

FILE COPY

JOINT COMMITTEE ON
GOVERNMENT AND FINANCE

Materials Distributed

May 20, 2008

April 8, 2008

12:00 - 1:00 p.m.

Joint Committee on Government and Finance

Senate

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

House

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

Speaker Thompson, Cochair, presided.

1. **Approval of Minutes**

Upon motion by President Tomblin, properly adopted, the minutes of the January 8, 2008, meeting were approved.

2. **2008 Interim Studies**

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

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

Upon motion by President Tomblin, properly adopted, the following committees were authorized to meet during the 2008 Interim Period:

Statutory Committees:

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

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

Standing Committees:

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

Upon motion by President Tomblin, properly adopted, the following committees were created and authorized to meet during the 2008 Interim Period:

Agriculture and Agri-business Committee
Joint Committee on Technology
Legislative Intern Committee
Parks, Recreation and Natural Resources Subcommittee
Post Audits Subcommittee
Select Committee A - Committee on Children, Juveniles and other Issues
Select Committee B - Veterans' Issues
Select Committee C - Infrastructure
Select Committee D - Health
Select Committee E - Broadband
Select Committee F - Volunteer Fire Departments
Select Committee on PEIA Seniors and Long Term Care

Upon motion by President Tomblin, properly adopted, the study resolutions were assigned to interim committees as outlined in the handout given to all the Committee Members in their booklets.

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

Upon motion by President Tomblin, properly adopted, the following dates were approved for 2008 Interim Meetings:

May 18 - 20
June 22 - 24
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

Upon motion by President Tomblin, properly adopted, the September Interims will be held in Bridgeport, WV.

Upon motion by President Tomblin, properly adopted, the Committee approved a one year renewal of the Division of Highways Audit.

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

Distributed to members of the Committee were the following: Lottery Operations report for the month ended February 29, 2008; the General Revenue Fund status report as of March 31, 2008; and the Unemployment Compensation Trust Fund report for the month ended February 29, 2008. Distributed with each of the reports were an analysis and a summary of the reports.

4. **Workers' Comensation**

A Workers' Compensation report was distributed. Melinda Kiss, Assistant to Commissioner-Finance, was available for questions.

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

The following BRIM reports were distributed: An unaudited balance sheet and unaudited income statement for the period ending February 29, 2008. Robert Ferguson, Jr., Cabinet Secretary, Department of Administration, reported BRIM has no overall unfunded liabilities except Senate Bill 3 liabilities which has been reduced to \$1.4 million.

The following reports from CHIP were distributed: A report of enrollment for March 2008 and financial statements for period ending February 29, 2008. Secretary Ferguson said enrollment is down slightly.

The following monthly PEIA reports were distributed: Monthly Management Report, Financial Report and Prescription Drug Report for February 2008.

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

A leasing report for January 1, 2008, through March 30, 2008, was distributed. Secretary Ferguson reported 10 new contracts of lease, 34 straight renewals, 10 renewals with rent increases, 6 adding square footage, 2 adding square footage and renewing, 1 decrease, 1 renewal decreased square footage and increase in rent.

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

A Medicaid report dated April 2008 was distributed. Martha Walker, Cabinet Secretary, DHHR, said there are three different issues that occurred during the legislative session. The first one was a problem with how rules are handled and the definition of what a rule really is. Work is being done with the Commissioners to see if an acceptable definition can be made. The second is the definition of public assistance and this is also being looked into. The third concern is about the Governor's veto of the language dealing with the MRDD waiver.

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

Shana Phares, Acting Pharmaceutical Advocate and Chair of the Pharmaceutical Cost Management Council, said there was a good reporting for the first advertising reports period which has closed.

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

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

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

May 15, 2008

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

Lottery Commission as of March 31, 2008 :

Appears to be in good condition. Gross profit for the months of July - March of fiscal year 2007-2008, was \$ 493.3 million which was 2.09% below the same months of fiscal year 2006-2007.

General Revenue Fund as of April 30, 2008:

Collections were at 105.39% of the yearly estimate as of April 30, 2008.

State Road Fund as of April 30, 2008:

Fund collections were at 99.92% of the yearly estimate.

Unemployment Compensation Trust as of March 31, 2008:

Overall ending trust fund balance was \$500 thousand greater on March 31, 2008 than on March 31, 2007. Receipts were \$ 4.5 million less as of March 31, 2008 than on March 31, 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
Director Budget Division
Legislative Auditor's Office

Date: May 15, 2008

Re: Review of West Virginia Lottery Financial Information
As of March 31, 2008 (FY 2008)

We performed an analysis of the Statement of Revenues, Expenses and Retained Earnings for the months July 2007 - March 31, 2008, for the fiscal year ended 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 \$1,137,743,000.00 for the months of July 2007 - March 2008. Table games accounted for \$8,950,000.00 of this total. These gross receipts were \$1,171,701,000.00 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 - March 2008 was \$493,350,000.00; for the previous July - March 2007 it was \$503,866,000.00. Expressed as a percentage, gross profit is -2.09% lower for fiscal year 2008 than for fiscal year 2007.

Joint Committee on Government and Finance

Lottery continued

(Lottery income is expected to decrease this fiscal year 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 \$ 477,880,000.00 for July 2007 - March 2008. For July - March 2007 it was \$ 488,751,000.00. This was a decrease of -2.22%. After additions and subtractions of non-operating income and expenses, distributions to the state were \$469,880,000.00.

Operating Transfers to the State of West Virginia:

A total of \$469,880,000.00 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
Tourism	\$ 7,943,000.00
Department of Natural Resources	\$ 3,436,000.00
Division of Culture and History	\$ 5,526,000.00

Lottery continued

Department of Education and Arts	\$ 1,427,000.00
State Building Commission	\$ 9,000,000.00
School Building Authority	\$ 16,200,000.00
SUBTOTAL BUDGETARY TRANSFERS	\$167,140,000.00

Excess Lottery Fund

General Purpose Fund	65,000,000.00
Economic Development Fund	17,100,000.00
Traffic Fund	0
Excess Lottery Surplus	12,900,000.00
Education Improvement Fund	9,000,000.00
WV Infrastructure Council Fund	40,000,000.00
Higher Education Improvement Fund	27,000,000.00
State Park Improvement Fund	5,000,000.00
Refundable Credit	539,000.00
School Building Authority	19,000,000.00
TOTAL EXCESS LOTTERY FUND	195,539,000.00

House Bill 2007	2,000,000.00
Veterans Instant Ticket Fund	558,000.00
Table Games State Debt Reduction Fund	3,318,000.00

RACETRACK VIDEO LOTTERY TRANSFERS:	
Tourism Promotion Fund 1.375%	\$8,522,000.00
Development Office Promo Fund	\$2,324,000.00

Lottery continued

Research Challenge Fund .5%	\$3,099,000.00
Capitol Renovation and Improvement Fund .6875%	\$4,261,000.00
Parking Garage Fund .0625%	\$387,000.00
Parking Garage Fund 1%	\$500,000.00
Cultural Facilities and Cap. Resources Fund .5%	\$1,500,000.00
Capitol Dome & Cap. Improvements Fund .5%	\$4,197,000.00
Workers Compensation Debt Reduction Fund 7%	\$11,000,000.00
SUBTOTAL VIDEO LOTTERY TRANSFERS:	\$35,790,000.00
TOTAL TRANSFERS	*\$404,345,000.00

* CASH BASIS

Total Accrued last FY 2007:	180,178,000.00
Total Cash Distributions July-Mar :	404,345,000.00
Applied to FY 2007:	180,178,000.00
Total Applied to FY 2008	224,167,000.00
Accrued for FY 2008 as of Mar. 31, 2008:	245,713,000.00



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Joe Manchin III
Governor

John C. Musgrave
Director

MEMORANDUM

TO: Joint Committee on Government and Finance

FROM: John C. Musgrave, Director

RE: Monthly Report on Lottery Operations
Month Ending March 31, 2008

DATE: April 18, 2008



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

Financial statements of the Lottery for the month ending March 31, 2008 are attached. Lottery revenue, which includes on-line, instant, video lottery sales and table games, was \$139,943,040 for the month of March.

Transfers of lottery revenue totaling \$27,837,372 made for the month of March to the designated state agencies per House Bill 2007, 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 March 31, 2008 was 1,616 and 1,651 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.

ICM/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-**

March 31, 2008

WEST VIRGINIA LOTTERY

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

ASSETS	March 31, 2008	June 30, 2007
Current Assets:		
Cash and cash equivalents	\$ 384,781	\$ 204,122
Accounts receivable	40,367	33,095
Inventory	456	433
Current portion of investments held in trust	10	23
Other assets	<u>1,635</u>	<u>1,163</u>
Total Current Assets	<u>427,249</u>	<u>238,836</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	41,911	30,367
Investments held in trust, less current portion	126	281
Capital assets	13,066	13,066
Less accumulated depreciation and amortization	<u>(11,974)</u>	<u>(11,615)</u>
Net Capital Assets	<u>1,092</u>	<u>1,451</u>
Total Noncurrent Assets	<u>43,129</u>	<u>32,099</u>
Total Assets	<u>\$ 470,378</u>	<u>\$ 270,935</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 245,713	\$ 180,178
Estimated prize claims	141,146	13,592
Accounts payable	1,505	1,452
Other accrued liabilities	37,315	31,926
Current portion of deferred jackpot prize obligations	<u>126</u>	<u>159</u>
Total Current Liabilities	<u>425,805</u>	<u>227,307</u>
Deferred jackpot prize obligations, less current portion	<u>-</u>	<u>139</u>
Total Liabilities	<u>425,805</u>	<u>227,446</u>
Net Assets:		
Invested in capital assets	1,092	1,451
Unrestricted assets (deficit)	(592)	(951)
Unrestricted assets- Committed (see note 11)	2,162	12,622
Restricted assets (see note 10)	<u>41,911</u>	<u>30,367</u>
Total Net Assets	<u>44,573</u>	<u>43,489</u>
Total Liabilities and Net Assets	<u>\$ 470,378</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 NINE MONTH PERIOD ENDED MARCH 31, 2008

(In Thousands)
- Unaudited -

	CURRENT MONTH		YEAR TO DATE	
	2008	2007	2008	2007
Lottery revenues				
On-line games	\$ 9,768	\$ 8,301	\$ 66,225	\$ 67,489
Instant games	10,597	9,026	83,274	81,040
Racetrack video lottery	79,629	87,924	673,040	727,537
Limited video lottery	37,346	37,341	306,254	295,635
Table games	2,603	-	8,950	-
	<u>139,943</u>	<u>142,592</u>	<u>1,137,743</u>	<u>1,171,701</u>
Less commissions				
On-line games	683	581	4,636	4,725
Instant games	742	632	5,832	5,673
Racetrack video lottery	41,274	42,522	379,533	406,294
Limited video lottery	18,299	19,761	154,023	156,450
Table games	1,025	-	3,523	-
	<u>62,023</u>	<u>63,496</u>	<u>547,547</u>	<u>573,142</u>
Less on-line prizes	5,088	4,076	33,659	33,928
Less instant prizes	7,292	6,102	57,436	55,118
Less ticket costs	151	142	1,262	1,186
Less vendor fees and costs	590	522	4,489	4,461
	<u>13,121</u>	<u>10,842</u>	<u>96,846</u>	<u>94,693</u>
Gross profit	<u>64,799</u>	<u>68,254</u>	<u>493,350</u>	<u>503,866</u>
Administrative expenses				
Advertising and promotions	675	1,104	7,076	7,043
Wages and related benefits	637	475	5,131	4,369
Telecommunications	219	52	1,671	1,768
Contractual and professional	255	(178)	2,780	2,414
Rental	58	57	504	477
Depreciation and amortization	37	48	359	424
Other administrative expenses	96	94	1,264	1,054
	<u>1,977</u>	<u>1,652</u>	<u>18,785</u>	<u>17,549</u>
Other Operating Income	<u>736</u>	<u>679</u>	<u>3,315</u>	<u>2,434</u>
Operating Income	<u>63,558</u>	<u>67,281</u>	<u>477,880</u>	<u>488,751</u>
Nonoperating income (expense)				
Investment income	760	626	8,236	5,323
Interest expense	(1)	-	(10)	(29)
Distributions to municipalities and counties	(732)	(732)	(6,003)	(5,794)
Distributions to racetracks-capital reinvestment	(2,337)	(3,357)	(9,139)	(11,117)
Distributions to the State of West Virginia	(61,130)	(63,724)	(469,880)	(476,576)
	<u>(63,440)</u>	<u>(67,187)</u>	<u>(476,796)</u>	<u>(488,193)</u>
Net income	<u>118</u>	<u>94</u>	<u>1,084</u>	<u>558</u>
Net assets, beginning of period	<u>44,455</u>	<u>20,714</u>	<u>43,489</u>	<u>20,250</u>
Net assets, end of period	<u>\$ 44,573</u>	<u>\$ 20,808</u>	<u>\$ 44,573</u>	<u>\$ 20,808</u>

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

WEST VIRGINIA LOTTERY
STATEMENTS OF CASH FLOWS
FOR THE NINE MONTH PERIOD ENDED MARCH 31, 2008

(In Thousands)
-Unaudited-

	2008	2007
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 1,133,785	\$ 1,166,041
Cash payments for:		
Personnel costs	(5,131)	(4,369)
Suppliers	(13,667)	(21,354)
Other operating costs	(512,873)	(661,795)
Cash provided by operating activities	<u>602,114</u>	<u>478,523</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(404,345)	(518,358)
Distributions to municipalities and counties	(5,910)	(5,675)
Distributions to racetrack from racetrack cap. reinv. fund	(8,051)	(17,931)
Deferred jackpot prize obligations and related interest paid	(10)	(29)
Cash used in noncapital financing activities	<u>(418,316)</u>	<u>(541,993)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>-</u>	<u>(904)</u>
Cash flows from investing activities:		
Maturities of investments held in trust	182	387
Investment earnings received	8,223	5,304
Cash provided by investing activities	<u>8,405</u>	<u>5,691</u>
Increase (decrease) in cash and cash equivalents	192,203	(58,683)
Cash and cash equivalents - beginning of period	234,489	197,719
Cash and cash equivalents - end of period	<u>\$ 426,692</u>	<u>\$ 139,036</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 477,880	\$ 488,751
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	359	424
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(7,272)	(8,095)
(Increase) decrease in inventory	(23)	(173)
(Increase) decrease in other assets	(472)	(137)
Increase (decrease) in estimated prize claims	127,554	(2,529)
Increase (decrease) in accounts payable	53	(1,770)
Increase (decrease) in other accrued liabilities	4,035	2,052
Cash provided by operating activities	<u>\$ 602,114</u>	<u>\$ 478,523</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 thirty-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
NOTES TO FINANCIAL STATEMENTS
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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 nine months ended March 31, 2008 and March 31, 2007 approximated \$504,144 and \$477,080, respectively. Sublease rental income for the nine months ended March 31, 2008 and March 31, 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 \$298,548 and \$281,146 of vacation and \$467,954 and \$468,058 of sick leave at June 30, 2007 and 2006, respectively, for estimated obligations that may arise in connection with compensated absences for vacation and sick leave at the current rate of employee pay. Employees fully vest in all earned but unused vacation. In accordance with State personnel policies, employees hired prior to July 1, 2001, vest in unused sick leave only upon retirement, at which time such unused leave can be converted into employer paid premiums for post-retirement health care coverage or additional periods of credited service for purposes of determining retirement benefits. For employees hired prior to July 1, 1988, the Lottery pays 100% of the post-retirement health care premium. The Lottery pays 50% of the premium for employees hired after June 30, 1988 through July 1, 2001. The estimated obligation for sick leave is based on historical retirement rates and current health care premiums applicable to employee hire dates. Employees hired after June 30, 2001 do not vest in unused sick leave upon retirement.

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

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

NOTE 3 - CASH AND CASH EQUIVALENTS

At March 31, 2008 the carrying amounts of deposits (overdraft) with financial institutions were (\$86) thousand with a bank balance of \$45 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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 -Unaudited-

NOTE 3 - CASH AND CASH EQUIVALENTS (continued)

	<u>March 31, 2008</u>	<u>June 30, 2007</u>
Amount on deposit with the BTI	<u>\$426,777</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 March 31, 2008 is as follows (in thousands):

Capital Assets:

	<u>Historical Cost At June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Historical Cost At March 31, 2008</u>
Construction in Progress	\$ 443	\$ -	\$ -	\$ 443
Improvements	1,119	-	-	1,119
Equipment	11,504	-	-	11,504
	<u>\$ 13,066</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,066</u>
Accumulated Depreciation:				
	<u>Historical Cost At June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Historical Cost At March 31, 2008</u>
Improvements	\$ 925	\$ 58	\$ -	\$ 983
Equipment	10,690	301	-	10,991
	<u>\$ 11,615</u>	<u>\$ 359</u>	<u>\$ -</u>	<u>\$ 11,974</u>

NOTE 5 - PARTICIPATION IN THE MULTI-STATE LOTTERY

The Lottery is a member of the Multi-State Lottery (MUSL), which operates the semi-weekly POWERBALL® jackpot lotto game and HOT LOTTO® game, on behalf of participating state lotteries. Each MUSL member sells game tickets through its agents and makes weekly wire transfers to the MUSL in an amount equivalent to the total prize pool less the amount of prizes won in each state. Lesser prizes are paid directly to the winners by each member lottery. The prize pool for POWERBALL®, and HOT LOTTO® is 50% of each drawing period's sales, with minimum jackpot levels. Revenues derived from the Lottery's participation in the MUSL POWERBALL® jackpot game for the month and year-to-date periods ended March 31, 2008 were \$6,819,468 and \$41,360,029

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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NOTE 5 - PARTICIPATION IN THE MULTI-STATE LOTTERY (continued)

while related prize costs for the same periods were \$3,517,101 and \$20,625,270. Revenues derived from the Lottery's participation in the HOT LOTTO® game for the month and year-to-date periods ended March 31, 2008 were \$393,863 and \$3,002,886 while related prize costs for the same periods were \$200,068 and \$1,496,482.

MUSL places 2% of each POWERBALL® drawing period's sales in separate prize reserve funds that serve as a contingency reserve to protect the respective MUSL Product Groups from unforeseen prize liabilities. Currently, the MUSL Board of Directors has placed a \$75,000,000 limit on the POWERBALL® Prize Reserve Fund and a \$25,000,000 limit on the Set Prize Reserve Fund. These funds can only be used at the discretion of the respective MUSL Product Group. Once the prize reserve funds exceed the designated limit, the excess becomes part of that particular prize pool. Prize reserve fund monies are refundable to MUSL Product Group members if the MUSL disbands or, after one year, if a member leaves the MUSL. At March 31, 2008 the POWERBALL® prize reserve fund had a balance of \$97,367,355 of which the Lottery's share was \$2,279,750. The Lottery has charged amounts placed into the prize reserve funds to prize costs as the related sales have occurred.

NOTE 6 - RACETRACK VIDEO LOTTERY

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

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 March 31, 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	\$815,849	\$922,543	\$6,990,966	\$7,681,250
Credits (prizes) won	(735,913)	(834,140)	(6,315,120)	(6,950,454)
MWAP Contributions	(307)	(479)	(2,806)	(3,259)
Gross terminal income	<u>\$79,629</u>	<u>\$87,924</u>	<u>\$673,040</u>	<u>\$727,537</u>
Administrative costs	(797)	(127)	(17,509)	(17,525)
Net Terminal Income	<u>\$78,832</u>	<u>\$87,797</u>	<u>\$655,531</u>	<u>\$710,012</u>
Less distribution to agents	(41,274)	(42,522)	(379,533)	(406,294)
Racetrack video lottery revenues	<u>\$37,558</u>	<u>\$45,275</u>	<u>\$275,998</u>	<u>\$303,718</u>

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

	<u>March 31, 2008</u>	<u>Year-to Date</u>
State Lottery Fund	\$ 6,243	\$128,555
State Excess Lottery Revenue Fund	26,143	102,330
Capital Reinvestment Fund	2,337	9,141
Tourism Promotion Fund 1.375%	975	8,585
Development Office Promotion Fund .375 %	266	2,343
Research Challenge Fund .5 %	354	3,120
Capitol Renovation & Improvement Fund .6875 %	487	4,292
Parking Garage Fund .0625 %	44	390
Parking Garage Fund 1 %	-	500
Cultural Facilities & Capitol Resources Fund .5 %	-	1,500
Capitol Dome & Capitol Improvements Fund .5 %	709	4,242
Worker's Compensation Debt Reduction Fund 7 %	-	11,000
Total nonoperating distributions	<u>\$37,558</u>	<u>\$275,998</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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 March 31, 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	\$451,307	\$455,755	\$3,712,284	\$3,599,980
Credits (prizes) won	(413,961)	(418,414)	(3,406,030)	(3,304,345)
Gross terminal income	<u>\$37,346</u>	<u>\$37,341</u>	<u>\$306,254</u>	<u>\$295,635</u>
Administrative costs	(747)	(747)	(6,125)	(5,913)
Gross Profit	36,599	\$36,594	\$300,129	\$289,722
Commissions	(18,299)	(19,761)	(154,023)	(156,450)
Municipalities and Counties	(732)	(732)	(6,003)	(5,794)
Limited video lottery revenues	<u>\$17,568</u>	<u>\$16,101</u>	<u>\$140,103</u>	<u>\$127,478</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
-Unaudited-

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 March 31, 2008 were \$7,435,929 and \$25,572,518, 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	\$ 2,603	\$8,950
Interest on Table Games Fund	5	18
Administrative Costs	(223)	(767)
Total Available for Distribution	2,385	8,201
<u>Less Distributions:</u>		
Racetrack Purse Funds	186	639
Thoroughbred & Greyhound Development Funds	149	511
Racing Commission Pension Plan	72	247
Municipalities/Counties	618	2,126
Total Distributions	1,025	3,523
 State Debt Reduction Fund	 <u>\$ 1,360</u>	 <u>\$4,678</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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 March 31, 2008 the Lottery made such distributions and accrued additional distributions of \$56,935,141. 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 March 31, 2008 the Lottery accrued additional distributions relating to racetrack video lottery operations of \$830,215.

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>March 31, 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	1,000	9,000
School Building Authority	1,800	16,200
Total State Lottery Fund	\$ 2,800	\$ 167,140

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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

State Excess Lottery Revenue Fund:

Economic Development Fund	\$ 1,900	\$ 17,100
Higher Education Improvement Fund	1,000	9,000
General Purpose Account	-	65,000
Higher Education Improvement Fund	-	27,000
State Park Improvement Fund	430	5,000
School Building Authority	1,636	19,000
Refundable Credit	-	539
Excess Lottery Surplus	12,900	12,900
West Va. Infrastructure Council	3,443	40,000
Total State Excess Lottery Revenue Fund	\$ 21,309	\$ 195,539

House Bill 2007	\$ -	\$ 2,000
Total Budgetary distributions:	\$ 24,109	\$ 364,679

Veterans Instant Ticket Fund	\$ 50	\$ 558
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Other Racetrack Video Lottery distributions:

Tourism Promotion Fund 1.375%	\$ 853	\$ 8,522
Development Office Promotion Fund .375%	232	2,324
Research Challenge Fund .5%	310	3,099
Capitol Renovation & Improvement Fund .6875%	426	4,261
Parking Garage Fund .0625 %	39	387
Parking Garage Fund 1 %	-	500
Cultural Facilities & Cap. Resources Fund .5%	-	1,500
Capitol Dome & Cap. Improvements Fund .5%	619	4,197
Workers Compensation Debt Reduction Fund 7%	-	11,000
Total	\$ 2,479	\$ 35,790

Table Games State Debt Reduction Fund	\$ 1,199	3,318
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Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 27,837	\$ 404,345
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Accrued nonoperating distributions, beginning	(212,420)	(180,178)
Accrued nonoperating distributions, end	245,713	245,713

Total nonoperating distributions to the State of West Virginia	\$ 61,130	\$ 469,880
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WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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 \$20,000,000 to the fund for fiscal year 2006 plus \$20,000,000 and related interest of \$827,008 for fiscal year 2007.

