

FILE COPY

JOINT COMMITTEE ON  
GOVERNMENT AND FINANCE

Materials Distributed

January 13, 2009

December 9, 2008

3:00 - 4:00 p.m.

Joint Committee on Government and Finance

Senate

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

House

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

Speaker Thompson, Cochair, presided.

1. Approval of Minutes

Upon motion by Speaker Thompson, properly adopted, the minutes of the November 18, 2008, meeting were approved.

2. Committee Reports/Requests

None

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

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

4. PEIA, BRIM and CHIP Reports

The following monthly PEIA reports were distributed: Monthly Management Report and Prescription Drug Report for October 2008. Senator Chafin requested a chart of where the increased costs for PEIA are going.

The following BRIM reports were distributed: An unaudited balance sheet and unaudited income statement for the period ending October 31, 2008. Donna Lipscomb said there were no changes. Delegate Webster requested additional claims against the state police that involve misconduct.

The following reports from CHIP were distributed: A report of enrollment for October 2008 and financial statements for period ending September 30, 2008. Robert Ferguson, Jr., Cabinet Secretary, Department of Administration, said enrollment is down 3% and claims cost are up 9%. President Tomblin inquired about the federal shortfall of about \$4.3 million and increasing up to the year 2015 to \$28.3 million annually. Sharon Carte, Director of CHIP, stated that was the actuary's projection and that CHIP is expected to be re-authorized in the next quarter ending March 31 and at that time CHIP would receive additional federal funds that would wipe the projected deficit away.

5. Leasing Report, Department of Administration

There was no leasing report.

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

A Medicaid report dated December 2008 was distributed. John Law said there were no remarkable changes.

7. **Pharmaceutical Cost Management Council**

A Pharmaceutical Cost Management Council report was distributed. Shana Phares, Governor's Pharmaceutical Advocate and Chair of the Pharmaceutical Cost Management Council, said there are three additional chains that have entered into the low cost generic discount program market.

8. **Investment Management Board**

A Investment Management Board report dated October 31, 2008, was distributed. Senator Chafin requested a report on how much is being bought and in what areas. Craig Slaughter, Executive Director, said the rainy day fund balance at the end of October was about \$464 million.

9. **Workers' Compensation**

A Workers' Compensation report dated December 9, 2008, was distributed. Jane Cline, Insurance Commissioner, reported on the fund balances and general information. Speaker Thompson requested the total number of cases for which the Board of Review issued opinions and the percentage of cases appealed to the Supreme Court.

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

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

11. **Other Business**

Upon motion by President Tomblin, properly adopted, the request for retiring/out-going members to get per diem as well as expenses for the months of January and February 2009 for those members who meet, was approved.

12. **Scheduled Interim Dates**

January 11 - 13, 2009

February 8 - 10, 2009

The meeting was adjourned.

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

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



, 304-347-4870

January 5, 2009

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

**Lottery Commission as of November 30, 2008 :**

Appears to be in good condition. Gross profit for July - November 2008 (FY 2009) was 0.40% higher than for July - November 2007 (FY 2008).

**General Revenue Fund as of December 31, 2008:**

Collections were at 104.74 % of the yearly estimate as of December 31, 2008.

**State Road Fund as of December 31, 2008**

Fund collections were at 100.79 % of the yearly estimate. The entire fund was \$2.4 million over the estimate.

**Unemployment Compensation Trust as of November 30, 2008:**

Regular benefits paid in July - November 2008 were \$ 224 thousand more than in July - November 2007. Total revenues for July- November 2008 were \$ 19.6 million more than in July - November 2007. Trust fund ending balance on November 30, 2008 was \$ 249,853,501.23.

*Joint Committee on Government and Finance*

WEST VIRGINIA LEGISLATURE  
*Office of the Legislative Auditor*

*Budget Division  
Building 1, Room 314-West Wing  
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. 304-347-4870

MEMORANDUM

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

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

Date: January 5, 2009

Re: Review of West Virginia Lottery Financial Information  
As of November 31, 2008 (FY 2009)

We performed an analysis of the Statement of Revenues, Expenses and Retained Earnings for the months of July - November 2008 (FY 2009) 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, table games and video lottery. These gross receipts totaled \$ 619,187,000.00 for July - November 2008. Table games accounted for \$13,670,000.00 of this total. These gross receipts were \$ 629,816,000.00 for the same months of the preceding fiscal year, 2007-2008. Gross lottery revenue is down by 1.69% from the preceding fiscal year. This number does not include commission and prize deductions. Gross profit (Gross revenues minus commissions and prize costs) for July - November 2008 was

Lottery

*Joint Committee on Government and Finance*

Lottery continued

\$267,122,000.00; for the previous July - November 2007 it was \$266,058,000.00. Expressed as a percentage, gross profit is 0.40% higher for fiscal year 2009 than for fiscal year 2008.

**Operating Income:**

Operating income was \$ 257,776,000.00 for July - November 2008. For July 2007 - November 2007 it was \$ 257,608,000.00. This was a increase of 0.07%. After additions and subtractions of non-operating income and expenses, distributions to the state were \$254,211,000.00 for July - November 2008.

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

A total of \$254,211,000.00 has been accrued to the state of West Virginia for fiscal year 2008-2009. 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	\$ 51,808,000.00
Department of Education	\$ 30,998,000.00
Library Commission	\$ 10,177,000.00
Higher Education-Central Office	\$ 9,733,000.00
Tourism	\$ 7,012,000.00
Department of Natural Resources	\$ 3,076,000.00
Division of Culture and History	\$ 5,180,000.00

Lottery

Lottery continued

Department of Education and Arts	\$ 1,069,000.00
State Building Commission	\$ 5,000,000.00
School Building Authority	\$ 9,000,000.00
<b><u>SUBTOTAL, BUDGETARY TRANSFERS</u></b>	<b>\$133,053,000.00</b>

**Excess Lottery Fund**

General Purpose Fund	29,127,000.00
Economic Development Fund	9,500,000.00
Excess Lottery Surplus	0
Education Improvement Fund	27,000,000.00
WV Infrastructure Council Fund	0
Higher Education Improvement Fund	5,000,000.00
State Park Improvement Fund	0
Refundable Credit	374,000.00
School Building Authority	3,544,000.00
<b>TOTAL EXCESS LOTTERY FUND</b>	<b>\$74,545,000.00</b>

Veterans Instant Ticket Fund 373,000.00

Table Games State Debt Reduction Fund 6,743,000.00

<b>RACETRACK VIDEO LOTTERY TRANSFERS:</b>	
Tourism Promotion Fund 1.375%	\$4,693,000.00

Lottery

Lottery continued

Development Office Promo Fund	\$1,280,000.00
Research Challenge Fund .5%	\$1,706,000.00
Capitol Renovation and Improvement Fund .6875%	\$2,346,000.00
Parking Garage Fund .0625%	\$213,000.00
Parking Garage Fund 1%	\$500,000.00
Cultural Facilities and Cap. Resources Fund .5%	\$1,362,000.00
Capitol Dome & Cap. Improvements Fund .5%	\$1,550,000.00
Workers Compensation Debt Reduction Fund 7%	\$11,000,000.00
<b>SUBTOTAL VIDEO LOTTERY TRANSFERS:</b>	<b>\$24,650,000.00</b>
<b>TOTAL TRANSFERS</b>	<b>*\$239,364,000.00</b>

\* CASH BASIS

Total Accrued last FY 2008:	166,967,000.00
Total Cash Distributions July-June :	239,364,000.00
Applied to FY 2008:	166,967,000.00
Total Applied to FY 2009	72,397,000.00
Accrued for FY 2008 as of November 30	000.00
Accrued for FY 2009 as of November 30	181,814,000.00

Lottery





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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 November 30, 2008



DATE: December 17, 2008

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

Financial statements of the Lottery for the month ending November 30, 2008 are attached. Lottery revenue, which includes on-line, instant, video lottery sales and table games, was \$114,274,315 for the month of November.

Transfers of lottery revenue totaling \$43,756,064 made for the month of November to the designated state agencies per Senate Bill 150, 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 November 30, 2008 was 1,608 and 1,633 respectively.

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

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

JCM/rd  
Attachment

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

Lottery Attachment November 30, 2008 (January 2009 Interims)



**WEST VIRGINIA LOTTERY**

**STATE OF WEST VIRGINIA**

**FINANCIAL STATEMENTS  
-UNAUDITED-**

**November 30, 2008**

**Lottery Attachment November 30, 2008 (January 2009 Interims)**

**WEST VIRGINIA LOTTERY**

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

ASSETS	November 30, 2008	June 30, 2008
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 189,082	\$ 180,463
Accounts receivable	35,070	36,846
Inventory	429	300
Current portion of investments held in trust	-	10
Other assets	<u>2,673</u>	<u>2,595</u>
Total Current Assets	<u>227,254</u>	<u>220,214</u>
<b>Noncurrent Assets:</b>		
Restricted cash and cash equivalents	58,885	58,487
Investments held in trust, less current portion	-	126
Capital assets	17,598	17,598
Less accumulated depreciation and amortization	<u>(13,173)</u>	<u>(12,347)</u>
Net Capital Assets	<u>4,425</u>	<u>5,251</u>
Total Noncurrent Assets	<u>63,310</u>	<u>63,864</u>
Total Assets	<u>\$ 290,564</u>	<u>\$ 284,078</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accrued nonoperating distributions to the State of West Virginia	\$ 181,814	\$ 166,967
Estimated prize claims	11,368	12,967
Accounts payable	1,006	2,693
Other accrued liabilities	31,493	36,837
Current portion of deferred jackpot prize obligations	-	129
Total Current Liabilities	<u>225,681</u>	<u>219,593</u>
Deferred jackpot prize obligations, less current portion	<u>-</u>	<u>-</u>
Total Liabilities	<u>225,681</u>	<u>219,593</u>
<b>Net Assets:</b>		
Invested in capital assets	4,425	5,251
Unrestricted assets (deficit)	(3,925)	(4,751)
Unrestricted assets- Committed ( see note 11)	5,498	5,498
Restricted assets ( see note 10)	<u>58,885</u>	<u>58,487</u>
Total Net Assets	<u>64,883</u>	<u>64,485</u>
Total Liabilities and Net Assets	<u>\$ 290,564</u>	<u>\$ 284,078</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 FIVE MONTH PERIOD ENDED NOVEMBER 30, 2008**

(in Thousands)  
 -Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	2008	2007	2008	2007
Lottery revenues				
On-line games	\$ 5,952	\$ 7,432	\$ 33,948	\$ 37,134
Instant games	8,306	7,596	46,915	44,932
Racetrack video lottery	65,510	70,561	357,209	381,778
Limited video lottery	31,621	33,335	167,445	165,299
Table games	2,885	486	13,670	673
	<u>114,274</u>	<u>119,410</u>	<u>619,187</u>	<u>629,816</u>
Less commissions				
On-line games	416	520	2,377	2,600
Instant games	581	532	3,284	3,146
Racetrack video lottery	35,982	38,867	207,827	221,441
Limited video lottery	15,494	17,641	82,048	83,624
Table games	1,136	191	5,378	264
	<u>53,609</u>	<u>57,751</u>	<u>300,914</u>	<u>311,075</u>
Less on-line prizes	3,032	3,643	16,991	18,634
Less instant prizes	5,848	5,298	31,175	31,051
Less ticket costs	119	143	625	662
Less vendor fees and costs	487	422	2,360	2,336
	<u>9,486</u>	<u>9,506</u>	<u>51,151</u>	<u>52,683</u>
Gross profit	<u>51,179</u>	<u>52,153</u>	<u>267,122</u>	<u>266,058</u>
Administrative expenses				
Advertising and promotions	38	990	2,530	4,393
Wages and related benefits	739	531	3,691	2,653
Telecommunications	15	164	856	1,026
Contractual and professional	492	408	2,534	1,479
Rental	62	84	308	270
Depreciation and amortization	162	37	826	210
Other administrative expenses	70	98	470	699
	<u>1,598</u>	<u>2,312</u>	<u>11,215</u>	<u>10,730</u>
Other Operating Income	<u>87</u>	<u>78</u>	<u>1,869</u>	<u>2,280</u>
Operating Income	<u>49,668</u>	<u>49,919</u>	<u>257,776</u>	<u>257,608</u>
Nonoperating income (expense)				
Investment income	272	944	2,026	4,927
Nonoperating income - OPEB	-	-	-	-
Interest expense	-	(1)	(1)	(7)
Distributions to municipalities and counties	(620)	(653)	(3,282)	(3,239)
Distributions to racetracks-capital reinvestment	(1,407)	(1,487)	(1,910)	(2,406)
Distributions to the State of West Virginia	(47,847)	(48,600)	(254,211)	(256,316)
	<u>(49,602)</u>	<u>(49,797)</u>	<u>(257,378)</u>	<u>(257,041)</u>
Net income	<u>66</u>	<u>122</u>	<u>398</u>	<u>567</u>
Net assets, beginning of period	64,817	43,934	64,485	43,489
Net assets, end of period	<u>\$ 64,883</u>	<u>\$ 44,056</u>	<u>\$ 64,883</u>	<u>\$ 44,056</u>

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

**WEST VIRGINIA LOTTERY  
STATEMENTS OF CASH FLOWS  
FOR THE FIVE MONTH PERIOD ENDED NOVEMBER 30, 2008**

(In Thousands)

-Unaudited-

	2008	2007
<b>Cash flows from operating activities:</b>		
Cash received from customers and other sources	\$ 622,831	\$ 640,372
Cash payments for:		
Personnel costs	(3,691)	(2,653)
Suppliers	(11,094)	(7,223)
Other operating costs	(354,330)	(365,677)
Cash provided by operating activities	<u>253,716</u>	<u>264,819</u>
<b>Cash flows from noncapital financing activities:</b>		
Nonoperating distributions to the State of West Virginia	(239,365)	(241,395)
Distributions to municipalities and counties	(3,320)	(3,226)
Distributions to racetrack from racetrack cap. reinv. fund	(4,175)	(782)
Deferred jackpot prize obligations and related interest paid	(1)	(7)
Cash used in noncapital financing activities	<u>(246,861)</u>	<u>(245,410)</u>
<b>Cash flows from capital and related financing activities:</b>		
Purchases of capital assets	<u>-</u>	<u>-</u>
<b>Cash flows from investing activities:</b>		
Maturities of investments held in trust	137	182
Investment earnings received	2,026	4,922
Cash provided by investing activities	<u>2,163</u>	<u>5,104</u>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>9,018</b>	<b>24,513</b>
<b>Cash and cash equivalents - beginning of period</b>	<b>238,949</b>	<b>234,489</b>
<b>Cash and cash equivalents - end of period</b>	<b>\$ <u>247,967</u></b>	<b>\$ <u>259,002</u></b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 257,776	\$ 257,608
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	826	210
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	1,776	8,277
(Increase) decrease in inventory	(129)	(164)
(Increase) decrease in other assets	(77)	(163)
Increase (decrease) in estimated prize claims	(1,599)	863
Increase (decrease) in accounts payable	(1,687)	815
Increase (decrease) in other accrued liabilities	(3,170)	(2,627)
Cash provided by operating activities	<u>\$ 253,716</u>	<u>\$ 264,819</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. The Lottery also leases various office equipment under agreements considered to be

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

cancelable operating leases. Rental expense for the five months ended November 30, 2008 and November 30, 2007 approximated \$308,533 and \$269,872 respectively.

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

**COMPENSATED ABSENCES** – The Lottery has accrued \$371,165 and \$298,548 of vacation and \$0 and \$467,954 of sick leave at June 30, 2008 and 2007, respectively, for estimated obligations that may arise in connection with compensated absences for vacation and sick leave at the current rate of employee pay. Employees fully vest in all earned but unused vacation. In accordance with State personnel policies, employees hired prior to July 1, 2001, vest in unused sick leave only upon retirement, at which time such unused leave can be converted into employer paid premiums for post-retirement health care coverage or additional periods of credited service for purposes of determining retirement benefits. For employees hired prior to July 1, 1988, the Lottery pays 100% of the post-retirement health care premium. The Lottery pays 50% of the premium for employees hired after June 30, 1988 through July 1, 2001. The estimated obligation for sick leave is based on historical retirement rates and current health care premiums applicable to employee hire dates. Employees hired after June 30, 2001 do not vest in unused sick leave upon retirement. As of June 30, 2008 sick leave obligations are included in the OPEB(Other Postemployment Benefits) liability in Note 15.

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

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

**NOTE 3 - CASH AND CASH EQUIVALENTS**

At November 30, 2008 the carrying amounts of deposits (overdraft) with financial institutions were (\$36) thousand with a bank balance (overdraft) of (\$5) 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):

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**NOTE 3 - CASH AND CASH EQUIVALENTS (continued)**

	<u>November 30, 2008</u>	<u>June 30, 2008</u>
Amount on deposit with the BTI	<u>\$248,003</u>	<u>\$239,002</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 period ended November 30, 2008 is as follows (in thousands):

Capital Assets:

	<u>Historical Cost</u> <u>At June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Historical Cost</u> <u>At November 30, 2008</u>
Construction in Progress	\$ 285	\$ -	\$ -	\$ 285
Improvements	1,120	-	-	1,120
Equipment	16,193	-	-	16,193
	<u>\$ 17,598</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,598</u>

Accumulated Depreciation:

	<u>Historical Cost</u> <u>At June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Historical Cost</u> <u>At November 30, 2008</u>
Improvements	\$ 1,002	\$ 32	\$ -	\$ 1,034
Equipment	11,345	794	-	12,139
	<u>\$ 12,347</u>	<u>\$ 826</u>	<u>\$ -</u>	<u>\$ 13,173</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 November 30, 2008 were \$3,218,687 and \$20,256,596

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

while related prize costs for the same periods were \$1,678,987 and \$10,189,814. Revenues derived from the Lottery's participation in the HOT LOTTO® game for the month and year-to-date periods ended November 30, 2008 were \$493,786 and \$2,022,824 while related prize costs for the same periods were \$255,419 and \$1,013,481.

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 November 30, 2008 the POWERBALL® prize reserve fund had a balance of \$100,152,223 of which the Lottery's share was \$2,385,173. The Lottery has charged amounts placed into the prize reserve funds to prize costs as the related sales have occurred.

**NOTE 6 - RACETRACK VIDEO LOTTERY**

The Racetrack Video Lottery legislation stipulates the distribution of racetrack video lottery revenues. This legislation has been amended since inception to restate revenue distribution based on revenue benchmarks. Initially, four percent (4%) of gross terminal revenue is allocated for lottery administrative costs. Sixty-six percent (66%) of net terminal revenue (gross less 4%) is allocated in lieu of commissions to: the racetracks (47%); other private entities associated with the racing industry (17%); and the local county and municipal governments (2%). The remaining revenues (34%) of net terminal revenue is allocated for distribution to State as specified in the Racetrack Video Lottery Act or subsequent State budget, as described in the Note 9 titled "Nonoperating Distributions to the State of West Virginia."

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

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

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

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

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

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

	<u>Current</u> <u>2008</u>	<u>Month</u> <u>2007</u>	<u>Year- to -Date</u> <u>2008</u>	<u>2007</u>
Total credits played	\$ 669,455	\$ 728,688	\$ 3,666,585	\$3,995,006
Credits (prizes) won	(603,603)	(657,849)	(3,307,388)	(3,611,661)
MWAP Contributions	(342)	(278)	(1,988)	(1,567)
Gross terminal income	<u>65,510</u>	<u>70,561</u>	<u>357,209</u>	<u>381,778</u>
Administrative costs	(1,225)	(1,348)	(12,227)	(12,718)
Net Terminal Income	<u>64,285</u>	<u>69,213</u>	<u>344,982</u>	<u>369,060</u>
Less distribution to agents	(35,982)	(38,867)	(207,827)	(221,441)
Racetrack video lottery revenues	<u>\$ 28,303</u>	<u>\$ 30,346</u>	<u>\$137,155</u>	<u>\$ 147,619</u>

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

	<u>November 30, 2008</u>	<u>Year-to Date</u>
State Lottery Fund	\$ 8,820	\$89,238
State Excess Lottery Revenue Fund	15,695	21,473
Capital Reinvestment Fund	1,407	1,910
Tourism Promotion Fund 1.375%	818	4,653
Development Office Promotion Fund .375 %	223	1,268
Research Challenge Fund .5 %	298	1,693
Capitol Renovation & Improvement Fund .6875 %	409	2,325
Parking Garage Fund .0625 %	37	211
Parking Garage Fund 1 %	-	500
Cultural Facilities & Capitol Resources Fund .5 %	298	1,442
Capitol Dome & Capitol Improvements Fund .5 %	298	1,442
Worker's Compensation Debt Reduction Fund 7 %	-	11,000
Total nonoperating distributions	<u>\$28,303</u>	<u>\$ 137,155</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 November 30, 2008 and year-to-date follows (in thousands):

	<u>Current</u> <u>2008</u>	<u>Month</u> <u>2007</u>	<u>Year- to -Date</u> <u>2008</u>	<u>2007</u>
Total credits played	\$387,663	\$399,662	\$2,037,735	\$2,005,639
Credits (prizes) won	(356,042)	(366,327)	(1,870,290)	(1,840,340)
Gross terminal income	<u>\$31,621</u>	<u>\$33,335</u>	<u>\$167,445</u>	<u>\$165,299</u>
Administrative costs	(632)	(667)	(3,349)	(3,307)
Gross Profit	30,989	\$32,668	\$164,096	\$161,992
Commissions	(15,494)	(17,641)	(82,048)	(83,624)
Municipalities and Counties	(620)	(653)	(3,282)	(3,239)
Limited video lottery revenues	<u>\$14,875</u>	<u>\$14,374</u>	<u>\$78,766</u>	<u>\$75,129</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 November 30, 2008 were \$8,242,135 and \$39,057,876, 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	\$ 2,885	\$13,670
Interest on Table Games Fund	3	17
Administrative Costs	<u>(247)</u>	<u>(1,172)</u>
Total Available for Distribution	2,641	12,515
<u>Less Distributions:</u>		
Racetrack Purse Funds	206	976
Thoroughbred & Greyhound Development Funds	165	781
Racing Commission Pension Plan	80	376
Municipalities/Counties	<u>685</u>	<u>3,245</u>
Total Distributions	1,136	5,378
 State Debt Reduction Fund	 <u>\$ 1,505</u>	 <u>\$7,137</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, 2009 the State Legislature budgeted \$168,151,542 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 November 30, 2008 the Lottery made such distributions and accrued additional distributions of \$43,960,701. 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 November 30, 2008 the Lottery accrued additional distributions relating to racetrack video lottery operations of \$635,518.

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>November 30, 2008</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Bureau of Senior Services	\$ 6,508	\$ 51,808
Department of Education	3,894	30,998
Library Commission	1,279	10,177
Higher Education-Policy Commission	1,223	9,733
Tourism	881	7,012
Natural Resources	386	3,076
Division of Culture & History	651	5,180
Department of Education & Arts	134	1,069
Building Commission	1,000	5,000
School Building Authority	1,800	9,000
Total State Lottery Fund	\$ 17,756	\$ 133,053



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

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

<u>State Excess Lottery Revenue Fund:</u>		
Economic Development Fund	\$ 1,900	\$ 9,500
Higher Education Improvement Fund	1,000	5,000
General Purpose Account	18,698	29,127
Higher Education Improvement Fund	-	27,000
State Park Improvement Fund	-	-
School Building Authority	709	3,544
Refundable Credit	-	374
Excess Lottery Surplus	-	-
West Va. Infrastructure Council	-	-
Total State Excess Lottery Revenue Fund	\$ 22,307	\$ 74,545
Total Budgetary distributions:	\$ 40,063	\$ 207,598
Veterans Instant Ticket Fund	\$ 42	\$ 373
<u>Other Racetrack Video Lottery distributions:</u>		
Tourism Promotion Fund 1.375%	\$ 734	\$ 4,693
Development Office Promotion Fund .375%	200	1,280
Research Challenge Fund .5%	266	1,706
Capitol Renovation & Improvement Fund .6875%	366	2,346
Parking Garage Fund .0625 %	33	213
Parking Garage Fund 1 %	-	500
Cultural Facilities & Cap. Resources Fund .5%	266	1,362
Capitol Dome & Cap. Improvements Fund .5%	266	1,550
Workers Compensation Debt Reduction Fund 7%	-	11,000
Total	\$ 2,131	\$ 24,650
Table Games State Debt Reduction Fund	\$ 1,520	6,743
Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 43,756	\$ 239,364
Accrued nonoperating distributions, beginning	(177,723)	(166,967)
Accrued nonoperating distributions, end	181,814	181,814
Total nonoperating distributions to the State of West Virginia	\$ 47,847	\$ 254,211

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

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

**NOTE 11 – COMMITMENTS**

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

**NOTE 12 - DEFERRED JACKPOT OBLIGATIONS AND INVESTMENTS HELD IN TRUST**

Prior to becoming a member of the Multi-State Lottery in 1988, the prize structure of certain games operated solely by the Lottery included jackpot prizes. The Lottery, at its discretion, could choose to award such prizes in the form of either a lump sum payment or in equal installments over a period of 10 or 20 years, through November 30, 2008, the Lottery has awarded twenty-one deferred jackpot prizes totaling approximately \$28,868,786. Deferred prize awards were recognized as prize liabilities equivalent to the present value of future prize payments discounted at interest rates for government securities in effect on the date prizes were won. The imputed interest portion of the deferred prize is calculated using the effective interest method at rates ranging from 7.11% to 9.13%.

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

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

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

**NOTE 12 - DEFERRED JACKPOT OBLIGATIONS AND INVESTMENTS HELD IN TRUST**  
**(continued)**

Cash payments on deferred prize obligations for the year are as follows (in thousands):

<u>Year Ended</u>	<u>Original Discounted Obligations Outstanding</u>	<u>Imputed Interest</u>	<u>Total</u>
June 30, 2009*	120	10	130
	<u>\$ 120</u>	<u>\$ 10</u>	<u>\$ 130</u>

\*Paid 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 November 30, 2008 are as follows (in thousands):

	<u>November 30, 2008</u>	<u>Year-to Date</u>
Lottery contributions	\$54	\$274
Employee contributions	24	121
Total contributions	\$78	\$395

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

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

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

The Lottery participates in the West Virginia Board of Risk and Insurance Management (BRIM), a common risk pool currently operating as a common risk management and insurance program for all State agencies, component units, and other local governmental agencies who wish to participate. The Lottery pays an annual premium to BRIM for its general insurance coverage. Fund underwriting and rate setting policies are established by BRIM. The cost of all coverage as determined by BRIM shall be paid by the participants. The BRIM risk pool retains the risk of the first \$1 million per property event and purchases excess insurance on losses above that level. Excess coverage, through an outside insurer under this program is limited to \$200 million per event, subject to limits on certain property. BRIM has \$1 million per occurrence coverage maximum on all third-party liability claims.

**NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

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

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

**NOTE 15 – OTHER POSTEMPLOYMENT BENEFITS (continued)**

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

**NOTE 16 – NEW ACCOUNTING PRONOUNCEMENTS**

The Governmental Accounting Standards Board (GASB) issued Statement No. 50, Pension Disclosures, an amendment of GASB Statements No. 25 and No. 27, in 2007. This Statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to the 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. *ELC*  
Director Budget Division  
Legislative Auditor's Office

Date: January 5, 2009

Re: Status of General Revenue Fund December 31, 2008

We have reviewed the cash revenue flows of the West Virginia general revenue fund for the months of July - December of fiscal year 2008-2009. The status of the fund collections are as follows:

The net collections were **104.74%** of the estimate for the fiscal year. **The amount ABOVE estimate was \$ 87 million for the year.**

Personal Income Tax collections were \$ 55 million over the estimate for the fiscal year.

Severance tax collections were \$ 54 million over the estimate for the fiscal year.

Corporate income and business franchise collections were \$ 1.1 million below the estimate for the year.

Gen Rev /State Road  
*Joint Committee on Government and Finance*

**State Road Fund**

The state road fund was collected at 100.79% of the estimate for the months of July - December 2008. The entire fund was \$ 2.4 million above the estimate for the year.

**Rainy Day and Personal Income Tax Reserve**

Revenue Shortfall Reserve Fund A(Rainy Day Fund) had a cash balance of \$ \$245,951,856.08 as of December 31, 2008.

Balance July 1, 2008	289,801,853.25
Cash flow loan to General Revenue on July 1, 2008. To be repaid 90 days. This is a normal occurrence in July due to cash flow demands; will be repaid in September. Repaid September 26, 2008.	- 58,000,000.00  +58,000,000.00
Revenues July 1, 2007-June 30,2008 (Surplus from FY 2008 transferred in August 2008.)	17,638,764.23
Earnings	- 61,488,761.40-
Balance December 31, 2008	245,951,856.08

Revenue Shortfall Reserve Fund B (Tobacco Settlement Monies) had a cash balance of \$ 202,299,586.98 as of December 31, 2008.

Balance July 1, 2008	291,275,042.97
Earnings	-88,975,455.99-
Balance December 31, 2008	202,299,586.98

The Special Income Tax Reserve Fund had a cash balance of \$45,019,318.96 as of December 31, 2008.

Balance July 1, 2008	45,019,318.96
Revenues July 2008-June 2009	-0-
Balance December 31, 2008	45,019,318.96



**MOTOR FUEL EXCISE TAX SHORTFALL RESERVE FUND**

Motor Fuel Excise Tax Shortfall Reserve Fund had a cash balance of \$ 27,319,224.03 on December 31, 2008. This fund was created by HB 218 during the June 2008 special session to act as a reserve fund when the highways motor fuel excise tax fails to meet monthly revenue estimates.

Balance July 1, 2008 Appropriated by supplemental SB 2019, June 2008	\$ 40,000,000.00
Transfers out to Highways Fund	- 12,680,775.97-
Balance November 30, 2008	27,319,224.03

GENERAL REVENUE FUND FY 2008-2009

FINAL

Monthly Revenue Estimates

as of December 31, 2008, WVFIMS

	MONTH ESTIMATES	NET MONTH COLLECTIONS	MONTHLY OVER	YTD ESTIMATES	NET	YEARLY OVER
			UNDER ESTIMATES VS ACTUAL COLLECTIONS		YTD	UNDER ESTIMATES VS ACTUAL COLLECTIONS
Personal Income Tax	110,500,000	114,662,463	4,192,463	644,800,000	700,671,020	56,771,020
Consumer Sales Tax & Use Tax	94,300,000	91,878,266	-2,421,735	601,500,000	577,727,710	-23,772,290
Severance Tax	37,800,000	48,629,898	10,829,898	175,200,000	229,280,570	54,080,570
Corp Income /Business Franchise	84,700,000	84,403,104	-296,896	133,500,000	132,384,841	-1,115,159
Business and Occupation	13,200,000	17,579,432	4,379,432	66,200,000	71,109,834	4,909,834
HB 102 - Lottery Transfers	29,000,000	27,692,378	-1,307,625	65,000,000	66,819,070	-8,180,930
Cigarette Tax	7,600,000	10,017,450	2,417,450	53,100,000	66,354,260	3,254,260
Insurance Tax	100,000	-344,654	-444,654	49,700,000	50,376,597	676,597
Interest Income	2,200,000	1,156,947	-1,043,053	11,400,000	15,042,181	3,642,181
Departmental Collections	2,490,000	837,232	-1,652,768	7,800,000	5,298,378	-2,501,624
Property Transfer Tax	1,040,000	600,669	-439,331	7,120,000	4,982,360	-2,157,640
Liquor Profit Transfers	1,030,000	1,040,260	10,260	7,070,000	7,444,198	374,198
Beer Tax and Licenses	600,000	596,936	-3,065	4,120,000	4,112,416	-7,585
Property Tax	170,000	117,142	-52,858	3,130,000	3,302,916	172,916
Smokeless Tobacco Tax	390,000	417,408	27,408	2,760,000	2,887,281	127,281
Miscellaneous Transfers	0	0	0	1,600,000	129,636	-1,470,364
Refundable Credit Reim LTY	0	0	0	810,000	373,667	-436,333
Business Franchise Fees	20,000	29,912	9,912	700,000	613,652	-86,448
Miscellaneous Receipts	69,000	79,088	10,088	461,000	3,676,284	3,215,284
Racing Fees	269,000	23,250	-235,750	430,000	274,214	-155,786
Charter Tax	0	16,495	16,495	100,000	210,355	110,355
Telecommunications Tax	0	18,449	18,449	0	166,036	166,036
Estate and Inheritance Tax	0	-29,596	-29,596	0	-31,884	-31,884
Video Lottery Transfers	0	486,963	486,963	0	514,633	514,633
Special Revenue Transfer	0	0	0	0	0	0
Cash Flow Transfer	0	0	0	0	0	0
<b>TOTALS</b>	<b>356,468,000</b>	<b>369,939,467</b>	<b>14,471,467</b>	<b>1,836,601,000</b>	<b>1,923,700,100</b>	<b>87,099,100</b>
Minus Cash Flow Transfer	0	0	0	0	0	0
Percent of Estimates		104.07%				
<b>TOTALS</b>	<b>356,468,000</b>	<b>369,939,467</b>	<b>14,471,467</b>	<b>1,836,601,000</b>	<b>1,923,700,100</b>	<b>87,099,100</b>
Percent of Estimates					104.74%	
Collections this day		21,768,338				

Prepared by Legislative Auditor's Office, Budget Division

STATE ROAD FUND FY 2008-2009  
 Monthly Revenue Estimates July 2008  
 as of December 31, 2008, WVFIMS

	MONTH ESTIMATES	NET MONTH COLLECTIONS	MONTHLY OVER UNDER ESTIMATES VS ACTUAL COLLECTIONS	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY OVER UNDER ESTIMATES VS ACTUAL COLLECTIONS
Gasoline & Motor Carrier Rd Tax	35,000,000	50,915,901	15,915,901	184,900,000	189,712,456	4,812,456
Privilege Tax	10,947,000	9,934,243	-1,012,757	84,443,000	80,017,643	-4,425,457
Licenses & Registration	6,231,000	5,610,236	-620,764	39,091,000	41,030,651	1,939,651
Highway Litter Control	118,000	121,336	3,336	738,000	861,254	113,254
<b>TOTALS</b>	<b>52,296,000</b>	<b>66,581,716</b>	<b>14,285,716</b>	<b>309,172,000</b>	<b>311,611,903</b>	<b>2,439,903</b>

Percent of Estimates

127.32%

100.79%

Collections this day

12,106,530

MOTOR FUEL EXCISE TAX SHORTFALL RESERVE FUND  
 CASH BALANCE WITH TREASURER  
 AS OF December 31, 2008: \$27,319,224.03

REVENUE SHORTFALL RESERVE FUND A AS OF December 31, 2008 : \$245,951,856.08

REVENUE SHORTFALL RESERVE FUND B AS OF December 31, 2008: \$ 202,299,586.98

PERSONAL INCOME TAX REFUND RESERVE FUND AS OF December 31, 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: January 7, 2009

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the November 30, 2008 monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia. November 2008 is the fifth month of fiscal year 2008-2009.

For the fiscal year 2008-2009, the trust fund cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2008	\$251,821,729.58
Receipts July 1, 2007 thru June 30, 2009	\$73,359,346.26
Disbursements July 1, 2007 thru June 30, 2009	\$75,327,574.61
Balance October 31, 2008	\$249,853,501.23

ITEMS OF NOTE:

Regular benefits paid for July - November 2008 were \$224 thousand more than in July - November 2007.

Unemployment *Joint Committee on Government and Finance*

Total disbursements were \$ 17 million more than the same months of the preceding fiscal year.

Receipts in July - November were \$ 19.6 million more than in July - November 2007. Overall ending trust fund balance was \$ 2.8 million less as of November 31, 2008 than on November 31, 2007.

West Virginia's unemployment rate for the month of November 2008 was 4.2 percent. National unadjusted employment rate was 6.5%.

Seasonally adjusted unemployment rates were 4.6 percent for West Virginia and 6.7% percent nationally.

Since November 2007 employment has decreased by 500, with gains in the following areas: 1,200 in educational and health services, 300 in professional and business services, 2,500 in natural resources and mining, 800 in government, 800 in other services and 800 in leisure and hospitality. Declines included 2,400 in manufacturing, 600 in construction, 2,800 in trade, transportation and utilities, 700 in financial activities, and 400 in information.

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

	SEPTEMBER 07	OCTOBER 07	NOVEMBER 07	SEPTEMBER 08	OCTOBER 08	NOVEMBER 08	THREE MONTH TOTAL VARIANCE *
<b>Balance Forward</b>	<u>\$262,831,539.34</u>	<u>\$257,723,100.41</u>	<u>\$254,084,321.13</u>	<u>\$256,072,766.91</u>	<u>\$260,357,861.57</u>	<u>\$248,422,766.62</u>	<u>(\$18,785,666.76)</u>
<b>Add Receipts:</b>							
1. Bond Assessment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2. Regular Contributions:	\$553,668.83	\$7,853,681.96	\$11,368,414.10	\$843,084.37	\$8,410,393.17	\$12,709,009.00	\$2,186,721.65
3. Federal Extended Benefits (EUC08)	\$0.00	\$0.00	\$0.00	\$6,666,288.00	\$3,255,098.00	\$2,226,457.00	\$11,047,842.00
4. Emergency Unemployment Funds (TEUC)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
5. TEUC Unemployment Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
6. UCFE (Federal Agencies)	\$0.00	\$0.00	\$0.00	\$71,000.00	\$80,000.00	\$62,768.00	\$193,768.00
7. Reduced Tax Credits	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
8. Read Act Funds	\$301,800.21	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$301,800.21)
9. Treasury Interest Credits	\$2,857,205.48	\$0.00	\$0.00	\$2,868,323.42	\$0.00	\$0.00	\$141,117.96
10. UCX (Military Agencies)	\$0.00	\$0.00	\$0.00	\$261,000.00	\$252,000.00	\$270,346.00	\$783,346.00
<b>Total Monthly Receipts</b>	<u>\$3,712,674.50</u>	<u>\$7,853,681.96</u>	<u>\$11,368,414.10</u>	<u>\$9,739,696.79</u>	<u>\$11,977,488.17</u>	<u>\$15,268,569.00</u>	<u>\$14,050,884.40</u>
<b>Less Disbursements:</b>							
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)
Regular Benefits:	\$8,543,195.18	\$11,168,816.58	12,474,827.02	\$10,006,302.26	\$10,466,886.88	\$10,933,341.80	(\$780,307.89)
Federal Extended Benefits (EUC08)	\$0.00	\$0.00	0.00	\$5,106,944.00	\$3,113,489.00	\$2,466,808.00	\$10,716,341.00
Emergency Benefits (TEUC)	(\$720.00)	(\$700.00)	(610.00)	(\$423.00)	(\$316.00)	(\$433.00)	\$569.00
UCFE (Federal Workers) Benefits	\$72,253.25	\$69,152.58	64,114.12	\$72,743.24	\$84,290.16	\$77,159.98	\$8,673.43
UCX (Military Workers) Benefits	\$206,385.00	\$255,192.08	242,119.76	\$269,036.53	\$288,534.10	\$331,856.61	\$166,729.50
Read Act Funds	\$0.00	\$0.00	0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Adjustments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total Monthly Disbursements</b>	<u>\$9,821,113.43</u>	<u>\$11,492,461.24</u>	<u>\$12,760,450.80</u>	<u>\$15,464,602.13</u>	<u>\$13,912,686.12</u>	<u>\$13,837,833.39</u>	<u>\$10,110,885.07</u>
<b>Trust Fund Balance</b>	<u>\$257,723,100.41</u>	<u>\$254,084,321.13</u>	<u>\$252,672,284.33</u>	<u>\$250,357,861.57</u>	<u>\$248,422,766.62</u>	<u>\$249,853,501.23</u>	<u>(\$15,845,577.49)</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.

