for 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.

Speaker: Questions on adoption of the motion? Discussion? All in favor say I.

Committee: I

Speaker: Oppose? The I's have it. The motion is adopted. The members of the Committee, the monthly/quarterly reports distributions are in your packets I believe. We also have monthly/quarterly reports distributions from the Department of Health and Human Resources. Is Cabinet Secretary Walker present? John Law.

John Law: Mr. Speaker, I am from DHHR, the monthly reports for Medicaid are in the packets.

Secretary Walker: Mr. President, Mr. Speaker and members of the Committee, I think you have before you the Medicaid report. If you have any questions, um I have Medicaid here to answer anything you might have.

Speaker: Questions by any of the members of the Committee? I guess I had a question. Is there a change order of \$14 million to the Medicaid management system. Could you explain that to the Committee, what that is.

Secretary Walker: I will give just a little bit of background because this began in 2003. Medicaid had until 2003 began using a very antiquated mainframe system that was designed in 1978. You don't have this information although we can furnish it. It is really just a narrative. Unisys and DHHR designed and implemented the most technically advanced system in the Country. The federal government paid ninety percent of the system's planning and implementation costs. We had at the same time not only our mainframe that needed to be replaced but we also had some federal HIPPA compliance issues. So they decided to combine both of those, both HIPPA and a new mainframe system and a new system in 2003. They put it out for bid. Unisys won the contract to implement the system, design and implement. Both DHHR and Unisys worked together to design this and implement it. But even with the experience of both systems, DHHR and Unisys, the system had many problems as you know and I have been here before talking to you in 2005, the beginning of 2005 about all the problems the system had. I can tell you that now most all of those problems have been solved. It really, truly is a wonderful system. One of the big problems that we have was translating sometimes non-existent State and Federal regulations into a form that could be used by this new system. They spent hours putting together rules and regulations to form information that the system could then convert. The old systems operational cost was paid on a transaction basis. Actual claims by occasion of services. Unisys cost estimate for the system and the subsequent amount that we paid them was based on a fairly new concept of per member per month or PMPM. A PMPM is a calculation whereby the contractor estimates their total annual operational cost and then arrives at a per member per month charge. The per member per month is an industry-wide standard for insurance. Because ours is an entirely new system with technology used in an entirely different way, Unisys underestimated it's costs based on the first four years of the contract. They came to us during the third year of the contract requesting a price increase because of their losses. But given all the problems we didn't even discuss it with them until we had a federally certified system. I think originally it was anticipated that this system would be operational within fourteen months. Which was an overly aggressive, optimistic plan. We have ended up with a very, very good system but I think the implementation plan was way too aggressive. The system was certified in

October of 2006, 6 months ago. The most important and significant components of a new system is how this system works. First it is a new technology for Medicaid management systems nationally. We have the only federally approved certified system that has a multi-plan feature. We can process claims for more than one benefit plan. It is Windows based, table driven and it incorporates a relational data base. This is the certification that we had to get before we could even discuss the change and reimbursement. In this system that we have very quick changes can be made to the various programs and policies. Even today, with the ever changing world of Medicaid we find ourselves regularly, very regular making changes to the policy. With the new system we can do it fairly quickly and easily. The old system which was a legacy mainframe it costs us a fortune to have modifications made when there were any changes to the benefit plan or state mandated legislative changes and it took forever to do it. The renewal response from Unisys addresses their concerns regarding future ongoing operational costs. At the time of the contract renewal, their participation was optional. They could have walked away. They asked for a price increase for this renewal option because of the substantial loss in their development and operation costs. The purposed per member per month charge of \$5.82 compared to their previous charge for this system at \$2.07 PMPM, cannot be absorbed for this system by the company is ongoing operational costs. To date they are indicating that the total project loss is \$43 million. The intent for the increase is not, is only to cover the ongoing operational costs. It is not to recover any of the losses to date. We had our contracted independent verification and validation vendor, who is Berry Dunn McNeil and Parker, do a study of various state's and costs reimbursements. This independent study indicated that the Unisys proposal of \$5.82 per member per month was a reasonable amount. Unisys could not agree to a renewal period under the existing price and continue to maintain our system and incur additional operations loss. I have to say that we also went through purchasing when we did this and if you all know Dave Tischer, you know that he doesn't do anything without making sure it is done properly. So we feel very comfortable that we abided by all the rules. We have started the process to rebid the services. We couldn't efficiently and effectively start the rebidding process until this system was through. Because of state and federal requirements it will be at least three years before a new vendor could be placed. As I said before, this system can handle more than one plan and we are looking into every opportunity we have to offer our services to other plans. I hope this explains to you what we have done and I do have with me, people that can answer any questions you might want to ask.

Speaker: Well I guess the question that comes to mind, how long has the contract been in existence, how long have you been paying them?

Secretary Walker: Now the first part of it was a design part. That took about a year. We have been paying them at different amounts for different stages. Four years, we are four years into the contract. The first design part is a 90/10 match from the feds. I think then once we started operating it and I could be wrong and I know they will correct me but while we were operating the system it was a 50/50 match. Once we are certified it is a 25/75 match, which I think can be retroactive. So there are different pieces at different times. We have been paying them for four years.

Speaker: So is the change order to change the existing contract or to is it for the purposes of the

renewal of the existing contract.

Secretary Walker: It is a renewal. The existing contract expired, I think it was March 31st. We had four years and four one year options. We are now into the first year of the four year options.

Speaker: Questions from any members of the Committee? Senate President.

President: Madam Secretary I guess, first of all I guess the original contract you signed had \$1.82 per person per month and then it was Unisys that agreed on the 5th year to operate for that amount. But it is DHHY then who decided for various reasons to change that \$1.82 to \$5.82 per month per person. Which is the additional \$14 million increase on that 5th year as I understand.

Secretary Walker: I think it was a mutual...they had the option to walk away from the contract, they could no longer operate at \$2.07 and do what they were supposed to do. It was a loss from the beginning.

President: Why would they have the option to walk away if they have agreed to it?

Secretary Walker: I think it is a mutual contract and I am not the attorney.....but I think

President: You would have to agree to let them walk away, wouldn't you?

Secretary Walker: I can't answer that question. **Rocco Basillo**, general counsel had the contact with them. We weren't here when we executed the contract.

President: I understand, we have a lot of that goes on up here.

Rocco: Mr. President, to answer your question it was the first four years and then it was four one year option renewals that both sides mutually have to agree to. So beginning, the original four year contract expired March 31, then both sides would agree to renew it for the ongoing one year options after that.

President: It was my understanding for the fifth year that it was part of the agreement. Maybe I am wrong on that.

Rocco: That is not....

President: I guess the other part is, apparently no other state in the union is my understanding had a system such as this. Is that correct Madam Secretary?

Secretary Walker: Not that is operationally certified, no.

President: I mean, obviously the Unisys

Secretary Walker: We are the first state to be certified

President: Right but Unisys does have now a proven product. They have got something that is working in WV. So they do have something to sell to the other 49 states plus the territories if the market is out there. So it is not like they have just completely done a loss in WV. I mean there has been a lot of money spent here. We had our ups and downs for at least a year when we were paying bills that we had no clue whether or not the services were provided or not. So we don't know whether we paid out more than we needed to pay out or not. So it is not one of those things like Unisys was the only group that took a hit, we may very well have as a state also.

Secretary Walker: I think it caused and created at least beginning in 2005, that I know of, there were a lot of man hours put into cleaning up that system. If I can just explain a little bit, I am not a techy but we had a system that functioned very well the way we used it. We were converting it to a brand new system. Sometimes the way, the way the old system worked didn't exactly convert. That is when they lost the claims and things, didn't exactly convert to the new system. I think that probably and I certainly don't want to defend anybody but I think on the part of DHHR we had unanticipated consequences too. Because the business policies for the system weren't, while the system was functioning I don't believe we maintained the business policies like we should have. Not knowing how it was going to convert, I mean I don't think anybody understood how the system was really going to work. If I have said too much I would be happy to turn it over to anybody that you might....

Senator Helmick: Martha we are gonna go more than double in the dollar spent, right? We are going to go to \$2.07 to \$5.82, is that right?

Secretary Walker: Uh huh, it is a 25/75 match. Most of it is federal, 75 percent is federal money.

Senator Helmick: So in real dollars we are talking about how many bucks, how many millions? 43?

Secretary Walker: 3.3 million

Senator Helmick: Can we by state code allow the contract to be increased without it being offered out for total full blown bid? This is not just an incremental increase. Generally don't you go back and say if you stay within these perimeters we can renew the contract?

Secretary Walker: Well I believe that we can under some circumstances and I believe that we justified those circumstances to purchasing. It took a while, it was not an easy negotiation. If you want I can have Danny Franco would be happy to answer any questions because he was negotiating. Would you like to Danny?

Senator Helmick: The question is with the increase from \$2.07 to \$5.82 is obviously more than doubled, it is very significant. The question is can we or can you folks do this without a full blown bid proposal?

Danny: Well that is one of the questions that we talked about when we talked with our purchasing people in the Department of Administration. Given the notion that we were going

into the first of four one year renewals, recognizing the contract language which it had been through the RP approved through the state's system, including signed at the form of the Attorney General's office. The situation was Unisys could not go forward in good conscience according to what they submitted to us based on their original pricing which they underestimated. So we were in a predicament as to what are we going to do. We don't have a back up system. Our real concern was, was this a reasonable cost? Whether they had "underestimated the system intentionally or unintentionally" we don't know. But we had a review done by an independent contractor, we looked at other states and what we came up with, our understanding was and our belief was that what they were asking for, for ongoing operational costs, not to recoup the losses was reasonable compared to other states for the kinds of systems.

Senator Helmick: I can understand your rationale but that is not the question. The question is, is it legal to increase an existing contract by this amount of money without.....

Danny: I am not an attorney but I am going to have to say apparently it is or the Department of Administration would not have signed off on it. Is that fair enough?

Senator Helmick: Well I will accept it for the time being but no it is not fair enough, not really. I can understand what you are saying but I have never seen that happen before. Obviously there are other providers, these are not the only providers in the world.

Danny: That is agreed, I understand that. But you are not going to have another provider on April 1 come in and pick up a multi-million dollar system that it took four years to develop and no other state has a system like this. We didn't have a mechanism to revert back to an old system. This is not just a insurance specific easy claims processing system, it is pretty complicated.

Senator Helmick: Yeah I understand what is developed there it is a little unique to say it developed that way to whether they are the only player on the field. Thank you Mr. Chairman.

Speaker: Delegate Caruth or Senator Caruth, I am sorry.

Senator Caruth: I don't know the name of the gentleman that spoke.

Secretary Walker: **Rocco Basillo**, my general counsel.

Senator Caruth: Madam Secretary I guess I will start out with you on a couple of these questions. This is a little bit new to me in terms of renewing this contract and apparently it is to a number of us on the Committee. Does the Department need any type of legislative approval to do this? Or is this simply a perfunctory report with sort of a fiscal implications to it? Do you know

Secretary Walker: You mean to change the contract to increase reimbursement? I think it is our ability to do that with purchasing and Department of Administration, I think that we have (?) to do that. I would guess it depends on the contract. But I am way over my head in asking legal questions though.

Rocco: I think that is correct. The answer to the question is we don't need legislative approval to do that.

Senator Caruth: Ok, the 75/25 percent match, of course being 75 percent federal dollars. That is true generally about all the medicaid dollars we spend in WV, is that correct?

Secretary Walker: Yes, we have a 75/25 match.

Senator Caruth: I guess my question would be is there some limitation on that and the follow up question is, if there is some limitation on that then the money that we would be increasingly paying to Unisys would that reduce the amount of money we had to actually spend....we would have available to actually spend on medicaid services on WV?

Secretary Walker: We have as I understand it two line items, one for administrative costs and one for services costs. The admin cost is a certain percentage and medicaid services are another. I think our medicaid services line is projected at 2.2 billion dollars so our admin cost I don't know. To me, the amount we are spending doesn't look out of line, we have consultants, outside contract with outside services all the time. In fact, in Medicaid now we operating with 85 employees, we have 41 vacancies. So contracting services out is something we probably, if we can't get employees, do more and more of.

Senator Caruth: In sort of plain language, it appears to me that Unisys to some extent has the state of WV over barrel here, in that they have the process by which we are using at this time to process, not to be redundant, all of those Medicaid claims and I understand that there is substantial investment in getting Unisys up to the point now where they can do this in WV and sell this to all the other states but the truth of the matter is, it is the federal government and the state of WV that paid for all that development along the lines. Is that fairly accurate analysis?

Secretary Walker: Yes, the initial design was a 10 percent state 90 percent federal. Then I think until it was certified it might have been 50/50 and now it is 25/75. Yes, it is mostly federal funding, yes and state funding. When we and I want to emphasize what our system does. We think we did it properly, we went through all the channels we did everything, we did our due diligence. One of the things that I do believe, other states have had other vendors and their systems haven't worked when they put them on line so, it is absolutely new technology and there is a pharmacist there and he knows what happens when technology doesn't work. But, I believe we have the opportunity to be the, to operate other plans from other states so. Which then if we are able to attract, our system is developed to be able to handle multiple plans.

Senator Caruth: If we would do that would the state somehow benefit from that or would Unisys be the sole beneficiary.

Secretary Walker: It should reduce our costs. And create employment, there would be new employees in the state of WV

Senator Caruth: When you say our costs, our costs will it, will our costs going forward be \$5.82

per person one time a year?

Secretary Walker: Per person per month, PMPM.

Senator Caruth: Would that figure be reduced or would it somehow otherwise reduce our costs if we were able in WV.

Secretary Walker: I could speculate but I am not sure so I hesitate to speculate, I can tell you I think so but I don't know cause this is all, this has never been done before. We think it is an exciting opportunity but I don't know till it happens. I wish I could answer you more definitively but I can't.

Senator Caruth: Just one, a couple final questions. Has the contract renewal already been negotiated? Has this....

Secretary Walker: Negotiated and signed.

Senator Caruth: The language has already....

Secretary Walker: and in effect as of April 1, I believe.

Speaker: Delegate Armstead

Delegate Armstead: Thank you Mr. Speaker. Madam Secretary, do you know, I think you mentioned that this was one of four renewal periods that were permissible.

Secretary Walker: Yes, four one year options.

Delegate Armstead: Do we know yet whether you intend to actually renew this later on or is this just...have you looked beyond this year and whether this is something you anticipate we will renew for those additional years?

Secretary Walker: We are preparing a new RFP to put this out for bid again. So, we think it is going to take three years for a new vendor to come on line because if there is a new vendor the federal government requires two years. It takes about a year to go through purchasing so it could be up to three years, I think am I right? If I mis-speak somebody I hope is going to yell at me or throw a pencil at me. So, you know it could be three years but we are doing that now just to make sure. It may be that no one else bids, it may be someone bids higher, it maybe....we don't know what is out there but we are going to see.

Delegate Armstead: So when that would, and you are saying that RFP would go out. You anticipate doing three more years of renewals of this contract and then the RFP or that RFT is going to go out next year?

Secretary Walker: I think....

Leonard Kelley: I am Leonard Kelley with BMS. We have received approval from CMS to proceed with re-procurement. We currently have RFP that has been submitted to purchasing for review. The project manager will assist us on writing new RFP oversee and the bid process. It normally takes for this type of project it normally takes 9-12 months from the time we submit the RFP to purchasing until a contract is awarded. CMS now requires 24 months for assistant conversion in case you select a different vendor and you have to convert the system. We will rebid it with several options. One would be a vendor to take over the existing system which we have a perpetual license in or to offer a new system that is compatible to the system we have now. So we have started the re-procurement process. We anticipate that will take three years at a minimum.

Delegate Armstead: So you do anticipate at least a couple more renewals of this contract. Have you talked any about whether this \$5.82 is going to be set for those three years or is that something that is going to be renegotiated every year?

Leonard Kelley: In the contract renewal, the agreement was that they could receive a maximum of whatever CPI increase is from one year to the next. So whatever the consumer price index for all consumers will be the maximum and again that would have to be mutually agreed to by both parties if they do ask for an increase within that provision.