NOTE 11 – COMMITMENTS

The Lottery has set aside funds as unrestricted net assets for the acquisition of future assets. During FY2007 the lottery set aside \$2,162,294 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 March 31, 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>March 31, 2008</u>	<u>June 30, 2007</u>
Present value of deferred prize award obligations:		
Discounted obligations outstanding	\$ 120	\$ 279
Imputed interest accrued	<u>6</u>	<u>19</u>
	126	298
Less current portion of discounted obligations and accrued interest	<u>(126)</u>	<u>(159)</u>
Long-term portion of deferred prize award obligations	<u>\$ -</u>	<u>\$ 139</u>

**WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS**

-Unaudited-

**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
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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 March 31, 2008 are as follows (in thousands):

	<u>March 31, 2008</u>	<u>Year-to-Date</u>
Lottery contributions	\$50	\$398
Employee contributions	21	173
Total contributions	\$71	\$571

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
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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 -- NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 43, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans," and Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" (OPEB). The State nor the Lottery has previously reported in its financial statements costs associated with future participation of retirees in health benefit plans. The GASB statements are based on the premise that the "costs" of employee services should be reported during the periods when the services are rendered. Beginning with the fiscal year ending June 30, 2007, the State will implement financial reporting requirements for OPEB "substantive plans" under GASB Statement No. 43; beginning with fiscal year ending June 30, 2008, the State will implement accounting and financial reporting requirements as an employer under GASB Statement No. 45. The financial statements will report OPEB funded status and funding progress and any "premium subsidy" resulting from the pooling of retiree participants with active employees in the health benefit plans. For "employer" OPEB reporting the State will report "expense" on an accrual basis in the amount of the

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 15 - NEW ACCOUNTING PRONOUNCEMENTS (continued)

"annual required contribution" and a "liability" for the amount of the "annual required contribution" that was not actually paid.

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

The Governmental Accounting Standards Board (GASB) issued statement No. 47, Accounting for Termination Benefits, in June 2005. This Statement establishes accounting standards for termination benefits and requires employers to disclose a description of the termination benefit arrangement, the cost of the termination benefits (required in the period in which the employer becomes obligated if that information is not otherwise identifiable from information displayed on the face of the financial statements, and significant methods and assumptions used to determine termination benefit liabilities. The requirements of this Statement are effective in two parts. For termination benefits provided through an existing defined benefit OPEB plan, the provisions of this Statement should be implemented simultaneously with the requirements of Statement 45. For all other termination benefits, this Statement is effective for financial statements for periods beginning after June 15, 2005. No other termination benefits are offered or provided that required implementation in the years ended June 30, 2007 and 2006. The impact of this statement on the financial statements is not expected to have a material effect.

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: May 15, 2008

Re: Status of General Revenue Fund April 30, 2008

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

The net collections were **105.39%** of the estimate for the fiscal year. **The amount ABOVE estimate was \$168.7 million for the year.**

Corporate income/business franchise tax was \$35.9 million above the estimate.

Severance tax was \$ 40.8 million above the estimate as of April 30, 2008.

Personal Income Tax collections were \$113.6 million above the estimate as if April 30, 2008.

Joint Committee on Government and Finance

State Road Fund

The state road fund was collected at 99.92% of the estimate for the months of July 2007 - April 2008. The entire fund was \$-452,333.00 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 \$ \$281,617,158.48 as of April 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	- 6,822,016.76
Balance April 30, 2008	281,617,158.48

Revenue Shortfall Reserve Fund B (Tobacco Settlement Monies) had a cash balance of \$ 269,831,452.63 as of April 30, 2008.

Balance July 1, 2007	279,869,087.79
Earnings	- 10,037,635.16
Balance April 30, 2008	269,831.452.63

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

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

FINAL

	NET		MONTHLY OVER		NET		YEARLY OVER	
	MONTH	MONTH	UNDER ESTIMATES	VS ACTUAL	YTD	YTD	UNDER ESTIMATES	VS ACTUAL
	ESTIMATES	COLLECTIONS	COLLECTIONS		ESTIMATES	COLLECTIONS	COLLECTIONS	
Personal Income Tax	212,000,000	248,311,672	103,704,114		1,116,600,000	1,230,255,185	113,655,185	
Consumer Sales Tax	78,000,000	78,141,040	141,040		857,600,000	834,203,824	-23,396,176	
Corp Income /Business Franchise	60,000,000	30,540,116	-29,459,884		288,500,000	324,498,754	35,998,754	
Severance Tax	28,700,000	36,863,656	8,163,656		255,100,000	295,902,742	40,802,742	
Business and Occupation	11,100,000	13,301,018	2,201,018		128,600,000	126,409,616	-2,190,384	
Use Tax	11,700,000	9,696,371	-2,003,629		111,200,000	101,054,602	-10,145,398	
Insurance Tax	20,600,000	25,545,817	4,945,817		104,300,000	104,490,580	190,580	
Cigarette Tax	7,400,000	10,377,792	2,977,792		87,900,000	90,370,387	2,470,387	
HB 102 - Lottery Transfers	9,900,000	0	-9,900,000		77,900,000	77,900,000	0	
Interest Income	4,000,000	4,819,731	4,572,450		39,000,000	50,334,869	11,334,869	
Departmental Collections	700,000	958,483	258,483		12,200,000	14,385,852	2,185,852	
Property Transfer Tax	1,060,000	760,914	-299,086		10,810,000	9,793,582	-1,016,418	
Liquor Profit Transfers	760,000	50,945	-709,055		8,640,000	8,265,469	-374,531	
Senior Citizen Tax Credit Reimb.	1,860,000	0	-1,860,000		6,530,000	0	-6,530,000	
Beer Tax and Licenses	660,000	667,244	7,244		6,520,000	6,568,983	48,983	
Property Tax	480,000	607,565	127,565		4,640,000	5,012,211	372,211	
Smokeless Tobacco Tax	460,000	457,658	-2,342		4,260,000	4,465,602	205,602	
Charter Tax	90,000	64,548	-25,452		3,980,000	3,576,871	-403,129	
Racing Fees	300,000	245,000	-55,000		1,400,000	696,500	-703,500	
Miscellaneous Receipts	120,000	123,037	3,037		1,290,000	966,880	-323,120	
Miscellaneous Transfers	100,000	0	-100,000		800,000	991,093	191,093	
Business Franchise Fees	20,000	16,824	-3,176		660,000	1,118,327	458,327	
Telecommunications Tax	0	15,454	15,454		0	271,579	271,579	
Estate and Inheritance Tax	0	10,735	10,735		0	81,988	81,988	
Refundable Credit Reim LTY	0	4,726,639	4,726,639		0	5,265,977	5,265,977	
Video Lottery Transfers	0	0	0		0	307,504	307,504	
Special Revenue Transfer	0	0	0		0	0	0	
Cash Flow Transfer	0	0	0		0	0	0	
TOTALS	450,010,000	466,302,257	16,292,257		3,128,430,000	3,297,188,975	168,758,975	
Minus Cash Flow Transfer								
Percent of Estimates		103.62%				105.39%		
TOTALS	450,010,000	466,302,257	16,292,257		3,128,430,000	3,297,188,975	168,758,975	
Collections this day		80,807,661						

STATE ROAD FUND FY 2007-2008
 Monthly Revenue Estimates July 2007
 as of April 30, 2008, WVFIMS

FINAL

	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	33,000,000	30,547,123	-2,452,877	338,800,000	335,800,230	-2,999,770
Privilege Tax	14,347,000	15,000,928	653,928	138,127,000	139,970,979	1,843,979
Licenses & Registration	6,750,000	8,810,639	2,060,639	65,554,000	66,040,985	486,985
Highway Litter Control	128,000	193,291	65,291	1,241,000	1,457,473	216,473
TOTALS	54,225,000	54,551,981	326,981	543,722,000	543,269,667	-452,333
Percent of Estimates		100.60%			99.92%	
Collections this day		19,761,781				

REVENUE SHORTFALL RESERVE FUND A AS OF April 1, 2008: \$282,618,818.83

REVENUE SHORTFALL RESERVE FUND B AS OF April 1, 2008: \$271,709,092.11

REVENUE SHORTFALL RESERVE FUND A AS OF April 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 1, 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: May 11, 2008

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the March 31, 2008 monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia. March is the end of the third quarter 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	\$80,067,299.11
Disbursements July 1, 2007 thru June 30, 2008	\$124,148,816.69
Balance March 31, 2008	\$213,031,221.10

ITEMS OF NOTE:

Regular benefits paid for July 2007 to March 31, 2008 were \$7.4 million more than in July 2006 to March 31, 2007.

Joint Committee on Government and Finance

Total disbursements were \$ 7 million more than the same months of the preceding fiscal year.

Receipts were \$ 4.5 million less than in July 2006 - March 2007. Overall ending trust fund balance was \$ 500 thousand more as of March 31, 2008 than on March 31, 2007.

West Virginia's unemployment rate for the month of March 2008 was 5.4 percent. National unadjusted employment rate was 5.2 %.

Seasonally adjusted unemployment rates were 4.7 percent for West Virginia and 5.1 percent nationally.

Since March 2007 employment has risen 1,600 with gains in the following areas: 2,700 in educational and health services, 1,700 in leisure and hospitality, 1,800 in professional and business services, 600 in natural resources and mining, 300 in other services and 100 in information. Declines included 2,000 in construction, 1,900 in manufacturing, 1,200 in government, and 500 in trade, transportation and utilities.

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

	<u>JANUARY 07</u>	<u>FEBRUARY 07</u>	<u>MARCH 07</u>	<u>JANUARY 08</u>	<u>FEBRUARY 08</u>	<u>MARCH 08</u>	<u>THREE MONTH TOTAL VARIANCE *</u>
Balance Forward	<u>240,863,818.99</u>	<u>231,312,111.17</u>	<u>223,329,812.36</u>	<u>243,787,349.26</u>	<u>233,170,391.92</u>	<u>228,984,898.78</u>	<u>8,407,083.45</u>
Add Receipts:							
1. Bond Assessment	\$85.07	\$0.00	\$0.00	0.00	0.00	0.00	(85.07)
2. Regular Contributions:	\$8,735,490.89	\$11,586,319.51	\$840,809.15	6,811,463.32	10,354,193.69	430,167.28	(1,868,805.26)
3. Extended Benefit Funds	\$0.00	\$0.00	\$0.00	0.00	0.00	0.00	0.00
4. Emergency Unemployment Funds	\$0.00	\$0.00	\$0.00	0.00	0.00	0.00	0.00
5. TEUC Unemployment Funds	\$0.00	\$0.00	\$0.00	0.00	0.00	0.00	0.00
6. UCFE (Federal Agencies)	\$100,000.00	\$300,000.00	\$300,000.00	380,100.00	347,600.00	0.00	27,700.00
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	\$316,389.43	0.00	0.00	0.00	(316,389.43)
9. Treasury Interest Credits	\$0.00	\$0.00	\$2,413,626.50	0.00	0.00	2,840,704.28	427,078.78
10. UCX (Military Agencies)	\$200,000.00	\$500,000.00	\$400,000.00	988,800.00	854,000.00	0.00	722,600.00
Total Monthly Receipts	<u>\$7,035,576.86</u>	<u>12,386,319.51</u>	<u>4,070,804.08</u>	<u>7,960,163.32</u>	<u>11,556,793.69</u>	<u>3,270,861.56</u>	<u>(705,880.98)</u>
Less Disbursements:							
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	NA
Regular Benefits:	\$16,078,417.69	\$19,930,026.12	\$13,528,940.37	18,124,460.89	17,394,144.85	18,053,404.99	2,034,627.35
Extended Benefits	\$0.00	\$0.00	\$0.00	0.00	0.00	0.00	0.00
Emergency Benefits	(\$1,245.00)	(\$2,420.00)	(\$922.00)	(1,530.00)	(2,011.00)	(430.00)	818.00
UCFE (Federal Workers)Benefits	\$123,181.63	\$109,374.17	\$91,441.49	103,401.75	96,262.29	108,160.28	(15,172.97)
UCX (Military Workers)Benefits	\$388,729.28	\$331,638.04	\$308,985.68	279,693.40	241,642.88	272,401.88	(233,815.93)
Reed Act Funds	0.00	\$0.00	\$1,000,000.00	71,094.82	41,250.00	760,000.00	(127,853.38)
Other Adjustments	0.00	\$0.00	\$0.00	0.00	0.00	0.00	0.00
Total Monthly Disbursements	<u>16,567,083.78</u>	<u>\$20,368,618.33</u>	<u>\$14,928,445.55</u>	<u>18,577,120.69</u>	<u>17,771,298.82</u>	<u>17,194,537.26</u>	<u>1,868,799.07</u>
Trust Fund Balance	<u>231,312,111.17</u>	<u>223,329,812.36</u>	<u>212,472,170.88</u>	<u>233,170,391.92</u>	<u>228,984,898.78</u>	<u>213,031,221.10</u>	<u>8,042,418.40</u>

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



Monthly Management Report

TOTAL CLAIMS

APRIL 2008

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

APRIL 2008

Page: 1

Reporting Category	Type of Service	Current Period	Current	12 Months Prior	12 Months Prior	Current Fiscal Yr	Previous Fiscal Yr
		PEIA Payments	Rolling Avg PEIA Payments	PEIA Payments	Rolling Avg PEIA Payments	PEIA Payments	PEIA Payments
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	143,826.60	148,511.78	157,901.04	151,096.51	1,372,433.83	1,550,137.40
	MATERNITY	125,895.85	157,521.36	168,607.81	154,400.51	1,519,134.40	1,549,104.44
	MEDICAL AND SURGICAL	6,663,776.91	5,532,039.31	5,159,252.51	4,818,225.82	56,753,295.12	47,886,615.32
	NEONATAL COMPLICATIONS	81,016.71	38,580.50	15,644.34	98,899.69	445,165.18	1,062,645.23

sum		7,014,516.07	5,876,652.94	5,501,405.70	5,222,622.52	60,090,028.53	52,048,502.39
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	45,107.35	33,031.16	37,475.98	39,543.87	337,698.63	361,917.93
	DIALYSIS	156,614.40	133,712.55	165,598.89	162,588.77	1,355,500.79	1,640,820.33
	EMERGENCY ROOM	440,414.71	426,851.39	408,433.41	380,166.89	4,246,475.20	3,629,971.86
	MATERNITY	37,114.16	42,529.05	39,925.05	44,238.29	423,308.85	417,285.28
	MEDICAL AND SURGICAL	7,409,958.38	6,904,645.56	6,668,863.29	6,379,635.15	70,036,661.70	62,147,662.86

sum		8,089,209.00	7,540,769.71	7,320,296.62	7,006,172.97	76,399,645.17	68,197,658.26
PHARMACY	PRESCRIPTION DRUGS	9,161,813.33	9,807,709.90	10,157,592.10	10,125,639.76	94,045,442.48	100,242,932.62

sum		9,161,813.33	9,807,709.90	10,157,592.10	10,125,639.76	94,045,442.48	100,242,932.62
PROFESSIONAL SERVICE	ADVANCED IMAGING	562,354.24	482,406.37	450,567.30	466,573.22	4,855,796.23	4,524,539.50
	AMBULANCE	128,012.09	171,799.42	173,205.81	164,099.31	1,682,585.75	1,547,860.25
	ANESTHESIA	646,320.07	644,604.42	505,666.94	600,822.79	6,516,486.66	5,860,839.86
	BEHAVIORAL	317,040.23	312,430.00	299,546.74	325,330.90	3,050,547.05	3,058,149.52
	CARDIOVASCULAR MEDICINE	415,415.43	357,099.40	346,966.67	361,624.33	3,477,669.58	3,399,932.14
	CERVICAL CANCER SCREENING	19,320.59	21,525.62	19,125.41	26,045.02	215,588.30	244,523.39
	DIALYSIS	3,130.76	5,080.68	5,295.22	9,544.70	44,394.46	87,588.74
	DME	393,610.89	361,368.67	277,945.04	307,074.52	3,680,318.19	2,906,890.13

SOURCE: ACORDIA NATIONAL AND EXPRESS SCRIPTS PAID CLAIMS TAPES

NOTE: CLAIMS LISTED ARE ON A PAID BASIS

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

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

Page: 2

Reporting Category	Type of Service	Current Period	Current	12 Months Prior	12 Months Prior	Current Fiscal Yr	Previous Fiscal Yr
		PEIA Payments	Rolling Avg PEIA Payments	PEIA Payments	Rolling Avg PEIA Payments	PEIA Payments	PEIA Payments
PROFESSIONAL SERVICES	EVALUATION AND MANAGEMENT	4,441,732.22	4,230,105.31	3,944,956.12	3,995,728.35	42,572,785.93	39,720,760.53
	IMMUNIZATION	244,717.99	325,834.71	514,058.13	190,037.98	3,120,681.57	2,411,356.03
	INJECTION	800,221.56	677,683.86	697,154.66	647,805.02	6,784,905.53	6,493,505.08
	LAB AND PATHOLOGY	747,332.83	625,418.57	675,242.12	606,310.01	6,092,723.95	5,654,233.43
	MAMMOGRAPHY	69,989.36	95,155.46	82,125.12	88,833.16	952,140.85	895,699.90
	OTHER	412,666.62	377,676.15	263,175.99	343,796.79	3,963,591.07	3,333,042.15
	OTHER IMAGING	837,045.72	817,474.00	706,887.23	791,972.57	8,126,566.95	7,427,027.99
	OTHER MEDICINE	1,038,646.81	654,548.89	494,331.07	625,968.01	7,158,882.90	5,946,585.35
	PHYSICAL MEDICINE	613,483.92	544,949.66	494,179.66	534,068.79	5,510,387.24	5,186,542.28
	PROSTATE CANCER SCREENING	13,970.52	14,420.47	14,008.44	16,324.96	135,640.37	145,939.13
	SURGICAL	2,577,759.65	2,366,323.18	2,179,839.00	2,346,064.39	23,741,164.30	22,789,459.30

sum		14,282,771.50	13,085,904.82	12,144,276.67	12,448,024.82	131,682,856.88	121,634,474.70
sum		38,548,309.90	36,311,037.37	35,123,571.09	34,802,460.08	362,217,973.06	342,123,567.97

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

29 rows selected.



Monthly Management Report
PER CAPITA CLAIMS

APRIL 2008

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

APRIL 2008

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Reporting Category	Type of Service	Current Period	Current	12 Months Prior	12 Months Prior	Current Fiscal Yr	Previous Fiscal Yr
		Current Period PEIA Payments	Rolling Avg PEIA Payments	12 Months Prior PEIA Payments	Rolling Avg PEIA Payments	Current Fiscal Yr PEIA Payments	Previous Fiscal Yr PEIA Payments
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	.9278	1.0153	1.0581	1.0546	8.9829	10.4565
	MATERNITY	.8121	1.0754	1.1298	1.0776	9.9431	10.4495
	MEDICAL AND SURGICAL	42.9849	37.7569	34.5720	33.6222	371.4622	323.0202
	NEONATAL COMPLICATIONS	.5226	.2636	.1048	.6905	2.9137	7.1681

sum		45.2474	40.1113	36.8648	36.4449	393.3018	351.0943
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.2910	.2254	.2511	.2760	2.2103	2.4413
	DIALYSIS	1.0102	.9128	1.1097	1.1347	8.8720	11.0682
	EMERGENCY ROOM	2.8409	2.9129	2.7369	2.6529	27.7941	24.4861
	MATERNITY	.2394	.2899	.2675	.3087	2.7706	2.8148
	MEDICAL AND SURGICAL	47.7982	47.1136	44.6879	44.5191	458.4046	419.2184

sum		52.1797	51.4547	49.0531	48.8913	500.0517	460.0288
PHARMACY	PRESCRIPTION DRUGS	59.0986	66.9467	68.0658	70.6643	615.5471	676.1909

sum		59.0986	66.9467	68.0658	70.6643	615.5471	676.1909
PROFESSIONAL SERVICES	ADVANCED IMAGING	3.6275	3.2933	3.0192	3.2558	31.7822	30.5204
	AMBULANCE	.8257	1.1731	1.1606	1.1452	11.0129	10.4411
	ANESTHESIA	4.1691	4.4007	3.3885	4.1928	42.6518	39.5344
	BEHAVIORAL	2.0451	2.1320	2.0073	2.2698	19.9665	20.6288
	CARDIOVASCULAR MEDICINE	2.6797	2.4386	2.3250	2.5233	22.7621	22.9343
	CERVICAL CANCER SCREENING	.1246	.1470	.1282	.1818	1.4111	1.6494
	DIALYSIS	.0202	.0348	.0355	.0666	.2906	.5908
	DME	2.5390	2.4661	1.8625	2.1429	24.0885	19.6085

SOURCE: ACORDIA NATIONAL AND EXPRESS SCRIPTS PAID CLAIMS TAPES

NOTE: CLAIMS LISTED ARE ON A PAID BASIS

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

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

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Reporting Category	Type of Service	Current		12 Months Prior		Current Fiscal Yr PEIA Payments	Previous Fiscal Yr PEIA Payments
		Current Period PEIA Payments	Rolling Avg PEIA Payments	12 Months Prior PEIA Payments	Rolling Avg PEIA Payments		
PROFESSIONAL SERVICES	EVALUATION AND MANAGEMENT	28.6515	28.8636	26.4351	27.8816	278.6478	267.9373
	IMMUNIZATION	1.5786	2.2258	3.4447	1.3263	20.4255	16.2659
	INJECTION	5.1619	4.6282	4.6716	4.5208	44.4086	43.8021
	LAB AND PATHOLOGY	4.8207	4.2704	4.5248	4.2303	39.8782	38.1408
	MAMMOGRAPHY	.4515	.6498	.5503	.6199	6.2320	6.0420
	OTHER	2.6619	2.5763	1.7635	2.3993	25.9425	22.4831
	OTHER IMAGING	5.3994	5.5789	4.7368	5.5260	53.1901	50.0992
	OTHER MEDICINE	6.6998	4.4684	3.3125	4.3682	46.8564	40.1128
	PHYSICAL MEDICINE	3.9573	3.7181	3.3115	3.7264	36.0666	34.9859
	PROSTATE CANCER SCREENING	.0901	.0985	.0939	.1139	.8878	.9844
	SURGICAL	16.6279	16.1530	14.6070	16.3718	155.3909	153.7268

sum		92.1315	89.3166	81.3785	86.8629	861.8919	820.4880
sum		248.6571	247.8292	235.3622	242.8634	2,370.7925	2,307.8020

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

29 rows selected.



