

JOINT COMMITTEE ON
GOVERNMENT AND FINANCE

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Interim Committee Attendance - Results

Wednesday, November 20, 2013 - 01:00 PM

Joint Committee on Government and Finance

Attended:

- Delegate White
- Delegate Manchin
- Delegate Cowles
- Delegate Caputo
- Delegate Boggs
- Delegate Armstead
- Speaker Miley
- Senator Unger
- Senator Prezioso
- Senator Palumbo
- President Kessler

Submitter:

Marlene Elliott

Phone:

304-347-4802

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(Speaker Miley presides)

AGENDA
JOINT COMMITTEE ON GOVERNMENT AND FINANCE
November 20, 2013

1:00 - 2:00 pm

Senate Finance Room

1. **Approval of October 23, 2013, minutes**
2. **Committee Reports/Requests**
3. **Monthly/Quarterly Reports Distribution:**
Status Reports on Lottery and the General Revenue Fund.
4. **Workforce WV Unemployment Compensation Trust Fund Distribution:**
5. **Monthly/Quarterly Reports Distribution:**
PEIA.
BRIM
CHIP
Real Estate Report
6. **Monthly/Quarterly Report Distribution from Department of Health and Human Resources:**

Medicaid Report
7. **Investment Management Board Distribution:**
8. **Workers' Compensation:**
9. **Board of Treasury Report Distribution**
10. **Bureau of Medical Services Response to Chairman Boggs questions**
11. **Other Business**
12. **Adjournment**

Joint Committee on Government and Finance

October 23, 2013

11:00pm - 12:00pm

Senate

Kessler, Chair

Palumbo

Plymale

Prezioso

Unger

Hall

Barnes

House

Miley, Chair

Boggs

Caputo

Manchin

White

Armstead (Absent)

Cowles

President Kessler presides:

President Kessler: "The committee will come to order. The first item on the agenda is the approval of the September 25th minutes. Speaker moves the adoption of the minutes. Any amendments, discussion? All those in favor say aye, all those opposed, the ayes appear to have it, the ayes do have it."

President Kessler: "Chair recognizes the Speaker."

Speaker Miley: "Mr. President, I move that Equal Pay Commission request for approval of travel expenses for a guest speaker, Airane Hegewisch, not to exceed \$1,000.00 and this amount not to expire until the start of the 2014 Regular Session be approved."

President Kessler: "Heard the motion made by the Speaker. Any discussion? All in favor say aye, opposed? The ayes appear to have it, the ayes do have it. So ordered."

President Kessler: "Next item is the monthly and quarterly reports that should be distributed in your packets. Appearing today we have from Workforce WV and the Unemployment Compensation Trust Fund, Mr. Russell Fry."

Mr. Fry: "Mr. President, Mr. Speaker, and Committee members, good morning. It is my pleasure to be here. As of yesterday we have \$114,290,994 in the Trust Fund. Our projection at this time would be at the end of the year to have \$97,618,000 in the Trust Fund. This year our revenue would be \$232,026,000 and our Projected Benefit payments would be \$241,573,000."

President Kessler: "Any questions of Mr. Fry? Yes, Senator Palumbo."

Senator Palumbo: "Thank you. I have always wondered, maybe you have explained this before, but why is there such a dramatic fluctuation in the revenues. Some months there are \$72M and other months there is \$800,000. There is no consistency at all on those revenue figures."

Mr. Fry: "The revenue comes in quarterly, so usually the first month is the larger amount of revenue. Also the unemployment taxes are only paid on the first \$12,000 of payroll. So once that amount has been reached those companies wouldn't be paying on those individuals. Very flexible that way and also its seasonal. It drops off particularly the last three months of the year."

Senator Palumbo: "Thank you."

President Kessler: "Any other questions? Yes, Delegate Manchin."

Delegate Manchin: "It looks like you are predicting that we are going to be \$10M less at the end of the year than we were at the end of last year. Is that correct?"

Mr. Fry: "Yes."

Delegate Manchin: "I guess without seeing 2010 and 2011, I don't have a frame of references as to whether or not I should be concerned about that trend."

Mr. Fry: "At the end of 2010, it was \$76M. We are worse than we were a year but better than we were 2 years ago. I actually keep a running total all the way back 2003 that I work with so I can alert you all if I see a big drop off."

Delegate Manchin: "Where were we in 2011?"

Mr. Fry: "In 2011 at this same time, we were \$121M. We are now at \$134M. That's for this month."

Delegate Manchin: "At the end of the year."

Mr. Fry: "At the end of the year of 2011, we were at \$105M. It was 2010 that we were at \$76M."

Delegate Manchin: "I presume that there some correlation between our unemployment rate and benefits paid out. At what point does the unemployment have to drop in order to see the numbers turn the other

direction, where we are seeing larger balances as opposed to small balances?"

Mr. Fry: "When we look back and did research to find out at what point did we actually have over \$200M in the Trust Fund, I think I sent the report. It was around 4.5% if my memory serves me correctly. This year started out bad and is slowly starting to pick back up. At the end of December we did our projection for this entire year and our projection at December of last year compared to where we are at right now is only off about \$20,000."

Delegate Manchin: "I think I heard your answer when we were fat at \$200M unemployment was 4.5%. My question had to do with, right now we've got a negative trend and I am wondering what point in the unemployment rate will that balance out and start to go the other way. Maybe you can't tell me that."

Mr. Fry: "The reason it is hard to give you an answer is because its based more on an employment number. How many individuals are actually working and paying into the Trust Fund is just as important as how many are drawing from the Trust Fund. I can probably put someone on that and try to come up with an unemployment rate where we are at least 50/50 which we are almost there now. This is running close. We've dropped off \$10M."

Delegate Manchin: "So if we get down to 6%, we are probably ..."

Mr. Fry: "I don't want to be accountable to that answer. I can't tell you for sure."

Delegate Manchin: "I wouldn't hold you to it."

Delegate Manchin: "Right now we were at 6.2% last month and again it looks like we're edging upwards this year rather than backwards. We're doing a little better than we did earlier in the year. We are heading in the right direction. Lets say in the 5% medium range some where."

Delegate Manchin: "Sure. Thank you. Thank you Mr. Chairman."

President Kessler: "Delegate Cowles."

Delegate Cowles: "Thank you Mr. President. To follow up, you said in 2010 the end of the year balance was \$76M of the Trust Fund. And we are up to \$114 and 97 projected. When was it that we, the Legislature, passed the \$75M increase for unemployment base rate?"

Mr. Fry: "That was in 2009. That was prior to me but I know when it happened."

Delegate Cowles: "In order for that to revert back from \$12,000 base rate back down to the \$9,000 base rate, the Trust Fund would have to be at \$220M?"

Mr. Fry: "Yes."

Delegate Cowles: "Ok thank you."

President Kessler: "Delegate Manchin."

Delegate Manchin: "We didn't exactly increase the base rate, we increased the amount of charges upon which we were withholding from and that was the first time we had done that in how many years, like 15 or 20 years?"

Mr. Fry: "Maybe 20 or 30 years. It was a long time. Again I wasn't involved in that but I've read about it."

Delegate Manchin: "So generally that was a reflection of people getting paid more and benefits being higher and we're stuck just charging on lower amount of wages."

Mr. Fry: "We're still one of the very few states in the country that did not have to borrow a lot of money. There are states still borrowing money."

Delegate Manchin: "Thank you. Thank you Mr. Chairman."

President Kessler: "We didn't borrow any money, did we?"

Mr. Fry: "No sir. Didn't even borrow it from you when you folks were kind enough to offer the money."

President Kessler: "So at the end of the day our rates compared to other states that have had to borrow, they have their base rate plus they have that surcharge or whatever they have to pay back from borrowing from the federal government."

Mr. Fry: "Yes, they have to pay a couple of charges. They have to pay a percentage interest on the loan that hasn't been paid. They also have to pay a larger amount of FUTA (Federal Unemployment Tax Act) tax which is \$21 per person for a year and it adds up every year until its paid back so there is quite

a few extra charges that wouldn't show on their base rate."

President Kessler: "So in fact many of our sister states that border us, Maryland I think, Virginia and some of the others, their rates are higher effective rate now than ours because of their pay back obligations. Is that right?"

Mr. Fry: "The Macy's representative said that was one of the major reasons they came to West Virginia instead of New York."

President Kessler: "So we are doing some good things from time to time. Its good to hear Mr. Fry."

Mr. Fry: "Yes sir. Thank you."

President Kessler: "Senator Hall."

Senator Hall: "That's a snapshot of February."

Mr. Fry: "I think it is February. If it shows up in February and then if it drops back below then there is an index that it would follow."

Senator Hall: "I remember that."

President Kessler: "Any others? Delegate Manchin."

Delegate Manchin: "Are you aware of the affect that work sharing has had on any of the states that have adopted it?"

Mr. Fry: "You know a lot of states have had work share for a long time but they didn't have what we call the low earnings which is how West Virginia is dealt with. Through the sequestration that we are going through now, the states that had the free work share are now having to pay percentage of it because the funds that were used for that were under sequestration. Some states probably have had tremendous success and some states maybe have not continued with it. Again, the only thing that would be of any concern I think to us would be to look at is that, would it or would it not effect the Trust Fund and is the Trust Fund healthy or not healthy. But I know there has been some great stories on work share."

Delegate Manchin: "My understanding is that Ohio just passed it not very long ago. I would be curious if maybe your folks could do a little bit of looking into that. Some of the other states as well as Ohio."

Mr. Fry: "Would be glad to. I tried to read up on that and study that and I just haven't come to any real conclusion as to - again I look at the Trust Fund part and how to make sure that I make all of you aware just the facts of the matter. I will look at that."

Delegate Manchin: "Thank you. Thank you Mr. Chairman."

President Kessler: "Any other questions of Mr. Fry? Thank you sir."

Mr. Fry: "Thank you."

President Kessler: "Next we have the monthly and quarterly reports from Mr. Taylor, Department of Administration, PEIA, BRIM, CHIP and Real Estate."

Mr. Taylor: "Good morning. To date PEIA and BRIM is running a little behind the anticipated budget but we are still very early in the year. A little bit of it is contributed to a little higher expenses than we had projected but we are so early in the year it can change one way or another as well as in August. Our Investment income wasn't quite what we had projected it to be. There is really nothing new to report on CHIP or Real Estate unless you have questions. You have my reports."

President Kessler: "Any questions from the members of the Committee of Mr. Taylor? Apparently not, thank you."

Mr. Taylor: "Thank you."

President Kessler: "Next we have DHHR, the Deputy Commissioner, Tina Bailes. Ms. Bailes."

Ms. Tina Bailes: "Good morning. I am Tina Bailes, the Deputy Commissioner for Medicaid. I believe you should have the Medicaid report in your packet of information. If you have any questions, I would be happy to take those."

President Kessler: "Any questions of Ms. Bailes? Delegate Boggs."

Delegate Boggs: "Last month we discussed some questions that I had in consultation with staff we expanded those questions substantially because it became later in the month I did not want to wait until just a few days before this meeting to give those to you so Mr. Chairman I have given Mr. Allred a copy of that. I provided Tina with a copy so we can have those answers for next month. Having said that could you just kind of give us a snapshot of the

Aged and Disabled Wait List, where we are at and in comparison to last month."

Ms. Bailes: "In terms of the wait list, there are currently 2388 individuals that are on the Aged and Disabled Wait List. Those are individuals who have been determined medically eligible but not financially eligible at this point in time. There were 106 more individuals that were added this month. So for this current fiscal year, we are averaging about 111 individuals being added to that list in comparison to last year they average about 150 individuals being added."

Delegate Boggs: "In year to date, how many slots have been filled?"

Ms. Bailes: "Year to date we have 5777 slots that are currently filled and we have approval to provide 6275. So they are still in the process of sending out the notifications to the individuals on the wait list. Having them go and determine if they are financially eligible and as those individuals are determined financially eligible they will be added to the program."

Delegate Boggs: "Do you have any idea, for instance, how many do you anticipate being provided services between now and next month?"

Ms. Bailes: "Honestly, I don't have that information available. I can check with the program staff to see."

Delegate Boggs: "I think that is probably included in the list of questions and again it is a substantial list. I thought it would be best to provide it to give you a full period of time to do that. We had expanded these after discussions. Thank you for your willingness to address that and Mr. President thank you."

President Kessler: "Any other questions? Yes, Delegate Cowles."

Delegate Cowles: "You are doing an update for the Medicaid State Plan? Is that on the way?"

Ms. Bailes: "There are several state plan amendments that are being done as a result of the ACA legislation mandates. We recently completed the eligibility state plan amendments and those have been submitted. We are currently working on the cost sharing, their new cost sharing provisions. We are developing the state plan amendment for that. We are working on development of the benefits that are going to be available to the expansion population. Its referenced as an alternative benefit plan. We have presumptive eligibility, there is a state plan that we are working as well that will enable the hospitals who complete certain criteria to be available to determine individuals

Medicaid eligible at that time they enter the emergency room or otherwise. I think those are the three main current ones that are actually tied to the ACA legislation."

Delegate Cowles: "They have been submitted or approved at this point?"

Ms. Bailes: "No, we have not submitted those yet. We are currently developing them and we will be taking those state plan amendments to Medical Services Funded Advisory council meeting this Friday to present to that group and that begins the process and the formal submission."

Delegate Cowles: "How long does that process take and when would anticipate approval of the new plans?"

Ms. Bailes: "These are state plan amendments in which CMS has indicated that there will not be an expedited review. The general process is as that we would take them to Medical Services Fund Advisory council committee and post them for public comment. Once they come down from public comment, we would incorporate any changes or anything based on those comments, and then would formally submit them through the Governor's Office and then formally submit directly to CMS. From that point of time it can take - they have 90 days to either stop the clock or ask additional questions or they can approve it. If they ask additional questions it can extend up to 6 to 9 months to get those state plans approved."

Delegate Cowles: "The benefit plans that might be included, is this public information, the state plan amendments that you are talking about, for the benefits and cost?"

Ms. Bailes: "Yes."

Delegate Cowles: "On the Medicaid Report the line item that has state only medicaid expenses where we provide services that aren't covered by the federal government and pay for them State only?"

Ms. Bailes: "Correct."

Delegate Cowles: "Would you anticipate an impact of that budget line item for your benefit plans or is there some way I can understand where the optional benefits that you are considering in your state plan amendments?"

Ms. Bailes: "The Federal Regulation basically mandates require that there's ten

categories of services that must be provided and then it is up to the state to determine how to deliver those services. I can provide additional information in terms of the broad categories and the services that Medicaid is proposing being included in those benefits if that is acceptable?"

Delegate Cowles: "That would help me a lot. Thank you. Thank you Mr. President."

President Kessler: "Senator Barnes."

Senator Barnes: "When you talk about assessing or considering the benefit package for the expanded population, can I take that am I understanding correctly that there will be a different Medicaid program for the expanded population or are you reassessing the entire benefit package for all Medicaid recipients?"

Ms. Bailes: "This benefit plan would be specific to the new adult group, those individuals between the ages of 19 and 64 who qualify above the current Medicaid standard up to 133%. There are some differences in terms of what is offered today to what I will refer to as the traditional Medicaid program. There are some different restrictions on services for the new alternative benefit plan that are different from the current program and there is delivering of benefit or service that's different. They are in some ways different but pretty much they offer same benefits. For example, for personal care services under the alternative benefit plan there is a reduction in the service limit. Those individuals who are enrolled through this adult group will have less of those services available to them than the individual who qualified under the traditional Medicaid eligibility standards."

Senator Barnes: "Alright thank you."

President Kessler: "Any other questions? Delegate Manchin."

Delegate Manchin: "Thank you Mr. Chairman. You mentioned that you have a wait list of 2000 and some and that those are determined medically eligible but have not yet been determined financially eligible. How long once you send out a letter does it take to determine whether they are financially eligible?"

Ms. Bailes: "I will confirm this but I think the letter indicates that they have x number of days either 30 or 60 days to reach out or to go to the county office or a district to be determined eligible. They track those individuals to get them in there as soon as possible but there has been some delays. I know that from

past experiences. I can provide you with the exact time frames."

Delegate Manchin: "Are you thinking of 60 to 90 days somewhere in that ballpark?"

Ms. Bailes: "I would. It would be somewhere between 30 and 60 days is what I remember. I would like to confirm that just to make sure."

Delegate Manchin: "Can you tell me roughly how many folks who are medically eligible and get sent the letter, now present their financial eligibility. How many make it and how many don't?"

Ms. Bailes: "Approximately 60% of those individuals that are determined medically eligible will then move forward and also be determined financially eligible historically. 60% of that number."

Delegate Manchin: "When you send out the letters to say that they are now off the wait list and you ask for financial eligibility. Do you send only the number of letters for spots that are available or do you send some extra percentage in the anticipation that not everybody is going to qualify?"

Ms. Bailes: "My assumption as I understand it is that the letters will be mailed out to determine the full capacity and then as that information comes back whether you are eligible or ineligible then additional letters would be mailed."

Delegate Manchin: "Then that kind of contributes to a consistent under filling of those spots, doesn't it? We will never see that maximum utilization of the funds available."

Ms. Bailes: "There would be a delay in terms when those individuals are added to those slots but in terms of the projection, the financial piece, those assumptions are built into that number in terms that each individual receiving services would not receive historically a full twelve months of service. There will be a delay in those individuals in terms of the process. Eventually each slot that's available will be filled."

Delegate Manchin: "That certainly increases the delay time, right because now you have to send another letter out once you figure out if there is 6 out 10 that qualify and you sent 10 letters because you had 10 openings. Now you have 4 that are going to take another 60 to 90 days to fill. Right?"

Ms. Bailes: "Yes. That is my understanding but I will confirm that that's the

process and how they are managing that.”

Delegate Manchin: “Ok, thank you. Thank you Mr. Chairman.”

President Kessler: “Any other, Delegate Boggs.”

Delegate Boggs: “Thank you again Mr. President. I just wanted to follow up on what Delegate Manchin mentioned. If a slot comes vacant, even if that person that was in the slot previously only had services for one day, we wait a year before we fill that slot?”

Ms. Bailes: “That particular slot could not be reused until, yes that is absolutely correct.”

Delegate Boggs: “So we basically have people sitting and waiting for conceivably 364 days when the slot is there and the money has been allocated to fill that slot?”

Ms. Bailes: “If full capacity has been met in terms of approved slots. I think we also had a conversation in terms of if there is additional funding available that we could increase that slot capacity as well. CMS would allow us to submit our request to increase those.”

Delegate Boggs: “In regard to the Delegate from Morgan’s questions about CMS and amended plans, have you asked recently CMS to amend, allowing us to not have to wait that year to fill those slots? Have you made that request?”

Ms. Bailes: “We have requested an amendment to add additional slots and we did that last year. In terms of the question about this unduplicated count, those conversations, it has been probably several years in terms of asking for clarification regarding the use of those slots. CMS’s interpretation of that federal regulation is that once that slot has been filled and services have been rendered, if that individual leaves the program, that slot can technically not be refilled until the beginning of your waive period. However, CMS will allow you to request additional slots if you certify that you have the funding available to provide the services.”

Delegate Boggs: “Do we have ability to make that request again and ask for a further clarification?”

Ms. Bailes: “Certainly.”

Delegate Boggs: "Because if we could get that component taken care, it might take care of the need for additional slots. It is almost like we are talking about two different things. We keep adding slots which are needed but we have slots that cannot be filled purely by a technicality that are funded. That would certainly be something that I would have an interest in as well. Thank you. Thank you again Mr. President."

President Kessler: "Senator Barnes."

Senator Barnes: "I understand the aspect of the entire eligibility and the aged eligibility. Can you give me an example of someone who would not be medically eligible."

Ms. Bailes: "The medically eligibility is attached to the waivers and long-term care. The nursing home services and those individuals would have to meet deficits, x number of deficits in order to be determined to be medically eligible for that program."

Senator Barnes: "Alright, so assuming then that any one that is healthy and not in a nursing home and not on waiver program but meets the other two requirements is going to be eligible then?"

Ms. Bailes: "They would be screened in terms of their financial eligibility. If there are in one of these new groups or what is referred to as MAJAI, the adjusted gross income groups, its literally a standard of their income. For this new adult group if you are aged from 19 to 64 and you have income that is less than 133% of the federal poverty level, you would be deemed eligible for Medicaid. Now in addition to that 133% there is an allowance for a 5% disregard so technically if you at that, let's say you come in and you're at a 134%, then you would still be eligible for Medicaid because of that disregard that is applied. In terms of that, that is pretty much how those eligibility categories for our adults, our children's group, our parents' caretaker relevant groups now we currently serve. That's how those individuals will be determined eligible. The remainder of the group is either based on an aged or disability and those can come in different doors so to speak. They can be determined federally disabled and we receive that information directly from the SSA. So there is different types of eligibility and requirements attached to those. But in terms of the reference to the medically eligibility, those are attached to those long-term care programs including the waivers that you have to meet a certain standard or have certain numbers of deficits in order to qualify to participate in that program."

Senator Barnes: "Ok, thank you."

President Kessler: "Any other questions of Ms. Bailes? Thank you."

President Kessler: "Next is the Investment Management report from Mr. Slaughter."

Mr. Slaughter: "Good morning Gentlemen, Craig Slaughter, Executive Director of the West Virginia Investment Management Board. You have the August report in your books I believe. As you can see the last month's or August was terrible month in all asset classes. Again with the longer term assets, pension assets, I need to emphasize again and I won't quit, the short term performance like that is not really something we get all that concerned about. Over the ten years we are still 7.5% for all the pensions plans except teachers. Teachers is effected significantly by the VALIC Securities that were transferred over as far as the transfer DC plan participants over to the DB plan participants. We were unable to liquidate that initially so we suffered their rate of return as opposed to the rate of return we were able to earn on our assets. The other assets, insurance assets, endowment assets, those are more fixed income centrex, a lot more assets are invested in fixed income. We have been whipsawed as you have, everyone has with the federal government and that affects the fixed income markets. Not only regular fixed income markets but treasury inflation, protected securities which we have a fair amount of and these assets are also affected significantly. But again I think that will eventually wash out and we are in good shape. Any questions?"

President Kessler: "Questions of Mr. Slaughter? Senate Unger."

Senate Unger: "Just a question on investments, do we have any investments and companies that are doing any type of work in Iran or any type of activity or anything like that, I know that other states are starting to divest in investments there. Do we have anything like that going on here?"

Mr. Slaughter: "We don't track that. So I really can't answer one way or another. I seriously doubt if there's anything significant. Although the practical reality is given the nature of companies and their global, especially consumer product companies. I would be surprised if we didn't have some relationship somewhere down the line in some tenuous fashion in a country like Iran but again we don't track and I am not aware of anything significant."

Senate Unger: "So there is no way for us to know?"

Mr. Slaughter: "I wouldn't say there isn't any way for us to know but it would take a lot of digging to try to find out."

Senate Unger: "A lot of digging?"

Mr. Slaughter: "Yes."

Senate Unger: "Ok, thank you."

President Kessler: "Any other questions of Mr. Slaughter? Thank you sir."

Mr. Slaughter: "Thanks."

President Kessler: "Next is Mr. Pauley with Worker's Compensation."

Mr. Pauley: "Mr. President, thank you. Commissioner Riley sends his regrets, he was called to a budget meeting. Again I am Andrew Pauley, General Counsel of OIC. You have before the report of the Commissioner. The old fund deficit continues to decrease by a tune of \$150M to \$200M per year. All other funds remain solvent and stable. If I can answer any questions, I would be happy to."

President Kessler: "Any questions of Mr. Pauley? Delegate Manchin."

Delegate Manchin: "You said something about \$200M a year on the old fund? It decreases by \$200M a year?"

Mr. Pauley: "Yes sir."

Delegate Manchin: "And what is the total right now?"

Mr. Pauley: "It is approximately about \$640M so to speak, the deficit is about \$640M."

Delegate Manchin: "There's some point at which I think some severance surcharges comes off. Do you know when those occur?"

Mr. Pauley: "The estimate is right now approximately 2016, 2017. Obviously these are actuary projections. Workers Comp claims are longtail, so assuming medical costs do not go up substantially, particular procedures go up, it continues to the trend it has for the last seven years, we are estimating 2016 2017. At that point if the actuaries agree there is enough in there to self

sustain the fund then I guess we would come back and make a recommendation to remove those particular diversions to pay the deficit."

Delegate Manchin: "So they stay on until the deficit has been eliminated?"

Mr. Pauley: "That is correct and the fund is actuarially sound."

Delegate Manchin: "When it becomes actuarially sound, are there continuing funds that are coming into from some place or is that simply enough money that's sitting there that it can pay all of its bills based on its assets?"

Mr. Pauley: "Plus investments, yes."

Delegate Manchin: "So it's the latter of those. There will be no money coming in from any where at that point?"

Mr. Pauley: "That's correct."

Delegate Manchin: "Thank you. Thank you Mr. Chairman."

President Kessler: "Any other questions. None, I think everything else is in our packet. Is there any other business to come before the Committee? If none, Senator Barnes moves we adjourn. All of those in favor say aye, oppose, ayes appear to have it, that ayes do have it, I declare the meeting 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

November 5, 2013

Executive Summary WV Lottery, Unemployment Trust, General Revenue and State Road Fund

- West Virginia Lottery as of September 30, 2013:
Gross profit for July - September 2013 was \$138.7 million.
- West Virginia Unemployment Compensation Fund as of September 30, 2013:
Total disbursements were \$ 12.2 million less than last fiscal year. Overall ending trust fund balance was \$ 13.4 million lower on September 30, 2013, than on September 30, 2012.
- General Revenue Fund as of October 31, 2013:
The general revenue collections ended the fourth month of fiscal year 2013-2014 at 96.81% of the estimate for the year.
- State Road Fund as of October 31, 2013:
The state road fund collections ended the fourth month of fiscal year 2013-2014 at 105.14% of the estimate for the year.

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



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

MEMORANDUM

To: Honorable Chairmen and Members of the Joint Committee on
Government and Finance

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

Date: November 1, 2013

Re: Review of West Virginia Lottery Financial Information
As of September 30, 2013

We performed an analysis of the Statement of Revenues, Expenses and Retained Earnings for September 2013, the end of the first quarter of the fiscal year ending June 30, 2014, 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 \$ 315.7 million for July – September 30, 2013. Table games accounted for \$14 million of this total. Historic Resort Hotel video lottery and table games accounted for \$1.7 million of total gross receipts. Gross lottery revenue has decreased by 8.08% when compared with July - September of fiscal year 2012-2013. This number does not include commission and prize deductions. Gross profit (gross revenues minus commissions and prize costs) for July – September 2013 was \$138.7 million; for July - September of last fiscal year it was \$ 151.4 million.

Expressed as a percentage, gross profit is 8.31% lower for fiscal year 2014 than for fiscal year 2013.

Operating Transfers to the State of West Virginia:

A total of \$ 132,973,000.00 has been accrued to the state of West Virginia for fiscal year 2013-2014. This is on an accrual basis and may not correspond to the actual cash transfers made during the same time period. Amount 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	\$36,776,000.00
Community and Technical College	\$1,499,000.00
Department of Education	\$19,077,000.00
Library Commission	\$7,969,000.00
Higher Education-Central Office	\$5,268,000.00
Tourism	\$6,200,000.00
Department of Natural Resources	\$2,219,000.00
Division of Culture and History	\$3,633,000.00
Economic Development Authority	\$3,000,000.00
Department of Education and Arts	\$1,260,000.00
School Building Authority	\$5,399,000.00
<u>SUBTOTAL BUDGETARY TRANSFERS</u>	\$92,300,000.00

Excess Lottery Fund

Lottery

Lottery continued

Economic Development Fund	5,696,000.00
Higher Education Improvement Fund	4,500,000.00
WV Infrastructure Council Fund	0
Higher Education Improvement Fund	18,878,000.00
Refundable Credit	983,000.00
General Purpose Fund	0
DHHR	29,111,000.00
State Park Improvement Fund	0
School Building Authority	5,698,000.00
Excess Lottery Surplus	0
Total State Excess Lottery Revenue Fund	\$ 64,866,000.00

Historic Resort Hotel Distributions:

State General Revenue Fund	561,000.00
State Debt Reduction Fund	167,000.00
Tourism Promotion Fund	26,000.00
Total Historic Hotel	754,000.00

Veterans Instant Ticket Fund \$67,000.00

Table Games State Debt Reduction Fund \$ 7,115,000.00

RACETRACK VIDEO LOTTERY TRANSFERS:	
Tourism Promotion Fund 1.375%	2,063,000.00
Development Office Promo Fund	563,000.00
Research Challenge Fund .5%	750,000.00
Capitol Renovation and Improvement Fund .6875%	1,032,000.00

Lottery continued

Parking Garage Fund .0625%	94,000.00
Parking Garage Fund 1%	500,000.00
Cultural Facilities and Cap. Resources Fund .5%	435,000.00
Capitol Dome & Cap. Improvements Fund .5%	566,000.00
Workers Compensation Debt Reduction Fund 7%	9,588,000.00
SUBTOTAL VIDEO LOTTERY TRANSFERS:	\$15,591,000.00
TOTAL TRANSFERS	*\$180,693,000.00

* CASH BASIS

Total Accrued last FY 2013:	\$ 239,035,000.00
Total Cash Distributions FY 2014:	180,693,000.00
Applied to FY 2013:	180,693,000.00
Applied to FY 2014:	000.00
Accrued for FY 2013 as of Sept. 30:	\$ 58,342,000.00
Accrued for FY 2014 as of Sept. 30:	\$ 132,973,000.00



P.O. BOX 2067
CHARLESTON, WV 25327

PHONE: 304-558-0500
1-800-WVA-CASH

Earl Ray Tomblin
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 September 30, 2013

DATE: October 17, 2013

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

Financial statements of the Lottery for the month ending September 30, 2013 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, was \$100,767,393 for the month of September.

Transfers of lottery revenue totaling \$42,847,586 made for the month of September to the designated state agencies per Senate Bill 160, 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 10 on pages 19 and 20 of the attached financial statements.