Delegate Armstead: So if next year you renew this, the most it can go up is whatever consumer price index increase over \$5.82, that is the most it can go up next year.

Leonard Kelley: Correct.

Speaker: Any further Delegate Border

Delegate Border: I have a question that kind of dove tails into this it is not directly related. I am starting to pick up on the fact that some providers are questioning cash flow. Are we having cash flow problems in bills not being paid as quickly as they were in the past?

Secretary Walker: I don't think so but I don't know? No.

Delegate Border: I think a lot of times that is perception, I just wondered if that was....

Secretary Walker: I think, in fact, we are doing well.

Leonard Kelley: We have been averaging about 14 - 21 days on accounts payable and we try to maintain a steady so that it doesn't disrupt the income flow for the providers.

Delegate Border: Is that the same across all different providers? For example, nursing homes, pharmacies, doctors, etc. or is it that an average?

Leonard Kelley: That is an average.

Delegate Border: The complaints I am hearing from physicians. Are they having a longer wait time than some other people or?

Leonard Kelley: Uh we recently had a problem with several billing services, where changing software and some physicians were behind on payment but we worked with them to try to keep their claims within the 14-21 days, after the billing agent fixed their problems.

Delegate Border: Ok so it wasn't necessarily cash flow problems, a technical problem was causing cash flow.

Leonard Kelley: Correct

Speaker: Senate President

President: Madam Secretary, just a follow-up to Senator Caruth. Who owns the software packages? The state of WV or DHHR own that?

Secretary Walker: We have a perpetual license for all enhancements to the system.

President: What does that mean? Can Unisys go and sell this exact product to another state?

Secretary Walker: I believe the basic...

President: We can use it but the Unisys basically owns the system.

Secretary Walker: It is ours but it is theirs too.

President: How can it be theirs and ours?

Rocco: Mr. Senate President, if it is the propriety software, it is non-exclusive they can sell it to others and modifications on the propriety software they can also. What is state owned and part of the public domain they can't charge for.

President: So what does that mean?

Rocco: What it means is what was bought off the shelf is the public domain, no charge. For modifications that they made they can charge others, we don't have to pay for it.

President: So basically what they have developed for us, we have helped pay for obviously, they have some money into it also. They can take the same package and sell it to Kentucky?

Rocco: Those modifications, yes they can.

Secretary Walker: Or we could take our package and do Kentucky. We have the opportunity to handle multiple plans. Which means other departments, other states....yes we have the ability to

do that. We are looking at every opportunity we have.

President: Ok

Speaker: Senator Caruth

Senator Caruth: Just one follow up on that. You used the word "we" and I am having a little problem in terms, at least in terms of that last answer distinguishing what "we" is. When you say "we" have the opportunity to do that, it seems to me that regardless who owns the intellectual property or some aspect of the intellectual property here that Unisys is actually operating the system. So when you say "we" are you talking "we" Unisys? Or we Department of Health and Human Resources?

Secretary Walker: We in the state of WV would have the opportunity to process claims for other states....through Unisys.

Senator Caruth: Again, if you know why would we want to do that unless we derive some benefit from it and how would we derive that benefit is my follow up question.

Secretary Walker: We haven't gone or been able to.... We are just beginning to explore we don't have details and as we have details and as opportunities arise, I'll be happy to talk to you about them. I would hope that if we do anything for anyone else that we benefit from it.

Senator Caruth: Thank you.

Speaker: Further questions? Thank you Madam Secretary. Next we have monthly/quarterly reports distribution, Secretary Ferguson.

Secretary Ferguson: Mr. President and Mr. Speaker, again always an honor to stand before you. I have, you should have in front of you the reports from the Department of Administration. Thought I'd start with the Board of Risk and Insurance Management. We are in fairly good shape there on our investment income last year we made \$6.8 million, this year we have made \$15.1 million over the first 8 months so we are in great shape. We have no overall unfunded liabilities. However, imbedded into the fact that we have no unfunded liabilities in the aggregate are Senate Bill 3 entities. There is still an unfunded liability with about \$11 million. Now just to remind you that the Senate Bill 3 are boards of education and political subdivisions that we insure. What we are doing to combat that unfunded liability is we are obviously adjusting premiums where we have excessive claims. We have aggressive loss control procedures that were initiating and it is our hope based on what we are doing right now that by 2010 our Senate Bill 3 should be also unfunded. So, we are in pretty good shape overall. But Senate Bill 3 remains an issue.

Speaker: Any questions regarding that report? I guess the only question I have, I am not sure it is regarding the report but during the extended session I saw supplemental request for some additional monies for BRIM for medical malpractice insurance costs, are you aware of that?

Secretary Ferguson: Chuck Jones is the Executive Director of BRIM, I'll let him answer that.

Chuck Jones: Mr. Speaker, we have not requested any funds at all. So I am not sure where you actually saw that. Additional funds for medical malpractice or something like that I am not sure where that came from.

Secretary Ferguson: I can't answer on the spot sir, I am not familiar with it.

President: Said additional costs for medical malpractice (?)

Speaker: I raised the question because I don't believe we ran the supplemental because I wanted to ask some more questions about it and I was just curious.

Chuck Jones: That is true, we invoice all the state agencies including WVU and Marshall individually and the premiums that obviously they request premium money from you but all of our monies is coming from premium assessments from those agencies. We have not asked for any appropriation at all.

Secretary Ferguson: We will verify that and get back with the Committee.

President: As a follow up, the Governor requested the additional money at the request of WVU or Marshall (end of tape)

Chuck Jones: WVU and Marshall's premium their premiums are dependent upon the census they had, the number of physicians they had and if I am not mistaken they did have an increase in physicians for the year. I am going by memory so I don't know how many physicians they have. So their premium is dependent upon their exposures themselves. Of course we have structured an agreement with both of those institutions that they have \$250,000 deductibles and they pay all the allocated loss adjustment expense per claim so we have a structure with them where they take on a greater deal of the responsibility for handling those medical malpractice claims. But their premium could very well have gone up based on their own experience, their own census and the kind of physicians that they do employ. When I say experience, meaning their loss history.

President: Well that is this question in the past also. Now that we do have availability and affordability, I guess it depends on who you ask, we do have the physicians mutual which seems to be operating in a very positive matter in this state. Do you have any plans or are there any study's or are you looking at the possibility moving those physicians from BRIM over to trying to get them into physicians mutual?

Chuck Jones: We are constantly looking at the program with regard to the medical schools. I think that question would come from, of course I don't have the authority or the ability to move them, but if that study if that was the thought process I guess the first thing we'd have to look at would be what would be the cost of insuring those physicians in the physicians mutual and knowing what our costs are and what the cost would be from say the physicians mutual, I know it would be much more expensive to insure them there and then too they are, they have to be

underwritten individually so some may face the possibility of not being able to get insurance there because their loss history might not allow that. That would be a personal problem.

President: Isn't that the way you should be running an insurance business? You get rid of those people that is the high risk out there?

Chuck Jones: I would agree sir but BRIM does not have the availability or to either get rid of any physicians that say WVU or Marshall would employ. We have to insure all of them.

President: Maybe I should direct the question to the Secretary. As a cost saving measure or as looking at the operation of the state of WV financially have you ever or the administration looked at the possibility of starting to move those physicians from BRIM to a private carrier?

Secretary Ferguson: No sir, not until you approach the subject but I will certainly take a look at that. In the past again, when the legislature set up the Board of Risk and Insurance Management it was to cover those things. The entrance of the Physicians Mutual in recent history, I think we certainly should take a look at that. The question I think becomes one of more of an institutional with higher ed saying do we want to insure the medical schools. Right now we are looking at them in the aggregate as the entire school and therefore the doctors as sub-components are all insured.

President: But, I mean the information that we received, especially WVU would like to get out of BRIM and would like to be self-insured up there, it is my understanding.

Chuck Jones: I would agree with that. I know that is something they would like to do and as a matter of fact legislation was passed last year that would allow them to self insure. Of course they did not elect to do that, they elected to stay in BRIM.

President: Well as we all recall the reason a lot of those docs are over there is because they couldn't get insurance any place else. That was a time 5 or 6 years ago. Obviously we got them all in there now how do we start moving them out? I mean we have BRIM B or BRIM 2 there for a while and obviously we were able to finally move those people out.

Secretary Ferguson: What we will do sir is we will develop courses of action to pursue those things and provide those next time we are up here to say this is what it would cost and this is the upside and down side but we can do that sir.

President: ok thank you.

Speaker: Senator Helmick

Senator Helmick: Thank you Mr. Chairman. During the course of the year, Chuck, we always have an issue with the three med schools. Especially with WVU and Marshall and to some degree we have an issue with WV School of Osteopathic Medicine that relates to this particular premium. The Governor's office requested a supplemental which we didn't recognize at that

particular time because we didn't have the sufficient information to act upon it. Now did they do that without contacting you?

Chuck Jones: The Governor's Office? Yeah.

Senator Helmick: You always said Administration maybe that is a little softer?

Secretary Ferguson: I don't recall it but that doesn't mean it didn't happen sir.

Senator Helmick: I think you would recall this because this is an issue that we handle almost every year and we have for many many years we come in here and dealt with those premiums and the type of person that we are in fact insuring in our med schools.

Chuck Jones: I am not aware of what the appropriation was that say WVU

Senator Helmick: So you are saying that the Administration did not?

Chuck Jones: Well let me say this. Again, we assess every state agency a premium based on exposure and loss history and that sort of thing and that includes WVU. So, we make that information known in January to give them ample time to request whatever appropriation they want to request. So we assessed them a premium based on our program and again they would have to of decided what to request and I would not have known what that was anyway but we did tell them what the premiums were. I would not have known what appropriation they requested, they could have requested additional monies or whatever.

Senator Helmick: In fact they knew that the previous year. Cause you are giving it to them in January then they would have made it a part of their total request and then at the end of the day we would have known that much earlier than this so this particular issue is something that supplementals more or less considered an emergency and this would have been an emergency. You would assume that if there was an emergency occurs with insurance and you are the insurance commissioner for the state of WV in this respect for BRIM that they would have at least talked with you about it. That is why they question.

Chuck Jones: Again, I am not aware of any supplemental appropriation request and

Senator Helmick: But you have looked at the cost of your agency and you have looked at the cost of Physicians Mutual and you don't see a real problem the possibility of transferring those folks out of BRIM to the Physicians Mutual?

Chuck Jones: If that would be the desire of the legislature to transfer those physicians from BRIM to the Physicians Mutual I am sure that could be accomplished, however from my perspective I know that the cost for insuring those physicians in BRIM is considerably less than what they will individually pay, if they can get coverage, thru the Physicians Mutual. So for instance an anesthesiologist, neurosurgeon whatever, their costs are going to be considerably less because their cost, #1 the coverage is different and #2 the cost is an individual limit what has an

aggregate so we are somewhat of a pool. We have looked at it from a cursory level but I honestly can't tell you what the premium would be for an anesthesiologist at WVU, that information would have to come from Physicians Mutual. I don't have their rates.

Senator Helmick: Well you carry many different types of insurances. You recognize other types of insurance and you provide those insurances for instance for the courthouse issue that you and I worked so diligently on and I want to compliment you on your hard work there.

Chuck Jones: Thank you sir.

Senator Helmick: In that case we have 24 of the courthouses in WV in your program and we have the remainder outside of it with private folks so you know that type of insurance that you are providing there the liability insurance is comprehensive coverage is competitive with the private market. In fact the private market may have a better rate than you have so you are not always lower simply because your BRIM.

Chuck Jones: Correct

Senator Helmick: But it is just an added perk to the physicians at WVU and Marshall and at some degree at the WV School of Osteopathic Medicine. I mean it is part of that package that they get, they get the free insurance and so you know it doesn't necessarily have to be evaluated that closely. Thank you Mr. Chairman.

Speaker: Delegate Webster

Delegate Webster: Thank you Mr. Chairman. My questions are directed actually to you so stay there. More generally to insurance of BRIM from a general standpoint. First I wanted to ask who at BRIM determines the type and amount of coverage that we are going to provide to our state agencies?

Chuck Jones: That is my responsibility and so as Executive Director of BRIM that is my responsibility.

Delegate Webster: Now obviously the legislature, many, many years ago gave through statute the authority obviously for the establishment of BRIM and to do some of this but for example, it is my understanding in the past couple of years BRIM eliminate under-insurance and un-insurance motorist coverage for state entities.

Chuck Jones: That is not un-insured but under-insured. We provide \$1 million coverage anyway so it doesn't really it is kind of a non-issue to have the under-insured coverage there. We already have a \$1 million limit.

Delegate Webster: If you have though \$1 million which is what we allowed in order to not have complete immunity in the constitution is up to \$1 million would be the liability of state in those instances where we would have exposure, correct?

Chuck Jones: Right, correct.

Delegate Webster: Now it is my understanding though, under-insurance would be there for a passenger in a car, if you had a child in the car or you know if you were an employee. Let's take a third party, a drunk driver for example that hits an employee of a state agency entity during the course of their employment. They hit them and they have only \$20,000 in liability. It is my understanding under the way that insurance coverage operates that liability coverage for the employee would not be triggered, that anything under/over that third party's insurance would be whatever the under-insurance coverage would be. So that was actually not where I was headed with this but if that is your position I did not realize that it would operate that way.

Chuck Jones: I am not sure exactly what you are trying to ask.

Delegate Webster: Well my question is I do not believe liability, \$1 million in liability, would cover a state employee that was hit by a third party tort feaser(?) Let's assume that the person in the driver seat, the employee was not injured, the liability insurance as a general proposition covers, protects you if you hit somebody else. Under-insurance and un-insurance is there in case somebody who hits you doesn't have adequate insurance. So it is my understanding by the elimination of under-insurance, I thought you all had eliminated UM coverage too, that there would be no coverage for somebody who was hit by a third party. So I wanted to one verify that too and then say that is that not something that the legislature should at least be aware of before those kinds of decisions are made.

Chuck Jones: As far as the coverage you are talking about un-insured or under-insured motorist coverage, the thing that must take place first of all is that the driver of the car and the example you gave was the state employee must be free of negligence. If that is the case then the responsible party should be responsible for that injury to either the employee or any passengers that would have been in that vehicle. So therefore, I mean we have coverage there for our own negligence but then again should BRIM pay on behalf of the responsible person against the coverage that was afforded.

Delegate Webster: I guess then my question would be, those I view as major public policy decisions that need to be made because we are talking about one providing a level of insurance for all our state agency's employees and others that maybe lawfully in that car and we are not talking about the state's liability cause I think that we agree if you have \$1 million in liability we want it there to protect the state's interest and the person that was injured as a result. But, if we as the state are eliminating coverages that under state law generally are one mandatory, I mean under-insured motorist coverage in WV there is a minimum amount required. We are required under general law to offer every insured in the state under-insurance and if the state is going to eliminate what I view as important coverage my question is does Senator Tomblin, does Speaker Thompson does anybody but the people that are at BRIM make those policy determinations on whether to add or exclude coverage or is that something that you view that we delegate under our statute?

Chuck Jones: Well that is a valid concern and it has been delegated to us and we try our best to

make decisions that we think that are in the best interest of the insured's, the employees in the state and those optional coverages that we provide to those Senate Bill 3 entities, that they are in the best interest based on our own experience and education. So, then it has been delegated to us but if you feel that is a policy that should come before the legislature then I don't have a problem with that but again, there are so many issues that come because say you just get sued so often and often times you look at what are the ramification of those suit papers coming in and then you make policy decisions based on what you think is the best thing at that point and time.

Delegate Webster: Up until that point when did we, BRIM, eliminate UIM coverage for state?

Chuck Jones: I have to check, I am not real sure. It has been several years.

Delegate Webster: In the past couple of years?

Chuck Jones: At least.

Delegate Webster: So up till then we had it? Correct?

Chuck Jones: Yes ma'am, that is correct.

Delegate Webster: By eliminating a substantial coverage did the state through BRIM receive reductions for that and the state agency's premiums?

Chuck Jones: I'd have to check on that as far as reductions.

Delegate Webster: I'd like to at some later point to get that, thank you.

Chuck Jones: Yes Ma'am.

Speaker: Senator Kessler.