Monthly Management Report

PER CAPITA UTILIZATION

APRIL 2008

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
 MONTHLY MANAGEMENT REPORT - PER CAPITA UTILIZATION
 APRIL 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	.0007	.0004	.0051	.0058
	MATERNITY	.0007	.0008	.0080	.0077
	MEDICAL AND SURGICAL	.0078	.0077	.0799	.0795
	NEONATAL COMPLICATIONS	.0003	.0001	.0031	.0023

sum		.0095	.0091	.0961	.0953
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.0021	.0026	.0251	.0287
	DIALYSIS	.0036	.0053	.0306	.0375
	EMERGENCY ROOM	.0218	.0230	.2386	.2264
	MATERNITY	.0020	.0021	.0221	.0195
	MEDICAL AND SURGICAL	.1639	.1987	1.9849	1.9287

sum		.1934	.2317	2.3013	2.2408
PHARMACY	PRESCRIPTION DRUGS	.7979	.8468	8.8018	8.8536

sum		.7979	.8468	8.8018	8.8536
PROFESSIONAL SERVICES	ADVANCED IMAGING	.0210	.0197	.2183	.2051
	AMBULANCE	.0026	.0037	.0390	.0340
	ANESTHESIA	.0165	.0147	.1820	.1763
	BEHAVIORAL	.0354	.0344	.3821	.3757
	CARDIOVASCULAR MEDICINE	.0321	.0278	.3219	.3082
	CERVICAL CANCER SCREENING	.0052	.0057	.0621	.0727
	DIALYSIS	.0003	.0005	.0040	.0075
	DME	.0244	.0190	.2353	.2127
	EVALUATION AND MANAGEMENT	.4707	.4532	4.7815	4.7464
	IMMUNIZATION	.0163	.0308	.3538	.3058

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

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
 MONTHLY MANAGEMENT REPORT - PER CAPITA UTILIZATION
 APRIL 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	.0282	.0256	.2672	.2491
	LAB AND PATHOLOGY	.1543	.1580	1.6215	1.5646
	MAMMOGRAPHY	.0141	.0143	.1688	.1486
	OTHER	.0331	.0218	.3452	.3205
	OTHER IMAGING	.0896	.0870	.9398	.9705
	OTHER MEDICINE	.0725	.0705	.7432	.7488
	PHYSICAL MEDICINE	.0963	.0851	1.0041	.9861
	PROSTATE CANCER SCREENING	.0052	.0052	.0576	.0581
	SURGICAL	.0750	.0736	.7648	.7563
*****		1.1928	1.1506	12.4924	12.2468
SUM					
*****		2.1936	2.2382	23.6915	23.4366
SUM					

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

29 rows selected.



Prescription Drug Report

APRIL 2008

WV PEIA - Monthly Trend

Plan Demographics	2007				2007 - 2008		% Change
	Jan 08	Feb 08	Mar 08	Apr 08	Fiscal	2008 - 2007 Fiscal	
Total Drug Cost	\$13,457,112	\$13,056,028	\$13,348,083	\$13,054,039	\$125,049,139	\$129,172,480	2.73%
Amount Paid By Plan Sponsor	\$10,882,721	\$10,543,071	\$10,871,405	\$10,726,470	\$97,143,126	\$101,734,571	4.51%
Amount Paid By Members	\$2,574,392	\$2,512,057	\$2,476,678	\$2,327,569	\$28,506,013	\$27,437,907	3.89%
Total Claims	218,244	216,252	215,442	205,212	2,001,873	1,923,129	4.09%
Average Eligible Member	156,941	157,396	157,777	157,890	155,789	154,621	0.76%
Average # of Rx's Per Member Per Month	1.38	1.37	1.37	1.30	1.28	1.24	3.29%
Plan Paid Per Member Per Month (PMPM)	\$69.34	\$66.99	\$68.90	\$67.94	\$62.36	\$65.80	5.23%
Average Eligible Enrollees	72,553	72,748	72,908	72,967	72,033	72,366	0.46%
Average # of Rx's Per Enrollee Per Month	2.94	2.97	2.95	2.81	2.78	\$2.66	4.58%
Plan Paid Per Enrollee Per Month (PEPM)	\$150.00	\$144.94	\$149.11	\$147.00	\$134.86	\$140.58	4.07%
Rx Cost Share							
Avg. Claim Cost to Plan	\$51.03	\$48.76	\$50.46	\$52.27	\$48.53	\$52.90	8.27%
Avg. Member Cost/Claim	\$12.07	\$11.62	\$11.50	\$11.34	\$14.24	\$14.27	0.19%
Percent member Cost Share	19.4%	19.2%	18.6%	17.8%	22.7%	21.2%	6.81%
Average Ingredient Costs							
Single Source (no generics available)	\$160.45	\$158.75	\$162.28	\$167.27	\$156.90	\$135.61	15.69%
Multi-Source Brand (generics available)	\$37.20	\$40.37	\$38.62	\$42.62	\$38.49	\$38.34	0.37%
Generic Drugs	\$20.51	\$19.71	\$19.63	\$19.26	\$20.11	\$24.49	17.89%
Brand/Generics Dispensing Rates							
Single Source (no generics)	29.1%	27.90%	28.37%	28.7%	29.81%	36.40%	18.10%
Multi-Source Brand (generics available)	0.9%	0.89%	0.96%	1.0%	1.00%	1.14%	12.49%
Generic Drug	69.9%	71.20%	70.67%	70.3%	69.19%	62.46%	10.78%
Generics Dispensed when available	98.7%	98.76%	98.67%	98.6%	98.58%	98.21%	0.38%
Percent of Plan Cost for Single Source	78.0%	77.57%	78.28%	79.4%	79.30%	77.11%	2.84%
Retail Pharmacy Program							
Avg. Day Supply	31.6	29.9	31.4	32.1	31.8	31.77	0.33%
Avg. Plan Cost/Day Supply	\$1.60	\$1.61	\$1.59	\$1.61	\$1.51	1.65	8.45%
Avg. Claim Cost to Plan	\$50.54	\$48.23	\$49.96	\$51.74	\$48.03	52.25	8.07%
Avg. Member Cost / Claim	\$12.00	\$11.53	\$11.42	\$11.27	\$14.15	14.42	1.89%
Percent Member Cost Share	19.2%	19.30%	18.61%	17.9%	22.75%	21.62%	5.21%
Special Maint. Netwk (% of claims filled)	11.2%	10.34%	11.33%	11.1%	11.24%	11.00%	2.14%
Other Maint. (% of claims filled)	0.6%	0.52%	0.52%	0.6%	0.57%	1.19%	-52.07%
Avg. Days Supply for Maint. Netwks	87.5	87.5	87.6	87.5	87.6	87.7	0.13%
Total # Claims Fills 1-34 Days Supply	185,244	189,874	187,343	178,257	1,737,601	1,673,537	3.83%
Total # Claims Fills 35-60 Day Supply	1,416	1,353	1,384	1,396	13,234	12,693	4.28%
Total # Claims Fills 61-90 Day Supply	24,736	23,143	24,833	23,678	233,015	219,523	6.15%
Total # Claims Fills 91+ Day Supply	5	11	2	3	56	420	86.67%
Mail Service Program							
Avg. Days Supply	71.7	72.9	72.7	72.6	72.0	72	0.20%
Avg. Plan Cost/Days Supply	\$1.49	\$1.52	\$1.47	\$1.52	\$1.43	1.40	2.33%
Avg. Cost to Plan	\$106.87	\$110.89	\$107.29	\$110.07	\$103.22	101.04	2.15%
Avg. Member Cost/Claim	\$20.42	\$21.22	\$19.85	\$19.06	\$24.65	23.35	5.56%
Percent Member Cost Share	16.0%	16.06%	15.61%	14.8%	19.28%	18.8%	2.43%
Total # Claims Fill 1-34 Days Supply	571	540	542	549	5,434	5,122	6.09%
Total # Claims Fills 35-60 Days Supply	9	4	5	4	49	39	25.64%
Total # Claims Fills 61-90 Days Supply	1,283	1,327	1,333	1,325	12,484	11,795	5.84%
Total # Claims Fills 91+ Day Supply	0	0	0	0	0	0	
Formulary Program							
S/S Formulary Drugs (% by claim)	23.2%	22.82%	23.21%	23.5%	23.03%	24.79%	-7.09%
S/S Non Formulary Drugs (% by claim)	7.9%	5.09%	5.16%	5.2%	6.78%	11.62%	41.61%
M/S Drugs (% by claim)	11.9%	10.89%	0.96%	1.0%	1.00%	1.14%	12.49%
Generic Drugs (% by Claim)	48.8%	71.20%	70.67%	70.3%	69.19%	62.46%	10.78%
S/S Formulary Drugs (% by \$)	69.1%	69.63%	70.05%	71.4%	69.38%	60.53%	14.61%
s/s non Formulary Drugs (% by \$)	8.9%	7.94%	8.23%	8.0%	9.92%	16.58%	40.14%
M/S Drugs (% by \$)	0.2%	0.27%	0.23%	0.3%	0.25%	0.32%	21.06%
Generic Drugs (% by \$)	21.8%	22.16%	21.49%	20.3%	20.45%	22.57%	9.40%
Specialty Drugs							
Total Drug Cost	\$1,284,475	\$1,169,139	\$1,178,013	\$1,344,675	\$11,670,851	\$10,928,035	6.80%
Amount Paid by Plan Sponsor	\$1,251,392	\$1,157,658	\$1,148,153	\$1,310,974	\$11,328,165	\$10,537,369	7.49%
Amount Paid by Members	\$33,083	\$31,481	\$29,860	\$33,701	\$344,686	\$390,666	11.77%
Total Claims	673	647	618	705	6,441	\$7,226	-10.86%
Avg # of Rx's per Member per Month	0.00	0.00	0.00	0.00	0.004	0.005	-11.51%
Plan Paid Per Member Per Month (PMPM)	\$7.97	\$7.36	\$7.28	\$8.30	\$7.27	\$6.81	6.68%
Avg Claim Cost to Plan	\$1,859.42	\$1,789.27	\$1,863.88	\$1,859.54	\$1,758.45	\$1,458.26	20.59%
Avg Claim Cost to Member	\$49.16	\$48.66	\$48.47	\$47.80	\$53.51	\$54.06	1.02%
Percent of Member Cost Share	2.58%	2.65%	2.53%	2.51%	2.95%	3.57%	-17.39%
Percent of Overall Drug Spend	9.54%	9.11%	8.83%	10.30%	9.29%	8.46%	9.79%

WV PEIA - Monthly Trend

Plan Demographics	Jul 07	Aug-07	Sep-07	Oct-07	Nov 07	Dec 07
Total Drug Cost	\$10,957,566	\$12,240,655	\$11,756,638	\$12,865,896	\$12,356,863	\$11,122,211
Amount Paid By Plan Sponsor	\$6,211,208	\$8,938,620	\$8,978,560	\$10,131,498	\$9,823,205	\$10,035,378
Amount Paid By Members	\$4,746,266	\$3,136,015	\$2,778,078	\$2,734,398	\$2,533,658	\$2,486,882
Total Claims	173,475	186,314	186,254	202,852	198,433	201,355
Average Eligible Member	153,233	153,346	153,830	155,178	155,827	156,474
Average # of Rx's Per Member Per Month	1.13	1.23	1.21	1.31	1.27	1.29
Plan Paid Per Member Per Month (PMPM)	\$40.53	\$58.29	\$58.37	\$65.29	\$63.04	\$64.13
Average Eligible Enrollees	71,040	71,016	71,168	71,701	71,971	72,260
Average # of Rx's Per Enrollee Per Month	2.44	2.67	2.62	2.81	2.76	2.79
Plan Paid Per Enrollee Per Month (PEPM)	\$87.43	\$125.81	\$126.16	\$141.30	\$136.45	\$138.88
Rx Cost Share						
Avg. Claim Cost to Plan	\$35.81	\$47.21	\$48.21	\$49.95	\$49.50	\$49.84
Avg. Member Cost/Claim	\$27.36	\$17.62	\$14.92	\$13.48	\$12.77	\$12.31
Percent member Cost Share	43.3%	27.2%	23.6%	21.3%	20.5%	19.9%
Average Ingredient Costs						
Single Source (no generics available)	\$147.89	\$153.30	\$152.23	\$155.43	\$154.75	\$155.84
Multi-Source Brand (generics available)	\$36.92	\$36.76	\$36.06	\$42.02	\$38.94	\$36.16
Generic Drugs	\$19.56	\$20.43	\$20.66	\$20.61	\$20.52	\$20.28
Brand/Generic Dispensing Rates						
Single Source (no generics)	32.47%	32.00%	30.86%	30.3%	29.70%	29.54%
Multi-Source Brand % (generics available)	11.7%	1.06%	1.01%	1.0%	0.99%	1.00%
Generic Drug	66.41%	66.94%	68.13%	68.6%	69.31%	69.45%
Generics Dispensed when available	98.35%	98.44%	98.53%	98.5%	98.59%	98.58%
Percent of Plan Cost for Single Source	86.10%	82.04%	79.72%	78.9%	78.06%	78.14%
Retail Pharmacy Program						
Avg. Day Supply	32.4	33.1	32.4	32.2	31.8	32.2
Avg. Plan Cost/Day Supply	\$1.051	\$1.41	\$1.47	\$1.54	\$1.54	\$1.53
Avg. Claim Cost to Plan	\$35.40	\$46.71	\$47.78	\$49.41	\$48.92	\$49.42
Avg. Member Cost / Claim	\$27.21	\$17.47	\$14.82	\$13.35	\$12.68	\$12.28
Percent Member Cost Share	43.46%	27.22%	23.67%	21.3%	20.58%	19.90%
Special Maint Netwk (% of claims filled)	10.98%	11.86%	11.62%	11.4%	11.11%	11.61%
Other Maint (% of claims filled)	0.99%	0.64%	0.56%	0.6%	0.58%	0.55%
Avg. Days Supply for Maint. Netwks	87.5	87.6	87.7	87.5	87.6	87.7
Total # Claims Fills 1-34 Days Supply	150,847	162,844	160,965	175,774	172,400	174,053
Total # Claims Fills 35-60 Day Supply	1,151	1,354	1,214	1,393	1,287	1,286
Total # Claims Fills 61-90 Day Supply	19,890	23,283	22,446	23,834	22,900	24,272
Total # Claims Fills 91+ Day Supply	7	11	3	3	4	1
Mail Service Program						
Avg. Days Supply	71	72.0	70.8	72.0	71.3	72.7
Avg. Plan Cost/Days Supply	\$1.11	\$1.36	\$1.38	\$1.50	\$1.58	\$1.38
Avg. Cost to Plan	\$79.94	\$97.90	\$96.21	\$107.78	\$112.27	\$98.15
Avg. Member Cost/Claim	\$44.20	\$32.72	\$25.81	\$23.32	\$22.34	\$20.57
Percent Member Cost Share	35.60%	25.05%	21.16%	17.8%	16.59%	17.32%
Total # Claims Fill 1-34 Days Supply	510	553	524	559	577	509
Total # Claims Fills 35-60 Days Supply	2	5	3	4	11	1
Total # Claims Fills 61-90 Days Supply	1,068	1,284	1,096	1,284	1,254	1,230
Total # Claim. Fills 91+ Day Supply	0	0	0	0	0	0
Formulary Program						
S/S Formulary Drugs (% by claim)	23.70%	23.50%	22.83%	22.7%	22.40%	22.54%
S/S Non-Formulary Drugs (% by claim)	8.77%	8.50%	8.02%	7.6%	7.30%	7.01%
M/S Drugs (% by claim)	1.12%	1.08%	1.01%	1.0%	0.99%	1.00%
Generic Drugs (% by Claim)	66.41%	66.94%	68.13%	68.6%	69.31%	69.45%
S/S Formulary Drugs (% by \$)	74.76%	70.10%	68.07%	67.9%	67.19%	67.32%
S/S non-Formulary Drugs (% by \$)	11.33%	11.95%	11.64%	11.0%	10.88%	10.82%
M/S Drugs (% by \$)	0.28%	0.21%	0.21%	0.3%	0.26%	0.21%
Generic Drugs (% by \$)	13.63%	17.75%	20.07%	20.7%	21.68%	21.65%
Specialty Drugs						
Total Drug Cost	\$1,085,982	\$1,164,601	\$1,015,053	\$1,192,421	\$1,133,637	\$1,082,855
Amount Paid by Plan Sponsor	\$1,030,966	\$1,127,423	\$985,618	\$1,159,420	\$1,101,330	\$1,053,231
Amount Paid by Members	\$55,016	\$37,178	\$29,435	\$33,001	\$32,307	\$29,624
Total Claims	622	671	590	655	657	603
Avg # of Rx's per Member per Month	0.00	0.00	0.00	0.004	0.004	0.004
Plan Paid Per Member Per Month (PMPM)	\$6.73	\$7.35	\$6.41	\$7.47	\$7.07	\$6.73
Avg Claim Cost to Plan	\$1,657.50	\$1,675.22	\$1,670.54	\$1,770.11	\$1,676.30	\$1,746.65
Avg Claim Cost to Member	\$88.45	\$55.24	\$49.89	\$50.36	\$49.17	\$49.13
Percent of Member Cost Share	5.07%	3.19%	2.90%	2.77%	2.85%	2.74%
Percent of Overall Drug Spend	9.91%	9.49%	8.63%	9.27%	9.17%	8.65%



Key Performance Indicators

Comprehensive Indicators

WVA - WV Public Employees Ins

Current Period: 04/2008 - 04/2008

Previous Period: 04/2007 - 04/2007

	Current Period	Previous Period	% Change
Overall Performance:			
Plan Cost PMPM	\$67.94	\$94.22	-27.9 %
Average Mbrs/Month	157,890	188,097	-16.1 %
Average Subs/Month	72,967	97,368	-25.1 %
% Utilizing Members	45.3 %	51.9 %	-12.7 %
% Retail Utilizing Members	45.0 %	51.5 %	-12.6 %
% Mail Utilizing Members	0.6 %	0.7 %	-24.3 %
Rx Measures			
Rxs PMPM	1.30	1.67	-22.2 %
Retail Rxs PMPM	1.29	1.65	-22.2 %
Mail Rxs PMPM	0.01	0.02	-28.2 %
Average Admin Fee/Rx	\$0.00	\$0.01	-99.4 %
Avg Retail Admin Fee/Rx	\$0.00	\$0.01	-99.4 %
Avg Mail Admin Fee/Rx	\$0.00	\$0.00	0.0 %
Average Plan Cost/Rx	\$52.27	\$56.38	-7.3 %
Avg Retail Plan Cost/Rx	\$51.74	\$55.89	-7.4 %
Avg Mail Plan Cost/Rx	\$110.07	\$105.58	4.2 %
Average Mbr Contrib/Rx	\$11.34	\$11.48	-1.2 %
Avg Retail Mbr Contrib/Rx	\$11.27	\$11.41	-1.2 %
Avg Mail Mbr Contrib/Rx	\$19.06	\$18.76	1.6 %
Average Ing Cost/Rx	\$61.97	\$65.81	-5.8 %
Avg Retail Ing Cost/Rx	\$61.36	\$65.24	-6.0 %
Avg Mail Ing Cost/Rx	\$127.63	\$122.84	3.9 %
Average AWP/Rx	\$108.14	\$103.51	4.5 %
Avg Retail AWP/Rx	\$107.09	\$102.56	4.4 %
Avg Mail AWP/Rx	\$222.03	\$198.92	11.6 %
Average Days Supply/Rx	32.4	34.5	-5.9 %
Avg Retail Days/Rx	32.1	34.1	-5.9 %
Avg Mail Days/Rx	72.6	74.1	-2.0 %
Average Plan Cost/Day	\$1.61	\$1.64	-1.5 %
Avg Retail Plan Cost/Day	\$1.61	\$1.64	-1.6 %
Avg Mail Plan Cost/Day	\$1.52	\$1.42	6.4 %
% Plan Cost	82.2 %	83.1 %	-1.1 %
% Member Contribution	17.8 %	16.9 %	5.4 %
% Retail Plan Cost	82.1 %	83.0 %	-1.1 %
% Retail Mbr Contrib	17.9 %	17.0 %	5.5 %
% Mail Plan Cost	85.2 %	84.9 %	0.4 %
% Mail Member Contrib	14.8 %	15.1 %	-2.2 %



Key Performance Indicators

Comprehensive Indicators

WVA - WV Public Employees Ins

Current Period: 04/2008 - 04/2008

Previous Period: 04/2007 - 04/2007

	Current Period	Previous Period	% Change
Rx Sources			
% Mail Rx's	0.9 %	1.0 %	-7.7 %
% Retail Rx's	99.1 %	99.0 %	0.1 %
% Member Submit Rx's	0.0 %	0.0 %	-90.2 %
Rx Types			
Avg SSB Plan Cost/Rx	\$144.57	\$124.62	16.0 %
Avg Retail SSB Plan Cost/Rx	\$143.51	\$123.72	16.0 %
Avg Mail SSB Plan Cost/Rx	\$240.61	\$198.53	21.2 %
Avg MSB Plan Cost/Rx	\$16.81	\$14.86	13.2 %
Avg Retail MSB Plan Cost/Rx	\$16.31	\$14.86	9.7 %
Avg Mail MSB Plan Cost/Rx	\$83.93	\$14.01	499.1 %
Avg GEN Plan Cost/Rx	\$15.10	\$19.91	-24.2 %
Avg Retail GEN Plan Cost/Rx	\$14.88	\$19.76	-24.7 %
Avg Mail GEN Plan Cost/Rx	\$41.09	\$37.06	10.9 %
% Single-Source Brand Rx's	28.7 %	34.9 %	-17.7 %
% Multi-Source Brand Rx's	1.0 %	1.2 %	-18.6 %
% Generic Rx's	70.3 %	63.9 %	10.0 %
% Retail Single-Source Brand	28.6 %	34.8 %	-17.7 %
% Retail Multi-Source Brand	1.0 %	1.2 %	-18.6 %
% Retail Generic	70.4 %	64.0 %	10.0 %
% Mail Single-Source Brand	34.4 %	42.6 %	-19.2 %
% Mail Multi-Source Brand	0.8 %	1.0 %	-17.0 %
% Mail Generic	64.8 %	56.5 %	14.8 %
% Formulary Rx's	93.3 %	88.2 %	5.8 %
% Retail Formulary Rx's	93.3 %	88.2 %	5.8 %
% Mail Formulary Rx's	93.1 %	86.8 %	7.2 %
% DAW Rx's	0.6 %	0.8 %	-30.5 %
% Retail DAW Rx's	0.5 %	0.8 %	-31.0 %
% Mail DAW Rx's	1.5 %	1.6 %	-1.8 %
% Generic Conversion	98.6 %	98.2 %	0.5 %
% Retail GEN Conversion	98.6 %	98.2 %	0.5 %
% Mail GEN Conversion	98.8 %	98.3 %	0.5 %
Period Totals			
Total Plan Cost	\$10,726,470.23	\$17,722,775.23	-39.5 %
Retail Plan Cost	\$10,519,763.72	\$17,393,677.96	-39.5 %
Mail Plan Cost	\$206,706.51	\$329,097.27	-37.2 %
Total Member Contribution	\$2,327,568.85	\$3,610,100.00	-35.5 %



Key Performance Indicators

Comprehensive Indicators

WVA - WV Public Employees Ins

Current Period: 04/2008 - 04/2008

Previous Period: 04/2007 - 04/2007

	Current Period	Previous Period	
Retail Member Contrib	\$2,291,774.25	\$3,551,635.03	- 35.5 %
Mail Member Contrib	\$35,794.60	\$58,464.97	-38.8 %
Total Rx Count	205,212	314,336	-34.7 %
Retail Rx Count	203,326	311,094	-34.6 %
Member Submit Rxs	8	125	-93.6 %
Mail Rx Count	1,878	3,117	-39.7 %
Total Admin Fee	\$13.50	\$3,688.50	-99.6 %
Total UC Savings	\$7,519,678.82	\$10,202,702.88	-26.3 %
Total Lost Savings	\$16,006.85	\$17,296.70	-7.5 %
Demographics			
Average Age	38.9	45.6	-14.6 %
% Male Members	46.5 %	45.2 %	2.9 %
% Female Members	53.5 %	54.8 %	-2.4 %

