

FILE COPY

JOINT COMMITTEE ON
GOVERNMENT AND FINANCE

Materials Distributed

August 21, 2007

July 29, 2007

12:00 - 1:00 p.m.

Joint Committee on Government and Finance

Senate

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

House

Thompson, Chair
Caputo
DeLong
Webster
White
Armstead
Border

President Tomblin, Cochair, presided.

1. Approval of Minutes

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

2. Committee Reports/Requests

Parks, Recreation and Natural Resources Subcommittee - John Homburg

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

Joint Committee on Pensions and Retirement - Senator Foster

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

Joint Committee on Pensions and Retirement - Senator Foster

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

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

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

4. PEIA, BRIM and CHIP Reports

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

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

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

5. Leasing Report, Department of Administration

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

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

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

7. Monthly Report on the Pharmaceutical Cost Management Council

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

8. Scheduled Interim Dates

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

The meeting was adjourned.

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor

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



304-347-4870

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

Lottery Commission as of June 30, 2007 :

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

General Revenue Fund as of July 31, 2007:

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

State Road Fund as of July 31, 2007:

Fund collections were at 105.58% of the yearly estimate.

Unemployment Compensation Trust as of June 30, 2007:

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

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor

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



304-347-4870

MEMORANDUM

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

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

Date: August 17, 2007

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

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

Lottery Revenues:

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

Joint Committee on Government and Finance

Lottery continued

Operating Income:

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

Operating Transfers to the State of West Virginia:

A total of \$ 639,151,000.00 has been accrued to the state of West Virginia for fiscal year 2006-2007. This is on an accrual basis and may not correspond to the actual cash transfers made during the same time period. (Amounts owed to the different accounts according to the Lottery Act are calculated monthly and accrued to the state; actual cash transfers are often made based upon actual cash flow needs of the day-to-day operation of the lottery.)

A schedule of cash transfers follows:

| | |
|------------------------------------|------------------|
| Bureau of Senior Services | \$ 42,136,000.00 |
| Department of Education | \$ 32,704,000.00 |
| Educational Broadcasting Authority | |
| Library Commission | \$ 10,522,000.00 |
| Higher Education-Central Office | \$ 38,834,000.00 |
| Tourism | \$ 7,868,000.00 |
| Department of Natural Resources | \$ 3,428,000.00 |
| Division of Culture and History | \$ 5,222,000.00 |
| Department of Education and Arts | \$ 1,385,000.00 |
| State Building Commission | \$ 9,998,000.00 |

Lottery continued

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

Excess Lottery Fund

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

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 909,000.00

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

Lottery continued

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

* CASH BASIS

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



Budget

P.O. BOX 2067
CHARLESTON, WV 25327

PHONE: 304-558-0500
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Joe Manchin III
Governor

John C. Musgrave
Director

MEMORANDUM

TO: Joint Committee on Government and Finance

FROM: John C. Musgrave, Director

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



DATE: July 20, 2007

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

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

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

The number of traditional and limited retailers active as of June 30, 2007 was 1,590 and 1,659 respectively.

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

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

JCM/jt
Attachment

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



WEST VIRGINIA LOTTERY

STATE OF WEST VIRGINIA

FINANCIAL STATEMENTS
-UNAUDITED-

June 30, 2007

WEST VIRGINIA LOTTERY

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

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

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

WEST VIRGINIA LOTTERY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2007

(In Thousands)
-Unaudited-

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

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

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

(In Thousands)
- Unaudited -

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 1 - LEGISLATIVE ENACTMENT

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

WEST VIRGINIA LOTTERY
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

NOTE 3 - CASH AND CASH EQUIVALENTS

At June 30, 2007 the carrying amounts of deposits (overdraft) with financial institutions were (\$8) thousand with a bank balance of \$14 thousand. Of this balance \$100 thousand was covered by federal depository insurance with the remaining balance collateralized with securities held by the State of West Virginia's agent in the State's name.

A summary of the amount on deposit with the West Virginia Investment Management Board (IMB) is as follows (in thousands):

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

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

NOTE 4 – CAPITAL ASSETS

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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NOTE 4 – CAPITAL ASSETS (continued)

Capital Assets:

| | Historical Cost At June 30, 2006 | Additions | Deletions | Historical Cost At June 30, 2007 |
|---------------------------|-------------------------------------|-----------------|---------------|-------------------------------------|
| Construction in Progress | \$ 456 | \$ 442 | \$ 456 | \$ 442 |
| Improvements | 1,119 | - | - | 1,119 |
| Equipment | 10,600 | 904 | - | 11,504 |
| | <u>\$ 12,175</u> | <u>\$ 1,346</u> | <u>\$ 456</u> | <u>\$ 13,065</u> |
| Accumulated Depreciation: | | | | |
| | Historical Cost At June 30, 2006 | Additions | Deletions | Historical Cost At June 30, 2007 |
| Improvements | \$ 848 | \$ 77 | \$ - | \$ 925 |
| Equipment | 10,198 | 492 | - | 10,690 |
| | <u>\$ 11,046</u> | <u>\$ 569</u> | <u>\$ -</u> | <u>\$ 11,615</u> |

NOTE 5 - PARTICIPATION IN THE MULTI-STATE LOTTERY

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

Revenues derived from the Lottery's participation in the MUSL POWERBALL jackpot game for the month and year-to-date periods ended June 30, 2007 were \$3,819,878 and \$51,729,318 while related prize costs for the same periods were \$1,852,923 and \$25,867,651.

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

MUSL places 2% of each POWERBALL drawing period's sales in separate prize reserve funds that serve as a contingency reserve to protect the respective MUSL Product Groups from unforeseen prize liabilities. Currently, the MUSL Board of Directors has placed a \$75,000,000 limit on the POWERBALL Prize Reserve Fund and a \$25,000,000 limit on the Set Prize Reserve Fund. These funds can only be used at the discretion of the respective MUSL Product Group. Once the prize reserve funds exceed the designated limit, the excess becomes part of that particular prize pool. Prize reserve fund monies are refundable to MUSL Product Group members if the MUSL disbands or, after one year, if a member leaves the MUSL. At June 30, 2007 the POWERBALL prize reserve funds had a balance

WEST VIRGINIA LOTTERY
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-Unaudited-

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

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

NOTE 6 - RACETRACK VIDEO LOTTERY

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

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

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 6 - RACETRACK VIDEO LOTTERY (continued)

| | <u>Current</u> <u>2007</u> | <u>Month</u> <u>2006</u> | <u>Year- to -Date</u> <u>2007</u> | <u>2006</u> |
|----------------------------------|-------------------------------|-----------------------------|--------------------------------------|------------------|
| Total credits played | \$839,911 | \$845,656 | \$10,259,511 | \$10,099,703 |
| Credits (prizes) won | (759,943) | (766,652) | (9,282,448) | (9,157,453) |
| MWAP Contributions | (341) | - | (4,471) | - |
| Gross terminal income | <u>\$79,627</u> | <u>\$79,004</u> | <u>\$972,592</u> | <u>\$942,250</u> |
| Administrative costs | - | - | (17,524) | (17,524) |
| Net Terminal Income | <u>\$79,627</u> | <u>\$79,004</u> | <u>\$955,068</u> | <u>\$924,726</u> |
| Less distribution to agents | <u>(37,839)</u> | <u>(37,543)</u> | <u>(522,745)</u> | <u>(508,326)</u> |
| Racetrack video lottery revenues | <u>\$41,788</u> | <u>\$41,461</u> | <u>\$432,323</u> | <u>\$416,400</u> |

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

| | <u>June 30, 2007</u> | <u>Year-to Date</u> |
|---|----------------------|---------------------|
| State Lottery Fund | - | \$130,125 |
| State Excess Lottery Revenue Fund | \$35,825 | 234,853 |
| Capital Reinvestment Fund | 3,211 | 20,997 |
| Tourism Promotion Fund 1.375% | 946 | 12,151 |
| Development Office Promotion Fund .375 % | 258 | 3,314 |
| Research Challenge Fund .5 % | 344 | 4,418 |
| Capitol Renovation & Improvement Fund .6875 % | 473 | 6,075 |
| Parking Garage Fund .0625 % | 43 | 553 |
| Parking Garage Fund 1 % | - | 500 |
| Cultural Facilities & Capitol Resources Fund .5 % | - | 1,500 |
| Capitol Dome & Capitol Improvements Fund .5 % | 688 | 6,837 |
| Worker's Compensation Debt Reduction Fund 7 % | - | 11,000 |
| Total nonoperating distributions | <u>\$41,788</u> | <u>\$432,323</u> |

NOTE 7 - LIMITED VIDEO LOTTERY

Limited video lottery legislation passed in 2001 has established specific requirements imposing certain restrictions limiting the licensing for the operation of limited video lottery games to 9,000 terminals placed in licensed retailers. These licensed retailers must hold a qualifying permit for the sale and consumption on premises of alcohol or non-intoxicating beer. The Lottery has been charged with the administration, monitoring and regulation of these machines. The legislation further stipulates the distribution of revenues from the limited video lottery games, and requires any licensees to comply with all related rules and regulations of the Lottery in order to continue its retailer status. The Limited Video Lottery legislation stipulates that 2% of gross terminal income be deposited into the state lottery fund for administrative costs. Then, the state share percentage of gross profit is to be transferred to the State Excess Lottery Revenue Fund. Such percentage is between 30 and 50 percent and is subject to change

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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NOTE 7 - LIMITED VIDEO LOTTERY (continued)

on a quarterly basis. Two percent is distributed to counties and incorporated municipalities in the manner prescribed by the statute. The remaining amount of gross profit is paid to retailers and/or operators as prescribed in the Act, and is recorded as limited video lottery commissions in the financial statements. Municipal and county distributions are accounted for as nonoperating expenses. A summary of limited video lottery revenues for the month ended June 30, 2007 and year-to-date follows (in thousands):

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

NOTE 8 - NONOPERATING DISTRIBUTIONS TO THE STATE OF WEST VIRGINIA

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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

Since the enactment of the Racetrack Video Lottery Act, the Lottery is also statutorily required to distribute income from racetrack video lottery operations as described in Note 6. As of June 30, 2007 the Lottery accrued additional distributions relating to racetrack video lottery operations of \$645,531.

Note 7 describes the Limited Video Lottery Act and the statutory distributions required to be made from limited video lottery operations.

A summary of the cash distributions made to certain state agencies to conform to the legislation follows (in thousands):

| <u>BUDGETARY DISTRIBUTIONS</u> | <u>June 30, 2007</u> | <u>Year-to-Date</u> |
|---|----------------------|---------------------|
| <u>State Lottery Fund:</u> | | |
| Bureau of Senior Services | \$ - | \$ 42,136 |
| Department of Education | - | 32,704 |
| Library Commission | - | 10,522 |
| Higher Education-Policy Commission | - | 38,834 |
| Tourism | - | 7,868 |
| Natural Resources | - | 3,428 |
| Division of Culture & History | - | 5,222 |
| Department of Education & Arts | - | 1,385 |
| Building Commission | - | 9,998 |
| School Building Authority | - | 18,000 |
| Total State Lottery Fund | \$ - | \$170,097 |
| <u>State Excess Lottery Revenue Fund:</u> | | |
| Economic Development Fund | \$ - | \$ 19,000 |
| Higher Education Improvement Fund | - | 10,000 |
| General Purpose Account | - | 65,000 |
| Higher Education Improvement Fund | - | 27,000 |
| State Park Improvement Fund | - | 5,000 |
| School Building Authority | - | 19,000 |
| Refundable Credit | 586 | 3,991 |
| Excess Lottery Surplus | - | 96,200 |
| West Va. Infrastructure Council | - | 40,000 |
| Total State Excess Lottery Revenue Fund | \$ 586 | \$ 285,191 |
| <u>Senate Bill 1010, 1016 & 1017</u> | \$ - | \$ 104,253 |
| Total Budgetary distributions: | \$ 586 | \$ 559,541 |
| Veterans Instant Ticket Fund | \$ 47 | \$ 909 |

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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

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

NOTE 9 – RESTRICTED NET ASSETS

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

NOTE 10 - DEFERRED JACKPOT OBLIGATIONS AND INVESTMENTS HELD IN TRUST

Prior to becoming a member of the Multi-State Lottery in 1988, the prize structure of certain games operated solely by the Lottery included jackpot prizes. The Lottery, at its discretion, could choose to award such prizes in the form of either a lump sum payment or in equal installments over a period of 10 or 20 years, through June 30, 2007, the Lottery has awarded twenty-one deferred jackpot prizes totaling approximately \$28,868,786. Deferred prize awards were recognized as prize liabilities equivalent to the present value of future prize payments discounted at interest rates for government securities in effect on

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
 -Unaudited-

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

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

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

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

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

The Lottery has purchased long-term investments consisting principally of zero coupon government securities to fund deferred jackpot prize award obligations. Such investments are maintained in a separate trust fund administered by the West Virginia Investment Management Board on behalf of the Lottery and the jackpot prize winners, with investment maturities approximating deferred prize obligation installment due dates. Investments are carried at fair value determined by quoted market prices for the specific obligation or for similar obligations. Changes in fair value are included as part of investment income. In accordance with Statement No. 3 of the Government Accounting Standards Board, these investments are classified as to level of risk in Category 1, which includes investments that are insured or registered, or for which the securities are held by the State or its agent in the State's name.

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 11 - RETIREMENT BENEFITS

All full-time Lottery employees are eligible to participate in the State of West Virginia Public Employees' Retirement System (PERS), a cost-sharing multiple-employer defined benefit public employee retirement system. The PERS is one of several plans administered by the West Virginia Consolidated Public Retirement (CPRB) under the direction of its Board of Trustees, which consists of the Governor, State Auditor, State Treasurer, Secretary of the Department of Administration, and nine members appointed by the Governor. CPRB prepares separately issued financial statements covering all retirement systems it administers, which can be obtained from Consolidated Public Retirement Board, Building 5, Room 1000, State Capitol Complex, Charleston, West Virginia 25305-0720.

Employees who retire at or after age sixty with five or more years of contributory service or who retire at or after age fifty-five and have completed twenty-five years of credited service with age and credited service equal to eighty or greater are eligible for retirement benefits as established by State statute. Retirement benefits are payable monthly for life, in the form of a straight-line annuity equal to two percent of the employee's average annual salary from the highest 36 consecutive months within the last 10 years of employment, multiplied by the number of years of the employee's credited service at the time of retirement.

Covered employees are required to contribute 4.5% of their salary to the PERS. The Lottery is required to contribute 10.5% of covered employees' salaries to the PERS. The required employee and employer contribution percentages have been established and changed from time to time by action of the State Legislature. The required contributions are not actuarially determined; however, actuarial valuations are performed to assist the Legislature in determining appropriate contributions. The Lottery and employee contributions, for the period ending June 30, 2007 are as follows (in thousands):

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

NOTE 12 - RISK MANAGEMENT

The Lottery is exposed to various risks of loss related to torts; theft of, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Lottery participates in several risk management programs administered by the State of West Virginia. Each of these risk pools have issued separate audited financial reports on their operations. Those reports include the required supplementary information concerning the reconciliation of claims liabilities by type of contract and ten-year claim development information. Complete financial statements of the individual insurance enterprise funds can be obtained directly from their respective administrative offices.