Senator Kessler: Thank you, just a I feel compelled to follow up so I can carry some water some of my trial lawyer buddies. First I want to apologize to all the members of the Committee for being late but I was so busy drafting some more phony legislation for my good friends at the US Chamber. In any event, I would be interested as well as knowing what the cost is actually for the under-insured if we have dropped it for state agency's. I do know just from the private market it is relatively cheap compared to the cost of liability insurance so it may be something that chair person Webster is interested in knowing what is the cost so we can weigh that potentially against the potential loss that the innocent state employee may suffer in an under-insured situation.

Chuck Jones: I will look at that and provide information on that.

Speaker: Any further questions? Mr. President.

President: (?)

Secretary Ferguson: Next up is the Children's Health Insurance Program. Quick overview with a little over 25,000 children insured. It is a 1.4% increase over last year. We have had some significant variances. Inpatient mental health is up 63% and that is due to increase in missions and by about 27% in increase in cost of 21%. Medical transport is also up by about 35%, small numbers, big percentages. Cost for transport is up by about 10%, we had one very large claim for about \$12,000 which counts for 15% of that increase. We also have other services, hospice. Hospice claims were \$29,000 and we haven't had any usage of that until this year. Questions on the Children's Health Insurance Program? Next up is the Public Employees Insurance Agency. We are actually in pretty good shape in comparison to the way trends have gone. Our medical expenses are turning about 1% over last years numbers. Our pharmacy trends are, as expected, 13% higher than last year. Operations, the MAPD contract has been awarded to Coventry. I currently have two protests from bidders that are in my office and being analyzed and I expect to come to closure and decision this week on whether to grant a hearing or not. We look for the MAPD to significantly reduce our other post employment benefit liability. Questions on PEIA?

Speaker: Questions from members of the Committee? If not...

Secretary Ferguson: Last up I also had included in giving out was a Five Year Master Plan, which I think you all have. I don't know if you have had an opportunity to look at it. This Master Plan focus of main effort is on maintenance. I'd ask my director of General Services to come up and answer any questions. I would also like to talk a little bit about previous Post Audit that I am extremely proud of. A long time ago, about a year ago, we had a problem with, many problems with General Services, one of them was on asbestos contracts and I am pleased to report that we have hired an environmental specialists, Dan Olhouse, a retired Navy Master Chief, with nuclear capabilities as far as education goes and has reduced our cost on asbestos abatement from \$50 a square foot to about \$3 a square foot so we are saving a considerable amount of money doing a thorough analysis. You have the master maintenance plan and David Oliverio can answer any questions.

Speaker: Delegate DeLong

Delegate DeLong: Thank you Mr. Chairman, the only question I have is briefly is this plan I don't see anything dealing with the HVAC system as it applies in the east wing.

Oliverio: Correct. That is correct sir. One thing I want to say about this five year master plan. This was our best effort in mid-March and I sincerely mean to communicate to you that this plan began to change literally one week after we printed it. We continue to find numerous code problems and numerous physical problems in our buildings. The specific issue you speak of, the east wing HVAC, as we met a few weeks ago and discovered the critical nature of the air quality in that space. We have now moved that HVAC upgrade in the east wing as our second our number two HVAC priority. The Senate area happens to be number one and we are already working on that. That is an area that we happened to become familiar with because we had condensate pipes leaking and damaging our plaster over and over again and we are already

underway, not with the physical work but we are beginning the design of that new system. Subsequent to that we learned about the critical air flow issues in the east wing and that is why that is now our number two on our list. Actually the entire HVAC upgrade for this building is about a six year project with numerous, numerous projects in that and so yours is number two on the list sir.

Delegate DeLong: Thank you Mr. Chairman.

Speaker: Senator Kessler

Senator Kessler: Just a couple follow-ups on a couple other items, I just been following in the news. Where are we with the Capitol cafeteria #1 in terms of...

Oliverio: The Capitol cafeteria as you know the space has been mostly demo'd it has been that way for several months now. We have been in design, the design is now finished or at least 99% finished. We will go in front of the Capitol Building Commission on May 1 and we will present our plans and specifications to the Capitol Building Commission on that date. We had been working with the Capitol Building Commission all throughout the project so there should be no surprises for them on May 1. I fully expect the project to be approved on that date and as soon as our project is approved we will take our plans and specifications to the purchasing division and we will literally put the physical work out to bid just after May 1.

Senator Kessler: What is your expected target date, if you have one.

Oliverio: We have one sir, we are expecting to have the new food service operation open in December of this year.

Senator Kessler: And I guess the second question I have, I have also been reading about the Veterans' Memorial, the damage there. Would you just give us an update or status on that situation?

Oliverio: I can give you a little bit of a status but unfortunately I can't answer that real well. General Services Division is taking a secondary role in that project. Culture and History is the primary owner at this time of that memorial. It is primarily their project, however, because of the expertise that we have in dealing with engineering things and construction we are there to assist Culture and History but we will be in a secondary role.

Senator Kessler: Thank you.

President: Did we ever figure out who owned that, whether it was the artist or the state of WV?

Secretary Ferguson: We own it. The intellectual property or how it is displayed belongs to the artist but we physically had a transaction where money was paid. We own the statue.

President: Just one other question, I haven't looked all the way through this but there has been a

lot of discussion over the years over security around the Capitol building and so forth and in light of the circumvents that has happened in the last few days around, is there any other discussion going on in protective services about making any changes to the main Capitol building? I know that you have got metal detectors in some of the buildings.

Secretary Ferguson: You know I really needed to refer the technical answer to that to Jim Spears, Secretary of Military Affairs and Public Safety. He and I have had lengthy conversations about it. Primarily because I foot the bill for the security people that we have but as a former military person and he is a former military person we obviously bring our own experience to the table in what should take place. But I really would have to defer to him, we recognize as you do that we have some vulnerability we really need to address.

Speaker: Delegate White

Delegate White: Thank you Mr. Chairman. Secretary Ferguson, looking through, I don't see a report on CPRB maybe because this is a quarterly report but I have noticed Senator Helmick and myself have had a couple members ask us some questions on a media report that was in the Gazette in the last week or so on the CPRB board meeting. It is our understanding reading that media report, has the board voted to go ahead and file a petition to challenge a circuit court ruling on the teachers pension funds? I mean the article read that maybe they were going to go ahead and vote to file and if they have where is the money going to come from to pay for that or is that going to be decided at the next board meeting?

Secretary Ferguson: It will be decided at the next board meeting but to answer the question more thoroughly I have the Executive Director here Anne Lambright and I would like to ask her to come on up.

Anne Lambright: I am Anne Lambright, Executive Director of the Consolidated Public Retirement Board. To answer your question, the Board voted to have the attorney's prepare the petition to appeal and the brief. It is due May 25 to the Supreme Court because it was filed by Judge Zakaib on January 25. So there will be another board meeting prior to that but the next scheduled board meeting is May 23. But obviously the attorney's could not do that in two days. The Board did vote to have them prepare everything.

Delegate White: So the attorney's have the dollars available to do the work but the last thing we heard in finance committee, I believe, was that they didn't have the money available to file the petition.

Anne Lambright: And I will be glad to explain that to you. If you all recall when you did the merger you appropriated \$2 million because none of it could come from any of the one plans that would be contrary to the IRS rules. There is still a little bit left from that. There is sufficient amount to front the beginning parts of the litigation at this point. There is approximately, I am not exactly sure how much is still in that account, but there is enough to go ahead and pay the attorney's to get the petition to file the brief, the petition to appeal.

Delegate White: Do you have any indication which way the Board would vote whether they are going to file or not file and if they are going to file then obviously come to Senator Helmick and myself and look for some money I think.

Anne Lambright: Of course, Secretary Ferguson is on the Board so you might prefer to ask him that question.

Delegate White: Alright, we will find out if we are going to need additional money or not. The follow up along the same line, the same article that was in the paper and this is where most of our questions have come from, from Finance committee members. There was, the best that we remember the both of us, the EMS pension plan that was in there when it came before our committees and the fiscal notes we saw had zero on it but I believe if we read that article right that is what your members and a couple of my members have conveyed to me that the article stated that possibly two or three additional employees may have to be hired at maybe upwards of \$100,000 additional costs.

Anne Lambright: Ok let me just explain, the fiscal note did.....there were two fiscal notes that were filed with that bill, one was from the state tax department and one was from CPRB. I can't really speak to the state tax departments fiscal note but CPRB fiscal note was a zero dollar fiscal note and let me make sure we are all on the same page here.....of the eight plans that CPRB administers only three are completely made up of state employers. The dollar amount that pays the administrative costs and that is contained your rule 162-1-5 that tells us how the administrative costs are to be paid, that includes employees salaries and benefits and all the other things that go along with these plans, are to come from the employer contribution account. The employer contribution account for both the state police plans, Plan A and Plan B and also for the judges plan, are strictly state employers...none of the other plans that CPRB administers are strictly state employers. Two of them now, the deputy sheriffs plan and this new EMS plan have no state employers, none of the people that will be covered under the EMS plan just as none of the people covered the deputy sheriffs plan are state employees. So therefore, there are no state employers. The zero dollar fiscal note is still correct. The paper is not exactly correct in terms of three going for that. What I asked the Board to approve was one new employee to work under the teachers retirement system as you all recall in 2005 you reopened that plan and closed the teachers defined contribution plan. We are getting a little bit overwhelmed with the number of employees in the teachers retirement system who currently work for them because there are new enrollees now and there have been since July 1, 2005. The other two employees that I requested the Board voted on, one was strictly for EMS, you all have that moving along on a pretty good fast tract. So we need somebody to be working right now to get it up and running. The second employee that I asked for is a manager over all the judges the two state police, the deputy sheriffs and this plan. So a portion of that management would go to the new plan. All the funds to support the salaries and benefits for those individuals come from non-state employers, in terms of the EMS plan. Does that answer sir?

Delegate White: Well, maybe somewhat but I think it is kind of misleading to the Committee and to the members when we were looking at fiscal notes that showed zero and we were explaining a bill and describing a bill to our members that the members thought there was not going to be an

additional cost to the state of WV as far as administering the plans. I think those things should have been explained to the committees at the time the bill was explained in committee.

Anne Lambright: Well as you recall sir, CPRB the EMS bill is not CPRB's bill. We were there to explain our....

Delegate White: I think you were in the committee and I think you answered a question when somebody asked a question and I think the

Anne Lambright: I did say there was zero fiscal impact on the state which I would still agree with sir.

Delegate White: Well if that is the case don't we have people there that can administer this small EMS plan without additional employees?

Anne Lambright: I am moving over one person, I am actually moving over 2 half people to help do this. The deputy sheriffs took five people when they first started. I asked the board and I told them I was moving conservatively so I am moving over the people that I can temporarily to do this. You understand that we don't even know where the EMS plan is

Delegate White: I realize you have to get what is it 80% of those....

Anne Lambright: 85% of those that are in (?) And 70%.....

Delegate White: Another question, why do we need the employees when we don't even know if the plan is going to be a viable plan or not.

Anne Lambright: I need somebody to do the startup.

Delegate White: No further questions.

Speaker: Senator Helmick

Senator Helmick: Thank you Mr. Chairman. Anne doesn't technically we are not putting any money in it.

Anne Lambright: No sir, there is no state money going in. What is going in are the employers who will pay 10 ½ percent.

Senator Helmick: I am talking about the start up money.

Anne Lambright: No, there is no start up money sir. I haven't asked you for any. There is no start up money for that.

Senator Helmick: The positions though.

Anne Lambright: The positions will come from the EMS contributions. Now the way you all have established the employer contributions. Not the employee contributions but the employer contributions. That's how.....

Senator Helmick: Which is outside of so there is no state employees involved.

Anne Lambright: Yes sir, there are no state employees involved there are no....the ambulance or emergency service people that are state employees.

Senator Helmick: Thank you.

Speaker: Any further questions for anybody within the Department of Administration? Thank you. Next we have Department of Transportation, Mr. Marvin Murphy.

Marvin Murphy: Good afternoon. I am Marvin Murphy, I am state highway engineer. I am here on behalf of Secretary Mattox. Our question we had for us today was to explain the equipment sale that we have coming up in Buckhannon.

Speaker: Secretary Mattox is not here?

Marvin Murphy: No sir he is not.

President: Where is he?

Marvin Murphy: He is at another meeting.

Senator Helmick: He made a choice. Wait till next month you can do it then, bring him back. They aren't going to sell it if we hold it up they won't sell it.

Marvin Murphy: The sale is May 12, is when it is.

President: Who established that, the Secretary?

Marvin Murphy: Our equipment division director asked for that date based on time frames that things he could fit it in.

President: Is that it?

Marvin Murphy: Yeah, well if you have any questions I'll be glad to explain any part of the thing....we can explain the process of where we are at today and why we got to the sale part.

Speaker: Senator Helmick

Senator Helmick: Thank you Mr. Chairman. Marvin, just give us an overview of what your doing here cause it is not fitting anywhere politically. We don't understand what is happening,

we are getting calls from all the headquarters we have yet to receive, any legislator I have talked to, we have yet to receive any positives out of it from the employees we have, our employees. Employees from the state department of highways saying this is a mistake, we need the equipment at this particular local that particular local and I know there is an explanation that is what I am looking for, something here that we are not hearing back home.

Marvin Murphy: Alright, we'll be glad to explain that. What we have is we are reacting to an audit report that we have, which we traditionally have about \$22 million in idle equipment each year. That is one of the things we are trying to do is to of course become more efficient and along those lines. Last year we went through the personnel issues and set the levels of personnel for each organization that we had through out the highway division. This year we have now begun to do that in the equipment and we are basing that on our core maintenance plan that we have established. We went through their core maintenance plan and decided in regards of what types of equipment. How much of each equipment we had. The primary basis for each organization that we have in the county operations is the SRIC which is the maximum that we have and those even with the setting it at the SRIC level we have a little more equipment than is required for the core maintenance plan. But we do, we have set the amounts of equipment in each county and each organization based on the core maintenance plan and those things that we have planned for them to do. Of course the core maintenance as most of you know is primarily ditching, pot hole patching, brush cutting, mowing and litter pick-up. Those are the primary core issues that we are going to be concentrating on and that is what our county budget and organizations will be doing. From those we have given them a certain amount of equipment to utilize each year and the accomplish it. Usually we will do about five mowing's a year which is much better than we have been doing. We will of course doing the pot hole patching and the mowing and the brush cutting alone. We have set those along with what we did in the setting the personnel. We have performance standards that we have that have had in place for a number of years was part of the basis for setting how much production that each piece of equipment should be anticipated to get. We have a crew, at least one crew per item that we have expected in the county organization to do each year we have a crew set for that, we make sure we have the adequate manpower and equipment to do that. In addition to the heavier and larger products we have established in each district which we currently have and some of them have not quite up to the number we have established that there will be two crews per district for heavy maintenance for heavier projects that will be done or larger.....

Senator Helmick: Excuse me for interrupting but I think it is necessary to interrupt here. The heavier prices, those are the jobs that have been done by the county maintenance folks over the years that you are talking about now. You are establishing two new groups if you will, to handle those projects. You are going to move them in to county "x" or county "y" and do the small jobs, the small removing of curbs and whatever, small jobs. That has traditionally been done by the department of highways, is that right?

Marvin Murphy: We have done those by the department of highways, now we aren't really establishing new groups, they have been there. Some of them have not been manned up to what we are wanting to put them up to. But they have been there. Some districts, the larger districts, have traditionally manned at that level and will be very few added to those districts. Some of the

others that had like five people will need to go up to about twelve or fourteen people. They will be doing the curb improvements some of the small bridge type of replacements. Larger culverts and structure replacements, those kinds of things we will be doing through that group. The county's will be concentrating on their ditching, their mowing, pot hole patching, blating roads and litter pickup.

Senator Helmick: We had a situation occur in one of my county's this past weekend where some overflow culverts. Significant 30" culverts, there is a series of them, became clogged with debris, tree limbs or whatever as the water increased it clogged those culverts. Well, then it backed the water up in to a section of a community. We had to take an excavator hoe in and clean those culvert heads, we could reach from the road down and clean those culvert heads. Now, if that piece of equipment was in Buckhannon or in fact will be sold, how do we clean that culvert head?

