

FILE COPY

JOINT COMMITTEE ON  
GOVERNMENT AND FINANCE

Materials Distributed

June 5, 2007

May 8, 2007

3:00 - 4:00 p.m.

Joint Committee on Government and Finance

Senate

Tomblin, Chair  
Chafin  
Helmick  
Kessler  
Sharpe  
Caruth  
Deem

House

Thompson, Chair  
Caputo (absent)  
DeLong  
Webster  
White  
Armstead  
Border

President Tomblin, Cochair, presided.

1. Approval of Minutes

Upon motion by Speaker Thompson, properly adopted, the minutes of the April 18, 2007, meeting were approved.

2. Lottery Commission and General Revenue Reports

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

3. PEIA, BRIM and CHIP Reports

The following BRIM reports were distributed: An unaudited balance sheet and unaudited income statement for the period ending March 31, 2007.

Robert Ferguson, Jr., Cabinet Secretary, Department of Administration, reported investment income for BRIM was about \$6.8 million for all of FY 06 and so far, with 9 months in FY 07, investment income is \$60.1 million. There is no overall unfunded liabilities except Senate Bill 3 liabilities. Chuck Jones, Director of BRIM, stated that BRIM did pay the claim against the Attorney General's Office for \$125,000.

The following reports from CHIP were distributed: A report of enrollment for April 2007 and financial statements for period ending March 31, 2007. Secretary Ferguson said there is 25,158 children in the program. CHIP will be the lead on pre-screening children K-12 to cover those children that are not covered by other insurance programs.

The following monthly PEIA reports were distributed: Monthly Management Report, Financial Report and Prescription Drug Report for March 2007. Secretary Ferguson said medical expenses are trending at zero and pharmacy is 11 ½ % higher than it was the year before.

**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

June 1, 2007

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

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

Appears to be in good condition. Gross receipts for the months of July - April of fiscal year 2006-2007, were \$ 1,302,899,000.00 which was 3.14% above the same months of fiscal year 2005-2006.

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

Collections were at 104.21% of the yearly estimate as of May 31, 2007.

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

Fund collections were at 106.29 of the yearly estimate.

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

Overall ending trust fund balance was \$ 13.9 million greater on March 31, 2007 than on March 31, 2006. Overall disbursements were \$1.8 million less and receipts were \$ 384 thousand greater on March 31, 2007 than on March 31, 2006.

*Joint Committee on Government and Finance*

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*Building 1, Room 332-West Wing*  
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304-347-4870

MEMORANDUM

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

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

Date: June 1, 2007

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

We performed an analysis of the Statement of Revenues, Expenses and Retained Earnings for the month ended April 30, 2007, from monthly unaudited financial reports furnished to our office by the West Virginia Lottery Commission. This report is for ten months of fiscal year 2006-2007. The results are as follows:

**Lottery Revenues:**

Gross lottery revenues are receipts from on-line games, instant games and video lottery. These gross receipts totaled \$1,302,899,000.00. These gross receipts were 3.14 % ABOVE the total as of April 30, 2006 of preceding fiscal year, 2005-2006. This number does not include commission and prize deductions. Gross profit (Gross revenues minus commissions and prize costs) for July 2006 - April 2007 was \$ 568,971,000.00; for the previous fiscal year it was \$539,145,000.00. Expressed as a percentage, gross profit is **5.53% higher** for July - April 2007 than for July - April 2006.

*Joint Committee on Government and Finance*

Lottery continued

**Operating Income:**

Operating income was \$ 555,646,000.00 for July 2006 - April 2007. For July 2005- March 2006 it was \$ 523,614,000.00. This was an increase of 6.12%. After additions and subtractions of non-operating income and expenses, distributions to the state were \$540,014,000.00.

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

A total of \$ 540,014,000.00 has been accrued to the state of West Virginia for fiscal year 2006-2007. This is on an accrual basis and may not correspond to the actual cash transfers made during the same time period. ( Amounts owed to the different accounts according to the Lottery Act are calculated monthly and accrued to the state; actual cash transfers are often made based upon actual cash flow needs of the day-to-day operation of the lottery.)

A schedule of cash transfers follows:

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

Lottery continued

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

**Excess Lottery Fund**

General Purpose Fund	65,000,000.00
Economic Development Fund	19,000,000.00
Traffic Fund	0
Excess Lottery Surplus	55,330,000.00
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	2,989,000.00
School Building Authority	19,000,000.00
<b>TOTAL EXCESS LOTTERY FUND</b>	<b>243,319,000.00</b>

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

Veterans Instant Ticket Fund 801,000.00

<b>RACETRACK VIDEO LOTTERY TRANSFERS:</b>	
Tourism Promotion Fund	\$10,094,000.00
Development Office Promo Fund	\$2,753,000.00
Research Challenge Fund .5%	\$3,671,000.00

Lottery continued

Capitol Renovation and Improvement Fund .6875%	\$5,047,000.00
Parking Garage Fund .0625%	\$459,000.00
Parking Garage Fund 1%	\$500,000.00
Cultural Facilities and Cap. Resources Fund .5%	\$1,500,000.00
Capitol Dome & Cap. Improvements Fund .5%	\$5,341,000.00
Workers Compensation Debt Reduction Fund 7%	\$11,000,000.00
<b>SUBTOTAL VIDEO LOTTERY TRANSFERS:</b>	<b>\$40,365,000.00</b>
<b>TOTAL TRANSFERS</b>	<b>*\$558,835,000.00</b>

\* CASH BASIS

Total Applicable to last FY 2006:	147,676,000.00
Total Cash Distributions July -April 2007.	558,835,000.00
Total Applied to FY 2006:	147,676,000.00
Total Applied to FY 2007:	411,159,000.00
Total Accrued for FY 2007:	128,855,000.00



P.O. BOX 2067  
CHARLESTON, WV 25327

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Joe Manchin III  
Governor

John C. Musgrave  
Director

MEMORANDUM

TO: Joint Committee on Government and Finance

FROM: John C. Musgrave, Director

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

DATE: May 18, 2007



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

Financial statements of the Lottery for the month ending April 30, 2007 are attached. Lottery revenue, which includes on-line, instant and video lottery sales, was \$131,198,246 for the month of April.

Transfers of lottery revenue totaling \$40,477,042 made for the month of April 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 April 30, 2007 was 1,654 and 1,687 respectively.

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

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

JCM/rd  
Attachment

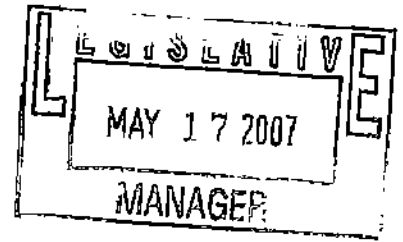
pc: Honorable Joe Manchin III  
James Robert Alsop, Cabinet Secretary - Dept. of Revenue  
John Perdue, Treasurer  
Glen B. Gainer III, Auditor  
Members of the West Virginia Lottery Commission

[www.wvlottery.com](http://www.wvlottery.com)



**WEST VIRGINIA LOTTERY**

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

A leasing report for the month of April 2007 was distributed. Secretary Ferguson said there has been 21 changes for the month with 3 new contracts, 14 straight renewals, 1 with a decrease in square footage, 1 with a rent increase, 1 adding square footage and increasing rent and 1 decreasing.

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

A Medicaid report dated May 2007 was distributed. Martha Walker, Cabinet Secretary, DHHR, said that Medicaid is in good financial shape.

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

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

7. **Department of Transportation**

Paul Mattox, Cabinet Secretary, Department of Highways, discussed and answered questions on the Core Maintenance Program and the sale of DOH equipment. Secretary Mattox said the Core Maintenance Program is not an excuse for out-sourcing routine maintenance work or as a means by which management is looking to cut employees from the payroll. The 10 districts in the state will handle the heavy equipment work that needs to be done. Secretary Mattox stated that everyone will be given the equipment they need to deliver the Core Maintenance Program. The idle equipment is what is being sold at the auction.

8. **Approval of DOH Audit Contract**

Upon motion by Senator Helmick, properly adopted, Mr. Allred is authorized to enter into the contract for the DOH Audit.

9. **Scheduled Interim Dates**

June 3 - 5  
July 8 - 10  
August 19 - 21  
September 9 - 11  
October 7 - 9  
November 16 - 18 (Friday, Saturday and Sunday)  
December 9 - 11  
January 6 - 8, 2008

The meeting was adjourned.

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

ASSETS	April 30, 2007	June 30, 2006
Current assets:		
Cash and cash equivalents	\$ 152,224	\$ 197,719
Accounts receivable	37,547	24,790
Inventory	639	588
Current portion of investments held in trust	23	57
Other assets	1,595	1,455
Total current assets	<u>192,028</u>	<u>224,609</u>
Noncurrent assets:		
Capital assets	12,623	11,719
Less accumulated depreciation and amortization	<u>(11,518)</u>	<u>(11,046)</u>
	1,105	673
Investments held in trust, less current portion	<u>280</u>	<u>612</u>
Total assets	<u>\$ 193,413</u>	<u>\$ 225,894</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 128,855	\$ 147,676
Estimated prize claims	13,207	15,992
Accounts payable	1,503	2,745
Other accrued liabilities	28,661	38,579
Current portion of deferred jackpot prize obligations	159	336
Total current liabilities	<u>172,385</u>	<u>205,328</u>
Deferred jackpot prize obligations, less current portion	<u>135</u>	<u>316</u>
Total liabilities	<u>172,520</u>	<u>205,644</u>
Net assets:		
Invested in capital assets	1,105	673
Restricted assets ( see note 8)	20,643	20,000
Unrestricted (deficit)	<u>(855)</u>	<u>(423)</u>
Total net assets	<u>20,893</u>	<u>20,250</u>
Total liabilities and net assets	<u>\$ 193,413</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 TEN MONTH PERIOD ENDED APRIL 30, 2007**

(In Thousands)

-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	2007	2006	2007	2006
Lottery revenues				
On-line games	\$ 6,063	\$ 8,038	\$ 73,551	\$ 85,646
Instant games	8,067	10,246	89,108	98,410
Racetrack video lottery	82,614	82,214	810,151	780,320
Limited video lottery	34,454	31,502	330,089	298,837
	<u>131,198</u>	<u>132,000</u>	<u>1,302,899</u>	<u>1,263,213</u>
Less commissions				
On-line games	424	563	5,149	5,995
Instant games	565	717	6,238	6,889
Racetrack video lottery	39,258	39,068	445,552	431,377
Limited video lottery	16,883	16,671	173,333	161,590
	<u>57,130</u>	<u>57,019</u>	<u>630,272</u>	<u>605,851</u>
Less on-line prizes	2,922	4,274	36,850	43,708
Less instant prizes	5,464	7,163	60,583	67,209
Less ticket costs	122	164	1,308	1,778
Less vendor fees and costs	455	549	4,915	5,522
	<u>8,963</u>	<u>12,150</u>	<u>103,656</u>	<u>118,217</u>
Gross profit	<u>65,105</u>	<u>62,831</u>	<u>568,971</u>	<u>539,145</u>
Administrative expenses				
Advertising and promotions	565	626	7,607	6,453
Wages and related benefits	516	516	4,885	4,674
Telecommunications	225	273	1,993	1,866
Contractual and professional	512	89	2,925	2,892
Rental	71	51	549	488
Depreciation and amortization	48	111	472	1,130
Other administrative expenses	141	232	1,195	972
	<u>2,078</u>	<u>1,898</u>	<u>19,626</u>	<u>18,475</u>
Other Operating Income	<u>3,866</u>	<u>902</u>	<u>6,301</u>	<u>2,944</u>
Operating Income	<u>66,893</u>	<u>61,835</u>	<u>555,646</u>	<u>523,614</u>
Nonoperating income (expense)				
Investment income	638	653	5,960	3,374
Interest expense	(2)	(5)	(31)	(78)
Distributions to municipalities and counties	(676)	(617)	(6,470)	(5,857)
Distributions to racetracks-capital reinvestment	(3,331)	(3,315)	(14,448)	(13,245)
Distributions to the State of West Virginia	(63,437)	(58,551)	(540,014)	(507,808)
	<u>(66,808)</u>	<u>(61,835)</u>	<u>(555,003)</u>	<u>(523,614)</u>
Net income	<u>85</u>	<u>-</u>	<u>643</u>	<u>-</u>
Net assets, beginning of year	20,250	250	20,250	250
Net assets, end of year	<u>\$ 20,335</u>	<u>\$ 250</u>	<u>\$ 20,893</u>	<u>\$ 250</u>

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

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

(In Thousands)

-Unaudited-

	2007	2006
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 1,296,443	\$ 1,258,621
Cash payments for:		
Personnel costs	(4,885)	(4,692)
Suppliers	(30,706)	(2,556)
Other operating costs	(716,772)	(727,943)
Cash provided by operating activities	<u>544,080</u>	<u>523,430</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(558,835)	(446,305)
Distributions to municipalities and counties	(6,407)	(5,761)
Distributions to racetrack from racetrack cap. reinv. fund	(29,725)	(15,870)
Deferred jackpot prize obligations and related interest paid	(31)	(78)
Cash used in noncapital financing activities	<u>(594,998)</u>	<u>(468,014)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>(904)</u>	<u>-</u>
Cash flows from investing activities:		
Maturities of investments held in trust	387	816
Investment earnings received	5,940	(3,348)
Cash provided by investing activities	<u>6,327</u>	<u>(2,532)</u>
Increase (decrease) in cash and cash equivalents	(45,495)	52,884
Cash and cash equivalents - beginning of period	<u>197,719</u>	<u>113,742</u>
Cash and cash equivalents - end of period	<u>\$ 152,224</u>	<u>\$ 166,626</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 555,646	\$ 523,621
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	472	1,130
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(12,758)	7,536
(Increase) decrease in inventory	(51)	(107)
(Increase) decrease in other assets	(140)	65
Increase (decrease) in estimated prize claims	(2,784)	5,614
Increase (decrease) in accounts payable	(1,242)	(359)
Increase (decrease) in other accrued liabilities	4,937	(14,070)
Cash provided by operating activities	<u>\$ 544,080</u>	<u>\$ 523,430</u>

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

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

**NOTE 1 - LEGISLATIVE ENACTMENT**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**CAPITAL ASSETS** – The Lottery leases, under a cancelable operating lease, its office and warehouse facilities. Portions of these facilities were subleased to the Lottery's game vendor until January 31, 2007. The Lottery also leases various office equipment under agreements considered to be cancelable operating leases. Rental expense for the ten months ended April 30, 2007 and April 30, 2006 approximated \$548,570 and \$488,396, respectively. Sublease rental income for the ten months ended April 30, 2007 and April 30, 2006 approximated \$60,508 and \$86,440, respectively.

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

**COMPENSATED ABSENCES** – The Lottery has accrued \$281,146 and \$241,126 of vacation and \$468,058 and \$452,850 of sick leave at June 30, 2006 and 2005, respectively, for estimated obligations that may arise in connection with compensated absences for vacation and sick leave at the current rate of employee pay. Employees fully vest in all earned but unused vacation. In accordance with State personnel policies, employees hired prior to July 1, 2001, vest in unused sick leave only upon



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

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

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

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

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

**NOTE 3 - CASH AND CASH EQUIVALENTS**

At April 30, 2007 the carrying amounts of deposits (overdraft) with financial institutions were (\$26) thousand with a bank balance of \$20 thousand. Of this balance \$100 thousand was covered by federal depository insurance with the remaining balance collateralized with securities held by the State of West Virginia's agent in the State's name.

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

	<u>April 30, 2007</u>	<u>June 30, 2006</u>
Amount on deposit with the IMB	<u>\$152,251</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 April 30, 2007 is as follows (in thousands):

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

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

Capital Assets:

	<u>Historical Cost</u> <u>At June 30, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Historical Cost</u> <u>At April 30, 2007</u>
Improvements	\$ 1,121	\$ -	\$ -	\$ 1,121
Equipment	10,598	904	-	11,502
	<u>\$ 11,719</u>	<u>\$ 904</u>	<u>\$ -</u>	<u>\$ 12,623</u>

Accumulated  
Depreciation:

	<u>Historical Cost</u> <u>At June 30, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Historical Cost</u> <u>At April 30, 2007</u>
Improvements	\$ 848	\$ 64	\$ -	\$ 912
Equipment	10,198	408	-	10,606
	<u>\$ 11,046</u>	<u>\$ 472</u>	<u>\$ -</u>	<u>\$ 11,518</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 April 30, 2007 were \$3,227,386 and \$44,746,546 while related prize costs for the same periods were \$1,568,937 and \$22,418,472.

Revenues derived from the Lottery's participation in the HOT LOTTO game for the month and year-to-date periods ended April 30, 2007 were \$339,129 and \$3,927,561 while related prize costs for the same periods were \$164,714 and \$2,089,272.

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 April 30, 2007 the POWERBALL prize reserve funds had a

**WEST VIRGINIA LOTTERY  
NOTES TO FINANCIAL STATEMENTS**

**-Unaudited-**

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

balance of \$91,618,068 of which the Lottery's share was \$2,235,593. The Lottery has charged amounts placed into the prize reserve funds to prize costs as the related sales have occurred.

**NOTE 6 - RACETRACK VIDEO LOTTERY**

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

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

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

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

Amounts from the capital reinvestment fund may be distributed to each racetrack if qualifying expenditures are made within the statutory timeframe; otherwise amounts accumulated in the fund revert to the state excess lottery revenue fund. A summary of racetrack video lottery revenues for the month ended April 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	\$868,948	\$871,768	\$8,550,198	\$8,378,357
Credits (prizes) won	(785,870)	(789,554)	(7,736,324)	(7,598,037)
MWAP Contributions	(464)	-	(3,723)	-
Gross terminal income	<u>\$82,614</u>	<u>\$82,214</u>	<u>\$810,151</u>	<u>\$780,320</u>
Administrative costs	-	-	(17,523)	(17,524)
Net Terminal Income	<u>\$82,614</u>	<u>\$82,214</u>	<u>\$792,628</u>	<u>\$762,796</u>
Less distribution to agents	<u>(39,258)</u>	<u>(39,068)</u>	<u>(445,554)</u>	<u>(431,377)</u>
Racetrack video lottery revenues	<u>\$43,356</u>	<u>\$43,146</u>	<u>347,074</u>	<u>\$331,419</u>

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

	<u>April 30, 2007</u>	<u>Year-to Date</u>
State Lottery Fund	-	\$130,127
State Excess Lottery Revenue Fund	\$37,170	161,773
Capital Reinvestment Fund	3,331	14,447
Tourism Promotion Fund 1.375%	981	10,215
Development Office Promotion Fund .375 %	268	2,788
Research Challenge Fund .5 %	357	3,716
Capitol Renovation & Improvement Fund .6875 %	490	5,110
Parking Garage Fund .0625 %	45	465
Parking Garage Fund 1 %	-	500
Cultural Facilities & Capitol Resources Fund .5 %	-	1,500
Capitol Dome & Capitol Improvements Fund .5 %	714	5,433
Worker's Compensation Debt Reduction Fund 7 %	-	11,000
Total nonoperating distributions	<u>\$43,356</u>	<u>\$347,074</u>

**NOTE 7 - LIMITED VIDEO LOTTERY**

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

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

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

on a quarterly basis. Two percent is distributed to counties and incorporated municipalities in the manner prescribed by the statute. The remaining amount of gross profit is paid to retailers and/or operators as prescribed in the Act, and is recorded as limited video lottery commissions in the financial statements. Municipal and county distributions are accounted for as nonoperating expenses. A summary of limited video lottery revenues for the month ended April 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	\$418,645	\$386,318	\$4,018,623	\$3,640,301
Credits (prizes) won	(384,191)	(354,816)	(3,688,534)	(3,341,464)
Gross terminal income	<u>\$34,454</u>	<u>\$31,502</u>	<u>\$330,089</u>	<u>\$298,837</u>
Administrative costs	(688)	(630)	(6,601)	(5,978)
Gross Profit	<u>\$33,766</u>	<u>\$30,872</u>	<u>\$323,488</u>	<u>\$292,859</u>
Commissions	(16,883)	(16,671)	(173,333)	(161,590)
Municipalities and Counties	(676)	(617)	(6,470)	(5,857)
Limited video lottery revenues	<u>\$16,207</u>	<u>\$13,584</u>	<u>\$143,685</u>	<u>\$125,412</u>

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

As required under its enabling legislation, net assets of the Lottery may not exceed \$250,000. On June 14, 2006 House Bill 106 established additional capitalization up to \$20,000,000, in each year beginning with FY 2006 and continuing for the next six years. Therefore, the Lottery periodically distributes surplus funds, exclusive of amounts derived from limited video lottery and a portion of racetrack video lottery funds, to the State of West Virginia in accordance with the legislation. For the year ending June 30, 2007 the State Legislature budgeted \$170,100,000 of estimated profits of the Lottery for distributions to designated special revenue accounts of the State of West Virginia. With regard to the State Lottery Fund, legislation stipulates that debt service payments be given a priority over all other transfers in instances where estimated profits are not sufficient to provide for payment of all appropriated distributions. Debt service payments of \$1,800,000 and \$1,000,000 per month for the first ten months of each fiscal year currently have such priority. Transfers made pursuant to the State Excess Lottery Revenue Fund have similar requirements; currently payments are \$2,900,000 per month for the first ten months of each fiscal year, with \$1,000,000 of this amount beginning September 2004. In addition, Legislation provides that, if in any month, there is a shortage of funds in the State Excess Lottery Revenue Fund to make debt service payments, the necessary amount shall be transferred from the State Lottery Fund to cover such shortfall, after the State Lottery Fund debt service payments have been made. Repayments to the State Lottery Fund are required to be made in subsequent months as funds become available. During the month ended April 30, 2007 the Lottery made such distributions and accrued additional distributions of \$60,582,342. The Lottery does not have a legally adopted annual budget.

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

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

Since the enactment of the Racetrack Video Lottery Act, the Lottery is also statutorily required to distribute income from racetrack video lottery operations as described in Note 6. As of April 30, 2007 the Lottery accrued additional distributions relating to racetrack video lottery operations of \$865,542.

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>April 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	998	9,998
School Building Authority	1,800	18,000
Total State Lottery Fund	<u>\$ 2,798</u>	<u>\$170,097</u>
<u>State Excess Lottery Revenue Fund:</u>		
Economic Development Fund	\$ 1,900	\$ 19,000
Higher Education Improvement Fund	1,000	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	393	2,989
Excess Lottery Surplus	31,683	55,330
West Va. Infrastructure Council	-	40,000
Total State Excess Lottery Revenue Fund	<u>\$ 34,976</u>	<u>\$ 243,319</u>
<u>Senate Bill 1010, 1016 &amp; 1017</u>	\$ -	\$ 104,253
Total Budgetary distributions:	<u>\$ 37,774</u>	<u>\$ 517,669</u>
Veterans Instant Ticket Fund	\$ 55	\$ 801

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

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

Other Racetrack Video Lottery distributions:

Tourism Promotion Fund 1.375%	\$ 910	\$ 10,094
Development Office Promotion Fund .375%	248	2,753
Research Challenge Fund .5%	331	3,671
Capitol Renovation & Improvement Fund .6875%	455	5,047
Parking Garage Fund .0625 %	42	459
Parking Garage Fund 1 %	-	500
Cultural Facilities & Cap. Resources Fund .5%	-	1,500
Capitol Dome & Cap. Improvements Fund .5%	662	5,341
Workers Compensation Debt Reduction Fund 7%	-	11,000
Total	<u>\$ 2,648</u>	<u>\$ 40,365</u>
 Total nonoperating distributions to the State of West Virginia (cash basis)	 \$40,477	 \$558,835
Accrued nonoperating distributions, beginning	(105,895)	(147,676)
Accrued nonoperating distributions, end	<u>128,855</u>	<u>128,855</u>
 Total nonoperating distributions to the State of West Virginia	 <u>\$ 63,437</u>	 <u>\$540,014</u>

**NOTE 9 - DEFERRED JACKPOT OBLIGATIONS AND INVESTMENTS HELD IN TRUST**

Prior to becoming a member of the Multi-State Lottery in 1988, the prize structure of certain games operated solely by the Lottery included jackpot prizes. The Lottery, at its discretion, could choose to award such prizes in the form of either a lump sum payment or in equal installments over a period of 10 or 20 years, through April 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 the date prizes were won. The imputed interest portion of the deferred prize awards is calculated using the effective interest method at rates ranging from 7.11% to 9.13%. A summary of the present value of the remaining obligations for deferred jackpot prize awards follows (in thousands):

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

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

	<u>April 30, 2007</u>	<u>June 30, 2006</u>
Present value of deferred prize award obligations:		
Discounted obligations outstanding	\$ 279	\$ 615
Imputed interest accrued	<u>15</u>	<u>37</u>
	294	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>\$ 135</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 10 - RETIREMENT BENEFITS**

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

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

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

	<u>April 30, 2007</u>	<u>Year-to Date</u>
Lottery contributions	\$37	\$372
Employee contributions	16	160
Total contributions	\$53	\$532

**NOTE 11 - RISK MANAGEMENT**

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

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

**NOTE 11 - RISK MANAGEMENT (continued)**

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

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

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

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

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

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

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

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

**NOTE 11 - RISK MANAGEMENT (continued)**

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

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

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



304-347-4870

Memorandum

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

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

Date: June 1, 2007

Re: Status of General Revenue Fund May 31, 2007

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

The net collections were **104.21%** of the estimate for the fiscal year. **The amount ABOVE estimate was \$ 137.9 million for the year.**

Corporate income/business franchise tax was \$ 46 million above the estimate.