The number of traditional and limited retailers active as of September 30, 2013 was 1,567 and 1,465 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
Attachment

pc: Honorable Earl Ray Tomblin, Governor
Robert S. Kiss, Cabinet Secretary – Dept. of Revenue
John Perdue, Treasurer
Glen B. Gainer III, Auditor
Members of the West Virginia Lottery Commission

MEMORANDUM

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Members of the West Virginia Lottery Commission



WEST VIRGINIA LOTTERY

STATE OF WEST VIRGINIA

**FINANCIAL STATEMENTS
-UNAUDITED-**

September 30, 2013

WEST VIRGINIA LOTTERY

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WEST VIRGINIA LOTTERY
STATEMENT OF NET POSITION
(In Thousands)
-Unaudited-

	September 30, 2013	June 30, 2013
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 216,974	\$ 273,418
Accounts receivable	36,365	35,999
Inventory	392	492
Other assets	1,982	2,123
Total Current Assets	<u>255,713</u>	<u>312,032</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	1,570	1,640
Capital assets	46,916	46,846
Less accumulated depreciation and amortization	<u>(7,136)</u>	<u>(6,626)</u>
Net Capital Assets	<u>39,780</u>	<u>40,220</u>
Total Noncurrent Assets	<u>41,350</u>	<u>41,860</u>
Total Assets	<u>\$ 297,063</u>	<u>\$ 353,892</u>
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 191,315	\$ 239,035
Estimated prize claims	15,571	14,144
Accounts payable	1,339	1,828
Other accrued liabilities	33,972	44,019
Total Current Liabilities	<u>242,197</u>	<u>299,026</u>
Total Liabilities	<u>242,197</u>	<u>299,026</u>
Net Position:		
Restricted by enabling legislation	1,570	40,220
Net Investment in capital assets	39,780	13,006
Unrestricted	13,516	1,640
Total Net Position	<u>54,866</u>	<u>54,866</u>
Total Net Position	<u>\$ 297,063</u>	<u>\$ 353,892</u>

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

WEST VIRGINIA LOTTERY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2013

(In Thousands)

-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	2013	2012	2013	2012
Lottery revenues				
On-line games	\$ 7,737	\$ 6,466	\$ 22,686	\$ 20,237
Instant games	9,407	9,100	27,682	26,976
Racetrack video lottery	48,835	56,759	156,444	176,108
Limited video lottery	30,219	32,217	93,212	99,580
Table games	4,089	5,878	14,048	18,343
Historic resort	480	804	1,701	2,288
	<u>100,767</u>	<u>111,224</u>	<u>315,773</u>	<u>343,532</u>
Less commissions				
On-line games	550	445	1,594	1,422
Instant games	657	637	1,938	1,888
Racetrack video lottery	27,662	32,983	88,609	100,582
Limited video lottery	14,808	15,786	45,674	48,794
Table games	1,785	2,566	6,133	8,008
Historic resort	278	332	902	1,070
	<u>45,740</u>	<u>52,749</u>	<u>144,850</u>	<u>161,764</u>
Less on-line prizes	3,812	3,182	11,263	10,037
Less instant prizes	6,225	6,049	18,271	17,959
Less ticket costs	135	206	491	452
Less vendor fees and costs	706	646	2,127	1,977
	<u>10,878</u>	<u>10,083</u>	<u>32,152</u>	<u>30,425</u>
Gross profit	<u>44,149</u>	<u>48,392</u>	<u>138,771</u>	<u>151,343</u>
Administrative expenses				
Advertising and promotions	614	255	768	784
Wages and related benefits	872	927	2,681	2,815
Telecommunications	54	64	169	242
Contractual and professional	366	358	1,052	926
Rental	23	19	75	55
Depreciation and amortization	170	180	510	541
Other administrative expenses	114	125	357	330
	<u>2,213</u>	<u>1,928</u>	<u>5,612</u>	<u>5,693</u>
Other Operating Income	<u>517</u>	<u>538</u>	<u>1,651</u>	<u>1,674</u>
Operating Income	<u>42,453</u>	<u>47,002</u>	<u>134,810</u>	<u>147,324</u>
Nonoperating income (expense)				
Investment income	19	22	59	59
Distributions to municipalities and counties	(592)	(631)	(1,827)	(1,951)
Distributions -capital reinvestment	(23)	(20)	(69)	(74)
Distributions to the State of West Virginia	(41,857)	(46,373)	(132,973)	(145,358)
	<u>(42,453)</u>	<u>(47,002)</u>	<u>(134,810)</u>	<u>(147,324)</u>
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, beginning of period	<u>54,866</u>	<u>51,975</u>	<u>54,866</u>	<u>51,975</u>
Net position, end of period	<u>\$ 54,866</u>	<u>\$ 51,975</u>	<u>\$ 54,866</u>	<u>\$ 51,975</u>

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

**WEST VIRGINIA LOTTERY
STATEMENTS OF CASH FLOWS
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2013**

(In Thousands)

-Unaudited-

	2013	2012
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 317,058	\$ 342,829
Cash payments for:		
Personnel costs	(2,648)	(2,787)
Suppliers	(2,674)	(3,632)
Other operating costs	(175,895)	(189,408)
Cash provided by operating activities	<u>135,841</u>	<u>147,002</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(180,693)	(186,565)
Distributions to municipalities and counties	(1,842)	(1,957)
Distributions to racetrack from racetrack cap. reinv. fund	(9,809)	(416)
Cash used in noncapital financing activities	<u>(192,344)</u>	<u>(188,938)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>(70)</u>	<u>-</u>
Cash flows from investing activities:		
Investment earnings received	<u>59</u>	<u>59</u>
Increase (decrease) in cash and cash equivalents	(56,514)	(41,877)
Cash and cash equivalents - beginning of period	<u>275,058</u>	<u>243,911</u>
Cash and cash equivalents - end of period	<u>\$ 218,544</u>	<u>\$ 202,034</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 134,810	\$ 147,324
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	510	541
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(366)	(2,377)
(Increase) decrease in inventory	100	(155)
(Increase) decrease in other assets	141	132
Increase (decrease) in estimated prize claims	1,427	69
Increase (decrease) in accounts payable	(489)	(1,510)
Increase (decrease) in other accrued liabilities	(292)	2,978
Cash provided by operating activities	<u>\$ 135,841</u>	<u>\$ 147,002</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 basis 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; Mega Millions®, a multi-state “jackpot” 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.

Video lottery is a self-activated video version of lottery games which is operated by an authorized licensee. 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 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 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. WV Lottery statutes have established specific requirements for video lottery and imposed certain restrictions limiting the licensing for operation of video lottery games to horse and dog racetracks in West Virginia (subject to local county elections permitting the same), limited licensed retailer areas restricted for adult amusement, and licensed historic resort hotels as defined by WV Code.

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The legislation further stipulates the distribution of revenues from video lottery games, and requires any video lottery licensee to be responsible for acquiring the necessary equipment and bearing the risk associated with the costs of operating and marketing 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), and licensed historic resort hotels as defined by WV Code. Each licensee 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 licensee 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 in an external investment pool maintained by the West Virginia Board of Treasury Investments (BTI). The BTI pool is a 2a-7 like pool carried at amortized cost which approximates fair value of the underlying securities.

INVENTORY – Inventory consists of instant game tickets available for sale to approved Lottery retailers and is carried at cost as determined by the specific identification method.

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

CAPITAL ASSETS – The Lottery has adopted a policy of capitalizing assets with individual amounts exceeding \$25,000. These assets include leasehold improvements 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.

ADVERTISING AND PROMOTIONS – The Lottery expenses the costs of advertising and promotions as they are incurred.

COMPENSATED ABSENCES – The Lottery has accrued \$555,325 and \$566,986 of at June 30, 2013 and 2012, respectively, for estimated obligations that may arise in connection with compensated absences for vacation at the current rate of employee pay. Employees fully vest in all earned but unused vacation. To the extent that accumulated sick leave is expected to be converted to benefits on termination or retirement, the Lottery participates in another postemployment benefits plan (see Note 16).

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

NET POSITION – Net position is presented as restricted, unrestricted and net investment in capital assets which represent the net book value of all property and equipment of the Lottery. When an expense is incurred for purposes for which both restricted and unrestricted net position are available, restricted resources are applied first.

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 September 30, 2013 the carrying amounts of deposits (overdraft) with financial institutions were \$1,312 thousand with a bank balance (overdraft) of \$1,384 thousand. Of this balance \$250 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):

	September 30, 2013	June 30, 2013
Deposits with financial institutions	\$ 1,312	\$ 1,411
Cash on hand at the Treasurer's Office	11,503	53,718
Investments with BTI reported as cash equivalents	205,729	219,929
	\$ 218,544	\$ 275,058

The deposits with the BTI are part of the State of West Virginia’s consolidated investment cash liquidity pool. 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.

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 4 – CAPITAL ASSETS

A summary of capital asset activity for the month ended September 30, 2013 is as follows (in thousands):

Capital Assets:

	Historical Cost At June 30, 2013	Additions	Deletions	Historical Cost At September 30, 2013
Construction in Progress	\$ 549	\$ 70	\$ -	\$ 619
Buildings	38,084	-	-	38,084
Land	1,434	-	-	1,434
Improvements	260	-	-	260
Equipment	6,519	-	-	6,519
	<u>\$ 46,846</u>	<u>\$ 70</u>	<u>\$ -</u>	<u>\$ 46,916</u>

Accumulated Depreciation:

	Historical Cost At June 30, 2013	Additions	Deletions	Historical Cost At September 30, 2013
Buildings	\$ 1,189	\$ 238	\$ -	\$ 1,427
Improvements	260	-	-	260
Equipment	5,177	272	-	5,449
	<u>\$ 6,626</u>	<u>\$ 510</u>	<u>\$ -</u>	<u>\$ 7,136</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, the HOT LOTTO® game, and the MEGA MILLIONS® jackpot game on behalf of participating state lotteries. MUSL is currently comprised of 33 member state lotteries, including the District of Columbia and the United States Virgin Islands. MUSL is managed by a Board of Directors, which is comprised of the lottery directors or their designee from each of the party states. The Board of Directors' responsibilities to administer the Multi-State Lottery Powerball, Hot Lotto, and Mega Millions games are performed by advisory committees or panels staffed by officers and independent contractors appointed by the board. These officers and consultants serve at the pleasure of the board and the board prescribes their powers, duties and qualifications. The Executive Committee carries out the budgeting and financing of MUSL, while the board contracts the annual independent audit. A copy of the audit may be obtained by writing to the Multi-State Lottery Association, 1701-48th Street, Suite 210, West Des Moines, Iowa 50266-6723.

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®, HOT LOTTO® and MEGA MILLIONS® is 50% of each drawing period's sales, with minimum jackpot levels. The Lottery's revenues and expenses from MUSL games participation for the month ended September 30, 2013 and fiscal year-to-date is as follows:

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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

<u>Revenues</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 4,614,333	\$ 13,127,915
Hot Lotto	368,787	1,374,602
Mega Millions	882,117	2,234,161
Total	\$ 5,865,237	\$ 16,736,678

<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 2,307,167	\$ 6,563,958
Hot Lotto	184,393	687,301
Mega Millions	449,022	1,137,083
Total	\$ 2,940,582	\$ 8,388,342

MUSL places a percentage of game sales from each game in separate prize reserve funds that serve as a contingency reserve to protect the respective MUSL Product Groups from unforeseen prize liabilities. 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. The applicable sales percentage contribution as well as the reserve fund limit for the MUSL games is as follows:

	<u>PowerBall</u>	<u>Hot Lotto</u>	<u>Mega Millions</u>
Required Contribution (% of sales)	2%	3%	1%
Reserve Fund Cap	\$125,000,000	\$9,000,000	\$45,000,000

At September 30, 2013, the Lotteries share of the prize reserve fund balances were as follows:

Game	<u>Total Prize Reserve</u>	<u>Lottery Share</u>
Powerball	\$ 113,873,522	\$ 1,996,689
Hot Lotto	7,197,108	495,826
Mega Millions	29,829,081	492,280
Total	<u>\$ 150,899,711</u>	<u>\$ 2,984,795</u>

Lottery prize reserves held by the MUSL are invested according to a Trust agreement the Lottery has with MUSL outlining investment policies. The policies restrict investments to direct obligations of the United States Government, perfected repurchase agreements, and obligations issued or guaranteed as to payment of principal and interest by agencies or instrumentalities of the United States Government, and mutual funds of approved investments. The average portfolio maturity is never more than one year, except that up to one third

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

of the portfolio may have an average maturity of up to two years. The maximum maturity for any one security does not exceed five years.

The interest earned on prize reserve fund monies is used to pay MUSL operating expenses and any amounts over and above that are credited to an unreserved fund. The Lottery records this as interest when earned. This fund had a balance of \$15,254,926 at September 30, 2013, of which the Lottery's share was \$1,599,398.

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 10 titled "Nonoperating Distributions to the State of West Virginia."

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

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

The final benchmark occurs when the current year net terminal revenue meets the fiscal year 2001 net terminal revenue. At this point a 10% surcharge is applied to net terminal revenue, with 58% of the surcharge allocated for distribution to the State as specified by legislation or the State budget, and 42% of the surcharge allocated to separate capital reinvestment funds for each licensed racetrack.

After deduction of the surcharge, 55% of net terminal revenue is allocated in lieu of commissions to: the racetracks (42%); other private entities associated with the racing industry (11%); and the local county and incorporated municipality governments (2%). The remaining net terminal revenue (45%) is allocated for distribution to the State as specified in the Racetrack Video Lottery Act or subsequent State budget, as described in Note 10. 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 .74% of the amount wagered. A summary of racetrack video lottery revenues for the month ended September 30, 2013 and fiscal year-to-date follows (in thousands):

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NOTE 6 - RACETRACK VIDEO LOTTERY (continued)

	Current Month		Year-to-Date	
	2014	2013	2014	2013
Total credits played	\$ 550,400	\$ 640,406	\$ 1,757,222	\$ 1,960,709
Credits (prizes) won	(494,051)	(575,960)	(1,577,109)	(1,760,707)
Promotional credits played	(7,489)	(7,651)	(23,586)	(23,779)
MWAP Contributions	(25)	(36)	(83)	(115)
Gross terminal income	48,835	56,759	156,444	176,108
Administrative costs	(1,953)	(2,270)	(6,258)	(7,044)
Net Terminal Income	46,882	54,489	150,186	169,064
Less distribution to agents	(27,662)	(32,984)	(88,609)	(100,583)
Racetrack video lottery revenues	<u>\$ 19,220</u>	<u>\$ 21,505</u>	<u>\$ 61,577</u>	<u>\$ 68,481</u>

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

	September 30, 2013	Year-to-Date
State Lottery Fund	\$ 14,064	\$ 45,056
State Excess Lottery Revenue Fund	-	-
Capital Reinvestment Fund	-	-
Tourism Promotion Fund 1.375%	645	2,065
Development Office Promotion Fund .375 %	176	563
Research Challenge Fund .5 %	234	751
Capitol Renovation & Improvement Fund .6875 %	322	1,033
Parking Garage Fund .0625 %	29	94
Parking Garage Fund 1 %	-	500
Cultural Facilities & Capitol Resources Fund .5 %	234	501
Capitol Dome & Capitol Improvements Fund .5 %	234	501
Worker's Compensation Debt Reduction Fund 7 %	3,282	10,513
Total nonoperating distributions	<u>\$ 19,220</u>	<u>\$ 61,577</u>

NOTE 7 - LIMITED VIDEO LOTTERY

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

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

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 September 30, 2013 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2014	2013	2014	2013
Total credits played	\$ 355,858	\$ 379,909	\$ 1,104,651	\$ 1,176,836
Credits (prizes) won	(325,639)	(347,692)	(1,011,439)	(1,077,256)
Gross terminal income	\$ 30,219	\$ 32,217	\$ 93,212	\$ 99,580
Administrative costs	(604)	(644)	(1,864)	(1,992)
Gross Profit	29,615	31,573	91,348	97,588
Commissions	(14,808)	(15,786)	(45,674)	(48,794)
Municipalities and Counties	(592)	(632)	(1,827)	(1,952)
Limited video lottery revenues	<u>\$ 14,215</u>	<u>\$ 15,155</u>	<u>\$ 43,847</u>	<u>\$ 46,842</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 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:

**WEST VIRGINIA LOTTERY
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NOTE 8 – TABLE GAMES (continued)

- 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 10- Nonoperating Distributions to the State of West Virginia. The table games adjusted gross receipts for the month ended September 30, 2013 and fiscal year-to-date were \$11,683,043 and \$40,137,756, respectively. The following table shows the month and year totals of the privilege tax and the accrued distributions (in thousands) to be transferred in the subsequent month:

	Current Month		Year-to-Date	
	2014	2013	2014	2013
Table Games Privilege Tax	\$ 4,089	\$ 5,878	\$ 14,048	\$ 18,344
Interest on Table Games Fund	-	1	1	1
Administrative costs	(350)	(504)	(1,204)	(1,572)
Total Available for Distribution	<u>3,739</u>	<u>5,375</u>	<u>12,845</u>	<u>16,773</u>
<u>Less Distributions:</u>				
Racetrack Purse Funds	292	419	1,003	1,310
Thoroughbred & Greyhound Development Funds	234	336	803	1,048
Racing Association Pension Plan	103	148	353	461
Municipalities/ Counties	<u>1,156</u>	<u>1,664</u>	<u>3,974</u>	<u>5,190</u>
Total Distributions	<u>1,785</u>	<u>2,567</u>	<u>6,133</u>	<u>8,009</u>
State Debt Reduction Fund	<u>\$ 1,954</u>	<u>\$ 2,808</u>	<u>\$ 6,712</u>	<u>\$ 8,764</u>

NOTE 9 – HISTORIC RESORT HOTEL

In 2009, the Legislature passed Senate Bill 575 which permits video lottery and table games at a licensed historic resort hotel which is defined as “a resort hotel registered with the United States Department of the Interior as a national historic landmark in its National Registry of Historic Places having not fewer than five hundred guest rooms under common ownership and having substantial recreational guest amenities in addition to the gaming facility.”

Historic Resort Video Lottery

According to Senate Bill 575, thirty six percent (36%) of gross terminal income is allocated to Historic Resort Hotel Fund and seventeen percent (17%) of gross terminal income is allocated to the Human Resource Benefit Fund. The remaining forty-seven percent (47%) of gross terminal income is then subject to a ten percent (10%) surcharge which is allocated to separate capital reinvestment funds for each licensed historic resort hotel. The remaining forty-two and three-tenths percent (42.3%) of gross terminal income is retained by the historic resort hotel.

WEST VIRGINIA LOTTERY
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NOTE 9 – HISTORIC RESORT HOTEL (continued)

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 .75% of the amount wagered. A summary of historic resort hotel video lottery revenues for the month ended September 30, 2013 and fiscal year-to-date follows (in thousands):

	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Total credits played	\$ 5,531	\$ 4,708	\$ 17,566	\$ 17,985
Credits (prizes) won	(5,056)	(4,322)	(16,107)	(16,496)
Promotional credits played	(66)	(39)	(214)	(177)
MWAP Contributions	-	(1)	(1)	(4)
Gross terminal income	<u>409</u>	<u>346</u>	<u>1,244</u>	<u>1,308</u>
Capital reinvestment	(19)	(16)	(58)	(61)
Modernization Fund	(4)	(3)	(11)	(12)
Administrative costs	(22)	(19)	(67)	(71)
Hotel commissions	<u>(173)</u>	<u>(146)</u>	<u>(526)</u>	<u>(553)</u>
Net terminal income	191	162	582	611
Historic Resort Hotel Fund	121	103	371	389
Human Resource Benefit Fund	70	59	211	222

Historic Resort Table Games

Each historic resort hotel licensee is subject to a privilege tax of thirty five percent (35%) of adjusted gross receipts, of which thirty percent (30%) is deposited directly into the Historic Resort Hotel Fund and five percent (5%) is deposited directly into the Human Resource Benefit Fund. The historic resort hotel table games adjusted gross receipts for the month ended September 30, 2013 and fiscal year-to-date were \$204,307 and \$1,304,802, respectively.

The following table shows the month and fiscal year -to- date totals of the privilege tax and the accrued distributions (in thousands) to be transferred in the subsequent month:

	<u>Current Month</u>		<u>Year-to-Date</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Table games privilege tax	\$ 71	\$ 458	\$ 457	\$ 979
Administrative Costs	(9)	(59)	(59)	(126)
Total Available for Distribution	<u>62</u>	<u>399</u>	<u>398</u>	<u>853</u>
Historic Resort Hotel Fund	52	334	333	713
Human Resource Benefit Fund	10	65	65	140

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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NOTE 9 – HISTORIC RESORT HOTEL (continued)

Historic Resort Hotel Fund

Of the monies deposited into the Historic Resort Hotel Fund, fifteen percent (15%) is allocated for lottery administrative costs. The remaining Historic Resort Hotel Fund net income (gross deposits less 15%) is distributed as follows:

- 1) Sixty-four percent (64%) is paid to the State of West Virginia General Revenue Fund;
- 2) Nineteen percent (19%) is paid to the State Debt Reduction Fund;
- 3) Three percent (3%) is paid to the State of West Virginia Tourism Promotion Fund;
- 4) Four percent (4%) is paid to the county where the gaming facility is located;
- 5) Two and one-half percent (2.5%) is paid to the municipality where the gaming facility is located as prescribed by statute;
- 6) Two and one-half percent (2.5%) is divided and paid in equal shares to the remaining municipalities in the county where the gaming facility is located;
- 7) Two and one-half percent (2.5%) is divided and paid in equal shares, to each county commission in the state where the gaming facility is not located;
- 8) Two and one-half percent (2.5%) is divided and paid in equal shares, to each municipality in the state not already receiving a distribution as described in item five (5) or item six (6) above.

A summary of Historic Resort Hotel Fund revenues and related distributions is as follows (in thousands):

	Current Month	Year-to-Date
Historic Resort Hotel Video Lottery	\$ 121	\$ 371
Historic Resort Table Games	52	333
Interest on Historic Resort Hotel Fund	-	-
Historic Resort Hotel Fund Net Income	173	704
Municipalities/ Counties	24	100
State General Revenue Fund	111	449
State Debt Reduction Fund	33	134
State Tourism Promotion Fund	5	21
Total Distributions	\$ 173	\$ 704

NOTE 10- 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, 2014 the State Legislature budgeted \$151,565,243 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, \$1,000,000, and \$500,000 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 \$5,300,000 per month for the first ten months of each fiscal year. In addition, Legislation provides that, if in any month, there is a shortage of

WEST VIRGINIA LOTTERY
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**NOTE 10- NONOPERATING DISTRIBUTIONS TO THE STATE OF WEST VIRGINIA
(continued)**

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. For the month ended September 30, 2013 the Lottery has accrued additional distributions of \$187,757,526. 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. For the month ended September 30, 2013, the Lottery accrued additional distributions relating to racetrack video lottery, table games, and historic resort operations of \$1,454,045, \$1,953,629, and \$149,328, respectively.

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. Note 9 describes the Historic Resort Hotel statutory distributions to be made from historic resort 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>September 30, 2013</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ 500	\$ 1,499
Bureau of Senior Services	7,082	36,776
Department of Education	3,674	19,077
Library Commission	1,535	7,969
Higher Education-Policy Commission	1,014	5,268
Tourism	1,194	6,200
Natural Resources	427	2,219
Division of Culture & History	700	3,633
Department of Education & Arts	243	1,260
Economic Development Authority	1,000	3,000
School Building Authority	1,800	5,399
Total State Lottery Fund	\$ 19,169	\$ 92,300

**WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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**NOTE 10- NONOPERATING DISTRIBUTIONS TO THE STATE OF WEST VIRGINIA
(continued)**

State Excess Lottery Revenue Fund:

Economic Development Fund	\$ 1,899	\$ 5,696
Higher Education Improvement Fund	1,500	4,500
General Purpose Account	-	-
Higher Education Improvement Fund	9,624	18,878
State Park Improvement Fund	-	-
School Building Authority	1,899	5,698
Refundable Credit	983	983
WV Racing Commission	-	-
WV Department of Health and Human Resources	-	29,111
WV Development Office	-	-
Excess Lottery Surplus	-	-
West Va. Infrastructure Council	-	-
Total State Excess Lottery Revenue Fund	\$ 15,905	\$ 64,866
Total Budgetary distributions:	\$ 35,074	\$ 157,166
Veterans Instant Ticket Fund	\$ 28	\$ 67

Other Racetrack Video Lottery distributions:

Tourism Promotion Fund 1.375%	\$ 620	\$ 2,063
Development Office Promotion Fund .375%	168	563
Research Challenge Fund .5%	225	750
Capitol Renovation & Improvement Fund .6875%	310	1,032
Parking Garage Fund .0625 %	27	94
Parking Garage Fund 1 %	-	500
Cultural Facilities & Cap. Resources Fund .5%	226	435
Capitol Dome & Cap. Improvements Fund .5%	226	566
Workers Compensation Debt Reduction Fund 7%	3,157	9,588
Total	\$ 4,959	\$ 15,591
Table Games State Debt Reduction Fund	\$ 2,500	\$ 7,115

Historic Resort Hotel distributions:

State General Revenue Fund	\$ 212	\$ 561
State Debt Reduction Fund	64	167
Tourism Promotion Fund	10	26
Total	\$ 286	\$ 754

Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 42,847	\$ 180,693
Accrued nonoperating distributions, beginning	(192,305)	(239,035)
Accrued nonoperating distributions, end	191,315	191,315
	\$ 41,857	\$ 132,973

WEST VIRGINIA LOTTERY
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NOTE 11 – LEASES

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 cancelable operating leases. Rental expense for the fiscal year-to-date ended September 30, 2013 and September 30, 2012 approximated \$74,498 and \$54,536 respectively.

The Lottery leases office space under the terms of a non-cancellable operating lease to various tenants. Rental revenues for the fiscal year-to-date ended September 30, 2013 and September 30, 2012 approximated \$345,023 and \$345,079 respectively.

Future rental receipts (in thousands) are as follows:

Year Ended June 30	Rental Receipts
2014	679
2015	232
Total	\$ 911

NOTE 12 – RESTRICTED NET POSITION

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. Contributions to the fund for fiscal years ending June 30, 2013 and June 30, 2012 were as follows:

	June 30, 2013	June 30, 2012
Beginning balance	\$ 1,690	\$ 2,039
Additions		
Legislative Appropriations		9,645
Deductions		
Asset acquisition	(50)	(9,994)
Surplus of excess funds		
Ending balance	\$ 1,640	\$ 1,690

WEST VIRGINIA LOTTERY
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NOTE 13 – COMMITMENTS

For the years ended June 30, 2013 and 2012 the Lottery Commission has not designated any unexpended administrative funds for the acquisition of capital assets. As of June 30, 2013 and 2012, \$2,003,028 and \$3,193,044, respectively, are included in unrestricted net position and net investment in capital assets for this purpose.

NOTE 14 - 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, 4101 MacCorkle Ave. S.E., Charleston, West Virginia 25304-1636.

Employees who retire at or after age sixty with five or more years of contributory service or who retire at or after age fifty-five and have completed twenty-five years of credited service with age and credited service equal to eighty or greater are eligible for retirement benefits as established by State statute. Retirement benefits are payable monthly for life, in the form of a straight-line annuity equal to two percent of the employee's average annual salary from the highest 36 consecutive months within the last 10 years of employment, multiplied by the number of years of the employee's credited service at the time of retirement. Covered employees are required to contribute 4.5% of their salary to the PERS. The Lottery is required to contribute 14.5% 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 month ending September 30, 2013 and fiscal year-to-date are as follows (in thousands):

	September 30, 2013	Year-to-Date
Lottery contributions	\$ 88	\$ 280
Employee contributions	27	86
Total contributions	\$ 115	\$ 366

NOTE 15 - 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 has issued separate audited financial reports on their operations. Those reports include the required supplementary information concerning the reconciliation of claims liabilities by type of contract and ten-year claim development information. Complete financial statements of the individual insurance enterprise funds can be obtained directly from their respective administrative offices.

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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NOTE 15 - RISK MANAGEMENT (continued)

WORKERS' COMPENSATION INSURANCE

The Lottery carries workers compensation insurance coverage through a commercial insurance carrier. The commercial insurance carrier is paid a monthly rated premium to provide compensation for injuries sustained in the course of employment.

PUBLIC EMPLOYEES' INSURANCE AGENCY (PEIA)

The Lottery participates in the Public Employees' Insurance Agency which provides an employee benefit insurance program to employees. PEIA was established by the State of West Virginia for State agencies, institutions of higher 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.

WEST VIRGINIA LOTTERY
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NOTE 16– OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The Lottery participates in the West Virginia Other Postemployment Benefits Plan (OPEB Plan) of the West Virginia Retiree Health Benefit Trust Fund (Trust), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the West Virginia Public Employee Insurance Agency (WVPEIA). The OPEB Plan provides retiree post-employment health care benefits for participating state and local government employers. The provisions of the Code of West Virginia, 1931, as amended (the Code), assigns the authority to establish and amend benefit provisions to the WVPEIA board of trustees. The WVPEIA issues a publicly available financial report that includes financial statements and required supplementary information for the OPEB Plan. That report may be obtained by writing to Public Employees Insurance Agency, 601 57th Street, South East, Suite 2, Charleston, West Virginia, or by calling 1-888-680-7342.

Funding Policy

The Code requires the OPEB Plan bill the participating employers 100% of the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. State of West Virginia plan employers are billed per active health policy per month.

The ARC rate is \$257 and \$961 per employee per month for the years ending June 30, 2013 and 2012 respectively. Through June 30, 2013 and 2012, the Lottery has paid premiums of \$332,615 and \$317,694. As of June 30, 2013 and 2012, the Lottery has recorded a liability of \$4,188,445 and \$4,075,581 on its balance sheet for OPEB.

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 Chairmen and Members of the Joint Committee on
Government and Finance

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

Date: November 1, 2013

Re: Status of General Revenue Fund and State Road Fund as of
October 31, 2013 (FY 2013-2014)

We have reviewed the cash flow of the West Virginia general revenue fund as of October 31, 2013 which is the end of the fourth month of the new fiscal year. The status of the fund collections for the month is as follows:

The net collections were 96.81% of the estimate for the fiscal year. Total collections were \$ 42.4 million under the estimate.

Personal Income Tax collections were \$ 35.4 million below the estimate for the fiscal year.

Consumer sales and use tax collections were \$ 3.2 million below the estimate for the year.

Severance Tax was \$ 7.2 million over the estimate for the fiscal year.

Corporate Income and Business Franchise Tax collections were \$1.7 million below the estimate for the fiscal year.

State Road Fund

The state road fund collections were 105.14% of the estimate for the fiscal year.

Rainy Day and Personal Income Tax Reserve

Revenue Shortfall Reserve Fund A (Rainy Day Fund) had a cash balance of \$555,133,819.96 as of October 31, 2013.

Balance July 1, 2013	557,992,969.15
Cash flow loan to General Revenue on July 1, 2013. To be repaid 90 days. This is a normal occurrence in July due to cash flow demands. Paid back September 2013.	- 62,000,000.00 +62,000,000.00
Earnings	-8,609,789.43
Surplus transfer FY 2013	5,750,640.24
Balance October 31, 2013	555,133,819.96

Revenue Shortfall Reserve Fund B (Tobacco Settlement Monies) had a cash balance of \$ 356,589,351.28 as of October 31, 2013.

Balance July 1, 2013	356,472,701.67
Earnings	116,649.61
Balance October 31, 2013	356,589,351.28

The Special Income Tax Reserve Fund had a zero cash balance as of October 31, 2013.

Balance July 1, 2013	-0-
Revenues	-0-
Balance October 31, 2013	-0-

GENERAL REVENUE FUND FY 2013-2014

FINAL

By Source and by Month
 Monthly Revenue Estimates
 as of October 31, 2013 WV FIMS

	MONTH ESTIMATES	NET MONTH COLLECTIONS	UNDER ESTIMATES VS ACTUAL COLLECTIONS	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY OVER UNDER ESTIMATES VS ACTUAL COLLECTIONS
Personal Income Tax	130,400,000	122,612,664	-7,787,336	572,650,000	537,220,400	-35,429,600
Consumer Sales Tax & Use Tax	102,300,000	101,932,736	-367,264	406,400,000	403,140,930	-3,259,070
Severance Tax	29,400,000	34,395,708	4,995,708	130,700,000	137,968,727	7,268,727
Corp Income /Business Franchise	10,100,000	7,412,139	-2,687,861	70,400,000	68,689,140	-1,710,860
Insurance Tax	26,400,000	24,203,651	-2,196,349	54,900,000	51,764,976	-3,135,024
Tobacco Products Tax	8,600,000	9,833,683	1,233,683	36,700,000	36,252,173	-447,827
Business and Occupation	9,000,000	7,663,767	-1,336,233	36,100,000	33,588,547	-2,511,453
Liquor Profit Transfers	1,150,000	1,163,750	13,750	4,400,000	4,804,998	404,998
Departmental Collections	950,000	1,085,369	135,369	4,000,000	4,124,865	124,865
Property Transfer Tax	824,000	774,649	-49,351	3,659,000	3,538,037	-120,963
Property Tax	888,000	802,871	-85,129	3,203,000	3,418,134	215,134
Beer Tax and Licenses	610,000	650,280	40,280	2,859,000	2,758,173	-100,827
Miscellaneous Transfers	0	0	0	2,500,000	745,598	-1,754,402
Interest Income	500,000	311,293	-188,707	2,000,000	-590,257	-2,590,257
Senior Tax Credit Reimbur Lot	230,000	80,250	-149,750	1,075,000	1,062,964	-12,036
Miscellaneous Receipts	205,000	450,937	245,937	747,000	1,479,184	732,184
Business Fran Registration Fees	42,000	59,595	17,595	212,000	236,538	24,538
Liquor License Renewal	71,000	91,778	20,778	184,000	183,556	-444
Charter Tax	0	12,085	12,085	0	23,761	23,761
Telecommunications Tax	0	0	0	0	-260,588	-260,588
Video Lottery Transfers	0	6,132	6,132	0	84,107	84,107
HB 102 - Lottery Transfers	0	0	0	0	0	0
Racing Fees	0	0	0	0	0	0
Estate and Inheritance Tax	0	0	0	0	0	0
Cash Flow Transfer	0	0	0	0	0	0
TOTALS	321,670,000	313,543,338	-8,126,662	1,332,689,000	1,290,233,962	-42,455,038
Minus Cash Flow Transfer		0			0	
Percent of Estimates		97.47%			96.81%	
TOTALS	321,670,000	313,543,338	-8,126,662	1,332,689,000	1,290,233,962	-42,455,038
Percent of Estimates		97.47%			96.81%	
Collections this day		51,754,527				

Prepared by Legislative Auditor's Office, Budget Division

STATE ROAD FUND FY 2013-2014
 By Source and by Month
 Monthly Revenue Estimates
 as of October 31, 2013 WVFIMS

FINAL

	MONTH ESTIMATES	NET MONTH COLLECTIONS	MONTHLY OVER UNDER ESTIMATES VS ACTUAL COLLECTIONS	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY OVER UNDER ESTIMATES VS ACTUAL COLLECTIONS
Gasoline & Motor Carrier Rd Tax	34,600,000	37,324,822	2,724,822	155,800,000	164,289,555	8,489,555
Privilege Tax	15,358,000	15,398,809	40,809	64,464,000	70,475,158	6,011,158
Licenses & Registration	6,783,000	6,868,999	85,999	30,948,000	29,412,465	-1,535,535
Highway Litter Control	127,000	168,683	41,683	580,000	551,070	-28,930
TOTALS	56,868,000	59,761,313	2,893,313	251,792,000	264,728,248	12,936,248
Percent of Estimates		105.09%			105.14%	
Collections this day		26,545,873				

REVENUE SHORTFALL RESERVE FUND 7005, Part A AS OF November 1, 2013 : \$555,133,819.96

REVENUE SHORTFALL RESERVE FUND 7006, Part B AS OF November 1, 2013: \$356,589,351.28

PERSONAL INCOME TAX REFUND RESERVE FUND AS OF November 1, 2013: \$0

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 Chairmen and Members of the Joint Committee on
Government and Finance

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

Date: November 1, 2013

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the September 30, 2013 monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia.