Unemployment



# *Prescription Drug Report*

***DECEMBER 2008***

### WV PEIA - Monthly Trend

Plan Demographics	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	2008 - 2009		% Change
						Fiscal	2007 - 2008 Fiscal	
Total Drug Cost	\$11,879,811	\$12,304,268	\$12,883,884	\$13,428,248	\$12,728,618	\$63,216,822	\$60,184,876	5.04%
Amount Paid By Plan Sponsor	\$7,181,533	\$9,278,463	\$10,132,898	\$10,828,563	\$10,382,132	\$47,762,678	\$44,062,189	8.38%
Amount Paid By Members	\$4,718,277	\$3,027,803	\$2,760,888	\$2,600,682	\$2,374,484	\$16,457,243	\$16,122,678	-4.07%
Total Claims	188,812	192,750	205,168	213,009	202,081	699,820	649,159	8.34%
Average Eligible Member	187,501	167,685	168,843	159,282	159,875	158,635	154,283	2.82%
Average # of Rx's Per Member Per Month	1.19	1.22	1.28	1.34	1.26	1.26	1.23	2.45%
Plan Paid Per Member Per Month (PMPM)	\$45.47	\$58.84	\$63.78	\$67.99	\$64.75	\$80.20	\$57.12	6.40%
Average Eligible Enrollees	72,418	72,525	73,131	73,381	73,598	73,008	71,379	2.28%
Average # of Rx's Per Enrollee Per Month	2.58	2.88	2.81	2.90	2.75	2.74	2.68	2.89%
Plan Paid Per Enrollee Per Month (PEPM)	\$98.89	\$127.91	\$138.56	\$147.62	\$140.66	\$130.82	\$123.48	5.96%
<b>Rx Cost Share</b>								
Avg. Claim Cost to Plan	\$38.34	\$48.13	\$49.39	\$50.84	\$51.23	\$47.78	\$46.42	2.88%
Avg. Member Cost/Claim	\$25.26	\$18.71	\$13.41	\$12.10	\$11.70	\$16.47	\$16.89	-8.83%
Percent member Cost Share	39.7%	24.8%	21.4%	18.3%	18.7%	24.5%	26.8%	-8.87%
<b>Average Ingredient Costs</b>								
Single Source (no generics available)	\$173.28	\$172.02	\$173.95	\$178.25	\$175.27	\$173.98	\$162.81	13.78%
Multi-Source Brand (generics available)	\$50.08	\$39.78	\$42.42	\$42.77	\$48.83	\$44.41	\$37.80	17.49%
Generic Drugs	\$19.23	\$19.61	\$18.16	\$18.17	\$18.18	\$18.26	\$20.33	-5.23%
<b>Brand/Generic Dispensing Rates</b>								
Single Source (no generics)	27.66%	27.84%	27.03%	27.0%	26.88%	27.24%	31.06%	-12.31%
Multi-Source Brand % (generics available)	1.03%	0.86%	0.96%	1.0%	0.96%	0.87%	1.04%	-8.24%
Generic Drug	71.41%	71.20%	72.02%	72.1%	72.16%	71.79%	67.90%	5.73%
Generics Dispensed when available	98.58%	98.87%	98.89%	98.7%	98.88%	98.67%	98.50%	0.17%
Percent of Plan Cost for Single Source	85.84%	81.81%	80.57%	78.9%	79.52%	81.19%	80.68%	0.68%
<b>Retail Pharmacy Program</b>								
Avg. Day Supply	32.6	33.3	32.8	32.3	32.4	32.7	32.3	1.04%
Avg. Plan Cost/Day Supply	\$1.18	\$1.43	\$1.49	\$1.68	\$1.57	\$1.45	\$1.42	2.07%
Avg. Claim Cost to Plan	\$37.89	\$47.78	\$49.00	\$50.48	\$50.80	\$47.37	\$48.83	3.13%
Avg. Member Cost / Claim	\$25.12	\$18.58	\$13.32	\$12.11	\$11.88	\$18.37	\$18.87	-8.89%
Percent Member Cost Share	39.87%	24.58%	21.37%	19.4%	18.69%	24.50%	26.88%	-8.80%
Special Maint Network (% of claims filled)	10.97%	11.97%	11.91%	11.4%	11.62%	11.67%	11.41%	1.42%
Other Maint (% of claims filled)	0.63%	0.69%	0.59%	0.6%	0.57%	0.59%	0.69%	0.62%
Avg. Days Supply for Maint. Network	87.8	87.4	87.5	87.4	87.8	87.5	87.6	-0.11%
Total # Claims Fills 1-34 Days Supply	161,971	168,348	178,278	184,019	174,014	881,628	822,688	4.78%
Total # Claims Fills 35-60 Day Supply	1,254	1,438	1,458	1,826	1,428	7,100	6,389	11.13%
Total # Claims Fills 61-90 Day Supply	21,875	24,210	25,782	25,602	24,855	122,304	111,419	8.77%
Total # Claims Fills 91+ Day Supply	4	8	2	2	2	18	31	-51.61%
<b>Mail Service Program</b>								
Avg. Days Supply	78.0	73.6	72.4	71.6	71.5	73.0	71.4	2.19%
Avg. Plan Cost/Days Supply	\$1.14	\$1.17	\$1.38	\$1.29	\$1.38	\$1.28	\$1.39	-8.23%
Avg. Cost to Plan	\$88.90	\$88.38	\$98.60	\$92.27	\$98.84	\$82.21	\$99.41	-7.25%
Avg. Member Cost/Claim	\$59.77	\$29.40	\$24.33	\$24.68	\$18.67	\$28.68	\$28.98	-9.29%
Percent Member Cost Share	31.40%	26.45%	20.13%	18.3%	18.60%	22.42%	22.81%	-1.71%
Total # Claims Fill 1-34 Days Supply	397	459	473	547	631	2,407	2,723	-11.60%
Total # Claims Fills 35-60 Days Supply	5	6	3	8	1	23	28	-11.54%
Total # Claims Fills 61-90 Days Supply	1,308	1,288	1,188	1,306	1,249	6,348	5,888	6.01%
Total # Claims Fills 91+ Day Supply	0	0	0	0	0	-	-	-
<b>Formulary Program</b>								
S/S Formulary Drugs (% by claim)	22.81%	22.93%	22.21%	22.2%	22.25%	22.42%	23.03%	-2.68%
S/S Non-Formulary Drugs (% by claim)	4.85%	4.82%	4.82%	4.8%	4.84%	4.82%	6.03%	-40.04%
M/S Drugs (% by claim)	1.03%	0.96%	0.96%	1.0%	0.96%	0.97%	1.04%	-8.24%
Generic Drugs (% by Claim)	71.41%	71.20%	72.02%	72.1%	72.16%	71.79%	67.90%	5.73%
S/S Formulary Drugs (% by \$)	78.21%	74.17%	72.73%	72.3%	71.90%	73.56%	69.28%	6.17%
S/S non-Formulary Drugs (% by \$)	7.73%	7.44%	7.68%	7.6%	7.82%	7.63%	11.37%	-32.84%
M/S Drugs (% by \$)	0.59%	0.26%	0.30%	0.3%	0.37%	0.35%	0.26%	37.94%
Generic Drugs (% by \$)	13.48%	18.13%	19.12%	19.8%	20.11%	18.46%	18.10%	-3.38%
<b>Specialty Drugs</b>								
Total Drug Cost	\$1,374,104	\$1,220,429	\$1,383,478	\$1,430,939	\$1,319,791	\$8,708,708	\$5,598,883	19.87%
Amount Paid by Plan Sponsor	\$1,311,459	\$1,184,313	\$1,328,292	\$1,398,019	\$1,285,801	\$8,506,084	\$5,409,884	20.26%
Amount Paid by Members	\$62,645	\$35,916	\$34,183	\$32,920	\$33,990	\$202,624	\$187,000	8.38%
Total Claims	720	663	673	724	687	3,487	3,193	8.41%
Avg # of Rx's per Member per Month	0.00	0.00	0.00	0.008	0.004	0.004	0.004	5.44%
Plan Paid Per Member Per Month (PMPM)	\$8.33	\$7.81	\$8.37	\$8.78	\$8.04	\$8.20	\$7.01	18.98%
Avg Claim Cost to Plan	\$1,821.47	\$1,788.60	\$1,976.17	\$1,928.62	\$1,971.62	\$1,378.67	\$1,691.84	10.83%
Avg Claim Cost to Member	\$87.01	\$54.17	\$50.78	\$49.81	\$49.43	\$58.44	\$58.48	-0.06%
Percent of Member Cost Share	4.66%	2.94%	2.51%	2.51%	2.87%	3.02%	3.34%	-9.81%
Percent of Overall Drug Spend	11.57%	9.82%	10.58%	10.68%	10.37%	10.81%	9.30%	14.11%





## Key Performance Indicators

## Comprehensive Indicators

## WVA - WV Public Employees Ins

Current Period: 11/2008 - 11/2008

Previous Period: 11/2007 - 11/2007

	Current Period	Previous Period	% Change
<b>Overall Performance</b>			
Plan Cost PMPM	\$64.92	\$63.02	3.0 %
Average Mbrs/Month	159,875	155,827	2.6 %
Average Subs/Month	73,585	71,971	2.3 %
% Utilizing Members	44.5 %	45.2 %	-1.6 %
% Retail Utilizing Members	44.2 %	45.0 %	-1.6 %
% Mail Utilizing Members	0.5 %	0.5 %	-4.1 %
<b>Rx Measures</b>			
Rxs PMPM	1.27	1.27	-0.5 %
Retail Rxs PMPM	1.26	1.26	-0.4 %
Mail Rxs PMPM	0.01	0.01	-5.8 %
Average Admin Fee/Rx	\$0.00	\$0.01	-98.6 %
Avg Retail Admin Fee/Rx	\$0.00	\$0.01	-98.6 %
Avg Mail Admin Fee/Rx	\$0.00	\$0.00	0.0 %
Average Plan Cost/Rx	\$51.22	\$49.48	3.5 %
Avg Retail Plan Cost/Rx	\$50.79	\$48.89	3.9 %
Avg Mail Plan Cost/Rx	\$98.79	\$112.41	-12.1 %
Average Mbr Contrib/Rx	\$11.77	\$12.77	-7.8 %
Avg Retail Mbr Contrib/Rx	\$11.70	\$12.68	-7.7 %
Avg Mail Mbr Contrib/Rx	\$19.67	\$22.20	-11.4 %
Average Ing Cost/Rx	\$81.42	\$60.54	1.5 %
Avg Retail Ing Cost/Rx	\$80.91	\$59.88	1.8 %
Avg Mail Ing Cost/Rx	\$118.48	\$133.11	-11.0 %
Average AWP/Rx	\$111.54	\$103.40	7.9 %
Avg Retail AWP/Rx	\$110.53	\$102.37	8.0 %
Avg Mail AWP/Rx	\$225.18	\$213.88	5.3 %
Average Days Supply/Rx	32.7	32.2	1.6 %
Avg Retail Days/Rx	32.4	31.8	1.7 %
Avg Mail Days/Rx	71.5	71.3	0.4 %
Average Plan Cost/Day	\$1.57	\$1.54	1.9 %
Avg Retail Plan Cost/Day	\$1.57	\$1.54	2.2 %
Avg Mail Plan Cost/Day	\$1.38	\$1.58	-12.5 %
% Plan Cost	81.3 %	79.5 %	2.3 %
% Member Contribution	18.7 %	20.5 %	-8.9 %
% Retail Plan Cost	81.3 %	79.4 %	2.4 %
% Retail Mbr Contrib	18.7 %	20.6 %	-9.1 %
% Mail Plan Cost	83.4 %	83.5 %	-0.1 %
% Mail Member Contrib	16.6 %	16.5 %	0.7 %



**Key Performance Indicators**  
**Comprehensive Indicators**  
**WVA - WV Public Employees Ins**

Current Period: 11/2008 - 11/2008  
 Previous Period: 11/2007 - 11/2007

	Current Period	Previous Period	% Change
<b>Rx Sources</b>			
% Mail Rxs	0.9 %	0.9 %	-5.3 %
% Retail Rxs	99.1 %	99.0 %	0.1 %
% Member Submit Rxs	0.0 %	0.1 %	-92.1 %
<b>Rx Types</b>			
Avg SSB Plan Cost/Rx	\$181.35	\$130.06	18.4 %
Avg Retail SSB Plan Cost/Rx	\$150.45	\$129.02	16.6 %
Avg Mail SSB Plan Cost/Rx	\$235.44	\$211.88	11.1 %
Avg MSB Plan Cost/Rx	\$19.53	\$13.48	44.9 %
Avg Retail MSB Plan Cost/Rx	\$18.53	\$12.39	49.5 %
Avg Mail MSB Plan Cost/Rx	\$100.31	\$165.07	-39.2 %
Avg GEN Plan Cost/Rx	\$14.28	\$15.48	-7.8 %
Avg Retail GEN Plan Cost/Rx	\$14.14	\$16.25	-7.3 %
Avg Mail GEN Plan Cost/Rx	\$31.59	\$44.23	-28.6 %
% Single-Source Brand Rxs	28.9 %	29.7 %	-9.4 %
% Multi-Source Brand Rxs	1.0 %	1.0 %	-2.7 %
% Generic Rxs	72.1 %	68.3 %	4.0 %
% Retail Single-Source Brand	26.9 %	28.6 %	-9.2 %
% Retail Multi-Source Brand	1.0 %	1.0 %	-3.2 %
% Retail Generic	72.2 %	69.4 %	4.0 %
% Mail Single-Source Brand	32.5 %	40.1 %	-19.0 %
% Mail Multi-Source Brand	1.3 %	0.8 %	77.3 %
% Mail Generic	66.1 %	59.1 %	11.9 %
% Formulary Rxs	93.9 %	91.2 %	3.0 %
% Retail Formulary Rxs	93.9 %	91.2 %	2.9 %
% Mail Formulary Rxs	93.1 %	89.3 %	4.2 %
% DAW Rxs	0.6 %	0.6 %	-10.0 %
% Retail DAW Rxs	0.6 %	0.6 %	-9.1 %
% Mail DAW Rxs	1.0 %	1.8 %	-43.6 %
% Generic Conversion	98.7 %	98.6 %	0.1 %
% Retail GEN Conversion	98.7 %	98.8 %	0.1 %
% Mail GEN Conversion	98.0 %	98.7 %	-0.7 %
<b>Period Totals</b>			
Total Plan Cost	\$10,378,873.86	\$9,820,295.25	5.7 %
Retail Plan Cost	\$10,202,932.15	\$9,813,233.55	6.1 %
Mail Plan Cost	\$175,941.71	\$207,061.70	-15.0 %
Total Member Contribution	\$2,394,968.03	\$2,533,837.16	-5.9 %



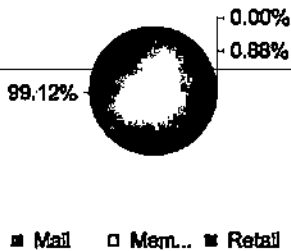
**Key Performance Indicators**  
**Comprehensive Indicators**  
**WVA - WV Public Employees Ins**

Current Period: 11/2008 - 11/2008  
 Previous Period: 11/2007 - 11/2007

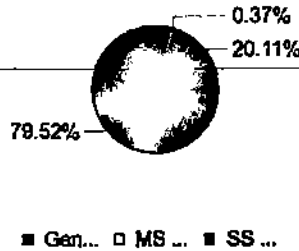
	Current Period	Previous Period	
Retail Member Contrib	\$2,349,936.59	\$2,492,942.32	- 5.7 %
Mail Member Contrib	\$35,031.44	\$40,894.84	-14.3 %
<b>Total Rx Count</b>	<b>202,649</b>	<b>198,480</b>	<b>2.1 %</b>
Retail Rx Count	200,859	196,527	2.2 %
Member Submit Rxs	9	111	-91.9 %
Mail Rx Count	1,781	1,842	-3.3 %
Total Admin Fee	\$22.50	\$1,600.50	-98.6 %
Total UC Savings	\$7,625,566.18	\$6,866,763.99	11.1 %
Total Lost Savings	\$11,833.07	\$13,550.15	-12.7 %
<b>Demographics</b>			
Average Age	38.8	38.7	0.3 %
% Male Members	46.5 %	46.5 %	-0.0 %
% Female Members	53.5 %	53.5 %	0.0 %

**Graphs based on Current Period: 11/2008 - 11/2008**

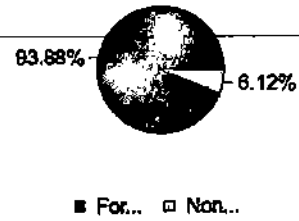
Claim Source by Rx Count



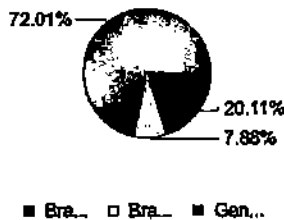
Drug Type by Plan Cost



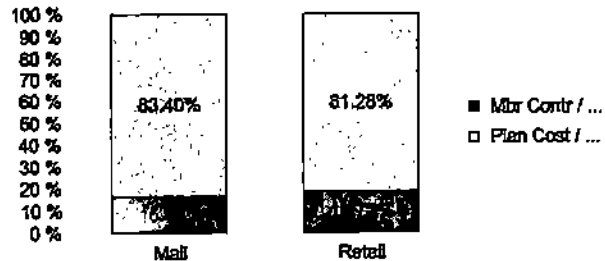
Formulary Status by Rx Count



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 11/2008 - 11/2008



EXPRESS SCRIPTS®

Reporting Level 2	Avg Mbr Count	Avg Util Mbr/Mnth	Rx Count	Plan Cost	Member Cost/Rx	Plan Cost/Rx	Mail % Rxs	Gen % Rxs	Form % Rxs	Gen Conv %	PMPM Plan Cost
COBRA (COBRA)	380	204	655	\$53,434	\$14.09	\$81.58	0.9 %	64.7 %	91.1 %	98.1 %	\$148.43
NON STATE AGENCIES (02)	18,262	7,708	21,618	\$1,024,303	\$11.20	\$47.39	0.8 %	73.5 %	94.6 %	98.9 %	\$58.09
NON STATE AGENCIES PLAN B (02B)	2,299	928	2,091	\$82,101	\$13.42	\$39.26	0.9 %	78.4 %	94.3 %	98.4 %	\$35.71
NON STATE RETIREES (08)	1,234	782	2,815	\$162,848	\$10.75	\$54.30	1.2 %	71.5 %	85.1 %	98.9 %	\$123.86
NON STATE RETIREES 60 (0860)	16	10	59	\$2,013	\$9.12	\$37.98	0.0 %	73.8 %	90.6 %	100.0 %	\$134.20
STATE AGENCIES (01)	119,822	61,810	143,309	\$7,334,897	\$11.79	\$61.18	0.8 %	72.0 %	93.7 %	98.7 %	\$81.16
STATE AGENCIES (01B)	3,784	958	2,022	\$76,708	\$15.72	\$37.94	1.3 %	75.0 %	94.0 %	98.8 %	\$20.27
STATE RETIREES (07)	13,812	8,784	29,818	\$1,641,411	\$11.77	\$55.05	1.0 %	71.2 %	94.1 %	98.8 %	\$117.89
STATE RETIREES ASST 60 (0760)	87	59	270	\$11,083	\$8.80	\$40.87	1.9 %	82.2 %	97.4 %	99.6 %	\$127.16
<b>Grand Total</b>	<b>159,876</b>		<b>202,949</b>	<b>\$10,378,874</b>	<b>\$11.77</b>	<b>\$51.22</b>	<b>0.9 %</b>	<b>72.1 %</b>	<b>93.9 %</b>	<b>98.7 %</b>	<b>\$64.82</b>

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# *Monthly Management Report*

**TOTAL CLAIMS**

**DECEMBER 2008**

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

NOVEMBER 2008

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Reporting Category	Type of Service	Current		12 Months Prior		Current Fiscal Yr FEIA Payments	Previous Fiscal Yr FEIA Payments
		Current Period FEIA Payments	Rolling Avg FEIA Payments	12 Months Prior FEIA Payments	Rolling Avg FEIA Payments		
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	168,007.35	160,142.92	204,852.49	157,516.22	867,970.83	742,962.08
	MATERNITY	98,457.38	165,689.22	185,474.25	143,677.95	719,719.80	767,540.92
	MEDICAL AND SURGICAL	3,782,339.51	6,360,149.22	6,288,381.91	5,248,186.55	29,193,988.24	28,532,785.17
	NEONATAL COMPLICATIONS	49,886.45	49,596.46	75,390.59	72,662.42	302,561.27	251,315.75
*****	sum	4,098,690.69	6,735,577.92	6,754,099.24	5,622,043.14	31,084,240.14	30,294,603.92
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	39,467.73	39,294.31	44,132.75	34,308.84	197,446.06	172,073.81
	DIALYSIS	71,253.95	133,603.38	132,652.58	148,729.38	525,708.58	681,412.64
	EMERGENCY ROOM	482,694.41	460,314.76	484,473.93	402,150.38	2,126,554.97	2,089,267.75
	MATERNITY	50,601.73	46,295.17	64,479.65	41,493.64	200,077.09	199,715.69
	MEDICAL AND SURGICAL	6,518,281.15	7,686,535.30	8,559,171.16	6,543,586.16	35,360,259.38	34,942,845.11
*****	sum	7,112,298.97	8,366,042.91	9,284,910.07	7,170,268.39	38,410,046.08	38,085,315.00
PHARMACY	PRESCRIPTION DRUGS	9,993,090.65	10,079,769.39	11,156,161.04	10,103,672.40	48,058,837.50	44,642,432.30
*****	sum	9,993,090.65	10,079,769.39	11,156,161.04	10,103,672.40	48,058,837.50	44,642,432.30
PROFESSIONAL SERVICES	ADVANCED IMAGING	418,015.25	512,521.67	571,724.29	484,152.64	2,376,534.50	2,477,804.09
	AMBULANCE	128,064.45	190,764.51	203,444.01	171,640.60	912,650.01	934,065.04
	ANESTHESIA	625,586.49	672,225.06	743,056.30	633,848.15	3,314,602.80	3,491,900.43
	BEHAVIORAL	284,631.75	320,550.14	339,264.81	320,039.09	1,395,553.56	1,441,718.46
	CARDIOVASCULAR MEDICINE	285,942.51	377,184.51	377,638.88	356,367.43	1,721,321.76	1,679,051.71
	CERVICAL CANCER SCREENING	16,345.55	20,352.19	21,893.10	22,389.98	98,492.08	114,642.71
	DIALYSIS	1,754.36	4,828.11	2,770.02	6,620.92	22,387.24	23,893.84
	DME	306,353.40	375,690.85	434,483.61	328,169.12	1,703,354.04	1,845,204.76

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  
 NOVEMBER 2008

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Reporting Category	Type of Service	Current Period		Current Rolling Avg		12 Months Prior		12 Months Prior				
		PEIA Payments	Payments	PEIA Payments	Payments	PEIA Payments	Payments	PEIA Payments	Payments			
PROFESSIONAL SERVICES	EVALUATION AND MANAGEMENT	3,800,577.20		4,444,644.81		4,814,560.77		4,134,162.66		21,243,589.55		21,064,652.21
	IMMUNIZATION	400,910.33		290,690.13		559,267.11		300,913.47		1,517,625.09		1,811,570.80
	INJECTION	774,441.36		727,958.00		726,219.71		683,580.64		3,680,844.23		3,462,211.81
	LAB AND PATHOLOGY	553,755.02		663,274.13		679,405.89		620,484.57		2,910,443.19		2,860,110.91
	MAMMOGRAPHY	76,482.64		84,376.80		108,537.60		95,866.32		424,509.85		546,992.12
	OTHER	393,601.68		432,351.87		493,325.53		361,739.54		2,312,646.99		2,109,616.58
	OTHER IMAGING	543,193.95		810,935.79		954,736.08		778,340.08		3,467,029.49		4,073,951.26
	OTHER MEDICINE	855,777.48		667,654.01		572,066.00		646,750.57		3,334,155.68		3,635,051.80
	PHYSICAL MEDICINE	526,010.92		580,827.51		670,244.74		536,652.53		2,650,319.92		2,718,718.07
	PROSTATE CANCER SCREENING	13,912.91		15,471.25		17,014.84		15,057.60		72,995.55		68,429.03
	SURGICAL	1,917,759.31		2,488,423.37		2,760,591.54		2,349,116.91		11,463,752.83		12,080,950.57
*****												
SUM		11,943,116.56		13,680,724.68		15,050,244.83		12,845,892.81		64,622,808.36		66,440,541.20
SUM		33,017,196.87		38,862,114.89		42,245,415.18		35,741,876.74		182,175,932.08		179,462,892.42

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***

***DECEMBER 2008***



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

NOVEMBER 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	.0007	.0025	.0028
	MATERNITY	.0002	.0010	.0035	.0044
	MEDICAL AND SURGICAL	.0046	.0097	.0358	.0427
	NEONATAL COMPLICATIONS	.0001	.0003	.0015	.0016
***** SUM		.0057	.0118	.0433	.0514
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.0032	.0030	.0136	.0138
	DIALYSIS	.0026	.0032	.0128	.0158
	EMERGENCY ROOM	.0211	.0288	.1116	.1227
	MATERNITY	.0020	.0028	.0101	.0103
	MEDICAL AND SURGICAL	.1796	.2578	.9707	1.0671
***** SUM		.2085	.2986	1.1188	1.2294
PHARMACY	PRESCRIPTION DRUGS	.8553	1.0287	4.4347	4.4109
***** SUM		.8553	1.0287	4.4347	4.4109
PROFESSIONAL SERVICES	ADVANCED IMAGING	.0191	.0246	.1094	.1160
	AMBULANCE	.0028	.0045	.0172	.0217
	ANESTHESIA	.0201	.0206	.0949	.1019
	BEHAVIORAL	.0327	.0410	.1864	.2009
	CARDIOVASCULAR MEDICINE	.0276	.0359	.1650	.1665
	CERVICAL CANCER SCREENING	.0043	.0067	.0258	.0351
	DIALYSIS	.0001	.0006	.0011	.0022
	DME	.0194	.0285	.1091	.1243
	EVALUATION AND MANAGEMENT	.4129	.5456	2.2914	2.4324
	IMMUNIZATION	.0825	.1042	.1920	.2104

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

NOVEMBER 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	.0230	.0303	.1265	.1335
	LAB AND PATHOLOGY	.1368	.1880	.7640	.8606
	MAMMOGRAPHY	.0152	.0194	.0877	.0965
	OTHER	.0465	.0528	.1921	.1917
	OTHER IMAGING	.0791	.1051	.4532	.4921
	OTHER MEDICINE	.0644	.0874	.3682	.4000
	PHYSICAL MEDICINE	.0888	.1180	.5070	.5553
	PROSTATE CANCER SCREENING	.0055	.0072	.0315	.0315
	SURGICAL	.0675	.0874	.3915	.4146
***** sum		1.1484	1.5080	6.1140	6.5874
sum		2.2178	2.8411	11.7108	12.2791

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

29 rows selected.



# *Monthly Management Report*

**PER CAPITA CLAIMS**

**DECEMBER 2008**

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

Page: 1

Reporting Category	Type of Service	Current	Current	12 Months Prior	12 Months Prior	Current Fiscal Yr	Previous Fiscal Yr
		Current Period PERIA Payments	Rolling Avg PERIA Payments	12 Months Prior PERIA Payments	Rolling Avg PERIA Payments	PERIA Payments	PERIA Payments
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	1.0661	1.0779	1.3457	1.0980	5.5489	4.9229
	MATERNITY	.5613	1.1161	1.2184	1.0006	4.6011	5.0858
	MEDICAL AND SURGICAL	23.6192	42.8166	41.3084	36.5409	186.6349	189.0609
	NEONATAL COMPLICATIONS	.3163	.3335	.4952	.5079	1.9343	1.6652
*****	SUB	25.5631	45.3440	44.3677	39.1474	198.7191	200.7349
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.2504	.2645	.2899	.2390	1.2623	1.1402
	DIALYSIS	.4521	.9003	.8714	1.0365	3.3608	4.5151
	EMERGENCY ROOM	2.7456	3.0997	3.1825	2.8008	13.5949	13.8437
	MATERNITY	.3211	.3121	.4236	.2893	1.2791	1.3233
	MEDICAL AND SURGICAL	41.3602	51.7672	56.2253	45.5770	226.0554	231.5345
*****	SUB	45.1294	56.3438	60.9926	49.9427	245.5524	252.3968
PHARMACY	PRESCRIPTION DRUGS	63.0280	67.8864	73.2849	70.4432	307.2364	295.8049
*****	SUB	63.0280	67.8864	73.2849	70.4432	307.2364	295.8049
PROFESSIONAL SERVICES	ADVANCED IMAGING	2.7793	3.4511	3.7557	3.3727	15.1930	16.4182
	AMBULANCE	.8126	1.2840	1.3364	1.1955	5.8345	6.1892
	ANESTHESIA	3.9695	4.5266	4.8811	4.4128	21.1900	23.1377
	BEHAVIORAL	1.8061	2.1592	2.2286	2.2306	8.9217	9.5530
	CARDIOVASCULAR MEDICINE	1.8144	2.5397	2.4807	2.4831	11.0043	11.1256
	CERVICAL CANCER SCREENING	.1037	.1371	.1438	.1360	.6297	.7597
	DIALYSIS	.0111	.0325	.0182	.0462	.1431	.1583
	DME	1.9439	2.5308	2.8541	2.2849	10.8894	12.2265

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  
 NOVEMBER 2008

Page: 2

Reporting Category	Type of Service	Current		12 Months Prior		Current Fiscal Yr PEIA Payments	Previous Fiscal Yr PEIA Payments
		Current Period PEIA Payments	Rolling Avg PEIA Payments	12 Months Prior PEIA Payments	Rolling Avg PEIA Payments		
PROFESSIONAL SERVICES	EVALUATION AND MANAGEMENT	24.1156	29.9259	31.6269	28.7972	135.8086	139.5763
	IMMUNIZATION	2.5439	1.9593	3.6738	2.0958	9.7021	12.0036
	INJECTION	4.9140	4.9000	4.7705	4.7616	23.5313	22.9409
	LAB AND PATHOLOGY	3.5137	4.4674	4.4630	4.3239	18.6062	18.9514
	MAMMOGRAPHY	.4853	.5683	.7130	.6674	2.7139	3.6244
	OTHER	2.4975	2.9096	3.2407	2.5180	14.7846	13.9785
	OTHER IMAGING	3.4467	5.4626	6.2717	5.4201	22.1644	26.9944
	OTHER MEDICINE	5.4301	4.4970	3.7579	4.5016	21.3150	24.0862
	PHYSICAL MEDICINE	3.3377	3.9117	4.4028	3.7386	16.9433	18.0145
	PROSTATE CANCER SCREENING	.0883	.1042	.1118	.1050	.4667	.4534
	SURGICAL	12.1687	16.7579	18.1343	16.3632	73.2869	80.0495
*****							
SUM		75.7822	92.1249	98.8652	89.4741	413.1286	440.2412
SUM		209.5026	261.6991	277.5104	249.0075	1,164.6365	1,189.1378

15

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.

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



	November 30	
	(in thousands)	
	2008	2007
<b>ASSETS</b>		
Short Term Assets		
Cash and Equivalents	\$ 23,276	\$ 39,216
Advance Deposit with Carrier/Trustee	176,528	137,529
Receivables - Net	1,536	2,758
Prepaid Insurance	3,108	3,429
<b>Total Short Term Assets</b>	<b>204,445</b>	<b>182,932</b>
Long Term Assets		
Investments	91,275	112,076
<b>Total Long Term Assets</b>	<b>91,275</b>	<b>112,076</b>
<b>TOTAL ASSETS</b>	<b>295,720</b>	<b>295,008</b>
<b>LIABILITIES</b>		
Short Term Liabilities		
Accounts payable	1,740	1,279
Claims Payable	812	92
OPEB Liability	36	-
Agents Commissions Payable	676	827
Unearned Revenue	11,937	13,937
Current Estimated Claim Reserve	48,747	54,854
<b>Total Short Term Liabilities</b>	<b>63,947</b>	<b>70,989</b>
Long Term Liabilities		
Compensated Absences	52	200
Estimated Noncurrent Claim Reserve	115,181	108,658
<b>Total Long Term Liabilities</b>	<b>115,233</b>	<b>108,858</b>
<b>TOTAL LIABILITIES</b>	<b>179,180</b>	<b>179,847</b>
Prior Year Net Assets	127,630	97,547
Current Year Earnings	(11,090)	17,614
<b>TOTAL NET ASSETS</b>	<b>116,540</b>	<b>115,161</b>
<b>TOTAL LIABILITIES AND RETAINED EARNINGS</b>	<b>\$ 295,720</b>	<b>\$ 295,008</b>

DRAFT - Unaudited - Management Purposes Only

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

**DRAFT**

	<b>November 30</b>	
	<b>(in thousands)</b>	
	<b>2008</b>	<b>2007</b>
<b>Operating Revenues</b>		
Premium Revenues	\$ 26,582	\$ 31,448
Less - Excess Insurance	(2,557)	(2,450)
<b>Total Operating Revenues</b>	<b>24,025</b>	<b>28,998</b>
<b>Operating Expenses</b>		
Claims Expense	19,570	18,920
Property & MS Claims Expense	3,021	225
Personal Services	549	569
Operating Expenses	1,414	1,331
<b>Total Operating Expenses</b>	<b>24,554</b>	<b>21,045</b>
<b>Operating Income (Loss)</b>	<b>(529)</b>	<b>7,953</b>
<b>Nonoperating Revenues</b>		
Court Fees	14	13
Investment Income	(10,575)	9,648
<b>Total Nonoperating Revenues</b>	<b>(10,561)</b>	<b>9,661</b>
<b>Net Income (Loss)</b>	<b>(11,090)</b>	<b>17,614</b>

DRAFT - Unaudited - Management Purposes Only

## Alleged State Police inappropriate activity claims

	Named Insured	CLAIMANT	claim #	LITIG	STATUS	LOSS DATE	Indemnity Paid	Expenses Paid	FY
1	WEST VIRGINIA STATE POLICE	LANSON SHERRY	410-053846	YES	CLOSED W/PAYMENT	7/1/2002	40,973.00	1,519.00	2003
2	WEST VIRGINIA STATE POLICE	CROWDER DREAMA	410-053848	YES	CLOSED W/PAYMENT	7/1/2002	49,513.00	26,043.00	2003
3	WEST VIRGINIA STATE POLICE	SHEPHERD ANDREA	410-053849	YES	CLOSED W/PAYMENT	7/1/2002	49,513.00	34,896.00	2003
4	WEST VIRGINIA STATE POLICE	LONG LAWRENCE	410-062225	YES	CLOSED W/PAYMENT	7/19/2002	1,667.00	4,075.00	2003
5	WEST VIRGINIA STATE POLICE	RUNNER FREEMAN	410-069468		CLOSED W/NO PAY	8/12/2002	0.00	0.00	2003
6	WEST VIRGINIA STATE POLICE	TIONG JACKSON	410-049519		CLOSED W/PAYMENT	9/9/2002	341.00	0.00	2003
7	WEST VIRGINIA STATE POLICE	GAYLOR GENE (1)	410-058183	YES	CLOSED W/NO PAY	10/15/2002	0.00	786.00	2003
8	WEST VIRGINIA STATE POLICE	WOODSON JAMES	410-082213	YES	CLOSED W/NO PAY	10/30/2002	0.00	0.00	2003
9	WEST VIRGINIA STATE POLICE	BLAND GERALD	410-058012	YES	CLOSED W/NO PAY	10/31/2002	0.00	2,209.00	2003
10	WEST VIRGINIA STATE POLICE	DOE JOHN	410-069753		CLOSED W/NO PAY	12/1/2002	0.00	0.00	2003
11	WEST VIRGINIA STATE POLICE	CAUSEY BRYAN	410-065081	YES		12/18/2002	0.00	2,123.00	2003
12	WEST VIRGINIA STATE POLICE	PRUITT CHARLES	410-051963	YES		12/23/2002	0.00	108,643.00	2003
13	WEST VIRGINIA STATE POLICE	WILSON JOHNNY EST	410-060919	YES	CLOSED W/PAYMENT	2/7/2003	50,000.00	4,572.00	2003
14	WEST VIRGINIA STATE POLICE	CALI ROSALIA	410-069639	YES	CLOSED W/PAYMENT	6/28/2003	666,250.00	2,115.00	2003
15	WEST VIRGINIA STATE POLICE	WALLACE BERNARD	410-056081	YES	CLOSED W/PAYMENT	9/12/2003	575,000.00	104,653.00	2004
16	WEST VIRGINIA STATE POLICE	BEVERLY KATRY	410-061079	YES	CLOSED W/NO PAY	10/1/2003	0.00	1,377.00	2004
17	WEST VIRGINIA STATE POLICE	BOSTIC STEFON	410-057898		CLOSED W/PAYMENT	10/13/2003	500.00	0.00	2004
18	WEST VIRGINIA STATE POLICE	HORN ROGER	410-056835		CLOSED W/NO PAY	11/5/2003	0.00	0.00	2004
19	WEST VIRGINIA STATE POLICE	SOVASTION ANNETTE	410-062815	YES	CLOSED W/PAYMENT	11/17/2003	62,500.00	104,299.00	2004
20	WEST VIRGINIA STATE POLICE	MANGOLD TERRY	410-057941		CLOSED W/PAYMENT	11/26/2003	385.00	0.00	2004
21	WEST VIRGINIA STATE POLICE	PEYTON HARVEY	410-057859		CLOSED W/NO PAY	1/7/2004	0.00	0.00	2004
22	WEST VIRGINIA STATE POLICE	SLATER JOHN	410-073455	YES		2/22/2004	0.00	7,484.00	2004
23	WEST VIRGINIA STATE POLICE	RODDY BOBBY	410-073893	YES	CLOSED W/NO PAY	3/19/2004	0.00	1,994.00	2004
24	WEST VIRGINIA STATE POLICE	MINOR DAVID	410-080631	YES		3/21/2004	0.00	536.00	2004
25	WEST VIRGINIA STATE POLICE	CAYTON TIMOTHY	410-060905		CLOSED W/PAYMENT	5/1/2004	1,391.00	0.00	2004
26	WEST VIRGINIA STATE POLICE	BRAGG VIRGINIA	410-062126	YES	CLOSED W/NO PAY	5/7/2004	0.00	2,993.00	2004
27	WEST VIRGINIA STATE POLICE	BOYLES JAMES	410-062709	YES	CLOSED W/NO PAY	5/24/2004	0.00	0.00	2004
28	WEST VIRGINIA STATE POLICE	WISEMAN KEVIN	410-070649	YES	CLOSED W/NO PAY	6/1/2004	0.00	15,876.00	2004
29	WEST VIRGINIA STATE POLICE	RANK JEFFERY (1)	410-066547		CLOSED W/PAYMENT	7/4/2004	5,000.00	0.00	2005
30	WEST VIRGINIA STATE POLICE	PETHTEL THOMAS	410-078149	YES		7/14/2004	0.00	100,916.00	2005
31	WEST VIRGINIA STATE POLICE	JONES ROBERT	410-062651	YES		8/3/2004	0.00	50.00	2005
32	WEST VIRGINIA STATE POLICE	LABOKE EFREM	410-065426		CLOSED W/NO PAY	8/3/2004	0.00	0.00	2005
33	WEST VIRGINIA STATE POLICE	TRICE ESTHER	410-065126		CLOSED W/NO PAY	8/4/2004	0.00	0.00	2005



Alleged State Police Inappropriate activity claims

12/17/2008

	Named Insured	CLAIMANT	claim #	LITIG	STATUS	LOSS DATE	Indemnity Paid	Expenses Paid	FY
34	WEST VIRGINIA STATE POLICE	BOYD RENEE	410-078441	YES	CLOSED W/NO PAY	8/17/2004	0.00	1,868.00	2005
35	WEST VIRGINIA STATE POLICE	ISENHART JEFFREY	410-076427	YES	CLOSED W/NO PAY	9/2/2004	0.00	4,182.00	2005
36	WEST VIRGINIA STATE POLICE	HARDWAY MICHAEL	410-073064	YES	CLOSED W/PAYMENT	9/6/2004	3,500.00	985.00	2005
37	WEST VIRGINIA STATE POLICE	HOKE JUSTIN EST	410-070998	YES		9/12/2004	0.00	19,081.00	2005
38	WEST VIRGINIA STATE POLICE	MILLER GLEN	410-076283		CLOSED W/NO PAY	11/24/2004	0.00	0.00	2005
39	WEST VIRGINIA STATE POLICE	DUTY STEPHEN	410-081410	YES		12/24/2004	0.00	3,356.00	2005
40	WEST VIRGINIA STATE POLICE	CUMMINGS DANIEL	410-084856		CLOSED W/NO PAY	12/24/2004	0.00	0.00	2005
41	WEST VIRGINIA STATE POLICE	JOHNSTON GEOFFREY	410-081350	YES	CLOSED W/NO PAY	1/10/2005	0.00	2,181.00	2005
42	WEST VIRGINIA STATE POLICE	MILLER HOWARD	410-082291	YES		3/7/2005	500.00	6,626.00	2005
43	WEST VIRGINIA STATE POLICE	CAFFREY MIOSOTIS	410-075998	YES	CLOSED W/NO PAY	3/22/2005	0.00	2,236.00	2005
44	WEST VIRGINIA STATE POLICE	URCLOLO JOHN	410-085637	YES	CLOSED W/NO PAY	3/30/2005	0.00	1,458.00	2005
45	WEST VIRGINIA STATE POLICE	GUNNOE DOUGLAS JR	410-083071	YES	CLOSED W/NO PAY	4/7/2005	0.00	1,875.00	2005
46	WEST VIRGINIA STATE POLICE	MICHAEL RICKIE	410-076428	YES	CLOSED W/NO PAY	4/15/2005	0.00	0.00	2005
47	WEST VIRGINIA STATE POLICE	HURLEY GREGORY	410-069081		CLOSED W/NO PAY	4/25/2005	0.00	0.00	2005
48	WEST VIRGINIA STATE POLICE	KYER TIMOTHY SR	410-076695	YES	CLOSED W/PAYMENT	5/11/2005	800.00	19,039.00	2005
49	WEST VIRGINIA STATE POLICE	FREEMAN WALTER	410-083431	YES		5/25/2005	0.00	3,669.00	2005
50	WEST VIRGINIA STATE POLICE	HUTCHINSON CHASIT	410-085289	YES		7/8/2005	0.00	24,661.00	2006
51	WEST VIRGINIA STATE POLICE	BOSLEY JAMES	410-085544	YES		8/19/2005	0.00	53,477.00	2006
52	WEST VIRGINIA STATE POLICE	HAWKINS DAVID	410-078067	YES		9/20/2005	0.00	17,692.00	2006
53	WEST VIRGINIA STATE POLICE	SAMMONS PAUL	410-074155	YES	CLOSED W/PAYMENT	9/26/2005	15,000.00	79,148.00	2006
54	WEST VIRGINIA STATE POLICE	EAGLE MART	410-073199		CLOSED W/PAYMENT	10/11/2005	817.00	0.00	2006
55	WEST VIRGINIA STATE POLICE	DOUG'S TOWING	410-083550		CLOSED W/PAYMENT	11/17/2005	750.00	0.00	2006
56	WEST VIRGINIA STATE POLICE	BRADFORD BAILEY	410-073906		CLOSED W/NO PAY	11/30/2005	0.00	0.00	2006
57	WEST VIRGINIA STATE POLICE	WILLIAMS GERALD	410-080204	YES		12/21/2005	0.00	23,572.00	2006
58	WEST VIRGINIA STATE POLICE	NEWARK STEPHEN	410-079392	YES	CLOSED W/NO PAY	1/13/2006	0.00	0.00	2006
59	WEST VIRGINIA STATE POLICE	COLLINS RONALD	410-084688	YES		3/1/2006	0.00	0.00	2006
60	WEST VIRGINIA STATE POLICE	BREWER DWAYNE SR	410-079425	YES		3/9/2006	0.00	0.00	2006
61	WEST VIRGINIA STATE POLICE	WILSON WILLARD	410-076921		CLOSED W/NO PAY	4/27/2006	0.00	0.00	2006
62	WEST VIRGINIA STATE POLICE	TOTH DANIEL	410-081818		CLOSED W/NO PAY	8/6/2006	0.00	0.00	2007
63	WEST VIRGINIA STATE POLICE	CASTO THOMAS	410-090495	YES		8/11/2006	0.00	0.00	2007
64	WEST VIRGINIA STATE POLICE	COGAR STEVE	410-088968	YES		9/1/2006	0.00	0.00	2007
65	WEST VIRGINIA STATE POLICE	GOODWIN DOROTHY	410-092076			10/14/2006	0.00	0.00	2007
66	WEST VIRGINIA STATE POLICE	SCOTT STEVEN	410-082763	YES		10/23/2006	0.00	6,275.00	2007

Alleged State Police inappropriate activity claims

12/17/2008

	Named Insured	CLAIMANT	claim #	LITIGATION	STATUS	LOSS DATE	Indemnity Paid	Expenses Paid	FY
67	WEST VIRGINIA STATE POLICE	ELSWICK DENNIS	410-082728		CLOSED W/NO PAY	12/31/2006	0.00	0.00	2007
68	WEST VIRGINIA STATE POLICE	WITT STEVEN	410-091034			1/8/2007	0.00	0.00	2007
69	WEST VIRGINIA STATE POLICE	DRESCHER THOMAS	410-082229		CLOSED W/NO PAY	3/14/2007	0.00	0.00	2007
70	WEST VIRGINIA STATE POLICE	CLINTON GREGORY	410-090193	YES		3/29/2007	0.00	0.00	2007
71	WEST VIRGINIA STATE POLICE	WOLFE ROGER	410-089559	YES		6/17/2007	0.00	0.00	2007
72	WEST VIRGINIA STATE POLICE	CLARK CAMERON	410-087845	YES		8/3/2007	0.00	15,741.00	2008
73	WEST VIRGINIA STATE POLICE	CUMMINGS DANIEL	410-084700			8/14/2007	0.00	0.00	2008
74	WEST VIRGINIA STATE POLICE	STATEN RONALD	410-084802		CLOSED W/NO PAY	8/27/2007	0.00	537.00	2008
75	WEST VIRGINIA STATE POLICE	RHEE RENTAL PROP	410-086220		CLOSED W/PAYMENT	9/19/2007	613.00	0.00	2008
76	WEST VIRGINIA STATE POLICE	COPSON ROBERT	410-087259	YES		1/9/2008	0.00	5,386.00	2008
77	WEST VIRGINIA STATE POLICE	KINNEY LEONARD	410-092101			2/17/2008	0.00	0.00	2008
78	WEST VIRGINIA STATE POLICE	BRADLEY DONALD	410-089096	YES		3/15/2008	0.00	0.00	2008
79	WEST VIRGINIA STATE POLICE	BUNTING ANGELA	410-090314			3/15/2008	0.00	0.00	2008
80	WEST VIRGINIA STATE POLICE	BALL WILLIAM	410-089459	YES		3/22/2008	0.00	0.00	2008
81	WEST VIRGINIA STATE POLICE	RUSSO ROCCO	410-090234			6/28/2008	0.00	0.00	2008
82	WEST VIRGINIA STATE POLICE	GOODWIN DOROTHY	410-091767			8/20/2008	0.00	0.00	2009
83	WEST VIRGINIA STATE POLICE	BARNETT TEDDY	410-092078	YES		10/8/2008	0.00	0.00	2009
84	SECRETARY OF MILITARY AFFAIRS	BEVERAGE EUGENE	410-063628	YES	CLOSED W/NO PAY	12/17/2003	0.00	698.00	2004
85	SECRETARY OF MILITARY AFFAIRS	WALLACE BERNARD	410-060654	YES	CLOSED W/NO PAY	1/20/2004	0.00	0.00	2004
86	SECRETARY OF MILITARY AFFAIRS	RANK JEFFERY (1)	410-064727	YES	CLOSED W/PAYMENT	7/4/2004	5,000.00	65,548.00	2005
87	SECRETARY OF MILITARY AFFAIRS	MCBRIDE-JORDAN PA	410-089287	YES		8/21/2005	0.00	1,059.00	2006
88	SECRETARY OF MILITARY AFFAIRS	SETTLE DANIEL	410-076446	YES	CLOSED W/NO PAY	12/12/2005	0.00	557.00	2006
89	SECRETARY OF MILITARY AFFAIRS	CHANCE KENNETH	410-078308		CLOSED W/NO PAY	7/1/2006	0.00	0.00	2007
90	SECRETARY OF MILITARY AFFAIRS	FLANARY BRENT	410-091896			12/1/2006	0.00	0.00	2007
							1,530,013.00	888,066.00	