Severance tax was \$ 14.4 million above the estimate as of May 31, 2007.

*Joint Committee on Government and Finance*

**State Road Fund**

The state road fund was collected at 106.29% of the estimate for the months of July - May. The entire fund was \$ 32.8 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 \$ 232,020,709.02 as of May 31, 2007.

Balance July 1, 2006	124,153,400.18
Cash flow loan to General Revenue on July 6, 2006 To be repaid 90 days. This is a normal occurrence in July due to cash flow demands; will be repaid in September. Loan repaid on September 28, 2006.	- 50,000,000.00 + 50,000,000.00
Revenues July 1, 2005-June 30,2006 (Surplus from FY 2006 to be transferred in August 2006.)	88,817,007.83
Earnings	19,050,301.01
Balance May 31, 2007	232,020,709.02

Revenue Shortfall Reserve Fund B (Tobacco Settlement Monies) had a cash balance of \$ 273,550,992.65 as of May 31, 2007.

Balance July 1, 2006	234,897,671.95
Earnings	38,653,320.70
Balance May 31, 2007	273,550,992.65

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

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

**GENERAL REVENUE FUND FY 2006-2007**

Monthly Revenue Estimates - Revised: March 18, 2007  
as of May 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	125,000,000	219,500,773	94,500,773	1,201,875,287	1,235,999,094	34,123,807
Consumer Sales Tax	83,000,000	91,683,205	8,683,205	897,689,306	910,146,779	12,457,473
Severance Tax	28,500,000	33,102,451	4,602,451	284,600,000	298,626,419	14,026,419
Corp Income /Business Franchise	6,600,000	8,655,539	2,055,539	244,600,000	290,945,041	46,345,041
Business and Occupation Use Tax	14,600,000	14,127,818	-472,182	154,800,000	169,278,651	14,478,651
Insurance Tax	8,900,000	11,500,031	2,600,031	106,600,000	118,192,420	11,592,420
Cigarette Tax	2,100,000	2,629	-2,097,371	105,500,000	98,043,678	-7,456,322
HB 102 - Lottery Transfers	8,800,000	9,925,931	1,125,931	94,300,000	97,062,781	2,762,781
Interest Income	4,100,000	0	-4,100,000	71,900,000	77,900,000	6,000,000
Departmental Collections	7,400,000	4,569,631	-2,830,369	41,300,000	49,229,811	7,929,811
Property Transfer Tax	900,000	942,250	42,250	14,900,000	13,652,110	-1,247,890
Liquor Profit Transfers	1,200,000	966,402	-233,598	14,600,000	11,159,759	-3,440,241
Beer Tax and Licenses	2,140,000	2,879,000	739,000	9,520,000	10,523,726	1,003,726
Senior Citizen Tax Credit Reimb.	1,000,000	566,591	-433,409	7,400,000	6,795,377	-604,623
Property Tax	800,000	0	-800,000	5,900,000	0	-5,900,000
Smokeless Tobacco Tax	300,000	287,301	-12,699	4,700,000	4,709,627	9,627
Charter Tax	400,000	294,296	-105,704	4,400,000	4,420,837	20,837
Racing Fees	600,000	152,759	-447,241	4,400,000	4,438,040	38,040
Miscellaneous Transfers	0	120,000	120,000	1,300,000	1,000,000	-300,000
Miscellaneous Receipts	100,000	0	-100,000	900,000	2,817,177	1,917,177
Business Franchise Fees	100,000	91,733	-8,267	900,000	1,047,041	147,041
Telecommunications Tax	170,000	38,901	-131,099	850,000	630,328	-219,672
Estate and Inheritance Tax	0	11,259	11,259	0	-405,611	-405,611
Refundable Credit Reim LTY	0	5,064	5,064	0	214,734	214,734
Video Lottery Transfers	0	416,792	416,792	0	3,405,711	3,405,711
Special Revenue Transfer	0	75,736	75,736	0	1,013,549	1,013,549
Cash Flow Transfer	0	0	0	0	0	0
<b>TOTALS</b>	<b>296,710,000</b>	<b>399,916,091</b>	<b>103,206,091</b>	<b>3,272,934,593</b>	<b>3,410,847,080</b>	<b>137,912,487</b>
Minus Cash Flow Transfer	0	0	0	0	0	0
Percent of Estimates		<b>134.78%</b>			<b>104.21%</b>	
<b>TOTALS</b>	<b>296,710,000</b>	<b>399,916,091</b>	<b>103,206,091</b>	<b>3,272,934,593</b>	<b>3,410,847,080</b>	<b>137,912,487</b>
<b>Collections this day</b>		<b>40,230,319</b>				

Prepared by Legislative Auditor's Office, Budget Division

**STATE ROAD FUND**

**FINAL**

**STATE ROAD FUND FY 2006-2007**

**Monthly Estimates July 2006 - Revised February 2007**

**as of May 31, 2007 WYFIMS**

<b>SOURCE OF REVENUE</b>	<b>MONTH ESTIMATES</b>	<b>NET MONTH COLLECTIONS</b>	<b>MONTHLY OVER/ UNDER ESTIMATES VS ACTUAL COLLECTIONS</b>	<b>YTD ESTIMATES</b>	<b>NET YTD COLLECTIONS</b>	<b>YEARLY OVER/UNDER ESTIMATES VS ACTUAL YTD COLLECTIONS</b>
Gasoline & Motor Carrier Rd Tax	34,000,000	29,358,149	-4,641,851	295,000,000	324,495,046	29,495,046
Privilege Tax	13,560,000	15,323,254	1,763,254	153,534,000	158,047,965	4,513,965
Licenses & Registration	7,376,000	8,413,576	1,037,576	72,726,000	71,601,646	-1,124,354
Highway Litter Control Fund	140,000	133,299	-6,701	1,375,000	1,355,140	-19,860
<b>TOTALS</b>	<b>55,076,000</b>	<b>53,228,277</b>	<b>-1,847,723</b>	<b>522,635,000</b>	<b>555,499,798</b>	<b>32,864,798</b>
<b>Percent of Estimates</b>		<b>96.65%</b>			<b>106.29%</b>	
<b>Collections this day</b>		<b>18,296,689</b>				

**REVENUE SHORTFALL RESERVE FUND A as of May 1, 2007 : \$228,171,928.14**

**REVENUE SHORTFALL RESERVE FUND B as of May 1, 2007 : \$266,258,496.96**

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

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

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



304-347-4870

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

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

Date: June 1, 2007

Re: West Virginia Unemployment Compensation Trust Fund

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

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

Trust Fund Beginning Cash Balance 7-1-2006	\$244,918,539.17
Receipts July 1, 2006 thru June 30, 2007	\$84,660,972.77
Disbursements July 1, 2006 thru June 30, 2007	\$117,106,437.67
Balance March 31, 2007	\$212,473,074.27

ITEMS OF NOTE:

Regular benefits paid for July 2006- March 2007 were \$ 2.2 million more than the same time period in fiscal year 2006. Total disbursements were \$ 1.8 million less than in July 2005- March 2006.

*Joint Committee on Government and Finance*



Receipts were \$ 384 thousand greater than in July 2005 - March 2006. Overall ending trust fund balance was \$ 13.9 million more in March 2007 than in March 2006.

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

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

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

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

	JANUARY 06	FEBRUARY 06	MARCH 06	JANUARY 07	FEBRUARY 07	MARCH 07	THREE MONTH TOTAL VARIANCE *
<b>Balance Forward</b>	<u>220,211,648.82</u>	<u>210,890,000.67</u>	<u>207,206,406.70</u>	<u>240,863,618.89</u>	<u>231,312,111.17</u>	<u>223,329,812.35</u>	<u>57,197,487.32</u>
<b>Add Receipts:</b>							
1. Bond Assessment	2.52	0.00	5.02	85.07	0.00	0.00	77.53
2. Regular Contributions:	8,896,265.88	10,350,268.47	745,314.81	6,735,490.89	11,538,319.51	841,712.84	972,879.10
3. Extended Benefit Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Emergency Unemployment Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5. TEUC Unemployment Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6. UCFE (Federal Agencies)	100,000.00	180,000.00	100,000.00	100,000.00	300,000.00	300,000.00	360,000.00
7. Reduced Tax Credits	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8. Reed Act Funds	0.00	0.00	329,405.84	0.00	0.00	316,369.43	(13,036.41)
9. Treasury Interest Credits	0.00	0.00	2,110,029.64	0.00	0.00	2,413,625.50	303,695.86
10. UCX (Military Agencies)	450,000.00	400,000.00	200,000.00	200,000.00	600,000.00	400,000.00	60,000.00
<b>Total Monthly Receipts</b>	<u>7,445,268.38</u>	<u>10,990,268.47</u>	<u>3,484,754.01</u>	<u>7,035,576.86</u>	<u>12,388,319.51</u>	<u>4,071,707.47</u>	<u>1,863,314.08</u>
<b>Less Disbursements:</b>							
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	NA
Regular Benefits	18,234,118.68	14,106,165.05	11,718,400.85	16,078,417.89	19,830,025.12	13,528,940.37	7,460,707.82
Extended Benefits	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Emergency Benefits	4,334.00	8,415.00	3,849.00	1,245.00	(2,420.00)	(822.00)	10,011.00
UCFE (Federal Workers)Benefits	100,077.82	88,840.47	95,069.00	123,181.83	109,374.17	81,441.49	30,210.30
UCX (Military Workers)Benefits	437,083.36	388,460.92	344,785.63	388,729.26	331,639.04	308,885.69	(139,968.11)
Reed Act Funds	0.00	0.00	0.00	0.00	0.00	1,000,000.00	1,000,000.00
Other Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Monthly Disbursement</b>	<u>18,766,916.53</u>	<u>14,583,881.44</u>	<u>12,152,406.68</u>	<u>16,687,083.78</u>	<u>20,388,618.33</u>	<u>14,828,445.56</u>	<u>8,360,983.01</u>
<b>Trust Fund Balance</b>	<u>210,890,000.67</u>	<u>207,206,406.70</u>	<u>198,538,763.03</u>	<u>231,312,111.17</u>	<u>223,329,812.35</u>	<u>212,473,074.27</u>	<u>80,479,838.30</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**

**APRIL 2007**

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
MONTHLY MANAGEMENT REPORT - TOTAL CLAIMS  
APRIL 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	173,249.40	176,265.52	136,121.92	172,400.67	1,791,610.60	1,676,318.89
	MATERNITY	168,607.81	154,400.51	120,858.16	140,131.43	1,549,104.44	1,378,700.84
	MEDICAL AND SURGICAL	6,257,982.79	5,956,431.55	5,313,475.18	6,409,611.59	59,064,297.93	63,554,093.15
	NEONATAL COMPLICATIONS	15,644.34	98,899.69	30,823.58	64,914.47	1,062,645.23	572,299.53
	***** sum	6,615,484.34	6,385,997.27	5,601,278.84	6,787,058.15	63,467,658.20	67,181,412.41
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	45,833.01	48,702.17	61,299.85	44,081.29	453,156.45	465,885.60
	DIALYSIS	208,859.44	232,087.15	160,586.40	213,058.66	2,294,503.92	2,193,368.56
	EMERGENCY ROOM	452,905.63	423,911.32	363,358.53	424,990.37	4,064,268.21	4,175,175.66
	MATERNITY	39,925.05	44,242.02	40,009.16	38,215.80	417,285.28	398,071.97
	MEDICAL AND SURGICAL	7,522,153.83	7,298,806.31	6,313,714.51	7,347,631.77	71,166,993.11	73,809,141.12
***** sum	8,269,676.96	8,047,748.98	6,938,968.45	8,067,977.89	78,396,206.97	81,041,642.91	
PHARMACY	PRESCRIPTION DRUGS	16,700,837.68	16,762,842.65	15,413,116.95	15,000,061.54	166,166,954.21	149,211,921.51
***** sum		16,700,837.68	16,762,842.65	15,413,116.95	15,000,061.54	166,166,954.21	149,211,921.51
PROFESSIONAL SERVICES	ADVANCED IMAGING	494,834.90	524,519.83	512,825.21	501,058.36	5,081,489.35	5,065,431.16
	AMBULANCE	272,445.40	276,108.10	293,508.50	250,358.56	2,656,965.00	2,563,630.09
	ANESTHESIA	540,356.11	636,538.52	488,807.86	654,588.76	6,211,548.64	6,461,615.83
	BEHAVIORAL	323,002.64	349,892.03	356,511.09	341,691.80	3,298,313.12	3,360,118.91
	CARDIOVASCULAR MEDICINE	406,898.52	428,370.40	437,955.51	438,414.17	4,043,823.52	4,404,185.13
	CERVICAL CANCER SCREENING	19,279.98	26,140.46	27,248.42	33,888.83	245,486.77	329,836.06
	DIALYSIS	7,855.41	11,375.83	10,329.96	28,859.27	106,390.01	247,758.58
	DME	406,564.29	455,739.48	390,090.05	474,886.83	4,398,163.18	4,824,734.09

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

APRIL 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	4,646,053.57	4,655,311.07	4,254,758.64	4,484,014.74	46,317,065.22	44,884,149.74
	IMMUNIZATION	520,305.72	192,209.34	127,746.45	146,118.68	2,441,346.11	1,599,348.52
	INJECTION	820,144.36	790,298.19	641,911.73	811,285.72	7,887,324.38	7,901,785.64
	LAB AND PATHOLOGY	707,574.77	638,832.97	730,413.15	595,261.83	5,977,061.19	5,980,221.39
	MAMMOGRAPHY	2,140.45	77,965.04	75,441.64	100,115.17	667,166.06	983,434.65
	OTHER	329,938.57	417,239.36	314,064.03	503,392.08	4,065,693.78	4,922,234.99
	OTHER IMAGING	905,472.05	931,352.53	877,558.04	843,113.15	8,925,881.60	8,484,710.21
	OTHER MEDICINE	565,511.82	702,359.92	891,384.42	642,360.21	6,660,099.06	6,419,895.50
	PHYSICAL MEDICINE	546,511.01	594,626.61	553,095.58	554,169.71	5,783,922.97	5,602,702.63
	PROSTATE CANCER SCREENING	14,245.40	16,761.04	17,855.35	14,307.63	150,180.28	150,156.39
	SURGICAL	2,444,696.24	2,633,876.38	2,285,567.79	2,587,762.77	25,620,658.20	25,965,981.62
***** SUM		13,973,831.21	14,359,517.09	13,287,073.42	14,005,649.04	140,539,378.44	140,151,931.13
SUM		45,559,830.19	45,556,105.98	41,240,437.66	43,860,746.62	448,570,197.82	437,586,907.96

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**

**APRIL 2007**

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
 MONTHLY MANAGEMENT REPORT - PER CAPITA CLAIMS  
 APRIL 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	.9244	.9688	.7300	.9490	9.5905	9.0155
	MATERNITY	.8997	.8485	.6481	.7714	8.2924	7.4149
	MEDICAL AND SURGICAL	33.3914	32.7331	28.4945	35.2848	316.1723	341.8054
	NEONATAL COMPLICATIONS	.0835	.5438	.1653	.3573	5.6884	3.0779
	*****						
SUM		35.2990	35.0942	30.0379	37.3625	339.7435	361.3137
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.2446	.2676	.3287	.2427	2.4258	2.5056
	DIALYSIS	1.1144	1.2755	.8612	1.1727	12.2825	11.7963
	EMERGENCY ROOM	2.4166	2.3296	1.9486	2.3395	21.7561	22.4548
	MATERNITY	.2130	.2431	.2146	.2103	2.2337	2.1409
	MEDICAL AND SURGICAL	40.1368	40.1105	33.8584	40.4461	380.9582	396.9589
*****							
SUM		44.1254	44.2264	37.2115	44.4113	419.6563	435.8566
PHARMACY	PRESCRIPTION DRUGS	89.1125	92.1283	82.6556	82.5678	889.4947	802.4886
*****							
SUM		89.1125	92.1283	82.6556	82.5678	889.4947	802.4886
PROFESSIONAL SERVICES	ADVANCED IMAGING	2.6403	2.8825	2.7501	2.7580	27.2013	27.2428
	AMBULANCE	1.4537	1.5174	1.5740	1.3782	14.2228	13.7877
	ANESTHESIA	2.8832	3.4981	2.6213	3.6034	33.2505	34.7517
	BEHAVIORAL	1.7235	1.9227	1.9119	1.8807	17.6559	18.0713
	CARDIOVASCULAR MEDICINE	2.1711	2.3540	2.3486	2.4132	21.6467	23.6865
	CERVICAL CANCER SCREENING	.1029	.1437	.1461	.1866	1.3141	1.7739
	DIALYSIS	.0419	.0625	.0554	.1589	.5695	1.3325
	DME	2.1693	2.5045	2.0919	2.6141	23.5434	25.9483

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  
 APRIL 2007

Page: 2

Reporting Category	Type of Service	Current		12 Months Prior		Current Fiscal Yr PEIA Payments	Previous Fiscal Yr PEIA Payments
		Current Period PEIA Payments	Rolling Avg PEIA Payments	12 Months Prior PEIA Payments	Rolling Avg PEIA Payments		
PROFESSIONAL SERVICES	EVALUATION AND MANAGEMENT	24.7905	25.5824	22.8169	24.6824	247.9361	241.3950
	IMMUNIZATION	2.7763	1.0565	.6851	.8041	13.0686	8.6016
	INJECTION	4.3761	4.3432	3.4424	4.4659	42.2210	42.4972
	LAB AND PATHOLOGY	3.7755	3.5104	3.9170	3.2764	31.9996	32.1627
	MAMMOGRAPHY	.0114	.4285	.4046	.5511	3.5714	5.2891
	OTHER	1.7605	2.2930	1.6842	2.7714	21.7637	26.4727
	OTHER IMAGING	4.8314	5.1177	4.7061	4.6409	47.7804	45.6323
	OTHER MEDICINE	3.0175	3.8595	4.7802	3.5361	35.6516	34.5274
	PHYSICAL MEDICINE	2.9161	3.2675	2.9661	3.0504	30.9614	30.1323
	PROSTATE CANCER SCREENING	.0760	.0921	.0958	.0787	.8039	.8076
	SURGICAL	13.0444	14.4744	12.2568	14.2454	137.1478	139.6497
***** sum		74.5617	78.9108	71.2543	77.0960	752.3098	753.7623
sum		243.0986	250.3596	221.1592	241.4376	2,401.2044	2,353.4212

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**

**APRIL 2007**

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
MONTHLY MANAGEMENT REPORT - PER CAPITA UTILIZATION  
APRIL 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	.0008	.0007	.0109	.0091
	MATERNITY	.0007	.0005	.0061	.0062
	MEDICAL AND SURGICAL	.0196	.0166	.1984	.1852
	NEONATAL COMPLICATIONS	.0001	.0002	.0018	.0021
***** sum		.0212	.0180	.2173	.2027
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.0035	.0042	.0375	.0366
	DIALYSIS	.0069	.0043	.0580	.0593
	EMERGENCY ROOM	.0250	.0230	.2522	.2585
	MATERNITY	.0017	.0016	.0155	.0146
	MEDICAL AND SURGICAL	.2429	.2041	2.3854	2.3866
***** sum		.2799	.2373	2.7486	2.7556
PHARMACY	PRESCRIPTION DRUGS	1.0531	1.0137	11.0173	10.5034
***** sum		1.0531	1.0137	11.0173	10.5034
PROFESSIONAL SERVICES	ADVANCED IMAGING	.0266	.0255	.2771	.2780
	AMBULANCE	.0103	.0104	.1048	.1023
	ANESTHESIA	.0197	.0173	.2253	.2362
	BEHAVIORAL	.0319	.0323	.3437	.3484
	CARDIOVASCULAR MEDICINE	.0473	.0509	.5177	.5462
	CERVICAL CANCER SCREENING	.0046	.0064	.0589	.0770
	DIALYSIS	.0013	.0010	.0123	.0209
	DME	.0390	.0418	.4242	.4621
	EVALUATION AND MANAGEMENT	.5632	.5615	5.9362	6.0234
	IMMUNIZATION	.0258	.0083	.2755	.2100

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  
 APRIL 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	.0327	.0289	.3283	.3050
	LAB AND PATHOLOGY	.1459	.1387	1.4736	1.4024
	MAMMOGRAPHY	.0007	.0125	.1120	.1633
	OTHER	.0318	.0288	.4438	.4172
	OTHER IMAGING	.1311	.1219	1.3189	1.3511
	OTHER MEDICINE	.0829	.0796	.8864	.8318
	PHYSICAL MEDICINE	.0904	.0954	1.0424	1.0551
	PROSTATE CANCER SCREENING	.0045	.0048	.0501	.0479
	SURGICAL	.0961	.0890	1.0289	1.0281
***** sum		1.3859	1.3551	14.8601	14.9065
sum		2.7401	2.6241	28.8433	28.3682

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**

**APRIL 2007**

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

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Reporting Category	Type of Service	Current Period	Current	12 Months Prior	12 Months Prior	Current Fiscal Yr	Previous Fiscal Yr
		PEIA Payments	Rolling Avg PEIA Payments	PEIA Payments	Rolling Avg PEIA Payments	PEIA Payments	PEIA Payments
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	15,348.36	25,169.02	24,066.30	22,412.15	241,473.20	235,702.84
	MEDICAL AND SURGICAL	1,098,730.28	1,138,205.73	1,025,324.06	1,087,721.28	11,177,682.61	10,572,516.50
*****							
SUM		1,114,078.64	1,163,374.74	1,049,390.36	1,110,133.44	11,419,155.81	10,808,219.34
*****							
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	8,357.03	9,158.30	7,524.51	6,143.48	91,238.52	63,324.87
	DIALYSIS	43,260.55	69,498.38	62,310.10	65,797.56	653,683.59	671,539.37
	EMERGENCY ROOM	44,472.22	43,744.44	33,910.10	41,324.09	434,296.35	400,708.65
	MEDICAL AND SURGICAL	853,290.54	919,171.16	752,359.67	925,523.24	9,019,330.25	9,192,435.58
*****							
SUM		949,380.34	1,041,572.28	856,104.38	1,038,788.37	10,198,548.71	10,328,008.47
*****							
PHARMACY	PRESCRIPTION DRUGS	6,543,245.58	6,637,202.89	6,086,612.96	6,187,404.00	65,924,021.59	61,447,668.65
*****							
SUM		6,543,245.58	6,637,202.89	6,086,612.96	6,187,404.00	65,924,021.59	61,447,668.65
*****							
PROFESSIONAL SERVICES	ADVANCED IMAGING	44,267.60	57,946.61	54,483.77	53,700.20	556,949.85	539,160.24
	AMBULANCE	99,239.59	112,008.79	111,812.83	95,454.87	1,109,104.75	980,525.06
	ANESTHESIA	34,689.17	35,715.73	23,862.98	38,720.63	350,708.78	384,460.65
	BEHAVIORAL	23,455.90	24,561.12	20,021.73	19,714.63	240,163.60	202,243.99
	CARDIOVASCULAR MEDICINE	59,931.85	66,746.07	62,869.79	66,264.52	643,891.38	651,940.19
	CERVICAL CANCER SCREENING	154.57	95.44	146.76	111.00	963.38	1,151.33
	DIALYSIS	2,560.19	1,831.13	1,267.47	6,974.93	18,801.27	59,557.96
	DME	128,619.25	148,664.96	135,281.05	148,773.14	1,491,273.05	1,551,315.05
	EVALUATION AND MANAGEMENT	701,097.45	659,582.71	615,802.81	630,782.57	6,596,304.69	6,256,979.37
	IMMUNIZATION	6,247.59	2,171.36	597.64	740.82	29,990.08	8,216.82
	INJECTION	122,989.70	142,493.17	105,805.11	120,410.03	1,393,819.30	1,174,537.13

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  
 APRIL 2007

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Reporting Category	Type of Service	Current Period PEIA Payments	Current Rolling Avg PEIA Payments	12 Months Prior PEIA Payments	12 Months Prior Rolling Avg PEIA Payments	Current Fiscal Yr PEIA Payments	Previous Fiscal Yr PEIA Payments
PROFESSIONAL SERVICES	LAB AND PATHOLOGY	32,332.65	32,522.96	26,424.48	29,991.27	323,627.76	299,291.99
	MAMMOGRAPHY	291.62	4,996.41	5,102.46	6,257.65	42,116.74	61,036.29
	OTHER	66,762.58	73,442.57	54,010.54	86,733.99	732,651.63	782,655.48
	OTHER IMAGING	118,308.53	123,515.44	103,488.91	116,764.06	1,228,203.03	1,150,838.56
	OTHER MEDICINE	71,180.75	76,391.91	66,851.55	56,928.08	713,513.71	582,506.82
	PHYSICAL MEDICINE	52,331.35	60,557.82	46,451.45	57,726.42	597,380.69	579,227.63
	PROSTATE CANCER SCREENING	236.96	436.07	111.50	191.55	4,241.15	1,851.65
	SURGICAL	264,857.24	287,811.99	261,267.24	278,195.84	2,831,198.90	2,794,161.55
***** sum		1,829,554.54	1,911,492.26	1,695,660.07	1,814,436.19	18,904,903.74	18,061,657.76
sum		10,436,259.10	10,753,642.18	9,687,767.77	10,150,762.00	106,446,629.85	100,645,554.22