As of September 30, 2013 of fiscal year 2013-2014, the trust fund cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2013	\$119,511,755.93
Receipts July 1, 2013 thru June 30, 2014	\$ 78,096,985.40
Disbursements July 1, 2013 thru June 30, 2014	\$ 75,829,254.47
Balance September 30, 2013	\$ 121,779,486.86

ITEMS OF NOTE:

Regular benefits paid for July-September 2013 were \$8.5 million

less than July - September 2012.

Federal emergency benefits totaled \$23.7 million for July - September 2013. For July- September 2012, federal emergency benefits totaled \$26.8 million.

Total disbursements were \$ 12.2 million less in July- September 2013 than the preceding July - September 2012.

Receipts as of September 2013 were \$ 4.5 million less than in July- September 2012. Overall ending trust fund balance was \$13 million lower on September 30, 2013 than on September 30, 2012.

Preliminary labor market statistics that are shown monthly in this section of the report are not available at this time. Labor market statistics for September 2013 will not be available until late November due to the October federal government shutdown.

**MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE
FOR THREE MONTHS STARTING JULY 2012 AND JULY 2013**

	JULY 2012	AUGUST 2012	SEPTEMBER 2012	JULY 2013	AUGUST 2013	SEPTEMBER 2013	THREE MONTH TOTAL VARIANCE *
Balance Forward	<u>\$140,675,916.76</u>	<u>\$140,483,051.54</u>	<u>\$151,846,935.52</u>	<u>\$119,511,755.93</u>	<u>\$125,127,753.78</u>	<u>\$135,489,026.95</u>	<u>(\$52,877,367.16)</u>
Add Receipts:							
1. Bond Assessment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2. Regular Contributions:	\$22,499,519.26	\$30,486,112.88	\$1,377,334.99	\$22,957,571.54	\$26,968,693.31	\$1,562,699.97	(\$2,874,002.31)
3. Federal Emergency Benefits (EUC08)	\$10,026,392.93	\$8,346,130.97	\$7,511,581.75	\$9,915,354.98	\$7,471,467.25	\$7,263,859.85	(\$1,233,403.57)
4. Federal Share Extended Benefits (EB)	\$9,789.29	\$412.00	\$67.00	\$341.99	\$0.00	\$0.00	(\$9,926.30)
5. Temp Federal Additional Comp (FAC)	\$522.00	\$0.00	\$25.98	\$50.00	\$24.97	\$15.00	(\$458.01)
6. UCFE (Federal Agencies)	\$138,020.52	\$109,139.66	\$80,545.69	\$168,817.87	\$140,476.46	\$121,636.82	\$103,225.28
7. Special Administrative Transfer	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
8. Reed Act Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
9. UC Modernization Incentive	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10. Treasury Interest Credits	\$0.00	\$0.00	\$938,580.99	\$0.00	\$0.00	\$766,600.59	(\$171,980.40)
11. UCX (Military Agencies)	\$407,133.73	\$366,920.73	\$352,627.29	\$296,146.18	\$215,067.14	\$248,161.48	(\$367,306.95)
12. WV Insurance Committee-Senate Bill 246	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
13. CMA Receipts	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Monthly Receipts	<u>\$33,081,377.73</u>	<u>\$39,308,716.24</u>	<u>\$10,260,743.69</u>	<u>\$33,338,282.56</u>	<u>\$34,795,729.13</u>	<u>\$9,962,973.71</u>	<u>(\$4,553,852.26)</u>
Less Disbursements:							
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)
Regular Benefits:	\$22,458,167.67	\$19,241,677.33	\$17,624,903.19	\$18,514,616.90	\$16,829,168.80	\$15,675,526.83	(\$8,505,435.66)
Federal Emergency Benefits (EUC08)	\$10,169,053.21	\$8,201,714.01	\$8,492,117.73	\$8,731,783.97	\$7,434,611.24	\$7,607,973.35	(\$3,088,516.39)
Federal Share Extended Benefits (EB)	\$9,321.29	(\$1,756.00)	(\$3,983.00)	(\$1,332.01)	(\$875.00)	(\$3,159.00)	(\$8,948.30)
Emergency Benefits (TEUC)	(\$784.00)	(\$1,359.57)	(\$160.00)	(\$30.00)	(\$70.00)	\$0.00	\$2,203.57
Temp Federal Additional Comp (FAC)	\$415.00	\$0.00	\$25.98	\$50.00	\$49.97	\$46.00	(\$295.01)
UCFE (Federal Workers) Benefits	\$139,423.14	\$106,969.40	\$89,267.98	\$151,923.42	\$141,135.11	\$125,496.25	\$82,894.26
UCX (Military Workers) Benefits	\$411,516.61	\$363,891.37	\$390,123.25	\$263,805.79	\$215,911.55	\$266,548.24	(\$419,065.65)
Reed Act Funds	\$0.00	\$487.71	\$59,735.89	\$1,261.00	\$0.00	\$82.13	(\$58,880.27)
Special Administrative Transfer**	\$87,130.03	\$33,408.01	\$193,286.85	\$60,205.64	\$14,524.29	\$0.00	(\$239,094.66)
Total Monthly Disbursements	<u>\$33,274,242.95</u>	<u>\$27,944,832.26</u>	<u>\$26,845,317.67</u>	<u>\$27,722,284.71</u>	<u>\$24,434,455.96</u>	<u>\$23,672,513.80</u>	<u>(\$12,235,138.41)</u>
Trust Fund Balance	<u>\$140,483,051.54</u>	<u>\$151,846,935.52</u>	<u>\$135,262,361.54</u>	<u>\$125,127,753.78</u>	<u>\$135,489,026.95</u>	<u>\$121,779,486.86</u>	<u>(\$45,196,081.01)</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.

UC TRUST FUND PROJECTIONS
November 5, 2013

Month	Revenues	Benefits	Trust Fund Balance
2012			
Balance 1/1/2012			\$ 105,802,000
January	\$ 12,438,000	\$ 21,838,000	\$ 96,402,000
February	\$ 15,756,000	\$ 18,727,000	\$ 93,431,000
March	\$ 1,964,000	\$ 19,227,000	\$ 76,168,000
April	\$ 29,482,000	\$ 20,118,000	\$ 85,532,000
May	\$ 88,809,000	\$ 19,758,000	\$ 154,583,000
June	\$ 2,266,000	\$ 16,241,000	\$ 140,608,000
July	\$ 22,333,000	\$ 22,458,000	\$ 140,483,000
August	\$ 30,604,000	\$ 19,241,000	\$ 151,846,000
September	\$ 1,040,000	\$ 17,624,000	\$ 135,262,000
October	\$ 17,637,000	\$ 19,899,000	\$ 133,000,000
November	\$ 16,653,000	\$ 19,058,000	\$ 130,595,000
December	\$ 1,098,000	\$ 24,528,000	\$ 107,165,000
Totals - 2012	\$ 240,080,000	\$ 238,717,000	\$ 107,165,000

2013			
January	\$ 11,962,000	\$ 26,122,000	\$ 93,005,000
February	\$ 14,658,000	\$ 22,521,000	\$ 85,142,000
March	\$ 854,000	\$ 24,150,000	\$ 61,846,000
April	\$ 41,181,000	\$ 21,098,000	\$ 81,929,000
May	\$ 72,251,000	\$ 15,621,000	\$ 138,559,000
June	\$ 1,900,000	\$ 20,948,000	\$ 119,511,000
July	\$ 22,957,000	\$ 17,341,000	\$ 125,127,000
August	\$ 26,968,000	\$ 16,606,000	\$ 135,489,000
September	\$ 2,329,000	\$ 16,039,000	\$ 121,779,000
October	\$ 14,853,000	\$ 14,764,000	\$ 121,868,000
November	\$ 17,387,000	\$ 18,251,000	\$ 121,004,000
December	\$ 1,128,000	\$ 23,855,000	\$ 98,277,000
Totals - 2013	\$ 228,428,000	\$ 237,316,000	\$ 98,277,000

The average unemployment rate in West Virginia for CY 2012 was 7.3%
The average projected unemployment rate in West Virginia for CY 2013 is 7.1%.

112 California Avenue
Charleston, WV 25305

An agency of the Department of Commerce

An equal opportunity employer/program and auxiliary aids are available upon request to individuals with disabilities.

www.workforcewv.org



Financial Statements

September 2013

West Virginia Legislative Interims
November 2013

STATE OF WV - RETIREE HEALTH BENEFIT TRUST FUND
STATEMENT OF CHANGES IN PLAN NET POSITION
For the Three Months Ending September 30, 2013

(\$ 000's)						
ACTUAL	BUDGET	PRIOR YR	BUDGET VARIANCE		PRIOR YR VARIANCE	
			\$	%	\$	%
ADDITIONS						
\$821	\$802	\$804				
33,347	33,531	33,659	\$19	2%	\$16	2%
945	0	25	(184)	(1%)	(312)	(1%)
			945	0%	920	3,639%
35,113	34,333	34,489	779	2%	624	2%
19,605	19,249	19,052	355	2%	553	3%
6,729	6,674	6,832	55	1%	(103)	(2%)
5,584	5,638	5,374	(54)	(1%)	210	4%
31,917	31,561	31,258	356	1%	660	2%
67,030	65,894	65,746	1,136	2%	1,284	2%
240	375	375				
0	0	978	(135)	(36%)	(135)	(36%)
24,405	9,312	19,247	0	0%	(978)	(100%)
15,092	15,092	15,092	15,092	162%	5,157	27%
91,675	75,582	86,347	16,093	21%	5,328	6%
TOTAL ADDITIONS						
DEDUCTIONS						
33,734	33,110	28,023	(623)	(2%)	(5,710)	(20%)
5,480	5,638	5,403	158	3%	(77)	(1%)
16,526	17,596	15,389	1,070	6%	(1,137)	(7%)
5,608	6,258	4,671	650	10%	(938)	(20%)
9	0	0	(9)	0%	(9)	0%
129	0	0	(129)	0%	(129)	0%
440	537	449	97	18%	9	2%
682	964	759	282	29%	77	10%
62,608	64,102	54,694	1,495	2%	(7,914)	(14%)
29,067	11,480	31,653	17,588	153%	(2,586)	(8%)
NET FUND INCREASE						
Net Assets Restricted for Post Employment Benefits						
590,230	590,230	492,779	0	0%	97,451	20%
\$619,297	\$601,709	\$524,432	\$17,588	3%	\$94,865	18%

West Virginia Public Employees Insurance Agency

Statement of Changes in Plan Net Assets

For the Three Months Ending September 30, 2013

(Dollars in Thousands)

(Unaudited-For Internal Use Only)

(\$ 0 0 0 's)			BUDGET VARIANCE				PRIOR YR VARIANCE	
ACTUAL	BUDGET	PRIOR YR		\$	%	\$	%	
<u>PREMIUM REVENUE</u>								
\$118,110	\$119,472	\$119,206	Health Insurance - State Gov. - Employers	(\$1,362)	(1%)	(\$1,096)	(1%)	
31,671	31,502	31,489	Health Insurance - State Gov. - Employees	169	1%	182	1%	
27,677	26,618	26,765	Health Insurance - Local Gov. - All	1,059	4%	912	3%	
529	773	715	Life Insurance	(244)	(32%)	(186)	(26%)	
	1,875	875	Direct Transfer	(1,875)	(100%)	(875)	(100%)	
4,694	3,135	5,443	Interest and Investment Income	1,559	50%	(749)	(14%)	
585	612	394	Other Premium Revenue	(27)	(4%)	191	48%	
1,147	1,198	1,147	Administrative Fees, Net of Refunds	(51)	(4%)			
184,413	185,185	186,034	TOTAL REVENUE	(772)	(0%)	(1,621)	(1%)	
<u>OPERATING EXPENSES</u>								
88,692	86,788	77,540	Claims Expense - Medical	(1,904)	(2%)	(11,152)	(14%)	
26,492	30,661	25,070	Claims Expense - Drugs	4,169	14%	(1,422)	(6%)	
9,616	10,318	9,697	Payments to Managed Care Org.	702	7%	81	1%	
3,341	3,486	3,393	Administrative Service Fees	145	4%	52	2%	
528	832	793	Life Insurance Expense	304	37%	265	33%	
817	748	705	Wellness and Disease Management	(69)	(9%)	(112)	(16%)	
86			ACA Comparative Effectiveness Fee	(86)		(86)		
1,225			ACA Reinsurance Contribution	(1,225)		(1,225)		
1,135	1,445	1,289	Other Operating Expenses	310	21%	154	12%	
40,076	40,206	40,491	WV RHBT Pay Go Premiums	130	0%	415	1%	
172,008	174,484	158,978	TOTAL EXPENSES	2,476	1%	(13,030)	(8%)	
12,405	10,701	27,056	YTD SURPLUS (DEFICIT)	1,704	16%	(14,651)	(54%)	
198,348	198,348	159,243	Total Net Assets, Beginning of Period			39,105	25%	
\$210,753	\$209,049	\$186,299	TOTAL NET ASSETS, END OF PERIOD	\$1,704	1%	\$24,454	13%	

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



	September 30	
	2013	2012
	(in thousands)	
ASSETS		
Short Term Assets		
Cash and Equivalents	\$ 17,582	\$ 25,042
Advance Deposit with Carrier/Trustee	203,420	207,100
Receivables - Net	3,268	1,449
Prepaid Insurance	3,094	3,209
Total Short Term Assets	227,364	236,800
Long Term Assets		
Investments	137,131	135,891
Total Long Term Assets	137,131	135,891
TOTAL ASSETS	364,495	372,691
LIABILITIES		
Short Term Liabilities		
Accounts payable	552	1,107
Claims Payable	90	589
OPEB Liability	372	374
Agents Commissions Payable	182	257
Unearned Revenue	6,841	5,887
Current Estimated Claim Reserve	53,327	49,463
Total Short Term Liabilities	61,364	57,677
Long Term Liabilities		
Compensated Absences	64	67
Estimated Noncurrent Claim Reserve	93,693	93,015
Total Long Term Liabilities	93,757	93,082
TOTAL LIABILITIES	155,121	150,759
Prior Year Net Assets	213,403	221,515
Current Year Earnings	(4,029)	457
TOTAL NET ASSETS	209,374	221,972
TOTAL LIABILITIES AND RETAINED EARNINGS	\$ 364,495	\$ 372,731

DRAFT - Unaudited - Management Purposes Only

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



	September 30	
	2013	2012
	(in thousands)	
Operating Revenues		
Premium Revenues	\$ 12,939	\$ 12,328
Less - Excess Insurance	(1,653)	(1,456)
Total Operating Revenues	11,286	10,872
Operating Expenses		
Claims Expense	17,419	14,200
Property & MS Claims Expense	1,280	1,216
Personal Services	353	335
General & Administrative Expense	532	554
Total Operating Expenses	19,584	16,305
Operating Income (Loss)	(8,298)	(5,433)
Nonoperating Revenues		
Investment Income	4,269	5,890
Total Nonoperating Revenues	4,269	5,890
Net Income (Loss)	\$ (4,029)	\$ 457

DRAFT - Unaudited - Management Purposes Only

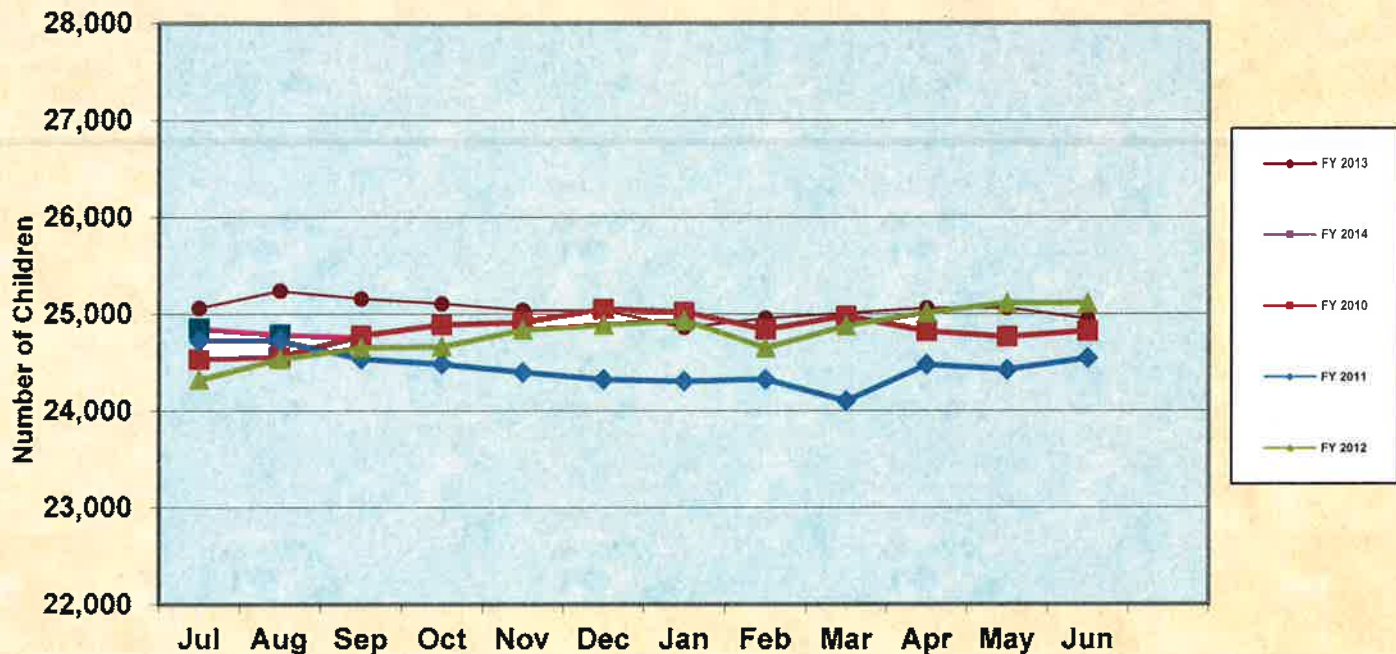


West Virginia Children's Health Insurance Program
2 Hale Street
Suite 101
Charleston, WV 25301
304-558-2732 voice / 304-558-2741 fax
Helpline 877-982-2447
www.chip.wv.gov

Joint Committee on Government and Finance Report

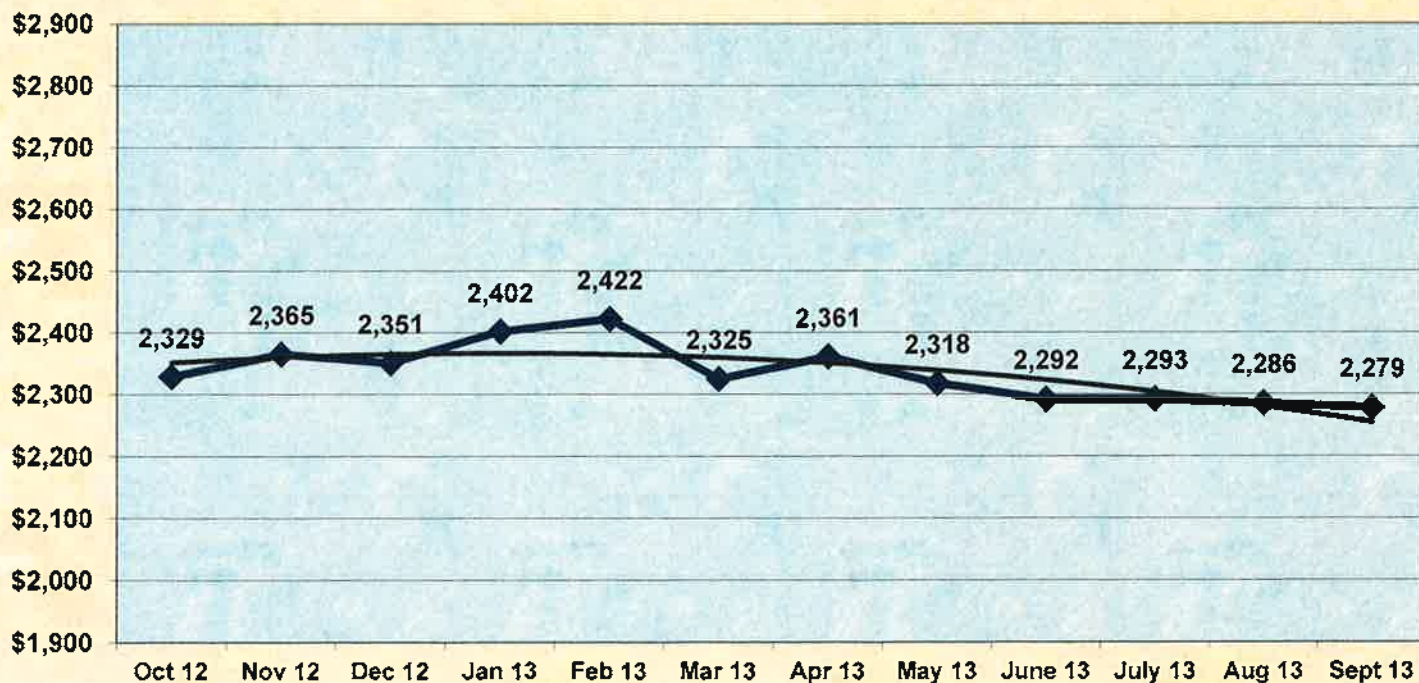
November 2013

WV CHIP Enrollment



September 30th Enrollment 24,757

Annualized Health Care Expenditures (Cost per Child)



**West Virginia Children's Health Insurance Program
Comparative Balance Sheet
September 2013 and 2012
(Accrual Basis)**

	September 30, 2013	September 30, 2012	Variance	
Assets:				
Cash & Cash Equivalents	\$13,548,807	\$12,789,104	\$759,703	6%
Due From Federal Government	\$4,760,910	\$3,922,484	\$838,425	21%
Due From Other Funds	\$1,097,106	\$908,922	\$188,184	21%
Accrued Interest Receivable	\$6,486	\$3,800	\$2,686	71%
Fixed Assets, at Historical Cost	<u>\$94,291</u>	<u>\$95,345</u>	<u>(\$1,054)</u>	<u>-1%</u>
Total Assets	<u>\$19,507,599</u>	<u>\$17,719,655</u>	<u>\$1,787,944</u>	<u>10%</u>
Liabilities:				
Accounts Payable	\$256,060	\$212,758	\$43,302	20%
Deferred Revenue	\$1,426,883	\$668,521	\$758,362	113%
Unpaid Insurance Claims Liability	<u>\$5,350,000</u>	<u>\$4,640,000</u>	<u>\$710,000</u>	<u>15%</u>
Total Liabilities	<u>\$7,032,943</u>	<u>\$5,521,279</u>	<u>\$1,511,664</u>	<u>27%</u>
Fund Equity	<u>\$12,474,656</u>	<u>\$12,198,376</u>	<u>\$276,280</u>	<u>2%</u>
Total Liabilities and Fund Equity	<u>\$19,507,599</u>	<u>\$17,719,655</u>	<u>\$1,787,944</u>	<u>10%</u>

PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

West Virginia Children's Health Insurance Program
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Three Months Ending September 30, 2013 and September 30, 2012
(Modified Accrual Basis)

	September 30, 2013	September 30, 2012	Variance	
Revenues				
Federal Grants	12,095,809	11,411,265	684,544	6%
State Appropriations	1,997,547	2,185,115	(187,568)	-9%
Premium Revenues	206,739	212,249	(5,511)	-3%
Investment Income:				
Investment Earnings	<u>18,540</u>	<u>18,586</u>	<u>(46)</u>	<u>0%</u>
Total Revenues	<u>14,318,634</u>	<u>13,827,216</u>	<u>491,418</u>	<u>4%</u>
Expenditures:				
Claims:				
Outpatient Services	3,720,684	3,177,808	542,876	17%
Prescribed Drugs	2,412,437	2,504,707	(92,270)	-4%
Physicians & Surgical	2,213,737	3,895,101	(1,681,364)	-43%
Inpatient Hospital Services	2,182,883	950,891	1,231,992	130%
Dental	2,011,111	2,136,969	(125,858)	-6%
Outpatient Mental Health	351,070	302,127	48,943	16%
Inpatient Mental Health	348,766	133,909	214,857	160%
Durable & Disposable Med. Equip.	313,194	319,872	(6,678)	-2%
Vision	249,246	240,496	8,750	4%
Therapy	199,561	141,039	58,522	41%
Medical Transportation	61,041	83,256	(22,215)	-27%
Other Services	33,541	30,310	3,231	11%
Less: Collections**	<u>(422,672)</u>	<u>(152,902)</u>	<u>(269,769)</u>	<u>176%</u>
Total Claims	<u>13,674,599</u>	<u>13,763,583</u>	<u>(88,983)</u>	<u>-1%</u>
General and Admin Expenses:				
Salaries and Benefits	163,360	146,134	17,226	12%
Program Administration	569,862	522,294	47,568	9%
Eligibility	152,395	101,770	50,625	50%
Outreach & Health Promotion	248,660	259,634	(10,974)	-4%
Current	43,542	49,533	(5,991)	-12%
Total Administrative	<u>1,177,819</u>	<u>1,079,365</u>	<u>98,454</u>	<u>9%</u>
Total Expenditures	<u>14,852,418</u>	<u>14,842,948</u>	<u>9,471</u>	<u>0%</u>
Excess of Revenues				
Over (Under) Expenditures	(533,784)	(1,015,732)	481,948	-47%
Unrealized Gain(loss) On Investments*	2,186	54,133	(51,946)	-96%
Fund Equity, Beginning	<u>13,006,254</u>	<u>13,159,975</u>	<u>(153,721)</u>	<u>-1%</u>
Fund Equity, Ending	<u>12,474,656</u>	<u>12,198,376</u>	<u>276,280</u>	<u>2%</u>

* Short Term Bond Fund Investment began in November 2009

** 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 2014
 For the Three Months Ended September 30, 2013

	Budgeted for	Year to Date	Year to Date	Year to Date	Monthly	Actual Amt	Actual Amt	Actual Amt	Actual Amt
	Year	Budgeted Amt	Actual Amt	Variance*					
Projected Cost	\$47,897,012	\$11,974,253	\$12,956,799	(\$982,546)	\$3,991,418	\$4,017,263	\$5,240,481	\$3,699,055	
Premiums	969,397	242,349	\$206,739	(\$35,611)	80,783	64,711	65,128	\$76,900	
Subrogation & Rebates	457,374	114,344	\$422,672	308,329	38,115	154,755	0	267,917	
Net Benefit Cost	46,470,241	11,722,375	\$12,327,389	(\$605,013)	3,907,458	3,797,797	5,175,353	\$3,354,238	
Salaries & Benefits	\$710,522	\$177,630.50	\$163,360	\$14,271	\$59,210	\$50,220	\$50,520	\$62,620	
Program Administration	3,024,544	756,136	\$546,106	210,030	252,045	192,568	260,264	93,274	
Eligibility	400,000	100,000	\$117,017	(17,017)	33,333	425	0	116,592	
Outreach & Health Prom.	1,000,000	250,000	\$241,990	8,010	83,333	216,660	9,026	16,304	
Current Expense	170,000	42,500	\$39,444	3,056	14,167	13,748	8,133	17,563	
Total Admin Cost	\$5,305,066	\$1,326,267	\$1,107,917	\$218,350	\$442,089	\$473,621	\$327,943	\$306,353	
Total Program Cost	\$51,775,307	\$13,048,642	\$13,435,306	(\$386,664)	\$4,349,547	\$4,271,418	\$5,503,296	\$3,660,591	
Federal Share 79.76%	41,642,879	10,495,022	\$10,806,016	(310,994)	3,469,199	3,435,502	4,426,301	2,944,214	
State Share 20.24%	10,132,428	2,553,619	\$2,629,289	(75,670)	880,348	835,917	1,076,995	716,378	
Total Program Cost	** \$51,775,307	\$13,048,642	\$13,435,306	(\$386,664)	\$4,349,547	\$4,271,418	\$5,503,296	\$3,660,591	

* Positive percentages indicate favorable variances
 ** Budgeted Year Based on CCRC Actuary 6/30/2013 Report

Unaudited - Cash Basis For Management Purposes Only - Unaudited

Memo for Calculations Above:

Notes:

- Total budgeted for Year Program costs are CCRC Actuary's Base Line Scenarios dated 6/30/13 Final worksheet Net Paid Program Costs.
- Federal Share for FFY 2014 is 79.76%. Federal Share for FFY 2013 (10/1/12 - 9/30/13) is set at 80.43%.