Graphs based on Current Period: 04/2008 - 04/2008

Claim Source by Rx Count



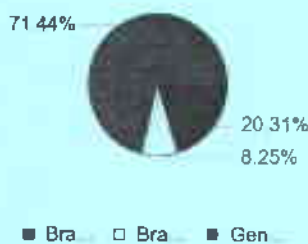
Drug Type by Plan Cost



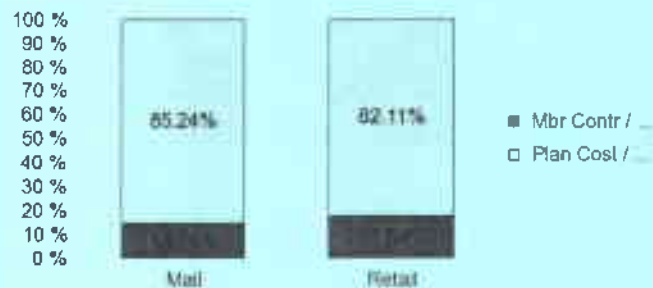
Formulary Status by Rx Count



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 04/2008 - 04/2008



EXPRESS SCRIPTS®

Div Name (DIV)	Avg Mbr Count	Avg Util Mbr/Mnth	Rx Count	Plan Cost	Member Contr/Rx	Plan Cost/Rx	Mail % Rx	Gen % Rx	Form % Rx	Gen Conv %	PMPM Plan Cost
WV PUBLIC EMPLOYEES INSURANCE (WVA)	157,890	71,481	205,212	\$10,726,470	\$11.34	\$52.27	0.9 %	70.3 %	93.3 %	98.6 %	\$67.94
Grand Total	157,890		205,212	\$10,726,470	\$11.34	\$52.27	0.9 %	70.3 %	93.3 %	98.6 %	\$67.94

Utilization Report by Population Level

WVA - WV Public Employees Ins

Prescriptions Filled From 04/2008 - 04/2008



Reporting Level 1	Avg Mbr Count	Avg Util Mbr/Mnth	Rx Count	Plan Cost	Member Contr/Rx	Plan Cost/Rx	Mail % Rxs	Gen % Rxs	Form % Rxs	Gen Conv %	PMPM Plan Cost
COBRA (3000)	355	182	705	\$50,720	\$11.54	\$71.94	2.6 %	66.0 %	92.5 %	98.9 %	\$142.87
NON STATE (2000)	21,747	9,514	27,471	\$1,311,789	\$10.91	\$47.75	0.9 %	72.3 %	94.0 %	98.9 %	\$60.32
STATE (1000)	135,788	61,785	177,036	\$9,363,961	\$11.41	\$52.89	0.9 %	70.0 %	93.2 %	98.6 %	\$68.96
Grand Total	157,890		205,212	\$10,726,470	\$11.34	\$52.27	0.9 %	70.3 %	93.3 %	98.6 %	\$67.94

Utilization Report by Population Level

WVA - WV Public Employees Ins

Prescriptions Filled From 04/2008 - 04/2008



EXPRESS SCRIPTS®

Reporting Level 2	Avg Mbr Count	Avg Util Mbr/Mnth	Rx Count	Plan Cost	Member Contr/Rx	Plan Cost/Rx	Mail % Rx	Gen % Rx	Form % Rx	Gen Conv %	PMPM Plan Cost
COBRA (COBRA)	355	182	705	\$50,720	\$11.54	\$71.94	2.6 %	66.0 %	92.5 %	98.9 %	\$142.87
NON STATE AGENCIES (02)	18,153	7,821	21,970	\$1,054,173	\$10.77	\$47.98	0.8 %	72.1 %	93.9 %	98.9 %	\$58.07
NON STATE AGENCIES PLAN B (02B)	2,341	891	2,299	\$81,796	\$12.24	\$35.58	0.6 %	76.4 %	93.7 %	99.0 %	\$34.94
NON STATE RETIREES (08)	1,150	741	2,893	\$162,545	\$11.32	\$56.19	1.9 %	69.7 %	94.1 %	98.6 %	\$141.34
NON STATE RETIREES 60 (0860)	103	61	309	\$13,276	\$6.95	\$42.96	0.0 %	74.4 %	96.8 %	99.1 %	\$128.89
STATE AGENCIES (01)	118,946	52,304	144,793	\$7,578,346	\$11.37	\$52.34	0.9 %	70.1 %	93.1 %	98.6 %	\$63.71
STATE AGENCIES (01B)	3,536	917	1,988	\$93,430	\$13.38	\$47.00	1.3 %	74.3 %	93.3 %	98.9 %	\$26.42
STATE RETIREES (07)	12,866	8,277	28,973	\$1,630,436	\$11.69	\$56.27	1.2 %	69.2 %	93.6 %	98.5 %	\$126.72
STATE RETIREES ASST 60 (0760)	440	287	1,282	\$61,749	\$6.55	\$48.17	0.6 %	73.9 %	96.5 %	99.0 %	\$140.34
Grand Total	157,890		205,212	\$10,726,470	\$11.34	\$52.27	0.9 %	70.3 %	93.3 %	98.6 %	\$67.94

West Virginia Board of Risk and Insurance Management
UNAUDITED BALANCE SHEET

DRAFT

	March 31	
	2008	2007
ASSETS		
Short Term Assets		
Cash and Equivalents	\$ 29,450,523	\$ 29,620,655
Advance Deposit with Carrier/Trustee	156,098,162	115,243,658
Receivables - Net	1,871,326	1,620,191
Prepaid Insurance	1,598,580	1,536,019
Total Short Term Assets	189,018,591	148,020,523
Long Term Assets		
Investments	110,034,855	116,190,835
Total Long Term Assets	110,034,855	116,190,835
TOTAL ASSETS	299,053,446	264,211,358
LIABILITIES		
Short Term Liabilities		
Accounts payable	1,143,897	781,001
Claims Payable	17,507	99,415
Agents Commissions Payable	1,488,904	1,504,151
Unearned Revenue	9,153,568	10,511,081
Current Estimated Claim Reserve	53,040,564	51,095,304
Total Short Term Liabilities	64,844,440	63,990,952
Long Term Liabilities		
Compensated Absences	200,147	163,620
Estimated Noncurrent Claim Reserve	110,520,579	117,919,572
Total Long Term Liabilities	110,720,726	118,083,192
TOTAL LIABILITIES	175,565,166	182,074,144
Prior Year Net Assets	97,546,877	44,843,685
Current Year Earnings	25,941,403	37,293,529
TOTAL NET ASSETS	123,488,280	82,137,214
TOTAL LIABILITIES AND RETAINED EARNINGS	\$ 299,053,446	\$ 264,211,358

DRAFT - Unaudited - Management Purposes Only

05/15/08

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



	March 31	
	2008	2007
Operating Revenues		
Premium Revenues	\$ 55,540,841	\$ 60,676,445
Less - Excess Insurance	(4,795,743)	(4,608,058)
Total Operating Revenues	50,745,098	56,068,387
Operating Expenses		
Claims Expense	31,232,955	27,521,316
Property & MS Claims Expense	2,235,429	4,322,374
Personal Services	988,451	952,362
Operating Expenses	2,437,799	2,273,304
Total Operating Expenses	36,894,634	35,069,356
Operating Income	13,850,464	20,999,031
Nonoperating Revenues		
Court Fees	22,275	16,335
Claim Interest Income	-	189,219
Investment Income	12,068,664	16,088,944
Total Nonoperating Revenues	12,090,939	16,294,498
Net Income	25,941,403	37,293,529

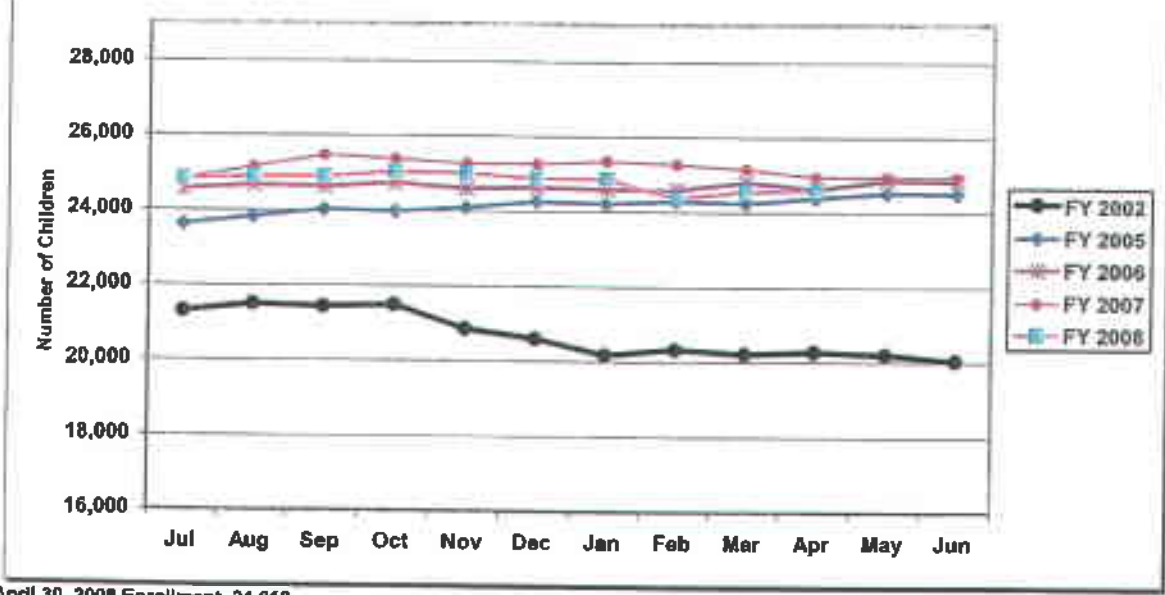


**West Virginia
Children's Health Insurance Program
1018 Kanawha Boulevard East
Suite 209
Charleston, WV 25301
Phone: 304-558-2732
Toll-Free: 1-877-WVA CHIP
Fax: 304-558-2741
www.wvchlp.org**

**Joint Committee on
Government and Finance
Report**

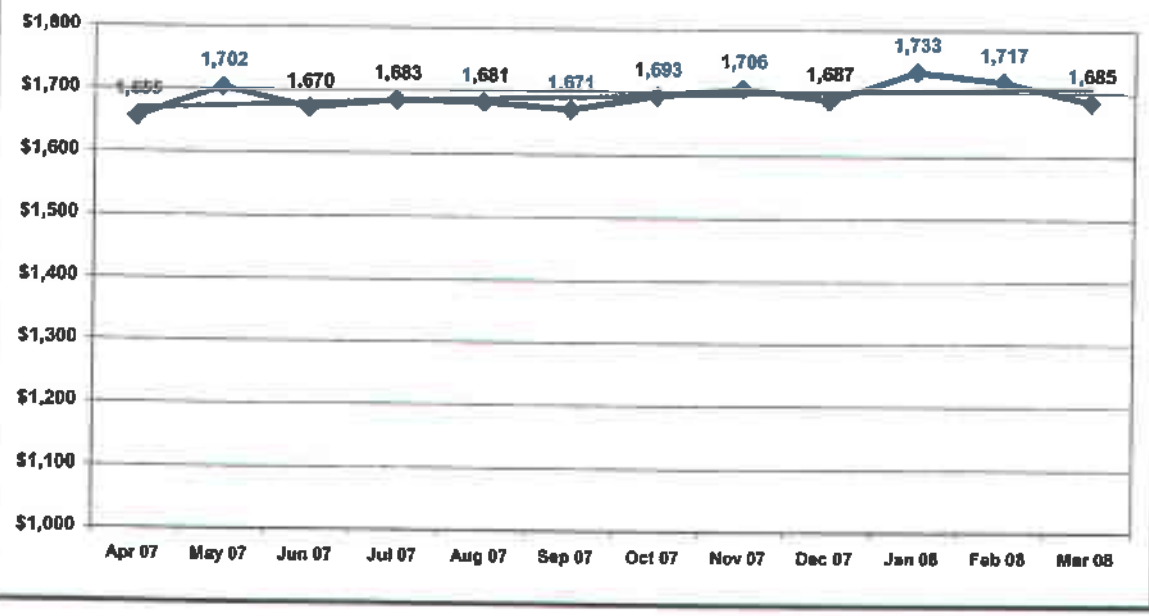
May 2008

WV CHIP Enrollment



April 30, 2008 Enrollment 24,618

Annualized Health Care Expenditures (Cost per Child)



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

	March 31, 2008	March 31, 2007	Variance	
Assets:				
Cash & Cash Equivalents	\$6,561,960	\$2,493,928	\$4,068,032	163%
Due From Federal Government	\$2,719,454	\$3,039,767	(\$320,313)	-11%
Due From Other Funds	\$597,763	\$716,390	(\$118,627)	-17%
Accrued Interest Receivable	\$20,000	\$15,052	\$4,948	33%
Fixed Assets, at Historical Cost	<u>\$61,569</u>	<u>\$66,070</u>	<u>(\$4,501)</u>	<u>-7%</u>
Total Assets	<u>\$9,960,746</u>	<u>\$6,331,207</u>	<u>\$3,629,539</u>	<u>57%</u>
Liabilities:				
Due to Other Funds	\$307,217	\$214,532	\$92,685	43%
Deferred Revenue	\$1,302,601	\$384,911	\$917,690	238%
Unpaid Insurance Claims Liability	<u>\$3,010,000</u>	<u>\$3,550,000</u>	<u>(\$540,000)</u>	<u>-15%</u>
Total Liabilities	<u>\$4,619,818</u>	<u>\$4,149,443</u>	<u>\$470,375</u>	<u>11%</u>
Fund Equity	<u>\$5,340,929</u>	<u>\$2,181,764</u>	<u>\$3,159,165</u>	<u>145%</u>
Total Liabilities and Fund Equity	<u>\$9,960,746</u>	<u>\$6,331,207</u>	<u>\$3,629,539</u>	<u>57%</u>

PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

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

	March 31, 2008	March 31, 2007	Variance	
Revenues:				
Federal Grants	26,022,441	26,249,907	(227,466)	-1%
State Appropriations	7,349,227	7,347,691	1,536	0%
Premium Revenues	62,842	2,182	60,660	2780%
Investment Earnings	<u>189,354</u>	<u>107,631</u>	<u>81,723</u>	76%
Total Operating Revenues	<u>33,623,864</u>	<u>33,707,411</u>	<u>(83,547)</u>	<u>0%</u>
Operating Expenditures:				
Claims:				
Outpatient Services	7,819,057	7,532,116	286,941	4%
Physicians & Surgical	6,702,001	6,690,897	11,104	0%
Prescribed Drugs	5,988,826	6,446,966	(458,140)	-7%
Dental	3,571,683	3,697,852	(126,169)	-3%
Inpatient Hospital Services	2,750,863	2,887,956	(137,093)	-5%
Vision	893,211	934,565	(41,354)	-4%
Outpatient Mental Health	890,281	1,119,295	(229,014)	-20%
Inpatient Mental Health	416,256	685,032	(268,776)	-39%
Durable & Disposable Med. Equip.	368,351	331,075	37,276	11%
Therapy	282,916	262,495	20,421	8%
Medical Transportation	183,440	268,376	(84,936)	-32%
Other Services	69,746	111,502	(41,756)	-37%
Less: Collections*	<u>(504,378)</u>	<u>(526,395)</u>	<u>22,017</u>	-4%
Total Claims	<u>29,432,253</u>	<u>30,441,732</u>	<u>(1,009,479)</u>	<u>-3%</u>
General and Admin Expenses:				
Salaries and Benefits	361,117	343,820	17,297	5%
Program Administration	1,581,768	1,458,670	123,098	8%
Eligibility	243,468	222,013	21,455	10%
Outreach & Health Promotion	56,451	13,778	42,673	310%
Current	<u>92,997</u>	<u>73,011</u>	<u>19,986</u>	<u>27%</u>
Total Administrative	<u>2,335,801</u>	<u>2,111,292</u>	<u>224,509</u>	<u>11%</u>
Total Expenditures	<u>31,768,054</u>	<u>32,553,024</u>	<u>(784,970)</u>	<u>-2%</u>
Excess of Revenues				
Over (Under) Expenditures	1,855,811	1,154,387	701,424	61%
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>5,340,929</u>	<u>2,181,764</u>	<u>3,159,165</u>	<u>145%</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 Nine Months Ended March 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>Mar-08</u>	<u>Feb-08</u>	<u>Jan-08</u>
Projected Cost	\$49,020,492	\$36,765,369	\$30,258,758	\$6,506,611	18%	\$4,085,041	\$4,014,129	\$2,771,454	\$3,685,834
Premiums	136,290	102,218	62,842	\$39,376	-39%	11,358	9,687	8,862	9,581
Subrogation & Rebates	<u>760,000</u>	<u>570,000</u>	<u>504,378</u>	<u>65,622</u>	<u>-12%</u>	<u>63,333</u>	<u>38,893</u>	<u>24,016</u>	<u>84,844</u>
Net Benefit Cost	47,058,152	\$35,293,614	\$29,720,732	\$5,572,882	16%	3,921,513	3,965,549	2,738,577	3,600,990
Salaries & Benefits	\$519,673	\$389,755	\$361,116	\$28,638	7%	\$43,306	\$35,889	\$36,583	\$37,801
Program Administration	2,166,796	1,625,097	1,469,224	155,873	10%	180,566	178,793	166,875	210,564
Eligibility	340,055	255,041	200,206	54,835	22%	28,338	29,376	650	80,533
Outreach	27,157	20,368	53,766	(33,398)	-164%	2,263	13,785	713	8,527
Current Expense	<u>287,741</u>	<u>215,806</u>	<u>94,218</u>	<u>121,588</u>	<u>56%</u>	<u>23,978</u>	<u>9,437</u>	<u>8,587</u>	<u>9,689</u>
Total Admin Cost	\$3,341,422	\$2,506,067	\$2,178,530	\$327,536	13%	\$278,452	\$267,280	\$213,408	\$347,114
Total Program Cost	<u>\$50,399,574</u>	<u>\$37,799,681</u>	<u>\$31,899,262</u>	<u>\$5,900,419</u>	<u>16%</u>	<u>\$4,199,965</u>	<u>\$4,232,829</u>	<u>\$2,951,985</u>	<u>\$3,948,104</u>
Federal Share 81.98%	40,823,655	\$30,617,741	\$26,055,205	4,562,536	15%	3,401,971	3,470,073	2,420,037	3,236,655
State Share 18.02%	<u>9,575,919</u>	<u>\$7,181,939</u>	<u>\$5,844,056</u>	<u>1,337,883</u>	<u>19%</u>	<u>797,993</u>	<u>762,756</u>	<u>531,948</u>	<u>711,448</u>
Total Program Cost *	<u>\$50,399,574</u>	<u>\$37,799,681</u>	<u>\$31,899,262</u>	<u>\$5,900,419</u>	<u>16%</u>	<u>\$4,199,965</u>	<u>\$4,232,829</u>	<u>\$2,951,985</u>	<u>\$3,948,104</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

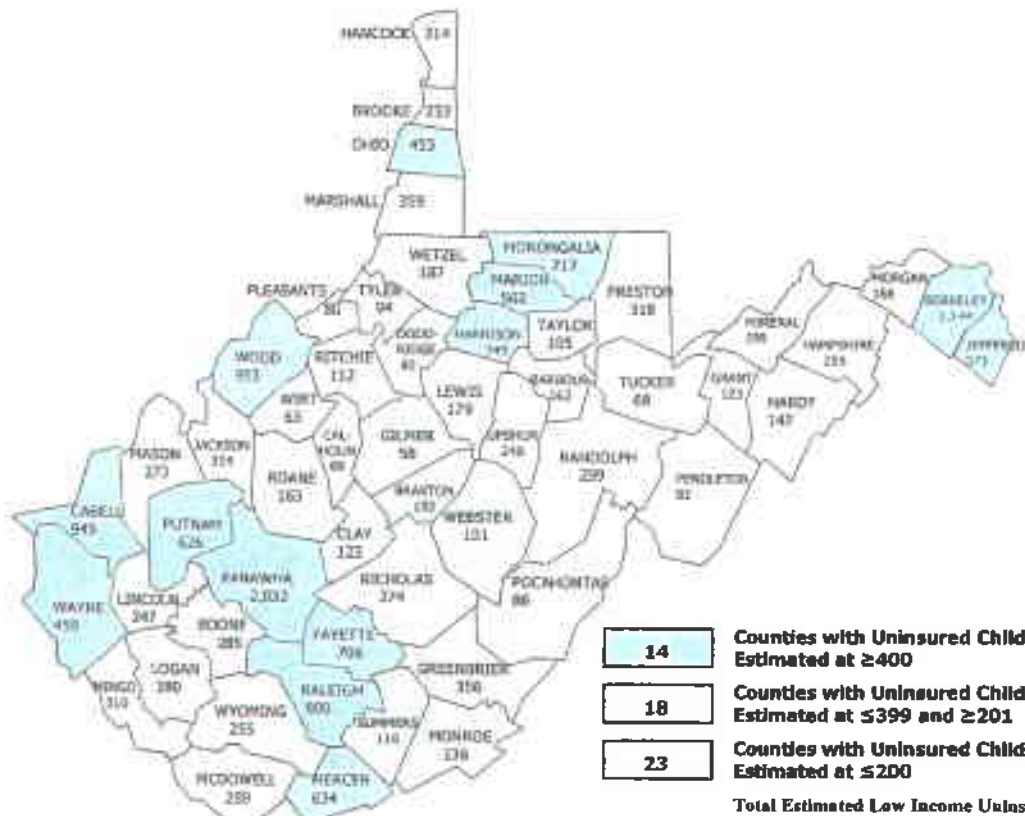
April 2008

County Ranking	County Pop. 2005 Est. (0-18 Yrs)	Total CHIP Enrollment Apr-08	Total Medicaid Enrollment Apr-08	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2007 Est. Uninsured 5%	2007 # Children Uninsured Ranking*
Kanawha	40,647	2,088	16,009	18,097	44.5%	2,032	1
Berkeley	22,882	1,206	5,680	6,886	30.1%	1,144	2
Wood	19,063	1,172	7,547	8,719	45.7%	953	3
Cabell	18,900	986	7,715	8,701	46.0%	945	4
Raleigh	15,992	1,285	6,755	8,040	50.3%	800	5
Harrison	14,973	925	5,689	6,614	44.2%	749	6
Monongalia	14,346	725	3,943	4,668	32.5%	717	7
Mercer	12,687	1,068	6,251	7,319	57.7%	634	8
Putnam	12,522	610	3,085	3,695	29.5%	626	9
Jefferson	11,485	388	2,057	2,445	21.3%	573	10
Marion	11,245	793	4,131	4,924	43.8%	562	11
Fayette	9,692	903	4,610	5,513	56.9%	485	12
Wayne	9,176	581	3,957	4,538	49.5%	459	13
Ohio	9,068	534	2,897	3,431	37.8%	453	14
Logan	7,610	541	3,817	4,358	57.3%	380	15
Marshall	7,176	396	2,641	3,037	42.3%	359	16
Greenbrier	7,110	595	2,627	3,222	45.3%	356	17
Preston	6,354	513	2,285	2,798	44.0%	318	18
Jackson	6,277	359	2,349	2,708	43.1%	314	19
Hancock	6,270	385	2,170	2,555	40.7%	314	20
Mingo	6,204	400	3,198	3,598	58.0%	310	21
Mineral	5,973	282	1,934	2,216	37.1%	299	22
Randolph	5,971	469	2,376	2,845	47.6%	299	23
Boone	5,706	305	2,485	2,790	48.9%	285	24
Nicholas	5,478	455	2,456	2,911	53.1%	274	25
Mason	5,461	349	2,429	2,778	50.9%	273	26
McDowell	5,170	399	3,201	3,600	69.6%	259	27
Hampshire	5,110	261	1,769	2,030	39.7%	255	28
Wyoming	5,092	448	2,650	3,098	60.8%	255	29
Upshur	4,956	386	2,213	2,599	52.4%	248	30
Lincoln	4,945	404	2,436	2,840	57.4%	247	31
Brooke	4,658	279	1,445	1,724	37.0%	233	32
Wetzel	3,732	202	1,595	1,797	48.2%	187	33
Lewis	3,577	297	1,780	2,077	58.1%	179	34
Morgan	3,365	237	931	1,168	34.7%	168	35
Taylor	3,307	223	1,331	1,554	47.0%	165	36
Roane	3,268	274	1,575	1,849	56.6%	163	37
Barbour	3,248	332	1,491	1,823	56.1%	162	38
Braxton	3,044	216	1,566	1,782	58.5%	152	39
Hardy	2,950	144	1,015	1,159	39.3%	147	40
Monroe	2,728	254	863	1,117	40.9%	136	41
Grant	2,463	130	919	1,049	42.6%	123	42
Clay	2,454	179	1,349	1,528	62.3%	123	43
Summers	2,322	230	1,122	1,352	58.2%	116	44
Ritchie	2,234	155	834	989	44.3%	112	45
Webster	2,020	183	1,121	1,304	64.6%	101	46
Tyler	1,887	101	813	914	48.4%	94	47
Pocahontas	1,717	150	623	773	45.0%	86	48

WV CHIP Enrollment Report

April 2008

County Ranking	County Pop. 2005 Est. (0-18 Yrs)	Total CHIP Enrollment Apr-08	Total Medicaid Enrollment Apr-08	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2007 Est. Uninsured 5%	2007 # Children Uninsured Ranking*
Pendleton	1,632	103	401	504	30.9%	82	49
Doddridge	1,607	123	713	836	52.0%	80	50
Pleasants	1,593	92	497	589	37.0%	80	51
Calhoun	1,389	131	777	908	65.4%	69	52
Tucker	1,354	167	463	630	46.5%	68	53
Wirt	1,268	116	526	642	50.6%	63	54
Gilmer	1,154	89	549	638	55.3%	58	55
Totals	382,490	24,618	147,661	172,279	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.

