

FILE COPY

JOINT COMMITTEE ON
GOVERNMENT AND FINANCE

Materials Distributed

July 30, 2008

June 24, 2008

3:00 - 4:00 p.m.

Joint Committee on Government and Finance

Senate

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

House

Thompson, Chair
Caputo
DeLong
Webster
White
Armstead
Border

Speaker Thompson, Cochair, presided.

1. **Approval of Minutes**

Upon motion by President Tomblin, properly adopted, the minutes of the May 20, 2008, meeting were approved.

2. **Committee Reports/Requests**

Select Committee D - Nancy Tyler

Upon motion by President Tomblin, properly adopted, the request for A Vision Shared to be allowed to assist Select Committee D with their study and that A Vision Shared be reimbursed for their services up to \$7,500.00, is approved.

3. **Lottery Commission, General Revenue Fund and Unemployment Compensation Trust Fund**

Distributed to members of the Committee were the following: Lottery Operations report for the month ended April 30, 2008; the General Revenue Fund status report as of May 31, 2008; and the Unemployment Compensation Trust Fund report for the month ended April 30, 2008. Distributed with each of the reports were an analysis and a summary of the reports.

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

The following monthly PEIA reports were distributed: Monthly Management Report and Prescription Drug Report for May 2008. Donna Lipscomb, Legislative Liaison, reported that PEIA is running on plan with health care claims 15% higher than last year and the prescription claims are 4% less than last year.

The following BRIM reports were distributed: An unaudited balance sheet and unaudited income statement for the period ending April 30, 2008.

The following reports from CHIP were distributed: A report of enrollment for May 2008 and financial statements for period ending April 30, 2008.

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

A leasing report for May 1, 2008, through June 13, 2008 and a Lease Portfolio, was distributed. Ms. Lipscomb reported 61 leasing changes, 2 new contracted to lease, 51 straight renewals, 6 renewals with rent increases, 1 adding square footage with a decrease in rent and 1 decrease in square footage.

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

A Medicaid report dated June 2008 was distributed.

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

A Pharmaceutical Cost Management Council report dated June 13, 2008, was distributed. Shana Phares, Governor's Pharmaceutical Advocate and Chair of the Pharmaceutical Cost Management Council, said there is a new pharmaceutical council website.

8. **Workers' Compensation**

A Workers' Compensation report dated June 24, 2008, was distributed. Jane Cline, Insurance Commissioner and Mary Jane Pickens, General Counsel for the Insurance Commissioner reported on Workers' Compensation and answered questions by the members.

9. **PEIA Charges to Cities and Counties**

Lisa Dooley and Patti Hamilton reported to the Committee that the non-state pool employees are being charged an additional \$223 a month beginning in July on top of their premiums. Ms. Dooley would like the benefit for the cities and counties of the allocations going into PEIA pool. Some of these local entities do not even pay retiree medical benefits. Ted Cheatam, Director of PEIA, will respond next month.

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

A Board of Treasury Investments Report dated April 2008 was distributed.

11. **Division of Highways Distribution**

A Report to the Coal Resource Transportation Designation Committee on County Route 83/4 in Kanawha County was distributed.

12. **Scheduled Interim Dates**

July 27 - 29

August 24 - 26

September 7 - 9 (Bridgeport)

October 12 - 14

November 16 - 18

December 7 - 9

January 11 - 13, 2009

February 8 - 10, 2009

The meeting was adjourned.

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor

*Budget Division
Building 1, Room 314-West Wing
1900 Kanawha Blvd. East
Charleston, WV 25305-0590*



304-347-4870

July 28, 2008

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

Lottery Commission as of June 30, 2008 :

Appears to be in good condition. Gross profit for the fiscal year 2007-2008, was \$ 681.6 million which was - 2.15% below the fiscal year 2006-2007.

General Revenue Fund as of June 30, 2008:

Collections were at 100.37% of the yearly estimate as of June 30, 2008.

State Road Fund as of June 30, 2008:

Fund collections were at 99.65% of the yearly estimate.

Unemployment Compensation Trust as of June 30, 2008:

Overall ending trust fund balance was \$6.2 million less on June 30, 2008 than on June 30, 2007. Receipts were \$ 4.2 million less as of June 30, 2008 than on June 30, 2007.

Joint Committee on Government and Finance

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor

*Budget Division
Building 1, Room 314-West Wing
1900 Kanawha Blvd. East
Charleston, WV 25305-0590*



. 304-347-4870

MEMORANDUM

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

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

Date: July 22, 2008

Re: Review of West Virginia Lottery Financial Information
As of June 30, 2008 (FY 2008)

We performed an analysis of the Statement of Revenues, Expenses and Retained Earnings for the fiscal year July 2007 - June 30, 2008, from monthly unaudited financial reports furnished to our office by the West Virginia Lottery Commission. The results are as follows:

Lottery Revenues:

Gross lottery revenues are receipts from on-line games, instant games and video lottery. These gross receipts totaled \$1,523,456,000.00 for the months of July 2007 - June 2008. Table games accounted for \$15,877,000.00 of this total. These gross receipts were \$1,562,259,000.00 for the same months of the preceding fiscal year, 2006-2007. This number does not include commission and prize deductions. Gross profit (Gross revenues minus commissions and prize costs) for July - June 2008 was \$681,644,000.00; for the previous July - June 30, 2007 it was

Lottery

Joint Committee on Government and Finance

Lottery continued

\$696,620,000.00. Expressed as a percentage, gross profit is -2.15% lower for fiscal year 2008 than for fiscal year 2007.

(Lottery income was expected to decrease during fiscal year 2008 and the FY 2008 budget appropriations in the excess lottery revenue surplus section were decreased approximately \$ 60 million dollars from the FY 2007 appropriations in anticipation of this decrease. The decreases will be caused by competition from neighboring states that have just legalized their lotteries or are expanding their lottery business.)

Operating Income:

Operating income was \$ 667,707,000.00 for July 2007 - June 2008. For July - June 2007 it was \$ 683,612,000.00. This was a decrease of -2.33%. After additions and subtractions of non-operating income and expenses, distributions to the state were \$631,155,000.00.

Operating Transfers to the State of West Virginia:

A total of \$631,155,000.00 has been accrued to the state of West Virginia for fiscal year 2007-2008. 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	\$ 58,811,000.00
Department of Education	\$ 34,908,000.00
Library Commission	\$ 10,538,000.00
Higher Education-Central Office	\$ 19,351,000.00

Lottery

Lottery continued

Tourism	\$ 7,943,000.00
Department of Natural Resources	\$ 3,436,000.00
Division of Culture and History	\$ 5,526,000.00
Department of Education and Arts	\$ 1,427,000.00
State Building Commission	\$ 9,997,000.00
School Building Authority	\$ 17,995,000.00
<u>SUBTOTAL, BUDGETARY TRANSFERS</u>	\$169,932,000.00

Excess Lottery Fund

General Purpose Fund	65,000,000.00
Economic Development Fund	19,000,000.00
Traffic Fund	0
Excess Lottery Surplus	61,370,000.00
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	7,326,000.00
School Building Authority	19,000,000.00
TOTAL EXCESS LOTTERY FUND	260,726,000.00

House Bill 2007

162,162,000.00

Lottery

Lottery continued

Veterans Instant Ticket Fund 699,000.00

Table Games State Debt Reduction Fund 7,184,000.00

RACETRACK VIDEO LOTTERY TRANSFERS:	
Tourism Promotion Fund 1.375%	\$11,228,000.00
Development Office Promo Fund	\$3,062,000.00
Research Challenge Fund .5%	\$4,083,000.00
Capitol Renovation and Improvement Fund .6875%	\$5,614,000.00
Parking Garage Fund .0625%	\$510,000.00
Parking Garage Fund 1%	\$500,000.00
Cultural Facilities and Cap. Resources Fund .5%	\$1,500,000.00
Capitol Dome & Cap. Improvements Fund .5%	\$6,166,000.00
Workers Compensation Debt Reduction Fund 7%	\$11,000,000.00
SUBTOTAL VIDEO LOTTERY TRANSFERS:	\$43,663,000.00
TOTAL TRANSFERS	*\$644,366,000.00

* CASH BASIS

Total Accrued last FY 2007:	180,178,000.00
Total Cash Distributions July-June :	644,366,000.00
Applied to FY 2007:	180,178,000.00
Total Applied to FY 2008	464,188,000.00
Accrued for FY 2008 as of June 30, 2008:	166,967,000.00

Lottery



P.O. BOX 2067
CHARLESTON, WV 25327

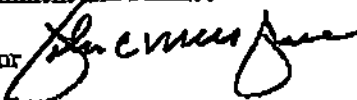
PHONE: (304) 558-0500
FAX: (304) 558-3321

Joe Manchin III
Governor

John C. Musgrave
Director

MEMORANDUM

TO: Joint Committee on Government and Finance

FROM: John C. Musgrave, Director 

RE: Monthly Report on Lottery Operations
Month Ending June 30, 2008

DATE: July 21, 2008

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

Financial statements of the Lottery for the month ending June 30, 2008 are attached. Lottery revenue, which includes on-line, instant, video lottery sales and table games, was \$122,792,644 for the month of June.

Transfers of lottery revenue totaling \$30,698,763 made for the month of June to the designated state agencies per House Bill 2007, Senate Bill 2012, Senate Bill 2013, Veterans Instant Ticket Fund, Racetrack Video Lottery Act (\$29-22A-10), and the Racetrack Table Games Act(\$29-22C-27). The amount transferred to each agency is shown in Note 9 on pages 15 and 16 of the attached financial statements.

The number of traditional and limited retailers active as of June 30, 2008 was 1,574 and 1,645 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
Virgil T. Helton, Cabinet Secretary – Dept. of Revenue
John Perdue, Treasurer
Glen B. Gainer III, Auditor
Members of the West Virginia Lottery Commission



WEST VIRGINIA LOTTERY

STATE OF WEST VIRGINIA

**FINANCIAL STATEMENTS
-UNAUDITED-**

June 30, 2008

WEST VIRGINIA LOTTERY

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

	June 30, 2008	June 30, 2007
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 180,463	\$ 204,122
Accounts receivable	36,846	33,095
Inventory	300	433
Current portion of investments held in trust	10	23
Other assets	2,595	1,163
Total Current Assets	<u>220,214</u>	<u>238,836</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	58,487	30,367
Investments held in trust, less current portion	126	281
Capital assets	17,598	13,066
Less accumulated depreciation and amortization	<u>(12,347)</u>	<u>(11,615)</u>
Net Capital Assets	<u>5,251</u>	<u>1,451</u>
Total Noncurrent Assets	<u>63,864</u>	<u>32,099</u>
Total Assets	<u>\$ 284,078</u>	<u>\$ 270,935</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 166,967	\$ 180,178
Estimated prize claims	12,967	13,592
Accounts payable	2,693	1,452
Other accrued liabilities	36,837	31,458
Current portion of deferred jackpot prize obligations	129	159
Total Current Liabilities	<u>219,593</u>	<u>226,839</u>
Deferred jackpot prize obligations, less current portion	<u>-</u>	<u>139</u>
Total Liabilities	<u>219,593</u>	<u>226,978</u>
Net Assets:		
Invested in capital assets	5,251	1,451
Unrestricted assets (deficit)	(4,751)	(951)
Unrestricted assets- Committed (see note 11)	5,498	13,090
Restricted assets (see note 10)	<u>58,487</u>	<u>30,367</u>
Total Net Assets	<u>64,485</u>	<u>43,957</u>
Total Liabilities and Net Assets	<u>\$ 284,078</u>	<u>\$ 270,935</u>

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

WEST VIRGINIA LOTTERY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2008

(In Thousands)

-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	2008	2007	2008	2007
Lottery revenues				
On-line games	\$ 5,754	\$ 6,589	\$ 87,177	\$ 86,157
Instant games	9,408	7,886	110,862	106,493
Racetrack video lottery	71,955	79,626	897,953	972,592
Limited video lottery	33,547	32,604	411,587	397,017
Table games	2,129	-	15,877	-
	<u>122,793</u>	<u>126,703</u>	<u>1,523,436</u>	<u>1,562,259</u>
Less commissions				
On-line games	414	449	6,114	6,019
Instant games	638	552	7,762	7,455
Racetrack video lottery	34,193	37,839	487,276	522,745
Limited video lottery	16,438	15,976	205,637	206,127
Table games	838	-	6,249	-
	<u>52,541</u>	<u>54,816</u>	<u>713,038</u>	<u>742,346</u>
Less on-line prizes	2,910	3,413	44,544	43,380
Less instant prizes	6,501	5,383	76,626	72,412
Less ticket costs	132	204	1,676	1,724
Less vendor fees and costs	438	429	5,928	5,777
	<u>9,981</u>	<u>9,429</u>	<u>128,774</u>	<u>123,293</u>
Gross profit	<u>60,271</u>	<u>62,460</u>	<u>681,644</u>	<u>696,620</u>
Administrative expenses				
Advertising and promotions	378	881	8,638	9,035
Wages and related benefits	1,349	568	7,885	5,939
Telecommunications	345	117	2,275	2,298
Contractual and professional	304	319	4,099	3,507
Rental	65	59	685	662
Depreciation and amortization	168	48	732	569
Other administrative expenses	82	96	1,540	1,395
	<u>2,691</u>	<u>2,088</u>	<u>25,874</u>	<u>23,405</u>
Other Operating Income	<u>(369)</u>	<u>107</u>	<u>11,937</u>	<u>10,397</u>
Operating Income	<u>57,211</u>	<u>60,479</u>	<u>667,707</u>	<u>683,612</u>
Nonoperating income (expense)				
Investment income	400	849	9,572	7,591
Nonoperating income - OPEB	472	-	472	-
Interest expense	(1)	(2)	(13)	(35)
Distributions to municipalities and counties	(658)	(639)	(8,067)	(7,782)
Distributions to racetracks-capital reinvestment	(2,901)	(3,211)	(17,988)	(20,997)
Distributions to the State of West Virginia	<u>(35,270)</u>	<u>(34,972)</u>	<u>(631,153)</u>	<u>(639,150)</u>
	<u>(37,958)</u>	<u>(37,975)</u>	<u>(647,179)</u>	<u>(660,373)</u>
Net income	<u>19,253</u>	<u>22,504</u>	<u>20,528</u>	<u>23,239</u>
Net assets, beginning of period	45,232	20,985	43,957	20,250
Cumulative Effect of Implementing GASB 45	-	468	-	468
Net assets, end of period	<u>\$ 64,485</u>	<u>\$ 43,957</u>	<u>\$ 64,485</u>	<u>\$ 43,957</u>

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

4

WEST VIRGINIA LOTTERY
STATEMENTS OF CASH FLOWS
FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2008

(In Thousands)
 -Unaudited-

	2008	2007
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 1,531,642	\$ 1,564,351
Cash payments for:		
Personnel costs	(7,813)	(5,922)
Suppliers	(10,808)	(18,392)
Other operating costs	(840,186)	(866,189)
Cash provided by operating activities	<u>672,835</u>	<u>673,848</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(644,366)	(606,649)
Distributions to municipalities and counties	(8,049)	(7,755)
Distributions to racetrack from racetrack cap. reinv. fund	(20,997)	(29,724)
Deferred jackpot prize obligations and related interest paid	(12)	(35)
Cash used in noncapital financing activities	<u>(673,424)</u>	<u>(644,163)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>(4,690)</u>	<u>(871)</u>
Cash flows from investing activities:		
Maturities of investments held in trust	182	387
Investment earnings received	9,538	7,569
Cash provided by investing activities	<u>9,740</u>	<u>7,956</u>
Increase (decrease) in cash and cash equivalents	4,461	36,770
Cash and cash equivalents - beginning of period	234,489	197,719
Cash and cash equivalents - end of period	\$ <u>238,950</u>	\$ <u>234,489</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 667,707	\$ 683,612
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	732	569
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(3,751)	(8,305)
(Increase) decrease in inventory	132	155
(Increase) decrease in other assets	(1,432)	(184)
Increase (decrease) in estimated prize claims	(625)	(2,399)
Increase (decrease) in accounts payable	1,241	(1,293)
Increase (decrease) in other accrued liabilities	8,831	1,693
Cash provided by operating activities	<u>\$ 672,835</u>	<u>\$ 673,848</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 presented in the comprehensive annual financial report of the State as a blended proprietary fund component unit.

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 four basic types of lottery games: instant, on-line, video type games, and table 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.

Table games are lotteries as each game involves consideration, the possibility of a prize, and their outcome is determined predominantly by chance, which the common law of West Virginia has long held are the three essential elements of a lottery. Table games are the exclusive intangible intellectual property of the state of West Virginia. Table games legislation has established specific requirements for table games and imposed certain restrictions limiting the licensing for operation of table games to horse and dog racetracks in West Virginia, subject to local county elections permitting the same. Each racetrack licensed as an agent of the Lottery Commission to operate West Virginia table games shall have written rules of play for each table game it operates which must be approved by the Commission. All wagers and pay-offs of winning wagers shall be made according to those rules of play. For the privilege of holding a table games license, there is levied a privilege tax of forty-five percent of each licensee's adjusted gross receipts for the operation of West Virginia Lottery table games. Amounts required by statute to be paid to private and local government entities are reported as commissions. The legislation further stipulates the distribution of revenues from West Virginia table 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.

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

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

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

CAPITAL ASSETS – The Lottery leases, under a cancelable operating lease, its office and warehouse facilities. Portions of these facilities were subleased to the Lottery's game vendor until January 31, 2007 at which time the Lottery took occupancy of the total facility. The Lottery also leases various office

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

equipment under agreements considered to be cancelable operating leases. Rental expense for the twelve months ended June 30, 2008 and June 30, 2007 approximated \$685,268 and \$662,349 respectively. Sublease rental income for the twelve months ended June 30, 2008 and June 30, 2007 approximated \$0 and \$60,508, 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 \$371,165 and \$298,548 of vacation and \$0 and \$467,954 of sick leave at June 30, 2008 and 2007, 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 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. As of June 30, 2008 sick leave obligations are included in the OPEB(Other Postemployment Benefits) liability in Note 15.

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

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

NOTE 3 - CASH AND CASH EQUIVALENTS

At June 30, 2008 the carrying amounts of deposits (overdraft) with financial institutions were (\$52) thousand with a bank balance of \$14 thousand. Of this balance \$100 thousand was covered by federal depository insurance with the remaining balance collateralized with securities held by the State of West Virginia's agent in the State's name.

A summary of the amount on deposit with the West Virginia Board of Treasury Investments (BTI) is as follows (in thousands):

WEST VIRGINIA LOTTERY
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NOTE 3 - CASH AND CASH EQUIVALENTS (continued)

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Amount on deposit with the BTI	<u>\$239,002</u>	<u>\$234,497</u>

The deposits with the BTI 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 BTI based on the balance of the deposits maintained in relation to the total deposits of all state agencies participating in the pool. Such funds are available to the Lottery with overnight notice.

NOTE 4 - CAPITAL ASSETS

A summary of capital asset activity for the month ended June 30, 2008 is as follows (in thousands):

Capital Assets:

	<u>Historical Cost</u> <u>At June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Historical Cost</u> <u>At June 30, 2008</u>
Construction in Progress	\$ 443	\$ 285	\$ (443)	\$ 285
Improvements	1,119	-	-	1,119
Equipment	11,504	4,690	-	16,194
	<u>\$ 13,066</u>	<u>\$ 4,975</u>	<u>\$ (443)</u>	<u>\$ 17,598</u>

Accumulated Depreciation:

	<u>Historical Cost</u> <u>At June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Historical Cost</u> <u>At June 30, 2008</u>
Improvements	\$ 925	\$ 77	\$ -	\$ 1,002
Equipment	10,690	655	-	11,345
	<u>\$ 11,615</u>	<u>\$ 732</u>	<u>\$ -</u>	<u>\$ 12,347</u>

NOTE 5 - PARTICIPATION IN THE MULTI-STATE LOTTERY

The Lottery is a member of the Multi-State Lottery (MUSL), which operates the semi-weekly POWERBALL® jackpot lotto game and HOT LOTTO® game, on behalf of participating state lotteries. Each MUSL member sells game tickets through its agents and makes weekly wire transfers to the MUSL in an amount equivalent to the total prize pool less the amount of prizes won in each state. Lesser prizes are paid directly to the winners by each member lottery. The prize pool for POWERBALL®, and HOT LOTTO® is 50% of each drawing period's sales, with minimum jackpot levels. Revenues derived from the Lottery's participation in the MUSL POWERBALL® jackpot game for the month and year-to-date periods ended June 30, 2008 were \$3,178,053 and \$54,052,429

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

while related prize costs for the same periods were \$1,588,456 and \$27,028,773. Revenues derived from the Lottery's participation in the HOT LOTTO® game for the month and year-to-date periods ended June 30, 2008 were \$289,113 and \$4,021,347 while related prize costs for the same periods were \$144,538 and \$2,010,785

MUSL places 2% of each POWERBALL® drawing period's sales in separate prize reserve funds that serve as a contingency reserve to protect the respective MUSL Product Groups from unforeseen prize liabilities. Currently, the MUSL Board of Directors has placed a \$75,000,000 limit on the POWERBALL® Prize Reserve Fund and a \$25,000,000 limit on the Set Prize Reserve Fund. These funds can only be used at the discretion of the respective MUSL Product Group. Once the prize reserve funds exceed the designated limit, the excess becomes part of that particular prize pool. Prize reserve fund monies are refundable to MUSL Product Group members if the MUSL disbands or, after one year, if a member leaves the MUSL. At June 30, 2008 the POWERBALL® prize reserve fund had a balance of \$98,237,975 of which the Lottery's share was \$2,302,900. 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 9 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

WEST VIRGINIA LOTTERY
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NOTE 6 - RACETRACK VIDEO LOTTERY (continued)

allocated for distribution to the State as specified in the Racetrack Video Lottery Act or subsequent State budget, as described in Note 9. Amounts from the capital reinvestment fund may be distributed to each racetrack if qualifying expenditures are made within the statutory timeframe; otherwise amounts accumulated in the fund revert to the state excess lottery revenue fund.

The WV Lottery, along with the Rhode Island and Delaware lotteries, participate in Multi-Jurisdictional Wide Area Progressive (MWAP) video games. This allows each of the lotteries to offer a higher progressive jackpot than they could generate alone. MUSL manages the progressive games and charges each participant a MWAP contribution fee of 4% of the amount wagered. A summary of racetrack video lottery revenues for the month ended June 30, 2008 and year-to-date follows (in thousands):

	<u>Current</u> <u>2008</u>	<u>Month</u> <u>2007</u>	<u>Year- to -Date</u> <u>2008</u>	<u>2007</u>
Total credits played	\$742,763	\$839,911	\$9,309,132	\$10,259,511
Credits (prizes) won	(670,468)	(759,943)	(8,407,279)	(9,282,448)
MWAP Contributions	(340)	(341)	(3,900)	(4,471)
Gross terminal income	<u>\$71,955</u>	<u>\$79,627</u>	<u>\$897,953</u>	<u>\$972,592</u>
Administrative costs	-	-	(17,524)	(17,524)
Net Terminal Income	<u>\$71,955</u>	<u>\$79,627</u>	<u>\$880,429</u>	<u>\$955,068</u>
Less distribution to agents	(34,193)	(37,839)	(487,276)	(522,745)
Racetrack video lottery revenues	<u>\$37,762</u>	<u>\$41,788</u>	<u>\$393,153</u>	<u>\$432,323</u>

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

	<u>June 30, 2008</u>	<u>Year-to Date</u>
State Lottery Fund	\$ -	\$130,125
State Excess Lottery Revenue Fund	32,374	201,272
Capital Reinvestment Fund	2,901	17,988
Tourism Promotion Fund 1.375%	855	11,264
Development Office Promotion Fund .375 %	233	3,072
Research Challenge Fund .5 %	311	4,096
Capitol Renovation & Improvement Fund .6875 %	427	5,632
Parking Garage Fund .0625 %	39	512
Parking Garage Fund 1 %	-	500
Cultural Facilities & Capitol Resources Fund .5 %	-	1,500
Capitol Dome & Capitol Improvements Fund .5 %	622	6,192
Worker's Compensation Debt Reduction Fund 7 %	-	11,000
Total nonoperating distributions	<u>\$37,762</u>	<u>\$393,153</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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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 on a quarterly basis. Two percent is distributed to counties and incorporated municipalities in the manner prescribed by the statute. The remaining amount of gross profit is paid to retailers and/or operators as prescribed in the Act, and is recorded as limited video lottery commissions in the financial statements. Municipal and county distributions are accounted for as nonoperating expenses. A summary of limited video lottery revenues for the month ended June 30, 2008 and year-to-date follows (in thousands):

	<u>Current</u> <u>2008</u>	<u>Month</u> <u>2007</u>	<u>Year-to-Date</u>	
			<u>2008</u>	<u>2007</u>
Total credits played	\$410,962	\$401,598	\$5,003,696	\$4,832,651
Credits (prizes) won	(377,415)	(368,994)	(4,592,109)	(4,433,634)
Gross terminal income	\$33,547	\$32,604	\$411,587	\$397,017
Administrative costs	(670)	(652)	(8,231)	(7,940)
Gross Profit	32,877	\$31,952	\$403,356	\$389,077
Commissions	(16,438)	(15,976)	(205,637)	(206,127)
Municipalities and Counties	(658)	(639)	(8,067)	(7,782)
Limited video lottery revenues	<u>\$15,781</u>	<u>\$15,337</u>	<u>\$189,652</u>	<u>\$175,168</u>

NOTE 8 - TABLE GAMES

Table Games legislation passed in 2007 per House Bill 2718. Table games include blackjack, roulette, craps, and various types of poker. Each racetrack licensee is subject to a privilege tax of thirty five percent (35%) of adjusted gross receipts which will be deposited weekly into the Racetrack Table Games Fund.