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 12 - RISK MANAGEMENT (continued)

WEST VIRGINIA WORKERS' COMPENSATION COMMISSION (WCC)

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

PUBLIC EMPLOYEES' INSURANCE AGENCY (PEIA)

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

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

BOARD OF RISK AND INSURANCE MANAGEMENT (BRIM)

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 12 - RISK MANAGEMENT (continued)

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

NOTE 13 - POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS

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

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

NOTE 14 - COMMITMENTS

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

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor

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



304-347-4870

Memorandum

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

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

Date: August 17, 2007

Re: Status of General Revenue Fund July 31, 2007

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

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

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

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

Joint Committee on Government and Finance

State Road Fund

The state road fund was collected at 105.58% of the estimate for the month of July 2007. The entire fund was \$ 3.8 million above the estimate for the year.

Rainy Day and Personal Income Tax Reserve

Revenue Shortfall Reserve Fund A(Rainy Day Fund) had a cash balance of \$ \$179,993,229.86 as of July 31, 2007.

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

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

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

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

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

GENERAL REVENUE FUND FY 2007-2008

Monthly Revenue Estimates July 2007
as of July 31, 2007 WVFIMS

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

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

FINAL

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

REVENUE SHORTFALL RESERVE FUND A as of July 31, 2007: \$179,993,229.86

***\$56 million on loan to general revenue for cash flow loan; will be repaid in 90 days.

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

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

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor

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



304-347-4870

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

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

Date: August 17, 2007

Re: West Virginia Unemployment Compensation Trust Fund

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

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

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

ITEMS OF NOTE:

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

Joint Committee on Government and Finance

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

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

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

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

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

| | APRIL 06 | MAY 06 | JUNE 06 | APRIL 07 | MAY 07 | JUNE 07 | THREE MONTH TOTAL VARIANCE * |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------------------|
| Balance Forward | <u>198,538,753.93</u> | <u>206,059,091.21</u> | <u>252,627,692.33</u> | <u>212,472,170.88</u> | <u>216,384,559.03</u> | <u>281,712,331.76</u> | <u>33,343,926.09</u> |
| Add Receipts: | | | | | | | |
| 1. Bond Assessment | 2.52 | 455.60 | \$1,872.01 | 903.39 | 0.00 | 12.11 | (1,414.93) |
| 2. Regular Contributions: | 18,007,333.92 | 58,940,074.84 | \$1,160,056.60 | 20,312,489.21 | 55,941,409.31 | 824,106.30 | (29,480.74) |
| 3. Extended Benefit Funds | 0.00 | 0.00 | \$0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 4. Emergency Unemployment Fu | 0.00 | 0.00 | \$0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 5. TEUC Unemployment Funds | 0.00 | 0.00 | \$0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 6. UCFE (Federal Agencies) | 0.00 | 100,000.00 | \$100,000.00 | 100,000.00 | 100,000.00 | 100,000.00 | 100,000.00 |
| 7. Reduced Tax Credits | 0.00 | 0.00 | \$0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 8. Read Act Funds | 0.00 | 0.00 | \$0.00 | 0.00 | 0.00 | 305,395.48 | 305,395.48 |
| 9. Treasury Interest Credits | 0.00 | 0.00 | \$2,658,014.91 | 0.00 | 0.00 | 2,811,781.87 | (46,233.04) |
| 10. UCX (Military Agencies) | 100,000.00 | 500,000.00 | \$300,000.00 | 200,000.00 | 0.00 | 800,000.00 | (100,000.00) |
| Total Monthly Receipts | <u>19,107,338.44</u> | <u>57,540,530.74</u> | <u>\$4,219,943.72</u> | <u>20,613,372.60</u> | <u>56,041,409.31</u> | <u>4,441,295.74</u> | <u>228,269.75</u> |
| Less Disbursements: | | | | | | | |
| Debt Bond Repayment | (Retired) | (Retired) | | (Retired) | (Retired) | (Retired) | NA |
| Regular Benefits: | 11,160,814.60 | 10,562,427.69 | \$9,840,533.77 | 16,295,771.08 | 10,403,002.52 | 8,752,274.81 | 3,887,272.26 |
| Extended Benefits | 0.00 | 0.00 | (\$1,848.00) | 0.00 | 0.00 | 0.00 | 1,848.00 |
| Emergency Benefits | (1,909.25) | (2,312.50) | \$62,914.96 | (1,214.00) | (2,102.00) | (477.00) | (82,486.21) |
| UCFE (Federal Workers)Benefits | 89,388.78 | 91,636.76 | \$312,296.15 | 88,214.26 | 59,878.75 | 58,471.14 | (288,859.64) |
| UCX (Military Workers)Benefits | 338,704.23 | 319,875.87 | \$1,695,000.00 | 319,913.11 | 253,057.32 | 230,620.08 | (1,550,089.41) |
| Read 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>11,588,898.26</u> | <u>10,971,829.62</u> | <u>11,929,096.88</u> | <u>16,700,684.45</u> | <u>10,713,936.59</u> | <u>9,040,888.81</u> | <u>1,967,485.09</u> |
| Trust Fund Balance | <u>208,659,091.21</u> | <u>252,627,692.33</u> | <u>244,918,639.17</u> | <u>216,384,859.03</u> | <u>281,712,331.76</u> | <u>287,112,738.69</u> | <u>31,604,808.75</u> |

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



Monthly Management Report

TOTAL CLAIMS

JUNE 2007

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

JUNE 2007

Page: 1

| Reporting Category | Type of Service | Current Period | Current | 12 Months Prior | 12 Months Prior | Current Fiscal Yr | Previous Fiscal Yr |
|------------------------------|---------------------------|----------------|------------------------------|-----------------|------------------------------|-------------------|--------------------|
| | | PEIA Payments | Rolling Avg PEIA Payments | PEIA Payments | Rolling Avg PEIA Payments | PEIA Payments | PEIA Payments |
| INPATIENT HOSPITAL FACILITY | BEHAVIORAL | 254,388.75 | 180,746.25 | 173,639.53 | 166,403.73 | 2,249,704.23 | 2,037,022.01 |
| | MATERNITY | 188,308.23 | 157,099.21 | 195,984.44 | 139,537.91 | 1,877,514.34 | 1,730,152.13 |
| | MEDICAL AND SURGICAL | 7,324,188.46 | 6,078,172.72 | 7,541,450.94 | 6,237,777.56 | 72,720,810.15 | 76,911,481.43 |
| | NEONATAL COMPLICATIONS | 76,885.34 | 93,612.97 | 54,422.64 | 56,462.55 | 1,145,818.38 | 681,271.34 |
| ***** | | | | | | | |
| SUM | | 7,843,770.78 | 6,509,631.16 | 7,265,497.55 | 6,600,181.75 | 77,993,847.10 | 81,359,926.91 |
| OUTPATIENT HOSPITAL FACILITY | BEHAVIORAL | 45,157.76 | 46,967.94 | 67,840.48 | 46,181.35 | 540,932.50 | 581,688.31 |
| | DIALYSIS | 204,407.22 | 226,654.91 | 261,562.64 | 216,704.93 | 2,662,703.50 | 2,732,183.53 |
| | EMERGENCY ROOM | 549,617.91 | 428,273.60 | 617,257.78 | 419,453.32 | 5,071,643.36 | 5,287,390.43 |
| | MATERNITY | 45,075.73 | 44,003.43 | 71,602.71 | 38,549.60 | 501,514.16 | 511,606.79 |
| | MEDICAL AND SURGICAL | 8,202,240.07 | 7,380,635.10 | 10,061,455.45 | 7,251,981.01 | 86,708,405.77 | 91,436,263.09 |
| ***** | | | | | | | |
| SUM | | 9,046,498.69 | 8,126,534.97 | 11,079,719.06 | 7,972,870.22 | 95,485,199.29 | 100,549,132.15 |
| PHARMACY | PRESCRIPTION DRUGS | 16,995,233.77 | 17,251,557.53 | 20,320,536.29 | 15,283,474.13 | 203,693,387.78 | 185,486,799.86 |
| ***** | | | | | | | |
| SUM | | 16,995,233.77 | 17,251,557.53 | 20,320,536.29 | 15,283,474.13 | 203,693,387.78 | 185,486,799.86 |
| PROFESSIONAL SERVICES | ADVANCED IMAGING | 645,173.16 | 523,842.40 | 693,597.78 | 501,172.48 | 6,237,684.13 | 6,260,189.46 |
| | AMBULANCE | 306,701.14 | 273,962.26 | 368,191.48 | 256,535.77 | 3,226,056.83 | 3,198,899.22 |
| | ANESTHESIA | 827,689.97 | 637,676.73 | 837,217.05 | 638,523.81 | 7,642,593.62 | 7,940,077.70 |
| | BEHAVIORAL | 394,626.68 | 344,175.05 | 467,861.63 | 339,401.49 | 4,056,865.59 | 4,227,001.66 |
| | CARDIOVASCULAR MEDICINE | 557,817.87 | 427,784.68 | 628,166.79 | 433,854.78 | 5,063,067.18 | 5,469,749.46 |
| | CERVICAL CANCER SCREENING | 24,694.09 | 24,847.63 | 34,324.87 | 31,821.20 | 288,540.74 | 390,066.34 |
| | DIALYSIS | 8,014.85 | 11,129.52 | 16,884.05 | 24,284.65 | 124,684.99 | 275,404.00 |
| | DME | 554,629.11 | 462,939.33 | 669,750.88 | 468,107.67 | 5,440,150.18 | 5,911,918.88 |

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

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

Page: 2

| Reporting Category | Type of Service | Current Period | Current | 12 Months Prior | 12 Months Prior | Current Fiscal Yr | Previous Fiscal Yr |
|-----------------------|---------------------------|----------------|---------------------------|-----------------|---------------------------|-------------------|--------------------|
| | | PEIA Payments | Rolling Avg PEIA Payments | PEIA Payments | Rolling Avg PEIA Payments | PEIA Payments | PEIA Payments |
| PROFESSIONAL SERVICES | EVALUATION AND MANAGEMENT | 5,485,953.83 | 4,704,348.48 | 5,499,833.01 | 4,428,646.04 | 56,438,302.57 | 54,822,112.25 |
| | IMMUNIZATION | 282,710.61 | 235,789.17 | 140,637.91 | 149,359.13 | 2,971,542.76 | 1,857,073.71 |
| | INJECTION | 1,049,883.47 | 800,157.96 | 1,016,451.93 | 782,302.04 | 9,635,327.04 | 9,676,272.12 |
| | LAB AND PATEOLOGY | 856,013.95 | 640,237.44 | 1,002,785.19 | 598,543.55 | 7,536,077.98 | 7,645,517.48 |
| | MAMMOGRAPHY | 766.38 | 65,202.37 | 112,949.73 | 95,439.60 | 670,245.05 | 1,178,547.87 |
| | OTHER | 481,750.77 | 420,759.01 | 578,373.68 | 476,026.93 | 4,952,485.19 | 5,879,288.10 |
| | OTHER IMAGING | 1,302,703.45 | 942,544.32 | 1,417,903.03 | 839,815.33 | 11,195,329.82 | 10,762,972.98 |
| | OTHER MEDICINE | 770,495.46 | 675,355.81 | 819,425.54 | 634,757.69 | 8,055,339.66 | 7,862,242.86 |
| | PHYSICAL MEDICINE | 681,670.64 | 595,098.45 | 765,013.43 | 555,716.65 | 7,057,838.63 | 6,947,714.41 |
| | PROSTATE CANCER SCREENING | 22,658.90 | 15,988.65 | 25,703.02 | 15,234.13 | 188,819.64 | 197,498.59 |
| | SURGICAL | 3,128,727.13 | 2,638,994.92 | 3,531,528.89 | 2,571,845.50 | 31,265,137.24 | 32,110,968.43 |
| ***** | | | | | | | |
| sum | | 17,382,681.46 | 14,440,833.94 | 18,626,599.89 | 13,841,388.43 | 172,046,088.84 | 172,613,515.52 |
| sum | | 51,268,184.70 | 46,328,557.59 | 57,992,352.79 | 43,697,914.53 | 549,218,523.01 | 540,009,374.44 |

~~SOURCE: ACORDIA NATIONAL AND EXPRESS SCRIPTS PAID CLAIMS TAPES~~

NOTE: CLAIMS LISTED ARE ON A PAID BASIS

NOTE: DOES NOT INCLUDE REBATES, PHARMACY ADMINISTRATIVE FEES, OR RECOVERIES

29 rows selected.



Monthly Management Report
PER CAPITA CLAIMS

JUNE 2007

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

Page: 1

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

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

WEST VIRGINIA PUBLIC EMPLOYERS INSURANCE AGENCY
 MONTHLY MANAGEMENT REPORT - PER CAPITA CLAIMS
 JUNE 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 | 29.1950 | 25.8499 | 29.4897 | 24.3652 | 301.7260 | 294.8194 |
| | IMMUNIZATION | 1.5045 | 1.2956 | .7541 | .8216 | 15.8862 | 9.9869 |
| | INJECTION | 5.5873 | 4.3970 | 5.4501 | 4.3043 | 51.5116 | 52.0365 |
| | LAB AND PATEOLOGY | 4.5555 | 3.5179 | 5.3769 | 3.2925 | 40.2888 | 41.1157 |
| | MAMMOGRAPHY | .0041 | .3585 | .6056 | .5252 | 3.5832 | 6.3379 |
| | OTHER | 2.5638 | 2.3122 | 3.1012 | 2.6197 | 26.4766 | 31.6173 |
| | OTHER IMAGING | 6.9327 | 5.1788 | 7.6027 | 4.6203 | 59.8516 | 59.8805 |
| | OTHER MEDICINE | 4.1004 | 3.7111 | 4.3937 | 3.4921 | 43.0648 | 42.2811 |
| | PHYSICAL MEDICINE | 3.6277 | 3.2699 | 4.1019 | 3.0573 | 37.7321 | 37.3630 |
| | PROSTATE CANCER SCREENING | .1206 | .0879 | .1378 | .0838 | 1.0095 | 1.0621 |
| | SURGICAL | 16.6504 | 14.5016 | 18.9358 | 14.1508 | 167.1472 | 172.6846 |
| ***** | | | | | | | |
| sum | | 92.5068 | 79.3521 | 99.8745 | 76.1531 | 919.7793 | 928.2717 |
| | | | | | | | |
| sum | | 272.8381 | 254.5828 | 310.9510 | 240.4197 | 2,936.1888 | 2,904.0334 |

SOURCE: ACORDIA NATIONAL AND EXPRESS SCRIPTS PAID CLAIMS TAPES

NOTE: CLAIMS LISTED ARE ON A PAID BASIS

NOTE: DOES NOT INCLUDE REBATES, PHARMACY ADMINISTRATIVE FEES, OR RECOVERIES

29 rows selected.