Marvin Murphy: What we have Senator, is we have

Senator Helmick: By the way it was on Sunday night.

Marvin Murphy: Yes, we have in each county organization we anticipate in having a back hoe or two. Our back hoe that we are purchasing now is an all wheel drive back hoe. The Hoe has about a 21' reach. Our grade-all traditionally have about a 22' so that back hoe would have done that job easily and it would have been at the county.

Senator Helmick: So the piece of equipment that you intend to purchase would have done that job. Now would that have been in that particular county? Where is it going to be located?

Marvin Murphy: Yes, it will be in that particular county. There is about \$150,000 difference in those two pieces of equipment.

Senator Helmick: Thank you, you are saying each county the 55 county's are going to have one of those.

Marvin Murphy: Each county that is what we have primarily been purchasing and those will be what you are concerned about is replacements for grade-all's and those types of equipment.

Speaker: Senator Caruth

Senator Caruth: Thank you Mr. Chairman. Mr. Murphy if I might follow up a little bit and pass on some concerns and let you comment on them perhaps. One of the first concerns and it has been voiced to me is the snow removal ability. Are we doing anything to effect the county's ability to take care of the snow removal as it has in the past?

Marvin Murphy: No sir, actually we set the allocations in a quota based on the snow and ice. That is the upper limit. What we need for snow and ice is a little more than what we need for the core maintenance plan. Primarily any minor changes, we might have made some minor but

nothing really significant that would affect their plans.

Senator Caruth: I am not sure what you mean by the allocations in quota. You talking about the core maintenance plan?

Marvin Murphy: The core maintenance plan, SRIC, what we need for SRIC is greater than what we need for the core maintenance plan but that is the maximum we set for each organization, what is required for SRIC.

Senator Caruth: What is SRIC for my information.

Marvin Murphy: Snow and Ice Removal.

Senator Caruth: Ok, then generally in your response to that would be that nothing that is being done, none of the equipment that is being sold will effect the ability on a county basis to remove snow.

Marvin Murphy: No, that is correct.

Senator Caruth: What about somewhat following up on the Senator's questions earlier. What about a rapid response to minor repairs, a lot of the counties obviously take care, you mentioned the ditching and things like that, but obviously there are those emergency repair problems that require a rapid response and that is a concern that has been voiced to me.

Marvin Murphy: Well they will still have the ability to respond rapidly. They have primarily, most organizations will primarily have the same pieces of equipment.

Senator Caruth: When you say they you mean who the county or regionally?

Marvin Murphy: County organizations will have primarily the same piece of equipment. Most predominant one that will be removed from the county organization is the grade-all itself. Those are for financial type reasons. Those grade-all's are usually uh, there is a considerable amount of idle time on them and there is a considerable amount of down time on those pieces of equipment and of course the initial expenses I explained there a moment ago is quite a large expense.

Senator Caruth: Let me follow up then, I will skip a question and then come back to it cause you mentioned it now. You said there was \$22 million worth or thereabouts every year in idle equipment. Does idle equipment mean completely idle throughout the year?

Marvin Murphy: No it is not completely idle throughout the year but it is during the year and there is always going to be a certain amount of idle equipment just by the nature of the business that we do.

Senator Caruth: Well obviously, again I apologize for interrupting, but obviously your snow removal equipment is going to be idle in the summer. Is that part of what we are including in the

audit?

Marvin Murphy: Traditionally snow and ice equipment like the plows and the spreaders that go on the trucks are in off-seasons. They are not charged in off-season status and the trucks, of course, they are charged but they are also utilized during the summer. Same with the graders and same with the loaders, all those pieces are still utilized during the year. Those are the critical pieces that we look at as to see the amounts of time we have used on them and how much we need and do we need the exact amount. Somebody that has four graders and you see that organization only shows 25 or 30% use in this aggregate number of graders then obviously we need to adjust that number.

Senator Caruth: Are you going to more of a regional response concept in terms of major, more major jobs than a county? Would that be a fair statement?

Marvin Murphy: The heavier equipment would be a regional thing that is not traditionally in the county. But it is really has been always kind of a regional response anyway. Traditionally on heavy jobs and a lot of hard like flooding damage and things like that. The district pieces of equipment are employed in that as where they are needed.

Senator Caruth: Is there, the next question that is frequently asked, is there more that meets the eye here. Is part of a larger plan that includes manpower reduction, manpower transfer...um that is the question.

Marvin Murphy: Privatization?

Senator Caruth: Privatization...I dunno but you can comment on that.

Marvin Murphy: No I am not aware of anything like that. We intend to respond all in house that we can and utilize the maximum piece of equipment we can. (Tape Change)

Senator Caruth: Would include reduction of workforce or transfer of workforce from a county to a more regional basis. Would that be a fair statement?

Marvin Murphy: No, that would be fair. The county is always going to be the basis of our workforces out there in the field that respond to people and our only the only way...larger response that we got is to just get more efficient and do it better. This is also just to inform you that it is still a work in progress what we will be selling mostly in the May 12 sell will be equipment that is on the line at Buckhannon has been there for a number years, or not a number of years but that have been brought in over the years. It is the older pieces of equipment that are high in maintenance. Some grade-all's like we have a grade-all that we would probably, I believe it is on the list to sell, but we purchased it for about \$158,000 new, it was a 1989 model it has now cost us \$400,000 to maintain in repairs, not counting the fuel and things of that nature so. That is the ways we are trying to become more efficient. The hose and things are traditionally less problematic and less complicated but they will do most of the same work. I don't say that they will do all the same work but they will do. Most of the company's have now fitted those

hose with knuckles and things on the end so that bucket will turn similar to what the grade-all's bucket does. Now, obviously the grade-all sits up a little bit higher and the hose is down lower. There is a little bit of difference there. As far as reaching down from the roadway, actually probably the hoe has an advantage, up on a slide maybe a little bit less but it probably can get a little bit closer to it.

Senator Caruth: Thank you Mr. Murphy.

Speaker: Senator Helmick

Senator Helmick: Thank you Mr. Chairman. Marvin, I understand that there will be an announcement sometime this summer where there has been a significant number of employees decreased. Now not necessarily the Division of Highways but across.... What is your numbers going to show over here, Department of Highways, state-wide? How many do you have now that you had last year?

Marvin Murphy: We are about 4600 now and we were probably about 5200. We have been running the last year a little bit less than 5000 but we are supposed to be about 5200. We are about 600 employees short, primarily in the field.

Senator Helmick: And that is a breakdown, each county has, there is no county that is 100% is that what you are saying?

Marvin Murphy: That is right, predominantly most counties have some employees. Some of them have only two or three but some of them have a significant number of employees and that is not because we don't want them there, it is because we haven't had the ability to get them to come to work for us.

Senator Helmick: Marvin understand that some maintenance group or engineering group was contracted to look at the way you administer your snow program in WV and simply by calibrating your equipment that they saved over \$2 million. Is that right or can you enlighten the Committee on whether the saving was \$2 million because you folks couldn't calibrate it?

Marvin Murphy: No sir, we know how to calibrate equipment we have calibrated equipment for a number of years. It was a thing that in the review was probably not being concentrated on. We do have some newer pieces of equipment that are a little more sophisticated to calibrate but that was a concentration that we put on in this administration to make sure that those were calibrated appropriately and it will save some money.

Senator Helmick: So it will save a couple million bucks by calibrating differently.

Marvin Murphy: And making sure that those calibrations are maintained and ran and checked upon to be sure that they are operating at that rate.

Senator Helmick: Thank you Marvin.

Speaker: Senator Kessler

Senator Kessler: Just a follow up a bit on Senator Helmick's questions. First of all, I know we have a manpower shortage. How much of the idle time is due to the fact we didn't have qualified operators to actually put the equipment in use, or is that a component at all?

Marvin: There is a small amount of that, it is not a significant amount of that. A lot of this idle equipment is going for a couple of years and we have seen it traditionally at those levels and that is what we look at. We didn't look at it just because of one year. We do have a year to date and historical thing on those.

Senator Kessler: But there is no shortfall or shortage presently in any of the qualified equipment operators?

Marvin: Well, I wouldn't exactly say that. We do have need but we have managed to operate most of that equipment all the time. But there is some places that when they are significantly low we can't run everything. But not in looking at the numbers, that is not a great effect on what we have done, I am not saying that there is not any effect but it is not a great effect.

Senator Kessler: You feel that you have got the ability or you will be able to fill the vacancies to make sure that we have adequate staff to make sure the equipment that we purchased that is on site in the counties we have qualified folks available to operate it. It doesn't do you any good to have the best equipment if no one can get it out of the garage.

Marvin: We are emphasizing that and we are trying all kinds of items to do that. But to basically be frank with you that the issue is the pay and we have a difficult time competing for CDL operators and things of that nature and it is just a real significant difference now.

Senator Kessler: Is that the same song and dance that we hear in some of the other, some of the other sectors of the public sector employee market, I guess where the eastern panhandle and particular areas that may have more dramatic shortages of qualified operators?

Marvin: There is that way, it is kind of come toward the west but even the Parkersburg areas are having significant trouble and some of our other areas are having. But it is significant and even most of the, when I checked the last year, some of the larger towns are paying significantly more than we do.

Senator Kessler: The same with engineers, I take?

Marvin: Yes.

Senator Kessler: I guess finally the last, it looks like finally we may have some Spring.

Marvin: I hope so.

Senator Kessler: Pot holes obviously are going to need filled and I know we can't pave every road in the state but are you going to, I know traditionally we have done there have some shooting in chip machines where they take out and put at least a surface coat down. I had heard a rumor that we had got rid of those and were no longer going to do the shooting and chipping we were going to subcontract all that out now. Is there any truth to that?

Marvin: No, we are not going to do that. We don't, I'll be honest, we have not had good luck in our quality of our chip seal by contract. I am not saying anything about anybody but I will be honest in my opinion. Our people know how to do that, they do it well and we would intend to try to keep that program as it is and funded accordingly.

Senator Kessler: Well it has been my experience, at least, that anytime anyone gets the road shot and chipped they are delighted and the quality of it is usually has been very good and it usually then gives you a good base coat ultimately if we get around to paving it.

Marvin: It is a good product for our secondary rural roads and roads that are being upgraded from a stone road to another type of road and it is something we can maintain fairly easily ourselves.

Senator Kessler: The only problem I do see is when I try to get a road or request a road be done they usually say we don't have the equipment it is over in some other county...Delegate DeLong's got it occupied up in Hancock or Brooke county.

Marvin: We have four fairly good, well fairly new chip machines that will be scheduled out of the Buckhannon office and if they want it they can schedule it through our equipment division director over there and through our maintenance division.

Senator Kessler: Is there any consideration about getting additional machines so that some of the waiting time and getting all these projects done by folks...

Marvin: The four that we have will cover a lot of our state, it will cover an entire state. Traditionally when we were doing it back earlier we had two and maybe three that we operate. We now have a fourth one and they will cover pretty good bit of territory.

Senator Kessler: What is the cost of one of those?

Marvin: It is in the neighborhood of \$50,000.

Senator Kessler: You might want to think about getting some more, that seems to make everybody happy.

Marvin: It is a good product but ...

Senator Helmick: Marvin, I'll be just briefly. Your problem though with your labor force in having those open slots is basically because of the low end of the salary schedule. Your paying \$8 - \$8.50 for a beginning person/operator...whatever. Now if you have 20 years you are getting

about \$13.50 - \$13.75 if you followed the schedule all along. That is about where you are at.

Marvin: Yes

Senator Helmick: Now you don't have any problems with those people and those people leaving. Your not going to have a major problem but at the low end you have a major problem. Isn't that right?

Marvin: Oh we have a major problem at the low end but we are starting to see a problem at the upper end of the scales. But usually by the time....

Senator Helmick: But only in certain areas of WV? When they go down in Logan county and see a little bit of a problem if the coal industry is boosted way up but you are not going to see it very often, I mean not in my area you don't see that at all.

Marvin: If you have the scale around \$11 or \$12 where they are making about that, they are fairly satisfied particularly if they have a few years in they are fairly satisfied. But still....

Senator Helmick: But you have significant number of that 4600 labor force that is up in the 20 year range that is getting \$13 buck an hour when you average it out, it runs about 13...Plus the excellent benefits. Now the reason you have a problem with the low end that they can't see any need to have those benefits. I mean they don't get sick when you are 20 years old, not that often and you could careless about a retirement. So you are going to have to come back in here with some type of adjustment in order to have the folks. We are not complaining at you we scheduled some of this for Mattox, you are getting off better than he would have. Thank you.

Speaker: Mr. President

President: Marvin, I just wondered if you could tell me how much it was at least this weekend because of the floods. Something about leases (Inaudible)

Marvin: To my knowledge we have not leased any equipment for that flood.

President: When do you intend to start leasing?

Marvin: We don't.

President: You don't?

Marvin: No

President: Where are you going to get the equipment to do the cleanup.

Marvin: We will bring it from other places if we have to.

President: How long will that take?

Marvin: As soon as we get the assessment we can start bringing forces in. That is what we have done in the past like in district 6 sometimes we have, one previous year we brought equipment from all over the state to do that and help out.

President: (inaudible)

Marvin: They have been, if it is to such a scale that we can not handle it at all they will be, yes sir.

President: It is my understanding that there was at least, I guess contractors that were being contacted to do that sort of work in Southern WV, but you don't know anything about that?

Marvin: I am not aware of that, no. They may have been contacted to see if they could do it but I am not, we have not to my knowledge put any on board.

President: Who does that? District office or you?

Marvin: The district office usually contracts them but usually Mr. Walker our deputy engineer for operations will, is managing that flood program.

President: Have you communicated to your workers in various counties, at least in my opinion, (inaudible) piece of equipment is (inaudible). That is ones I have been told were going to be sold or auctioned off, give them away or whatever you are going to do with them. Obviously had one or two per district, 10 or 20 in the whole statesouthern WV with the terrain the way it is you can not get a grader in along those places, you can not get around brushes or bridges to clean the brush out and that has been debate for all the flooding this past weekend. With one grade-all to operate in areas as wide spread as the flood was down there it is going to take months. Without that sort of piece of equipment as you mentioned you got backhoe but apparently you haven't communicated to your county workers there that exact piece of equipment can reach in around bridges and do what grade-all's can do. That is one of the biggest complaints that I have heard.

Marvin: That is true and that is an issue that we have is the loss of the grade-all. But they are very expensive piece of equipment and a high maintenance item plus we are seeing a number hours of idle time on them. The hours of idle equals often times the operated hours.

President: I would like to just have request to see if we got that particular information to see exactly in my district the four counties in southern WV where you have grade-all's and how much idle time there is. Everyday that I am there I see them up there using it. (Inaudible) snow plow.... As far as the grade-all it is working everyday.

Marvin: We can do that sir, we have got that and I will be glad to share that with you.

President: Do you have a list of all the equipment that will be sold in May?

Marvin: Yes, I do have.

President: Could I have a copy of that please?

Marvin: I will give you my copy here that I have.

President: Can you tell me where that equipment is coming from?

Marvin: Uh, a lot of it is already at Buckhannon from, it has been at Buckhannon for sometime (inaudible) there will be a few pieces coming in from (inaudible)

President: Between now and the May sale?

Marvin: Not too much but some of it yes, some of the grade-all's will be coming in the smaller ones and will be coming in out of the field.

President: And obviously you have a breakout of what equipment is going to be in each county?

Marvin: Yes, we do have that and we will have that for you if you'd like.

President: It is also my understanding that you are selling pickups and different vehicles that supervisors and so forth use out there?

Marvin: We are selling equipment that is over 125,000 miles minimum on usage. Most of what we will be selling in the years is very high mileage pieces of equipment. Not really what they are using but it is pieces of equipment that are being replaced or has been replaced over the years and have kept for various of reasons that we need to get out of the system.

President: And also, I think Senator Caruth had asked a question. You do not intend to start contracting out the work that has traditionally been done by the county road supervisor or county road teams?

Marvin: No sir, we don't.

President: So what do you do when you have a slip or a slide, you don't have any equipment anymore.