From the gross amounts deposited into the Racetrack Table Games Fund, the Commission, on a monthly basis shall:

Retain 3% of the adjusted gross receipts for administrative expenses of which at least \$100,000 and not more than \$500,000 annually will be transferred to the Compulsive Gambling Treatment Fund. Transfer two and one-half percent of adjusted gross receipts from all thoroughbred racetracks with West Virginia.

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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NOTE 8 -- TABLE GAMES (continued)

Lottery table games to the special funds established by each thoroughbred racetrack table games licensee for the payment of regular racetrack purses to be divided equally among each licensee and transfer two and one-half percent of adjusted gross receipts from all greyhound racetracks with West Virginia Lottery table games to the special funds established by each greyhound racetrack table games licensee for the payment of regular racetrack purses to be divided equally among each licensee. Transfer two percent of the adjusted gross receipts from all licensed racetracks to the Thoroughbred Development Fund and the Greyhound Breeding Development Fund to be divided pro rata among the development funds. Transfer one percent of the adjusted gross receipts from each licensed racetrack to the county commissions of the counties where racetracks with West Virginia Lottery table games are located to be divided pro rata among the counties. Transfer two percent of the adjusted gross receipts from each licensed racetrack to the governing bodies of municipalities within counties where racetracks with West Virginia Lottery table games are located as prescribed by statute. And transfer one-half of one percent of the adjusted gross receipts to the governing bodies of municipalities in which a racetrack table games licensee is located to be divided equally among the municipalities. The Commission will distribute the remaining amounts, hereinafter referred to as the net amounts in the Racetrack Table Games Funds as follows:

- 1) Transfer four percent into a special fund to be established by the Racing Commission to be used for payment into the pension plan for all employees of each licensed racing association;
- 2) Transfer ten percent, to be divided and paid in equal shares, to each county commission in the state where table games are not located;
- 3) Transfer ten percent, to be divided and paid in equal shares, to the governing bodies of each municipality in the state where table games are not located; and
- 4) Transfer seventy-six percent to the State Debt Reduction Fund.

The cash transferred to the State Debt Reduction Fund in the current month is included in Note 9- Nonoperating Distributions to the State of West Virginia. The table games adjusted gross receipts for the month and year-to-date periods ended June 30, 2008 were \$6,082,591 and \$45,363,812, respectively. The following table shows the month and year -to- date totals of the privilege tax and the accrued distributions (in thousands) to be transferred in the subsequent month:

	<u>Month</u>	<u>YTD</u>
Table Games Privilege Tax	\$ 2,129	\$15,877
Interest on Table Games Fund	3	29
Administrative Costs	(182)	(1,361)
Total Available for Distribution	1,950	14,545
<u>Less Distributions:</u>		
Racetrack Purse Funds	153	1,134
Thoroughbred & Greyhound Development Funds	121	907
Racing Commission Pension Plan	59	437
Municipalities/Counties	505	3,771
Total Distributions	838	6,249
 State Debt Reduction Fund	 \$ 1,112	 \$8,296

WEST VIRGINIA LOTTERY
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NOTE 9- NONOPERATING DISTRIBUTIONS TO THE STATE OF WEST VIRGINIA

The Lottery periodically distributes surplus funds, exclusive of amounts incurred and derived from limited video lottery and a portion of racetrack video lottery funds, to the State of West Virginia in accordance with the legislation. For the year ending June 30, 2008 the State Legislature budgeted \$169,932,463 of estimated profits of the Lottery for distributions to designated special revenue accounts of the State of West Virginia. With regard to the State Lottery Fund, legislation stipulates that debt service payments be given a priority over all other transfers in instances where estimated profits are not sufficient to provide for payment of all appropriated distributions. Debt service payments of \$1,800,000 and \$1,000,000 per month for the first ten months of each fiscal year currently have such priority. Transfers made pursuant to the State Excess Lottery Revenue Fund have similar requirements; currently payments are \$2,900,000 per month for the first ten months of each fiscal year, with \$1,000,000 of this amount beginning September 2004. In addition, Legislation provides that, if in any month, there is a shortage of funds in the State Excess Lottery Revenue Fund to make debt service payments, the necessary amount shall be transferred from the State Lottery Fund to cover such shortfall, after the State Lottery Fund debt service payments have been made. Repayments to the State Lottery Fund are required to be made in subsequent months as funds become available. During the month ended June 30, 2008 the Lottery made such distributions and accrued additional distributions of \$31,671,035. The Lottery is a non-appropriated state agency and therefore does not have a budget adopted by the Legislature. Since the enactment of the Racetrack Video Lottery Act, the Lottery is also statutorily required to distribute income from racetrack video lottery operations as described in Note 6. As of June 30, 2008 the Lottery accrued additional distributions relating to racetrack video lottery operations of \$750,964.

Note 7 describes the Limited Video Lottery Act and the statutory distributions required to be made from limited video lottery operations. Note 8 describes the Table Games Act and the statutory distributions required to be made from table games operations.

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

<u>BUDGETARY DISTRIBUTIONS</u>	<u>June 30, 2008</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Bureau of Senior Services	\$ -	\$ 58,811
Department of Education	-	34,908
Library Commission	-	10,538
Higher Education-Policy Commission	-	19,351
Tourism	-	7,943
Natural Resources	-	3,436
Division of Culture & History	-	5,526
Department of Education & Arts	-	1,427
Building Commission	-	9,997
School Building Authority	-	17,995
Total State Lottery Fund	\$ -	\$ 169,932

WEST VIRGINIA LOTTERY
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NOTE 9- NONOPERATING DISTRIBUTIONS TO THE STATE OF WEST VIRGINIA
(continued)

State Excess Lottery Revenue Fund:

Economic Development Fund	\$ -	\$ 19,000
Higher Education Improvement Fund	-	10,000
General Purpose Account	-	65,000
Higher Education Improvement Fund	-	27,000
State Park Improvement Fund	-	5,000
School Building Authority	-	19,000
Refundable Credit	835	7,326
Excess Lottery Surplus	-	68,400
West Va. Infrastructure Council	-	40,000
Total State Excess Lottery Revenue Fund	\$ 835	\$ 260,726
 HB 2007, Senate Bills 1007,1011,2012,2013	 \$ 25,492	 \$ 162,162
Total Budgetary distributions:	\$ 26,327	\$ 592,820
 Veterans Instant Ticket Fund	 \$ 45	 \$ 699

Other Racetrack Video Lottery distributions:

Tourism Promotion Fund 1.375%	\$ 1,043	\$ 11,228
Development Office Promotion Fund .375%	284	3,062
Research Challenge Fund .5%	380	4,083
Capitol Renovation & Improvement Fund .6875%	522	5,614
Parking Garage Fund .0625 %	47	510
Parking Garage Fund 1 %	-	500
Cultural Facilities & Cap. Resources Fund .5%	-	1,500
Capitol Dome & Cap. Improvements Fund .5%	759	6,166
Workers Compensation Debt Reduction Fund 7%	-	11,000
Total	\$ 3,035	\$ 43,663
 Table Games State Debt Reduction Fund	 \$ 1,292	 7,184

Total nonoperating distributions to the
State of West Virginia (cash basis)

\$ 30,699 \$ 644,366

Accrued nonoperating distributions, beginning
Accrued nonoperating distributions, end

(162,396) (180,178)
166,967 166,967

Total nonoperating distributions to the
State of West Virginia

\$ 35,270 \$ 631,155

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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NOTE 10 – RESTRICTED NET ASSETS

On June 14, 2006, House Bill 106 was enacted by the West Virginia State Legislature to set aside unexpended administrative expenses of the Lottery up to the limits for such expenses established by the enabling legislation of traditional, racetrack video lottery, and limited video lottery games in an amount not to exceed \$20,000,000 beginning in fiscal year 2006 and each year through fiscal year 2012. These assets are to be set aside for the design and construction of a building for the use of the Lottery and certain other State of West Virginia governmental entities. The Lottery contributed \$16,305,938 to the fund for fiscal year 2008 plus related interest of \$1,354,095 to bring the fund balance to \$58,487,042.

NOTE 11 – COMMITMENTS

The Lottery Commission has set aside funds as unrestricted net assets for the acquisition of future assets. As of June 30, 2008, a balance of \$5,497,770 is available for this purpose.

NOTE 12 - DEFERRED JACKPOT OBLIGATIONS AND INVESTMENTS HELD IN TRUST

Prior to becoming a member of the Multi-State Lottery in 1988, the prize structure of certain games operated solely by the Lottery included jackpot prizes. The Lottery, at its discretion, could choose to award such prizes in the form of either a lump sum payment or in equal installments over a period of 10 or 20 years, through June 30, 2008, 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 is calculated using the effective interest method at rates ranging from 7.11% to 9.13%.

A summary of the present value of the remaining obligations for deferred jackpot prize awards follows (in thousands):

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Present value of deferred prize award obligations:		
Discounted obligations outstanding	\$ 120	\$ 279
Imputed interest accrued	<u>9</u>	<u>19</u>
	129	298
Less current portion of discounted obligations and accrued interest	<u>(129)</u>	<u>(159)</u>
Long-term portion of deferred prize award obligations	<u>\$ -</u>	<u>\$ 139</u>

WEST VIRGINIA LOTTERY
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NOTE 12 - DEFERRED JACKPOT OBLIGATIONS AND INVESTMENTS HELD IN TRUST
(continued)

Future cash payments on deferred prize obligations for each of the remaining two 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, 2008	-	-	-
June 30, 2009*	<u>120</u>	<u>10</u>	<u>130</u>
	<u>\$ 120</u>	<u>\$ 10</u>	<u>\$ 130</u>

*Due 8/15/2008

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 Board Of Treasury Investments 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.

NOTE 13 - 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.

WEST VIRGINIA LOTTERY
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NOTE 13 - RETIREMENT BENEFITS (continued)

Covered employees are required to contribute 4.5% of their salary to the PERS. The Lottery is required to contribute 10.5% of covered employees' salaries to the PERS. The required employee and employer contribution percentages have been established and changed from time to time by action of the State Legislature. The required contributions are not actuarially determined; however, actuarial valuations are performed to assist the Legislature in determining appropriate contributions. The Lottery and employee contributions, for the period ending June 30, 2008 are as follows (in thousands):

	<u>June 30, 2008</u>	<u>Year-to-Date</u>
Lottery contributions	\$60	\$556
Employee contributions	22	237
Total contributions	<u>\$82</u>	<u>\$793</u>

NOTE 14 - 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 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

WEST VIRGINIA LOTTERY
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NOTE 14 - RISK MANAGEMENT (continued)

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

NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 15 – OTHER POSTEMPLOYMENT BENEFITS (continued)

Funds have not been set aside to pay future costs of retirees, but the Legislature in response to the GASB statements, has made statutory changes to create the West Virginia Retiree Health Benefit Trust Fund (RHBT), an irrevocable trust fund, in which employer contributions for future retiree health costs may be accumulated and invested, and which is expected to facilitate the separate financial reporting of OPEB. The legislation requires the RHBT to determine through an actuarial study, as prescribed by GASB No. 43, the ARC(Annual Required Contribution) which shall be sufficient to maintain the RHBT in an actuarially sound manner. The ARC shall be allocated to respective employers including the Lottery who are required by law to remit at least the minimum annual premium component of the ARC. Revenues collected by RHBT shall be used to fund current OPEB healthcare claims and administrative expenses with residue funds held in trust for future OPEB costs. The Annual Required Contribution rate is \$461.06 per employee per month. Through June 30, 2008, the Lottery has paid premiums of \$98,625 and the State of West Virginia, through its General Revenue Fund on the Lottery's behalf, has paid \$472,247 towards the Annual Required Contribution. As of June 30, 2008 the Lottery carries a liability of \$10,073 on its balance sheet for OPEB.

NOTE 16 – NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) issued Statement No. 50, Pension Disclosures, an amendment of GASB Statements No. 25 and No. 27, in 2007. This Statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The reporting changes required by this Statement amend applicable note disclosure and RSI requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 27, Accounting for Pensions by State and Local Governmental Employers, to conform with requirements of Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, and No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. This Statement is effective for periods beginning after June 15, 2007, and management has not yet determined what impact, if any, it will have on the financial statements.

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor

*Budget Division
Building 1, Room 314-West Wing
1900 Kanawha Blvd. East
Charleston, WV 25305-0590*



, 304-347-4870

Memorandum

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

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

Date: July 15, 2008

Re: Status of General Revenue Fund June 30, 2008

We have reviewed the cash revenue flows of the West Virginia general revenue fund for the fiscal year July 1, 2007 to June 30, 2008. The status of the fund collections are as follows:

The net collections were **100.37%** of the estimate for the fiscal year. **The amount ABOVE estimate was \$14.2 million for the year.**

Corporate income/business franchise tax was \$6.1 million above the estimate.

Severance tax was \$ 19.1 million above the estimate as of June 30, 2008.

Personal Income Tax collections were \$45.1 million above the

General Revenue/State Road Funds

Page -1-

Joint Committee on Government and Finance

estimate as if June 30, 2008.

The revenue estimates for the above three categories of general revenue: Personal income tax, Corporate income/Business Franchise and Severance tax, were increased by the Governor on June 24, 2008 due to excess collections of \$ 136.5 million on May 31, 2008. The excess revenue collections in these categories were attributed to higher energy prices, increased capital gains realizations and other technical factors in the collection on these taxes. The revised estimate (increase of \$95 million) reflected these factors.

State Road Fund

The state road fund was collected at 99.65% of the estimate for the fiscal year 2007-2008. The entire fund was \$-2.3 million under 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 \$ \$289,801,853.25 as of June 30, 2008.

Balance July 1, 2007	235,075,887.42
Cash flow loan to General Revenue on July 3, 2007 To be repaid 90 days. This is a normal occurrence in July due to cash flow demands; was repaid in September.	- 56,000,000.00 +56,000,000.00
Revenues July 1, 2006-June 30,2007 (Surplus from FY 2007 to be transferred in August 2007.)	53,363,287.82
Earnings	1,362,678.01
Balance June 30, 2008	289,801,853,25

Revenue Shortfall Reserve Fund B (Tobacco Settlement Monies) had a cash balance of \$ 291,275,042.97 as of June 30, 2008.

Balance July 1, 2007	279,869,087.79
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General Revenue/State Road Funds

Earnings	11,405,955.18
Balance April 30, 2008	291,275,042.97

The Special Income Tax Reserve Fund had a cash balance of \$45,019,318.96 as of June 30, 2008.

Balance July 1, 2007	45,019,318.96
Revenues July 2007-June 2008	-0-
Balance June 30, 2008	45,019,318.96

Monthly Revenue Estimates: Revised June 24, 2008
as of June 30, 2008, WVFIMS

	MONTH ESTIMATES	NET MONTH COLLECTIONS	MONTHLY OVER UNDER ESTIMATES VS ACTUAL COLLECTIONS	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY OVER UNDER ESTIMATES VS ACTUAL COLLECTIONS
Personal Income Tax	126,100,000	147,560,199	103,704,114	1,473,600,000	1,518,746,238	45,146,238
Consumer Sales Tax	80,700,000	76,307,434	-4,392,566	1,026,900,000	991,993,789	-34,906,211
Corp Income /Business Franchise	68,050,000	52,531,846	-15,518,154	381,850,000	388,017,365	6,167,365
Severance Tax	21,500,000	868,923	-20,631,077	319,000,000	338,176,521	19,176,521
Business and Occupation Use Tax	21,400,000	19,148,699	-2,251,301	164,000,000	150,822,471	-13,177,529
Cigarette Tax	10,100,000	7,487,303	-2,612,697	130,500,000	117,828,102	-12,671,898
Insurance Tax	9,600,000	9,409,033	-190,967	106,700,000	109,152,254	2,452,254
HB 102 - Lottery Transfers	800,000	-1,862,865	-2,662,865	106,200,000	103,196,255	-3,003,745
Interest Income	0	0	0	77,900,000	77,900,000	0
Departmental Collections	4,000,000	1,184,785	-2,815,215	47,000,000	52,713,407	5,713,407
Property Transfer Tax	900,000	913,773	13,773	14,000,000	16,219,539	2,219,539
Liquor Profit Transfers	1,210,000	974,429	-235,571	13,000,000	11,698,879	-1,301,121
Beer Tax and Licenses	1,700,000	6,185,579	4,485,579	13,000,000	15,211,048	2,211,048
Senior Citizen Tax Credit Reimb.	1,040,000	1,027,609	-12,391	8,650,000	8,665,762	15,762
Charter Tax	330,000	0	-330,000	8,600,000	0	-8,600,000
Smokeless Tobacco Tax	2,150,000	123,673	-2,026,327	6,700,000	3,950,720	-2,749,280
Property Tax	450,000	517,022	67,022	5,100,000	5,516,525	416,525
Racing Fees	100,000	93,771	-6,229	5,000,000	5,349,986	349,986
Business Franchise Fees	300,000	210,000	-90,000	2,000,000	993,500	-1,006,500
Miscellaneous Receipts	990,000	1,093,170	103,170	1,800,000	2,291,866	491,866
Miscellaneous Transfers	100,000	123,878	23,878	1,500,000	1,208,787	-291,213
Telecommunications Tax	100,000	-348,135	-448,135	1,000,000	642,958	-357,042
Estate and Inheritance Tax	0	10,690	10,690	0	303,160	303,160
Refundable Credit Reim LTY	0	0	0	0	46,046	46,046
Video Lottery Transfers	0	834,515	834,515	0	7,325,477	7,325,477
Special Revenue Transfer	0	10,060	10,060	0	317,565	317,565
Cash Flow Transfer	0	0	0	0	0	0
TOTALS	351,620,000	324,405,390	-27,214,610	3,914,000,000	3,928,288,220	14,288,220
Minus Cash Flow Transfer						0
Percent of Estimates		92.26%			100.37%	
TOTALS	351,620,000	324,405,390	-27,214,610	3,914,000,000	3,928,288,220	14,288,220
Collections this day		-19,017,801				

	MONTH ESTIMATES	NET MONTH COLLECTIONS	MONTHLY OVER UNDER ESTIMATES VS ACTUAL COLLECTIONS	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY OVER UNDER ESTIMATES VS ACTUAL COLLECTIONS
Gasoline & Motor Carrier Rd Tax	41,900,000	48,366,233	6,466,233	405,800,000	404,222,669	-1,577,331
Privilege Tax	15,349,000	14,159,098	-1,189,902	167,999,000	169,463,397	1,464,397
Licenses & Registration	15,910,000	13,521,835	-2,388,165	88,835,000	86,396,410	-2,438,590
Highway Litter Control	301,000	270,971	-30,029	1,681,000	1,878,247	197,247
TOTALS	73,460,000	76,318,136	2,858,136	664,315,000	661,960,724	-2,354,276

Percent of Estimates

103.89%

99.65%

Collections this day

21,713,824

REVENUE SHORTFALL RESERVE FUND A AS OF JUNE 1, 2008: \$287,901,362.08

REVENUE SHORTFALL RESERVE FUND B AS OF JUNE 1, 2008: \$278,954,138.37

REVENUE SHORTFALL RESERVE FUND A AS OF June 1, 2008: \$45,019,318.96

Prepared by Legislative Auditor's Office, Budget Division

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor

Budget Division
Building I, Room 314-West Wing
1900 Kanawha Blvd. East
Charleston, WV 25305-0590



304-347-4870

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

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

Date: July 18, 2008

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the June 30, 2008 monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia. June 30, 2008 is the end of fiscal year 2007-2008.

For the fiscal year 2007-2008, the trust fund cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2007	\$257,112,738.68
Receipts July 1, 2007 thru June 30, 2008	\$161,508,394.00
Disbursements July 1, 2007 thru June 30, 2008	\$166,799,403.10
Balance June 30, 2008	\$251,821,729.58

ITEMS OF NOTE:

Regular benefits paid for July 2007 to June 30, 2008 were \$13.6 million more than in July 2006 to June 30, 2007.

Joint Committee on Government and Finance

Unemployment

Total disbursements were \$ 13.2 million more than the same months of the preceding fiscal year.

Receipts in fiscal year 2008 were \$ 4.2 million less than in fiscal year 2007. Overall ending trust fund balance was \$ 6.2 million less as of June 30, 2008 than on June 30, 2007.

West Virginia's unemployment rate for the month of June 2008 was 5.5 percent. National unadjusted employment rate was 5.7%.

Seasonally adjusted unemployment rates were 5.3 percent for West Virginia and 5.5 percent nationally.

Since June 2007 employment has risen 1,600 with gains in the following areas: 2,300 in educational and health services, 1,900 in professional and business services, 800 in natural resources and mining, 500 in government, and 400 in leisure and hospitality. Declines included 2,100 in manufacturing, 900 in construction, 1,000 in trade, transportation and utilities, 200 in other services, and 100 in information.

**MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE
FOR THREE MONTHS STARTING APRIL 2007 AND APRIL 2008**

	APRIL 07	MAY 07	JUNE 07	APRIL 08	MAY 08	JUNE 08	THREE MONTH TOTAL VARIANCE *
Balance Forward	<u>\$212,472,170.88</u>	<u>\$216,384,859.03</u>	<u>\$262,712,331.75</u>	<u>\$213,031,221.10</u>	<u>\$221,064,406.68</u>	<u>\$260,118,108.63</u>	<u>\$2,644,374.65</u>
Add Receipts:							
1. Bond Assessment	\$903.39	\$0.00	\$12.11	\$0.00	\$0.00	\$0.00	(\$915.50)
2. Regular Contributions:	\$20,312,469.21	\$55,941,409.31	\$624,106.30	\$23,212,868.72	\$54,075,440.72	\$973,651.38	\$1,183,996.00
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. UCFF (Federal Agencies)	\$100,000.00	\$100,000.00	\$100,000.00	\$0.00	\$0.00	\$58,600.00	(\$241,100.00)
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	\$305,395.46	\$0.00	\$0.00	\$0.00	(\$305,395.46)
9. Treasury Interest Credits	\$0.00	\$0.00	\$2,611,781.87	\$0.00	\$0.00	\$2,907,214.07	\$296,432.20
10. UCX (Military Agencies)	\$200,000.00	\$1,000,000.00	\$600,000.00	\$0.00	\$25,000.00	\$168,000.00	(\$1,687,000.00)
Total Monthly Receipts	<u>\$20,613,372.60</u>	<u>\$57,041,409.31</u>	<u>\$4,441,295.74</u>	<u>\$23,212,868.72</u>	<u>\$54,100,440.72</u>	<u>\$4,127,795.45</u>	<u>(\$654,882.76)</u>
Less Disbursements:							
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	NA
Regular Benefits:	\$16,286,771.08	\$10,403,002.52	\$6,752,274.81	\$14,853,624.77	\$14,736,704.89	\$12,133,133.04	\$6,272,414.49
Extended Benefits	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Emergency Benefits	(\$1,214.00)	(\$2,102.00)	(\$477.00)	(\$3,204.03)	(\$1,321.08)	(\$252.00)	(\$1,044.08)
UCFE (Federal Workers) Benefits	\$89,214.26	\$59,978.75	\$68,471.14	\$83,608.75	\$76,893.47	\$73,336.51	\$29,172.58
UCX (Military Workers) Benefits	\$319,913.11	\$253,057.32	\$230,620.08	\$225,736.73	\$193,211.37	\$217,228.97	(\$167,416.40)
Reed Act Funds	\$0.00	\$0.00	\$0.00	\$20,000.00	\$41,250.00	\$698.68	\$61,949.68
Other Adjustments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Monthly Disbursements	<u>\$16,700,684.45</u>	<u>\$10,713,938.69</u>	<u>\$9,040,888.81</u>	<u>\$16,179,703.24</u>	<u>\$18,048,738.67</u>	<u>\$12,424,144.60</u>	<u>\$6,195,076.56</u>
Trust Fund Balance	<u>\$216,384,859.03</u>	<u>\$262,712,331.75</u>	<u>\$258,112,738.68</u>	<u>\$221,064,406.68</u>	<u>\$260,118,108.63</u>	<u>\$261,621,729.58</u>	<u>(\$4,205,694.67)</u>

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



Monthly Management Report

TOTAL CLAIMS

JUNE 2008

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
MONTHLY MANAGEMENT REPORT - TOTAL CLAIMS
JUNE 2008

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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
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	134,474.43	153,162.97	212,568.91	156,431.98	1,759,861.15	1,945,770.43
	MATERNITY	207,367.33	160,001.41	188,308.23	157,099.21	1,939,076.06	1,877,514.34
	MEDICAL AND SURGICAL	7,791,961.46	5,942,125.56	6,002,923.05	4,923,194.28	73,094,545.18	59,022,316.36
	NEONATAL COMPLICATIONS	29,626.04	47,138.93	76,885.34	93,612.97	518,407.84	1,145,818.38
***** sum		8,163,429.26	6,302,428.88	6,480,685.53	5,330,338.45	77,311,890.23	63,991,419.51
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	45,403.62	35,766.50	33,107.17	37,548.92	441,494.42	428,224.61
	DIALYSIS	115,035.75	143,611.02	140,821.97	158,180.40	1,697,545.96	1,880,885.60
	EMERGENCY ROOM	513,680.04	451,360.77	495,298.87	383,035.07	5,434,710.36	4,537,694.61
	MATERNITY	43,900.10	45,206.53	45,075.73	44,003.43	541,302.74	501,514.16
	MEDICAL AND SURGICAL	8,142,059.81	7,397,578.17	7,132,878.56	6,443,830.59	89,780,119.27	75,707,842.99
***** sum		8,860,079.32	8,073,522.98	7,847,182.30	7,066,598.41	97,895,172.75	83,056,161.97
PHARMACY	PRESCRIPTION DRUGS	10,101,394.83	9,704,596.24	10,238,792.62	10,421,612.61	116,317,757.07	122,894,230.19
***** sum		10,101,394.83	9,704,596.24	10,238,792.62	10,421,612.61	116,317,757.07	122,894,230.19
PROFESSIONAL SERVICES	ADVANCED IMAGING	593,482.88	508,842.42	581,771.44	466,725.28	6,117,820.53	5,569,406.64
	AMBULANCE	252,221.70	179,994.40	176,944.92	161,939.58	2,235,209.56	1,881,673.87
	ANESTHESIA	691,823.19	685,369.70	789,731.08	600,955.09	8,126,528.53	7,220,259.42
	BEHAVIORAL	357,396.35	321,166.14	373,256.48	319,406.32	3,838,133.56	3,774,255.91
	CARDIOVASCULAR MEDICINE	421,442.52	371,029.81	481,552.58	360,399.90	4,392,247.68	4,275,904.08
	CERVICAL CANCER SCREENING	18,144.95	21,776.85	24,632.79	24,752.54	254,834.32	287,437.67
	DIALYSIS	7,247.82	4,750.38	5,824.12	9,206.89	58,428.25	101,998.00
	DME	451,430.85	374,335.43	421,445.35	312,151.81	4,522,010.70	3,678,661.80

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

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
 MONTHLY MANAGEMENT REPORT - TOTAL CLAIMS
 JUNE 2008

Page: 2

Reporting Category	Type of Service	Current Period PEIA Payments	Current Rolling Avg PEIA Payments	12 Months Prior PEIA Payments	12 Months Prior Rolling Avg PEIA Payments	Current Fiscal Yr PEIA Payments	Previous Fiscal Yr PEIA Payments
PROFESSIONAL SERVICES	EVALUATION AND MANAGEMENT	4,298,945.15	4,380,574.61	4,723,023.68	4,029,810.69	52,142,816.76	48,406,014.37
	IMMUNIZATION	238,684.24	305,210.76	277,342.91	232,810.00	3,623,870.45	2,931,350.78
	INJECTION	877,820.33	714,421.39	885,791.79	656,060.20	8,565,085.24	7,943,872.80
	LAB AND PATHOLOGY	777,399.24	651,792.49	815,602.78	606,115.83	7,783,306.36	7,138,622.98
	MAMMOGRAPHY	67,706.28	94,622.03	100,221.68	89,836.80	1,102,948.96	1,073,288.75
	OTHER	489,449.58	399,742.61	400,892.72	344,038.91	4,885,468.13	4,051,055.48
	OTHER IMAGING	860,745.81	843,537.26	1,056,583.92	786,448.21	9,926,609.06	9,240,307.57
	OTHER MEDICINE	697,809.02	715,854.56	691,608.01	600,194.36	8,596,455.72	7,186,604.86
	PHYSICAL MEDICINE	633,409.71	572,630.53	610,881.63	533,533.19	6,894,094.44	6,334,855.16
	PROSTATE CANCER SCREENING	21,474.61	14,853.00	21,724.16	15,553.64	177,986.49	183,306.50
	SURGICAL	2,770,063.71	2,471,919.17	2,797,647.82	2,348,844.45	29,635,445.97	27,842,093.83
***** SUM		14,526,697.94	13,632,423.55	15,236,479.86	12,498,783.69	162,879,300.71	149,120,970.47
SUM		41,651,601.35	37,712,971.64	39,803,140.31	35,317,333.15	454,404,120.76	419,062,782.14

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

29 rows selected.



Monthly Management Report

PER CAPITA CLAIMS

JUNE 2008

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
 MONTHLY MANAGEMENT REPORT - PER CAPITA CLAIMS
 JUNE 2008

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Reporting Category	Type of Service	Current Period FEIA Payments	Current Rolling Avg PEIA Payments	12 Months Prior PEIA Payments	12 Months Prior Rolling Avg PEIA Payments	Current Fiscal Yr PEIA Payments	Previous Fiscal Yr PEIA Payments
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	.8689	1.0425	1.4218	1.0936	11.5439	13.1291
	MATERNITY	1.3399	1.0888	1.2596	1.0983	12.7195	12.6686
	MEDICAL AND SURGICAL	50.3458	40.4106	40.1525	34.4107	479.4688	398.2545
	NEONATAL COMPLICATIONS	.1914	.3214	.5143	.6552	3.4005	7.7314

sum		52.7459	42.8634	43.3482	37.2578	507.1328	431.7837
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.2934	.2430	.2214	.2625	2.8960	2.8895
	DIALYSIS	.7433	.9765	.9419	1.1060	11.1352	12.6913
	EMERGENCY ROOM	3.3190	3.0691	3.3130	2.6772	35.6494	30.6182
	MATERNITY	.2836	.3071	.3015	.3076	3.5507	3.3840
	MEDICAL AND SURGICAL	52.6078	50.2927	47.7106	45.0417	588.9190	510.8405

sum		57.2471	54.8885	52.4885	49.3950	642.1503	560.4235
PHARMACY	PRESCRIPTION DRUGS	65.2676	65.9880	68.4855	72.8452	762.9946	829.2318

sum		65.2676	65.9880	68.4855	72.8452	762.9946	829.2318
PROFESSIONAL SERVICES	ADVANCED IMAGING	3.8346	3.4617	3.8914	3.2624	40.1303	37.5797
	AMBULANCE	1.6297	1.2248	1.1836	1.1320	14.6620	12.6966
	ANESTHESIA	4.4700	4.6653	5.2824	4.2011	53.3065	48.7189
	BEHAVIORAL	2.3092	2.1837	2.4966	2.2322	25.1765	25.4669
	CARDIOVASCULAR MEDICINE	2.7230	2.5241	3.2210	2.5189	28.8113	28.8518
	CERVICAL CANCER SCREENING	.1172	.1483	.1648	.1731	1.6716	1.9395
	DIALYSIS	.0468	.0324	.0390	.0644	.3833	.6882
	DME	2.9168	2.5475	2.8190	2.1820	29.6624	24.8219

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
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Reporting Category	Type of Service	Current Period	Current	12 Months Prior	12 Months Prior	Current Fiscal Yr	Previous Fiscal Yr
		PEIA Payments	Rolling Avg PEIA Payments	PEIA Payments	Rolling Avg PEIA Payments	PEIA Payments	PEIA Payments
PROFESSIONAL SERVICES	EVALUATION AND MANAGEMENT	27.7765	29.7964	31.5915	28.1670	342.0345	326.6208
	IMMUNIZATION	1.5422	2.0783	1.8551	1.6266	23.7710	19.7794
	INJECTION	5.6718	4.8625	5.9249	4.5862	56.1833	53.6015
	LAB AND PATHOLOGY	5.0230	4.4324	5.4554	4.2356	51.0551	48.1680
	MAMMOGRAPHY	.4375	.6448	.6704	.6280	7.2349	7.2420
	OTHER	3.1625	2.7201	2.6815	2.4053	32.0466	27.3346
	OTHER IMAGING	5.5615	5.7402	7.0673	5.4969	65.1143	62.3492
	OTHER MEDICINE	4.5087	4.8721	4.6260	4.1959	56.3891	48.4918
	PHYSICAL MEDICINE	4.0926	3.8938	4.0861	3.7290	45.2223	42.7446
	PROSTATE CANCER SCREENING	.1388	.1011	.1453	.1087	1.1675	1.2369
	SURGICAL	17.8981	16.8185	18.7130	16.4194	194.3958	187.8652

sum		93.8605	92.7480	101.9142	87.3648	1,068.4183	1,006.1974
sum		269.1211	256.4878	266.2364	246.8628	2,980.6960	2,827.6364

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

29 rows selected.



Monthly Management Report

PER CAPITA UTILIZATION

JUNE 2008

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
MONTHLY MANAGEMENT REPORT - PER CAPITA UTILIZATION
JUNE 2008

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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	.0006	.0007	.0072	.0072
	MATERNITY	.0008	.0009	.0100	.0096
	MEDICAL AND SURGICAL	.0086	.0089	.0994	.0963
	NEONATAL COMPLICATIONS	.0003	.0002	.0037	.0026

sum		.0102	.0107	.1202	.1157
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.0028	.0027	.0313	.0346
	DIALYSIS	.0028	.0049	.0374	.0461
	EMERGENCY ROOM	.0242	.0274	.2955	.2773
	MATERNITY	.0023	.0022	.0274	.0237
	MEDICAL AND SURGICAL	.2081	.2143	2.4792	2.3372

sum		.2402	.2515	2.8709	2.7188
PHARMACY	PRESSCRIPTION DRUGS	.8363	.8550	10.7120	10.7652

sum		.8363	.8550	10.7120	10.7652
PROFESSIONAL SERVICES	ADVANCED IMAGING	.0211	.0247	.2662	.2516
	AMBULANCE	.0041	.0040	.0485	.0412
	ANESTHESIA	.0179	.0205	.2243	.2137
	BEHAVIORAL	.0374	.0429	.4686	.4572
	CARDIOVASCULAR MEDICINE	.0322	.0365	.3941	.3751
	CERVICAL CANCER SCREENING	.0045	.0081	.0723	.0868
	DIALYSIS	.0003	.0004	.0046	.0084
	DME	.0246	.0253	.2867	.2595
	EVALUATION AND MANAGEMENT	.4490	.5324	5.8076	5.7379
	IMMUNIZATION	.0161	.0188	.3889	.3406

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

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
 MONTHLY MANAGEMENT REPORT - PER CAPITA UTILIZATION
 JUNE 2008

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Reporting Category	Type of Service	Current Period Encounters	12 Months Prior Encounters	Current Fiscal Yr Encounters	Previous Fiscal Yr Encounters
PROFESSIONAL SERVICES	INJECTION	.0272	.0284	.3269	.3028
	LAB AND PATHOLOGY	.1507	.1993	1.9632	1.9311
	MAMMOGRAPHY	.0148	.0178	.2019	.1819
	OTHER	.0321	.0344	.4170	.3789
	OTHER IMAGING	.0896	.1065	1.1400	1.1676
	OTHER MEDICINE	.0752	.0848	.9077	.9061
	PHYSICAL MEDICINE	.1033	.1088	1.2335	1.1897
	PROSTATE CANCER SCREENING	.0067	.0083	.0718	.0724
	SURGICAL	.0778	.0883	.9382	.9172
***** sum		1.1846	1.3902	15.1617	14.8195
sum		2.2712	2.5073	28.8649	28.4193

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

29 rows selected.



Prescription Drug Report

JUNE 2008

WV PEIA - Monthly Trend

Plan Demographics	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	2007 - 2008 Fiscal	2006 - 2007 Fiscal	% Change
Total Drug Cost	\$13,460,700	\$13,058,371	\$13,356,010	\$13,037,508	\$13,455,537	\$14,210,323	\$13,327,771	\$13,490,700	-2.03%
Amount Paid by Plan Sponsor	\$10,885,781	\$10,546,264	\$10,877,880	\$10,217,767	\$11,068,600	\$11,784,018	\$11,999,790	\$12,430,827	-3.49%
Amount Paid by Members	\$2,574,918	\$2,512,108	\$2,478,130	\$2,819,741	\$2,372,867	\$2,426,304	\$2,327,981	\$2,159,873	3.85%
Total Claims	213,323	218,318	216,830	205,248	211,538	218,275	212,762	\$2,333,986	4.21%
Average Eligible Member	156,841	157,398	157,777	157,890	157,872	157,814	156,140	154,343	1.16%
Average # of Rx's Per Member Per Month	1.36	1.37	1.37	1.30	1.34	1.36	1.30	1.26	3.01%
Plan Paid Per Member Per Month (PMPM)	\$69.36	\$67.00	\$68.94	\$67.88	\$70.23	\$74.50	\$84.05	\$87.13	-4.60%
Average Eligible Enrollees	72,553	72,748	72,908	72,957	73,073	73,034	72,207	72,227	-0.00%
Average # of Rx's Per Enrollee Per Month	2.34	2.27	2.26	2.21	2.22	2.30	2.21	2.29	4.24%
Plan Paid Per Enrollee Per Month (PEPM)	\$180.04	\$144.97	\$148.20	\$146.82	\$151.72	\$161.08	\$136.30	\$143.45	-3.46%
Rx Cost Share									
Avg. Claim Cost to Plan	\$51.03	\$48.75	\$50.49	\$52.22	\$52.41	\$53.90	\$48.34	\$53.27	-7.38%
Avg. Member Cost/Claim	\$12.07	\$11.82	\$11.40	\$11.30	\$11.22	\$11.34	\$12.70	\$13.78	-0.94%
Percent member Cost Share	19.1%	19.2%	18.8%	17.8%	17.8%	17.3%	21.7%	20.5%	3.79%
Average Ingredient Costs									
Single Source (no generics available)	\$150.45	\$158.73	\$162.22	\$167.18	\$180.08	\$169.56	\$158.92	\$137.45	15.82%
Multi-Source Brand (generics available)	\$37.21	\$40.37	\$38.64	\$42.77	\$41.85	\$37.38	\$38.81	\$38.08	1.90%
Generic Drugs	\$20.52	\$19.71	\$18.68	\$19.41	\$18.47	\$19.92	\$20.05	\$23.52	-16.16%
Brand/Generic Dispensing Rates									
Single Source (no generics)	28.1%	27.90%	28.30%	29.8%	28.48%	28.02%	29.81%	30.03%	-17.82%
Multi-Source Brand (generics available)	0.9%	0.89%	0.89%	1.0%	0.88%	0.82%	0.89%	1.12%	-11.09%
Generic Drug	69.9%	71.20%	70.80%	70.4%	70.64%	70.94%	69.40%	68.85%	10.42%
Generics Dispensed when available	98.7%	98.76%	98.98%	98.6%	98.63%	98.70%	98.60%	98.29%	0.31%
Percent of Plan Cost for Single Source	79.0%	77.56%	78.23%	79.1%	79.13%	79.57%	79.35%	77.37%	2.44%
Retail Pharmacy Program									
Avg. Day Supply	31.8	29.0	31.5	32.2	32.8	35.8	32.1	31.8	0.52%
Avg. Plan Cost/Day Supply	\$1.60	\$1.61	\$1.59	\$1.60	\$1.59	\$1.59	\$1.52	\$1.65	-6.54%
Avg. Claim Cost to Plan	\$50.94	\$48.21	\$48.95	\$51.66	\$51.90	\$53.38	\$49.84	\$52.54	-7.56%
Avg. Member Cost / Claim	\$13.00	\$11.53	\$11.42	\$11.23	\$11.14	\$11.19	\$13.81	\$13.70	-0.84%
Percent Member Cost Share	18.2%	18.80%	18.81%	17.8%	17.67%	17.29%	21.92%	20.8%	5.85%
Special Mail Network (% of claims filled)	11.2%	10.33%	11.12%	11.2%	11.81%	13.01%	11.42%	11.22%	1.11%
Other Mail (% of claims filled)	0.6%	0.52%	0.52%	0.8%	0.57%	0.62%	0.38%	1.08%	-46.83%
Avg. Days Supply for Mail Network	87.5	87.5	87.5	87.5	87.5	87.5	87.5	87.2	-0.15%
Total # Claims Fills 1-34 Days Supply	185,228	189,922	187,418	177,833	182,708	183,399	2,105,513	2,027,002	3.87%
Total # Claims Fills 35-60 Day Supply	1,416	1,355	1,388	1,411	1,448	1,718	18,418	15,520	9.71%
Total # Claims Fills 61-90 Day Supply	24,780	23,129	24,348	24,124	25,477	26,132	289,290	270,389	6.62%
Total # Claims Fills 91+ Day Supply	0	11	2	3	3	2	81	488	-86.41%
Mail Service Program									
Avg. Day Supply	71.7	72.8	72.7	72.8	72.1	73.1	72.1	72.1	0.04%
Avg. Plan Cost/Days Supply	\$1.48	\$1.62	\$1.47	\$1.62	\$1.51	\$1.49	\$1.45	\$1.42	1.89%
Avg. Cost to Plan	\$126.81	\$110.89	\$107.28	\$110.17	\$108.96	\$108.50	\$104.23	\$102.26	1.93%
Avg. Member Cost/Claim	\$20.42	\$21.22	\$18.88	\$18.11	\$19.58	\$19.40	\$23.72	\$22.38	5.91%
Percent Member Cost Share	16.0%	16.06%	15.81%	14.8%	15.32%	15.17%	18.54%	16.0%	3.19%
Total # Claims Fills 1-34 Days Supply	871	840	842	842	868	888	6,571	6,253	5.09%
Total # Claims Fills 35-60 Days Supply	8	4	5	4	2	4	55	51	7.84%
Total # Claims Fills 61-90 Days Supply	1,283	1,337	1,333	1,324	1,323	1,451	15,257	14,321	8.54%
Total # Claims Fills 91+ Day Supply	0	0	0	0	0	0	-	-	-
Formulary Program									
50% Formulary Drugs (% by claim)	23.2%	22.82%	23.20%	23.4%	23.40%	23.89%	23.12%	24.70%	-8.38%
50% Non-Formulary Drugs (% by claim)	3.9%	5.09%	5.18%	5.1%	5.09%	5.14%	6.48%	11.33%	-43.79%
50% Drugs (% by claim)	0.9%	0.89%	0.99%	1.0%	0.98%	0.92%	0.90%	1.12%	-11.50%
Generic Drugs (% by claim)	69.2%	71.20%	70.88%	70.4%	70.34%	70.04%	69.40%	62.85%	10.42%
50% Formulary Drugs (% by \$)	69.1%	69.62%	70.02%	71.3%	71.32%	71.19%	69.71%	69.92%	14.44%
50% Non-Formulary Drugs (% by \$)	8.9%	7.94%	8.22%	7.9%	7.81%	8.18%	9.55%	16.45%	-41.96%
50% Drugs (% by \$)	0.2%	0.21%	0.27%	0.3%	0.31%	0.20%	0.26%	0.30%	18.88%
Generic Drugs (% by \$)	21.8%	22.57%	21.54%	20.5%	20.96%	20.42%	20.44%	22.33%	-8.24%
Specialty Drugs									
Total Drug Cost	\$1,298,341	\$1,181,005	\$1,178,723	\$1,348,564	\$1,348,736	\$1,268,839	\$14,200,287	\$13,314,229	7.41%
Amount Paid by Plan Sponsor	\$1,253,226	\$1,159,494	\$1,148,948	\$1,315,918	\$1,513,336	\$1,235,070	\$13,880,482	\$12,658,725	8.04%
Amount Paid by Members	\$33,115	\$21,511	\$29,775	\$23,646	\$23,400	\$33,769	\$410,805	\$655,504	-10.30%
Total Claims	675	648	417	708	712	680	7,847	8,828	-9.55%
Avg # of Rx's per Member per Month	0.00	0.00	0.00	0.00	0.00	0.00	0.004	0.006	-10.10%
Plan Paid Per Member Per Month (PMPM)	\$7.99	\$7.37	\$7.28	\$8.32	\$8.12	\$7.82	\$7.41	\$8.54	-8.80%
Avg. Claim Cost to Plan	\$1,895.61	\$1,795.58	\$1,891.99	\$1,893.91	\$1,844.57	\$1,816.23	\$1,770.18	\$1,490.12	18.79%
Avg. Claim Cost to Member	\$49.08	\$48.55	\$48.42	\$47.86	\$48.91	\$48.72	\$52.28	\$73.03	-1.44%
Percent of Member Cost Share	3.57%	2.65%	2.63%	2.49%	2.49%	2.51%	2.87%	3.44%	-15.35%
Percent of Overall Drug Spend	9.56%	9.12%	8.83%	10.35%	10.01%	8.91%	9.33%	8.91%	8.62%