Monthly Management Report

PER CAPITA UTILIZATION

JUNE 2007

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

Page: 1

| Reporting Category | Type of Service | Current Period Encounters | 12 Months Prior Encounters | Current Fiscal Yr Encounters | Previous Fiscal Yr Encounters |
|------------------------------|---------------------------|---------------------------|----------------------------|------------------------------|-------------------------------|
| INPATIENT HOSPITAL FACILITY | BEHAVIORAL | .0017 | .0013 | .0140 | .0119 |
| | MATERNITY | .0008 | .0009 | .0076 | .0078 |
| | MEDICAL AND SURGICAL | .0255 | .0241 | .2457 | .2283 |
| | NEONATAL COMPLICATIONS | .0001 | .0003 | .0021 | .0026 |
| ***** sum | | .0281 | .0265 | .2694 | .2506 |
| OUTPATIENT HOSPITAL FACILITY | BEHAVIORAL | .0038 | .0045 | .0451 | .0444 |
| | DIALYSIS | .0130 | .0080 | .0778 | .0727 |
| | EMERGENCY ROOM | .0297 | .0354 | .3071 | .3209 |
| | MATERNITY | .0018 | .0025 | .0188 | .0189 |
| | MEDICAL AND SURGICAL | .2798 | .3130 | 2.9055 | 2.9280 |
| ***** sum | | .3281 | .3634 | 3.3543 | 3.3849 |
| PHARMACY | PRESCRIPTION DRUGS | 1.0767 | 1.2525 | 13.3870 | 12.7772 |
| ***** sum | | 1.0767 | 1.2525 | 13.3870 | 12.7772 |
| PROFESSIONAL SERVICES | ADVANCED IMAGING | .0344 | .0353 | .3405 | .3394 |
| | AMBULANCE | .0129 | .0137 | .1286 | .1272 |
| | ANESTHESIA | .0262 | .0320 | .2725 | .2913 |
| | BEHAVIORAL | .0387 | .0436 | .4171 | .4295 |
| | CARDIOVASCULAR MEDICINE | .0610 | .0703 | .6296 | .6675 |
| | CERVICAL CANCER SCREENING | .0066 | .0074 | .0702 | .0902 |
| | DIALYSIS | .0010 | .0016 | .0144 | .0236 |
| | DME | .0460 | .0571 | .5157 | .5558 |
| | EVALUATION AND MANAGEMENT | .6779 | .7456 | 7.1826 | 7.3642 |
| | IMMUNIZATION | .0161 | .0112 | .3047 | .2299 |

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

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

Page: 2

| Reporting Category | Type of Service | Current Period Encounters | 12 Months Prior Encounters | Current Fiscal Yr Encounters | Previous Fiscal Yr Encounters |
|-----------------------|---------------------------|---------------------------|----------------------------|------------------------------|-------------------------------|
| PROFESSIONAL SERVICES | INJECTION | .0391 | .0444 | .4002 | .3813 |
| | LAB AND PATHOLOGY | .1881 | .1796 | 1.8159 | 1.7177 |
| | MAMMOGRAPHY | .0006 | .0183 | .1133 | .1951 |
| | OTHER | .0472 | .0514 | .5269 | .5091 |
| | OTHER IMAGING | .1653 | .1693 | 1.6221 | 1.6478 |
| | OTHER MEDICINE | .1027 | .1390 | 1.0749 | 1.1041 |
| | PHYSICAL MEDICINE | .1169 | .1311 | 1.2567 | 1.2851 |
| | PROSTATE CANCER SCREENING | .0073 | .0072 | .0626 | .0611 |
| | SURGICAL | .1206 | .1376 | 1.2464 | 1.2674 |
| ***** | | | | | |
| sum | | 1.7086 | 1.8958 | 17.9949 | 18.2872 |
| ----- | | | | | |
| sum | | 3.1415 | 3.5383 | 35.0056 | 34.7000 |

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

29 rows selected.



Monthly Management Report

MEDICARE ELIGIBLE

TOTAL CLAIMS

JUNE 2007

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

Page: 1

| Reporting Category | Type of Service | Current Period | Current | 12 Months Prior | 12 Months Prior | Current Fiscal Yr | Previous Fiscal Yr |
|------------------------------|---------------------------|----------------|---------------------------|-----------------|---------------------------|-------------------|--------------------|
| | | PEIA Payments | Rolling Avg PEIA Payments | PEIA Payments | Rolling Avg PEIA Payments | PEIA Payments | PEIA Payments |
| INPATIENT HOSPITAL FACILITY | BEHAVIORAL | 41,819.84 | 24,314.27 | 29,657.30 | 23,006.02 | 303,933.80 | 287,539.88 |
| | MEDICAL AND SURGICAL | 1,321,265.41 | 1,154,978.44 | 1,482,512.87 | 1,055,683.26 | 13,698,493.79 | 13,126,708.85 |
| ***** sum | | 1,363,085.25 | 1,179,292.71 | 1,512,170.17 | 1,078,689.28 | 14,002,427.59 | 13,414,248.73 |
| OUTPATIENT HOSPITAL FACILITY | BEHAVIORAL | 12,050.59 | 9,419.02 | 12,370.97 | 6,389.88 | 112,707.89 | 82,818.43 |
| | DIALYSIS | 63,585.25 | 68,474.51 | 103,461.45 | 64,858.03 | 781,817.90 | 832,786.83 |
| | EMERGENCY ROOM | 54,319.04 | 45,238.53 | 63,232.65 | 39,543.28 | 533,948.75 | 501,907.67 |
| | MEDICAL AND SURGICAL | 1,069,362.51 | 936,804.51 | 1,310,452.80 | 899,966.66 | 11,000,562.78 | 11,304,090.12 |
| ***** sum | | 1,199,316.39 | 1,059,936.57 | 1,489,517.87 | 1,010,757.86 | 12,429,037.32 | 12,721,603.05 |
| PHARMACY | PRESCRIPTION DRUGS | 6,756,441.15 | 6,829,944.91 | 7,916,622.53 | 6,257,398.21 | 80,799,157.59 | 75,626,714.37 |
| ***** sum | | 6,756,441.15 | 6,829,944.91 | 7,916,622.53 | 6,257,398.21 | 80,799,157.59 | 75,626,714.37 |
| PROFESSIONAL SERVICES | ADVANCED IMAGING | 63,401.72 | 57,117.11 | 80,529.57 | 53,277.55 | 668,277.49 | 667,353.54 |
| | AMBULANCE | 129,756.22 | 112,022.68 | 129,645.46 | 96,209.82 | 1,344,382.96 | 1,202,952.55 |
| | ANESTHESIA | 37,958.89 | 36,721.63 | 56,284.26 | 37,704.11 | 422,334.20 | 473,166.87 |
| | BEHAVIORAL | 21,370.20 | 24,768.73 | 35,985.28 | 20,085.58 | 282,609.68 | 260,248.05 |
| | CARDIOVASCULAR MEDICINE | 76,265.29 | 67,384.78 | 97,719.51 | 64,497.51 | 787,163.10 | 806,063.71 |
| | CERVICAL CANCER SCREENING | 61.30 | 95.08 | 99.22 | 108.92 | 1,103.07 | 1,341.02 |
| | DIALYSIS | 2,190.73 | 1,922.62 | 2,575.21 | 5,852.17 | 22,686.99 | 64,022.98 |
| | DME | 133,183.76 | 150,787.52 | 181,145.63 | 147,716.57 | 1,761,488.38 | 1,837,359.71 |
| | EVALUATION AND MANAGEMENT | 762,930.15 | 674,537.79 | 825,095.40 | 617,266.24 | 8,032,288.20 | 7,660,961.89 |
| | IMMUNIZATION | 5,367.70 | 2,979.17 | 925.73 | 786.71 | 40,191.98 | 9,933.02 |
| | INJECTION | 164,091.68 | 144,097.76 | 201,810.60 | 119,182.99 | 1,691,454.24 | 1,507,820.43 |

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

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

Page: 2

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

SOURCE: ACORDIA NATIONAL AND EXPRESS SCRIPTS PAID CLAIMS TAPES

NOTE: CLAIMS LISTED ARE ON A PAID BASIS

NOTE: DOES NOT INCLUDE REBATES, PHARMACY ADMINISTRATIVE FEES, OR RECOVERIES

26 rows selected.



Monthly Management Report

MEDICARE ELIGIBLE

PER CAPITA CLAIMS

JUNE 2007

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

Page: 1

| Reporting Category | Type of Service | Current | Current | 12 Months Prior | 12 Months Prior | Current Fiscal Yr | Previous Fiscal Yr |
|------------------------------|---------------------------|---------------------------------|------------------------------|----------------------------------|------------------------------|-------------------|--------------------|
| | | Current Period PEIA Payments | Rolling Avg PEIA Payments | 12 Months Prior PEIA Payments | Rolling Avg PEIA Payments | PEIA Payments | PEIA Payments |
| INPATIENT HOSPITAL FACILITY | BEHAVIORAL | 1.1516 | .6577 | .7981 | .6099 | 8.2499 | 7.6410 |
| | MEDICAL AND SURGICAL | 36.3825 | 31.2812 | 39.8965 | 27.9651 | 371.8274 | 348.8270 |
| ***** | | | | | | | |
| SUM | | 37.5340 | 31.9389 | 40.6946 | 28.5750 | 380.0773 | 356.4680 |
| OUTPATIENT HOSPITAL FACILITY | BEHAVIORAL | .3318 | .2551 | .3329 | .1694 | 3.0593 | 2.2008 |
| | DIALYSIS | 1.7509 | 1.8546 | 2.7843 | 1.7177 | 21.2214 | 22.1303 |
| | EMERGENCY ROOM | 1.4957 | 1.2255 | 1.7017 | 1.0473 | 14.4933 | 13.3376 |
| | MEDICAL AND SURGICAL | 29.4460 | 25.3662 | 35.2661 | 23.8308 | 298.5957 | 300.3930 |
| ***** | | | | | | | |
| SUM | | 33.0245 | 28.7014 | 40.0850 | 26.7652 | 337.3697 | 338.0618 |
| PHARMACY | PRESCRIPTION DRUGS | 186.0459 | 185.0077 | 213.0472 | 165.7947 | 2,193.1858 | 2,009.6919 |
| ***** | | | | | | | |
| SUM | | 186.0459 | 185.0077 | 213.0472 | 165.7947 | 2,193.1858 | 2,009.6919 |
| PROFESSIONAL SERVICES | ADVANCED IMAGING | 1.7458 | 1.5460 | 2.1672 | 1.4116 | 18.1395 | 17.7341 |
| | AMBULANCE | 3.5730 | 3.0333 | 3.4889 | 2.5497 | 36.4915 | 31.9671 |
| | ANESTHESIA | 1.0452 | .9945 | 1.5147 | .9983 | 11.4637 | 12.5739 |
| | BEHAVIORAL | .5885 | .6707 | .9684 | .8325 | 7.6711 | 6.9158 |
| | CARDIOVASCULAR MEDICINE | 2.1000 | 1.8249 | 2.6298 | 1.7089 | 21.3665 | 21.4202 |
| | CERVICAL CANCER SCREENING | .0017 | .0026 | .0027 | .0029 | .0299 | .0356 |
| | DIALYSIS | .0603 | .0521 | .0693 | .1546 | .6158 | 1.7013 |
| | DME | 3.6674 | 4.0845 | 4.8749 | 3.9135 | 47.8133 | 48.8257 |
| | EVALUATION AND MANAGEMENT | 21.0081 | 18.2825 | 22.2045 | 16.3626 | 218.0258 | 203.5811 |
| | IMMUNIZATION | .1478 | .0810 | .0249 | .0208 | 1.0910 | .2640 |
| | INJECTION | 4.5184 | 3.9021 | 5.4310 | 3.1575 | 45.9123 | 40.0686 |

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

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

Page: 2

| Reporting Category | Type of Service | Current Period | Current | 12 Months Prior | 12 Months Prior | Current Fiscal Yr | Previous Fiscal Yr |
|-----------------------|---------------------------|----------------|---------------------------|-----------------|---------------------------|-------------------|--------------------|
| | | PEIA Payments | Rolling Avg PEIA Payments | PEIA Payments | Rolling Avg PEIA Payments | PEIA Payments | PEIA Payments |
| PROFESSIONAL SERVICES | LAB AND PATHOLOGY | 1.1128 | .9241 | 1.4106 | .7637 | 10.7884 | 9.8814 |
| | MAMMOGRAPHY | .0054 | .1130 | .2146 | .1596 | 1.1540 | 1.9682 |
| | OTHER | 2.2265 | 2.0786 | 2.6930 | 2.0717 | 24.4681 | 25.0875 |
| | OTHER IMAGING | 4.0331 | 3.4471 | 4.4201 | 3.0349 | 40.9724 | 37.7253 |
| | OTHER MEDICINE | 2.1723 | 2.0362 | 3.0165 | 1.6167 | 23.5807 | 20.9940 |
| | PHYSICAL MEDICINE | 1.9493 | 1.6669 | 2.3302 | 1.4990 | 19.6244 | 18.9849 |
| | PROSTATE CANCER SCREENING | .0257 | .0117 | .0173 | .0055 | .1496 | .0789 |
| | SURGICAL | 9.1166 | 7.8566 | 10.4912 | 7.2437 | 92.9140 | 90.8904 |
| ***** | | | | | | | |
| sum | | 59.0980 | 52.6083 | 67.9697 | 47.2078 | 622.2719 | 590.6980 |
| | | | | | | | |
| sum | | 315.7023 | 298.2562 | 361.7965 | 268.3427 | 3,532.9047 | 3,294.9197 |

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

26 rows selected.



Monthly Management Report

MEDICARE ELIGIBLE

PER CAPITA UTILIZATION

JUNE 2007

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

Page: 1

| Reporting Category | Type of Service | Current Period Encounters | 12 Months Prior Encounters | Current Fiscal Yr Encounters | Previous Fiscal Yr Encounters |
|------------------------------|---------------------------|---------------------------|----------------------------|------------------------------|-------------------------------|
| INPATIENT HOSPITAL FACILITY | BEHAVIORAL | .0062 | .0040 | .0421 | .0320 |
| | MEDICAL AND SURGICAL | .0953 | .0794 | .8603 | .7334 |
| ***** sum | | .1015 | .0835 | .9024 | .7654 |
| OUTPATIENT HOSPITAL FACILITY | BEHAVIORAL | .0086 | .0087 | .0900 | .0650 |
| | DIALYSIS | .0473 | .0191 | .2099 | .1891 |
| | EMERGENCY ROOM | .0410 | .0523 | .4440 | .4484 |
| | MEDICAL AND SURGICAL | .5659 | .5605 | 5.3508 | 4.8033 |
| ***** sum | | .6629 | .6405 | 6.0946 | 5.5058 |
| PHARMACY | PRESCRIPTION DRUGS | 2.0514 | 2.2348 | 24.6641 | 23.1164 |
| ***** sum | | 2.0514 | 2.2348 | 24.6641 | 23.1164 |
| PROFESSIONAL SERVICES | ADVANCED IMAGING | .0762 | .0812 | .7165 | .6916 |
| | AMBULANCE | .0502 | .0513 | .4871 | .4604 |
| | ANESTHESIA | .0510 | .0714 | .5242 | .5592 |
| | BEHAVIORAL | .0236 | .0329 | .2782 | .2810 |
| | CARDIOVASCULAR MEDICINE | .1656 | .1950 | 1.6879 | 1.7217 |
| | CERVICAL CANCER SCREENING | .0006 | .0007 | .0075 | .0065 |
| | DIALYSIS | .0036 | .0045 | .0392 | .0725 |
| | DME | .1340 | .1752 | 1.5743 | 1.6601 |
| | EVALUATION AND MANAGEMENT | 1.3163 | 1.5082 | 13.3872 | 13.6060 |
| | IMMUNIZATION | .0056 | .0052 | .1769 | .1314 |
| | INJECTION | .0854 | .0978 | .8142 | .7726 |
| | LAB AND PATHOLOGY | .1527 | .1712 | 1.4522 | 1.3248 |
| | MAMMOGRAPHY | .0015 | .0289 | .1650 | .2677 |

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

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

Page: 2

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

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

26 rows selected.