Marvin: Well the counties still will have the hoe to take care of those slips or slides and if they need to be we will have a grade-all from the heavy maintenance detachment. Those, the two crews that we are not saying that the heavy maintenance detachment and particularly we will be looking basically for the lack of better term two 7 man crews, they don't all have to be stored at the district, they can be wherever the managers feel that they are most needed or can do a better response for us.

President: Ok and what is your minimum, I guess you are going to do an auction on May 13 or 12

and you have five pages of equipment here. You expect to get how much?

Marvin: About \$1.7 million

President: 1.7? The figure I heard out there that you were going to sell \$27 million worth of equipment?

Marvin: No, what we will do is we are collecting this equipment and we are selling this amount of equipment. We are taking advice from everybody on the pieces, stuff we have out there and the things that we need to do. We were looking for a second sale in September but it won't be amounting to that much of equipment.

President: So you are saying for this sale on May 12 you are expected how much?

Marvin: \$1.7 million

President: 1.7 and another sale in September

Marvin: It will probably be 3-4 million somewhere around there.

President: Do you continue to plan to have additional sales as time goes on or?

Marvin: We have always had one or two sales every year. What we do is getting rid of the older equipment that is retiring and getting it out of the system trying to get down on the maintenance cost and trying to enhance the quality of the equipment that we have in the field organizations.

President: Thank you Mr. Speaker.

Speaker: The question I had is you said you normally have the sales so this is historically not something new?

Marvin: That is correct, it is not something new and it depends on either one or two depending on what we are buying.

Speaker: Well yes, if it is not something new then why is this sale drawing so many questions to us as members of the legislature?

Marvin: Well I think it is because of the redistribution of equipment that we are dealing with and we are trying to get the field organizations suited for what is the administration wants them to do and what they are concentrating on and then the other issue is that some of the counties over the past years we have had those large grade-all's out there and those operations and that is probably the primary piece that is drawing most of the attention that we are removing from those organizations. But as I said before, those are expensive we still will contend that there is a lot of idle time on them, although I agree there shouldn't be but there is.

Speaker: Well were those county operations given the opportunity to voice their concerns or comments regarding proposed sales of the grade-all's or any other equipment?

Marvin: We have through the district management, we have brought them in and gave them the information that we had and we give it back to them to go out and discuss with their people what they wanted and so forth like that and we listened to what they say.

Speaker: So have you received comments back from the local garages?

Marvin: We have received comments.

Speaker: What were the comments?

Marvin: They were pretty much a concern. Most of them are concerned in regards to the grade-all, those that have the availability of a grade-all. Some of them on a piece of equipment like a grader that we may be taking, they feel that they need that grader for various reasons. A couple of them were on a truck, some others were on some pick-ups that we were reducing out in the interstate organizations, the numbers of trucks that they had at the interstate organization thinking that they weren't going to have enough to do their job out there. We look at those and consider them.

Speaker: I understand that you say you consider them but are there still some sales being made over the objections of some of the county supervisors and their employees?

Marvin: I have to say in regards to grade-all's probably yes.

Speaker: What will happen if the county supervisor says they can't do a particular job because they don't have a grade-all? What do you intend to do then?

Marvin: Well we will provide them a grade-all from heavy maintenance, if he needs a grade-all he just needs to schedule with heavy maintenance. All we are asking them to do is schedule and plan their work a little bit more.

Speaker: So if I am to understand this correctly, in spite of the fact that some of the local garages, county supervisors have concerns about selling this equipment, the state intends to sell it anyway. Is that where we are at on this?

Marvin: Yes

Speaker: Thank you. Delegate Caputo.

Delegate Caputo: Thank you Mr. Speaker. Marvin, you quoted a couple anticipated sale dollars to the Senate President. I think 1.7 in the first sale. Where are you coming up with that figure? Is that the appraisal value of that equipment?

Marvin: That is correct.

Delegate Caputo: Is that, I know like in car sales you have like a high appraisal and a low appraisal and a low appraisal. Where did you come up with that figure?

Marvin: Our equipment division director puts that on there based on the cost of book prices and things that he has.

Delegate Caputo: Will there be minimum bids on each piece of that equipment? Or will it go to the highest bidder regardless?

Marvin: No, sometime we will set minimum bids on some of those.

Delegate Caputo: Just on some?

Marvin: Yeah, like some of the automobiles we don't necessarily set them on those because you are looking at automobiles sometimes with 200,000 - 300,000 miles on them.

Delegate Caputo: The list that you handed to the Senate President, does that indicate which ones will have minimum bids?

Marvin: No sir. We will be glad to get that with you.

Delegate Caputo: Is that posted on the website what you just handed to the Senate President?

Marvin: I don't know, it should be we can make sure that gets on the website. It is out in the public.

Delegate Caputo: I'd like to see a copy of that and I'd like to see which ones also the state is requiring a minimum bid on please. Thank you.

Marvin: Ok we will do that sir.

Speaker: Delegate White.

Delegate White: Thank you Mr. Chairman. Mr. Murphy, kind of following a line of question from Senator Tomblin um, slips and slides. After the recent flooding, what is the new procedures now if the local highways are going to be maintaining ditching, pot holes, mowing and brush cutting, when you have a slide on the road that affects approximately 25 people. How long is that going to take to get some sort of, or a slip on a road, affect maybe the entry and exit of 25 families, what is the procedure going to be now to and how long do you think it will take to be able to get those things repaired?

Marvin: Well most of those methods we use to clean slips and slides out there has been with the loaders and back hoes and things in the past. We will still have those pieces of equipment out

there to do that. They will do that most of the time if we have a slide coming down the road. It is done by a loader.

Delegate White: Well now this is a slip of a road along the bank and I am going to tell you they were told it would be three months before they get it fixed.

Marvin: Well that is not due to this equipment that is due to the schedule or something of that nature. They can still, if it is only for

Delegate White: Only three months to fix an entry and an exit to a community with 25 families.

Marvin: Well if it is shut clear down I would think not.

Delegate White: That is what they were told out of the local and the follow up at the Huntington office.

Marvin: Well that is not....

Delegate White: So when I call you we will be able to get that faster, right?

Marvin: You'll get it faster if it's got people shut down and they can't get out of there, we won't allow.

Delegate White: Well the bus can't get in and out either.

Marvin: Well we will get better at it than that.

Speaker: Any further questions?

President: You know for the past year or so every time there is a request for something the standard answer from the Department of Highways has been, sorry if the legislature will give us the money, we will do it. The legislature has never taken any money away from the Division over there. Obviously the Governor froze the gas tax a year ago and knocked you all out of \$50 some million but that is another story. Are we going to hear next year when this equipment is gone that sorry if we had the equipment we'd fix that but we don't have the equipment available cause it is over Pocahontas County and we will get it in here next spring sometime.

Marvin: No sir you will not hear that from me or hopefully not any of us that will do that. We will still continue to schedule and do things in accordance to what we think the priority is and try to help that.

President: I guess my(?) I think you got a real problem out there between this building over here and these 55 county offices out there because those are the guys out there doing the work every day and obviously the communications is going one way and it is not coming back to what they are telling us out there.

Marvin: I have been there for 20 years, I know how it works out in the field.

President: Well you may have been there for 20 years but are you listening to what they are saying?

Marvin: I am listening.

President: Ok, is the Secretary listening to what they are saying?

Marvin: Well I can only speak for myself.

President: Maybe we should have the Secretary in here for the next interims. So move.

Speaker: Questions on the motion, all in favor say I.

Committee: I

Speaker: Oppose? The I's have it. Motion is adopted. Thank you and I know you said a moment ago that you wouldn't tell people that. I think what our concern is, is that's the message that will happen at the locals that they can't do the work cause they can't get the equipment and we are just trying to ensure that it doesn't happen.

Marvin: I think only my question would be to those people who have trouble at the local then they need to work with their district staff and if they can't get it there then they need to come to us and we will try to secure it either through Buckhannon or we have rental contracts that have been in place for many years but that would be the last part that we would advocate to do that. Because it is more expensive to do it that way.

Speaker: Thank you, I appreciate it. Next we have the Bureau of Senior Services, Dr. Sandra Vanin, Commissioner.

Vanin: I am pleased to be here with you today and to talk about the LIFE monies and what I would like to do is to just sort of go through and explain how those monies are allocated if that is alright. Does that meet with everyone's approval?

Speaker: Yes please proceed.

Vanin: For FY 07 LIFE funding we have \$8 million that was allocated in the same fashion as it was allocated in FY 06. There is \$100,000 that went to the area agency's that is \$25,000 per each region. There was \$545,000 that was existing senior programs, was an old transfer. Then there was an equal allocation to all 55 title 3-B providers of \$7,354,540 which equals \$133,718 per county. For FY 07 there was \$2 million of additional monies. \$500,000 was allocated for nutritional meals and that was based on their allocated meals served in FY 06. There was then \$1.375 million that was equally allocated to all 55 title 3-B providers, which is \$28,000 per county. That was to target in home services and transportation for at least 50% of that monies.

So overall counties receive \$158,718 each for LIFE monies. There was also \$125,000 that was reserved out for aged and disabled resource centers. \$16,000 of that went to a federal match for the existing to. Then \$109,000 was set aside for the eight new ADRC's they have been allocated to start up in FY 08 and then for FY 08 that \$125,000 will then go back into and be equally distributed among the counties.

President: Just kind of cutting to the chase here. This money is the Legislature's way of getting the money to the senior citizens and that money has been, you are going through the history there, the point is that money was supposed to have been divided equally among the 55 county senior centers or agency's in the county. It is my understanding what has happened, to be used the way they determined the way they needed the money. Where there is some areas may be for repairs, some areas maybe to buy food or transportation or whatever. The question come about now you are or supposedly the Division on Aging or Commission on Aging is telling now your to use this money for these items only. Is that correct?

Vanin: In the past, it is my understanding because I have been here two years, in the past that money has been was determined to be allocated on an equal basis to substantiate the old american's act programs and that is in home nutrition and transportation. It was not used for senior centers for repair or anything because there was a line item that was set aside to do that. This money, was my understanding, has always been established as a parallel for old american's act.

President: Well it is my understanding, I may have the wrong information but, it is to be used as that particular county determined that money to be used for not what Charleston says your to use it for this and this and this.

Vanin: I can't speak to years past, I can just speak to what I know has been happening.

President: I am telling you that is the reason you are here today.

Vanin: I am sure

President: Because the legislature created that line in there so those senior centers can have that money to be used. I guess, why all of a sudden and the Finance Chair may want to chime in here but why are all of a sudden you are telling where they are to use the money when that was not the intent that you tell them where to use the money.

Vanin: Actually, we have not redirected any of the monies. The FY allocation for 06 was the same as it had been in 05 and 04...that has not changed. The reason that we asked them to place 50% of the new monies was because that was what the Governor had asked us to do with the new monies was that he wanted it used for to increase services, to increase in-home and to increase nutrition.

President: Do you understand what LIFE, what those letters stand for?

Vanin: Yes sir.

President: What is the first one.

Vanin: Legislative Initiative

President: right ok

Vanin: I have no problem if that is what the Legislators want us to do we will be more than happy. I am following protocol that it was initially established to correlate with older american's act monies. That is what it has done, those are the programs that it was used to fund.

President: Remember it is LIFE not GLIFE

Speaker: Senator Helmick

Senator Helmick: Following up a little bit on what the President was asking was that money has not been around that many years, the LIFE money. I mean we put the additional money in well 3 or 4 years ago but in all honesty it was discretionary money for the local entities and it worked rather well. I can't see from, I can't see why the new process would benefit the local entities. The re-establishing of the way the money is to be spent, in other words at 50%. Can you help me out there a little bit?

Vanin: Well I think one of our concerns in many of our counties there is a disparity of distribution of monies. We are also in addition to that we are looking for increased services. Our goal is we are supposed to provide as many services as possible and we are supposed to have out reach to as many areas of the state as possible. We have some counties that are only reaching a five mile radius from their center. That is not providing a services that the citizens of the state need or require. So we were hoping with this additional monies that they would be able to expand their services. Again, we are looking at the Governor specifically when he supported this initiative in our budget was for nutrition and transportation, in-home care....those are the key elements that keep people independent and in their homes away from nursing homes.

Senator Helmick: Thank you Mr. Chairman

Vanin: I appreciate of that and if it is your desire that, that money just be evenly allocated send me a letter and that is how we will do it. I have no, it is as you say it is your allocations.

Senator Helmick: We had an additional million dollars year before last to LIFE.

Vanin: That was before I got here.

Senator Helmick: Well that may be before your time.

Vanin: Ken can address that I did bring back up.

Senator Helmick: Ok in any even I think that we enhanced it by a million dollars year before last or three years back, what was it?

Ken: Yes sir

Senator Helmick: Ok wanted to make sure.

Ken: If I could add one thing, I wanted to clarify one thing. The money that is allocated to each of the county providers, they submit to us a line item budget on how they would like to use those funds. We only, with the new money from last year, the \$2 million we asked that half of their increase which was 50% of that \$25,000 be targeted for transportation and in-home the other half of that increase was up to them to decide where they wanted to use it. So, they submit to us a line item budget on where they would like to use those funds. The million dollar increase from before we divided that equally among all 55 and then we asked them to give us a line item budget where they wanted to use it. We mirrored it after the older american's act programs when LIFE first started we met with the providers in all the county's and told them we need a tracking mechanism. We need to be able to track how many people are served, we need to be able to invoice this and have documentation. It was agreed with the providers themselves to mirror it on the older american's act services and there was an array of about 16 services. Then what we did was provide them with a budget and an allocation and they give us a line item budget on where they want to use it. So for the most part they do have that determination.

Speaker: Any further questions? Delegate White

Delegate White: Thank you Mr. Chairman. I think one new line that we added this year in the budget was a \$400,000 for regional resource centers. Can you tell me where we are in establishing of those centers and a little bit about maybe what their intended purpose is and the location of where you are planning on putting those eight centers.

Vanin: There will be eight ADRC's and that is an Aged and Disabled Resource Center. An Aged and Disabled Resource Center is mandated by the office, by the Administration on Aging for consideration for any new grants, contracts or programs. So it was imperative that we have established ADRC's. We currently have two that are part of a federal grant that have been in operation for two years. The new determination by the federal government is that Aged and Disabled Resource Center's are to be placed in a facility that does not provide direct service. We had initially requested applications or proposals from our county providers for an opportunity to have or to house an ADRC. We received very qualified applications, however, with the modification in the federal requirement it is impossible to place those in a county center unless that county center is willing to give up all their other programs. So as it stands right now, and we are in the development stages for the ADRC's because the money will take effect July 1 of 07. We will be placing them in the AAA area agency's which we have four regional AAA's. Then we are looking for alternative sights. We are looking at the coordinating counsel for independent living or some type of a community care service that works with individuals with disabilities. So that we can serve both the aged and the disabled. The purpose of an ADRC is to act as a one stop shop for long term care. That is an opportunity for anyone often times elderly individuals, their

children from out of state, children come in to try and make a determination as to what to do with the parent and they are running from agency to agency and issue to issue. This would be a one stop shop where they would come in and sit down. Any necessary forms would be completed. Applications would be made, qualifications for different services would be determined and arranged or provisions for evaluations would be made. Also, names of both state and private providers would be made available and all the services that are available. Basically, it is just an opportunity for individuals to come in without a run around and to be given all the information that they need for long term care from Alzheimer's to nursing homes.

Speaker: So you see a potential problem later on affecting our senior programs and senior centers when you come with your budget each year that will take money out of this line and move additional monies to these ADRC's for federal match or.

Vanin: Actually sir, once this year, once this money this \$125,000 is established we will no longer need to take any money out of any other line item because we have our own established line item for ADRC's in the 08 budget.

Speaker: So you don't think it will affect future budgets. Thank you

Vanin: No sir.

Speaker: Any further questions from members of the Committee? Thank you. Next we have the monthly report on the Pharmaceutical Cost Management Council.