WV CHIP - Monthly Trend

Plan Demographics	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
Total Drug Cost	\$568,727	\$650,901	\$702,687	\$767,541	\$753,471	\$691,841
Amount Paid By Plan Sponsor	\$548,959	\$629,663	\$681,092	\$745,397	\$732,642	\$674,131
Amount Paid By Members	\$19,768	\$21,237	\$21,595	\$22,144	\$20,829	\$17,710
Total Claims	9,377	10,769	13,013	13,998	13,697	12,463
Average Eligible Member	24,955	24,975	24,992	25,114	25,102	25,007
Average # of Rx's Per Member Per Month	0.38	0.43	0.52	0.56	0.55	0.50
Plan Paid Per Member Per Month (PMPM)	\$22.00	\$25.21	\$27.25	\$29.68	\$29.19	\$26.96
Average Eligible Enrollees	27	27	27	27	28	28
Average # of Rx's Per Enrollee Per Month	347.30	398.85	481.96	518.44	489.18	445.11
Plan Paid Per Enrollee Per Month (PEPM)	\$20,331.83	\$23,320.84	\$25,225.87	\$27,807.30	\$26,185.77	\$24,076.11
Rx Cost Share						
Avg. Claim Cost to Plan	\$58.54	\$58.47	\$52.34	\$53.28	\$53.48	\$54.09
AVG. Member Cost/Claim	\$2.11	\$1.97	\$1.66	\$1.58	\$1.52	\$1.42
Percent member Cost Share	3.5%	3.3%	3.1%	2.9%	2.8%	2.6%
Average Ingredient Costs						
Single Source (no generics available)	\$132.46	\$133.97	\$134.83	\$135.51	\$134.18	\$138.73
Multi-Source Brand (generics available)	\$124.12	\$109.51	\$107.99	\$162.12	\$131.68	\$176.73
Generic Drugs	\$18.27	\$18.33	\$16.47	\$18.99	\$19.46	\$19.96
Brand/Generic Dispensing Rates						
Single Source (no generics)	35.36%	34.71%	28.86%	29.00%	29.27%	28.74%
Multi-Source Brand % (generics available)	0.15%	0.18%	0.12%	0.18%	0.13%	0.12%
Generic Drug	64.47%	65.11%	71.00%	70.82%	70.60%	71.14%
Generics Dispensed when available	99.77%	99.73%	99.83%	99.75%	99.81%	99.83%
Percent of Plan Cost for Single Source	77.84%	77.49%	72.48%	72.05%	71.79%	71.18%
Retail Pharmacy Program						
Avg. Day Supply	1.3	21.0	19.4	19.4	19.4	19.4
Avg. Plan Cost/Day Supply	\$2.74	\$2.78	\$2.67	\$2.74	\$2.75	\$2.75
Avg. Claim Cost to Plan	\$58.37	\$58.41	\$51.91	\$53.03	\$53.38	\$53.49
Avg. Member Cost / Claim	\$2.09	\$1.97	\$1.66	\$1.58	\$1.51	\$1.42
Percent Member Cost Share	3.46%	3.26%	3.08%	2.88%	2.78%	2.58%
Special Maint Netwk (% of claims filled)	0.74%	0.65%	0.65%	0.57%	0.85%	0.50%
Other Maint (% of claims filled)	0.06%	0.04%	0.02%	0.03%	0.07%	0.02%
Avg. Days Supply for Maint. Netwks	73.3	73.4	72.3	75.7	71.4	76.7
Total # Claims Fills 1-34 Days Supply	9,272	10,679	12,900	13,884	13,584	12,388
Total # Claims Fills 35-60 Day Supply	29	31	38	30	47	18
Total # Claims Fills 61-90 Day Supply	44	38	46	50	48	43
Total # Claims Fills 91+ Day Supply	2	5	1	4	4	4
Mail Service Program						
Avg. Days Supply	69.8	64.0	72.3	63.9	60.9	63.0
Avg. Plan Cost/Days Supply	\$1.61	\$1.58	\$3.66	\$2.42	\$2.56	\$4.76
Avg. Cost to Plan	\$112.34	\$101.77	\$284.37	\$153.89	\$155.87	\$302.34
Avg. Member Cost/Claim	\$8.67	\$6.56	\$7.31	\$4.67	\$7.14	\$3.83
Percent Member Cost Share	5.60%	6.08%	2.69%	2.95%	4.38%	1.25%
Total # Claims Fill 1-34 Days Supply	10	7	4	13	7	11
Total # Claims Fills 35-60 Days Supply	1	11	2	1	2	0
Total # Claims Fills 61-90 Days Supply	19	9	18	16	7	17
Total # Claims Fills 91+ Day Supply	0	0	0	0	0	0
Formulary Program						
S/S Formulary Drugs (% by claim)	32.55%	32.15%	26.30%	28.56%	26.92%	26.28%
S/S Non-Formulary Drugs (% by claim)	2.84%	2.56%	2.57%	2.44%	2.35%	2.46%
M/S Drugs (% by claim)	0.15%	0.18%	0.12%	0.18%	0.13%	0.12%
Generic Drugs (% by Claim)	64.47%	65.11%	71.00%	70.82%	70.60%	71.14%
S/S Formulary Drugs (% by \$)	72.74%	72.39%	67.53%	66.76%	66.60%	65.94%
S/S non-Formulary Drugs (% by \$)	5.10%	5.10%	4.95%	5.29%	5.18%	5.24%
M/S Drugs (% by \$)	0.31%	0.32%	0.25%	0.54%	0.32%	0.39%
Generic Drugs (% by \$)	21.85%	22.19%	27.27%	27.42%	27.89%	28.43%
Specialty Drugs						
Total Drug Cost	\$52,888	\$56,613	\$63,595	\$62,098	\$61,347	\$51,333
Amount Paid by Plan Sponsor	\$52,773	\$56,498	\$63,480	\$61,953	\$61,237	\$51,218
Amount Paid by Members	\$115	\$115	\$115	\$145	\$110	\$115
Total Claims	28	28	31	30	28	31
Avg # of Rx's per Member per Month	0.001	0.001	0.001	0.001	0.001	0.001
Plan Paid Per Member Per Month (PMPM)	\$2.11	\$2.26	\$2.54	\$2.47	\$2.44	\$2.05
Avg Claim Cost to Plan	\$1,884.74	\$2,017.79	\$2,047.10	\$2,065.10	\$2,187.04	\$1,652.19
Avg Claim Cost to Member	\$4.11	\$4.11	\$4.35	\$4.83	\$3.93	\$3.71
Percent of Member Cost Share	0.22%	0.20%	0.21%	0.23%	0.18%	0.22%
Percent of Overall Drug Spend	9.30%	8.70%	9.05%	8.09%	8.14%	7.42%



Key Performance Indicators

Comprehensive Indicators

WVA - WV Public Employees Ins

Current Period: 06/2008 - 06/2008

Previous Period: 06/2007 - 06/2007

	Current Period	Previous Period	% Change
Overall Performance			
Plan Cost PMPM	\$74.47	\$100.20	-25.7 %
Average Mbrs/Month	157,914	188,349	-16.2 %
Average Subs/Month	73,034	97,537	-25.1 %
% Utilizing Members	45.8 %	52.6 %	-12.9 %
% Retail Utilizing Members	45.5 %	52.2 %	-12.9 %
% Mail Utilizing Members	0.6 %	0.8 %	-22.3 %
Rx Measures			
Rxs PMPM	1.38	1.80	-23.4 %
Retail Rxs PMPM	1.37	1.79	-23.3 %
Mail Rxs PMPM	0.01	0.02	-33.7 %
Average Admin Fee/Rx	\$0.00	\$0.01	-99.5 %
Avg Retail Admin Fee/Rx	\$0.00	\$0.01	-99.5 %
Avg Mail Admin Fee/Rx	\$0.00	\$0.00	0.0 %
Average Plan Cost/Rx	\$53.90	\$55.52	-2.9 %
Avg Retail Plan Cost/Rx	\$53.38	\$54.94	-2.8 %
Avg Mail Plan Cost/Rx	\$108.49	\$109.12	-0.6 %
Average Mbr Contrib/Rx	\$11.23	\$11.21	0.2 %
Avg Retail Mbr Contrib/Rx	\$11.16	\$11.14	0.2 %
Avg Mail Mbr Contrib/Rx	\$19.39	\$17.61	10.1 %
Average Ing Cost/Rx	\$63.53	\$65.00	-2.3 %
Avg Retail Ing Cost/Rx	\$62.94	\$64.35	-2.2 %
Avg Mail Ing Cost/Rx	\$126.38	\$125.22	0.9 %
Average AWP/Rx	\$111.40	\$107.38	3.7 %
Avg Retail AWP/Rx	\$110.45	\$106.34	3.9 %
Avg Mail AWP/Rx	\$212.84	\$203.50	4.6 %
Average Days Supply/Rx	34.0	35.8	-5.0 %
Avg Retail Days/Rx	33.6	35.4	-4.9 %
Avg Mail Days/Rx	73.1	74.4	-1.7 %
Average Plan Cost/Day	\$1.58	\$1.55	2.1 %
Avg Retail Plan Cost/Day	\$1.59	\$1.55	2.1 %
Avg Mail Plan Cost/Day	\$1.48	\$1.47	1.2 %
% Plan Cost	82.8 %	83.2 %	-0.5 %
% Member Contribution	17.2 %	16.8 %	2.7 %
% Retail Plan Cost	82.7 %	83.1 %	-0.5 %
% Retail Mbr Contrib	17.3 %	16.9 %	2.5 %
% Mail Plan Cost	84.8 %	86.1 %	-1.5 %
% Mail Member Contrib	15.2 %	13.9 %	9.2 %

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Key Performance Indicators

Comprehensive Indicators

WVA - WV Public Employees Ins

Current Period: 06/2008 - 06/2008

Previous Period: 06/2007 - 06/2007

	Current Period	Previous Period	% Change
Rx Sources			
% Mail Rxs	0.9 %	1.1 %	-13.4 %
% Retail Rxs	99.1 %	98.9 %	0.2 %
% Member Submit Rxs	0.0 %	0.0 %	-90.1 %
Rx Types			
Avg SSB Plan Cost/Rx	\$147.37	\$129.67	13.7 %
Avg Retail SSB Plan Cost/Rx	\$146.43	\$128.65	13.8 %
Avg Mail SSB Plan Cost/Rx	\$226.89	\$208.66	8.7 %
Avg MSB Plan Cost/Rx	\$11.69	\$16.02	-27.0 %
Avg Retail MSB Plan Cost/Rx	\$11.53	\$16.02	-28.0 %
Avg Mail MSB Plan Cost/Rx	\$28.30	\$16.40	72.5 %
Avg GEN Plan Cost/Rx	\$15.72	\$16.59	-5.3 %
Avg Retail GEN Plan Cost/Rx	\$15.51	\$16.36	-5.2 %
Avg Mail GEN Plan Cost/Rx	\$40.64	\$40.13	1.3 %
% Single-Source Brand Rxs	29.0 %	34.4 %	-15.7 %
% Multi-Source Brand Rxs	0.9 %	1.1 %	-17.5 %
% Generic Rxs	70.0 %	64.4 %	8.7 %
% Retail Single-Source Brand	29.0 %	34.4 %	-15.7 %
% Retail Multi-Source Brand	0.9 %	1.1 %	-18.0 %
% Retail Generic	70.1 %	64.5 %	8.7 %
% Mail Single-Source Brand	36.5 %	41.0 %	-11.0 %
% Mail Multi-Source Brand	1.0 %	0.6 %	63.5 %
% Mail Generic	62.5 %	58.4 %	7.1 %
% Formulary Rxs	93.5 %	88.3 %	5.8 %
% Retail Formulary Rxs	93.5 %	88.3 %	5.8 %
% Mail Formulary Rxs	92.5 %	88.3 %	4.8 %
% DAW Rxs	0.6 %	0.7 %	-24.8 %
% Retail DAW Rxs	0.5 %	0.7 %	-26.2 %
% Mail DAW Rxs	2.0 %	1.2 %	71.3 %
% Generic Conversion	98.7 %	98.3 %	0.4 %
% Retail GEN Conversion	98.7 %	98.3 %	0.4 %
% Mail GEN Conversion	98.4 %	99.0 %	-0.5 %
Period Totals			
Total Plan Cost	\$11,759,232.18	\$18,871,931.84	-37.7 %
Retail Plan Cost	\$11,539,543.67	\$18,474,511.04	-37.5 %
Mail Plan Cost	\$219,688.51	\$397,420.80	-44.7 %
Total Member Contribution	\$2,450,911.17	\$3,809,823.52	-35.7 %

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Key Performance Indicators

Comprehensive Indicators

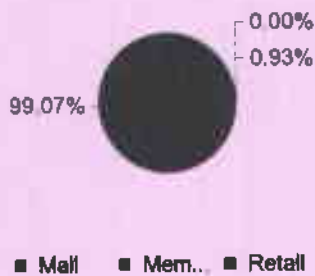
WVA - WV Public Employees Ins

Current Period: 06/2008 - 06/2008
 Previous Period: 06/2007 - 06/2007

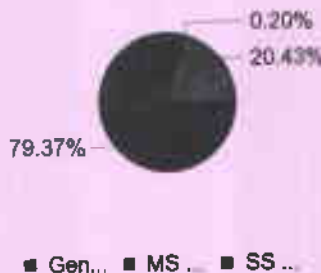
	Current Period	Previous Period	
Retail Member Contrib	\$2,411,640.16	\$3,745,700.37	-35.6 %
Mail Member Contrib	\$39,271.01	\$64,123.15	-38.8 %
Total Rx Count	218,186	339,890	-35.8 %
Retail Rx Count	216,152	336,107	-35.7 %
Member Submit Rxs	9	141	-93.6 %
Mail Rx Count	2,025	3,642	-44.4 %
Total Admin Fee	\$13.50	\$3,867.00	-99.7 %
Total UC Savings	\$8,168,172.18	\$12,292,761.55	-33.6 %
Total Lost Savings	\$13,344.53	\$27,128.93	-50.8 %
Demographics			
Average Age	39.0	45.6	-14.3 %
% Male Members	46.5 %	45.2 %	2.8 %
% Female Members	53.5 %	54.8 %	-2.3 %

Graphs based on Current Period: 06/2008 - 06/2008

Claim Source by Rx Count



Drug Type by Plan Cost



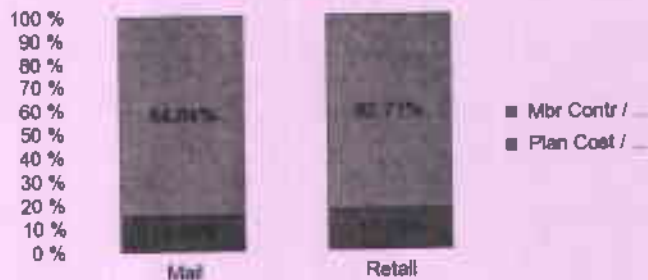
Formulary Status by Rx Count



Drug Formulary Status by Plan Cost



Cost Share Distribution by Claim Source



Utilization Report by Population Level

WVA - WV Public Employees Ins

Prescriptions Filled From 06/2008 - 06/2008



Div Name (DIV)	Avg Mbr Count	Avg Util Mbr-Mnth	Rx Count	Plan Cost	Member Cost/Rx	Plan Cost/Rx	Mail % Rx	Geo % Rx	Form % Rx	Gen Cov %	PMPM Plan Cost
WV PUBLIC EMPLOYEES INSURANCE (WVA)	157,914	72,349	218,186	\$11,759,232	\$11.23	\$53.90	0.9 %	70.0 %	93.5 %	98.7 %	\$74.47
Grand Total	157,914		218,186	\$11,759,232	\$11.23	\$53.90	0.9 %	70.0 %	93.5 %	98.7 %	\$74.47

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Utilization Report by Population Level

WVA - WV Public Employees Ins

Prescriptions Filled From 06/2008 - 06/2008



Reporting Level 1	Avg Mbr Count	Avg Util Mbr/Mo	Rx Count	Plan Cost	Member Cost/Rx	Plan Cost/Rx	Mail % Rx	Gen % Rx	Form % Rx	Gen Conv %	PMPM Plan Cost
COBRA (3000)	333	170	659	\$50,304	\$11.25	\$76.33	1.4 %	66.0 %	92.7 %	99.5 %	\$151.06
NON STATE (2000)	21,788	9,590	28,881	\$1,444,533	\$10.75	\$50.02	1.0 %	72.1 %	94.4 %	99.0 %	\$66.30
STATE (1000)	135,793	62,589	188,646	\$10,264,395	\$11.31	\$54.41	0.9 %	69.8 %	93.3 %	98.7 %	\$75.59
Grand Total	157,914		218,186	\$11,759,232	\$11.23	\$53.80	0.9 %	70.0 %	93.5 %	98.7 %	\$74.47

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Utilization Report by Population Level

WVA - WV Public Employees Ins

Prescriptions Filled From 06/2008 - 06/2008



Reporting Level 2	Avg Mbr Count	Avg Util Mbr-Month	Rx Count	Plan Cost	Member Cost/Rx	Plan Cost/Rx	Mail % Rx	Gen % Rx	Form % Rx	Gen Conv %	PMPM Plan Cost
COBRA (COBRA)	333	170	659	\$50,304	\$11.25	\$76.33	1.4 %	68.0 %	92.7 %	99.5 %	\$151.06
NON STATE AGENCIES (02)	18,198	7,859	23,179	\$1,165,569	\$10.67	\$50.29	0.8 %	71.8 %	94.2 %	98.8 %	\$64.05
NON STATE AGENCIES PLAN B (02B)	2,296	878	2,292	\$84,674	\$12.19	\$36.94	1.7 %	76.1 %	94.7 %	99.3 %	\$36.88
NON STATE RETIREES (08)	1,192	618	3,244	\$186,778	\$10.50	\$57.58	1.7 %	71.1 %	95.3 %	98.8 %	\$156.69
NON STATE RETIREES 60 (0860)	102	35	166	\$7,512	\$7.47	\$45.25	0.0 %	74.1 %	96.4 %	99.2 %	\$73.65
STATE AGENCIES (01)	118,728	52,794	153,933	\$8,278,265	\$11.25	\$53.78	0.8 %	69.9 %	93.2 %	98.7 %	\$69.72
STATE AGENCIES (01B)	3,581	913	1,956	\$82,381	\$13.33	\$42.12	1.5 %	74.6 %	93.6 %	98.8 %	\$23.01
STATE RETIREES (07)	13,046	8,740	32,156	\$1,875,139	\$11.52	\$58.31	1.2 %	68.8 %	93.6 %	98.5 %	\$143.73
STATE RETIREES ASST 60 (0760)	438	142	601	\$28,609	\$7.21	\$47.60	2.8 %	72.7 %	95.7 %	98.9 %	\$65.32
Grand Total	157,914		216,186	\$11,759,232	\$11.23	\$53.90	0.9 %	70.0 %	93.5 %	98.7 %	\$74.47

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

DRAFT

	May 31	
	2008	2007
ASSETS		
Short Term Assets		
Cash and Equivalents	\$ 27,449,878	\$ 32,053,055
Advance Deposit with Carrier/Trustee	158,082,634	116,462,789
Receivables - Net	7,298,005	3,276,133
Prepaid Insurance	532,860	512,561
Total Short Term Assets	193,363,377	152,304,538
Long Term Assets		
Investments	111,906,076	118,143,580
Total Long Term Assets	111,906,076	118,143,580
TOTAL ASSETS	305,269,453	270,448,118
LIABILITIES		
Short Term Liabilities		
Accounts payable	6,603,860	2,957,619
Claims Payable	130,138	28,243
Agents Commissions Payable	1,819,772	1,839,865
Unearned Revenue	6,684,160	7,371,158
Current Estimated Claim Reserve	53,339,877	51,156,080
Total Short Term Liabilities	68,577,807	63,352,965
Long Term Liabilities		
Compensated Absences	200,147	163,620
Estimated Noncurrent Claim Reserve	110,506,581	121,788,881
Total Long Term Liabilities	110,706,728	121,952,501
TOTAL LIABILITIES	179,284,535	185,305,466
Prior Year Net Assets	97,546,877	44,843,685
Current Year Earnings	28,438,041	40,298,967
TOTAL NET ASSETS	125,984,918	85,142,652
TOTAL LIABILITIES AND RETAINED EARNINGS	\$ 305,269,453	\$ 270,448,118

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



	May 31	
	2008	2007
Operating Revenues		
Premium Revenues	\$ 67,432,553	\$ 73,870,954
Less - Excess Insurance	(5,861,463)	(5,638,176)
Total Operating Revenues	61,571,090	68,232,778
Operating Expenses		
Claims Expense	39,386,016	37,965,384
Property & MS Claims Expense	1,910,860	4,680,511
Personal Services	1,209,676	1,172,771
Operating Expenses	2,978,418	2,772,867
Total Operating Expenses	45,484,970	46,591,533
Operating Income	16,086,120	21,641,245
Nonoperating Revenues		
Court Fees	27,100	21,615
Claim Interest Income	-	189,219
Investment Income	12,324,821	18,446,888
Total Nonoperating Revenues	12,351,921	18,657,722
Net Income	28,438,041	40,298,967

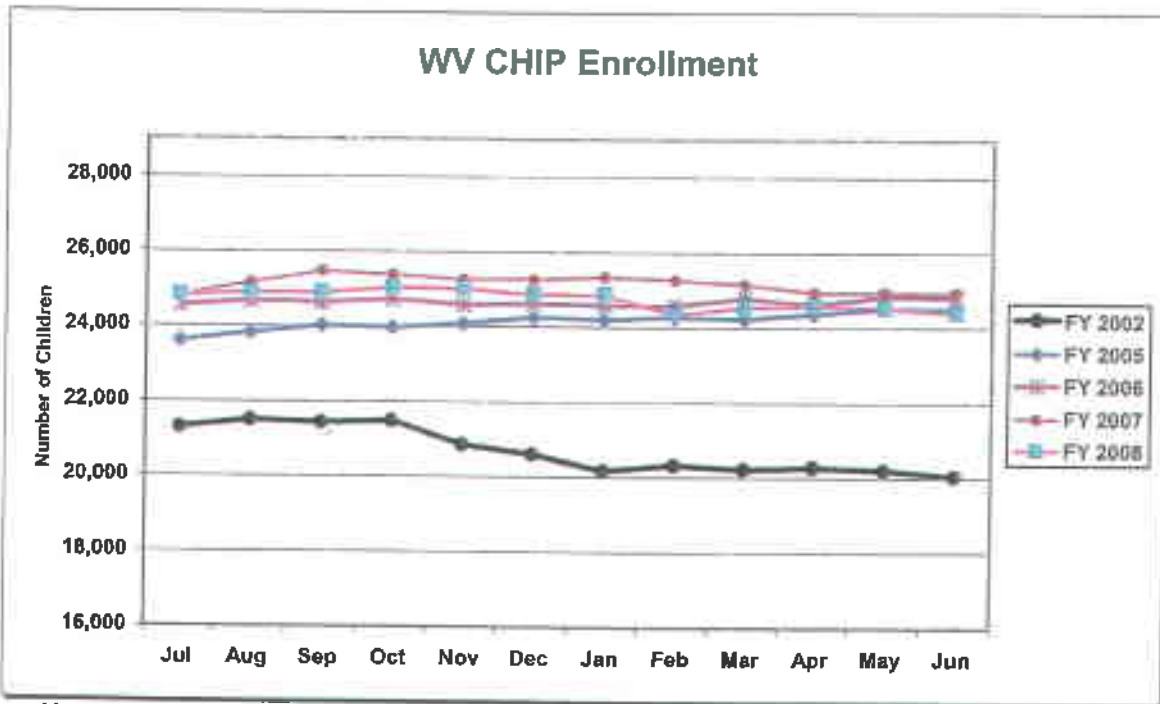


**West Virginia
Children's Health Insurance Program
1018 Kanawha Boulevard East
Suite 209
Charleston, WV 25301
Phone: 304-558-2732
Toll-Free: 1-877-WVA CHIP
Fax: 304-558-2741
www.wvchip.org**