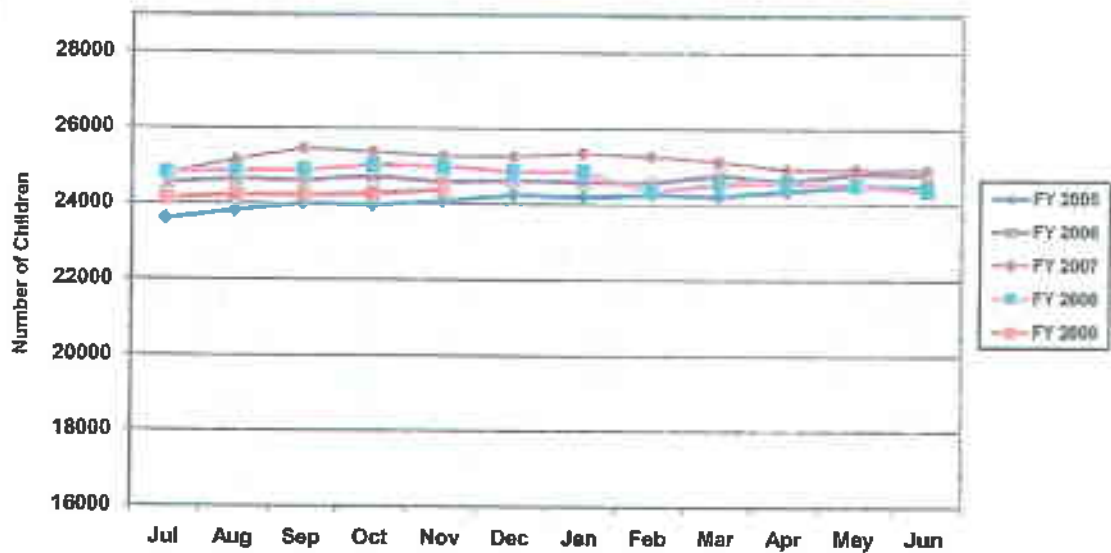
**West Virginia  
Children's Health Insurance Program  
1018 Kanawha Boulevard East  
Suite 209  
Charleston, WV 25301**

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

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

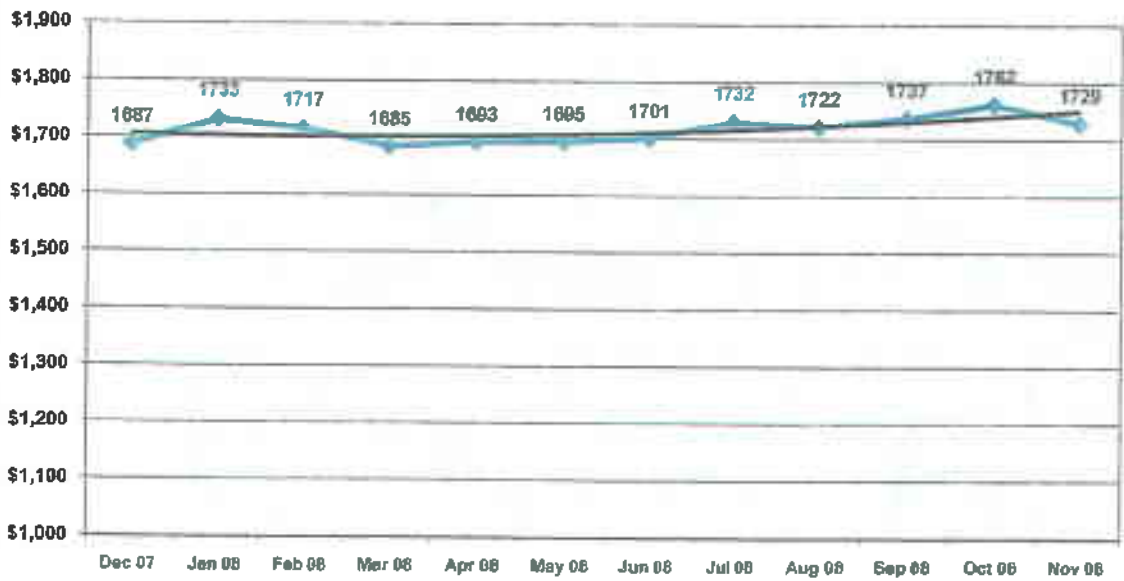
**January 2009**

### WV CHIP Enrollment



December 31, 2008 Enrollment 24,374

### Annualized Health Care Expenditures (Cost per Child)



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

	November 30, 2008	November 30, 2007	Variance	
<b>Assets:</b>				
Cash & Cash Equivalents	\$9,778,848	\$6,389,109	\$3,389,739	53%
Due From Federal Government	\$2,856,609	\$3,377,989	(\$521,380)	-15%
Due From Other Funds	\$643,708	\$742,515	(\$98,807)	-13%
Accrued Interest Receivable	\$10,567	\$23,091	(\$12,524)	-54%
Fixed Assets, at Historical Cost	<u>\$70,829</u>	<u>\$61,147</u>	<u>\$9,682</u>	<u>16%</u>
<b>Total Assets</b>	<b><u>\$13,360,561</u></b>	<b><u>\$10,593,851</u></b>	<b><u>\$2,766,710</u></b>	<b><u>26%</u></b>
<b>Liabilities:</b>				
Due to Other Funds	\$310,317	\$300,504	\$9,813	3%
Deferred Revenue	\$3,528,557	\$1,057,965	\$2,470,592	234%
Unpaid Insurance Claims Liability	<u>\$3,190,000</u>	<u>\$3,820,000</u>	(\$630,000)	-16%
<b>Total Liabilities</b>	<b><u>\$7,028,874</u></b>	<b><u>\$5,178,469</u></b>	<b><u>\$1,850,405</u></b>	<b><u>36%</u></b>
<b>Fund Equity</b>	<b><u>\$6,331,687</u></b>	<b><u>\$5,415,382</u></b>	<b><u>\$916,305</u></b>	<b><u>17%</u></b>
<b>Total Liabilities and Fund Equity</b>	<b><u>\$13,360,561</u></b>	<b><u>\$10,593,851</u></b>	<b><u>\$2,766,710</u></b>	<b><u>26%</u></b>

**PRELIMINARY FINANCIAL STATEMENTS**

Unaudited - For Management Purposes Only - Unaudited

**West Virginia Children's Health Insurance Program**  
**Comparative Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Five Months Ending November 30, 2008 and November 30, 2007**  
**(Modified Accrual Basis)**

	November 30, 2008	November 30, 2007	Variance	
<b>Revenues:</b>				
Federal Grants	14,928,676	15,429,020	(500,344)	-3%
State Appropriations	4,606,109	4,606,978	1,131	0%
Premium Revenues	44,657	29,706	14,951	50%
Investment Earnings	<u>76,305</u>	<u>108,393</u>	<u>(30,088)</u>	-28%
<b>Total Operating Revenues</b>	<b><u>19,659,748</u></b>	<b><u>20,174,097</u></b>	<b><u>(514,349)</u></b>	<b>-3%</b>
<b>Operating Expenditures:</b>				
<b>Claims:</b>				
Outpatient Services	4,518,452	4,523,900	(5,448)	0%
Physicians & Surgical	3,947,919	3,664,869	283,050	8%
Prescribed Drugs	3,297,747	3,368,279	(70,532)	-2%
Dental	2,101,305	2,181,372	(80,067)	-4%
Inpatient Hospital Services	1,529,176	1,796,417	(267,241)	-15%
Durable & Disposable Med. Equip.	529,672	445,611	84,061	19%
Outpatient Mental Health	499,146	478,407	20,739	4%
Vision	286,674	288,048	(1,374)	0%
Inpatient Mental Health	262,026	222,458	39,568	18%
Therapy	161,556	177,263	(15,707)	-9%
Medical Transportation	133,216	121,847	11,369	9%
Other Services	35,702	34,751	951	3%
Less: Collections*	<u>(351,138)</u>	<u>(361,543)</u>	<u>10,405</u>	-3%
<b>Total Claims</b>	<b><u>16,951,453</u></b>	<b><u>16,941,679</u></b>	<b><u>9,774</u></b>	<b>0%</b>
<b>General and Admin Expenses:</b>				
Salaries and Benefits	206,747	210,602	(3,855)	-2%
Program Administration	897,626	880,835	16,991	2%
Eligibility	140,712	130,232	10,480	8%
Outreach & Health Promotion	48,637	29,206	19,431	67%
Current	<u>60,052</u>	<u>51,279</u>	<u>8,773</u>	17%
<b>Total Administrative</b>	<b><u>1,353,974</u></b>	<b><u>1,302,154</u></b>	<b><u>51,820</u></b>	<b>4%</b>
<b>Total Expenditures</b>	<b><u>18,305,427</u></b>	<b><u>18,243,833</u></b>	<b><u>61,594</u></b>	<b>0%</b>
<b>Excess of Revenues</b>				
<b>Over (Under) Expenditures</b>	1,354,321	1,930,264	(575,943)	-30%
<b>Fund Equity, Beginning</b>	<b><u>4,977,366</u></b>	<b><u>3,485,118</u></b>	<b><u>1,492,248</u></b>	<b>43%</b>
<b>Fund Equity, Ending</b>	<b><u>6,331,687</u></b>	<b><u>5,415,382</u></b>	<b><u>916,305</u></b>	<b>17%</b>

\* Collections are primarily drug rebates and subrogation

## PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

West Virginia Children's Health Insurance Program  
 Budget to Actual Statement  
 State Fiscal Year 2009  
 For the Five Months Ended November 30, 2008

	Budgeted for Year	Year to Date Budgeted Amt	Year to Date Actual Amt	Year to Date Variance*		Monthly Budgeted Amt	Nov-08	Oct-08	Sep-08
Projected Cost	\$42,359,047	\$17,649,603	\$16,659,249	\$990,354	6%	\$3,529,921	\$2,626,289	\$4,674,673	\$2,476,025
Premiums	138,290	56,788	44,857	\$12,130	-21%	11,358	6,994	10,229	9,590
Subrogation & Rebates	<u>539,625</u>	<u>224,844</u>	<u>351,468</u>	<u>(126,624)</u>	<u>56%</u>	<u>44,969</u>	<u>45,116</u>	<u>69,624</u>	<u>82,473</u>
Net Benefit Cost	41,683,132	\$17,367,972	\$16,280,346	\$1,087,625	6%	3,473,594	2,581,153	4,605,049	2,383,061
Salaries & Benefits	\$515,486	\$214,786	\$206,748	\$8,038	4%	\$42,957	\$40,876	\$40,849	\$40,232
Program Administration	2,080,170	866,738	753,990	112,748	13%	173,348	168,682	165,148	191,733
Eligibility	318,670	132,779	84,172	48,607	37%	26,556	0	0	84,172
Outreach	81,895	34,123	48,637	(14,514)	-43%	6,825	15,500	1,171	23,615
Current Expense	<u>140,400</u>	<u>58,500</u>	<u>52,793</u>	<u>5,707</u>	<u>10%</u>	<u>11,700</u>	<u>10,994</u>	<u>19,024</u>	<u>5,939</u>
Total Admin Cost	\$3,136,622	\$1,306,926	\$1,146,340	\$160,586	12%	\$261,385	\$236,052	\$226,192	\$345,691
Total Program Cost	<u>\$44,819,754</u>	<u>\$18,674,897</u>	<u>\$17,426,686</u>	<u>\$1,248,211</u>	<u>7%</u>	<u>\$3,734,979</u>	<u>\$2,817,205</u>	<u>\$4,831,241</u>	<u>\$2,729,652</u>
Federal Share 81.98%	36,344,338	\$15,143,474	\$14,258,098	885,376	6%	3,028,695	2,299,121	3,942,776	2,237,769
State Share 18.02%	<u>8,475,415</u>	<u>\$3,531,423</u>	<u>\$3,168,588</u>	<u>362,835</u>	<u>10%</u>	<u>706,285</u>	<u>518,084</u>	<u>888,465</u>	<u>491,883</u>
Total Program Cost **	<u>\$44,819,754</u>	<u>\$18,674,897</u>	<u>\$17,426,686</u>	<u>\$1,248,211</u>	<u>7%</u>	<u>\$3,734,979</u>	<u>\$2,817,205</u>	<u>\$4,831,241</u>	<u>\$2,729,652</u>

\* Positive percentages indicate favorable variances  
 \*\* Budgeted Year Based on CCRC Actuary 6/30/2008 Report.

Unaudited - Cash Basis For Management Purposes Only - Unaudited

# WV CHIP Enrollment Report

ATTACHMENT 1

December 2008

County Ranking	County Pop. 2005 Est. (0-18 Yrs)	Total CHIP Enrollment Dec-08	Total Medicaid Enrollment Dec-08	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2007	2007
						Est. Uninsured 5%	# Children Uninsured Ranking*
Kanawha	40,647	2,133	16,235	18,368	45.2%	2,032	1
Berkeley	22,882	1,210	6,101	7,311	32.0%	1,144	2
Wood	19,063	1,148	7,516	8,664	45.4%	953	3
Cabell	18,900	970	7,865	8,835	46.7%	945	4
Raleigh	15,992	1,209	6,815	8,024	50.2%	800	5
Harrison	14,973	922	5,684	6,606	44.1%	749	6
Monongalia	14,346	734	4,024	4,758	33.2%	717	7
Mercer	12,687	1,076	6,443	7,519	59.3%	634	8
Putnam	12,522	648	2,972	3,620	28.9%	626	9
Jefferson	11,465	388	2,275	2,663	23.2%	573	10
Marion	11,245	739	4,123	4,862	43.2%	562	11
Fayette	9,692	905	4,466	5,371	55.4%	485	12
Wayne	9,176	558	4,020	4,578	49.9%	459	13
Ohio	9,068	540	2,840	3,380	37.3%	453	14
Logan	7,610	538	3,791	4,329	56.9%	380	15
Marshall	7,176	384	2,625	3,009	41.9%	359	16
Greenbrier	7,110	591	2,676	3,267	45.9%	356	17
Preston	6,354	499	2,254	2,753	43.3%	318	18
Jackson	6,277	357	2,440	2,797	44.6%	314	19
Hancock	6,270	373	2,152	2,525	40.3%	314	20
Mingo	6,204	386	3,095	3,481	56.1%	310	21
Mineral	5,973	297	1,912	2,209	37.0%	299	22
Randolph	5,971	471	2,412	2,883	48.3%	299	23
Boone	5,706	294	2,517	2,811	49.3%	285	24
Nicholas	5,478	421	2,479	2,900	52.9%	274	25
Mason	5,461	314	2,506	2,820	51.6%	273	26
McDowell	5,170	389	3,166	3,555	68.8%	259	27
Hampshire	5,110	266	1,853	2,119	41.5%	255	28
Wyoming	5,092	422	2,525	2,947	57.9%	255	29
Upshur	4,956	416	2,177	2,593	52.3%	248	30
Lincoln	4,945	428	2,492	2,920	59.1%	247	31
Brooke	4,658	279	1,438	1,717	36.9%	233	32
Wetzel	3,732	222	1,576	1,798	48.2%	187	33
Lewis	3,577	298	1,695	1,993	55.7%	179	34
Morgan	3,365	238	1,117	1,355	40.3%	168	35
Taylor	3,307	224	1,305	1,529	46.2%	165	36
Roane	3,266	275	1,564	1,839	56.3%	163	37
Barbour	3,248	297	1,509	1,806	55.6%	162	38
Braxton	3,044	207	1,517	1,724	56.6%	152	39
Hardy	2,950	175	1,071	1,246	42.2%	147	40
Monroe	2,728	195	971	1,166	42.7%	136	41
Grant	2,463	144	937	1,081	43.9%	123	42
Clay	2,454	163	1,378	1,541	62.8%	123	43
Summers	2,322	215	1,118	1,333	57.4%	116	44
Ritchie	2,234	153	874	1,027	46.0%	112	45
Webster	2,020	192	1,079	1,271	62.9%	101	46
Tyler	1,887	119	770	889	47.1%	94	47
Pocahontas	1,717	148	654	802	46.7%	86	48

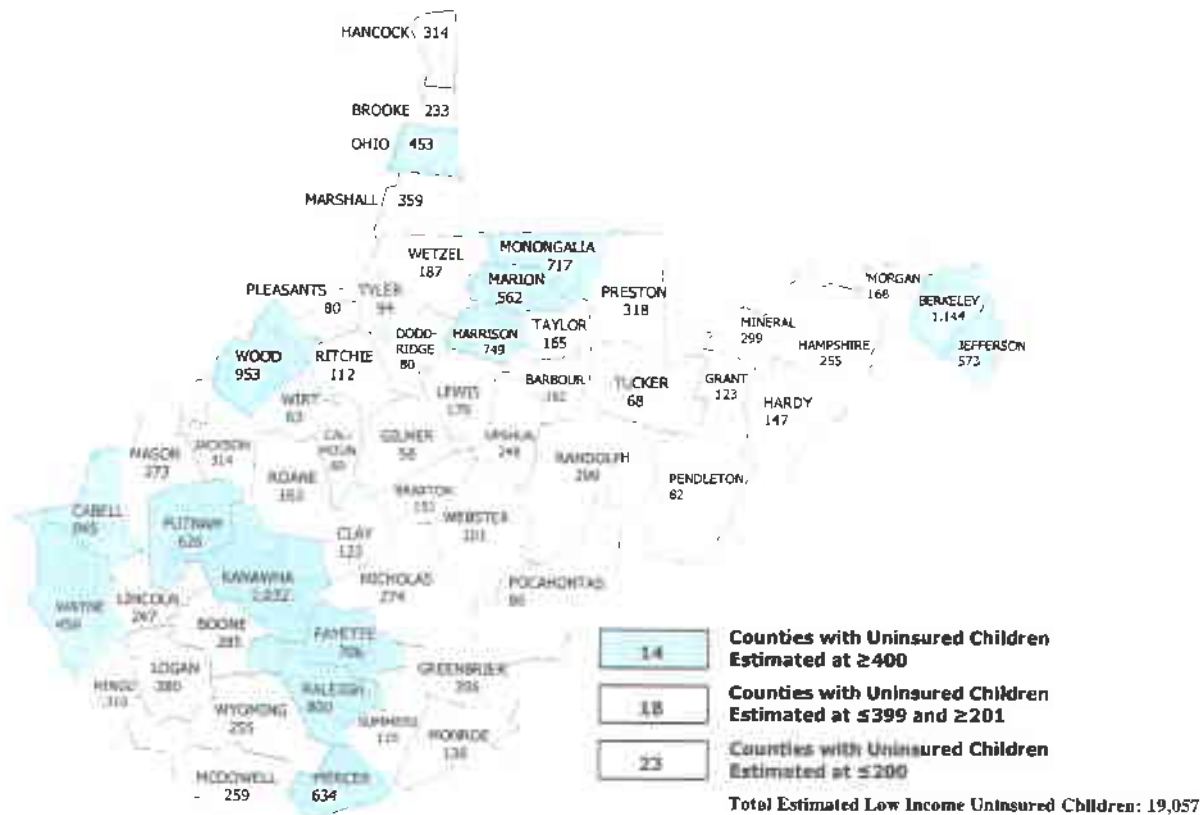


# WV CHIP Enrollment Report

## December 2008

ATTACHMENT 1

County Ranking	County Pop. 2005 Est. (0-18 Yrs)	Total CHIP Enrollment Dec-08	Total Medicaid Enrollment Dec-08	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2007 Est Uninsured 5%	2007 # Children Uninsured Ranking*
Pendleton	1,632	113	430	543	33.3%	82	49
Doddridge	1,607	124	673	797	49.6%	80	50
Pleasants	1,593	95	497	592	37.2%	80	51
Calhoun	1,389	122	766	888	63.9%	69	52
Tucker	1,354	159	480	639	47.2%	68	53
Wirt	1,268	103	537	640	50.5%	63	54
Gilmer	1,154	88	523	611	53.0%	58	55
<b>Totals</b>	<b>382,490</b>	<b>24,374</b>	<b>148,930</b>	<b>173,304</b>	<b>45.3%</b>	<b>19,125</b>	



**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

*JANUARY 2009*

Department of Administration

State Children's Health Insurance Program  
UPDATE



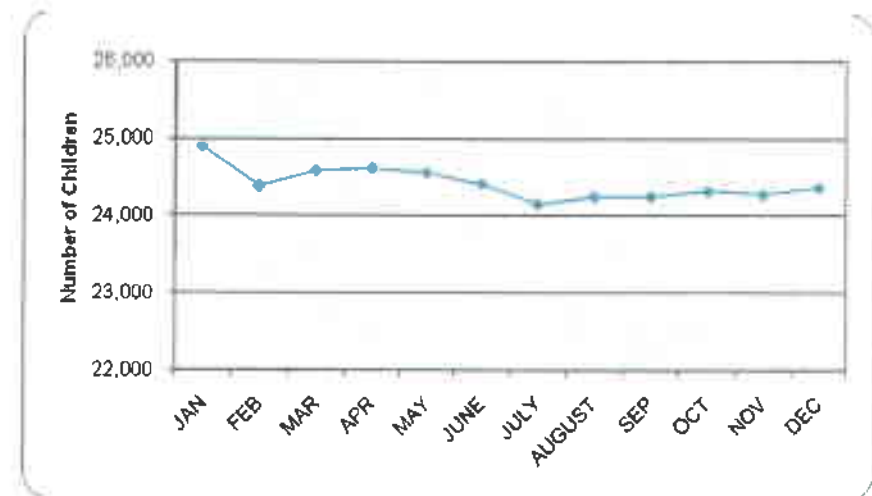
# WV CHILDREN'S HEALTH INSURANCE AGENCY

## REPORT FOR JANUARY 2009

### I. Enrollment on December 31, 2008: 24,374

See Attachment 1 for enrollment by county.

Current 12-Month Enrollment Period: January 2008 through December 2008



Enrollee Totals: October 2008 to December 2008

Month	Total	1 Year Average	Total
October	1,600	Average	1,678
November	1,390	High	2,097
December	1,258	Low	1,258

New Enrollee (Never Before on CHIP) Totals: October 2008 to December 2008

Month	Total	1 Year Average	Total
October	672	Average	680
November	526	High	836
December	524	Low	524

### II. Re-enrollment for 3 Month Period: September 2008 to November 2008

Month	Total Forms Mailed	Enrolled within Notice Period		Reopened Cases After Closure		Final Closures	
		#	%	#	%	#	%
September	1,860	1,072	58%	180	10%	585	31%
October	1,867	1,066	57%	176	9%	590	32%
November	1,472	824	56%	124	8%	488	33%

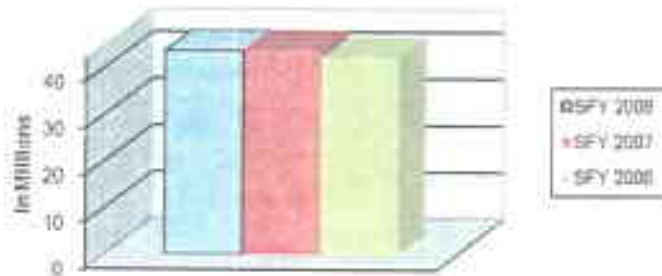
**III. Financial Activity**

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

*The average annualized claims cost per child for the month ended November 2008 was \$1,860.*

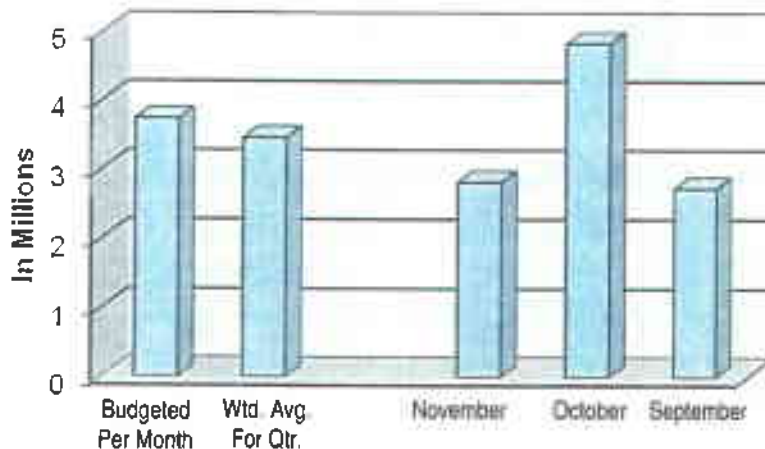
**Annual Expenditures for a 3 Year Period: SFY 2006 – SFY 2008**

	<b>SFY 2008</b>	<b>FFP% 2008</b>	<b>SFY 2007</b>	<b>FFP% 2007</b>	<b>SFY 2006</b>	<b>FFP% 2006</b>
Federal	35,626,232	81.98	35,472,537	80.97	34,247,276	81.09
State	7,947,861	18.02	8,336,944	19.03	7,986,385	18.91
<b>Total Costs</b>	<b>43,574,093</b>	<b>100.00</b>	<b>43,809,481</b>	<b>100.00</b>	<b>42,233,661</b>	<b>100.00</b>



**Monthly Budgeted and Current 3 Month Period: September 2008 – November 2008**

	Budgeted Per Month	Wtd. Avg. For Qtr.	Actual		
			November 2008	October 2008	September 2008
Federal	3,028,695	2,826,555	2,299,121	3,942,776	2,237,769
State	706,285	632,811	518,084	888,465	491,883
<b>Total</b>	<b>3,734,980</b>	<b>3,459,366</b>	<b>2,817,205</b>	<b>4,831,241</b>	<b>2,729,652</b>



**IV. Other Highlights**

- ◆ WVCHIP is now enrolling applicants under the new income limits shown below. A total of 8 children (in 5 families) have enrolled through premium payment since January 1, 2009.
- ◆ An eligible family of four with income under \$53,000 willing to pay a premium of \$71 per month for two or more eligible children will now be able to participate in WVCHIP (see chart below). Families covering a single eligible child will only pay a \$35 per month premium. After receipt of their initial premium payment, their coverage can begin in the following month.

**ANNUAL FAMILY INCOME LIMITS FOR WVCHIP ELIGIBILITY**

<b>Family Size</b>	<b>200% FPL</b>	<b>220% FPL (Current Eligibility)</b>	<b>250% FPL (Effective 01/01/09)</b>
2	\$28,000.00	\$30,800.00	\$35,000.00
3	\$35,200.00	\$38,720.00	\$44,000.00
4	\$42,400.00	\$46,640.00	\$53,000.00
5	\$49,600.00	\$54,560.00	\$62,000.00

*\*Income guidelines are indexed annually; these guidelines will be adjusted to the new index by March 2009.*

# WV CHIP Enrollment Report

ATTACHMENT 1

December 2008

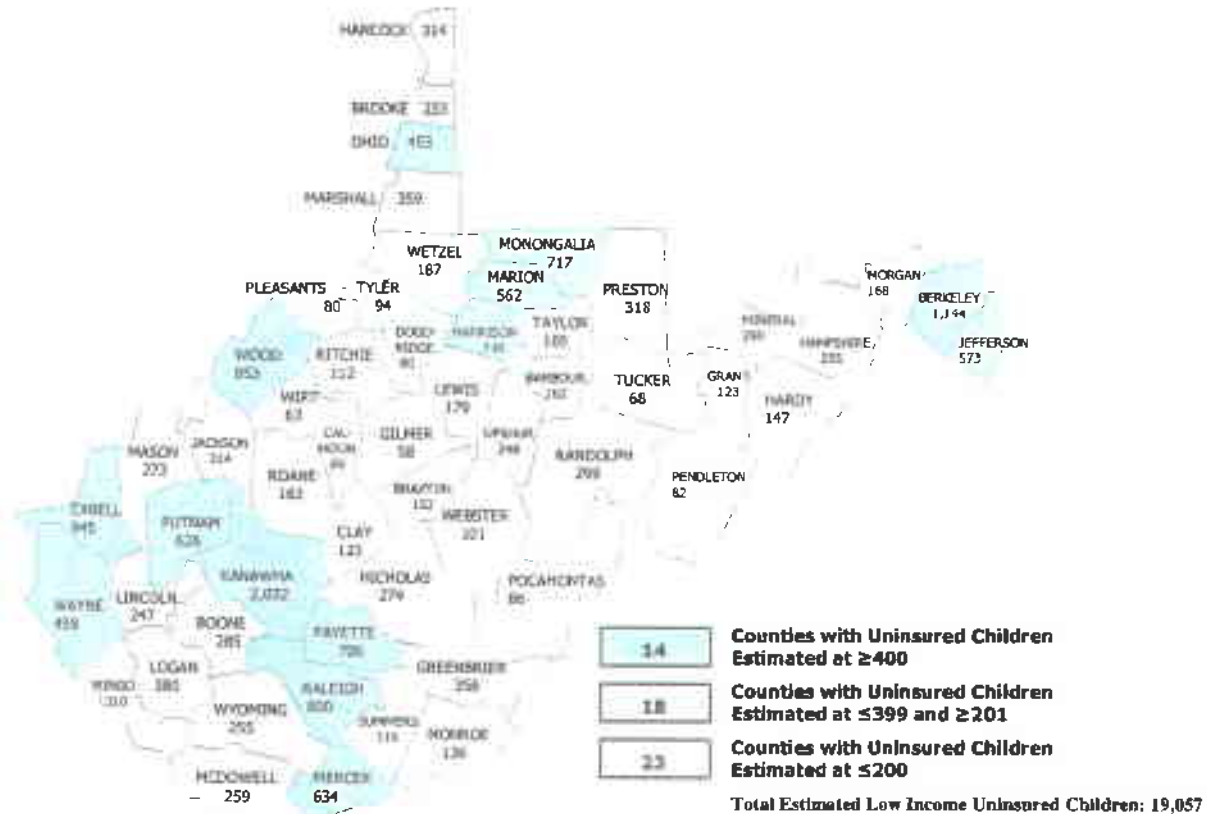
County Ranking	County Pop. 2005 Est. (0-18 Yrs)	Total CHIP Enrollment Dec-08	Total Medicaid Enrollment Dec-08	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2007 Est. Uninsured 5%	2007 # Children Uninsured Ranking*
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Berkeley	22,882	1,210	6,101	7,311	32.0%	1,144	2
Wood	19,063	1,148	7,516	8,664	45.4%	953	3
Cabell	18,900	970	7,865	8,835	46.7%	945	4
Raleigh	15,992	1,209	6,815	8,024	50.2%	800	5
Harrison	14,973	922	5,684	6,606	44.1%	749	6
Monongalia	14,346	734	4,024	4,758	33.2%	717	7
Mercer	12,687	1,076	6,443	7,519	59.3%	634	8
Putnam	12,522	648	2,972	3,620	28.9%	626	9
Jefferson	11,465	388	2,275	2,663	23.2%	573	10
Marion	11,245	739	4,123	4,862	43.2%	562	11
Fayette	9,692	905	4,466	5,371	55.4%	485	12
Wayne	9,176	558	4,020	4,578	49.9%	459	13
Ohio	9,068	540	2,840	3,380	37.3%	453	14
Logan	7,610	538	3,791	4,329	56.9%	380	15
Marshall	7,176	384	2,625	3,009	41.9%	359	16
Greenbrier	7,110	591	2,676	3,267	45.9%	356	17
Preston	6,354	499	2,254	2,753	43.3%	318	18
Jackson	6,277	357	2,440	2,797	44.6%	314	19
Hancock	6,270	373	2,152	2,525	40.3%	314	20
Mingo	6,204	386	3,095	3,481	56.1%	310	21
Mineral	5,973	297	1,912	2,209	37.0%	299	22
Randolph	5,971	471	2,412	2,883	48.3%	299	23
Boone	5,706	294	2,517	2,811	49.3%	285	24
Nicholas	5,478	421	2,479	2,900	52.9%	274	25
Mason	5,461	314	2,506	2,820	51.6%	273	26
McDowell	5,170	389	3,166	3,555	68.8%	259	27
Hampshire	5,110	266	1,853	2,119	41.5%	255	28
Wyoming	5,082	422	2,525	2,947	57.9%	255	29
Upshur	4,956	416	2,177	2,593	52.3%	248	30
Lincoln	4,945	428	2,492	2,920	59.1%	247	31
Brooke	4,658	279	1,438	1,717	36.9%	233	32
Wetzel	3,732	222	1,576	1,798	48.2%	187	33
Lewis	3,577	298	1,695	1,993	55.7%	179	34
Morgan	3,365	238	1,117	1,355	40.3%	168	35
Taylor	3,307	224	1,305	1,529	46.2%	165	36
Roane	3,266	275	1,564	1,839	56.3%	163	37
Barbour	3,248	297	1,509	1,806	55.6%	162	38
Braxton	3,044	207	1,517	1,724	56.6%	152	39
Hardy	2,950	175	1,071	1,246	42.2%	147	40
Monroe	2,728	195	971	1,166	42.7%	136	41
Grant	2,463	144	937	1,081	43.9%	123	42
Clay	2,454	163	1,378	1,541	62.8%	123	43
Summers	2,322	215	1,118	1,333	57.4%	116	44
Ritchie	2,234	153	874	1,027	46.0%	112	45
Webster	2,020	192	1,079	1,271	62.9%	101	46
Tyler	1,887	119	770	889	47.1%	94	47
Pocahontas	1,717	148	654	802	46.7%	86	48

# WV CHIP Enrollment Report

ATTACHMENT 1

December 2008

County Ranking	County Pop. 2005 Est. (0-18 Yrs)	Total CHIP Enrollment Dec-08	Total Medicaid Enrollment Dec-08	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2007 Est. Uninsured 5%	2007 # Children Uninsured Ranking*
Pendleton	1,632	113	430	543	33.3%	82	49
Doddridge	1,607	124	673	797	49.6%	80	50
Pleasants	1,593	95	497	592	37.2%	80	51
Calhoun	1,389	122	766	888	63.9%	69	52
Tucker	1,354	159	480	639	47.2%	68	53
Wirt	1,268	103	537	640	50.5%	63	54
Gilmer	1,154	88	523	611	53.0%	58	55
<b>Totals</b>	<b>382,490</b>	<b>24,374</b>	<b>148,930</b>	<b>173,304</b>	<b>45.3%</b>	<b>19,125</b>	



**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.

**West Virginia Children's Health Insurance Program**  
**Comparative Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Five Months Ending November 30, 2008 and November 30, 2007**  
**(Modified Accrual Basis)**

	November 30, 2008	November 30, 2007	Variance	
<b>Revenues:</b>				
Federal Grants	14,928,676	15,429,020	(500,344)	-3%
State Appropriations	4,608,109	4,606,978	1,131	0%
Premium Revenues	44,657	29,706	14,951	50%
Investment Earnings	<u>78,305</u>	<u>108,393</u>	<u>(30,088)</u>	-28%
<b>Total Operating Revenues</b>	<b><u>19,659,748</u></b>	<b><u>20,174,097</u></b>	<b><u>(514,349)</u></b>	<b>-3%</b>
<b>Operating Expenditures:</b>				
<b>Claims:</b>				
Outpatient Services	4,518,452	4,523,900	(5,448)	0%
Physicians & Surgical	3,947,919	3,664,869	283,050	8%
Prescribed Drugs	3,297,747	3,368,279	(70,532)	-2%
Dental	2,101,305	2,181,372	(80,067)	-4%
Inpatient Hospital Services	1,529,176	1,796,417	(267,241)	-15%
Durable & Disposable Med. Equip.	529,672	445,611	84,061	19%
Outpatient Mental Health	499,146	478,407	20,739	4%
Vision	286,674	288,048	(1,374)	0%
Inpatient Mental Health	262,026	222,458	39,568	18%
Therapy	161,556	177,263	(15,707)	-9%
Medical Transportation	133,216	121,847	11,369	9%
Other Services	35,702	34,751	951	3%
Less: Collections*	<u>(351,138)</u>	<u>(361,543)</u>	<u>10,405</u>	-3%
<b>Total Claims</b>	<b><u>16,951,453</u></b>	<b><u>16,941,679</u></b>	<b><u>9,774</u></b>	<b>0%</b>
<b>General and Admin Expenses:</b>				
Salaries and Benefits	206,747	210,602	(3,855)	-2%
Program Administration	897,826	880,835	16,991	2%
Eligibility	140,712	130,232	10,480	8%
Outreach & Health Promotion	48,637	29,206	19,431	67%
Current	<u>60,052</u>	<u>51,279</u>	<u>8,773</u>	17%
<b>Total Administrative</b>	<b><u>1,353,974</u></b>	<b><u>1,302,154</u></b>	<b><u>51,820</u></b>	<b>4%</b>
<b>Total Expenditures</b>	<b><u>18,305,427</u></b>	<b><u>18,243,833</u></b>	<b><u>61,594</u></b>	<b>0%</b>
<b>Excess of Revenues</b>				
Over (Under) Expenditures	1,354,321	1,930,264	(575,943)	-30%
<b>Fund Equity, Beginning</b>	<b><u>4,977,366</u></b>	<b><u>3,485,118</u></b>	<b><u>1,492,248</u></b>	<b>43%</b>
<b>Fund Equity, Ending</b>	<b><u>6,331,687</u></b>	<b><u>5,415,382</u></b>	<b><u>916,305</u></b>	<b>17%</b>

\* Collections are primarily drug rebates and subrogation

**PRELIMINARY FINANCIAL STATEMENTS**

Unaudited - For Management Purposes Only - Unaudited



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

	November 30, 2008	November 30, 2007	Variance	
<b>Assets:</b>				
Cash & Cash Equivalents	\$9,778,848	\$6,389,109	\$3,389,739	53%
Due From Federal Government	\$2,856,609	\$3,377,989	(\$521,380)	-15%
Due From Other Funds	\$643,708	\$742,515	(\$98,807)	-13%
Accrued Interest Receivable	\$10,567	\$23,091	(\$12,524)	-54%
Fixed Assets, at Historical Cost	<u>\$70,829</u>	<u>\$61,147</u>	<u>\$9,682</u>	<u>16%</u>
<b>Total Assets</b>	<b><u>\$13,360,561</u></b>	<b><u>\$10,593,851</u></b>	<b><u>\$2,766,710</u></b>	<b><u>26%</u></b>
<b>Liabilities:</b>				
Due to Other Funds	\$310,317	\$300,504	\$9,813	3%
Deferred Revenue	\$3,528,557	\$1,057,965	\$2,470,592	234%
Unpaid Insurance Claims Liability	<u>\$3,190,000</u>	<u>\$3,820,000</u>	<u>(\$630,000)</u>	<u>-16%</u>
<b>Total Liabilities</b>	<b><u>\$7,028,874</u></b>	<b><u>\$5,178,469</u></b>	<b><u>\$1,850,405</u></b>	<b><u>36%</u></b>
<b>Fund Equity</b>	<b><u>\$6,331,687</u></b>	<b><u>\$5,415,382</u></b>	<b><u>\$916,305</u></b>	<b><u>17%</u></b>
<b>Total Liabilities and Fund Equity</b>	<b><u>\$13,360,561</u></b>	<b><u>\$10,593,851</u></b>	<b><u>\$2,766,710</u></b>	<b><u>26%</u></b>

**PRELIMINARY FINANCIAL STATEMENTS**

Unaudited - For Management Purposes Only - Unaudited

**West Virginia Children's Health Insurance Program  
WVFIMS Fund 2154  
For the Month Ended November 30, 2008  
(Accrual Basis)**

<b>Investment Account</b>
---------------------------

Funds Invested	\$9,597,495
Interest Earned	<u>78,305</u>
<b>Total</b>	<b><u>\$9,675,800</u></b>

Unaudited - For Management Purposes Only - Unaudited

**Department of Administration Leasing Report**  
**For The Period of November 13, 2008 through December 31, 2008**

**NEW CONTRACT OF LEASE**

**DEPARTMENT OF MILITARY AFFAIRS AND PUBLIC SAFETY**

**ADG-022** New Contract of Lease for 5 years consisting of 7,000 square feet of office/warehouse space at the PSF rate of \$6.00, full service, with the Office of the Airport Director Morgantown Municipal Airport, in the City of Morgantown, Monongalia County.

**DIVISION OF VETERANS AFFAIRS**

**VET-033** New Contract of Lease for 5 years consisting of 550 square feet of office space at the PSF rate of \$14.18, full service, with HWA Enterprises LP, LLP., in the City of Martinsburg, Berkeley County.

**GENERAL SERVICES DIVISION**

**GSD-002** New Contract of Lease for 3 years consisting of 5,095 square feet of storage space at the PSF rate of \$5.05, includes parking only, with L.M. McCown & Son Company, Inc., in the City of Charleston, Kanawha County.

**INSURANCE COMMISSION**

**INS-025** New Contract of Lease for 2 years consisting of 3,369 square feet of office space at the PSF rate of \$14.40, full service, with Greenbrooke Associates, in the City of Charleston, Kanawha County.

**Region 2 Workforce Investment Board, Inc.**

**WB2-002-SUB** New Contract of Sub-lease for 1 year consisting of 764 square feet of office space at the PSF rate of \$13.00, full service, with Workforce WV, in the City of Huntington, Cabell County.

## **STRAIGHT RENEWALS**

### **ATTORNEY GENERAL'S OFFICE**

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

### **DEPARTMENT OF ENVIRONMENTAL PROTECTION**

**DEP-175** Renewal for 2 years consisting of 300 square feet of storage space at the PSF rate of \$4.60, full service, with Secure Storage, LLC, in the City of Summersville, Nicholas County.

**DEP-171** Renewal for 1 year consisting of 300 square feet of storage space at the PSF rate \$3.40, with Climate Control Storage Plus, LLC dba K&K Storage, in the City of Fairmont, Marion County.

**DEP-116** Renewal for 5 years of a monitoring tower site at the current rent of \$100.00 per year, with Weirton Water Plant, in the City of Weirton, Brooke County.

**DEP-109** Renewal for 2 years consisting of 1,521 square feet of warehousing space at the PSF rate of \$1.00, with Philippi Municipal Building Commission, in the City of Philippi, Barbour County.

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

**HHR-177** Renewal for 1 year consisting of 14,000 square feet of office space at the PSF rate of \$11.71, with Park Properties, in the City of Clarksburg, Harrison County.

**HHR-176** Renewal for 2 years consisting of 8,000 square feet of office space, at the PSF rate of \$5.40, with WMP Corporation, in the City of Moorefield, Hardy County.

**HHR-175** Renew for 1 year consisting of 1,000 square feet of storage space, at the PSF rate of \$3.00, with O.V. Smith & Sons, in the City of Big Chimney, Kanawha County.

**HHR-173** Renew for 1 year consisting of 8,160 square feet of office space at the PSF rate of \$8.80, with Point Enterprises, in the City of Point Pleasant, Mason County.

**HHR-163** Renewal for 2 years consisting of 189 square feet of office space at the PSF rate of \$6.35, full service, with Riverview Presbyterian Church, in the City of Charleston, Kanawha County.

## **CONTINUATION OF STRAIGHT RENEWALS**

**HHR-158** Renewal for 1 year consisting of 310 square feet of office space at the PSF rate of \$14.00, full service, with Berkeley Business Park Associates II, L.C., in the City of Martinsburg, Berkeley County.

**HHR-146** Renewal for 2 years consisting of 2,800 square feet of office space at the PSF rate of \$8.00, tenant agrees to take care of all utilities excluding snow removal, with Michael J. Lewis and Associates, in the City of St. Mary's, Pleasant County.

### **DEPARTMENT OF MILITARY AFFAIRS AND PUBLIC SAFETY**

**ADG-011** Renewal for 3 years consisting of 8,500 square feet of office space at the PSF rate of \$11.50, with Hardy County Rural Development Authority, in the City of Moorefield, Hardy County.

### **DEPARTMENT OF TAX AND REVENUE**

**TAX-045** Renewal for 3 years consisting of 216 square feet of office space at the PSF rate of \$9.00, full service, with Elkins Metro Corporation, in the City of Elkins, Randolph County.

### **DIVISION OF HOMELAND SECURITY AND EMERGENCY MANAGEMENT**

**OES-017** Renewal for 1 year consisting of 8,000 square feet of storage space at the PSF rate of \$ 4.82, with O.V. Smith & Sons, in the City of Big Chimney, Kanawha County.

### **DIVISION OF NATURAL REOSUCES**

**NAT-124** Renewal for 3 years consisting of one (1) covered boat slip at the current monthly rate of \$185.00, full service, with Lou Wendell Marine, in the City of St. Albans, Kanawha County.

**NAT-119** Renewal for 1 year consisting of 1,900 square feet of office space at the PSF rate of \$11.31, full service, with Young's Inc., in the City of Charleston, Kanawha County.

**NAT-111** Renewal for 3 years consisting of seasonal storage space for four (4) boats at the current monthly rate of \$200.00, with Mountaineer Boat Sales, Inc., in the City of Beaver, Raleigh County.

## CONTINUATION OF STRAIGHT RENEWALS

### **DIVISION OF REHABILITATION SERVICES**

**DRS-086** Renewal for 2 years consisting of 795 square feet of office space at the PSF rate of \$6.75, tenant is responsible for gas, janitorial, parking and snow removal, with Mike Allie, in the City of Logan, Logan County.

**DRS-068** Renewal for 3 years consisting of 1,422 square feet of office space at the PSF rate of \$7.75, tenant is responsible for gas, electric, janitorial, parking and snow removal, with Garry Peck, in the City of Pt. Pleasant, Mason County.