Shana: I am going to be exceedingly brief. I am the Governor's Acting Pharmaceutical Advocate. My name is Shana Phares and I also am the designated Chair for the Pharmaceutical Cost Management Council. There is just two issues I would like to cover with you briefly today. On electronic prescribing as all of you are all aware, especially Delegate Border who helped with this legislation. It was signed by the Governor about ten days ago and we are working actively with the WV Health Information Network, the State Medical Association and Public and Private Payers to develop an implementation plan for e-prescribing. That will also involve working with the Board of Pharmacy to promulgate some emergency legislative rules to allow that to happen. The second piece is the refiling of the advertising reporting rule. As you all know we have reverted to the existing statute which still requires the Council to promulgate an advertising reporting rule. What you have before you is what was voted on by the Council. Yesterday it was voted on without descent. To re-file this rule which went through the Legislative Rule-Making Review process and was approved by Legislative Rule-Making Review Committee except there are two modifications in the copy that you have before you. The two modifications are one it reduces the reporting threshold for Doctors from \$1000 a year to \$100 a year. So any Doctor that receives \$100 or more in gifts, grants or payments from a individual Pharmaceutical company will be listed on a report as a number not as an individual name but in a category. Then secondly the initial reporting date has been moved back from July 1, 2008 to March 1, 2008. That is so the Council receives data prior to it sun setting. The initial reporting period has also been changed from calendar year 2007 and that has been moved forward to July 1, 2007 to December 31, 2007. While that is a six month period, it eliminates the concerns that people expressed

previously that they would be required to collect data retroactively. So when this emergency rule is filed, either at the end of this week or early next week, then all the manufacturers will have ample time to put processes in place to collect this information. I am happy to take any questions.

Speaker: Any questions? Delegate White

Delegate White: Thank you Mr. Chairman. Do you support this rule now?

Phares: I love this rule now. Absolutely.

Delegate White: I just had to ask that.

Phares: Ok

Speaker: Further questions? Delegate Border.

Delegate Border: The way this rule is going to be proposed it would be the responsibility of the drug manufacturers or the physicians.

Phares: The drug manufacturers.

Delegate Border: The physicians have no responsibility to collect that date and report it.

Phares: Absolutely not.

Delegate Border: Thank you.

Speaker: Other questions? Senate President.

President: I hate to even ask this but what is the status of the Council and you. Your still in business?

Shana: We are still in business. The Council was established, the sunset date is July 1, 2008 and we are going to spend some quality time this year with Mr. Allred doing a PERD review because we are due for that this year. The Pharmaceutical Advocate continues to exist in Executive order. That order was originally promulgated by Governor Wise and was re-issued last year by Governor Manchin. So we still have (inaudible)

President: So nothing has changed or will change until I guess till you sunset this year or?

Shana: Till we sunset or are renewed or we have new legislation.

President: Is that 07 or 08?

Shana: 08

President: Thank you.

Speaker: Further questions? Delegate Armstead.

Delegate Armstead: Thank you Mr. Speaker. Just one quick question. Is this being filed as an emergency rule?

Shana: Yes that is correct because the emergency still exists and in conversations related from the Secretary of State, she has indicated that she will give it full consideration.

Delegate Armstead: When would the first report have to be filed?

Shana: July 1, excuse me, March 1, 2008.

Delegate Armstead: Thank you

Speaker: Thank you very much, I appreciate it. Senator Caruth.

Senator Caruth: Just a technical question here. The language is the emergency rule, is the appendix actually in the rule or is it simply a device which is separate from the rule and the reason I ask that is because the rule itself refers to responding to responding and providing information about advertising as required by appendix a. If Appendix A is not in the rule it could be changed from time to time to require different reporting requirements without going thru the legislative rule review process.

Shana: Right, and when we worked with legislative counsel for rule-making last year she advised that we include it in the rule and yes it is part of the rule.

Senator Caruth: Ok, ordinarily in the rules I have seen in the past the appendix's which are in the rule do have some sort of rule designation where they can be located maybe that is 3.5 here. The only thing I would ask if that is not the case that you look into that and make sure it has a designation so that someone who is searching the appendix or the table of contents of the rule would be able to find the appendix and it is clear that the appendix is part of the rule as opposed to being a separate document just to which the rule refers.

Shana: Ok we will do that.

Speaker: Further questions? Thank you very much. Other business? We have interim schedules listed on the website and it's list of them for other interims. Got any further business to come before the Committee? President moves that we adjourn, all in favor say I.

Committee: I

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

Bureau of Senior Services

Individuals can come in w/o rounds

Del. White

Pharmaceutical Cost Mgmt Council

Working actively to develop implementation
Program

Reduces 1000 to 100 Dr has to list (as number)
(not name)

March 1, 2008

July 1, ^{moved} ₊₀₁ December 31, 2007

Del. White

Del. Borden

Del. Armistead

Sim Caruth

Pres Moved to adjourn

Joint Committee on Government and Finance Meeting Checklist

Items for Booklet:

- Minutes (MAKE SURE THEY ARE APPROVED BY HOMBURG & AARON)
- Reports Summary
- Lottery
- General Revenue
- Unemployment Compensation
- PEIA
- BRIM
- CHIP
- Lease Report
- Welfare Reform *Per Delorsie 4-16-07*
- Medicaid Report
- NO* Pharmaceutical Cost Management Council
- Board of Treasury Investments Report
- Detailed Agenda for President, Speaker, Aaron, Homburg and File Copy
- Shortened Agenda for Members 12 Copies
- Shortened Agenda for Public 30 Copies
- Requests from other committees (make sure motion is in detailed agenda and a copy of the request on colored paper is in all booklets)
- Call committee staff to check on reports or requests
- Call offices that distribute monthly reports to determine who will be presenting the report.
- After meeting give Brenda, Donna, Judy Schultz (Senate) and Carolyn Epling (House) a copy of the approved minutes.

WEST VIRGINIA LEGISLATURE
Joint Committee on Government and Finance

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



Aaron Allred

Legislative Manager
Legislative Auditor

April 11, 2007

Paul Mattox, Jr., Cabinet Secretary
Department of Transportation
Building 5, Room A-109
1900 Kanawha Boulevard, East
Charleston, WV 25305

Dear Secretary Mattox:

I'm writing to request your appearance at the April meeting of the Joint Committee on Government and Finance. The Committee requests an explanation for the auction of the Division of Highway's surplus property. The Joint Committee on Government and Finance meeting will be held in the Senate Finance Committee Room 451 in the State Capitol Building on April 18 at 12:00 p.m.

If you have questions, please feel free to call me at 347-4800.

Sincerely,

A handwritten signature in cursive script that reads "Aaron Allred".

Aaron Allred

c: The Honorable Earl Ray Tomblin, President, State Senate
The Honorable Richard Thompson, Speaker, House of Delegates

Marvin Murphy

WEST VIRGINIA LEGISLATURE
Joint Committee on Government and Finance

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1900 Kanawha Boulevard, East
Charleston, WV 25305-0610
(304) 347-4800
(304) 347-4819 FAX



Aaron Allred

**Legislative Manager
Legislative Auditor**

April 11, 2007

Dr. Sandra Vanin, Commissioner
Bureau of Senior Services
1900 Kanawha Boulevard, East
Charleston, WV 25305

Dear Commissioner Vanin:

I am writing to request your appearance at the April meeting of the Joint Committee on Government and Finance. The Committee requests an explanation of the Bureau's use of the Legislative Initiative for Elderly (LIFE) funds. The Joint Committee on Government and Finance meeting will be held in the Senate Finance Committee Room 451 in the State Capitol Building on April 18 at 12:00 p.m.

If you have questions, please feel free to call me at 347-4800.

Sincerely,

A handwritten signature in cursive script that reads "Aaron Allred".

Aaron Allred

c: The Honorable Earl Ray Tomblin, President, State Senate
The Honorable Richard Thompson, Speaker, House of Delegates

(Speaker Thompson presides)

AGENDA
JOINT COMMITTEE ON GOVERNMENT AND FINANCE
April 18, 2007

12:00 - 1:00 p.m.

Senate Finance Room

1. Approval of January 9, 2007, minutes
2. 2007 Interim Studies

MOVE that the President and Speaker be authorized to establish interim committees as they deem appropriate and to appoint as many members as desired to any committee other than statutory committees. - *Adopted*

MOVE the committee co-chairs be authorized to establish subcommittees with the approval of the President and the Speaker, study additional issues as approved by the President and Speaker and assign studies to appropriate subcommittee with ~~notification~~ *approval* to the President and Speaker. - *Adopted*

MOVE the following committees be 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

Adopted

Standing Committees:

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

Adopted

MOVE the following committees be created and authorized to meet during the 2007 Interim Period:

Agriculture and Agri-business Committee

~~Insurance Availability and Medical Malpractice Insurance 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

Adopted

MOVE the following study resolutions be assigned to interim committees as follows:

Joint Committee on Agriculture and Agri-business

SCR 78

Joint Commission on Economic Development

SCR 83, HCR 48 and SCR 65

Joint Standing Committee on Education

SCR 58, SCR 60, SCR 80, HCR 68, HCR 85 and HCR 91

Joint Standing Committee on Finance

HCR 62, HCR 70, HCR 89, HCR 50

Joint Standing Committee on Government Organization

SCR 52, SCR 55, and SCR 63

Joint Standing Committee on Pensions and Retirement

HCR 35

Joint Standing Committee on Judiciary

HCR 82, SCR 69, HCR 45, HCR 60, HCR 66, HCR 86, HCR 94, SCR 76, HB 2346, HCR 83, HCR 92

Legislative Oversight Committee on Regional Jail and Correctional Facility Authority

HCR 54, HCR 79

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

HCR 42, HCR 40

Select Committee B - Veterans' Issues

HCR 75

Select Committee C - Infrastructure
HCR 77, HCR 84, HCR 80, and SCR 84

Select Committee D - Health
SCR 82, SCR 77, HCR 14, HCR 53, HCR 58, HCR 81

Joint Legislative Oversight Commission on State Water Resources
SCR 15, SCR 85, HCR 55, HB 3210

Adopted
MOVE that the Joint Commission on Economic Development be directed to study Tax Increment Financing for Class III and IV cities. *Adopted*

MOVE that the Joint Committee on Finance be directed to study the Soft Drinks Tax. *Adopted*

MOVE that the Joint Standing Committee on Judiciary be directed to study the Administrative Expenses, Policies, and Procedures of Brickstreet Insurance Company. *Adopted*

MOVE that the Joint Committee on Finance be directed to study the Insurance Coverage for County Replacement Costs and GSAB Implementation. *Adopted*

for Courthouses and other facilities
MOVE that Select Committee/A – Committee on Children, Juveniles, and other Issues be directed to study the Family Court System. *Adopted*

MOVE that Select Committee D - Health be directed to study the issue of access to oral health services. *Adopted*

MOVE that Select Committee E - Broadband be directed to study and review of the practices, policies and procedures used to expand broadband infrastructure and other issues identified in §5B-4-11 of Enrolled Senate Bill No. 748. *Adopted*

MOVE that for 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. *Adopted.*

3. Monthly/Quarterly Reports Distribution:

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

4. Monthly/Quarterly Report Distribution from Department of Health and Human Resources: Martha Walker, Cabinet Secretary, DHHR

Medicaid Report
Discussion of DHHR's \$14 million change order with Unisys for the Medicaid Management System

5. **Monthly/Quarterly Reports Distribution:** *Robert Ferguson, Jr., Secretary, Dept. of Administration*

PEIA

BRIM

CHIP

Lease Report

General Services Division - Five Year Facilities Master Plan

6. **Department of Transportation:** *Marvin Murphy*

7. **Bureau of Senior Services:** *Dr. Sandra Vanin, Commissioner*

8. **Monthly Report on the Pharmaceutical Cost Management Council:** *Shana Phares, Acting Pharmaceutical Advocate*

9. **Other Business**

10. **Scheduled Interim Dates:** 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

Out-of-town interims?

11. **Adjournment**

2007 Interim Studies

The committee are authorized to establish subcommittees with the approval of the President and the Speaker, study additional issues as approved by the President and Speaker and assign studies to appropriate subcommittees with approval of the President and Speaker.

Committees 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

Committees 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

The following study resolutions are assigned to interim committees as follows:

Joint Committee on Agriculture and Agri-business
SCR 78

Joint Commission on Economic Development
SCR 83, HCR 48 and SCR 65

Joint Standing Committee on Education
SCR 58, SCR 60, SCR 80, HCR 68, HCR 85 and HCR 91

Joint Standing Committee on Finance
HCR 62, HCR 70, HCR 89, HCR 50

Joint Standing Committee on Government Organization
SCR 52, SCR 55 and SCR 63

Joint Standing Committee on Pensions and Retirement
HCR 35

Joint Standing Committee on Judiciary
HCR 82, SCR 69, HCR 45, HCR 60, HCR 66, HCR 86, HCR 94, SCR 76, HB 2346, HCR 83,
HCR 92

Legislative Oversight Committee on Regional Jail and Correctional Facility Authority
HCR 54, HCR 79

Select Committee A - Committee on Children, Juveniles, and other Issues
HCR 42, HCR 40

Select Committee B - Veterans' Issues
HCR 75

Select Committee C - Infrastructure
HCR 77, HCR 84, HCR 80, and SCR 84

Select Committee D - Health
SCR 82, SCR 77, HCR 14, HCR 53, HCR 58, HCR 81

Joint Legislative Oversight Commission on State Water Resources
SCR 15, SCR 85, HCR 55, HB 3210

Joint Commission on Economic Development is directed to study Tax Increment Financing for Class III and IV cities.

The Joint Committee on Finance is directed to study the Soft Drinks Tax.

The Joint Standing Committee on Judiciary is directed to study the Administrative Expenses, Policies, and Procedures of Brickstreet Insurance Company.

The Joint Committee on Finance is directed to study the Insurance Coverage for County Replacement Costs and GSAB Implementation.

Select Committee A – Committee on Children, Juveniles, and other Issues is directed to study the Family Court System.

Select Committee D - Health is directed to study the issue of access to oral health services.

Select Committee E - Broadband is 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.

Interim Rule on Votes

For 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.

(Speaker Thompson presides)

AGENDA
JOINT COMMITTEE ON GOVERNMENT AND FINANCE
April 18, 2007

12:00 - 1:00 p.m.

Senate Finance Room

1. Approval of January 9, 2007, minutes *Pres. Approved*
2. 2007 Interim Studies

✓ **MOVE** that the President and Speaker be authorized to establish interim committees as they deem appropriate and to appoint as many members as desired to any committee other than statutory committees. *President Moved*

✓ **MOVE** the committee co-chairs be authorized to establish subcommittees with the approval of the President and the Speaker, study additional issues as approved by the President and Speaker and assign studies to appropriate subcommittee with ~~notification~~ *approval* to the President and Speaker. *President moved*

✓ **MOVE** the following committees be authorized to meet during the 2007 Interim Period:

Statutory Committees:

President Moved

- 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:

President Moved

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

✓ **MOVE** the following committees be created and authorized to meet during the 2007 Interim Period:

President Moved

Agriculture and Agri-business Committee

~~Insurance Availability and Medical Malpractice Insurance 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

MOVE the following study resolutions be assigned to interim committees as follows:

Pres Moved

✓ **Joint Committee on Agriculture and Agri-business**

SCR 78

✓ **Joint Commission on Economic Development**

SCR 83, HCR 48 and SCR 65

✓ **Joint Standing Committee on Education**

SCR 58, SCR 60, SCR 80, HCR 68, HCR 85 and HCR 91

✓ **Joint Standing Committee on Finance**

HCR 62, HCR 70, HCR 89, HCR 50

✓ **Joint Standing Committee on Government Organization**

SCR 52, SCR 55 and SCR 63

✓ **Joint Standing Committee on Pensions and Retirement**

HCR 35

✓ **Joint Standing Committee on Judiciary**

HCR 82, SCR 69, HCR 45, HCR 60, HCR 66, HCR 86, HCR 94, SCR 76, HB 2346, HCR 83, HCR 92

✓ **Legislative Oversight Committee on Regional Jail and Correctional Facility Authority**

HCR 54, HCR 79

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

HCR 42, HCR 40

✓ **Select Committee B - Veterans' Issues**

HCR 75

✓ **Select Committee C - Infrastructure**
HCR 77, HCR 84, HCR 80, and SCR 84

✓ **Select Committee D - Health**
SCR 82, SCR 77, HCR 14, HCR 53, HCR 58, HCR 81

✓ **Joint Legislative Oversight Commission on State Water Resources**
SCR 15, SCR 85, HCR 55, HB 3210

✓ *Pres. Moved*
MOVE that the Joint Commission on Economic Development be directed to study Tax Increment Financing for Class III and IV cities.