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**

**APRIL 2007**

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

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Reporting Category	Type of Service	Current		12 Months Prior		Current Fiscal Yr PEIA Payments	Previous Fiscal Yr PEIA Payments
		Current Period PEIA Payments	Rolling Avg PEIA Payments	12 Months Prior PEIA Payments	Rolling Avg PEIA Payments		
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	.4247	.6852	.6501	.5977	6.6022	6.3007
	MEDICAL AND SURGICAL	30.4004	31.0066	27.6965	28.9793	305.6141	282.6196
*****							
sum		30.8250	31.6918	28.3466	29.5770	312.2163	288.9203
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.2312	.2495	.2033	.1638	2.4946	1.6928
	DIALYSIS	1.1970	1.8944	1.6831	1.7530	17.8727	17.9513
	EMERGENCY ROOM	1.2305	1.1921	.9160	1.1010	11.8743	10.7116
	MEDICAL AND SURGICAL	23.6094	25.0399	20.3231	24.6573	246.6016	245.7279
*****							
sum		26.2681	28.3759	23.1255	27.6750	278.8431	276.0835
PHARMACY	PRESCRIPTION DRUGS	181.0427	180.7921	164.4142	164.8989	1,802.4586	1,642.5905
*****							
sum		181.0427	180.7921	164.4142	164.8989	1,802.4586	1,642.5905
PROFESSIONAL SERVICES	ADVANCED IMAGING	1.2248	1.5785	1.4717	1.4312	15.2278	14.4126
	AMBULANCE	2.7458	3.0513	3.0203	2.5441	30.3245	26.2109
	ANESTHESIA	.9598	.9732	.6446	1.0318	9.5889	10.2772
	BEHAVIORAL	.6490	.6692	.5408	.5256	6.5664	5.4063
	CARDIOVASCULAR MEDICINE	1.6582	1.8184	1.6983	1.7662	17.6049	17.4274
	CERVICAL CANCER SCREENING	.0043	.0026	.0040	.0030	.0263	.0308
	DIALYSIS	.0708	.0499	.0342	.1856	.5141	1.5921
	DME	3.5587	4.0523	3.6543	3.9665	40.7736	41.4690
	EVALUATION AND MANAGEMENT	19.3984	17.9812	16.6343	16.8192	180.3526	167.2587
	IMMUNIZATION	.1729	.0593	.0161	.0197	.8200	.2196
	INJECTION	3.4030	3.8828	2.8581	3.2083	38.1090	31.3972

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  
 APRIL 2007

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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	LAB AND PATHOLOGY	.8946	.8863	.7138	.7993	8.8485	8.0005
	MAMMOGRAPHY	.0081	.1359	.1378	.1667	1.1515	1.6316
	OTHER	1.8472	2.0017	1.4590	2.3103	20.0318	20.9216
	OTHER IMAGING	3.2734	3.3653	2.7955	3.1115	33.5809	30.7637
	OTHER MEDICINE	1.9695	2.0813	1.8058	1.5183	19.5085	15.5713
	PHYSICAL MEDICINE	1.4479	1.6500	1.2548	1.9382	16.3333	15.4836
	PROSTATE CANCER SCREENING	.0066	.0118	.0030	.0051	.1160	.0495
	SURGICAL	7.3282	7.8412	7.0575	7.4145	77.4091	74.6922
*****							
sum		50.6213	52.0921	45.8039	48.3653	516.8876	482.8158
sum		288.7571	292.9519	261.6901	270.5163	2,910.4056	2,690.4102

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**

**APRIL 2007**

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

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Reporting Category	Type of Service	Current Period Encounters	12 Months Prior Encounters	Current Fiscal Yr Encounters	Previous Fiscal Yr Encounters
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	.0023	.0018	.0322	.0231
	MEDICAL AND SURGICAL	.0700	.0568	.6914	.5970
*****					
SUM		.0723	.0586	.7236	.6201
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.0076	.0072	.0750	.0517
	DIALYSIS	.0136	.0110	.1443	.1587
	EMERGENCY ROOM	.0345	.0326	.3705	.3679
	MEDICAL AND SURGICAL	.4392	.3553	4.3669	3.9430
*****					
SUM		.4949	.4062	4.9567	4.5212
PHARMACY	PRESCRIPTION DRUGS	1.9644	1.8278	20.3870	19.2117
*****					
SUM		1.9644	1.8278	20.3870	19.2117
PROFESSIONAL SERVICES	ADVANCED IMAGING	.0564	.0525	.5840	.5604
	AMBULANCE	.0381	.0402	.3978	.3716
	ANESTHESIA	.0411	.0290	.4361	.4459
	BEHAVIORAL	.0233	.0218	.2327	.2264
	CARDIOVASCULAR MEDICINE	.1304	.1353	1.3952	1.4038
	CERVICAL CANCER SCREENING	.0007	.0006	.0064	.0054
	DIALYSIS	.0046	.0025	.0327	.0655
	DME	.1238	.1402	1.3047	1.3986
	EVALUATION AND MANAGEMENT	1.0494	1.0625	11.0826	11.0826
	IMMUNIZATION	.0064	.0038	.1674	.1226
	INJECTION	.0637	.0587	.6673	.6172
	LAB AND PATHOLOGY	.1042	.0972	1.1858	1.0679
	MAMMOGRAPHY	.0014	.0190	.1630	.2210

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  
 APRIL 2007

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Reporting Category	Type of Service	Current Period Encounters	12 Months Prior Encounters	Current Fiscal Yr Encounters	Previous Fiscal Yr Encounters
PROFESSIONAL SERVICES	OTHER	.0752	.0683	.9675	1.0065
	OTHER IMAGING	.2672	.2496	2.6229	2.6075
	OTHER MEDICINE	.1388	.1340	1.4927	1.2369
	PHYSICAL MEDICINE	.1176	.1071	1.3274	1.3511
	PROSTATE CANCER SCREENING	.0020	.0010	.0208	.0128
	SURGICAL	.1947	.1959	2.1899	2.1321
***** sum		2.4390	2.4193	26.2770	25.9358
sum		4.9706	4.7119	52.3443	50.2888

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**

**APRIL 2007**

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

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Reporting Category	Type of Service	Current	Current	12 Months Prior	12 Months Prior	Current Fiscal Yr	Previous Fiscal Yr	
		Current Period PEIA Payments	Rolling Avg PEIA Payments	12 Months Prior PEIA Payments	Rolling Avg PEIA Payments	Current Fiscal Yr PEIA Payments	Previous Fiscal Yr PEIA Payments	
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	157,901.04	151,096.51	112,055.62	149,988.52	1,550,137.40	1,440,616.05	
	MATERNITY	168,607.81	154,400.51	120,858.16	140,131.43	1,549,104.44	1,378,700.84	
	MEDICAL AND SURGICAL	5,159,252.51	4,818,225.82	4,288,151.12	5,321,890.30	47,886,615.32	52,981,576.65	
	NEONATAL COMPLICATIONS	15,644.34	98,899.69	30,823.58	64,914.47	1,062,645.23	572,299.53	
*****								
SUM		5,501,405.70	5,222,622.52	4,551,888.48	5,676,924.71	52,048,502.39	56,373,193.07	
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	37,475.98	39,543.87	53,775.34	37,937.81	361,917.93	402,560.73	
	DIALYSIS	165,598.89	162,588.77	98,276.30	147,261.10	1,640,820.33	1,521,829.19	
	EMERGENCY ROOM	408,433.41	380,166.89	329,448.43	383,666.27	3,629,971.86	3,774,467.01	
	MATERNITY	39,925.05	44,238.29	39,964.41	38,212.74	417,285.28	398,027.22	
	MEDICAL AND SURGICAL	6,668,863.29	6,379,635.15	5,561,354.84	6,422,108.52	62,147,662.86	64,616,705.54	
*****								
SUM		7,320,296.62	7,006,172.97	6,082,819.32	7,029,186.46	68,197,658.26	70,713,589.69	
PHARMACY	PRESCRIPTION DRUGS	10,157,592.10	10,125,639.76	9,326,503.99	8,812,657.55	100,242,932.62	87,764,252.86	
*****								
SUM		10,157,592.10	10,125,639.76	9,326,503.99	8,812,657.55	100,242,932.62	87,764,252.86	
PROFESSIONAL SERVICES	ADVANCED IMAGING	450,567.30	466,573.22	458,341.44	447,358.16	4,524,539.50	4,526,270.92	
	AMBULANCE	173,205.81	164,099.31	181,695.67	154,903.69	1,547,860.25	1,583,105.03	
	ANESTHESIA	505,666.94	600,822.79	464,944.88	615,868.13	5,860,839.86	6,077,155.18	
	BEHAVIORAL	299,546.74	325,330.90	336,489.36	321,977.17	3,058,149.52	3,157,874.92	
	CARDIOVASCULAR MEDICINE	346,966.67	361,624.33	375,085.72	372,149.64	3,399,932.14	3,752,244.94	
	CERVICAL CANCER SCREENING	19,125.41	26,045.02	27,101.66	33,777.83	244,523.39	328,684.73	
	DIALYSIS	5,295.22	9,544.70	9,062.49	21,884.34	87,588.74	188,200.62	
	DME	277,945.04	307,074.52	254,809.00	326,113.68	2,906,890.13	3,273,419.04	

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

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

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	3,944,956.12	3,995,728.35	3,638,955.83	3,853,232.17	39,720,760.93	38,627,170.37
	IMMUNIZATION	514,058.13	190,037.98	127,148.81	145,377.86	2,411,356.03	1,591,131.70
	INJECTION	697,154.66	647,805.02	536,106.62	690,875.68	6,493,505.08	6,727,248.51
	LAB AND PATHOLOGY	675,242.12	606,310.01	703,988.67	565,270.56	5,654,233.43	5,680,929.40
	MAMMOGRAPHY	1,848.83	72,968.63	70,339.18	93,857.52	625,049.32	922,398.36
	OTHER	263,175.99	343,796.79	260,053.49	416,658.89	3,333,042.15	4,139,579.51
	OTHER IMAGING	787,163.52	807,837.09	774,069.13	726,349.09	7,697,678.57	7,333,871.65
	OTHER MEDICINE	494,331.07	625,968.01	824,532.87	585,432.13	5,946,585.35	5,837,388.68
	PHYSICAL MEDICINE	494,179.66	534,068.79	506,644.13	496,443.30	5,186,542.28	5,023,475.00
	PROSTATE CANCER SCREENING	14,008.44	16,324.96	17,743.85	14,116.08	145,939.13	148,304.74
	SURGICAL	2,179,839.00	2,346,064.39	2,024,300.55	2,309,566.93	22,789,459.30	23,171,820.07
***** sum		12,144,276.67	12,448,024.82	11,591,413.35	12,191,212.84	121,634,474.70	122,090,273.37
sum		35,123,571.09	34,802,460.08	31,552,625.14	33,709,981.56	342,123,567.97	336,941,308.99

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



# *Monthly Management Report*

**NON-MEDICARE ELIGIBLE**

**PER CAPITA CLAIMS**

**APRIL 2007**



WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
 MONTHLY MANAGEMENT REPORT - PER CAPITA CLAIMS - NON MEDICARE ELIGIBLE  
 APRIL 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	1.0438	1.0404	.7498	1.0408	10.3180	9.6993
	MATERNITY	1.1146	1.0632	.8087	.9725	10.3111	9.2825
	MEDICAL AND SURGICAL	34.1060	33.1706	28.6921	36.9298	318.7426	356.7122
	NEONATAL COMPLICATIONS	.1034	.6811	.2062	.4502	7.0732	3.8532
*****							
sum		36.3679	35.9553	30.4568	39.3933	346.4449	379.5472
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.2477	.2723	.3598	.2633	2.4090	2.7103
	DIALYSIS	1.0947	1.1194	.6576	1.0214	10.9216	10.2461
	EMERGENCY ROOM	2.7000	2.6174	2.2043	2.6621	24.1618	25.4126
	MATERNITY	.2639	.3046	.2674	.2651	2.7775	2.6798
	MEDICAL AND SURGICAL	44.0855	43.9218	37.2111	44.5596	413.6669	435.0488
*****							
sum		48.3919	48.2354	40.7003	48.7715	453.9369	476.0976
PHARMACY	PRESCRIPTION DRUGS	67.1483	69.7145	62.4038	61.1313	667.2364	590.8956
*****							
sum		67.1483	69.7145	62.4038	61.1313	667.2364	590.8956
PROFESSIONAL SERVICES	ADVANCED IMAGING	2.9785	3.2121	3.0668	3.1034	30.1162	30.4743
	AMBULANCE	1.1450	1.1299	1.2157	1.0749	10.3029	10.6587
	ANESTHESIA	3.3428	4.1364	3.1110	4.2735	39.0109	40.9160
	BEHAVIORAL	1.9802	2.2394	2.2515	2.2334	20.3556	21.2612
	CARDIOVASCULAR MEDICINE	2.2937	2.4896	2.5097	2.5817	22.6306	25.2630
	CERVICAL CANCER SCREENING	.1264	.1794	.1813	.2344	1.6276	2.2130
	DIALYSIS	.0350	.0657	.0606	.1519	.5830	1.2671
	DME	1.8374	2.1142	1.7049	2.2630	19.3488	22.0391

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  
 APRIL 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	26.0787	27.5069	24.3483	26.7334	264.3891	260.0675
	IMMUNIZATION	3.3983	1.3083	.8508	1.0081	16.0505	10.7127
	INJECTION	4.6086	4.4600	3.5871	4.7937	43.2220	45.2929
	LAB AND PATHOLOGY	4.4638	4.1737	4.7104	3.9211	37.6357	38.2483
	MAMMOGRAPHY	.0122	.5028	.4706	.6513	4.1604	6.2103
	OTHER	1.7398	2.3670	1.7400	2.8918	22.1854	27.8708
	OTHER IMAGING	5.2037	5.5608	5.1793	5.0392	51.2372	49.3772
	OTHER MEDICINE	3.2679	4.3097	5.5170	4.0624	39.5816	39.3017
	PHYSICAL MEDICINE	3.2668	3.6764	3.3900	3.4441	34.5226	33.8219
	PROSTATE CANCER SCREENING	.0926	.1124	.1187	.0979	.9714	.9985
	SURGICAL	14.4102	16.1520	13.5446	16.0263	151.6911	156.0103
*****							
sum		80.2816	85.6968	77.5584	84.5856	809.6227	822.0045
sum		232.1897	239.6021	211.1193	233.8817	2,277.2409	2,268.5449

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**

**APRIL 2007**

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
 MONTHLY MANAGEMENT REPORT - PER CAPITA UTILIZATION - NON MEDICARE ELIGIBLE  
 APRIL 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	.0004	.0005	.0057	.0056
	MATERNITY	.0008	.0007	.0076	.0078
	MEDICAL AND SURGICAL	.0076	.0066	.0784	.0816
	NEONATAL COMPLICATIONS	.0001	.0002	.0022	.0027
***** sum		.0090	.0080	.0940	.0977
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.0025	.0034	.0284	.0328
	DIALYSIS	.0052	.0027	.0370	.0342
	EMERGENCY ROOM	.0227	.0206	.2234	.2310
	MATERNITY	.0021	.0020	.0192	.0183
	MEDICAL AND SURGICAL	.1960	.1667	1.9032	1.9947
***** sum		.2286	.1955	2.2112	2.3110
PHARMACY	PRESCRIPTION DRUGS	.8354	.8121	8.7364	8.3101
***** sum		.8354	.8121	8.7364	8.3101
PROFESSIONAL SERVICES	ADVANCED IMAGING	.0195	.0188	.2024	.2069
	AMBULANCE	.0036	.0030	.0335	.0345
	ANESTHESIA	.0146	.0145	.1740	.1835
	BEHAVIORAL	.0339	.0349	.3707	.3791
	CARDIOVASCULAR MEDICINE	.0275	.0300	.3041	.3303
	CERVICAL CANCER SCREENING	.0056	.0078	.0717	.0950
	DIALYSIS	.0005	.0006	.0074	.0097
	DME	.0188	.0174	.2099	.2263
	EVALUATION AND MANAGEMENT	.4471	.4374	4.6836	4.7496
	IMMUNIZATION	.0304	.0095	.3018	.2320

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

WEST VIRGINIA PUBLIC EMPLOYERS INSURANCE AGENCY  
 MONTHLY MANAGEMENT REPORT - PER CAPITA UTILIZATION - NON MEDICARE ELIGIBLE  
 APRIL 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	.0253	.0215	.2458	.2264
	LAB AND PATHOLOGY	.1559	.1490	1.5439	1.4868
	MAMMOGRAPHY	.0005	.0109	.0996	.1487
	OTHER	.0215	.0191	.3163	.2688
	OTHER IMAGING	.0986	.0903	1.0015	1.0349
	OTHER MEDICINE	.0696	.0662	.7389	.7299
	PHYSICAL MEDICINE	.0839	.0925	.9730	.9805
	PROSTATE CANCER SCREENING	.0051	.0057	.0573	.0568
	SURGICAL	.0726	.0626	.7463	.7502
***** sum		1.1343	1.0915	12.0815	12.1299
sum		2.2073	2.1070	23.1231	22.8486

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

29 rows selected.



# *Prescription Drug Report*

*APRIL 2007*

WV PEIA - Monthly Trend

Plan Demographics	Jan-07	Feb-07	Mar-07	Apr-07	2006 - 2007 Fiscal	2005 - 2006 Fiscal	Percent
Total Drug Cost	\$22,164,637	\$19,957,991	\$22,683,489	\$21,224,064	\$209,322,136	\$184,016,668	7.59%
Amount Paid By Plan Sponsor	\$16,211,614	\$16,461,261	\$16,781,112	\$17,633,818	\$166,476,422	\$160,406,490	10.68%
Amount Paid By Members	\$3,953,123	\$3,506,730	\$3,902,377	\$3,590,236	\$42,845,716	\$43,610,069	-1.75%
Total Claims	332,626	296,282	334,269	311,961	3,062,443	2,960,228	4.47%
Average Eligible Member	187,692	187,731	187,988	188,096	167,646	188,816	0.66%
Average # of Rx's Per Member Per Month	1.77	1.58	1.78	1.66	1.65	1.58	3.89%
Plan Paid Per Member Per Month (PMPM)	\$97.09	\$87.63	\$99.91	\$93.76	\$88.62	\$90.51	10.08%
Average Eligible Enrollees	97,208	97,283	97,326	97,367	96,991	96,860	1.09%
Average # of Rx's Per Enrollee Per Month	3.42	3.06	3.43	3.20	3.18	3.09	3.94%
Plan Paid Per Enrollee Per Month (PEPM)	\$187.35	\$168.16	\$182.87	\$181.11	\$171.64	\$168.76	9.50%
Rx Cost Share							
Avg. Claim Cost to Plan	\$54.77	\$56.83	\$56.19	\$56.83	\$53.83	\$50.81	5.85%
Avg. Member Cost/Claim	\$11.89	\$11.84	\$11.67	\$11.51	\$12.85	\$14.73	-5.86%
Percent Member Cost Share	17.6%	17.6%	17.2%	16.9%	20.5%	22.5%	-9.94%
Average Ingredient Costs							
Single Source (no generics available)	\$138.28	\$141.66	\$143.05	\$144.38	\$136.72	\$122.82	11.31%
Multi-Source Brand (generics available)	\$39.61	\$39.88	\$42.56	\$37.71	\$36.11	\$39.20	17.80%
Generic Drugs	\$24.06	\$23.10	\$23.52	\$23.44	\$26.06	\$19.88	28.09%
Brand/Generic Dispensing Rates							
Single Source (no generics)	35.32%	35.42%	35.17%	35.03%	36.13%	42.12%	-14.20%
Multi-Source Brand (generic available)	1.16%	1.18%	1.23%	1.17%	1.25%	1.38%	-9.26%
Generic Drug	63.50%	63.40%	63.60%	63.80%	62.62%	56.51%	10.81%
Generics Dispensed when available	98.18%	98.16%	98.10%	98.20%	98.08%	97.62%	0.43%
Percent of Plan Cost for Single Source	76.28%	77.64%	77.26%	77.47%	76.13%	82.70%	-7.86%
Retail Pharmacy Program							
Avg. Day Supply	33.4	33.7	33.6	33.6	33.9	33.5	1.23%
Avg. Plan Cost/Day Supply	\$1.63	\$1.63	\$1.66	\$1.66	\$1.67	\$1.60	4.70%
Avg. Claim Cost to Plan	\$54.31	\$55.06	\$55.70	\$56.03	\$53.36	\$50.30	6.08%
Avg. Member Cost / Claim	\$11.82	\$11.77	\$11.61	\$11.44	\$12.77	\$14.64	-5.93%
Percent Member Cost Share	17.88%	17.61%	17.26%	16.85%	20.52%	22.54%	-9.00%
Special Maint Netals (% of claims filed)	12.54%	12.74%	12.44%	12.97%	12.75%	11.94%	6.81%
Other Maint (% of claims filed)	1.48%	1.67%	1.61%	1.07%	1.62%	1.78%	-14.21%
Avg. Days Supply for Maint Networks	87.9	66.0	66.0	66.0	67.9	87.9	0.01%
Total # Claims Fills 1-34 Days Supply	288,093	251,315	284,841	285,395	2,624,061	2,626,637	3.73%
Total # Claims Fills 35-60 Day Supply	2,359	2,087	2,300	2,106	22,551	21,339	4.66%
Total # Claims Fills 61-90 Day Supply	43,767	39,620	43,984	41,208	411,100	380,691	6.04%
Total # Claims Fills 91+ Day Supply	64	46	44	44	426	398	26.74%
Mail Service Program							
Avg. Days Supply	73.5	74.1	74.2	74.1	74.1	74.3	-0.29%
Avg. Plan Cost/Day Supply	\$1.39	\$1.39	\$1.48	\$1.42	\$1.57	\$1.39	-1.67%
Avg. Cost to Plan	\$102.08	\$102.66	\$108.06	\$105.65	\$101.19	\$109.63	-2.26%
Avg. Member Cost/Claim	\$16.51	\$16.89	\$18.02	\$18.78	\$22.12	\$24.27	-8.87%
Percent Member Cost Share	16.36%	16.50%	14.26%	16.06%	17.64%	18.89%	-8.65%
Total # Claims Fills 1-34 Days Supply	893	778	826	857	8172	7458	8.57%
Total # Claims Fills 35-60 Days Supply	10	18	7	7	61	72	26.39%
Total # Claims Fills 61-90 Days Supply	2,309	2,122	2,267	2,274	22,263	20,693	7.69%
Total # Claims Fills 91+ Day Supply							
Formulary Program							
S/S Formulary Drugs (% by claim)	24.66%	24.77%	24.80%	25.07%	24.63%	28.71%	-14.22%
S/S Non-Formulary Drugs (% by claim)	10.76%	10.65%	10.37%	9.96%	11.50%	13.40%	-14.18%
M/S Drugs (% by claim)	0.02%	0.02%	0.03%	0.02%	0.04%	0.02%	104.53%
Generic Drugs (% by claim)	63.50%	63.40%	63.60%	63.80%	62.62%	56.51%	10.81%
S/S Formulary Drugs (% by \$)	69.73%	60.70%	61.00%	61.71%	59.07%	63.78%	-7.39%
S/S Non-Formulary Drugs (% by \$)	16.52%	16.93%	16.26%	16.76%	17.06%	18.91%	-9.62%
M/S Drugs (% by \$)	0.07%	0.10%	0.06%	0.05%	0.08%	0.02%	273.36%
Generic Drugs (% by \$)	23.40%	22.00%	22.34%	22.23%	23.81%	17.01%	39.23%
Specialty Drugs							
Total Drug Cost	\$1,611,838	\$1,483,451	\$1,758,906	\$1,629,266	\$16,372,238	\$13,226,021	16.23%
Amount Paid by Plan Sponsor	\$1,462,784	\$1,447,767	\$1,708,460	\$1,678,413	\$14,801,782	\$12,706,373	16.40%
Amount Paid by Members	\$49,051	\$45,674	\$63,445	\$49,873	\$67,045	\$619,648	9.78%
Total Claims	1,002	838	1,092	1,015	10,676	11,303	-6.69%
Avg # of Rx's per Member per Month	0.01	0.00	0.01	0.01	0.01	0.01	-5.04%
Plan Paid Per Member Per Month (PMPM)	\$7.80	\$7.71	\$9.07	\$6.40	\$7.88	\$6.80	16.66%
Avg Claim Cost to Plan	\$1,459.88	\$1,545.44	\$1,561.78	\$1,566.07	\$1,366.06	\$1,124.16	23.90%
Avg Claim Cost to Member	\$48.85	\$45.85	\$48.94	\$49.14	\$53.42	\$45.97	16.20%
Percent of Member Cost Share	3.24%	3.06%	3.04%	3.06%	3.71%	3.93%	-5.64%
Percent of Overall Drug Cost	6.82%	7.48%	7.78%	7.68%	7.94%	6.81%	7.76%