**DRS-039** Renewal for 2 years consisting of 1,750 square feet of office space at the PSF rate of \$6.68, includes janitorial services only, with Mike E. Allie, in the City of Logan, Logan County.

### **State Rail Authority**

**SRA-003** Renewal for 1 year consisting of 1,512 square feet of office space containing a ticket office, waiting area, and the use of the common area at the PSF rate of \$6.43, full service, with the City of Martinsburg, in the City of Martinsburg, Berkeley County.

### **West Virginia Department of Agriculture**

**AGR-029** Renewal for 2 years consisting of 206 square feet of office space at the PSF rate of \$12.50, full service excluding snow removal, with Monongahela Soil Conservation District, in the City of Morgantown, Monongalia County.

### **West Virginia Conservation Agency**

**SCC-010** Renewal for 5 years consisting of 190 square feet of office space at the PSF rate of \$10.42, full service excluding janitorial services, with Greenbrier Valley Economic Development Corporation, in the City of Maxwelton, Greenbrier County.

## DEPARTMENT OF ADMINISTRATION-NEW CONTRACTS

### **West Virginia Supreme Court of Appeals**

**SCA-006** New Contract of Lease for 6 months consisting of 3,300 square feet of office space at the PSF rate of \$9.50, full service, with the Department of Administration, in the City of Charleston, Kanawha County.

## **DEPARTMENT OF ADMINISTRATION-RENEWALS**

### **DEPARTMENT OF ADMINISTRATION**

**F&A-030** Renewal for 1 year consisting of 39,585 square feet of office space at the PSF rate of \$10.00, full service, with the Department of Administration, in the City of Charleston, Kanawha County.

**F&A-029** Renewal for 1 year consisting of 2,490 square feet of storage space at the PSF rate of \$9.50, full service except for parking, with the Department of Administration, in the City of Charleston, Kanawha County.

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

**HHR-147** Renewal for 1 years consisting of 19,850 square feet of office space at the PSF rate of \$9.50, full service excluding parking, with the Department of Administration, in the City of Charleston, Kanawha County.

**HHR-139** Renewal for 1 year consisting of 40,466 square feet of office space at the PSF rate of \$13.00, full service, with the Department of Administration, in the City of Charleston, Kanawha County.

### **DIVISION OF HIGHWAYS**

**HWY-001** Renewal for 1 year consisting of 206,899 square feet of office space at the PSF rate of \$9.50, full service, with the Department of Administration, in the City of Charleston, Kanawha County.

### **DIVISION OF REHABILITATION SERVICES**

**DRS-083** Renewal for 1 year consisting of 819 square feet of office space at the PSF rate of \$8.50, full service, with the Department of Administration, in the City of Charleston, Kanawha County.

**DRS-082** Renewal for 1 year consisting of 9,360 square feet of office space at the PSF rate of \$13.00, full service, with the Department of Administration, in the City of Charleston, Kanawha County.

### **INSURANCE COMMISSION**

**INS-021** Renewal for 1 year consisting of 613 square feet of office space at the PSF rate of \$13.00, full service, with the Department of Administration, in the City of Charleston, Kanawha County.

## CONTINUATION OF DEPARTMENT OF ADMINISTRATION-RENEWALS

**SCA-004** Renewal for 1 year consisting of office space including parking at the monthly rate of \$325.00, with the Department of Administration, in the City of Charleston, Kanawha County.

### RENEWAL/RENT INCREASE

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

**HHR-174** Renewal for 1 year consisting of 3,022 square feet of office space, with a increase from \$9.19 per square foot to \$9.29 per square foot, full service, with Jay Roles Floral Inc, in the City of Beckley, Raleigh County.

**HHR-166** Renewal for 2 years consisting of 11,480 square feet of office space, with a increase from \$7.50 per square foot to \$10.00 per square foot, tenant agrees to take care of all utilities excluding parking and snow removal, with Charles E. McElfish and Judy McElfish, in the City of Hurricane, Putnam County.

**HHR-164** Renewal for 1 year consisting of 120 square feet of office space, with a increase from \$10.30 per square foot to \$16.00 per square foot, tenant is now responsible for all utilities, Lessor supplies receptionist, office equipment, supplies and furniture with Volunteer Action Center of the Mid-Ohio Valley, in the City of Parkersburg, Wood County.

#### **DIVISION OF CORRECTIONS**

**COR-077** Renewal for 1 year consisting of 1,600 square feet of office space with a increase from \$13.32 per square foot to \$13.72 per square foot, full service excluding janitorial services, with Twelve-O-Six Virginia Inc, in the City of Charleston, Kanawha County.

### INCREASING SQUARE FOOTAGE/RENT

#### **DIVISION OF CORRECTIONS**

**COR-039** Increasing square footage by 616 square feet of office space for a total of 1,916 square feet and increasing rent from \$6.46 per square foot to \$9.08 per square foot, include water/sewer, trash & snow removal and extend the lease to December 2010, with Empire Remodeling and Development, Inc., in the City of Princeton, Mercer County.



## **CANCELED LEASES**

### **DIVISION OF FORESTRY**

**FOR-059** Cancelled lease effective December 31, 2008, consisting of 8,750 square feet of land at the currently PSF rate of \$0.14, with Treva Booth, in the City of Philippi, Barbour County.

### **DIVISION OF NATURAL RESOURCES**

**NAT-123** Cancelled lease effective December 31, 2008, consisting of one (1) covered boat slip at the current monthly rate of \$74.00, with Show Boat Marine, in the City of Huntington, Cabell County.

### **INSURANCE COMMISSION**

**INS-010** Cancelled lease effective December 31, 2008, consisting of 4,700 square feet of office space at the PSF rate of \$11.62, full service, with Hillcrest Office Park, LLC, in the City of Charleston, Kanawha County.

**Joint Committee on Government and Finance**

**January 2009**

**Department of Health and Human Resources**

**MEDICAID REPORT**

October 2008 Data

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
 BUREAU FOR MEDICAL SERVICES  
 EXPENDITURES BY PROVIDER TYPE  
 SFY2009

MONTH OF OCTOBER 2008	ACTUALS	TOTAL	ESTIMATED	ACTUALS	ACTUALS	PROJECTED
	SFY2008	SFY2009	Current Month Oct-08	Current Month Oct-08	Year To-Date Thru 10/31/08	11/01/08 Thru 08/30/09
<b>EXPENDITURES:</b>						
Inpatient Hospital Services	224,749,060	233,878,634	19,884,882	19,818,681	63,126,846	150,648,769
Inpatient Hospital Services - DSH Adjustment Payments	68,688,017	67,762,400	-	-	13,572,406	44,178,988
Mental Health Facilities	44,424,899	47,603,433	4,682,337	5,042,845	16,364,903	31,238,530
Mental Health Facilities - DSH Adjustment Payments	18,758,680	18,774,000	-	-	4,847,212	14,126,788
Nursing Facility Services	431,721,637	481,013,765	38,603,829	38,193,236	154,629,969	308,483,816
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	58,149,889	83,050,810	5,203,874	4,452,883	19,983,282	43,087,898
Physicians Services ***	122,769,471	125,162,523	15,197,840	15,841,475	47,795,097	77,367,428
Outpatient Hospital Services	104,888,493	111,471,366	10,728,231	11,765,458	39,638,265	71,632,100
Prescribed Drugs	337,816,190	353,600,438	34,086,278	34,581,547	118,007,687	237,592,749
Drug Rebate Offset - National Agreement	(107,877,904)	(102,165,200)	(18,632,810)	(19,200,488)	(62,624,876)	(49,340,224)
Drug Rebate Offset - State Sidebar Agreement	(28,028,817)	(31,623,800)	(8,767,428)	(8,811,807)	(2,158,071)	(29,487,529)
Dental Services ***	37,677,918	42,380,662	4,078,731	3,801,827	12,847,187	29,533,376
Other Practitioners Services	26,669,342	28,893,748	2,801,183	1,669,685	8,990,404	21,903,345
Clinic Services	36,381,828	34,764,933	3,344,971	2,556,838	13,128,048	21,626,868
Lab & Radiological Services	8,222,298	8,200,888	890,894	951,061	3,284,924	5,945,981
Home Health Services	29,970,378	31,950,060	3,089,740	3,858,878	11,738,124	20,210,828
Hysterectomies/Sterilizations	918,828	920,120	50,058	63,544	215,473	304,647
Pregnancy Terminations	-	-	-	-	-	-
EPSDT Services	2,410,032	2,943,119	263,118	248,264	833,268	2,109,861
Rural Health Clinic Services	8,710,171	7,433,065	716,844	674,808	2,375,339	5,067,716
Medicare Health Insurance Payments - Part A Premiums	17,124,133	18,671,400	1,685,860	1,422,683	5,719,812	12,951,588
Medicare Health Insurance Payments - Part B Premiums	67,960,223	75,481,100	8,288,425	8,900,418	23,482,678	81,988,424
120% - 134% Of Poverty	4,004,182	-	-	380,973	1,480,030	(1,460,030)
135% - 175% Of Poverty	-	-	-	-	-	-
Coinurance And Deductibles	-	-	-	-	-	-
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	257,013,357	267,842,700	22,328,558	20,879,502	96,645,821	171,296,879
Medicaid Health Insurance Payments: Group Health Plan Payments	338,298	468,200	44,731	33,510	128,402	338,798
Home & Community-Based Services (MR/DD)	218,374,534	260,704,840	28,067,808	18,882,588	78,868,008	163,818,631
Home & Community-Based Services (Aged/Disabled)	65,832,681	68,668,233	8,516,022	8,634,028	25,232,402	63,323,631
Community Supported Living Services	-	-	-	-	-	-
Programs Of All-Inclusive Care Elderly	-	-	-	-	-	-
Personal Care Services	37,789,606	42,173,650	4,056,279	3,432,663	12,766,062	29,378,489
Targeted Case Management Services	6,438,915	7,817,608	764,638	369,977	1,469,542	6,348,068
Primary Care Case Management Services	718,206	810,500	77,933	54,658	222,868	687,616
Hospice Benefits	12,383,108	13,460,400	1,294,269	1,656,112	4,573,036	8,687,384
Emergency Services Undocumented Aliens	-	-	-	-	-	-
Federally Qualified Health Center	17,476,447	19,838,936	1,887,231	1,673,727	8,502,938	14,083,780
Other Care Services	121,772,650	137,481,167	13,261,942	10,560,628	44,700,995	92,780,172
Less: Recoupments	-	-	-	(215,462)	(215,462)	215,462
<b>NET EXPENDITURES:</b>	<b>2,238,331,734</b>	<b>2,429,523,282</b>	<b>204,282,263</b>	<b>197,661,728</b>	<b>790,881,501</b>	<b>1,638,641,781</b>

MONTH OF OCTOBER 2008	ACTUALS	TOTAL	ESTIMATED	ACTUALS	ACTUALS	PROJECTED
	SFY2008	SFY2009	Current Month Oct-08	Current Month Oct-08	Year To-Date Thru 10/31/08	11/01/08 Thru 09/30/08
Collections: Third Party Liability (line 9A on CMS-64)	(4,695,469)				(868,714)	868,714
Collections: Probate (line 9B on CMS-64)	(178,773)				(8,403)	8,403
Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)	(198,610)				(12,317)	12,317
Collections: Other (line 9D on CMS-64)	(4,109,627)				(1,286,783)	1,298,783
<b>NET EXPENDITURES and CMS-64 ADJUSTMENTS:</b>	<b>2,229,251,266</b>	<b>2,428,623,262</b>	<b>204,282,268</b>	<b>187,631,728</b>	<b>763,995,284</b>	<b>1,640,827,968</b>
Plus: Medicaid Part D Expenditures	29,322,509	29,888,600	2,681,587	2,418,170	9,675,250	20,293,250
Plus: State Only Medicaid Expenditures	4,073,669	3,634,895	349,609	410,002	1,543,971	2,090,924
<b>TOTAL MEDICAID EXPENDITURES</b>	<b>2,262,647,444</b>	<b>\$2,463,128,647</b>	<b>\$207,513,384</b>	<b>\$200,477,900</b>	<b>\$789,914,606</b>	<b>\$1,663,212,142</b>
Plus: Reimbursables <sup>(1)</sup>	3,830,907	4,042,971	388,718	388,040	1,351,448	2,691,225
<b>TOTAL EXPENDITURES</b>	<b>\$2,266,483,560</b>	<b>\$2,467,169,318</b>	<b>\$207,902,072</b>	<b>\$200,862,940</b>	<b>\$901,265,951</b>	<b>\$1,665,903,367</b>

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

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
 BUREAU FOR MEDICAL SERVICES  
 MEDICAID CASH REPORT  
 SFY2009

4 Months Actuals      8 Months Remaining

MONTH OF OCTOBER 2008	ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
	SFY2008	Current Month Ended 10/31/08	Year-To-Date Thru 10/31/08	11/1/2008 Thru 08/30/09	SFY2009
<b>REVENUE SOURCES</b>					
Beg. Bal. (5084/1020 prior mth)	28,493,079	11,238,181	\$34,933,055		\$34,933,055
<b>MATCHING FUNDS</b>					
General Revenue (0403/189)	393,705,687	28,871,750	107,812,888	286,082,799	393,705,687
Rural Hospitals Under 150 Beds (0403/940)	2,598,001	216,334	886,334	1,730,666	2,598,000
Tertiary Funding (0403/547)	4,858,000	404,887	1,818,887	3,237,333	4,856,000
Lottery Waiver (Less 550,000) (5405/539)	23,272,878	7,000,000	13,450,000	8,922,578	23,372,578
Lottery Transfer (5406/871)	10,300,000	3,000,000	5,500,000	4,800,000	10,300,000
Trust Fund Appropriation (5185/189)	14,337,873		4,891,650	25,865,044	30,556,594
Provider Tax (5090/189)	171,383,868	14,200,000	52,800,000	112,680,004	166,680,004
Certified Match	19,347,784	1,235,176	7,770,831	15,436,167	23,205,988
Reimbursables - Amount Reimbursed	3,721,481	190,277	1,429,632	2,613,039	4,042,671
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	301,154	32,883	127,444	(127,444)	0
CMS - 64 Adjustments	(5,968,838)		2,000,569	-2,000,569	0
<b>TOTAL MATCHING FUNDS</b>	<b>664,346,748</b>	<b>\$68,387,248</b>	<b>\$232,799,970</b>	<b>\$460,428,817</b>	<b>\$693,228,587</b>
<b>FEDERAL FUNDS</b>	<b>1,630,783,428</b>	<b>138,482,553</b>	<b>573,525,512</b>	<b>\$1,225,749,330</b>	<b>\$1,799,274,841</b>
<b>TOTAL REVENUE SOURCES</b>	<b>2,295,130,176</b>	<b>\$204,849,801</b>	<b>\$806,325,482</b>	<b>\$1,686,177,947</b>	<b>\$2,492,503,428</b>
<b>TOTAL EXPENDITURES:</b>					
Provider Payments	2,266,463,550	\$200,862,940	\$801,265,861	\$1,666,803,367	\$2,467,169,318
<b>TOTAL</b>	<b>28,646,628</b>	<b>\$3,886,881</b>	<b>\$5,059,531</b>		<b>\$25,334,111</b>

Note: FMAP (08' - 74.25% applicable July - Sept. 2008) ( 09' - 73.73% applicable Oct. 2008 - June 2009)

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

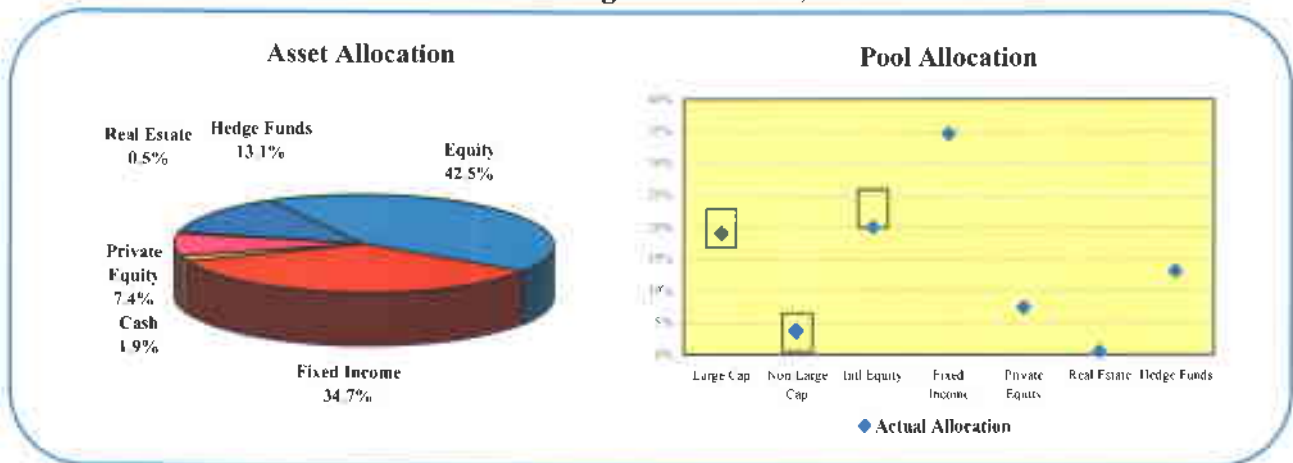
**West Virginia Investment Management Board**  
**Periods Ending November 30, 2008**



Funds	Asset Values	Month Investment Earnings	Month						
			Month	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
<b>Participant Plans</b>									
<b><u>Pension Assets</u></b>									
Public Employees' Retirement System	\$2,881,764,163	(\$118,584,910)	(4.0)%	(24.6)%	(30.7)%	(30.9)%	(5.2)%	0.9%	2.6%
Teachers' Retirement System	2,769,150,766	(111,782,116)	(3.9)%	(24.5)%	(31.4)%	(31.6)%	(5.6)%	0.6%	2.4%
Teachers' Employers Cont. Collection A/C	26,358,364	20,893	0.1%	0.4%	2.3%	2.6%	N/A	N/A	N/A
EMS Retirement System	12,679,466	(484,808)	(3.7)%	(24.2)%	N/A	N/A	N/A	N/A	N/A
Public Safety Retirement System	331,129,912	(13,570,122)	(3.9)%	(24.6)%	(30.8)%	(31.0)%	(5.3)%	0.9%	2.6%
Judges' Retirement System	73,356,331	(2,940,437)	(3.9)%	(24.5)%	(30.6)%	(30.8)%	(5.2)%	0.9%	2.5%
State Police Retirement System	32,398,992	(1,274,355)	(3.8)%	(24.3)%	(30.3)%	(30.5)%	(5.1)%	0.9%	2.4%
Deputy Sheriffs' Retirement System	66,536,195	(2,680,810)	(3.9)%	(24.5)%	(30.6)%	(30.8)%	(5.2)%	0.9%	2.6%
<b><u>Insurance Assets</u></b>									
Workers' Compensation Old Fund	592,968,916	(21,817,712)	(3.5)%	(18.6)%	(22.1)%	(22.2)%	N/A	N/A	N/A
Workers' Comp Self-Insured Guaranty Risk Pool	5,935,792	4,998	0.1%	0.4%	2.3%	2.7%	N/A	N/A	N/A
Workers' Comp Uninsured Employers Fund	8,255,350	6,972	0.1%	0.4%	2.3%	2.7%	N/A	N/A	N/A
Pneumoconiosis	204,122,521	(7,457,376)	(3.5)%	(17.2)%	(20.3)%	(20.3)%	N/A	N/A	N/A
Board of Risk & Insurance Mgmt	91,274,913	(1,017,057)	(1.1)%	(15.3)%	(18.5)%	(18.6)%	(1.9)%	N/A	N/A
Public Employees' Insurance Agency	100,765,587	(3,274,621)	(3.2)%	(16.4)%	(19.0)%	(19.1)%	(2.3)%	N/A	N/A
WV Retiree Health Benefit Trust Fund	171,943,250	(1,973,533)	(1.1)%	(12.5)%	N/A	N/A	N/A	N/A	N/A
<b><u>Endowment Assets</u></b>									
Wildlife Fund	26,019,273	(1,018,668)	(3.8)%	(24.5)%	(30.5)%	(30.7)%	(5.2)%	0.9%	3.5%
Prepaid Tuition Trust	67,540,789	(2,370,956)	(3.4)%	(24.1)%	(30.1)%	(30.4)%	(5.0)%	1.0%	N/A
Prepaid Tuition Trust Escrow	2,215,010	(18,140)	(0.8)%	(11.3)%	(12.5)%	(12.5)%	(0.5)%	N/A	N/A
Revenue Shortfall Reserve Fund	145,567,238	(6,536,400)	(4.3)%	(25.2)%	(31.1)%	(31.3)%	N/A	N/A	N/A
Revenue Shortfall Reserve Fund - Part B	202,268,366	(9,197,280)	(4.4)%	(25.3)%	(31.4)%	(31.7)%	N/A	N/A	N/A

<sup>1</sup>Returns are net of manager fees and expenses. Returns shorter than 1 year are unannualized.

**WVIMB Investment Pools**  
**Periods Ending November 30, 2008**



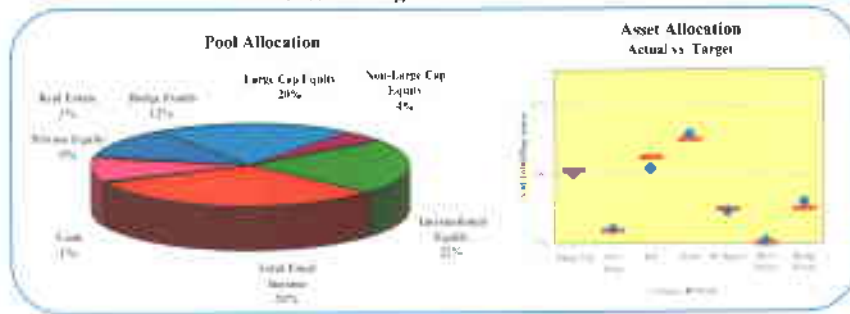
<i>Investment Pools</i>		Asset Values (000's)	<i>Index Returns (Blue)</i>			<i>Actual Returns (Black)</i>		
			Month	Qtr	YTD	1 Year	3 Years	5 Years
<b>Large Cap Equity</b>								
	<b>Large Cap S&amp;P 500</b>	\$1,474,633	(7.3)% (7.2) <sup>0</sup> %	(30.6)% (29.6) <sup>0</sup> %	(38.5)% (37.7) <sup>0</sup> %	(38.6)% (38.1) <sup>0</sup> %	(9.3)% (8.7) <sup>0</sup> %	(1.4)% (1.4) <sup>0</sup> %
<b>Non-Large Cap Equity</b>								
	<b>Total Non-Large Cap Russell 2500</b>	\$282,311	(9.4)% (10.8) <sup>0</sup> %	(33.7)% (37.0) <sup>0</sup> %	(37.9)% (40.0) <sup>0</sup> %	(38.0)% (40.4) <sup>0</sup> %	(9.7)% (10.9) <sup>0</sup> %	(0.0)% (1.6) <sup>0</sup> %
	<b>Total Domestic Equity Russell 3000</b>	\$1,756,943	(7.7)% (7.9) <sup>0</sup> %	(31.1)% (31.4) <sup>0</sup> %	(38.0)% (38.5) <sup>0</sup> %	(38.1)% (38.9) <sup>0</sup> %	(9.2)% (9.2) <sup>0</sup> %	(0.7)% (1.4) <sup>0</sup> %
<b>International Equity</b>								
	<b>Total International MSCI All Country World Free EX US</b>	\$1,563,121	(3.6)% (5.7) <sup>0</sup> %	(35.2)% (37.5) <sup>0</sup> %	(45.2)% (48.2) <sup>0</sup> %	(46.1)% (49.0) <sup>0</sup> %	(6.7)% (6.8) <sup>0</sup> %	2.6 % 3.4 %
	<b>Total Global Equity Global Index<sup>1</sup></b>	\$3,320,065	(5.8)% (6.8) <sup>0</sup> %	(33.2)% (34.4) <sup>0</sup> %	(41.9)% (43.4) <sup>0</sup> %	(42.3)% (44.0) <sup>0</sup> %	(9.0)% (9.7) <sup>0</sup> %	(0.0)% (0.6) <sup>0</sup> %
<b>Fixed Income</b>								
	<b>Total Fixed Income Fixed Income Index<sup>2</sup></b>	\$2,708,470	(3.4)% 2.6 %	(13.9)% (2.9) <sup>0</sup> %	(15.3)% (0.9) <sup>0</sup> %	(15.3)% (0.6) <sup>0</sup> %	(1.6)% 3.7 %	0.9 % 3.6 %
<b>Cash</b>								
	<b>Short Term Salomon 90 Day T-Bill + 15 bps</b>	\$149,610	0.2 % 0.1 %	0.4 % 0.4 %	2.3 % 1.9 %	2.7 % 2.2 %	4.4 % 4.0 %	3.5 % 3.3 %
<b>Private Equity<sup>3</sup></b>		\$578,492	N/A	N/A	N/A	N/A	N/A	N/A
<b>Real Estate<sup>3</sup></b>		\$38,201	N/A	N/A	N/A	N/A	N/A	N/A
<b>Hedge Funds</b>		\$1,021,177	(1.6)%	(13.0)%	N/A	N/A	N/A	N/A
<b>Total Investment Pools</b>		\$7,816,016						

<sup>1</sup> Policy is 50% R3000 and 50% MSCI ACW Free EX US as of April 2008. Prior periods were 40% S&P 500, 30% R2500, 30% MSCI ACW Free EX US.

<sup>2</sup> Policy is 100% LB Universal as of April 2008. Prior periods were the LB Aggregate.

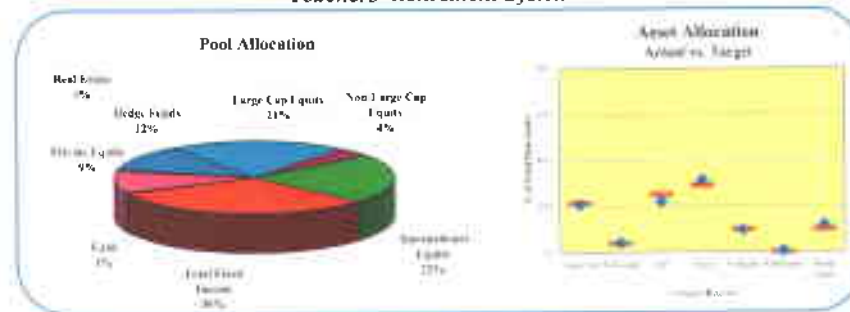
<sup>3</sup> Time-weighted returns for these pools are meaningless until the programs have matured, generally, after five years.

**Public Employees' Retirement System**  
Periods Ending November 30, 2008



Pools	Asset Values (000's)	Index Returns (Blue)			Actual Returns (Black)		
		Month	Qtr	YTD	1 Year	3 Years	5 Years
Large Cap Equities <i>S&amp;P 500</i>	\$586,317	17.3%	170.0%	138.53%	116.6%	19.3%	11.4%
Non-Large Cap Equities <i>Russell 2500</i>	\$122,287	19.4%	115.5%	137.9%	116.6%	19.7%	10.0%
Domestic Equities	\$708,605	17.7%	176.1%	138.1%	116.6%	19.2%	10.7%
International Equities <i>MSCI All Country World Free EX US</i>	\$626,212	13.6%	105.1%	145.1%	106.0%	16.8%	2.6%
Global Equities	\$1,334,817	15.8%	113.2%	141.9%	102.2%	19.0%	10.1%
Total Fixed Income <i>Fixed Income Index</i>	\$904,148	13.7%	114.1%	115.7%	110.6%	11.8%	11.7%
Cash <i>Sullivan 90 Day T-Bill - 15bps</i>	\$17,381	0.2%	0.4%	2.3%	2.7%	4.4%	3.5%
Private Equity	\$367,481	N/A	N/A	N/A	N/A	N/A	N/A
Real Estate	\$17,999	N/A	N/A	N/A	N/A	N/A	N/A
Hedge Funds	\$339,938	11.6%	113.0%	N/A	N/A	N/A	N/A
<b>Total Public Employees' Fund</b>	<b>\$2,881,764</b>	<b>14.0%</b>	<b>124.6%</b>	<b>120.7%</b>	<b>110.9%</b>	<b>15.2%</b>	<b>10.9%</b>

**Teachers' Retirement System**

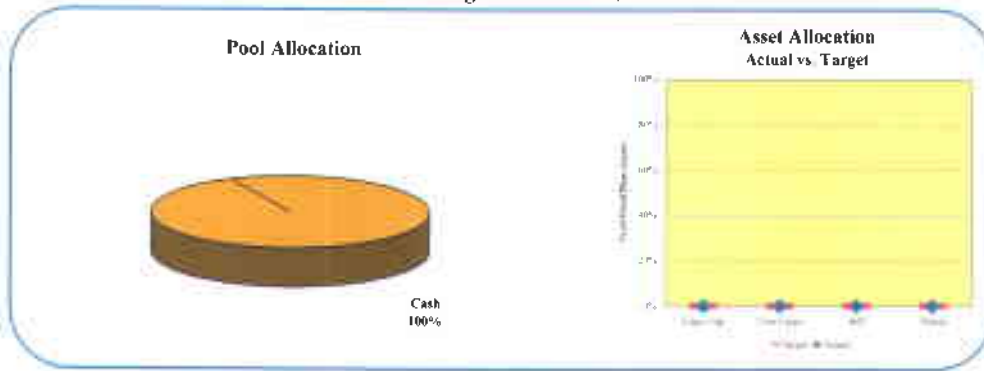


Pools	Asset Values (000's)	Index Returns (Blue)			Actual Returns (Black)		
		Month	Qtr	YTD	1 Year	3 Years	5 Years
Large Cap Equities <i>S&amp;P 500</i>	\$569,323	17.3%	170.0%	138.53%	116.6%	19.3%	11.4%
Non-Large Cap Equities <i>Russell 2500</i>	\$108,340	19.4%	115.5%	137.9%	116.6%	19.7%	10.0%
Domestic Equities	\$677,663	17.7%	176.1%	138.0%	116.6%	19.2%	10.8%
International Equities <i>MSCI All Country World Free EX US</i>	\$604,754	13.6%	105.1%	145.4%	106.0%	16.9%	2.5%
Global Equities	\$1,282,417	15.8%	113.2%	142.2%	102.2%	19.3%	10.2%
Total Fixed Income <i>Fixed Income Index</i>	\$862,331	13.6%	114.1%	115.8%	110.6%	11.8%	11.7%
Cash <i>Sullivan 90 Day T-Bill - 15bps</i>	\$19,005	0.2%	0.4%	2.3%	2.7%	4.4%	3.5%
Private Equity	\$262,571	N/A	N/A	N/A	N/A	N/A	N/A
Real Estate	\$16,707	N/A	N/A	N/A	N/A	N/A	N/A
Hedge Funds	\$326,120	11.6%	113.0%	N/A	N/A	N/A	N/A
<b>Total Teachers' Retirement Fund</b>	<b>\$2,769,151</b>	<b>13.9%</b>	<b>124.5%</b>	<b>131.4%</b>	<b>111.6%</b>	<b>15.6%</b>	<b>10.6%</b>

Returns are net of manager fees and expenses. Returns shorter than 1 year are annualized.

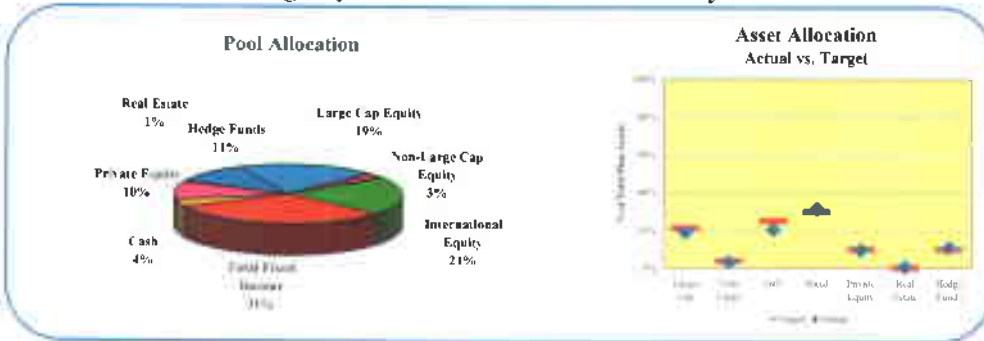


**Teachers' Employers Cont. Collection A/C**  
**Periods Ending November 30, 2008**



Investment Pools	Asset Values (000's)	Index Returns (Blue)			Actual Returns (Black)		
		Month	Qtr	YTD	1 Year	3 Years	5 Years
Cash <i>Salomon 90 Day T-Bill + 15 bps</i>	\$26,358	0.1%	0.4%	2.3%	2.6%	N/A	N/A
<b>Total Teachers' Employers</b>	\$26,358	0.1%	0.4%	2.3%	2.6%	N/A	N/A

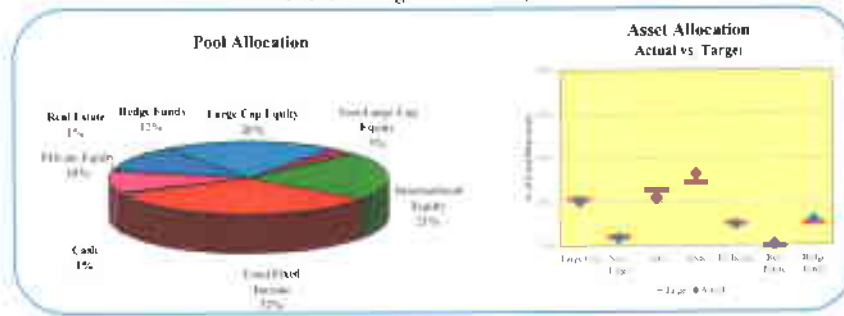
**Emergency Medical Services Retirement System**



Investment Pools	(000's)	Month	Qtr	YTD	1 Year	3 Years	5 Years
<b>Large Cap Equity</b> <i>S&amp;P 500</i>	\$2,444	(7.3)% (7.2)%	(30.6)% (29.6)%	N/A (37.7)%	N/A (38.1)%	N/A (8.7)%	N/A (1.4)%
<b>Non-Large Cap Equity</b> <i>Russell 2500</i>	\$405	(9.4)% (10.8)%	(31.7)% (37.0)%	N/A (40.0)%	N/A (40.4)%	N/A (10.9)%	N/A (1.6)%
<b>Domestic Equity</b>	\$2,849	(7.7)%	(31.0)%	N/A	N/A	N/A	N/A
<b>International Equity</b> <i>MSCI All Country World Free FX US</i>	\$2,607	(3.6)% (5.7)%	(35.1)% (37.5)%	N/A (48.2)%	N/A (40.0)%	N/A (6.8)%	N/A 3.4%
<b>Global Equity</b>	\$5,455	(5.8)%	(33.1)%	N/A	N/A	N/A	N/A
<b>Total Fixed Income</b> <i>Fixed Income Index</i>	\$4,024	(3.6)% 2.6%	(14.2)% (2.0)%	N/A (0.9)%	N/A (0.6)%	N/A 3.7%	N/A 3.6%
Cash <i>Salomon 90 Day T-Bill + 15 bps</i>	\$515	0.2% 0.1%	0.4% 0.4%	N/A 1.9%	N/A 2.2%	N/A 4.0%	N/A 3.3%
Private Equity	\$1,213	N/A	N/A	N/A	N/A	N/A	N/A
Real Estate	\$79	N/A	N/A	N/A	N/A	N/A	N/A
Hedge Funds	\$1,394	(1.6)%	(13.0)%	N/A	N/A	N/A	N/A
<b>Total EMS Retirement System</b>	\$12,679	(3.7)%	(24.2)%	N/A	N/A	N/A	N/A

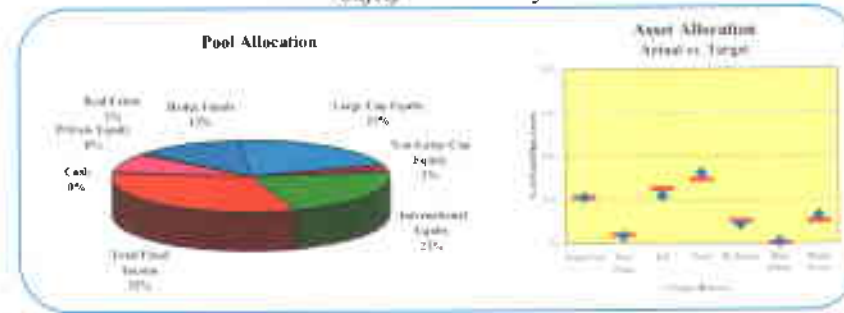
Returns are net of manager fees and expenses. Returns shorter than 1 year are unannualized.

**Judges' Retirement System**  
Periods Ending November 30, 2008



Investment Pools	Asset Values (000's)	Index Returns (Blue)			Actual Returns (Black)		
		Month	Qtr	YTD	1 Year	3 Years	5 Years
Large Cap Equity <i>S&amp;P 500</i>	\$14,601	27.35%	20.67%	28.57%	18.87%	29.35%	11.40%
Non-Large Cap Equity <i>Russell 2500</i>	\$2,429	29.41%	22.79%	27.54%	18.20%	28.76%	14.86%
Domestic Equity	\$17,029	27.55%	20.41%	27.86%	18.03%	29.20%	10.83%
International Equity <i>MSCI All Country World Free EX US</i>	\$15,866	13.67%	23.17%	14.23%	141.13%	10.70%	2.8%
Global Equity	\$32,896	15.84%	23.12%	14.33%	142.23%	10.93%	10.13%
Total Fixed Income <i>Fixed Income Index</i>	\$24,100	13.71%	14.24%	11.79%	11.66%	11.76%	0.7%
Cash <i>Salomon 90 Day T-Bill + 15bps</i>	\$406	0.2%	0.4%	2.3%	2.1%	4.4%	3.5%
Private Equity	\$6,987	N/A	N/A	N/A	N/A	N/A	N/A
Real Estate	\$462	N/A	N/A	N/A	N/A	N/A	N/A
Hedge Funds	\$8,506	11.61%	11.61%	N/A	N/A	N/A	N/A
Total Judges Pension Fund	\$73,356	13.94%	20.27%	19.97%	19.92%	21.25%	8.9%

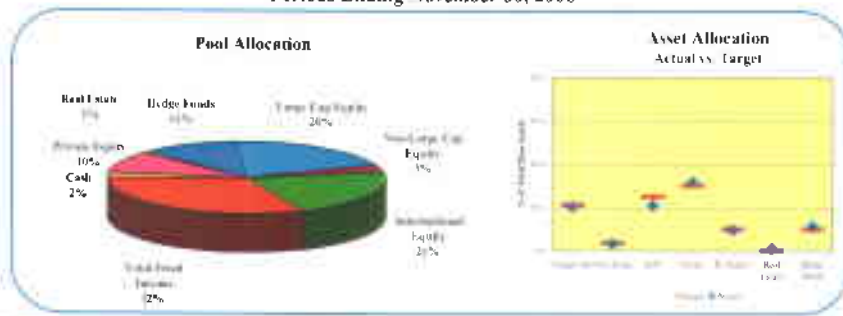
**Public Safety Retirement System**



Investment Pools	Asset Values (000's)	Index Returns (Blue)			Actual Returns (Black)		
		Month	Qtr	YTD	1 Year	3 Years	5 Years
Large Cap Equity <i>S&amp;P 500</i>	\$09,619	27.35%	20.67%	28.57%	18.87%	29.35%	11.40%
Non-Large Cap Equity <i>Russell 2500</i>	\$11,095	29.41%	22.79%	27.54%	18.20%	28.76%	14.86%
Domestic Equity	\$80,625	27.55%	20.41%	27.86%	18.03%	29.20%	10.83%
International Equity <i>MSCI All Country World Free EX US</i>	\$72,240	13.67%	23.17%	14.23%	141.13%	10.70%	2.8%
Global Equity	\$152,865	15.84%	23.12%	14.33%	142.23%	10.93%	10.13%
Total Fixed Income <i>Fixed Income Index</i>	\$105,904	13.71%	14.24%	11.79%	11.66%	11.76%	0.8%
Cash <i>Salomon 90 Day T-Bill + 15bps</i>	\$669	0.2%	0.4%	2.3%	2.1%	4.4%	3.5%
Private Equity	\$28,145	N/A	N/A	N/A	N/A	N/A	N/A
Real Estate	\$2,101	N/A	N/A	N/A	N/A	N/A	N/A
Hedge Funds	\$41,447	11.61%	11.61%	N/A	N/A	N/A	N/A
Total Public Safety System	\$331,130	13.68%	24.61%	20.00%	21.36%	23.94%	0.9%

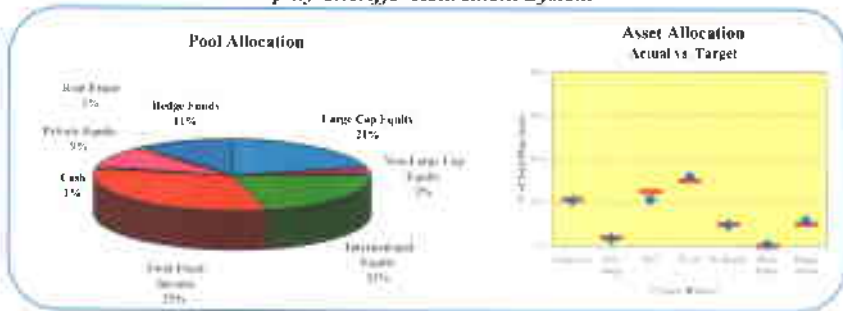
Returns are net of manager fees and expenses. Returns shorter than 1 year are unannualized

**State Police Retirement System**  
**Periods Ending November 30, 2008**



	Asset Values (000's)	Index Returns (Blue)			Actual Returns (Black)		
		Month	Qtr	YTD	1 Year	3 Years	5 Years
Large Cap Equity <i>S&amp;P 500</i>	\$6,591	(7.3)% (-7.2)	(31.8)% (-30.6%)	(36.5)% (-37.5%)	(35.8)% (-38.3)%	(15.5)% (-22.7)%	(14.4)% (-24.4)%
Non-Large Cap Equity <i>Russell 2500</i>	\$1,057	(9.4)% (-9.8)	(33.7)% (-37.6%)	(37.9)% (-40.0%)	(36.4)% (-38.4)%	(14.7)% (-22.0)%	(10.8)% (-18.2)%
Domestic Equity	\$7,648	(7.6)%	(31.0)%	(37.9)%	(35.8)%	(15.2)%	(14.8)%
International Equity <i>MSCI All Country World Free EX US</i>	\$6,798	(3.6)% (-5.7)	(18.8)% (-17.5%)	(40.1)% (-36.3%)	(40.0)% (-36.5%)	(6.7)% (-1.5%)	(2.8)% (-1.1%)
Global Equity	\$14,447	(5.8)%	(18.1)%	(41.7)%	(40.3)%	(6.6)%	(11.1)%
Total Fixed Income <i>Fixed Income Index</i>	\$10,248	(3.6)% 2.6	(14.2)% (-17.6%)	(17.0)% (-10.0%)	(14.8)% (-11.4%)	(1.7)% (-7.7%)	(3.7)% (-14.7%)
Cash <i>Solomon 90 Day T-Bill + 15 bps</i>	\$711	(1.2)% (-1.1)	9.8% (-9.4%)	(-1.5)% (-1.4%)	(-2.7)% (-2.2%)	(-4.0)% (-4.1%)	(3.8)% (3.4%)
Private Equity	\$3,140	N/A	N/A	N/A	N/A	N/A	N/A
Real Estate	\$214	N/A	N/A	N/A	N/A	N/A	N/A
Hedge Funds	\$3,639	(1.6)%	(13.0)%	N/A	N/A	N/A	N/A
<b>Total State Police Pension Fund</b>	<b>\$32,399</b>	<b>(3.8)%</b>	<b>(14.7)%</b>	<b>(18.7)%</b>	<b>(17.7)%</b>	<b>(1.5)%</b>	<b>(-0.4)%</b>

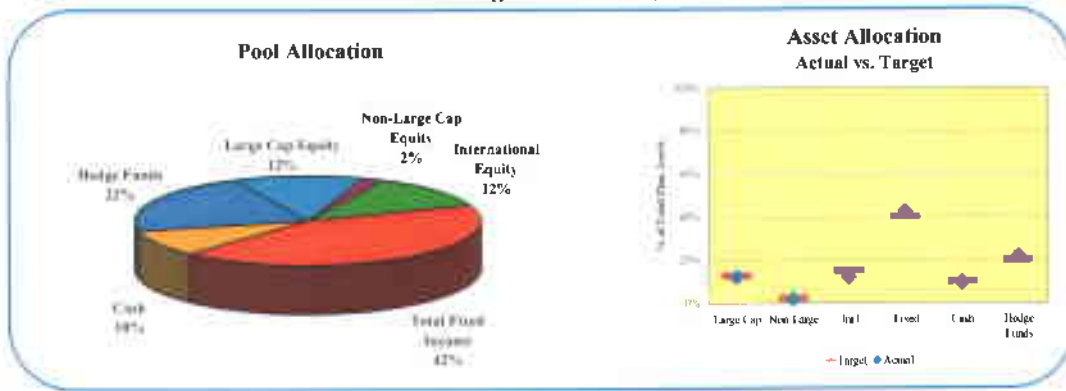
**Deputy Sheriffs' Retirement System**



	Asset Values (000's)	Index Returns (Blue)			Actual Returns (Black)		
		Month	Qtr	YTD	1 Year	3 Years	5 Years
Large Cap Equity <i>S&amp;P 500</i>	\$13,944	(7.3)% (-7.2)	(31.6)% (-30.6%)	(36.5)% (-37.5%)	(36.4)% (-38.3)%	(15.1)% (-22.7)%	(14.4)% (-24.4)%
Non-Large Cap Equity <i>Russell 2500</i>	\$2,190	(9.4)% (-9.8)	(33.7)% (-37.6%)	(37.9)% (-40.0%)	(36.0)% (-38.4)%	(16.7)% (-22.0)%	(11.6)% (-18.2)%
Domestic Equity	\$16,134	(8.6)%	(31.0)%	(37.9)%	(36.0)%	(16.2)%	(10.8)%
International Equity <i>MSCI All Country World Free EX US</i>	\$14,273	(3.6)% (-5.7)	(15.1)% (-17.5%)	(40.1)% (-36.3%)	(40.0)% (-36.5%)	(6.7)% (-1.5%)	(2.6)% (-1.1%)
Global Equity	\$30,407	(5.8)%	(18.1)%	(41.6)%	(40.3)%	(10.0)%	(10.1)%
Total Fixed Income <i>Fixed Income Index</i>	\$21,223	(3.6)% 2.6	(14.2)% (-17.6%)	(17.0)% (-10.0%)	(15.0)% (-11.4%)	(1.9)% (-7.7%)	(0.7)% (-14.7%)
Cash <i>Solomon 90 Day T-Bill + 15 bps</i>	\$537	(1.2)% (-1.1)	9.8% (-9.4%)	(-1.5)% (-1.4%)	(-2.7)% (-2.2%)	(-4.0)% (-4.1%)	(3.5)% (3.3%)
Private Equity	\$6,319	N/A	N/A	N/A	N/A	N/A	N/A
Real Estate	\$405	N/A	N/A	N/A	N/A	N/A	N/A
Hedge Funds	\$7,645	(1.6)%	(13.0)%	N/A	N/A	N/A	N/A
<b>Total Deputy Sheriffs' Fund</b>	<b>\$66,536</b>	<b>(3.9)%</b>	<b>(14.5)%</b>	<b>(18.6)%</b>	<b>(16.8)%</b>	<b>(1.5)%</b>	<b>(1.9)%</b>

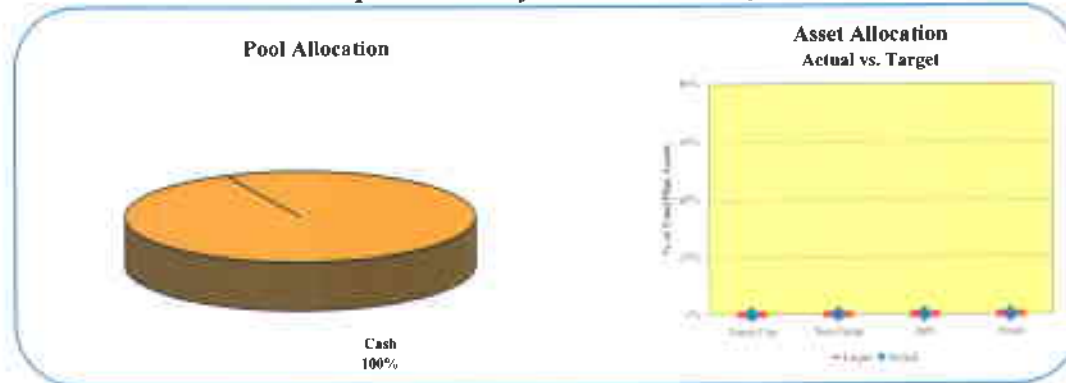
Returns are net of manager fees and expenses. Returns shorter than 1 year are unannualized.