✓ *Pres. Moved*
MOVE that the Joint Committee on Finance be directed to study the Soft Drinks Tax.

✓ *Pres. Moved*
MOVE that the Joint Standing Committee on Judiciary be directed to study the Administrative Expenses, Policies, and Procedures of Brickstreet Insurance Company.

✓ *Pres. Moved*
MOVE that the Joint Committee on Finance be directed to study the Insurance Coverage for County Replacement Costs and GSAB Implementation.

✓ *Pres. Moved for courthouse & other facilities*
MOVE that Select Committee A - Committee on Children, Juveniles, and other Issues be directed to study the Family Court System.

✓ *Pres. Moved*
MOVE that Select Committee D - Health be directed to study the issue of access to oral health services.

✓ *Pres. Moved*
MOVE that Select Committee E - Broadband be directed to study and review of the practices, policies and procedures used to expand broadband infrastructure and other issues identified in §5B-4-11 of Enrolled Senate Bill No. 748.

✓ *Pres. Moved*
MOVE that for 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. **Monthly/Quarterly Reports Distribution:**

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

4. **Monthly/Quarterly Report Distribution from Department of Health and Human**

Resources: Martha Walker, Cabinet Secretary, DHHR

Medicaid Report

Discussion of DHHR's \$14 million change order with Unisys for the Medicaid Management System

How long has contract been in existence? *↑ Unisys Asked for price increase due to under estimate.*

Medicaid 2003 had bill Unisys + DHHR Fed gov pd 90%

Problems have been solved - wonderful system. Total annual operational change

@ sometime Fed HIPAA + New System

for 4 years 5th year opt.

In process of re-bidding

How long has contract been in existence?

Medicaid 2003 had bill

Rocco Bicillo

Sen. Helmick

2.87 to 5.82 to 3.3 million

Danny Franko?

Sen. Caruth: Does department need legislation to do this?

Admin Cost - one service
Medicaid another service

Del. Armstead

Are you planning to renew contract beyond this year?
Anticipate 3 years to get a new bidder.

Leonard Keller

RFP

9-12 months normally

5.82

Del. Borden

Cash Flow Problems?

No.

Averaging 14-20 days on acct payable

Sen. Pres.

Who owns software pkg?

We have Perpetual License to use it

2000 They can sell

Sen. Caruth

5. Monthly/Quarterly Reports Distribution: Robert Ferguson, Jr., Secretary, Dept. of Administration

2 Protest from bidders
PEIA - Good Shape - Med Exp 1% over last year
BRIM - Fairly Good Shape 15.1 Million - No overall unfunded liab
CHIP - 25,000 Insured - 1.4 increase over last year. ↑35% Med transport
Lease Report

General Services Division - Five Year Facilities Master Plan - Maintenance
Del. DeLong - East wing HVAC - Moved HVAC upgrade to #2 Senate
Area #1 Priority

6. Department of Transportation: Marvin Murphy Del. White

Explain Equipment Sales. Sen. Helms State Highway Engineer

7. Bureau of Senior Services: Dr. Sandra Vanin, Commissioner
LIFE Monies.

8. Monthly Report on the Pharmaceutical Cost Management Council: Shana Phares, Acting Pharmaceutical Advocate

9. Other Business

10. Scheduled Interim Dates:
- 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)
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 - January 6 - 8, 2008

Out-of-town interims?

11. Adjournment

BRIM: Chuck Jones - Have not requested additional funds from Med Malpractice during session.

WVU + Marshall's premiums
Constantly looking @ program

⊗ Courses of action will be provided @ next mtg.

Del. Webster

Who @ BRIM determines type + amt of coverage provided to State Agencies?
Chuck Jones.

Sen. Kessler

2010-will be SB3-11 Mil unfunded

Sen. Kessler
Cafeteria design is finished
Main 1st Capital Bld comm.
Expected open Dec 2007

Dept. of transportation

Sen. Conuth

Sen. Helmick

Sen. Kessler

President

\$ 1.7 million May Sale

\$ 3-4 million Sept. Sale

Speaker

Sales are not new.

Del. Caputo.

Appraisal value - is where figure came

List will be posted on website - it is public.

Secretary Matton:

Pres Moved to haul @ next mtg.

Bureau of Senior Services

FY⁰⁶ 100,000 went to area agencies
FY 07 \$2, Mill addit. monies

Pres Tomblin

Sent letter to her + she will do...

Money

Del. White

* Aged + Disabled Resource Center ADRC's

APRIL INTERIM ATTENDANCE
Legislative Interim Meetings
April 16, 17 and 18, 2007

Wednesday, April 18, 2007

12:00 pm - 1:00 pm

Joint Committee on Government and Finance

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

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

I certify that the attendance as noted above is correct.



Staff Person

Anne Landgrebe

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

(Speaker Thompson presides)

AGENDA
JOINT COMMITTEE ON GOVERNMENT AND FINANCE
April 18, 2007

12:00 - 1:00 p.m.

Senate Finance Room

1. **Approval of January 9, 2007, minutes**
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WV Law Institute

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HCR 35

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HCR 82, SCR 69, HCR 45, HCR 60, HCR 66, HCR 86, HCR 94, SCR 76, HB 2346, HCR 83, HCR 92

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HCR 54, HCR 79

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SCR 15, SCR 85, HCR 55, HB 3210

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Medicaid Report

Discussion of DHHR's \$14 million change order with Unisys for the Medicaid Management System

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PEIA

BRIM

CHIP

Lease Report

General Services Division - Five Year Facilities Master Plan

6. **Department of Transportation:** *Marvin Murphy*

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9. **Other Business**

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November 16 - 18 (Friday, Saturday and Sunday)
December 9 - 11
January 6 - 8, 2008

Out-of-town interims?

11. **Adjournment**

Sept. 3-4 M
 Mail 1.7 M

DIVISION OF HIGHWAYS
 EQUIPMENT SURPLUS AUCTION SALE
 MAY 12, 2007

4/18/2007 11:16 AM

LINE 11				
1	631-265	1996 HOBART WELDER		
2	631-105	1977 HOBART WELDER		
3	631-214	1992 HOBART WELDER		
4	631-218	1992 HOBART WELDER		
5	631-216	1992 HOBART WELDER		
6	631-254	1996 HOBART WELDER		
7	631-224	1992 HOBART WELDER		
8	631-215	1992 HOBART WELDER		
9	631-271	1998 MILLER WELDER		
10	631-230	1992 HOBART WELDER		
11	597-014	1978 ESSICK WALK BEHIND ROLLER		
12	597-077	1978 ESSICK WALK BEHIND ROLLER		
13	597-012	1978 ESSICK WALK BEHIND ROLLER		
K-ITEMS				
1	731-054	WATER PUMP		
2	731-	WATER PUMP		
3	838-011	LIGHT PLANT		
4	041-061	3 POINT HITCH		
5	041-128	3 POINT HITCH		
6	040-069	PULL TYPE BROOM		
7	721-100	500 GL. USED OIL TANK		
8	703-037	500 GL. WATER TANK		
9	703-038	500 GL. WATER TANK		
10	705-015	500 GL. WATER TANK		
11	105-007	HERBICIDE SPRAYER		
12	250-181	TRAILER W/WATER TANK 110-003		
13	040-144	PULL TYPE BROOM		
14		2 BUCKETS		
15		2 BUCKETS		
16		2 BUCKETS		
17		1 BUCKET		
18		JIB FORKS & POLE FOR LOADER		
19		JIB FORKS & POLE FOR LOADER		
20		JIB FORKS & POLE FOR LOADER		
21	401-030	1986 GALLION 400 E GRADER		
22	401-018	1986 GALLION 400 E GRADER		
23	400-331	1988 CHAMPION GRADER		
24	401-005	1986 GALLION 400 E GRADER		
25	400-331	1988 CHAMPION GRADER		
26	400-345	1988 CHAMPION GRADER		
27	400-351	1988 CHAMPION GRADER		
28	412-032	1991 GRADAL SINGLE ENGINE		
29	412-023	1991 GRADAL SINGLE ENGINE		

**DIVISION OF HIGHWAYS
EQUIPMENT SURPLUS AUCTION SALE
MAY 12, 2007**

4/18/2007 11:16 AM

30	412-031	1991 GRADAL SINGLE ENGINE		
31	412-033	1991 GRADAL SINGLE ENGINE		
32	412-029	1991 GRADAL SINGLE ENGINE		
33	410-085	1970 GRADAL DUAL ENGINE		
34	410-041	1989 BADGER DUAL ENGINE		
35	410-043	1991 BADGER		
	LINE 12			
1	353-044	1985 JOHN DEERE 444C		
2	353-108	1991 KOMATSU		
3	350-154	1980 JOHN DEERE BACKHOE		
4	350-123	1993 FORD BACKHOE		
5	350-108	JOHN DEERE 410 SOLD TO CITY OF RICHWOOD		
6	350-115	1992 JOHN DEERE 410		
7	337-066	1984 33 TON LORRAIN CRANE		
8	337-071	1978 25 TON P&H CRANE		
9	337-072	1982 25 TON GROVE CRANE		
10	337-054	1979 LATIS BOOM CRANE		
11	310	2000 KOBELCO 45 HD ISSUZU ENG. 21' REACH 1/2 YD. BUCKET WT. 17T		
12	310	2000 KOBELCO 45 HD ISSUZU ENG. 21' REACH 1/2 YD. BUCKET WT. 17T		
13	310-010	2000 KOBELCO 45 HD ISSUZU ENG. 21' REACH 1/2 YD. BUCKET WT. 17T		
14	310	2000 KOBELCO 45 HD ISSUZU ENG. 21' REACH 1/2 YD. BUCKET WT. 17T		
15	304	TRACK LOADER		
16	304	TRACK LOADER		
17	303-006	1973 CAT TRACK LOADER		
18	304-004	1972 CAT TRACK LOADER		
19	596-015	1977 BOMAG SHEEPFOOT ROLLER		
20	596-009	1951 PULL TYPE SHEEPFOOT ROLLER		
21	301-091	CAT D-5 DOZER		
22	301-052	1973 CAT D-5 DOZER		
23	301-059	1973 CAT D-5 DOZER		
24	301-087	1977 CAT D-8 DOZER		
25	301-089	1975 CAT D-8 DOZER		
26	301-090	1970 CAT D-7 DOZER		
27	301-075			
28	301			
	LINE 13			
1	333-019	2000 HYSTER ELEC. FORKLIFT		
2	333-028	1993 RAYMOND ELEC. FORKLIFT		
3	333-030	1993 RAYMOND ELEC. FORKLIFT		
4	333-029	1993 RAYMOND ELEC. FORKLIFT		
5	333-025	2000 HYSTER ELEC. FORKLIFT		

**DIVISION OF HIGHWAYS
EQUIPMENT SURPLUS AUCTION SALE
MAY 12, 2007**

4/18/2007 11:16 AM

6	333-024	2000 HYSTER ELEC. FORKLIFT		
7	333-023	2000 HYSTER ELEC. FORKLIFT		
8	333-016	2000 HYSTER ELEC. FORKLIFT		
9		K-ENGINE		
10		K-ENGINE		
11		K-ENGINE		
12		K-ENGINE		
13		K-ENGINE		
14		K-ENGINE		
15		K-ENGINE		
16		K-ENGINE		
17		K-ENGINE		
18		K-ITEMS		
19		6X10X10' LONG 16 IN A BUNDLE-6 BUNDLES		
		K-ITEMS		
1	043-044	1984 JOHN DEERE CASE TRACTOR W/BROOM		
2	137-079	1991 FIAT w 135-241 1993 MOTT &		
3	137-075	1986 HESTON w 135-571 1994 ALAMO side & 135-313 1995 ALAMO rear		
4	137-073	1986 HESTON w 135-271 1994 ALAMO side & 135-547 1999 ALAMO (junked 6/15/06)		
5	137-068	1986 HESTON w side & rear 135-334 SOLD		
6	130-292	1972 FORD NAKED TRACTOR		
7	130-452	1998 CASE w 112-090 1998 J-BAR BRUSH HOG (SOLD)		
8	130-471	1988 CASE W. 112-132 BRUSH HOG		
		K-ITEMS		
		LINE 14		
1	339-048	1987 LOADING LARGE FORK LIFT		
2	378-025	JUNK NO BED		
3	378-021	1976 INT PAYSTAR 5000 ROCK TRUCK		
4	378-023	1975 INT PAYSTAR 5000 ROCK TRUCK		
5	378-016	1975 INT PAYSTAR 5000 ROCK TRUCK		
6	253-157	1987 INTERSTATE 17 TON TILT TRAILER		
7	253-151	1987 INTERSTATE 17 TON TILT TRAILER		
8	253-113	1987 WISCONSIN 17 TON TILT TRAILER		
9	253-112	1986 WISCONSIN 17 TON TILT TRAILER		
10	253-136	1987 INTERSTATE 17 TON TILT TRAILER		

**DIVISION OF HIGHWAYS
EQUIPMENT SURPLUS AUCTION SALE
MAY 12, 2007**

4/18/2007 11:16 AM

11	253-193	1993 RODGERS 17 TON TILT TRAILER		
12	253-109	1993 RODGERS 17 TON TILT TRAILER		
13	339-045	LARGE FORK TRUCK		
14	339-046	LARGE FORK TRUCK		
	LINE 15			
1	404-004	LEEBOY GRADER	TOTALED	
2	269-021	1988 INT. BRIDGE TRK	TOTALED	
3	253-194	1993 RODGERS 17 TON TILT TRAILER	TOTALED	
4	350-139	1998 FORD BACKHOE	TOTALED	
5	206-221	1998 GMC SIERRA	TOTALED	
6	218-197	2002 FORD CROWN VICTORIA	TOTALED	
7	201-294	2004 GMC SIERRA	TOTALED	
8	201-244	1999 DODGE STRATUS	TOTALED	
9	221-266	2002 DODGE STRATUS	TOTALED	
10	221-210	1999 FORD TAURUS	TOTALED	
11	201-150	1999 GMC SIERRA	TOTALED	
12	221-009	1996 FORD TAURUS	TOTALED	
13	206-262	1999 DODGE ¼ TRUCK	TOTALED	
14	213-1174	2005 FORD EXPLORER	TOTALED	
15	213-737	1997 JEEP CHEROKEE		
16	213-1020	2004 JEEP LIBERTY	TOTALED	
17	213-849	1999 JEEP CHEROKEE	TOTALED	
18	221-274	2002 DODGE STRATUS	TOTALED	
19	213-275	1997 JEEP CHEROKEE		
20	201-183			
21	206-304	1999 DODGE 2500	TOTALED	
22	202-152	2004 GMC SIERRA	TOTALED	
23	206-161	1997 GMC SIERRA		
24	206-166	1997 GMC SIERRA		
25	201-166	1999 GMC SIERRA		
26	203-704	1995 GMC SIERRA		
	K-ITEMS			
	LINE 16			
1	113-062	1986 WOODCHUCK CHIPPER		
2	113-097	2000 WOODCHUCK CHIPPER		
3	113-073	1986 WOODCHUCK CHIPPER		
4	113-058	WOODCHUCK CHIPPER		
5	839-048	ARROW BOARD		
6	580-048	CONCRETE MIXER		
7	333-020	YALE FORK LIFT		
8	338-112	PETTIBONE FORK LIFT		
9	338-219	HYSTER FORK LIFT		
10	338-187	AC FORK LIFT		
11	703-037	2000 BETA 500 GALLON TANK		
12	703-038	2000 BETA 500 GALLON TANK		
13	705-010	1971 ALLSTATE 500 GALLON TANK		

**DIVISION OF HIGHWAYS
EQUIPMENT SURPLUS AUCTION SALE
MAY 12, 2007**

4/18/2007 11:16 AM

	K-ITEMS			
1	843-039	2000 SUNRAY MESSAGE BOARD		
2	521-026	1995 CRACK SEALER		
3	591-157	1986 GALION ROLLER		
4	591-143	1986 GALION ROLLER		
	K-ITEMS			
1	612-248	1985 SULAIR AIR COMPRESSOR		
2	612-279	1987 SULAIR AIR COMPRESSOR		
	K-ITEMS			
1	02-014	V-BLADE		
2	353-075	1991 KOMATSU		
3	353-115	1991 KOMATSU		
4	353-031	1985 J D 444C		
5	353-081	1991 KOMATSU		
6	359-075	1973 CAT 966 LOADER		
7	353-086	1991 KOMATSU		
8	599-067	INGRAM ROLLER		
	K-ITEMS			
		800' CHAIN LINK FENCE 4' HIGH		
		47 JOINTS CLOW PIPE 20' LONG		
	551-064	ROCK SPREADER		
	551-085	ROCK SPREADER		
	551-028	ROCK SPREADER		
	552-003	BUCKEYE CHIPBOX		
	546-018	LAYTON BOX		
	546-027	LAYTON BOX		
		SPREADER		
		SPREADER		
		40 TELEPHONE POLES		
		ALUMINUM BUILDING		
		15 CONCRETE BOX CULVERTS		
		21 CONCRETE PIPE 18" DIA.X 8'		
		1 LARGE STEEL BEAM 10x26x42' LONG		
		7-JOINTS 18" CORAGATED CULVERT PIPE		
		6 JOINTS 24" STEEL PIPE 38-40' LONG		

**TITLE 206
LEGISLATIVE RULE
WEST VIRGINIA PHARMACEUTICAL COST MANAGEMENT COUNCIL**

**SERIES 1
PRESCRIPTION DRUG ADVERTISING EXPENSE REPORTING**

§ 206-1-1. General.