Note 2: Since it has been estimated that 7 of 10 uninsured children qualify or may have qualified for CHIP or Medicaid in the past, WVCHIP asserts that a 5% uninsured estimate is a more realistic target number for outreach.

Legislative Oversight Commission on
Health and Human Resources Accountability

May 2008

Department of Administration

State Children's Health Insurance Program
UPDATE



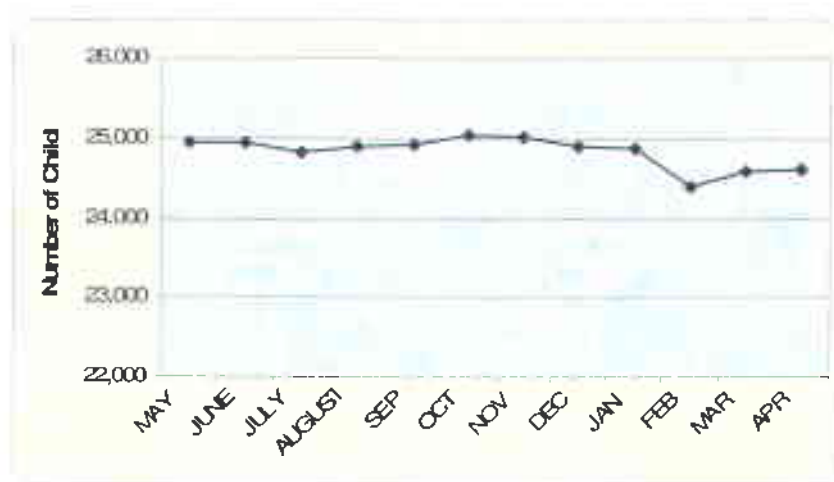
WV CHILDREN'S HEALTH INSURANCE AGENCY

REPORT FOR MAY 2008

I. Enrollment on April 30, 2008: 24,618

See Attachment I for enrollment by county.

Current 12-Month Enrollment Period: May 2007 through April 2008



Enrollee Totals: February 2008 to April 2008

Month	Total	1 Year	Total
February	1,661	Average	1,709
March	2,085	High	2,085
April	1,688	Low	1,332

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

Month	Total	1 Year	Total
February	631	Average	733
March	684	High	926
April	646	Low	540

II. Re-enrollment for 3 Month Period: January 2008 to March 2008

Total Forms Mailed		Enrolled within Notice Period		Reopened Cases After Closure		Final Closures	
Month	Total	#	%	#	%	#	%
January	1,720	925	54%	213	12%	582	34%
February	1,964	1,302	53%	207	14%	662	34%
March	1,971	1,161	59%	227	12%	583	30%

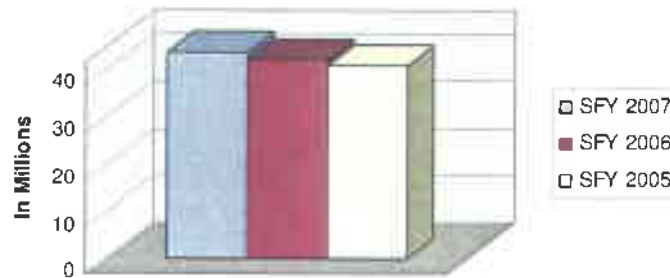
III. Financial Activity

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

The average annualized claims cost per child for the month ended March 2008 was \$1,819.

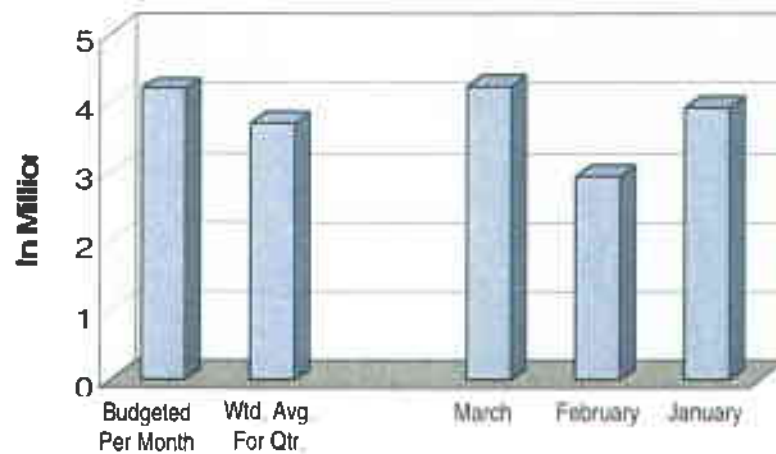
Annual Expenditures for a 3 Year Period: SFY 2005 – SFY 2007

	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: January 2008 – March 2008

	Budgeted Per Month	Wtd Avg. For Qtr.	Actual		
			March 2008	February 2008	January 2008
Federal	3,401,971	3,042,255	3,470,073	2,420,037	3,236,655
State	797,994	668,717	762,756	531,948	711,448
Total	4,199,965	3,710,973	4,232,829	2,951,985	3,948,104



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), and through the present federal funding made available until March 2009.

WV CHIP Enrollment Report

ATTACHMENT 1

April 2008

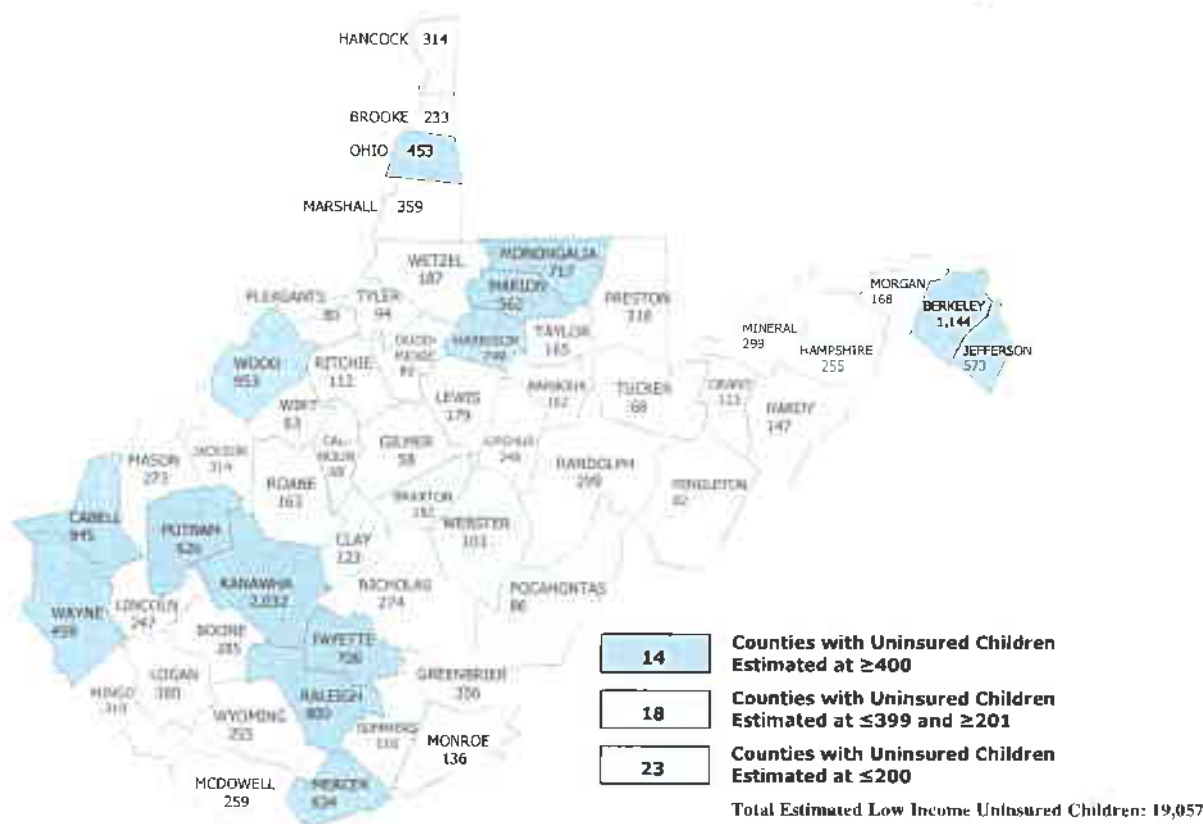
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WV CHIP Enrollment Report

ATTACHMENT 1

April 2008

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

	March 31, 2008	March 31, 2007	Variance	
Revenues:				
Federal Grants	26,022,441	26,249,907	(227,466)	-1%
State Appropriations	7,349,227	7,347,691	1,536	0%
Premium Revenues	62,842	2,182	60,660	2780%
Investment Earnings	<u>189,354</u>	<u>107,631</u>	<u>81,723</u>	76%
Total Operating Revenues	<u>33,623,864</u>	<u>33,707,411</u>	<u>(83,547)</u>	0%
Operating Expenditures:				
Claims:				
Outpatient Services	7,819,057	7,532,116	286,941	4%
Physicians & Surgical	6,702,001	6,690,897	11,104	0%
Prescribed Drugs	5,988,826	6,446,966	(458,140)	-7%
Dental	3,571,683	3,697,852	(126,169)	-3%
Inpatient Hospital Services	2,750,863	2,887,956	(137,093)	-5%
Vision	893,211	934,565	(41,354)	-4%
Outpatient Mental Health	890,281	1,119,295	(229,014)	-20%
Inpatient Mental Health	416,256	685,032	(268,776)	-39%
Durable & Disposable Med. Equip.	368,351	331,075	37,276	11%
Therapy	282,916	262,495	20,421	8%
Medical Transportation	183,440	268,376	(84,936)	-32%
Other Services	69,746	111,502	(41,756)	-37%
Less: Collections*	<u>(504,378)</u>	<u>(526,395)</u>	<u>22,017</u>	-4%
Total Claims	<u>29,432,253</u>	<u>30,441,732</u>	<u>(1,009,479)</u>	-3%
General and Admin Expenses:				
Salaries and Benefits	361,117	343,820	17,297	5%
Program Administration	1,581,768	1,458,670	123,098	8%
Eligibility	243,468	222,013	21,455	10%
Outreach & Health Promotion	56,451	13,778	42,673	310%
Current	<u>92,997</u>	<u>73,011</u>	<u>19,986</u>	27%
Total Administrative	<u>2,335,801</u>	<u>2,111,292</u>	<u>224,509</u>	11%
Total Expenditures	<u>31,768,054</u>	<u>32,553,024</u>	<u>(784,970)</u>	-2%
Excess of Revenues				
Over (Under) Expenditures	1,855,811	1,154,387	701,424	61%
Fund Equity, Beginning	<u>3,485,118</u>	<u>1,027,377</u>	<u>2,457,741</u>	239%
Fund Equity, Ending	<u>5,340,929</u>	<u>2,181,764</u>	<u>3,159,165</u>	145%

* 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 Nine Months Ended March 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>Mar-08</u>	<u>Feb-08</u>	<u>Jan-08</u>
Projected Cost	\$49,020,492	\$36,765,369	\$30,258,758	\$6,506,611	18%	\$4,085,041	\$4,014,129	\$2,771,454	\$3,685,834
Premiums	136,290	102,218	62,842	\$39,376	-39%	11,358	9,687	8,862	9,581
Subrogation & Rebates	<u>760,000</u>	<u>570,000</u>	<u>504,378</u>	<u>65,622</u>	-12%	<u>63,333</u>	<u>38,893</u>	<u>24,016</u>	<u>84,844</u>
Net Benefit Cost	47,058,152	\$35,293,614	\$29,720,732	\$5,572,882	16%	3,921,513	3,965,549	2,738,577	3,600,990
Salaries & Benefits	\$519,673	\$389,755	\$361,116	\$28,638	7%	\$43,306	\$35,889	\$36,583	\$37,801
Program Administration	2,166,796	1,625,097	1,469,224	155,873	10%	180,566	178,793	166,875	210,564
Eligibility	340,055	255,041	200,206	54,835	22%	28,338	29,376	650	80,533
Outreach	27,157	20,368	53,766	(33,398)	-164%	2,263	13,785	713	8,527
Current Expense	<u>287,741</u>	<u>215,806</u>	<u>94,218</u>	<u>121,588</u>	<u>56%</u>	<u>23,978</u>	<u>9,437</u>	<u>8,587</u>	<u>9,689</u>
Total Admin Cost	\$3,341,422	\$2,506,067	\$2,178,530	\$327,536	13%	\$278,452	\$267,280	\$213,408	\$347,114
Total Program Cost	<u>\$50,399,574</u>	<u>\$37,799,681</u>	<u>\$31,899,262</u>	<u>\$5,900,419</u>	<u>16%</u>	<u>\$4,199,965</u>	<u>\$4,232,829</u>	<u>\$2,951,985</u>	<u>\$3,948,104</u>
Federal Share 81.98%	40,823,655	\$30,617,741	\$26,055,205	4,562,536	15%	3,401,971	3,470,073	2,420,037	3,236,655
State Share 18.02%	<u>9,575,919</u>	<u>\$7,181,939</u>	<u>\$5,844,056</u>	<u>1,337,883</u>	<u>19%</u>	<u>797,993</u>	<u>762,756</u>	<u>531,948</u>	<u>711,448</u>
Total Program Cost *	<u>\$50,399,574</u>	<u>\$37,799,681</u>	<u>\$31,899,262</u>	<u>\$5,900,419</u>	<u>16%</u>	<u>\$4,199,965</u>	<u>\$4,232,829</u>	<u>\$2,951,985</u>	<u>\$3,948,104</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
WVFIMS Fund 2154
For the Month Ended March 31, 2008
(Accrual Basis)

Investment Account

Funds Invested	\$6,372,606
Interest Earned	<u>189,354</u>
Total	<u>\$6,561,960</u>

Unaudited - For Management Purposes Only - Unaudited

**Department of Administration Leasing Report
For The Period of April 1, 2008 through April 30, 2008**

NEW CONTRACT OF LEASE

West Virginia Board of Examiners In Counseling

BEC-001 New 1 year lease for office space containing 590 square feet at \$11.49 PSF includes water, sewer and janitorial with 200 Capitol Street, LLC, in the City of Charleston, Kanawha County

Division of Juvenile Services

DJS-014 New 1 year lease containing 1,200 square feet of office space at \$18.00 PSF includes water, sewer and snow removal with Frank Tatta, in the City of Fairmont, Marion County

Department of Health and Human Resources

HHR-167 New 10 year lease containing 9,993 square feet of office space at \$12.95 PSF with Jeff and Sharon Kless, in the City of Keyser, Mineral County

Supreme Court of Appeals

SCA-005 New 5 year lease containing 2,760 square feet of office space at \$10.50 PSF with I & I Investments, LLC, in the City of Charleston, Kanawha County

STRAIGHT RENEWALS

Attorney Generals Office

AGO-015 Renewal for 1 year containing 11,100 square feet of office space at the current annual PSF rate of \$12.51, full service except electric with 200 Capitol Street, LLC, in the City of Charleston, Kanawha County

STRAIGHT RENEWALS CONTINUED

Department of Health and Human Resources

DHS-156-SUB Renewal for 1 year containing 19,255 square feet of office space at the current PSF rate of \$13.00 full service with the Department of Administration in the City of Charleston, Kanawha County.

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

HHR-101 Renewal for 1 year containing 6,650 square feet of office space at the current PSF rate of \$5.85 full service, with the Philippi Municipal Building Commission, in the City of Philippi, Barbour County.

HHR-147 Renewal for 1 year containing 19,850 square feet of office space at the current PSF rate of \$9.50 with the Department of Administration, in the City of Charleston, Kanawha County.

HHR-133 Renewal for 1 year containing 30,902 square feet of office space at the current annual PSF rate of \$14.75, full service with the Department of Administration, in the City of Beckley, Raleigh County.

HHR-168 Renewal for 1 year containing 32,016 square feet of office space at the current annual PSF rate of \$15.50, full service with the Department of Administration, in the City of Parkersburg, Wood County.

Department of Motor Vehicles

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

DMV-023 Renewal for 1 year containing 10,387 square feet of office space at the current PSF rate of \$15.15 with KM Associates, LLC, in the city of Charleston, Kanawha County.

STRAIGHT RENEWALS CONTINUED

DMV-032 Renewal for 3 years consisting of 2,250 square feet of office space at the current annual PSF rate of \$9.50 full service with Middletown Investments, LLC., in the city of White Hall, Marion County.

Division of Rehabilitation Services

DRS-089-SUB Renewal for 1 year consisting of 3,048 square feet of office space at the current annual PSF rate of \$13.00 full service with the Department of Administration, in the city of Weirton, Hancock County.

DRS-083 Renewal for 1 year consisting of 819 square feet of office space at the current PSF rate of \$8.50 full service with the Department of Administration, in the city of Fairmont, Marion County.

DRS-063 Renewal for 1 year consisting of 8,000 square feet of office space at the current PSF rate of \$9.71 full service with Wesbanco Properties, Inc, in the City of Wheeling, Ohio County.

Educational Broadcasting Authority

EBA-007 Renewal for 5 years containing a monitoring site at the current annual rental rate of \$1.00 with Bethany College, in the City of Bethany, Brooke County.

EBA-004 Renewal for 5 years containing a monitoring tower site at the current annual rate of \$2,400.00 with David Cunningham, in the City of Weston, Lewis County.

Department of Education

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

Department of Finance

F&A-027 Renewal for 1 year containing 9,640 square feet of office space at the current PSF rate of \$11.50, full service with the Department of Administration, in the City of Charleston, Kanawha County.

STRAIGHT RENEWALS CONTINUED

Department of Finance-IS&C

F&A-029 Renewal for 1 year containing 2,490 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.

Division of Forestry

FOR-061 Renewal for 2 years containing 544 square feet of office space at the current PSF rate of \$5.51, full service except janitorial with the Town of Danville, in the City of Danville, Boone County.

Insurance Commission

INS-021 Renewal for 1 year containing 613 square feet of office space at the current annual PSF rate of \$13.00, full service with the Department of Administration, in the City of Huntington, Cabell County

Lottery

LOT-005 Renewal for 5 years containing 386 square feet of office space at the current annual PSF rate of \$6.57, full service with the exception of janitorial, with Mountaineer Park, in the City of Weirton, Hancock County.

LOT-009 Renewal for 1 year containing 3,346 square feet of office space at the current annual PSF rate of \$13.00, full service with the Department of Administration, in the City of Weirton, Hancock County.

LOT-006 Renewal for 5 years containing 190 square feet of office space at the current annual PSF rate of \$8.00, full service with Wheeling Downs Racetrack and Gaming Center in the City of Wheeling, Ohio County.

DIVISION OF NATURAL RESOURCES

NAT-116 Renewal for 3 years containing 480 square feet of storage at the current annual PSF rate of \$4.00, with Danny Vickers, dba A&H Storage, in the City of Danville, Boone County.

STRAIGHT RENEWALS CONTINUED

Division of Natural Resources

NAT-107 Renewal for 1 year containing 300 square feet of storage at the current annual PSF rate of \$4.60, with Southern Mini Storage, in the City of Nitro, Kanawha County.

NAT-111 Renewal for 5 months containing 4 boat docks, at the same seasonal rate of \$2,400 per season or \$120/slip May through September, with Mountaineer Boat Sales, Inc., in the City of Beaver, Raleigh County.

New River Community & Technical College

NRC-012 Renewal for 1 year containing 2,240 square feet of office space at the current annual PSF rate of \$6.43, with Fairview Land Holdings, LLC in the City of Caldwell, Greenbrier County.

NRC-011 Renewal for 1 year containing 9,500 square feet of office space at the current annual PSF rate of \$11.90, with Three W Corporation, in the City of Beckley, Raleigh County.

NRC-009 Renewal for 1 year containing 4,590 square feet of office space at the current PSF rate of \$10.80 with WWL Properties, in the City of Beckley, Raleigh County.

Office of Emergency Services

OES-017 Renewal for 1 year containing 5090 square feet of storage space at the current annual PSF rate of \$4.25 with O. V. Smith & Sons in the City of Charleston, Kanawha County

Public Safety

PSA-078 Renewal for 1 year containing 2,670 square feet of storage space at the current annual PSF rate of \$3.00 with the Boone County Commission, in the City of Danville, Boone County.

PSA-070 Renewal for 5 years containing a parcel of land at the current annual rental rate of \$1,500, with Kenneth Loy, in the City of Cross Creek, Brooke County.

STRAIGHT RENEWALS CONTINUED

Public Safety

PSA-052 Renewal for 3 years for an antenna site at the current annual rental rate of \$1,200, with Zane Hammock, in the City of Beverly, Randolph County.

Supreme Court of Appeals

SCA-004 Renewal for 1 year containing an entire house at the current monthly rate of \$325.00, with the Department of Administration, in the City of Charleston, Kanawha County.

Soil and Conservation Agency

SCC-005 Renewal for 2 years containing 300 square feet of office space at the current annual PSF rate of \$10.50, full service with Tygart Valley Conservation District, in the City of Phillippi, Barbour County.

Tax Department

TAX-025 Renewal for 1 year containing 2,120 square feet of office space at the current annual PSF rate of \$15.50, full service with the Department of Administration, in the City of Parkersburg, Wood County.