WV PEIA - Monthly Trend

Plan Demographics	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
Total Drug Cost	\$18,456,108	\$20,746,030	\$20,286,082	\$21,217,166	\$20,877,334	\$21,698,218
Amount Paid By Plan Sponsor	\$11,154,067	\$15,960,688	\$16,210,412	\$17,207,137	\$17,120,263	\$17,748,223
Amount Paid By Members	\$7,302,041	\$4,784,438	\$4,075,680	\$4,010,049	\$3,657,061	\$3,851,995
Total Claims	274,631	302,836	296,866	313,685	310,556	316,641
Average Eligible Member	187,147	187,079	188,336	188,420	188,664	187,429
Average # of Rx's Per Member Per Month	1.47	1.62	1.56	1.66	1.65	1.69
Plan Paid Per Member Per Month (PMPM)	\$59.60	\$86.21	\$86.07	\$91.32	\$90.76	\$94.68
Average Eligible Enrollees	96,213	96,166	96,829	97,003	97,240	97,265
Average # of Rx's Per Enrollee Per Month	2.66	3.15	3.08	3.23	3.18	3.26
Plan Paid Per Enrollee Per Month (PEPM)	\$116.93	\$165.98	\$167.31	\$177.38	\$176.06	\$182.47
<b>Rx Cost Share</b>						
Avg. Claim Cost to Plan	\$40.61	\$52.69	\$54.24	\$54.87	\$56.13	\$56.01
Avg. Member Cost/Claim	\$26.69	\$16.78	\$13.68	\$12.78	\$12.42	\$12.18
Percent member Cost Share	39.6%	23.1%	20.1%	18.6%	16.4%	17.8%
<b>Average Ingredient Costs</b>						
Single Source (no generics available)	\$131.88	\$133.45	\$132.92	\$132.48	\$133.16	\$135.80
Multi-Source Brand (generics available)	\$35.01	\$50.89	\$36.12	\$34.88	\$36.49	\$35.41
Generic Drugs	\$23.62	\$26.96	\$26.89	\$26.62	\$26.65	\$26.76
<b>Brand/Generic Dispensing Rates</b>						
Single Source (no generics)	38.2%	37.23%	36.68%	36.5%	36.30%	35.96%
Multi-Source Brand % (generics available)	1.4%	1.48%	1.23%	1.2%	1.23%	1.23%
Generic Drug	60.4%	61.28%	62.20%	62.3%	62.47%	62.81%
Generics Dispensed when available	97.5%	97.54%	98.06%	98.1%	98.08%	98.08%
Percent of Plan Cost for Single Source	81.7%	76.18%	74.47%	74.1%	73.98%	74.04%
<b>Retail Pharmacy Program</b>						
Avg. Day Supply	34.3	34.7	34.2	34.0	33.8	33.7
Avg. Plan Cost/Day Supply	\$1.17	\$1.51	\$1.58	\$1.50	\$1.51	\$1.66
Avg. Claim Cost to Plan	\$40.20	\$52.21	\$53.62	\$54.38	\$54.63	\$56.60
Avg. Member Cost / Claim	\$26.45	\$16.67	\$13.69	\$12.71	\$12.36	\$12.10
Percent Member Cost Share	39.7%	23.08%	20.16%	18.6%	16.44%	17.89%
Special Mail Network (% of claims filled)	12.8%	13.19%	12.80%	12.8%	12.84%	12.73%
Other Mail (% of claims filled)	1.7%	1.75%	1.60%	1.6%	1.51%	1.56%
Avg. Days Supply for Mail Networks	87.9	87.9	87.9	87.9	87.9	88.0
Total # Claims Fills 1-34 Days Supply	232,143	256,177	283,026	266,660	263,238	268,664
Total # Claims Fills 35-60 Day Supply	2,064	2,301	2,261	2,290	2,276	2,246
Total # Claims Fills 61-90 Day Supply	36,676	42,247	40,701	42,240	41,631	42,567
Total # Claims Fills 91+ Day Supply	30	42	28	38	41	48
<b>Mail Service Program</b>						
Avg. Days Supply	73.6	75.2	73.1	74.4	74.7	73.7
Avg. Plan Cost/Days Supply	\$1.10	\$1.30	\$1.32	\$1.39	\$1.39	\$1.48
Avg. Cost to Plan	\$80.84	\$51.98	\$96.61	\$103.91	\$103.67	\$108.97
Avg. Member Cost/Claim	\$39.84	\$27.94	\$22.49	\$20.06	\$16.45	\$18.59
Percent Member Cost Share	33.0%	22.16%	16.88%	16.3%	16.80%	14.57%
Total # Claims Fill 1-34 Days Supply	767	786	821	828	818	821
Total # Claims Fills 35-60 Days Supply	8	13	8	5	6	7
Total # Claims Fills 61-90 Days Supply	2,064	2,368	2,050	2,304	2,345	2,168
Total # Claims Fills 91+ Day Supply						
<b>Formulary Program</b>						
B/S Formulary Drugs (% by claim)	25.2%	24.76%	24.41%	24.4%	24.21%	24.13%
B/S Non-Formulary Drugs (% by claim)	13.0%	12.45%	12.16%	12.1%	12.09%	11.63%
M/S Drugs (% by claim)	0.1%	0.16%	0.01%	0.0%	0.01%	0.01%
Generic Drugs (% by Claim)	60.4%	61.28%	62.20%	62.3%	62.47%	62.81%
B/S Formulary Drugs (% by \$)	63.6%	55.21%	57.16%	56.7%	56.36%	56.81%
B/S non-Formulary Drugs (% by \$)	18.1%	17.88%	17.31%	17.5%	17.63%	17.12%
M/S Drugs (% by \$)	0.0%	0.45%	0.02%	0.0%	0.01%	0.01%
Generic Drugs (% by \$)	18.0%	23.03%	25.26%	26.6%	26.69%	26.67%
<b>Specialty Drugs</b>						
Total Drug Cost	\$1,564,512	\$1,670,302	\$1,536,438	\$1,479,126	\$1,462,469	\$1,668,906
Amount Paid by Plan Sponsor	\$1,279,356	\$1,609,284	\$1,478,197	\$1,423,380	\$1,407,886	\$1,608,086
Amount Paid by Members	\$285,156	\$61,018	\$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)	\$6.64	\$6.07	\$7.88	\$7.65	\$7.46	\$8.05
Avg Claim Cost to Plan	\$1,251.82	\$1,326.10	\$1,306.63	\$1,301.09	\$1,285.30	\$1,268.66
Avg Claim Cost to Member	\$83.32	\$53.67	\$51.46	\$50.65	\$50.12	\$49.78
Percent of Member Cost Share	6.24%	5.89%	3.79%	3.77%	3.73%	3.69%
Percent of Overall Drug Cost	7.39%	7.57%	7.57%	6.87%	6.97%	7.26%



**Utilization Report by Population Level**  
**Prescriptions Filled From 04/2007 - 04/2007**  
**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)	188,098	96.959	312,837	\$17,889,829	\$11.53	\$56.55	1.0 %	63.8 %	88.2 %	88.2 %	\$94.05
<b>Grand Total</b>	<b>188,098</b>		<b>312,837</b>	<b>\$17,889,829</b>	<b>\$11.53</b>	<b>\$56.55</b>	<b>1.0 %</b>	<b>63.8 %</b>	<b>88.2 %</b>	<b>88.2 %</b>	<b>\$94.05</b>

**Utilization Report by Population Level**  
**Prescriptions Filled From 04/2007 - 04/2007**  
**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)	164,755	85,858	277,707	\$15,816,483.49	\$11.57	\$58.95	1.0 %	63.6 %	88.1 %	98.2 %	\$88.00
NON STATE (2000)	22,956	10,895	34,408	\$1,815,828.44	\$11.15	\$52.77	1.0 %	65.8 %	88.0 %	98.5 %	\$79.10
COBRA (3000)	385	206	722	\$57,317.05	\$11.52	\$79.39	0.7 %	60.8 %	89.2 %	98.2 %	\$148.88
<b>Grand Total</b>	<b>188,098</b>		<b>312,837</b>	<b>\$17,689,629</b>	<b>\$11.93</b>	<b>\$58.55</b>	<b>1.0 %</b>	<b>63.8 %</b>	<b>88.2 %</b>	<b>98.2 %</b>	<b>\$84.05</b>

**Utilization Report by Population Level**  
**Prescriptions Filled From 04/2007 - 04/2007**  
**WV Public Employees Ins - w/o AccessWV**



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**WV PUBLIC EMPLOYEES INSURANCE (WVA)**

Reporting Level 2	Avg Mbr Count	Avg Util Mbr/Mnth	Rx Count	Plan Cost	Member Contr/Rx	Plan Cost/Rx	Mail % Rxs	Gen % Rxs	Form % Rxs	Gen Conv %	PMPM Plan Cost
STATE AGENCIES (01)	117,259	52,016	141,634	\$7,887,717.41	\$11.84	\$55.69	0.8 %	63.4 %	87.7 %	98.3 %	\$67.27
STATE RETIREES (07)	37,613	27,608	109,158	\$6,406,574.09	\$12.21	\$58.69	1.2 %	63.1 %	88.1 %	98.0 %	\$170.33
NON STATE AGENCIES (02)	17,184	7,464	21,168	\$1,084,876.25	\$11.25	\$51.72	0.9 %	65.6 %	88.9 %	98.6 %	\$63.71
STATE RETIREES ASST 60 (0760)	4,257	3,377	16,041	\$948,815.31	\$6.52	\$59.15	0.9 %	65.4 %	89.7 %	98.3 %	\$222.88
NON STATE RETIREES (08)	2,641	1,936	8,103	\$459,245.98	\$11.81	\$56.68	1.3 %	63.4 %	88.2 %	98.0 %	\$173.89
STATE RETIREES ASST 40 (0740)	2,223	1,788	7,981	\$441,161.34	\$7.75	\$55.28	0.9 %	67.1 %	90.8 %	98.3 %	\$198.45
NON STATE RETIREES 60 (0860)	603	462	2,173	\$131,359.98	\$6.51	\$80.45	1.6 %	65.3 %	90.2 %	98.7 %	\$217.84
NON STATE AGENCIES PLAN B (02B)	2,207	786	1,941	\$75,508.55	\$14.30	\$38.90	0.5 %	73.3 %	90.8 %	99.2 %	\$34.21
STATE RETIREES ASST 20 (0720)	410	313	1,402	\$74,438.23	\$9.19	\$63.09	1.4 %	66.9 %	89.7 %	97.1 %	\$181.55
STATE AGENCIES (01B)	2,993	756	1,491	\$57,779.11	\$16.45	\$38.75	1.4 %	70.3 %	90.0 %	99.3 %	\$19.30
COBRA (COBRA)	385	206	722	\$57,317.05	\$11.52	\$79.39	0.7 %	60.8 %	89.2 %	98.2 %	\$148.88
NON STATE RETIREES 40 (0840)	259	203	871	\$45,133.29	\$7.60	\$51.82	2.2 %	67.7 %	92.1 %	99.0 %	\$174.26
NON STATE RETIREES 20 (0820)	62	44	152	\$9,704.39	\$8.14	\$63.84	0.0 %	70.4 %	91.4 %	97.3 %	\$156.52
<b>Grand Total</b>	<b>188,096</b>		<b>312,837</b>	<b>\$17,689,629</b>	<b>\$11.53</b>	<b>\$58.55</b>	<b>1.0 %</b>	<b>63.8 %</b>	<b>88.2 %</b>	<b>98.2 %</b>	<b>\$94.05</b>



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

**Current Period: 04/2007 - 04/2007**  
**Previous Period: 04/2006 - 04/2006**

	Current Period	Previous Period	% Change
<b>Overall Performance</b>			
Plan Cost PMPM	\$94.05	\$85.77	9.6 %
Average Mbrs/Month	188,096	187,274	0.4 %
Average Subs/Month	97,367	96,202	1.2 %
% Utilizing Members	51.5 %	50.4 %	2.2 %
% Retail Utilizing Members	51.2 %	50.1 %	2.2 %
% Mail Utilizing Members	0.7 %	0.7 %	2.2 %
<b>Rx Measures</b>			
Rxs PMPM	1.66	1.57	6.2 %
Retail Rxs PMPM	1.65	1.55	6.2 %
Mail Rxs PMPM	0.02	0.02	4.4 %
Average Admin Fee/Rx	\$0.00	\$0.00	-96.4 %
Avg Retail Admin Fee/Rx	\$0.00	\$0.00	-96.4 %
Avg Mail Admin Fee/Rx	\$0.00	\$0.00	0.0 %
Average Plan Cost/Rx	\$56.55	\$54.78	3.2 %
Avg Retail Plan Cost/Rx	\$56.05	\$54.23	3.4 %
Avg Mail Plan Cost/Rx	\$105.54	\$108.36	-2.6 %
Average Mbr Contrib/Rx	\$11.53	\$12.72	-9.4 %
Avg Retail Mbr Contrib/Rx	\$11.45	\$12.64	-9.4 %
Avg Mail Mbr Contrib/Rx	\$18.78	\$20.21	-7.1 %
Average Ing Cost/Rx	\$66.00	\$65.37	1.0 %
Avg Retail Ing Cost/Rx	\$65.43	\$64.74	1.1 %
Avg Mail Ing Cost/Rx	\$122.82	\$127.07	-3.4 %
Average AWP/Rx	\$103.52	\$97.35	6.3 %
Avg Retail AWP/Rx	\$102.57	\$96.41	6.4 %
Avg Mail AWP/Rx	\$198.84	\$189.08	5.2 %
Average Days Supply/Rx	34.2	34.2	0.2 %
Avg Retail Days/Rx	33.8	33.7	0.3 %
Avg Mail Days/Rx	74.1	74.5	-0.5 %
Average Plan Cost/Day	\$1.65	\$1.60	3.0 %
Avg Retail Plan Cost/Day	\$1.66	\$1.61	3.1 %
Avg Mail Plan Cost/Day	\$1.42	\$1.45	-2.1 %
% Plan Cost	83.1 %	81.2 %	2.4 %
% Member Contribution	16.9 %	18.8 %	-10.1 %
% Retail Plan Cost	83.0 %	81.1 %	2.4 %
% Retail Mbr Contrib	17.0 %	18.9 %	-10.2 %
% Mail Plan Cost	84.9 %	84.3 %	0.7 %
% Mail Member Contrib	15.1 %	15.7 %	-3.9 %



**Key Performance Indicators**

**Comprehensive Indicators**

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

**Current Period: 04/2007 - 04/2007**  
**Previous Period: 04/2006 - 04/2006**

	Current Period	Previous Period	% Change
<b>Rx Sources</b>			
% Mail Rxs	1.0 %	1.0 %	-1.7 %
% Retail Rxs	99.0 %	98.9 %	0.1 %
% Member Submit Rxs	0.0 %	0.1 %	-96.4 %
<b>Rx Types</b>			
Avg SSB Plan Cost/Rx	\$124.97	\$110.36	13.2 %
Avg Retail SSB Plan Cost/Rx	\$124.08	\$109.37	13.4 %
Avg Mail SSB Plan Cost/Rx	\$198.33	\$190.32	4.2 %
Avg MSB Plan Cost/Rx	\$14.52	\$11.52	26.0 %
Avg Retail MSB Plan Cost/Rx	\$14.52	\$11.42	27.1 %
Avg Mail MSB Plan Cost/Rx	\$14.01	\$24.47	-42.7 %
Avg GEN Plan Cost/Rx	\$19.71	\$16.81	17.2 %
Avg Retail GEN Plan Cost/Rx	\$19.55	\$16.69	17.1 %
Avg Mail GEN Plan Cost/Rx	\$37.06	\$30.07	23.3 %
% Single-Source Brand Rxs	35.1 %	40.7 %	-13.8 %
% Multi-Source Brand Rxs	1.2 %	1.3 %	-11.2 %
% Generic Rxs	63.8 %	58.0 %	9.9 %
% Retail Single-Source Brand	35.0 %	40.6 %	-13.8 %
% Retail Multi-Source Brand	1.2 %	1.3 %	-11.3 %
% Retail Generic	63.9 %	58.1 %	9.9 %
% Mail Single-Source Brand	42.6 %	48.9 %	-12.9 %
% Mail Multi-Source Brand	1.0 %	1.0 %	-1.4 %
% Mail Generic	56.4 %	50.1 %	12.6 %
% Formulary Rxs	88.2 %	84.1 %	4.9 %
% Retail Formulary Rxs	88.2 %	84.1 %	4.9 %
% Mail Formulary Rxs	86.7 %	83.7 %	3.7 %
% DAW Rxs	0.8 %	0.8 %	-2.5 %
% Retail DAW Rxs	0.8 %	0.8 %	-3.2 %
% Mail DAW Rxs	1.6 %	1.0 %	64.4 %
% Generic Conversion	98.2 %	97.8 %	0.4 %
% Retail GEN Conversion	98.2 %	97.8 %	0.4 %
% Mail GEN Conversion	98.3 %	98.1 %	0.2 %
<b>Period Totals</b>			
Total Plan Cost	\$17,689,628.98	\$16,063,019.64	10.1 %
Retail Plan Cost	\$17,360,871.47	\$15,741,191.31	10.3 %
Mail Plan Cost	\$328,757.51	\$321,828.33	2.2 %
Total Member Contribution	\$3,605,470.99	\$3,728,603.86	-3.3 %
Retail Member Contrib	\$3,546,979.40	\$3,668,578.36	-3.3 %



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

Current Period: 04/2007 - 04/2007  
 Previous Period: 04/2006 - 04/2006

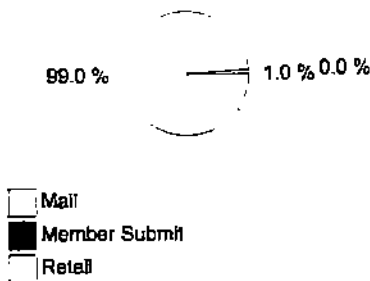
	Current Period	Previous Period	% Change
<b>Mail Member Contrib</b>	<b>\$58,491.59</b>	<b>\$60,025.50</b>	<b>-2.6 %</b>
<b>Total Rx Count</b>	<b>312,837</b>	<b>293,236</b>	<b>6.7 %</b>
Retail Rx Count	309,712	290,006	6.8 %
Member Submit Rxs	10	260	96.2 %
Mail Rx Count	3,115	2,970	4.9 %
<b>Total Admin Fee</b>	<b>\$15.00</b>	<b>\$388.50</b>	<b>96.1 %</b>
<b>Total UC Savings</b>	<b>\$10,235,462.22</b>	<b>\$9,028,289.09</b>	<b>13.4 %</b>
<b>Total Lost Savings</b>	<b>\$16,683.61</b>	<b>\$15,299.38</b>	<b>9.0 %</b>

**Demographics**

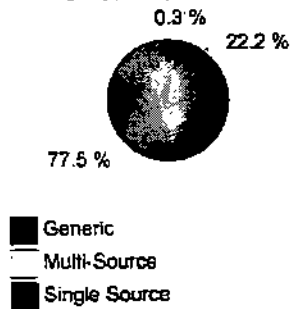
Average Age	45.6	45.3	0.7 %
% Male Members	45.2 %	45.1 %	0.2 %
% Female Members	54.8 %	54.9 %	-0.1 %

**Graphs based on Current Period: 04/2007 - 04/2007**

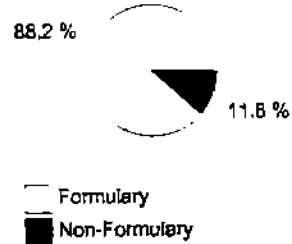
Claim Source by Rx Count



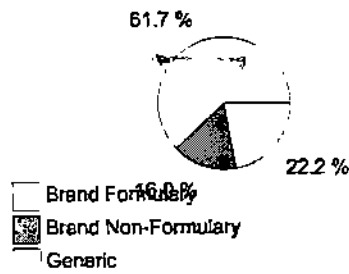
Drug Type by Plan Cost



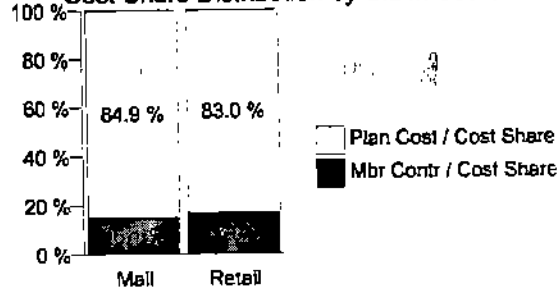
Formulary Status by Rx Count



Drug Formulary Status by Plan Cost



Cost Share Distribution by Claim Source





# *Financials*

APRIL 2007

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

Balance Sheets

April 30, 2007 and 2006  
Accrual Basis  
(Unaudited-For Internal Use Only)

DRAFT

Assets	April 2007	April 2006	Increase <Decrease>
Cash and cash equivalents	\$ 147,272,412	\$ 101,256,755	\$ 46,018,657
Deposits with third-party administrators	820,472	535,703	284,769
Premium accounts receivable-net of allowance for doubtful accounts	29,192,451	24,193,928	4,998,525
Other accounts receivable	15,683,706	8,525,537	7,158,169
<b>Total current assets</b>	<b>192,969,041</b>	<b>134,510,921</b>	<b>58,458,120</b>
Investments	171,423,975	155,811,387	15,812,588
Furniture and equipment, net of accumulated depreciation	298,909	186,556	132,353
Restricted cash-premium stabilization life insurance	3,942,867	3,942,703	164
Restricted cash-new computer system	3,484,988	3,833,000	(348,012)
<b>Total assets</b>	<b>\$ 372,119,780</b>	<b>\$ 298,064,567</b>	<b>\$ 74,055,213</b>
<b>Liabilities and Retained Earnings</b>			
Claims payable	\$ 53,340,000	\$ 54,262,000	\$ (922,000)
Current claims payable	11,780,719	11,188,469	592,250
Unearned revenue	7,332,503	3,756,696	3,576,807
Accounts payable	13,471,900	12,185,920	1,305,980
Other accrued liabilities	1,188,634	985,001	203,633
Due to over-reserve fund	27,679,595		27,679,595
<b>Total liabilities</b>	<b>114,793,351</b>	<b>82,357,086</b>	<b>32,436,265</b>
Retained earnings	257,326,429	215,707,481	41,618,948
<b>Total liabilities and retained earnings</b>	<b>\$ 372,119,780</b>	<b>\$ 298,064,567</b>	<b>\$ 74,055,213</b>

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



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

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

April 30, 2007 and 2006

Accrual Basis  
(Unaudited-For Internal Use Only)

DRAFT

	Budgeted Ten Months Ended 30-Apr-07	Actual Ten Months Ended 30-Apr-07	Budget Variance Percent	Actual Ten Months Ended 30-Apr-06	This Year vs Last Year Increase <Decrease>	This Year vs Last Year Variance Percent
<b>Operating Revenue</b>						
<b>Premiums</b>						
Employer Premiums-State	\$ 343,263,825	\$ 343,544,702	0.08%	\$ 343,187,675	\$ 357,027	0.10%
Employee Premiums-State	80,058,519	79,968,832	-0.11%	68,527,442	11,441,390	16.70%
Local Premiums	59,798,099	60,595,257	1.33%	57,585,595	3,009,662	5.23%
Retiree Premiums	55,368,139	55,117,800	-0.45%	46,269,286	8,848,514	19.12%
Basic Life Insurance	5,103,939	5,142,011	0.75%	5,369,429	(227,418)	-4.24%
Other Premiums and Adjustments	1,250,000	1,242,655	-0.59%	4,085,946	(2,843,291)	-69.59%
Medicare Part D	16,666,667	16,666,667	0.00%	5,447,000	16,666,667	305.98%
<b>Total Premiums</b>	<b>561,509,188</b>	<b>562,277,924</b>	<b>0.14%</b>	<b>530,472,373</b>	<b>31,805,551</b>	<b>6.00%</b>
<b>Less:</b>						
Payments to managed care organizations	(48,496,608)	(48,078,117)	-0.86%	(46,731,115)	(1,347,002)	2.88%
Life insurance premiums-basic	(5,103,939)	(5,139,332)	0.69%	(5,370,295)	230,963	-4.30%
<b>Net premium revenue</b>	<b>507,908,641</b>	<b>509,060,475</b>	<b>0.23%</b>	<b>478,370,963</b>	<b>30,689,512</b>	<b>6.42%</b>
Administrative fees, net of refunds	3,600,573	3,657,115	1.57%	4,979,028	(1,321,913)	-26.55%
<b>Net operating revenue</b>	<b>511,509,214</b>	<b>512,717,590</b>	<b>0.24%</b>	<b>483,349,991</b>	<b>29,367,599</b>	<b>6.08%</b>
<b>Operating Expenses</b>						
Claims expense-medical	287,813,035	292,630,913	1.67%	286,222,127	6,408,786	2.24%
Claims expense-drugs	155,003,853	158,964,448	2.56%	142,718,591	16,245,857	11.38%
Administrative service fees	14,444,705	14,384,425	-0.42%	13,529,230	855,195	6.32%
Wellness and disease management	1,481,294	1,576,884	6.45%	1,326,861	250,023	18.84%
Other operating expenses	6,459,354	6,624,419	2.56%	5,846,037	778,382	13.31%
<b>Total operating expense</b>	<b>465,202,241</b>	<b>474,181,089</b>	<b>1.93%</b>	<b>449,642,846</b>	<b>24,538,243</b>	<b>5.46%</b>
<b>Operating surplus</b>	<b>46,306,973</b>	<b>38,536,501</b>	<b>-16.78%</b>	<b>33,707,145</b>	<b>4,829,356</b>	<b>14.33%</b>