**Joint Committee on
Government and Finance
Report**

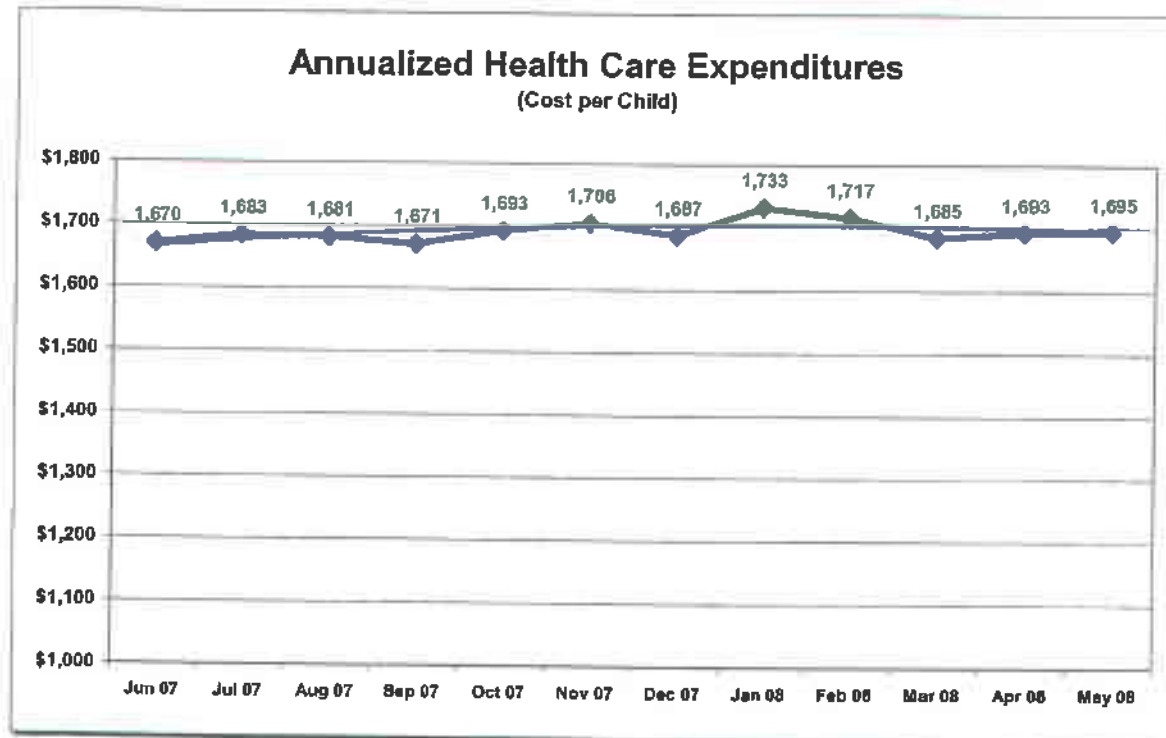
July 2008

WV CHIP Enrollment



June 30, 2008 Enrollment 24,418

Annualized Health Care Expenditures (Cost per Child)



**West Virginia Children's Health Insurance Program
Comparative Balance Sheet
May 31 2008 and 2007
(Accrual Basis)**

	May 31, 2008	May 31, 2007	Variance	
Assets:				
Cash & Cash Equivalents	\$8,154,956	\$5,268,372	\$2,886,584	55%
Due From Federal Government	\$3,234,893	\$3,216,038	\$18,855	1%
Due From Other Funds	\$711,061	\$755,850	(\$44,789)	-6%
Accrued Interest Receivable	\$18,977	\$23,182	(\$4,205)	-18%
Fixed Assets, at Historical Cost	<u>\$61,569</u>	<u>\$64,933</u>	<u>(\$3,364)</u>	<u>-5%</u>
Total Assets	<u>\$12,181,456</u>	<u>\$9,328,375</u>	<u>\$2,853,081</u>	<u>31%</u>
Liabilities:				
Due to Other Funds	\$215,954	\$151,888	\$64,066	42%
Deferred Revenue	\$903,576	\$1,151,366	(\$247,790)	-22%
Unpaid Insurance Claims Liability	<u>\$3,730,000</u>	<u>\$3,820,000</u>	<u>(\$90,000)</u>	<u>-2%</u>
Total Liabilities	<u>\$4,849,530</u>	<u>\$5,123,254</u>	<u>(\$273,724)</u>	<u>-5%</u>
Fund Equity	<u>\$7,331,926</u>	<u>\$4,205,121</u>	<u>\$3,126,805</u>	<u>74%</u>
Total Liabilities and Fund Equity	<u>\$12,181,456</u>	<u>\$9,328,375</u>	<u>\$2,853,081</u>	<u>31%</u>

PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

West Virginia Children's Health Insurance Program
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Eleven Months Ending May 31, 2008 and May 31, 2007
(Modified Accrual Basis)

	May 31, 2008	May 31, 2007	Variance	
Revenues:				
Federal Grants	33,525,643	33,242,489	283,154	1%
State Appropriations	10,968,995	10,966,703	2,292	0%
Premium Revenues	79,851	7,456	72,395	971%
Investment Earnings	<u>222,994</u>	<u>147,926</u>	<u>75,068</u>	51%
Total Operating Revenues	<u>44,797,483</u>	<u>44,364,574</u>	<u>432,909</u>	<u>1%</u>
Operating Expenditures:				
Claims:				
Outpatient Services	10,296,151	9,564,929	731,222	8%
Physicians & Surgical	8,824,757	8,609,109	215,648	3%
Prescribed Drugs	7,615,090	7,924,218	(309,128)	-4%
Dental	4,524,085	4,674,791	(150,706)	-3%
Inpatient Hospital Services	3,456,762	3,888,174	(431,412)	-11%
Outpatient Mental Health	1,168,824	1,421,729	(252,905)	-18%
Vision	1,142,872	1,155,513	(12,641)	-1%
Inpatient Mental Health	541,140	822,171	(281,031)	-34%
Durable & Disposable Med. Equip.	479,345	429,981	49,364	11%
Therapy	350,985	321,927	29,058	9%
Medical Transportation	228,280	336,161	(107,881)	-32%
Other Services	88,520	124,810	(36,290)	-29%
Less: Collections*	<u>(565,759)</u>	<u>(687,002)</u>	<u>121,243</u>	<u>-18%</u>
Total Claims	<u>38,151,052</u>	<u>38,586,511</u>	<u>(435,459)</u>	<u>-1%</u>
General and Admin Expenses:				
Salaries and Benefits	433,789	423,067	10,722	3%
Program Administration	1,886,409	1,782,392	104,017	6%
Eligibility	279,266	275,620	3,646	1%
Outreach & Health Promotion	80,391	24,148	56,243	233%
Current	<u>119,768</u>	<u>95,092</u>	<u>24,676</u>	<u>26%</u>
Total Administrative	<u>2,799,623</u>	<u>2,600,319</u>	<u>199,304</u>	<u>8%</u>
Total Expenditures	<u>40,950,675</u>	<u>41,186,830</u>	<u>(236,155)</u>	<u>-1%</u>
Excess of Revenues				
Over (Under) Expenditures	3,846,808	3,177,744	669,064	21%
Fund Equity, Beginning	<u>3,485,118</u>	<u>1,027,377</u>	<u>2,457,741</u>	<u>239%</u>
Fund Equity, Ending	<u>7,331,926</u>	<u>4,205,121</u>	<u>3,126,805</u>	<u>74%</u>

* Collections are primarily drug rebates and subrogation

* State Appropriations restated in prior year to actual draw deposited

PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

**West Virginia Children's Health Insurance Program
Budget to Actual Statement
State Fiscal Year 2008
For the Eleven Months Ended May 31, 2008**

	<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>May-08</u>	<u>Apr-08</u>	<u>Mar-08</u>
Projected Cost	\$49,020,492	\$44,935,451	\$38,166,795	\$6,768,656	15%	\$4,085,041	\$4,415,470	\$3,492,568	\$4,014,129
Premiums	136,290	124,933	79,851	\$45,082	-36%	11,358	\$9,012	\$7,997	9,687
Subrogation & Rebates	<u>760,000</u>	<u>696,867</u>	<u>565,759</u>	<u>130,908</u>	<u>-19%</u>	<u>63,333</u>	<u>22,968</u>	<u>38,413</u>	<u>38,893</u>
Net Benefit Cost	47,058,152	\$43,136,639	\$37,550,379	\$5,586,260	13%	3,921,513	4,383,490	3,446,158	3,965,549
Salaries & Benefits	\$519,673	\$476,367	\$433,788	\$42,578	9%	\$43,306	\$36,473	\$36,199	\$35,889
Program Administration	2,166,796	1,986,230	1,913,500	72,729	4%	180,566	266,297	177,979	178,793
Eligibility	340,055	311,717	202,871	108,846	35%	28,338	1,235	1,430	29,376
Outreach	27,157	24,894	60,940	(36,046)	-145%	2,263	3,328	3,846	13,785
Current Expense	<u>287,741</u>	<u>263,763</u>	<u>122,517</u>	<u>141,246</u>	<u>54%</u>	<u>23,978</u>	<u>18,132</u>	<u>10,167</u>	<u>9,437</u>
Total Admin Cost	\$3,341,422	\$3,062,970	\$2,733,616	\$329,354	11%	\$278,452	\$325,465	\$229,621	\$267,280
Total Program Cost	<u>\$50,399,574</u>	<u>\$46,199,610</u>	<u>\$40,283,995</u>	<u>\$5,915,614</u>	<u>13%</u>	<u>\$4,199,965</u>	<u>\$4,708,955</u>	<u>\$3,675,779</u>	<u>\$4,232,829</u>
Federal Share 81.98%	40,823,655	\$37,421,684	\$32,929,010	4,492,674	12%	3,401,971	3,860,401	3,013,403	3,470,073
State Share 18.02%	<u>9,575,919</u>	<u>\$8,777,926</u>	<u>\$7,354,985</u>	<u>1,422,940</u>	<u>16%</u>	<u>797,993</u>	<u>848,554</u>	<u>662,375</u>	<u>762,756</u>
Total Program Cost **	<u>\$50,399,574</u>	<u>\$46,199,610</u>	<u>\$40,283,995</u>	<u>\$5,915,614</u>	<u>13%</u>	<u>\$4,199,965</u>	<u>\$4,708,955</u>	<u>\$3,675,779</u>	<u>\$4,232,829</u>

* Positive percentages indicate favorable variances

** Budgeted Year Based on CCRC Actuary 6/30/2007 Report.

Unaudited - Cash Basis For Management Purposes Only - Unaudited

WV CHIP Enrollment Report

ATTACHMENT 1

June 2008

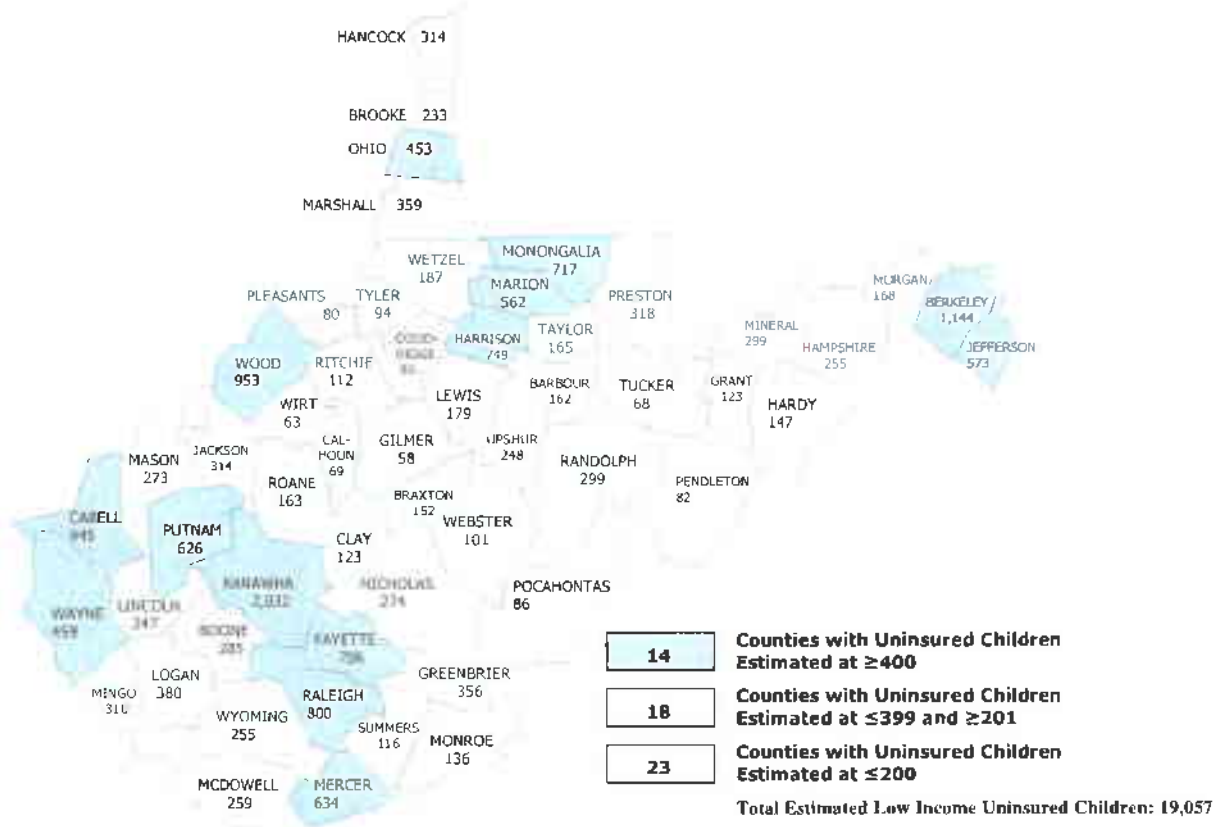
County Ranking	County Pop 2005 Est. (0-18 Yrs)	Total CHIP Enrollment Jun-08	Total Medicaid Enrollment Jun-08	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2007 Est. Uninsured 5%	2007 # Children Uninsured Ranking*
Kanawha	40,647	2,078	16,014	18,092	44.5%	2,032	1
Berkeley	22,882	1,209	5,719	6,928	30.3%	1,144	2
Wood	19,063	1,155	7,485	8,640	45.3%	953	3
Cabell	18,900	958	7,726	8,684	45.9%	945	4
Raleigh	15,992	1,289	6,790	8,079	50.5%	800	5
Harrison	14,973	916	5,662	6,578	43.9%	749	6
Monongalia	14,346	723	3,962	4,685	32.7%	717	7
Mercer	12,687	1,060	6,302	7,362	58.0%	634	8
Putnam	12,522	619	3,054	3,673	29.3%	626	9
Jefferson	11,465	398	2,119	2,517	22.0%	573	10
Marion	11,245	792	4,078	4,870	43.3%	562	11
Fayette	9,692	871	4,520	5,391	55.6%	485	12
Wayne	9,176	580	3,916	4,496	49.0%	459	13
Ohio	9,068	526	2,872	3,398	37.5%	453	14
Logan	7,610	537	3,790	4,327	56.9%	380	15
Marshall	7,176	377	2,669	3,046	42.4%	359	16
Greenbrier	7,110	580	2,622	3,202	45.0%	356	17
Preston	6,354	514	2,232	2,746	43.2%	318	18
Jackson	6,277	366	2,388	2,754	43.9%	314	19
Hancock	6,270	378	2,156	2,534	40.4%	314	20
Mingo	6,204	384	3,122	3,506	56.5%	310	21
Mineral	5,973	264	1,936	2,200	36.8%	299	22
Randolph	5,971	461	2,390	2,851	47.7%	299	23
Boone	5,706	315	2,510	2,825	49.5%	285	24
Nicholas	5,478	435	2,445	2,880	52.6%	274	25
Mason	5,461	339	2,452	2,791	51.1%	273	26
McDowell	5,170	389	3,238	3,627	70.2%	259	27
Hampshire	5,110	259	1,788	2,047	40.1%	255	28
Wyoming	5,092	456	2,609	3,065	60.2%	255	29
Upshur	4,956	401	2,198	2,599	52.4%	248	30
Lincoln	4,945	407	2,463	2,870	58.0%	247	31
Brooke	4,658	276	1,423	1,699	36.5%	233	32
Wetzel	3,732	212	1,599	1,811	48.5%	187	33
Lewis	3,577	288	1,775	2,063	57.7%	179	34
Morgan	3,365	227	987	1,214	36.1%	168	35
Taylor	3,307	234	1,306	1,540	46.6%	165	36
Roane	3,266	268	1,606	1,874	57.4%	163	37
Barbour	3,248	317	1,474	1,791	55.1%	162	38
Braxton	3,044	228	1,528	1,756	57.7%	152	39
Hardy	2,950	155	1,004	1,159	39.3%	147	40
Monroe	2,728	242	899	1,141	41.8%	136	41
Grant	2,463	135	943	1,078	43.8%	123	42
Clay	2,454	177	1,380	1,557	63.4%	123	43
Summers	2,322	210	1,132	1,342	57.8%	116	44
Ritchie	2,234	155	828	983	44.0%	112	45
Webster	2,020	187	1,111	1,298	64.3%	101	46
Tyler	1,887	105	800	905	48.0%	94	47
Pocahontas	1,717	156	631	787	45.8%	86	48

WV CHIP Enrollment Report

ATTACHMENT 1

June 2008

County Ranking	County Pop 2005 Est (0-18 Yrs)	Total CHIP Enrollment Jun-08	Total Medicaid Enrollment Jun-08	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2007	2007
						Est. Uninsured 5%	# Children Uninsured Ranking*
Pendleton	1,632	96	413	509	31.2%	82	49
Doddridge	1,607	120	721	841	52.3%	80	50
Pleasants	1,593	87	492	579	36.3%	80	51
Calhoun	1,389	131	769	900	64.8%	69	52
Tucker	1,354	170	462	632	46.7%	68	53
Wirt	1,268	118	537	655	51.7%	63	54
Gilmer	1,154	88	545	633	54.9%	58	55
Totals	382,490	24,418	147,592	172,010	45.0%	19,125	



Note 1: The most recent estimate for uninsured children statewide from the US Census Current Population Survey is 8%. CHIP uses a 5% estimate to reflect the percentage of uninsured children for outreach purposes who could qualify for CHIP or Medicaid. It should be noted that even this five percent extrapolation to the county level could vary significantly from county to county depending on the availability of employee sponsored insurance. However, it remains our best gross estimate of the remaining uninsured children.

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Legislative Oversight Commission on
Health and Human Resources Accountability

JULY 2008

Department of Administration

State Children's Health Insurance Program
UPDATE



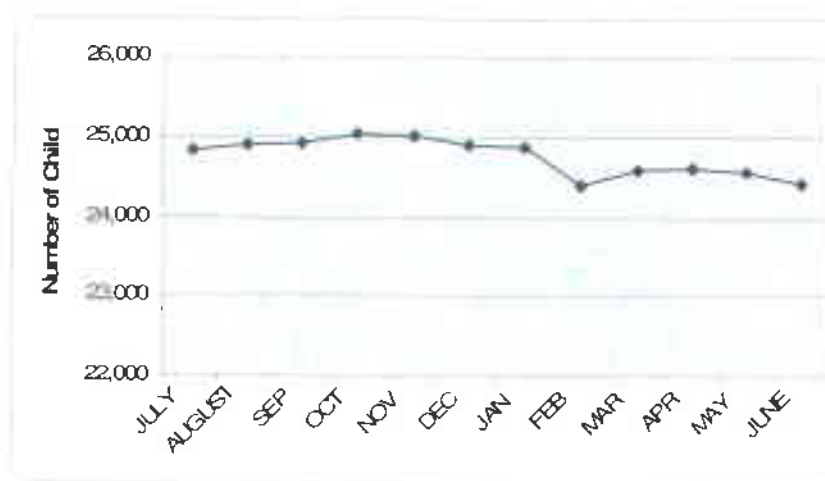
WV CHILDREN'S HEALTH INSURANCE AGENCY

REPORT FOR JULY 2008

I. Enrollment on June 30, 2008: 24,418

See Attachment 1 for enrollment by county.

Current 12-Month Enrollment Period: July 2007 through June 2008



Enrollee Totals: April 2008 to June 2008

Month	Total	1 Year	Total
April	1,688	Average	1,718
May	1,472	High	2,103
June	1,369	Low	1,332

New Enrollee (Never Before on CHIP) Totals: April 2008 to June 2008

Month	Total	1 Year	Total
April	646	Average	733
May	555	High	926
June	599	Low	540

II. Re-enrollment for 3 Month Period: April 2008 to June 2008

Total Forms Mailed		Enrolled within Notice Period		Reopened Cases After Closure		Final Closures	
Month	Total	#	%	#	%	#	%
April	1,682	1,041	62%	143	9%	498	30%
May	1,743	966	55%	218	13%	559	32%
June	1,834	958	52%	240	13%	636	35%

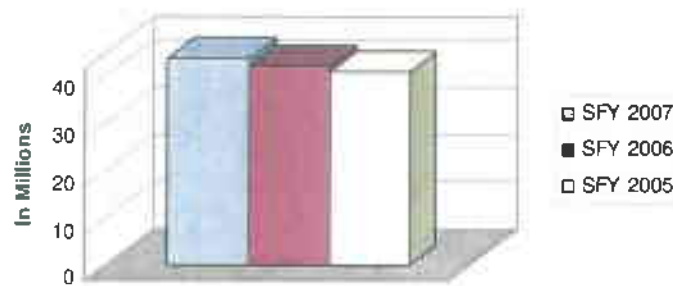
III. Financial Activity

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

The average annualized claims cost per child for the month ended May 2008 was \$1,829.

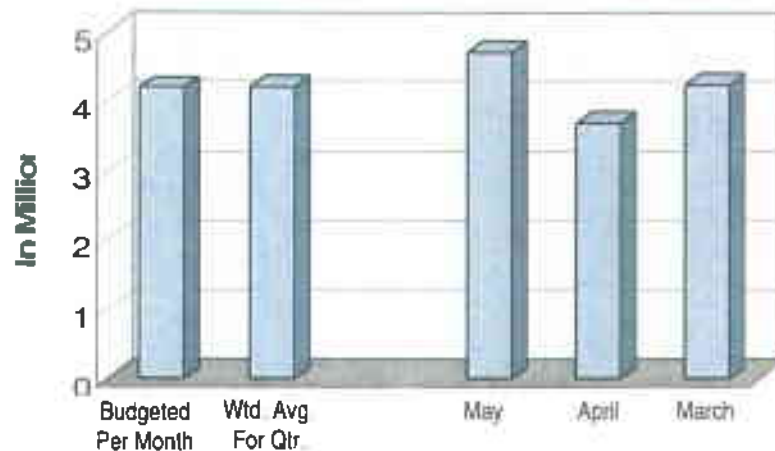
Annual Expenditures for a 3 Year Period: SFY 2005 – SFY 2007

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



Monthly Budgeted and Current 3 Month Period: March 2008 – May 2008

	Budgeted Per Month	Wtd Avg. For Qtr.	Actual		
			May 2008	April 2008	March 2008
Federal	3,401,971	3,447,959	3,860,401	3,013,403	3,470,073
State	797,994	757,895	848,554	662,375	762,756
Total	4,199,965	4,205,854	4,708,955	3,675,778	4,232,829



IV. Other Highlights

FEDERAL FUNDING UPDATE

- WVCHIP continues to project sufficient federal funding lasting through the end of the current federal fiscal year (September 2008), as well as through March 2009 when the current federal allocation ends.

TEN YEARS SERVING WEST VIRGINIA'S CHILDREN

- July 2008 begins the 10th year of enrolling children in WVCHIP. Since enrolling 6,656 children over the first year, WVCHIP had more than 38,000 children enrolled over last year, totaling more than 135,000 children over the past 10 years. The Board will mark the occasion with a luncheon following its next meeting later this month.