**Workers' Compensation Old Fund**  
Periods Ending November 30, 2008



Investment Pools	Asset Values (000's)	Index Returns (Blue)			Actual Returns (Black)		
		Month	Qtr	YTD	1 Year	3 Years	5 Years
<b>Large Cap Equity</b> <i>S&amp;P 500</i>	\$72,132	(7.3)% (7.2) <sup>a</sup> %	(30.6)% (29.6) <sup>a</sup> %	(38.5)% (37.7) <sup>a</sup> %	(38.6)% (38.1) <sup>a</sup> %	N/A (8.7) <sup>a</sup> %	N/A (1.4) <sup>a</sup> %
<b>Non-Large Cap Equity</b> <i>Russell 2500</i>	\$11,344	(9.4)% (10.8) <sup>a</sup> %	(33.7)% (37.0) <sup>a</sup> %	(37.9)% (40.0) <sup>a</sup> %	(38.0)% (40.4) <sup>a</sup> %	N/A (10.9) <sup>a</sup> %	N/A (1.6) <sup>a</sup> %
<b>Domestic Equity</b>	\$83,476	(7.6)%	(31.0)%	(37.5)%	(37.6)%	N/A	N/A
<b>International Equity</b> <i>MSCI All Country World Free EX US</i>	\$73,337	(3.6)% (5.7) <sup>a</sup> %	(35.1)% (37.5) <sup>a</sup> %	(45.3)% (48.2) <sup>a</sup> %	(46.2)% (49.0) <sup>a</sup> %	N/A (6.8) <sup>a</sup> %	N/A 3.4%
<b>Global Equity</b>	\$156,813	(5.8)%	(33.1)%	(41.2)%	(41.6)%	N/A	N/A
<b>Total Fixed Income</b> <i>Fixed Income Index</i>	\$251,242	(3.9)% 2.6 <sup>a</sup> %	(14.5)% (2.9) <sup>a</sup> %	(15.8)% (0.9) <sup>a</sup> %	(15.7)% (0.6) <sup>a</sup> %	N/A 3.7%	N/A 3.6%
<b>Cash</b> <i>Salomon 90 Day T-Bill + 15 bps</i>	\$56,761	0.2% 0.1%	0.4% 0.4%	2.3% 1.9%	2.7% 2.2%	N/A 4.0%	N/A 3.3%
<b>Hedge Funds</b>	\$128,154	(1.6)%	(13.0)%	N/A	N/A	N/A	N/A
<b>Total Workers' Comp Old Fund</b>	\$592,969	(3.5)%	(18.6)%	(22.1)%	(22.2)%	N/A	N/A

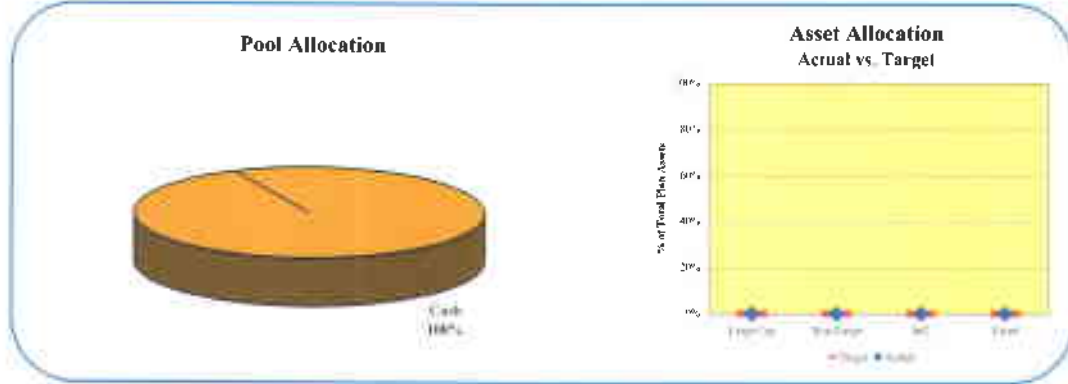
**Workers' Compensation Self-Insured Guaranty Risk Pool**



Investment Pools	Asset Values (000's)	Index Returns (Blue)			Actual Returns (Black)		
		Month	Qtr	YTD	1 Year	3 Years	5 Years
<b>Cash</b> <i>Salomon 90 Day T-Bill + 15 bps</i>	\$5,936	0.1% 0.1%	0.4% 0.4%	2.3% 1.9%	2.7% 2.2%	N/A 4.0%	N/A 3.3%
<b>Total Workers' Comp Self-Insured</b>	\$5,936	0.1%	0.4%	2.3%	2.7%	N/A	N/A

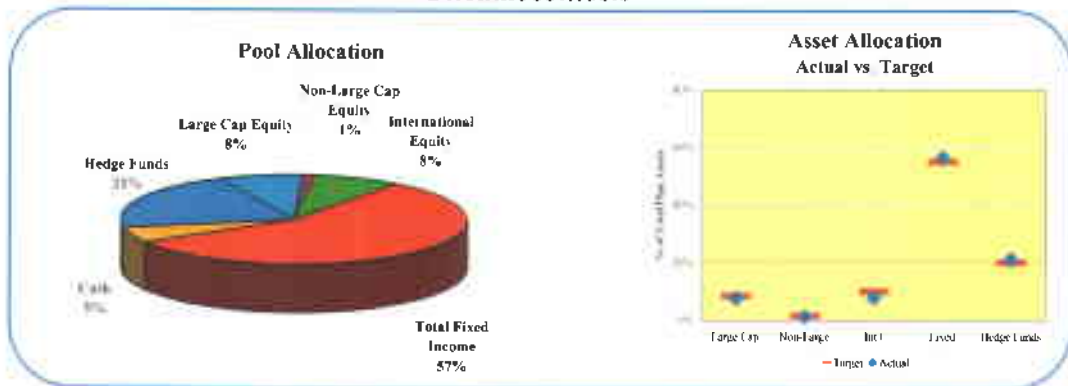
Returns are net of manager fees and expenses. Returns shorter than 1 year are unannualized.

**Workers' Compensation Uninsured Employers Fund**  
**Periods Ending November 30, 2008**



Investment Pools	Asset Values (000's)	Index Returns (Blue)			Actual Returns (Black)		
		Month	Qtr	YTD	1 Year	3 Years	5 Years
Cash	\$8,255	0.1%	0.4%	2.3%	2.7%	N/A	N/A
<i>Salomon 90 Day T-Bill + 15 bps</i>		0.1%	0.4%	1.9%	2.2%	-4.0%	3.3%
<b>Total Workers' Comp Uninsured</b>	<b>\$8,255</b>	<b>0.1%</b>	<b>0.4%</b>	<b>2.3%</b>	<b>2.7%</b>	<b>N/A</b>	<b>N/A</b>

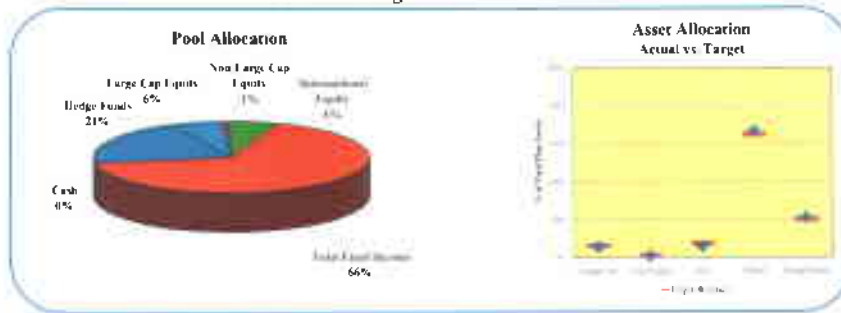
**Pneumoconiosis**



Investment Pools	Asset Values (000's)	Index Returns (Blue)			Actual Returns (Black)		
		Month	Qtr	YTD	1 Year	3 Years	5 Years
Large Cap Equity	\$15,842	(7.3)%	(30.6)%	(38.5)%	(38.6)%	N/A	N/A
<i>S&amp;P 500</i>		(7.2)%	(29.6)%	(37.7)%	(38.1)%	(8.7)%	(1.4)%
Non-Large Cap Equity	\$2,559	(9.4)%	(33.7)%	(37.9)%	(38.0)%	N/A	N/A
<i>Russell 2500</i>		(10.8)%	(37.0)%	(40.0)%	(40.4)%	(10.9)%	(1.6)%
Domestic Equity	\$18,401	(7.6)%	(31.0)%	(37.6)%	(37.6)%	N/A	N/A
International Equity	\$16,212	(3.6)%	(35.1)%	(45.2)%	(46.1)%	N/A	N/A
<i>MSCI All Country World Free EX US</i>		(5.7)%	(37.5)%	(48.2)%	(49.0)%	(6.8)%	3.4%
Global Equity	\$34,613	(5.8)%	(33.1)%	(41.4)%	(41.7)%	N/A	N/A
Total Fixed Income	\$115,191	(3.9)%	(14.4)%	(15.8)%	(15.7)%	N/A	N/A
<i>Fixed Income Index</i>		2.6%	(2.9)%	(0.9)%	(0.6)%	3.7%	3.6%
Cash	\$11,202	0.2%	0.4%	2.3%	2.7%	N/A	N/A
<i>Salomon 90 Day T-Bill + 15 bps</i>		0.1%	0.4%	1.9%	2.2%	-4.0%	3.3%
Hedge Funds	\$43,117	(1.6)%	(13.0)%	N/A	N/A	N/A	N/A
<b>Total Pneumoconiosis Fund</b>	<b>\$204,123</b>	<b>(3.5)%</b>	<b>(17.2)%</b>	<b>(20.3)%</b>	<b>(20.3)%</b>	<b>N/A</b>	<b>N/A</b>

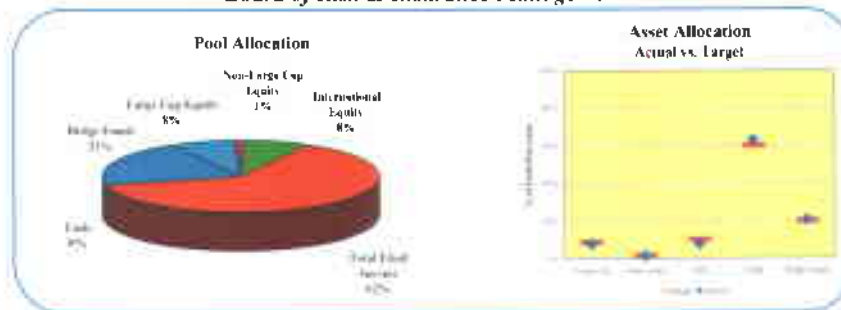
Returns are net of manager fees and expenses. Returns shorter than 1 year are unannualized.

**Public Employees' Insurance Agency**  
Periods Ending November 30, 2008



Investment Pools	Asset Values (\$MM)	Index Returns (Blue)			Actual Returns (Black)		
		Month	Qtr	YTD	1 Year	3 Years	5 Years
Large Cap Equity <i>S&amp;P 500</i>	\$5,779	12.2%	18.9%	156.5%	136.4%	49.2%	N/A
Non-Large Cap Equity <i>Russell 2500</i>	\$937	14.4%	13.7%	177.0%	126.0%	49.2%	N/A
Domestic Equity	\$6,716	17.6%	11.1%	172.5%	171.4%	49.0%	N/A
International Equity <i>MSCI All Country World Free EX US</i>	\$5,860	13.6%	15.2%	149.0%	105.4%	46.6%	N/A
Global Equity	\$12,595	15.6%	15.1%	141.2%	141.6%	46.6%	N/A
Total Fixed Income <i>Fixed Income Index</i>	\$67,053	11.1%	13.7%	119.0%	104.0%	11.5%	N/A
Cash <i>Salomon 90 Day T-Bill + 15 bps</i>	\$38	12.7%	14%	11%	12.7%	4.4%	N/A
Hedge Funds	\$21,479	11.6%	13.3%	N/A	N/A	N/A	N/A
Total Public Employees' Fund	\$109,766	13.3%	15.4%	149.0%	114.4%	32.5%	N/A

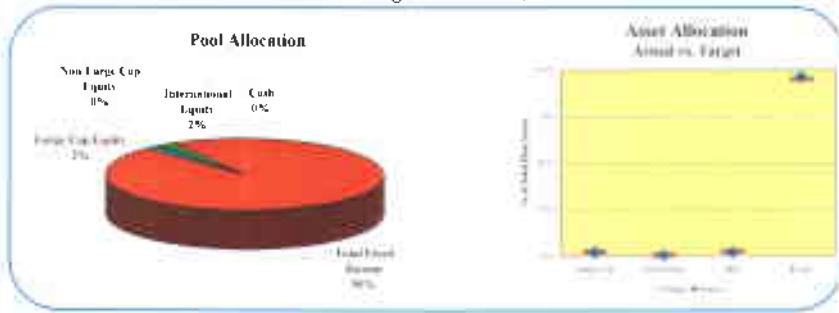
**Board of Risk & Insurance Management**



Investment Pools	Asset Values (\$MM)	Index Returns (Blue)			Actual Returns (Black)		
		Month	Qtr	YTD	1 Year	3 Years	5 Years
Large Cap Equity <i>S&amp;P 500</i>	\$6,912	17.3%	18.0%	138.5%	138.6%	49.3%	N/A
Non-Large Cap Equity <i>Russell 2500</i>	\$1,108	19.4%	15.7%	137.9%	138.0%	49.7%	N/A
Domestic Equity	\$8,020	17.6%	11.1%	137.7%	137.7%	49.1%	N/A
International Equity <i>MSCI All Country World Free EX US</i>	\$7,006	13.6%	15.2%	145.2%	146.1%	46.7%	N/A
Global Equity	\$15,026	15.6%	15.1%	141.4%	141.7%	46.8%	N/A
Total Fixed Income <i>Fixed Income Index</i>	\$57,438	11.4%	13.7%	111.3%	111.2%	10.1%	N/A
Cash <i>Salomon 90 Day T-Bill + 15 bps</i>	\$96	12.7%	14%	11%	12.7%	4.4%	N/A
Hedge Funds	\$18,715	11.6%	13.3%	N/A	N/A	N/A	N/A
Total Board of Risk & Ins. Mgmt	\$91,275	11.1%	13.3%	118.5%	118.6%	11.9%	N/A

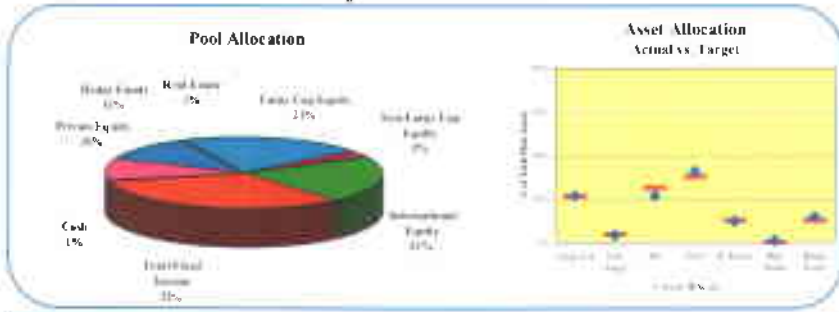
Returns are net of manager fees and expenses. Returns shorter than 1 year are unannualized.

**WV Retiree Health Benefit Trust Fund**  
 Periods Ending November 30, 2008



Investment Pools	Asset Values (000's)	Index Returns (Blue)			Actual Returns (Black)		
		Month	Qtr	YTD	1 Year	3 Years	5 Years
Large Cap Equity <i>S&amp;P 500</i>	\$3,050	(7.5%) (7.2%)	(3.4%) (3.4%)	9.8% (27.5%)	N/A (8.1%)	N/A (5.7%)	N/A (1.1%)
Non-Large Cap Equity <i>Russell 2500</i>	\$515	(9.0%) (10.0%)	(2.7%) (2.5%)	N/A (10.0%)	N/A (9.1%)	N/A (10.9%)	N/A (1.0%)
Domestic Equity	\$3,575	(7.5%)	(3.1%)	9.8%	N/A	N/A	N/A
International Equity <i>MSCI All Country World Free EX US</i>	\$3,193	(3.0%) (2.7%)	(20.2%) (17.0%)	N/A (10.2%)	N/A (4.0%)	N/A (6.8%)	N/A (3.1%)
Global Equity	\$6,768	(8.0%)	(11.0%)	N/A	N/A	N/A	N/A
Total Fixed Income <i>Fixed Income Index</i>	\$165,140	(0.0%) (0.1%)	(1.4%) (2.0%)	N/A (0.9%)	N/A (1.6%)	N/A (3.7%)	N/A (3.6%)
Cash <i>Salomon 90 Day T-Bill + 15bps</i>	\$25	(0.2%) (0.1%)	(0.4%) (0.4%)	N/A (0.0%)	N/A (2.2%)	N/A (4.0%)	N/A (3.3%)
<b>Total WV Retiree Health Benefit Fund</b>	<b>\$171,943</b>	<b>(1.1%)</b>	<b>(1.9%)</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

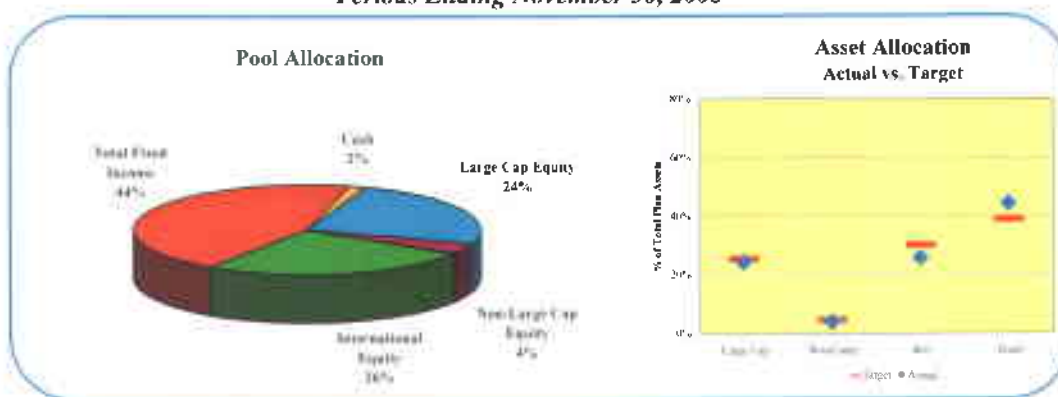
**Wildlife Endowment Fund**



Investment Pools	Asset Values (000's)	Index Returns (Blue)			Actual Returns (Black)		
		Month	Qtr	YTD	1 Year	3 Years	5 Years
Large Cap Equity <i>S&amp;P 500</i>	\$5,473	(7.1%) (7.2%)	(3.6%) (3.4%)	(3.7%) (17.5%)	(3.6%) (8.1%)	(9.1%) (5.7%)	(1.0%) (1.1%)
Non-Large Cap Equity <i>Russell 2500</i>	\$558	(8.4%) (10.0%)	(2.7%) (2.5%)	(2.0%) (10.0%)	(3.0%) (9.1%)	(6.2%) (10.9%)	(1.0%) (1.0%)
Domestic Equity	\$6,331	(7.1%)	(1.0%)	(2.0%)	(2.0%)	(9.0%)	(2.7%)
International Equity <i>MSCI All Country World Free EX US</i>	\$5,472	(3.1%) (2.7%)	(14.1%) (17.0%)	(4.0%) (10.2%)	(4.0%) (4.0%)	(0.4%) (6.8%)	(2.8%) (3.1%)
Global Equity	\$11,807	(8.4%)	(12.4%)	(9.0%)	(12.0%)	(9.6%)	(0.3%)
Total Fixed Income <i>Fixed Income Index</i>	\$5,427	(0.0%) (0.1%)	(1.4%) (2.0%)	(0.0%) (0.9%)	(1.4%) (1.6%)	(1.7%) (3.7%)	(0.0%) (3.6%)
Cash <i>Salomon 90 Day T-Bill + 15bps</i>	\$166	(0.2%) (0.1%)	(0.4%) (0.4%)	(2.1%) (0.0%)	(2.1%) (2.2%)	(4.4%) (4.0%)	(2.5%) (3.3%)
Private Equity	\$2,486	(1.0%)	(1.0%)	N/A	N/A	N/A	N/A
Real Estate	\$173	(1.0%)	(1.0%)	N/A	N/A	N/A	N/A
Hedge Funds	\$2,861	(1.0%)	(1.0%)	N/A	N/A	N/A	N/A
<b>Total Wildlife Fund</b>	<b>\$25,846</b>	<b>(3.9%)</b>	<b>(2.4%)</b>	<b>(0.9%)</b>	<b>(1.7%)</b>	<b>(1.2%)</b>	<b>(0.9%)</b>

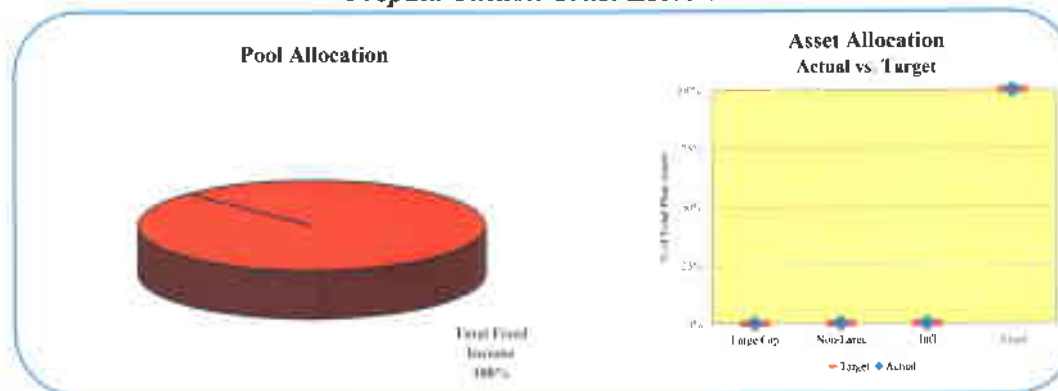
Returns are net of manager fees and expenses. Returns shorter than 1 year are annualized.

**Prepaid Tuition Trust Fund**  
Periods Ending November 30, 2008



Investment Pools	Asset Values (000's)	Index Returns (Blue)			Actual Returns (Black)		
		Month	Qtr	YTD	1 Year	3 Years	5 Years
<b>Large Cap Equity</b> <i>S&amp;P 500</i>	\$16,477	(7.3)% (7.2)% <sup>a</sup>	(30.6)% (29.6)% <sup>a</sup>	(38.5)% (37.7)% <sup>a</sup>	(38.6)% (38.1)% <sup>a</sup>	(9.3)% (8.7)% <sup>a</sup>	(1.4)% (1.4)% <sup>a</sup>
<b>Non-Large Cap Equity</b> <i>Russell 2500</i>	\$2,659	(9.4)% (10.8)% <sup>a</sup>	(33.7)% (37.0)% <sup>a</sup>	(37.9)% (40.0)% <sup>a</sup>	(38.0)% (40.4)% <sup>a</sup>	(9.7)% (10.9)% <sup>a</sup>	(0.0)% (1.6)% <sup>a</sup>
<b>Domestic Equity</b>	\$19,136	(7.6)%	(31.0)%	(37.5)%	(37.6)%	(9.0)%	(0.7)%
<b>International Equity</b> <i>MSCI All Country World Free EX US</i>	\$17,347	(3.6)% (5.7)% <sup>a</sup>	(35.2)% (37.5)% <sup>a</sup>	(45.3)% (48.2)% <sup>a</sup>	(46.2)% (49.0)% <sup>a</sup>	(6.9)% (6.8)% <sup>a</sup>	2.4 % 3.4 %
<b>Global Equity</b>	\$36,483	(5.8)%	(33.1)%	(41.5)%	(41.8)%	(8.9)%	(0.1)%
<b>Total Fixed Income</b> <i>Fixed Income Index</i>	\$29,983	(0.5)% 2.6 % <sup>a</sup>	(10.9)% (3.9)% <sup>a</sup>	(12.2)% (0.9)% <sup>a</sup>	(12.1)% (0.6)% <sup>a</sup>	(0.4)% 3.7 % <sup>a</sup>	1.5 % 3.6 % <sup>a</sup>
<b>Cash</b> <i>Solomon 90 Day T-Bill - 15 bps</i>	\$1,075	0.2 % 0.1 % <sup>a</sup>	0.4 % 0.4 % <sup>a</sup>	2.3 % 1.9 % <sup>a</sup>	2.7 % 2.2 % <sup>a</sup>	4.4 % 4.0 % <sup>a</sup>	3.5 % 3.3 % <sup>a</sup>
<b>Total Prepaid Tuition Trust</b>	\$67,541	(3.4)%	(24.1)%	(30.1)%	(30.4)%	(5.0)%	1.0 %

**Prepaid Tuition Trust Escrow**

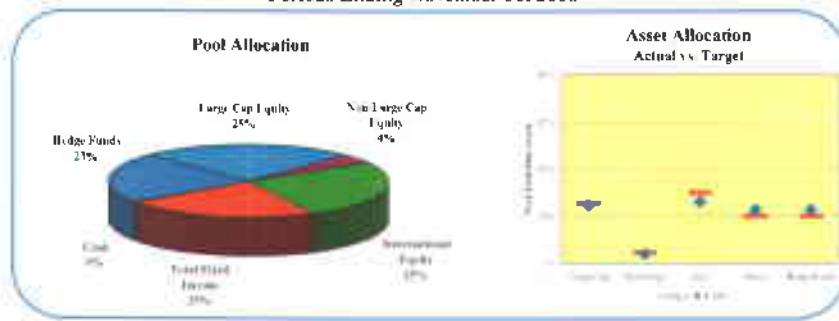


Investment Pools	Asset Values (000's)	Index Returns (Blue)			Actual Returns (Black)		
		Month	Qtr	YTD	1 Year	3 Years	5 Years
<b>Total Fixed Income</b> <i>Fixed Income Index</i>	\$2,215	(0.8)% 2.6 % <sup>a</sup>	(11.3)% (2.9)% <sup>a</sup>	(12.5)% (0.9)% <sup>a</sup>	(12.5)% (0.6)% <sup>a</sup>	(0.5)% 3.7 % <sup>a</sup>	N/A 3.6 % <sup>a</sup>
<b>Total Prepaid Tuition Trust Escrow</b>	\$2,215	(0.8)%	(11.3)%	(12.5)%	(12.5)%	(0.5)%	N/A

Returns are net of manager fees and expenses. Returns shorter than 1 year are unannualized

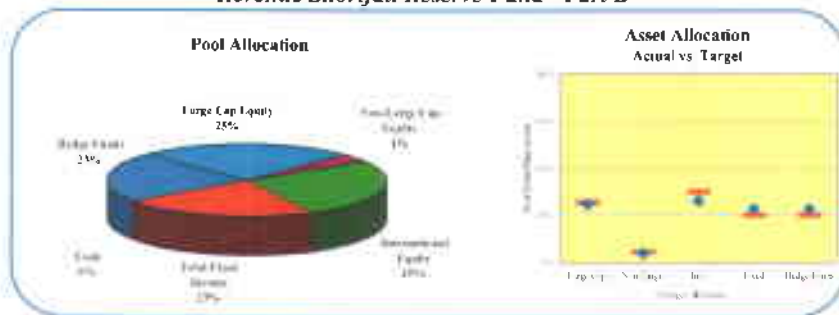


**Revenue Shortfall Reserve Fund**  
Periods Ending November 30, 2008



Investment Pools	Asset Values (000's)	Index Returns (Blue)			Actual Returns (Black)		
		Month	Qtr	YTD	1 Year	3 Years	5 Years
<b>Large Cap Equity</b> S&P 500	\$11,338	11.01%	20.12%	18.11%	19.82%	8.72%	-1.19%
<b>Non Large Cap Equity</b> Russell 2000	\$5,790	10.41%	13.71%	17.41%	19.81%	N/A	N/A
<b>Domestic Equity</b>	\$10,338	11.61%	11.91%	17.51%	19.91%	N/A	N/A
<b>International Equity</b> MSCI All Country World Fin. EX US	\$17,338	13.01%	15.11%	18.11%	14.21%	N/A	N/A
<b>Global Equity</b>	\$17,412	11.81%	15.41%	14.11%	14.71%	N/A	N/A
<b>Total Fixed Income</b> Fixed Income Index	\$12,347	11.01%	11.11%	11.11%	11.11%	N/A	N/A
<b>Cash</b> Salomon 90 Day T-Bill - 15bps	\$47	0.2%	0.4%	1.1%	2.7%	N/A	N/A
<b>Hedge Funds</b>	\$12,116	11.01%	11.01%	N/A	N/A	N/A	N/A
<b>Total Rev. Shortfall Reserve Fund</b>	\$145,907	14.52%	15.11%	11.11%	11.11%	N/A	N/A

**Revenue Shortfall Reserve Fund - Part B**



Investment Pools	Asset Values (000's)	Index Returns (Blue)			Actual Returns (Black)		
		Month	Qtr	YTD	1 Year	3 Years	5 Years
<b>Large Cap Equity</b> S&P 500	\$49,938	17.31%	18.01%	18.51%	18.61%	N/A	N/A
<b>Non Large Cap Equity</b> Russell 2000	\$8,050	19.41%	11.71%	17.91%	18.01%	N/A	N/A
<b>Domestic Equity</b>	\$57,988	17.61%	11.31%	17.61%	17.61%	N/A	N/A
<b>International Equity</b> MSCI All Country World Fin. EX US	\$52,719	13.61%	15.11%	14.51%	14.21%	N/A	N/A
<b>Global Equity</b>	\$110,707	15.81%	11.11%	14.11%	14.81%	N/A	N/A
<b>Total Fixed Income</b> Fixed Income Index	\$45,909	13.61%	11.11%	11.41%	11.41%	N/A	N/A
<b>Cash</b> Salomon 90 Day T-Bill - 15bps	\$98	0.2%	0.4%	2.3%	2.7%	N/A	N/A
<b>Hedge Funds</b>	\$48,554	11.61%	11.61%	N/A	N/A	N/A	N/A
<b>Total Rev. Shortfall Reserve Fund B</b>	\$202,268	14.41%	12.11%	11.41%	11.71%	N/A	N/A

Returns are net of manager fees and expenses. Returns shorter than 1 year are unannualized.

## West Virginia Investment Management Board

500 Virginia Street, East — Suite 200  
Charleston, West Virginia 25301

Phone: (304) 345-2672

Fax: (304) 345-5939

Website: [www.wvimb.org](http://www.wvimb.org)

December 10, 2008

The Honorable Earl Ray Tomblin  
President of the Senate  
West Virginia State Senate  
Building 1, Room 227-M  
1900 Kanawha Boulevard, East  
Charleston, WV 25305

The Honorable Walt Helmick  
West Virginia State Senate  
Chair, Senate Finance Committee  
Building 1, Room 465-M  
1900 Kanawha Boulevard, East  
Charleston, WV 25305

The Honorable Richard Thompson  
West Virginia House of Delegates  
Building 1, Room 234-M  
1900 Kanawha Boulevard, East  
Charleston, WV 25305

The Honorable Harry Keith White  
Chair, House Finance Committee  
West Virginia House of Delegates  
Building 1, Room 462-M  
1900 Kanawha Boulevard, East  
Charleston, WV 25305

Aaron Allred  
Legislative Manager  
Building 1, Room E-132  
1900 Kanawha Boulevard, East  
Charleston, WV 25305



Subject: Market Update

Dear Gentlemen:

In a response to a request from Delegate Border at the meeting of the Joint Committee on Government and Finance on December 9, 2008, please find the book and market value on General Motors and Ford securities held by the Investment Management Board as of December 9, 2008:

Security	Book Value	Market Value	Loss
General Motors Corporation— Common Stock	\$310,144	\$90,240	(\$219,904)
General Motor Corporation—Bonds	\$6,671,540	\$1,286,392	(\$5,385,148)
Ford Motor Company—Bonds	\$9,826,155	\$2,447,437	(\$7,378,717)

*December 10, 2008*

*Page 2 of 2*

The Investment Management Board does not hold any Chrysler securities.

If you have any questions, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to be 'HCS', with a long horizontal line extending to the right.

H. Craig Slaughter  
Executive Director

HCS:jaa

C: The Honorable Larry Border

## West Virginia Investment Management Board

500 Virginia Street, East — Suite 200  
Charleston, West Virginia 25301

Phone: (304) 345-2672

Fax: (304) 345-5939

Website: [www.wvimb.org](http://www.wvimb.org)

December 11, 2008

The Honorable Earl Ray Tomblin  
President of the Senate  
West Virginia State Senate  
Building 1, Room 227-M  
1900 Kanawha Boulevard, East  
Charleston, WV 25305

The Honorable Richard Thompson  
West Virginia House of Delegates  
Building 1, Room 234-M  
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Charleston, WV 25305

The Honorable Harry Keith White  
Chair, House Finance Committee  
West Virginia House of Delegates  
Building 1, Room 462-M  
1900 Kanawha Boulevard, East  
Charleston, WV 25305

Dear Gentlemen:

In addition to the information on General Motors and Ford auto company securities sent yesterday, please find below information regarding related financing entities as of December 9, 2008:

Security	Book Value	Market Value	Loss
GMAC LLC	\$16,760,341	\$8,547,336	(\$8,213,005)
Ford Motor Credit Company	\$24,345,111	\$13,452,365	(\$10,892,745)

December 11, 2008

Page 2 of 2

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

Sincerely,

A handwritten signature in black ink, appearing to read 'H. Craig Slaughter', with a long horizontal flourish extending to the right.

H. Craig Slaughter  
Executive Director

HCS:jah

C: The Honorable Larry Border



---

# **Status Report Workers' Compensation**

Joint Committee on Government & Finance

1/13/09

*Provided by the West Virginia Offices of the Insurance Commissioner*



**OLD FUND/DEBT REDUCTION  
FY2009 – FY2008  
COMPARISON**

**YEAR TO DATE**

	FY2009	FY2008	Change	FY2008 Annual
<b>Revenues</b>				
Personal Income Tax	31,800,000	31,800,000	-	95,400,000
Severance Tax	47,592,925	44,870,498	2,722,427	124,294,765
Debt Reduction Surcharge	19,021,667	7,989,488	11,032,179	29,662,848
Self-Insured Debt Reduction Surcharge	3,568,861	3,231,941	336,920	7,477,936
Video Lottery	11,000,000	11,000,000	-	11,000,000
Employer Premium	1,812,560	529,722	1,282,838	2,679,526
Other Income - Return of Unclaimed Property	29,669	22,444	7,225	50,460
<b>Total Revenues</b>	<b>114,825,683</b>	<b>99,444,093</b>	<b>15,381,590</b>	<b>270,565,535</b>
Surplus Note Principal Payments	60,000,000	-	60,000,000	40,000,000
Investment / Interest Earnings (Losses)	(166,717,931)	6,245,224	(172,963,155)	7,402,971
<b>Expenditures</b>				
Public Employees Insurance	59,406	73,296	(13,890)	137,115
Payment of Claims	127,360,460	137,909,205	(10,548,745)	260,588,335
Contractual/Professional	10,081,134	10,786,541	(705,407)	23,957,894
<b>Total Expenditures</b>	<b>137,501,000</b>	<b>148,769,042</b>	<b>(11,268,042)</b>	<b>284,683,344</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(129,393,247)</b>	<b>(43,079,725)</b>	<b>(86,313,522)</b>	<b>33,285,162</b>
Cash Beginning Balances	734,195,513	700,910,351	33,285,162	700,910,351
<b>Cash Ending Balances</b>	<b>606,748,616</b>	<b>657,830,626</b>	<b>(51,082,010)</b>	<b>734,195,513</b>

# Old Fund Liability Estimate

(excluding LAE)  
(discounted)

FY2009	December
Beginning Reserve Amount	2,350,136,836
Claim Payments	21,454,730
Estimated Ending Reserve Amount	2,338,213,195

**Note:**

The interim estimate of the Old Fund liabilities is derived using a formula that reduces the reserve amount at the beginning of each month by the amount of claims payments made during the month.

The formula makes an adjustment for the time value of money, assuming that claim payments are evenly distributed through the month. The estimate is updated monthly.



**SCHEDULE OF NET ASSETS**  
**Workers' Compensation Old Fund - Debt Reduction**  
(In Thousands)

	June 30, 2008	December 31, 2008	Change
<b>Assets:</b>			
Cash and Cash Equivalents	713,576	606,749	(106,827)
Receivables, Net:	24,256	24,256	0
Surplus Note	162,759	102,759	(60,000)
Total Assets	<u>900,591</u>	<u>733,764</u>	<u>(166,827)</u>
<b>Liabilities:</b>			
Estimated Liability for Unpaid Claims and			
Claim Adjustment Expense	2,407,700	2,338,213	(69,487)
Other Liabilities	490	490	0
Total Liabilities	<u>2,408,190</u>	<u>2,338,703</u>	<u>(69,487)</u>
<b>Net Assets:</b>			
Unrestricted	<u>(1,507,599)</u>	<u>(1,604,939)</u>	<u>(97,340)</u>
Total Net Assets	<u><u>(1,507,599)</u></u>	<u><u>(1,604,939)</u></u>	<u><u>(97,340)</u></u>

\*Debt Reduction estimates are updated on a monthly basis. See note on "Old Fund Liability Estimate" sheet.