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

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

April 30, 2007 and 2006

Accrual Basis  
(Unaudited-For Internal Use Only)

**DRAFT**

	Budgeted Ten Months Ended 30-Apr-07	Actual Ten Months Ended 30-Apr-07	Budget Variance Percent	Actual Ten Months Ended 30-Apr-06	This Year vs Last Year Increase <Decrease>	This Year vs Last Year Variance Percent
<b>Nonoperating Revenues and Transfers</b>						
Interest income, banks, net of fees	-	-	N/A	15,810	(15,810)	-100.00%
Interest and investment income	16,666,667	22,339,230	34.04%	8,513,877	13,825,353	162.39%
Transfer in	5,583,333	5,582,951	-0.01%	4,887,369	695,582	14.23%
<b>Total nonoperating revenues and transfers</b>	<b>22,250,000</b>	<b>27,922,181</b>	<b>25.49%</b>	<b>13,417,056</b>	<b>14,505,125</b>	<b>108.11%</b>
<b>Net Surplus</b>	<b>68,356,973</b>	<b>66,453,682</b>	<b>-3.06%</b>	<b>47,124,201</b>	<b>19,329,481</b>	<b>41.03%</b>
Retained Earnings, beginning of period		190,867,747		168,583,280	22,284,467	
<b>Retained Earnings, end of period</b>		<b>257,326,429</b>		<b>\$ 215,707,481</b>	<b>\$ 41,618,948</b>	

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

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

**Year-to-Date April 30, 2007 and 2006  
Accrual Basis**

**DRAFT**

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

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

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

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

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

**DRAFT**

April 30

	2007	2006
<b>ASSETS</b>		
Short Term Assets		
Cash and Equivalents	\$ 35,838,333	\$ 40,412,739
Advance Deposit with Carrier/Trustee	112,767,727	78,579,058
Receivables - Net	4,437,984	4,479,435
Prepaid Insurance	1,024,631	693,484
<b>Total Short Term Assets</b>	<b>154,068,675</b>	<b>124,164,716</b>
Long Term Assets		
Investments	117,871,901	106,452,065
<b>Total Long Term Assets</b>	<b>117,871,901</b>	<b>106,452,065</b>
<b>TOTAL ASSETS</b>	<b>271,940,576</b>	<b>230,616,781</b>
<b>LIABILITIES</b>		
Short Term Liabilities		
Accounts payable	1,126,793	121,781
Claims Payable	218,579	30,510
Agents Commissions Payable	1,672,008	1,733,613
Unearned Revenue	14,037,702	14,108,309
Current Estimated Claim Reserve	50,870,127	49,622,902
<b>Total Short Term Liabilities</b>	<b>67,925,209</b>	<b>65,617,115</b>
Long Term Liabilities		
Compensated Absences	163,620	166,553
Estimated Noncurrent Claim Reserve	121,641,987	130,348,442
<b>Total Long Term Liabilities</b>	<b>121,805,607</b>	<b>130,514,995</b>
<b>TOTAL LIABILITIES</b>	<b>189,730,816</b>	<b>196,132,110</b>
Prior Year Net Assets (Deficiency)	44,843,685	526,803
Current Year Earnings (Loss)	37,366,075	33,957,868
<b>TOTAL NET ASSETS (DEFICIENCY)</b>	<b>82,209,760</b>	<b>34,484,671</b>
<b>TOTAL LIABILITIES AND RETAINED EARNINGS (DEFICIENCY)</b>	<b>\$ 271,940,576</b>	<b>\$ 230,616,781</b>

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

**DRAFT**

	April 30	
	2007	2006
Operating Revenues		
Premium Revenues	\$ 67,069,051	\$ 69,759,537
Less - Excess Insurance	(5,123,155)	(3,451,242)
Total Operating Revenues	61,945,896	66,308,295
Operating Expenses		
Claims Expense	34,981,964	32,944,362
Property & MS Claims Expense	4,561,210	3,079,564
Personal Services	1,065,753	997,905
Operating Expenses	2,527,780	2,517,703
Total Operating Expenses	43,136,707	39,539,534
Operating Income (Loss)	18,809,189	26,768,761
Nonoperating Revenues		
Court Fees	19,140	24,091
Claim Interest Income	189,219	-
Investment Income	18,348,527	7,165,016
Total Nonoperating Revenues	18,556,886	7,189,107
Net Income (Loss)	37,366,075	33,957,868



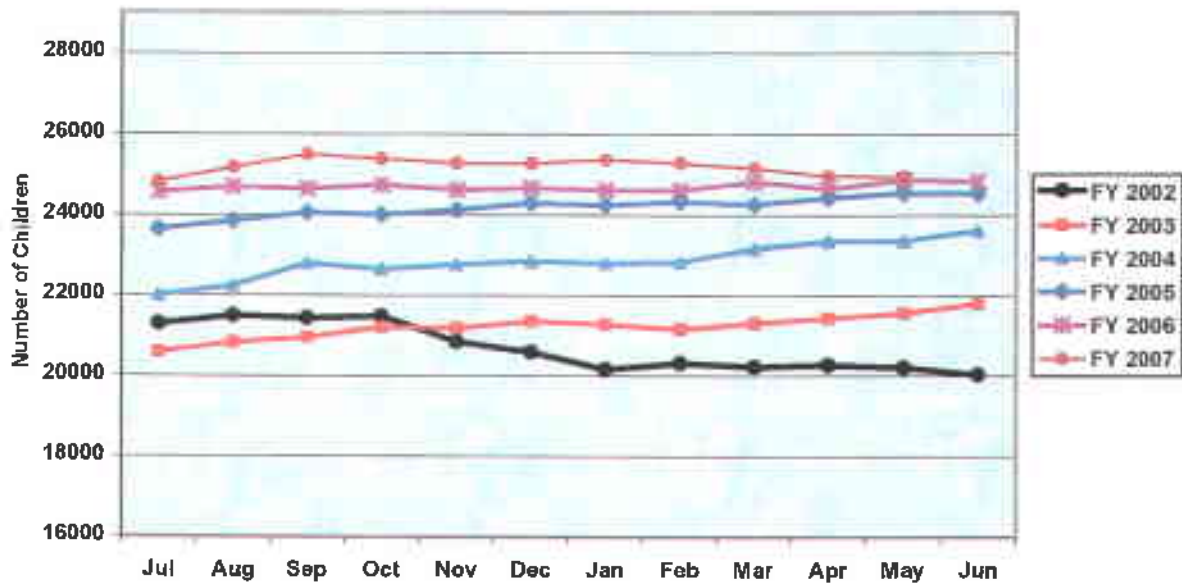
**West Virginia  
Children's Health Insurance Program  
1018 Kanawha Boulevard East  
Suite 209  
Charleston, WV 25301**

**Phone: 304-558-2732  
Toll-Free: 1-877-WVA CHIP  
Fax: 304-558-2741  
[www.wvchip.org](http://www.wvchip.org)**

# **Joint Committee on Government and Finance Report**

**June 2007**

### WV CHIP Enrollment



May 31, 2007 Enrollment 24,951

### Annualized Health Care Expenditures

(Cost per Child)



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

	April 30, 2007	April 30, 2006	Variance	
<b>Assets:</b>				
Cash & Cash Equivalents	\$6,527,606	\$2,212,823	\$4,314,783	195%
Due From Federal Government	\$3,398,976	\$3,255,767	\$143,209	4%
Due From Other Funds	\$798,846	\$699,339	\$99,507	14%
Accrued Interest Receivable	\$17,113	\$4,424	\$12,689	287%
Fixed Assets, at Historical Cost	<u>\$62,141</u>	<u>\$75,128</u>	<u>(\$12,987)</u>	<u>-17%</u>
<b>Total Assets</b>	<b><u>\$10,804,682</u></b>	<b><u>\$6,247,481</u></b>	<b><u>\$4,557,201</u></b>	<b><u>73%</u></b>
<b>Liabilities:</b>				
Due to Other Funds	\$227,822	\$78,248	\$149,574	191%
Deferred Revenue	\$5,454,739	\$1,532,442	\$3,922,297	256%
Unpaid Insurance Claims Liability	<u>\$3,970,000</u>	<u>\$3,620,000</u>	<u>\$350,000</u>	<u>10%</u>
<b>Total Liabilities</b>	<b><u>\$9,652,561</u></b>	<b><u>\$5,230,690</u></b>	<b><u>\$4,421,871</u></b>	<b><u>85%</u></b>
<b>Fund Equity</b>	<b><u>\$1,152,121</u></b>	<b><u>\$1,016,791</u></b>	<b><u>\$135,330</u></b>	<b><u>13%</u></b>
<b>Total Liabilities and Fund Equity</b>	<b><u>\$10,804,682</u></b>	<b><u>\$6,247,481</u></b>	<b><u>\$4,557,201</u></b>	<b><u>73%</u></b>

## PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited



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

	April 30, 2007	April 30, 2006	Variance	
<b>Revenues:</b>				
Federal Grants	29,614,251	26,131,910	3,482,341	13%
State Appropriations	7,081,157	7,939,871	(858,714)	-11%
Premium Revenues	4,507	-	4,507	
Investment Earnings	<u>124,744</u>	<u>42,450</u>	<u>82,294</u>	194%
<b>Total Operating Revenues</b>	<b><u>36,824,658</u></b>	<b><u>34,114,231</u></b>	<b><u>2,710,427</u></b>	<b><u>8%</u></b>
<b>Operating Expenditures</b>				
<b>Claims</b>				
Outpatient Services	8,603,286	8,361,650	241,636	3%
Physicians & Surgical	7,686,034	7,346,602	339,432	5%
Prescribed Drugs	7,076,521	6,538,799	537,722	8%
Dental	4,007,629	4,031,865	(24,236)	-1%
Inpatient Hospital Services	3,372,869	2,181,135	1,191,734	55%
Outpatient Mental Health	1,268,875	1,290,562	(21,687)	-2%
Vision	1,032,985	1,067,539	(34,554)	-3%
Inpatient Mental Health	773,936	451,771	322,165	71%
Durable & Disposable Med Equip.	380,654	303,805	76,849	25%
Medical Transportation	296,476	189,313	107,163	57%
Therapy	289,875	265,051	24,824	9%
Other Services	119,876	92,444	27,432	30%
Less Collections*	<u>(569,036)</u>	<u>(377,019)</u>	<u>(192,017)</u>	51%
<b>Total Claims</b>	<b><u>34,339,980</u></b>	<b><u>31,743,517</u></b>	<b><u>2,596,463</u></b>	<b><u>8%</u></b>
<b>General and Admin Expenses:</b>				
Salaries and Benefits	383,160	376,459	6,701	2%
Program Administration	1,615,692	1,556,201	59,491	4%
Eligibility	249,878	212,553	37,325	18%
Outreach & Health Promotion	15,159	87,139	(71,980)	-83%
Current	<u>96,045</u>	<u>95,911</u>	<u>134</u>	<u>0%</u>
<b>Total Administrative</b>	<b><u>2,359,934</u></b>	<b><u>2,328,264</u></b>	<b><u>31,670</u></b>	<b><u>1%</u></b>
<b>Total Expenditures</b>	<b><u>36,699,914</u></b>	<b><u>34,071,781</u></b>	<b><u>2,628,134</u></b>	<b><u>8%</u></b>
<b>Excess of Revenues</b>				
Over (Under) Expenditures	124,744	42,450	82,294	194%
<b>Fund Equity, Beginning</b>	<b><u>1,027,377</u></b>	<b><u>974,341</u></b>	<b><u>53,036</u></b>	<b><u>5%</u></b>
<b>Fund Equity, Ending</b>	<b><u>1,152,121</u></b>	<b><u>1,016,791</u></b>	<b><u>135,330</u></b>	<b><u>13%</u></b>

\* Collections are primarily drug rebates and subrogation

## PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

West Virginia Children's Health Insurance Program  
 Budget to Actual Statement  
 State Fiscal Year 2007  
 For the Ten Months Ended April 30, 2007

	Budgeted for Year	Year to Date Budgeted Amt	Year to Date Actual Amt	Year to Date Variance*		Monthly Budgeted Amt	Apr-07	Mar-07	Feb-07
Projected Cost	\$44,518,706	\$37,098,922	\$33,714,123	\$3,384,799	9%	\$3,709,892	\$3,515,383	\$4,698,153	\$3,290,414
Premiums	0	\$0	4,507	\$0	n/a	0	\$2,184	1,480	843
Medical Copays	560,000	\$466,667	0	466,667	-100%	46,667	0	0	0
Drug Copays	475,000	\$395,833	0	395,833	-100%	39,583	0	0	0
Subrogation & Rebates	<u>300,000</u>	<u>\$250,000</u>	<u>571,527</u>	<u>(321,527)</u>	129%	<u>25,000</u>	<u>42,641</u>	<u>67,252</u>	<u>37,180</u>
Net Benefit Cost	43,183,706	\$35,986,422	\$33,138,089	\$2,848,333	8%	3,598,642	3,470,558	4,629,421	3,252,391
Salaries & Benefits	\$600,000	\$500,000	\$383,160	\$116,840	23%	\$50,000	\$39,339	\$40,548	\$39,293
Program Administration	1,951,762	\$1,626,468	1,503,953	122,515	8%	162,647	177,960	168,054	158,904
Eligibility	324,000	\$270,000	222,907	47,093	17%	27,000	5,160	3,665	104,686
Outreach	100,000	\$83,333	15,160	68,173	82%	8,333	1,381	477	0
Current Expense	<u>169,480</u>	<u>\$141,233</u>	<u>84,851</u>	<u>56,382</u>	40%	<u>14,123</u>	<u>11,511</u>	<u>8,185</u>	<u>8,593</u>
Total Admin Cost	\$3,145,242	\$2,621,035	\$2,210,031	\$411,004	16%	\$262,104	\$235,351	\$220,929	\$311,476
Total Program Cost	\$46,328,948	\$38,607,457	\$35,348,120	\$3,259,337	8%	\$3,860,746	\$3,705,909	\$4,850,350	\$3,563,867
Federal Share 80.97%	37,526,448	\$31,272,040	\$28,633,392	2,638,648	8%	3,127,204	3,000,674	3,927,328	2,885,663
State Share 19.03%	<u>8,802,500</u>	<u>\$7,335,417</u>	<u>\$6,714,728</u>	<u>620,689</u>	8%	<u>733,542</u>	<u>705,234</u>	<u>923,022</u>	<u>678,204</u>
Total Program Cost **	<u>\$46,328,948</u>	<u>\$38,607,457</u>	<u>\$35,348,120</u>	<u>\$3,259,337</u>	8%	<u>\$3,860,746</u>	<u>\$3,705,909</u>	<u>\$4,850,350</u>	<u>\$3,563,867</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

May 2007

County Ranking	County Pop 2005 Est. (0-18 Yrs)	Total CHIP Enrollment May-07	Total Medicaid Enrollment May-07	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	Total % Insured 3/2002*	# Children Insured Ranking*	Est. # Uninsured Eligible*
Barbour	3,248	304	1,588	1,892	58.3%	92.5%	34	255
Berkeley	22,882	1,167	5,622	6,789	29.7%	93.9%	21	1,084
Boone	5,706	339	2,563	2,896	50.8%	97.9%	4	133
Braxton	3,044	214	1,563	1,777	58.4%	95.6%	13	155
Brooke	4,658	298	1,451	1,749	37.5%	98.5%	3	0**
Cabell	18,900	976	8,045	9,021	47.7%	91.6%	39	1,218
Calhoun	1,389	139	829	968	69.7%	88.0%	52	207
Clay	2,454	194	1,365	1,559	63.5%	95.1%	15	94
Doddridge	1,607	133	761	894	55.6%	96.4%	6	60
Fayette	9,692	993	4,742	5,735	59.2%	92.1%	36	706
Gilmer	1,154	102	581	683	59.2%	92.8%	32	115
Grant	2,463	167	912	1,079	43.8%	95.8%	11	82
Greenbrier	7,110	586	2,842	3,428	48.2%	94.8%	17	306
Hampshire	5,110	287	1,816	2,103	41.2%	91.3%	40	295
Hancock	6,270	406	2,191	2,597	41.4%	92.9%	31	443
Hardy	2,950	135	1,028	1,163	39.4%	93.6%	26	200
Harrison	14,973	957	5,927	6,884	46.0%	99.9%	1	0**
Jackson	6,277	373	2,310	2,683	42.7%	93.9%	22	340
Jefferson	11,465	421	2,133	2,554	22.3%	93.9%	23	651
Kanawha	40,647	2,083	16,560	18,643	45.9%	96.4%	7	772
Lewis	3,577	318	1,751	2,069	57.8%	88.0%	53	431
Lincoln	4,945	413	2,539	2,952	59.7%	93.3%	27	327
Logan	7,610	504	3,871	4,375	57.5%	92.1%	37	654
Marion	11,245	788	4,285	5,073	45.1%	95.9%	10	516
Marshall	7,176	408	2,750	3,158	44.0%	97.5%	5	217
Mason	5,461	315	2,502	2,817	51.6%	95.7%	12	249
McDowell	5,170	428	3,498	3,926	75.9%	93.8%	25	373
Mercer	12,687	1,091	6,521	7,612	60.0%	91.0%	41	1,268
Mineral	5,973	291	2,052	2,343	39.2%	90.7%	43	251
Mingo	6,204	430	3,340	3,770	60.8%	88.5%	51	566
Monongalia	14,346	670	4,071	4,741	33.0%	92.6%	33	1,144
Monroe	2,728	255	937	1,192	43.7%	93.1%	29	196
Morgan	3,365	220	962	1,182	35.1%	89.2%	49	285
Nicholas	5,478	466	2,460	2,926	53.4%	94.4%	19	324
Ohio	9,068	474	3,078	3,552	39.2%	95.6%	14	480
Pendleton	1,632	133	433	566	34.7%	99.0%	2	19
Pleasants	1,593	105	467	572	35.9%	93.9%	24	88
Pocahontas	1,717	163	644	807	47.0%	87.7%	54	224
Preston	6,354	552	2,387	2,939	46.3%	90.2%	47	236
Putnam	12,522	631	3,181	3,812	30.4%	93.2%	28	486
Raleigh	15,992	1,320	6,846	8,166	51.1%	91.7%	38	1,395
Randolph	5,971	471	2,470	2,941	49.3%	89.7%	48	653
Ritchie	2,234	140	778	918	41.1%	96.2%	9	81
Roane	3,266	306	1,661	1,967	60.2%	90.5%	44	336
Summers	2,322	216	1,187	1,403	60.4%	88.9%	50	315
Taylor	3,307	219	1,434	1,653	50.0%	90.9%	42	356
Tucker	1,354	176	457	633	46.8%	93.1%	30	103
Tyler	1,887	106	869	975	51.7%	94.9%	16	93

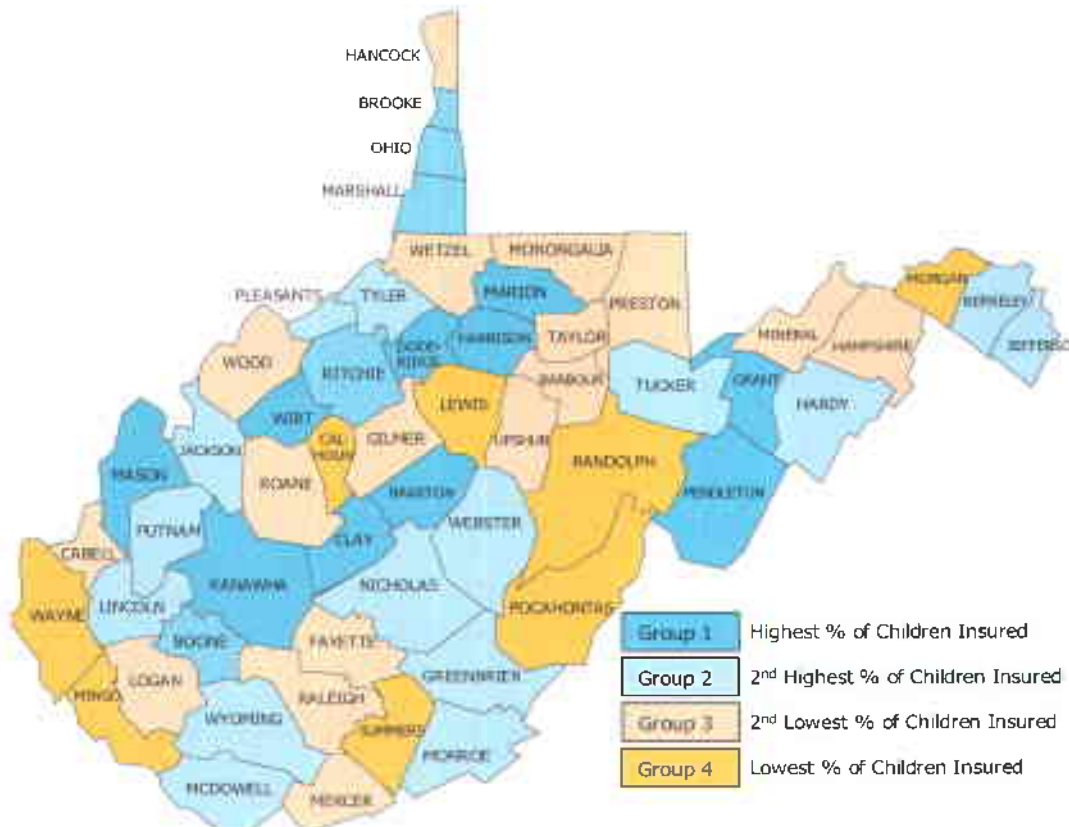
# WV CHIP Enrollment Report

May 2007

County Ranking	County Pop. 2005 Est. (0-18 Yrs)	Total CHIP Enrollment May-07	Total Medicaid Enrollment May-07	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	Total % Insured 3/2002*	# Children Insured Ranking*	Est. # Uninsured Eligible*
Upshur	4,956	399	2,233	2,632	53.1%	90.4%	46	547
Wayne	9,176	565	4,182	4,747	51.7%	87.7%	55	1,034
Webster	2,020	205	1,075	1,280	63.4%	94.7%	18	103
Wetzel	3,732	241	1,629	1,870	50.1%	92.5%	35	334
Wirt	1,268	129	561	690	54.4%	96.3%	8	46
Wood	19,063	1,089	7,639	8,728	45.8%	90.5%	45	1,624
Wyoming	5,092	446	2,778	3,224	63.3%	94.0%	20	231
<b>Totals</b>	<b>382,490</b>	<b>24,951</b>	<b>152,357</b>	<b>177,308</b>	<b>46.4%</b>	<b>93.4%</b>		<b>22,446</b>

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

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



Legislative Oversight Commission on  
Health and Human Resources Accountability

*June 2007*

Department of Administration

State Children's Health Insurance Program  
UPDATE



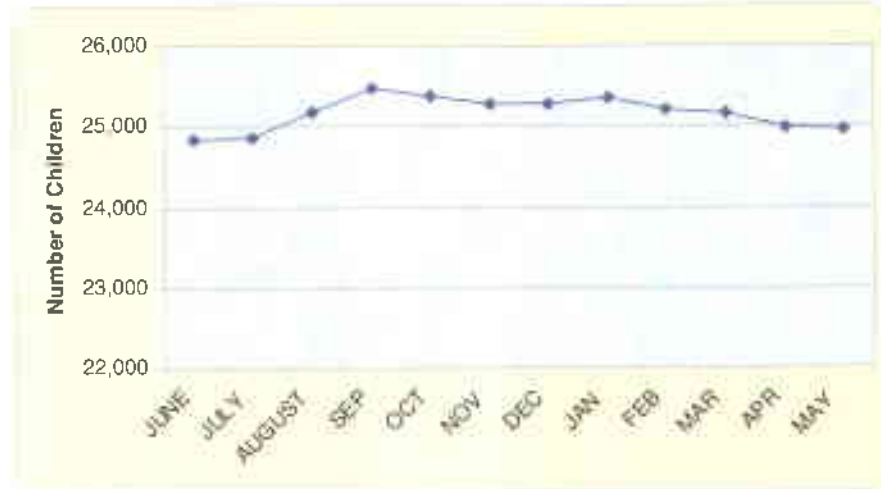
# WV CHILDREN'S HEALTH INSURANCE AGENCY

## REPORT FOR JUNE 2007

### I. Enrollment on May 31, 2007: 24,951

See Attachment 1 for enrollment by county.