WVCHIP Enrollment Report

ATTACHMENT 1

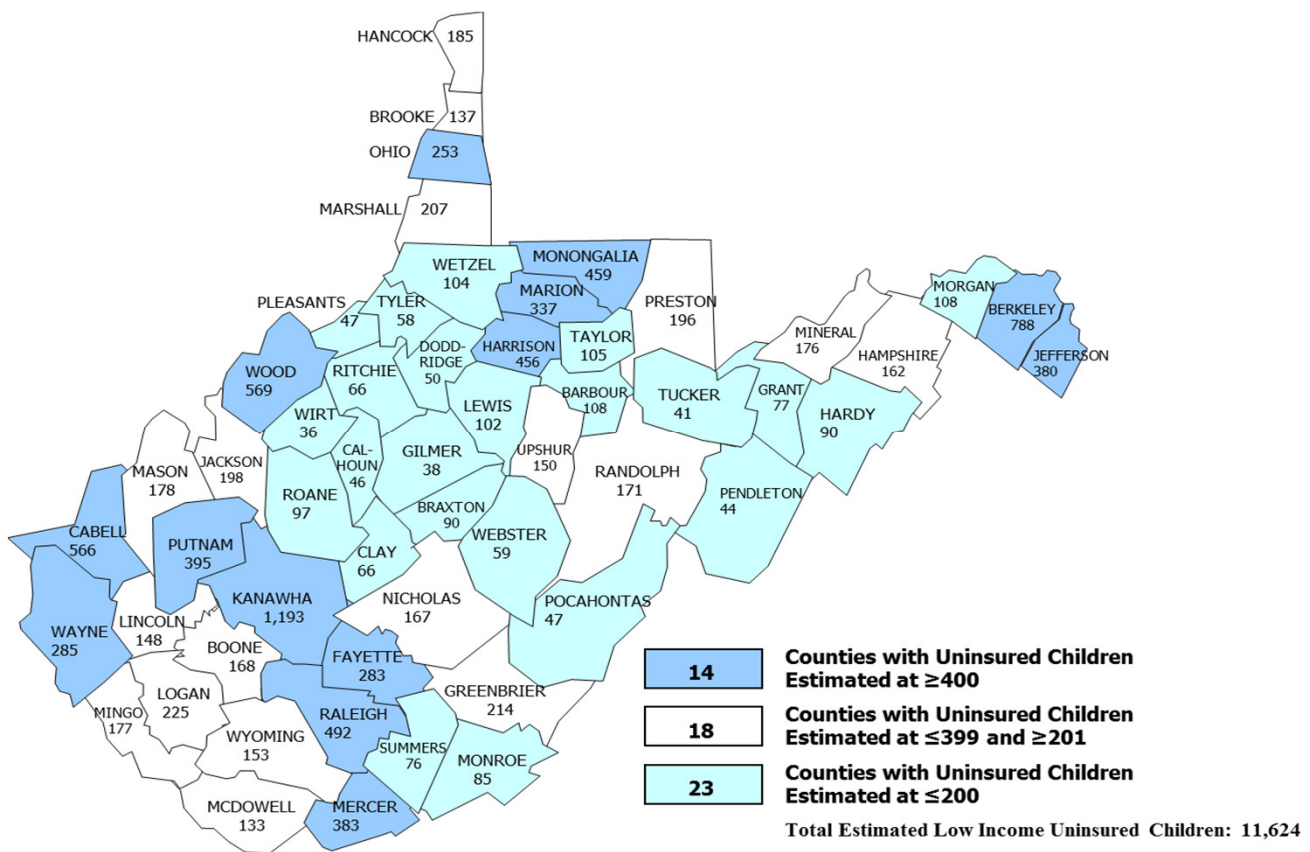
October 2013

County	County Pop. 2010 Est. (0-18 Yrs)	Total CHIP Enrollment Oct-13	Total Medicaid Enrollment Oct-13	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2010 Est. Uninsured 3%	2010 # Children Uninsured Ranking*
Barbour	3,600	281	1,510	1,791	49.8%	108	33
Berkeley	26,251	1,376	8,501	9,877	37.6%	788	2
Boone	5,615	302	2,556	2,858	50.9%	168	25
Braxton	3,006	214	1,441	1,655	55.1%	90	40
Brooke	4,573	281	1,496	1,777	38.9%	137	31
Cabell	18,879	1,027	8,205	9,232	48.9%	566	4
Calhoun	1,518	119	734	853	56.2%	46	51
Clay	2,215	190	1,338	1,528	69.0%	66	44
Doddridge	1,673	138	619	757	45.2%	50	48
Fayette	9,438	822	4,521	5,343	56.6%	283	13
Gilmer	1,260	72	531	603	47.8%	38	54
Grant	2,555	205	933	1,138	44.5%	77	42
Greenbrier	7,131	608	2,892	3,500	49.1%	214	16
Hampshire	5,392	319	1,932	2,251	41.7%	162	27
Hancock	6,166	384	2,337	2,721	44.1%	185	20
Hardy	3,015	175	1,264	1,439	47.7%	90	39
Harrison	15,202	924	5,401	6,325	41.6%	456	7
Jackson	6,602	430	2,745	3,175	48.1%	198	18
Jefferson	12,679	485	3,111	3,596	28.4%	380	10
Kanawha	39,771	2,291	17,044	19,335	48.6%	1,193	1
Lewis	3,389	282	1,543	1,825	53.9%	102	37
Lincoln	4,930	313	2,703	3,016	61.2%	148	30
Logan	7,496	518	3,937	4,455	59.4%	225	15
Marion	11,227	692	4,299	4,991	44.5%	337	11
Marshall	6,886	347	2,672	3,019	43.8%	207	17
Mason	5,929	298	2,609	2,907	49.0%	178	21
McDowell	4,423	308	3,021	3,329	75.3%	133	32
Mercer	12,764	1,158	6,744	7,902	61.9%	383	9
Mineral	5,868	312	1,961	2,273	38.7%	176	23
Mingo	5,905	383	3,165	3,548	60.1%	177	22
Monongalia	15,294	799	4,300	5,099	33.3%	459	6
Monroe	2,835	225	1,021	1,246	43.9%	85	41
Morgan	3,596	272	1,346	1,618	45.0%	108	34
Nicholas	5,561	378	2,525	2,903	52.2%	167	26
Ohio	8,444	509	2,880	3,389	40.1%	253	14
Pendleton	1,462	119	505	624	42.7%	44	52
Pleasants	1,551	114	533	647	41.7%	47	50
Pocahontas	1,561	157	667	824	52.8%	47	49
Preston	6,536	488	2,423	2,911	44.5%	196	19
Putnam	13,150	779	3,472	4,251	32.3%	395	8
Raleigh	16,403	1,265	7,601	8,866	54.1%	492	5
Randolph	5,705	488	2,560	3,048	53.4%	171	24
Ritchie	2,205	144	947	1,091	49.5%	66	45
Roane	3,239	314	1,640	1,954	60.3%	97	38
Summers	2,521	210	1,262	1,472	58.4%	76	43
Taylor	3,514	214	1,287	1,501	42.7%	105	35
Tucker	1,371	135	467	602	43.9%	41	53
Tyler	1,924	125	725	850	44.2%	58	47

WVCHIP Enrollment Report

October 2013

County	County Pop. 2010 Est. (0-18 Yrs)	Total CHIP Enrollment Oct-13	Total Medicaid Enrollment Oct-13	Total CHIP/Medicaid Enrollment	CHIP/Medicaid % of Population	2010 Est. Uninsured 3%	2010 # Children Uninsured Ranking*
Upshur	4,996	387	2,351	2,738	54.8%	150	29
Wayne	9,516	517	4,204	4,721	49.6%	285	12
Webster	1,977	150	1,169	1,319	66.7%	59	46
Wetzel	3,466	230	1,494	1,724	49.7%	104	36
Wirt	1,201	94	653	747	62.2%	36	55
Wood	18,956	1,229	8,216	9,445	49.8%	569	3
Wyoming	5,116	394	2,525	2,919	57.1%	153	28
Totals	387,459	24,990	158,538	183,528	47.4%	11,624	



Note 1: The most recent estimate for all uninsured children statewide from the US Census Current Population Survey is 3%. It should be noted that even this three 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: It has been estimated that 7 of 10 uninsured children qualify or may have qualified for CHIP or Medicaid in the past, WVCHIP uses the 3% uninsured estimate as a target number for outreach.

Department of Administration Real Estate Division Leasing Report

For the period of October 1, 2013 through October 31, 2013

NEW CONTRACT OF LEASE

DEPARTMENT OF EDUCATION

EDU-027 New Contract of Lease for 1 year consisting of 238 square feet of office space at the monthly rate of \$150.00, annual cost \$1,800.00, full service, 2507 9th Avenue, in the City of Parkersburg, Wood County, West Virginia.

WEST VIRGINIA ENTERPRISE RESOURCE PLANNING BOARD

ERP-003 New Contract of Lease for 1 years consisting of 14,871 square feet of classroom space at the annual per square foot rate of \$12.00, annual cost \$178,452.00, full service, Ferrell Hall located of West Virginia State University, in the City of Institute, Kanawha County, West Virginia.

WEST VIRGINIA STATE TREASURER'S OFFICE

STO-015 New Contract of Lease for 1 years consisting of 400 square feet of office space at the monthly rate of \$300.00, annual cost \$3,600.00, Snow Removal, 300 Main Street, in the City of Logan, Logan County, West Virginia.

STRAIGHT RENEWAL – DOA OWNED

HUMAN RESOURCE DEVELOPMENT FOUNDATIONS, INC.

HRD-003 Renewal for 3 years consisting of 180 square feet of office space at the current monthly rate of \$195.00, annual cost \$2,340.00, full service, 2699 Park Avenue, in the City of Huntington, Cabell County, West Virginia.

STRAIGHT RENEWAL

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-158 Renewal for 1 year consisting of 310 square feet of office space at the current monthly rate of \$379.75, annual cost \$4,557.00, full service, 897 Auto Parts Place, in the City of Martinsburg, Berkeley County, West Virginia.

HHR-162 Renewal on a month-to-month basis consisting of 12,000 square feet of office space at the current annual per square foot rate of \$5.30, annual cost \$63,600.00, 1073 Arbuckle Road, in the City of Summersville, Nicholas County, West Virginia.

DIVISION OF CORRECTIONS

COR-075 Renewal for 3 years consisting of 1,514 square feet of office space at the current annual per square foot rate of \$12.61, annual cost \$19,094.54, full service, 229 Stratton Street, in the City of Logan, Logan County, West Virginia.

COR-035 Renewal for 3 years consisting of 2,920 square feet of office space at the current annual per square foot rate of \$4.14, annual cost \$12,088.80, full service minus janitorial, 801 Madison Avenue, in the City of Huntington, Cabell County, West Virginia.

STRAIGHT RENEWAL - CONTINUED

DEPARTMENT OF VETERANS ASSISTANCE

VET-028 Renewal for 1 years consisting of 600 square feet of office space at the current annual per square foot rate of \$7.06, annual cost \$4,236.00, full service, 811 Madison Avenue, in the City of Spencer, Roane County, West Virginia.

DIVISION OF HOMELAND SECURITY AND EMERGENCY SERVICES

OES-015 Renewal for 1 years consisting of 4,000 square feet of office and storage space at the current annual per square foot rate of \$5.50, annual cost \$22,000.00, 4510 Pennsylvania Avenue, in the City of Big Chimney, Kanawha County, West Virginia.

OES-017 Renewal for 1 years consisting of 8,000 square feet of storage space at the current annual per square foot rate of \$5.50, annual cost \$44,000.00, 4510 Pennsylvania Avenue, in the City of Big Chimney, Kanawha County, West Virginia.

RENEWAL WITH INCREASE IN RENT

DEPARTMENT OF ENVIRONMENTAL PROTECTION

DEP-148 Renewal for 3 years consisting of 87 square feet of tower monitoring space with an increase in the monthly rate from \$66.67 to \$125.00, annual cost \$1,500.00, Electricity only, 209 Morris Street, in the City of Charleston, Kanawha County, West Virginia.

INCREASE IN SQUARE FEET- DOA OWNED

DEPARTMENT OF EDUCATION

EDU-002 Increase of square feet from 60,713 square feet to 73,429 square feet of office space at the current annual per square foot rate of \$11.00, annual cost \$807,719.00, full service, Building #6 Capitol Complex, in the City of Charleston, Kanawha County, West Virginia.

DECREASE IN SQUARE FEET

WEST VIRGINIA DEPARTMENT OF AGRICULTURE

AGR-052 Decrease of square feet from 1819 square feet to 532 square feet of office space at the current annual per square foot rate of \$12.25, annual cost \$6,517.00, full service, 226 Maple Avenue, in the City of Oak Hill, Fayette County, West Virginia.

RENEWAL WITH DECREASE IN SQ FEET AND INCREASE IS RENT

STATE TAX DEPARTMENT

TAX-002 Renewal for 2 years with a decrease of square feet from 14,400 square feet to 13,245 square feet of storage space with an increase in the annual per square foot rate from \$1.79 to \$2.04 for the 1st year and \$2.29 for the 2nd year, annual cost \$30,331.05, 1315 Hansford Street, in the City of Charleston, Kanawha County, West Virginia.

CANCELLATION

DIVISION OF FORESTRY

FOR-062 Lease cancellation consisting of 550 square feet of office space, at the annual per square foot rate of \$4.58 annual cost \$2,519.00, in the City of Webster Springs, Webster County , West Virginia.

DEPARTMENT OF EDUCATION

EDU-021 Lease cancellation consisting of 3,296 square feet of office space, at the annual per square foot rate of \$9.73 annual cost \$32,070.12, full service, in the City of Charleston, Kanawha County, West Virginia.

WEST VIRGINIA CONSERVATION AGENCY

SCC-004 Lease cancellation consisting of 303 square feet of office space, at the monthly rate of \$198.21 annual cost \$2,378.52, full service, in the City of Gassaway, Braxton County, West Virginia.

Real Estate Division
 Monthly Summary of Lease Activity
 October 1 - 31, 2013

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent
1	Department of Education	EDU-027	Wood	238	0.00	1,800
2	WV Enterprise Resource Planning Board	ERP-003	Kanawha	14,871	12.00	178,452
3	WV State Treasurer's Office	STO-015	Logan	400	0.00	3,600
4	Human Resource Development Foundations, INC	HRD-003	Cabell	180	0.00	2,340
5	Department of Health and Human Resources	HHR-158	Berkeley	310	0.00	4,557
6	Department of Health and Human Resources	HHR-162	Nicholas	12,000	5.30	63,600
7	Division of Corrections	COR-075	Logan	1,514	12.61	19,092
8	Division of Corrections	COR-035	Cabell	2,920	4.14	12,089
9	Department of Veterans Assistance	VET-028	Roane	600	7.06	4,236
10	Division of Homeland Security & Emergency Services	OES-015	Kanawha	4,000	5.50	22,000
11	Division of Homeland Security & Emergency Services	OES-017	Kanawha	8,000	5.50	44,000
12	Department of Environmental Protection	DEP-148	Kanawha	87	0.00	1,500
13	Department of Education	EDU-002	Kanawha	73,429	11.00	807,719
14	WV Department of Agriculture	AGR-052	Fayette	532	12.25	6,517
15	State Tax Department	TAX-002	Kanawha	13,245	2.29	30,331

		77.65
Total Rentable Square Feet	<u>132,326</u>	
Average Annual Rental Rate		<u>7.77</u>
Total Annual Rent		<u><u>1,201,832</u></u>

CANCELLATIONS

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent
1	Division of Forestry	FOR-062	Webster	550	4.58	2,519
2	Department of Education	EDU-021	Kanawha	3,296	9.73	32,070
3	WV Conservation Agency	SCC-004	Braxton	303	0.00	2,379

Total Rentable Square Feet	<u>4,149</u>
Total Annual Rent	<u><u>36,968</u></u>

Joint Committee on Government and Finance

November 2013

Department of Health and Human Resources

MEDICAID REPORT
September 2013 Data

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2014

	MONTH OF SEPTEMBER 2013		ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2013	SFY2014	Current Month Ended 9/30/13	SFY2014	Current Month Ended 9/30/13	Current Month Ended 9/30/13	Year To-Date Thru 9/30/13	11/1/13 Thru 6/30/14
EXPENDITURES:								
Inpatient Hospital - Reg. Payments	155,429,299	199,265,328	11,532,186	199,265,328	11,532,186	12,069,958	43,622,114	155,643,214
Inpatient Hospital - DSH	56,816,481	56,580,000	-	56,580,000	-	-	13,877,453	42,702,547
Inpatient Hospital - Supplemental Payments	114,105,226	96,139,194	13,734,415	96,139,194	13,734,415	16,117,590	32,822,858	63,316,336
Inpatient Hospital - GME Payments	6,164,764	6,228,590	-	6,228,590	-	-	1,544,373	4,684,217
Mental Health Facilities	87,243,074	114,848,923	7,951,391	114,848,923	7,951,391	7,128,008	21,878,757	92,970,166
Mental Health Facilities - DSH Adjustment Payments	18,880,975	18,882,000	-	18,882,000	-	-	4,723,151	14,158,849
Nursing Facility Services - Regular Payments ⁽²⁾	537,541,608	554,417,908	45,266,487	554,417,908	45,266,487	46,216,108	136,913,569	417,504,339
Nursing Facility Services - Supplemental Payments	-	-	-	-	-	-	-	-
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	68,163,593	67,331,000	5,437,304	67,331,000	5,437,304	5,610,917	16,979,496	50,351,504
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-	-	-
Physicians Services - Regular Payments	117,203,017	160,730,609	4,656,911	160,730,609	4,656,911	6,835,520	23,011,873	137,718,736
Physicians Services - Supplemental Payments	28,092,471	29,903,100	-	29,903,100	-	-	6,434,452	23,468,648
Physician and Surgical Services - Evaluation and Management	-	21,962,392	4,525,294	21,962,392	4,525,294	4,600,000	4,563,819	17,398,573
Physician and Surgical Services - Vaccine Codes	-	221,842	17,367	221,842	17,367	18,000	17,456	204,386
Outpatient Hospital Services - Regular Payments	102,898,953	145,154,798	8,717,102	145,154,798	8,717,102	8,801,968	25,987,019	119,167,779
Outpatient Hospital Services - Supplemental Payments	124,121,376	69,977,047	-	69,977,047	-	-	17,689,146	52,287,901
Prescribed Drugs	331,397,125	356,724,143	18,672,759	356,724,143	18,672,759	20,271,666	61,376,784	295,347,359
Drug Rebate Offset - National Agreement	(201,903,185)	(202,289,800)	(3,211,927)	(202,289,800)	(3,211,927)	(6,761,054)	(48,306,605)	(153,983,195)
Drug Rebate Offset - State Sidebar Agreement	(16,603,872)	(16,895,800)	(1,250,097)	(16,895,800)	(1,250,097)	(564,702)	(5,347,943)	(11,547,857)
Drug Rebate Offset - MCO National	(799,544)	(812,900)	(831,455)	(812,900)	(831,455)	(27,169)	(1,009,238)	196,338
Drug Rebate Offset - MCO State Sidebar Agreement	-	-	(361,014)	-	(361,014)	-	(361,014)	361,014
Dental Services	55,866,868	78,358,578	3,959,851	78,358,578	3,959,851	4,748,423	12,969,580	65,388,998
Other Practitioners Services - Regular Payments	11,566,376	18,600,155	753,698	18,600,155	753,698	1,163,377	2,587,502	16,012,653
Other Practitioners Services - Supplemental Payments	-	-	-	-	-	-	-	-
Clinic Services	4,566,348	6,309,621	263,778	6,309,621	263,778	391,331	948,586	5,361,035
Lab & Radiological Services	22,573,569	33,844,618	1,972,346	33,844,618	1,972,346	2,052,704	6,596,244	27,248,374
Home Health Services	47,334,128	59,832,974	3,177,484	59,832,974	3,177,484	3,663,031	10,858,876	48,974,098
Hysterectomies/Sterilizations	133,155	221,588	12,708	221,588	12,708	13,408	39,156	182,432
Pregnancy Terminations	-	-	-	-	-	-	-	-
EPSDT Services	1,363,840	2,034,978	(40,640)	2,034,978	(40,640)	123,546	180,525	1,854,453
Rural Health Clinic Services	7,886,514	10,330,901	563,801	10,330,901	563,801	630,215	1,772,480	8,558,421
Medicare Health Insurance Payments - Part A Premiums	18,215,881	19,650,400	1,510,059	19,650,400	1,510,059	1,637,533	4,559,303	15,091,097
Medicare Health Insurance Payments - Part B Premiums	81,258,370	90,272,700	6,950,634	90,272,700	6,950,634	7,522,725	20,931,649	69,341,051
120% - 134% Of Poverty	6,160,455	6,509,900	541,599	6,509,900	541,599	500,762	1,603,711	4,906,189
135% - 175% Of Poverty	-	-	-	-	-	-	-	-
Coinsurance And Deductibles	8,417,028	8,653,000	550,726	8,653,000	550,726	665,615	1,976,225	6,676,775

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2014

	MONTH OF SEPTEMBER 2013		ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2013	SFY2014	Current Month Ended 9/30/13	SFY2014	Current Month Ended 9/30/13	Current Month Ended 9/30/13	Year To-Date Thru 9/30/13	11/1/13 Thru 6/30/14
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	397,197,343	479,275,213	44,339,742		39,939,601		125,458,630	353,816,583
Medicaid MCO - Evaluation and Management	-	-	-		-		-	-
Medicaid MCO - Vaccine Codes	-	-	-		-		-	-
Medicaid Health Insurance Payments: Prepaid Ambulatory Health Plan	-	-	-		-		-	-
Medicaid Health Insurance Payments: Prepaid Inpatient Health Plan	-	-	-		-		-	-
Medicaid Health Insurance Payments: Group Health Plan Payments	375,282	525,400	43,127		40,415		148,513	376,887
Medicaid Health Insurance Payments: Coinsurance	-	-	-		-		-	-
Medicaid Health Insurance Payments: Other	-	-	-		-		-	-
Home & Community-Based Services (MR/DD)	342,155,532	352,000,000	29,052,172		27,076,923		87,784,144	264,215,856
Home & Community-Based Services (Aged/Disabled)	125,334,180	136,776,586	8,375,596		10,521,700		27,165,097	109,611,489
Home & Community-Based Services (Traumatic Brain Injury)	156,502	2,720,625	39,090		209,279		111,849	2,608,776
Home & Community-Based Services (State Plan 1915(i) Only)	-	-	-		-		-	-
Home & Community-Based Services (State Plan 1915(j) Only)	-	-	-		-		-	-
Community Supported Living Services	-	-	-		-		-	-
Programs Of All-Inclusive Care Elderly	-	-	-		-		-	-
Personal Care Services - Regular Payments	61,699,408	80,252,679	5,215,500		4,862,262		16,758,850	63,493,829
Personal Care Services - SDS 1915(j)	-	-	-		-		-	-
Targeted Case Management Services - Com. Case Management	-	-	-		-		-	-
Targeted Case Management Services - State Wide	2,668,659	4,035,719	148,750		245,077		590,258	3,445,461
Primary Care Case Management Services	163,137	241,420	11,526		14,608		35,316	206,104
Hospice Benefits ⁽³⁾	24,909,406	33,408,296	1,949,631		2,021,446		6,837,834	26,570,462
Emergency Services Undocumented Aliens	285,046	362,067	28,751		21,908		50,102	311,965
Federally Qualified Health Center	18,240,226	24,443,404	1,309,106		1,489,054		4,003,236	20,440,168
Non-Emergency Medical Transportation	25,112,179	34,840,953	2,676,674		2,108,215		6,716,057	28,124,896
Physical Therapy	2,102,592	3,161,494	191,820		191,362		548,921	2,612,573
Occupational Therapy	370,520	481,061	26,110		29,108		101,806	379,255
Services for Speech, Hearing & Language	408,350	603,122	38,975		36,515		110,669	492,453
Prosthetic Devices, Dentures, Eyeglasses	1,551,271	2,490,832	151,100		151,146		431,492	2,059,340
Diagnostic Screening & Preventive Services	553,321	768,682	32,774		46,515		115,077	653,605
Nurse Mid-Wife	230,458	423,216	14,238		25,608		56,006	367,210
Emergency Hospital Services	(2,247)	(1,200)	(214)		(92)		(717)	(483)
Critical Access Hospitals	31,395,064	48,996,857	2,565,480		2,967,054		7,804,133	41,192,724
Nurse Practitioner Services	2,006,168	3,499,907	56,179		211,969		433,944	3,065,963
School Based Services	52,157,547	54,149,130	1,687,969		4,166,600		14,617,851	39,531,279
Rehabilitative Services (Non-School Based)	76,111,131	98,820,482	5,834,599		6,037,362		21,445,061	77,375,421
Private Duty Nursing	5,290,076	7,034,325	479,570		428,738		1,492,776	5,541,549
Other Care Services	21,997,876	31,932,187	1,722,957		1,936,604		5,575,230	26,356,957
Less: Recoupments	-	-	(87,794)		-		(415,268)	415,268
NET EXPENDITURES:	2,986,562,919	3,414,230,245	240,976,195		248,208,457		749,418,224	2,664,812,021

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2014

MONTH OF SEPTEMBER 2013

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2013	SFY2014	Current Month Ended 9/30/13	Current Month Ended 9/30/13	Year To-Date Thru 9/30/13	11/1/13 Thru 6/30/14
Collections: Third Party Liability (line 9A on CMS-64)	(10,619,577)	-	-	-	-	-
Collections: Probate (line 9B on CMS-64)	(262,779)	-	-	-	-	-
Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)	(21,585)	-	-	-	-	-
Collections: Other (line 9D on CMS-64)	(9,910,781)	-	-	-	-	-
NET EXPENDITURES and CMS-64 ADJUSTMENTS:	2,965,748,198	3,414,230,245	240,976,195	248,208,457	749,418,224	2,664,812,021
Plus: Medicaid Part D Expenditures	36,222,591	36,395,195	3,043,772	3,032,933	9,144,567	27,250,628
Plus: State Only Medicaid Expenditures	2,998,425	3,834,747	196,945	294,980	626,353	3,208,394
Plus: Money Follow the Person Expenditures	30,838	4,409,797	34,223	339,215	84,301	4,325,496
TOTAL MEDICAID EXPENDITURES	\$ 3,005,000,052	\$ 3,458,869,984	\$ 244,251,135	\$ 251,875,585	\$759,273,446	\$ 2,699,596,538
Plus: Reimbursables ⁽¹⁾	7,514,299	8,055,095	555,332	619,623	1,761,837	6,293,258
TOTAL EXPENDITURES	\$ 3,012,514,351	\$ 3,466,925,079	\$ 244,806,467	\$ 252,495,208	\$761,035,282	\$ 2,705,889,796

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

(2) Of the amount in the "Nursing Facility Services-Regular Payments" line, \$5,328,578 is the amount paid to State Facilities year to date.

(3) Of the amount in the "Hospice Benefits" line, \$5,116,984 is the amount paid to Nursing Facilities for Hospice Benefits year to date.

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 MEDICAID CASH REPORT
 SFY2014

3 Months Actuals

9 Months Remaining

MONTH OF SEPTEMBER 2013	ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
	SFY2013	Current Month Ended 9/30/13	Year-To-Date Thru 9/30/13	10/1/2013 Thru 6/30/14	SFY2014
REVENUE SOURCES					
Beg. Bal. (5084/1020 prior mth)	\$ 8,645,986	\$ 3,621,936	\$ 34,992,812	\$ -	\$ 34,992,812
MATCHING FUNDS					
General Revenue (0403/189)	193,207,966	16,293,711	58,576,044	278,762,130	337,338,174
MRDD Waiver (0403/466)	88,753,483	5,916,899	17,750,697	71,002,786	88,753,483
Rural Hospitals Under 150 Beds (0403/940)	2,596,000	216,334	649,000	1,947,000	2,596,000
Tertiary Funding (0403/547)	6,356,000	529,666	1,589,000	4,767,000	6,356,000
Traumatic Brain Injury (0403/835)	800,000	53,333	160,000	640,000	800,000
Title XIX Waiver for Seniors (0403-533)	11,912,263	906,242	2,718,724	10,874,896	13,593,620
Medical Services Surplus (0403/633)	88,305,104	-	-	-	-
Waiver for Senior Citizens Surplus (0403/526)	-	-	-	-	-
Lottery Waiver (Less 550,000) (5405/539)	33,147,815	-	7,416,615	24,049,843	31,466,458
Lottery Transfer (5405/871)	8,670,000	-	2,200,000	6,470,000	8,670,000
Excess Lottery (5365/189)	24,503,890	-	12,111,465	37,888,535	50,000,000
Trust Fund Appropriation (5185/189)	173,603,846	35,827,848	39,699,116	25,530,783	65,229,899
Provider Tax (5090/189)	225,902,461	11,502,369	46,609,711	156,912,700	203,522,411
Certified Match	23,243,346	1,166,028	6,155,266	19,563,725	25,718,992
Reimbursables - Amount Reimbursed	7,235,570	151	294,212	7,760,883	8,055,095
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	3,648,128	76,178	625,822	299,178	925,000
CMS - 64 Adjustments	660,007	-	-	-	-
TOTAL MATCHING FUNDS	\$ 901,191,865	\$ 76,110,695	\$ 231,548,484	\$ 646,469,460	\$ 878,017,943
FEDERAL FUNDS	\$ 2,171,195,579	\$ 174,169,816	\$ 543,338,865	\$ 2,045,096,326	\$ 2,588,435,190
TOTAL REVENUE SOURCES	\$ 3,072,387,444	\$ 250,280,511	\$ 774,887,348	\$ 2,691,565,785	\$ 3,466,453,134
TOTAL EXPENDITURES:					
Provider Payments	\$ 3,012,514,351	\$ 244,806,467	\$ 761,035,282	\$ 2,705,889,796	\$ 3,466,925,079
TOTAL	\$ 59,873,093	\$ 5,474,044	\$ 13,852,066		\$ (471,945)

Note: FMAP (72.04% applicable Jul. - Sep. 2013) (71.09% applicable Oct. 2013 - Jun. 2014)

Joint Committee on Government and Finance

November 2013

Department of Health and Human Resources

MEDICAID WAIVER REPORT

September 2013 Data

**WV Department of Health and Human Resources
Bureau for Medical Services Waiver Program Report**

WV Aged & Disabled Waiver September 30, 2013		FY 2013	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	FY 2014 to date
Slots approved by CMS (1)		7,210	6,275	6,275	6,275										6,275
Total number of members served YTD (unduplicated slots used) (2)		7,107	5,732	5,777	5,870										5,870
Applicants determined eligible (3)		1568	116	137	11										264
Applicants determined ineligible (3)		328	26	21	0										47
Active Members															
Active members at end of calendar month (unduplicated slots active) (1)		4,436	5,666	5,650	5,674										5,674
ADW Members whose case was closed in month		1311	126	61	69										256
ADW members whose case was closed by reason	Deceased	730	61	61	41										163
	Left program to enter a facility (nursing home, ICF/MR)	114	23	3	3										29
	Other reasons such as: lost eligibility, moved out of state, no longer wanted services, etc.	444	41	10	25										76
Managed Enrollment List															
Number of individuals added to the Managed Enrollment List (4)		1805	115	106	108										329
Applicants with a Medicaid Card		791	48	40	52										140
Individuals moved from the Managed Enrollment List into the Program		204	5	45	93										143
Individuals removed from the Managed Enrollment due to death (5)		246	26	20	42										88
Total Number of individuals on Managed Enrollment list at end of month		2263	2347	2388	2361										2361
Individuals on Managed Enrollment who are in a nursing facility		47	5	6	6										17
Individuals on Managed Enrollment who are receiving Medicaid Personal Care		204	7	9	18										34

(1) Of the 6,275 slots approved by CMS 100 are reserved for the Money Follows the Person and Rebalancing Demonstration Grant.

(2) Unduplicated slots used refers to the total number of members who accessed services during the fiscal year.

(3) Numbers determined eligible and ineligible reflect the activity for the month reported. Eligibility refers to medical eligibility. Financial eligibility is not determined until the time medical eligibility is approved and a slot becomes available.

(4) Monthly managed enrollment is being reported in the month an applicant is determined medically eligible; however, the individual's placement date on the managed enrollment list will be based on their initial application date.

(5) Currently there is no way to track other reasons why someone may leave the managed enrollment list for reasons such as moved out of state, decided not to participate in program, etc.

**WV Department of Health and Human Resources
Bureau for Medical Services Waiver Program Report**

WV Intellectual/Developmental Disability Waiver Reported September 30, 2013		FY 2013	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	FY 2014 To Date
Slots approved by CMS		4,534	4,534	4,534	4,534										4,534
Total number of members served YTD (unduplicated slots used) (2)		4,534	4,534	4,534	4,534										4,534
Applicants determined eligible (3)		386	29	38	32										99
Applicants determined ineligible (3)		374	30	33	24										87
Applicants added to the Active Member List		196	140	0	0										140
Active Members															
Active members at end of calendar month (unduplicated slots active) (1)		4,436	4,523	4,515	4,496										4,515
I/DDW Members who were discharged this month		162	13	8	19										40
I/DDW members whose case was closed by reason	Deceased	69	6	1	2										9
	Other reasons such as: lost eligibility, moved out of state, no longer wanted services, etc.	93	7	1	17										25
Managed Enrollment List															
Number of individuals added to the Managed Enrollment List		383	29	38	32										99
Applicants with a Medicaid Card		432 Avg.	444	471	482										482
Individuals moved from the Managed Enrollment List into the Program		198	140	0	0										140
Individuals removed from the Managed Enrollment due to death		3	1	1	1										1
Total Number of individuals on Managed Enrollment list at end of month		807	832	744	775										775
Individuals on Managed Enrollment who are in a Skilled Nursing facility		2 Avg.	1	1	1										1
Individuals on Managed Enrollment who are in an ICF/IID group home		34 Avg.	45	47	50										50
Individuals on Managed Enrollment who are receiving Medicaid Personal Care		22 Avg.	33	35	36										36

(1) Unduplicated slots active refers to the total number of active members from the previous month minus those were discharged/closed during the calendar month plus any members who were newly enrolled for the calendar month.

(2) Unduplicated slots used refers to the total number of members who accessed services during the fiscal year.

(3) Numbers determined eligible and ineligible reflect the activity for the month reported. Eligibility refers to medical eligibility. Financial eligibility is not determined until the medical eligibility is approved and a slot becomes available.

**WV Department of Health and Human Resources
Bureau for Medical Services Waiver Program Report**

Traumatic Brain Injury Waiver Reported September 30, 2013		FY 2013 To Date	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	FY 2014 To Date
Slots approved by CMS		100	100	100	100										100
Total number of members served Year to Date (unduplicated slots used) (2)		20	23	26	27										27
Applicants determined eligible (3)		34	4	5	3										12
Applicants determined ineligible (3)		11	3	1	2										6
Active Members															
Active members at end of calendar month (unduplicated slots active) (1)		20	23	26	27										27
															0
TBIW members whose case was closed by reason	Deceased	0	0	0	0										0
	Left program to enter a facility	0	0	0	0										0
	Other reasons such as: lost eligibility, moved out of state, no longer wanted services, etc.	0	0	0	0										0
Managed Enrollment List															
Number of Individuals added to the Managed Enrollment List (4)		N/A	N/A	N/A	N/A										N/A
Applicants with a Medicaid Card		N/A	N/A	N/A	N/A										N/A
Individuals removed from the Managed Enrollment List into the Program		N/A	N/A	N/A	N/A										N/A
Individuals removed from the Managed Enrollment due to death (5)		N/A	N/A	N/A	N/A										N/A
Total Number of individuals on Managed Enrollment list at end of month		N/A	N/A	N/A	N/A										N/A
Individuals on Managed Enrollment who are in a nursing facility		N/A	N/A	N/A	N/A										N/A
Individuals on Managed Enrollment who are receiving Medicaid Personal Care		N/A	N/A	N/A	N/A										N/A

(1) Unduplicated slots active refers to the total number of active members from the previous month minus those were discharged/closed during the calendar month plus any members who are newly enrolled for the calendar month.