Monthly Management Report
NON MEDICARE ELIGIBLE
TOTAL CLAIMS
JUNE 2007



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

Page: 1

| Reporting Category | Type of Service | Current Period PEIA Payments | Current Rolling Avg PEIA Payments | 12 Months Prior PEIA Payments | 12 Months Prior Rolling Avg PEIA Payments | Current Fiscal Yr PEIA Payments | Previous Fiscal Yr PEIA Payments |
|------------------------------|---------------------------|---------------------------------|---|----------------------------------|---|------------------------------------|-------------------------------------|
| INPATIENT HOSPITAL FACILITY | BEHAVIORAL | 212,568.91 | 156,431.98 | 143,982.23 | 143,397.71 | 1,945,770.43 | 1,749,482.13 |
| | MATERNITY | 188,308.23 | 157,099.21 | 195,984.44 | 139,537.91 | 1,877,514.34 | 1,730,152.13 |
| | MEDICAL AND SURGICAL | 6,002,923.05 | 4,923,194.28 | 6,058,938.07 | 5,182,094.30 | 59,022,316.36 | 63,784,772.58 |
| | NEONATAL COMPLICATIONS | 76,885.34 | 93,612.97 | 84,422.64 | 56,462.55 | 1,145,818.38 | 681,271.34 |
| ***** | | 6,480,685.53 | 5,330,338.45 | 6,453,327.38 | 5,521,492.48 | 63,991,419.51 | 67,945,678.18 |
| SUM | | | | | | | |
| OUTPATIENT HOSPITAL FACILITY | BEHAVIORAL | 33,107.17 | 37,548.91 | 55,469.51 | 39,791.47 | 428,224.61 | 498,869.88 |
| | DIALYSIS | 140,821.97 | 158,180.40 | 188,101.19 | 151,846.90 | 1,880,885.60 | 1,899,396.70 |
| | EMERGENCY ROOM | 495,298.87 | 383,035.07 | 554,025.13 | 379,910.04 | 4,537,694.61 | 4,785,482.76 |
| | MATERNITY | 45,075.73 | 44,003.43 | 71,602.71 | 38,545.87 | 501,514.16 | 511,562.04 |
| | MEDICAL AND SURGICAL | 7,132,878.56 | 6,443,830.59 | 8,751,002.65 | 6,352,014.35 | 75,707,842.99 | 80,132,172.97 |
| ***** | | 7,847,182.30 | 7,066,598.41 | 9,590,201.19 | 6,962,108.63 | 83,056,161.97 | 87,827,484.35 |
| SUM | | | | | | | |
| PHARMACY | PRESCRIPTION DRUGS | 10,238,792.62 | 10,421,612.61 | 12,403,913.76 | 9,026,075.92 | 122,894,230.19 | 109,860,085.49 |
| | | ***** | 10,238,792.62 | 10,421,612.61 | 12,403,913.76 | 9,026,075.92 | 122,894,230.19 |
| SUM | | | | | | | |
| PROFESSIONAL SERVICES | ADVANCED IMAGING | 581,771.44 | 466,725.28 | 613,068.21 | 447,894.93 | 5,569,406.64 | 5,592,835.92 |
| | AMBULANCE | 176,944.92 | 161,939.58 | 238,546.02 | 160,325.95 | 1,881,673.87 | 1,995,946.67 |
| | ANESTHESIA | 789,731.08 | 600,955.09 | 780,932.79 | 600,819.71 | 7,220,259.42 | 7,466,910.83 |
| | BEHAVIORAL | 373,256.48 | 319,406.32 | 431,876.35 | 319,315.91 | 3,774,255.91 | 3,966,783.61 |
| | CARDIOVASCULAR MEDICINE | 481,552.58 | 360,399.90 | 530,447.28 | 369,357.27 | 4,275,904.08 | 4,663,685.75 |
| | CERVICAL CANCER SCREENING | 24,632.79 | 24,752.54 | 34,225.65 | 31,712.28 | 287,437.67 | 388,725.32 |
| | DIALYSIS | 5,824.12 | 9,206.89 | 14,308.84 | 18,432.48 | 101,998.00 | 211,381.02 |
| | DME | 421,445.35 | 312,151.81 | 488,603.25 | 320,391.10 | 3,678,661.80 | 4,074,559.17 |

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

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

Page: 2

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

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

29 rows selected.



Monthly Management Report

NON-MEDICARE ELIGIBLE

PER CAPITA CLAIMS

JUNE 2007

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

Page: 1

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

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

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

Page: 2

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

~~SOURCE: ACORDIA NATIONAL AND EXPRESS SCRIPTS PAID CLAIMS TAPES~~

NOTE: CLAIMS LISTED ARE ON A PAID BASIS

NOTE: DOES NOT INCLUDE REBATES, PHARMACY ADMINISTRATIVE FEES, OR RECOVERIES

29 rows selected.



Monthly Management Report

NON-MEDICARE ELIGIBLE

PER CAPITA UTILIZATION

JUNE 2007

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

Page: 1

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

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

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

Page: 2

| Reporting Category | Type of Service | Current Period Encounters | 12 Months Prior Encounters | Current Fiscal Yr Encounters | Previous Fiscal Yr Encounters |
|-----------------------|---------------------------|---------------------------|----------------------------|------------------------------|-------------------------------|
| PROFESSIONAL SERVICES | INJECTION | .0280 | .0311 | .2987 | .2821 |
| | LAB AND PATHOLOGY | .1966 | .1818 | 1.9053 | 1.8176 |
| | MAMMOGRAPHY | .0004 | .0156 | .1007 | .1767 |
| | OTHER | .0339 | .0339 | .3739 | .3347 |
| | OTHER IMAGING | .1210 | .1222 | 1.2256 | 1.2543 |
| | OTHER MEDICINE | .0836 | .0899 | .8939 | .8936 |
| | PHYSICAL MEDICINE | .1073 | .1176 | 1.1738 | 1.1948 |
| | PROSTATE CANCER SCREENING | .0082 | .0083 | .0714 | .0722 |
| | SURGICAL | .0871 | .0949 | .9049 | .9207 |
| ***** | | | | | |
| sum | | 1.3698 | 1.4376 | 14.6163 | 14.7641 |
| | | | | | |
| sum | | 2.4716 | 2.7526 | 28.0342 | 27.8852 |

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

29 rows selected.



Prescription Drug Report

JUNE 2007

WV PEIA - Monthly Trend

| Plan Demographics | Jan-07 | Feb-07 | Mar-07 | Apr-07 | May-07 | Jun-07 | 2006 - 2007 Fiscal | 2006 - 2006 Fiscal | Percent Change |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------------|--------------------|----------------|
| Total Drug Cost | \$22,168,938 | \$19,963,226 | \$22,894,088 | \$21,335,838 | \$21,858,888 | \$22,622,379 | \$23,944,787 | \$23,148,413 | 8.63% |
| Amount Paid By Plan Sponsor | \$18,213,256 | \$16,455,420 | \$18,790,066 | \$17,727,708 | \$18,178,040 | \$18,823,092 | \$20,568,771 | \$18,574,952 | 9.12% |
| Amount Paid By Members | \$3,953,881 | \$3,507,806 | \$3,904,022 | \$3,608,232 | \$3,680,827 | \$3,799,287 | \$3,376,016 | \$4,573,461 | -2.36% |
| Total Claims | 332,588 | 298,383 | 334,489 | 314,131 | 327,415 | 338,024 | 3,780,563 | 3,698,970 | 4.66% |
| Average Eligible Member | 187,682 | 187,731 | 187,988 | 188,086 | 187,907 | 188,347 | 187,893 | 188,882 | 0.54% |
| Average # of Rx's Per Member Per Month | 1.77 | 1.59 | 1.78 | 1.87 | 1.74 | 1.79 | 1.67 | 1.60 | 3.99% |
| Plan Paid Per Member Per Month (PMPM) | \$97.09 | \$87.85 | \$99.95 | \$94.25 | \$96.74 | \$99.94 | \$90.28 | \$83.20 | 8.53% |
| Average Eligible Enrollees | 97,208 | 97,283 | 97,328 | 97,387 | 97,357 | 97,535 | 97,067 | 98,990 | 1.12% |
| Average # of Rx's Per Enrollee Per Month | 3.42 | 3.05 | 3.44 | 3.23 | 3.38 | 3.47 | 3.23 | 3.12 | 3.38% |
| Plan Paid Per Enrollee Per Month (PEPM) | \$187.38 | \$169.20 | \$193.08 | \$162.07 | \$188.72 | \$192.89 | \$174.78 | \$161.87 | 7.91% |
| Rx Cost Share | | | | | | | | | |
| Avg. Claim Cost to Plan | \$54.78 | \$55.52 | \$56.18 | \$56.43 | \$55.52 | \$55.89 | \$54.14 | \$51.87 | 4.37% |
| Avg. Member Cost/Claim | \$11.89 | \$11.84 | \$11.67 | \$11.49 | \$11.27 | \$11.24 | \$13.39 | \$14.34 | -6.60% |
| Percent member Cost Share | 17.8% | 17.6% | 17.2% | 16.9% | 16.9% | 16.8% | 19.8% | 21.7% | -8.43% |
| Average Ingredient Costs | | | | | | | | | |
| Single Source (no generics available) | \$138.23 | \$141.84 | \$143.00 | \$144.12 | \$148.74 | \$149.34 | \$138.62 | \$124.75 | 11.12% |
| Multi-Source Brand (generics available) | \$39.82 | \$39.89 | \$42.62 | \$38.13 | \$38.51 | \$38.58 | \$38.90 | \$33.74 | 15.26% |
| Generic Drugs | \$24.06 | \$23.11 | \$23.84 | \$23.69 | \$22.03 | \$20.38 | \$24.39 | \$20.11 | 21.24% |
| Brand/Generic Dispensing Rates | | | | | | | | | |
| Single Source (no generics) | 35.32% | 35.42% | 35.16% | 34.89% | 34.26% | 34.60% | 35.82% | 41.68% | -14.41% |
| Multi-Source Brand (generics available) | 1.16% | 1.18% | 1.24% | 1.20% | 1.13% | 1.08% | 1.23% | 1.36% | -9.92% |
| Generic Drug | 63.61% | 63.41% | 63.61% | 63.91% | 64.63% | 64.32% | 62.95% | 58.78% | 10.85% |
| Generics Dispensed when available | 68.18% | 68.18% | 68.09% | 68.16% | 68.28% | 68.35% | 68.09% | 67.66% | 0.44% |
| Percent of Plan Cost for Single Source | 76.25% | 77.63% | 77.23% | 77.10% | 76.60% | 80.81% | 79.78% | 82.49% | -6.86% |
| Retail Pharmacy Program | | | | | | | | | |
| Avg. Day Supply | 33.4 | 33.8 | 33.5 | 34.1 | 34.1 | 35.1 | 34.0 | 33.7 | 1.17% |
| Avg. Plan Cost/Day Supply | \$1.63 | \$1.63 | \$1.68 | \$1.64 | \$1.61 | \$1.67 | \$1.58 | \$1.53 | 3.28% |
| Avg. Claim Cost to Plan | \$54.30 | \$55.05 | \$55.89 | \$55.94 | \$55.04 | \$55.10 | \$53.68 | \$51.35 | 4.48% |
| Avg. Member Cost / Claim | \$11.82 | \$11.77 | \$11.81 | \$11.41 | \$11.20 | \$11.17 | \$13.31 | \$14.25 | -6.58% |
| Percent Member Cost Share | 17.88% | 17.81% | 17.25% | 16.96% | 16.91% | 16.85% | 18.68% | 21.72% | -8.48% |
| Special Maint Netwk (% of claims filled) | 12.63% | 12.73% | 12.44% | 12.88% | 5.82% | | 11.00% | 12.18% | -9.70% |
| Other Maint (% of claims filled) | 1.49% | 1.59% | 1.56% | 1.63% | 0.71% | | 1.37% | 1.73% | -21.13% |
| Avg. Days Supply for Maint. Netwks | 87.9 | 88.0 | 88.0 | 88.0 | 88.0 | | 88.0 | 88.0 | 0.00% |
| Total # Claims Fills 1-34 Days Supply | 283,118 | 281,383 | 284,905 | 286,114 | 277,903 | 282,048 | 3,184,890 | 3,068,879 | 3.85% |
| Total # Claims Fills 35-60 Day Supply | 2,369 | 2,087 | 2,307 | 2,234 | 2,320 | 2,491 | 27,189 | 28,051 | 4.37% |
| Total # Claims Fills 61-90 Day Supply | 43,842 | 39,891 | 44,133 | 42,821 | 44,089 | 49,838 | 610,798 | 499,048 | 8.90% |
| Total # Claims Fills 91+ Day Supply | 64 | 48 | 44 | 46 | 25 | 8 | 469 | 430 | 6.74% |
| Mail Service Program | | | | | | | | | |
| Avg. Days Supply | 73.5 | 74.1 | 74.2 | 74.1 | 73.8 | 74.3 | 74.1 | 74.4 | -0.32% |
| Avg. Plan Cost/Days Supply | \$1.39 | \$1.39 | \$1.46 | \$1.42 | \$1.43 | \$1.47 | \$1.38 | \$1.41 | -2.28% |
| Avg. Cost to Plan | \$102.08 | \$102.98 | \$108.08 | \$108.58 | \$105.62 | \$109.19 | \$102.38 | \$105.08 | -2.56% |
| Avg. Member Cost/Claim | \$18.51 | \$18.89 | \$18.02 | \$18.78 | \$18.15 | \$17.63 | \$21.35 | \$23.48 | -9.04% |
| Percent Member Cost Share | 16.35% | 16.50% | 14.26% | 15.09% | 14.84% | 13.90% | 17.26% | 18.28% | -5.50% |
| Total # Claims Fill 1-34 Days Supply | 893 | 778 | 828 | 838 | 837 | 900 | 9968 | 9134 | 8.13% |
| Total # Claims Fills 35-60 Days Supply | 10 | 18 | 7 | 7 | 7 | 10 | 108 | 89 | 22.73% |
| Total # Claims Fills 61-90 Days Supply | 2,309 | 2,122 | 2,207 | 2,274 | 2,224 | 2,689 | 27,154 | 25,348 | 7.13% |
| Total # Claims Fills 91+ Day Supply | | | | | | | | | |
| Formulary Program | | | | | | | | | |
| S/S Formulary Drugs (% by claim) | 24.56% | 24.77% | 24.80% | 24.97% | 24.30% | 24.63% | 24.59% | 28.43% | -13.48% |
| S/S Non-Formulary Drugs (% by claim) | 10.75% | 10.65% | 10.36% | 9.92% | 9.95% | 9.87% | 11.22% | 13.42% | -16.36% |
| M/S Drugs (% by claim) | 0.03% | 0.05% | 0.03% | 0.02% | 0.01% | 0.01% | 0.03% | 0.02% | 98.21% |
| Generic Drugs (% by Claim) | 63.61% | 63.41% | 63.61% | 63.91% | 64.63% | 64.32% | 62.96% | 58.78% | 10.86% |
| S/S Formulary Drugs (% by \$) | 59.73% | 60.68% | 60.98% | 61.46% | 62.28% | 63.92% | 59.75% | 63.53% | -5.90% |
| s/s non-Formulary Drugs (% by \$) | 16.82% | 16.84% | 16.25% | 16.89% | 16.32% | 16.89% | 16.96% | 18.98% | -10.52% |
| M/S Drugs (% by \$) | 0.07% | 0.10% | 0.06% | 0.05% | 0.03% | 0.04% | 0.07% | 0.02% | 288.86% |
| Generic Drugs (% by \$) | 23.40% | 22.01% | 22.37% | 22.54% | 21.12% | 18.89% | 22.90% | 17.21% | 33.04% |
| Specialty Drugs | | | | | | | | | |
| Total Drug Cost | \$1,611,730 | \$1,493,512 | \$1,762,966 | \$1,636,948 | \$1,757,888 | \$1,719,807 | \$1,880,378 | \$1,632,793 | 15.51% |
| Amount Paid by Plan Sponsor | \$1,462,670 | \$1,447,768 | \$1,709,469 | \$1,585,923 | \$1,706,880 | \$1,670,807 | \$1,819,258 | \$1,670,809 | 15.81% |
| Amount Paid by Members | \$49,081 | \$45,724 | \$63,498 | \$60,025 | \$61,008 | \$48,990 | \$61,121 | \$61,984 | 7.83% |
| Total Claims | 1,002 | 938 | 1,093 | 1,018 | 1,074 | 1,068 | 12,828 | 13,808 | -7.11% |
| Avg # of Rx's per Member per Month | 0.01 | 0.00 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.07 | -92.30% |
| Plan Paid Per Member Per Month (PMPM) | \$7.30 | \$7.71 | \$9.09 | \$8.43 | \$9.08 | \$8.87 | \$9.07 | \$7.00 | 15.18% |
| Avg Claim Cost to Plan | \$1,459.78 | \$1,546.78 | \$1,564.02 | \$1,587.88 | \$1,588.99 | \$1,584.14 | \$1,418.15 | \$1,197.44 | 24.68% |
| Avg Claim Cost to Member | \$48.95 | \$48.85 | \$48.94 | \$49.14 | \$47.87 | \$48.16 | \$52.33 | \$45.03 | 16.20% |
| Percent of Member Cost Share | 3.24% | 3.06% | 3.03% | 3.06% | 2.91% | 2.87% | 3.56% | 3.81% | -6.56% |
| Percent of Overall Drug Spend | 6.82% | 7.48% | 7.77% | 7.87% | 8.04% | 7.60% | 7.43% | 6.86% | 8.33% |