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



Enrollee Totals: March 2007 to May 2007

Month	Total	1 Year	Total
March	1,808	Average	1,816
April	1,721	High	2,204
May	1,427	Low	1,427

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

Month	Total	1 Year	Total
March	743	Average	879
April	715	High	1,149
May	609	Low	609

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

Total Forms Mailed		Enrolled within Notice Period		Reopened Cases After Closure		Final Closures	
Month	Total	#	%	#	%	#	%
February	2,070	1,109	54%	297	14%	664	32%
March	2,084	1,218	58%	249	12%	617	30%
April	1,884	1,133	60%	210	11%	541	29%

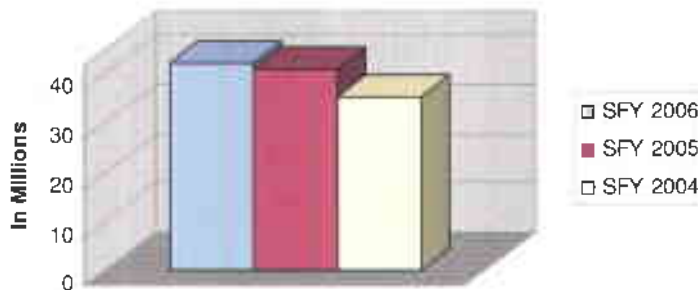
**III. Financial Activity**

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

*The average annualized claims cost per child for the month ended April 2007 was \$1,655.*

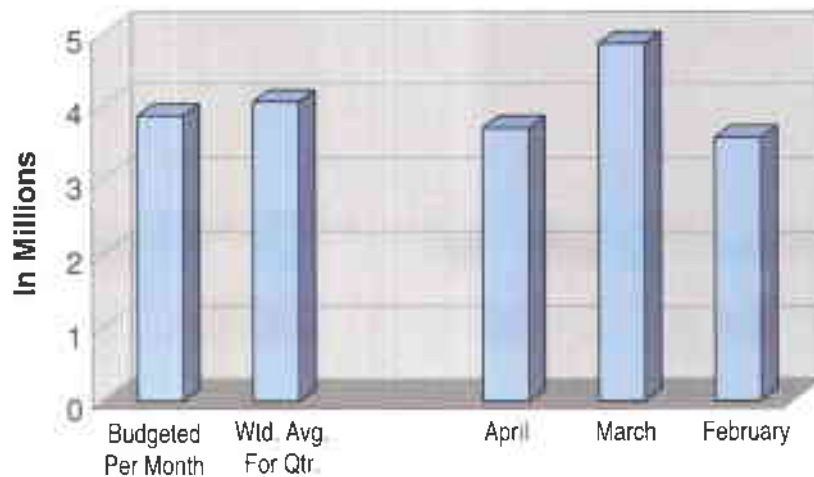
**Annual Expenditures for a 3 Year Period: SFY 2004 – SFY 2006**

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



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

	Budgeted Per Month	Wtd. Avg. For Qtr.	Actual		
			April 2007	March 2007	February 2007
Federal	3,127,204	3,271,221	3,000,674	3,927,328	2,885,662
State	733,542	768,820	705,235	923,022	678,204
<b>Total</b>	<b>3,860,746</b>	<b>4,040,042</b>	<b>3,705,909</b>	<b>4,850,350</b>	<b>3,563,866</b>



**IV. Other Highlights**

- WVCHIP Premium currently has 68 enrollees as of May 31.
- In the months of March and April, WVCHIP families were asked to designate their primary care providers from a directory of participating physicians to serve as their medical home. As of April 30<sup>th</sup>, approximately 20% of all enrolled children have a designated medical home. Families have the incentive of having no copayments assessed for services in their medical home.
- During the first week of June, WVCHIP has prepared and will submit its State Plan Amendment allowing for the Governor's special prevention initiative which would allow WVCHIP to fund comprehensive wellness exams for any child entering Kindergarten who is uninsured. With West Virginia child uninsured rate projected at 5% of children, which is estimated at around 1,100 children entering Kindergarten with no coverage whatsoever, the total cost of providing these exams is estimated to be under \$200,000. WVCHIP anticipates that it will be able to fund this amount under its existing 2008 budget without supplemental funds.



# WV CHIP Enrollment Report

ATTACHMENT 1

May 2007

County Ranking	County Pop. 2005 Est. (0-18 Yrs)	Total CHIP Enrollment May-07	Total Medicaid Enrollment May-07	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	Total % Insured 3/2002*	# Children Insured Ranking*	Est. # Uninsured Eligible*
Barbour	3,248	304	1,588	1,892	58.3%	92.5%	34	255
Berkeley	22,882	1,167	5,622	6,789	29.7%	93.9%	21	1,084
Boone	5,706	333	2,563	2,896	50.8%	97.9%	4	133
Braxton	3,044	214	1,563	1,777	58.4%	95.6%	13	155
Brooke	4,658	298	1,451	1,749	37.5%	98.5%	3	0**
Cabell	18,900	976	8,045	9,021	47.7%	91.6%	39	1,218
Calhoun	1,389	139	829	968	69.7%	88.0%	52	207
Clay	2,454	194	1,365	1,559	63.5%	95.1%	15	94
Doddridge	1,607	133	761	894	55.6%	96.4%	6	60
Fayette	9,692	993	4,742	5,735	59.2%	92.1%	36	706
Gilmer	1,154	102	581	683	59.2%	92.8%	32	115
Grant	2,463	167	912	1,079	43.8%	95.8%	11	82
Greenbrier	7,110	586	2,842	3,428	48.2%	94.8%	17	306
Hampshire	5,110	287	1,816	2,103	41.2%	91.3%	40	295
Hancock	6,270	406	2,191	2,597	41.4%	92.9%	31	443
Hardy	2,950	135	1,028	1,163	39.4%	93.6%	26	200
Harrison	14,973	957	5,927	6,884	46.0%	99.9%	1	0**
Jackson	6,277	373	2,310	2,683	42.7%	93.9%	22	340
Jefferson	11,465	421	2,133	2,554	22.3%	93.9%	23	651
Kanawha	40,647	2,083	16,560	18,643	45.9%	96.4%	7	772
Lewis	3,577	318	1,751	2,069	57.8%	88.0%	53	431
Lincoln	4,945	413	2,539	2,952	59.7%	93.3%	27	327
Logan	7,610	504	3,871	4,375	57.5%	92.1%	37	654
Marion	11,245	788	4,285	5,073	45.1%	95.9%	10	516
Marshall	7,176	408	2,750	3,158	44.0%	97.5%	5	217
Mason	5,461	315	2,502	2,817	51.6%	95.7%	12	249
McDowell	5,170	428	3,498	3,926	75.9%	93.8%	25	373
Mercer	12,687	1,091	6,521	7,612	60.0%	91.0%	41	1,268
Mineral	5,973	291	2,052	2,343	39.2%	90.7%	43	251
Mingo	6,204	430	3,340	3,770	60.8%	88.5%	51	566
Monongalia	14,346	670	4,071	4,741	33.0%	92.6%	33	1,144
Monroe	2,728	255	937	1,192	43.7%	93.1%	29	196
Morgan	3,365	220	962	1,182	35.1%	89.2%	49	285
Nicholas	5,478	466	2,460	2,926	53.4%	94.4%	19	324
Ohio	9,068	474	3,078	3,552	39.2%	95.6%	14	480
Pendleton	1,632	133	433	566	34.7%	99.0%	2	19
Pleasants	1,593	105	467	572	35.9%	93.9%	24	88
Pocahontas	1,717	163	644	807	47.0%	87.7%	54	224
Preston	6,354	552	2,387	2,939	46.3%	90.2%	47	236
Pulnam	12,522	631	3,181	3,812	30.4%	93.2%	28	486
Raleigh	15,992	1,320	6,846	8,166	51.1%	91.7%	38	1,395
Randolph	5,971	471	2,470	2,941	49.3%	89.7%	48	653
Ritchie	2,234	140	778	918	41.1%	96.2%	9	81
Roane	3,266	306	1,661	1,967	60.2%	90.5%	44	336
Summers	2,322	216	1,187	1,403	60.4%	88.9%	50	315
Taylor	3,307	219	1,434	1,653	50.0%	90.9%	42	356
Tucker	1,354	176	457	633	46.8%	93.1%	30	103
Tyler	1,887	106	869	975	51.7%	94.9%	16	93

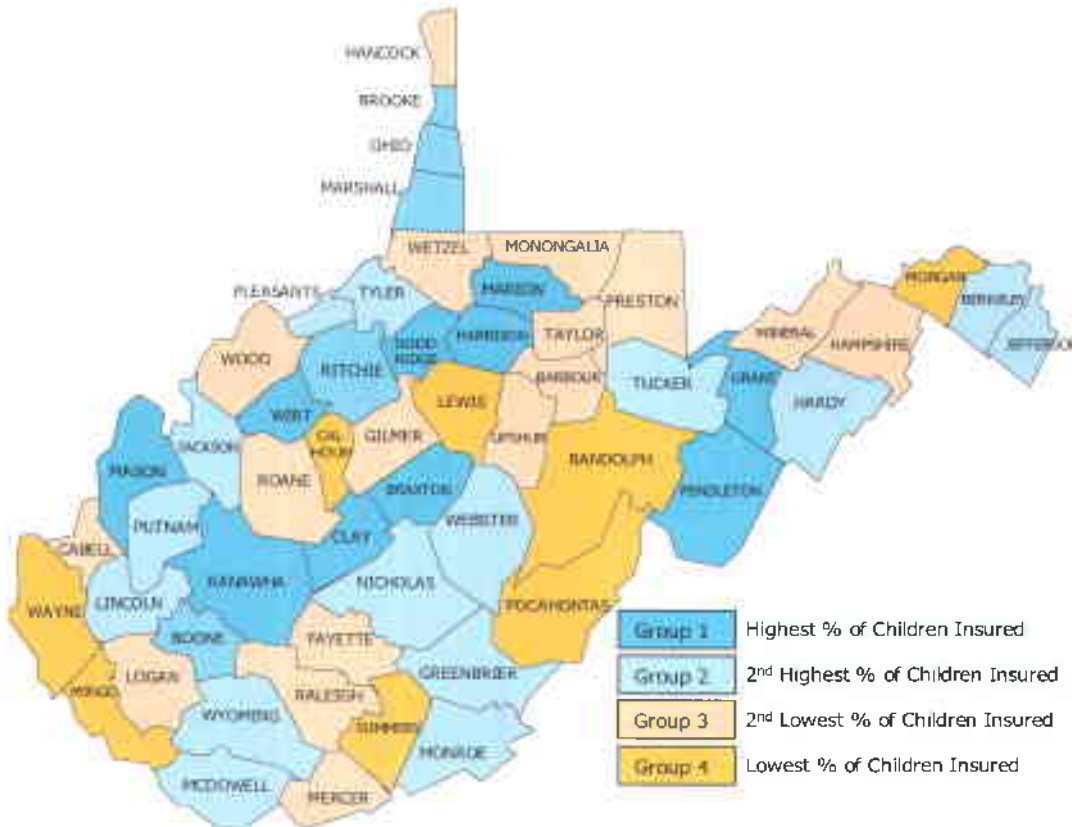
# WV CHIP Enrollment Report

May 2007

County Ranking	County Pop. 2005 Est. (0-18 Yrs)	Total CHIP Enrollment May-07	Total Medicaid Enrollment May-07	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	Total % Insured 3/2002*	# Children Insured Ranking*	Est. # Uninsured Eligible*
Upshur	4,956	399	2,233	2,632	53.1%	90.4%	46	547
Wayne	9,176	565	4,182	4,747	51.7%	87.7%	55	1,034
Webster	2,020	205	1,075	1,280	63.4%	94.7%	18	103
Welzel	3,732	241	1,629	1,870	50.1%	92.5%	35	334
Wirt	1,268	129	561	690	54.4%	96.3%	8	46
Wood	19,063	1,089	7,639	8,728	45.8%	90.5%	45	1,624
Wyoming	5,092	446	2,778	3,224	63.3%	94.0%	20	231
<b>Totals</b>	<b>382,490</b>	<b>24,951</b>	<b>152,357</b>	<b>177,308</b>	<b>46.4%</b>	<b>93.4%</b>		<b>22,446</b>

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

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



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

	April 30, 2007	April 30, 2006	Variance	
<b>Revenues:</b>				
Federal Grants	29,614,251	26,131,910	3,482,341	13%
State Appropriations	7,081,157	7,939,871	(858,714)	-11%
Premium Revenues	4,507	4,507		
Investment Earnings	<u>124,744</u>	<u>42,450</u>	<u>82,294</u>	194%
<b>Total Operating Revenues</b>	<b><u>36,824,658</u></b>	<b><u>34,114,231</u></b>	<b><u>2,710,427</u></b>	<b><u>8%</u></b>
<b>Operating Expenditures:</b>				
<b>Claims:</b>				
Outpatient Services	8,603,286	8,361,650	241,636	3%
Physicians & Surgical	7,686,034	7,346,602	339,432	5%
Prescribed Drugs	7,076,521	6,538,799	537,722	8%
Dental	4,007,629	4,031,865	(24,236)	-1%
Inpatient Hospital Services	3,372,869	2,181,135	1,191,734	55%
Outpatient Mental Health	1,268,875	1,290,562	(21,687)	-2%
Vision	1,032,985	1,067,539	(34,554)	-3%
Inpatient Mental Health	773,936	451,771	322,165	71%
Durable & Disposable Med. Equip.	380,654	303,805	76,849	25%
Medical Transportation	296,476	189,313	107,163	57%
Therapy	289,875	265,051	24,824	9%
Other Services	119,876	92,444	27,432	30%
Less: Collections*	<u>(569,036)</u>	<u>(377,019)</u>	<u>(192,017)</u>	51%
<b>Total Claims</b>	<b><u>34,339,980</u></b>	<b><u>31,743,517</u></b>	<b><u>2,596,463</u></b>	<b><u>8%</u></b>
<b>General and Admin Expenses:</b>				
Salaries and Benefits	383,160	376,459	6,701	2%
Program Administration	1,615,692	1,556,201	59,491	4%
Eligibility	249,878	212,553	37,325	18%
Outreach & Health Promotion	15,159	87,139	(71,980)	-83%
Current	<u>96,045</u>	<u>95,911</u>	<u>134</u>	0%
<b>Total Administrative</b>	<b><u>2,359,934</u></b>	<b><u>2,328,264</u></b>	<b><u>31,670</u></b>	<b><u>1%</u></b>
<b>Total Expenditures</b>	<b><u>36,699,914</u></b>	<b><u>34,071,781</u></b>	<b><u>2,628,134</u></b>	<b><u>8%</u></b>
<b>Excess of Revenues</b>				
Over (Under) Expenditures	124,744	42,450	82,294	194%
<b>Fund Equity, Beginning</b>	<b><u>1,027,377</u></b>	<b><u>974,341</u></b>	<b><u>53,036</u></b>	<b><u>5%</u></b>
<b>Fund Equity, Ending</b>	<b><u>1,152,121</u></b>	<b><u>1,016,791</u></b>	<b><u>135,330</u></b>	<b><u>13%</u></b>

\* Collections are primarily drug rebates and subrogation

## PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

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

**Investment Account**

Funds Invested	\$5,534,796
Interest Earned	<u>124,744</u>
<b>Total</b>	<b><u>\$5,659,540</u></b>

Unaudited - For Management Purposes Only - Unaudited

West Virginia Children's Health Insurance Program  
 Budget to Actual Statement  
 State Fiscal Year 2007  
 For the Ten Months Ended April 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>Apr-07</u>	<u>Mar-07</u>	<u>Feb-07</u>
Projected Cost	\$44,518,706	\$37,098,922	\$33,714,123	\$3,384,799	9%	\$3,709,892	\$3,515,383	\$4,698,153	\$3,290,414
Premiums	0	\$0	4,507	\$0	n/a	0	\$2,184	1,480	843
Medical Copays	560,000	\$466,667	0	466,667	-100%	46,667	0	0	0
Drug Copays	475,000	\$395,833	0	395,833	-100%	39,583	0	0	0
Subrogation & Rebates	<u>300,000</u>	<u>\$250,000</u>	<u>571,527</u>	<u>(321,527)</u>	129%	<u>25,000</u>	<u>42,641</u>	<u>67,252</u>	<u>37,180</u>
Net Benefit Cost	43,183,706	\$35,986,422	\$33,138,089	\$2,848,333	8%	3,598,642	3,470,558	4,629,421	3,252,391
Salaries & Benefits	\$600,000	\$500,000	\$383,160	\$116,840	23%	\$50,000	\$39,339	\$40,548	\$39,293
Program Administration	1,951,762	\$1,626,468	1,503,953	122,515	8%	162,647	177,960	168,054	158,904
Eligibility	324,000	\$270,000	222,907	47,093	17%	27,000	5,160	3,665	104,686
Outreach	100,000	\$83,333	15,160	68,173	82%	8,333	1,381	477	0
Current Expense	<u>169,480</u>	<u>\$141,233</u>	<u>84,851</u>	<u>56,382</u>	40%	<u>14,123</u>	<u>11,511</u>	<u>8,185</u>	<u>8,593</u>
Total Admin Cost	\$3,145,242	\$2,621,035	\$2,210,031	\$411,004	16%	\$262,104	\$235,351	\$220,929	\$311,476
Total Program Cost	<u>\$46,328,948</u>	<u>\$38,607,457</u>	<u>\$35,348,120</u>	<u>\$3,259,337</u>	8%	<u>\$3,860,746</u>	<u>\$3,705,909</u>	<u>\$4,850,350</u>	<u>\$3,563,867</u>
Federal Share 80.97%	37,526,448	\$31,272,040	\$28,633,392	2,638,648	8%	3,127,204	3,000,674	3,927,328	2,885,663
State Share 19.03%	<u>8,802,500</u>	<u>\$7,335,417</u>	<u>\$6,714,728</u>	<u>620,689</u>	8%	<u>733,542</u>	<u>705,234</u>	<u>923,022</u>	<u>678,204</u>
Total Program Cost **	<u>\$46,328,948</u>	<u>\$38,607,457</u>	<u>\$35,348,120</u>	<u>\$3,259,337</u>	8%	<u>\$3,860,746</u>	<u>\$3,705,909</u>	<u>\$4,850,350</u>	<u>\$3,563,867</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.

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

**NEW CONTRACT OF LEASE**

**DEPARTMENT OF AGRICULTURE**

**AGR-047** New contract of Lease for 1 year containing 502 square feet of office space at \$11.95 per square foot, full service, with the Department of Human Resources, in the City of Hinton, Summers County.

**WV MASSAGE THERAPY LICENSURE BOARD**

**BMT-004** New contract of lease for 2 year containing 553 square feet of office space at \$12.00 per square foot, full service with Kanawha Investment Corporation, in the City of Charleston, Kanawha County.

**INSURANCE COMMISSION**

**INS-021** New contract of lease for 1 year containing 613 square feet of office space at \$13.00 per square foot, full service with Department of Administration, in the City of Huntington, Cabell County.

**BUREAU OF EMPLOYMENT PROGRAMS**

**EMS-105** New contract of lease for 3 months with an option to renew containing 317 square feet of office space at \$14.00 per square foot, full service with Berkeley Business Park Associates, in the City of Martinsburg, Berkeley County.

**DIVISION OF CORRECTIONS**

**COR-082** New contract of lease for 3 years containing 2,100 square feet of office space at \$5.43 per square foot, full service with F & R Properties, Inc, in the City of Keyser, Mineral County.

**WV COMMISSION FOR NATIONAL AND COMMUNITY SERVICE**

**NCS-004** New contract of lease for 3 years containing 4,136 square feet of office space at \$7.89 per square foot, full service with Thomas F. Felder, in the City of Charleston, Kanawha County.

## **DIVISION OF REHABILITATION SERVICES**

**DRS-093** New contract of lease for 10 years containing 7,000 square feet of office space at \$14.00 per square foot including trash and snow removal, for the first five years then \$15.00 per square foot for remainder of the term.

## **STRAIGHT RENEWALS**

### **DEPARTMENT OF HEALTH AND HUMAN RESOURCES**

**HHR -152** Renewal for 1 year, containing 2,878 square feet of office space, at the same rate of \$6.50 per square foot, full service, between the County Commission of Jefferson County, in the City of Kearneysville.

**DHS-156** Renewal for 1 year containing 19,255 square feet of office space at the same rate of \$13.00 per square foot, full services, with the Department of Administration, in the City of Weirton, Hancock County.

### **BUREAU OF EMPLOYMENT PROGRAMS**

**EMS-099** Renewal for 1 year containing 5,342 square feet of office space at the same rate of \$13.00 per square foot, full service, with the Department of Administration, in the City of Weirton, Hancock County.

### **LOTTERY COMMISSION**

**LOT-009** Renewal for 1 year containing 3,346 square feet of office space at the same rate of \$13.00 per square foot, full services, with the Department of Administration, in the City of Weirton, Hancock County.

### **DIVISION OF VETERANS AFFAIRS**

**VET-030** Renewal for 3 years containing 3,821 square feet of office space at the same rate of \$10.40 per square foot, full service, with Standard Properties, LLC, in the City of Charleston, Kanawha County.

### **WV STATE POLICE**

**PSA-088** Renewal for 10 years containing 300 square feet of office space at the same rate of \$0.00 per square foot, full service, with Ceredo Volunteer Fire Department, in the City of Huntington, Wayne County.

## **DIVISION OF FORESTRY**

**FOR-040** Renewal for 1 year containing 168 square feet of office space at the same rate of \$8.93 per square foot, full service, excluding janitorial and snow removal, with Neal W. and Helen G. Kellison, in the City of Marlinton, Pocahontas County.

**FOR-066** Renewal for 2 years containing 364 square feet of office space at the same rate of \$6.59 per square foot, full service, excluding janitorial, with Centaur Arts and Framing, in the City of Harrisville, Ritchie County.

## **DEPARTMENT OF ENVIRONMENTAL PROTECTION**

**DEP-161** Renewal for 5 years consisting of a Tower Monitoring Site located on the roof of Building #20 (Guthrie Center) in the City of Charleston, Kanawha County.

## **FAIRMONT STATE COLLEGE**

**FSC-023** Renewal for 6 months containing 200 square feet of office space at the same rate of \$7.80 per square foot, full service, with K & K Enterprises, dba K & K Storage, in the City of Fairmont, Marion County.

## **RENEWAL/RENT INCREASES**

### **WV DIVISION OF AGRICULTURE**

**AGR-043** Renewal for 5 years consisting 66,722 square feet of warehouse space with a monthly rental increase from \$22,240.67 per month to \$23,630.71 per month with Mary F. Love and James F. Love III, in the City of Charleston Kanawha County.

### **FAIRMONT STATE COLLEGE**

**FSC-024** Renewal for 1 year consisting 1,400 square feet of office space with a monthly rental increase from \$500.50 per month to \$550.00 per month, no utility services, with Teresa Puccio, in the City of Fairmont, Marion County.



**RENEWAL AND ADJUST SQUARE FEET & INCREASING RENT**

**WV Geological and Economic Survey**

**GES-001** Renewal for 5 years with a square footage adjustment from 1,099 square feet to 1,188 square feet, and an increase in rent from \$1,262.25 per month to \$1,386.00 per month, full service, excluding janitorial with Morris Square Associates, LLC, in the City of Charleston, Kanawha County.