Veterans Affairs

VET-024 Renewal for 3 years containing 306 square feet of office space at the current annual PSF rate of \$11.76, full service with Veterans of Foreign Wars, in the City of Clarksburg, Harrison County.

Workforce WV

WWV-008-SUB Renewal for 1 year containing 5,342 square feet of office space at the current annual PSF rate of \$13.00, full service with the Department of Administration, in the City of Weirton, Hancock County.

RENEWAL/RENT INCREASES

Department of Health and Human Resources

HEA-043 Renewal for 3 years containing 1,590 square feet of office and storage space with a rental increase from \$6.50 PSF to \$6.60 PSF, includes utilities with Sunbelt Rentals, in the City of Charleston, Kanawha County

West Virginia Board of Psychologists

Psy-001 Renewal for 1 year containing 600 square feet of office space with a rental increase from \$6.69 PSF to \$7.50 PSF, full service with 1206 Virginia, Inc. in the City of Charleston, Kanawha County.

Tax Department

TAX-052 Renew for 5 years containing 2,200 square feet of office space with an increase from \$11.05 to \$11.59 includes trash and snow removal with Aikens Investments, in the City of Martinsburg, Berkeley County.

ADDED SQUARE FOOTAGE

Division of Corrections

COR-014 Added 96 square feet of common space due to enlarging vendateria on first floor at the current annual PSF rate of \$8.50, full service with the Department of Administration, in the City of Charleston, Kanawha County.

ADDED SQUARE FOOTAGE AND RENEW AT SAME RATE

Department of Health and Human Resources

HHR-145 Added 661 square feet of office space and renewed lease 1 year at the current annual PSF rate of \$8.50, full service, with the Department of Administration, in the City of Fairmont, Marion County.

Joint Committee on Government and Finance

MAY 2008

Department of Health and Human Resources

MEDICAID REPORT

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

	MONTH OF MARCH 2008		ESTIMATED	ACTUALS	ACTUALS	PROJECTED
	TOTAL	TOTAL				
	SFY2007	SFY2008	Current Month Mar-08	Current Month Mar-08	Year To-Date Thru 3/31/08	04/01/08 Thru 06/30/08
EXPENDITURES:						
Inpatient Hospital Services	226,282,408	229,804,865	23,322,326	13,221,342	160,845,727	68,959,138
Inpatient Hospital Services - DSH Adjustment Payments	54,096,937	54,331,200	-	-	42,125,614	12,205,586
Mental Health Facilities	40,250,781	42,231,954	3,257,669	2,694,528	31,708,088	10,523,867
Mental Health Facilities - DSH Adjustment Payments	18,924,239	18,811,200	-	-	14,111,468	4,699,732
Nursing Facility Services	413,063,985	437,881,637	36,507,645	35,527,713	328,822,584	109,059,053
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	58,706,822	61,221,903	5,106,900	5,120,579	44,405,170	16,816,733
Physicians Services ***	128,612,962	131,675,987	9,028,127	10,056,187	88,914,671	42,761,316
Outpatient Hospital Services	98,279,923	105,465,915	8,123,708	8,351,119	79,110,697	26,355,219
Prescribed Drugs	305,342,895	340,245,439	26,293,031	28,489,770	250,263,849	89,981,591
Drug Rebate Offset - National Agreement	(93,163,811)	(85,011,600)	(2,134,959)	(6,438,259)	(72,791,414)	(12,220,186)
Drug Rebate Offset - State Sidebar Agreement	(31,467,242)	(30,218,400)	(758,482)	(28,347)	(22,501,636)	(7,716,764)
Dental Services ***	37,032,509	39,606,038	3,053,746	3,048,116	28,045,350	11,560,688
Other Practitioners Services	20,319,941	21,707,667	1,704,631	1,533,840	21,221,487	486,180
Clinic Services	38,178,813	38,539,490	2,968,477	1,969,503	25,733,361	12,806,129
Lab & Radiological Services	7,948,506	8,697,854	680,069	697,656	5,965,670	2,732,184
Home Health Services	27,688,972	31,413,779	2,449,808	2,835,560	21,336,404	10,077,375
Hysterectomies/Sterilizations	571,881	628,069	46,369	29,453	371,515	256,554
Pregnancy Terminations	-	-	-	-	-	-
EPSDT Services	2,458,929	2,696,948	207,700	174,285	1,873,912	823,036
Rural Health Clinic Services	6,602,490	7,245,819	559,823	541,482	4,982,086	2,263,732
Medicare Health Insurance Payments - Part A Premiums	16,768,356	17,586,200	1,465,517	1,358,186	12,822,111	4,764,089
Medicare Health Insurance Payments - Part B Premiums	62,881,209	70,281,400	5,856,783	5,619,106	50,345,954	19,935,446
120% - 134% Of Poverty	3,492,445	-	-	304,142	2,999,029	(2,999,029)
135% - 175% Of Poverty	-	-	-	-	-	-
Coinsurance And Deductibles	-	-	-	-	-	-
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	241,130,268	254,923,200	21,243,600	21,983,481	195,922,542	68,030,658
Medicaid Health Insurance Payments: Group Health Plan Payments	380,065	482,900	37,146	26,701	238,864	244,036
Home & Community-Based Services (MR/DD)	200,556,722	230,116,182	17,793,415	16,548,393	164,950,328	65,165,854
Home & Community-Based Services (Aged/Disabled)	58,417,341	65,132,815	4,858,370	5,482,923	49,028,146	40,104,689
Community Supported Living Services	38	-	-	-	-	-
Programs Of All-Inclusive Care Elderly	-	-	-	-	-	-
Personal Care Services	36,750,019	40,243,200	3,095,831	3,093,245	28,644,946	11,598,254
Targeted Case Management Services	7,800,004	8,609,312	658,189	919,490	5,004,072	3,605,340
Primary Care Case Management Services	738,066	882,800	67,808	65,499	541,905	340,895
Hospice Benefits	9,736,788	10,297,200	792,092	1,438,798	9,216,191	1,081,008
Emergency Services Undocumented Aliens	-	-	-	-	-	-
Federally Qualified Health Center	15,204,205	17,522,314	1,355,500	1,383,223	12,767,938	4,754,376
Other Care Services	128,146,193	136,183,348	10,532,142	9,459,489	91,366,696	44,818,863
Less Recoupments	(1)	-	-	(992,773)	(241,774)	241,774
NET EXPENDITURES:	2,137,739,218	2,333,236,637	186,082,861	175,048,379	1,678,151,550	655,085,087

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

MONTH OF MARCH 2008	TOTAL	TOTAL	ESTIMATED	ACTUALS	ACTUALS	PROJECTED
	SFY2007	SFY2008	Current Month Mar-08	Current Month Mar-08	Year To-Date Thru 3/31/08	04/01/08 Thru 06/30/08
Collections: Third Party Liability (line 9A on CMS-64)	(4,618,212)				(2,138,900)	2,138,900
Collections: Probate (line 9B on CMS-64)	(98,465)				(155,274)	155,274
Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)	(389,328)					
Collections: Other (line 9D on CMS-64)	(6,565,965)				(1,960,849)	1,960,849
	2,126,067,248					
Plus: Medicaid Part D Expenditures	28,577,768	31,440,000	2,418,462	2,360,403	22,134,200	9,305,800
Plus: State Only Medicaid Expenditures	4,557,527	3,928,434	302,187	321,058	7,484,486	(3,556,052)
TOTAL MEDICAID EXPENDITURES	2,159,202,543	\$2,368,608,071	192,813,510	\$177,749,840	\$1,703,515,213	\$665,089,858
Plus: Reimbursables ⁽¹⁾	1,273,687	3,797,151	292,889	304,176	2,883,859	1,113,492
TOTAL EXPENDITURES	2,167,476,230	\$2,372,405,222	193,106,399	\$178,054,014	\$1,706,399,072	\$666,203,350

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

***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

9 Months Actuals 3 Months Remaining

MONTH OF MARCH 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 3/1/08 Thru 3/31/08	ACTUALS Year-To-Date Thru 3/31/08	PROJECTED 4/1/2008 Thru 06/30/08	TOTAL SFY2008
Beg. Bal. (5084/1020 prior mth)	4,517,320	\$26,493,079		\$26,493,079
MATCHING FUNDS				
General Revenue (0403/189)	40,808,807	271,782,810	121,922,877	393,705,687
Rural Hospitals Under 150 Beds (0403/940)	216,333	1,947,001	648,999	2,596,000
Tertiary Funding (0403/547)	404,666	3,642,000	1,214,000	4,856,000
Lottery Waiver (Less 550,000) (5405/539)	0	20,272,578	3,000,000	23,272,578
Lottery Transfer (5405/871)	0	8,500,000	1,800,000	10,300,000
Trust Fund Appropriation (5185/189)	0	12,732,286	17,824,308	30,556,594
Provider Tax (5090/189)	12,000,000	123,358,149	32,241,851	155,600,000
Certified Match	1,078,788	14,752,033	8,128,977	22,881,010
Reimbursables - Amount Reimbursed	740,084	2,771,081	1,026,070	3,797,151
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	52,374	219,921	(219,921)	0
CMS - 64 Adjustments		(4,202,259)	4,202,259	0
TOTAL MATCHING FUNDS	\$59,818,371	\$482,268,680	\$191,789,419	\$674,058,099
FEDERAL FUNDS	133,258,187	1,230,163,776	\$495,847,547	\$1,726,011,323
TOTAL REVENUE SOURCES	\$193,076,558	\$1,712,432,455	\$687,636,966	\$2,400,069,422
TOTAL EXPENDITURES:				
Provider Payments	\$178,054,014	\$1,706,198,872	\$666,203,350	\$2,372,402,222
TOTAL	\$15,022,544	\$6,233,584		\$27,667,200

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 March 31, 2008

REF#	CMS 64 Category Of Service	SFY 2007	YTD Totals			
			JUL-AUG 2007	OCT-DEC 2007	JAN-MAR 2008	Year to Date
1A	Inpatient Hospital Services	229,365,525	45,384,975	72,417,455	38,026,228	155,828,658
1B	Inpatient Hospital Services - DSH	54,220,771	15,322,603	13,553,805	13,341,926	42,218,334
2A	Mental Health Facilities	40,628,759	10,305,982	11,359,118	8,044,150	29,709,250
2B	Mental Health Facilities - DSH	18,800,405	4,690,367	4,681,169	4,647,212	14,018,748
3	Nursing Facility Services	405,794,188	104,487,658	109,227,700	108,608,249	322,323,607
4B	Intermediate Care Facilities - Private Providers	58,697,741	13,836,583	15,893,395	14,726,395	44,456,373
5	Physicians Services	122,327,646	27,707,073	28,717,319	24,981,953	81,406,345
6	Outpatient Hospital Services	100,870,576	27,404,831	26,339,774	17,584,483	71,329,088
7	Prescribed Drugs	317,302,910	78,673,627	85,797,581	57,473,150	221,944,358
7	Part D Premium - State Only	28,577,768	7,493,165	7,456,411	7,184,623	22,134,199
7A1	Drug Rebate Offset - National	(93,411,318)	(23,263,364)	(30,874,025)	(21,109,468)	(75,246,857)
7A2	Drug Rebate Offset - State	(31,239,277)	(7,013,277)	(8,798,756)	(7,754,108)	(23,568,141)
///	Total Rebates	(124,650,595)	(30,276,641)	(39,672,781)	(28,863,576)	(98,812,934)
///	NET DRUG COST	221,230,083	55,890,151	53,581,211	35,794,197	145,265,559
8	Dental Services	37,945,980	9,501,946	9,817,556	6,173,575	25,493,077
9	Other Practitioners Services	20,762,927	8,200,599	8,055,939	3,843,979	20,100,517
10	Clinic Services	35,142,939	6,559,195	5,907,951	4,849,832	17,316,978
11	Lab & Radiological Services	16,150,843	1,992,281	1,904,212	1,591,435	5,487,928
12	Home Health Services	28,558,463	7,061,258	6,868,025	6,171,474	20,100,757
13	Hysterectomies/Sterilizations	560,115	110,261	121,437	119,529	351,227
14	Pregnancy Termination	220,178	58,820	51,072	58,100	167,992
15	EPSDT Services	2,450,918	671,585	668,784	392,687	1,733,056
16	Rural Health Clinic Services	6,696,486	1,405,288	1,987,860	1,219,419	4,612,567
17A	Medicare - Part A Premiums	15,465,910	4,332,854	4,248,844	2,823,233	11,404,931
17B	Medicare - Part B Premiums	61,496,992	17,631,527	17,892,015	11,980,959	47,504,501
18A	Managed Care Organizations	257,900,656	63,670,736	67,660,986	47,825,311	179,157,033
18C	Group Health Plan Payments	329,728	102,770	77,393	81,617	261,780
19	Home & Community-Based Services (MR/DD)	201,156,249	55,069,847	55,451,290	53,292,679	163,813,816
20	Home & Community-Based Services (Aged/Disabled)	56,505,657	16,156,123	16,326,402	15,489,737	47,972,262
23	Personal Care Services	35,989,302	9,553,774	9,393,243	9,279,473	28,226,490
24	Targeted Case Management	7,850,996	1,726,965	1,714,653	1,241,322	4,682,940
25	Primary Care Case Management	800,139	185,574	174,258	119,448	479,280
26	Hospice Benefits	9,991,391	2,448,383	3,679,309	2,477,329	8,605,021
28	Federally Qualified Health Center	15,469,566	4,024,748	4,910,047	3,087,980	12,022,775
29	Other Care Services	111,853,165	28,778,194	25,633,974	17,225,918	71,638,086
	Unclassified	211,644	0	0	0	0
///	TOTALS	2,175,445,938	544,272,951	578,316,196	455,099,829	1,577,688,976

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.



STATE OF WEST VIRGINIA
DEPARTMENT OF HEALTH AND HUMAN RESOURCES

Joe Manchin III
Governor

Bureau for Medical Services
Commissioner's Office
350 Capitol Street, Room 251
Charleston, West Virginia 25301-3706
Telephone: (304) 558-1700 - Fax: (304) 558-1451

Martha Yeager Walker
Secretary

May 15, 2008

The Honorable Earl Ray Tomblin, President
Joint Committee on Government and Finance
West Virginia Senate
State Capitol Building, Room 227M
Charleston, West Virginia 25305

The Honorable Richard Thompson, Speaker
Joint Committee on Government and Finance
West Virginia House of Delegates
State Capitol Building, Room 234M
Charleston, West Virginia 25305

Dear President Tomblin and Speaker Thompson:

This letter is in response to questions that arose during the April 2008 Interim meeting of the Joint Committee on Government and Finance. I appreciate the opportunity to respond to your questions and concerns.

Overview of the MR/DD Waiver Program

The Waiver Program for individuals with mental retardation and/or developmental disabilities (MR/DD Waiver) offers individuals needing the level of care found in an Intermediate Care Facility for the Mentally Retarded (ICF/MR) the opportunity and choice to receive services in their own home. ICF/MRs are not traditional institutional facilities. An ICF/MR provides monitoring, supervision, training and supports. In West Virginia our ICF/MRs are group home settings. There are 507 ICF/MR beds in the state. West Virginia no longer has any institutions for persons with mental retardation/developmental disabilities.

Currently 3,984 individuals receive services on the MR/DD Waiver Program. The Bureau for Medical Services (BMS) has requested an amendment to our MR/DD Waiver Application from the Centers for Medicare and Medicaid Services (CMS), the federal agency with oversight responsibility for the Medicaid Program, for 350 additional slots.

If approval is granted this will allow us to serve 4,334 individuals on the program. The increased number of slots will cost approximately \$5 million more in state dollars and \$15 million more in Federal matching dollars.

MR/DD Waiver Assessment Process

Individuals applying for the MR/DD Waiver must be found to be both medically and financially eligible for the program. The MR/DD Waiver application packet requires both a physical and a psychological evaluation.

Medical Eligibility Criteria for the MR/DD Waiver Program

To be eligible for the MR/DD Waiver Program the evaluations and documentation submitted for review must demonstrate that the applicant has a diagnosis of mental retardation and/or a related developmental condition. Individuals must meet the diagnostic criteria for medical eligibility not only by the relevant test scores but also by the narrative descriptions contained in the documentation. The diagnosis must also demonstrate substantial deficits and/or a related developmental condition constituting a severe and chronic disability. Related conditions include but are not limited to autism, traumatic brain injury and cerebral palsy. The related condition has to result in impairment of general intellectual functioning or adaptive behavior similar to that of mentally retarded persons and requires services similar to those required for persons with mental retardation, which require the level of care provided in an ICF/MR.

Financial Eligibility for the MR/DD Waiver Program

Once the medical eligibility is established, the applicant, unless receiving SSI, applies at his or her local/county Department of Health and Human Resources (DHHR) office to determine financial eligibility. The individual's monthly income may not exceed 300% of the current maximum monthly Supplemental Security Income (SSI) payment. The monthly SSI payment for 2008 is \$637, which means that income may not exceed \$1,911 a month.

The application is submitted to the Bureau for Health and Health Facilities (BHFF) for processing. An independent psychological consulting group determines medical necessity based upon the information submitted in the application packet. A decision is rendered based on the documentation that is available in the application packet. Both medical and financial eligibility must be re-established annually, following the same guidelines.

Detailed information about MR/DD Waiver Assessment and eligibility can be found on the BMS website at:

http://www.wvdhhr.org/bms/sManuals/Common_Chapters/bms_manuals_Chapter_500_MR_DD.pdf

MR/DD Waiver versus ICF/MR costs

Location	Cost*	Number Served
MR/DD Waiver	\$60,878	3798
ICF/MR	\$124,686	547
Source: CMS 372 Report July 06 to June 07 * Includes acute care services		

The Honorable Earl Ray Tomblin, President
The Honorable Richard Thompson, Speaker
Joint Committee on Government and Finance
May 15, 2008
Page 3

Individuals eligible for the MR/DD Waiver or for care in an ICF/MR group home setting do not receive care in nursing homes, as the state is required to provide services in the least restrictive setting.

Reimbursement of Family Members

The West Virginia MR/DD Waiver Program is unique in that it has the ability to reimburse the parent as a provider of residential habilitation (training) services up to six hours a day. The parent may also receive reimbursement for mileage when the waiver client is in the vehicle, up to 1,300 miles per month. Extended family members who do not live in the home may provide adult companion services and/or respite services.

Reimbursing the parent as a provider of services has been a historical part of the MR/DD Waiver Program in West Virginia. Initially, habilitation (training) services provided by the parent were to only be offered if the service could not be offered by a provider. This has evolved over time to the point that the parent became the main provider of the residential habilitation service in the family setting. This provides access to residential habilitation (training) services, especially in the rural areas of our state. Beginning with the 2005 waiver renewal application, CMS now requires that any services provided by a parent or guardian must be "extraordinary care." In essence, the services provided have to be "above and beyond" what a parent would normally do for a child of the same age who is developmentally on target. For example, it is the expectation for any parent to conduct toilet training for a two-year old child, but not for a ten-year old child.

Respite and adult companion services can be provided by relatives who do not live in the home. Many families utilize "extended family" members to provide these services. Respite is a service that allows someone else to care for the individual in order to give the parent/guardian a break from the role as care giver. Parents who provide and receive reimbursement for habilitation services are eligible to receive respite services.

Adult companion services allow the individual to enjoy a community activity without a training component.

What is APS Healthcare, Inc. and what do they do?

APS Healthcare, Inc., formerly known as American Psych Systems, is the Administrative Services Organization (ASO) of West Virginia's MR/DD Waiver Program. APS has several responsibilities for the waiver program, including:

- Meet with each member, his/her family and service providers to conduct an objective assessment of their service and support needs;
- Provide each member with a fair and equitable individualized waiver allocation (budget) based upon assessment findings;
- Process services purchased by members;
- Review services and supports to ensure individuals' health and safety needs are addressed;
- Negotiate all services that exceed the established budget or fall outside of service guidelines;
- Conduct on-site provider retrospective reviews;

The Honorable Earl Ray Tomblin, President
The Honorable Richard Thompson, Speaker
Joint Committee on Government and Finance
May 15, 2008
Page 4

- Provide clinical and technical assistance to providers;
- Conduct consumer and provider education and training;
- Perform clinical and financial analyses and reporting;
- Develop budget methodology; and
- Establish and conduct provider and consumer/family Quality Improvement Councils.

For contract year 2006-2007, APS conducted 122 provider trainings to 1,159 participants, 961 ICAP Assessments and approved 1,893 budgets.

Have MR/DD Waiver applications increased? If so, why?

MR/DD Waiver applications have increased by 26.6% in the past year. There is no single identified reason for this increase.

What is the average age of a MR/DD Waiver client?

As of April 2008, the average age of a MRDD Waiver client was 30.69 years old. The average age for individuals on the wait list is 20.35 years old.

If you have further questions or concerns, please do not hesitate to contact me.