WV PEIA - Monthly Trend

| Plan Demographics | Jul-06 | Aug-06 | Sep-06 | Oct-06 | Nov-06 | Dec-06 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| Total Drug Cost | \$18,455,944 | \$20,746,378 | \$20,298,717 | \$21,217,078 | \$20,977,316 | \$21,800,900 |
| Amount Paid By Plan Sponsor | \$11,183,822 | \$15,960,831 | \$16,210,890 | \$17,207,009 | \$17,120,238 | \$17,748,404 |
| Amount Paid By Members | \$7,302,122 | \$4,784,547 | \$4,087,828 | \$4,010,069 | \$3,857,081 | \$3,852,496 |
| Total Claims | 274,633 | 302,942 | 298,894 | 313,690 | 310,583 | 316,893 |
| Average Eligible Member | 187,147 | 187,079 | 188,338 | 188,420 | 188,654 | 187,429 |
| Average # of Rx's Per Member Per Month | 1.47 | 1.62 | 1.59 | 1.68 | 1.65 | 1.69 |
| Plan Paid Per Member Per Month (PMPM) | \$59.60 | \$85.32 | \$86.07 | \$91.32 | \$90.76 | \$94.69 |
| Average Eligible Enrollees | 96,213 | 96,155 | 96,869 | 97,008 | 97,240 | 97,256 |
| Average # of Rx's Per Enrollee Per Month | 2.85 | 3.16 | 3.08 | 3.23 | 3.19 | 3.26 |
| Plan Paid Per Enrollee Per Month (PEPM) | \$116.93 | \$166.99 | \$167.31 | \$177.58 | \$176.09 | \$182.49 |
| Rx Cost Share | | | | | | |
| Avg. Claim Cost to Plan | \$40.81 | \$62.69 | \$54.24 | \$54.87 | \$56.12 | \$58.01 |
| Avg. Member Cost/Claim | \$28.69 | \$16.79 | \$13.66 | \$12.79 | \$12.42 | \$12.18 |
| Percent member Cost Share | 39.6% | 23.1% | 20.1% | 18.9% | 16.4% | 17.8% |
| Average Ingredient Costs | | | | | | |
| Single Source (no generics available) | \$131.88 | \$133.44 | \$132.92 | \$132.47 | \$133.14 | \$135.79 |
| Multi-Source Brand (generics available) | \$35.01 | \$50.99 | \$36.11 | \$34.98 | \$36.49 | \$35.41 |
| Generic Drugs | \$29.62 | \$26.98 | \$26.89 | \$26.82 | \$26.65 | \$26.77 |
| Brand/Generic Dispensing Rates | | | | | | |
| Single Source (no generics) | 36.2% | 37.23% | 36.56% | 36.5% | 36.30% | 35.86% |
| Multi-Source Brand % (generics available) | 1.4% | 1.46% | 1.23% | 1.2% | 1.23% | 1.23% |
| Generic Drug | 60.4% | 61.26% | 62.20% | 62.3% | 62.47% | 62.81% |
| Generics Dispensed when available | 97.8% | 97.64% | 98.06% | 96.1% | 98.08% | 98.07% |
| Percent of Plan Cost for Single Source | 81.7% | 76.19% | 74.47% | 74.1% | 73.98% | 74.03% |
| 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 | \$1.68 | \$1.60 | \$1.61 | \$1.65 |
| Avg. Claim Cost to Plan | \$40.19 | \$62.21 | \$53.82 | \$54.38 | \$54.62 | \$56.50 |
| Avg. Member Cost / Claim | \$28.48 | \$16.67 | \$13.59 | \$12.71 | \$12.35 | \$12.10 |
| Percent Member Cost Share | 39.7% | 23.08% | 20.16% | 18.9% | 16.44% | 17.89% |
| Special Maint Netwk (% of claims filled) | 12.6% | 13.13% | 12.90% | 12.6% | 12.64% | 12.72% |
| Other Maint (% of claims filled) | 1.7% | 1.76% | 1.60% | 1.6% | 1.52% | 1.56% |
| Avg. Days Supply for Maint. Netwks | 87.9 | 87.9 | 87.9 | 87.9 | 87.9 | 88.0 |
| Total # Claims Fills 1-34 Days Supply | 283,144 | 255,179 | 283,025 | 265,677 | 283,233 | 268,870 |
| Total # Claims Fills 35-60 Day Supply | 2,054 | 2,301 | 2,281 | 2,260 | 2,279 | 2,246 |
| Total # Claims Fills 61-90 Day Supply | 38,576 | 42,262 | 40,710 | 42,260 | 41,881 | 42,632 |
| Total # Claims Fills 91+ Day Supply | 30 | 42 | 28 | 38 | 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 | \$60.94 | \$97.98 | \$96.81 | \$103.39 | \$103.67 | \$108.97 |
| Avg. Member Cost/Claim | \$39.34 | \$27.24 | \$22.49 | \$20.07 | \$19.48 | \$18.69 |
| Percent Member Cost Share | 33.0% | 22.19% | 18.88% | 16.3% | 16.80% | 14.67% |
| Total # Claims Fills 1-34 Days Supply | 767 | 768 | 821 | 828 | 818 | 821 |
| Total # Claims Fills 35-60 Days Supply | 8 | 13 | 9 | 8 | 8 | 7 |
| Total # Claims Fills 61-90 Days Supply | 2,064 | 2,389 | 2,080 | 2,302 | 2,345 | 2,169 |
| Total # Claims Fills 91+ Day Supply | | | | | | |
| Formulary Program | | | | | | |
| S/S Formulary Drugs (% by claim) | 25.2% | 24.79% | 24.41% | 24.4% | 24.21% | 24.13% |
| S/S Non-Formulary Drugs (% by claim) | 13.0% | 12.45% | 12.15% | 12.1% | 12.09% | 11.82% |
| M/S Drugs (% by claim) | 0.1% | 0.16% | 0.01% | 0.0% | 0.01% | 0.01% |
| Generic Drugs (% by Claim) | 60.4% | 61.26% | 62.20% | 62.3% | 62.47% | 62.81% |
| S/S Formulary Drugs (% by \$) | 63.6% | 58.21% | 67.16% | 66.7% | 66.38% | 66.91% |
| s/s non-Formulary Drugs (% by \$) | 18.1% | 17.98% | 17.31% | 17.5% | 17.62% | 17.12% |
| M/S Drugs (% by \$) | 0.0% | 0.46% | 0.02% | 0.0% | 0.01% | 0.01% |
| Generic Drugs (% by \$) | 18.0% | 23.03% | 26.25% | 25.8% | 26.70% | 26.69% |
| Specialty Drugs | | | | | | |
| Total Drug Cost | \$1,384,512 | \$1,570,302 | \$1,536,438 | \$1,479,129 | \$1,462,469 | \$1,565,906 |
| Amount Paid by Plan Sponsor | \$1,279,356 | \$1,509,264 | \$1,478,187 | \$1,423,389 | \$1,407,968 | \$1,508,096 |
| Amount Paid by Members | \$85,156 | \$91,019 | \$58,238 | \$56,737 | \$54,483 | \$57,810 |
| Total Claims | 1,022 | 1,139 | 1,132 | 1,094 | 1,087 | 1,161 |
| Avg # of Rx's per Member per Month | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 |
| Plan Paid Per Member Per Month (PMPM) | \$6.84 | \$8.07 | \$7.65 | \$7.65 | \$7.48 | \$6.95 |
| Avg Claim Cost to Plan | \$1,281.62 | \$1,326.10 | \$1,305.83 | \$1,301.09 | \$1,298.30 | \$1,288.96 |
| Avg Claim Cost to Member | \$83.32 | \$53.67 | \$51.43 | \$50.85 | \$50.12 | \$49.79 |
| Percent of Member Cost Share | 6.24% | 3.89% | 3.70% | 3.77% | 3.73% | 3.69% |
| Percent of Overall Drug Spend | 7.39% | 7.57% | 7.57% | 6.97% | 6.97% | 7.26% |



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Key Performance Indicators

Comprehensive Indicators

WV Public Employees Ins - w/o AccessWV

Current Period: 06/2007 - 06/2007

Previous Period: 06/2006 - 06/2006

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



Key Performance Indicators
Comprehensive Indicators

WV Public Employees Ins - w/o AccessWV

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

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



Key Performance Indicators

Comprehensive Indicators

WV Public Employees Ins - w/o AccessWV

Current Period: 06/2007 - 06/2007

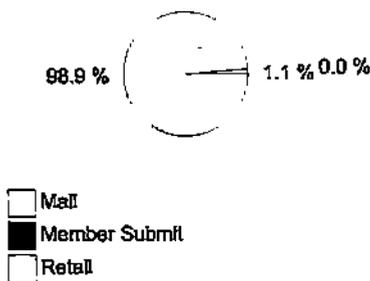
Previous Period: 06/2006 - 06/2006

| | Current Period | Previous Period | % Change |
|----------------------------|-----------------|-----------------|----------|
| Mail Member Contrib | \$64,089.34 | \$63,614.93 | 0.7 % |
| Total Rx Count | 338,463 | 322,316 | 5.0 % |
| Retail Rx Count | 334,809 | 318,903 | 5.0 % |
| Member Submit Rxs | 11 | 185 | -94.1 % |
| Mail Rx Count | 3,633 | 3,228 | 12.5 % |
| Total Admin Fee | \$16.50 | \$330.00 | -95.0 % |
| Total UC Savings | \$12,337,427.39 | \$10,392,008.28 | 18.7 % |
| Total Lost Savings | \$25,929.58 | \$19,568.65 | 32.5 % |

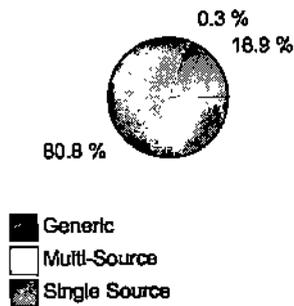
| Demographics | | | |
|-------------------------|--------|--------|--------|
| Average Age | 45.6 | 45.3 | 0.5 % |
| % Male Members | 45.2 % | 45.1 % | 0.2 % |
| % Female Members | 54.8 % | 54.9 % | -0.2 % |