Joint Committee on Government and Finance

*June 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 May 25, 2007

9 Months Actuals

3 Months Remaining

MONTH OF MARCH 2007	ACTUALS	ACTUALS	PROJECTED	TOTAL
	3/1/07 Thru 3/31/07	Year-To-Date Thru 3/31/07	4/1/2007 Thru 06/30/07	SFY2007
<b>REVENUE SOURCES</b>				
Beg. Bal. 7/01/06 (5084/1020 prior mth)	4,714,645	\$22,969,601		\$22,969,601
<b>MATCHING FUNDS</b>				
Medical Services	34,867,140	269,251,810	125,153,877	394,405,687
Rural Hospitals Under 150 Beds (0403/940)	216,333	1,947,000	649,000	2,596,000
Tertiary Funding (0403/547)	258,833	2,517,000	839,000	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)	11,800,000	116,759,353	38,840,647	155,600,000
Certified Match	1,952,380	16,367,287	6,513,723	22,881,010
Reimbursables <sup>(1)</sup>	356,222	3,149,903		5,099,481
CMS - 64 Adjustments		(2,168,464)	2,168,464	0
<b>TOTAL MATCHING FUNDS</b>	<b>\$54,165,552</b>	<b>\$453,643,490</b>	<b>\$204,721,305</b>	<b>\$660,314,373</b>
<b>FEDERAL FUNDS</b>	<b>149,620,363</b>	<b>1,156,968,023</b>	<b>\$488,702,894</b>	<b>\$1,645,670,917</b>
<b>TOTAL REVENUE SOURCES</b>	<b>\$203,785,915</b>	<b>\$1,610,611,513</b>	<b>\$695,373,777</b>	<b>\$2,305,985,290</b>
<b>TOTAL EXPENDITURES:</b>				
Provider Payments	\$191,274,667	\$1,601,697,962	\$616,862,267	\$2,218,560,229
<b>TOTAL</b>	<b>\$12,511,249</b>	<b>\$8,913,551</b>	<b>\$14,384,514</b>	<b>\$87,425,061</b>

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

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

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
 BUREAU FOR MEDICAL SERVICES  
 SFY 2007 EXPENDITURES BY PROVIDER TYPE  
 As of May 25, 2007

MONTH OF MARCH 2007	ACTUALS	ESTIMATED	ESTIMATED	ACTUALS	ACTUALS	PROJECTED
DESCRIPTION	SFY 2006	Estimated SFY2007	Estimated Current Month Mar-07	Current Month Mar-07	Year To-Date Thru 3/31/07	04/01/07 Thru 06/30/07
<b>EXPENDITURES:</b>						
Inpatient Hospital Services	223,854,809	248,693,098	19,122,548	23,813,932	186,389,371	82,223,725
Inpatient Hospital Services - DSH Adjustment Payments	53,816,160	53,935,110	-	8,342,827	40,662,822	13,282,288
Mental Health Facilities	38,085,685	42,090,781	3,237,761	3,624,431	30,060,886	12,039,878
Mental Health Facilities - DSH Adjustment Payments	20,354,228	18,887,045	-	31,407	14,110,061	4,776,894
Nursing Facility Services	402,603,863	416,768,280	34,732,180	32,403,182	308,208,866	108,677,436
Intermediate Care Facilities - Public Providers	180	-	-	-	-	-
Intermediate Care Facilities - Private Providers	63,642,336	58,638,870	4,981,672	4,467,580	44,036,471	15,503,389
Physicians Services	128,950,184	117,945,021	9,072,694	10,062,425	85,846,839	22,289,382
Outpatient Hospital Services	83,921,621	103,013,506	7,924,118	8,776,847	72,334,839	30,878,687
Prescribed Drugs	378,095,030	310,458,195	23,881,400	28,948,285	228,219,381	84,238,814
Drug Rebate Offset - National Agreement	(112,878,631)	(118,033,400)	(3,626,044)	(5,362,723)	(87,434,240)	(48,589,160)
Drug Rebate Offset - State Sidebar Agreement	(29,628,976)	(29,276,840)	(73,182)	(12,472)	(21,154,250)	(8,122,380)
Dental Services	38,320,543	40,972,725	3,161,748	2,869,088	27,816,382	13,457,383
Other Practitioners Services	20,069,824	21,174,205	1,628,785	1,650,812	16,304,757	6,889,448
Clinic Services	48,760,545	37,478,034	2,882,928	4,059,428	29,357,187	8,120,877
Lab & Radiological Services	13,046,112	13,892,145	1,088,627	894,488	6,863,831	8,038,314
Home Health Services	28,490,072	27,696,140	2,145,857	2,781,452	20,589,711	7,308,428
Hysterectomies/Sterilizations	682,237	693,464	53,343	48,222	456,877	238,687
Pregnancy Terminations	-	39,092	3,007	-	-	39,092
EPSDT Services	3,450,985	10,881,433	837,033	171,580	1,883,890	8,997,543
Rural Health Clinic Services	7,662,987	7,621,684	586,284	555,278	4,913,414	2,708,280
Medicare Health Insurance Payments - Part A Premiums	17,903,197	17,191,600	1,432,633	1,421,478	12,615,861	4,875,749
Medicare Health Insurance Payments - Part B Premiums	81,684,328	84,000,000	5,333,333	5,348,223	48,415,293	17,584,707
120% - 134% Of Poverty	2,881,904	-	-	274,890	2,692,507	(2,592,507)
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	213,950,848	241,784,020	20,148,888	17,625,088	167,887,188	73,896,834
Medicaid Health Insurance Payments: Group Health Plan Payments	289,548	348,380	28,885	55,310	276,490	70,950
Home & Community-Based Services (MR/DD)	186,607,767	207,361,030	16,950,948	16,999,322	148,800,432	60,560,688
Home & Community-Based Services (Aged/Disabled)	60,658,000	59,874,724	4,605,748	4,417,950	41,404,108	18,470,618
Community Supported Living Services	-	-	-	-	38	(38)
Personal Care Services	27,037,173	36,654,021	2,811,848	2,859,656	27,281,081	9,282,930
Targeted Case Management Services	9,026,219	9,285,672	714,282	678,778	5,998,891	3,268,981
Primary Care Case Management Services	699,865	798,780	68,398	81,953	553,688	243,112
Hospice Benefits	6,545,960	8,367,660	719,812	699,322	6,898,846	2,460,715
Federally Qualified Health Center	17,133,736	18,681,010	1,283,165	1,428,487	10,882,233	5,798,777
Other Care Services	117,082,616	132,238,168	10,172,013	10,783,037	95,777,577	38,458,589
Less: Recoupments	0	-	-	(188,864)	(2,168,212)	2,168,212
<b>NET EXPENDITURES:</b>	<b>2,124,059,808</b>	<b>2,182,055,749</b>	<b>174,858,248</b>	<b>188,167,874</b>	<b>1,578,038,556</b>	<b>604,019,193</b>

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

MONTH OF MARCH 2007	ACTUALS	ESTIMATED	ESTIMATED	ACTUALS	ACTUALS	PROJECTED
DESCRIPTION	SFY 2006	Estimated SFY2007	Estimated Current Month Mar-07	Current Month Mar-07	Year To-Date Thru 3/31/07	04/01/07 Thru 06/30/07
Collections: Third Party Liability (line 9A on CMS-64)	(8,144,263)			-	(2,379,318)	2,379,318
Collections: Probate (line 9B on CMS-64)	(117,505)			-	(24,888)	24,888
Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)	(246)			-	(389,328)	389,328
Collections: Other (line 9D on CMS-64)	(7,731,974)			-	(766,824)	766,824
Plus: Medicaid Part D Expenditures	8,942,213	29,504,480	2,458,707	2,483,833	21,181,601	8,322,879
Plus: State Only Medicaid Expenditures	4,607,995	3,600,000	269,231	360,041	3,336,958	163,042
<b>TOTAL MEDICAID EXPENDITURES</b>	<b>\$2,123,516,039</b>	<b>\$2,215,060,229</b>	<b>\$177,686,184</b>	<b>\$180,991,748</b>	<b>\$1,698,994,767</b>	<b>\$816,065,472</b>
Plus: Reimbursables <sup>(1)</sup>	4,448,206	3,500,000	269,231	282,919	2,703,206	786,785
<b>TOTAL EXPENDITURES</b>	<b>\$2,127,962,245</b>	<b>\$2,218,560,229</b>	<b>\$177,955,415</b>	<b>\$191,274,667</b>	<b>\$1,601,697,982</b>	<b>\$816,862,287</b>

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

**BUREAU FOR MEDICAL SERVICES**  
**Medicaid Approved Claims Report**  
**As of May 25, 2007**

REF# CMS 64 Category Of Service	--- SFY 2006 ---				SFY 2007 TENTATIVE		
	JUL-SEP 2005	OCT-DEC 2005	JAN-MAR 2006	APR-JUN 2006	JUL-SEP 2006	OCT-DEC 2006	JAN-MAR 2007
1A Inpatient Hospital Services	50,660,147	44,239,858	46,342,049	88,465,831	59,004,884	45,420,674	66,749,428
1B Inpatient Hospital Services - DSH	13,494,023	13,466,678	13,470,677	13,477,601	13,487,307	13,398,746	13,766,769
2A Mental Health Facilities	6,454,836	6,912,113	13,562,413	12,299,762	9,611,035	9,654,320	10,474,752
2B Mental Health Facilities - DSH	4,684,394	6,274,180	4,694,816	4,700,836	4,707,635	4,689,840	4,712,576
3 Nursing Facility Services	98,020,447	98,903,504	100,422,510	96,189,829	97,869,357	102,858,858	101,811,138
4B Intermediate Care Facilities - Private Providers	12,722,547	13,147,300	14,288,039	13,501,343	14,866,833	14,906,183	14,332,092
5 Physicians Services	33,583,781	30,844,222	32,178,805	35,100,502	22,184,181	27,917,656	31,403,555
6 Outpatient Hospital Services	24,086,719	23,085,591	23,092,102	28,178,798	24,854,201	24,036,809	26,181,656
7 Prescribed Drugs	109,529,189	119,401,991	77,862,448	72,148,648	73,996,679	79,099,520	82,648,402
7 Part D Premium - State Only	0	0	6,871,393	6,832,317	7,036,703	6,973,263	9,606,390
7A1 Drug Rebate Offset - National	(26,479,767)	(34,649,872)	(28,295,179)	(23,449,375)	(31,036,177)	(23,748,198)	(23,588,007)
7A2 Drug Rebate Offset - State	(6,074,088)	(6,473,002)	(6,236,973)	(10,749,249)	(6,167,738)	(7,473,084)	(2,805,535)
Total Rebates	(32,553,855)	(41,122,874)	(34,532,152)	(34,198,624)	(37,203,915)	(31,221,282)	(26,393,542)
NET DRUG COST	76,975,334	78,279,117	50,201,689	44,782,341	43,829,467	54,851,501	65,861,250
8 Dental Services	9,309,731	10,225,378	9,538,773	10,675,862	9,747,640	10,030,108	8,754,914
9 Other Practitioners Services	5,745,239	5,127,471	5,390,387	6,262,904	5,011,125	4,708,250	5,290,755
10 Clinic Services	9,029,258	9,030,351	11,577,234	7,711,808	7,646,097	8,289,028	9,205,518
11 Lab & Radiological Services	3,086,682	3,614,604	3,834,362	2,175,779	4,266,918	4,334,075	4,531,502
12 Home Health Services	6,908,765	7,280,231	7,528,844	7,418,116	6,685,878	6,548,543	8,638,345
13 Hysterectomies/Sterilizations	165,370	161,149	207,520	159,288	156,636	161,379	132,905
14 Pregnancy Termination	96,251	70,984	90,137	90,528	64,402	34,849	84,150
15 EPSDT Services	1,151,400	882,248	691,405	4,229,031	6,283,348	5,972,258	507,684
16 Rural Health Clinic Services	2,005,835	1,747,828	2,179,575	2,099,858	1,690,077	1,651,481	1,790,771
17A Medicare - Part A Premiums	3,620,829	6,261,928	4,152,571	4,108,236	2,784,018	4,185,821	4,245,061
17B Medicare - Part B Premiums	14,211,799	14,560,223	15,692,417	16,143,572	10,649,879	16,255,310	17,021,684
18A Managed Care Organizations	42,730,774	51,288,669	60,115,171	59,817,308	60,065,446	68,259,290	53,713,498
18C Group Health Plan Payments	58,739	96,095	58,501	76,212	85,876	0	159,219
19 Home & Community-Based Services (MR/DD)	46,486,558	45,677,907	45,757,241	47,796,799	46,908,117	47,174,803	53,073,494
20 Home & Community-Based Services (Aged/Disabled)	15,894,777	15,026,274	15,203,425	14,647,406	13,700,224	13,512,164	14,314,401
23 Personal Care Services	5,982,676	5,952,653	6,417,084	8,491,635	8,931,805	8,741,934	8,865,553
24 Targeted Case Management	2,210,932	2,398,029	2,284,222	2,593,955	2,125,578	2,022,280	1,906,926
25 Primary Care Case Management	140,880	122,019	140,814	192,360	187,035	234,915	186,249
26 Hospice Benefits	1,148,368	1,818,491	1,720,716	2,074,858	2,525,227	2,043,527	2,869,003

**BUREAU FOR MEDICAL SERVICES**  
**Medicaid Approved Claims Report**  
**As of May 25, 2007**

REF# CMS 64 Category Of Service	--- SFY 2006 ---				SFY 2007 TENTATIVE		
	JUL-SEP 2005	OCT-DEC 2005	JAN-MAR 2006	APR-JUN 2006	JUL-SEP 2006	OCT-DEC 2006	JAN-MAR 2007
28 Federally Qualified Health Center	4,022,834	4,348,762	5,572,223	3,907,444	3,423,380	3,928,153	4,478,179
29 Other Care Services	26,938,503	25,685,317	26,768,853	32,342,339	28,700,010	30,004,526	27,072,764
Unclassified	9,229	1,855	6,837	10,477	211,811	53	(20)
<b>/// TOTALS</b>	<b>521,637,667</b>	<b>526,431,029</b>	<b>523,181,412</b>	<b>569,722,618</b>	<b>512,265,207</b>	<b>535,827,334</b>	<b>562,135,771</b>

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

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

7 Medicaid Prescribed Drugs	109,529,189	119,401,991	77,862,448	72,148,648	73,998,879	79,099,520	82,648,402
7.2 Medicare Part D (Estimated)	0	0	28,266,867	28,106,119	28,946,904	28,506,512	40,013,131
<b>/// Estimated Medicaid &amp; Medicare Prescribed Drug Payments</b>	<b>109,529,189</b>	<b>119,401,991</b>	<b>106,129,315</b>	<b>100,254,767</b>	<b>102,943,583</b>	<b>107,606,032</b>	<b>122,661,533</b>

**PUBLIC COMMENTS FOR PROPOSED  
ADVERTISING REPORTING RULE**

***Pharmaceutical Cost Management Council  
June 5, 2007***



Marjorie E. Powell  
Senior Assistant General Counsel



May 24, 2007

RECEIVED

MAY 24 2007

Ms. Shana Kay Phares  
Office of the Pharmaceutical Advocate  
Building 1, Room M-146  
State Capitol Complex  
Charleston, WV 25305

Pharmaceutical Advocate Office

Re: Proposed Emergency Rule Implementing the Pharmaceutical Availability  
and Affordability Act of 2004, W. Va. Code § 5A-3C-1 et seq.

Dear Ms. Phares:

The Pharmaceutical Research and Manufacturers of America (PhRMA) appreciates the opportunity to provide comments on the regulation proposed on April 24, 2007, by the West Virginia Pharmaceutical Cost Management Council to implement the Pharmaceutical Availability and Affordability Act of 2004, codified at W. Va. Code § 5A-3C-1 et seq. PhRMA represents the country's leading pharmaceutical research and biotechnology companies, which are devoted to inventing medicines that allow patients to live longer, healthier, and more productive lives. PhRMA companies are leading the way in the search for new cures. PhRMA members invested an estimated \$43 billion in 2006 in discovering and developing new medicines. Industry-wide research and investment reached a record \$55.2 billion in 2006. PhRMA companies are the source of nearly all new drugs discovered and marketed throughout the world.

PhRMA shares the Council's objective of making prescription drugs more accessible to residents of the state of West Virginia and has worked closely with the Council since its inception. As you know, during the past years, PhRMA has been part of a multi-faceted, collaborative effort in West Virginia, working with state agencies, private sector interests, patient advocate groups, and others to help the state's residents improve affordability and access to prescription drugs.

The Pharmaceutical Availability and Affordability Act requires pharmaceutical manufacturers and labelers to disclose information regarding the costs of marketing and advertising prescription drugs in West Virginia. Effective marketing of medicines to health care professionals and to consumers ensures that patients have access to the products they need and that the products are used correctly for maximum patient benefit. In 2002, PhRMA adopted its *Code on Interactions with Healthcare Professionals* (the PhRMA Code). This document is based on the firm belief that a health care professional's care of patients should be based, and should be perceived as being based, solely on each patient's

*Pharmaceutical Research and Manufacturers of America*

medical needs and the health care professional's medical knowledge and experience. In 2005, PhRMA adopted its *Guiding Principles on Direct to Consumer Advertisements About Prescription Medicines* (the DTC Principles). These principles are based on the premise that direct-to-consumer (DTC) advertising should educate consumers and encourage informed conversation about health, disease, and treatment options between patients and their health care providers. Together the PhRMA Code and DTC Principles ensure that advertising and marketing further the public health by encouraging appropriate use of prescription drugs.

PhRMA appreciates the Council's efforts to revise the proposed regulation and believes that the current proposal is far more consistent with the Pharmaceutical Availability and Affordability Act than the former proposed rule, issued June 28, 2006. We do, however, have a few concerns regarding the proposed requirements. Those concerns, as well as potential revisions to the proposed regulation that would alleviate our concerns, are described in the following comments.

#### **I. Payments to Physicians**

The proposed rule requires companies to report the number of West Virginia prescribers to whom they provided gifts, grants, or payments totaling \$100 or more for the purpose of advertising. Limiting the scope of reportable payments to those made for the purpose of advertising is consistent with the statute, which requires companies to report "expenses associated with advertising and direct promotion of prescription drugs." The proposed rule therefore properly excludes payments to health care providers for bona fide consulting services and related expenses.

PhRMA recommends that individual payments or gifts to physicians valued at less than \$25 be excluded from the calculation of total payments to physicians in a given year. This exclusion is necessary because companies do not generally keep records regarding the distribution of items of de minimus value, such as pens, mugs, and other "reminder" items, intended to "remind" health care professionals of the name of a new medicine. Moreover, the purpose of the reporting requirement is to enable the state to "determine the scope of prescription drug advertising costs and their effect on the cost, utilization, and delivery of health care services." Inexpensive reminder items are unlikely to affect the cost, utilization, and delivery of health care services and are presumably not the type of item that the legislature intended to be reported. Other states, such as Maine, Vermont, and the District of Columbia, exempt items valued at less than \$25 from their reporting requirements. Similarly, West Virginia's Ethics Law exempts items of "nominal value" from its prohibition on gifts to state employees.

In addition, the current proposed rule also lowers the minimum aggregate amount required to be reported from \$1,000, the amount in the former proposed rule, to \$100. PhRMA suggests that \$1,000 aggregate (annual) minimum be reinstated. In either case, in calculating the aggregate amount per physician, individual items valued at less than \$25 should be excluded, for the reasons discussed above.

**Proposed Revision**

**Section 306-1-3.4 should be revised to read:**

1. List, in the corresponding table in Appendix A, the total number of West Virginia prescribers to whom you provided, directly or indirectly, gifts, grants, or payments of any kind in the stated amounts for the purpose of advertising prescription drugs. Do not include items exempted in W.Va. Code §5A-3C-13(c) or individual gifts or payments valued at less than \$25.

**Appendix A should be revised to read:**

List below the total number of West Virginia prescribers to whom you provided directly or indirectly, gifts, grants, or payments of any kind in the stated amounts for the purpose of advertising prescription drugs. Do not include items exempted in W. Va. Code § 5A-3C-13(c) or individual gifts or payments valued at less than \$25.

<b>Annual Aggregate Amount of fees, food entertainment, recreational activities, travel expenses, gifts, grants or other payments</b>	<b>Total Number of Prescribers</b>
\$1,000 - \$2,500	
\$2,501 - \$5,000	
\$5,001 - \$7,500	

\$7,501 - \$10,000	
\$10,001 or over	

## **II. Expenses Associated with National or Regional DTC Advertising**

The proposed rule requires companies to report all advertising and direct promotion to residents of West Virginia. For national or regional DTC expenses, companies should report West Virginia's share by multiplying the total amount spent on advertising by West Virginia's most recent population as reported by the U.S. Census Bureau divided by the total population targeted by the DTC advertising.

As the proposed rule contemplates, many DTC advertising campaigns sponsored by pharmaceutical companies are national or regional in nature — neither tailored to West Virginia nor intended specifically to persuade West Virginia residents. These campaigns, although they may reach West Virginia residents, should not be reported under the regulation implementing the Pharmaceutical Availability and Affordability Act.

Neither Vermont nor California requires companies to report national or regional advertising costs. Maine specifically exempts advertising and promotion purchased for a national or regional market, even when the campaign includes advertising within the state. The Council should adopt the same approach as Maine and exempt all national and regional advertising. DTC advertising campaigns targeted solely to West Virginia consumers or health care providers would of course be reportable under the rule.

### **Proposed Revision**

**Section 206-1-3.3 should be revised to read:**

The Company should report all advertising and direct promotion to residents of this state. Expenses associated with DTC advertising purchased for a national or regional market that includes advertising in West Virginia are not subject to these reporting requirements.

## **III. Payments to Patient Support Groups or Advocacy Groups**

The proposed regulation requires companies to report the names of any disease-specific patient support or advocacy group to which they made gifts, grants, or payments

totaling \$10,000 or more for the purpose of advertising prescription drugs and the total amount contributed to each named support group. Limiting the scope of reportable payments to those made for the purpose of advertising is consistent with the statute, which requires companies to report “expenses associated with advertising and direct promotion of prescription drugs.” The proposed rule therefore properly excludes expenses associated with patient education materials and disease management materials, as well as other educational and informational programs or materials.

Under the current proposed rule, however, a payment to a national advocacy organization would be reportable even if the payment were made to the organization’s headquarters or to a subsidiary or chapter located in another state. But companies have no way of tracking whether these payments are in turn used by the recipient for advertising activities in West Virginia. The statute, moreover, requires reporting of advertising expenses only “as they pertain to residents of this state.” As a result, the Council should limit the rule to patient support groups or advocacy groups actually located in West Virginia. It should also expressly exclude payments made to national or regional groups unless the payment is made to a location in West Virginia.

#### Proposed Revision

**Section 206-1-3.4 should be revised to read:**

3. List, in the corresponding table in Appendix A, the name of any disease-specific patient support or advocacy group located in West Virginia to which you made, directly or indirectly, gifts, grants, or payments of any kind totaling \$10,000 or more for the purpose of advertising prescription drugs and the total amount contributed to each named support group. Payments made to national or regional patient support groups or advocacy groups are not subject to these reporting requirements unless the payment is made to a subsidiary or chapter located in West Virginia.

#### **IV. Payments to Pharmacies**

The proposed regulation requires companies to report the name of any pharmacy licensed in West Virginia to which they made gifts, grants, or payments totaling \$10,000 or more for the purpose of advertising prescription drugs. Companies must also report the type of advertising used and the total amount contributed to each named pharmacy. Limiting the scope of reportable payments to those made for the purpose of advertising is

consistent with the statute, which requires companies to report "expenses associated with advertising and direct promotion of prescription drugs."

Under the current proposed rule, however, a payment to a national chain pharmacy that is licensed in West Virginia would be reportable even if the payment went to the chain's corporate headquarters or to a branch or outlet of the chain in another state. The Council should therefore limit the rule to pharmacies located in West Virginia. Moreover, it should expressly exclude payments made to national or regional chain pharmacies unless the payment is made to a branch or outlet of the chain located in West Virginia.

#### **Proposed Revision**

**Section 206-1-3.4 should be revised to read:**

4. List, in the corresponding table in Appendix A, the name of any pharmacy licensed and located in West Virginia to which you made, directly or indirectly, gifts, grants, or payments of any kind totaling \$10,000 or more, for the purpose of advertising prescription drugs, the type of advertising used, and the total amount contributed to each named pharmacy. Payments made to national or regional chain pharmacies are not subject to these reporting requirements unless the payment is made to a branch or outlet of the chain located in West Virginia.

#### **V. Protection of Confidential Information and Trade Secrets**

The current proposed rule does not explicitly state that the information submitted by companies in their annual reports will be a public record, as the former proposed rule did. The statute, however, expressly provides that "information submitted to the council pursuant to this section is confidential and is not a public record." PhRMA suggests that the Council amend the proposed regulation to specifically include language that reflects the statutory provision. The regulation implementing Maine's marketing disclosure statute includes this type of provision, as does the proposed regulation implementing the District of Columbia's marketing disclosure statute. We also request that the Council establish privacy and security standards, as well as penalties, to protect against the unauthorized disclosure of confidential information.

In addition, the statute provides that data compiled in aggregate form by the Council are a public record as long as they do not reveal "trade information that is protected by state or federal law." The Council should therefore amend the proposed rule

to provide explicit protection for information that a company identifies as a “trade secret,” as that term is used in the Federal Trade Secrets Act, 18 U.S.C. § 1905. This law generally protects anything that would be a trade secret or confidential commercial information under the Federal Freedom of Information Act. *See* Department of Justice, Freedom of Information Act Guide, Exemption 4 (May 2004).

**Proposed Revision**

**Section 206-1-2 should be revised to include a definition of “trade secret” that reads:**

2.9 “Trade secret” means any information deemed to be a trade secret under 18 U.S.C. § 1905.

**The proposed rule should be revised to add a new § 206-1-4 that reads:**

**§ 206-1-4. Confidentiality and Public Information**

4.1 Notwithstanding any provision of law to the contrary, information submitted to the Council pursuant to this rule shall be confidential and not a public record.

4.2 A manufacturer or labeler subject to reporting required by W. Va. Code § 5A-3C-13 may, as part of its annual report, identify any information that it claims as a trade secret and, if so identified, shall certify in writing the reasons for its claim that the information is a trade secret.

4.3 Data compiled in aggregate form by the Council are a public record as long as they do not reveal trade information that is protected by state or federal law.