1.1 Scope. -- This rule establishes the reporting requirements for all manufacturers and labelers of prescription drugs dispensed in this state, who employ, direct or utilize marketing representatives, as mandated by W.Va. Code §5A-3C-13.

1.2 Authority. - - W.Va. Code §5A-3C-13.

1.3 Filing Date. - -

1.4 Effective Date. - -

§206-1-2. Definitions.

Terms not defined in this rule have the meanings ascribed to them in W.Va. Code §5A-3C-1 et seq. As used in this rule:

2.1 "Aggregate" or "aggregate data" means information analyzed by the Council which does not disclose personally-identifiable information about specific prescribers or which does not otherwise identify specific individuals or companies.

2.2 "Aggregate list" means the information put into the report by the Council, pursuant to W.Va. Code §5A-3C-13(e) and which contains only aggregate data.

2.3 "Bona-fide clinical trial" (as described in W.Va. Code §5A-3C-13(c)(2)) means a clinical trial approved by an institutional review board [which is in compliance with the statutory (including Title 21 of the U.S. Code) and regulatory requirements (21 CFR, Part 56 and 45 CFR sec. 46.101) set by the federal Food and Drug Administration] and conducted in connection with a research study where the principle purpose is scientific research.

2.4 "Dispensed" or "Dispensing" is that aspect of the practice of pharmacy concerned with the preparation, verification of contents, and delivery of a drug or device in an appropriately labeled and suitable container to a patient or a patient's representative or surrogate pursuant to a lawful order of a practitioner for subsequent administration to, or use by, a patient. Dispensing has not occurred until the drug is actually delivered to the patient or patient's representative.

2.5 "Prescription drugs" or "pharmaceutical drugs" means drugs for human use which may be legally dispensed only with a prescription.

2.6 "Prescriber" means a physician or other health care professional licensed to prescribe prescription drugs in the State of West Virginia.

2.7 "Direct to Consumer (DTC)" means the advertising of prescription drugs directly to consumers through radio, television, magazines, newspapers, direct mail and telephone communications as they pertain to residents of this state.

2.8 "National aggregate data" means all expenses associated with advertising and direct promotion of prescription drugs through radio, television, magazines, newspapers, direct mail and telephone communications in the United States.

§ 206-1-3. Required Reporting.

3.1 After the effective date of these rules, all drug manufacturers, pharmaceutical manufacturers, and/or labelers whose prescription drugs are dispensed in West Virginia or to a West Virginia resident via mail, must complete and file with the Council, on or before March 1, 2008 for reporting period July 1, 2007 to December 31, 2007 and the first of April of each year thereafter, Appendix A listing the advertising expenses incurred by the manufacturer or labeler in the preceding calendar year.

3.2 Every drug manufacturer, pharmaceutical manufacturer, or labeler which engages in business in West Virginia (the "Company") is required to complete the reporting form in Appendix A. If this form is filed on behalf of a group of entities which file a US federal income tax return as a consolidated group, attach a copy of the organizational chart showing all members of the consolidated group for federal income tax purposes. All references to the "Company" in the form refer to the reporting entity and to all members of its consolidated group for US federal income tax purposes.

3.3. The Company should report all advertising and direct promotion to residents of this state. For national or regional DTC advertising expenses, the Company should report West Virginia's share in dollars by multiplying the total amount spent on advertising by West Virginia's most recent population as reported by the U.S. Census Bureau divided by the total population targeted by the DTC advertising using the most recent population statistics reported by the U.S. Census Bureau. Such calculations shall be attached to the reporting form.

3.4 The Company must complete each table in Appendix A. If you are unable to respond to a question as worded in this rule, you must describe what alternative information is available.

1. List, in the corresponding table in Appendix A, the total number of West Virginia prescribers to whom you provided, directly or indirectly, gifts, grants or payments of any kind in the stated amounts for the purpose of advertising prescription drugs. Do not include items exempted in W.Va. Code §5A-3C-13(c).
2. List, in the corresponding table in Appendix A, the name of any prescription drugs advertised using direct-to-consumer (DTC) advertising reaching or targeting West Virginia, the type of advertising used and the total amount expended for advertising each named prescription drug.
3. List, in the corresponding table in Appendix A, the name of any disease-specific patient support or advocacy group, to which you made, directly or indirectly, gifts, grants or payments of any kind totaling \$10,000 or more for the purpose of advertising prescription drugs and the total amount contributed to each named support group.
4. List, in the corresponding table in Appendix A, the name of any pharmacy licensed in West Virginia to which you made, directly or indirectly, gifts, grants or payments of any kind totaling \$10,000 or more, for the purpose of advertising prescription drugs the type of advertising used and the total amount contributed to each named pharmacy.
5. You are permitted, but not required, to furnish the information described in Section 5A-3C-13(c) of the Act. Clinical trials which do not qualify as bona fide clinical trials must be reported.

3.5 The manufacturer or labeler shall file signed originals of completed Appendix A forms with the Council, at the Office of the Pharmaceutical Advocate, Main Building 1, Room M-146, Capitol Complex, Charleston, West Virginia 25305.

Appendix A

Reporting Form

Prescription Drug Advertising Expenses

Name of Reporting Entity	
Reporting Period	

List below the total number of West Virginia prescribers to whom you provided directly or indirectly, gifts, grants or payments of any kind in the stated amounts for the purpose of advertising prescription drugs. Do not include items exempted in W.Va. Code §5A-3C-13(c).

Annual Aggregate Amount of fees, food entertainment, recreational activities, travel expenses, gifts, grants or other payments	Total Number of Prescribers
\$100 - \$2,500	
\$2,501 - \$5,000	
\$5,001 - \$7,500	
\$7,501 - \$10,000	
\$10,001 or over	

List below the name of any prescription drugs advertised using direct-to-consumer (DTC) advertising reaching or targeting West Virginia, the type of advertising used and the total amount expended for advertising each named prescription drug.

Name of Drug (chemical name and brand name)	Type of Advertising	Total Expenditure on Advertising

List below the name of any disease-specific patient support or advocacy group to which you made, directly or indirectly, gifts, grants or payments of any kind totaling \$10,000 or more for the purpose of advertising prescription drugs and the total amount contributed to each named support group.

Name of Advocacy Group	Amount of Annual Payments

List below the name of any pharmacy licensed in West Virginia to which you made, directly or indirectly, gifts, grants or payments of any kind totaling \$10,000 or more, for the purpose of advertising prescription drugs the type of advertising used and the total amount contributed to each named pharmacy.

Pharmacy	Type of Advertising	Amount of Payment

I certify upon information and belief that the information contained on this form is true, correct and complete.

Signature:	
Printed Name:	
Title:	
Date:	

Taken, sworn and subscribed before me, this day of
 by

Notary signature	
Commission expires	

**TITLE 206
LEGISLATIVE RULE
WEST VIRGINIA PHARMACEUTICAL COST MANAGEMENT COUNCIL**

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3.2 Every drug manufacturer, pharmaceutical manufacturer, or labeler which engages in business in West Virginia (the "Company") is required to complete the reporting form in Appendix A. If this form is filed on behalf of a group of entities which file a US federal income tax return as a consolidated group, attach a copy of the organizational chart showing all members of the consolidated group for federal income tax purposes. All references to the "Company" in the form refer to the reporting entity and to all members of its consolidated group for US federal income tax purposes.

3.3. The Company should report all advertising and direct promotion to residents of this state. For national or regional DTC advertising expenses, the Company should report West Virginia's share in dollars by multiplying the total amount spent on advertising by West Virginia's most recent population as reported by the U.S. Census Bureau divided by the total population targeted by the DTC advertising using the most recent population statistics reported by the U.S. Census Bureau. Such calculations shall be attached to the reporting form.

3.4 The Company must complete each table in Appendix A. If you are unable to respond to a question as worded in this rule, you must describe what alternative information is available.

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Pharmacy	Type of Advertising	Amount of Payment

I certify upon information and belief that the information contained on this form is true, correct and complete.

Signature:	
Printed Name:	
Title:	
Date:	

Taken, sworn and subscribed before me, this day of

by

Notary signature	
Commission expires	

Wednesday, April 18, 2007

12:00 pm - 1:00 pm

Joint Committee on Government and Finance

(Code §4-3)

Senate Finance Room

Senate

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

House

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

Speaker Thompson presided.

1. Upon motion of Tomblin, the January 9, 2007 minutes were approved.

2. Interim Studies

See agenda

3. In packet

4. John Law - Martha Walker, Cabinet Secretary, DHHR

Thompson - ? about \$14 million change order w/Unisys for Medicaid Management System
Fed gov. paid 90% of ^{design} implementation of new system

Unisys underestimated costs of system
System certified in October 2006 - only federally certified system that can multitask

Unisys project loss \$43 million but new rate only for future costs

Have started process to rebid the service contract - will take 3 years because of federal & state requirements

50-50 match operational

25-75 match for certified system

\$3,3 million state money

Helmick - can increase payments without going out for bid

Reply - Said approved by state purchasing departments

Cornith - Any limitation on fed reimbursement so increase takes out of services -

Walker - No

Armstead - Will renew for next 3 years
Walker - One rebidding but 3 yrs required to get through process Leonard Kelly - Hiring project manager - Normally takes 9-12 months through purchasing - feds require 2 years if change system

Contract allows maximum increase at the CPI increased for the year

Bonder - are there cash flow problems

Answer is no. - Physicians were behind in payments because their billing services ~~had~~ had software problems

5. Monthly reports / Dec, Ferguson
BRIM - have made \$15.1 million 1st 8 yrs of year - have no unfunded liabilities except S, B, 3 liabilities

Breakee - Money for BRIM in supplemental appropriation - what for?

Jones - Extra money for WVU & Marshall to pay premiums to BRIM

Sandlin - Should WVU & Marshall physicians be moved from BRIM to Physicians Mutual plan - Jones be more expensive under PMP for schools

Ferguson - will look into it

Helmick - always an issue with the 3 need schools on the premium

How ask for sugg. who consulting w/ BRIM
Jones did tell them in January what the

Den. Services in ~~the~~ secondary role to Culture + History in Memorial repair

Tombler - Upgrade in security
- Ferguson - Mif. Affairs in charge of this
White - Cor. ^{Pub} Ret, Bd appeal verdict on pension plan merger - Lombright appeal is being prepared but Bd has not decided whether to file the appeal.

Helnick -

Lombright - money will come from employers of EMS workers

6. Department of Transportation - Marvin

Murphy - reclaims Dept. Maddox

May 12, 2007 sale date of excess equipment

Helnick - Highway Employees say selling equipment is a mistake - Audit report says \$22mil idle equipment

Trying to cut costs by eliminating idle equipment - Based on core maintenance plan. - Have also set performance standards set for use of the equipment.

Conuth - Any negative effect on snow and ice removal - Murphy - no - will have adequate equipment

Conuth - going to regional response?
Murphy - yes, but already do so

Conuth - ^{Yes} This includes manpower reduction?
Murphy - no

premium would be for the next fiscal year.

Webster - Who determines amount & type of coverage provide to state agencies - Jones - he decides - Webster on when not having underinsured coverage and ~~under~~ reinsured coverage when tonnage coverage is not enough to cover damage to state employees or property - Webster - were ^{state} premiums reduced when underinsured coverage dropped -

Kessler - What is cost of reinsured coverage to state agency

CHIP - 25,000 children insured
Inpatient mental health cost up 63%

PEIA - Medical expense up 19%
pharmacy expense up 13%

General Services Division - 5 year Facilities Master Plan

Asbestos abatement costs reduced from \$50 per square foot to \$30 per square foot
Five year master plan is evolving constantly

HOAC priority in East Wing has moved to 2nd priority - Senate system being designed now as 1st priority

Capital Cafeteria - Design is 99% finished - May 1, 2003, will present plan to Capital Building Commission

Expect to have new food service in cafeteria by December of this year

May 12th sale will be older equipment that is hard to maintain or has not been used for years

Helnick - No. of EEs in Highway
Murphy - Are vacant positions in each county?

- Can't hire people to fill positions
Kessler - How much of equipment idle time due to lack of manpower to run the equipment - Not significant number - Problem competing with private sector in pay to hire employees

Kessler - Will highways do digging and grooving or contract out - Murphy says highways will do work itself

Helnick - Problem w/ labor force at low end of salary schedule rather than at top end of pay scale - Murphy says yes is a problem

Gomblin - Flooding - How much equipment leased for flood? Murphy - none and do not intend to lease any equipment - Will bring equipment from other areas of the state

Gomblin - complaints about getting rid of grade - alls - needed to do necessary work

- Wants list of equipment to be used in each county

Gomblin - How much expect to get from auction?

Murphy 1.7 million

Best sale get \$3-4 million

Thompson - do you historically have sub sales - Murphy says yes

Thompson - Were counties allowed to express concerns about equipment sales?

Murphy - Yes - Plans were discussed and responses were received and considered but not all alleviated

Caputo - How get sales figure

Murphy - That is the appraised value. " will set minimum bids on some equipment but not all

Caputo - would like sales list including which items have a minimum bid

White - How long to handle slips & slides - Murphy says will use same equipment now use

Zombler moves Secretary of Brasspotato attend next meeting to respond to questions

7. Bureau of Senior Services - Dr. Sandra Varis, Commissioner

\$7 million allocated for Senior programs

Zombler - Money used as belt needed by local senior agencies

Now strings put up or rise

Varis says money only to be used for certain programs

Asked 50% of new money be used for certain programs - from Governor

LITTE money - Zombler intended to be discretionary money for local use not subject to state executive Department control.

Nutrition, in-home care ^{& transportation} Gov's concerns
- Dept - need tracking of money
given to countries - They give state
a line item budget

White - 8 regional ADRCs funded
- Volun-mandated by federal
government to receive grants etc,
not allowed to be put in agencies
which provide services under
federal guidelines

Will put in 4 AAA agencies &
looking for 4 other sites

Are designed to be one stop place
to decide on ^{long term} care and services
needed

8. P CMC - Phones

1. One line prescribing being worked on
2. Refiling of advertising reporting rule
- Rule to be refiled as was except
changes reporting threshold for
doctors from \$1,000. to \$100

Report date moved from July 1, 2008 to
March 1, 2008 - will be filed as an
emergency rule

Caruth - need to insure appendix
part of rule & properly indexed
Adjourn