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

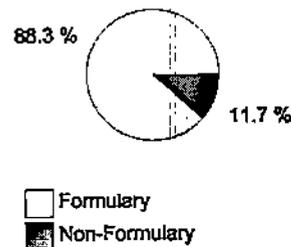
Claim Source by Rx Count



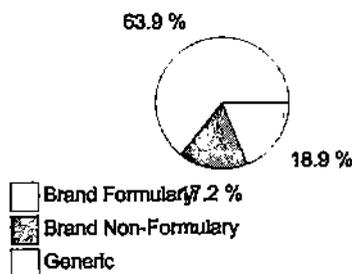
Drug Type by Plan Cost



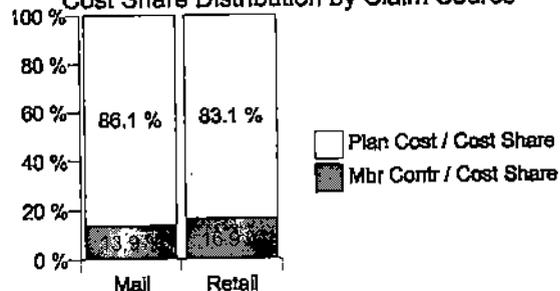
Formulary Status by Rx Count



Drug Formulary Status by Plan Cost



Cost Share Distribution by Claim Source



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



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| Div Name (DIV) | Avg Mbr Count | Avg Util Mbr/Mnth | Rx Count | Plan Cost | Member Contr/Rx | Plan Cost/Rx | Mail % Rxs | Gen % Rxs | Form % Rxs | Gen Conv % | PMPM Plan Cost |
|-------------------------------------|----------------|-------------------|----------------|---------------------|-----------------|----------------|--------------|---------------|---------------|---------------|-----------------|
| WV PUBLIC EMPLOYEES INSURANCE (WVA) | 188,347 | 98,485 | 338,453 | \$18,846,584 | \$11.24 | \$55.88 | 1.1 % | 64.3 % | 88.3 % | 98.3 % | \$100.08 |
| Grand Total | 188,347 | | 338,453 | \$18,846,584 | \$11.24 | \$55.88 | 1.1 % | 64.3 % | 88.3 % | 98.3 % | \$100.08 |

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



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WV PUBLIC EMPLOYEES INSURANCE (WVA)

| Reporting Level 1 | Avg Mbr Count | Avg Util Mbr/Mnth | Rx Count | Plan Cost | Member Contr/Rx | Plan Cost/Rx | Mail % Rxs | Gen % Rxs | Form % Rxs | Gen Conv % | PMPM Plan Cost |
|--------------------|----------------|-------------------|----------------|---------------------|-----------------|----------------|--------------|---------------|---------------|---------------|-----------------|
| STATE (1000) | 164,582 | 67,240 | 300,999 | \$16,875,496.44 | \$11.30 | \$56.06 | 1.1 % | 64.1 % | 88.2 % | 98.3 % | \$102.54 |
| NON STATE (2000) | 23,409 | 11,051 | 36,746 | \$1,812,815.97 | \$10.77 | \$52.06 | 1.2 % | 66.2 % | 89.3 % | 98.6 % | \$81.71 |
| COBRA (3000) | 358 | 194 | 708 | \$58,271.91 | \$11.85 | \$82.30 | 1.1 % | 59.7 % | 87.6 % | 98.8 % | \$183.69 |
| Grand Total | 188,347 | | 338,453 | \$18,846,584 | \$11.24 | \$85.68 | 1.1 % | 64.3 % | 88.3 % | 98.3 % | \$100.06 |

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



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WV PUBLIC EMPLOYEES INSURANCE (WVA)

| Reporting Level 2 | Avg Mbr Count | Avg Util Mbr/Month | Rx Count | Plan Cost | Member Contr/Rx | Plan Cost/Rx | Mail % Rxs | Gen % Rxs | Form % Rxs | Gen Conv % | PMPM Plan Cost |
|---------------------------------|----------------|--------------------|----------------|---------------------|-----------------|----------------|--------------|---------------|---------------|---------------|-----------------|
| STATE AGENCIES (01) | 117,087 | 52,690 | 152,948 | \$8,468,781.52 | \$11.54 | \$55.37 | 0.8 % | 64.0 % | 87.8 % | 98.4 % | \$72.34 |
| STATE RETIREES (07) | 37,653 | 28,248 | 118,985 | \$8,783,188.16 | \$11.92 | \$57.01 | 1.3 % | 63.7 % | 86.2 % | 98.1 % | \$180.15 |
| NON STATE AGENCIES (02) | 17,834 | 7,576 | 22,403 | \$1,148,658.18 | \$10.80 | \$51.32 | 1.0 % | 66.4 % | 89.1 % | 98.8 % | \$65.20 |
| STATE RETIREES ASST 60 (0760) | 4,228 | 3,409 | 17,251 | \$1,016,475.55 | \$6.58 | \$58.92 | 1.1 % | 65.5 % | 89.9 % | 98.7 % | \$240.36 |
| NON STATE RETIREES (08) | 2,625 | 1,981 | 8,788 | \$483,415.08 | \$11.55 | \$55.01 | 1.6 % | 64.0 % | 88.8 % | 98.2 % | \$184.16 |
| STATE RETIREES ASST 40 (0740) | 2,182 | 1,818 | 8,727 | \$487,597.95 | \$7.81 | \$53.58 | 1.5 % | 68.1 % | 91.0 % | 98.7 % | \$214.30 |
| NON STATE RETIREES 60 (0860) | 598 | 471 | 2,371 | \$147,410.28 | \$8.66 | \$62.17 | 1.1 % | 65.1 % | 90.1 % | 98.8 % | \$246.51 |
| STATE RETIREES ASST 20 (0720) | 389 | 317 | 1,462 | \$72,897.93 | \$9.18 | \$49.88 | 2.1 % | 66.1 % | 88.8 % | 97.8 % | \$182.70 |
| NON STATE AGENCIES PLAN B (02B) | 2,234 | 773 | 1,985 | \$71,890.08 | \$12.82 | \$38.12 | 0.9 % | 72.7 % | 91.9 % | 99.0 % | \$32.09 |
| STATE AGENCIES (01B) | 3,052 | 758 | 1,626 | \$68,577.33 | \$14.83 | \$40.95 | 1.8 % | 70.4 % | 90.3 % | 99.2 % | \$21.81 |
| COBRA (COBRA) | 356 | 194 | 708 | \$58,271.91 | \$11.85 | \$82.30 | 1.1 % | 59.7 % | 87.6 % | 98.8 % | \$163.69 |
| NON STATE RETIREES 40 (0840) | 255 | 202 | 964 | \$48,651.19 | \$7.80 | \$48.39 | 2.1 % | 68.3 % | 90.8 % | 98.7 % | \$182.86 |
| NON STATE RETIREES 20 (0820) | 61 | 48 | 235 | \$13,990.18 | \$8.46 | \$59.53 | 0.0 % | 69.4 % | 90.2 % | 99.4 % | \$229.35 |
| TEST GROUP (XXXX) | 2 | NA | NA | \$0.00 | NA | NA | NA | NA | NA | NA | NA |
| Grand Total | 189,347 | | 338,453 | \$18,848,584 | \$11.24 | \$55.68 | 1.1 % | 64.3 % | 88.3 % | 98.3 % | \$100.08 |

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

| | June 30 | |
|--|-----------------------|-----------------------|
| | 2007 | 2006 |
| ASSETS | | |
| Short Term Assets | | |
| Cash and Equivalents | \$ 33,083,469 | \$ 41,756,159 |
| Advance Deposit with Carrier/Trustee | 115,835,475 | 84,304,139 |
| Receivables - Net | 2,176,590 | 1,249,277 |
| Prepaid Insurance | - | - |
| Total Short Term Assets | 151,095,534 | 127,309,575 |
| Long Term Assets | | |
| Investments | 117,127,099 | 105,465,485 |
| Total Long Term Assets | 117,127,099 | 105,465,485 |
| TOTAL ASSETS | 268,222,633 | 232,775,060 |
| LIABILITIES | | |
| Short Term Liabilities | | |
| Accounts payable | 544,003 | 756,714 |
| Claims Payable | 9,321 | 32,407 |
| Agents Commissions Payable | 1,839,864 | 2,014,278 |
| Unearned Revenue | 8,659,136 | 10,891,902 |
| Current Estimated Claim Reserve | 49,334,148 | 46,764,939 |
| Total Short Term Liabilities | 60,386,472 | 60,460,240 |
| Long Term Liabilities | | |
| Compensated Absences | 200,147 | 163,620 |
| Estimated Noncurrent Claim Reserve | 121,296,707 | 127,307,515 |
| Total Long Term Liabilities | 121,496,854 | 127,471,135 |
| TOTAL LIABILITIES | 181,883,326 | 187,931,375 |
| Prior Year Net Assets | 44,843,685 | 526,803 |
| Current Year Earnings | 41,495,622 | 44,316,882 |
| TOTAL NET ASSETS | 86,339,307 | 44,843,685 |
| TOTAL LIABILITIES AND RETAINED EARNINGS | \$ 268,222,633 | \$ 232,775,060 |

DRAFT - Unaudited - Management Purposes Only

08/16/07

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

DRAFT

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

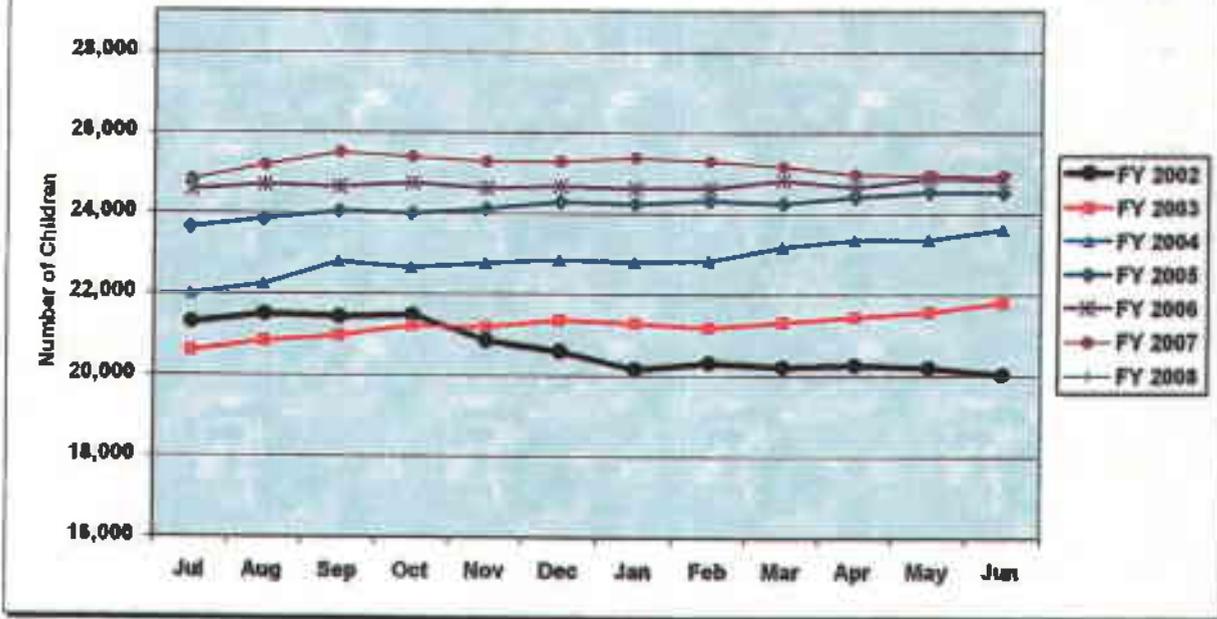


**West Virginia
Children's Health Insurance Program
1018 Kanawha Boulevard East
Suite 200
Charleston, WV 25301
Phone: 304-888-2732
Toll-Free: 1-877-WVA CHIP
Fax: 304-888-2741
www.wvchip.org**

**Joint Committee on
Government and Finance
Report**

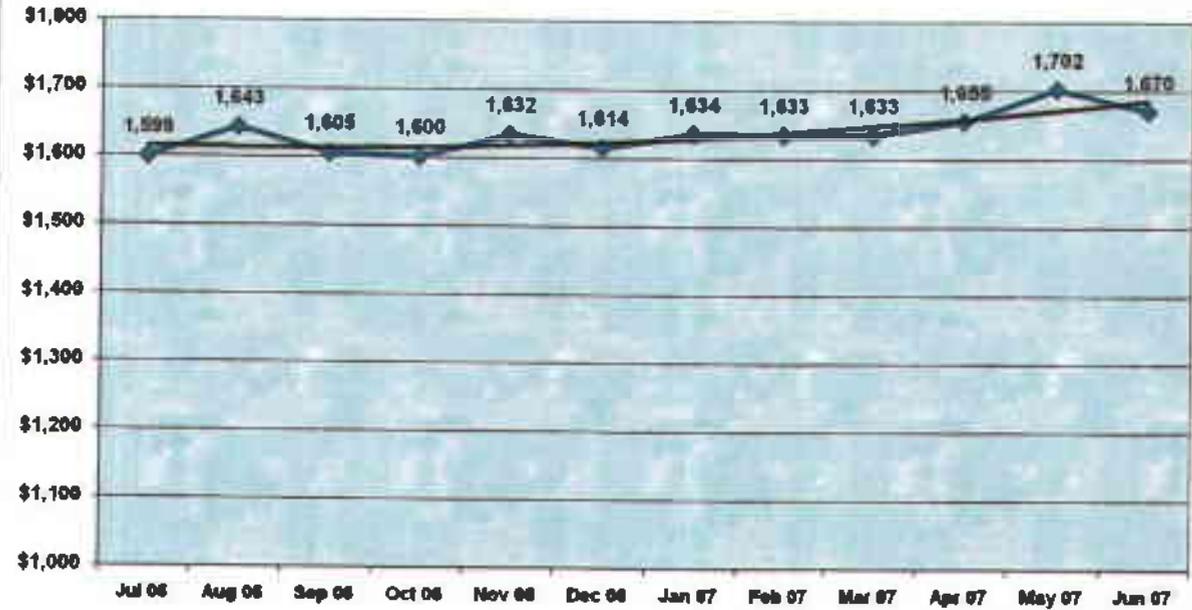
August 2007

WV CHIP Enrollment



July 31, 2007 Enrollment 24,833

Annualized Health Care Expenditures (Cost per Child)