**VI. Reporting for 2007**

The proposed regulation requires reporting to begin in March of 2008 for the reporting period from July 1, 2007, to December 31, 2007. The legislative rulemaking process will not, however, be completed by July 1, 2007, and realistically may not be completed until 2008. Because the requirements of the final rule may differ from those of the proposed rule, companies should not be required to begin collecting information until the Legislature has approved the final rule.

Once the final legislative rule is available, companies should be given an adequate period of time to establish internal procedures and reporting systems that will ensure that the information required by the Council is captured accurately. Establishing these procedures may require, for example, software purchases, training of personnel, dry runs, system reconfiguration, and the like.

PhRMA therefore requests that the Council specify in the final rule that the initial reporting period will begin in the first quarter beginning 90 days after the effective date of the final rule and continue until the end of the current calendar year. Subsequent reporting periods would cover the entire calendar year, as provided in the proposed rule. This delayed implementation would be consistent with the approach taken in Vermont. The Vermont marketing disclosure law was enacted in 2001 but provided that initial disclosures would not be due until 2004, covering the 12-month period ending June 30, 2003.

#### **Proposed Revision**

**Section 206-1-3.1 should be revised to read:**

After the effective date of these regulations, all pharmaceutical manufacturers and/or labelers whose prescription drugs are dispensed in West Virginia or to a West Virginia resident via mail must complete and file with the Council, on or before April 1, Appendix A listing the advertising expenses incurred by the manufacturer or labeler in the preceding calendar year. For purposes of the annual report due April 1, 2008[9] only, manufacturers and labelers shall report the required information only for the period from the quarter beginning 90 days after the effective date of this rule through December 31, 2007[8].

#### **VII. Electronic Reporting**

The former proposed rule included a provision that the Council could adopt procedures to permit electronic filing. This provision is not included in the current proposed rule. We assume that this omission was simply an oversight. Submission of the required information in paper format may be burdensome to both the reporting companies and the Council in view of the volume of information to be reported. As a result, we recommend that the Council follow the examples of Maine and Vermont and allow companies to report expenses in an electronic submission via spreadsheet or database, with the required paper certification to be filed in conjunction with their electronic submission.



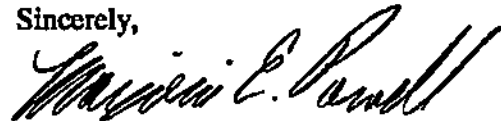
**Proposed Revision**

**Section 206-1-3.5 should be revised to read:**

The manufacturer or labeler shall file signed originals of completed Appendix A forms with the Council, at the Office of the Pharmaceutical Advocate, Main Building 1, Room M-146, Capitol Complex, Charleston, West Virginia 25305. The Council will adopt procedures to permit electronic filing.

PhRMA appreciates the opportunity to provide these comments, and looks forward to continuing to work with the Council on a variety of efforts to improve access to needed prescription medicines for residents of West Virginia.

Sincerely,



Marjorie E. Powell



RECEIVED

MAY 25 2007

Pharmaceutical Advocate Office

May 24, 2007

Ms. Shana Phares, Acting Pharmaceutical Advocate  
Governor's Office  
Building 1, Room M-146  
1900 Kanawha Boulevard, East  
Charleston, WV 25305

Dear Ms. Phares:

This public comment is submitted on behalf of AARP, the West Virginia AFL-CIO, West Virginia Education Association, the West Virginia Council of Churches, the United Steel Workers District 8, Communications Workers of America, AFSCME Council 77, West Virginians for Affordable Health Care, Association of Retired School Employees, West Virginia Citizen Action Group, AFT- WV and the Consumer Protection Alliance. We make the following public comments on the West Virginia Pharmaceutical Cost Management Council's (hereafter Council) proposed legislative rule regarding pharmaceutical advertising expense reporting.

First, we support the reduction from \$1,000 to \$100 for the threshold for reporting the number of prescribers receiving gifts, grants and payments from drug manufacturers. This is an important addition to last year's aborted advertising expense reporting rule.

However, the rule does not require the total amount spent by manufacturers on gifts, grants and payments to prescribers to be reported. For example, the proposed emergency rule requires drug manufacturers to report the number of prescribers who receive more than \$10,001 during the six month period between July 1 and December 31, 2007. These amounts could be \$10,002 or \$5 million. It is impossible to determine under the proposed emergency rule. This is a serious defect and should be remedied by the Council by requiring drug manufacturers to report the total expenses spent on gifts, grants or payment to all prescribers during the reporting period. This critical information is needed to negotiate discount prices for prescription drugs.



Additionally, the disclosure of pharmaceutical drug detailing is critical in order to ascertain the true cost of prescription drugs and should be part of the Council's advertising expense reporting rule. A recent Kaiser Family Foundation report, *Prescription Drug Trends*<sup>11</sup>, found that manufacturers spend 70 percent more on advertising to physicians (i.e., detailing) than they did on advertising to consumers: \$7.2 billion versus \$4.2 billion.

If the Council's advertising expense regulation only requires reporting on direct to consumer advertising, the information received will paint an unrealistic picture of the manufacturer's advertising expenses and will deny the Council valuable information needed for future negotiations with the drug manufacturers' for discounts that preclude both detailing expenses and direct to consumer advertising.

We agree with the legal opinion by the West Virginia Attorney General that the Council has the authority under the statute to require the disclosure of pharmaceutical drug detailing within legislative rules. The Attorney General's opinion dispels the assertion that the words "shall include" found in §5A-3C-13(b) should be read to mean "shall only include."

Additionally, §5A-3C-13(d) makes clear that the Council is authorized to establish the "form and manner of reporting required as the **council determines necessary to effectuate the purpose of this article**" (emphasis added). One of the specified purposes of the article is: "That there is an increasing need for citizens of West Virginia to have **affordable** access to prescription drugs" (emphasis added). The question arises whether the Council can meet the purposes of the act without requiring reporting on detailing expenses? In our opinion the answer to this question is no. The Council can only accomplish the purposes of the act by requiring full and complete reporting, including detailing expenses.

Accordingly, we recommend that Title 206, Legislative Rule, West Virginia Pharmaceutical Cost Management Council, Series 1, Prescription Drug Advertising Expense Reporting include: information regarding pharmaceutical drug detailing in West Virginia; the total number of drug detailers working in the West Virginia market; the salary range and aggregate salary of all detailers; the minimum requirements for hire; and the aggregate expenditures associated with the pharmaceutical drug detailers.

<sup>11</sup> Kaiser Family Foundation, *Prescription Drug Trends* (June 2006), at <http://www.kff.org/rxdrugs/upload/3057-05.pdf> (last accessed May 7, 2007).


If you believe that the addition of detailing expenses would prevent the proposed emergency rule from being adopted, then we recommend that you adopt a separate rule that requires the detailing information outlined above. Under this arrangement, if the detailing rule is rejected by either the Legislature or the Courts it will have no impact on the emergency rule currently filed with the Secretary of State's Office.

It is imperative that West Virginia contain the cost of prescription drugs in order to protect all of our citizens' access to affordable life saving medications. The adoption of this rule and the inclusion of "pharmaceutical drug detailing" is vital to West Virginia being able to fulfill the intention of the ground breaking legislation passed in 2004. These organizations that represent at least 400,000 West Virginians urge you to act quickly on this important matter.

Sincerely yours,



Frank Bellinetti  
State Director  
AARP



Dennis Sparks  
Executive Director  
WV Council of Churches



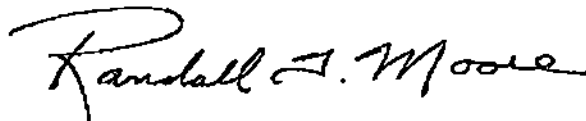
Charles Delauder  
President  
WV Education Association



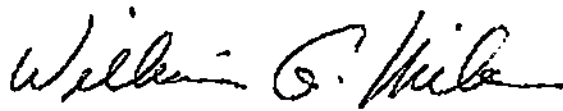
Ed Hartman  
Executive Director  
AFSCME Council 77



Elaine Harris  
International Representative  
Communications Workers of America



Randall Moore  
Legislative Coordinator  
United Steel Workers,  
District 8



William Milam  
Executive Director  
Assoc. of Retired School Employees



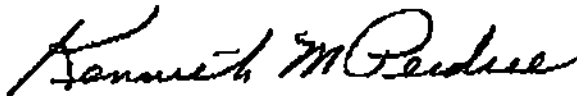
Gary Zuckett  
Executive Director  
West Virginia Citizens Action Group



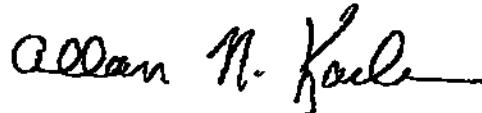
Perry Bryant  
Executive Director  
WV for Affordable Health Care



Judy Hale  
President  
AFT- West Virginia



Kenneth Perdue  
President  
West Virginia AFL-CIO



Allan Karlin  
President  
Consumer Protection Alliance

cc: The Honorable Joe Manchin, III, Governor, The Honorable Betty Ireland,  
Secretary of State, Members of the West Virginia Pharmaceutical Cost  
Management Council

MAY 25 2007

Pharmaceutical Advocates Office

May 25, 2007

The Honorable Shana Kay Phares,  
Pharmaceutical Advocate & Chair,  
West Virginia Pharmaceutical Cost Management Council  
Building 1, Room M-146  
1900 Kanawha Boulevard, East  
Charleston, West Virginia 25305

Subject: Proposed Legislative Rule Title Number 206: West Virginia  
Pharmaceutical Cost Management Council Series 1  
Pharmaceutical Advertising Expense Reporting

Dear Ms. Phares:

The Biotechnology Industry Organization (BIO) respectfully submits for consideration by you and the West Virginia Pharmaceutical Cost Management Council ("the Council") the following comments on the proposed legislative rule recently filed by the Department of Administration and the Council entitled "Pharmaceutical Advertising Expense Reporting." The proposed legislative rule imposes reporting requirements with respect to advertising expenses for all manufacturers and labelers of prescription drugs dispensed in West Virginia that employ, direct, or utilize marketing representatives.

BIO represents more than 1,100 biotechnology companies, academic institutions, state biotechnology centers and related organizations across the United States and 31 other nations. BIO members are involved in the research and development of healthcare, agricultural, industrial and environmental biotechnology products.

BIO is committed to efforts that meaningfully identify ways to improve the affordability and accessibility of prescription drugs, and will continue to work with your Office, the Council, and the West Virginia Legislature to develop workable reporting requirements for aggregate advertising expenses, as required by the Legislature in the Pharmaceutical Availability and Affordability Act of 2004 ("the Act").

BIO is grateful to the Council for the revisions it has, to date, seen fit to make. However, for the reasons described in detail in BIO's previous submissions to the West Virginia Secretary of State and your Office, and briefly revisited below, the proposed legislative rule (including the Appendix A reporting form) continues to exceed, in certain respects, the statutory authority granted by the Legislature under the Act, by requiring information beyond the "advertising costs for prescription drugs, based on aggregate national data" specified by Section 5A-3C-13 of the Act.

Accordingly, the proposed rule should be modified to bring the scope of the reporting requirements into better alignment with the statutory purpose and language by limiting all of the requested data submissions to aggregate expenses for the advertising and direct promotion of prescription drugs to West Virginia prescribers and residents.

#### Clarification of the Proposed Rule and Reporting Form

As described in detail below, there are several key provisions of the proposed legislative rule, and in particular, the Appendix A reporting form, that should be



modified or clarified to ensure consistency with applicable law, ease practical implementation, and reduce confusion among the regulated community and others about the scope of these requirements.

## Protection of Confidential Information and Trade Secrets

### *General Comment*

The previous version of the proposed rule (issued June 28, 2006) contained language at the end of each section of the Appendix A reporting form stating that the data submitted by companies will be a public record. Consistent with BIO's previous comments, this language has been removed from the current revised version of the proposed rule. But as currently written the proposed rule does not explicitly incorporate the statutory requirement regarding confidentiality and, thus, may cause confusion about public access to reported information. The Act expressly protects from public disclosure the information that is required to be reported to the Council, recognizing the proprietary nature of such information. Section 13(e) clearly states that, notwithstanding any other provision of law, "information submitted to the council pursuant to this section is confidential and is not a public record and is not available for release pursuant to the West Virginia freedom of information act." This section further provides that only the "[d]ata compiled in aggregate form by the council for the purposes of reporting" to the Legislature shall be a public record, and even then, only to the extent that it "does not reveal trade information that is protected by state or federal law" (Section 5A-3C-13(e)).

### *General Recommendation*

The proposed rules should be modified to include language that references the protections of confidential information mandated by Section 13(e) as follows:

#### Section 206-1-4. Confidential Information and Trade Secrets.

- 4.1 Notwithstanding any other provision of law, all information submitted to the Council pursuant to this rule is confidential and is not a public record and is not available for release pursuant to the West Virginia freedom of information act.
- 4.2 A manufacturer or labeler subject to reporting required by W. Va. Code §5A-3C-13 may, as part of its annual report, identify any information that it claims as a trade secret and, if so identified, shall certify in writing the reasons for its claim that the information is a trade secret.
- 4.3 Data compiled in aggregate form by the Council for the purposes of reporting to the Legislature are a public record provided it does not reveal trade information that is protected by state or federal law.

#### Section 206-1-2 Definitions

##### *Section 2.1 "Aggregate" or "Aggregate Data": Comment*

The proposed definition of "aggregate" or "aggregate data" appropriately protects the identity of "specific individuals or companies." However, identification of specific products obviously can reveal company-specific information, in violation of both the proposed rule and the Act.

### ***Section 2.1 "Aggregate" or "Aggregate Data": Recommendation***

The proposed definition of "aggregate" or "aggregate data" should be modified to read as follows (new language underlined):

"Aggregate" or "aggregate data" includes information collected by the Council which does not disclose personally-identifiable information about specific West Virginia Prescribers or which does not otherwise identify specific individuals, products or companies.

### ***Section 206-1-3 Required Reporting***

#### ***Section 3.1: Comment***

Proposed Section 3.1 requires an initial reporting of data pertaining to activities that occur between July 1, 2007, and December 1, 2007, on or before March 1, 2008. Subsequent to the initial report, companies are required to submit reports to the Council on the first of April beginning in April of 2009. The proposed rule presupposes that the legislative rulemaking process will be completed by July 1, 2007, necessitating the collection of data as required under the rule. It is possible that the Council will have a revised proposed legislative rule completed to file with the Legislative Rulemaking Review Committee ("the Committee") by July 1, 2007; however, the Committee may have modifications necessitating additional time for the Council to re-file the rules in the state register. Additionally, the scope and content of the final rule may contain reporting requirements that are different than those contained in the proposed rule. Furthermore, the Committee may not introduce legislation authorizing the Council to promulgate the legislative rule until January of 2008 when the next legislative session begins.

#### ***Section 3.1: Recommendation***

Revise proposed Section 3.1 to no longer require companies to submit Appendix A for the reporting period July 1, 2007, to December 31, 2007. Companies should not be required to begin collecting reportable data until a specified date that occurs after the effective date of the rules. This date should provide companies with a reasonable time frame to develop and institute internal programs to collect, analyze and disseminate the required reportable data, particularly data for which the reporting requirements may have changed from the proposed rule.

#### ***Section 3.4.1: Comment***

Proposed Section 3.4.1 and the corresponding table in Appendix A require companies to report the total number of West Virginia prescribers to whom they provided directly or indirectly, gifts, grants or payments of any kind totaling \$100 or more for the purpose of advertising prescription drugs.

#### ***Section 3.4.1: Recommendation***

BIO believes that, given the *de minimus* nature of many gifts and the intent of the Legislature to "determine the scope of prescription drug advertising costs," a reasonable application of the rules would exclude the aggregation of individual items valued at less than \$25. A proper application of the rule would only require the reporting of individual events or transactions valued at more than \$25 each, totaling \$100 or more during the reporting period. Other states such as Vermont, Maine and the District of Columbia have specifically excluded a requirement to report gifts, grants and payments to prescribers that are valued at less than \$25. Additionally, it would be an undue burden on companies to be required to track nominal expenses below \$25.



### *Section 3.4.2: Comment*

Proposed Section 3.4.2 and the corresponding table in Appendix A require companies to complete a table listing "the name of any prescription drugs advertised using direct-to-consumer (DTC) advertising reaching or targeting West Virginia." The reporting table has three columns, only one of which – the "Total Expenditure on Advertising" – is authorized under Section 13. Columns one and two require the reporting of the name of the drug and the type of DTC advertising reaching West Virginia. Nothing in Section 13 authorizes the Council to require the reporting of expenses broken down by drug or type of advertising. The statute clearly requires that all data reported to the Council be aggregate expense data only.

### *Section 3.4.2: Recommendation*

Revise Section 3.4.2 to no longer require the completion of a table and instead require that manufacturers and labelers provide the Council an aggregate total of their advertising expenditures for DTC prescription drug advertisements targeting West Virginia.

### *Section 3.4.3: Comment*

Proposed Section 3.4.3 and the corresponding table in Appendix A require reporting of "the name of any disease-specific patient support or advocacy group, to which you made, directly or indirectly, gifts grants or payments of any kind totaling \$10,000 or more for the purpose of advertising prescription drugs and the total amount contributed to each named support group." Virtually all, if not all, gifts, grants, or payments to such groups are wholly unrelated to product advertising as that term is defined in the statute (See Section 5A-3C-3(1)) and commonly understood; furthermore, these groups make independent decisions about their education, outreach and advocacy activities. The Council appears to equate the concept of legitimate advocacy by disease-specific groups with product advertising paid for by manufacturers. Nothing in Section 13 gives the Council the authority to require the listing of the names of advocacy groups or the contributions made by manufacturers or labelers to them (particularly in non-aggregated form), unless such payments are for product advertising that meets the statutory test set forth in the Act.

Moreover, as a practical matter, manufacturers and labelers most likely would not even know whether to list a particular organization since a company may not know whether a national or regional organization has a West Virginia affiliate, whether the company's funds or support has been provided to such an affiliate indirectly either through the national or regional organization or another entity, or whether the organization or its affiliate lobbies or otherwise appears before the West Virginia Legislature or State agencies.

### *Section 3.4.3: Recommendation*

In light of the reasons set forth above, Section 3.4.3 and the corresponding table in Appendix A should be deleted in their entirety. If the section and table are maintained in some form, they should be limited to aggregate expenses incurred by manufacturers for the advertising or direct promotion of prescription drugs to or by such organizations in West Virginia.

#### *Section 3.4.4: Comment*

While proposed Section 3.4.4 and the corresponding table in Appendix A require the reporting of expenses related to advertising, other aspects of this provision require clarification and modification. Section 3.4.4 requires manufacturers to report the names of pharmacies with whom they have advertising programs, a description of the type of advertising, and the total amount contributed to each named pharmacy. Section 13 does not grant the Council the authority to require any of this information, particularly on a non-aggregated basis, but rather only permits the collection of "advertising costs for prescription drugs, based on aggregate national data" (Section 5A-3C-13(a)) and "aggregate expenses associated with advertising" (Section 5A-3C-13(b)). In addition, to the extent that this provision would require reporting of the terms of business relationships with national pharmacy chains – as opposed to individual West Virginia pharmacies – it would exceed the authority granted by the Act under Sections 5A-3C-13(a) and 5A-3C-13(b), and assumes that manufacturers would have detailed information as to the terms of agreements between national pharmacy chains and their state franchises.

#### *Section 3.4.4: Recommendation*

Section 3.4.4 and the corresponding table in Appendix A ought to be clarified and modified to bring the requirements in line with Section 13. Section 3.4.4 should be revised to require that manufacturers report only their aggregate expenses associated with advertising prescription drugs to and by pharmacies licensed and operating in West Virginia. In order to reduce confusion and misleading reporting, this Section should also clarify that costs captured by this section should be excluded from costs reported elsewhere in the reporting form (such as under proposed Section 3.4.2), and should include only West Virginia-specific expenditures (as opposed to general advertising programs with national pharmacy chains).

#### *Section 3.4.5: Comment*

Section 3.4.5 – which voluntarily requests information relating to costs that the Legislature expressly determined "shall be exempt from disclosure requirements" under the Act (Section 5A-3C-13(c)) – is contrary to both the purpose and plain language of the statute. The collection of such information, even if voluntarily provided, is unauthorized. For example, nothing in Section 13 authorizes the reporting of any clinical trials, regardless of whether they meet the rule's definition of "Bona Fide Clinical Trial," because such activities cannot be considered product advertising in any reasonable sense of the term. Moreover, encouraging manufacturers to submit such expenditures could actually make it more difficult for the State to obtain an accurate view of prescription drug advertising expenses – which is the purpose of the statutory provision – by creating confusion as to what is properly considered advertising (particularly, when expenditures are aggregated and publicly reported by the Council).

#### *Section 3.4.5: Recommendation*

For the reasons set forth above, Section 3.4.5 should be struck in its entirety.

#### *Certification Recommendation*

Given the vagueness and sweeping nature of some of the required information, the signature certification provision at the end of the proposed Appendix A reporting form should be modified to clarify that the submission is "true, correct and complete" based on the "reasonable knowledge and belief" of the signatory, in order to avoid strict liability for inadvertent mistakes or omissions. The required notarization should be stricken in its entirety.

Thank you for your consideration of these comments. We would welcome the opportunity to further discuss these issues with you or your staff. Please contact me at (202) 962-9200, or at [tdilenge@bio.org](mailto:tdilenge@bio.org), if you have any questions regarding these comments.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tom DiLenge', written in a cursive style.

Tom DiLenge  
Vice President and General Counsel

(Speaker Thompson presides)

**AGENDA**  
**JOINT COMMITTEE ON GOVERNMENT AND FINANCE**  
**June 5, 2007**

3:00 - 4:00 p.m.

Senate Finance Room

1. Approval of May 8, 2007, minutes

2. Committee Reports/Requests:

Legislative Intern Committee (Senator Prezioso and Delegate Varner, Chairs) *Approval of annual budget—Sara Jones*

**MOVE** the proposed FY 2008 budget for the Legislative Intern Committee be approved.

3. Monthly/Quarterly Reports Distribution:

Status Reports on the Lottery Commission, Unemployment Compensation Trust Fund, and General Revenue Fund

4. Monthly/Quarterly Reports Distribution:

PEIA, BRIM, CHIP and Leases & Contracts Report - *Robert Ferguson, Jr., Secretary, Dept. of Administration*

5. Monthly/Quarterly Report Distribution from Department of Health and Human Resources:

Medicaid Report - *Martha Walker, Cabinet Secretary, DHHR*

6. Monthly Report on the Pharmaceutical Cost Management Council: *Robert Ferguson, Jr., Secretary, Dept. of Administration*

7. Lottery Commission: *John Musgrave, Director*

8. Other Business

9. Scheduled Interim Dates: July 8 - 10

August 19 - 21

September 9 - 11

October 7 - 9

November 16 - 18 (Friday, Saturday and Sunday)

December 9 - 11

January 6 - 8, 2008

10. Adjournment

**Subject:** 08 Intern Budget/ Joint Committee  
**From:** "Sara Jones" <sara@mail.wvnet.edu>  
**Date:** Wed, 23 May 2007 15:01:01 -0400  
**To:** "Anne Landgrebe" <alandgre@mail.wvnet.edu>

Committee Requests:

Legislative Intern Committee (Senator Prezioso  
and Delegate Varner (Co-chairs), - Sara Jones, staff

a. Request for approval of '08 Intern  
Budget

MOVE the request be approved.

**Sara Jones, Research Analyst**  
West Virginia House of Delegates  
Building One, Room 200-A, East Wing  
Charleston, WV 25305

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Phone: (304) 340-3386  
Fax: (304) 340-3377

**Legislative Intern Committee**

Budget

FY 2008

Recommended

Administrative	FY 2007	FY 2008	Line Explanation
<i>Director's Salaries and staff recruiting travel</i>			
Dr. Mary Beth Beller, Graduate Intern Program Director	\$6,500	\$6,500	
Dr. Stephen Cupps, Herndon Fellows Program Director	\$6,500	\$6,500	
Frasure-Singleton Program Director (Jason Wazelle)*	\$7,100	\$7,100	Includes Workers Comp and SS matching
Travel expenses for directors and staff	\$12,000	\$12,000	
<i>Total</i>	\$32,100	\$32,100	
<i>Intern Stipend</i>			
Rollins Scholars	\$11,200	\$11,200	2 positions at \$5,600 each
Robert Burk Graduate Interns	\$22,400	\$22,400	4 positions at \$5,600 each
Herndon Fellows	\$52,000	\$52,000	10 positions at \$5,200 each
Legislative Information Interns	\$20,800	\$20,800	4 positions at \$5,200 each
Frasure-Singleton Interns	\$0	\$0	51 positions (no stipend)
<i>Total</i>	\$106,400	\$106,400	
<b>Operational</b>			
Intern travel and training*	\$23,049	\$23,049	Frasure food, lodging, bus fare & training
Publications*	\$5,000	\$5,000	Brochures, applications and advertising
Miscellaneous expenses*	\$1,600	\$1,600	Postage, name tags & other miscellaneous program expenditures
<i>Total</i>	\$29,649	\$29,649	
<b>Budget Total</b>	<b>\$168,149</b>	<b>\$168,149</b>	