Sincerely,

Marsha K. Morris

Marsha K. Morris
Commissioner

cc: Martha Yeager Walker
John Law
Shelley Baston
Tina Ballis
Pat Winston

Joint Committee on Government and Finance

May 20, 2008

Governor's Pharmaceutical Advocate Office
Building 1, Room M-146
1900 Kanawha Boulevard, East
Charleston, West Virginia 25305
304-558-0079

Top 10 Drug Manufacturers by State Agency Purchases on an Annualized Basis

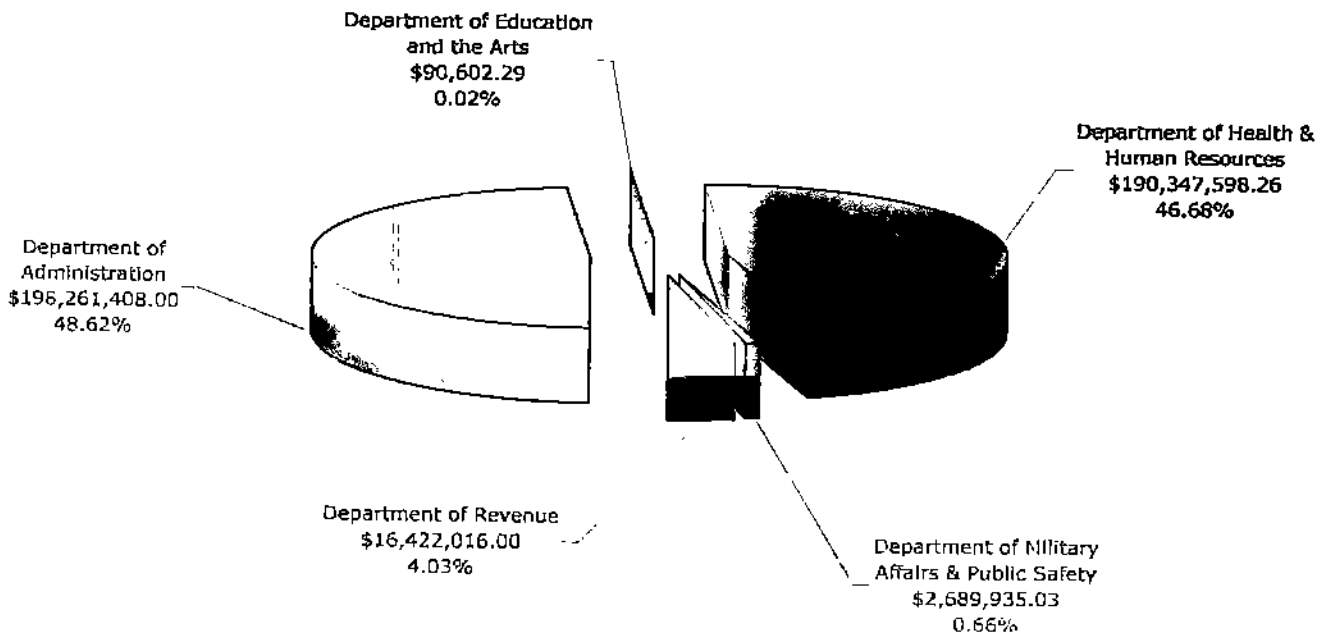
Compiled by the Governor's Pharmaceutical Advocate Office

May 20, 2008

Manufacturer	Purchase Amount
1. GlaxoSmithKline	\$40,396,724.54
2. Astra Zeneca	\$31,847,377.11
3. Merck	\$32,169,655.89
4. Johnson and Johnson	\$24,945,074.73
5. Pfizer	\$20,567,962.10
6. TAP	\$20,336,073.77
7. Lilly	\$18,252,765.30
8. Novartis	\$17,208,114.52
9. Kos	\$12,076,259.29
10. Teva	\$10,597,479.40

Annualized Pharmaceutical Expenditures by Department and Agency for SFY07

		SFY07
		Expenditures
Department of Administration		
\$198,261,408.00	Access WV	\$580,005.00
	Public Employees Insurance Agency	\$189,888,771.00
	West Virginia Children's Health Insurance Program	\$7,792,632.00
Department of Education and the Arts		
\$90,602.29	Division of Rehabilitation Services	\$90,602.29
Department of Health & Human Resources		
\$190,347,598.26	Bureau for Behavioral Health and Health Facilities	\$2,905,257.31
	Bureau for Medical Services	\$180,711,842.00
	Bureau for Public Health	\$6,730,498.95
Department of Military Affairs & Public Safety		
\$2,689,935.03	Division of Corrections	\$1,409,549.10
	Division of Juvenile Services	\$374,751.77
	Regional Jail and Correctional Facility Authority	\$855,335.12
	West Virginia State Police	\$50,299.04
Department of Revenue		
\$16,422,016.00	Insurance Commission	\$16,422,016.00
Total Identified Pharmaceuticals Net Expenditures:		\$407,811,559.58



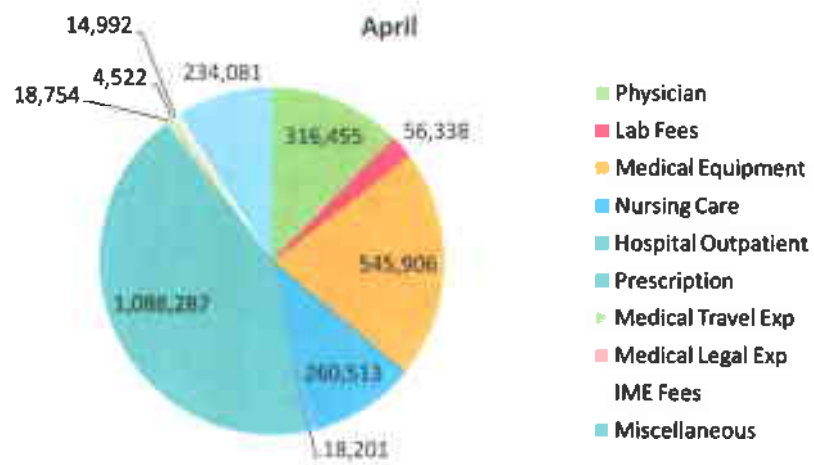
Old Fund Third Party Administrator's Data Concerning Claims

April 2008

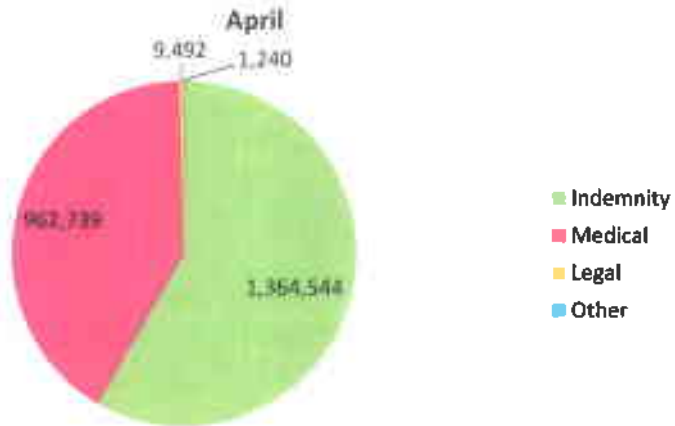


As a result of each TPA completing a "triage" of all old fund claims, as well as a cleansing of the data, the claim numbers have been reduced to 33,142 active claims.

Sedgwick Medical Claim Payments Breakdown April 2008

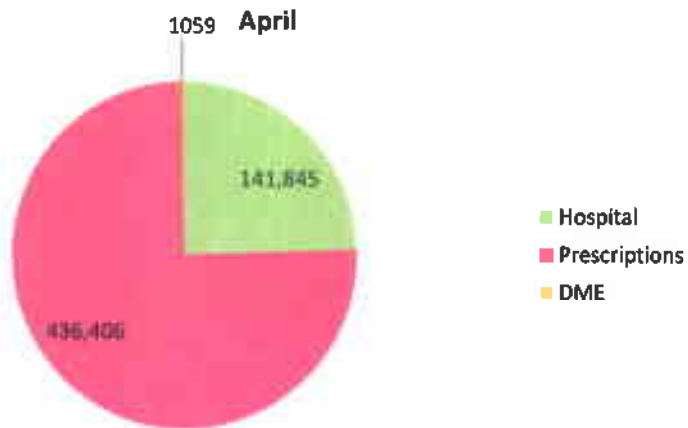


American Mining Co. Claim Payments Breakdown April 2008



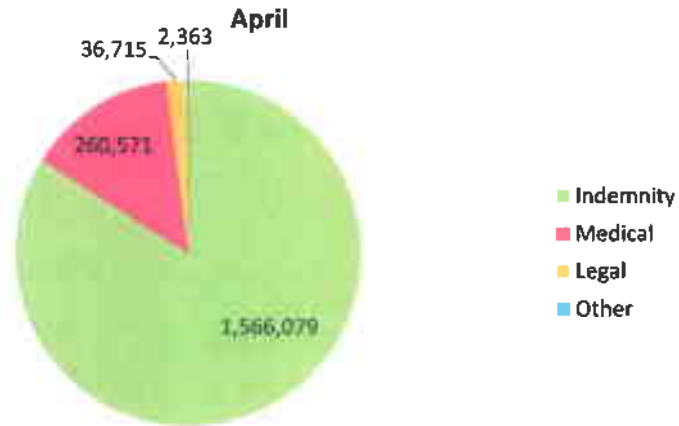
Average Indemnity payment = \$1066
Average Medical payment = \$239

American Mining Co. Medical Payments Breakdown April 2008



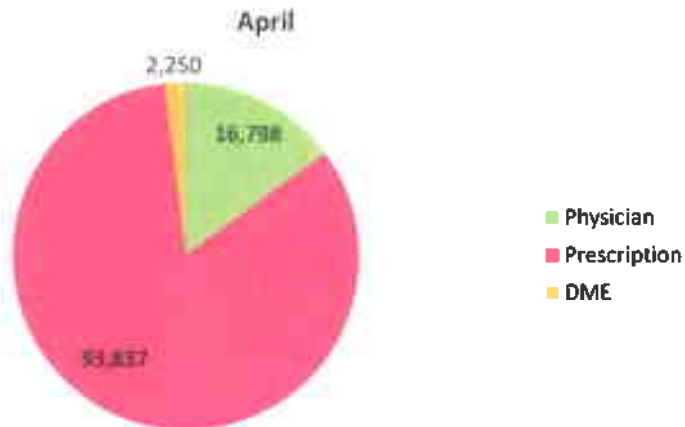
Average Prescription payment = \$123 (3550 claims)
Average Hospital payment = \$20,264 (7 claims)

Wells Fargo Claim Payments Breakdown April 2008



Average Indemnity payment = \$1293
Average Medical payment = \$516

Wells Fargo Medical Payments Breakdown April 2008



Average prescription payment = \$300 (313 claims)
Average physician payment = \$116 (145 claims)

Workers' Compensation Old Fund Balances

Cash Basis

(\$)

	Calendar Year 2006	Calendar Year 2007
Revenue		
Statutory Transfers*	266,613,362	261,975,877
Collections	8,316,798	1,041,116
Investment Income	50,201,026	40,659,223
Total Revenue	<u>325,131,186</u>	<u>303,676,215</u>
Expenditures		
Claim Payments	(355,245,366)	(284,445,313)
Administrative/Other Expense	(21,630,179)	(24,710,582)
Total Expenditures	<u>(376,875,545)</u>	<u>(309,155,895)</u>
* Workers' Compensation Commission Initial fund transfer January 2006	 711,094,830	
Invested Balance with WVIMB at year end	 647,444,812	 635,908,034

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

	Previous 12-Month Period <u>5/01/06 to 4/30/07</u>	Current 12-Month Period <u>5/01/07 to 4/30/08</u>
Claims benefits paid:		
Medical	(6,163,058.88)	(4,234,117.63)
Permanent Total Disability	(13,205,428.45)	(12,786,037.13)
Permanent Partial Disability	(3,715,864.16)	(1,486,893.20)
Temporary Total Disability	(957,887.61)	(322,032.29)
Settlement Agreements	(620,068.88)	(444,637.87)
Fatals	(2,967,587.80)	(2,834,620.57)
104 weeks	(426,989.90)	(437,331.85)
Total	<u>(28,056,885.67)</u>	<u>(22,545,670.53)</u>
Claims credits and overpayments	461,266.07	348,058.41
Total claims paid	<u>(27,595,619.60)</u>	<u>(22,197,612.12)</u>

OIC Employer Coverage Unit Employer Exemption Statistics

Current 12 -Month Period	New Exemptions Issued	Renewals Granted	Total Exemptions Issued		
May-07	151	147	298	CY06	
Jun-07	128	239	367	Total Exemptions Issued	2,209
Jul-07	133	100	233	Total Denials	262
Aug-07	128	126	254	Number of Applications Received	2,471
Sep-07	125	171	296		
Oct-07	161	107	268	CY07	
Nov-07	97	55	152	Total Exemptions Issued	2,763
Dec-07	179	35	214	Total Denials	299
Jan-08	139	54	193	Number of Applications Received	3,062
Feb-08	125	103	228		
Mar-08	155	84	239		
Apr-08	131	112	243	CY08 - YTD	
				Total Exemptions Issued	903
				Total Denials	113
				Number of Applications Received	1016

WV Office of the Insurance Commissioner
 Worker's Compensation Revenue Recovery

Revenue Recovery Activity	April 2008
COLLECTION ACTIVITY	
Receipts - Old Fund (Employee out of business)	\$ 31,866.75
Receipts - PC & NU (Private Carrier Cancellation & Rogue Employers)	\$ 99,949.85
Receipts - Payment Agreements	\$ 48,232.55
Receipts - Collection Agency	\$ 4,905.65
# of active accounts uninsured (cumulative)	1,061
\$ of active accounts uninsured (cumulative)	\$ 2,566,918.71
Telephone contacts	2,126
Walk-ins	14
LIENS	
Liens sent to county clerks for recordation	118
Liens sent to county clerks for release	65
Intent to Lien letters sent to employer/owner/officer/member	274
INJUNCTIONS	
Affidavits for injunction submitted to legal	33
Hearings attended	4
# of Injunction compliants filed	19
PAYMENT AGREEMENTS	
# of repayment agreements	12
Agreements set up	12
Total # of agreements on system (cumulative)	97
Intent to void letters mailed	8
Agreements voided	2
MISCELLANEOUS	
Rule 11 Letters Mailed	349
Rule 11 hearings	0
Uninsured Policies Resolved	595
All Cash Receipts from WC accounts	\$ 181,974.80

OFFICE OF JUDGES' REPORT TO INDUSTRIAL COUNCIL

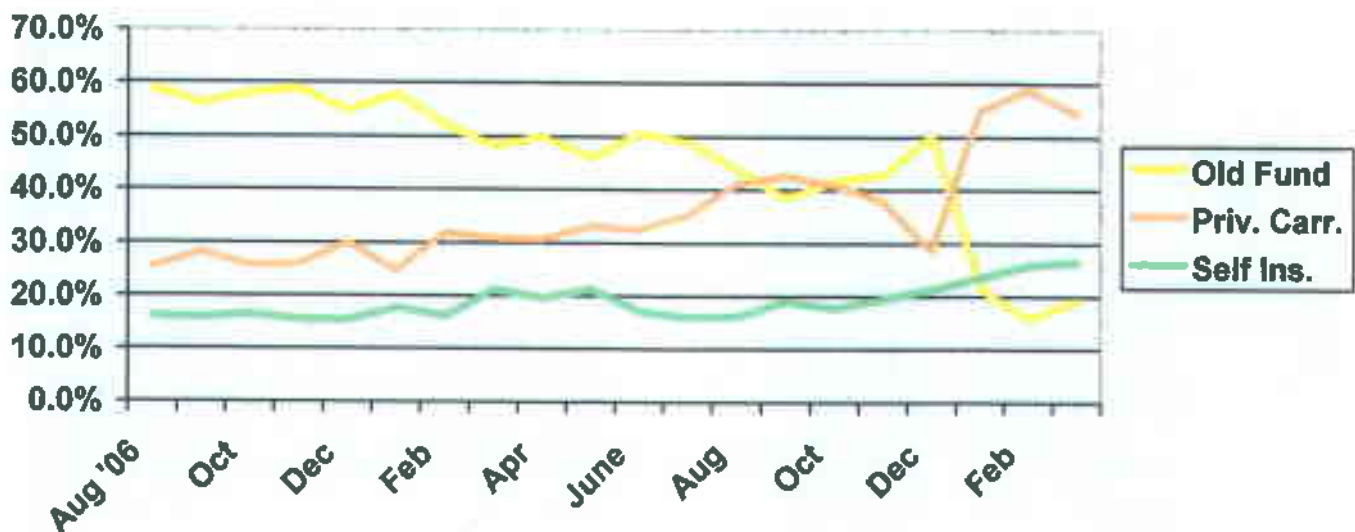
April 24, 2008

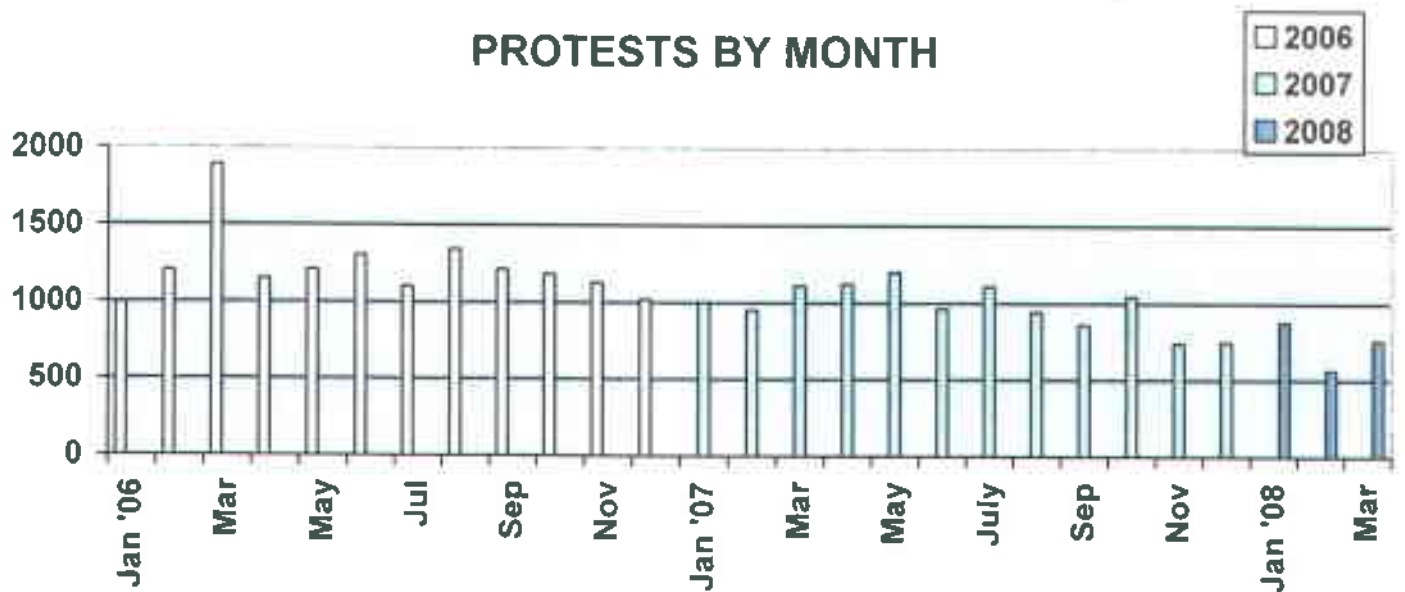
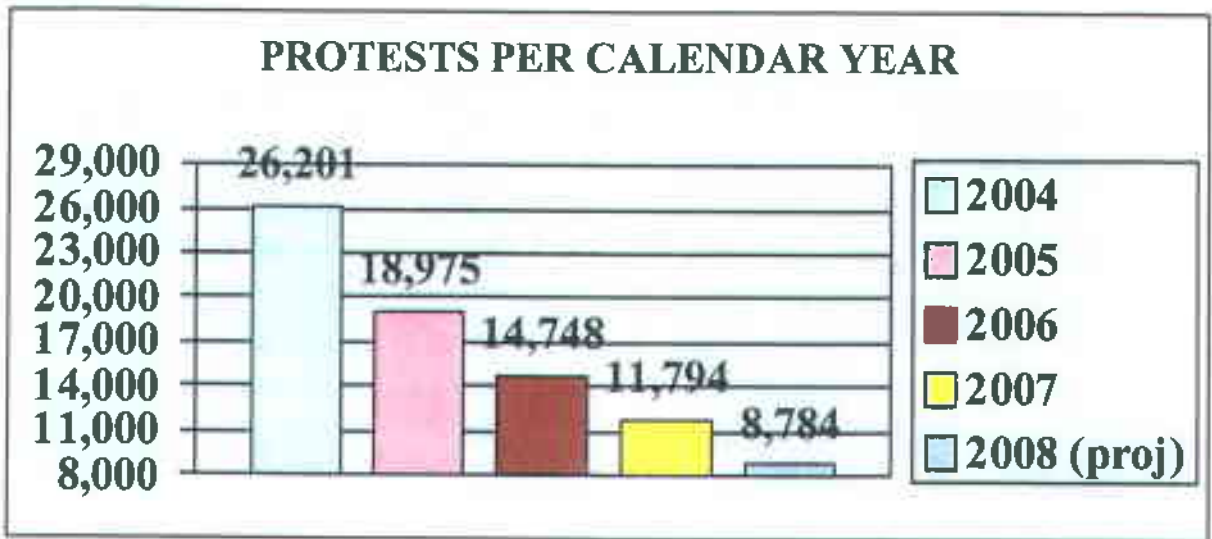
I. Statistical Analysis

A. Protests Acknowledged: 2007
11,794 MAR
755 YTD
2,196

Fund Involved:

FUND	2005	2006	% of protests	2007	% of protests	MAR '08	% of protests	YTD '08	% of protests
Old Fund	n/a	8,146	64.56%	4,433	46.30%	115	19.26%	337	19.15%
New Fund	n/a	2,207	17.49%	3,370	35.20%	302	50.59%	957	54.38%
Others	n/a								
Self-Insured	228 (avg)	2,264	17.94%	1,772	18.51%	180	30.15%	466	26.48%
Subtotal		12,617		9,575		597		1,760	
Temporary		2,131		2,219		158		436	
Total	18,975	14,748		11,794		755		2,196	





B. Issues Resolved: 2007 MAR YTD
 11,472 890 2,628

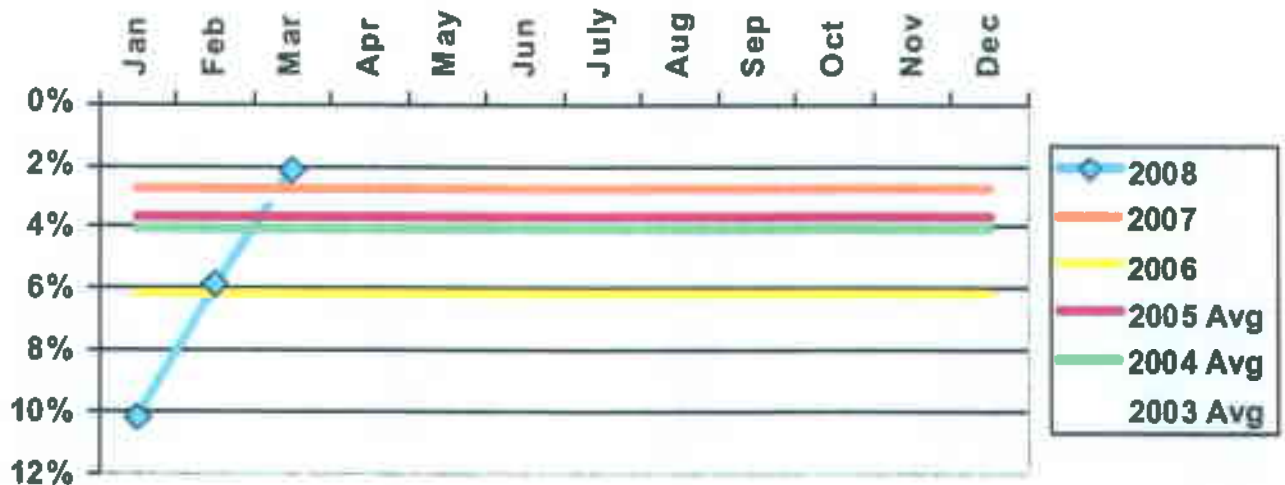
C. Pending Caseload Report

PENDING END OF MARCH	5,545
PENDING 1 MONTH BEFORE	5,829
PENDING 2 MONTHS BEFORE	6,217
PENDING 3 MONTHS BEFORE	6,393
PENDING 6 MONTHS BEFORE	7,141
PENDING 12 MONTHS BEFORE	7,352

D. Acknowledgment Timeliness:	2007	MAR*	YTD*
1. Protest Ackn. >30 days	2.8%	2.1%	6.2%
2. Protest Ackn. 24-30 days	1.5%	1.5%	2.3%
3. Protest Ackn. 11-23 days	13.7%	16.8%	19.6%
4. Protest Ackn. <11 days	82.0%	79.6%	71.9%

* Numbers vary slightly from attached reports because due to use of report including temporary protest category

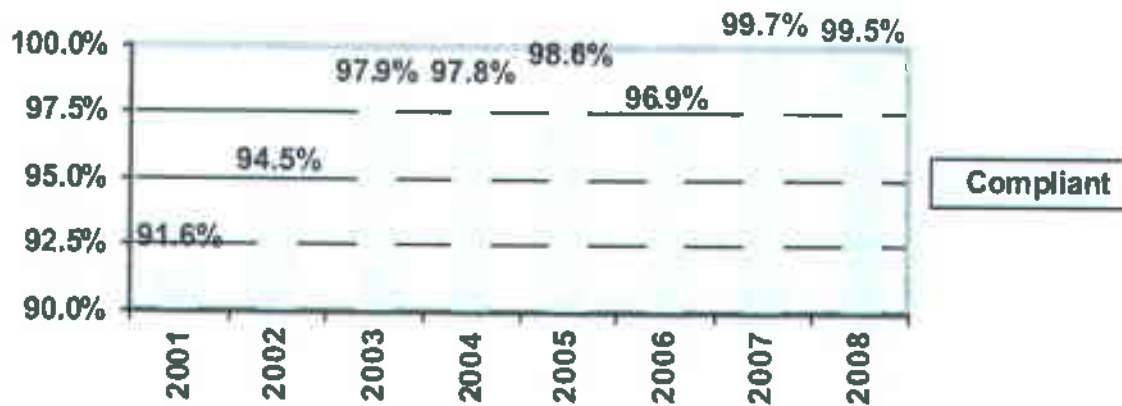
Acknowledged Later than 30 Days from Receipt



E. Decisions Mailed:	2007	MAR	YTD
1. ALJ Decisions	3,775	289	945
2. Non-Attorney Adjudicator:	2,824	230	592
3. Withdrawals:	1,366	123	332
4. "No Evidence" Dismissals	2,215	158	463

F.	Final Decision Timeliness	2007	MAR	YTD
1.	<30 days:	61.7%	67.6%	60.9%
2.	30-60 days:	26.9%	21.6%	23.7%
3.	60-90 days:	11.1%	10.7%	14.9%
4.	+90 days:	0.3%	0.2%	0.5%

Decision Within Rule's Time Limits



G.	Time Standard Compliance	2007	MAR	YTD
		92.6%	92.8%	91.5%

II. Office of Judges' Procedural Rule Amendment

The proposed revision of the Office of Judges Procedural Rule, 93 CSR 1, was filed with the Secretary of State on Wednesday, April 9. The time period for submitting written comments to the proposed rule closes at 4:00 p.m. on May 9. A public hearing is scheduled for 1:30 p.m. on May 9, 2008, at the Office of Judge's conference room, 1 Players Club Drive, Charleston.