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

| | June 30, 2007 | June 30, 2006 | Variance | |
|--|---------------------------|---------------------------|---------------------------|--------------------|
| Assets: | | | | |
| Cash & Cash Equivalents | \$4,977,368 | \$876,406 | \$4,100,960 | 468% |
| Due From Federal Government | \$3,392,599 | \$3,082,902 | \$309,697 | 10% |
| Due From Other Funds | \$797,347 | \$535,419 | \$261,928 | 49% |
| Accrued Interest Receivable | \$20,640 | \$3,640 | \$17,000 | 467% |
| Fixed Assets, at Historical Cost | <u>\$64,933</u> | <u>\$75,128</u> | <u>(\$10,195)</u> | <u>-14%</u> |
| Total Assets | <u>\$9,252,885</u> | <u>\$4,573,495</u> | <u>\$4,679,390</u> | <u>102%</u> |
| Liabilities: | | | | |
| Due to Other Funds | \$79,946 | \$77,919 | \$2,027 | 3% |
| Deferred Revenue | \$3,866,996 | \$714,710 | \$3,152,286 | 441% |
| Unpaid Insurance Claims Liability | <u>\$4,110,000</u> | <u>\$2,753,490</u> | <u>\$1,356,510</u> | <u>49%</u> |
| Total Liabilities | <u>\$8,056,942</u> | <u>\$3,546,119</u> | <u>\$4,510,823</u> | <u>127%</u> |
| Fund Equity | <u>\$1,195,943</u> | <u>\$1,027,377</u> | <u>\$168,566</u> | <u>16%</u> |
| Total Liabilities and Fund Equity | <u>\$9,252,885</u> | <u>\$4,573,495</u> | <u>\$4,679,389</u> | <u>102%</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 Twelve Months Ended June 30, 2007 and June 30, 2006
(Modified Accrual Basis)

| | June 30, 2007 | June 30, 2006 | Variance | |
|------------------------------------|--------------------------|--------------------------|-------------------------|-------------------|
| Revenues: | | | | |
| Federal Grants | 36,393,823 | 31,878,421 | 4,515,402 | 14% |
| State Appropriations | 8,677,528 | 9,070,795 | (393,267) | -4% |
| Premium Revenues | 11,433 | 0 | 11,433 | |
| Investment Earnings | <u>168,566</u> | <u>53,036</u> | <u>115,530</u> | 218% |
| Total Operating Revenues | <u>45,251,349</u> | <u>41,002,252</u> | <u>4,249,097</u> | <u>10%</u> |
| Operating Expenditures: | | | | |
| Claims: | | | | |
| Outpatient Services | 10,446,632 | 9,986,991 | 459,641 | 5% |
| Physicians & Surgical | 9,403,916 | 8,722,688 | 681,228 | 8% |
| Prescribed Drugs | 8,521,422 | 7,849,298 | 672,124 | 9% |
| Dental | 4,987,934 | 4,787,135 | 200,799 | 4% |
| Inpatient Hospital Services | 4,491,611 | 2,757,505 | 1,734,106 | 63% |
| Outpatient Mental Health | 1,545,992 | 1,572,472 | (26,480) | -2% |
| Vision | 1,250,098 | 1,229,655 | 20,443 | 2% |
| Inpatient Mental Health | 883,943 | 659,722 | 224,221 | 34% |
| Durable & Disposable Med. Equip. | 484,416 | 352,985 | 131,431 | 37% |
| Medical Transportation | 359,938 | 225,684 | 134,254 | 59% |
| Therapy | 348,681 | 307,361 | 41,320 | 13% |
| Other Services | 131,155 | 102,292 | 28,863 | 28% |
| Less: Collections* | <u>(747,894)</u> | <u>(441,856)</u> | <u>(306,038)</u> | 69% |
| Total Claims | <u>42,107,844</u> | <u>38,111,932</u> | <u>3,995,912</u> | <u>10%</u> |
| General and Admin Expenses: | | | | |
| Salaries and Benefits | 462,360 | 455,119 | 7,241 | 2% |
| Program Administration | 1,925,168 | 1,883,219 | 41,949 | 2% |
| Eligibility | 304,118 | 296,682 | 7,436 | 3% |
| Outreach & Health Promotion | 174,161 | 94,183 | 79,978 | 85% |
| Current | <u>109,132</u> | <u>108,081</u> | <u>1,051</u> | <u>1%</u> |
| Total Administrative | <u>2,974,939</u> | <u>2,837,284</u> | <u>137,655</u> | <u>5%</u> |
| Total Expenditures | <u>45,082,783</u> | <u>40,949,216</u> | <u>4,133,568</u> | <u>10%</u> |
| Excess of Revenues | | | | |
| Over (Under) Expenditures | 168,566 | 53,036 | 115,530 | 218% |
| Fund Equity, Beginning | <u>1,027,377</u> | <u>974,341</u> | <u>53,036</u> | <u>5%</u> |
| Fund Equity, Ending | <u>1,195,943</u> | <u>1,027,377</u> | <u>168,566</u> | <u>16%</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 Twelve Months Ended June 30, 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>Jun-07</u> | <u>May-07</u> | <u>Apr-07</u> |
|------------------------|------------------------------|--------------------------------------|------------------------------------|-----------------------------------|-------|---------------------------------|--------------------|--------------------|--------------------|
| Projected Cost | \$44,518,706 | \$44,518,706 | \$41,601,386 | \$2,917,320 | 7% | \$3,709,892 | \$3,433,890 | \$4,453,373 | \$3,515,383 |
| Premiums | 0 | \$0 | 11,433 | \$0 | n/a | 0 | \$3,977 | \$2,949 | \$2,184 |
| Medical Copays | 560,000 | \$560,000 | 0 | 560,000 | -100% | 46,667 | 0 | 0 | 0 |
| Drug Copays | 475,000 | \$475,000 | 0 | 475,000 | -100% | 39,583 | 0 | 0 | 0 |
| Subrogation & Rebates | <u>300,000</u> | <u>\$300,000</u> | <u>753,385</u> | <u>(453,385)</u> | 151% | <u>25,000</u> | <u>60,891</u> | <u>120,967</u> | <u>42,641</u> |
| Net Benefit Cost | 43,183,706 | \$43,183,706 | \$40,836,568 | \$2,347,138 | 5% | 3,598,642 | 3,369,022 | 4,329,457 | 3,470,558 |
| Salaries & Benefits | \$600,000 | \$600,000 | \$462,361 | \$137,639 | 23% | \$50,000 | \$39,293 | \$39,908 | \$39,339 |
| Program Administration | 1,951,762 | \$1,951,762 | 1,927,831 | 23,931 | 1% | 162,647 | 166,666 | 257,212 | 177,960 |
| Eligibility | 324,000 | \$324,000 | 302,552 | 21,448 | 7% | 27,000 | 76,485 | 3,160 | 5,160 |
| Outreach | 100,000 | \$100,000 | 24,162 | 75,838 | 76% | 8,333 | 4,437 | 4,565 | 1,381 |
| Current Expense | <u>169,480</u> | <u>\$169,480</u> | <u>256,007</u> | <u>(86,527)</u> | -51% | <u>14,123</u> | <u>159,681</u> | <u>11,475</u> | <u>11,511</u> |
| Total Admin Cost | \$3,145,242 | \$3,145,242 | \$2,972,913 | \$172,329 | 5% | \$262,104 | \$446,562 | \$316,320 | \$235,351 |
| Total Program Cost | <u>\$46,328,948</u> | <u>\$46,328,948</u> | <u>\$43,809,481</u> | <u>\$2,519,467</u> | 5% | <u>\$3,860,746</u> | <u>\$3,815,584</u> | <u>\$4,645,777</u> | <u>\$3,705,909</u> |
| Federal Share 80.97% | 37,526,448 | \$37,526,448 | \$35,484,556 | 2,041,891 | 5% | 3,127,204 | 3,089,478 | 3,761,686 | 3,000,674 |
| State Share 19.03% | <u>8,802,500</u> | <u>\$8,802,500</u> | <u>\$8,324,925</u> | <u>477,575</u> | 5% | <u>733,542</u> | <u>726,106</u> | <u>884,091</u> | <u>705,234</u> |
| Total Program Cost ** | <u>\$46,328,948</u> | <u>\$46,328,948</u> | <u>\$43,809,481</u> | <u>\$2,519,467</u> | 5% | <u>\$3,860,746</u> | <u>\$3,815,584</u> | <u>\$4,645,777</u> | <u>\$3,705,909</u> |

* Positive percentages indicate favorable variances

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

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

Unaudited - Cash Basis For Management Purposes Only - Unaudited

WV CHIP Enrollment Report

ATTACHMENT 1

July 2007

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

Legislative Oversight Commission on
Health and Human Resources Accountability

August 2007

Department of Administration

State Children's Health Insurance Program
UPDATE



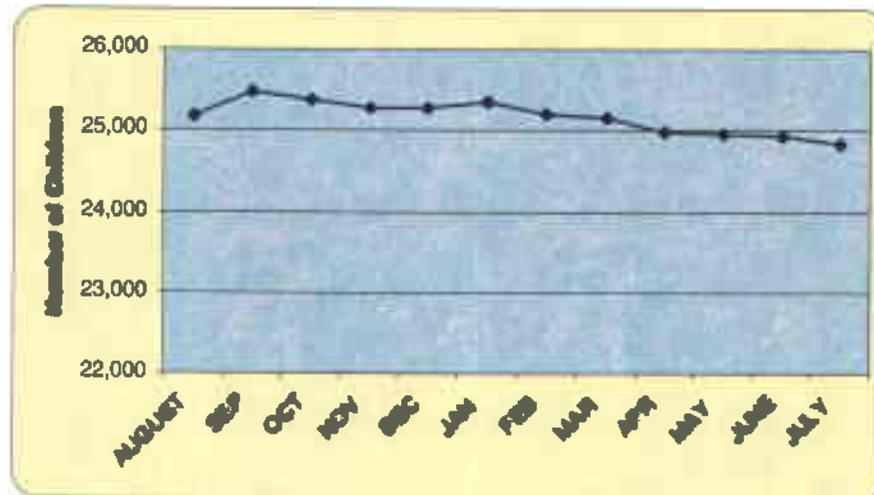
WV CHILDREN'S HEALTH INSURANCE AGENCY

REPORT FOR AUGUST 2007

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

See Attachment 1 for enrollment by county.

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



Enrollee Totals: May 2007 to July 2007

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

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

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

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

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

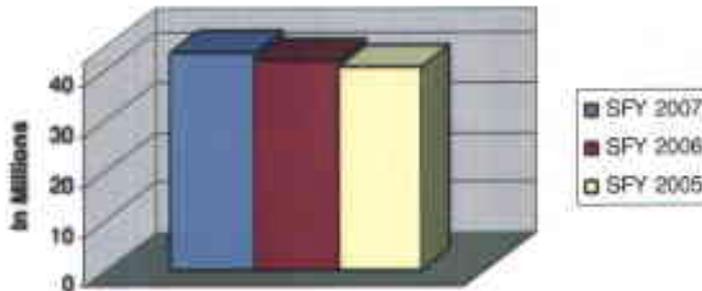
III. Financial Activity

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

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

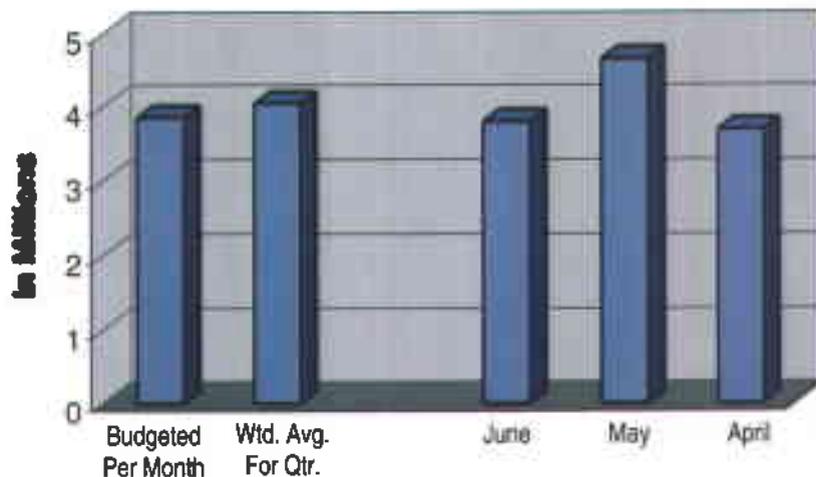
Annual Expenditures for a 3 Year Period: SFY 2005 – SFY 2007