WV CHIP Enrollment Report

ATTACHMENT 1

June 2008

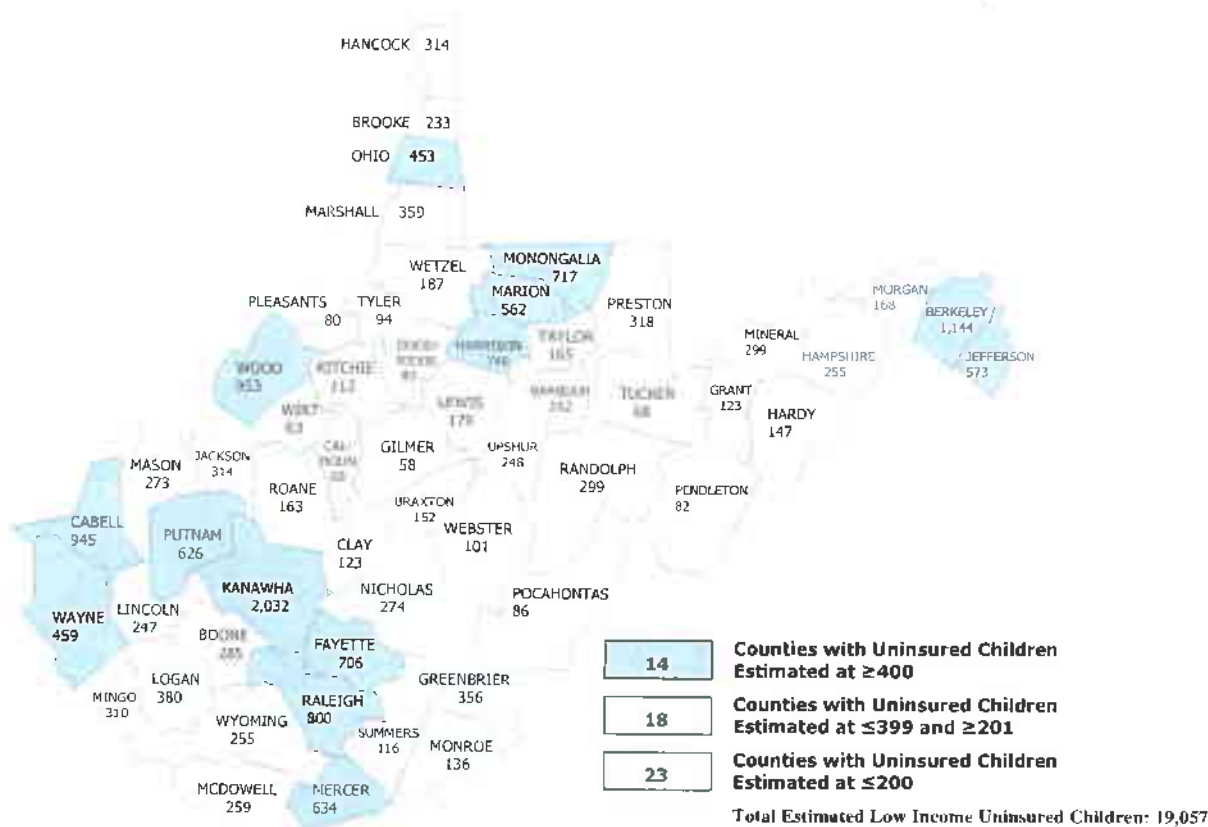
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WV CHIP Enrollment Report

ATTACHMENT 1

June 2008

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Gilmer	1,154	88	545	633	54.9%	58	55
Totals	382,490	24,418	147,592	172,010	45.0%	19,125	



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West Virginia Children's Health Insurance Program
Comparative Statement of Revenues, Expenditures and Changes In Fund Balances
For the Eleven Months Ending May 31, 2008 and May 31, 2007
(Modified Accrual Basis)

	May 31, 2008	May 31, 2007	Variance	
Revenues:				
Federal Grants	33,525,643	33,242,489	283,154	1%
State Appropriations	10,968,995	10,966,703	2,292	0%
Premium Revenues	79,851	7,456	72,395	971%
Investment Earnings	<u>222,994</u>	<u>147,926</u>	<u>75,068</u>	51%
Total Operating Revenues	<u>44,797,483</u>	<u>44,364,574</u>	<u>432,909</u>	<u>1%</u>
Operating Expenditures:				
Claims:				
Outpatient Services	10,296,151	9,564,929	731,222	8%
Physicians & Surgical	8,824,757	8,609,109	215,648	3%
Prescribed Drugs	7,615,090	7,924,218	(309,128)	-4%
Dental	4,524,085	4,674,791	(150,706)	-3%
Inpatient Hospital Services	3,456,762	3,888,174	(431,412)	-11%
Outpatient Mental Health	1,168,824	1,421,729	(252,905)	-18%
Vision	1,142,872	1,155,513	(12,641)	-1%
Inpatient Mental Health	541,140	822,171	(281,031)	-34%
Durable & Disposable Med. Equip.	479,345	429,981	49,364	11%
Therapy	350,985	321,927	29,058	9%
Medical Transportation	228,280	336,161	(107,881)	-32%
Other Services	88,520	124,810	(36,290)	-29%
Less: Collections*	<u>(565,759)</u>	<u>(687,002)</u>	<u>121,243</u>	<u>-18%</u>
Total Claims	<u>38,151,052</u>	<u>38,586,511</u>	<u>(435,459)</u>	<u>-1%</u>
General and Admin Expenses:				
Salaries and Benefits	433,789	423,067	10,722	3%
Program Administration	1,886,409	1,782,392	104,017	6%
Eligibility	279,266	275,620	3,646	1%
Outreach & Health Promotion	80,391	24,148	56,243	233%
Current	<u>119,768</u>	<u>95,092</u>	<u>24,676</u>	<u>26%</u>
Total Administrative	<u>2,799,623</u>	<u>2,600,319</u>	<u>199,304</u>	<u>8%</u>
Total Expenditures	<u>40,950,675</u>	<u>41,186,830</u>	<u>(236,155)</u>	<u>-1%</u>
Excess of Revenues				
Over (Under) Expenditures	3,846,808	3,177,744	669,064	21%
Fund Equity, Beginning	<u>3,485,118</u>	<u>1,027,377</u>	<u>2,457,741</u>	<u>239%</u>
Fund Equity, Ending	<u>7,331,926</u>	<u>4,205,121</u>	<u>3,126,805</u>	<u>74%</u>

* Collections are primarily drug rebates and subrogation

* State Appropriations restated in prior year to actual draw deposited

PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

**West Virginia Children's Health Insurance Program
 Budget to Actual Statement
 State Fiscal Year 2008
 For the Eleven Months Ended May 31, 2008**

	<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>May-08</u>	<u>Apr-08</u>	<u>Mar-08</u>
Projected Cost	\$49,020,492	\$44,935,451	\$38,166,795	\$6,768,656	15%	\$4,085,041	\$4,415,470	\$3,492,568	\$4,014,129
Premiums	136,290	124,933	79,851	\$45,082	-36%	11,358	\$9,012	\$7,997	9,687
Subrogation & Rebates	<u>760,000</u>	<u>696,667</u>	<u>565,759</u>	<u>130,908</u>	-19%	<u>63,333</u>	<u>22,968</u>	<u>38,413</u>	<u>38,893</u>
Net Benefit Cost	47,058,152	\$43,136,639	\$37,550,379	\$5,586,260	13%	3,921,513	4,383,490	3,446,158	3,965,549
Salaries & Benefits	\$519,673	\$476,367	\$433,788	\$42,578	9%	\$43,306	\$36,473	\$36,199	\$35,889
Program Administration	2,166,796	1,986,230	1,913,500	72,729	4%	180,566	266,297	177,979	178,793
Eligibility	340,055	311,717	202,871	108,846	35%	28,338	1,235	1,430	29,376
Outreach	27,157	24,894	60,940	(36,046)	-145%	2,263	3,328	3,846	13,785
Current Expense	<u>287,741</u>	<u>263,763</u>	<u>122,517</u>	<u>141,246</u>	<u>54%</u>	<u>23,978</u>	<u>18,132</u>	<u>10,167</u>	<u>9,437</u>
Total Admin Cost	\$3,341,422	\$3,062,970	\$2,733,616	\$329,354	11%	\$278,452	\$325,465	\$229,621	\$267,280
Total Program Cost	<u>\$50,399,574</u>	<u>\$46,199,610</u>	<u>\$40,283,995</u>	<u>\$5,915,614</u>	<u>13%</u>	<u>\$4,199,965</u>	<u>\$4,708,955</u>	<u>\$3,675,779</u>	<u>\$4,232,829</u>
Federal Share 81.98%	40,823,655	\$37,421,684	\$32,929,010	4,492,674	12%	3,401,971	3,860,401	3,013,403	3,470,073
State Share 18.02%	<u>9,575,919</u>	<u>\$8,777,926</u>	<u>\$7,354,985</u>	<u>1,422,940</u>	<u>16%</u>	<u>797,993</u>	<u>848,554</u>	<u>662,375</u>	<u>762,756</u>
Total Program Cost *	<u>\$50,399,574</u>	<u>\$46,199,610</u>	<u>\$40,283,995</u>	<u>\$5,915,614</u>	<u>13%</u>	<u>\$4,199,965</u>	<u>\$4,708,955</u>	<u>\$3,675,779</u>	<u>\$4,232,829</u>

* Positive percentages indicate favorable variances

** Budgeted Year Based on CCRC Actuary 6/30/2007 Report.

Unaudited - Cash Basis For Management Purposes Only - Unaudited

West Virginia Children's Health Insurance Program
WVHIMS Fund 2154
For the Month Ended May 31, 2008
(Accrual Basis)

Investment Account	
Funds Invested	\$7,887,109
Interest Earned	<u>222,994</u>
Total	<u>\$8,110,103</u>

Unaudited - For Management Purposes Only - Unaudited

**Department of Administration Real Estate Division Leasing Report
June 14, 2008 through July 18, 2008**

NEW CONTRACT OF LEASE

Division of Juvenile Services

DJS-015 New Contract of Lease for 1 year containing 200 square feet of secure storage space at the PSF rate of \$6.36, full service with the Maxi's Mini Storage & Warehouse, in the City of Dunbar, Kanawha County.

State Treasurer's Office

STO-011 New Contract of Lease for 3 years containing 1,120 square feet of office space at the PSF rate of \$6.43 with Huntington Municipal Parking Board in the City of Huntington, Cabell County.

WORKFORCE WV

WWV-011 New Contract of Lease month to month containing 137 square feet of office space, at the PSF rate of \$13.00, full service with Harco Investments, in the City of Moorefield, Hardy County.

WWV-010 New Contract of Lease for 1 year containing 1,144 square feet of office space, at the PSF rate of \$11.00, full service with Aides Discount Stores, Inc., in the City of Fairlea, Greenbrier County.

STRAIGHT RENEWALS

Department of Environmental Protection

DEP-139 Renewal for 3 years consisting of an air monitoring site at the current monthly rate of \$100.00 per month with Forest Jenkins, in the City of Colliers, Brooke County.

DEP-113 Renewal for 3 years for land at the current rent of \$1.00 Annually with Arcelormittal Weirton, Inc., in the City of Weirton, Hancock County

Division of Natural Resources

NAT-097 Renewal for 1 year right of way access to at the current rent of \$1.00 annually, with Hal and Sandra Williamson in French Creek, Pleasant County.

**Department of Administration Real Estate Division Leasing Report
June 14, 2008 through July 18, 2008**

STRAIGHT RENEWALS CONTINUED

Division of Rehabilitation Services

DRS-052 Renewal for 3 years containing 1,800 square feet of office space at the current PSF rate of \$8.00, with Emmanuel Pentecostal Holiness Church in the city of Keyser, Mineral County.

Division of Forestry

FOR-044 Renewal for 1 year containing 751 square feet of office space at the current PSF rate of \$5.99, full service with Court Street Properties, LLC, in the City of Fayetteville, Fayette County.

Adjutant Generals Office

ADG-015 Renewal for 1 year containing 224 square feet of office space at the current PSF rate of \$13.39, full service with Marshall University, in the City of Huntington, Cabell County.

ADG-014 Renewal for 1 year containing 143 square feet of office space at the current PSF rate of \$6.29, full service with West Virginia State University, in the City of Institute, Kanawha County.

DEPARTMENT OF ADMINISTRATION LEASES-STRAIGHT RENEWALS

Governor's Office

MAN-001 Renewal for 1 year for hanger space at the current quarterly rate of \$115.00, with the Department of Administration, in the City of Charleston, Kanawha County.

Department of Education

EDU-002 Renewal for 1 year containing 59,598 square feet of office space at the current PSF rate of \$9.50, full service with the Department of Administration, in the City of Charleston, Kanawha County.

**Department of Administration Real Estate Division Leasing Report
June 14, 2008 through July 18, 2008**

**DEPARTMENT OF ADMINISTRATION LEASES-STRAIGHT
RENEWALS CONTINUED**

WORKFORCE WV

WWV-007 Renewal for 1 year containing 67,937 square feet of office space at the current PSF rate of \$9.03 full service with the Department of Administration, In the City of Charleston, Kanawha County.

RENEWAL/RENT INCREASES

Department of Agriculture

AGR-046 Renewal for 5 years consisting of 900 square feet of office space with an increase in rent from \$10.00 PSF to \$10.50 PSF for the first three years then to \$11.00 PSF for the remaining two years, with Bearclaw Properties in the City of Star City, Monongalia County.

Attorney General's Office

AGO-014 Renewal for 2 years consisting of 10,183 square feet of office space with an increase in rent from \$11.50 PSF to \$12.00 PSF rate with S.A.A.C., LLC in the City of Charleston, Kanawha County.

Bluefield State College

BSC-001 Renewal for 5 years consisting of 12,552 square feet of office space with an increase in rent of 2% annually, \$11.02-\$11.24-\$11.46-\$11.69-\$11.92 PSF rate with W.W.L. Properties, Inc., in the City of Beckley, Raleigh County.

ADDING SQUARE FOOTAGE AND INCREASING RENT

WORKFORCE WV

WWV-009 Adding 2,131 square feet of office space for a total of 21,954 square feet of office space and increasing the PSF rate from \$10.31 to \$10.40, full service with Standard Properties, in the City of Charleston, Kanawha County.

Joint Committee on Government and Finance

July 2008

Department of Health and Human Resources

MEDICAID REPORT

May 2008 Data

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2008

	MONTH OF MAY 2008					
	TOTAL	TOTAL	Estimated	ACTUALS	ACTUALS	PROJECTED
	SFY2007	SFY2008	Current Month May-08	Current Month May-08	Year To-Date Thru 06/31/08	05/01/08 Thru 06/30/08
EXPENDITURES:						
Inpatient Hospital Services	228,282,408	228,827,800	13,898,376	12,887,321	208,763,431	20,184,168
Inpatient Hospital Services - DSH Adjustment Payments	54,098,937	57,752,400	13,582,800	13,572,403	55,898,017	2,054,383
Mental Health Facilities	40,250,781	45,473,800	3,257,889	3,734,407	41,381,271	4,112,328
Mental Health Facilities - DSH Adjustment Payments	18,824,239	18,774,000	4,702,800	4,847,212	18,758,880	15,320
Nursing Facility Services	413,083,885	440,215,360	36,507,845	34,038,297	400,525,429	39,889,921
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	58,708,822	61,243,800	5,106,800	4,876,388	54,217,709	7,028,091
Physicians Services ***	128,612,862	124,301,200	8,028,127	8,810,827	114,409,430	8,891,770
Outpatient Hospital Services	98,278,823	108,303,700	8,123,708	8,438,489	97,283,486	11,010,204
Prescribed Drugs	305,342,885	338,350,100	28,293,031	28,775,574	313,077,840	25,272,480
Drug Rebate Offset - National Agreement	(83,163,811)	(88,985,200)	(3,460,053)	(1,044,887)	(88,558,799)	(2,406,401)
Drug Rebate Offset - State Sidebar Agreement	(31,487,242)	(31,823,800)	(1,229,889)	(181,023)	(27,839,520)	(3,784,080)
Dental Services ***	37,032,509	40,485,800	3,053,748	3,402,557	34,873,546	5,612,355
Other Practitioners Services	20,319,941	27,788,000	1,704,831	1,897,735	25,006,219	2,781,781
Clinic Services	38,178,813	33,184,400	2,988,477	5,497,804	33,189,259	6,141
Lab & Radiological Services	7,948,508	8,840,800	680,089	745,420	7,559,104	1,281,786
Home Health Services	27,888,972	30,881,500	2,448,808	3,280,324	27,781,888	2,878,812
Hysterectomies/Stanizations	571,881	498,800	48,388	44,005	478,041	17,759
Pregnancy Terminations	-	-	-	-	-	-
EPSDT Services	2,458,828	2,809,500	207,700	191,483	2,274,572	634,928
Rural Health Clinic Services	6,602,480	7,111,700	568,823	594,014	6,277,972	833,728
Medicare Health Insurance Payments - Part A Premiums	18,768,358	17,801,800	1,485,517	-	15,713,438	2,188,181
Medicare Health Insurance Payments - Part B Premiums	62,881,208	71,887,700	5,858,783	(335,183)	62,144,991	9,722,709
120% - 134% Of Poverty	3,482,445	-	-	335,183	3,854,453	(3,854,453)
135% - 175% Of Poverty	-	-	-	-	-	-
Coinurance And Deductibles	-	-	-	-	-	-
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	241,130,288	265,289,800	21,243,800	21,574,591	237,428,380	27,883,410
Medicaid Health Insurance Payments: Group Health Plan Payments	380,065	443,900	37,148	35,011	303,957	139,843
Home & Community-Based Services (MR/DD)	200,536,722	228,726,300	17,703,415	18,948,333	201,707,507	27,018,788
Home & Community-Based Services (Aged/Disabled)	66,417,341	89,132,815	8,858,370	4,788,389	60,428,899	28,703,818
Community Supported Living Services	38	-	-	-	-	-
Programs Of All-Inclusive Care Elderly	-	-	-	-	-	-
Personal Care Services	38,798,018	40,243,200	3,085,831	2,988,493	34,850,185	5,283,005
Targeted Case Management Services	7,800,004	7,487,800	688,189	428,082	8,021,556	1,488,244
Primary Care Case Management Services	738,688	773,400	67,808	58,066	659,929	113,571
Hospice Benefits	8,738,788	12,843,900	762,092	1,143,480	11,388,124	1,477,778
Emergency Services Undocumented Aliens	-	-	-	-	-	-
Federally Qualified Health Center	15,204,205	18,728,200	1,355,500	1,589,003	15,904,422	2,823,778
Other Care Services	128,148,153	131,807,050	10,532,152	10,188,568	112,083,171	18,543,878
Less: Recoupments	(1)	-	-	(83,048)	(580,738)	590,738
NET EXPENDITURES:	2,137,739,218	2,327,187,315	198,858,020	195,771,359	2,078,802,882	250,294,833

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2008

MONTH OF MAY 2008	TOTAL	TOTAL	Estimated	ACTUALS	ACTUALS	PROJECTED
	SFY2007	SFY2008	Current Month May-08	Current Month May-08	Year To-Date Thru 05/31/08	05/01/08 Thru 06/30/08
Collections: Third Party Liability (line 9A on CMS-64)	(4,818,212)				(3,470,417)	3,470,417
Collections: Probate (line 9B on CMS-64)	(88,485)				(168,673)	168,673
Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)	(389,328)				-	-
Collections: Other (line 9D on CMS-64)	(8,595,985)				(3,083,533)	3,083,533
	2,128,097,248					
Plus: Medicaid Part D Expenditures	28,577,788	28,899,200	2,418,462	-	28,928,963	1,972,237
Plus: State Only Medicaid Expenditures ***	4,557,527	3,471,724	302,187	387,228	3,781,537	(309,813)
TOTAL MEDICAID EXPENDITURES	2,159,202,543	\$2,359,569,239	189,878,666	\$189,136,587	\$2,104,880,568	\$258,887,881
Plus: Reimbursables (1)	3,273,687	3,881,195	292,089	342,128	3,611,886	249,309
TOTAL EXPENDITURES	2,162,476,230	\$2,363,429,434	189,870,758	\$189,480,714	\$2,104,492,444	\$258,838,890

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

SFY 2008 Budget Estimates were revised for the month of April and forward.

***CMS is currently reviewing portions of these payments. Until review is completed these expenses will be classified as state-only on the CMS-64. With all outside reviews, there is a potential for a portion of these costs to remain state-only if any of them are disallowed.

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
BUREAU FOR MEDICAL SERVICES
MEDICAID CASH REPORT
SFY2008

11 Months Actuals 1 Months Remaining

MONTH OF MAY 2008

REVENUE SOURCES

Beg. Bal. (5084/1020 prior mth)

MATCHING FUNDS

General Revenue (0403/189)

Rural Hospitals Under 150 Beds (0403/940)

Tertiary Funding (0403/547)

Lottery Waiver (Less 550,000) (5405/539)

Lottery Transfer (5405/871)

Trust Fund Appropriation (5185/189)

Provider Tax (5090/189)

Certified Match

Reimbursables - Amount Reimbursed

Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015

CMS - 64 Adjustments

TOTAL MATCHING FUNDS

FEDERAL FUNDS

TOTAL REVENUE SOURCES

TOTAL EXPENDITURES:

Provider Payments

TOTAL

	ACTUALS	ACTUALS	PROJECTED	TOTAL
	5/1/08 Thru 5/31/08	Year-To-Date Thru 5/31/08	6/1/2008 Thru 06/30/08	SFY2008
Beg. Bal. (5084/1020 prior mth)	12,965,845	\$26,493,079		\$26,493,079
MATCHING FUNDS				
General Revenue (0403/189)	43,307,626	358,398,062	35,307,625	393,705,687
Rural Hospitals Under 150 Beds (0403/940)	216,333	2,379,668	216,332	2,596,000
Tertiary Funding (0403/547)	404,667	4,451,334	404,666	4,856,000
Lottery Waiver (Less 550,000) (5405/539)	0	23,272,578	0	23,272,578
Lottery Transfer (5405/871)	0	10,300,000	0	10,300,000
Trust Fund Appropriation (5185/189)	1,605,587	14,337,873	16,218,721	30,556,594
Provider Tax (5090/189)	13,000,000	148,712,871	6,887,129	155,600,000
Certified Match	2,266,879	18,271,929	4,609,081	22,881,010
Reimbursables - Amount Reimbursed	228,234	3,155,742	641,409	3,797,151
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	27,107	273,942	(273,942)	0
CMS - 64 Adjustments		(5,430,471)	5,430,471	0
TOTAL MATCHING FUNDS	\$74,022,278	\$604,616,607	\$69,441,492	\$674,058,099
FEDERAL FUNDS	139,881,770	1,510,775,294	\$215,236,029	\$1,726,011,323
TOTAL REVENUE SOURCES	\$213,904,048	\$2,115,391,901	\$284,677,521	\$2,400,069,422
TOTAL EXPENDITURES:				
Provider Payments	\$196,480,714	\$2,104,492,444	\$258,936,990	\$2,363,429,434
TOTAL	\$17,423,334	\$10,899,457		\$36,639,988

Note: FMAP (07' - 72.82% applicable July - Sept. 2007) (08' - 74.25% applicable Oct. 2007 - June 2008)

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

BUREAU FOR MEDICAL SERVICES
SFY 2008 Medicaid Approved Claims Report
As of May 31, 2008

REF#	CMS 64 Category Of Service	SFY 2007	YTD Totals				Year to Date
			JUL-AUG 2007	OCT-DEC 2007	JAN-MAR 2008	APR-JUN 2008	
1A	Inpatient Hospital Services	229,365,525	45,384,975	72,417,745	43,999,305	40,704,656	202,506,681
1B	Inpatient Hospital Services - DSH	54,220,771	15,322,603	13,553,806	13,341,925	13,572,403	55,790,737
2A	Mental Health Facilities	40,628,759	10,305,982	11,359,118	10,974,396	4,715,578	37,355,074
2B	Mental Health Facilities - DSH	18,800,405	4,690,367	4,681,169	4,647,212	4,647,212	18,665,960
3	Nursing Facility Services	405,794,188	104,487,658	109,227,700	109,055,565	70,145,102	392,918,025
4B	Intermediate Care Facilities - Private Providers	58,697,741	13,838,583	15,893,395	14,839,019	9,899,049	54,268,046
5	Physicians Services	122,327,646	27,716,222	28,718,791	34,089,196	13,360,523	103,883,732
6	Outpatient Hospital Services	100,670,576	27,404,929	26,340,507	25,533,712	10,262,915	89,542,063
7	Prescribed Drugs	317,302,910	78,673,627	85,802,758	91,360,468	29,690,354	285,527,198
7	Part D Premium - State Only	28,577,768	7,493,166	7,459,411	7,184,623	4,792,782	28,929,961
7A1	Drug Rebate Offset - National	(93,411,318)	(23,263,364)	(30,874,025)	(21,109,468)	(22,856,020)	(88,104,877)
7A2	Drug Rebate Offset - State	(31,239,277)	(7,013,277)	(8,798,756)	(7,754,108)	(6,261,284)	(29,827,425)
///	Total Rebates	(124,650,595)	(30,276,641)	(39,672,781)	(28,863,576)	(29,119,304)	(127,932,302)
///	NET DRUG COST	221,230,083	55,890,151	53,588,389	69,881,505	5,363,812	184,521,867
8	Dental Services	37,945,980	9,501,946	9,818,162	8,903,978	4,057,622	32,281,908
9	Other Practitioners Services	20,762,927	8,200,514	8,055,981	5,373,348	2,370,362	24,000,206
10	Clinic Services	35,142,939	6,559,195	5,907,742	6,896,785	4,465,510	23,829,232
11	Lab & Radiological Services	16,160,843	1,992,281	1,904,089	2,334,399	908,886	7,139,655
12	Home Health Services	28,558,463	7,061,020	6,868,656	8,600,651	4,121,690	26,652,217
13	Hysterectomies/Sterilizations	580,115	110,261	121,437	163,050	65,240	459,888
14	Pregnancy Termination	220,178	58,820	51,072	72,120	21,752	203,764
15	EPSDT Services	2,450,918	671,216	688,826	565,134	233,188	2,139,384
16	Rural Health Clinic Services	6,696,486	1,405,150	1,987,880	1,791,025	719,439	5,903,472
17A	Medicare - Part A Premiums	15,465,910	4,332,854	4,248,844	4,268,025	1,446,536	14,266,259
17B	Medicare - Part B Premiums	61,496,982	17,631,527	17,892,016	18,253,898	6,181,522	59,958,962
18A	Managed Care Organizations	257,900,656	63,670,736	67,660,988	66,128,062	23,201,918	220,681,700
18C	Group Health Plan Payments	329,728	79,855	77,393	84,656	27,044	268,948
19	Home & Community-Based Services (MR/DD)	201,156,249	55,069,647	55,451,290	55,083,144	34,988,002	200,592,283
20	Home & Community-Based Services (Aged/Disabled)	56,505,657	16,159,123	16,326,402	17,134,025	9,755,637	59,372,187
23	Personal Care Services	35,689,302	9,553,774	9,393,243	9,879,202	5,910,051	34,538,270
24	Targeted Case Management	7,850,896	1,726,636	1,714,598	1,569,684	703,261	5,714,379
25	Primary Care Case Management	600,139	185,574	174,258	178,311	59,062	597,195
26	Hospice Benefits	9,891,391	2,448,383	3,679,309	3,352,749	1,274,514	10,754,655
28	Federally Qualified Health Center	15,469,568	4,024,748	4,910,047	4,337,714	1,924,981	15,197,490
29	Other Care Services	111,853,165	28,778,162	25,633,974	24,239,080	10,490,775	89,142,011
	Unclassified	211,644	0	0	0	0	0
///	TOTALS	2,175,445,938	544,257,312	578,324,803	565,170,877	285,398,627	1,973,151,919

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.