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

	Calendar Year 2006	Calendar Year 2007	Calendar Year 2008
<b>Revenue</b>			
Statutory Transfers*	266,613,362	261,975,877	287,088,650
Collections	8,316,798	1,041,116	3,265,870
Investment Income	50,201,026	40,659,223	(168,342,828)
<b>Total Revenue</b>	<b>325,131,186</b>	<b>303,676,215</b>	<b>122,011,692</b>
<b>Expenditures</b>			
Claim Payments	(355,245,366)	(284,445,313)	(249,839,063)
Administrative/Other Expense	(21,630,179)	(24,710,582)	(23,576,238)
<b>Total Expenditures</b>	<b>(376,875,545)</b>	<b>(309,155,895)</b>	<b>(273,415,301)</b>
Workers' Compensation Commission Initial fund transfer January 2006	711,094,830		
Payments from BrickStreet Insurance on Surplus Note			100,015,205
<hr style="border: 1px solid black;"/>			
<b>Invested Balance with WVIMB at year end</b>	<b>647,444,812</b>	<b>635,908,034</b>	<b>591,375,200</b>

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

	Previous 12-Month Period 01/01/07 to 12/31/07	Current 12-Month Period 01/01/08 to 12/31/07
<b>Claims benefits paid:</b>		
Medical	(4,778,100.66)	(4,055,619.84)
Permanent Total Disability	(12,962,584.23)	(12,537,059.27)
Permanent Partial Disability	(2,093,710.40)	(850,278.97)
Temporary Total Disability	(429,278.81)	(213,032.47)
Settlement Agreements	(541,150.57)	(226,576.30)
Fatals	(2,876,238.97)	(2,774,153.55)
104 weeks	(444,486.99)	(472,620.53)
<b>Total</b>	<b>(24,125,550.62)</b>	<b>(21,129,340.93)</b>
Claims credits and overpayments	421,774.57	307,952.48
<b>Total claims paid</b>	<b>(23,703,776.05)</b>	<b>(20,821,388.45)</b>

# Coal Workers Fund

	1st Quarter	2nd Quarter	Total
<b>Revenues</b>			
Investment Earnings (Losses)	(9,601,885)	(42,804,488)	(52,406,373)
<b>Total Revenues</b>	<b>(9,601,885)</b>	<b>(42,804,488)</b>	<b>(52,406,373)</b>
<b>Expenditures</b>			
Payment of Claims	3,259,857	2,974,861	6,234,717
Deposit Refunds		(359)	(359)
<b>Total Expenditures</b>	<b>3,259,857</b>	<b>2,974,502</b>	<b>6,234,359</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(12,861,742)</b>	<b>(45,778,990)</b>	<b>(58,640,731)</b>
Cash Beginning Balances	261,695,430	248,833,689	261,695,430
<b>Cash Ending Balances</b>	<b>248,833,689</b>	<b>203,054,699</b>	<b>203,054,699</b>

# UNINSURED

	1st Quarter	2nd Quarter	Total
<b>Revenues</b>			
Fines and Penalties	270,014	222,462	492,475
Investment Earnings (Losses)	45,653	33,134	78,787
<b>Total Revenues</b>	<b>315,666</b>	<b>265,696</b>	<b>571,262</b>
<b>Expenditures</b>			
Payment of Claims	184,161	230,905	415,066
<b>Total Expenditures</b>	<b>184,161</b>	<b>230,905</b>	<b>415,066</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>131,505</b>	<b>24,691</b>	<b>156,197</b>
Cash Beginning Balances	8,164,225	8,295,731	8,164,226
<b>Cash Ending Balances</b>	<b>8,295,731</b>	<b>8,320,422</b>	<b>8,320,422</b>

# Self Insured Fund

	October 2008	November 2008	December 2008	2nd Quarter Total
<b>Revenues</b>				
Employer Premium Contributions	317,510.33	11,250.00	18,065.53	346,825.86
Investment Earnings (Losses)	10,275.09	7,445.79	4,998.48	22,719.36
<b>Total Revenues</b>	<b>327,785.42</b>	<b>18,695.79</b>	<b>23,064.01</b>	<b>369,545.22</b>
<b>Expenditures</b>				
Payment of Claims	3,886.75	377.44	844.20	5,108.39
<b>Total Expenditures</b>	<b>3,886.75</b>	<b>377.44</b>	<b>844.20</b>	<b>5,108.39</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>323,898.67</b>	<b>18,318.35</b>	<b>22,219.81</b>	<b>364,436.83</b>
Cash Beginning Balances	5,649,591.93	5,973,490.60	5,991,808.95	5,649,591.93
<b>Cash Ending Balances</b>	<b>5,973,490.60</b>	<b>5,991,808.95</b>	<b>6,014,028.76</b>	<b>6,014,028.76</b>

# OFFICE OF JUDGES' REPORT TO INDUSTRIAL COUNCIL

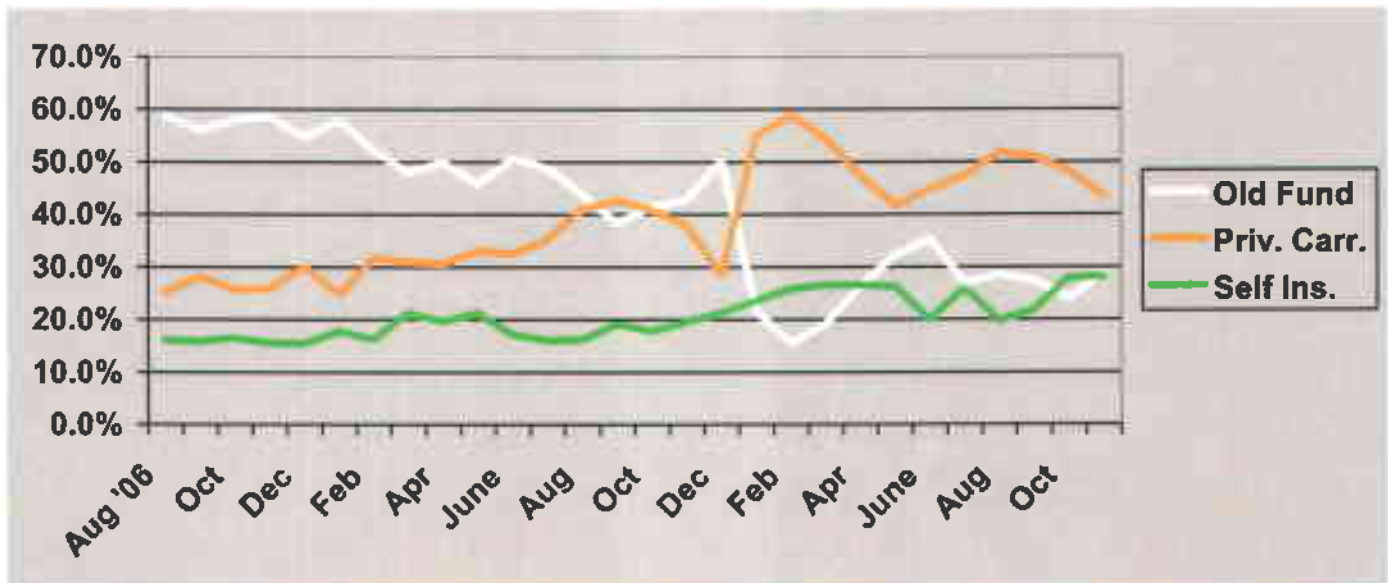
January 15, 2009

## I. Statistical Analysis

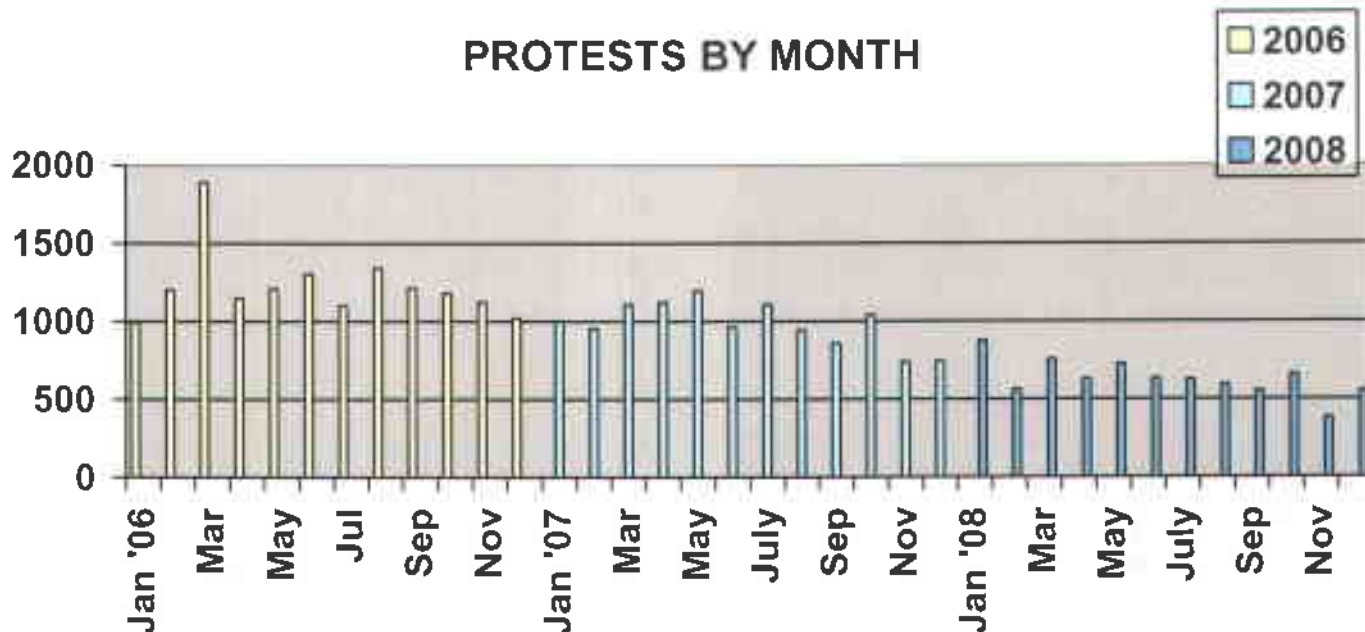
	<u>2007</u>	<u>Dec.</u>	<u>2008</u>
A. <i>Protests Acknowledged:</i>	11,794	555	7567

### Fund Involved:

FUND	2005	2006	% of protests	2007	% of protests	Dec '08	% of protests	2008	% of protests
<b>Old Fund</b>	n/a	<b>8,146</b>	64.56%	<b>4,433</b>	46.30%	<b>112</b>	28.57%	<b>1,592</b>	26.17%
<b>New Fund</b>	n/a	<b>2,207</b>	17.49%	<b>3,370</b>	35.20%	<b>170</b>	43.36%	<b>2,971</b>	48.85%
<b>Self-Insured</b>	228 (avg)	<b>2,264</b>	17.94%	<b>1,772</b>	18.51%	<b>110</b>	28.06%	<b>1,518</b>	24.96%
<b>Subtotal</b>		<b>12,617</b>		<b>9,575</b>		<b>392</b>		<b>6,081</b>	
<b>Temporary</b>		2,131		2,219		163		1,486	
<b>Total</b>	<b>18,975</b>	<b>14,748</b>		<b>11,794</b>		<b>555</b>		<b>7,567</b>	



### PROTESTS BY MONTH



B. Issues Resolved: 2007 11,472      DEC 559      2008 8,094

C. Pending Caseload Report

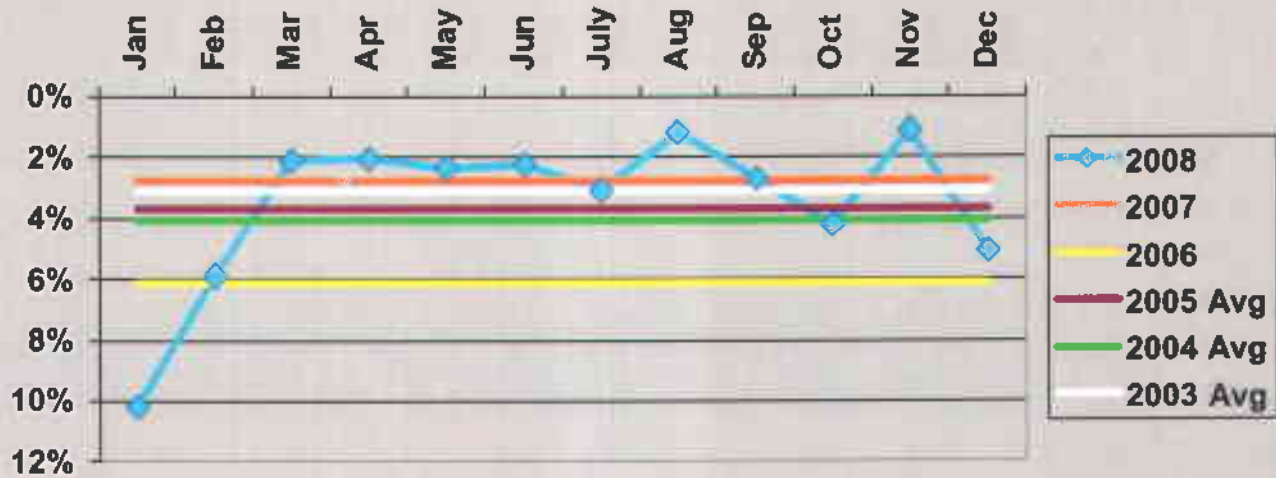
<b>PENDING END OF DEC</b>		<b>4,388</b>
PENDING 1 MONTH BEFORE		4,560
PENDING 2 MONTHS BEFORE		4,660
PENDING 3 MONTHS BEFORE		4,837
PENDING 6 MONTHS BEFORE		5,301
PENDING 12 MONTHS BEFORE		6,451

Acknowledgment	Timeliness:	<u>2007</u>	<u>DEC</u>	<u>2008</u>
1. Protest Ackn. >30 days		2.8%	5.1%	3.6%
2. Protest Ackn. 24-30 days		1.5%	0.5%	2.3%
3. Protest Ackn. 11-23 days		13.7%	22.7%	19.0%
4. Protest Ackn. <11 days		82.0%	71.7%	75.1%

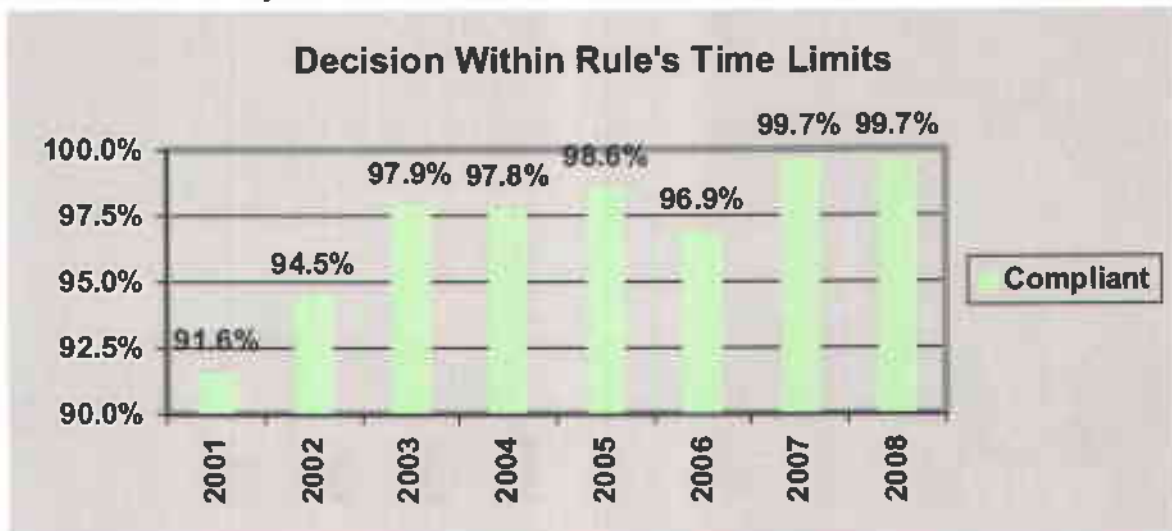
	<u>2007</u>	<u>DEC</u>	<u>2008</u>
E. Decisions Mailed:	6,599	343	4,854
1. ALJ Decisions	3,775	283	3,324
2. Non-Attorney Adjudicator:	2,824	60	1,530
3. Withdrawals:	1,366	68	1,005
4. "No Evidence" Dismissals	2,215	77	1,248



### Acknowledged Later than 30 Days from Receipt



F. Final Decision Timeliness	2007	DEC	2008
1. <30 days:	61.7%	47.8%	59.6%
2. 30-60 days:	26.9%	39.3%	26.2%
3. 60-90 days:	11.1%	12.9%	13.9%
4. +90 days:	0.3%	0.0%	0.3%



G. Time Standard Compliance	2007	DEC	2008
	92.6%	88.0%	91.2%

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 Pellish  
Honorable Carrie Webster, House Judiciary Chair  
Honorable Brooks McCabe  
Honorable Nancy Peoples Guthrie  
Senator Don Caruth

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

**Date:** January 5, 2009

**Re:** Workers' Compensation Board of Review Monthly Report

---

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

A number of changes have been made to the Board's reports. You will find a total of seven reports as opposed to the two reports you previously received. These reports include the following:

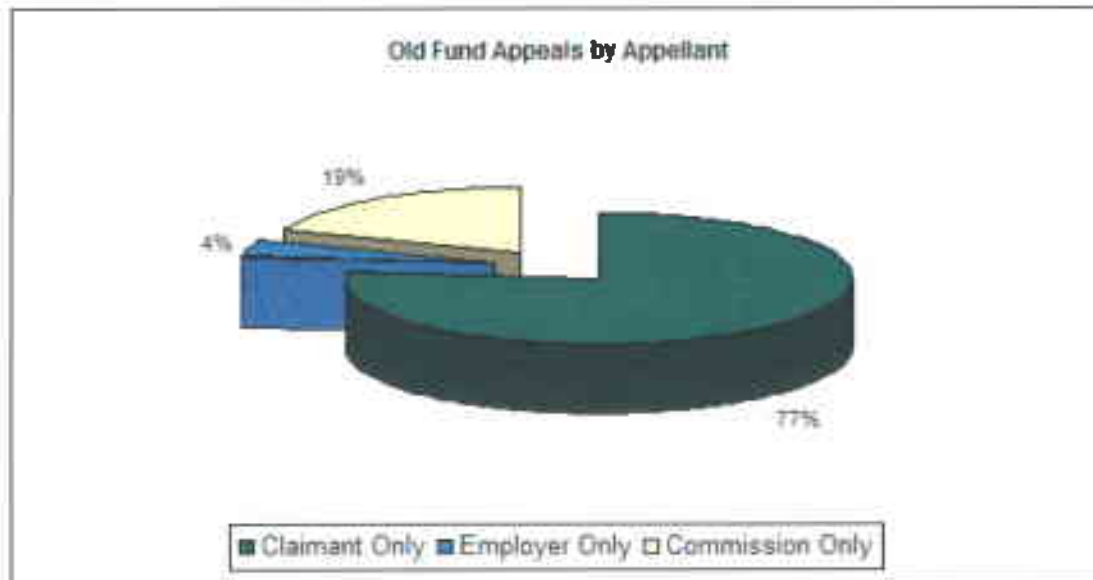
1. Monthly Report of Appeals Received
2. Yearly Report of Appeals Received
3. Monthly Report of Appeals Received By Issue
4. Yearly Report of Appeals Received by Issue
5. Monthly Summary of Dispositions by Party
6. Monthly Summary of Dispositions by Issue
7. Yearly Summary of Dispositions by Issue

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

## Monthly Appeals Received From December 1, 2008 Thru December 31, 2008

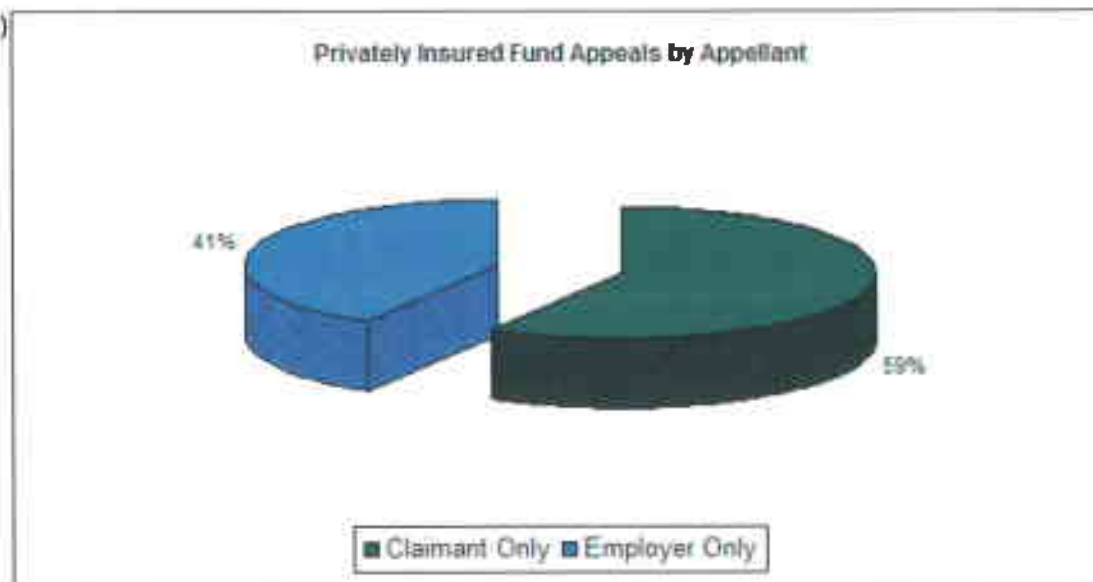
### Old Fund Appeals (DOI < Jul-1-2005)

Appellant	Count
Claimant Only	56
Employer Only	3
Commission Only	14
<b>Old Fund Total</b>	<b>73</b>



### Privately Insured Fund Appeals (DOI > Jun-30-2005)

Appellant	Count
Claimant Only	51
Employer Only	36
<b>New Fund Total</b>	<b>87</b>
<b>Total Appeals</b>	<b>160</b>



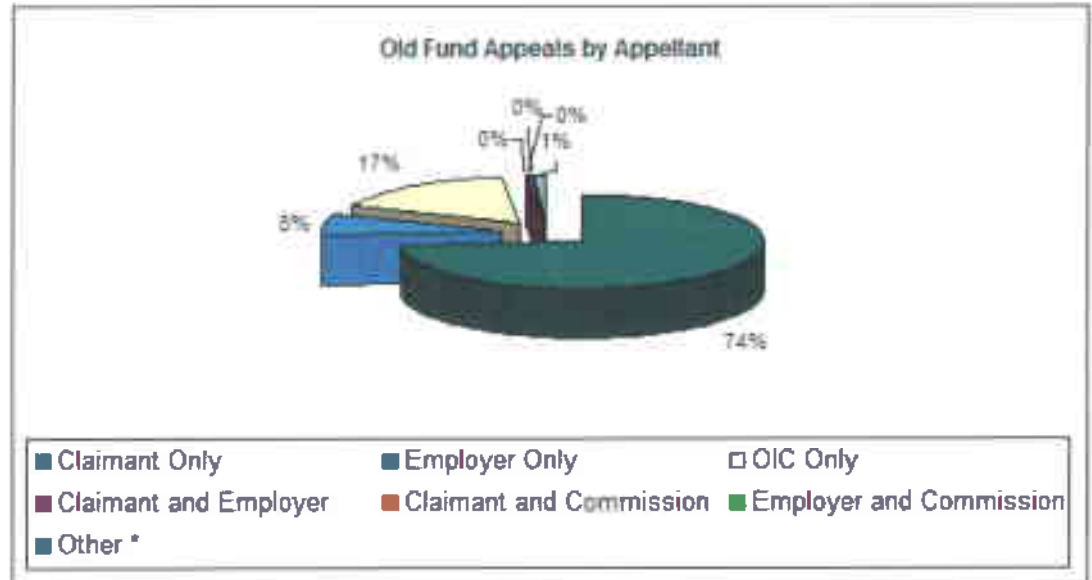
Appeals counted more than once:

# Yearly Appeals Received

## From June 1, 2008 Thru December 31, 2008

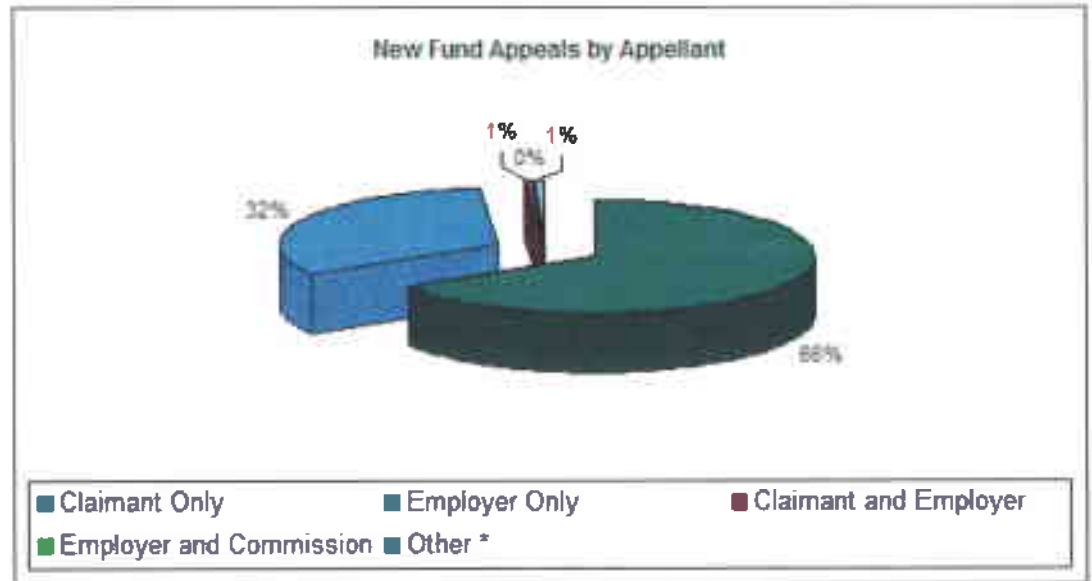
### Old Fund Appeals (DOI < Jul-1-2005)

Appellant	Count
Claimant Only	450
Employer Only	46
OIC Only	104
Claimant and Employer	3
Claimant and Commission	1
Employer and Commission	1
Other *	6
<b>Old Fund Total</b>	<b>611</b>



### Privately Insured Fund Appeals (DOI > Jun-30-2005)

Appellant	Count
Claimant Only	364
Employer Only	179
Claimant and Employer	3
Employer and Commission	1
Other *	4
<b>Privately Insured Fund Total</b>	<b>551</b>
<b>Total Appeals</b>	<b>1162</b>

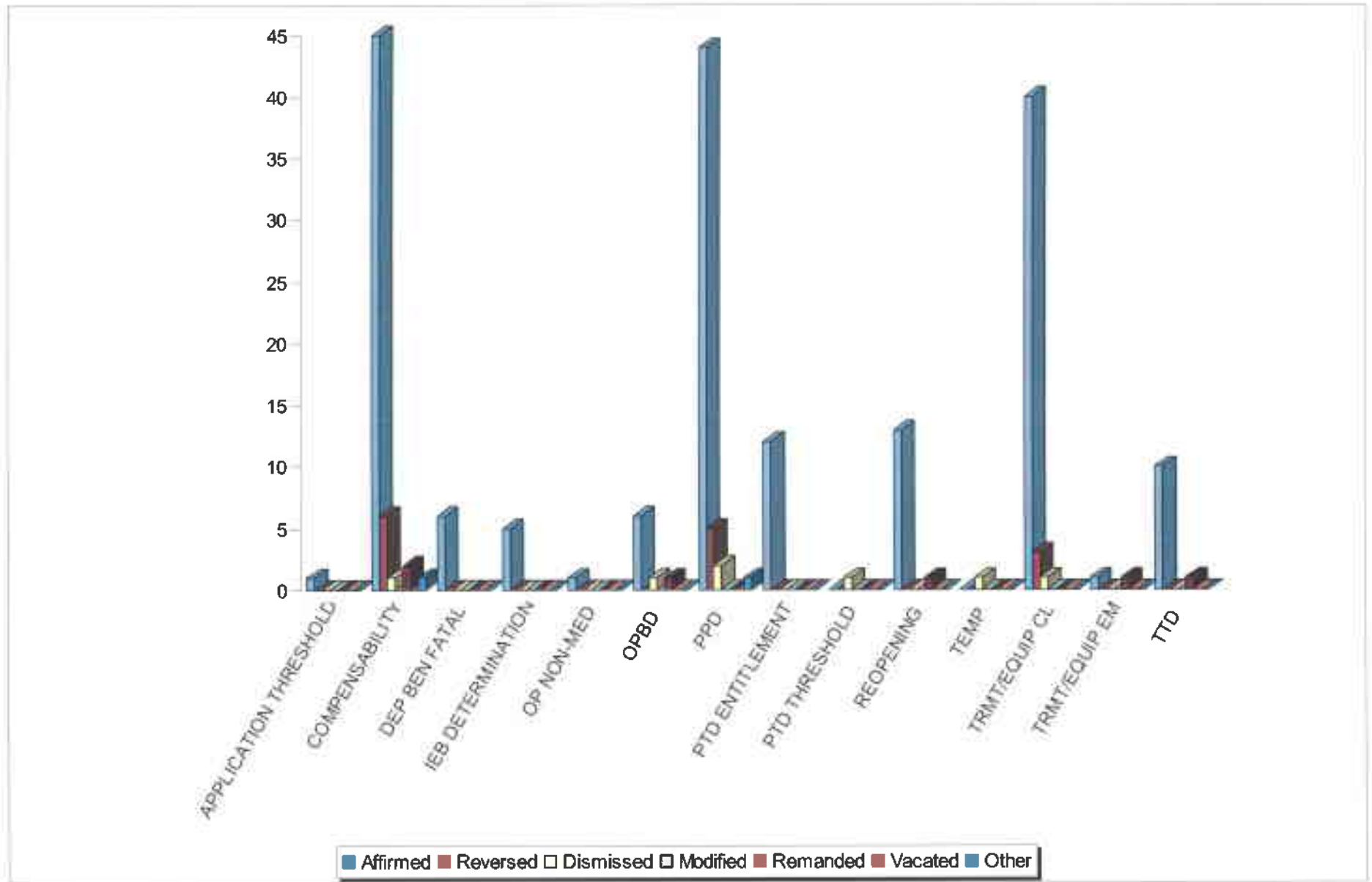


\* Appeals requiring research

Appeals counted more than once:

- 2041143 (2002029639 DOI: 09/19/2001)
- 2041143 (2006021868 DOI: 12/19/2005)
- 2041732 (2002029639 DOI: 09/19/2001)
- 2041732 (2006021868 DOI: 12/19/2005)

**Monthly Dispositions By Issues**  
**BOR Orders Mailed From December 1, 2008 Thru December 31, 2008**



*Continued - Monthly Dispositions By Issues*  
**BOR Orders Mailed From December 1, 2008 Thru December 31, 2008**

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
APPLICATION THRESHOLD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
COMPENSABILITY	55	45	81.8	6	10.9	1	1.8	0	0.0	2	3.6	0	0.0	1	1.8
DEP BEN FATAL	6	6	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
IEB DETERMINATION	5	5	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
OP NON-MED	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
OPBD	8	6	75.0	0	0.0	1	12.5	0	0.0	1	12.5	0	0.0	0	0.0
PPD	52	44	84.6	5	9.6	2	3.8	0	0.0	0	0.0	0	0.0	1	1.9
PTD ENTITLEMENT	12	12	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
PTD THRESHOLD	1	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0
REOPENING	14	13	92.9	0	0.0	0	0.0	0	0.0	1	7.1	0	0.0	0	0.0
TEMP	1	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0
TRMT/EQUIP CL	44	40	90.9	3	6.8	1	2.3	0	0.0	0	0.0	0	0.0	0	0.0
TRMT/EQUIP EM	2	1	50.0	0	0.0	0	0.0	0	0.0	1	50.0	0	0.0	0	0.0
TTD	11	10	90.9	0	0.0	0	0.0	0	0.0	1	9.1	0	0.0	0	0.0
<b>Totals</b>	<b>213</b>	<b>184</b>	<b>86.4</b>	<b>14</b>	<b>6.6</b>	<b>7</b>	<b>3.3</b>	<b>0</b>	<b>0.0</b>	<b>6</b>	<b>2.8</b>	<b>0</b>	<b>0.0</b>	<b>2</b>	<b>0.9</b>

**Appeals Counted More Than Once:**

Appeal No 2040480                    COMPENSABILITY - Affirmed  
    REOPENING - Affirmed  
    TTD - Affirmed

Appeal No 2040756                    TRMT/EQUIP CL - Affirmed

Appeals counted in multiple categories:  
 Appeal No 2040994                    COMPENSABILITY - Affirmed  
    REOPENING - Affirmed

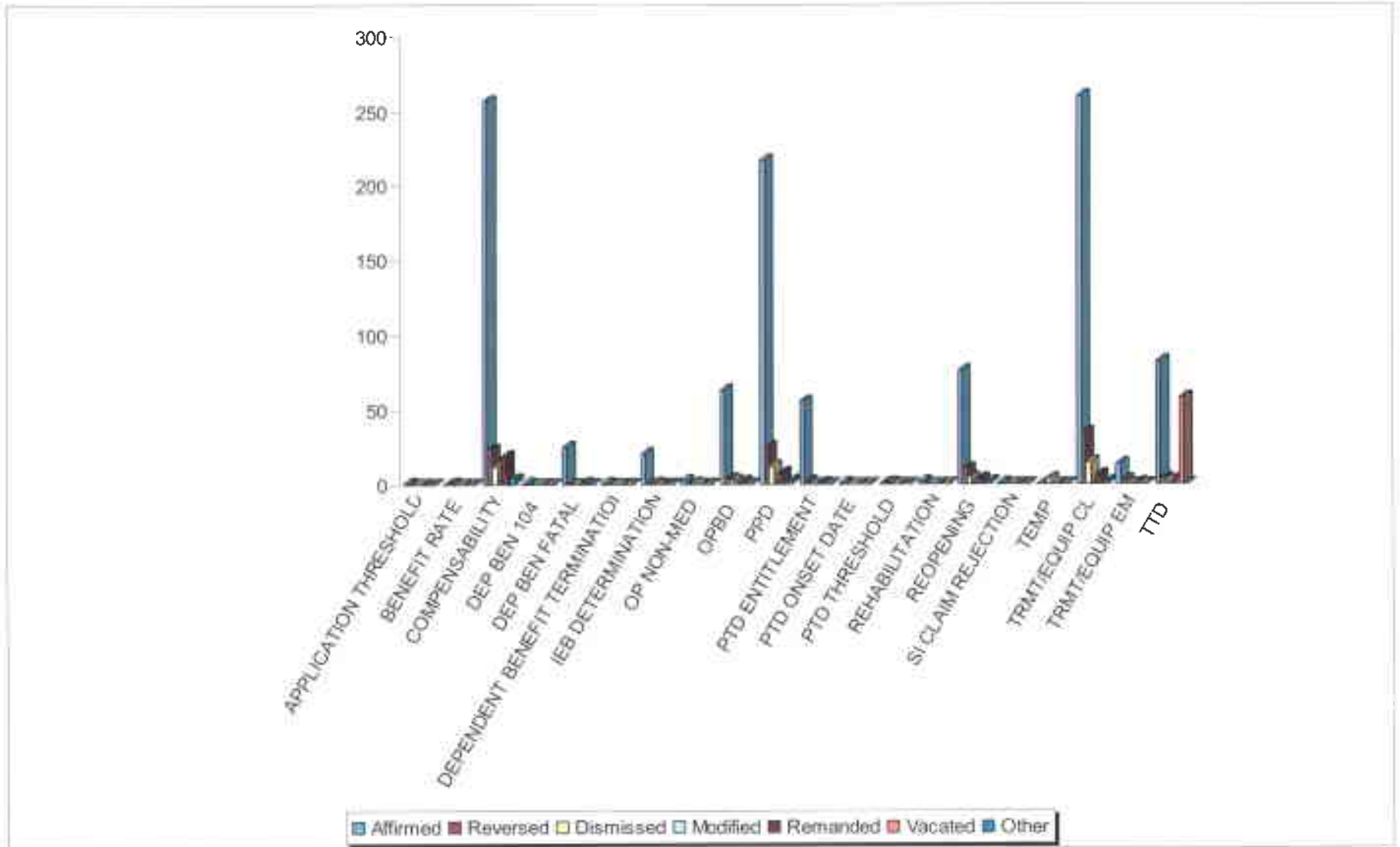
Appeal No 2041226                    COMPENSABILITY - Affirmed  
    TRMT/EQUIP CL - Affirmed

Appeal No 2041308                    COMPENSABILITY - Affirmed  
    TRMT/EQUIP CL - Affirmed

Appeal No 2041364                    COMPENSABILITY - Affirmed  
    TRMT/EQUIP CL - Affirmed  
    TTD - Affirmed

Appeal No 2041409                    COMPENSABILITY - Affirmed  
    TTD - Affirmed

**Yearly Dispositions By Issues**  
**BOR Orders Mailed From June 1, 2008 Thru December 31, 2008**

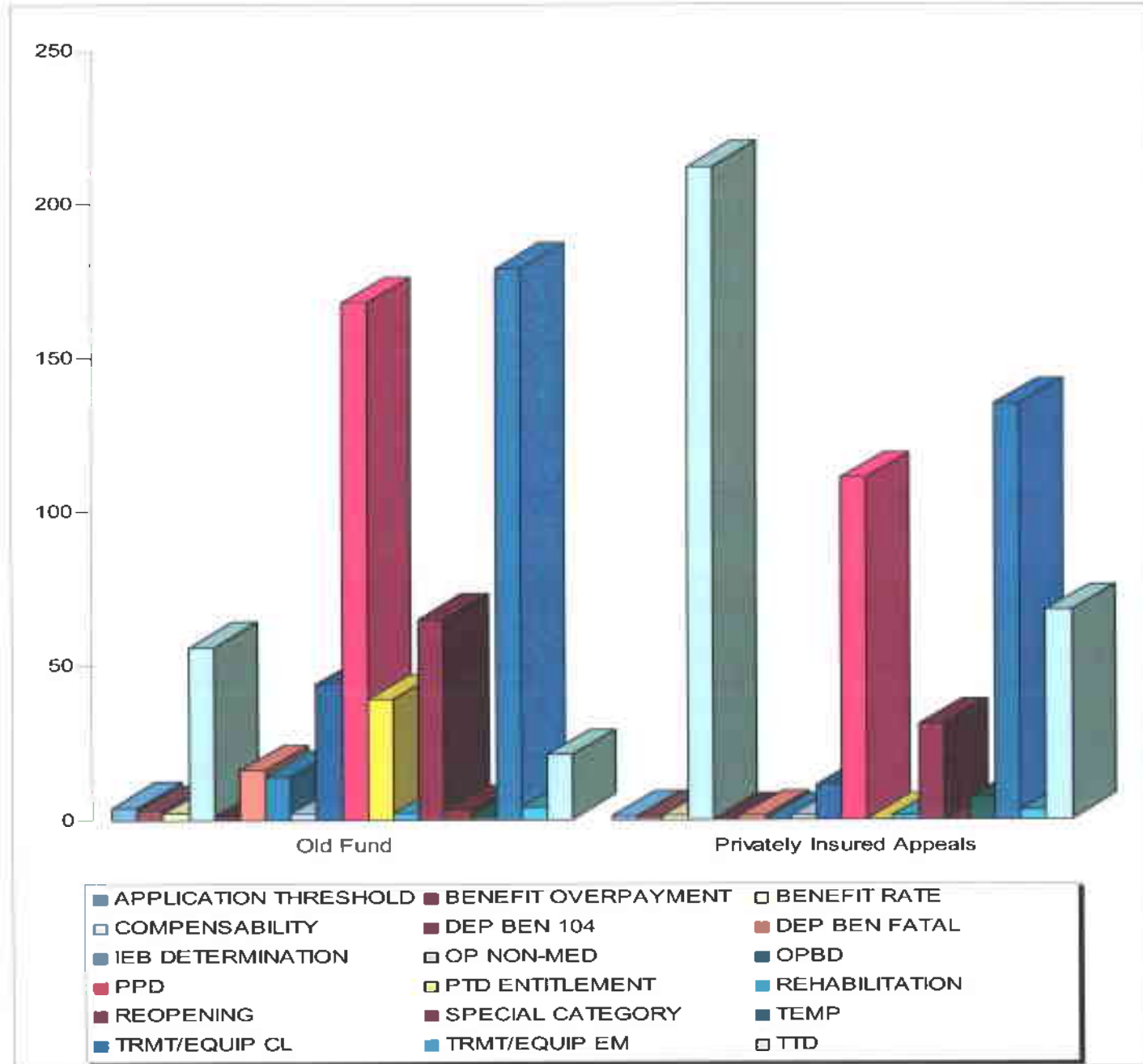


*Continued* - Yearly Dispositions By Issues  
 BOR Orders Mailed From June 1, 2008 Thru December 31, 2008

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
APPLICATION THRESHOLD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
BENEFIT RATE	1	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
COMPENSABILITY	320	257	80.3	24	7.5	12	3.8	2	0.6	19	5.9	1	0.3	4	1.3
DEP BEN 104	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
DEP BEN FATAL	26	25	96.2	0	0.0	0	0.0	0	0.0	1	3.8	0	0.0	0	0.0
DEPENDENT BENEFIT TERMINATION	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
IEB DETERMINATION	22	21	95.5	0	0.0	1	4.5	0	0.0	0	0.0	0	0.0	0	0.0
OP NON-MED	4	3	75.0	0	0.0	1	25.0	0	0.0	0	0.0	0	0.0	0	0.0
OPBD	72	63	87.5	4	5.6	3	4.2	0	0.0	2	2.8	0	0.0	0	0.0
PPD	266	217	81.6	25	9.4	12	4.5	1	0.4	8	3.0	0	0.0	3	1.1
PTD ENTITLEMENT	59	56	94.9	2	3.4	0	0.0	0	0.0	1	1.7	0	0.0	0	0.0
PTD ONSET DATE	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
PTD THRESHOLD	2	0	0.0	1	50.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0
REHABILITATION	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
REOPENING	99	76	76.8	11	11.1	5	5.1	1	1.0	4	4.0	0	0.0	2	2.0
SI CLAIM REJECTION	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
TEMP	4	0	0.0	0	0.0	4	100.0	0	0.0	0	0.0	0	0.0	0	0.0
TRMT/EQUIP CL	319	260	81.5	35	11.0	15	4.7	0	0.0	6	1.9	0	0.0	2	0.6
TRMT/EQUIP EM	18	14	77.8	3	16.7	0	0.0	0	0.0	1	5.6	0	0.0	0	0.0
TTD	151	82	54.3	4	2.6	2	1.3	0	0.0	5	3.3	58	38.4	0	0.0
<b>Totals</b>	<b>1370</b>	<b>1081</b>	<b>78.9</b>	<b>110</b>	<b>8.0</b>	<b>56</b>	<b>4.1</b>	<b>4</b>	<b>0.3</b>	<b>47</b>	<b>3.4</b>	<b>59</b>	<b>4.3</b>	<b>11</b>	<b>0.8</b>



**Yearly Appeals Received By Issue**  
**Old Fund Appeals (DOI<Jul-1-2005) vs Privately Insured Appeals (DOI>Jun-30-2005)**  
**From June 1, 2008 Thru December 31, 2008**



Continued - Yearly Appeals Received By Issue

Old Fund Appeals (DOI<Jul-1-2005) vs Privately Insured Appeals (DOI>Jun-30-2005)  
From June 1, 2008 Thru December 31, 2008

Type of Issue	Total Issues	Old Fund		Insured Claims	
		#	%	#	%
APPLICATION THRESHOLD	5	4	80.0	1	20.0
BENEFIT OVERPAYMENT	4	3	75.0	1	25.0
BENEFIT RATE	3	2	66.7	1	33.3
COMPENSABILITY	268	56	20.9	212	79.1
DEP BEN 104	1	1	100.0	0	0.0
DEP BEN FATAL	17	16	94.1	1	5.9
IEB DETERMINATION	14	14	100.0	0	0.0
OP NON-MED	3	2	66.7	1	33.3
OPBD	55	44	80.0	11	20.0
PPD	279	168	60.2	111	39.8
PTD ENTITLEMENT	39	39	100.0	0	0.0
REHABILITATION	3	2	66.7	1	33.3
REOPENING	96	65	67.7	31	32.3
SPECIAL CATEGORY	3	3	100.0	0	0.0
TEMP	8	1	12.5	7	87.5
TRMT/EQUIP CL	314	179	57.0	135	43.0
TRMT/EQUIP EM	7	4	57.1	3	42.9
TTD	89	21	23.6	68	76.4
<b>Totals</b>	<b>1208</b>	<b>624</b>	<b>51.7</b>	<b>584</b>	<b>48.3</b>

Appeals counted more than once:

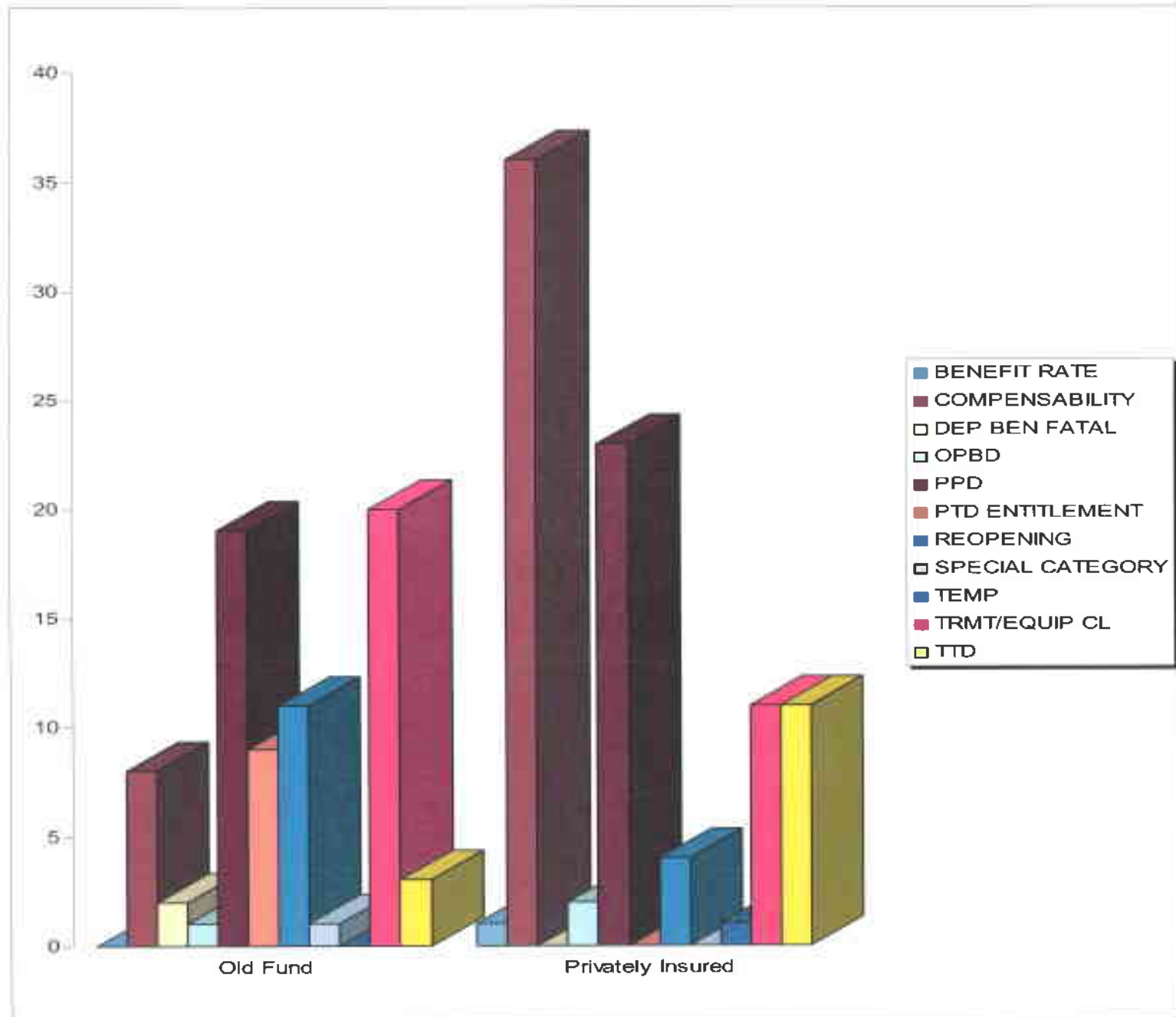
2041118 (2005040526 DOI: 04/19/2005 COMPENSABILITY)  
 2041118 (2005040526 DOI: 04/19/2005 TRMT/EQUIP EM)  
 2041124 (2006027419 DOI: 02/03/2006 PPD)  
 2041124 (2006027419 DOI: 02/03/2006 TRMT/EQUIP CL)  
 2041143 (2002029639 DOI: 09/19/2001 PPD)  
 2041143 (2002029639 DOI: 09/19/2001 TRMT/EQUIP CL)  
 2041143 (2006021868 DOI: 12/19/2005 COMPENSABILITY)  
 2041161 (2006048954 DOI: 08/01/2006 COMPENSABILITY)  
 2041161 (2006048954 DOI: 08/01/2006 TTD)  
 2041205 (2007002988 DOI: 01/28/2007 TRMT/EQUIP CL)  
 2041205 (2007002988 DOI: 01/28/2007 TTD)  
 2041213 (2007004522 DOI: 01/26/2007 TRMT/EQUIP CL)  
 2041213 (2007004522 DOI: 01/26/2007 TTD)  
 2041226 (2002022338 DOI: 10/03/2001 COMPENSABILITY)

2041226 (2002022338 DOI: 10/03/2001 TRMT/EQUIP CL)  
 2041233 (2007219041 DOI: 03/09/2007 COMPENSABILITY)  
 2041233 (2007219041 DOI: 03/09/2007 TRMT/EQUIP CL)

# Monthly Appeals Received By Issue

## Old Fund Appeals (DOI<Jul-1-2005) vs Privately Insured Appeals (DOI>Jun-30-2005)

### From December 1, 2008 Thru December 31, 2008



**Continued - Monthly Appeals Received By Issue**  
**Old Fund Appeals (DOI<Jul-1-2005) vs Privately Insured Appeals (DOI>Jun-30-2005)**  
**From December 1, 2008 Thru December 31, 2008**

Type of Issue	Total Issues	Old Fund		Insured Claims	
		#	%	#	%
BENEFIT RATE	1	0	0.0	1	100.0
COMPENSABILITY	44	8	18.2	36	81.8
DEP BEN FATAL	2	2	100.0	0	0.0
OPBD	3	1	33.3	2	66.7
PPD	42	19	45.2	23	54.8
PTD ENTITLEMENT	9	9	100.0	0	0.0
REOPENING	15	11	73.3	4	26.7
SPECIAL CATEGORY	1	1	100.0	0	0.0
TEMP	1	0	0.0	1	100.0
TRMT/EQUIP CL	31	20	64.5	11	35.5
TTD	14	3	21.4	11	78.6
<b>Totals</b>	<b>163</b>	<b>74</b>	<b>45.4</b>	<b>89</b>	<b>54.6</b>

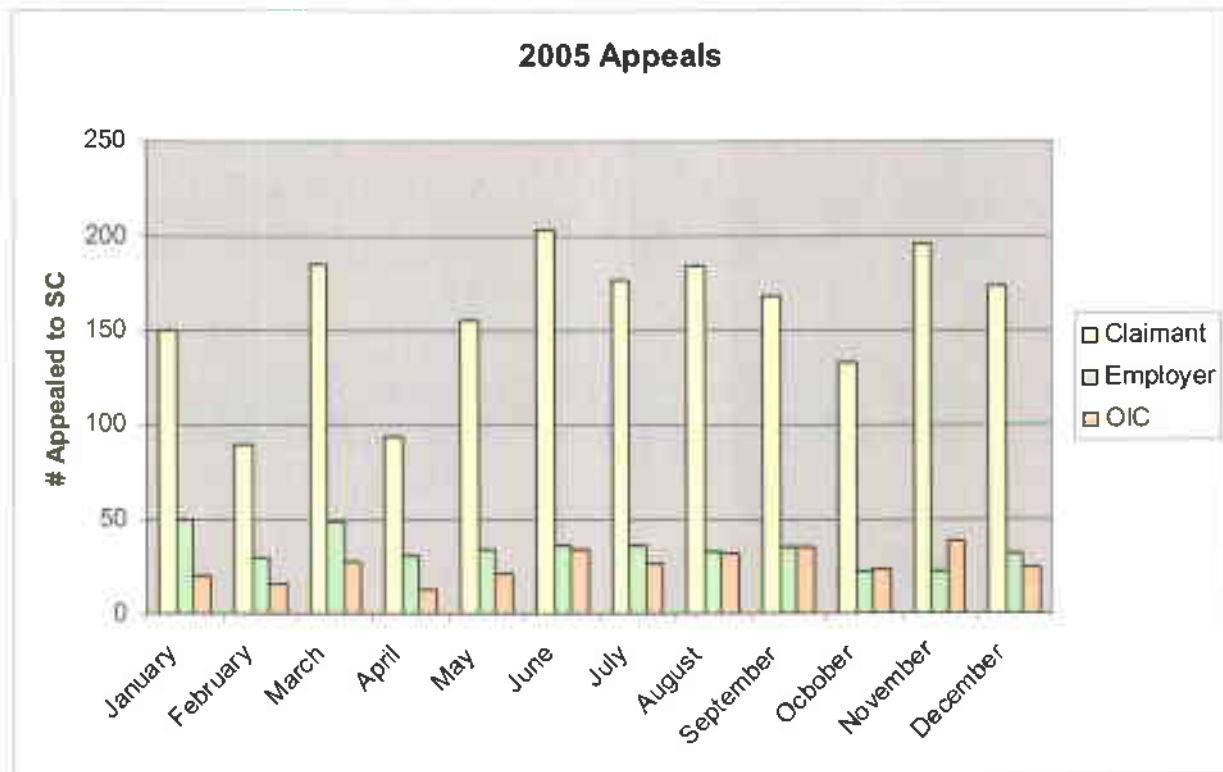
Appeals counted more than once:

- 2041118 (2005040526 DOI: 04/19/2005 COMPENSABILITY)
- 2041118 (2005040526 DOI: 04/19/2005 TRMT/EQUIP EM)
- 2041124 (2006027419 DOI: 02/03/2006 PPD)
- 2041124 (2006027419 DOI: 02/03/2006 TRMT/EQUIP CL)
- 2041143 (2002029639 DOI: 09/19/2001 PPD)
- 2041143 (2002029639 DOI: 09/19/2001 TRMT/EQUIP CL)
- 2041143 (2006021868 DOI: 12/19/2005 COMPENSABILITY)
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- 2041233 (2007219041 DOI: 03/09/2007 COMPENSABILITY)
- 2041233 (2007219041 DOI: 03/09/2007 TRMT/EQUIP CL)

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

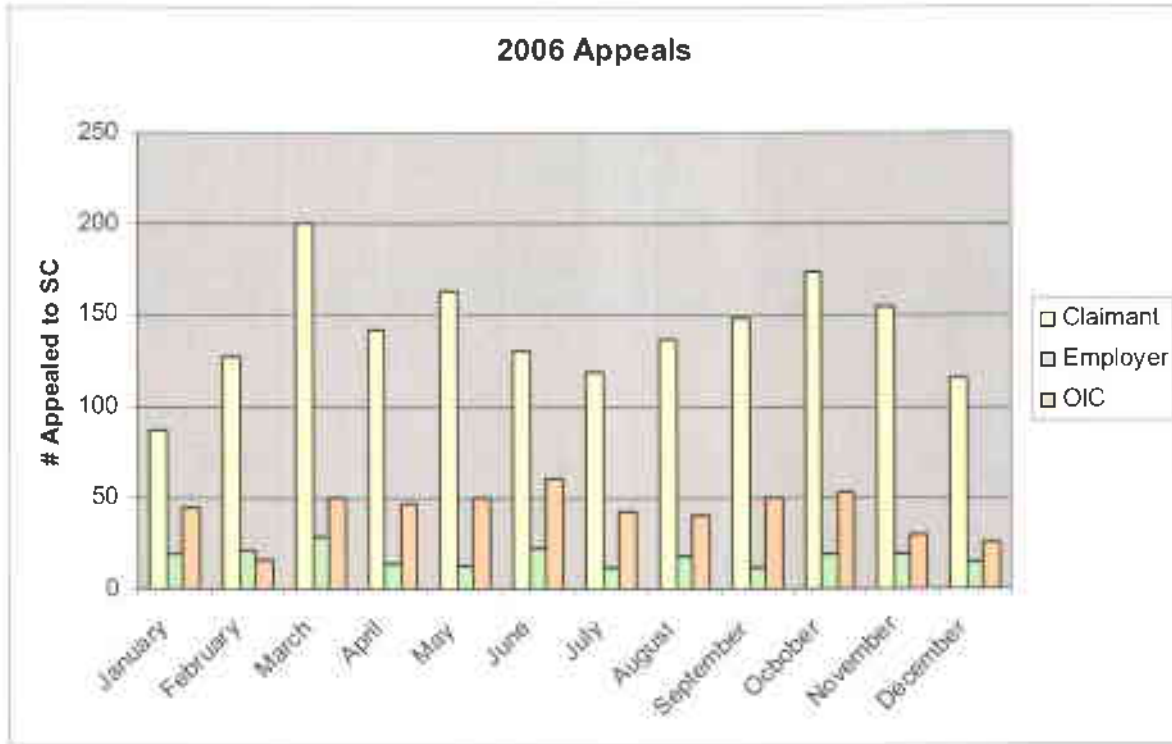
Appealed By	BOR Disposition	Disposition Count	Disp %	Total %	Year to Date	Disp %	Total %
CLAIMANT	ABEYANCE	1	0.7%	0.5%	7	0.4%	0.3%
	AFFIRMED	138	92.0%	68.3%	1455	83.8%	55.9%
	DISMISSED	1	0.7%	0.5%	7	0.4%	0.3%
	MODIFY				4	0.2%	0.2%
	REMAND	4	2.7%	2.0%	80	4.6%	3.1%
	REVERSE	6	4.0%	3.0%	120	6.9%	4.6%
	VACATE				64	3.7%	2.5%
	Total Dispositions	150			1737		
CLAIMANT/EMPLOYER	AFFIRMED	1	100.0%	0.5%	11	64.7%	0.4%
	REMAND				1	5.9%	0.0%
	REVERSE				5	29.4%	0.2%
	Total Dispositions	1			17		
EMPLOYER	ABEYANCE	1	2.8%	0.5%	5	1.2%	0.2%
	AFFIRMED	27	75.0%	13.4%	288	69.9%	11.1%
	DISMISSED	1	2.8%	0.5%	8	1.9%	0.3%
	MODIFY				2	0.5%	0.1%
	MOOT				2	0.5%	0.1%
	REMAND	2	5.6%	1.0%	20	4.9%	0.8%
	REVERSE	5	13.9%	2.5%	87	21.1%	3.3%
	Total Dispositions	36			412		
DIVISION/OIC	ABEYANCE				3	0.7%	0.1%
	AFFIRMED	11	73.3%	5.4%	258	58.9%	9.9%
	DISMISSED				3	0.7%	0.1%
	MODIFY				2	0.5%	0.1%
	REMAND				3	0.7%	0.1%
	REVERSE	4	26.7%	2.0%	169	38.6%	6.5%
	Total Dispositions	15			438		
Grand Totals	202			2604			

# 2005 Appeals Board of Review



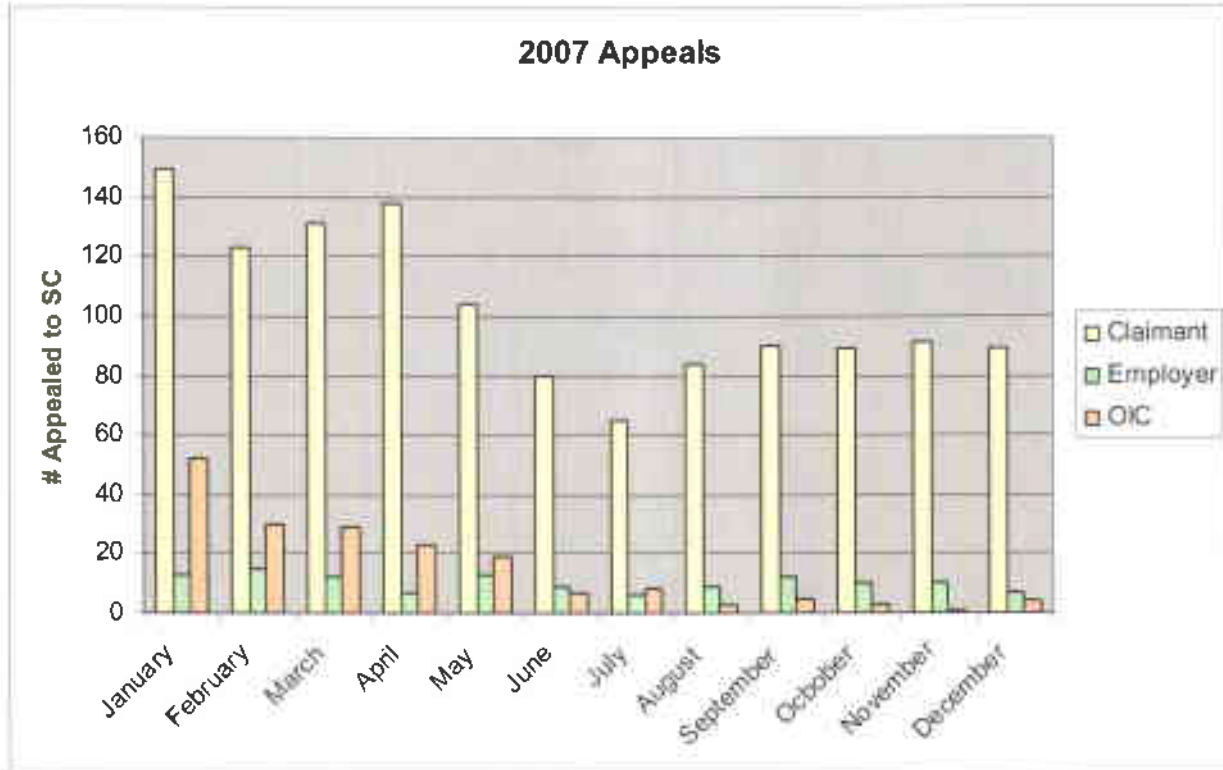
2005						
Claimant**		Employer**		OIC**		Total *
#	%	#	%	#	%	
150	26.7%	50	8.9%	20	3.6%	561
89	24.1%	30	8.1%	16	4.3%	389
185	12.3%	49	4.1%	28	2.2%	725
94	20.1%	31	6.6%	13	2.8%	466
155	28.6%	34	6.3%	21	3.9%	542
203	27.7%	36	4.9%	34	4.6%	732
177	30.6%	36	6.2%	27	4.7%	578
184	30.3%	33	5.4%	32	5.3%	608
168	27.4%	35	5.7%	35	5.7%	613
133	27.4%	22	4.5%	23	4.7%	486
196	29.7%	22	3.8%	38	5.8%	660
173	29.5%	32	5.5%	25	4.3%	587

## 2006 Appeals Board of Review



2006						
Claimant**		Employer**		OIC**		Total *
#	%	#	%	#	%	
87	20.6%	19	4.5%	44	10.4%	422
127	27.6%	21	4.6%	16	7.4%	460
200	17.8%	29	2.9%	50	4.8%	712
142	27.6%	14	2.7%	47	9.1%	515
163	29.0%	13	2.3%	50	8.9%	563
130	24.3%	22	4.1%	60	11.2%	732
119	27.9%	12	2.8%	42	9.9%	426
137	29.9%	18	3.9%	40	8.7%	458
148	33.3%	12	2.7%	50	11.3%	444
174	33.7%	19	3.7%	53	10.3%	516
155	36.0%	19	2.6%	30	7.0%	430
115	32.0%	15	4.2%	25	7.0%	359

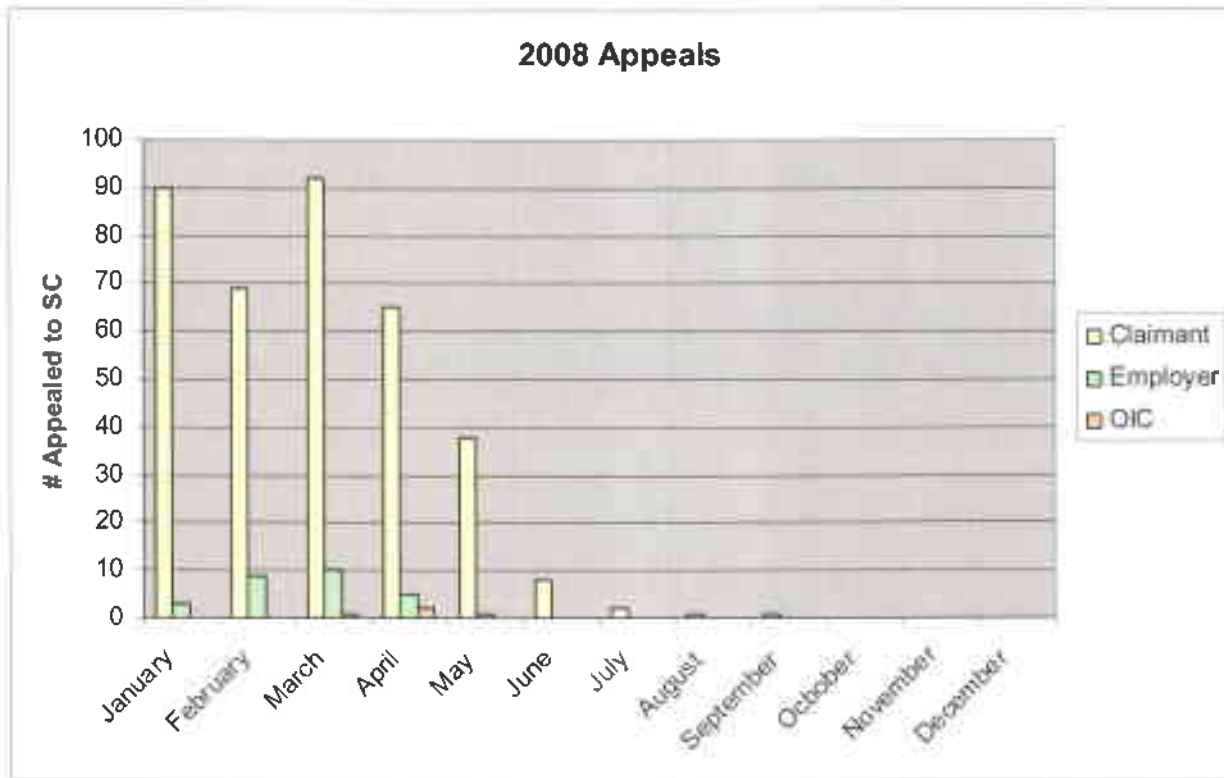
## 2007 Appeals Board of Review



2007						
Claimant**		Employer**		OIC**		Total *
#	%	#	%	#	%	
149	30.0%	13	2.6%	52	10.5%	496
123	28.7%	15	3.5%	30	7.0%	429
131	29.4%	12	3.6%	29	7.2%	418
138	41.9%	7	2.1%	23	7.0%	329
104	32.4%	13	4.0%	19	5.9%	321
80	32.8%	9	3.7%	7	2.9%	244
65	26.0%	6	2.4%	8	3.2%	250
84	30.3%	9	3.2%	3	1.1%	277
90	31.1%	12	4.2%	5	1.7%	289
89	31.7%	10	3.6%	3	1.1%	281
91	33.5%	10	4.8%	1	0.4%	272
89	36.9%	7	2.9%	4	1.7%	241



## 2008 Appeals Board of Review



2008						
Claimant**		Employer**		OIC**		Total *
#	%	#	%	#	%	
90	30.0%	3	1.3%	0	0.0%	225
69	29.6%	9	3.9%	0	0.0%	233
92	24.0%	10	3.1%	1	0.0%	287
65	26.1%	5	2.0%	2	0.8%	249
38	18.4%	1	0.5%	0	0.0%	207
8	4.7%	0	0.0%	0	0.0%	170
2	1.2%	0	0.0%	0	0.0%	168
1	0.7%	0	0.0%	0	0.0%	137
1	0.5%	0	0.0%	0	0.0%	189
0	0.0%	0	0.0%	0	0.0%	181
0	0.0%	0	0.0%	0	0.0%	156
0	0.0%	0	0.0%	0	0.0%	106

<b>Revenue Recovery Activity</b>	<b>December 2008</b>
<b>COLLECTION ACTIVITY</b>	
Receipts - Old Fund (Employer out of business)	\$ 20,142.04
Receipts - PC & NU (Private Carrier Cancellation & Rogue Employers)	\$ 64,355.95
Receipts - Payment Agreements	\$ 38,250.90
Receipts - Collection Agency	\$ -
# of active accounts uninsured (cumulative)	845
\$ of active accounts uninsured (cumulative)	\$ 2,729,135.54
Telephone contacts	1,311
Walk-ins	7
<b>LIENS</b>	
Liens sent to county clerks for recordation	168
Liens sent to county clerks for release	77
Intent to lien letters sent to employer/owner/officer/member	274
<b>INJUNCTIONS</b>	
Affidavits for injunction submitted to legal	8
Hearings attended	4
# of injunction complaints filed	5
# of injunctions granted	3
# of agreed orders entered	0
<b>PAYMENT AGREEMENTS</b>	
# of repayment agreements	4
Agreements set up	4
Total # of agreements on system (cumulative)	90
Intent to void letters mailed	12
Agreements voided	7
<b>MISCELLANEOUS</b>	
Terminations Processed	220
Rule 11 Letters Mailed	149
Rule 11 hearings	4
<b>Uninsured Policies Resolved</b>	239
<b>All Cash Receipts from WC accounts</b>	\$ 122,748.89

\*\*\* Due to system issues, the number of accounts resolved is estimated.

# BOARD OF TREASURY INVESTMENTS

## OPERATING REPORT NOVEMBER 2008

**CALENDAR NOTES**

CD Auction  
January 14, 2009  
Board Meeting  
February 3, 2009

**Board of Treasury Investments**

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

**Board of Directors**

John D. Perdue, State Treasurer, Chairman

Joe Manchin III, Governor

Glen B. Gainer III, State Auditor

Martin Glasser, Esq. Attorney Appointed by the Governor

Jack Rossi, CPA Appointed by the Governor

**Executive Staff**

Executive Director  
Glenda Probst, CPA, CTP

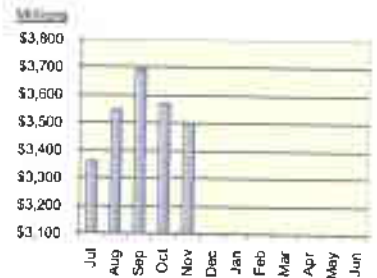
Chief Financial Officer  
Kara K. Brewer, CPA, MBA

### Total Net Assets Under Management

**\$3,502,719,000**

Last Month  
**\$3,571,457,000**

Beginning of Fiscal Year  
**\$3,364,534,000**

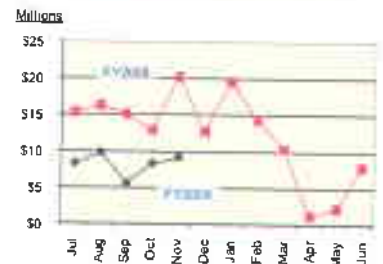


**4.1% Growth This Fiscal Year**

### Total Net Income & Gains

This Month  
**\$9,137,000**

Fiscal Year  
**\$41,063,000**

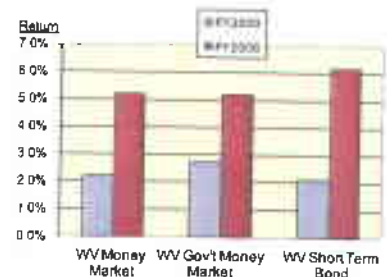


**Fiscal Year Comparison**

### Effective Rates of Return

*Time Weighted, Annualized, Net of All Fees*

	Nov. 2008	Fiscal Year 2009	Fiscal Year 2008
WV Money Market	2.2%	2.5%	5.2%
WV Gov't Money Market	2.7%	2.5%	5.2%
	Fiscal Year 2009	Fiscal Year 2008	
	<i>(Past 12 Months)</i>	<i>(Past 12 Months)</i>	
WV Short Term Bond	2.1%	6.2%	



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**  
**NOVEMBER 2008**

---

**Recession is “Official”**

What many had long believed is now “official”! The U.S. economy slipped into a recession in December of 2007, according to the official arbiter of the U.S. business cycle, the National Bureau of Economic Research. Federal Reserve policymakers now predict the U.S. economy will contract until the middle of 2009.

The unemployment rate rose from 6.5% in October to 6.7% as employers cut 533,000 jobs in November bringing the year-to-date number of jobs lost to nearly 2 million. S&P expects unemployment to peak at approximately 8% by the end of next year.

With recently announced future layoffs adding to the “I could be next” worries of the consumer, they continued to show signs of retrenchment. Despite a sharp drop in the price of oil (and related year-to-date drop of 38.9% in gasoline), retail sales fell 2.8% during the month, suffering the worst monthly drop on record and marking the fourth consecutive monthly decline.

While the news is not encouraging, consumers appear to see a bright light on the horizon somewhere (perhaps at the gas pump) as the consumer confidence level rose from its all time low in October of 38 to 44.9 in November.

The rally across the front end of the yield curve continued and extended to include the entire curve in November as record or near record low rates were observed. At the front end, 3-month rates tested 0% before closing at a mere 4 basis points while the 10-year likewise tested record lows before closing down 104 basis points at 2.92%.

The Barclays Capital Aggregate Index (formally the Lehman Brother Aggregate Index) returned 3.25% during the month while all spread sectors dramatically underperformed their same-duration Treasuries. CMBS fared the worst during the month (down 18.8%) a result of declining fundamentals for this segment of the market.

The Citigroup 90-Day T-Bill Index returned 0.09% in November trailing the 1.29% return of the Citigroup 1-3 Year Government / Corporate Index. For the trailing 12 month period, the 90-Day T-Bills returned 2.08% while the 1-3 Year Government / Corporate Index returned 3.92%.

**AAAm Ratings Reaffirmed  
For WV Money Market and WV Government Money  
Market Pools**

Standard & Poor’s issues fund profiles for their rated pools twice a year. The most recent profile just released shows the BTI maintaining the AAAm rating for both money market pools. This rating means that the funds “have extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. AAAm is the highest principal stability fund rating assigned by Standard & Poor’s.”

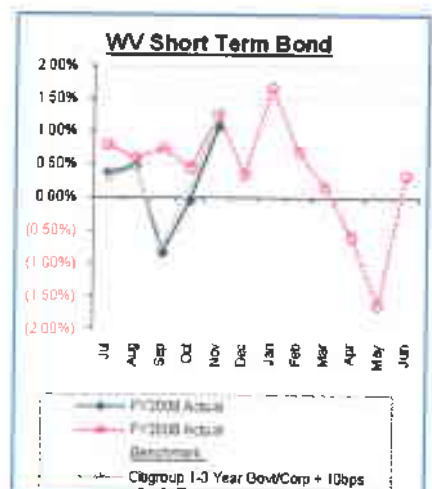
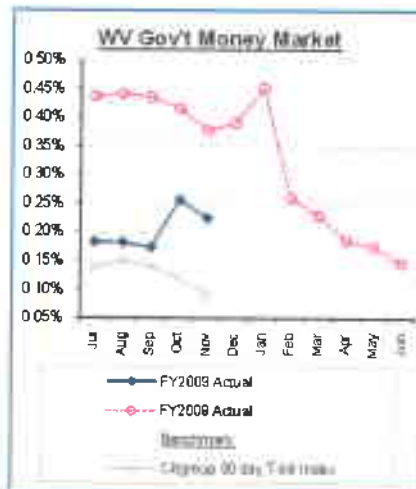
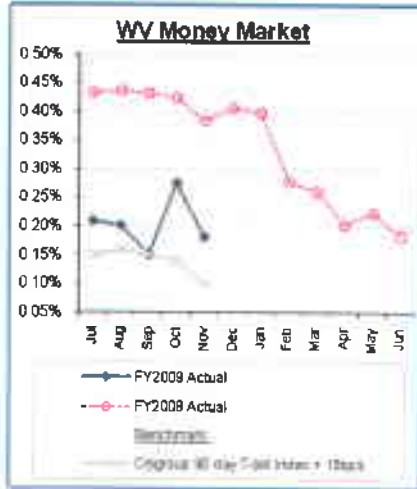
The pool profiles may be viewed on the BTI web page at:  
[www.wvbti.com](http://www.wvbti.com)

**BTI Holds Participant Conference Call**

The BTI offered investment participants the opportunity to take part in an informative conference call on Tuesday, December 16, 2008. UBS Global Asset Management, advisors for two state pools, provided an economic update as well as a close look at their management style. BTI staff discussed measures that have been taken to strengthen the safety of the state’s short term investments. Participants were able to ask specific questions. The recording of the conference call can accessed through the BTI web page.

# West Virginia Board of Treasury Investments Financial Highlights as of November 30, 2008

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



## Summary of Value and Earnings *(In Thousands)*

Pool	Asset Value	Nov. Net Income (Loss)	Fiscal YTD Net Income (Loss)
WV Money Market	\$ 2,500,255	\$ 2,895	\$ 22,317
WV Gov't Money Market	241,250	223	1,784
WV Short Term Bond	314,550	3,123	2,661
WV Bank	75,504	177	1,355
Loss Amortization	184,283	3,809	12,206
Loans	122,205	(1,353)	130
Reserve	35,012	12	12
Participant Accounts	29,660	251	598
	<u>\$ 3,502,719</u>	<u>\$ 9,137</u>	<u>\$ 41,063</u>

### Percent of Total Net Asset Value

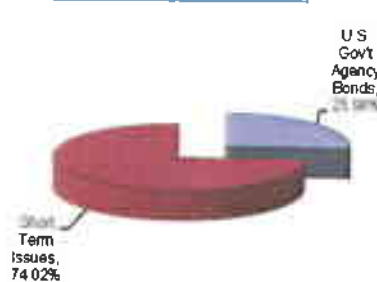


## Securities by Type for Operating Pools *(Percentage of Asset Value)*

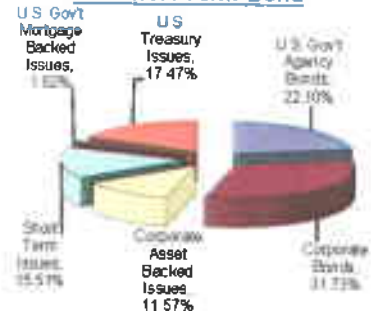
### WV Money Market



### 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**

**NOVEMBER 30, 2008**

*(IN THOUSANDS)*

	<b>WV Money Market Pool</b>	<b>WV Government Money Market Pool</b>	<b>WV Short Term Bond Pool</b>	<b>WV Bank Pool</b>	<b>Other Pools</b>	<b>Participant Directed Accounts</b>
<b>Assets</b>						
<b>Investments:</b>						
At amortized cost	\$ 2,497,385	\$ 241,026		\$ 75,000	\$ 156,828	\$ 25,398
At fair value	-	-	\$ 313,679	-	184,283	4,096
Collateral for securities loaned	411,000	34,745	96,932	-	-	-
Other assets	3,093	246	2,194	504	393	167
<b>Total assets</b>	<b>2,911,478</b>	<b>276,017</b>	<b>412,805</b>	<b>75,504</b>	<b>341,504</b>	<b>29,661</b>
<b>Liabilities</b>						
Payable for securities loaned	411,000	34,745	96,932	-	-	-
Other liabilities	223	22	1,323	-	4	1
<b>Total liabilities</b>	<b>411,223</b>	<b>34,767</b>	<b>98,255</b>	<b>-</b>	<b>4</b>	<b>1</b>
<b>Net Assets</b>	<b>\$ 2,500,255</b>	<b>\$ 241,250</b>	<b>\$ 314,550</b>	<b>\$ 75,504</b>	<b>\$ 341,500</b>	<b>\$ 29,660</b>
<b>Investment income</b>						
Interest and dividends	\$ 1,552	\$ 151	\$ 1,123	\$ 177	\$ 398	\$ 70
Securities lending income	-	-	-	-	-	-
Provision for securities lending loss	(509)	(87)	(188)	-	-	-
Net accretion (amortization)	2,002	174	(163)	-	569	(11)
Provision for uncollectible loans	-	-	-	-	(1,735)	-
<b>Total investment income</b>	<b>3,045</b>	<b>238</b>	<b>772</b>	<b>177</b>	<b>(768)</b>	<b>59</b>
<b>Expenses</b>						
Fees	150	15	25	-	4	1
Securities lending borrower rebates	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-
<b>Total expenses</b>	<b>150</b>	<b>15</b>	<b>25</b>	<b>-</b>	<b>4</b>	<b>1</b>
<b>Net investment income</b>	<b>2,895</b>	<b>223</b>	<b>747</b>	<b>177</b>	<b>(772)</b>	<b>58</b>
<b>Net realized gain (loss)</b>						
from investments	-	-	571	-	-	-
Net increase (decrease) in fair value of investments	-	-	1,805	-	3,240	193
<b>Net gain (loss) from investments</b>	<b>-</b>	<b>-</b>	<b>2,376</b>	<b>-</b>	<b>3,240</b>	<b>193</b>
<b>Net increase (decrease) in net assets from operations</b>	<b>2,895</b>	<b>223</b>	<b>3,123</b>	<b>177</b>	<b>2,468</b>	<b>251</b>
<b>Distributions to participants</b>	<b>1,996</b>	<b>105</b>	<b>1,026</b>	<b>178</b>	<b>(1,341)</b>	<b>-</b>
<b>Participant activity</b>						
Purchases, reinvestment of units and contributions	574,513	34,139	932	178	35,012	151
Redemptions and withdrawals	662,137	34,633	31,356	-	1,748	1,430
Inter-pool transfers in	25,309	-	-	-	-	-
Inter-pool transfers out	-	-	-	25,309	-	-
<b>Net increase (decrease) in net assets from participant activity</b>	<b>(62,315)</b>	<b>(494)</b>	<b>(30,424)</b>	<b>(25,131)</b>	<b>33,264</b>	<b>(1,279)</b>
Increase (decrease) in net assets	(61,416)	(376)	(28,327)	(25,132)	37,073	(1,028)
Net assets at beginning of period	2,561,671	241,626	342,877	100,636	304,427	30,688
<b>Net assets at end of period</b>	<b>\$ 2,500,255</b>	<b>\$ 241,250</b>	<b>\$ 314,550</b>	<b>\$ 75,504</b>	<b>\$ 341,500</b>	<b>\$ 29,660</b>

**Presentation to the Joint Committee on  
Government & Finance**

**January 13, 2009**

**West Virginia Pharmaceutical Cost Management Council  
Shana Phares, Acting Pharmaceutical Advocate  
304-558-0079**

# **2008 Annual Report of the West Virginia Pharmaceutical Cost Management Council**

## **Authority to Act**

§5A-3C-8 (8) The Council shall report to the Legislature's joint committee on government and finance on or before the first day of September, two thousand four and on or before the thirty-first day of December, two thousand four and annually thereafter to the Legislature and provide recommendations to the Legislature on needed legislative action and other functions established by the article or requested by the joint committee on government and finance of the Legislature;

## **Executive Summary**

This annual report details activity resulting from actions taken by the West Virginia Pharmaceutical Cost Management Council (the Council) for calendar year 2008. The topics include the first report from the Advertising Reporting Rule; the launch of the Central Fill Pharmacy, WVRx; the completion of the Performance Evaluation and Review Division audit; the launch of a new website with prescription drug assistance information for the general public and continued review of purchasing options for state agencies.

The Council met two times during calendar year 2008. Minutes of each meeting are included at **Appendix A**.

## **Advertising Reporting Rule**

### **Authority to Act**

§5A-3C-13 (b) The Council shall establish, by legislative rule, the reporting requirements of information by labelers and manufacturers which shall include all national aggregate expenses associated with advertising and direct promotion of prescription drugs through radio, television, magazines, newspapers, direct mail and telephone communications as they pertain to residents of this state.

The Secretary of State approved the Council's amended Emergency Advertising Reporting Rule on August 22, 2007. Manufacturers and labelers were required to submit reports in compliance with the emergency rule for the first reporting period of July 1, 2007 to December 31, 2007 by March 1, 2008. (**Appendix B - Emergency Prescription Drug Advertising Expense Reporting Rule**).



In an effort to ensure that all affected manufacturers and labelers were aware of the reporting requirement, the Council mailed letters to approximately 1,000 manufacturers listed in the 2007 Red Book. While a number of those listed as manufacturers produce only over-the-counter drugs or operate in a wholesale capacity, this mailing ensured the broadest spectrum of compliance possible.

Highlights of the Advertising Report include:

- 111 pharmaceutical manufacturers and labelers filed reports.
- Companies reported giving 14,933 prescribers gifts, grants or payments during the 6-month reporting period.
- Highest amount paid to an individual prescriber by an individual company in the 6-month reporting period fell in the \$51,250 - \$52,000 payment category.
- 5,500 prescribers received payments from individual companies in the lowest payment category of \$50 - \$1,250.
- Number of prescribers receiving more than \$20,000 in the 6-month reporting period - 16
- Total reported payments to pharmacies: \$13,469.10 (payments from one company).
- Total reported payments to patient advocacy groups operating in West Virginia: \$31,675 (payments from three companies).
- Total direct to consumer advertising \$16,019,154.58 (spending by 46 companies - 41.1% of respondents).

The full report is included at **Appendix C - 2008 Prescription Drug Advertising Expense Reporting Report**.

At the request of the Governor in 2009, the Council will revisit the reporting rule, specifically in regard to payments to prescribers.

On April 14, 2008, the Prescription Drug Advertising Expense Reporting rule, WV CSR 206-1, became a permanent rule following passage by the Legislature during the regular 2008 Legislative Session, signature by the Governor and final filing by the agency. This rule replaced the Emergency Advertising Reporting Rule. (**Appendix D - Prescription Drug Advertising Expense Reporting Rule**)

## **Central Fill Pharmacy**

The Council recommended the formation of a Central Fill Pharmacy in its report to the Legislature on September 1, 2004. Following the completion of a Business Plan in December 2006, a Central Fill Pharmacy Board formed and met throughout 2007. Those meetings reviewed other Central Fill Pharmacies and forwarded the structural outline of the program. In October 2007, at the request of Governor Manchin, West Virginia Health Right and the Governor's Pharmaceutical Advocate Office worked together to chart a course to bring the Central Fill Pharmacy into fruition. The Governor announced the formation of WVRx, a statewide, web-based Central Fill Pharmacy in his 2008 State of the State Address.

WVRx held its grand opening on March 28, 2008. Two Council members continue to serve on the WVRx Advisory Board. Brenda Dane, WVRx Executive Director, reported to the Council at the July 2008 meeting (**Appendix E - WVRx presentation**). In mid-September after 5½ months of operation, WVRx reported having 303 patients enrolled, 339 prescriptions filled with a value of \$147,072.23. The Council will continue through its members on the WVRx Advisory Board to monitor and support this organization.

## **Performance Evaluation and Research Division (PERD) Audit**

From February 27, 2008 to August 26, 2008, the Council was audited by the West Virginia Legislature's Performance Evaluation and Research Division. Audit inquiries and the responses to those inquiries were shared by the Designated Chair with the Council via email to ensure that the members remained informed of the audit process. This routine PERD audit resulting in the following findings:

- The Council has completed 8 of its 10 statutory mandates, and the Council determined that one was not necessary.
- The Council has an indistinguishable mission from the Pharmaceutical Advocate and at times appears to operate as an extension of the Pharmaceutical Advocate.
- The Council's effect on lowering pharmaceutical prices has been minimal.
- The Council has mixed interest among its membership.

In regard to the findings, the Council agreed that 8 of the 10 statutory mandates were completed. In addition, as with any large working group of 10 members or more, the level of interest and engagement varies among individuals.

In terms of the mission of the Council and the mission of the Pharmaceutical Advocate, an extensive explanation of the origins of the Pharmaceutical Advocate and

the statutory responsibilities of the Council were outlined in the July 3, 2008 letter to the auditors (included at **Appendix F - PERD Audit - Correspondence and Final Report**).

Structural and authoritative divisions require the Council and the Advocate to work hand-in-hand to maximize cost-savings. Specifically, the following three points illustrate that necessity:

1) The statute, W.Va. Code 5A-3C-4, et seq. (Check citation) exempts the Council from state purchasing requirements; this is not available to the Advocate.

2) Governor Manchin issued Executive Order 4-06 on May 30, 2006 to expand the authority of the Office of the Pharmaceutical Advocate to include grant-making authority; grant-making authority is not available to the Council.

3) The two persons who served as the Advocate also served as Designated Chair of the Council.

In terms of the savings achieved by the Council, the auditors received this information:

"This finding is confined to savings to state government and omits savings to working West Virginia citizens not covered by public programs". On page 3 of the May 12, 2008 response to PERD, the following information was provided:

"The Council worked to expand access to federal pricing programs, group purchasing program organizations and the use of lower-cost prescription drugs. As noted in the April 16, 2008 response page 6 of 8, "The Council has actively promoted the use of the federal 340b public health pricing program available to Federally Qualified Health Centers (FQHCs) and other designated entities. **The 340b program offers brand name pharmaceuticals to patients of eligible facilities at a maximum of 51% off the average wholesale price. This pricing is well beyond the 42% off the retail cost set by statute.** The Council began reviewing and promoting the 340b program during its May 6, 2004 meeting. At that time there were pharmacies at 15 FQHC sites. **As of March 24, 2008, there were 39 FQHC pharmacies - an increase of 260%". (Emphasis added.)**

Just one of these Federal Qualified Health Centers, FamilyCare Health Center, stated in its 2007 Annual Report release on March 24, 2008 that it, "Helped our patients obtain 12,000 prescription medications at an average of 40% off the usual price through our 340b Pharmacy Program at Fruth Pharmacy in Scott Depot and Drug Emporium on the West Side of Charleston". (Note: The 51% off the average wholesale price citation does not include the cost of the professional services of dispensing and cognitive counseling.)"

The savings to public citizens are not easily or neatly quantified. More specific data would involve individual analysis from each of the health center sites. However a very, very conservative estimate of 2,000 patients per clinic site means that more than 78,000 West Virginians of all income levels now have access to drugs at below the price threshold set by the Legislature in the statute. Based on that estimate and the FamilyCare report, it can safely be said that **hundreds of thousands of prescriptions** are eligible for this pricing. The Council will work with the West Virginia Primary Care Association to better quantify the number of West Virginians receiving this pricing and how many prescriptions are being filled under the 340b program. The increase of the number of sites by 260% since the Council's inception is significant and consistent with the direction given by PERD to the Executive Branch in September 2004".

The PERD auditors also made 5 recommendations specifically directed at the Council. Following are those recommendations and the responses to those recommendations:

1. *The Legislative Auditor recommends that the Legislature consider several options pertaining to the future of the Pharmaceutical Cost Management Council:*
  - a. Terminate the Council.
  - b. Reestablish the Council as an advisory board for the Office of the Pharmaceutical Advocate.
  - c. Restructure the Council's membership to be more consumer oriented.