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



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

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



IV. Other Highlights

UPDATE: CHIP REAUTHORIZATION BY CONGRESS

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

STATE FISCAL YEAR 2007 BUDGET

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

WVCHIP PREMIUM

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

WV CHIP Enrollment Report

ATTACHMENT 1

July 2007

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

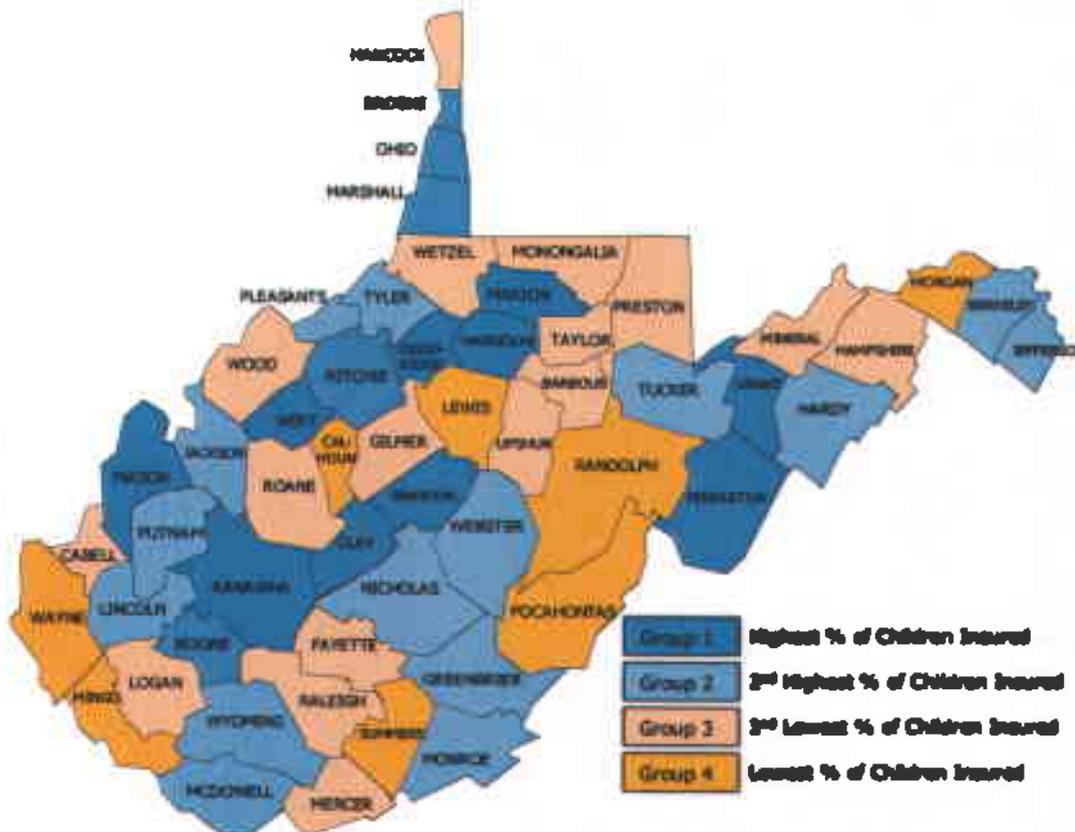
WV CHIP Enrollment Report

July 2007

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

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

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



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

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

| | Budgeted for Year | Year to Date | | Year to Date Actual Amt | Year to Date Variance* | Monthly | | | |
|------------------------|----------------------|--------------|--------------|----------------------------|---------------------------|--------------|-------------|-------------|-------------|
| | | Budgeted Amt | Actual Amt | | | Budgeted Amt | Jun-07 | May-07 | Apr-07 |
| Projected Cost | \$44,518,706 | \$44,518,706 | \$41,801,386 | \$2,917,320 | 7% | \$3,709,892 | \$3,433,890 | \$4,453,373 | \$3,515,383 |
| Premiums | 0 | \$0 | 11,433 | \$0 | n/a | 0 | \$3,977 | \$2,949 | \$2,184 |
| Medical Copays | 560,000 | \$560,000 | 0 | 560,000 | -100% | 46,667 | 0 | 0 | 0 |
| Drug Copays | 475,000 | \$475,000 | 0 | 475,000 | -100% | 39,583 | 0 | 0 | 0 |
| Subrogation & Rebates | 300,000 | \$300,000 | 753,385 | (453,385) | 151% | 25,000 | 60,891 | 120,967 | 42,641 |
| Net Benefit Cost | 43,183,706 | \$43,183,706 | \$40,838,568 | \$2,347,138 | 5% | 3,598,642 | 3,369,022 | 4,329,457 | 3,470,558 |
| Salaries & Benefits | \$600,000 | \$600,000 | \$462,361 | \$137,639 | 23% | \$50,000 | \$39,293 | \$39,908 | \$39,339 |
| Program Administration | 1,951,762 | \$1,951,762 | 1,927,831 | 23,931 | 1% | 162,647 | 166,666 | 257,212 | 177,960 |
| Eligibility | 324,000 | \$324,000 | 302,552 | 21,448 | 7% | 27,000 | 76,485 | 3,160 | 5,160 |
| Outreach | 100,000 | \$100,000 | 24,162 | 75,838 | 76% | 8,333 | 4,437 | 4,565 | 1,381 |
| Current Expense | 169,480 | \$169,480 | 256,007 | (86,527) | -51% | 14,123 | 159,681 | 11,475 | 11,511 |
| Total Admin Cost | \$3,145,242 | \$3,145,242 | \$2,972,913 | \$172,329 | 5% | \$262,104 | \$446,562 | \$316,320 | \$235,351 |
| Total Program Cost | \$46,328,948 | \$46,328,948 | \$43,809,481 | \$2,519,467 | 5% | \$3,860,746 | \$3,815,584 | \$4,645,777 | \$3,705,909 |
| Federal Share 80.97% | 37,526,448 | \$37,526,448 | \$35,484,556 | 2,041,891 | 5% | 3,127,204 | 3,089,478 | 3,761,686 | 3,000,674 |
| State Share 19.03% | 8,802,500 | \$8,802,500 | \$8,324,925 | 477,575 | 5% | 733,542 | 726,106 | 884,091 | 705,234 |
| Total Program Cost | \$46,328,948 | \$46,328,948 | \$43,809,481 | \$2,519,467 | 5% | \$3,860,746 | \$3,815,584 | \$4,645,777 | \$3,705,909 |

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

Unaudited - Cash Basis For Management Purposes Only - Unaudited

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

Investment Account

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

Unaudited - For Management Purposes Only - Unaudited

Joint Committee on Government and Finance

August 2007

Department of Health and Human Resources

MEDICAID REPORT

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

11 Months Actuals 1 Month Remaining

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

WEST VIRGINIA

BOARD OF TREASURY INVESTMENTS

CALENDAR NOTES

CD Auction
September 12, 2007

OPERATING REPORT

JUNE 2007

MANAGED

Board of Treasury Investments

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

Board of Directors

John D. Perdue,
State Treasurer,
Chairman

Joe Manchin III,
Governor

Glen B. Gainer
III, State Auditor

Martin Glasser,
Esq. Attorney
Appointed by
the Governor

Jack Rossi, CPA
Appointed by
the Governor

Executive Staff

Executive Director

Glenda Probst,
CPA, CTP

Chief Financial Officer

Kara K. Brewer,
CPA, MBA

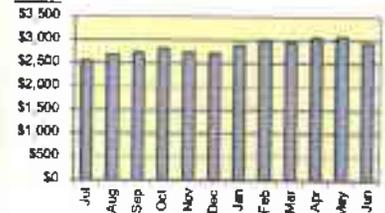
Total Net Assets Under Management

\$2,923,563,000

Last Month
\$3,073,472,000

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

Millions



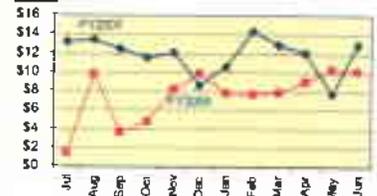
17.8% Growth This Fiscal Year

Total Net Income & Gains

This Month \$12,867,000

Fiscal Year \$141,760,000

Millions



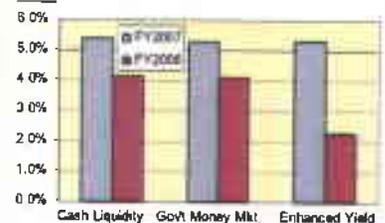
Outpacing Last Year

Effective Rates of Return

Time Weighted, Annualized, Net of All Fees

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

Return



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

Returns Exceed Prior Year's

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS
THE ECONOMIC STATE
JUNE 2007

Housing Slump, Trade Deficit Hold Back Economic Growth

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

CD Auction Success Continues

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

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

The next CD auction will be September 12, 2007

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

Board Receives Financial Reporting Award

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

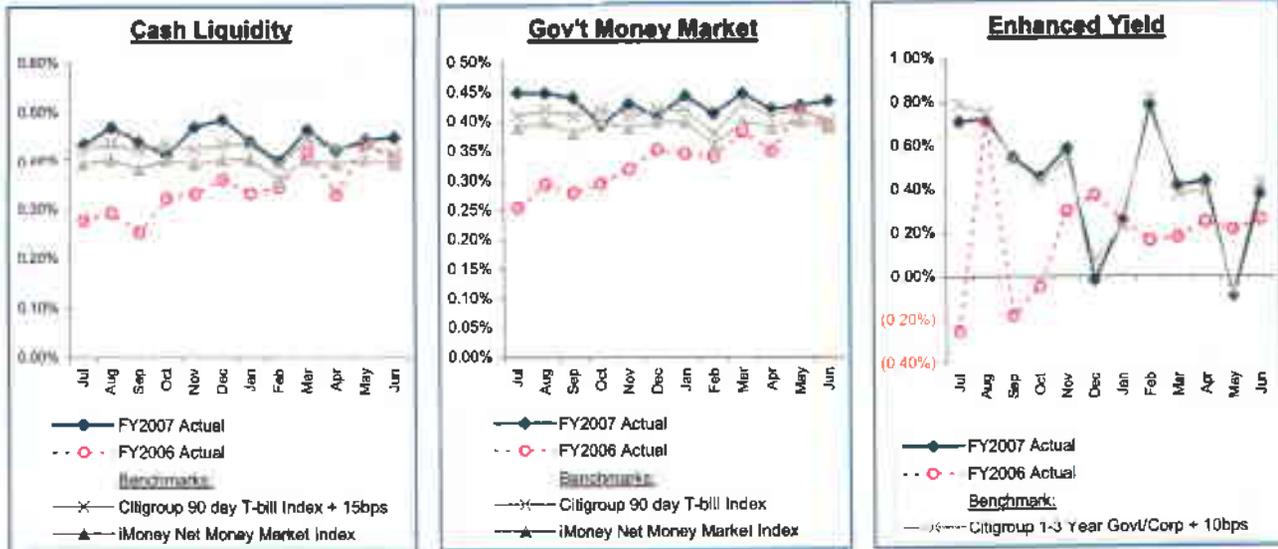
This is the first time that the state has submitted its application for the short term investment funds. Only eight other West Virginia government programs have achieved this honor.

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

West Virginia Board of Treasury Investments

Financial Highlights as of June 30, 2007

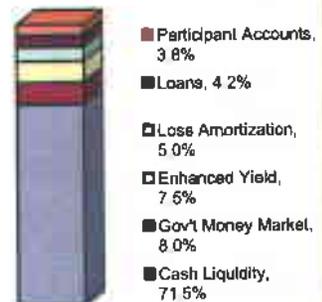
Monthly Rates of Return for Operating Pools (Net of Fees)



Summary of Value and Earnings (In Thousands)

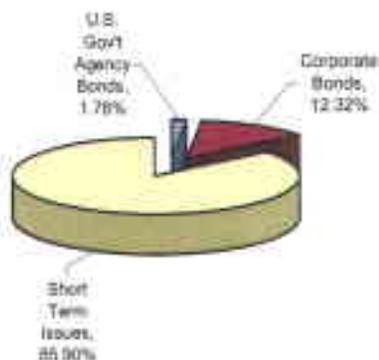
| Pool | Asset Value | June Net Income (Loss) | Fiscal YTD Net Income (Loss) |
|----------------------|---------------------|------------------------|------------------------------|
| Cash Liquidity | \$ 2,071,394 | \$ 9,936 | \$ 103,892 |
| Gov't Money Market | 229,917 | 1,003 | 10,860 |
| Enhanced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

Percent of Total Net Asset Value

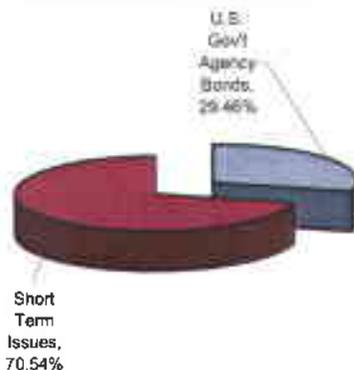


Securities by Type for Operating Pools (Percentage of Asset Value)

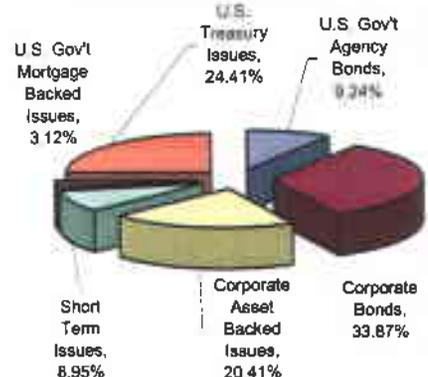
Cash Liquidity Pool



Gov't Money Market Pool



Enhanced Yield Pool



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

JUNE 30, 2007

(IN THOUSANDS)

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

(Speaker Thompson presides)

AGENDA
JOINT COMMITTEE ON GOVERNMENT AND FINANCE
August 21, 2007

3:00 - 4:00 p.m.

Senate Finance Room

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

Tape: August 21, 2007

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

President: So move.

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

Committee: I

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

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

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

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

Second suggestion is the MAPD, again moving to the medicare advantage prescription drug program that was universally approved by the finance board unanimously and we put that out for RFP in January of 2007 was awarded to Coventry, advantage freedom contract in March and we began the implementation. I just need to take one moment that Coventry Health Care who does medicare advantage and the staff at PEIA did a very, very good job in implementing and putting that program together in a short space of time to make this happen by July 1st. The final thing we did for the retirees still concerned about the affordability of this change to the retirees is the finance board aggressively redesigned the retiree assistance program so that people under 250% of the poverty level with more than 15 years of service could get premium reductions as well as co-pay and co-insurance assistance and lower out of pocket. That is where we are today. We at this point have moved 37,000 retirees to Coventry's Advantra Freedom program in an MAPD.

There is three on going issues which is probably why you want to talk to me today. So let me highlight what those are. The first one and the big one is that we changed the plan of benefits. I am getting a lot of calls from retirees, literally thousands of calls from retirees saying I now have to pay for a physician's visit, I now have to pay when I go to the doctor. I now have more out of pocket expenses and the answer is yes that is a true statement. You've got a \$15, excuse me a \$22 premium reduction but you do have out of pocket expenses for physician co-pays and co-insurance under the plan change that was made July 1. It has nothing to do with Advantra Freedom. The retirees are saying it is Advantra Freedom's fault that it is a lousy plan because they have to pay now and that is not the issue. The issue is the plan was changed. Has nothing to do with Advantra Freedom. Second thing we are getting a call on, again the third tier drug co-pay changed from \$30 to \$50. I assure you over 2000 - 3000 letters were mailed to both active employees and retirees that were affected by this change. Anybody that was on a \$30 drug that needed a change that the co-pay was going to change to \$50 was notified that, that change was going to occur July 1st based on the Board's recommendation and here is a substitute drug that is available to you at a lower co-pay please see your physician and see if you can change to another drug. The third issue which is also significant is Access. There have been some Access issues. Most notably today the largest Access issues for this plan is the state of Florida. That is where we are hearing most of the issues in Florida. If you have had any calls from any constituents in Florida, that is where we are getting it. There was several pockets in Florida that have been issues. We have established specific criteria based on wellness of the patient, need for on going continued treatment based on medical conditions, access to physicians and Coventry Health Care is calling physicians, we are asking each member to give us the names of all the doctors they see and their facilities and we are calling, they are outreaching to those physicians and facilities to try to get them into Advantra Freedom. Some of the reasons for you to understand, this is a fee for service product which means there is no physician contracts involved. They present their Advantra Freedom card, Coventry pays medicare reimbursement and it should be done. Some doctors offices don't recognize the card and think they need a contract and when Coventry calls them and says no no it is medicare fee for service, all you need to do is give us this billing code and we will pay it. Several physicians have done it and we have resolved many, many people's issues there. For those people that can not get resolved and some have not been resolved, we

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

Speaker: Questions? Gentleman of the 1st.

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

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

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

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

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

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

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

Secretary Ferguson: We can give you a rough number.

Ted Cheatham: 68

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

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

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

number?

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

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

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

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

Speaker: Delegate Armstead.

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

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

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

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

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

Speaker: Delegate Caputo.

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

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

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

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

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

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

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

Ted Cheatham: Ultimately it is PEIA's decision.

Delegate Caputo: The board or?

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

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

Ted Cheatham: No sir.

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

Ted Cheatham: Just in the problem areas.

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

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

Delegate Caputo: Thank you.

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

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

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

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

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

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

Committee: I

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

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

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

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

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

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

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

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

Committee: I

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



WEST VIRGINIA LEGISLATURE
STATE CAPITOL
CHARLESTON, WEST VIRGINIA 25305

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

August 21, 2007

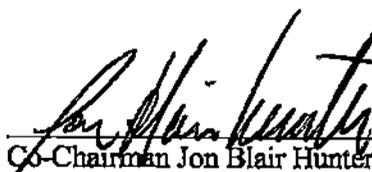
Joint Committee on Government and Finance
West Virginia Legislature
1900 Kanawha Boulevard, East
State Capitol Complex
Charleston, WV 25305

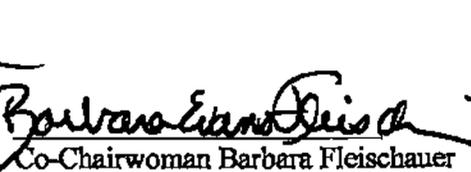
Dear Members:

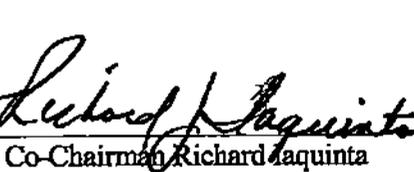
During the Select Committee B-Veterans' Issues interim meeting on June 4, 2007, the Committee adopted a motion to request the Joint Committee authorize payment for a survey of West Virginia veterans. Dr. Virginia Majewski, Chairperson, Division of Social Work, West Virginia University, submitted a preliminary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

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

Sincerely,


Co-Chairman Jon Blair Hunter


Co-Chairwoman Barbara Fleischauer


Co-Chairman Richard Laquinta