Update on Workers' Compensation

To the

Joint Committee on Government &
Finance

7/30/08

Provided by the West Virginia Offices of the Insurance Commissioner



Workers' Compensation Old Fund Balances
Cash Basis
(\$)

	Calendar Year 2006	Calendar Year 2007	Calendar Year 2008 January 1 - June 30
Revenue			
Statutory Transfers*	266,613,362	261,975,877	146,849,941
Collections	8,316,798	1,041,116	1,881,922
Investment Income	50,201,026	40,659,223	(1,624,897)
Total Revenue	<u>325,131,186</u>	<u>303,676,215</u>	<u>147,106,966</u>
Expenditures			
Claim Payments	(355,245,366)	(284,445,313)	(122,679,130)
Administrative/Other Expense	(21,630,179)	(24,710,582)	(13,235,172)
Total Expenditures	<u>(376,875,545)</u>	<u>(309,155,895)</u>	<u>(135,914,302)</u>
Workers' Compensation Commission Initial fund transfer January 2006	711,094,830		
Payment from BrickStreet Insurance on Surplus Note			40,015,205
<hr/>			
Invested Balance with WVIMB at year end	647,444,812	635,908,034	653,499,137

Workers' Compensation Old Fund Benefit Payments
Average Monthly Payments
(\$)

	<u>Previous 12-Month Period 7/01/06 to 6/30/07</u>	<u>Current 12-Month Period 7/01/07 to 6/30/08</u>
Claims benefits paid:		
Medical	(5,447,800.00)	(4,216,466.10)
Permanent Total Disability	(13,108,385.13)	(12,705,096.33)
Permanent Partial Disability	(3,264,345.96)	(1,251,457.90)
Temporary Total Disability	(749,201.95)	(274,448.93)
Settlement Agreements	(659,464.24)	(371,246.66)
Fatals	(2,928,686.97)	(2,831,376.60)
104 weeks	<u>(428,887.29)</u>	<u>(435,527.13)</u>
Total	(26,586,771.54)	(22,085,619.64)
Claims credits and overpayments	<u>405,766.84</u>	<u>369,925.10</u>
Total claims paid	(26,181,004.70)	(21,715,694.54)

OIC Employer Coverage Unit Employer Exemption Statistics

Current 12 -Month Period	New Exemptions Issued	Renewals Granted	Total Exemptions Issued			
Jul-07	133	100	233		CY06	
Aug-07	128	126	254		Total Exemptions Issued	2,209
Sep-07	125	171	296		Total Denials	262
Oct-07	161	107	268		Number of Applications Received	2,471
Nov-07	97	55	152			
Dec-07	179	35	214		CY07	
Jan-08	139	54	193		Total Exemptions Issued	2,763
Feb-08	125	103	228		Total Denials	299
Mar-08	155	84	239		Number of Applications Received	3,062
Apr-08	131	112	243			
May-08	107	139	246		CY08 - YTD	
Jun-08	116	186	302		Total Exemptions Issued	1,451
					Total Denials	244
					Number of Applications Received	1,695

Old Fund / Debt Reduction Quarterly Summary FY 2008

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Revenues					
Personal Income Tax	-	31,800,000	31,800,000	31,800,000	95,400,000
Severance Tax	23,136,770	21,733,728	25,159,512	54,264,756	124,294,766
Debt Reduction Surcharge	7,989,488	-	10,908,863	10,764,497	29,662,848
Self-Insured Debt Reduction Surcharge	1,158,988	2,073,253	2,007,116	2,238,879	7,478,236
Video Lottery	11,000,000	-	-	-	11,000,000
Surplus Note Principal	-	-	-	40,000,000	40,000,000
Employer Premium	597,513	(68,091)	1,544,593	605,211	2,679,226
Other Income - Return of Unclaimed Property	12,782	9,662	4,828	23,189	50,460
Investment / Interest Earnings (Losses)	(8,201,442)	14,446,666	(9,817,534)	10,975,281	7,402,971
Total Revenues	35,694,099	69,995,217	61,607,378	150,671,813	317,968,506
Expenditures					
Public Employees Insurance	29,457	43,839	41,410	22,408	137,115
Payment of Claims	70,065,459	67,843,746	59,933,646	62,745,484	260,588,335
Contractual/Professional	305,674	912,283	1,055,456	3,943,255	6,216,668
Third Party Administrator Charges	4,742,266	4,824,625	5,031,077	3,141,565	17,739,533
Unemployment Compensation	-	1,694	-	-	1,694
Total Expenditures	75,142,866	73,626,186	66,061,590	69,852,712	284,683,344
Excess (Deficiency) of Revenues over Expenditures	(39,448,767)	(3,630,969)	(4,454,212)	80,819,101	33,285,162
Cash Beginning Balances	700,910,351	661,461,594	657,830,625	653,376,413	700,910,351
Cash Ending Balances	661,461,594	657,830,625	653,376,413	734,195,514	734,195,514

Old Fund Liability Estimate

(excluding LAE)
(discounted)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Beginning Reserve Amount	2,848,700,000	2,813,165,836	2,779,430,893	2,753,240,436
Claim Payments	70,065,459	67,843,746	59,933,646	62,745,484
Estimated Ending Reserve Amount	2,813,165,836	2,779,430,893	2,753,240,436	2,723,899,525

WEST VIRGINIA
OFFICES OF THE INSURANCE COMMISSIONER
SCHEDULE OF NET ASSETS
Workers' Compensation Old Fund - Debt Reduction
(In Thousands)

	June 30, 2007	June 30, 2008	Change
Assets:			
Cash and Cash Equivalents	695,483	734,196	38,713
Receivables, Net:	14,285	14,285	0
Surplus Note	185,000	145,000	(40,000)
Total Assets	894,768	893,481	(1,287)
Liabilities:			
Estimated Liability for Unpaid Claims and Claim Adjustment Expense	2,848,700	2,723,900	(124,800)
Other Liabilities	3,317	3,317	0
Total Liabilities	2,852,017	2,727,217	(124,800)
Net Assets:			
Unrestricted	(1,957,249)	(1,833,736)	123,513
Total Net Assets	(1,957,249)	(1,833,736)	123,513

OFFICE OF JUDGES' REPORT TO INDUSTRIAL COUNCIL

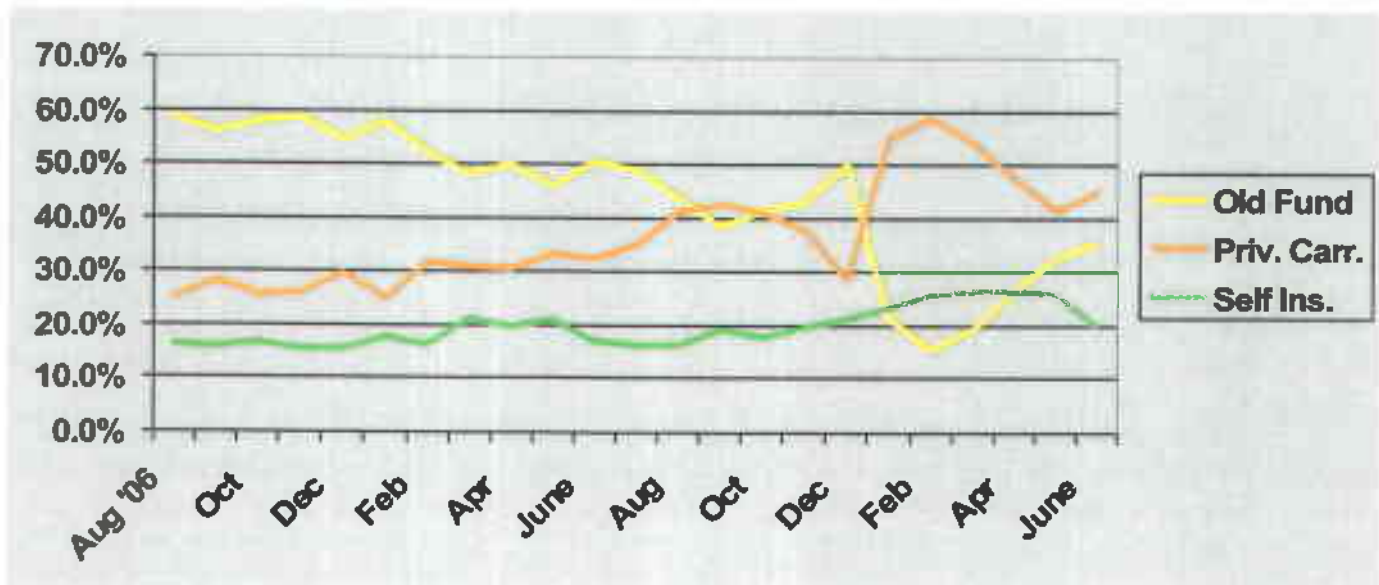
July, 2008

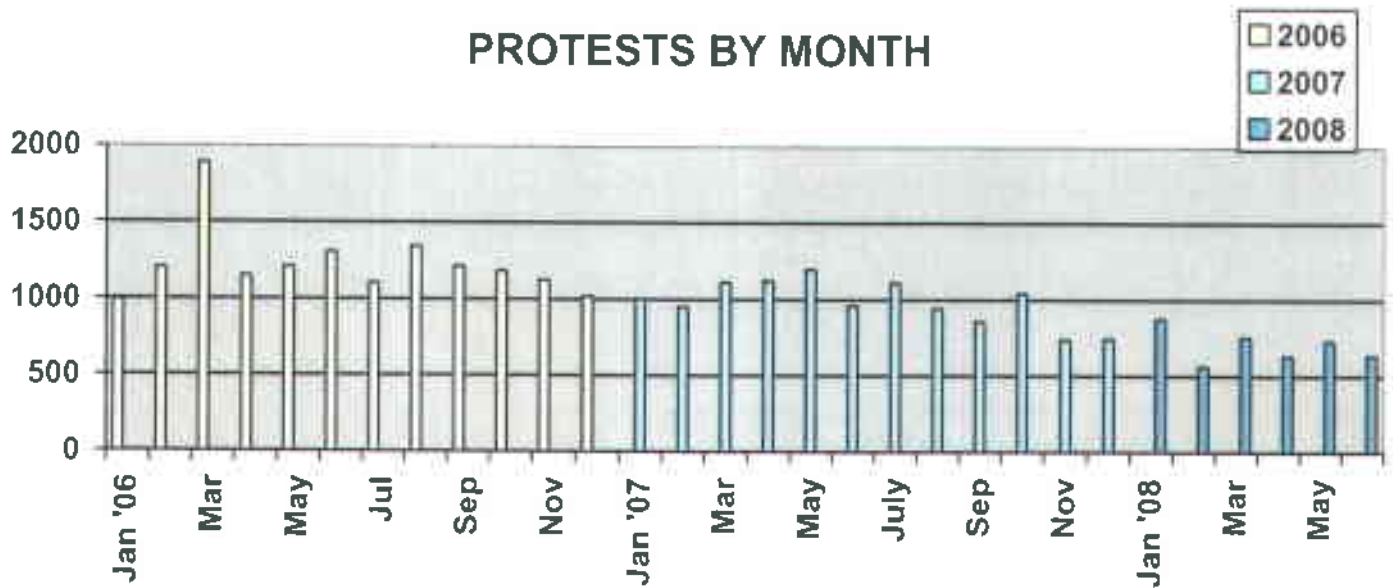
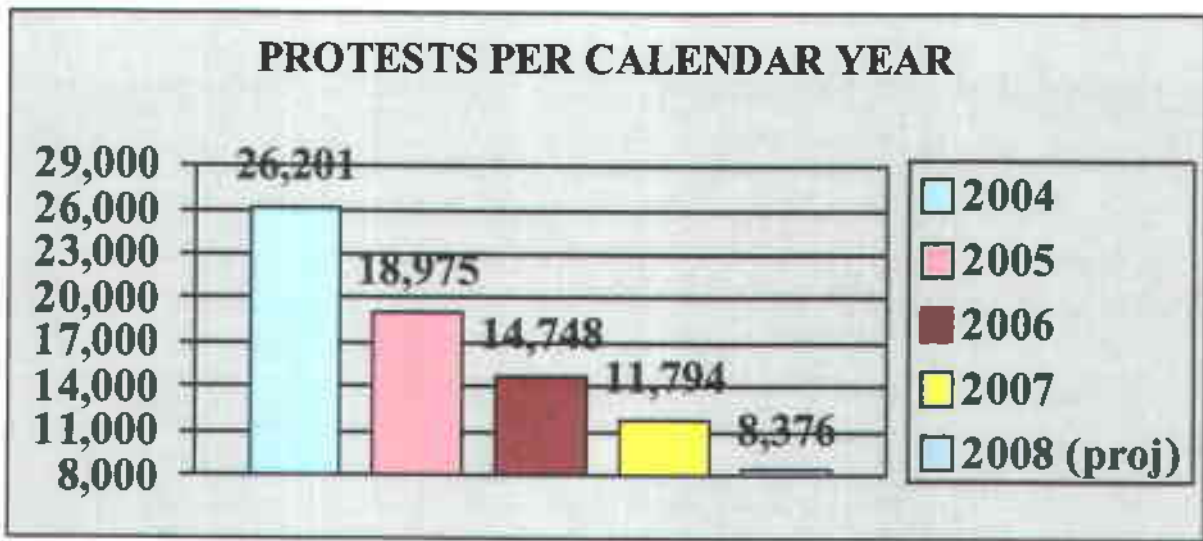
I. Statistical Analysis

A. Protests Acknowledged: 2007 JUNE YTD
11,794 634 4,188

Fund Involved:

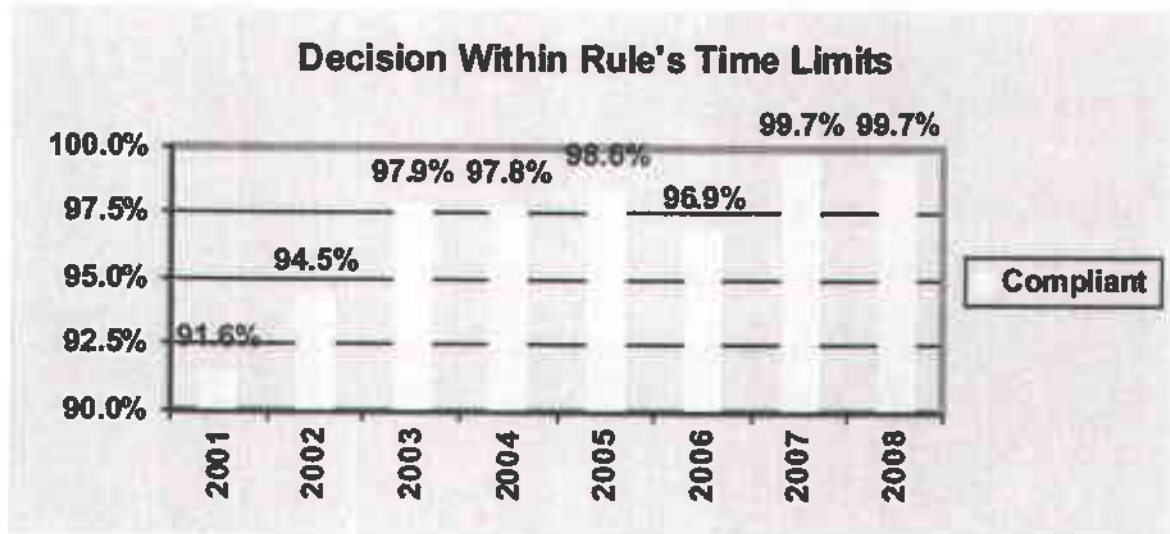
FUND	2005	2006	% of protests	2007	% of protests	JUNE '08	% of protests	YTD '08	% of protests
Old Fund	n/a	8,146	64.56%	4,433	46.30%	188	35.27%	841	24.98%
New Fund	n/a	2,207	17.49%	3,370	35.20%	239	44.84%	1,673	49.69%
Others	n/a								
Self-Insured	228 (avg)	2,264	17.94%	1,772	18.51%	106	19.89%	853	25.33%
Subtotal		12,617		9,575		533		3,367	
Temporary		2,131		2,219		101		821	
Total	18,975	14,748		11,794		634		4,188	





B.	Issues Resolved:	<u>2007</u> 11,472	<u>JUNE</u> 633	<u>YTD</u> 4,396
----	------------------	-----------------------	--------------------	---------------------

F.	Final Decision Timeliness	2007	JUNE	YTD
1.	<30 days:	61.7%	69.0%	65.3%
2.	30-60 days:	26.9%	24.3%	22.0%
3.	60-90 days:	11.1%	6.3%	12.4%
4.	+90 days:	0.3%	0.1%	0.3%



G.	Time Standard Compliance	2007	JUNE	YTD
		92.6%	91.3%	91.3%

II. Office of Judges' Fall Workshops

We have received the printed copies of our announcement for the fall workshops. We will be mailing those out next month (August). Although we are not presently mailing out the notice, we are enclosing a copy with the original of this report.

Dates and locations include:

- Morgantown – October 2, afternoon
- Shepherdstown – October 7, morning
- Charleston, October 14, morning
- Beckley – October 16, morning
- Charleston – October 21, morning
- Charleston – October 28, afternoon

Topics anticipated to be covered include:

- Review of our amendments to Procedural Rule
- Review of recent amendments to Rules of OIC
- Review of Supreme Court cases (if decided by then)
- Review of 2008 legislation
- Introduction to OOJ internet access to AIMS system
- Discussion on new issues created by 7/1/08 entry by private carriers into the market

III. ALJ In-house Training

A full-day training session will be conducted for all administrative law judges on July 30.

IV. ALJ Mediation Training

Thirteen administrative law judges attended the State Bar's mediation training on July 15 and 16.

Revenue Recovery Activity	June 2008
COLLECTION ACTIVITY	
Receipts - Old Fund (Employer out of business)	\$ 112,583.67
Receipts - PC & NU (Private Carrier Cancellation & Rogue Employers)	\$ 83,150.96
Receipts - Payment Agreements	\$ 31,300.17
Receipts - Collection Agency	\$ 100.00
# of active accounts uninsured (cumulative)	1,004
\$ of active accounts uninsured (cumulative)	\$ 2,248,846.95
Telephone contacts	1,480
Walk-ins	20
LIENS	
Liens sent to county clerks for recordation	45
Liens sent to county clerks for release	51
Intent to lien letters sent to employer/owner/officer/member	340
INJUNCTIONS	
Affidavits for injunction submitted to legal	8
Hearings attended	3
# of injunction complaints filed	8
# of injunctions granted	2
# of agreed orders entered	0
PAYMENT AGREEMENTS	
# of repayment agreements	8
Agreements set up	9
Total # of agreements on system (cumulative)	94
Intent to void letters mailed	10
Agreements voided	0
MISCELLANEOUS	
Terminations Processed	206
Rule 11 Letters Mailed	173
Rule 11 hearings	3
Uninsured Policies Resolved	691
All Cash Receipts from WC accounts	\$ 227,134.80

Joe Manchin, III
Governor

Rita Hedrick-Helmick
Chairperson

W. Jack Stevens
Member
James D. Gray
Member

Workers' Compensation Board of Review

Offices located at 104 Dee Drive, Charleston
All communications should be addressed to the Board of Review
at the address shown at the bottom of this page.

MEMORANDUM

To: Jane L. Cline, Commissioner
Charles Bayless, Chairman
Dan Marshall
Bill Dean
Walter Pellish
Honorable Carrie Webster, House Judiciary Chair
Honorable Brooks McCabe
Honorable Nancy Peoples Guthrie
Senator Don Caruth

From: Rita F. Hedrick-Helmick, Chairperson

Date: July 14, 2008

Re: Workers' Compensation Board of Review Monthly Report

Attached, please find the Board of Review's June 2008 monthly report.

We are in the process of reconfiguring our reports to make them more concise and easier to read. Last month some questions arose about the category titled "Claimant/Employer." This category refers to appeals filed by both the claimant and the employer to a particular Office of Judges decision. For the month of June, you'll notice that no dispositions were generated for that category. However, for the entire year, there have been six "affirms" when both the claimant and employer appealed the same order, one "reverse" when both the claimant and employer appealed the same order, and two "reverse in part" decisions when both the claimant and employer appealed the same order.

If you have any additional questions, please do not hesitate to contact me.