(2) Unduplicated slots used refers to the total number of members who accessed services during the fiscal year.

(3) Numbers determined eligible and ineligible reflect the activity for the month reported. Eligibility refers to medical eligibility. Financial eligibility is not determined until the time medical eligibility is approved and a slot becomes available.

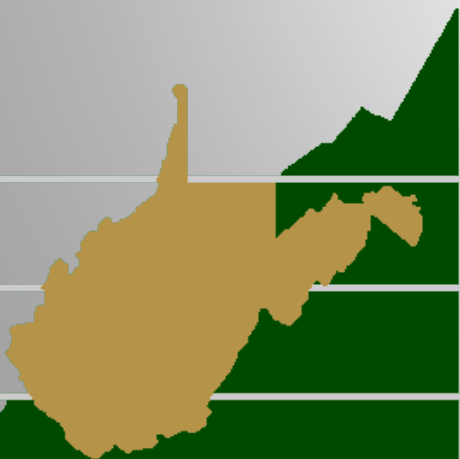
(4) Monthly managed enrollment is being reported in the month an applicant is determined medically eligible; however, the individual's placement date on the managed enrollment list will be based on their initial application date.

(5) Currently there is no way to track other reasons why someone may leave the managed enrollment list for reasons such as moved out of state, decided not to participate in program, etc.

WEST VIRGINIA INVESTMENT MANAGEMENT BOARD

Participant Plan Performance Report

September 30, 2013



West Virginia Investment Management Board

Participant Plans Allocation & Performance Net of Fees

As of September 30, 2013

	6/30/2013		9/30/2013		Performance %						
	Asset (\$000)	%	Asset (\$000)	%	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
WVIMB Fund Assets	14,580,737	100.0	15,105,397	100.0							
Pension Assets	11,501,368	78.9	11,962,306	79.2							
Public Employees' Retirement System	4,848,377	33.3	5,062,873	33.5	3.4	4.9	4.9	13.0	10.0	9.7	7.7
Teachers' Retirement System	5,717,583	39.2	5,893,383	39.0	3.4	4.9	4.9	13.0	9.9	9.3	7.4
Teachers' Employers Cont. Collection A/C	-	0.0	30,504	0.2	0.0	0.0	0.0	0.1	0.1	0.2	
EMS Retirement System	42,603	0.3	45,279	0.3	3.4	4.9	4.9	12.9	9.9	9.6	
Public Safety Retirement System	520,323	3.6	536,971	3.6	3.4	4.9	4.9	13.0	10.1	9.7	7.7
Judges' Retirement System	141,476	1.0	147,402	1.0	3.4	4.9	4.9	13.0	10.0	9.6	7.7
State Police Retirement System	96,092	0.6	102,230	0.7	3.3	4.9	4.9	12.9	9.9	9.6	7.6
Deputy Sheriffs' Retirement System	134,410	0.9	141,801	0.9	3.4	4.9	4.9	13.0	10.0	9.6	7.7
Municipal Police & Firefighter Retirement System	504	0.0	635	0.0	3.1	4.6	4.6	11.9	6.6		
Municipal Model A	-	0.0	1,228	0.0	3.3	2.0	2.0				
Insurance Assets	2,154,563	14.8	2,201,494	14.6							
Workers' Compensation Old Fund	1,036,241	7.1	1,053,526	7.0	1.7	2.2	2.2	3.8	5.4	6.5	
Workers' Comp. Self-Insured Guaranty Risk Pool	14,487	0.1	14,798	0.1	1.8	2.4	2.4	5.5	6.0	3.7	
Workers' Comp. Uninsured Employers Fund	9,749	0.1	9,979	0.1	1.8	2.4	2.4	5.5	5.4	3.4	
Pneumoconiosis	261,636	1.8	264,415	1.8	1.8	2.4	2.4	5.6	6.1	7.3	5.5
Board of Risk & Insurance Mgmt.	139,875	1.0	137,131	0.9	1.8	2.4	2.4	5.6	6.1	8.4	
Public Employees' Insurance Agency	194,215	1.3	198,909	1.3	1.9	2.4	2.4	5.4	6.0	7.5	
WV Retiree Health Benefit Trust Fund	495,926	3.4	520,287	3.4	3.4	4.9	4.9	12.5	8.9	10.3	
AccessWV	2,434	0.0	2,449	0.0	1.0	0.6	0.6	(2.4)	4.2		
Endowment Assets	924,806	6.3	941,597	6.2							
Wildlife Fund	45,838	0.3	48,201	0.3	3.4	4.9	4.9	12.9	9.9	9.7	7.7
Prepaid Tuition Trust	76,701	0.5	74,260	0.4	2.7	3.8	3.8	8.8	8.7	9.6	7.7
Revenue Shortfall Reserve Fund	446,073	3.0	454,748	3.0	1.1	0.7	0.7	(2.8)	3.7	4.8	
Revenue Shortfall Reserve Fund - Part B	348,811	2.4	356,589	2.4	1.8	2.2	2.2	3.5	6.0	6.4	
WV DEP Trust	7,383	0.1	7,799	0.1	3.8	5.6	5.6	13.0			

West Virginia Investment Management Board

Composite Asset Allocation & Performance Net of Fees

As of September 30, 2013

	Asset (\$000)	%	Performance %							
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	
Investment Pools Composite	15,113,699	100.00								
Total Equity Composite	7,020,917	46.45	5.57	8.73	8.73	21.28	13.01	10.83	9.03	
+/- Total Equity Policy Index (b)			0.22	0.47	0.47	1.90	1.43	2.08	1.05	
US Equity Composite	3,303,362	21.85	3.87	6.41	6.41	21.71	17.34	10.79	8.71	
+/- Russell 3000 Index			0.15	0.06	0.06	0.11	0.58	0.21	0.60	
Large Cap Composite	2,424,151	16.04	3.27	5.38	5.38	18.89	16.44	10.12	7.74	
+/- S&P 500 Index			0.13	0.14	0.14	(0.45)	0.17	0.10	0.17	
Non-Large Cap Composite	879,211	5.81	5.55	9.37	9.37	29.93	20.43	13.49	11.04	
+/- Russell 2500 Index			(0.18)	0.29	0.29	0.14	1.99	0.81	0.66	
International Equity Composite	3,717,555	24.60	7.13	10.88	10.88	20.64	8.63	10.54	10.18	
+/- MSCI AC World ex US Index			0.15	0.71	0.71	3.66	2.20	3.80	0.94	
Fixed Income Composite	3,729,169	24.68	0.71	0.60	0.60	0.66	4.08	7.08	4.98	
+/- Fixed Income Policy (c)			(0.29)	(0.15)	(0.15)	1.66	0.72	1.15	0.18	
Core Fixed Income	1,331,324	8.81	0.81	0.56	0.56	(0.80)	3.73			
+/- Barclays Capital Aggregate			(0.14)	(0.01)	(0.01)	0.88	0.87			
Total Return Fixed Income	2,397,845	15.87	0.66	0.62	0.62	1.47	4.26	7.64	5.60	
+/- Barclays Capital US Universal			(0.34)	(0.13)	(0.13)	2.47	0.90	1.71	0.69	
TIPS Composite	660,681	4.37	1.44	0.70	0.70	(6.09)	3.96			
+/- Barclays Capital U.S. TIPS			(0.01)	0.00	0.00	0.01	(0.06)			
Cash Composite	162,066	1.07	0.01	0.01	0.01	0.15	0.11	0.22	1.82	
+/- Citigroup 90 Day T-Bill + 0.15%			0.00	(0.05)	(0.05)	(0.08)	(0.14)	(0.10)	(0.03)	
Private Equity Composite	1,167,597	7.72	1.36	1.95	1.95	7.64	11.18	8.65		
+/- S&P 500 + 5% (d)								(6.37)		
Real Estate Composite	1,021,103	6.76	1.60	0.76	0.76	10.39	9.95	5.63		
+/- NCREIF + 1% (d)								1.84		
Hedge Funds Composite	1,352,166	8.95	1.19	1.59	1.59	9.27	5.65	6.19		
+/- LIBOR + 4%			0.84	0.52	0.52	4.97	1.30	1.68		

West Virginia Investment Management Board

Participant Plans Allocation vs. Strategy

As of September 30, 2013

	Domestic Equity		Int'l Equity		Fixed Income		Private Equity		Real Estate		Hedge Funds		Cash	
	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %

Pension Assets

Public Employees' Retirement System	24.6	25.0	27.6	25.0	20.2	20.0	9.4	10.0	8.1	10.0	9.8	10.0	0.3	0.0
Teachers' Retirement System	24.6	25.0	27.9	25.0	20.1	20.0	9.3	10.0	8.2	10.0	9.9	10.0	0.0	0.0
Teachers' Employers Cont. Collection A/C	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0
EMS Retirement System	24.8	25.0	27.3	25.0	20.4	20.0	9.1	10.0	8.2	10.0	9.6	10.0	0.6	0.0
Public Safety Retirement System	24.4	25.0	27.8	25.0	19.8	20.0	9.7	10.0	8.3	10.0	9.9	10.0	0.1	0.0
Judges' Retirement System	24.6	25.0	27.7	25.0	20.0	20.0	9.6	10.0	8.2	10.0	9.8	10.0	0.1	0.0
State Police Retirement System	24.8	25.0	27.2	25.0	20.6	20.0	8.9	10.0	8.2	10.0	9.6	10.0	0.7	0.0
Deputy Sheriffs' Retirement System	24.5	25.0	27.5	25.0	20.4	20.0	9.3	10.0	8.2	10.0	9.7	10.0	0.4	0.0
Municipal Police & Firefighter Retirement System	22.2	25.0	24.7	25.0	18.4	20.0	8.5	10.0	7.5	10.0	8.7	10.0	10.0	0.0
Municipal Model A	24.0	25.0	26.9	25.0	19.3	20.0	9.8	10.0	8.1	10.0	9.8	10.0	2.1	0.0

Insurance Assets

Workers' Compensation Old Fund	10.0	10.0	11.4	10.0	70.1	70.0	0.0	0.0	0.0	0.0	0.0	0.0	8.5	10.0
Workers' Comp. Self-Insured Guaranty Risk Pool	9.9	10.0	11.3	10.0	54.3	55.0	0.0	0.0	0.0	0.0	19.9	20.0	4.6	5.0
Workers' Comp. Uninsured Employers Fund	9.8	10.0	11.2	10.0	49.2	50.0	0.0	0.0	0.0	0.0	19.8	20.0	10.0	10.0
Pneumoconiosis	10.1	10.0	11.3	10.0	54.0	55.0	0.0	0.0	0.0	0.0	20.0	20.0	4.6	5.0
Board of Risk & Insurance Mgmt.	10.0	10.0	11.4	10.0	54.3	55.0	0.0	0.0	0.0	0.0	19.2	20.0	5.1	5.0
Public Employees' Insurance Agency	9.8	10.0	11.2	10.0	59.2	60.0	0.0	0.0	0.0	0.0	19.8	20.0	0.0	0.0
WV Retiree Health Benefit Trust Fund	24.6	25.0	27.6	25.0	20.6	20.0	9.1	10.0	8.2	10.0	9.9	10.0	0.0	0.0
AccessWV	0.0	0.0	0.0	0.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Endowment Assets

Wildlife Fund	24.5	25.0	27.5	25.0	20.5	20.0	9.4	10.0	8.2	10.0	9.8	10.0	0.1	0.0
Prepaid Tuition Trust	29.7	30.0	17.0	16.0	51.9	54.0	0.0	0.0	0.0	0.0	0.0	0.0	1.4	0.0
Revenue Shortfall Reserve Fund	0.0	0.0	0.0	0.0	99.9	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
Revenue Shortfall Reserve Fund - Part B	9.8	10.0	11.2	10.0	78.9	80.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
WV DEP Trust	35.2	35.0	30.4	30.0	34.4	35.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Statutory Limitations

- Public Equity - 75%
- International Proportions of Equity, Fixed Income, and Real Estate - 30%
- Real Estate - 25%
- Private Equity and Hedge Funds - 20% in aggregate

West Virginia Investment Management Board

Footnotes

As of September 30, 2013

- (a) PERS Policy is 30% Russell 3000, 30% MSCI ACW ex USA, and 40% Barclays Capital Universal as of 4/1/08. Prior periods, 42% Russell 3000, 18% MSCI ACW ex USA, and 40% Barclays Capital Agggregate.
- (b) Total Equity Policy is 50% Russell 3000 and 50% MSCI ACW ex USA as of April 2008. Prior periods were 40% S&P 500, 30% Russell 2500, and 30% MSCI ACW ex USA.
- (c) Fixed Income Policy is 100% Barclays Capital Universal as of April 2008. Prior periods were the Barclays Capital Aggregate.
- (d) The Private Equity Composite and Real Estate Composite are long-term programs whose benchmarks are only reported for 5 years and beyond.
- (e) Western Policy Index is 100% Barclays Capital Universal as of April 2008. Prior periods were a custom index.
- (f) Security Capital Benchmark is 40% Wilshire US REIT Index, 30% Wells Fargo Hybrid & Preferred Securities REIT Index, and 30% BC REIT Bond Index.

Note: Participant returns are net of fees. Portfolio returns are net of management fees. Returns shorter than one year are unannualized.



Status Report:
Workers' Compensation

Joint Committee on Government & Finance

November 2013

Provided by the West Virginia Offices of the Insurance Commissioner



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Introduction

With the passage of S.B. 1004 in January 2005, significant changes were made to workers' compensation insurance in West Virginia. The State administered monopolistic fund effectively ended when a new domestic mutual insurance company, "BrickStreet", was formed to issue workers' compensation insurance on a going forward basis. BrickStreet began writing new workers' compensation insurance liabilities effective January 2006. (They also retained the workers' compensation insurance premium and incurred liability starting in July 2005.) The West Virginia workers' compensation insurance market was later opened to competition beginning in July 2008.

At the time when the domestic mutual insurance company was formed in order to begin to privatize the workers' compensation insurance market in West Virginia, a large legacy liability existed stemming from the historical operation of the State administered monopolistic fund. Subsequent to privatization, this legacy liability was retained by the State of West Virginia in what is now known as the "Old Fund." The Old Fund consists of all historical claims with dates of injuries or last exposure through June 30, 2005. Apart from those sections which specifically reference other "funds," the "private market," or the "self-insured" community (which began in July 2004), this report concerns the workers' compensation legacy liability of the State of West Virginia, i.e. the Old Fund.

Although belonging to the State of West Virginia, the administration of the Old Fund was initially placed via statute with BrickStreet. By January 2008, however, BrickStreet relinquished the administration of the Old Fund back to the State to be managed by the West Virginia Offices of the Insurance Commissioner. The West Virginia Offices of the Insurance Commissioner contracted with three Third Party Administrators (TPA's: Sedgwick Claims Management Services, Wells Fargo Disability Management, and American Mining Insurance Company) to ensure timely claim payments and proper claims management with the ultimate goal of claim resolution.

At January 2008, there were 47,961 active Old Fund workers' compensation insurance claims. The first Workers' Compensation Status Report to the Joint Committee on Government and Finance was issued in June 2008. The following pages update the status of the various workers' compensation funds and the activities associated with the administration of the workers' compensation responsibilities transitioned to the Offices of the Insurance Commissioner.

Definitions:

Appeal (BOR): A formal procedure conducted by the Board of Review at which a decision of an administrative law judge (OOJ) having presided over a matter of workers' compensation (Old Fund or Privately Insured) is to be afforded additional consideration. An appeal may be filed by any aggrieved party, such as a claimant, employer, dependent of a claimant, private insurance carrier, etc.

Board of Review: (BOR) A three judge panel that serves as an intermediate appellate tribunal in workers' compensation litigation. Specifically, the Board of Review reviews all appeals taken from any final decision of the Office of Judges. The BOR may reverse, vacate, modify or remand a decision of the Office of Judges. Any appeal taken from a Board of Review final order must be filed with the West Virginia Supreme Court of Appeals.

Claim Reserve: individual claim level cost estimate that is projected on the ultimate probable exposure; must be the best projection based on the facts and findings of the claim. This function is to capture the key components that impact the range of any impending cost in workers' compensation claims. No discounting is applied. The Indemnity Reserve is adjusted to cover the cost of loss or exposure both on a temporary and permanent basis. The reserve should also be adjusted to include the projected cost of any death and/or dependent benefits when appropriate. The Medical Reserve covers medical cost, hospital stays, specialized treatment, rehabilitation, durable medical equipment, and medications, etc. The Expense Reserve is placed for the cost of legal defense and investigations, etc. The reserves may be reduced based on the findings of early mortality factors.

Coal Workers' Pneumoconiosis Fund: State managed fund into which FBL premiums received are held, and out of which FBL benefits are paid. This fund was closed to future liabilities as of 12/31/2005. Because of the latency period between the date of last exposure and the onset of disease, new FBL claims will occur.

Fatal: claim under which the worker died as a result of injury or illness.

FBL: claim for Occupational Pneumoconiosis (Black Lung) benefits under Title IV of the federal Coal Mine Health and Safety Act of 1969, i.e. Federal Black lung, or FBL.

Inactive FBL Claim: an FBL claim for which an award had been sought, but was not afforded. Federal statutes permit an appeal process which lasts for 1 year, so the claim would be reopened for consideration upon appeal. Some variance in the number of reported "inactive" claims has occurred in the past due to one TPA holding active reserves on "inactive" claims. This has subsequently been rectified. Denied Old Fund FBL claims are closed administratively after 6 months, as the TPA's bill for claims management services monthly on an open claims basis.

Indemnity: statutory wage replacement benefits awarded as a result of a worker's occupational illness or injury.

Med Only: claim under which only the payment of medical benefits were sought or awarded, i.e. no payment of wage replacement benefits (indemnity) is being made.

Non-FBL: claim for benefits other than a Federal Black Lung award, i.e. all other claim types.

Office of Judges: (OOJ) An office comprised of administrative law judges who are charged with resolving protests or appeals to workers' compensation claims management decisions. The Office of Judges conducts hearings, receives and weighs evidence and arguments, and issues written decisions on protests or appeals from initial claim management decisions. Any final decision of the Office of Judges may be appealed to the workers' compensation Board of Review. The OOJ hears protests involving Old Fund claims as well as those arising from the private market (private carrier or privately insured.)

OP/OD: claim of Occupational Pneumoconiosis or Occupational Disease. An OP claim could be considered the State level equivalent of an FBL claim; however, State OP claims provide for varying percentages of impairment where the FBL applicant must prove total impairment to be eligible. (State OP claims are awarded more frequently than FBL, but afford lesser benefits.) An example of an OD claim would be occupational hearing loss.

Partial Award: claim for which benefits are being paid, but no official award has been made.

Payment Agreement: individual legal agreements that were made in order to settle a particular payment issue on a specific claim. These are different than your "standard" claim types, such as PTD or TPD. They identify a sub-set of claims that are not settled in the same philosophy that is practiced today. This normally references a situation in which a PT was granted years ago and the "onset" date was in litigation. A compromise was reached and a settlement was executed to the agreed up "onset" date. Although a settlement was executed, it was only applicable to an issue, not to the entire claim, so monthly payments continue to pay on these claims.

Protest (OOJ): An objection to a ruling of a workers' compensation claim administrator (Old Fund or Private Market) which prompts the initiation of the adjudication process at the Office of Judges.

PPD: (Permanent Partial Disability) paid to compensate an injured worker for permanent impairment that results from an occupational injury or disease. The American Medical Association defines permanent impairment as impairment that has become static or well stabilized with or without medical treatment and is not likely to remit despite medical treatment. It should be noted, some injuries that are total loss by severance have statutory impairment ratings that are defined per WV Code §23-4-6(f). Payment for PPD is based upon 4 weeks of compensation for each one percent of disability.

PTD: (Permanent Total Disability) A disability which renders a claimant unable to engage in gainful employment requiring skills or abilities which can be acquired or which are comparable to those of any gainful employment in which the claimant previously engaged with some regularity. While the comparison of pre-injury income and post-disability income is not a factor to be considered in determining whether or not a claimant is permanently and totally disabled, the geographic availability of gainful employment should be considered. Specifically, the geographic availability

of gainful employment within a 75 mile driving distance of the claimant's home, or within the distance from the claimant's home to his or her pre-injury employment, whichever is greater, is a factor to be considered in determining whether or not a claimant is PTD.

Self-Insured: an employer who has met certain specific guidelines, and who is then permitted to guarantee their own payment and handling of workers' compensation claims to their employees in accordance with WV statutes.

Self-Insured Guaranty Fund: State managed fund into which premiums received are held, and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or last exposure after 07/01/2004.

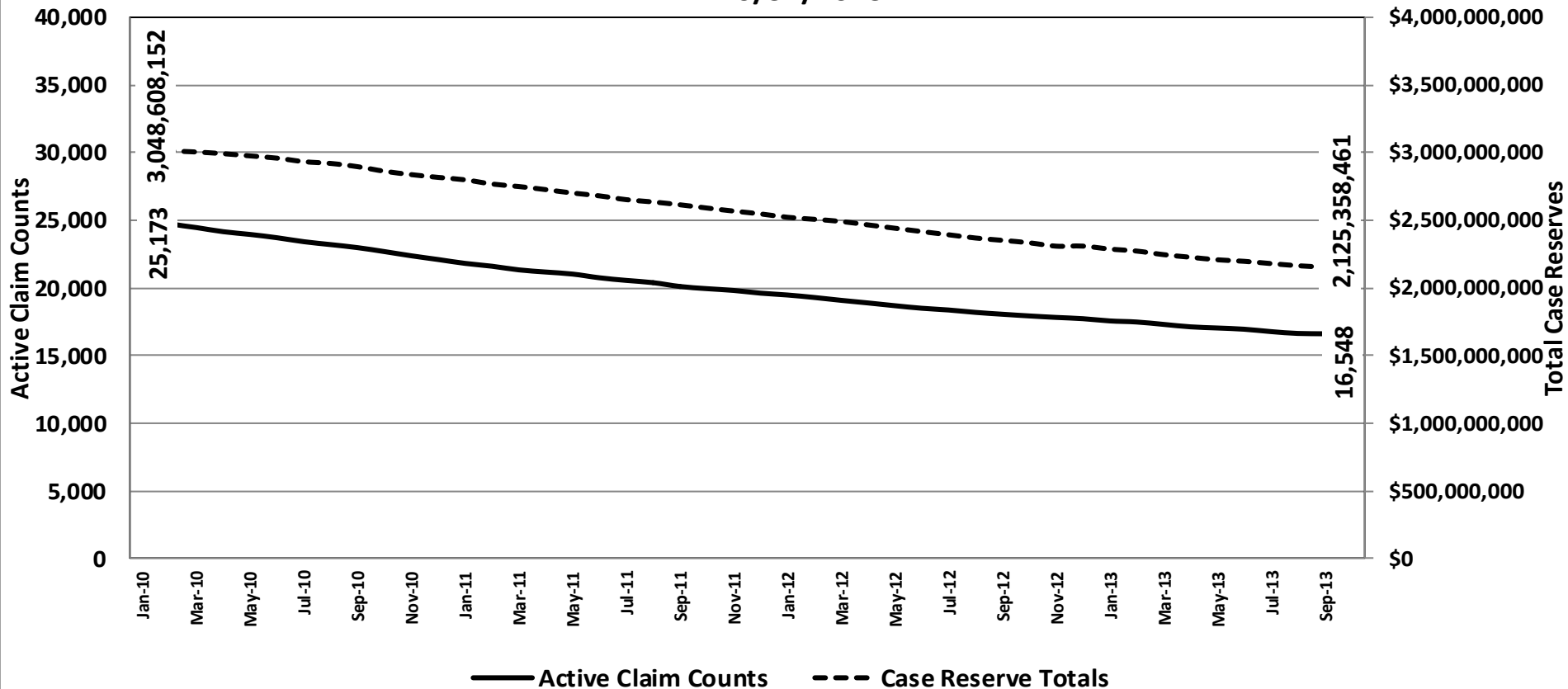
Self-Insured Security Fund: State managed fund into which premiums received are held, and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or last exposure before 07/01/2004. This fund is limited to claimants of those self-insured employers who have defaulted on their claims obligations after 12/31/2005.

TPD: (Temporary Partial Disability) also referred to as TPR, is paid when an injured worker is released to return to work with restrictions or modifications that restrict he/she from obtaining their pre-injury wages. The TPD benefit is paid at seventy percent of the difference between the average weekly wage earnings earned at the time of injury and the average weekly wage earnings earned at the new employment.

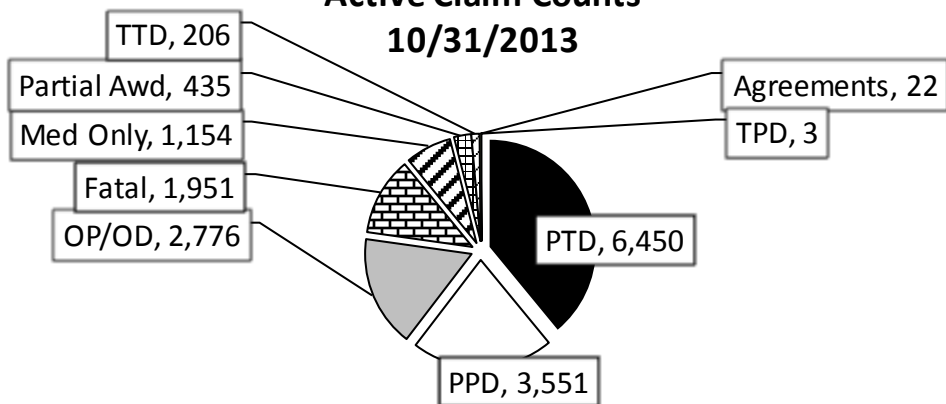
TTD: (Temporary Total Disability) an inability to return to substantial gainful employment requiring skills or activities comparable to those of one's previous gainful employment during the healing or recovery period after the injury. In order to receive TTD benefits, the injured worker must be certified disabled due to the compensable injury by his/her treating physician.

Uninsured Fund: State managed fund into which assessments to carriers or employers received are held, and out of which workers' compensation benefits may be paid to claimant employees of employers who were uninsured if the date of injury or date of last exposure is January 1, 2006 or later.

Old Fund Active Claim Counts and Case Reserves 10/31/2013



Old Fund Active Claim Counts 10/31/2013



Agreements – a legal agreement to settle a payment issue

Fatal – worker died due to injury or illness

Med Only – payment of medical benefits without wage replacement

OP/OD - Occupational Pneumoconiosis or Occupational Disease

Partial Awd – benefits being paid without official awards

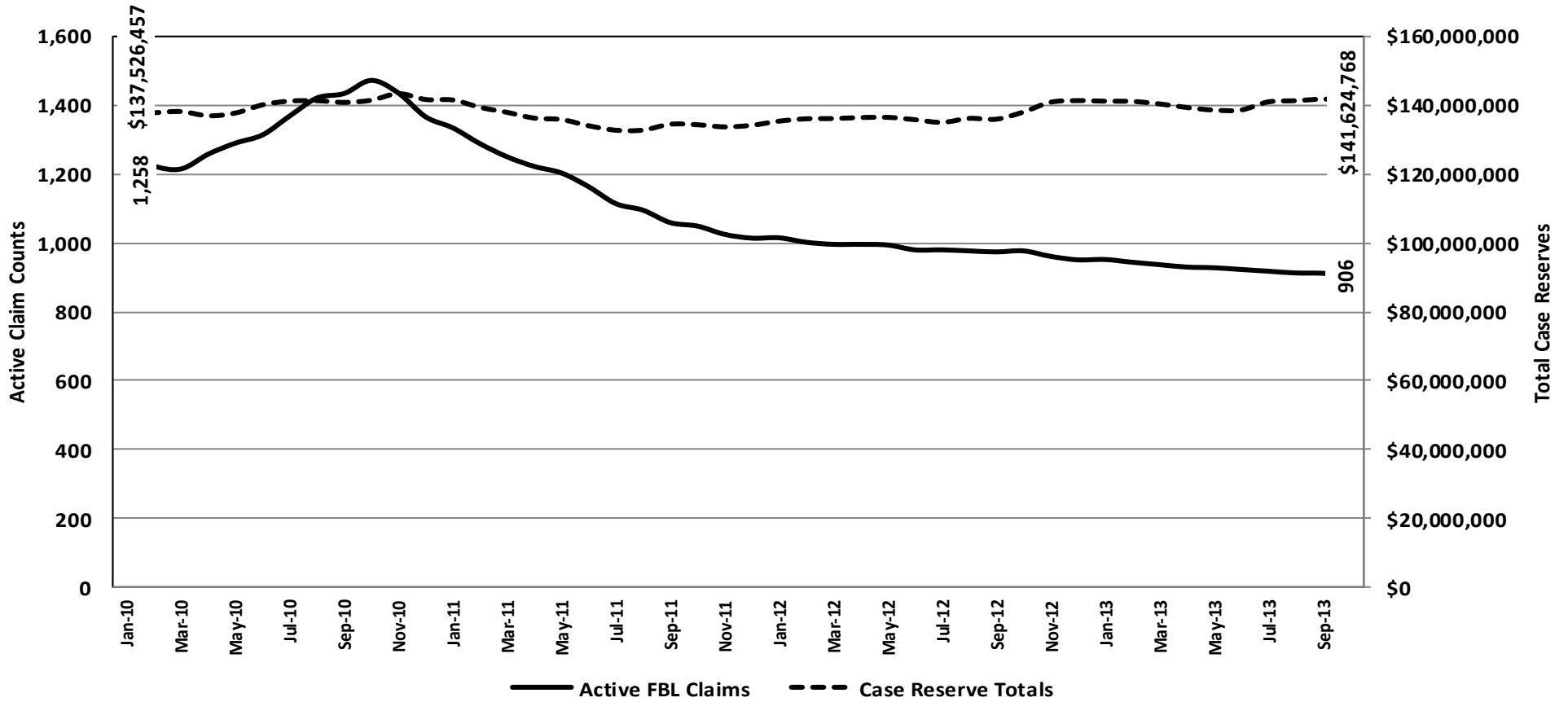
PPD - Permanent Partial Disability; unlikely to improve with treatment

PTD - Permanent Total Disability; unable to engage in employment

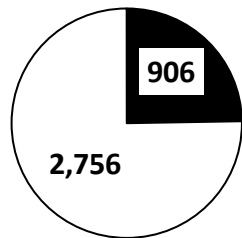
TPD - Temporary Partial Disability released to work with restrictions

TTD - Temporary Total Disability; unable to engage in employment

**CWP Fund (FBL)
Active Claim Counts and Case Reserves
10/31/2013**



**CWP Fund (FBL)
Active and Inactive Claims
10/31/2013**



■ Active □ Inactive

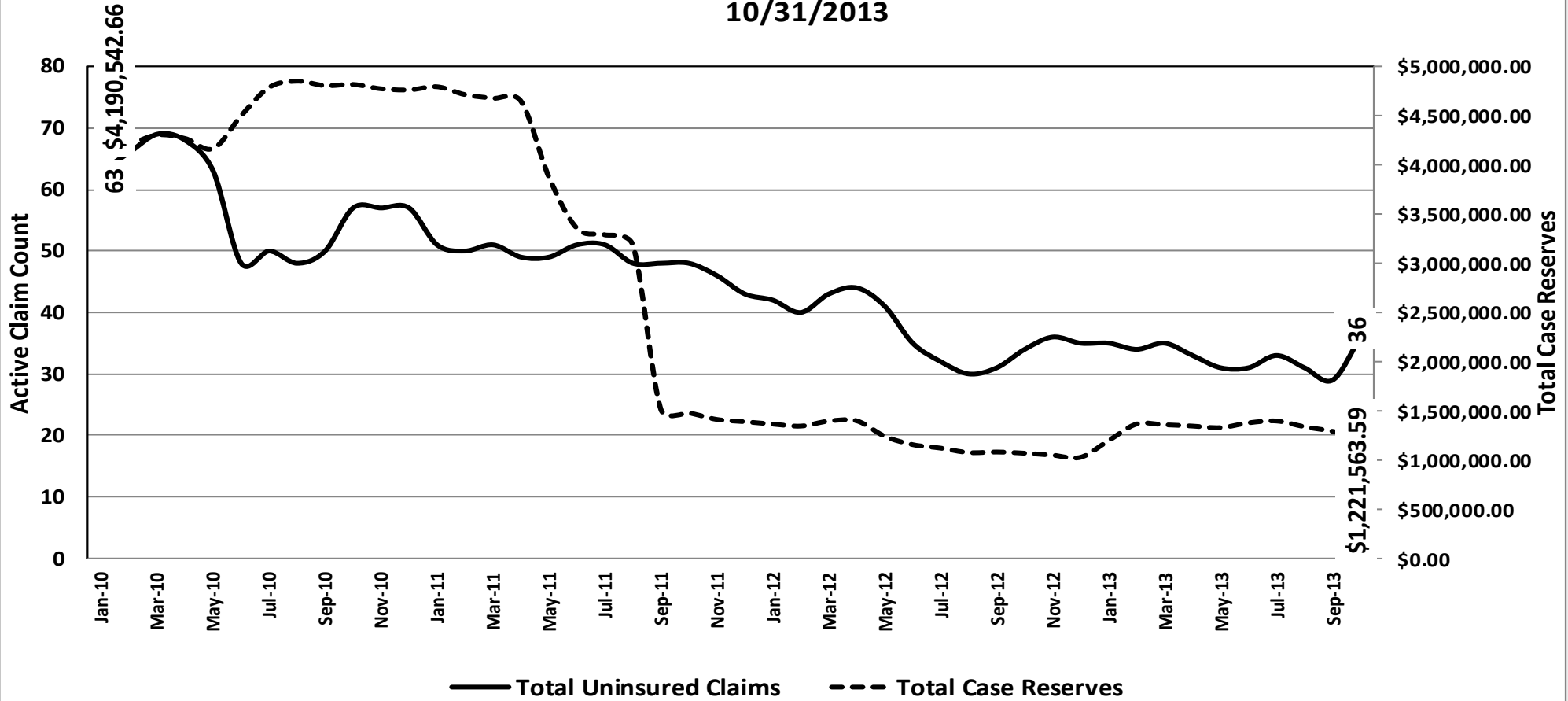
Active – Benefits being paid to claimant/beneficiary

CWP Fund - Coal Worker's Pneumoconiosis; miners/beneficiaries disabled or deceased

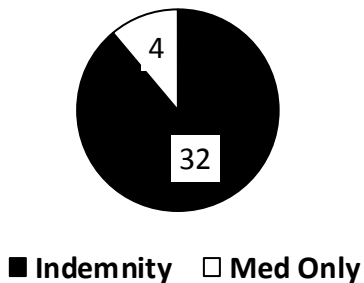
FBL - Occupational Pneumoconiosis (Black Lung) under Title IV of the federal Coal Mine Health and Safety Act of 1969, i.e. Federal Black lung, or FBL.