At the conclusion of the comment period, the Office of Judges will respond to all comments and will make such changes in the proposed rule as we deem appropriate. We will then file our final version of the rule with the Secretary of State, along with copies of the comments and our responses, no later than May 30. With that time schedule, the new version of the rule will be in effect July 1, 2008.

A copy of the proposed rule and an explanatory memorandum was mailed to approximately 200 attorneys, TPAs, and other persons on April 8. The memorandum is attached to this report for the benefit of the Council and members of the public. Copies of the proposed rule will be made available to the Council and the public at the April 24 meeting.

III. Update: Office of Judges' Special Procedures

From time to time I have provided statistics on the additional processes assigned to the Office of Judges by statute or by the Commissioner. The following reports are provided to indicate the nature of other work being performed by the Office of Judges. The numbers provided may also allow the Council to make conclusions about the extent to which the processes are utilized by the public.

A. Expedited Resolution of claim benefit denial

This expedited appeal process is offered to claimants, as required by statute, for denials of three types of benefit requests:

1. Claim rejection
2. Treatment denial
3. Initial TTD award denial

The expedited process can reduce the resolution time from filing of protest to final decision to as little as 100 days. However, the fast-track litigation necessarily restricts both claimant and carrier's time to develop, obtain, and present documentary evidence.

This process has been in place at the Office of Judges since September 1, 2005. During the 31 ensuing months, 159 requests have been accepted. This process does not apply to the Offices of Insurance Commissioner administered claims.

B. Unreasonable Denial of Claims

The Code provides for a special relief for claimants in three types of claim benefits:

1. Claim rejection;
2. Treatment denial; or
3. Initial TTD award denial

and an ALJ determines that the initial denial by the carrier or self-insured employer (does not apply to Insurance Commissioner cases) was "unreasonable". The Code and regulation defines "unreasonable" as a denial without legal or factual basis. The relief granted is that the claimant may have his attorney fee paid by the carrier or self-insured employer.

This process has also been in place since September, 2005. During that time the Office of Judges has received 25 allegations of unreasonable claim denial. Of the 25 filed, 11 were dismissed, 7 were denied, 2 attorney fees were awarded, and 5 are still pending.

C. Claimant Objection to Carrier's Failure to Rule/Act upon Claim Request

The Code provides a relief for claimants when the claimant cannot get the carrier or self-insured employer to rule upon a benefit request, or take any other action required by law, in a timely fashion. This process does not apply to Insurance Commissioner administered claims.

The requirement for invoking this Office of Judges process is that the action being requested must have a time-limit set by statute or regulation for the carrier or self-insured employer to act.

At the conclusion of the process, the Office of Judges issues a finding of fact to the Insurance Commissioner. The Insurance Commissioner then has discretion to sanction the carrier or self-insured employer. Sanctions may include fines up to \$10,000.

This process has been in place since September, 2005. The Office of Judges has received 67 claims of this type. Almost one-half (32) were denied on their face as not covered by regulation or code.

D. Petition by Employer/Administrator to Stay Payment of ALJ Award

2007 legislation required that the carrier, self-insured employer, or Insurance Commissioner TPA make payment of any award granted by an ALJ unless the ALJ or Board of Review issues an order staying the payment during an appeal of the award.

This process has been in place since March, 2007. The Office of Judges has received 91 petitions. Beginning in October, 2007, the parties were given the right to file the petition with the Board of Review instead of with the ALJ. Since the changeover, we have received 20 petitions. Prior to the latter rule amendment, we were receiving an average of 10/month. Since the amendment, the average is 3.3/month. We cannot report on what numbers may have been received by the Board of Review.

E. Employer Appeal from Commissioner's Default List Notice

Beginning January 1, 2006, the Insurance Commissioner is required to insure that all employers doing business in the state are covered by a policy. If the Commissioner determines that a policy was required, but the employer does not have a policy, then the employer is in default. OIC is then required to notify the employer that they are being placed on the Defaulting Employer List. The regulation provides for an appeal mechanism for the employer. The Office of Judges, at the request of the Commissioner, processes those appeals.

Since January, 2006, the Office of Judges has received 113 employer default appeals.

F. Third-party Bad Faith Complaints

A third-party's right to sue an insurance carrier for alleged "bad faith" negotiation or claim investigation was eliminated by the Legislature in the 2005 session. An administrative remedy was required to be provided by the Insurance Commissioner. Some administrative law judges of the Office of Judges served as hearing examiners for the Commissioner in some, but not all, of these complaints.

To date, the Office of Judges has received 112 hearing requests of this type.

MEMO

FROM: CHIEF JUDGE TIMOTHY G. LEACH

TO: WORKERS' COMPENSATION ATTORNEYS and INTERESTED PARTIES

DATE: APRIL 8, 2008

SUBJECT: PENDING AMENDMENTS TO OOJ PROCEDURAL RULE

Please find attached a copy of the OOJ proposed amendment of our Procedural Rule, 93 CSR §1-1, et seq. We have filed this version to the Secretary of State for public comment. The deadline for receipt of formal comment is at 4:00 p.m. on May 9, 2008. We are also holding a public hearing at the Office of Judges' conference room, at One Players' Club Drive, in Charleston, on May 9, 2008, at 1:30 p.m.

The purpose of this memorandum is to summarize and highlight the main changes to the Rule which are proposed.

Many of the changes may fairly be described as technical or cosmetic "clean up": such as making all references to "claims adjustor" and "claim adjustor" consistent; changing "Insurance Commission" to "Offices of the Insurance Commissioner"; and changing the references to "successor to the commission" to "private carrier".

The significant changes, in our view, contained in this draft are:

- Clarified, in accordance with 2008 amendments, that private insurance carriers are not party to litigation before the Office of Judges. [Section 3.2]
- Clarified that the Record Considered, after the 2007 amendments, would no longer contain documents other than those submitted to the Office of Judges by a party (eliminated the old "automatically designated documents from the Commission's claim file). [3.7 and 7.5]
- Acknowledged the 2008 amendments which indicate that the private carrier has sole authority to act on the employer's behalf in all aspects related to litigation. OOJ will allow counsel privately retained by the employer to receive copies and "monitor" the litigation, but such counsel may not participate in the litigation unless authorized by the private carrier to be the employer's representative. [5.2]
- Acknowledged the 2008 amendment which limits employer protests to only the following three claim administrator decision types:
 1. Awards Incorporating OP Board findings;
 2. Awards up to 15% PPD recommended by treating physician;
 3. All orders issued by TPAs for the Offices of Insurance Commissioner (i.e., claims against Old Fund, Uninsured Fund, etc.) [6.1]
- Acknowledged 2008 amendments which expands protest period from 30 days to 60 days. [6.2]
- Codified our existing, but unwritten, policy to toll protest filing time limit at date of defective protest filing. [6.2]

- Clarified that the "fee schedule" (sic) for testimony of expert medical witnesses is not the limit on the fee of the witness, but is the limit on the amount that is charged to the cross-examining attorney. [8.4(F)(3)]
- Increased the time for conduct of expedited adjudication hearings from 30 minutes to 60 minutes, and doubled each side's time limit from 15 minutes to 30 minutes, including any rebuttal. Also, allowed the ALJ discretion to extend the hearing even longer for good cause. [9.4]
- Codified OOJ interpretation that non-medical OP issues can be appealed to the Board of Review when there is no OP Board issue in litigation. This interpretation of the apparent conflict in the Code has been our policy for several years, but we hope to make more attorneys aware of the policy by putting it into the Regulation. [11.1]
- Acknowledged that the insurance carrier has sole authority over litigation, which permits the carrier to withdraw protests filed by its employer customers. [14.1]
- Gave ourselves authority to correct errors in a decision without requiring a motion from a party. [16.4]
- Changed mediator fee from "serve without compensation" to make the fee the obligation of the claim administrator. [17.2]
- Clarified that, per provisions of the Code, the Offices of the Insurance Commissioner, and its TPAs, are not subject to the provisions of Failure to Timely Act or Attorney Fees for Unreasonable Denial of Claims. [18.1 and 19.1]
- Added a new Section [Section 20] to cover the 2008 amendment created process to allow OOJ to resolve disputes between carriers/TPAs/employers/Funds over whether a claim filing, otherwise compensable, should be for a new injury or should be a reopening an old claim. Claimant is paid conditionally, until the dispute is determined by OOJ, by the carrier/TPA with whom the claim application was initially filed. The Code that requires this new process applies only to disputes as to whether the condition relates to a new claim or an old claim, and does not apply to any other type of dispute between carriers, TPAs, self-insured employers, or state fund.

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
an equal opportunity/affirmative action employer

MEMORANDUM

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

From: Rita F. Hedrick-Helmick, Chairperson *R.H.*

Date: May 6, 2008

Re: Workers' Compensation Board of Review Monthly Report

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

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

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

Appealed By	BOR Disposition	Disposition		Year to Date	Year to Date		
		Count	Disp %		Disp %	Total %	
CLAIMANT	ABEYANCE	2	1.2%	0.8%	5	0.8%	0.5%
	AFFIRM AND MODIFY	5	3.1%	1.9%	5	0.7%	0.4%
	AFFIRMED	128	79.0%	48.7%	588	82.3%	46.3%
	DISMISSED	1	0.6%	0.4%	1	0.1%	0.1%
	MODIFY					0.1%	0.1%
	REMAND	12	7.4%	4.6%	40	5.6%	3.1%
	REVERSE	8	4.9%	3.0%	47	6.6%	3.7%
	REVERSE AND REMAND	2	1.2%	0.8%	4	2.0%	1.1%
	REVERSE IN PART	2	1.2%	0.8%	9	1.3%	0.7%
	REVERSE IN PART AND REMAND	1	0.6%	0.4%	1	0.1%	0.1%
	VACATE	1	0.6%	0.4%	3	0.4%	0.2%
	Total Appeals	162			716		
	CLAIMANT/EMPLOYER	ABEYANCE				1	1.0%
AFFIRM AND MODIFY			4.0%	0.4%	1	1.0%	0.1%
AFFIRM AND REMAND		1	4.0%	0.4%	1	1.0%	0.1%
AFFIRMED		19	76.0%	7.2%	50	85.7%	7.1%
REMAND		4	16.0%	1.5%	6	5.7%	0.5%
REVERSE					4	3.8%	0.3%
REVERSE IN PART					2	1.8%	0.2%
Total Appeals		25			105		
EMPLOYER	ABEYANCE	1	3.3%	0.4%	3	1.6%	0.2%
	AFFIRM AND MODIFY	1	3.3%	0.4%	3	1.6%	0.2%
	AFFIRM AND REMAND	1	3.3%	0.4%		0.5%	0.1%
	AFFIRMED	21	70.0%	8.0%	116	61.7%	8.1%
	DISMISSED				3	1.6%	0.2%
	MODIFY					0.5%	0.1%
	REMAND	2	6.7%	0.8%	9	4.8%	0.7%
	REVERSE	4	13.3%	1.5%	38	20.2%	3.0%
	REVERSE AND REMAND				3	1.6%	0.2%
	REVERSE IN PART				11	5.9%	0.9%
Total Appeals	30			188			
DIVISION/CIC	ABEYANCE				3	1.1%	0.2%
	AFFIRM AND MODIFY	1	2.2%	0.4%	5	1.8%	0.4%
	AFFIRMED	29	63.0%	11.0%	133	50.8%	10.5%
	DISMISSED				1	0.4%	0.1%
	MODIFY		2.2%	0.4%	3	1.1%	0.2%
	REMAND				1	0.4%	0.1%
	REVERSE	12	26.1%	4.6%	85	32.6%	6.9%
	REVERSE AND REMAND				2	0.8%	0.2%
	REVERSE IN PART	3	6.5%	1.1%	23	8.9%	2.0%
	Total Appeals	46			262		
Grand Totals	263			1271			

BOARD OF TREASURY INVESTMENTS

CALENDAR NOTES
 Board Meeting
 April 30, 2008
 CD Auction
 May 14, 2008

OPERATING REPORT MARCH 2008

Board of Treasury Investments

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

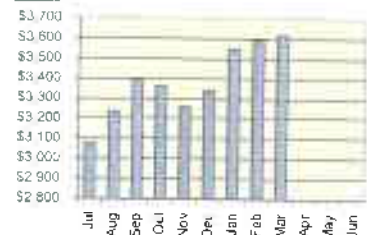
Total Net Assets Under Management

\$3,615,229,000

Last Month
\$3,590,714,000

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

Millions

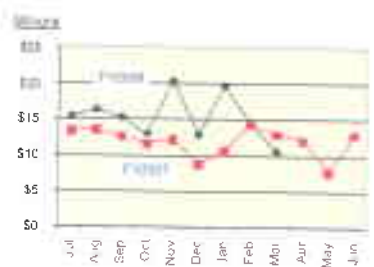


23.7% Growth This Fiscal Year

Total Net Income & Gains

This Month
\$10,465,000

Fiscal Year
\$137,742,000



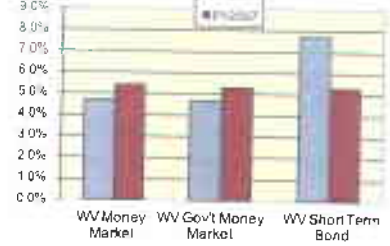
Outpacing Last Year

Effective Rates of Return

Time Weighted, Annualized, Net of All Fees

	March 2008	Fiscal Year 2008	Fiscal Year 2007
WV Money Market	3.2%	4.7%	5.4%
WV Gov't Money Market	2.8%	4.7%	5.3%
WV Short Term Bond		Fiscal Year 2008 (Past 12 Months) 7.7%	Fiscal Year 2007 (Past 12 Months) 5.3%

Return



Returns are Annualized fiscal year to date for WV Money Mkt & WV Gov't Money Mkt. past 12 months for WV Short Term Bond

Fiscal Year Return Comparisons

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS
THE ECONOMIC STATE
MARCH 2008

**Strong Management Keeps Short Term Investment Pools
Safe and Sound**

The Board of Treasury Investments utilizes a variety of strategies to meet its investment goals: safety, liquidity and yield.

The foundation of our investment policy is safety. Our pools invest only in fixed income securities. We do not invest in equities or derivatives. Our policy requires us to select a well-diversified mix of high quality instruments and to maintain a core of at least 15% that is made up of U.S. Treasury securities. This conservative approach has stood up to the test of these volatile economic times. Our pools have continued to provide a rate of return higher than the Federal Funds rate and have outperformed many similar state pools.

We work closely with our investment managers. All of them recently met with the Board to keep us abreast of the current economic situation and how it affects our investments. We asked pointed questions of them and challenged them to exceed the benchmarks that we have set. We have a new investment consultant, Mercer Investment Consulting, Inc., which assists us with performance reporting, due diligence visits and developing innovative ideas for better management and better returns.

We continue to reduce costs. In the last quarter we renegotiated one of our service contracts and estimate that we will save \$168,000 in annual costs. These savings are passed directly on to the shareholders. Growth of the Consolidated Fund continues and with that growth we are able to spread fixed costs over more participants and thus improve the rate of return for all shareholders. Our strict budget management allows us to show savings for the third year in a row.

Our pools stand out. That's why local governments have increased their investments by more than \$43 million in the last two years.

For more information visit our web site at: www.wvbtj.org

TRACS Financial
Institute of Public Investment Management
Yields for March 2008 *

West Virginia Money Market Pool	3.34% ¹
West Virginia Govt Money Market Pool	3.16% ¹
New Mexico LGIP Overnight Pool	3.07% ²
Texas TexPool Prime	3.04% ²
Georgia Fund I	3.00% ¹
Virginia LGIP	2.96% ³
Florida SBA LGIP	2.91% ²
Ohio State Treasury Asset Reserve STAR	2.75% ²
Texas TexPool	2.71% ²
Connecticut Short Term Investment Fund	2.60% ²
Louisiana Asset Management Pool	2.53% ³
Illinois Funds Prime Fund	2.51% ²
Pennsylvania INVEST Daily	2.44% ³
Pennsylvania INVEST Community Pool	2.06% ³
Illinois Funds Money Market Fund	1.41% ²
Average	2.70%

* Rated state 2a-7 like pools. Yields are reported by each state and have not been independently verified.

¹ Based on monthly activity

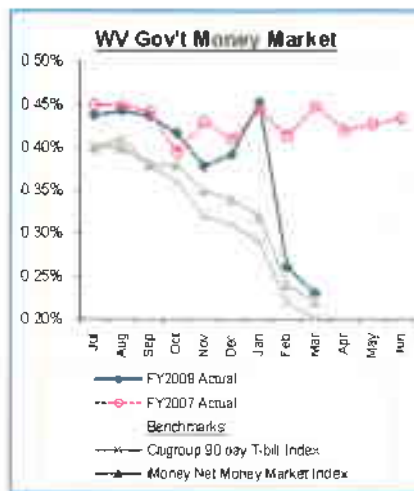
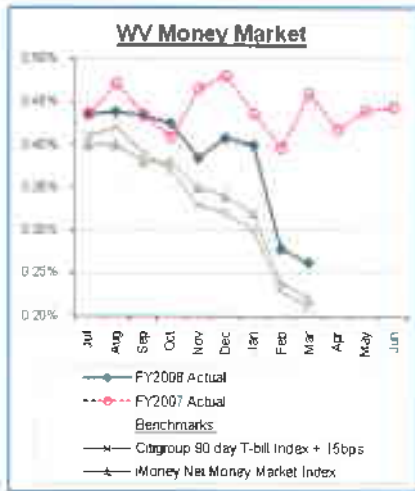
² Based on daily activity

³ Based on weekly activity

West Virginia Board of Treasury Investments

Financial Highlights as of March 31, 2008

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



Summary of Value and Earnings *(In Thousands)*

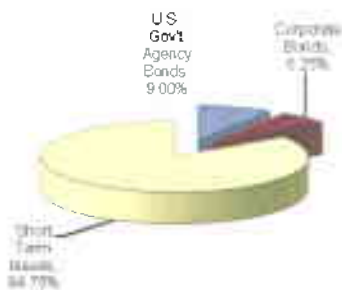
Pool	Asset Value	March Net Income (Loss)	Fiscal YTD Net Income (Loss)
WV Money Market	\$ 2,370,438	\$ 7,136	\$ 81,983
WV Gov't Money Market	265,500	668	8,005
WV Short Term Bond	401,176	681	17,358
WV Bank	75,803	256	2,401
Loss Amortization	176,848	1,094	22,571
Loans	119,132	400	2,624
Participant Accounts	206,332	230	2,820
	\$ 3,615,229	\$ 10,465	\$ 137,742

Percent of Total Net Asset Value

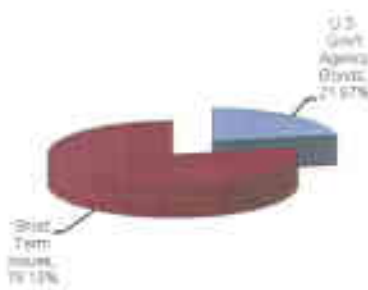


Securities by Type for Operating Pools *(Percentage of Asset Value)*

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

MARCH 31, 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	\$ 2,366,739	\$ 265,223		\$ 75,000	\$ 118,734	\$ 40,729
At fair value			\$ 403,424		176,848	164,509
Collateral for securities loaned	275,734	38,588	144,600			
Other assets	4,007	306	3,332	803	402	1,095
Total assets	<u>2,646,480</u>	<u>304,117</u>	<u>551,356</u>	<u>75,803</u>	<u>295,984</u>	<u>206,333</u>
Liabilities						
Payable for securities loaned	275,734	38,588	144,600			
Other liabilities	308	29	5,580		4	1
Total liabilities	<u>276,042</u>	<u>38,617</u>	<u>150,180</u>		<u>4</u>	<u>1</u>
Net Assets	<u>\$ 2,370,438</u>	<u>\$ 265,500</u>	<u>\$ 401,176</u>	<u>\$ 75,803</u>	<u>\$ 295,980</u>	<u>\$ 206,332</u>
Investment income						
Interest and dividends	\$ 2,715	\$ 360	\$ 1,305	\$ 256	\$ 404	\$ 251
Securities lending income	1,296	120	596			
Net accretion (amortization)	4,148	289	(146)		554	(22)
Provision for uncollectible loans						
Total investment income	<u>8,159</u>	<u>769</u>	<u>1,755</u>	<u>256</u>	<u>958</u>	<u>229</u>
Expenses						
Fees	275	27	79			
Securities lending borrower rebates	766	74	389			
Bad debt expense						
Total expenses	<u>1,041</u>	<u>101</u>	<u>468</u>		<u>4</u>	<u>1</u>
Net investment income	<u>7,118</u>	<u>668</u>	<u>1,287</u>	<u>256</u>	<u>954</u>	<u>228</u>
Net realized gain (loss) from investments	18		(145)			
Net increase (decrease) in fair value of investments			(461)		540	2
Net gain (loss) from investments	<u>18</u>		<u>(606)</u>		<u>540</u>	<u>2</u>
Net increase (decrease) in net assets from operations	<u>7,136</u>	<u>668</u>	<u>681</u>	<u>256</u>	<u>1,494</u>	<u>230</u>
Distributions to participants	7,136	668	1,142	256	400	
Participant activity						
Purchases, reinvestment of units and contributions	682,890	64,139	3,620	256	400	139,104
Redemptions and withdrawals	811,011	53,275			374	2,096
Inter-pool transfers in	25,609			25,000		
Inter-pool transfers out	25,000			25,609		
Net increase (decrease) in net assets from participant activity	<u>(127,512)</u>	<u>10,864</u>	<u>3,620</u>	<u>(353)</u>	<u>26</u>	<u>137,008</u>
Increase (decrease) in net assets	(127,512)	10,864	3,159	(353)	1,120	137,238
Net assets at beginning of period	2,497,950	254,636	398,017	76,156	294,860	69,094
Net assets at end of period	<u>\$ 2,370,438</u>	<u>\$ 265,500</u>	<u>\$ 401,176</u>	<u>\$ 75,803</u>	<u>\$ 295,980</u>	<u>\$ 206,332</u>