**WORKER COMPENSATION BOARD OF REVIEW
FOR JUNE 2008**

Appealed By	Disposition			Year to				
	BOR Disposition	Count	Disp %	Total %	Date	Disp %	Total %	
1. Claimant Only	ABEYANCE				4	0.4%	0.3%	
	AFFIRM AND MODIFY	2	1.3%	0.9%	8	0.8%	0.5%	
	AFFIRM AND REMAND				1	0.1%	0.1%	
	AFFIRMED	101	63.1%	46.5%	761	79.2%	50.1%	
	DISMISSED	1	0.6%	0.5%	2	0.2%	0.1%	
	MODIFY	1	0.6%	0.5%	2	0.2%	0.1%	
	REMAND	3	1.9%	1.4%	47	4.9%	3.1%	
	REVERSE	5	3.1%	2.3%	59	6.1%	3.9%	
	REVERSE AND REMAND	1	0.6%	0.5%	18	1.9%	1.2%	
	REVERSE IN PART				9	0.9%	0.6%	
	REVERSE IN PART AND REMAND				1	0.1%	0.1%	
	VACATE	46	28.8%	21.2%	49	5.1%	3.2%	
	Total Dispositions	160			961			
	2. Claimant & Employer	AFFIRMED				6	66.7%	0.4%
		REVERSE				1	11.1%	0.1%
REVERSE IN PART					2	22.2%	0.1%	
Total Dispositions					9			
3. Employer Only	ABEYANCE	2	6.7%	0.9%	4	1.7%	0.3%	
	AFFIRM AND MODIFY				1	1.3%	0.2%	
	AFFIRM AND REMAND				1	0.4%	0.1%	
	AFFIRMED	21	70.0%	9.7%	150	63.3%	9.9%	
	DISMISSED	1	3.3%	0.5%	4	1.7%	0.3%	
	MODIFY	1	3.3%	0.5%	2	0.8%	0.1%	
	REMAND	2	6.7%	0.9%	11	4.6%	0.7%	
	REVERSE	3	10.0%	1.4%	47	19.8%	3.1%	
	REVERSE AND REMAND				3	1.3%	0.2%	
	REVERSE IN PART				12	5.1%	0.8%	
	Total Dispositions	30			237			
4. Division/OIC Only	ABEYANCE				3	1.0%	0.2%	
	AFFIRM AND MODIFY				5	1.6%	0.3%	

AFFIRM AND REMAND				1	0.3%	0.1%
AFFIRMED	21	77.8%	9.7%	162	52.1%	10.7%
DISMISSED				3	1.0%	0.2%
MODIFY				2	0.6%	0.1%
REMAND				1	0.3%	0.1%
REVERSE	5	18.5%	2.3%	103	33.1%	6.8%
REVERSE AND REMAND				2	0.6%	0.1%
REVERSE IN PART	1	3.7%	0.5%	28	9.0%	1.8%
VACATE				1	0.3%	0.1%
Total Dispositions	27			311		
GRAND TOTALS	217			1518		

Yearly Disposition of Appeals - 2008

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Appeals Rec'd	225	233	287	248	207	170	39						1409
# Docket	227	200	186	186	190	185	177	194	106				1651
Abeysance	4	5	1	3	2	2							17
Affirm And Modify	4	1	1	7	1	2							16
Affirm And Remand				1	2								3
Affirmed	280	147	218	176	86	141	82						1130
Continued	6	4	4	5	3	5	3	2					32
Dismiss													
Modify	1			1		2							4
Remand	20	7	8	14	4	5	1						59
Reverse	76	20	43	23	22	13							197
Reverse And Remand	9	2	6	2	3	1							23
Reverse In Part	8	9	17	5	2	1							42
Reverse In Part And Remand				1									1
Vacate	2			1	1	46	3						53
Reinstated	13	8	10	9	7	13	3						63
Dismissed Undoc	4	5	3	8	5	8	2						35
Withdrawn Undoc	56	42	37	45	52	30	11						

**BULLETT SUMMARY OF CHANGES MADE
IN AMENDMENTS TO RULES 1, 2, 6, 8 AND 18**

Below is a bullet summary which highlights the recent substantive changes made to W. Va. Code St. R. §§85-1-1 et seq. (Rule 1), 85-2-1 et seq. (Rule 2), 85-6-1 (Rule 6), 85-8-1 (Rule 8) and 85-18-1 (Rule 18). The updated versions of these rules were presented to the Industrial Council in initial draft form on April 24, 2008 and filed with the Secretary of State on April 29, 2008 for the thirty (30) day public comment period. A public hearing was held at the May 29, 2008 Industrial Council meeting, and the Industrial Council approved the final versions of these rules at the July 3, 2008 meeting.

All sections, subsections and subdivisions referenced are in the final draft version unless otherwise specified.

Rule 1 (“Claims Management and Administration”)

- Throughout rule, amended so that the provisions of the Rule apply to self-insured employers. (Removed claims handling standards from Rule 18 in deference to the Rule 1 claims handling standards, so that self-insureds and carriers all follow the same standards).
- Subsection 3.1., provided clarification that the fact that an injury was reported more than 2 days after the injury cannot alone be a reason to deny the claim.
- Section 4, struck the \$250 dollar fine for failure by an employer to report injuries in 5 days; this type of fine is better handled as a surcharge or penalty between the insurer and insured employer, or by the insurer failing to renew the employer if reporting practices do not improve (an insurer is not going to report its insured to the OIC).
- Section 7, a new section created to establish provisions regarding notice and litigation issues in claims, reflecting changes made in HB 4636 (2008) (clarifying the two party WC litigation system, the new 60 day time frame to protest claims rulings and the exceptions to the two party system).
- Section 10.2., changed time frame for ruling on OP claims from 15 to 90 days, but limited the extension to 30 days maximum. This time frame is consistent with W. Va. Code §23-4-15b(a).
- Subdivision 10.4.a., added a proviso permitting the mandatory 120 day IME to be tolled if the carrier expects the period of disability to extend beyond 120 days (to avoid unnecessary IME's when carrier agrees that claimant continues to be temporarily disabled).
- Subdivision 10.4.c., provided clarification that PPD awards can be paid in a lump sum or in installments, but in either case payment shall occur within 15 days of award.
- Subdivisions 10.5.a., 10.5.b. and 10.5.d., amended language to provide 30 “working” days for claims administrator to act upon receipt of a physicians report providing a PPD percentage, refer a claimant for a PPD evaluation and convert the findings of the OP board to a protestable order, respectively (previously, these provisions all allowed 30 calendar days. This was done at request, and by vote of, Industrial Council).
- Subsection 10.6., changed time frame for ruling upon application for reopening of claims from 10 days to 30 days, consistent with W. Va. Code §23-4-16(b).
- Subsection 12.2., eliminated language permitting overpayments to claimant to be deducted from widow benefits.
- Subsection 13.1., amended to provide OP board sole authority to rule on whole body impairment ratings in all occupational disease claims involving dust inhalation, but to otherwise permit such

OD claims to be handled as OD claims, not OP claims (in former version this section required all such claims to be filed as OP claims rather than OD).

- Section 13 (in former version), which required notice to claimant of closure of claim in claims with 6 months of no activity, was stricken as unnecessary (decision to administratively deactivate claim is a business decision of carrier or third-party administrator and does not affect the claimant's substantive rights).
- Section 16, added new provision clarifying that in the event of a complaint being filed against a carrier or self-insured employer with the OIC, private carriers and self-insured employers must provide a written response to the complaint within 15 days.
- Subsection 18.1. (in former version), which did not require insured employers to report incidents not needing medical treatment, was stricken as being inconsistent with subsection 4 of the Rule, which required employers to report all injuries to their carrier.
- Made other stylistic and technical cleanup and all other changes eliminating obsolete, repetitive or otherwise unnecessary language.

Rule 2 ("Workers' Compensation Claim Index")

- Subdivision 4.2.g., added percentage of PPD award as a mandatory field to be reported in the claims index.
- Subsection 5.1., added clarification that a carrier or employer's attorney may access the claims index.
- Subsection 6.2., struck requirement that subsequent report of injury ("SROI") be reported in 5 days; this is contrary to nationwide standards as reflected in the WV EDI Implementation Guide.
- Made other stylistic and technical cleanup and all other changes eliminating obsolete, repetitive or otherwise unnecessary language.

Rule 6 ("Debt Reduction Fund Assessments and Regulatory Surcharges")

- Throughout the rule, changed notice period required for changing of percentage amounts from 30 days to 60 days.
- Subsection 3.10., added language to definition of "assessable workers' compensation premium due" to provide more detailed guidance to carriers on which premium is to be included as assessable workers' compensation premium and which premium is not included.
- Subsection 4.1., added language to reflect code changes in HB 4636 (2008) making the percentages a fixed amount from 2008 to 2013; struck language reflecting obsolete methodology.
- Subsection 6.2., added language reflecting time frame for carriers to remit surcharges consistent with change in law in HB 4636.
- Made other stylistic and technical cleanup and all other changes eliminating obsolete, repetitive or otherwise unnecessary language.

Rule 8 ("Workers' Compensation Policies, Coverage Issues and Related Topics")

- Section 9, changes made to reflect the new time frames for carrier reporting and notice of coverage issuance, renewals, cancellations and non-renewals, consistent with amendments to W. Va. Code §23-2C-15(e) and (f) pursuant to HB 4636 (2008).

- Made other stylistic and technical cleanup.

Rule 18 (“Self Insurance, Self Administration and Third Party Administrators”)

- Section 7, addressing catastrophic occurrence coverage, was amended to reflect change in law in 2006 making excess coverage or security for CAT occurrences discretionary (OIC decides if the self-insured employer needs it and if so how much).
- Subsection 8.3. was amended to eliminate the requirement that all self-insured employers maintain a minimum amount of \$1 million in security (no provision in law to support this requirement; SI security requirements are based upon estimated liabilities of the SI).
- Section 9, was amended to require self-insured employers who modify their business to file detailed documentation upon such modifications, and to provide the IC discretion on how to handle the modification depending upon the circumstances.
- Section 10 was amended, and sections 12 to 14 (of former version) were stricken. These provisions addressed the ability of the self-insured employer to voluntarily “buy out” its liability. This option was eliminated by the Legislature in 2005. Now the self-insured employer must post bond for full amount before voluntarily terminating status.
- Section 14 of the rule (pertaining to the former WC fund), was stricken as obsolete.
- Section 11, regarding self-administration of claims, was amended to remove most of the claims handling standards applicable to self-insured employers. Instead, self-insured employers will now be subject to the same claims handling standards as carriers, which are found in chapter 23 and other title 85 rules (primarily rules 1, 5, 12 and 20). (Rule 1, which previously did not include self-insured employers, was in turn amended to include self-insured employers).
- Amended section 16 (in former version) to eliminate (as obsolete) language regarding the payment of “premium taxes” by self-insured employers; now self-insured employers are subject to the regulatory and debt reduction surcharges and pool assessments in lieu of the obsolete premium taxes.
- Subsection 13.9., language regarding the penalty provisions for non-compliance of self-insured employers was amended; language now provided for a penalty of up to \$500 per occurrence of non-compliance (previously was “\$5000 per review”). The former language and penalty (“\$5000 per review”) is vague and lacks clarity; up to \$500 per occurrence provide more clarity while still giving the OIC discretion in issuing fines, and is consistent with penalties to which carriers are subject.
- Subdivision 13.9.c., new provision added which permits the OIC to establish a corrective action plan for non-compliant self-insured employers. (This would be an additional option for the OIC other than monetary penalties and revocation).
- Subsection 14.4., added language prohibiting self-insured employers from operating in an “illegal, improper or unjust manner” with regard to claims handling; this is similar to code language found in chapter 33 pertaining to carriers. The concept is to create a “catchall” provision for self-insured employers similar to that which applies to insurance companies.
- Section 17, amended to eliminate detailed qualifications for third party administrators. These requirements were preempted by changes to the code in HB 4636 (2008) which requires all WC TPA’s to meet same standards for licensure as all other insurance TPA’s. (As directed by the Code, the OIC is working on a separate rule to address WC TPA’s).
- Made other stylistic and technical cleanup and all other changes eliminating obsolete, repetitive or otherwise unnecessary language.

LEGISLATIVE BOARD OF TREASURY INVESTMENTS

JUL 25 2008
MANAGER

CALENDAR NOTES:
Board Meeting
August 7, 2008
ED Auction
September 10, 2008

OPERATING REPORT JUNE 2008

Board of Treasury Investments

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

www.wvbt.com

Board of Directors

John D. Perdue,
State Treasurer,
Chairman

Joe Manchin III,
Governor

Glen B. Gainer III,
State Auditor

Martin Glasser,
Esq. Attorney
Appointed by the
Governor

Jack Rossi, CPA
Appointed by the
Governor

Executive Staff

Executive Director
Glenda Probst,
CPA, CTP

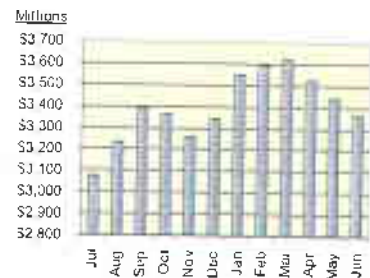
Chief Financial Officer
Kara K. Brewer,
CPA, MBA

Total Net Assets Under Management

\$3,364,534,000

Last Month
\$3,441,182,000

Beginning of Fiscal Year
\$2,923,172,000



15.1% Growth This Fiscal Year

Total Net Income & Gains

This Month
\$7,941,000

Fiscal Year
\$149,136,000



WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

THE ECONOMIC STATE

JUNE 2008

Staggering Impact of Oil Prices Rippling Throughout the Economy

High priced oil is crippling the auto industry (as sales dropped in May to their weakest monthly rate since August 1993), putting pressure on housing prices, burdening the financial system and causing central bankers to consider raising rates risking more harm to a deteriorating economy.

With unemployment up (now hovering at 5.5%) and home prices continuing to fall, consumer sentiment as measured by the University of Michigan survey fell to a 50-year low in June. The outlook for any pickup in consumer spending does not look promising. The \$4 gas prices are squeezing budgets to such a degree that it could result in the first drop in consumer spending since 1991.

In a real sense, the spike in oil prices is planting seeds of its own demise as the pain of \$4 gas will force radical changes in consumer behavior. Former Fed Governor Lyle Gramley noted recently that the increase in oil prices in the second quarter alone has drained an incremental \$200 billion from the pockets of consumers, an amount greater than the tax rebates that were intended to act as a stimulus to the economy.

New home construction starts fell 3.3% in May, the lowest level since 1991. Single-family housing starts are down 63% from their peak in 2006.

Inflationary pressure is showing signs of life. To date, much of the change in oil prices has been absorbed resulting in lower margins. But as these costs begin to be passed on, inflation is bound to increase. May CPI data released in June show an increase in the CPI of 4.9% over the past three months versus 4.1% over the past year.

As a result of increased inflation expectations, the Fed easing cycle finally ended with the FOMC voting on June 25th to maintain its target for the Fed Funds rate at 2%.

Reversing a recent trend, Treasury rates retreated across the yield curve in June. A relatively modest 2 bps drop in the 2 year rate was accompanied by a much sharper 9 bps and 30 bps declines in the 10 year and 30 year rates, respectively. The result was a pronounced flattening of the yield curve with 2 – 10 year spreads tighter by 7 bps and 10 – 30 year spreads tighter by 11 bps. The 2 year rate was particularly volatile during the month, rising as high as 3% as numerous Fed comments about inflation fueled speculation of rate increases by the Fed later this year.

The Citigroup 90-Day T-Bill Index returned 0.13% in June lagging the 0.22% return of the Citigroup 1-3 Year Government / Corporate Index. For the trailing 12 month period, the 90-Day T-Bills returned 3.32% while the 1-3 Year Government / Corporate Index returned 6.84%.

Center for Public Finance a Success

The Center for Public Finance (CPF) held its first educational seminar in April. There were 113 public officials participating in the sessions, which included Behavioral Finance, Cash Management, Internal Control, and Financial Accounting and Reporting.

The Center was established to assist local governments through education and resources related to best practices in managing public finances. Over the next few months the BTI will be renovating our web page to include an area for the CPF. We welcome your comments and suggestions. Please send your comments to: glenda.probst@wvbt.org

CD Auction Expanded

The BTI Board approved expansion of the highly successful CD Auction Program at its April meeting. The increase in funds allows us to hold more auctions and increase investment of state dollars in West Virginia banks. To date the BTI has placed \$328,800,000 in certificates of deposit and earned the state more than \$7,588,000 in interest.

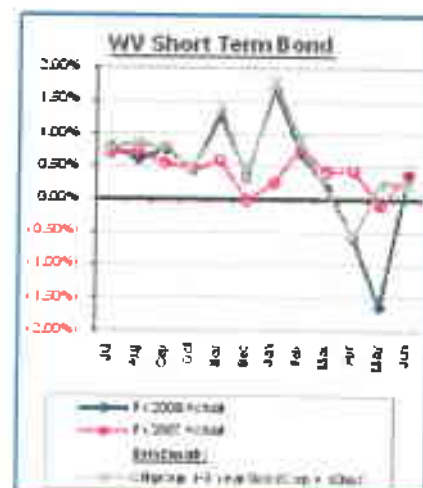
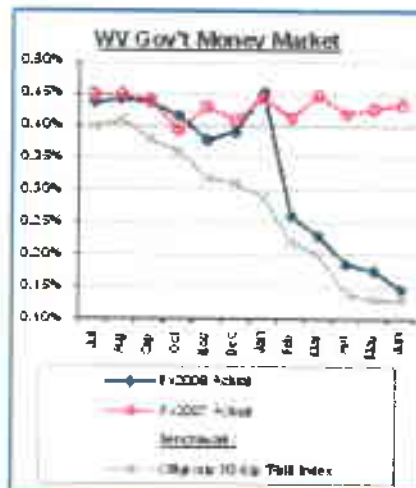
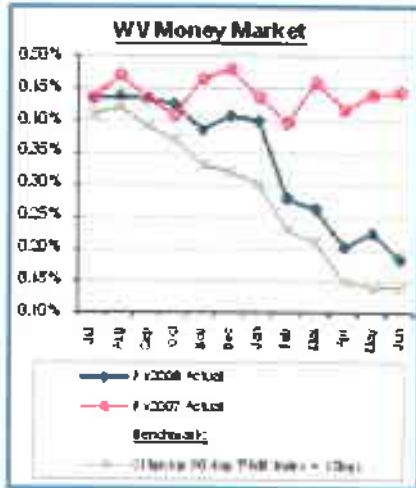
The July 9 auction resulted in \$88,392 additional earnings for the state over the 6 month T-Bill. Ten banks submitted \$76 million in bids for the \$25 million offered. The banks winning awards were:

BB&T - Charleston	\$5,000,000
WesBanco Bank, Inc. - Wheeling	\$5,000,000
Main Street Bank - Wheeling	\$5,000,000
Monongahela Valley Bank - Fairmont	\$2,500,000
United Bank - Parkersburg	\$5,000,000

West Virginia Board of Treasury Investments

Financial Highlights as of June 30, 2008

Monthly Rates of Return for Operating Pools *(Not of Fees)*



Summary of Value and Earnings *(In Thousands)*

Pool	Asset Value	June Net Income (Loss)	Fiscal YTD Net Income (Loss)
WV Money Market	\$ 2,361,833	\$ 4,611	\$ 97,703
WV Gov't Money Market	187,291	342	9,269
WV Short Term Bond	356,710	1,242	15,599
WV Bank	126,712	318	3,310
Loss Amortization	172,077	886	17,800
Loans	116,748	390	2,265
Participant Accounts	43,163	152	3,190
	\$ 3,364,534	\$ 7,941	\$ 149,136

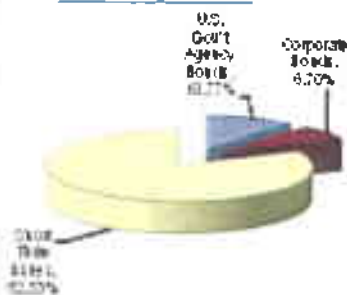
Percent of Total Net Asset Value



- Participant Accounts, 1.3%
- Loans, 3.5%
- Loss Amortization, 5.1%
- WV Bank, 3.8%
- WV Short Term Bond, 10.6%
- WV Gov't Money Market, 5.6%
- WV Money Market, 70.2%

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

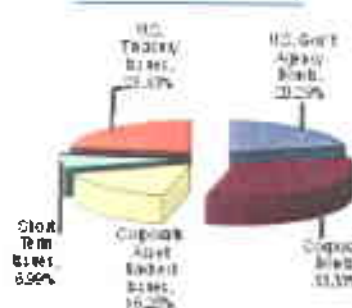
WV Money Market



WV Gov't Money Market



WV Short Term Bond



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

JUNE 30, 2008

(In Thousands)

	WV Money Market Pool	WV Government Money Market Pool	WV Short Term Bond Pool	WV Bank Pool	Other Pools	Participant Directed Accounts
Assets						
Investments:						
At amortized cost	\$ 2,358,470	\$ 187,064		\$ 125,000	\$ 116,364	\$ 24,557
At fair value	-		\$ 353,979	-	172,077	18,288
Collateral for securities loaned	161,721	17,046	95,773	-	-	-
Other assets	3,650	253	3,200	1,712	388	320
Total assets	<u>2,523,841</u>	<u>204,363</u>	<u>452,952</u>	<u>126,712</u>	<u>288,829</u>	<u>43,165</u>
Liabilities						
Payable for securities loaned	161,721	17,046	95,773	-	-	-
Other liabilities	287	26	469	-	4	3
Total liabilities	<u>162,008</u>	<u>17,072</u>	<u>96,242</u>	<u>-</u>	<u>4</u>	<u>3</u>
Net Assets	<u>\$ 2,361,833</u>	<u>\$ 187,291</u>	<u>\$ 356,710</u>	<u>\$ 126,712</u>	<u>\$ 288,825</u>	<u>\$ 43,165</u>
Investment income						
Interest and dividends	\$ 2,149	\$ 222	\$ 1,206	\$ 318	\$ 394	\$ 152
Securities lending income	428	47	141	-	-	-
Net accretion (amortization)	2,520	124	(173)	-	541	(20)
Provision for uncollectible loans	-	-	-	-	-	-
Total investment income	<u>5,097</u>	<u>393</u>	<u>1,174</u>	<u>318</u>	<u>935</u>	<u>132</u>
Expenses						
Fees	179	16	37	-	4	1
Securities lending borrower rebates	307	35	107	-	-	-
Bad debt expense	-	-	-	-	-	-
Total expenses	<u>486</u>	<u>51</u>	<u>144</u>	<u>-</u>	<u>4</u>	<u>1</u>
Net investment income	<u>4,611</u>	<u>342</u>	<u>1,030</u>	<u>318</u>	<u>931</u>	<u>131</u>
Net realized gain (loss)						
from investments	-	-	(620)	-	-	-
Net increase (decrease)	<u>-</u>	<u>-</u>	<u>832</u>	<u>-</u>	<u>345</u>	<u>21</u>
in fair value of investments	-	-	212	-	345	21
Net gain (loss) from investments	<u>-</u>	<u>-</u>	<u>212</u>	<u>-</u>	<u>345</u>	<u>21</u>
Net increase (decrease) in net assets from operations	<u>4,611</u>	<u>342</u>	<u>1,242</u>	<u>318</u>	<u>1,276</u>	<u>152</u>
Distributions to participants	4,611	342	410	318	390	-
Participant activity						
Purchases, reinvestment of units and contributions	717,360	13,925	1,061	318	1,530	18
Redemptions and withdrawals	763,665	40,953	617	-	2,375	5,119
inter-pool transfers in	-	-	-	-	-	-
inter-pool transfers out	-	-	-	-	-	-
Net increase (decrease) in net assets from participant activity	<u>(46,305)</u>	<u>(27,028)</u>	<u>444</u>	<u>318</u>	<u>(845)</u>	<u>(5,101)</u>
Increase (decrease) in net assets	<u>(46,305)</u>	<u>(27,028)</u>	<u>1,276</u>	<u>318</u>	<u>41</u>	<u>(4,949)</u>
Net assets at beginning of period	2,408,138	214,319	355,434	126,394	288,784	48,112
Net assets at end of period	<u>\$ 2,361,833</u>	<u>\$ 187,291</u>	<u>\$ 356,710</u>	<u>\$ 126,712</u>	<u>\$ 288,825</u>	<u>\$ 43,165</u>

(President Tomblin presides)

AGENDA
JOINT COMMITTEE ON GOVERNMENT AND FINANCE
July 30, 2008

3:00 - 4:00 p.m.

Senate Finance Room

1. **Approval of June 24, 2008, minutes**
2. **Monthly/Quarterly Reports Distribution:**
Status Reports on the Lottery Commission, General Revenue Fund and Unemployment Compensation Trust Fund
3. **Monthly/Quarterly Reports Distribution:**
PELA, BRIM, CHIP and Leases & Contracts Report - *Robert Ferguson, Jr., Secretary, Dept. of Administration*
4. **Monthly/Quarterly Report Distribution from Department of Health and Human Resources:**
Medicaid Report - *Martha Walker, Cabinet Secretary, DHHR*
5. **Workers' Compensation Distribution:** *Jane Cline, Insurance Commissioner*
6. **Board of Treasury Report Distribution**
7. **Other Business**
8. **Scheduled Interim Dates:**
August 24 - 26
September 7 - 9 (Bridgeport)
October 12 - 14
November 16 - 18
December 7 - 9
January 11 - 13, 2009
February 8 - 10, 2009
9. **Adjournment**