**The Council notes that recommendations b and c correspond to legislation proposed by the Governor during the 2007 Legislative session. The restructuring of the Council's membership to be more consumer-oriented was included in the Governor's proposed committee substitute. This modification was made in response to input from House members.**

2. *If the Legislature decides to terminate the Pharmaceutical Cost Management Council, then the Legislative Auditor recommends that the oversight of the advertising reporting rule for pharmaceutical companies be transferred to the Health Care Authority.*

**As Sonja Chambers, Chair of the Health Care Authority, expressed in her August 6, 2008 letter to Mr. Rhodes, the HCA does not have experience with pharmaceutical data or data related specifically to advertising. If the Council is reconstituted as an advisory council to the Pharmaceutical Advocate it would seem logical to keep the advertising rule with bodies that have the expertise to administer it.**

3. *If the Legislature decides to allow the Pharmaceutical Cost Management Council to continue, then the Legislative Auditor recommends that the legislature amend §5A-3C-8 of the Code to remove the provision requiring that the Executive Director of the Workers' Compensation Commission serve on the Pharmaceutical Cost Management Council.*

**The Council agrees with this recommendation for technical cleanup of the Code.**

4. *If the Legislature decides to allow the Pharmaceutical Cost Management Council to continue, then the Legislative Auditor recommends that the Legislature remove the sunset provision in §5A-3C-16.*

**The Council agrees with this recommendation for technical cleanup of the Code.**

5. *If the Legislature decides to allow the Pharmaceutical Cost Management Council to continue, the Legislative Auditor recommends that the Council member who no longer resides in West Virginia be replaced by a resident of the state of West Virginia or surrounding area.*

**The Council suggests that the language for the public seat currently held by the Council member who no longer resides in West Virginia be revised. That language currently reads, "one member shall represent those who will receive benefit from the establishment of this program." Modification of this language to include member residency, member benefits from the program, or direct connection of the member to a West Virginia program may be alternatives.**

Given the volume, groundbreaking nature and the scope of the work performed by the Council, it is remarkable that 80% of the statutory mandates were completed in the first 4½ years of existence with merely \$23,351.03 in expenses.

All PERD correspondence, including the final report and supplementary correspondence from the Pharmaceutical Advocate Office included at **Appendix F - PERD Audit - Correspondence and Final Report.**

#### **New Website Launched - [www.pharmacycouncil.wv.gov](http://www.pharmacycouncil.wv.gov)**

The Council launched a new health care information resource on the West Virginia Pharmaceutical Cost Management Council website. The website includes two resource pages, one for free and low-cost healthcare services, and one for free and low-cost prescription drugs. This website helps streamline the search for consumers, providers and patient advocates in searching for affordable health services.

At one convenient location, the public can find short descriptions and links to the following health care services:

**Pre-paid clinic services plans** at three pilot sites across the state;

**The West Virginia Small Business Plan;**

**Access West Virginia** for people with existing medical conditions;

**West Virginia Children's Health Insurance Program (CHIP);**

**M-WIN**, the Medicaid Buy-In program for people with disabilities;

**The Tiger Morton Catastrophic Illness Fund** for people with medical bills;

**The West Virginia Oral Health Task Force** for low-cost oral health care;

**West Virginia Primary Care Clinics** for comprehensive primary care; and

**West Virginia Free Clinics.**

Also, at this location, description and links of a variety of discount prescription drug programs are available. For working West Virginians searching for the best prices for prescription drugs, this is the place to start to look at a number of retail generic programs. These programs are monitored and updated on a regular basis as the discount generic market continues to expand and change. The programs inventoried on the website include:

- **WVRx**, a centralized pharmacy distributing medications donated by drug companies;
- **340b**, a federal-pricing program available to patients of participating primary care centers;
- **CVS 90-day Generic Prescription Program** for \$9.99;
- **Fruth Pharmacy Generic SaveRx Plan, \$4 Generic Prescription Program;**
- **Kroger's \$4 Generic Prescription Program;**
- **K-Mart's 90-day Generic Prescription Drug Program** for \$15;
- **Rite-Aid's 90-day Generic Prescription Drug Program** for \$15.99;
- **Targets' \$4 Generic Prescription Program;**

- Walgreen's 90-day Generic Prescription Drug Program for \$12.00;
- Wal-Mart's \$4 Generic Prescription Program; and
- RxOutreach, a mail order generic prescription program.

Especially for medical providers and their staff, the Council website also includes links to the current preferred drug lists for all state insurance programs, including PEIA, CHIP and Medicaid. (**Appendix G - Website Highlights - Discount Health Care Services Page, Discount Prescription Drug Page**).

### **Conclusion**

During calendar year 2008, the Council fulfilled the statutory requirement to promulgate an advertising reporting rule, advanced the Central Fill Pharmacy, launched a new website with prescription drug assistance pages and underwent a PERD audit.

In 2009, the Council will:

- Assess the effectiveness of the group-buying agreements it entered on behalf of the state.
- Examine how it can use its purchasing exemption to assist other state agencies, and how to make available the 340b and other low-cost drug programs to a greater number of West Virginians.
- Redouble its efforts to communicate with other states to explore new and innovative ways to lower drug costs.
- Interact more closely with consumers around the state to assess pharmaceutical issues.
- Work to further fulfill the remaining provisions of its statutory mandate.

## **Appendices**

- Appendix A**            **Minutes of all Council Meetings for Calendar Year 2008**
- Appendix B**            **Emergency Prescription Drug Advertising Expense Reporting Rule**
- Appendix C**            **2008 Prescription Drug Advertising Expense Report**
- Appendix D**            **Prescription Drug Advertising Expense Reporting Rule**
- Appendix E**            **WVRx Presentation**
- Appendix F**            **PERD Audit - Correspondence and Final Report**
- Appendix G**            **Website Highlights - Discount Health Care Services Page, Discount Prescription Drug Page**



**The West Virginia Pharmaceutical Cost Management Council**  
**2008 Prescription Drug Advertising Expense Report**

**Authority to Act:**

§5A-3C-13 (b) The Council shall establish, by legislative rule, the reporting requirements of information by labelers and manufacturers which shall include all national aggregate expenses associated with advertising and direct promotion of prescription drugs through radio, television, magazines, newspapers, direct mail and telephone communications as they pertain to residents of this state.

**Background:**

The Secretary of State approved the Council's amended Emergency Advertising Reporting Rule on August 22, 2007. Manufacturers and labelers were required to submit reports in compliance with the emergency rule for the first reporting period of July 1, 2007 to December 31, 2007 by March 1, 2008. (**Appendix A - Emergency Prescription Drug Advertising Expense Reporting Rule**).

In an effort to ensure that all affected manufacturers and labelers were aware of the reporting requirement, the Council mailed letters to approximately 1,000 manufacturers listed in the 2007 Red Book. While a number of those listed as manufacturers produce only over-the-counter drugs or operate in a wholesale capacity, this mailing ensured the broadest spectrum of compliance possible.

At the request of the Governor, in 2009, the Council will revisit the reporting rule, specifically in regard to payments to prescribers.

On April 14, 2008, the Prescription Drug Advertising Expense Reporting rule, WV CSR 206-1, became a permanent rule following passage by the legislature during the regular 2008 Legislative Session, signature by the Governor and final filing by the agency.

This rule replaced the Emergency Advertising Reporting Rule. **(Appendix B - Prescription Drug Advertising Expense Reporting Rule)**

**Contextual facts to understand the data:**

- The first reporting period was July – December 2007.
- 111 pharmaceutical manufacturers and labelers filed reports.
- The West Virginia Board of Medicine reported to the Legislature on December 31, 2007 that there are 3,912 medical doctors and podiatrists licensed and practicing in West Virginia. The West Virginia Board of Osteopathy reports that there are 692 osteopathic doctors practicing in West Virginia. The West Virginia Board of Nursing reports that there are 583 nurse practitioners with prescribing authority.
- Under both the statute (W.Va. Code 5A-3C-13) and Legislative Rule (CSR 201-1), only aggregated data may be disclosed to the public.

**Aggregated data:**

- 111 manufacturers and labelers filed reports under the Legislative Rule with 57 reports indicating spending activities.
- Companies reported making 14,933 gifts, grants, or payments to West Virginia prescribers from July – December 2007. Companies reported a cumulative gift, grant and payment amount for the six-month time period so a prescriber may have received several payments from the individual company that result in the amount reported. Payments, as discussed in this report, mean the total amount of money from an individual company to a prescriber during the reporting period.
- There are 4,604 doctors and 583 nurse practitioners with prescribing authority and 14,933 payments were made; therefore some prescribers received payments from multiple

companies and some prescribers may have not received any payments.

- Highest amount paid to an individual prescriber by a single company in the 6-month reporting period fell in the **\$51,250 - \$52,000** payment category.
- **16** payments of **\$20,000** or more were made to prescribers from individual companies.
- **678** payments of **\$2,500** or more were made to prescribers from individual companies.
- **5,500** payments were made from individual companies to prescribers in the lowest payment category of **\$50 - \$1,250**.  
**(Appendix C – Spreadsheet – All payments to prescribers)**
- Total reported payments to pharmacies: **\$13,469.10** (payments from **1** company).
- Total reported payments to patient advocacy groups operating in West Virginia: **\$31,675** (payments from **3** companies).
- Total direct to consumer (DTC) advertising **\$16,019,154.58** (spending by **46** companies - **41.1%** of respondents).
- Most of the DTC media expenditures reported were direct media buys in national markets. Several companies used different national and state population figures to allocate national expenses to West Virginia.
- Payments to prescribers: Individual prescribers were not required to be identified, so the total number and amount of payments to individual prescribers is not available.

## **Data Reporting Issues:**

In the initial reporting period under a new rule, a number of data reporting issues emerged in individual manufacturer reports:

**Example 1** – This report included speaker fees, meals, practice-related items, but specifically excluded third party companies such as “market research vendors.” This company reported payments to pharmacies for “compliance and persistency programs.” These types of programs provide funds to pharmacies to make contact with patients to ensure that the patients refill their prescriptions and remain on the specifically prescribed drug.

**Example 2** – This report excluded expenses relating to “preceptorships.” Investigation is needed to determine if this is an exempted expense.

**Example 3** – This report included payments to pharmacies to remind patients to refill their prescriptions with the company’s product. These activities appear to be similar to the “compliance and persistency programs” from Example 1.

**Example 4** – This report excluded all payments related to Continuing Medical Education (CME). The statute does not exempt CME from reporting.

**Example 5** – This report excluded all payments to providers by “third party vendors” such as marketing research companies and Continuing Medical Education companies. The Legislative Rule requires all “direct or indirect” expenses to be reported. This report also reported payments for “patient starter kits.”

**Example 6** – This report included only payments made directly to a prescriber with the prescriber’s personal social security number as the Taxpayer Identification Number (TIN) on the check. All other payments were excluded, apparently including payments made to the physician’s group practice, an incorporated practice, or payments made through third parties.

The Legislative Rule requires that all "direct or indirect" payments be reported.

**Example 8** – This report included the use of third-party vendors for marketing research: "[The Company] conducts market research through vendors that comply with the Code of Ethics of the Market Research Association (the "Code"). The Code requires that vendors protect the anonymity of those participating in such research. The data is also blinded to the sponsoring manufacturer."

### **Recommendations:**

- Most companies did not report all **indirect payments** to physicians. The companies should be clearly informed of the requirements of the Legislative Rule, including payments made to a physician's corporation, group practice, family members, or other organizations. The Council should discuss whether or not the following is reportable: direct payments made through third parties such as event planners, caterers, market research organizations, Continuing Medical Education providers, and any other third party when the funds are intended to influence prescribers. Clearly, payments made to third party vendors who are not pharmacies or patient advocacy groups are significant.
- Send follow up letters to the companies that reported **pharmacy payments** to better understand their existing practices.
- Send follow-up letters to companies that exempted **preceptorships** to understand the practice and why the company believes it is exempt.

### **Conclusion:**

This initial report serves as a benchmark going forward for the Council to evaluate the influence of advertising and payments on prescription drug use. Clearly, the data-reporting for prescribers must be refined to provide a better understanding of how many providers are receiving payments. With a number of manufacturers pledging to

voluntarily disclose payments to providers and with some academic medical centers pledging to publicly report payments received by faculty from manufacturers, further transparency is achievable.

In addition, as noted previously, the Council must follow-up on a number of reporting issues to better understand pharmacy programs and preceptorships.

# **West Virginia Health Care Reform**

## **Roadmap to Health Project:**

### **Final Recommendations to Select Committee D**

**(approved Dec. 18, 2008, by Executive Committee)**

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Kenneth E. Thorpe, PhD  
Emory University

January 6, 2008

DRAFT

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**Overview**



These recommendations reflect the product of four working groups and hundreds of volunteers staffing the efforts. I have integrated these recommendations across the working groups and added some additional elements to the recommendations. The four workgroups were:

1. Administrative Simplification, headed by Carl Callison, Mountain State Blue Cross Blue Shield
2. Health Information Technology and Chronic Care, headed by Dr. Jim Comerci, Upper Ohio Valley Independent Practitioners Association
3. Health Care System Redesign, headed by Tom Susman, TSG Solutions
4. Wellness and Prevention, headed by Keri Kennedy, WVDHHR, Office of Healthy Lifestyles

## **Context**

West Virginia spends 13 percent more per person on health care than the national average. Moreover, the growth in spending is slightly higher in West Virginia compared to the national average. Over 14 percent — some 254,000 — West Virginians were uninsured during 2007. Given the high and rising cost of health insurance, few small employers in the state offer health insurance. Nationally, 35 percent of firms with fewer than 10 workers offer health insurance compared to less than 25 percent in West Virginia. Data from the U.S. Centers for Disease Control and Prevention (CDC) indicate that West Virginia has among the highest rates of childhood and adult obesity in the country. These high rates of obesity are associated with high and rising rates of diabetes, hypertension, hyperlipidemia, heart disease, pulmonary disorders and co-morbid depression.

The quality of care provided to chronically ill patients is uneven. Overall, chronically ill patients receive approximately 56 percent of the clinically recommended health care designed to manage their conditions. Much of the clinically recommended care involves self-management, persistency in filling and refilling prescriptions and regulating key metrics such as blood glucose, blood pressure and weight, among others. Research has shown that a strong presence of primary health care, often working with patients at home, is an important element of effective care.

West Virginia must act to address these issues. The high and rising cost of health insurance means lower profits and wage growth for West Virginia's businesses and workers. The high and rising rates of chronic illness not only constitute a substantial disease burden, they also represent substantial reductions in worker productivity. According to studies from the Milken Institute, every dollar spent on the medical treatment of chronic disease is associated with \$4 in lost productivity. These recommendations are designed to improve the financial standing of businesses in the state, making West Virginia a more attractive business location. They also are designed to improve the health status and productivity of workers. Finally, they are designed to reduce wasteful administrative costs and improve access to needed health care by the uninsured.

Attacking these problems first requires a clear understanding of where the state spends its health care dollars and what is driving the rise in health care spending over time. These trends are central to the declining rate of employer-sponsored insurance in the state. I have estimated that nearly 80 percent of health care spending in the state of West Virginia is associated with chronically ill patients. A major underlying cause of chronic disease in the state is the high rate of obesity and smoking. Today, at least 30 percent of adults (according to self-reported data) are obese. This is double the rate from the 1990s.

The overarching goal of the recommendations from the Roadmap to Health Project are to improve West Virginia's ability to identify and care for chronically ill patients, thereby bringing efficiency and savings to health care spending, but this report does not limit itself just to that population. The final section of this report presents some preliminary

recommendations for expanding access to health care through a universal wellness benefit and tax credits for small businesses to acquire health insurance.

## **Approach**

The following recommendations to Select Committee D are designed to reduce the level and growth in health care spending in both the public and private sector, increase access to clinically appropriate health care services among the uninsured and improve the quality of care provided. The recommendations and design of the workgroups reflect the underlying issues driving high costs and its correlated high rate of uninsured citizens.

The current approach for paying for health care in the state and nationally was designed to pay for and treat acutely ill patients episodically. Most of the health care spending in West Virginia, however, is associated with chronically ill patients. Effective treatment of chronically ill patients requires a strong primary care base, home care to manage and prevent acute flare-ups of the condition and working with patients on care transitions (i.e. upon admission to a hospital and working with them after discharge to prevent unnecessary readmissions). This integrated care model requires information technology to track the progress of treating patients with multiple chronic conditions and a reliance on health care teams — physicians, nurse practitioners, nurses, social and mental health workers, pharmacists and other community links. Creating these teams, providing them the information technology and appropriate payments and incentives is a central challenge of reform.

At the same time, preventing disease must be at the heart of any effort to slow the rise in health care over time. This means we need to identify best practice interventions — those that reduce smoking, improve diet, exercise and nutrition. Several settings could be helpful in efforts to reduce the incidence of chronic illness, including schools, community-based interventions, the worksite and better design of health insurance benefits to encourage appropriate preventive behavior.

## **Specific Recommendations**

### **Making Health Care More Affordable**

We are presenting several recommendations that would reduce the growth in health care spending in public programs as well as the private sector. We start with the recommendations around modernizing the health care delivery system in the state to manage and prevent chronic illness more effectively.

#### **I. Patient-Centered Medical Home**

##### **A. Definition**

The group developed a definition of a “medical home” based on the national models, which have a physician practice leading a multi-disciplinary team. There was discussion that a West Virginia model might consider other providers in that role, but the Health System Redesign working group decided that West Virginia should not veer too far from the national model, given the current provider licensure laws, state and national standards. If the National Committee for Quality Assurance changes its position, then the state should discuss considering this change.

The patient-centered medical home is a health care setting that facilitates partnerships between individual patients and their personal physicians and, when appropriate, the patients' families and communities. A patient-centered medical home integrates patients as active participants in their own health and well being. Patients are cared for by a physician or physician practice that leads a multidisciplinary health team, which may include but is not limited to nurse practitioners, nurses, physician's assistants, behavioral health providers, pharmacists, social workers, physical therapists, dental and eye care providers and dietitians to meet the needs of the patient in all aspects of preventive, acute, chronic care and end-of-life care using evidence-based medicine and technology.

**Many physician groups on a national and state level have agreed to the following principles and background.**

The American Academy of Pediatrics, American Association of Family Physicians, American College of Physicians and American Osteopathic Association, representing approximately 333,000 physicians, have developed the following joint principles to describe the characteristics of the patient-centered medical home.

## **Principles of the Patient-Centered Medical Home**

**Personal physician:** Each patient has an ongoing relationship with a personal physician trained to provide first contact, continuous and comprehensive care.

**Physician-directed medical practice:** The personal physician leads a team of individuals at the practice level who collectively take responsibility for the ongoing care of patients.

**Whole-person orientation:** The personal physician is responsible for providing for all the patient's health care needs or taking responsibility for appropriately arranging care with other qualified professionals. This includes care for all stages of life, acute care, chronic care, preventive services and end-of-life care.

**Care is coordinated and/or integrated** across all elements of the complex health care system (e.g., subspecialty care, hospitals, home health agencies, nursing homes) and the patient's community (e.g., family, public and private community-based services). Care is facilitated by registries, information technology, health information exchange and other means to assure that patients get the indicated care when and where they need and want it in a culturally and linguistically appropriate manner.

**Quality and safety** are hallmarks of the medical home:

- 1 Practices advocate for their patients to support the attainment of optimal, patient-centered outcomes that are defined by a care-planning process driven by a compassionate, robust partnership between physicians, patients and the patient's family.
- 2 Evidence-based medicine and clinical decision-support tools guide decision making
- 3 Physicians in the practice accept accountability for continuous quality improvement through voluntary engagement in performance measurement and improvement.
- 4 Patients actively participate in decision-making and feedback is sought to ensure patients' expectations are being met
- 5 Information technology is utilized appropriately to support optimal patient care, performance measurement, patient education and enhanced communication
  1. Practices go through a voluntary recognition process by an appropriate non-governmental entity to demonstrate they have the capabilities to provide patient-centered services consistent with the medical home model.
  2. Patients and families participate in quality improvement activities at the practice level.

**Enhanced access** to care is available through systems such as open scheduling, expanded hours and new options for communication between patients, their personal physician and practice staff.

**Payment** appropriately recognizes the added value provided to patients who have a patient-centered medical home. The payment structure should be based on the following framework:

1. It should reflect the value of physician and non-physician staff patient-centered care management work that falls outside of the face-to-face visit.

2. It should pay for services associated with coordination of care both within a given practice and between consultants, ancillary providers and community resources.
3. It should support adoption and use of health information technology for quality improvement.
4. It should support provision of enhanced communication access such as secure e-mail and telephone consultation.
5. It should recognize the value of physician work associated with remote monitoring of clinical data using technology.
6. It should allow for separate fee-for-service payments for face-to-face visits. (Payments for care management services that fall outside of the face-to-face visit, as described above, should not result in a reduction in the payments for face-to-face visits).
7. It should recognize case mix differences in the patient population being treated within the practice.
8. It should allow physicians to be eligible for enhanced reimbursements associated with physician-guided care management in the office settings which are realized from cost containment in other areas of the health care system, such as the reduced use of hospital emergency rooms and preventable admissions and readmissions
9. It should allow for additional payments for achieving measurable and continuous quality improvements.

## **B. Creating the capacity for a medical home**

The major recommendation is to transform the delivery model *statewide* toward primary prevention and more proactive care management. Ideally, this new patient-centered medical home model would accommodate the capacity of small physician practices (through linking them with community health teams, or CHTs, as described below) and larger practices able to achieve full NCQA medical home certification. If effective, these new delivery models would attract the participation of Medicaid, state employees, private health plans, self-insured firms and Medicare. Smaller physician practices combined with the CHTs would have the same medical home capacity as larger physician practices.

We are proposing a phased-in transformation of the delivery model state wide through the use of several pilots described below. These recommended pilots would commence with the intent that within five years West Virginia will be able to move toward statewide implementation of the patient-centered medical home health care delivery model.

### **Pilots**

Medical home designation is based on criteria developed by the National Committee on Quality Assurance. The NCQA imposes nine standards, including 10 must-pass elements, which can result in one of three levels of recognition. Physician practices seeking NCQA accredited medical home designation are required to establish at least five of the 10 must-have elements. They also have to complete a Web-based data collection tool and provide documentation that validates responses.

Larger group practices likely have the ability to adopt most, if not all of the key elements of an NCQA medical home. But West Virginia is a rural state with approximately 500 primary care practices with four or fewer medical providers. Many of these physician practices do not have the capacity to adopt the key minimal elements to become an NCQA medical home. For these practices, the Roadmap to Health Project recommends an alternative model than that proposed for larger group practices.

It was recognized that many individual practices might not be in a position to become an NCQA accredited Patient Centered Medical Home. In addition, it will take time for a practice to become approved. For these reasons, the Roadmap project recommends West Virginia should commence three types of pilots that would be open to all applicants and are voluntary for providers and private payers.

### 1) **Chronic Care Model Pilots**

Working with payers and providers, various disease states are identified and primary care providers begin to implement programs to improvement management of the agreed-upon condition of the patient.

Currently, West Virginia has a multi-payer workgroup comprised of the medical directors of the major payers, such as BCBS, The HealthPlan, Carelink and the state payers along with medical providers and others. Part of their charge is to target disease states that payers might agree to pay providers to manage and develop strategies. They are looking at childhood obesity, diabetes and asthma.

The pilots could dovetail with this current work. This would allow individual practices to work in the reform effort even if they decided not to become medical homes.

Registries might need to be developed or current ones expanded to assist those providers that do not have one.

### 2) **Individual Medical Homes Pilots**

The establishment of individual medical home pilots is contemplated under the patient-centered medical home concept as certified by NCQA. The system will have up-front costs associated with the transformation with the expectation that even larger savings downstream will materialize.

Those generally larger practices going for Level I certification would be granted a provisional Level I certification by virtue of certifying they are in the process of certification and currently have obtained at least 20 NCQA points. This provisional certification lasts only one year with no renewal.

Any state program must recognize NCQA and the provisional certification so long as a medical home program with enhanced provider payments is in operation.

### 3) **Community Centered Medical Home Pilots**

Most physician practices in the state are small. One approach that has proven effective already in other states (North Carolina) is to link primary care practices with community health teams (CHTs). The state also could build on the community health center structure it already has in federally qualified health centers as one example of a community health team. The CHTs would include social and mental health workers, nurse practitioners, care coordinators and community health workers. These personnel largely exist in community hospitals, home health agencies and other settings. The key would be to identify these resources as a separate team to collaborate with the primary care practices. The teams would focus on primary prevention (smoking cessation programs and wellness interventions) as well as working with the primary care practices to manage patients with multiple chronic conditions (for instance, the

depressed diabetic patient who is not following the physicians' care plan).

In a community centered medical home, all health care agencies are connected and share resources. Citizens can enter the system of care from any point and receive the most appropriate level of care or be directed to the most appropriate care (especially with open access systems in play, shared case management and health education/self-management support services, and after-hours triage/support). NCQA currently is considering certification for such a model. Data that is collected regarding outcomes for certain indicator conditions are fed into a central repository and evaluated against a denominator (the number of citizens that are potential or real users of the health care system).

Financial incentives should involve all health care payers and could be employed to encourage the collaboration between primary care practices and the community health teams. First, the practices could receive a small, per-member per-month payment (PMPM) recognizing the additional time and responsibilities associated with developing and monitoring a care plan. To encourage the development of additional capacity (using both the CHT and the practice as the designated medical home), the PMPM payment could rise with the number of NCQA medical home "points." Second, primary care practices moving in this direction also would be eligible for financial assistance in the acquisition of an electronic health record and associated training (more detail on this is provided below in the health information technology section). Other models using capitation with shared savings could also be explored, similar to the pilot under development by the Public Employees Insurance Agency.

### **Target Conditions**

To maximize effectiveness of the medical home models, the reform effort should prioritize chronic conditions to be targeted and resources devoted to the targets. Previous evaluations of chronic care management have shown the potential for reducing costs for several conditions, including heart failure, among homebound patients, diabetics with co-morbid conditions such as depression, hypertension and hyperlipidemia and patients with several chronic conditions. A key for physician primary care practices to manage such patients effectively is an understanding of which patients in their practice present the best opportunities for intervention, and getting the patients to participate (and be compliant) with the care plan developed by the primary care physicians.

The West Virginia Health Care Authority has data available to help identify the conditions to be targeted. While each purchaser may have his or her own needs based on demographics, it makes financial and resource sense to develop an agreed-upon list. This list is not intended to deter individual activities,

Strategies need to be developed or adopted for each targeted condition. Many of these chronic conditions already have physician agreement through published consensus panels on the appropriate clinical management of chronically ill patients (in particular for diabetes, hypertension, abnormal cholesterol and asthma). It is important that chronic disease strategies be consistent to the highest degree possible among the payers and providers. This will reduce administrative costs and will allow for easier deployment. Centralized provider training and patient material can be developed, and data analysis will be easier.

This process should not allow any single health plan to veto a disease state or a deployment strategy. It is important to get buy-in from the majority of the private purchasers. They will need to see value to pay the provider for the chronic care services. It should be noted that because of federal regulations, some state programs might not be able to participate in some of the adopted programs.

The NCQA allows a practice to determine evidence-based chronic care diseases strategies it wants to deploy; however,

the key is to get the payers to pay for the program. It is hoped this process will facilitate purchaser participation.

West Virginia has a multi-payer work group in the state. This group is reviewing various chronic care strategies. We recommend this group or some version of it be assigned the responsibility of targeting disease states and coordinating the development of strategies under this proposal.

### **Evaluation and Goal-Setting**

Any project must be evaluated; this effort is no different. The basis of what gets evaluated is an important discussion, however, and in health care, no reform will affect all of the population positively. Instead, the work we have done looks to optimize and improve our delivery system. This is a dynamic process and will evolve as we move forward.

To that end, realistic activities must be measured to determine the success or failure of a particular aspect of the program. Ultimately, the approach is designed to improve quality at lower costs, and eventually the reform must be judged in that context. The key will be to build on what we have learned. Multiple indicators will be put in place to evaluate pilot programs on practice level (How efficiently is care being provided?), system level (What can be done to improve coordination between separate entities?) and state level (Does the feedback received meet expectations set forth by the committee?).

Separate evaluations for individual applicants will ensure that NCQA guidelines are met. The evaluations also will include specifications to be met as an applicant moves from tier to tier within the NCQA PCMH model.

As a provider moves from Level I to Level II NCQA, the amount of data that can be used for evaluation will be greater. As providers move to this level and receive higher reimbursement, more measures should be used for evaluation.

Measurements must be simple to understand and to collect. These should be tied to information readily available on the electronic medical record (EMR) or a claims file. EMRs must have the ability to measure case management performance and transfer the evaluation to system management outcomes. For example, if an indicator relates to colon cancer, the program could use incident data that may or may not be collected at this time. A simpler alternative might be the number of adults age 50 and above who have had a colonoscopy. If the base was 40 percent, did the program move the number to 70 percent?

If goals are set and the program moves toward those goals, it will be optimizing the health status of those participating in the program. Too often health programs get lost in a discussion of what is quality. Our definition of quality should center on meaningful measures that improve quality and reduce costs.

The most important aspect of the evaluation process is to have accurate data. Garbage in will lead to garbage out. Reasonable standards, measures and reporting methodologies must be established while working with the multi-payer group and providers.

Systems need to be built that provide immediate feedback to the practice on performance. It is not acceptable to get 12-month-old reports. We cannot manage the past; we need to manage the future.

Evaluations should be conducted at the practice level, community or network level and state level. The factors to be assessed at each level will be different and need to recognize and reflect that our current employment-based fee-for-service system largely evolved from World War II wage freezes. Any change will not occur overnight. This is a process.



## **II. Reducing Administrative Costs**

By some estimates, the costs of administering our health care system are 25 to 30 percent of total health care spending. Several aspects of the recommendations would reduce the costs of administering health care. One major approach — the expanded use of health information technology — is outlined below. We see two major areas for reducing administrative costs.

### Practitioner Credentialing

The single most contentious subject addressed by the Administrative Simplification Work Group was credentialing of medical practitioners. The goal is to streamline and simplify the process, and in doing so, reduce some of the duplicative infrastructure. Payers and hospitals credential practitioners as part of the process of approving them as a network provider, or in the case of hospitals, allowing them practice privileges at the facility. Currently, practitioners must submit a credentialing application to each hospital where practice privileges are being requested and each payer for whom they want to be included in the payer's network. Upon receipt of the application, each hospital and payer initiates a process of verifying information contained in the application to ensure the practitioner meets their respective requirements for practice privileges and network participation. By the very nature of the process, duplication of activities are being carried out by the practitioner, the multiple hospitals for which practice privileges are being requested and the multiple payers for whom the practitioner wishes network inclusion. Although use of a West Virginia Uniform Credentialing Application mandated several years ago by the West Virginia Legislature somewhat mitigated the duplication of activities, it still exists.

To streamline the process and reduce duplicate effort across the process, the Administrative Simplification Work Group recommends legislation to establish a single statewide private entity or no more than three (3) regional entities in the state that will provide electronic access to the West Virginia Uniform Credentialing application to all practitioners. These will be the central repositories for information required by hospitals and payers as part of the credentialing process, will verify all information provided by the practitioner; including site visits to the practitioner and will make this information available electronically to hospitals and payers. The entity will also establish procedures for ensuring that practitioners' files are kept up to date by issuing quarterly reminders for updated information.

The legislation will direct the Department of Health and Human Services and the Office of the West Virginia Insurance Commissioner to solicit proposals from entities interested in performing this function. The Request for Proposal either would mandate or provide incentives for the successful bidder(s) to be located and perform functions within West Virginia. Legislation would mandate that recipients of services to be provided by the new entity be represented on the board of the entities. Legislation should provide for an initial five-year contract period for the successful bidder, and after that period, other entities could enter the market.

In recognition of the goal of reducing costs and simplifying the process associated with the credentialing process, specific timeframes and performance requirements should be placed on both the new entity(ies) as well as the credentialing payers to ensure that the entire credentialing process is finalized within 60 days but no more than 90 days. In those cases where the process is not completed within the 90 day period, except for good cause, payers should be

required to approve the application on a provisional basis. Consideration should also be given to requiring or at least allowing all practitioners of a large practice to apply for credentialing at the same time instead of at different times individually.

### **Prior Authorization Requirements and Processes**

The Administrative Simplification Work Group discussed the requirements and processes imposed by payers in approving certain medical procedures prior to their being rendered. The work group reached a general consensus that little if any consistency exists among the different payers regarding medical procedures requiring prior authorization and procedures for obtaining the prior approval. Some work group members also provided examples where the entity rendering the service in accordance with orders from the referring physician was not paid for the procedure rendered because the referring physician had not obtained the required approval for the procedure.

Because of the varying medical procedures subject to prior authorization from different payers, the group concluded it was not possible to document and establish specific policies and procedures for obtaining prior approval for specific medical procedures or classes of procedures. The work group did conclude, however, that payers should be required to publicize specific information regarding their prior authorization policies and procedures. This information should include:

1. A listing of procedures requiring prior authorization.
2. Written documentation on how to obtain preauthorization.
3. Professionally accepted evidence-based criteria for evaluation of medical appropriateness of procedures.
4. Established timeframes for non-urgent, urgent and expedited review.
5. Identification of staff responsible for different levels of review
6. Identification of internal and external reconsideration and appeal process.

Payers should be required to make the above information available to practitioners and providers through an Internet site.

### **III. Wellness and Prevention**

The Wellness and Prevention Work Group identified several potential options for reducing the demand for and use of tobacco and more effective primary prevention interventions in the schools and communities designed to reduce the level and growth in obesity among children and adults. These recommendations included:

- 1 Tobacco Cessation: Continue to promote and support efforts to decrease the number of West Virginians using tobacco products (cigarettes, cigars and assorted smokeless tobacco products).
- 2 Nutrition and labeling: The team agreed to make a recommendation that WV pass legislation that would require chain restaurants to post calorie information at the point of purchase.
- 3 School-based initiatives:
  - o Recommend that West Virginia place a dietician in each of the regional education service area (RESA). There are 8 RESAs in the state.

- 2 Complete implementation of the Dance-Dance Revolution program and institute a comprehensive evaluation process for this initiative.
  - 2 Preserve recess time (time away from instruction and not physical education time) that is allocated for physical fitness in K-12 schools. In addition, do not allow physical activity time to be withheld as a form of punishment.
  - 3 Encourage physical activity to include sports that raise heart rates to the national threshold level required to burn calories (i.e., considered aerobic exercise).
  - 4 Provide continuing education for school food personnel and create a job ladder structure/ hierarchy that reward food personnel for earning continuing education hours/credits.
  - 5 Assure that school building funding guidelines account for physical activity capacity in the building of new school facilities.
  - 6 Incorporate school-based physical activity coordinators.
- 4 Community-based initiatives: Incentives such as tax breaks for cities and municipalities that build and maintain bike/pedestrian trails
  - 5 Use the community health teams to develop care plans for healthy children and adults designed to keep them healthy, and those at risk (pre-diabetic) to prevent their transition to full clinical diabetes, hypertension and other chronic illnesses.
  - 6 The team recommends that WV increase the percentage of federal funds (received by WV) that are dedicated for the development of trails/sidewalks.

#### IV. Health Information Technology

The broader use of electronic health records (E, physician decision support and e-prescribing will lower health care costs and improve the quality of care.

Health information technology, or HIT, is the key tool that will allow seamless collaboration between primary care practices and the community health teams in managing chronically ill patients. The goal of the initiative is to move toward a 60 percent adoption rate of electronic medical records in physicians' offices within the next three years. This is a bold recommendation and when combined with the community health teams would constitute major innovations and improvement in West Virginia's health care delivery system.

As stated above, the major goal of this initiative is to achieve 60 percent EMR adoption in West Virginia physician clinics in three years. This will be accomplished in four ways:

- 1) Recommendation for a **single common path for health information exchange** through the West Virginia Health Information Network (WVHIN), affording faster adoption, health information exchange leading to option of additional health technology such as EMR, physician support tools, etc.
- 2) Expanding the use of HIT
  - A. Facilitation and encouragement of ongoing projects such as EMR resources in community health clinics.
  - B. Encouragement of continued development of hospital systems and deployment of hospital-supported EMR when available for hospital-based, hospital-employed and non-hospital-employed physicians.
  - C. Drive EMR adoption by financial features such as **tax incentives, vendor discounts, enhanced reimbursement** and other means to individual physician offices and clinics.
- 3) Recommend EMR best practices for ambulatory and hospital EMR.
  - A. Certification Commission for Healthcare Information Technology (CCHIT) certification as minimum standard
  - B. West Virginia E-Health initiative white paper on EHR /EMR adoption.
- 4) Recommend a funding mechanism that provides initial start-up funds and a mechanism for sustainability to include:
  - A. Funding of the network and network functions (**public/private fund**)
  - B. **IT Fund** managed by West Virginia Health Information Network. The WVHIN Board will determine direction of these funds and projects. The funds will be used for but not limited to development and sustainability of the Health Information Network, health decision support tools for health care providers and consumers, education for health informatics and health information technologists.
  - C. Bottom- level funding for EMR adoption in individual physician offices and clinical offices to include **tax incentives and negotiated discounts from vendors and enhanced reimbursement**. Promotion of existing and development of new ASP (application service provider) models in the state will help this level.

This approach affords an opportunity to develop a health information network systematically, deploying components in a logical model beginning with health information exchange and leading to physician support tools, electronic prescribing, connection to other networks, ASP-based EMR and others. At the same time, it offers a beginning attempt at funding EMR adoption on a grassroots level.

The public-private fund would be made up of but not limited to legislative money, grants/pilot projects and revenue generated across the health care delivery system.

## **V. RESEARCH AND EDUCATION**

### **Market research**

For health care reform to be effective, it is important to determine what consumers want in a health system. This is true for any entity that pays for health care coverage — businesses, labor unions and governmental agencies — as well as doctors and other providers. Reforms in the past have been structured by policymakers and health experts with little regard to what people want or value. This is not acceptable.

A series of focus groups, polls and other research should be performed to determine what the various stakeholders want and would accept. As part of this process, employers, providers and consumers should be involved in the development of survey instruments. Their questions need to be answered.

Too many times, health care reforms become an academic experiment that provides great data for journal articles yet in the long run is not workable in the real world. Data from the research should be made easily available to the public. It should aid in the development and design of health benefit programs and be used by providers to meet the needs of the market.

### **Education**

Educational assistance is crucial. While primary care physicians and the other members of the multi-disciplinary team understand their role in the current care model, many lack the management knowledge to be an effective medical home or chronic care site. A large part of these programs consists of retooling method of care delivery. Seminars, online programs and training sessions will have to be provided. Any reform effort must determine the educational needs of the medical workforce. The effort must interface with the state's medical schools, universities and community colleges. Current curricula would need to be altered to be reflective of the roles of the members of the multi-disciplinary team under this type of delivery system. The reform process should work with state technical colleges and teaching hospitals to develop chronic care model curriculum for ancillary staff. We must work to support higher education by expanding and facilitating education for health care professionals and expanding on loan forgiveness and funding programs for health care providers (including midlevel providers) practicing in the state, particularly those in a primary care setting.

## **VI. Expanding Access to Care.**

More than 254,000 West Virginians were uninsured in a typical month during 2007. Many of the uninsured work for small businesses, and less than 25 percent of businesses with fewer than 10 offer health care benefits today. Many of the recommendations included above are designed to lower the cost of private health insurance with the goal of increasing private health insurance.

Options for further expanding access to care and coverage could include:

- A. *Wellness and health promotion benefit for the uninsured:* All uninsured in the state would be eligible for a wellness and health promotion benefit. The state could use the FQHCs and the new community health teams to provide a physical exam, health risk appraisals and age- and gender-appropriate cancer screens. Each individual would receive a care plan based on their underlying risk (i.e. good, asymptomatic at risk, diagnosed with one or more health care conditions). To realize the benefit's gains fully, those without insurance who are diagnosed with any of the six most common serious chronic medical conditions (cancers, diabetes, heart disease, hypertension, stroke and pulmonary conditions) should receive clinically appropriate medical treatment. An

existing model for this approach is CDC's Breast and Cervical Cancer Treatment Program. Uninsured and underinsured women at or below 250 percent of federal poverty level are eligible for cervical screening (ages 18 to 64) and breast screening (ages 40 to 64). Services include clinical breast examinations, mammograms, and Pap tests, diagnostic testing for women whose screening outcome is abnormal, surgical consultation, and referrals to treatment. This approach simply expands the current CDC program to include other chronic conditions. Under this approach, all uninsured under 250 percent of poverty with a diagnosed chronic disease would receive clinically appropriate treatment.

- B. *Tax credits for small businesses that do not offer health insurance.* Small businesses with 25 or fewer workers would be eligible for a refundable tax credit of up to 50 percent of the cost of a private health insurance benefit (to be determined). To be eligible, employers must not have offered health insurance for the previous year. The program could be expanded to larger firms over time. This would make 60 percent of the uninsured eligible for a discounted insurance policy.

## VII. Financing

Several of the recommendations will require new funding. The two most notable are the new investment in health information technology critical for assisting in producing lower health care spending and better outcomes and providing additional health insurance for the uninsured. The workgroups identified several sources of potential funding for these initiatives. These options are outlined below.

- ❖ Increased federal matching percent under Medicaid. As part of a federal stimulus package that will pass early in 2009 the federal government may temporarily increase the Medicaid FMAP. Though the amount of new federal spending remains unclear, figures have been reported that an additional \$80 Billion nationally could be available to continue to fund and/or expand health insurance coverage.
- ❖ Increase the excise tax on tobacco products. An increase in the state excise tax from 55 cents to \$1.20 per pack — the national average — with a corresponding increase in the excise tax on smokeless tobacco would raise approximately \$110 million in funding.
- ❖ Health information technology fund. This fund would be used to subsidize the cost of acquiring, installing as well as training associated with adopting HIT for smaller primary care practices. Funding for this fund could come from low-interest loans, negotiated discounts from vendors, enhanced reimbursement (through evaluation and management codes), and perhaps a very small percent of total claims assessment. Even a very small assessment of 0.1 percent of claims would raise over \$4 million per year for the HIT fund. This would be a temporary fund that phases out over three years.

## VIII. Governance

Experience from other comprehensive state health care reform initiatives reveal that governing and coordinating these initiatives from the executive branch, with legislative overview, is critical to success. States that have been successful in implementing reforms have identified a person/office with their respective administrations responsible for and with the capacity to enact the full range of health care reform activities. This requires someone in the executive branch that can cut across all agencies and departments to execute far-reaching reforms such as the ones presented above. We would

expect that the governor would identify and appoint an appropriate person to shepherd this broad-ranging portfolio of reforms through the executive branch.



January 11-13, 2009  
West Virginia Legislative Interims



West Virginia  
Public Employees Insurance Agency

Ted Cheatham, Director





## PEIA Prescription Drug Program Trends

- Total drug cost has increased 5%
- Total Plan cost has increased 8.5%
- Member cost share has decreased 4%
- Total Rx count has increased 5.3%
- Generic prescriptions are 71.8% of the claims and 18.5% of the dollars paid
- Average brand Plan cost/Rx is \$142 which is an 18% increase
- Average generic Plan cost/Rx is \$12 which is a 6% decrease
- Average claim cost to Plan--\$1,900 and 10.6% of overall drug spend



(President Tomblin presides)

**AGENDA**  
**JOINT COMMITTEE ON GOVERNMENT AND FINANCE**  
**January 13, 2009**

**3:00 - 4:00 p.m.**

**Senate Finance Room**

1. **Approval of December 9, 2008, minutes**

2. **Committee Reports/Requests:**

**Legislative Oversight Commission on Health and Human Resources Accountability (Senator Prezioso, Chair; Delegate Perdue, Chair) *Requests hotel expenses for James N. Boudier, MPA, Health Care Economist.***

**MOVE** that hotel expenses for James N. Boudier, MPA be approved.

**Equal Pay Commission (Senator White, Chair; Delegate Mahan, Chair) *Requests expense reimbursement in the amount of \$500 for guest speaker, Dr. Alkaldry.***

**MOVE** that expense reimbursement in the amount of \$500 for Dr. Alkaldry be approved.

3. **Select Committee D: *Kenneth Thorpe, PhD***

4. **Monthly/Quarterly Reports Distribution:**

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

5. **Monthly/Quarterly Reports Distribution:**

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

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

Medicaid Report - *John Law*

7. **Monthly Report on the Pharmaceutical Cost Management Council: *Shana Phares, Acting Pharmaceutical Advocate***

8. **Investment Management Board Distribution: *Craig Slaughter, Executive Director***

9. **Workers' Compensation Distribution: *Mary Jane Pickens, General Counsel to the Insurance Commissioner***

10. **Board of Treasury Report Distribution**

11. **Other Business**

12. **Scheduled Interim Dates:** February 8 - 10, 2009

13. **Adjournment**