Inactive – claim for which an award was sought, but not afforded. Federal statutes permit an appeal, so claim may be reopened

Uninsured Fund Active Claim Counts and Case Reserves 10/31/2013



Uninsured Fund Active Claim Counts 10/31/2013

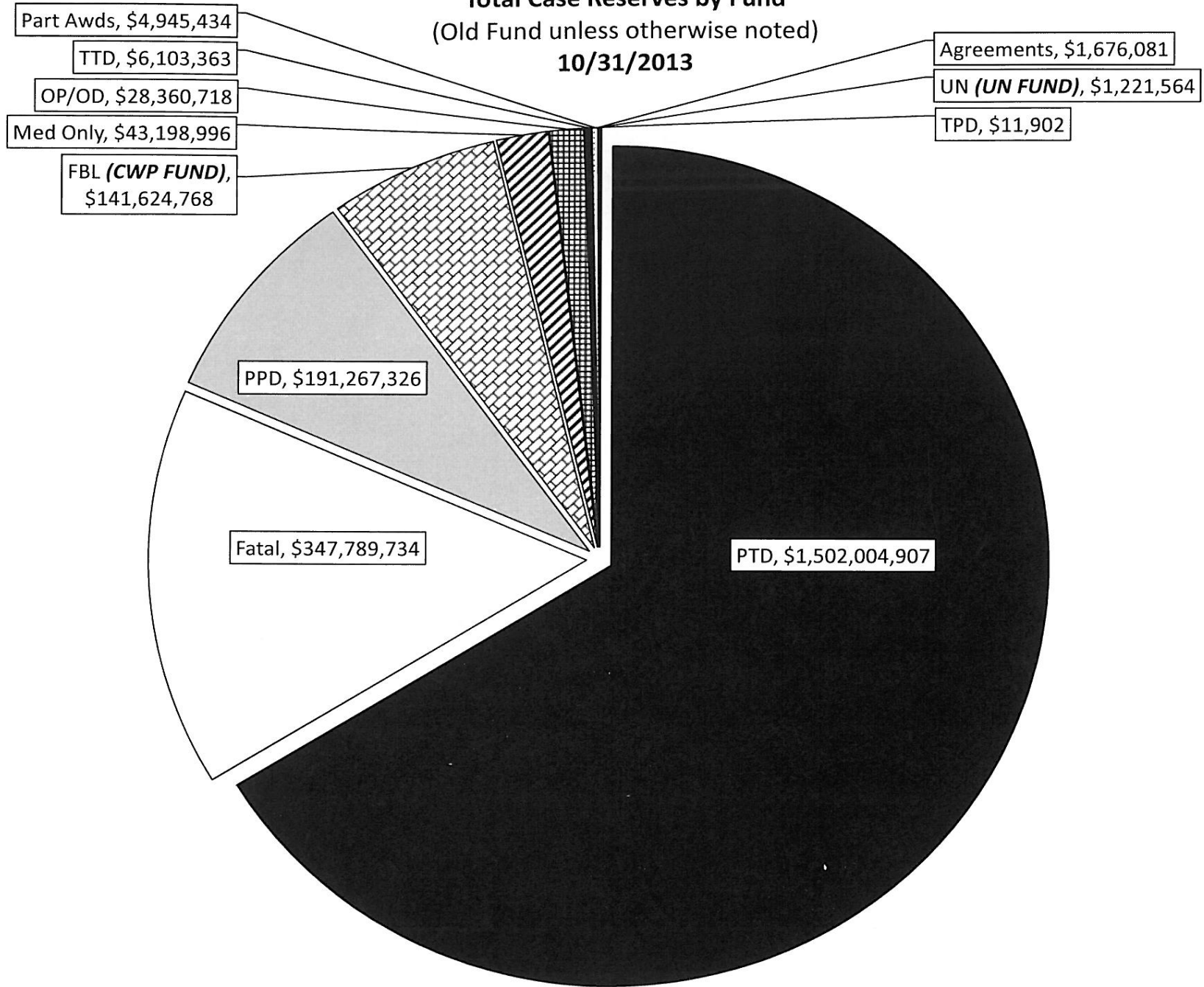


Indemnity – statutory wage replacement and medical benefits awarded

Med Only – payment of medical benefits without wage replacement

Uninsured (Employer's) Fund - (UEF) established January 1, 2006 to provide worker's compensation benefits to injured workers of uninsured WV employers. The Commissioner may recover all payments made from this fund, including interest, from an uninsured employer who is found liable for benefits paid from the UEF.

Total Case Reserves by Fund
(Old Fund unless otherwise noted)
10/31/2013



OLD FUND CASH STATEMENT

October 31, 2013

	YTD FY2014	YTD FY2013	Change	Three Year History for years ended:		
				FY2013	FY2012	FY2011
Cash Beginning Balances	1,061,595,681	942,505,408	119,090,273	942,505,408	943,172,539	888,535,954
Revenues						
Personal Income Tax	10,600,000	10,600,000	-	95,400,000	95,400,000	95,400,000
Severance Tax	35,601,739	30,407,779	5,193,960	94,562,969	93,947,355	93,112,747
Debt Reduction Surcharge	18,570,502	19,943,100	(1,372,598)	36,853,941	39,758,082	41,096,360
Self-Insured Debt Reduction Surcharge	3,592,262	2,741,373	850,889	8,733,494	9,620,197	8,058,590
Video Lottery	11,000,000	11,000,000	-	11,000,000	11,000,000	11,000,000
Employer Premium	52,545	104,665	(52,120)	335,102	575,167	3,120,389
Other Income - Return of Unclaimed Property	74,177	25,103	49,074	48,332	202,103	191,860
Operating Revenues	79,491,225	74,822,020	4,669,204	246,933,837	250,502,904	251,979,946
Investment / Interest Earnings (Losses)	2,514,274	41,903,537	(39,389,263)	77,380,803	18,284,929	88,270,887
Total Revenues	82,005,499	116,725,558	(34,720,058)	324,314,640	268,787,833	340,250,833
Expenditures						
Claims Benefits Paid:						
Medical	11,182,070	10,975,021	207,049	33,512,816	39,226,318	41,972,430
Permanent Total Disability	37,740,857	39,659,181	(1,918,324)	118,396,619	124,963,432	136,800,060
Permanent Partial Disability	280,743	450,285	(169,542)	1,137,910	1,822,571	2,513,255
Temporary Disability	-	43,229	(43,229)	59,227	188,666	384,571
Fatals	8,849,643	8,949,248	(99,605)	26,966,847	28,139,830	29,994,599
104 weeks death benefit	2,040,881	2,060,078	(19,197)	6,670,578	6,729,656	6,321,554
Settlements	3,851,880	4,544,897	(693,017)	9,011,730	56,164,626	50,628,569
Loss Adjustment Expenses	329,097	318,381	10,716	998,774	2,333,885	4,514,323
Total	64,275,169	67,000,320	(2,725,151)	196,754,501	259,568,984	273,129,360
Less: Claims credits and overpayments	1,737,563	2,265,858	(528,295)	4,617,178	8,161,625	7,666,404
Total Benefits Paid	62,537,606	64,734,462	(2,196,856)	192,137,323	251,407,359	265,462,956
Administrative Expenses	5,275,169	5,882,279	(607,110)	13,087,043	18,047,605	20,151,292
Total Expenditures	67,812,775	70,616,740	(2,803,966)	205,224,366	269,454,964	285,614,248
Excess (Deficiency) of Revenues over Expenditures	14,192,724	46,108,817	(31,916,093)	119,090,274	(667,131)	54,636,585
Cash Ending Balances	1,075,788,406	988,614,225	87,174,181	1,061,595,681	942,505,408	943,172,539

Note: The purpose of the report is to enhance the user's ability to monitor the cash activities of the Old Fund. The Old Fund assets consist of the Old Fund cash, IMB and BTI Investment accounts and any deposits in transit from the Debt Reduction Fund. The liabilities of the Old Fund consist of the worker's compensation claims and related expenses for all claims, actual and incurred but not reported for claims with dates of injury on or before June 30, 2005. This report is intended to provide a summary of the cash based transactions related to the Fund's assets and liabilities and is not an accrual based presentation. The Old Fund Cash Statement is unaudited information.

COAL WORKERS PNEUMOCONIOSIS FUND
October 31, 2013

	YTD FY2014	YTD FY2013	Change	Three Year History for years ended:		
				FY2013	FY2012	FY2011
Cash Beginning Balances	266,720,430	254,523,752	12,196,678	254,523,752	262,926,105	244,074,613
Revenues						
Investment Earnings (Losses)	1,213,345	11,584,017	(10,370,672)	24,801,113	2,745,783	29,283,335
Other Income - Return of Unclaimed Property	-	-	-	-	-	-
Total Revenues	1,213,345	11,584,017	(10,370,672)	24,801,113	2,745,783	29,283,335
Expenditures						
Payment of Claims	4,757,551	3,528,289	1,229,262	12,550,216	11,131,012	10,415,160
Contractual / Professional	-	14,683	(14,683)	53,287	17,124	16,683
Legal	-	-	-	932	-	-
Total Expenditures	4,757,551	3,542,972	1,214,579	12,604,435	11,148,136	10,431,843
Excess (Deficiency) of Revenues over Expenditures	(3,544,206)	8,041,045	(11,585,251)	12,196,678	(8,402,353)	18,851,492
Cash Ending Balances	263,176,224	262,564,797	611,427	266,720,430	254,523,752	262,926,105

Note: The Coal Worker's Pneumoconiosis Fund (CWP Fund) ceased operations December 31, 2005 and is in run-off status under the administrative oversight of the Insurance Commissioner. Established in 1973, the CWP Fund existed to provide insurance coverage to companies for liabilities incurred as a result of the Federal Coal Mine Health and Safety Act of 1969. Participation in the CWP Fund was voluntary for employers. The current revenues of the CWP Fund are limited to the earnings from invested assets. The liabilities of the CWP Fund consist of the claims for coal miners who are totally disabled or beneficiaries of coal miners who have died as a result of coal worker's pneumoconiosis. To be eligible for benefits from the CWP Fund, the date of last exposure of the coal miner must be on or before December 31, 2005. The Coal Workers Cash Statement is unaudited information.

SELF-INSURED GUARANTY RISK POOL
October 31, 2013

	YTD FY2014	YTD FY2013	Change	Three Year History for years ended:		
				FY2013	FY2012	FY2011
Cash Beginning Balances	14,815,337	10,829,975	3,985,362	10,829,975	9,744,809	8,112,918
Revenues						
Guaranty Risk Pool Assessments	50,482	346,213	(295,731)	851,410	1,093,066	1,119,674
Collateral Proceeds	-	-	-	2,399,380	-	-
Investment Earnings (Losses)	68,803	493,013	(424,210)	1,186,338	125,813	592,165
Total Revenues	119,284	839,226	(719,942)	4,437,128	1,218,879	1,711,839
Expenditures						
Payment of Claims	61,539	92,922	(31,383)	332,894	28,466	28,707
Contractual / Professional	17,437	8,070	9,367	92,122	105,247	51,241
Legal	49	-	49	26,750	-	-
Total Expenditures	79,025	100,992	(21,967)	451,765	133,713	79,948
Excess (Deficiency) of Revenues over Expenditures	40,259	738,234	(697,975)	3,985,363	1,085,166	1,631,891
Cash Ending Balances	14,855,597	11,568,209	3,287,388	14,815,337	10,829,975	9,744,809

The Self-Insured Guaranty Risk Pool covers the claims liabilities of bankrupt or defaulted self-insured employers with dates of injury subsequent to July 1, 2004. The revenues of the Self-Insured Guaranty Fund are comprised of the guaranty risk pool assessments levied on all self-insured employers and the earnings on invested assets. The Self Insured Guaranty Cash Statement is unaudited information.

SELF-INSURED SECURITY RISK POOL
October 31, 2013

	YTD FY2014	YTD FY2013	Change	Three Year History for years ended:		
				FY2013	FY2012	FY2011
Cash Beginning Balances	6,754,601	203,518	6,551,083	203,518	205,705	173,041
Revenues						
Security Risk Pool Assessments	3,749	-	3,749	2,575,705	-	115,568
Collateral Proceeds	-	-	-	4,657,620	-	-
Total Revenues	3,749	-	3,749	7,233,325	-	115,568
Expenditures						
Payment of Claims	345,013	112,569	232,444	530,804	2,187	73,649
Contractual / Professional	18,487	-	18,487	60,413	-	9,255
Legal	146	-	146	91,025	-	-
Total Expenditures	363,646	112,569	251,077	682,242	2,187	82,904
Excess (Deficiency) of Revenues over Expenditures	(359,897)	(112,569)	(247,328)	6,551,083	(2,187)	32,664
Cash Ending Balances	6,394,704	90,949	6,303,755	6,754,601	203,518	205,705

The Self-Insured Security Risk Pool is liable for the worker's compensation claims of bankrupt or defaulted self-insured employers with dates of injury prior to July 1, 2004. However, the obligations of this Fund are limited to the exposures of self-insured employers who default subsequent to December 31, 2005. The Self Insured Security Cash Statement is unaudited information.

UNINSURED EMPLOYERS FUND
October 31, 2013

	YTD FY2014	YTD FY2013	Change	Three Year History for years ended:		
				FY2013	FY2012	FY2011
Cash Beginning Balances	10,801,353	9,574,065	1,227,288	9,574,065	9,086,330	8,905,444
Revenues						
Fines and Penalties	287,166	249,655	37,511	747,771	948,896	939,626
Investment Earnings (Losses)	51,152	398,105	(346,953)	871,603	99,906	474,728
Total Revenues	338,318	647,760	(309,442)	1,619,374	1,048,802	1,414,354
Expenditures						
Payment of Claims	88,225	42,394	45,831	262,002	553,676	1,224,982
Contractual/Professional	6,403	1,436	4,967	15,024	7,392	8,486
General and Administrative	60	15	45	60	-	-
Insurance	57,500	-	57,500	115,000	-	-
Total Expenditures	152,188	43,845	108,343	392,086	561,067	1,233,468
Excess (Deficiency) of Revenues over Expenditures	186,130	603,915	(417,785)	1,227,288	487,735	180,886
Cash Ending Balances	10,987,483	10,177,980	809,503	10,801,353	9,574,065	9,086,330

The Uninsured Employer's Fund (UEF) was established January 1, 2006 to provide worker's compensation benefits to injured workers of uninsured WV employers. The revenues of the UEF consist of fines levied on uninsured employers and the earnings on invested assets. The Insurance Commissioner has the right to levy assessments on employers in order to maintain the solvency of the Fund. The Commissioner may recover all payments made from this fund, including interest, from an uninsured employer who is found liable for benefits paid from the UEF. The Uninsured Cash Statement is unaudited information.

West Virginia Offices of the Insurance Commission

OFFICE OF JUDGES' REPORT

TO INDUSTRIAL COUNCIL – November 4, 2013

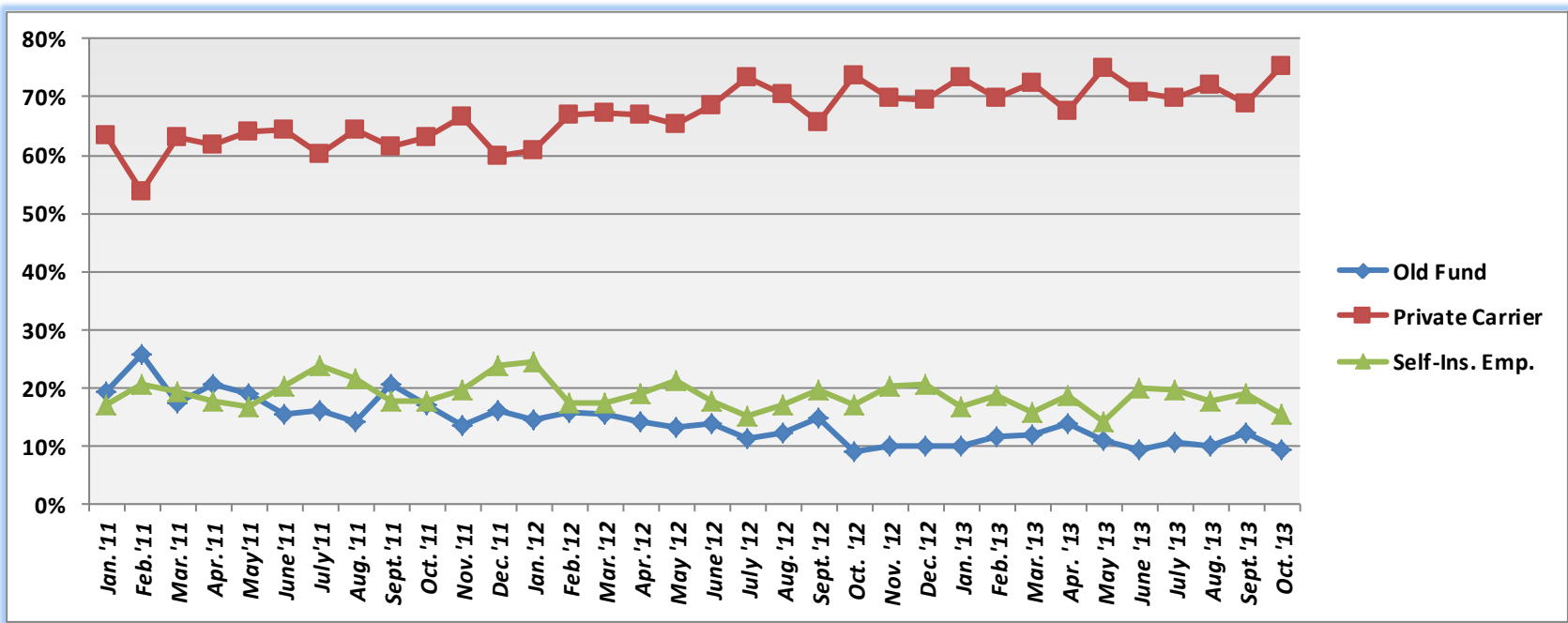
Rebecca A. Roush, Chief Administrative Law Judge

Statistical Analysis

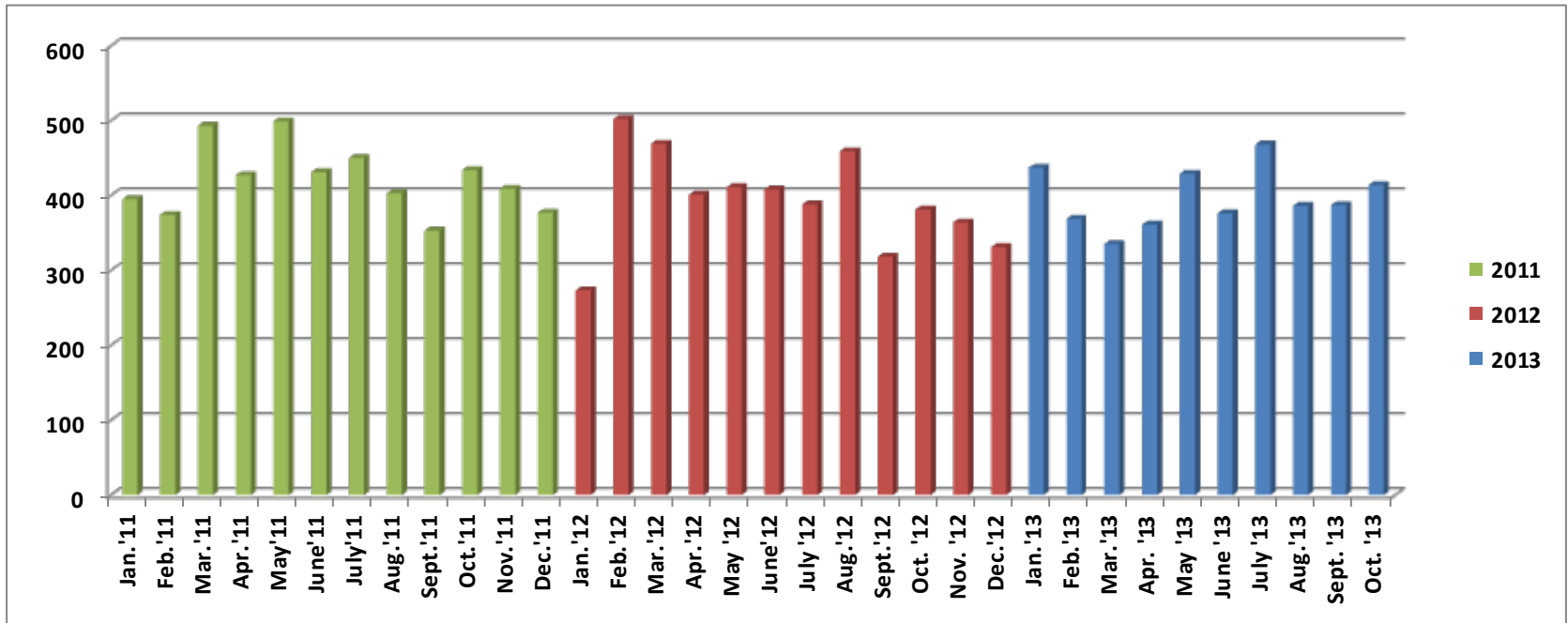
A. Protests Acknowledged: 2012 Oct. 2013
 4705 414 3962

Fund Involved:

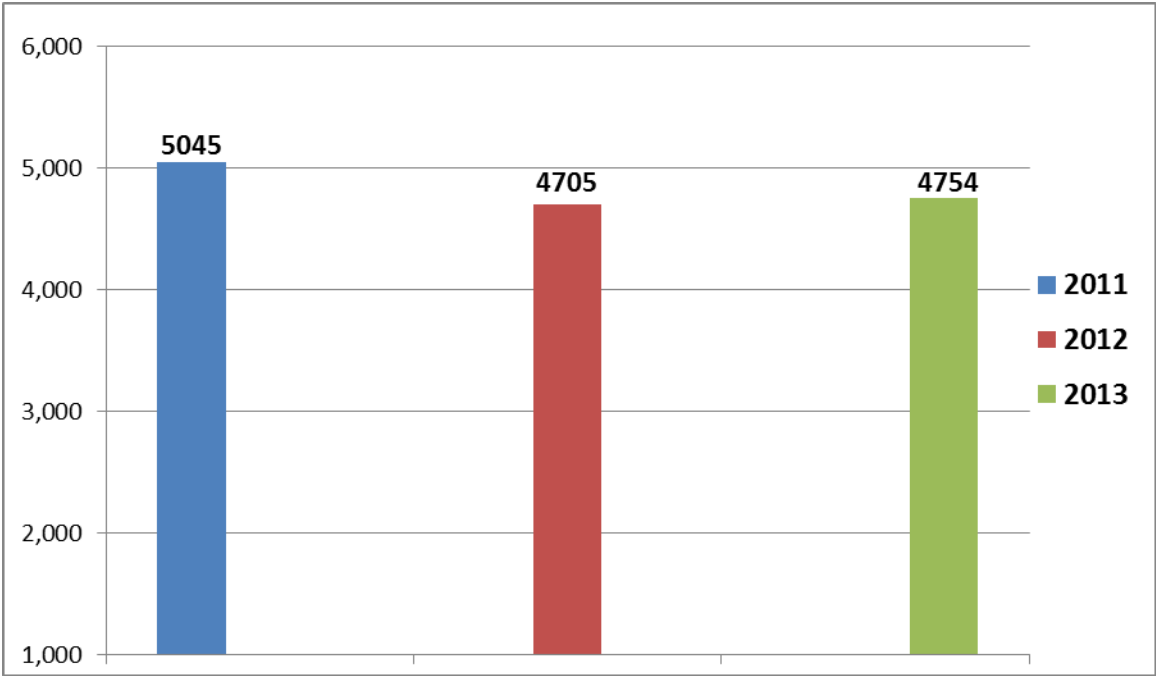
FUND	2012	% of protests	Oct. '13	% of protests	2013	% of protests
Old Fund	593	12.60%	39	9.42%	434	10.95%
Private Carrier	3233	68.72%	311	75.12%	2832	71.48%
Self-Insured	879	18.68%	64	15.46%	696	17.57%
Subtotal	4705		414		3962	
Temporary	708		61		482	
Total	5413		475		4444	



Protests Acknowledged by Carrier Type



Protests Acknowledged by Month



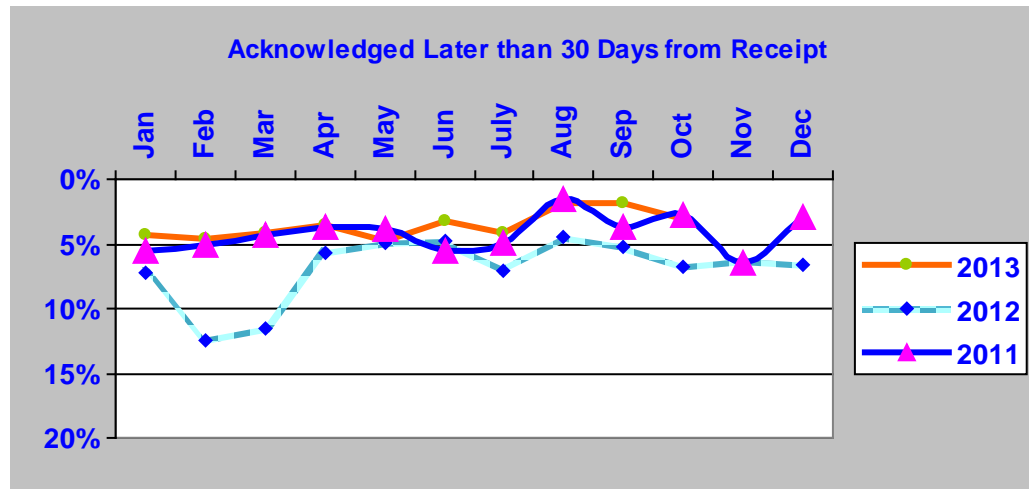
Protests Acknowledged by Year

B. Issues Resolved: 2012 Oct. 2013
 4773 402 3944

C. Pending Caseload Report

PENDING AS OF November 1, 2013	3190
PENDING 1 MONTH BEFORE	3166
PENDING 2 MONTHS BEFORE	3147
PENDING 3 MONTHS BEFORE	3138
PENDING 6 MONTHS BEFORE	3140
PENDING 12 MONTHS BEFORE	3255

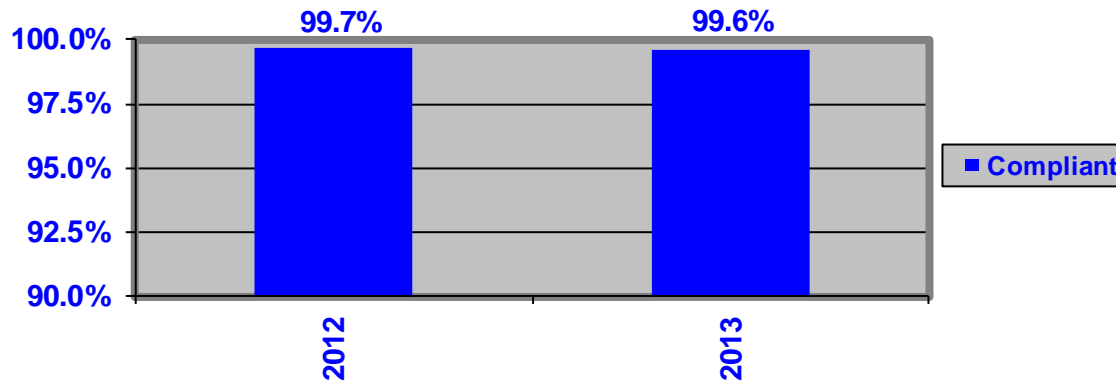
D. Acknowledgment Timeliness: 2012 Oct. 2013
 Protest Ackn. >30 days 7.0% 3.1% 3.5%
 Protest Ackn. 24-30 days 3.1% 1.4% 2.4%
 Protest Ackn. 11-23 days 24.4% 13.0% 16.1%
 Protest Ackn. <11 days 65.5% 82.4% 78.0%



		<u>Oct. '13</u>	<u>2013</u>
E. Protests Resolved:			
	1. Protests decided:	272	2515
	2. Withdrawals:	78	741
	3. "No Evidence" Dismissals:	42	385

		<u>2012</u>	<u>Oct. '13</u>	<u>2013</u>
F. Final Decision Timeliness				
	1. <30 days:	46.5%	38.0%	39.3%
	2. 30-60 days:	50.3%	59.1%	56.5%
	3. 60-90 days:	2.9%	2.5%	3.8%
	4. +90 days:	0.3%	0.4%	0.4%

Decision Within Rule's Time Limits



		<u>2012</u>	<u>Oct.</u>	<u>2013</u>
G. Time Standard Compliance		92.5%	96.8%	94.5%

Friday, November 01, 2013

Time Standard Compliance

Report Dates: From 10/1/2013 thru 10/31/2013

Time Standard	Total Closed	Timely		Late	
		Count	Percent	Count	Percent
COMPENSABILITY	12	11	91.70%	1	8.30%
TTD	13	13	100%	0	0%
OPBD	4	4	100%	0	0%
BENEFIT RATE	1	1	100%	0	0%
DEP BEN FATAL	2	2	100%	0	0%
PPD	41	40	97.60%	1	2.40%
REHABILITATION	2	2	100%	0	0%
REOPENING	10	9	90%	1	10%
TRMT/EQUIP CL	41	40	97.60%	1	2.40%
Total	126	122	96.8%	4	3.2%

Friday, November 01, 2013

Final Decision Compliance

Report Dates: From 10/1/2013 thru 10/31/201

Description	Issues Resolved	Days to Decision							
		< 30 Days		30 - 60		61 - 90		> 90	
		Count	%	Count	%	Count	%	Count	%
DEP BEN FATAL	7	3	42.9%	4	57.1%	0	0.0%	0	0.0%
PPD	40	17	42.5%	23	57.5%	0	0.0%	0	0.0%
PTD ENTITLEMENT	1	0	0.0%	1	100.0%	0	0.0%	0	0.0%
REOPENING	19	7	36.8%	12	63.2%	0	0.0%	0	0.0%
FAILURE TO ACT 15 DAY	3	1	33.3%	1	33.3%	1	33.3%	0	0.0%
PTD REVIEWING BODY IMPAIRMENT DETERMINATION	3	0	0.0%	2	66.7%	0	0.0%	1	33.3%
TTD	21	5	23.8%	15	71.4%	1	4.8%	0	0.0%
COMPENSABILITY	53	22	41.5%	28	52.8%	3	5.7%	0	0.0%
OP NON-MED	1	1	100.0%	0	0.0%	0	0.0%	0	0.0%
REHABILITATION	2	1	50.0%	1	50.0%	0	0.0%	0	0.0%
SPECIAL CATEGORY	1	0	0.0%	1	100.0%	0	0.0%	0	0.0%
TRMT/EQUIP CL	117	46	39.3%	69	59.0%	2	1.7%	0	0.0%
FAILURE TO ACT 30 DAY	2	1	50.0%	1	50.0%	0	0.0%	0	0.0%
OPBD	6	1	16.7%	5	83.3%	0	0.0%	0	0.0%
Totals	276	105	38.0%	163	59.1%	7	2.5%	1	0.4%

Friday, November 01, 2013

Motion Resolution Compliance

Report Dates: From 10/1/2013 thru 10/31/2013

Time Standard	Total Motions	Timely *		Late **	
		Count	Percent	Count	Percent
PPD	147	139	94.60%	8	5.40%
OP NON-MED	9	9	100%	0	0%
PTD REVIEWING BODY IMPAIRMENT DETERMINATION	12	10	83.30%	2	16.70%
APPLICATION THRESHOLD	1	1	100%	0	0%
PTD ENTITLEMENT	6	5	83.30%	1	16.70%
REOPENING	33	33	100%	0	0%
TRMT/EQUIP CL	229	227	99.10%	2	0.90%
BENEFIT RATE	1	1	100%	0	0%
DEP BEN FATAL	15	13	86.70%	2	13.30%
OPBD	27	26	96.30%	1	3.70%
SPECIAL CATEGORY	17	15	88.20%	2	11.80%
TEMP	1	1	100%	0	0%
TTD	50	49	98%	1	2%
BENEFIT OVERPAYMENT	1	1	100%	0	0%
COMPENSABILITY	177	173	97.70%	4	2.30%
FAILURE TO ACT 15 DAY	9	9	100%	0	0%
Total	735	712	96.9%	23	3.1%

* Action Date < Motion Date

** Action Date > Motion Date

Acknowledgement Goal

Report Dates: From 10/1/2013 thru 10/31/2013

Description	Protests Acknowledged	Days to Acknowledge Protests							
		> 30		30-24		23-11		< 11	
		Count	Percent	Count	Percent	Count	Percent	Count	Percent
BENEFIT OVERPAYMENT	Total: 1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CBO-CL BEN. OVERPAYMENT	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
BENEFIT RATE	Total: 1	0	0.0%	1	100.0%	0	0.0%	0	0.0%
CBR-CL PRSTS BEN RATE	1	0	0.0%	1	100.0%	0	0.0%	0	0.0%
COMPENSABILITY	Total: 82	3	3.7%	2	2.4%	18	22.0%	59	72.0%
CCS-CL SEC.CONDITION	18	0	0.0%	0	0.0%	1	5.6%	17	94.4%
CHC-CL COMPENSABILITY	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CIS-CL SI SEC.CONDITION	5	0	0.0%	0	0.0%	0	0.0%	5	100.0%
CLB-CL COMP ON LIMITED BASIS	1	0	0.0%	1	100.0%	0	0.0%	0	0.0%
CPI-CL SI REJECT CLAIM	8	0	0.0%	0	0.0%	2	25.0%	6	75.0%
CPJ-CL REJECT CLAIM	40	3	7.5%	1	2.5%	8	20.0%	28	70.0%
CRZ-CL REJ OCC DISEASE	8	0	0.0%	0	0.0%	6	75.0%	2	25.0%
EHC-EM COMPENSABILITY	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
DEP BEN FATAL	Total: 4	0	0.0%	0	0.0%	2	50.0%	2	50.0%
CDF-CL DENY/GRNT DTH BEN	4	0	0.0%	0	0.0%	2	50.0%	2	50.0%
FAILURE TO ACT 15 DAY	Total: 3	0	0.0%	0	0.0%	2	66.7%	1	33.3%
C03-CL FTA TREATMENT	2	0	0.0%	0	0.0%	1	50.0%	1	50.0%
FTA Multiple Issues-FTA MULTIPLE ISSUES	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
OP NON-MED	Total: 4	0	0.0%	0	0.0%	1	25.0%	3	75.0%
CIR-CL SI NON-MED ORDER	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CNR-CL NON-MED ORDER	3	0	0.0%	0	0.0%	1	33.3%	2	66.7%
OPBD	Total: 17	1	5.9%	0	0.0%	0	0.0%	16	94.1%
CAO-CL ADD BOARD FINDING	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%

Description	Protests Acknowledged	Days to Acknowledge Protests							
		> 30		30-24		23-11		< 11	
		Count	Percent	Count	Percent	Count	Percent	Count	Percent
CBF-CL % BOARD FINDING	10	0	0.0%	0	0.0%	0	0.0%	10	100.0%
CSF-CL% SI BOARD FINDING	4	1	25.0%	0	0.0%	0	0.0%	3	75.0%
ESF-EM% SI BOARD FINDING	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
PPD	Total: 103	4	3.9%	2	1.9%	11	10.7%	86	83.5%
CAA-CL ADDL % AWARD D/G	8	2	25.0%	0	0.0%	0	0.0%	6	75.0%
CAD-CL % AWARD DENY/GRNT	82	2	2.4%	2	2.4%	10	12.2%	68	82.9%
CIE-CL SI ADD% AWARD D/G	3	0	0.0%	0	0.0%	0	0.0%	3	100.0%
CIG-CL SI %AWARD DNY/GNT	10	0	0.0%	0	0.0%	1	10.0%	9	90.0%
PTD ENTITLEMENT	Total: 1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CKC-CL DENY/GRANT PTD	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
REHABILITATION	Total: 4	0	0.0%	0	0.0%	2	50.0%	2	50.0%
CIV-CL SI DY/GRNT RHB PL	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CPB-CL GRNT/DNY VOC REHA	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CTP-CL GRNT/DNY TP REHAB	2	0	0.0%	0	0.0%	2	100.0%	0	0.0%
REOPENING	Total: 17	0	0.0%	0	0.0%	1	5.9%	16	94.1%
CIY-CL SI DY/GNT R/O TTD	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
CJV-CL DNY/GRNT R/O PPD	4	0	0.0%	0	0.0%	0	0.0%	4	100.0%
CRD-CL DENY/GRNT R/O TTD	11	0	0.0%	0	0.0%	1	9.1%	10	90.9%
SPECIAL CATEGORY	Total: 12	1	8.3%	0	0.0%	1	8.3%	10	83.3%
C1I-CL SI SL CATEGORY	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CNW-CL SPL CATEGORY	11	1	9.1%	0	0.0%	1	9.1%	9	81.8%
TRMT/EQUIP CL	Total: 135	3	2.2%	0	0.0%	15	11.1%	117	86.7%
CBX-CL TRMT DENY	102	3	2.9%	0	0.0%	11	10.8%	88	86.3%
CED-CL EQUIP DENY/GRANT	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%

Description	Protests Acknowledged	Days to Acknowledge Protests							
		> 30		30-24		23-11		< 11	
		Count	Percent	Count	Percent	Count	Percent	Count	Percent
CIN-CL SI D/G PROV CHNG	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CKN-CL D/G PROV CHNG	3	0	0.0%	0	0.0%	0	0.0%	3	100.0%
CSX-CL SI TRMT DENY	22	0	0.0%	0	0.0%	2	9.1%	20	90.9%
CYY-CL TRMT GRANT	6	0	0.0%	0	0.0%	2	33.3%	4	66.7%
TTD	Total: 30	1	3.3%	1	3.3%	1	3.3%	27	90.0%
CCC-CL CLOSING THE CLAIM	23	0	0.0%	1	4.3%	1	4.3%	21	91.3%
CIC-CL SI CLSING THE CLM	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
CIJ-CL SI TTD	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
CJS-CL TTD	2	1	50.0%	0	0.0%	0	0.0%	1	50.0%
CPX-CL INITIAL TTD	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
Totals: Claims 348	414	13	3.1%	6	1.4%	54	13.0%	341	82.4%

Resolution of Issues

Report Dates: Decision Date October 1, 2013 thru October 31, 2013

Time Standard	Decisions Issued	Reversed		Affirmed		Affirmed by Rule		Dismissed		Modified		Moot		Other		Remanded	
		Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%
BENEFIT RATE	1	0	0	0	0	1	100	0	0	0	0	0	0	0	0	0	0
COMPENSABILITY	63	27	42.9	20	31.7	0	0	12	19	4	6.3	0	0	0	0	0	0
DEP BEN FATAL	8	2	25	4	50	1	12.5	1	12.5	0	0	0	0	0	0	0	0
FAILURE TO ACT 15 DAY	4	0	0	0	0	0	0	4	100	0	0	0	0	0	0	0	0
OP NON-MED	4	0	0	1	25	0	0	2	50	0	0	0	25	0	0	0	0
OPBD	18	1	5.6	5	27.8	1	5.6	10	55.6	0	0	0	0	0	0	0	0
PPD	103	14	13.6	24	23.3	25	24.3	38	36.9	0	0	0	0	0	0	2	1.9
PTD ENTITLEMENT	1	0	0	0	0	0	0	1	100	0	0	0	0	0	0	0	0
PTD REVIEWING BODY IMPAIRMENT DETERMINATION	3	0	0	2	66.7	0	0	1	33.3	0	0	0	0	0	0	0	0
REHABILITATION	2	1	50	1	50	0	0	0	0	0	0	0	0	0	0	0	0
REOPENING	23	3	13	14	60.9	3	13	3	13	0	0	0	0	0	0	0	0
SPECIAL CATEGORY	4	0	0	0	0	0	0	3	75	0	0	0	0	0	1	25	0
TRMT/EQUIP CL	134	43	32.1	66	49.3	4	3	14	10.4	7	5.2	0	0	0	0	0	0
TTD	34	2	5.9	16	47.1	7	20.6	7	20.6	2	5.9	0	0	0	0	0	0
Totals	402	93	23.1	153	38.1	42	10.4	96	23.9	13	3.2	1	0.2	1	0.2	2	0.5

Petitions received 1/1/2013 through 10/31/2013 **12**

Petitions denied on face: 3
 Petitions denied by ALJ Decision: 3
 Petitions granted: 3
 Petitions withdrawn through settlement: 2
 Petitions currently pending: 4

**Includes 3 petitions pending from 2012*

Failure to Timely Act Process

Petitions filed 1/1/2013 through 10/31/13

Filed: **85**
 Denied/dismissed: 42
 Withdrawn: 0
 Reports to OIC: 44
 Pending 28

**Resolutions of FTA include petitions filed prior to 2013*

Expedited Hearings Scheduled													
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	TOTAL
2011	10	16	11	15	21	16	11	13	9	8	12	10	152
2012	14	2	18	12	13	5	7	3	2	11	16	10	113
2013	14	10	11	22	12	15	19	15	18	17			153

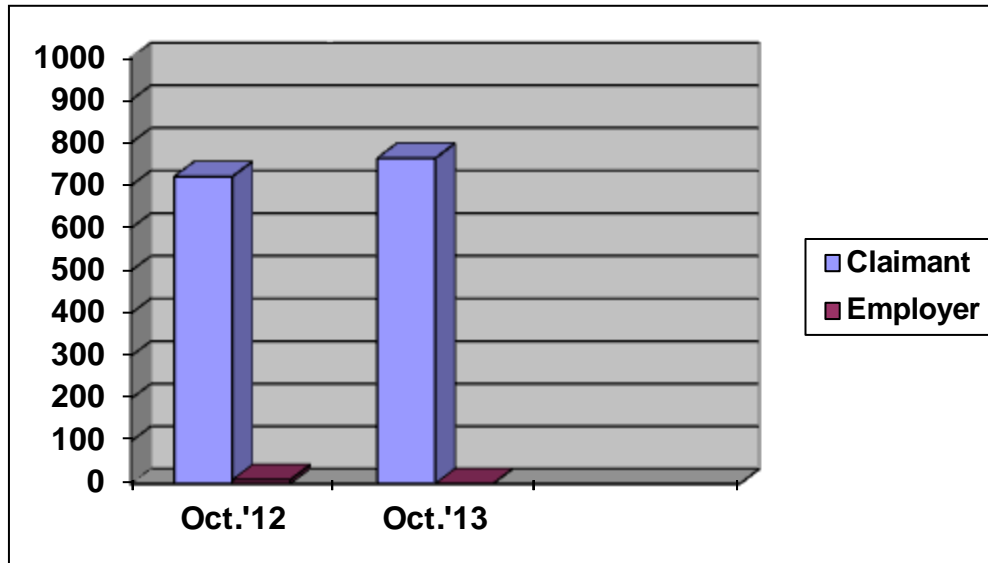
Pro Se Claimant Information as of November 1, 2013

Pending Protests Involving Pro Se Claimants: 470

OOJ – Pending Treatment Issues

Pending Treatment Issues			Comparison to Prior Mo/Year	
Party	Month	% Protests	Month	% Protests
	Oct. '13		Oct. '12	
Claimant	764	23.95%	721	22.15%
Employer	0	0%	10	0.03%
Total	764		731	

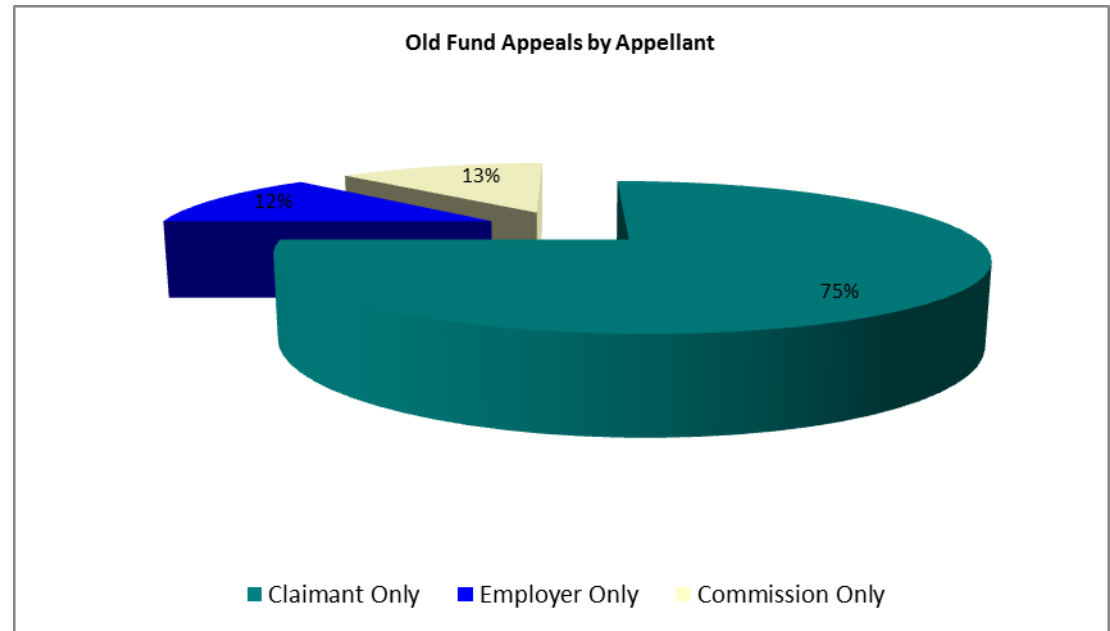
Pending Treatment Issues



Appeals Received
From October 1, 2013 Thru October 31, 2013

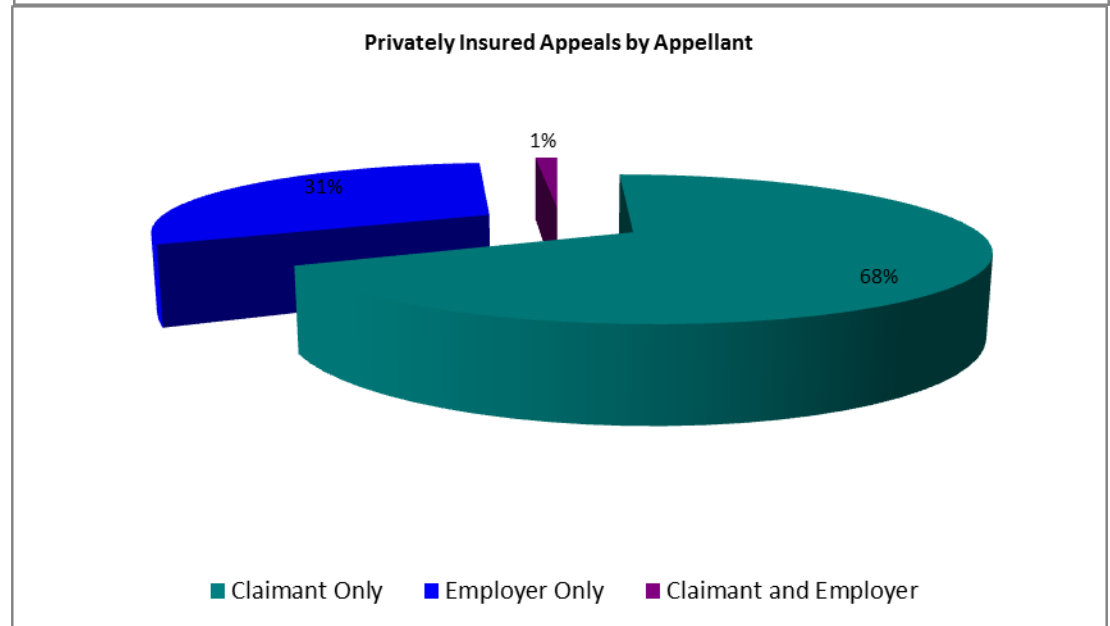
Old Fund Appeals (DOI < Jul-1-2005)

Appellant	Count
Claimant Only	6
Employer Only	1
Commission Only	1
Old Fund Total	8



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

Appellant	Count
Claimant Only	51
Employer Only	23
Claimant and Employer	1
Privately Insured Total	75
Total Appeals	83

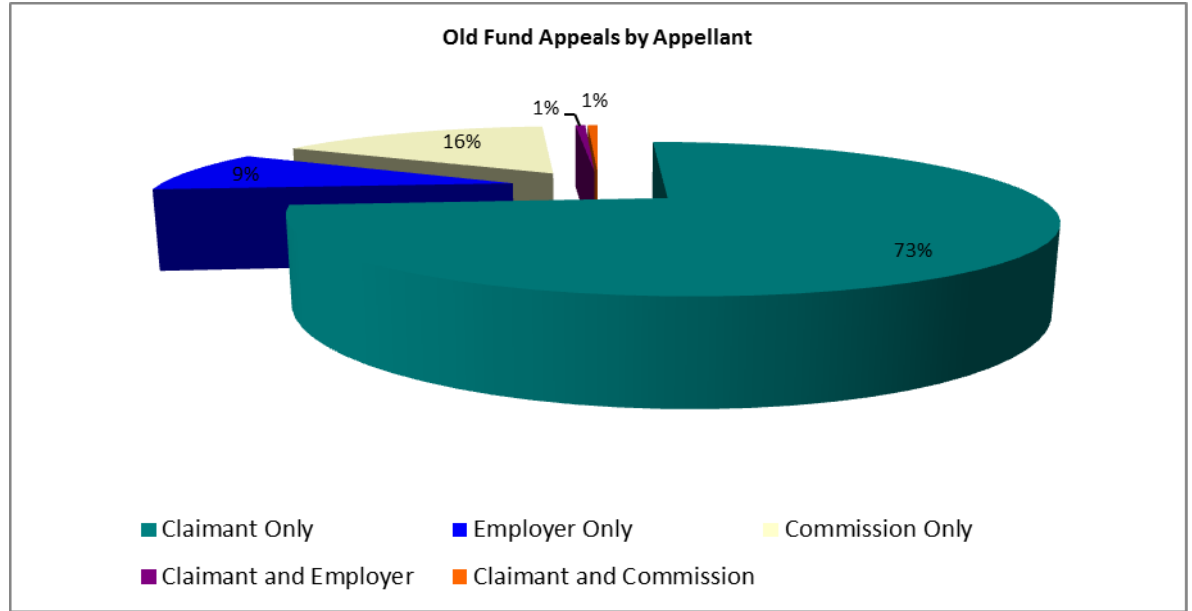


Appeals counted more than once:

Yearly Appeals Received
From January 1, 2013 Thru October 31, 2013

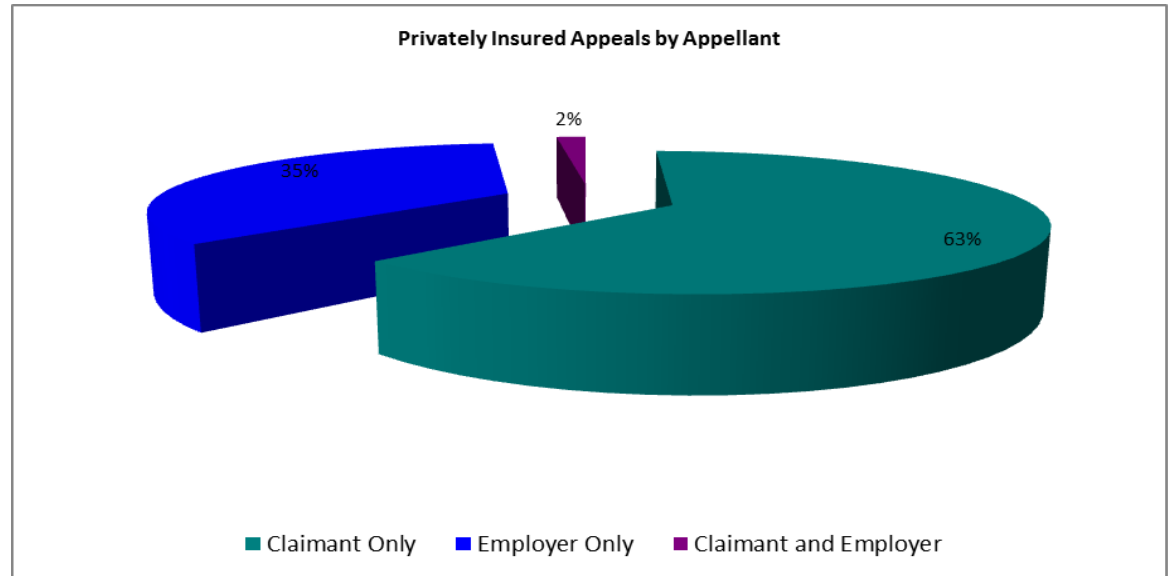
Old Fund Appeals (DOI < Jul-1-2005)

Appellant	Count
Claimant Only	125
Employer Only	16
Commission Only	27
Claimant and Employer	1
Claimant and Commission	1
Old Fund Total	170



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

Appellant	Count
Claimant Only	442
Employer Only	249
Claimant and Employer	12
Privately Insured Total	703
Total Appeals	873



Appeals Received By Issue
 Old Fund Appeals (DOI < Jul-1-2005) vs Privately Insured Appeals (DOI > Jun-30-2005)
 From October 1, 2013 Thru October 31, 2013

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
CL % AWARD DENY/GRNT	16	0	0.0	16	100.0
CL % BOARD FINDING	1	0	0.0	1	100.0
CL ADDL % AWARD D/G	1	0	0.0	1	100.0
CL CLOSING THE CLAIM	5	0	0.0	5	100.0
CL COMP ON LIMITED BASIS	1	0	0.0	1	100.0
CL COMPENSABILITY	2	0	0.0	2	100.0
CL DENY/GRNT DTH BEN	1	1	100.0	0	0.0
CL DENY/GRNT R/O TTD	1	0	0.0	1	100.0
CL INITIAL TTD	1	0	0.0	1	100.0
CL REJ OCC DISEASE	2	1	50.0	1	50.0
CL REJECT CLAIM	13	1	7.7	12	92.3
CL SEC.CONDITION	4	0	0.0	4	100.0
CL SI %AWARD DNY/GNT	4	1	25.0	3	75.0
CL SI CLSING THE CLM	2	0	0.0	2	100.0
CL SI COMPENSABLE	1	0	0.0	1	100.0
CL SI DY/GNT DTH BEN	1	1	100.0	0	0.0
CL SI DY/GNT R/O PPD	1	0	0.0	1	100.0
CL SI DY/GNT R/O TTD	2	0	0.0	2	100.0
CL SI REJECT CLAIM	2	0	0.0	2	100.0
CL SI TRMT DENY	10	1	10.0	9	90.0
CL TRMT DENY	24	2	8.3	22	91.7
CL TTD	1	0	0.0	1	100.0
Totals	96	8	8.3	88	91.7

Yearly Appeals Received By Issue
 Old Fund Appeals (DOI < Jul-1-2005) vs Privately Insured Appeals (DOI > Jun-30-2005)
 From January 1, 2013 Thru October 31, 2013

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
CL % AWARD DENY/GRNT	118	5	4.2	113	95.8
CL % BOARD FINDING	10	2	20.0	8	80.0
CL ADD BOARD FINDING	5	3	60.0	2	40.0
CL ADDL % AWARD D/G	12	3	25.0	9	75.0
CL APP.THRESHOLD	4	3	75.0	1	25.0
CL BEN. OVERPAYMENT	3	0	0.0	3	100.0
CL CLOSING THE CLAIM	60	1	1.7	59	98.3
CL COMP ON LIMITED BASIS	1	0	0.0	1	100.0
CL COMPENSABILITY	15	0	0.0	15	100.0
CL D/G PROV CHNG	3	0	0.0	3	100.0
CL DENY/GRANT PTD	10	10	100.0	0	0.0
CL DENY/GRNT DTH BEN	12	11	91.7	1	8.3
CL DENY/GRNT R/O TTD	24	0	0.0	24	100.0
CL DNY/GRNT R/O PPD	7	3	42.9	4	57.1
CL DNY/GRNT R/O PTD	2	2	100.0	0	0.0
CL EQUIP DENY/GRANT	2	2	100.0	0	0.0
CL EXTRA WKS D/G	1	0	0.0	1	100.0
CL INITIAL TTD	7	0	0.0	7	100.0
CL NON-MED ORDER	4	2	50.0	2	50.0
CL OIC %AWRD DNY/GNT	1	0	0.0	1	100.0
CL OIC ADD% AWRD D/G	1	1	100.0	0	0.0
CL PRSTS BEN RATE	2	0	0.0	2	100.0
CL PTD REV. BODY DETERMINATION	10	10	100.0	0	0.0
CL REJ OCC DISEASE	16	3	18.8	13	81.3
CL REJECT CLAIM	111	1	0.9	110	99.1
CL SEC.CONDITION	56	3	5.4	53	94.6
CL SI %AWARD DNY/GNT	39	6	15.4	33	84.6
CL SI AD.BRD FINDING	3	0	0.0	3	100.0
CL SI ADD% AWARD D/G	7	4	57.1	3	42.9
CL SI APP.THRESHOLD	1	0	0.0	1	100.0
CL SI AUT/RPR HA D/G	2	2	100.0	0	0.0
CL SI CLSING THE CLM	15	1	6.7	14	93.3
CL SI COMPENSABLE	7	0	0.0	7	100.0

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
CL SI D/G 104 WKS	1	1	100.0	0	0.0
CL SI DENY/GRANT PTD	1	1	100.0	0	0.0
CL SI DY/GNT DTH BEN	11	8	72.7	3	27.3
CL SI DY/GNT R/O PPD	6	3	50.0	3	50.0
CL SI DY/GNT R/O TTD	16	0	0.0	16	100.0
CL SI EQUIP DNY/GRNT	1	1	100.0	0	0.0
CL SI G/D VOC REHAB	1	0	0.0	1	100.0
CL SI IEB DETRM'TION	1	1	100.0	0	0.0
CL SI REJ OCCDISEASE	1	0	0.0	1	100.0
CL SI REJECT CLAIM	24	0	0.0	24	100.0
CL SI SEC.CONDITION	16	0	0.0	16	100.0
CL SI SL CATEGORY	2	0	0.0	2	100.0
CL SI TRMT DENY	79	17	21.5	62	78.5
CL SI TRMT GRANT	1	0	0.0	1	100.0
CL SPL CATEGORY	8	2	25.0	6	75.0
CL TRMT DENY	224	56	25.0	168	75.0
CL TRMT GRANT	2	1	50.0	1	50.0
CL TTD	10	0	0.0	10	100.0
CL% SI BOARD FINDING	3	1	33.3	2	66.7
EM % BOARD FINDING	2	0	0.0	2	100.0
EM ADD BOARD FINDING	1	0	0.0	1	100.0
EM DENY/GRNT DTH BEN	1	0	0.0	1	100.0
EM GRNT/DNY VOC REHA	1	1	100.0	0	0.0
EM OIC SPL CATEGORY	1	0	0.0	1	100.0
EM SI DENY/GRANT PTD	1	1	100.0	0	0.0
NonPrstable Protest	2	0	0.0	2	100.0
Not All Parties cc'd	4	1	25.0	3	75.0
Totals	992	173	17.4	819	82.6

Appeals Received By Issue
From October 1, 2013 Thru October 31, 2013

Type of Issue	Total Issues	Claimant		Employer		OIC		Emp and OIC	
		#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	17	14	82.4	3	17.6	0	0.0	0	0.0
CL % BOARD FINDING	1	1	100.0	0	0.0	0	0.0	0	0.0
CL ADDL % AWARD D/G	1	1	100.0	0	0.0	0	0.0	0	0.0
CL CLOSING THE CLAIM	5	4	80.0	1	20.0	0	0.0	0	0.0
CL COMP ON LIMITED BASIS	1	0	0.0	1	100.0	0	0.0	0	0.0
CL COMPENSABILITY	2	1	50.0	1	50.0	0	0.0	0	0.0
CL DENY/GRNT DTH BEN	1	1	100.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT R/O TTD	1	1	100.0	0	0.0	0	0.0	0	0.0
CL INITIAL TTD	1	0	0.0	1	100.0	0	0.0	0	0.0
CL REJ OCC DISEASE	2	1	50.0	1	50.0	0	0.0	0	0.0
CL REJECT CLAIM	13	4	30.8	8	61.5	0	0.0	1	7.7
CL SEC.CONDITION	4	4	100.0	0	0.0	0	0.0	0	0.0
CL SI %AWARD DNY/GNT	4	4	100.0	0	0.0	0	0.0	0	0.0
CL SI CLSING THE CLM	2	2	100.0	0	0.0	0	0.0	0	0.0
CL SI COMPENSABLE	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT DTH BEN	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT R/O PPD	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT R/O TTD	2	2	100.0	0	0.0	0	0.0	0	0.0
CL SI REJECT CLAIM	2	1	50.0	1	50.0	0	0.0	0	0.0
CL SI TRMT DENY	10	10	100.0	0	0.0	0	0.0	0	0.0
CL TRMT DENY	24	14	58.3	10	41.7	0	0.0	0	0.0
CL TTD	1	0	0.0	1	100.0	0	0.0	0	0.0
Totals	97	68	70.1	28	28.9	0	0.0	1	1.0

**WORKERS' COMPENSATION BOARD OF REVIEW
FOR OCTOBER 2013**

Appealed By	BOR Disposition	Disposition Count	Disp %	Total %	Year to Date	Disp %	Total %
CLAIMANT	AFFIRMED	28	68.3%	35.4%	476	86.1%	57.1%
	DISMISSED	3	7.3%	3.8%	31	5.6%	3.7%
	MODIFY				2	0.4%	0.2%
	REMAND	4	9.8%	5.1%	18	3.3%	2.2%
	REVERSE	6	14.6%	7.6%	26	4.7%	3.1%
	Total Dispositions	41			553		
CLAIMANT/EMPLOYER	AFFIRMED	1	25.0%	1.3%	10	66.7%	1.2%
	DISMISSED	3	75.0%	3.8%	3	20.0%	0.4%
	MODIFY				1	6.7%	0.1%
	REVERSE				1	6.7%	0.1%
	Total Dispositions	4			15		
EMPLOYER	AFFIRMED	21	63.6%	26.6%	164	67.8%	19.7%
	DISMISSED	6	18.2%	7.6%	29	12.0%	3.5%
	MODIFY				5	2.1%	0.6%
	REMAND	1	3.0%	1.3%	7	2.9%	0.8%
	REVERSE	5	15.2%	6.3%	37	15.3%	4.4%
	Total Dispositions	33			242		
DIVISION/OIC	AFFIRMED	1	100.0%	1.3%	14	58.3%	1.7%
	DISMISSED				5	20.8%	0.6%
	MODIFY				1	4.2%	0.1%
	REVERSE				4	16.7%	0.5%
	Total Dispositions	1			24		
Grand Totals		79			834		

Dispositions By Issues
BOR Orders Mailed From October 1, 2013 Thru October 31, 2013

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	12	9	75.0	2	16.7	0	0.0	0	0.0	1	8.3	0	0.0	0	0.0
CL ADDL % AWARD D/G	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL APP.THRESHOLD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL CLOSING THE CLAIM	5	3	60.0	1	20.0	0	0.0	0	0.0	1	20.0	0	0.0	0	0.0
CL COMPENSABILITY	2	1	50.0	0	0.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRANT PTD	2	1	50.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT DTH BEN	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT R/O TTD	4	3	75.0	0	0.0	1	25.0	0	0.0	0	0.0	0	0.0	0	0.0
CL OIC %AWRD DNY/GNT	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL PRSTS BEN RATE	1	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL REJ OCC DISEASE	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL REJECT CLAIM	11	7	63.6	1	9.1	2	18.2	0	0.0	1	9.1	0	0.0	0	0.0
CL SEC.CONDITION	11	8	72.7	2	18.2	1	9.1	0	0.0	0	0.0	0	0.0	0	0.0
CL SI %AWARD DNY/GNT	5	5	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI ADD% AWARD D/G	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI CLSING THE CLM	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI COMPENSABLE	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI G/D VOC REHAB	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI REJECT CLAIM	3	2	66.7	1	33.3	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI SEC.CONDITION	1	0	0.0	0	0.0	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0
CL SI TRMT DENY	5	2	40.0	1	20.0	0	0.0	0	0.0	2	40.0	0	0.0	0	0.0
CL TRMT DENY	16	13	81.3	2	12.5	1	6.3	0	0.0	0	0.0	0	0.0	0	0.0
CL TTD	1	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0
Totals	89	64	71.9	12	13.5	7	7.9	0	0.0	6	6.7	0	0.0	0	0.0

Yearly Dispositions By Issues
BOR Orders Mailed From January 1, 2013 Thru October 31, 2013

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	102	84	82.4	10	9.8	6	5.9	0	0.0	2	2.0	0	0.0	0	0.0
CL % BOARD FINDING	8	7	87.5	0	0.0	0	0.0	0	0.0	1	12.5	0	0.0	0	0.0
CL ADD BOARD FINDING	6	6	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL ADDL % AWARD D/G	16	13	81.3	1	6.3	2	12.5	0	0.0	0	0.0	0	0.0	0	0.0
CL APP.THRESHOLD	6	4	66.7	1	16.7	1	16.7	0	0.0	0	0.0	0	0.0	0	0.0
CL BEN. OVERPAYMENT	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL CLOSING THE CLAIM	55	45	81.8	6	10.9	3	5.5	0	0.0	1	1.8	0	0.0	0	0.0
CL COMPENSABILITY	22	13	59.1	2	9.1	4	18.2	1	4.5	2	9.1	0	0.0	0	0.0
CL D/G PROV CHNG	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRANT PTD	11	8	72.7	2	18.2	1	9.1	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT DTH BEN	11	11	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT R/O TTD	18	13	72.2	2	11.1	3	16.7	0	0.0	0	0.0	0	0.0	0	0.0
CL DNY/GRNT R/O PPD	9	6	66.7	3	33.3	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DNY/GRNT R/O PTD	2	1	50.0	0	0.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0
CL EQUIP DENY/GRANT	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL INITIAL TTD	11	5	45.5	2	18.2	3	27.3	0	0.0	1	9.1	0	0.0	0	0.0
CL NON-MED ORDER	4	0	0.0	1	25.0	3	75.0	0	0.0	0	0.0	0	0.0	0	0.0
CL OIC %AWRD DNY/GNT	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL OIC REJECT CLAIM	1	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0
CL ONSET DATE ISSUE	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL PRSTS BEN RATE	2	1	50.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL PTD REV. BODY DETERMINATION	6	3	50.0	1	16.7	2	33.3	0	0.0	0	0.0	0	0.0	0	0.0
CL REJ OCC DISEASE	14	10	71.4	2	14.3	2	14.3	0	0.0	0	0.0	0	0.0	0	0.0
CL REJECT CLAIM	108	85	78.7	7	6.5	12	11.1	0	0.0	4	3.7	0	0.0	0	0.0
CL SEC.CONDITION	73	59	80.8	3	4.1	9	12.3	1	1.4	1	1.4	0	0.0	0	0.0
CL SI %AWARD DNY/GNT	39	29	74.4	5	12.8	3	7.7	0	0.0	2	5.1	0	0.0	0	0.0
CL SI AD.BRD FINDING	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI ADD% AWARD D/G	6	6	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI APP.THRESHOLD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI CLSING THE CLM	14	10	71.4	2	14.3	0	0.0	2	14.3	0	0.0	0	0.0	0	0.0
CL SI COMPENSABLE	4	4	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DENY/GRANT PTD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
CL SI DY/GNT DTH BEN	6	6	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT R/O PPD	5	5	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT R/O TTD	10	10	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI G/D VOC REHAB	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI REJ OCCDISEASE	3	3	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI REJECT CLAIM	23	18	78.3	2	8.7	2	8.7	0	0.0	1	4.3	0	0.0	0	0.0
CL SI SEC.CONDITION	10	8	80.0	1	10.0	0	0.0	0	0.0	1	10.0	0	0.0	0	0.0
CL SI SL CATEGORY	3	2	66.7	0	0.0	0	0.0	1	33.3	0	0.0	0	0.0	0	0.0
CL SI TRMT DENY	63	52	82.5	7	11.1	1	1.6	0	0.0	3	4.8	0	0.0	0	0.0
CL SI TRMT GRANT	1	0	0.0	0	0.0	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0
CL SI TTD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SPL CATEGORY	7	5	71.4	0	0.0	2	28.6	0	0.0	0	0.0	0	0.0	0	0.0
CL TRMT DENY	187	155	82.888	14	7.4866	10	5.3476	2	1.0695	6	3.2086	0	0	0	0
CL TRMT GRANT	4	4	100	0	0	0	0	0	0	0	0	0	0	0	0
CL TTD	10	9	90	0	0	1	10	0	0	0	0	0	0	0	0
CL% SI BOARD FINDING	3	3	100	0	0	0	0	0	0	0	0	0	0	0	0
EM ADD BOARD FINDING	1	1	100	0	0	0	0	0	0	0	0	0	0	0	0
EM GRNT/DNY VOC REHA	1	1	100	0	0	0	0	0	0	0	0	0	0	0	0
EM SI DENY/GRANT PTD	1	1	100	0	0	0	0	0	0	0	0	0	0	0	0
EM SI DY/GNT DTH BEN	1	1	100	0	0	0	0	0	0	0	0	0	0	0	0
NonPrstable Protest	2	0	0	0	0	1	50	0	0	1	50	0	0	0	0
Not All Parties cc'd	4	3	75	1	25	0	0	0	0	0	0	0	0	0	0
Totals	906	723	79.801	76	8.3885	73	8.0574	7	0.7726	27	2.9801	0	0	0	0

Workers' Compensation - Revenue Recovery

October 2013

COLLECTION ACTIVITY	
Receipts - Old Fund (Employer out of business)	\$ 1,300.50
Receipts - PC & NU (Private Carrier Cancellation & Rogue Employers)	\$ 55,202.84
Receipts - Payment Agreements (Old Fund and UEF Combined)	\$ 11,307.96
# of active accounts uninsured (cumulative)	381
\$ of active accounts uninsured (cumulative)	\$ 1,225,741.92
Telephone contacts	1,291
Walk-ins	4

LIENS	
Liens sent to county clerks for recordation	110
Liens sent to county clerks for release	37
Intent to lien letters sent to employer/owner/officer/member	57

Uninsured Accounts Resolved	203
All Cash Receipts from WC accounts	\$ 67,811.30

INJUNCTIONS	
Affidavits for injunction submitted to legal	2
Hearings attended	0
# of injunction complaints accepted by court	3
# of injunctions granted	0
# of agreed orders entered	0
PAYMENT AGREEMENTS	
# of repayment agreements applications	6
Agreements set up	7
Total # of agreements on system (cumulative)	60
Intent to void letters mailed	0
Agreements voided	2

MISCELLANEOUS	
Terminations Processed	41
Rule 11 Letters Mailed	183
Rule 11 hearings	0

BOARD OF TREASURY INVESTMENTS

CALENDAR NOTE

Board Meeting
October 31, 2013

OPERATING REPORT

SEPTEMBER 2013

Board of Treasury Investments

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

Board of Directors

John D. Perdue,
State Treasurer,
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CPA, MBA, CFE

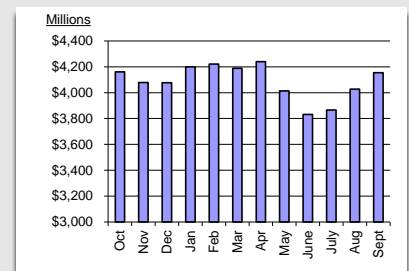
Chief Financial
Officer
Karl Shanholtzer,
CIA, CPA

Total Net Assets Under Management

\$4,154,753,000

Last Month
\$4,026,892,000

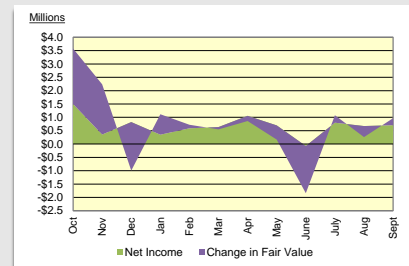
Beginning of Fiscal Year
\$3,831,716,000



Net Assets for the Past
12 Months

Total Net Income & Changes in Fair Value

Fiscal Year
\$2,306,000



Monthly Net Income &
Changes in Fair Value for
the Past 12 Months

Money Market Pools

As of September 30, 2013

Pool	1-Day Yield *	7-Day Yield *	30-Day Avg. Yield *	W.A.M. **	Net Assets
WV Money Market	.1148%	.1149%	.1147%	48 Days	\$2.6 Billion
WV Gov't Money Market	.0273%	.0133%	.0165%	53 Days	\$357.3 Million

* Yields represent the simple money market yield net of fees.

** W.A.M. is the weighted average maturity.

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

THE ECONOMIC STATE

SEPTEMBER 2013

September Global Gains Overshadowed by US Government Shutdown

Market Environment

Global stock markets posted strong gains in September as the Federal Reserve delayed plans to taper its accommodative monetary policy, tensions eased in the Middle East and several emerging markets showed signs of stability. The S&P 500 climbed toward a return of 20% for the year-to-date period, while smaller company shares advanced even further in 2013. Non-US stocks rallied during the month as emerging markets shrugged off concerns of slowing growth and the looming balance of a payment crisis. Angela Merkel's re-election in Germany assuaged fears of recurrent Euro-zone debt problems. While intermediate-term US Treasury yields fell during the month as investors recalibrated the timing and withdrawal of central bank stimulus, lower interest rates provided a boost to broader credit markets. Commodities continued their losing streak amid muted growth and subdued inflation.

The ongoing partial shutdown of the US government amidst political gridlock is yet to stir market volatility, but it could take a bite out of economic growth if it persists. More worrying, is the battle over raising the federal debt ceiling before mid-October and the potential for a subsequent US government default; a "tail event" whose probability (while still low) increases daily. Investors have become used to budget brinksmanship in Washington and a last minute resolution appears the most likely outcome. However, the specter looms of increased downside risk in markets. To this end, we remind our clients to maintain a risk-balanced approach to asset allocation, with exposures to investments which will perform well in multiple environments.

Emerging markets' stocks and bonds appear attractive on a valuation basis. In addition, these countries generally have less debt and are likely to continue to grow faster than the developed world. That said, it is clear that risks of currency imbalances have come to light for some countries such as Brazil, Turkey, India, Indonesia and South Africa. Notably, these countries were some of the strongest performers in September after a significant downdraft in calendar year 2013. While similar episodes of volatility will likely occur, we recommend that clients continue to make measured allocations to emerging countries, through active managers capable of navigating this challenging landscape.

Equity Market Results

Equity markets rallied in September. Broad US stock market indices, including the S&P 500 and Russell 3000 Index, posted positive returns of 3.17% and 3.72%, respectively. Small cap stocks, as measured by the Russell 2000 Index, continued their frenetic pace in 2013. They returned 6.38% during September, bringing their year-to-date returns to an astounding 27.69%. Calendar year-to-date, broad U.S. equity market returns remain strong with the Russell 3000 Index posting a year-to-date return of 21.30%.

International equity markets also generated positive returns for the month. Once again, developed markets outperformed their less developed counterparts. Developed markets, represented by the MSCI EAFE Index, rose 7.39%, while their less established brethren, represented by the MSCI Emerging Markets Index, increased 5.77%. Returns from the international equity markets in 2013 are fairly disparate, with developed markets having risen 16.14%, while emerging markets have declined 4.35%.

Bond Market Results

Bond market results were nearly all positive in September, after having fallen since the beginning of May. The Barclays Capital Aggregate Index, a broad measure of the US bond market, rose 0.95%. Global bonds fared significantly better, as the Citigroup Non-US WGBI (un-hedged) rallied 2.51%. The Citigroup 3-month T-bill generated a 0.01% return, while 3-month Libor was up 0.02%. Year-to-date, bonds continue to be a detractor from portfolio results. For the first 9 months of the year, the BC Aggregate Index has declined 1.89%, while global bonds have fallen 3.37%.

West Virginia Board of Treasury Investments

Financial Highlights as of September 30, 2013

WV Short Term Bond Pool

Rates of Return for the Past 12 Months *Net of All Fees*

<u>October 1 - September 30</u>	<u>Return</u>	<u>Net Assets At Sept 30 (In Millions)</u>
2013	0.4%	\$ 717.2
2012	1.5%	\$ 500.5
2011	0.6%	\$ 454.5
2010	3.1%	\$ 460.4
2009	6.0%	\$ 343.5

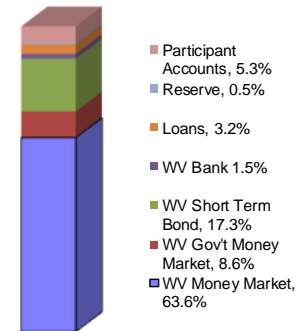


Prior to July 2007, the WV Short Term Bond Pool was known as the Enhanced Yield Pool

Summary of Value and Earnings (In Thousands)

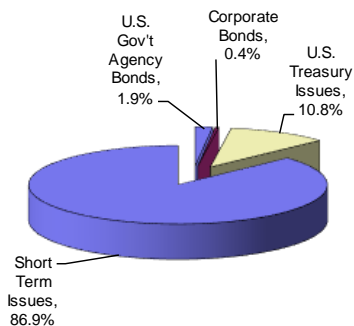
<u>Pool</u>	<u>Net Asset Value</u>	<u>Sept Net Income</u>	<u>Fiscal YTD Net Income</u>
WV Money Market	\$2,640,911	\$ 235	\$ 746
WV Gov't Money Market	357,259	4	20
WV Short Term Bond	717,204	640	1,411
WV Bank	63,049	5	19
Loans	134,452	15	(29)
Reserve	21,714	4	14
Participant Accounts	220,164	65	125
	<u>\$4,154,753</u>	<u>\$ 968</u>	<u>\$ 2,306</u>

Percent of Total Net Asset Value

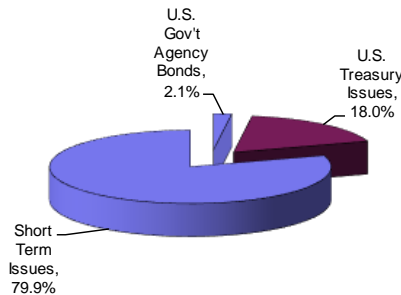


Securities by Type for Operating Pools (Percentage of Asset Value)

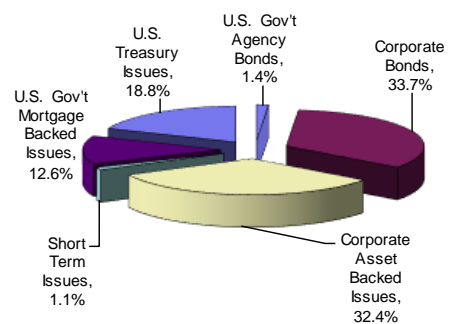
WV Money Market



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

SEPTEMBER 30, 2013

(IN THOUSANDS)

	WV					Participant
	WV Money	Government	WV Short	WV Bank	Other Pools	Directed
	<u>Market Pool</u>	<u>Market Pool</u>	<u>Term Bond</u>	<u>Pool</u>		<u>Accounts</u>
Assets						
Investments:						
At amortized cost	\$ 2,639,524	\$ 357,025		\$ 63,027	\$ 156,149	\$ 216,227
At fair value	-	-	\$ 713,149	-	-	3,296
Cash	-	-	3,014	-	-	-
Other assets	1,651	275	1,617	24	22	641
Total assets	<u>2,641,175</u>	<u>357,300</u>	<u>717,780</u>	<u>63,051</u>	<u>156,171</u>	<u>220,164</u>
Liabilities						
Accrued expenses, dividends payable & payable for investments purchased	264	41	576	2	5	-
Total liabilities	<u>264</u>	<u>41</u>	<u>576</u>	<u>2</u>	<u>5</u>	<u>-</u>
Net Assets	<u>\$ 2,640,911</u>	<u>\$ 357,259</u>	<u>\$ 717,204</u>	<u>\$ 63,049</u>	<u>\$ 156,166</u>	<u>\$ 220,164</u>
Investment income						
Interest and dividends	\$ 410	\$ 59	\$ 764	\$ 7	\$ 23	\$ 120
Net accretion (amortization)	(50)	(35)	(301)	-	-	(74)
Provision for uncollectible loans	-	-	-	-	-	-
Total investment income	<u>360</u>	<u>24</u>	<u>463</u>	<u>7</u>	<u>23</u>	<u>46</u>
Expenses						
Fees	126	20	66	2	4	-
Total expenses	<u>126</u>	<u>20</u>	<u>66</u>	<u>2</u>	<u>4</u>	<u>-</u>
Net investment income	234	4	397	5	19	46
Net realized gain (loss) from investments	1	-	3	-	-	-
Net increase (decrease) in fair value of investments	-	-	240	-	-	19
Net gain (loss) from investments	<u>1</u>	<u>-</u>	<u>243</u>	<u>-</u>	<u>-</u>	<u>19</u>
Net increase (decrease) in net assets from operations	235	4	640	5	19	65
Distributions to participants	235	4	400	5	19	-
Participant activity						
Purchases, reinvestment of units and contributions	986,039	94,117	430	13	2,521	25
Redemptions and withdrawals	876,087	79,345	100	7	5	45
Inter-pool transfers in	2,000	-	-	-	-	-
Inter-pool transfers out	-	-	-	2,000	-	-
Net increase (decrease) in net assets from participant activity	<u>111,952</u>	<u>14,772</u>	<u>330</u>	<u>(1,994)</u>	<u>2,516</u>	<u>(20)</u>
Increase (decrease) in net assets	111,952	14,772	570	(1,994)	2,516	45
Net assets at beginning of period	2,528,959	342,487	716,634	65,043	153,650	220,119
Net assets at end of period	<u>\$ 2,640,911</u>	<u>\$ 357,259</u>	<u>\$ 717,204</u>	<u>\$ 63,049</u>	<u>\$ 156,166</u>	<u>\$ 220,164</u>



STATE OF WEST VIRGINIA
DEPARTMENT OF HEALTH AND HUMAN RESOURCES

Earl Ray Tomblin
Governor

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

Karen L. Bowling
Cabinet Secretary

November 7, 2013

The Honorable Jeffrey V. Kessler, President
Joint Committee on Government and Finance, Chairman
West Virginia State Senate
Building 1, Room 227M
State Capitol Complex
Charleston, WV 25305

The Honorable Tim Miley, Speaker of the House of Delegates
Joint Committee on Government and Finance, Chairman
West Virginia House of Delegates
Building 1, Room 228M
State Capitol Complex
Charleston, WV 25305

Dear Senator Kessler and Delegate Miley:

During the October Joint Committee on Government and Finance interim meeting, the Department of Health and Human Resources (Department) was provided questions from Delegate Boggs regarding the Aged & Disabled Waiver program. The Department's response is provided as Attachment A to this response.

In addition to these questions, the Department was also requested by other committee members to provide additional information. Specifically, Delegate Manchin inquired about the notification process to award new slots and the time frames associated with that process for the Aged & Disabled Waiver program. The Department provides the following clarification of the process currently in place. When slots are available to be awarded, a notification letter and packet is mailed to the individual, their legal representative (if applicable), and their referring physician. The individual has two weeks from the date of the letter to respond. If a response is not received within that time frame, a second notice and packet is mailed and the individual is provided with an additional two weeks to respond. If a response is not received, the individual will be withdrawn and the process would start again for the next person on the list. However, before removing an individual from the list, the Bureau often requests that additional attempts be made to contact the individual before giving the slot to the next person on the list. If a response is

Senator Jeffrey V. Kessler
Delegate Tim Miley
November 7, 2013
Page 2

received, the individual will then pursue financial eligibility unless they have already qualified for Medicaid coverage under a current eligibility category.

Delegate Cowles requested that the Department provide a list of services covered under the Alternative Benefit Plan for the newly eligible adult population who will become Medicaid eligible on January 1, 2014. A summary of the benefits being offered to the expansion group is included in Attachment B.

Thank you for the opportunity to provide written responses to the committee's questions.

Sincerely,



Nancy Atkins, RN, MSN, NP-BC
Commissioner

NVA/TB/ko

Attachments

cc: Karen Bowling, Cabinet Secretary, Department of Health and Human Resources
Tina Bailes, Deputy Commissioner, Bureau for Medical Services
Cindy Beane, Deputy Commissioner, Bureau for Medical Services

Attachment A: Responses to Questions Regarding the Aged & Disabled Waiver Program

1. The August 31 report reflects that 2,388 persons are waiting on the Aged and Disabled Waiver Managed Enrollment List, and the June report reflects that a total of 246 died while on that list during Fiscal Year 2013.

- a. What was the average wait-time for entrants awarded slots in August?

The people who were offered slots in August had been on the Managed Enrollment list ranging from January 2012 through March 2012.

- b. Will you consider tracking average monthly wait-time for new entrants on the ADW Program Report going forward?

Yes, the average monthly wait time can be added to the reports.

2. The June Medicaid report, reflects Aged and Disabled Waiver actual spending of \$125,323,416 which is \$15,110,384 less than what was budgeted by BMS, \$140,433,800

- a. How was a surplus realized, given the 2,263 remaining on the Managed Enrollment List and the 103 unduplicated and unused slots at the end of the Fiscal Year?

While the actual waiver expenditures were below the initial estimate of \$140,433,800, additional State Plan costs such as physician and hospital services are also incurred and budgeted for Aged & Disabled Waiver (ADW) participants. The combined waiver and State plan costs are used in developing the slot capacity for each waiver period. While it is not readily apparent based on the expenditure report presented to the Committee, additional service costs are included in the various service categories included in the report. For SFY 2012, the average cost incurred per ADW participant for State plan services was \$6,861. Based on the year end enrollment figures provided by the Bureau for Senior Services, 7,107 individuals received ADW services during SFY 2013. In addition to the \$125,323,416 spent for waiver services, it is projected that an additional \$49M will be expended on State Plan related services bringing the total ADW program cost to \$174M. Based on the federal match rate, the total appropriation for this program would support \$162M in total waiver and State Plan services for ADW participants.

- b. How many individuals could have been served with this \$15M?

Based upon the projections presented above Medicaid is anticipating that total program costs for SFY13 will exceed the amount supported by the appropriation.

- c. What has become of this surplus or the underlying matching funds? What are your plans for them?

The Medicaid program is anticipating a \$12M (State and Federal dollars) deficit for the ADW program for SFY 13.

3. The August Medicaid Report, reflects the expectation that the FY 2014 expenditures will be \$18,789,501 less than what BMS budgeted. Given the need presented by the Managed Enrollment List, how and why should such a surplus be anticipated?

The \$18,789,501 represents the cumulative year to date actual expenditures incurred for the ADW program and does not reflect any surplus or deficit for the program.

4. A summary of appropriations made available to this program for Fiscal Years 2012-2014.

- a. How did the Department come to reduce its budget for the Aged and Disabled Waiver program from \$140,433,800 in FY 2013, to \$136,776,813 in FY2014, in light of the level of appropriations for these two years?

The estimated decrease in slot capacity for SFY 2014 is a result of the same State appropriation or funding as in previous year adjusted for the decrease in the federal match rate from 72.04% effective October 1, 2012 to 71.09% in October 1, 2013. In addition to the total funding decrease available due to the loss of federal match, the average cost per participant is adjusted to reflect historical increase due to inflation and utilization of services. The combined factors result in a reduced slot capacity.

- b. How has the Department allocated the \$45.6 million in matching dollars provided for in FY 2013 and FY 2014?

The full appropriation is used to support only the ADW program which includes waiver services and all other State Plan services provided to eligible participants.

- c. Would you have any concerns about maintaining discrete appropriations for "Health Care for Senior Citizens" and Title XIX Waiver for Senior Citizens in future legislative appropriations?

The Department would not have any concerns maintaining the discrete appropriations currently used to support the ADW program.

5. We understand from past meetings with Department officials that the "unduplicated service" provisions are required by federal policy, and the State

has no power to alter or eliminate them under the waiver process. The provider community is telling us otherwise. Can you share with us the federal authorities upon which you rely for your understanding, along with any legal opinions, that may help us to reconcile these differences and correct the misinformation that is being circulated?

Please see the attached response the Department received from our federal partners regarding this issue.



STATE OF WEST VIRGINIA
DEPARTMENT OF HEALTH AND HUMAN RESOURCES

Joe Manchin III
Governor

Bureau for Medical Services
Commissioner's Office
350 Capitol Street - Room 251
Charleston, West Virginia 25301-3706
Telephone: (304) 558-1700 Fax: (304) 558-1509

Martha Yeager Walker
Secretary

July 2, 2009

Mr. Ted Gallagher
Associate Regional Administrator
Department of Health and Human Services
Centers for Medicare and Medicaid Services
Suite 216, The Public Ledger Building
150 S. Independence Mall West
Philadelphia, Pennsylvania 19106

Dear Mr. Gallagher:

The State of West Virginia is requesting authority from the Centers for Medicare and Medicaid Services ("CMS") to replace 1915(c) waiver recipients; during the fiscal year, who leave the program due to death or loss of eligibility with individuals who meet all eligibility requirements. Federal law clearly supports West Virginia's position.

Specifically, 42 U.S.C. 1396n(c)(9) provides:

In the case of any waiver under this subsection, which contains a limit on the number of individuals who shall receive home or community-based services, the state may substitute additional individuals to receive such services to replace any individuals who die or become ineligible for services under the State plan.

Further, 42 C.F.R. §441.305(a) states:

A State's estimate of the number of individuals who may receive home and community-based services must include those who will replace recipients who leave the program for any reason. A State may replace recipients who leave the program due to death or loss of eligibility under the State plan without regard to any federally-imposed limit on utilization, but must maintain a record of recipients replaced on this basis.

Finally, West Virginia must indicate the number of "unduplicated beneficiaries" it plans to provide A/D Waiver Program services in each year of the program. (See 42 C.F.R. §441.303(6)).

Ted Gallagher
July 2, 2009
Page 2

In the past, CMS has informed West Virginia that it may not replace individuals who either die or lose eligibility with other individuals who meet all waiver eligibility requirements. This position by CMS is not supported by the plain language of both the United States Code and the Code of Federal Regulations. Clearly, the statute and regulation allows West Virginia, and other states, the option of replacing individuals on 1915 (c) Waivers so long as the requirements are met. This would include West Virginia providing CMS with an estimate of the number of individuals who will replace current recipients.

Sincerely,



Marsha K. Morris
Commissioner

MKM:qlh

cc: Martha Yeager Walker, Secretary
WV Department of Health and Human Resources

Rocco Fucillo, Deputy Secretary/General Counsel
WV Department of Health and Human Resources

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
150 S. Independence Mall West
Suite 216, The Public Ledger Building
Philadelphia, Pennsylvania 19106-3499



- Copies To:
- Antlake, Nora ✓
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 - Kinder, Barbara
 - Peterson, Terry

Region III/Division of Medicaid and Children's Health

AUG 28 2009

RECEIVED
SEP 03 2009
COMMISSIONER BMS

Marsha K. Morris
Commissioner
Bureau for Medical Services
350 Capitol Street – Room 251
Charleston, West Virginia 25301-3706

Dear Ms. Morris:

This letter is in response to the State's request for authority from the Centers for Medicare and Medicaid Services (CMS) to replace 1915c waiver recipients, during the fiscal year, who leave the program due to death or loss of eligibility, with individuals who meet all eligibility requirements.

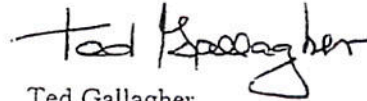
As you are aware, a State specifies the maximum number of unduplicated participants (also known as Factor C) who will be served during each year that the waiver is in effect. The number specified for each waiver year constitutes the maximum limit or the unduplicated number of participants that the waiver will serve. An unduplicated participant means a unique individual who participates in the waiver during a waiver year, regardless of when the individual entered the waiver and length of stay in the waiver. A person who enters, exits and re-enters the waiver during a waiver year counts as one unduplicated waiver participant.

A State may replace waiver participants, during the fiscal year, who leave the program due to death or loss of eligibility with individuals who meet all eligibility requirements, **as long as the State does not exceed its unduplicated capacity.** As mentioned above, a person who enters, exits and re-enters the waiver during a waiver year counts as one unduplicated waiver participant; therefore, if the State chooses to replace a waiver participant who is no longer in the waiver, the replacement counts as an additional unduplicated participant.

In addition to specifying the maximum number of unduplicated participants, a State may also specify the maximum number of participants who are served at any point in time during the waiver year. Specifying such a maximum may assist in managing waiver expenditures and taking into account participant turnover during the course of a waiver year. For more information regarding unduplicated number of participants and limitation on the number of participants served at any point in time, please refer to the CMS Instructions, Technical Guide and Review Criteria, Version 3.5, pages 81-83 (see attached).

I hope this information is helpful. If you have any additional questions or need assistance relating to this matter, please contact Alexis Meholc of my staff at 215-861-4199.

Sincerely,



Ted Gallagher
Associate Regional Administrator

Enclosures

cc: Martha Yeager Walker, Secretary
WV Department of Health and Human Resources

Rocco Fucillo, Deputy Secretary/General Counsel
WV Department of Health and Human Resources

Marge Sciulli, CMSO
Mary Sowers, CMSO
Donna Fisher, Region III

**Attachment B: Summary of Alternative Benefit Plan for Medicaid Expansion
Adult Group**

Alternative Benefit Plan

- **Essential Health Benefit 1: Ambulatory Patient Services**
 - Physician Services
 - Podiatry
 - Chiropractic
 - Diagnostic X-Ray
 - Outpatient Hospital Services
 - Hospice
- **Essential Health Benefit 2: Emergency Services**
 - Emergency Room
 - Emergency Transportation/Ambulance
- **Essential Health Benefit 3: Hospitalization**
 - Inpatient Hospital Care
- **Essential Health Benefit 4: Maternity and Newborn Care**
 - Prenatal, Delivery and Newborn Care
- **Essential Health Benefit 5: Mental Health and Substance Abuse Disorder Services Including Behavioral Health Treatment**
 - Outpatient Psychiatric Treatment
 - Rehabilitative Psychiatric Treatment
 - Inpatient Psychiatric Hospital Care
- **Essential Health Benefit 6: Prescription Drugs**
- **Essential Health Benefit 7: Rehabilitative and Habilitative Services and Devices**
 - Physical Therapy
 - Occupational Therapy
 - Speech Therapy
 - Cardiac Rehabilitation
 - Pulmonary Rehabilitation
 - Home Health: DME
 - Orthotics and Prosthetics
 - Home Health
 - Personal Care
 - Inpatient Rehabilitation Hospital Services
- **Essential Health Benefit 8: Laboratory Services**
 - Laboratory Services and Testing
- **Essential Health Benefit 9: Preventative and Wellness Services and Chronic Disease Management**
 - Diabetes Education
- **Essential Health Benefit 10: Pediatric Services Including Oral and Vision Care**
 - EPSDT
- **Other 1937 Covered Benefits**
 - Family Planning Services and Supplies
 - Nutritional Counseling
 - Tobacco Cessation